



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q2 2024



*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q2 2024 showed that, on the back the war, high energy prices and qualified staff shortages, respondents weakened their expectations for the output of Ukrainian goods and services over the next 12 months. They had cautious expectations for the performance of their companies over this period. Inflation was expected to decline. Depreciation expectations remained high.

Company managers said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-10.5%), compared to 2.7% in Q1 2024 and (-0.3%) across Ukraine (Figure 1). Respondents from agricultural companies reported the most optimistic expectations (40.0%), while the dimmest expectations were reported by companies engaged in other economic activities (-50.0%)
- **prices for consumer goods and services would rise more slowly:** 72.7% of respondents said that price growth would not exceed 10.0%, compared to 47.4% in the previous quarter 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:** 77.8% of respondents (compared to 71.1% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0%, compared to 7.9% in the previous quarter and (-0.2%) across Ukraine (see Table). Optimistic views were reported by respondents from agricultural companies, while the dimmest expectations were reported by trading companies (the balances of responses were 20.0% and (-14.3%) respectively)
- **total sales would remain unchanged:** the balance of responses was 0.0%, down from 5.3% in the previous quarter (see Table). Meanwhile external sales were expected to rise: the balance of responses was 11.0%, down from 15.8%. Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-5.4%) and (-2.6%) respectively, compared to (-2.7%) and 7.9% in Q1 2024 (see Table). Across Ukraine, the balances of responses were (-5.4%) and 5.4% respectively
- **staff numbers would decrease at a faster pace:** the balance of responses was (-31.6%), compared to (-10.5%) in Q1 2024. Overall, across Ukraine, the balance of responses was (-10.7%) (Figure 4)
- **purchase and selling prices would rise:** the balances of responses were 84.2% and 42.1% respectively (compared to 86.1% and 47.2% respectively in Q1 2024) (Figure 6). Respondents said that energy prices, the hryvnia exchange rate, and raw material and supplies prices were the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 55.3% and 39.5% respectively, compared to 57.9% and 44.7% in Q1 2024 (Figures 4 and 6).

Companies named military actions and their consequences, high energy prices and qualified staff shortages (the impact of this factor was reported to have increased) as the **main drags on their ability to boost production** (Figure 5).

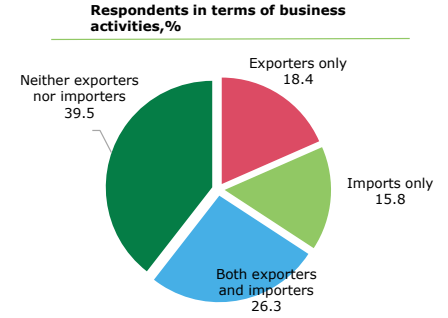
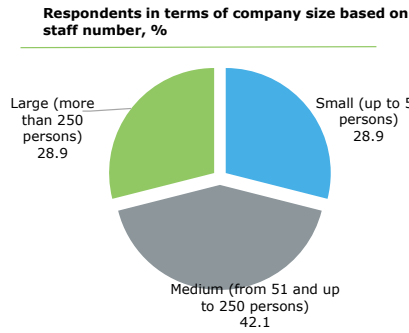
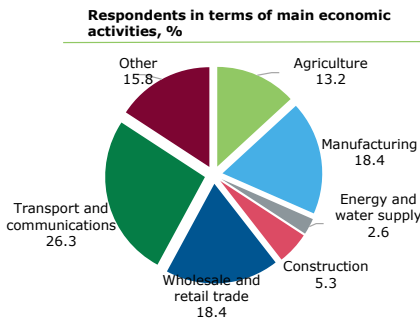
Respondents expected that **their borrowing needs would increase more slowly** in the near future (Figure 8). The respondents who planned to take out bank loans (36.8% of those surveyed) usually opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents also referred to high interest rates and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

92.1% of the respondents in the oblast 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)

