



MINISTRY OF
ECONOMIC DEVELOPMENT
AND TRADE OF UKRAINE


Ukraine:

PERSPECTIVES OF DEVELOPMENT

CONSENSUS FORECAST



Issue 39, 2015



UKRAINE: PERSPECTIVES OF DEVELOPMENT (CONSENSUS FORECAST) is a publication prepared by the Department of Economic Strategy and 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 Project 'Acceleration of Millennium Development Goals Progress in Ukraine' (AMDGP). It will be useful for government officials, experts of central and local executive, scientists, academia, representatives of public organizations and everyone who interested in country's economic and social development and macroeconomic forecasting. This publication is prepared by the Ministry of Economic Development and Trade of Ukraine and contains material which were presented by leading experts (organizations) that operate in the field of macroeconomic analysis and forecasting.

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 2015–2016 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, Ministry of Finance of Ukraine, The National Bank 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, Taras Shevchenko National University of Kyiv, International Centre for Policy Studies, Dragon Capital, CASE Ukraine, Forex Club in Ukraine, The Bleyzer Foundation, AYA Capital, Agency of Industrial Marketing and the European Economic Chamber of Trade, Commerce and Industry in Ukraine (EEIG).

The Consensus Forecast is based on a survey of leading experts in the field of macroeconomic forecasting. We would like to highlight that all forecasted indicators presented 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.

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CONTENTS

●	MAIN MACROECONOMIC INDICATORS FOR 2010–2014.....	4
●	DYNAMICS OF THE CONSENSUS FORECAST FOR 2014.....	5
●	SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS.....	6
●	FORECAST OF MACROECONOMIC INDICATORS FOR 2015–2016	7
●	FORECAST OF MACROECONOMIC INDICATORS FOR 2017–2019 (AVERAGED)	17
●	RISKS FOR 2015–2016.....	18
●	TABLES	20
●	METHODOLOGICAL EXPLANATIONS TO TABLES	33

UKRAINE: PERSPECTIVES OF DEVELOPMENT – 39 CONSENSUS FORECAST – contains an ‘averaged’ value of forecast of the major macroeconomic indicators for Ukraine calculated on the basis of expert estimates provided by participants of the Consensus Forecast survey. Leading experts are invited to express their opinion on current economic situation, forecast of future trends and strategic vision of socio-economic development. Consensus Forecast publication serves as a user-friendly and practical tool for improving the quality of macroeconomic forecasting and marshalling more active expert debates on macroeconomic stability. Consensus Forecast promote knowledge sharing and information exchange among major forecasting organizations (governmental institutions, international financial organizations, research institutes, analytical centres, non-governmental organizations etc). In general Consensus Forecast initiative is aimed at supporting the managerial decision making process with unbiased, independent and realistic estimates of macroeconomic indicators based on analyses of world economic growth tendencies, internal drivers of national economic growth and their impact on living standards.

Table 1

Main Macroeconomic Indicators For 2010–2014¹

Indicator	Year	2010	2011	2012	2013	2014
National Accounts, UAH bln						
Nominal GDP		1 079.3	1 300.0	1 404.7	1 465.2	1 566.7
Consumption		897.6	1 094.2	1 221.2	1 329.6	1 409.8
Gross capital formation		225.3	291.7	305.0	270.9	221.0
Net exports of goods and non-factorial services		-43.5	-85.9	-121.5	-135.3	-64.0
Index, year to year, %, annual change						
Real GDP		4.1	5.5	0.2	0	-6.8
Consumption		6.3	11.3	7.4	5.2	-7.4
Gross fixed capital formation		3.2	8.5	5	-8.4	-23
Exports of goods and services		4.1	2.7	-5.6	-8.1	-14.5
Imports of goods and services		14.4	15.4	3.8	-3.5	-22.1
Output of particular economic sectors, %, year to year						
Agriculture		-1.4	20.2	-3.9	13.6	2.2
Industrial production		12.0 ²	8.0	-0.7	-4.3	-10.1
Inflation, index, %, annual change						
Consumer price index (annual average)		109.4	108.0	10.6	99.7	112.1
Dec. versus Dec. of the previous year		109.1	104.6	99.8	100.5	124.9
Producer price index (annual average)		120.9	119.0	103.7	99.9	117.1
Dec. versus Dec. of the previous year		118.7	114.2	100.3	101.8	131.8
External sector, US\$ bln						
Current account		-4.8	-11.3	-15.6	-18.3	-5.3
Exports of goods and services		64.0	81.3	83.9	78.7	65.3
Imports of goods and services		-69.5	-92.1	-99.1	-95.7	-70.7
Financial account		-9.7	-8.7	-11.4	-20.3	8.4
Foreign direct investments		5.6	6.6	6.9	3.9	0.3
NBU International Reserve, US\$ bln (as of the end of period)		34.6	31.8	24.5	20.4	7.5
Exchange rate, UAH/US\$						
Average		7.94	7.97	7.99	7.99	11.9
End of period		7.96	7.99	7.99	7.99	15.8
Public finances, UAH bln						
Revenue of the Consolidated Budget		314.5	398.6	445.5	442.8	456.1
Expenditure of the Consolidated Budget		379.1	421.6	492.5	505.8	523.1
Total balance of the Consolidated Budget		-64.6	-23.1	-46.9	-63.6	-72.0
Public debt and government-backed debt of Ukraine		432.3	473.2	515.5	584.8	1 100.8
Social indicators						
Unemployment rate (ILO methodology) aged 15–70, percent of the economically active population in respective age group		8.2	8.0	7.6	7.3	9.3
Averaged wage of workers, UAH		2250	2648	3041	3282	3480

¹ Indicators including the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol.

² Indicators excluding the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol.

Table 2

Dynamics Of The Consensus Forecast For 2014

Indicator	Year	2014 report	December 2014	Deviation (December 2014 / Report 2014)
National Accounts, UAH bln				
Nominal GDP		1 566.7	1 539.7	-1.7%
Consumption		1 409.8	1 407.5	-0.2%
Gross capital formation		221.0	182.7	-17.3%
Net exports of goods and non-factorial services		-64.0	-56.7	+7.3 UAH bln
Index, year to year, %, annual change				
Real GDP		-6.8	-7.3	-0.5 p.p.
Consumption		-7.4	-6.1	+1.3 p.p.
Gross fixed capital formation		-23	-25.1	-2.1 p.p.
Exports of goods and services		-14.5	-13.8	+0.7 p.p.
Imports of goods and services		-22.1	-19.8	+2.3 p.p.
Output of particular economic sectors, %, year to year				
Agriculture		2.2	-	-
Industrial production		-10.1	-	-
Inflation, index, %, annual change				
Consumer price index (annual average)		112.1	112.2	+0.1 p.p.
Dec. versus Dec. of the previous year		124.9	123.5	-1.4 p.p.
Producer price index (annual average)		117.1	116.0	-1.1 p.p.
Dec. versus Dec. of the previous year		131.8	132.3	+0.5 p.p.
External sector, US\$ bln				
Current account		-5.3	-5.1	-0.2 US\$ bln
Exports of goods and services		65.3	68.5	+4.9%
Imports of goods and services		-70.7	-73.4	+3.8%
Financial account		8.4	-4.1	-12.5 US\$ bln
Foreign direct investments		0.3	0.5	+0.2 US\$ bln
NBU International Reserve, US\$ bln (as of the end of period)		7.5	11.4	+51.6%
Exchange rate, UAH/US\$				
Average		11.9	12.0	+1.0 %
End of period		15.8	-	-
Public finances, UAH bln				
Revenue of the Consolidated Budget		456.1	446.0	-2.2%
Expenditure of the Consolidated Budget		523.1	514.7	-1.6%
Total balance of the Consolidated Budget		-72.0	-71.5	-0.5 UAH bln
Public debt and government-backed debt of Ukraine		1 100.8	-	-
Social indicators				
Unemployment rate (ILO methodology) aged 15-70, percent of the economically active population in respective age group		9.3	9.4	+0.1 p.p.
Averaged wage of workers, UAH		3 480	3 440.1	-1.1%

SHORT OVERVIEW OF CONSENSUS ASSUMPTIONS

Table 3

Consensus Assumptions Of Macroeconomic Forecast

Indicator	Year	2015				2016		
		May 2014	September 2014	December 2014	May 2015	September 2015	May 2015	September 2015
GDP, % real change:								
Russian Federation		1.6	1.1	-0.6	-3.4	-3.9	-1.0	-0.7
USA		2.9	3.0	3.0	3.0	2.6	2.9	2.7
China		7.1	7.2	7.2	6.3	6.9	6.5	6.5
Euro area/EU		1.7	1.5	1.3	1.4	1.4	1.6	1.6
Prices of Brent crude oil, US\$/barrel (annual average)		103.7	112.0	71.1	61.5	55.5	70.5	53.6
Price of steel, % to previous year (annual average)		-	-	-	-5.0	-13.9	-1.2	3.2
Exchange rate, euro/US\$ (annual average)		1.4	1.3	1.2	1.1	1.1	1.1	1.1
Price of natural gas, US\$ per 1000 m ³ (annual average)		384.1	372.3	339.6	279.9	284.5	287.0	277.7
Changes in tariffs on municipal services (December to December), which is base for calculating consumer price index, %, in particular:								
natural gas		40.0	41.1	52.5	362.4	383.2	16.4	8.8
hot water, heating		37.9	38.9	50.0	69.1	68.9	36.4	26.9
electricity		25.0	24.3	21.4	45.4	39.6	38.4	28.3
Minimum wage, UAH (annual average)		1 358.1	1 325.1	1 312.8	1 242.6	1 258.3	1 425.9	1 423.4
Gross grain yield, million tons		55.4	60.0	60.7	56.9	58.4	58.1	58.0
Discount rate, %, end of period		9.9	11.4	13.2	25.6	25.3	21.3	19.1
Average weighted average annual rate on credits of commercial banks in national currency, %		-	-	-	29.8	22.6	25.0	20.9
Net use of IMF resources by the National Bank of Ukraine and the government of Ukraine, US\$ bln		7.9	5.4	9.6	10.0	4.4	6.8	3.9
Budget revenue from privatization, UAH mln		6 192.6	5 609.1	5 569.9	4 083.3	3 425.0	2 800.0	4 555.1

Comment. Based on outcomes of the survey, no substantial changes in estimates have occurred as compared to May indicators:

- ✓ among external assumptions, the experts have re-estimated their assumptions: for 2015 – towards a worse prospect of the RF's development, dynamics of global prices of steel, oil and natural gas whereas prospects for 2016 have been improved;
- ✓ among internal assumptions, the greatest change has occurred in assumptions on the average weighted annual rate on credits of commercial banks in national currency, financial support from the IMF, and privatization processes.

FORECAST OF MACROECONOMIC INDICATORS FOR 2015–2016

We offer to your attention the fifth version of the Consensus Forecast of the main macro indicators of Ukraine’s economic and social development for 2015 and the 2nd version of the Consensus Forecast of the main macro indicators of Ukraine’s economic and social development for 2016, calculated on the basis of materials provided by the survey respondents (Tables 7–10).

According to the Action Plan for Implementation of the State Statistics Development Strategy until 2017, a shift to the GDP calculation with regard to the updated international standards of the System of National Accounts, 2008 (2008 SNA), using a new version of the Classification of Economic Activities, 2010 (NACE 2010), has been implemented. For that reason, the forecast of indicators has been provided since December 2014 with consideration of the Methodological Provisions of the Updated Version of the System of National Accounts, 2008 (Order of the State Statistics Service of Ukraine No. 398 of 17.12.2013).

In view of the above, comparison of the forecast estimates with previous ones is incorrect.

