



National Bank  
of Ukraine

# Business Outlook Survey of Dnipropetrovsk Oblast\*

Q3 2022



\*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 **Dnipropetrovsk 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 decrease. They had negative expectations for the performance of their companies over the next 12 months. Respondents expected inflation to increase. 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 (-51.3%) compared to (-48.5%) in Q2 2022 (Figure 1) and (-37.9%) across Ukraine. Respondents from trading companies and companies engaged in other economic activities reported the most pessimistic expectations (the balances of responses were (-62.5%) for each)
- **prices for consumer goods and services would rise:** the share of respondents who expected the inflation rate to exceed 20.0% was 66.2% compared to 48.5% in the previous quarter and 71.7% across Ukraine. Respondents referred to military actions, the exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 89.5% of respondents (compared to 95.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 88.8% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-27.6%) compared to (-32.4%) in the previous quarter and (-17.1%) across Ukraine (see Table). Respondents from trading companies were the most pessimistic (with a balance of expectations of (-62.5%))
- **total sales would decrease more slowly:** the balance of expectations was (-24.3%) (compared to (-46.2%) in Q2 2022) (see Table). External sales were also expected to drop: the balance of expectations was (-16.7%) compared to (-51.5%) in Q2 2022. Across Ukraine, the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment both in construction and in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-40.8%) and (-41.7%) respectively compared to (-53.8%) and (-55.4%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively
- **staff numbers would decrease:** the balance of responses was (-41.9%) compared to (-44.8%) in the previous quarter (Figure 4), and (-25.5%) across Ukraine. Companies in the mining sector had the most pessimistic expectations (the balance of responses was (-75.0%)). At the same time, respondents from agricultural companies and energy and water supply companies expected that staff numbers at their companies would remain unchanged (the balances of responses were 0.0% for each)
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 96.1% and 65.8% respectively (compared to 92.6% and 63.6% respectively in Q2 2022) (Figure 6). Respondents from manufacturing companies reported the highest expectations of a rise in selling prices (the balance of responses was 100.0%). Respondents referred to the hryvnia exchange rate (the impact of this driver was reported to have increased), high raw material and supplies prices, and energy prices as the main selling price drivers (Figure 7)
- **per-unit production costs would grow more rapidly than wage costs per staff member:** the balances of responses were 73.0% and 14.7% respectively (compared to 78.5% and 21.2% in Q2 2022) (Figures 4 and 6).

Companies continued to cite 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).

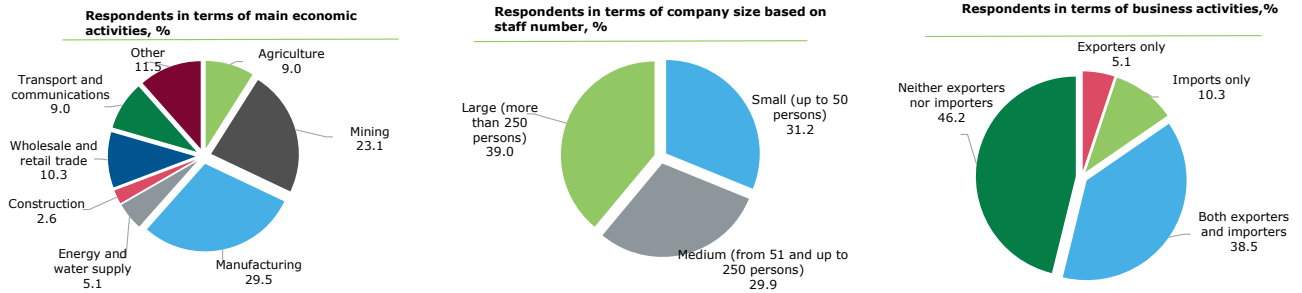
Respondents reported slightly weaker expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Respondents referred to high loan rates, other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

