



National Bank
of Ukraine

Business Outlook Survey of Kirovohrad Oblast *

Q2 2024



*This survey only reflects the opinions of respondents in Kirovohrad 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 Kirovohrad oblast in Q2 2024 showed that, on the back of the war, weak demand, high raw material and supplies prices and insufficient production capacity, respondents downgraded their expectations for the output of Ukrainian goods and services and for the performance of their companies over the next 12 months. Companies expected that prices for consumer goods and services would rise. Hryvnia depreciation expectations strengthened.

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

- the output of Ukrainian goods and services would drop: the balance of expectations was (-50.0%) (the dimmest expectations across the regions), down from (-25.0%) in the previous quarter (Figure 1). Overall, across Ukraine, the balance of responses across Ukraine was (-0.3%)
- prices for consumer goods and services would grow: 58.3% of respondents expected that the inflation rate would not exceed 10.0% (as in the previous quarter and 62.8% across Ukraine). Respondents continued to refer to production costs, military actions and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- the hryvnia would depreciate more strongly: 81.8% of respondents (compared to 75.0% 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 deteriorate at a slower pace: the balance of expectations was (-25.0%) (among the dimmest expectations across the regions), compared to (-33.3%) in the previous quarter (see Table). Overall, across Ukraine, the balance of responses was (-0.2%)
- total sales would drop at a noticeably slower pace: the balance of responses was (-8.3%), up from (-41.7%) in Q1 2024 (see Table). Overall, across Ukraine, respondents expected total sales to increase: the balance of responses was 8.7%
- investment in machinery, equipment and tools would remain unchanged: the balance of responses was 0.0%, such expectations have been reported for two quarters running. Meanwhile, respondents expected that investment in construction would drop at a slower pace: the balance of responses was (-25.0%), up from (-41.7%) in Q1 2024 (see Table). Across Ukraine, the balances of responses were 5.4% and (-5.5%) respectively
- staff numbers at their companies would decrease more slowly: the balance of responses was (-8.3%), compared to (-25.0%) in Q1 2024. Across Ukraine, the balance of responses was (-10.7%) (Figure 4)
- purchase prices would rise at a fast pace: the balance of responses was 83.3%, as in Q1 2024. Respondents expected that selling prices would rise at a somewhat faster pace: the balance of responses was 33.3%, up from 25.0% in the previous quarter (Figure 6). Respondents cited the hryvnia exchange rate, energy, raw material and supplies prices and wage costs (the impact of the latter two factors was reported to have increased) as **the main selling price drivers** (Figure 7)
- per-unit production costs would grow more slowly: the balance of responses was 75.0%, compared to 83.3% in Q1 2024. Wage costs per staff member would rise quickly: the balance of responses was 83.3%, compared to 58.3% in the previous quarter (Figures 6 and 4).

Companies cited military actions and their consequences, weak demand, high raw material and supplies prices, and insufficient production capacity (the impact of this factor was reported to have increased significantly) as **the main drags on their ability to boost production** (Figure 5).

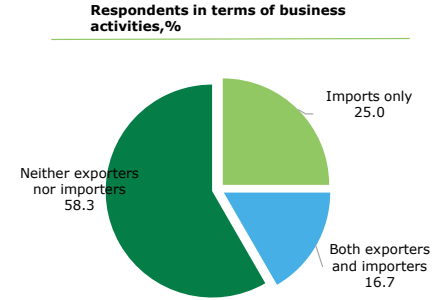
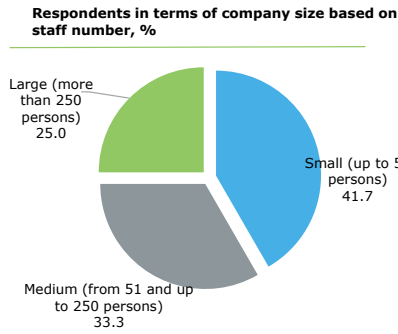
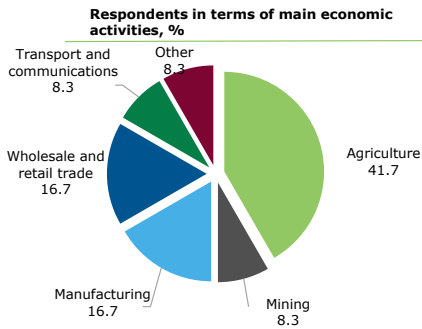
Respondents expected a rise in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (their share dropped to 41.7% of those surveyed) opted only for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Respondents cited the availability of other funding sources, uncertainty about their ability to meet debt obligations as they fall due, high interest rates and collateral requirements 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** (96.0% across Ukraine).

