



National Bank
of Ukraine

Business Outlook Survey of Dnipropetrovsk Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 **Dnipropetrovsk oblast** in **Q2 2024** showed that, despite the war, high raw material and supplies prices and qualified staff shortages, respondents expected the output of Ukrainian goods and services to remain unchanged. Respondents reported gloomier expectations for the performance of their companies over the next 12 months. Inflation was expected to be lower. 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 remain unchanged: the balance of expectations was 0.0%, compared to (-5.1%) in Q1 2024 (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%). The most optimistic expectations were reported by respondents from agricultural companies (16.7%). Respondents from transport and communications companies reported the dimmest expectations (-28.6%)
- prices for consumer goods and services would rise at a slower pace: the share of respondents who expected that the inflation rate would exceed 10.0% was 54.5%, compared to 64.5% in the previous quarter and 37.2% 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 more noticeably: 93.5% of respondents (compared to 85.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 84.9% across Ukraine
- the financial and economic standings of their companies would deteriorate: the balance of expectations was (-3.9%), compared to 0.0% in the previous quarter and (-0.2%) across Ukraine (see Table). The most optimistic expectations were reported by agricultural companies, while the most pessimistic expectations were reported by companies engaged in other economic activities (the balances of expectations were 33.3% and (-33.3%) respectively)
- **total sales would increase**: the balance of expectations was 5.2%, compared to 7.8% in Q1 2024 (see Table). External sales were also expected to rise: the balance of expectations was 21.2%, compared to (-2.9%) in Q1 2024. Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- investment in construction and in machinery, equipment, and tools would decrease: the balances of responses were (-12.2%) and (-5.3%) respectively, compared to (-2.9%) and 4.1% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- staff numbers would decrease: the balance of responses was (-5.2%), compared to (-7.7%) in the previous quarter and (-10.7%) across Ukraine (Figure 4). Transport and communications companies had the firmest expectations of staff cuts, meanwhile companies engaged in other economic activities said they intended to expand their workforces (the balances of responses were (-28.6%) and 33.3% respectively)
- both purchase and selling prices would rise: the balances of responses were 92.1% and 60.5% respectively (compared to 84.6% and 57.7% respectively in Q1 2024) (Figure 6). Respondents from manufacturing and trading companies reported the strongest expectations of a rise in selling prices (the balances of responses were 90.9% and 80.0% respectively). Respondents referred to high raw material and supplies prices, energy prices and the hryvnia exchange rate (the impact of this factor was reported to have increased compared to the previous quarter) 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 64.9% and 54.5% respectively (compared to 67.9% and 62.3% in Q1 2024) (Figures 4 and 6).

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

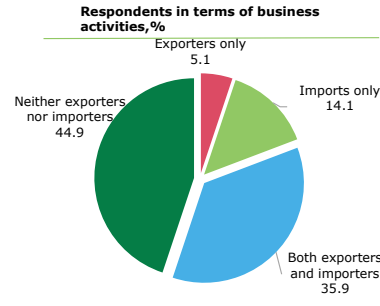
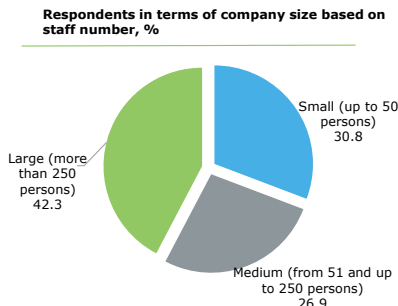
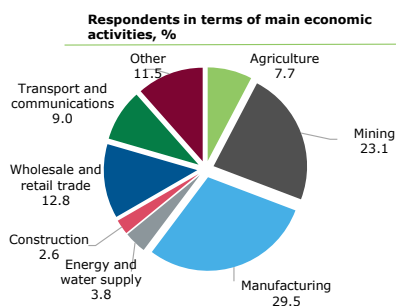
Respondents reported somewhat firmer expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans (29.5%) usually opted for domestic currency ones. Respondents said that lending conditions had tightened (Figure 9). Respondents referred to high loan rates, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

