



MINISTRY OF  
FINANCE OF  
UKRAINE

# ING Financial Markets Reception 2019

Yuriy Butsa

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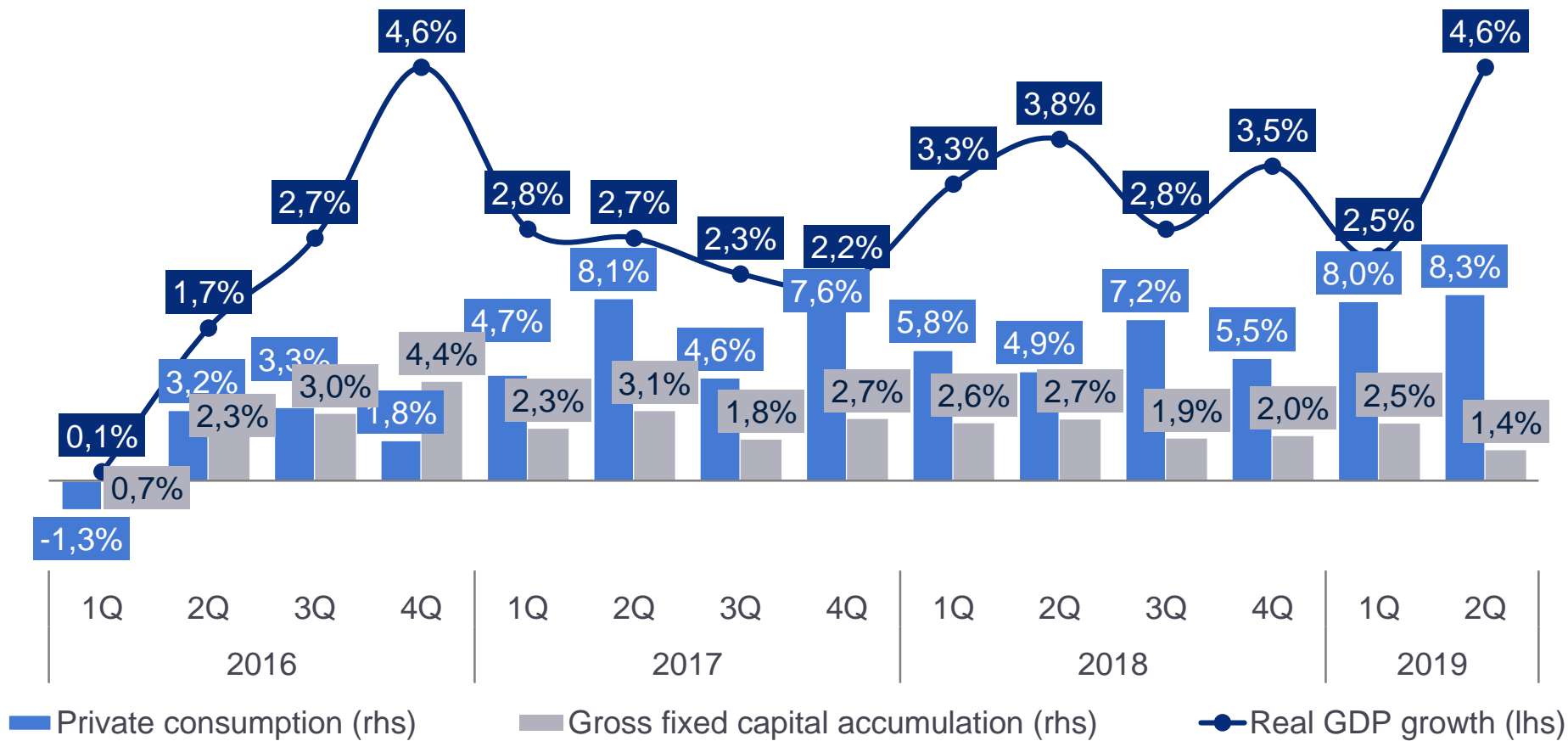


