National Bank of Ukraine

Business Outlook Survey **of Sumy Oblast***

Q1 2025

*This survey only reflects the opinions of respondents in Sumy oblast (top managers of companies) who were polled in Q1 2025, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Sumy oblast** in Q1 2025 showed that, on the back of the war, high energy prices, and qualified staff shortages, respondents downgraded their expectations for the output of Ukrainian goods and services. At the same time, they had guarded expectations for the performance of their companies over the next 12 months. Prices were expected to increase further. 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 decrease at a noticeably slower pace: the balance of expectations was (-18.2%), up from (-41.7%) in Q4 2024 (Figure 1). Overall, across Ukraine the balance of responses was 15.6%
- prices for goods and services would rise: 66.7% of respondents expected the inflation rate to be higher than 10.0%, compared to 61.5% in the previous quarter and 60.3% across Ukraine. Respondents referred to military actions (mentioned by 91.7% of those surveyed), production costs and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia would depreciate at a fast pace: 100.0% of respondents (compared to 92.3% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 89.1%
- the financial and economic standings of their companies would remain unchanged: the balance of expectations was 0.0%, compared to 15.4% in Q4 2024. Overall, across Ukraine, the balance of responses was 4.7% (see Table)
- total sales would grow: the balance of responses was 16.7%, up from 0.0% in Q4 2024. Respondents expected that external sales would drop: the balance of responses was (-20.0%), compared to 40.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were 20.7% and 19.5% respectively
- investment in construction would decrease: the balance of responses was (-10.0%), compared to (-16.7%) in the previous quarter. Meanwhile, investment in machinery, equipment and tools was expected to remain unchanged: the balance of responses was 0.0%, as in Q4 2024 (see Table). Overall, across Ukraine, the balances of responses were 2.7% and 13.4% respectively
- staff numbers at their companies would remain unchanged: the balance of responses was 0.0%, up from (-7.7%) in the previous quarter. Across Ukraine, the balance of responses was (-0.6%) (Figure 4)
- purchase and selling prices would rise: the balances of responses were 91.7% and 58.3% respectively (compared to 92.3% and 53.8% 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 would rise more quickly, while wage costs would rise at a slower pace**:** the balances of responses were 72.7% and 36.4% respectively (compared to 58.3% and 33.3% in Q4 2024) (Figure 4 and 6).

Respondents named military actions and their consequences (reported by 91.7% of those surveyed), high energy prices and qualified staff shortages as the main drags on their ability to boost production. Higher than in the previous quarter respondents assessed The impact of the hryvnia exchange rate was reported to have increased on the previous quarter (Figure 5).

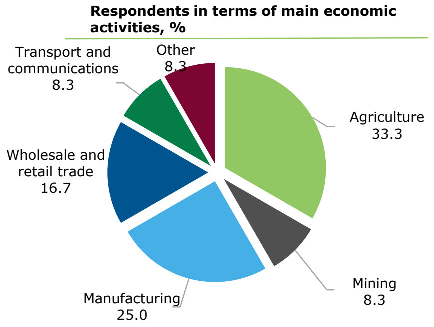
Respondents expected that their borrowing needs would increase in the near future. The respondents who planned to take out bank loans (58.3%) usually opted for domestic currency loans (Figure 8). Companies cited high loan rates, the availability of other funding sources, and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

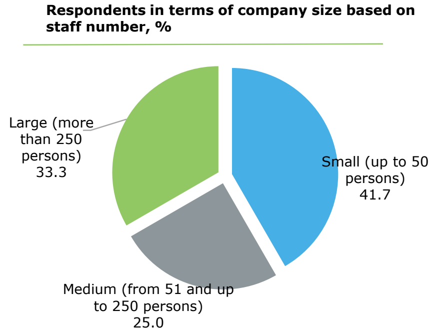
All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.6% across Ukraine).

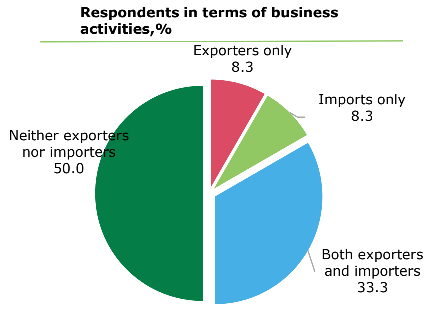
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Companies assessed their current financial and economic standings as bad**:** the balance of responses was (-16.7%), compared to (-15.4%) in the previous quarter. Across Ukraine, the balance of responses was (-3.4%).
- Finished goods stocks had increased and were assessed at higher than normal levels**:** the balance of responses was 11.1%, compared to (-12.5%) in Q4 2024.
- Companies were operating on the verge of their production capacity**:** the balance of responses was 0.0%, as in Q4 2024.

