INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING

Monthly Economic Monitoring of Ukraine

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Executive summary

- According to the Ukrstat, real GDP grew by 2.1% yoy in the third quarter of 2025. Government consumption increased substantially.
- According to IER estimates, real GDP growth accelerated to 3.6% yoy in November due to later corn harvesting than in 2024. At the same time, industry reduced production because of energy infrastructure destruction.
- Restrictions on NPP power output due to shelling in November amounted to up to 1,200 MW.
- In November, Ukraine increased electricity imports by 15% mom to 415 thousand MWh, while electricity exports in November decreased by 94% mom.
- As of November 30, Ukraine's underground gas storage facilities held 8.46 bn m³ of natural gas, which is 2% less than in October.
- Over 162 million tons of cargo passed through the Ukrainian Sea Corridor, of which approximately 98 m tons were grain, involving about 7,000 vessels.
- In November, rail grain exports amounted to 2.57 m tons, which is 23% more than in October, but roughly matches the November 2024 figure.
- Exports decreased slightly, while imports remained high.
- Staff level agreement was reached on new IMF program: it is intended to become an anchor for international aid in the coming years.
- The EU approved a decision to provide assistance to Ukraine in the amount of EUR 90 bn in 2026-2027.
- In November, inflation was 9.3% yoy and for the first time in a year fell below 10%.
- NBU reserves set a new record at USD 54.7 bn.

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GDP and Real Sector: GDP Grew by 2.1% yoy in Q3 2025

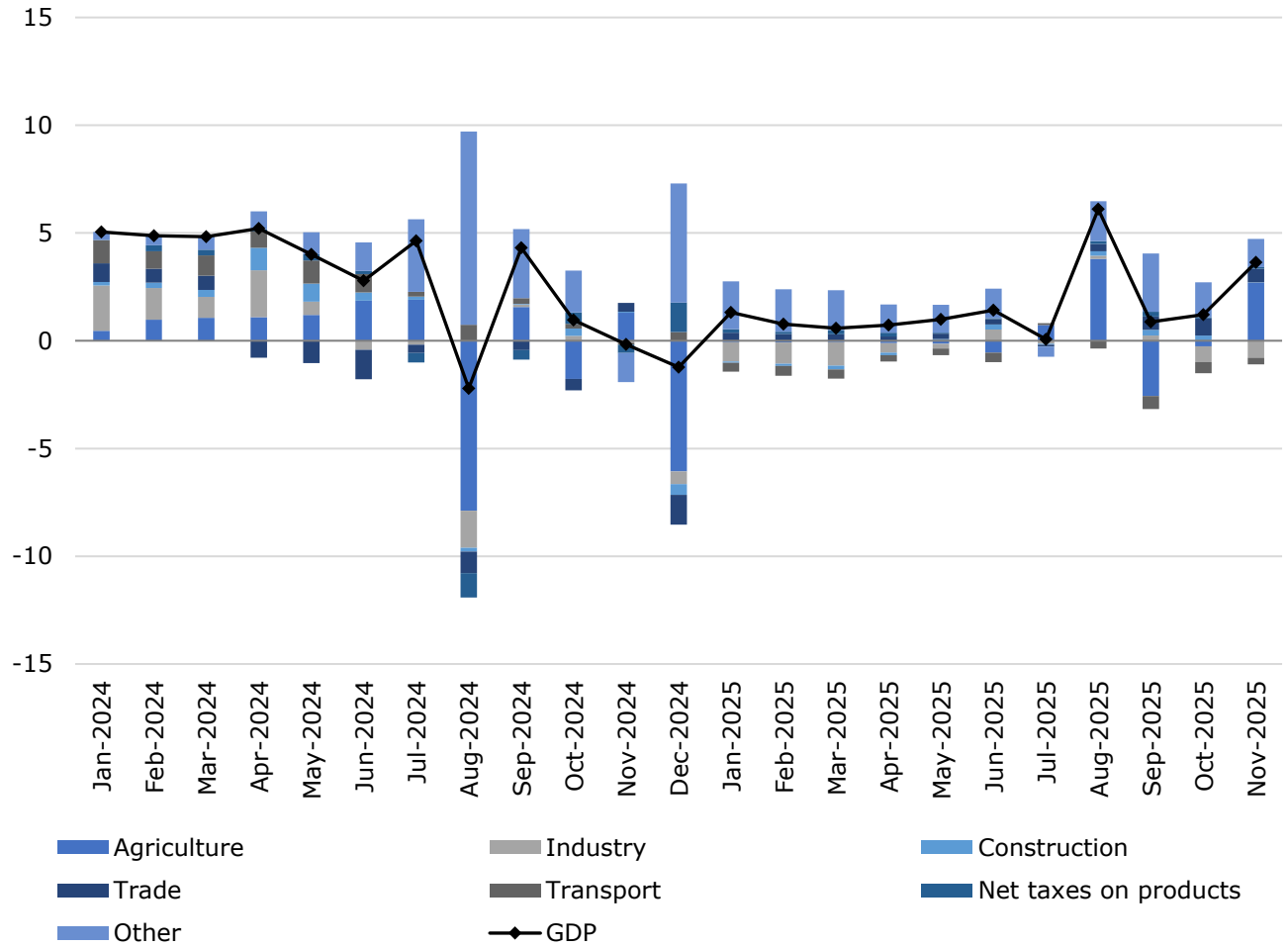
***Ukrstat**:* According to the Ukrstat, real GDP in Q3 2025 grew by 2.1% yoy, which is close to our estimate of 2.3% yoy. However, the structure of growth differed somewhat from our expectations. On the demand side, real government consumption increased by 12.2% yoy, while real private consumption rose by 6.7% yoy. High volumes of government consumption may reflect defense spending and military aid inflows, while large private consumption may be related to demand for energy equipment. Real exports decreased by 15.4% yoy, while imports increased by 10.5% yoy. The decline in real exports reflects the absence in 2025 of grain stocks harvested in previous years, which supported exports in 2023-2024.

