



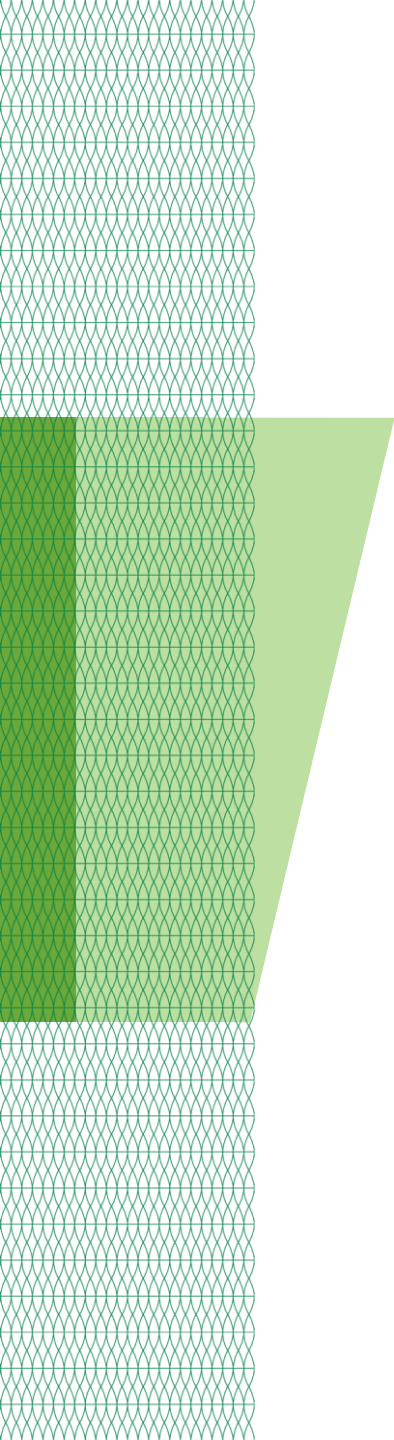
Macroeconomic and Monetary Review

October 2025



Summary

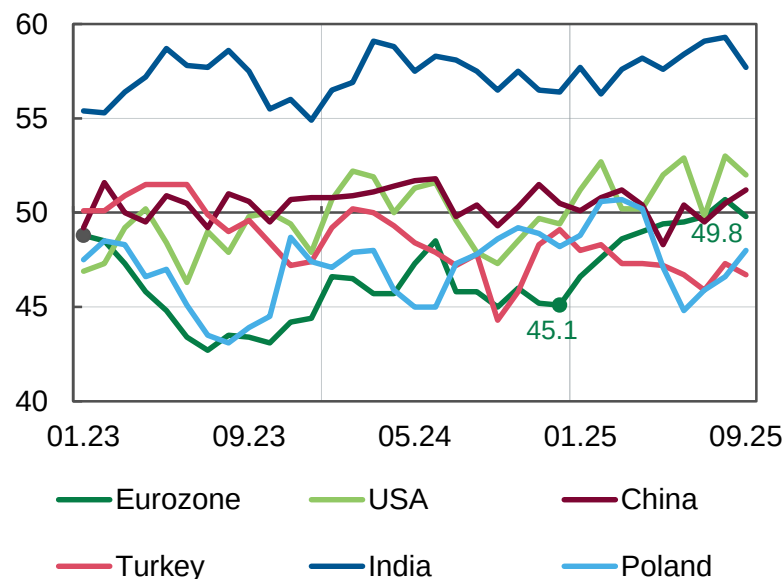
- **Economic growth in Ukraine's MTPs remains uneven, and inflation is at elevated levels.** CBs continued to calibrate monetary policy carefully, balancing between achieving inflation targets and supporting economic growth. Oil prices were rising under the pressure of supply-restriction risks, while gas prices stabilized
- According to the NBU's estimates, both **headline and core inflation slowed** in September for the fourth consecutive month. The slowdown in consumer price growth was observed across a wide range of components, primarily food. **However, fundamental price pressures remained significant**, particularly due to imbalances in the labor market
- **Business expectations of enterprises improved in September.** Agriculture continued to recover as the early crop harvest was completed, and the improvement in the situation in the MMC and the arrival of a new crop for processing contributed to an increase in the workload of industrial enterprises. Growth in trade and construction also continued. However, consumer sentiment deteriorated slightly, while intensified shelling of enterprises and infrastructure restrained economic activity in a number of regions and industries
- **Labor supply continued to grow faster than demand in September, although labor shortages remained a significant problem for businesses.** Nominal wage growth in the private sector continued to decelerate
- **In August, the merchandise trade deficit narrowed slightly** amid a decrease in demand for machinery products. Ukraine received significant amounts of international financial assistance. **As a result, reserves grew to USD 46 billion by the end of August**
- **The state budget deficit narrowed somewhat in September, but remained significant.** Budgetary needs were financed primarily by international aid. Domestic debt market activity was high amid the placement of both domestic government debt securities denominated in hryvnia and in foreign currency
- **In September, the NBU kept its key policy rate at 15.5%.** This decision was aimed at maintaining appropriate monetary conditions to ensure the sustainability of the FX market, controllability of expectations, and bringing inflation to the 5% target. As a result, interest in hryvnia instruments remained high, and the situation on the FX market was stable. Net demand for non-cash foreign currency decreased, while demand for cash foreign currency remained at the previous month's level.



External Environment

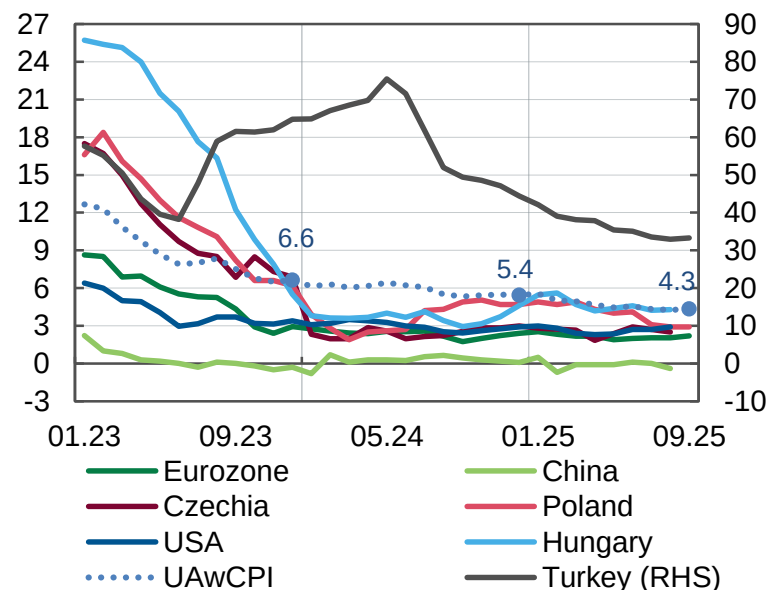
Economic growth in Ukraine's MTPs remains uneven, and inflation is at elevated levels

Manufacturing PMIs of selected countries



Source: S&P Global.

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

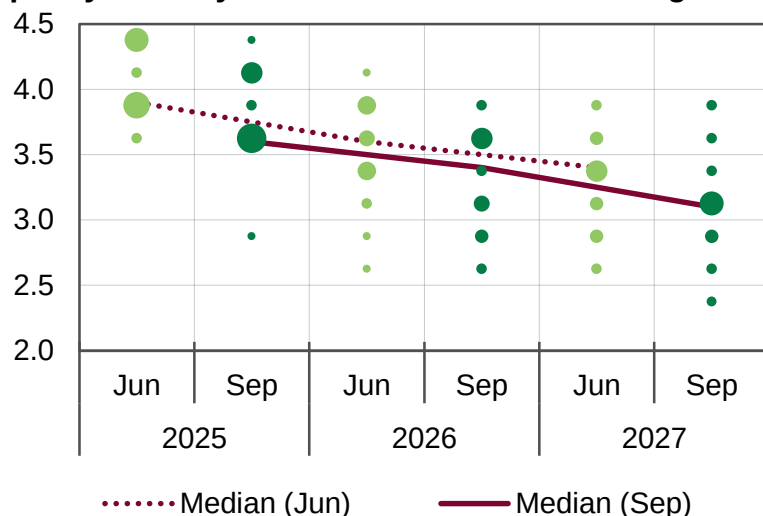


Source: national statistical offices, NBU staff estimates.

- Leading indicators point to further growth of the economies of Ukraine's MTPs due to a moderate increase in production volumes in the categories of consumer, intermediate, and investment goods. However, growth remains uneven
- Despite some improvement in global conditions due to the signing of separate trade agreements between the U.S. and third countries, the level of business optimism is still relatively low. This is reflected both in the weakness of new export orders and the accumulation of stocks of raw materials and finished products
- Inflationary pressure from Ukraine's MTP countries (measured by the UAWCPI) is restrained, but remains increased due to still high prices for food and services

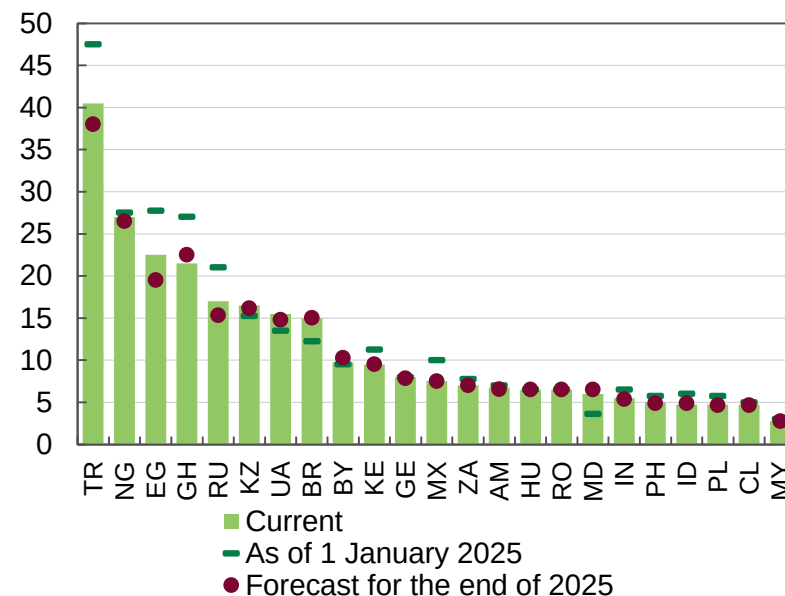
CBs continued to calibrate monetary policy carefully, balancing between achieving inflation targets and economic growth

Number of FOMC members expecting the respective policy rate at year-end based on the meeting results*



* The size of the circle is determined by the number of participants supporting the respective rate level.
Source: Federal Reserve (as of June and September 2025).

Key policy rates in selected EM countries, %

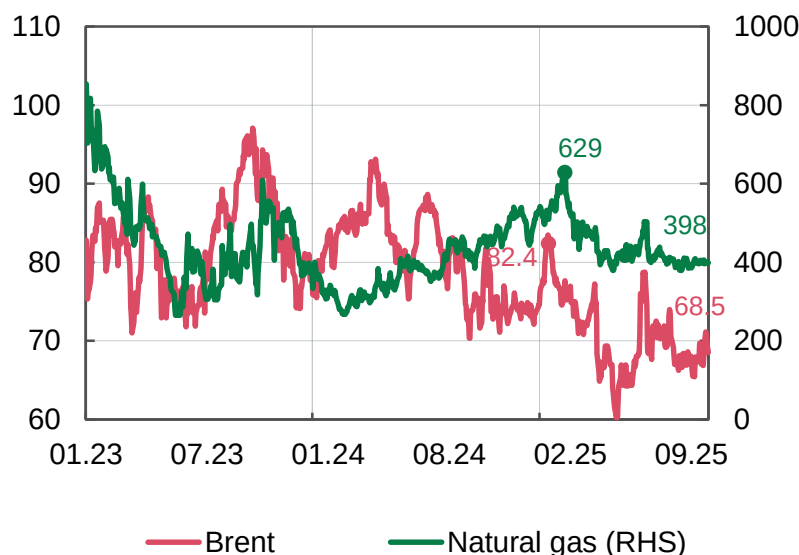


Source: official web pages of central banks, Focus Economics, Oxford Economics, as of 30.09.2025.

