



National Bank
of Ukraine

Business Outlook Survey of Kharkiv Oblast*

Q4 2024



*This survey only reflects the opinions of respondents in Kharkiv 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 **Kharkiv oblast** in Q4 2024 showed that, on the back of the war, high energy prices and qualified staff shortages, respondents expected that the output of Ukrainian goods and services would remain unchanged over the next 12 months. Respondents also reported gloomy expectations for the performance of their companies over that period. Prices were expected to rise. 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 remain unchanged: the balance of expectations was 0.0%, compared to (-6.2%) in Q3 2024 (Figure 1). Across Ukraine, the balance of responses was (-1.4%). Respondents from mining companies reported the dimmest expectations (-20.0%). Meanwhile, respondents from manufacturing companies had optimistic expectations, with a balance of responses of 40.0%
- prices for consumer goods and services would rise: 54.2% of respondents expected the inflation rate to be lower than 10.0%, compared to 54.8% in the previous quarter and 46.3% across Ukraine. As before, respondents referred to military actions, production costs and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 89.6% of respondents (90.0% 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 deteriorate: the balance of expectations was (-16.7%), compared to (-23.8%) in the previous quarter. Across Ukraine, the balance of responses was (-1.2%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, as in Q3 2024. At the same time respondents expected that external sales would rise: the balance of responses was 25.0%, up from 0.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were 9.0% and 7.7% respectively
- investment in machinery, equipment, and tools would increase: the balance of responses was 4.3%, compared to 2.5% in Q3 2024. Respondents expected that investment in construction would decrease: the balance of responses was (-6.4%), compared to (-7.3%) in the previous quarter. Overall, across Ukraine the balances of responses were 9.3% and (-1.6%) respectively (see Table)
- staff numbers at their companies would decrease at a slower pace: the balance of responses was (-2.1%), compared to (-21.4%) in Q3 2024 (Figure 4). Across Ukraine, the balance of responses was (-6.6%)
- both purchase and selling prices would grow: the balances of responses were 89.6% and 68.8% respectively (compared to 85.7% and 54.8% in Q3 2024). Respondents from trading companies had the firmest expectations of a rise in selling prices (100.0%) (Figure 6). Energy prices, raw material and supplies prices, and wage costs were referred to as the main selling price drivers (Figure 7)
- per-unit production costs would increase: the balance of responses was 69.8%, compared to 69.0% in the previous quarter. Respondents expected that wage costs per staff member grow would rise more quickly: the balance of responses was 54.2%, up from 40.5% in Q3 2024 (Figures 4 and 6).

Respondents referred to military actions and their consequences (mentioned by 95.8% of those surveyed), high energy prices and qualified staff shortages as the main drags on the ability of their companies to boost production (Figure 5).

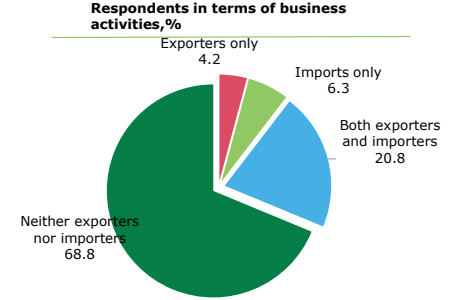
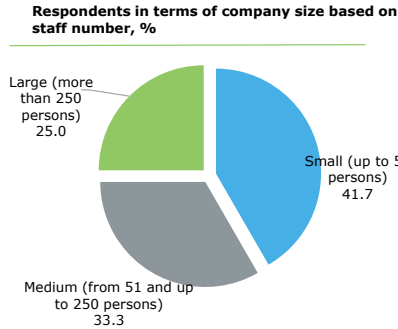
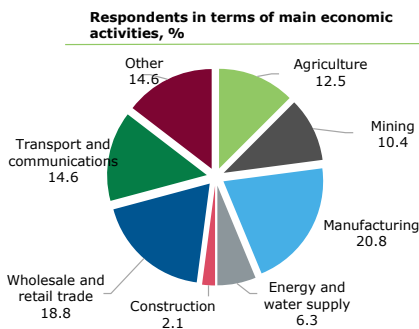
Respondents expected that their borrowing needs would rise in the near future (Figure 8). Some 31.3% of respondents planned to take out bank loans, opting only for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). High loan interest rates, the availability of other funding sources, and collateral requirements were cited as the main factors deterring companies from taking out loans (Figure 10).

