

Election Fever, with Zelenskiy Ahead; Hryvnia Strong

CONTENTS

Presidential Race: Zelenskiy Holds Lead Amid Shocking Headlines

Constitutional Court Rescinds “Illicit Enrichment” Provision

Natural Gas: Chances of Meeting IMF Conditions Improve

Court Cancels 2016 Natural Gas Rate Hike Decree

Hryvnia Appreciates Amid Steep Natural Gas Imports Drop

Industrial Output Drops 3.3% in January, Third Month in a Row

Retail Trade Picks Up, with +7% y/y Growth in January

Consumer Inflation Eases As Food Price Growth Slides

Slowing Inflation Pulls Interest Rates Lower

Fiscal Accounts: Year Start Badly As Collections Underperform

External Accounts: Current Account Turns Positive as Natural Gas Imports Drop

Calendar of Events

Election madness reigns in Ukraine, with nearly every day bringing a new shocking headline. The Constitutional Court has dropped the “illicit enrichment” provision; a defense procurements scandal has blown up; a decree raising natural gas rates has been rescinded -- and more.

Against this wild backdrop, comedian Volodymyr Zelenskiy had widened his lead to 26.4% by mid-February, with President Petro Poroshenko’s poll numbers rising to 18%, and Yulia Tymoshenko’s slipping further behind, to 13.8%. Corruption scandals and questionable political decisions have only added to Zelenskiy’s appeal as a “new” face in politics. Two second-tier candidates, ex-Defense Minister Anatoliy Hrytsenko, with 6.4%, and Lviv Mayor Andriy Sadoviy, with 2.4%, decided to join forces (in favor of Hrytsenko), but it looks as though they lack enough support to challenge the three front runners.

The Constitutional Court caused serious shock waves when it decided to cancel the “illicit enrichment” provision in the Criminal Code. This move effectively destroyed all anti-corruption efforts of the National Anti-Corruption Bureau (NABU) of the last few years. According to the agency, 65 top-level corruption cases had to be closed as a result >>>