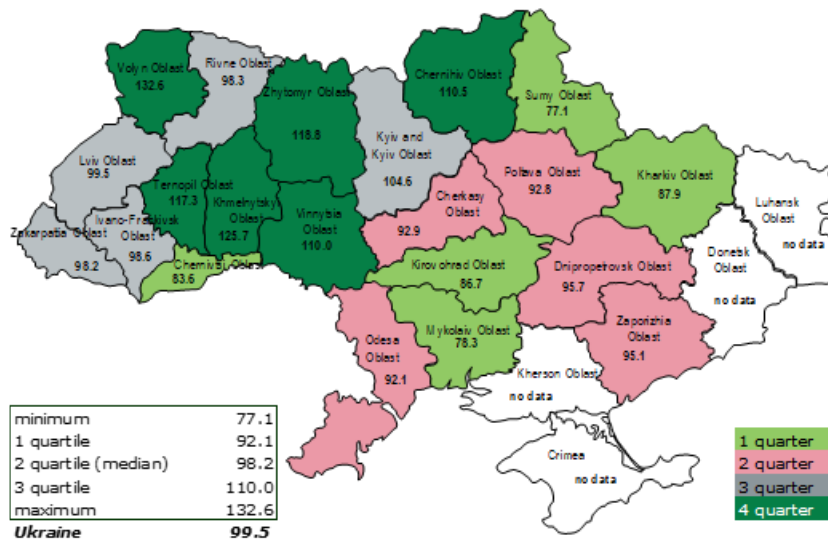
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 5.4%, compared to (-5.3%) in Q1 2024 and (-4.3%) across Ukraine.
- **Finished goods stocks were assessed as below their normal levels:** the balance of responses was (-38.5%), down from (-15.4%) in Q1 2024.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 23.7%, compared to 13.5% in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 28 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 Odessa 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	2.5	5.1	2.6	7.9	0.0
Total sales	7.5	-2.6	-18.4	5.3	0.0
Investment in construction	10.5	-2.7	-5.4	-2.7	-5.4
Investment in machinery, equipment, and tools	15.8	10.5	-2.7	7.9	-2.6
Staff numbers	0.0	-10.3	-21.1	-10.5	-31.6

