



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q1 2024



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q1 2024 showed that, amid logistical difficulties with crossing the border, respondents expected **the output of Ukrainian goods and services to decrease** over the next 12 months. They continued to report **positive expectations for their companies' performance** over this period. Respondents expected lower inflation. 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 decrease:** the balance of expectations was (-6.3%), down from 6.7% in Q4 2023 (Figure 1) and compared to 8.5% across Ukraine
- **prices for consumer goods and services would rise at a slower pace:** 56.3% of respondents (compared to 73.3% in Q4 2023) expected the inflation rate to be higher than 10.0%, the figure across Ukraine being 51.6%. Respondents referred to military actions, production costs, the exchange rate and global prices **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 86.7% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 12.5%, compared to 26.7% in Q4 2023 (see Table) and 3.7% across Ukraine
- **total sales would increase:** the balance of responses was 6.3%, down from 13.3% in the previous quarter. At the same time, respondents expected that external sales would increase at a slower pace: the balance of responses was 16.7%, down from 33.3% in Q4 2023 (see Table). The balances of responses across Ukraine were 10.6% and 6.8% respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0%, compared to 7.1% Q4 2023. At the same time, respondents expected **investment in construction to drop rapidly:** the balance of responses was (-37.5%), compared to (-15.4%) in the previous quarter (see Table). Across Ukraine, the balances of responses were 8.3% and (-1.5%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-6.3%), down from 0.0% in Q4 2023 (Figure 4). Overall, across Ukraine the balance of responses was (-6.3%)
- **purchase and selling prices would rise:** the balances of responses were 93.8% and 56.3% respectively, compared to 92.9% and 57.1% in the previous quarter (Figure 6). Raw material and supplies prices, high energy prices and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 25.0% (compared to 26.7% in Q4 2023). Respondents also expected that **wage costs per staff member would increase more slowly:** the balance of responses was 20.0%, down from 40.0% in the previous quarter (Figure 4, 6).

Respondents referred to military actions and their consequences, qualified staff shortages and a lack of working assets as the **main drags on the ability of their companies to boost production** (Figure 5).

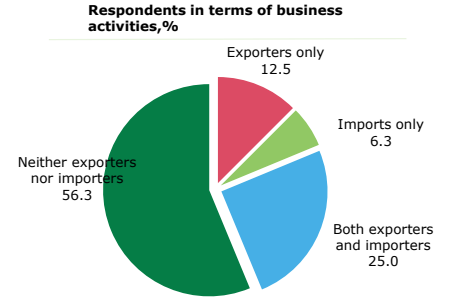
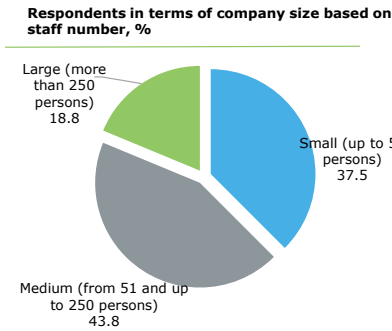
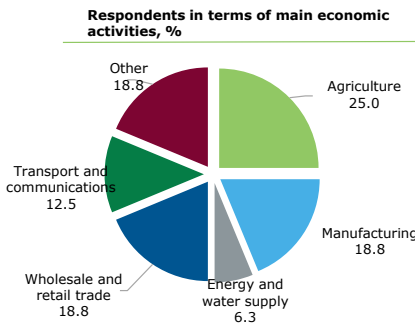
Respondents said that their borrowing needs would increase more slowly in the near future (Figure 8). The respondents who planned to take out bank loans (43.8% of those surveyed) usually opted to take domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). High loan rates, collateral requirements, other funding sources and uncertainty about ability to meet debt obligations as they fall due were cited as the major factors deterring companies 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** (96.3% across Ukraine).

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

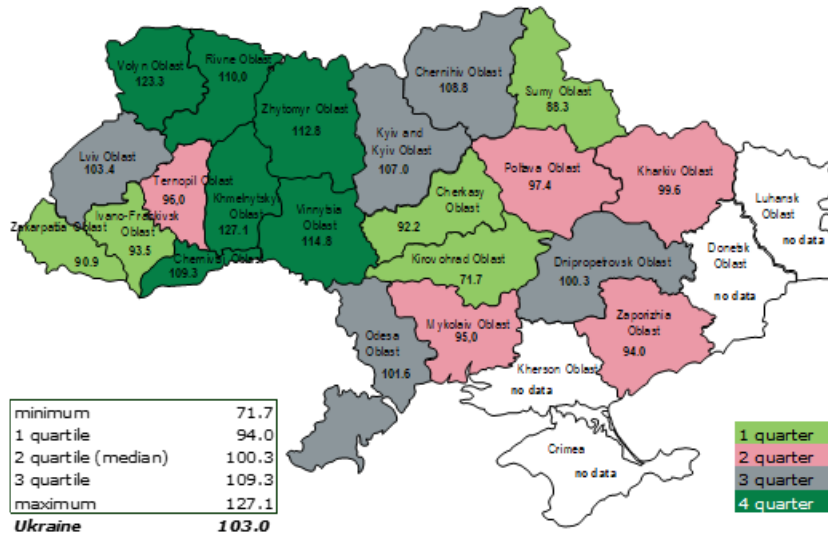
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-25.0%), compared to (-20.0%) in the previous quarter, the figure across Ukraine being (-1.4%).
- **Finished goods stocks had decreased and were assessed at lower than normal level:** the balance of responses was (-10.0%), down from 0.0% in Q4 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 26.7%, compared to 6.7% in the previous quarter.

