



National Bank  
of Ukraine

## Business Outlook Survey of Lviv Oblast\*

Q4 2022



\*This survey only reflects the opinions of respondents in Lviv 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 Lviv oblast in Q4 2022 showed 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 **continued to report less negative expectations for their companies' performance** over this period. Prices were expected to increase further. Hryvnia depreciation was expected to remain high.

#### 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 (-26.3%), compared to (-10.8%) in Q3 2022 (Figure 1). The balance across Ukraine was (-32.3%)
- **prices for consumer goods and services would rise:** 54.1% of respondents, as in the previous quarter, expected that inflation would not exceed 20.0% (compared to 37.6% across Ukraine). Respondents referred to military actions, the exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 83.3% of respondents (compared to 92.1% in the previous quarter and 88.5% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would deteriorate at a slower pace:** the balance of expectations was (-2.7%) compared to (-8.1%) in the previous quarter and (-11.5%) across Ukraine (see Table). The most optimistic expectations were reported by respondents from manufacturing companies and companies engaged in other economic activity (16.5% for each)
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to (-2.7%) in the previous quarter. Respondents expected external sales to decrease: the balance of responses was (-4.8%), compared to (-10.5%) in Q3 2022. The balances of responses across Ukraine were (-7.3%) and (-6.3%) respectively
- **investment in machinery, equipment, and tools would increase moderately:** the balance of responses was 2.8%, up from (-13.5%) in the previous quarter. At the same time, respondents expected that investment in construction would drop: the balance of responses was (-31.4%) compared to (-19.4%) in Q3 2022. Across Ukraine, the balances of responses were (-16.6%) and (-26.9%) respectively
- **staff numbers at their companies would increase moderately:** the balance of responses was 2.6% compared to (-7.9%) in Q3 2022 (Figure 4). Across Ukraine, staff numbers were expected to decrease (-20.1%)
- **both purchase and selling prices would rise:** the balances of responses were 97.4% and 63.2% respectively (compared to 100.0% and 76.3% respectively in Q3 2022) (Figure 6). Respondents from trading companies reported the firmest intentions to raise their selling prices (100.0%). Energy prices, raw material and supplies prices and the hryvnia exchange rate 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 83.8% and 57.9% respectively (compared to 83.3% and 60.5% in Q3 2022) (Figures 4 and 6).

Companies cited military actions and their consequences, hryvnia exchange rate fluctuations and high energy prices (the impact of this drag was reported to have increased) as the **main drags on their ability to boost production** (Figure 5).

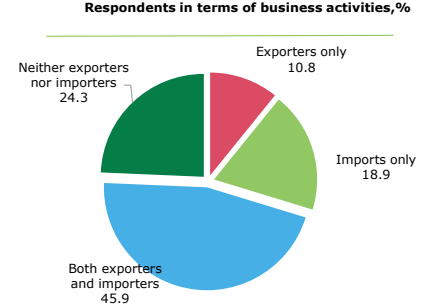
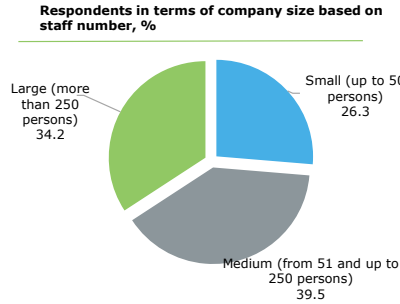
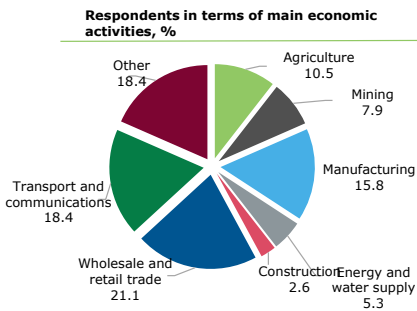
Respondents reported **an increase in their borrowing needs** in the near future (Figure 8). Most of the respondents who planned to take out bank loans (63.2% of respondents) opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high interest rates and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