According to the Ukrstat, in October, the extractive industry fell by 20.2% yoy due to destruction caused by russian attacks on gas, coal, and ore extraction enterprises. Due to the destruction of energy infrastructure by russian drones and missiles, access to electricity deteriorated: 19% of enterprises in the IER survey indicated this as an obstacle to operations in October compared to 4% in September. At the same time, high demand for metallurgical products, particularly in the domestic market, contributed to metallurgy growth. Machine building grew due to the increase in defense and related industries. Overall, manufacturing increased by 0.1% yoy. Electricity imports supported the electricity and gas supply sector, which grew by 2% yoy.

IER Estimate: The economic situation deteriorated in November and early December due to continuous russian shelling of energy and railway infrastructure. However, due to the positive contribution of agriculture, real GDP is estimated to have grown by 3.6% yoy. Specifically, we estimate that real gross value added (GVA) in agriculture increased by approximately 36% yoy. This is primarily the result of later corn harvesting than in 2024.

Growth in November, as in the third quarter, was also supported by defense procurement. Real GVA growth in trade of 5.5% yoy is also expected to contribute to economic growth.

Figure 1 : Contributions to real GDP, p.p.



Source: IER estimate

At the same time, we estimate a decline in real GVA in the extractive industry of approximately 18% yoy due to further russian attacks on gas and coal extraction. Real GVA in manufacturing and energy decreased by 0.9% yoy and 0.2% yoy, respectively, due to problems with the access to electricity. In November, unlike previous months, russian attacks impaired the energy system's capacity to transmit electricity between different regions of Ukraine, which limited the role of imports in balancing electricity supply and demand.

The decline in real GVA in transport is estimated to have slowed to 6% yoy in November (from approximately 10% yoy in October). However, there is a risk of increased decline in December, as russia has intensified attacks on railway infrastructure and is destroying both rolling stock and tracks.

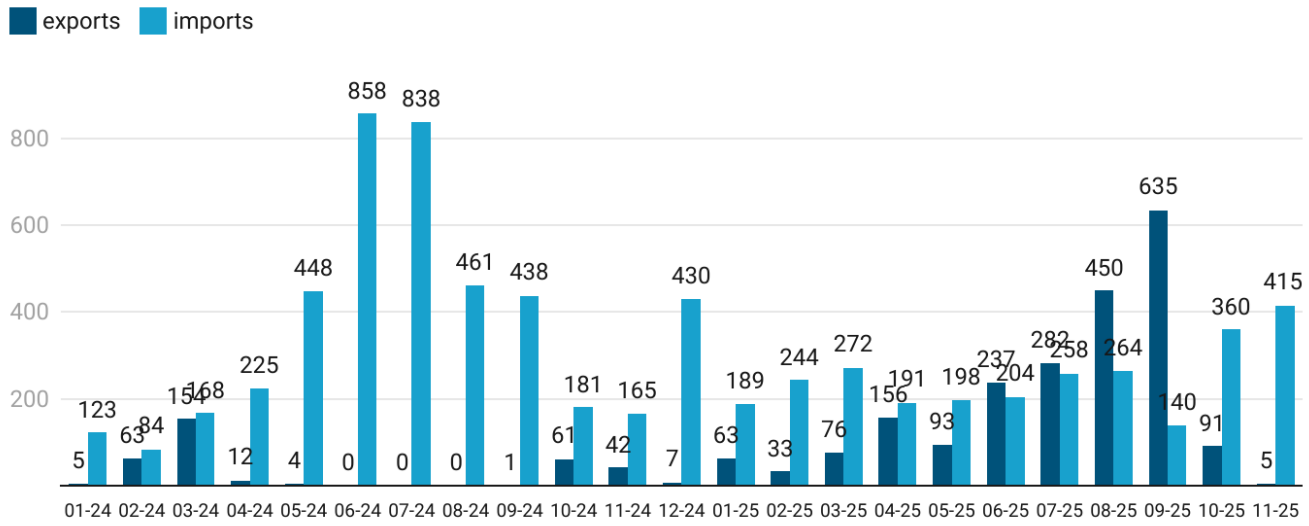
Energy: Attacks on substations force nuclear power plants to reduce electricity production

Electricity. Against the backdrop of a new large-scale russian strike on Ukraine, a dangerous situation has once again arisen around the Zaporizhzhia Nuclear Power Plant. On the night of December 13, the plant temporarily lost external power supply for the twelfth time since the beginning of the full-scale war due to military operations. Both power transmission lines were subsequently restored, but russia continues to pose a nuclear threat to Europe. At the same time, russia continues to attack other Ukrainian energy infrastructure facilities. According to IAEA reports, restrictions on NPP power output due to shelling in November amounted to up to 1,200 MW. On December 4, the Kherson CHP was shut down. Hourly blackout schedules were implemented across Ukraine. On December 9, the Government allowed state-owned companies and companies with at least 50% state ownership to import electricity. This should reduce the load on the system and increase its stability during peak hours. Imports will be coordinated with NEC "Ukrenergo."

In November, Ukraine increased electricity imports by 15% mom and 150% yoy to 415 thous. MWh. Hungary continues to hold the largest share at 44%. Compared to October, import volumes from Slovakia increased tenfold, and from Moldova doubled. Electricity exports in November decreased by 94% mom and 91% yoy to 5.2 thous. MWh. Electricity supplies abroad were completely halted from November 11.

On December 3, the Government urgently terminated the powers of a significant portion of the supervisory board members of key state energy companies: Centrenergo, GTS Operator, Market Operator, Ukrainian Distribution Networks, and Energy Company of Ukraine. New appointments are expected during December. This decision was a consequence of the exposure of corruption in the energy sector.

Figure 2: Electricity exports and imports in 2024-2025, thousand MWh



Note: Indicators are based on data on commercial electricity flows to/from Ukraine. Customs data may differ from these indicators.

Source: ExPro

Gas. As of November 30, Ukraine's underground gas storage facilities held 8.46 bn cubic meters (bcm) of natural gas, which is 2% less mom. The storage facilities are 27.7% full. According to Naftogaz, the company has imported approximately 4.4 bcm of gas since May.

Ukraine has secured nearly EUR 1.3 bn in international assistance for additional emergency gas purchases for winter. On December 10, the Ministry of Energy announced that Norway had provided EUR 127 m from this amount and also contributed over EUR 77 m to the Ukraine Energy Support Fund.

