



National Bank
of Ukraine

Business Outlook Survey of Zaporizhzhia Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q2 2024 showed that, despite the war, high energy, raw material and supplies prices, and qualified staff shortages, respondents **expected that the output of Ukrainian goods and services would increase** over the next 12 months. At the same time, respondents reported the dimmest expectations for the performance of their companies over the same period. Prices were expected to increase more slowly. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would increase:** the balance of responses was 15.8% (compared to 44.4% in the previous quarter) (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **prices for consumer goods and services would rise more slowly:** 89.5% of respondents expected that the inflation rate would not exceed 10.0% (compared to 55.6% in the previous quarter and 62.8% across Ukraine). Respondents continued to refer to military actions (reported by 89.5% respondents), the hryvnia exchange rate and production costs as the **main inflation drivers** (Figure 2)
- the hryvnia would depreciate more noticeably: 100.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 94.1% in Q1 2024 and 84.9% across Ukraine
- the financial and economic standings of their companies would deteriorate: the balance of expectations was (-5.3%), down from 0.0% in the previous quarter. Overall, across Ukraine, the balance of responses was (-0.2%) (see Table)
- **total sales and external sales would increase:** the balances of responses were 11.8% and 28.6% respectively (compared to 0.0% and (-12.5%) in the previous quarter) (see Table). Overall, 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 (-25.0%) and (-6.3%) respectively, compared to (-13.3%) and 0.0% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- staff numbers at their companies would remain unchanged: the balance of responses was 0.0% (compared to (-16.7%) in Q1 2024) (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- purchase and selling prices would increase: the balances of responses were 88.9% and 63.2% respectively, compared to 83.3% and 61.1% in the previous quarter (Figure 6). Raw material and supplies prices, energy prices and wage costs were cited as 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 73.7% and 52.6% respectively (compared to 83.3% and 76.5% respectively in the previous quarter) (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, energy prices, and qualified staff shortages (the impact of this factor was reported to have increased compared to the previous survey) as **the main drags on the ability of their companies to boost production** (Figure 5).

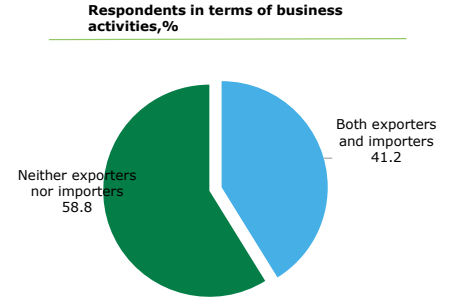
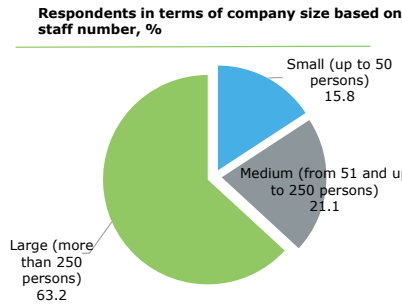
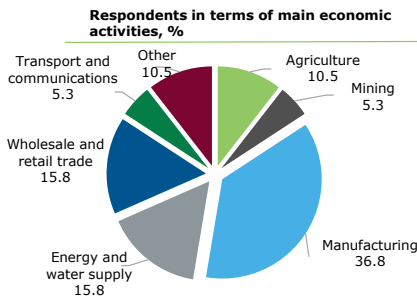
Respondents expected that their borrowing needs would increase in the near future (Figure 8). The companies that planned to take out bank loans (38.9% of those surveyed) opted mostly for domestic currency loans. Respondents said that lending conditions had remained tight (Figure 9). Companies cited high interest rates, the availability of other funding sources 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)

