



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q4 2024



*This survey only reflects the opinions of respondents in Odesa oblast (top managers of companies) who were polled in Q4 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Odesa oblast** in Q4 2024 showed that, on the back of the war, qualified staff shortages and weak demand, respondents downgraded their expectations for the output of Ukrainian goods and services, while also significantly weakening their negative expectations for the performance of their companies over the next 12 months. Inflation was expected to accelerate. Depreciation expectations strengthened.

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

- the output of Ukrainian goods and services would decrease: the balance of expectations was (-18.9%), compared to (-2.7%) in Q3 2024 (Figure 1) and (-1.4%) across Ukraine. Respondents from manufacturing companies reported optimistic expectations (33.3%). Meanwhile, the dimmest expectations were reported by agricultural companies and companies engaged in other economic activities (-60.0%) and (-50.0%) respectively
- prices for consumer goods and services would rise: 52.8% of respondents said that price growth would exceed 10.0%, compared to 48.6% in the previous quarter and 53.7% 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 more pronouncedly: 91.4% of respondents (compared to 83.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 92.8%
- the financial and economic standings of their companies would deteriorate at a slower pace: the balance of expectations was (-2.7%), compared to (-13.3%) in the previous quarter and (-1.2%) across Ukraine (see Table). The gloomiest expectations were reported by respondents from trading companies (the balance of responses was (-42.9%)), while the most optimistic expectations were reported by manufacturing companies (16.7%)
- total sales would decrease: the balance of responses was (-8.1%), up from (-13.5%) in the previous quarter (see Table). Meanwhile, external sales were expected to rise at a faster pace: the balance of responses was 17.6%, up from 6.7%. Across Ukraine, the balances of responses were 9.0% and 7.7% respectively
- investment in construction and in machinery, equipment, and tools would decrease: the balances of responses were (-8.6%) and (-5.9%) respectively, compared to 15.5% and 10.8% in Q3 2024 (see Table). Across Ukraine, the balances of responses were (-1.6%) and 9.3% respectively
- staff numbers would decrease: the balance of responses was (-19.4%), compared to (-27.0%) in Q3 2024. Overall, across Ukraine, the balance of responses was (-6.6%) (Figure 4)
- purchase and selling prices would rise: the balances of responses were 91.9% and 59.5% respectively (compared to 97.3% and 64.9% respectively in Q3 2024) (Figure 6). Respondents from manufacturing and trading companies reported the firmest intentions to raise their selling prices (83.3% and 85.7% respectively). Respondents said that energy prices, the hryvnia exchange rate and labor costs (the impact of this factor was reported to have increased) were the main selling price drivers (Figure 7)
- per-unit production costs would grow more slowly: the balance of responses was 48.6% compared to 58.3% in Q3 2024. At the same time, respondents expected that wage costs per staff member would rise more quickly: the balance of responses was 50.0%, compared to 37.8% in the previous quarter (Figures 4 and 6).

As in the previous quarter, companies named military actions and their consequences, qualified staff shortages and weak demand as the main drags on their ability to boost production (Figure 5).

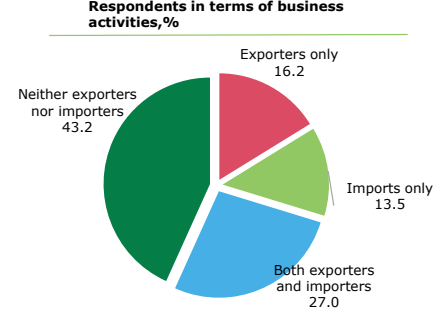
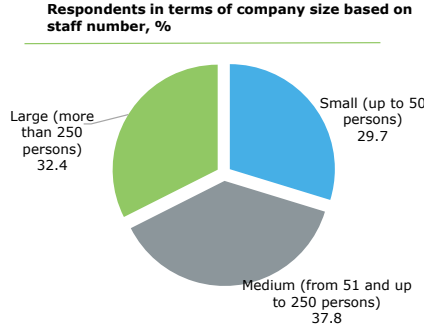
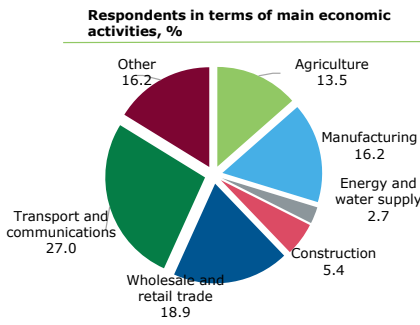
Respondents expected that their borrowing needs would increase more slowly in the near future (Figure 8). The respondents who planned to take out bank loans (29.7% of those surveyed) usually opted for domestic currency loans. Respondents improved their assessments of lending conditions, but still described these conditions as tight (Figure 9). Respondents also referred to high interest rates, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

