National Bank
of Ukraine

Business Outlook Survey **of Mykolaiv Oblast***

Q3 2022

*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q3 2022 showed that against the background of the war respondents expected a 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 remained high.

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

- **the output of Ukrainian goods and services would decrease somewhat more slowly**: the balance of expectations was (-61.5%), compared to (-76.9%) in Q2 2022 (Figure 1) and (-37.9%) across Ukraine
- **prices for consumer goods and services would rise:** 92.3% of respondents (compared to 84.6% across Ukraine) expected the inflation rate to be higher than 20.0%, the figure across Ukraine being 71.7%. Respondents referred to military actions, production costs and the exchange rate **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 84.6% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate**: the balance of expectations was (-46.2%), as in the previous quarter (see Table) and (-15.1%) across Ukraine
- **total sales would decrease:** the balance of responses was (-46.2%) compared to (-53.8%) in the previous quarter. External sales were also expected to drop, but at faster pace (the balance of responses was (-60.0%) compared to (-50.0%) in Q2 2022). The balances of responses across Ukraine were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease**: the balance of responses was (-84.6%) and (-69.2%) respectively compared to (-69.2%) and (-53.8%) respectively in Q2 2022. Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-61.5%), compared to (-69.2%) in Q2 2022 (Figure 4) and (-25.5%) across Ukraine
- **purchase prices would rise** rapidly: the balance of responses was 100.0% (such expectations have been reported for three quarters running) (Figure 6). Respondents also reported intentions to raise their selling prices: the balance of responses was 58.3% (compared to 53.8% in Q2 2022). Logistical problems (the impact of this driver was reported to have increased), exchange rate fluctuations and high energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow faster than wage costs per staff member:** the balances of responses were 76.9% and 38.5% respectively (compared to 69.2% and 38.5% in Q2 2022 respectively) (Figure 4, 6)

Respondents referred to military actions and their consequences, hryvnia exchange rate fluctuations and a lack of working assets (the impact of these last two facrors was reported to have increased compared to the previous quarter) as the **main drags on the ability of their companies to boost production** (Figure 5).

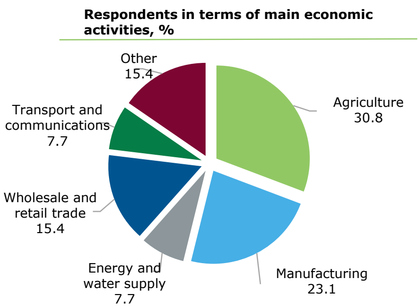
Respondents said that their borrowing needs would increase in the near future (Figure 8). All of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). High loan rates, uncertainty about their ability 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).

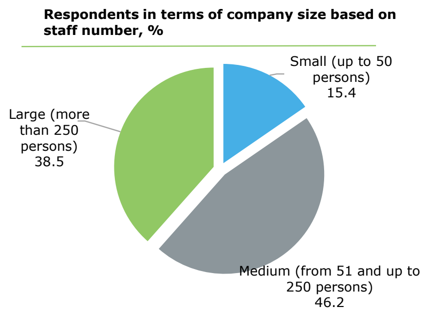
76.9% of the respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.1% across Ukraine).

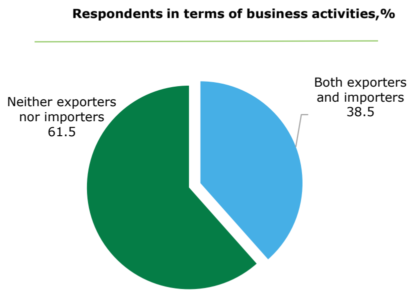
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-69.2%), compared to (-46.2%) in the previous quarter and (-21.8%) across Ukraine.
- **Finished goods stocks had decreased and were assessed to be at lower than normal levels:** the balance of responses was (-42.9%) compared to (-28.6%) in Q2 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 8.3%, compared to 15.4% in the previous quarter.

Survey Details[1,2]

