



Macroeconomic and Monetary Review

April 2026



Summary

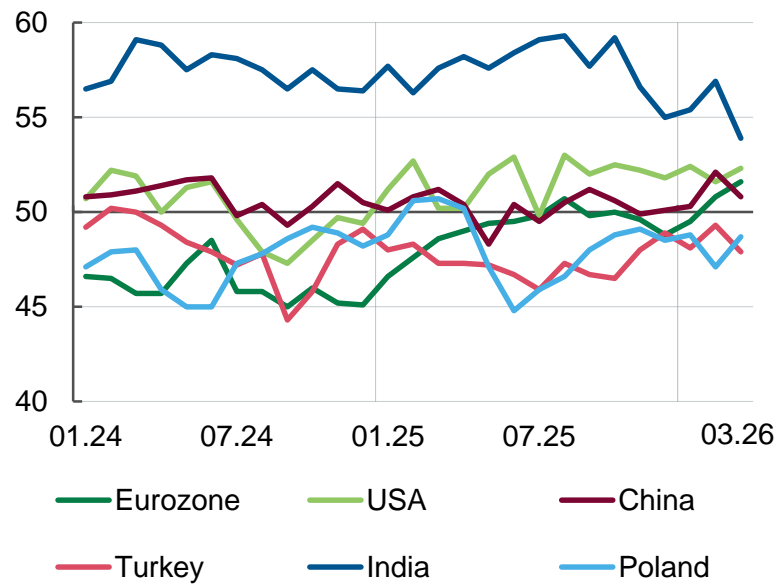
- **Economic activity in Ukraine's MTPs has slowed, while inflationary pressures have intensified due to rising energy prices amid hostilities in the Middle East.** This has increased costs for both producers and consumers. Given the uncertainty regarding the duration of the conflict and the extent of its impact on economic processes, **CBs have largely adopted a wait-and-see stance on monetary policy**
- **In February, headline inflation accelerated to 7.6% yoy**, primarily due to the challenging situation in the energy sector and the fuel market. **At the same time, core inflation remained unchanged (7.0% yoy)**, thanks in part to competition from imports and the NBU's measures to maintain sustainability in the FX market. According to NBU estimates, **headline inflation continued to rise in March**, while core inflation declined slightly
- **In March, business expectations and a number of economic activity indicators improved** thanks to the stabilization of the energy system and favorable weather. Construction and trade indicators rose, although some indicators of consumer demand remained weak. At the same time, electricity shortages and damage to energy, gas, and logistics infrastructure continue to hamper the recovery of manufacturing and transportation
- **Despite the outpacing growth of the labor supply, the labor shortage (particularly of skilled workers) remained significant.** This, combined with higher wages in the public sector, led to a **further surge in wages**
- **In February, the current account deficit widened significantly** due to an increase in goods imports and a decline in grant inflows. This led to a **reduction in gross reserves, which nevertheless remained at a high level** (USD 54.8 billion at the end of the month)
- **The state budget deficit (excluding grants in revenues) in March decreased compared to February. In Q1, it was smaller than in the corresponding period of 2025.** International financial assistance remained the main source of financing the deficit. In the domestic debt market, despite a certain decrease in activity in March, the rollover rate of government debt securities in hryvnia remained high (160%) in January-March
- In March, the U.S. dollar appreciated against most currencies, including the hryvnia, amid turbulence on global financial and commodity markets. This led to an increase in net FX demand and a rise in the volumes of the NBU's interventions. At the same time, the hryvnia appreciated slightly against the euro. **To maintain the sustainability of the FX market and the controllability of inflation expectations and processes, the NBU kept the key policy rate at 15% in March**



External Environment

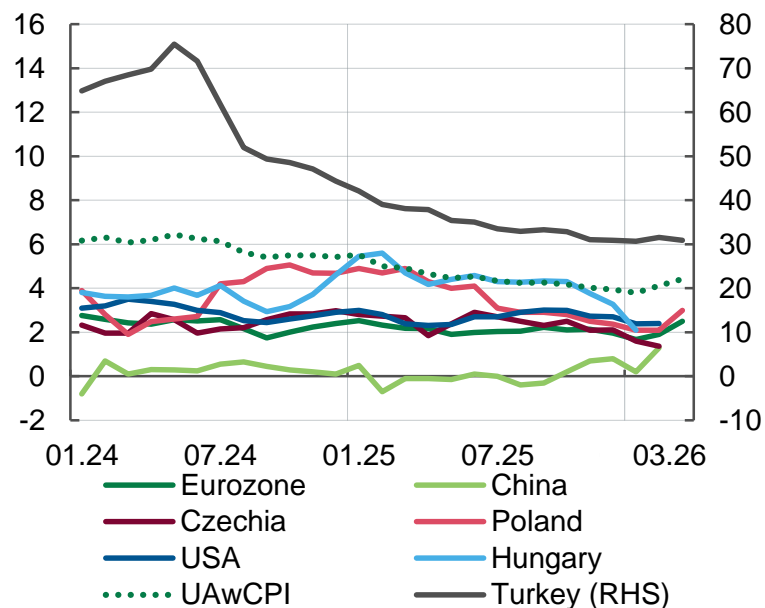
Economic activity in Ukraine's MTPs slowed down, while inflationary pressures intensified

Manufacturing PMIs of selected countries



Source: S&P Global.

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

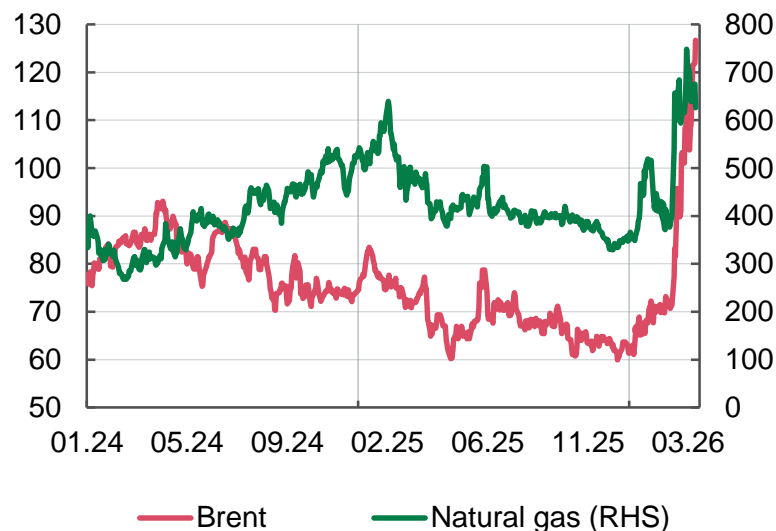


Source: national statistical offices, NBU staff estimates.

- Leading indicators point to a loss of momentum in economic recovery across most of Ukraine's MTPs** due to the shock of rapidly rising costs caused by the war in the Middle East. In particular, new orders remain weak, output growth has slowed, and business sentiment has deteriorated. Inventories have changed asynchronously due to differing responses to the war shock – some countries have accumulated inventories, while others have reduced them
- Inflation in most of Ukraine's MTP countries increased moderately** in March due to higher energy prices. At the same time, the effect of the transfer of higher energy costs to other components (particularly services and food) has not yet been realized. This mitigates the impact on current inflation dynamics and expectations, particularly in the eurozone

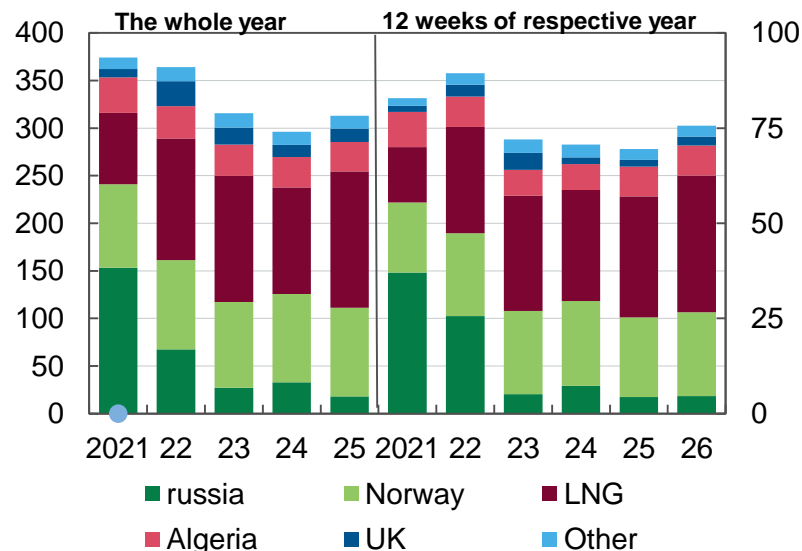
The war in the Middle East is keeping global energy prices high

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



Source: LSEG.

Natural gas imports to the EU by origin, bcm

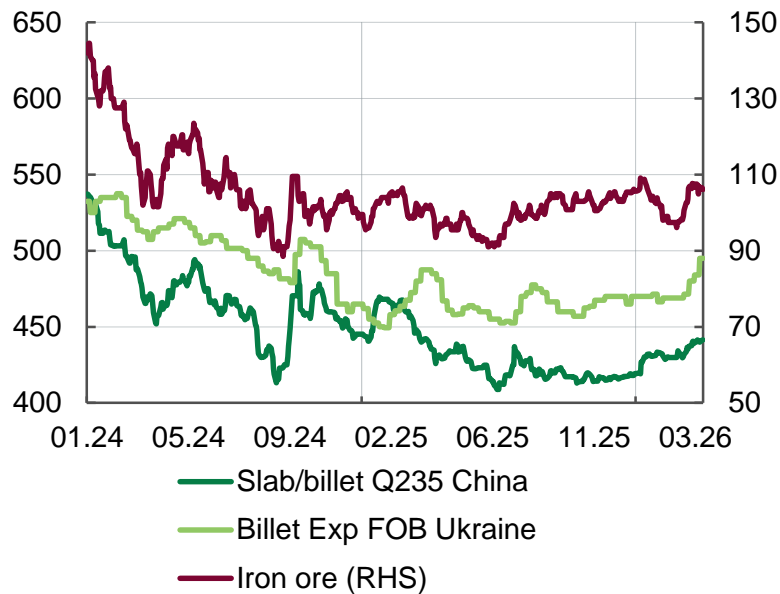


Source: Bruegel (russia, Norway, Algeria – pipelines), as of 25.03.2026.

- The blockade of the Strait of Hormuz and the reduced production in the Middle East limited oil supply.** In March, prices peaked at 120 USD/bbl. The price surge was partially mitigated by the release of strategic reserves (primarily by Asian countries) and a temporary easing of sanctions against russia and Iran. At the same time, the market's high sensitivity to news shocks exacerbated price volatility
- Natural gas prices in Europe rose** due to the risk of a shortage of Qatari LNG amid low storage levels. By the end of March, prices had corrected thanks to warmer weather, stable supplies from Norway, and significant LNG imports from the U.S.

