



National Bank  
of Ukraine

# Business Outlook Survey of Sumy Oblast\*

Q3 2022



\*This survey only reflects the opinions of respondents in Sumy 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 Sumy oblast in Q3 2022 showed that against the background of the war respondents significantly moderated their expectations of a decrease in the output of Ukrainian goods and services and negative expectations for their companies' performance over the next 12 months. Inflation expectations weakened. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would decrease more slowly:** the balance of expectations was (-58.3%) compared to (-100.0%) in Q2 2022 (Figure 1) and (-37.9%) across Ukraine
- **prices for goods and services would rise at a slower pace:** 75.0% of respondents expected the inflation rate to be higher than 20.0% compared to 100.0% in the previous quarter and 71.7% across Ukraine. Respondents referred to military actions (all of those surveyed referred to this driver) and production costs as **the main inflation drivers**. Respondents also reported an increase in the impact of the hryvnia exchange rate compared to the previous quarter (Figure 2)
- **the hryvnia would depreciate:** 91.7% of respondents (compared to 90.0% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate at a slower pace:** the balance of expectations was (-8.3%) compared to (-20.0%) in Q2 2022 and (-15.1%) across Ukraine (see Table)
- **total sales would decrease slower:** the balance of responses was (-41.7%), compared to (-60.0%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-7.2%)
- **investment in construction would decrease at a slower pace:** the balance of responses was (-44.4) compared to (-62.5%) in the previous quarter. At the same time, the decrease in investment in machinery, equipment, and tools would accelerate: the balance of responses was (-63.6%) compared to (-50.0%) in Q2 2022 (see Table). Overall, across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively
- **staff numbers at their companies would decrease more slowly:** the balance of responses was (-33.3%) (compared to (-50.0%) in the previous quarter). Across Ukraine, the balance of responses was (-25.5%) (Figure 4)
- **purchase prices would rise rapidly:** the balance of responses was 100.0% (as in the previous quarter). At the same time, respondents expected that **selling prices would rise at a slower pace:** the balance of responses was 41.7% (compared to 60.0% in Q2 2022) (Figure 6). Logistical problems and the hryvnia exchange were cited as the main selling price drivers. Respondents also reported an increase in the impact of raw material and supplies prices, energy prices, demand for their products, and wage costs (the impact of this driver was reported to have increased noticeably) (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 50.0% and 25.0% respectively (compared to 50.0% and 20.0% respectively in the previous quarter) (Figure 4 and 6).

The companies surveyed named military actions and their sequences (mentioned by all of the respondents) and weak demand as the **main drags on their ability to boost production**. Higher than in the previous survey respondents assessed the impact of large fluctuations in the hryvnia exchange rate and the shortage of qualified staff (Figure 5).

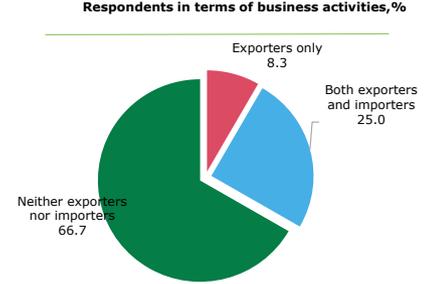
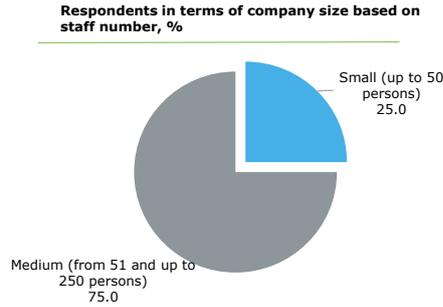
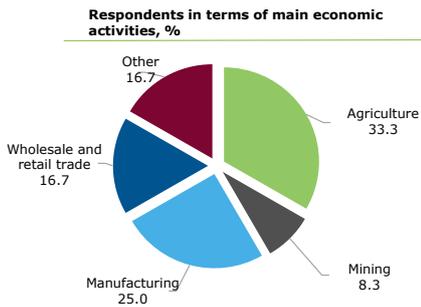
As in previous quarters, the respondents who planned to take out bank loans (41.7%) opted only for domestic currency loans (Figure 8). Companies cited high loan rates, uncertainty about their ability to meet debt obligations as they fall due, and other funding sources as the main factors deterring them 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** (94.1% across Ukraine).

