



National Bank
of Ukraine

Business Outlook Survey of Kirovohrad Oblast *

Q4 2022



*This survey only reflects the opinions of respondents in Kirovohrad 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 Kirovohrad oblast in Q4 2022 showed that on the back of the war and terrorist attacks respondents **expected a drop in the output of Ukrainian goods and services** over the next 12 months. Respondents also reported **negative expectations for their companies' performance** over this period. Companies expected lower inflation. Hryvnia depreciation expectations remained strong.

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

- **the output of Ukrainian goods and services would drop at a faster pace:** the balance of expectations was (-50.0%) compared to (-36.4%) in the previous quarter (Figure 1), the balance of responses across Ukraine being (-32.3%)
- **prices for consumer goods and services would grow more slowly:** 60.0% of respondents expected that the inflation rate would not exceed 20.0% (compared to 45.5% in the previous quarter and 37.6% across Ukraine). Respondents continued to refer to military actions (reported by 100.0% of respondents), production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 90.0% of respondents (compared to 81.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate at a faster pace:** the balance of expectations was (-40.0%) (the gloomiest expectations among the regions) compared to (-27.3%) in the previous quarter (see Table) and (-11.5%) across Ukraine
- **total sales would drop:** the balance of responses was (-50.0%), down from (-18.2%) in Q3 2022. At the same time, respondents expected that external sales would drop at a slower pace: the balance of responses was (-25.0%), up from (-50.0%) in the previous quarter (see Table). Overall, across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **both investment in construction and in machinery, equipment and tools would decrease at a faster pace:** the balances of responses were (-66.7%) and (-50.0%) respectively compared to (-54.5%) and (-36.4%) in the previous quarter. Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-50.0%) (one of the dimmest figures among the regions) compared to (-45.5%) in Q3 2022. Across Ukraine, the balance of responses was (-20.1%) (Figure 4)
- **purchase prices would rise rapidly** (the balance of responses was 100.0%). At the same time, respondents expected that **selling prices** would rise more slowly (the balance of responses was 60.0%) (compared to 100.0% and 72.7% respectively in the previous quarter) (Figure 6). Respondents cited the hryvnia exchange rate, raw material and supply prices (the impact of this driver was reported to have increased compared to the previous survey) and energy prices 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 90.0% and 50.0% respectively (compared to 72.7% and 45.5% in the previous quarter) (Figures 6 and 4).

Companies cited military actions and their consequences, weak demand and high energy prices as **the main drags on their ability to boost production** (Figure 5).

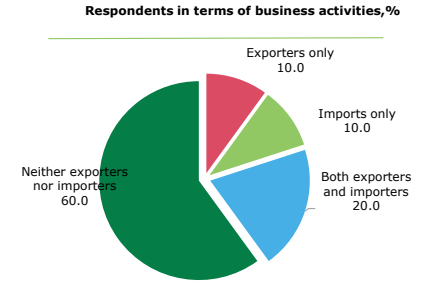
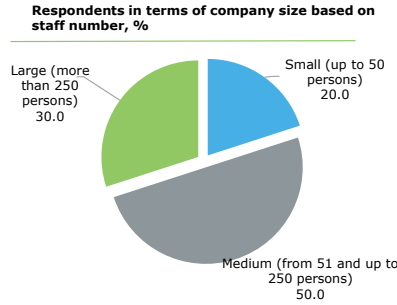
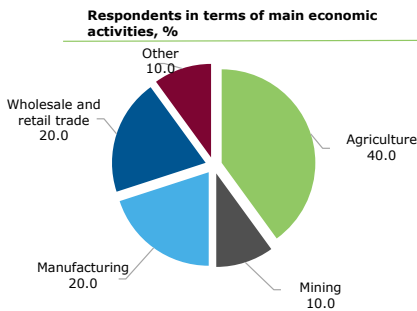
Respondents expected an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans opted for domestic currency loans. Respondents improved their expectations for lending conditions, but still described these conditions as tight (Figure 9). Respondents cited high interest rates, uncertainty about their ability to meet debt obligations and collateral requirements 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** (94.2% across Ukraine).

