

Weekly Insight

Annual CPI on a steep downward trend

Key messages of the today's comments

Ukrainian bond market

Short-term paper shortage increases

For about two months, trading in the secondary market was concentrated in bonds with a maturity less than one year, driving a gradual decline in their yields.

Foreign exchange market

NBU keeps tight control on exchange rate

Last week, the NBU maintained the hryvnia/dollar exchange rate slightly above UAH42/US\$.

Economics

Annual inflation on a steep downward trend

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MONDAY, 17 NOVEMBER 2025

Banks' reserves market (14 November 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU rate (%) ¹	15.50	+0bp	+250bp
ON rate (%)	15.50	+0bp	+250bp
Reserves (UAHm) ²	258,642	+5.7	-11.5
CDs (UAHm) ³	527,589	-1.3	+38.6

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) (14 November 2025)

	Last	Weekly chg (%)	YoY chg (%)
NBU	666,322	-0.4	-1.7
Banks	914,822	+0.2	+7.1
Residents	193,894	+1.3	+14.3
Individuals	108,819	+1.2	+47.8
Foreigners	16,382	+5.2	-30.1
Total	1,900,550	+0.2	+5.6

Source: NBU, ICU.

FX market indicators (14 November 2025)

	Last	Weekly chg (%)	YoY chg (%)
USD/UAH	42.0014	+0.4	+1.7
EUR/USD	1.1621	+0.5	+10.4
DXY	99.299	-0.3	-6.9

Source: Bloomberg, ICU.

Market gov't bond quotes (17 November 2025)

Maturity	Bid (%)	Ask(%)
6 months	14.50	13.00
12 months	17.50	16.50
2 years	18.50	17.50
3 years	18.75	18.00
6 months (\$)	4.25	2.00
1.5 years (\$)	4.25	3.50

Source: ICU.

Ukrainian bond market

Short-term paper shortage increases

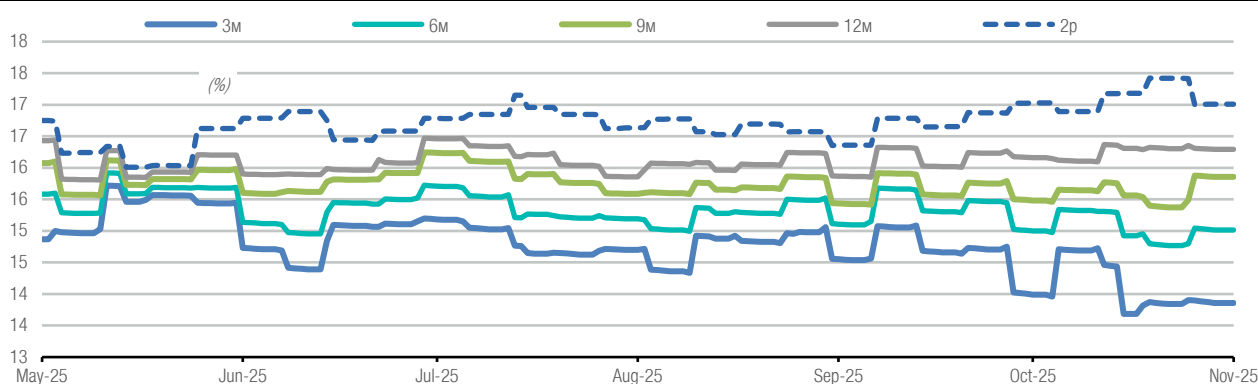
For about two months, trading in the secondary market was concentrated in bonds with a maturity less than one year, driving a gradual decline in their yields.

The total volume of UAH bonds traded in the secondary bond market last week was UAH9.1bn, as paper with a remaining maturity of less than 12 months totalled UAH4bn. Trading in securities with maturity within the next six months stood at only UAH0.1bn.

There is a persistent shortage of short-term instruments in the bond market, which adds pressure on rates. In the past six months, yields declined to less than 13% from over 15% for three-month instruments and to 15% from almost 16% for six-month securities. At the same time, yields for longer instruments have remained broadly stable and are close to 16% for bonds maturing in 9-12 months.

ICU view: In primary auctions, the Ministry of Finance does not offer new bonds with maturities of less than a year. This paper is only available in the secondary bond market, implying the demand often exceeds supply significantly. We expect this pattern to continue as the MinFin has no plans to offer short-term securities in the near future.

Chart 1. Average YTM of UAH bonds



Source: NBU, ICU.

Foreign exchange market

NBU keeps tight control on exchange rate

Last week, the NBU maintained the hryvnia/dollar exchange rate slightly above UAH42/US\$.

The National Bank increased its interventions by 22% WoW to US\$701m, but did not allow the dollar price to exceed UAH42.1/US\$. According to our calculations, daily interventions were small at the beginning of the week, but likely spiked on Friday (with some deals likely to be settled today). Fluctuations in the hryvnia exchange rate on the interbank market were approximately within a range of UAH0.2.