**91.9% of 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)

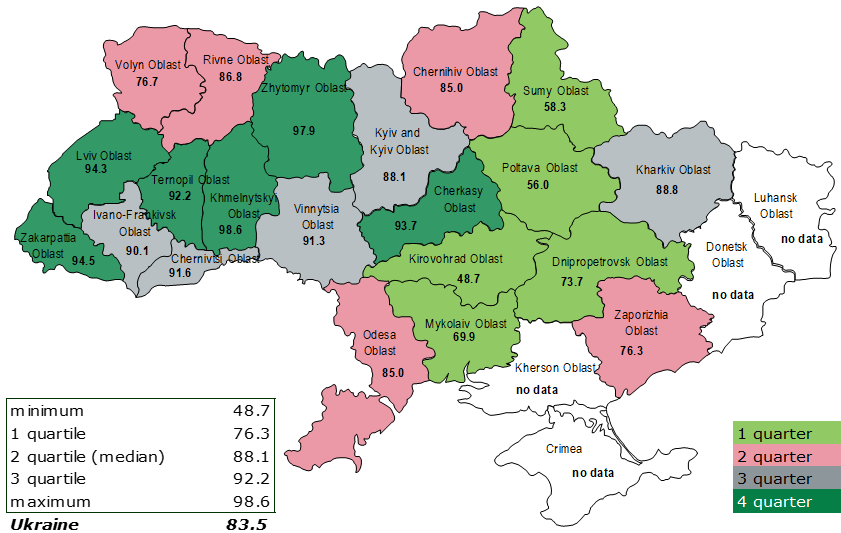
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-2.6%) compared to 15.8% in Q3 2022. Across Ukraine, respondents assessed their current financial and economic standings as bad (-19.3%).
- **Finished goods stocks were assessed at higher than normal levels:** the balance of responses was 8.0% compared to 9.5% in Q3 2022.
- **Companies said they had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 21.1%, compared to 39.5% in Q3 2022.

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



- Period: 31 October through 30 November 2022.
- A total of 38 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, trade, transport and communications, and other economic activities.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</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 Lviv 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	22.2	26.5	-11.1	-8.1	-2.7
Total sales	42.1	29.4	5.4	-2.7	0.0
Investment in construction	8.6	0.0	-35.3	-19.4	-31.4
Investment in machinery, equipment, and tools	27.0	22.9	-25.0	-13.5	2.8
Staff numbers	16.2	2.9	-5.4	-7.9	2.6