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

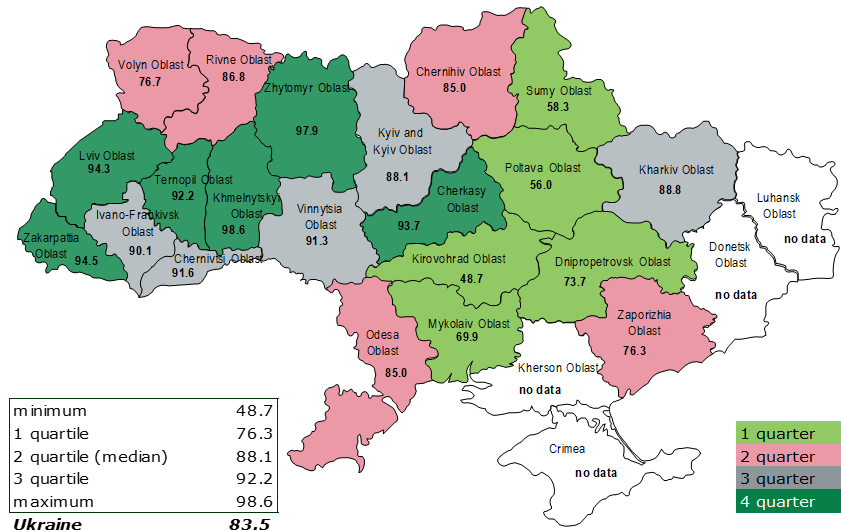
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-20.0%) compared to (-9.1%) in Q3 2022 (Figure 3). Across Ukraine, the balance of responses was (-19.3%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-16.7%), compared to (-37.5%) in the previous quarter.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to (-9.1%) in Q3 2022.

Survey Details^{1,2}



- Period: 31 October through 25 November 2022.
- A total of 10 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 Oblasts³, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
³a 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 Kirovohrad 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	-8.3	-11.1	-36.4	-27.3	-40.0
Total sales	0.0	-11.1	-54.5	-18.2	-50.0
Investment in construction	-8.3	-11.1	-54.5	-54.5	-66.7
Investment in machinery, equipment, and tools	9.1	11.1	-63.6	-36.4	-50.0
Staff numbers	-16.7	0.0	-36.4	-45.5	-50.0

¹ This sample was generated in proportion to the contribution of each region 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

