



National Bank
of Ukraine

Business Outlook Survey of **Kyiv and Kyiv Oblast***

Q2 2024



*This survey only reflects the opinions of respondents in Kyiv and Kyiv oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Kyiv and Kyiv oblast** in Q2 2024 shows that, despite the war, weak demand and qualified staff shortages, respondents **expected the output of Ukrainian goods and services to remain unchanged** over the next 12 months. Respondents also reported **positive expectations for the performance of their companies** over this period. Inflation was expected to be lower. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would remain unchanged:** the balance of responses was 0.0%, compared to 12.9% in Q1 2024 (Figure 1) and (-0.3%) across Ukraine. The most optimistic expectations were reported by transport and communications companies (19.4%), while the dimmest expectations were reported by construction companies (-22.2%)
- **prices for consumer goods and services would rise at a slower pace:** 60.4% of respondents expected that the inflation rate would not exceed 10.0%, compared to 43.2% in the previous quarter and 62.8% across Ukraine. Respondents continued to refer to military actions, the hryvnia exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 87.8% of respondents, compared to 84.1% in the previous quarter, expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve:** the balance of responses was 3.4% (compared to 6.3% in the previous quarter and (-0.2%) across Ukraine) (see Table). Respondents from agricultural companies had the highest expectations (the balance of responses was 33.3%), meanwhile energy and water supply companies said their financial and economic standings would deteriorate (-12.5%)
- **total sales and external sales would increase:** the balances of responses were 14.9% and 6.7% respectively, compared to 14.0% and 11.4% in the previous quarter (see Table). Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 9.7%, compared to 12.4% in the previous quarter. Respondents also expected that investment in construction would decrease moderately: the balance of responses was (-1.1%), down from 2.6% (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- **staff numbers would decrease:** the balance of responses was (-3.9%), compared to (-0.5%) in Q1 2024. Across Ukraine, the balance of responses was (-10.7%) (Figure 4). Respondents from agricultural companies had the firmest expectations (the balance of responses was 16.7%). The dimmest expectations were reported by respondents from energy and water supply companies (-25.0%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 87.4% and 68.3% respectively (compared to 87.3% and 70.1% respectively in Q1 2024) (Figure 6). Respondents from trading companies had the highest expectations of a rise in selling prices (the balance of responses was 83.6%). Respondents cited the hryvnia exchange rate (the impact of this factor was reported to have increased), wage costs, and raw material and supplies prices as the main selling price drivers (Figure 7)
- **per-unit production costs would increase, while wage costs per staff member would rise more slowly:** the balances of responses were 58.7% and 56.5% respectively (compared to 59.7% and 66.5% in the previous quarter) (Figures 4 and 6).

Respondents referred to military actions and their consequences, weak demand, and qualified staff shortages as the **main drags on the ability of their companies to boost production** (Figure 5).

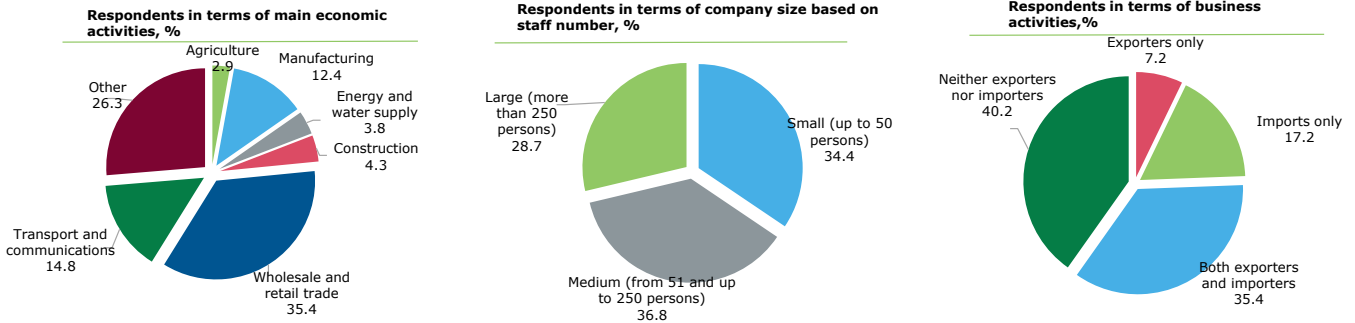
Respondents reported **firmer expectations about their borrowing needs** in the near future (Figure 9). The respondents who planned to take out loans (31.6% of those surveyed) usually opted for domestic currency ones. Respondents said lending standards had remained tight (Figure 10). Companies referred to high interest rates, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 11).

