



National Bank
of Ukraine

Business Outlook Survey of Lviv Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Lviv oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Lviv oblast in Q2 2024 showed that, despite the war, hryvnia exchange rate fluctuations, high energy prices and qualified staff shortages, respondents expected a rise in the output of Ukrainian goods and services over the next 12 months. Respondents reported positive expectations for the performance of their companies over this period. Inflation expected were expected to be lower. Depreciation expectations remained high.

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 5.3%, compared to (-7.9%) in Q1 2024 (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **prices for consumer goods and services would rise at a slower pace:** 71.1% of respondents expected that inflation would not exceed 10.0% (compared to 62.2% in Q1 2024 and 62.8% across Ukraine). Respondents continued to refer to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 86.5% of respondents, compared to 91.9% in the previous quarter and 84.9% across Ukraine expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would improve:** the balance of expectations was 2.6%, down from 17.1% in the previous quarter. Overall, across Ukraine, the balance of responses was (-0.2%) (see Table). The most optimistic expectations were reported by respondents from agricultural and manufacturing companies (40.0% for each)
- **total sales would increase:** the balance of responses was 5.4%, as in Q1 2024. Respondents also expected that external sales would remain unchanged: the balance of responses was 0.0%, down from 12.5% in Q1 2024 (see Table). The balances of responses across Ukraine were 8.7% and 11.0% respectively
- **investment in machinery, equipment, and tools would increase more quickly:** the balance of responses was 13.5% compared to 2.7% in the previous quarter. Meanwhile, respondents expected that investment in construction would drop: the balance of responses was (-8.1%), down from (-2.7%) (see Table). Across Ukraine, the balances of responses were 5.4% and (-5.5%) respectively
- **staff numbers at their companies would decrease at a faster pace:** the balance of responses was (-15.8%), compared to (-5.4%) in Q1 2024 (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- **both purchase and selling prices would rise:** the balances of responses were 94.7% and 65.8% respectively (compared to 94.7% and 73.7% respectively in Q1 2024) (Figure 6). Respondents from manufacturing and trading companies reported the firmest intentions to raise their selling prices (100.0% for each). Wage costs, raw material and supplies prices, and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow more quickly:** the balance of responses was 76.3%, up from 55.6% in Q1 2024. Respondents expected that wage costs per staff member would increase more slowly: the balance of responses was 65.8%, compared to 75.7% in the previous quarter (Figures 4 and 6).

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

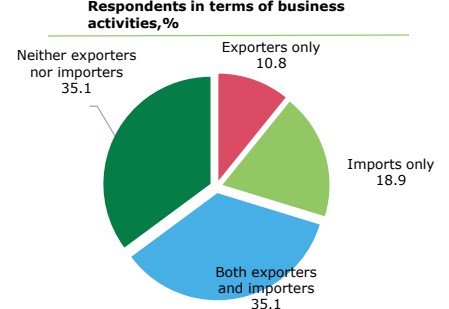
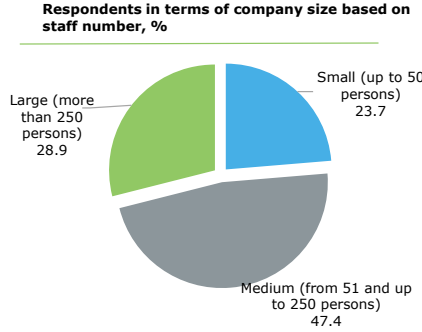
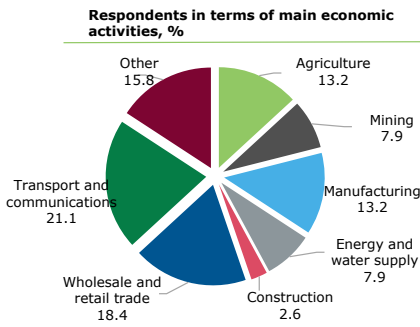
Respondents reported higher expectations of an increase in their borrowing needs in the near future (Figure 8). Most of the respondents who planned to take out bank loans (51.4% of respondents) opted for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Respondents referred to other funding sources, high interest rates and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

97.4% of respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.0% across Ukraine).

