



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q2 2023



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, respondents **expected a significant increase in the output of Ukrainian goods and services over the next 12 months**. Respondents also had **positive expectations for the performance of their companies over that period**. Inflation and depreciation expectations weakened.

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

- **the output of Ukrainian goods and services would increase at a fast pace**, such expectations were reported for the first time since the beginning of the full-scale war: the balance of expectations was 52.4% compared to (-47.6%) in the previous quarter (Figure 1), and 17.0% across Ukraine
- **prices for consumer goods and services would grow more slowly**: the share of respondents who expected that the inflation rate would exceed 15.0% was 57.1%, down from 76.2% in Q1 2023, the figure across Ukraine being 53.4%. Respondents continued to refer to production costs, military actions and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace**: 61.9% of respondents expected the hryvnia to weaken against the US dollar, compared to 81.0% in the previous quarter and 72.2% across Ukraine
- **the financial and economic standings of their companies would improve**: the balance of expectations was 9.5% compared to (-14.3%) in Q1 2023 (see Table), the figure across Ukraine being 9.6%
- **total sales would grow at a faster pace**: the balance of responses was 23.8% compared to 9.5% in the previous quarter (see Table). Respondents also expected a rise in external sales: the balance of responses was 16.7% compared to (-16.7%) in Q1 2023. Overall, across Ukraine, the balances of responses were 14.5% and 10.9% respectively
- **investment in construction would increase**: the balance of responses was 5.6%, up from (-19.0%) in Q1 2023. At the same time, companies expected that **investment in machinery, equipment, and tools** would remain unchanged: the balance of responses was 0.0% compared to (-4.8%) in the previous quarter. Across Ukraine, the balances of responses were (-2.3%) and 4.5% respectively
- **staff numbers at their companies would remain at the current level**: the balance of responses was 0.0% compared to (-38.1%) in Q1 2023 (Figure 4). Overall, across Ukraine, respondents expected that staff numbers would drop moderately: the balance of responses was (-3.8%)
- **purchase and selling prices would rise significantly**: the balances of responses were 95.2% and 89.5% respectively compared to 95.2% and 81.0% in the previous quarter (Figure 6). Respondents referred to high raw material and supplies prices, energy prices and wage costs (the impact of the latter factor was reported to have increased) as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would grow**: the balances of responses were 66.7% per each, compared to 85.7% and 66.7% respectively in the previous quarter (Figures 4 and 6).

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

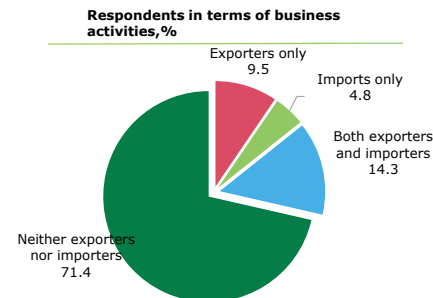
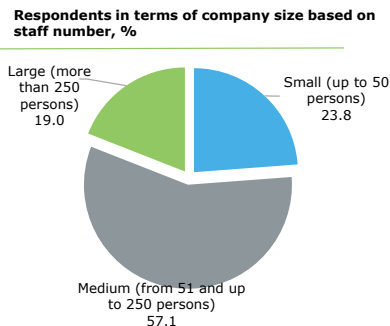
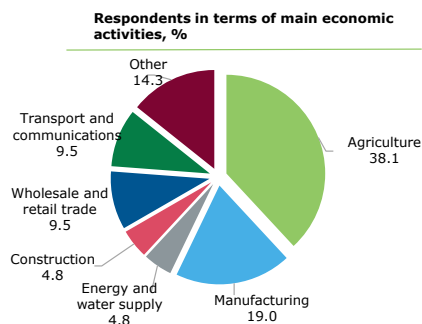
Respondents said that their borrowing needs would increase more **quickly** in the near future (Figure 8). The respondents who planned to take out loans (42.9% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had remained unchanged (mentioned by all of the respondents) (Figure 9). Companies cited high loan rates and collateral requirements 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** (94.9% across Ukraine).