**Macroeconomic performance**



# Real growth is speeding up...

## Real DGP growth and key drivers



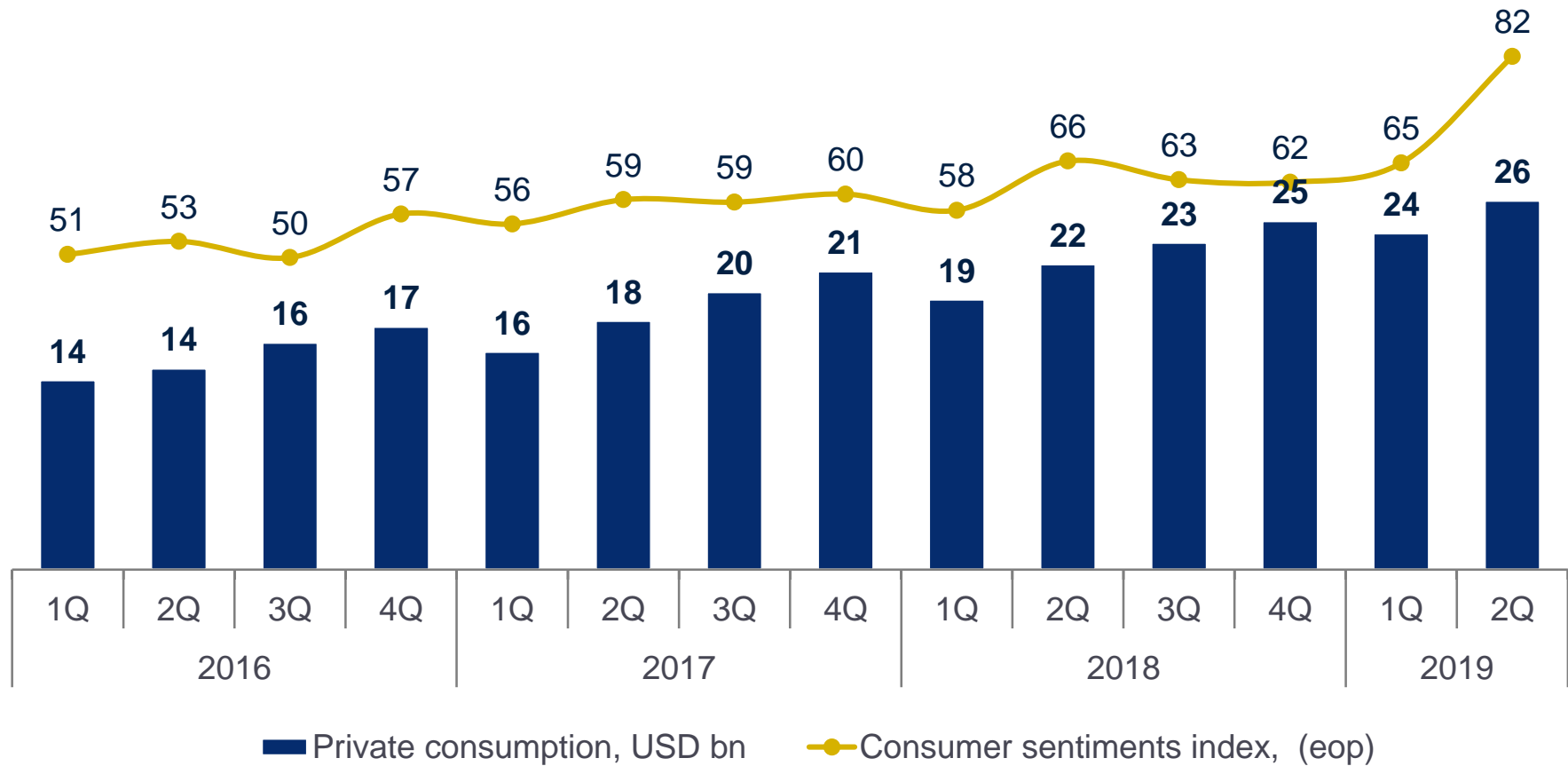
Source NBU, Ukrstat

Note Percentage values represent y-o-y growth



...driven by accelerated private consumption

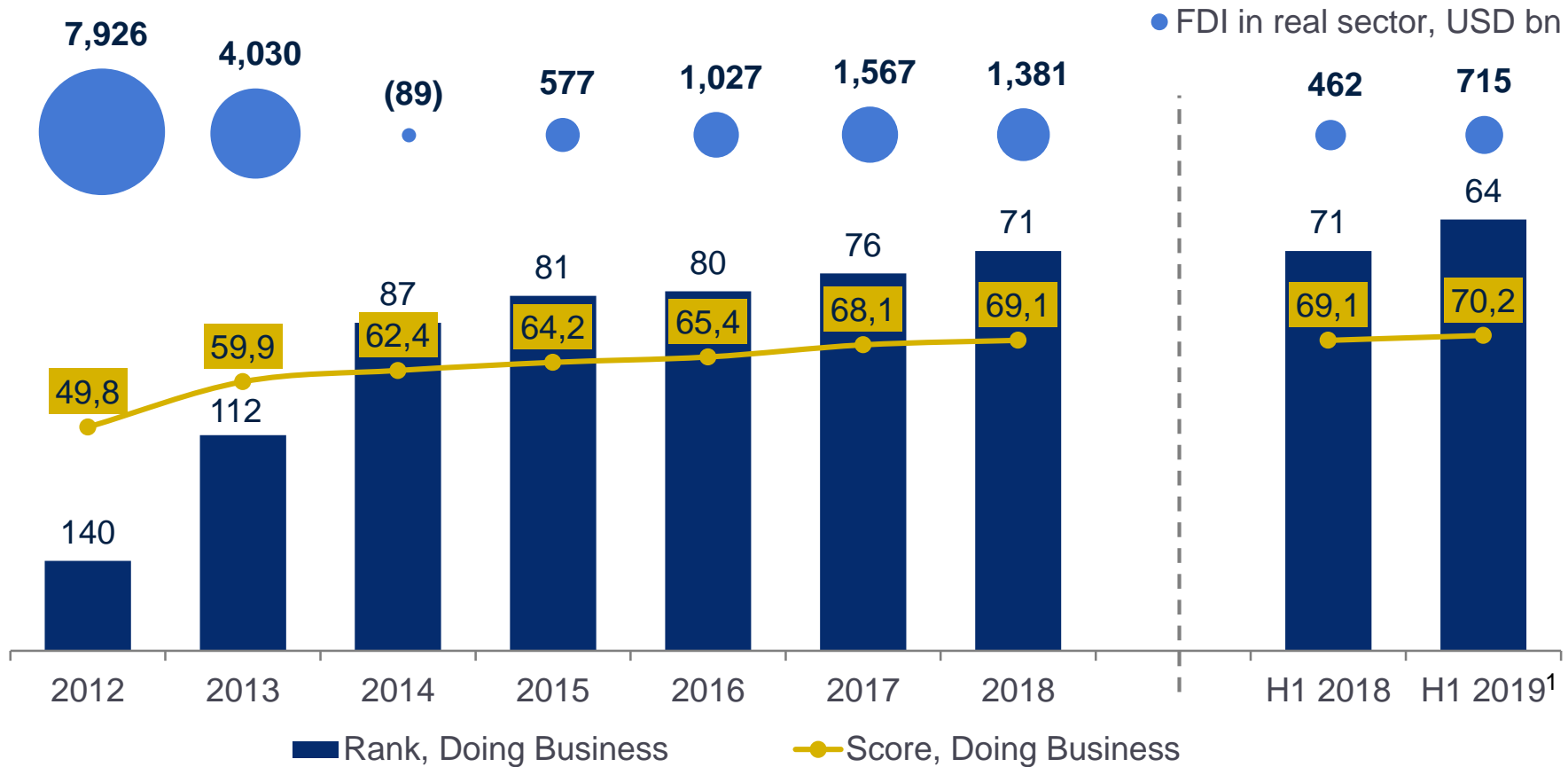
Private consumption and consumer sentiments index