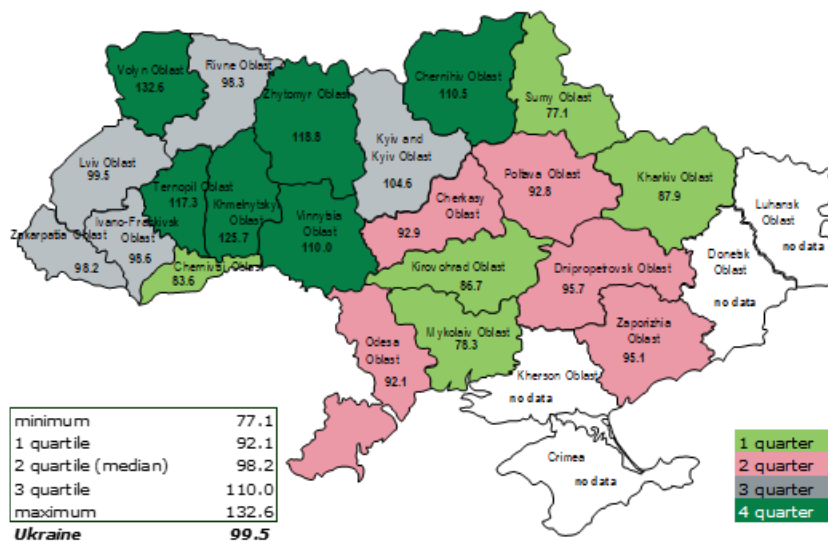
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-36.8%) (one of the dimmest figures among the regions), compared to (-33.3%) in the previous quarter. Across Ukraine, the balance of responses was (-4.3%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-27.3%) (compared to (-25.0%) in Q1 2024).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.1%, as in the previous quarter.

Survey Details^{1,2}



- Period: 7 May through 27 May 2024.
- A total of 19 companies were polled.
- A representative sample was generated on the basis of 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 Zaporizhzhia 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	-6.3	5.6	-15.0	0.0	-5.3
Total sales	6.7	22.2	0.0	0.0	11.8
Investment in construction	0.0	-7.1	-16.7	-13.3	-25.0
Investment in machinery, equipment, and tools	0.0	28.6	5.6	0.0	-6.3
Staff numbers	-11.8	-16.7	-15.0	-16.7	0.0

