



MINISTRY OF
ECONOMIC DEVELOPMENT
AND TRADE OF UKRAINE

Ukraine:



DEVELOPMENT PROSPECTS



CONSENSUS FORECAST

DEPARTMENT OF
ECONOMIC STRATEGY
AND MACROECONOMIC
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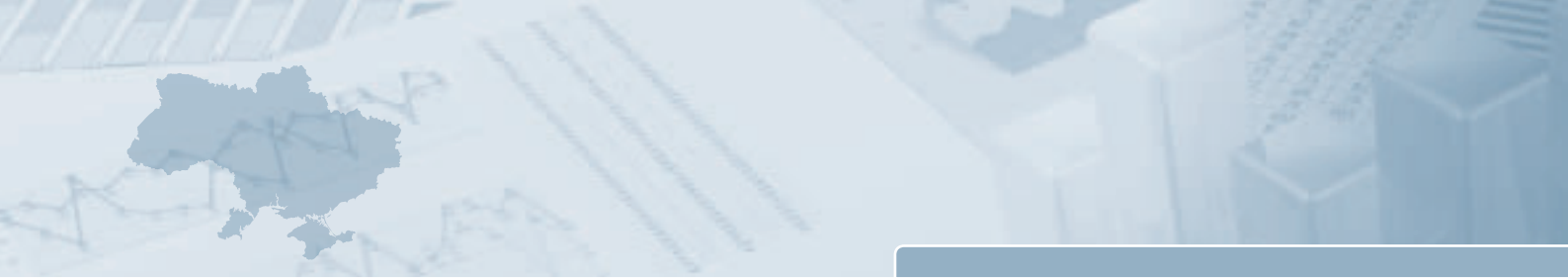
Ukraine:

PERSPECTIVES OF DEVELOPMENT

CONSENSUS FORECAST



Issue 38, 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 macro-analysis and forecasting. 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.

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CONSENSUS FORECAST


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UKRAINE: PERSPECTIVES OF DEVELOPMENT – 38 CONSENSUS FORECAST – contains materials from the seminar on macroeconomic forecasting held in May 2015. Consensus Forecast content is an ‘averaged’ value of forecast of the major macroeconomic indicators for Ukraine calculated on the basis of expert estimates provided by participants in the Consensus Forecast survey. Leading experts are invited to express their opinion on evaluation of 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, which is aimed at increasing the quality of macroeconomic forecasting and marshalling more active expert debates on macroeconomic stability. Consensus Forecast seminars promote knowledge sharing and information exchange among major forecasting organizations (governmental institutions, international financial organizations, scientific 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		104.1	105.5	100.2	100	93.2
Consumption		106.3	111.3	107.4	105.2	92.6
Gross fixed capital formation		103.2	108.5	105	91.6	77.0
Exports of goods and services		104.1	102.7	94.4	91.9	85.5
Imports of goods and services		114.4	115.4	103.8	96.5	77.9
Output of particular economic sectors, % year to year						
Agriculture		98.6	120.2	96.1	113.6	102.8
Industrial production		112.0 ²	108.0	99.3	95.7	89.9
Inflation, index (% annual change)						
Consumer price index (annual average)		109.4	108.0	100.6	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		93.2	92.7	-0.5 p.p.
Consumption		92.6	93.9	+1.3 p.p.
Gross fixed capital formation		77.0	74.9	-2.1 p.p.
Exports of goods and services		85.5	86.2	+0.7 p.p.
Imports of goods and services		77.9	80.2	+2.3 p.p.
Output of particular economic sectors, % , year to year				
Agriculture		102.8	-	-
Industrial production		89.9	-	-
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	-2,1 times
Foreign direct investments		-0.3	0.5	-0.8 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		3480	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	May 2015
GDP, % real change:						
Russian Federation		1.6	1.1	-0.6	-3.4	-1.0
USA		2.9	3.0	3.0	3.0	2.9
China		7.1	7.2	7.2	6.3	6.5
Euro area/EU		1.7	1.5	1.3	1.4	1.6
Prices of Brent crude oil, US\$/barrel (annual average)		103.7	112.0	71.1	61.5	70.5
Price of steel, % to previous year (annual average)		-	-	-	17.2	23.5
Exchange rate, euro/US\$ (annual average)		1.4	1.3	1.2	1.1	1.1
Price of natural gas, US\$ per 1000m3 (annual average)		384.1	372.3	339.6	279.9	287.0
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	16.4
hot water, heating		37.9	38.9	50.0	69.1	36.4
electricity		25.0	24.3	21.4	45.4	38.4
Minimum wage, UAH (annual average)		1 358.1	1 325.1	1 312.8	1 242.6	1 425.9
Gross grain yield, million tons		55.4	60.0	60.7	56.9	58.1
Discount rate, %, end of period		9.9	11.4	13.2	25.6	21.3
Average weighted average annual rate on credits of commercial banks in national currency, %		-	-	-	29.8	25.0
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	6.8
Budget revenue from privatization, UAH mln		6 192.6	5 609.1	5 569.9	4 083.3	2 800.0

Comment:

- ✓ among external assumptions most significant changes have occurred in estimates of development of Russian Federation which became negative from positive ones and also expectations of oil prices on the world market decrease significantly;
- ✓ among internal assumptions among experts most reviewed assumptions about price parameters: cost of gas for the population was increased in times, as well as discount rate of the NBU. Also notable is the reviewing of incomes, minimum wage and budget revenues from privatization were reduced.

FORECAST OF MACROECONOMIC INDICATORS FOR 2015–2016

We offer your attention to the fourth version of the Consensus Forecast of the main macro-indicators of Ukraine’s economic and social development for 2015 and the first 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 participants of the seminar (Tables 7–9).

Considering that according to the Action Plan to improve the Strategy of State Statistics Development till 2017, in 2014 year was held a transition to calculations of statistic information based on methodological changes provided by updated international standards in the area of national accounts System of National Accounts 2008 (SNA 2008) with use of a new version of Classification of Types of Economic Activity 2010 (NACE 2010), since December 2014 are based on “Methodological positions of the updated version of System of National accounts 2008” (Order of the State Statistics Service of Ukraine 17.12.2013 # 398).

Therefore, there is incorrect comparing with previous projections.

