



National Bank
of Ukraine

Business Outlook Survey of Kirovohrad Oblast *

Q3 2024



*This survey only reflects the opinions of respondents in Kirovohrad 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 **Kirovohrad oblast** in Q3 2024 showed that, on the back of the war, weak demand, high energy prices and qualified staff shortages, respondents downgraded their expectations for the output of Ukrainian goods and services and for the performance of their companies over the next 12 months. Companies expected that prices for consumer goods and services would rise more slowly. Hryvnia 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 at a slower pace: the balance of expectations was (-41.7%) (the dimmest expectations across the regions, such expectations have been reported for two quarters running), compared to (-50.0%) in the previous quarter (Figure 1). Overall, across Ukraine, the balance of responses was 3.7%
- prices for consumer goods and services would grow at a slower pace: 63.6% of respondents expected that the inflation rate would not exceed 10.0% (compare to 58.3% in the previous quarter and 54.5% across Ukraine). Respondents continued to refer to the hryvnia exchange rate, production costs and military actions as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 81.8% of respondents (as 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 at a slightly slower pace: the balance of expectations was (-18.2%), compared to (-25.0%) in the previous quarter (see Table). Overall, across Ukraine, the balance of responses was (-0.9%)
- total sales would drop at a noticeably faster pace: the balance of responses was (-36.4%), down from (-8.3%) in Q2 2024 (see Table). Overall, across Ukraine, respondents expected total sales to increase: the balance of responses was 10.5%
- investment in construction and in machinery, equipment and tools would drop: the balances of responses were (-25.0%) and (-16.7%) respectively compared to (-25.0%) and 0.0% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were (-3.2%) and 7.5% respectively
- staff numbers at their companies would decrease: the balance of responses was (-16.7%), compared to (-8.3%) in Q2 2024. Across Ukraine, the balance of responses was (-10.9%) (Figure 4)
- purchase and selling prices would rise at a faster pace: the balances of responses were 91.7% and 53.8% respectively, compared to 83.3% and 33.3% respectively in Q2 2024 (Figure 6). Respondents cited the hryvnia exchange rate, wage costs, and energy, raw material and supplies prices as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would grow more slowly: the balances of responses were 66.7% and 58.3% respectively, compared to 75.0% and 83.3% respectively in Q2 2024 (Figures 6 and 4).

Companies cited military actions and their consequences, weak demand, high energy prices, and qualified staff shortages (the impact of the latter two factors was reported to have increased significantly) as the main drags on their ability to boost production (Figure 5).

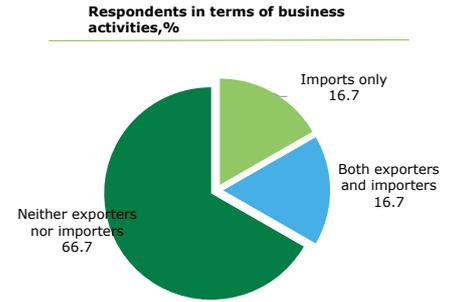
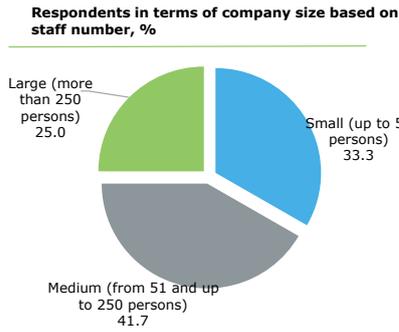
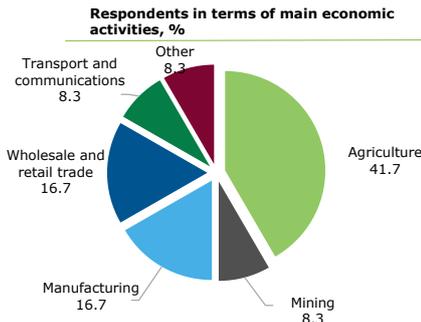
Respondents expected a rise in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (27.3% of those surveyed) opted only for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Respondents cited the availability of other funding sources, uncertainty about their ability to meet debt obligations as they fall due, high interest rates and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

91.7% of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (97.1% across Ukraine).

