



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q1 2024



*This survey only reflects the opinions of respondents in Vinnytsia 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 Vinnytsia oblast in Q1 2024 showed that, despite logistical difficulties with crossing the border, high raw material and supplies prices, and qualified staff shortages, respondents continued to expect an increase in the output of Ukrainian goods and services over the next 12 months. Respondents also had positive expectations for the performance of their companies over that period. Inflation and 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 increase at a noticeably faster pace:** the balance of expectations was 50.0% (among the highest expectations across the regions) compared to 47.6% in the previous quarter (Figure 1), and 8.5% across Ukraine
- **prices for consumer goods and services would grow:** the share of respondents who expected that the inflation rate would not exceed 10.0% was 77.3%, up from 76.2% in Q4 2023, the figure across Ukraine being 48.4%. Respondents continued to refer to production costs, military actions and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 63.6% of respondents expected the hryvnia to weaken against the US dollar, compared to 57.9% in the previous quarter and 81.1% across Ukraine
- **the financial and economic standings of their companies would improve moderately:** the balance of expectations was 4.5% compared to 9.5% in Q4 2023 (see Table), the figure across Ukraine being 3.7%
- **total sales would grow more quickly:** the balance of responses was 28.6%, compared to 20.0% in the previous quarter (see Table). Respondents also expected a significant rise in external sales: the balance of responses was 25.0% compared to (-25.0%) in Q4 2023. Overall, across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **both investment in machinery, equipment, and tools, and in construction would increase:** the balances of responses were 27.8% and 22.2% respectively, compared to 26.3% and 5.3% in the previous quarter. 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 (-9.1%), compared to (-4.8%) in Q4 2023 (Figure 4). Overall, across Ukraine, the balance of responses was (-6.3%)
- **purchase and selling prices would rise:** the balances of responses were 86.4% and 81.8% respectively, compared to 95.2% and 85.7% in the previous quarter (Figure 6). Respondents referred to high energy prices, raw material and supplies prices, and wage costs as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would grow more quickly:** the balances of responses were 85.7% and 90.5% respectively, compared to 76.2% for each in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, high energy, raw material and supplies prices, and qualified staff shortages as **the main drags on their ability to boost production** (Figure 5).

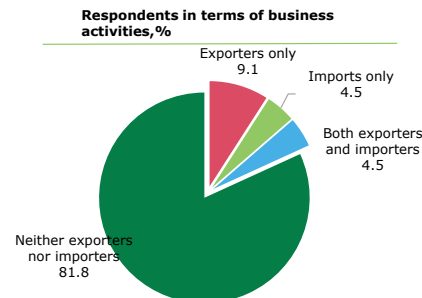
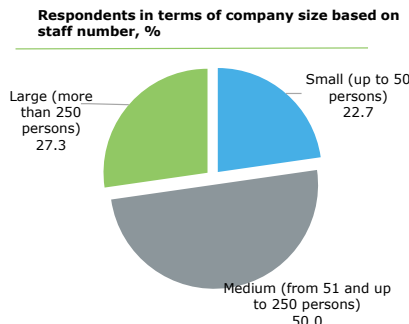
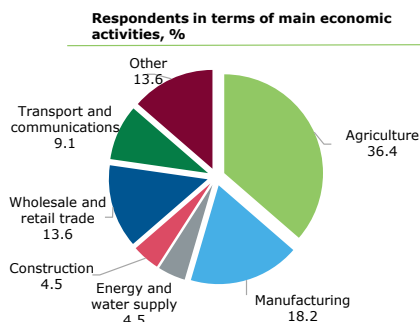
Respondents reported higher expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out loans (their share increased to 54.5% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had remained tight (Figure 9). Companies cited the availability of other funding sources, high loan rates, complicated paperwork, 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 (96.3% across Ukraine).

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

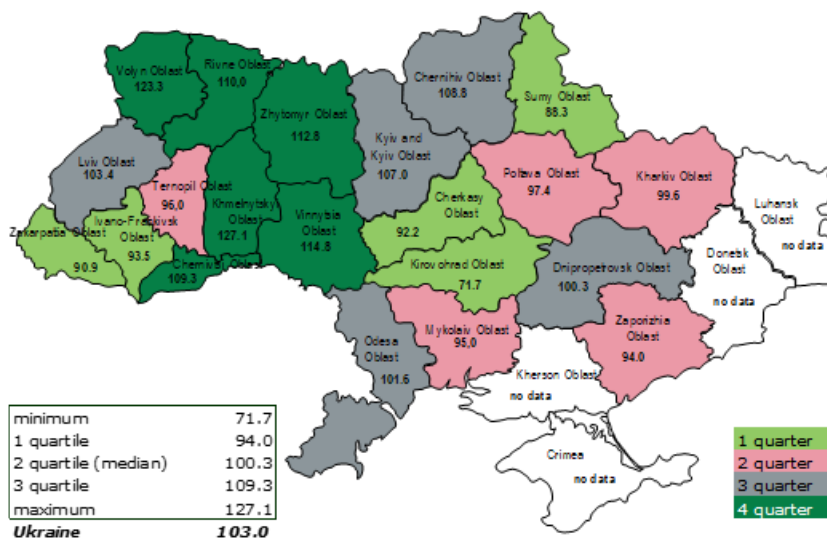
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-4.5%), compared to (-15.0%) in the previous quarter and (-1.4%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-5.9%) compared to (-12.5%) in Q4 2023.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, compared to 4.8% in the previous quarter.

