



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q2 2022



*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q2 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 had negative expectations for the performance of their companies over this period. They also expected inflation to rise further. Depreciation expectations remained high.

Company managers said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would decrease at a faster pace:** the balance of expectations was (-30.3%), compared to (-16.1%) in Q1 2022 (Figure 1) and (-48.7%) across Ukraine. Respondents from the trade sector and from companies engaged in other economic activities reported the most pessimistic expectations – the balances of responses were (-60.0%) for each
- **prices for consumer goods and services would rise:** 52.9% of respondents said that price growth would be higher than 20.0%, compared to 58.2% across Ukraine. Respondents referred to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a fast pace:** 79.4% of respondents (compared to 80.6% 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:** the balance of expectations was (-8.8%) compared to 9.7% in the previous quarter and (-17.1%) across Ukraine (see Table). Respondents from companies engaged in other economic activities reported the most pessimistic expectations (the balance of responses was (-80.0%))
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to 19.4% in the previous quarter (see Table). External sales were expected to grow at a faster pace: the balance of responses was 36.8%, compared to 25.0% in Q1 2022. Across Ukraine, respondents expected sales to drop significantly: the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease at a faster pace:** the balances of responses were (-29.4%) and (-23.5%) respectively, compared to (-17.9%) and (-3.4%) in Q1 2022 respectively. Across Ukraine, the balances of responses were (-37.2%) and (-34.7%) respectively (see Table)
- **staff numbers would decrease at a faster pace:** the balance of responses was (-27.3%), compared to (-10.0%) in Q1 2022 and (-29.0%) across Ukraine (Figure 4)
- **purchase prices would rise at a faster pace** (the balance of responses was 100.0%) **than selling prices** (the balance of responses was 52.9%) (compared to 87.1% and 51.6% respectively in Q1 2022) (Figure 6). Respondents said that energy prices, raw material and supplies prices and the hryvnia exchange rate were the main selling price drivers (Figure 7)
- **per-unit production costs would increase:** the balance of responses was 58.8%, compared to 54.8% in Q1 2022. At the same time, respondents expected that wage costs per staff member would drop: the balance of responses was (-5.9%) (compared to 54.8% in the Q1 2022) (Figures 4 and 6).

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

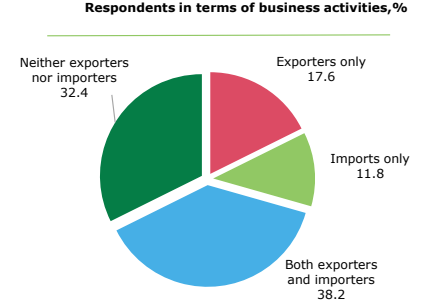
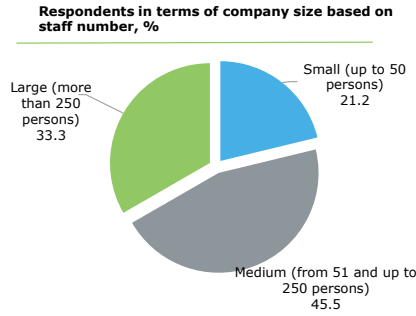
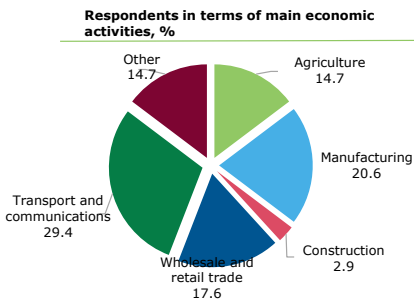
Respondents reported significantly lower expectations of **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents also referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

A total of 91.2% of respondents in the oblast 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)

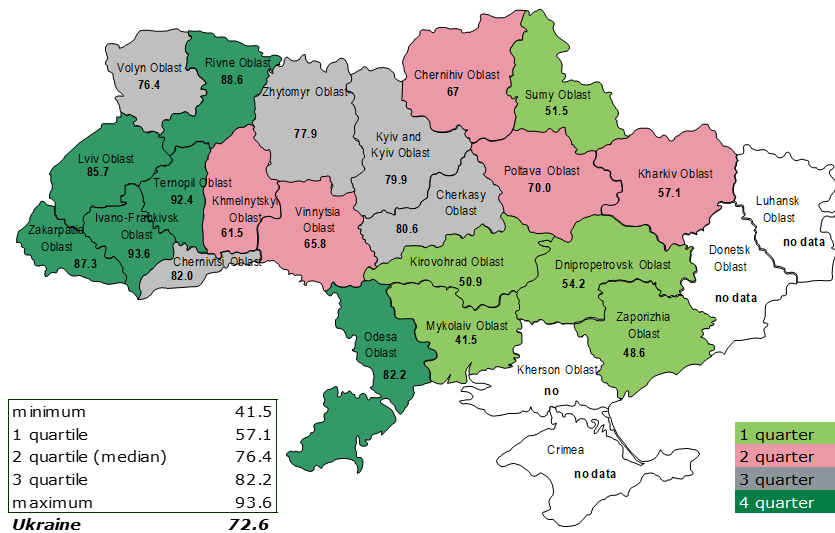
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-29.4%), compared to (-3.2%) in Q1 2022 and (-28.8%) across Ukraine.
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-33.3%), compared to (-16.7%) in Q1 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 9.1%, compared to 6.7% in Q1 2022.

