



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in **Q2 2024** showed that, on the back of the war, qualified staff shortages and weak demand, respondents had cautious expectations for the output of Ukrainian goods and services. They reported **positive expectations for the performance of their companies** over the next 12 months. Inflation was expected to increase. Depreciation expectations remained strong.

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

- the output of Ukrainian goods and services would decrease at a slower pace: the balance of expectations was (-10.3%), compared to (-17.5%) in Q1 2024 and (-0.3%) across Ukraine (Figure 1)
- prices for consumer goods and services would rise faster: 57.5% of respondents expected the inflation rate to be higher than 10.0%, compared to 67.5% in the previous quarter and compared to 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: 90.0% of respondents (compared to 92.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve**: the balance of expectations was 7.5% (compared to 2.6% in Q1 2024). Overall, across Ukraine, the financial and economic standings of companies were expected deteriorate moderately (-0.2%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, up from (-5.1%) in Q1 2024 (see Table). Meanwhile external sales were reported to increase: the balance of responses was 15.4%, up from (-8.3%) in the previous quarter. Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment in machinery, equipment, and tools would increase**: the balance of responses was 5.3%, down from 12.5% in the previous quarter. Meanwhile, respondents expected that investment in construction would decrease: the balance of responses was (-13.5%), compared to (-5.3%) in Q1 2024. Across Ukraine, the balances of responses were 5.4% and (-5.5%) respectively
- staff numbers at their companies would decrease: the balance of responses was (-35.0%), compared (-17.5%) in Q1 2024. Across Ukraine, the balance of responses was (-10.7%) (Figure 4)
- purchase and selling prices would grow: the balances of responses were 95.0% and 65.0% respectively, compared to 87.5% and 65.0% respectively in Q1 2024 (Figure 6). Respondents referred to energy prices, raw material and supplies prices, and wage costs as the main selling price drivers (Figure 7)
- per-unit production costs would grow: the balance of responses was 64.1%, up from 56.4% in the previous quarter. At the same time, respondents expected that wage costs per staff member would increase more slowly: the balance of responses was 45.0% (compared to 60.0% in Q1 2024) (Figures 6 and 4).

Respondents referred to military actions and their consequences, qualified staff shortages and weak demand as **the main drags on the ability of their companies to boost production** (Figure 5).

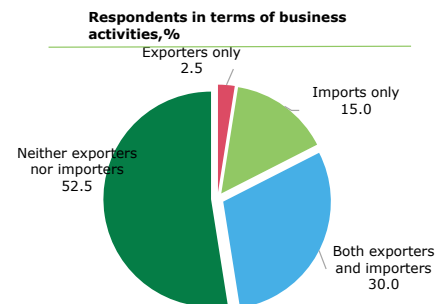
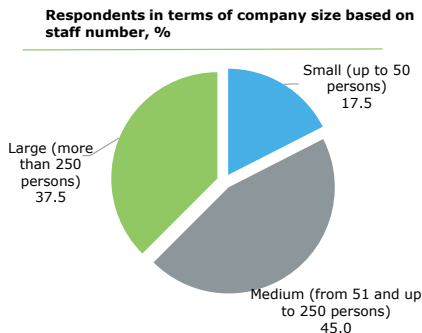
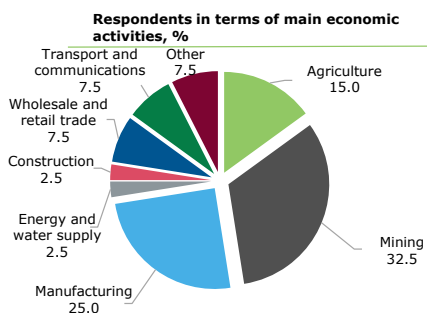
Respondents said that their borrowing needs would increase in the near future (Figure 8). 47.5% of respondents planned to take out bank loans and usually opted for domestic currency loans. Respondents said that bank lending standards had remained tight (Figure 9). Respondents referred to high interest rates, the availability of other funding sources, uncertainty about their ability to meet debt obligations as they fall due and complicated paperwork (the impact of this factor was reported to have increased) as the main factors deterring them from taking out loans (Figure 10).

