



National Bank  
of Ukraine

# Business Outlook Survey of Zaporizhzhia Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Zaporizhzhia oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zaporizhzhia oblast** in Q1 2024 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. At the same time, respondents reported cautious expectations for the performance of their companies over the same period. Prices were expected to increase more slowly. Depreciation expectations strengthened.

#### The top managers of companies expected that over the next 12 months:

- **the output of Ukrainian goods and services would increase:** the balance of responses was 44.4% (compared to 42.1% in the previous quarter) (Figure 1). The balance of responses across Ukraine was 8.5%
- **prices for consumer goods and services would rise more slowly:** 55.6% of respondents expected that the inflation rate would not exceed 10.0% (compared to 44.5% in the previous quarter and 48.4% across Ukraine). Respondents continued to refer to military actions (reported by all respondents), the hryvnia exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more strongly:** 94.1% of respondents expected the hryvnia to weaken against the US dollar, compared to 85.0% in Q4 2023 and 81.1% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0%, up from (-15.0%) in the previous quarter. Overall, across Ukraine, the balance of responses was 3.7% (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% (as in the previous quarter). Meanwhile, respondents expected that external sales would drop: the balance of responses was (-12.5%), compared to 10.0% in Q4 2023 (see Table). Overall, across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0%, down from 5.6% in the previous quarter. At the same time, respondents expected that investment in construction would decrease: the balance of responses was (-13.3%), compared to (-16.7%) in Q4 2023. Across Ukraine, the balances of responses were 8.3% and (-1.5%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-16.7%) (compared to (-15.0%) in Q4 2023) (Figure 4). Across Ukraine, the balance of responses was (-6.3%)
- **purchase prices would rise and selling prices would increase at a faster pace:** the balances of responses were 83.3% and 61.1% respectively, compared to 85.0% and 50.0% in the previous quarter (Figure 6). Raw material and supplies prices, energy prices and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow at a faster pace:** the balances of responses were 83.3% and 46.5% respectively (compared to 75.0% and 42.1% respectively in the previous quarter) (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, and energy prices as **the main drags on the ability of their companies to boost production** (Figure 5).

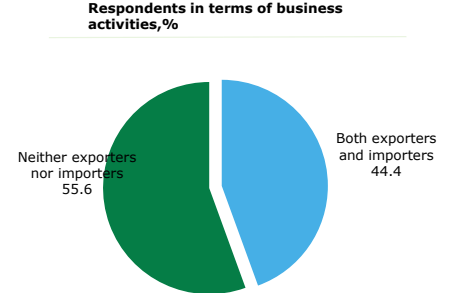
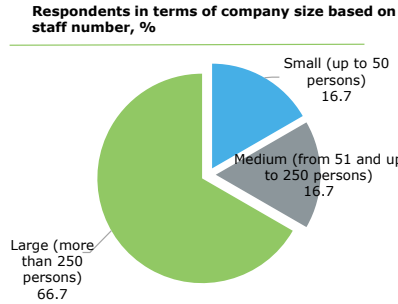
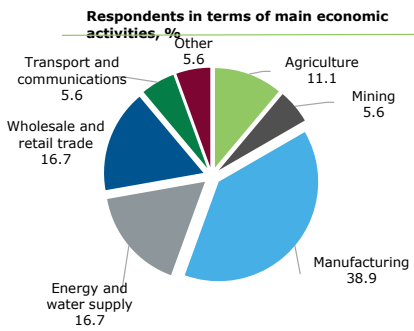
Respondents expected that **their borrowing needs would increase** in the near future (Figure 8). The companies that planned to take out bank loans (their share increased to 38.9%) opted to take out domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Companies cited the availability of other funding sources, high interest rates (the impact of this factor was reported to have increased significantly) and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.3% across Ukraine).

