

Weekly Insight

Inflation eases temporarily on food prices

Key messages of the today's comments

MONDAY, 15 JUNE 2026

Ukrainian bond market

MoF resumes offerings of reserve bonds

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Eurobonds rally last Friday

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Foreign exchange market

NBU weakens hryvnia unexpectedly and sharply

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Economics

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Annual CPI eased to 8.2% in May from 8.6% in April on slower food prices. Core inflation up to 7.9% YoY from 7.6% in April.

Staff level agreement on first EFF program review reached

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Banks' reserves market (12 June 2026)

	Last	Weekly chg (%)	YoY chg (%)
NBU rate (%) ¹	15.00	+0bp	-50bp
ON rate (%)	14.99	+1bp	-89bp
Reserves (UAHm) ²	330,190	+15.6	+18.5
CDs (UAHm) ³	629,751	-3.1	+30.2

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) (12 June 2026)

	Last	Weekly chg (%)	YoY chg (%)
NBU	656,257	+0.0	-2.4
Banks	923,195	+0.3	+8.1
Residents	243,394	-1.4	+19.3
Individuals	149,870	-0.6	+56.9
Foreigners	15,382	-5.5	-23.0
Total	1,988,598	-0.1	+7.7

Source: NBU, ICU.

FX market indicators (12 June 2026)

	Last	Weekly chg (%)	YoY chg (%)
USD/UAH	44.8610	+1.2	+8.4
EUR/USD	1.1568	+0.4	-0.1
DXY	99.747	-0.3	+1.9

Source: Bloomberg, ICU.

Market gov't bond quotes (15 June 2026)

Maturity	Bid (%)	Ask (%)
6 months	16.00	14.50
12 months	16.50	15.50
2 years	17.25	16.00
3 years	17.50	16.50
6 months (\$)	4.00	3.15
1.5 years (\$)	4.25	3.35

Source: ICU.

Ukrainian bond market

MoF resumes offerings of reserve bonds

After a three-month break, the Ministry of Finance resumed offering reserve bonds last week, primarily to replace paper due in July.

At the [primary bond auction](#) last Tuesday, the MoF placed new UAH reserve bonds due in November 2029. The bid-to-cover was almost 5x, and the coupon rate was set at 12.9%. The MinFin has scheduled the next placement of this note for June 24, this time through an exchange auction for reserve bond due on July 22.

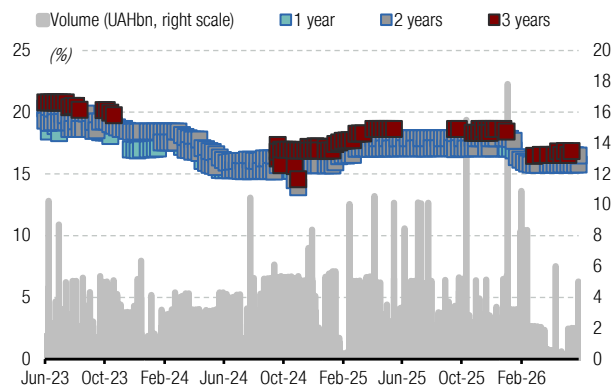
So far, the NBU has not added the new issue to the list of benchmark bonds that banks can use to cover part of their mandatory reserves. Yet, banks actively traded them and the turnover reached UAH1.8bn, 12% of all deals in the secondary bond market last week.

As of today, there are 20 reserve bonds outstanding for UAH409bn, the new issue aside. This year, five reserve bonds with a total face value of over UAH99bn are scheduled to be redeemed, one issue per month from July to November.

ICU view: The Ministry of Finance has returned to offering reserve bonds, but for now likely with a view of rolling over the maturing securities and ultimately maintaining the total outstanding reserve bonds close to the current level.