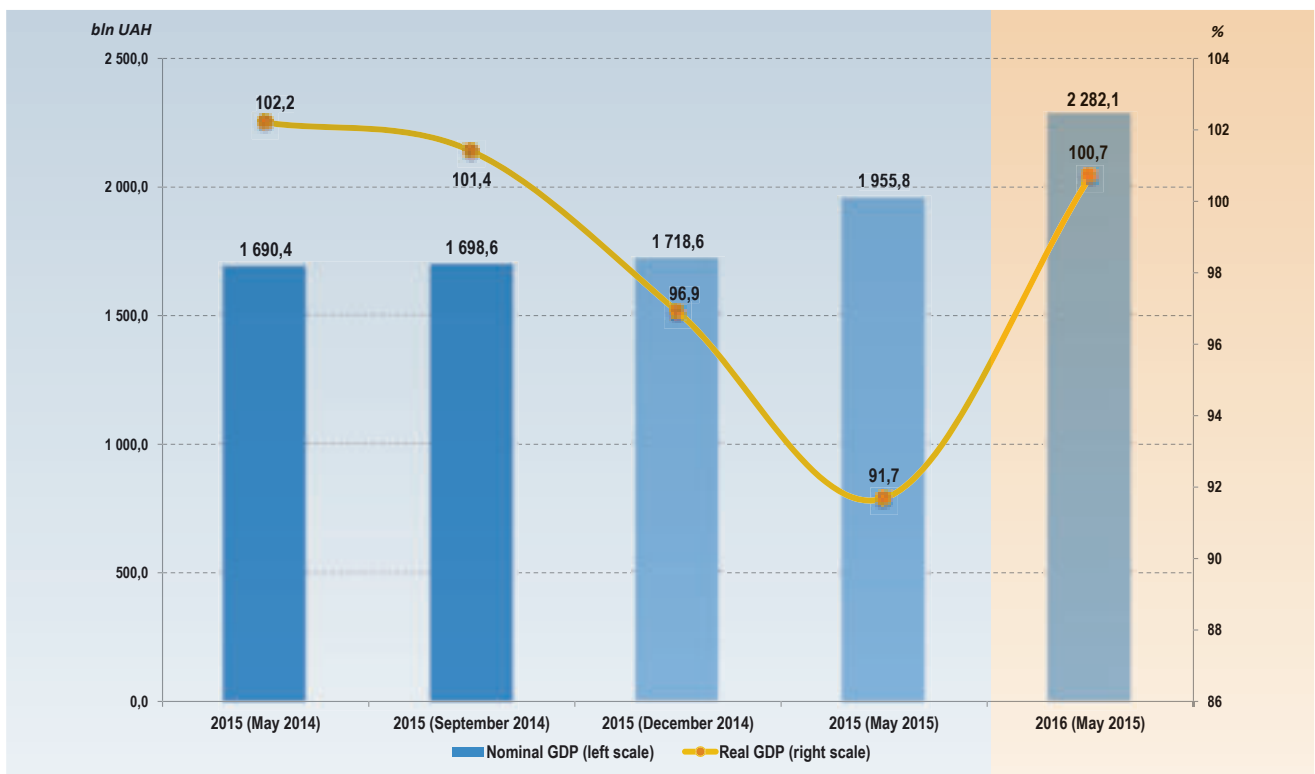


Figure 1. Consensus forecast of nominal and real GDP in 2015–2016

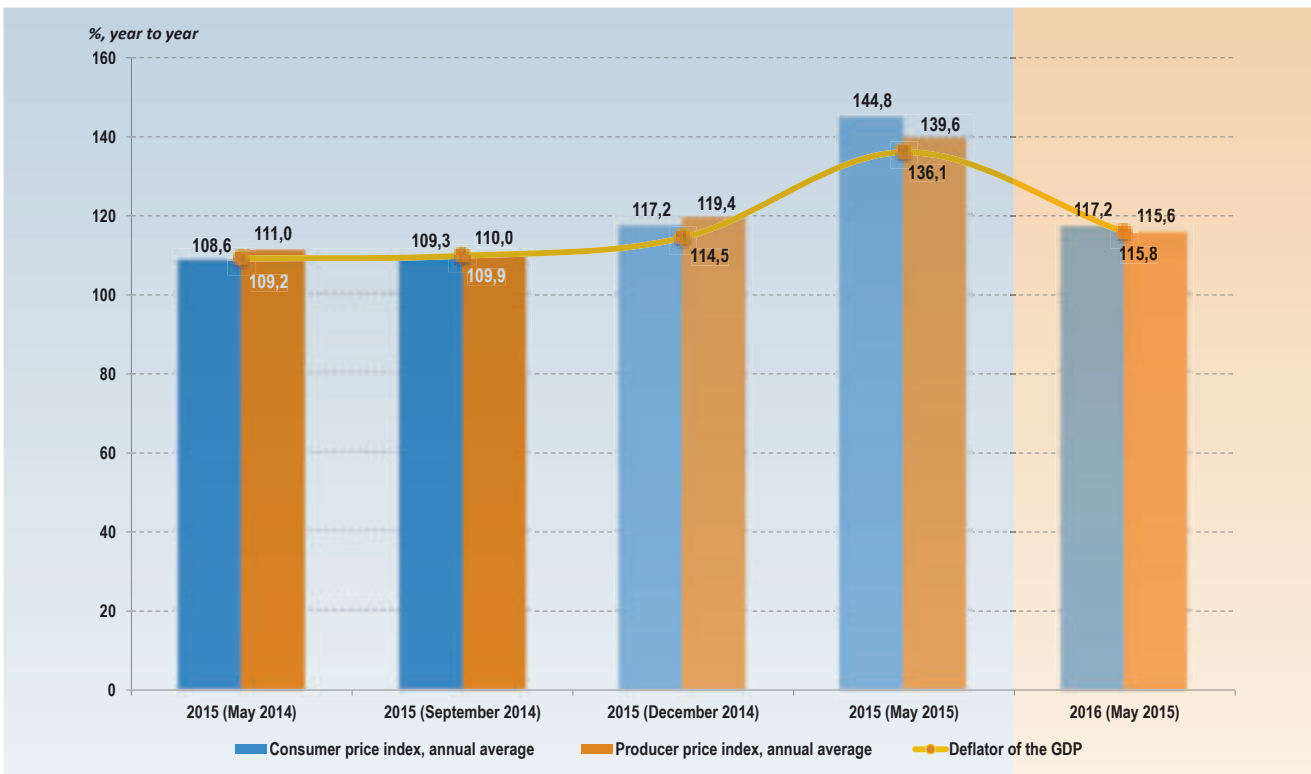


Figure 2. Consensus forecast of price indices for 2015–2016

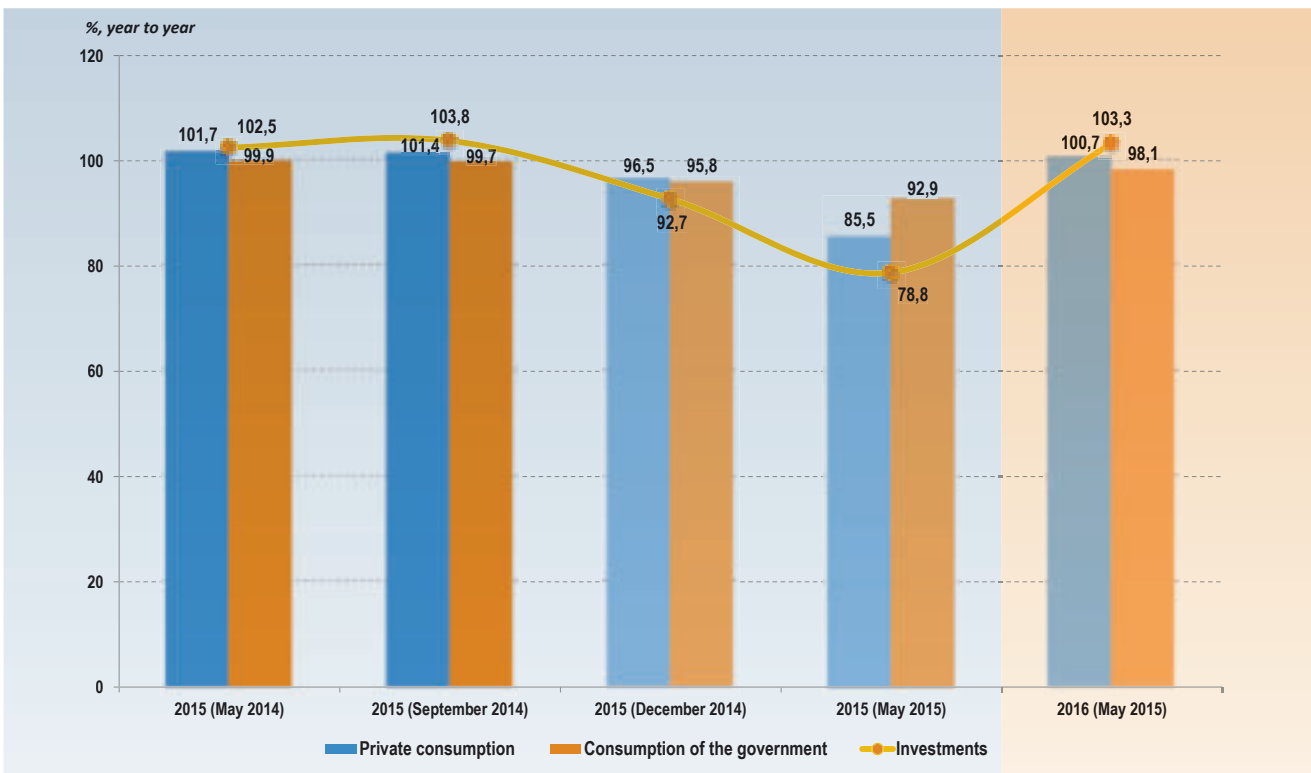


Figure 3. Consensus forecast of private and government consumption and gross fixed capital formation in 2015