<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

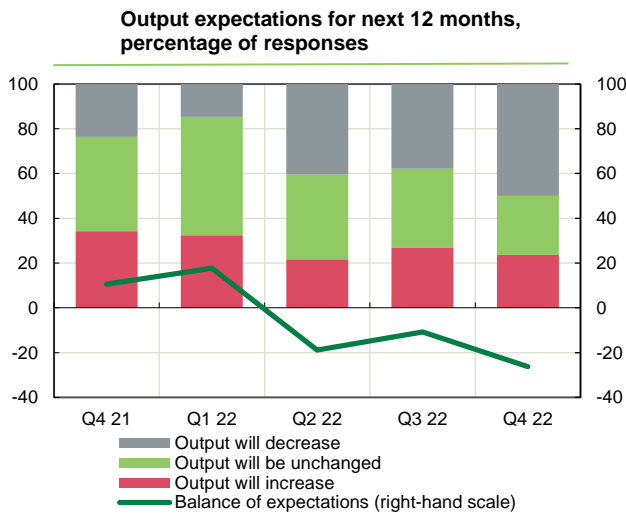


Figure 2

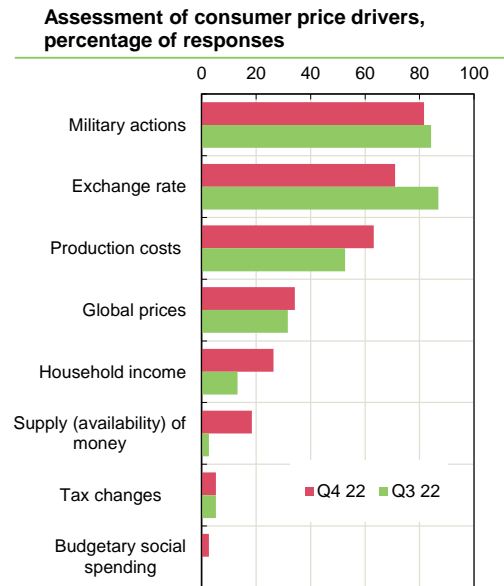


Figure 3

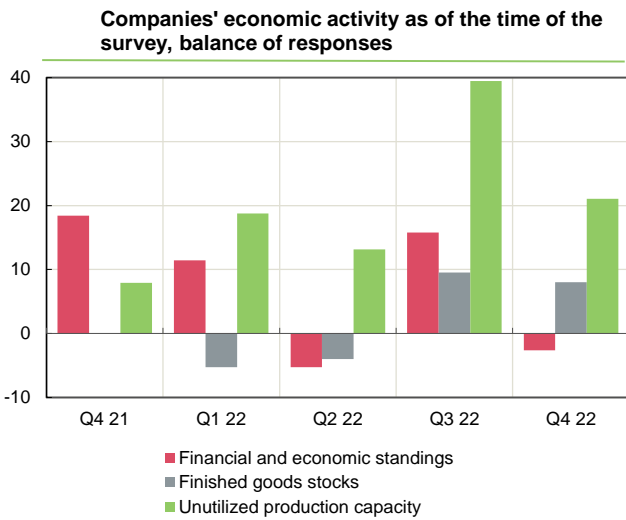


Figure 4

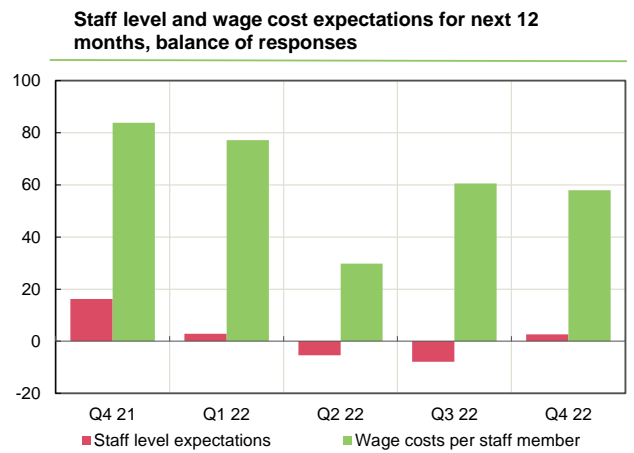


Figure 5

