



National Bank
of Ukraine

Business Outlook Survey of **Kyiv and Kyiv Oblast***

Q3 2024



*This survey only reflects the opinions of respondents in Kyiv and Kyiv oblast (top managers of companies) who were polled in Q3 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Kyiv and Kyiv oblast** in Q3 2024 shows that, on the back of the war, qualified staff shortages and weak demand, respondents reported dimmer expectations for the output of Ukrainian goods and services, and for the performance of their companies over the next 12 months. Prices were expected to rise faster. Depreciation expectations remained high.

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 responses was (-1.0%), compared to 0.0% in Q2 2024 (Figure 1). Overall, across Ukraine the output was expected to rise (3.7%). The most optimistic expectations were reported by energy and water supply companies (44.4%), while the dimmest expectations were reported by agricultural and trading companies ((-33.3%) and (-17.6%) respectively)
- prices for consumer goods and services would rise at a faster pace: 53.4% of respondents expected that the inflation rate would not exceed 10.0%, compared to 60.4% in the previous quarter and 54.5% 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: 90.5% of respondents, compared to 87.8% in the previous quarter, expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.5%
- the financial and economic standings of their companies would deteriorate: the balance of responses was (-2.0%) (compared to 3.4% in the previous quarter and (-0.9%) across Ukraine) (see Table). Respondents from transport and communications companies had the highest expectations (the balance of responses was 21.9%). Meanwhile agricultural and trading companies said their financial and economic standings would deteriorate ((-12.5%) and (-12.9%) respectively)
- total sales and external sales would increase: the balances of responses were 15.4% and 3.4% respectively, compared to 14.9% and 6.7% in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.5% and 11.2% respectively
- investment in machinery, equipment, and tools would increase: the balance of responses was 6.4%, compared to 9.7% in the previous quarter. Respondents also expected that investment in construction would increase moderately: the balance of responses was 0.5%, up from (-1.1%) (see Table). Across Ukraine, the balances of responses were 10.5% and 11.2% respectively
- staff numbers would decrease: the balance of responses was (-5.4%), compared to (-3.9%) in Q2 2024. Across Ukraine, the balance of responses was (-10.9%) (Figure 4). Respondents from energy and water supply companies had the firmest expectations (the balance of responses was 11.1%). The dimmest expectations were reported by respondents from trading companies (-13.0%)
- both purchase and selling prices would grow at a fast pace: the balances of responses were 92.2% and 79.9% respectively (compared to 87.4% and 68.3% respectively in Q2 2024) (Figure 6). Respondents from manufacturing companies had the highest expectations of a rise in selling prices (the balance of responses was 92.6%). Respondents cited the hryvnia exchange rate, energy prices (the impact of this factor was reported to have increased) and wage costs as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would rise: the balances of responses were 65.7% and 56.5% respectively (compared to 58.7% and 56.5% in the previous quarter) (Figures 4 and 6).

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).

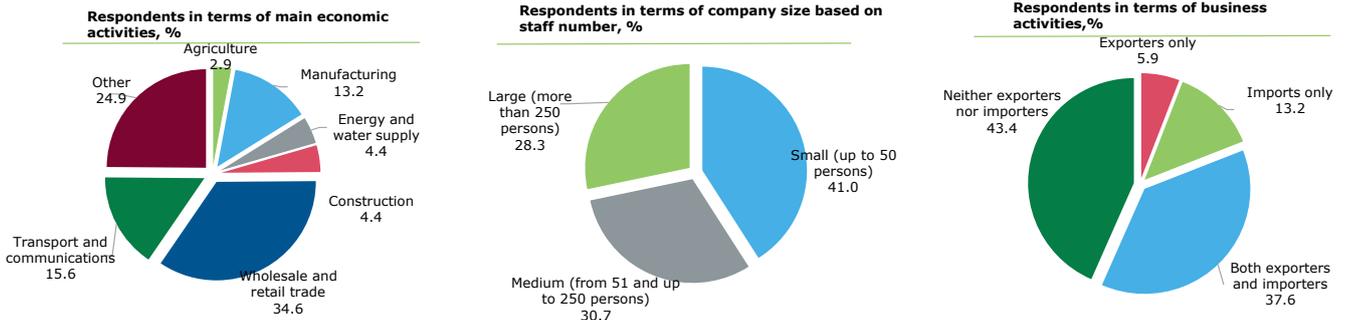
Respondents reported weaker expectations about their borrowing needs in the near future (Figure 9). The respondents who planned to take out loans (31.9% of those surveyed) usually opted for domestic currency ones. Respondents said lending standards had remained tight (Figure 10). Companies referred to high interest rates, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 11).

