



MINISTRY OF ECONOMIC  
DEVELOPMENT AND TRADE  
OF UKRAINE

# Ukraine: DEVELOPMENT PROSPECTS

CONSENSUS FORECAST

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Institute for Economics and  
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Academy of Sciences of Ukraine

Ptoukha Institute for Demography  
and Social Studies of the National  
Academy of Sciences of Ukraine

Scientific and Research  
Economic Institute (SREI)

Institute for Economic Research  
and Policy Consulting

Institute of Evolutionary  
Economics

G. M. Dobrov Center for Studying  
R&D Potential and Science History

Taras Shevchenko National  
University of Kyiv

International Centre for Policy  
Studies

Dragon Capital

CASE Ukraine

Raiffeisen Bank Aval

The Bleyzer Foundation

AYA Capital

Agency of Industrial Marketing

European Economic Chamber  
of Trade, Commerce and Industry  
in Ukraine

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Issue 37, 2014

**UKRAINE: DEVELOPMENT PROSPECTS (CONSENSUS FORECAST)** is a publication prepared by the Department of Macroeconomic Forecasting of the Ministry of Economic Development and Trade of Ukraine (MEDT) with the support of the United Nations Development Programme (UNDP) in Ukraine in the framework of the 'Acceleration of Millennium Development Goals Progress in Ukraine' project (AMDGP). It will be useful for government officials, experts of central and local executive authorities, scientists, academia, representatives of public organizations and anyone interested in the country's economic and social development and macroeconomic forecasting.

The publication was prepared by the Ministry of Economic Development and Trade of Ukraine and contains materials from the seminar on macroeconomic forecasting held in December 2014.

Seminars on forecasting aim at improving the quality of macroeconomic forecasts through expert discussions (current economic tendencies, results of research and forecasts), achieving consensus on the prospective vision of the country's development, and exchanging information among major forecasting organizations (governmental institutions, international financial organizations, scientific research institutes, analytical centres, non-governmental organizations etc.).

The issue was prepared by:

Maksym Duda  
Valeriya Voytenko  
Sergey Bokun  
Natalia Kovalenko  
Natalia Sitnikova



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E-mail: bokun@me.gov.ua,  
natalia.sitnikova@undp.org  
Phone number: (044) 253-93-29

*Reference to sources of materials is mandatory.*

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**Consensus Forecast** is an ‘averaged’ value of the most important forecast economic development indicators for Ukraine calculated on the basis of expert estimates provided by participants in the Consensus Forecast survey. The Consensus Forecast for 2014–2017 presented in the publication has been calculated on the basis of materials provided by the experts of the Ministry of Economic Development and Trade of Ukraine, “Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine”, Ptoukha Institute for Demography and Social Studies of the National Academy of Sciences of Ukraine, Scientific and Research Economic Institute (SREI), Institute for Economic Research and Policy Consulting, Institute of Evolutionary Economics, G.M. Dobrov Center for Studying R&D Potential and Science History, Taras Shevchenko National University of Kyiv, International Centre for Policy Studies, Dragon Capital, CASE Ukraine, Raiffeisen Bank Aval, The Bleyzer Foundation, AYA Capital, Agency of Industrial Marketing and the European Economic Chamber of Trade, Commerce and Industry in Ukraine.

**The Consensus Forecast is based on consultations and discussions with experts. We would like to highlight that all forecast indicators presented by the participants of the seminar are only independent expert estimates and not official forecasts by the relevant institutions.**

We express deep gratitude to all the experts who participated in the Consensus Forecast initiative.

Table 1

## Main Macroeconomic Indicators For 2008–2013

Indicator	Year	2008	2009	2010	2011	2012	2013
<b>Real sector, UAH mln</b>							
Nominal GDP (SNA 1993)		948 056	913 345	1 082 569	1 302 079	1 411 238	1 454 931
Consumption		758 902	772 826	914 230	1 113 008	1 247 293	1 350 220
Gross capital formation		264 883	155 815	199 918	270 019	278 428	228 474
Net exports of goods and non-factorial services		-75 729	-15 296	-31 579	-80 948	-114 483	-123 763
<b>Index, year to year</b>							
Real GDP		102.3	85.2	104.1	105.2	100.3	100.0
Consumption		110.1	87.8	106.4	111.1	107.9	105.6
Gross fixed capital formation		98.8	49.5	103.9	107.1	102.8	93.4
Exports of goods and services		105.7	78.0	103.9	104.3	92.8	91.2
Imports of goods and services		117.0	61.1	111.3	117.7	101.8	94.1
<b>Inflation, index</b>							
Consumer price index (annual average)		125.2	115.9	109.4	108.0	100.6	99.7
Dec. versus Dec. of the previous year		122.3	112.3	109.1	104.6	99.8	100.5
Producer price index (annual average)		135.5	106.5	120.9	119.0	103.7	99.9
Dec. versus Dec. of the previous year		123.0	114.3	118.7	114.2	100.3	101.7
<b>External sector, US\$ mln</b>							
Current account		-12 763	-1 732	-3 018	-10 245	-14 315	-16 478
Exports of goods and services		85 612	54 253	69 255	88 844	90 035	85 482
Imports of goods and services		-99 962	-56 206	-73 239	-99 001	-104 361	-101 076
Foreign direct investments		9 903	4 654	5 759	7 015	7 195	4 079
<b>External sector, US\$ mln</b>							
Current account		-7.1	-1.5	-2.2	-6.3	-8.1	-8.7
Exports of goods and services		47.6	46.3	50.8	54.5	51.1	45.4
Imports of goods and services		-55.6	-47.9	-53.7	-60.8	-59.2	-53.7
Foreign direct investments		5.5	4.0	4.2	4.3	4.1	2.2
<b>External sector, % year to year (nominal)</b>							
Exports of goods and services		133.8	63.4	127.7	128.3	101.3	94.9
Imports of goods and services		138.5	56.2	130.3	135.2	105.4	96.9
<b>Exchange rate, UAH/US\$</b>							
Average		5.27	7.79	7.94	7.97	7.99	7.99
End of period		7.70	7.99	7.96	7.99	7.99	7.99
<b>Consolidated budget, UAH mln</b>							
All revenues		297 845	272 967	314 506	398 554	445 525	442 789
All expenditures (including lending)		312 028	310 225	379 191	421 612	492 454	505 844
Total balance		-14 183	-37 258	-64 685	-23 058	-46 929	-63 590
Privatization		482	808	1 093	11 480	6 763	1 480
<b>Consolidated budget, % of GDP</b>							
All revenues		31.4	29.9	29.1	30.6	31.6	30.4
All expenditures (including lending)		32.9	34.0	35.0	32.3	35.0	34.8
Total balance		-1.5	-4.1	-5.9	-1.8	-3.3	-4.4
Privatization		0.05	0.1	0.1	0.9	0.5	0.1
<b>Money and credit</b>							
Monetary base (as of the end of period), UAH mln		186 671	194 965	225 692	239 885	255 283	307 139
Dec. versus Dec. of the previous year, %		31.6	4.4	15.8	6.3	6.4	20.3
Money supply (M3) (as of the end of period), UAH mln		515 727	487 298	597 872	685 515	773 199	908 994
Dec. versus Dec. of the previous year, %		30.2	-5.5	22.7	14.7	12.8	17.6
<b>Monthly average wages of workers, UAH</b>							
		1 806	1 906	2 239	2 633	3 026	3 265
<b>Nominal wages adjusted for CPI, % to previous year</b>							
		106.8	91.0	109.7	108.9	114.2	108.2

Table 2

## Dynamics Of The Consensus Forecast For 2012 (March 2011 – November 2012)

Indicator	Year	2012 report	March 2011	Deviation (March 2011 / Report 2012)	April 2012	Deviation (March 2012 / Report 2012)	November 2012	Deviation (November 2012 / Report 2012)
<b>Real sector, UAH mln</b>								
Nominal GDP (SNA 1993)		1 411 238	1 268 997	-10.1%	1 479 807	+4.9%	1 567 777	+11.1%
Consumption		1 247 293	1 050 248	-15.8%	1 233 219	-1.1%	1 374 505	+10.2%
Gross capital formation		278 428	257 366	-7.6%	329 075	+18.2%	309 113	+11.0%
Net exports of goods and non-factorial services		-114 483	-36 431	+78 052	-82 551	+31 932	-101 273	+13 210
<b>Index, year to year</b>								
Real GDP		100.3	104.6	+4.3 p.p.	103.2	+2.9 p.p.	102.9	+2.6 p.p.
Consumption		107.9	104.3	-3.6 p.p.	104.6	-3.3 p.p.	103.5	-4.4 p.p.
Gross fixed capital formation		102.8	111.3	+8.5 p.p.	104.2	+1.4 p.p.	101.8	-1.0 p.p.
<b>Inflation, index</b>								
Consumer price index (annual average)		100.6	110.3	+9.7 p.p.	105.3	+4.7 p.p.	106.9	+6.3 p.p.
Dec. versus Dec. of the previous year		99.8	111.1	+11.3 p.p.	108.0	+8.2 p.p.	107.1	+7.3 p.p.
Producer price index (annual average)		103.7	116.3	+12.6 p.p.	108.6	+4.9 p.p.	109.1	+5.4 p.p.
Dec. versus Dec. of the previous year		100.3	116.5	+16.2 p.p.	110.5	+10.2 p.p.	108.4	+8.1 p.p.
<b>External sector, US\$ mln</b>								
Current account		-14 315	-3 650	-10 665	-9 657	-4 658	-11 483	-2 832
Exports of goods and services		90 035	80 627	-10.4%	95 492	+6.1%	97 584	+8.4%
Imports of goods and services		-104 361	-85 178	-18.4%	-105 498	+1.1%	-109 959	+5.4%
Foreign direct investments		7 195	6 348	-847	6 070	-1 125	6 334	-861
<b>External sector, % of GDP</b>								
Current account		-8.1	-2.3	-5.8 p.p.	-5.3	-2.8 p.p.	-6.3	-1.8 p.p.
Exports of goods and services		51.1	50.5	-0.6 p.p.	52.2	+1.1 p.p.	53.2	+2.1 p.p.
Imports of goods and services		-59.2	-53.4	-5.8 p.p.	-57.7	-1.5 p.p.	-59.9	+0.7 p.p.
Foreign direct investments		4.1	4.0	-0.1 p.p.	3.3	-0.8 p.p.	3.5	-0.6 p.p.
<b>External sector, % year to year (nominal)</b>								
Exports of goods and services		101.3	117.8	+16.5 p.p.	110.1	+8.8 p.p.	107.5	+6.2 p.p.
Imports of goods and services		105.4	117.9	+12.5 p.p.	110.5	+5.1 p.p.	106.0	+0.6 p.p.
<b>Exchange rate, UAH/US\$</b>								
Average		7.99	7.95	-0.5%	8.10	+1.4%	8.55	+7.0%
End of period		7.99	8.00	+0.1%	8.34	+4.4%	8.81	+10.3%
<b>Consolidated budget, UAH mln</b>								
All revenues		445 525	372 637	-16.4%	439 922	-1.3%	494 811	+11.1%
All expenditures (including lending)		492 454	419 387	-14.8%	470 237	-4.5%	521 803	+6.0%
Total balance		-46 929	-46 750	-179	-30 315	-16 614	-26 992	-19 937
Privatization		6 763	10 683	+58.0%	9 500	+40.5%	9 278	+37.2%
<b>Consolidated budget, % of GDP</b>								
All revenues		31.6	29.4	-2.2 p.p.	29.7	-1.9 p.p.	31.6	+0 p.p.
All expenditures (including lending)		35.0	33.0	-2.0 p.p.	31.8	-3.2 p.p.	33.3	-1.7 p.p.
Total balance		-3.3	-3.7	+0.4 p.p.	-2.0	-1.3 p.p.	-1.7	-1.6 p.p.
Privatization		0.5	0.8	+0.3 p.p.	0.6	+0.1 p.p.	0.6	+0.1 p.p.
<b>Money and credit</b>								
Monetary base (as of the end of period), UAH mln		255 283	258 721	+1.3%	266 850	+4.5%	291 024	+14 %
Dec. versus Dec. of the previous year, %		6.4	14.3	+7.9 p.p.	11.2	+4.8 p.p.	10.0	+3.6 p.p.
Money supply (M3) (as of the end of period), UAH mln		773 199	706 572	-8.6%	748 349	-3.2%	855 289	+10.6%
Dec. versus Dec. of the previous year, %		12.8	18.5	+5.7 p.p.	9.2	-3.6 p.p.	12.8	0.0 p.p.
<b>Monthly average wages of workers, UAH</b>		3 026	2 523	-16.6%	2 991	-1.2%	3 384	+11.8%

Table 3

## Dynamics Of The Consensus Forecast For 2013 (April 2012 – December 2013)

Indicator	Year	2013 report	April 2012	Deviation (April 2012 / Report 2013)	April 2013	Deviation (April 2013 / Report 2013)	December 2013	Deviation (December 2013 / Report 2013)
<b>Real sector, UAH mln</b>								
Nominal GDP (SNA 1993)		1 454 931	1 479 807	+1.7%	1 690 117	+16.2%	1 560 924	+7.3%
Consumption		1 350 220	1 233 219	-8.7%	1 497 200	+10.9%	1 417 377	+5.0%
Gross capital formation		228 474	329 075	+44%	315 950	+38.3%	253 231	+10.8%
Net exports of goods and non-factorial services		-123 763	-82 551	+41 212	-112 581	+11 182	-122 339	+1 424
<b>Index, year to year</b>								
Real GDP		100	103.2	+3.2 p.p.	103.3	+3.3 p.p.	101.5	+1.5 p.p.
Consumption		105.6	104.6	-1.0 p.p.	105.1	-0.5 p.p.	102.8	-2.8 p.p.
Gross fixed capital formation		93.4	104.2	+10.8 p.p.	104.5	+11.1 p.p.	103.4	+10.0 p.p.
<b>Inflation, index</b>								
Consumer price index (annual average)		99.7	105.3	+5.6 p.p.	105.9	+6.2 p.p.	103.9	+4.2 p.p.
Dec. versus Dec. of the previous year		100.5	108.0	+7.5 p.p.	106.1	+5.6 p.p.	105.0	+4.5 p.p.
Producer price index (annual average)		99.9	108.6	+8.7 p.p.	107.7	+7.8 p.p.	105.9	+6.0 p.p.
Dec. versus Dec. of the previous year		101.7	110.5	+8.8 p.p.	108.0	+6.3 p.p.	107.2	+5.5 p.p.
<b>External sector, US\$ mln</b>								
Current account		-16 478	-9 657	-6 821	-12 698	-3 780	-13 876	-2 602
Exports of goods and services		85 482	95 492	+11.7%	99 191	+16%	90 351	+5.7%
Imports of goods and services		-101 076	-105 498	+4.4%	-112 113	+10.9%	-104 266	+3.2%
Foreign direct investments		4 079	6 070	+1 991	7 021	+2 942	5 592	+1 513
<b>External sector, % of GDP</b>								
Current account		-8.7	-5.3	-3.4 p.p.	-6.5	-2.2 p.p.	-7.5	-1.2 p.p.
Exports of goods and services		45.4	52.2	+6.8 p.p.	51.7	+6.3 p.p.	48.7	+3.3 p.p.
Imports of goods and services		-53.7	-57.7	+4 p.p.	-57.6	+3.9 p.p.	-56.2	+2.5 p.p.
Foreign direct investments		2.2	3.3	+1.1 p.p.	3.6	+1.4 p.p.	3.0	+0.8 p.p.
<b>External sector, % year to year (nominal)</b>								
Exports of goods and services		94.9	110.1	15.2 p.p.	107.6	12.7 p.p.	105.5	+10.6 p.p.
Imports of goods and services		96.9	110.5	13.6 p.p.	106.2	9.3 p.p.	105.2	+8.3 p.p.
<b>Exchange rate, UAH/US\$</b>								
Average		7.99	8.10	1.4%	8.69	8.8%	8.42	+5.4%
End of period		7.99	8.34	4.4%	8.84	10.6%	8.66	+8.4%
<b>Consolidated budget, UAH mln</b>								
All revenues		442 789	439 922	-0.6%	519 940	+17.4%	468 882	+5.9%
All expenditures (including lending)		505 844	470 237	-7.0%	572 282	+13.1%	521 563	+3.1%
Total balance		-63 590	-30 315	-33 275	-52 342	-11 248	-52 681	-10 909
Privatization		1 480	9 500	+541.9%	8 645	+484.1%	6 083	+311%
<b>Consolidated budget, % of GDP</b>								
All revenues		30.4	29.7	-0.7 p.p.	30.8	+0.4 p.p.	30.0	-0.4 p.p.
All expenditures (including lending)		34.8	31.8	-3 p.p.	33.9	-0.9 p.p.	33.4	-1.4 p.p.
Total balance		-4.4	-2.0	-2.4 p.p.	-3.1	-1.3 p.p.	-3.4	-1.0 p.p.
Privatization		0.1	0.6	+0.5 p.p.	0.5	+0.4 p.p.	0.4	+0.3 p.p.
<b>Money and credit</b>								
Monetary base (as of the end of period), UAH mln		307 139	266 850	-13.1%	304 539	-0.8%	324 952	+5.8%
Dec. versus Dec. of the previous year, %		20.3	11.2	-9.1 p.p.	8.9	-11.4 p.p.	11.9	-8.4 p.p.
Money supply (M3) (as of the end of period), UAH mln		908 994	748 349	-17.7%	980 018	+7.8%	1 016 466	+11.8%
Dec. versus Dec. of the previous year, %		17.6	9.2	-8.4 p.p.	13.5	-4.1 p.p.	14.7	-2.9 p.p.
<b>Monthly average wages of workers, UAH</b>								
		3 265	2 991	-8.4%	3 605	+10.4%	3 573	+9.4%

# SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS

Table 4

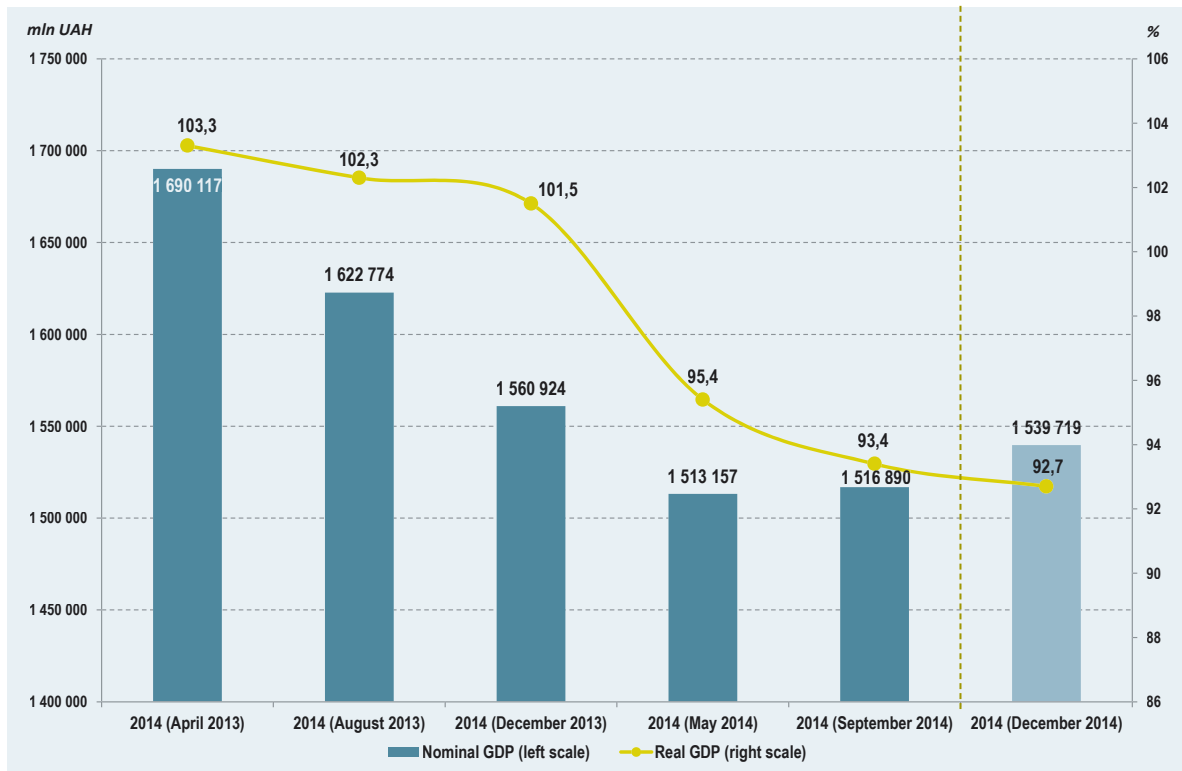
## Consensus Assumptions Of Macroeconomic Forecast

Indicator	Year	2014					2015			
		April 2013	August 2013	December 2013	May 2014	September 2014	December 2014	May 2014	September 2014	December 2014
<b>GDP, % real change:</b>										
World		3.7	3.4	3.6	3.4	3.3	3.2	3.6	3.6	3.6
Russian Federation		3.8	3.4	3.0	1.0	0.6	0.2	1.6	1.1	-0.6
USA		2.7	2.6	2.7	2.8	2.4	2.5	2.9	3.0	3.0
China		8.3	7.9	7.7	7.3	7.4	7.3	7.1	7.2	7.2
Euro area/EU		1.1	1.0	1.1	1.2	1.1	0.9	1.7	1.5	1.3
<b>Consumer Price Index, % Dec to Dec:</b>										
World		104.1	104.1	104.0	103.1	103.3	103.6	103.8	103.2	103.6
Russian Federation		106.3	106.3	106.0	106.5	107.1	108.4	106.8	106.9	108.6
USA		102.1	102.1	101.9	101.7	101.7	102.0	102.1	101.9	102.1
China		104.3	103.9	103.8	103.2	103.2	102.8	103.4	103.4	103.1
Euro area/EU		102.1	102.0	102.0	101.3	101.4	100.8	101.7	101.4	101.2
Exchange rate, ruble/US\$		32.4	32.3	32.7	36.1	36.6	45.1	37.5	38.6	62.5
Exchange rate, euro/US\$		1.3	1.3	1.3	1.4	1.3	1.3	1.4	1.3	1.2
Natural gas price, US\$ per 1000m <sup>3</sup>		419.3	399.1	405.5	398.9	375.4	349.9	384.1	372.3	339.6
Oil price, US\$/barrel (annual average)		109.5	105.9	106.7	105.3	104.7	91.3	103.7	112.0	71.1
<b>Changes in tariffs (Dec to Dec), %:</b>										
Natural gas		13.8	14.3	15.6	51.5	55.9	56.6	40.0	41.1	52.5
Electricity		11.9	10.0	13.9	23.3	25.8	11.4	25.0	24.3	21.4
Water supply (utilities)		13.3	13.8	13.0	16.8	51.3	61.0	19.8	19.9	36.3
Sewerage (utilities)		11.4	14.4	15.0	14.3	50.6	67.1	17.8	21.3	37.1
Maintenance of buildings, structures and surrounding areas (rent)		11.3	10.4	13.9	17.0	35.0	38.3	23.0	20.6	28.8
Heating		16.3	15.4	14.5	46.3	45.6	42.5	37.9	38.9	50.0
Passengers, baggage and cargo turnover by rail transport		13.3	13.3	19.0	23.7	22.8	22.2	22.0	22.0	31.5
Public telecommunication connection services		10.0	12.6	8.1	16.4	13.4	15.0	16.3	15.8	19.3
<b>Other assumptions</b>										
Discount rate, %, end of period		7.3	7.0	6.4	9.8	12.1	13.9	9.9	11.4	13.2
Minimum wage, UAH (annual average)		1361.5	1278.4	1277.2	1268.9	1255.5	1 244.9	1358.1	1325.1	1 312.8
Net use of IMF resources by the National Bank of Ukraine, US\$ bln		x	x	x	6.0	4.2	5.0	7.9	5.4	9.6
Budget revenue from privatization, UAH mln		9950	8972.5	7850	4316.5	2981.8	2 437.8	6192.6	5609.1	5 569.9
Gross grain yield, million tons		46.7	50.3	52.0	57.1	59.4	62.3	55.4	60.0	60.7

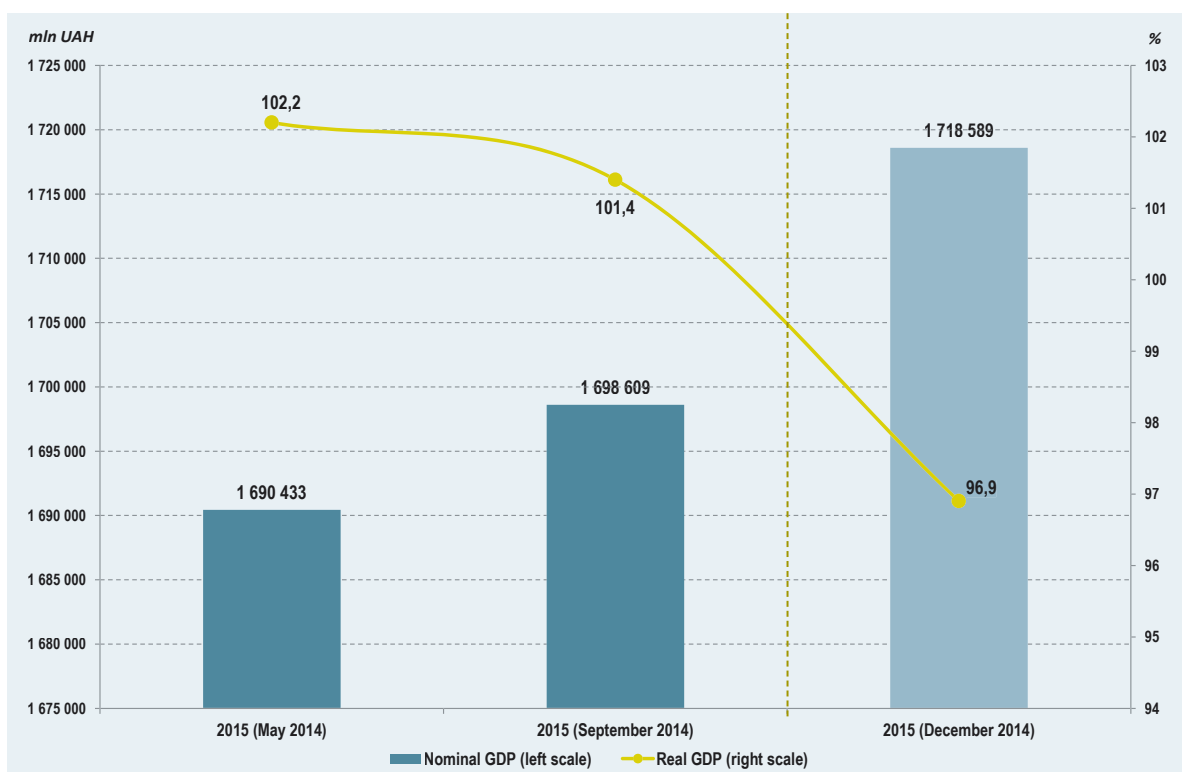


## FORECAST OF MACROECONOMIC INDICATORS FOR 2014–2015

We call your attention to the sixth version of the Consensus Forecast of the main macro-indicators of Ukraine’s economic and social development for 2014 and the third version of the Consensus Forecast of the main macro-indicators of Ukraine’s economic and social development for 2015, calculated on the basis of materials provided by the participants in the seminar (Tables 9–11).



**Figure 1.** Consensus forecast of nominal and real GDP in 2014



**Figure 2.** Consensus forecast of nominal and real GDP in 2015

As set out in the 'Action Plan to Improve the Strategy of State Statistics Development up to 2017', this year has seen a transition to calculations of statistical information based on methodological changes provided by updated international standards in the area of national accounts, the System of National Accounts 2008 (SNA 2008), which use a new version of Classification of Types of Economic Activity 2010 (NACE 2010). Forecasts as of December 2014 are based on methodological positions from the updated version of SNA 2008 (Order of the State Statistics Service of Ukraine, 17.12.2013 # 398).

Therefore, there is a possibility that they are not directly comparable to previous projections.