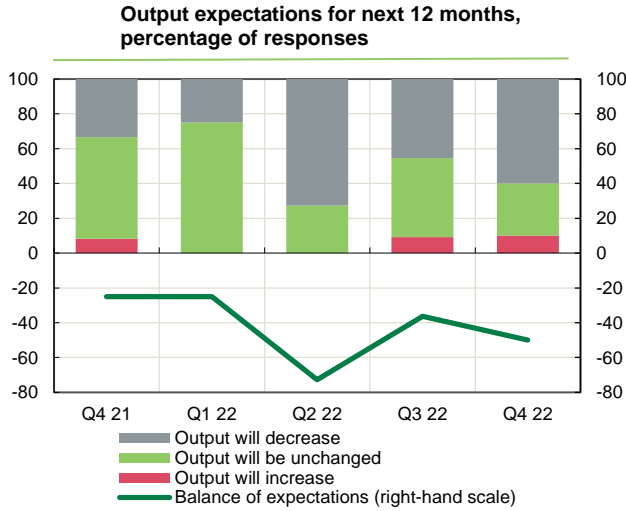


Figure 2

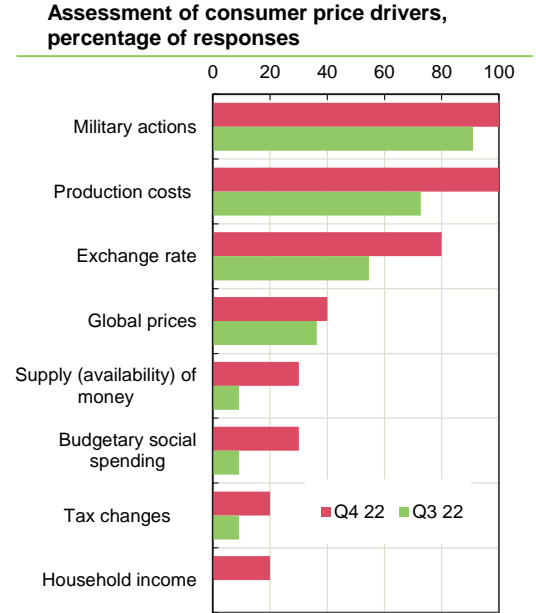


Figure 3

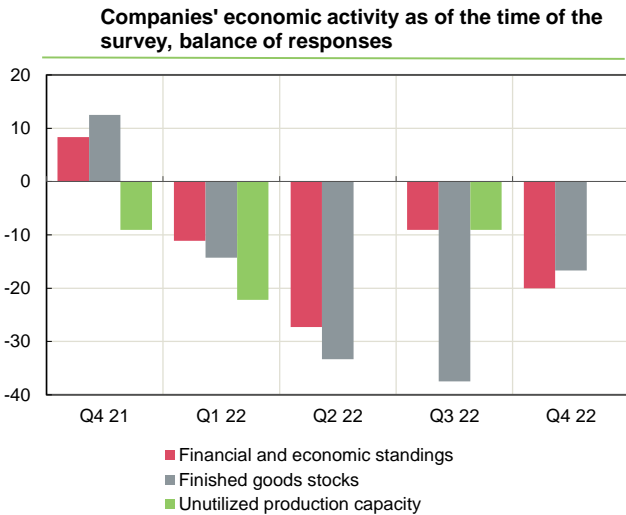


Figure 4

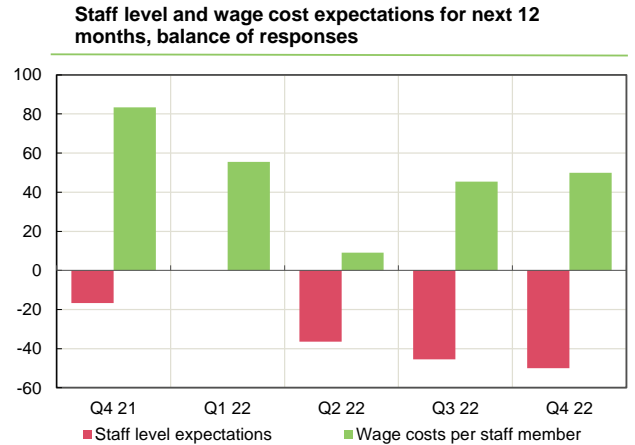


Figure 5

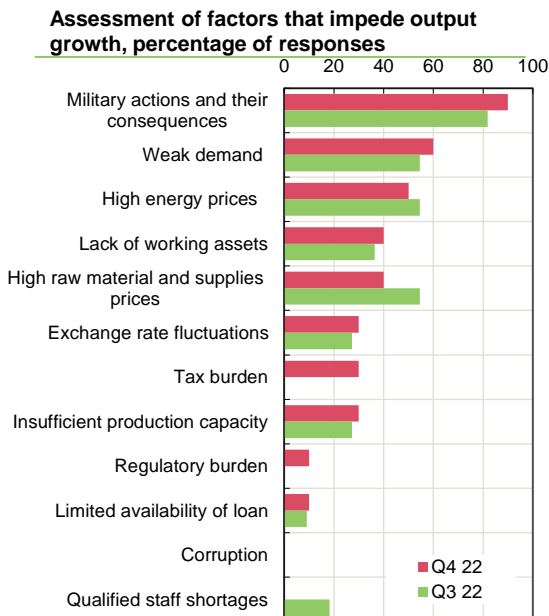


