



National Bank
of Ukraine

Business Outlook Survey of Kharkiv Oblast*

Q3 2024



*This survey only reflects the opinions of respondents in Kharkiv 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 **Kharkiv oblast** in Q3 2024 showed that, on the back of the war, qualified staff shortages, and high energy prices, respondents expected that the output of Ukrainian goods and services would decrease somewhat more slowly over the next 12 months. Respondents also downgraded their expectations for the performance of their companies over that period. Inflation and 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 (-6.2%), compared to (-13.3%) in Q2 2024 (Figure 1). Across Ukraine, the balance of responses was 3.7%. Respondents from transport and communications companies, and companies engaged in other economic activities reported the dimmest expectations (-33.3%) for each. Meanwhile, respondents from manufacturing companies were optimistic in their expectations, with a balance of responses of 9.1%
- prices for consumer goods and services would rise: 54.8% of respondents expected the inflation rate to be lower than 10.0%, compared to 62.2% in the previous quarter and 54.5% across Ukraine. As before, respondents referred to military actions production costs, and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia would depreciate more: 90.0% of respondents (75.6% 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 (-23.8%) (the dimmest expectations across the regions), compared to (-26.7%) in the previous quarter. Across Ukraine, the balance of responses was (-0.9%) (see Table)
- total sales and external sales would remain unchanged: the balances of responses were 0.0% for each, compared to (-11.1%) and 0.0% respectively in Q2 2024 (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 2.5%, compared to 4.5% in Q2 2024. Respondents expected that investment in construction would decrease: the balance of responses was (-7.3%), compared to (-9.3%) in the previous quarter. Overall, across Ukraine the balances of responses were 7.5% and (-3.2%) respectively (see Table)
- staff numbers at their companies would decrease: the balance of responses was (-21.4%), compared to (-18.2%) in Q2 2024 (Figure 4). Across Ukraine, the balance of responses was (-10.9%)
- both purchase and selling prices would grow: the balances of responses were 85.7% and 54.8% respectively (compared to 88.9% and 55.8% in Q2 2024). Respondents from mining and trading companies had the firmest expectations of a rise in selling prices (100.0% for both) (Figure 6). Energy prices, raw material and supplies prices, and wage costs were referred to as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would increase: the balances of responses were 69.0% and 40.5% respectively, compared to 66.7% and 47.7% respectively in the previous quarter (Figures 4 and 6).

Respondents referred to military actions and their consequences (mentioned by 92.9% of those surveyed), qualified staff shortages, and high energy prices as the main drags on the ability of their companies to boost production (Figure 5).

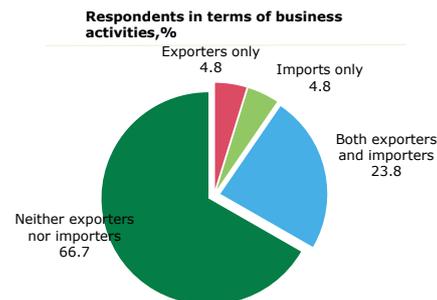
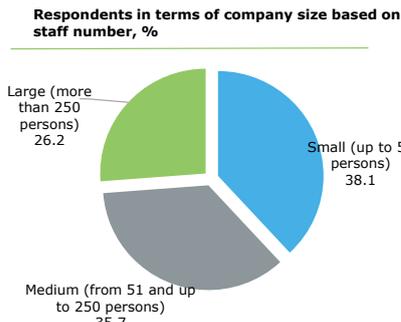
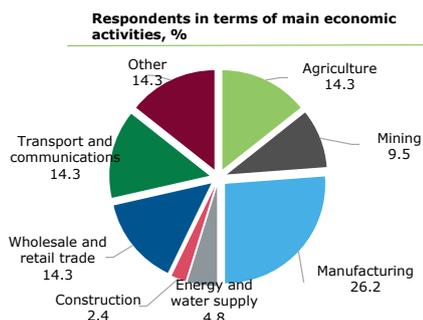
Respondents expected that their borrowing needs would rise more slowly in the near future (Figure 8). Some 38.1% of respondents planned to take out bank loans, opting for domestic currency loans only. Respondents said that bank lending standards had remained tight (Figure 9). The availability of other funding sources, high loan interest rates, and strict collateral requirements were cited as the main factors deterring companies from taking out loans (Figure 10).

