



National Bank  
of Ukraine

# Business Outlook Survey of Kirovohrad Oblast \*

Q3 2023



\*This survey only reflects the opinions of respondents in Kirovohrad oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Kirovohrad oblast in Q3 2023 showed that, on the back of higher security risks and despite a stable energy system, 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 higher prices for consumer goods and services. Hryvnia depreciation expectations weakened.

#### 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 (-33.3%) (the dimmest expectations across the regions) compared to (-38.5%) in the previous quarter (Figure 1). Overall, across Ukraine companies expected output growth: the balance of responses across Ukraine was 9.8%
- **prices for consumer goods and services would grow more slowly:** 50.0% of respondents expected that the inflation rate would not exceed 15.0% (compared to 61.5% in the previous quarter and 52.2% across Ukraine). Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 58.3% of respondents (compared to 84.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.4%
- **the financial and economic standings of their companies would deteriorate at a faster pace:** the balance of expectations was (-36.4%), compared to (-7.7%) in the previous quarter (see Table). Overall, across Ukraine respondents expected the financial and economic standings of their companies to improve (6.0%)
- **total sales would drop at a faster pace:** the balance of responses was (-25.0%), compared to (-15.4%) in Q2 2023 (see Table). Overall, across Ukraine, respondents expected total sales to increase: the balance of responses was 16.8%
- **investment in construction would decrease:** the balance of responses was (-25.0%), compared to (-23.1%) in the previous quarter. Meanwhile, **investment in machinery, equipment and tools was expected to remain unchanged:** the balance of responses was 0.0%, up from (-15.4%) in Q2 2023 (see Table). Across Ukraine, the balances of responses were (-2.2%) and 8.8% respectively
- **staff numbers at their companies would decrease more quickly:** the balance of responses was (-25.0%) (among the dimmest expectations across the region), compared to (-7.7%) in Q2 2023. Across Ukraine, the balance of responses was (-7.0%) (Figure 4)
- **purchase prices would rise at a slower pace:** the balance of responses was 83.3%, down from 100.0% in Q2 2023. Respondents expected that selling prices would rise: the balance of responses was 25.0%, down from 30.8% in the previous quarter (Figure 6). Respondents cited energy prices (the impact of this factor was reported to have increased significantly compared to the previous survey), the hryvnia exchange rate, demand and global 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 66.7% for each, compared to 69.2% and 58.3% respectively in Q2 2023 (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).

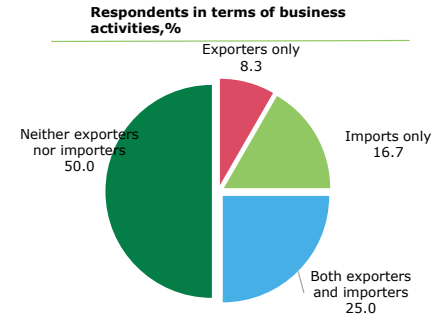
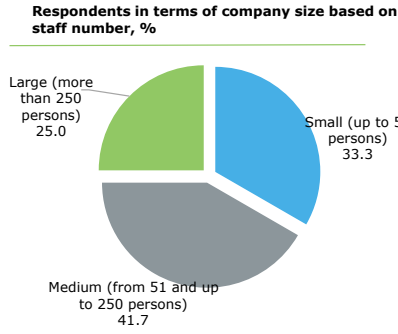
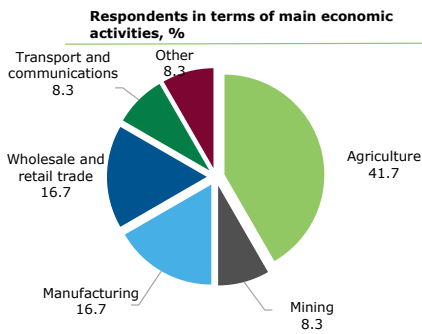
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Respondents cited high interest rates and complicated paperwork (the impact of this factor was reported to have increased compared to the previous quarter) as the main factors deterring them from taking out loans (Figure 10).

