



National Bank
of Ukraine

Business Outlook Survey of Kirovohrad Oblast *

Q1 2024



*This survey only reflects the opinions of respondents in Kirovohrad 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 Kirovohrad oblast in Q1 2024 showed that, amid logistical difficulties with crossing the border, respondents **expected a drop in the output of Ukrainian goods and services** over the next 12 months. Respondents also reported **negative expectations for their companies' performance** over this period. Companies expected that prices for consumer goods and services would rise more slowly. 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 at a slower pace:** the balance of expectations was (-25.0%) (among the dimmest expectations across the regions), up from (-33.3%) in the previous quarter (Figure 1). Overall, across Ukraine companies expected output growth: the balance of responses across Ukraine was 8.5%
- **prices for consumer goods and services would grow more slowly:** 58.3% of respondents expected that the inflation rate would not exceed 10.0% (compared to 41.7% in the previous quarter and 48.4% across Ukraine). 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 more strongly:** 75.0% of respondents (compared to 66.7% 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 deteriorate:** the balance of expectations was (-33.3%) (the dimmest expectations across the regions), as in the previous quarter (see Table). Overall, across Ukraine respondents expected the financial and economic standings of their companies to improve (3.7%)
- **total sales would drop:** the balance of responses was (-41.7%), as in Q4 2023 (see Table). Overall, across Ukraine, respondents expected total sales to increase: the balance of responses was 10.6%
- **investment in machinery, equipment and tools would remain unchanged:** the balance of responses was 0.0%, compared to (-25.0%) in the previous quarter. Meanwhile, respondents expected that investment in construction would drop: the balance of responses was (-41.7%), as in Q4 2023 (see Table). Across Ukraine, the balances of responses were 8.3% and (-1.5%) respectively
- **staff numbers at their companies would decrease more slowly:** the balance of responses was (-25.0%) (the dimmest expectations across the regions), compared to (-41.7%) in Q4 2023. Across Ukraine, the balance of responses was (-6.3%) (Figure 4)
- **purchase prices would rise at a fast pace:** the balance of responses was 83.3%, compared to 81.8% in Q4 2023. Respondents expected that **selling prices would rise at a somewhat faster pace:** the balance of responses was 25.0%, up from 18.2% in the previous quarter (Figure 6). Respondents cited energy prices, logistical problems and the hryvnia exchange rate as **the main selling price drivers** (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 83.3% and 58.3% respectively, compared to 83.3% and 66.7% in Q4 2023 (Figures 6 and 4).

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

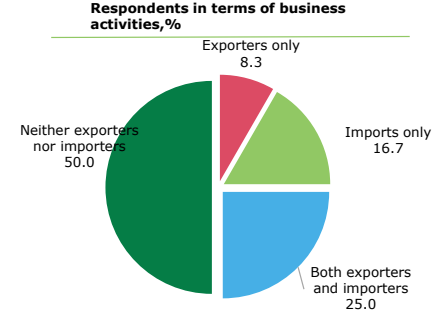
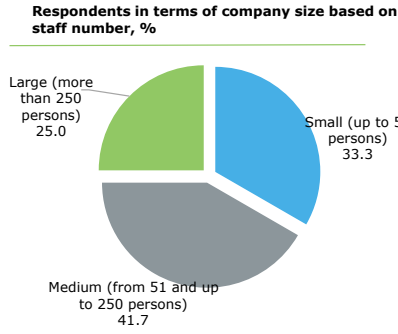
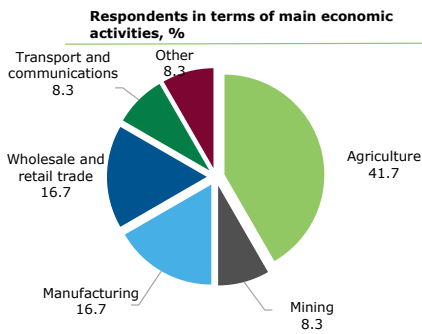
Respondents expected a rise in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (their share rose to 50.0% of those surveyed) opted only for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Respondents cited high interest rates, the availability of other funding sources and uncertainty about their ability to meet debt obligations as they fall due 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)