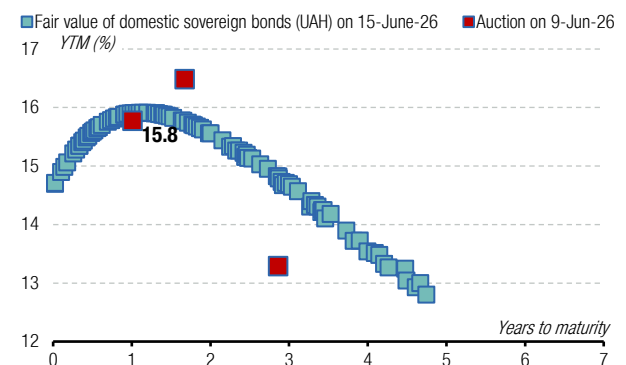
Chart 1. Local-currency bonds

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



Source: MFU, ICU.

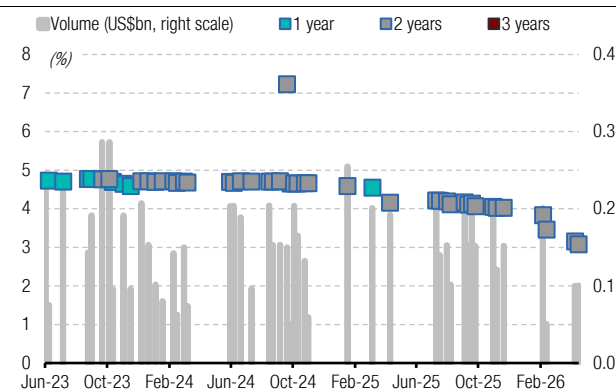
YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions



Source: NBU, MFU, ICU.

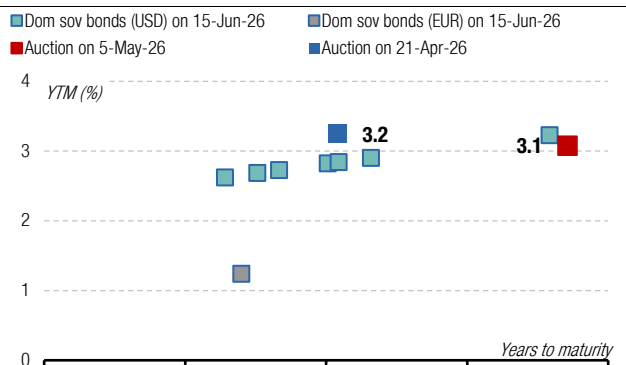
Chart 2. FX-denominated bonds

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



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Eurobonds rally last Friday

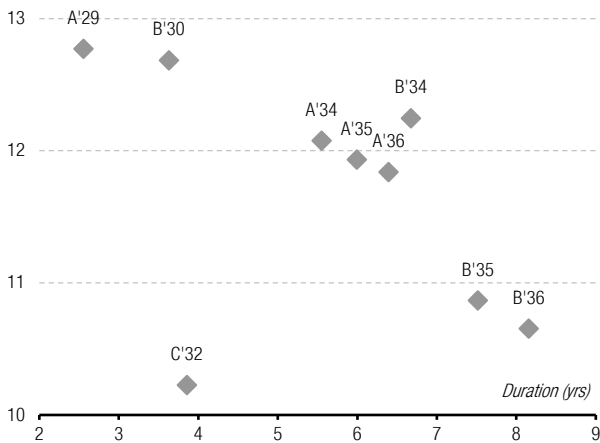
Last week’s price growth of Ukrainian Eurobond significantly outpaced the broader market trend. On Friday, new reports about Ukraine's stronger position in the war sparked some optimism.

For almost all of the last week, Ukrainian Eurobond prices moved broadly in line with global trend of the EM securities. The EMBI index increased by 0.2% from Monday to Thursday, and Ukrainian Eurobonds rose by an average of 0.6%. Yet, at the end of the week, Ukrainian Eurobonds outpaced the EMBI index markedly – 2.6% vs 0.6%. The likely drivers include new reports in the Western press that Ukraine's position in the war strengthened significantly. The announcement of the staff level agreement on the first review of the EFF program with the IMF improved the positive context further.

ICU view: Developments along the frontline and Ukrainian strikes deep into Russia aimed at military infrastructure are being increasingly covered by Western media. Such reports continue to support investor optimism regarding the prospects for ending the war. The successful first review of the IMF program is also a positive signal about continued international partners’ support despite some delays in implementing key fiscal and institutional reforms.