- The Fed, as expected, cut its target rate range for the first time since December 2024 – by 25 bp to 4.0%-4.25%, – noting growing risks to employment. The uncertainty regarding the rate path is elevated, given growing divergence of views of FOMC members. The ECB kept its rates unchanged (deposit rate at 2%) and signaled it is in no rush to cut rates further
- Financial markets price in around two rate cuts (≈ 43 bp) by the Fed by the end of 2025 and expect the ECB to keep its rates unchanged
- EM CBs continued to calibrate monetary policy temperately, either cutting their interest rates to support economic growth (Mexico, Nigeria, Indonesia, Russia) or maintaining rates amid still elevated inflation levels (Hungary, the Czech Republic, Georgia, Brazil, South Africa)

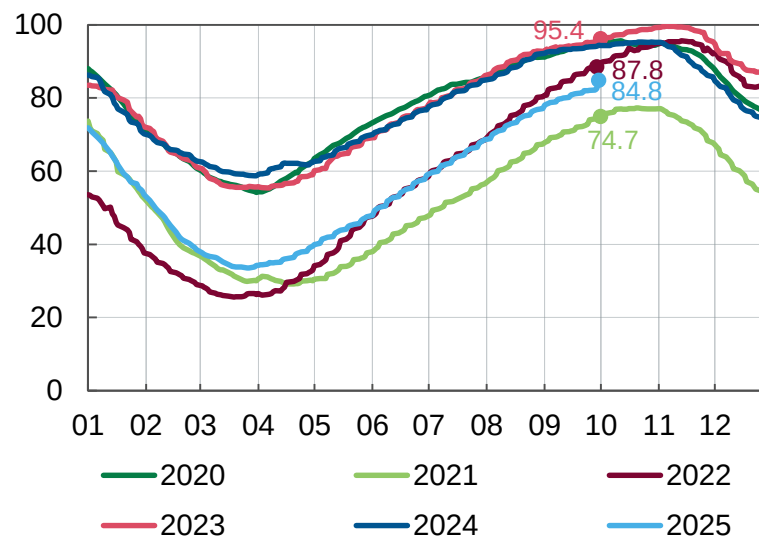
Oil prices were rising under the pressure of supply-restriction risks, while gas prices stabilized

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, %

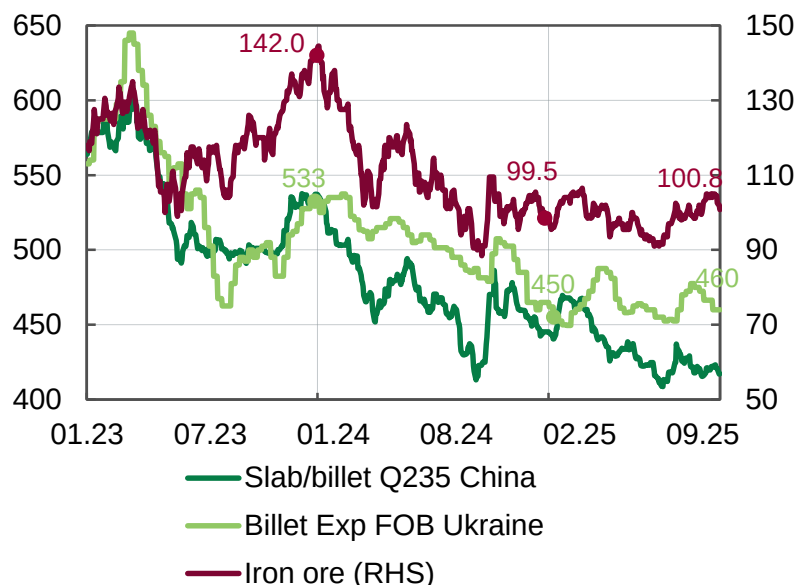


Source: LSEG, as of 30.09.2025.

- Oil prices rose slightly due to the risks of supply disruptions from Russia and improved expectations for U.S. demand due to the relative stability of the country's economy to the introduced import tariffs. At the same time, another increase in OPEC+ production, the recovery of supplies from Kurdistan and a stable supply from Venezuela, as well as the general weakness in global demand, restrained prices from increasing significantly
- Natural gas prices in Europe have stabilized thanks to the slowdown in the rate of injection into the storage facilities of the EU and Ukraine, the steady flow of LNG from the U.S., the increase in wind energy production in Germany and Italy, and the intense volumes of gas production in Norway

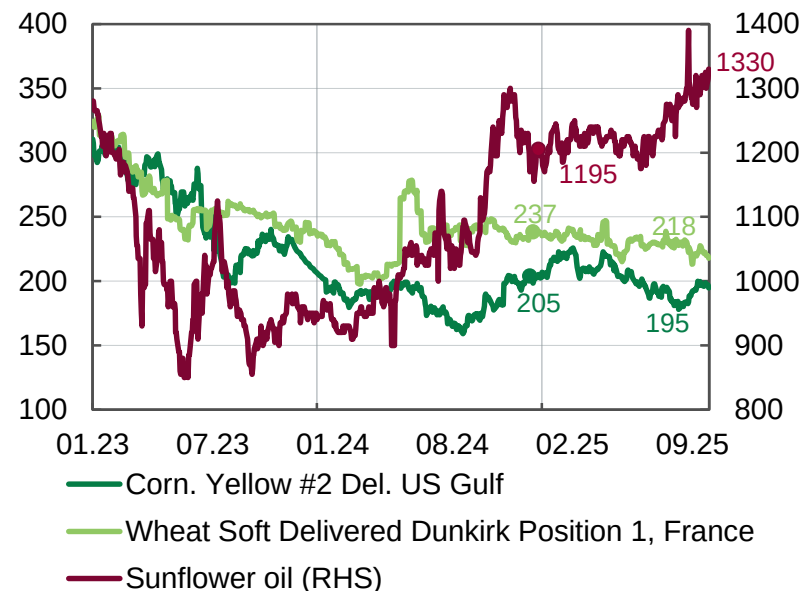
Ferrous metals prices remained under downward pressure, while those for cereals and vegetable oils, on the contrary, increased

Global steel and iron ore prices, USD/MT



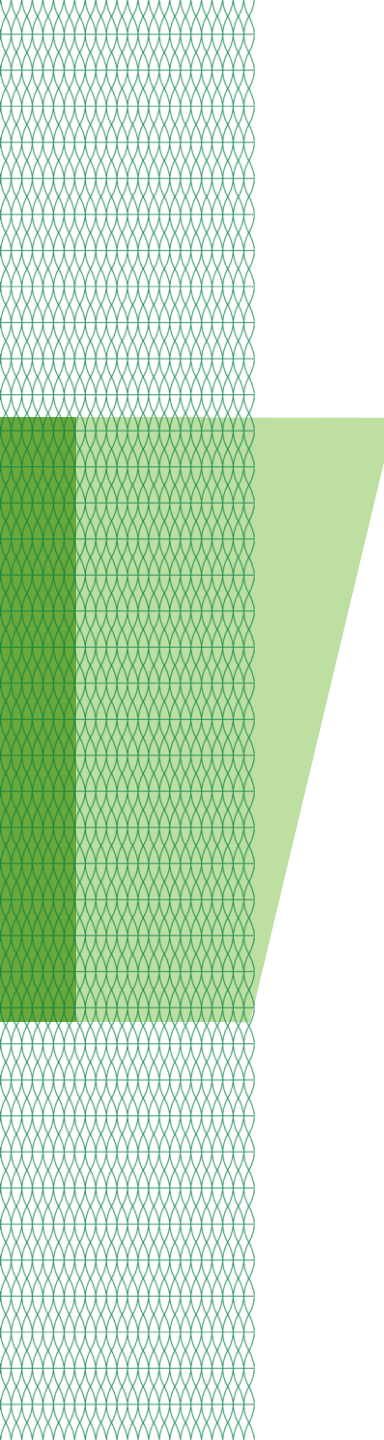
Source: LSEG, Delphica.

Global grain and sunflower oil prices, USD/MT



Source: LSEG.

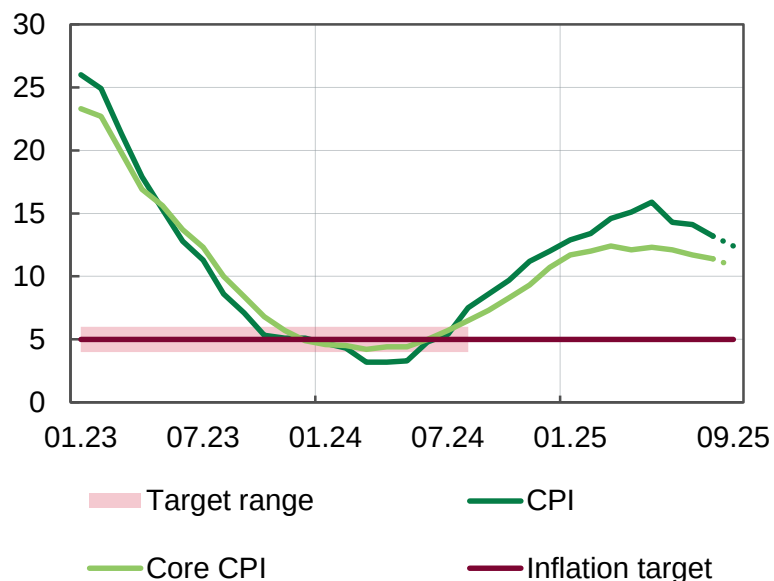
- The ferrous market remained relatively weak and prices fluctuated in a narrow range with downward pressure. The reason for that: under conditions of high supply, the hopes for a recovery of business activity after the summer break were not realized
- The wheat market has generally remained balanced in the face of improved USDA forecast for global production and exports in MY 2025/26 amid sustained demand. By contrast, the deterioration of expectations regarding global production and stocks of corn led to a resumption of its price increase
- Prices for sunflower oil reached record high levels. Reasons: rather low balances from the previous MY and deterioration of the forecast for global sunflower production in MY 2025/26, primarily due to the drop in harvests in the countries of the Black Sea region due to drought



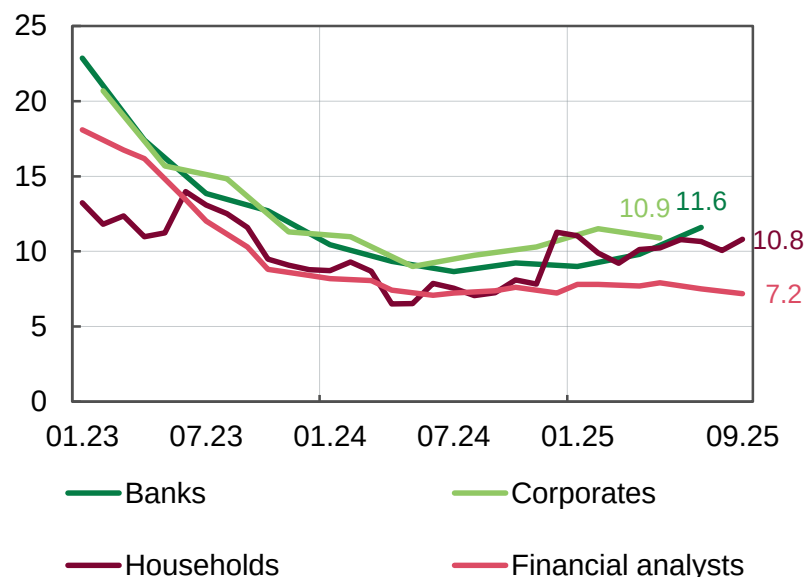
Ukraine: Inflation

Consumer inflation continued to slow down, but inflation expectations dynamics were mixed

Inflation* and inflation target, % yoy



Inflation expectations for the next 12 months, %



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

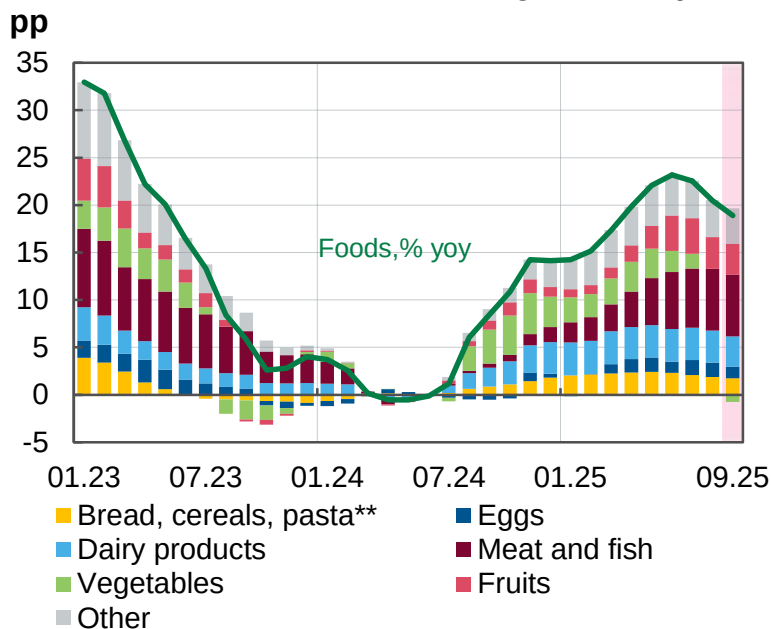
Source: SSSU, NBU staff estimates.

Source: NBU, Info Sapiens.

