



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q1 2024



*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q1 2024 showed that, despite logistical difficulties with crossing the border, respondents expected a rise in the output of Ukrainian goods and services over the next 12 months. They had positive expectations for the performance of their companies over this period. Inflation and depreciation expectations remained high.

Company managers said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 2.7%, compared to (-10.5%) in Q4 2023 and 8.5% across Ukraine (Figure 1). Respondents from manufacturing companies reported the most optimistic expectations (33.3%)
- **prices for consumer goods and services would rise:** 52.6% of respondents said that price growth would be higher than 10.0%, compared to 57.9% in the previous quarter and 51.6% across Ukraine. Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 71.1% of respondents (compared to 73.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 7.9%, compared to 2.6% in the previous quarter and 3.7% across Ukraine (see Table). Optimistic views were reported by respondents from transport and communications companies (the balance of responses was 27.3%)
- **total sales, including external sales, would increase:** the balances of responses were 5.3% and 15.8% respectively compared to (-18.4%) and (-14.3%) respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 7.9%, up from (-2.7%) in Q4 2023. Meanwhile investment in construction was reported to drop: the balance of responses was (-2.7%), compared to (-5.4%) in the previous quarter (see Table). Across Ukraine, the balances of responses were 8.3% and (-1.5%) respectively
- **staff numbers would decrease at a slower pace:** the balance of responses was (-10.5%), compared to (-21.1%) in Q4 2023. Overall, across Ukraine, the balance of responses was (-6.3%) (Figure 4)
- **purchase prices would rise, while selling prices would rise much more slowly:** the balances of responses were 86.1% and 47.2% respectively (compared to 86.8% and 65.8% respectively in Q4 2023) (Figure 6). Respondents said that energy prices, the hryvnia exchange rate, raw material and supplies prices, and wage costs were the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow at a slower pace:** the balances of responses were 57.9% and 44.7% respectively, compared to 47.4% and 34.2% in Q4 2023 (Figures 4 and 6).

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

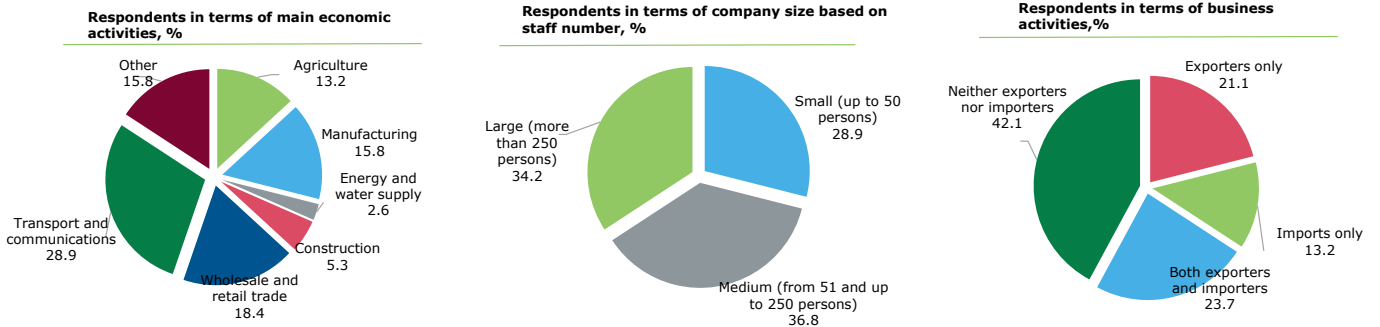
Respondents expected that **their borrowing needs would increase** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents also referred to high interest rates, other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

97.1% of the respondents in the oblast 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)

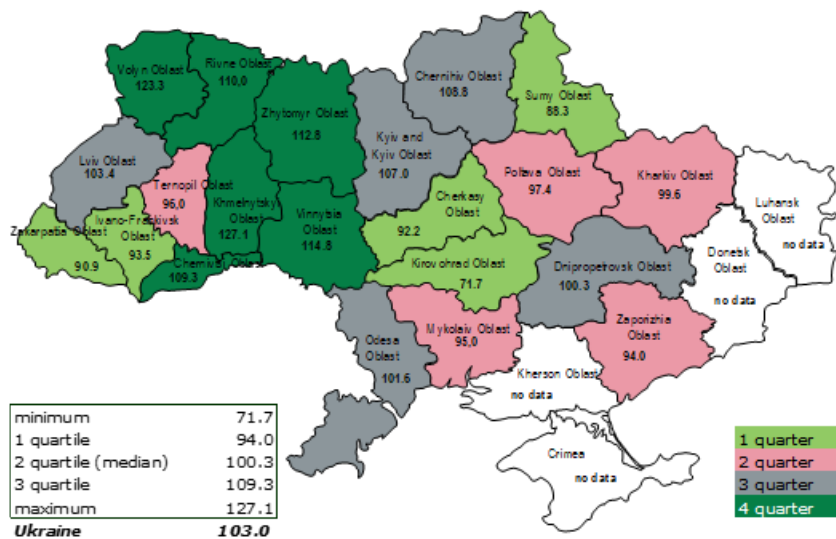
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-5.3%), as in Q4 2023, and compared to (-1.4%) across Ukraine.
- **Finished goods stocks were assessed as below their normal levels:** the balance of responses was (-15.4%), as in Q4 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 13.5%, compared to 10.8% in Q4 2023.

