



National Bank  
of Ukraine

# Business Outlook Survey of Dnipropetrovsk Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 **Dnipropetrovsk oblast** in **Q1 2024** showed that, on the back of more active missile attacks on critical infrastructure and logistical difficulties with crossing the border, respondents **expected a decrease in the output of Ukrainian goods and services**. They had cautious expectations for the performance of their companies over the next 12 months. Inflation and 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 (-5.1%), compared to 13.9% in Q4 2023 (Figure 1) and 8.5% across Ukraine. The most pessimistic expectations were reported by respondents from agricultural companies (-16.7%). Respondents from trading companies expected the highest increase in their output (the balance of expectations was 10.0%)
- **prices for consumer goods and services would rise:** the share of respondents who expected that the inflation rate would exceed 10.0% was 64.5%, compared to 63.8% in the previous quarter and 51.6% across Ukraine. Respondents continued to refer to military actions, production costs and the exchange rate as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 85.3% of respondents (compared to 87.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 81.1% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0%, compared to (-3.7%) in the previous quarter and 3.7% across Ukraine (see Table). The most optimistic expectations were reported by mining companies, while the most pessimistic expectations were reported by agricultural companies (the balances of expectations were 33.3% and (-66.7%) respectively)
- **total sales would increase moderately:** the balance of expectations was 7.8%, up from 3.7% in Q4 2023 (see Table). External sales were expected to drop: the balance of expectations was (-2.9%), compared to 0.0% in Q4 2023. Across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **investment in construction would decrease at a slower pace:** the balance of responses was (-2.9%), compared to (-13.9%) in the previous quarter. Respondents also expected that **investment in machinery, equipment, and tools** would increase moderately: the balance of responses was 4.1%, up from (-1.3%) in Q4 2023 (see Table). Across Ukraine, the balances of responses were (-1.5%) and 8.3% respectively
- **staff numbers would decrease:** the balance of responses was (-7.7%), compared to (-5.2%) in the previous quarter (Figure 4) and (-6.3%) across Ukraine. Transport and communications companies had the firmest expectations of staff cuts, meanwhile companies engaged in other economic activities expected to expand their workforces (the balances of responses were (-14.3%) and 20.0% respectively)
- **both purchase and selling prices would rise:** the balances of responses were 84.6% and 57.7% respectively (compared to 91.1% and 57.0% respectively in Q4 2023) (Figure 6). Respondents from trading companies and those engaged in other economic activities reported the highest expectations of a rise in selling prices (the balances of responses were 80.0% for each). Respondents referred to high raw material and supplies prices, energy prices and wage costs as the main selling price drivers (Figure 7).
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 67.9% and 62.3% respectively (compared to 68.0% and 53.8% in Q4 2023) (Figures 4 and 6).

Companies continued to cite military actions and their consequences, weak demand, and high raw material and supplies prices as **the main drags on their ability to boost production** (Figure 5).

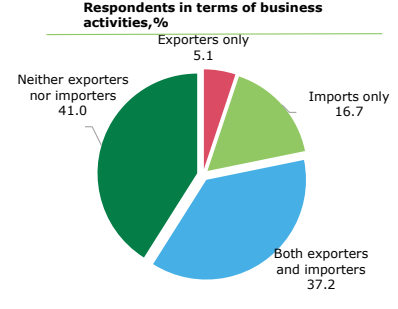
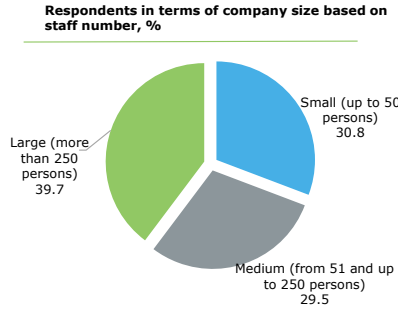
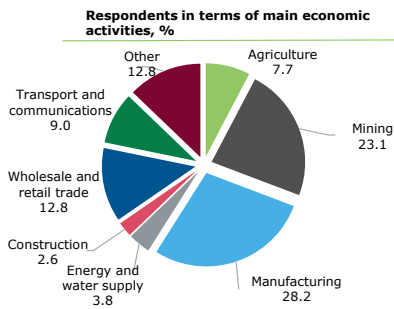
Respondents said that **their borrowing needs would increase more slowly** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending conditions had tightened (Figure 9). Respondents referred to high loan rates, other funding sources and 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** (96.3% across Ukraine).

