



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q2 2022 showed that against the background of the war respondents expected a rapid decrease in the output of Ukrainian goods and services over the next 12 months. They reported pessimistic expectations for their companies' performance over this period. Inflation and depreciation expectations were high.

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

- **the output of Ukrainian goods and services would decrease rapidly:** the balance of expectations was (-76.9%), compared to (-7.1%) in Q1 2022 (Figure 1) and (-48.7%) across Ukraine
- **prices for consumer goods and services would rise at a fast pace:** 84.6% of respondents (compared to 41.8% across Ukraine) expected the inflation rate to be higher than 20.0%. Respondents continued to refer to military actions, production costs and the exchange rate as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate more noticeably:** 84.6% of respondents (compared to 78.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.9%
- **the financial and economic standings of their companies would deteriorate significantly:** the balance of expectations was (-46.2%), compared to 7.1% in the previous quarter (see Table) and (-17.1%) across Ukraine
- **total sales would decrease at a fast pace:** the balance of responses was (-53.8%) compared to 35.7% in the previous quarter. External sales were also expected to drop (the balance of responses was (-50.0%) compared to 33.3% in Q1 2022). The balances of responses across Ukraine were (-19.0%) and (-25.0%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease at a fast pace:** the balance of responses was (-69.2%) and (-53.8%) respectively compared to 0.0% and 23.1% respectively in Q1 2022. Across Ukraine, the balances of responses were (-34.7%) and (-37.2%) respectively
- **staff numbers at their companies would decrease significantly:** the balance of responses was (-69.2%), compared to 7.1% in Q1 2022 (Figure 4) and (-29.0%) across Ukraine
- **purchase prices would rise** at a fast pace: the balance of responses was 100.0% (as in the previous quarter) (Figure 6). At the same time, respondents expected that selling prices would rise more slowly: the balance of responses was 53.8% (compared to 71.4% in Q1 2022). Exchange rate fluctuations, high energy prices and logistical problems were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 69.2% (compared to 64.3% in Q1 2022). At the same time, respondents expected that wage costs per staff member would grow at a noticeably slower pace: the balance of responses was 38.5% (compared to 71.4% in the previous quarter) (Figure 4, 6)

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

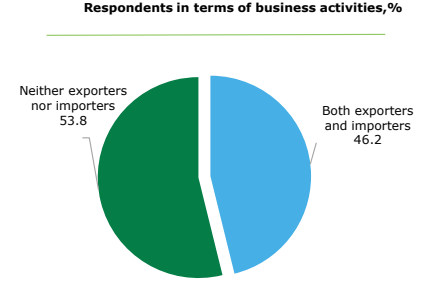
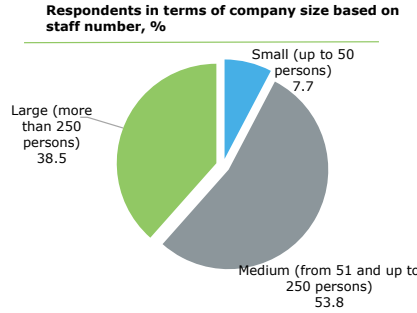
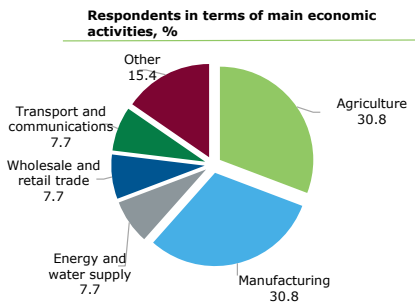
Respondents said that their borrowing needs would increase significantly in the near future (Figure 8). The majority of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). High loan rates, collateral requirements, uncertainty about their ability to meet debt obligations as they fall due, and other funding sources were cited as the major factors deterring companies from taking out loans (Figure 10).

76.9% of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (93.5% across Ukraine).