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

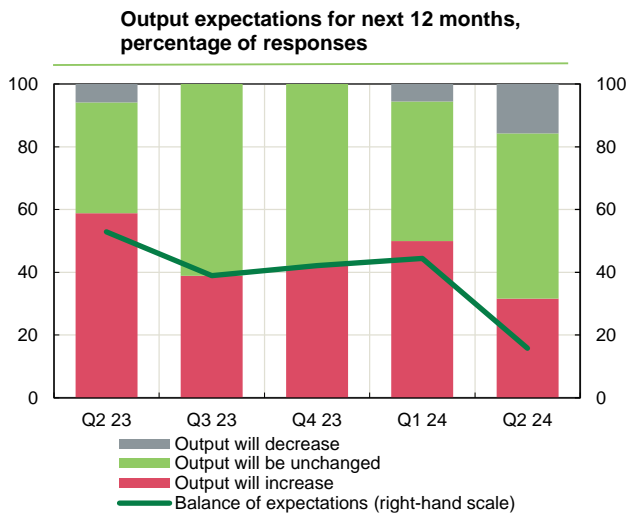


Figure 2

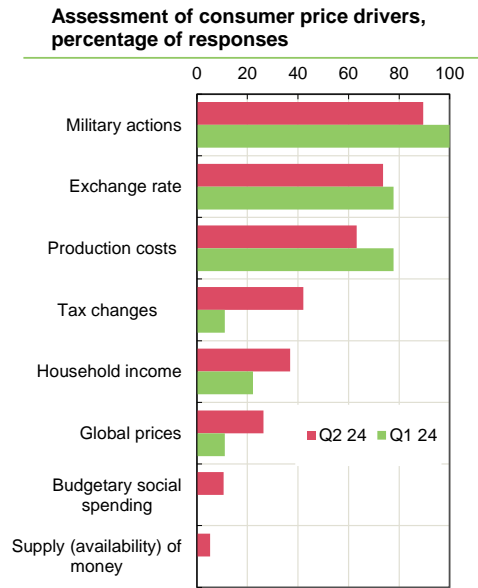


Figure 3

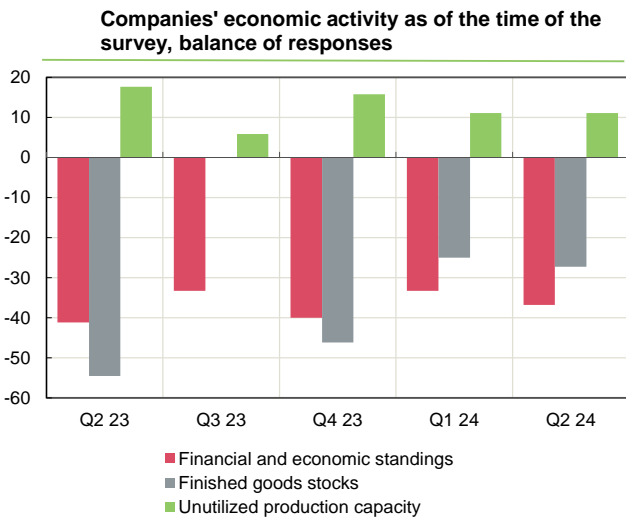


Figure 4

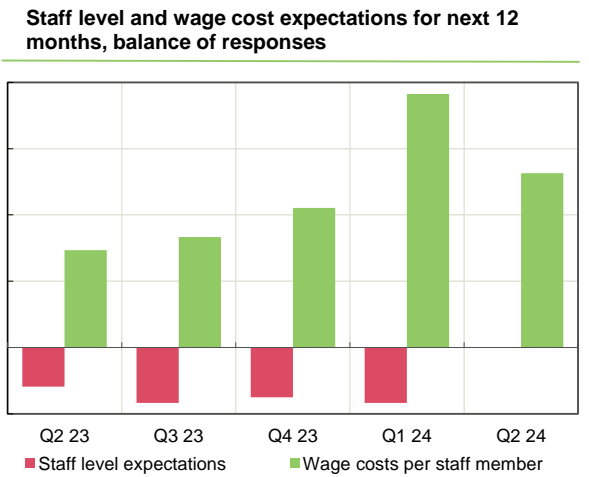


Figure 5

