

Dear colleagues!

I am happy to welcome you to the Workshop on Inflation Targeting in Emerging Economies.

This is an extremely relevant and important subject, especially now that the world is recovering from the coronavirus shocks.

The inflation-targeting framework was first introduced about three decades ago. Today it has become an integral part of monetary policy in 41 countries. Inflation targeting has proved its effectiveness.

And I am glad that Ukraine is among those countries.

The COVID-19 crisis proved that the NBU had done its homework and got prepared. It was probably the first crisis in Ukraine with no dramatic currency depreciation, bank runs, or a financial system collapse. This gave us enough flexibility to use our policy instruments to support the economic recovery. We slashed the key policy rate to its historical minimum. In addition, we introduced nonconventional policy measures to help businesses stay on track.

And the NBU managed to hit inflation target with extreme accuracy in December last year exactly at 5%

However, we all know that inflation targeting is not about celebrating the accuracy with which inflation hits the target. Inflation targeting is about taking a forward-looking approach.

Today we observe a new surge in global inflation. It seems that it becomes threatening even for advanced economies.

The NBU was among the first central banks to launch the cycle of monetary policy tightening. We are relying on forward guidance to assure market participants that we are ready to make hawkish decisions to tame soaring inflation. As a result, we now see how inflation is braking its upward trend. Inflation is expected to get back to the target range (5%) next year.

Our monetary policy frameworks and instruments must be on the front line in combating new threats.

Today we meet at this workshop not only to praise ourselves for the work done, but also to make a confession that we do realize our mistakes and draw lessons for future.

I am looking forward to hearing your presentations and having a fruitful discussion!