

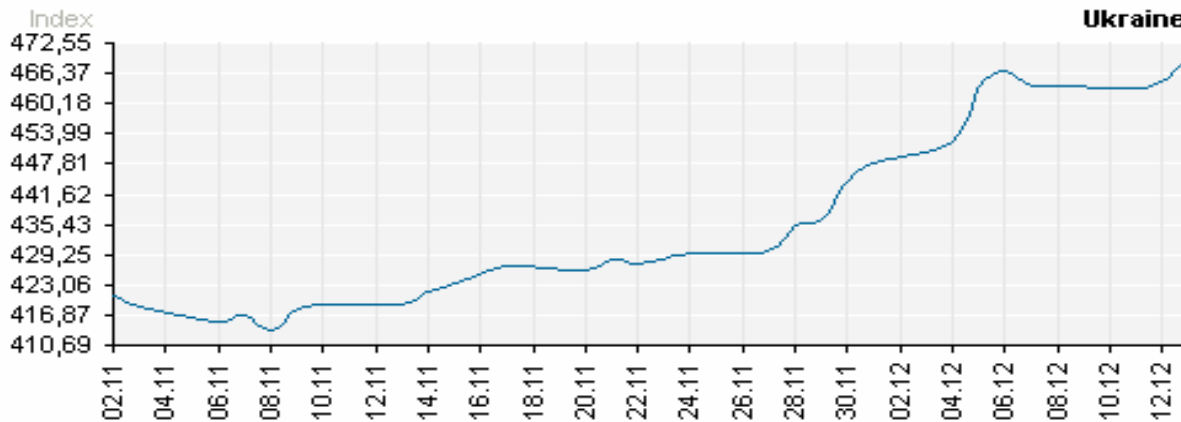


Ukraine Update 11 – 15 December, 2006

<p>Political updates</p> <p>The Verkhovna Rada adopted the last WTO bill The deputies of Ukraine adopted the last bill that is necessary for Ukraine's accession into the WTO. The parliamentarians voted for the bill "On export duty rates for scrap of ferrous and nonferrous metals and half-finished products with them."</p> <p>Macroeconomic updates</p> <p>Romania promised Ukraine EUR 10 million Romania intends to allocate Vinnitsa region approximately EUR 10 million in 2007 within the framework of the program on frontier cooperation "Ukraine-Romania-Moldova."</p> <p>Russia gave Ukraine a "gas" promise Next few years gas price for Ukraine will remain at the level of USD 130 per one thousand cubic meters. At the same time, supplies of the Russian gas to Ukraine not considered next year, and the balance will be closed at the expense of the Central Asian gas.</p> <p>Canada intending to deepen relations with Ukraine Canada would like to deepen its cooperation with Ukraine in such areas as private-sector development and deepening of trade and investment ties because Ukraine is a special partner of Canada. Francoise Ducros, the director general of the Canadian International Development Agency's department of cooperation with European countries, announced this during a meeting with specialists at Ukraine's state committee for entrepreneurship.</p> <p>Ukraine Willing To Take More Active Part In China-Western Europe Transport Corridor Ukraine is willing to step up its participation in the creation of the China-Western Europe transport corridor. Ukrainian News learned this from a joint statement, which was signed by Ukrainian Premier Viktor Yanukovych and Kazakh Premier Daniyal Akhmetov in Astana (Kazakhstan). In this connection Yanukovych and Akhmetov discussed the issues of unification of the tariff policy of Kyiv and Astana to attract more volumes of cargo traffic within the project. Yanukovych also called for preparation of a CIS plan of joint measures stipulating the procedures for creating East-West and North-South transport corridors, their systematic financing, and other conditions for their creation.</p> <p>Economic updates</p> <p>Industrial production grew by 8.3% in Ukraine in November The Ukraine's industrial production grew by 8.3% in November of the current year compared to November of the last year, and by 5.6% during January-November of the current year compared to January-November of the last year.</p> <p>Economics Ministry forecasts inflation at 12% The Economics Ministry of Ukraine forecasts the inflation on the results of the year 2006 at 12%, and the GDP growth – at 6.5 – 6.7%.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th colspan="3">STOCK INDICES</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th>COUNTRY</th> <th>INDICES</th> </tr> </thead> <tbody> <tr> <td>PFTS</td> <td>UA</td> <td>469.46 ↑</td> </tr> <tr> <td>S&P-500</td> <td>US</td> <td>1 413.21</td> </tr> <tr> <td>MIB-30</td> <td>IT</td> <td>41 301.00 ↑</td> </tr> <tr> <td>FTSE-100</td> <td>GB</td> <td>6 208.90 ↑</td> </tr> <tr> <td>CAC-40</td> <td>FR</td> <td>5 496.63 ↑</td> </tr> <tr> <td>DAX</td> <td>DE</td> <td>6 537.31 ↑</td> </tr> <tr> <td>SMI</td> <td>CH</td> <td>8 717.86 ↑</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th colspan="5">EXCHANGE RATES IN UKRAINE →</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th colspan="2">Cash</th> <th colspan="2">Cashless</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th colspan="2">14.12.06 11:29</th> <th colspan="2">13.12.06 15:48</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th>BID</th> <th>ASK</th> <th>BID</th> <th>ASK</th> </tr> </thead> <tbody> <tr> <td>1USD</td> <td>5.0500 ↑</td> <td>5.0900</td> <td>5.0250</td> <td>5.0450</td> </tr> <tr> <td>1EUR</td> <td>6.7000 ↑</td> <td>6.7500 ↓</td> <td>6.6500</td> <td>6.6900 ↑</td> </tr> <tr> <td>10RUB</td> <td>1.8500 ↓</td> <td>1.9500</td> <td>1.9180 ↑</td> <td>1.9210 ↑</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th colspan="5">CREDIT FOR BUSINESSES IN UKRAINE →</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th colspan="4">15.12.06</th> </tr> <tr style="background-color: #d3d3d3;"> <th></th> <th>1 MON.