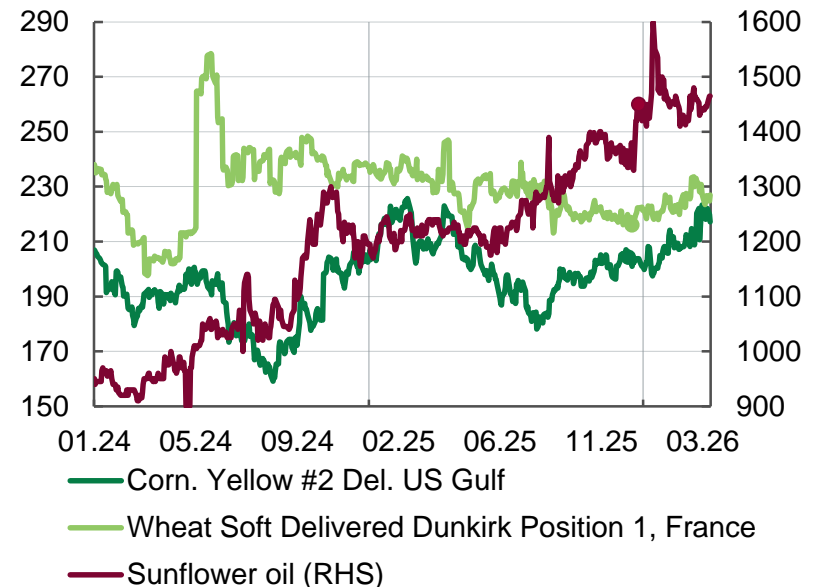
Rising production costs have led to higher prices for main commodities prevailing in Ukraine's exports

Global steel and iron ore prices, USD/MT



Source: LSEG, Delphica.

Global grain and sunflower oil prices, USD/MT

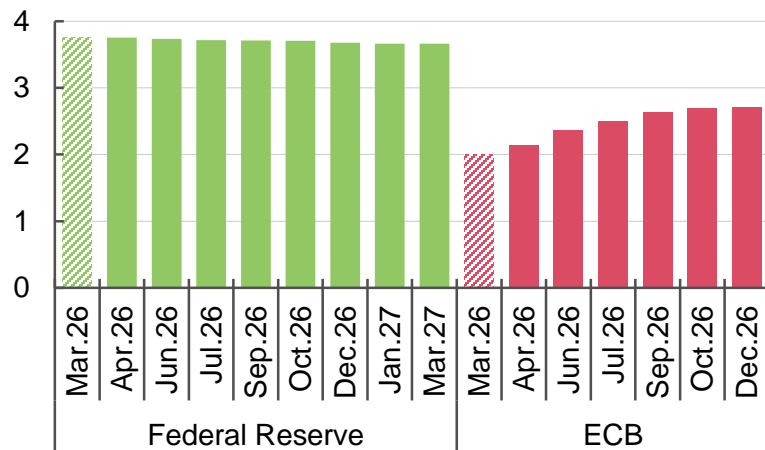


Source: LSEG.

- **Steel and iron ore prices rose** due to higher production costs and revived business activity in the Southeast Asia. At the same time, a global supply surplus held back price increases
- **Grain prices increased** due to risks to the new planting season (from high fuel and fertilizer costs). More significant growth in prices was held back by high harvests in the MY 2025/2026 and favorable conditions of winter crops in exporting countries
- **Sunflower oil prices fluctuated within a narrow range with an upward trend.** Improved USDA estimates for global production in the MY 2025/2026 and seasonal weakening of demand put downward pressure on prices, but rising production costs pushed them upward

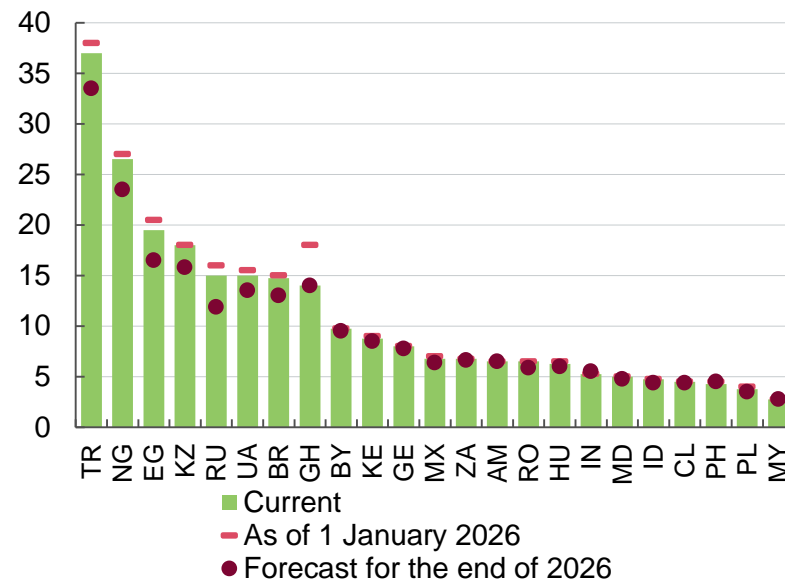
Central banks mainly adopted a wait-and-see approach amid heightened uncertainty

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. March 2026 – actual data. Current expectations as of 31.03.2026.

Key policy rates in selected EM countries, %



Source: official web pages of central banks, Focus Economics, Oxford Economics, as of 31.03.2026.

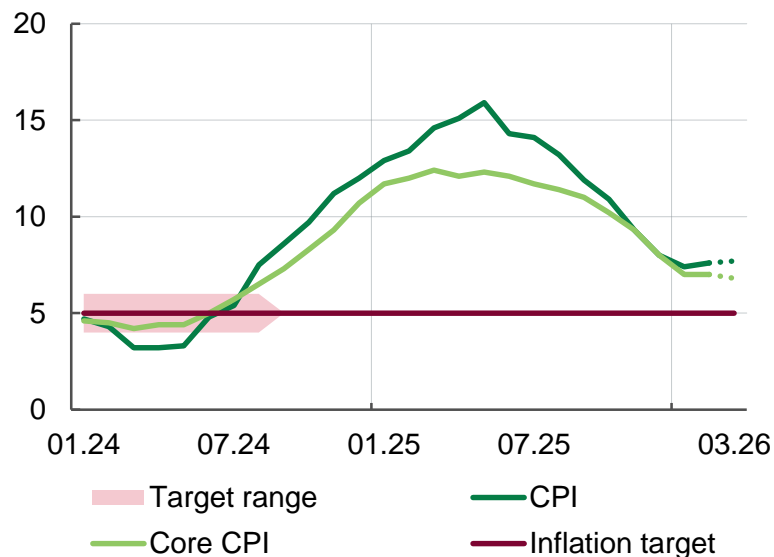
- In March, the Fed kept its target rate range** at 3.5%-3.75%. The median FOMC projection suggests one 25 bp cut in 2026, however the Middle East war adds to uncertainty. **The ECB also held rates steady** (deposit rate at 2%), stressing agility and readiness to act. Financial markets expect the Fed to keep rates unchanged in 2026 and price in at least two ECB rate hikes (by 71 bp in total)
- Central banks of EM countries mostly remained cautious** due to external shocks to inflation and economic growth. Meanwhile, some CBs (Poland, Brazil, Ghana, Mexico) cut their rates against the backdrop of a lasting disinflation and in order to boost their economies



Ukraine: Inflation

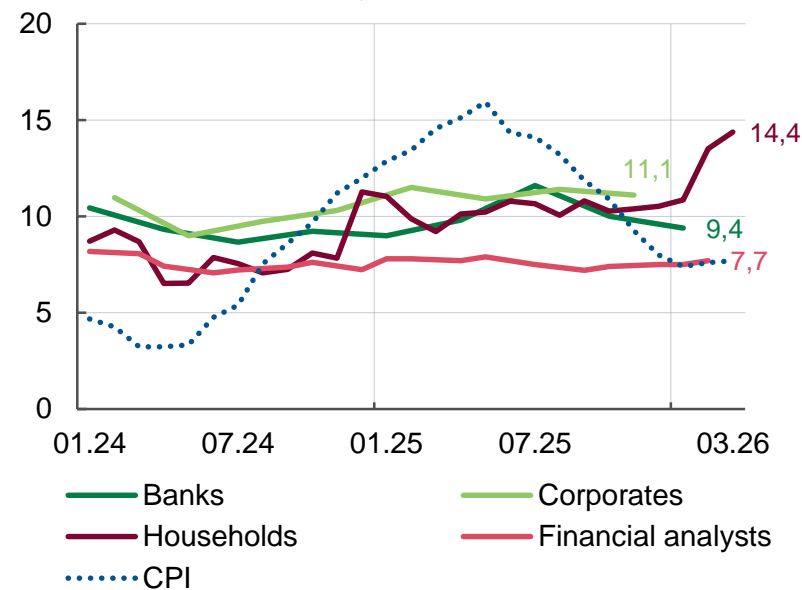
Headline inflation picked up slightly, and households' inflation expectations deteriorated significantly

Inflation* and inflation target, % yoy



* Data for March reflects nowcast. The target range remained in effect until August 2024 inclusive.
Source: SSSU, NBU staff estimates.

Inflation in annual terms* and inflation expectations for the next 12 months, %

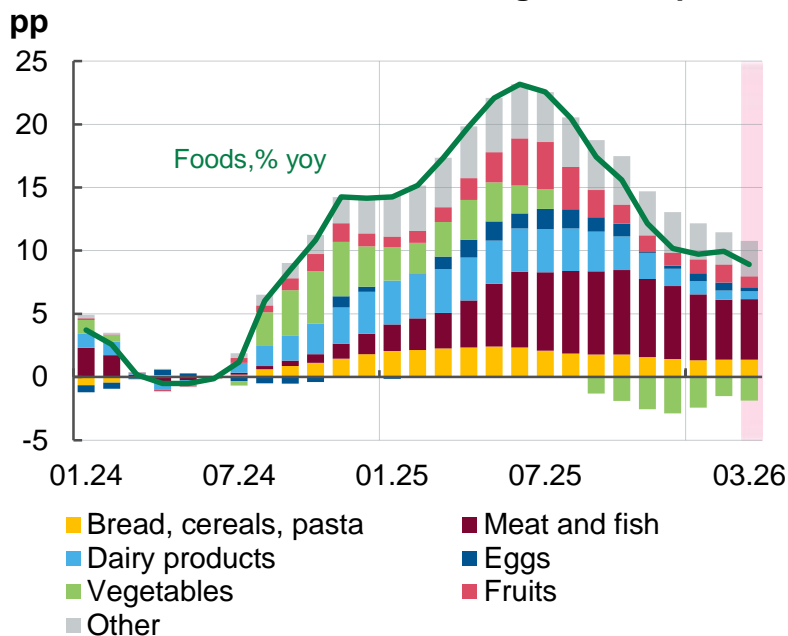


* Data for March reflects nowcast.
Source: NBU, Info Sapiens.