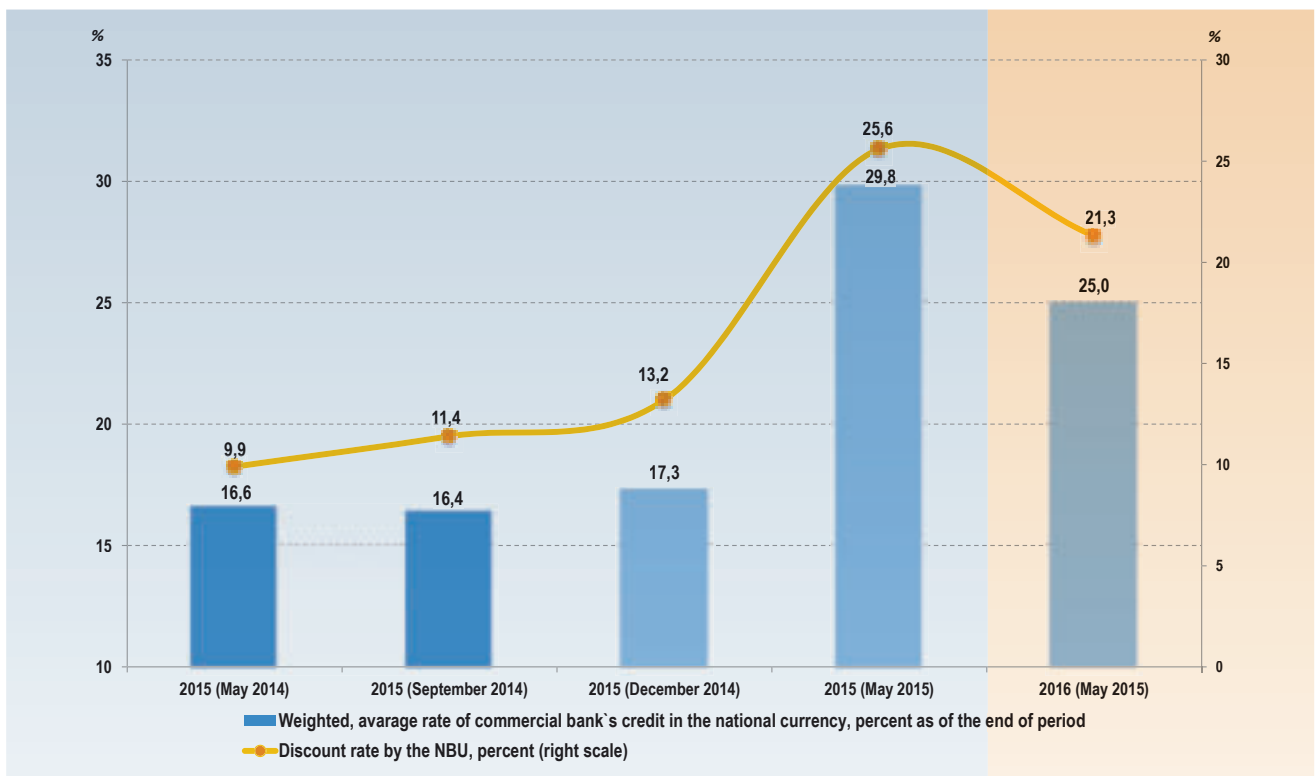


Figure 4. Consensus forecast of indicators of banking area in 2015–2016

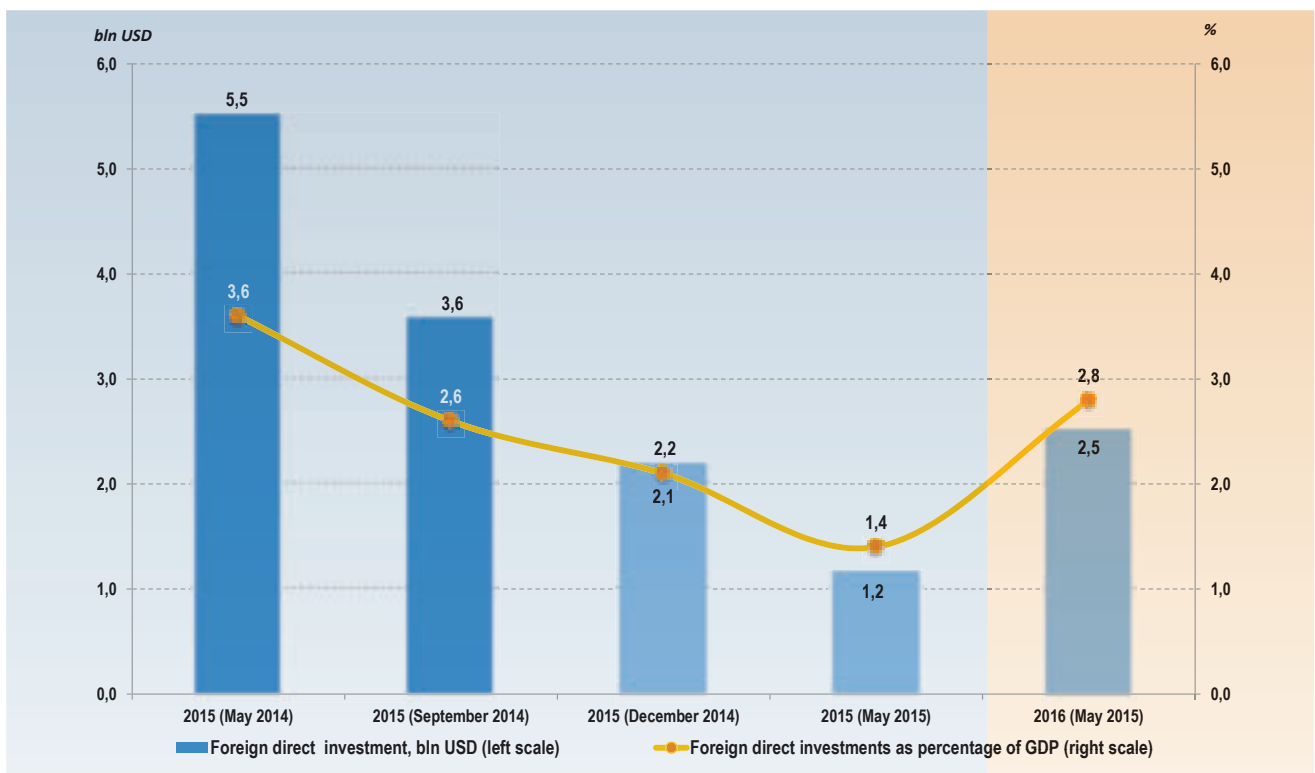


Figure 5. Consensus forecast of net inflow of foreign direct investments in 2015–2016

