



# Macroeconomic and Monetary Review

June 2025



# Summary

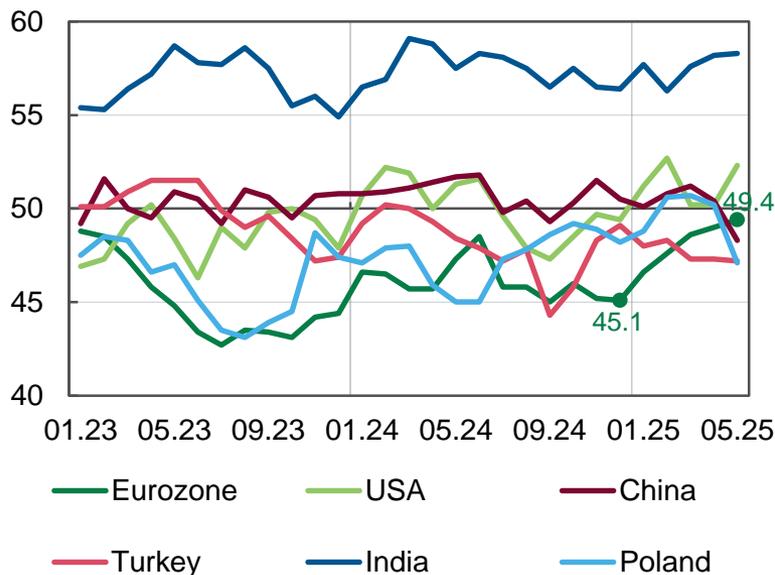
- **Economic growth in Ukraine's MTPs remains uneven, and inflationary pressures ease.** However, high risks amid shifts in U.S. tariff policy determined the CBs' cautious approach to their monetary policies. After declining due to weak demand, global energy prices rebounded from mid-May
- **In April, consumer inflation accelerated as expected** (to 15.1% yoy). The NBU's preliminary estimates suggest that **annual inflation will continue to rise in May, likely reaching a local maximum** and slightly exceeding the current forecast trajectory. Food prices were additionally affected by spring frosts, which impacted the cost of the first batches of fruits and vegetables from the new harvest. On the other hand, after a slowdown in core inflation in April, its expected acceleration in May was in line with the NBU's forecast
- **Business expectations and a number of economic activity indicators improved in May.** Defense orders, the resumption of gas production and agricultural investment supported a recovery in industry and construction, and steady consumer demand supported trade. At the same time, a shortage of agricultural raw materials held back freight transportation and the food industry
- **Recovery of the labor market continues:** the number of both job openings and resumes is increasing. Thanks to the increase in labor supply, the shortage of personnel eased somewhat. Job seekers' expectations regarding wages are comparable to employers' offers, which limits the more significant wage growth in the future
- In April, **the goods trade deficit narrowed**, and demand for FX cash significantly decreased. In addition, Ukraine received substantial amounts of international financing. As a result, gross reserves once again hit a record high, reaching USD 46.7 billion. In May, they remained at a high level
- **The state budget deficit widened in April-May** and was, as expected, financed mainly by international aid. Domestic debt market activity has revived primarily due to borrowings of hryvnia-denominated government bonds. In January-May, the rollover for hryvnia domestic government debt securities was 107%, and for FX-denominated government securities it was 73%
- The NBU's previous monetary policy tightening measures have contributed to a **noticeable revival of interest in hryvnia term savings**. Overall, from the beginning of the year through the end of May, hryvnia retail term deposits with maturities longer than 3 months increased by UAH 19 billion, while investments in hryvnia domestic government debt securities rose by UAH 11 billion
- **In June, the NBU kept the key policy rate unchanged at 15.5%.** This decision is intended to maintain the sustainability of the FX market and keep inflation expectations in check, which will help bring inflation back to a steady deceleration trajectory towards the 5% target



# External Environment

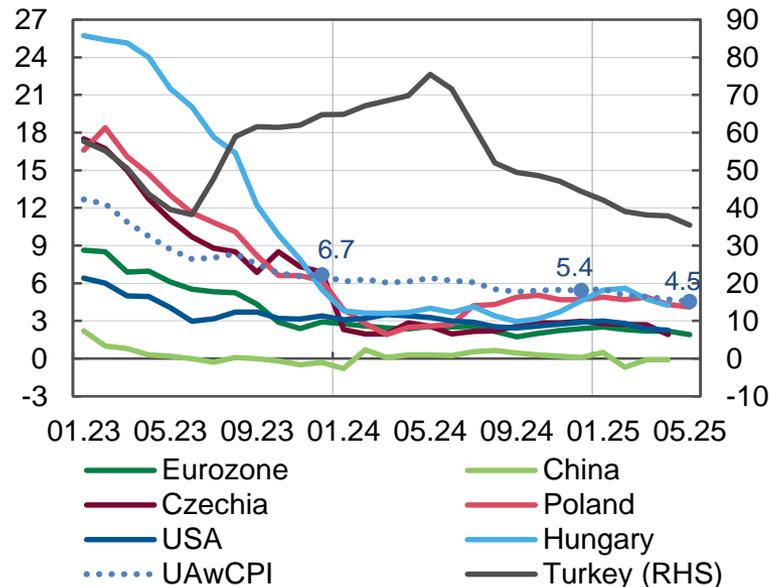
# Economic growth in Ukraine's MTPs remains uneven, and inflationary pressures ease

Manufacturing PMIs of selected countries



Source: S&P Global.

CPIs in selected countries and Weighted average of Ukraine's MTP countries' CPI (UAWCPI), % yoy

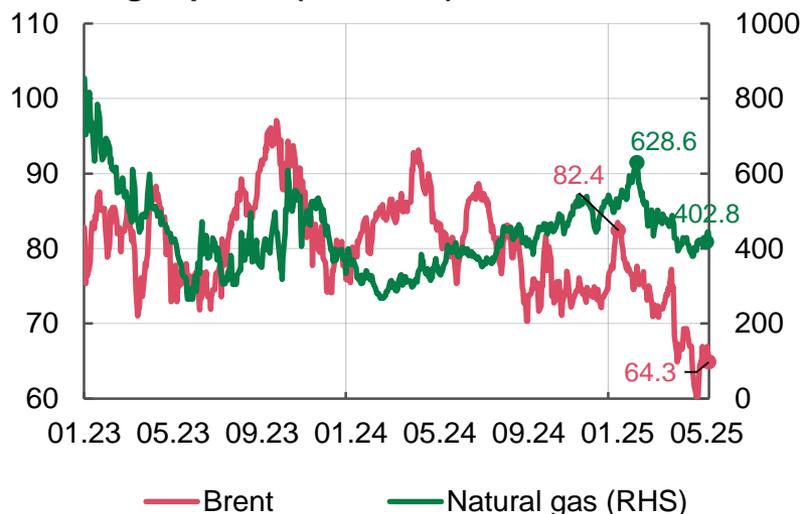


Source: national statistical offices, NBU staff estimates.

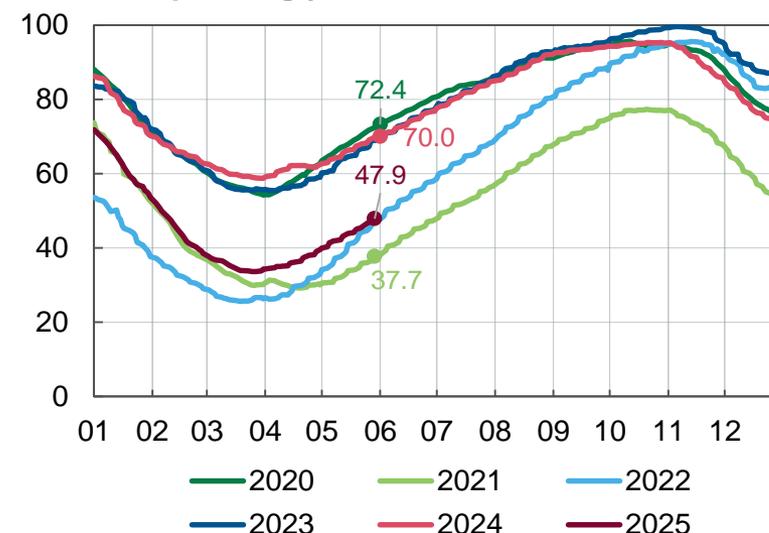
- Leading indicators suggest that the growth of selected Ukraine's MTPs improved somewhat in May after the April trade shock. It was supported by the postponement of higher U.S. import tariffs, as well as ongoing negotiations with third countries, primarily China
- However, the international trade environment remains uncertain amid concerns over the impact of the U.S. and China's tariffs, as well as future U.S. trade and geopolitical actions. As a result, business sentiment remains moderate, constraining production potential
- Inflationary pressures from Ukraine's main trading partners (UAWCPI) are slowly easing, primarily due to lower energy prices in previous periods

# After declining due to weak demand, global energy prices rebounded from mid-May

World Brent oil prices (USD/bbl) and Dutch TTF natural gas prices (USD/kcm)



Filling level of gas storage facilities in the EU in the corresponding year, %



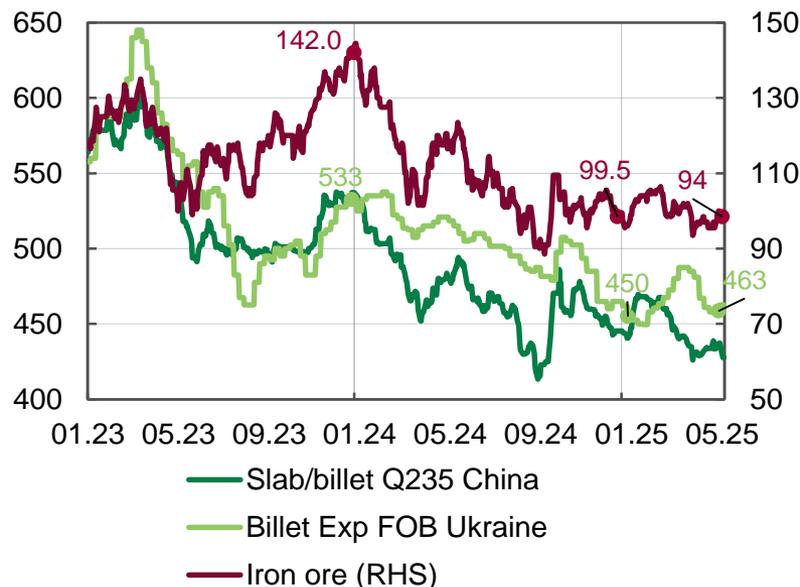
Source: LSEG.

Source: LSEG, as of 01.06.2025.

- Oil prices tested the level of 60 USD/bbl. The reason was concerns about falling demand due to global trade tensions amid the OPEC+ agreement to accelerate oil production increases for the second month in a row. However, since mid-May, prices have rebounded somewhat due to a temporary reduction in tariffs between the U.S. and China, supported by further cuts in U.S. drilling activity, and tightening of sanctions against Iranian oil exports
- Gas prices in Europe fell to last year's levels, influenced by a seasonal decrease in household demand, increased LNG production in the world, more flexible targets for filling EU storage facilities and an extension of their filling time (from 1 November to 1 December). Meanwhile, rising LNG prices in the Asian market driven by higher demand from the SEA countries and negotiations between the U.S. and China, as well as gas injection into the EU's storage facilities (currently about one-third below last year's level) has led to a renewed increase in prices

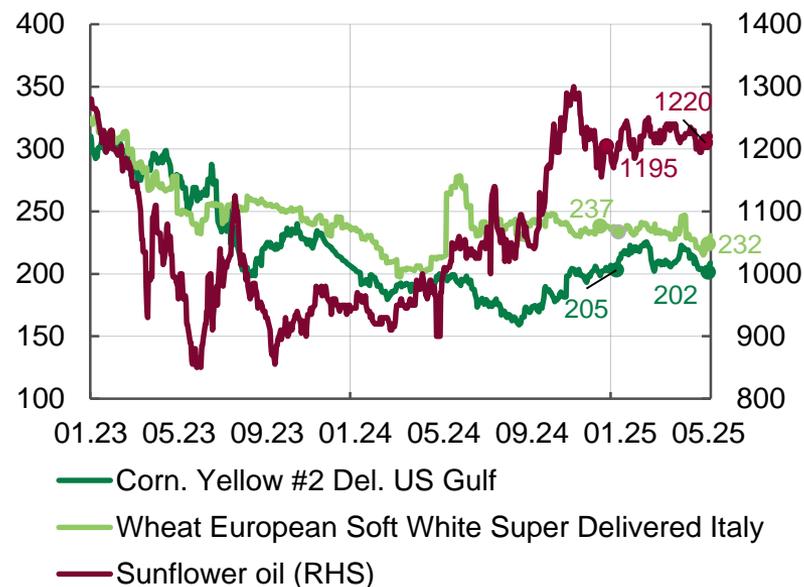
# Global prices for commodities prevailing in Ukraine's exports were in a lateral trend under the influence of balancing factors

Global steel and iron ore prices, USD/MT



Source: LSEG, Delphica.