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

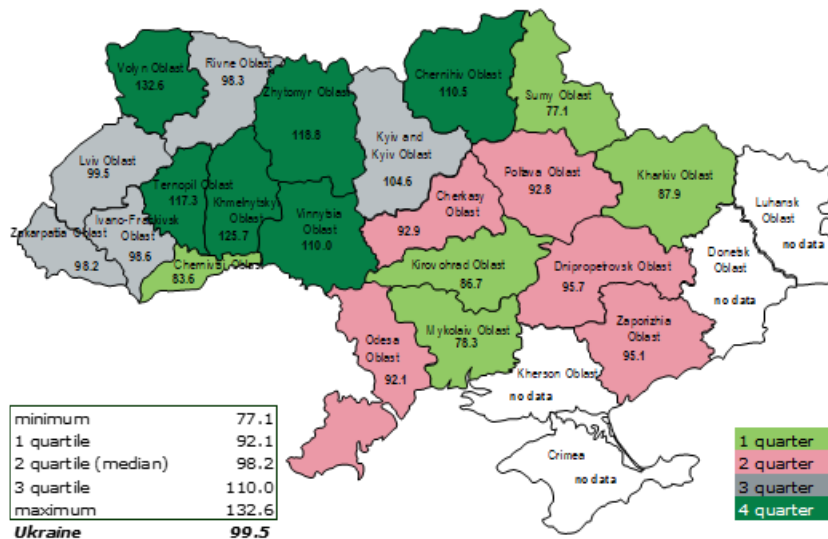
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-8.3%), compared to (-16.7%) in Q1 2024 (Figure 3). Across Ukraine, the balance of responses was (-4.3%).
- **Finished goods stocks were assessed as lower than normal levels**: the balance of responses was (-25.0%), compared to (-33.3%) in the previous quarter.
- **Companies were operating on the verge of their production capacity**: the balance of responses was 0.0%, compared to (-16.7%) in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 27 May 2024.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

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
³a 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 Kirovohrad 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	-7.7	-36.4	-33.3	-33.3	-25.0
Total sales	-15.4	-25.0	-41.7	-41.7	-8.3
Investment in construction	-23.1	-25.0	-41.7	-41.7	-25.0
Investment in machinery, equipment, and tools	-15.4	0.0	-25.0	0.0	0.0
Staff numbers	-7.7	-25.0	-41.7	-25.0	-8.3

¹ This sample was generated in proportion to the contribution of each region 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