97.2% of 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)

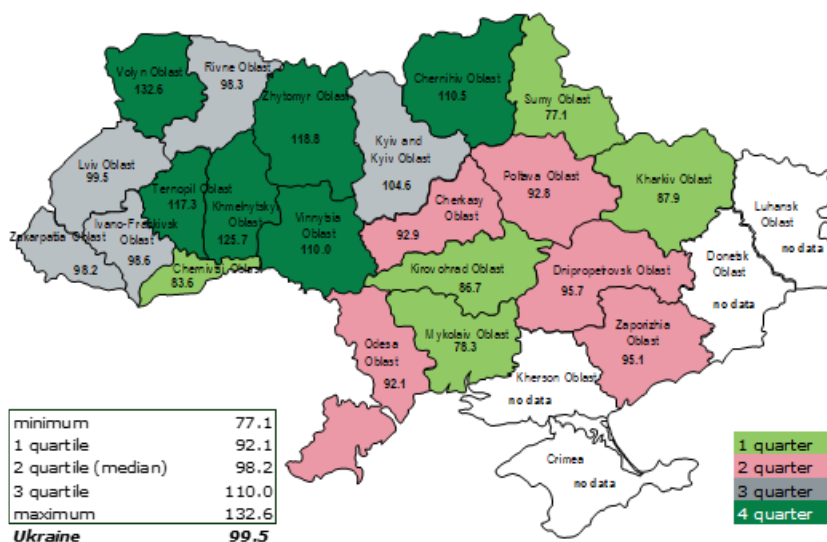
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-32.5%), compared to (-17.9%) in the previous quarter. The balance across Ukraine was (-4.3%).
- **Finished goods stocks remained at a level lower than normal**: the balance of responses was (-33.3%), compared to (-26.1%) in Q1 2024.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 22.5%, compared to 2.7% in the previous quarter.

Survey Details^{1,2}



- Period: 30 April through 27 May 2024.
- A total of 40 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries.

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 Poltava 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	10.0	22.5	15.0	2.6	7.5
Total sales	7.5	15.0	15.0	-5.1	0.0
Investment in construction	-8.1	-2.8	-2.6	-5.3	-13.5
Investment in machinery, equipment, and tools	13.5	21.1	13.2	12.5	5.3
Staff numbers	-5.0	0.0	-15.0	-17.5	-35.0