97.6% 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)

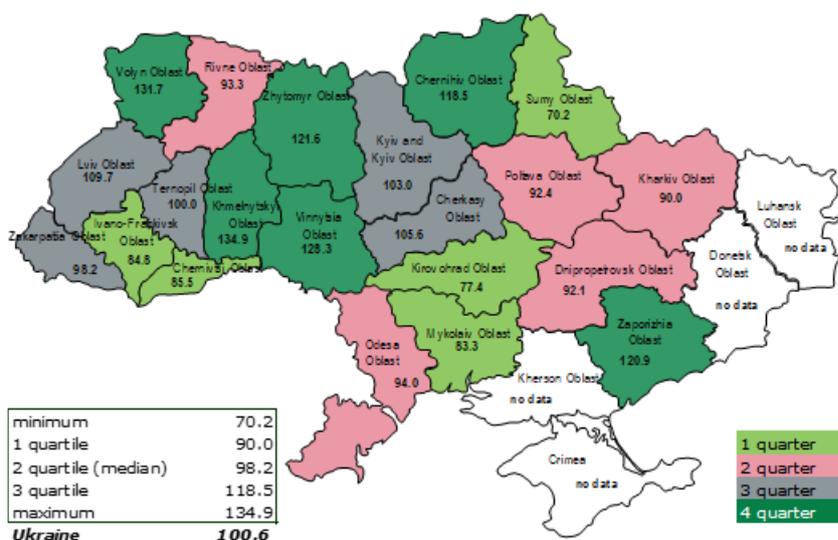
- Companies assessed their current financial and economic standings as bad: the balance of responses was (-14.3%), compared to (-15.6%) in the previous quarter and (-6.0%) across Ukraine.
- Finished goods stocks were assessed as lower than normal: the balance of responses was (-15.0%), compared to (-17.4%) in Q2 2024.
- Spare production capacity had increased. Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 40.5% compared to 18.2% in the previous quarter.

Survey Details^{1,2}



- Period: 30 July through 28 August 2024.
- A total of 42 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, mining, manufacturing, trade, transport and communications, and other economic activities.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



*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 Kharkiv 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	0.0	-14.9	-13.3	-26.7	-23.8
Total sales	13.0	-10.9	13.3	-11.1	0.0
Investment in construction	-13.6	-13.6	6.8	-9.3	-7.3
Investment in machinery, equipment, and tools	-17.8	-10.9	6.7	4.5	2.5
Staff numbers	-19.6	-23.4	-15.6	-18.2	-21.4