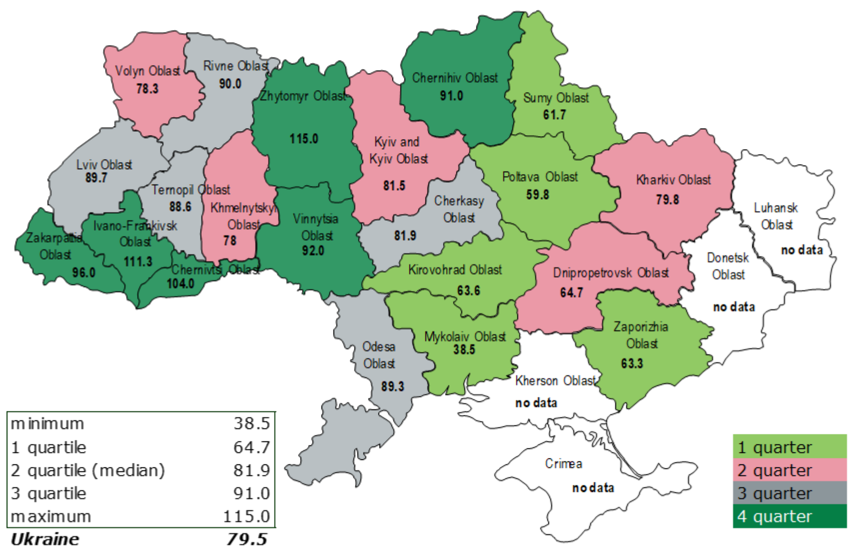






- Period: 1 August through 30 august 2022.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
**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 Mykolaiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	6.3	12.5	7.1	-46.2	-46.2
Total sales	33.3	37.5	35.7	-53.8	-46.2
Investment in construction	7.7	9.1	0.0	-69.2	-84.6
Investment in machinery, equipment, and tools	20.0	14.3	23.1	-53.8	-69.2
Staff numbers	0.0	-12.5	7.1	-69.2	-61.5

