

UKRAINE

The Rocky Road Ahead

CONTENTS

Overview: No Gas Discount (Yet) in Sight

Industry: In the Red

Retail Trade: Uptick over Holiday Sales

Prices: Growth Far Below Expectations

Interest Rates and Monetary Policy: Short-Term Liquidity Relief

Fiscal Accounts: Less Revenue Expected

External Accounts: A Sad Reality

Ukraine has still obtained no gas discount from Russia, a situation that leaves many other issues unresolved. It looks as though Moscow is not inclined to offer gas advances, and is meanwhile demanding convincing evidence that Kyiv will transfer control of the gas pipeline to Russia. Since President Viktor Yanukovich's team still seems indecisive about whether to do this, Ukraine will probably be forced to delay significant gas imports until H2>>>