Survey Details^{1,2}



- Period: 3 May through 27 May 2022.
- A total of 34 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 Oblasts³, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
³**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 Odessa 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	17.1	15.8	2.7	9.7	-8.8
Total sales	21.1	23.7	0.0	19.4	0.0
Investment in construction	-2.9	11.1	0.0	-17.9	-29.4
Investment in machinery, equipment, and tools	8.1	13.9	14.3	-3.4	-23.5
Staff numbers	-10.8	-13.5	-10.8	-10.0	-27.3

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

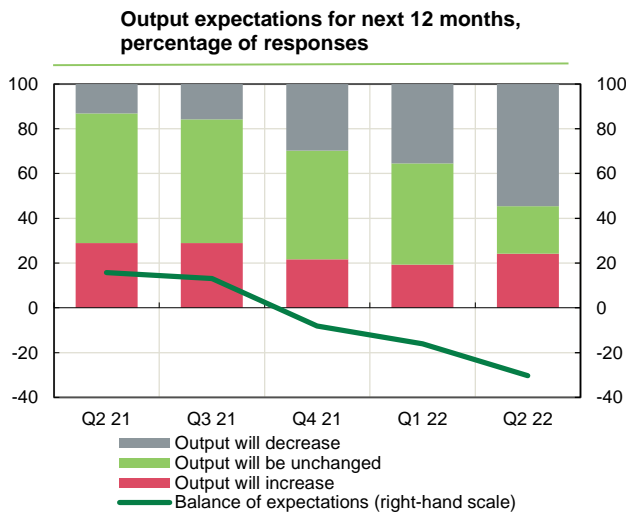


Figure 2

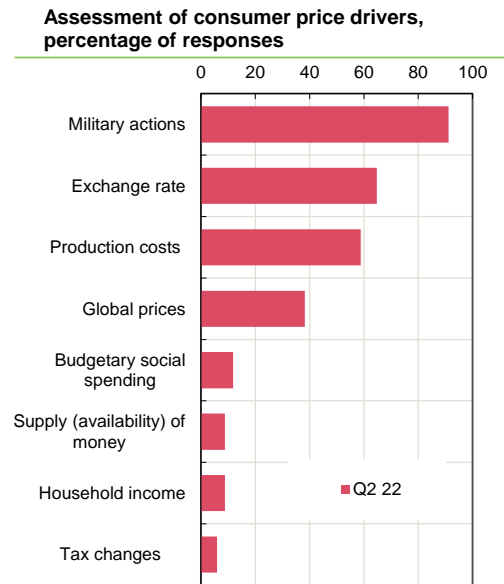


Figure 3

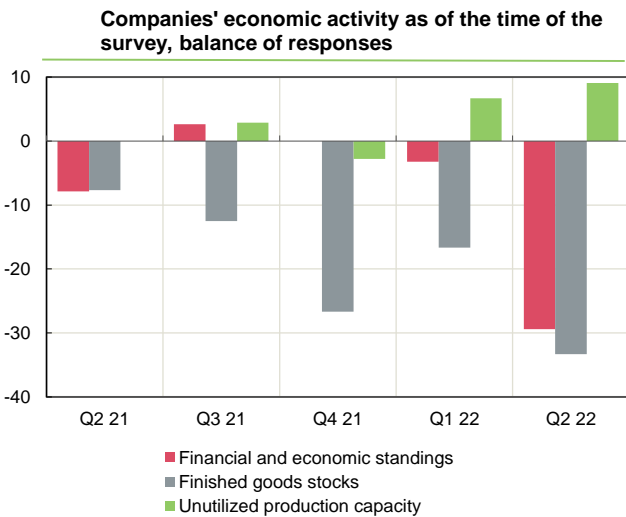


Figure 4

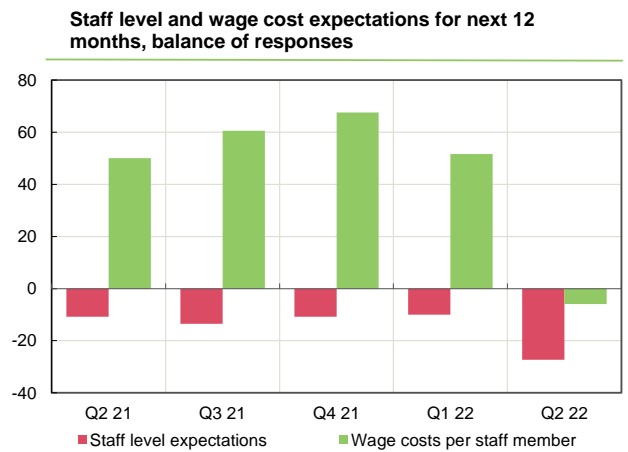


Figure 5

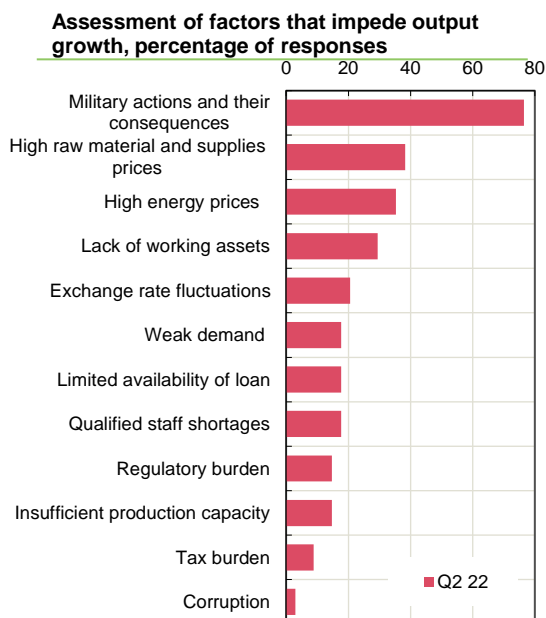


Figure 6

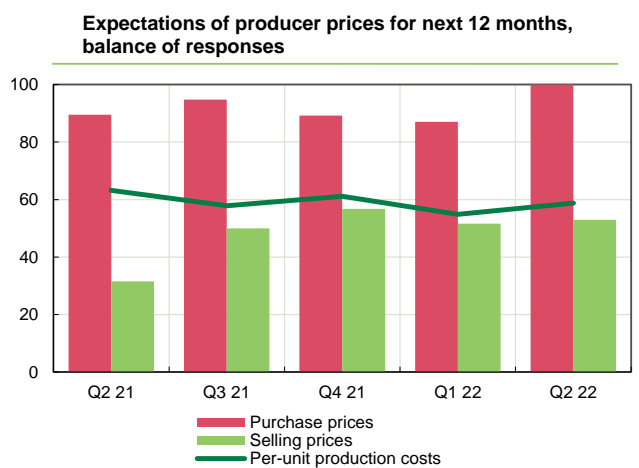


Figure 7

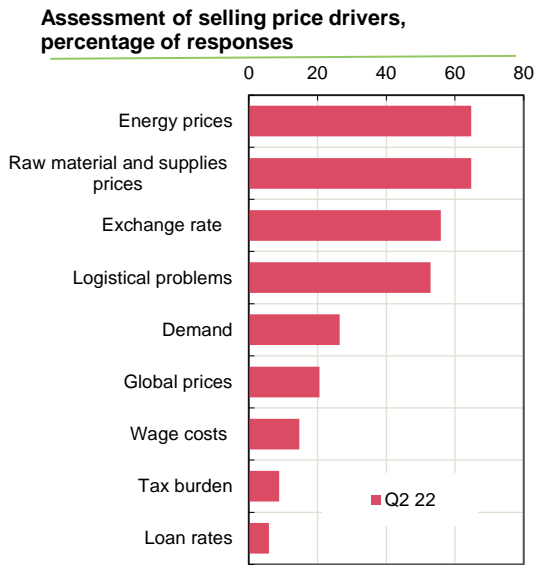


Figure 8

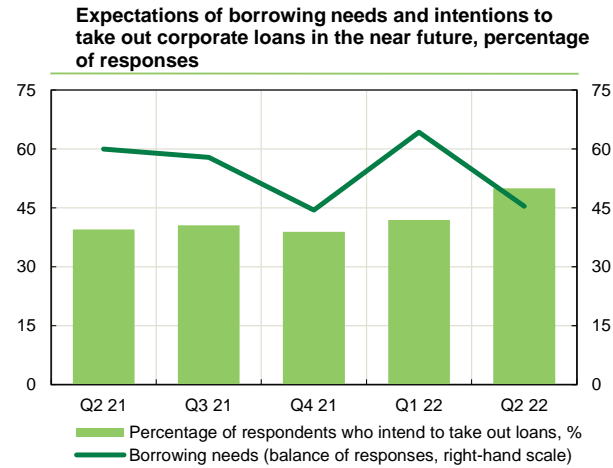


Figure 9

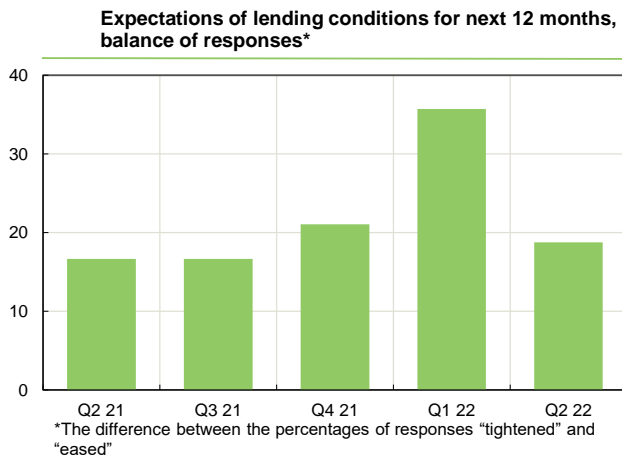


Figure 10

