



National Bank
of Ukraine

Presentation to the press briefing on monetary policy, October 2020



Key messages

- **The National Bank of Ukraine has decided to keep its key policy rate at 6% per annum. The sustained monetary policy easing is aimed at supporting economic recovery and bringing inflation to the target.**
- **As before, a longer-lasting coronavirus pandemic, the further spread of the disease and stricter quarantine measures remain the key risks to macrofinancial stability.**
- **With the high level of uncertainty, the NBU's future monetary policy will mainly depend on how the pandemic develops and what budgetary parameters are adopted. If the pick-up in domestic demand and business activity fails to persist due to an increase in the number of COVID-19 cases, the NBU will be able to support the economy by cutting its key policy rate further. Conversely, the NBU will also be prepared to raise the key policy rate in 2021 if inflationary pressures intensify.**

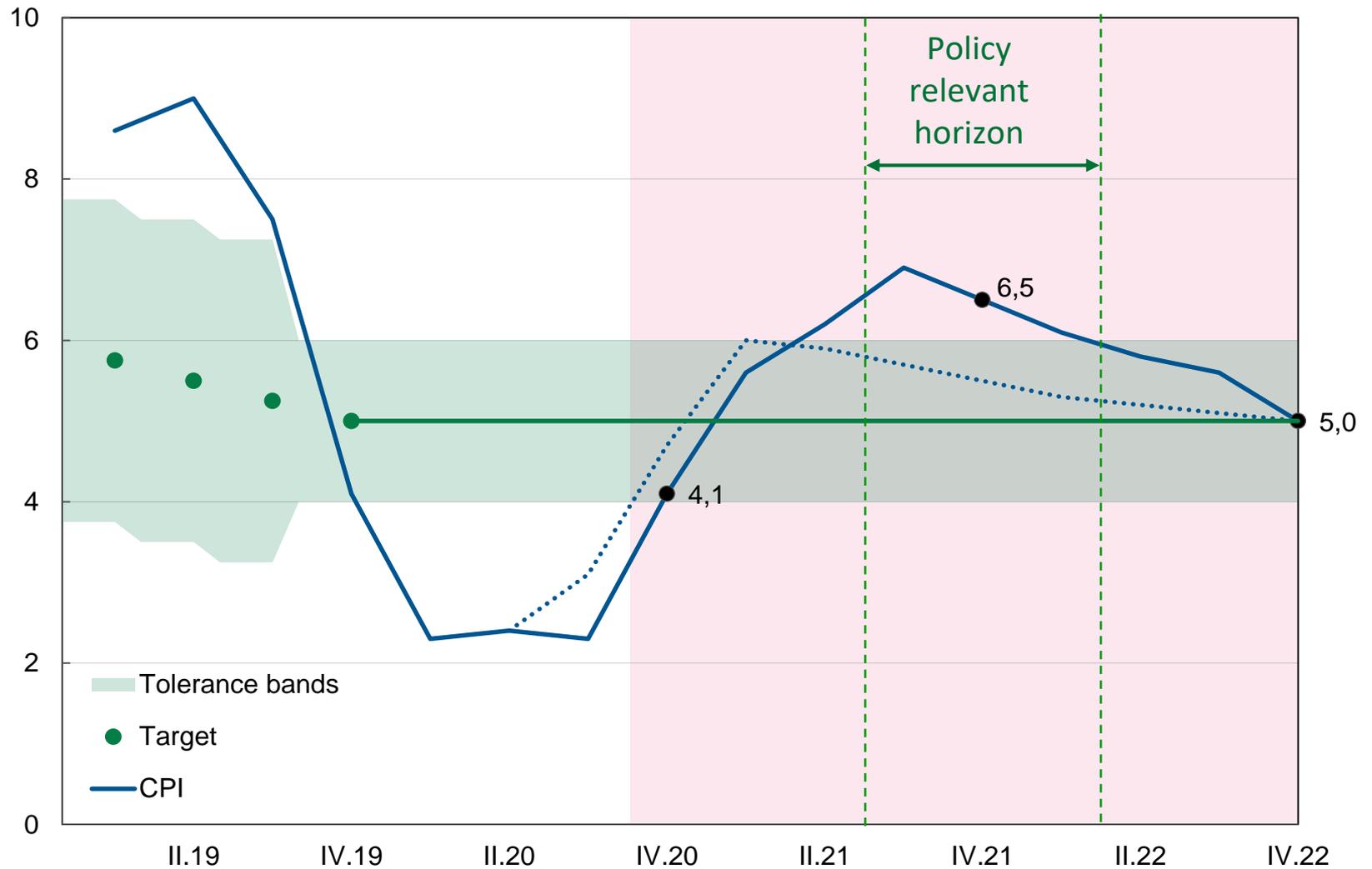
Key macroeconomic indicators*

	2019	2020 прогноз	2021 прогноз	2022 прогноз
Real GDP, change, %	3.2	-6.0 (-6.0)	4.2 (4.0)	3.8 (4.0)
Nominal GDP, UAH bn	3 975	3 925 (3 910)	4 360 (4 300)	4 775 (4 710)
CPI, y-o-y, % (eop)**	4.1	4.1 (4.7)	6.5 (5.5)	5.0 (5.0)
Core CPI, y-o-y, % (eop)**	3.9	4.2 (4.0)	5.4 (4.2)	3.8 (3.9)
Current account balance, % GDP	-2.7	2.9 (4.4)	-2.3 (-2.8)	-5.1 (-4.5)
BOP (overall), USD bn	6.0	1.1 (1.5)	-0.1 (2.4)	1.1 (1.8)
Gross reserves, USD bn	25.3	29.1 (29.8)	29.5 (32.7)	28.8 (32.7)

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

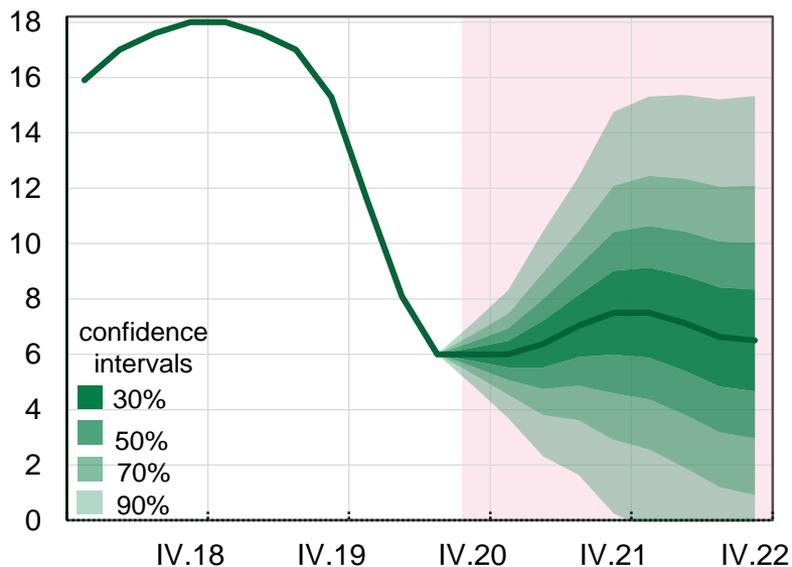
** end of period (December to December of previous year)

CPI forecast, annual change, %

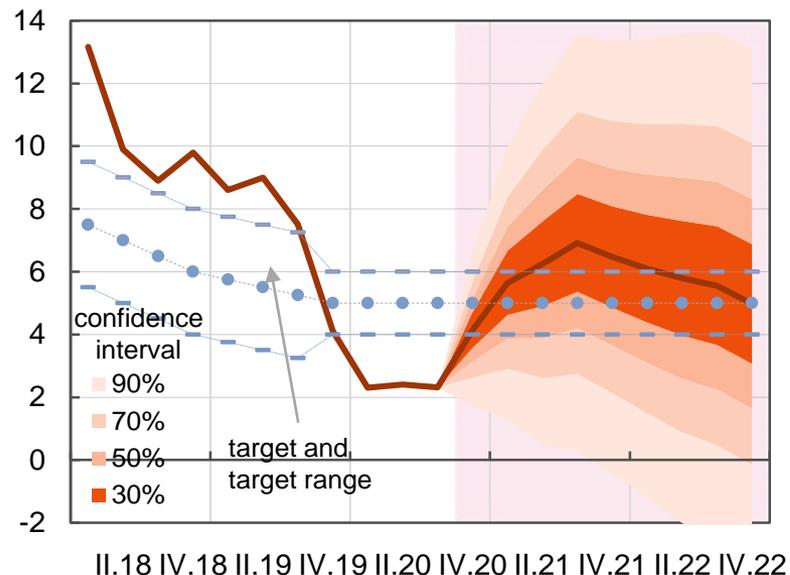


Key rate and inflation forecast

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.