National Bank
of Ukraine

Business Outlook Survey **of Sumy Oblast***

Q4 2024

*This survey only reflects the opinions of respondents in Sumy 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 **Sumy oblast** in Q4 2024 showed that, on the back of the war, high energy prices, depressed demand and qualified staff shortages, respondents downgraded their expectations for the output of Ukrainian goods and services. At the same time, they had positive expectations for the performance of their companies over the next 12 months. Inflation was expected to increase slightly. 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: the balance of expectations was (-41.7%), as in Q3 2024 (these were among the dimmest expectations across the regions) (Figure 1). Overall, across Ukraine the balance of responses was (-1.4%)
- prices for goods and services would rise at a somewhat higher pace: 61.5% of respondents expected the inflation rate to be higher than 10.0%, compared to 53.8% in the previous quarter, and compared to 53.7% across Ukraine. Respondents referred to military actions (mentioned by all of those surveyed), production costs and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 92.3% of respondents (as in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 92.8%
- the financial and economic standings of their companies would improve: the balance of expectations was 15.4%, compared to (-15.4%) in Q3 2024. Overall, across Ukraine, the balance of responses was (-1.2%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, up from (-23.1%) in Q3 2024. Respondents expected that external sales would rise: the balance of responses was 40.0%, compared to (-25.0%) in the previous quarter (see Table). Across Ukraine, the balances of responses were 9.0% and 7.7% respectively
- investment in construction would decrease more slowly: the balance of responses was (-16.7%), compared to (-40.0%) in the previous quarter. Meanwhile, investment in machinery, equipment and tools was expected to remain unchanged: the balance of responses was 0.0%, compared to (-40.0%) in Q3 2024 (see Table). Overall, across Ukraine, the balances of responses were (-1.6%) and 9.3% respectively
- staff numbers at their companies would decrease more slowly: the balance of responses was (-7.7%), up from (-30.8%) in the previous quarter. Across Ukraine, the balance of responses was (-6.6%) (Figure 4)
- purchase and selling prices would rise: the balances of responses were 92.3% and 53.8% respectively (compared to 92.3% and 23.1% in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices and the hryvnia exchange rate (the impact of this factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- per-unit production costs would rise more quickly, while wage costs would not rise as fast**:** the balances of responses were 58.3% and 33.3% respectively (compared to 46.2% and 30.8% in Q3 2024) (Figure 4 and 6).

Respondents named military actions and their consequences (reported by 92.3% of those surveyed), high energy prices, weak demand and qualified staff shortages as the main drags on their ability to boost production (Figure 5).

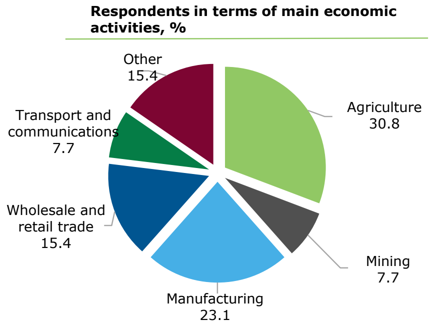
The respondents who planned to take out bank loans opted only for domestic currency loans (Figure 8). Companies cited high loan rates, the availability of other funding sources, and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

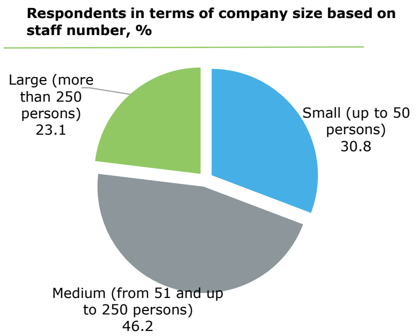
All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.5% across Ukraine).

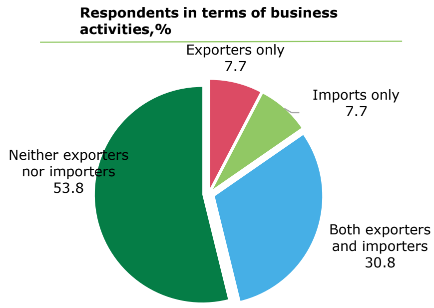
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Companies assessed their current financial and economic standings as bad**:** the balance of responses was (-15.4%), compared to (-38.5%) in the previous quarter. Across Ukraine, the balance of responses was (-6.6%).
- Finished goods stocks were assessed at lower than normal levels**:** the balance of responses was (-12.5%), compared to (-37.5%) in Q3 2024.
- Companies were operating on the verge of their production capacity**:** the balance of responses was 0.0%, as in Q3 2024.