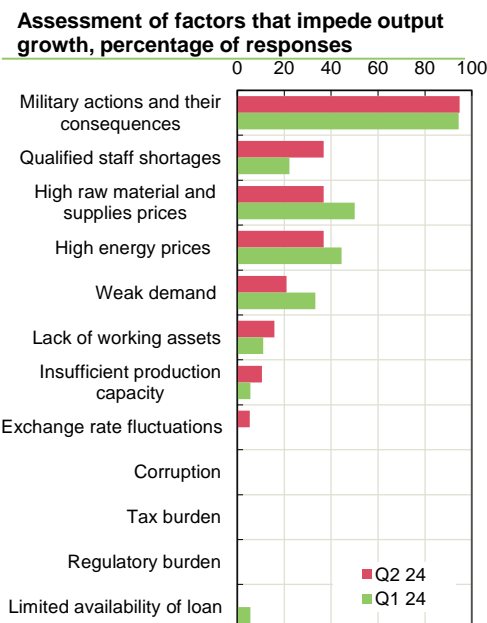


Figure 6

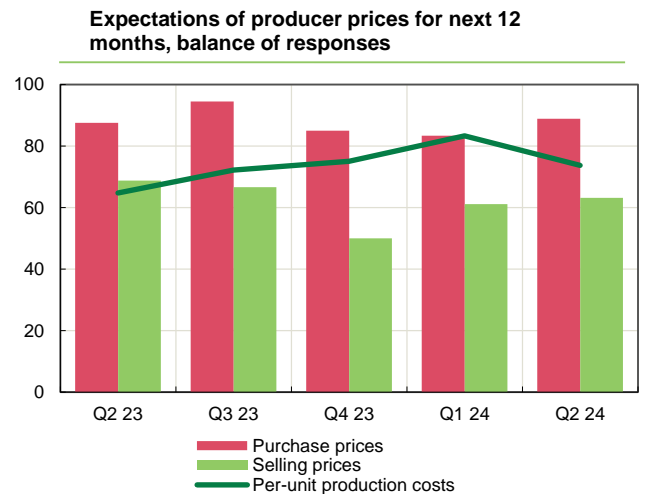


Figure 7

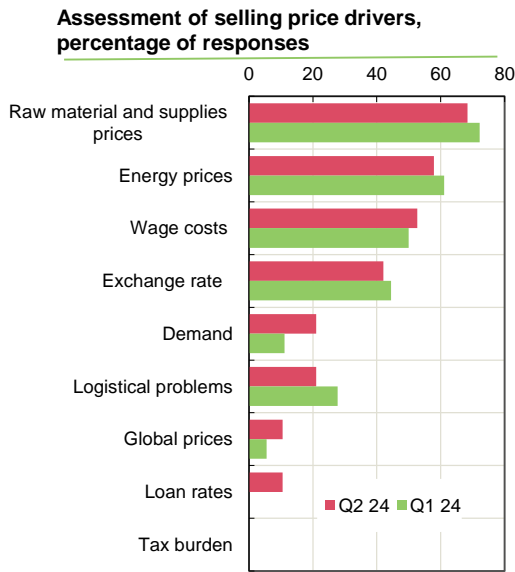


Figure 8

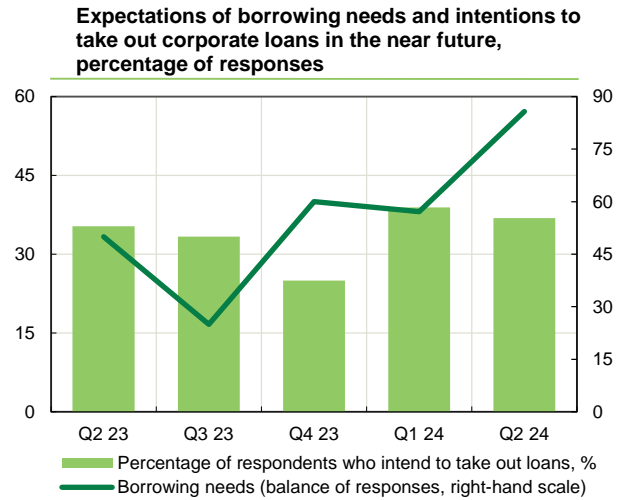


Figure 9

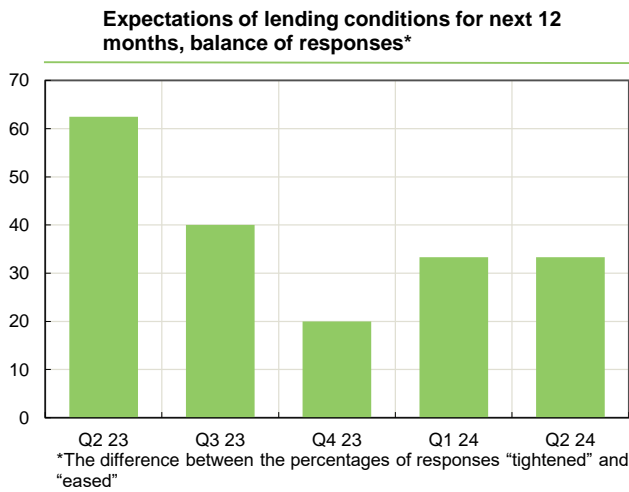


Figure 10