Global grain and sunflower oil prices, USD/MT

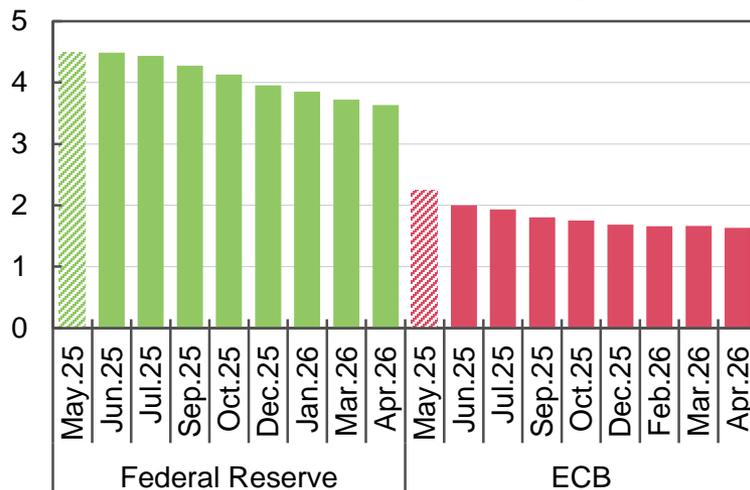


Source: LSEG.

- Steel and iron ore prices remained highly volatile due to trade uncertainty, primarily between the U.S. and China. At the same time, current steel production volumes were sufficient to replenish stocks and to meet the demand, which seasonally picked up in certain regions, in particular in SEA and Europe
- Grain prices moved in a lateral trend. Given the USDA's improved global wheat and corn balance for the 2024/2025 MY, along with a higher global production forecast for 2025/2026 MY, supply will be sufficient to meet growing demand and to replenish low inventories.
- Sunflower oil prices remained at a high and relatively stable level: the limited supply of sunflower oil due to low current yields was offset by record soybean yields and the expectation of better oilseed yields in the next marketing year, i.e. MY 2025/2026

# High inflation and growth risks amid shifts in U.S. tariff policy determined the CBs' cautious steps

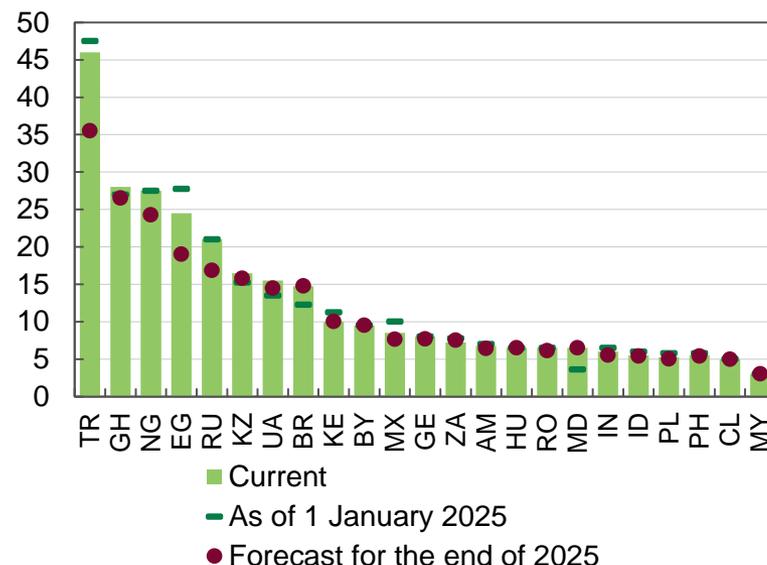
Market expectations (according to OIS) of key policy rates\* on the respective meeting dates, %



\* For the Fed – upper limit of the target range, for the ECB – deposit rate. May 2025 – actual data. Current expectations as of 30.05.2025.

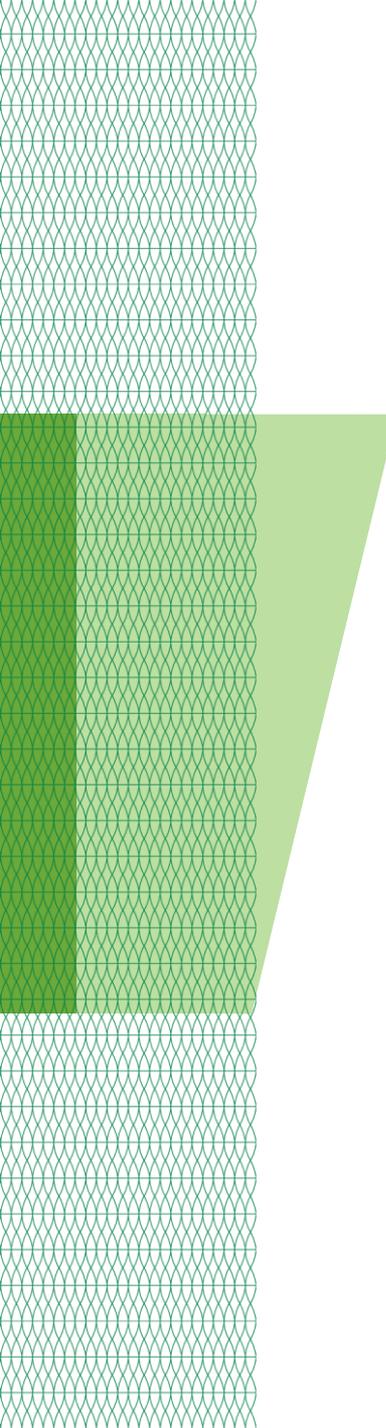
Source: Bloomberg, official web pages of Fed and ECB.

Key policy rates in selected EM countries, %



Source: official web-pages of central banks, Focus Economics, Oxford Economics, as of 30.05.2025.

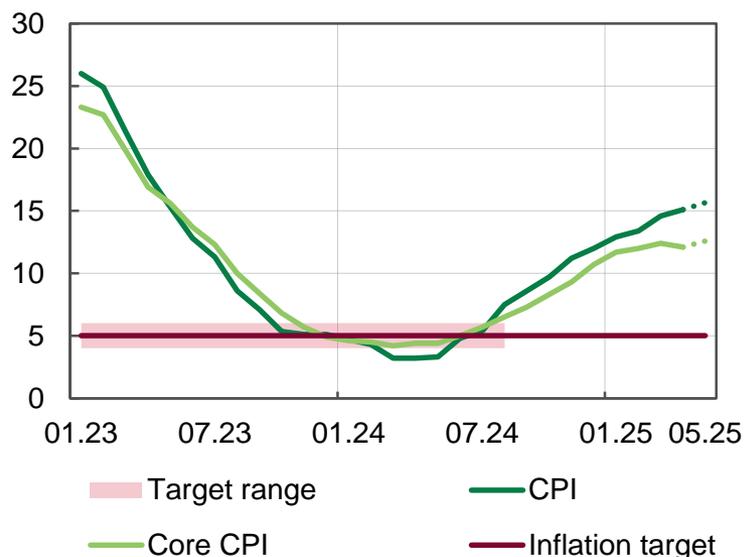
- The Federal Reserve, as expected, left the target rate range unchanged at 4.25–4.5%, opting to wait for greater clarity on the impact of tariffs before making further policy adjustments. The ECB cut rates by 25 bps (the deposit rate – to 2.25%) and signaled that there is room for further easing. Financial markets expect two additional cuts (-50 bps) from both the ECB and the Fed by the end of 2025
- Amid moderate inflation and ongoing trade tensions, many EM CBs (primarily in Asia and in Mexico) have shifted their priority toward supporting economic growth. The People’s Bank of China implemented several measures, including a rate cut, and is expected to keep its policy moderately accommodative. Progress in containing inflation has allowed the CBs of Egypt and Poland to ease their policy. In contrast, the CBs of Turkey and Brazil have raised interest rates to curb price pressures



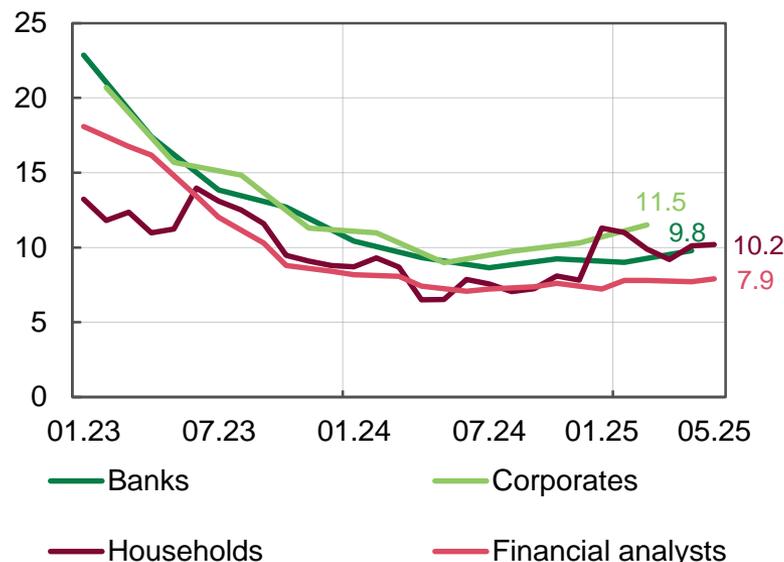
# Ukraine: Inflation

# In April, inflation accelerated as expected, and in May, according to the NBU's estimates, it reached a local peak

Inflation\* and inflation target, % yoy



Inflation expectations for the next 12 months, %



\*Data for May reflects nowcast. The target range remained in effect until August 2024 inclusive.

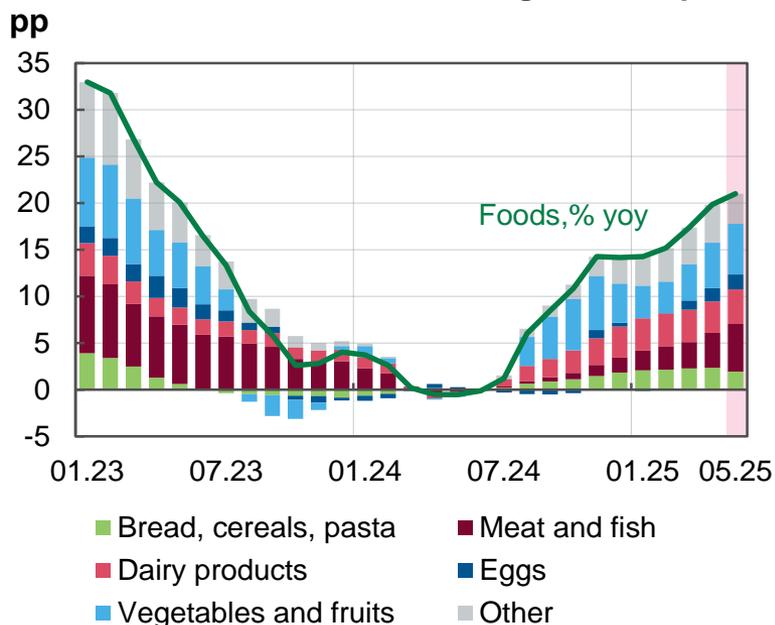
Source: SSSU, NBU staff estimates.

Source: NBU, Info Sapiens.

- In April and May, consumer prices continued to rise. According to the NBU's estimates, inflation in May reached its local maximum, which was probably somewhat higher than expected
- Food prices were affected by the spring frosts, which impacted the price of the first batches of fruits and vegetables from the new harvest. On the other hand, after a slowdown in core inflation in April, its expected acceleration in May was in line with the NBU's forecast
- Although inflation expectations of economic agents slightly worsened, they remained fairly stable and significantly lower than the current inflation rate. This was facilitated by the NBU's measures to protect hryvnia savings from inflationary depreciation and to maintain the stability of the FX market

# The growth in raw food prices accelerated rapidly, while processed food inflation remained high

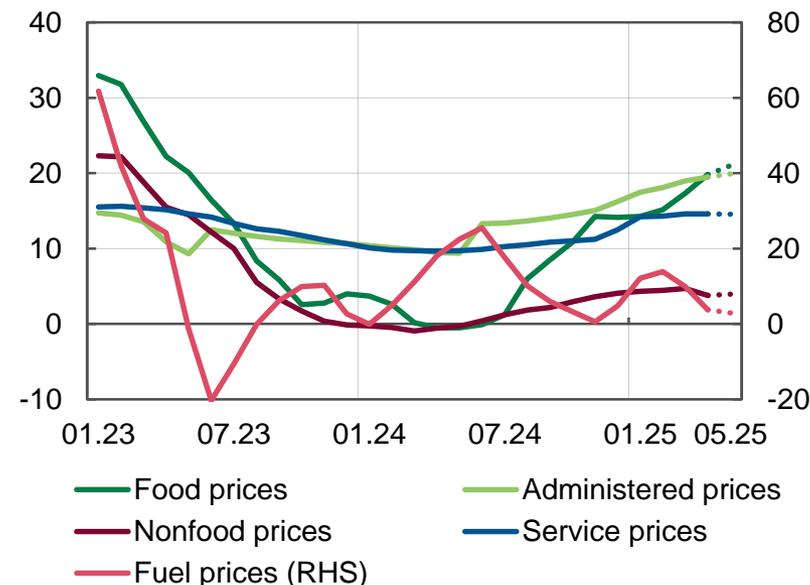
Contributions to the annual change in food prices\*, pp



\* Data for May reflects nowcast.  
Source: SSSU, NBU staff estimates.