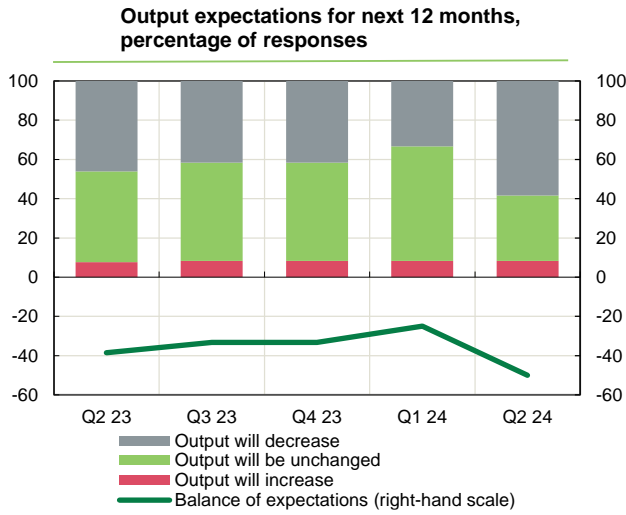


Figure 2

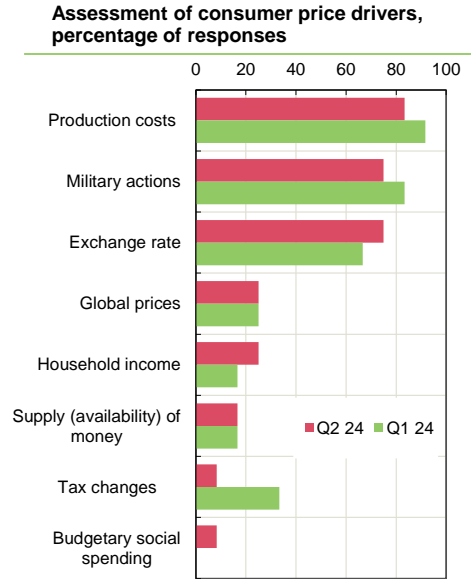


Figure 3

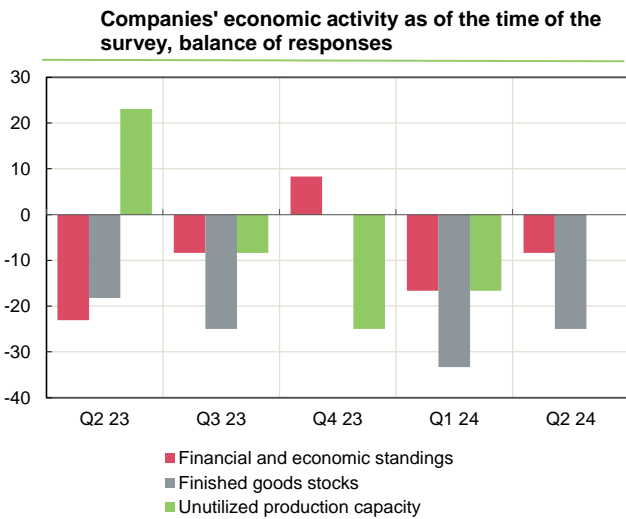


Figure 4



Figure 5

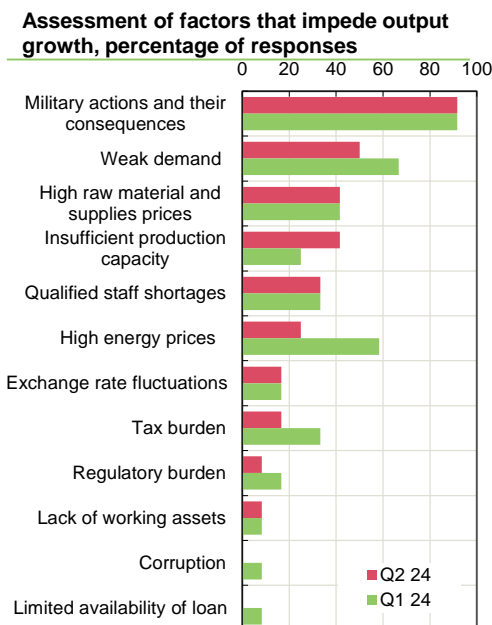