Survey Details[1,2]

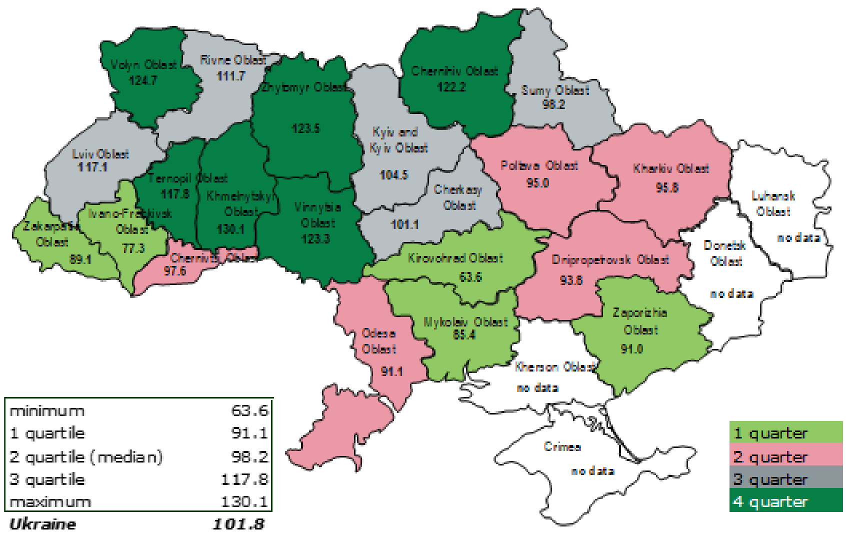






- Period: 31 October through 27 November 2024.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*a 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 Sumy 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	7.7	-7.7	-23.1	-15.4	15.4
Total sales	25.0	7.7	-38.5	-23.1	0.0
Investment in construction	-30.0	-40.0	-20.0	-40.0	-16.7
Investment in machinery, equipment, and tools	-20.0	-10.0	-10.0	-40.0	0.0
Staff numbers	7.7	-8.3	-23.1	-30.8	-7.7

