

Healthy Numbers, But IMF Deal is Elusive

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Things in Ukraine have grown quite confusing. At this writing, macro statistics remain mostly good. GDP is growing strongly, at +3.8% y/y in Q2, on the back of investment and consumption. The CAD remains modest, at close to 2% of GDP, though it has started widening in H2. General budget revenues continue to grow in line with targets. The hryvnia has weakened, but within expected limits.

Yet all of these good-looking numbers mean little against the continued delay of a \$1.9 billion wire from the IMF. The IMF mission in September was expected to bring more light to the situation, but right now everyone is waiting for another date, October 18th, hoping that more concrete information about the IMF negotiations will be made public.

Ukraine's position does not look especially desperate if the planning horizon is only Election Day, in March 2019. The country still has \$16.6 billion, or 2.8 months of imports in gross international reserves, a position that could be misleading for officials who rarely plan beyond one or two quarters >>>