A total of 90.5% 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)

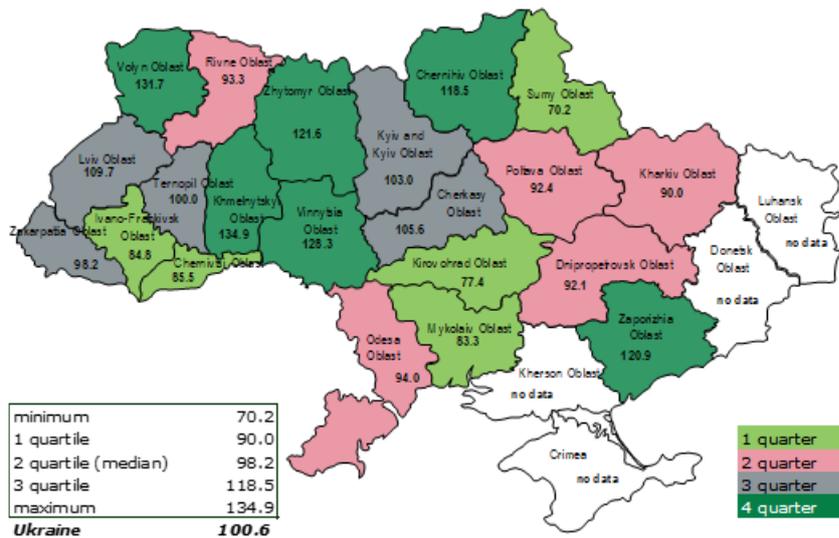
- Companies assessed their current financial and economic standings as good: the balance of responses was 2.9% (down from 10.0% in Q2 2024). The most optimistic assessments were reported by respondents from trading companies (14.1%). Across Ukraine, companies assessed their economic and financial standings as bad (-6.0%).
- Finished goods stocks were assessed at a level lower than normal: the balance of responses was (-8.7%), compared to 2.6% in Q2 2024.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 16.1%, compared to 11.7% in Q2 2024.

Survey Details^{1,2}



- Period: 31 July through 28 August 2024.
- A total of 205 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the manufacturing industry, energy and water supply, construction, 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
³a 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 Kyiv and Kyiv Oblast and Its Components

| Expectations over next 12 months for | Balances of responses, % | | | | |
|---|--------------------------|-------|-------|-------|-------|
| | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 |
| Financial and economic standings | 7.6 | 14.8 | 6.3 | 3.4 | -2.0 |
| Total sales | 20.2 | 21.8 | 14.0 | 14.9 | 15.4 |
| Investment in construction | -1.6 | 1.6 | 2.6 | -1.1 | 0.5 |
| Investment in machinery, equipment, and tools | 8.9 | 13.9 | 12.4 | 9.7 | 6.4 |
| Staff numbers | 0.0 | 4.5 | -0.5 | -3.9 | -5.4 |

