



National Bank  
of Ukraine

# Business Outlook Survey of Odesa Oblast \*

Q2 2023



\*This survey only reflects the opinions of respondents in Odesa 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 Odesa 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 softened their expectations of a drop in the output of Ukrainian goods and services over the next 12 months. They had positive expectations for the performance of their companies over this period. They also expected lower inflation. Depreciation expectations weakened.

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

- **the output of Ukrainian goods and services would decrease at a slower pace:** the balance of expectations was (-10.3%), compared to (-26.3%) in Q1 2023 (Figure 1). Overall, across Ukraine respondents expected that the output of their companies would increase (17.0%). Respondents from trading companies and those from companies engaged in other economic activities reported the most pessimistic expectations – the balances of responses were (-28.6% for each), meanwhile respondents from energy and water supply companies reported the firmest expectations (42.9%)
- **prices for consumer goods and services would rise more slowly:** 50.0% of respondents said that price growth would not be higher than 15.0%, compared to 37.8% in the previous quarter and 46.6% across Ukraine. Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate more slowly:** 55.0% of respondents (compared to 78.9% 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 moderately** (respondents reported such expectations for the first time since Q1 2022): the balance of expectations was 2.5% compared to (-26.3%) in the previous quarter and 9.6% across Ukraine (see Table). Respondents from companies engaged in other economic activities reported the firmest expectations (the balance of responses was 14.3%)
- **total sales would increase:** the balance of responses was 7.5%, up from (-21.1%) in the previous quarter (see Table). External sales were also expected to grow: the balance of responses was 4.5%, compared to 10.0% in Q1 2023. Across Ukraine, the balances of responses were 14.5% and 10.9% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 10.5% and 15.8% respectively, compared to (-19.4%) and (-16.2%) in Q1 2023 respectively. Across Ukraine, the balances of responses were (-2.3%) and 4.5% respectively (see Table)
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, compared to (-26.3%) in Q1 2023. Overall, across Ukraine, respondents expected that staff numbers would decrease moderately (-3.8%) (Figure 4)
- **purchase and selling prices would rise** (the balances of responses were 90.0% and 45.0%) (compared to 84.2% and 52.6% respectively in Q1 2023) (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 and wage costs per staff member would increase:** the balances of responses were 57.5% and 32.5% respectively, compared to 64.9% and 27.0% respectively in Q1 2023 (Figures 4 and 6).

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

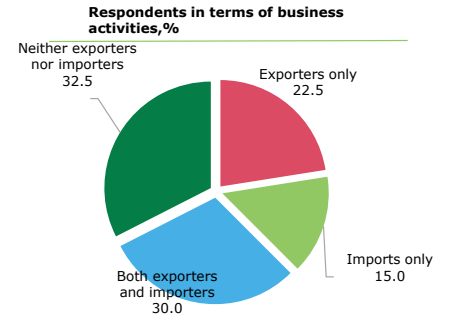
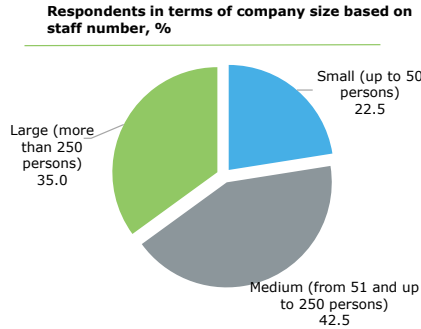
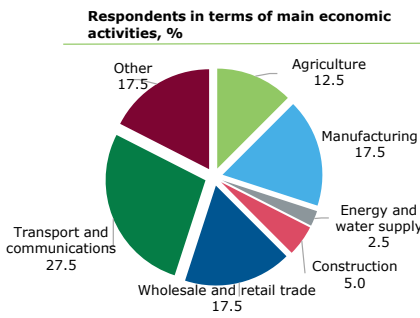
Respondents reported weaker expectations of **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Respondents also referred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

**A total of 97.4% of respondents** in the oblast 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)

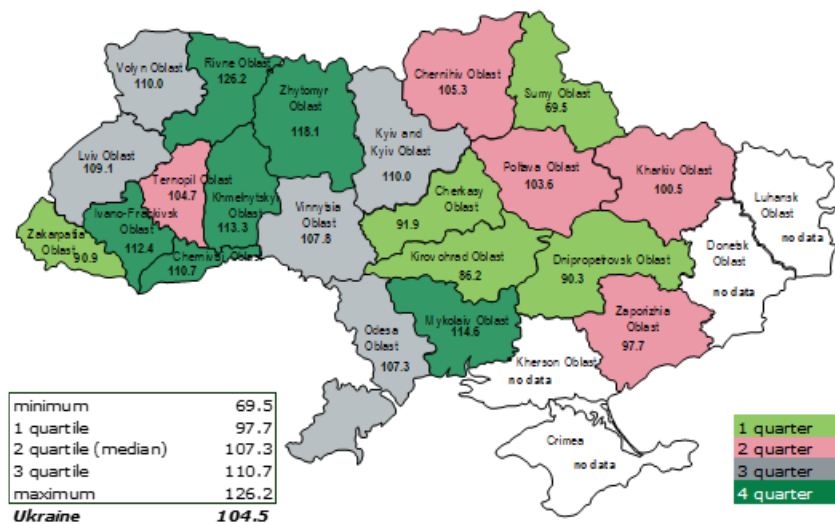
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-7.5%), compared to (-13.2%) in Q1 2023 and (-11.1%) across Ukraine.
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-21.4%), compared to (-35.7%) in Q1 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 23.1%, compared to 21.6% in Q1 2023.