- The growth in raw food prices accelerated due to the residual effects of last year's low harvests, [spring frosts](#), and a shift in the seasonality of demand for certain products. Flour and cereals prices rose more rapidly, while prices for fruits and vegetables increased due to a low supply of products of satisfactory quality. At the same time, [imports](#) and the [first batches of greenhouse vegetables](#) somewhat restrained price growth
- As before, underlying inflationary pressures were fueled by robust consumer demand and further growth in business production costs, including for raw materials and labor

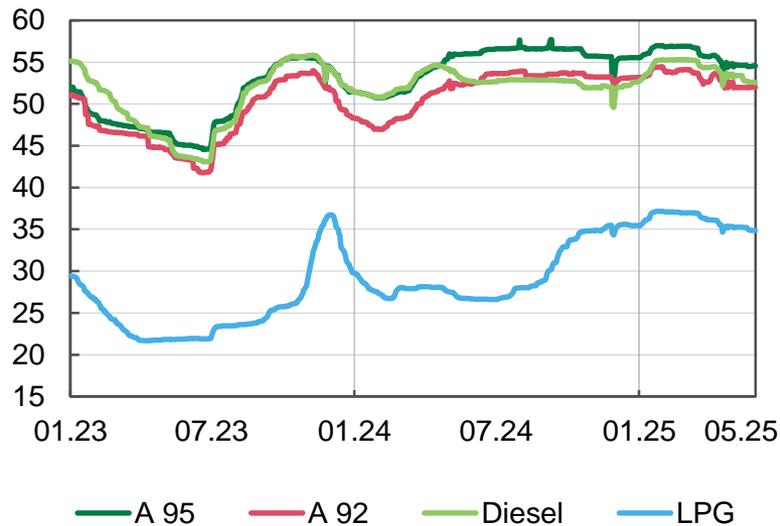
Selected CPI components\*, % yoy



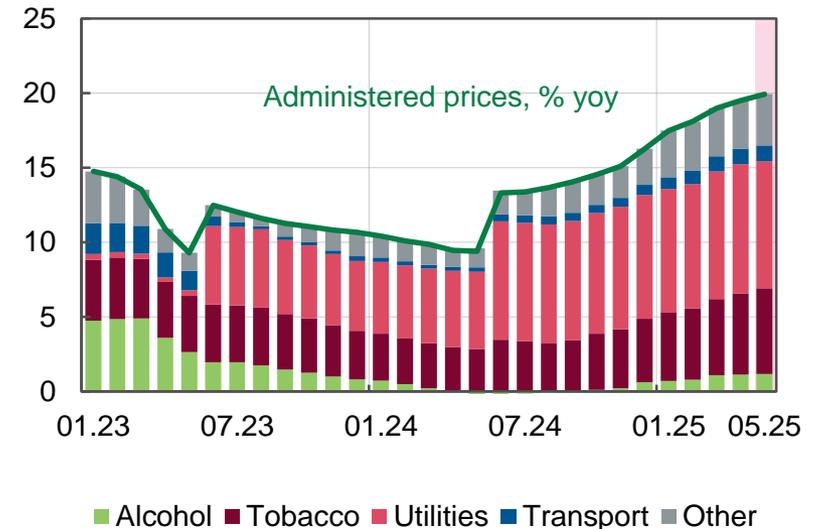
\* Data for May reflects nowcast.  
Source: SSSU, NBU staff estimates.

# Growth in fuel prices slowed significantly, while the rise in administered prices accelerated

Fuel prices, UAH / L



Contributions to the annual change in administered prices\*, pp



Source: minfin.com.ua.

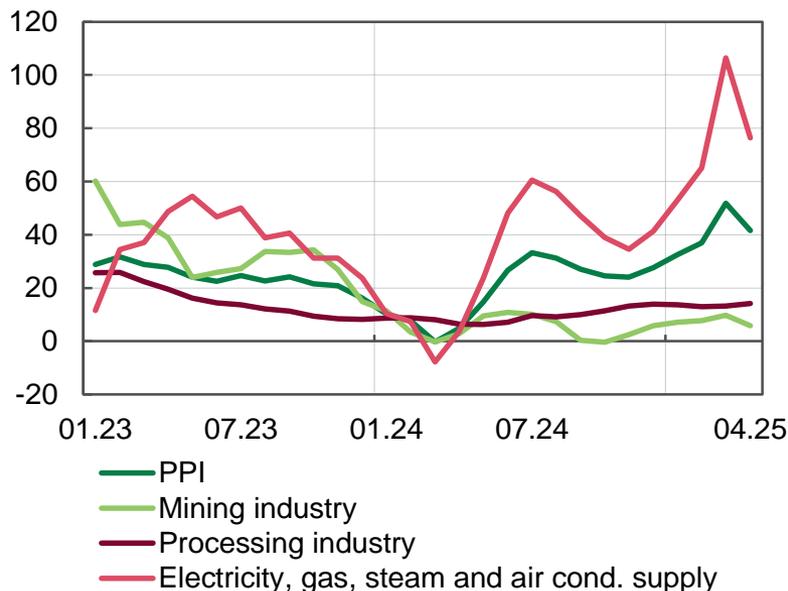
\* Data for May reflects nowcast.

Source: SSSU, NBU staff estimates.

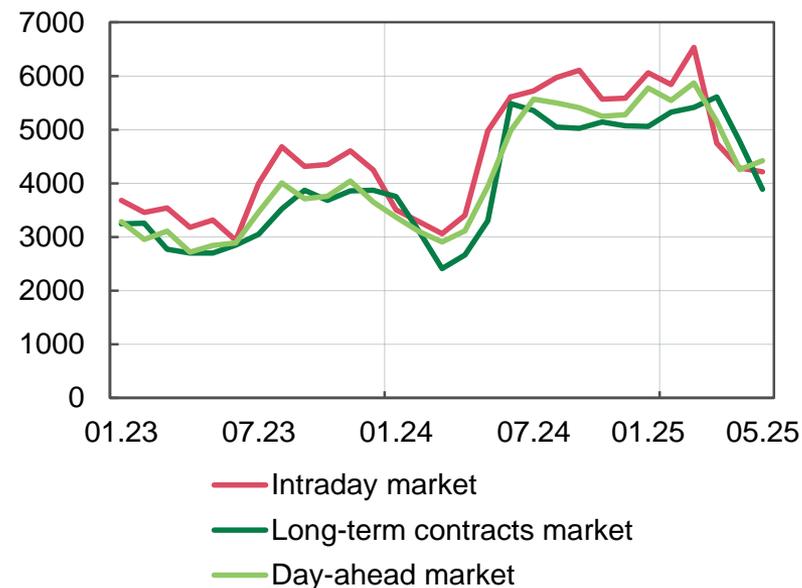
- Fuel price growth slowed as expected reflecting [cheaper imports](#). At the same time, a gradual increase in demand and the strengthening of the euro put upward pressure on prices
- The price of certain excisable products continued to rise due to higher production costs, increased measures to combat shadow supply, and tax changes for tobacco producers and importers (an increase in excise taxes and their conversion to euros at the end of March 2025; application of a 1.1 coefficient to the minimum tax liability from 01.04.25 to 31.12.25). The strengthening of the hryvnia against the dollar eased pressure on prices of pharmaceuticals, medical goods and equipment. At the same time, the moratorium on increases in certain utility tariffs continued to restrain administered inflation

# The growth in producer prices slowed in April, electricity prices are significantly lower than they were in winter

PPI and its components, % yoy



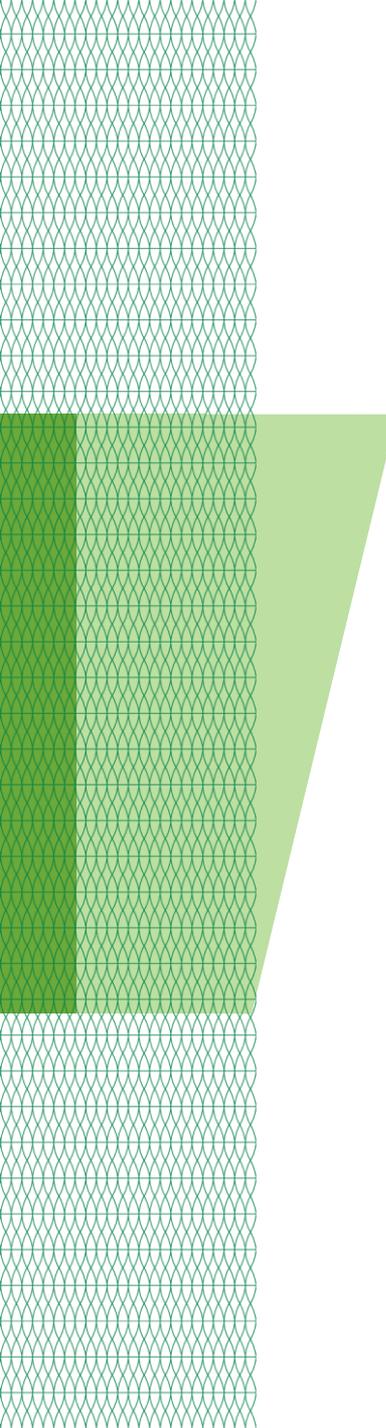
Electricity prices for non-household consumers, UAH/MWh



Source: SSSU.

Source: Ukrainian Energy Exchange, Market operator.

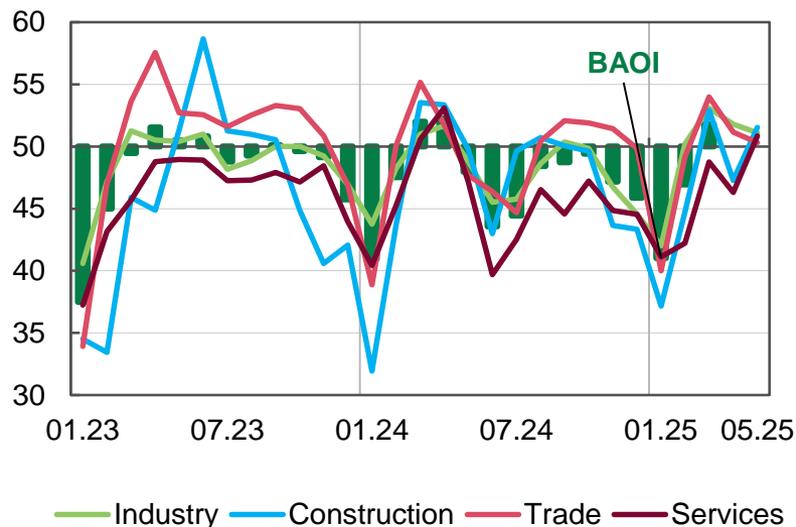
- The growth in producer prices slowed (to 41.6% yoy), primarily due to a significant decline in price growth in the electricity, gas, and steam supply industry (to 76.4% yoy from a peak of 106.4% yoy in March) due to the effect of a higher comparison base (last year prices rose substantially due to a significant energy shortage amid shelling of energy facilities), a stable situation with energy supply this year, and an easing of pressure on the EU wholesale markets, from which Ukraine imports electricity
- The improved situation in the electricity supply industry contributed to a slowdown in price growth in the mining industry due to its high energy intensity. At the same time, the rise in export prices for food products accelerated inflation in food production, which was fueled by internal factors (shortage of personnel and higher raw material costs)



# **Ukraine:** Economic activity

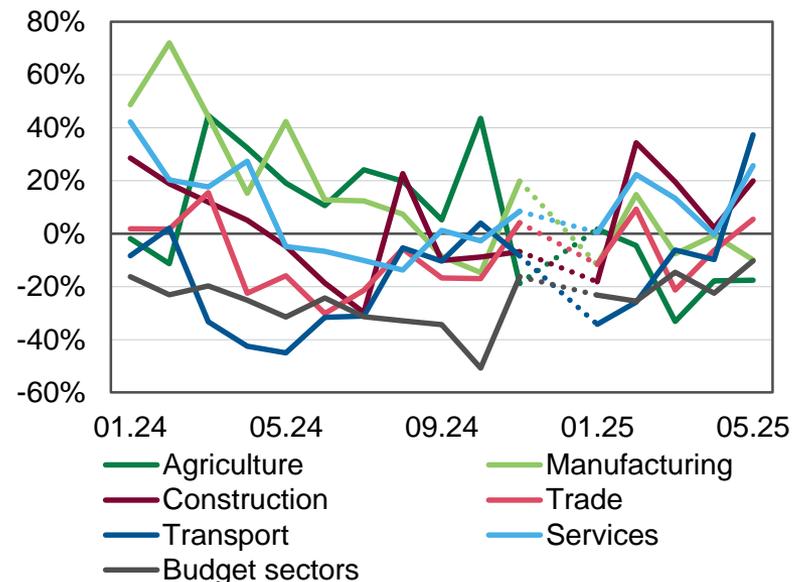
# Business expectations improved in May, with positive assessments prevailing across all major sectors

NBU's business activity outlook index, p



A level above 50 indicates mainly positive expectations.  
 Survey was not conducted from March to May 2022.  
 Source: NBU.

