

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, 30 April 2026.

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Dear colleagues,

The Board of the National Bank of Ukraine has decided to keep its key policy rate at 15% in order to support the attractiveness of hryvnia instruments, maintain the sustainability of the FX market, and keep inflation expectations in check amid rising price pressures.

A proper monetary stance will help put inflation back onto the path of steady decline toward the target of 5% over the policy horizon.

Should risks to price dynamics intensify, the NBU stands ready to apply additional measures to rein in the inflationary pressure.

After declining for a long period, inflation started to rise, primarily as a result of higher energy prices

Inflation had been declining steadily from June 2025 to January 2026, but then started to rise. Price pressures increased due to the difficult situation in the energy sector following Russia's air strikes, a surge in fuel prices on the back of the war in the Middle East, effects from a weakening of the hryvnia exchange rate in previous periods, and a faster-than-expected growth in wages.

In March, inflation accelerated to 7.9%, with core inflation rising to 7.1%. Both indicators exceeded the NBU's previous forecast. Inflation continued to rise in April, according to the NBU's estimates.

At the same time, inflation expectations remained stable across the majority of respondent groups. Households' expectations, after a deterioration in Q1, improved in April returning to the level of the end of last year.

Inflation will resume to decline next year and will reach the 5% target in 2028

Inflation will remain close to the current level in the coming months but will accelerate in H2 (to 9.4% at the end of the year) due to a stronger pressure on businesses' production costs – primarily, as a result of an increase in energy prices, which has already materialized. Higher fuel prices will pass through to inflation both directly and through second-round effects, which will affect price developments for various goods and services with some time lag.

Inflation will again start to decline steadily in 2027. This will be facilitated by the exhaustion of the effects of high fuel prices, a decline in external price pressures, a

gradual increase in harvests, and an improvement in the energy sector. The NBU's monetary policy measures will also play an important role. As a result, inflation will slow to 6.5% at the end of 2027 and reach the target of 5% in 2028.

The economic growth is expected to be modest this year and to accelerate in the coming years

At the start of 2026, economic activity slowed, primarily due to the consequences of Russian attacks on energy infrastructure and logistics amid a freezing cold winter. An additional impact came from the fiscal policy being tight in view of delays in the receipt of external assistance. Economic activity picked up somewhat as energy shortages decreased in the spring, but real GDP growth slowed to 0.2% yoy in Q1 as a whole, according to the NBU's estimates.

Catching up with budgetary expenditures as international assistance is received will contribute to an economic revival in the coming months. At the same time, taking into account the weaker performance results of Q1, the persisting distress of the energy system, and the buildup of adverse economic effects from the war in the Middle East, the NBU revised its GDP growth forecast for 2026 downward, to 1.3%.

As conditions for the functioning of Ukraine's economy gradually normalize and geopolitical tensions ease, the growth in Ukraine's real GDP is expected to speed up, to 2.8%–3.7% in 2027–2028. This will be primarily facilitated by robust consumer demand, revived investment activity, the recovery of the energy system, and larger harvests.

External assistance will enable Ukraine to finance the budget deficit and to maintain the high level of international reserves, which will ensure FX market sustainability

The uncertainty about external assistance has declined significantly. In April, the EU unblocked EUR 90 billion in financing for Ukraine under the Ukraine Support Loan. The first tranche is slated for June.

Financing is also expected to continue under the EU's Ukraine Facility and the G7's ERA in 2026–2027, as well as under the Extended Fund Facility from the IMF in 2026–2029.

Overall, volumes of provided international assistance are forecast at more than USD 53 billion in 2026, around USD 42 billion in 2027, and USD 22 billion in 2028. Such a level of external support will enable Ukraine to finance all critical budgetary expenditures and maintain high international reserves (USD 60–67 billion in 2026–2028), bolstering the NBU's capability to ensure the sustainability of the FX market.

While the consequences of Russian aggression remain the primary risk to inflation and economic growth, other geopolitical developments – particularly those in the Middle East – will also play a significant role.

The war is continuing. Its consequences pose the greatest threat to price developments and economic activity. Russia's attacks on critical infrastructure in recent months have already caused significant power outages, rising business costs, and intensified

inflationary pressures. At the same time, the risk of further destruction to vital energy and logistics facilities persists.

There are other risks, which are directly or indirectly related to the war. These risks are:

- the emergence of additional budgetary needs to support defense capabilities and reconstruction
- disruptions to the regularity and/or changes in the amount of international financing
- a deepening of adverse migration trends and a widening of labor shortages on the domestic labor market.

Developments in the Middle East will also have a significant impact. The forecast accounts for the actual consequences and potential effects of a short-term conflict. However, a prolonged war would lead to higher-than-currently-expected global energy prices and lower external demand for Ukrainian exports. This would exert greater inflationary pressures in Ukraine and weigh on economic activity. Furthermore, it would enhance Russia's capacity to sustain its full-scale war. Any further escalation of geopolitical tensions could also undermine international support for Ukraine.

However, given the increasingly stronger engagement of the European community in Ukrainian affairs, the possibility of positive scenarios also remains. These are linked, specifically, to enhanced military and financial assistance from partners and achieving significant progress toward a just and lasting peace for Ukraine. Among the positive scenarios is the implementation of large-scale investment projects as security risks subside and reforms and European integration accelerate.

To safeguard the sustainability of the FX market and to keep inflation expectations and processes in check, the NBU has left its key policy rate unchanged, at 15%

At the beginning of the year, pressures on the hryvnia exchange rate intensified, primarily due to Russian air strikes over the winter and the escalation in the Middle East this spring. Among other things, these factors increased imports of energy and energy equipment, while also worsening exchange rate expectations. The NBU maintained an active presence on the FX market within the scope of managed exchange rate flexibility to smooth out excessive exchange rate fluctuations.

The timely pause in the interest rate easing cycle in March also helped rein in pressures on the FX market, which maintained the attractiveness of hryvnia assets. The weighted average interest rate on household term deposits remained largely unchanged in Q1, with some banks even raising yields on deposits. As a result, household hryvnia term deposits continued to grow. Demand for hryvnia domestic government debt securities also remained strong.

The today's decision to leave the key policy rate unchanged will sustain these positive trends. Among other things, it will help ensure FX market sustainability and keep inflation under control amid substantial geopolitical uncertainty. At the same time, this decision will not hinder the further development of lending, which is continuing to grow at a high pace.

Should risks to price dynamics intensify, the NBU will be ready to implement additional measures to curb inflationary pressures

In view of the need to keep inflationary processes in check and to bring inflation back to a steady decline trajectory, the NBU has revised the forecast trajectory of its key policy rate, which is now expected to remain at 15% until Q2 2027.

To bring inflation back to its target over the policy horizon, the NBU will continue to ensure FX market sustainability under a managed exchange rate flexibility regime.

Should risks to price dynamics intensify, the NBU will be ready to implement additional measures to rein in inflation, including through raising its key policy rate.

Thank you for your attention!

Glory to Ukraine!