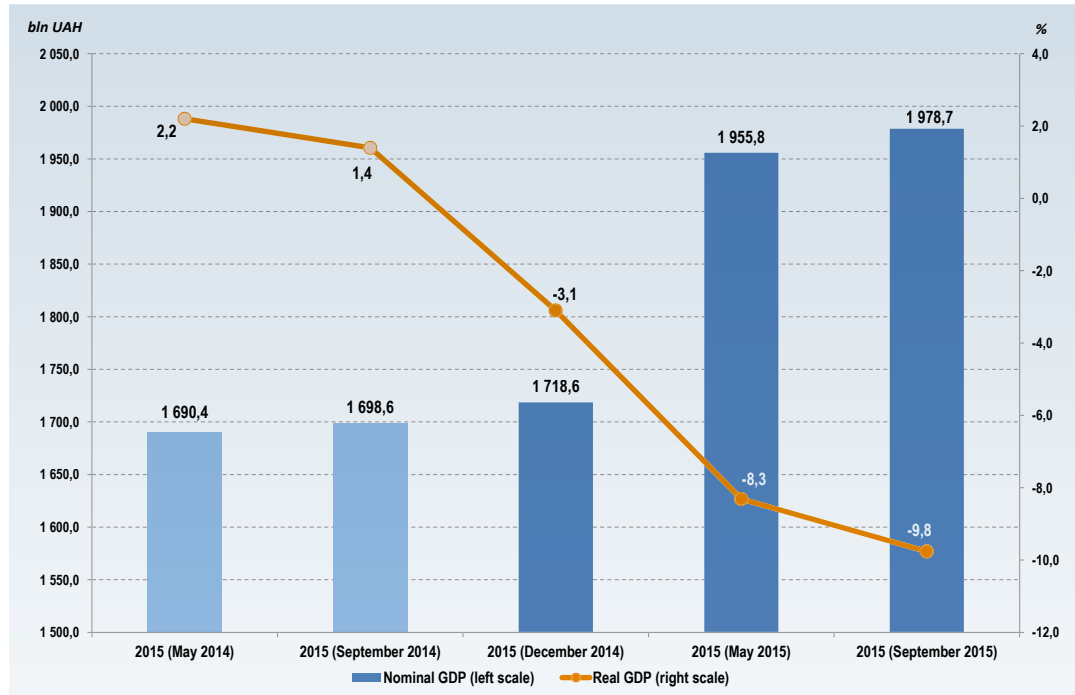


Figure 1. Consensus forecast of nominal and real GDP for 2015

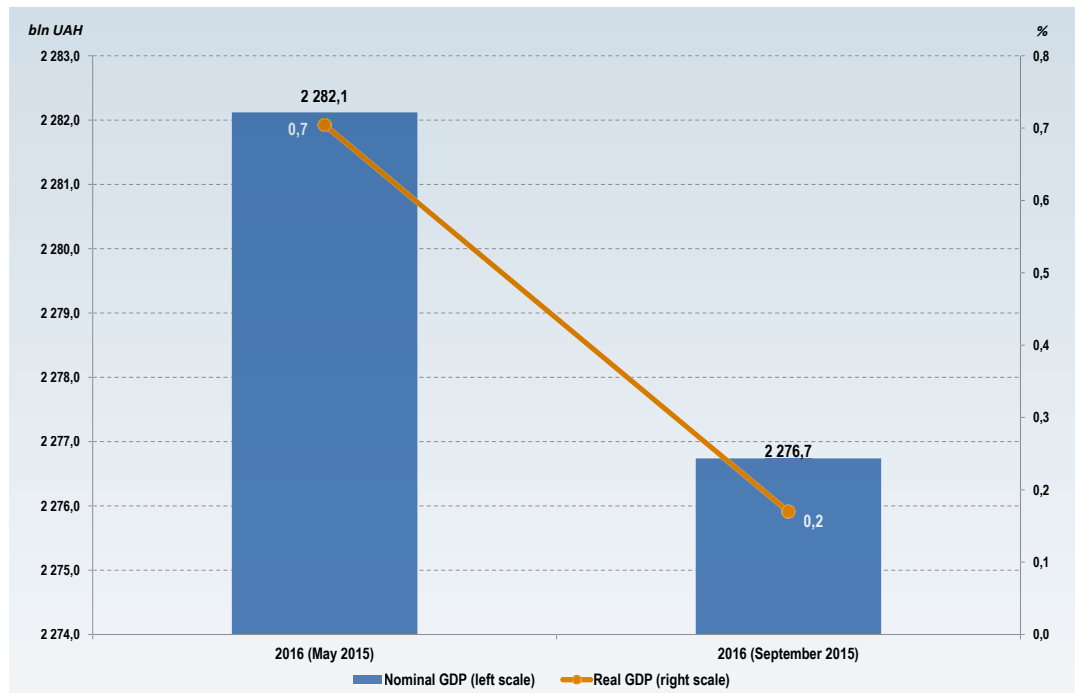


Figure 2. Consensus forecast of nominal and real GDP for 2016

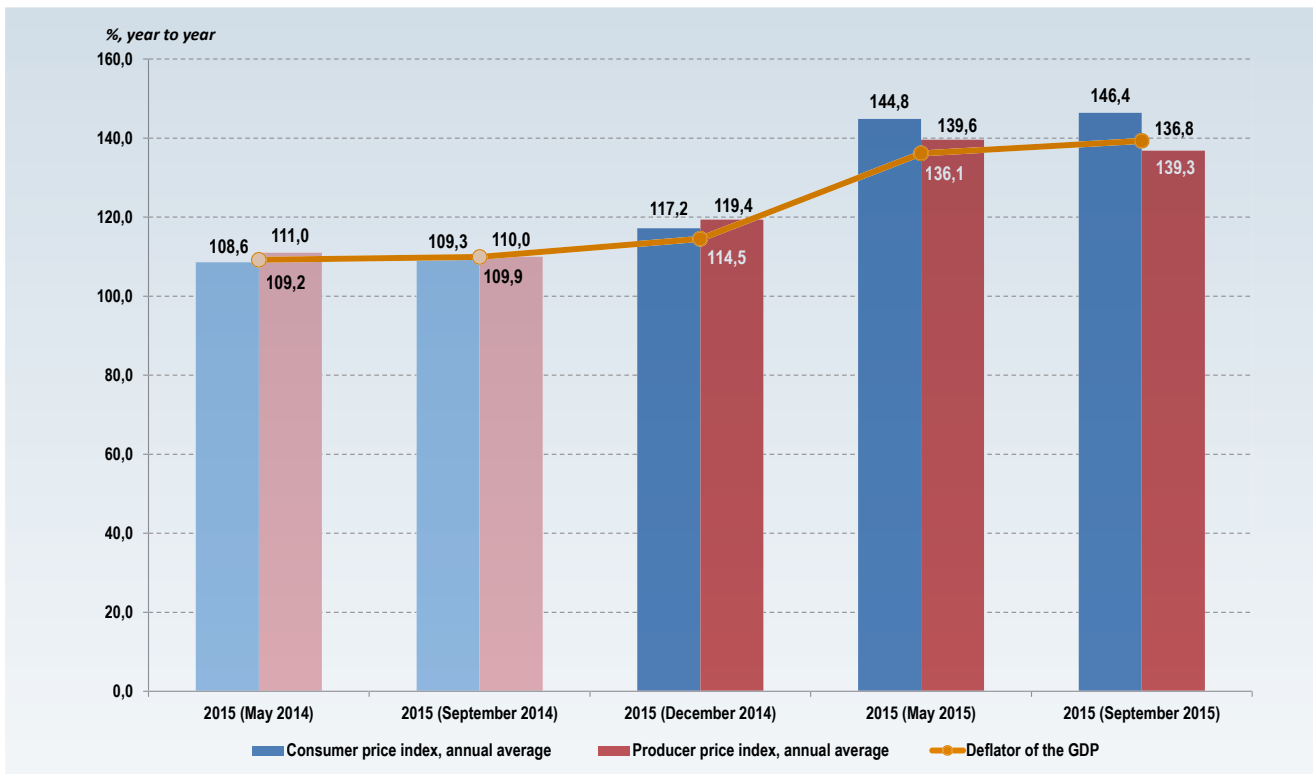


Figure 3. Consensus forecast of price indices for 2015

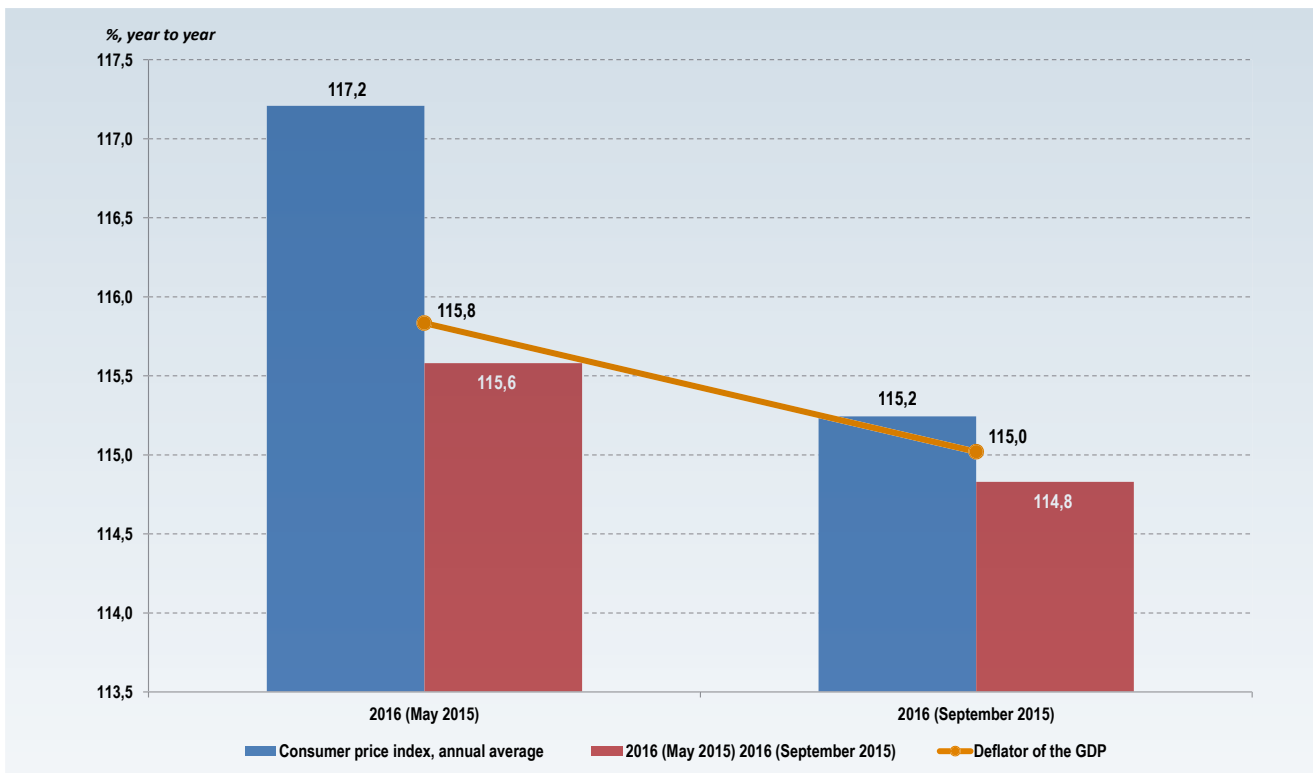


Figure 4. Consensus forecast of price indices for 2016

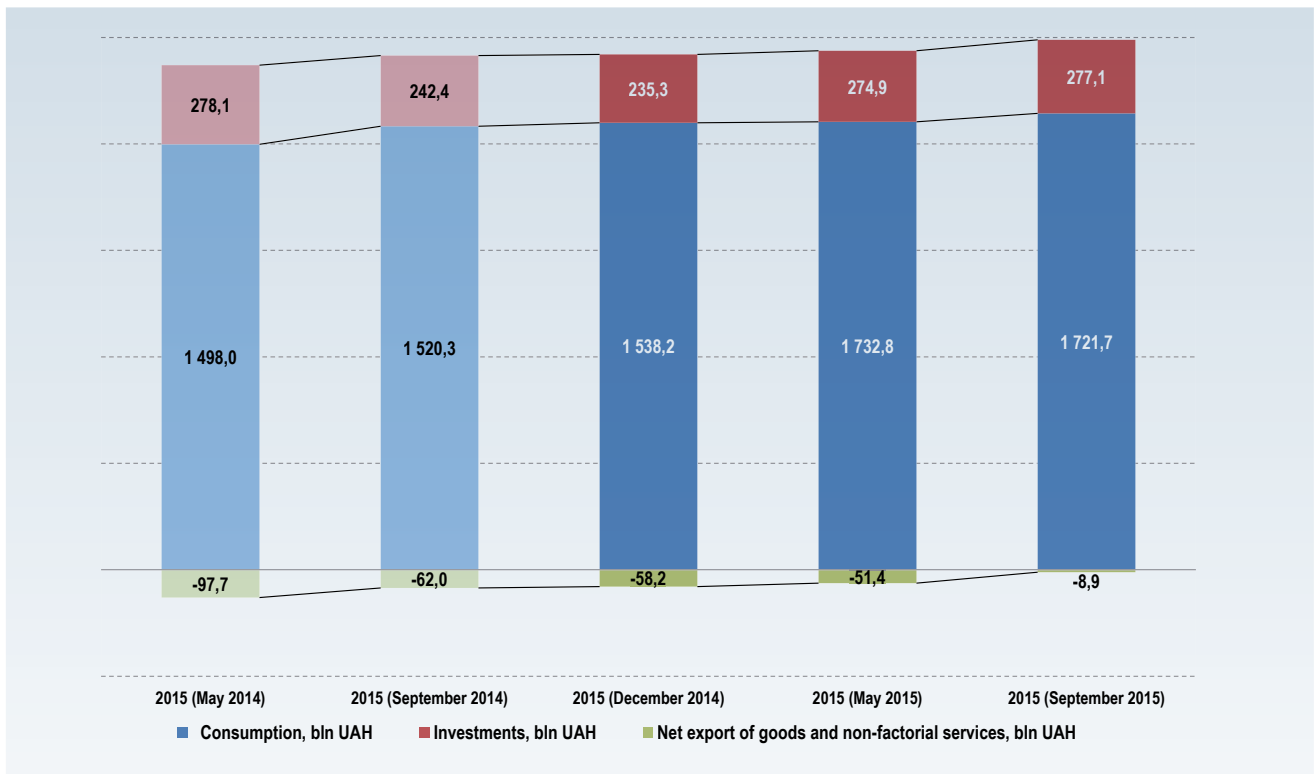


Figure 5. Consensus forecast of main GDP components by final consumption expenditure category in 2015