- **In February, headline inflation accelerated** to 7.6% yoy, primarily due to the impact of damage to the energy sector and the challenging situation in the fuel market. At the same time, core inflation remained unchanged (7.0% yoy) due to competition from imports (particularly dairy products) and the NBU's measures to support the sustainability in the FX market
- **In March, according to NBU estimates, headline inflation continued to rise**, exceeding the NBU's January forecast. The main reason was a sharp spike in fuel prices due to the war in the Middle East. Core inflation, however, declined slightly due to continued pressure from imports
- **Household inflation expectations deteriorated significantly**, particularly amid the rapid rise in fuel prices. Financial analysts' expectations also deteriorated slightly

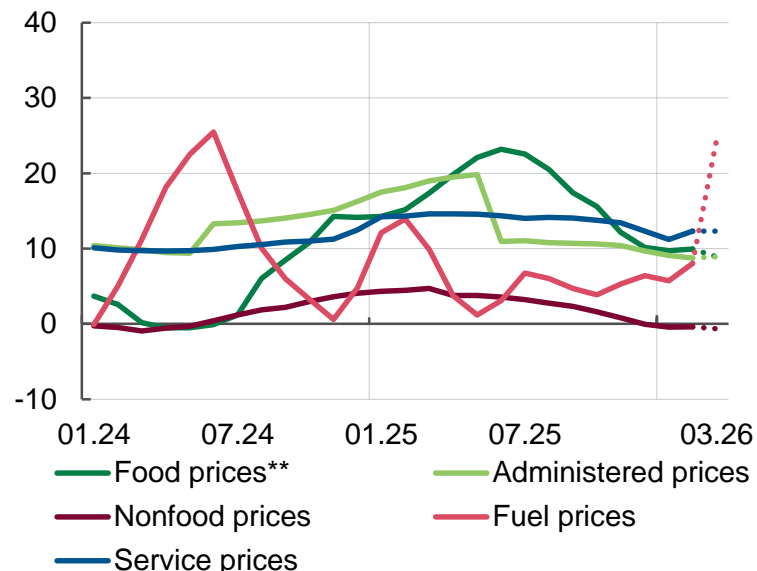
Food prices showed mixed trends, while the price of services continued to rise

Contributions to the annual change in food prices*, pp



* Data for March reflects nowcast.
Source: SSSU, NBU staff estimates.

Selected CPI components*, % yoy

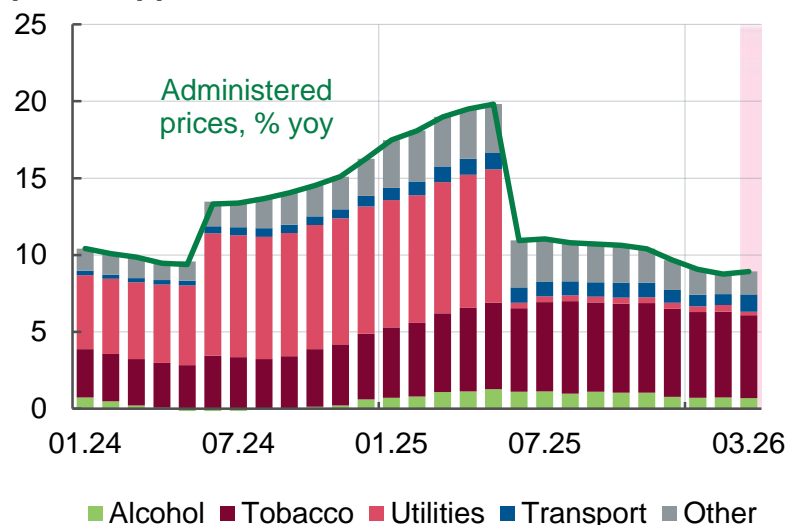


* Data for March reflects nowcast.
** Also includes products with admin. regulated prices.
Source: SSSU, NBU staff estimates.

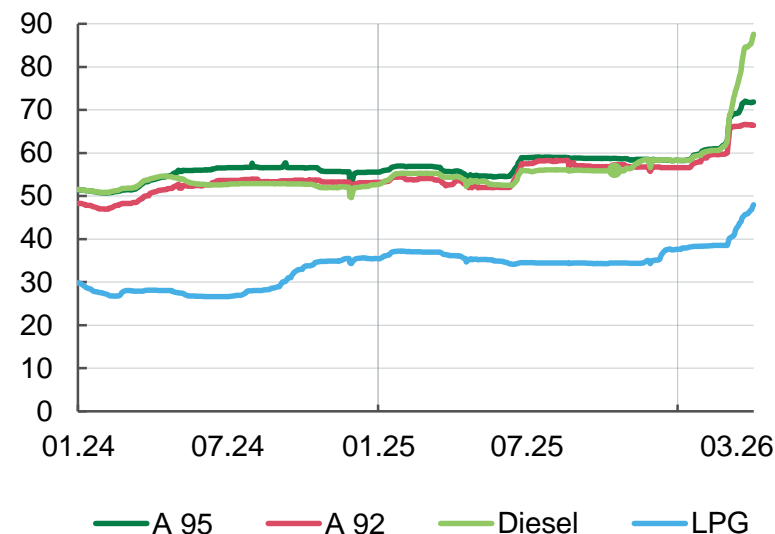
- **In February, processed food inflation continued to slow** (to 9.9% yoy from 10.8% yoy), while raw food inflation accelerated (to 9.6% yoy from 8.2% yoy). In particular, the decline in vegetable prices slowed significantly (to -14.6% yoy from -23.7% yoy) due to [higher prices for cucumbers and tomatoes](#) amid rising import costs and limited supply from domestic greenhouse complexes
- **Inflation for services accelerated** to 12.3% yoy. The main factor was the rise in mobile communication service prices following an increase in businesses' energy costs amid electricity shortages
- **In March, according to NBU estimates, inflation for both processed and raw food products slowed slightly**, while the rate of price growth for services remained unchanged

Despite the slowdown in administered inflation in February, the sharp rise in fuel prices is intensifying inflationary pressures

Contributions to the annual change in administered prices*, pp



Fuel prices, UAH / L



* Data for March reflects nowcast.
Source: SSSU, NBU staff estimates.

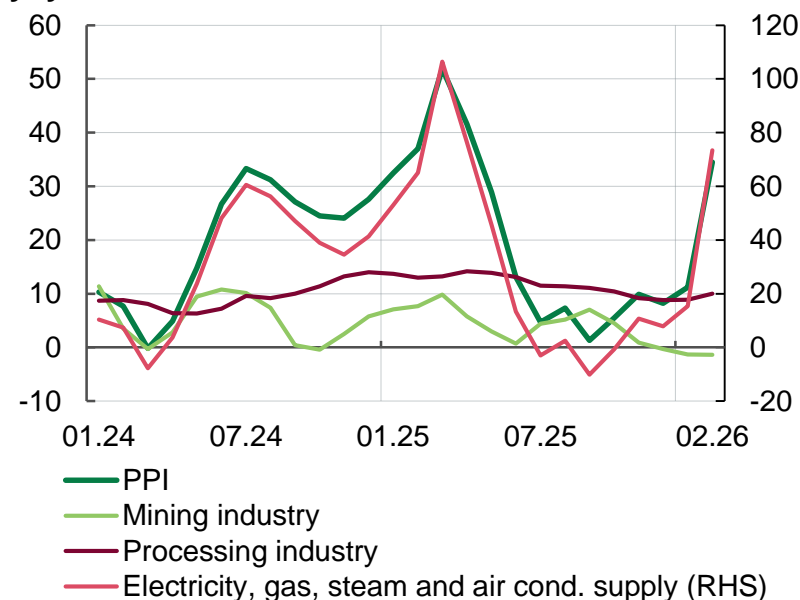
Source: minfin.com.ua.

- **Administered inflation in February slowed** to 8.8% yoy. This was driven by a subdued rise in tobacco prices due to moderate increases in excise taxes, as well as a slowdown in the growth of pharmaceutical prices thanks to new [mechanisms for declaring](#) medication prices. **In March, according to NBU estimates, administered inflation accelerated slightly** due to higher public transportation fares amid a sharp rise in fuel prices
- **The rate of fuel price growth in February rose** to 8.0% yoy, primarily driven by higher European prices caused by geopolitical tensions and the effects of the hryvnia's depreciation. **In March, price growth accelerated sharply** due to a significant rise in the cost of petroleum products and gas owing to the war in the Middle East

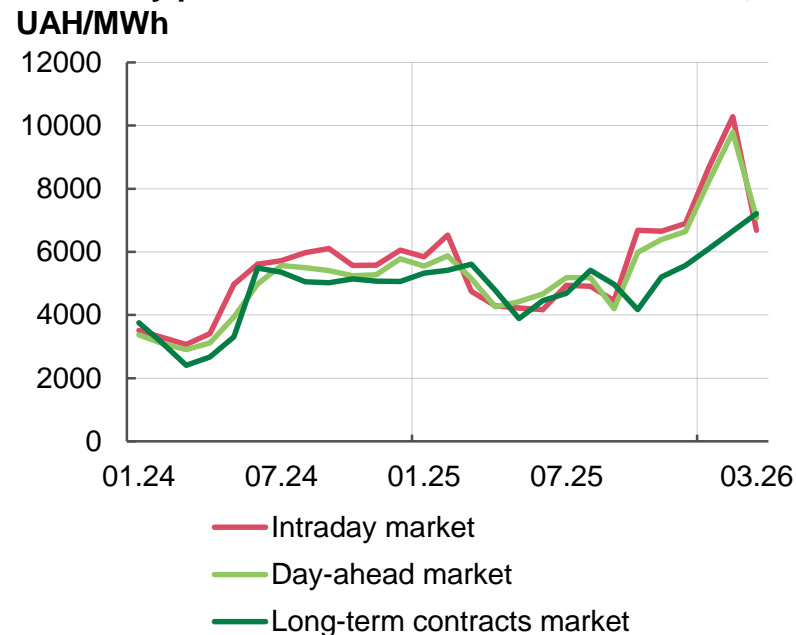
Producer inflation accelerated sharply in February due to high electricity prices

Producer Price Index (PPI) and its components, %

yoy



Electricity prices for non-household consumers, UAH/MWh



Source: SSSU.

Source: Ukrainian Energy Exchange, Market operator.

