



Focus
Ukraine

Markets
**Government bonds,
FX market, and macro**

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Weekly Insight

Monthly C/A gap narrows in August

Key messages of the today's comments

Ukrainian bond market

Local debt rollover marginally up in September

The Ministry of Finance marginally increased domestic debt rollover in September.

Foreign exchange market

NBU interventions at multi-month lows

Tax payments in the last days of September helped the NBU significantly reduce interventions and strengthen the hryvnia last week.

Economics

Monthly C/A gap narrows in August

The monthly current account (C/A) deficit narrowed to US\$3.1bn from a record high of US\$4.2bn in July.

MONDAY, 6 OCTOBER 2025

Banks' reserves market (3 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU rate (%) ¹	15.50	+0bp	+250bp
ON rate (%)	15.47	-3bp	+247bp
Reserves (UAHm) ²	224,644	-6.6	-7.9
CDs (UAHm) ³	510,609	+2.4	+9.5

Notes: [1] NBU's key policy rate; [2] stock of banks' reserves held at NBU; [3] stock of NBU's certificates of deposit.

Source: NBU, Bloomberg, ICU.

Breakdown of govt bond holders (UAHm) (3 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU	671,022	+0.0	-1.0
Banks	895,266	-0.1	+13.9
Residents	185,112	-4.1	+11.8
Individuals	102,932	+1.3	+45.3
Foreigners	17,962	+1.9	-22.5
Total	1,872,563	-0.4	+8.6

Source: NBU, ICU.

FX market indicators (3 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
USD/UAH	41.3325	-0.1	+0.3
EUR/USD	1.1742	+0.3	+6.4
DXU	97.723	-0.4	-4.2

Source: Bloomberg, ICU.

Market gov't bond quotes (6 October 2025)

Maturity	Bid (%)	Ask(%)
6 months	14.25	13.00
12 months	17.50	16.00
2 years	18.50	17.50
3 years	18.75	18.00
12 months (\$)	5.00	4.50
2 years (\$)	N/A	N/A

Source: ICU.

Ukrainian bond market

Local debt rollover marginally up in September

The Ministry of Finance marginally increased domestic debt rollover in September.

During September, the MoF sold UAH51bn worth of bonds in all currencies, which improved the rollover rate by several percentage points compared with 8M25. During 9M25, the rollover of UAH debt rose by 4pp to 117%, for USD debt it was up by the same 4pp to 80%, while for debt in euros, it inched up by only 1pp to 85%. Domestic debt refinancing in all currencies improved by 4pp to 106%. In September, the MoF refinanced 100% of redeemed USD-denominated paper for the first time this year.

Table 1. Monthly and YTD rollover rates in 2025

	UAH		USD		EUR		All currencies	
	Month	YTD	Month	YTD	Month	YTD	Month	YTD
January	140%	140%	-	-100%*	-	-	79%	79%
February	39%	71%	-	71%*	-	-	64%	71%
March	125%	86%	63%	67%	59%	59%	91%	79%
April	76%	82%	68%	67%	-	59%	75%	78%
May	256%	97%	-	67%	128%	82%	211%	90%
June	74%	91%	-	67%	-	82%	74%	87%
July	261%	107%	53%	63%	89%	84%	237%	102%
August	218%	112%	139%	76%	-	84%	180%	102%
September	174%	117%	100%	80%	96%	85%	137%	106%

* only redemptions were registered in January and only borrowings reported in February

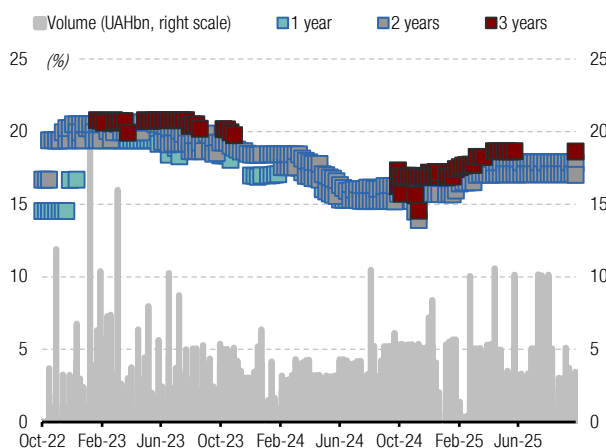
Source: MFU, ICU.

In October, the Ministry of Finance already repaid UAH20bn and another UAH25bn is due by the end of the month. Also, this week, the MoF will repay another US\$350m.

ICU view: In October, the Ministry of Finance will likely target to increase net borrowing to push the rollover ratio up further. According to the published schedule, the MoF will offer a new benchmark bond next week, which the NBU will be allowed to use to include in bank mandatory reserves. The MoF may again aim at 100% rollover of USD-denominated debt with a new bond offering scheduled for tomorrow and the next week.

