



National Bank  
of Ukraine

# Business Outlook Survey of Sumy Oblast\*

Q2 2022



\*This survey only reflects the opinions of respondents in Sumy 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 Sumy oblast in Q2 2022 showed that against the background of the war respondents expected that **the output of Ukrainian goods and services would decrease rapidly**. Respondents had **negative expectations for the performance of their companies** over the next 12 months. Inflation and depreciation expectations intensified.

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

- **the output of Ukrainian goods and services would decrease rapidly:** the balance of expectations was (-100.0%) (the highest expectations of a decline in output among the regions) compared to (-38.5%) in Q1 2022 (Figure 1) and (-48.7%) across Ukraine
- **prices for goods and services would rise rapidly:** 100.0% of respondents expected the inflation rate to be higher than 20.0% compared to 58.2% across Ukraine. All of the respondents referred to military actions as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate at a fast pace:** 90.0% of respondents (compared to 92.3% 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 at a faster pace:** the balance of expectations was (-20.0%) compared to (-7.7%) in Q1 2022 and (-17.1%) across Ukraine (see Table)
- **total sales would decrease faster:** the balance of responses was (-60.0%), compared to (-15.4%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-19.0%)
- **investment in construction and in machinery, equipment, and tools would decrease at a faster pace:** the balances of responses were (-62.5%) and (-50.0%) respectively compared to (-36.4%) and (-18.2%) in Q1 2022 respectively. Overall, across Ukraine, the balances of responses were (-37.2%) and (-34.7%) respectively
- **staff numbers at their companies would decrease significantly:** the balance of responses was (-50.0%) (compared to 0.0% in the previous quarter). Across Ukraine, the balance of responses was (-29.0%) (Figure 4)
- **purchase prices would rise at a faster pace than selling prices:** the balances of responses were 100.0% and 60.0% respectively (compared to 100.0% and 69.2% in Q1 2022) (Figure 6). Raw material and supplies prices, energy prices and logistical problems were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise:** the balance of responses was 50.0% (compared to 46.2% in the previous quarter). At the same time, respondents in the oblast expected that wage costs per staff member would increase much more slowly: the balance of responses was 20.0% (compared to 53.8% in Q1 2022) (Figure 4 and 6).

All of the companies surveyed named military actions and their sequences as the **main drag on their ability to boost production** (Figure 5).

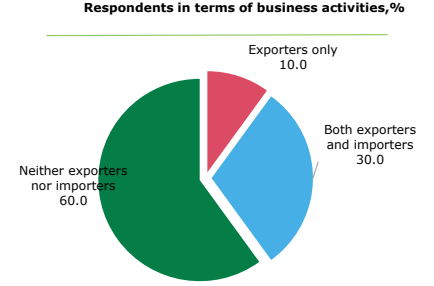
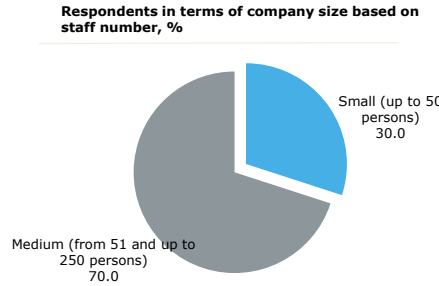
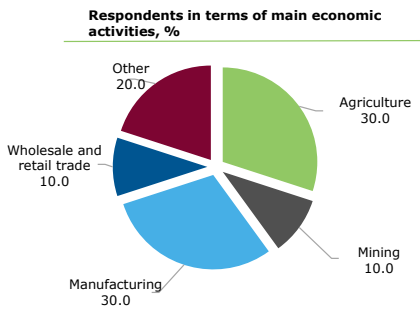
As in previous quarters, the respondents who planned to take out bank loans (30.0%) opted only for domestic currency loans (Figure 8). Companies cited other funding sources, uncertainty about their ability to meet debt obligations as they fall due and high loan rates as the main factors deterring them from taking out loans (Figure 9).

