



National Bank  
of Ukraine

## Business Outlook Survey of Kirovohrad Oblast \*

Q1 2022

The survey was completed  
when the war started



\*This survey only reflects the opinions of respondents in Kirovohrad oblast (top managers of companies) who were polled in Q1 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Kirovohrad oblast in Q1 2022 showed that on the eve of the war respondents continued to expect **the output of Ukrainian goods and services to drop** over the next 12 months. Respondents reported **negative expectations for their companies' performance** over this period. Companies also expected further inflation and stronger depreciation of the hryvnia.

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-25.0%), as in the previous quarter (Figure 1), the balance of responses across Ukraine being (-1.7%)
- **prices for consumer goods and services would grow:** 55.6% of respondents expected that the inflation rate would exceed 7.5% (compared to 50.0% in the previous quarter and 67.7% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate more strongly:** 77.8% of respondents (compared to 50.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 81.6% across Ukraine.
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-11.1%) compared to (-8.3%) in the previous quarter (see Table). Across Ukraine, respondents expected the financial and economic standings of their companies to improve: the balance of responses was 7.2%
- **total sales would drop:** the balance of responses was (-11.1%) compared to 0.0% in Q4 2021 (see Table). Overall, companies across Ukraine expected sales to increase, the balance of responses being 17.0%
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 11.1%, compared to 9.1% in Q4 2021. At the same time, respondents expected a decrease in construction investment: the balance of responses was (-11.1%) compared to (-8.3%) in the previous quarter. Across Ukraine, investment was expected to increase, the balances of responses being 14.3% and 0.9% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% compared to (-16.7%) in Q4 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 1.5% (Figure 4)
- **purchase prices would rise more rapidly** (the balance of responses was 88.9%) **than selling prices** (the balance of responses was 55.6%) (compared to 100.0% and 63.3% respectively in the previous quarter) (Figure 6). Respondents cited wage costs, energy prices, raw material and supplies prices and the exchange rate (the impact of this factor was reported to have increased) as **the main selling price drivers** (Figure 7)
- **per-unit production costs would increase:** the balance of responses was 66.7% (compared to 58.3% in the previous quarter). Respondents also expected **an increase in wage costs per staff member:** the balance of responses was 55.6% (compared to 83.3% in Q4 2021) (Figures 6 and 4).

Companies cited high energy prices and weak demand (the impact of this factor was reported to have increased) as **the main drags on their ability to boost production** (Figure 5).

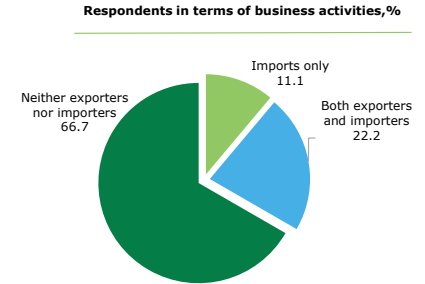
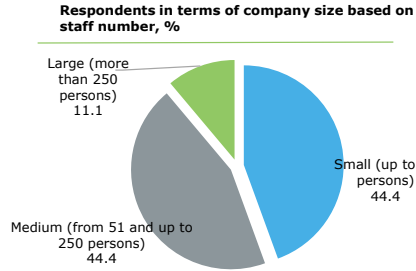
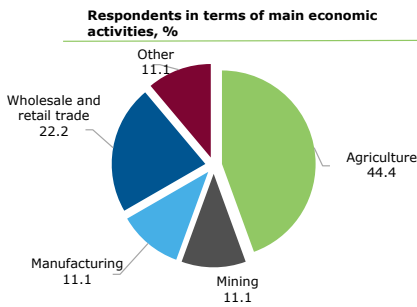
Respondents said that their expectations of their borrowing needs in the near future had remained unchanged (Figure 8). The respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents cited high loan rates, other funding sources and uncertainty about their ability to meet debt obligations as the main factors deterring them 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 (97.6% across Ukraine).

