National Bank of Ukraine

Business Outlook Survey **of Zaporizhzhia Oblast***

Q4 2024

*This survey only reflects the opinions of respondents in Zaporizhzhia oblast (top managers of companies) who were polled in Q4 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zaporizhzhia oblast** in Q4 2024 showed that, despite the war, high raw material and supplies and energy prices, respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. They reported guarded expectations for the performance of their companies over the same period. Inflation was expected to accelerate. Depreciation expectations remained strong.

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

- the output of Ukrainian goods and services would increase at a slower pace: the balance of responses was 37.5% (compared to 63.2% in the previous quarter) (Figure 1). Overall, across Ukraine, the balance of responses was (-1.4%)
- prices for consumer goods and services would rise more quickly: 62.5% of respondents expected that the inflation rate would exceed 10.0% (compared to 21.1% in the previous quarter and 53.7% across Ukraine). Respondents referred to the hryvnia exchange rate, military actions, and production costs as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 93.3% of respondents expected the hryvnia to weaken against the US dollar, compared to 94.1% in Q3 2024 and 92.8% across Ukraine
- the financial and economic standings of their companies would deteriorate: the balance of expectations was (-6.3%), down from 26.3% in the previous quarter. Overall, across Ukraine, the balance of responses was (-1.4%) (see Table)
- total sales would increase at a slower pace: the balance of responses was 6.7% (compared to 31.6% in the previous quarter) (see Table). Respondents expected that external sales would remain unchanged: the balance of responses was 0.0%, down from 50.0% in Q3 2024. Overall, across Ukraine, the balances of responses were 9.0% and 7.7% respectively
- investment in machinery, equipment, and tools would remain unchanged: the balance of responses was 0.0%, down from 35.7% in the previous quarter. Respondents expected that investment in construction would drop: the balance of responses was (-14.3%), compared to 21.4% in Q3 2024 (see Table). Across Ukraine, the balances of responses were 9.3% and (-1.6%) respectively
- staff numbers at their companies would decrease further: the balance of responses was (-31.3%) (among the most pessimistic expectations across the regions) (compared to (-10.5%) in Q3 2024) (Figure 4). Across Ukraine, the balance of responses was (-6.6%)
- purchase and selling prices would increase: the balances of responses were 87.5% and 68.8% respectively, compared to 94.7% and 63.2% in the previous quarter (Figure 6). Energy prices, raw material and supplies prices and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would rise: the balances of responses were 80.0% and 53.3% respectively, compared to 78.9% and 42.1% 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).

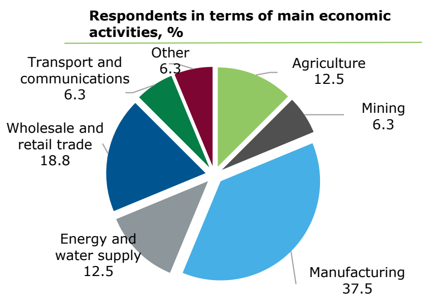
Respondents reported firmer expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans (31.3% of those surveyed) opted mostly for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Companies cited the availability of other funding sources, uncertainty about their ability to meet debt obligations as they fall due and high interest rates as the main factors deterring them from taking out loans (Figure 10).

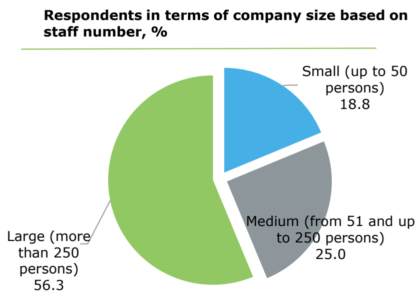
93.8% of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.5% across Ukraine).

