



National Bank
of Ukraine

Business Outlook Survey of Zaporizhzhia Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q4 2022 showed that on the back of the war and terrorist attacks respondents expected a decrease in the output of Ukrainian goods and services over the next 12 months. They also reported negative expectations for the performance of their companies over the same period. Inflation and depreciation expectations were high.

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

- **the output of Ukrainian goods and services would decrease at a faster pace:** the balance of responses was (-68.8%) (compared to (-47.4%) in the previous quarter) (Figure 1). The balance of responses across Ukraine was (-32.3%)
- **prices for consumer goods and services would rise:** 75.0% of respondents expected that the inflation rate would exceed 20.0% (compared to 89.5% in the previous quarter and 62.4% across Ukraine). Respondents continued to refer to military actions (reported by all surveyed respondents), the hryvnia exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more significantly:** 100.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 89.5% in Q3 2022 and 88.5% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-37.5%) (compared to (-36.8%) in the previous quarter). The balance of responses across Ukraine was (-11.5%) (see Table)
- **total sales would decrease more slowly:** the balance of responses was (-18.8) (compared to (-36.8%) in the previous quarter) (see Table). **External sales** were also expected to fall at a slower pace: the balance of responses was (-22.2%) compared to (-50.0%) in Q3 2022. Overall, the balances of responses across Ukraine were (-7.3%) and (-6.3%) respectively
- **investment** in construction and in machinery, equipment, and tools **would drop much more slowly:** the balances of responses were (-18.8%) for each (compared to (-44.4%) for each in the previous quarter). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-25.0%) (compared to (-21.1%) in Q3 2022) (Figure 4). Across Ukraine, the balance of responses was (-20.1%)
- **purchase prices would rise sharply,** the balance of responses being 100.0% (such expectations have been reported for four quarters running). Selling prices were expected to grow more quickly (the balance of responses was 87.5%, up from 55.6% in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices and the hryvnia exchange rate were cited 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 68.8% and 25.0% respectively (compared to 71.4% and 26.3% respectively in the previous quarter) (Figures 4 and 6).

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

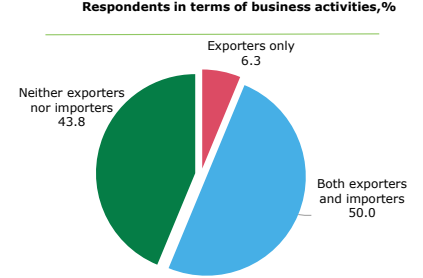
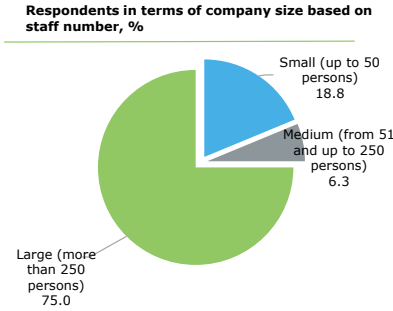
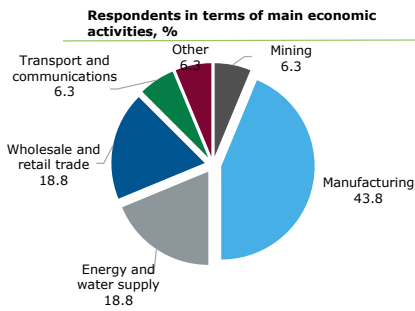
Respondents expected that **their borrowing needs would increase markedly** in the near future (Figure 8). The companies that planned to take out loans usually opted for domestic currency ones. Respondents improved their expectations for lending conditions, but still described these conditions as tight (Figure 9). Collateral requirements, high interest rates and complicated paperwork were cited as the main factors deterring companies from taking out loans (Figure 10).

