



# Macroeconomic and Monetary Review

September 2025



National Bank  
of Ukraine

# Summary

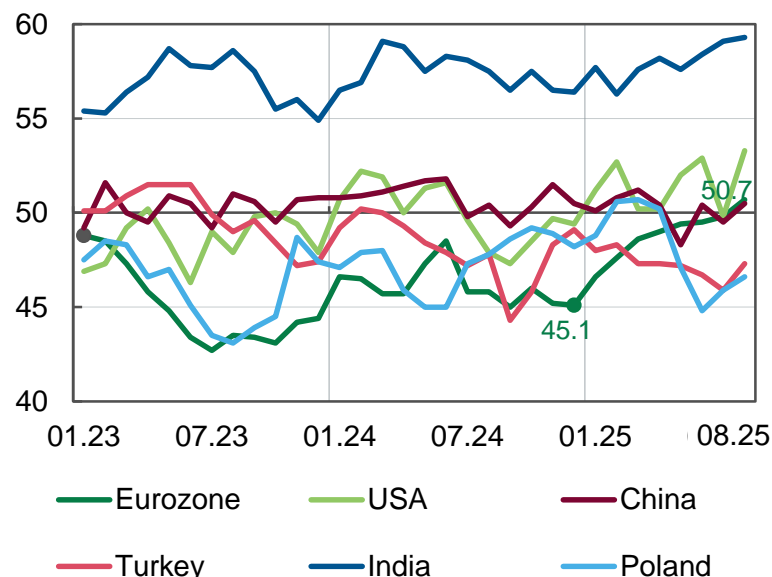
- **Economic growth in Ukraine's MTPs is slowly recovering, and inflation is stabilizing.** Most CBs eased monetary policy or kept rates unchanged, balancing between achieving inflation targets and supporting economic growth. Global energy prices moved sideways but remained quite volatile
- According to NBU estimates, **both headline and core inflation continued to slow down** in August. This trend was largely driven by an increase in the supply of new harvest agricultural products, which contributed to a further decline in food inflation. Fundamental price pressures also eased under the influence of the NBU's monetary policy measures and a gradual reduction in pressure from the labor market
- **Business expectations remained subdued, but improved slightly in August.** The worsening security situation held back business and investment activity in a number of industrial sectors. In contrast, accelerated harvests in less drought-affected regions supported a recovery in agriculture and helped slow the decline in transportation and food processing. At the same time, trade indicators continued to grow and consumer sentiment improved
- **Labor market supply continued to expand**, with the growth in the number of resumes outpacing the growth in the number of job offers. **At the same time, supply's growth rate decelerated in August.** The labor shortage remains high, which drives further wage increases, but the pace decreased
- After a moderate narrowing in previous months, **the state budget deficit widened in August and was financed primarily by international aid.** In July-August, the domestic debt market revived on account of both the domestic government debt securities in hryvnia and in foreign currency. In January-August, the rollover for domestic government debt securities in all currencies was 109%
- In July, **the merchandise trade deficit remained nearly unchanged:** export growth was close to the increase in goods imports. Meanwhile, due to lower volumes of international financial assistance, gross reserves declined in July, but resumed growth in August
- **The NBU's previous measures to tighten monetary policy supported demand for term hryvnia instruments.** This was an important factor in maintaining a sustainable situation in the FX market in August. A decline in net FX demand from bank clients led to a decrease in the NBU's FX sales, while the average official hryvnia exchange rates against the U.S. dollar and euro appreciated



# **External Environment**

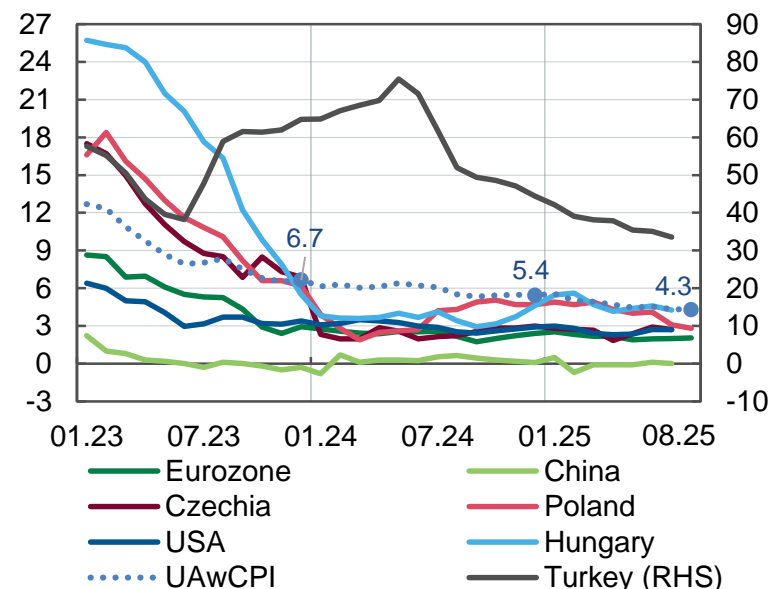
# Economic growth in Ukraine's MTPs is slowly recovering, with inflation mostly heading towards central banks' targets

Manufacturing PMIs of selected countries



Source: S&P Global.

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

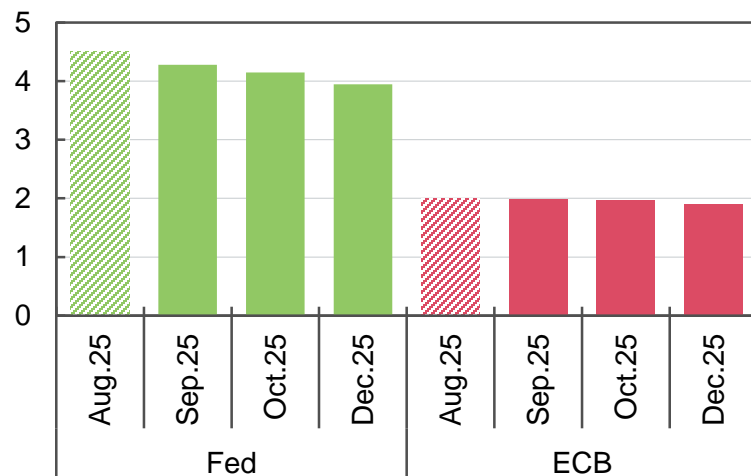


Source: national statistical offices, NBU staff estimates.

- Leading indicators point to a gradual recovery in economic growth in most Ukraine's MTPs and adaptation to geopolitical uncertainty. Manufacturing picked up thanks to new orders, although the service sector lost some momentum due to a slight cooling of the labor market
- Business optimism remains moderate, reflected in the accumulation of inventories of both raw materials and finished products due to the still high risks of trade uncertainty
- Inflationary pressure from Ukraine's MTP countries (UAWCPI) has stabilized, but the asynchrony in processes in different countries has increased. Inflation is rising in the U.S. due to the passing on of costs from new import tariffs to consumers. Inflation in the Eurozone is close to the target, while in most CEE countries it is gradually slowing down

# CBs either lowered rates or kept them steady, balancing between achieving inflation targets and supporting economic growth

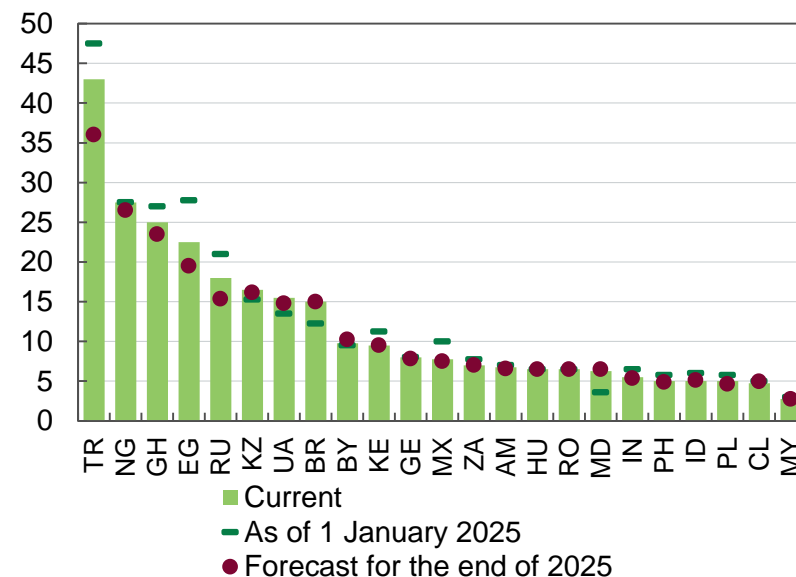
Market expectations (according to OIS) of key policy rates\* on the respective meeting dates, %



\* For the Fed – upper limit of the target range, for the ECB – deposit rate. August 2025 – actual data. Current expectations as of 29.08.2025.

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

Key policy rates in selected EM countries, %

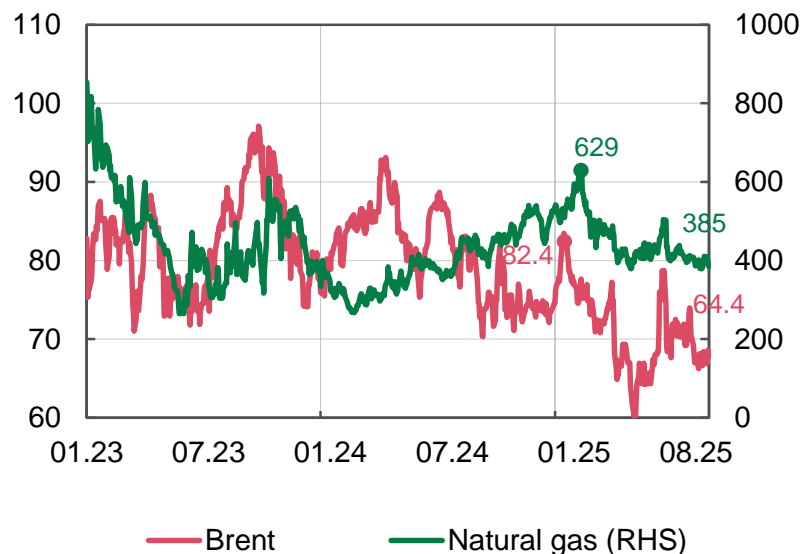


Source: official web pages of central banks, Focus Economics, Oxford Economics, as of 29.08.2025.

- The Fed continued to keep its target rate range unchanged at 4.25%-4.5%. At the same time, it opened the door to an interest rate cut in September in case the balance of risks shifts. The ECB signaled it is approaching the end of its easing cycle (the deposit rate is currently at 2%). Financial markets expect the ECB to keep its rates unchanged by the end of 2025 (rate cut probability is  $\approx 37\%$ ) and price in two cuts by the Fed ( $\approx 56$  bp)
- CBs of EM countries either eased monetary policy to support economic growth (Moldova, Indonesia) or maintained rates amid a slow disinflation and heightened uncertainty (Romania, Hungary, India). By contrast, the PBoC, while holding rates steady, pledged to enact its “moderately loose” policy through an increase in liquidity

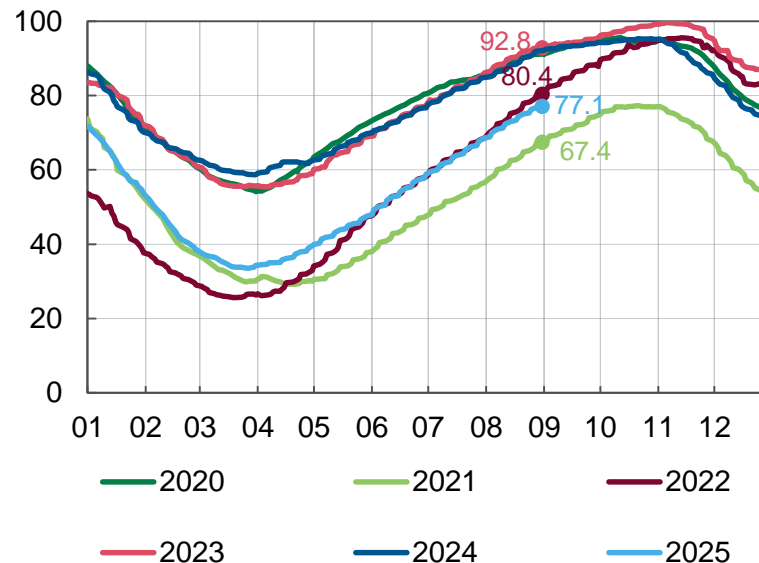
# Global energy prices moved sideways, although they remained highly volatile

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



Source: LSEG.

