

**DEVELOPMENT OF INFLATION IN UKRAINE  
(РОЗВИТОК ІНФЛЯЦІЇ В УКРАЇНІ)**

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*У статті подано інформацію про інфляцію в Україні. Фактори, які вказують на інфляцію в країні. Та очікування економістів країни, щодо росту або зниженню інфляції.*

**Ключові слова:** *інфляція, економіка, НБУ, фінанси, бюджет, державна підтримка.*

*The article provides information on inflation in Ukraine. Factors that indicate inflation in the country. And the expectations of the country's economists regarding the growth or decline of inflation.*

**Keywords:** *economy, inflation, finances, budget, state support.*

In recent decades, many countries around the world have been affected by inflation. High inflation is a serious obstacle to production, causing economic and social tensions in society. The phenomenon of inflation in Ukraine began with the establishment of an independent state. Inflationary processes in Ukraine in 1991-1993 were higher than in other post-Soviet countries. Unfortunately, during the 25 years of independence, inflation in the country has not stabilized. According to the results of 2021, the level of inflation in Ukraine exceeded the indicators of other countries included in the world ranking of countries in terms of inflation, compiled by the US CIA.

The main external factors of inflation are:

- rising prices on world markets;
- reduction of revenues from foreign trade;
- negative value of the foreign trade balance;
- strengthening the internationalization of economic relations between countries, accompanied by increased competition in world capital markets.

The main internal factors of inflation are:

- deformation of the economy;
- state monopoly on money supply;
- monopoly position of large producers and their dictation of prices in the markets;
- monopoly of trade unions in the labor market and the possibility of their impact on wages;
- disproportionately high taxes or interest rates on the loan;

- violation of the proportions of reproduction between production and consumption, supply and demand. The National Bank of Ukraine, estimating the state of inflation for 2021 and January 2022, provides the following indicators:

-growth of consumer prices in Ukraine in 2021 accelerated to 10% from 5% in 2020 and 4.1% in 2019

-basic inflation last month was 0.4% compared to 0.8% in November and 0.3% in December 2020, which brought its value in general for 2021 by 7.9% against 4.5% a year earlier.

-the cost of services in 2021 increased by 10.4% due to increased pressure on production costs and a revival of consumer demand. Prices for fast food, cafes, cinemas, dry cleaning, hairdressers and diagnostic medical services grew at a faster pace. Personal transport insurance services and package tours have also become more expensive.

-prices for non-food products for the year increased by 0.5%. On the one hand, household appliances, personal care products, household items and household goods have become more expensive, which may be due to the impact of stable demand, rising costs and disruption of supply chains. On the other hand, the strengthening of the hryvnia for most of the year restrained the growth of prices for this component. In particular, under the influence of this factor, clothes and shoes continued to become cheaper.

- prices for raw food for the year increased by 11.8%

-administratively regulated prices in 2021 increased by 13.6%

-growth in the cost of fuel for the year was 26.5%

-in January 2022, annual consumer inflation remained at the level of the previous month (10%). On a monthly basis, prices increased by 1.3%.

-inflation index in Ukraine in January 2022 - 101.3%.

-basic inflation index in January 2022 was 100.1%, In 2021, core inflation rose to 7.9% (from 4.5% in 2020).

In 2021, inflation was expected to be above the target range of  $5\% \pm 1$  in. n., defined by the Basic Principles of Monetary Policy, but deviated from it more significantly than expected. Actual consumer inflation in December 2021 remained higher than forecast.

Actual consumer inflation was expected to halt the slowdown, but was slightly lower than the trajectory of the forecast published in the January 2022 Inflation Report. The deviation from the forecast was primarily due to slower growth in the cost of services, non-food products and administratively regulated prices.

From January 2022, a new structure of the consumer set for the calculation of the consumer price index (CPI) was systematically introduced and the weights of all components were updated.

However, according to the National Bank, these changes did not affect the overall inflation rate, although they had some disinflationary impact on the core CPI.

Core inflation fell (to 7.6% from 7.9% in December 2021)

The growth rate of prices for processed food products remained almost at the level of the previous month (13.1%).

The growth rate of the cost of services also remained at the level of December (10.4%). The rise in prices for food and hotel services, cinemas and theaters, hairdressers, dentistry and dry cleaning has accelerated due to pressure from production costs.

The growth rate of non-food prices decreased significantly (to 0.1%). In particular, the rise in prices for electronics and household appliances has slowed down and the fall in prices for clothing and footwear has deepened.

Rapid growth in raw food prices accelerated (to 13.6%)

Growth of administratively regulated prices slowed down (to 11.5%).

This is primarily due to the effects of the comparison base on the basis of fixed tariffs for most housing and communal services until the end of the heating season. Tobacco products have risen more slowly due to the expansion of their production in previous months. Instead, tariffs for water supply, natural gas distribution and postal services increased, and the cost of transport services and alcohol increased.

Fuel cost growth accelerated (up to 26.8%)

The main reasons for the rise in fuel prices in January are rising world oil prices and the weakening hryvnia. However, there was a certain deterrent effect on prices from the introduction of state regulation of the fuel market in May 2021.

Thus, inflation in January did not change compared to the previous month, but inflationary pressures remain significant primarily due to the realization of secondary effects of rising production costs and high energy prices. Inflation is restrained by the strengthening of the NBU's monetary policy, last year's record harvests, as well as some administrative decisions, including on fixed tariffs for most housing and communal services.

### **Література:**

1. Internet resource / link: <https://bank.gov.ua/ua/news/all/komentar-natsionalnogo-banku-schodo-rivnya-inflyatsiyi-v-sichni-2022-roku>