



National Bank
of Ukraine

Business Outlook Survey of Dnipropetrovsk Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Dnipropetrovsk oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Dnipropetrovsk oblast in Q4 2022 showed that despite the war and terrorist attacks respondents markedly improved their expectations for the output of Ukrainian goods and services. They had negative 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 much more slowly:** the balance of expectations was (-24.0%) compared to (-51.3%) in Q3 2022 (Figure 1) and (-32.3%) across Ukraine. Respondents from manufacturing companies and companies engaged in other economic activities expected no changes in their output (the balances of expectations were 0.0% for each). The gloomiest outlook was reported by agricultural companies, their balance of responses being (-57.1%)
- **prices for consumer goods and services would rise:** the share of respondents who expected the inflation rate to exceed 20.0% was 58.3% compared to 66.2% in the previous quarter and 62.4% across Ukraine. Respondents continued to refer to military actions, the exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 89.2% of respondents (compared to 90.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 88.5% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-20.8%) compared to (-27.6%) in the previous quarter and (-11.5%) across Ukraine (see Table). The dimmest expectations were reported by trading companies (with a balance of expectations of (-62.5%))
- **total sales would decrease more slowly:** the balance of expectations was (-11.0%) (compared to (-24.3%) in Q3 2022) (see Table). External sales were expected to increase moderately: the balance of expectations was 2.9% compared to (-16.7%) in Q3 2022. Across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment both in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-42.0%) and (-31.5%) respectively compared to (-40.8%) and (-41.7%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers would decrease at a slower pace:** the balance of responses was (-26.0%) compared to (-41.9%) in the previous quarter (Figure 4) and (-20.1%) across Ukraine. Companies in the mining sector had the firmest expectations of staff cuts (the balance of responses was (-43.8%)).
- **both purchase and selling prices would rise:** the balances of responses were 87.8% and 58.7% respectively (compared to 96.1% and 65.8% respectively in Q3 2022) (Figure 6). Respondents from manufacturing companies reported the highest expectations of a rise in selling prices (the balance of responses was 86.4%). Respondents referred to high raw material and supplies prices, the hryvnia exchange rate and logistical problems 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 67.1% and 26.8% respectively (compared to 73.0% and 14.7% in Q3 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).

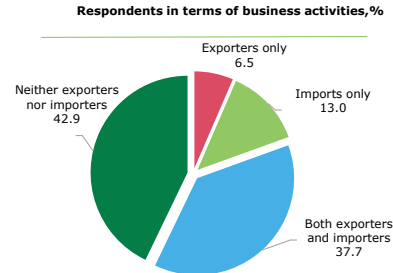
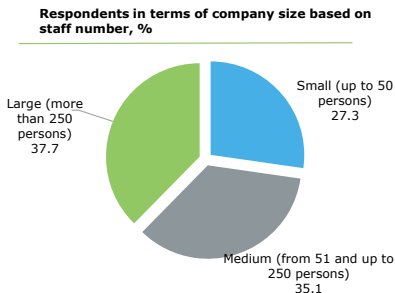
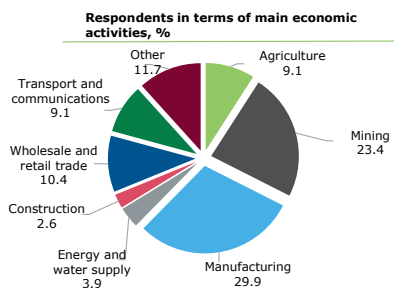
Respondents reported weaker expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Respondents referred to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

A total of 97.3% of respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.2% across Ukraine).

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

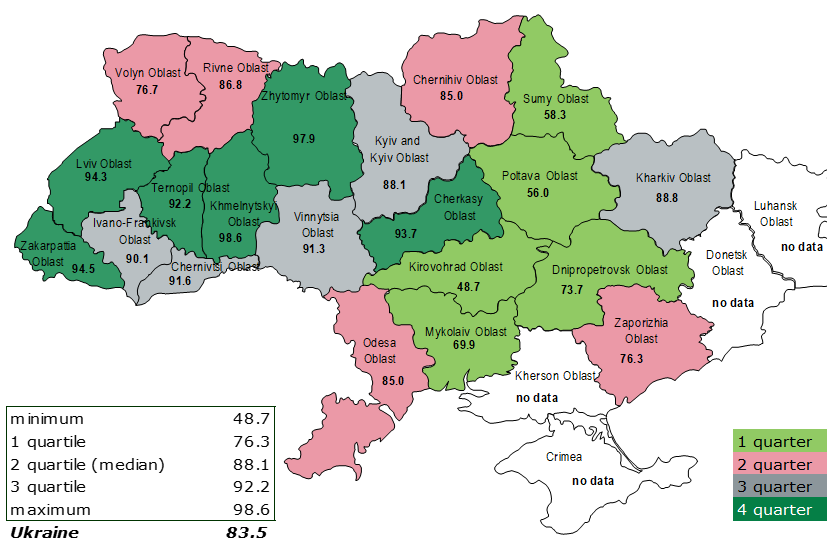
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-36.4%), (compared to (-39.7%) in Q3 2022 and (-21.8%) across Ukraine).
- **Finished goods stocks were assessed as being at normal levels:** the balance of responses was 0.0%, compared to (-8.9%) in Q3 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 43.2% (compared to 34.7% in Q3 2022).