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

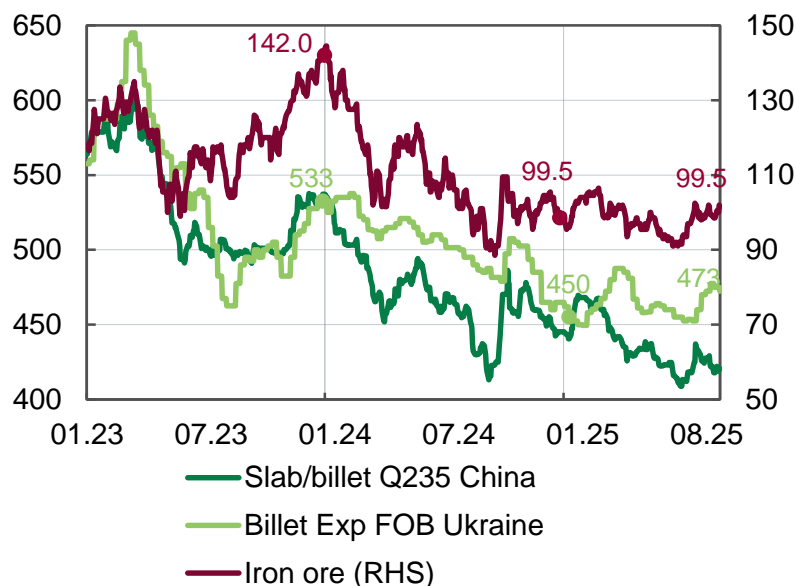


Source: LSEG, as of 29.08.2025.

- Oil prices fluctuated within a narrow range amid the lack of a clear US position on sanctions against Russian oil. Another rapid increase in OPEC+ production, the resumption of supplies from Venezuela, and relatively weak global demand had a downward pressure on prices. However, China's active stockpiling, ongoing U.S. sanctions against Iran, and stable demand from the U.S. prevented prices from falling sharply
- Gas prices in Europe were pressured by active pumping into EU and Ukrainian storage facilities amid increased demand from Asian countries. However, increased gas supplies from Norway and Russia, as well as steady LNG imports, primarily from the U.S., prevented prices from rising significantly

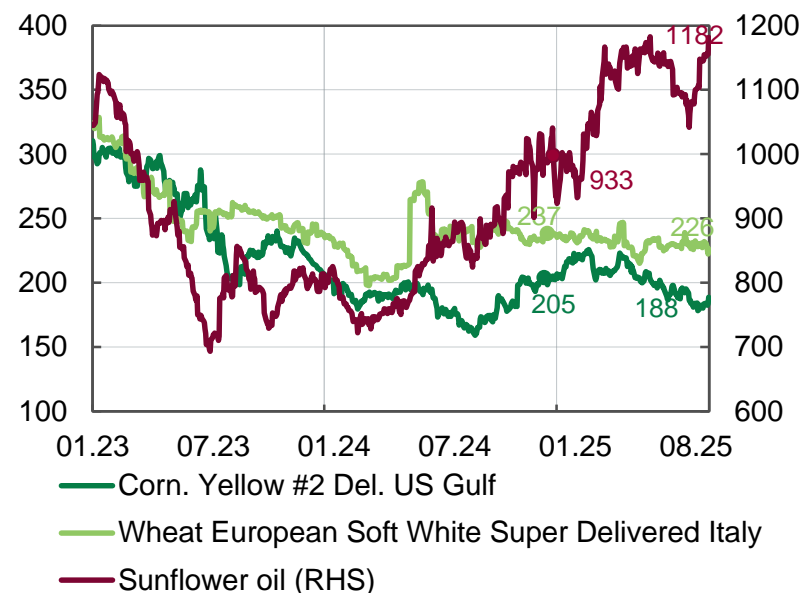
# Prices for most export goods were under pressure from seasonally high supply and relatively weak demand

Global steel and iron ore prices, USD/MT



Source: LSEG, Delphica.

Global grain and sunflower oil prices, USD/MT



Source: LSEG.

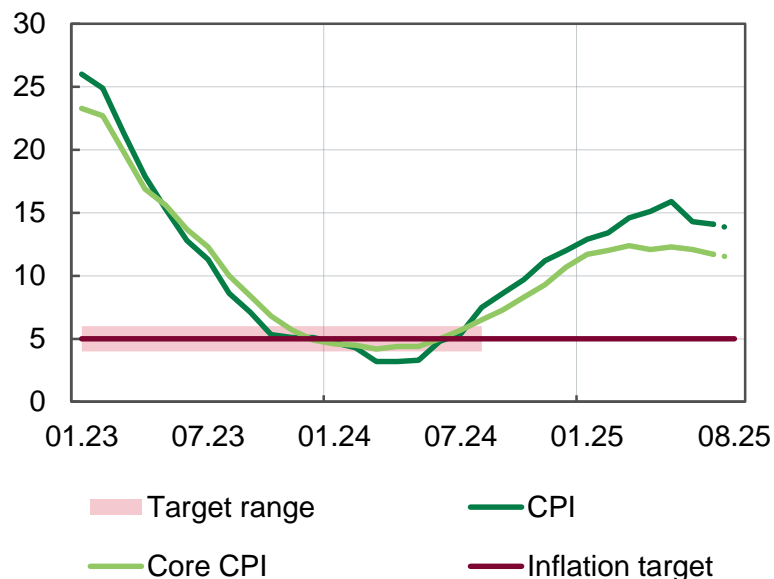
- Iron ore prices fluctuated within a narrow range: the available supply was sufficient to meet current demand. Steel prices in European and Middle Eastern markets rose slowly. This was due to a decline in steel production in Europe amid scheduled maintenance and high energy prices, as well as steady demand in Saudi Arabia and the UAE
- The wheat market was balanced thanks to expectations of good harvests in MY 2025/2026 in the largest exporting countries, which will be sufficient to meet increased demand amid drought in major importing countries. Corn prices fell under pressure from expected record harvests in the U.S. and Brazil, with harvesting in Argentina almost complete
- Sunflower oil prices rose significantly due to low stocks and limited supply, primarily of Ukrainian oil. Significant volumes of soybean oil were insufficient to lower prices due to the revival of bioethanol production



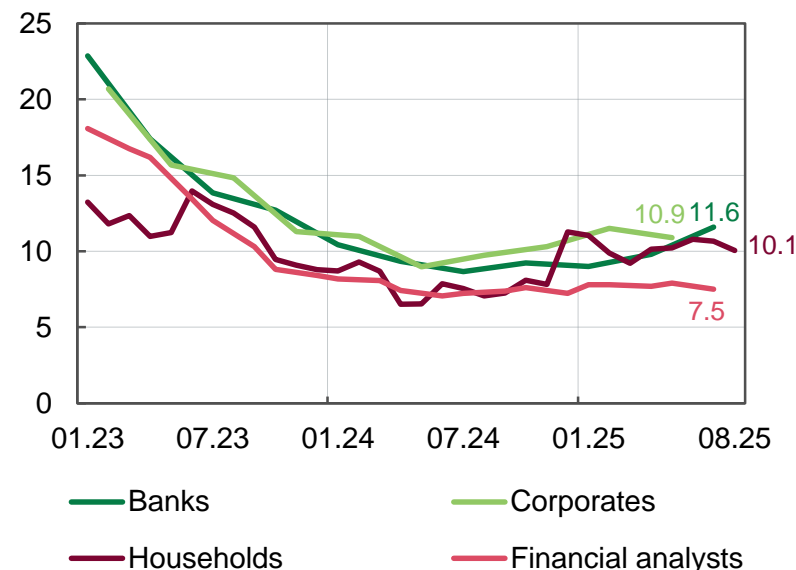
# **Ukraine:** Inflation

# Consumer inflation continued to slow down, inflation expectations remained fairly stable

Inflation\* and inflation target, % yoy



Inflation expectations for the next 12 months, %



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

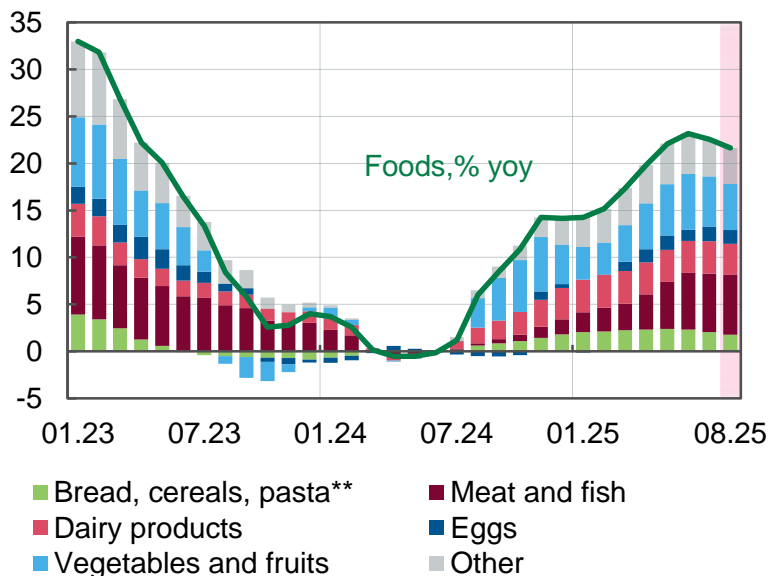
Source: SSSU, NBU staff estimates.

Source: NBU, Info Sapiens.

- In July, both headline and core inflation continued to slow (to 14.1% yoy and 11.7% yoy). According to NBU preliminary estimates, these trends continued in August
- The expansion of the supply of new harvest agricultural products had a significant impact on inflation. As a result, inflation for both raw and processed food products declined. The dynamics of other components of core inflation (services and non-food goods) also declined, but the impact of fundamental factors remains fairly persistent
- Economic agents' inflation expectations remained significantly lower than actual inflation, although their dynamics were mixed. August surveys showed an improvement in household expectations, which was facilitated, among other things, by the appreciation of the hryvnia against the euro and the dollar

# New harvests contributed to a slowdown in food inflation, and fundamental price pressures also eased

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

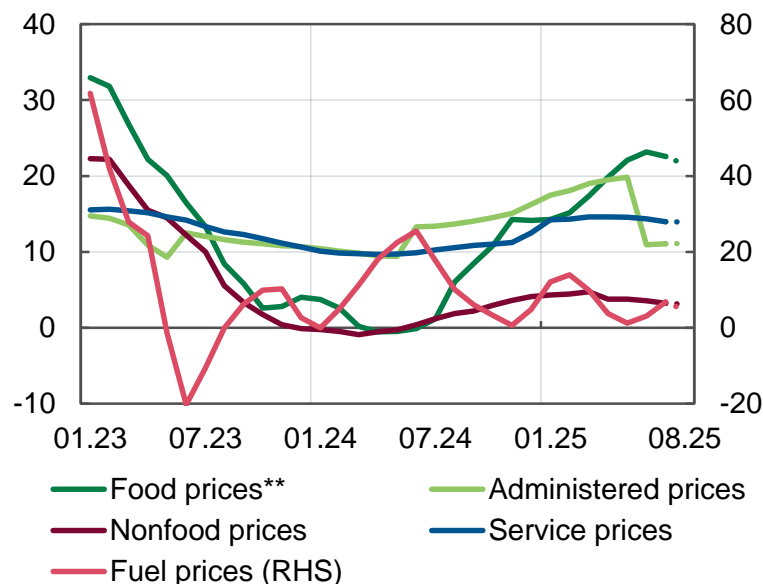


\* Data for August reflects nowcast.

