



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Poltava oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Poltava oblast** in Q4 2022 showed that on the back of the war and terrorist attacks 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 and 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 (-57.5%) compared to (-55.0%) in Q3 2022 and (-32.3%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** 82.5% of respondents expected the inflation rate to be higher than 20.0% compared to 90.0% in the previous quarter and 62.4% across Ukraine. Respondents continued to refer to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 92.0% of respondents (compared to 87.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate at a faster pace:** the balance of expectations was (-40.0%) (the dimmest expectations among the regions) (compared to (-22.5%) in Q3 2022). Across Ukraine, the balance of responses was (-11.5%) (see Table)
- **total sales, including external sales, would decrease,:** the balances of responses were (-32.5%) and (-35.7%) respectively, down from (-28.2%) and (-5.9%) respectively in Q3 2022 (see Table)
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-67.6%) and (-44.7%) respectively (compared to (-55.3%) and (-47.4%) in the previous quarter). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would drop:** the balance of responses was (-35.0%) compared to (-47.5%) in Q3 2022. Across Ukraine, the balance of responses was (-20.1%) (Figure 4)
- **purchase prices would grow more quickly** (the balance of responses was 97.2%) **than selling prices** (the balance of responses was 69.2%) (compared to 100.0% and 65.0% respectively in Q3 2022) (Figure 6). Respondents referred to energy prices, the hryvnia exchange rate and logistical problems as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 79.5% and 25.0% respectively (compared to 80.0% and 27.5% in the previous quarter) (Figures 6 and 4)

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

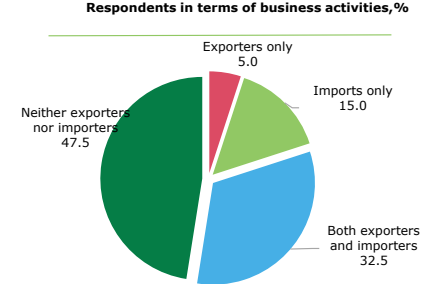
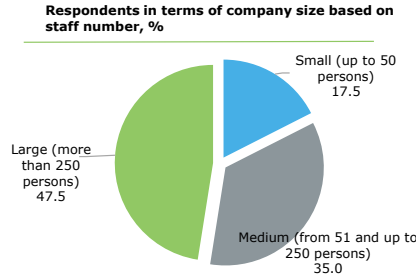
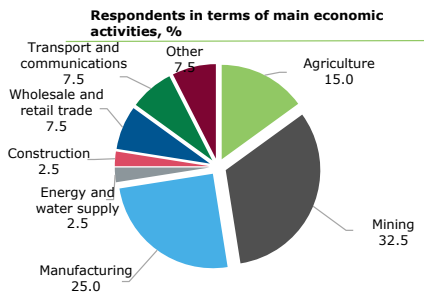
Respondents said that their borrowing needs would decrease in the near future (Figure 8). 44.4% of respondents planned to take out bank loans and opted for domestic currency ones only. Lending conditions have tightened (Figure 9). Respondents referred to high interest rates, other funding sources (the impact of this factor was reported to have increased) and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

A total of 97.5% of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.2% across Ukraine).

Assessments of financial and economic standings as of the time of the survey (Figure 3)

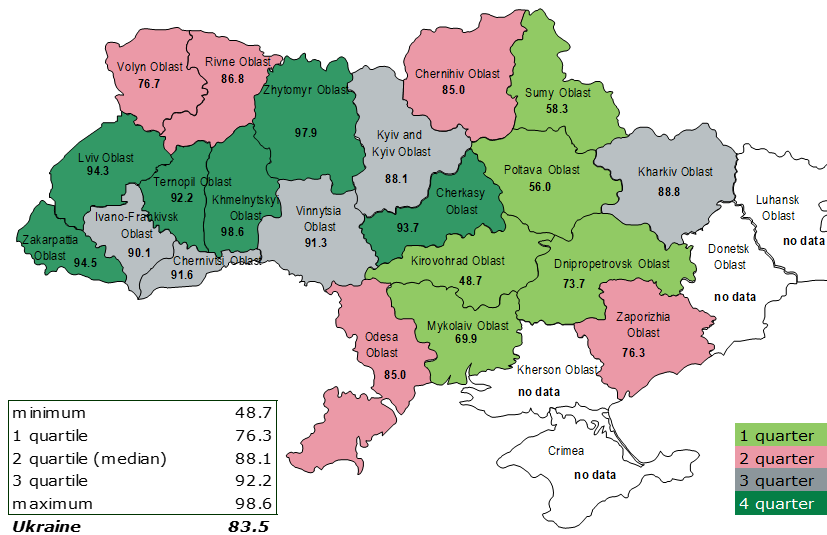
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-40.0%), as in the previous quarter. The balance across Ukraine was (-19.3%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-12.5%) compared to (-4.0%) in Q3 2022.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-2.7%) compared to 15.4% in the previous quarter.

