



National Bank
of Ukraine

Business Outlook Survey of Sumy Oblast*

Q3 2024



*This survey only reflects the opinions of respondents in Sumy 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 **Sumy oblast** in Q3 2024 showed that, on the back of the war, depressed demand and high energy prices, respondents downgraded their expectations for the output of Ukrainian goods and services, and for the performance of their companies over the next 12 months. Inflation was expected to decline. 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: the balance of expectations was (-41.7%), as in Q2 2024 (these were the dimmest expectations across the regions) (Figure 1). Overall, across Ukraine respondents expected that output would grow (3.7%)
- prices for goods and services would rise at a somewhat slower pace: 53.8% of respondents expected the inflation rate to be higher than 10.0%, compared to 61.5% in the previous quarter, and compared to 45.5% across Ukraine. Respondents referred to military actions (mentioned by 92.3% of those surveyed), production costs and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 92.3% of respondents (84.6% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.5%
- the financial and economic standings of their companies would deteriorate: the balance of expectations was (-15.4%), compared to (-23.1%) in Q2 2024. Overall, across Ukraine, the balance of responses was (-0.9%) (see Table)
- total sales would decrease at a slower pace: the balance of responses was (-23.1%), up from (-38.5%) in Q2 2024. Respondents also expected that external sales would drop: the balance of responses was (-25.0%), as in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.5% and 11.2% respectively
- investment in construction and in machinery, equipment, and tools would decrease: the balances of responses were (-40.0%) for each, compared to (-20.0%) and (-10.0%) respectively in the previous quarter (see Table). Overall, across Ukraine, the balances of responses were (-3.2%) and 7.5% respectively
- staff numbers at their companies would decrease at a somewhat faster pace: the balance of responses was (-30.8%) (among the dimmest expectations across the regions), down from (-23.1%) in the previous quarter. Across Ukraine, the balance of responses was (-10.9%) (Figure 4)
- purchase prices would rise, while selling prices would rise at a slower pace: the balances of responses were 92.3% and 23.1% respectively (compared to 84.6% and 38.5% in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices and logistical problems were cited as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs would rise at a slower pace: the balances of responses were 46.2% and 30.8% respectively (compared to 41.7% and 46.2% in Q2 2024) (Figure 4 and 6).

Respondents named military actions and their consequences (reported by 84.6% of those surveyed), weak demand and high energy prices as the main drags on their ability to boost production (Figure 5).

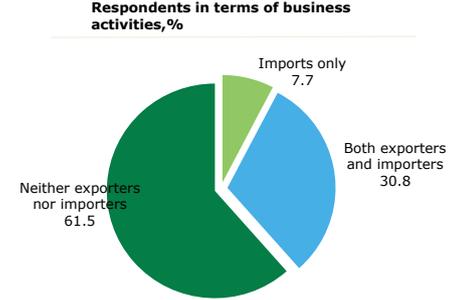
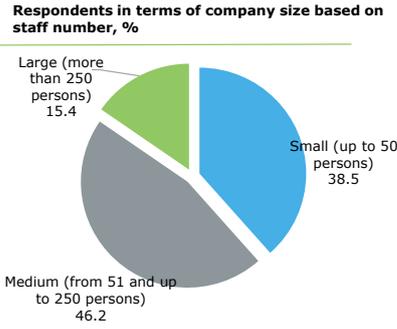
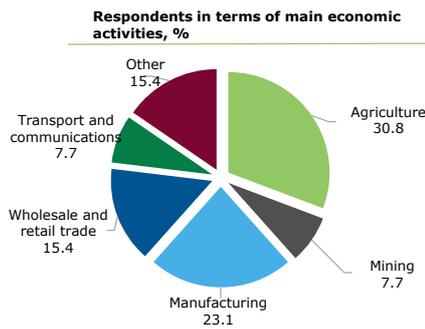
As in previous quarters, the respondents who planned to take out bank loans usually opted for domestic currency loans (Figure 8). Companies cited high loan rates, uncertainty about their ability to meet debt obligations as they fall due, and the availability of other funding sources as the main factors deterring them from taking out loans (Figure 9).

92.3% 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)