\*\* Also includes products with admin. regulated prices.

Source: SSSU, NBU staff estimates.

Selected CPI components\*, % yoy



\* Data for August reflects nowcast.

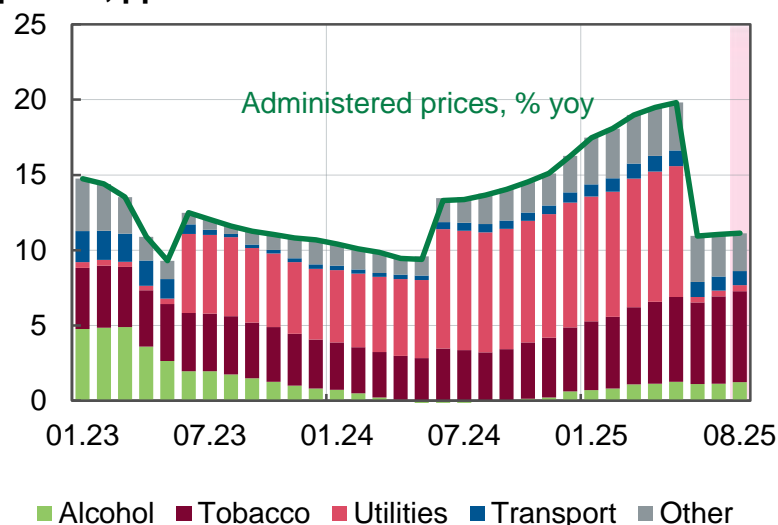
\*\* Also includes products with admin. regulated prices.

Source: SSSU, NBU staff estimates.

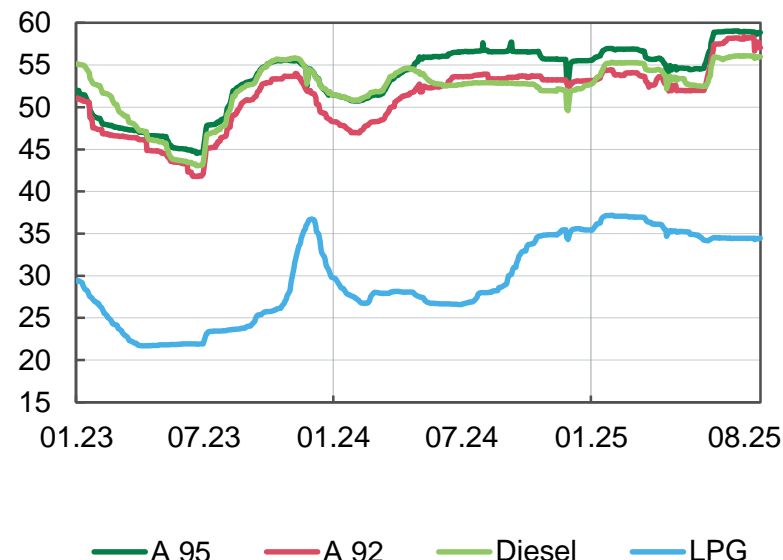
- In July, inflation slowed down for both raw food products (to 28.0% yoy) and processed food products (to 18.0% yoy). In particular, prices for vegetables, flour and cereals rose more slowly amid the arrival of the new harvest of agricultural products. However, meat prices rose faster due to higher production costs and a decline in livestock numbers, as did fruit prices due to limited supplies of apples, stone fruits and berries after the spring frosts
- According to NBU estimates, food inflation continued to decline in August
- Fundamental pressure remained fairly persistent but gradually weakened amid signs of easing pressure from the labor market and thanks to monetary policy measures

# Administered inflation accelerated slightly after a sharp slowdown in June

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



Fuel prices, UAH / L



\* Data for August reflects nowcast.

Source: SSSU, NBU staff estimates.

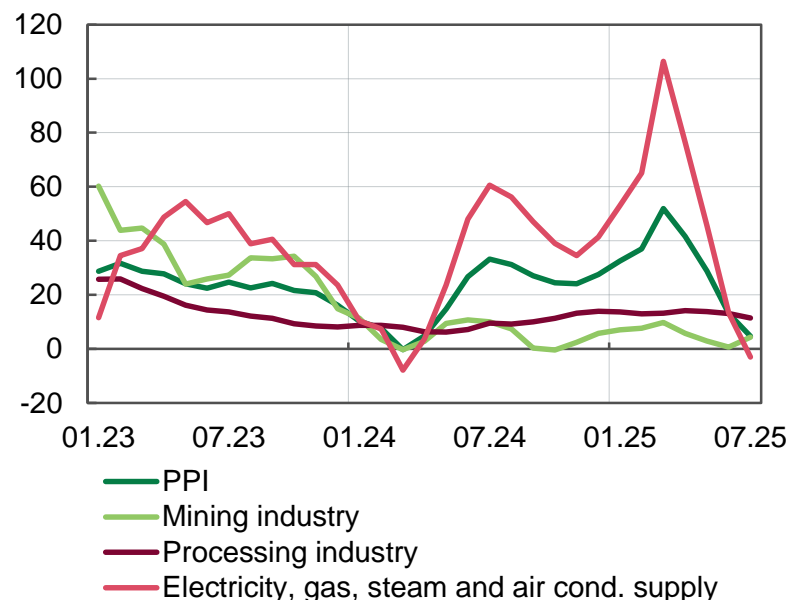
Source: minfin.com.ua.

- Administered inflation accelerated slightly in July (to 11.0% yoy), mainly due to further increases in prices for tobacco products, especially imported ones, which can be explained by the weakening of the hryvnia against the euro in previous periods. According to NBU estimates, administered inflation also rose slightly in August
- In 2025, excise goods have become more expensive due to stricter measures to combat shadow supply, an increase in the minimum retail price for wine (from 1 December 2024), and tax changes for manufacturers and importers of tobacco products (from 25 March 2025)

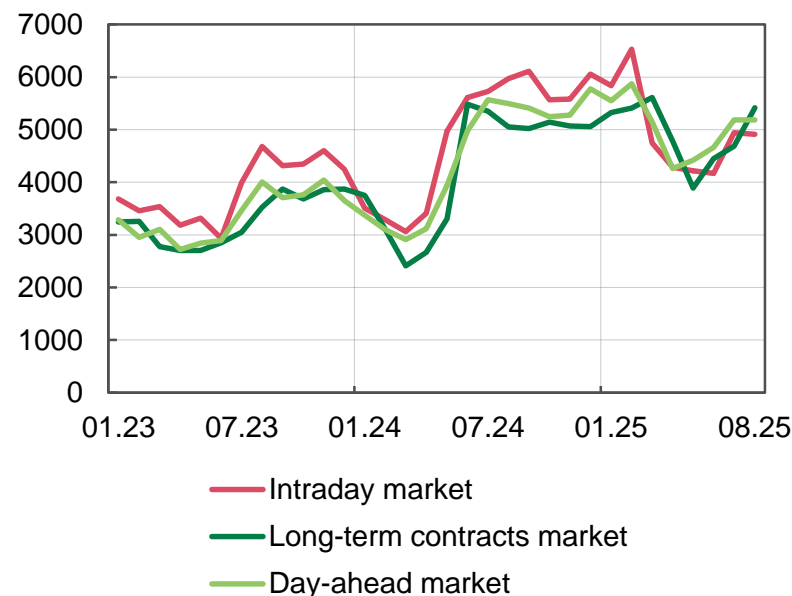
Fuel price increases accelerated in July (to 6.7% yoy), primarily due to the devaluation of the hryvnia against the euro in previous periods, but slowed down in August, according to NBU estimates

# Industrial inflation continued to slow down, primarily due to lower prices in the electricity, gas and steam supply sector

PPI and its components, % yoy



Electricity prices for non-household consumers, UAH/MWh



Source: SSSU.

Source: Ukrainian Energy Exchange, Market operator.

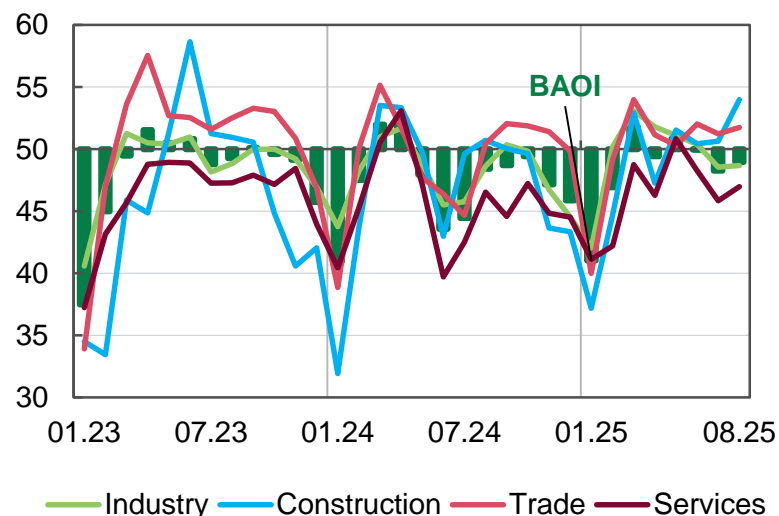
- Producer price growth slowed in July (to 4.7% yoy), primarily due to the base effect from last year, when prices surged amid a significant energy shortage. Prices in the "electricity, gas, steam supply" sector decreased by 3.0% yoy, thanks to the stable electricity supply situation this year
- Price growth in the processing industry gradually slowed as a result of weaker inflation in food raw materials, easing pressure from the labor market, and secondary effects from lower electricity prices
- Price growth in the mining industry accelerated primarily due to higher prices for crude oil and natural gas extraction, likely due to [shelling of gas production infrastructure](#)



## **Ukraine:** Economic activity

# Business expectations of enterprises remained subdued in August, but improved compared to July

NBU's business activity outlook index, p

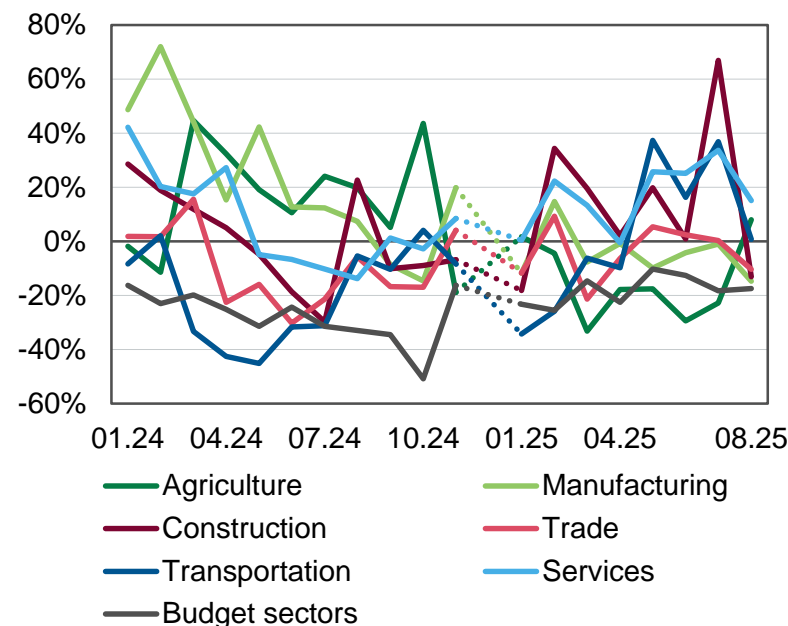


A level above 50 indicates mainly positive expectations.