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

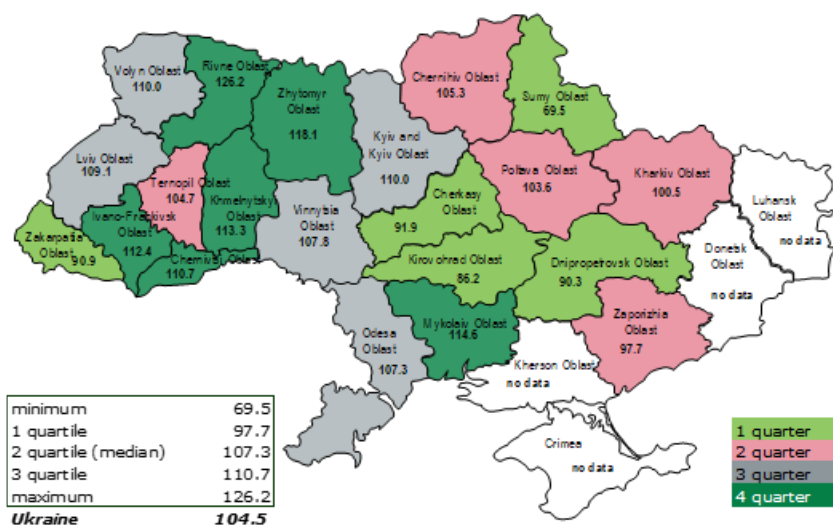
- **Respondents assessed their current financial and economic standings as bad**: the balance of responses was (-19.0%) compared to (-15.0%) in the previous quarter and (-11.1%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels**: the balance of responses was (-7.7%) compared to (-10.0%) in Q1 2023.
- **Companies said they would need additional capacity to meet any unexpected rise in demand**: the balance of responses was (-4.8%), down from 14.3% in the previous quarter.

Survey Details^{1,2}



- Period: 2 May through 26 May 2023.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the agricultural sector and the manufacturing industry.

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 Vinnytsia Oblast and Its Components

| Expectations over next 12 months for | Balances of responses, % | | | | |
|---|--------------------------|-------|-------|-------|-------|
| | Q2 22 | Q3 22 | Q4 22 | Q1 23 | Q2 23 |
| Financial and economic standings | -25.0 | -4.8 | 0.0 | -14.3 | 9.5 |
| Total sales | -9.5 | 14.3 | 6.3 | 9.5 | 23.8 |
| Investment in construction | -50.0 | -13.3 | -11.1 | -19.0 | 5.6 |
| Investment in machinery, equipment, and tools | -43.8 | -12.5 | -16.7 | -4.8 | 0.0 |
| Staff numbers | -42.9 | -23.8 | -22.2 | -38.1 | 0.0 |