A total of **95.7% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.0% across Ukraine).

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

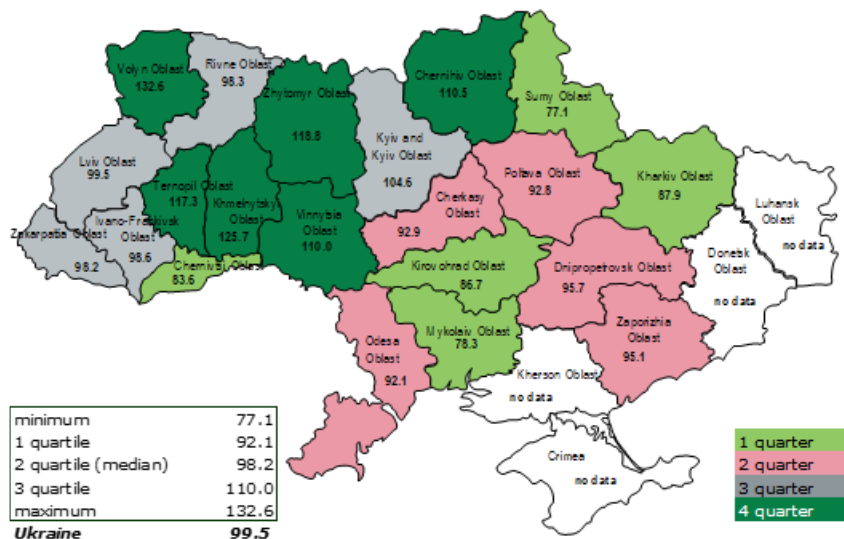
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 10.0% (down from 14.0% in Q1 2024). The firmest assessments were reported by respondents from manufacturing companies (26.9%). Across Ukraine, companies assessed their economic and financial standings as bad (-4.3%).
- **Finished goods stocks were assessed at a level higher than normal:** the balance of responses was 2.6%, compared to (-4.8%) in Q1 2024.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.7%, compared to 17.1% in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 27 May 2024.
- A total of 209 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the manufacturing industry, energy and water supply, construction, trade, transport and communications, and other economic activities.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



³a 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 Kyiv and Kyiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	21.7	7.6	14.8	6.3	3.4
Total sales	21.3	20.2	21.8	14.0	14.9
Investment in construction	-3.2	-1.6	1.6	2.6	-1.1
Investment in machinery, equipment, and tools	6.6	8.9	13.9	12.4	9.7
Staff numbers	3.5	0.0	4.5	-0.5	-3.9

