



National Bank  
of Ukraine

# Business Outlook Survey of Zaporizhzhia Oblast\*

Q3 2022



\*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q3 2022 showed that despite the war respondents softened their expectations of **a decrease in the output of Ukrainian goods and services** over the next 12 months. They also reported **less negative expectations for the performance of their companies over the same period**. Inflation and depreciation expectations were high.

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

- **the output of Ukrainian goods and services would decrease at a slower pace:** the balance of responses was (-47.4%) (compared to (-64.7%) in the previous quarter) (Figure 1). The balance of responses across Ukraine was (-37.9%)
- **prices for consumer goods and services would rise:** 89.5% of respondents expected that the inflation rate would exceed 20.0% (compared to 70.6% in the previous quarter and 71.7% across Ukraine). 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 at a fast pace:** 89.5% of respondents expected the hryvnia to weaken against the US dollar, compared to 94.1% in Q2 2022 and 88.8% across Ukraine
- **the financial and economic standings of their companies would deteriorate more slowly:** the balance of expectations was (-36.8%) (compared to (-47.1%) in the previous quarter). The balance of responses across Ukraine was (-15.1%) (see Table)
- **total sales would decrease:** the balance of responses was (-36.8) (compared to (-20.0%) in the previous quarter) (see Table). **External sales were also expected to drop:** the balance of responses was (-50.0%) compared to (-55.6%) in Q2 2022. Overall, the balances of responses across Ukraine were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would drop much more slowly:** the balances of responses were (-44.4%) for each (compared to (-78.6%) and (-71.4%) respectively in the previous quarter). Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively
- **staff numbers at their companies would decrease at a slower pace:** the balance of responses was (-21.1%) (compared to (-40.0%) in Q2 2022) (Figure 4). Across Ukraine, the balance of responses was (-25.5%)
- **purchase prices would rise dramatically** (the balance of responses was 100.0% (such expectations have been reported for three quarters running). Selling prices were expected to grow more slowly (the balance of responses was 55.6% compared to 80.0% in the previous quarter) (Figure 6). Raw material and supplies prices, logistical problems and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow faster than wage costs per staff member:** the balances of responses were 71.4% and 26.3% respectively (compared to 71.4% and 6.7% respectively in the previous quarter) (Figures 4 and 6).

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

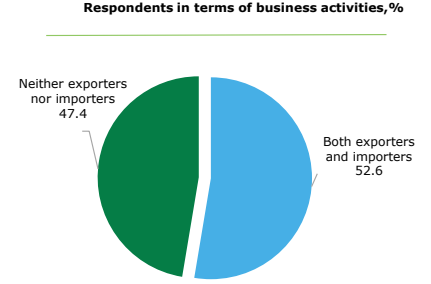
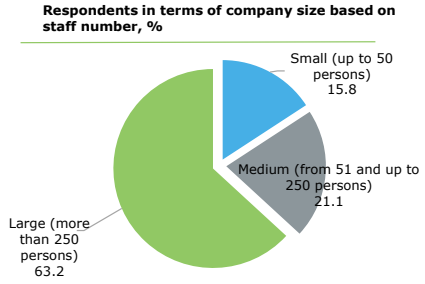
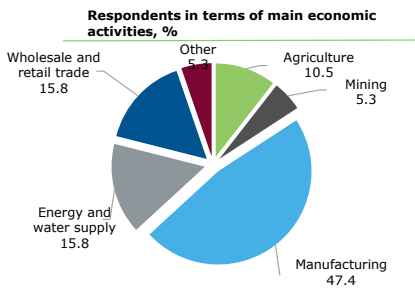
Respondents expected that **their borrowing needs would increase** in the near future (Figure 8). The companies that planned to take out loans usually opted for domestic currency ones. Lending conditions have tightened (Figure 9). High interest rates (the impact of this driver was reported to have increased), collateral requirements and complicated paperwork were cited as the main factors deterring companies from taking out loans (Figure 10).

