



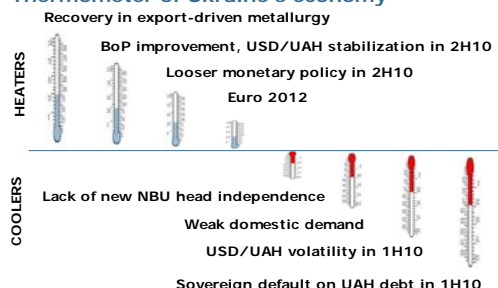
2010 outlook rides on elections

Monthly macroeconomic update

Mykyta Mykhalychenko
mms@concorde.com.ua
+380 44 391 5577

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Thermometer of Ukraine's economy*



* List of positive (Heaters) and negative (Coolers) trends/factors affecting Ukrainian economy in 2010, in the order of their potential magnitude

Key macroeconomic indicators

	2008	2009E	2010F
Business cycle			
Real GDP, chg yoy	2.1	-14.1	4.0
Nominal GDP, USD bln	180.3	118.4	125.3
Industrial output, chg yoy	-3.1	-21.9	6.8
CPI (eop), chg yoy	22.3	12.3	10.0
PPI (eop), chg yoy	23.0	14.4	10.0

Public finance

Consolidated budget deficit, USD bln	-2.7	-5.8	-5.8
Consolidated budget deficit, % GDP	-1.5	-5.1	-4.6
Public debt, USD bln	24.6	35.8	50.1
Public debt, % of GDP	13.6	30.2	40.0

External sector

NBU reserves (eop), USD bln	31.5	26.5	23.8
Current account balance, % GDP	-7.0	-0.7	1.2
Capital account balance, % GDP	7.8	-10.8	-3.4
External debt, % of GDP	56.4	89.0	89.8

Exchange rate

Interbank UAH/USD (avg)	5.30	8.11	8.50
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Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital

Prices for core commodities, as of January 19

	Current	chg YTD	chg yoy
Gas imports, USD/tcm	300.00	44%	-17%
Crude oil (URALS), USD/bbl	76.78	0%	72%
Milling wheat 3rd gr, USD/mt, FOB*	146.00	0%	19%
Steel square billet, USD/mt, FOB*	445.00	7%	13%

* Black Sea ports

Source: Bloomberg

Ukraine's post-election economic outlook is encouraging, with expectations of renewed IMF support, more grounded fiscal policy and a rebound in real growth. But, if the national election cycle drags out beyond February, it would aggravate macro risks, mainly to public finances and the hryvnya.

A drawn out election cycle could lead to:

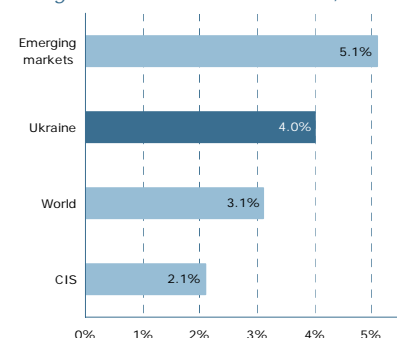
- **Sovereign default on UAH debt:** the government's ability to refinance its UAH 11.3 bln (USD 1.5 bln) in domestic debt due in 1H10 could be hindered, potentially driving it to restructure at least part of this debt (up to 50% of the amount). This would further increase the cost of sovereign and corporate debt.
- **USD/UAH rate to cross 9 again:** delays in unfreezing IMF support and swings in foreign currency demand on the retail FX market might spark the USD/UAH exchange rate to hit UAH/USD 9 at least temporarily (vs. ~8 currently). Increased exchange rate volatility would delay economic recovery and a resumption in investments, bank lending in particular.

After the elections, we expect Ukraine to see:

- **Renewed IMF support, but will it be needed?** We see the IMF, as promised, unlocking the remaining USD 6.3 bln of Ukraine's USD 17.3 bln stand-by loan. At the same time, **we envision both the current & capital BoP accounts to turn positive by yearend**, thus the NBU might not need it to secure a stable exchange rate.
- **More pragmatic fiscal policy:** We expect the government to be more conservative in expenses (i.e. social) and to raise retail utility tariffs (by planned ~30%), which are needed to bolster Naftogaz' finances. This will keep **total public debt at a manageable ~40% of GDP in 2010**.
- **Accelerated economic recovery:** We anticipate real GDP to rise 4% in 2010, backed by rebounding demand for Ukrainian metallurgy in EM (consumers of ~85% of this exports). Regardless of the new president's name, **we expect better relations with Russia**, home to 21% of Ukraine's exports. Exchange rate stabilization will allow the **NBU to loosen monetary policy and stimulate banks to restart lending in 2H10**.

Strong real growth in 2010

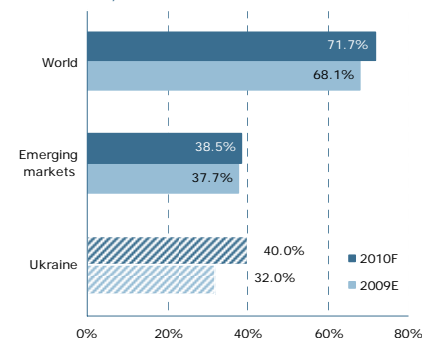
GDP growth rate forecasts in 2010, %



Source: IMF, Concorde Capital

Public debt at manageable 40% of GDP

Public debt, % of GDP



Source: IMF, Ministry of Finance, State Statistics Committee, Concorde Capital

Sovereign CDS (5Y USD), bps



Source: Bloomberg

Economic outlook during the election...

Electoral fallout: Speed matters

Ukraine's election cycle could be extended due to legal challenges or early parliamentary elections. We view the former scenario as unlikely, but in the event of a close second round, as is expected, the loser will be tempted to challenge the results in courts or even provoke protests. This could push inauguration back weeks.

If the new president calls pre-term parliamentary election – it would further drag out the uncertainty, delaying renewal of IMF cooperation and return to more economically justified fiscal policy.

We see two immediate economic consequences of a drawn out election cycle: problems with repaying domestic UAH sovereign debt and increased volatility in the exchange rate.

Sovereign default on UAH debt is possible

Prolongation of the election process could hinder the government to refinance its domestic debt due in 1H10: UAH 2.8 bln (USD 0.4 bln) in 1Q10 and UAH 8.5 bln (USD 1.1 bln) in 2Q10. Lacking its own liquidity, it might have to restructure at least part (up to 50% of the amount) of this debt.

Restructuring would raise government's and corporate cost of debt and worsen the overall investment climate. Nonetheless, we do not expect a direct impact on the hryvnya, as ~99% of government UAH-securities are held by local investors (mostly banks).

At end-2009, the government refinanced large amounts of maturing UAH-debt (e.g. UAH 1 bln on October 28 and UAH 1.85 bln on December 30) by letting the yields breach 27%. However, vagueness in the direction of fiscal policy could push up the cost of debt even further and/or scare potential investors (both domestic and foreign) from sovereign debt instruments in 1H10.