- In August, both headline and core inflation continued to slow (to 13.2% yoy and 11.4% yoy, respectively). According to the NBU's preliminary estimates, these trends persisted in September
- The expansion of the supply of new harvest agricultural products had a significant impact, reducing inflation in both raw and processed food products
- Fundamental pressure remained significant due to high production costs
- Inflation expectations remained broadly stable, but showed differing dynamics across various respondent groups. Household expectations deteriorated slightly in September, but have fluctuated around 10% since the beginning of the year. Financial analysts' expectations gradually decreased (to 7.2%) and remained the lowest among all groups of respondents

The arrival of new harvests contributed to a further decline in food inflation

Contributions to the annual change in food prices*, pp



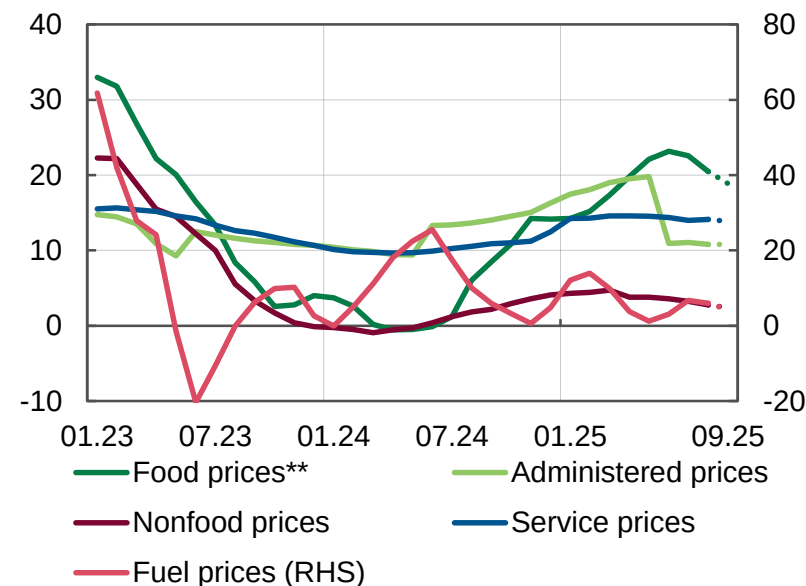
* Data for September reflects nowcast.

** Also includes products with admin. regulated prices.

Source: SSSU, NBU staff estimates.

- In August, food inflation continued to slow down – both raw (to 23.9% yoy) and processed (to 17.7% yoy)
- In particular, prices for some vegetables are even lower than last year's due to high harvests. The growth in fruit prices slowed down, but moderately due to the low supply of some of their types. The slowdown in the growth of prices for flour and cereals persisted. Meanwhile, the growth rate of meat prices continued to accelerate due to lower livestock numbers of cattle and pigs compared to last year
- According to the NBU's estimates, the decline in food inflation continued in September

Selected CPI components*, % yoy



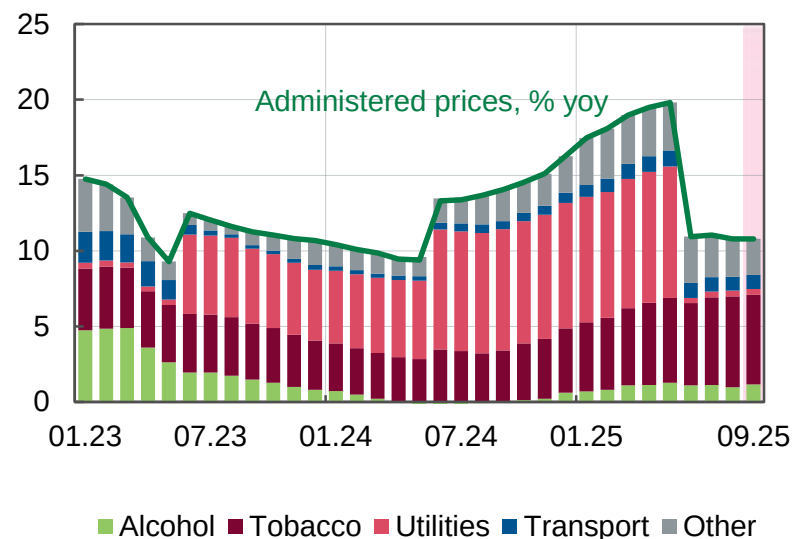
* Data for September reflects nowcast.

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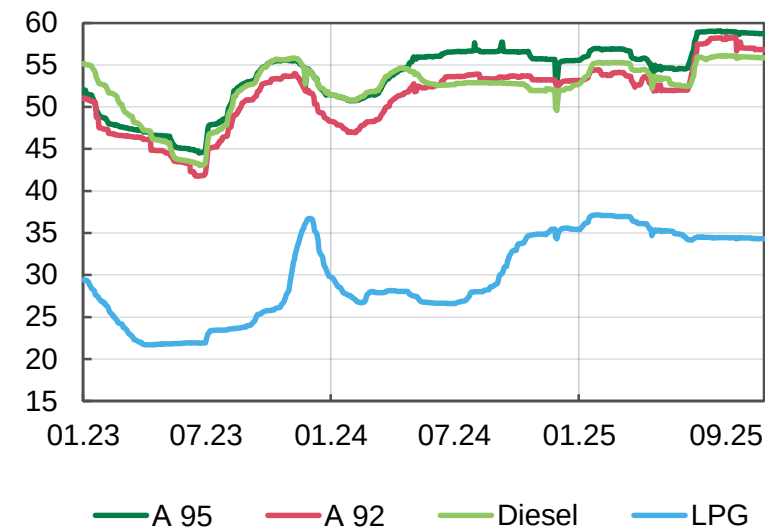
Source: SSSU, NBU staff estimates.

Administered inflation remained almost unchanged after a sharp slowdown in June

Contributions to the annual change in administered prices*, pp



Fuel prices, UAH / L



* Data for September reflects nowcast.

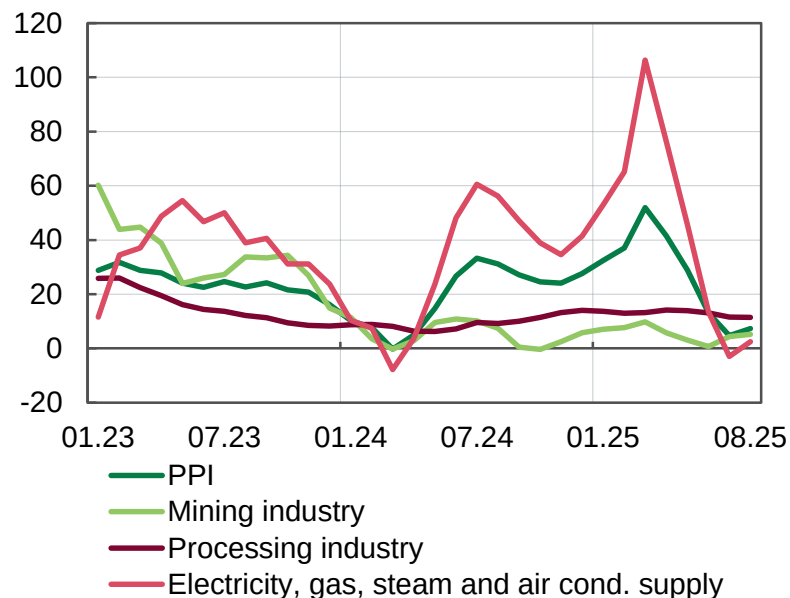
Source: SSSU, NBU staff estimates.

Source: minfin.com.ua.

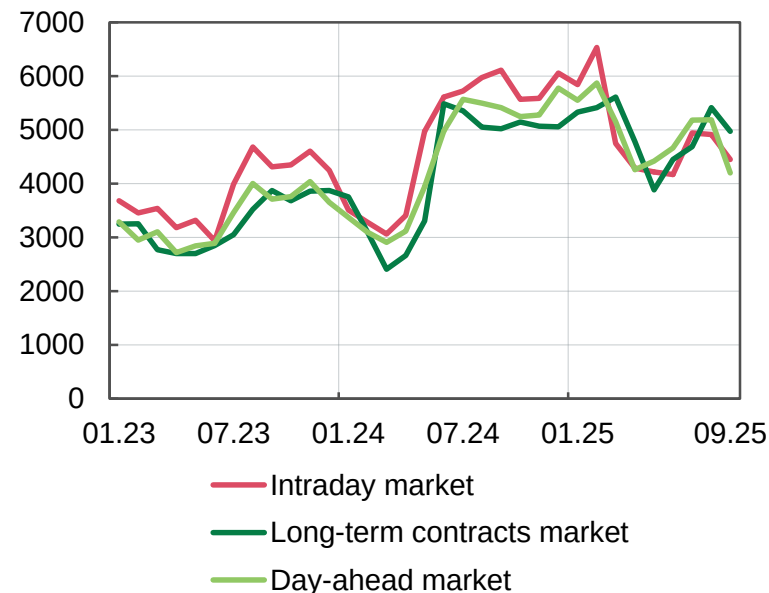
- Administered inflation slowed down slightly in August (to 10.8% yoy). The rate of increase in alcoholic beverages prices decreased, but the acceleration of growth in prices for tobacco products continued. According to the NBU's estimates, administered inflation remained unchanged in September
- In 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)
- The increase in fuel prices slowed down in August to 6.0% yoy. This dynamic is due to both a dip in global crude oil prices and a strengthening of the hryvnia against the euro in August. According to the NBU's estimates, the slowdown in fuel inflation continued in September

In August, industrial inflation accelerated, particularly due to renewed price growth in the electricity, gas and steam supply

PPI and its components, % yoy



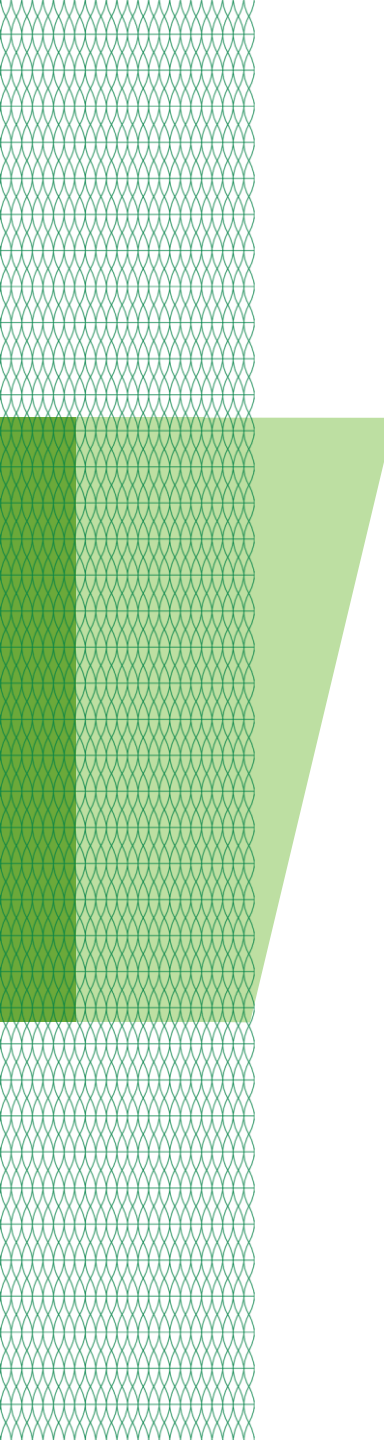
Electricity prices for non-household consumers, UAH/MWh



Source: SSSU.

Source: Ukrainian Energy Exchange, Market operator.