The Greek state-owned company DEPA Commercial signed a Declaration of Intent with NAK "Naftogaz of Ukraine" regarding natural gas supplies from December 2025 to March 2026. The agreement provides for the transportation of liquefied natural gas from the USA via Route 1, which is jointly provided by the transmission system operators of Greece, Bulgaria, Romania, Moldova, and Ukraine.

Transport: Shelling of logistics infrastructure

Maritime transport. In the second half of November and December, russia intensified attacks on port infrastructure in Odesa oblast (the ports of Izmail and Pivdennyi, energy facilities, and port areas). The Orlivka ferry complex resumed operations on December 1 in test mode after shelling. Attacks on civilian merchant vessels continue both in port and in Ukrainian territorial waters. On December 12 in Odesa, a ballistic missile hit a civilian cargo ship, setting fire to a container ship that had not been unloaded in time. On December 13, a russian kamikaze drone struck the wheelhouse of the Turkish vessel VIVA, which was heading to Egypt carrying Ukrainian sunflower oil. These attacks increase shipping risks and lead to rising insurance rates in the Black Sea (up to 0.5% of the vessel's value for entry into Ukrainian ports), which increases the cost of maritime transportation and risks for shipowners.

Despite this, the ports continue to operate. From August 2023 to mid-December 2025, over 162 m t of cargo have been transported via the Ukrainian Maritime Corridor, of which approximately 98 m t were grain, with the participation of about 7,000 vessels. Compared to early November, when the latest data were published, transshipment volumes over the past month and a half amounted to 7 m t, or 4.7 m t per month. For comparison, the average monthly transshipment in July-September was 5.5 m t.

Railway transport. Russia has intensified strikes on railway infrastructure, damaging stations, depots, contact networks, and rolling stock in several regions, particularly in Kyiv, Dnipropetrovsk, and Odesa oblasts. According to Ukrzaliznytsia, nearly 10 stations have been destroyed since the beginning of the full-scale invasion, and about 40 more facilities have sustained varying degrees of damage. As a result of the russian strike on Fastiv, 27 suburban train cars were destroyed. Full restoration of the Fastiv railway junction will cost at least USD 45 m. Despite this, train traffic is quickly restored in most cases, particularly thanks to the use of reserve diesel locomotives, the number of which UZ plans to increase.

For the 11 months of 2025, railways transported 26.45 m t of grain cargo (-28% yoy), of which 23.30 m t were in export traffic (-26% yoy). In November, grain exports by rail (including deliveries to ports) amounted to 2.57 m t, which is 23% more than in October, but nearly matches the November 2024 figure. This may indicate a growing share of railways in total grain exports, as according to customs data, grain crop exports in November totaled 3 m t and fell by 26% yoy. At the same time, 92% of grain cargo is transported toward ports, which confirms that maritime export remains the main channel for agricultural product sales.

Road transport. According to the State Statistics Service, in January-October 2025, road transport carried 102.4 m t of cargo (-5.4% yoy).

To support throughput capacity and ensure defense logistics, the government adopted a decision to allocate over UAH 1.7 bn for the maintenance of key road routes, primarily in frontline regions.

The gradual implementation of the Entry/Exit System (EES) for digitalization of external EU border crossing control is ongoing at checkpoints on the border with Poland, including Medyka-Shehyni (road/pedestrian) and Przemyśl (railway); the system does not yet cover all checkpoints. From December 10, EES launched at checkpoints on the Romanian border: in Dyakivtsi-Răcăuți, Krasnoilsk-Vicovu de Sus, and Dyakove-Halmeu. Porubne-Siret will join on January 9, 2026. From November 19, EES began implementation on the border with Hungary, particularly at the Chop-

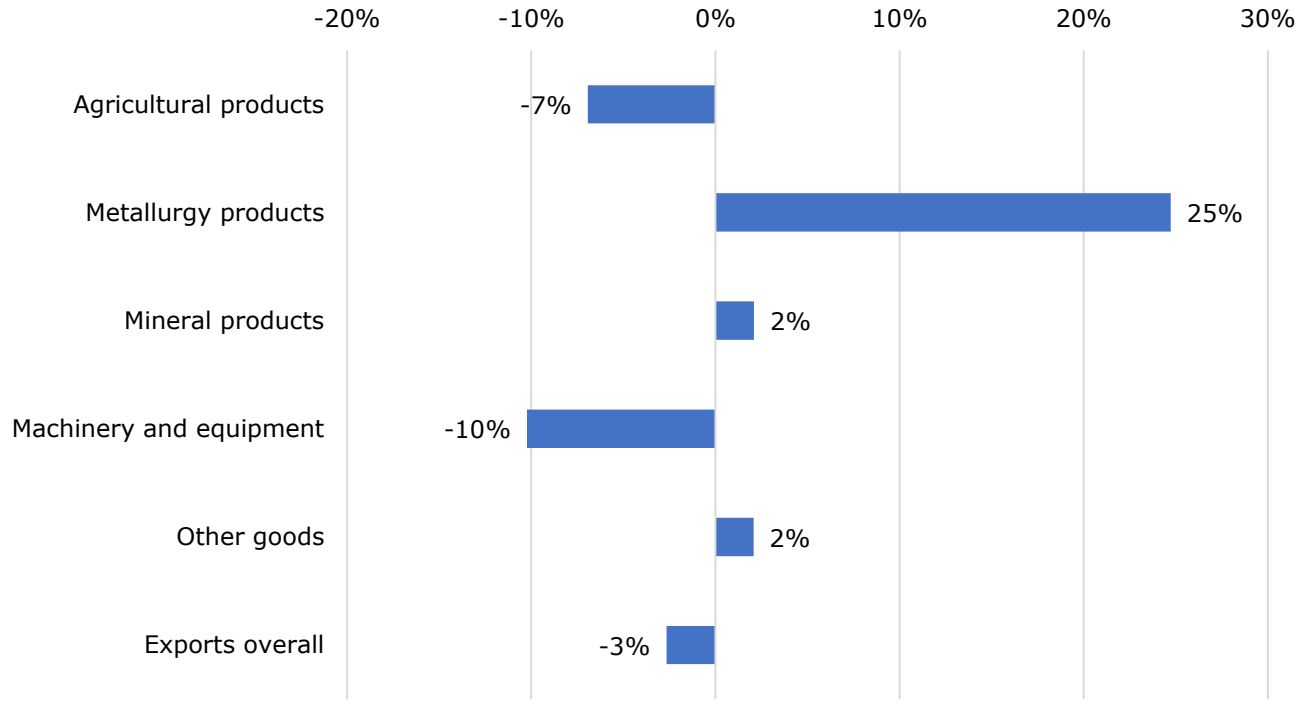
Záhony, Luzhanka-Beregsurány, and Vylok-Tiszabecs checkpoints. At the launch stage, additional procedures may temporarily affect the throughput capacity of road routes.

