



National Bank
of Ukraine

Business Outlook Survey of Khmelnytskyi Oblast*

Q3 2024



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

A survey carried out in **Khmelnytskyi oblast** in Q3 2024 showed that, despite the war, high raw material and supplies prices, and weak demand, respondents expected that **the output of Ukrainian goods and services would increase**. They had **positive expectations about the performance of their companies** over the next 12 months. Prices were expected to rise more slowly. 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 increase:** the balance of expectations was 28.4%, compared to 21.4% in Q2 2024 (Figure 1). Overall, across Ukraine, the balance of responses was 3.7%
- **prices for consumer goods and services would rise somewhat more slowly:** 85.7% of respondents expected the inflation rate not to exceed 10.0% (compared to 78.6% in the previous quarter and 54.5% across Ukraine). Respondents continued to refer to military actions (mentioned by all of respondents), the hryvnia exchange rate, and production costs as main inflation drivers (Figure 2)
- **the hryvnia would depreciate more:** a total of 78.6% of respondents (compared to 64.3% 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 improve at a faster pace:** the balance of expectations was 21.4%, compared to 7.1% in the previous quarter and (-0.9%) across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 46.2% compared to 50.0% in Q2 2024. External sales were expected to rise at a noticeably slower pace: the balance of responses was 50.0%, down from 100.0% in Q2 2024. Overall, across Ukraine the balances of responses were 10.5% and 11.2% respectively
- **investment in machinery, equipment, and tools would rise** at a significantly faster pace: the balance of responses was 71.4%, compared to 28.6% in Q2 2024. Investment in construction was expected to grow somewhat more slowly: the balance of responses was 28.6%, down from 35.7% in Q2 2024 (see Table). Across Ukraine, the balances of responses were 7.5% and (-3.2%) respectively
- **staff numbers would increase:** the balance of responses was 7.1% (among the firmest expectations across regions), same as in the previous quarter. Across Ukraine, staff numbers were expected to decrease, with the balance of responses at (-10.9%) (Figure 4)
- **purchase prices would rise more quickly:** the balance of responses was 92.9%, compared to 71.4% in the previous quarter. Selling prices were expected to rise somewhat more slowly: the balance of responses was 50.0%, down from 57.1% in Q2 2024 (Figure 6). The hryvnia exchange rate (the impact of this factor was reported to have increased), raw material and supplies prices, and energy prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise at a faster pace:** the balances of responses were 71.4% for each, compared to 53.8% and 57.1% respectively in Q2 2024 (Figures 4 and 6).

Respondents said that military actions and their consequences, high energy prices, raw material and supplies prices, and weak demand (the impact of the latter driver was reported to have increased) were the main drags on the ability of their companies to boost production (Figure 5).

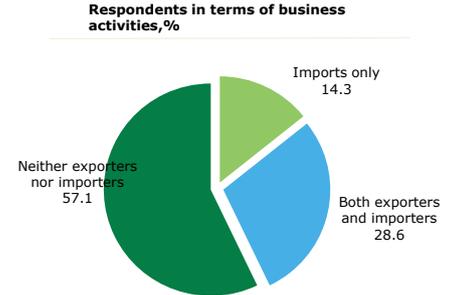
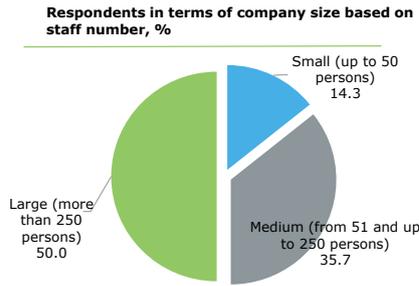
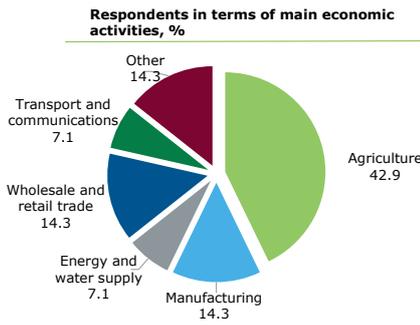
Respondents reported expectations of higher borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (35.7%) usually opted for hryvnia loans. Respondents said that bank lending conditions had tightened (Figure 9). Companies referred to the availability of other funding sources, high loan rates, and strict collateral requirements as the main factors deterring them from taking out loans (Figure 10).