#### Assessments of financial and economic standings as of the time of the survey (Figure 3)

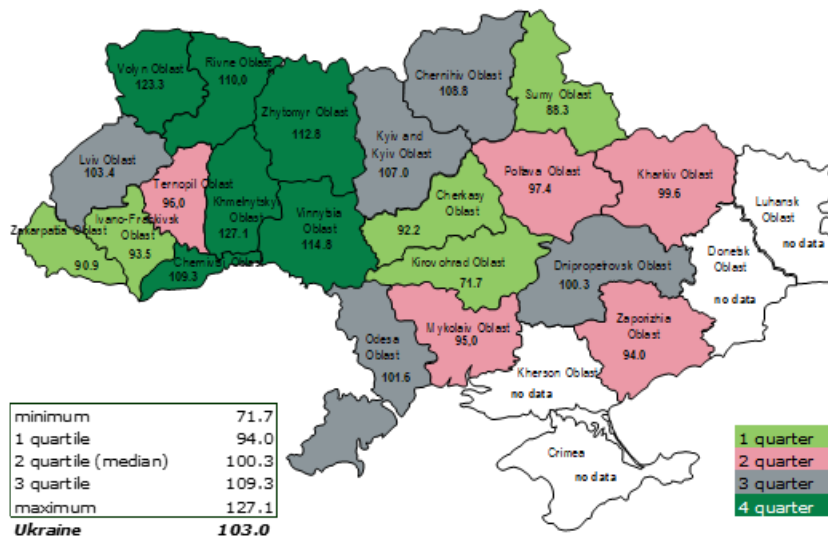
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-33.3%) (the dimmest figure among the regions, which has been reported for two quarters in a row), compared to (-40.0%) in the previous quarter. Across Ukraine, the balance of responses was (-1.4%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-25.0%) (compared to 46.2% in Q4 2023).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.1%, down from 15.8% in the previous quarter.

Survey Details<sup>1,2</sup>



- Period: 31 January through 26 February 2024.
- A total of 18 companies were polled.
- A representative sample was generated on the basis of the manufacturing industry.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>a median is the value of the BOI in the middle of an ordered sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Zaporizhzhia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	-25.0	-6.3	5.6	-15.0	0.0
Total sales	-15.4	6.7	22.2	0.0	0.0
Investment in construction	-38.5	0.0	-7.1	-16.7	-13.3
Investment in machinery, equipment, and tools	-46.2	0.0	28.6	5.6	0.0
Staff numbers	-46.2	-11.8	-16.7	-15.0	-16.7

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.  
<sup>2</sup> Data for totals and components may be subject to rounding effects.  
<sup>3</sup> The business outlook index (BOI) is an aggregate indicator for expected business performance over the next 12 months. It is calculated using the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