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

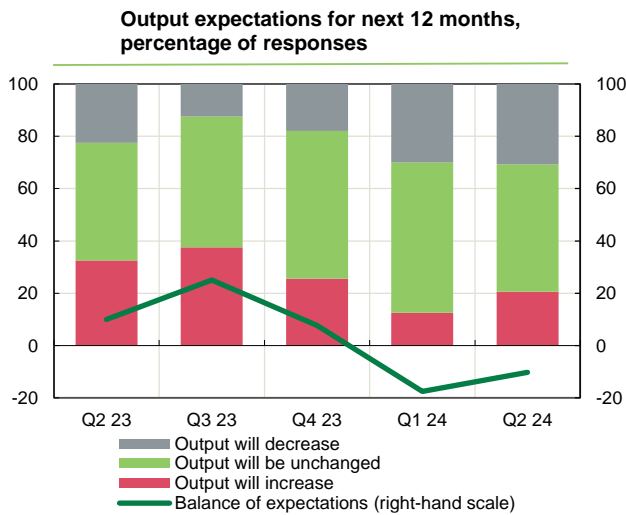


Figure 2

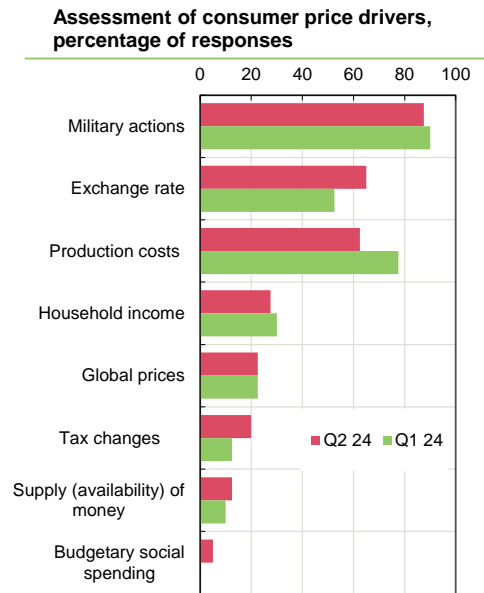


Figure 3

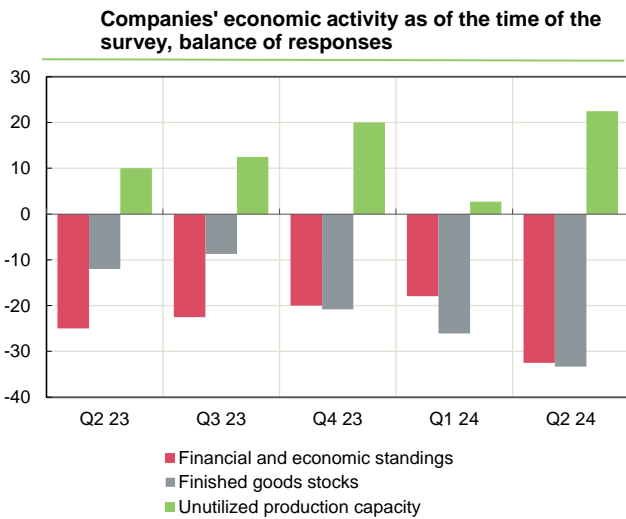


Figure 4

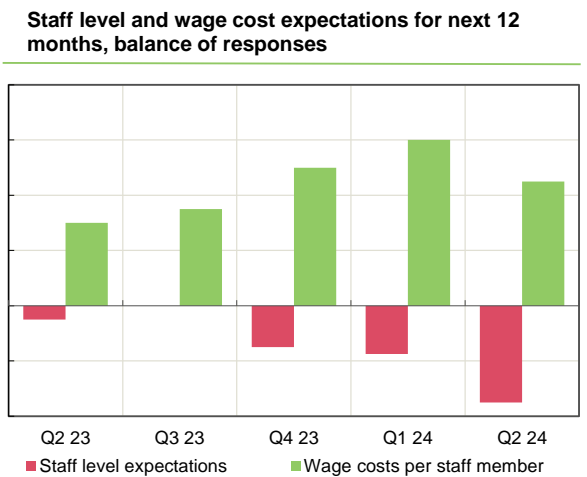


Figure 5