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

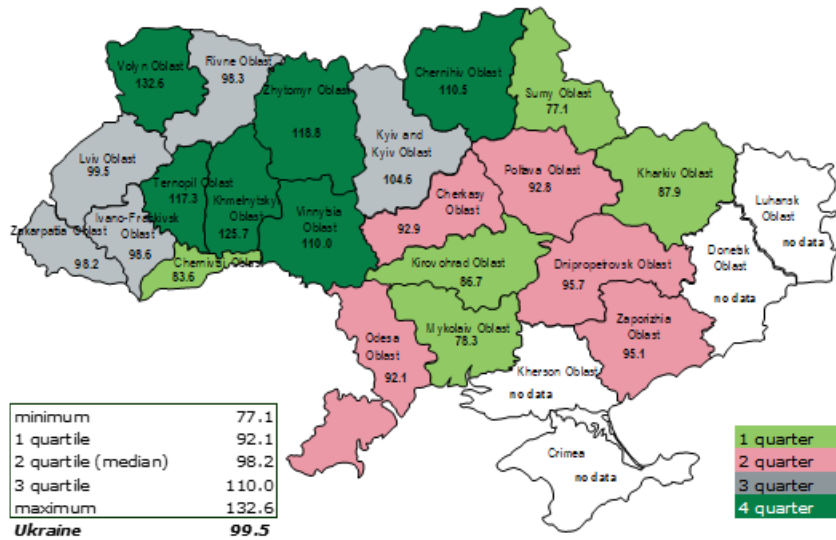
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 7.9%, down from 13.2% in Q1 2024. Across Ukraine, the balance of responses was (-4.3%).
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-9.5%), compared to 5.6% in Q1 2024.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-8.1%), compared to 17.1% in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 24 May 2024.
- A total of 38 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, trade, transport and communications, and other economic activities.

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 Lviv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	7.9	7.9	-5.3	17.1	2.6
Total sales	18.4	13.2	7.9	5.4	5.4
Investment in construction	5.7	2.7	-12.5	-2.7	-8.1
Investment in machinery, equipment, and tools	18.9	18.9	11.4	2.7	13.5
Staff numbers	-5.3	-10.8	-5.7	-5.4	-15.8

