



National Bank  
of Ukraine

# Business Outlook Survey of Zaporizhzhia Oblast\*

Q4 2023



\*This survey only reflects the opinions of respondents in Zaporizhzhia oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zaporizhzhia oblast in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. At the same time, because the oblast is close to the front line, respondents reported negative expectations for the performance of their companies over the same period. Prices were expected to increase more slowly. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would increase:** the balance of responses was 42.1% (compared to 38.9% in the previous quarter) (Figure 1). The balance of responses across Ukraine was 15.2%
- **prices for consumer goods and services would rise more slowly:** 55.5% of respondents expected that the inflation rate would exceed 10.0% (compared to 88.9% in the previous quarter and 52.4% 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 more strongly:** 85.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 66.7% in Q3 2023 and 77.4% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-15.0%), down from 5.6% in the previous quarter. Overall, across Ukraine, the balance of responses was 4.1% (see Table)
- **both total sales and external sales would remain unchanged:** the balances of responses were 0.0% for each (compared to 22.2% and 42.9% respectively in the previous quarter) (see Table). Overall, across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in machinery, equipment, and tools would increase more slowly:** the balance of responses was 5.6%, down from 28.6% in the previous quarter. At the same time, respondents expected that investment in construction would decrease: the balance of responses was (-16.7%), down from (-7.1%) in Q3 2023. Across Ukraine, the balances of responses were 6.6% and (-6.9%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-15.0%) (compared to (-16.7%) in Q3 2023) (Figure 4). Across Ukraine, the balance of responses was (-6.5%)
- **purchase and selling prices would rise at a slower pace:** the balances of responses were 85.0% and 50.0% respectively, compared to 94.4% and 66.7% in the previous quarter (Figure 6). Energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 75.0% and 42.1% respectively (compared to 72.2% and 33.3% respectively in the previous quarter) (Figures 4 and 6).

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

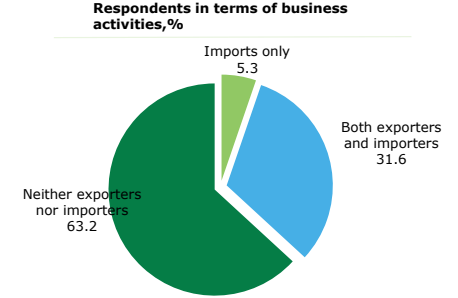
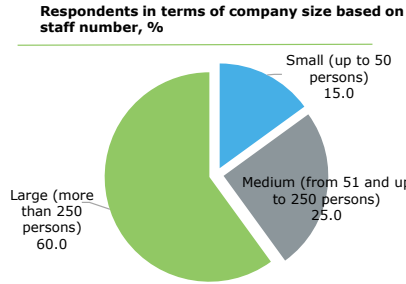
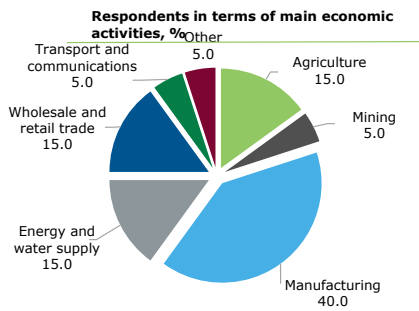
Respondents expected that **their borrowing needs would increase more rapidly** in the near future (Figure 8). The companies that planned to take out bank loans (25.0%) opted to take out domestic currency loans. Respondents improved their assessments of lending conditions, but still described these conditions as tight (Figure 9). Companies cited collateral requirements, availability of other funding sources (the impact of this factor was reported to have increased significantly), and high interest rates as the main factors deterring them from taking out loans (Figure 10).