[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

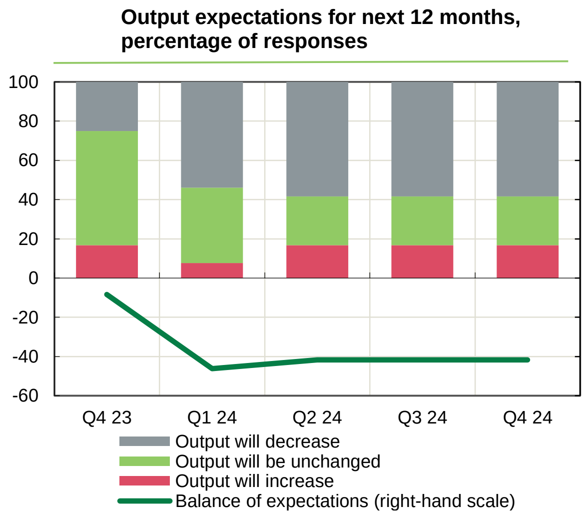


Figure 2

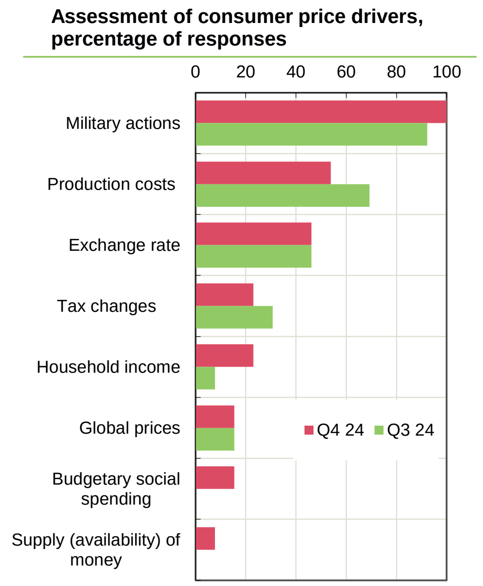


Figure 3

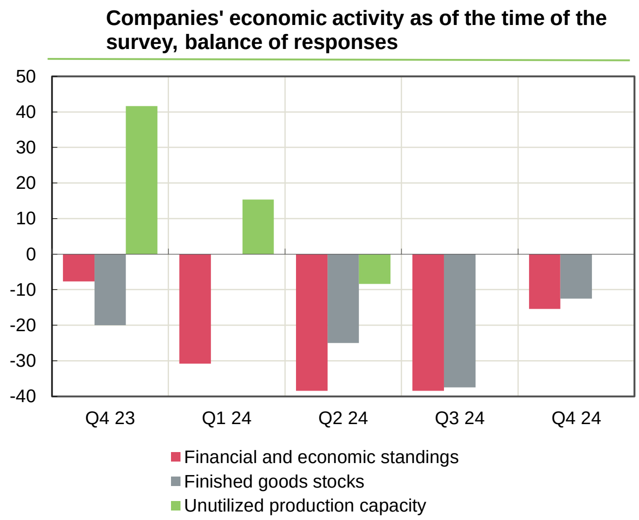


Figure 4

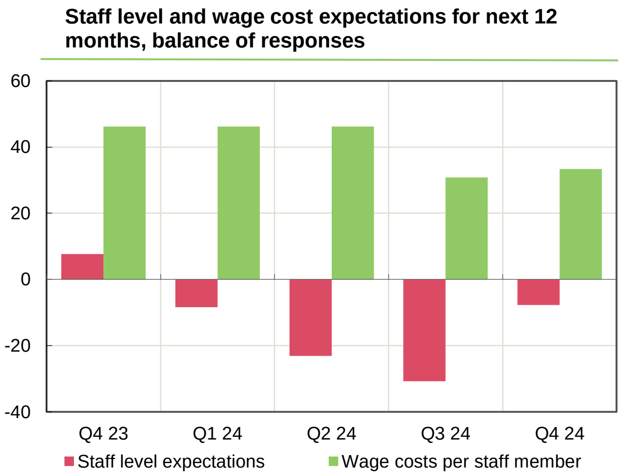


Figure 5

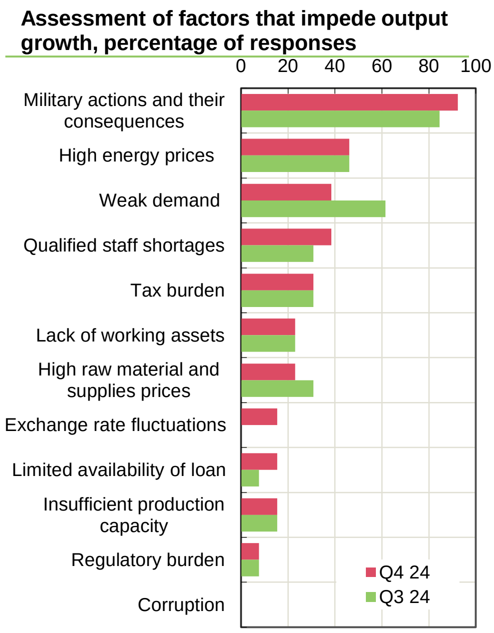


Figure 6

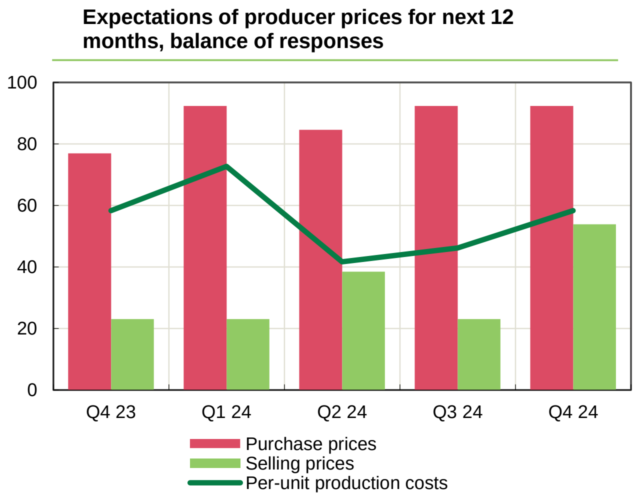


Figure 7

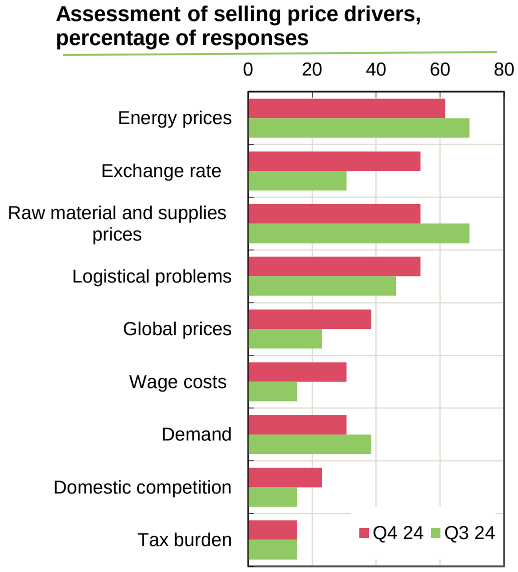


Figure 8

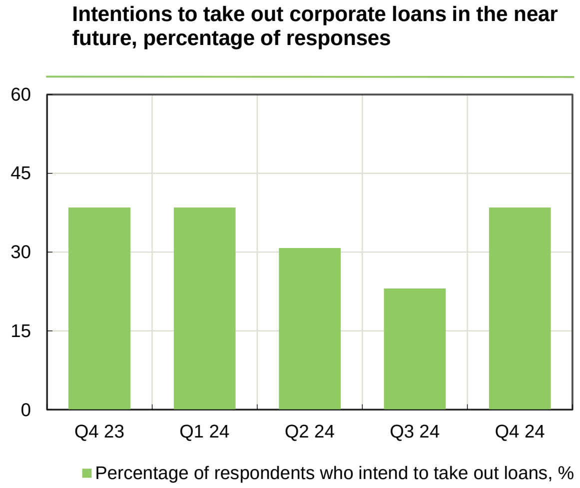


Figure 9