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

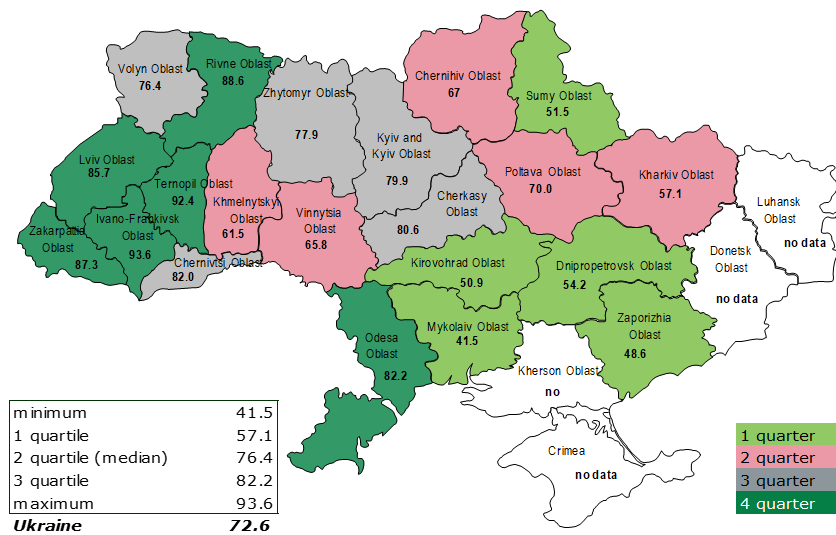
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-46.2%), compared to 7.1% in the previous quarter and (-28.8%) across Ukraine.
- **Finished goods stocks had decreased and were assessed to be at lower than normal levels:** the balance of responses was (-28.6%) compared to 0.0% in Q1 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.4%, compared to 7.1% in the previous quarter.

Survey Details^{1,2}



- Period: 4 May through 27 May 2022.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural and manufacturing sectors.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

²a 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 Mykolaiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	0.0	6.3	12.5	7.1	-46.2
Total sales	43.8	33.3	37.5	35.7	-53.8
Investment in construction	14.3	7.7	9.1	0.0	-69.2
Investment in machinery, equipment, and tools	6.7	20.0	14.3	23.1	-53.8
Staff numbers	-6.3	0.0	-12.5	7.1	-69.2