**A total of 96.1% of 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)

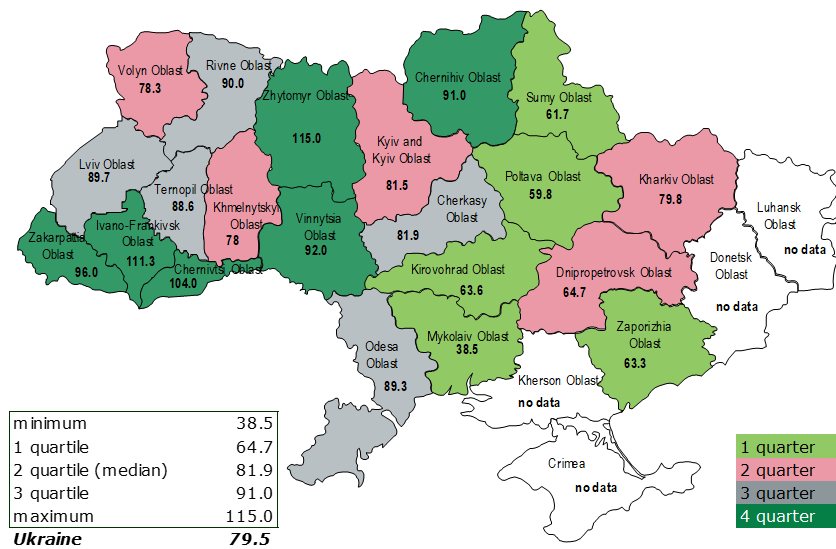
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-39.7%), as in Q2 2022 (compared to (-21.8%) across Ukraine).
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-8.9%), as in Q2 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 34.7% (compared to 37.3% in Q2 2022).

Survey Details<sup>1 2</sup>



- Period: 1 August through 30 August 2022.
- 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, energy and water supply, 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>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 Dnipropetrovsk Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	1.3	5.2	2.8	-32.4	-27.6
Total sales	25.0	13.0	14.1	-42.6	-24.3
Investment in construction	8.1	7.0	4.5	-53.8	-40.8
Investment in machinery, equipment, and tools	19.7	20.8	24.3	-55.4	-41.7
Staff numbers	-6.3	-6.4	-8.3	-44.8	-41.9