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

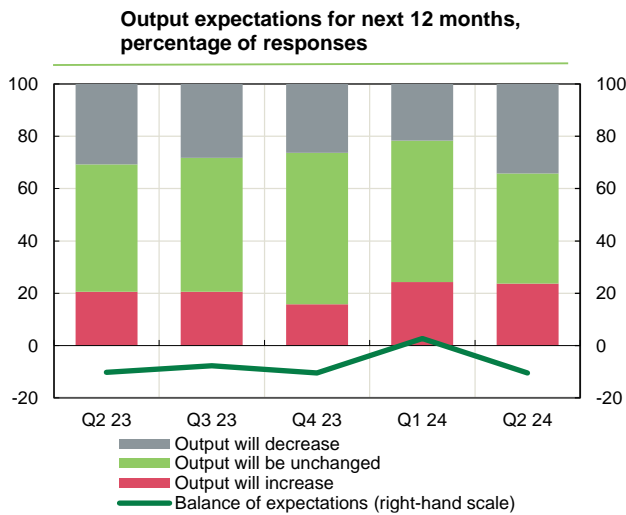


Figure 2

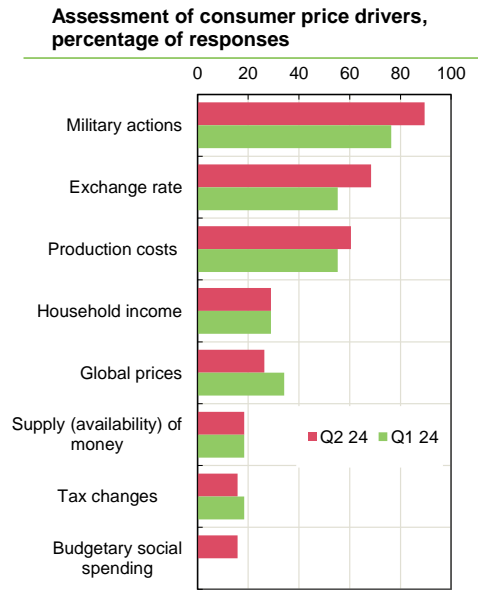


Figure 3

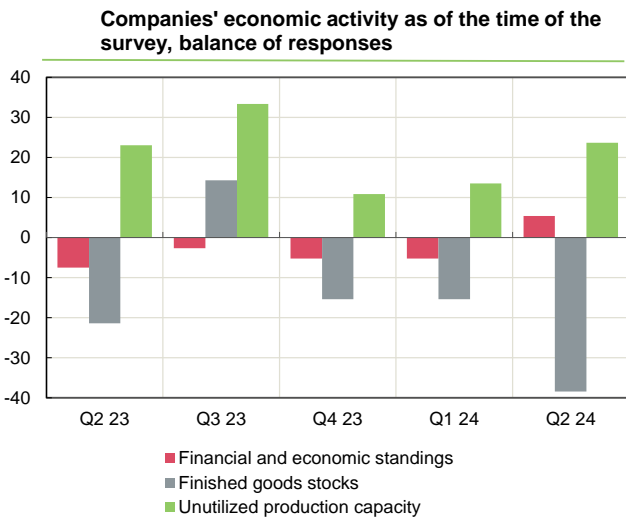


Figure 4

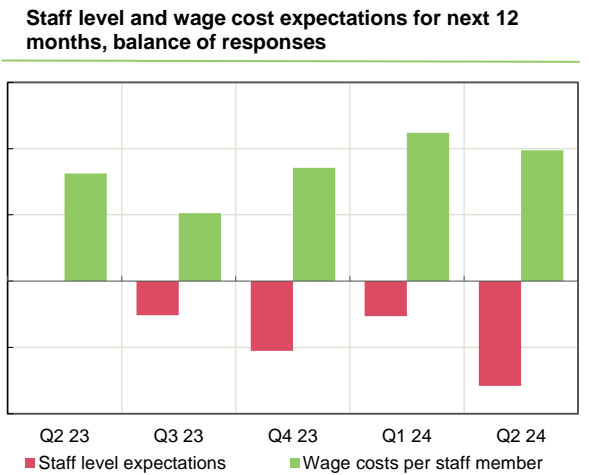


Figure 5

