

- On May 17-18, the Russian President, Dimitry Medvedev, made official visit to Ukraine. It was the first official visit to Ukraine by a Russian president since the Orange revolution. Ukraine-Russia relations improved markedly after new government came to power and changed positions on a number of issues. For example, Dimitry Medvedev and Viktor Yanukovych met six times within last three months. A number of bilateral agreements and political declarations were signed during the recent visit. These include the agreement on the demarcation of the state border between Ukraine and Russia as well as declarations on the Russian initiative concerning European security treaty as well as Transnistria settlement. In addition, Ukraine and Russia expressed their intention to create joint ventures in various industrial sectors such as aviation and shipbuilding, chemical industry and energy. Opposition leaders criticized the visit's results. They think that the Ukrainian government did not get an adequate response from the Russian side to Ukraine's numerous concessions in political and economic aspects of bilateral relations with Russia.
- According to the preliminary estimate of Derzhkomstat, real GDP increased by 4.8% yoy in the first quarter of 2010. The real GDP growth was likely attributed to real exports growth and changes in inventories. Real investments in fixed capital decreased by 12.5% yoy in the first quarter of the year. Retail sales were also weak pointing to stagnant household consumption.
- In April, industrial production continued growing and increased by 17.4% yoy mainly due to statistical base effect. Growth of the industrial output was constrained by weak internal and fluctuating external demand, funding constraints. Machinery and metallurgy remained the best performing industries growing by over 30% yoy in April, thanks to rebound in the first quarter of the year. Meanwhile, an extraction of non-fuel fossils and food industry also accelerated growth.

Ukraine: Economic Indicators 2008 - 2010

		2008	2009	Q3 09	Q4 09	Q1 10	March	Apr	May
GDP (real)	% yoy	2.1	-15.1	-16.0	-6.8	4.8			
Industrial production (real)	% yoy cum.	-3.1	-21.9	-28.4	-21.9	10.8	10.8	12.6	
Agricultural prod. (real)	% yoy cum.	17.5	0.1	3.3	0.1	5.3	5.3	4.9	4.5
CPI	% yoy eop	22.3	12.3	15.0	12.3	11.0	11.0	9.7	8.5
Current account	% GDP. cum.	-6.7	-1.7	-1.3	-1.5				
Fiscal balance	% GDP	-1.5	-2.4						
External state debt (total)	% GDP eop	14.9	21.5						
Gross international reserves	USD bn cum.	31.5	26.5	28.2	26.5	25.1	25.1	26.4	26.7
Exchange rate (official)	EUR aop	7.71	11.68	11.18	11.81	11.07	10.82	10.63	10.00

Source: IER.

For further information: Institute for Economic Research and Policy Consulting (link: www.ier.kiev.ua).