- In February, PPI accelerated sharply to 34.5% yoy.** This was driven by a significant rise in prices in the electricity, gas, and steam supply sector (up to 73.4% yoy) due to energy shortages. At the same time, preliminary **data for March indicate a noticeable decline in wholesale electricity prices** for non-household consumers to pre-winter levels
- Price growth in the processing industry accelerated to 10.0% yoy** (from 8.9% yoy in January), breaking a prolonged trend of deceleration. In contrast, in the mining industry, the rate of price decline remained almost unchanged – at -1.4% yoy



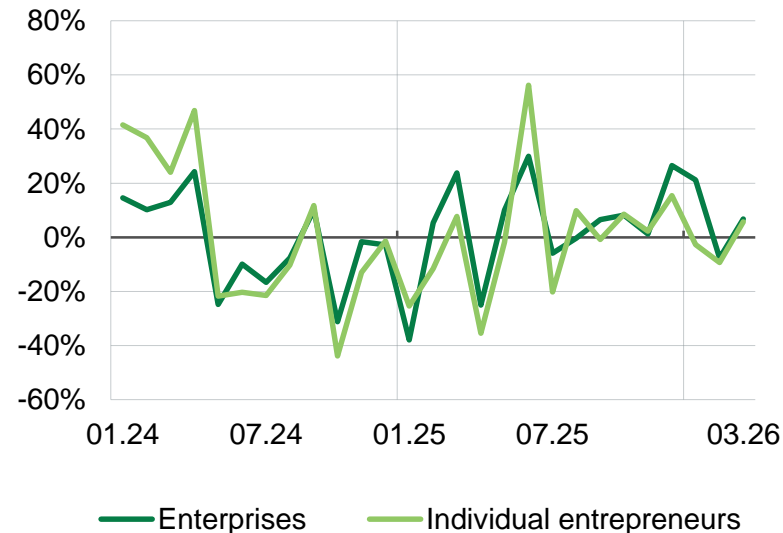
Ukraine: Economic activity

Business sentiment improved in March, primarily due to stabilization in the energy sector

NBU's business activity outlook index, p



New registrations of enterprises and sole proprietorships, % yoy



A level above 50 indicates mainly positive expectations.

Survey was not conducted from March to May 2022.

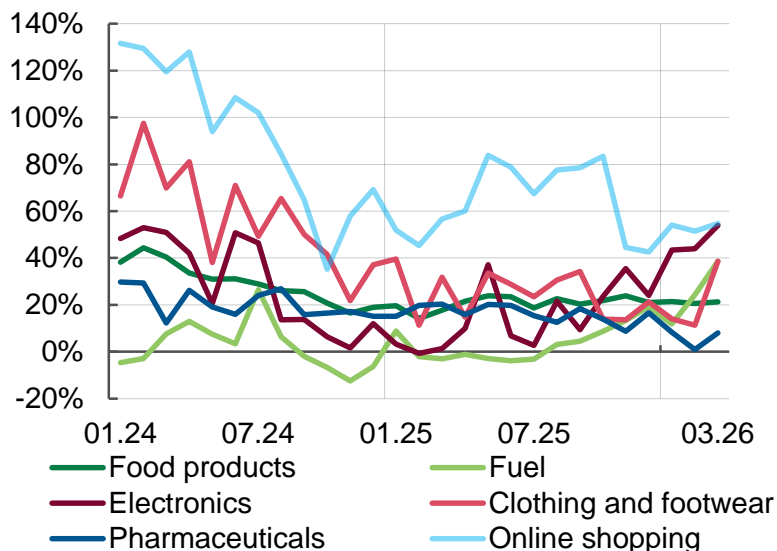
Source: NBU.

Source: opendatabot.ua, NBU staff estimates.

- **In March, business sentiment turned positive across all major sectors for the first time in the past 12 months.** Compared to March 2025, sentiment improved in the services and construction sectors, remained stable in trade, but deteriorated in manufacturing
- **The stabilization of the energy situation was a key factor behind the growth.** The end of the winter cold snap, which had previously held back activity in a number of sectors, also had a positive impact
- **The revival of business activity is also evidenced by the growth in new business registrations:** the number of new companies rose by 7% yoy, and sole proprietorships by 6% yoy

The retail sector continued to grow, although other indicators of consumer demand showed mixed trends

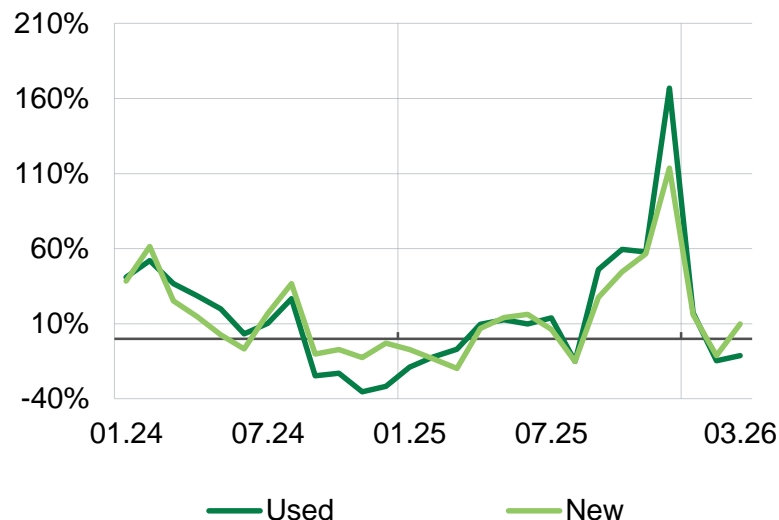
Payment terminal transaction volumes in retail trade*, % yoy (monthly average)



* Deflated by inflation index

Source: State Tax Service, NBU staff estimates.

First registration of passenger cars, % yoy

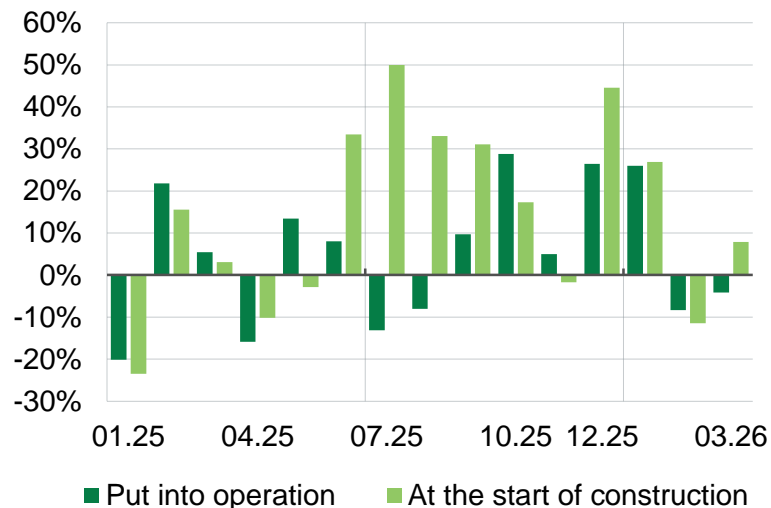


Source: Ministry of Internal Affairs.

- Retail sales growth slowed slightly in February** (to 7.5% yoy , according to the SSSU), **but in March**, according to the State Tax Service's data on transactions processed through cash registers, **retail activity picked up again** (to 25.8% yoy from 20.6% yoy in February)
- At the same time, some consumer demand indicators remained weak.** In particular, new passenger car registrations increased, while demand for used cars declined due to market saturation last year

In March, construction activity picked up slightly, while transportation declined due to shelling of infrastructure

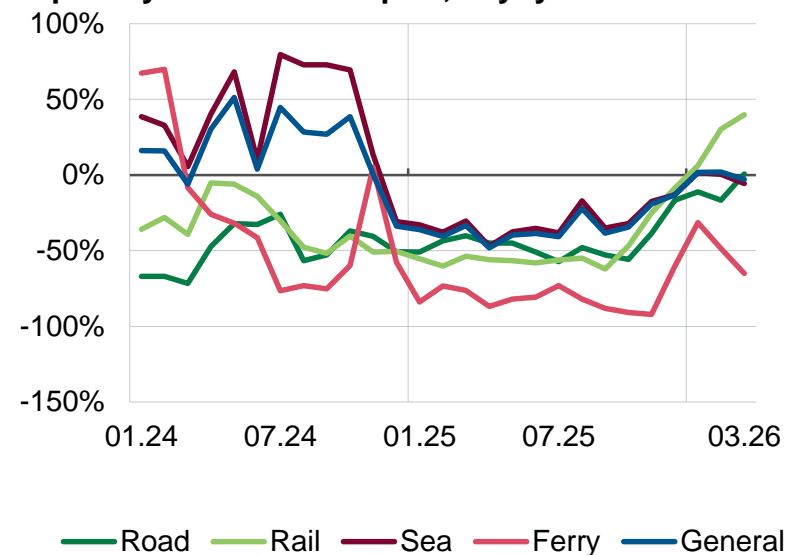
Change in the number of new buildings constructed by businesses*, % yoy



* 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 March, construction activity picked up slightly:** the number of new projects rose by 8% yoy thanks to the resumption of work in the residential and industrial sectors. At the same time, housing completions continued to decline due to the winter slowdown in the industry, driven by power shortages and frosts
- In the transportation sector, the decline intensified** due to shelling of port, railway, and logistics infrastructure. According to the SSSU, in February, the decline in freight turnover accelerated to 19% yoy (from 18.4% yoy in January), and passenger turnover to 8.7% yoy (6.2% yoy in January). In March, agricultural cargo exports fell by 3% yoy due to a 6% yoy decline in maritime transportation, while rail transportation rose by 40% yoy as some agricultural exports were rerouted from ports to western borders

The manufacturing continued to decline due to power shortages and shelling, although growth resumed in some sectors

Industrial Production Index by sector of economic activity, % yoy



Source: SSSU.

Production of steel, cast iron and rolled steel, yoy



Source: Ukrmetallurgprom.