Survey Details^{1 2}



- Period: 1 November through 30 November 2022.
- A total of 77 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 Oblasts³, %



³a 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 Dnipropetrovsk Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	5.2	2.8	-32.4	-27.6	-20.8
Total sales	13.0	14.1	-42.6	-24.3	-11.0
Investment in construction	7.0	4.5	-53.8	-40.8	-42.0
Investment in machinery, equipment, and tools	20.8	24.3	-55.4	-41.7	-31.5
Staff numbers	-6.4	-8.3	-44.8	-41.9	-26.0

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

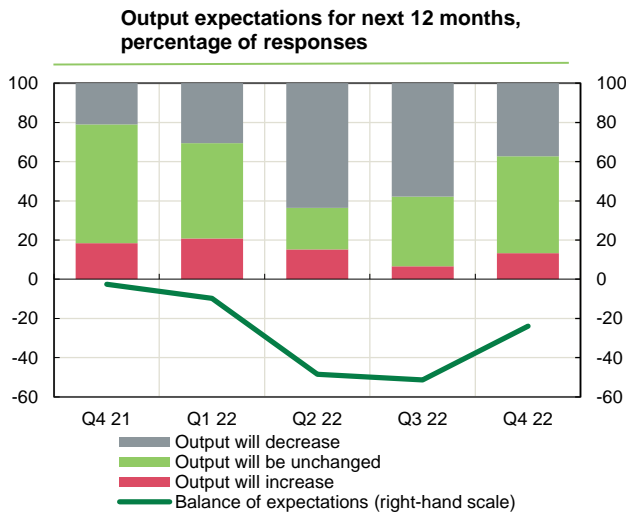


Figure 2

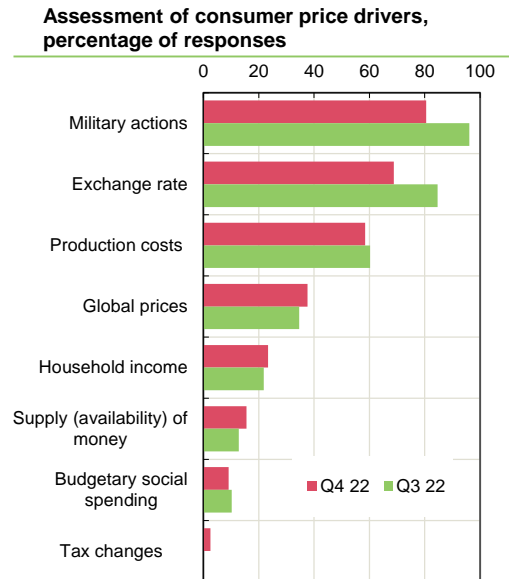


Figure 3

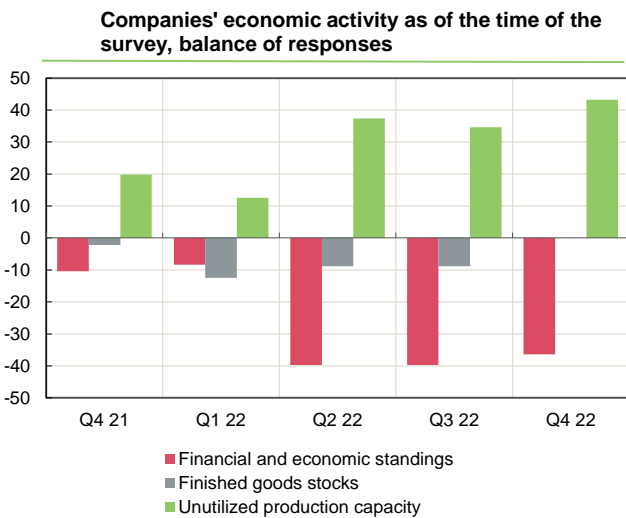


Figure 4

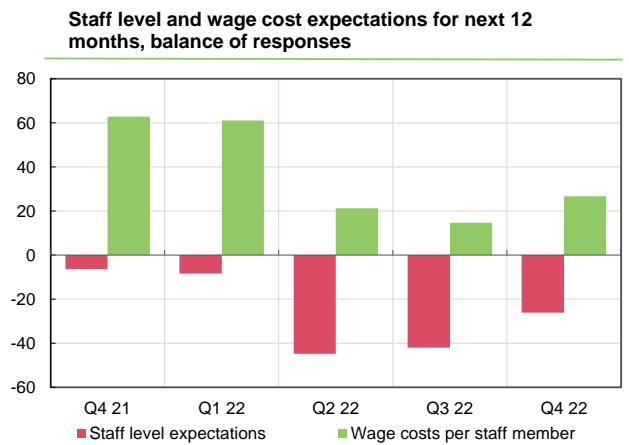


Figure 5

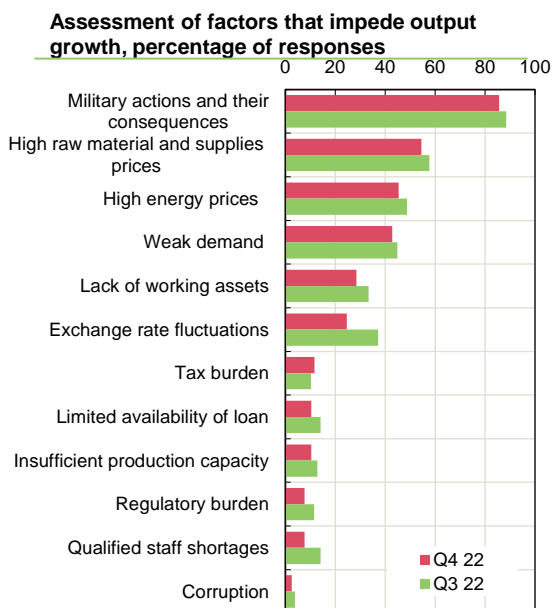


Figure 6

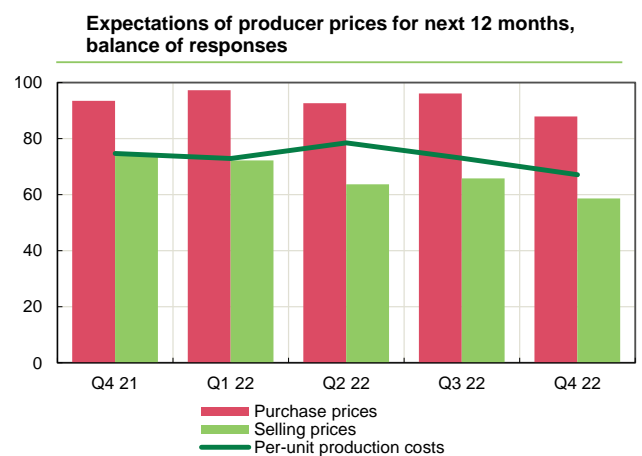


Figure 7

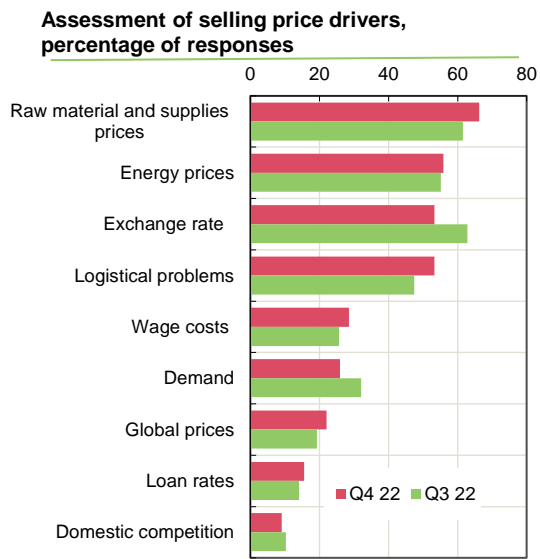


Figure 8

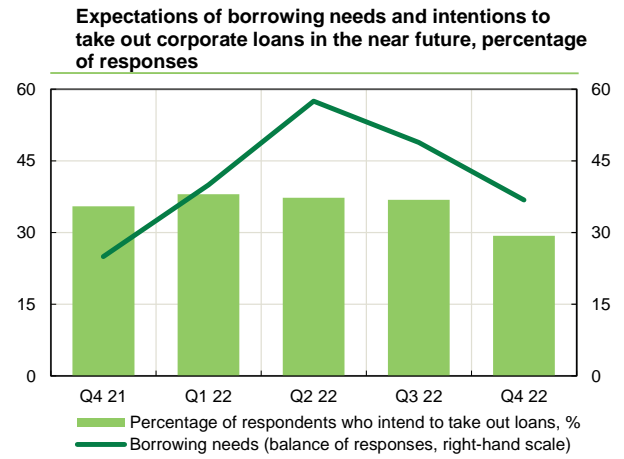


Figure 9

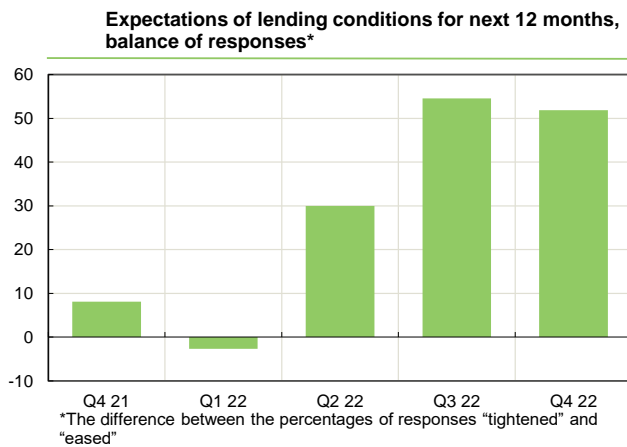


Figure 10