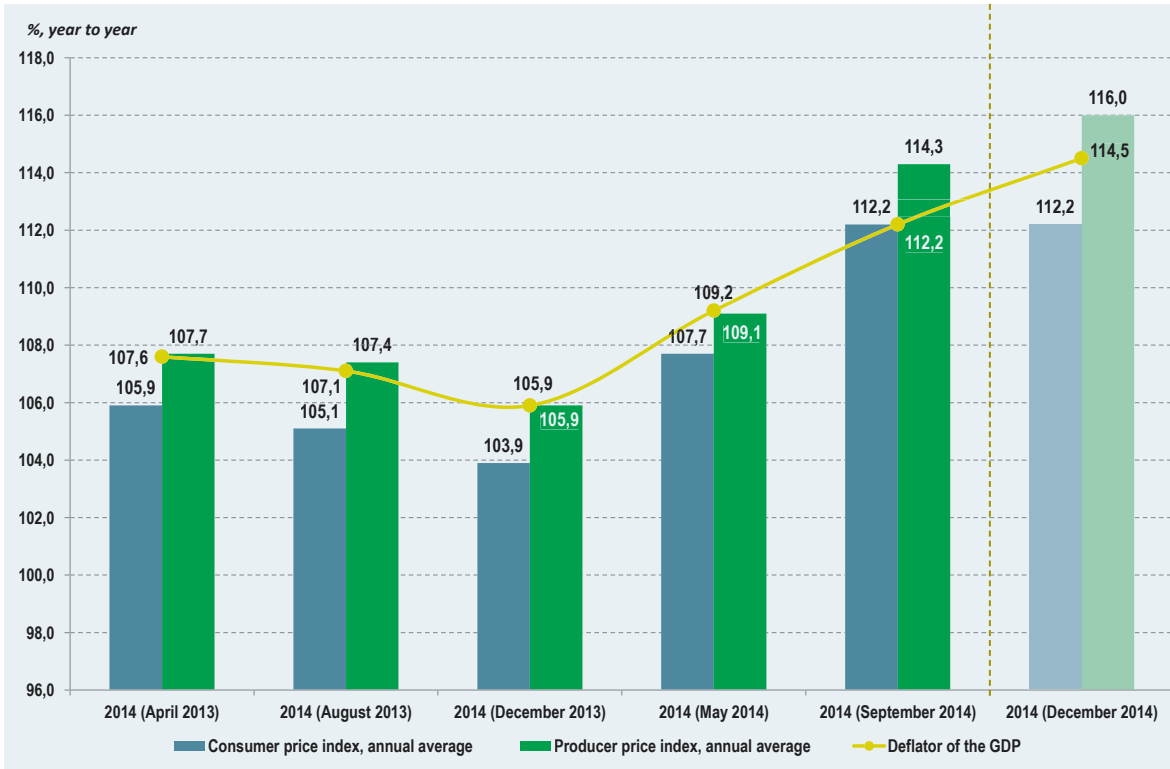


Figure 3. Consensus forecast of price indices for 2014

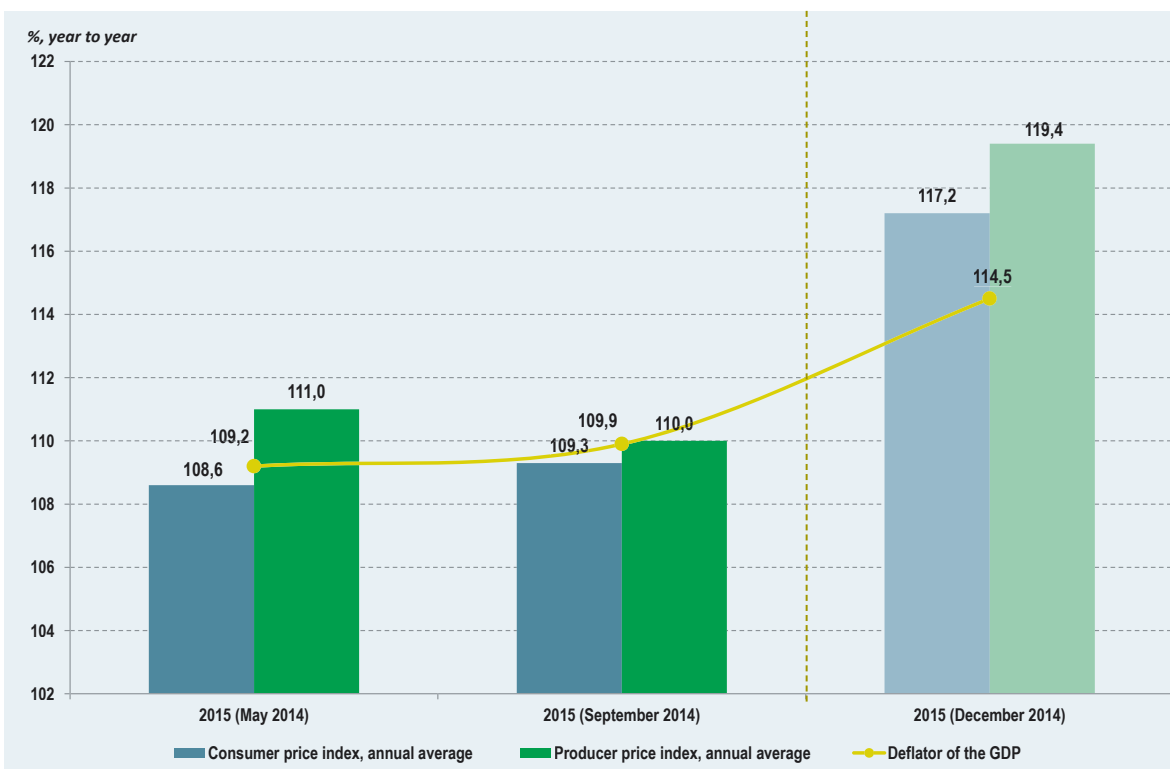
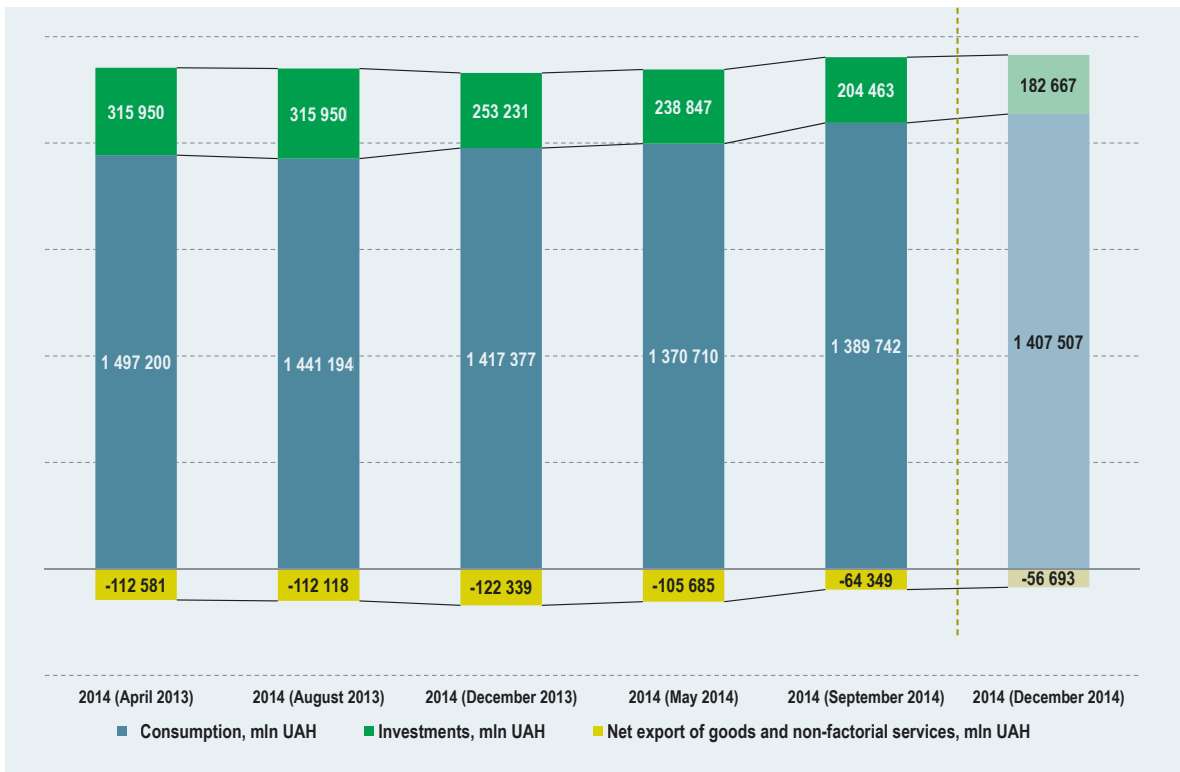
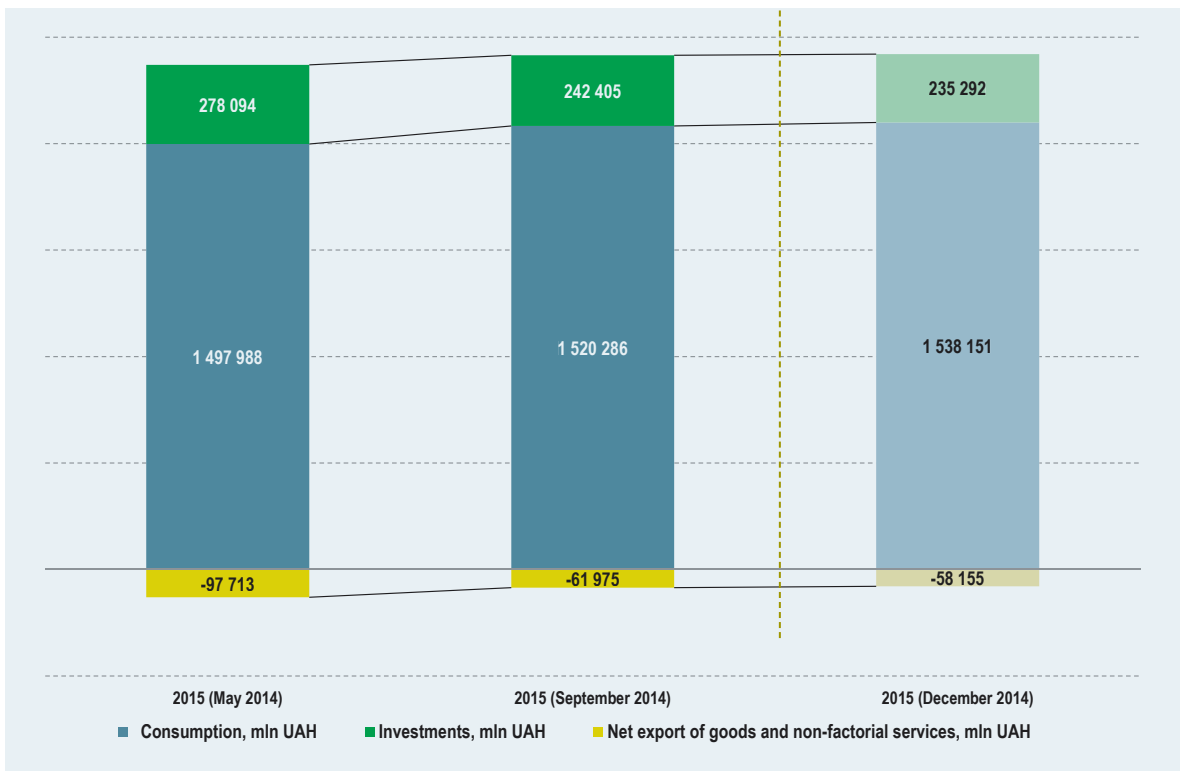


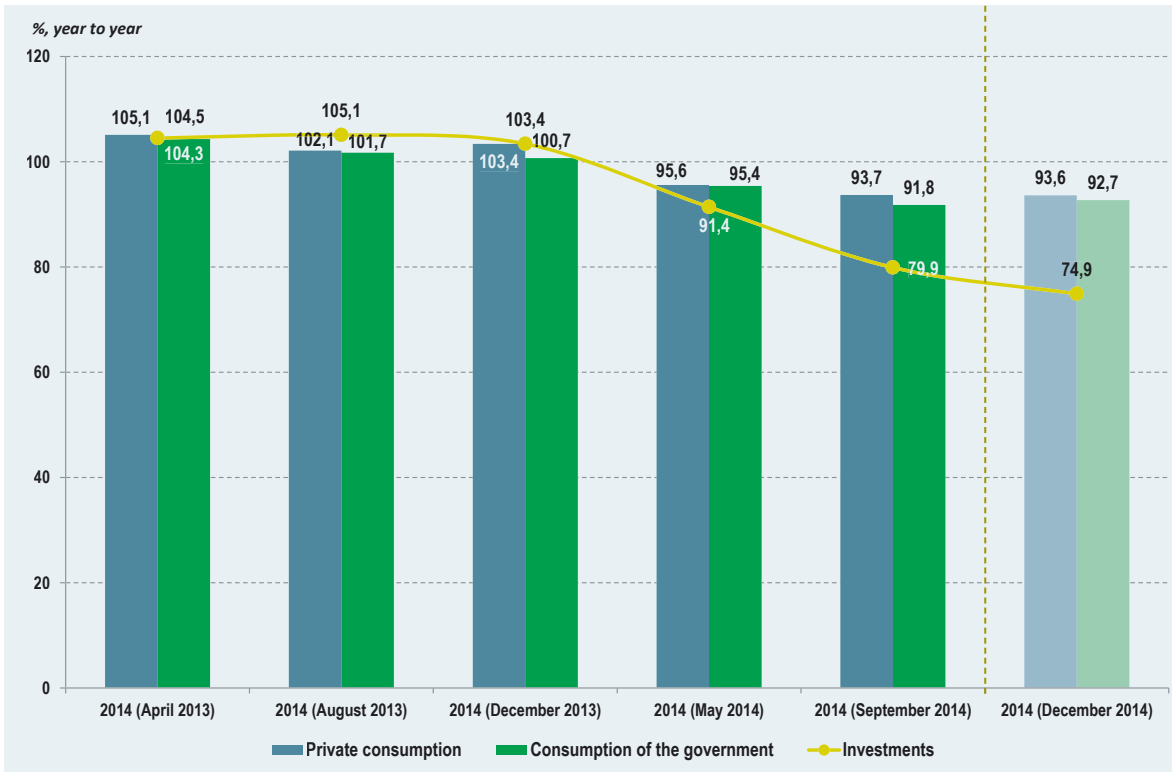
Figure 4. Consensus forecast of price indices for 2015



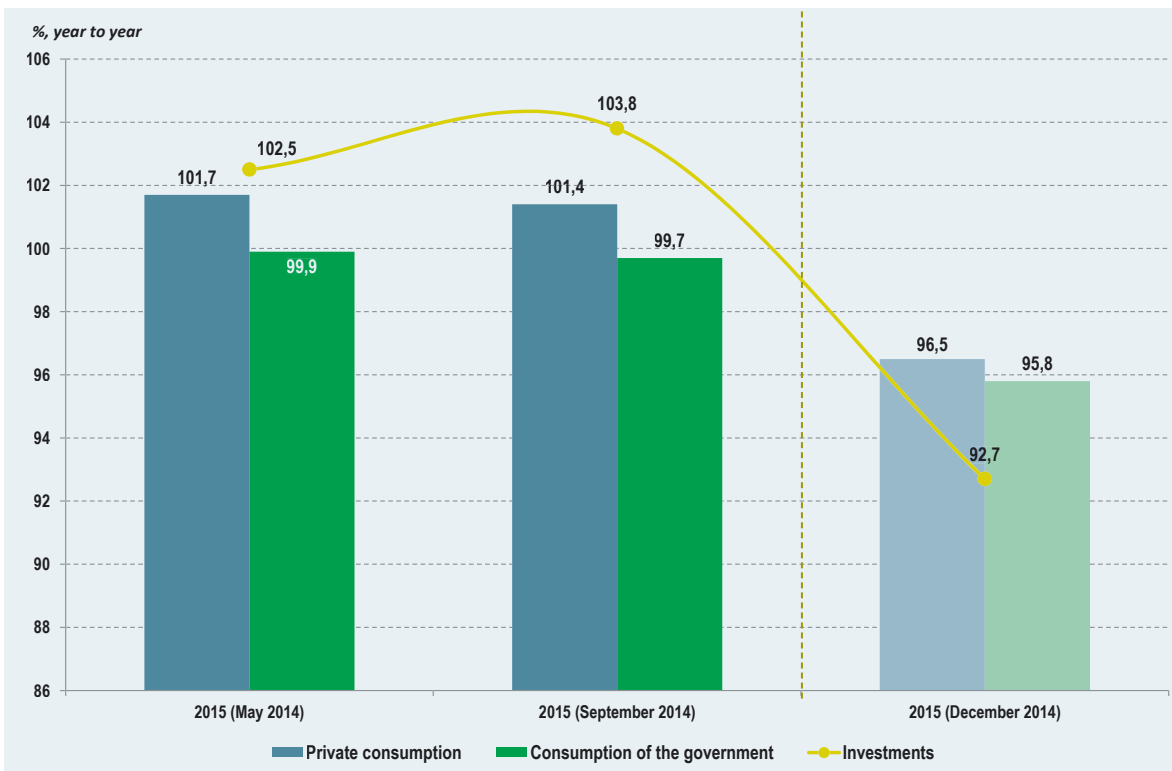
**Figure 5.** Consensus forecast of main GDP components by final consumption expenditure category in 2014



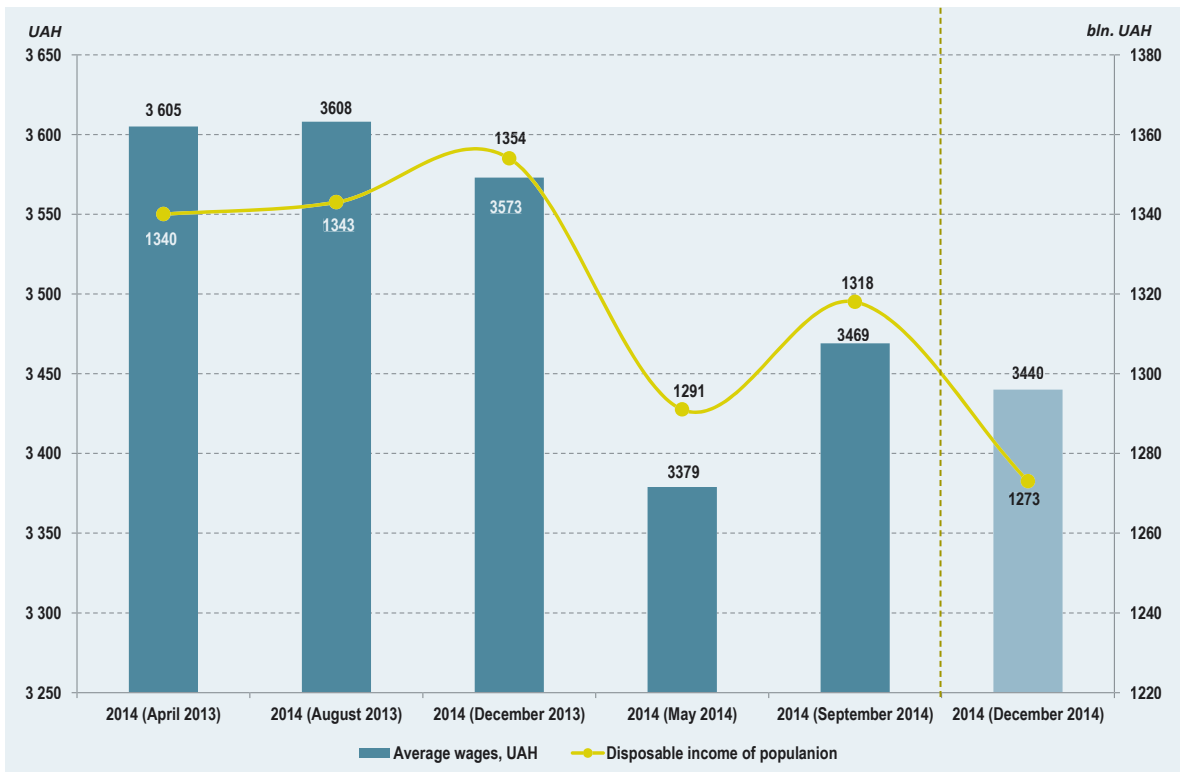
**Figure 6.** Consensus forecast of main GDP components by final consumption expenditure category in 2015



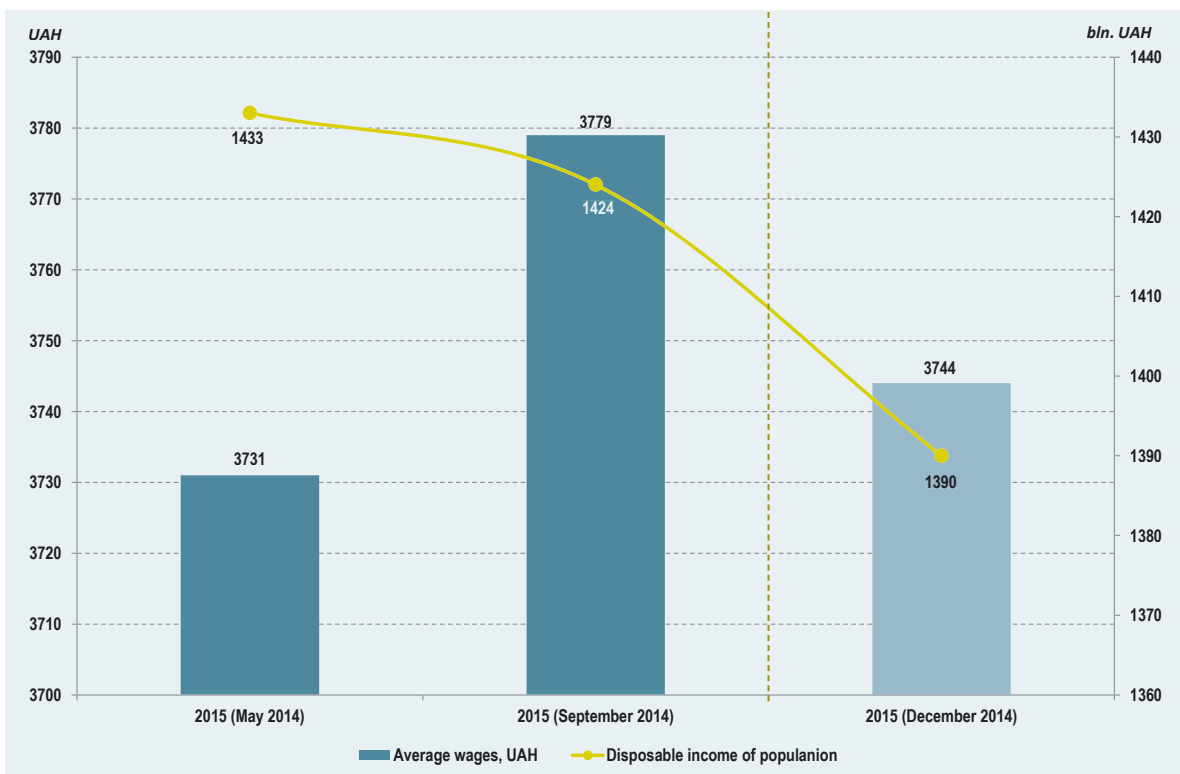
**Figure 7.** Consensus forecast of private and government consumption and gross fixed capital formation in 2014



