



National Bank  
of Ukraine

# Business Outlook Survey of Khmelnytskyi Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Khmelnytskyi oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey carried out in **Khmelnytskyi oblast** in Q1 2024 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected that **the output of Ukrainian goods and services would increase**. They had **positive expectations about their companies' performance** over the next 12 months. Prices were expected to rise more slowly. 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 increase faster:** the balance of expectations was 50.0%, up from 7.1% in Q4 2023 (Figure 1). Across Ukraine, the balance of responses was 8.5%
- **prices for consumer goods and services would rise more slowly:** 71.4% of respondents expected the inflation rate not to exceed 10.0% (compared to 64.3% in the previous quarter and 48.4% across Ukraine). Respondents continued to refer to military actions (mentioned by 92.9% of respondents), the hryvnia exchange rate and production costs as **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** a total of 78.6% of respondents (compared to 76.9% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 21.4% (among the firmest expectations across the regions), compared to 7.1% in the previous quarter and 3.7% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 50.0%, compared to 46.2% in Q4 2023. **External sales** were expected to rise at a fast pace: the balance of responses was 80.0%, up from 50.0% in Q4 2023. Overall, across Ukraine the balances of responses were 10.6% and 6.8% respectively
- **investment in construction would rise significantly:** the balance of responses was 35.7%, up from 0.0% in Q4 2023. Respondents also expected that investment in **machinery, equipment, and tools would grow:** the balance of responses was 28.6%, as in the previous quarter. Across Ukraine, the balances of responses were (-1.5%) and 8.3% respectively (see Table)
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, compared to (-14.3%) in the previous quarter. Across Ukraine, the balance of responses was (-6.3%) (Figure 4)
- **purchase and selling prices would rise at a faster pace:** the balances of responses were 92.9% and 57.1% respectively, compared to 85.7% and 35.7% respectively in Q4 2023 (Figure 6). Raw material and supplies prices, energy prices and wage costs (the impact of this factor was reported to have increased) were referred to as the main selling price drivers (Figure 7)
- **wage costs per staff member and per-unit production costs would rise:** the balances of responses were 35.7% and 71.4% respectively, compared to 42.9% and 64.3% respectively in Q4 2023 (Figures 4 and 6).

Respondents said that military actions and their consequences, raw material and supplies prices, and insufficient production capacity (the impact of this driver was reported to have increased significantly compared to the previous quarter) were **the main drags on the ability of their companies to boost production**. In addition, the impact of a lack of working assets was reported to have increased significantly compared to the previous survey (Figure 5).

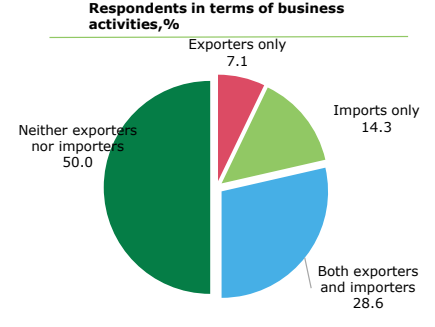
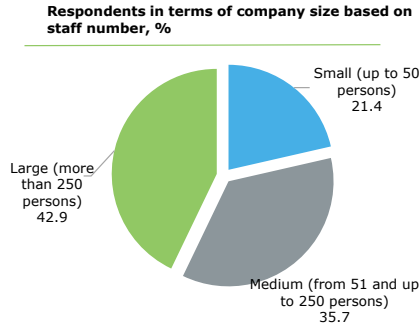
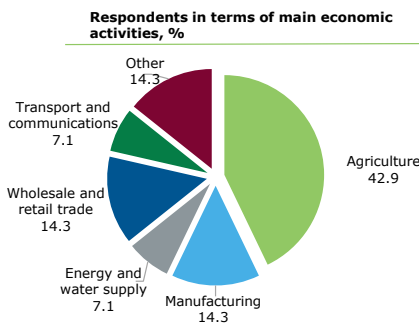
Respondents reported **expectations of higher borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans (42.9%) usually opted for hryvnia loans. Respondents improved their assessments of lending conditions, but still described these conditions as tight (Figure 9). Companies referred to the availability of other funding sources, high loan rates and strict collateral requirements as the main factors deterring them from taking out loans (Figure 10).

