



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q2 2023



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. They reported positive expectations for their companies' performance over this period. They expected lower inflation. 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 increase:** the balance of expectations was 6.7%, as in Q1 2023 (Figure 1) compared to 17.0% across Ukraine
- **prices for consumer goods and services would rise more slowly:** 64.3% of respondents (compared to 86.7% in Q1 2023) expected the inflation rate to be higher than 15.0%, the figure across Ukraine being 53.4%. Respondents referred to military actions, production costs and the exchange rate as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate:** 78.6% of respondents (compared to 71.4% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 33.3%, compared to 13.3% in Q1 2023 (see Table) and 9.6% across Ukraine
- **total sales and external sales would increase at a fast pace:** the balances of responses were 40.0% and 50.0% respectively compared to 6.7% and (-50.0%) respectively in the previous quarter (see Table). The balances of responses across Ukraine were 14.5% and 10.9% respectively
- **investment in machinery, equipment, and tools would decrease at a slower pace:** the balance of responses was (-7.1%), up from (-20.0%) in Q1 2023. At the same time, respondents expected investment in construction to remain unchanged: the balance of responses was 0.0%, compared to (-20.0%) in Q1 (see Table). Across Ukraine, the balances of responses were 4.5% and (-2.3%) respectively
- **staff numbers at their companies would increase** (these expectations were reported for the first time since Q1 2022): the balance of responses was 6.7% compared to 0.0% in Q1 2023 (Figure 4). Overall, across Ukraine respondents expected that staff numbers would decrease moderately (-3.8%)
- **purchase prices would rise** rapidly: the balance of responses was 100.0%, as in the previous quarter (Figure 6). At the same time, respondents expected their selling prices to rise more quickly: the balance of responses was 73.3%, up from 57.1% in Q1 2023. Raw material and supplies prices (the impact of this factor was reported to have increased), high energy prices, hryvnia exchange rate fluctuations, logistical problems and wage costs (the impact of this factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would grow at a significantly higher pace:** the balances of responses were 60.0% and 53.3% respectively (compared to 40.0% and 13.3% in Q1 2023 respectively) (Figure 4, 6)

Respondents referred to military actions and their consequences, high raw material and supplies prices, qualified staff shortages and a lack of working assets (the impact of all these factors was reported to have increased compared to the previous quarter, but most of all the impact of qualified staff shortages) as the main drags on the ability of their companies to boost production (Figure 5).

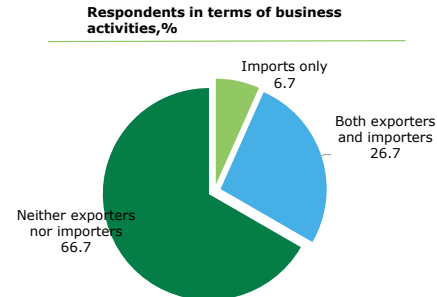
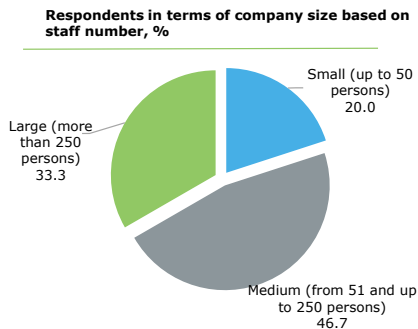
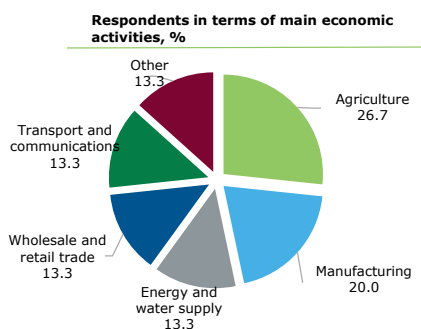
Respondents said that their borrowing needs would decrease in the near future (Figure 8). The respondents who planned to take out bank loans (46.7%) opted for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). High loan rates, other funding sources and complicated paperwork were cited as the major factors deterring companies from taking out loans (Figure 10).

