National Bank
of Ukraine

Presentation to the press briefing on monetary policy

October 2023

Key messages

- The Board of the National Bank of Ukraine has taken a decision to set its key policy rate at 16%, making it equal to the rate on overnight certificates of deposit. The central bank took this step as it is modernizing the operational design of its monetary policy in line with the lower-bound system. This will reinforce the signaling role of the key policy rate amid the structural liquidity surplus and increase the NBU's power to influence expectations and behavior motives of economic agents

- The NBU has kept interest rates on its transactions with the banks unchanged. It conforms with the need to maintain the attractiveness of hryvnia instruments, which is important for ensuring moderate inflation and exchange rate sustainability over the forecast horizon

- Provided there are no signs that the balance of risks is deteriorating, and provided that market participants have successfully adapted to the new FX regime, the NBU sees the possibility of cutting the key policy rate further at its upcoming meeting. Going forward, interest rate policy easing will be balanced against the need to maintain the attractiveness of hryvnia assets
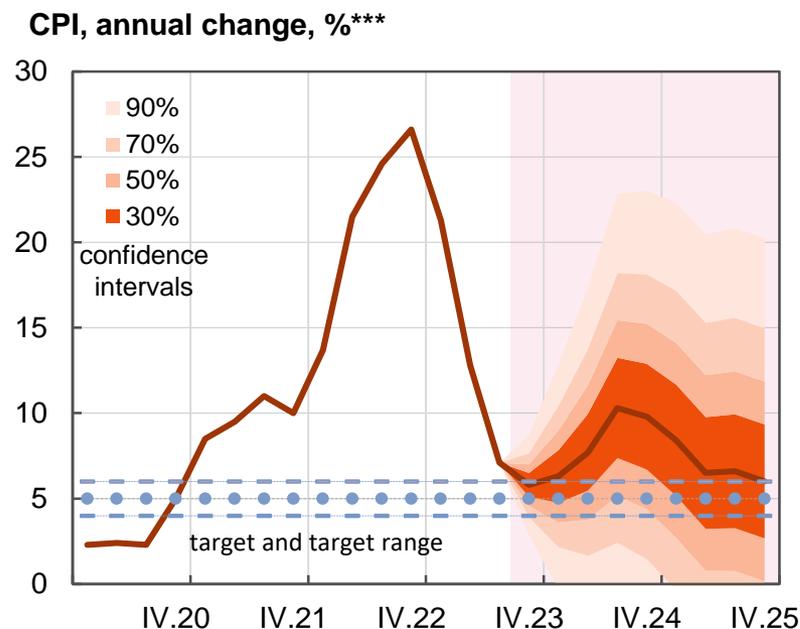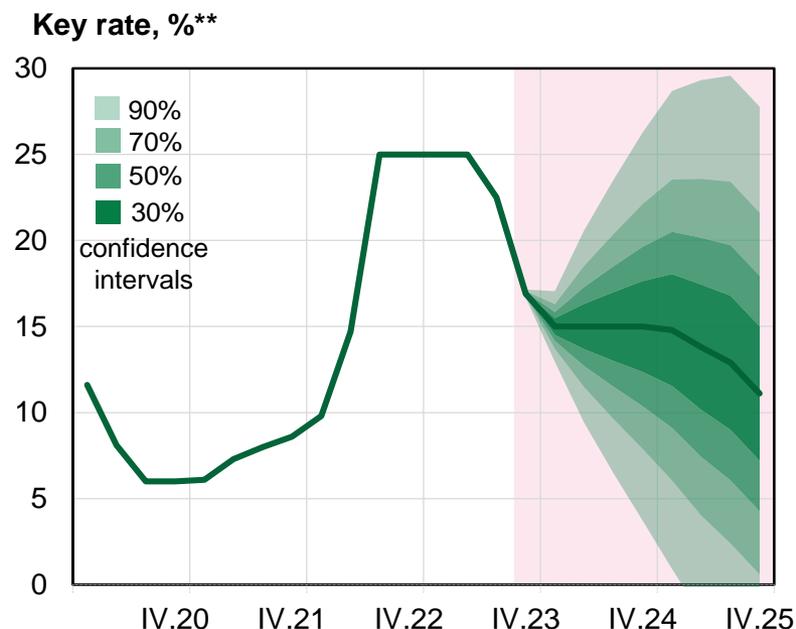
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Key macroeconomic indicators*

	2022	2023	2024	2025
Real GDP, change, %	-29.1	4.9 (2.9)	3.6 (3.5)	6.0 (6.8)
Nominal GDP, UAH bn	5 191	6 625 (6 525)	7 730 (7 620)	8 900 (8 830)
CPI, y-o-y, % (eop)**	26.6	5.8 (10.6)	9.8 (8.5)	6.0 (6.0)
Core CPI, y-o-y, % (eop)**	22.6	5.7 (8.7)	8.6 (7.0)	3.0 (3.1)
Current account balance, USD bn	8.0	-7.3 (-11.0)	-11.0 (-17.2)	-17.6 (-16.1)
Gross reserves, USD bn	28.5	41.8 (38.3)	44.7 (42.6)	45.0 (44.1)

* in brackets – previous forecast (Inflation report, July 2023)
** end of period (December to December of previous year)

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Key rate and inflation forecast*

Key rate, %**

90%
70%
50%
30%
confidence intervals

CPI, annual change, %***

90%
70%
50%
30%
confidence intervals

target and target range

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

** quarter average

*** end of quarter