Survey Details^{1,2}



- Period: 2 February through 24 February 2024.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the agricultural sector and the manufacturing industry.

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 Vinnytsia 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	-14.3	9.5	19.0	9.5	4.5
Total sales	9.5	23.8	47.6	20.0	28.6
Investment in construction	-19.0	5.6	5.9	5.3	22.2
Investment in machinery, equipment, and tools	-4.8	0.0	47.1	26.3	27.8
Staff numbers	-38.1	0.0	-9.5	-4.8	-9.1

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

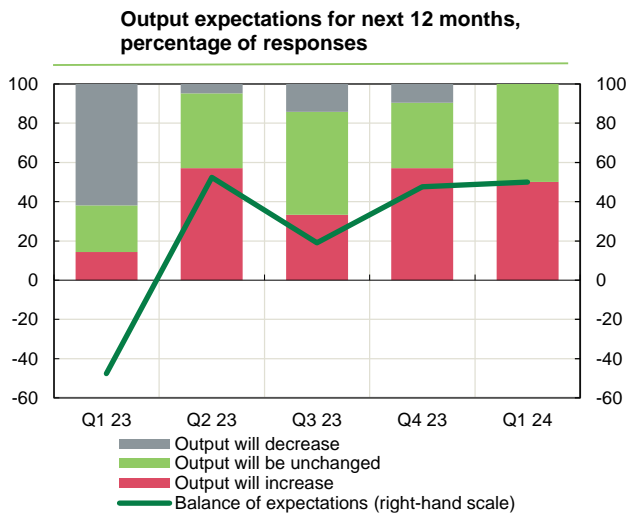


Figure 2

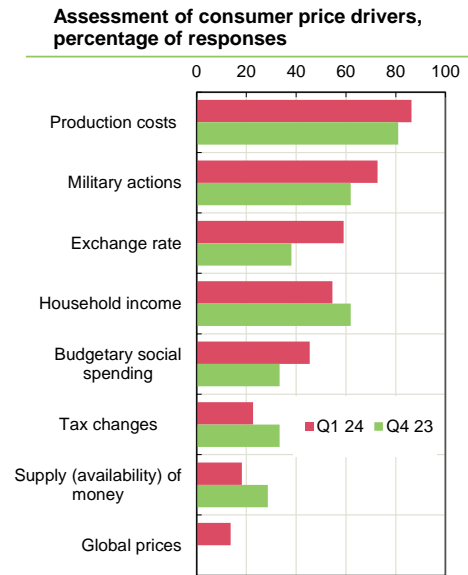


Figure 3

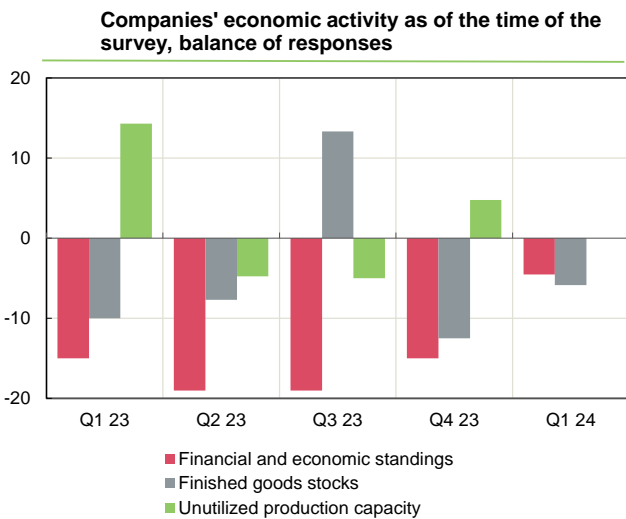


Figure 4



Figure 5

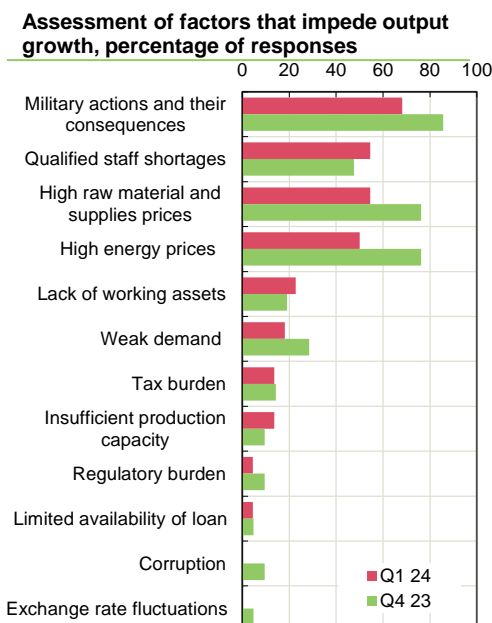


Figure 6

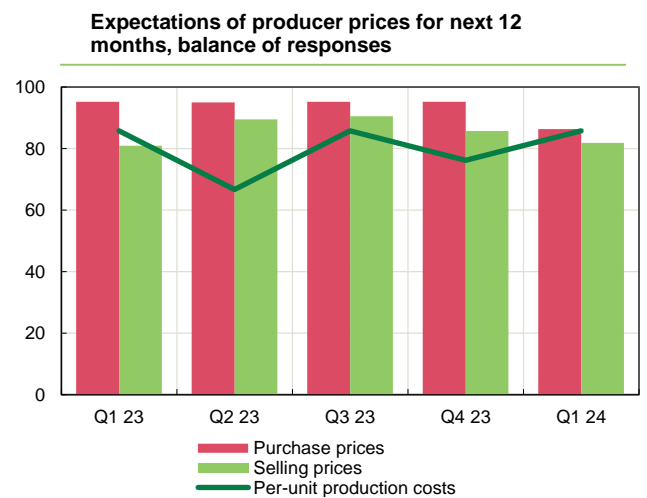


Figure 7

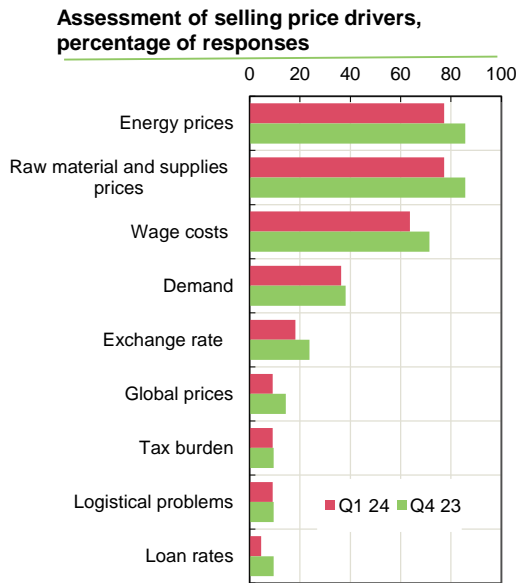


Figure 8

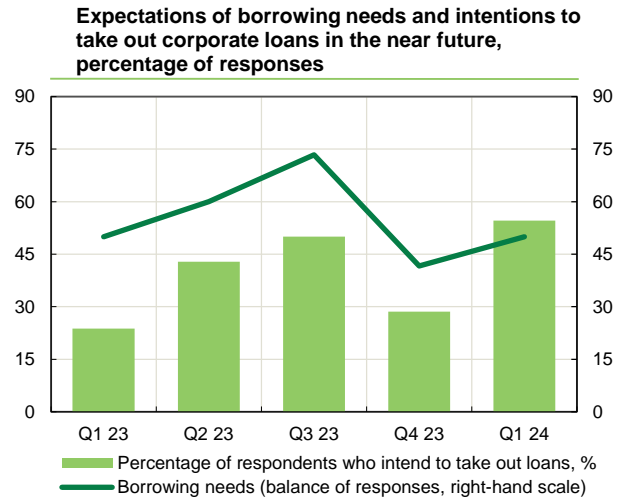


Figure 9

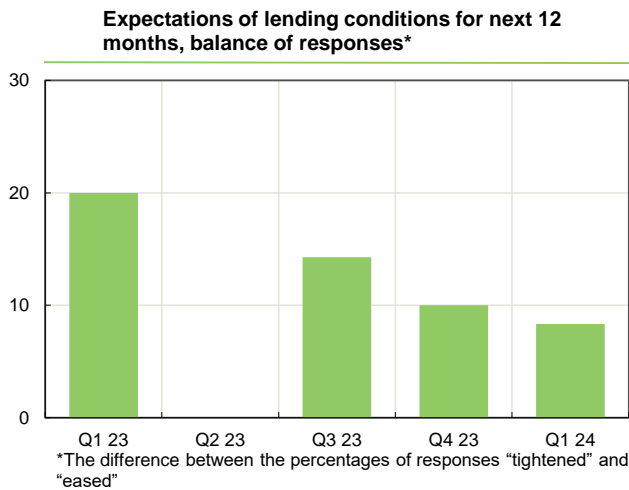


Figure 10