97.9% 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)

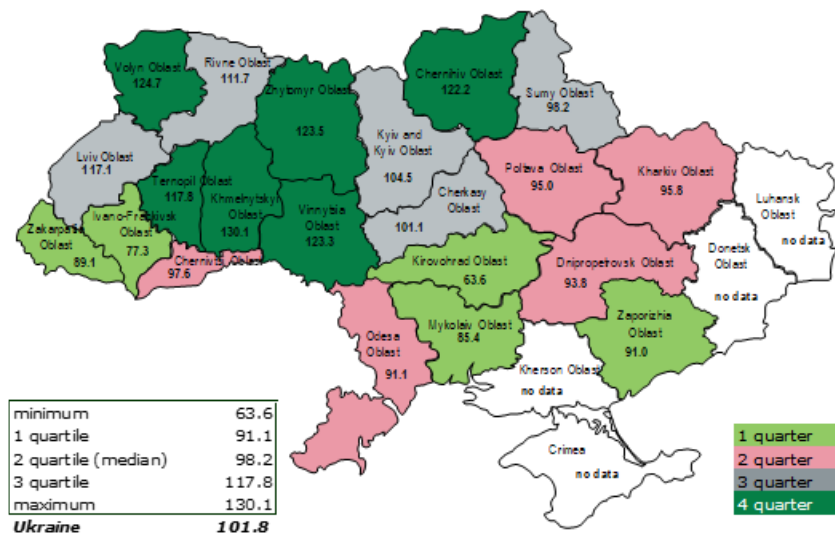
- Companies assessed their current financial and economic standings as bad: the balance of responses was (-16.7%), compared to (-14.3%) in the previous quarter and (-6.6%) across Ukraine.
- Finished goods stocks were assessed as lower than normal: the balance of responses was (-5.3%), compared to (-15.0%) in Q3 2024.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 35.4%, compared to 40.5% in the previous quarter.

Survey Details^{1,2}



- Period: 31 October through 28 November 2024.
- A total of 48 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, mining, 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 Kharkiv 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	-14.9	-13.3	-26.7	-23.8	-16.7
Total sales	-10.9	13.3	-11.1	0.0	0.0
Investment in construction	-13.6	6.8	-9.3	-7.3	-6.4
Investment in machinery, equipment, and tools	-10.9	6.7	4.5	2.5	4.3
Staff numbers	-23.4	-15.6	-18.2	-21.4	-2.1

