Alona Lebedieva: In 2025, External Debt Poses Less Risk to Macroeconomic Stability than Inflation


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KYIV, UKRAINE, June 17, 2025 /EINPresswire.com/ -- For the first time since the onset of the full-scale war, Ukraine has made a payment on external debt raised after February 2022 — $171 million to the IMF under the Rapid Financing Instrument (RFI). Since the beginning of the year, total payments to the IMF have reached nearly $300 million. In May, Ukraine's international reserves declined by over $2 billion, but remain above the levels seen at the start of the year and are sufficient to cover five and a half months of imports — nearly twice the IMF's minimum recommended threshold of three months.

In 2025, Ukraine is scheduled to repay around $3 billion to the IMF across all its programs. The total amount allocated for servicing foreign currency-denominated debt by year-end exceeds $3.34 billion, based on the current official exchange rate.

“At this point, there is no indication of a significant threat to the country's foreign exchange reserves,” notes Alona Lebedieva, owner of the Ukrainian diversified industrial-investment group Aurum Group. “The 2025 state budget provides for $38 billion in international financial assistance. As of June 1, $22.7 billion has already been received, meaning $15.3 billion is expected by year-end. Net FX interventions by the National Bank of Ukraine amounted to nearly $15 billion in the first five months — roughly $3 billion per month. If this trend continues, interventions could reach approximately $21 billion over the remaining seven months.”

Taking into account the reserve level of $44.5 billion as of June 1, projected assistance inflows ($15.3 billion), expected FX interventions (-$21 billion), and debt repayments (-$3.34 billion), Ukraine's international reserves could amount to approximately $36 billion by the end of the year — under otherwise stable conditions. This would be 11% below the National Bank's January forecast of $40.5 billion.

“Even this lower level of reserves remains acceptable,” Lebedieva emphasizes, “and it reflects Ukraine’s capacity to maintain macrofinancial stability.”
However, she cautions that this estimate is based on currently available inputs and that the actual reserve level could differ due to unpredictable factors. These include unanticipated defense procurement costs (which would reduce reserves) or additional international support (which would boost them).
Lebedieva identifies inflation as a much more pressing threat to macroeconomic stability. In May, inflation accelerated to 15.9% (up from 15.1% in April and 14.6% in March), compared to just 3.3% in May of the previous year.

“The main inflation drivers remain the rising cost of energy, expensive and complex logistics, and wage increases in response to labor shortages,” she explains. “An additional risk stems from the potential suspension of the EU’s trade liberalization regime for Ukraine, which could restrict exports of certain goods, reduce foreign currency earnings, and lead to a depreciation of the hryvnia — thereby increasing the cost of imports.”
“That said, several factors could exert downward pressure on inflation,” she adds, “including seasonal declines in food prices from the new harvest, greater domestic supply (partly due to reduced agricultural exports as a result of export quotas), and the base effect, which could stabilize inflation in the second half of the year.”

According to Lebedieva, economic policy must be balanced: a well-considered debt strategy should be paired with robust support for domestic business. In particular, she emphasizes the importance of enforcing localization laws in public procurement — a measure that would reduce unnecessary imports, lessen demand for foreign currency, stabilize the hryvnia, and thereby contribute to curbing inflation.

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