<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

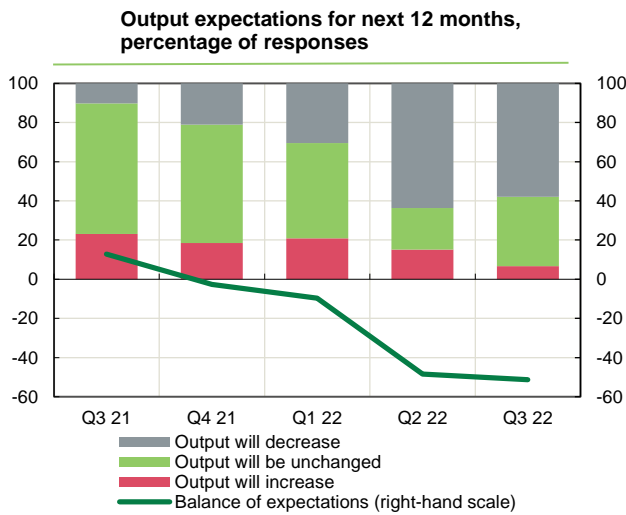


Figure 2

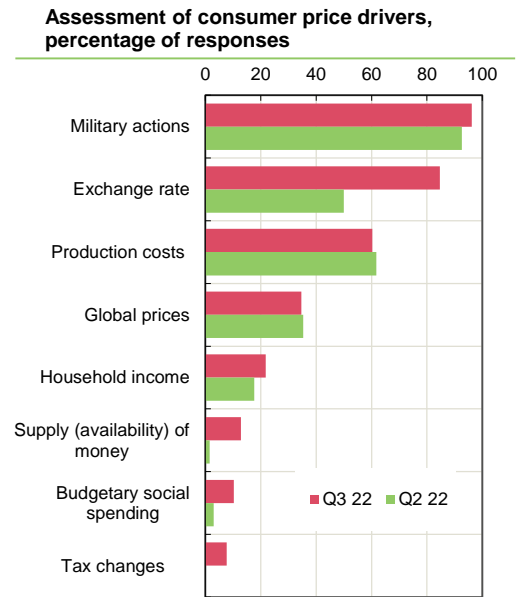


Figure 3

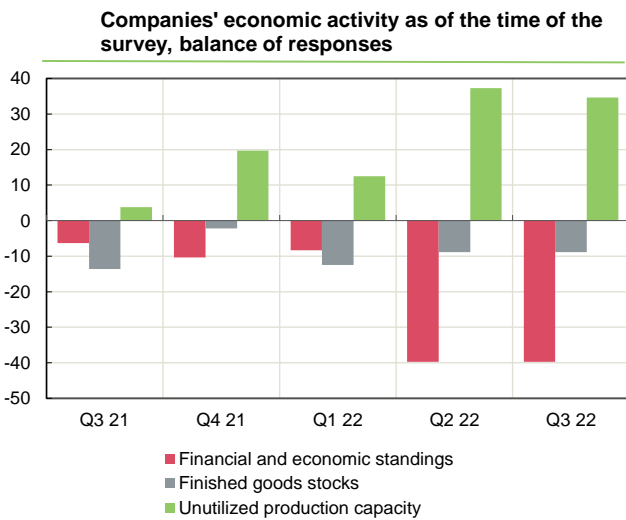


Figure 4

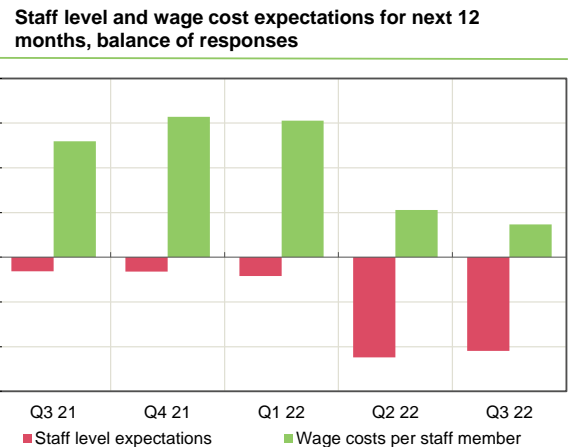


Figure 5

