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The key takeaways from KSE Institute’s November 2025 Ukraine Monthly Economic Update are: Economic activity remained uneven, with agriculture contracting and industry broadly flat, while construction continued to support growth. The external position weakened further as the trade deficit widened to USD 35.4 billion from January to September, driven by subdued exports and surging machinery imports for defense and energy-related repairs. Large official inflows offset these pressures, lifting international reserves to a record USD 49.5 billion, with the exchange rate depreciating to ~42 UAH/USD. Fiscal performance remained highly dependent on donor support, with USD 36 billion in loans and grants financing most of the budget needs. Revenues slightly exceeded planned levels, but rising defense spending increased the debt. Inflation slowed to 10.9% in October, but underlying pressures remain elevated, prompting the NBU to keep the key rate at 15.5% amid continued FX and energy-related risks. Key vulnerabilities include mounting electricity shortages from intensified Russian strikes, uncertainty over the EUR 140 billion reparations loan, and governance concerns following a major corruption scandal in the energy sector.

Real Sector	Agricultural output in October 2025 declined (-12.4%) due to delayed harvests, reduced arable land resulting from occupation and field mining, and adverse weather conditions. In September, industrial output broadly stabilized at the 2024 level but with contrasting dynamics: mining inched up (0.4%) after a sharp early-year slump thanks to gradual infrastructure restoration, while processing fell by 1.3%, ending a four-month recovery amid growing supply and energy constraints. Several subsectors weakened further: food, beverages, and tobacco (-9.9%) deepened their previous losses; textiles, clothing, and leather (-3.8%) lost their momentum; oil refining (-5.4%) reversed the gains made in July and August; and pharmaceuticals slowed to 8.1% (from 28.6% in August). By contrast, metallurgy (10.6%) and non-metallic minerals (27.4%) remained strong, driven by demand for construction materials; chemicals returned to positive growth (2.4%) after a sharp drop; and mechanical engineering stayed slightly positive (1.2%), supported by a 38.5% surge in electronics and optical goods, even as machinery (-6.9%) and electrical equipment (-3.5%) declined, underscoring the fragmented recovery. Energy shortages, skilled labor deficits, and accumulated wartime capacity losses continue to limit the pace of the industrial rebound. The construction sector remains one of the main growth drivers. Output rose by 22.6%, led by a 35.7% increase in non-residential construction (industrial, warehouse, and commercial facilities, including relocation projects) and an 18.1% rise in residential, in relatively safe regions. Engineering and infrastructure works grew by 16.3%, a slower pace than in the summer due to long project cycles and proximity to conflict zones. The sector continues to be supported by public housing and critical infrastructure recovery (pipelines, bridges), as well as preferential mortgage and grant programs.
External Sector	Ukraine’s trade deficit reached USD 35.4 billion over January-September—USD 5.0 billion higher than in the previous month and USD 12.2 billion higher than the corresponding period in 2024—on the back of subdued exports (-4.0%) and soaring imports (21.2%). Lower exports primarily come from food products (USD -1.7 billion, -9.4%) and mineral products (USD -0.3 billion, -10.6%). Exports from other sectors grew by USD 0.9 billion (9.9%). Imports grew across all key sectors but especially in machinery, where they increased by USD 6.2 billion (35.8%) as defense, capital investment, and reconstruction—particularly of the gas and energy systems—gained steam. In January-September, the services balance reached USD 4.5 billion, the primary income balance was USD -0.9 billion, and the secondary income balance was USD 15.8 billion. With non-resident inflows of USD 29.4 billion (112% more than last year, partially due to debt restructuring in 2024 that created ‘outflows’ of USD 5.3 billion) and resident outflows of USD 3.2 billion (71% less), there was a reserve gain of USD 2.3 billion over the nine months of 2025 (and a gain of USD 0.5 billion in September alone).

