



National Bank  
of Ukraine

# Business Outlook Survey of Odesa Oblast \*

Q1 2023



\*This survey only reflects the opinions of respondents in Odesa oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Odesa oblast** in **Q1 2023** showed that on the back of prolonged hostilities and missile attacks on civilian infrastructure respondents expected **a drop in the output of Ukrainian goods and services over the next 12 months. They had negative expectations for the performance of their companies over this period.** They also expected lower inflation. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would decrease at a faster pace:** the balance of expectations was (-26.3%), compared to (-2.9%) in Q4 2022 (Figure 1) and (-16.7%) across Ukraine. Respondents from agricultural companies reported the most pessimistic expectations – the balance of responses was (-40.0%)
- **prices for consumer goods and services would rise more slowly:** 56.8% of respondents said that price growth would not be higher than 20.0%, compared to 36.1% in the previous quarter and 46.8% 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:** 78.9% of respondents (compared to 80.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would deteriorate more quickly:** the balance of expectations was (-26.3%) compared to (-10.8%) in the previous quarter and (-2.5%) across Ukraine (see Table). Respondents from companies engaged in other economic activities reported the gloomiest expectations (the balance of responses was (-33.3%))
- **total sales would decrease noticeably:** the balance of responses was (-21.1%), down from 2.7% in the previous quarter (see Table). External sales were expected to grow: the balance of responses was 10.0%, compared to 15.0% in Q4 2022. Across Ukraine, the balances of responses were 2.8% and 2.0% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-19.4%) and (-16.2%) respectively, compared to (-16.7%) and (-13.9%) in Q4 2022 respectively. Across Ukraine, the balances of responses were (-17.8%) and (-10.3%) respectively (see Table)
- **staff numbers would drop:** the balance of responses was (-26.3%), compared to (-36.1%) in Q4 2022 and (-16.4%) across Ukraine (Figure 4)
- **purchase and selling prices would rise more slowly** (the balances of responses were 84.2% and 52.6%) (compared to 97.2% and 61.1% respectively in Q4 2022) (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 64.9% and 27.0% respectively, compared to 66.7% and 27.0% respectively in Q4 2022 (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).

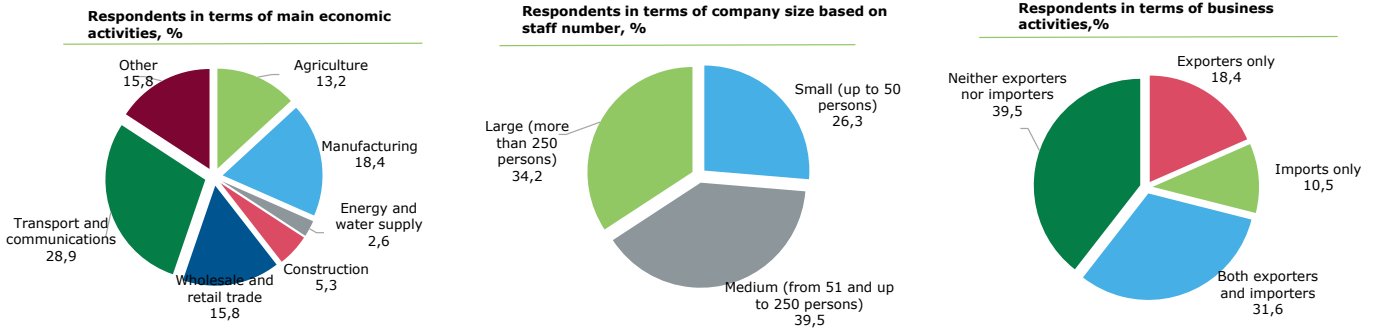
Respondents reported higher expectations of **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents improved their expectations for lending conditions, but still described these conditions as tight (Figure 9). Respondents also referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

**A total of 97.3% of respondents** in the oblast said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.7% across Ukraine).