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

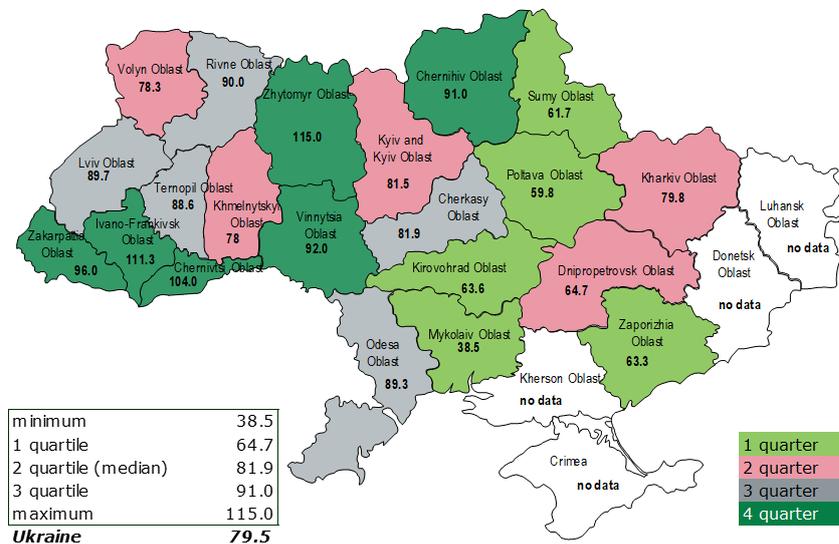
- **The current financial and economic standings of companies were assessed as bad:** the balance of responses was (-33.3%), compared to (-40.0%) in the previous quarter. Across Ukraine, the balance of responses was 22.8%.
- **Finished goods stocks continued to be assessed as lower than normal:** the balance of responses was (-12.5%), compared to (-14.3%) in Q2 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 25.0%, compared to 50.0% in Q2 2022.

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



- Period: 5 August through 30 August 2022.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of agricultural sector.

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>3</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, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	25.0	8.3	-7.7	-20.0	-8.3
Total sales	7.7	-15.4	-15.4	-60.0	-41.7
Investment in construction	-16.7	-27.3	-36.4	-62.5	-44.4
Investment in machinery, equipment, and tools	0.0	0.0	-18.2	-50.0	-63.6
Staff numbers	-15.4	-7.7	0.0	-50.0	-33.3