# ...improving business environment

## Doing Business ranking and FDI in real sector of Ukraine



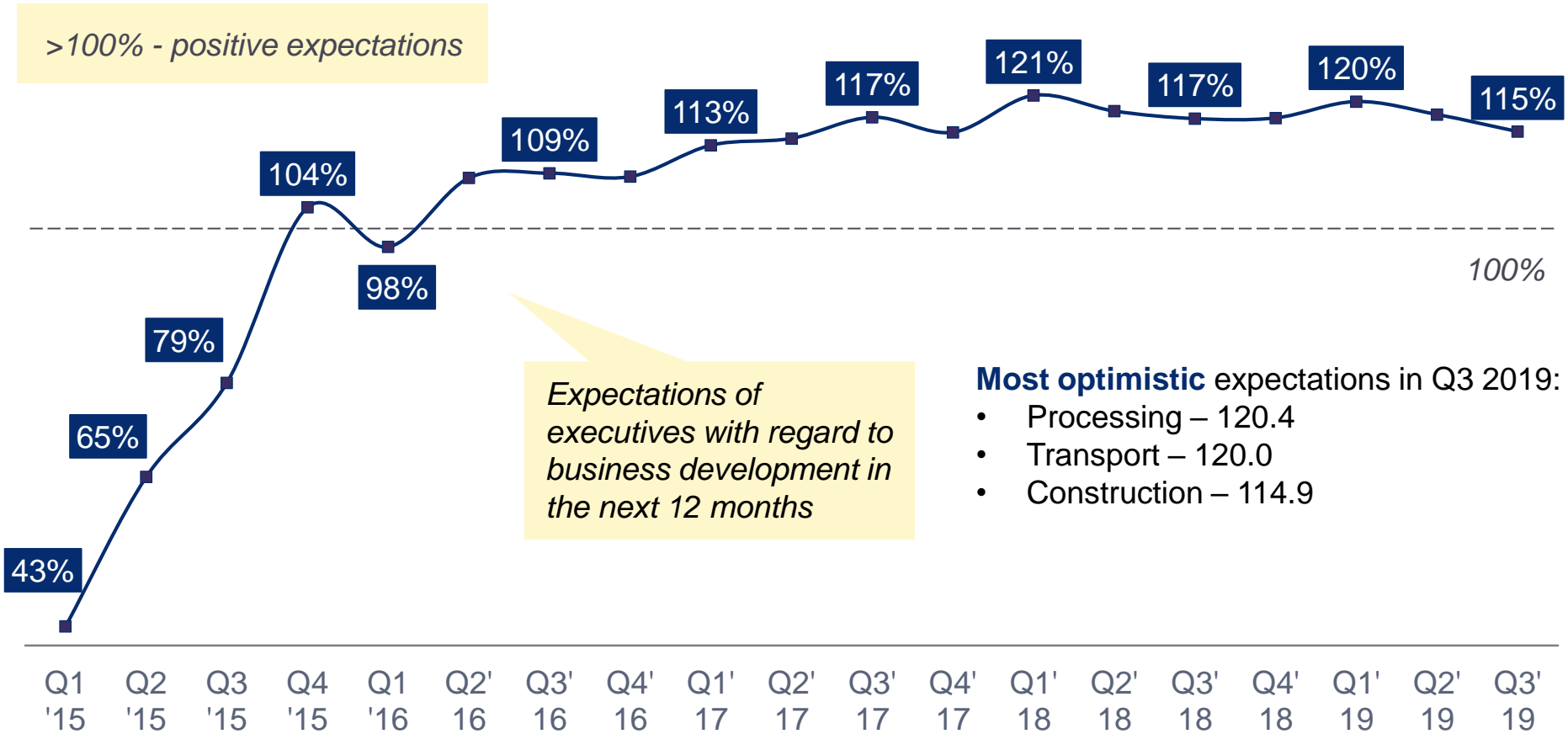
Source The World Bank, NBU

Note 1 H1 2019 Doing Business rank and score correspond to published 2020 Doing Business rating



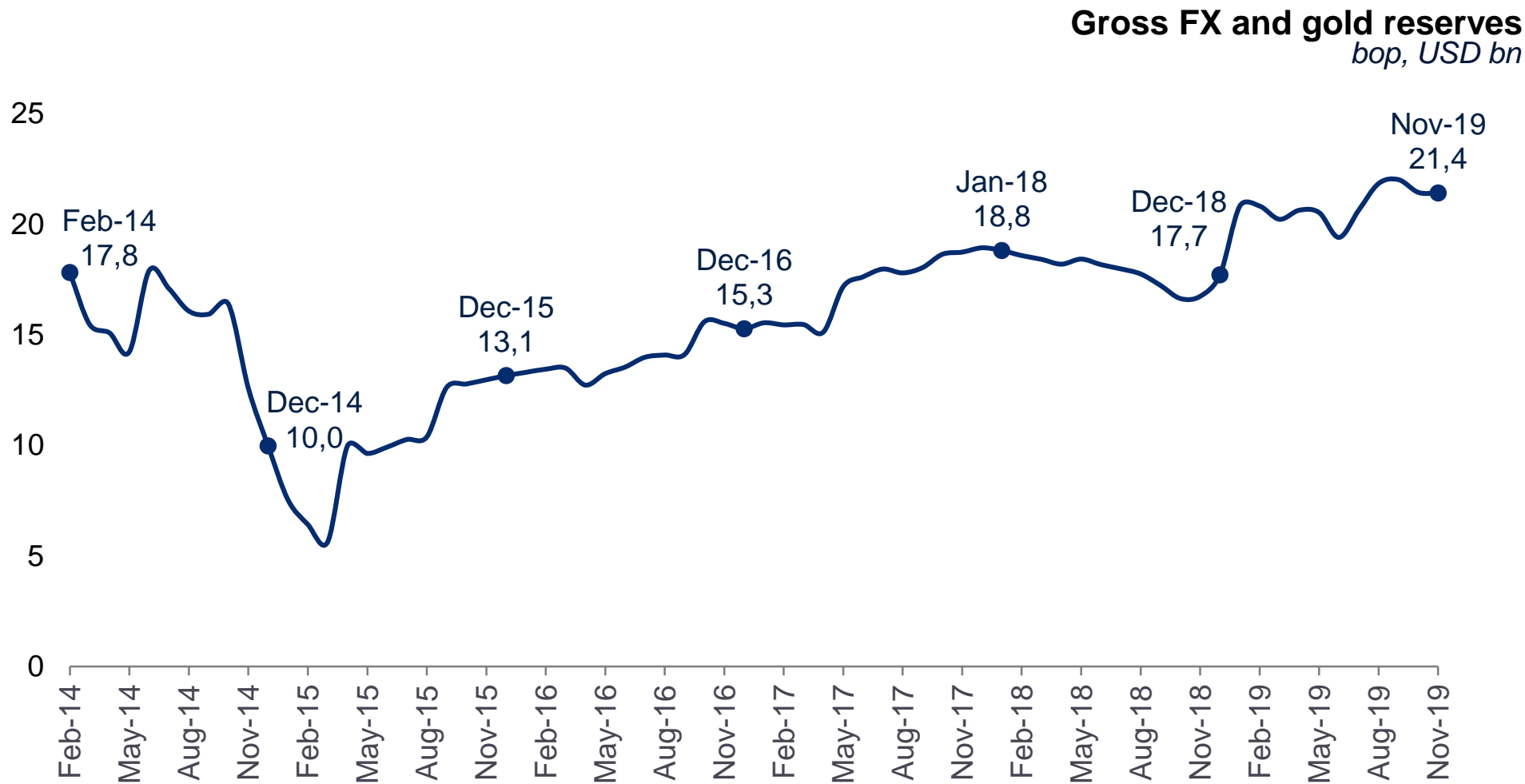
# ... and continuously enhancing business expectations