87.5% of the 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)

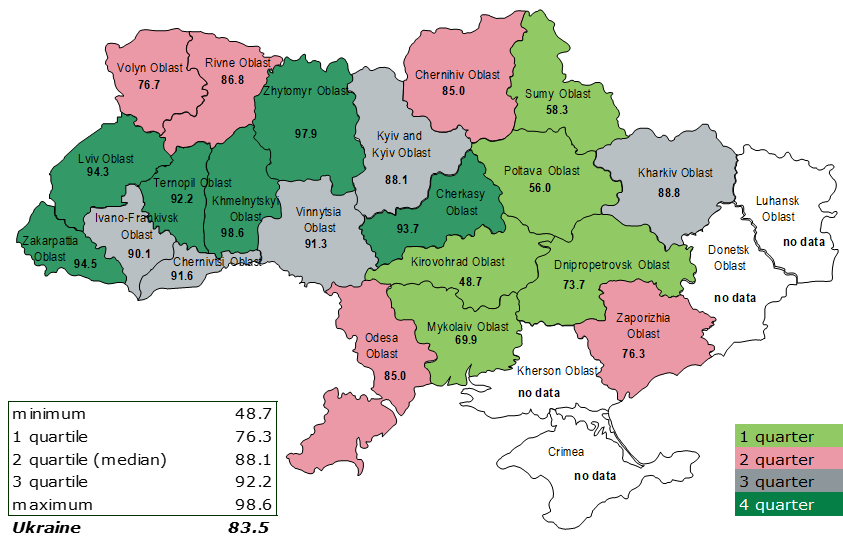
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-50.0%) (compared to (-47.4%) in the previous quarter). Across Ukraine, the balance of responses was (-19.3%).
- **Finished goods stocks were assessed at a level lower than the normal one:** the balance of responses was (-63.6%) (compared to (-58.3%) in Q3 2022).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 6.3% (compared to 38.9% in the previous quarter).

Survey Details^{1,2}



- Period: 2 November through 28 November 2022.
- A total of 16 companies were polled.
- A representative sample was generated on the basis of the manufacturing industry.

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
⁴a 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 Zaporizhzhia Oblast and Its Components⁴

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	0.0		-47.1	-36.8	-37.5
Total sales	18.5		-20.0	-36.8	-18.8
Investment in construction	11.1		-78.6	-44.4	-18.8
Investment in machinery, equipment, and tools	7.4		-71.4	-44.4	-18.8
Staff numbers	11.5		-40.0	-21.1	-25.0

¹ This sample was generated in proportion to the contribution of each oblast 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.
⁴ The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

