



National Bank
of Ukraine

Business Outlook Survey of **Kyiv and Kyiv Oblast***

Q1 2025



*This survey only reflects the opinions of respondents in Kyiv and Kyiv oblast (top managers of companies) who were polled in Q1 2025, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Kyiv and Kyiv oblast** in Q1 2025 shows that, despite the war, qualified staff shortages and weak demand, respondents expected that the output of Ukrainian goods and services would increase. They also reported firmer expectations for the performance of their companies over the next 12 months. Inflation was expected to accelerate. Depreciation expectations were more moderate.

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 responses was 12.1%, compared to (-7.4%) in Q4 2024 (Figure 1) and 15.6% across Ukraine. The most optimistic expectations were reported by manufacturing companies (the balance of responses was 41.9%)
- prices for consumer goods and services would rise at a faster pace: 65.9% of respondents expected that the inflation rate would exceed 10.0%, compared to 56.0% in the previous quarter and 60.3% 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: 88.6% of respondents, compared to 94.1% in the previous quarter, expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 89.1%
- the financial and economic standings of their companies would improve: the balance of responses was 3.8% (compared to 0.5% in the previous quarter and 4.7% across Ukraine) (see Table). Respondents from manufacturing and construction companies had the highest expectations (the balances of responses were 22.6% and 22.2% respectively), while agricultural companies had the gloomiest expectations (-16.7%)
- total sales and external sales would increase at a faster pace: the balances of responses were 26.7% and 21.6% respectively, compared to 13.0% and 8.3% in the previous quarter (see Table). Across Ukraine, the balances of responses were 20.7% and 19.5% respectively
- investment in construction and in machinery, equipment, and tools would increase: the balances of responses were 5.0% and 15.2% respectively, compared to 2.1% and 10.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were 2.7% and 13.4% respectively
- staff numbers would increase: the balance of responses was 7.2%, compared to (-2.9%) in Q4 2024. Across Ukraine, the balance of responses was (-0.6%) (Figure 4). Respondents from manufacturing companies had the most optimistic expectations (the balance of responses was 25.8%). The dimmest expectations were reported by respondents from transport and communications companies (-9.7%)
- both purchase and selling prices would grow at a fast pace: the balances of responses were 91.9% and 72.7% respectively (compared to 90.3% and 73.9% respectively in Q4 2024) (Figure 6). Respondents from construction companies had the highest expectations of a rise in selling prices (the balance of responses was 100.0%). Respondents cited the hryvnia exchange rate, wage costs and energy prices 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 64.7% and 60.6% respectively (compared to 62.7% and 60.5% in the previous quarter) (Figures 4 and 6).

Respondents referred to military actions and their consequences, qualified staff shortages and weak demand as the main drags on the ability of their companies to boost production (Figure 5).

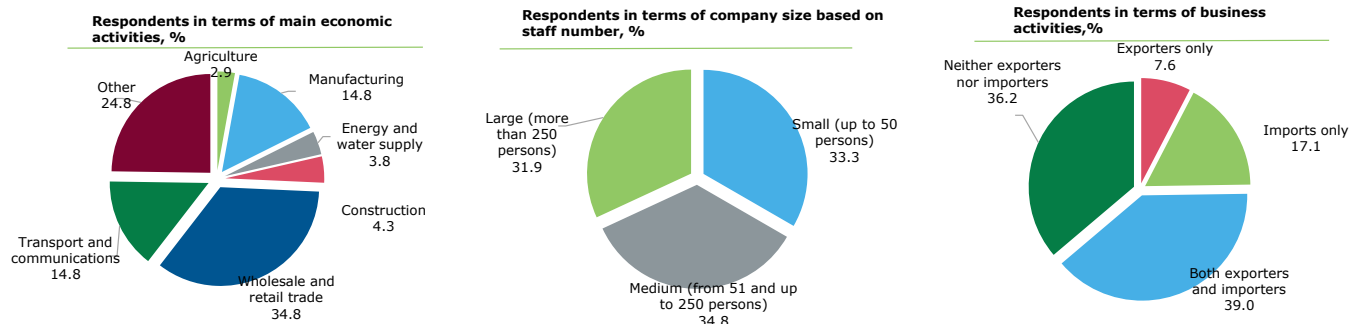
Respondents reported stronger expectations about their borrowing needs in the near future (Figure 9). The respondents who planned to take out loans (27.8% of those surveyed) usually opted for domestic currency ones. Respondents said lending standards had remained tight (Figure 10). Companies referred to high interest rates, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 11).