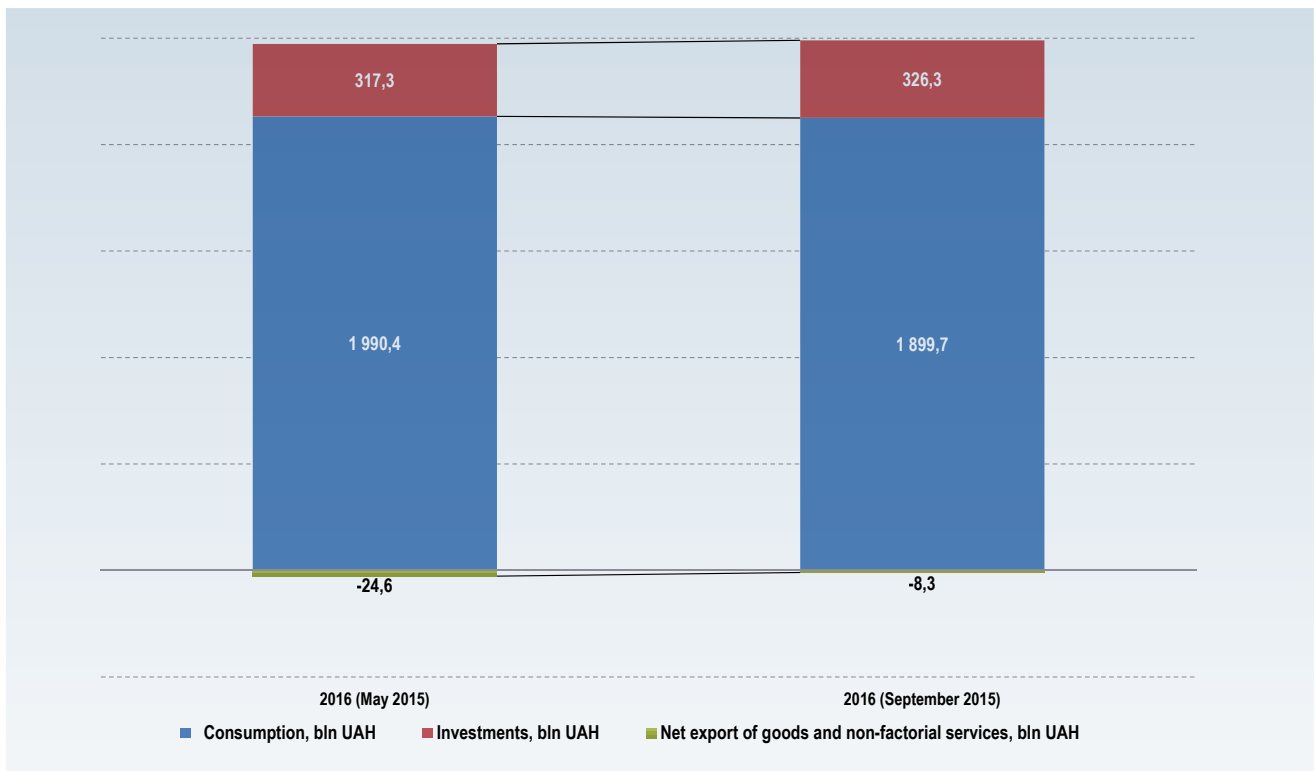


Figure 6. Consensus forecast of main GDP components by final consumption expenditure category in 2016

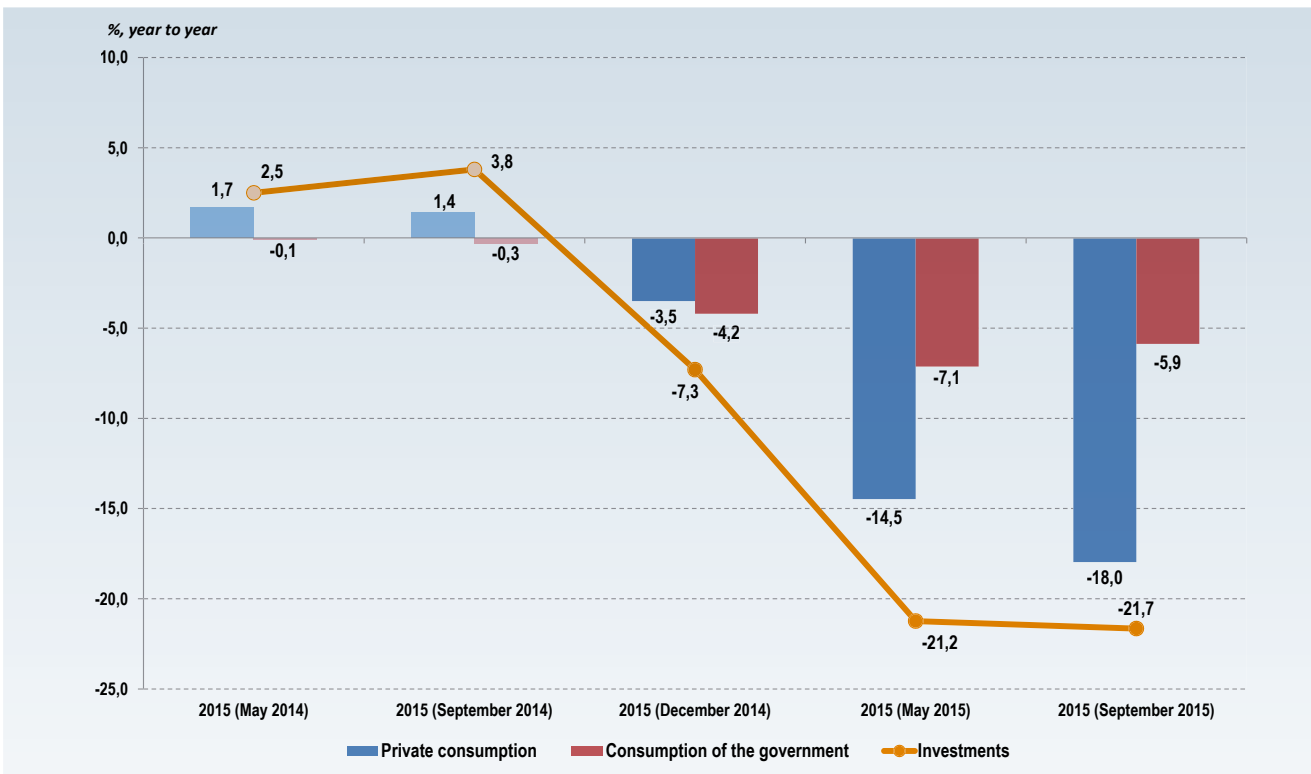


Figure 7. Consensus forecast of private and government consumption and gross fixed capital formation in 2015

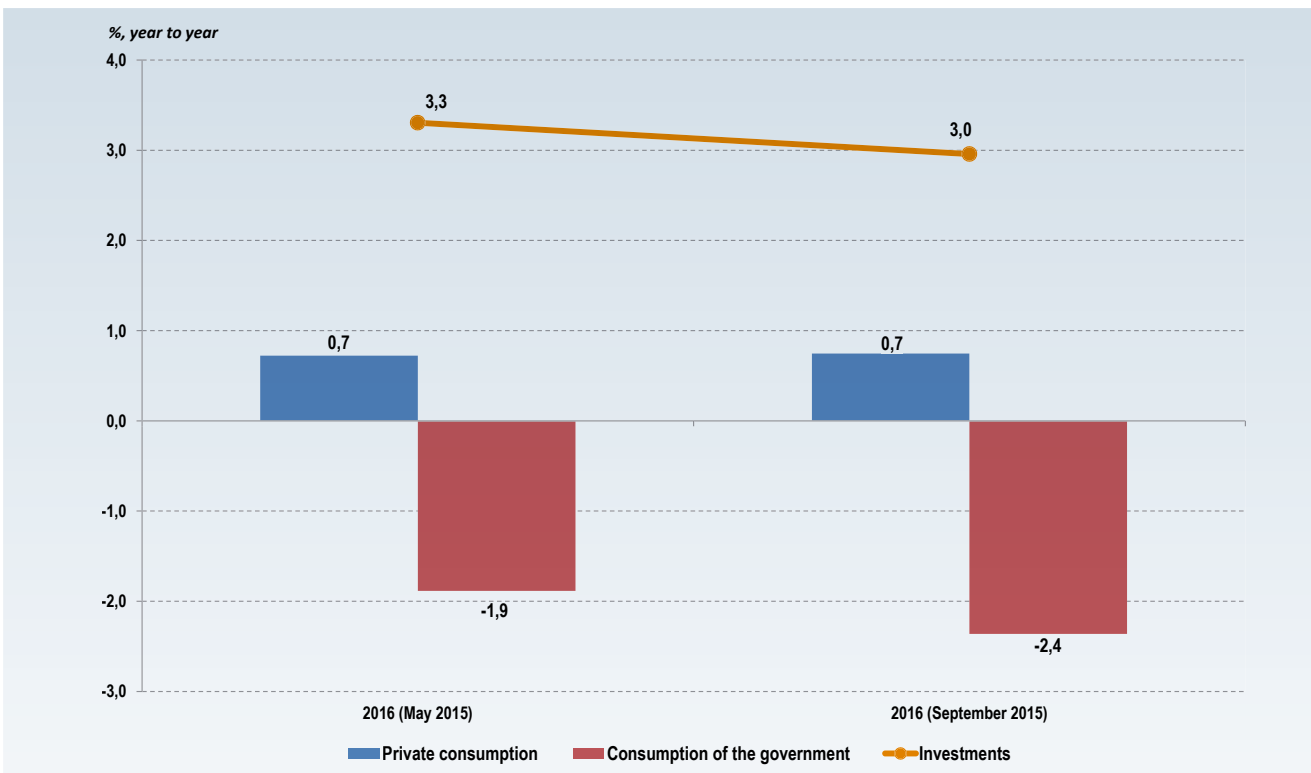


Figure 8. Consensus forecast of private and government consumption and gross fixed capital formation in 2016