Survey Details^{1,2}



- Period: 1 November through 29 November 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, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	10.0	0.0	-20.0	-22.5	-40.0
Total sales	29.3	33.3	-25.0	-28.2	-32.5
Investment in construction	22.2	0.0	-40.0	-55.3	-67.6
Investment in machinery, equipment, and tools	26.3	8.6	-45.7	-47.4	-44.7
Staff numbers	12.8	0.0	-19.4	-47.5	-35.0

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

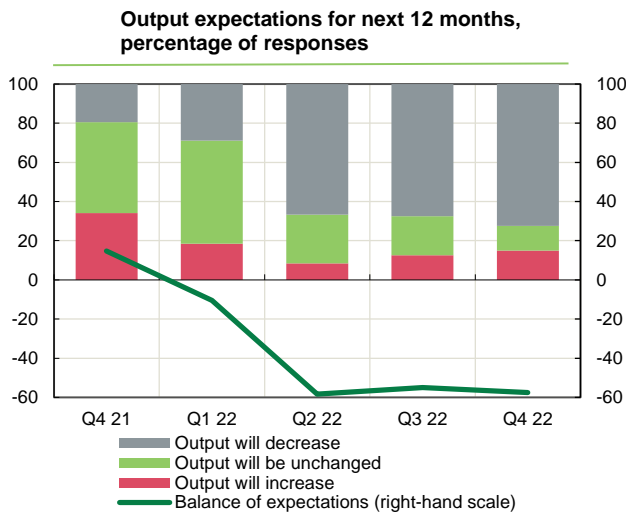


Figure 2

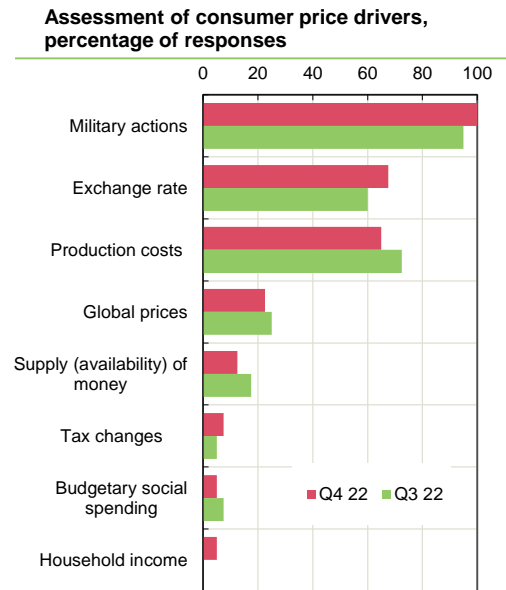


Figure 3

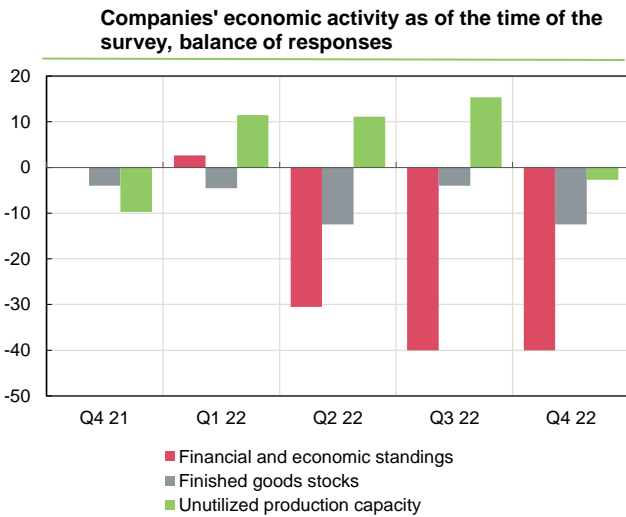


Figure 4



Figure 5

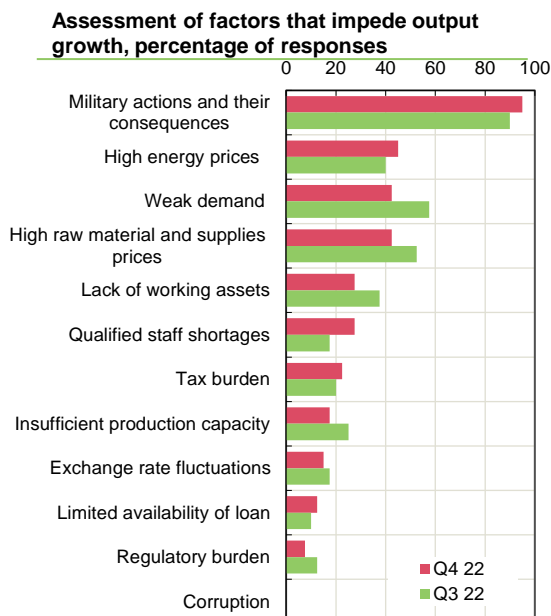


Figure 6

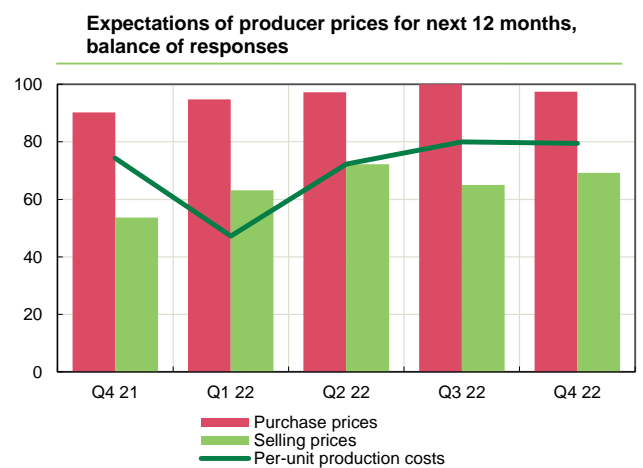


Figure 7

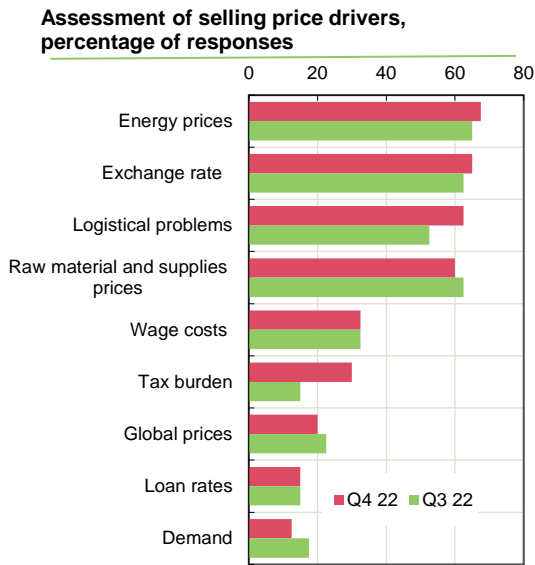


Figure 8

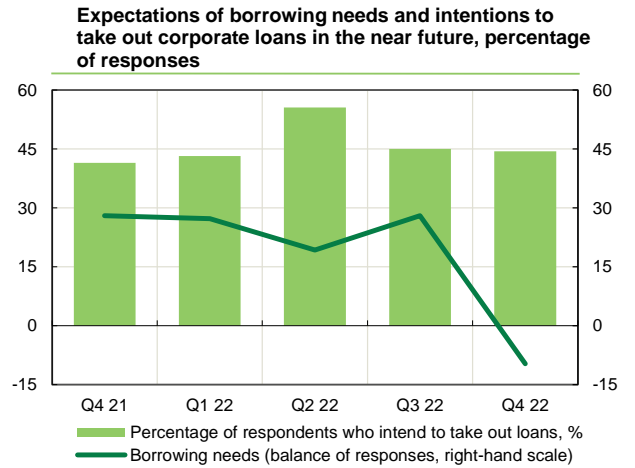


Figure 9

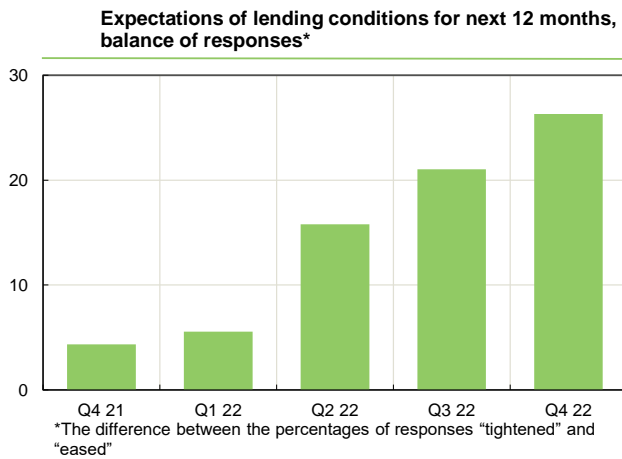


Figure 10