86.7% 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)

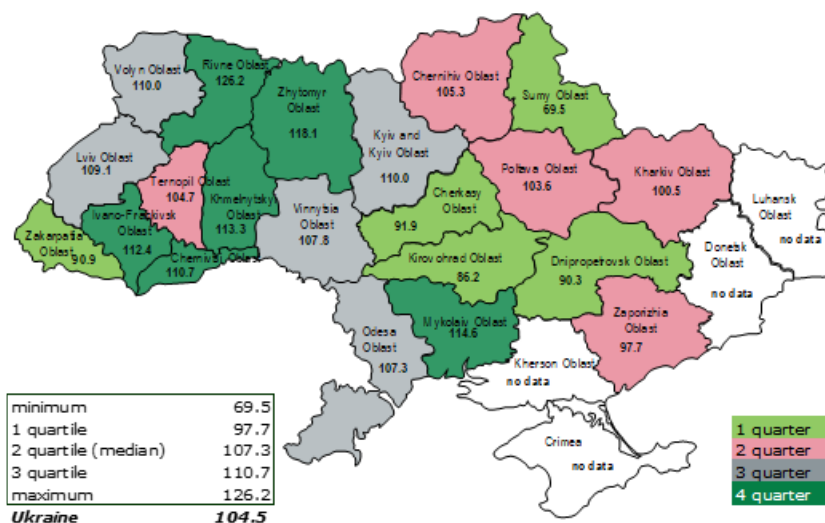
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-33.3%), compared to (-46.7%) in the previous quarter and (-11.1%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-50.0%), down from (-37.5%) in Q1 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 13.3%, compared to 14.3% in the previous quarter.

Survey Details^{1,2}



- Period: 3 May through 29 May 2023.
- A total of 15 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, %



*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 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 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-46.2	-46.2	0.0	13.3	33.3
Total sales	-53.8	-46.2	7.7	6.7	40.0
Investment in construction	-69.2	-84.6	-58.3	-20.0	0.0
Investment in machinery, equipment, and tools	-53.8	-69.2	-46.2	-20.0	-7.1
Staff numbers	-69.2	-61.5	-53.8	0.0	6.7