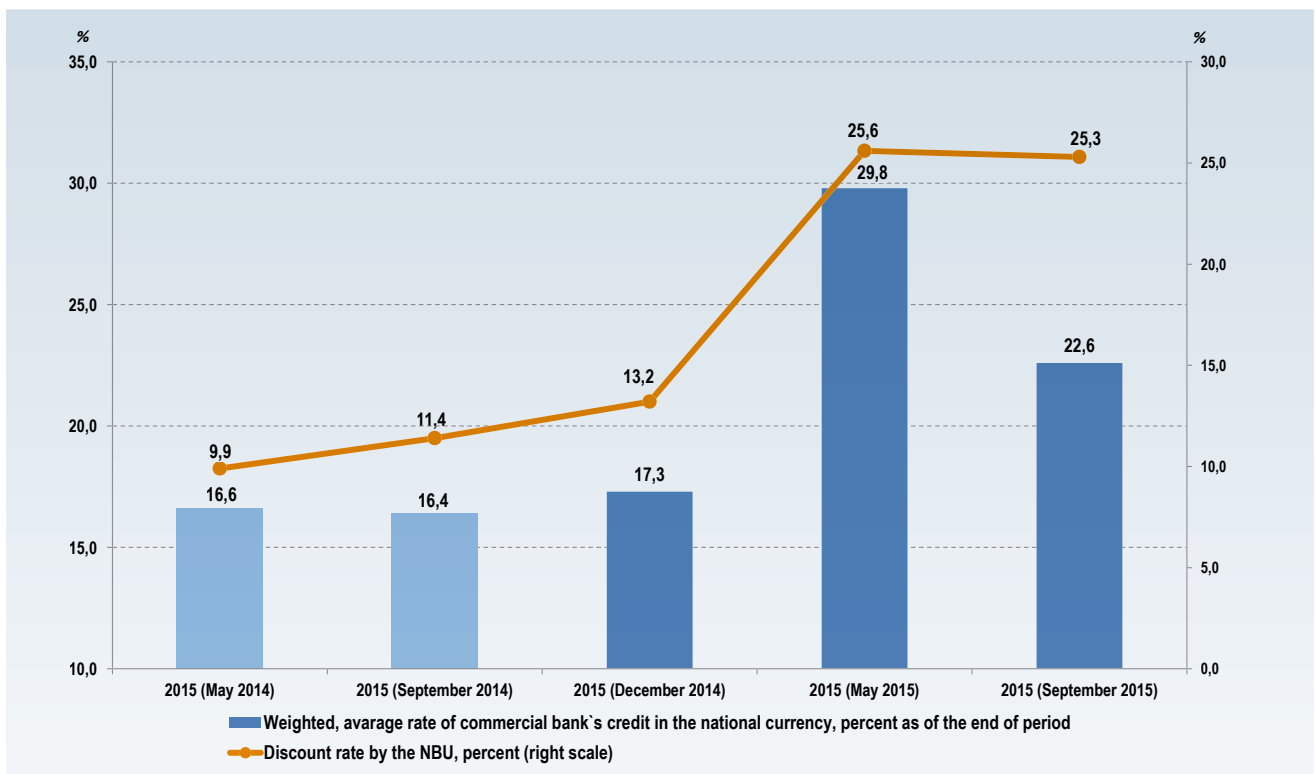


Figure 9. Consensus forecast of indicators of banking area in 2015

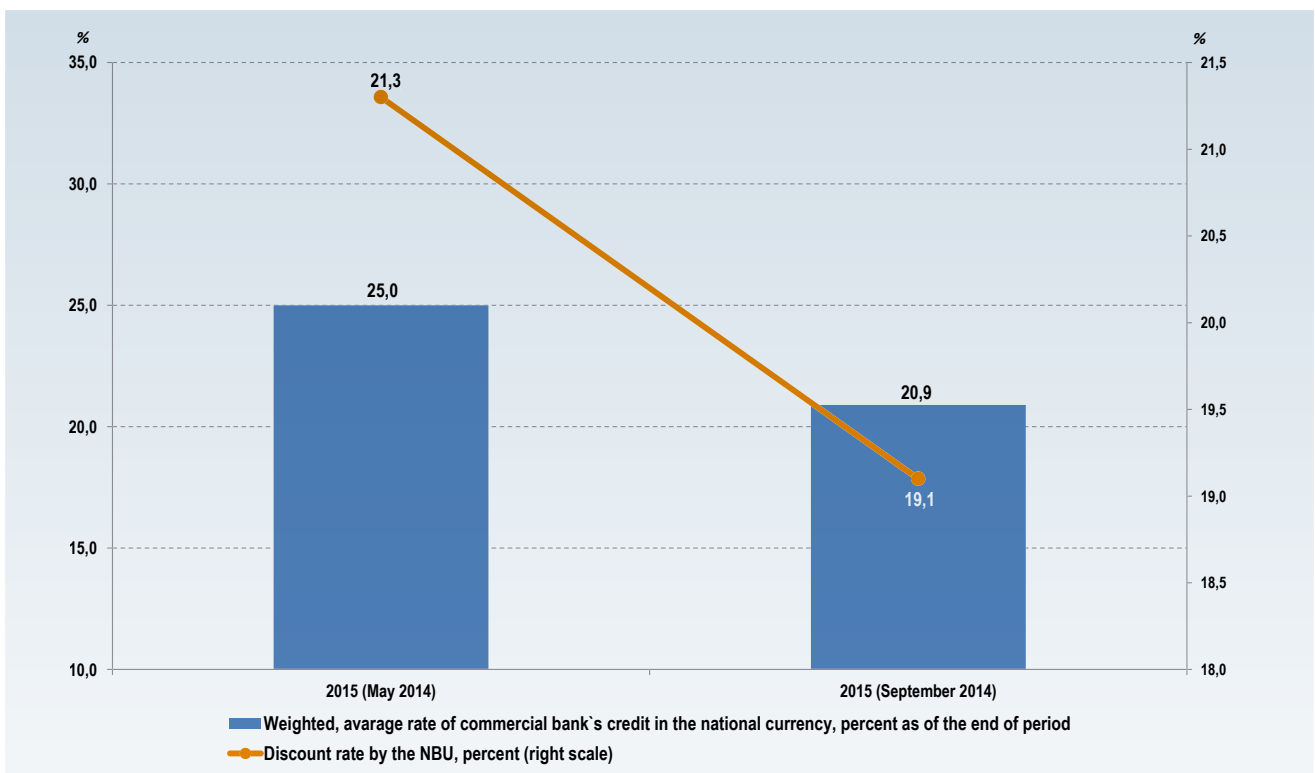


Figure 10. Consensus forecast of indicators of banking area in 2016

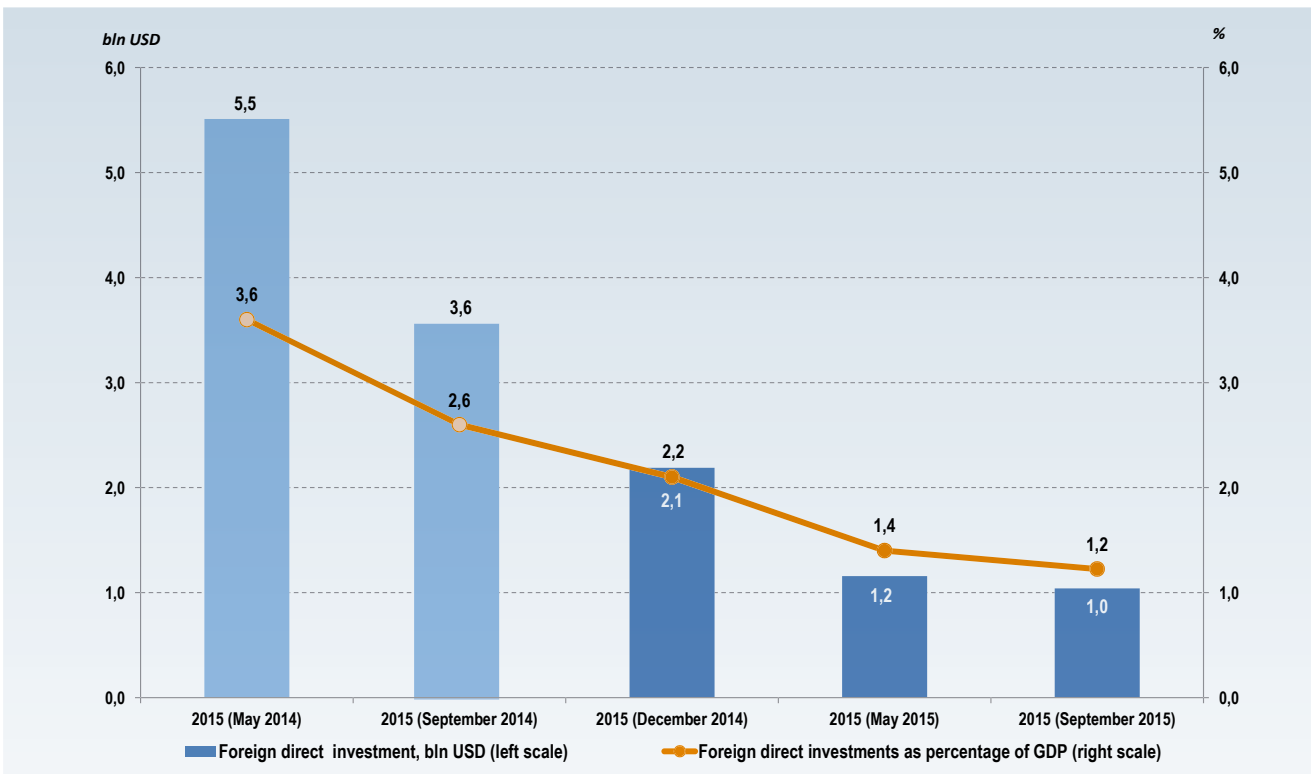


Figure 11. Consensus forecast of net inflow of foreign direct investments in 2015

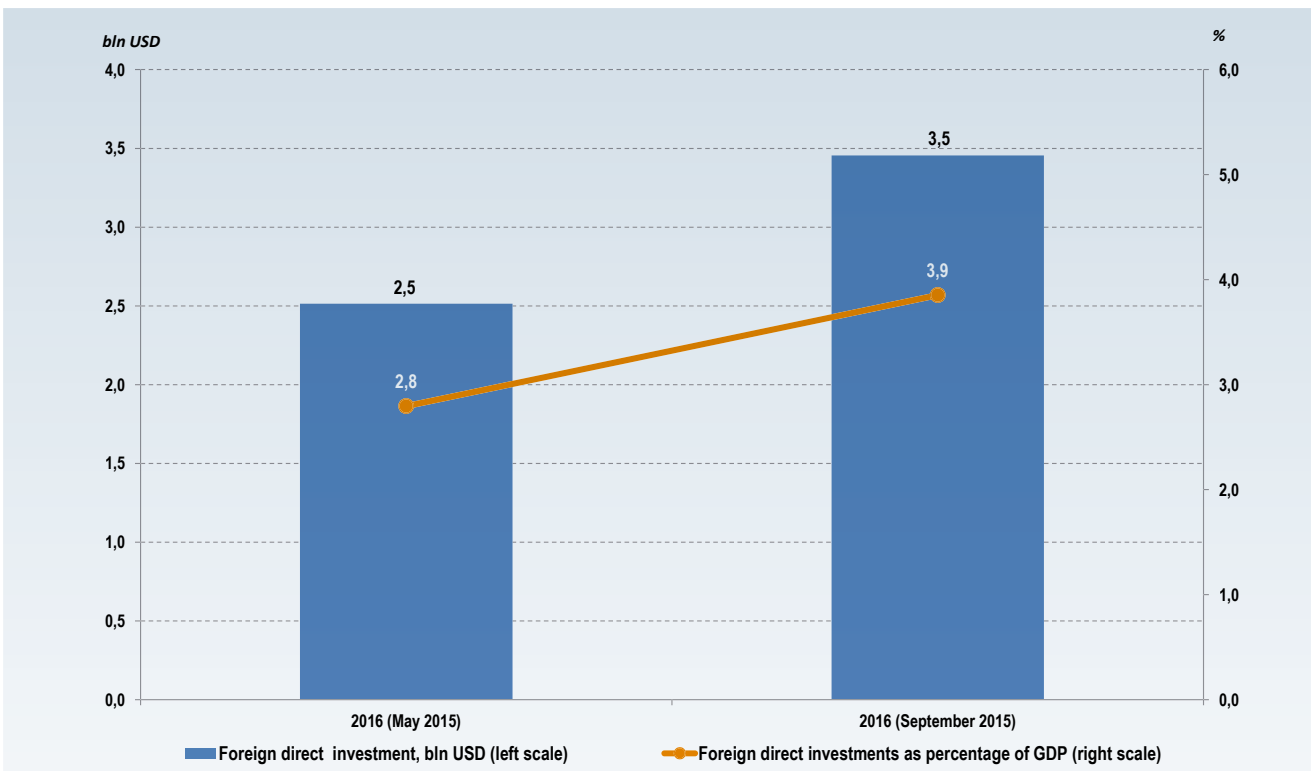


Figure 12. Consensus forecast of net inflow of foreign direct investments in 2016

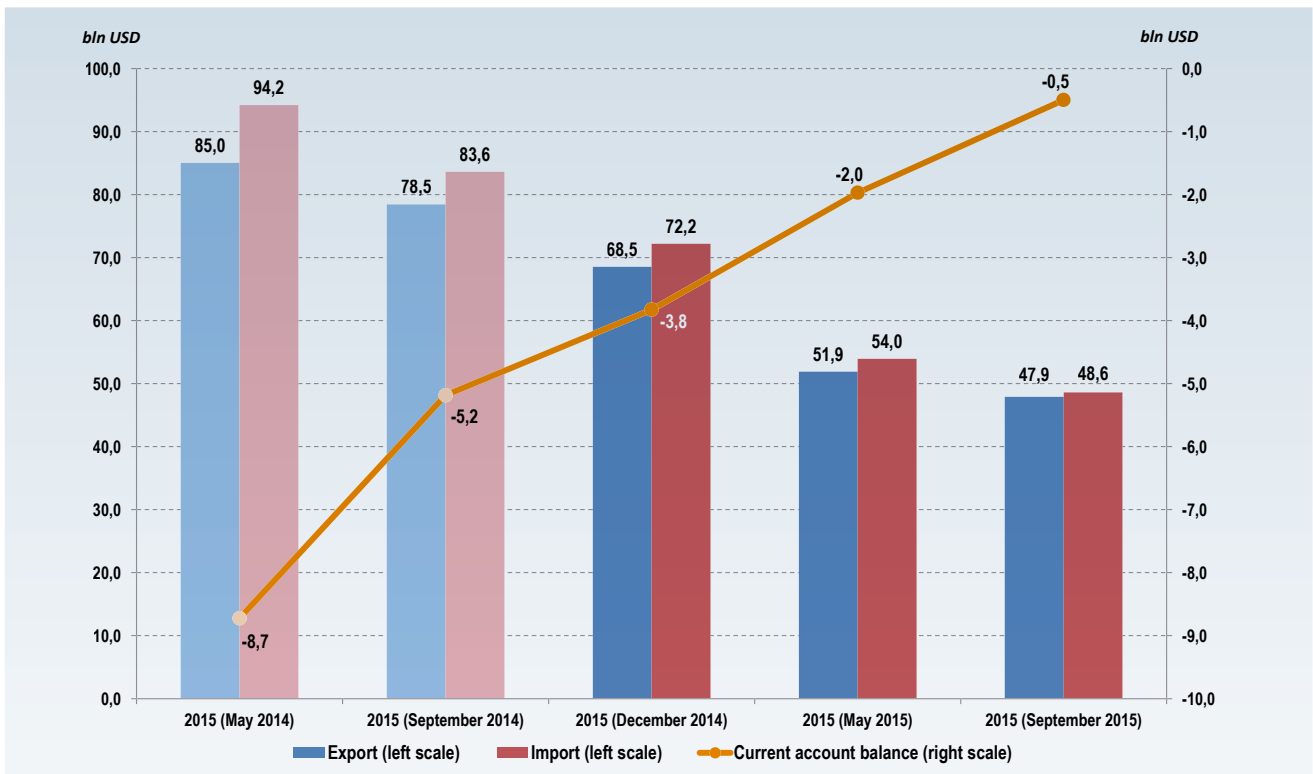


Figure 13. Consensus forecast of volume of exports and imports of goods and services and average value of negative current account balance in 2015