Fiscal Sector

In January-October, the **external and domestic financing** of the state budget totaled **UAH 1.50 trillion** (USD 36 billion), driven primarily by **foreign loans** of **UAH 1.15 trillion** (USD 27.7 billion) and grants of **UAH 346.8 billion** (USD 8.3 billion). **Revenues** of the general fund amounted to **UAH 2.10 trillion** (exceeding the plan by **3.6%**), supported by higher-than-expected corporate profit tax receipts and **stable PIT and military levy** collections, which matched the revised annual targets after a mid-year upward plan adjustment of **UAH 56 billion**. **Import VAT** remained weaker than projected, as taxable imports accounted for only **76%** of total imports in 2025, compared to **83%** in 2024. **Expenditures** reached **UAH 3.16 trillion**, slightly below the updated plan, reflecting recurring within-year revisions and substantial increases in **defense and security** allocations introduced in October (**+UAH 303 billion** for the general fund). The cumulative **deficit** over ten months was financed largely through foreign sources, with **UAH 210.8 billion** in external loans received in October alone, including **EUR 4 billion** from the EU's **ERA** mechanism. **State and state-guaranteed debt** continued to expand, with **domestic borrowing** reaching **UAH 473.5 billion** year-to-date and banks holding **48.4%** of all domestic government bonds by the end of October.

Inflation

In October 2025, Ukraine's **headline inflation** slowed to **10.9%**, down from **11.9%** in September, maintaining a disinflationary trend. While **vegetable prices** dropped by a sharp **21.5%** due to a high base effect during the arrival of the "borshch set" harvest (important for building household expectations), inflationary pressure remains strong in the production sector; **processed food production prices** rose by **15.6%**. **Core inflation** eased to **10.2%**, and **services inflation** decelerated to **13.8%**, indicating some stabilization in broader cost pass-throughs. However, preliminary data for November points to renewed risks in the energy sector: while **fuel prices** grew by a moderate **3.9%** in October, market forecasts for November indicate a potential rise of **2.0–2.5 UAH per liter** for **diesel** and roughly **1.5 UAH** for **gasoline**, driven by a resource shortage in Europe and rising procurement costs.

Monetary Policy

The National Bank of Ukraine maintained the **policy rate** at **15.5%** on October 24, citing the intensification of pro-inflationary risks and high inflation expectations, despite a decline in inflation in recent months. The NBU will maintain a tight monetary policy to preserve the stability of the currency market and the attractiveness of hryvnia-denominated savings, and to ensure a sustained **decline in inflation** to the **5%** target. New **lending rates** in September 2025 fell by **0.1%** to September 2024, while the **volume of loans** **expanded** by **31%**, primarily driven by **household borrowing** amid rising consumer confidence. **Deposit volumes** fell by **23%**, while the **average rate** increased by **2.6%**, largely reflecting a withdrawal of corporate funds. This indicates a move toward actively executing projects and making investments, as organizations choose to put their available liquidity to work rather than leave it sitting idle. **Government bond holdings** remained relatively stable compared to September 2025, yet increased by **7.2%** from October 2024, with **households' bond holdings** increasing by **56.2%** as they surpassed classic deposits.

Exchange Rate

In October, the **hryvnia** depreciated from **41.2 UAH/USD** at the beginning of the month to **42 UAH/USD** by its end, driven by a globally strengthening US dollar (**DXI index** rising by **~0.4 pts**). To stabilize the market, the NBU reduced **interventions** to **USD 2.9 billion** (from **USD 3.4 billion** in October 2024). Despite these significant sales, **international reserves** reached a record **USD 49.5 billion** by November 1, secured by **USD 6.4 billion** in **external official financing**—predominantly from the EU and World Bank—which fully covered the central bank's interventions. Market commentary attributes this persistent demand to seasonal fuel procurement by energy importers and a reaction to the global dollar rally, evidenced by a sharp spike in retail activity: **net foreign currency purchases** by the population nearly doubled in October to **USD 750 million** (up from **USD 380 million** in September), marking the highest monthly volume since early 2025.

