



Focus
Ukraine

Markets
Government bonds,
FX market, and macro

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Weekly Insight

Annual inflation keeps decelerating sharply

Key messages of the today's comments

Ukrainian bond market

MoF scales up borrowings significantly

Last week, the Ministry of Finance borrowed over UAH23bn, the largest weekly amount YTD.

Foreign exchange market

NBU increases hryvnia volatility

The NBU has been gradually weakening the hryvnia exchange rate over the past week, likely showing its preparedness for a wider fluctuations band.

Economics

NBU reserves inch up in September

Gross international reserves of the NBU edged up 1.1% in September to US\$46.5bn.

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Annual CPI slowed to 11.9% in September vs 13.2% in August and after a peak of 15.9% in May.

MONDAY, 13 OCTOBER 2025

Banks' reserves market (10 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU rate (%) ¹	15.50	+0bp	+250bp
ON rate (%)	15.50	+3bp	+244bp
Reserves (UAHm) ²	242,690	+8.0	+6.1
CDs (UAHm) ³	506,660	-0.8	+9.3

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) (10 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU	668,822	-0.3	-1.3
Banks	903,761	+0.7	+13.1
Residents	186,114	+1.4	+8.1
Individuals	101,895	-1.0	+41.0
Foreigners	18,035	+0.4	-26.7
Total	1,878,896	+0.3	+7.6

Source: NBU, ICU.

FX market indicators (10 October 2025)

	Last	Weekly chg (%)	YoY chg (%)
USD/UAH	41.6500	+0.8	+1.0
EUR/USD	1.1619	-1.0	+6.3
DXU	98.978	+1.3	-3.9

Source: Bloomberg, ICU.

Market gov't bond quotes (13 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 (\$)	N/A	N/A
1.5 years (\$)	4.25	3.50

Source: ICU.

Ukrainian bond market

MoF scales up borrowings significantly

Last week, the Ministry of Finance borrowed over UAH23bn, the largest weekly amount YTD.

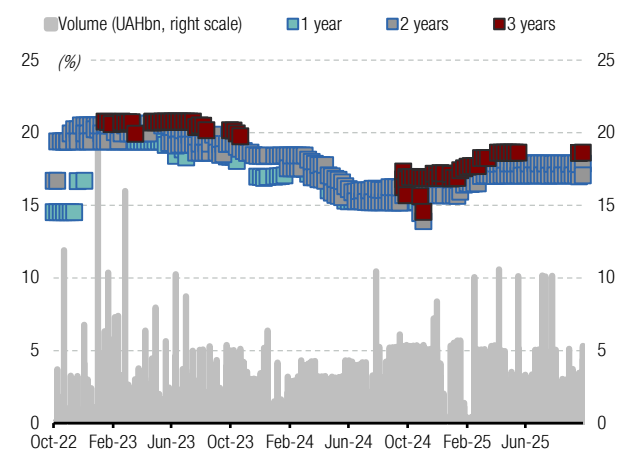
The MoF offered UAH and USD-denominated bonds last week and raised an equivalent of UAH23.3bn, including UAH15bn and US\$203m. See details in the [auction review](#).

Before last week, the largest weekly proceeds were reported in early August at UAH18.2bn when the MoF sold FX-denominated and UAH reserve bonds.

ICU view: The MoF placed nearly all offered volume of regular and military UAH securities last week, but this is unlikely to become a typical pattern for the succeeding auctions this year. Tomorrow, the MoF will offer a new UAH security maturing in 2029, which the NBU may add to the list of designated reserve bonds.