A total of 91.7% of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.9% across Ukraine).

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

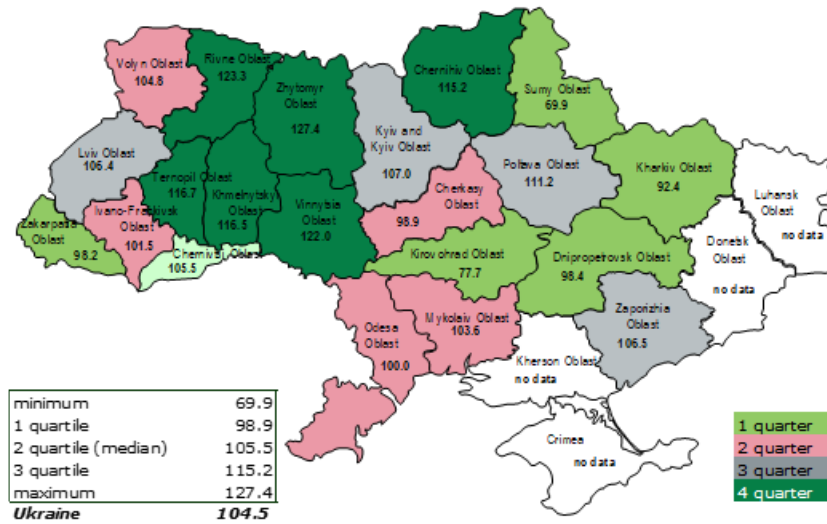
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-8.3%), compared to (-23.1%) in Q2 2023 (Figure 3). Across Ukraine, the balance of responses was (-5.8%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-25.0%), compared to (-18.2%) in the previous quarter.
- **Spare production capacity had decreased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-8.3%), down from 23.1% in Q2 2023.

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



- Period: 1 September through 25 September 2023.
- A total of 12 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>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 Kirovohrad Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	-27.3	-40.0	-25.0	-7.7	-36.4
Total sales	-18.2	-50.0	-41.7	-15.4	-25.0
Investment in construction	-54.5	-66.7	-63.6	-23.1	-25.0
Investment in machinery, equipment, and tools	-36.4	-50.0	-50.0	-15.4	0.0
Staff numbers	-45.5	-50.0	-25.0	-7.7	-25.0

