



National Bank  
of Ukraine

# Business Outlook Survey of Vinnytsia Oblast\*

Q3 2022



\*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q3 2022 showed that against the background of the war respondents continued to **expect that the output of Ukrainian goods and services would drop noticeably over the next 12 months**. At the same time, **respondents have significantly softened negative expectations for the performance of their companies over that period**. Inflation and depreciation expectations were high.

#### The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would drop at a somewhat slower pace:** the balance of expectations was (-76.2%) compared to (-80.0%) in the previous quarter (Figure 1), and (-37.9%) across Ukraine
- **prices for consumer goods and services would grow:** the share of respondents who expected that the inflation rate would exceed 20.0% was 85.7% compared to 76.2% in Q2 2022, the figure across Ukraine being 71.7%. Respondents continued to refer to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 100.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 90.5% in the previous quarter, the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate at a significantly slower pace:** the balance of expectations was (-4.8%) compared to (-25.0%) in Q2 2022 (see Table), the figure across Ukraine being (-15.1%). Respondents from manufacturing companies had the most pessimistic expectations (-25.0%)
- **total sales would return to growth:** the balance of responses was 14.3% compared to (-9.5%) in the previous quarter (see Table). At the same time, respondents expected a drop in external sales, but at a considerably slower pace: the balance of responses was (-25.0%) compared to (-60.0%) in Q2 2022. The balances of responses across Ukraine were (-7.2%) and (-7.8%) respectively
- **investment in machinery, equipment, and tools and investment in construction would decrease at a slower pace:** the balances of responses were (-12.5%) and (-13.3%) respectively compared to (-43.8%) and (-50.0%) respectively in the previous quarter. Across Ukraine, the balances of responses were (-25.3%) and (-29.3%) respectively
- **staff numbers at their companies would drop more slowly:** the balance of responses was (-23.8) compared to (-42.9%) in Q2 2022 (Figure 4). Overall, across Ukraine, the balance of responses was (-25.5%)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 100.0% and 95.2% compared to 95.2% and 85.7% respectively in the previous quarter (Figure 6). Respondents referred to logistical problems, high raw material and supplies prices, energy prices, and demand as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 81.0% compared to 76.2% in the previous quarter. Respondents also expected that **wage costs per staff member would increase significantly:** the balance of responses was 65.0% compared to 23.8% in Q2 2022 (Figures 4 and 6).

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

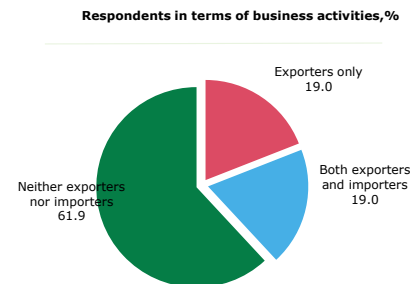
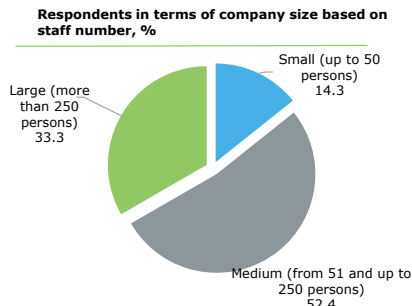
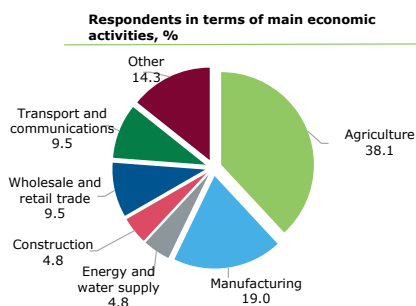
**Respondents said that their borrowing needs** would increase in the near future (Figure 8). The respondents who planned to take out loans (47.6% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Companies cited high loan rates, other funding sources and exchange rate fluctuations as the main factors deterring them from taking out loans (Figure 10).