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

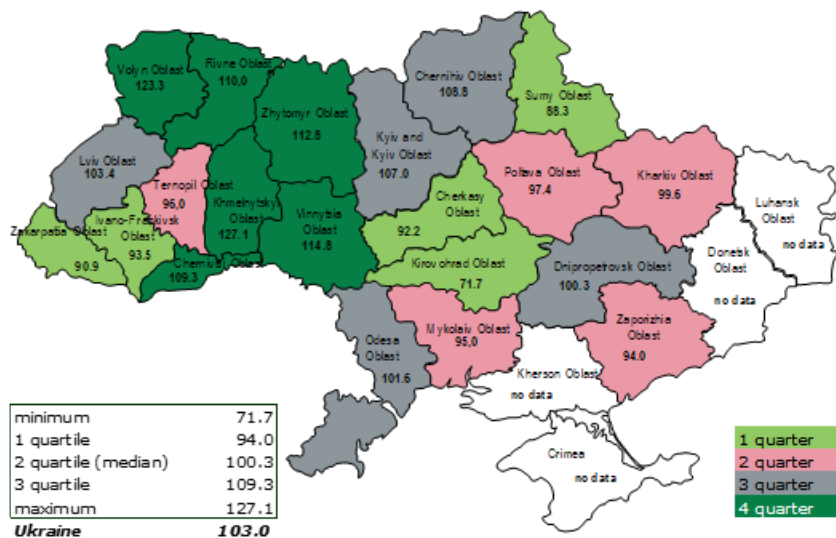
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-25.6%), (compared to (-21.0%) in Q4 2023 and (-1.4%) across Ukraine).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-6.5%) , as in Q4 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 28.2%, up from 22.1% in Q4 2023.

Survey Details<sup>1 2</sup>



- Period: 31 January through 21 February 2024.
- A total of 78 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries, trade, transport and communications, and other economic activities.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>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 Dnipropetrovsk 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	-4.0	-9.0	-2.5	-3.7	0.0
Total sales	-1.3	0.0	9.0	3.7	7.8
Investment in construction	-23.3	-15.4	-2.7	-13.9	-2.9
Investment in machinery, equipment, and tools	-13.9	-16.7	-2.7	-1.3	4.1
Staff numbers	-21.1	-7.6	-9.0	-5.2	-7.7

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.  
<sup>2</sup> Data for totals and components may be subject to rounding effects.  
<sup>3</sup> 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