Survey Details[1,2]







- Period: 3 February through 27 February 2025.
- 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 Oblasts[3], %

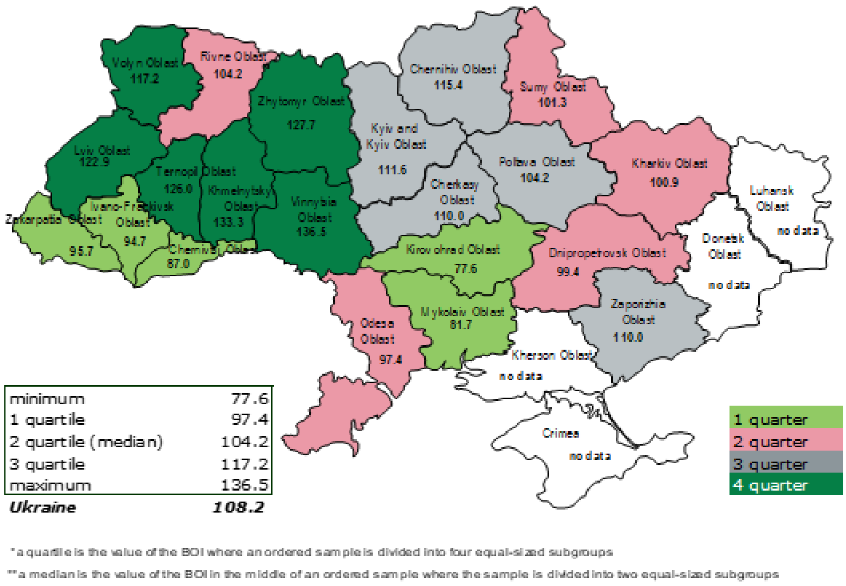


Table. The Business Outlook Index of Companies in Sumy Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
Financial and economic standings	-7.7	-23.1	-15.4	15.4	0.0
Total sales	7.7	-38.5	-23.1	0.0	16.7
Investment in construction	-40.0	-20.0	-40.0	-16.7	-10.0
Investment in machinery, equipment, and tools	-10.0	-10.0	-40.0	0.0	0.0
Staff numbers	-8.3	-23.1	-30.8	-7.7	0.0