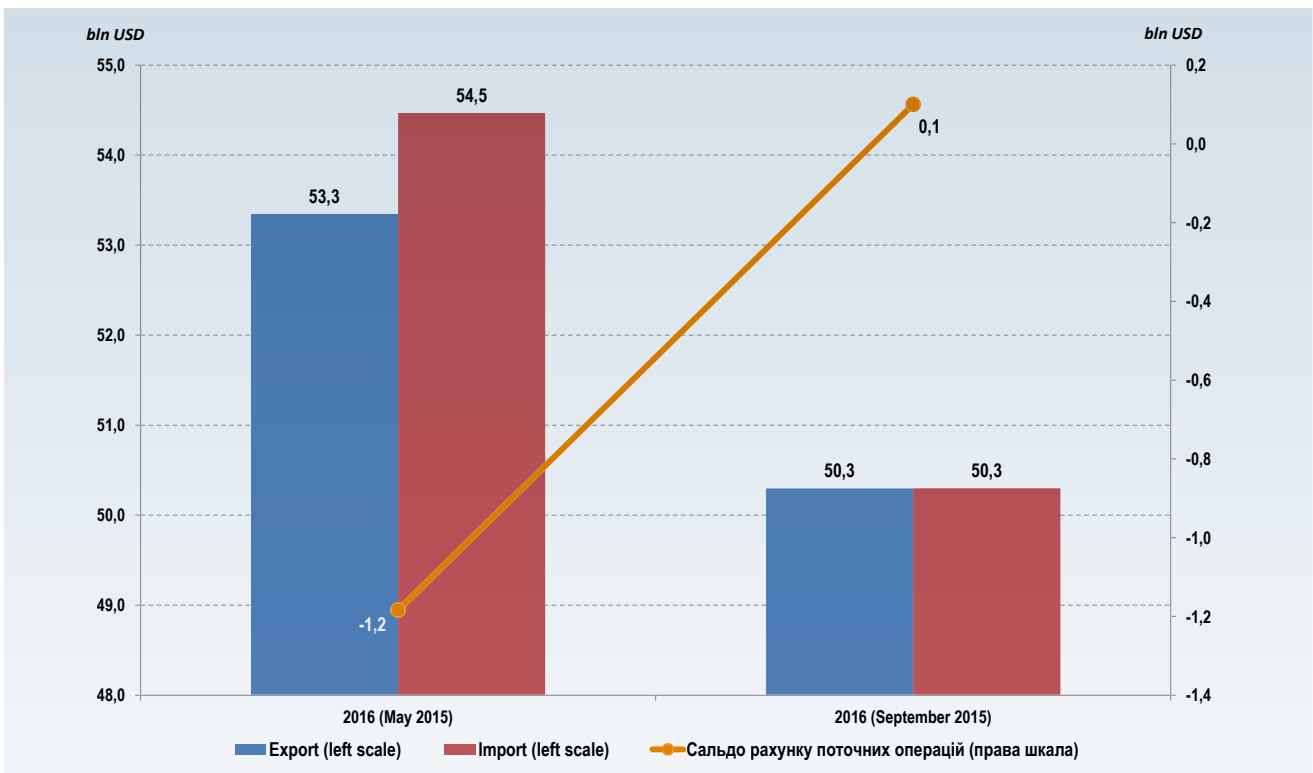


Figure 14. Consensus forecast of volume of exports and imports of goods and services and average value of negative current account balance in 2016

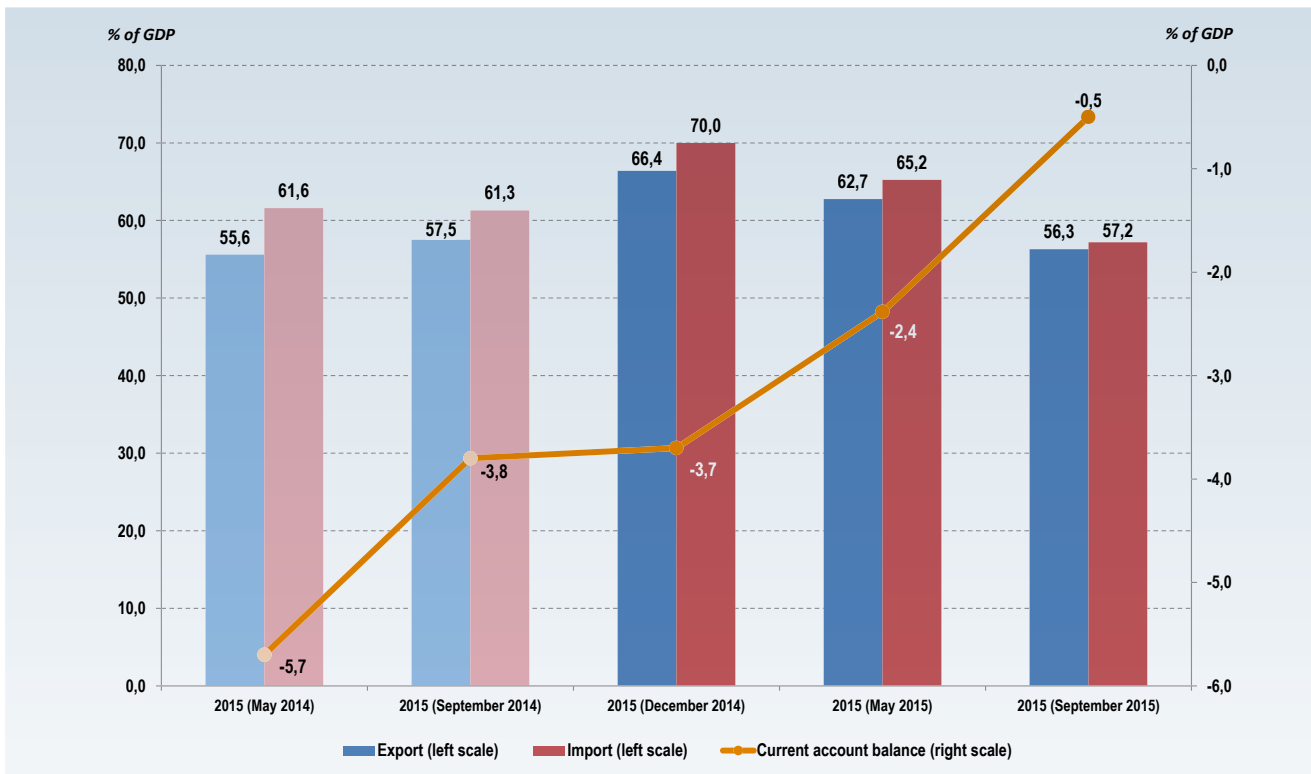


Figure 15. Consensus forecast of percentage of exports and imports of goods and services in GDP structure and average value of negative current account balance in GDP in 2015

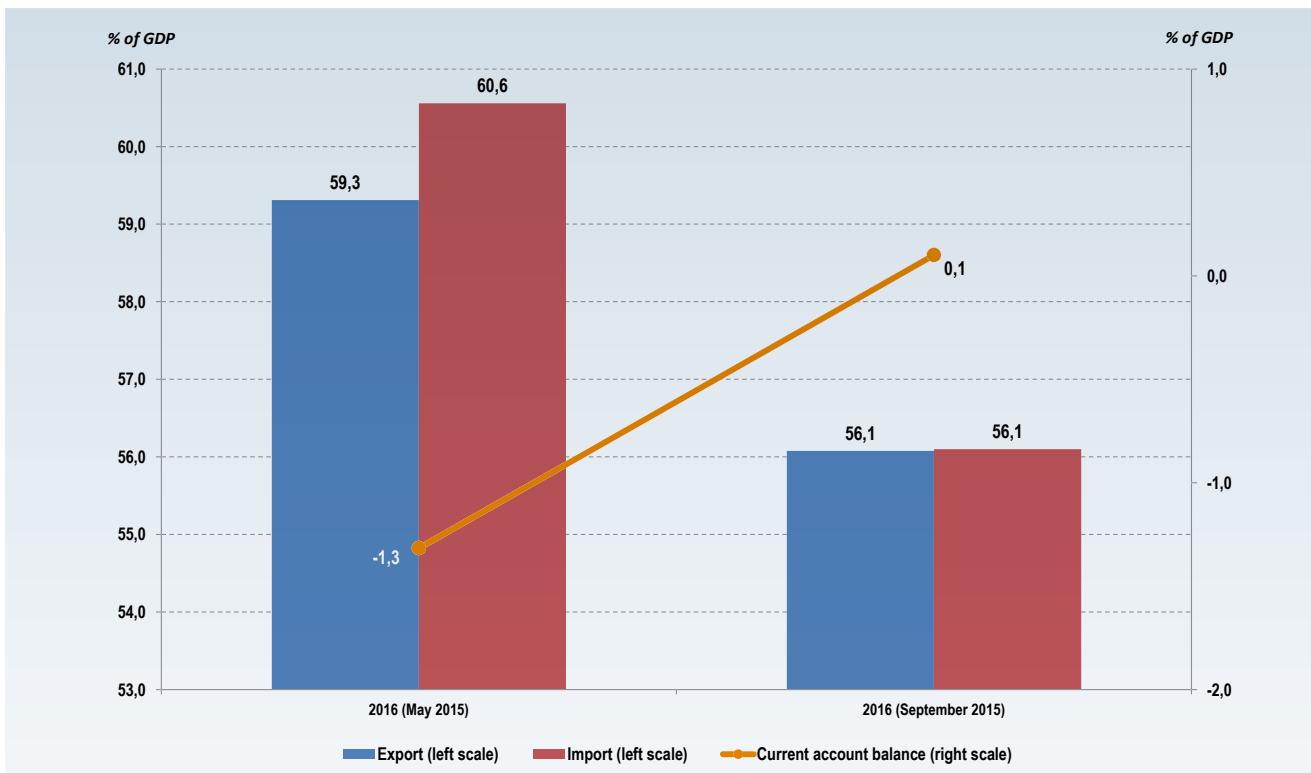


Figure 16. Consensus forecast of percentage of exports and imports of goods and services in GDP structure and average value of negative current account balance in GDP in 2016