A total of 95.2% of respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.6% across Ukraine).

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

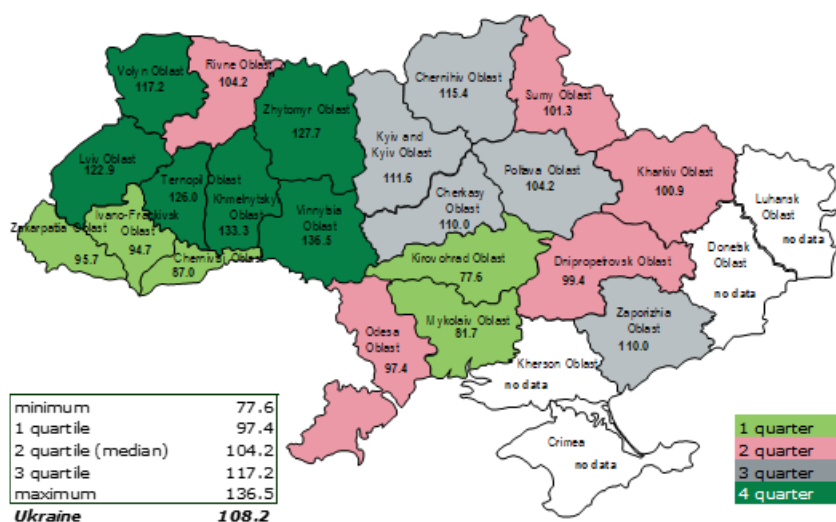
- Companies assessed their current financial and economic standings as good: the balance of responses was 4.8% (up from 2.9% in Q4 2024), compared to (-3.4%) across Ukraine. The most optimistic assessments were reported by respondents from manufacturing companies (22.2%).
- Finished goods stocks were assessed at a level lower than normal: the balance of responses was (-3.8%), compared to (-7.6%) in Q4 2024.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 14.0%, compared to 11.7% in Q4 2024.

Survey Details^{1,2}



- Period: 3 February through 27 February 2025.
- A total of 210 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the manufacturing industry, energy and water supply, construction, trade, transport and communications, and other economic activities.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



*a 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 Kyiv and Kyiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25
Financial and economic standings	6.3	3.4	-2.0	0.5	3.8
Total sales	14.0	14.9	15.4	13.0	26.7
Investment in construction	2.6	-1.1	0.5	2.1	5.0
Investment in machinery, equipment, and tools	12.4	9.7	6.4	10.0	15.2
Staff numbers	-0.5	-3.9	-5.4	-2.9	7.2