The government has no additional cash on hand to repay the debt right now. As of end-2009, it had some UAH 1.1 bln held at the NBU; meanwhile we expect the fiscal deficit (incl. Naftogaz subsidizing) to persist in early 2010 (up to UAH 15 bln in 1H10).

If early parliamentary elections are scheduled for 2Q10, the government would likely continue pursuing loose fiscal policy, increasing social expenditures and postponing increases in retail utility tariffs, which are badly needed to reduce Naftogaz' gap between revenues and payments for imported gas.

We also do not expect the NBU to finance all the government's cash needs until after elections. The use of this option in 2010 and beyond will mostly depend on the disposition of the new NBU head.

USD/UAH rate could cross 9 again

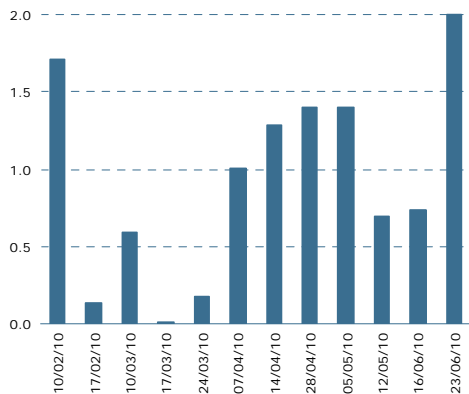
The drawing out of the election cycle could **delay the renewal of IMF cooperation** and spark swings in demand for foreign currency on the retail FX market, jacking the USD/UAH exchange rate back up to 9 (vs. ~8 currently). Increased FX volatility would delay economic recovery and a resumption in investments, bank lending.

The lack of additional IMF infusions into the NBU's reserves (USD 26.5 bln as of end-2009) could turn critical. As excessive FX demand on both retail and interbank markets could reach as much as USD 2 bln per month, the NBU might lack leeway to intervene by selling dollars to offset demand and turn to administrative pressure instead.

The retail market will be one of the main sources of FX demand. In 2009, more than 60% of the overall BoP deficit stemmed from the retail transactions. Even during relatively calm 4Q10, it generated an average of USD 0.9 bln of excessive demand each month.

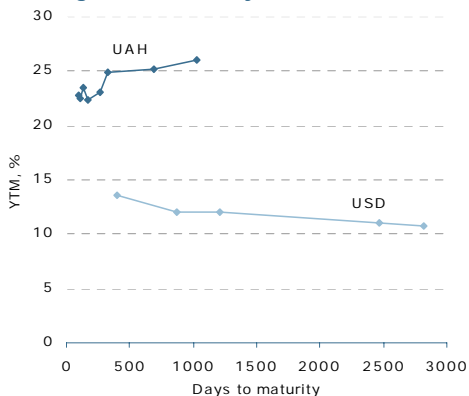
Additional pressure on NBU reserves also comes from financing monthly gas import payments to Russia (USD 0.9 bln in January).

UAH T-bills repayment in 1H10, UAH bln



Source: Ministry of Finance, Concorde Capital

Sovereign UAH* & USD** yield curves



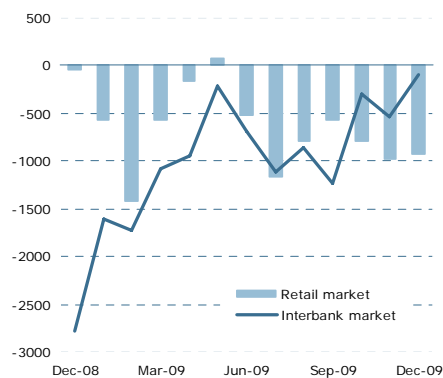
*Average yield on primary auctions, Dec 15–Jan 19
 **Average Eurobonds YTM, Dec 15 – Jan 19
 Source: Bloomberg, Ministry of Finance, Concorde Capital

UAH/USD interbank exchange rate, mid-market



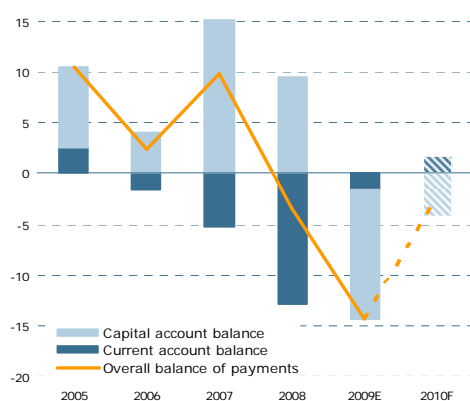
Source: UkrDealing

Excessive demand in retail* and interbank FOREX markets, USD mln**



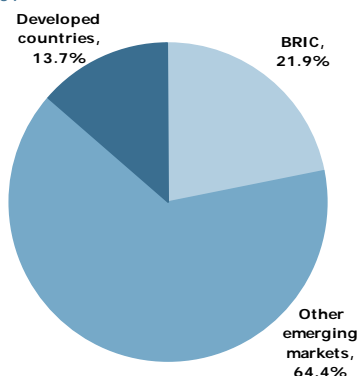
* Total foreign exchange purchases less sales
 ** Measured NBU interventions in the interbank market
 Source: National Bank of Ukraine

BoP, USD bln



Source: National Bank of Ukraine, Concorde Capital estimates

Geographic breakdown of metallurgy export, 10M09



Source: State Statistics Committee

The surge in foreign currency demand from the retail sector and Naftogaz will not be fully compensated by other sources, as we expect both the current account and capital account (excluding retail transactions) to be in the red during the early months of 2010.

And after the elections...

IMF support will be available after the elections, but will it be needed?

According to the IMF officials, the fund is ready to unfreeze its standby loan to Ukraine as soon as elections are over. Ukraine still has USD 6.3 bln of a total of USD 17.3 bln on ice. "...As soon as this normally shaky electoral period will be over, it will be possible to resume a normal relationship with the program" - IMF Head Dominique Strauss-Kahn said at a press-conference on January 14.

As of end-2009, the NBU had USD 26.5 bln in foreign exchange reserves (5.6 months of imports, ~140% of short-term gross external debt). At the same time, we see both current and capital BoP accounts turning positive by yearend, thus the NBU might not need this entire amount to secure exchange rate stability in 2H10.

We predict the BoP current account to be positive in 2010 and to reach as much as USD 1.7 bln or ~+1.4% of GDP (-1.4% in 2009E).

Recovering global demand, coupled with the lagging rebound in domestic demand will stimulate improvement in the trade balance. We expect a ~10% increase in exports, driven by metallurgy, machinery. More than 80% of all Ukraine's metallurgy exports go to emerging markets, which are expected to exhibit stronger growth in 2010 than in the developed world. Imports, on the contrary, will lag export growth rates as Ukraine's domestic demand will remain weak for the most of 2010 (only +4%).

Improvements in the price competitiveness of Ukrainian products on both international and domestic markets will also contribute to a positive current account in 2010: The real effective UAH rate (REER), depreciated ~30% since its peak in October 2008 (mostly at the expense of a 60% nominal decline vs. USD).