**All respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.1% across Ukraine).

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

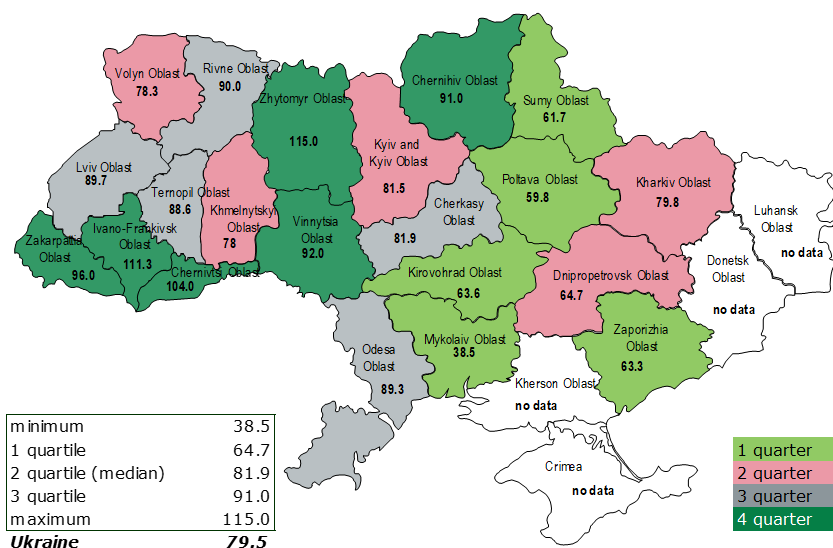
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-23.8%) compared to (-35.0%) in the previous quarter, the balance of responses across Ukraine being (-21.8%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-14.3%) compared to (-13.3%) in Q2 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 9.5% compared to 0.0% in the previous quarter.

Survey Details<sup>1,2</sup>



- Period: 2 August through 27 August 2022.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the manufacturing industry.

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>3</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 Vinnytsia Oblast and Its Components<sup>4</sup>

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	5.3	5.3		-25.0	-4.8
Total sales	28.6	30.0		-9.5	14.3
Investment in construction	11.1	4.8		-50.0	-13.3
Investment in machinery, equipment, and tools	26.3	4.8		-43.8	-12.5
Staff numbers	-4.8	-9.5		-42.9	-23.8

<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.