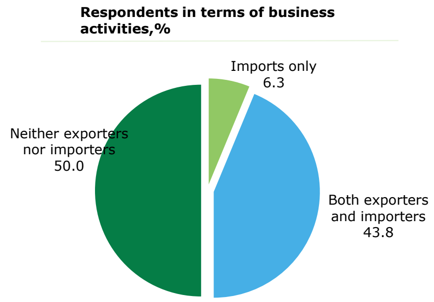
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Respondents assessed their current financial and economic standings as bad: the balance of responses was (-37.5%) (among the dimmest figures across the regions), compared to (-36.8%) in the previous quarter. Across Ukraine, the balance of responses was (-6.1%).
- Finished goods stocks had decreased and were assessed at lower than normal levels: the balance of responses was (-54.5%) (compared to (-33.3%) in Q3 2024).
- Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-6.7%), compared to 10.5% in the previous quarter.

Survey Details[1,2]

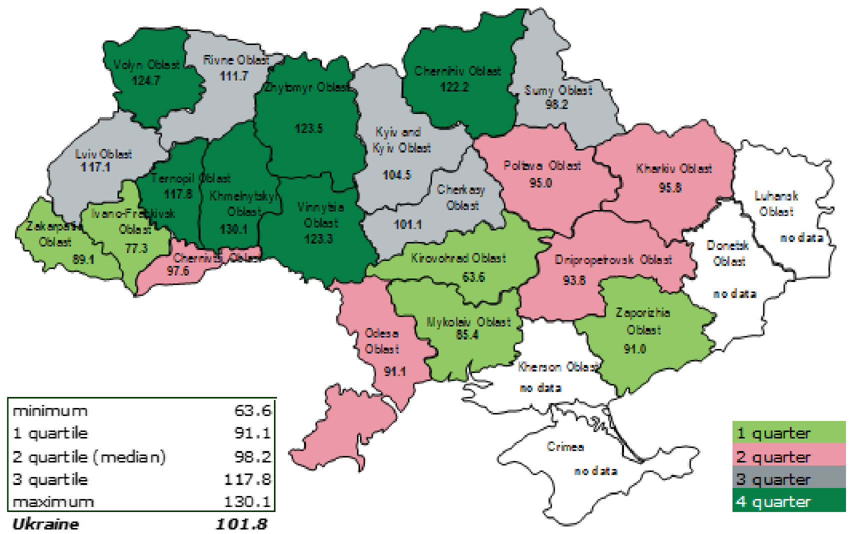






- Period: 1 November through 27 November 2024.
- A total of 16 companies were polled.
- A representative sample was generated on the basis of the manufacturing industry.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
**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, %				
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Financial and economic standings	-15.0	0.0	-5.3	26.3	-6.3
Total sales	0.0	0.0	11.8	31.6	6.7
Investment in construction	-16.7	-13.3	-25.0	21.4	-14.3
Investment in machinery, equipment, and tools	5.6	0.0	-6.3	35.7	0.0
Staff numbers	-15.0	-16.7	0.0	-10.5	-31.3

[1] This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.
[2] Data for totals and components may be subject to rounding effects.
[3] 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