Regardless of their identity, we expect the **new president to strengthen relations with Russia**, which accounts for 21% of Ukraine's exports. Both candidates have demonstrated their ability to compromise with Russia as prime ministers. The new president could initiate a revision of the gas contracts with Russia to lower the price and/or change the payment schedule, potentially to the benefit of the current account and/or easing of pressure on the UAH rate.

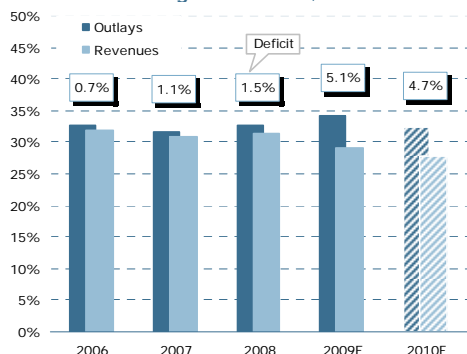
The capital account deficit can decrease to -3.5% of GDP in 2010 (-11.5% in 2009E) and even turn positive in the last months of 2010. We expect FDI inflow in 2010 to remain at its 2009 level (USD 5 bln), while excessive demand for foreign currency on the retail market should drop at least twofold following political stabilization.

More pragmatic fiscal policy: public debt at manageable 40% of GDP in 2010F

We expect 2010 to remain quite difficult in the public finance sphere as real economy will still be relatively weak, harming the revenues portion of the budget. Nonetheless, after elections, we expect the government to be more conservative in its expenses (foremost, social ones) and to finally raise retail utility tariffs, which are badly needed to reduce the gap between Naftogaz' revenues and expenses.

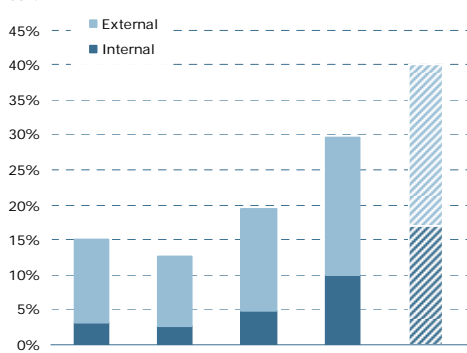
At the same time, we anticipate budget revenues to increase by as much as 10.5% to UAH 296 bln (~USD 37 bln, 27.8% of GDP) in 2010 (vs. 29.1% of GDP in 2009), on the back of more corporate

Consolidated budget indicators, % of GDP



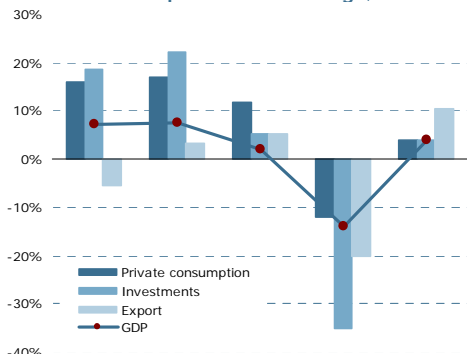
Source: Ministry of Finance, Concorde Capital estimates

Public debt, % of GDP



Source: Ministry of Finance, Concorde Capital estimates

GDP and its components real change, %



Source: State Statistics Committee, Concorde Capital estimates

income tax revenue and, probably VAT collections by yearend.

We see the new government approving the 2010 budget with a deficit, which we forecast at ~4.5% of GDP (UAH 45 bln or USD 5.6 bln) compared to 6.5% in 2009E. Hence, total public debt will stay within a manageable 40-45% of GDP by end-2010.

Notably, until the 2010 budget is approved, outlays will be done based on the 2009 budget schedule.

External sovereign debt burden in 2010 is tenable

As of end-November, external debt made up 65% of Ukraine's total UAH 286 bln (USD 35.3 bln, 30% of GDP) in public debt. We expect the state to service its liabilities in full and without delay, as in 2009.

Ukraine's repayment schedule is spread evenly over the coming years and we expect IMF support to be available if needed, at least, in 2010-2011.

In near-term sovereign Eurobonds, the government will redeem JPY 35.1 bln (~USD 386 mln) in December 2010 and USD 600 mln in March 2011. Principal repayment of the IMF loan will start in 2012.

Real growth is poised to recover fast starting mid-2010

We expect real GDP to increase 4% in 2010, after an estimated -14.1% in 2009. Export-driven industries, mainly metallurgy and machine-building, oriented to other emerging markets, will contribute more than 1 pp to real GDP growth in 2010.

Overall, we expect **net exports** to exhibit positive dynamics as real export growth in 2010 should exceed that of imports by ~2% (4% in 2009E). This is opposite to pre-crisis 2005-1H08, when real growth in net exports was negative (-15% on average in 2005-2008) as booming domestic demand drove imports.

We forecast that domestic consumer and investment demand will lag the recovery in the external sector. This constitutes a significant macroeconomic risk and might dampen and/or delay the overall economic rebound.

Slow, ~+4% in 2010F, growth in **private domestic consumption** (vs. -10% in 2009E) will look dull after the 2005-2008 average of +16.4%. We attribute this to flat disposable income levels, which dropped ~9.4% in real terms in 2009E. Neither will bank lending provide material support to consumption as it did in 2005-1H08.

Investments, down 35%, took the biggest hit in 2009. In 2010, we do not envision a fast recovery (+4.5%) either. We see declining profits, economic & political uncertainty, scarce bank lending and crowding out due to government UAH borrowing discouraging investments for most of 2010.

We believe the end of the election cycle, with the following more sensible fiscal policy and preparations for Euro-2012 prompting investments to pick up only after 2010.

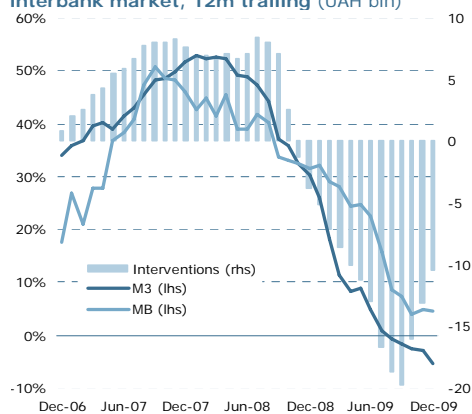
NBU after the elections: should inject some money into the economy finally

Another opportunity for stimulating real growth in 2010 can come from looser monetary policy. After strict 2009 and stabilization on the domestic FX market in 2H09, we expect the NBU to slacken its stance and stimulate a renewal in bank lending in 2H10.

In 2009 the NBU implicitly targeted UAH/USD stability and tied up liquidity to limit downward pressure on the UAH. The monetary base rose only 4.4% in 2009 (incl. +7.5% mom in December) vs. +31.6% in 2008. With bank lending tight, broad money supply (M3) dynamics were even more restrained: -5.5% in 2009, vs. +30.2% in 2008.