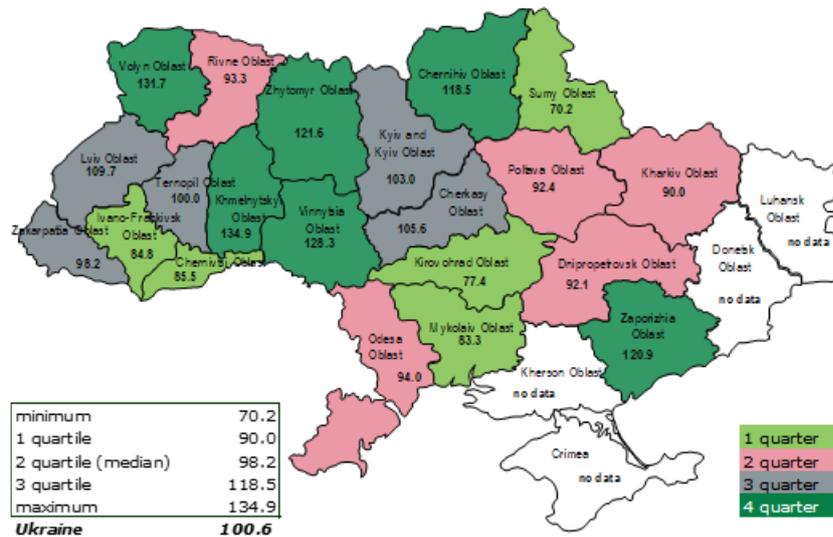
- Companies assessed their current financial and economic standings as bad: the balance of responses was (-38.5%), as in the previous quarter (the dimmest assessments across the regions, such assessments have been reported for two quarters in a row). Across Ukraine, the balance of responses was (-6.0%).
- Finished goods stocks were assessed at lower than normal levels: the balance of responses was (-37.5%), compared to (-25.0%) in Q2 2024.
- Companies were operating on the verge of their production capacity: the balance of responses was 0.0%, up from (-8.5%) in Q2 2024.

Survey Details^{1,2}



- Period: 30 July through 23 August 2024.
- A total of 13 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
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 Sumy 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	-33.3	7.7	-7.7	-23.1	-15.4
Total sales	-41.7	25.0	7.7	-38.5	-23.1
Investment in construction	-22.2	-30.0	-40.0	-20.0	-40.0
Investment in machinery, equipment, and tools	-20.0	-20.0	-10.0	-10.0	-40.0
Staff numbers	-33.3	7.7	-8.3	-23.1	-30.8

