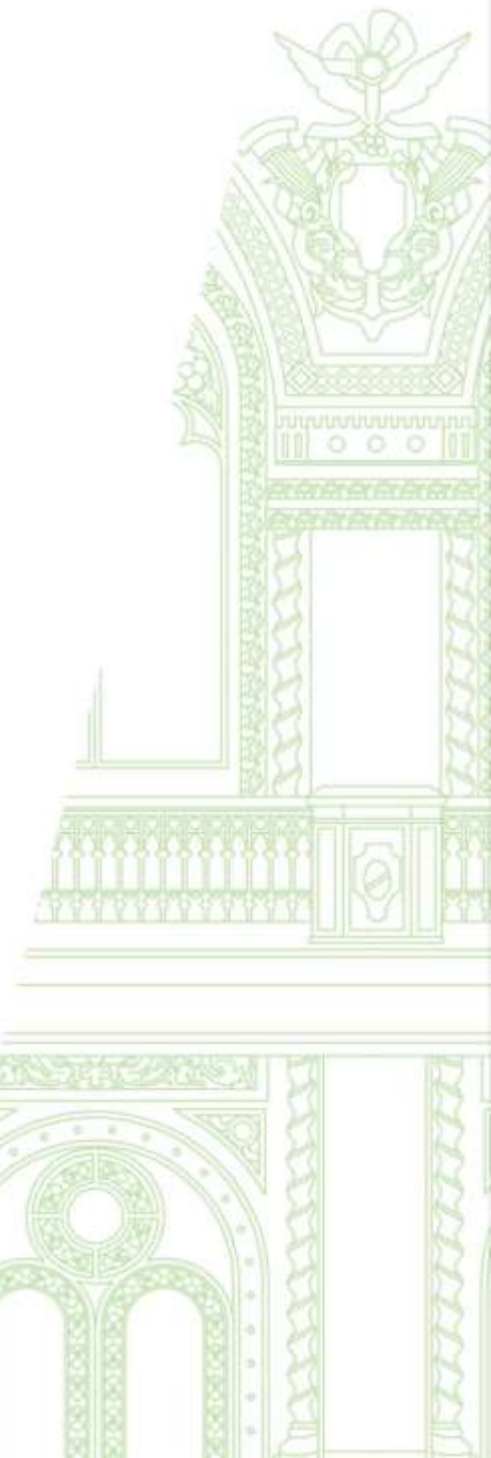




National Bank  
of Ukraine

## **Presentation to the press briefing on monetary policy, April 2020**



## Key messages

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- **The Board of the National Bank of Ukraine has decided to cut the key policy rate to 8%. The continued monetary easing aims to support the economy during the period of pandemic and quarantine.**
- **In 2020, inflation will remain within the target range of 5% +/- 1 pp. This will not be impeded by monetary and fiscal support to the economy.**
- **The economy of Ukraine will contract by 5.0% in 2020 in the wake of the quarantine imposed to overcome the pandemic and due to the global crisis. However, it will resume growth at round 4% in the following years.**
- **Signing a new aid program with the IMF is the main prerequisite for maintaining macro-financial stability in Ukraine during the global crisis. The absence of a program with the IMF remains the main risk to this forecast. Another key risk is longer-lasting coronavirus pandemic and quarantine measures.**
- **The NBU plans to cut the key policy further, to 7% in the current year.**