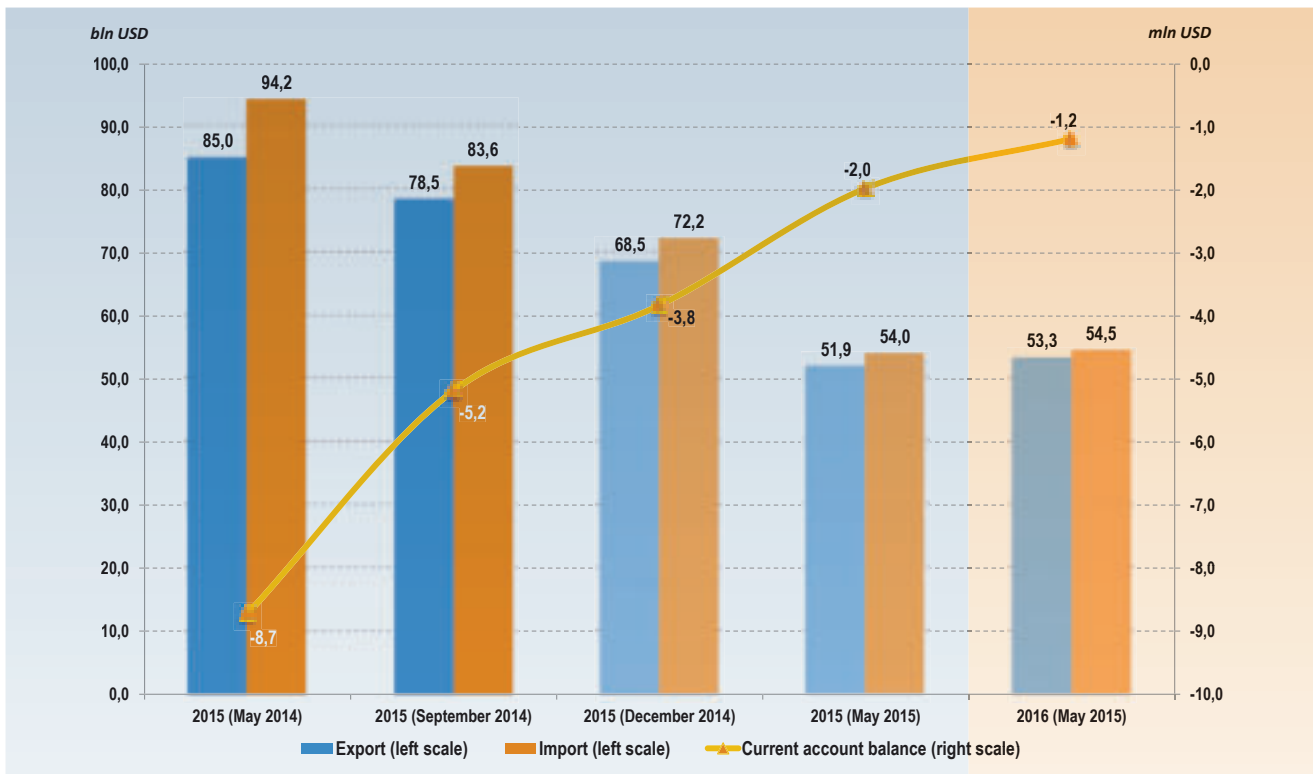


Figure 6. Consensus forecast of volume of exports and imports of goods and services and average value of negative current account balance in 2015–2016

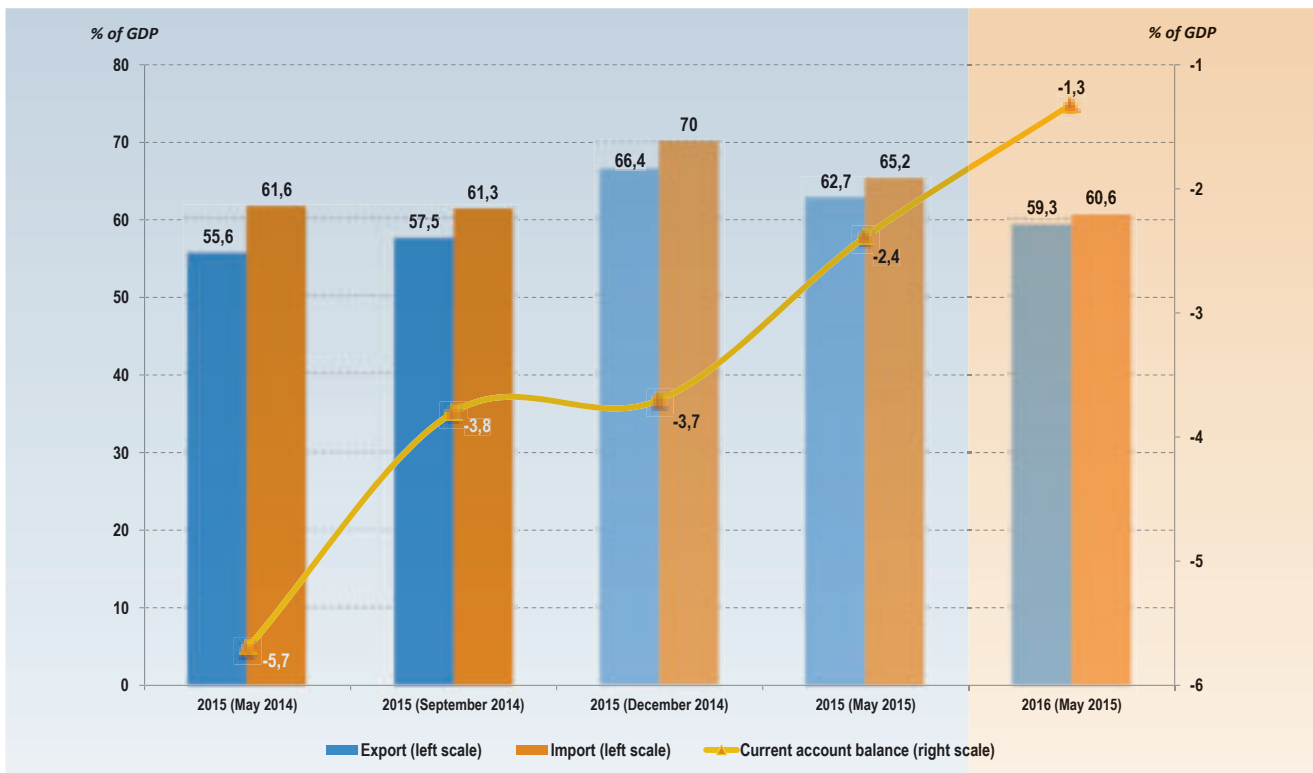


Figure 7. Consensus forecast of percentage of exports and imports of goods and services in GDP structure and average value of negative current account balance in GDP in 2015–2016