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

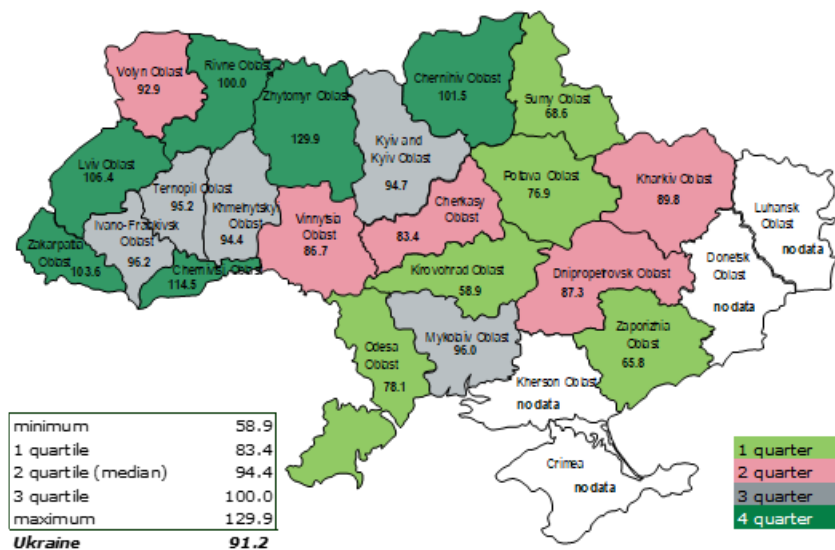
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-13.2%), compared to (-8.1%) in Q4 2022 and (-16.9%) across Ukraine.
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-35.7%), compared to (-31.3%) in Q4 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 21.6%, compared to 25.0% in Q4 2022.

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



- Period: 30 January through 22 February 2023.
- A total of 38 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>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 Odessa Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings	9,7	-8,8	-5,6	-10,8	-26,3
Total sales	19,4	0,0	8,1	2,7	-21,1
Investment in construction	-17,9	-29,4	-13,5	-16,7	-19,4
Investment in machinery, equipment, and tools	-3,4	-23,5	-10,8	-13,9	-16,2
Staff numbers	-10,0	-27,3	-31,6	-36,1	-26,3