</th> <th>3 MON.</th> <th>6 MON.</th> <th>12 MON.</th> </tr> </thead> <tbody> <tr> <td>UAH</td> <td>20.00%</td> <td>22.00%</td> <td>22.00%</td> <td>19.00%</td> </tr> <tr> <td>USD</td> <td>14.00%</td> <td>16.00%</td> <td>16.00%</td> <td>17.00%</td> </tr> <tr> <td>EUR</td> <td>14.00%</td> <td>15.00%</td> <td>15.00%</td> <td>15.00%</td> </tr> </tbody> </table>	STOCK INDICES				COUNTRY	INDICES	PFTS	UA	469.46 ↑	S&P-500	US	1 413.21	MIB-30	IT	41 301.00 ↑	FTSE-100	GB	6 208.90 ↑	CAC-40	FR	5 496.63 ↑	DAX	DE	6 537.31 ↑	SMI	CH	8 717.86 ↑	EXCHANGE RATES IN UKRAINE →						Cash		Cashless			14.12.06 11:29		13.12.06 15:48			BID	ASK	BID	ASK	1USD	5.0500 ↑	5.0900	5.0250	5.0450	1EUR	6.7000 ↑	6.7500 ↓	6.6500	6.6900 ↑	10RUB	1.8500 ↓	1.9500	1.9180 ↑	1.9210 ↑	CREDIT FOR BUSINESSES IN UKRAINE →						15.12.06					1 MON.	3 MON.	6 MON.	12 MON.	UAH	20.00%	22.00%	22.00%	19.00%	USD	14.00%	16.00%	16.00%	17.00%	EUR	14.00%	15.00%	15.00%	15.00%
STOCK INDICES																																																																																													
	COUNTRY	INDICES																																																																																											
PFTS	UA	469.46 ↑																																																																																											
S&P-500	US	1 413.21																																																																																											
MIB-30	IT	41 301.00 ↑																																																																																											
FTSE-100	GB	6 208.90 ↑																																																																																											
CAC-40	FR	5 496.63 ↑																																																																																											
DAX	DE	6 537.31 ↑																																																																																											
SMI	CH	8 717.86 ↑																																																																																											
EXCHANGE RATES IN UKRAINE →																																																																																													
	Cash		Cashless																																																																																										
	14.12.06 11:29		13.12.06 15:48																																																																																										
	BID	ASK	BID	ASK																																																																																									
1USD	5.0500 ↑	5.0900	5.0250	5.0450																																																																																									
1EUR	6.7000 ↑	6.7500 ↓	6.6500	6.6900 ↑																																																																																									
10RUB	1.8500 ↓	1.9500	1.9180 ↑	1.9210 ↑																																																																																									
CREDIT FOR BUSINESSES IN UKRAINE →																																																																																													
	15.12.06																																																																																												
	1 MON.	3 MON.	6 MON.	12 MON.																																																																																									
UAH	20.00%	22.00%	22.00%	19.00%																																																																																									
USD	14.00%	16.00%	16.00%	17.00%																																																																																									
EUR	14.00%	15.00%	15.00%	15.00%																																																																																									