97.4% 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)

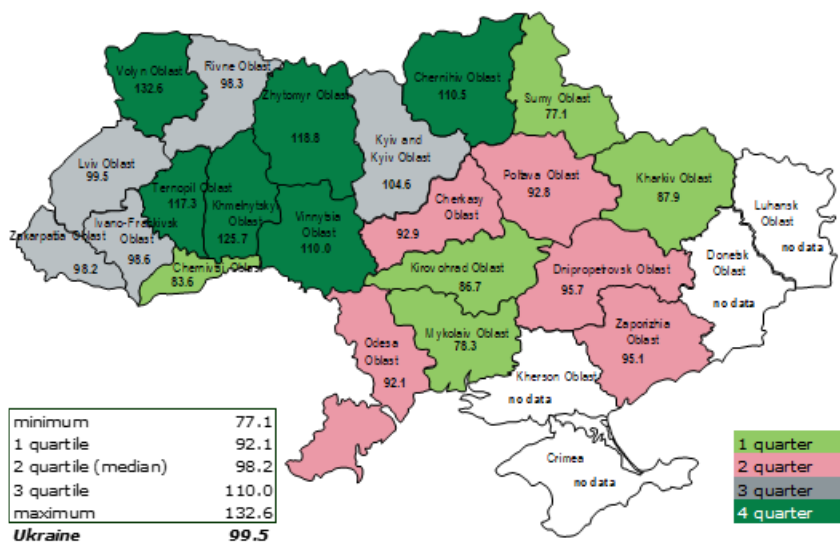
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-24.4%), (compared to (-25.6%) in Q1 2024 and (-4.3%) across Ukraine).
- **Finished goods stocks were assessed at lower than normal levels**: the balance of responses was (-14.6%), down from (-6.5%) in Q1 2024.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 21.1%, down from 28.2% in Q1 2024.

Survey Details^{1 2}



- Period: 30 April through 27 May 2024.
- A total of 78 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries, 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
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 Dnipropetrovsk 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 | -9.0 | -2.5 | -3.7 | 0.0 | -3.9 |
| Total sales | 0.0 | 9.0 | 3.7 | 7.8 | 5.2 |
| Investment in construction | -15.4 | -2.7 | -13.9 | -2.9 | -12.2 |
| Investment in machinery, equipment, and tools | -16.7 | -2.7 | -1.3 | 4.1 | -5.3 |
| Staff numbers | -7.6 | -9.0 | -5.2 | -7.7 | -5.2 |