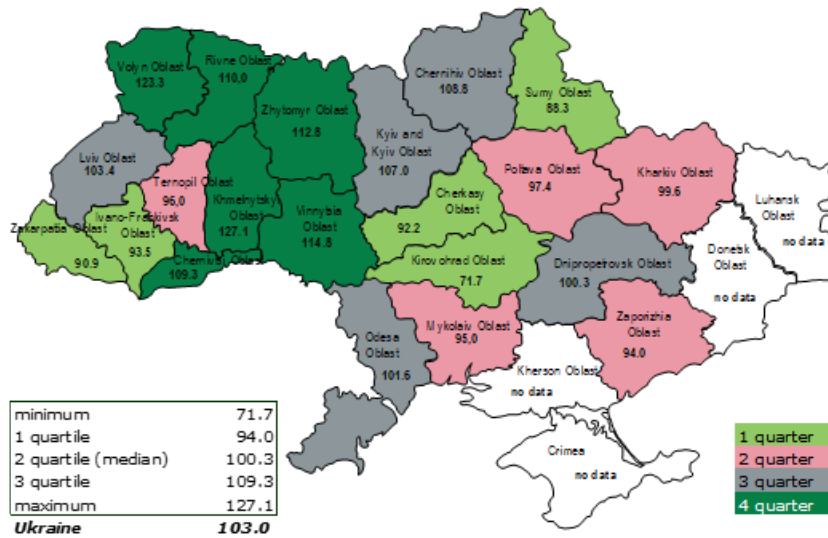
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-16.7%), compared to 8.3% in Q4 2023 (Figure 3). Across Ukraine, the balance of responses was (-1.4%).
- **Finished goods stocks had decreased and were assessed as lower than normal levels:** the balance of responses was (-33.3%), compared to 0.0% in the previous quarter.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-16.7%), compared to (-25.0%) in Q4 2023.

Survey Details^{1,2}



- Period: 31 January through 27 February 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, %



¹ a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
² 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 Kirovohrad 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	-25.0	-7.7	-36.4	-33.3	-33.3
Total sales	-41.7	-15.4	-25.0	-41.7	-41.7
Investment in construction	-63.6	-23.1	-25.0	-41.7	-41.7
Investment in machinery, equipment, and tools	-50.0	-15.4	0.0	-25.0	0.0
Staff numbers	-25.0	-7.7	-25.0	-41.7	-25.0