Enterprise registrations by type of activity, % y/y



Source: opendatabot.ua, NBU staff estimates.

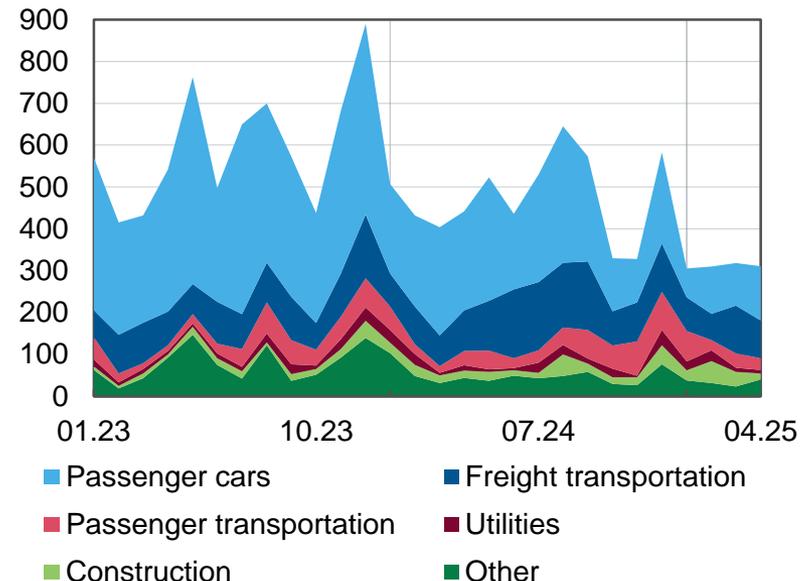
- The Business Expectations Index rose to 50.8 in May — the first time since April 2024 that business expectations across all major sectors were assessed positively; a number of economic activity indicators improved, in particular, the number of registered companies increased by 11% yoy, primarily due to the growth in registrations in the transportation, services, trade and construction sectors, registration of sole proprietorships also increased slightly (+1% yoy)
- Defense orders, the resumption of gas production and agricultural investments supported the recovery in industry, while robust consumer demand supported the trade growth
- At the same time, the shortage of agricultural raw materials continued to constrain the transportation and food industries. Adverse weather conditions negatively affected agriculture, in particular vegetable growing

# Defense orders, the resumption of gas production, and agricultural investments supported the revival of manufacturing

Production of steel, cast iron and rolled steel, million tons



Registration of vehicles manufactured in Ukraine by field of use, units



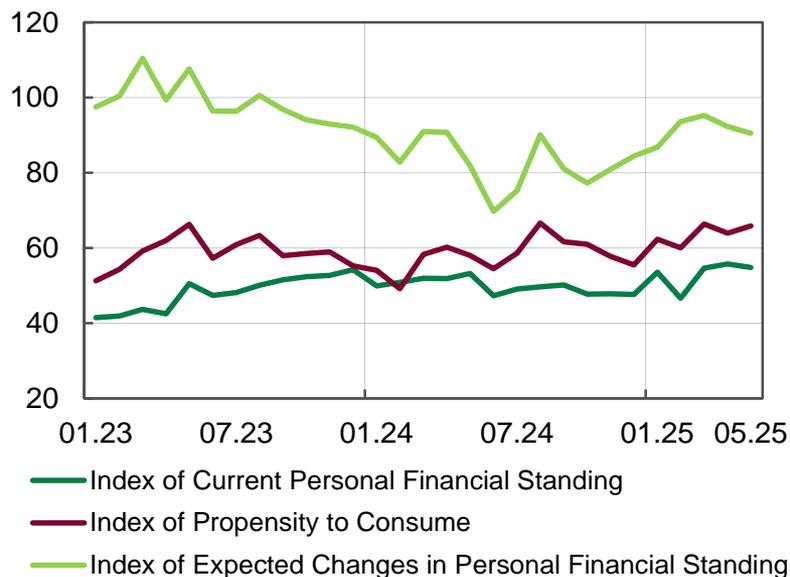
Source: Ukrmetallurgprom.

Source: Ministry of Internal Affairs.

- Metallurgical production saw a significant revival in April, driven by the [launch of additional facilities](#), [growing defense orders](#) and [increased consumption of metal products in the domestic market](#), a number of enterprises [increased the production of metallurgical products](#) and [coke](#) in May
- In May, chemical industry enterprises [resumed the operation at key facilities](#) after a shutdown in March due to [russian attacks](#) and began to increase fertilizer production; gas production enterprises restored damaged capacities and [increased production](#), some iron ore mines [resumed operations](#) after downtime
- The growth in the production of [weapons](#), [drones](#) and [military equipment](#) supported the engineering sector; agricultural investments in [updating fleets of machinery](#) and [equipment for livestock farming](#) and [agro-processing](#) revived

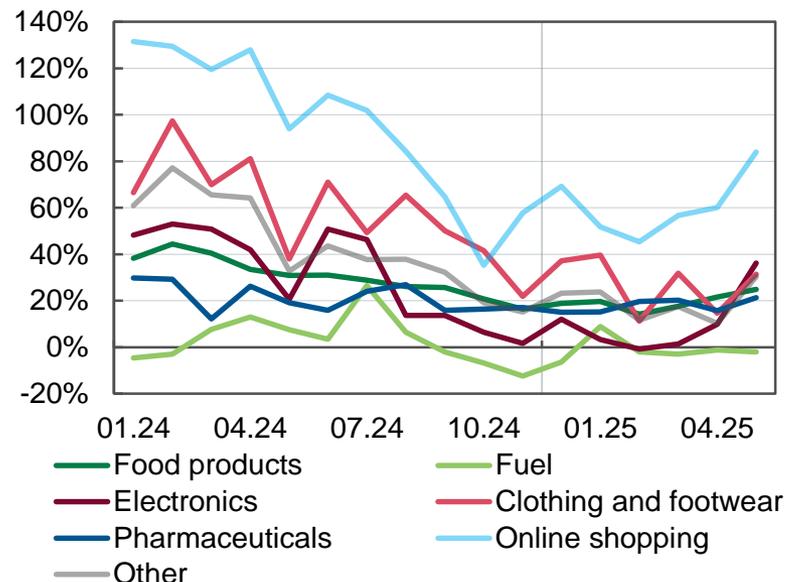
# Consumer demand also remained stable, with retail growth picking up in most segments

Components of the consumer sentiment index, p



In March 2023, the survey method was changed from face-to-face to telephone interviews. Source: Info Sapiens.

Payment terminal transaction volumes by retail sector, % yoy (monthly average)



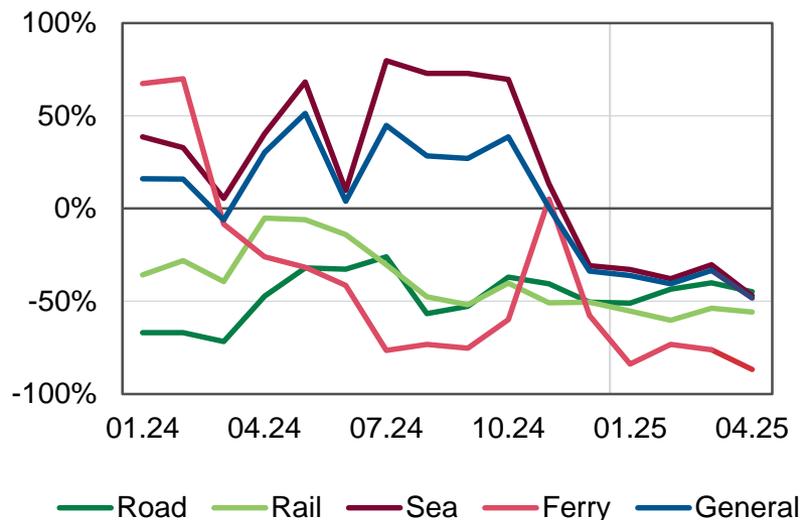
Deflated by inflation indices by type of goods  
Source: State Tax Service, NBU staff estimates.

- In May, the growth of retail trade picked up in most segments; retail chains [actively invested](#) in opening new stores, updating retail outlets and adopting new technologies; growth in retail supports the commercial [real estate rental market](#)
- Retail companies are increasingly [investing](#) in reducing dependence on the number of personnel and increasing the share of online sales
- In May, the [share of air alarms](#) during the operation of shopping centers decreased for the fourth consecutive month

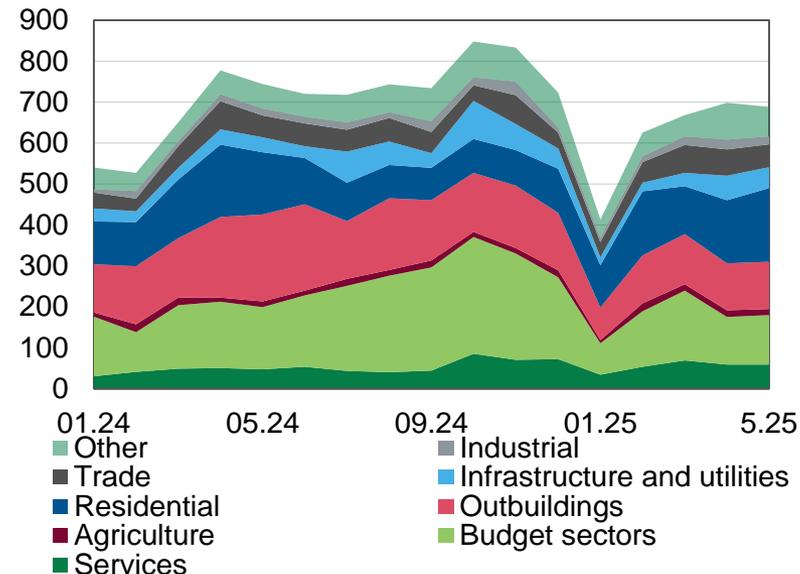
Consumer demand remained stable and maintained an upward trend despite shifts in consumer behavior ([greater flexibility in choosing products, switching to cheaper brands, etc.](#))

# Construction picked up, but the shortage of agricultural raw materials restrained the transportation and the food industry

Volumes of agricultural products transportation for export by type of transport, % yoy



Number of buildings at the start of construction, units\*



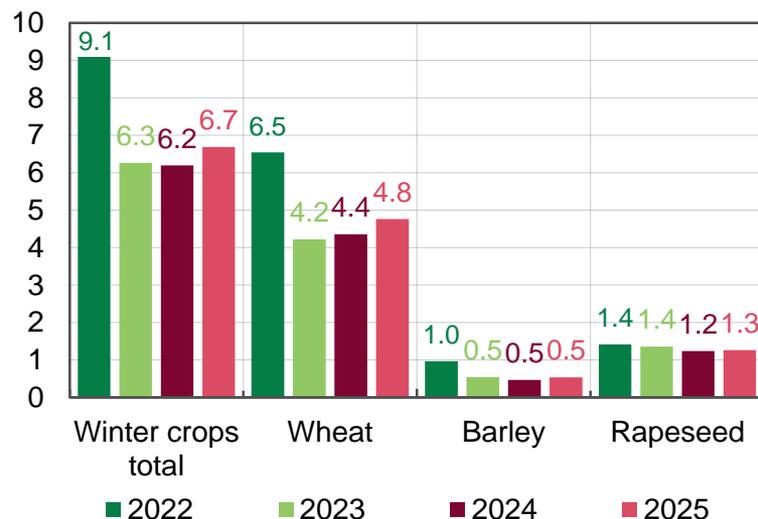
Source: UGA.

- In May, the shortage of raw materials continued to constrain the [oil processing](#) and [flour milling](#); meat processing [was held back](#) by a seasonal reduction in supply and the further spread of ASF; at the same time, [dairy processing](#) and [cheese production](#) revived due to a surplus of raw materials
- Due to the depletion of stocks, freight transportation of all types continued to decline on an annual basis; at the same time, [rail](#) and [road](#) transportation [began to recover](#) on a monthly basis against the background of stabilization of the market situation and preparation for the new export season
- New construction volumes in May decreased by 7.5% yoy, while the volume of buildings put into operation increased by 10.1% yoy. The industry was supported by the development of service sector buildings, infrastructure and utilities, industrial facilities and housing, in particular due to the maintenance of [stable demand for housing](#), [construction of commercial real estate](#) in the western regions, and the development of infrastructure for [farmers](#) and [food processing](#)

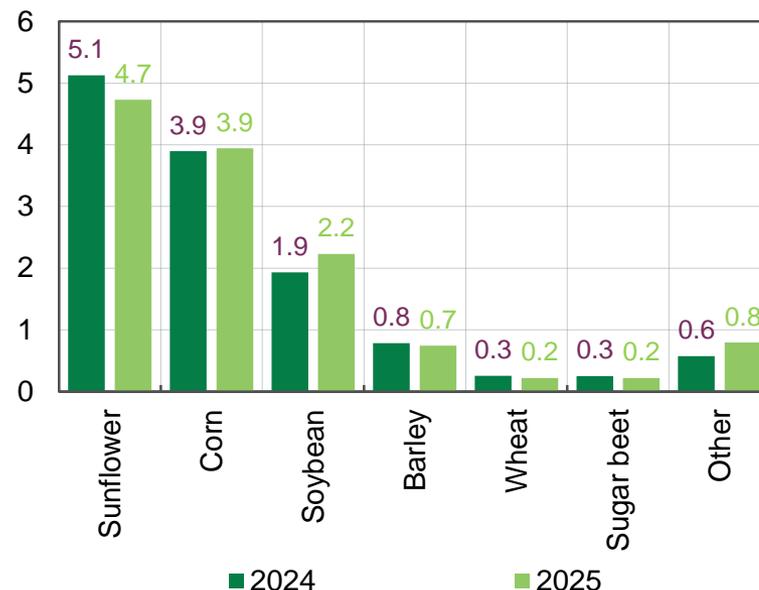
\*Buildings constructed by legal entities and individual entrepreneurs; Source: Construction activity registry.