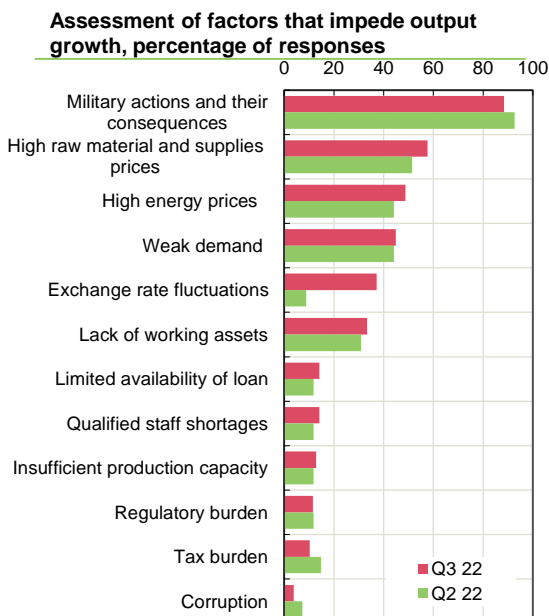


Figure 6

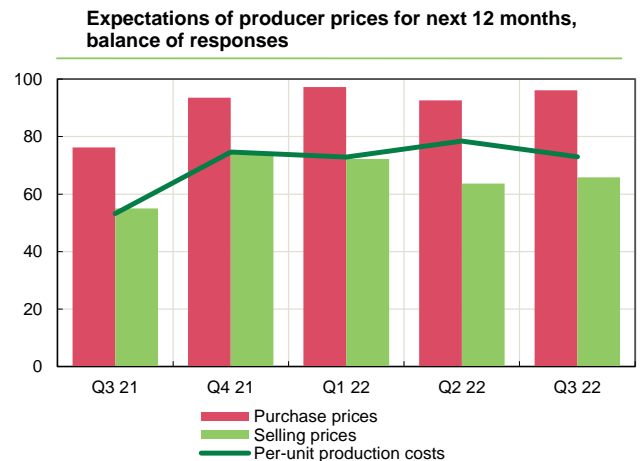


Figure 7

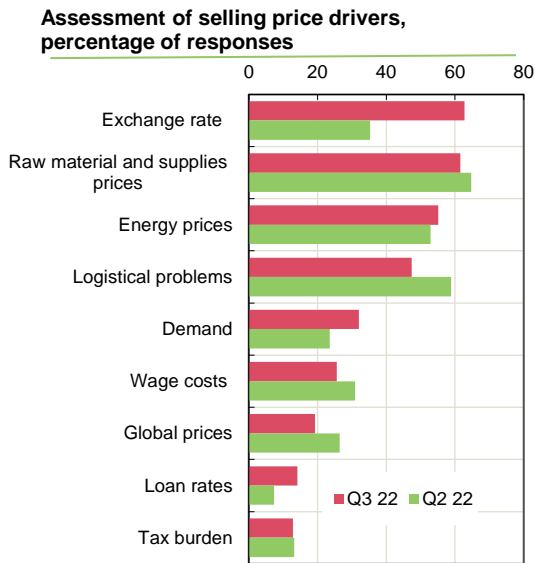


Figure 8

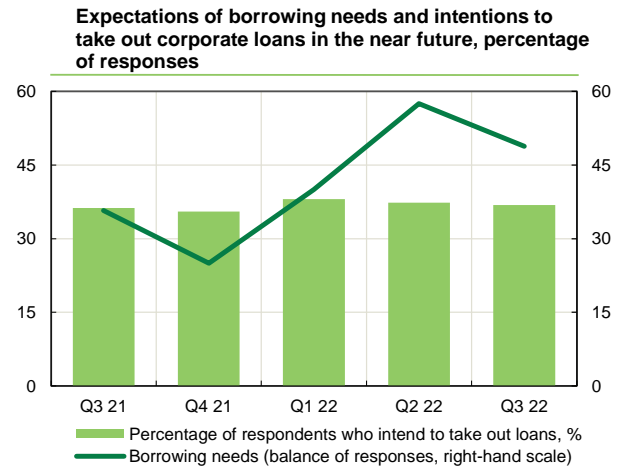


Figure 9

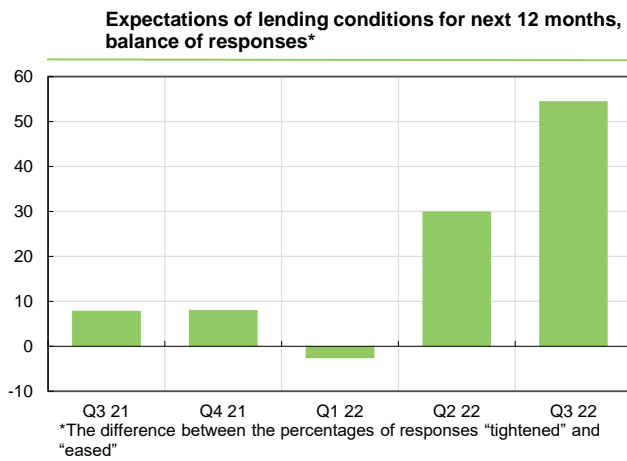


Figure 10