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

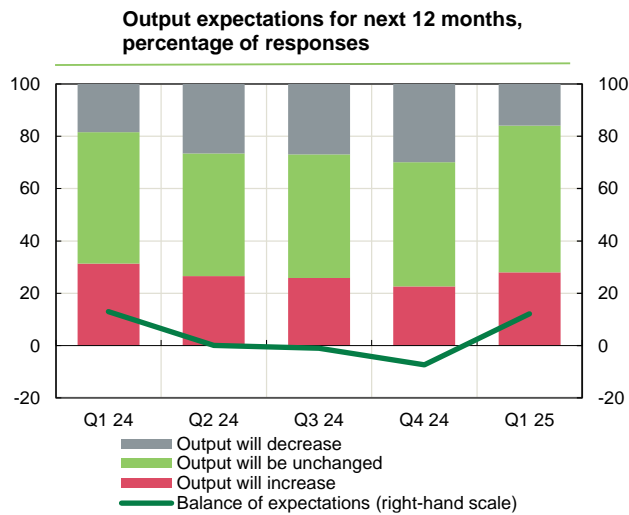


Figure 2

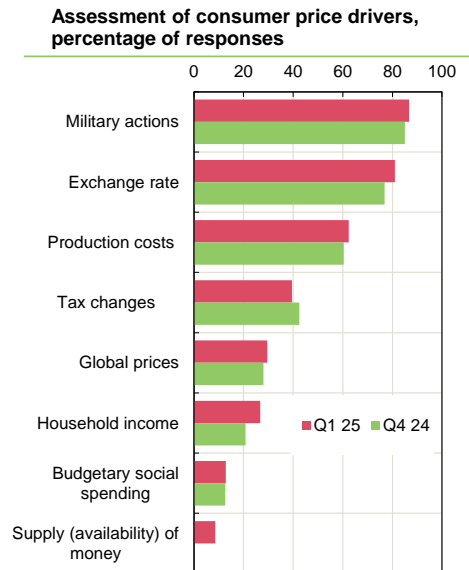


Figure 3

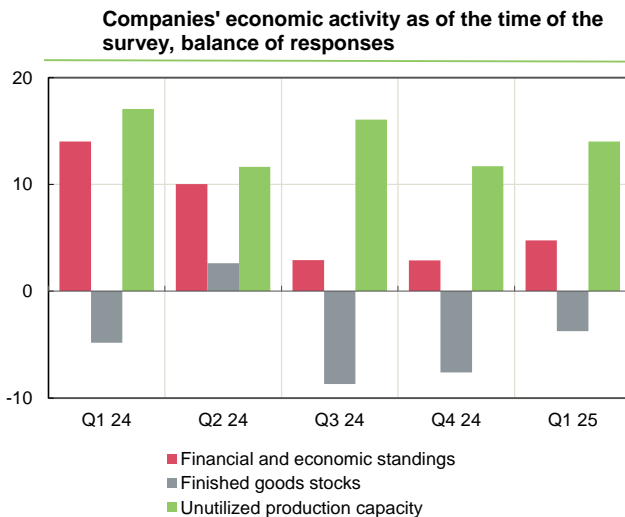


Figure 4



Figure 5

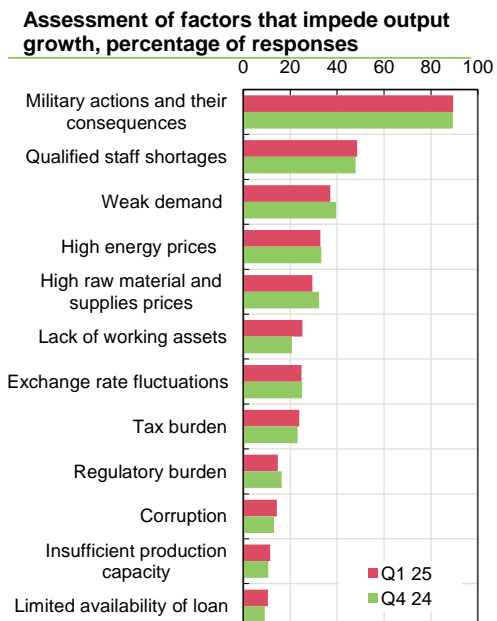