[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

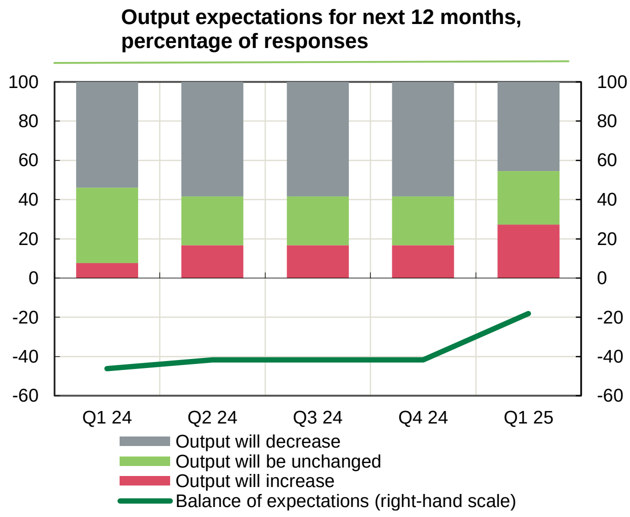


Figure 2

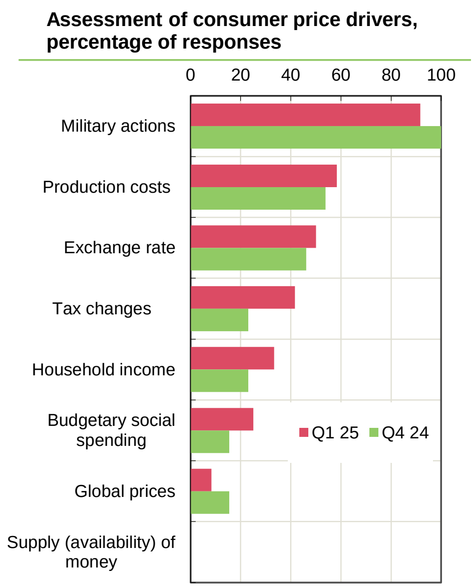


Figure 3

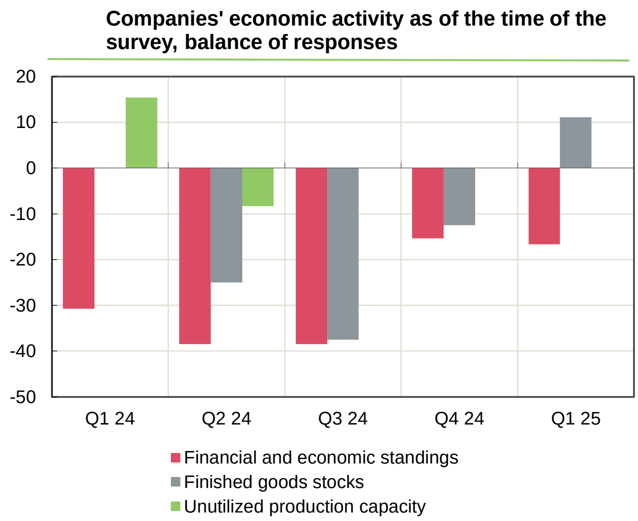


Figure 4

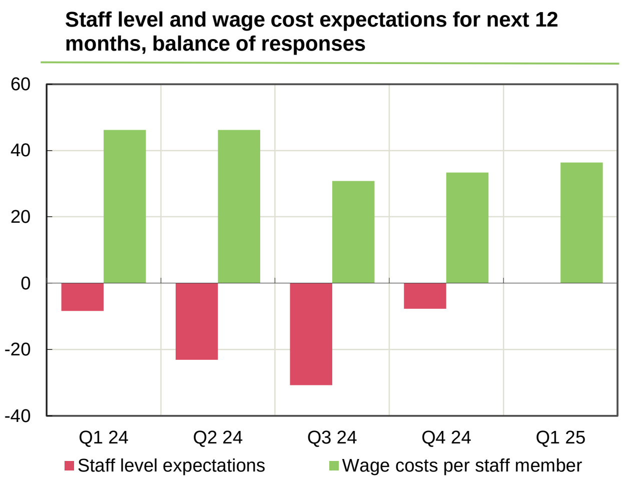


Figure 5

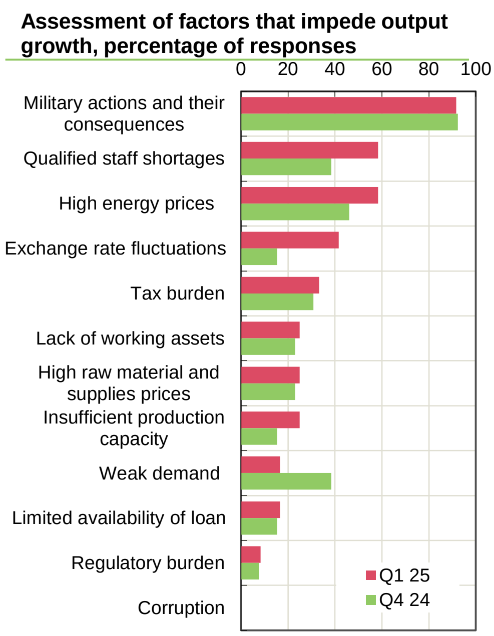


Figure 6

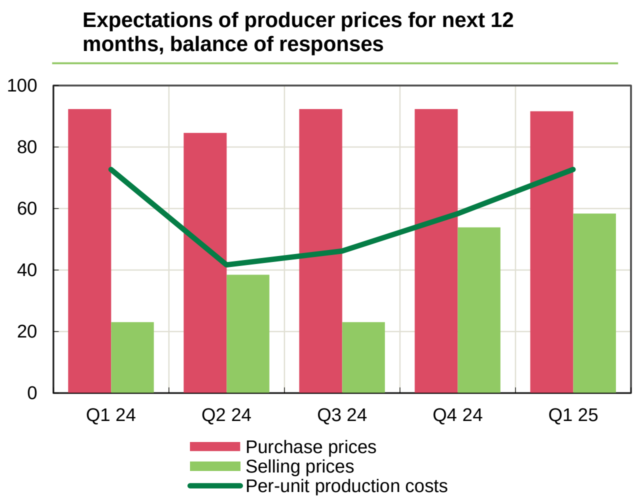


Figure 7

Assessment of selling price drivers, percentage of responses

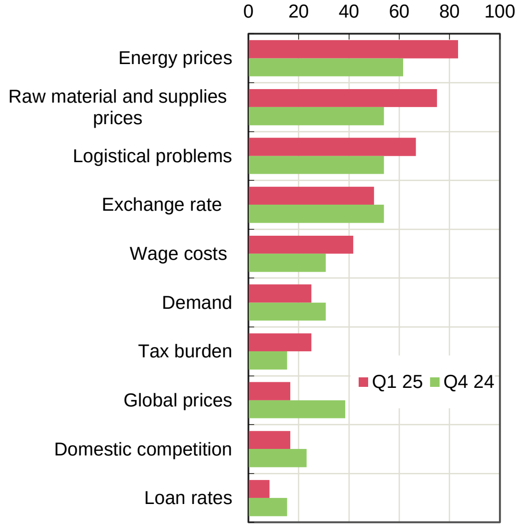


Figure 8

Expectations of borrowing needs and intentions to take out corporate loans in the near future, percentage of responses

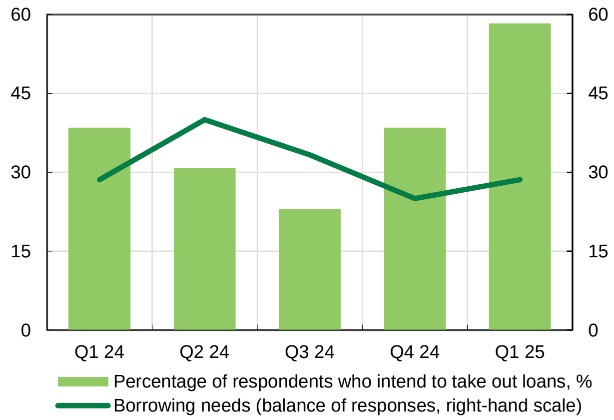


Figure 9

Assessment of factors that could deter companies from taking out loans, percentage of responses