## NBU Business Outlook Index (BOI)





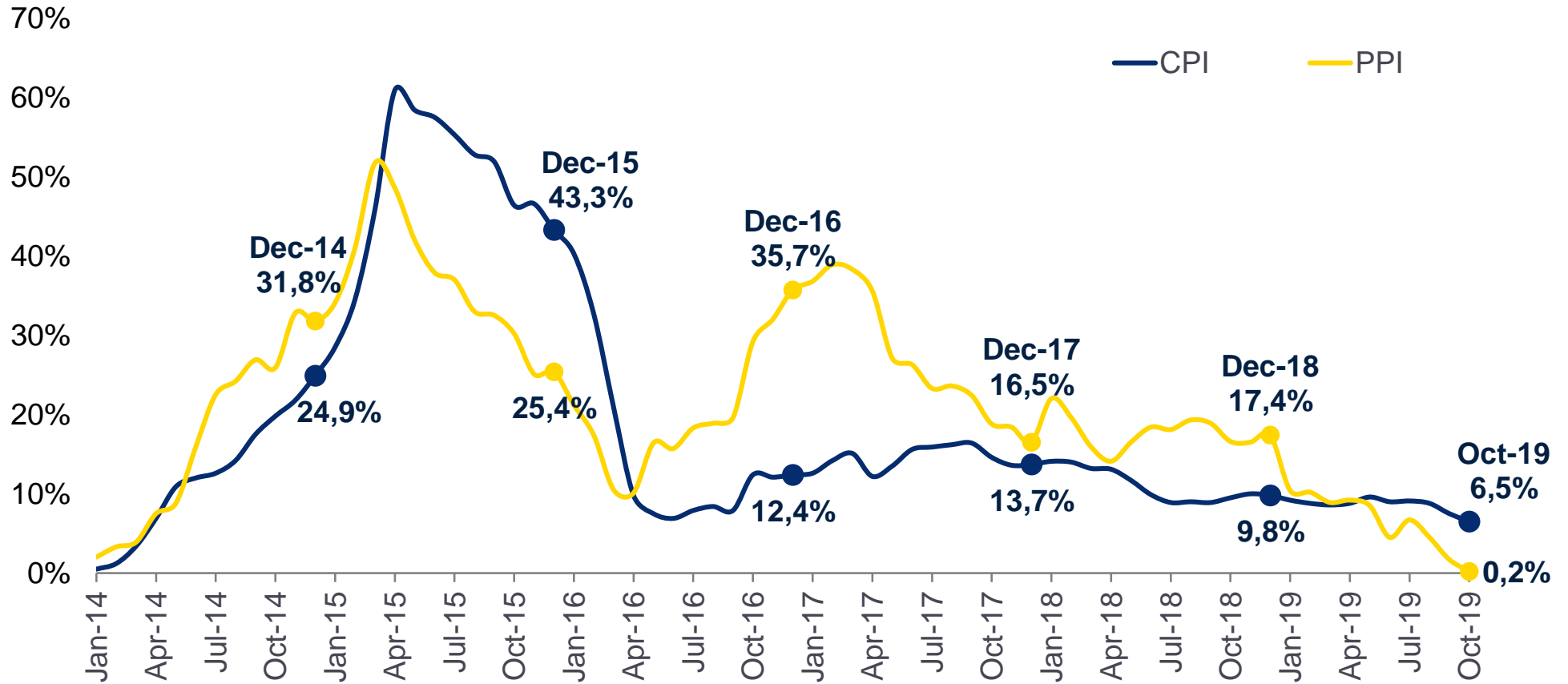
# FX and gold reserves are at 5-year high...