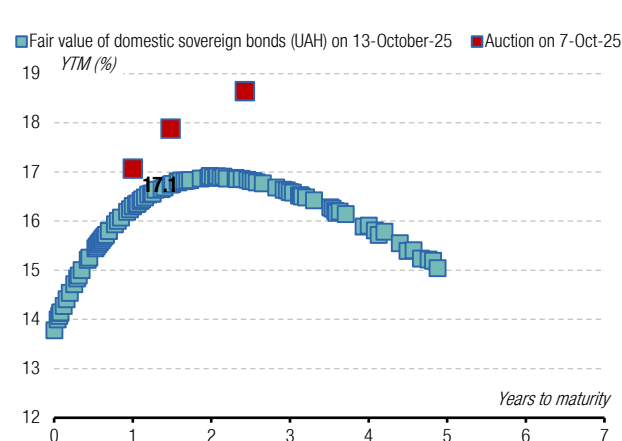
Chart 1. Local-currency bonds

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



Source: MFU, ICU.

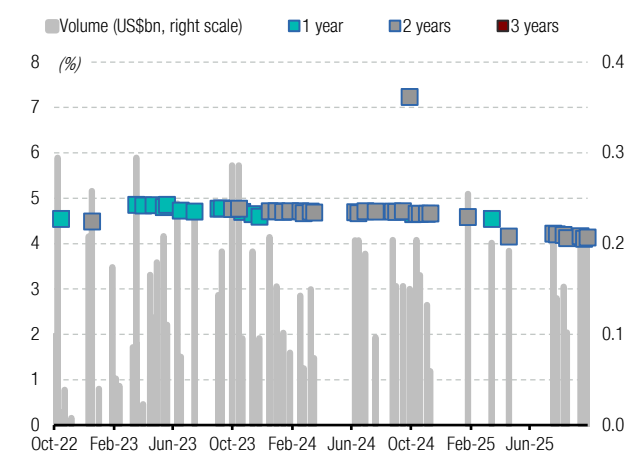
YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions



Source: NBU, MFU, ICU.

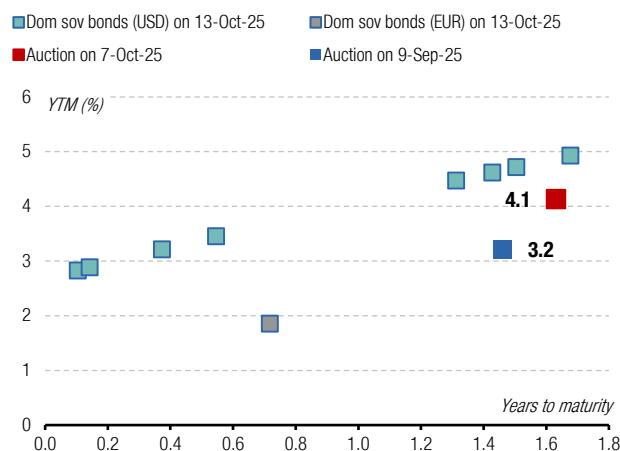
Chart 2. FX-denominated bonds

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 increases hryvnia volatility

The NBU has been gradually weakening the hryvnia exchange rate over the past week, likely showing its preparedness for a wider fluctuations band.

Last week, the NBU weakened the official hryvnia exchange rate by almost 1% to UAH41.6/US\$, the highest US\$ rate since early August. At the same time, the hryvnia strengthened against the euro by more than 0.5% to UAH48.1/EUR.

