

A Happy New Year

**Overview: Economy Appears
Controversial, but the IMF Should
be Pleased**

**Prices: World Markets Driving
Inflation Higher**

Interest Rates: Still Falling

**Banks Bracing for Ownership
Changes**

**Fiscal Accounts: Tax Collection
Rises More than 20%**

**External Accounts: Financial Flows
Cover Close to 2 % CAD**

This year started off well. Though hard statistics are not yet available, the rally in financial markets, the steady uptick in metals prices and the solid cash inflow into the F/X market were all positive signals for the country. The Treasury reported more than a 20% provisional increase in budget collections. On top of that, the *hryvnia* proved stable, and may even strengthen a bit as summer approaches.

The authorities continue to advance the reform agenda. The pension reform, in which retirement ages are being raised, and the increase in rates and fees, are so far among the hottest topics of the year. But pension reform will engender much less public ire than it did in France or Greece>>>