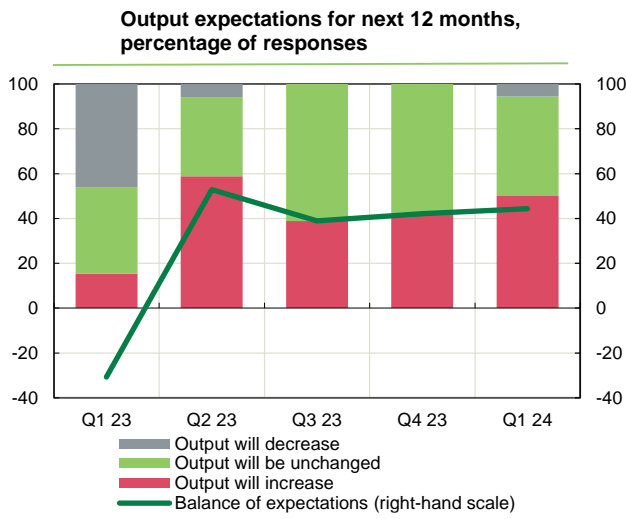


Figure 2

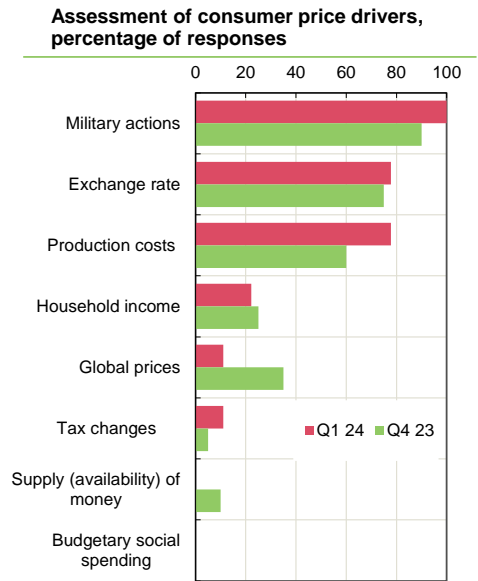


Figure 3

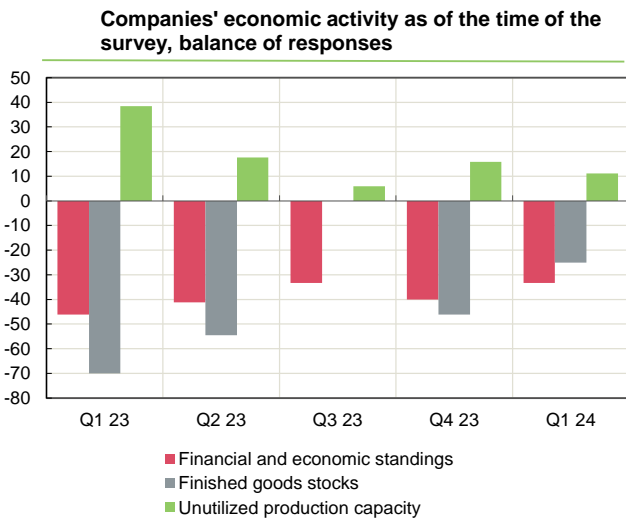


Figure 4

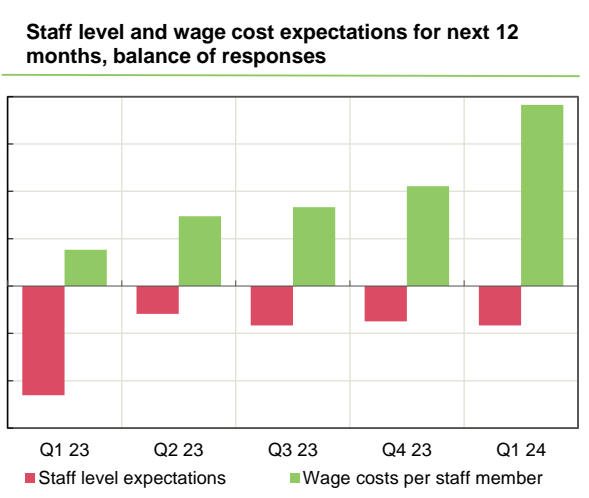


Figure 5

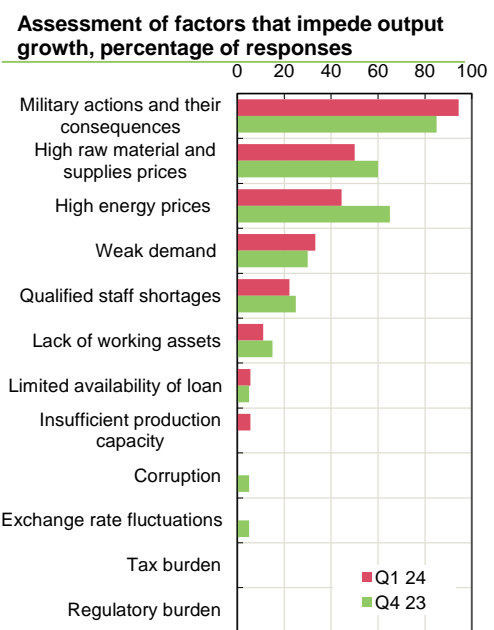