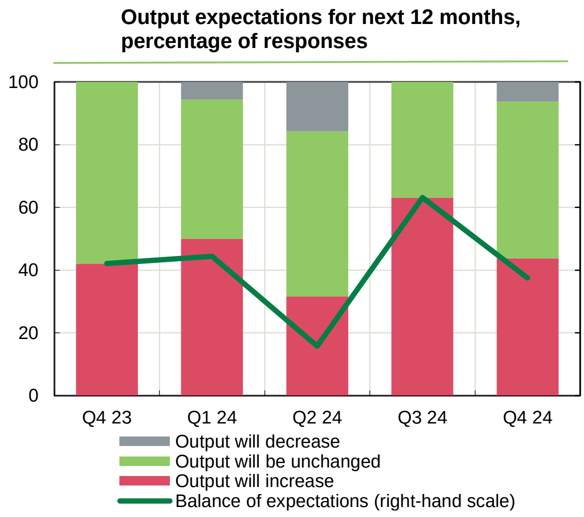


Figure 2

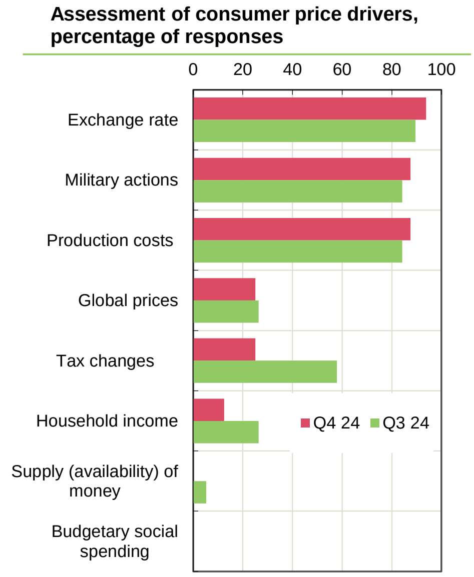


Figure 3

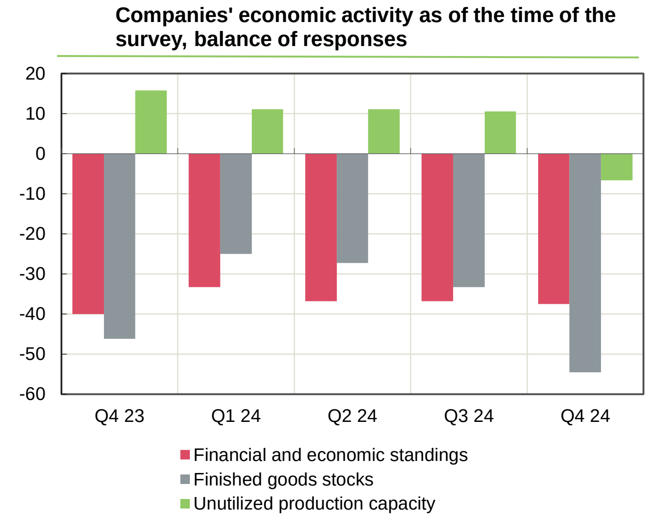


Figure 4

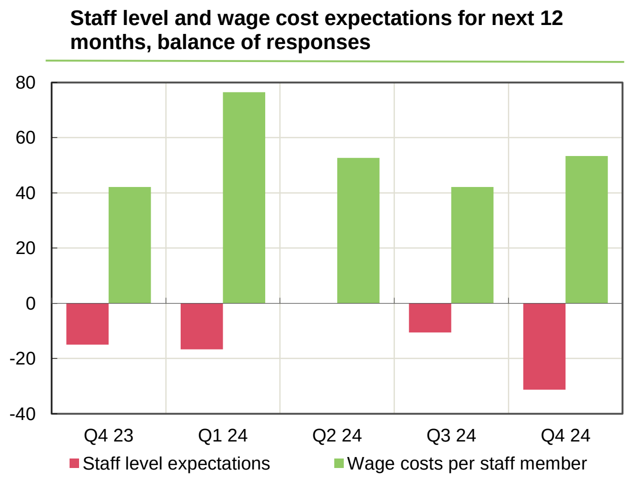


Figure 5

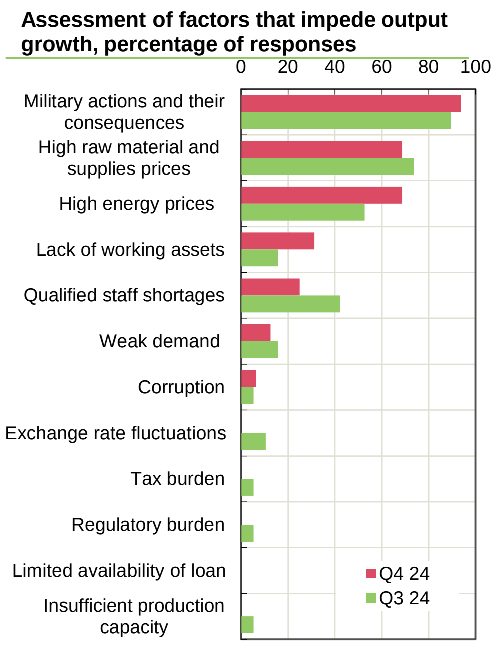


Figure 6