Survey was not conducted from March to May 2022.

Source: NBU.

Enterprise registrations by type of activity, % yoy

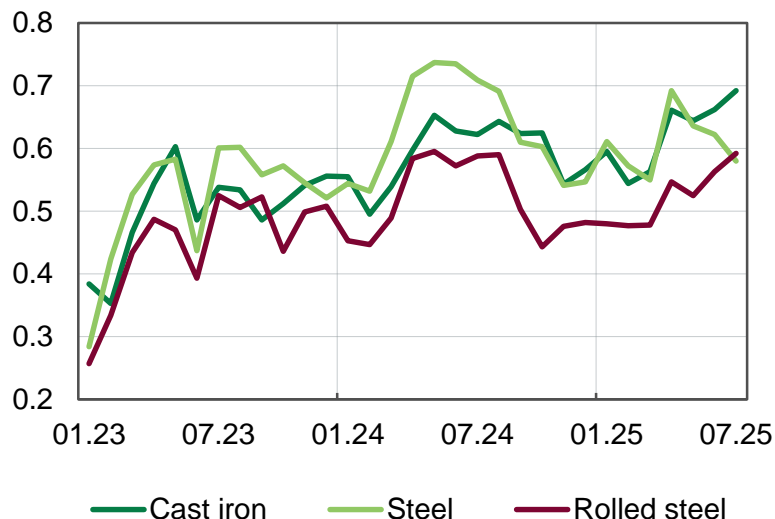


Source: opendatabot.ua, NBU staff estimates.

- In August, all components of the Business Activity Outlook Index improved compared to July, but businesses' assessments of their current economic activity remain subdued
- A number of economic activity indicators showed mixed dynamics in August. In particular, the number of company registrations in trade, manufacturing, construction, and the budget sectors decreased, but increased in agriculture and the services sectors. At the same time, registrations of sole proprietors increased by 9.8% yoy

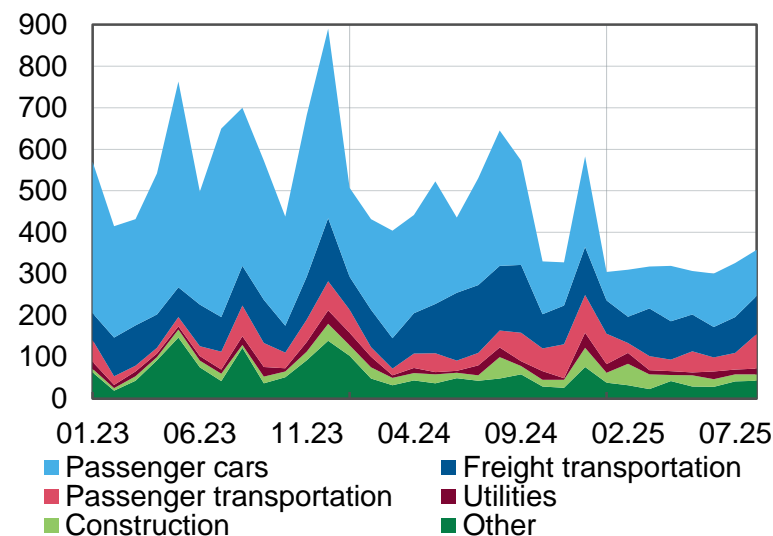
# Worsening security situation and lack of agricultural raw materials curbed business and investment activity

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



Source: Ukrmetallurgprom.

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

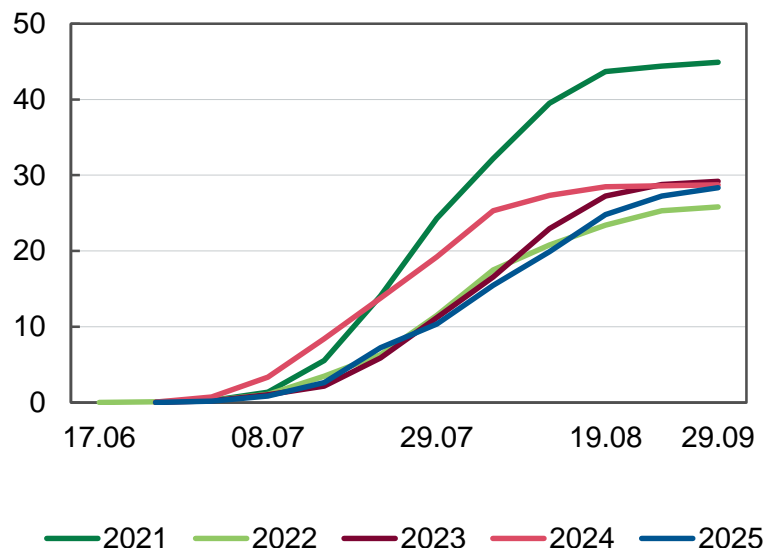


Source: Ministry of Internal Affairs.

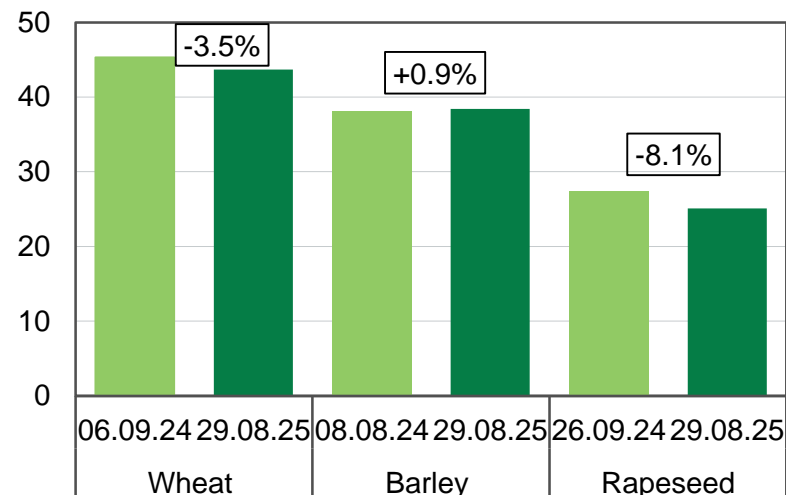
- Metallurgical production had mixed dynamics. In July, production of iron and rolled products grew, but steel production declined amid persistently low demand on international markets. In August, individual companies increased production of metallurgical and pipe products and invested in facility upgrades
- Individual gas companies launched new facilities, but the situation in the coal and energy sectors worsened due to increased shelling. The decline in automobile production accelerated (-40.8% yoy), while investments in the production of military equipment and weapons supported engineering
- Oil processing facility utilization increased amid the arrival of new rapeseed crops, but food industry performance continued to decline year-on-year due to low raw material stocks. In August, a number of food processing enterprises in relatively safe regions invested in the sector, while others suspended projects due to the worsening security situation

# Agricultural production picked up in August thanks to accelerated harvest

Grain and leguminous crop volumes, million tons, cumulative



Crop yield compared to the date of the previous year, when similar areas were threshed, centner/ha



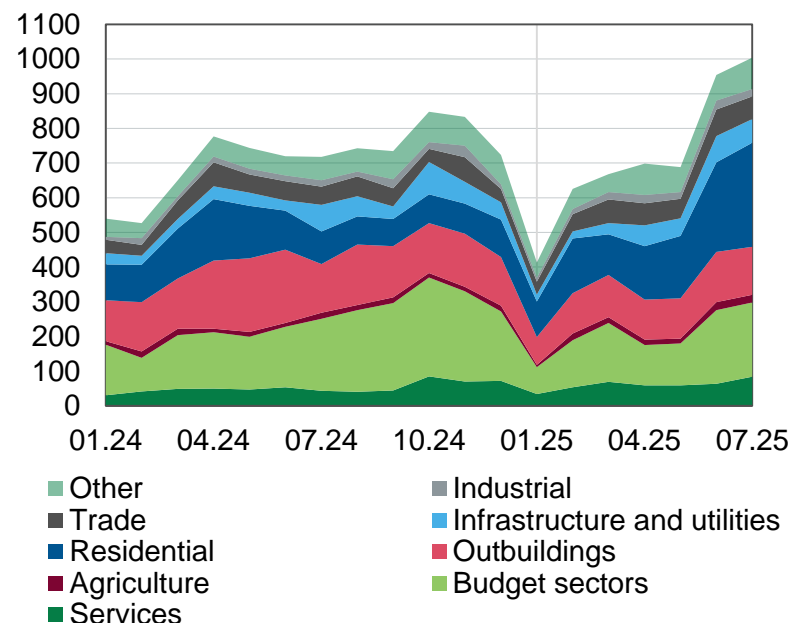
Source: Ministry of Agriculture.

Source: Ministry of Agriculture.

- According to the SSSU data, in July, agricultural production volumes decreased by 19.2% yoy, primarily due to a decline in crop production (by 20.7% yoy) due to the impact of adverse weather conditions and a slow harvest. In August, the situation improved against the backdrop of accelerated harvesting of early crops in the northern and western regions, which were less affected by the drought. Accordingly, the situation with the yield of early grains and legumes improved, almost equaling the indicators of the previous year
- The supply of vegetables and fruits in August increased seasonally, but the situation was different for individual crops. Due to the uneven impact of weather conditions, the supply of [cucumbers](#) and [carrot](#) has increased, but the harvest of [tomatoes](#), [watermelons](#) and [apples](#) is lower than last year

# The arrival of a new harvest contributed to the revival of freight, and the holiday season supported passenger traffic

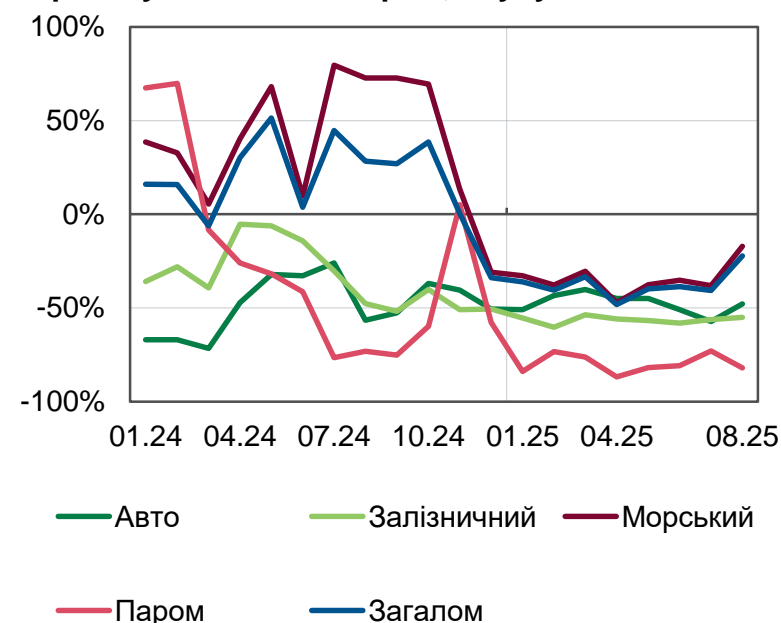
Number of buildings at the start of construction, units\*