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

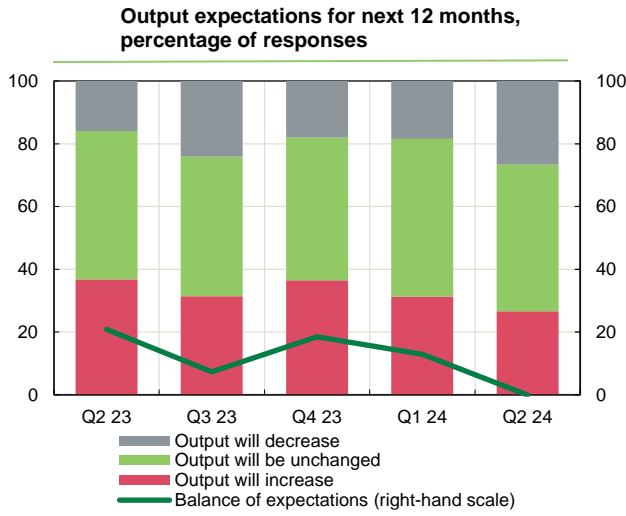


Figure 2

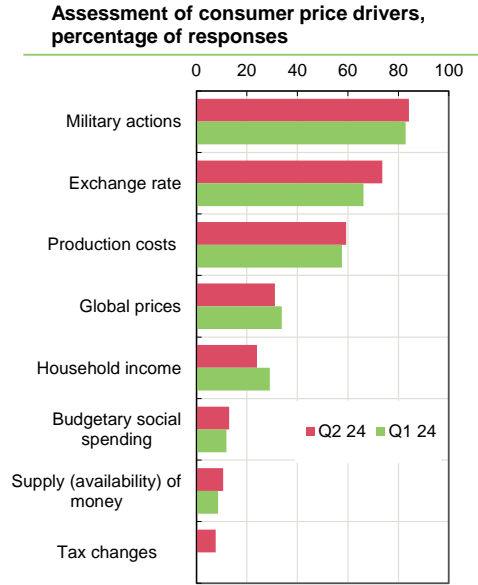


Figure 3

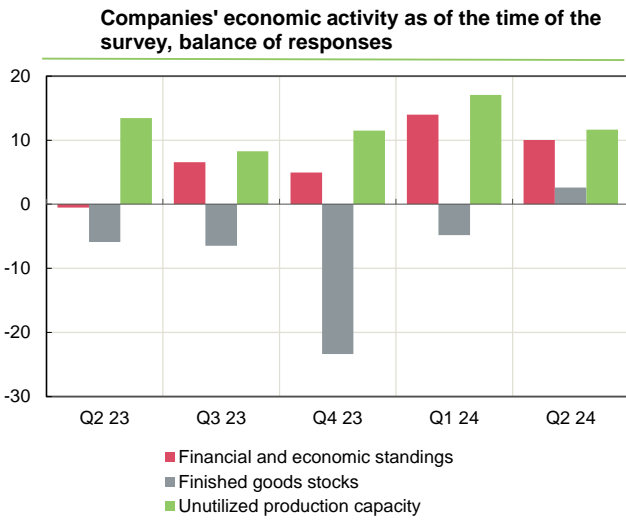


Figure 4

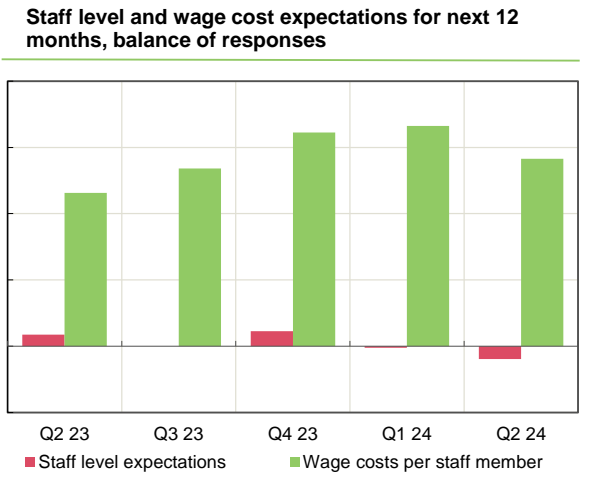


Figure 5

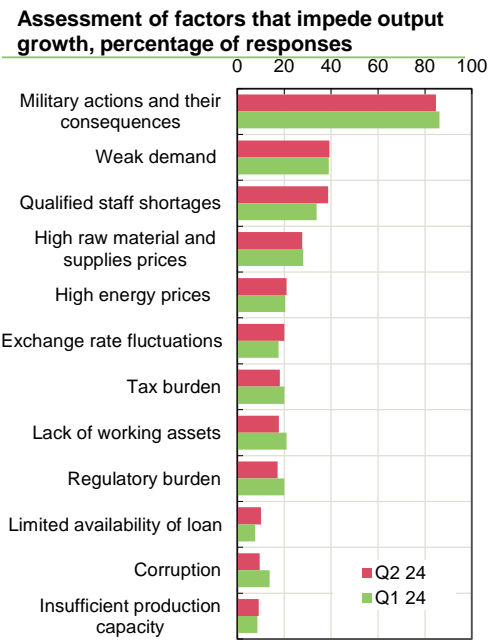