and inflation is decelerating

### CPI and PPI





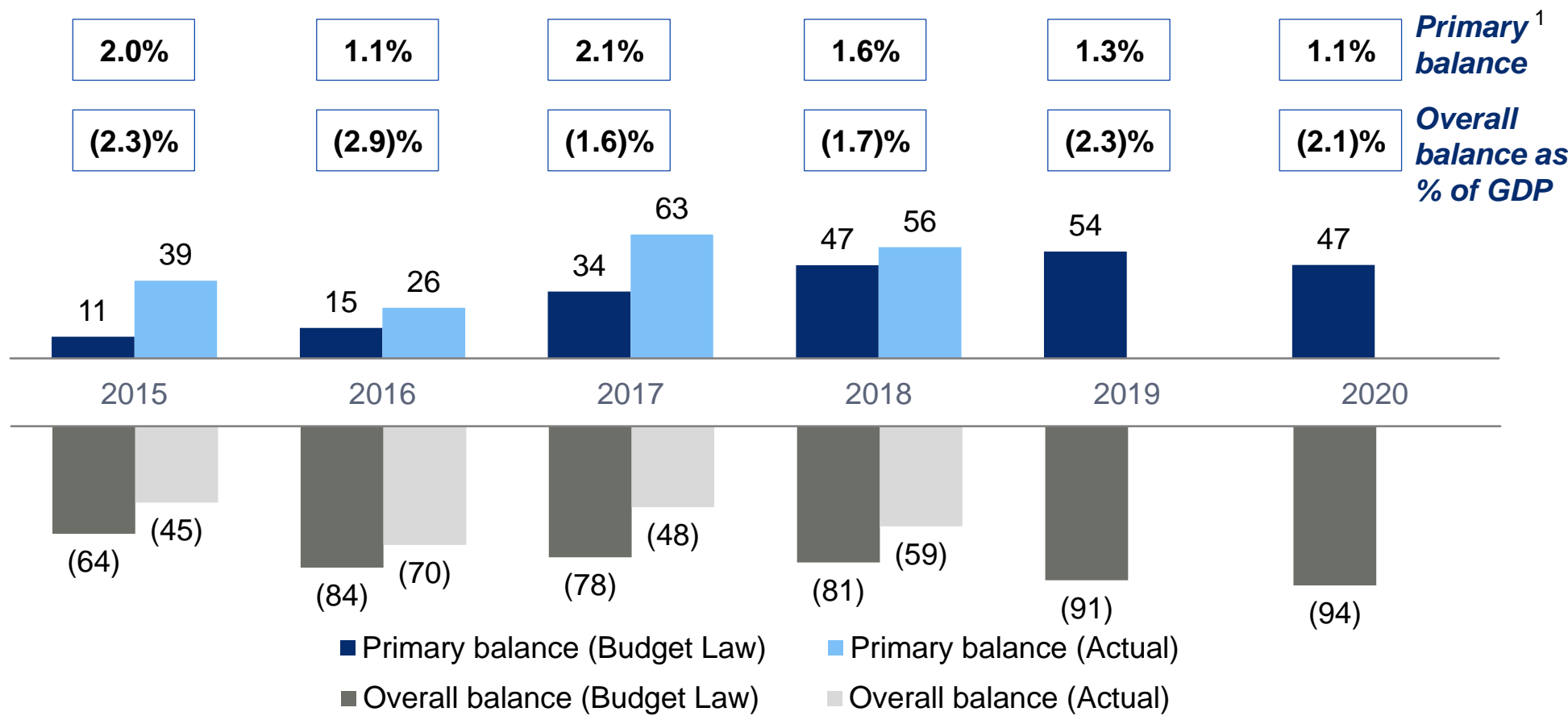
A nighttime photograph of a city skyline reflected in a body of water. A long bridge with many lights spans across the water in the middle ground. The sky is a deep blue, and the water is calm, showing clear reflections of the city lights and the bridge. The overall mood is serene and modern.

## **Fiscal consolidation and prudent debt management**



# State budget reflecting continuous fiscal consolidation...

State budget balance, UAHbn



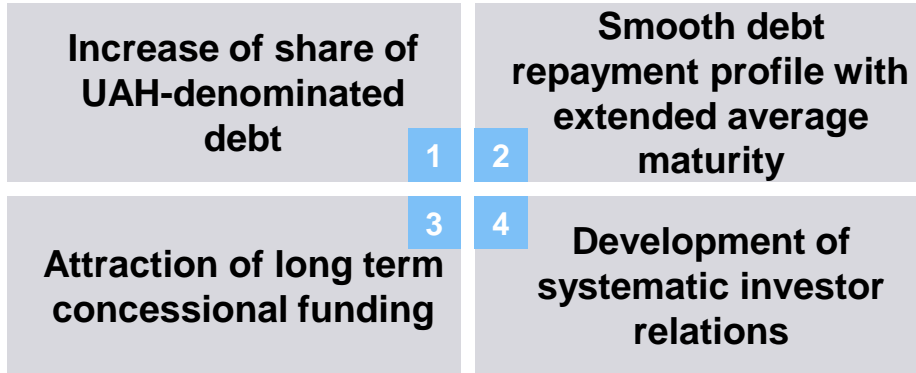
Source State Treasury of Ukraine

Note 1 Primary and overall balances as % of GDP are estimated based on actual historical data for 2015–2018, based on State Budget Law amended as of Sep 2019 for 2019 and based on State Budget Law and NBU macroeconomic forecast as of Oct 2019 for 2020



# ...supported by Medium-Term Debt Strategy 2019 - 2022

## Key objectives



## Roadmap for Strategy implementation

- ▶ Domestic market development
- ▶ Enhancing the participation of international investors on domestic market
- ▶ Construction of EUR-denominated Eurobond yield curve
- ▶ Further issuance of USD-denominated Eurobonds
- ▶ Pro-active liability management operations
- ▶ Strengthening investor relations
- ▶ Government's efforts to improve Ukraine's credit ratings