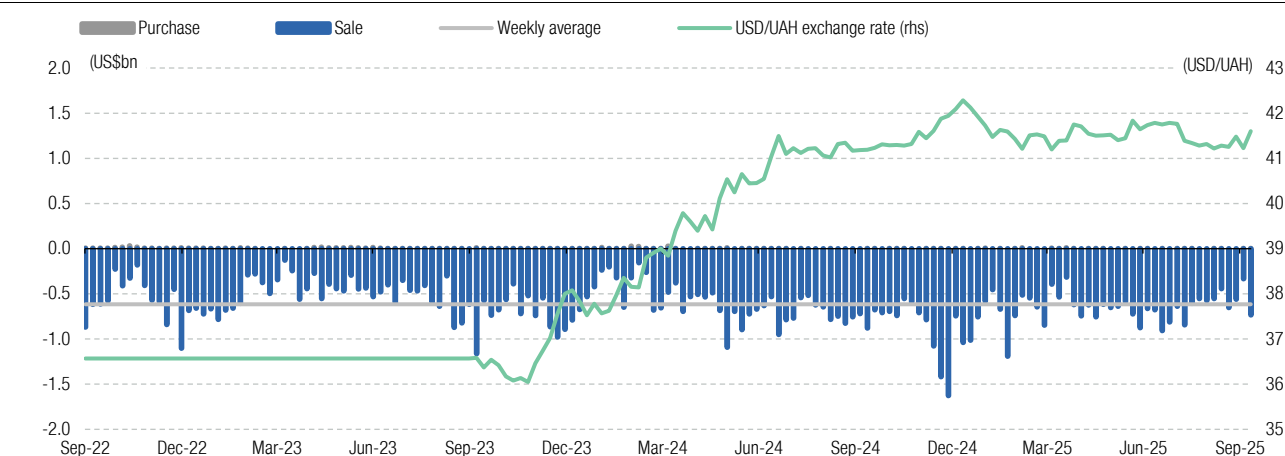
The NBU's interventions more than doubled to US\$734m over the past week. They were heavily concentrated in the last days of the week when hryvnia weakened the most, partially with a T+1 settlement.

On Monday, the FX market was in surplus and on Tuesday and Wednesday, the FX shortage was reasonable at below US\$100m. However, the pattern changed significantly on Thursday, when a spike in client demand for FX forced the central bank to increase interventions.

ICU view: Most likely the NBU again faced significant FX demand from government agencies and had to increase interventions well above the weekly average. Against this backdrop, the NBU also weakened the hryvnia to levels last seen over two months ago. We now expect the NBU may strengthen the hryvnia exchange rate, only to weaken it again later. Overall, we expect the US\$ rate drifting to above UAH42/US\$ towards the end of the year.

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

NBU reserves inch up in September

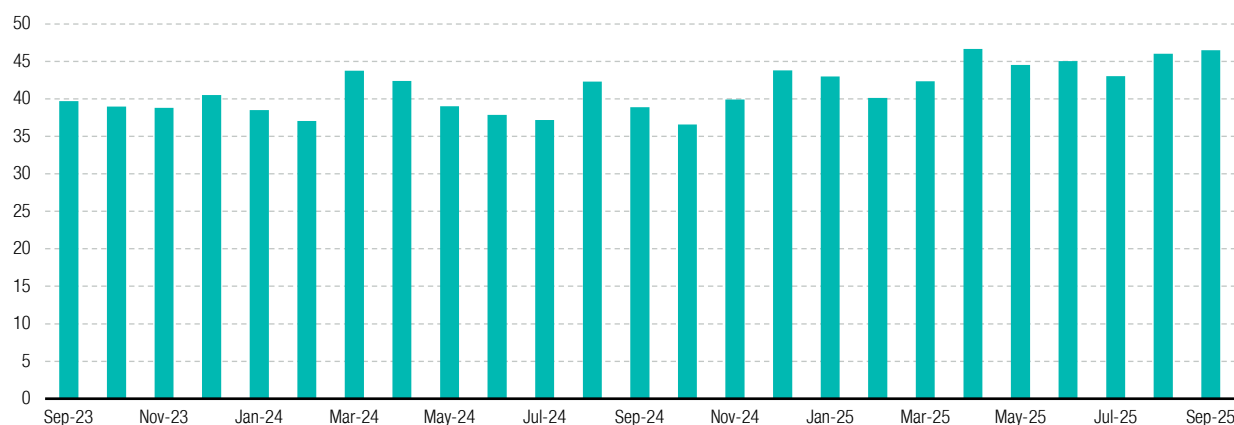
Gross international reserves of the NBU edged up 1.1% in September to US\$46.5bn.

The increase in reserves came on the back of new inflows of foreign financial aid that totaled US\$2.6bn last month. Meanwhile, the central bank spent net US\$2.3bn on FX sale interventions and another US\$0.3bn was used on Ukraine's external debt payments. Net FX revaluation was positive at US\$0.7bn. Reserves now amount to 5.1 months of future imports, according to NBU estimates.