**All of the respondents 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)

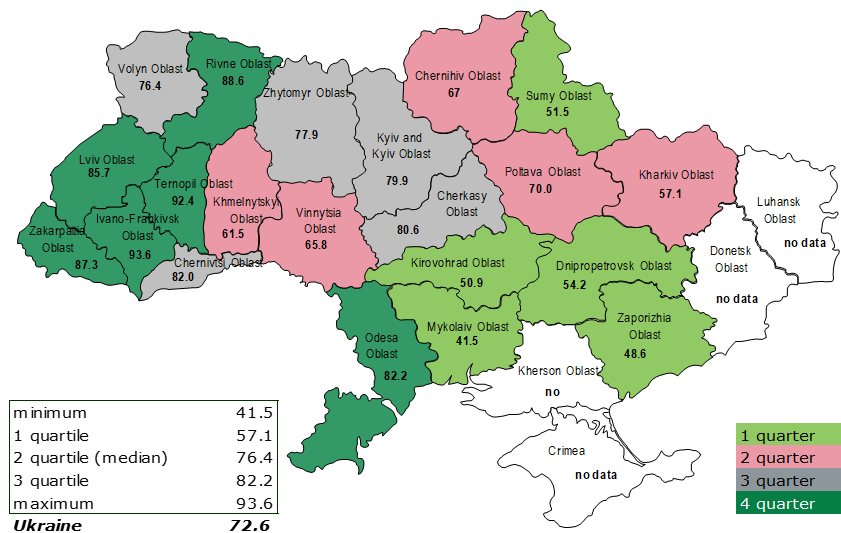
- **The current financial and economic standings of companies were assessed as bad:** the balance of responses was (-40.0%), compared to (-15.4%) in the previous quarter. Across Ukraine, the balance of responses was 28.8%.
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-14.3%), compared to (-28.6%) in Q1 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 50.0%, compared to 0.0% in Q1 2022.

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



- Period: 3 May through 30 May 2022.
- A total of 10 companies were polled.
- No economic activity was able to generate a representative sample.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>a</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 Sumy 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	25.0	25.0	8.3	-7.7	-20.0
Total sales	30.8	7.7	-15.4	-15.4	-60.0
Investment in construction	0.0	-16.7	-27.3	-36.4	-62.5
Investment in machinery, equipment, and tools	36.4	0.0	0.0	-18.2	-50.0
Staff numbers	0.0	-15.4	-7.7	0.0	-50.0