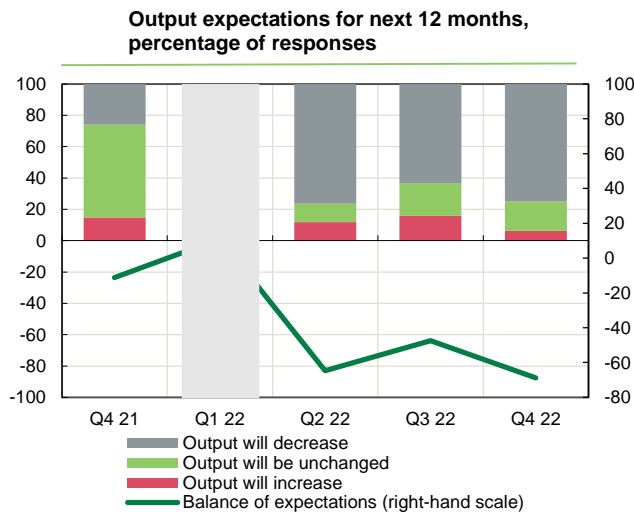


Figure 2

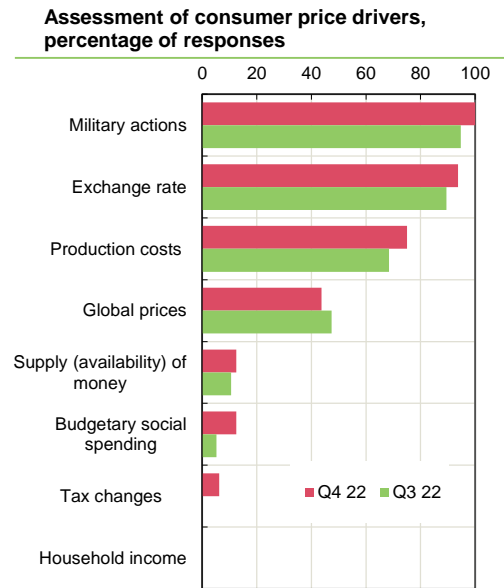


Figure 3

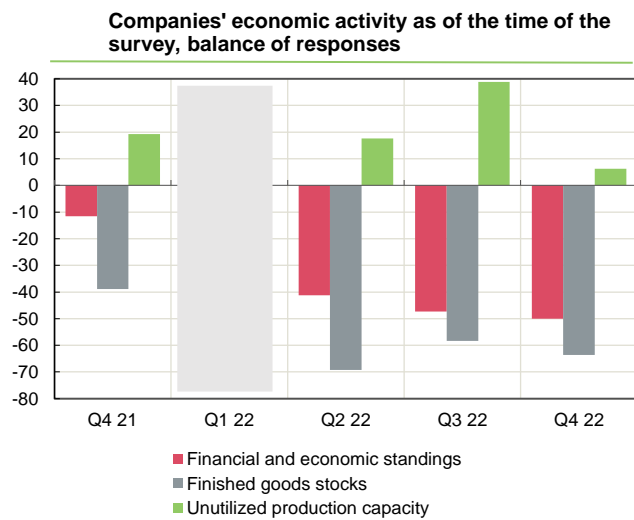


Figure 4

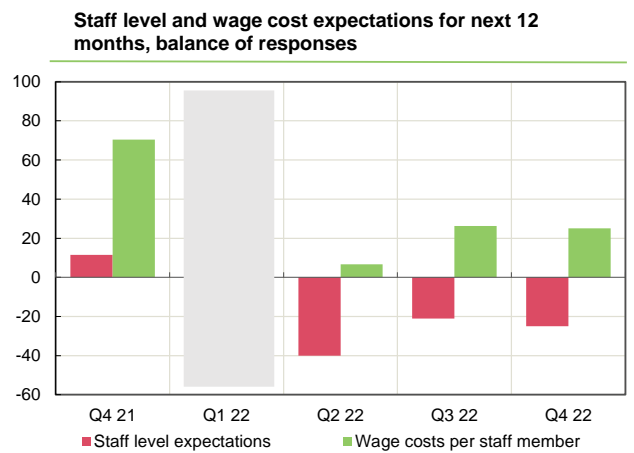


Figure 5

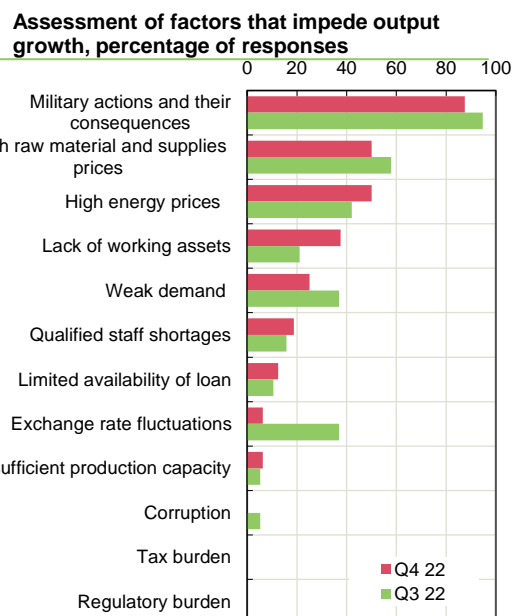