# Sowing rates are close to last year's; adverse weather conditions have reduced the supply of vegetables and fruits

Sown area of winter crops, million hectares



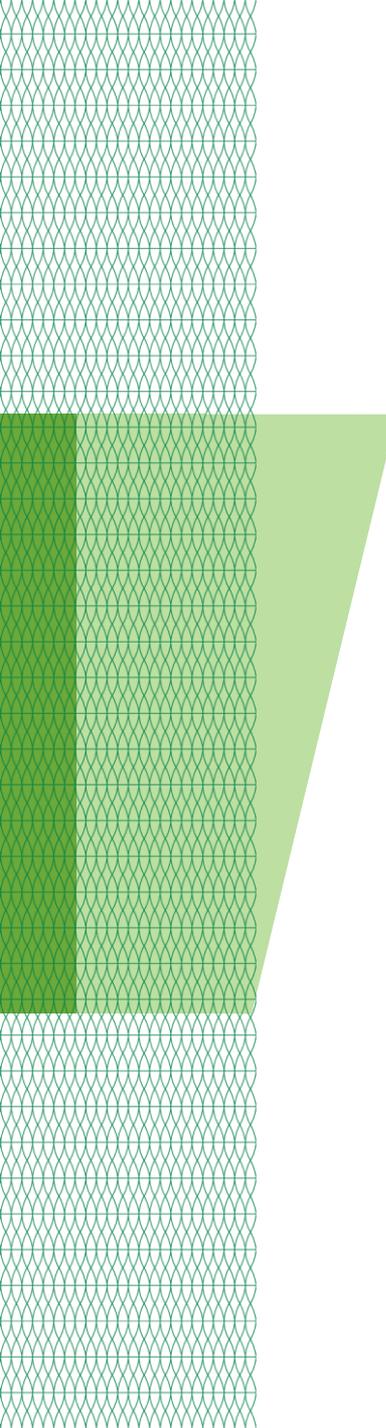
Sown areas of spring crops (as of May 30), million hectares



Source: SSSU.

Source: Ministry of Agriculture.

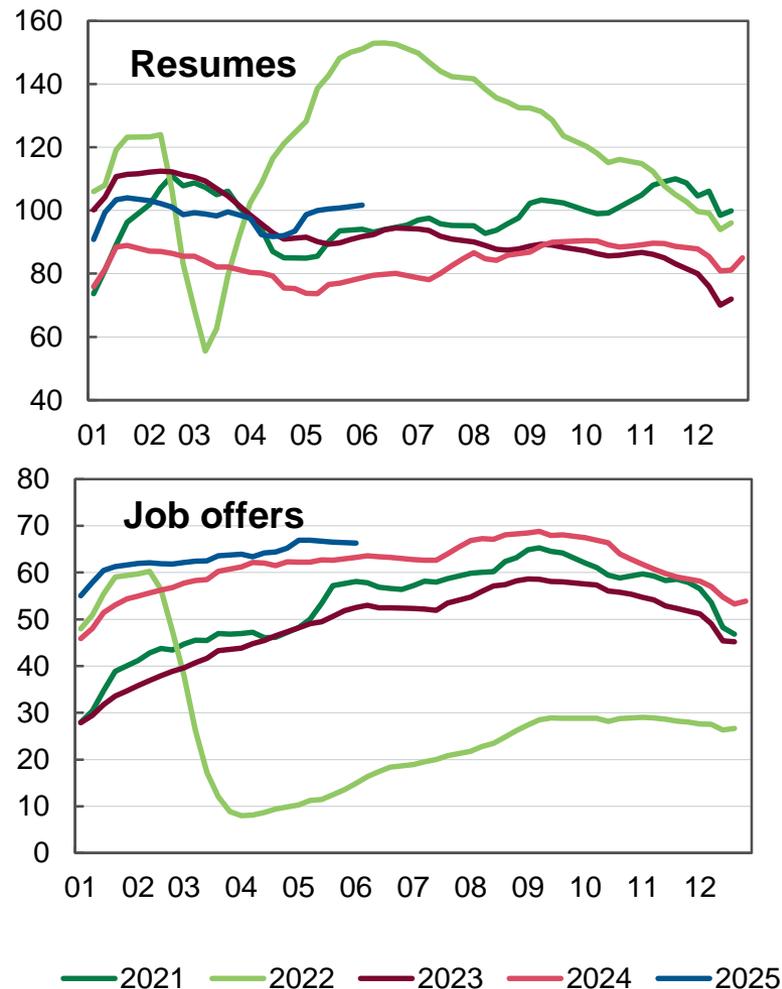
- Sowing areas of winter crops for the 2025 harvest increased by 8% yoy, primarily due to wheat. According to the Ministry of Agriculture, as of May 30, the total sowing area of spring grain crops also increased slightly (+0.5% yoy)
- However, spring frosts and persistent low temperatures hit primarily [fruit and winter crops](#) and, [partly, spring crops](#) and worsened the working conditions of greenhouse farms, which led to a [decrease in the supply of a number of vegetables](#) compared to last year's volumes; farmers are also facing [increased costs due to labor shortages](#)
- [Increased precipitation in May, improved moisture conditions](#) in a number of regions, [expansion of irrigated land areas](#) and the [replanting of a significant part of winter crops](#) with spring crops partially compensate for these losses



# **Ukraine:** Labor market

# In May, both demand and supply continued to grow in the labor market

Labor market indicators, four-week rolling average, thousands



Index of problems in finding employees, % balance of answers

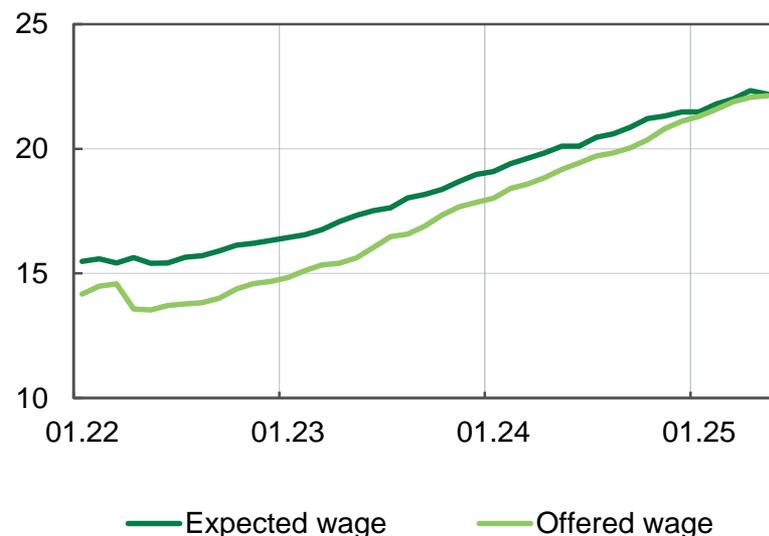


Source: IER.

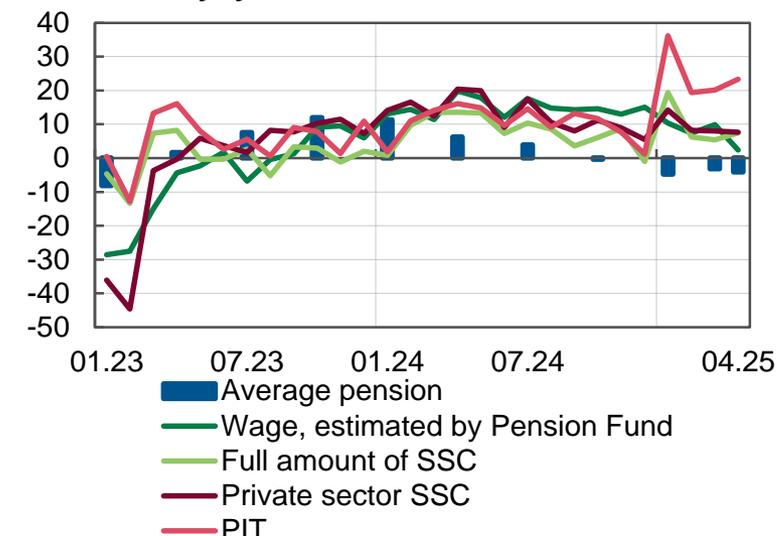
- In May, both the number of new job offers and resumes increased (on average, job offers rose by 7% y/y, and resumes by 36% y/y)
- The faster growth in resumes has somewhat alleviated labor shortages; however, it remains significant and continues to constrain the activities of enterprises. A significant mismatch between professions also persists

# The shortage of workers is supporting nominal wage growth, but in real terms it slowed down

Expected and offered wages, UAH thousands



Indirect indicators for estimating real household income\*, % yoy



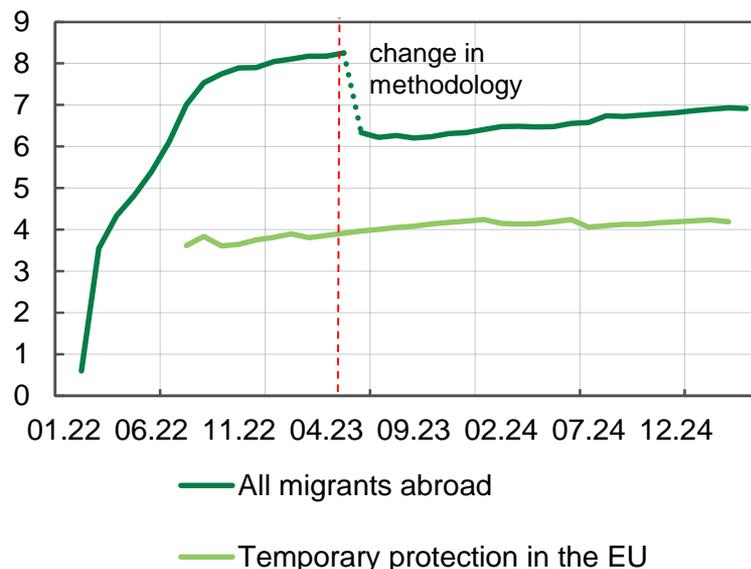
\* Deflated by CPI. The private sector SSC is calculated as the difference between total SSC and SSC on wages from the consolidated budget. Source: Pension Fund of Ukraine, STSU, SSSU, NBU staff calculations.

Source: work.ua, NBU staff calculations.