All 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)

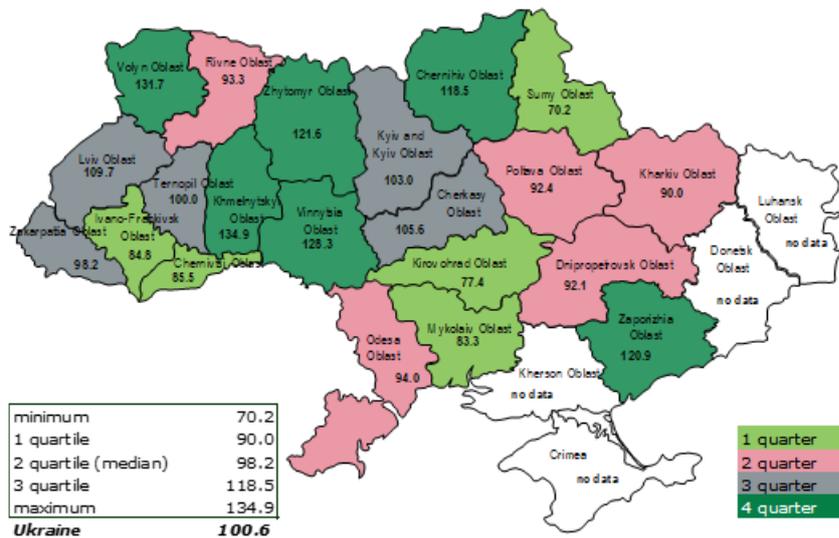
- Companies assessed their current financial and economic standings as good: the balance of responses was 35.7% (the highest figure across the region), compared to 7.1% in the previous quarter. Respondents across Ukraine assessed the financial and economic standings of their companies as bad (-6.0%).
- Finished goods stocks were assessed as lower than normal: the balance of responses was (-10.0%), compared to (-11.1%) in Q2 2024.
- Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-14.3%), compared to 0.0% in the previous quarter.

Survey Details^{1,2}



- Period: 6 August through 26 August 2024.
- A total of 14 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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 Khmelnytskyi 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	7.1	21.4	7.1	21.4
Total sales	35.7	46.2	50.0	50.0	46.2
Investment in construction	13.3	0.0	35.7	35.7	28.6
Investment in machinery, equipment, and tools	26.7	28.6	28.6	28.6	71.4
Staff numbers	6.7	-14.3	0.0	7.1	7.1