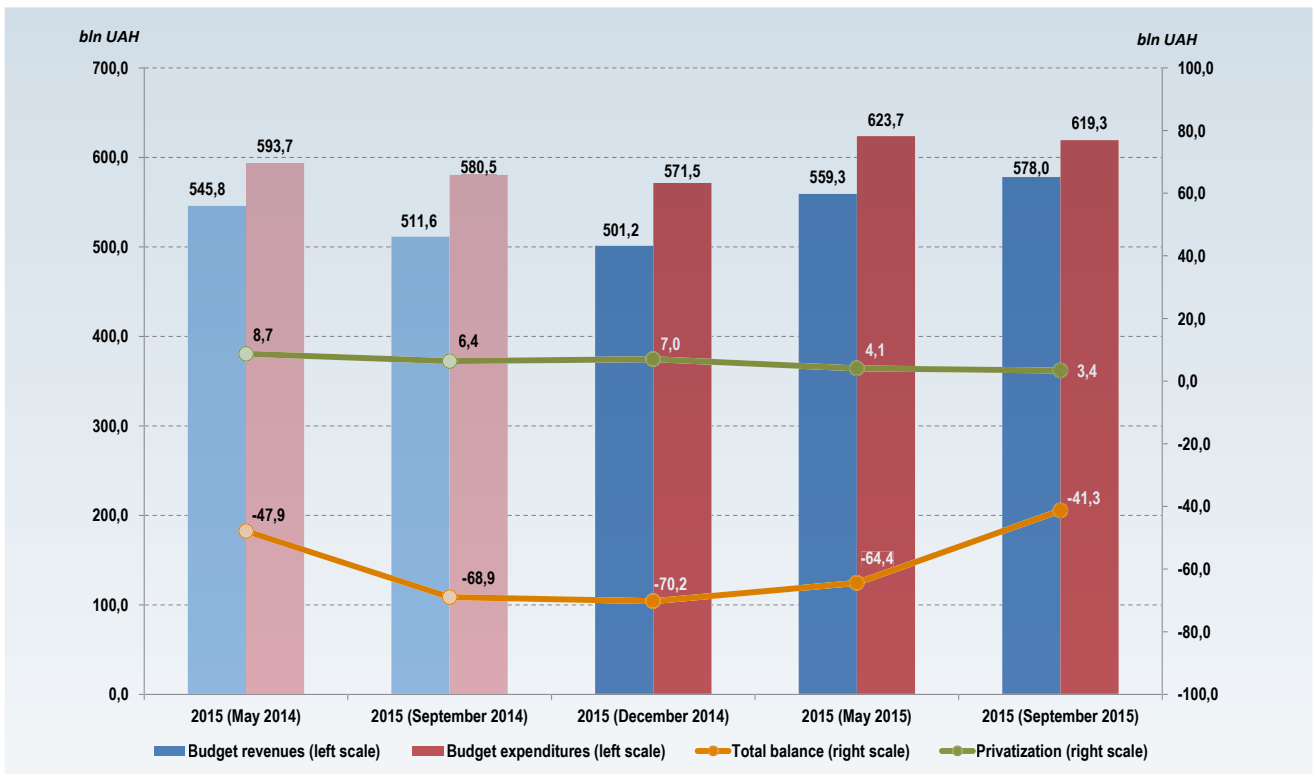


Figure 17. Consensus forecast of budgetary indicators in 2015

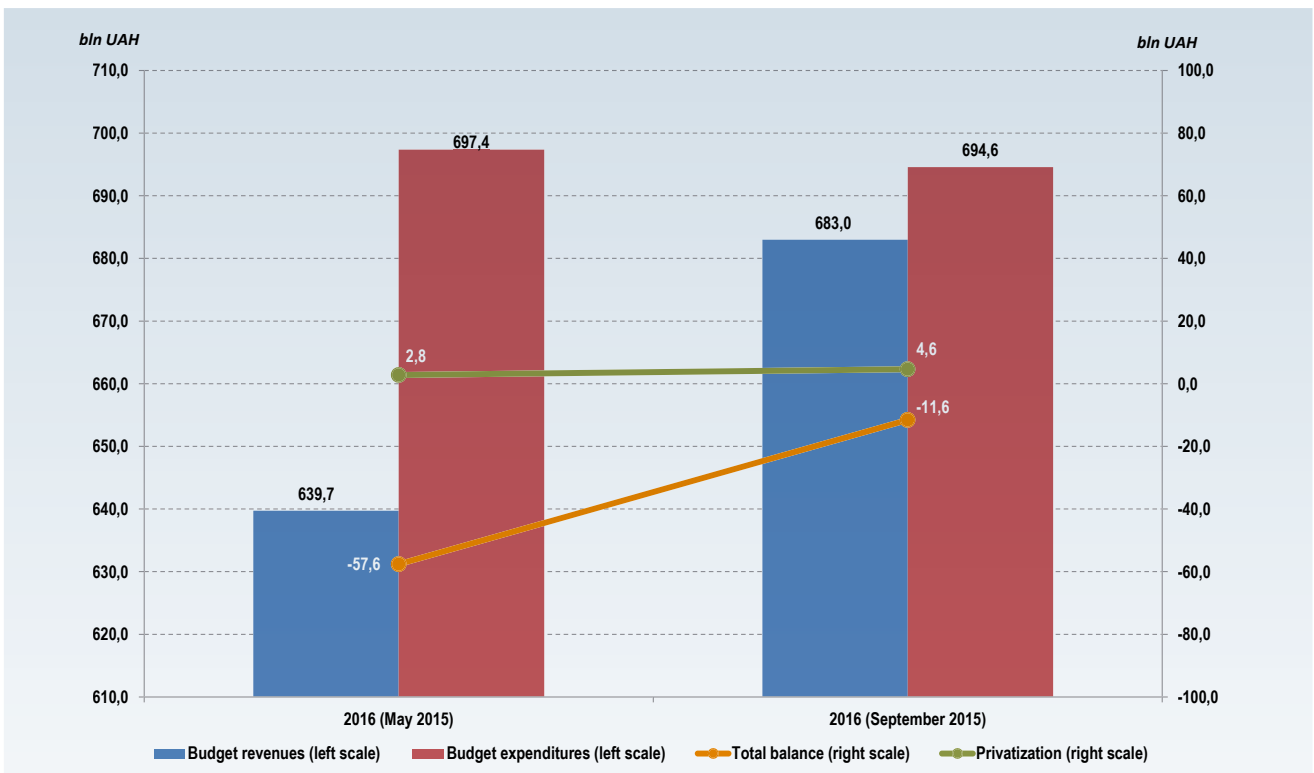


Figure 18. Consensus forecast of budgetary indicators in 2016

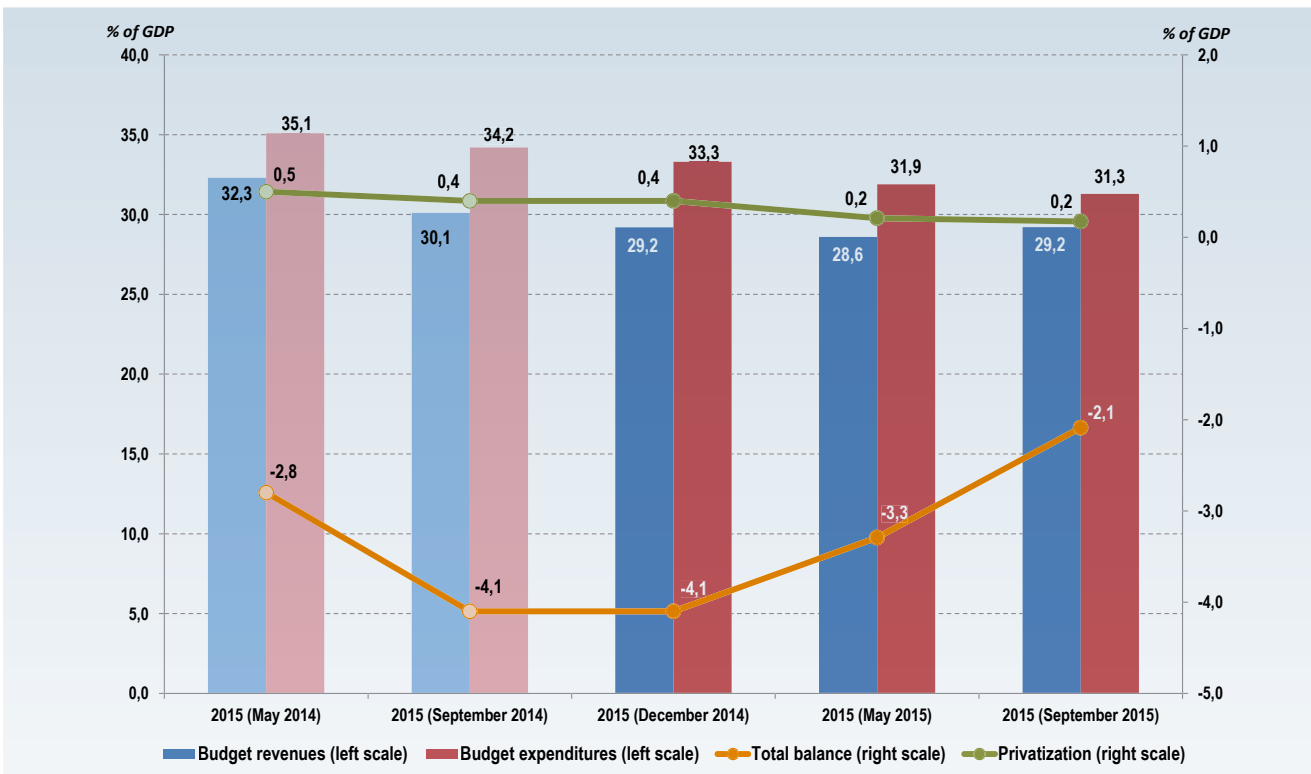


Figure 19. Consensus forecast of budgetary indicators as percentage of GDP in 2015

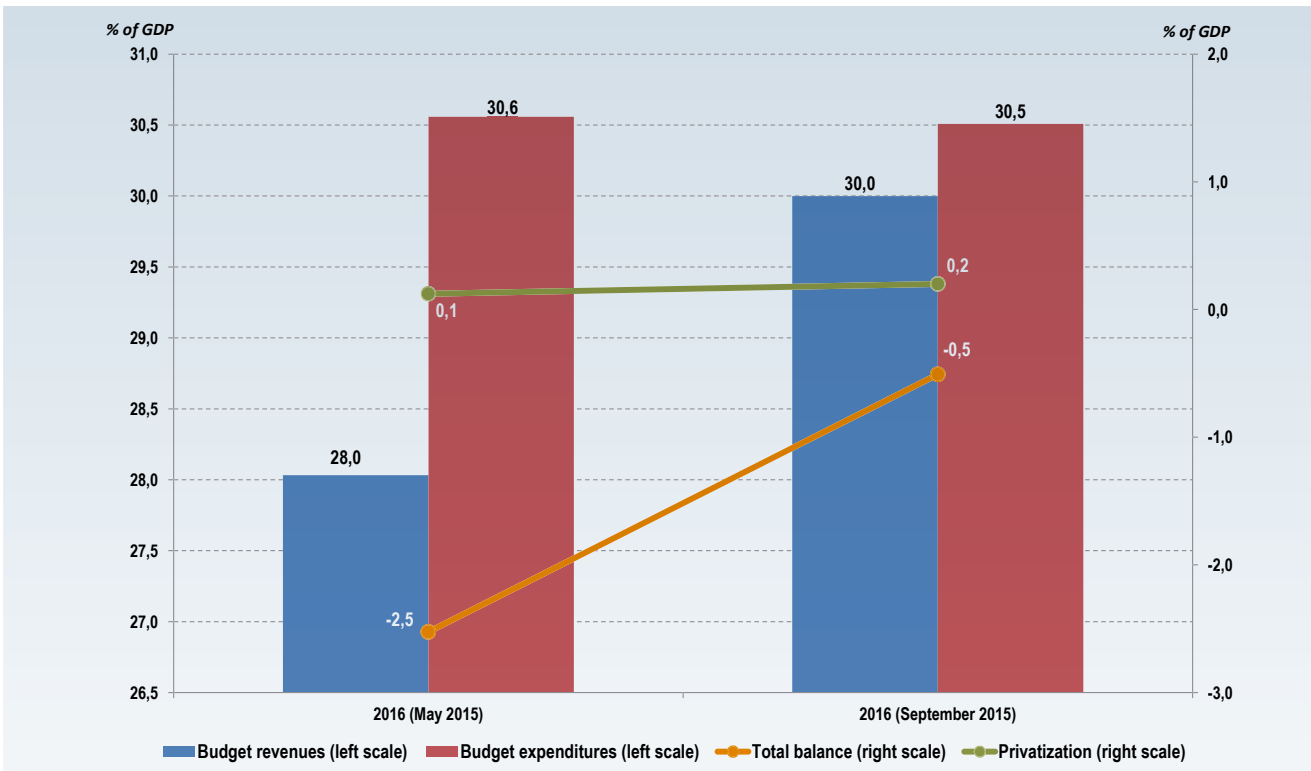


Figure 20. Consensus forecast of budgetary indicators as percentage of GDP in 2016

FORECAST OF MACROECONOMIC INDICATORS FOR 2017–2019 (AVERAGED)

A forecast of basic macro indicators for 2017–2019 has been presented for the second time (Table 11).

The geopolitical conflict and military actions in the east, as well as the economic shocks that Ukraine has experienced in the last year, have changed the economy and blurred the picture of development prospects. Therefore, differences in expert forecast estimates for a medium-term outlook have increased significantly.

Despite the fact that most expert forecast a generally more active investment demand in response to certain macro stabilization and the need for modernization of the economy, growing scientific and technological potential, and, accordingly, increasing competitiveness of domestic products, divergence of views on the future investment dynamics is significant. The variation reaches 15.9 percentage points, between 2.1% and 18.0%, the average rate being 10.6%.

Private consumption is also expected to grow at a higher pace than during the forecast years of 2015–2016: averaged real growth rate is 3.2%. Variation of values for this component remains at an acceptable level, 3.9 percentage points (between 1.4% and 5.3%).

According to expert forecasts, general public administration spending will gradually decrease (averaged estimate of government consumption is 2%, the value varying between 14.7% decline and 4.6% increase).

As regards the price situation, somewhat lower inflation rates are generally expected for a medium term compared to the May consensus forecast: average annual forecast values of consumer price index and producer price index are 108.2% and 109.4%, respectively. Difference between the minimum and maximum values is 9 percentage points (variation of consumer price index is between 105% and 114.0%) and 8.7 percentage points (variation of producer price index is between 106.3% and 115.0%).

No common vision can be observed in medium-term forecast estimates for foreign trade development. In particular, current account balance estimates vary between +1.9% and –2.1% of GDP. Averaged value for growth of exports of goods and services is 11% (growth varies between 5.7% and 18.3%), that for imports being 9.1% (growth varies between 5.8% and 14.3%).

Forecasts for average annual hryvnia/US dollar exchange rate for 2017–2019 vary between 24.50 and 35.67 UAH/USD (averaged value being 27.67 UAH/USD).

In general, average rate of Ukraine's GDP growth for 2017–2019 is 3.3%. Difference between the minimal and maximum values is 3.4 percentage points (variation between 1.5% and 4.9%).

For the public sector, it is expected that budget spending will be greater than revenue in a medium term (averaged budget deficit will amount to 2.1% of GDP during 2017–2019).



RISKS FOR 2015–2016

Risks were assessed against two criteria: probability of a specific risk occurrence, and impact of the risk on Ukraine’s economy.

Occurrence of risks and their impact upon Ukraine’s economy were assessed using the following scale.

Occurrence probability estimate	Estimate of impact of the occurrence upon Ukraine’s economy
Considerable probability of risk manifestation (50–60%) – 4	Significant impact – 4
Medium probability of risk manifestation (30–49%) – 3	Moderate impact – 3
Moderate probability of risk manifestation (10–29%) – 2	Low impact – 2
Low probability of risk manifestation (less than 10%) – 1	Insignificant impact – 1
Risk not probable – 0	No impact – 0

Based on the materials provided, an integral risk estimate was calculated as a product of occurrence probability estimates and occurrence impact estimates for Ukraine’s economy, weighed by the number of respondents.

Risks for 2015 were assessed for the fifth time whereas risks for 2016 were assessed for the second time. The highest consensus estimate of foreign and domestic risks has an integral value of 16.

Given negative trends in development of the national economy in the current year as well as uncertainty concerning future international cooperation, results of expert surveys demonstrated multidirectional dynamics of domestic and foreign risk estimates.

Among domestic risks in 2015, experts provided very high integral estimates

(from 9 to 11) to nearly a half of the risks/ occurrences:

The highest integral estimates (11 each) were given to:

- ✓ ‘worsening shortages of energy resources in the country (including coal)’;
- ✓ ‘remaining low credit activity of commercial banks’;
- ✓ ‘expansion of the insolvency of the real economy’.

Experts also gave a very high estimate (10) to the risk/occurrence related to ‘accumulation of the population’s negative inflation expectations’.

Amid rather difficult conditions and threats to the functioning of the national economy, experts highly estimated (9) the risk/occurrence of ‘strengthening of devaluation tendencies in the monetary market’.

The leading positions **among foreign risks in 2015** (with integral estimate of 12) belong to the risks/occurrences, existence of which is directly connected with the military face-off in the east of Ukraine:

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

Experts also provided high estimates to the following risks and occurrences (11 each):

- ✓ ‘deficit of external funding and limited opportunities to access international capital markets’;
- ✓ ‘slow recovery of the global economy and remaining low prices in world raw markets’, and ‘minor amount of donor support’;
- ✓ ‘introduction of the RF sanctions against Ukraine’.

As to materialization of the **domestic risks and occurrences for 2016**, the highest in-

tegral estimates, like in 2015, were observed for the following risks:

- ✓ 'worsening shortages of energy resources in the country (including coal)' (11);
- ✓ 'remaining low credit activity of commercial banks' (10);
- ✓ 'expansion of the insolvency of the real economy' (10);
- ✓ 'strengthening of devaluation tendencies in the monetary market' (10).

Among **foreign risks and occurrences for 2016**, the highest integral estimate (11) was given to 'escalation of the Ukrainian-Russian

conflict" and 'slow recovery of the global economy and remaining low prices in world raw markets'.