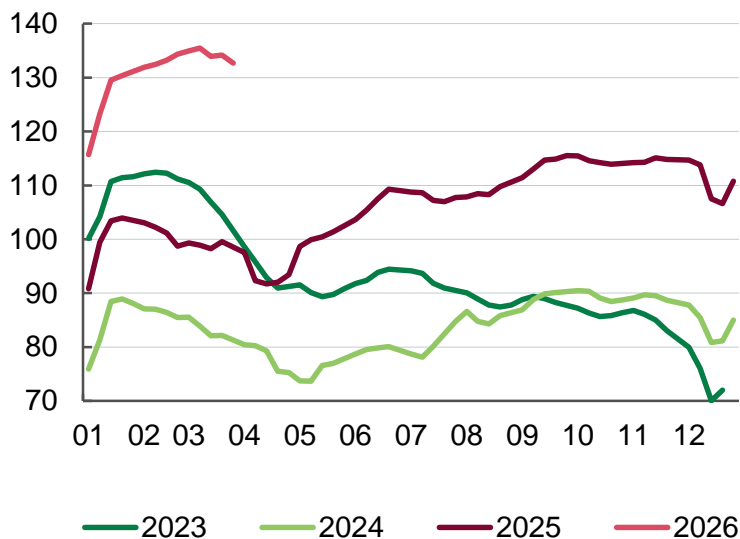
- In February, the decline in manufacturing slowed to -2.6% yoy** (compared with -8.1% yoy in January). This was driven by a sharp increase in gas production (partly due to a low base of comparison from the previous year) and improved performance in the food industry, thanks to increased production of vegetable oil, meat, and canned goods. Growth was also observed in the engineering, supported by defense orders, and the decline in the metallurgical sector slowed. At the same time, due to massive shelling of the energy system, the decline in the energy sector deepened
- In March, the manufacturing sector was supported** by active processing of oilseeds, production of defense-related goods, metals for construction, and energy equipment
- However, further destruction of energy infrastructure and intensified shelling of gas production facilities likely **hindered the recovery of manufacturing in March**



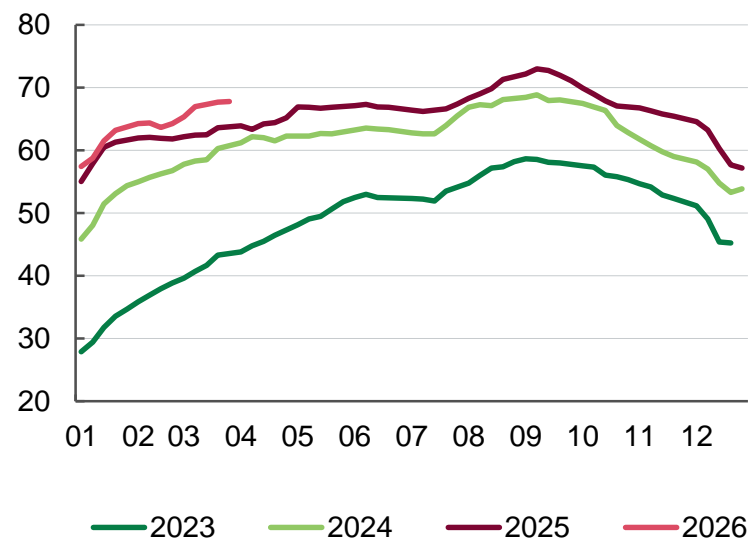
Ukraine: Labor market

Labor supply continued to outpace demand

New resumes, four-week rolling average, thousands



New job openings, four-week rolling average, thousands

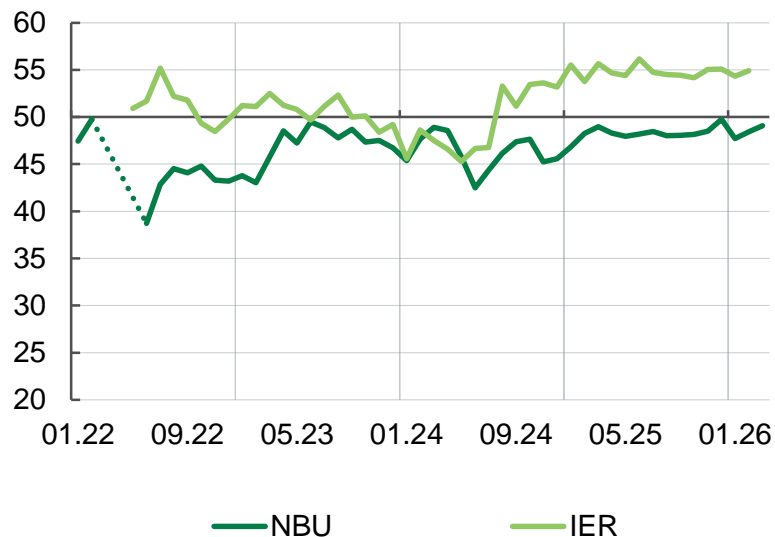


Source: work.ua, NBU staff calculations.

- **In March, the growth in labor supply continued to outpace that of job openings.** According to Work.ua data, the number of resumes increased by 36% yoy, while the number of job openings rose by only 7% yoy
- **The number of candidates per job opening was 2.0**, which is slightly lower than in February (2.1), but significantly higher than the figure for March of last year (1.6)

Demand for labor remained uneven across economic sectors

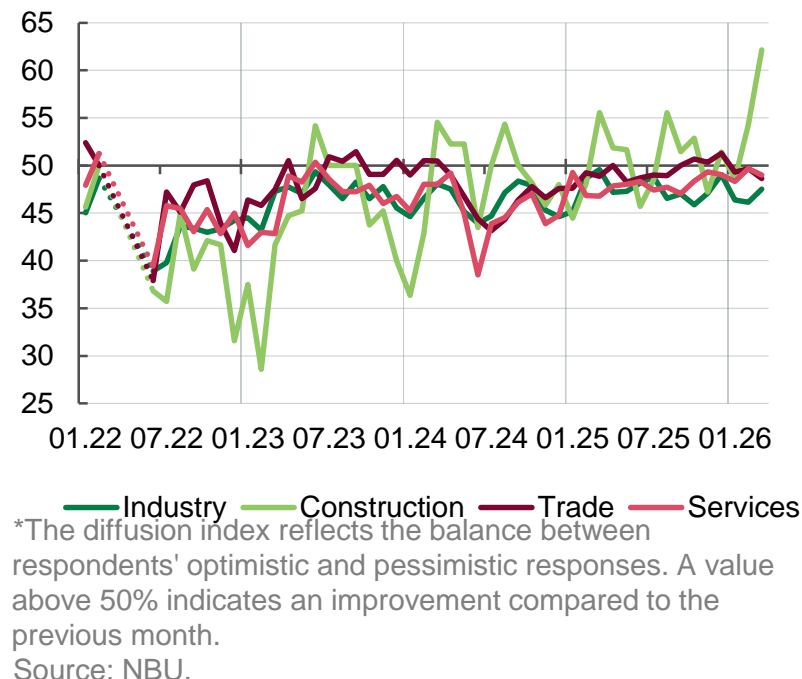
Aggregate indices of expected changes in the number of employees, p.



Source: NBU, IER.

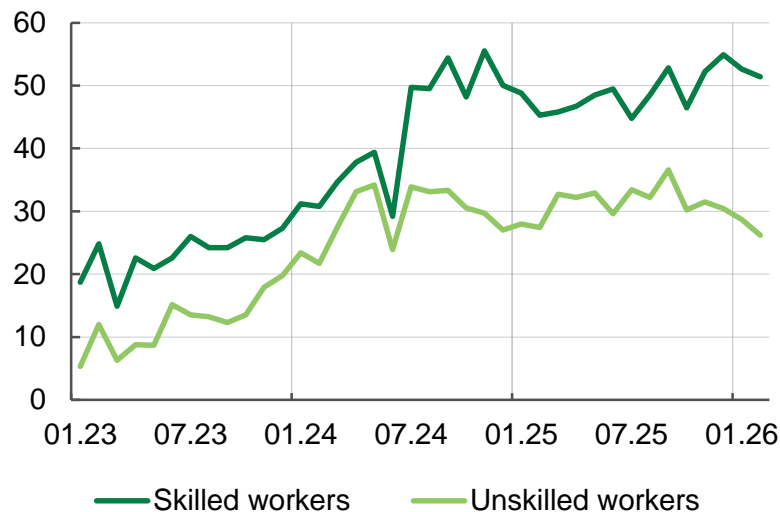
- According to [NBU surveys](#), **businesses remain pessimistic about staffing levels**, although the degree of pessimism has decreased compared to last year
- **Demand for labor was driven by the construction sector**—the only sector where an increase in staffing was expected. This was facilitated by improved seasonal weather and an uptick in road and infrastructure repair work

Diffusion indices of expected changes in the number of employees, p.



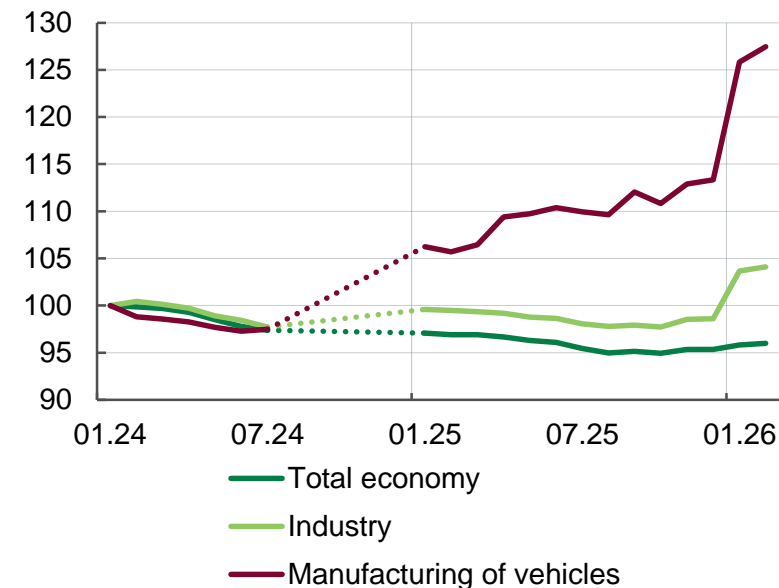
Despite an overall increase in the labor supply, the shortage of skilled workers remains high

Index of problems in finding employees, balance of responses



Source: IER.

Index of the number of full-time employees, January 2024 = 100.0

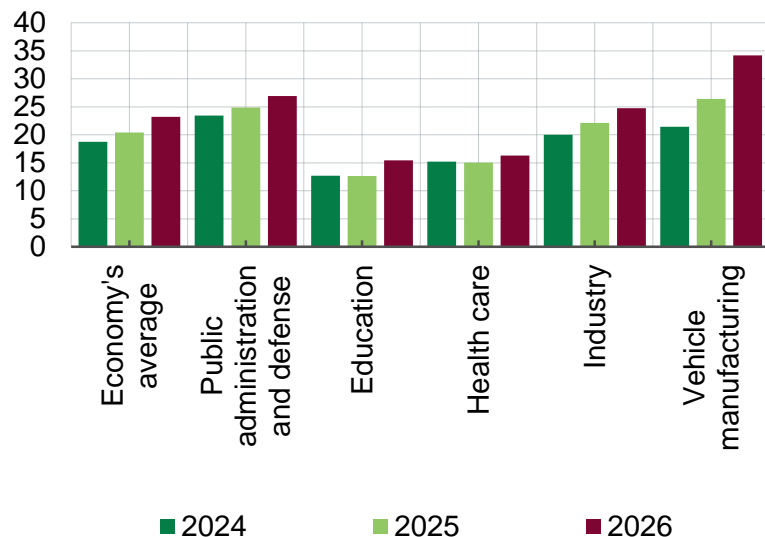


Source: SSSU, NBU staff calculations.