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

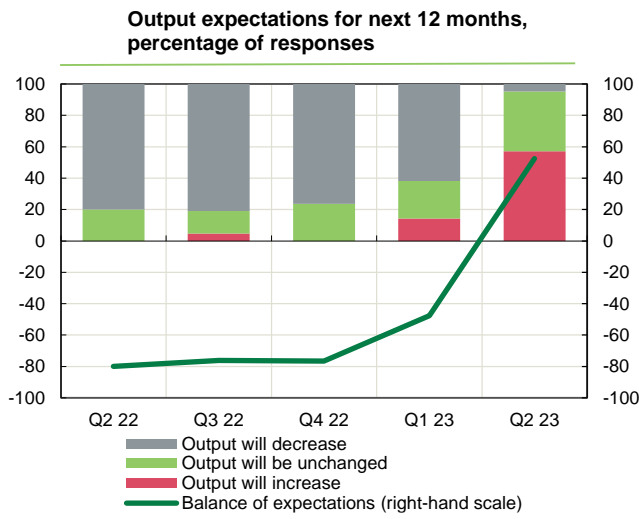


Figure 2

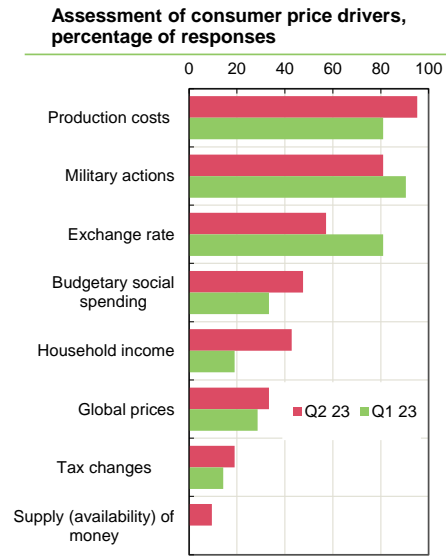


Figure 3

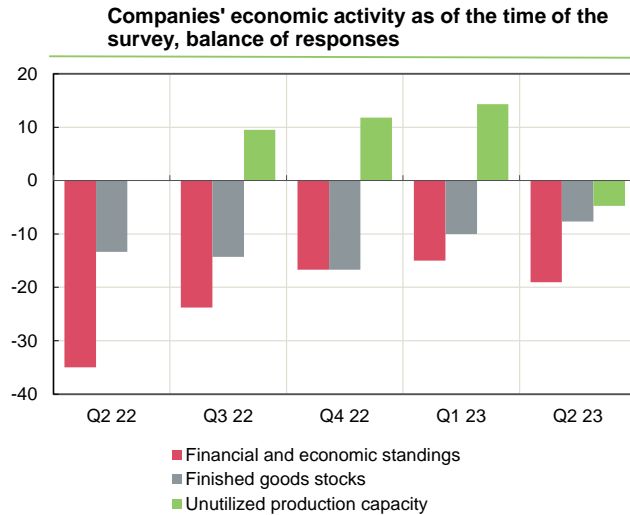


Figure 4

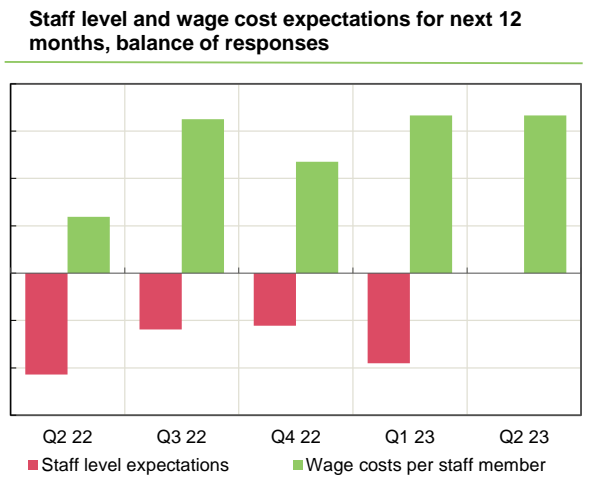


Figure 5