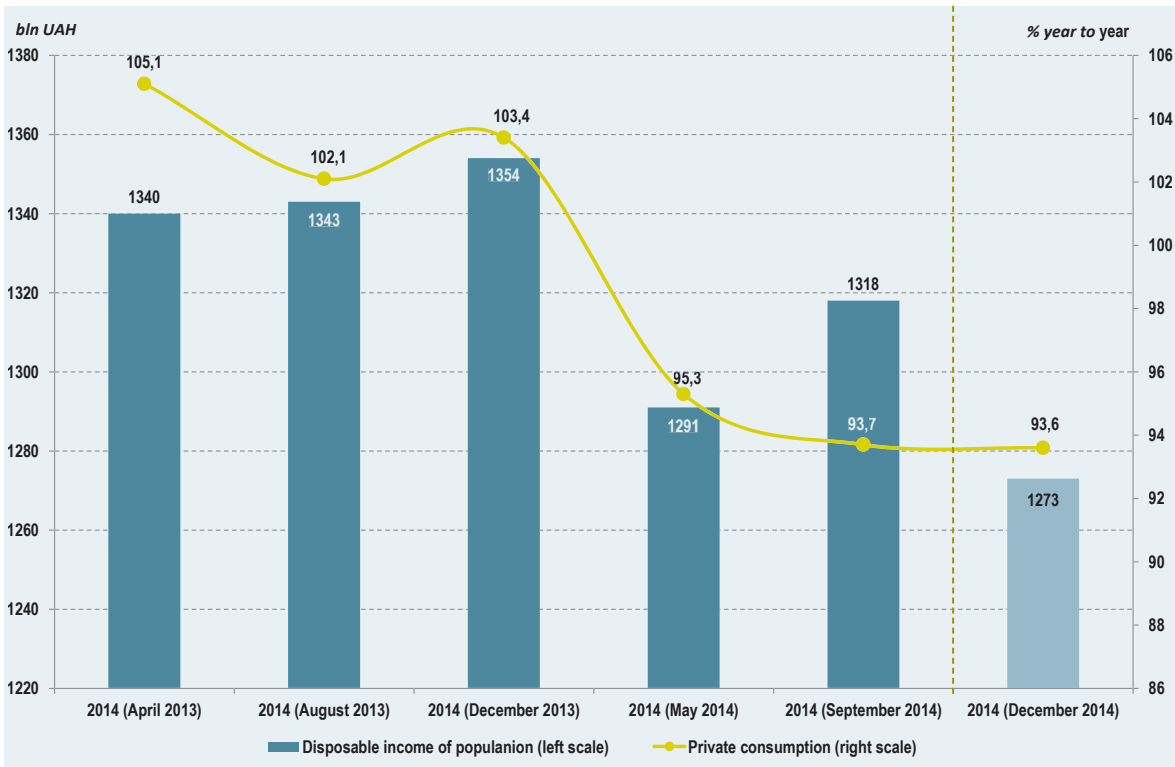
**Figure 8.** Consensus forecast of private and government consumption and gross fixed capital formation in 2015



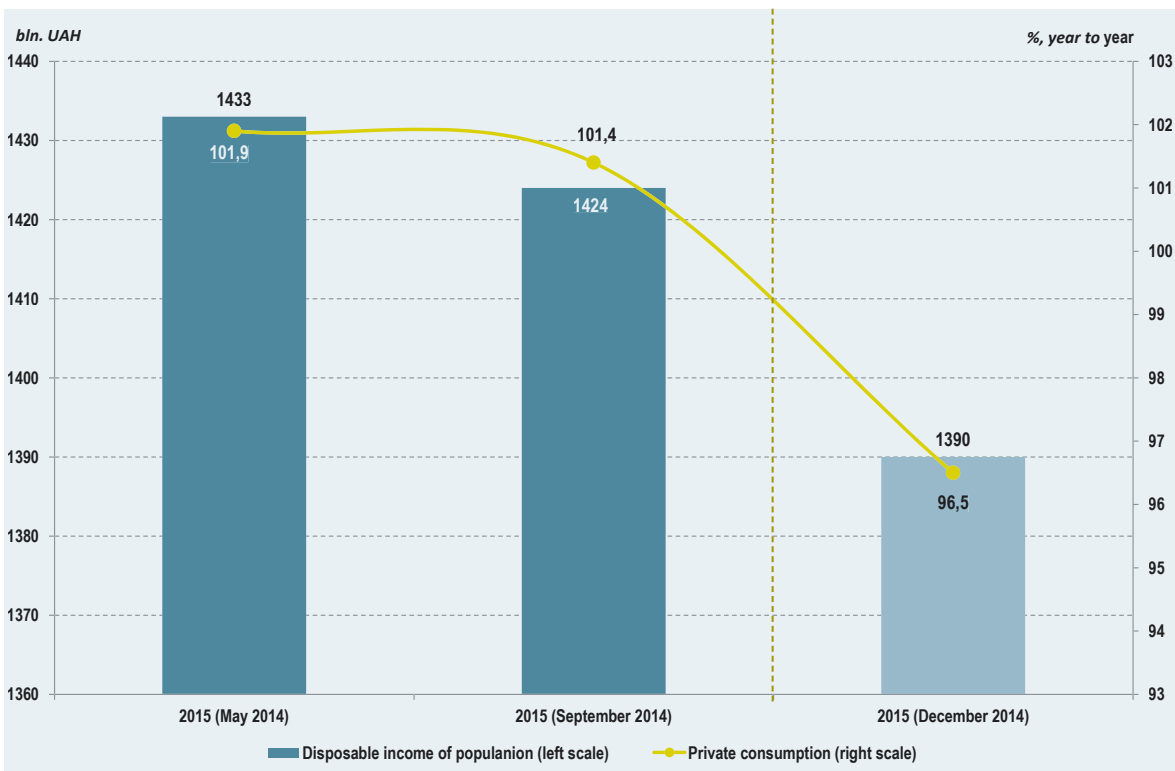
**Figure 9.** Consensus forecast of monthly average wages and disposable income of households in 2014



**Figure 10.** Consensus forecast of monthly average wages and disposable income of households in 2015



**Figure 11.** Consensus forecast of disposable income of households and private consumption in 2014



**Figure 12.** Consensus forecast of disposable income of households and private consumption in 2015

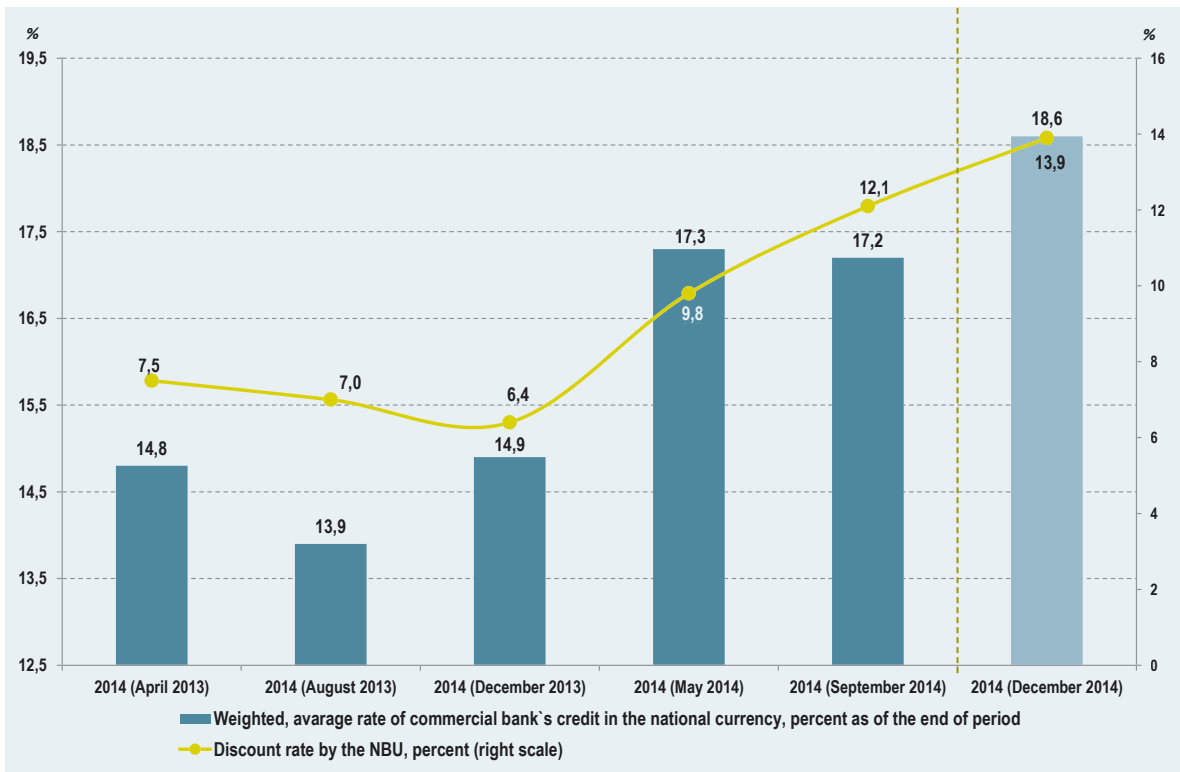


Figure 13. Consensus forecast of indicators of the banking sector in 2014

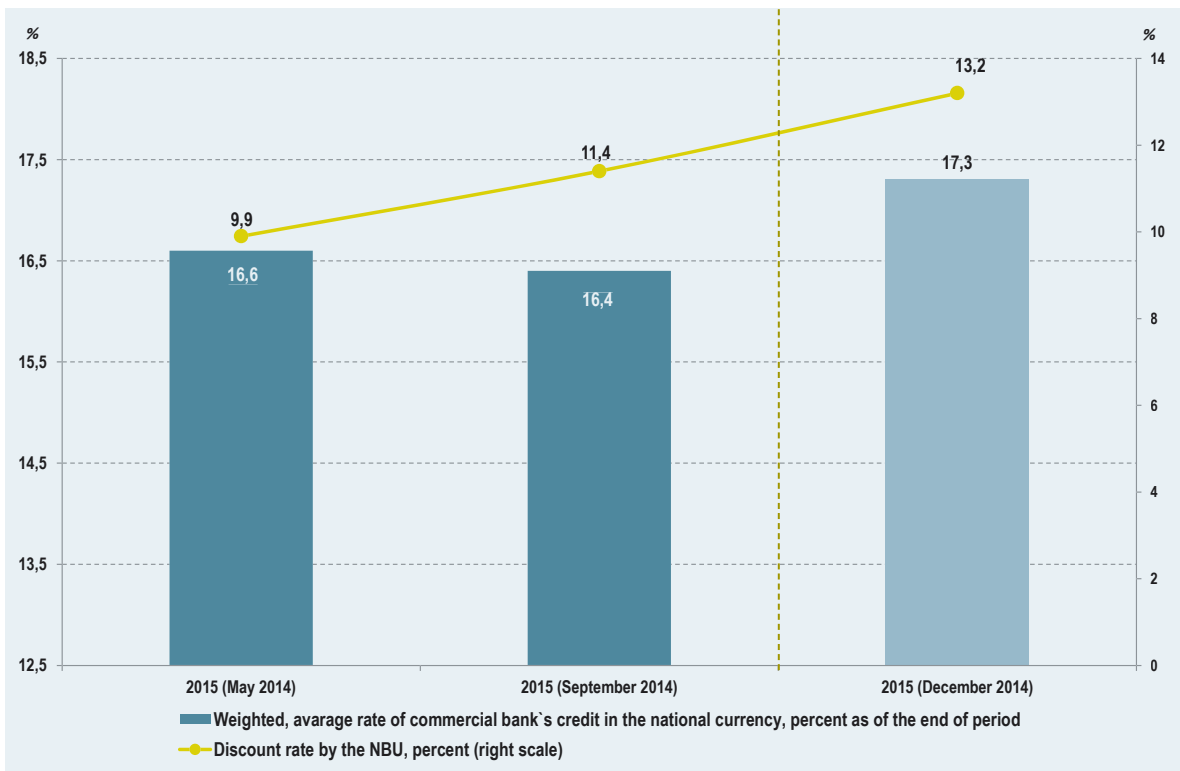


Figure 14. Consensus forecast of indicators of the banking sector in 2015

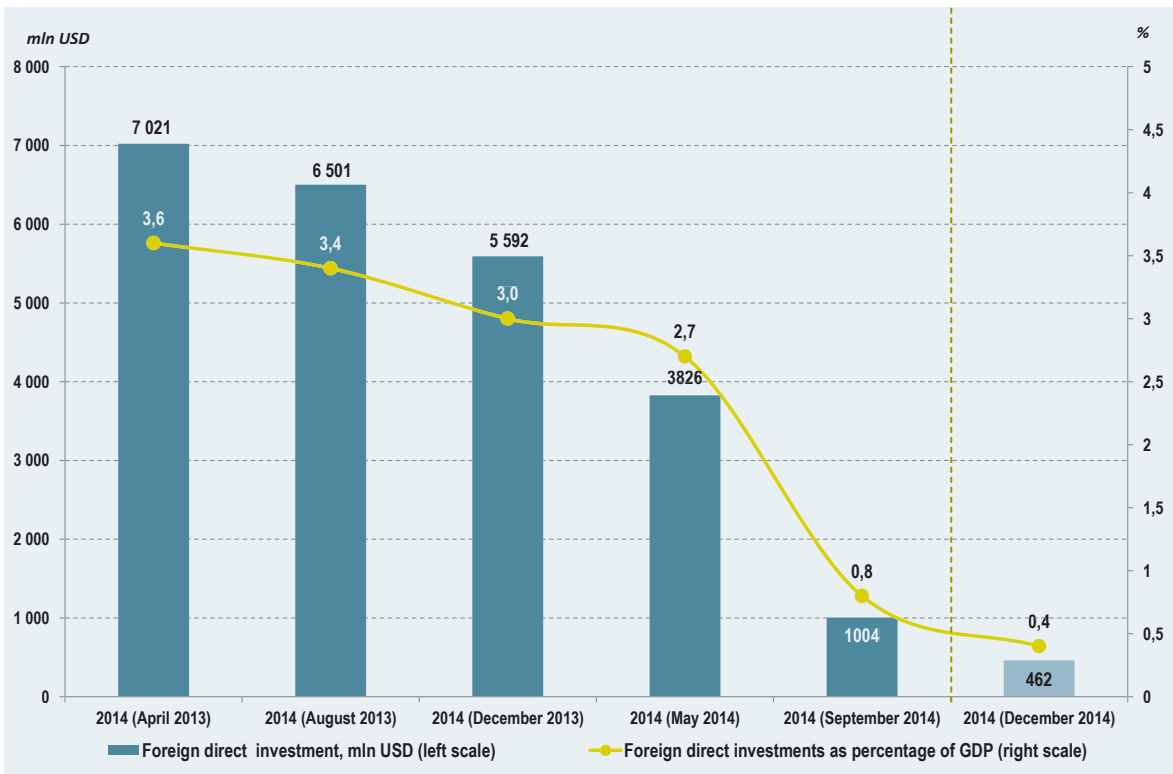


Figure 15. Consensus forecast of net inflow of foreign direct investments in 2014