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

- Construction of retail and commercial real estate in the western and central regions supported the activity of the construction industry
- The reduction in freight transportation continued in August, but its pace slowed down significantly due to the acceleration of the harvest and the arrival of a new crop. In particular, the reduction in the transportation of agricultural products for export in August slowed down to 22% yoy (from 41% yoy in July), primarily due to the slowdown in the decline in sea transportation to 17% yoy (from 38% yoy in July). At the same time, the volume of grain loading on the railway network increased by 10% yoy in 26 days of August

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

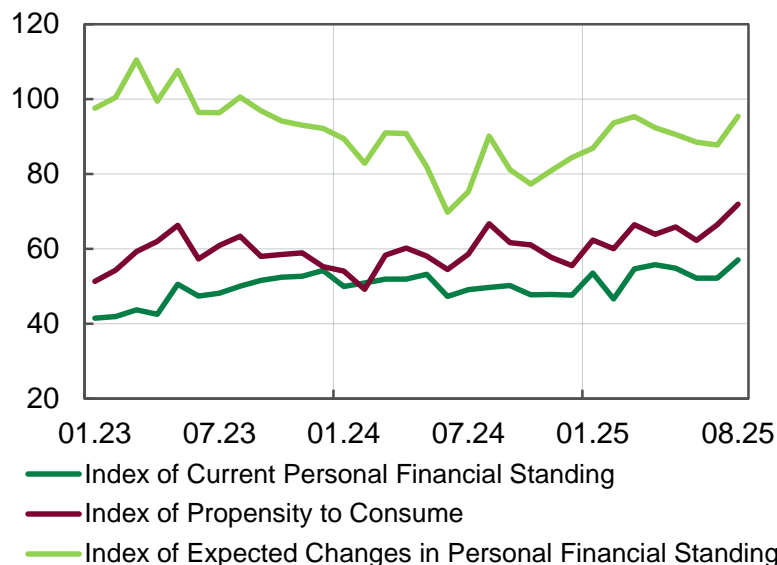


Source: UGA.

Passenger transportation also picked up somewhat in annual terms (+1.6% yoy in June-August)

# Consumer sentiment improved significantly in August, trade growth continued

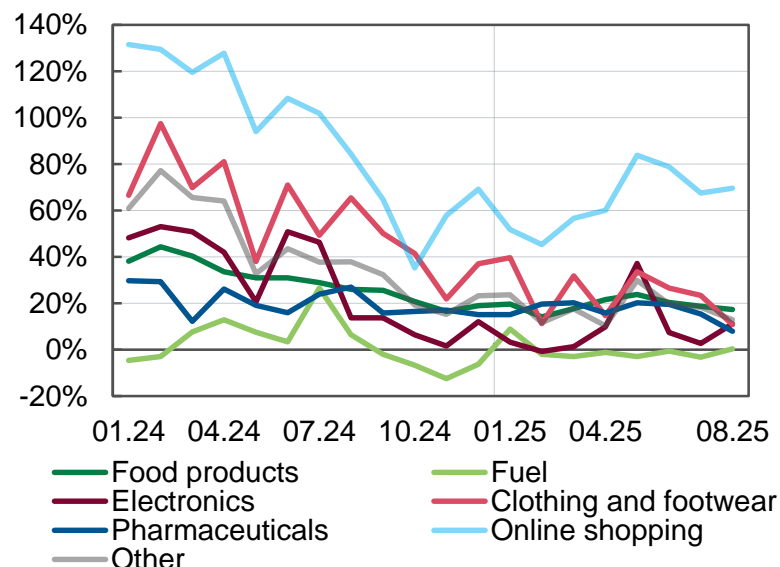
Components of the consumer sentiment index, p



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

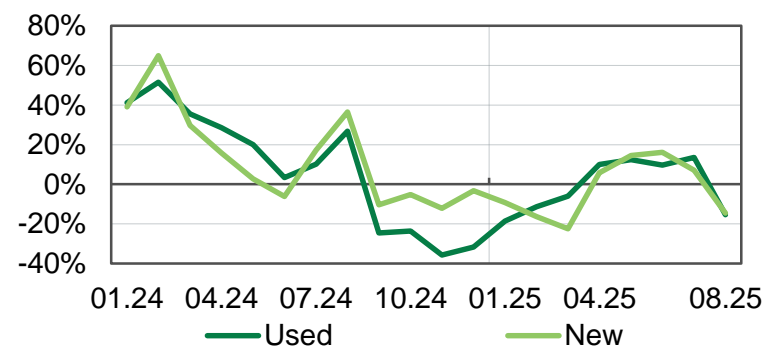
- Consumer sentiment improved significantly in August, with the [holiday season](#) and [increased demand for school supplies](#) supporting trade
- At the same time, the worsening security situation in a number of regions [held back the industry](#), with the [longer duration of air raids during the shopping mall operation resumed](#) in July-August
- Passenger car sales fell by 15.2% yoy, primarily due to a sharp increase in demand for cars in August last year amid expectations of tax changes

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.

First registration of passenger cars, % yoy



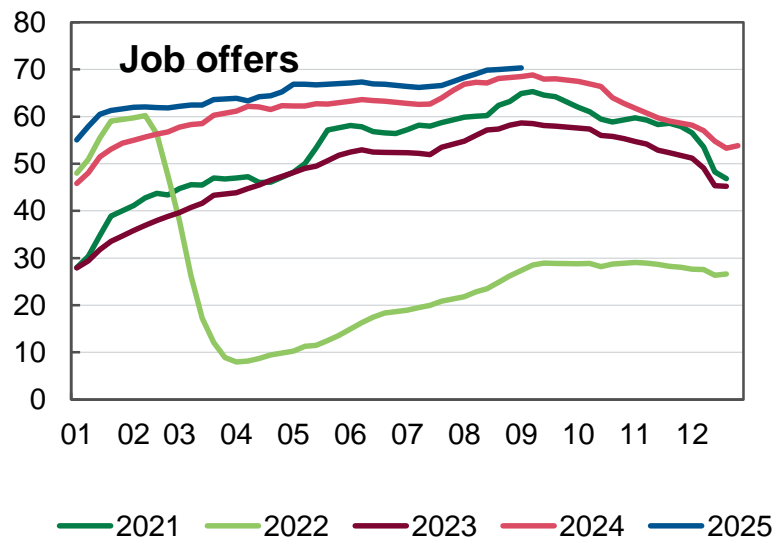
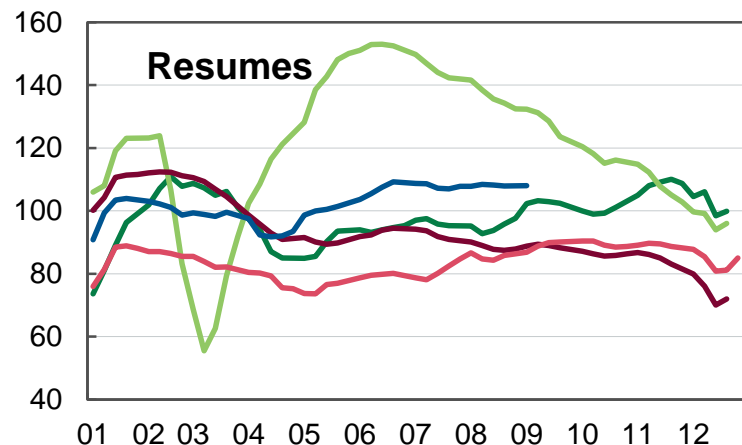
June 2025 is preliminary data.  
Source: Ministry of Internal Affairs.



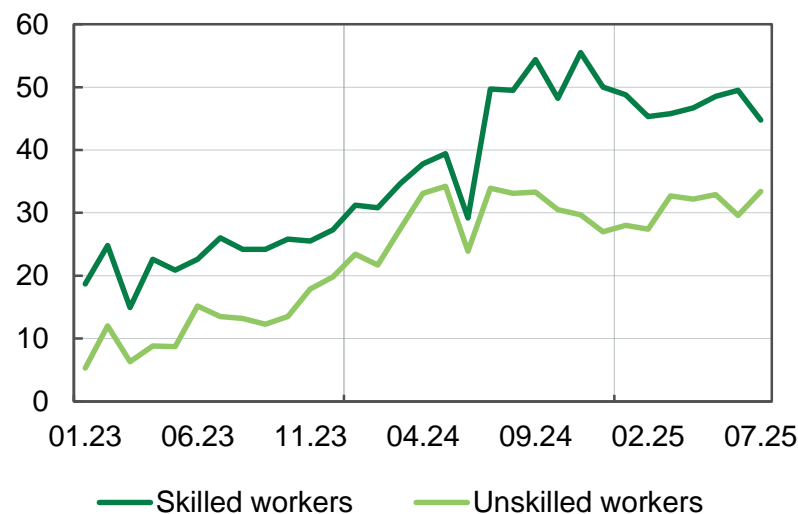
## **Ukraine:** Labor market

# In August, labor supply continued to outpace demand, but the shortage of workers persisted

Labor market indicators, four-week rolling average, thousands



Index of problems in finding employees, % balance of responses

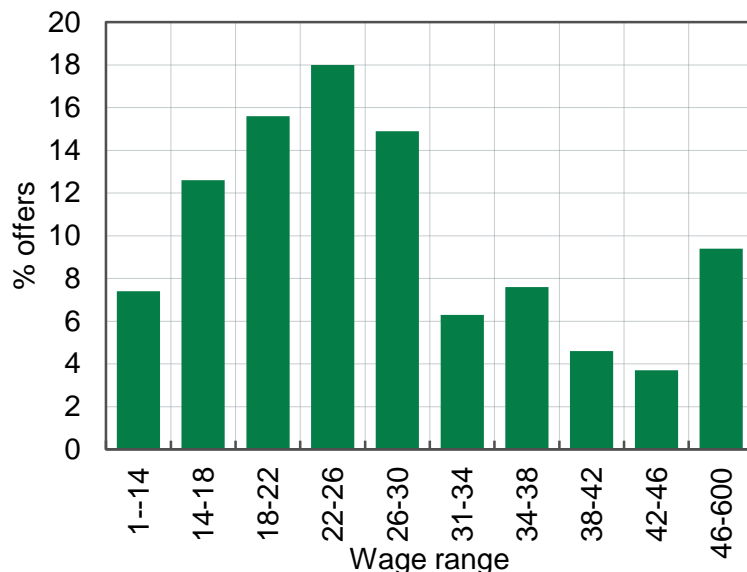


Source: IER.

- The labor supply, measured as the number of new resumes, continued to grow faster than the number of job offers in August (28% yoy vs. 3% yoy). At the same time, the rate of supply growth decelerated yoy
- According to the IER survey, the search for skilled workers in July 2025 eased somewhat, while the search for unskilled workers worsened, probably due to a pickup in demand for seasonal workers

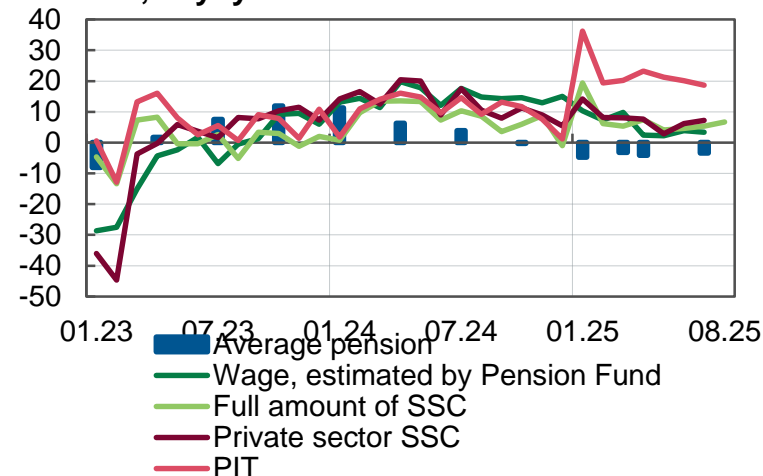
# Nominal wage growth remains high but is slowing gradually

**Distribution of wages offered in job offers in August 2025\*, UAH thousand, % of offers**



\* Median wage for the last three months.  
Source: work.ua.