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

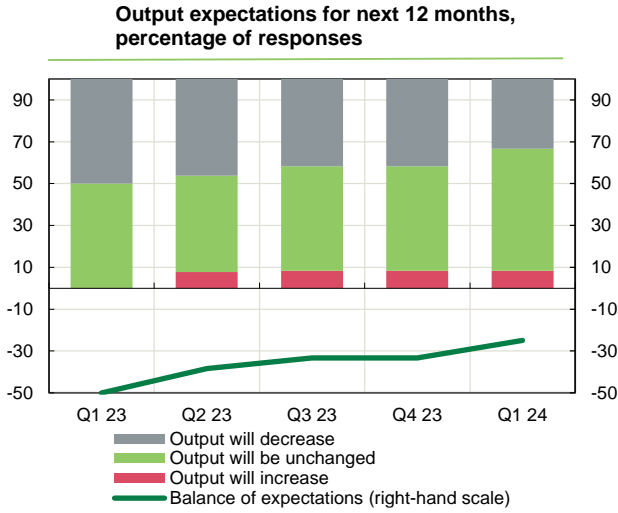


Figure 2

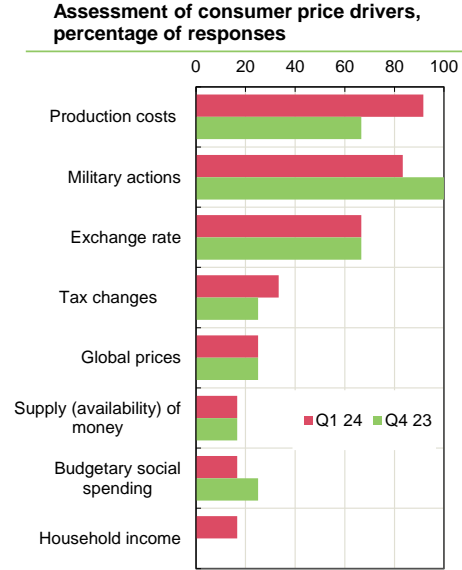


Figure 3

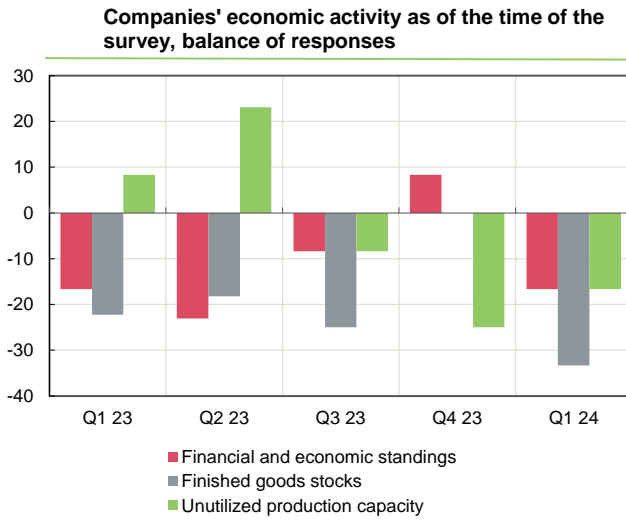


Figure 4

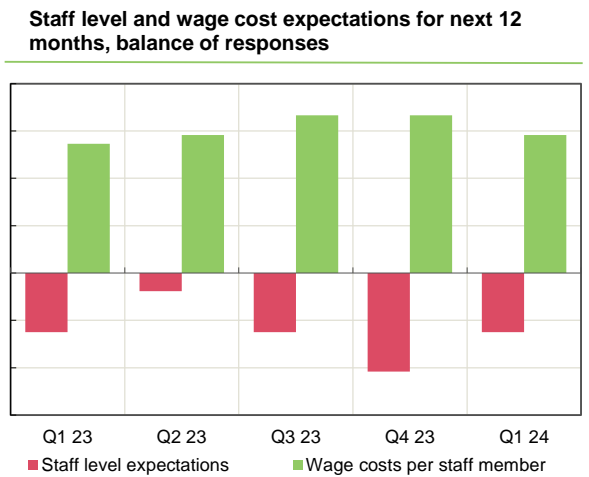


Figure 5