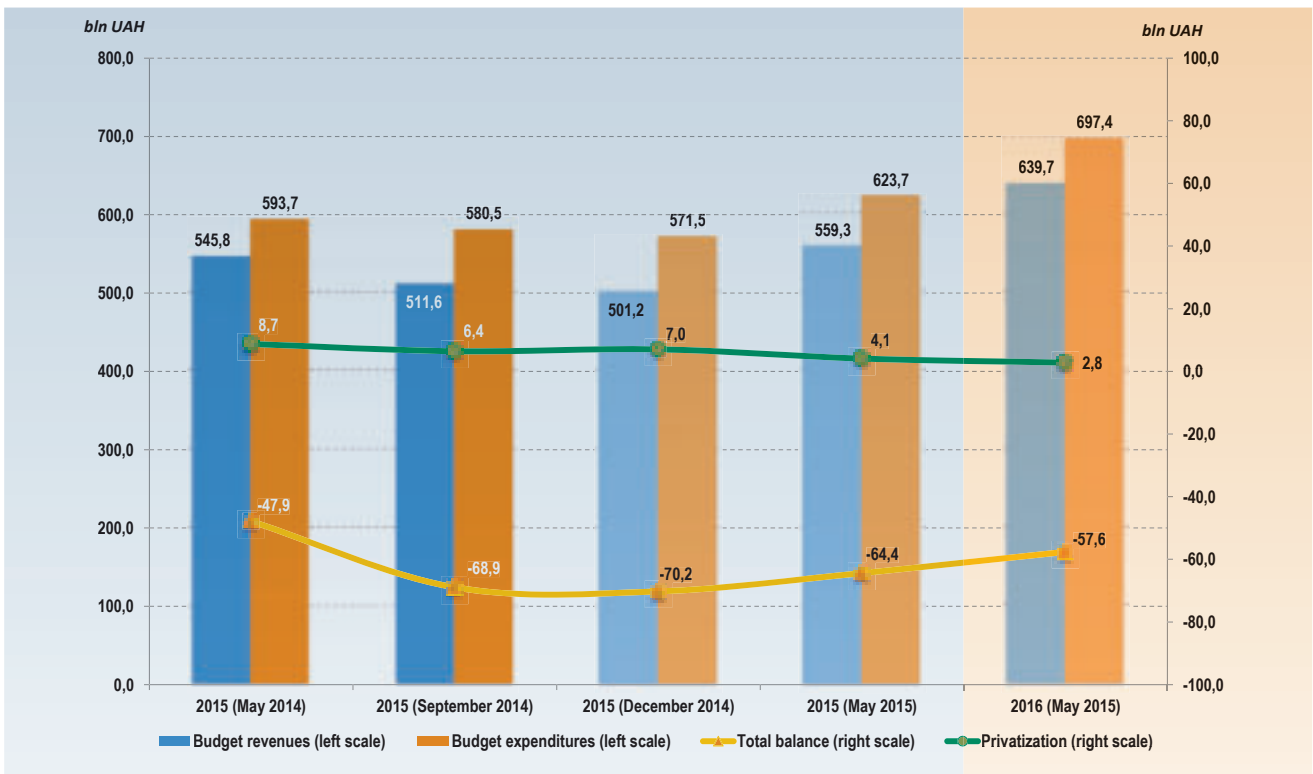


Figure 8. Consensus forecast of budgetary indicators in 2015–2016

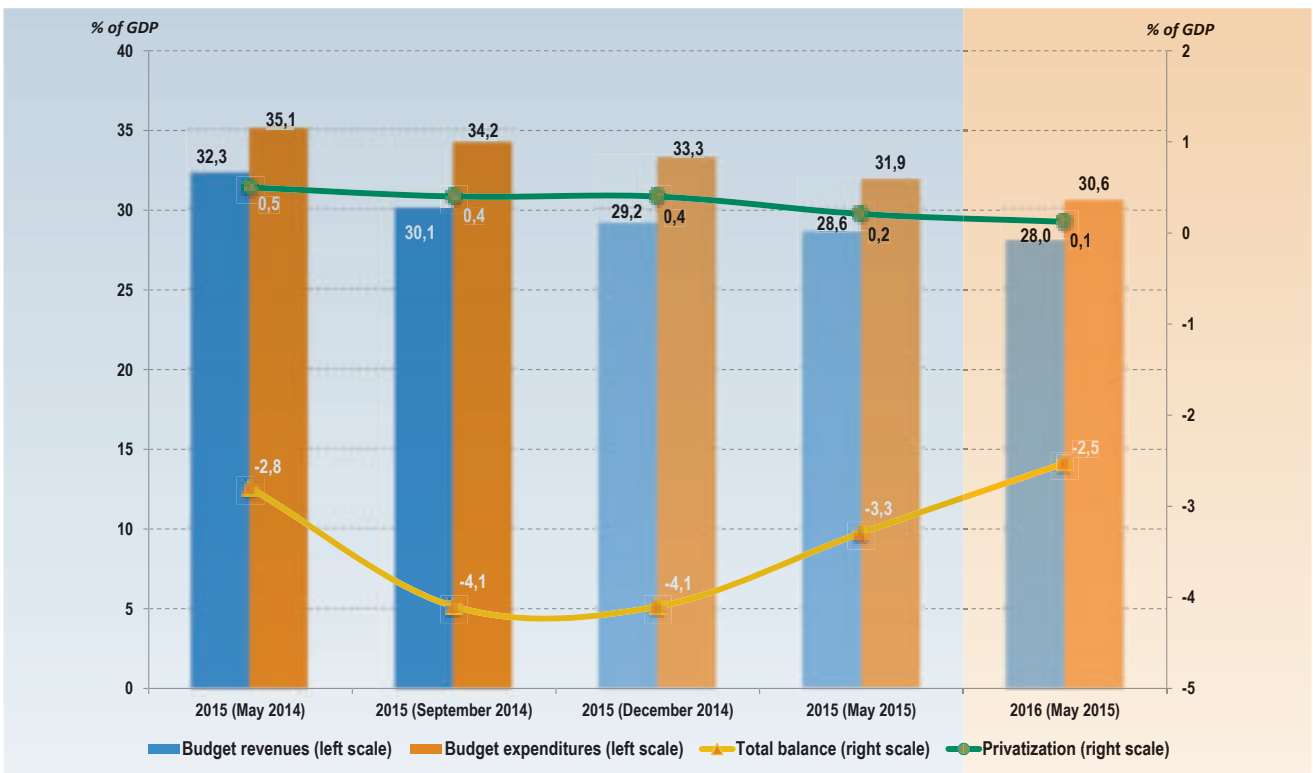


Figure 9. Consensus forecast of budgetary indicators as percentage of GDP in 2015–2016



UKRAINE: DEVELOPMENT PROSPECTS

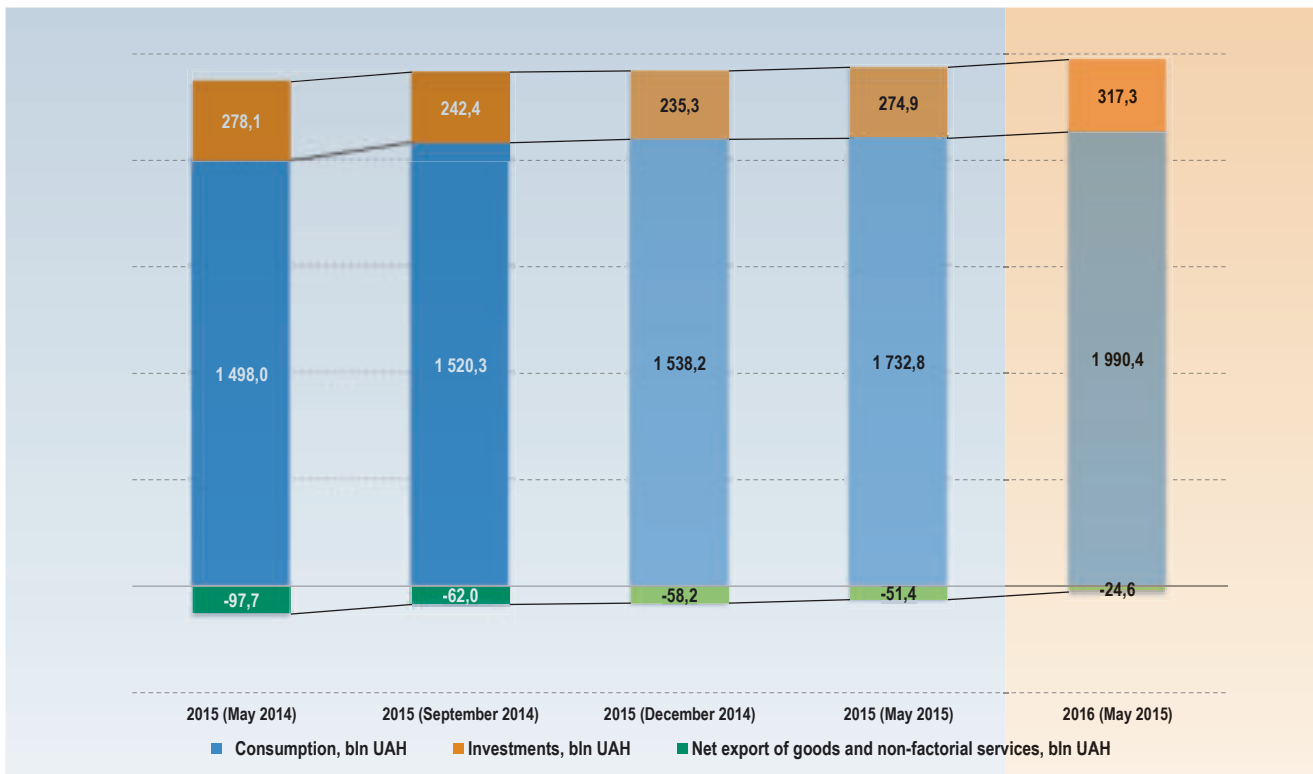


Figure 10. Consensus forecast of main GDP components by final consumption expenditure category in 2015

FORECAST OF MACROECONOMIC INDICATORS FOR 2017–2019 (AVERAGED)

A forecast of basic macroeconomic indicators for the period from 2017 through 2019 has been presented for the first time (Table 10).