## Key macroeconomic indicators\*

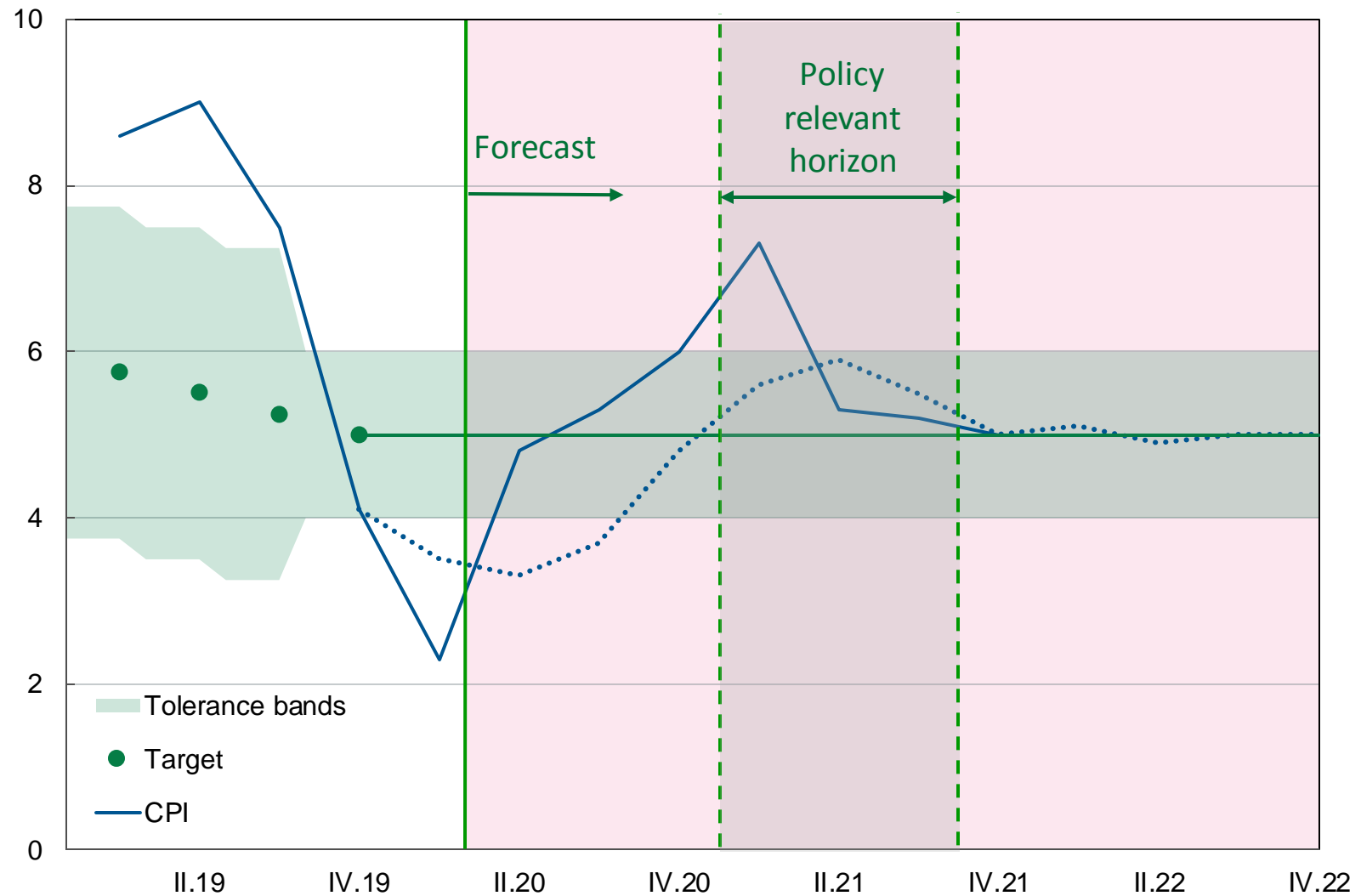
	2019	2020 NBU forecast	2021 NBU forecast	2022 NBU forecast
<b>Real GDP</b> , change, %	3.2 (3.3)	-5.0 (3.5)	4.3 (4.0)	4.0 (4.0)
<b>Nominal GDP</b> , UAH bn	3 975	3 970 (4 290)	4 360 (4 682)	4 760 (5 113)
<b>CPI</b> , y-o-y, % (eop)**	4.1	6.0 (4.8)	5.0 (5.0)	5.0 (5.0)
<b>Core CPI</b> , y-o-y, % (eop)**	3.9	6.8 (3.5)	3.8 (3.8)	3.8 (3.8)
<b>Current account balance</b> , USD bn	-1.3 [-4.2***]	-2.5 (-5.7)	-5.3 (-7.9)	-7.3 (-8.0)
<i>% GDP</i>	-0.9 [-2.8***]	-1.7 (-3.2)	-3.1 (-4.1)	-4.0 (-4.0)
<b>BOP (overall)</b> , USD bn	6.0	-1.1 (3.2)	0.6 (1.6)	1.3 (0.4)
<b>Gross reserves</b> , USD bn	25.3	27.2 (29.3)	28.6 (31.6)	28.0 (32.3)