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



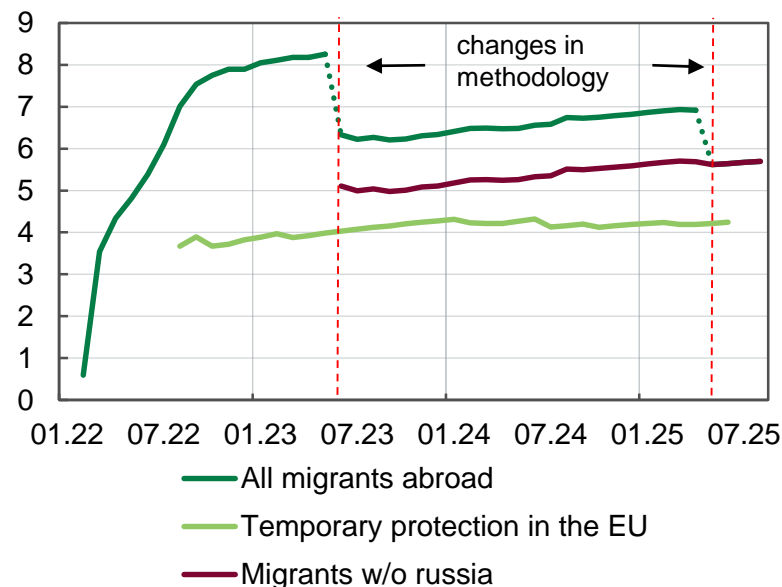
\* Deflated by CPI. The private sector SSC is calculated as the difference between total SSC and SSC on wages from the consolidated budget.

Source: Pension Fund of Ukraine, STSU, SSSU, NBU staff calculations.

- According to updated data from work.ua, the median expected (in resumes) wage equaled to the offered (in job offers) wage in August 2025 and amounted to about UAH 25 thousand, which is 19% higher than in August 2024. Real wage growth was about 5% yoy
- The SSSU published monthly average wage data for the first time since January 2022. In July 2025, it amounted to UAH 26.5 thousand.

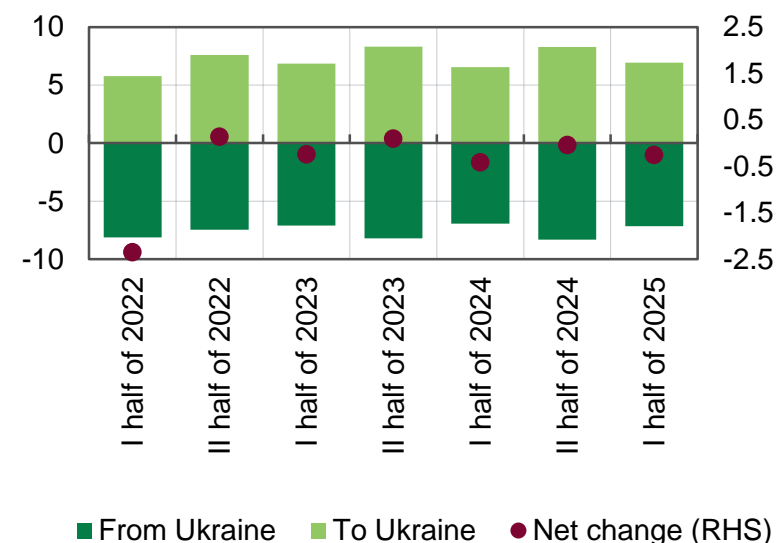
# Net migration abroad continues, but at a slower pace than last year

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



Source: UNHCR, Eurostat.

Number of border crossings by Ukrainians, million persons



Source: Opendatabot based on data from the State Border Guard Service of Ukraine.

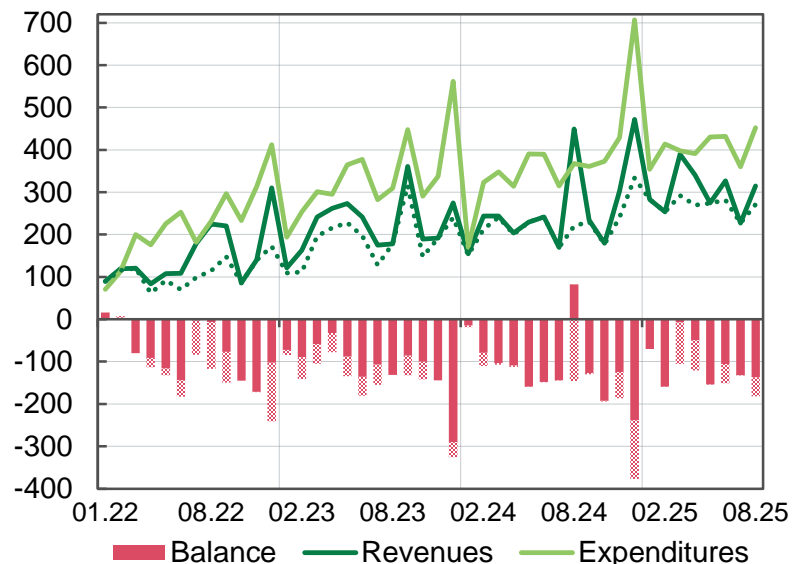
- According to the UNHCR, the number of migrants was 5.7 million persons as of 2 September 2025. Germany, Poland, and the Czech Republic remain the countries with the largest number of migrants from Ukraine
- According to the Border Guard Service, the total (entry and exit) number of border crossings in the first half of 2025 increased by 4% yoy. At the same time, approximately 250 thousand people left Ukraine (compared to 400 thousand people in the same period of the previous year). The increase in the total number of crossings is likely due to temporary visits by migrants to obtain documents and similar matters



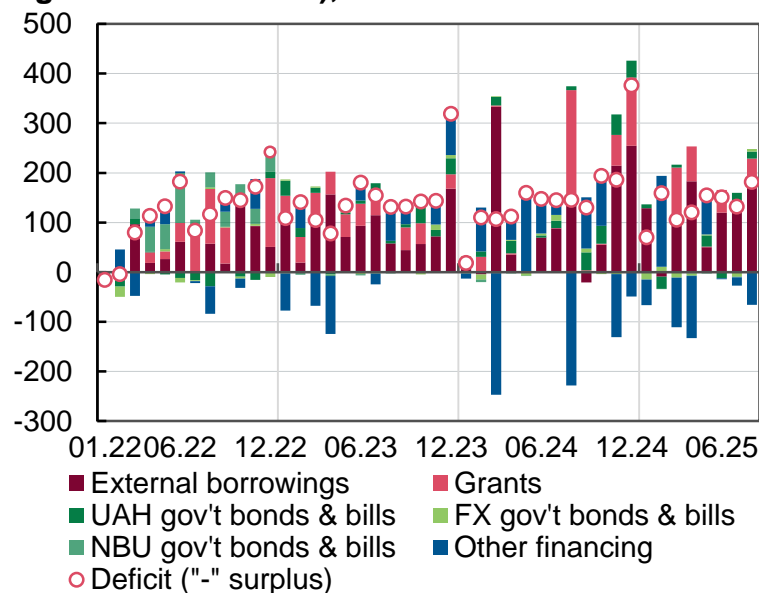
## **Ukraine:** Fiscal sector

# In August, the state budget deficit widened after a moderate narrowing in June and July

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



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

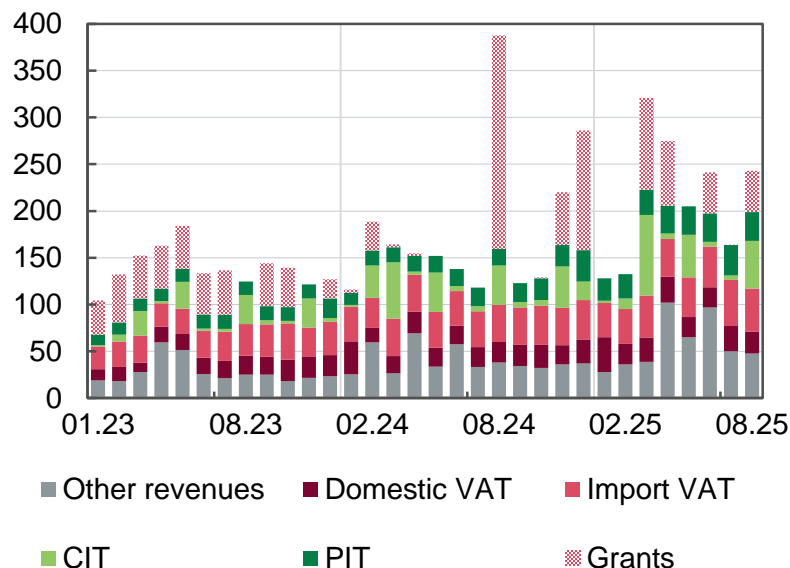


\* Dotted lines and patterned fillings show relevant indicators excluding grants. Balance includes net lending. \*\* Debt transactions are net borrowings. Other financing represents active operations (in particular, includes the change in volumes of gov't funds) and privatization proceeds. August – preliminary 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

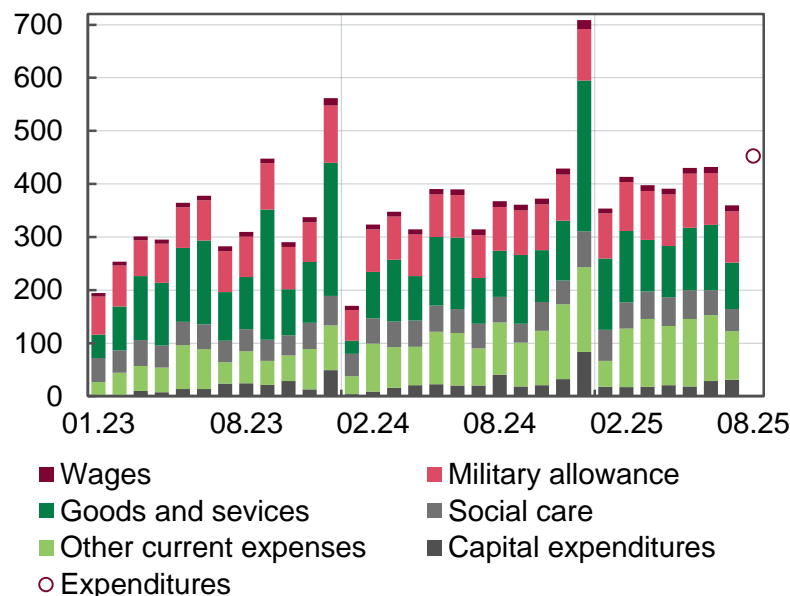
- In August, the state budget deficit (excluding grants in revenues) widened under the impact of higher expenditures. In January-August, the deficit remained larger than last year
- Budgetary needs were financed primarily by international aid (in particular, about USD 5.8 billion was received in August), which also contributed to the growth of the government's FX liquidity
- The domestic debt market revived in both the hryvnia and FX segments. In July-August, the placement of FX-denominated government debt securities increased significantly (since the beginning of the year, the rollover of these government securities increased to about 80%). In the first eight months of the year, the rollover of government securities in all currencies rose to 109%

# Expenditures were the largest since the beginning of the year amid fairly high revenues

Revenues\* of the state budget, UAH billions



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



\* August – 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.