97.3% of the respondents in the oblast said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.5% across Ukraine).

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

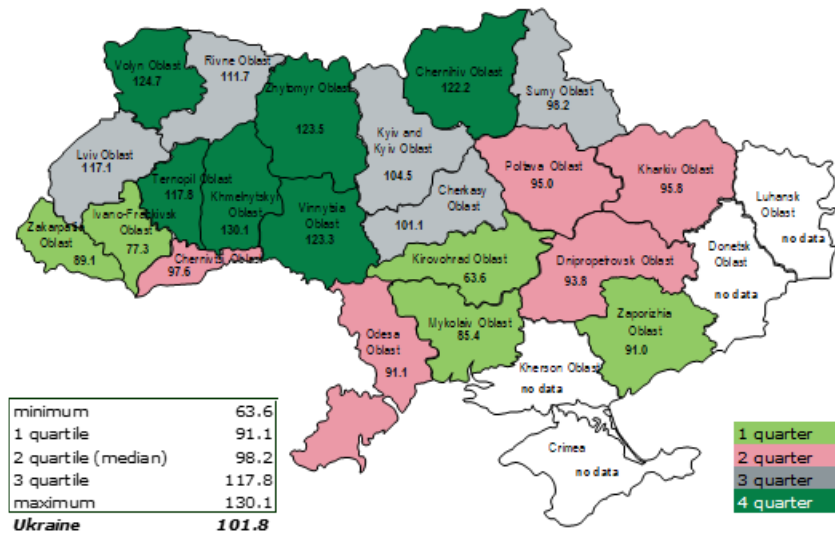
- Companies' current financial and economic standings had deteriorated and were assessed as bad: the balance of responses was (-2.7%), compared to 0.0% in Q3 2024 and (-6.1%) across Ukraine.
- Finished goods stocks were assessed at below their normal levels: the balance of responses was (-28.6%), compared to (-25.0%) in Q3 2024.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 18.9%, compared to 21.6% in Q3 2024.

Survey Details^{1,2}



- Period: 31 October through 26 November 2024.
- A total of 37 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, %				
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Financial and economic standings	2.6	7.9	0.0	-13.9	-2.7
Total sales	-18.4	5.3	0.0	-13.5	-8.1
Investment in construction	-5.4	-2.7	-5.4	13.5	-8.6
Investment in machinery, equipment, and tools	-2.7	7.9	-2.6	10.8	-5.9
Staff numbers	-21.1	-10.5	-31.6	-27.0	-19.4