On December 12, the eQueue project for border crossing marks three years since its launch. The electronic queue for border crossing replaced physical waiting in line on the road. Over three years of eQueue operation, Ukrainian and foreign carriers have made over 2.6 m border crossings (over 2.3 m crossings by trucks, 329 thous. by buses). According to IER research, the average waiting time in queue after the system's launch decreased by 24% to 70%, with an average reduction in waiting time of approximately 22 hours per truck. With traffic of 200,000 trips per month and an estimated truck downtime cost of EUR 300 per day, the potential savings for businesses amount to about EUR 60 m per month.

External trade: Some decline in exports and consistently high imports

Exports of goods in November slightly decreased compared to October level which the highest this year. In annual terms, exports fell by 3% yoy to USD 3.6 bn. Exports of agricultural products increased to USD 2.16 bn. and was the largest this year but still fell by 7% yoy. The drop in annual terms reflected the lack of harvest stocks of previous years, unlike in 2024. The structure of agricultural exports reflected the harvesting of late crops where the largest exports were corn (-28% yoy in tonnes) and sunflower oil (-28% yoy in tons). Wheat exports also continued (-19% yoy y/y). Significantly higher export prices for sunflower oil than last year supported dollar export volumes. At the same time, exports of other types of agricultural products grew, in particular milk and dairy products, , although not enough to compensate for the decline in the main categories of agricultural exports

Figure 3:Exports of goods by main groups in November, % yoy



Source: Own calculations according to the State Customs Service

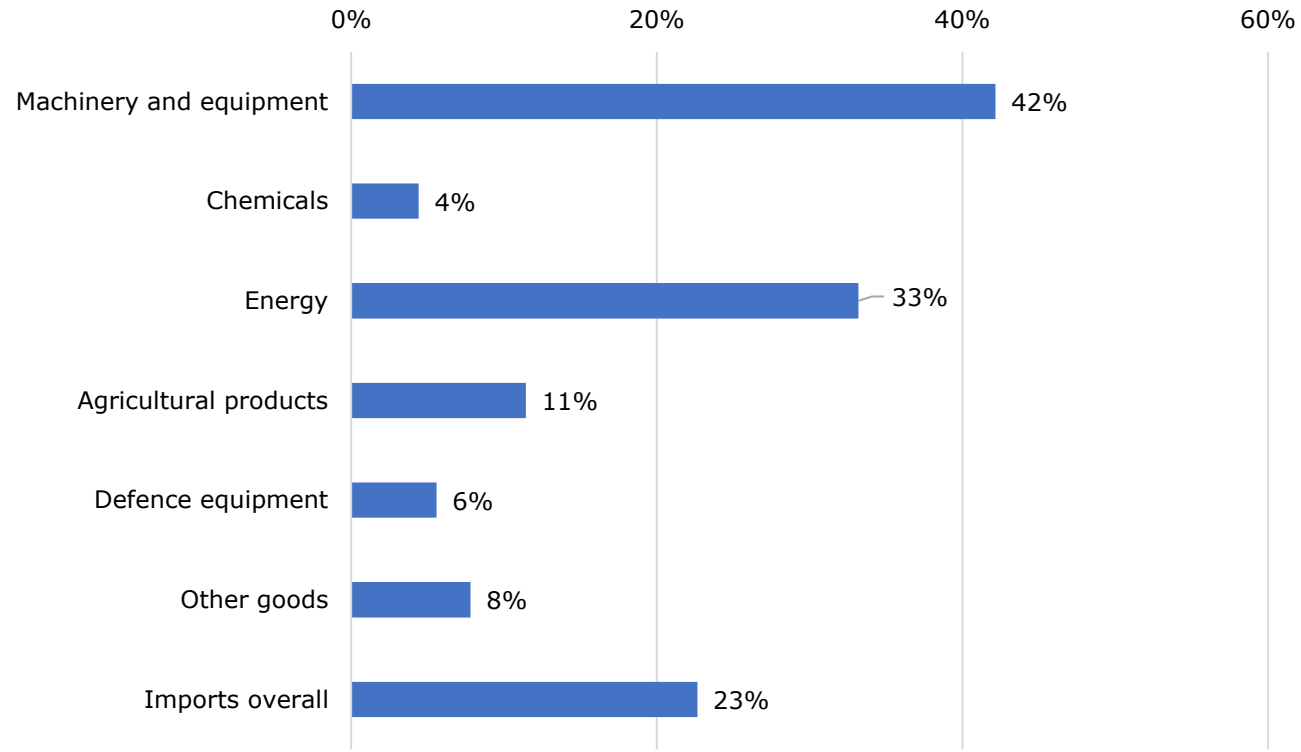
Exports of metallurgical products in November decreased compared to the October peak due to a seasonal decline in demand, but in annual terms it increased by 25% yoy to USD 393 m from a relatively low base of comparison. Exports of rolled products, semi-finished steel and pipe products increased, but exports of pig iron fell. Exports of machinery and equipment was the lowest since the beginning of the year and fell by 10% yoy, probably due to unstable electricity supply. In particular, the export of automotive wires and cables decreased significantly and exports of coffee machines and turbines remained significantly lower than last year. Exports of mineral products fell sharply compared to the October peak, but increased by 2% yoy to USD 258 million. Iron ore export volumes were the lowest this year and fell by 10% yoy, but crude oil exports that started in October

continued in November. Exports of other goods fell compared to October and was close to last year's level.