<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

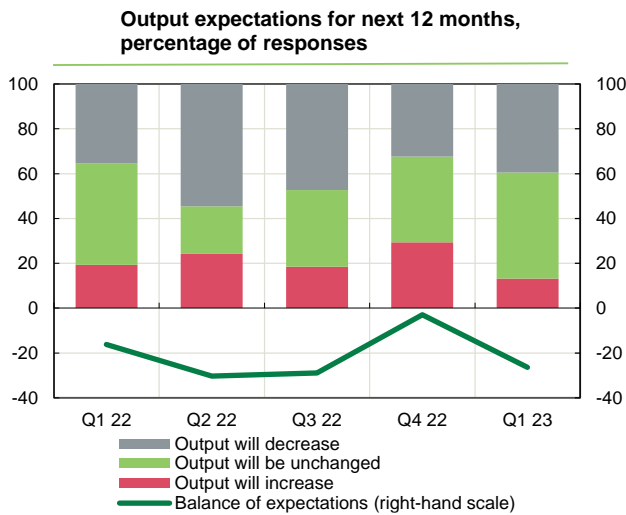


Figure 2



Figure 3

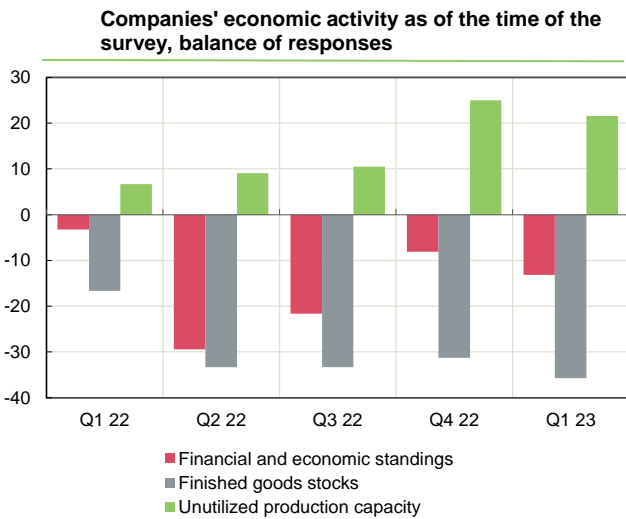


Figure 4



Figure 5

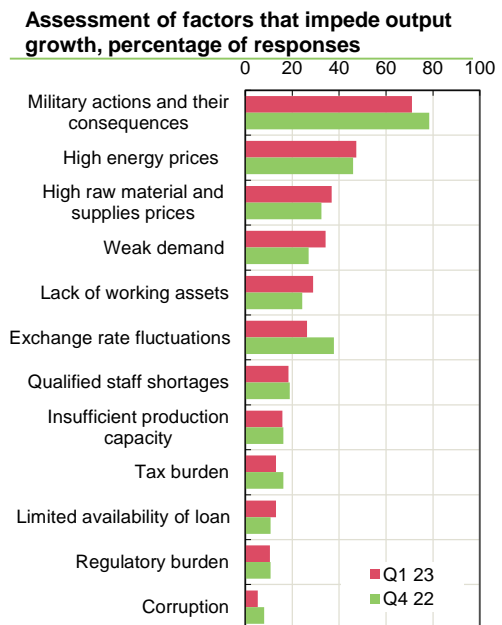


Figure 6

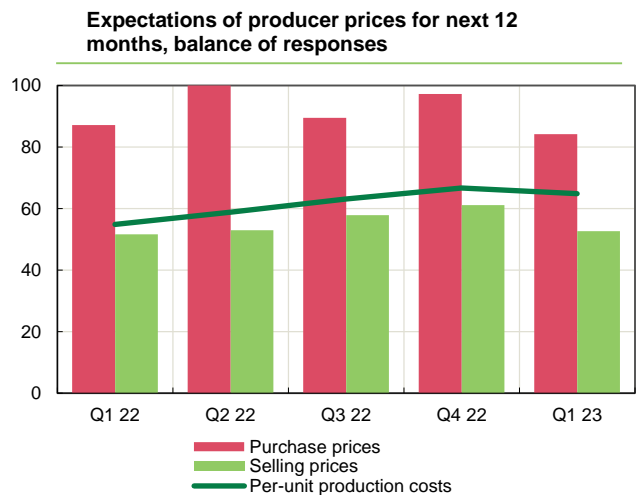


Figure 7

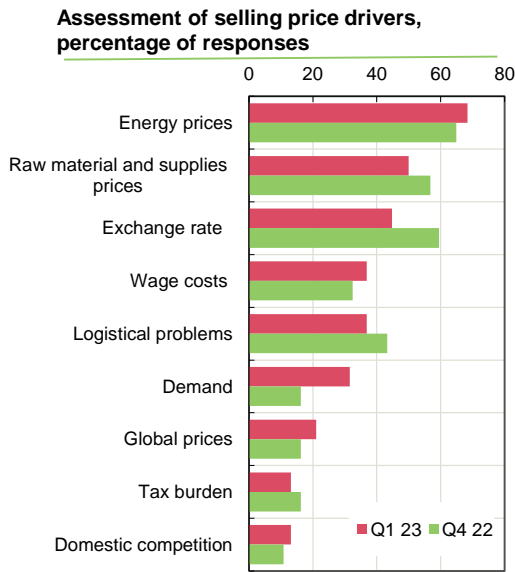


Figure 8

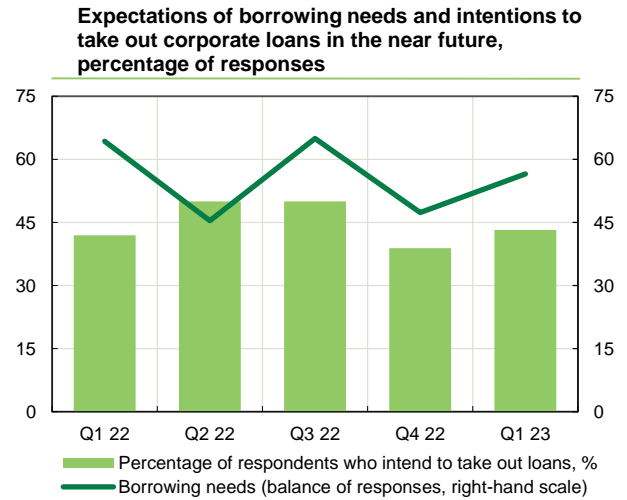


Figure 9

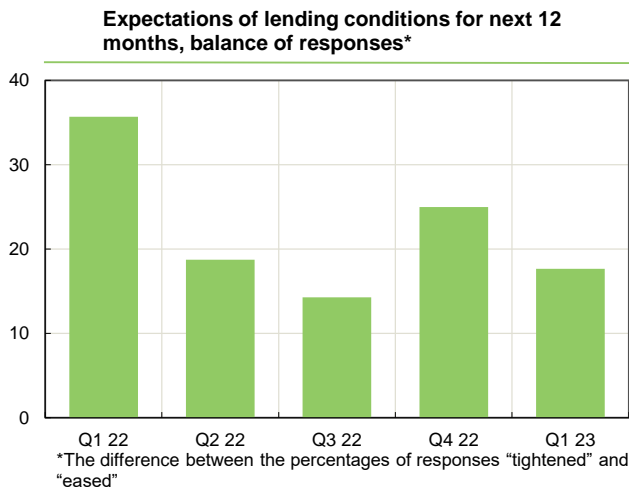


Figure 10