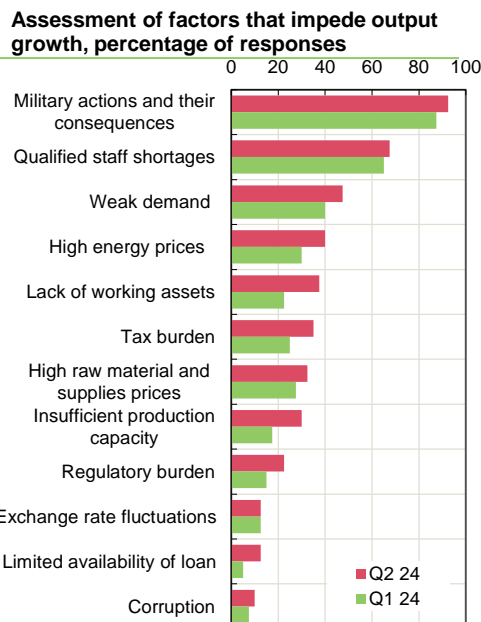


Figure 6

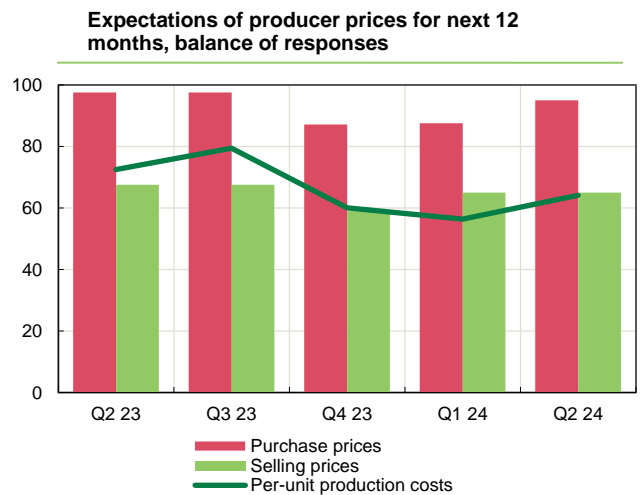


Figure 7

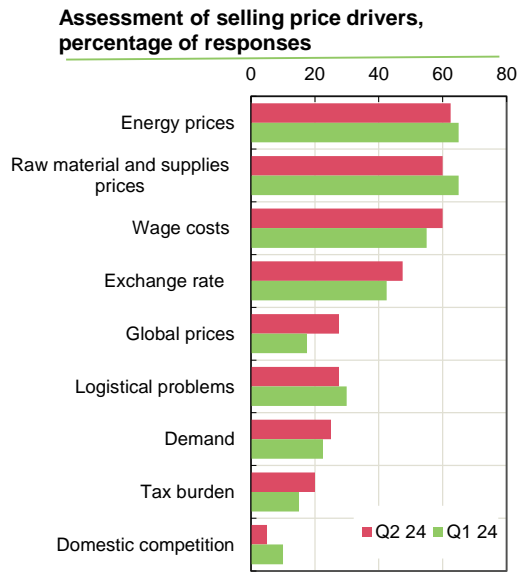


Figure 8

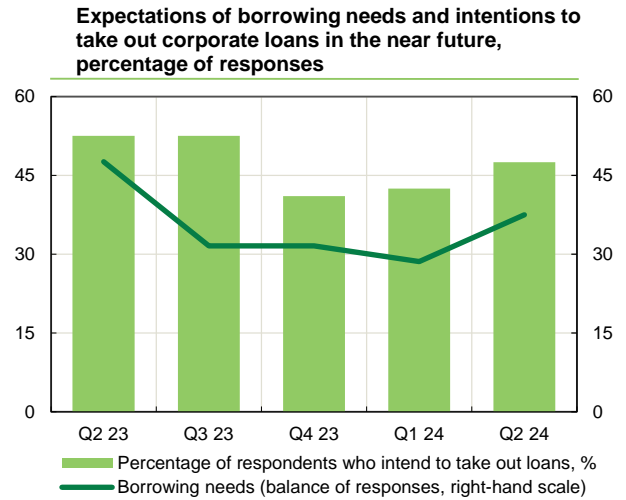


Figure 9

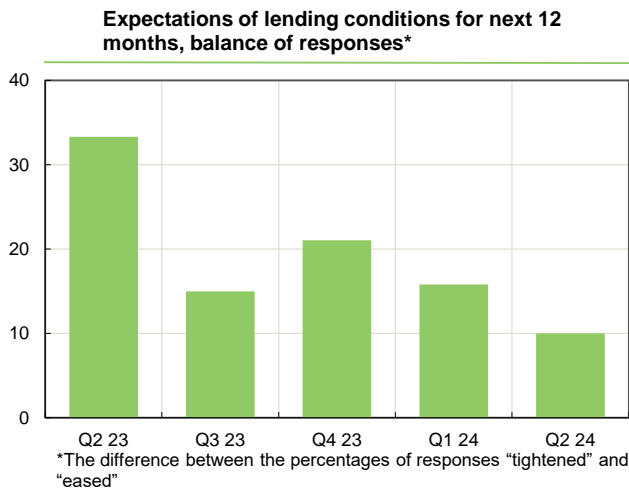


Figure 10