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

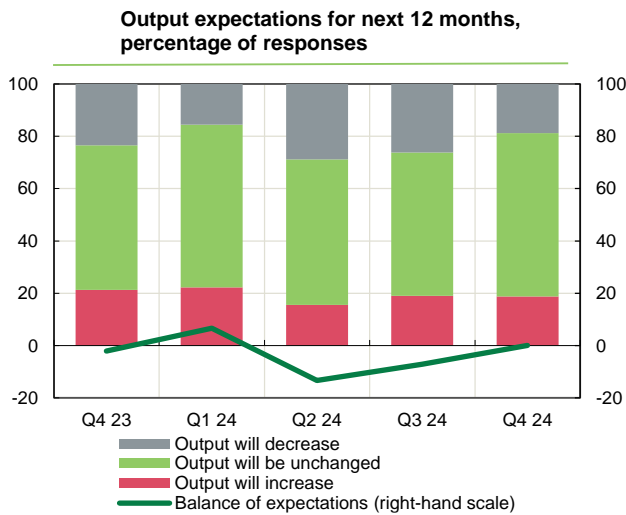


Figure 2

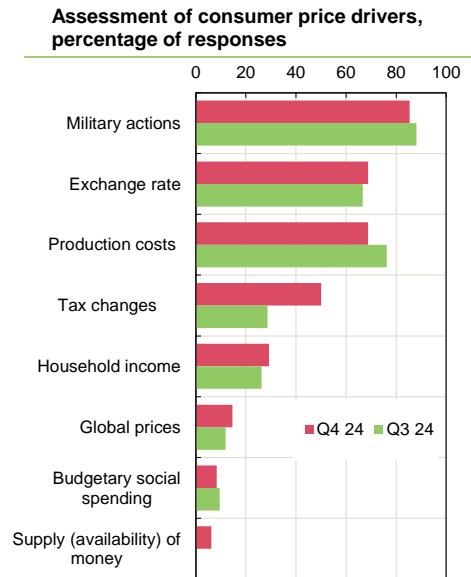


Figure 3

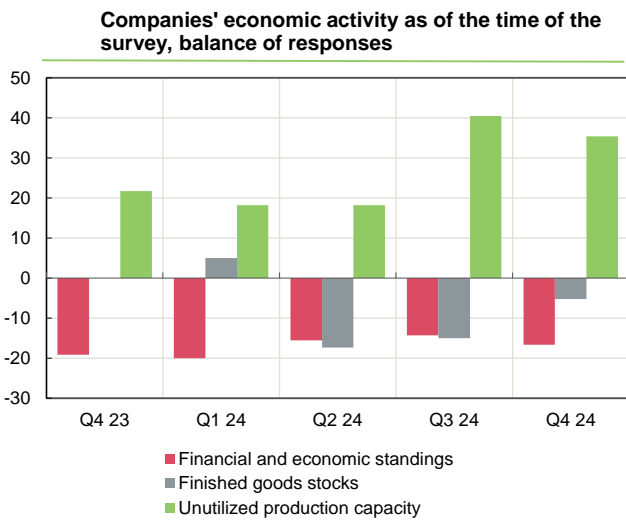


Figure 4

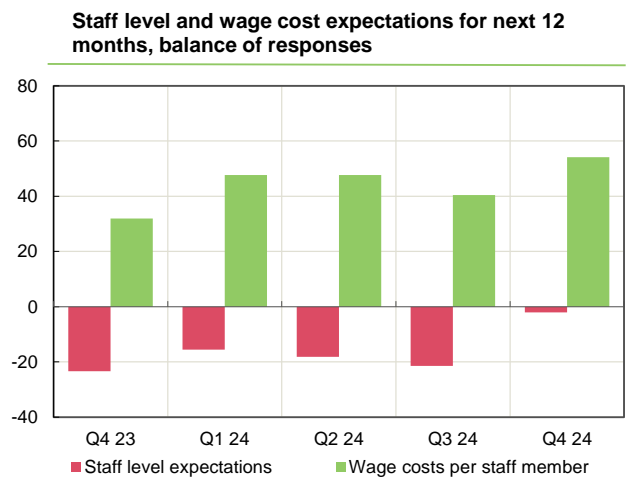


Figure 5

