National Bank
of Ukraine

Business Outlook Survey
of Khmelnytskyi Oblast*

Q4 2024

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

A survey carried out in **Khmelnytskyi oblast** in Q4 2024 showed that, despite the war, high raw material, supplies and energy prices, and qualified staff shortages, respondents expected that the output of Ukrainian goods and services would increase. They had positive expectations about the performance of their companies over the next 12 months. Prices were expected to rise more quickly. Depreciation expectations strengthened.

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

- the output of Ukrainian goods and services would increase**:** the balance of expectations was 21.4%, compared to 28.4% in Q3 2024 (Figure 1). Overall, across Ukraine, the balance of responses was (-1.4%)
- prices for consumer goods and services would rise more quickly: 71.4% of respondents expected the inflation rate not to exceed 10.0% (compared to 85.7% in the previous quarter and 85.7% across Ukraine). Respondents continued to refer to military actions, the hryvnia exchange rate, and production costs as main inflation drivers (Figure 2)
- the hryvnia would depreciate more pronouncedly**:** a total of 92.9% of respondents (compared to 78.6% 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 at a slower pace**:** the balance of expectations was 7.7%, compared to 21.4% in the previous quarter and (-1.2%) across Ukraine (see Table)
- total sales and external sales would increase**:** the balances of responses were 42.9% and 33.3% respectively, compared to 46.2% and 50.0% respectively in Q3 2024. Overall, across Ukraine the balances of responses were 9.0% and 7.7% respectively
- investment in machinery, equipment, and tools and in construction would rise: the balances of responses were 50.0% and 35.7% respectively, compared to 71.4% and 28.6% respectively in Q3 2024 (see Table). Across Ukraine, the balances of responses were 9.3% and (-1.6%) respectively
- staff numbers would increase: the balance of responses was 14.3% (the firmest expectations across regions), up from 7.1% in the previous quarter. Across Ukraine, the balance of responses at (-6.6%) (Figure 4)
- purchase and selling prices would rise more quickly: the balances of responses were 100.0% and 92.3% respectively, compared to 92.9% and 50.0% respectively in the previous quarter (Figure 6). The hryvnia exchange rate, raw material and supplies prices, energy prices and production costs (the impact of this factor was reported to have increased) were referred to as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would rise at a slower pace: the balances of responses were 57.1% for each, compared to 71.4% for each in Q3 2024 (Figures 4 and 6).

Respondents said that military actions and their consequences, high raw material and supplies prices, energy prices and qualified staff shortages (the impact of the latter driver was reported to have increased) were the main drags on the ability of their companies to boost production (Figure 5).

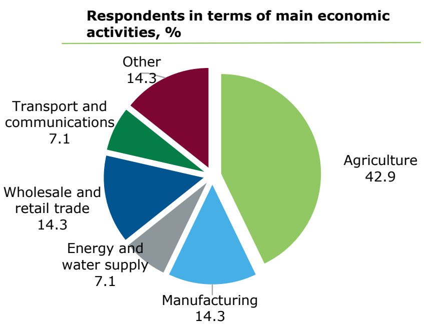
Respondents reported expectations of higher borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (38.5%) usually opted for hryvnia loans. Respondents said that bank lending conditions had remained tight (Figure 9). Companies referred to the availability of other funding sources, collateral requirements and high loan rates as the main factors deterring them from taking out loans (Figure 10).

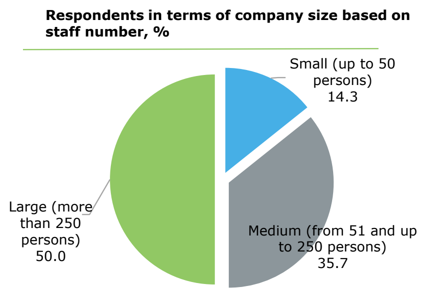
85.7% of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.5% across Ukraine).

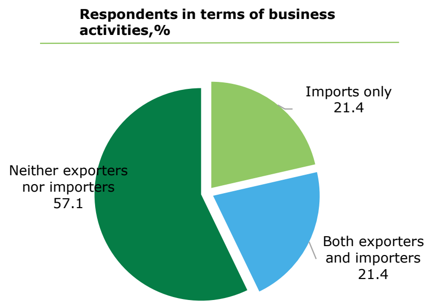
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Companies assessed their current financial and economic standings as good**:** the balance of responses was 28.6% (the highest figure across the region, such assessments have been reported for two quarters in a row), compared to 35.7% in the previous quarter. The figure across Ukraine was (-6.1%).
- Finished goods stocks had increased and were assessed as higher than normal: the balance of responses was 11.1%, compared (-10.0%) in Q3 2024.
- Companies were operating on the verge of their production capacity**:** the balance of responses was 0.0%, compared to (-14.3%) in the previous quarter.