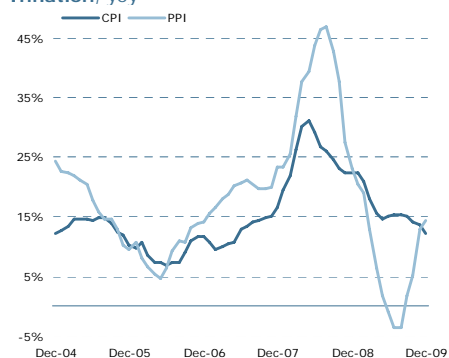
As a result, the USD/UAH exchange rate depreciated only 6.4% (vs.

Monetary aggregates (yoy change, %), NBU buying(+)/selling(-) foreign exchange in the interbank market, 12m trailing (UAH bln)



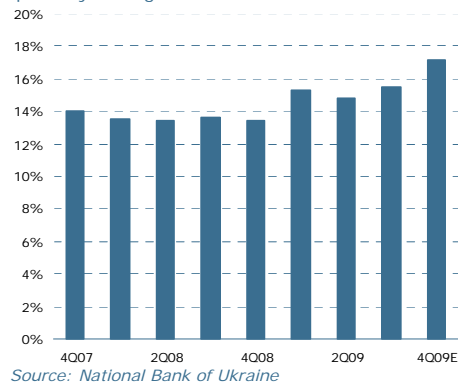
Source: National Bank of Ukraine, Concorde Capital

Inflation, yoy



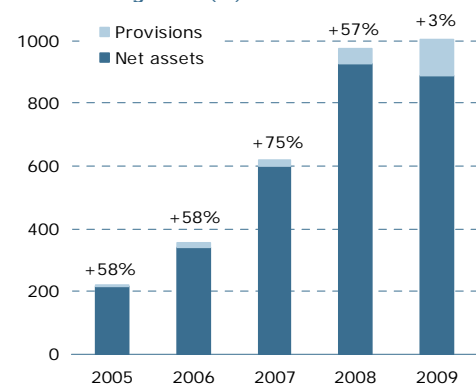
Source: National Bank of Ukraine

Regulatory capital to risk-weighted assets, quarterly average



Source: National Bank of Ukraine

Banking system assets (UAH bln) and Total assets growth (%)



Source: National Bank of Ukraine

49% depreciation in 2008), although exhibiting excessive volatility in February and August-September.

As we expect instability on the domestic FX market in early 2010, the NBU is likely to hold its grip on banking system liquidity in 1H10.

However, in 2H10, we believe more stability on the FX market will allow the NBU to pump more money into the economy, stimulating a recovery in the real sector.

First, in an attempt to keep the USD/UAH rate stable when BoP is back to a surplus, the NBU will buy out excessive foreign currency, expanding money aggregates. Second, the NBU could start actively providing banks with UAH resources (e.g. as lending, secured by foreign MB currency) to kick start domestic lending.

Inflation in 2010: possible victim of elections, but still stable

In 2009 CPI went up 12.3% vs. +22.3% in 2008. We expect CPI to grow 10% in 2010.

Deceleration in inflation, as in 2009, will be driven by weak domestic consumer demand, as we expect personal incomes to recover slowly and retail lending will remain depressed, after falling ~10% 9M09. Additionally, strict monetary policy of 2009-1H10, although not a primary factor, will create a favorable background for inflation curbing.

The main inflationary risk in 2010 is that the government increases administratively regulated utilities prices after elections. We expect gas, electricity and heat tariffs could go up by as much as 30% in 2010, directly contributing an additional 3 pp to CPI.

Banking recovery: slowly but surely

The Ukrainian banking system showed signs of stabilization in 2H09. Retail deposits are slowly returning to the system (+6.3% in 2H09), and owners and IFIs are actively supporting their capital.

Since the crisis began last September, the owners of Ukrainian banks have almost doubled banks' share capital, with the average capital adequacy ratio reaching 18.3% in November 2009 vs. 13.6% in September 2008. We believe large banks, on average, now have enough capital to write off up to 15% of their loan portfolios and resume lending in 2H10-2011.

Nonetheless, banks are still reluctant to lend due to poor asset quality and a lack of funding. We do not expect a resumption in banks' asset growth until 2H10, but even then the speed will depend on the general macroeconomic environment and NBU.

First, banks must improve asset quality to reduce uncertainty about future profitability and funding needs. The necessary prerequisite for this is a recovery in the real economy, which we see by mid-2010.

Second, the NBU, most likely, will further restrict banks' lending in foreign currency to reduce the system's FX exposure and increase stability. Since banks do not have stable and relatively cheap UAH funding, the NBU's approach might hamper growth in banks' loan portfolios and profitability for some time. Banks will have to concentrate mostly on shorter-term products and limit funding of mortgages and long-term corporate investments.

New NBU head after elections

One of the first tasks of the new president will be to appoint a new NBU governor to replace Volodymyr Stelmakh, whose term expired in December.

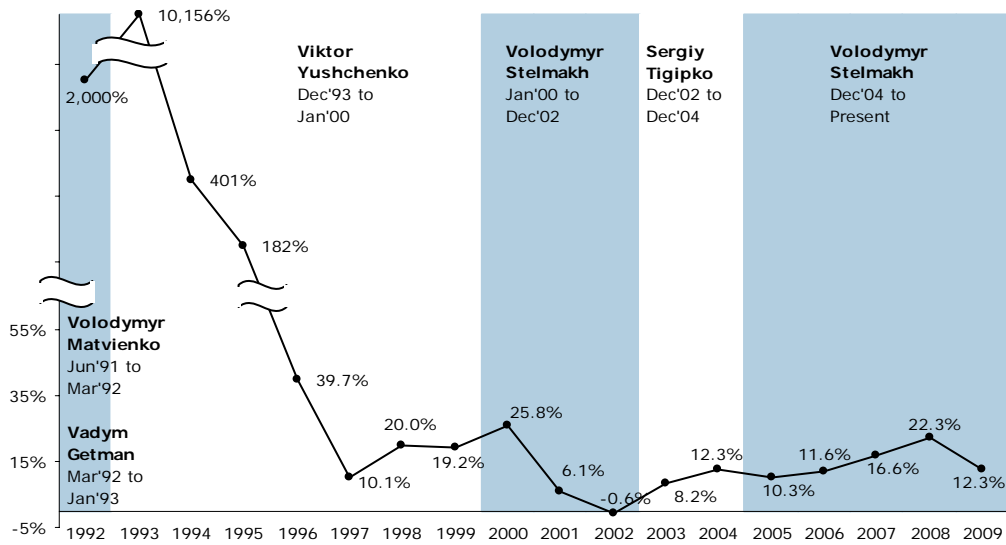
The current reluctance (quite justified in our view) of the NBU to finance the government's budget deficit is driven, to certain extent,

by the conflict between President Viktor Yushchenko, to whom Stelmakh is loyal, and Prime Minister Tymoshenko.

There is a risk that the new head also would wield monetary policy to meet the needs of the government and that they would not be independent enough.