Chart 3. Ukrainian Eurobond YTM and prices

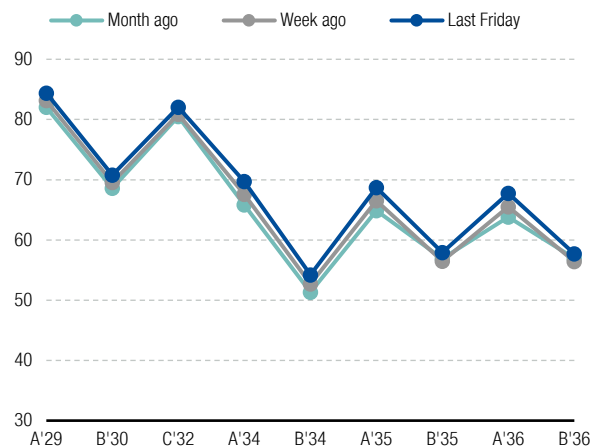
Eurobonds yield map



Note: The nominal value of Series B bonds due in 2035 and 2036 may increase in 2030

Source: Bloomberg, ICU.

Eurobonds price changes



Source: Bloomberg, ICU.

Foreign exchange market

NBU weakens hryvnia unexpectedly and sharply

NBU sharply weakened the hryvnia, contrary to our expectations of a slow, gradual devaluation.

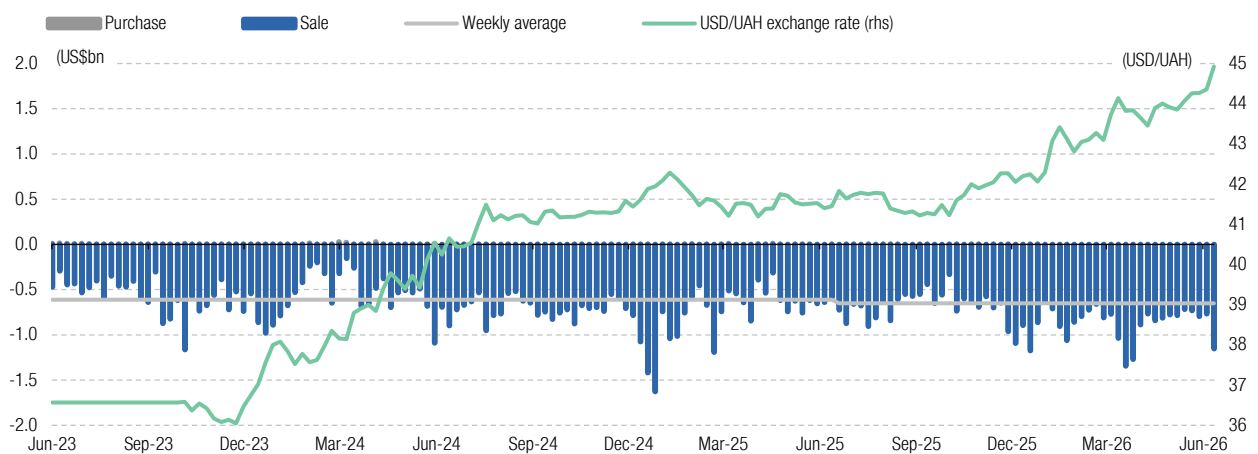
Last week, the NBU let the hryvnia weaken by UAH0.2-0.3 per day. On the interbank market, quotes at times exceeded UAH45/US\$. The maximum official US dollar price at UAH44.98/US\$ was recorded on Wednesday. The NBU managed to stop the hryvnia weakening via a significant increase in interventions to over US\$200m per day. By the end of the week, the hryvnia weakened by 1% to UAH44.81/US\$, or by 5.8% since the beginning of the year. In total, the NBU sold almost US\$1.2bn – a weekly maximum since the end of March.

The decline in the hryvnia rate happened against the backdrop of a 36% increase in the foreign currency deficit to US\$748m (over four business days). The shortage in the retail segment increased by 12% to US\$84m, while the deficit in the interbank market was up by almost 40% to US\$664m.