Survey Details^{1,2}



- Period: 31 January through 28 February 2024.
- A total of 38 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, 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 Odessa 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	-26.3	2.5	5.1	2.6	7.9
Total sales	-21.1	7.5	-2.6	-18.4	5.3
Investment in construction	-19.4	10.5	-2.7	-5.4	-2.7
Investment in machinery, equipment, and tools	-16.2	15.8	10.5	-2.7	7.9
Staff numbers	-26.3	0.0	-10.3	-21.1	-10.5

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

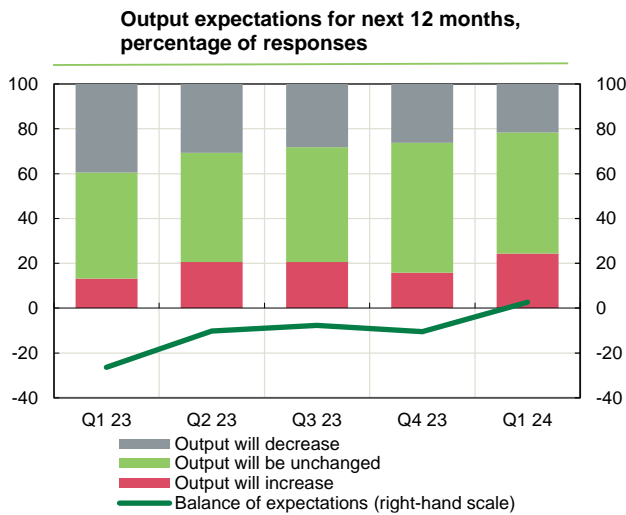


Figure 2

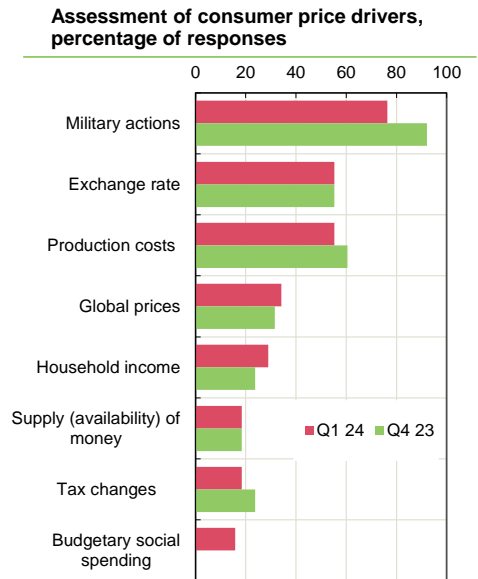


Figure 3

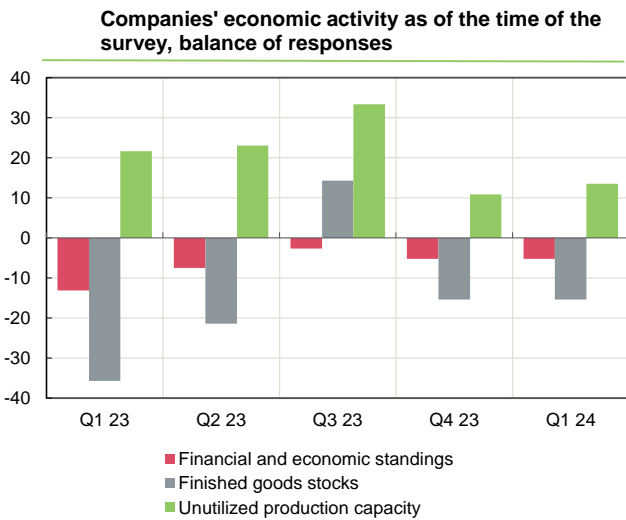


Figure 4



Figure 5

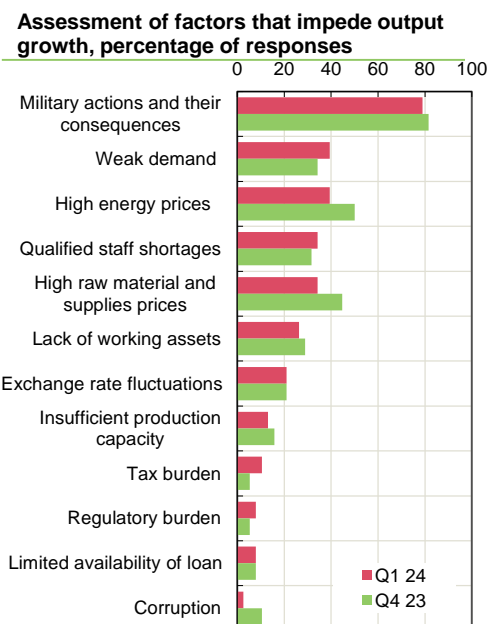


Figure 6

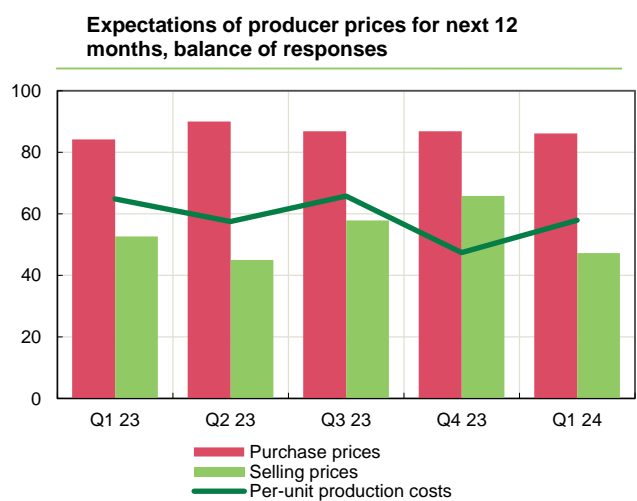


Figure 7

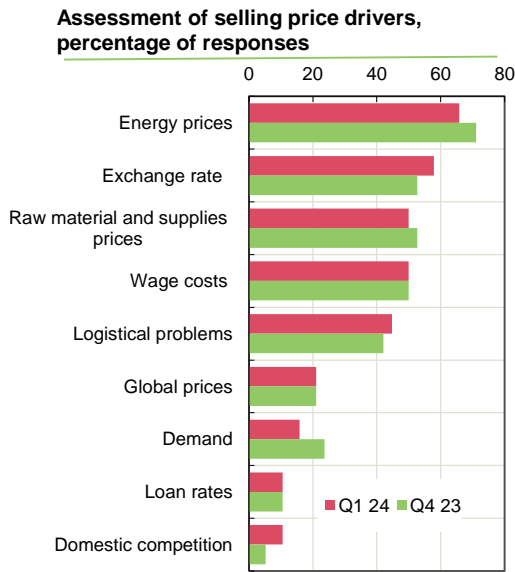


Figure 8

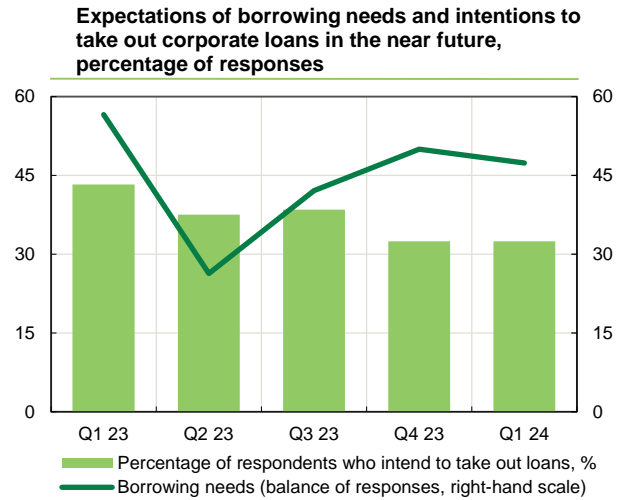


Figure 9

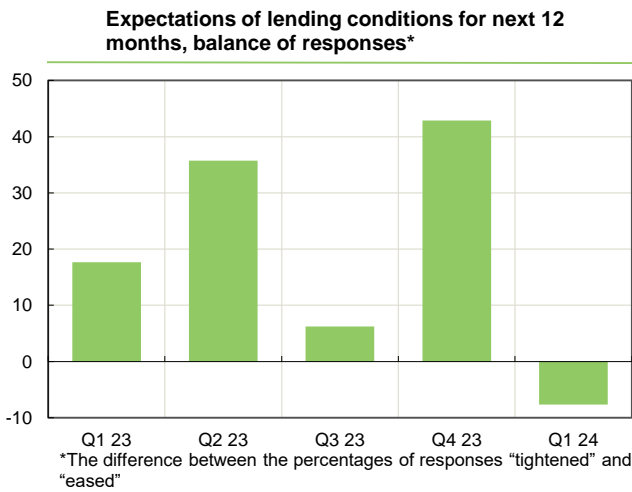


Figure 10