- While the shortage of workers continues to drive nominal wage growth, high inflation is slowing down the growth of real wages
- According to job search websites and [research by the State Employment Service](#), job seekers' wage expectations are comparable to employers' offers and are in line with those already offered on the market, which limits the potential for more significant wage growth in the future. The role of non-wage methods of competition for employees (provision of housing, remote work, etc.) is growing

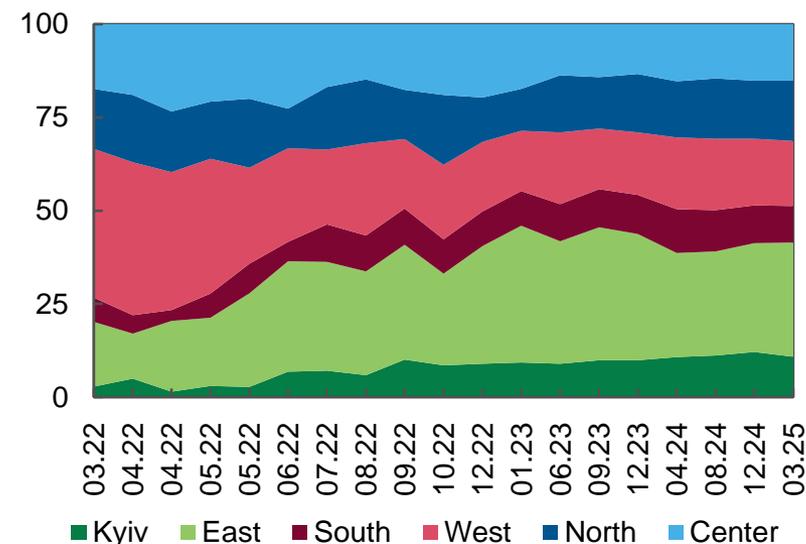
# The number of Ukrainian migrants abroad increased

Number of migrants since the start of the full-scale invasion, million persons



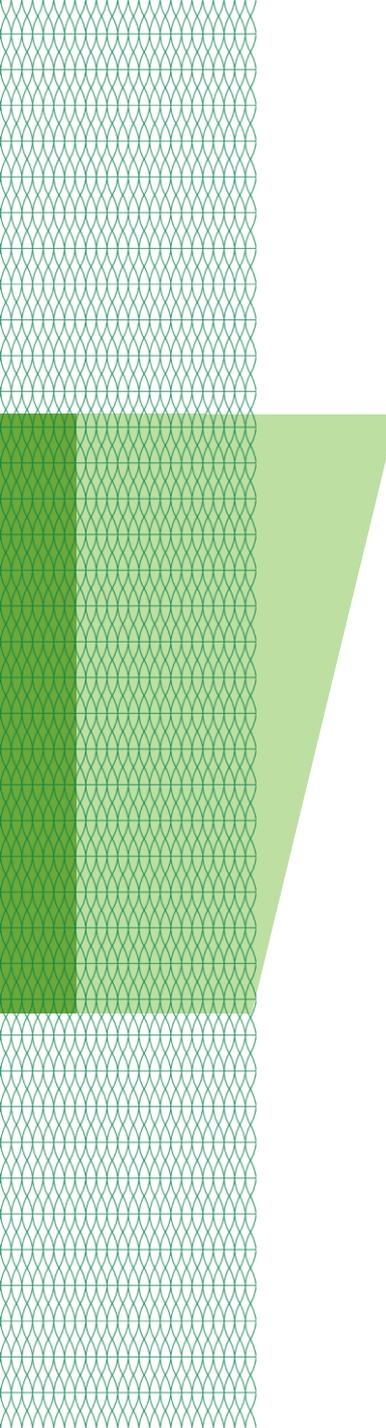
Source: UNHCR, Eurostat.

Share of IDPs in the macro-region, %



Source: IOM.

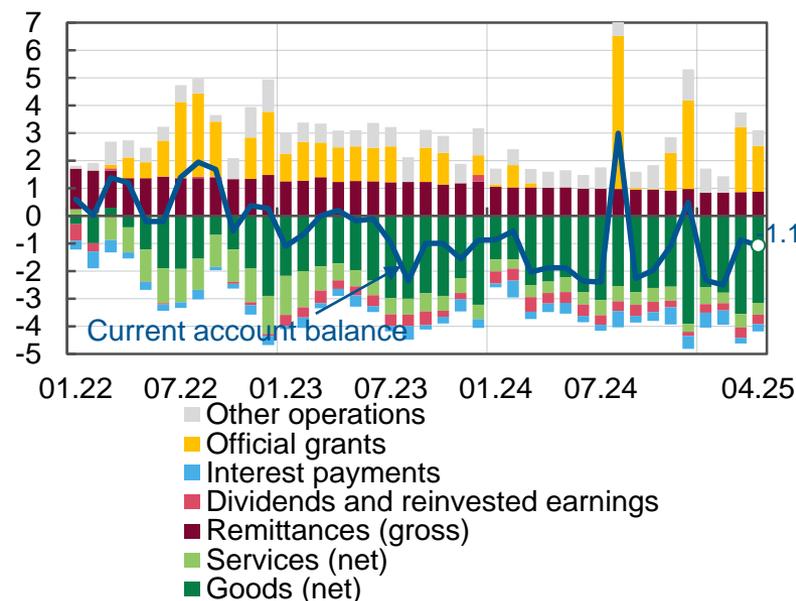
- According to the UNHCR, the number of migrants outside Ukraine continued to grow and has exceeded 6.9 million, as of 17 April 2025. Since the start of 2025, approximately 100 thousand people have left the country
- According to IOM data, as of March 2025, there are 3.8 million IDPs living in Ukraine (their number has increased by 188,000 since the beginning of 2025) and 4.1 million people who have returned to their usual place of residence. The largest shares of IDPs live in Dnipropetrovsk (16%) and Kharkiv (12%) oblasts. Over half of all IDPs (52%) come from areas that were completely or partially occupied at the time of data collection



# **Ukraine:** Balance of Payments

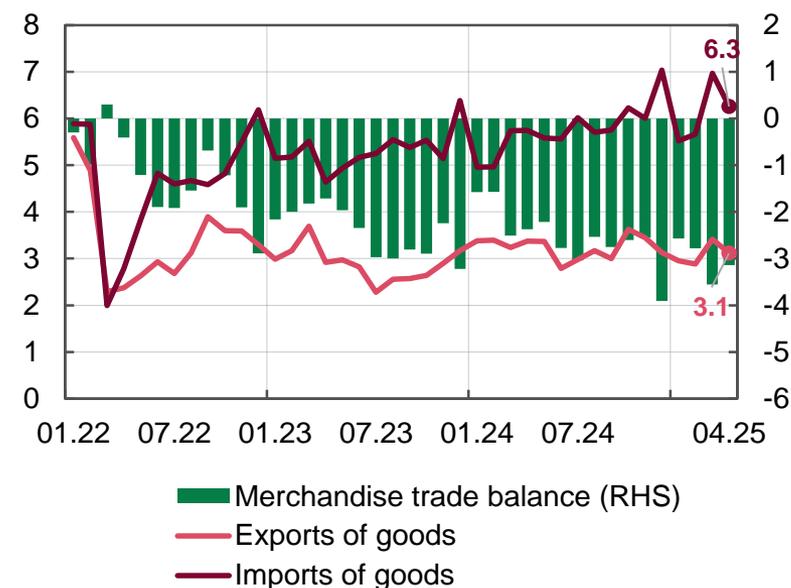
# Imports decreased due to lower gas purchases, resulting in a narrower trade deficit in goods

Current account balance, USD billions



Source: NBU.

Merchandise trade balance, USD billions

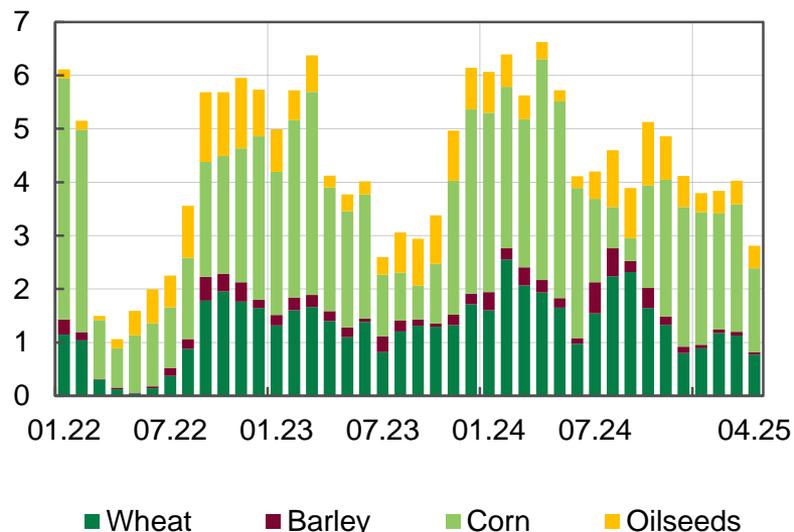


Source: NBU.

- In April, the trade deficit in goods narrowed: due to smaller gas purchases, goods imports decreased more significantly than exports
- Ukraine received further amounts of international financial assistance in the form of grants (USD 1.7 billion), although the volumes were lower than in March
- As a result, the current account deficit marginally widened to USD 1.1 billion, bringing the total for the first four months of 2025 to USD 6.8 billion (compared to USD 5.3 billion in January-April 2024)

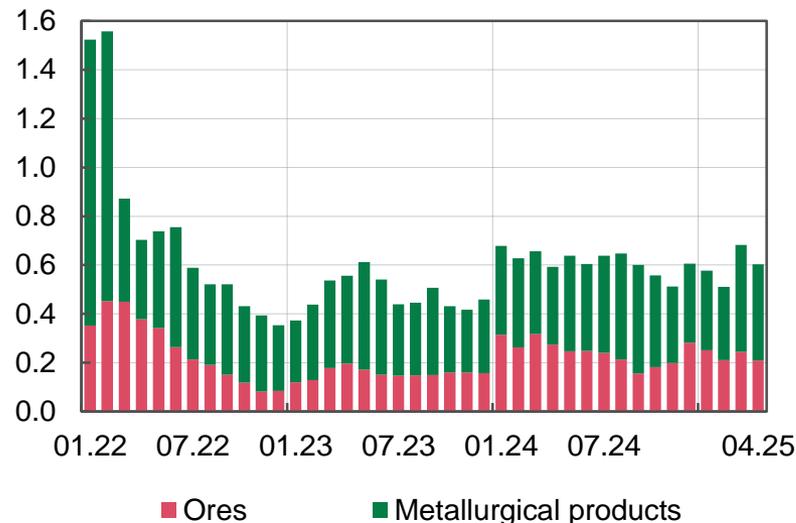
# Goods exports decreased amid the depletion of agricultural stocks and weak external demand

Exports of agricultural products, million tons



Source: SCSU.

Exports of metallurgical products and ores, USD billions

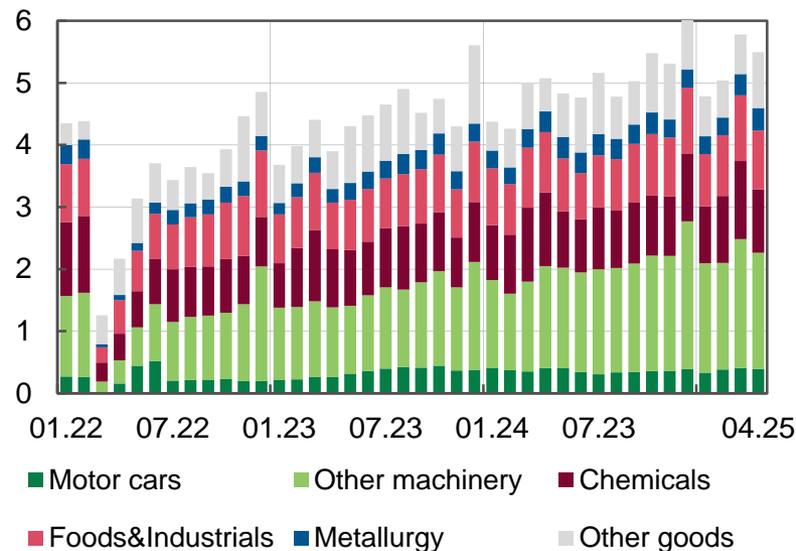


Source: NBU.

- The depletion of grain and oilseed stocks led to a significant decrease in food exports. This was only partially offset by increased sunflower oil supplies amid the restart of processing plants operations, supported by a larger supply of raw materials in the domestic market
- Low demand from the EU and the return of pig iron exports to the average level of 2024 (after catching up on deliveries to the U.S. in March) resulted in a reduction in exports of ores and metals

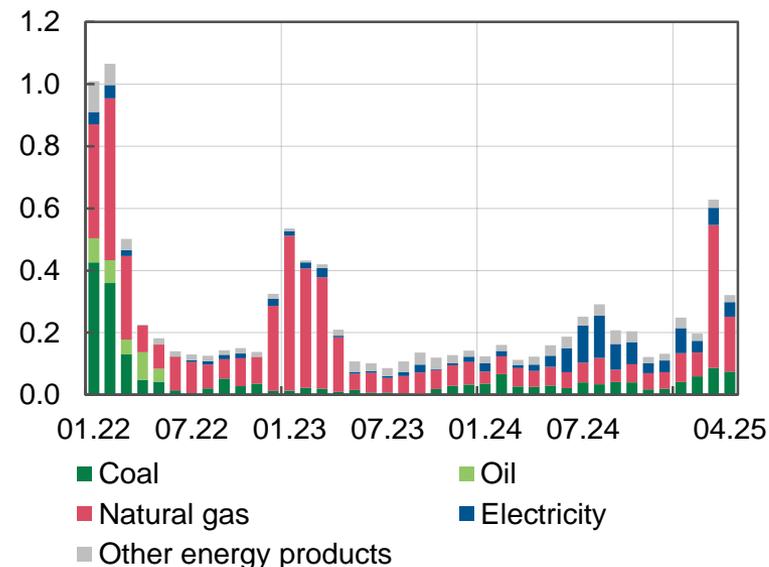
# Goods imports decreased more significantly than exports, primarily due to the energy component

Imports of non-energy goods, USD billions



Source: NBU.