Figure 6

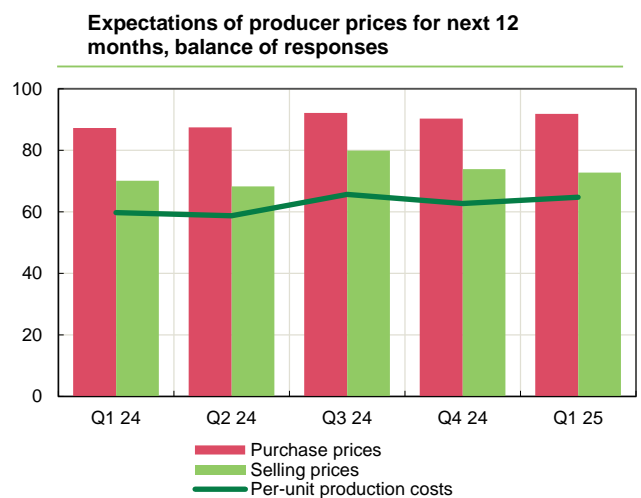


Figure 7

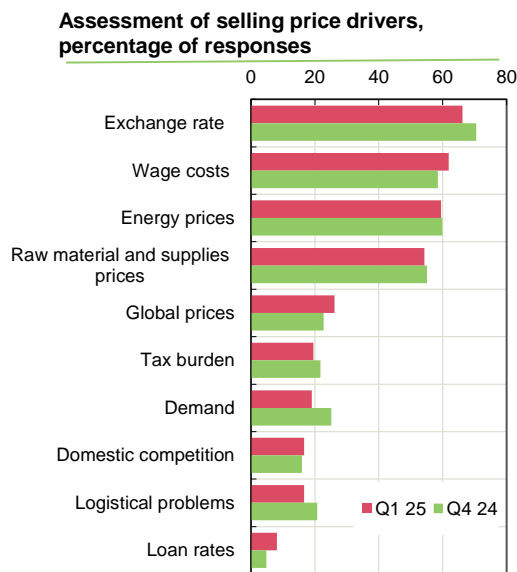


Figure 8

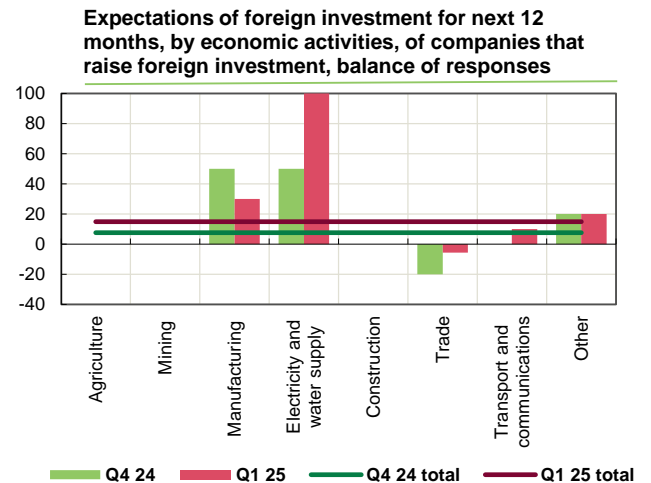


Figure 9

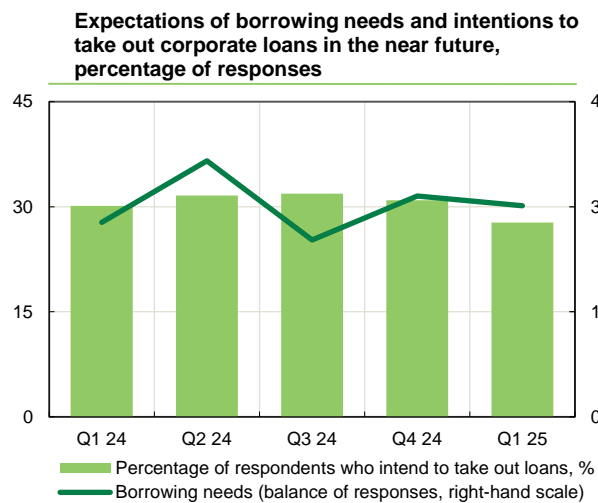


Figure 10

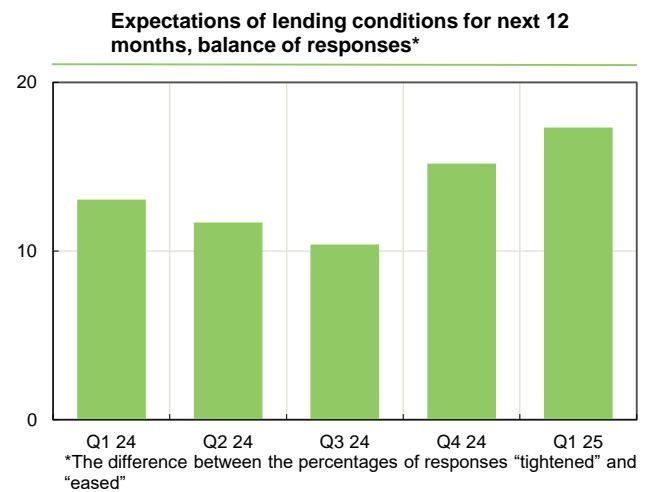


Figure 11