Besides, the following risks and occurrences have a high integral estimate, 9:

- ✓ 'curtailment of investment plans by foreign companies or postponement for the immediate future due to macroeconomic uncertainty';
- ✓ 'introduction of the RF sanctions against Ukraine';
- ✓ 'implementation of the Association Agreement between Ukraine and the EU'.

Table 4

Integral Estimates Of Foreign Risks For 2015–2016 (as of September 2015)

Foreign risk / phenomenon	2015			2016		
	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	12	3	4	11	3	4
Curtailement of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty	12	3	3	9	3	3
Deficit of external funding and limited opportunities to access international capital markets	11	3	4	10	3	3
Slow recovery of the global economy and remaining low prices on world raw markets	11	4	3	11	3	3
Introduction of the RF sanctions against Ukraine	11	3	3	9	3	3
Proceeding minor amount of donor's support	8	3	3	7	3	3
Implementation of an Association Agreement between Ukraine and the European Union	7	2	3	9	3	3
Further introduction of other countries' trade restrictions allowed by the WTO that adversely affect Ukrainian exports	5	2	2	6	2	3
Significant devaluation of the Euro / Dollar	3	2	2	4	2	2
Action of import restrictions by Ukraine for improving balance of payments	3	1	2	5	3	2
Failure to obtain planned financing from the IMF	x	x	x	7	2	4

Table 5

Integral Estimates Of Domestic Risks For 2015–2016 (as of September 2015)

Domestic risks / phenomenon	2015			2016		
	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
Worsening shortages of energy resources in the country (including coal)	11	3	3	11	3	3
Remaining low credit activity of commercial banks	11	4	3	10	3	3
Expansion of the insolvency of the real economy	11	3	3	10	3	3
Accumulation of the population's negative inflation expectations	10	3	3	8	2	3
Strengthening of devaluation tendencies on the monetary market	9	3	3	10	3	3
Social instability	8	3	3	9	3	4
Defaulting on the country's obligations	7	2	3	7	2	4
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy	7	2	3	8	2	3
Considerable emission to finance the budget deficit	7	2	3	8	2	3
Low crop yields	5	2	3	6	2	3
Substantial increase in natural gas tariffs for the population	x	x	x	7	2	3
Substantial increase in natural gas tariffs for industry	x	x	x	6	2	3

Table 6

Integral Estimates Of Risks For 2015–2016 (as of May 2014 to September 2015)

Risk / phenomenon in May 2014 – September 2015	Integral estimates of risks						
	2015					2016	
	May 2014	September 2014	December 2014	May 2015	September 2015	May 2015	September 2015
Foreign risks							
Escalation of Ukrainian–Russian conflict	10	10	13	12	12	11	11
Curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty	9	9	11	11	12	9	9
Slow recovery of the global economy and remaining low prices on world raw markets	9	7	7	9	11	9	11
Deficit of external funding and limited opportunities to access international capital markets	8	8	12	12	11	12	10
Introduction of the RF sanctions against Ukraine	x	x	x	x	11	x	9
Proceeding minor amount of donor's support	x	x	7	9	8	9	7
Implementation of an Association Agreement between Ukraine and the European Union	x	11	10	7	7	8	9
Further introduction of other countries' trade restrictions allowed by the WTO that adversely affect Ukrainian exports	4	6	6	6	5	5	6
Failure to obtain planned financing from the IMF	6	7	8	10	x	9	7
Action of import restrictions by Ukraine for improving balance of payments	x	x	4	x	3	6	5
Devaluation of the Euro / Dollar	x	x	5	4	3	3	4
Domestic risks							
Expansion of the insolvency of the real economy	8	10	12	13	11	10	10
Remaining low credit activity of commercial banks	9	9	12	12	11	10	10
Worsening shortages of energy resources in the country (including coal)	x	x	12	11	11	9	11
Accumulation of the population's negative inflation expectations	8	9	12	13	10	9	10
Strengthening of devaluation tendencies on the monetary market	8	9	11	11	9	9	10
Social instability	x	x	x	x	8	x	9
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy	7	9	12	8	7	9	8
Considerable emission to finance the budget deficit	8	8	13	9	7	9	8
Defaulting on the country's obligations	5	7	8	8	7	7	7
Low crop yields	x	x	x	8	5	9	6
Substantial increase in natural gas tariffs for the population	11	9	11	x	x	8	7
Substantial increase in natural gas tariffs for industry	9	9	10	x	x	7	6

Table 7

Consensus Forecasts For 2015–2016 (as of September 2015)

Indicator	Year	2015	2016	2015		2016	
		Average		MIN	MAX	MIN	MAX
National accounts		UAH billion					
Nominal GDP		1 978.7	2 276.7	1 920.6	2 064.5	2 062.7	2 555.7
Consumption		1 721.7	1 899.7	1 562.1	1 850.2	1 329.6	2 264.0
Private		1 385.4	1 555.2	1 270.0	1 641.6	1 057.4	2 082.8
Government		331.9	349.5	137.0	424.2	181.2	474.6
Gross capital formation		277.1	326.3	154.8	384.7	259.4	411.6
Gross fixed capital formation		254.3	284.2	210.6	280.8	247.1	330.0
Net exports of goods and non-factorial services		-8.9	-8.3	-50.3	65.0	-72.8	60.0
National accounts		index, year to year, %, annual change					
Real GDP		-9.8	0.2	-12.4	-5.5	-5.5	2.9
Consumption		-15.1	0.5	-23.5	-8.0	-4.3	5.0
Private		-18.0	0.7	-32.3	-7.5	-4.8	5.8
Government		-5.9	-2.4	-19.2	15.3	-16.1	5.5
Gross fixed capital formation		-21.7	3.0	-30.5	-5.0	-8.5	13.4
Exports of goods and services		-23.9	4.4	-31.0	-14.4	-7.6	10.5
Import of goods and services		-27.7	3.1	-36.7	-21.6	-5.6	10.6
Output of particular economic sectors		%, year to year					
Agriculture		-2.6	0.4	-9.8	4.7	-5.0	4.5
Industrial production		-14.5	0.2	-18.0	-11.1	-10.0	10.0
Inflation		index, %					
Deflator of the GDP (annual average)		139.3	115.0	131.0	147.2	109.0	131.0
Consumer price index (annual average)		146.4	115.2	132.7	153.7	108.8	127.0
Dec. versus Dec. of the previous year		147.2	113.3	140.3	151.5	108.6	125.0
Producer price index (annual average)		136.8	114.8	131.0	148.4	107.5	132.0
Dec. versus Dec. of the previous year		131.9	112.3	124.0	139.7	106.0	130.0
External sector		US\$ billion					
Current account		-0.5	0.1	-3.5	4.0	-3.4	2.6
Exports of goods and services		47.9	50.3	42.9	56.0	45.5	56.0
Imports of goods and services		-48.6	-50.3	-44.7	-57.0	-43.2	-56.7
Financial account		0.6	3.0	-1.5	5.5	0.1	8.5
Foreign direct investments		1.0	3.5	0.5	2.7	2.0	8.6
NBU International Reserve, US\$ mln (as of the end of period)		12.1	15.5	7.0	18.3	6.4	20.3

UKRAINE: DEVELOPMENT PROSPECTS

Indicator	Year	2015	2016	2015		2016	
		Average		MIN	MAX	MIN	MAX
External sector		percentage of GDP					
Current account		-0.5	0.1	-4.2	5.0	-3.7	2.9
Exports of goods and services		56.3	56.1	47.4	66.9	43.6	73.6
Imports of goods and services		-57.2	-56.1	-48.9	-68.1	-42.7	-74.5
Financial account		0.8	4.0	-1.9	5.8	0.1	8.1
Foreign direct investments		1.2	3.9	0.5	3.1	1.1	11.0
NBU International Reserve, US\$ bln (as of the end of period)		14.2	17.3	8.3	20.8	7.0	22.4
External sector		%, year to year (nominal)					
Exports of goods and services		-26.7	6.1	-34.3	-14.3	0.7	14.8
Import of goods and services		-31.2	3.3	-36.7	-19.3	-4.0	9.2
Exchange rate		UAH / USD					
Average rate		23.26	25.38	22.00	25.00	22.25	29.00
End of period		24.36	25.64	21.65	27.00	22.50	31.00
Public finances		UAH billion					
Revenue of the Consolidated Budget		578.0	683.0	476.0	635.3	521.8	842.8
Expenditure of the Consolidated Budget		619.3	694.6	540.0	675.0	567.0	776.3
Total balance of the Consolidated Budget		-41.3	-11.6	-82.7	89.8	-84.6	119.2
The balance of the general government (including the Pension Fund of Ukraine)		-91.6	-79.3	-139.2	-73.3	-84.6	-72.5
The balance of «Naftogaz» Ukraine (IMF methodology)		-56.4	-15.1	-69.3	-29.7	-35.0	-4.6
Public debt and government-backed debt of Ukraine		1 653.4	1 532.9	1 325.0	1 781.6	220.0	1 943.5
Public finances		percentage of GDP					
Revenue of the Consolidated Budget		29.2	30.0	24.1	32.7	22.8	40.5
Expenditure of the Consolidated Budget		31.3	30.5	27.3	34.0	26.2	35.4
Total balance of the Consolidated Budget		-2.1	-0.5	-4.2	4.6	-3.7	5.1
The balance of the general government (including the Pension Fund of Ukraine)		-4.6	-3.4	-7.1	-3.7	-3.7	-3.2
The balance of «Naftogaz» Ukraine (IMF methodology)		-2.8	-0.7	-3.6	-1.5	-1.4	-0.2
Public debt and government-backed debt of Ukraine		83.6	67.3	67.4	90.5	10.0	85.0
Social indicators							
Unemployment rate (ILO methodology) aged 15–70, percent of the economically active population in respective age group		10.4	10.2	9.0	13.0	8.0	12.5
Averaged wage of workers, UAH		4 124	4 720	3 739	4 500	3 997	5 570

Table 8

Dynamics Of The Consensus Forecast For 2015 (May 2014 – September 2015)

Indicator	Year	May 2014	September 2014	December 2014	May 2015	Deviation (May 2015 / December 2014)	September 2015	Deviation (September 2015 / May 2015)
National accounts, UAH bln								
Nominal GDP		1 690.4	1 698.6	1 718.6	1 955.8	+13.8%	1 978.7	+1.2%
Consumption		1 498.0	1 520.3	1 538.2	1 732.8	+12.7%	1 721.7	-0.6%
Gross capital formation		278.1	242.4	235.3	274.9	+16.8%	277.1	+0.8%
Net exports of goods and non-factorial services		-97.7	-62.0	-58.2	-51.4	+6.8 UAH bln	-8.9	+42.5 UAH bln
National accounts, index, year to year								
Real GDP		2.2	1.4	-3.1	-8.3	-5.2 p.p.	-9.8	-1.5 p.p.
Consumption		1.7	0.9	-3.2	-10.9	-7.7 p.p.	-15.1	-4.2 p.p.
Gross fixed capital formation		2.5	3.8	-7.3	-21.2	-13.9 p.p.	-21.7	-0.5 p.p.
Exports of goods and services		4.2	4.2	-2.7	-18.4	-15.7 p.p.	-23.9	-5.5 p.p.
Imports of goods and services		3.6	2.9	-4.4	-22.5	-18.1 p.p.	-27.7	-5.2 p.p.
Output of particular economic sectors, %, year to year								
Agriculture		-	-	-	-3	-	-2.6	+0.4 p.p.
Industrial production		-	-	-	-12.2	-	-14.5	-2.3 p.p.
Inflation, index								
Consumer price index (annual average)		108.6	109.3	117.2	144.8	+27.6 p.p.	146.4	+1.6 p.p.
Dec. versus Dec. of the previous year		107.8	108.7	112.4	148.4	+36.0 p.p.	147.2	-1.2 p.p.
Producer price index (annual average)		111.0	110.0	119.4	139.6	+20.2 p.p.	136.8	-2.8 p.p.
Dec. versus Dec. of the previous year		110.8	110.1	114.6	136.2	+21.6 p.p.	131.9	-4.3 p.p.
External sector, US\$ billion								
Current account		-8.7	-5.2	-3.6	-2.0	-1.6 US\$ billion	-0.5	-1.5 US\$ billion
Exports of goods and services		85.0	78.5	68.5	51.9	-24.2%	47.9	-7.7%
Imports of goods and services		-94.2	-83.6	-72.2	-54.0	-24.2%	-48.6	-10%
Financial account		11.0	2.9	2.1	1.0	-52.4%	0.6	-41.4%
Foreign direct investments		5.5	3.6	2.2	1.2	+1 US\$ billion	1.0	-0.2 US\$ billion
NBU International Reserve, US\$ mln (as of the end of period)		23.3	21.6	14.8	11.8	-20.3%	12.1	+2.4%
External sector, % of GDP								
Current account		-5.7	-3.8	-3.7	-2.4	-1.3 p.p.	-0.5	+1.9 p.p.
Exports of goods and services		55.6	57.5	66.4	62.7	-3.7 p.p.	56.3	-6.4 p.p.