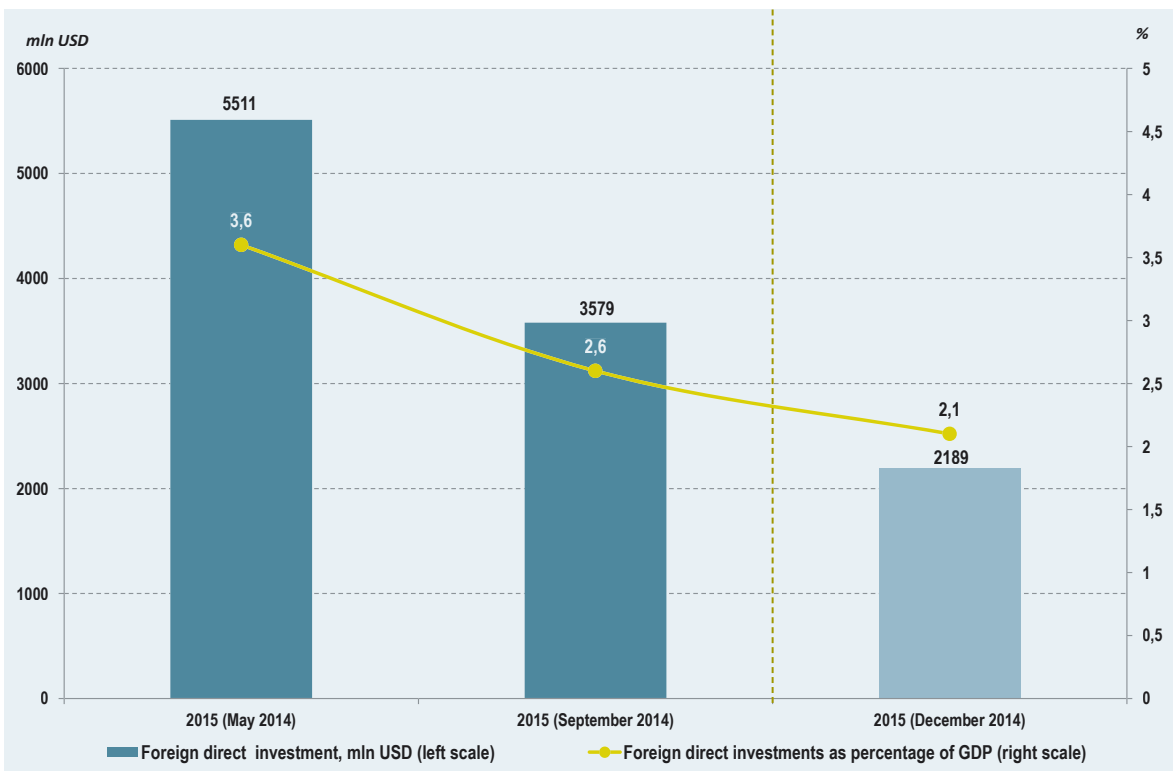
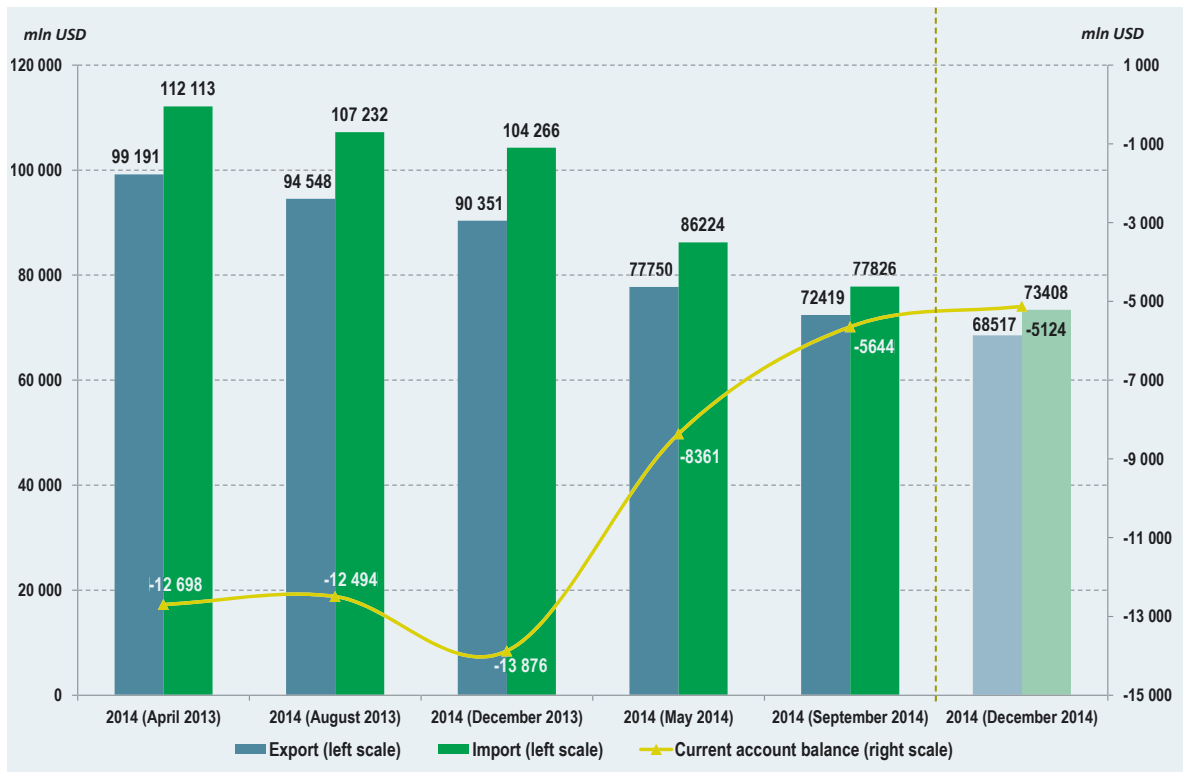
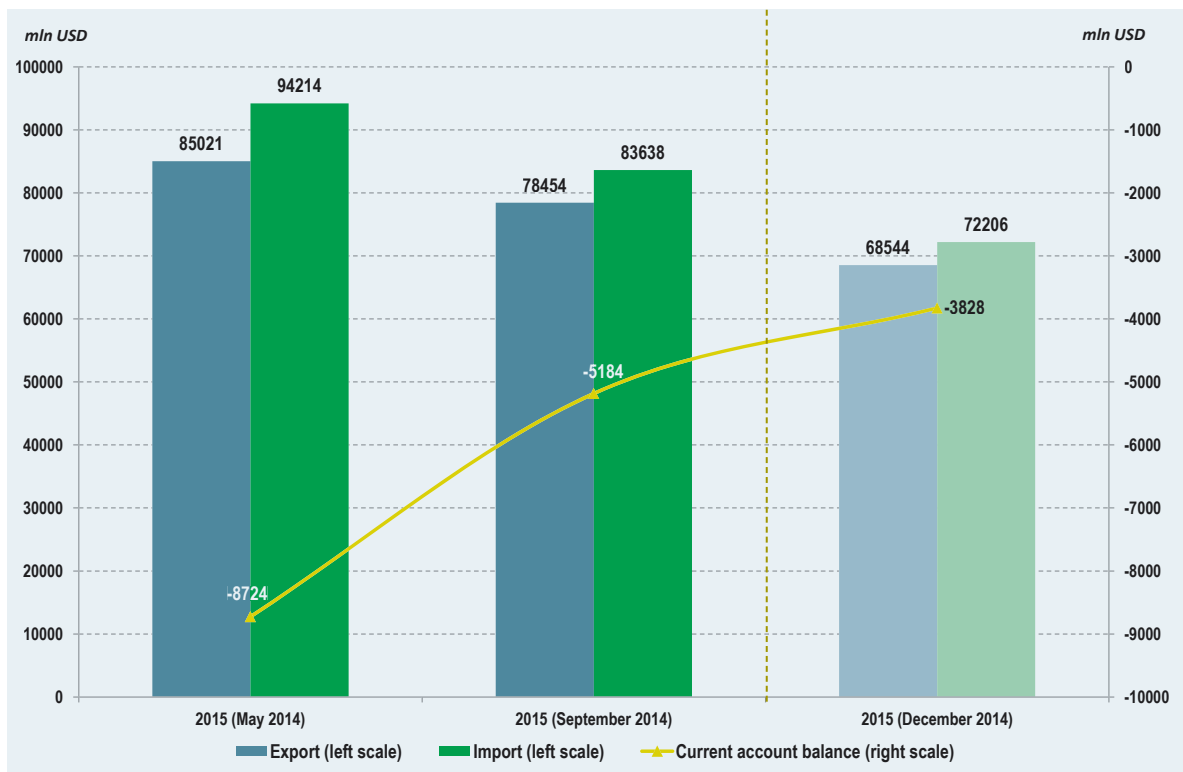


Figure 16. Consensus forecast of net inflow of foreign direct investments in 2015

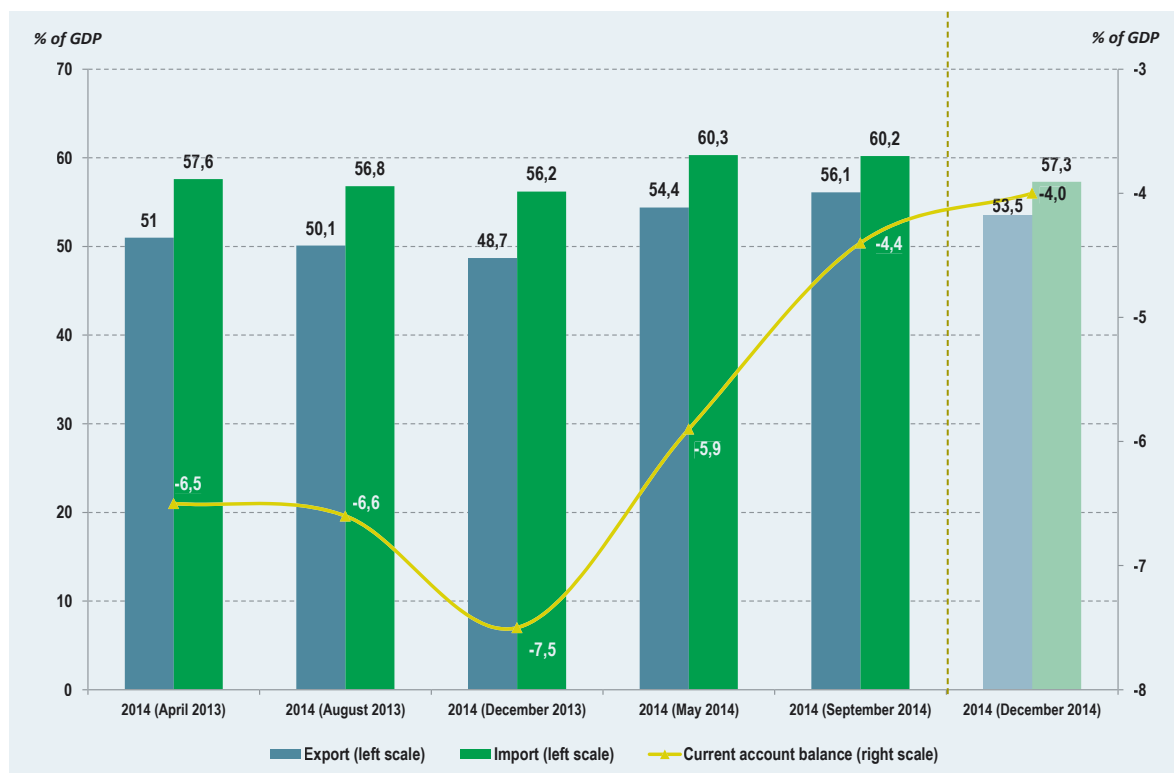




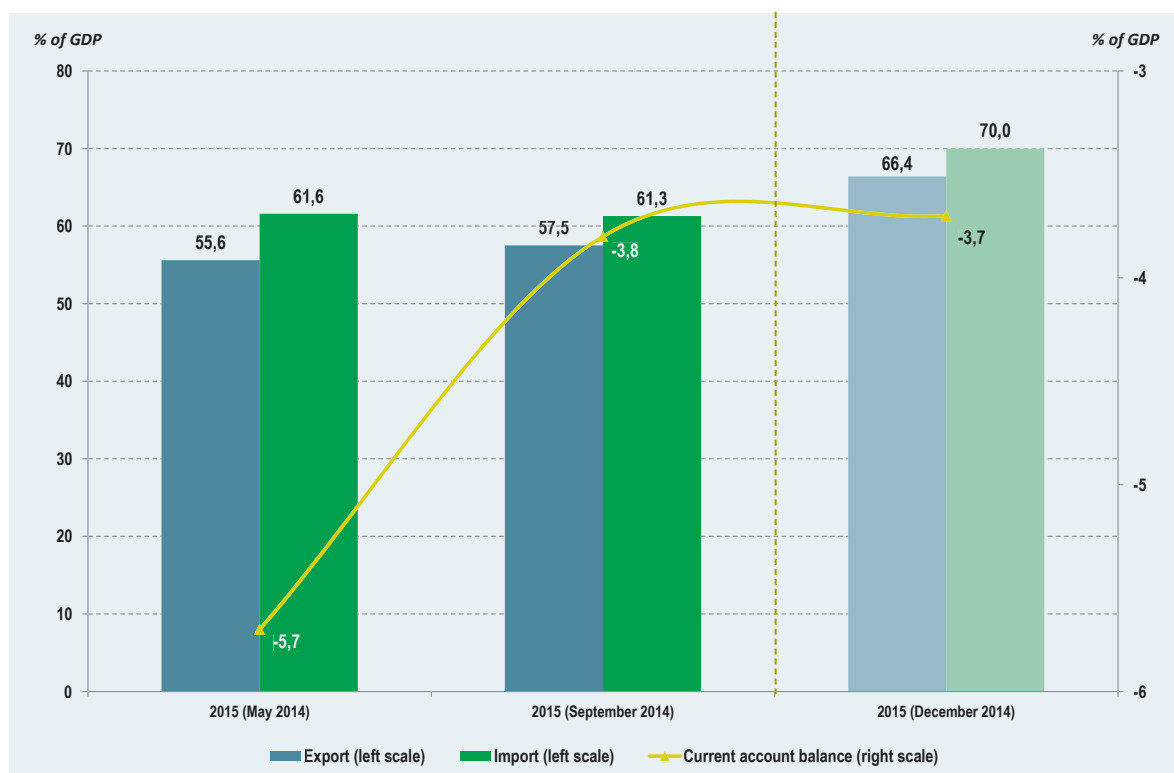
**Figure 17.** Consensus forecast of volume of exports and imports of goods and services and average value of negative current account balance in 2014



**Figure 18.** Consensus forecast of volume of exports and imports of goods and services and average value of negative current account balance in 2015



**Figure 19.** Consensus forecast of percentage of exports and imports of goods and services in GDP structure and of average value of negative current account balance in GDP in 2014



**Figure 20.** Consensus forecast of percentage of exports and imports of goods and services in GDP structure and of average value of negative current account balance in GDP in 2015

