

13. The issue of inflation in Ukraine in 2010-2019

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Introduction. Ukraine was plagued by high inflation since its independence in 1991. However, it became particularly acute problem in the twenty-first century when armed conflict in the Donbas region had taken place. Inflation has a destructive influence not only on the economy of the country, but also on the wellbeing of its citizens and the psychological security of many Ukrainians. Therefore, to reduce it in the future it is necessary to study the reasons and the state of inflation in Ukraine during the last decade.

Materials and methods. There are many theoretical studies focused on the reasons and results of inflation. To make the following analyses we will use the information from scientific papers of native and foreign scientists: R. Campbell, J. Keynes, S. Fisher, R. Kiyosaki, etc.

Results. Inflation is a decrease in the purchasing power of currency due to a rise in prices across the economy. Inflation has a negative impact on life in Ukraine:

- rising prices;
- reducing of the standards of living of the population;
- deprivation of incentives for entrepreneurs;
- disruption of economic ties.

When we want to analyze the level of inflation, we use the index of inflation. In 2012 the level of inflation was 99,8%, it means that there was deflation – reduction of the general level of prices in the economy. The main reasons were: high yields that have affected at price and a retention policy exchange rate. Peak inflation was in 2014-2015 (124.9% and 143.3% accordingly). The main reasons were hryvnia devaluation and instability in the country that was caused by military actions in the Donbas region. Due to the unstable situation in the country in 2016, the National Bank of Ukraine introduced inflation targeting (IT). Its goals were divided into three stages:

1. rapid disinflation (2014-2016);
2. unambiguous inflation rates (2016-2018);
3. 5% inflation support in the long run.

At the beginning of 2019 the index of inflation was 100.9% but at the end of 2019 index of inflation was reduced to 6.3%.

The main role in the regulation of inflation process plays The National Bank of Ukraine. The National Bank of Ukraine should increase the efficiency of the money transmission mechanism, and monetary policy should be conducted to suppress inflation.

Conclusion. Inflation is one of the most burning problems in today's economic development in Ukraine that is caused by a number of reasons in monetary circulation and production that requires effective measures to overcome it.

References

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