Survey Details<sup>1,2</sup>



- Period: 2 May through 30 May 2023.
- A total of 40 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 Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>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 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-8.8	-5.6	-10.8	-26.3	2.5
Total sales	0.0	8.1	2.7	-21.1	7.5
Investment in construction	-29.4	-13.5	-16.7	-19.4	10.5
Investment in machinery, equipment, and tools	-23.5	-10.8	-13.9	-16.2	15.8
Staff numbers	-27.3	-31.6	-36.1	-26.3	0.0

<sup>1</sup> This sample was generated in proportion to the contribution of each region and each economic activity to Ukraine's gross value added.

<sup>2</sup> Data for totals and components may be subject to rounding effects.

<sup>3</sup> 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

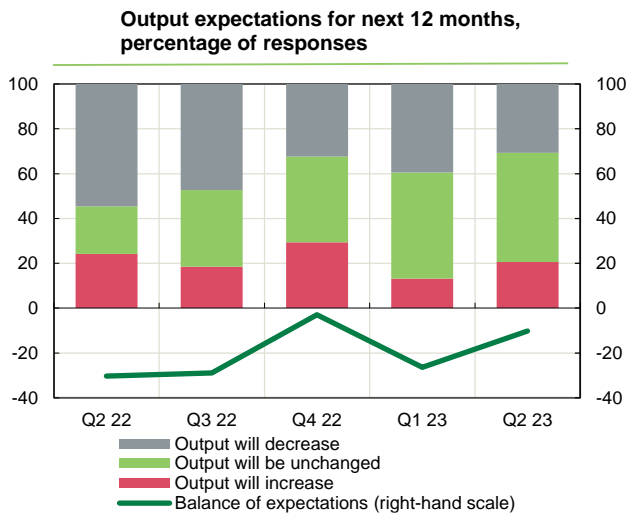


Figure 2

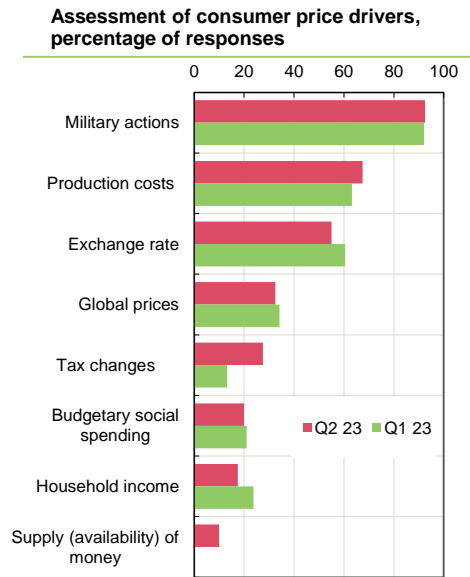


Figure 3

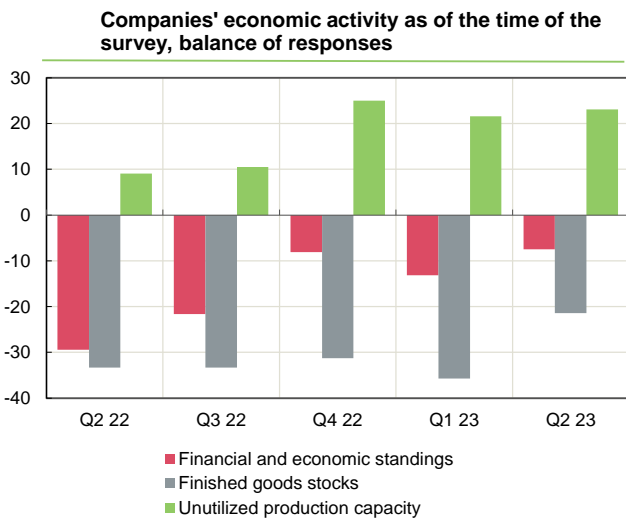


Figure 4



Figure 5

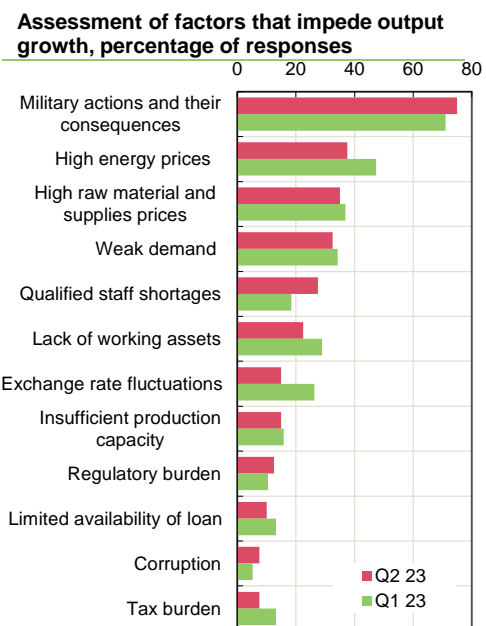


Figure 6

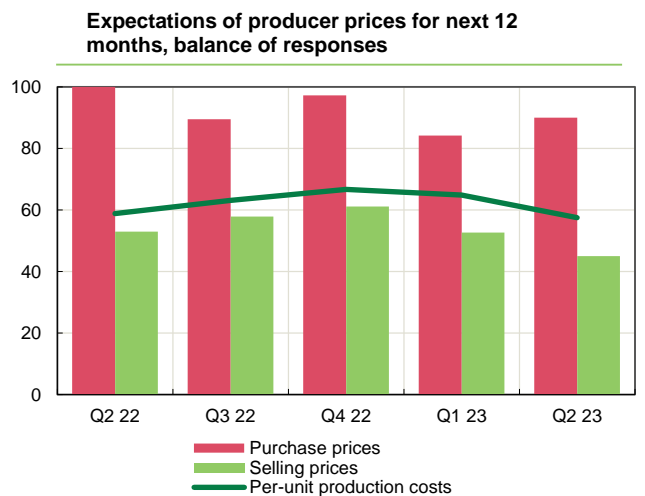




Figure 7

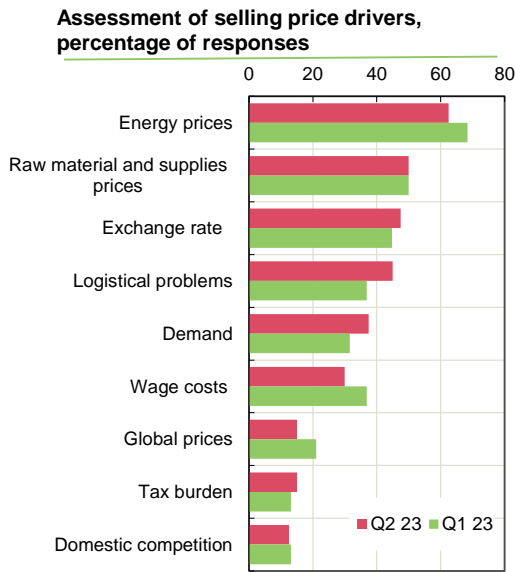


Figure 8

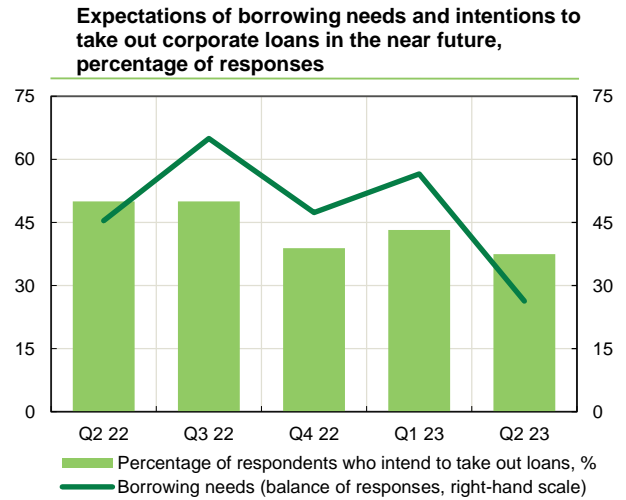


Figure 9

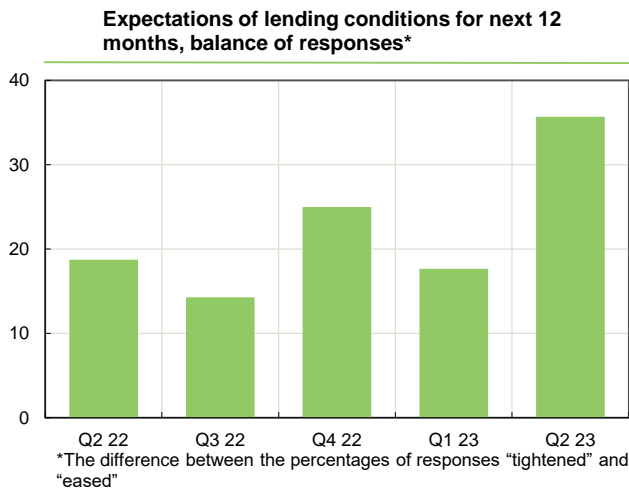


Figure 10