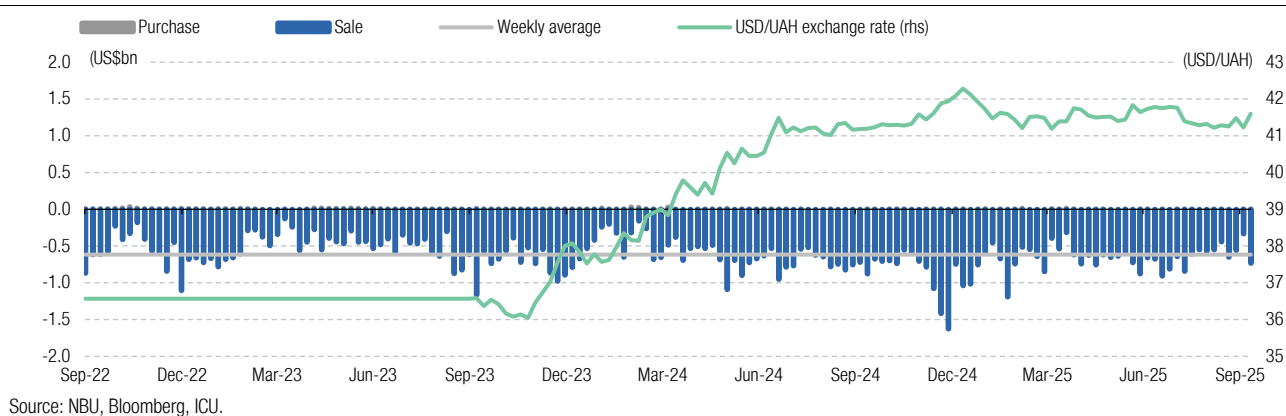
Over four business days, the foreign currency shortage was hardly changed WoW at US\$419m. The deficit was driven by trade in the interbank market while in the retail segment, net hard currency purchases decreased by 23% to US\$134m.

ICU view: The National Bank broadened the band for hryvnia fluctuations vs the US\$ recently compared with the summer months. Yet, the NBU is definitely in no hurry to

weaken the hryvnia exchange rate further, despite the IMF's insistence. We do not expect a significant weakening of the hryvnia in the foreseeable future.

Chart 2. 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)



Economics

Annual inflation on a steep downward trend

Annual CPI slowed to 10.9% in October from 11.9% in September and a peak of 15.9% in May. Core CPI was down to 10.2% from 11.0% in September.

The greatest relief came from food, the largest consumer basket component, as price growth moderated to 15.4% YoY from 17.2%. The deceleration in annual prices was broad-based, with pronounced declines in rates also seen in health services (9.9% in October vs 11.1% in September) and communication (16.4% vs 17.1%).

ICU view: Inflation should remain on a steep downward trend in the coming months against last year's unusually high base. We see annual inflation slipping to single-digits already in November and decelerating further in every month at least until May 2026. We don't rule out that the NBU may start its monetary policy easing cycle as soon as December and deliver a 50bp cut despite its earlier surprise guidance of keeping the rate unchanged at least until January 2026.

Chart 3. CPI, core CPI and target, YoY, %

Annual inflation keeps decelerating sharply

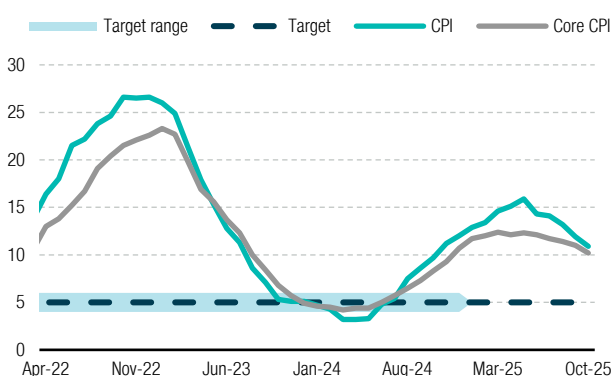
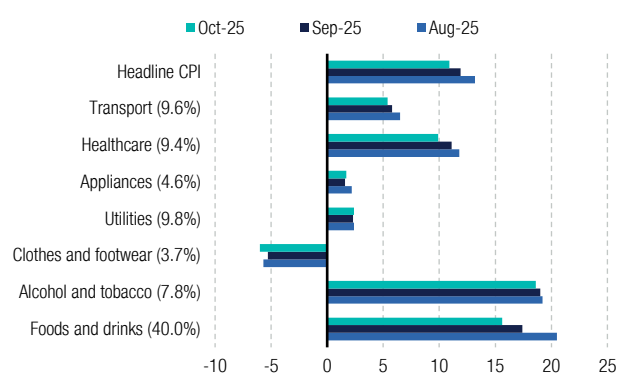


Chart 4. CPI and its main components, YoY, %

Food prices decelerate the most





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