**95.0% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (95.8% across Ukraine).

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

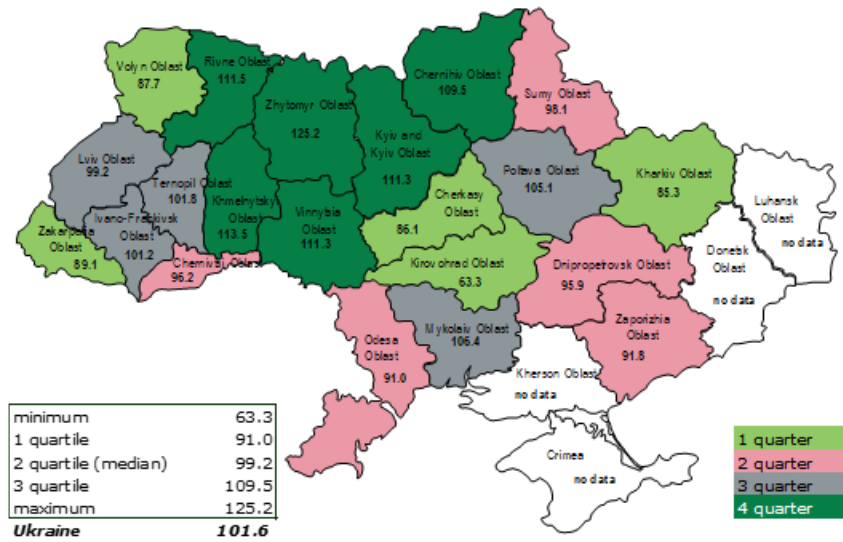
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-40.0%) (the dimmest figure among the regions), compared to (-33.3%) in the previous quarter. Across Ukraine, the balance of responses was (-5.6%).
- **Finished goods stocks had decreased and were assessed at lower than normal:** the balance of responses was (-46.2%) (compared to 0.0% in Q3 2023).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.8%, up from 5.9% in the previous quarter.

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



- Period: 1 November through 26 November 2023.
- A total of 20 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>, %



\*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 Zaporizhzhia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Financial and economic standings	-37.5	-25.0	-6.3	5.6	-15.0
Total sales	-18.8	-15.4	6.7	22.2	0.0
Investment in construction	-18.8	-38.5	0.0	-7.1	-16.7
Investment in machinery, equipment, and tools	-18.8	-46.2	0.0	28.6	5.6
Staff numbers	-25.0	-46.2	-11.8	-16.7	-15.0

