

- During September, the Ukrainian Parliament had remained at a standstill. Deputies belonging to the Party of Regions had blocked the tribune as well as the Speaker's desk preventing plenary work. As the pretext for blocking the Verkhovna Rada the Party used the refusal of pro-government factions to put on the agenda of the plenary session a set of bills on raising social standards. These bills provide for gradual increase in subsistence minimum entailing significant augmentation of minimum wages and pensions. The proposed increase was severely criticized by the Government as irresponsible and populist initiative given current difficult fiscal situation. The deadlock was resolved in early October by passing social standards bill in the first reading.
- Real GDP slowed its decline in the second quarter to 17.8% yoy from 20.3% yoy in the first quarter of 2009 according to the revised estimate of the Derzhkomstat. On demand side, narrowed external trade deficit and reduced drawdown of inventories contributed to the GDP improvement. At the same time, domestic demand continued plummeting. A contraction in gross fixed capital accumulation accelerated to 57.8% yoy as seasonal pick-up in investment activity was not observed. The state consumption dropped by 5.8% yoy in the second quarter as compared to 1.8% yoy rise in the first three months of the year due to the freeze in nominal wages of the public sector. The contraction in households' final consumption stabilized at 11.6% yoy for the second quarter in a row.
- The financial account had worse results. In August, financial account deficit reached record USD 2.6 bn exceeding the second quarter figure as high scheduled debt repayments coincided with large demand for cash foreign currency outside banks and almost complete absence of FDI inflows. Thus, eight-month deficit widened to USD 9.7 bn. High debt repayments are also scheduled for the rest of the year.
- Hryvnia continued to weaken against US dollar in September. Average daily interbank exchange rate reported by the NBU reached UAH/USD 8.47.
- Consumer prices growth reached 15.0% yoy in September.

**Ukraine: Economic Indicators 2007 - 2009**

		2007	2008	Q109	Q209	Jun	Jul	Aug	Sep
GDP (real)	% yoy	7.9	2.1	-20.2	-17.8				
Industrial production (real)	% yoy cum.	10.2	-3.1	-31.9	-31.1	-31.1	-30.4	-29.6	..
Agricultural prod. (real)	% yoy cum.	-5.2	17.5	1.7	2.6	2.6	3.8	0.4	..
CPI	% yoy eop	12.8	22.3	18.1	15.0	15.0	15.5	15.3	15.0
Current account	% GDP. cum.	-5.9	-6.7	-3.4	-1.5				
Fiscal balance	% GDP	-1.1	-1.5						
External state debt (total)	% GDP eop	10.1	14.9						
Gross international reserves	USD bn cum.	32.5	31.5	25.4	27.3	27.3	29.6	28.9	28.2
Exchange rate (official)	EUR aop	6.92	7.71	10.06	10.41	10.67	10.82	11.13	11.64

Source: IER.

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