- **According to IER surveys, labor shortages were the main challenge facing businesses** in February 2026. The shortage of skilled workers far exceeded that of unskilled labor, although both indicators have recently shown a downward trend
- **According to the SSSU, the total number of full-time employees has increased slightly in recent months.** The most notable expansion of the workforce was observed in industry, particularly in sectors related to the military-industrial complex (for example, vehicle manufacturing)

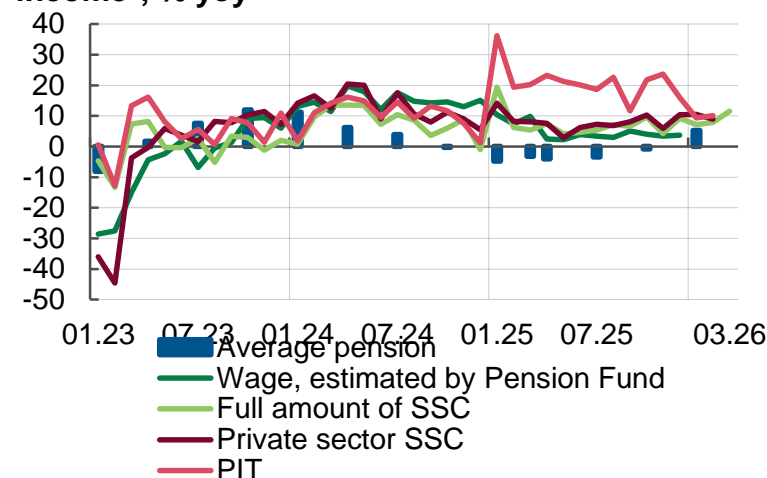
Competition for staff and review of wages in the public sector have sustained strong wage growth

Average real wages in selected sectors, February of the respective year, in UAH thsds in 02.24 prices



Source: SSSU, NBU staff calculations.

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.

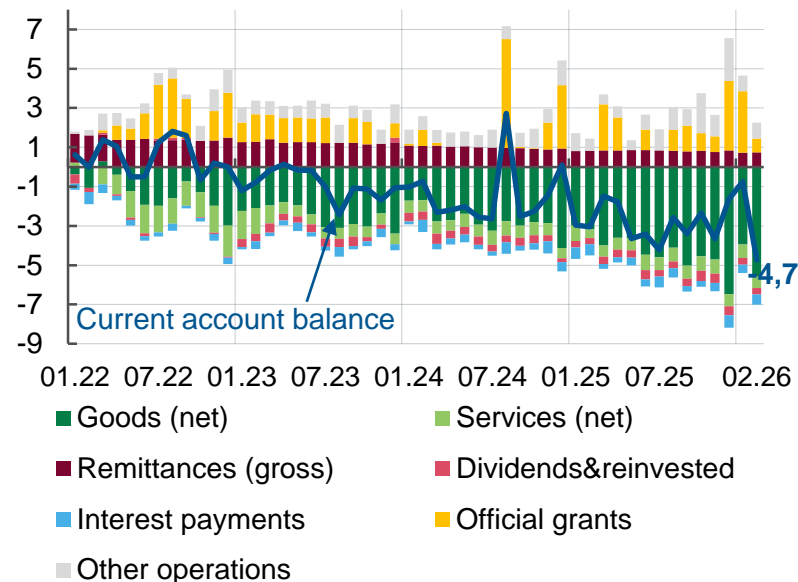
- According to the SSSU, the average wage in February 2026 was UAH 28.3 thousand. Nominal growth reached 22.4% yoy, while real growth stood at 13.8% yoy. Nominal wages grew rapidly in the public sector, particularly in education (31.1% yoy) and public administration and defense (16.7% yoy). In the manufacturing sector, wages rose the most in industries related to the military-industrial complex, particularly in vehicle manufacturing (39.3%). Overall, the wage bill in this industry grew 2.6-fold over two years due to both higher wages and increased employment
- The growth in public sector employees' incomes led to the growth rate of total social security contributions in February to nearly matching that of the private sector (7.9% vs. 8.9% y/y in real terms). In March, real growth in social security contributions accelerated, indicating continued rapid wage growth



Ukraine: Balance of Payments

In February, the current account deficit increased significantly due to higher imports and a reduction in grant inflows

Current account balance, USD billions



Merchandise trade balance, USD billions



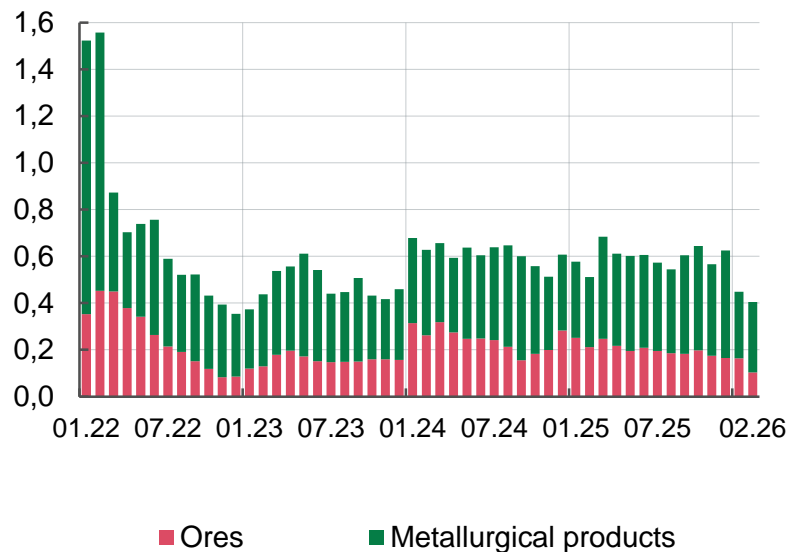
Source: NBU.

Source: NBU.

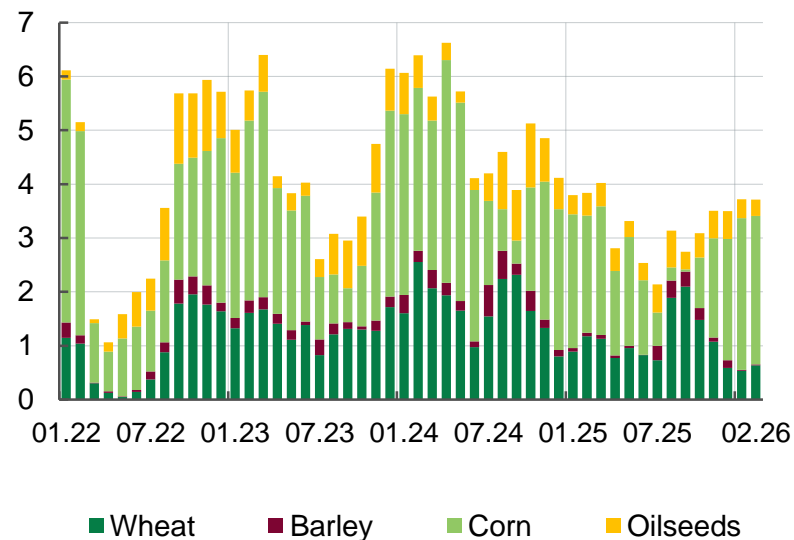
- **In February, the goods trade deficit widened markedly** due to a substantial increase in imports amid a difficult situation in the energy system
- Additionally, **official financing in the form of grants also decreased** during this period
- As a result, **the current account deficit widened to USD 4.7 billion** in February

Goods exports declined slightly, primarily due to electricity shortages and weak foreign demand for metal products and ores

Exports of metallurgical products and ores, USD billions



Exports of some food products, million tons



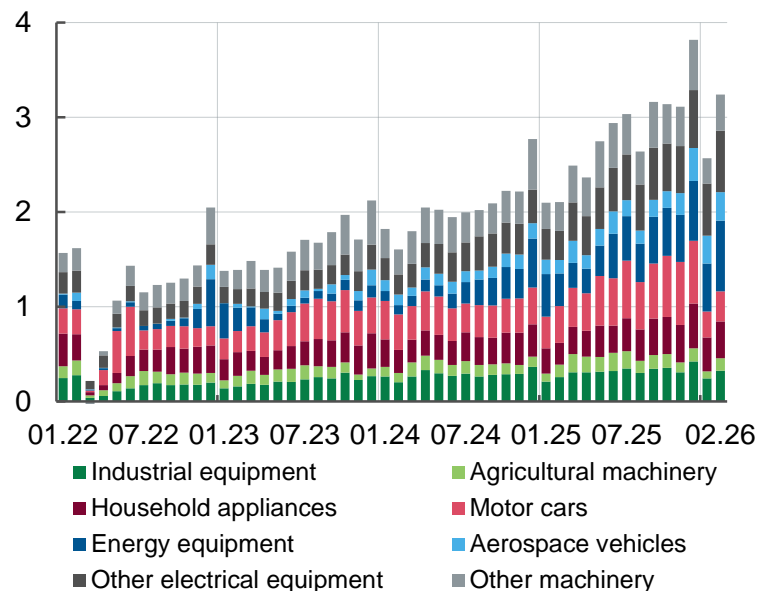
Source: NBU.

Source: SCSU.

- **In early 2026, goods exports remained low** due to production downtime caused by energy deficits, which hindered the metallurgical, mining, and chemical sectors
- **The demand for Ukrainian ores was also pressured** by a global slowdown in construction, seasonal holidays in China, and the market entry of new supply volumes from the Simandou mine
- **These negative trends were only partially offset by a catch-up in corn exports** after weather-related harvesting delays late last year

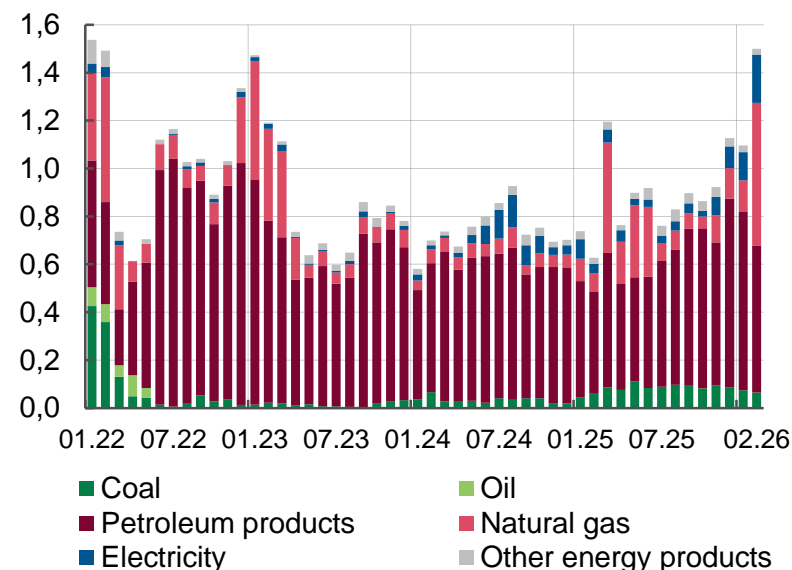
Meanwhile, goods imports grew rapidly against the backdrop of a challenging situation in the energy sector

Machinery imports, USD billions



Source: NBU.