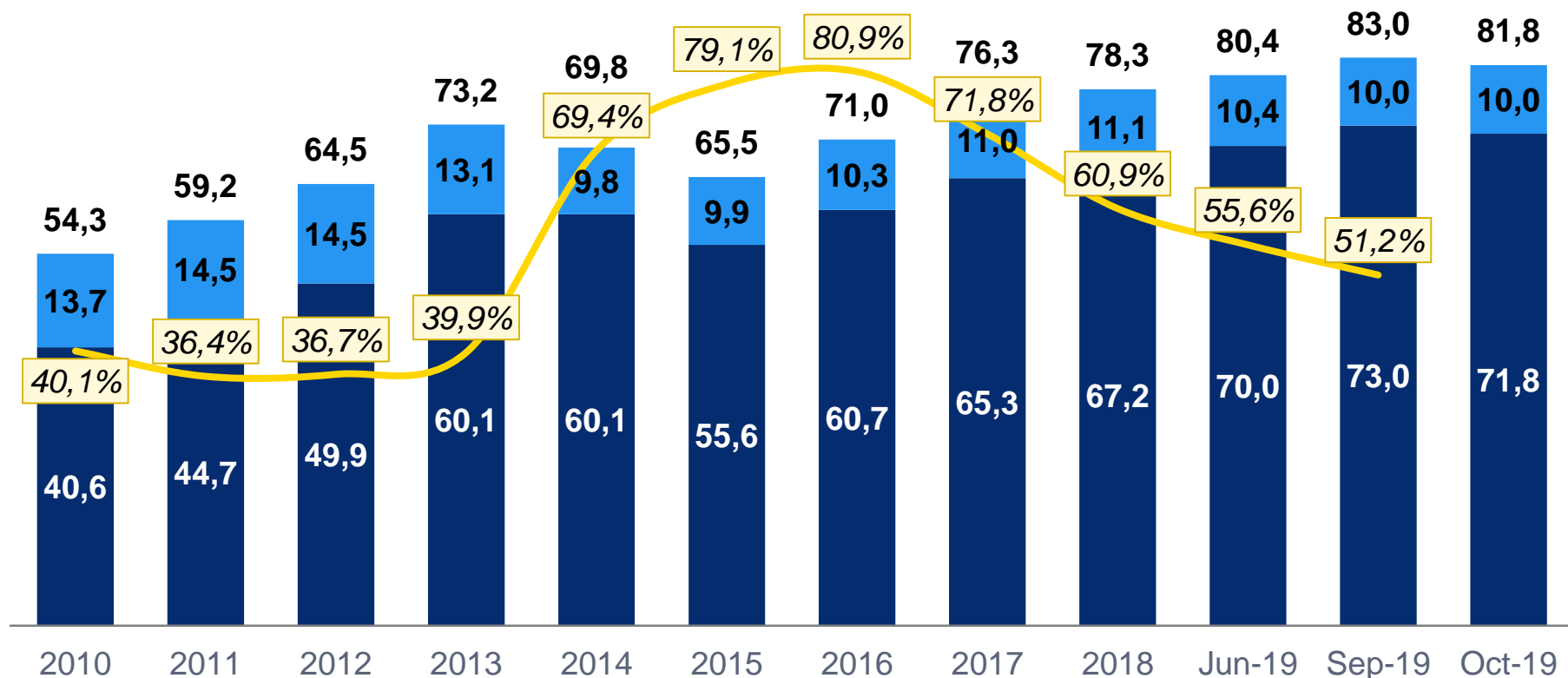
## Limits of State debt to GDP (according to the Budget Declaration)





# ...Debt burden is decreasing due to fiscal consolidation commitment

## State and state-guaranteed debt dynamics



■ State-guaranteed debt, USDbn ■ State debt, USDbn — Total state and state-guaranteed debt as % of GDP