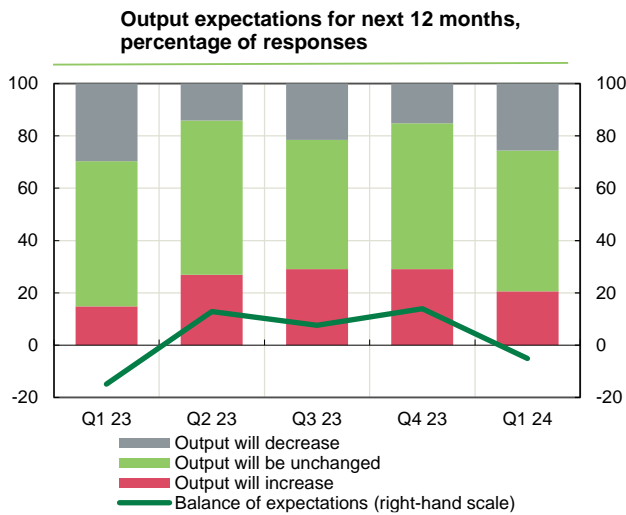


Figure 2

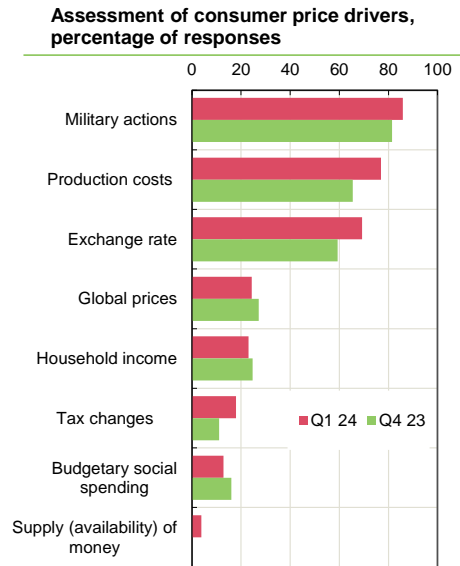


Figure 3

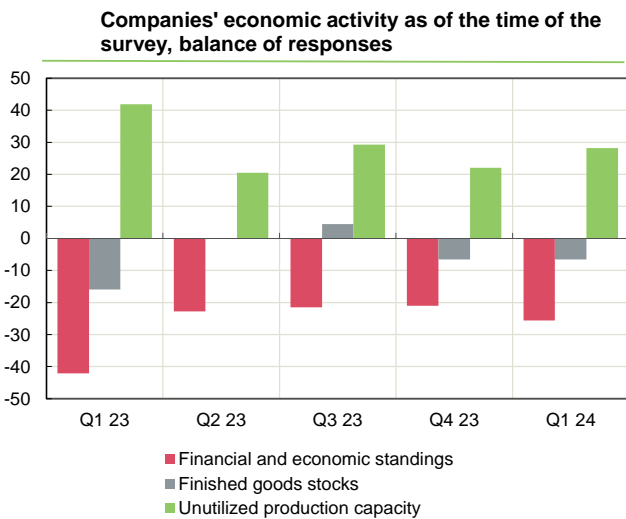


Figure 4

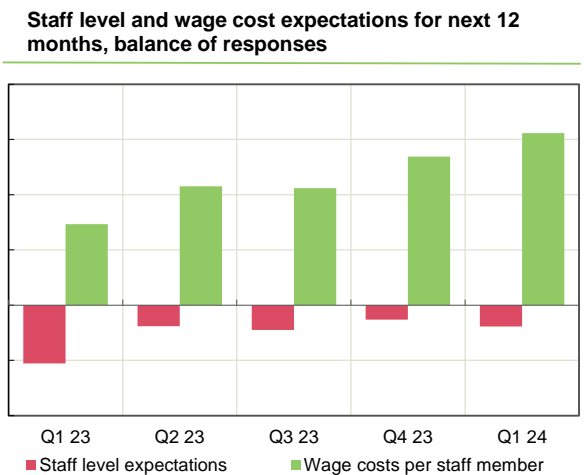


Figure 5

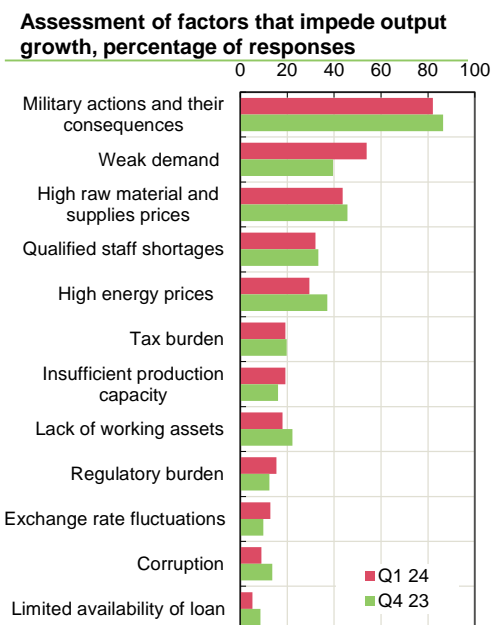