The NBU head is appointed for a five-year term by parliament, which votes on candidates submitted by the president. Their resignation, likewise, must be approved by parliament, following submission by the president.

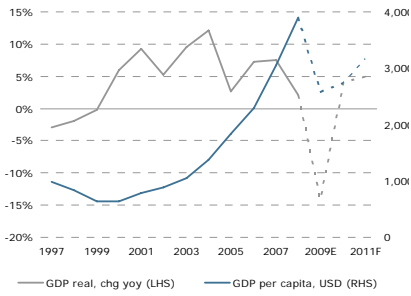
NBU heads and inflation (annual CPI change)



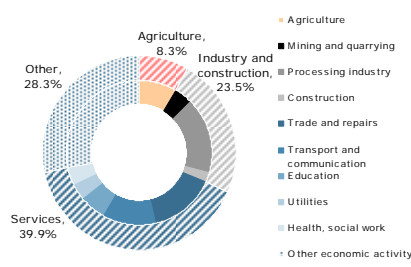
Source: State Statistics Committee of Ukraine, National Bank of Ukraine, Concorde Capital

MACRO MONITOR

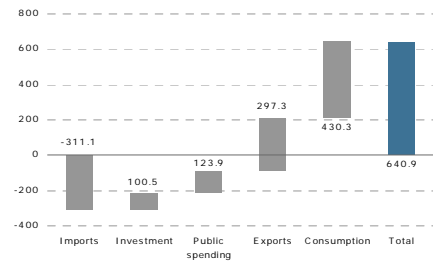
GDP growth and GDP per capita



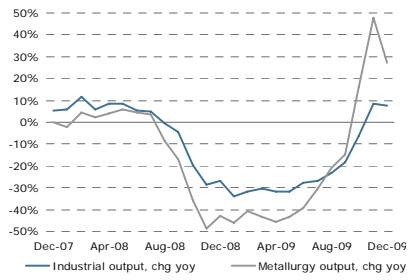
GDP by sector in 9M09



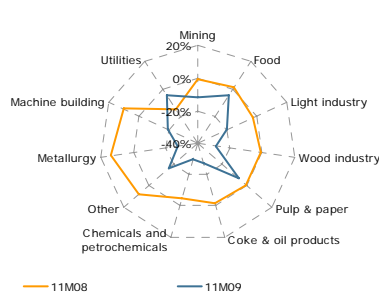
GDP by expenditures in 9M09, UAH bln



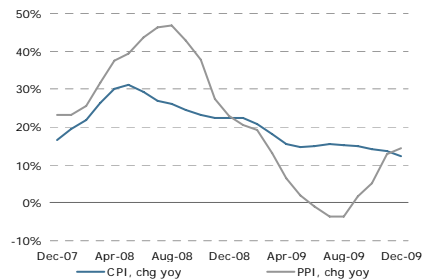
Manufacturing indicators



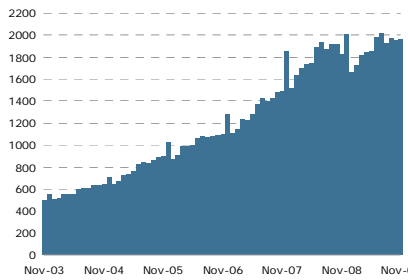
Industrial output growth by sector, chg yoy



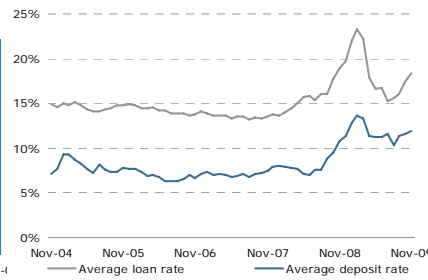
Inflation



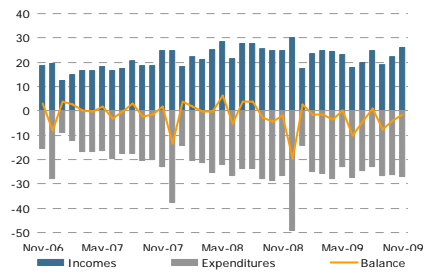
Average monthly salary, UAH



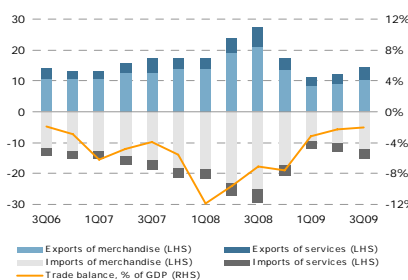
Interest rates



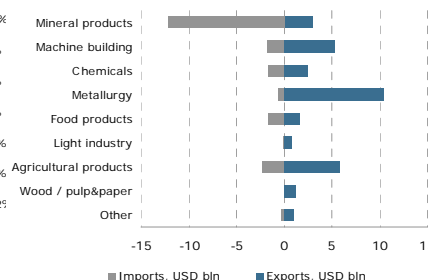
Consolidated budget execution, UAH bln



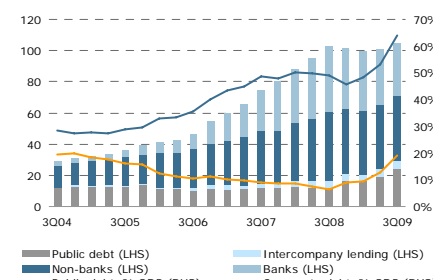
External trade, USD bln



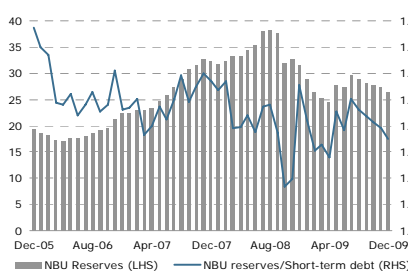
External trade in merchandise, 10M09



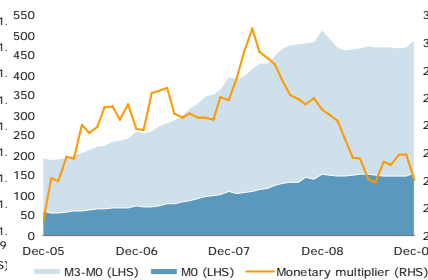
External debt, USD bln



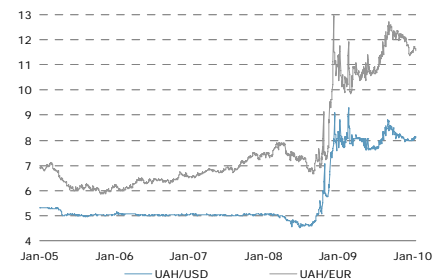
NBU reserves



Money supply structure, UAH bln



UAH exchange rates



Sources: National Bank of Ukraine, State Statistics Committee, Ministry of Finance, Bloomberg, Concorde Capital estimates