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

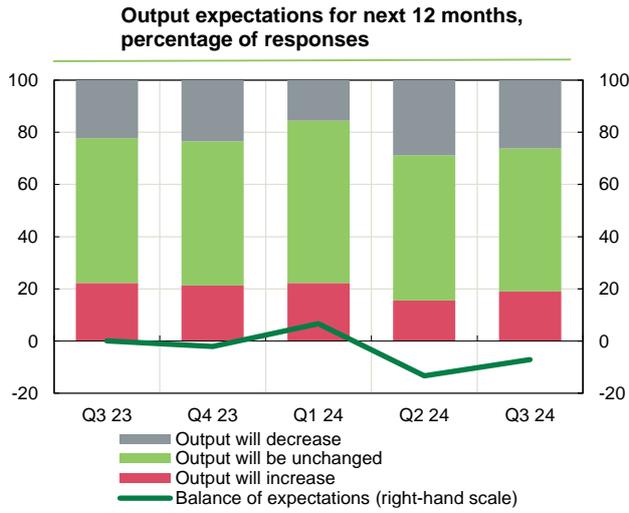


Figure 2

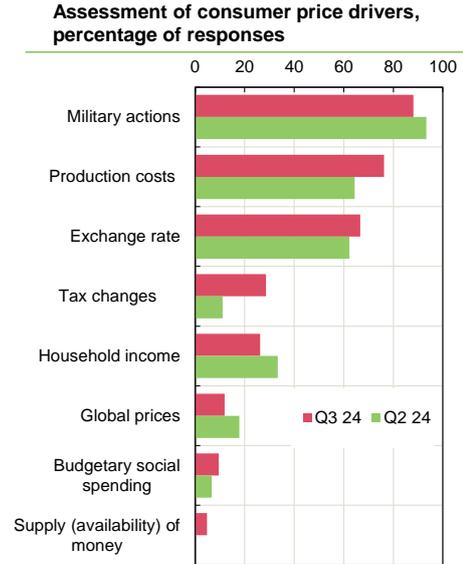


Figure 3

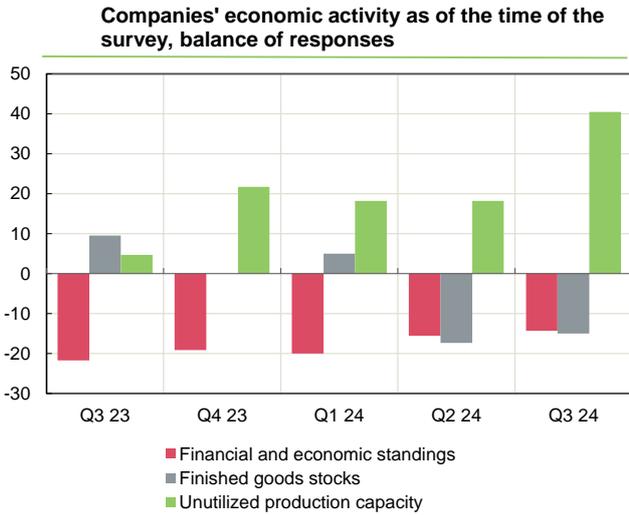


Figure 4

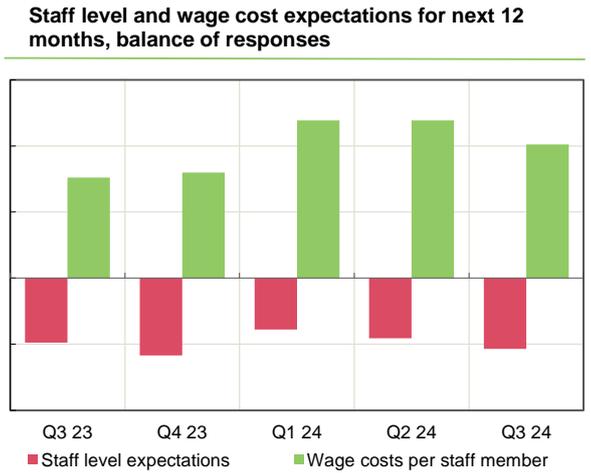


Figure 5