**All of the 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)

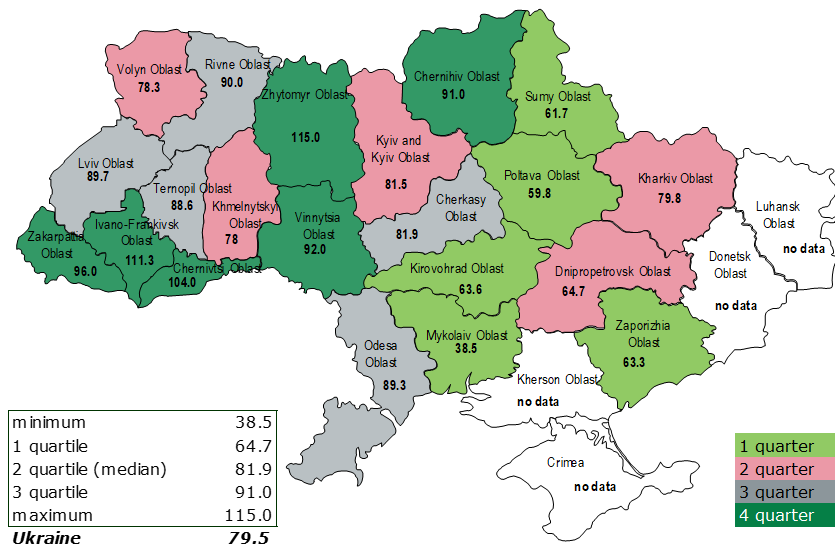
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-47.4%) (compared to (-41.2%) in the previous quarter). Across Ukraine, the balance of responses was (-21.8%).
- **Finished goods stocks were assessed at a level lower than the normal one:** the balance of responses was (-58.3%) (compared to (-69.2%) in Q2 2022).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 38.9% (compared to 17.6% in the previous quarter).

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



- Period: 2 August through 29 August 2022.
- A total of 19 companies were polled.
- A representative sample was generated on the basis of 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>4</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 Zaporizhzhia 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	-11.5	0.0		-47.1	-36.8
Total sales	7.4	18.5		-20.0	-36.8
Investment in construction	4.2	11.1		-78.6	-44.4
Investment in machinery, equipment, and tools	16.0	7.4		-71.4	-44.4
Staff numbers	11.5	11.5		-40.0	-21.1