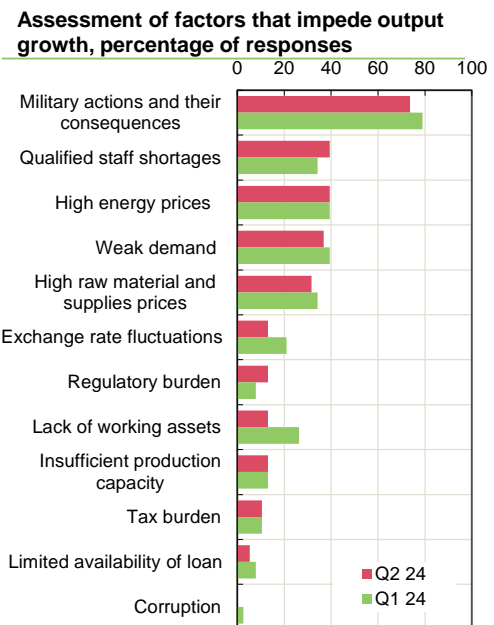


Figure 6

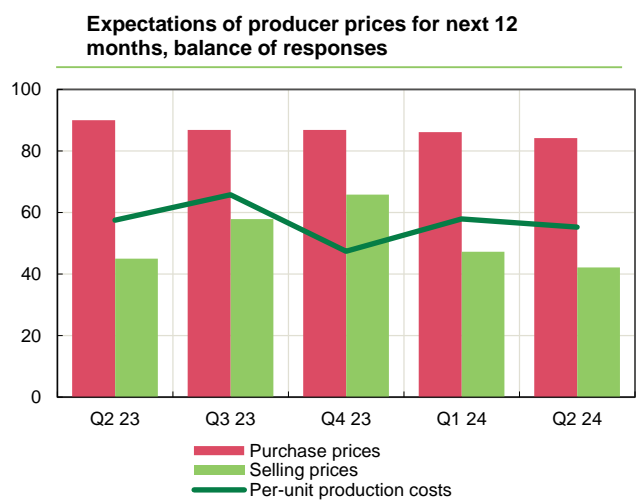


Figure 7

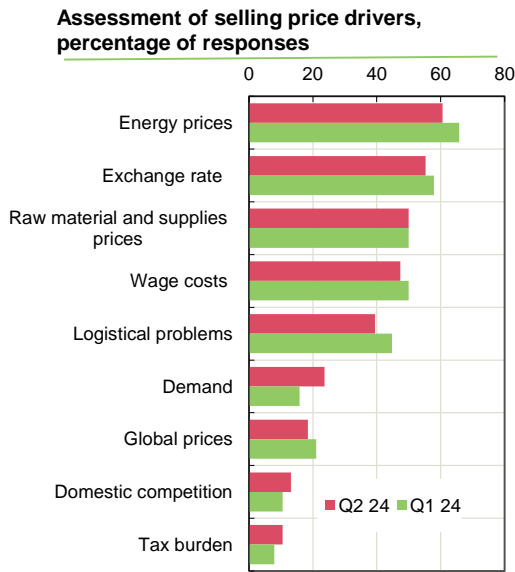


Figure 8

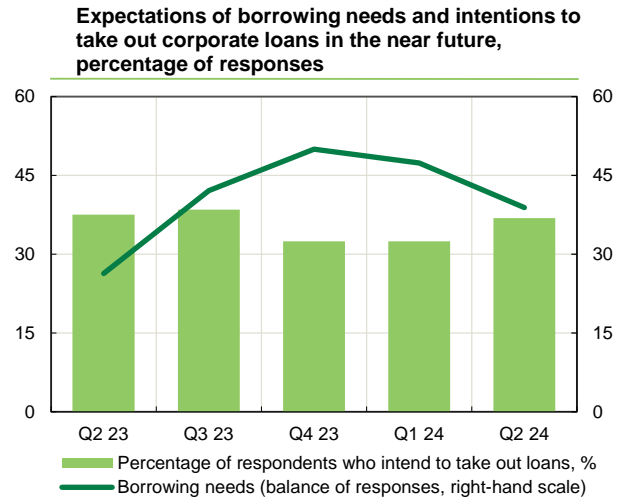


Figure 9

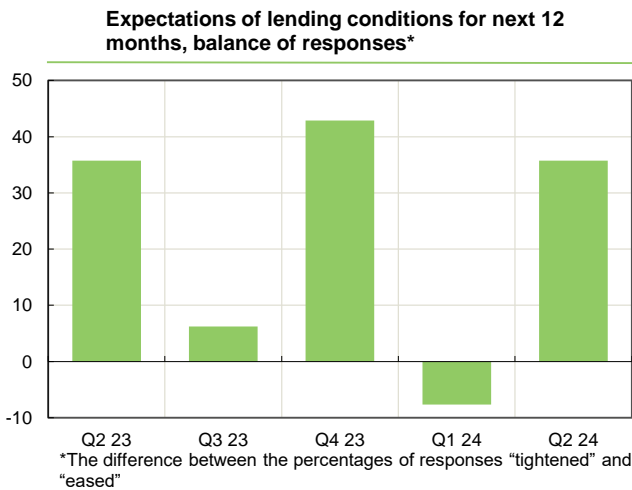


Figure 10