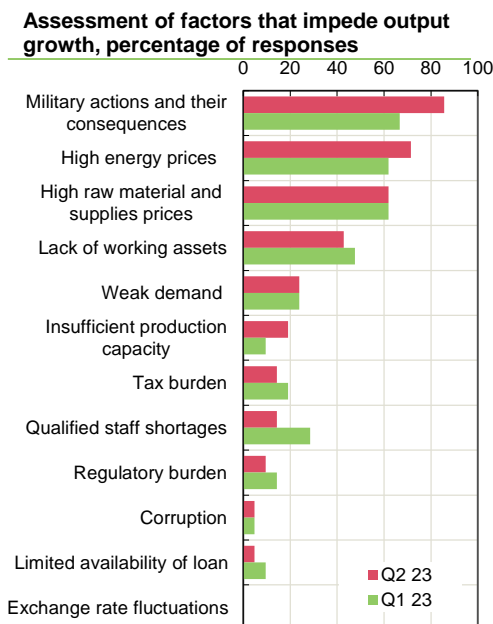


Figure 6

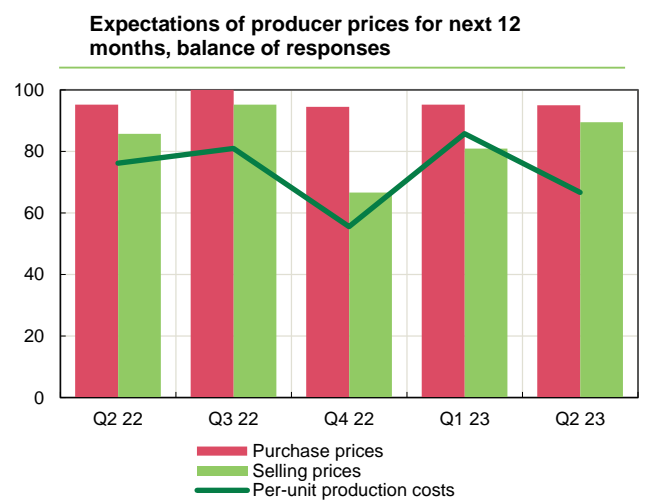


Figure 7

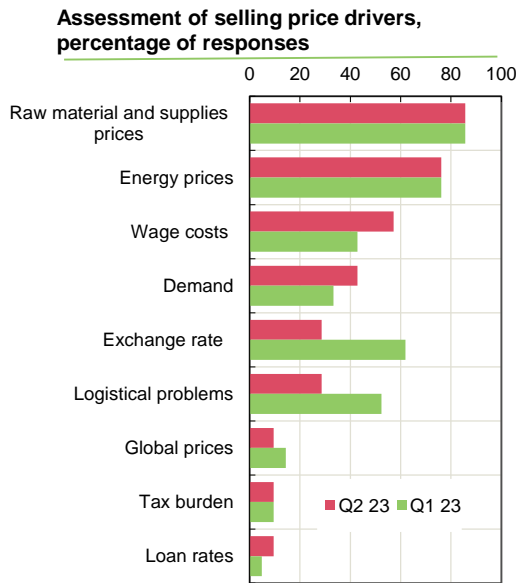


Figure 8

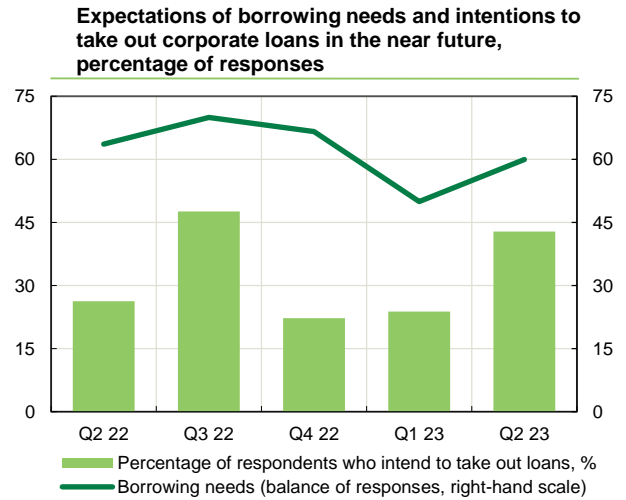


Figure 9

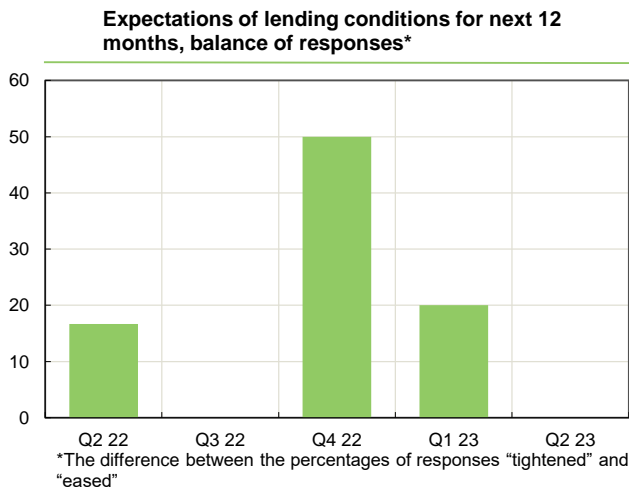


Figure 10