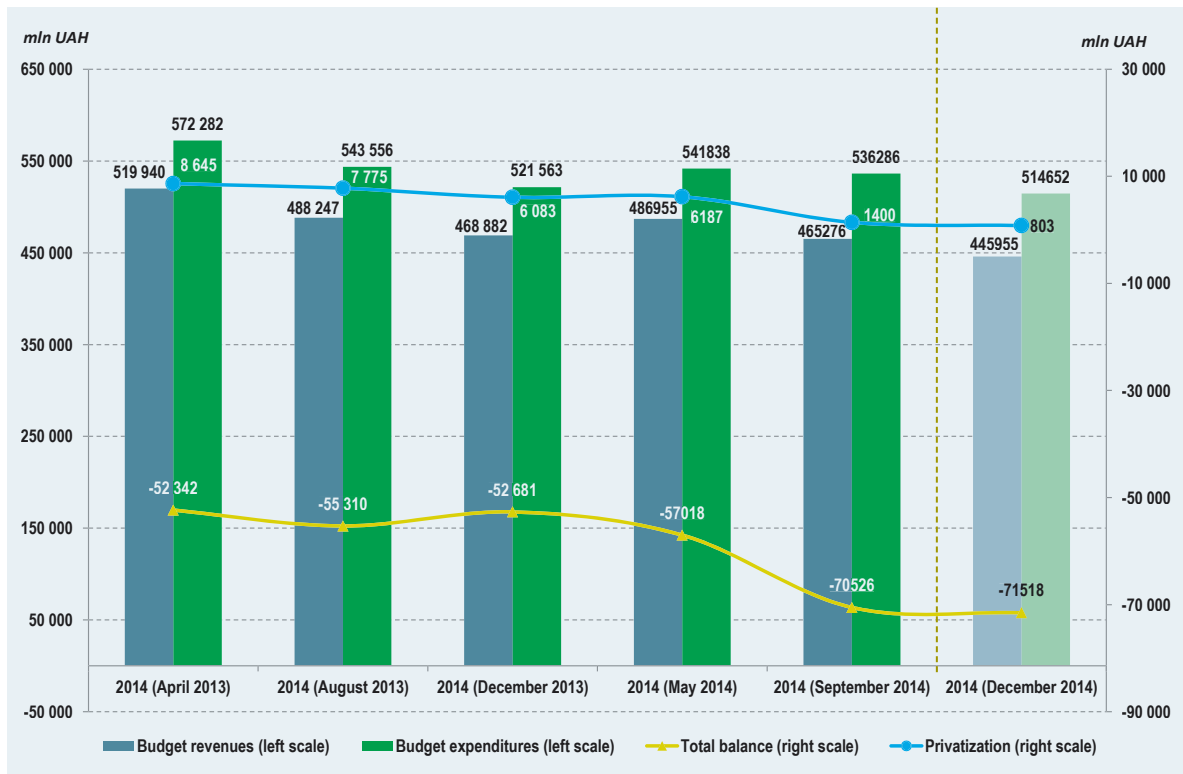


Figure 21. Consensus forecast of budgetary indicators in 2014

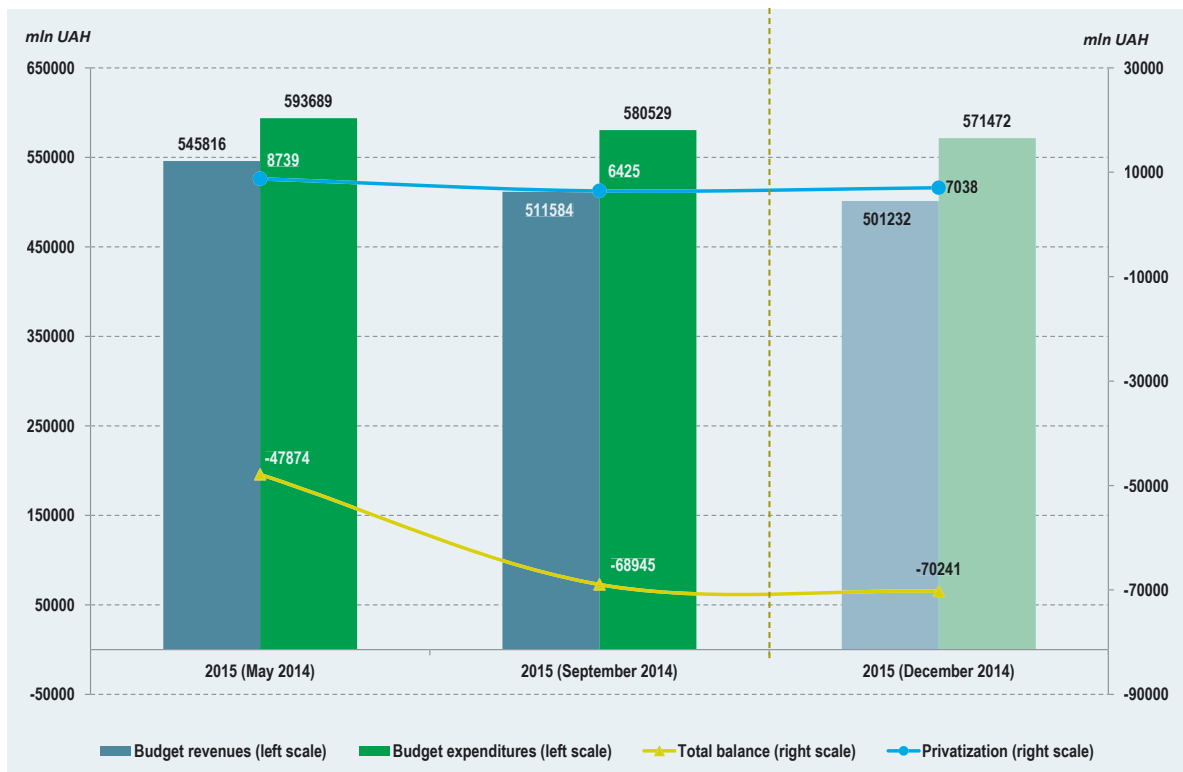


Figure 22. Consensus forecast of budgetary indicators in 2015

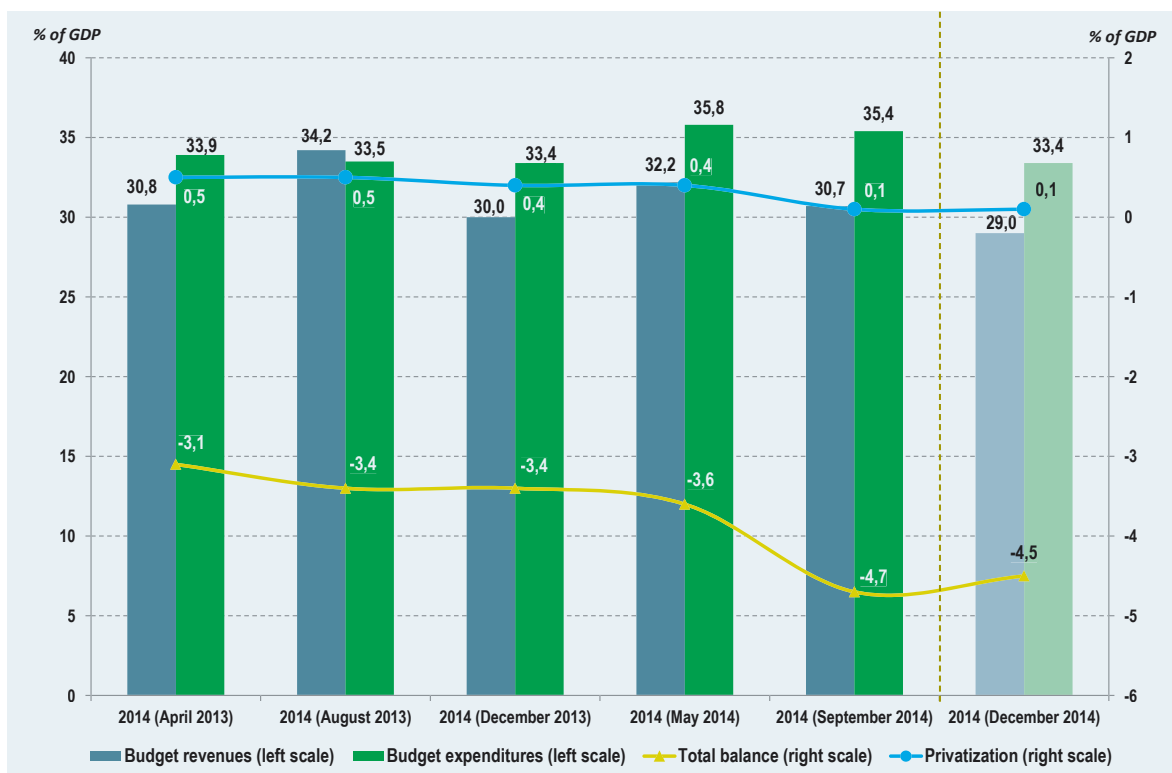


Figure 23. Consensus forecast of budgetary indicators as percentage of GDP in 2014

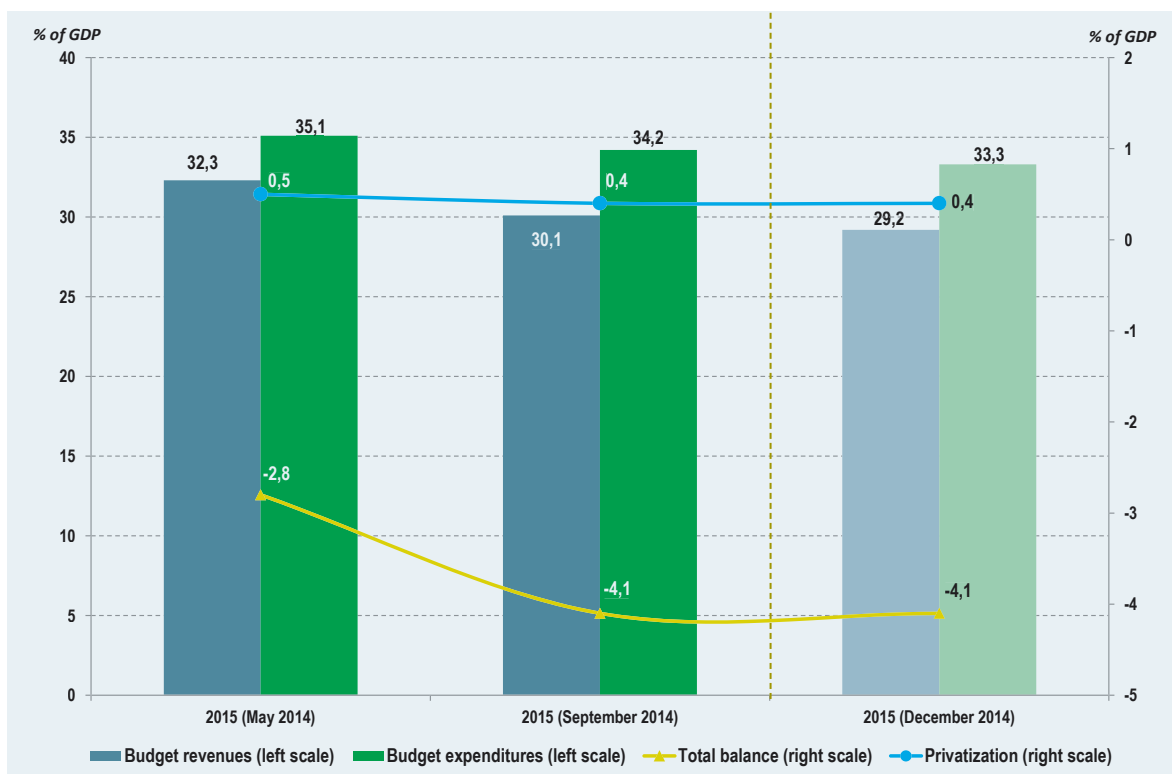


Figure 24. Consensus forecast of budgetary indicators as percentage of GDP in 2015

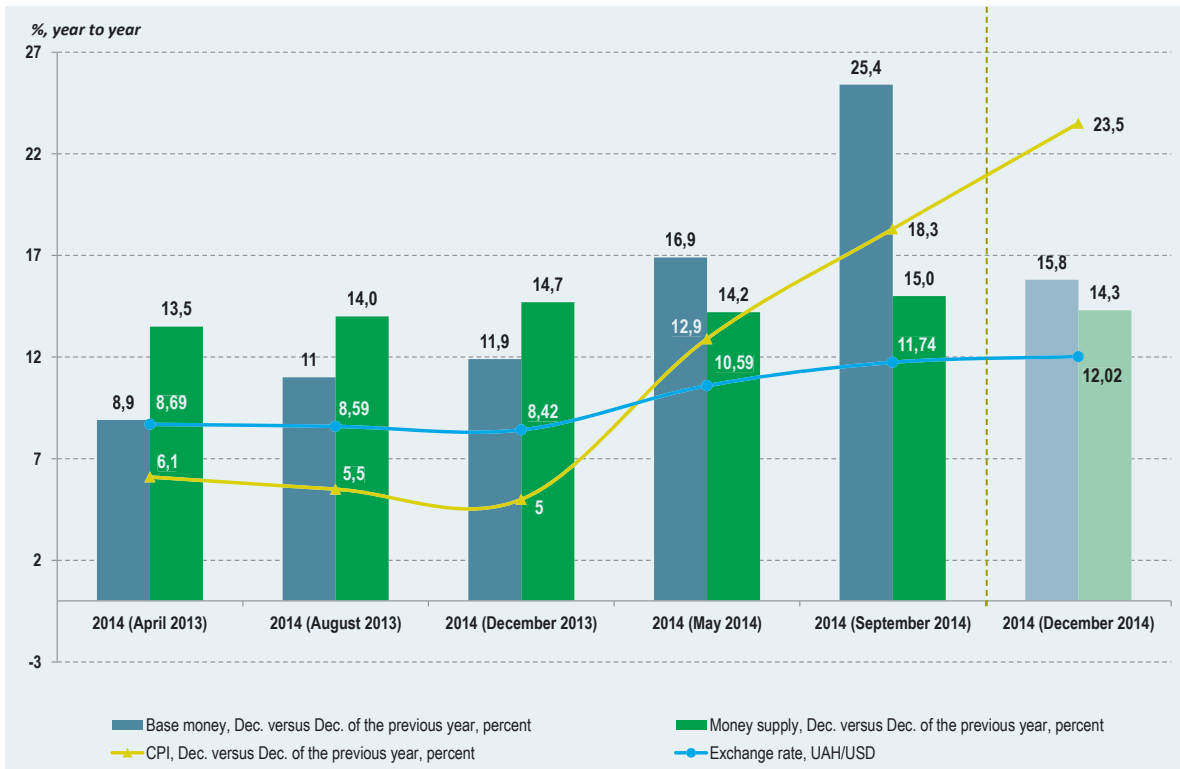


Figure 25. Consensus forecast of monetary market indicators in 2014

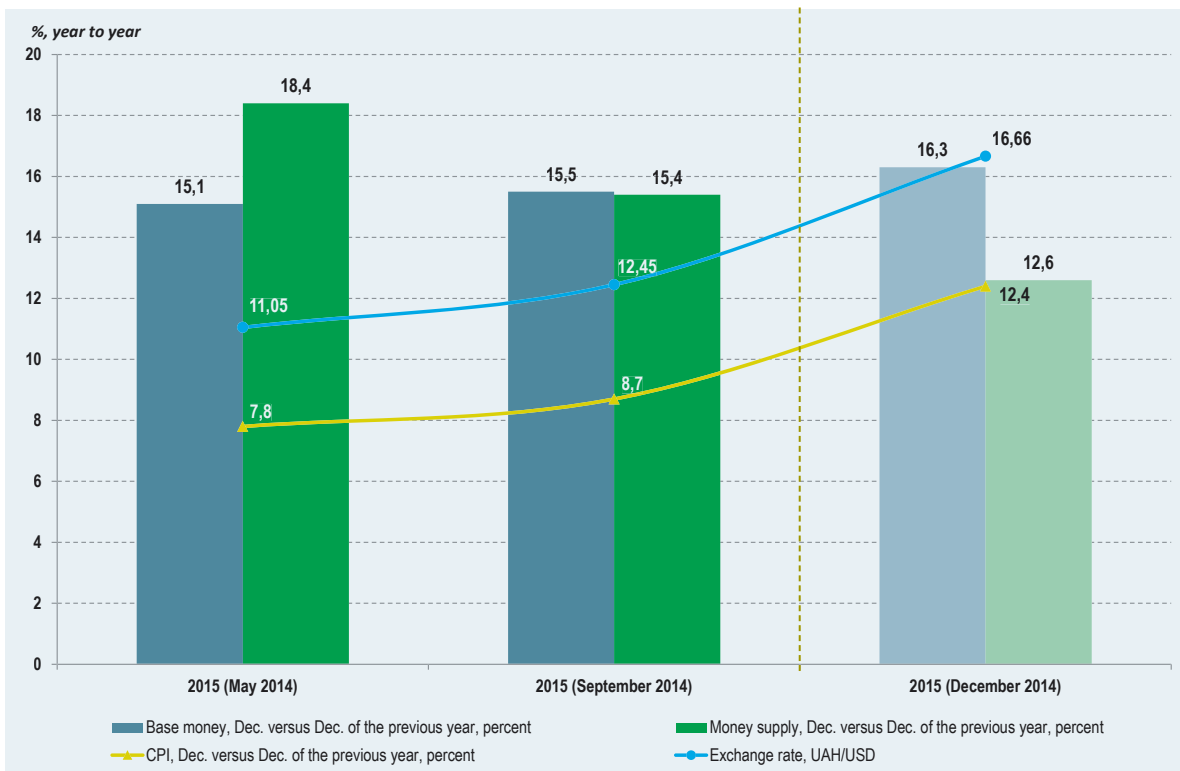


Figure 26. Consensus forecast of monetary market indicators in 2015

## Forecast Of Macroeconomic Indicators For 2016–2017 (Averaged)

A forecast of basic macroeconomic indicators for the period from 2016 through 2017 has been presented for the third time (Table 12).

In the medium-term forecasting of macroeconomic indicators the experts have no common vision for the country's development. There are significant differences in the forecast as well as in general indicators and in its components.

Consensus estimates for Ukraine's economic growth for 2016–2017 are on average 2.8 percent. The difference between the minimum and maximum value is 3.5 percentage points (variation from 0.5 percent to 4.0 percent).

Basically, it is assumed that the main driver of economic growth is the expansion of private consumption: the average value of real growth in private consumption is 4.1 percent. However, there is a larger variation in this component – 7.6 percentage points (from 0.4 percent to 8.0 percent).

According to the experts' forecasts, general government spending will increase only slightly (the consensus estimate of real growth in public consumption is 1.1 percent). Again, for this component there are quite different estimates – a variation from decreasing by 2.9 percent to increasing by 5.4 percent.

Also there is some uncertainty in predictions for the investment component: the average rate of real investment demand is 6.7 percent, but the variation reaches 17 percentage points (from 2 percent to 19 percent). This indicates different visions of the country's development in terms of modernization, im-

proving scientific and technological potential and strengthening competitiveness.

Regarding prices, the experts' opinions also have huge differences. Basically, experts forecast some higher inflation in the medium term compared with previous forecasts: average annual forecasts of the consumer price index and producer price index are 107.6 percent and 108.9 percent, respectively. The difference between the minimum and maximum forecasted values is also significant – 4.1 percentage points for the consumer price index (variation from 105.9 percent to 110 percent) and 4.5 percentage points for the producer price index (variation from 107 percent to 111.5 percent).

No consensus can be observed in medium-term forecast estimates for foreign trade. Thus, current account balance estimates vary between +0.4 percent and –5.7 percent of GDP. The average forecast for growth of exports of goods and services is 8.4 percent (variation from 1.6 percent to 25 percent), and for imports is 7.6 percent (variation from 2.4 percent to 20 percent).

However, forecasts for the average annual UAH/US\$ exchange rate for 2016–2017 vary between 13.15 and 26.50 (average value of UAH17.63/US\$).

For the public sector, experts forecast that budget spending will be greater than revenue in the medium term (the average value of the budget deficit is expected to be 1.6 percent of GDP for 2016–2017, with the highest estimate at 2.7 percent of GDP).

## Risks for 2014–2015

We offer you a consensus assessment of risks for 2014–2015.