Figure 6

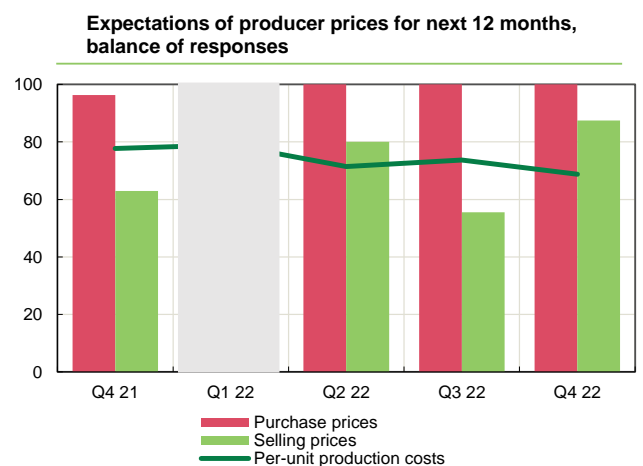


Figure 7

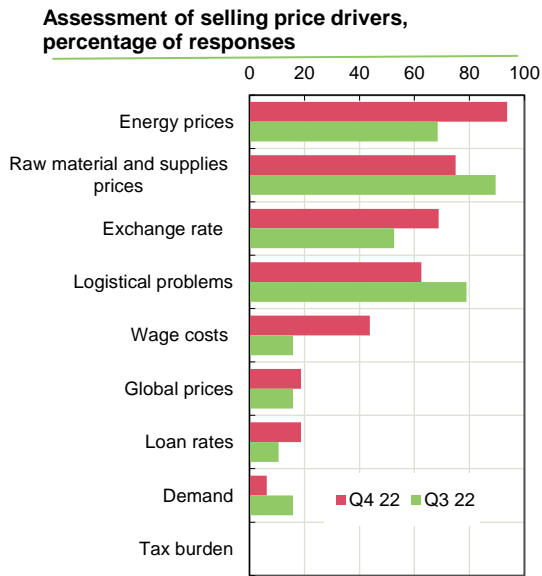


Figure 8

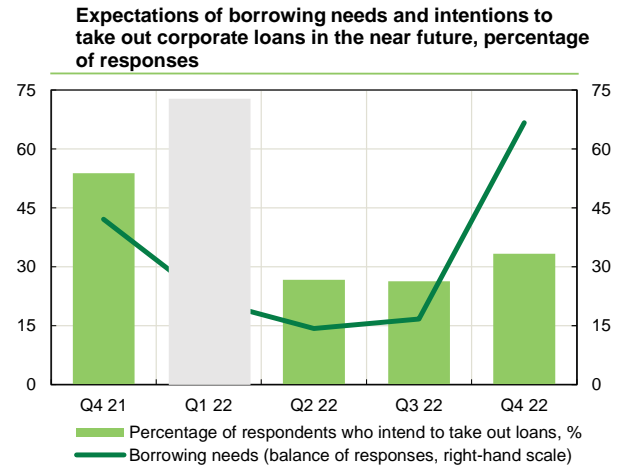


Figure 9

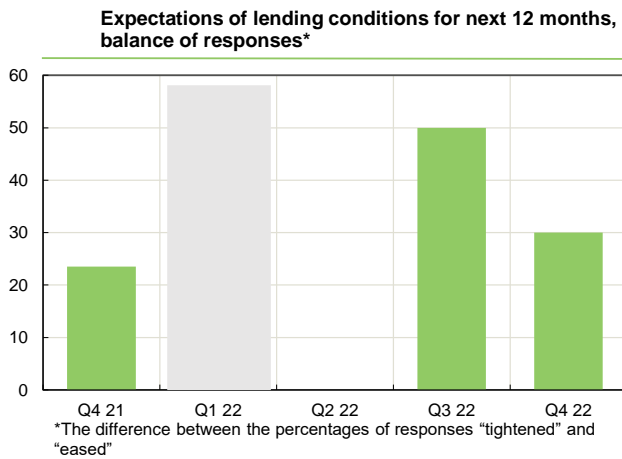


Figure 10