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

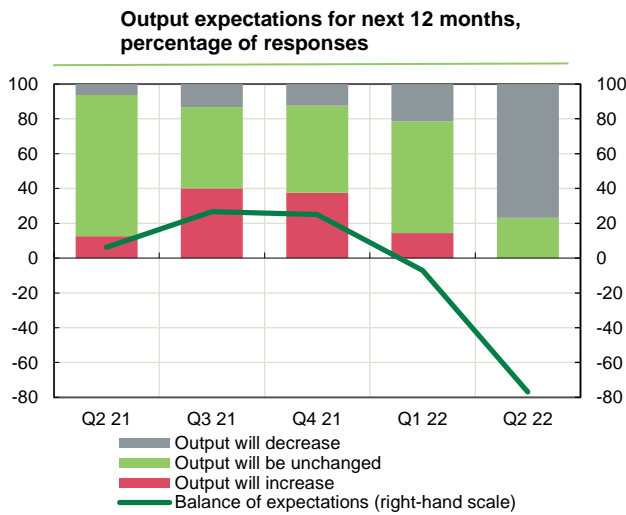


Figure 2

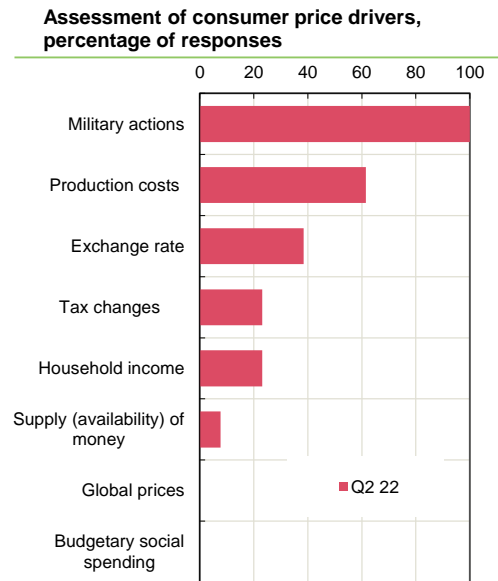


Figure 3

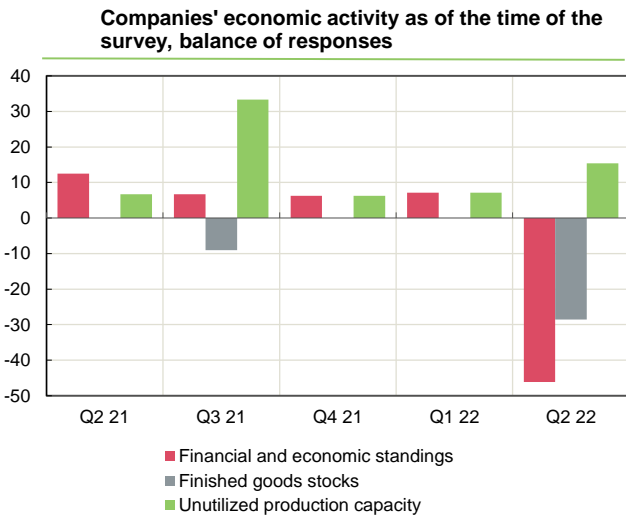


Figure 4

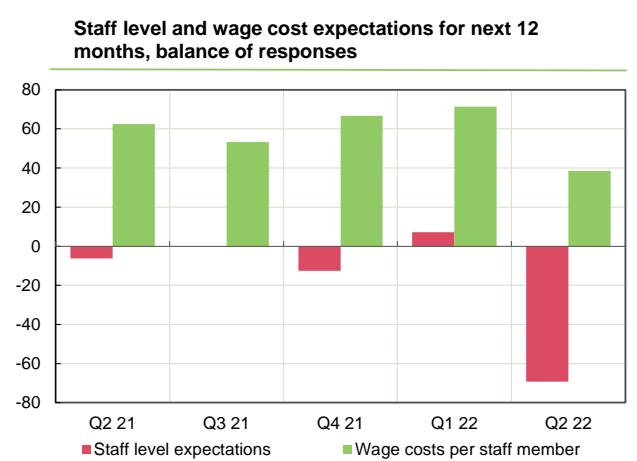


Figure 5