<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

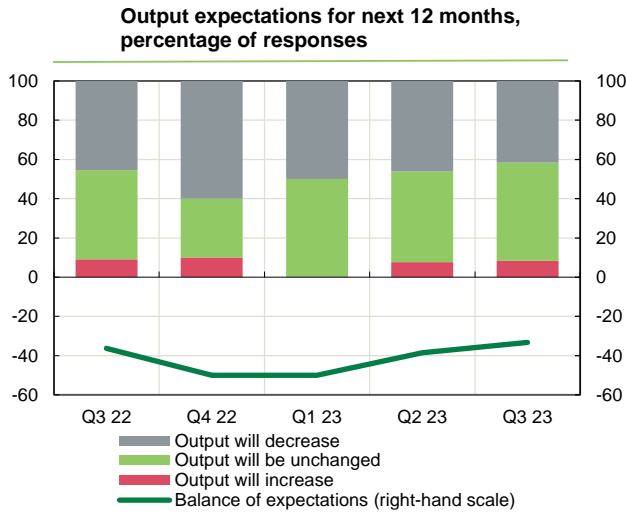


Figure 2

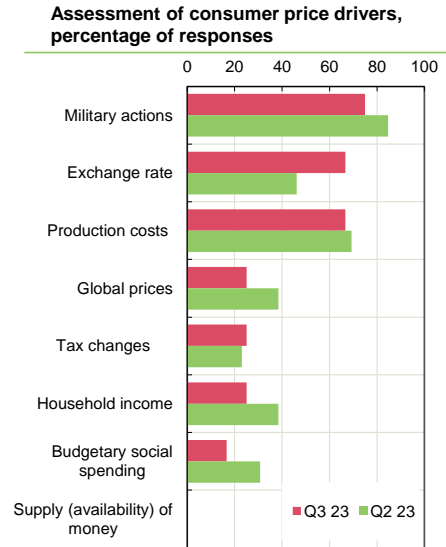


Figure 3

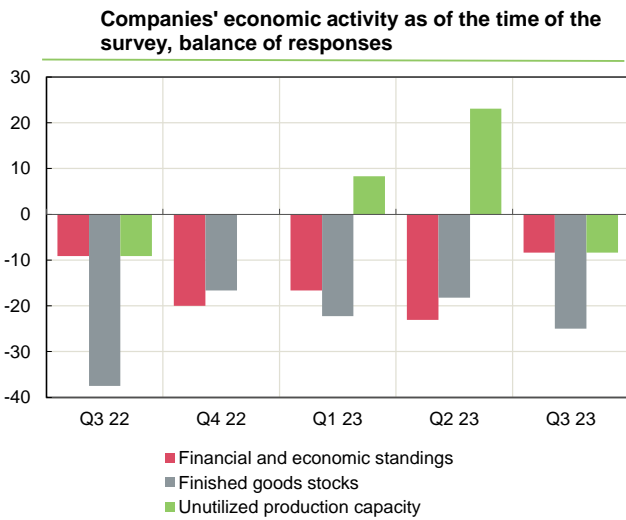


Figure 4

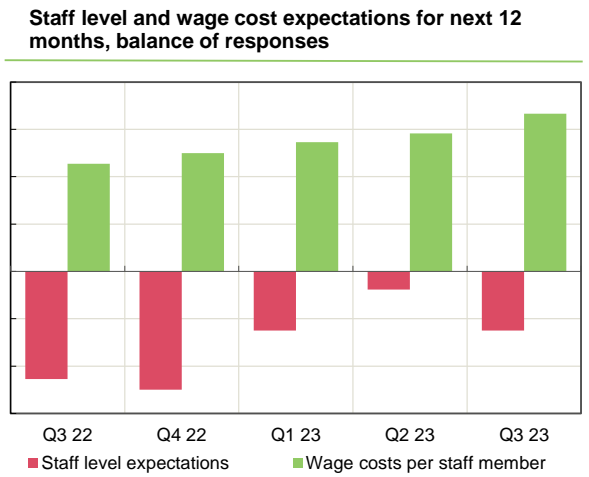


Figure 5