Energy imports, USD billions

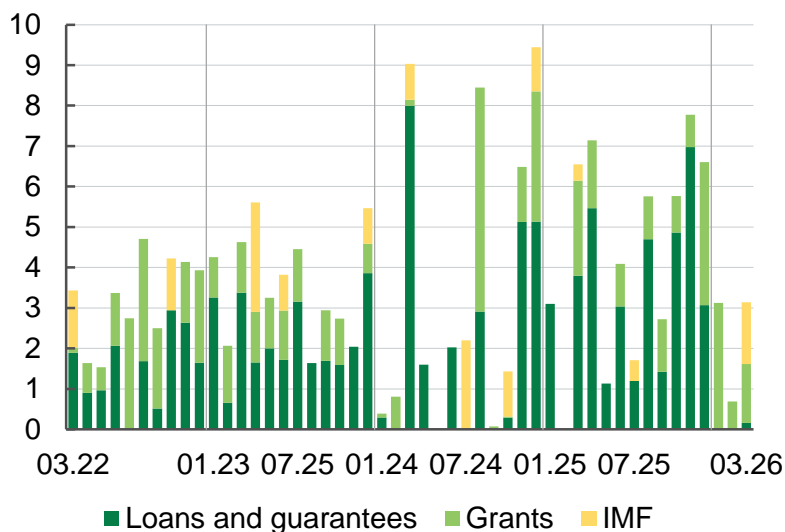


Source: NBU.

- **Following a seasonal downturn in January, goods imports began to recover in February, primarily driven by machinery products.** Electricity shortages and attacks on infrastructure led to a significant increase in purchases of energy autonomy equipment. Additionally, imports of electricity and natural gas increased
- **In addition, agricultural preparations for the spring sowing campaign boosted demand for machinery and intermediate goods** (seeds, fertilizers, and crop protection products)

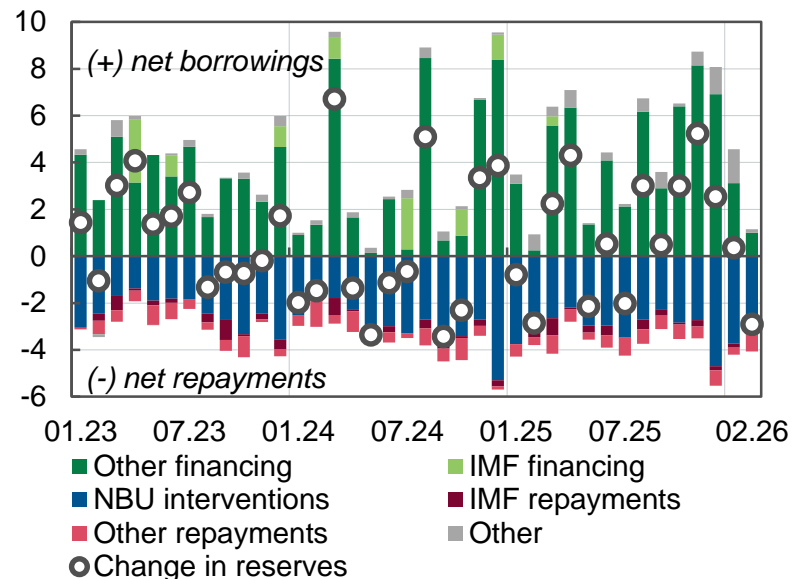
Reserves, albeit remaining high, declined due to a reduction in international aid and an expanding current account deficit

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.

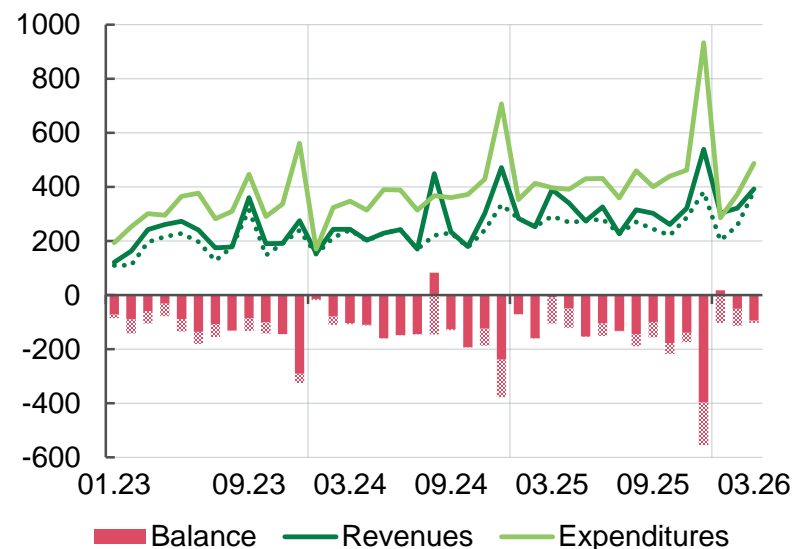
- **At the beginning of 2026, international financial assistance decreased significantly.** This, coupled with a substantial current account deficit, led to a **reduction in international reserves**. As of the end of February, they stood at USD 54.8 billion, providing 5.7 months of future imports
- In March, amid rising geopolitical tensions and turbulence in global commodity markets, the **NBU's net FX sales increased**. This was only partially offset by official financing inflows, **leading to a further decline in reserves**



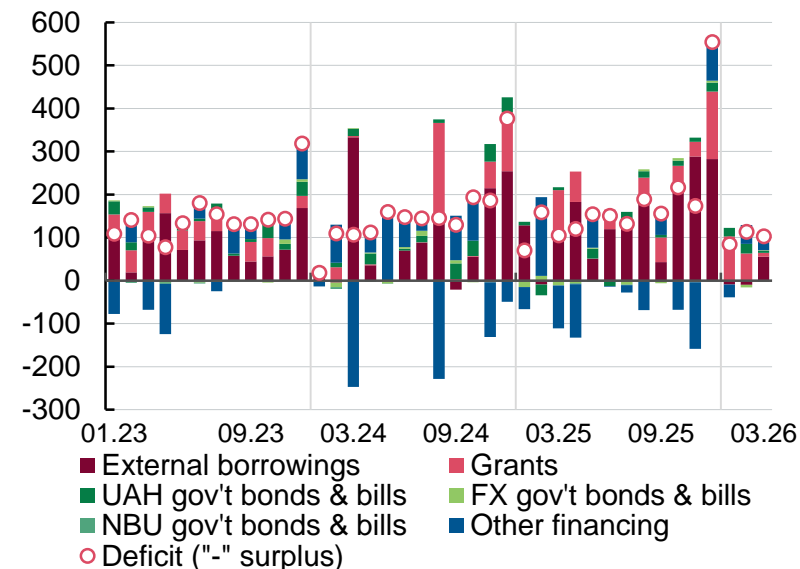
Ukraine: Fiscal sector

In March, the budget deficit decreased compared to February, and in the first quarter it was lower than last year

Main state budget indicators* (monthly), UAH billions



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

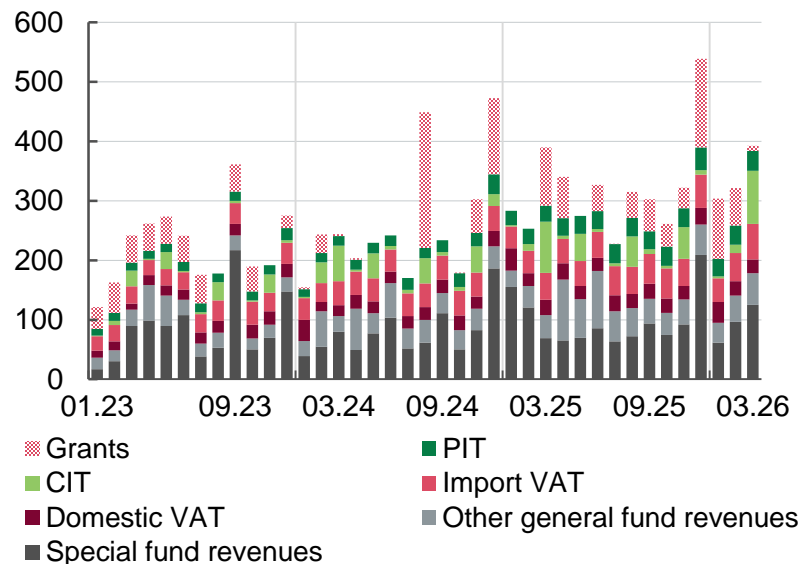


* Dotted lines and patterned fillings show relevant indicators excluding grants. Balance includes net lending. ** Debt transactions are net borrowings. Other financing represents active operations (in particular, includes the change in volumes of gov't funds) and privatization proceeds. March – preliminary and high-frequency data from the MFU website and NBU staff calculations based on the MFU's data; the data will be revised. Source: STSU, MFU, NBU staff calculations

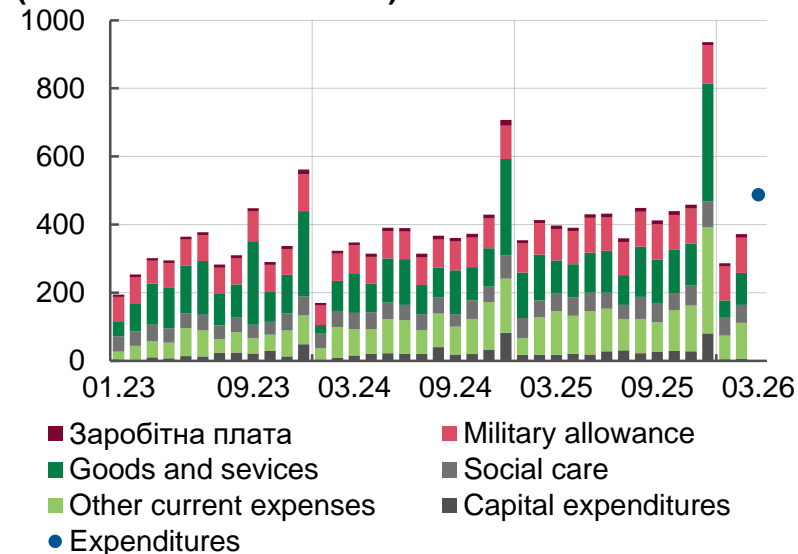
- The narrowing of the budget deficit (excluding grants in revenues) in March was primarily due to the revenues growth, while in the first quarter – primarily amid more restrained spending against the backdrop of lower international aid (USD 5.5 billion in January-March)
- In March, activity in the domestic debt market decreased after significant placements in January-February. However, the rollover rate of government debt securities in all currencies (including switch auctions) in Q1 was 146%, in particular due to high demand for hryvnia instruments (rollover rate at 160%)

Revenue growth accelerated, while expenditure growth resumed

Revenues* of the state budget**, UAH billions



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



* Tax revenues and grant funds are indicators of the state budget general fund. ** March – preliminary and high-frequency data from the MFU website and NBU staff calculations based on the MFU's data; the data will be revised. Source: STSU, MFU, NBU staff calculations.