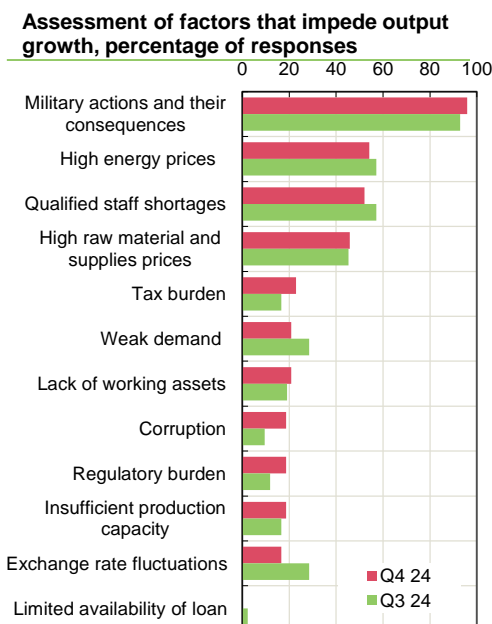


Figure 6

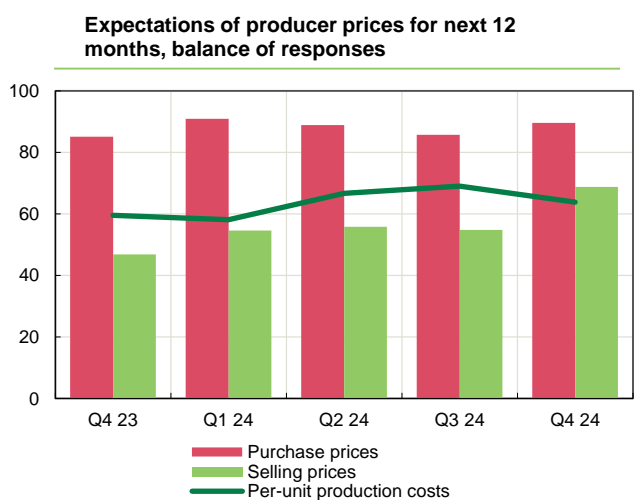


Figure 7

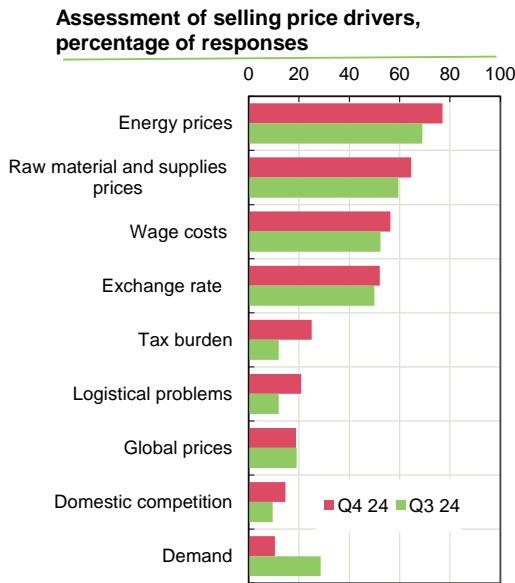


Figure 8

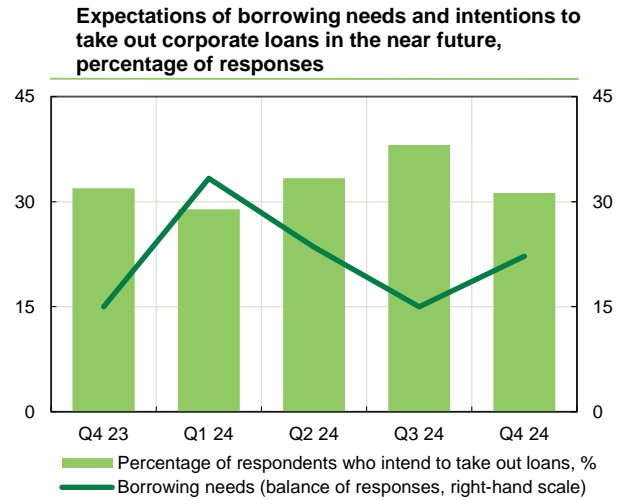


Figure 9

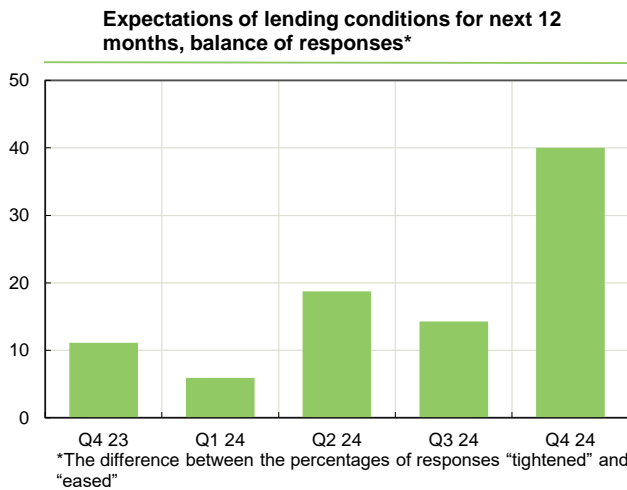


Figure 10