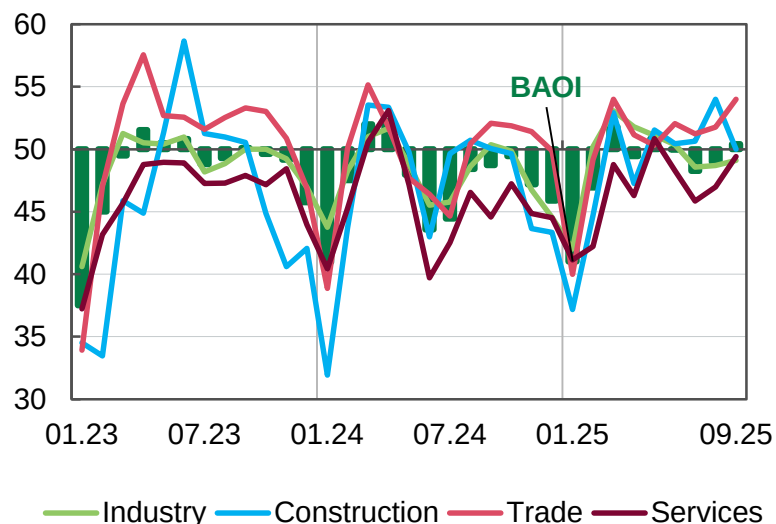
- Producer price growth accelerated in August (to 7.3% yoy), primarily due to renewed price growth in the electricity, gas, steam supply sector (by 2.5% yoy), which was partly explained by an increase in evening [price caps](#) on wholesale electricity markets (in August, prices sometimes reached new price caps during the evening hours)
- Price growth in the mining industry accelerated (to 5.2% yoy), in particular, due to a further increase in prices for crude oil and natural gas extraction, likely due to renewed [attacks on gas production infrastructure](#)

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Ukraine: Economic activity

Business sentiment improved slightly in September, but shelling of businesses and infrastructure held back business activity

NBU's business activity outlook index, p

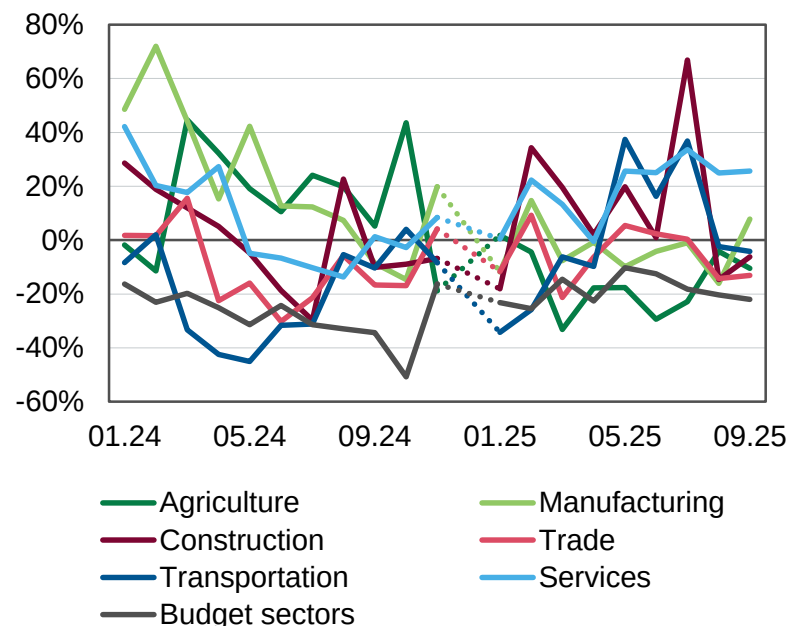


A level above 50 indicates mainly positive expectations.

Survey was not conducted from March to May 2022.

Source: NBU.

Enterprise registrations by type of activity, % yoy

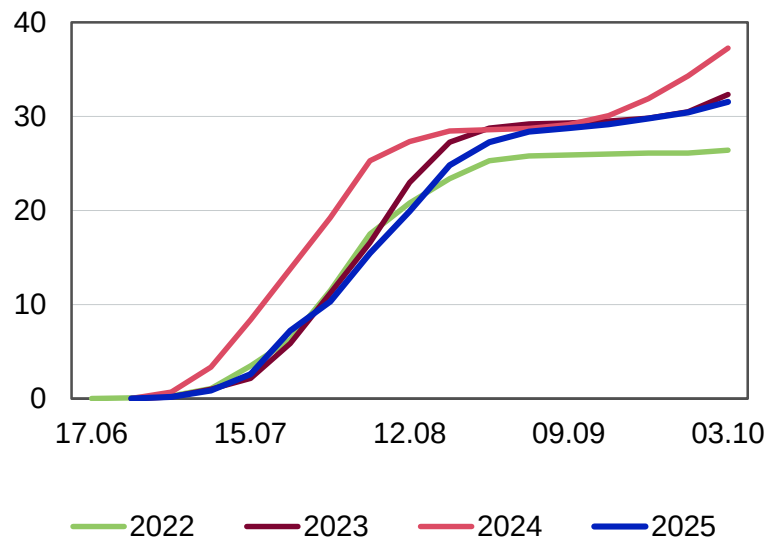


Source: opendatabot.ua, NBU staff estimates.

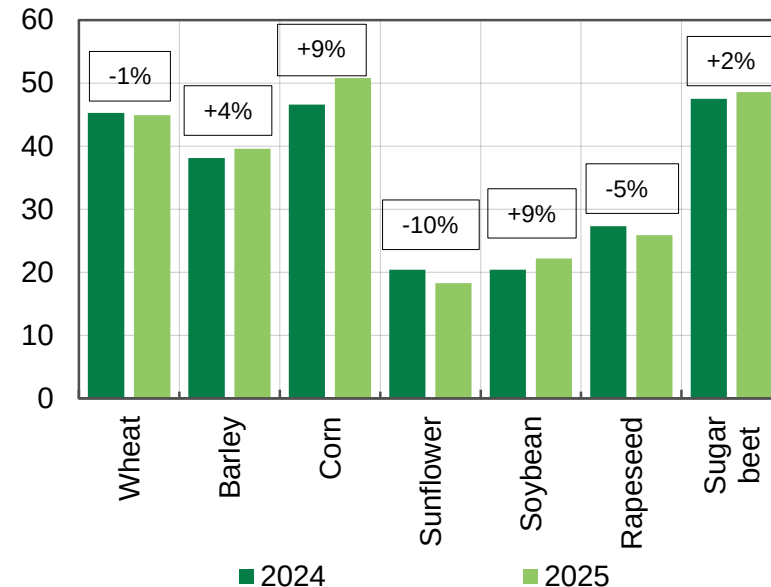
- In September, business expectations improved and moved into the positive plane, driven primarily by trade enterprises. Improvement in business sentiment was also observed in the services and industry sectors
- Economic activity in agriculture continued to grow, supported by the arrival of a new harvest, which additionally contributed to slowing the decline in the food industry and freight transportation
- At the same time, intensified shelling of [energy](#) infrastructure, enterprises and [logistics facilities](#) restrained economic activity in a number of regions and sectors

Completion of the harvest of early crops supported revival in agriculture, while harvesting of late crops lagged behind last year

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



* As of 03.10.2025

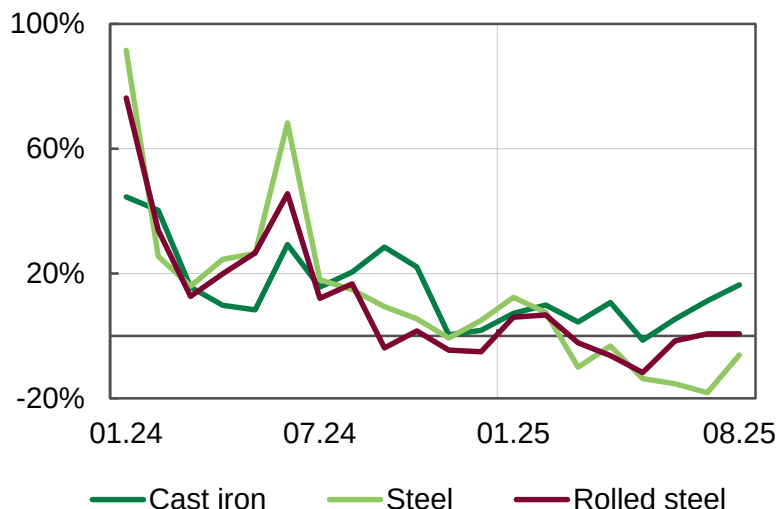
Source: Ministry of Agriculture.

Source: Ministry of Agriculture.

- According to the SSSU data, in August, agricultural production grew by 20.5% yoy, primarily due to the revival in crop production (+24.8 yoy), while livestock production continued to decline (-6.3% yoy)
- At the end of September, farmers completed the harvest of early crops and continued to harvest late crops, though at a pace significantly slower than last year
- According to the Ministry of Agriculture, as of October 3, the wheat harvest reached 21.5 million tons, which is 1% higher than last year's, the barley harvest was 5.3 million tons (-4% yoy), the rapeseed harvest was 3.3 million tons (-4% yoy)
- Vegetable production picked up in September due to a [higher than last year's harvest of potatoes](#) and [some greenhouse vegetables](#), and the [shift of harvesting of selected crops](#) from August to September

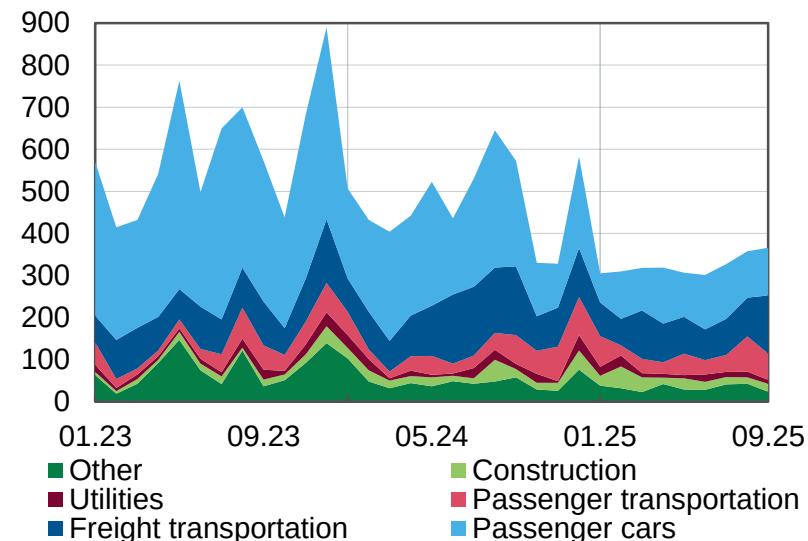
The improvement in the situation at the MMC and the arrival of a new harvest contributed to the loading of industrial enterprises

Production of steel, cast iron and rolled steel, yoy



Source: Ukrmetallurgprom.

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

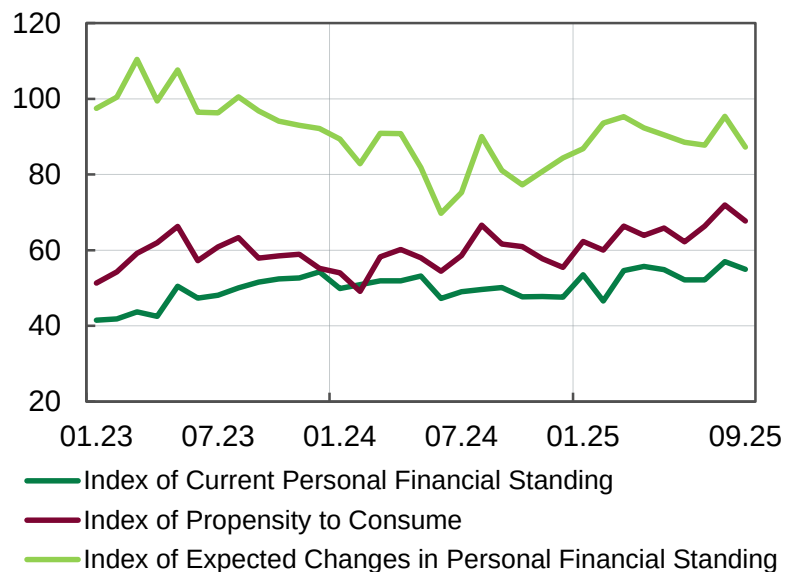


Source: Ministry of Internal Affairs.

- Metallurgical production revived in August due to the faster growth in pig iron production and the slower decline in steel production. Although the situation on external markets deteriorated, the continued [high domestic demand for metal products](#) (in particular, from the agriculture and logistics, as well as to meet the needs of the military-industrial complex) supports the industry
- In September, a number of [metallurgical](#) and [ore](#) enterprises carried out repairs of production facilities. At the same time, the growth in the [load of mining and quarrying enterprises continued](#)
- The workload of food industry enterprises increased due to the arrival of agricultural raw materials of the new harvest, in particular, the [increase in the supply of oilseeds](#) contributed to the revival of the work of oil extraction plants, and the increase in the volume of high-quality [wheat](#) and [barley](#) supported the activity of the flour milling and brewing industries
- At the same time, the sugar refining season began with a [smaller number of operating plants](#) than in September last year, and a [reduction in sugar production volumes is expected](#) in annual terms

Trade continued to grow in September, but consumer sentiment deteriorated somewhat

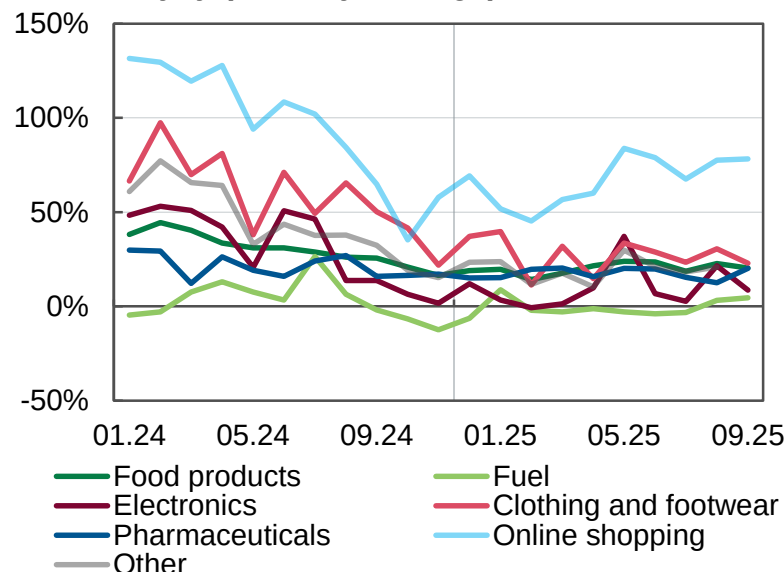
Components of the consumer sentiment index, p



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

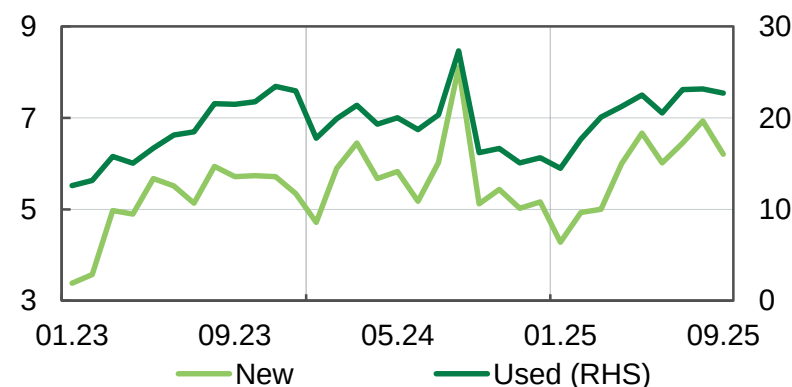
- Trade growth continued in September, driven in particular by high activity in the western regions, while trading conditions in frontline regions continued to deteriorate
- The decline in the number of visits to cafes and restaurants persisted, and consumer sentiment weakened
- Passenger car sales fell 4% mom in September, but rose 35.7% yoy against a low base in September last year

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.