ICU view: The sharp increase in the deficit is likely a market reaction to the unexpected NBU moves in the FX market. The sharp weakening of the hryvnia, which the market did not expect, led to a significant decline in the FX supply. The NBU was forced to increase its interventions significantly. It is unlikely that sharp moves in the hryvnia exchange rate against foreign currencies will be seen again in the coming weeks. Yet, the NBU's behaviour in the FX market is becoming increasingly unpredictable. Nevertheless, we maintain our year-end exchange rate forecast at UAH45.8/US\$.

Chart 4. 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

Staff level agreement on first EFF program review reached

The IMF mission team announced it reached an agreement with Ukrainian authorities on the first review of the EFF program. The subsequent IMF board approval of the review will unlock a US\$0.7bn loan tranche.

All end-March quantitative performance criteria have been met while one structural benchmark has been missed. The IMF press-release outlines an extended agenda for reforms, including reducing the size of the informal economy, curbing abuse of the simplified tax regime, market liberalization in the energy sector, and enhancing anti-corruption institutions.

ICU view: The messages from the press-release clearly indicate the risks to the IMF program are very low. The fund maintains a broadly lenient approach towards Ukraine amid the war and remains flexible with rescheduling the most socially-sensitive reforms.

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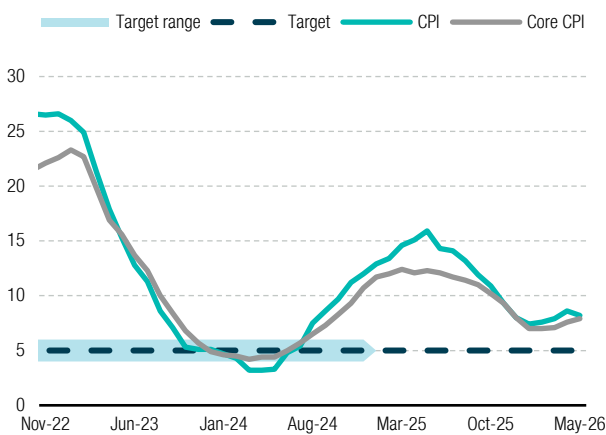
Food prices brought some respite as the monthly growth stood at 1.1% last May vs 2.9% in May 2025, annual growth decelerated to 7.5% from 9.5% in April. The pace of annual price

increases was slightly up across the majority of consumer basket components. Yet, some major services saw a deceleration in prices, including healthcare and restaurants/hotels. Prices for motor fuel were only marginally up in May (+0.6% MoM and +38.7% YoY), implying the incremental impact of the global energy crisis is fading.

ICU view: The CPI deceleration in May looks to be temporary; we expect the annual inflation to accelerate to the 9-10% range at end-2026. The secondary price effects related to the spike in the cost of fuels will continue to transpire in the coming months. Yet, this year's favourable weather conditions and the expected plentiful harvest will generate counterbalancing effects. In [our recent macro note](#), we predicted the NBU will stay in a wait-and-see mode during this week's MPC to better assess risks of inflation. Yet, the recent hryvnia depreciation may set arguments for a rate increase.

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

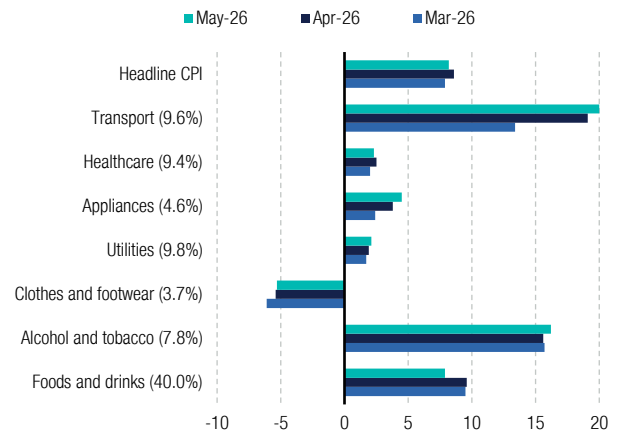
Headline inflation eases temporarily



Source: Ukrstat, NBU, ICU.

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

Prices of food decelerate sharply



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

Source: Ukrstat, ICU.



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