<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

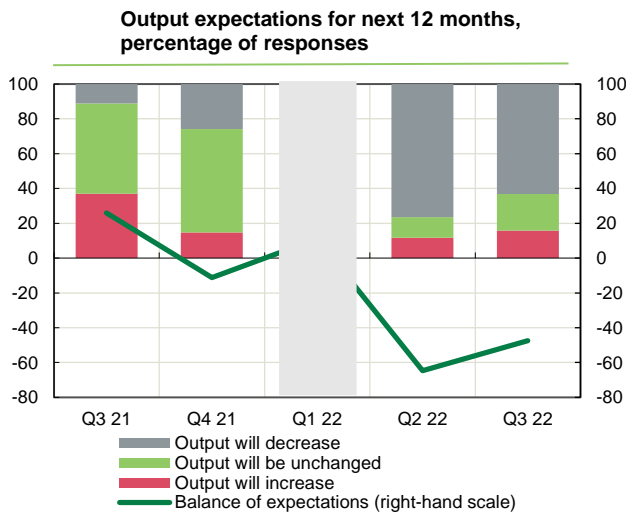


Figure 2

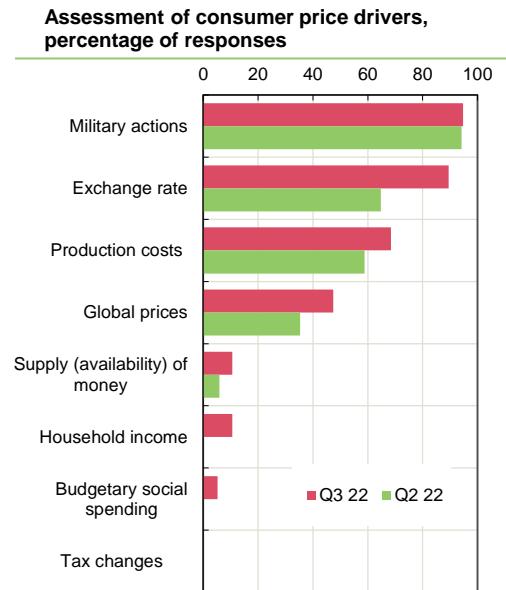


Figure 3

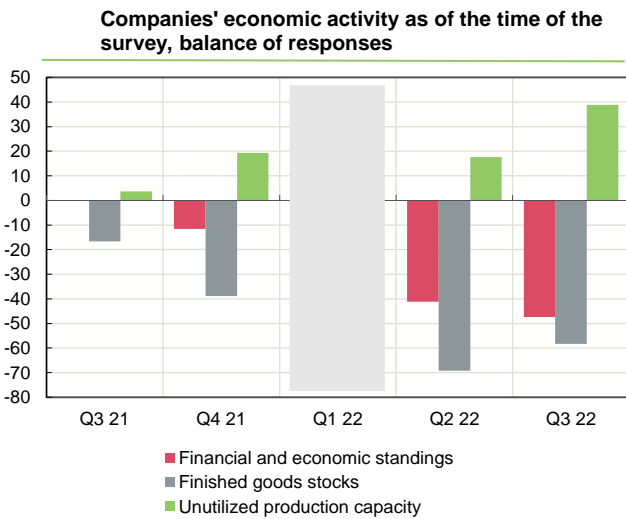


Figure 4

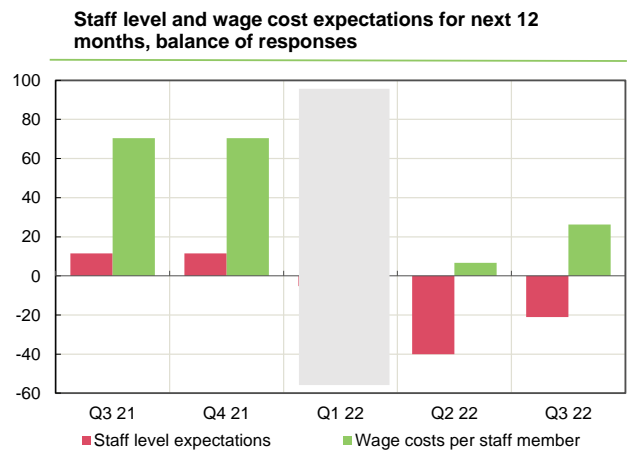


Figure 5