\* in brackets – previous NBU forecast (Inflation report, January 2020)

\*\* «eop» – end of period (December to December of previous year)

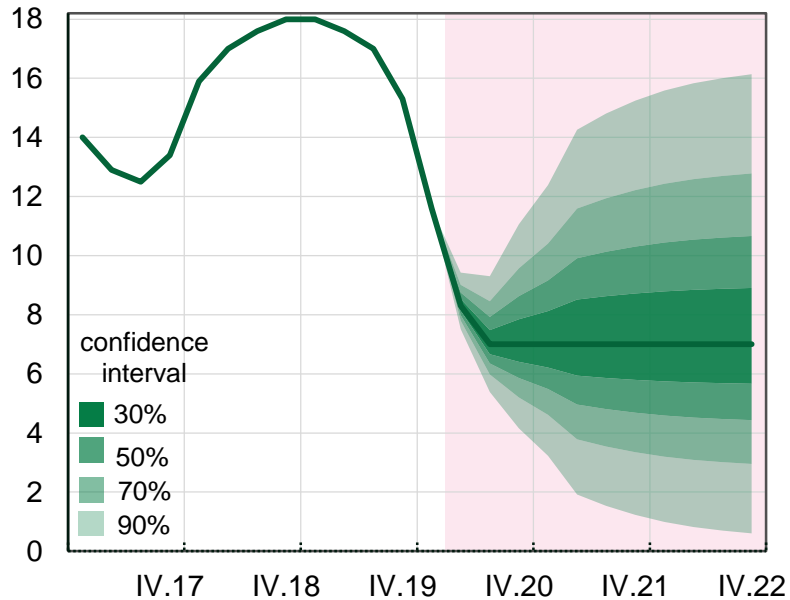
\*\*\* without “Gazprom” payment

# CPI forecast, annual change, %

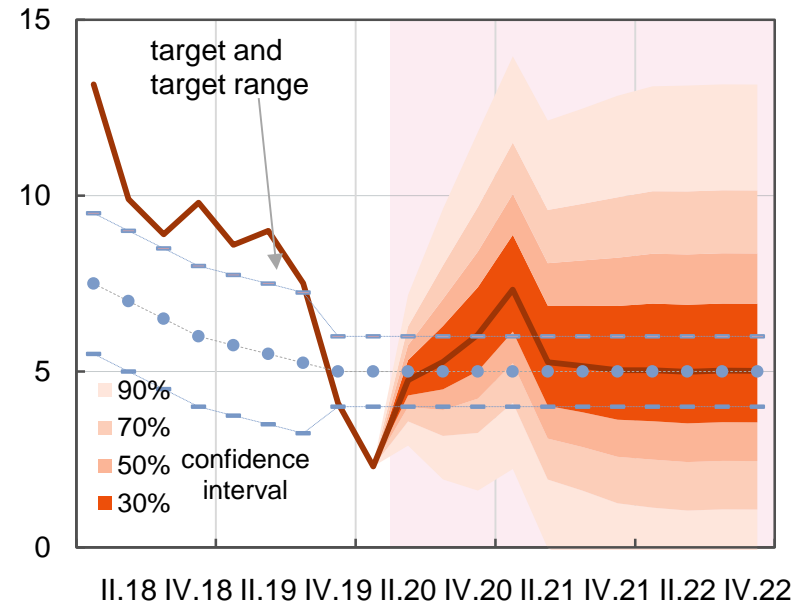


# Key rate and inflation forecast

Key rate, %



CPI, annual change, %



The forecast is given in a fan chart. This chart type is used to illustrate uncertainty with regard to predicted future values. For instance, the probability that the indicator will be in the range of the darkest shaded area in the chart (around the central line) is 30%. The same applies to other chart areas, implying the 90% probability that the indicator will be in the range of the lightest shaded area.