



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q3 2022



*This survey only reflects the opinions of respondents in Odesa 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 **Odesa oblast** in **Q3 2022** showed that against the background of the war respondents continued to expect **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. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-28.9%), compared to (-30.3%) in Q2 2022 (Figure 1) and (-37.9%) across Ukraine. Respondents from the agricultural sector reported the most pessimistic expectations – the balance of responses was (-80.0%)
- **prices for consumer goods and services would rise:** 63.2% of respondents said that price growth would be higher than 20.0%, compared to 71.7% 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:** 89.2% of respondents (compared to 79.4% 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 (-5.6%) compared to (-8.8%) in the previous quarter and (-15.1%) across Ukraine (see Table). Respondents from agricultural and trading companies reported the most pessimistic expectations (the balances of responses were (-50.0% each) for each)
- **total sales would rise:** the balance of responses was 8.1%, compared to 0.0% in the previous quarter (see Table). External sales were expected to grow at a noticeably slower pace: the balance of responses was 5.3%, compared to 36.8% in Q2 2022. Across Ukraine, respondents expected sales to drop: the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-13.5%) and (-10.8%) respectively, compared to (-29.4%) and (-23.5%) in Q2 2022 respectively. Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively (see Table)
- **staff numbers would decrease:** the balance of responses was (-31.6%), compared to (-27.3%) in Q2 2022 and (-25.5%) across Ukraine (Figure 4)
- **purchase prices would rise at a faster pace** (the balance of responses was 89.5%) **than selling prices** (the balance of responses was 57.9%) (compared to 100.0% and 52.9% respectively in Q2 2022) (Figure 6). Respondents said that energy prices, the hryvnia exchange rate and raw material and supplies prices were the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 63.2% and 28.9% respectively, compared to 58.8% and (-5.9%) respectively in Q2 2022 (Figures 4 and 6).

Companies continued to name 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).

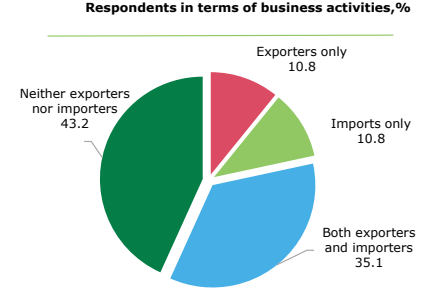
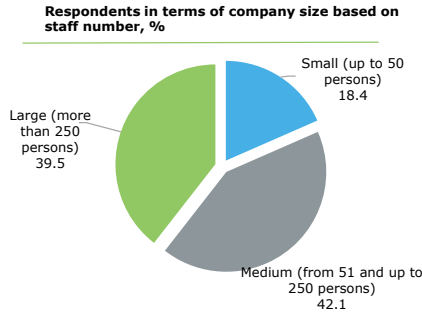
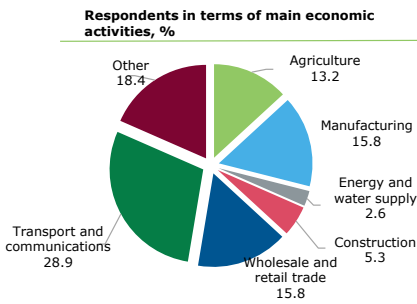
Respondents reported noticeably higher expectations of **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents also referred to high interest rates, collateral requirements and hryvnia exchange rate fluctuations (the impact of this factor was reported to have increased) as the main factors deterring them from taking out loans (Figure 10).

A total of 89.5% of respondents in the oblast 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)

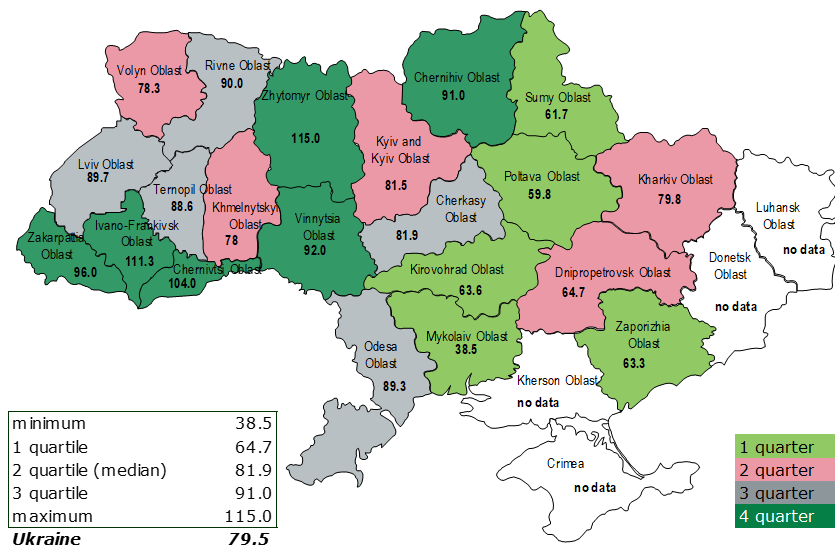
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-21.6%), compared to (-29.4%) in Q2 2022 and (-21.8%) across Ukraine.
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-33.3%), as in Q2 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.5%, compared to 9.1% in Q2 2022.