The experts assessed risks against two criteria – the probability of the occurrence of a specific risk and the impact of the risk on the economy of Ukraine – using the following scale:

Estimates of probability of occurrence realization	Estimates of occurrence impact on economy of Ukraine
Considerable probability (50–60%) of risk – 4;	Significant impact – 4;
Medium probability (30–49%) of risk – 3;	Moderate impact – 3;
Moderate probability (10–29%) of risk – 2;	Small impact – 2;
Small probability (under 10%) of risk – 1;	Insignificant impact – 1;
The risk is not probable – 0.	No impact – 0.

Based on the materials provided, an integral estimate of risks was calculated as a sum of the estimates of the probability of the occurrence and the impact on the economy of Ukraine, weighed by the number of respondents.

Risks for 2014 were estimated for the sixth time, whereas risks for 2015 were estimated for the third time. The highest possible consensus estimate for foreign and domestic risks has a value of 16.

Given the current geopolitical tensions and worsening structural problems against a background of a continuing downward trend in the national economy, experts have dramatically increased their estimates of the probability of specific internal risk.

It should be noted that **among internal risks in 2014**, experts gave a high integral score (from 9 to 15) for most risks/phenomena (78.6 percent of the total amount).

The highest integral estimate (15) is for significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC.

Experts also gave a high estimate (14) to risks/phenomena which are directly related to:

- ✓ accumulation of the population’s negative inflation expectations;
- ✓ high crop yields;
- ✓ ineffective implementation of key reforms;

- ✓ remaining low credit activity of commercial banks;
- ✓ worsening shortages of energy resources in the country (including coal); and
- ✓ considerable spending to finance the budget deficit.

Because of the complex conditions and threats to the domestic economy, the experts gave high scores (integral estimate 13) to the following risks/phenomena:

- ✓ strengthening of devaluation tendencies on the monetary market;
- ✓ deterioration of the labour market: a reduction in the number of employees and an increase in the number of unemployed people;
- ✓ low business expectations;
- ✓ failure to restore operational and industrial relations between neighbouring regions in the east;
- ✓ expansion of the insolvency of the real economy; and
- ✓ risks of a ‘new wave’ of destabilization in the banking sector.

The following risks and phenomena also had a high integral estimate: almost complete absence of legal economic activities in the territory not controlled by the central government; and growth of wage arrears (integral estimate 12); and substantial increase in natural gas prices for municipal heat and power engineering enterprises (integral estimate 11).

In addition, experts gave a high score to:

- ✓ increased debt for payment of housing and public utilities; accumulation of VAT refund debt; substantial increase in natural gas tariffs for the population; and substantial increase in natural gas tariffs for industry (integral estimate 10); and
- ✓ lack of incentives for implementation of the policy of inflation targeting; and abandonment by the National Bank of Ukraine of the flexible exchange rate policy (integral estimate 9).

The leading **foreign risks in 2014** are considered those which are directly related to the escalating general geopolitical tensions and the continuation of a military confrontation in the eastern part of the territory of Ukraine (integral estimate 13):

- ✓ escalation of Ukrainian–Russian conflict;
- ✓ curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty; and

- ✓ massive outflow of capital from Ukraine due to the political instability.

Experts gave high estimates to the following risks / phenomena:

- ✓ deficit of external funding and limited opportunities to access international capital markets (integral estimate 12); and
- ✓ recession of the economy of the Russian Federation as a result of sanctions imposed by other countries; breaking of trade and economic relations with the Russian Federation; and an increase in the cost of external borrowing for Ukrainian corporations (11).

High integral estimates were also awarded to: decrease in prices on the world energy markets; failure to obtain planned financing from the IMF; further complication of foreign economic relations with members of the Customs Union; and deterioration of external economic conditions: increasing volatility of prices on the world raw materials markets (integral estimate 10); and slow growth of Eurozone countries (estimate 9).

Regarding the **domestic risks and phenomena for 2015**, the highest integral estimate was given to considerable spending to finance the budget deficit (integral estimate 13).

At the same time, as of 2014, high integral estimates were awarded to the following risks/phenomena (estimate 12 for 2015):

- ✓ significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC;
- ✓ accumulation of the population's negative inflation expectations;
- ✓ ineffective implementation of key reforms;
- ✓ remaining low credit activity of commercial banks;
- ✓ worsening shortages of energy resources in the country (including coal);
- ✓ expansion of the insolvency of the real economy; and
- ✓ risks of a 'new wave' of destabilization in the banking sector.

Experts' estimations of certain risks/phenomena decreased compared to 2014:

- ✓ strengthening of devaluation tendencies on the monetary market; low business expectations; and failure to restore operational and industrial relations between neighbouring regions in the east (11 in 2015, compared to 13 in 2014);
- ✓ almost complete absence of legal economic activities in the territory not controlled by the central government (11 vs. 12);

- ✓ high crop yields (10 vs. 14);
- ✓ deterioration of the labour market: reduction in the number of employees and an increase in the number of unemployed people (10 vs. 13);
- ✓ growth of wage arrears (10 vs. 12); and
- ✓ increased debt for payment of housing and public utilities (9 vs. 10).

At the same time, compared to estimations for 2014, experts increased their estimations for the risk of a substantial increase in natural gas tariffs for the population (to 11 from 10).

Estimations of certain risks/phenomena remained the same: substantial increase in natural gas prices for municipal heat and power engineering enterprises (integral estimate 11) and substantial increase in natural gas tariffs for industry (10).

Among **external risks/phenomena for 2015** the highest integral estimate (13) was for escalation of Ukrainian–Russian conflict.

The experts also gave high estimates to another group of risks/phenomena, but those estimates were lower than for 2014:

- ✓ curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty (11 vs. 13);
- ✓ massive outflow of capital from Ukraine due to the political instability (10 vs. 13);
- ✓ increase in the cost of external borrowing for Ukrainian corporations (10 vs. 11); and
- ✓ further complication of foreign economic relations with members of the Customs Union; and deterioration of external economic conditions: increasing volatility of prices on the world raw materials markets (both 9 vs. 10).

At the same time the estimate of the risk of an implementation of an Association Agreement between Ukraine and the European Union increased from 6 in 2014 to 10.

The experts' estimations of other risks/phenomena have not changed compared to 2014:

- ✓ deficit of external funding and limited opportunities to access international capital markets (integral estimate 12);
- ✓ recession of the economy of the Russian Federation as a result of sanctions imposed by other countries; and breaking of trade and economic relations with Russian Federation (11);
- ✓ decrease in prices on the world energy markets (10); and
- ✓ slow growth of Eurozone countries (9).



## Integral Estimates Of Foreign Risks For 2014–2015

(as of December 2014)

Foreign risk/phenomenon	2014			2015		
	Integral estimate	Estimates of probability of occurrence	Estimates of impact on the economy of Ukraine	Integral estimate	Estimates of probability of occurrence	Estimates of impact on the economy of Ukraine
Escalation of Ukrainian–Russian conflict	13	3	4	13	3	4
Curtailement of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty	13	4	3	11	3	3
Massive outflow of capital from Ukraine due to the political instability	13	3	4	10	3	3
Deficit of external funding and limited opportunities to access international capital markets	12	3	4	12	3	4
Recession of the economy of the Russian Federation as a result of sanctions imposed by other countries	11	4	3	11	4	3
Breaking of trade and economic relations with the Russian Federation	11	3	4	11	3	4
Increase in the cost of external borrowing for Ukrainian corporations	11	3	3	10	3	4
Decrease in prices on the world energy markets	10	3	4	10	3	3
Failure to obtain planned financing from the IMF	10	3	4	8	2	4
Further complication of foreign economic relations with members of the Customs Union	10	3	3	9	3	3
Deterioration of external economic conditions: increasing volatility of prices on the world raw materials markets	10	3	3	9	3	3
Slow growth of Eurozone countries	9	3	3	9	3	3
Reduction in the amount of donor support	7	3	2	7	3	3
Slow recovery of the global economy	7	3	2	7	3	3
Further introduction of other countries' trade restrictions allowed by the WTO that adversely affect Ukrainian exports	6	2	3	6	2	3
Implementation of an Association Agreement between Ukraine and the European Union	6	2	2	10	3	3
Devaluation of the Euro / Dollar	5	3	2	5	2	2
Strengthening of the military conflict in the Middle East	5	3	2	5	2	2
Slow growth of the US economy	4	2	2	4	2	2
Introduction of import restrictions by Ukraine to improve the balance of payments	4	2	2	5	2	2

Table 6

## Integral Estimates Of Domestic Risks For 2014–2015

(as of December 2014)

Domestic risk/phenomenon	2014			2015		
	Integral estimate	Estimates of probability of occurrence	Estimates of impact on the economy of Ukraine	Integral estimate	Estimates of probability of occurrence	Estimates of impact on the economy of Ukraine
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	15	4	4	12	3	4
Accumulation of the population's negative inflation expectations	14	4	4	12	3	4
High crop yields	14	4	4	10	3	3
Ineffective implementation of key reforms	14	4	4	12	3	4
Remaining low credit activity of commercial banks	14	4	4	12	3	4
Worsening shortages of energy resources in the country (including coal)	14	4	4	12	3	3
Considerable spending to finance the budget deficit	14	4	4	13	3	4
Strengthening of devaluation tendencies on the monetary market	13	4	4	11	3	4
Deterioration of the labour market: reduction in the number of employees and an increase in the number of unemployed people	13	4	4	10	3	3
Low business expectations	13	4	4	11	3	3
Failure to restore operational and industrial relations between neighbouring regions in the east	13	4	3	11	3	3
Expansion of the insolvency of the real economy	13	3	4	12	3	3
Risks of a 'new wave' of destabilization in the banking sector	13	3	4	12	3	4
Almost complete absence of legal economic activities in the territory not controlled by the central government	12	4	3	11	4	3
The growth of wage arrears	12	4	3	10	3	3
Substantial increase in natural gas prices for municipal heat and power engineering enterprises	11	3	3	11	3	4
Increased debt for payment of housing and public utilities	10	4	3	9	3	3
Accumulation of VAT refund debt	10	3	3	8	3	3
Substantial increase in natural gas tariffs for the population	10	3	3	11	4	3
Substantial increase in natural gas tariffs for industry	10	3	3	10	3	3
Lack of incentives for implementation of the policy of inflation targeting	9	3	3	8	2	3
Abandonment by the National Bank of Ukraine of the flexible exchange rate policy	9	2	4	8	2	3
Defaulting on the country's obligations	7	2	3	8	2	4
Defaulting Naftohaz Ukrainy NJSC	6	2	3	8	2	3
Increased revaluation tendencies on the monetary market	5	2	3	5	2	3
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to finance state obligations	5	2	2	6	3	2
Restoration of state sovereignty of Ukraine in Crimea	3	1	3	5	2	3
Decline of the population's inflation expectations	3	1	3	5	2	3

Table 7

## Integral Estimates Of Risks For 2014 (as of April 2013 to December 2014)

Risk/phenomenon in April 2013 – December 2014	Integral estimates of risks					
	2014					
	April 2013	August 2013	December 2013	May 2014	September 2014	December 2014
<b>External risks</b>						
Escalation of Ukrainian–Russian conflict	x	x	x	14	14	13
Curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty	9	10	9	12	12	13
Massive outflow of capital from Ukraine due to the political instability	x	x	x	x	x	13
Deficit of external funding and limited opportunities to access international capital markets	8	11	12	10	10	12
Breaking of trade and economic relations with the Russian Federation	x	x	x	12	13	11
Recession of the economy of the Russian Federation as a result of sanctions imposed by other countries	x	x	x	11	11	11
Increase in the cost of external borrowing for Ukrainian corporations	x	x	11	9	9	11
Further complication of foreign economic relations with members of the Customs Union	x	x	x	11	12	10
Decrease in prices on the world energy markets	x	x	x	8	9	10
Deterioration of external economic conditions: increasing volatility of prices on the world raw materials markets	x	x	x	8	8	10
Failure to obtain planned financing from the IMF	10	10	11	7	7	10
Slow growth of Eurozone countries	x	x	x	x	8	9
Slow recovery of the global economy	x	x	7	9	8	7
Reduction in the amount of donor support	x	x	x	x	x	7
Implementation of an Association Agreement between Ukraine and the European Union	x	x	x	x	9	6
Further introduction of other countries' trade restrictions allowed by the WTO that adversely affect Ukrainian exports	x	x	9	6	6	6
Strengthening of the military conflict in the Middle East	6	6	5	5	5	5
Devaluation of the Euro/Dollar	x	x	x	x	x	5
Slow growth of the US economy	6	6	6	5	5	4
Introduction of import restrictions by Ukraine to improve the balance of payments	x	x	x	x	x	4
<b>Domestic risks</b>						
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	9	13	12	10	12	15
Remaining low credit activity of commercial banks	11	11	11	12	13	14
Accumulation of the population's negative inflation expectations	7	7	7	12	13	14

Risk/phenomenon in April 2013 – December 2014	Integral estimates of risks					
	2014					
	April 2013	August 2013	December 2013	May 2014	September 2014	December 2014
High crop yields	x	x	x	7	11	14
Considerable spending to finance the budget deficit	9	11	11	8	10	14
Ineffective implementation of key reforms	x	x	x	x	x	14
Worsening shortages of energy resources in the country (including coal)	x	x	x	x	x	14
Strengthening of devaluation tendencies on the monetary market	10	12	11	11	12	13
Expansion of the insolvency of the real economy	8	9	8	11	12	13
Risks of a 'new wave' of destabilization in the banking sector	7	8	8	11	12	13
Deterioration of the labour market: reduction in the number of employees and an increase in the number of unemployed people	x	x	x	11	11	13
Low business expectations	x	x	x	x	x	13
Failure to restore operational and industrial relations between neighbouring regions in the east	x	x	x	x	x	13
The growth of wage arrears	5	7	7	8	10	12
Almost complete absence of legal economic activities in the territory not controlled by the central government	x	x	x	x	x	12
Substantial increase in natural gas prices for municipal heat and power engineering enterprises	7	8	5	12	12	11
Substantial increase in natural gas tariffs for the population	6	6	5	11	12	10
Substantial increase in natural gas tariffs for industry	6	8	5	11	12	10
Increased debt for payment of housing and public utilities	6	7	5	8	10	10
Accumulation of VAT refund debt	7	7	9	9	9	10
Abandonment by the National Bank of Ukraine of the flexible exchange rate policy	x	x	x	4	6	9
Lack of incentives for implementation of the policy of inflation targeting	x	x	x	x	6	9
Defaulting on the country's obligations	x	x	x	6	7	7
Defaulting of Naftohaz Ukrainy NJSC	x	x	x	x	x	6
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to finance state obligations	x	x	x	5	7	5
Increased revaluation tendencies on the monetary market	4	3	3	4	4	5
Restoration of state sovereignty of Ukraine in Crimea	x	x	x	4	5	3
Decline of the population's inflation expectations	x	x	4	3	3	3

Table 8

## Integral Estimates Of Risks For 2015 (as of May 2014 and December 2014)

Risk/phenomenon in May 2014 – December 2014	Integral estimates of risks		
	2015		
	May 2014	September 2014	December 2014
<b>External risks</b>			
Escalation of Ukrainian–Russian conflict	10	10	13
Deficit of external funding and limited opportunities to access international capital markets	8	8	12
Breaking of trade and economic relations with the Russian Federation	11	10	11
Recession of the economy of the Russian Federation as a result of sanctions imposed by other countries	10	10	11
Curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty	9	9	11
Implementation of an Association Agreement between Ukraine and the European Union	x	11	10
Decrease in prices on the world energy markets	7	9	10
Increase in the cost of external borrowing for Ukrainian corporations	7	7	10
Massive outflow of capital from Ukraine due to the political instability	x	x	10
Further complication of foreign economic relations with members of the Customs Union	9	9	9
Deterioration of external economic conditions: increasing volatility of prices on the world raw materials markets	7	7	9
Slow growth of Eurozone countries	x	7	9
Failure to obtain planned financing from the IMF	6	7	8
Slow recovery of the global economy	9	7	7
Reduction in the amount of donor support	x	x	7
Further introduction of other countries' trade restrictions allowed by the WTO that adversely affect Ukrainian exports	4	6	6
Strengthening of the military conflict in the Middle East	4	5	5
Devaluation of the Euro/Dollar	x	x	5
Introduction import restrictions by Ukraine for improving balance of payments	x	x	5
Slow growth of the US economy	4	5	4
<b>Domestic risks</b>			
Considerable spending to finance the budget deficit	8	8	13
Expansion of the insolvency of the real economy	8	10	12