Imports of goods in November were close to October's and September's numbers and amounted to USD 7.6 bn with an increase of 23% yoy. Imports of machinery and equipment decreased slightly compared to October, but it still reached USD 3.2 bn. and increased by 42% yoy. Car imports continued to break records due to the end of tax exemptions for electric vehicles and the continued frontline needs. In November, passenger car imports increased 84% yoy and again became the largest import position, overtaking oil products (including gasoline and diesel fuel). Imports of defence and energy equipment, including drones and their components, also continued to grow.

Energy imports increased by 33% yoy due to a sharp increase in coal imports and an acceleration in natural gas customs clearance. At the same time, import in dollar terms reflected also significant decline in import prices for coal and gas compared to last year. Imports of other goods grew quite moderately.

Figure 4: Dynamics of imports of goods by main groups in November, % yoy



Source: Own calculations according to the State Customs Service

Fiscal Policy: New IMF Program, Complex Reforms, and Questions Regarding International Aid

Budget-2025: According to preliminary data, State Budget revenues in November amounted to UAH 321 bn, which is UAH 60.6 bn more than in October. The key reason is the receipt of the bulk of quarterly corporate income tax (CIT) payments, revenues from which amounted to UAH 53 bn (corresponding receipts in August were UAH 51 bn).

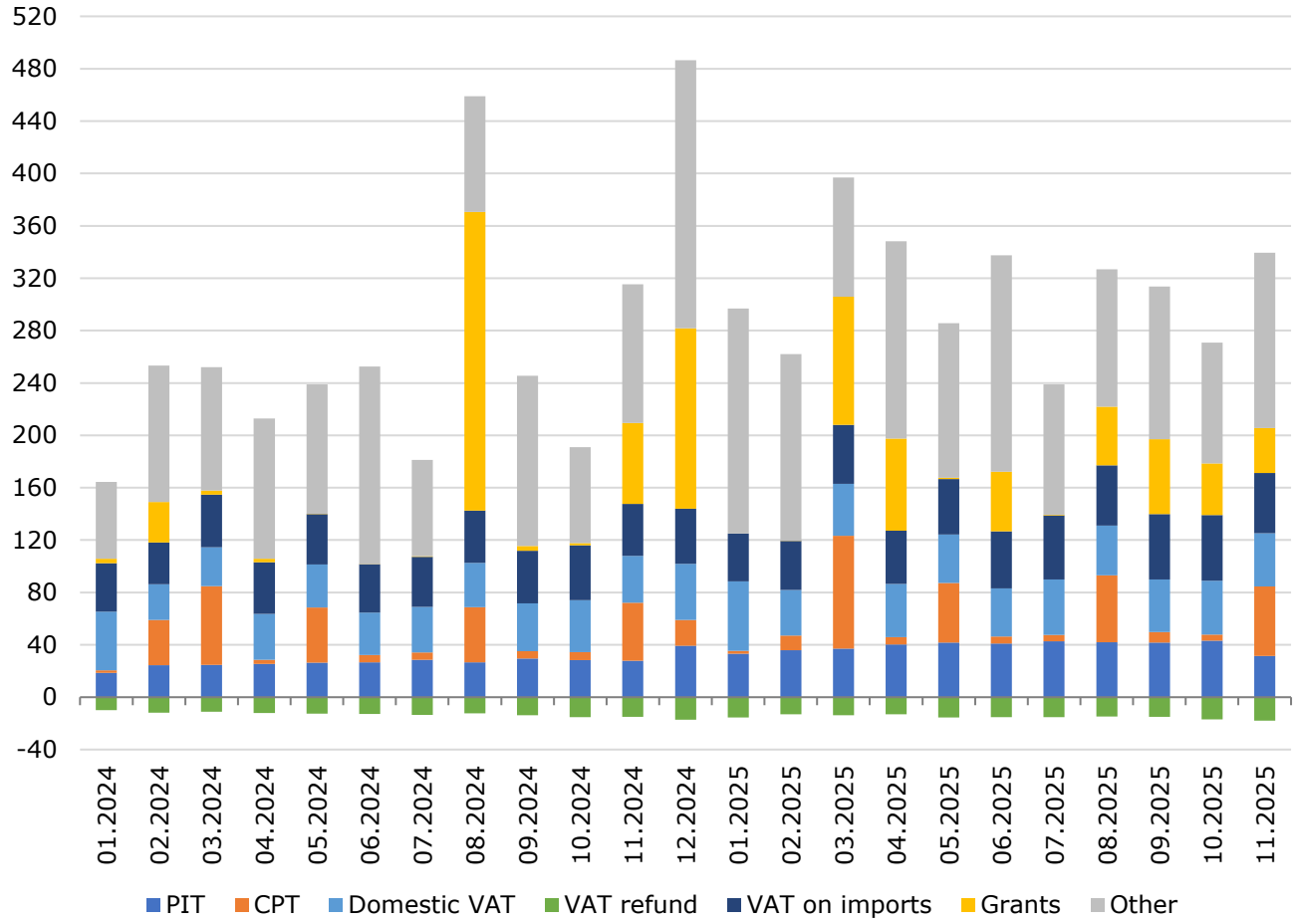
General fund revenues of the State Budget amounted to UAH 229.3 bn (UAH 186.4 bn in October) and were below planned targets. Receipts from the share of personal income tax (PIT) belonging to the state budget continued to grow: in November they increased by 38% yoy due to higher military tax and higher wages. Wages are likely growing not only due to the increase in minimum wage and labour shortages for a number of professions, but also de-shadowing. In particular, the requirement that the average wage at an enterprise exceed UAH 20,000 in 2025 to be able to reserve some draft-eligible employees contributed to partial de-shadowing of wages.

Gross domestic VAT receipts were slightly lower than in October and amounted to UAH 40.6 bn (+13.9% Yoy). At the same time, VAT refunds reached a record UAH 18 bn due to an increase in the amount of claims.

Import VAT revenues increased by 15.6% yoy to UAH 46 bn. They remained significantly below plan due to lower-than-expected taxable import volumes, as well as a stronger-than-expected hryvnia exchange rate.

