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A positive economic forecast for Ukraine

International financial institutions have improved their assessment of the Ukrainian economy. The European Bank for Reconstruction and Development (EBRD) has raised its forecast for economic growth in Ukraine in 2011 from 4.5% to 5%, and the ratings agency Fitch has changed its assessment of Ukraine's implementation of its credit commitments from 'stable' to 'positive'. This means that these financial institutions have assessed the Ukrainian government's economic policies positively, and have recognised that the risk of the country going bankrupt is falling, despite the increased level of state debt.

This is the EBRD's second reassessment of Ukraine's GDP growth in recent months (the previous one, made in May, also raised the forecast by half a percentage point) and is more optimistic than the assumptions made by the Ukrainian government itself, which expected an increase of 4.7% this year. The World Bank also raised its assessment of Ukraine's GDP growth to 4.5%. Fitch maintained its ranking of debt in foreign and Ukrainian currency at B, but for the first time in over a year, it changed its forecast to 'positive', which promises a rise in the total assessment in the near future.

Improving the evaluation reflects the generally good condition of the Ukrainian economy, which is gradually emerging from the crisis. A positive reception has also been given to the Ukrainian government's latest measures, notably the adoption of pension reforms and keeping the budget deficit under control; during the first five months of this year, it has not exceeded 1% of GDP. The improving credit rating indicates that, despite the growing level of public debt (according to the IMF's ratings it will reach 42.2% of GDP by the end of this year), Ukraine should have no problems with making the repayment. This will facilitate the sale of government bonds on foreign markets at a better price. However, Ukraine still remains overly dependent on exports of metallurgical products, and thus on the situation on international markets, which makes it vulnerable to external shocks. <smat>