**92.9% 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)

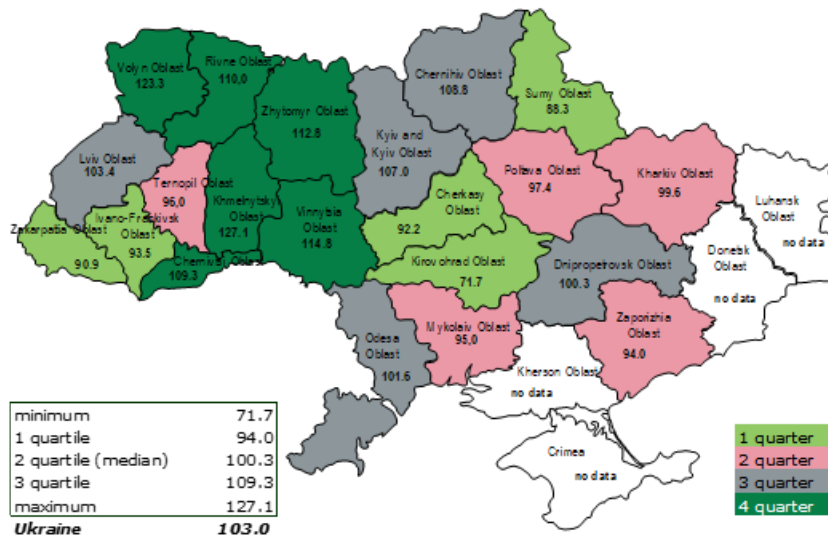
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 28.6% (among the firmest assessments across the regions), compared to 0.0% in the previous quarter. Respondents across Ukraine assessed the financial and economic standings of their companies as bad (-1.4%).
- **Finished goods stocks were assessed as normal:** the balance of responses was 0.0%, compared to (-11.1%) in Q4 2023.
- **Companies had no unutilized production capacities to meet any unexpected rise in demand:** the balance of responses was (-14.3%), compared to 14.3% in the previous quarter.

Survey Details<sup>1,2</sup>



- Period: 31 January through 23 February 2024.
- A total of 14 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<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>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 Khmelnytskyi 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	-8.3	-6.7	0.0	7.1	21.4
Total sales	7.7	26.7	35.7	46.2	50.0
Investment in construction	-27.3	26.7	13.3	0.0	35.7
Investment in machinery, equipment, and tools	7.7	26.7	26.7	28.6	28.6
Staff numbers	-7.7	-6.7	6.7	-14.3	0.0

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.  
<sup>2</sup> Data for totals and components may be subject to rounding effects.  
<sup>3</sup> 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