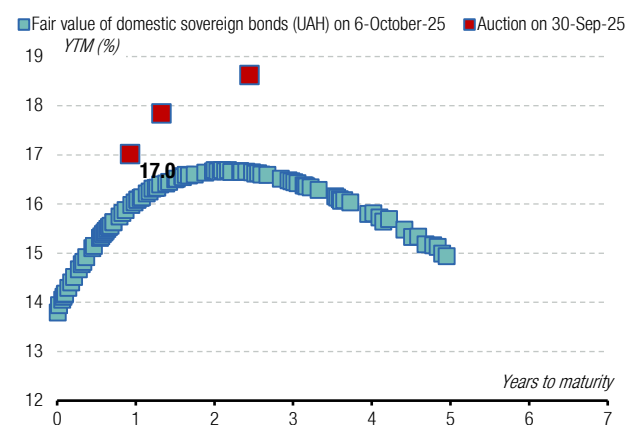
Chart 1. Local-currency bonds

Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)



Source: MFU, ICU.

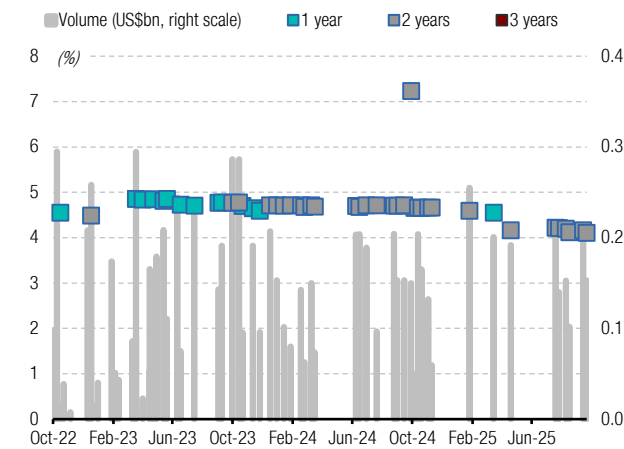
YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions



Source: NBU, MFU, ICU.

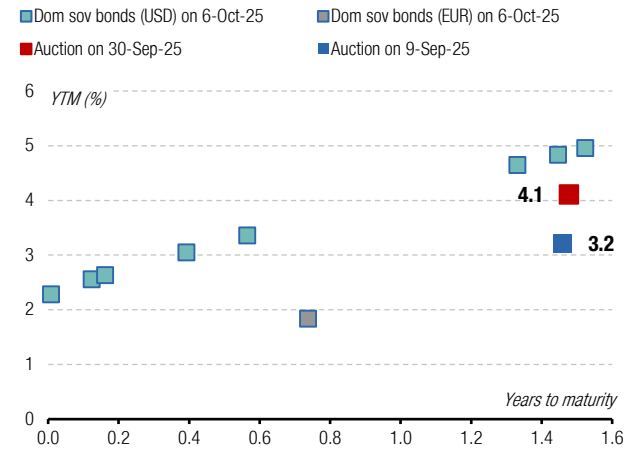
Chart 2. FX-denominated bonds

Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)



Source: MFU, ICU.

YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions



Source: NBU, MFU, ICU.

Foreign exchange market

NBU interventions at multi-month lows

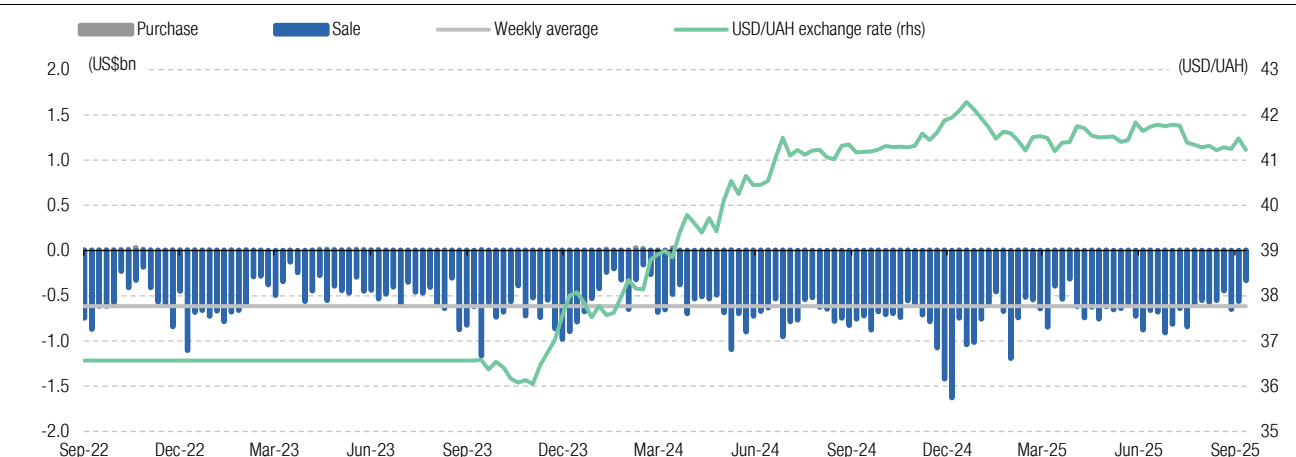
Tax payments in the last days of September helped the NBU significantly reduce interventions and strengthen the hryvnia last week.