Figure 6

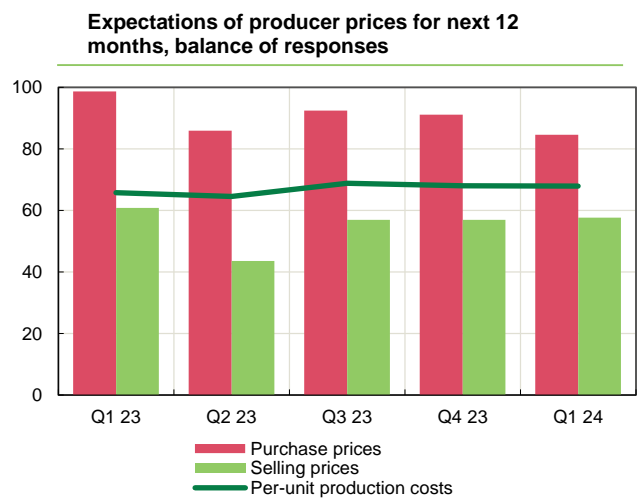


Figure 7

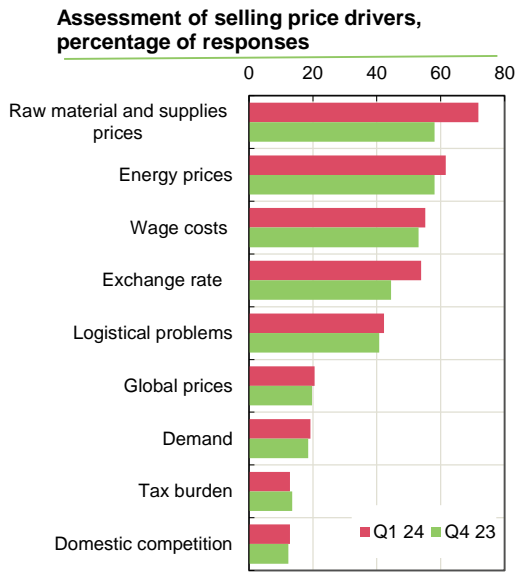


Figure 8

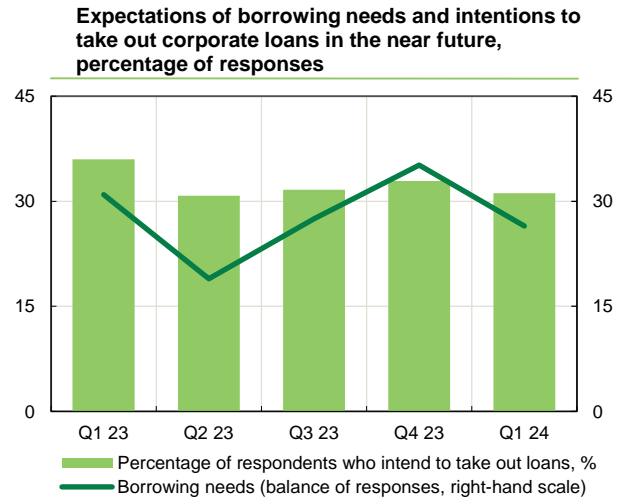


Figure 9

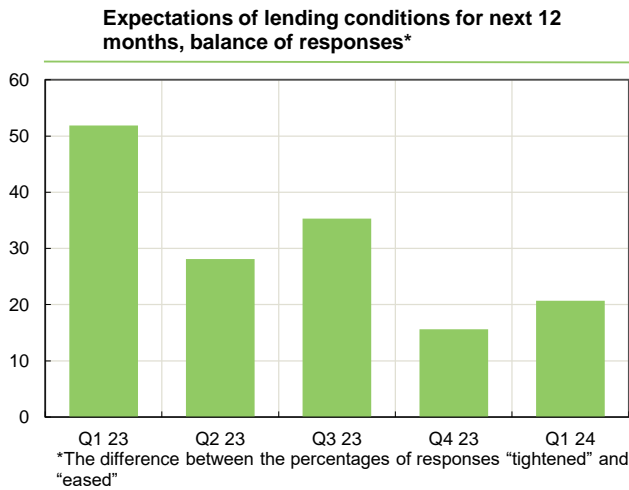


Figure 10

