



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q3 2022



*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in **Q3 2022** showed that against the background of the war respondents continued to expect that **the output of Ukrainian goods and services would decrease**. Respondents also reported negative expectations for the performance of their companies over the next 12 months. Inflation expectations became higher. Depreciation expectations remained strong.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-55.0%) compared to (-58.3%) in Q2 2022 and (-37.9%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** 90.0% of respondents expected the inflation rate to be higher than 20.0% compared to 63.9% in the previous quarter and 71.7% across Ukraine. Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 87.5% of respondents (compared to 88.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-22.5%) (compared to (-20.0%) in Q2 2022). Across Ukraine, the balance of responses was (-15.1%) (see Table)
- **total sales would decrease:** the balance of responses was (-28.2%) compared to (-25.0%) in the previous quarter (see Table). External sales were also expected to drop, but more slowly: the balance of responses was (-5.9%) compared to (-23.5%) in Q2 2022. Overall, across Ukraine the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-55.3%) and (-47.4%) respectively (compared to (-40.0%) and (-45.7%) in the previous quarter). 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 (-47.5%) compared to (-19.4%) in Q2 2022. Across Ukraine, the balance of responses was (-25.5%) (Figure 4)
- **purchase prices would grow more quickly** (the balance of responses was 100.0%) **than selling prices** (the balance of responses was 65.0%) (compared to 97.2% and 72.2% respectively in Q2 2022) (Figure 6). Respondents referred to energy prices, raw material and supplies prices, and the hryvnia exchange rate as the main selling price drivers (Figure 7)
- **per-unit production costs would grow at a faster pace:** the balance of responses was 80.0% (compared to 72.2% in the previous quarter), than **wage costs per staff member:** the balance of responses was 27.5% (compared to 25.0% in Q2 2022) (Figures 6 and 4)

Respondents referred to military actions and their consequences, weak demand and high raw material and supplies prices as **the main drags on the ability of their companies to boost production** (Figure 5).

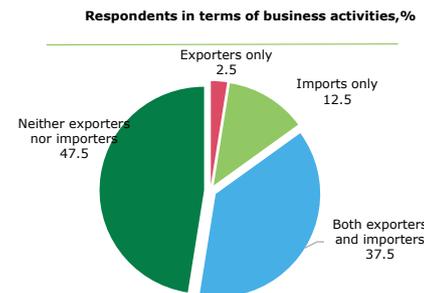
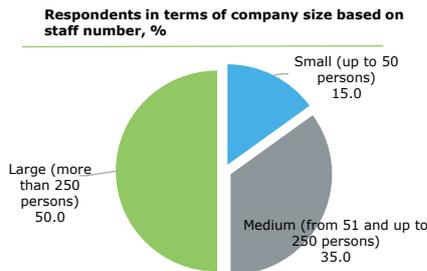
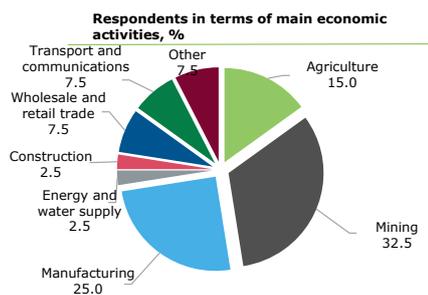
Respondents reported an increase in their borrowing needs in the near future (Figure 8). 45.0% of respondents planned to take out bank loans and usually opted for domestic currency ones. Lending conditions have tightened (Figure 9). Respondents referred to high interest rates, collateral requirements and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

A total of 94.9% of 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)

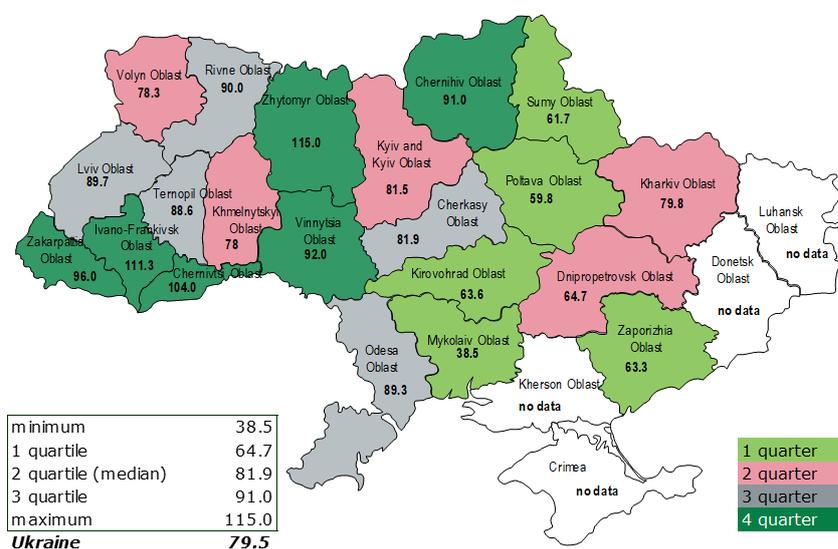
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-40.0%) (compared to (-30.6%) in the previous quarter). The balance across Ukraine was (-21.8%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-4.0%) compared to (-12.5%) in Q2 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.4% compared to 11.1% in the previous quarter.