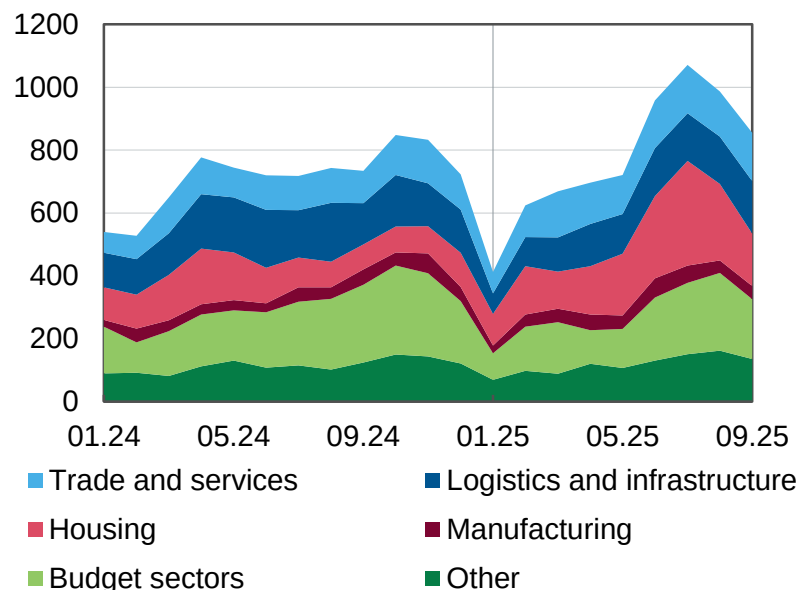
First registration of passenger cars, % yoy



Source: Ministry of Internal Affairs.

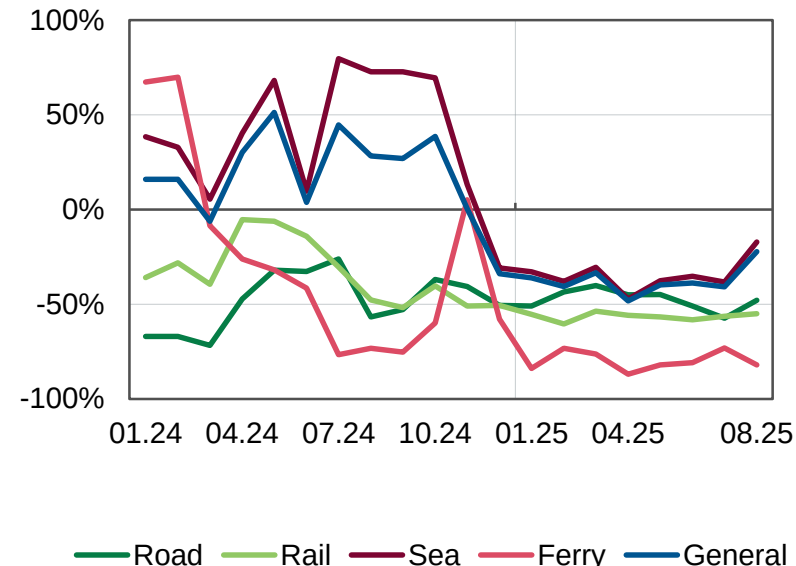
Slow corn harvest and shelling of infrastructure held back the transportation sector, but construction was growing

Number of buildings at the start of construction, units*



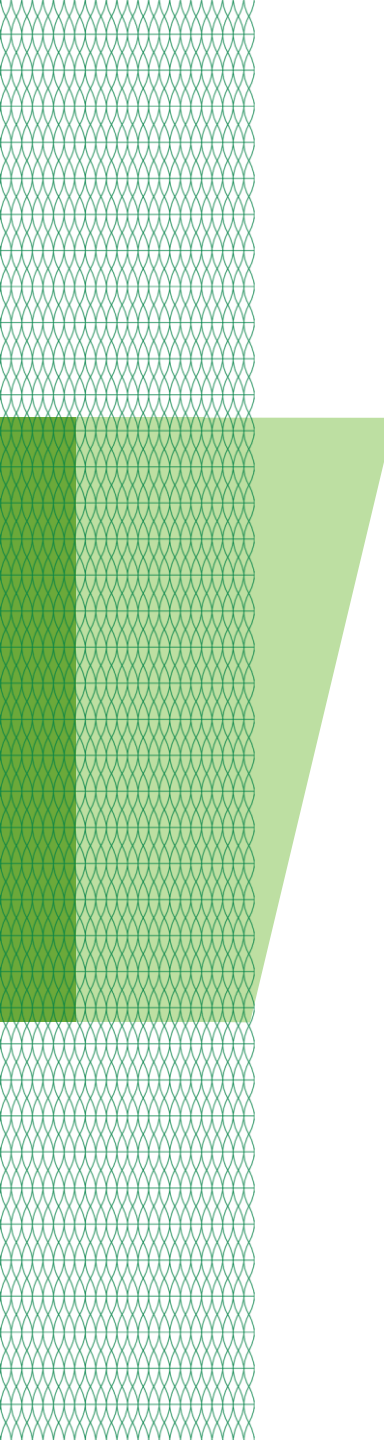
*Buildings constructed by legal entities and individual entrepreneurs. Source: Construction activity registry.

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



Source: UGA.

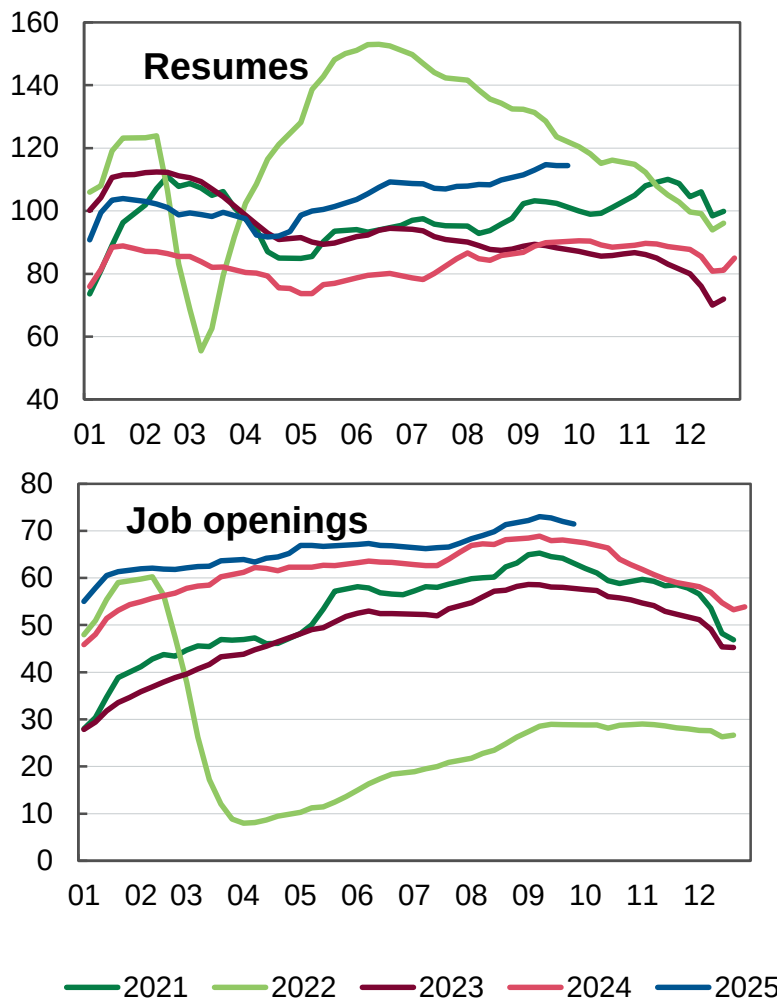
- In September, [rail grain transportation volumes](#) decreased by 19.2% yoy, in particular due to a 29% yoy decline in export shipments [amid a slow corn harvest and a decline in oilseed exports](#). Volume growth is [expected](#) in October amid the arrival of more corn
- Additionally, the transportation sector in September was hampered by [attacks by the rf on railway and energy infrastructure](#)
- In contrast, construction picked up significantly in September. The number of buildings as of the start of construction increased by 16% yoy, in particular due to a revival of construction in the housing sector, trade and services sectors, as well as transportation and infrastructure



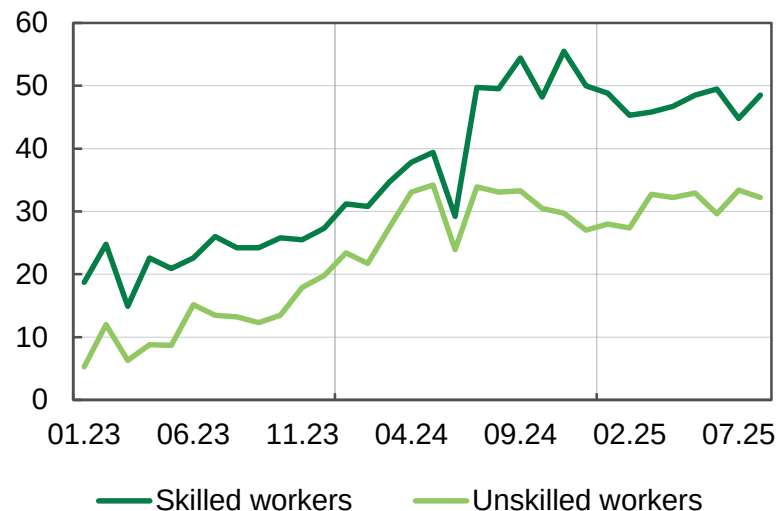
Ukraine: Labor market

Labor market activity continued to increase in September, but the shortage of workers persisted

Labor market indicators, four-week rolling average, thousands



Index of problems in finding employees, % balance of responses

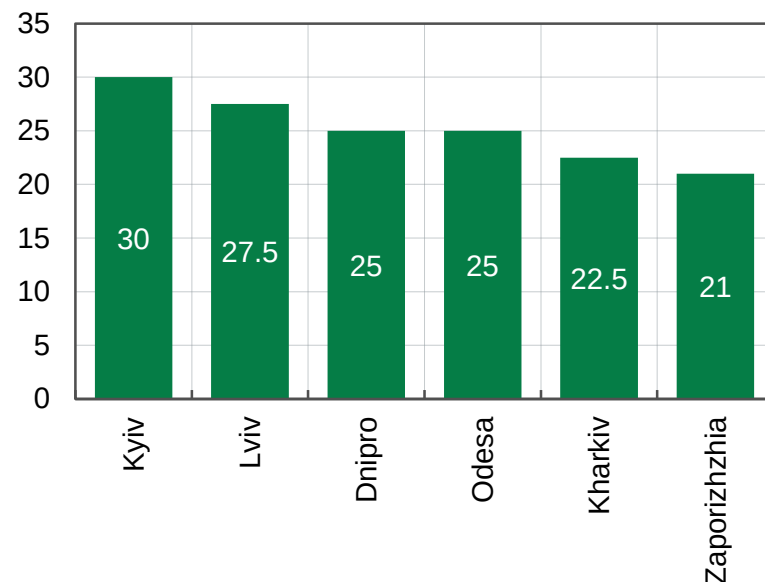


Source: IER.