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

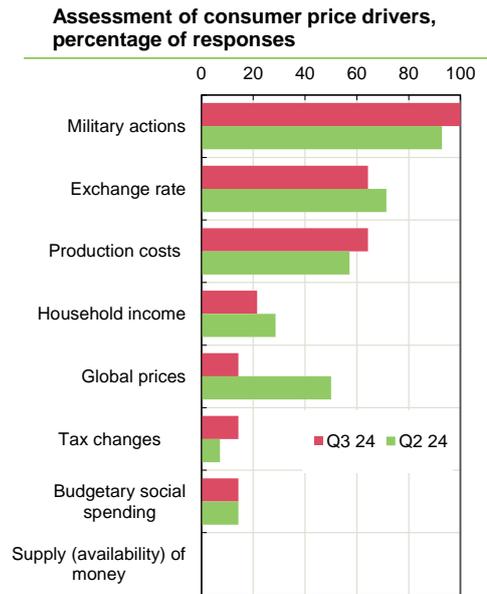


Figure 3

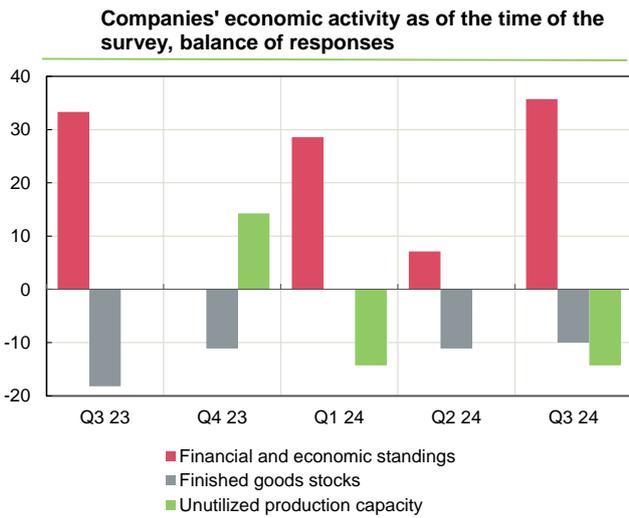


Figure 4



Figure 5

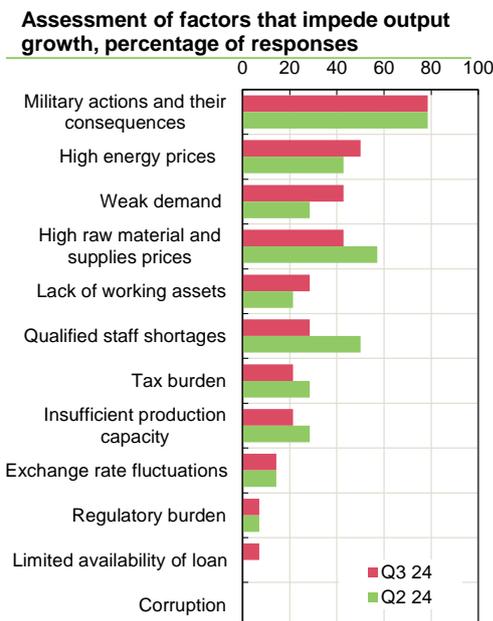


Figure 6

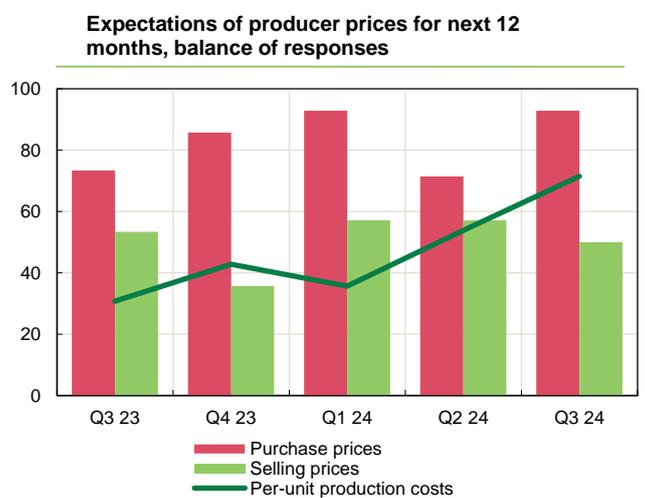


Figure 7

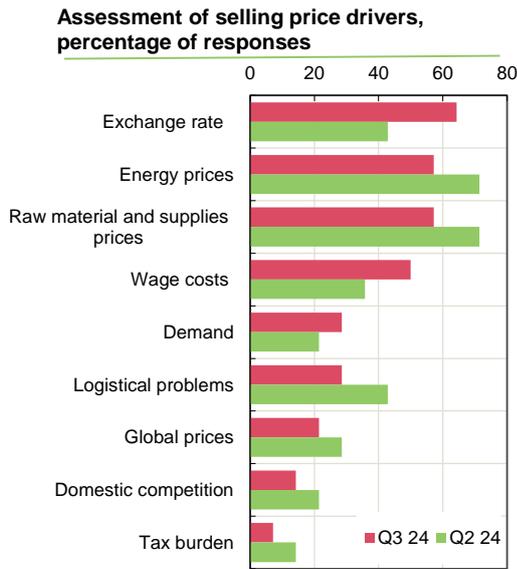


Figure 8

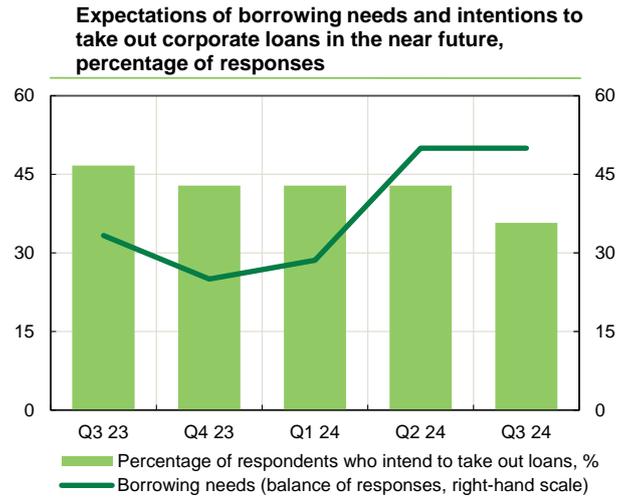


Figure 9

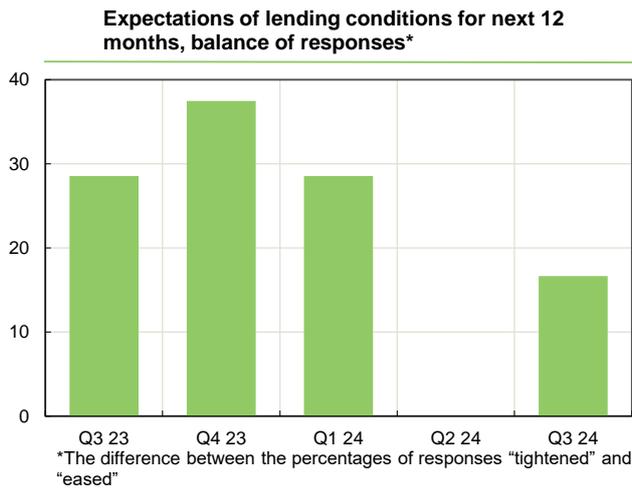


Figure 10