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

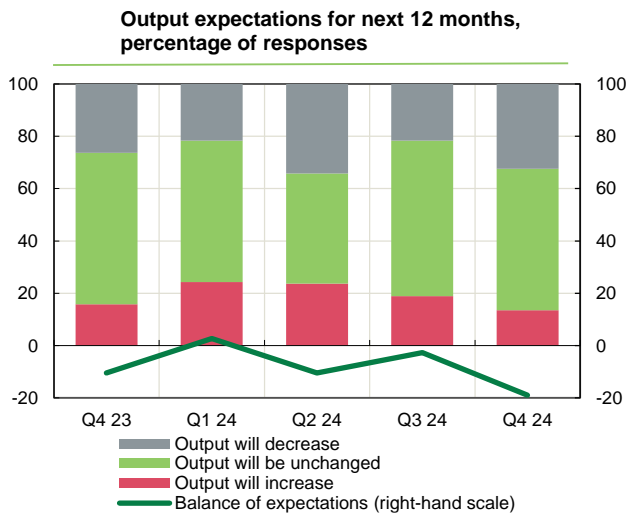


Figure 2

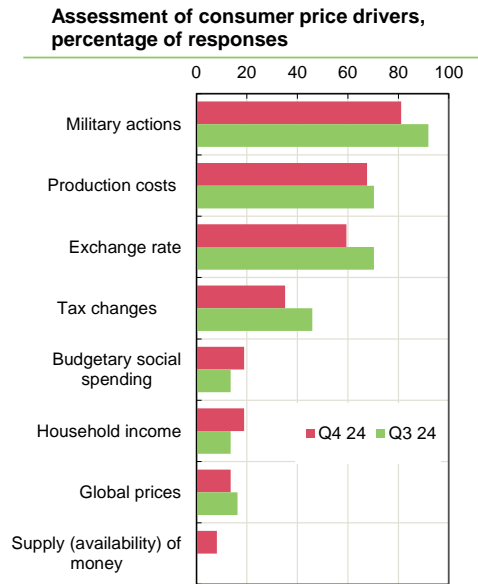


Figure 3

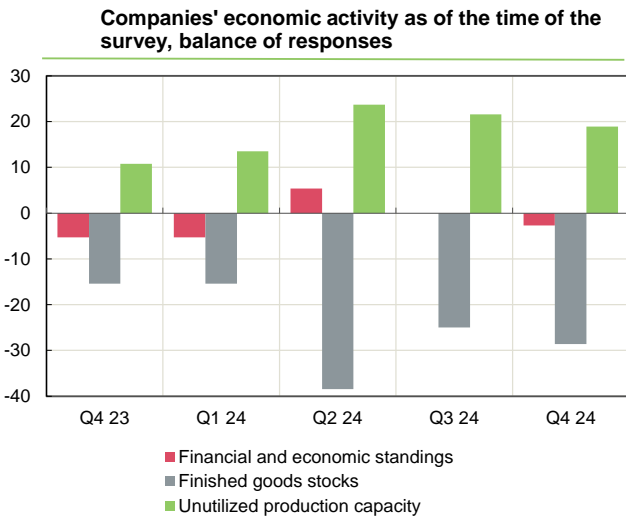


Figure 4



Figure 5