# ...Domestic government bond market is booming in 2019

## Domestic government bond placements by currency

*Funds remitted to State Budget  
UAHm*

*UAH-denominated issuances*

32,755

65,128

216,417

*USDm*

*USD-denominated issuances*

1,810

3,478

4,126

*EURm*

*EUR-denominated issuances*

134

503

189

2017

2018

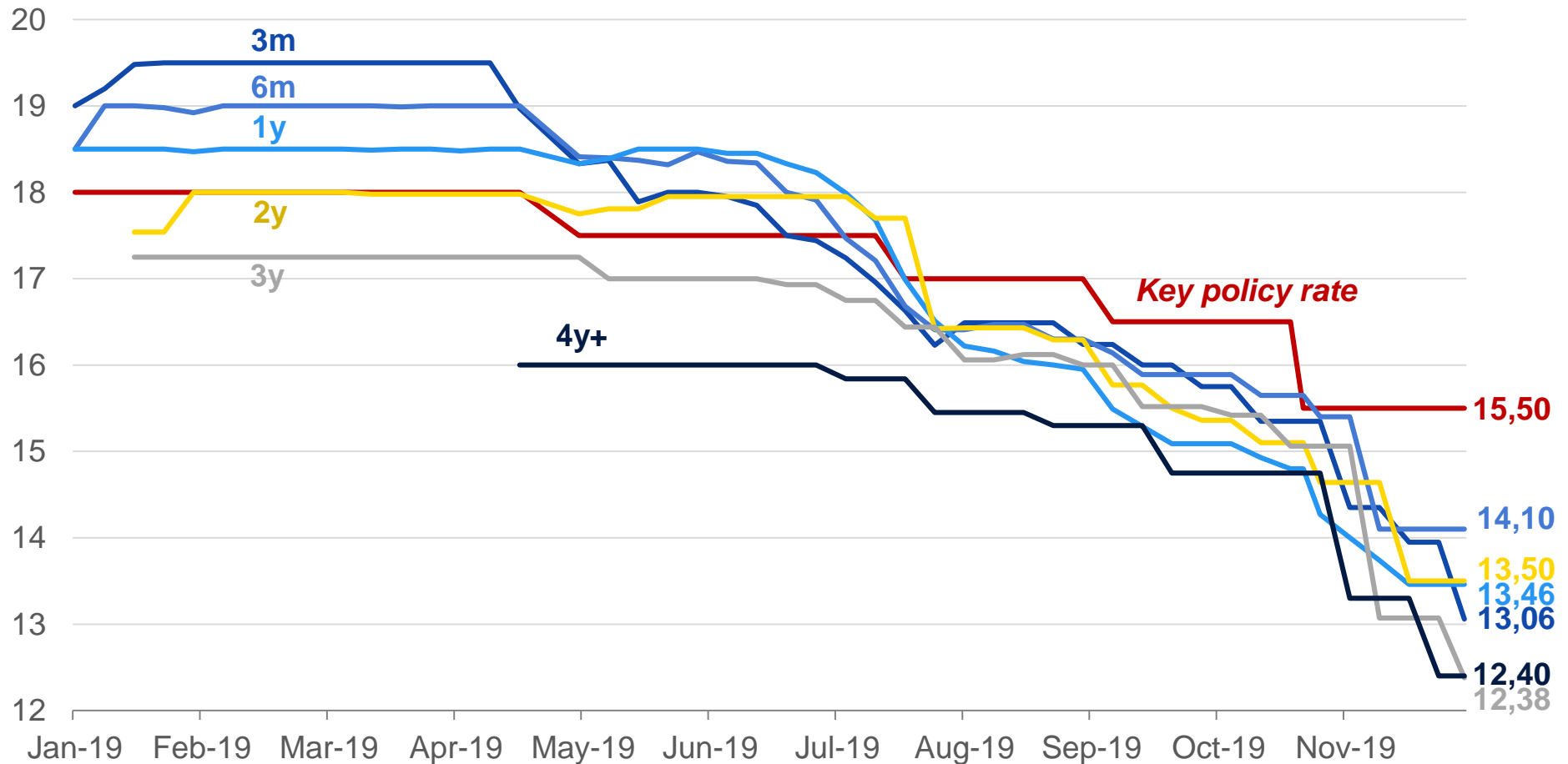
YTD 2019<sup>1</sup>

Source Ministry of Finance of Ukraine

Note 1 As of 03.12.2019

...Real rates are falling

### Weighted average yields on UAH-denominated domestic debt placements and key policy rate (%)



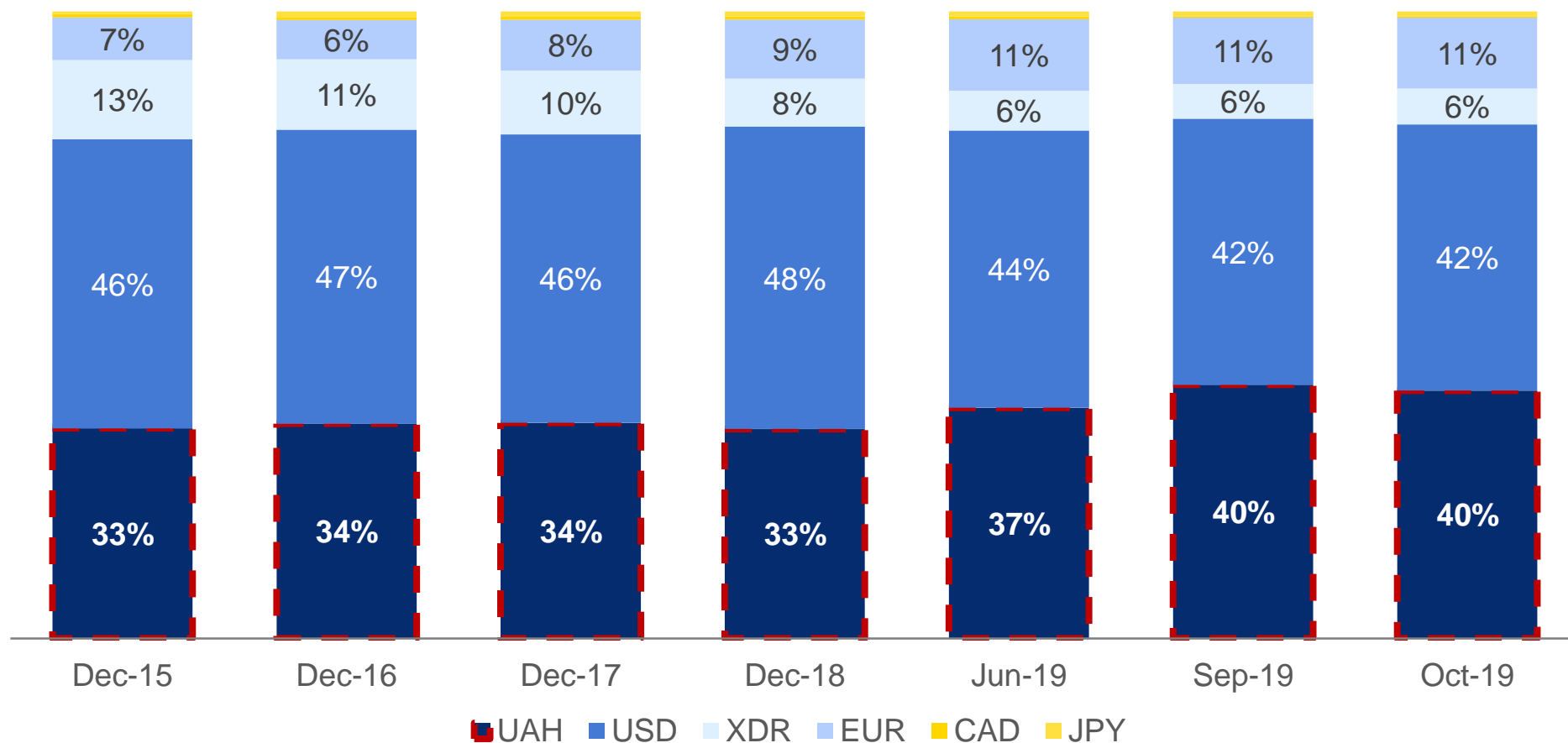
Source Ministry of Finance of Ukraine

Note As of 03.12.2019