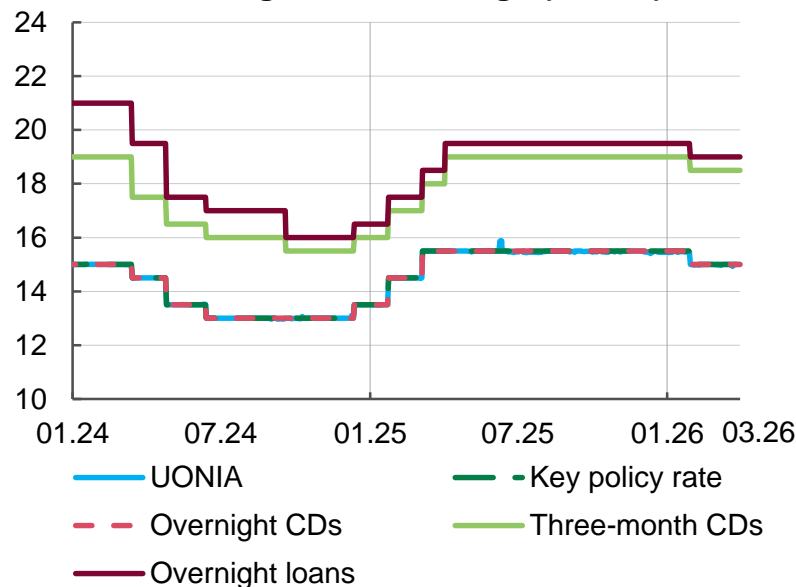
- In March, revenues growth (excluding grants) accelerated to 31.5% yoy (from 1.9% yoy in February). Tax revenues increased owing to wage growth, high imports, weakening of the hryvnia exchange rate in previous periods, as well as an increase in excise tax rates on fuel and corporate income tax for banks. In Q1, revenues were 1.8% yoy higher than last year, despite a decrease in the special fund revenues
- Expenditures returned to growth in March (by 23% yoy) after two months of reduction. However, overall in Q1, they were 1.6% yoy lower than last year given the high comparison base (last year, expenditures increased by 39% yoy). Main spending directions were defense and security, infrastructure restoration, and social and humanitarian programs



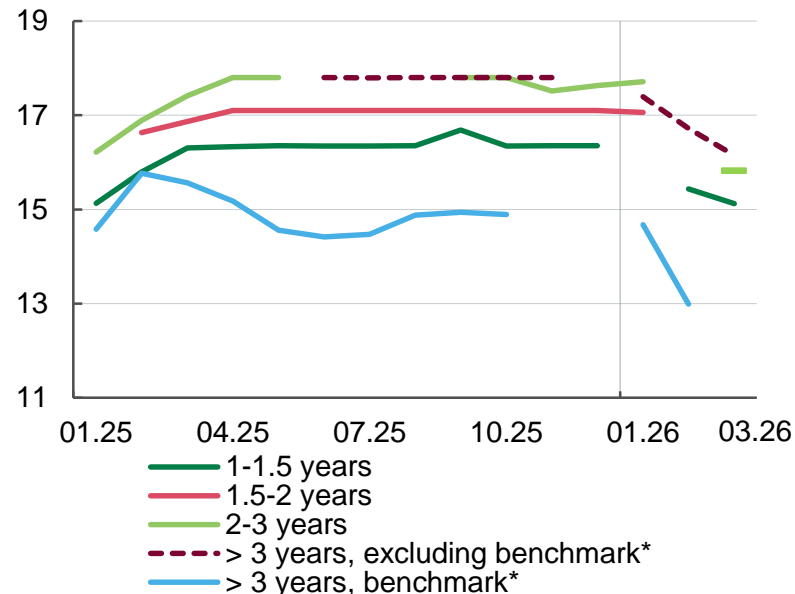
Ukraine: Monetary sector

Given the significant increase in risks in March, the NBU refrained from further reduction of the key policy rate...

Interest rates on NBU open market operations and Ukrainian OverNight Index Average (UONIA), %



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



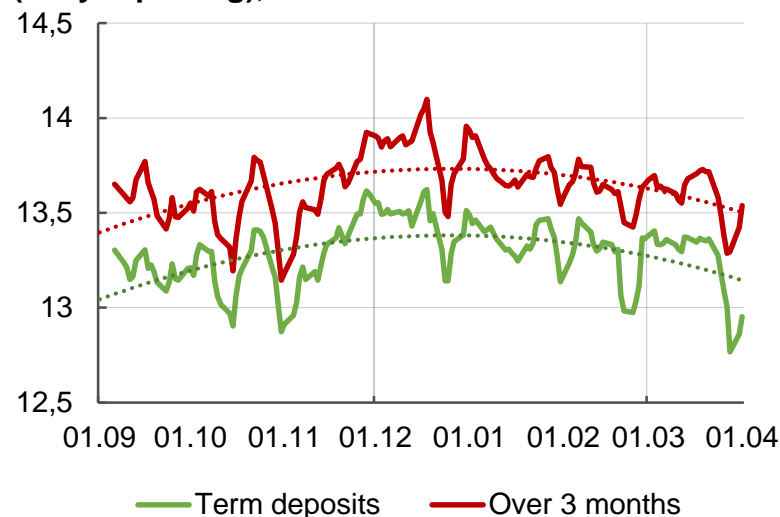
* Included in the list of domestic government debt securities that banks can use to partially meet the reserve requirements.
Source: NBU staff estimates.

Source: NBU.

- To maintain the sustainability of the FX market and the controllability of inflation expectations and processes, **the NBU kept the key policy rate at 15%**
- At the same time, amid robust demand for hryvnia government securities, the **Ministry of Finance continued to cut yields on domestic government debt securities in the primary market**

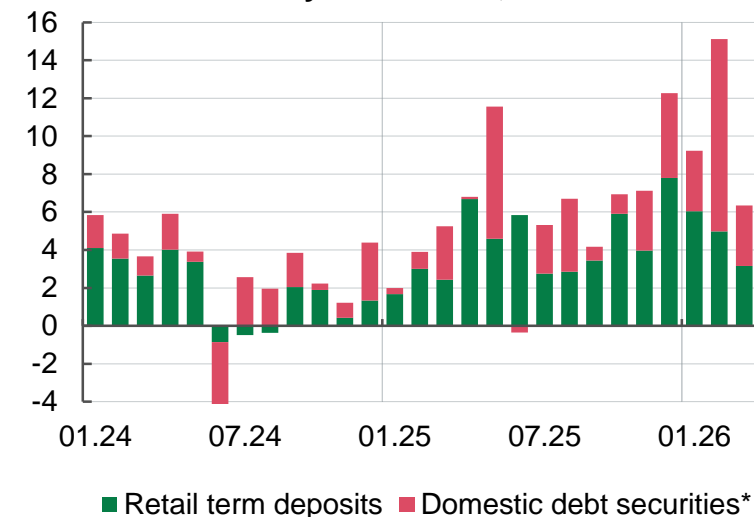
... which helped maintain interest in hryvnia deposits and government debt securities

Weighted average rate* on retail hryvnia deposits (daily reporting), %



* 5-day moving average.
Source: NBU.

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

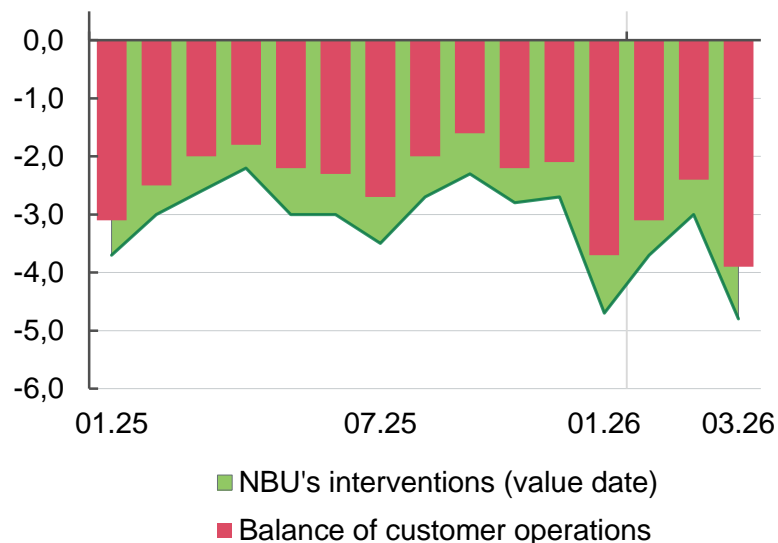


* At outstanding nominal value.
Source: NBU.

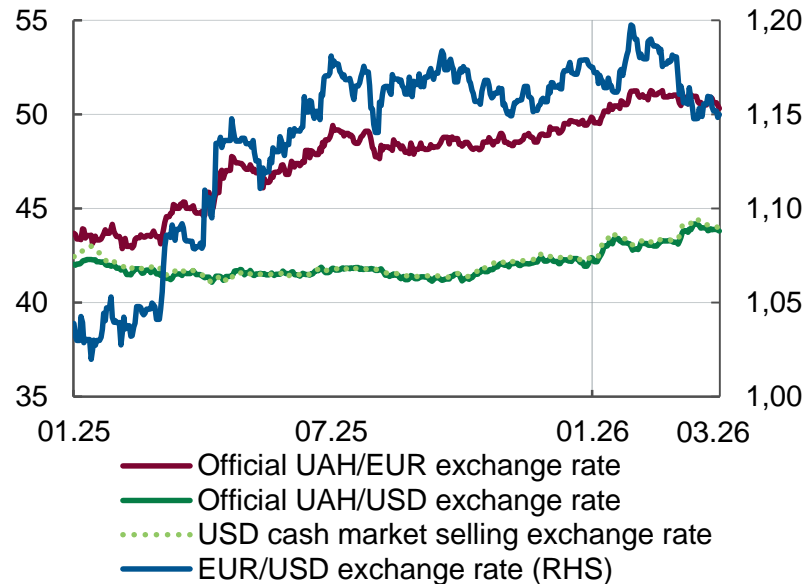
- Due to deteriorating public expectations and the suspension of the NBU's interest rate policy easing, **banks predominantly refrained from reducing interest rates on hryvnia deposits**. In March, the weighted average rate remained virtually unchanged (only rates on short-term deposits showed a slight decline)
- Demand for hryvnia assets in March remained higher than last year's levels**, although it declined compared to previous months. The amount of hryvnia-denominated retail term deposits and the portfolio of hryvnia-denominated government debt securities of individuals increased by UAH 3.2 billion over the month

In March, net FX demand and the NBU's FX sales increased

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



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



Source: NBU.

Source: NBU, ECB.

- Amid rising geopolitical uncertainty, **net FX demand increased in both the non-cash and cash segments**. As a result, the NBU increased its FX sales in the interbank market to USD 4.8 billion (data as of the deal date)
- Against the backdrop of deteriorating market conditions and the appreciation of the U.S. dollar in global financial markets, **the average official exchange rate of the hryvnia against the U.S. dollar weakened by 1.6%, while against the euro it slightly strengthened (by 0.6%)**
- The spread between the cash selling and official exchange rates for the U.S. dollar and euro remained negligible (0.6% and 0.7%, respectively)**