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

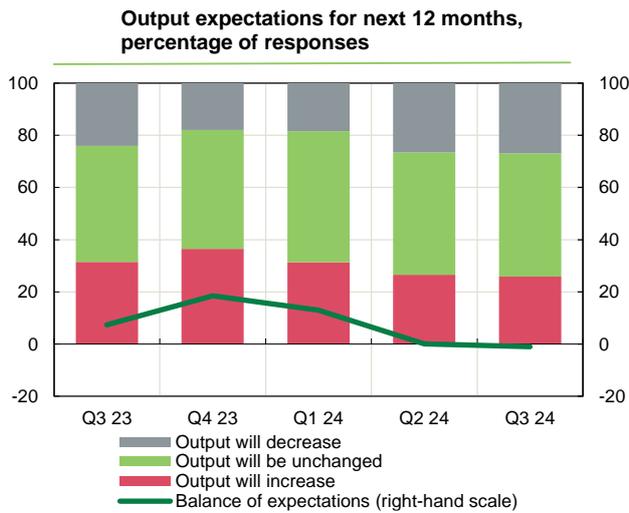


Figure 2

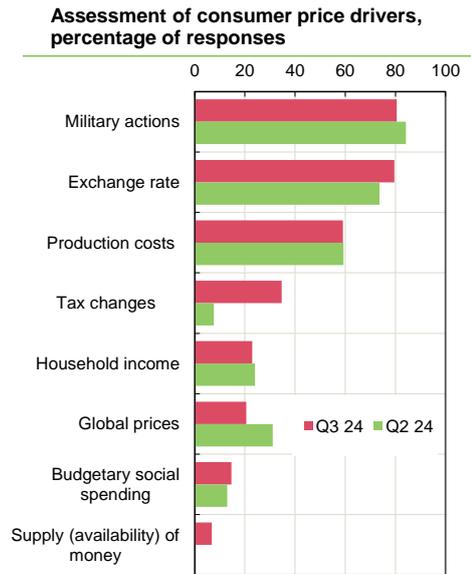


Figure 3

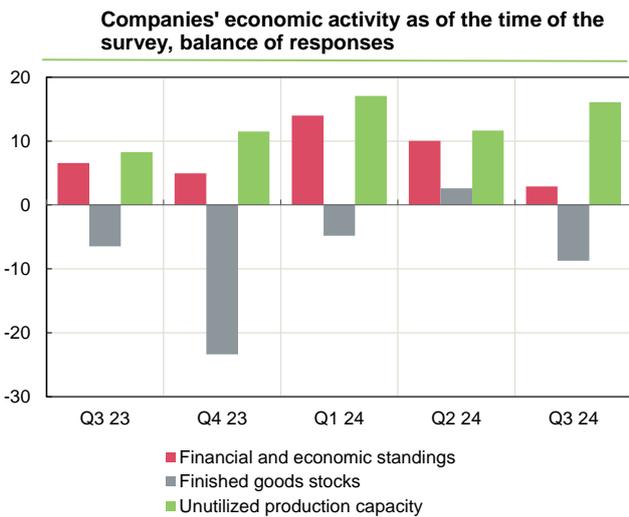


Figure 4

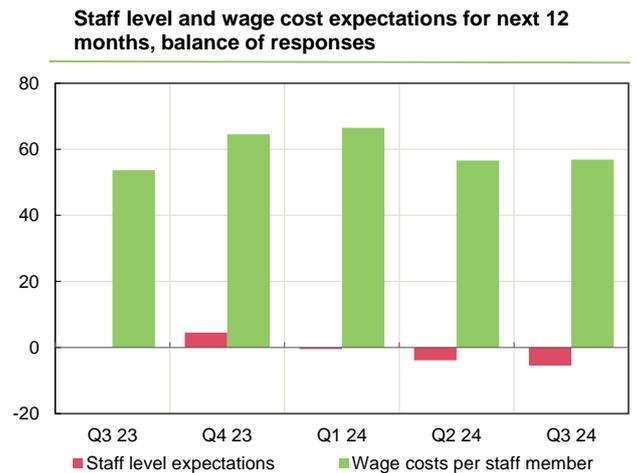


Figure 5

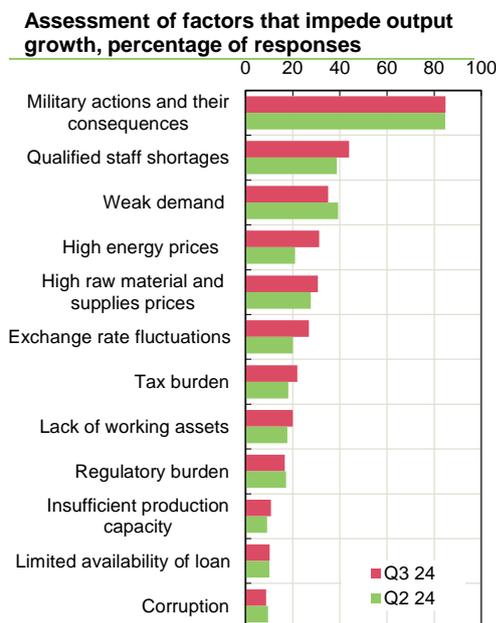


