

Andriy Pyshnyy: National Bank of Ukraine press briefing - monetary policy decisions

Speech by Mr Andriy Pyshnyy, Governor of the National Bank of Ukraine, at a press briefing on monetary policy decisions, Kyiv, 11 September 2025.

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Dear colleagues,

The Board of the National Bank of Ukraine has decided to keep its key policy rate at 15.5%. This will enable the central bank to further maintain proper monetary conditions necessary for sustainability of the FX market and controllability of expectations, as well as for bringing inflation to the 5% target.

The NBU stands ready to respond flexibly to changes in the balance of risks.

The inflation rate is settling on a downward trajectory but remains high

The growth in consumer prices slowed for three consecutive months, to 13.2% yoy in August. Such decline in headline inflation was somewhat faster than the NBU had forecast. Core inflation decelerated as well, to 11.4% yoy, which was close to the forecast.

These developments were driven by a number of factors. The growth in raw food prices decelerated noticeably thanks to the arrival of the new harvest to the market. This, in turn, restrained the growth in prices for processed foods.

Other core inflation components – services and non-food products – also trended down. This was facilitated by both the NBU's previous monetary policy measures and an easing of labor market mismatches. The inflation expectations of households and financial analysts improved in August. However, the expectations of the majority of respondent groups remained in double-digit territory. In addition, web search statistics showed that households' attention to the topic of inflation was still high.

Inflation is expected to continue declining. This will be supported primarily by further effects from the arrival of new harvests and the NBU's actions to maintain the sufficient attractiveness of hryvnia assets and to safeguard FX market sustainability.

The inflows of external assistance are sufficient to maintain an adequate level of international reserves and finance the budget deficit

Ukraine has received more than USD 30 billion in international financial assistance since the start of the year. External support remained significant over the past months. In July and August, international partners transferred USD 7.5 billion to Ukraine. This enabled Ukraine to increase its international reserves (to USD 46 billion in August) and cover critical budget expenditures.

The progress of European integration reforms and effective cooperation with the IMF are an important precondition for receiving funds earmarked by the partners for Ukraine.

The course of the war continues to be the key risk to inflation dynamics and economic development

The war is continuing. Recently, the intensity of air attacks and destruction has increased, which has heightened the risks of a decline in the country's economic potential, particularly due to the loss of people, territories, and production facilities. Furthermore, the risks of additional budget expenditures, including those for defense, have become more pressing.

Other risks include:

- insufficient and/or irregular arrival of external financing in the coming years
- a deepening of adverse migration trends and a widening of labor shortages on the domestic labor market and
- less favorable external conditions amid rising geopolitical uncertainty and de-globalization, as well as heightened volatility in global commodity and financial markets.

Meanwhile, some positive scenarios may also materialize.

They are primarily related to increased military and financial support from partners and the international community's efforts to ensure a just and lasting peace for Ukraine.

To maintain FX market sustainability, keep expectations under control, and gradually bring inflation back to its 5% target over the policy horizon, the NBU Board decided to keep the key policy rate at 15.5%

Nominal yields on hryvnia instruments have remained virtually unchanged over the last few months. However, in real terms, they have increased slightly due to slower inflation and improved inflation expectations.

As a result, household investments in term deposits and hryvnia domestic government debt securities continued to grow, while the net demand for FX from the public remained moderate.

Ensuring the attractiveness of hryvnia savings and a sustainable situation in the FX market remain important factors for controlling inflation expectations and further reducing inflation.

The NBU stands ready to respond flexibly to changes in the balance of risks.

The NBU's July macroeconomic forecast envisages the start of a key policy rate easing cycle in Q4 2025. Although inflation is settling on a downward trajectory, inflation risks persist.

The National Bank will be closely monitoring the situation. If inflation risks materialize and/or increase, the NBU is prepared to postpone cutting its key policy rate or take additional measures, if required.

Thank you for your attention!