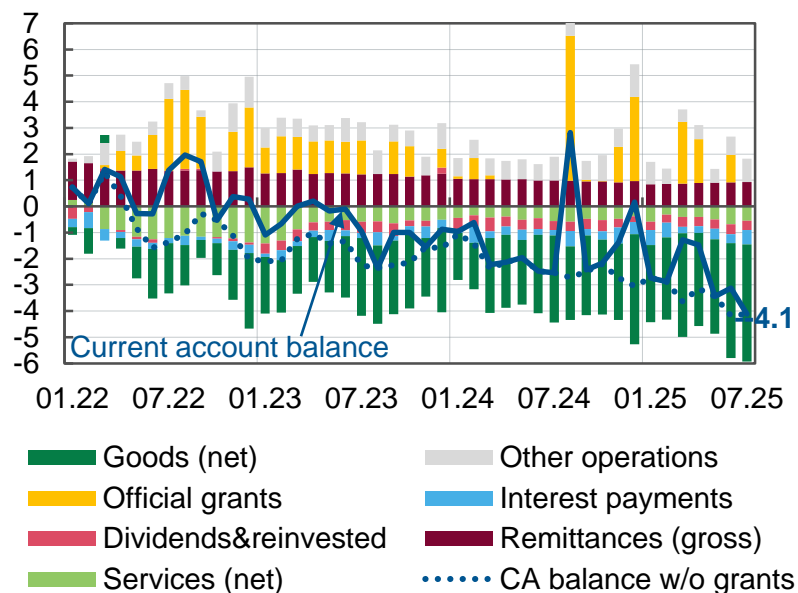
- Revenues (excluding grants) continued to grow at a high pace and have increased by 30% yoy since the beginning of the year. Rising wages and imports, as well as exchange rate effects, together with revised certain tax rates, contributed to an increase in proceeds from main taxes
- Expenditure growth accelerated (in particular, to 23% yoy in August, and since the beginning of the year – by 24% yoy, compared to 10% yoy last year). Defense (in particular, significant expenses on military allowance and material and technical assistance) and social programs remain the priority directions of spending, and capital expenditures remained fairly high



## **Ukraine:** Balance of Payments

# In July, the current account deficit widened mainly due to lower grant inflows, while the trade deficit remained almost unchanged

Current account balance, USD billions



Source: NBU.

- Merchandise trade deficit remained almost at the June level: export growth was close to the increase in goods imports
- Exports rose due to the recovery of Ukrainian sunflower oil's positions in the global market, while imports grew because of the increased machinery supplies
- At the same time, in July, Ukraine received noticeably lower volumes of grant assistance, resulting in the current account deficit widening to USD 4.1 billion (USD 19.1 billion in January-July 2025 compared to USD 12.9 billion in January-July 2024)

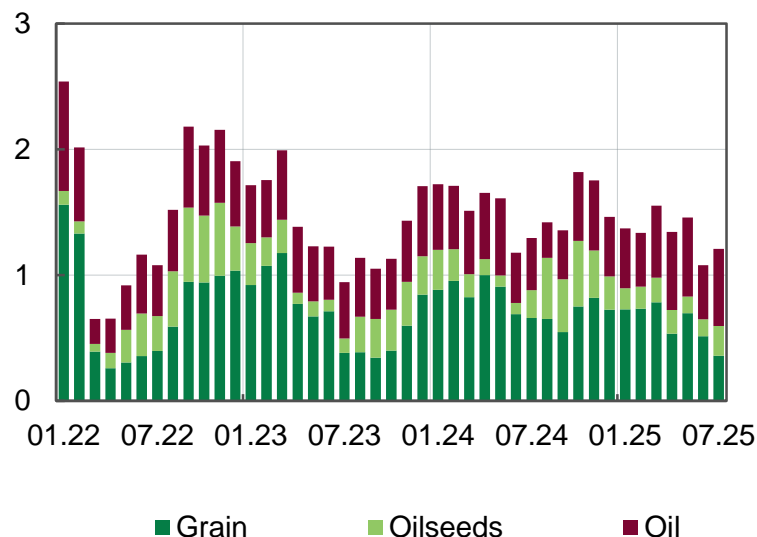
Merchandise trade balance, USD billions



Source: NBU.

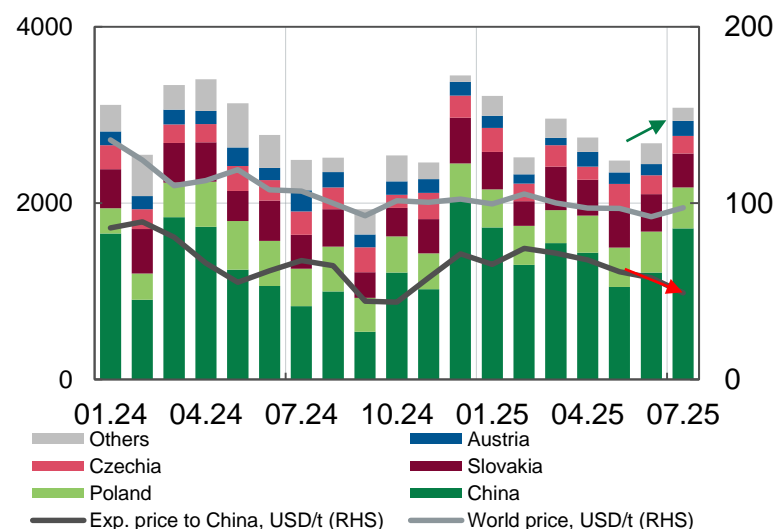
# Goods exports increased slightly due to the recovery of Ukrainian sunflower oil's positions in the global market

Exports of selected food products, USD billions



Source: SCSU.

Iron ore exports, thousand tons

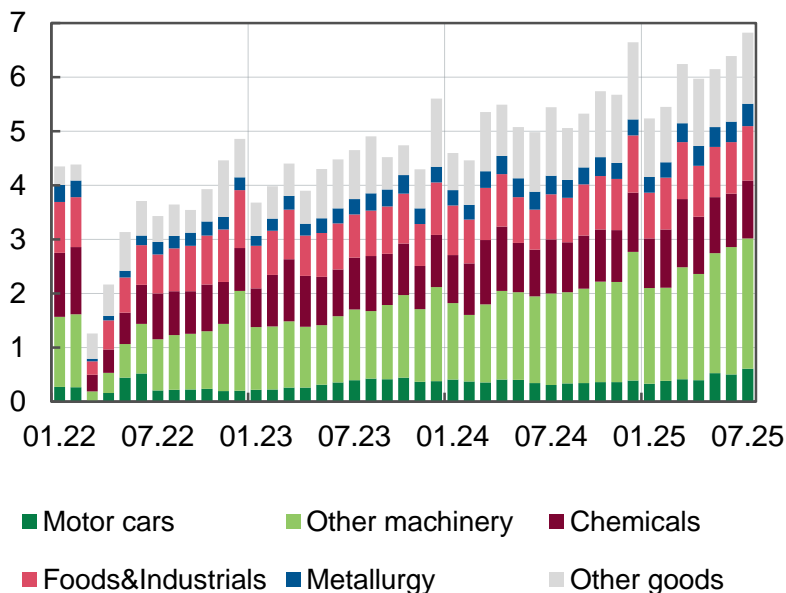


Source: NBU staff calculations.

- The growth of food exports was driven by higher supplies of sunflower oil, rapeseed, and soybeans. Ukrainian sunflower oil has gradually started to regain its positions in Indian market, primarily due to reduced production in Russia.
- Meanwhile, grain exports continued to decline because of the later start of the harvesting campaign.
- The volume of iron ore exports increased due to supplies to China. However, Ukraine traditionally supplies the cheapest ore to this market, which led to a decrease in the average weighted price despite the growth in global prices. As a result, the value of iron ore exports decreased.

# Goods imports continued to rise, primarily driven by machinery products

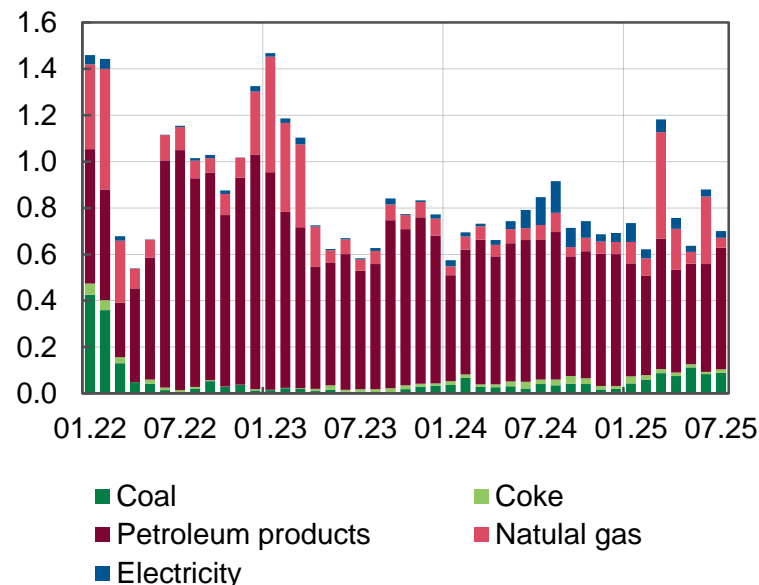
Non-energy imports, USD billions



Source: NBU.

- Among machinery product imports, the import of energy equipment and military-purpose products is increasing, driven by the need to restore energy infrastructure amid ongoing russian attacks and by the needs of the army
- In addition, the import of motor cars is growing significantly, especially in recent months, ahead of the cancellation of tax benefits for electric vehicles on 1 January 2026
- Meanwhile, energy imports declined due to lower volumes of customs-cleared gas

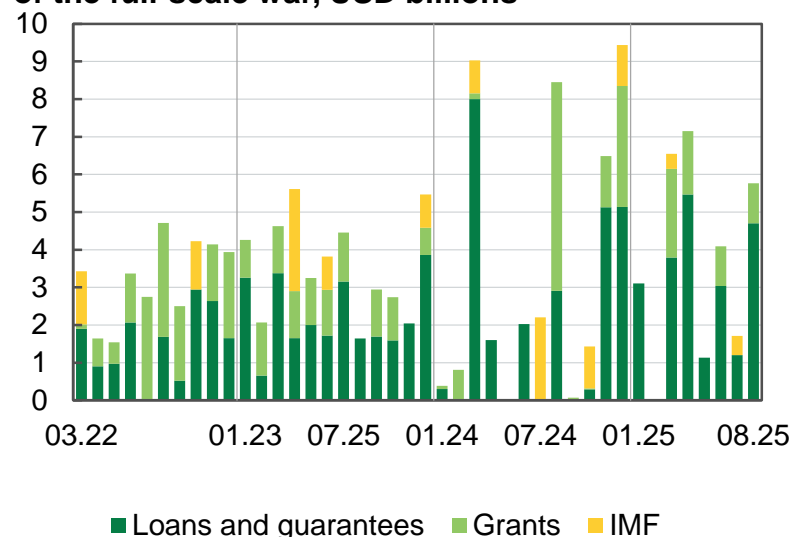
Energy imports, USD billions



Source: NBU staff calculations.

