



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Poltava oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Poltava oblast in Q3 2023 showed that, on the back of a stable energy system, respondents expected growth in the output of Ukrainian goods and services. They also reported positive 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 increase at a faster pace:** the balance of expectations was 25.0%, compared to 10.0% in Q2 2023 and 9.8% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise:** 60.0% of respondents expected the inflation rate to be higher than 15.0%, as in the previous quarter and compared to 47.8% across Ukraine. Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 79.5% of respondents (compared to 77.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 72.4%
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 22.5% (compared to 10.0% in Q2 2023). Across Ukraine, the balance of responses was 6.0% (see Table)
- **both total sales and external sales would increase:** the balances of responses were 15.0% and 26.7% respectively, compared to 7.5% and 33.3% respectively in Q2 2023 (see Table). Across Ukraine, the balances of responses were 16.8% and 10.6% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 21.1%, up from 13.5% in the previous quarter. Meanwhile, respondents expected that investment in construction would decrease: the balance of responses was (-2.8%), compared to (-8.1%) in Q2 2023. Across Ukraine, the balances of responses were 8.8% and (-2.2%) respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0%, compared to (-5.0%) in Q2 2023. Across Ukraine, the balance of responses was (-7.0%) (Figure 4)
- **purchase prices would grow more rapidly** (the balance of responses was 97.5%) **than selling prices** (the balance of responses was 67.5%) (as in Q2 2023) (Figure 6). Respondents referred to energy prices, raw material and supplies prices, and wage costs 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 35.0% respectively (compared to 72.5% and 30.0% respectively in Q2 2023) (Figures 6 and 4)

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

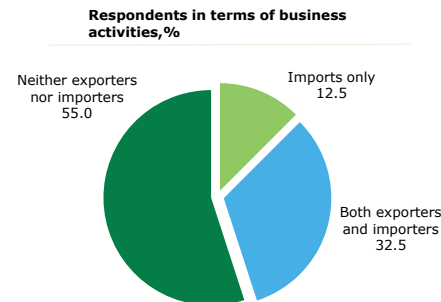
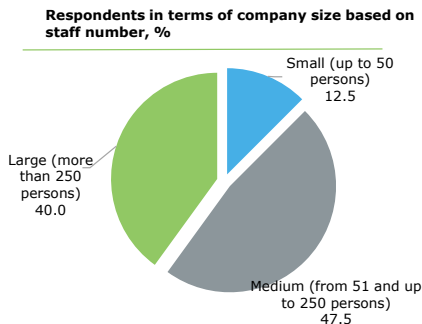
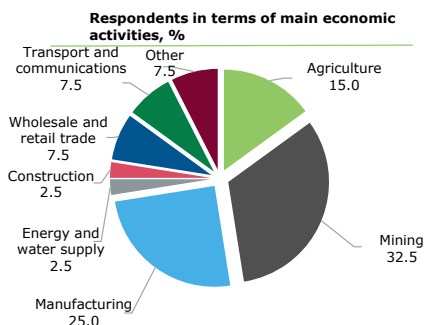
Respondents said that their borrowing needs would increase more slowly in the near future (Figure 8). 52.5% of those respondents who planned to take out bank loans opted for domestic currency loans. Respondents improved their assessments of bank lending standards but still described these standards as tight (Figure 9). Respondents referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

97.5% of respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.9% across Ukraine).

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

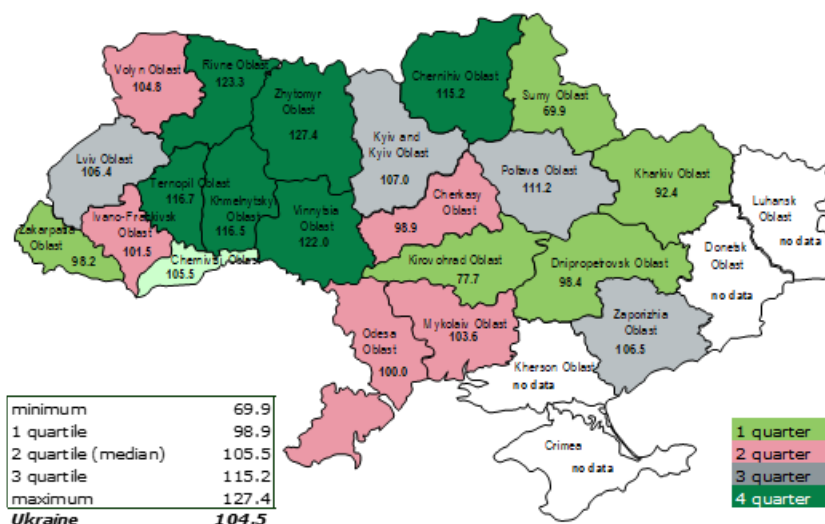
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-22.5%) compared to (-25.0%) in the previous quarter. The balance across Ukraine was (-5.8%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-8.7%), compared to (-12.0%) in Q2 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 12.5%, compared to 10.0% in the previous quarter.