Figure 6

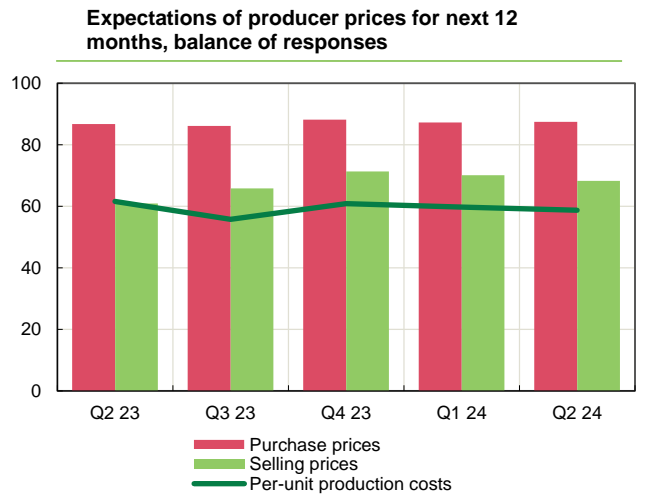


Figure 7

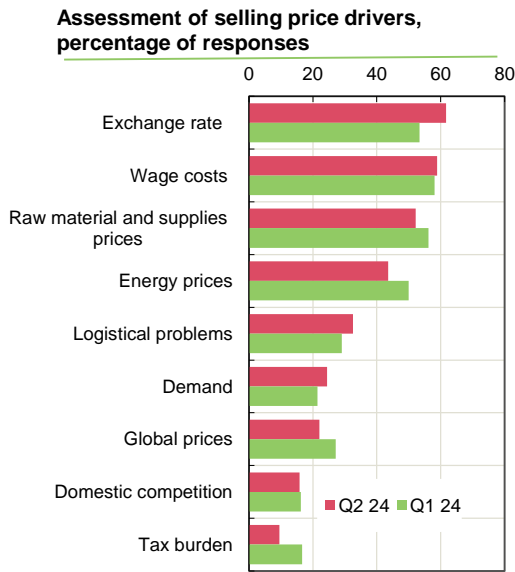


Figure 8

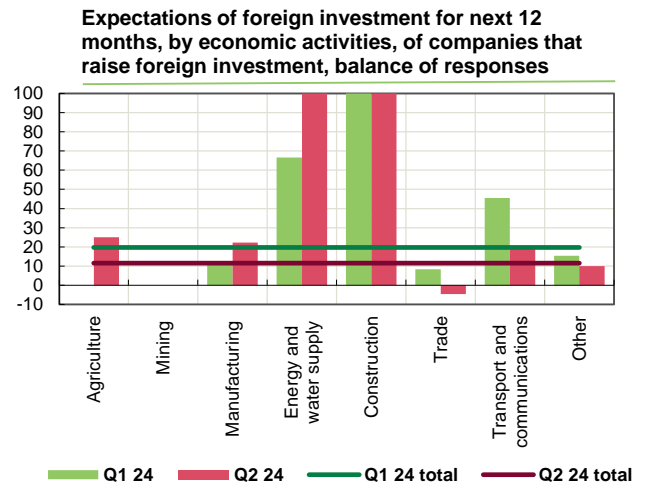


Figure 9

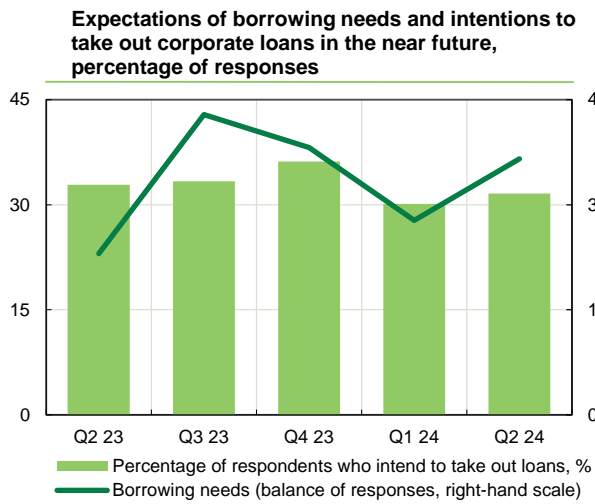


Figure 10

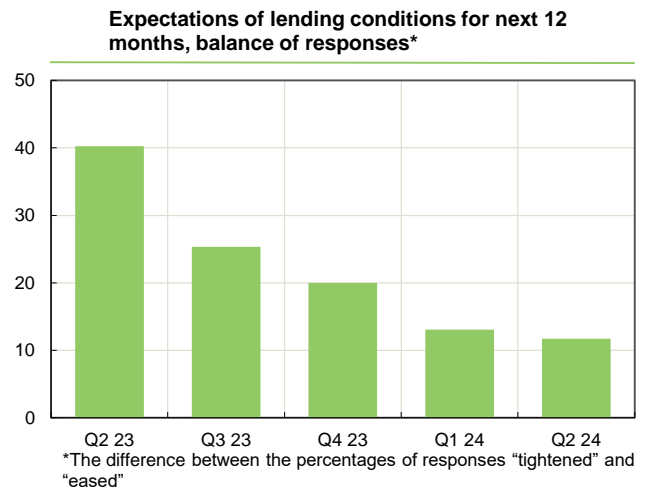


Figure 11