UKRAINE: DEVELOPMENT PROSPECTS

Indicator	Year	May 2014	September 2014	December 2014	May 2015	Deviation (May 2015 / December 2014)	September 2015	Deviation (September 2015 / May 2015)
Imports of goods and services		-61.6	-61.3	-70.0	-65.2	-4.8 p.p.	-57.2	+8 p.p.
Financial account		2.2	5.1	2.9	1.3	-1.6 p.p.	0.8	-0.5 p.p.
Foreign direct investments		3.6	2.6	2.1	1.4	-0.7 p.p.	1.2	-0.2 p.p.
NBU International Reserve, US\$ bln (as of the end of period)		15.2	15.9	14.4	14.2	-0.2 p.p.	14.2	0
External sector, % year to year (nominal)								
Exports of goods and services		8.6	9.5	-0.7	-20.6	-19.9 p.p.	-26.7	-6.1 p.p.
Imports of goods and services		6.8	7.0	-2.6	-17.4	-14.8 p.p.	-31.2	-13.8 p.p.
Exchange rate, UAH/US\$								
Average rate		11.05	12.4	16.66	23.65	+42.0%	23.26	-1.7%
End of period		-	-	-	24.97	-	24.36	-2.5%
Public finances, UAH bln								
Revenue of the Consolidated Budget		545.8	511.6	501.2	559.3	+11.6%	578.0	+3.3%
Expenditure of the Consolidated Budget		593.7	580.5	571.5	623.7	+9.1%	619.3	-0.7%
Total balance of the Consolidated Budget		-47.9	-68.9	-70.2	-64.4	-5.8 UAH bln	-41.3	-23.1 UAH bln
The balance of the general government (including the Pension Fund of Ukraine)		-	-	-	-111.3	-	-91.6	-19.7 UAH bln
The balance of «Naftogaz» Ukraine (IMF methodology)		-	-	-	-63.0	-	-56.4	-6.6 UAH bln
Public debt and government-backed debt of Ukraine		-	-	-	1 619.0	-	1 653.4	+2.1%
Public finances, % of GDP								
Revenue of the Consolidated Budget		32.3	30.1	29.2	28.6	-0.6 p.p.	29.2	+0.6 p.p.
Expenditure of the Consolidated Budget		35.1	34.2	33.3	31.9	-1.4 p.p.	31.3	-0.6 p.p.
Total balance of the Consolidated Budget		-2.8	-4.1	-4.1	-3.3	-0.8 p.p.	-2.1	-1.2 p.p.
The balance of the general government (including the Pension Fund of Ukraine)		-	-	-	-5.7	-	-4.6	-1.1 p.p.
The balance of «Naftogaz» Ukraine (IMF methodology)		-	-	-	-3.2	-	-2.8	-0.4 p.p.
Public debt and government-backed debt of Ukraine		-	-	-	82.8	-	83.6	0.8 p.p.
Social indicators								
Unemployment rate (ILO methodology) aged 15–70, percent of the economically active population in respective age group		7.8	8.6	9.3	10.5	+1.2 p.p.	10.4	-0.1 p.p.
Averaged wage of workers, UAH		3 731	3 779	3 744	3 781	+1.0%	4 124	+9.1%

Table 9

Dynamics Of The Consensus Forecast For 2016 (May 2015 – September 2015)

Indicator	Year	May 2015	September 2015	Deviation (September 2015 / May 2015)
National accounts, UAH bln				
Nominal GDP		2 282.1	2 276.7	-0.2%
Consumption		1 990.4	1 899.7	-4.6%
Gross capital formation		317.3	326.3	+2.8%
Net exports of goods and non-factorial services		-24.6	-8.3	+16.3 UAH bln
National accounts, index, year to year				
Real GDP		0.7	0.2	-0.5 p.p.
Consumption		0.2	0.5	+0.3 p.p.
Gross fixed capital formation		3.3	3.0	-0.3 p.p.
Exports of goods and services		2.7	4.4	+1.7 p.p.
Imports of goods and services		1.6	3.1	+1.5 p.p.
Output of particular economic sectors, %, year to year				
Agriculture		1.1	0.4	-0.7 p.p.
Industrial production		1.9	0.2	-1.7 p.p.
Inflation, index				
Consumer price index (annual average)		117.2	115.2	-2.0 p.p.
Dec. versus Dec. of the previous year		114.8	113.3	-1.5 p.p.
Producer price index (annual average)		115.6	114.8	-0.8 p.p.
Dec. versus Dec. of the previous year		114.0	112.3	-1.7 p.p.
External sector, US\$ billion				
Current account		-1.2	0.1	-1.3 US\$ billion
Exports of goods and services		53.3	50.3	-5.6%
Imports of goods and services		-54.5	-50.3	-7.6%
Financial account		2.6	3.0	+16.1%
Foreign direct investments		2.5	3.5	+1 US\$ billion
NBU International Reserve, US\$ mln (as of the end of period)		15.4	15.5	+0.7%

Indicator	Year	May 2015	September 2015	Deviation (September 2015 / May 2015)
External sector, % of GDP				
Current account		-1.3	0.1	+1.4 p.p.
Exports of goods and services		59.3	56.1	-3.2 p.p.
Imports of goods and services		-60.6	-56.1	+4.5 p.p.
Financial account		3.3	4.0	+0.7 p.p.
Foreign direct investments		2.8	3.9	+1.1 p.p.
NBU International Reserve, US\$ bln (as of the end of period)		17.1	17.3	+0.2 p.p.
External sector, % year to year (nominal)				
Exports of goods and services		4.1	6.1	+21 p.p.
Imports of goods and services		1.9	3.3	+1.4 p.p.
Exchange rate, UAH/US\$				
Average rate		25.37	25.38	+0.01
End of period		25.62	25.64	+0.02
Public finances, UAH bln				
Revenue of the Consolidated Budget		639.7	683.0	+6.8%
Expenditure of the Consolidated Budget		697.4	694.6	-0.4%
Total balance of the Consolidated Budget		-57.6	-11.6	+46 UAH bln
The balance of the general government (including the Pension Fund of Ukraine)		-102.9	-79.3	+23.6 UAH bln
The balance of «Naftogaz» Ukraine (IMF methodology)		-33.2	-15.1	+18.1 UAH bln
Public debt and government-backed debt of Ukraine		1 793.1	1532.9	-260.2 UAH bln
Public finances, % of GDP				
Revenue of the Consolidated Budget		28.0	30.0	+2.0 p.p.
Expenditure of the Consolidated Budget		30.6	30.5	-0.1 p.p.
Total balance of the Consolidated Budget		-2.5	-0.5	-2.0 p.p.
The balance of the general government (including the Pension Fund of Ukraine)		-4.5	-3.4	+1.1 p.p.
The balance of «Naftogaz» Ukraine (IMF methodology)		-1.5	-0.7	+0.8 p.p.
Public debt and government-backed debt of Ukraine		78.6	67.3	-11.3 p.p.
Social indicators				
Unemployment rate (ILO methodology) aged 15–70, percent of the economically active population in respective age group		9.4	10.2	+0.8 p.p.
Averaged wage of workers, UAH		4 277	4 720	+10.4%

Table 10

Deviation Of The Consensus Forecast For 2015 And 2016 (as of September 2015)

Indicator	Year	Consensus Forecast for 2015 as of September 2015	Consensus Forecast for 2016 as of September 2015	Deviation
National accounts, UAH bln				
Nominal GDP		1 978.7	2 276.7	+15.1%
Consumption		1 721.7	1 899.7	+10.3%
Gross capital formation		277.1	326.3	+17.8%
Net exports of goods and non-factorial services		-8.9	-8.3	+0.6 UAH bln
National accounts, index, year to year				
Real GDP		-9.8	0.2	+10.0 p.p.
Consumption		-15.1	0.5	+15.6 p.p.
Gross fixed capital formation		-21.7	3.0	+24.7 p.p.
Exports of goods and services		-23.9	4.4	+28.3 p.p.
Imports of goods and services		-27.7	3.1	+30.8 p.p.
Output of particular economic sectors, %, year to year				
Agriculture		-2.6	0.4	+3.0 p.p.
Industrial production		-14.5	0.2	+14.7 p.p.
Inflation, index				
Consumer price index (annual average)		146.4	115.2	-31.2 p.p.
Dec. versus Dec. of the previous year		147.2	113.3	-33.9 p.p.
Producer price index (annual average)		136.8	114.8	-22 p.p.
Dec. versus Dec. of the previous year		131.9	112.3	-19.6 p.p.
External sector, US\$ billion				
Current account		-0.5	0.1	+0.6 US\$ billion
Exports of goods and services		47.9	50.3	+5%
Imports of goods and services		-48.6	-50.3	+3.5%
Financial account		0.6	3.0	+5 рази
Foreign direct investments		1.0	3.5	+2.5 US\$ billion
NBU International Reserve, US\$ bln (as of the end of period)		12.1	15.5	+28.4%
External sector, % of GDP				
Current account		-0.5	0.1	+0.6 p.p.
Exports of goods and services		-57.2	-56.1	+1.1 p.p.

UKRAINE: DEVELOPMENT PROSPECTS

Indicator	Year	Consensus Forecast for 2015 as of September 2015	Consensus Forecast for 2016 as of September 2015	Deviation
Imports of goods and services		0.8	4.0	+3.2 p.p.
Financial account		1.2	3.9	+2.7 p.p.
Foreign direct investments		14.2	17.3	+3.1 p.p.
NBU International Reserve, US\$ mln (as of the end of period)		-	-	
External sector, % year to year (nominal)				
Exports of goods and services		-26.7	6.1	+32.8 p.p.
Imports of goods and services		-31.2	3.3	+34.5 p.p.
Exchange rate, UAH/US\$				
Average rate		23.26	25.38	+9.1%
End of period		24.36	25.64	+5.3%
Public finances, UAH bln				
Revenue of the Consolidated Budget		578.0	683.0	+18.2%
Expenditure of the Consolidated Budget		619.3	694.6	+12.2%
Total balance of the Consolidated Budget		-41.3	-11.6	-29.7%
The balance of the general government (including the Pension Fund of Ukraine)		-91.6	-79.3	-12.3 UAH bln
The balance of «Naftogaz» Ukraine (IMF methodology)		-56.4	-15.1	-41.3 UAH bln
Public debt and government-backed debt of Ukraine		1653.4	1532.9	-7.3%
Public finances, % of GDP				
Revenue of the Consolidated Budget		29.2	30.0	+0.8 p.p.
Expenditure of the Consolidated Budget		31.3	30.5	-0.8 p.p.
Total balance of the Consolidated Budget		-2.1	-0.5	-1.6 p.p.
The balance of the general government (including the Pension Fund of Ukraine)		-4.6	-3.4	-1.2 p.p.
The balance of «Naftogaz» Ukraine (IMF methodology)		-2.8	-0.7	-2.1 p.p.
Public debt and government-backed debt of Ukraine		83.6	67.3	-16.2 p.p.
Social indicators				
Unemployment rate (ILO methodology) aged 15-70, percent of the economically active population in respective age group		10.4	10.2	-0.2 p.p.
Averaged wage of workers, UAH		4 124	4 712	+14.4%

Table 11

Consensus Forecasts For 2017–2019 (as of September 2015)

Indicator	Year	2017–2019		
		Average	MIN	MAX
National accounts				
Nominal GDP, UAH bln		2 579.1	2 247.2	2 941.7
Real GDP, index, year to year		3.3	1.5	4.9
Output of particular economic sectors				%, year to year
Agriculture		5.6	3.8	14.5
Industrial production		4.9	1.0	9.0
Inflation				
Consumer price index (annual average)		108.2	105.0	114.0
Producer price index (annual average)		109.4	106.3	115.0
External sector				US\$ bln
Current account		0.6	-2.1	1.9
Exports of goods and services		58.4	55.4	60.6
Imports of goods and services		-57.9	-56.5	-60.1
Financial account		10.2	0.2	24.0
Foreign direct investments		9.6	3.2	16.0
NBU International Reserve, US\$ bln (as of the end of period)		22.5	5.5	33.0
External sector				% of GDP
Current account		0.7	-2.0	2.3
Exports of goods and services		62.6	50.4	78.1
Imports of goods and services		-62.2	-49.1	-79.1
Financial account		10.9	0.2	27.3
Foreign direct investments		10.3	1.7	19.2
NBU International Reserve, US\$ bln (as of the end of period)		24.1	5.0	39.6
External sector				% year to year (nominal)
Exports of goods and services		11.0	5.7	18.3
Imports of goods and services		9.1	5.8	14.3
Exchange rate				UAH/USD
Average		27.67	24.50	35.67
End of period		28.50	23.40	37.33

UKRAINE: DEVELOPMENT PROSPECTS

Indicator	Year	2017–2019		
		Average	MIN	MAX
Public finances		UAH bln		
Revenue of the Consolidated Budget		688.9	587.5	828.0
Expenditure of the Consolidated Budget		742.1	629.0	920.0
Total balance of the Consolidated Budget		-53.2	-96.6	22.3
Public debt and government-backed debt of Ukraine		1 574	1 120	2 542
Public finances		% of GDP		
Revenue of the Consolidated Budget		26.7	20.7	30.6
Expenditure of the Consolidated Budget		28.8	23.9	34.0
Total balance of the Consolidated Budget		-2.1	-3.4	1.0
Public debt and government-backed debt of Ukraine		61.0	47.2	89.5
Social indicators				
Unemployment rate (ILO methodology) aged 15–70, percent of the economically active population in respective age group		9.3	7.9	12.0
Averaged wage of workers, UAH		5 705	4 515	6 640

Methodological explanations to Tables 7, 8, 9, 10 and 11

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.

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 2015–2016, and some quantitative exogenous parameters of development (presented in Table 3);
- ✓ forecasts of the main macroeconomic indicators for 2015 and 2016;
- ✓ additional text explanations given by some organizations regarding their forecast assumptions; and
- ✓ expert assessment of risks for 2015–2016 (presented in Tables 4, 5 and 6).