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

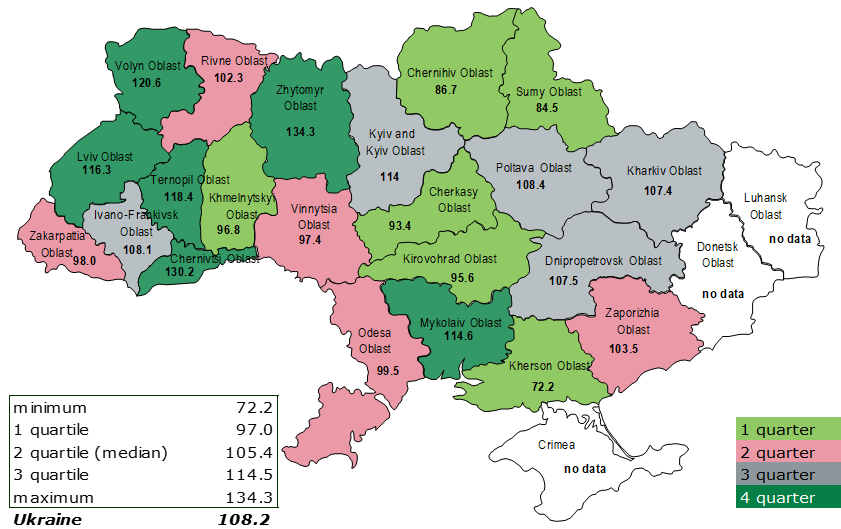
- **Current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-11.1%) compared to 8.3% in Q4 2021 (Figure 3). Across Ukraine, respondents assessed their companies' financial and economic standings as good (6.6%).
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-14.3%), compared to 12.5% in the previous quarter.
- **Unutilized production capacity had decreased noticeably. Companies said they would need additional production capacity to meet any unexpected rise in demand:** the balance of responses was (-22.2%) compared to (-9.1%) in Q4 2021.

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



- Period: 31 January through 23 February 2022.
- A total of 9 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

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>\*\*</sup>a median is the value of the BOI in the middle of an ordered sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Kirovohrad Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Financial and economic standings	-8.3	25.0	0.0	-8.3	-11.1
Total sales	-8.3	0.0	0.0	0.0	-11.1
Investment in construction	-25.0	-33.3	-8.3	-8.3	-11.1
Investment in machinery, equipment, and tools	-8.3	-33.3	16.7	9.1	11.1
Staff numbers	0.0	-16.7	-8.3	-16.7	0.0

<sup>1</sup> This sample was generated in proportion to the contribution of each region 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