Survey Details^{1,2}



- Period: 31 January through 22 February 2024.
- A total of 16 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
^{**}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 Mykolaiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	13.3	33.3	20.0	26.7	12.5
Total sales	6.7	40.0	13.3	13.3	6.3
Investment in construction	-20.0	0.0	-15.4	-15.4	-37.5
Investment in machinery, equipment, and tools	-20.0	-7.1	0.0	7.1	0.0
Staff numbers	0.0	6.7	0.0	0.0	-6.3

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

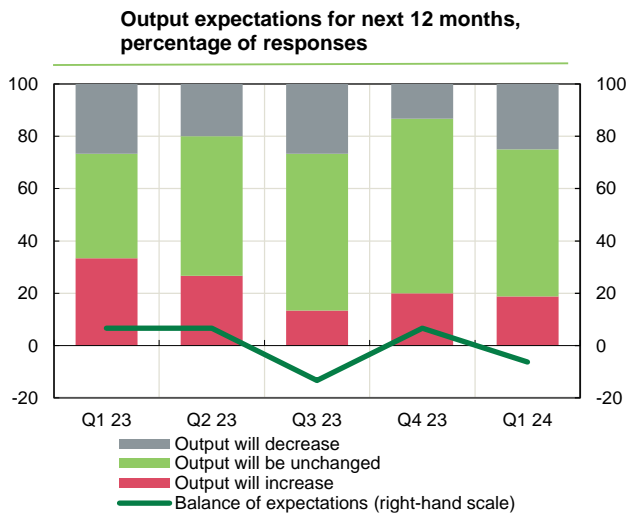


Figure 2

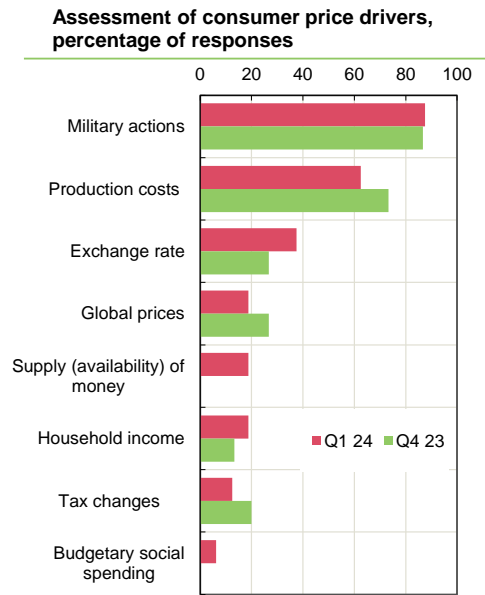


Figure 3

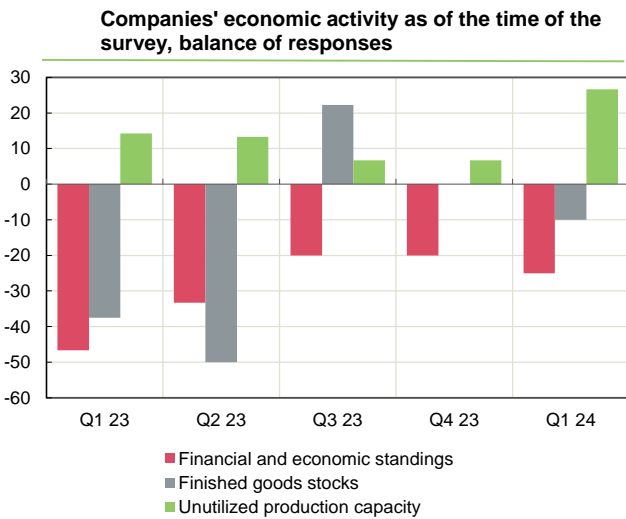


Figure 4



Figure 5

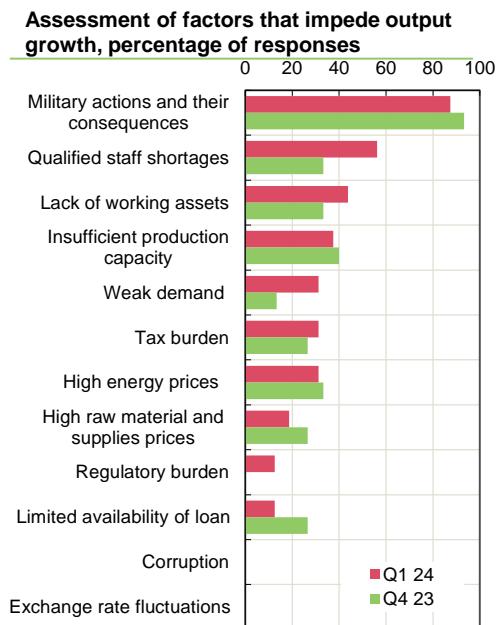


Figure 6

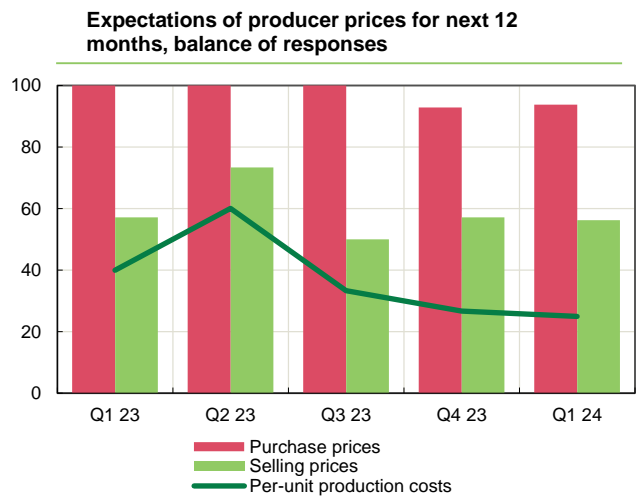


Figure 7

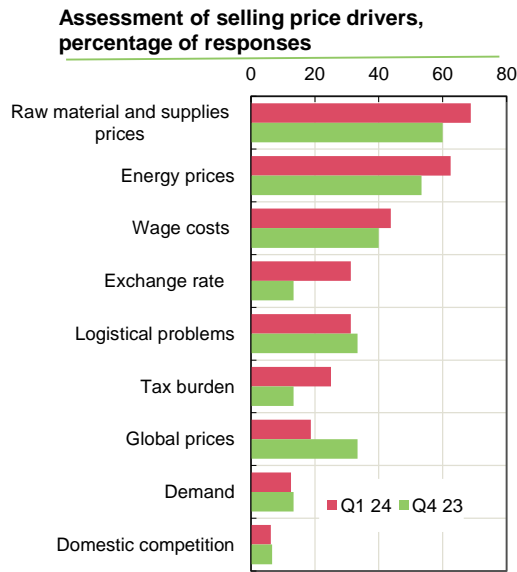


Figure 8

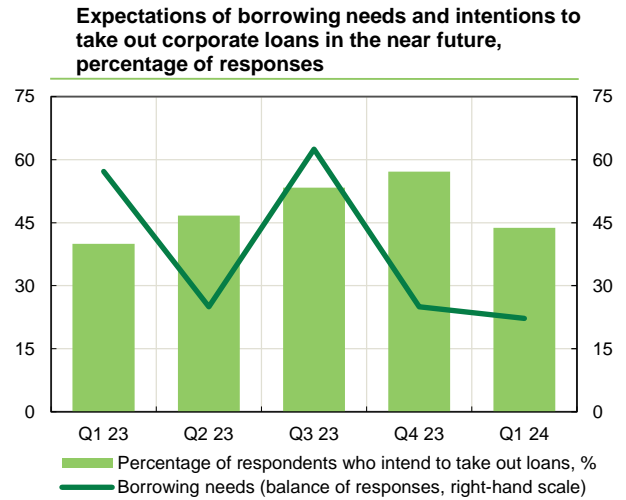


Figure 9

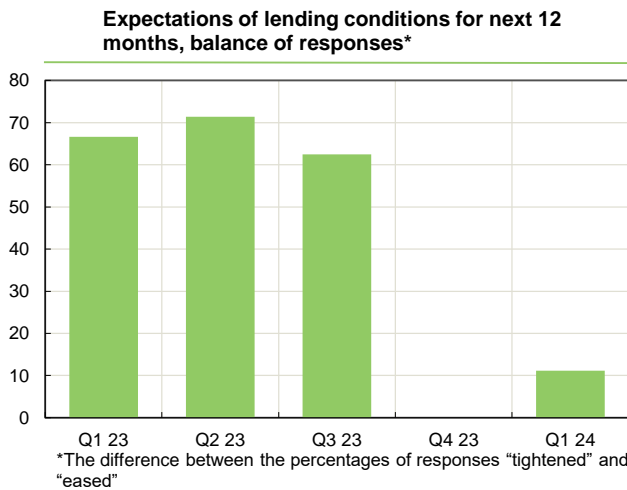


Figure 10