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

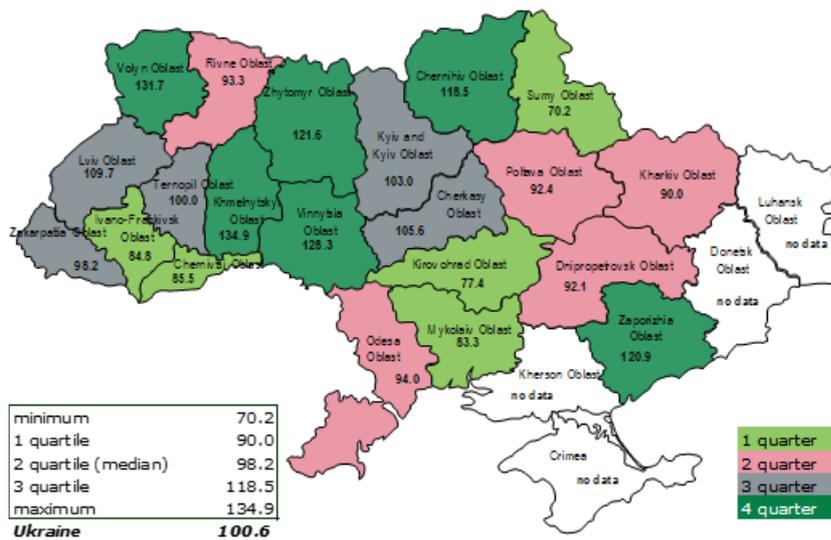
- Companies assessed their current financial and economic standings as bad: the balance of responses was (-16.7%), compared to (-8.3%) in Q2 2024 (Figure 3). Across Ukraine, the balance of responses was (-6.0%).
- Finished goods stocks were assessed as lower than normal: the balance of responses was (-44.4%), compared to (-25.0%) in the previous quarter.
- Companies were operating on the verge of their production capacity: the balance of responses was 0.0%, as in Q2 2024.

Survey Details^{1,2}



- Period: 31 July through 21 August 2024.
- A total of 12 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 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 Kirovohrad 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	-36.4	-33.3	-33.3	-25.0	-18.2
Total sales	-25.0	-41.7	-41.7	-8.3	-36.4
Investment in construction	-25.0	-41.7	-41.7	-25.0	-25.0
Investment in machinery, equipment, and tools	0.0	-25.0	0.0	0.0	-16.7
Staff numbers	-25.0	-41.7	-25.0	-8.3	-16.7