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

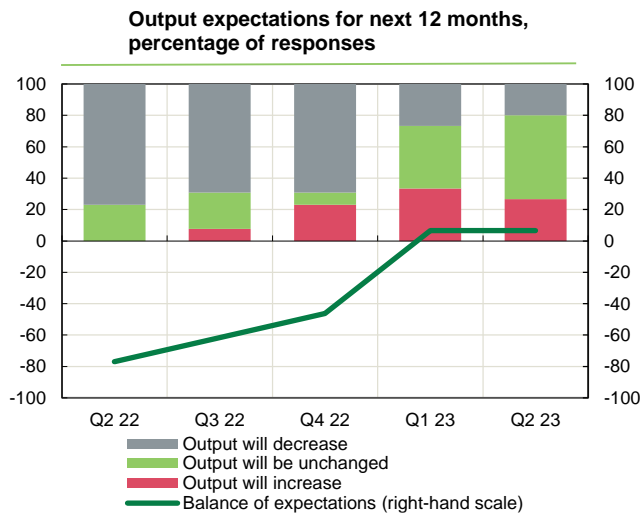


Figure 2

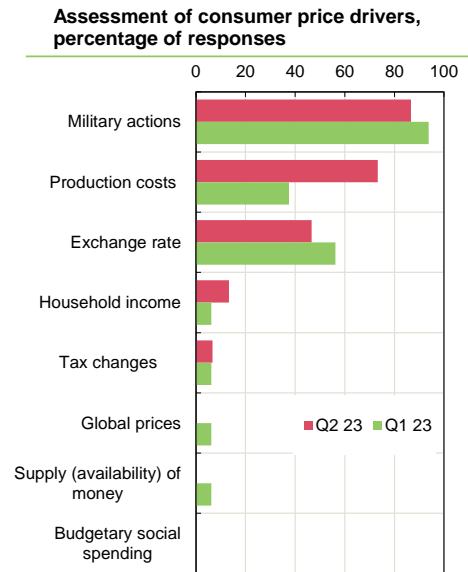


Figure 3

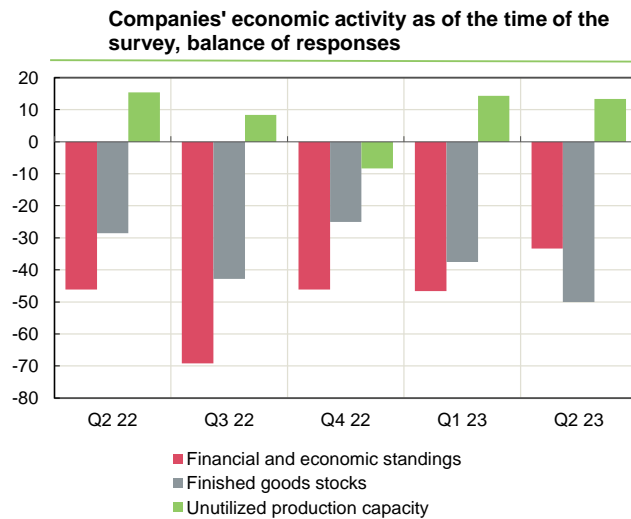


Figure 4

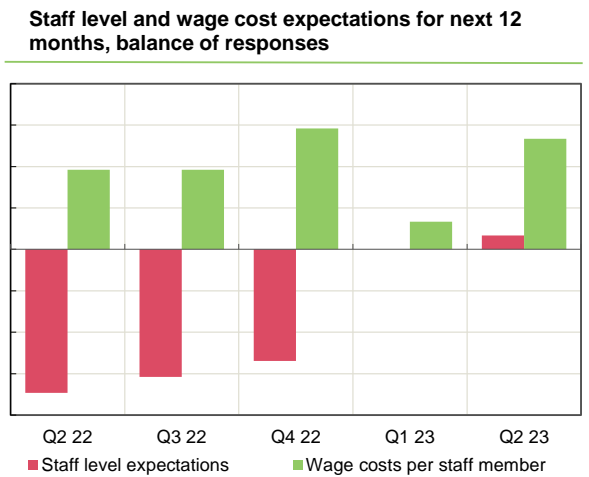


Figure 5