Labor	Average nominal wages grew from USD 532 in September 2024 to USD 645 in 2025 (real UAH growth is 9.6% and to ~21.5% of the EU average), reinforcing the continuous upward trajectory as labor force scarcity continues to induce pressure, including via the 18-22 law (allowing for 18-22 Ukrainians to leave the country freely) adopted in August 2025. IER business survey-based estimates on the difficulty of finding qualified labor improved to 0.47 points and for unqualified to 0.30 points in October 2025, yet still above 2024 averages. Significant nominal wage growth in September took place in education, up 17.1% from the previous month after a -10% drop in August, as the new academic year commenced, while high-income sectors (IT, finance, air transport) experienced a continuous decline.
Reforms	Reforms in October were focused on fiscal adjustments. Teachers in frontline areas are now entitled to a monthly supplement, and support for foster care and adoptive parents has been expanded under the “money follows the child” model, critical to ensuring the effectiveness of support and the quality of state institutions. Wage-compensation schemes for employers hiring IDPs were extended to six months, while financial support for entrepreneurs in high-risk areas was strengthened through loans at 1-3% per annum. Micro-grant amounts for starting a business were increased to up to UAH 100,000 for registering as a sole proprietor, up to UAH 200,000 for creating one job, up to UAH 500,000 for two jobs, and up to UAH 1,000,000 for four jobs. Also, a payment for a fallen or missing warrior was increased to UAH 1,000,000. In the energy sector, fixed gas prices for district-heating companies and public institutions were prolonged until March 2026. The national energy-saving target for 2030 was set at 304,000 tonnes of oil equivalent. An additional UAH 6 billion was allocated from the reserve fund for protecting critical infrastructure and ensuring uninterrupted railway operations under wartime conditions.
Risks	Key risks to Ukraine’s economy in October stem from fragile growth and rising external and energy-sector pressures. Persistently weak net exports and a rapidly widening trade deficit, financed largely by official inflows and NBU interventions, leave the hryvnia and the external position highly sensitive to any delays in donor support, including the EUR 140 billion reparations loan and upcoming IMF decisions. Escalating Russian strikes on gas and power infrastructure increase the likelihood of winter blackouts, production cuts, and higher energy imports, which would further widen the trade gap and amplify inflationary pressures. Monetary policy remains very tight for an economy with modest growth, yet pro-inflation risks are increasing due to potential exchange-rate adjustment, higher energy and food prices, and deteriorating expectations. At the same time, signals about a future easing cycle, combined with devaluation pressures, risk unanchoring expectations by reinforcing the perception of stronger inflation ahead.
Focus Areas	Key areas that warrant further attention are: (1) Intensified Russian strikes on energy infrastructure led to a collapse of Ukraine’s October electricity exports (-85%), while imports surged 2.5 times, underscoring the deepening winter energy deficit and growing pressure on the trade balance, with ongoing outages already in November. (2) Ukraine is urging the EU to make a decision in December on the EUR 140 billion reparations loan backed by frozen Russian assets, as failure to approve it soon risks leaving a major financing gap in early 2026 amid uncertain U.S. aid; Norway-backed support on the issue may help. (3) The government’s planned “winter support” payment of UAH 1,000 to ~15 million Ukrainians is drawing criticism from the Ministry of Finance over the loss of targeted social spending. (4) A high-profile corruption scandal involving alleged USD 100 million in kickbacks in the energy sector, involving two cabinet ministers, can lead to tense relations with foreign partners. Ukraine will still require sustained external support despite governance concerns.