At the beginning of last week, bank clients (legal entities) significantly stepped up their sales of foreign currency, which helped narrow the FX shortage in the market to US\$47m for four days of the week. Given such a favourable backdrop, the NBU allowed the dollar to weaken to below UAH41.3/US\$. Central bank interventions were down to US\$333m last week, the smallest weekly amount since April.

ICU view: At the end of September, exporters had to sell more foreign currency to pay VAT and excise taxes in UAH. This was likely the main reason for a decline in FX market imbalances last week. Yet, we believe this is a temporary improvement, and we expect interventions will soon return to a US\$500-600m range per week, i.e. close to the average during a full-scale war.

Chart 3. FX market indicators, 3-year history

Ukraine hryvnia UAH exchange rate per US dollar at the interbank market and NBU interventions (weekly data and weekly average starting from 24-Feb-2022)



Source: NBU, Bloomberg, ICU.

Economics

Monthly C/A gap narrows in August

The monthly current account (C/A) deficit narrowed to US\$3.1bn from a record high of US\$4.2bn in July.

The trade-of-goods deficit saw an improvement on a decline in imports vs July, but still remained large at US\$4.1bn taking the 8M25 result to US\$30.4bn from US\$20.2bn in 8M24. August export of goods was lackluster as it declined 9% YoY (-4% in 8M25) on sluggish sales of agricultural products. Imports continued to grow at a double-digit pace (+17.5% YoY in August and +19.8% in 8M25). The deficit of trade in services and the deficit of primary income remained little changed vs. both July and August 2024. Secondary income surplus was the key factor that drove the improvement in C/A balance in August vs. July on larger foreign budgetary transfers to the Ukrainian government.

Financial account trends remained positive with a significant net inflow of funds of US\$1.4bn due to a reduction of the stock of trade credits (likely a transfer of earlier sales proceeds of exporters to Ukraine). The outflows of FX cash from the banking sector (the key drag on financial account in 2024) remained reasonably small. The inflows of concessional loans from Ukraine's allies stood at US\$4.6bn. The combined balance of the current and financial accounts was significantly positive driving the NBU reserves 7% MoM to US\$46bn.

ICU view: The size of the C/A deficit remains the key long-term concern but since the start of the full-fledged war, it has been safely covered by foreign financial aid. Given commitments by Ukraine's foreign partners, we expect this pattern to remain intact at least over the next 12 months. Should the EU approve a reparation loan for Ukraine, Ukraine's external accounts will remain in safe territory for another couple of years. We expect the NBU will have more than enough firepower to keep the FX market and hryvnia exchange rate under its full control at least in the next 12 months.

Table 2. Key balance of payment components, \$m

C/A deficit narrowed in August

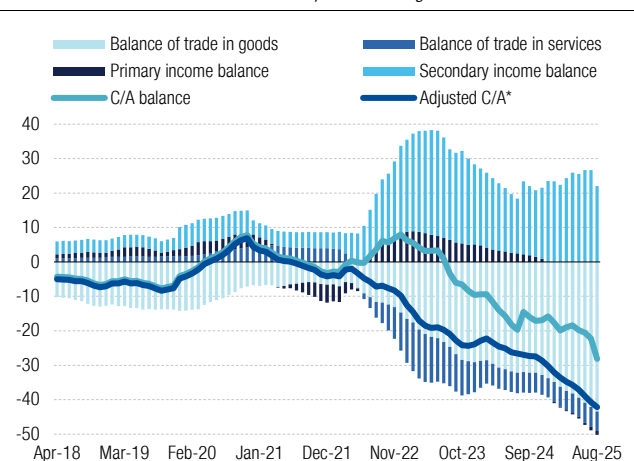
	Aug 2025	Jul 2025	Aug 2024
Current account	-3,135	-4,162	2,875
Trade in goods	-4,089	-4,554	-2,753
Trade in services	-590	-528	-588
Primary income	-208	-167	-196
incl. migrant income	569	579	635
Secondary income	1,752	1,087	6,412
incl. transfers to gov't	1,208	418	5,770
Financial account*	-6,113	-1,747	2,827
Foreign direct investment	-173	-156	-159
Change in trade credits	-1,382	-1,039	-629
Change in cash out of banks	453	434	1,025
Net loans to government	-4,602	-1,151	-2,872
Other	-409	165	5,462

* negative numbers in financial account indicate increase in liabilities (cash inflow)

Source: NBU, ICU.

Chart 4. Current account, 12-month trailing, \$bn

12-month current account balance keep deteriorating



* adjusted for official grants to the government

Source: NBU, ICU.

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