

UKRAINE

Saved by a Cash Surprise

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Though the 2012 Euro Soccer Cup was a happy and successful affair, the climate of harsh political confrontation resumed right afterward. Russia has made it clear that it won't revise Ukraine's gas contract in exchange for nothing. Fortunately, Ukraine has been able to raise new financing, via a surprise \$2 billion Eurobond, plus \$6.6 billion in new Chinese loans earmarked for Chinese equipment purchases. We can't outline any clear trend for this fall, though, and still expect negative news to dominate in H2.

The Eurobond funds can be used to prop up the *hryvnia*, and potentially make impending IMF payments>>>