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

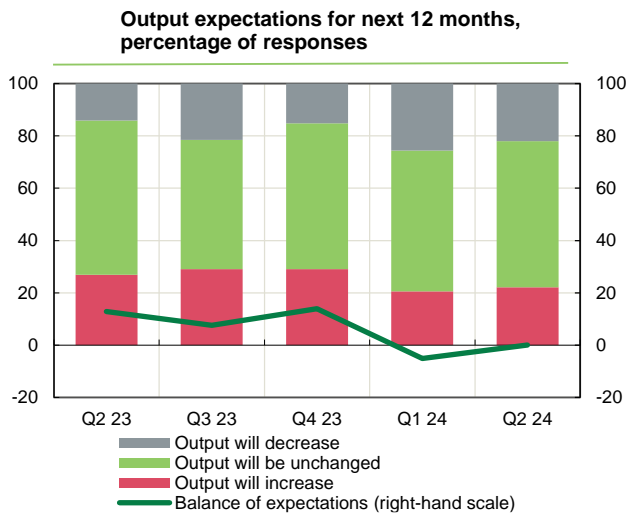


Figure 2

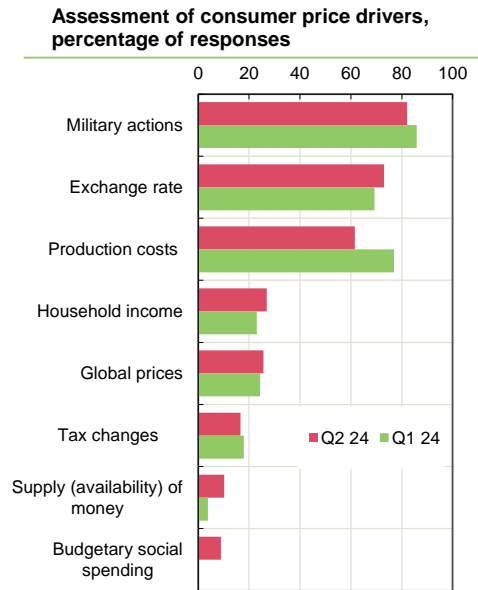


Figure 3

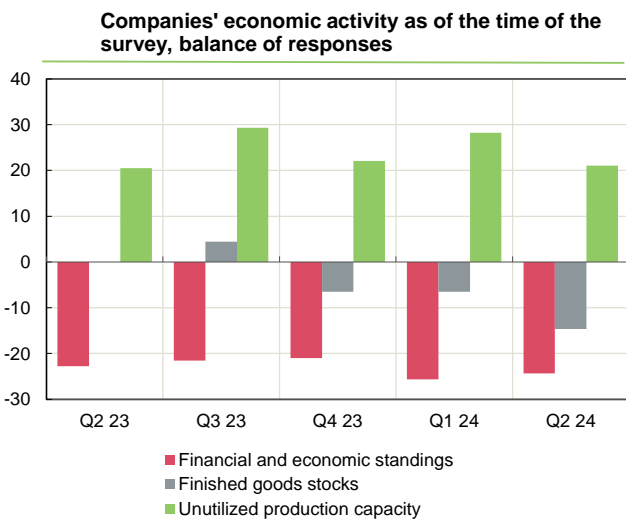


Figure 4

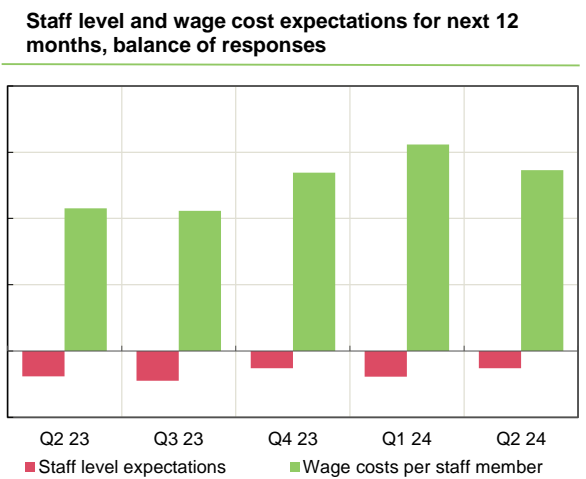


Figure 5