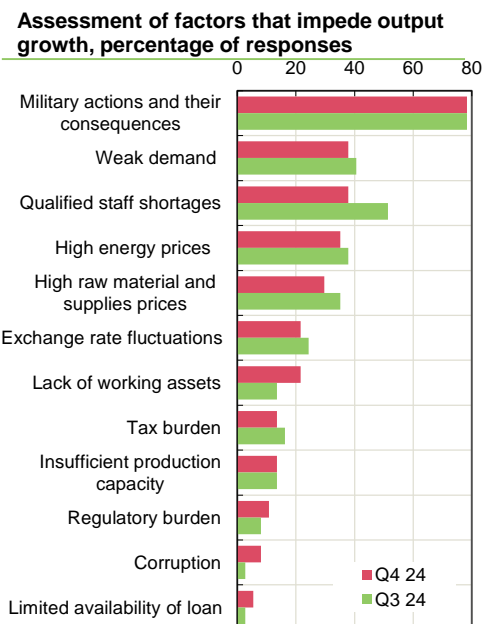


Figure 6

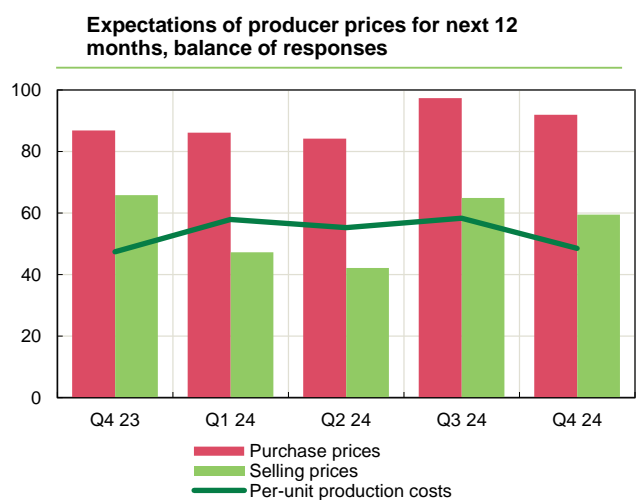


Figure 7

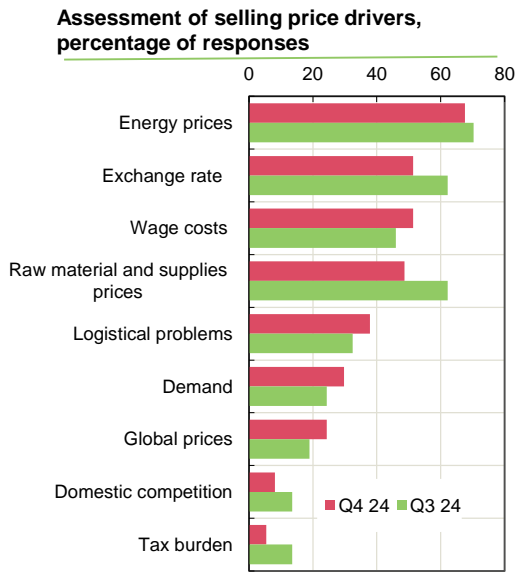


Figure 8

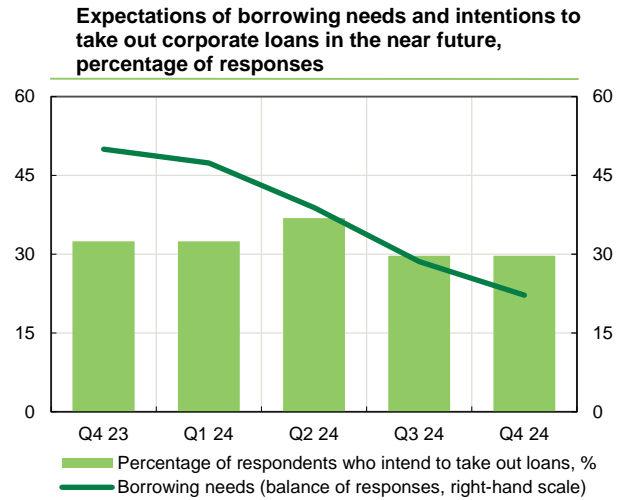


Figure 9

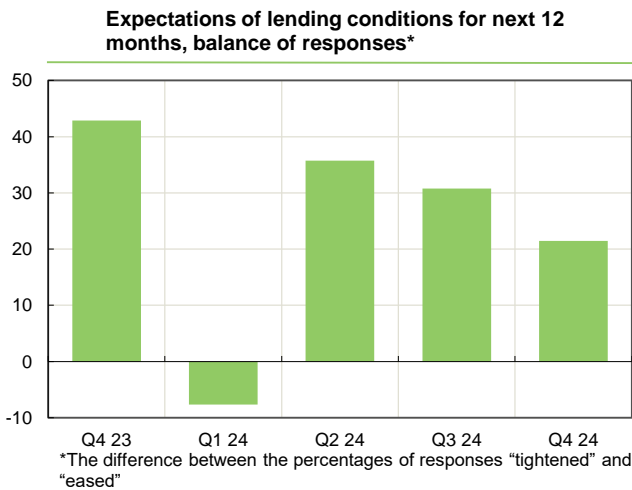


Figure 10