Dynamics of change the index PFTS Index, Ukraine



Sectoral updates

Metalurhprom Fears Scrap Metal Shortage Of 3.5-3.7 Million Tons At Metal Companies In 2007

The Metalurhprom industrial association is forecasting a scrap metal shortage of 3.5 million to 3.7 million tons at metal-processing companies in 2007.

8.7 million tons of scrap metal is required to meet a steel production target of 42.5 million tons next year.

Ukrainian scrap metal suppliers delivered 6.7 million tons to the local market in 2006 and the shortage was around 2 million tons.

Sugar Plants Produce 2.496 Million Tons Of Sugar

Ukrainian sugar refineries have produced 2,496,630 tons of sugar from this year's sugar beet.

Sugar production was 34% or 633,150 tons up compared to the year before.

Refineries received 22.01 million tons of sugar beet and processed 20.52 million tons of it since the start of this year's production season.

Milk Production Down By 23.1% To 890,000 Tons In November

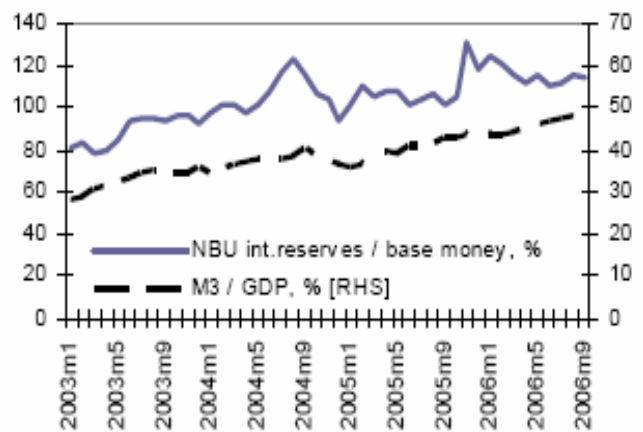
In November, milk production fell by 23.1% or 267,400 tons, compared to October, to 890,000 tons.

In particular, milk production fell by 23.3% to 753,000 tons at private farms, and fell by 21.9% to 137,000 tons at specialized farms.

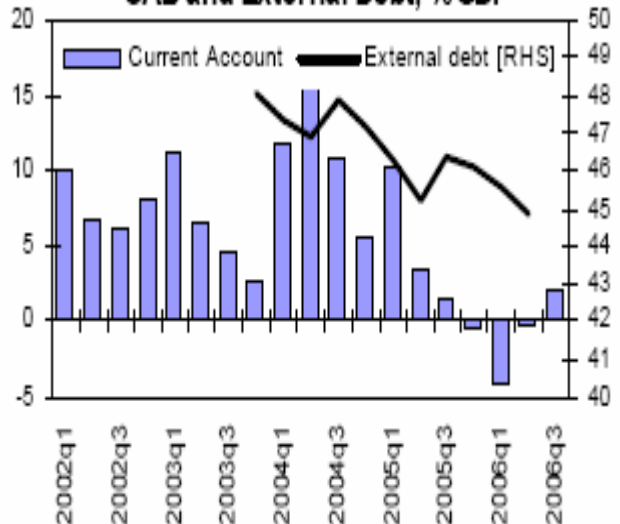
In November 2006, milk production fell by 2% or 17,900 tons, compared to November 2005.

In January-November 2006, milk production totaled 12,520,300 tons, compared to January-November 2005, with the reduction by 3.2% or 414,000 tons, compared to January-November 2005.

Monetization and Reserves



CAB and External Debt, % GDP



Written by ED Group. The report is based on sources, which we believe to be reliable, but no warranty, either express or implied, is provided in relation to the accuracy or completeness of the information. The views expressed are our best judgment as of the date of issue and are subject to change without notice. Opinions are not necessarily those of ED Group or its affiliates. ED Group take no responsibility for decisions made on the basis of these opinions. Any redistribution of this information is strictly prohibited.