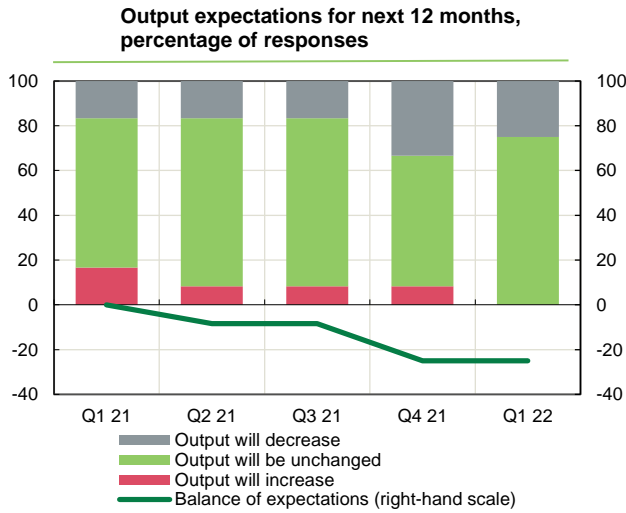


Figure 2

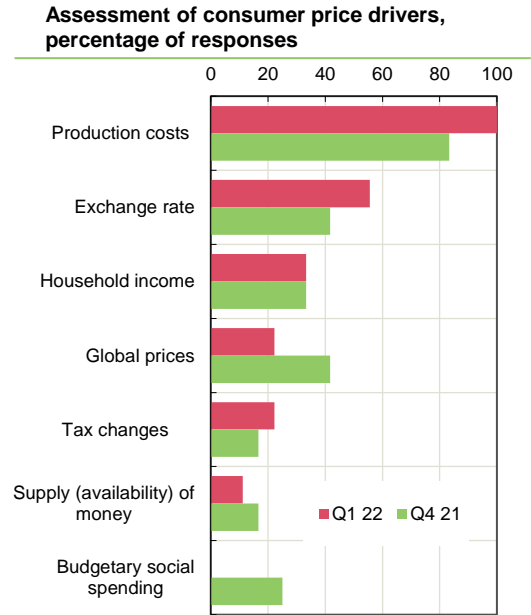


Figure 3

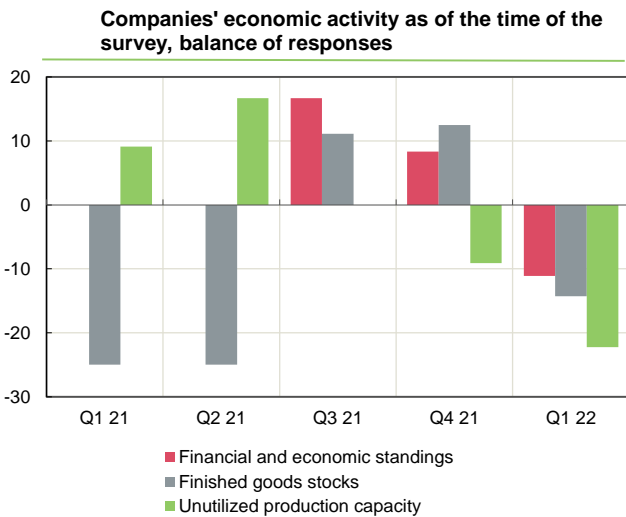


Figure 4

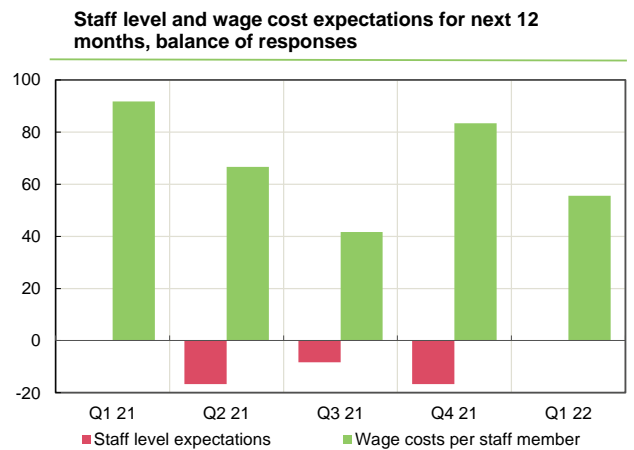


Figure 5

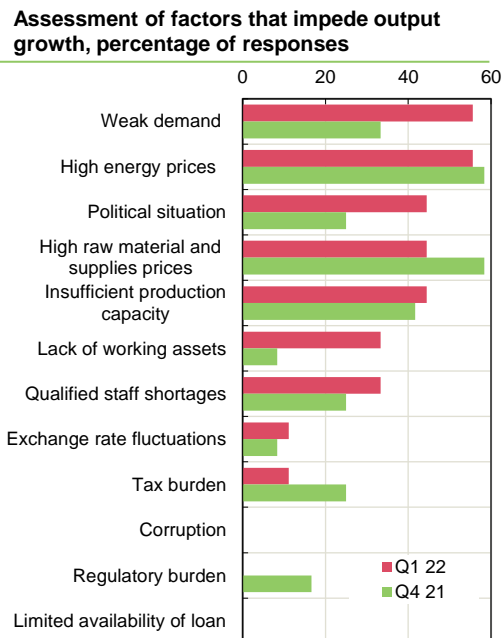