Figure 6

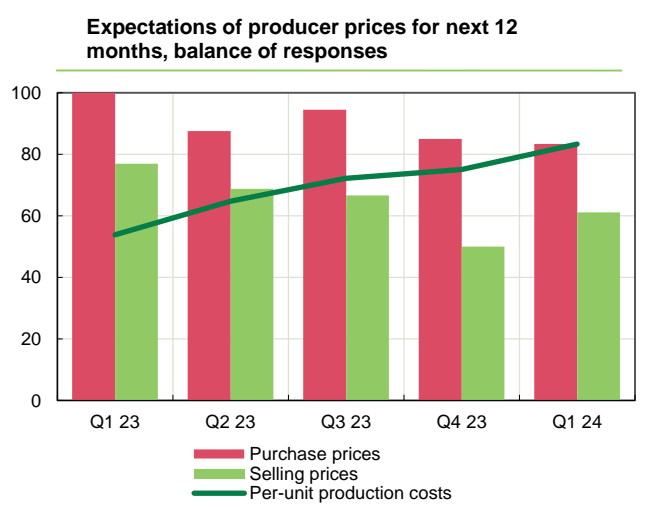




Figure 7

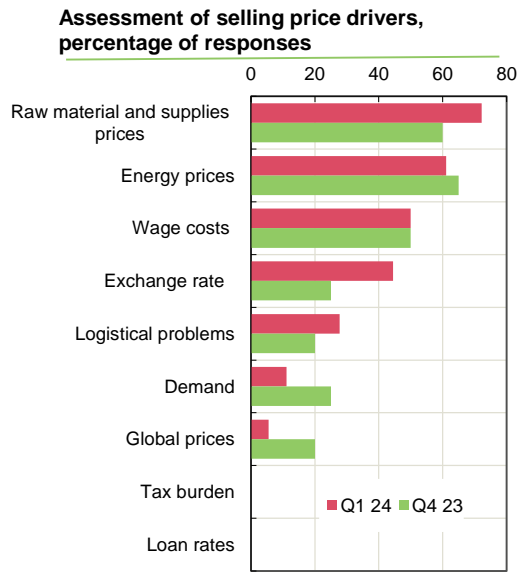


Figure 8

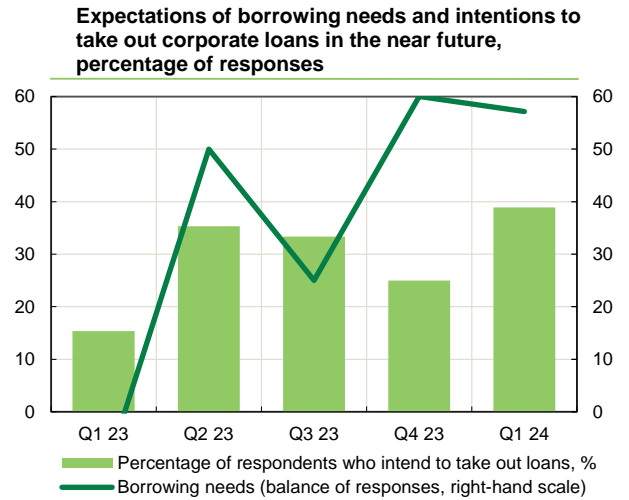


Figure 9

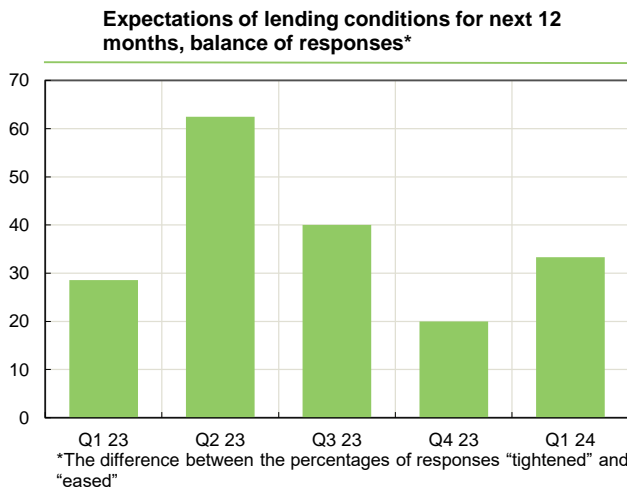


Figure 10

