

UKRAINE

Getting Worse

CONTENTS

**Overview: Political Situation
Deteriorates**

Industry: Weak Increase

Retail Trade: Still Growing Fast

Prices: Falling

**Interest Rates and Monetary Policy:
Loosening Signals Persist**

**Fiscal Accounts: Debt Rollover
Needed**

**External Accounts: CAD to Soar;
Currency in "Danger" Zone**

The political situation just keeps getting worse. The United States and European Union have finally begun outlining their official positions about this. PACE, the Parliamentary Assembly of the Council of Europe, threatened sanctions if Ukraine doesn't show more progress toward democracy; in the United States, President Viktor Yanukovich is now officially treated as an authoritarian ruler. After all this negative news, the IMF also tightened its position, and is now asking Ukraine to maintain a flexible exchange rate and tighter fiscal policy, on top of raising utility rates.

Yanukovich meanwhile has continued reshuffling his top advisors, and has strengthened personal control over the Armed Forces>>>