In November, revenues in the form of grants amounted to only UAH 34.3 bn. This is below planned targets due to non-fulfillment of a number of Ukraine Plan indicators and correspondingly lower grant receipts from the EU.

Figure 5: State Budget Revenues, UAH bn



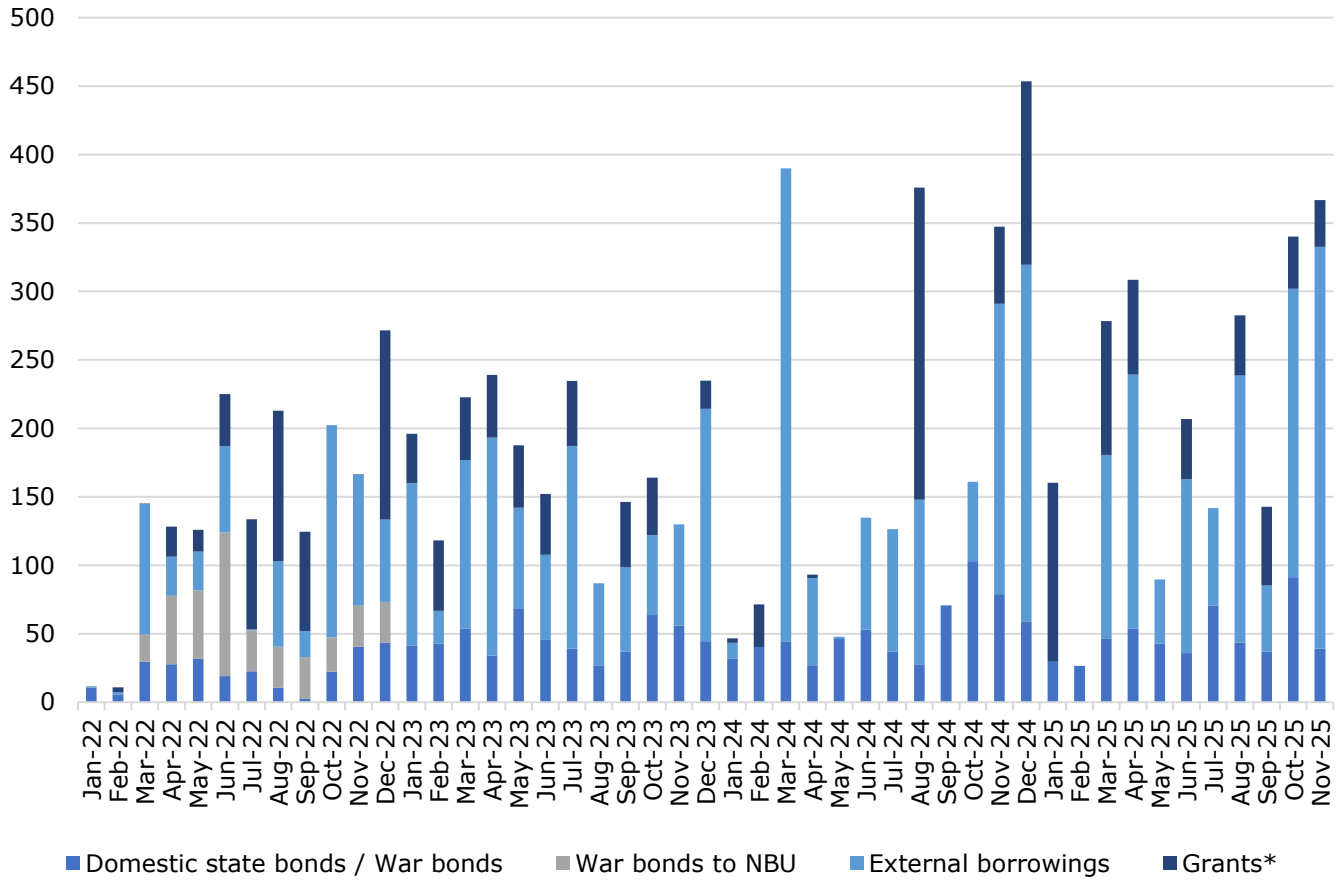
Note: November 2025 – PIT due to general fund of State Budget.
Source: Ministry of Finance

General fund central fiscal expenditures increased to UAH 380 bn, which is more than the average of previous months, but significantly below the revised plan. In December, expenditures will most likely rise sharply again, as traditionally happens in Ukraine. At the same time, Ukraine must maintain a sufficient buffer to finance expenditures at the beginning of the year, when external financing may be delayed.

Domestic bond placements decreased to approximately UAH 40 bn, while in October it was UAH 91 bn (including UAH 14.5 bn from placements on September 30). This is significantly below planned targets. At the same time, the Ministry of Finance made new longer issues with increased yields.

Expenditure financing in November was traditionally supported by external financing. Ukraine received a loan of EUR 4.1 bn from the EU under ERA. The funds were directed to military purposes, in particular for military support in accordance with the amendments to the State Budget-2025 adopted in October. Also, a loan of EUR 1.8 bn was received under the Ukraine Facility, which again was less than planned, as Ukraine did not fulfill all necessary Ukraine Plan indicators. The indicators for the fourth quarter of 2025 will also not be fully met.

Figure 6: Financing and grants received by the state budget, UAH bn



Note: * grants are part of budget revenues. External assistance from ERA is included in grants if received from the US through the World Bank account, and in loans if received from other partners.
Source: Ministry of Finance

IMF Program: The IMF and Ukrainian authorities have reached a staff-level agreement on a new 48-month Extended Fund Facility (EFF) program amounting to USD 8.1 bn. The program is smaller in volume than other aid programs for Ukraine, but its goal is to confirm that Ukraine's economic policy remains on the right track and to help accumulate significant volumes of international financing for Ukraine. The launch of the Program will likely require an EU decision on a reparation loan for Ukraine or another equivalent decision on financing Ukraine. According to IMF estimates, the total fiscal gap in 2026–2029 amounts to USD 135.6 bn, of which USD 63 bn for the next two years is currently not covered by available funding sources.