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

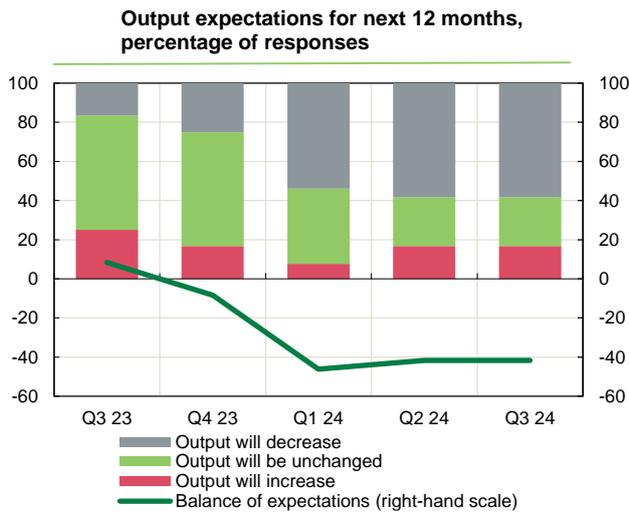


Figure 2

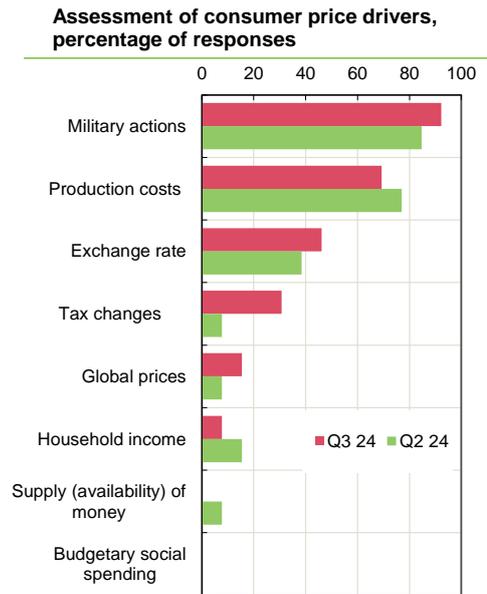


Figure 3

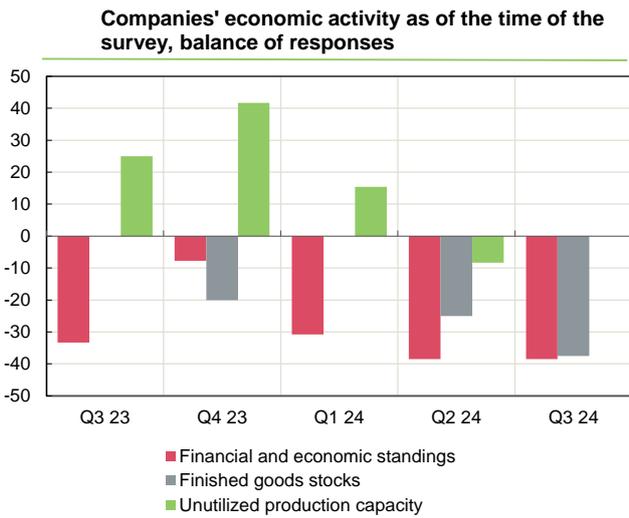


Figure 4

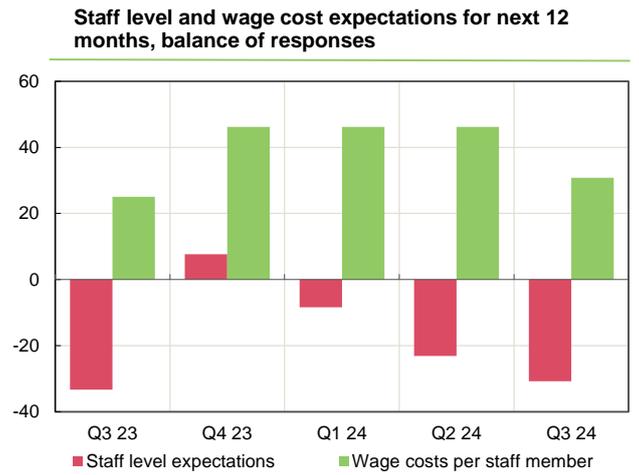


Figure 5

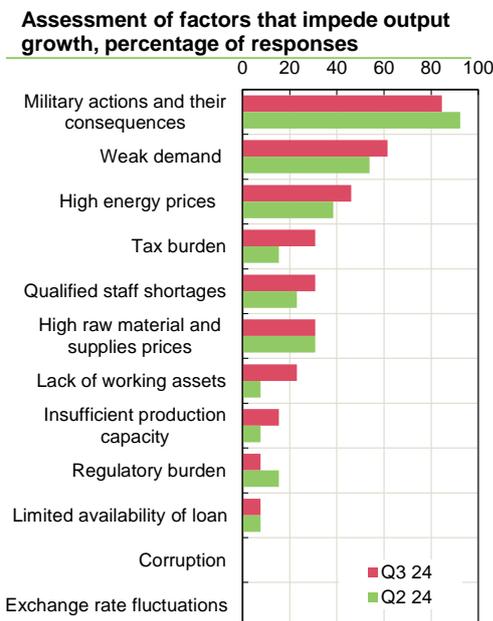


Figure 6

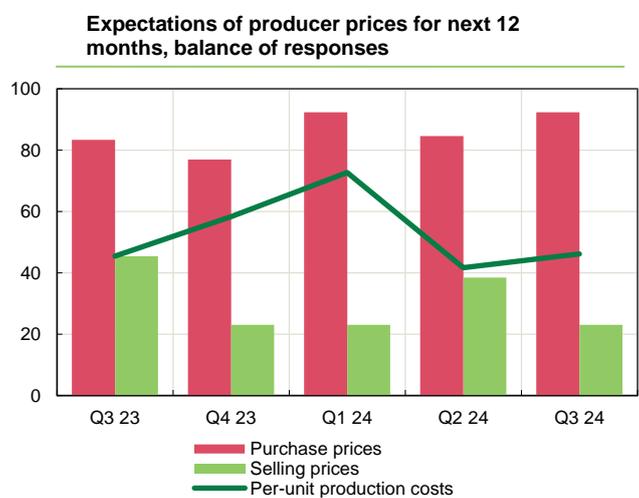


Figure 7

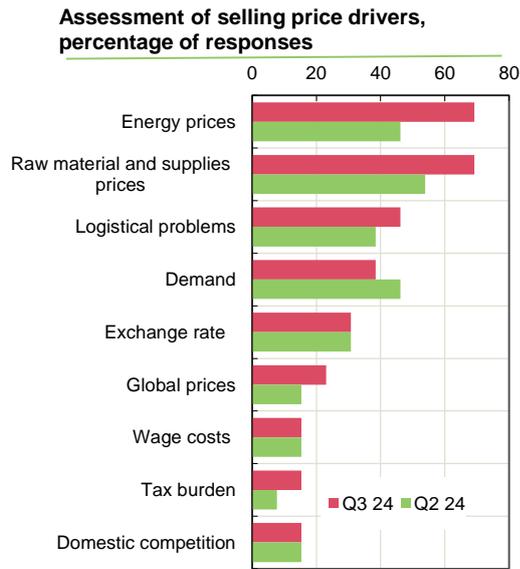


Figure 8

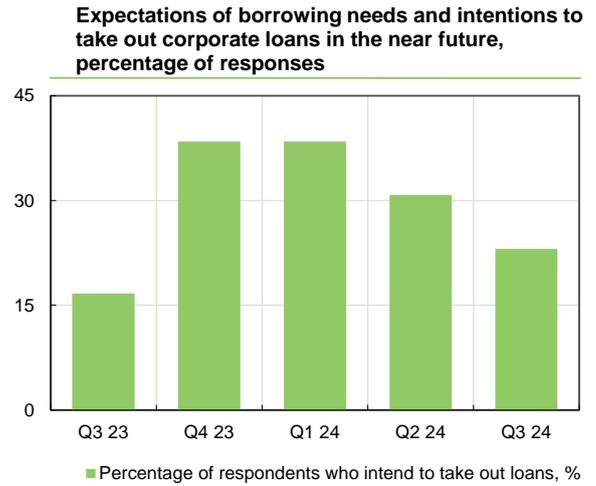


Figure 9