<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

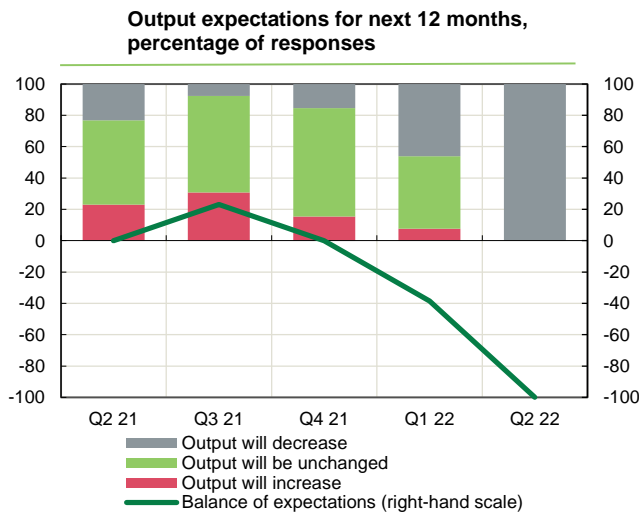


Figure 2



Figure 3

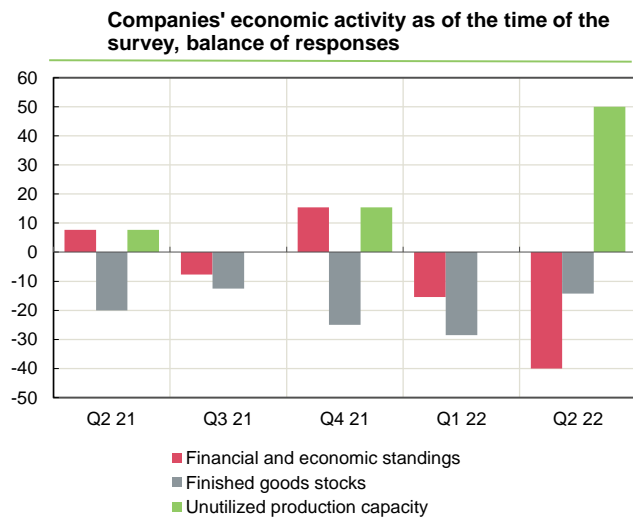


Figure 4

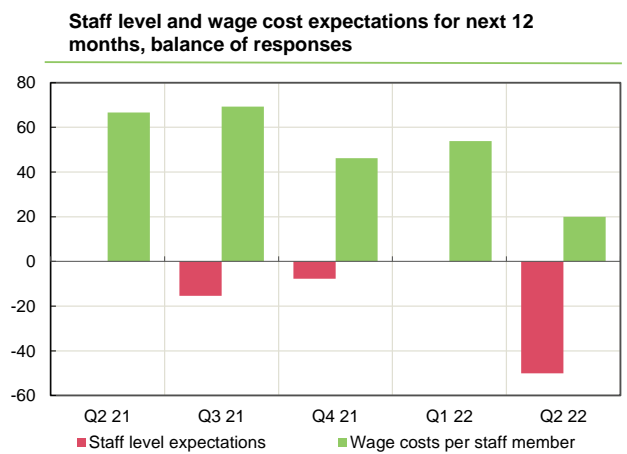


Figure 5

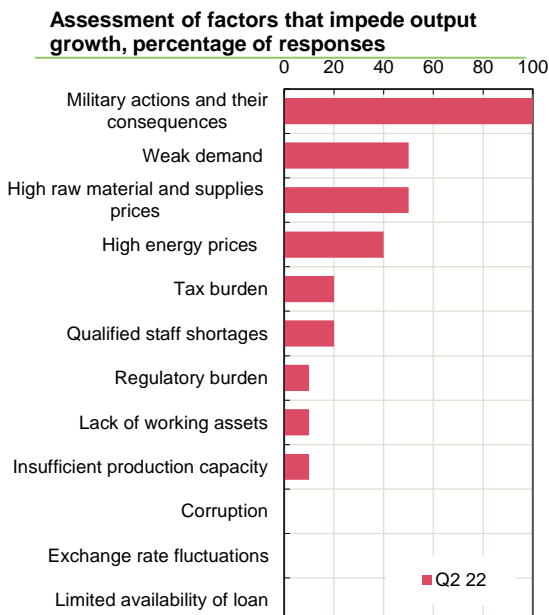


Figure 6

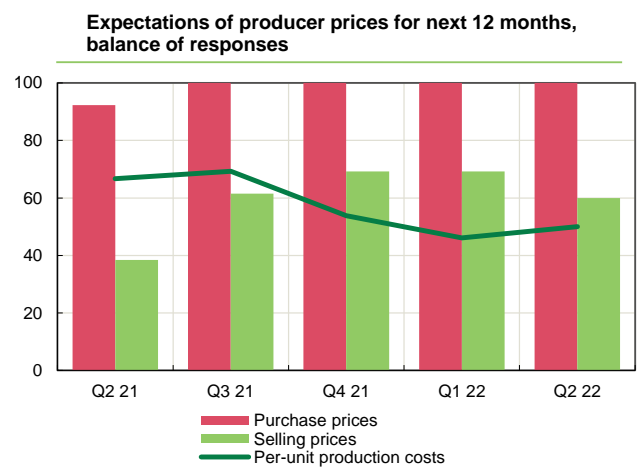


Figure 7

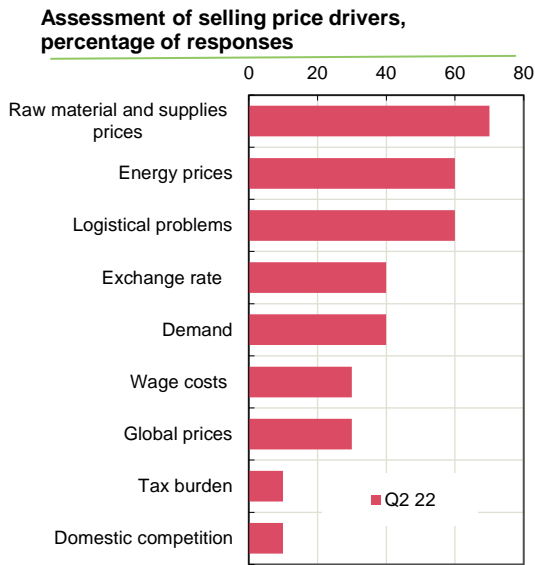


Figure 8

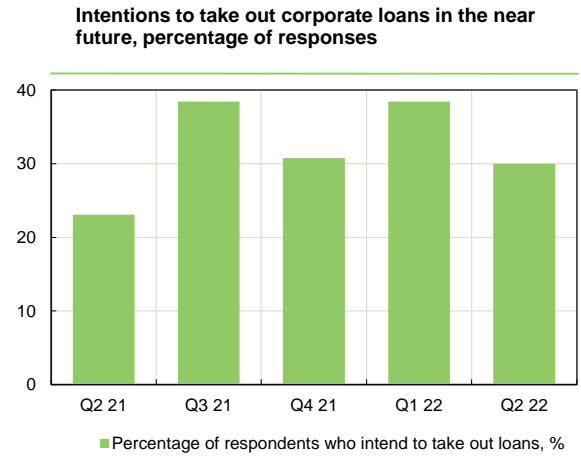


Figure 9