Figure 6

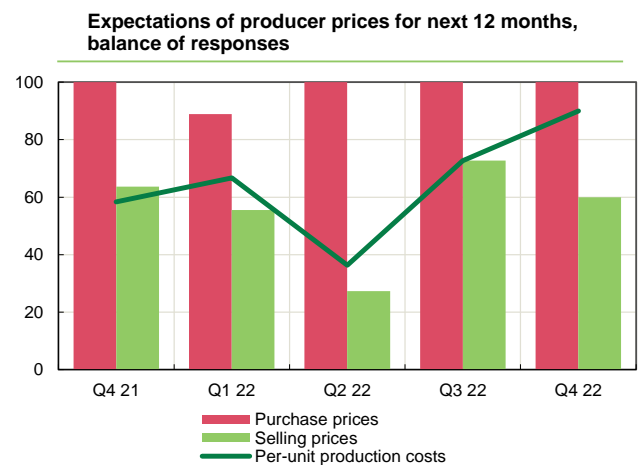


Figure 7

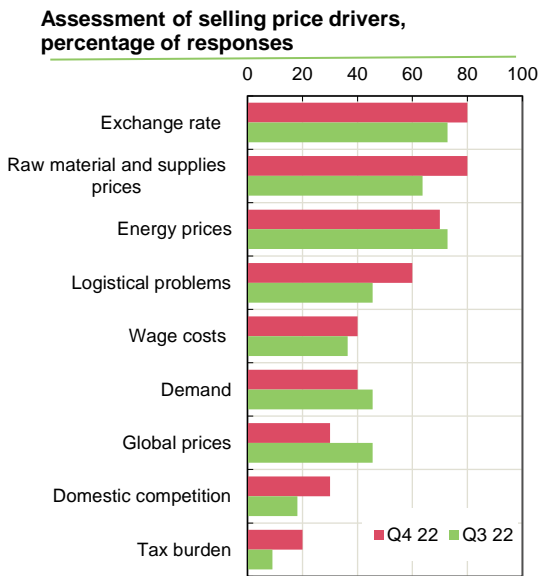


Figure 8

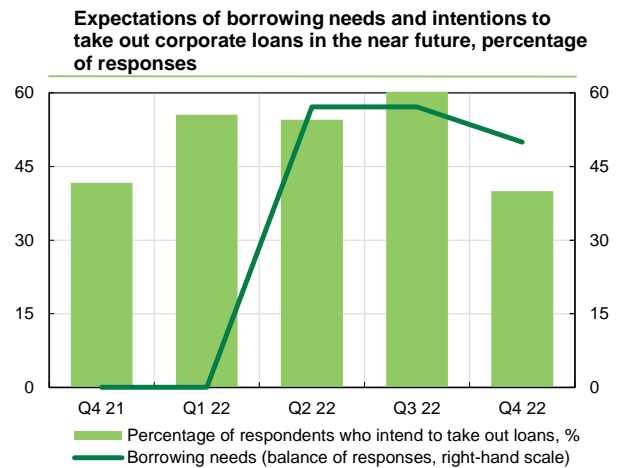


Figure 9

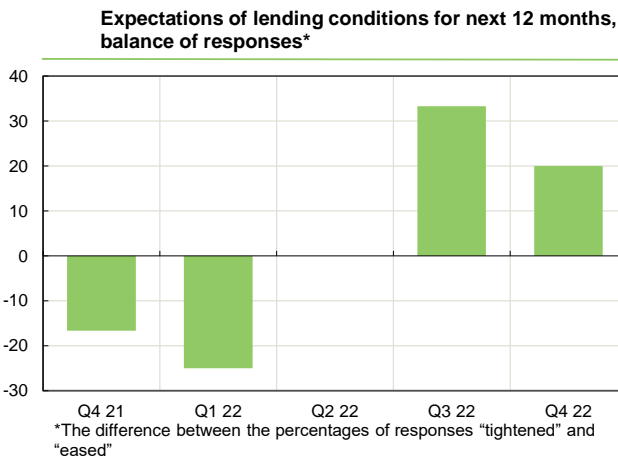


Figure 10