ICU view: We expect NBU reserves to continue growing in 4Q to exceed US\$50bn at the end of 2025. We now are getting optimistic about prospects for 2026, as the EU is holding serious discussions about a EUR140bn reparation loan linked to russian frozen assets. Should the loan be approved, NBU reserves will likely remain above US\$50bn in 2026 and beyond enabling the NBU to fully control the FX market and hryvnia exchange rate.

Chart 4. NBU gross international reserves, US\$bn

NBU gross reserves keep growing on foreign financial aid



Source: NBU, ICU.

Annual inflation keeps decelerating sharply

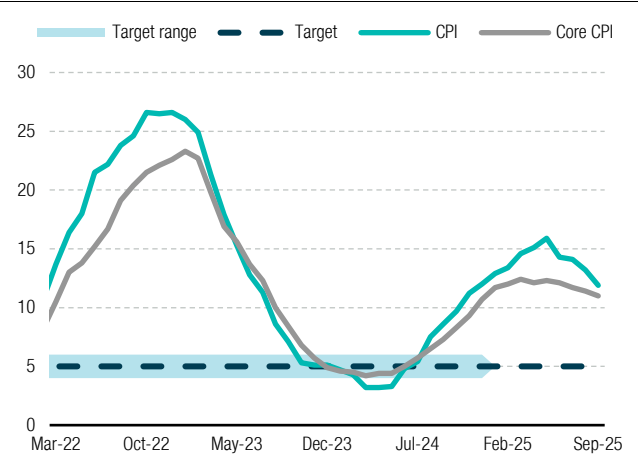
Annual CPI slowed to 11.9% in September vs 13.2% in August and after a peak of 15.9% in May.

The end-September tally came in below the NBU July forecast of 13.1%. Core inflation was down to 11.1% YoY in September from the peak of 12.4% in March. A deceleration in prices is seen across the vast majority of consumer basket groups with the notable exceptions being education and hotels and restaurants. The largest relief came from the deceleration in food prices (+17.2% vs the peak of 23.2% in May) on the back of ample harvest of fruits and vegetables.

ICU view: Looking forward, we see no significant risks that may derail disinflation. Household incomes are slowing in both nominal and real terms due to weak growth in social payments and salaries in the public sector. Administrative tariffs for gas and electricity for households are likely to remain fixed at least for the next 12 months. The harvest was not perfect this year, but should be more than sufficient to keep the food market fully saturated. For 2025, we see the CPI slipping to single digits in November and landing at 8.5% at end-2025. The robust disinflation implies the NBU is now in a position to move to a gradual monetary loosening cycle, and we expect the key policy rate will be cut by 50bp next week.

Chart 5. CPI, core CPI and target, YoY, %

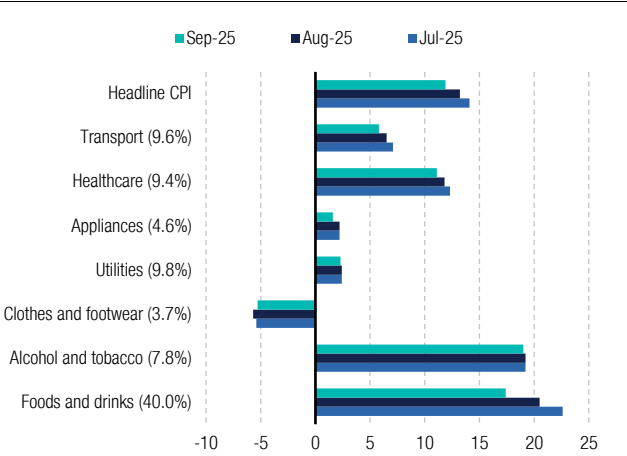
Annual inflation keeps decelerating sharply



Source: Ukrstat, NBU, ICU.

Chart 6. CPI and its main components, YoY, %

Food prices decelerate the most



* numbers in brackets indicate the share of the component in consumer basket

Source: Ukrstat, ICU.

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