Geopolitical conflict and military actions in the east, the economic shocks that Ukraine has experienced in the last year, changed the economy and blurred picture of perspective development. Therefore, differences in economic forecasts for the medium term have increased significantly.

Despite the fact that most experts forecast total activation of investment demand as response to makrostabilization and need for modernization of the economy, increasing scientific and technological potential and accordingly increase competitiveness of domestic products, divergence of views on the dynamics of investment in the future is significant. Variation reaches 18 percentage points from 0% to 18.0%, the average rate is 7.8%.

More rapidly than forecasted years 2015–2016 expected growth of private consumption: average value of real growth is 3.6%. But for this component variation remains quite large – 9 percentage points (from 0% to 9.0%).

According to expert's forecast, general government spending will increase rather discreetly (consensus estimate of real growth in public consumption is 1.5%). Again, for this component there are quite different estimates – variation from decreasing by 14.7% to increasing by 5%).

As about prices, the experts' opinions also have significant differences. Basically, experts forecast some higher inflation in the medium term period comparing with previous forecasts: average forecasts of consumer price index and producer price index (annual average) are 108.4% and 109.7% correspondingly. The difference between the minimum and maximum forecasted values is also significant – 13 percentage points for the consumer price index (variation from 103% to 116%) and 16 percentage points for the index of producer prices (variation from 102% to 118%).

No consensus can be observed in medium-term period forecast estimates for foreign trade. Thus, current account balance estimates vary between +5.2% and –0.2% of GDP. The average forecast for growth of exports of goods and services is 11.6% (variation from 5.2% to 3.4%), and for imports is 6.9% (variation from -5.2% to +15.6%).

However, forecasts for average annual UAH/US\$ exchange rate for 2017–2019 vary between 23.00 and 35.67 (average value of UAH 27.58/US\$).

In general, consensus estimates for Ukraine's economic growth for 2017–2019 are on average 2.8%. The difference between the minimum and maximum value is 2.8 percentage points (variation from 1% to 3.8%).

For the public sector, experts forecast that budget spending is greater than revenue in the medium term period (average value of budget deficit is expected to be 12% of GDP for 2017–2019, the highest estimate – 3.5% of GDP)..



RISKS FOR 2015–2016

We offer you a consensus assessment of risks for 2015–2016.

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 2015 were estimated for the fourth time, whereas risks for 2016 were estimated for the first time. The highest possible consensus estimate for foreign and domestic risks has a value of 16.

Given negative trends in development of the national economy in current year and uncertainty of future international cooperation, results of polls showed multidirectional dynamics in expert’s estimations of domestic and foreign risks.

Among domestic risks in 2015, experts gave a high integral estimate (from 9 to 13) for most risks / phenomenon (66.7% of the total amount).

The highest integral estimate (13) has:

- ✓ expansion of the insolvency of the real economy;
- ✓ accumulation of the population’s negative inflation expectations.

Also high estimate (12) experts gave to risks / phenomena which are directly related to remaining low credit activity of commercial banks.

According to complex conditions and threats of the domestic economy due to expert’s estimations high place (integral estimate 11) was occupied by following risks / phenomenon:

- ✓ worsening shortages of energy resources in the country (including coal);
- ✓ strengthening of devaluation tendencies on the monetary market.

Besides, experts gave a high estimate risks / phenomena about considerable emission to finance the budget deficit (integral estimate 9).

The leading foreign risks in 2015 are considered to be those which are directly related to military confrontation in the eastern part of Ukraine (integral estimate 12):

- ✓ escalation of Ukrainian–Russian conflict;
- ✓ massive outflow of capital from Ukraine due to the political instability.

Experts gave high estimates to the following risks / phenomena:

- ✓ curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty (integral estimate 11);
- ✓ failure to obtain planned financing from the IMF (integral estimate 10);
- ✓ slow recovery of the global economy and proceeding minor amount of donor’s support (integral estimate 9).

As about realization of domestic risks and phenomena for 2016, so it should be noted decreasing integral estimates for all risks / phenomena comparing to estimates for 2015.

So, the highest integral estimate was given to expansion of the insolvency of the real economy (integral estimate 10 comparing 13 for 2015) and remaining low credit activity of commercial banks (integral estimate 10 comparing 12 accordingly).

At the same time high integral estimates have such risks / phenomena (estimate 9 for 2016):

- ✓ accumulation of the population's negative inflation expectations;
- ✓ worsening shortages of energy resources in the country (including coal);
- ✓ strengthening of devaluation tendencies on the monetary market;
- ✓ significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC;
- ✓ considerable emission to finance the budget deficit;
- ✓ low crop yields.

Among foreign risks / phenomena for 2016 highest integral estimate (12) has deficit of external funding and limited opportunities to access international capital markets. At the same time high estimate was given to escalation of Ukrainian–Russian conflict (integral estimate 11).

Integral estimate 9 has the following groups of risks / phenomena:

- ✓ curtailment of investment plans by foreign companies or postponement for the immediate future due to the macroeconomic uncertainty (integral estimate 11 for 2015);
- ✓ failure to obtain planned financing from the IMF (integral estimate 10 accordingly);
- ✓ slow recovery of the global economy and remaining low prices on world raw markets (integral estimate 9 accordingly);
- ✓ proceeding minor amount of donor's support (integral estimate 9 accordingly).



Table 4

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

Table 5

Integral Estimates Of Domestic Risks For 2015–2016 (as of May 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
Expansion of the insolvency of the real economy	13	4	3	10	3	3
Accumulation of the population's negative inflation expectations	13	4	3	9	3	3
Remaining low credit activity of commercial banks	12	4	3	10	3	3
Worsening shortages of energy resources in the country (including coal)	11	3	4	9	3	3
Strengthening of devaluation tendencies on the monetary market	11	3	4	9	3	4
Considerable emission to finance the budget deficit	9	3	3	9	3	3
Significant growth in the state budget deficit and cash shortfalls for the Pension Fund, other state social insurance funds and Naftohaz Ukrainy NJSC	8	2	4	9	3	3
Low crop yields	8	2	3	9	3	3
Defaulting on the country's obligations	8	3	3	7	2	3
Substantial increase in natural gas tariffs for the population	x	x	x	8	2	3
Substantial increase in natural gas tariffs for industry	x	x	x	7	2	3