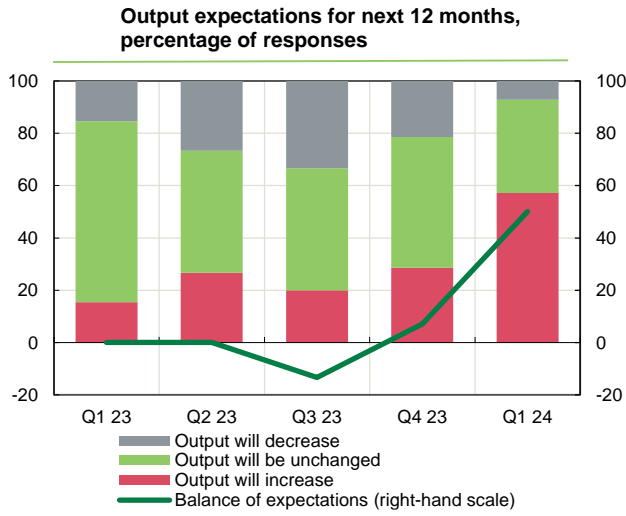


Figure 2

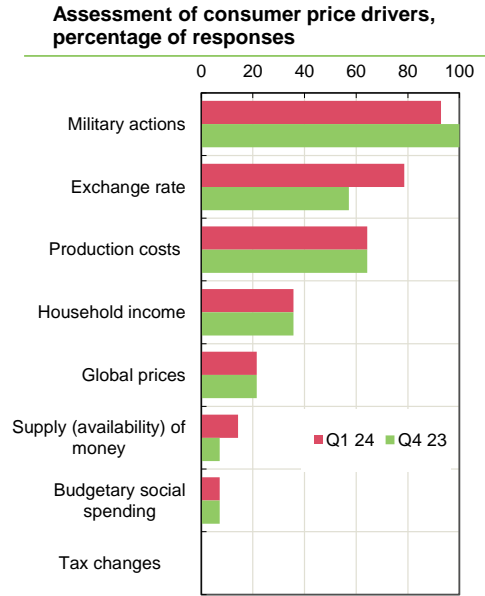


Figure 3

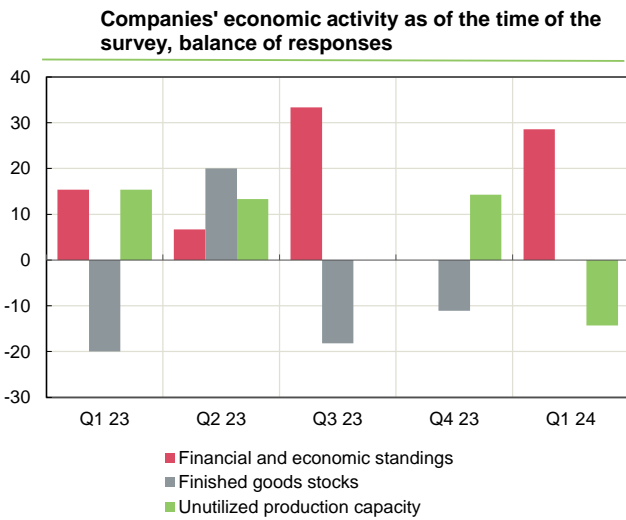


Figure 4



Figure 5



Figure 6

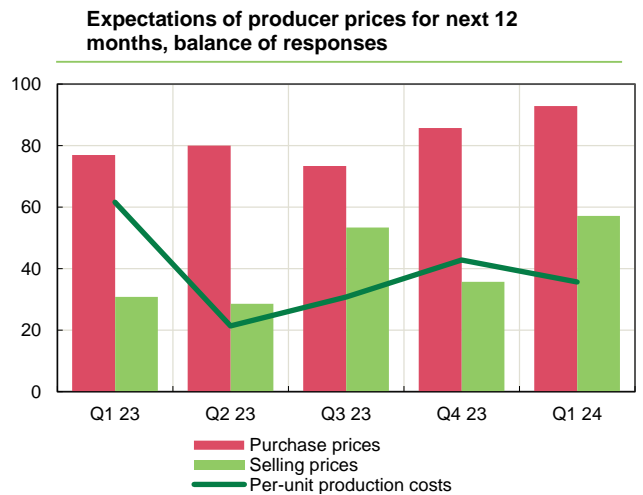




Figure 7

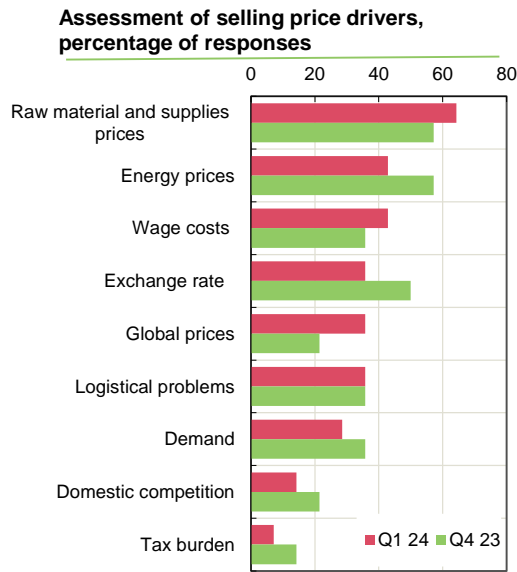


Figure 8

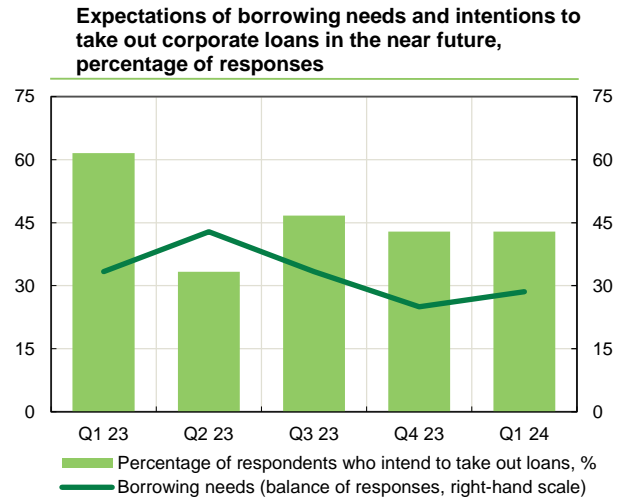


Figure 9

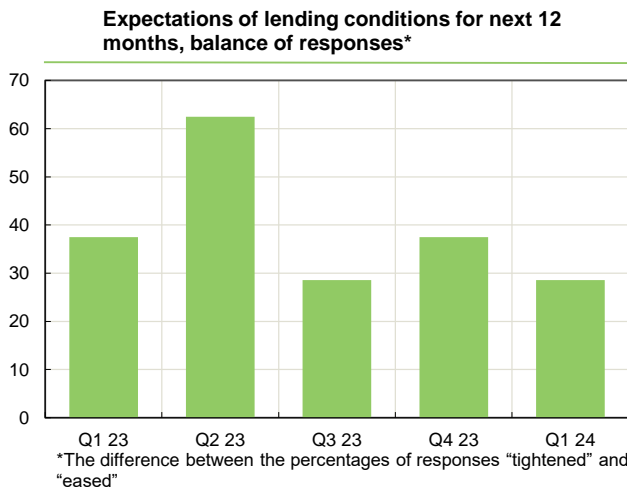


Figure 10