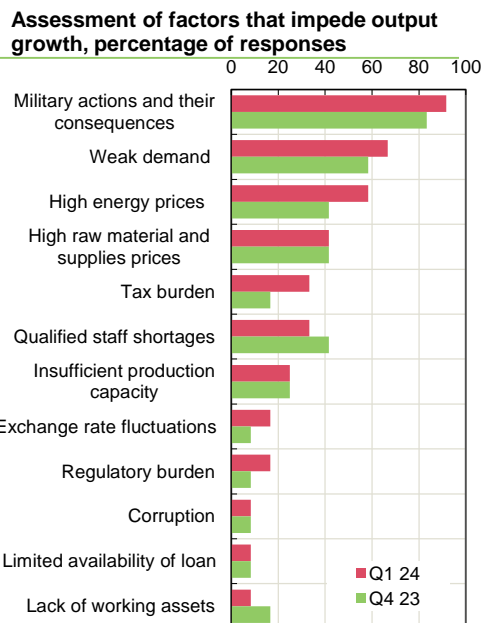


Figure 6

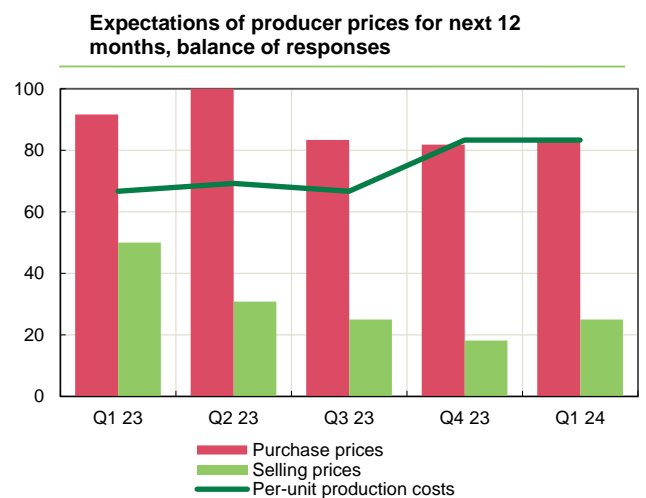


Figure 7

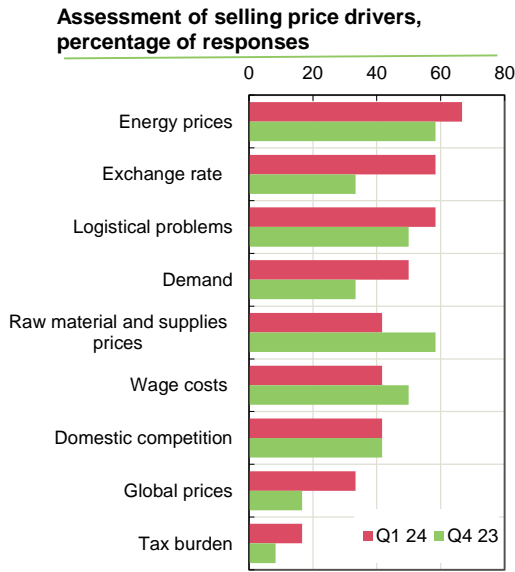


Figure 8

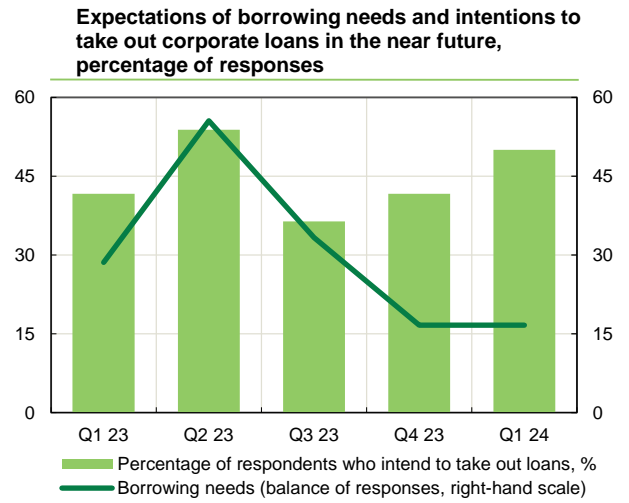


Figure 9

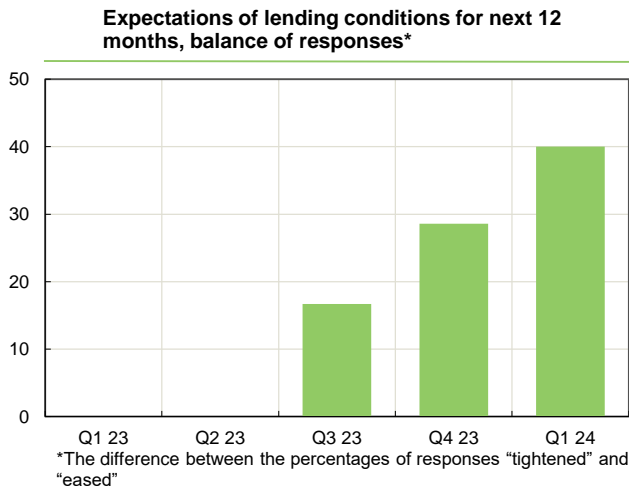


Figure 10