<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

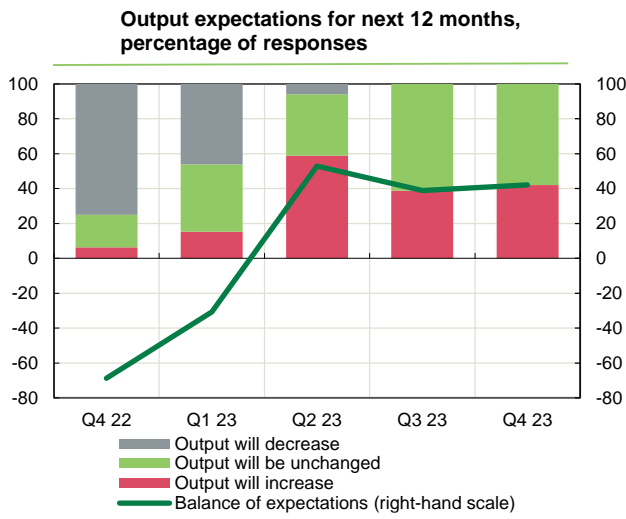


Figure 2

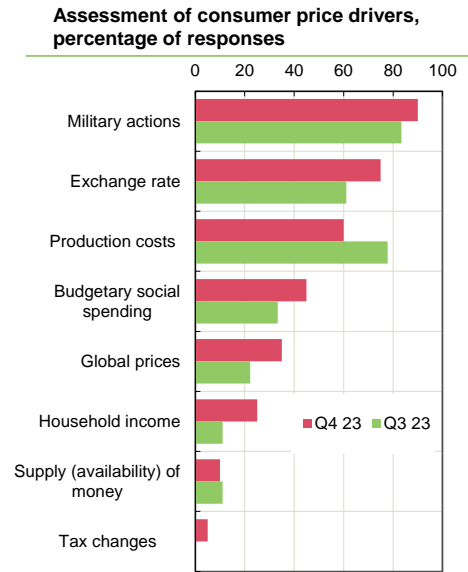


Figure 3

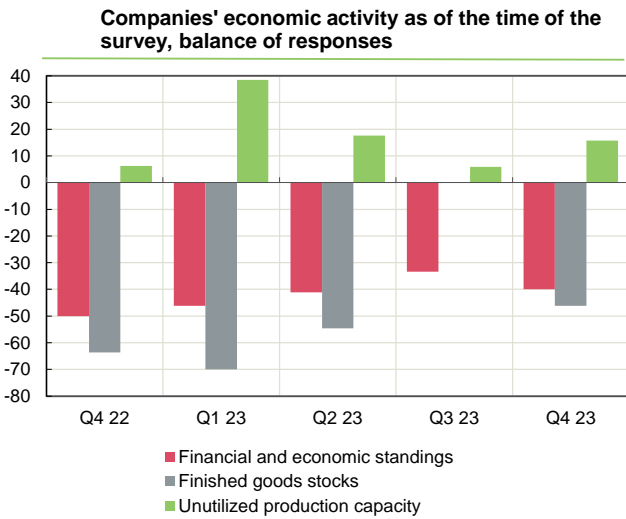


Figure 4

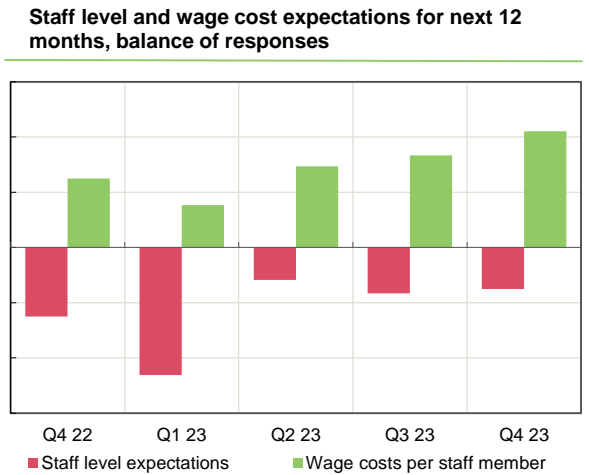


Figure 5