Table 6

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

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

Table 7

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

Indicator	Year	2015	2016	2014		2015	
		Average		MIN	MAX	MIN	MAX
National accounts		UAH billion					
Nominal GDP		1 955,8	2 282,1	1 691,0	2 153,4	1 867,6	2 795,5
Consumption		1 732,8	1 990,4	1 498,0	1 945,9	1 587,4	2 513,1
Private		1 372,0	1 582,3	1 154,0	1 515,7	1 198,5	1 929,8
Government		358,4	404,8	292,1	439,7	259,9	583,3
Gross capital formation		274,9	317,3	221,0	364,7	239,0	383,3
Gross fixed capital formation		257,4	301,4	219,0	301,5	260,0	380,5
Net exports of goods and non-factorial services		-51,4	-24,6	-18,4	-108,0	40,0	-77,1
National accounts		index, year to year (% annual change)					
Real GDP		91,7	100,7	87,7	94,5	97,0	103,0
Consumption		89,1	100,2	76,5	100,0	95,7	103,4
Private		85,5	100,7	67,7	92,5	95,2	105,8
Government		92,9	98,1	77,3	103,0	83,9	103,2
Gross fixed capital formation		78,8	103,3	66,5	89,5	94,2	115,0
Exports of goods and services		81,6	102,7	71,0	94,8	92,4	108,0
Import of goods and services		77,5	101,6	68,0	92,1	94,4	108,3
Output of particular economic sectors		%, year to year					
Agriculture		97,0	101,1	89,0	104,7	94,0	105,0
Industrial production		87,8	101,9	80,4	94,3	94,0	114,3
Inflation		index (%)					
Deflator of the GDP (annual average)		136,1	115,8	115,0	154,7	109,0	130,0
Consumer price index (annual average)		144,8	117,2	123,0	158,8	111,0	128,0
Dec. versus Dec. of the previous year		148,4	114,8	139,7	167,8	108,0	131,4
Producer price index (annual average)		139,6	115,6	131,0	150,5	107,5	132,0
Dec. versus Dec. of the previous year		136,2	114,0	124,0	158,9	106,0	130,0
External sector		US\$ billion					
Current account		-2,0	-1,2	-0,3	-3,7	0,3	-3,8
Exports of goods and services		51,9	53,3	42,9	68,7	43,2	61,8
Imports of goods and services		-54,0	-54,5	-45,1	-70,8	-47,0	-60,3
Financial account		1,0	2,6	12,2	-7,0	8,5	-1,9
Foreign direct investments		1,2	2,5	0,5	2,3	0,7	3,6
NBU International Reserve, US\$ mln (as of the end of period)		11,8	15,4	5,0	18,2	6,0	25,4



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Indicator	Year	2015	2016	2014		2015	
		Average		MIN	MAX	MIN	MAX
External sector		percentage of GDP					
Current account		-2,4	-1,3	-0,3	-5,2	0,3	-5,4
Exports of goods and services		62,7	59,3	52,4	83,1	47,1	81,3
Imports of goods and services		-65,2	-60,6	-55,5	-85,6	-50,0	-82,9
Financial account		1,3	3,3	12,7	-8,8	8,5	-1,7
Foreign direct investments		1,4	2,8	0,5	2,5	1,0	5,1
NBU International Reserve, US\$ bln (as of the end of period)		14,2	17,1	6,6	19,2	6,6	27,0
External sector		%, year to year (nominal)					
Exports of goods and services		79,4	104,1	65,7	105,2	88,2	116,2
Import of goods and services		82,6	101,9	69,1	108,4	85,2	109,4
Exchange rate		UAH / USD					
Average rate		23.65	25.37	22.00	26.00	22.25	29.00
End of period		24.97	25.62	21.65	29.00	22.50	32.00
Public finances		UAH billion					
Revenue of the Consolidated Budget		559.3	639.7	476.0	635.3	521.8	840.9
Expenditure of the Consolidated Budget		623.7	697.4	523.0	747.2	567.0	918.5
Total balance of the Consolidated Budget		-64.4	-57.6	-8.5	-112.0	-11.4	-122.3
The balance of the general government (including the Pension Fund of Ukraine)		-111.3	-102.9	-78.9	-157.1	-82.2	-164.8
The balance of «Naftogaz» Ukraine (IMF methodology)		-63.0	-33.2	-58.0	-68.3	-5.0	-68.9
Public debt and government-backed debt of Ukraine		1 619.0	1 793.1	1 325.9	1 789.0	1 146.0	2 585.9
Public finances		percentage of GDP					
Revenue of the Consolidated Budget		28.6	28.0	24.9	32.5	23.9	32.1
Expenditure of the Consolidated Budget		31.9	30.6	26.2	36.5	26.7	33.8
Total balance of the Consolidated Budget		-3.3	-2.5	-0.4	-5.2	-0.4	-4.5
The balance of the general government (including the Pension Fund of Ukraine)		-5.7	-4.5	-3.9	-9.3	-3.5	-8.8
The balance of «Naftogaz» Ukraine (IMF methodology)		-3.2	-1.5	-2.9	-3.6	-0.2	-3.4
Public debt and government-backed debt of Ukraine		82.8	78.6	65.0	92.1	61.4	92.5
Social indicators							
Unemployment rate (ILO methodology) aged 15-70, percent of the economically active population in respective age group		10.5	9.4	8.0	13.0	6.0	13.0
Averaged wage of workers, UAH		3 781	4 277	3 150	4 686	3 497	6 004

Table 8

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

Indicator	Year	May 2014	September 2014	December 2014	May 2015	Deviation (May 2015 / December 2014)
National accounts, UAH bln						
Nominal GDP		1 690.4	1 698.6	1 718.6	1 955.8	+13.8%
Consumption		1 498.0	1 520.3	1 538.2	1 732.8	+12.7%
Gross capital formation		278.1	242.4	235.3	274.9	+16.8%
Net exports of goods and non-factorial services		-97.7	-62.0	-58.2	-51.4	+6.8 UAH bln
National accounts, index, year to year						
Real GDP		102.2	101.4	96.9	91.7	-5.2 p.p.
Consumption		101.7	100.9	96.8	89.1	-7.7 p.p.
Gross fixed capital formation		102.5	103.8	92.7	78.8	-13.9 p.p.
Exports of goods and services		104.2	104.2	97.3	81.6	-15.7 p.p.
Imports of goods and services		103.6	102.9	95.6	77.5	-18.1 p.p.
Output of particular economic sectors, % year to year						
Agriculture		-	-	-	97.0	-
Industrial production		-	-	-	87.8	-
Inflation, index						
Consumer price index (annual average)		108.6	109.3	117.2	144.8	+27.6 p.p.
Dec. versus Dec. of the previous year		107.8	108.7	112.4	148.4	+36.0 p.p.
Producer price index (annual average)		111.0	110.0	119.4	139.6	+20.2 p.p.
Dec. versus Dec. of the previous year		110.8	110.1	114.6	136.2	+21.6 p.p.
External sector, US\$ billion						
Current account		-8.7	-5.2	-3.6	-2.0	-1.6 US\$ billion
Exports of goods and services		85.0	78.5	68.5	51.9	-24.2%
Imports of goods and services		-94.2	-83.6	-72.2	-54.0	-24.2%
Financial account		11.0	2.9	2.1	1.0	-52.4%
Foreign direct investments		5.5	3.6	2.2	1.2	+1 US\$ billion
NBU International Reserve, US\$ mln (as of the end of period)		23.3	21.6	14.8	11.8	-20.3%
External sector, % of GDP						
Current account		-5.7	-3.8	-3.7	-2.4	-1.3 p.p.
Exports of goods and services		55.6	57.5	66.4	62.7	-3.7 p.p.