There are following program objectives:

- Maintaining macrofinancial stability under conditions of full-scale war
- Restoring public debt sustainability and external balance
- Serving as an "anchor" for the government's medium-term plans and mobilizing large-scale external support to cover the fiscal gap in 2026–2029

Parliament has already adopted the Law on the State Budget for 2026, which is among the prior actions for launching the program. Another prior action is the submission of a draft law on amendments to the Tax Code of Ukraine regarding the introduction of VAT for taxpayers on the simplified taxation system. Also expected are amendments to the Tax Code and Customs Code regarding taxation of parcels from zero (currently from EUR 150) and taxation of services provided through digital platforms.

Overall, the new IMF program's structural benchmarks and commitments will include changes regarding many policies and areas:

- Fiscal policy: realistic budget for 2026, increasing budget revenues, avoiding inefficient expenditures and new tax benefits;

- De-shadowing: taxation of income received through digital platforms; closing customs "loopholes" for importing consumer goods; abolishing exemptions from VAT registration (particularly for individual entrepreneurs on the simplified taxation system); strengthening competition in public procurement; eliminating gaps in the Labor Code (see slides 129–137 of IMF monitoring/Ukraine Plan No. 20 (RRR3U) and discussion in October);
- Debt policy: implementing a debt restructuring strategy to restore its sustainability;
- Monetary policy: further reducing inflation to 5% over the next three years, greater exchange rate flexibility, and maintaining adequate levels of international reserves;
- Institutions: further reforms of tax and customs authorities, development of modern IT infrastructure in this area;
- Anti-corruption policy: maintaining the independence of anti-corruption bodies;
- Public sector: strengthening financial planning, reporting, and auditing of state-owned enterprises and state banks, updating procedures for selecting management and supervisory boards

Financing in 2026: The State Budget for 2026 provides for external financing at approximately EUR 43 bn, of which only about EUR 20 bn is secured by existing commitments. The budget also includes approximately EUR 60 bn in military aid in kind (i.e., through supply of goods and services/in-kind). Financing needs are constantly growing, as Russia damages energy and railway infrastructure, which in turn undermines business activity in Ukraine. Ukraine will need an additional source of external financing as early as late March.

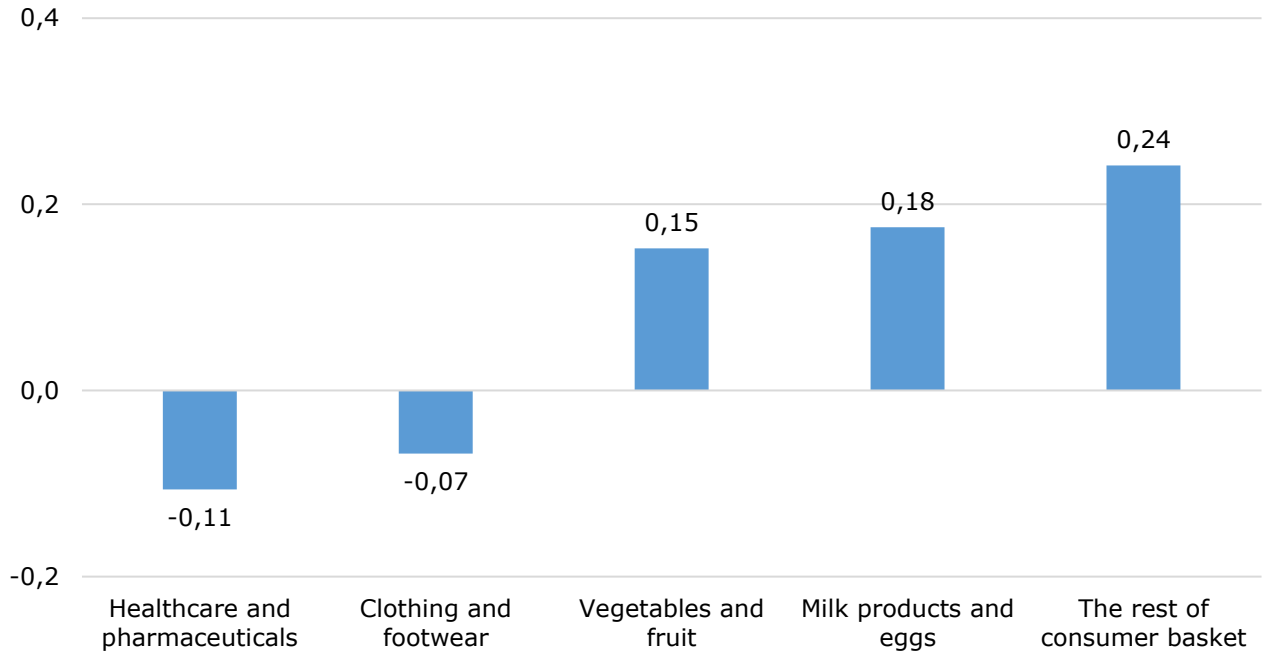
The European Union has been conducting heated discussions in recent months about possible instruments for financing Ukraine, the main ones being the Ukraine Reparation Loan or issuing joint EU bonds. On December 12, the EU approved a decision on indefinite immobilization of frozen Russian assets, which is important for supporting Ukraine. At the same time, it was determined that the proposed decision on using immobilized Russian assets will be adopted by qualified majority, which means that Hungary will not be able to block the decision, but the EU committed not to make a decision without Belgium's consent. However, the current draft requires guarantees from a number of EU member states, or unanimously approved amendments to the EU budget.

On the night of December 18-19, the European Council adopted a decision to provide support to Ukraine in the amount of EUR 90 bn in 2026-2027: this concerns financing of military and civilian expenditures. However, this will not be the previously discussed Reparation Loan, but rather a debt instrument of support. The EU will raise funds to help Ukraine, which is planned to be repaid through Russian reparations or, in their absence, through immobilized Russian assets. Ukraine will receive a subsidy for the interest on this loan. The European Commission must then develop a mechanism for providing funds to Ukraine, as well as conditions (indicators). In particular, it has already been noted that the indicators will concern, among other things, the protection of property rights and anti-corruption policy. Most likely, much attention will be paid to corporate governance. The funds are expected starting from April 2026.