Survey Details[1,2]

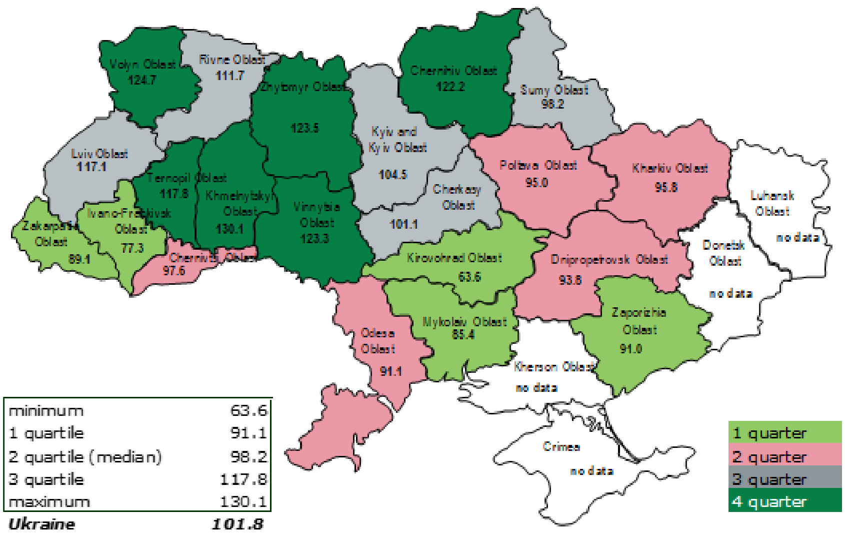






- Period: 31 October through 26 November 2024.
- A total of 14 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts[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 Khmelnytskyi 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	7.1	21.4	7.1	21.4	7.7
Total sales	46.2	50.0	50.0	46.2	42.9
Investment in construction	0.0	35.7	35.7	28.6	35.7
Investment in machinery, equipment, and tools	28.6	28.6	28.6	71.4	50.0
Staff numbers	-14.3	0.0	7.1	7.1	14.3