# ...Share of local currency debt is enlarging

## State debt breakdown by currency

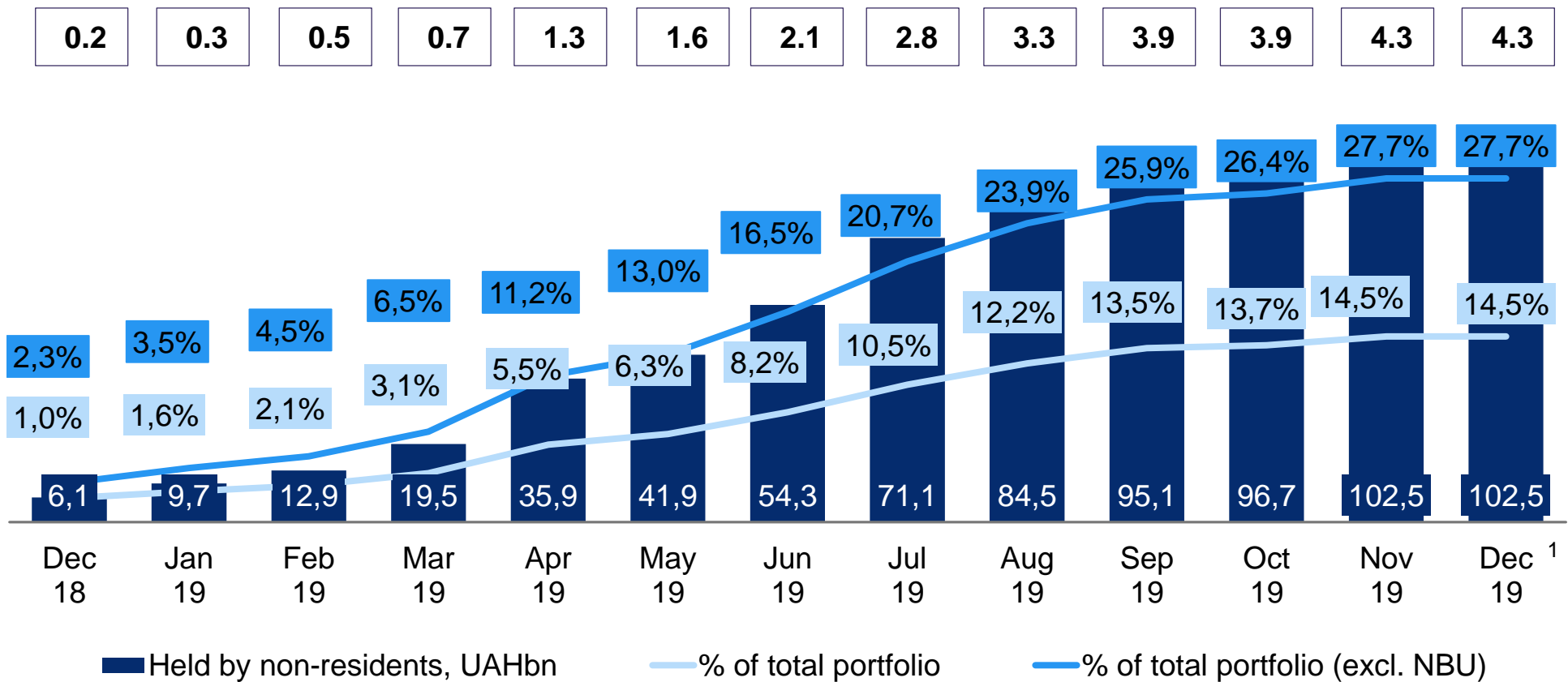


Source Ministry of Finance of Ukraine

# ...Non-residents portfolio is expanding substantially

## Non-residents' domestic government bond portfolio

Held by non-residents, USDbn



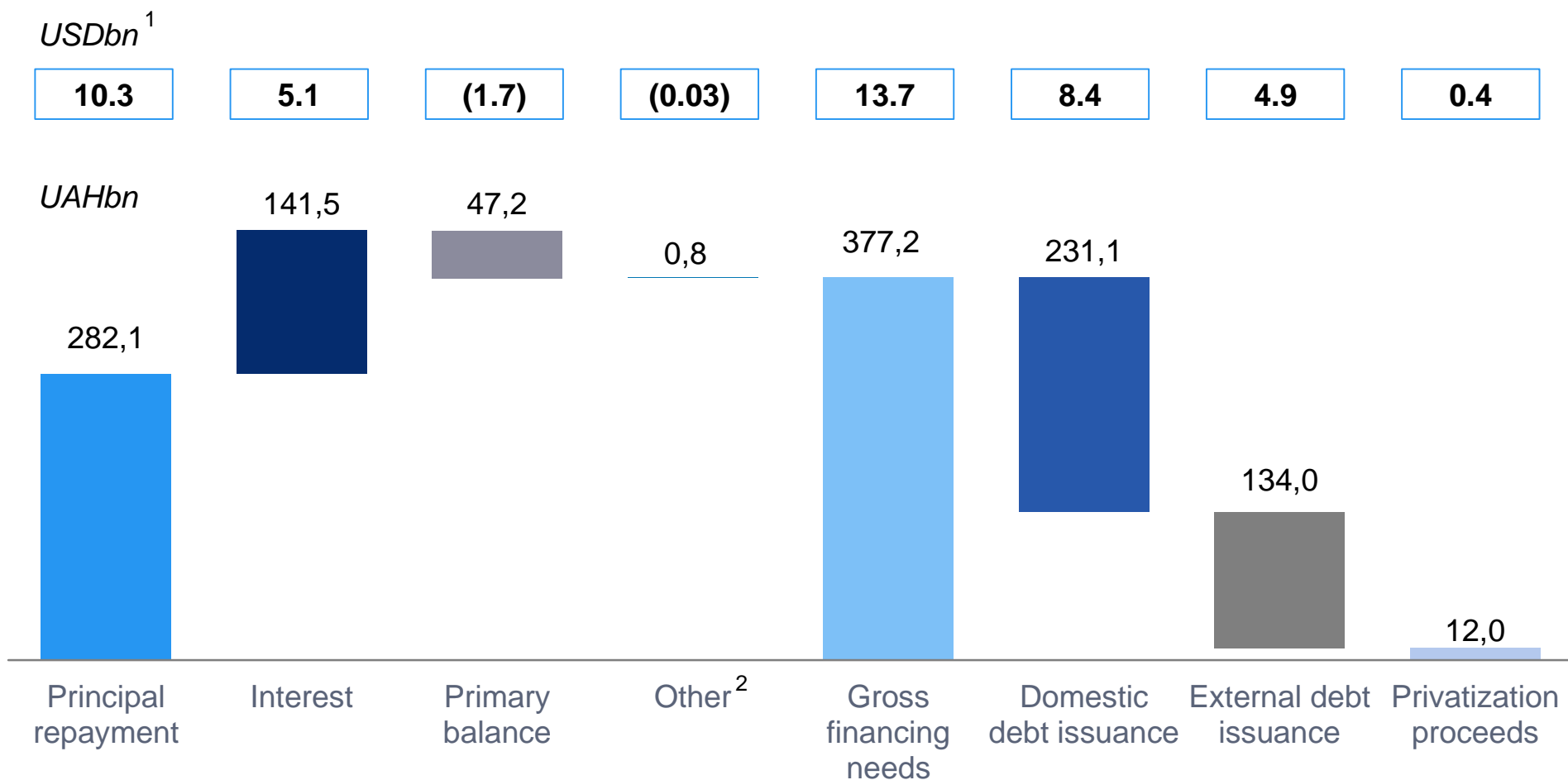
Source Ministry of Finance of Ukraine

Note 1 As of 03.12.2019



# ...All reflected in sound Ukraine's budgeted 2020 gross financing needs

## 2020 financing needs split by sources



Source Ministry of Finance of Ukraine

Note 1 Translated to USD at 27.5 UAH/USD FX rate

Note 2 Other includes financing for active operations, i.e. changes in the volume of deposits and securities used to manage liquidity and in the volume of budget funds