- The labor supply, measured by the number of new resumes, continued to grow faster than the number of job openings in September (28% yoy vs. 5% yoy). At the same time, growth of supply accelerated slightly compared to August
- According to the IER survey, finding employees in 2025 remains a significant challenge for businesses. However, while last year there was a tendency for the search to become more and more difficult, this year the situation has stabilized, although it remains tense

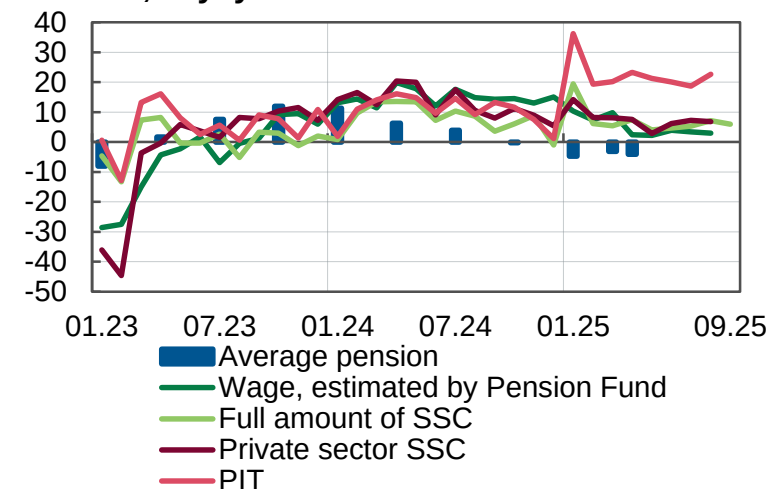
Nominal wage growth continued to slow down

Average wages offered in job openings in September 2025, UAH thousand



Source: work.ua.

Indirect indicators for estimating real household income*, % yoy



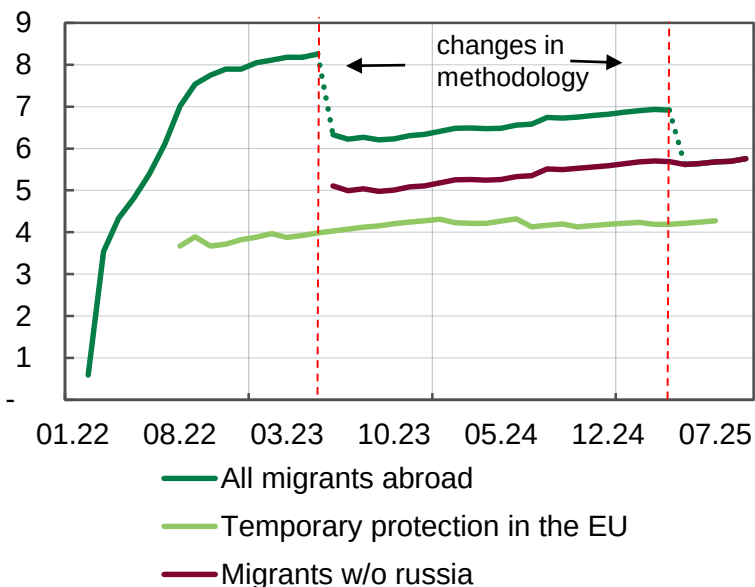
* Deflated by CPI. The private sector SSC is calculated as the difference between total SSC and SSC on wages from the consolidated budget.

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

- According to the SSSU, the average wage in August amounted to UAH 25.9 thousand compared to UAH 26.5 thousand in July, with a slight decrease due to seasonal factors, in particular, lower payments in August in the education and healthcare sectors.
- According to work.ua, the median expected (in resumes) wage in September 2025 was UAH 25 thousand, while the offered (in job openings) wage was slightly higher - UAH 25.5 thousand. In annual terms, the growth of the median nominal wage slowed from 19% yoy in August to 16% in September

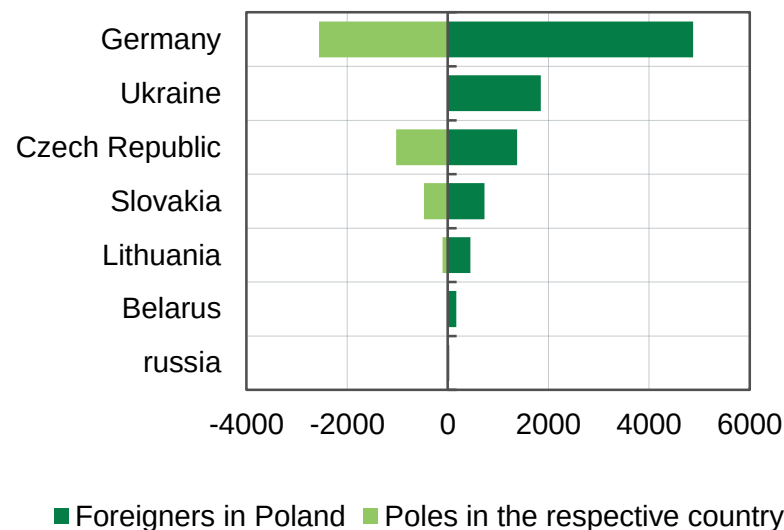
Net migration abroad continues, but at a slower pace than last year

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



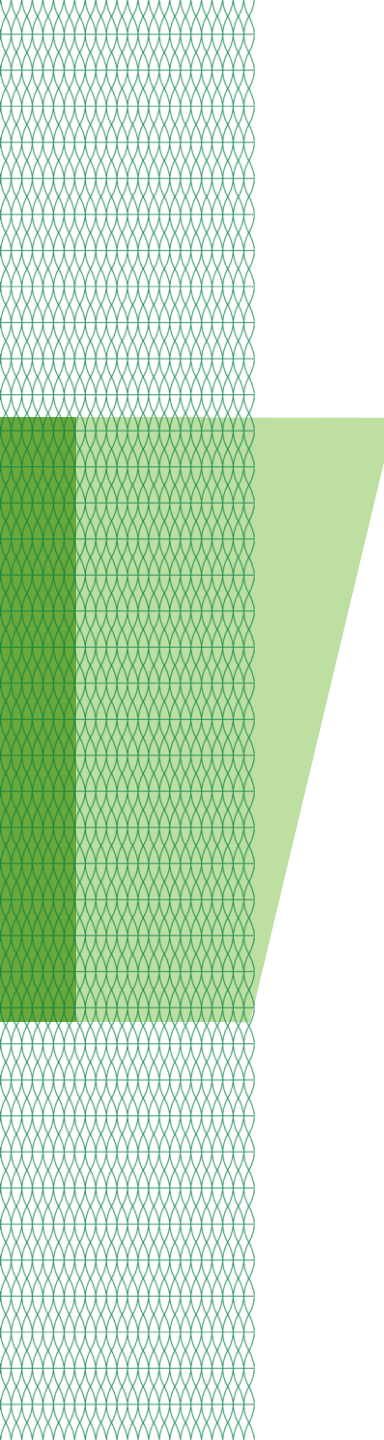
Source: UNHCR, Eurostat.

Expenditures of foreigners in Poland and Poles in the respective country in Q2 of 2025, PLN million



Source: Statistics Poland.

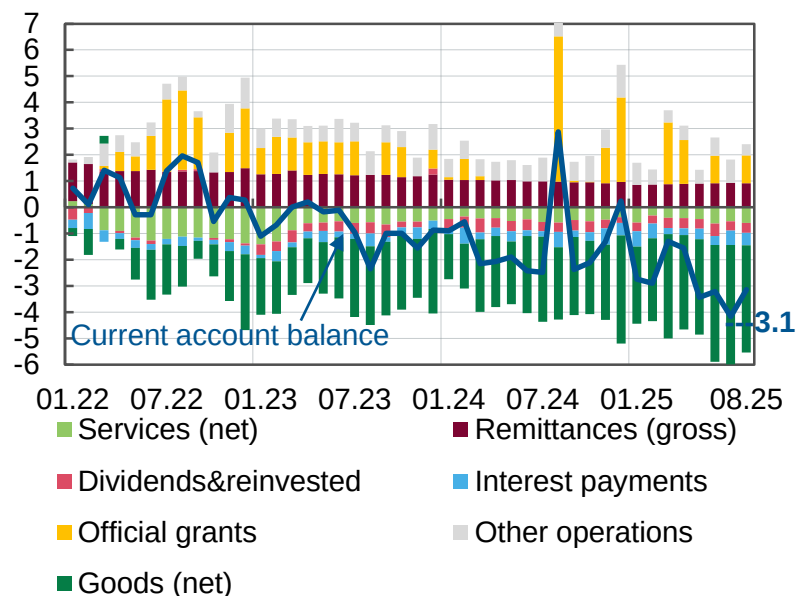
- According to the UNHCR, the number of migrants increased to 5.8 million persons as of 3 September 2025. In the first nine months of this year, it increased by 166 thousand persons, substantially lower than in the same period last year (390 thousand persons). Germany, Poland and the Czech Republic remain the countries with the largest number of migrants from Ukraine
- Ukrainians are second only to Germans in terms of spending in Poland, with their expenditures amounting to almost PLN 2 billion in Q2'2025



Ukraine: Balance of Payments

In August, the current account deficit narrowed due to both a decrease in the merchandise trade deficit and the inflow of grants

Current account balance, USD billions



Source: NBU.

Merchandise trade balance, USD billions

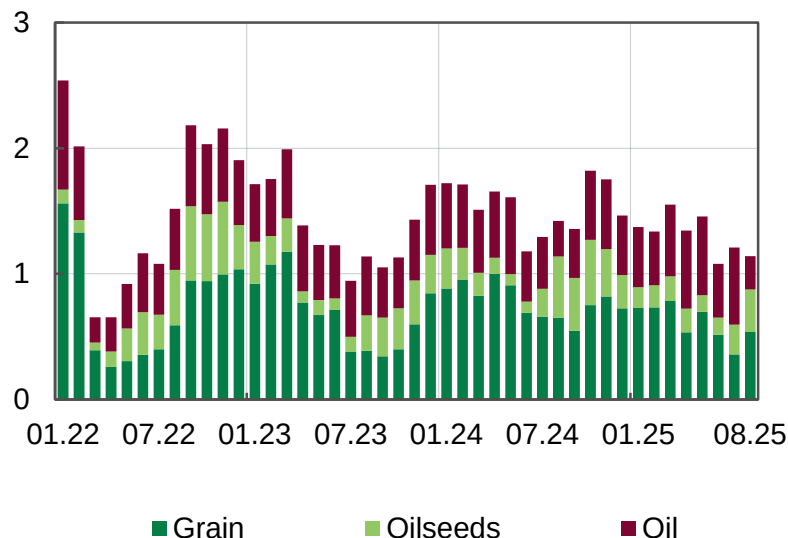


Source: NBU.

- The merchandise trade deficit narrowed due to a noticeable reduction in goods imports, primarily in machinery products
- Goods exports also decreased, but less significantly: the decline in sunflower oil shipments, influenced by the exhaustion of raw material stocks, was partially offset by an increase in the export of grain and new harvest oilseeds
- In addition, Ukraine received subsequent grant assistance in August. As a result, the current account deficit narrowed to USD 3.1 billion

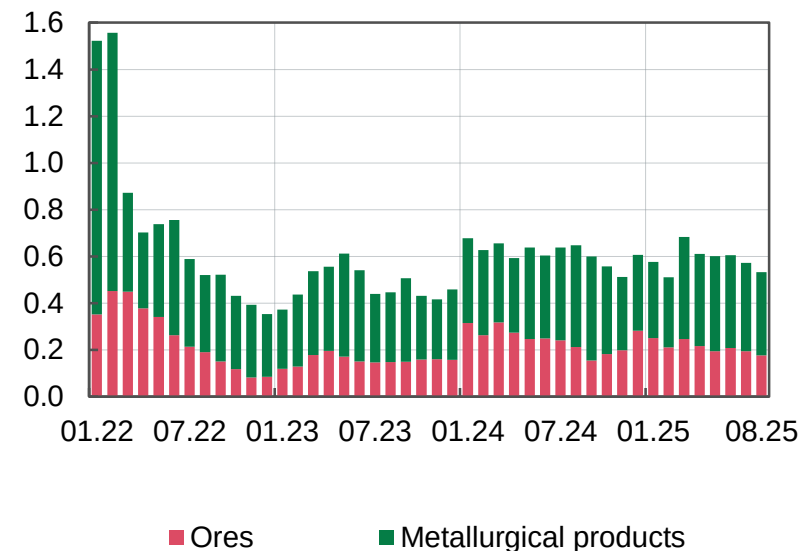
Goods exports slightly decreased: the inflow of the new harvest only partially offset the decline in oil shipments

Exports of selected food commodities, USD billions



Source: NBU.