Figure 6

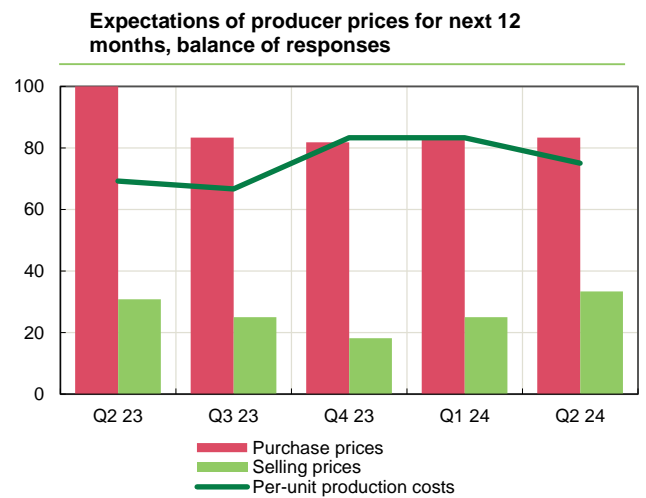


Figure 7

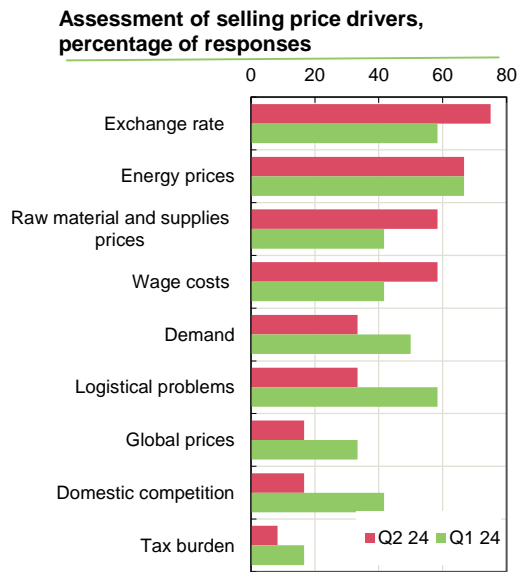


Figure 8

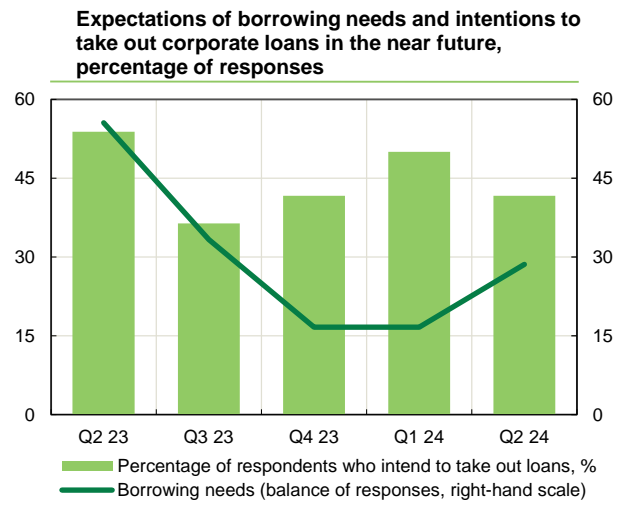


Figure 9

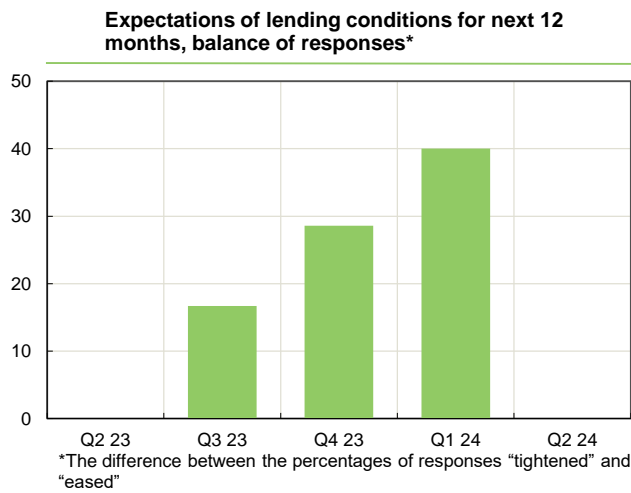


Figure 10