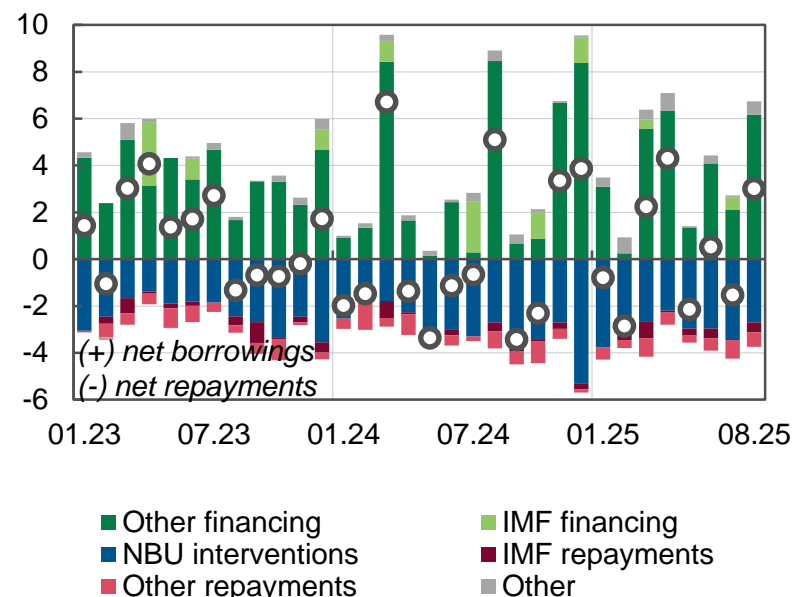
# Inflows of international aid helped maintain a sufficient level of reserves

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



Source: NBU, IMF, open sources data.

Change in gross international reserves, USD billions



Source: NBU.

- In July, the volumes of international financial assistance declined and only partially offset the NBU's FX interventions
- As a result, gross reserves decreased. Nevertheless, they remained at a sufficient level — USD 43 billion as of the end of July
- In August, amid significant aid inflows from international partners, reserves resumed their growth and amounted to USD 46 billion as of the end of the month

The left side of the slide features a vertical strip with a light green diamond-patterned texture. Overlaid on this is a solid dark green rectangle. To the right of the rectangle is a light green trapezoidal shape that tapers to the right. The text 'Ukraine: Monetary sector' is positioned to the right of these decorative elements.

## **Ukraine: Monetary sector**

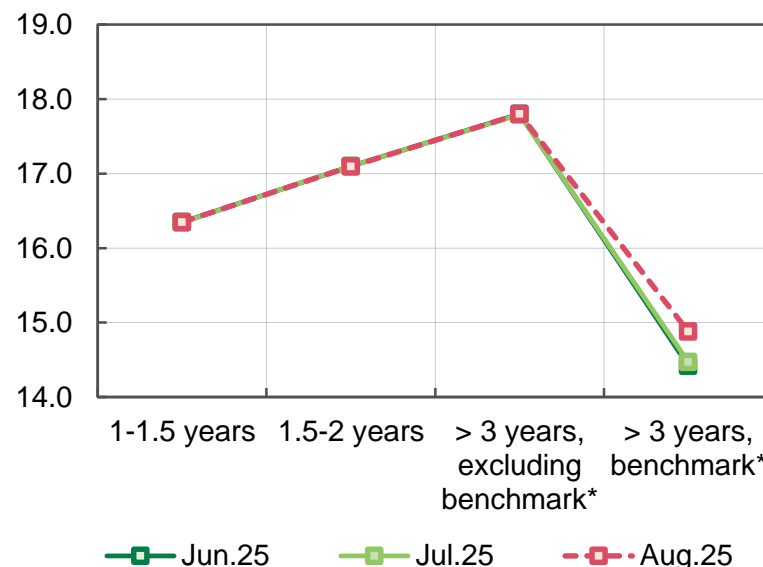
# The nominal yields for hryvnia instruments in August remained largely unchanged from previous months

Ukrainian Index of Retail Deposit rates\*, %



\* 5-day moving average.  
Source: Thomson Reuters.

Yield on hryvnia domestic government debt securities in the primary market, monthly weighted average, % pa

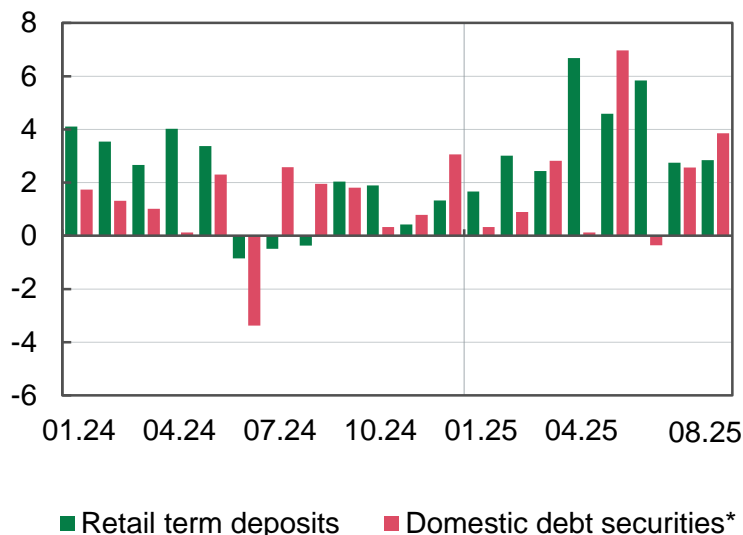


\* Included in the list of domestic government debt securities that banks can use to partially meet the reserve requirements.  
Source: NBU staff estimates.

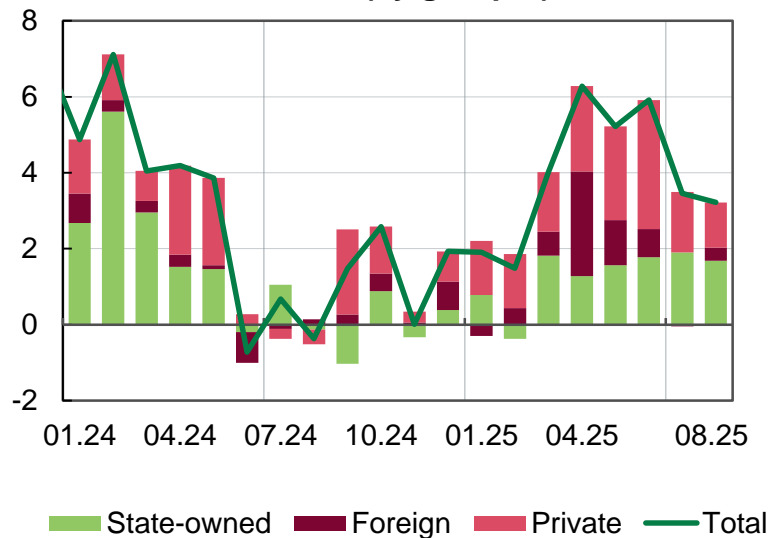
- The dynamics of the UIRD index indicate interest in attracting longer-term funds and the willingness of some banks to intensify competition for them. However, state-owned banks lead the deposit market, having non-price advantages. This is likely to continue to restrain the growth of the weighted average rate on hryvnia deposits
- The yields on government debt securities in the primary market have remained unchanged for the three consecutive months, with only the benchmark debt securities seeing a slight increase in August
- Improved inflation expectations of households (from 10.7% in July to 10.1% in August) contributed to the growth in the yields on hryvnia instruments in real terms

# The current yields on hryvnia instruments support demand for them from individuals

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



Changes in the stock of hryvnia retail deposits with a term of over 3 months (by groups\*) , UAH billions



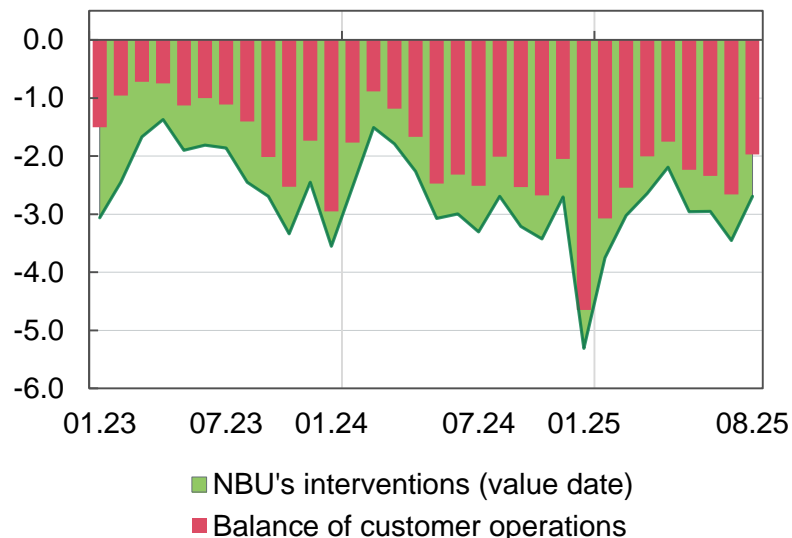
\* At outstanding nominal value.  
Source: NBU.

\* Bank groups as of 01.08.2025.  
Source: NBU.

- Hryvnia deposits held by individuals with a term of over three months increased by UAH 3.2 billion in August. The loss of leading positions in this market segment by banks with private capital may prompt them to intensify competition for term deposits
- The portfolio of hryvnia-denominated government debt securities owned by individuals has also been increasing (by 43.5% since the beginning of the year)
- The continued attractiveness of hryvnia instruments for savings is restraining FX demand and, thus, easing pressure on the hryvnia exchange rate

# In August, net FX demand declined, while average official hryvnia exchange rates against the U.S. dollar and euro appreciated

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

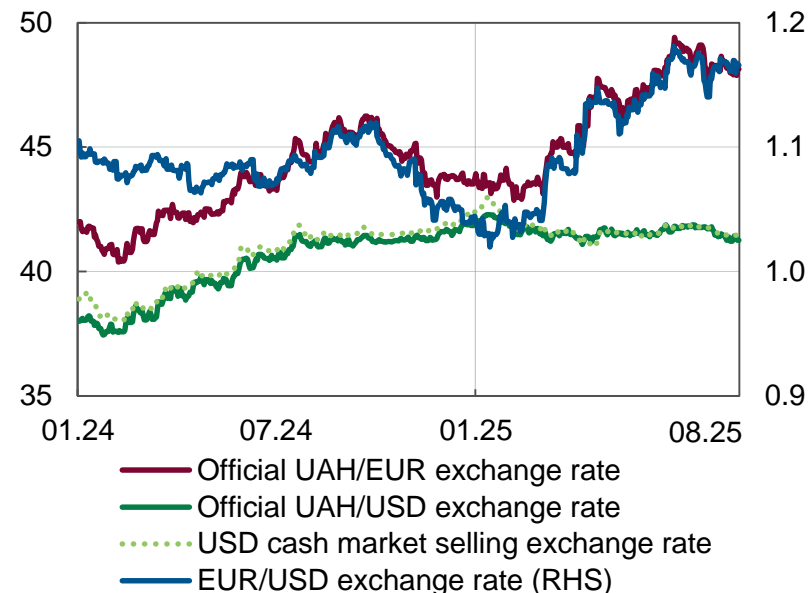


\* Net sale and purchase of noncash and cash foreign currency by bank clients (Tod, Tom, Spot).

Source: NBU.

- Seasonal factors along with maintained interest in hryvnia instruments contributed to a decline in FX demand in the non-cash segment in August. FX cash demand remained close to the previous month's level
- This was reflected in a decrease in the NBU's net FX sales to USD 2.7 billion.
- [The NBU continued the gradual liberalization of the FX restrictions](#)
- The average official hryvnia exchange rate against the U.S. dollar appreciated by 0.8%, against the euro – by 1.5%

Hryvnia per USD and per EUR exchange rates, and EUR per USD



Source: NBU, ECB.