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

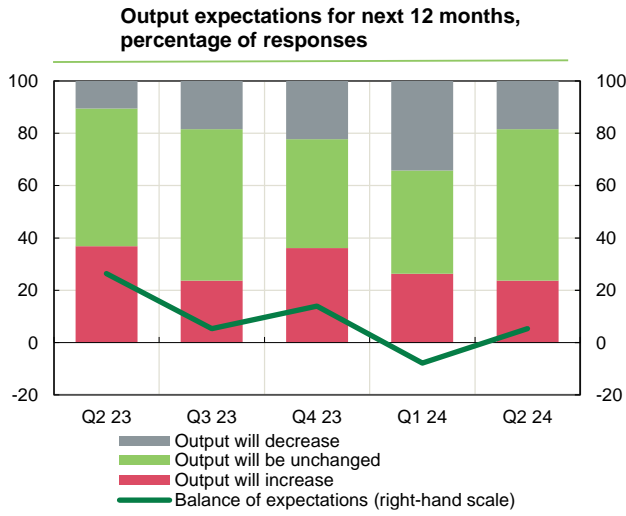


Figure 2

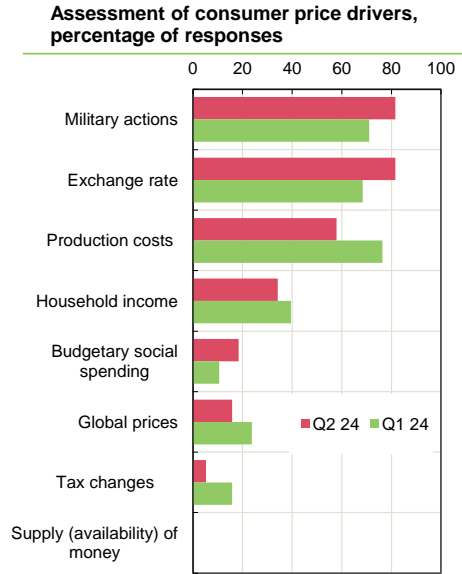


Figure 3

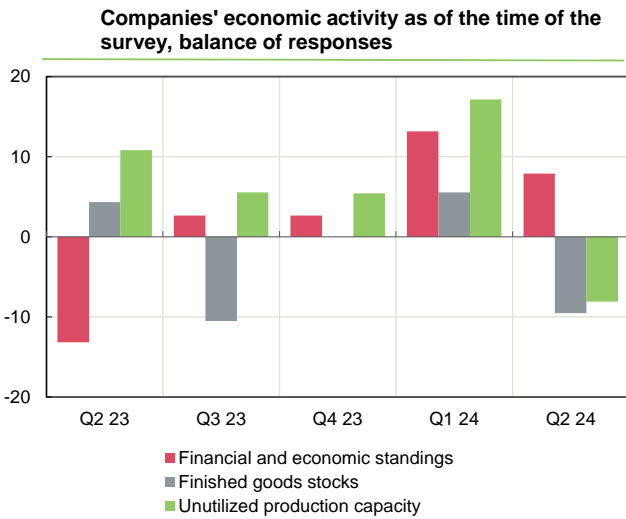


Figure 4



Figure 5

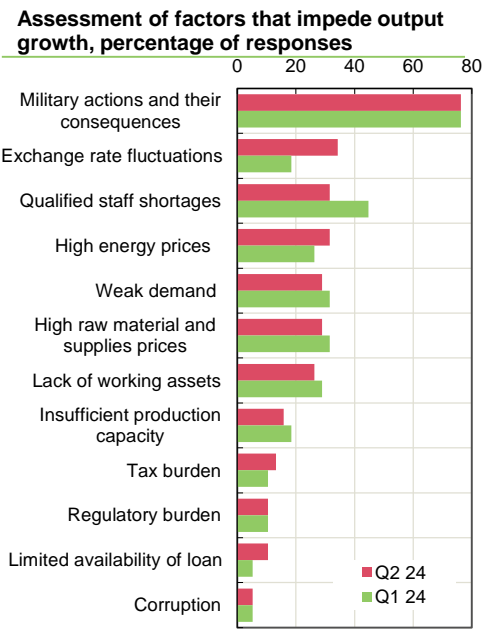


Figure 6

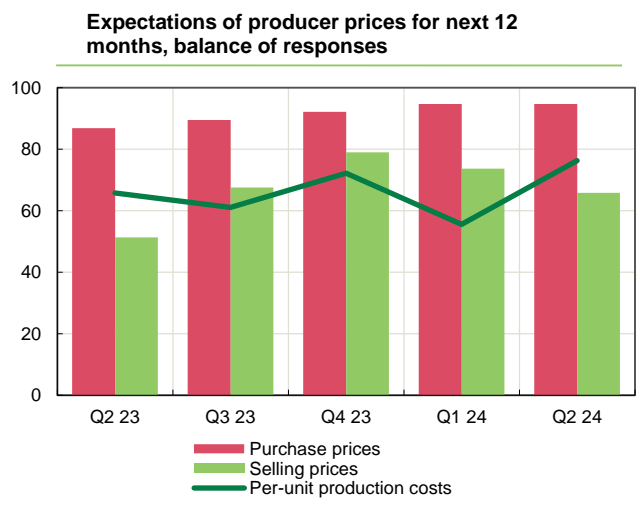


Figure 7

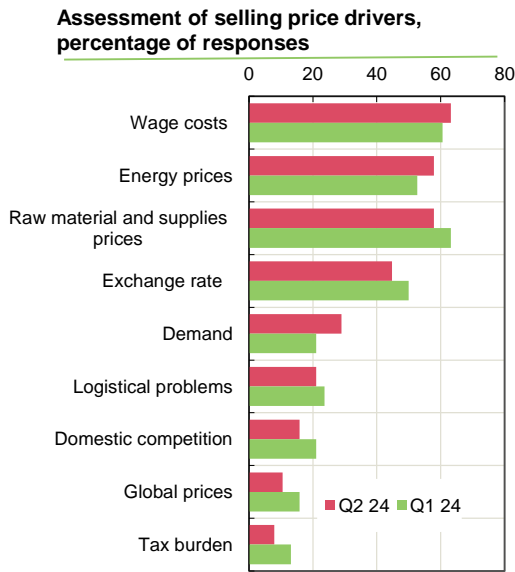


Figure 8

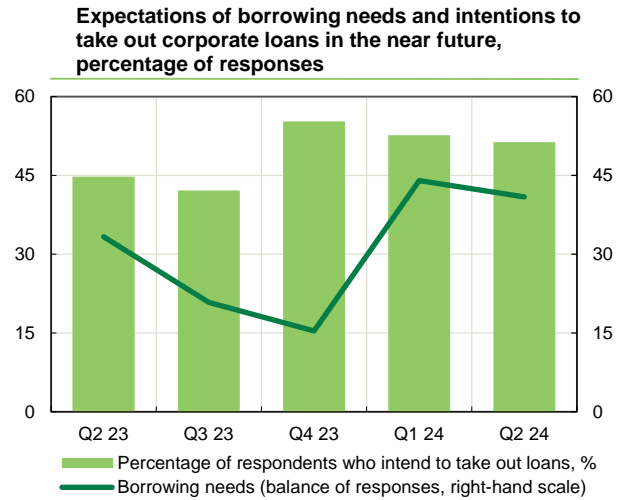


Figure 9

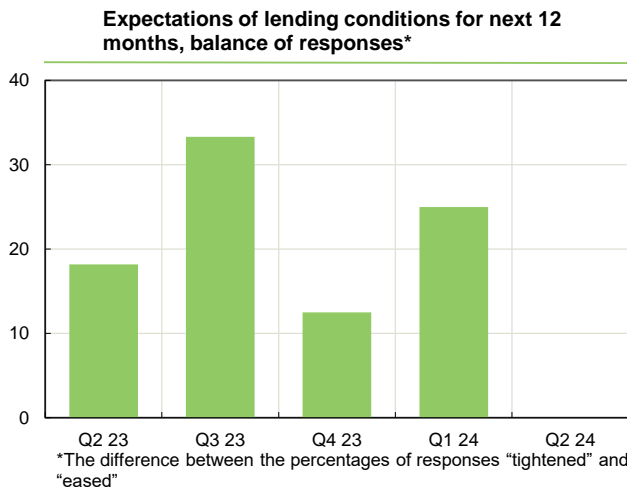


Figure 10