Figure 6

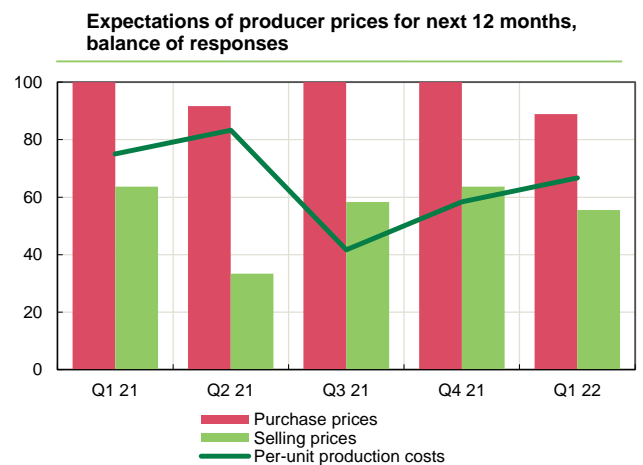


Figure 7

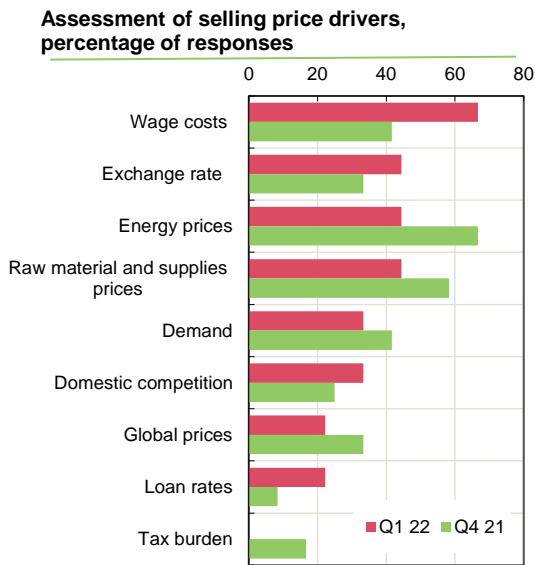


Figure 8

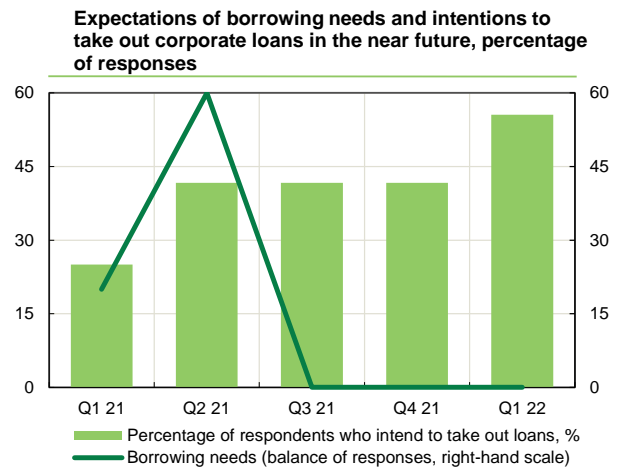


Figure 9

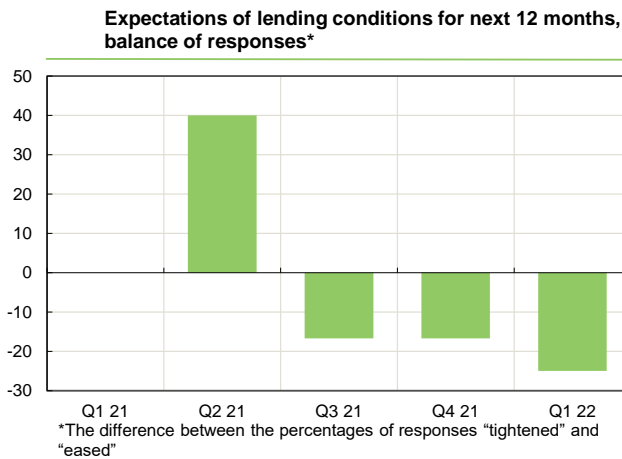


Figure 10

