

October 7, 2011
Kiev

Citi: "Is Ukraine prepared for new economic downturn?"

Citi economists address the most topical issues related to macroeconomics and the country's current financial markets situation at a roundtable with representatives of Ukraine's leading business publications.

Citibank held a roundtable discussion "Is Ukraine prepared for a new economic downturn?" sharing its macroeconomic forecast for Ukraine with representatives of Ukraine's leading economic and financial publications. The forecast was presented by Elina Ribakova, Citi Russia and CIS Chief Economist, Natalia Novikova, Economist for Citi Russia and CIS. They discussed with journalists the country's current macroeconomic situation and analyzed the main trends for the short- and medium-term developments on the local and global financial markets.

Natalia Novikova, Economist for Citi Russia and CIS, said: "We downgraded our forecast for Ukraine GDP growth from 4.7% to 4% next year. We expect a slowdown in domestic demand as well as investments. GDP slowdown will add to moderate pressure on prices, inflation will remain moderate in case strong exchange devaluation will be avoided. Ukraine remains vulnerable to capital outflow due to high external debt repayments which means the pressure on FX market will grow. However our baseline scenario we expect hryvnia weakening will be limited and the exchange rate will stay at about 8.2 in the end of this year or the beginning of 2012."

The discussion covered a wide range of issues such as the state budget deficit, the banking system potential amid a rebounding economic environment, the hryvnia exchange rate, inflation, etc. Among key topics for discussion were also political risks in developed countries driving market volatility up in the coming months, emerging markets currencies devaluing sharply and commodities following suit on the back of global risk aversion and concerns regarding global growth. Speakers also expanded on how the current wave of the financial crisis compares to 2008 and if Ukraine is prepared better or worse.

"We, at Citi, have continually said that high growth potential markets are very important for us. And Ukraine is among the top priority countries when it comes to expanding our business. For almost 15 years, Citi has channeled an inflow of foreign investments into the country and helped leading Ukrainian companies raise funds on international capital markets. We watch very closely how the economic situation unfolds in Ukraine and provide counseling to large investors. That's why such roundtables are very important for us and we would like to hold them on a regular basis", said Steven Fisher, CEO for Citi Ukraine.

Citi, the leading global financial services company, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including [consumer banking](#) and [credit](#), corporate and investment banking, [securities brokerage](#), transaction services, and wealth management.