Energy imports, USD billions

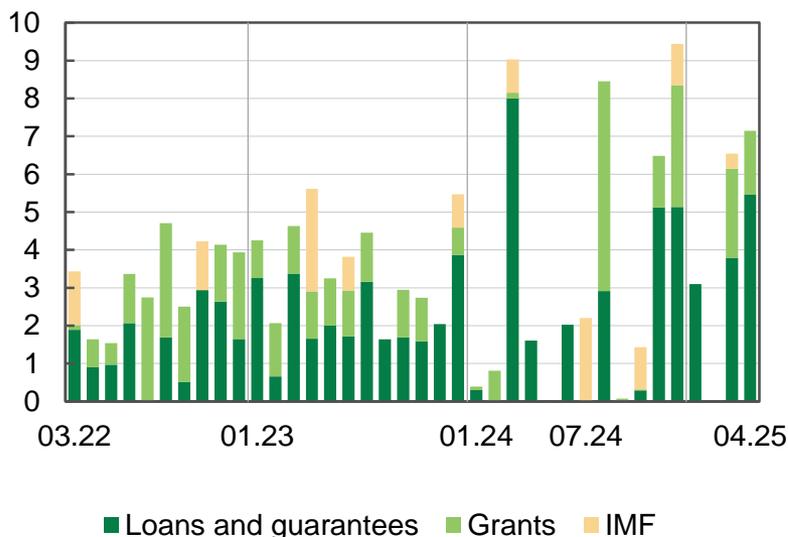


Source: NBU.

- In April, the customs clearance volumes of gas from storage decreased due to the gradual recovery of domestic production. Additionally, diesel fuel purchases decreased due to a surplus in the domestic market
- The seasonal decline in farmers' demand for fertilizers and plant protection products contributed to a decrease in chemical imports. Furthermore, the seasonal decrease in morbidity led to lower imports of pharmaceuticals
- Reduced purchases of certain machinery products (agricultural machinery, power equipment) are due to market saturation in previous periods

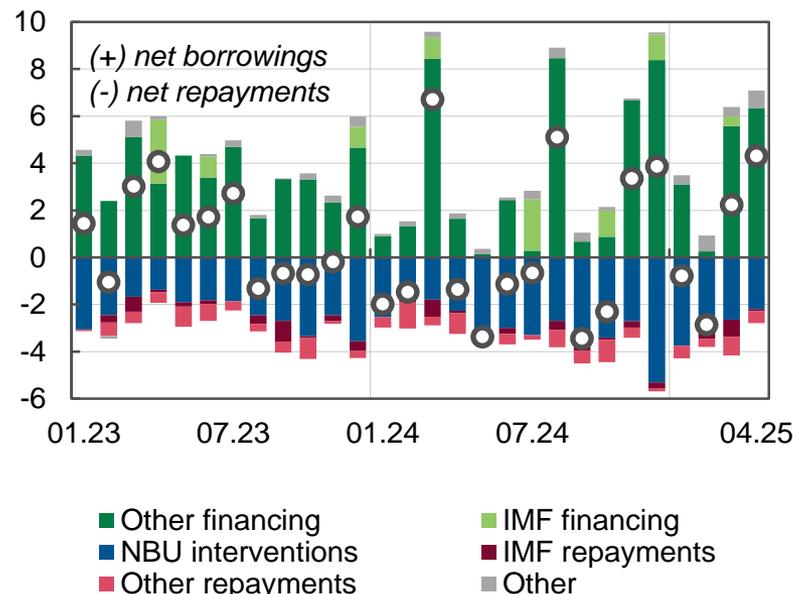
# In April, reserves grew to record highs and remained at a high level in May as well

International financial assistance since the beginning of the full-scale war, USD billions



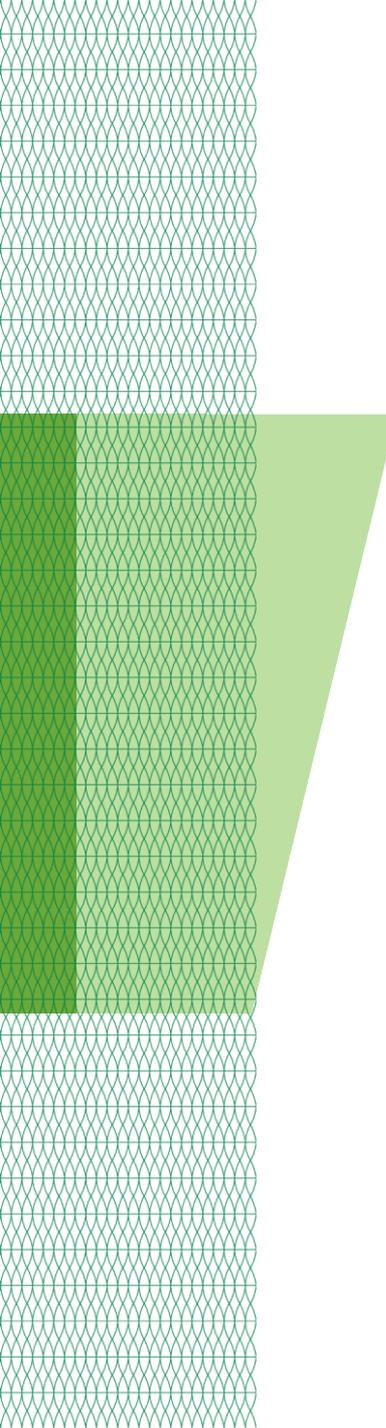
Source: NBU, MFU, open sources data.

Change in gross international reserves, USD billions



Source: NBU.

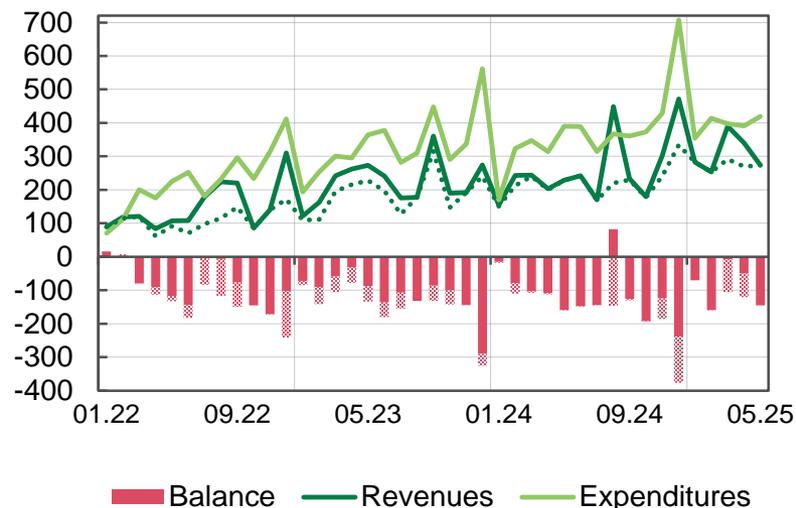
- In April, international financial assistance increased due to larger loan amounts under the ERA mechanism
- Combined with reduced FX interventions, partly due to lower demand for FX cash, this contributed to growth in international reserves. As of the end of April, they reached a new record high of USD 46.7 billion, which is 21% higher than the minimum level according to the IMF's composite metric
- In May, official financing volumes decreased, leading to a reduction in reserves, although they remained high



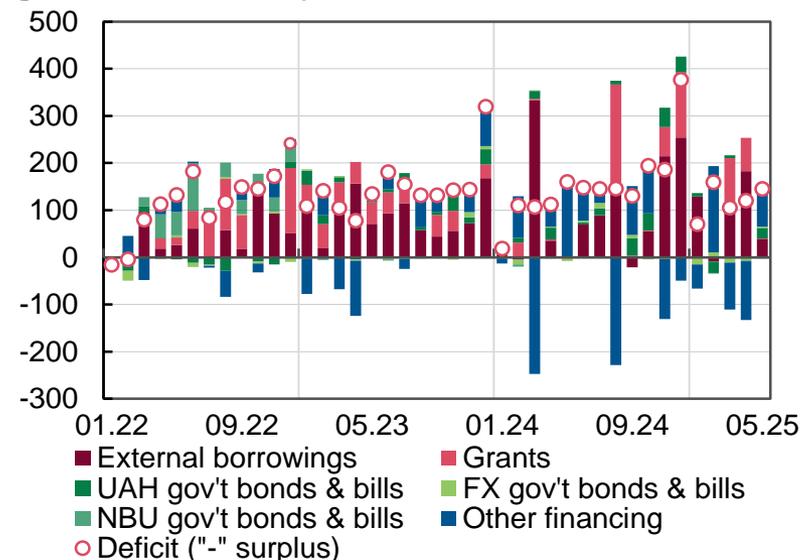
# **Ukraine:** Fiscal sector

# The state budget deficit was substantially larger than last year, given the significant expenditures

Main state budget indicators\* (monthly), UAH billions



Financing of the state budget deficit \*\* (excluding grants in revenues), UAH billions

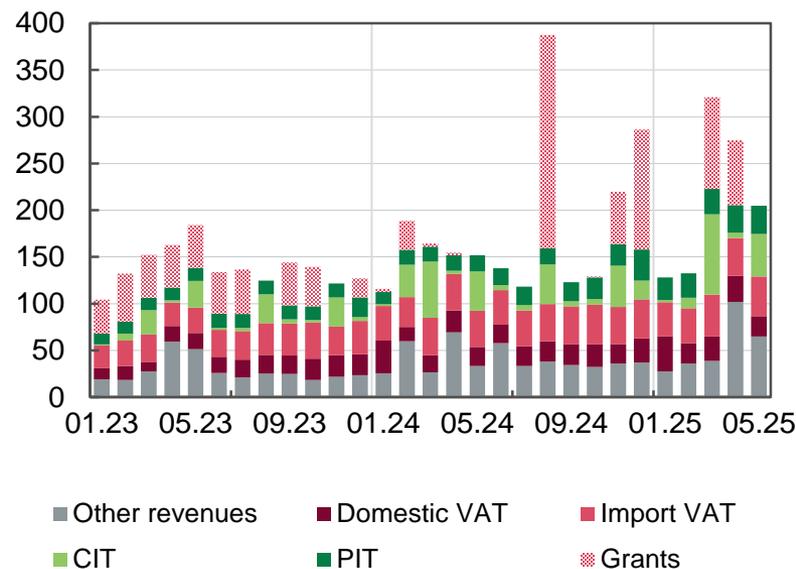


\* Dotted lines and patterned fillings show relevant indicators excluding grants. Balance includes net lending. \*\* Debt transactions are net borrowings. Other financing represents active operations (in particular, includes the change in volumes of gov't funds) and privatization proceeds. May – preliminary and high-frequency data from the MFU website and NBU staff calculations based on the MFU's data; the data will be refined. Source: STSU, MFU, NBU staff calculations

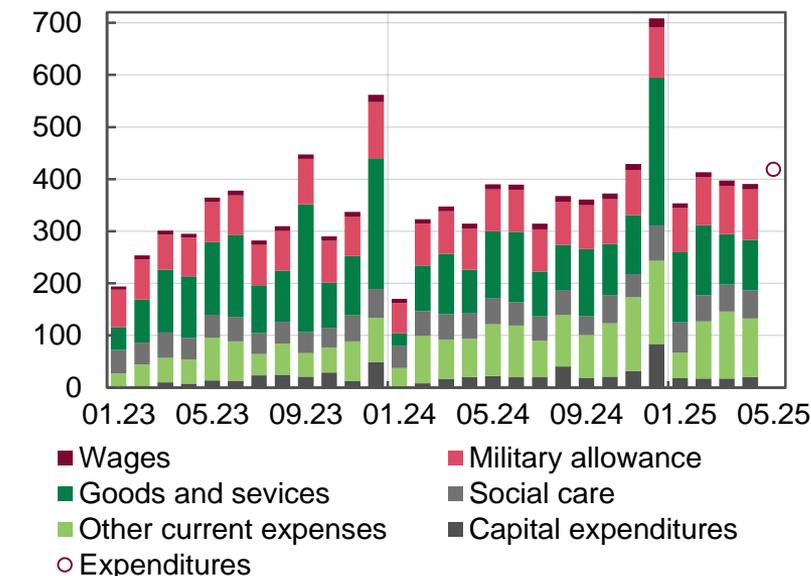
- In April-May, the state budget deficit (excluding grants in revenues) widened and its volume year-to-date was larger than last year, given the significant expenditures
- Budgetary needs were financed by international aid – in particular, in April-May, about USD 8.2 billion was received. Thanks to predictability and significant volumes of international assistance, the gov't's FX liquidity remains high
- The domestic debt market revived primarily due to the placement of hryvnia government debt securities. The placement of government debt securities in April-May somewhat compensated for the low borrowings at the beginning of the year. In the first five months of 2025 the rollover for hryvnia domestic government debt securities was 107%, for FX-denominated securities it was 73%

# In May, expenditures were the largest since the beginning of the war against the backdrop of stable revenues

Revenues\* of the state budget, UAH billions

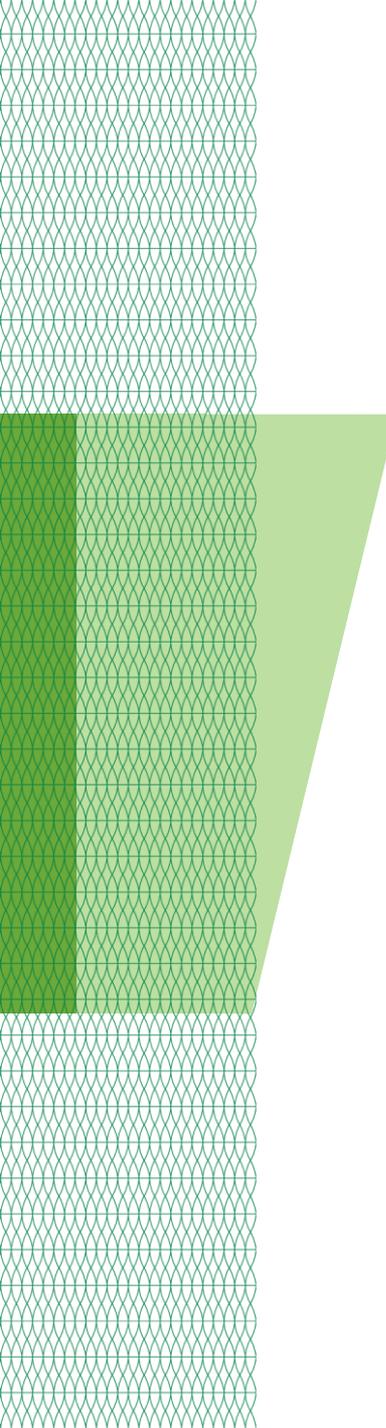


Expenditures\* of the state budget, UAH billions (economic classification)



\* May – preliminary and high-frequency data from the MFU website and NBU staff calculations based on the MFU’s data; the data will be refined. Source: STSU, MFU, NBU staff calculations.