[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

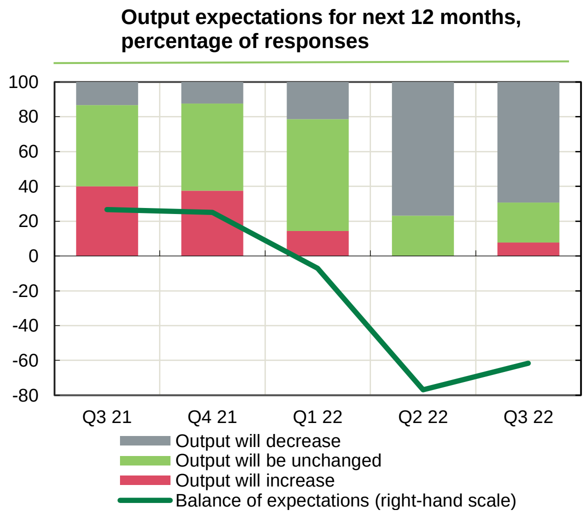


Figure 2

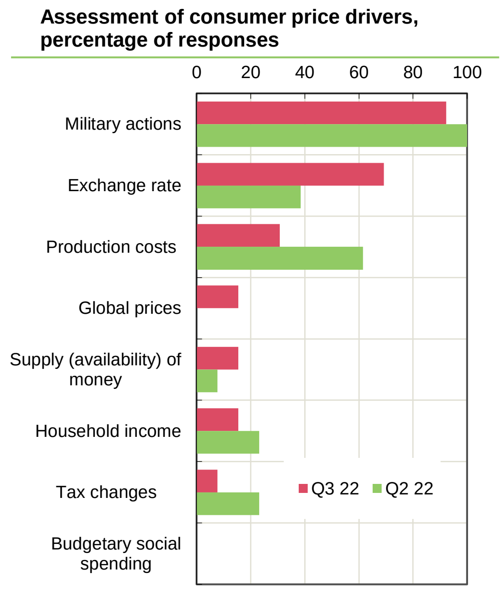


Figure 3

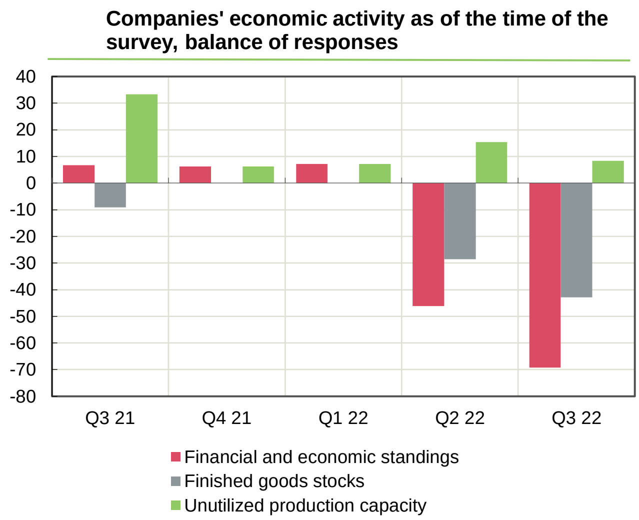


Figure 4

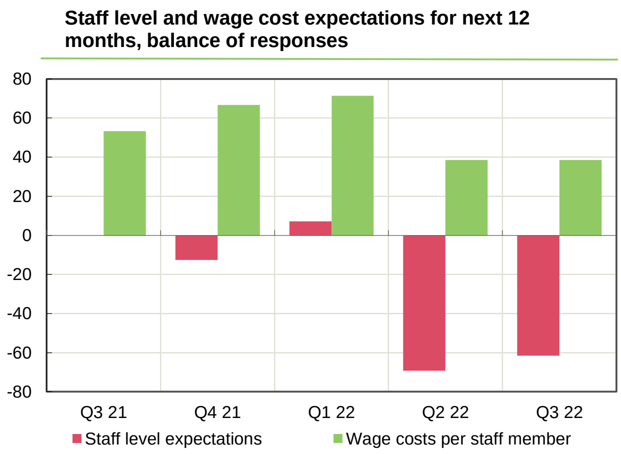


Figure 5

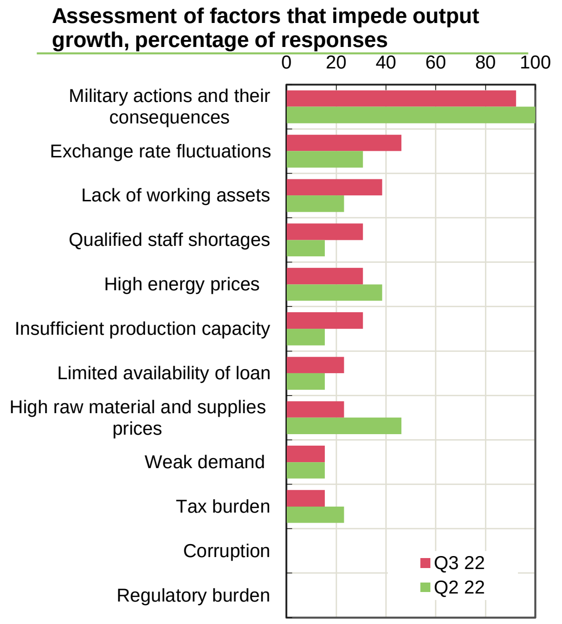


Figure 6

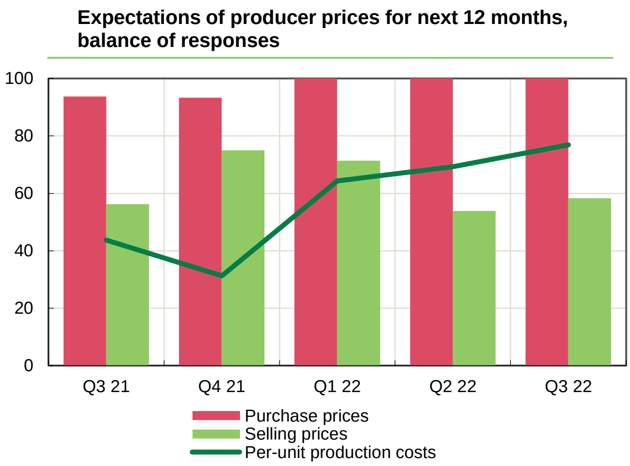


Figure 7

Assessment of selling price drivers, percentage of responses

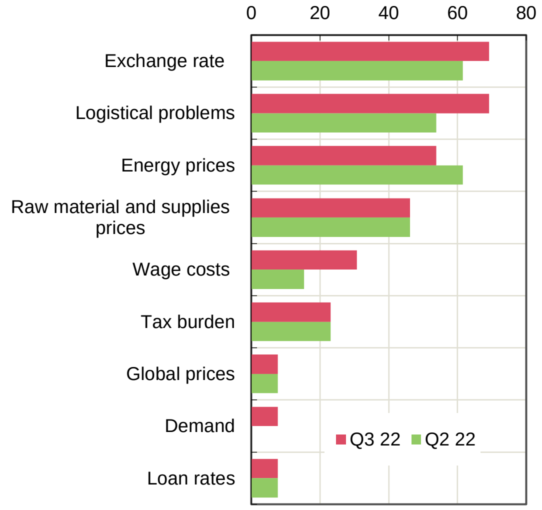


Figure 8

Expectations of borrowing needs and intentions to take out corporate loans in the near future, percentage of responses

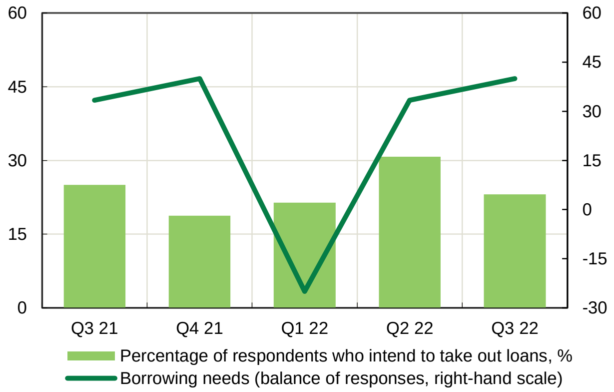
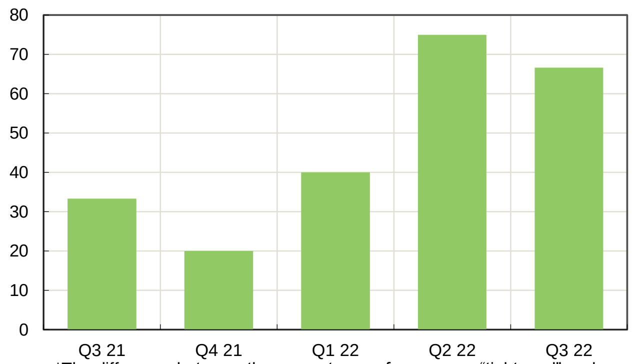


Figure 9

Expectations of lending conditions for next 12 months, balance of responses*



*The difference between the percentages of responses “tightened” and “eased”

Figure 10

Assessment of factors that could deter companies from taking out loans, percentage of responses