<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

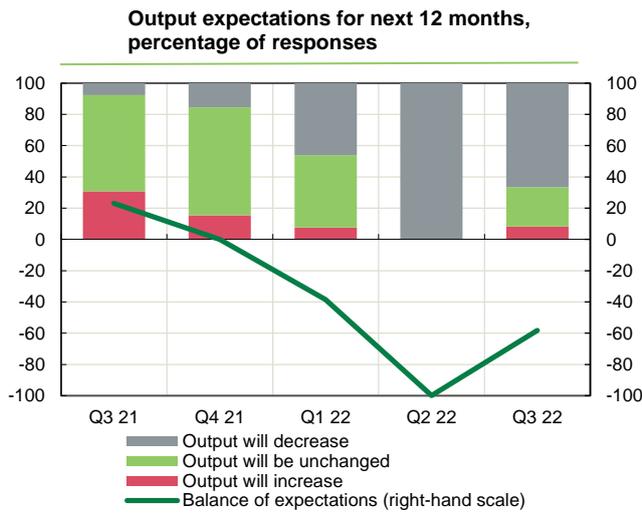


Figure 2

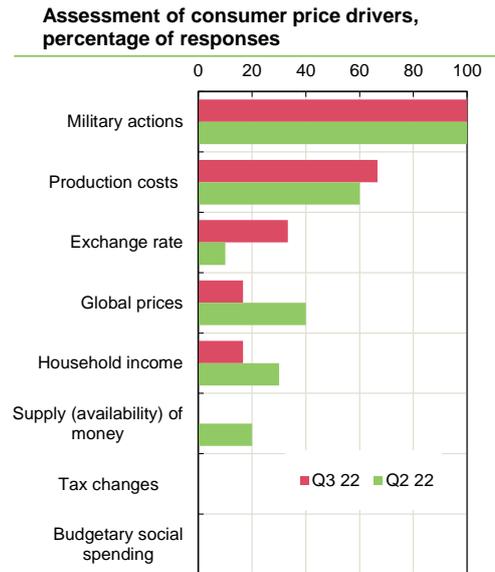


Figure 3

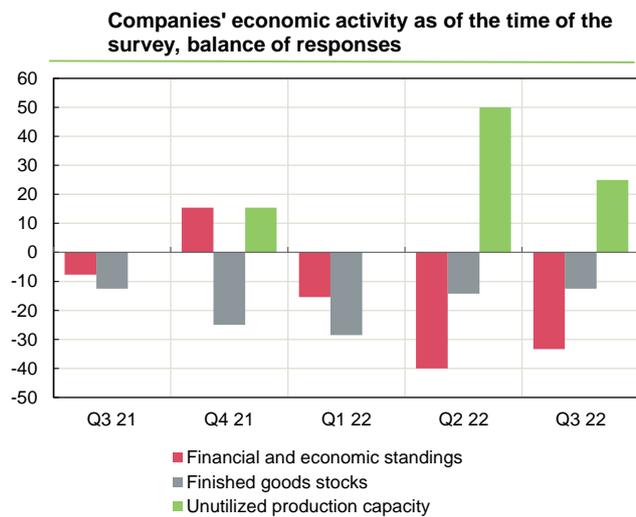


Figure 4

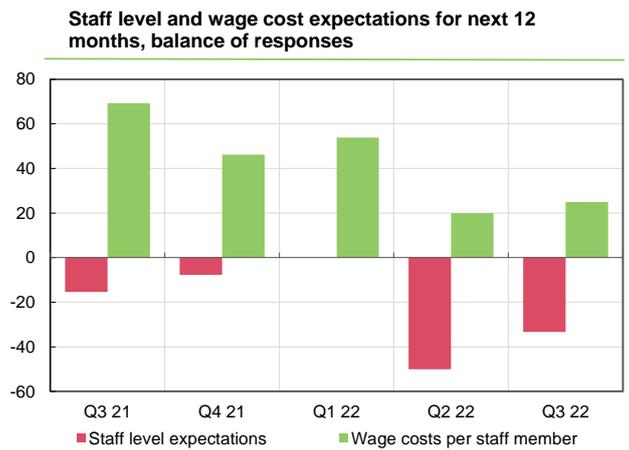


Figure 5

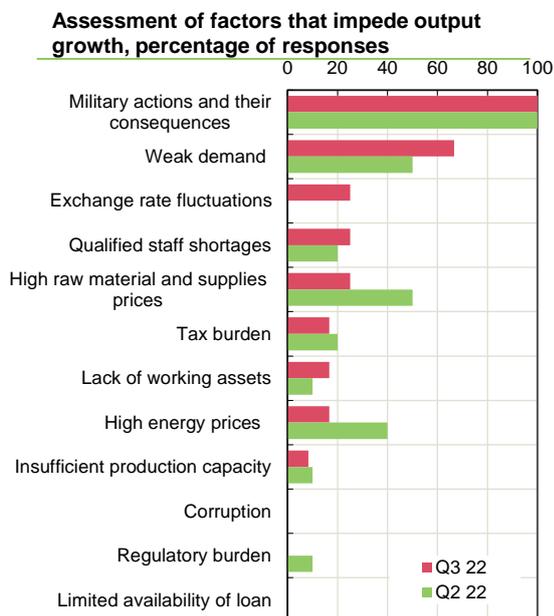


Figure 6

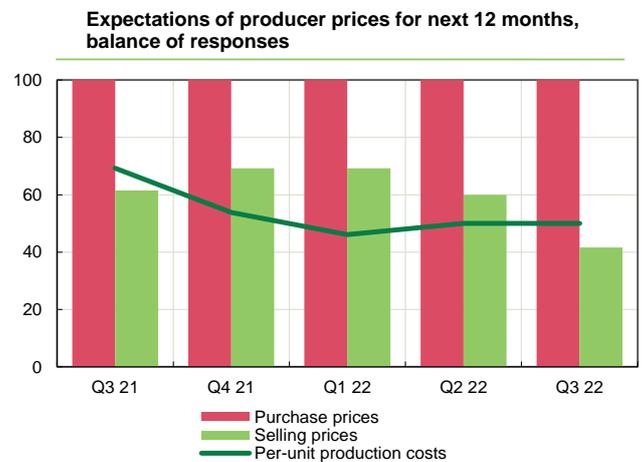


Figure 7

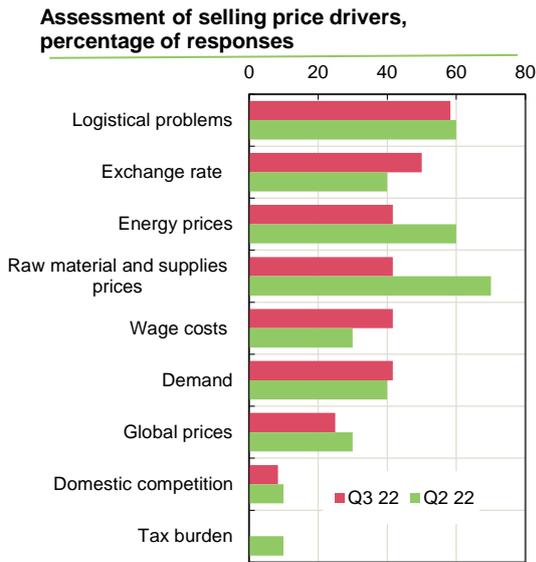


Figure 8

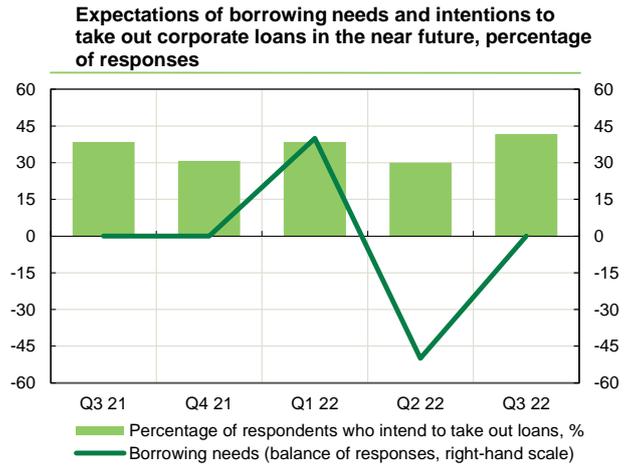


Figure 9

