

**JCR Eurasia Rating
SOVEREIGN RATING**

**Sovereign
May 18, 2017 Review**

UKRAINE		Long-Term	Short-Term
Sovereign	Foreign currency	B-	C
	Local currency	B-	C
	Outlook	Stable	Stable
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UKRAINE					
Data*	2016	2015	2014**	2013	2012
GDP Current Prices UAH (bn)	2,383.00	1,988.00	1,520.00	1,449.40	1,404.66
GDP Current Prices USD (bn)	93.26	90.94	126.56	177.84	175.80
Population (mn)	42.50	42.59	45.42	45.55	45.63
Unemployment Rate (%)	8.80	9.14	10.50	7.23	7.53
Annual Inflation Rate (%)	13.90	48.70	24.90	0.50	-0.20
GDP Growth Rate (%)	2.30	-9.77	-6.60	-0.10	0.25
CA Balance/GDP (%)	-3.61	-0.29	-4.31	-9.29	-8.15
Broad Money UAH (bn)	1,102.06	994.06	953.88	906.3	771.3
Reserve Assets USD (bn)	14.45	13.30	7.53	20.41	24.56
UAH / USD	27.19	24.05	15.01	8.15	7.99

*End of year, ** National accounts data exclude Crimea starting in 2014

Visible signs of recovery were observed with respect to key macroeconomic indicator in 2016 following a downturn in 2014 and 2015. Tight fiscal and monetary policies of the Ukraine authorities in line with a focus on economic program under the Extended Fund Facility agreed with International Monetary Fund established a sound base for improvement in conditions: Economic growth rebounded to 2.3% in 2016 from negative figures, inflation has fallen to 12.4% from over 60 percent in April 2015, and total fiscal deficit declined to 2.3% of GDP.

Structural reforms to reduce energy inefficiency, improve financial sector through sound regulation to restore banks and strengthen the NBU's independence along with the efforts for fiscal consolidation put the business environment and on a recovery path. However, further efforts should continue to focus on to reform large State Owned Enterprises, ensuring an efficient tax system, comprehensive pension reform and tackling corruption.

JCR Eurasia Rating has upgraded the Long Term FC and LC sovereign ratings of Ukraine to 'B-', with a 'Stable' outlook.