Monthly data

	1M 24	2M 24	3M 24	4M 24	5M 24	6M 24	7M 24	8M 24	9M 24	10M 24	11M 24	12M 24	1M 25	2M 25	3M 25	4M 25	5M 25	6M 25	7M 25	8M 25	9M 25	10M 25	11M 25	12M 25
Economic activity																								
Retail trade turnover, USD bn	4.1	4.2	4.5	4.3	4.4	4.3	4.5	4.6	4.5	4.6	4.7	5.3	4.4	4.4	5.0	5.0	5.1	5.2	5.3	5.6	5.4			
Mining, production index	11.9	12.4	2.4	5.4	0.7	3.7	-3.7	0	0.6	4.6	3.5	2.5	-0.8	-24.5	-19.8	-17.5	-7.8	-5.6	-1.7	-4.1	0.4			
Manufacturing, prod. index	21.7	17.3	7.7	21	9.3	2	3.8	-1.8	7.3	3.2	0.1	-2.6	-4.8	-4.6	0.3	-4.5	0.8	5.7	3.8	1.9	-1.3			
Construction, prod. index	20.8	27.4	76.0	59.7	46.4	20.4	17.7	-3.3	5.9	35.2	3.0	-6.7	6.1	6.0	-28.7	-20.6	5.3	44.5	44.5	24.4	22.6			
Cargo transported, % y-o-y	28.8	23.5	20.9	16.9	19.4	6.0	3.2	-3.4	0.6	0.8	-3.6	-6.6	-11.1	-13.4	-25.1	-23.7	-6.3	0.7	-7.5	-1.4	2.8			
External accounts, USD bn																								
Goods balance	-1.7	-1.7	-2.7	-2.7	-2.4	-3	-3.3	-2.8	-3	-2.8	-2.9	-4.1	-3	-3.1	-4	-3.6	-3.7	-4.4	-4.5	-4.1	-5.0			
Goods exports	3.4	3.4	3.3	3.4	3.4	2.8	3.0	3.2	3.0	3.7	3.5	3.2	3.0	3.0	3.5	3.2	3.4	2.9	3.1	2.9	3.0			
Goods imports	5.1	5.1	6.0	6.1	5.8	5.8	6.3	6.0	6.0	6.5	6.4	7.3	6.0	6.1	7.5	6.8	7.1	7.3	7.6	7.0	8.0			
Services balance	-0.4	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.6	-0.3	-0.4	-0.4	-0.4	-0.6	-0.5	-0.6	-0.6			
Primary income balance	0.3	-0.3	0.0	0.2	0.0	0.1	0.2	-0.2	0.1	0.0	-0.3	0.0	-0.2	-0.2	0.0	0.1	0.0	-0.2	-0.2	-0.2	0.0			
Secondary income balance	1.0	1.8	1.1	0.9	1.0	0.9	1.1	6.4	1.0	1.2	2.3	4.7	1.0	0.8	3.1	2.4	0.7	2.0	1.1	2.4	2.3			
Non-res. capital flows	1.5	0.5	9.3	1.6	-0.2	2.7	0.3	-2.0	0.2	0.9	6.3	5.5	3.9	-0.6	4.8	5.9	1.9	3.9	1.8	4.9	3.0			
o/w foreign direct invest.	0.6	0.6	0.8	0.5	0.3	0.4	0.2	0.2	-0.1	0.2	0.1	0.1	0.3	0.2	0.2	0.2	0.0	0.2	0.2	0.2	0.2			
o/w loans to public sector	0.3	-0.2	8.2	0.8	0.0	1.7	2.2	2.7	-0.8	1.3	5.2	6.2	3.0	-0.3	3.4	5.3	1.0	2.6	1.7	4.4	1.2			
Resident capital flows	2.5	1.3	1.0	1.0	1.5	1.2	0.8	1.1	0.8	2.1	1.5	2.0	2.4	-0.4	1.3	0.8	0.3	-0.4	0.2	-0.3	-0.6			
Reserves (eop), USD bn	38.5	37.1	43.8	42.4	39.0	37.9	37.2	42.3	38.9	36.6	39.9	43.8	43.0	40.1	42.4	46.7	44.5	45.1	43.0	46.0	46.6	49.5		
Fiscal accounts, UAH billion																								
Budget revenues	155	243	244	204	229	242	170	449	234	179	303	472	283	253	390	340	275	327	227	315	302			
Budget expenditures	170	323	348	314	390	389	314	367	361	373	429	707	354	413	398	391	430	432	360	460	401			
o/w defense & security	65	162	197	154	206	202	157	161	198	182	219	404	233	242	225	198	227	217	185	276	224			
Budget rev. (general fund)	116	189	164	155	152	138	118	387	123	129	220	286	128	133	321	275	205	241	164	243	209	186		