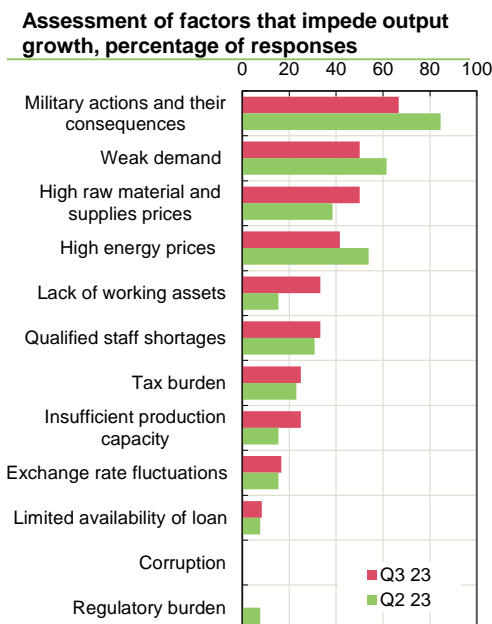


Figure 6

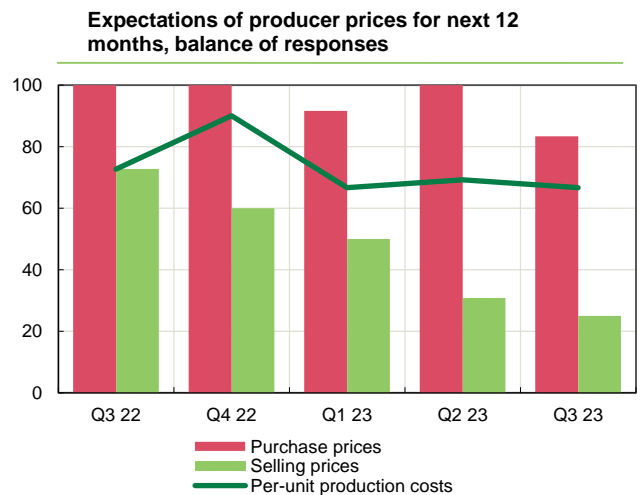




Figure 7

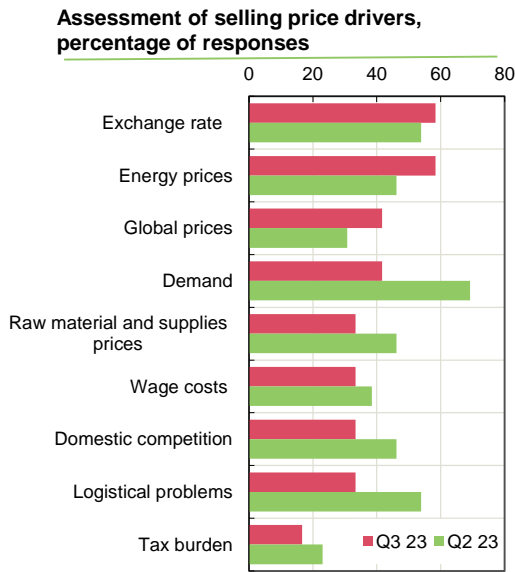


Figure 8

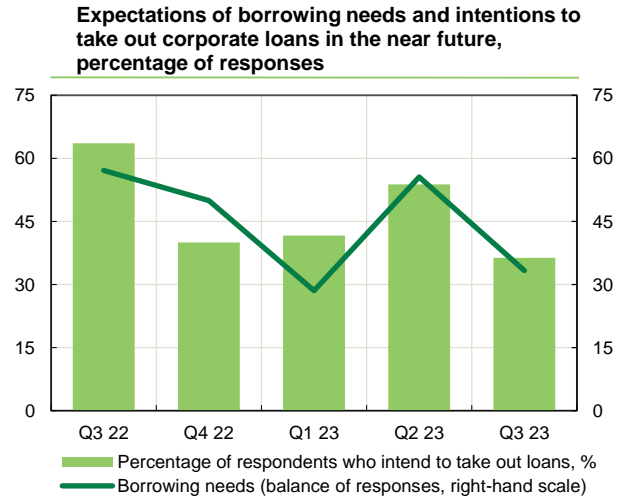


Figure 9

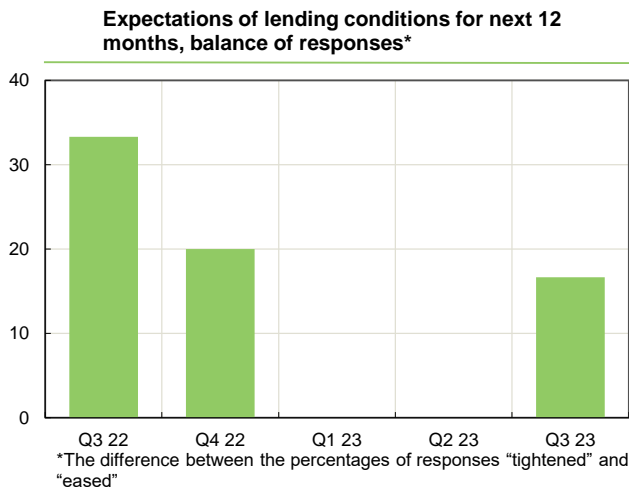


Figure 10