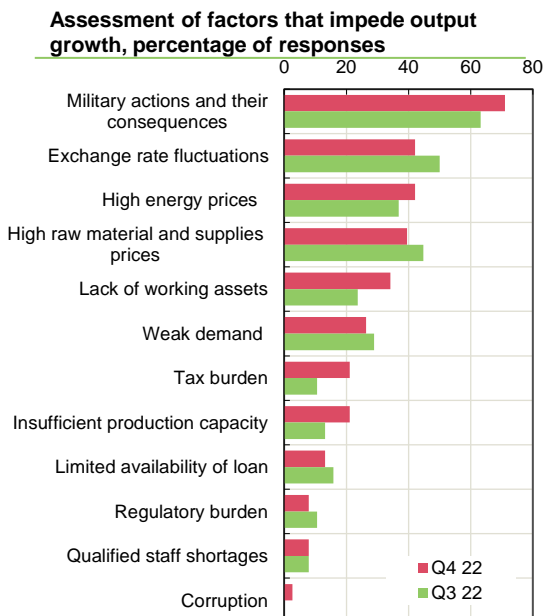


Figure 6

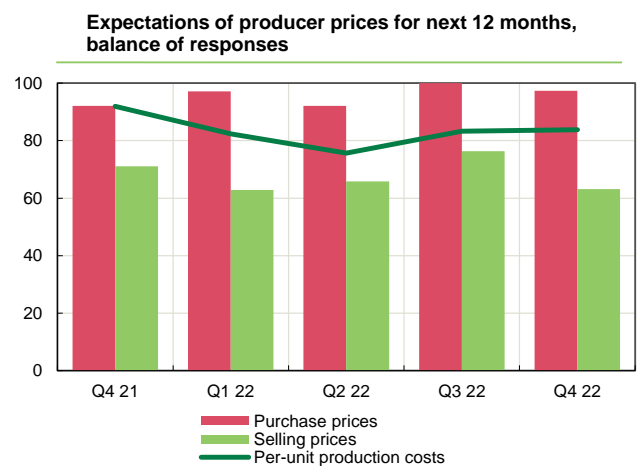


Figure 7

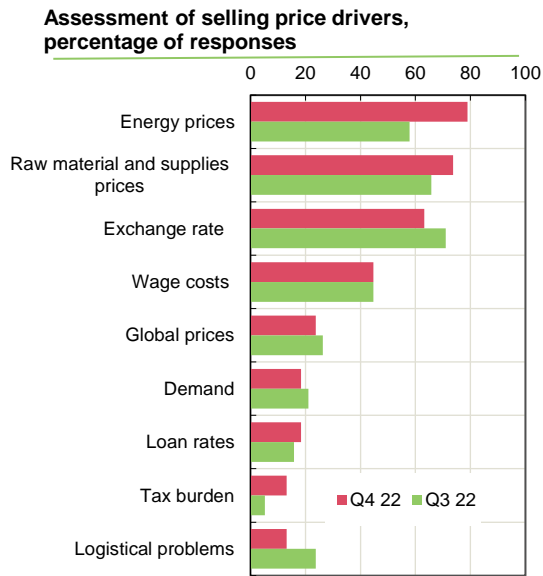


Figure 8

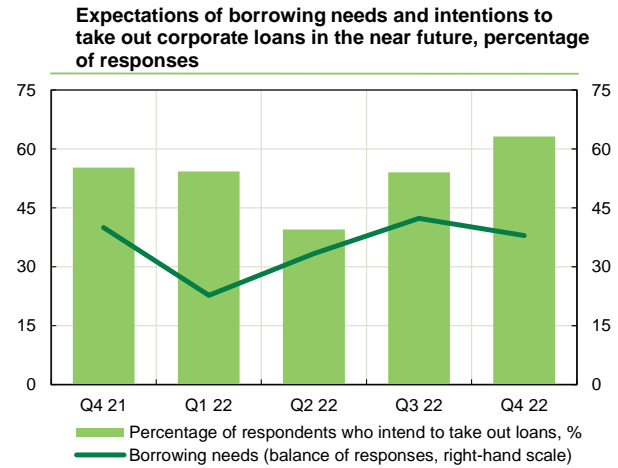


Figure 9

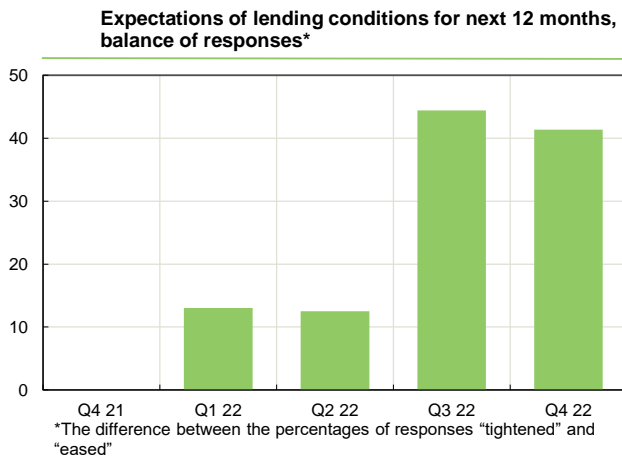


Figure 10