Exports of metallurgical products and ores, USD billions

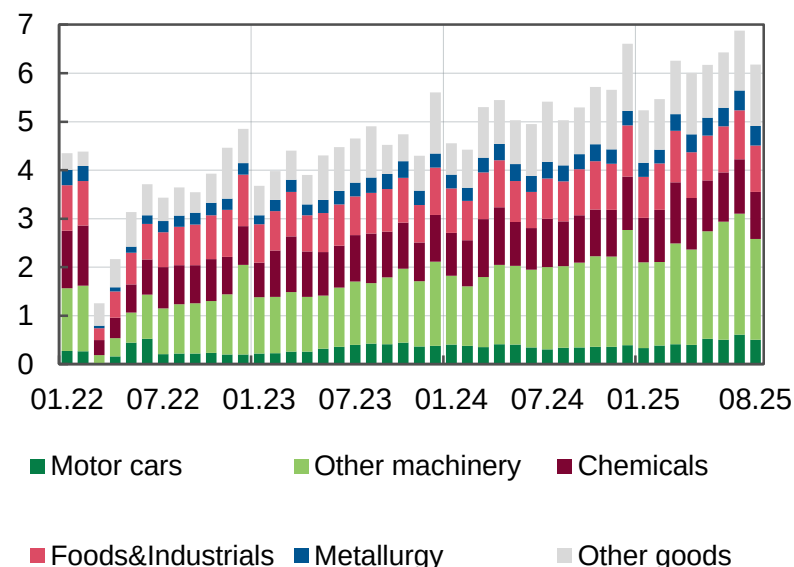


Source: NBU.

- In August, Ukraine exported the lowest volumes of sunflower oil in the last three years, driven by the depletion of raw material stocks from the previous harvest and weak external demand ahead of the entry of cheaper new oil into the market
- However, this decline was partially offset by an increase in the supply of new harvest grains and oilseeds
- Weak external demand continued to define the low export volumes of mining and metals products. An additional factor was a [number of internal challenges facing the industry](#)

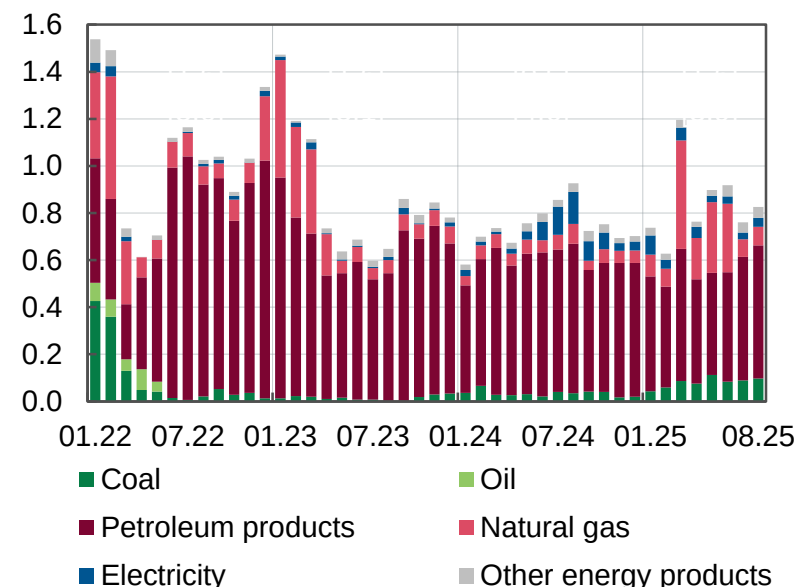
Goods imports decreased more noticeably, especially that of machinery products, although energy imports rose

Non-energy imports, USD billions



Source: NBU.

Energy imports, USD billions

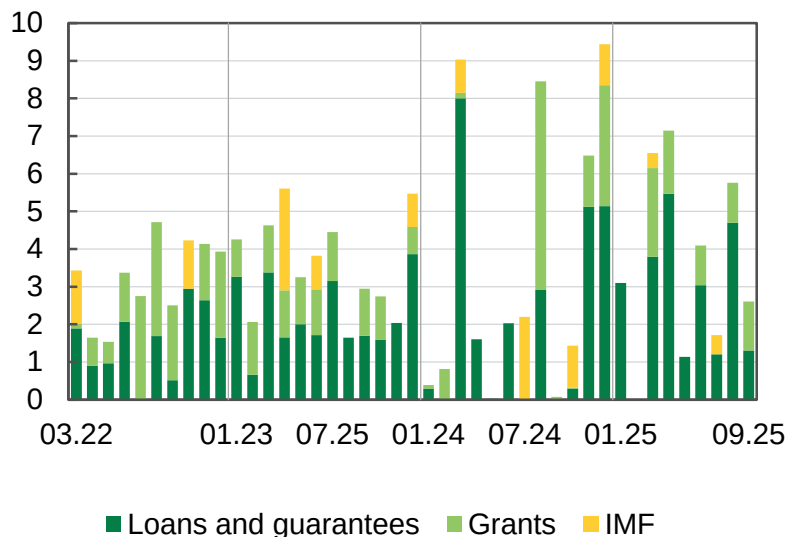


Source: NBU.

- The import of motor cars saw the largest decline in August, which may be attributed to [changes in customs clearance rules](#). Additionally, purchases of agricultural machinery traditionally decreased in August
- Furthermore, a [ban on the transshipment and storage of nitrogen fertilizers in ports](#) led to a reduction in imports, although the ban was partially lifted at the end of the month
- Conversely, energy imports increased slightly: the intensification of the harvest led to a surge in petroleum product purchases

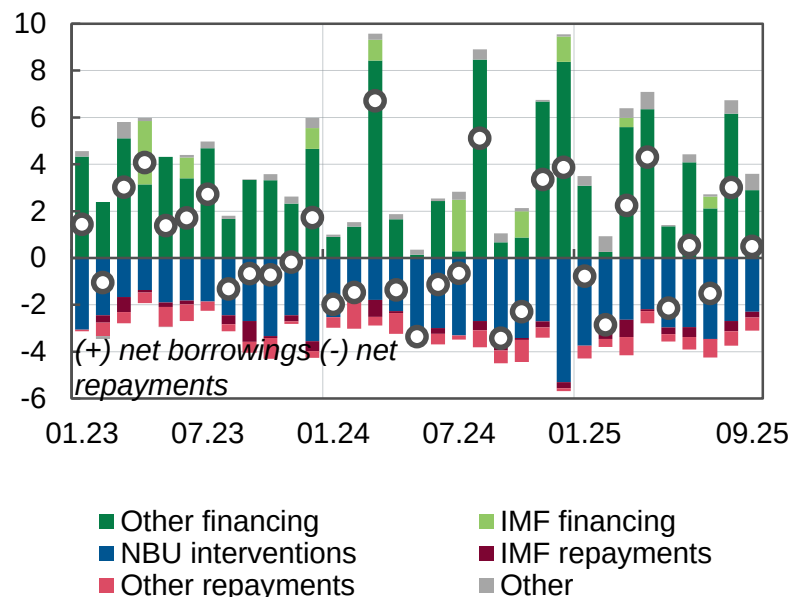
Decreased FX interventions and the inflow of significant volumes of international assistance contributed to the buildup of reserves

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



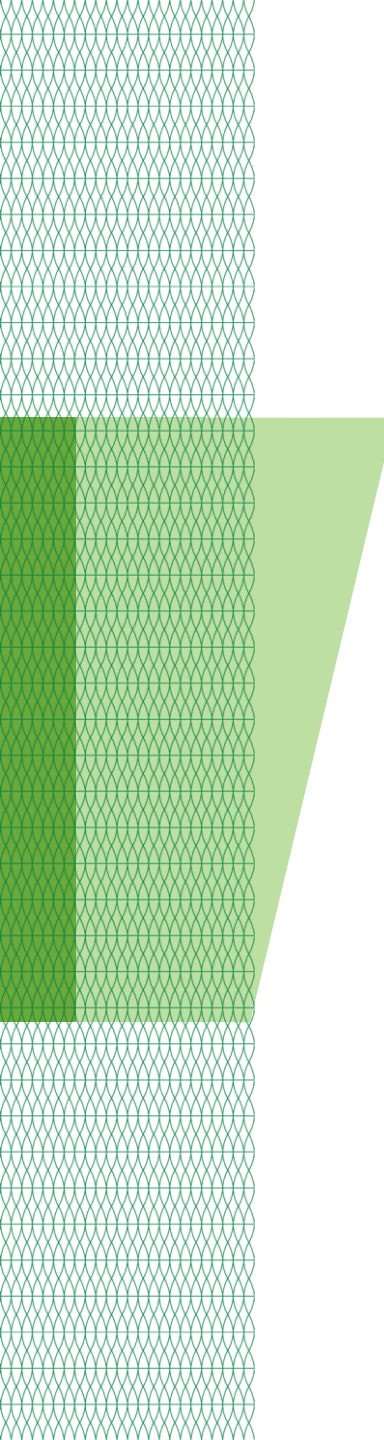
Source: NBU, MFU, open sources data.

Change in gross international reserves, USD billions



Source: NBU.

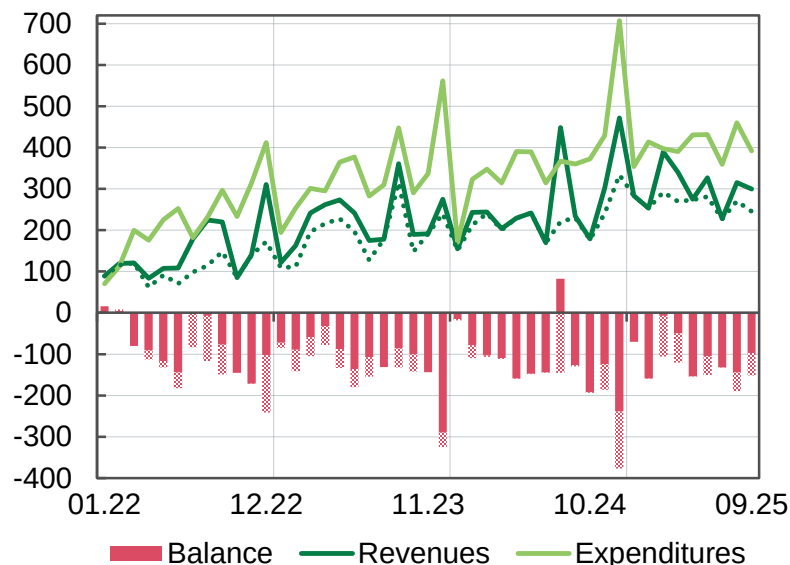
- A noticeable decline in the NBU's FX interventions was observed in August, driven by reduced FX demand
- In August, Ukraine received USD 5.8 billion in financial assistance from international partners. As a result, reserves reached USD 46 billion by the end of August (one of the highest levels on record)
- In September, the NBU's FX interventions also decreased, which, combined with sufficient volumes of international financial assistance, ensured the maintenance of high reserve levels



Ukraine: Fiscal sector

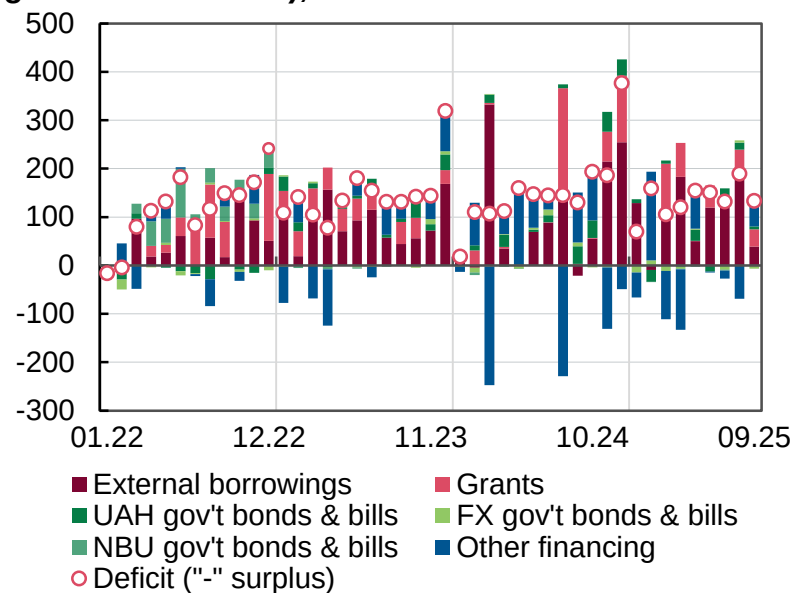
In September, the state budget deficit narrowed, but remained larger than last year

Main state budget indicators* (monthly), 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. September – 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