Budget exp. (general fund)	150	275	268	253	312	287	264	286	249	313	341	492	214	324	318	330	353	337	296	334	313	340		
Budget balance, USD bn	-0.4	-2.1	-2.7	-2.8	-4.1	-3.6	-3.5	2.0	-3.1	-4.7	-3.1	-5.6	-1.7	-3.8	-0.2	-1.2	-3.8	-2.5	-3.2	-3.5	-2.4			
Inflation, monetary policy, exchange rate, and the financial sector																								
Headline inflation, % y-o-y	4.7	4.3	3.2	3.2	3.3	4.8	5.4	7.5	8.6	9.7	11.2	12.0	12.9	13.4	14.6	15.1	15.9	14.3	14.1	13.2	11.9	10.9		
Core inflation, % y-o-y	4.6	4.5	4.2	4.4	4.4	5.0	5.7	6.5	7.3	8.3	9.3	10.7	11.7	12.0	12.4	12.1	12.3	12.1	11.7	11.4	11.0	10.1		
PPI, % y-o-y	10.3	7.7	-0.2	4.9	14.8	26.7	33.3	31.2	27.1	24.5	24.1	27.6	32.5	37.0	51.9	41.6	28.9	13.1	4.7	7.3	1.3			
Policy rate, % (eop)	15.0	15.0	14.5	13.5	13.5	13.0	13.0	13.0	13.0	13.0	13.0	13.5	14.5	14.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5		
Exch. rate, UAH/USD (avg)	37.9	37.9	38.6	39.3	39.7	40.4	40.9	41.1	41.2	41.2	41.3	41.7	42.1	41.6	41.4	41.4	41.5	41.5	41.7	41.4	41.3	41.6		
Exch. rate, UAH/EUR (avg)	41.4	41.0	42.0	42.3	42.9	43.6	44.4	45.3	45.8	45.0	44.0	43.7	43.6	43.4	44.7	46.4	46.8	47.8	48.8	48.1	48.4	48.5		
Interventions, USD bn	-2.5	-1.5	-1.8	-2.3	-3.1	-3.0	-3.3	-2.7	-3.2	-3.4	-2.7	-5.3	-3.7	-3.1	-2.6	-2.2	-2.9	-3.0	-3.4	-2.7	-2.3	-2.9		
Total loans granted, USD bn	26.2	26.2	26.2	26.0	26.2	26.1	26.3	26.5	26.8	26.8	27.1	26.5	26.3	26.9	27.6	28.1	28.6	29.1	29.6	30.5	30.0			
Total deposits held, USD bn	62.0	62.6	62.8	62.9	63.3	62.9	62.4	62.0	62.1	63.0	63.2	66.5	64.7	65.6	66.5	68.0	67.6	68.6	68.2	68.8	70.0			
Dom. sov. bonds, USD bn	41.9	41.9	41.5	41.4	40.9	40.4	40.3	40.6	41.7	42.5	43.7	44.6	44.0	44.1	44.2	44.2	44.5	44.2	44.7	45.3	45.4	45.6		
Labor market and wages																								
Nominal wage, USD	499	497	488	532	527	517	535	532	532	585	584	578	557	563	565				634	625	645			
Real wage growth, % y-o-y	17	17.4	18.7	18.3	18.2	16.5	16.1	13.8	12.7	14.5	12.9	12.1	9.9	9.4	8.3				5.8	4.3	8.4			

Quarterly data

	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25		Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25
Nominal GDP, USD bn	42.7	43.7	50.9	52.9	46.1	48.7			Real priv. consumption, %	6.6	7.9	8.8	4.2	1.6	9.0		
Real GDP growth, %		6.8	4.0	2.2	-0.1	0.9	0.7		Real gov. consumption, %	7.3	-7.3	-11.2	-2.8	6.6	-0.5		
Inflation expect. analysts, %	8.1	7.2	7.3	7.4	7.8	7.8	7.3		Real investment, %	-21.8	78.2	6.6	1.7	67.0	16.7		
ER expect. analysts, UAH/USD	40.7	42.3	43.7	44.5	45.2	44.6	44.6		Real exports, %	7.9	11.5	13.4	8.5	-17.8	-15.7		
Unemployment rate, %	14.6	13.4	12.6	11.9	11.5	11.1			Real imports, %	-1.2	16.4	7.9	8.9	8.7	4.5		