<sup>4</sup> The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

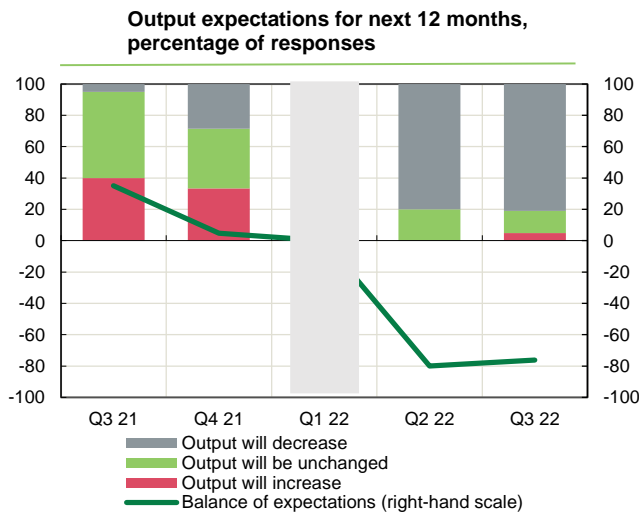


Figure 2

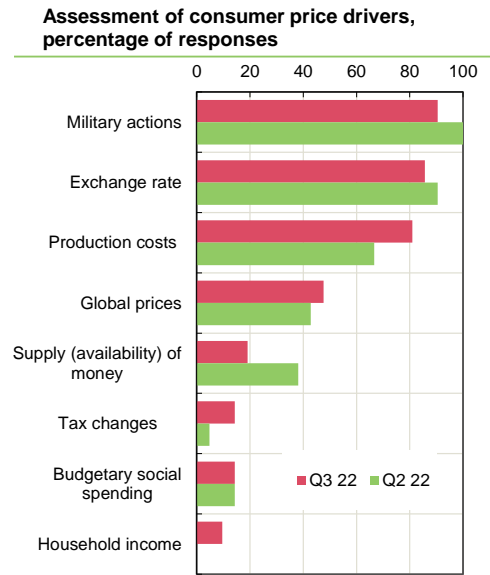


Figure 3

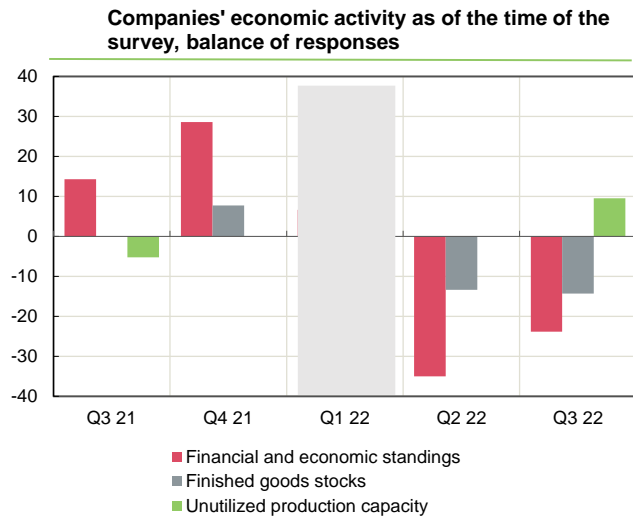


Figure 4

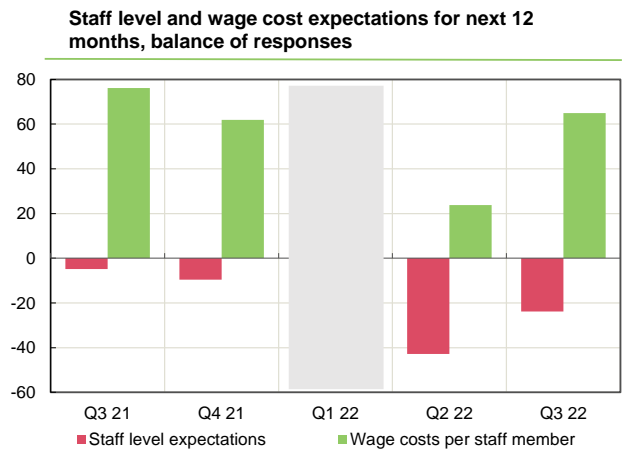