Survey Details^{1,2}



- Period: 31 July through 28 August 2023.
- A total of 40 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	-22.5	-40.0	-9.5	10.0	22.5
Total sales	-28.2	-32.5	-14.3	7.5	15.0
Investment in construction	-55.3	-67.6	-42.5	-8.1	-2.8
Investment in machinery, equipment, and tools	-47.4	-44.7	-30.0	13.5	21.1
Staff numbers	-47.5	-35.0	-19.0	-5.0	0.0

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

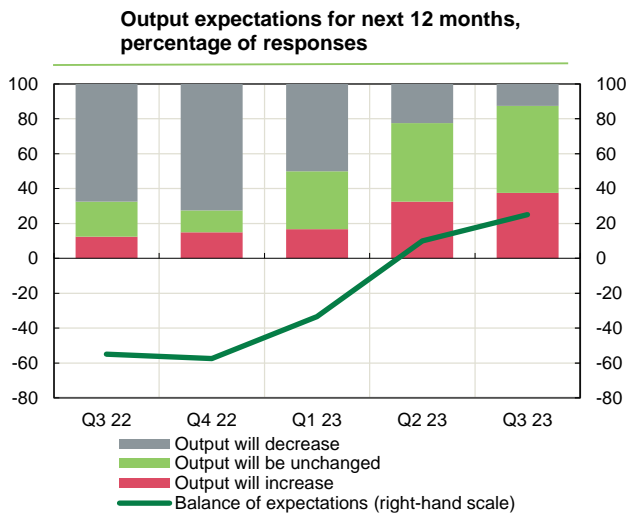


Figure 2

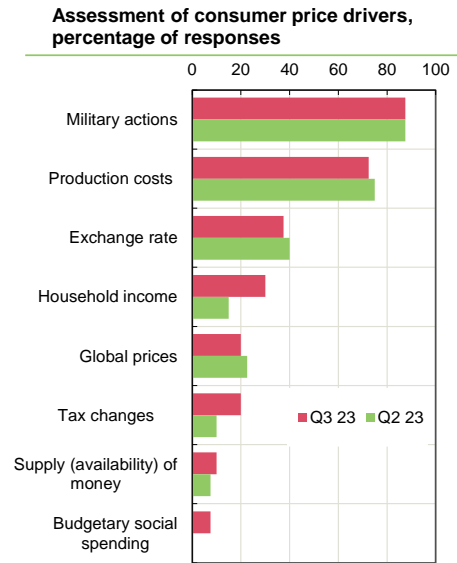


Figure 3

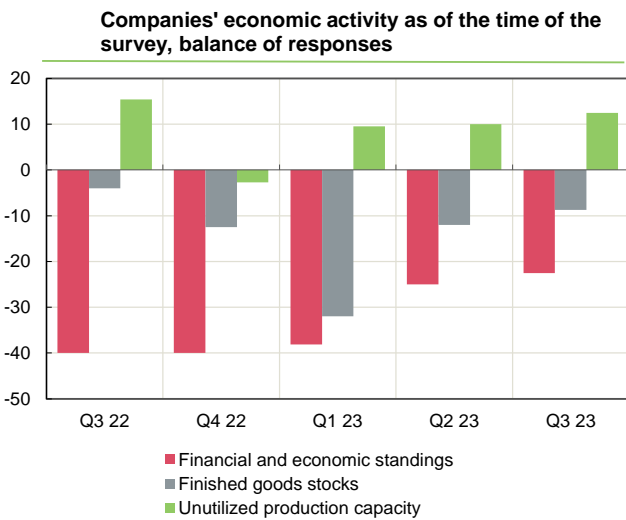


Figure 4



Figure 5

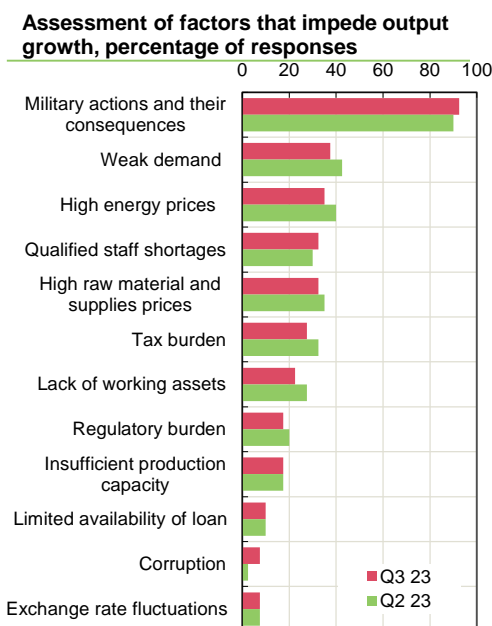


Figure 6

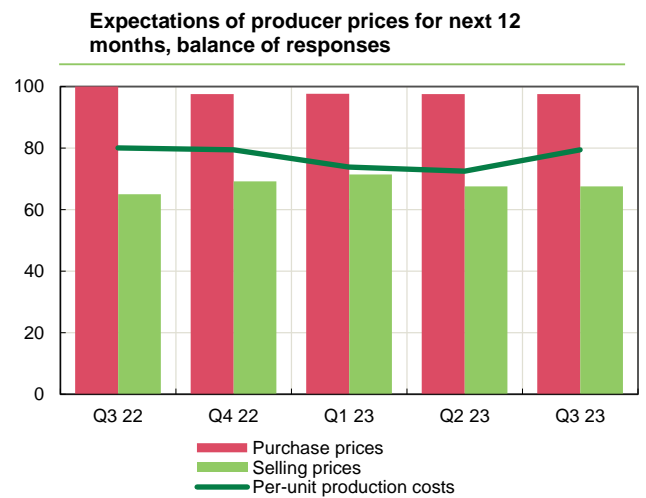


Figure 7

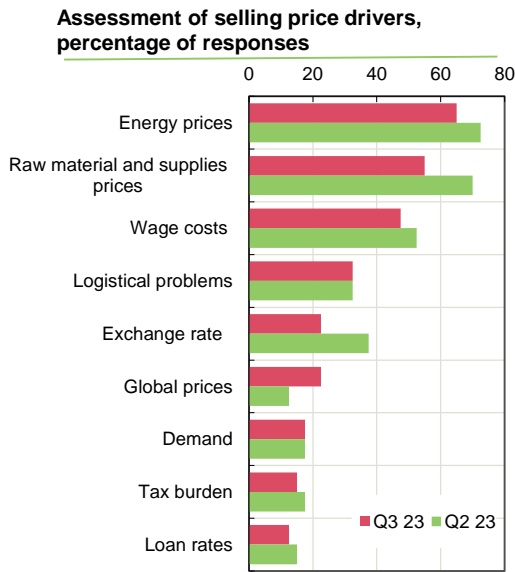


Figure 8

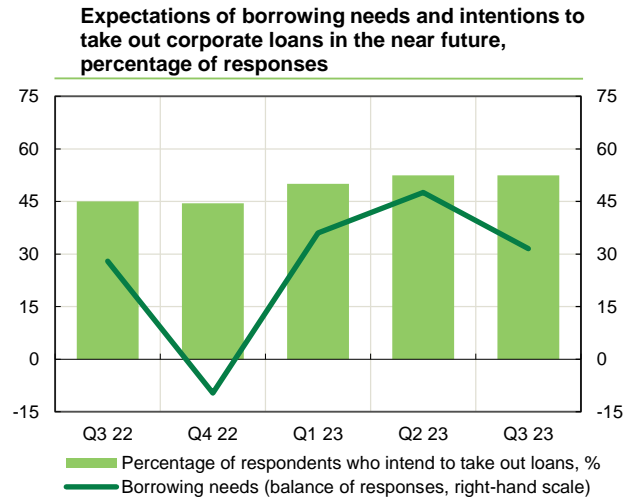


Figure 9

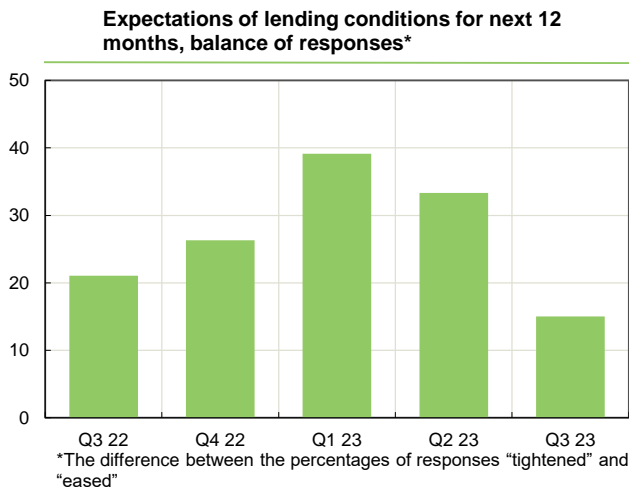


Figure 10