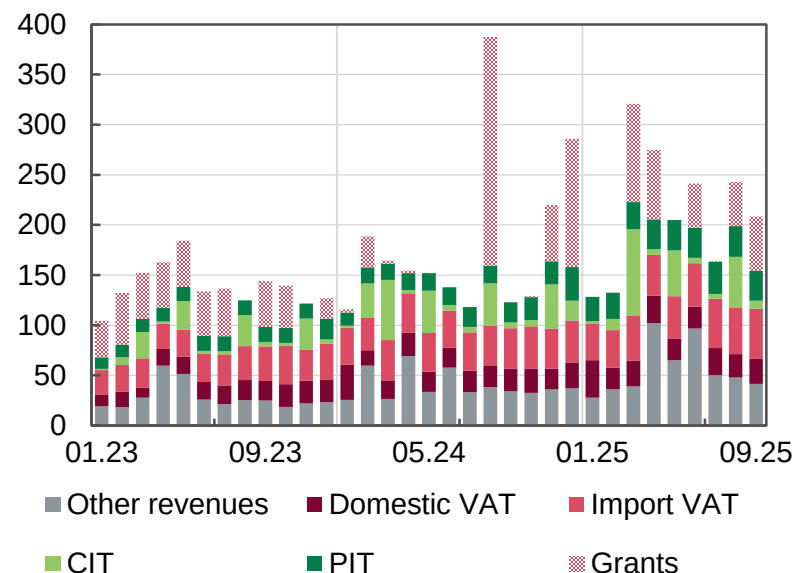
Financing of the state budget deficit ** (excluding grants in revenues), UAH billions



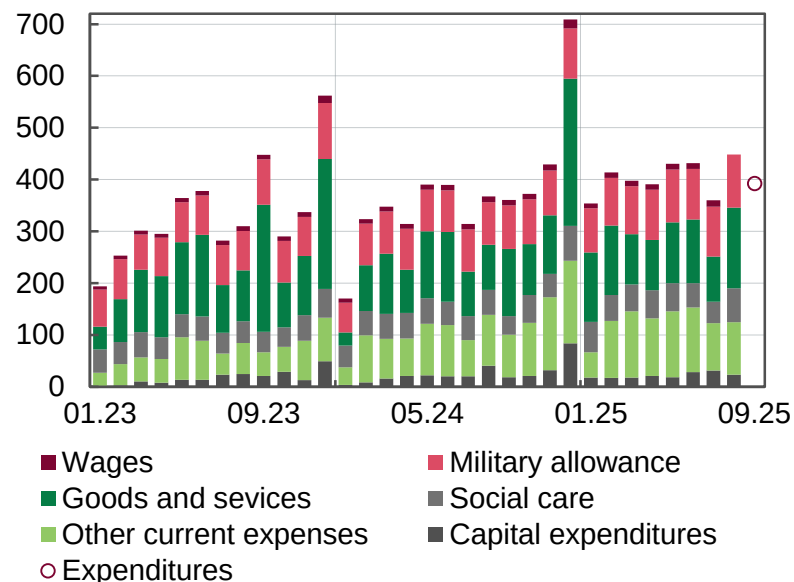
- In September, the state budget deficit narrowed due to a decrease in expenditures. However, both in September and year-to-date, the deficit was larger than last year
- Budgetary needs were financed primarily by international aid received in September (USD 2.6 billion) and August (USD 5.8 billion)
- High activity remained in both the hryvnia and FX segments of the domestic debt market in September. Thus, high demand for FX-denominated government debt securities contributed to an increase in the rollover to about 83% in January-September. The rollover of hryvnia government debt securities in January-September improved to 126% due to their attractive yields

Expenditure and revenue growth slowed down in September, but their increase year-to-date remained substantial

Revenues* of the state budget, UAH billions

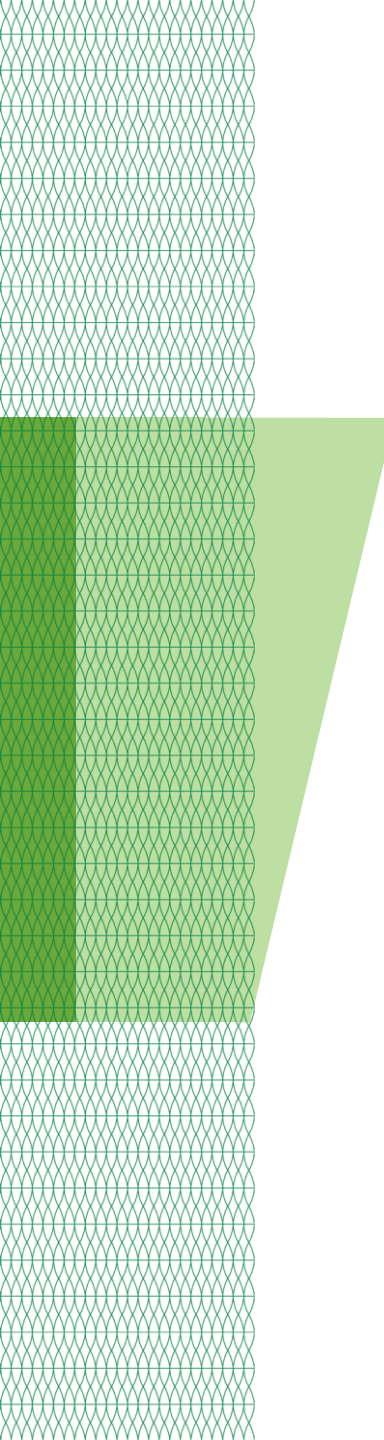


Expenditures* of the state budget, UAH billions (economic classification)



* September – 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.

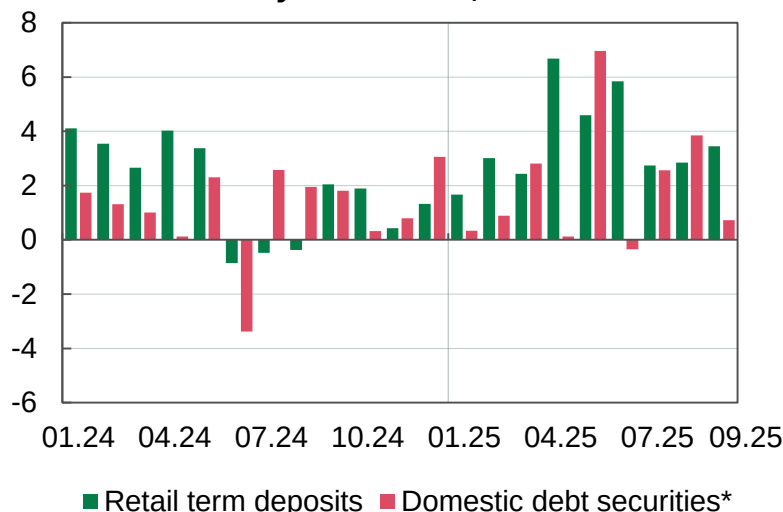
- In September, the expenditure growth slowed down significantly (to 9% yoy from 25% yoy in August) due to the special fund expenses. However, year-to-date, an increase in expenditures has remained significant (22% yoy compared to 5.4% yoy last year), in particular due to high spending on defense and social programs
- In September, growth in revenues (excluding grants) slowed down (to almost 7% yoy from 22% yoy in August) due to both lower special fund receipts and higher comparison base (last year, the excise tax on fuel was raised from 01.09). At the same time, main taxes continued to increase, driven by higher wages, imports, and certain tax rates being revised from the beginning of the year. Overall in January-September, revenues (excluding grants) grew by 26% yoy (compared to 15% yoy last year)



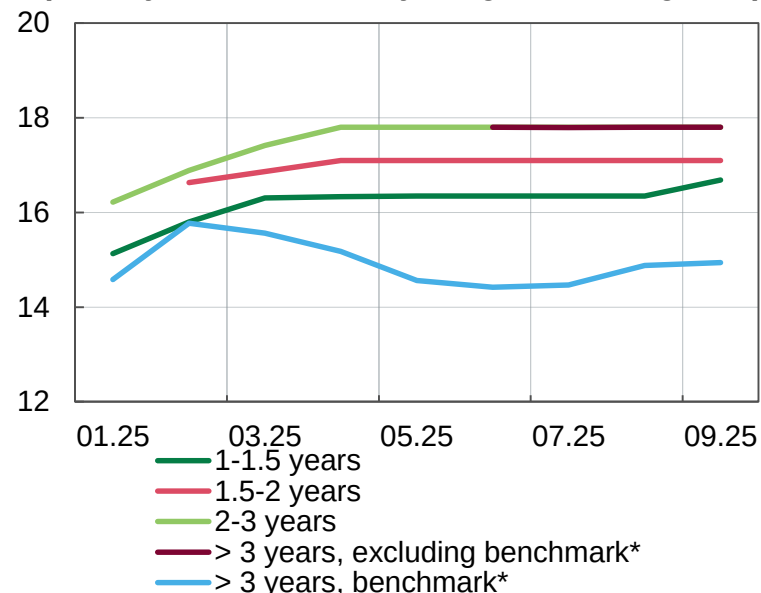
Ukraine: Monetary sector

The current yields on hryvnia instruments supported demand from individuals

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



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



* At outstanding nominal value.

Source: NBU.

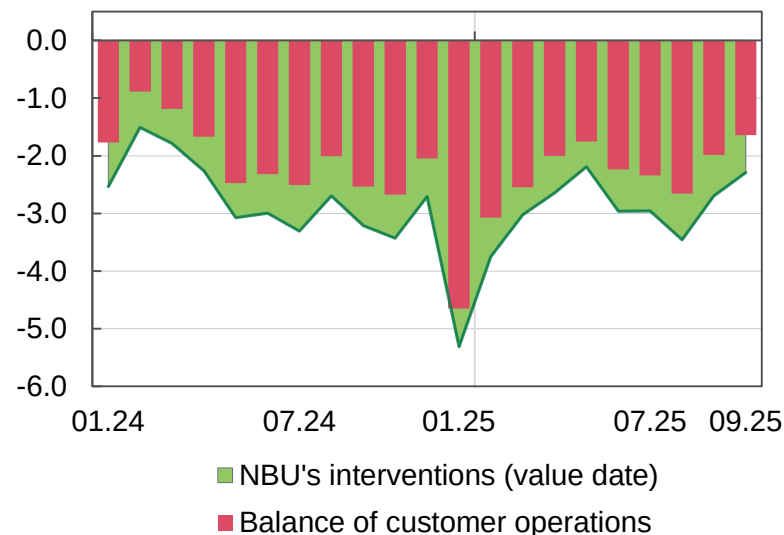
* Included in the list of domestic government debt securities that banks can use to partially meet the reserve requirements.
Source: NBU staff estimates.

- In September, the nominal yields on hryvnia instruments mostly remained at the levels of previous months. Owing to increased demand for longer-term government domestic debt securities (within the maturities of one to one and a half years), the weighted average yield on these securities rose slightly during their primary placement. The amount of hryvnia deposits of households with a maturity of over three months increased by UAH 2.9 billion in September. The portfolio of hryvnia-denominated government debt securities held by individuals also grew by UAH 0.7 billion in September (by 45% since the beginning of the year)

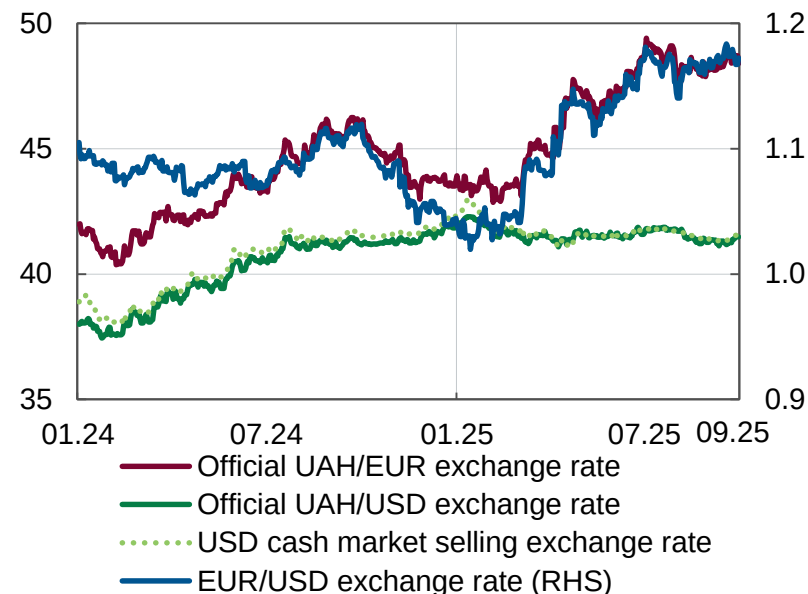
Keeping the key policy rate at 15.5% helped maintain adequate yields on hryvnia-denominated instruments and the FX market's sustainability

In September, the volume of NBU's FX interventions declined amid lower net FX demand

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



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



Source: NBU.

Source: NBU, ECB.

- In September, net demand for non-cash foreign currency declined, while demand for cash foreign currency remained at the previous month's level. This was driven by both the NBU's measures to sustain interest in hryvnia assets and some improvement in market conditions
- As a result, the NBU's FX sales decreased to USD 2.3 billion in September
- In September, the average official exchange rate of the hryvnia against the U.S. dollar appreciated by 0.3%, and against the euro it depreciated by 0.6%
- [The NBU continued the gradual liberalization of currency restrictions](#) in order to facilitate the operation of small businesses in Ukraine and support Ukrainians abroad during the war