Inflation: Consumer inflation slowed to 9.3% yoy

In November, consumer inflation slowed down once again and, after 12 months of inflation above 10%, returned to a single-digit level at 9.3% yoy. At the same time, higher rates of price growth for several services, including communications, restaurants, and education, remained. This probably reflected the increase in costs of labor and autonomous energy supply, which make up a fairly high share of service providers' costs. At the same time, relatively high competition, a decrease in the role of intermediaries, the sensitivity of demand to prices, an increase in production productivity, and a stable exchange rate of the hryvnia against the dollar contained prices for a wide range of non-food products. However, the weakening of the hryvnia against the euro and the growth of costs in the production chain may lead to an acceleration in the growth of prices for these goods in the future. State regulation has limited the growth of prices for utilities and rail transportation. In particular, gas tariffs have remained unchanged for many years.

Figure 7: Contributions to the monthly price increase in November, p.p.



Source: Own calculations based on data from the State Statistics Service

The consumer price index in November increased by only 0.4% mom, which was one of the lowest readings for November in many years (the lowest since 2020 and the second lowest since the beginning of russian aggression in 2014). The rise in prices for dairy products, eggs and vegetables, as in October, had a tangible contribution to inflation. This again reflected both seasonal factors such as seasonal declines in livestock production and reduced vegetable supply, as well as structural factors such as limited vegetable storage capacity and high exports of dairy products and eggs. At the same time, there was a seasonal decline in prices for clothing and footwear and an unusual decrease in prices for medicines by 1.9% mom (this may reflect increased price competition against the background of regulatory pressure from the state). Prices for the rest of the consumer basket increased by approximately 0.3% mom, as in recent months, indicating a moderate inflation pressure.

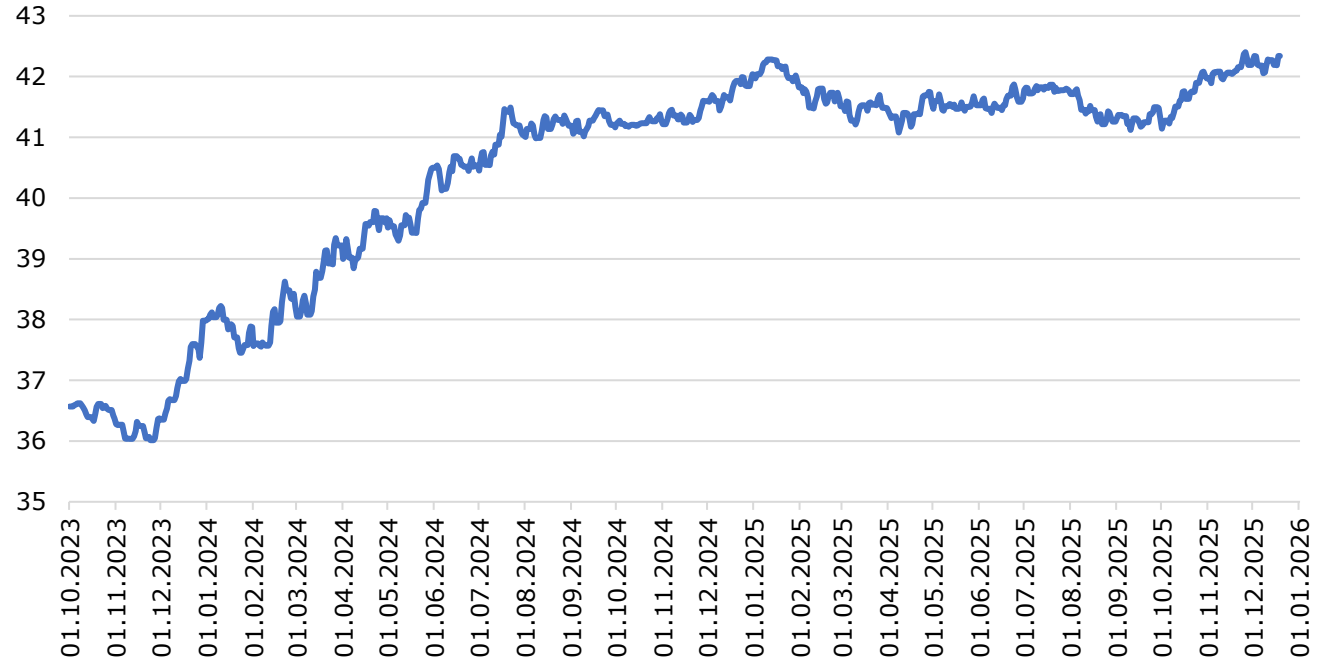
Exchange rate and monetary policy: NBU reserves reached USD 54.7 bn setting the new record

Exchange rate. In recent weeks, the hryvnia has remained quite stable against the dollar with a rate in the range of UAH 42.0-42.4 per USD. At the same time, the dollar depreciated against the euro, which led to the approach of the official exchange rate to UAH 50 per EUR. Net demand for the currency of legal entities increased due to a seasonal increase in demand compared to the supply of foreign currency. Net demand for cash foreign currency also continued to grow. NBU interventions over four weeks that ended on December 21 reached USD 3.9 bn, which is significantly higher than the average since the beginning of this year (USD 2.7 bn).

At the end of November, the NBU's international reserves reached a record level of USD 54.7 bn compared to USD 49.5 bn in October. Funds from donors received in November, primarily from the EU, were at USD 7.8 bn, and the NBU's expenditures on interventions for the month amounted to USD 2.7 bn (but increased at the end of the month). Also, the Government spent USD 405 m for servicing external debt, in particular for IMF payments. In the next few months, reserves are likely to decrease due to lower expected amounts of funding from donors. According to the NBU, reserves so far cover 5.6 months of future imports of goods and services.

Monetary policy. At the monetary policy meeting in December, the NBU once again kept the key policy rate at 15.5% per annum. At the same time, the NBU stressed that the rate reduction is unlikely to occur until the situation with Ukraine's external financing for the coming years is resolved. The NBU also drew attention to the constant inflation risks from the continuation of russian aggression. However, if the issue of external financing is settled and the current downward trend in inflation is maintained, a gradual reduction in the key policy rate is likely.

Figure 8: Official exchange rate of hryvnia to US dollar (UAH per US dollar)



Note: Note that the exchange rate values in the figure start from 36 UAH per USD. USA.
Source: NBU

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