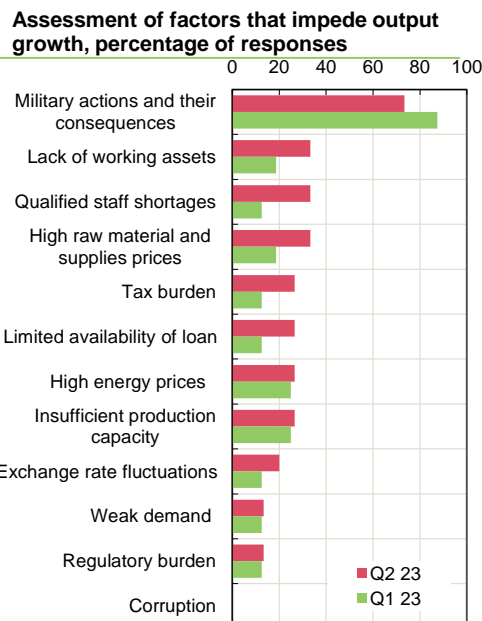


Figure 6

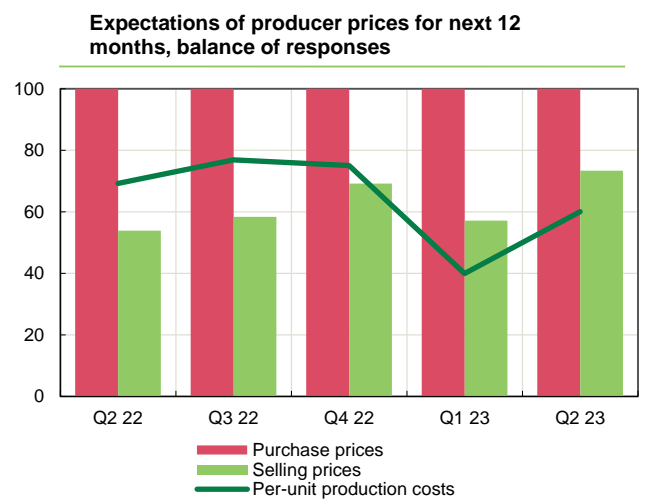


Figure 7

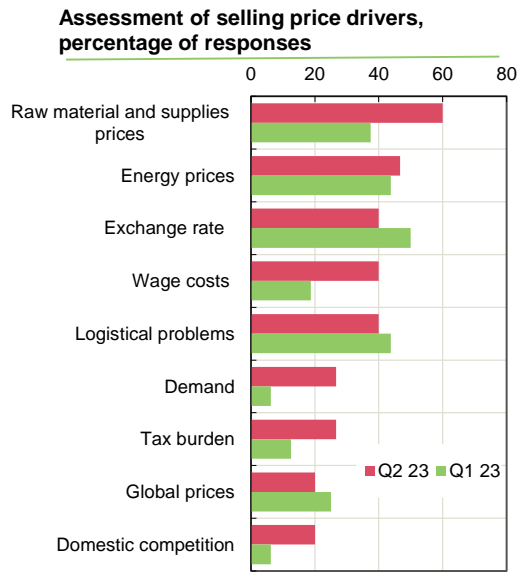


Figure 8

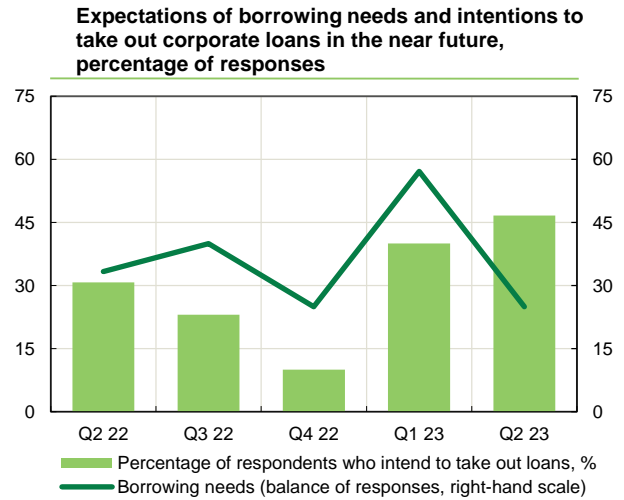


Figure 9

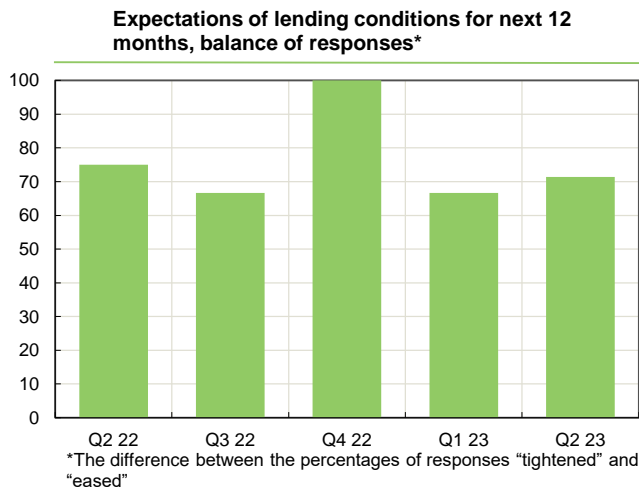


Figure 10