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Indicator	Year	May 2014	September 2014	December 2014	May 2015	Deviation (May 2015 / December 2014)
Imports of goods and services		-61.6	-61.3	-70.0	-65.2	-4.8 p.p.
Financial account		2.2	5.1	2.9	1.3	-1.6 p.p.
Foreign direct investments		3.6	2.6	2.1	1.4	-0.7 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.
External sector, % year to year (nominal)						
Exports of goods and services		108.6	109.5	99.3	79.4	-19.9 p.p.
Imports of goods and services		106.8	107.0	97.4	82.6	-14.8 p.p.
Exchange rate, UAH/US\$						
Average rate		11.05	12.4	16.66	23.65	+42.0%
End of period		-	-	-	24.97	-
Public finances, UAH bln						
Revenue of the Consolidated Budget		545.8	511.6	501.2	559.3	+11.6%
Expenditure of the Consolidated Budget		593.7	580.5	571.5	623.7	+9.1%
Total balance of the Consolidated Budget		-47.9	-68.9	-70.2	-64.4	-5.8 UAH bln
The balance of the general government (including the Pension Fund of Ukraine)		-	-	-	-111.3	-
The balance of «Naftogaz» Ukraine (IMF methodology)		-	-	-	-63.0	-
Public debt and government-backed debt of Ukraine		-	-	-	1 619.0	-
Public finances, % of GDP						
Revenue of the Consolidated Budget		32.3	30.1	29.2	28.6	-0.6 p.p.
Expenditure of the Consolidated Budget		35.1	34.2	33.3	31.9	-1.4 p.p.
Total balance of the Consolidated Budget		-2.8	-4.1	-4.1	-3.3	-0.8 p.p.
The balance of the general government (including the Pension Fund of Ukraine)		-	-	-	-5.7	-
The balance of «Naftogaz» Ukraine (IMF methodology)		-	-	-	-3.2	-
Public debt and government-backed debt of Ukraine		-	-	-	82.8	-
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.
Averaged wage of workers, UAH		3 731	3 779	3 744	3 781	+1.0%

Table 9

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

Indicator	Year	Consensus Forecast for 2015 as of May 2015	Consensus Forecast for 2016 as of May 2015	Deviation
National accounts, UAH bln				
Nominal GDP		1 955.8	2 282.1	+16.7%
Consumption		1 732.8	1 990.4	+14.9%
Gross capital formation		274.9	317.3	+15.4%
Net exports of goods and non-factorial services		-51.4	-24.6	+26.8 UAH bln
National accounts, index, year to year				
Real GDP		91.7	100.7	+9.0 p.p.
Consumption		89.1	100.2	+11.1 p.p.
Gross fixed capital formation		78.8	103.3	+24. p.p.
Exports of goods and services		81.6	102.7	+21.1 p.p.
Imports of goods and services		77.5	101.6	+24.1 p.p.
Output of particular economic sectors, %, year to year				
Agriculture		97.0	101.1	+4.1 p.p.
Industrial production		87.8	101.9	+14.1 p.p.
Inflation, index				
Consumer price index (annual average)		144.8	117.2	-27.6 p.p.
Dec. versus Dec. of the previous year		148.4	114.8	-33.6 p.p.
Producer price index (annual average)		139.6	115.6	-24.0 p.p.
Dec. versus Dec. of the previous year		136.2	114.0	-22.2 p.p.
External sector, US\$ billion				
Current account		-2.0	-1.2	-0.8 US\$ billion
Exports of goods and services		51.9	53.3	+2.7%
Imports of goods and services		-54.0	-54.5	+0.9%
Financial account		1.0	2.6	+2.6 times
Foreign direct investments		1.2	2.5	+1.4 US\$ billion
NBU International Reserve, US\$ bln (as of the end of period)		11.8	15.4	+30.5%
External sector, % of GDP				
Current account		-2.4	-1.3	-1.1 p.p.
Exports of goods and services		62.7	59.3	-3.4 p.p.



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Indicator	Year	Consensus Forecast for 2015 as of May 2015	Consensus Forecast for 2016 as of May 2015	Deviation
Imports of goods and services		-65.2	-60.6	-4.6 p.p.
Financial account		1.3	3.3	+2.0 p.p.
Foreign direct investments		1.4	2.8	+1.4 p.p.
NBU International Reserve, US\$ mln (as of the end of period)		14.2	17.1	+2.9 p.p.
External sector, % year to year (nominal)				
Exports of goods and services		79.4	104.1	+24.7 p.p.
Imports of goods and services		82.6	101.9	+19.3 p.p.
Exchange rate, UAH/US\$				
Average rate		23.65	25.37	+7.3%
End of period		24.97	25.62	+2.6%
Public finances, UAH bln				
Revenue of the Consolidated Budget		559.3	639.7	+14.4%
Expenditure of the Consolidated Budget		623.7	697.4	+11.8%
Total balance of the Consolidated Budget		-64.4	-57.6	-6.8 UAH bln
The balance of the general government (including the Pension Fund of Ukraine)		-111.3	-102.9	-8.4 UAH bln
The balance of «Naftogaz» Ukraine (IMF methodology)		-63.0	-33.2	-29.8 UAH bln
Public debt and government-backed debt of Ukraine		1 619.0	1 793.1	+10.8%
Public finances, % of GDP				
Revenue of the Consolidated Budget		28.6	28.0	-0.6 p.p.
Expenditure of the Consolidated Budget		31.9	30.6	-1.3 p.p.
Total balance of the Consolidated Budget		-3.3	-2.5	-0.8 p.p.
The balance of the general government (including the Pension Fund of Ukraine)		-5.7	-4.5	-1.2 p.p.
The balance of «Naftogaz» Ukraine (IMF methodology)		-3.2	-1.5	-1.7 p.p.
Public debt and government-backed debt of Ukraine		82.8	78.6	-4.2 p.p.
Social indicators				
Unemployment rate (ILO methodology) aged 15-70, percent of the economically active population in respective age group		10.5	9.4	-1.1 p.p.
Averaged wage of workers, UAH		3 781	4 277	+13.1%

Table 10

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

Indicator	Year	2017–2019		
		Average	MIN	MAX
National accounts				
Nominal GDP, UAH bln		2 463.2	2 018.7	2 968.9
Real GDP, index, year to year		102.8	101.0	103.8
Output of particular economic sectors				%, year to year
Agriculture		107.8	102.5	114.5
Industrial production		105.5	101.0	109.0
Inflation				
Consumer price index (annual average)		108.4	103.0	116.0
Producer price index (annual average)		109.7	102.0	118.0
External sector				US\$ bln
Current account		0.8	3.9	-2.1
Exports of goods and services		57.1	55.4	59.3
Imports of goods and services		-56.8	-54.1	-59.9
Financial account		10.8	24.0	0.2
Foreign direct investments		7.6	1.3	16.0
NBU International Reserve, US\$ bln (as of the end of period)		19.7	5.5	33.0
External sector				% of GDP
Current account		0.9	-2.0	5.2
Exports of goods and services		64.0	51.3	85.9
Imports of goods and services		-63.6	-52.6	-86.8
Financial account		12.0	27.3	0.2
Foreign direct investments		8.5	1.9	19.2
NBU International Reserve, US\$ bln (as of the end of period)		22.1	5.3	40.1
External sector				% year to year (nominal)
Exports of goods and services		111.6	94.8	134.0
Imports of goods and services		106.9	94.8	115.6
Exchange rate				UAH/USD
Average		27.58	23.00	35.67
End of period		27.54	22.00	37.33



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Indicator	Year	2017–2019		
		Average	MIN	MAX
Public finances		UAH bln		
Revenue of the Consolidated Budget		698.4	587.5	893.6
Expenditure of the Consolidated Budget		746.9	629.0	991.6
Total balance of the Consolidated Budget		-48.5	22.3	-98.0
Public debt and government-backed debt of Ukraine		1 846	1 120	2 542
Public finances		% of GDP		
Revenue of the Consolidated Budget		28.4	21.6	32.4
Expenditure of the Consolidated Budget		30.1	24.9	35.6
Total balance of the Consolidated Budget		-2.0	1.0	-3.5
Public debt and government-backed debt of Ukraine		75.0	47.2	93.4
Social indicators				
Unemployment rate (ILO methodology) aged 15-70, percent of the economically active population in respective age group		7.5	5.0	12.0
Averaged wage of workers, UAH		4 721	3 780	6 500

Methodological explanations to Tables 7, 8, 9 and 10

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).