Figure 5

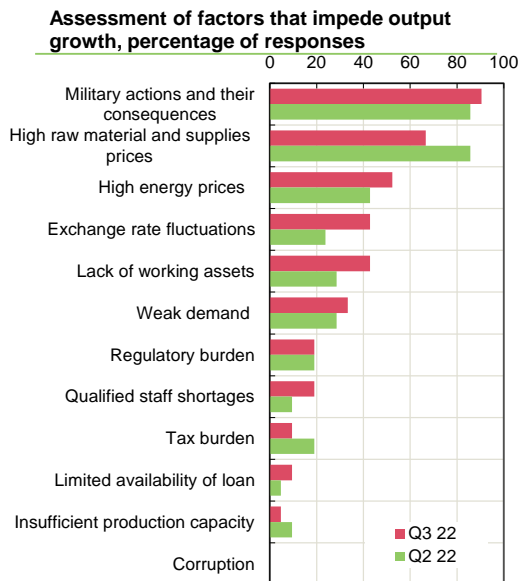


Figure 6

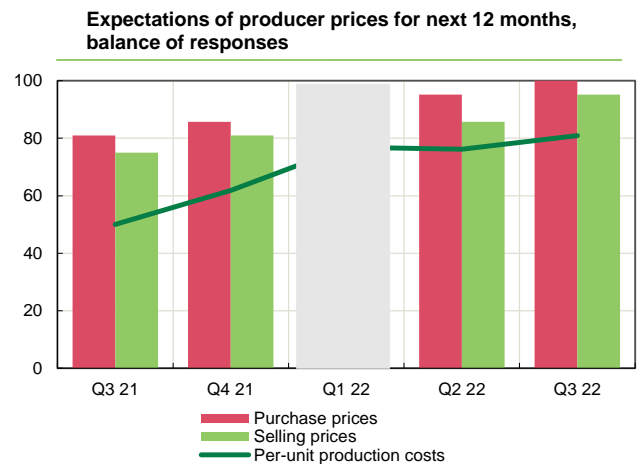


Figure 7

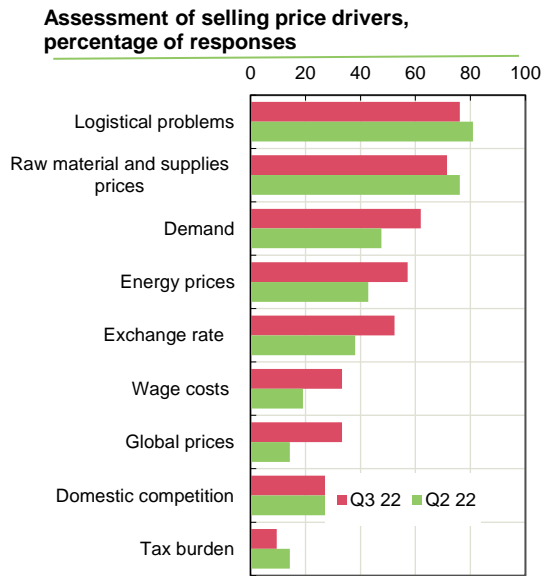


Figure 8

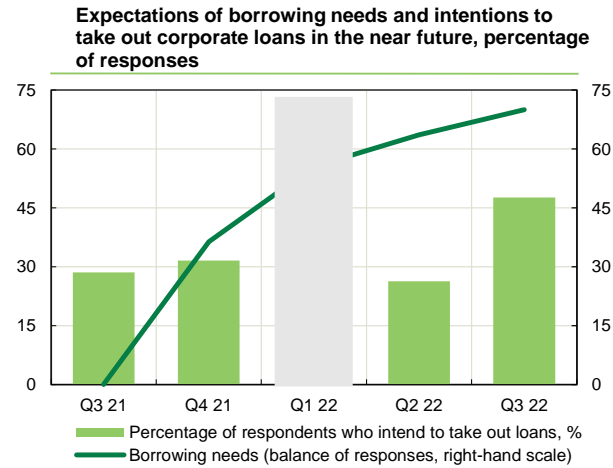


Figure 9

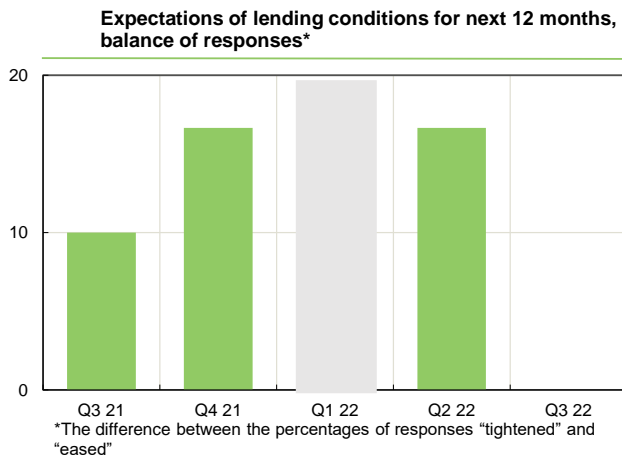


Figure 10