Survey Details^{1,2}



- Period: 2 August through 30 August 2022.
- A total of 40 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the mining and manufacturing industries.

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
³a 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 Poltava 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	13.2	10.0	0.0	-20.0	-22.5
Total sales	25.0	29.3	33.3	-25.0	-28.2
Investment in construction	22.2	22.2	0.0	-40.0	-55.3
Investment in machinery, equipment, and tools	36.1	26.3	8.6	-45.7	-47.4
Staff numbers	12.8	12.8	0.0	-19.4	-47.5

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

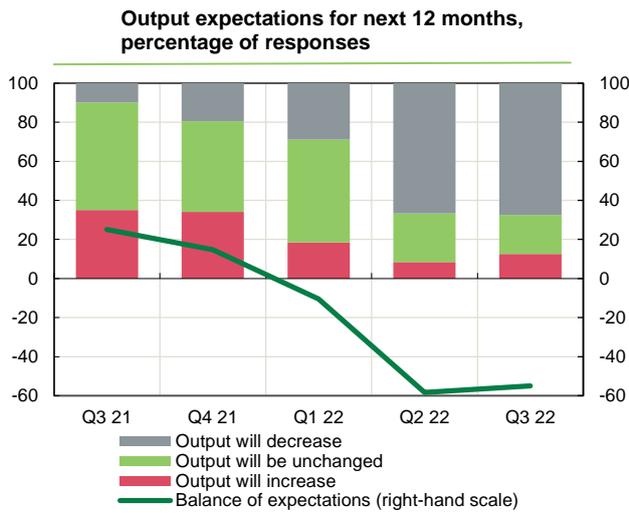


Figure 2

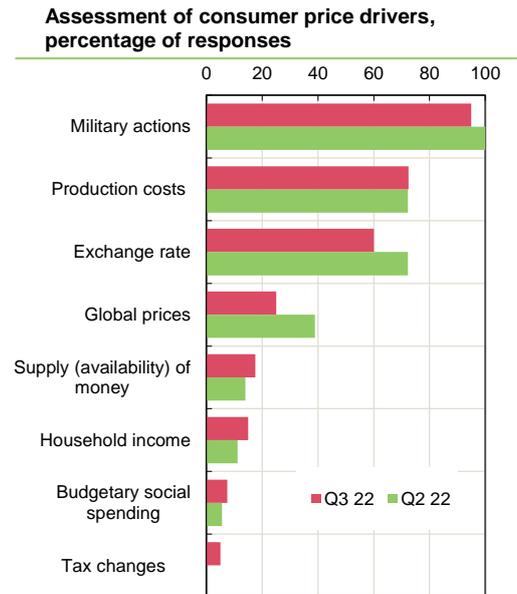


Figure 3

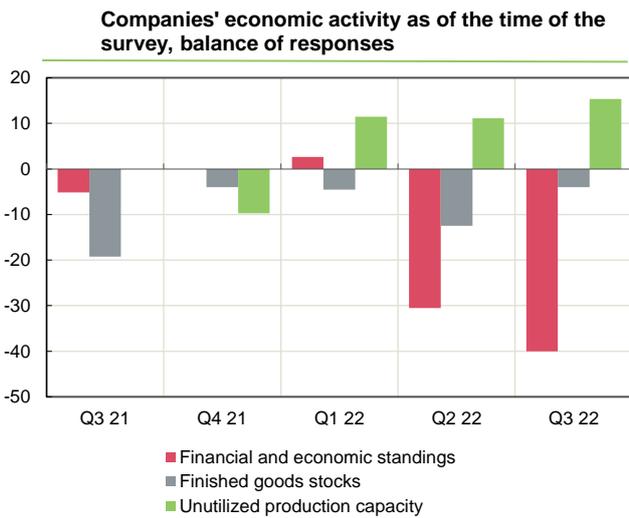


Figure 4

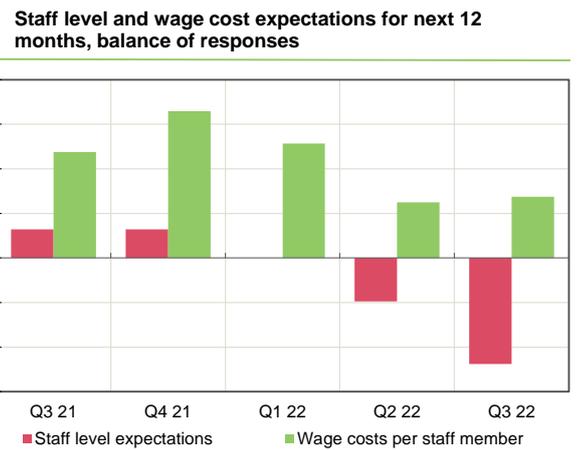


Figure 5

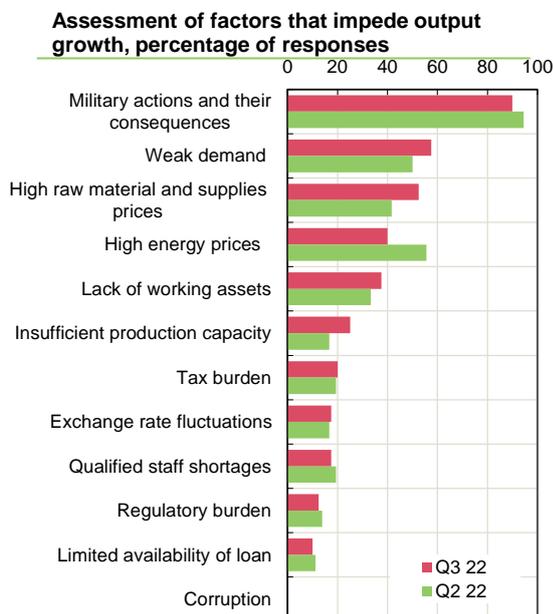


Figure 6

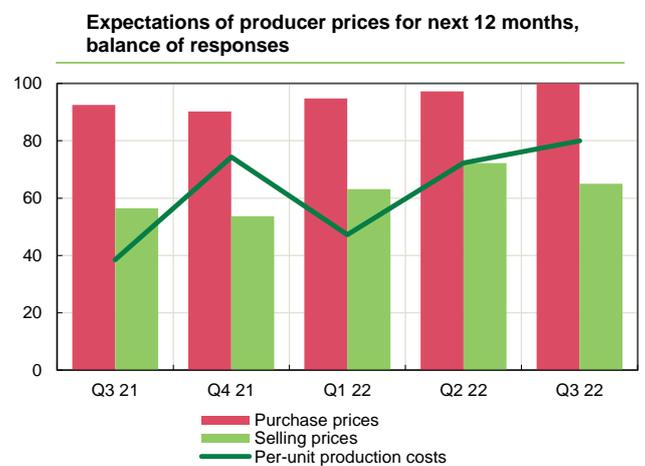


Figure 7

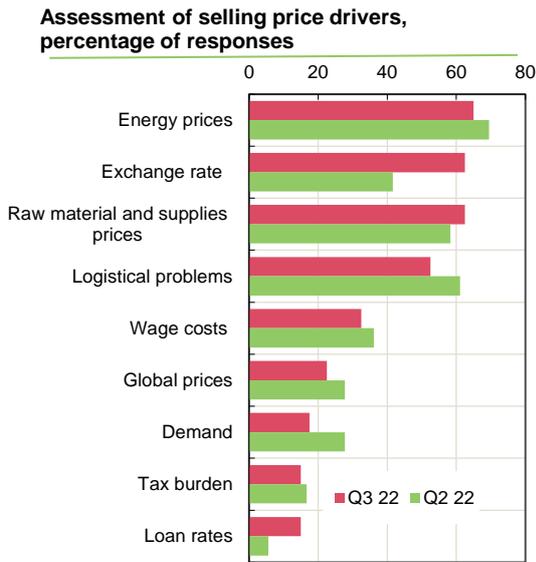


Figure 8

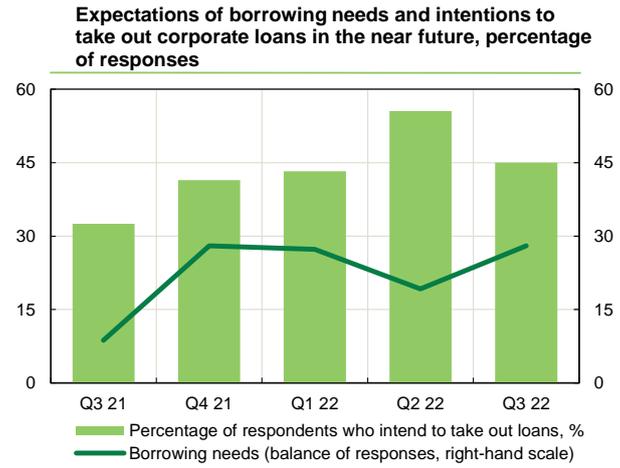


Figure 9

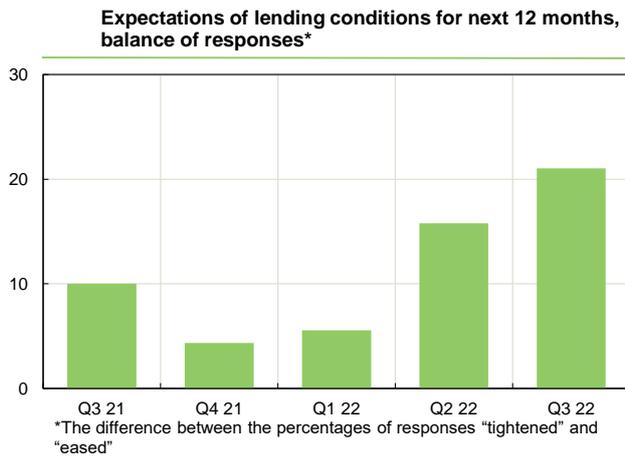


Figure 10