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

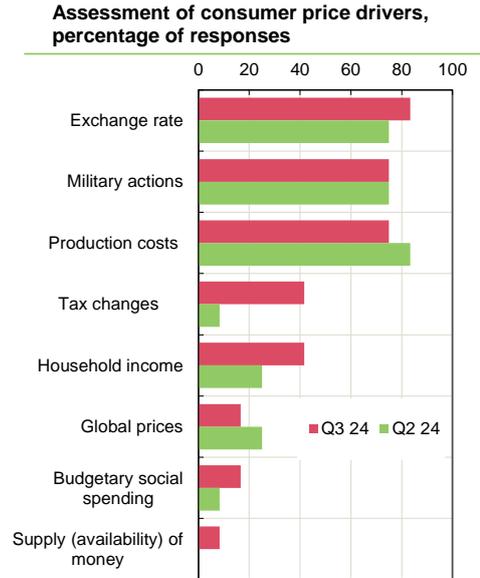


Figure 3

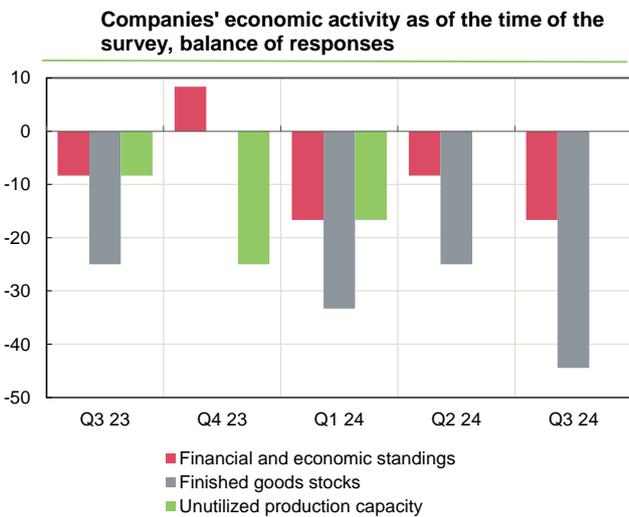


Figure 4



Figure 5

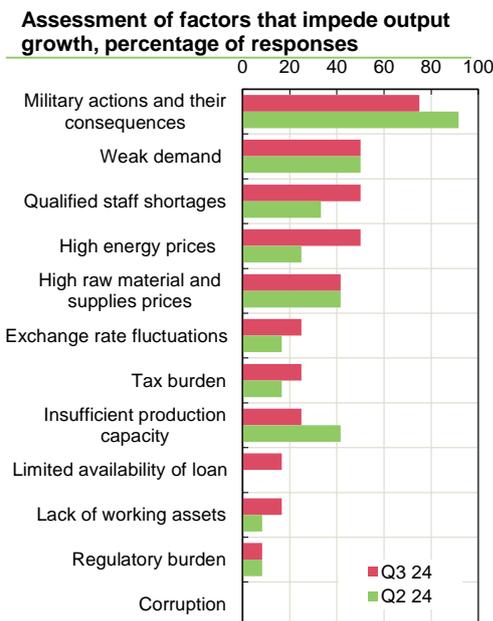


Figure 6

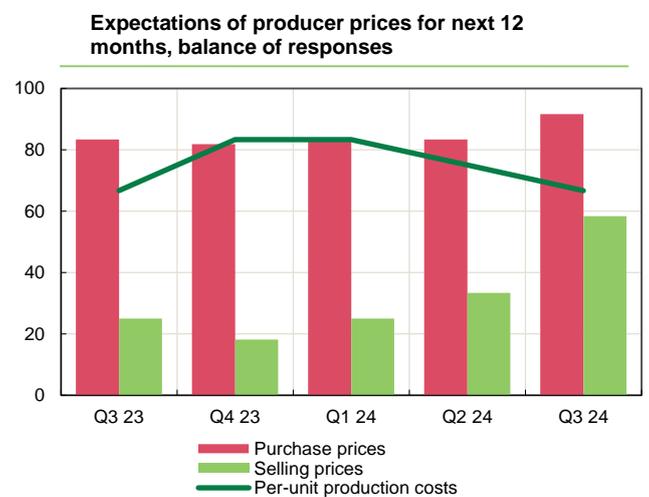


Figure 7

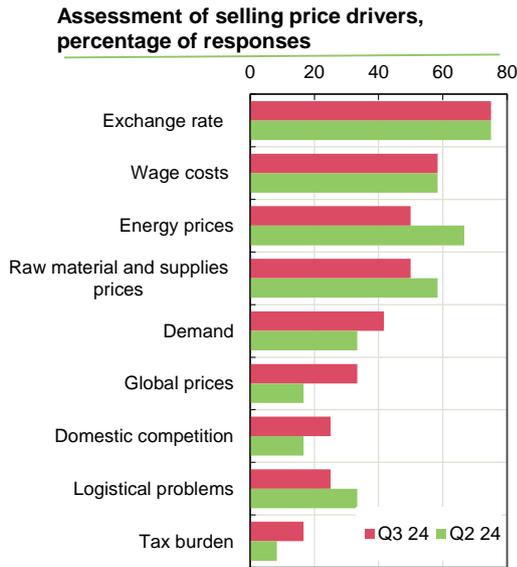


Figure 8

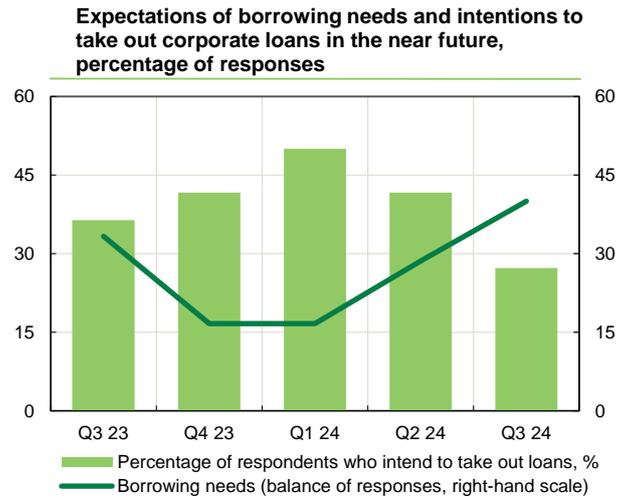


Figure 9

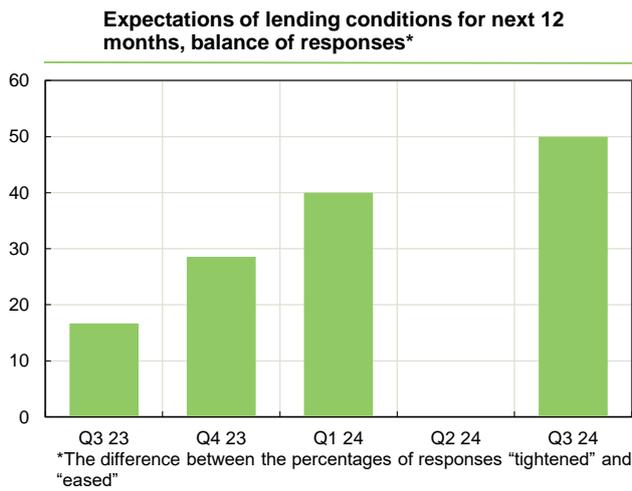


Figure 10

