

**Spotlight Ukraine: Monthly Economic Monitor November 2010**

- On October 31, local elections were held in most regions of Ukraine. The elections were conducted according to the mixed proportional majority system. Preliminary counts indicate that Party of Regions had the strongest results in these elections including 10 out of 23 mayors elected from this party in regional capitals. It also received over 30% of votes in elections for regional councils. However, mixed electoral system and a number of challenges to results from opposition candidates complicate the final tally of results by parties. In addition, according to the decision by the Central Election Commission from November 8, local election commissions may hold a second voting on November 14 if they observe all the electoral procedures envisaged by the law. The final results will be determined after some time.
- In September, industrial output growth accelerated to 10.2% yoy. The growth was mainly driven by increase in production of export oriented industries. The machine building was the leader increasing its output by 34.5% yoy thanks to expanding production of vehicles and industrial equipment. Revived external demand for Ukrainian steel and chemicals allowed the producers to increase by 14.7% yoy and 25.6% yoy, respectively. Between January and September, freight turnover growth decelerated again and grew only by 8.7% yoy suppressed by grain export restrictions and high statistical base. Construction remained in decline but situation gradually improved and it fell by 12.6% yoy over the nine months of the year. Increased consumer demand allowed the acceleration of retail trade turnover to 5.1% yoy, while agriculture output declined by 1.3% yoy due to lower crops harvest.
- Cabinet of Ministers approved conditions for sale of Ukrtelecom at the auction on December 28. The starting price of 92.8% stake in the company is set at UAH 10.5 bn and the minimum price advance is UAH 105 m. Companies with state-owned share above 25% are not allowed to participate. Interested parties include Mobile Telesystems (Russia) and System Capital Management (Ukraine). The new owner will be responsible for debt of Ukrtelecom and establish the special state communication system.

**Ukraine: Economic Indicators 2008 - 2010**

		2008	2009	Q1 10	Q2 10	Q3 10	Aug	Sep	Oct
GDP (real)	% yoy	2.1	-15.1	4.9	5.9				
Industrial production (real)	% yoy cum.	-3.1	-21.9	10.8	12.0	10.8	10.9	10.8	
Agricultural prod. (real)	% yoy cum.	17.5	0.1	5.3	3.4	-1.3	-4.1	-1.3	
CPI	% yoy eop	22.3	12.3	11.0	6.9	10.5	8.3	10.5	10.1
Current account	% GDP. cum.	-7.2	-1.7	-0.7	0.4				
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	25.1	29.5	34.7	32.7	34.7	34.3
Exchange rate (official)	EUR aop	7.71	11.68	11.07	10.10	10.18	10.18	10.29	10.99

Source: IER.

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