[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

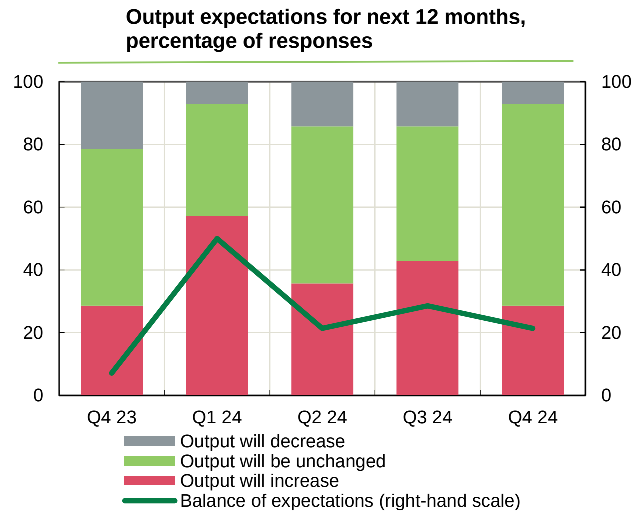


Figure 2

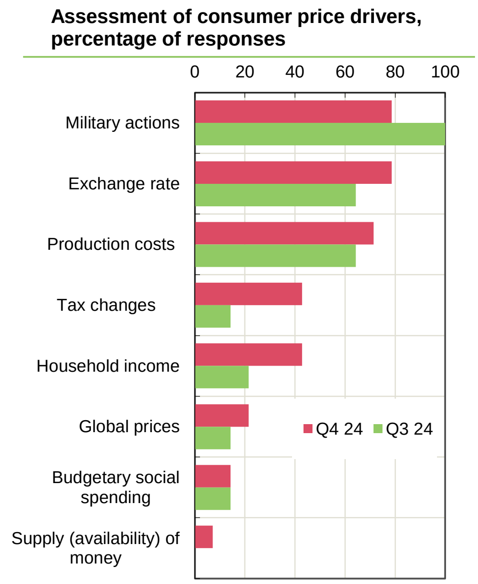


Figure 3

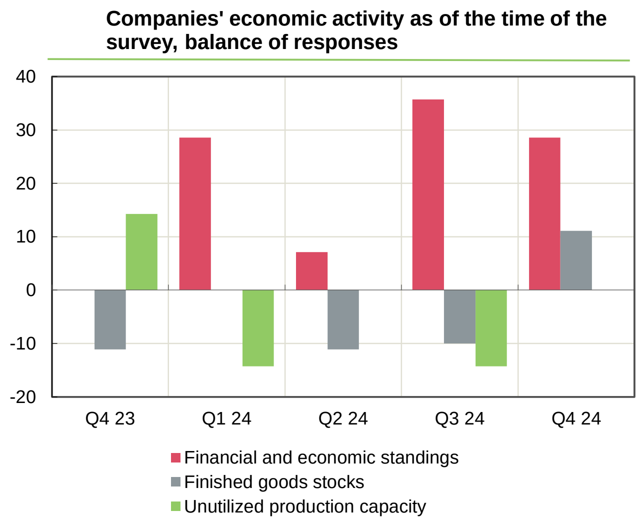


Figure 4

Figure 5

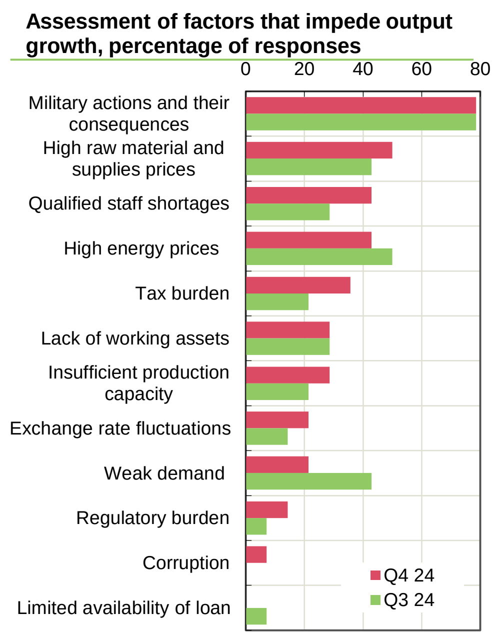


Figure 6

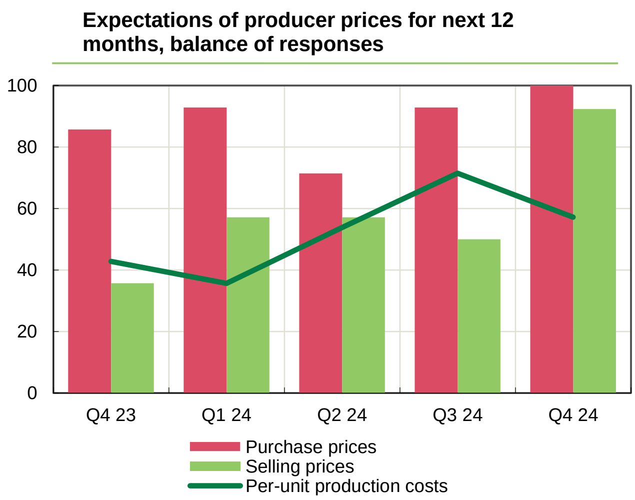


Figure 7

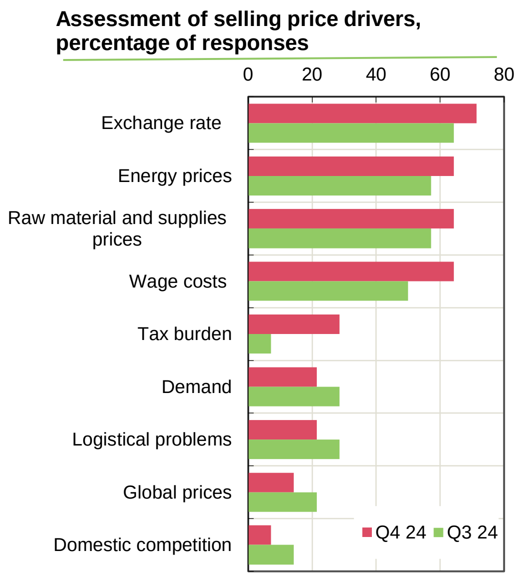


Figure 8

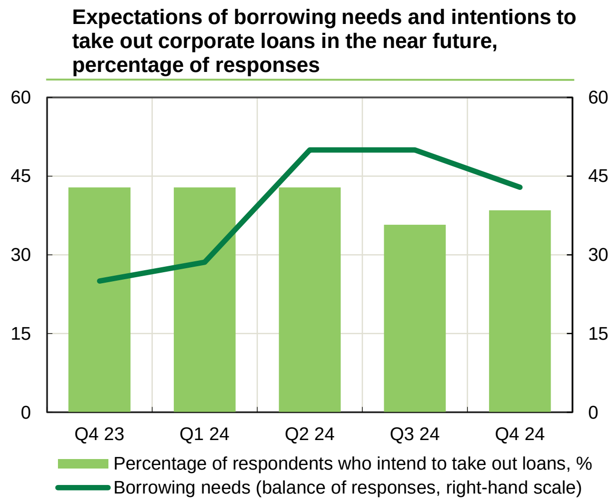
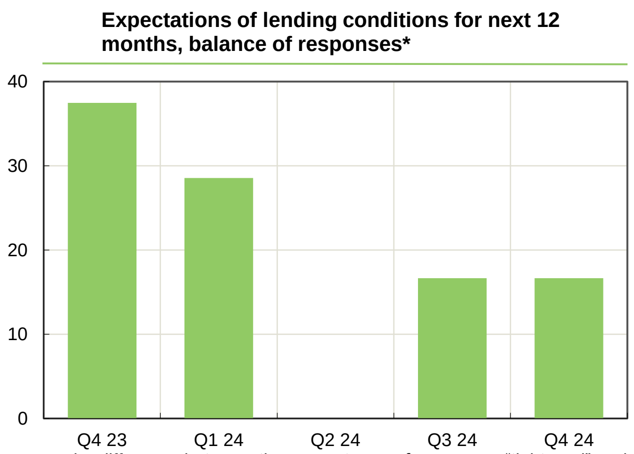


Figure 9



*The difference between the percentages of responses “tightened” and “eased”

Figure 10