Risk/phenomenon in May 2014 – December 2014	Integral estimates of risks		
	2015		
	May 2014	September 2014	December 2014
Accumulation of the population's negative inflation expectations	8	9	12
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	7	9	12
Risks of a 'new wave' of destabilization in the banking sector	8	8	12
Worsening shortages of energy resources in the country (including coal)	x	x	12
Substantial increase in natural gas prices for municipal heat and power engineering enterprises	10	10	11
Substantial increase in natural gas tariffs for the population	11	9	11
Strengthening of devaluation tendencies on the monetary market	8	9	11
Low business expectations	x	x	11
Failure to restore operational and industrial relations between neighbouring regions in the east	x	x	11
Almost complete absence of legal economic activities in the territory not controlled by the central government	x	x	11
Substantial increase in natural gas tariffs for industry	9	9	10
High crop yields	8	9	10
Deterioration of the labour market: reduction in the number of employees and an increase in the number of unemployed people	8	8	10
The growth of wage arrears	6	7	10
Increased debt for payment of housing and public utilities	6	8	9
Accumulation of VAT refund debt	7	7	8
Defaulting on the country's obligations	5	7	8
Abandonment by the National Bank of Ukraine of the flexible exchange rate policy	5	6	8
Lack of incentives for implementation of the policy of inflation targeting	x	7	8
Defaulting Naftohaz Ukrainy NJSC	x	x	8
Privatization of state property at a cost lower than the potential due to the need to obtain primary financial resources to finance state obligations	4	5	6
Restoration of state sovereignty of Ukraine in Crimea	5	7	5
Decline of the population's inflation expectations	5	6	5
Increased revaluation tendencies on the monetary market	4	5	5

Table 9

## Consensus Forecasts For 2014–2015 (as of December 2014)

Indicator	Year	2014	2015	2014		2015	
		Average		MIN	MAX	MIN	MAX
<b>Real sector</b>		UAH million					
Nominal GDP		1 539 719	1 718 589	1 472 900	1 720 372	1 596 770	1 986 172
Consumption		1 407 507	1 538 151	1 321 469	1 560 789	1 330 138	1 800 112
Private		1 122 185	1 253 201	1 057 175	1 266 834	1 096 745	1 477 783
Government		281 233	304 625	262 193	300 300	276 180	339 127
Gross capital formation		182 667	235 292	101 156	219 916	192 200	407 589
Gross fixed capital formation		202 044	244 183	101 156	257 840	203 805	407 589
Private		204 740	234 061	194 368	211 208	205 046	257 878
Government		22 140	24 936	13 318	34 383	13 573	42 222
Net exports of goods and non-factorial services		-56 693	-58 155	-37 940	-69 300	-16 464	-103 385
Gross national savings		142 647	173 430	106 317	197 340	100 518	226 770
		Index, year to year					
Real GDP		92.7	96.9	91.0	93.9	95.0	100.1
Consumption		93.9	96.8	88.3	100.0	93.1	100.5
Private		93.6	96.5	89.2	96.5	91.5	100.2
Government		92.7	95.8	85.0	97.0	90.6	99.8
Gross fixed capital formation		74.9	92.7	70.0	84.6	65.1	105.0
Exports of goods and services		86.2	97.3	81.2	96.0	89.6	106.0
Imports of goods and services		80.2	95.6	73.0	94.7	85.3	104.6
<b>Inflation</b>		Index					
Deflator of the GDP (annual average)		114.5	114.5	109.5	126.5	107.8	123.4
Consumer price index (annual average)		112.2	117.2	111.0	115.5	110.6	124.7
Dec. versus Dec. of the previous year		123.5	112.4	120.2	125.3	107.7	117.0
Producer price index (annual average)		116.0	119.4	112.3	118.0	106.2	130.1
Dec. versus Dec. of the previous year		132.3	114.6	128.0	137.3	106.0	119.9
<b>External sector</b>		US\$ million					
Current account		-5 124	-3 828	-3 514	-6 077	-1 200	-6 539
Exports of goods and services		68 517	68 544	60 667	75 066	59 127	76 943
Imports of goods and services		-73 408	-72 206	-64 890	-80 373	-60 661	-81 980
Revenue balance		-1 899	-2 278	-1 292	-3 161	-1 400	-3 200
Official transfers (net value)		1 667	2 112	1 100	3 582	1 500	3 800
Capital account balance		-4 093	2 964	1 474	-9 494	10 404	-7 000
Foreign direct investments		462	2 189	-1 200	2 792	500	4 000

Indicator	Year	2014	2015	2014		2015	
		Average		MIN	MAX	MIN	MAX
<b>External sector</b>		percentage of GDP					
Current account		-4.0	-3.7	-2.5	-4.9	-1.2	-6.2
Exports of goods and services		53.5	66.4	49.7	60.9	52.2	73.9
Imports of goods and services		-57.3	-70.0	-53.1	-65.2	-53.1	-76.8
Revenue balance		-1.5	-2.2	-1.0	-2.3	-1.2	-3.3
Official transfers (net value)		1.3	2.0	0.9	2.6	1.5	3.6
Capital account balance		-3.2	2.9	1.1	-7.5	8.1	-6.2
Foreign direct investments		0.4	2.1	-1.0	2.2	0.5	4.2
<b>External sector</b>		percentage, year to year (nominal)					
Exports of goods and services		83.1	99.3	78.8	92.6	89.8	104.0
Imports of goods and services		76.0	97.4	71.1	94.7	87.2	104.0
<b>Exchange rate, UAH/US\$</b>							
Average rate		12.02	16.66	11.50	12.70	12.50	23.00
<b>Consolidated budget</b>		UAH million					
All revenues		445 955	501 232	385 000	467 705	435 000	547 062
All expenditures		514 652	571 472	430 000	556 649	482 000	610 380
Total balance		-71 518	-70 241	-45 000	-99 679	-45 285	-143 700
Privatization		803	7 038	100	3 016	1 000	15 000
<b>Consolidated budget</b>		percentage of GDP					
All revenues		29.0	29.2	24.8	29.2	25.1	31.7
All expenditures		33.4	33.3	27.7	36.0	27.8	35.7
Total balance		-4.5	-4.1	-2.9	-11.0	-2.5	-8.5
Privatization		0.1	0.4	0.01	0.2	0.2	0.9
<b>Money and credit</b>							
Monetary base (as of the end of period), UAH mln		355 522	413 514	328 416	380 000	369 300	450 000
Dec. versus Dec. of the previous year, %		15.8	16.3	6.9	28.5	12.0	18.0
Money supply (M3) (as of the end of period), UAH mln		1 039 244	1 169 683	977 389	1 244 260	1 035 500	1 255 000
Dec. versus Dec. of the previous year, %		14.3	12.6	7.6	16.0	5.9	21.0
Weighted annual average rate on commercial banks' credits in national currency, % as of the end of period		18.6	17.3	16.5	24.0	15.0	20.0
Gross NBU international reserve, US\$ mln		11 368	14 811	7 167	18 000	10 000	19 500
<b>Social indicators</b>							
Population, mln persons		43.8	43.4	41.2	45.5	40.8	45.4
Changes in % versus previous year		97.5	99.0	90.7	99.8	95.0	99.9
Monthly average wages of workers, UAH		3 440	3 744	3 329	3 662	3 500	3 976
Disposable income of households, UAH bln		1 273	1 390	1 151	1 475	1 250	1 720



Table 10

## Dynamics of the Consensus Forecast for 2014 (April 2013 – December 2014)

Indicator	Year	April 2013	August 2013	December 2013	May 2014	September 2014	December 2014
<b>Real sector, UAH mln</b>							
Nominal GDP		1 690 117	1 622 774	1 560 924	1 513 157	1 516 890	1 539 719
Consumption		1 497 200	1 441 194	1 417 377	1 370 710	1 389 742	1 407 507
Gross capital formation		315 950	299 804	253 231	238 847	204 463	182 667
Net exports of goods and non-factorial services		-112 581	-112 118	-122 339	-105 685	-64 349	-56 693
Gross national savings		201 091	217 656	189 639	157 470	152 045	142 647
<b>Index, year to year</b>							
Real GDP		103.3	102.3	101.5	95.4	93.4	92.7
Consumption		105.1	102.5	102.8	95.6	93.3	93.9
Gross fixed capital formation		104.5	105.1	103.4	91.4	79.9	74.9
Exports of goods and services		103.3	102.3	102.4	95.7	91.5	86.2
Imports of goods and services		104.2	103.3	103.4	92.3	85.1	80.2
<b>Inflation, index</b>							
Consumer price index (annual average)		105.9	105.1	103.9	107.7	112.2	112.2
Dec. versus Dec. of the previous year		106.1	105.5	105.0	112.9	118.3	123.5
Producer price index (annual average)		107.7	107.4	105.9	109.1	114.3	116.0
Dec. versus Dec. of the previous year		108.0	107.7	107.2	114.4	121.9	132.3
<b>External sector, US\$ million</b>							
Current account		-12 698	-12 494	-13 876	-8 361	-5 644	-5 124
Exports of goods and services		99 191	94 548	90 351	77 750	72 419	68 517
Imports of goods and services		-112 113	-107 232	-104 266	-86 224	-77 826	-73 408
Foreign direct investments		7 021	6 501	5 592	3 826	1 004	462
<b>External sector, % of GDP</b>							
Current account		-6.5	-6.6	-7.5	-5.9	-4.4	-4.0
Exports of goods and services		51.7	50.1	48.7	54.4	56.1	53.5
Imports of goods and services		-57.6	-56.8	-56.2	-60.3	-60.2	-57.3
Foreign direct investments		3.6	3.4	3.0	2.7	0.8	0.4
<b>External sector, % year to year (nominal)</b>							
Exports of goods and services		107.6	104.9	105.5	95.5	88.0	83.1
Imports of goods and services		106.2	103.8	105.2	90.1	79.7	76.0
<b>Exchange rate, UAH/US\$</b>							
Average rate		8.69	8.59	8.42	10.59	11.7	12.0
End of period		8.84	8.74	8.66	10.84	-	-
<b>Consolidated budget, UAH mln</b>							
All revenues		519 940	488 247	468 882	486 955	465 276	445 955
All expenditures		572 282	543 556	521 563	541 838	536 286	514 652
Total balance		-52 342	-55 310	-52 681	-57 018	-70 526	-71 518
Privatization		8 645	7 775	6 083	6 187	1 400	803
<b>Consolidated budget, % of GDP</b>							
All revenues		30.8	30.1	30.0	32.2	30.7	29.0
All expenditures		33.9	33.5	33.4	35.8	35.4	33.4
Total balance		-3.1	-3.4	-3.4	-3.6	-4.7	-4.5
Privatization		0.5	0.5	0.4	0.4	0.1	0.1
<b>Money and credit</b>							
Monetary base (as of the end of period), UAH mln		304 539	312 377	324 952	359 219	385 127	355 522
Dec. versus Dec. of the previous year, %		8.9	11.0	11.9	16.9	25.4	15.8
Money supply (M3) (as of the end of period), UAH mln		980 018	998 019	1 016 466	1 038 171	1 045 176	1 039 244
Dec. versus Dec. of the previous year, %		13.5	14.0	14.7	14.2	15.0	14.3
<b>Monthly average wages of workers, UAH</b>							
		3 605	3 608	3 573	3 379	3 469	3 440

Table 11

## Dynamics of The Consensus Forecast for 2015 (May 2014 – December 2014)

Indicator	Year	May 2014	September 2014	December 2014
<b>Real sector, UAH mln</b>				
Nominal GDP		1 690 433	1 698 609	1 718 589
Consumption		1 497 988	1 520 286	1 538 151
Gross capital formation		278 094	242 405	235 292
Net exports of goods and non-factorial services		-97 713	-61 975	-58 155
Gross national savings		180 017	183 202	173 430
<b>Index, year to year</b>				
Real GDP		102.2	101.4	96.9
Consumption		101.7	100.9	96.8
Gross fixed capital formation		102.5	103.8	92.7
Exports of goods and services		104.2	104.2	97.3
Imports of goods and services		103.6	102.9	95.6
<b>Inflation, index</b>				
Consumer price index (annual average)		108.6	109.3	117.2
Dec. versus Dec. of the previous year		107.8	108.7	112.4
Producer price index (annual average)		111.0	110.0	119.4
Dec. versus Dec. of the previous year		110.8	110.1	114.6
<b>External sector, US\$ million</b>				
Current account		-8 724	-5 184	-3 583
Exports of goods and services		85 021	78 454	68 544
Imports of goods and services		-94 214	-83 638	-72 206
Foreign direct investments		5 511	3 579	2 189
<b>External sector, % of GDP</b>				
Current account		-5.7	-3.8	-3.7
Exports of goods and services		55.6	57.5	66.4
Imports of goods and services		-61.6	-61.3	-70.0
Foreign direct investments		3.6	2.6	2.1
<b>External sector, % year to year (nominal)</b>				
Exports of goods and services		108.6	109.5	99.3
Imports of goods and services		106.8	107.0	97.4
<b>Exchange rate, UAH/US\$</b>				
Average rate		11.05	12.4	16.66
End of period				
<b>Consolidated budget, UAH mln</b>				
All revenues		545 816	511 584	501 232
All expenditures		593 689	580 529	571 472
Total balance		-47 874	-68 945	-70 241
Privatization		8 739	6 425	7 038
<b>Consolidated budget, % of GDP</b>				
All revenues		32.3	30.1	29.2
All expenditures		35.1	34.2	33.3
Total balance		-2.8	-4.1	-4.1
Privatization		0.5	0.4	0.4
<b>Money and credit</b>				
Monetary base (as of the end of period), UAH mln		413 402	444 951	413 514
Dec. versus Dec. of the previous year, %		15.1	15.5	16.3
Money supply (M3) (as of the end of period), UAH mln		1 229 255	1 206 110	1 169 683
Dec. versus Dec. of the previous year, %		18.4	15.4	12.6
<b>Monthly average wages of workers, UAH</b>		3 731	3 779	3 744

## Consensus Forecasts for 2016–2017 (as of December 2014)

Indicator	Year	2016–2017		
		Average	MIN	MAX
<b>Real sector</b>				
Nominal GDP, UAH mln		2 028 955	1 857 881	2 221 077
Real GDP, index, year to year		102.8	100.5	104.6
<b>Inflation</b>				
Consumer price index (annual average)		107.6	105.9	110.0
Producer price index (annual average)		108.9	107.0	111.5
<b>External sector</b>				US\$ mln
Current account		-2 598	525	-4 450
Exports of goods and services		74 642	60 489	84 812
Imports of goods and services		-77 190	-62 772	-89 424
Foreign direct investments		3 254	900	4 800
<b>External sector</b>				percentage of GDP
Current account		-2.3	0.4	-5.7
Exports of goods and services		64.9	53.4	74.2
Imports of goods and services		-67.1	-55.1	-79.0
Foreign direct investments		2.8	0.9	4.5
<b>External sector</b>				percentage year to year (nominal)
Exports of goods and services		108.4	101.6	125.0
Imports of goods and services		107.6	102.4	120.0
<b>Exchange rate, UAH/US\$</b>				
Average		17.63	13.15	26.50
<b>Consolidated budget</b>				percentage of GDP
All revenues		29.1	25.2	32.0
All expenditures		30.7	26.4	34.2
Total balance		-1.6	0.2	-2.7
<b>Money and credit</b>				
Base money (as of the end of period), UAH mln		487 278	408 800	591 500
Dec. versus Dec. of the previous year, %		13.4	7.0	22.0
Money Supply (M3) (as of the end of period), UAH mln		1 351 861	1 035 500	1 655 200
Dec. versus Dec. of the previous year, %		13.7	5.2	22.0
NBU gross international reserves, US\$ mln		18 573	15 000	22 500
<b>Social indicators</b>				
Population, mln persons		43.1	40.5	45.1
Monthly average wages of workers, UAH		4 313	3 893	4 690

## Methodological explanations to Tables 2, 3, 9, 10, 11 and 12

The aggregated nominal values were calculated as a simple average value of the sum of the relevant indicators presented by all the forecasting organizations that participated in the Consensus Forecast survey.

To equalize the average (consensus) figures of the aggregated nominal values with the sum of their components, the average values of structural indicators (such as, for example, consumption and investments) were calculated indirectly with the help of parts of these components in the aggregated value. For example, if an average weight of consumption in GDP is known, then a nominal value of consumption is equal to the sum of this weight and the value of the average consensus GDP calculated as a simple average.

Indices were calculated as a geometric average of the sum of the corresponding indicators presented by all the organizations.

The average values of the indicators being forecast as a percentage of GDP (particularly, indicators of the external sector and budget) were calculated as a ratio of the average nominal value of the indicator to the relevant average GDP value. The indicators forecast in US dollars were calculated as a percentage of GDP on the basis of the average annual exchange rate.

Growth rates of the monetary aggregates within the forecast for 2014 (as of December 2014) were calculated as the ratio of the simple average nominal value from individual forecast indicators presented by the participants to the actual value of the relevant indicator for 2013; for 2015 they were calculated as the ratio of the simple average nominal value from individual forecast indicators presented by the participants to the relevant forecast indicator for 2014.

Average values of the current account balance were calculated as the sum of average values of the items of the account. Average values of the budget deficit/surplus were calculated as a difference between the average values of revenues and expenditures.

During preparation of the Consensus Forecast, the organizations attending the seminar provided the following materials:

- ✓ forecast assumptions regarding an economic policy to be pursued in 2014–2015, and some quantitative exogenous parameters of development (presented in Table 4);
- ✓ forecasts of the main macroeconomic indicators for 2014 and 2015;
- ✓ additional text explanations given by some organizations regarding their forecast assumptions; and
- ✓ expert assessment of risks for 2014–2015 (presented in Tables 5, 6, 7 and 8).