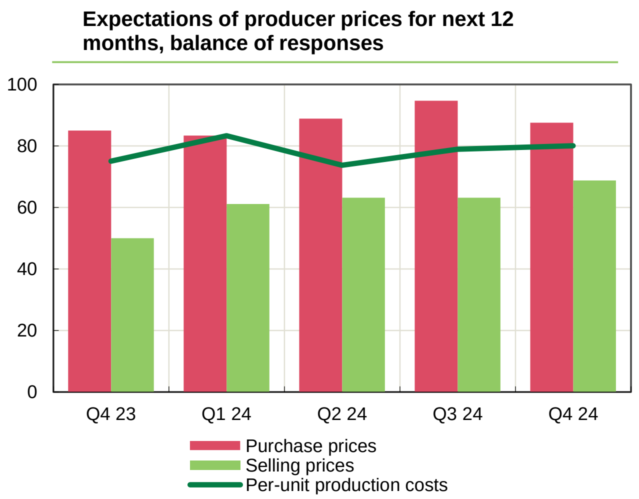


Figure 7

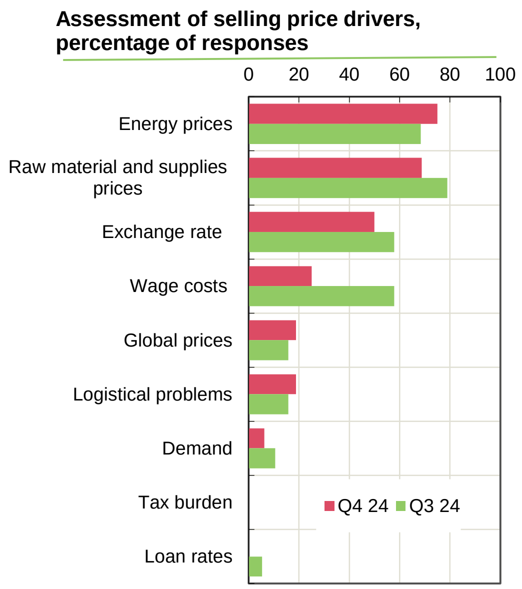


Figure 8

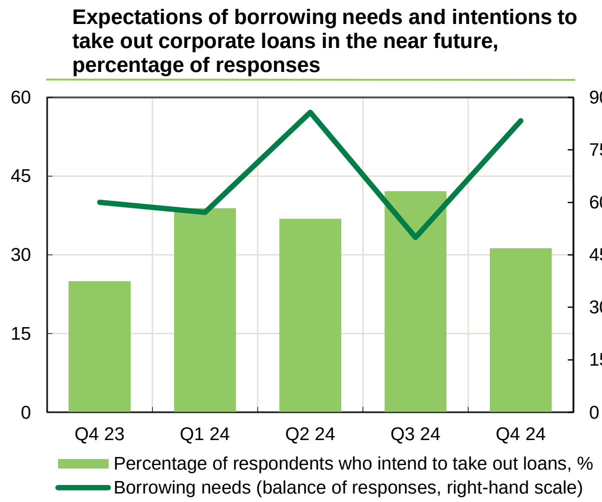
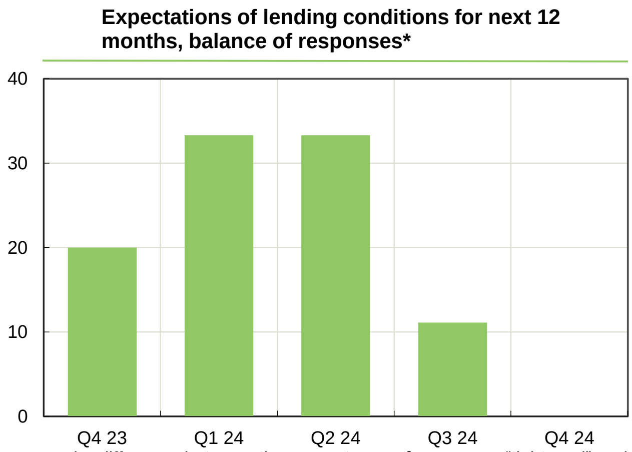


Figure 9



*The difference between the percentages of responses “tightened” and “eased”

Figure 10