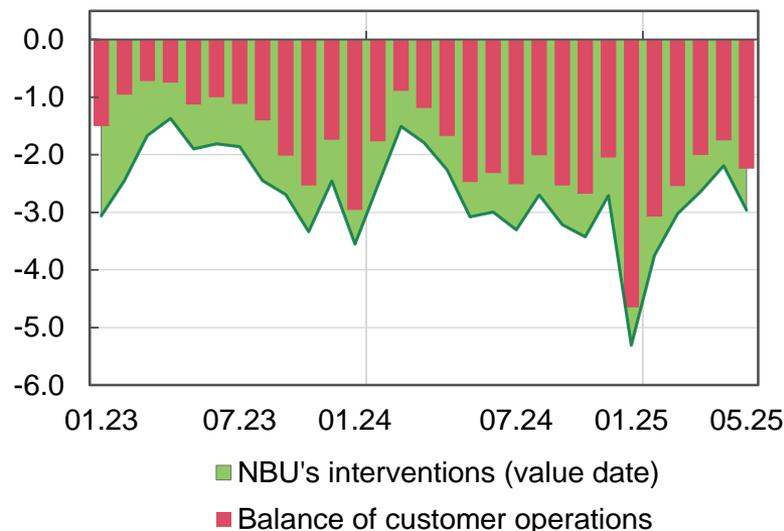
- Revenues (excluding grants) in April - May were significantly higher than last year (grew by about 33% yoy since the beginning of the year). This was facilitated by the revision of certain tax rates and better tax administration, exchange rate effects, fairly high imports, and the revival of economic activity. Revenues were also significantly supported by the larger-than-planned transfers of the part of the NBU's profit (the total amount of transfers in April-May amounted to UAH 84.2 billion)
- Expenditures growth in 5 months remained high, at almost 28% yoy (compared to about 10% yoy last year), although it slowed down in May (to over 7% yoy). Spending was focused primarily on defense (in particular, the military allowance increased) and social programs. This year's capital expenditures remain fairly high, likely due to the defense and reconstruction needs



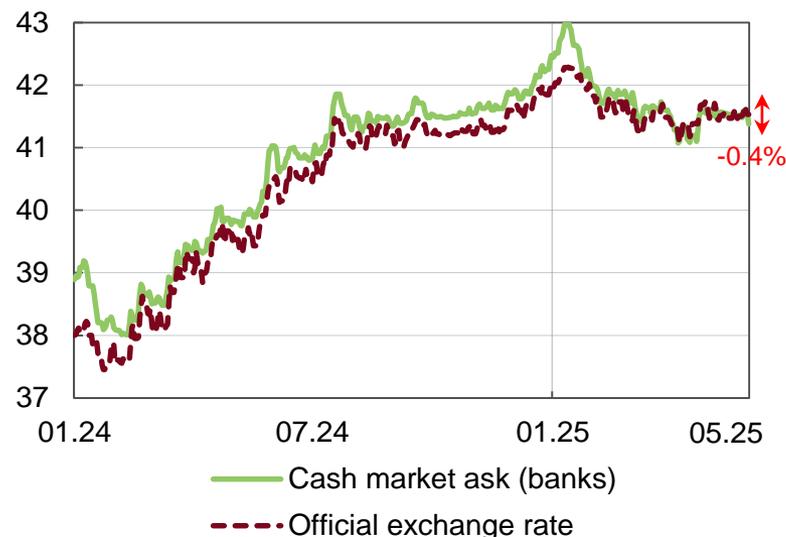
# **Ukraine: Monetary sector**

# In May, net FX demand increased but remained restrained, and exchange rate fluctuations were moderate

Bank clients' FX transactions\* and NBU FX interventions, USD billions



Hryvnia exchange rates, UAH per USD



\* Net sale and purchase of noncash and cash foreign currency by bank clients (Tod, Tom, Spot).

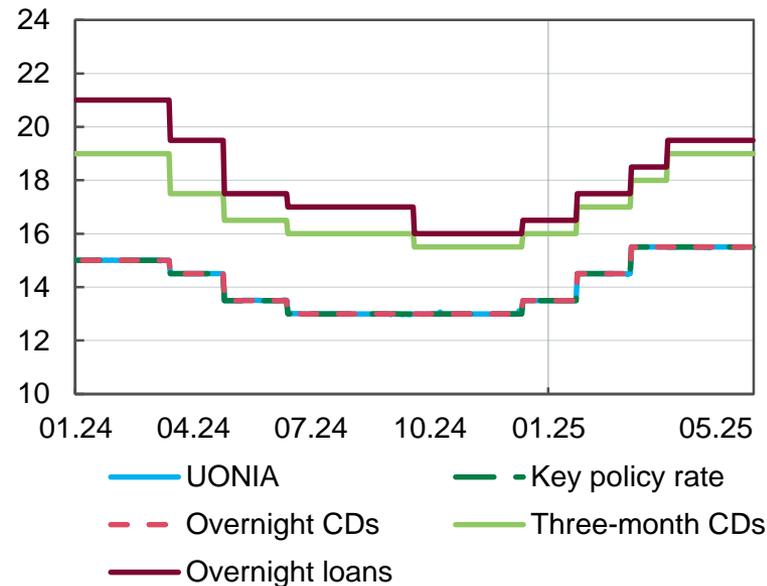
Source: NBU.

Source: NBU.

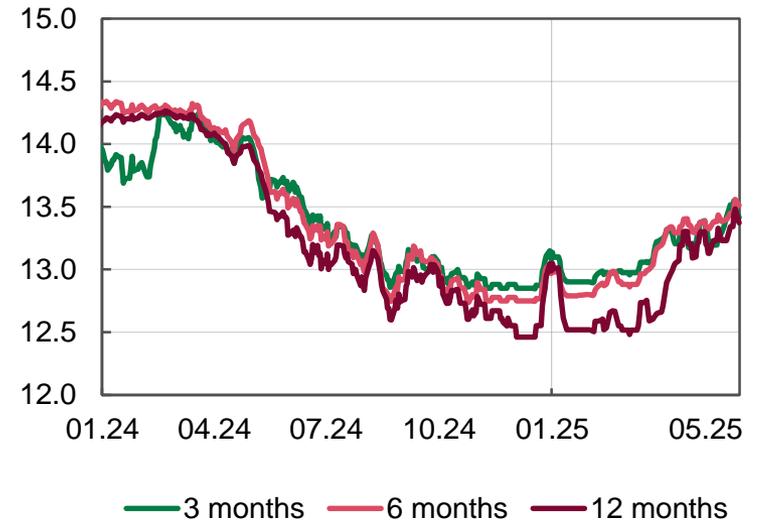
- In May, net FX demand increased amid a seasonal decline in export earnings, and the NBU's net FX sales rose to USD 2.9 billion
- However, households' net FX demand declined (to about USD 0.2 billion in April and May compared to USD 1.5 billion in January). This was driven by growing interest in hryvnia instruments and moderate two-way exchange rate fluctuations. This mitigated the effect of the seasonal rise in companies' FX needs
- To enhance the investment attractiveness of the economy, the NBU launched stimulating FX liberalization policy. The NBU [updated](#) a number of existing FX restrictions and expanded the list of grounds for completing currency supervision of export transactions

# NBU's previous interest rate tightening measures contributed to increase in yields on hryvnia instruments...

Interest rates on NBU open market operations and Ukrainian OverNight Index Average (UONIA), %



Ukrainian Index of Retail Deposit rates\*, %



\* 5-day moving average.

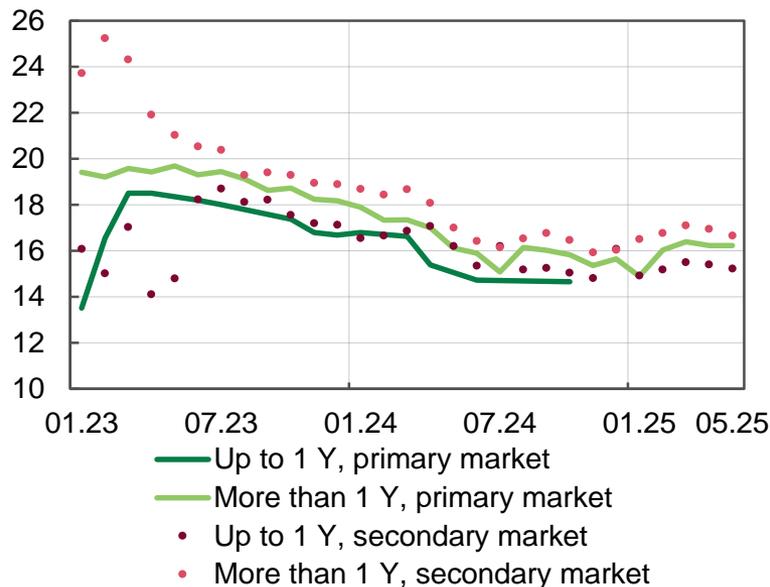
Source: Thomson Reuters.

Source: NBU.

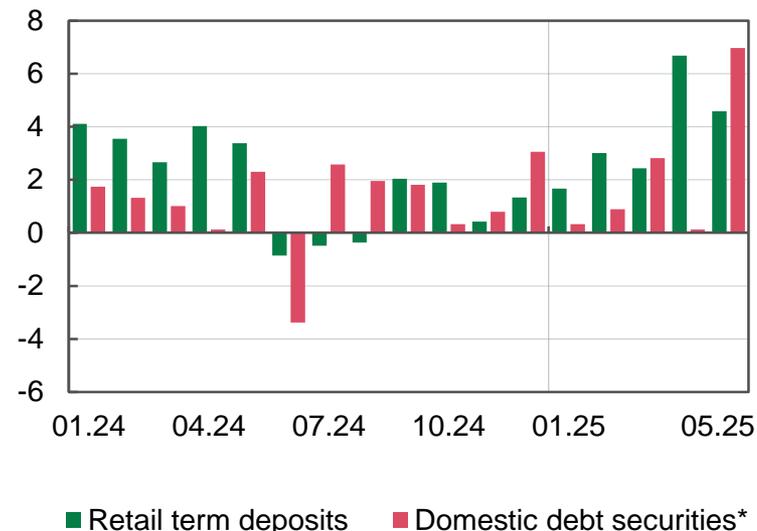
- In May, interest rates on hryvnia term deposits continued to rise, mainly driven by small privately-owned banks. For instance, some banks offer deposits in local currency with a yield of 15% or more (before income tax)
- Reliable protection against inflation was also provided by hryvnia government debt securities. In particular, securities with a maturity of one year have a yield of about 16% (income from government debt securities is not taxed)
- To maintain the attractiveness of hryvnia savings, the sustainability of the FX market, and keep inflation expectations in check, in June the NBU kept its key policy rate unchanged at 15.5%

## ... as a result, demand for hryvnia instruments from the individuals increased significantly in April-May

Yields on hryvnia domestic debt securities, % per annum



Changes in the stock of selected hryvnia instruments held by individuals, UAH billions



Source: NBU staff estimates.

\* At outstanding nominal value.

Source: NBU.

- Demand for hryvnia term deposits has grown significantly. Thus, while at the beginning of the year the monthly growth of hryvnia retail deposits with maturities longer than 3 months did not exceed UAH 2 billion, in March it rose to UAH 4 billion, and in April-May it increased to UAH 5-6 billion
- Overall, from the beginning of the year to the end of May, hryvnia retail term deposits with maturities longer than 3 months increased by UAH 19 billion, while investments in domestic government debt securities grew by UAH 11 billion. The maturity of hryvnia savings has also improved: interest in 6-12-month deposits and long-term domestic government debt securities increased

This helps to maintain a sustainable situation in the FX market and preserve international reserves