Ukrainian macro indicators yearly

	2001	2002	2003	2004	2005	2006	2007	2008	2009E	2010F
Business cycle indicators										
Real GDP, % chg yoy	9.2	5.2	9.6	12.1	2.7	7.3	7.6	2.1	-14.1	4.0
Nominal GDP, UAH bln	204	226	267	345	441	538	713	950	922	1065
Nominal GDP, USD bln	38.0	42.4	50.1	65.0	86.1	106.5	141.2	180.3	118.4	125.3
GDP per capita, UAH	4195	4685	5591	7273	9372	11630	15372	20600	20104	23314
GDP per capita, USD	781	880	1048	1371	1829	2303	3044	3909	2581	2743
Consumption, % chg yoy	9.6	9.5	11.5	13.1	20.6	15.9	17.1	11.8	-10.0	4.0
Investment, % chg yoy	17.9	-1.5	24.3	5.5	14.0	18.5	22.1	5.1	-35.0	4.0
Industrial output, % chg yoy	14.2	7.0	15.8	12.5	3.1	6.2	10.2	-3.1	-21.9	6.8
CPI (eop), % chg yoy	6.1	-0.6	8.2	12.3	10.3	11.6	16.6	22.3	12.3	10.0
PPI (eop), % chg yoy	0.9	5.7	11.1	24.1	9.5	14.1	23.3	23.0	14.4	10.0
External indicators										
Current account balance, USD bln	1.4	3.2	2.9	6.9	2.5	-1.6	-5.9	-12.5	-1.6	1.7
Current account balance, % GDP	3.7	7.5	5.8	10.6	2.9	-1.5	-4.2	-7.0	-1.4	1.4
Trade balance, USD bln	0.6	1.9	1.3	5.0	0.7	-3.1	-7.9	-13.7	-2.0	1.6
Trade balance, % GDP	1.6	4.4	2.6	7.7	0.8	-2.9	-5.6	-7.6	-1.7	1.3
Exports, USD bln	21.1	23.4	29.0	41.3	44.4	50.2	64.0	85.7	54.1	62.9
Exports, % chg yoy	8.0	10.7	24.0	42.6	7.5	13.2	27.4	34.0	-36.9	16.2
Imports, USD bln	20.5	21.5	27.7	36.3	43.7	53.3	71.9	99.4	56.1	61.2
Imports, % chg yoy	14.1	5.0	28.7	31.3	20.4	22.0	34.8	38.3	-43.5	9.1
Capital account balance, USD bln	0.4	-1.2	0.1	-4.6	7.7	3.7	15.3	14.0	-12.8	-4.2
Capital account balance, % GDP	1.1	-2.9	0.2	-7.1	9.0	3.5	10.9	7.8	-10.8	-3.4
FDI net, USD bln	0.8	0.7	1.4	1.7	7.5	5.7	9.2	9.9	4.5	5.0
NBU reserves (eop), USD bln	n/a	4.4	5.1	9.5	19.4	22.3	32.5	31.5	26.5	28.1
Debt indicators										
Public debt, USD bln	12.5	13.8	14.5	16.0	15.5	15.9	17.6	24.6	35.8	50.1
Public debt, % GDP	33.0	32.5	29.0	24.7	18.0	15.0	12.4	13.6	30.2	40.0
Corporate external debt, USD bln	n/a	n/a	13.0	17.8	25.5	42.7	67.6	85.0	81.2	82.0
Corporate external debt, % GDP	n/a	n/a	25.9	27.3	29.6	40.1	47.9	47.1	68.6	65.5
Gross external debt, USD bln	n/a	n/a	23.8	30.6	38.9	54.5	80.0	101.7	105.4	112.5
Gross external debt, % GDP	n/a	n/a	47.5	47.1	45.2	51.2	56.6	56.4	89.0	89.8
Monetary indicators										
Monetary base, UAH bln	23.0	30.7	40.1	53.8	82.8	97.2	141.9	186.7	195.0	219.9
Monetary base, % chg yoy	37.4	33.6	30.5	34.1	53.9	17.5	46.0	31.6	4.5	12.8
Money supply (M3), UAH bln	45.8	64.9	95.0	125.8	194.1	261.1	396.2	514.7	487.5	571.8
Money supply, % chg yoy	41.9	41.8	46.5	32.4	54.3	34.5	51.7	29.9	-5.3	17.3
Monetary multiplier (eop MB/M3)	2.0	2.1	2.4	2.3	2.3	2.7	2.8	2.8	2.5	2.6
Monetization (avg M3/GDP), %	19.2	24.9	30.3	32.0	36.7	42.3	46.4	46.0	47.9	49.7
Exchange rate										
Interbank UAH/USD (avg)	5.38	5.33	5.33	5.32	5.10	5.04	5.03	5.30	8.11	8.50
State budget										
Revenues, UAH bln	n/a	n/a	55.1	70.3	105.2	133.5	165.9	231.7	201.0	223.6
Expenses, UAH bln	n/a	n/a	55.8	79.5	112.8	137.1	174.2	241.5	238.9	266.2
Balance, % GDP	n/a	n/a	-0.4	-3.0	-1.8	-0.7	-1.4	-1.3	-4.1	-4.0
Social indicators										
Population, mln (eop)	48.5	48.0	47.6	47.3	46.9	46.6	46.4	46.1	45.9	45.7
Unemployment (ILO methodology, avg), %	10.9	9.6	9.1	8.6	7.2	6.8	6.4	6.4	9.0	8.0
Average monthly salary, UAH	n/a	376	463	591	806	1,043	1,351	1,806	1,880	2,130
Real disposable income, % chg yoy	10.0	18.0	5.8	16.8	20.1	16.1	12.8	10.3	-9.4	3.0

Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital estimates

Ukrainian macro indicators quarterly

	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Business cycle indicators													
Real GDP, % yoy	9.6	8.9	8.6	6.2	7.4	6.5	6.5	6.9	-8.0	-20.3	-17.8	-15.9	n/a
Nominal GDP, UAH bln	157.7	133.1	161.4	197.4	212.8	186.6	232.5	285.4	269.7	183.2	207.1	250.6	n/a
Nominal GDP, USD bln	31.2	26.4	32.0	39.1	42.1	37.0	46.8	58.9	43.4	23.8	27.2	31.0	n/a
GDP per capita, UAH	11478	12087	12903	13929	15132	16306	17860	19785	21042	20995	20475	19750	n/a
GDP per capita, USD	2273	2393	2555	2758	3032	3229	3554	3986	4019	3739	3319	2719	n/a
Consumption, chg yoy	13.8	19.1	17.0	13.6	19.0	22.0	13.3	14.1	1.6	-11.6	-11.6	-13.9	n/a
Investment, chg yoy	23.0	16.6	27.8	19.1	25.1	13.9	31.0	12.9	-24.8	-48.7	-57.8	-39.4	n/a
Industrial output, chg yoy	6.2	12.9	11.8	10.7	10.2	7.8	7.5	5.1	-3.1	-31.9	-31.1	-28.4	-21.9
CPI (eop), chg yoy	11.6	10.1	13.0	14.4	16.6	26.2	29.3	24.6	22.3	18.1	15.0	15.0	12.3
PPI (eop), chg yoy	14.2	16.7	19.9	20.4	21.0	26.9	40.3	45.3	29.3	13.0	-0.9	1.7	14.4
External sector													
Current account balance, USD bln	-1.4	-1.2	-0.8	-0.5	-3.5	-3.6	-3.0	-1.6	-3.7	-0.7	-0.1	-0.4	n/a
Current account balance, % GDP	-1.5	-4.6	-3.4	-2.5	-4.2	-9.7	-7.9	-5.8	-6.6	-2.9	-1.5	-1.4	n/a
Trade balance, USD bln	-1.7	-1.6	-1.2	-1.0	-4.1	-4.4	-3.6	-2.1	-3.6	-0.8	-0.4	-0.5	n/a
Trade balance, % GDP	-2.9	-6.2	-4.8	-3.9	-5.6	-11.9	-9.6	-7.1	-7.6	-3.2	-2.3	-2.0	n/a
Exports, USD bln	13.3	13.4	15.8	17.5	17.3	17.5	23.6	27.4	17.3	11.3	12.5	14.7	n/a
Exports, chg yoy	17.8	28.6	29.4	22.4	30.0	31.0	49.3	56.1	-0.1	-35.6	-47.1	-46.3	n/a
Imports, USD bln	15.0	15.0	17.0	18.5	21.4	21.9	27.2	29.4	20.9	12.0	12.9	15.2	n/a
Imports, chg yoy	25.9	30.1	34.4	30.9	42.6	46.0	60.1	58.9	-2.3	-45.1	-52.6	-48.5	n/a
Capital account balance, USD bln	3.9	2.5	3.5	4.2	5.2	3.5	5.7	6.1	-5.8	-4.5	-2.0	-4.5	n/a
Capital account balance, % GDP	3.5	9.5	10.3	10.4	10.9	9.5	11.0	10.8	5.3	-19.0	-12.8	-13.5	n/a
FDI net, USD bln	1.4	1.7	1.9	3.9	1.6	2.4	3.1	3.3	1.1	0.8	1.3	1.2	n/a
NBU reserves (eop), USD bln	22.3	23.0	25.9	30.6	32.5	33.2	35.4	37.5	31.5	25.4	27.3	28.1	26.5
NBU reserves, % of ST ext. debt	146.3	136.6	142.5	149.3	157.0	139.1	137.8	137.1	155.4	132.7	138.5	143.4	n/a
Debt indicators													
Public debt, USD bln	15.9	16.0	15.5	16.3	17.6	17.8	17.7	17.1	24.6	24.3	28.7	34.9	n/a
Public debt, % of GDP	15.0	14.2	13.0	12.7	12.4	11.8	10.7	9.2	13.2	14.0	18.7	27.8	n/a
Corporate external debt, USD bln	42.7	48.6	53.8	62.8	67.6	75.1	82.5	90.8	85.0	83.4	81.3	80.2	n/a
Corporate external debt, % of GDP	40.1	43.4	45.1	48.8	47.9	50.0	50.0	49.1	45.7	48.2	53.0	64.0	n/a
Gross external debt, USD bln	54.5	59.8	65.3	74.2	80.0	88.1	94.9	102.4	101.7	99.5	100.6	104.4	n/a
Gross external debt, % of GDP	51.2	53.4	54.7	57.7	56.6	58.7	57.5	55.4	54.6	57.6	65.6	83.2	n/a
Monetary indicators													
Monetary base, UAH bln	97.2	96.4	111.0	127.7	141.9	136.4	154.2	170.8	186.7	174.8	188.7	183.6	195.0
Money supply (M3), UAH bln	261.1	272.5	303.0	348.2	396.2	416.2	450.6	477.7	514.7	463.7	472.7	469.5	487.5
Money supply, chg yoy	34.5	39.5	41.5	48.3	51.7	52.8	48.7	37.2	29.9	11.4	4.9	-1.7	-5.3
Monetary multiplier (MB/M3)	2.7	2.8	2.7	2.7	2.8	3.1	2.9	2.8	2.8	2.7	2.5	2.6	2.5
Monetization (avg M3/GDP), %	42.3	41.9	44.4	44.8	46.4	44.1	45.9	45.5	46.0	46.8	47.2	47.1	47.9
Exchange rate													
Interbank UAH/USD (eop)	5.05	5.03	5.02	5.03	5.05	5.00	4.57	5.08	7.50	8.25	7.72	8.27	7.98
Interbank UAH/USD (avg)	5.04	5.04	5.03	5.01	5.05	5.04	4.85	4.71	6.58	8.26	7.82	8.21	8.11
State budget													
Revenues, UAH bln	133.5	33.5	71.3	113.7	165.9	46.7	104.8	169.1	231.7	51.3	101.1	148.9	n/a
Expenses, UAH bln	137.1	29.4	70.6	116.1	174.2	45.5	102.9	165.1	241.5	51.0	110.7	170.9	n/a
Balance, % GDP	-0.7	3.0	0.2	-0.6	-1.4	0.6	0.4	0.4	-1.3	-0.3	-2.7	-3.7	n/a
Social indicators													
Population, mln (eop)	46.6	46.6	46.5	46.4	46.4	46.3	46.2	46.2	46.1	46.1	46.0	46.0	n/a
Unemployment (ILO methodology), %	8.2	7.4	5.8	5.4	6.9	7.1	5.4	5.5	7.5	9.5	8.6	7.8	n/a
Average monthly salary, UAH	1,157	1,161	1,290	1,415	1,603	1,619	1,787	1,906	1,914	1,735	1,892	1,964	n/a

Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital estimates

Ukrainian macro indicators monthly

	2008		2009											
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Business cycle indicators														
Industrial output, chg yoy	-28.6	-26.6	-34.1	-31.6	-30.4	-31.8	-31.8	-27.5	-26.7	-23.3	-18.4	-6.2	8.6	7.4
Metallurgy	-48.8	-42.7	-46.0	-40.7	-43.1	-45.5	-43.4	-39.3	-30.4	-21.1	-14.9	16.2	47.6	27.3
Machine building	-38.8	-37.1	-58.3	-53.5	-53.0	-52.6	-53.0	-48.0	-52.9	-50.2	-45.6	-34.5	-12.6	-2.5
Food processing	-8.7	-4.9	-14.3	-10.1	-9.4	-2.8	-2.1	0.9	-8.7	-10.1	-6.0	-5.0	-8.8	1.4
Chemicals	-35.2	-38.0	-49.6	-37.7	-29.8	-28.6	-33.1	-25.3	-27.8	-22.1	-18.4	-8.7	12.4	17.4
Retail sales, chg yoy (cumulative)	20.9	18.6	-7.1	-9.4	-11.5	-14.3	-15.3	-15.2	-15.9	-15.9	-16.2	-16.3	-16.5	-16.6
Construction works, chg yoy	-12.8	-15.8	-57.6	-57.3	-56.7	-55.6	-55.8	-54.9	-54.3	-53.6	-52.4	-51.5	-49.7	-48.2
CPI, chg yoy	22.3	22.3	22.3	20.9	18.1	15.6	14.7	15.0	15.5	15.3	15.0	14.1	13.6	12.3
CPI, chg mom	1.5	2.1	2.9	1.5	1.4	0.9	0.5	1.1	-0.1	-0.2	0.8	0.9	1.1	0.9
PPI, chg yoy	27.4	23.0	20.4	19.1	13.0	6.4	1.9	-0.9	-3.6	-3.6	1.7	5.1	12.8	14.4
PPI, chg mom	-6.5	-0.4	0.2	1.8	1.1	0.4	-0.7	1.4	0.7	1.8	3.6	1.9	0.4	1.0
External sector indicators														
Merchandise exports, USD bln	3.6	4.0	2.4	2.7	3.2	3.1	2.9	3.0	3.2	3.2	3.7	4.2	4.0	n/a
Merchandise exports, chg yoy	-18.6	-17.6	-33.4	-42.5	-41.1	-44.5	-53.4	-57.0	-57.8	-52.2	-44.2	-28.8	9.1	n/a
Merchandise imports, USD bln	5.3	4.8	2.0	3.8	3.9	3.6	3.2	3.2	3.9	3.8	4.1	4.3	4.5	n/a
Merchandise imports, chg yoy	-9.6	-27.9	-55.9	-41.2	-48.9	-54.8	-58.5	-59.7	-55.8	-53.0	-52.1	-43.3	-14.3	n/a
Merchandise trade balance, USD bln	-1.6	-0.8	0.4	-1.1	-0.7	-0.5	-0.3	-0.2	-0.7	-0.6	-0.3	-0.2	-0.6	n/a
NBU reserves, USD bln	32.7	31.5	28.8	26.5	25.4	24.5	27.8	27.3	29.6	28.9	28.1	27.7	27.3	26.5
Monetary indicators														
Monetary base, UAH bln	172.8	186.7	180.0	173.4	174.8	180.2	181.7	188.7	189.2	183.4	183.6	180.5	181.4	195.0
Monetary base, chg yoy	32.5	31.5	32.1	29.1	28.1	24.3	24.5	22.4	15.6	8.5	7.5	4.1	5.0	4.4
Monetary base, chg mom	-0.3	8.0	-3.6	-3.7	0.8	3.1	0.8	3.9	0.2	-3.1	0.1	-1.7	0.5	7.5
Money supply (M3), UAH bln	483.9	514.7	492.7	470.8	463.7	465.1	468.2	472.7	471.9	471.1	469.5	468.2	470.4	487.5
Money supply (M3), chg yoy	32.3	29.9	25.9	18.2	11.4	8.2	9.0	4.9	0.9	-0.8	-1.7	-2.7	-2.8	-5.3
Money supply (M3), chg mom	0.6	6.4	-4.3	-4.5	-1.5	0.3	0.7	1.0	-0.2	-0.2	-0.3	-0.3	0.5	3.6
Monetary multiplier (MB/M3)	2.8	2.8	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.6	2.6	2.6	2.6	2.5
Monetization (M3/GDP), %	44.4	46.0	48.2	47.1	46.8	46.9	47.0	47.2	47.2	47.2	47.1	47.0	47.1	47.9
Banking system														
Net assets, UAH bln	853.1	927.2	905.8	885.6	878.1	873.4	863.0	868.6	869.2	881.2	893.5	875.9	885.0	n/a
Net assets, chg yoy	54.1	54.7	50.0	44.0	35.9	32.6	29.0	24.2	21.1	19.0	18.1	10.6	3.7	n/a
Loans (hryvnya), UAH bln	280.1	300.1	297.4	304.0	310.0	315.5	321.5	335.0	339.1	338.8	344.3	346.3	346.9	350.9
Loans (foreign currency), UAH bln	391.6	433.8	425.1	413.6	406.5	399.4	391.5	380.8	378.9	388.9	385.1	381.3	375.8	367.8
Deposits (hryvnya), UAH bln	199.6	200.3	187.7	179.1	177.3	174.4	175.6	179.3	175.4	168.4	168.2	163.2	164.9	173.8
Deposits (foreign currency), UAH bln	139.2	157.5	154.4	144.2	139.6	140.9	143.4	142.3	144.6	162.0	158.9	162.8	163.7	161.7
Exchange rate														
Interbank UAH/USD (eop)	7.52	8.05	7.97	8.45	8.25	8.08	7.62	7.72	7.96	8.47	8.27	8.09	8.00	7.98
Interbank UAH/USD (avg)	6.16	7.87	8.24	8.28	8.26	8.08	7.73	7.64	7.84	8.28	8.55	8.25	8.12	7.98
State budget														
Revenues, UAH bln	208.0	231.7	13.4	32.0	51.3	70.5	88.6	101.1	115.9	135.3	148.9	166.0	186.5	n/a
Expenses, UAH bln	205.5	241.5	10.9	31.0	51.0	72.4	90.7	110.7	130.1	149.9	170.9	191.8	214.3	n/a
Social indicators														
Population, mln (eop)	46.2	46.1	46.1	46.1	46.1	46.1	46.0	46.0	46.0	46.0	46.0	46.0	46.0	n/a
Average monthly salary, UAH	1,823	2,001	1,665	1,723	1,818	1,845	1,851	1,980	2,008	1,919	1,964	1,950	1,955	n/a

Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital estimates

Concorde Capital, Head office

2 Mechnikova Street, 16th Floor
Parus Business Centre
Kyiv 01601, Ukraine
Tel.: +380 44 391 5577
Fax: +380 44 391 5571

www.concorde.ua

Concorde Capital

4 Fourth Lesnoy Pereulok, 5th Floor
Capital Plaza
Moscow 125047, Russia
Tel.: +7 495 642 87 15
Fax: +7 495 225 85 00

office@concorde.com.ua

CEO

Igor Mazepa im@concorde.com.ua

Head of Sales & Trading

Alexander Shnir ash@concorde.com.ua

International Sales & Trading

Anastasiya Nazarenko an@concorde.com.ua
Marina Martirosyan mm@concorde.com.ua

Domestic Sales & Trading

Yuriy Pilipenko up@concorde.com.ua
Alisa Tikhomirova at@concorde.com.ua

Director of Research

Andriy Gostik, CFA ag@concorde.com.ua

RESEARCH

Strategy

Andriy Gostik, CFA ag@concorde.com.ua

Metals & Mining

Andriy Gerus ga@concorde.com.ua

**Utilities (Telecom, Energy),
Machinery**

Yegor Samusenko syg@concorde.com.ua

Oil & Gas

Andriy Gerus ga@concorde.com.ua

Real Estate, Consumer-related

Andriy Gostik, CFA ag@concorde.com.ua

Economics, Financial services

Mykyta Mykhaylychenko mms@concorde.com.ua

Fixed Income

Andriy Gerus ga@concorde.com.ua
Mykyta Mykhaylychenko mms@concorde.com.ua

Politics

Brad Wells bw@concorde.com.ua

Editor

Brad Wells bw@concorde.com.ua

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