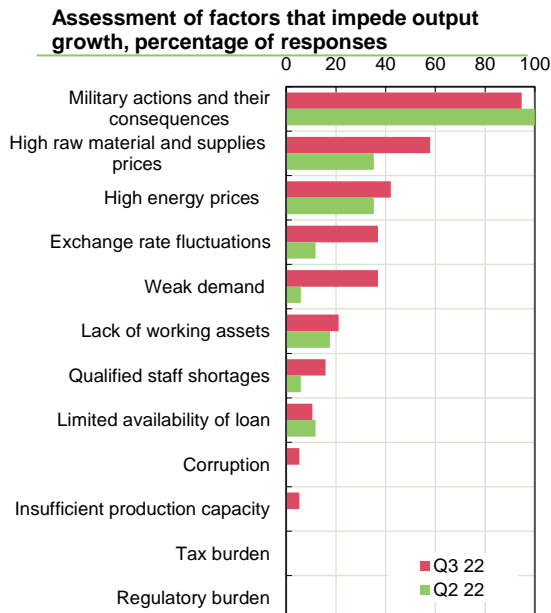


Figure 6

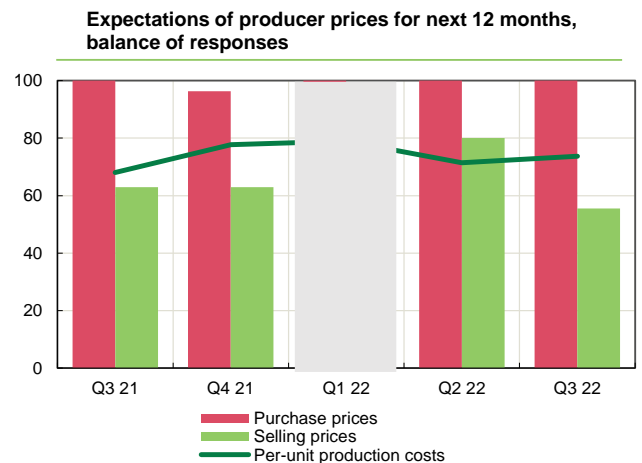


Figure 7

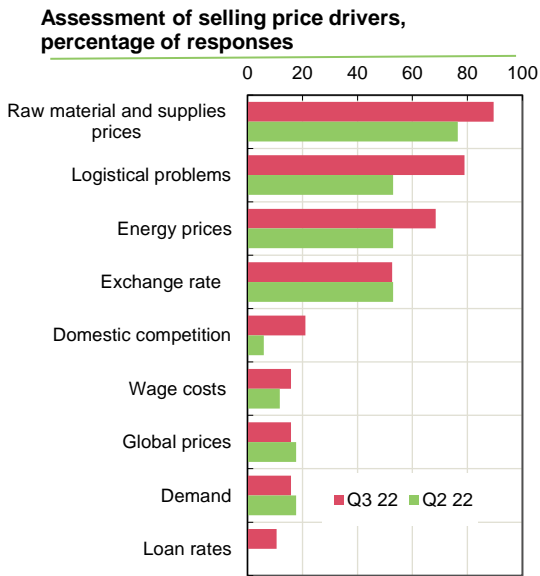


Figure 8

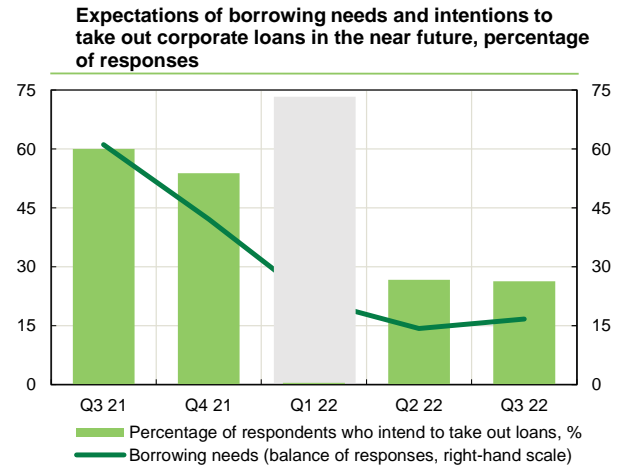


Figure 9

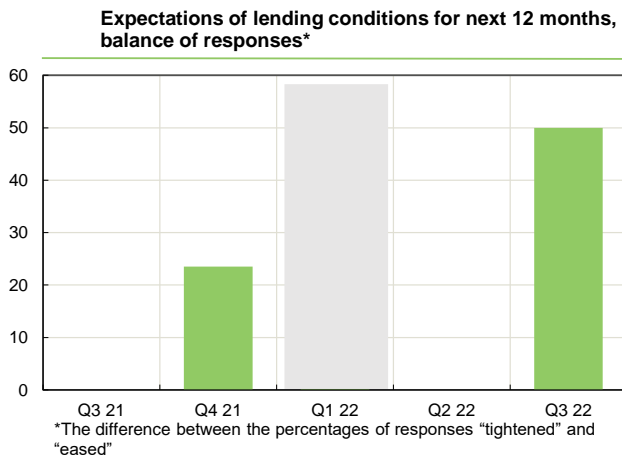


Figure 10