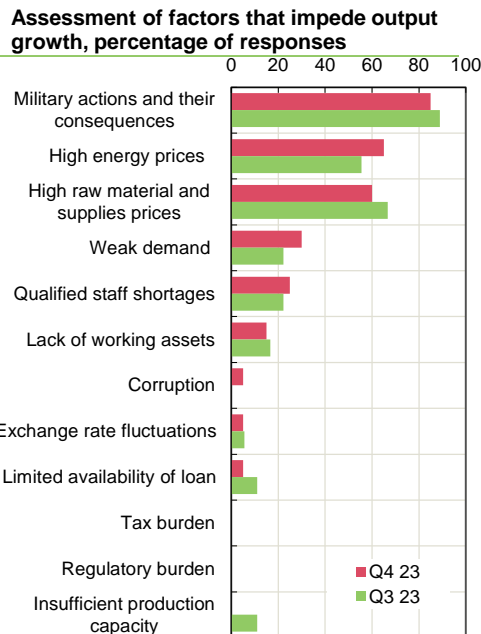


Figure 6

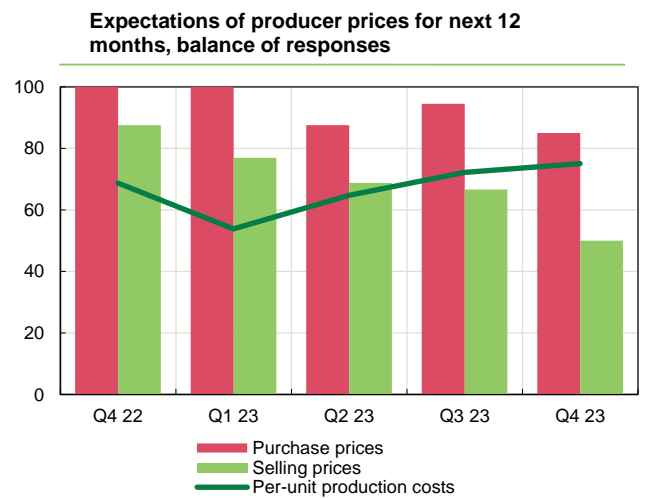




Figure 7

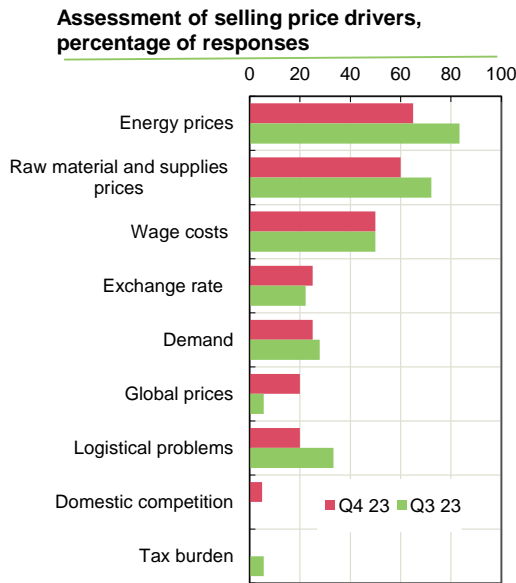


Figure 8

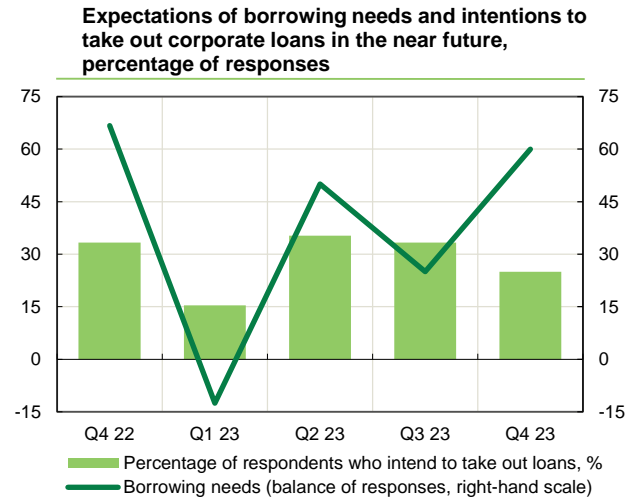


Figure 9

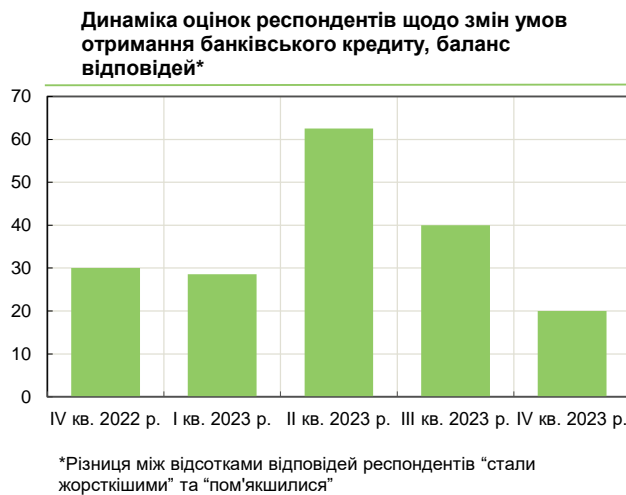


Figure 10