Survey Details^{1,2}



- Period: 2 August through 25 August 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 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 sampled 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, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	15.8	2.7	9.7	-8.8	-5.6
Total sales	23.7	0.0	19.4	0.0	8.1
Investment in construction	11.1	0.0	-17.9	-29.4	-13.5
Investment in machinery, equipment, and tools	13.9	14.3	-3.4	-23.5	-10.8
Staff numbers	-13.5	-10.8	-10.0	-27.3	-31.6

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

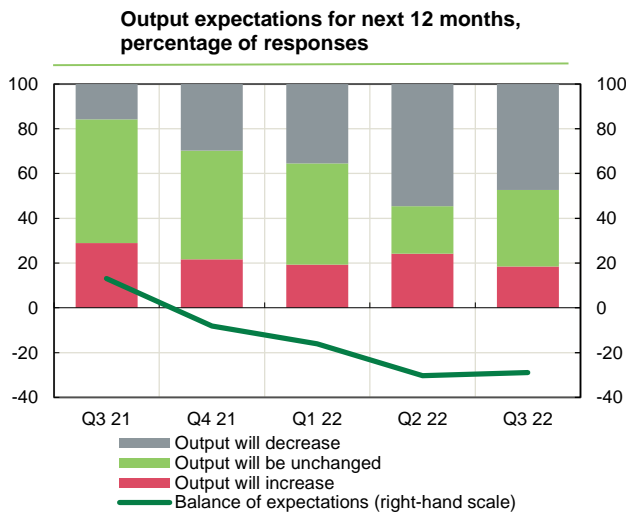


Figure 2

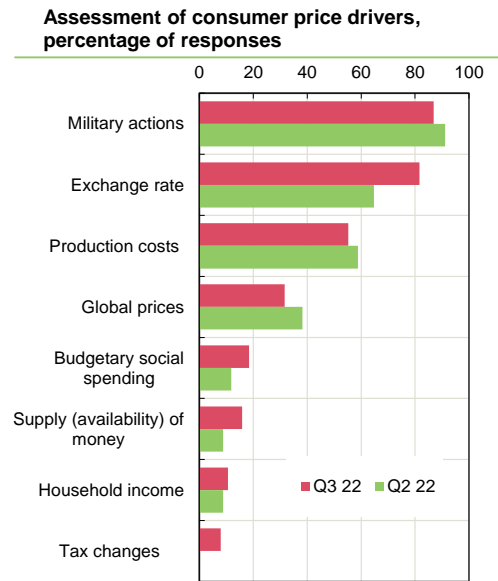


Figure 3

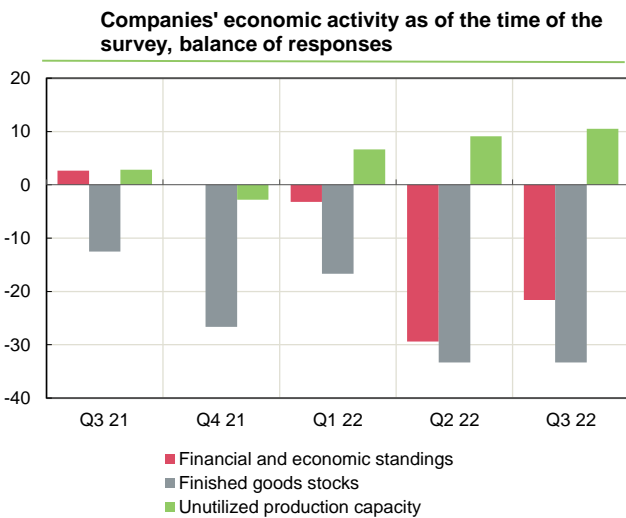


Figure 4

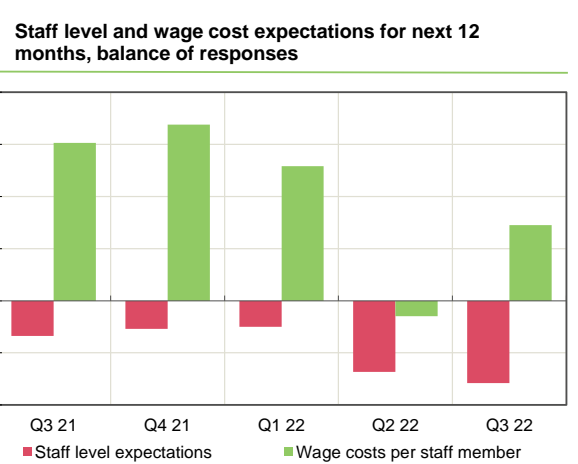


Figure 5

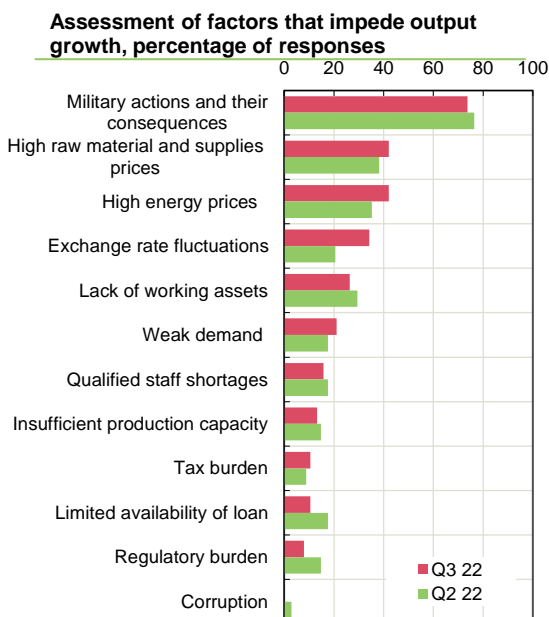


Figure 6

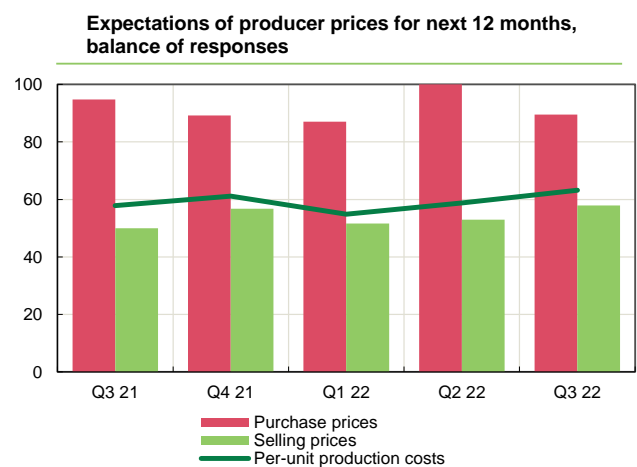


Figure 7

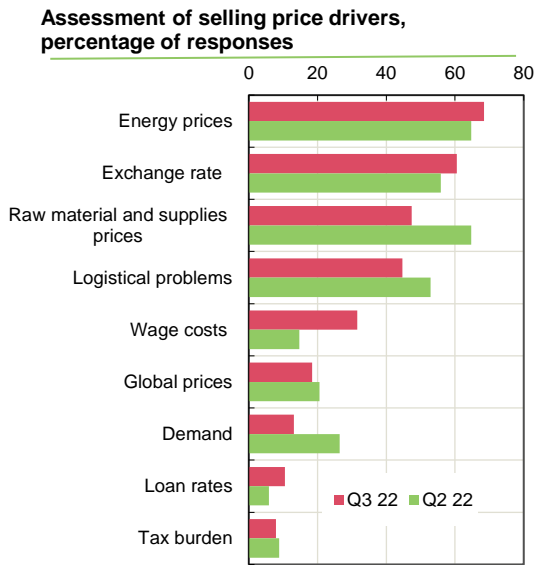


Figure 8

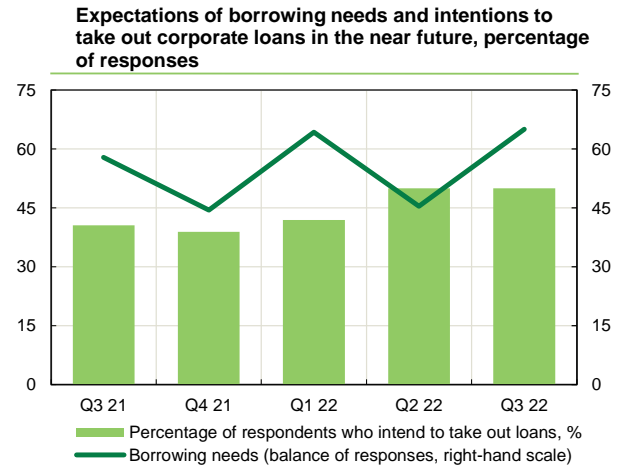


Figure 9

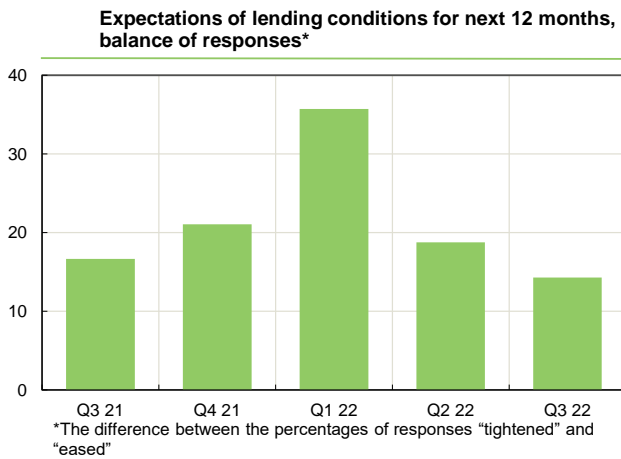


Figure 10