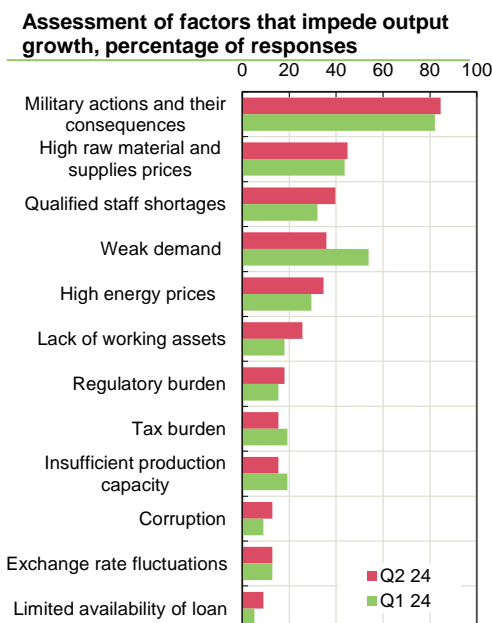


Figure 6

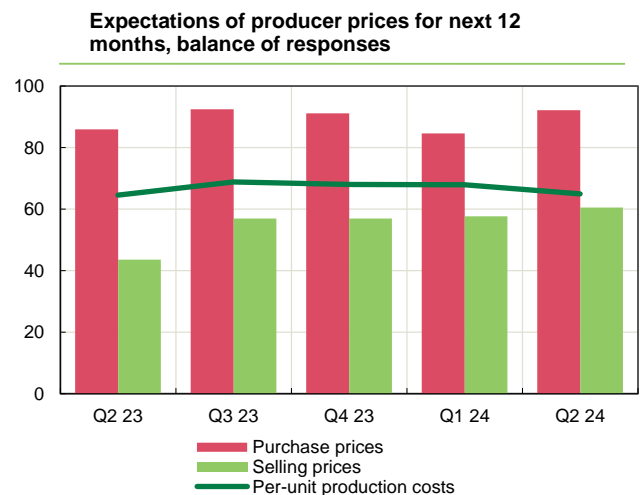


Figure 7

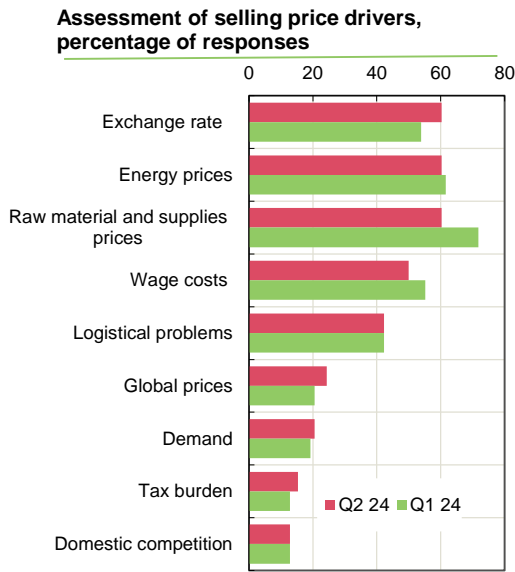


Figure 8

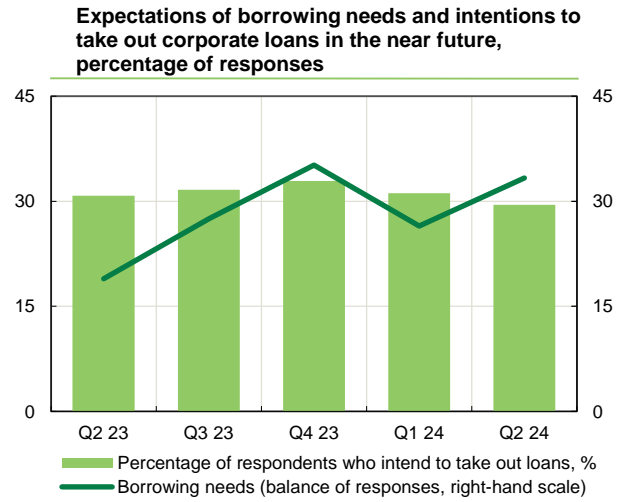


Figure 9

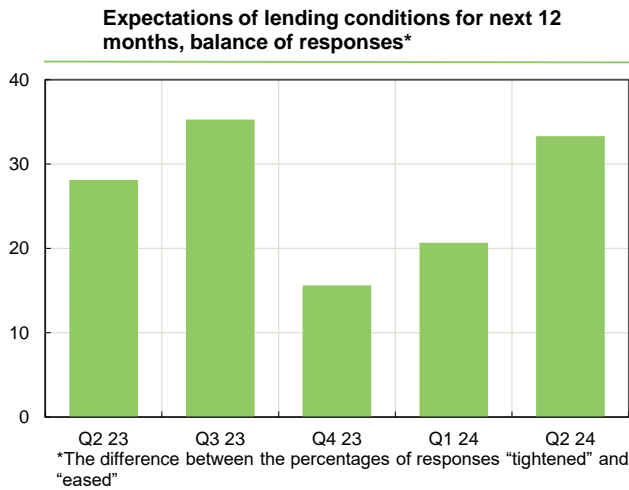


Figure 10