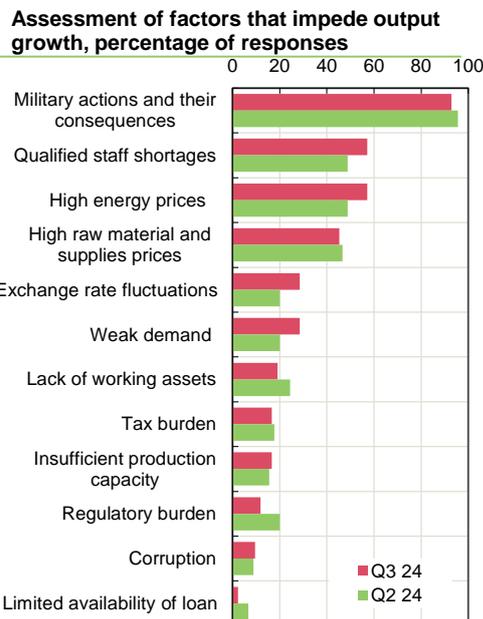


Figure 6

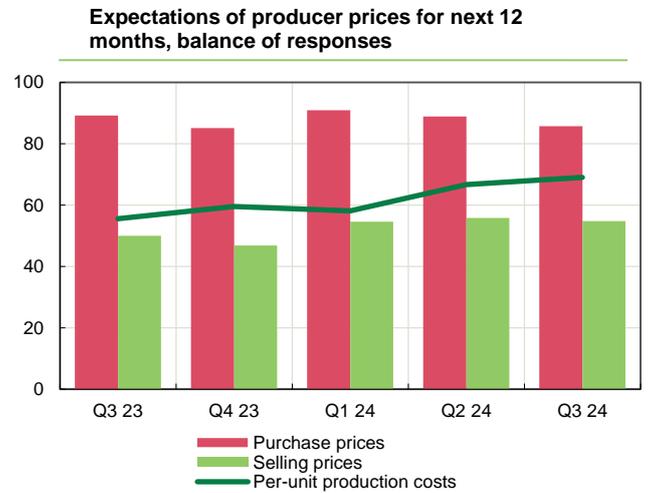


Figure 7

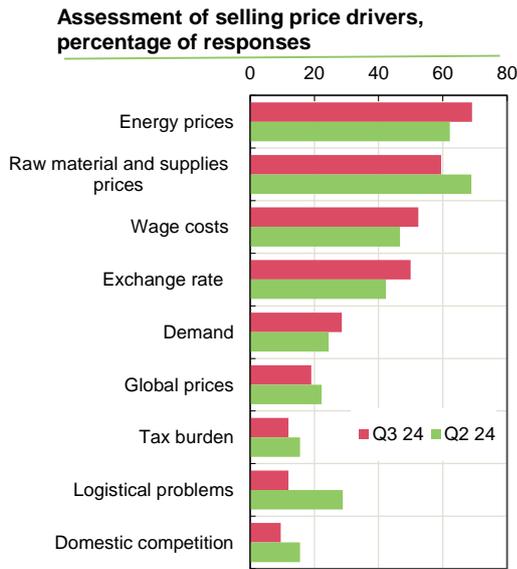


Figure 8

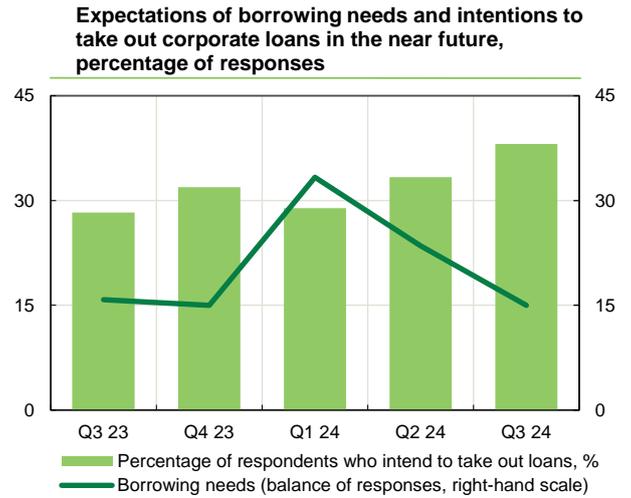


Figure 9

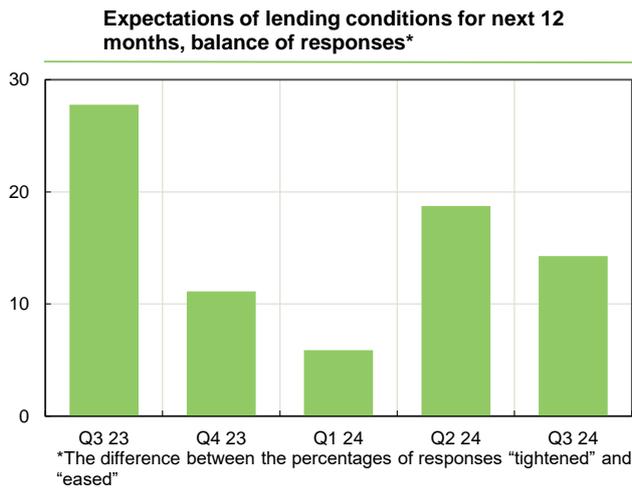


Figure 10