Figure 6

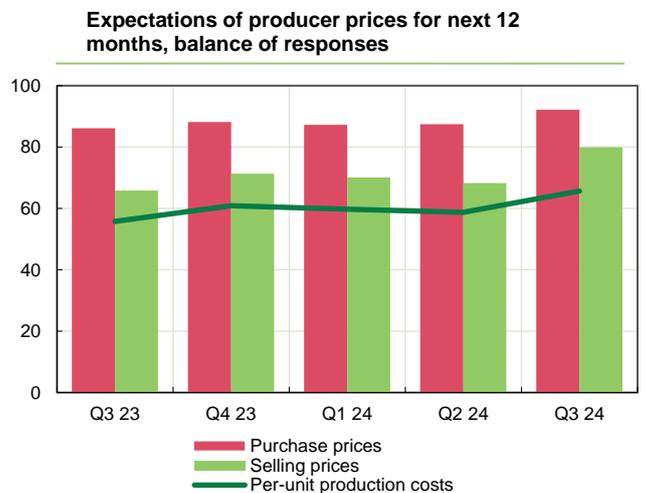


Figure 7

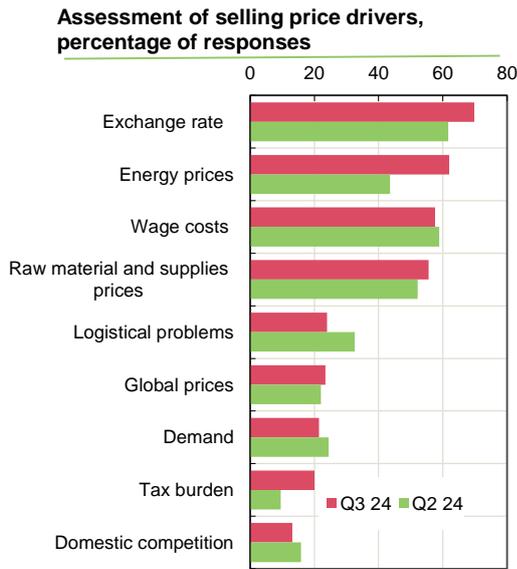


Figure 8

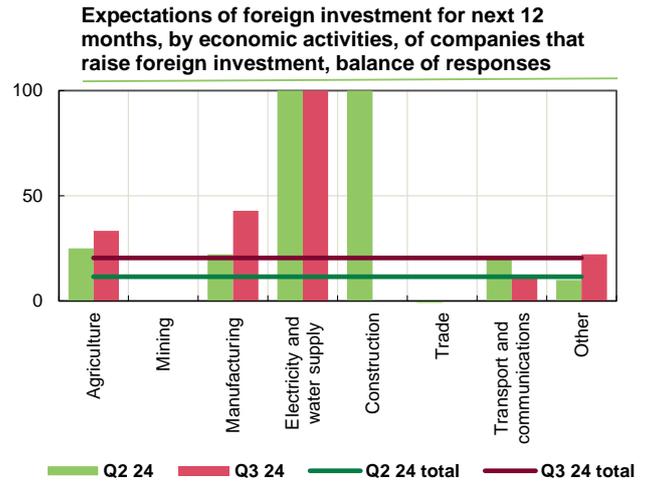


Figure 9

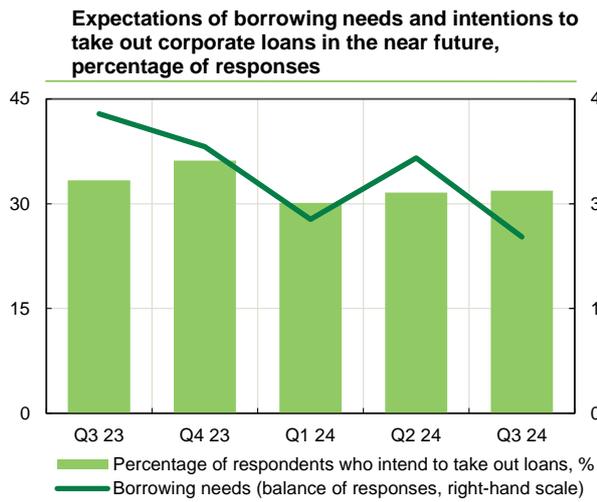


Figure 10

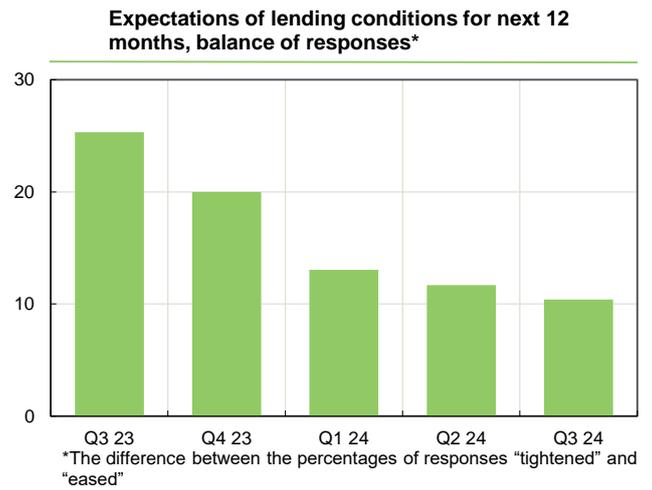


Figure 11