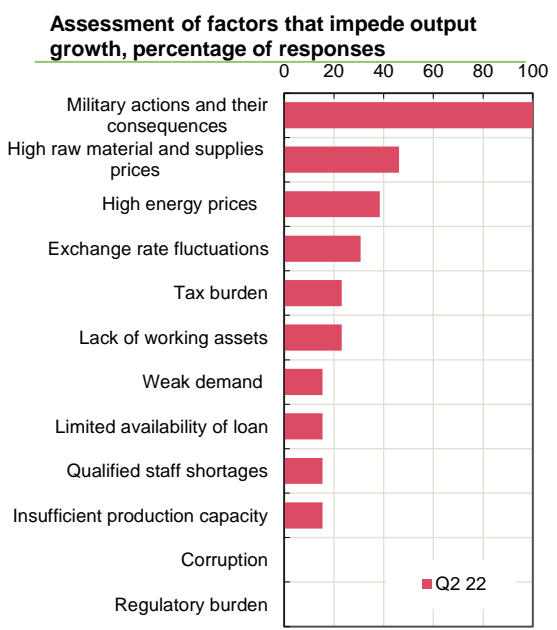


Figure 6

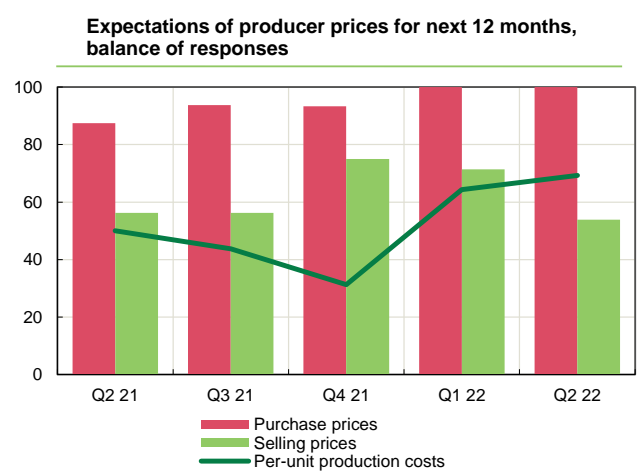


Figure 7

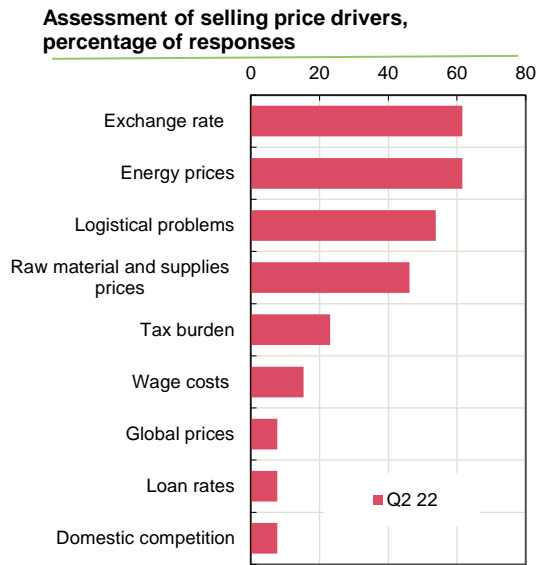


Figure 8

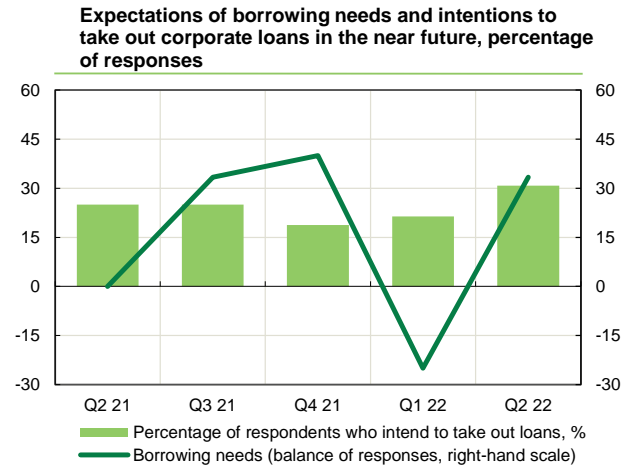


Figure 9

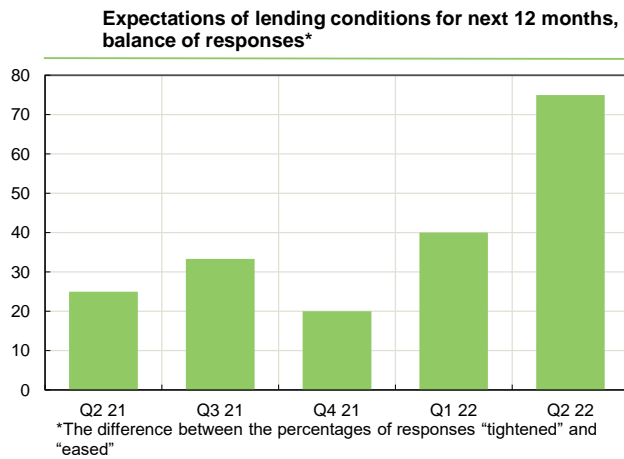


Figure 10

