



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q4 2022



*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q4 2022 showed that despite the war and terrorist attacks respondents markedly softened their expectations for a decrease 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 further 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 more slowly:** the balance of expectations was (-2.9%), compared to (-28.9%) in Q3 2022 (Figure 1) and (-32.3%) across Ukraine. Respondents from manufacturing companies reported the most optimistic expectations – the balance of responses was (33.3%)
- **prices for consumer goods and services would rise:** 63.9% of respondents said that price growth would be higher than 20.0%, compared to 63.2% in the previous quarter and 62.4% 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:** 80.6% of respondents (compared to 89.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-10.8%) compared to (-5.6%) in the previous quarter and (-11.5%) across Ukraine (see Table). Respondents from the agricultural sector reported the gloomiest expectations (the balance of responses was (-40.0%))
- **total sales would rise:** the balance of responses was 2.7%, compared to 8.1% in the previous quarter (see Table). External sales were also expected to grow: the balance of responses was 15.0%, compared to 5.3% in Q3 2022. Across Ukraine, respondents expected sales to drop: the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-16.7%) and (-13.9%) respectively, compared to (-13.5%) and (-10.8%) in Q3 2022 respectively. Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively (see Table)
- **staff numbers would drop:** the balance of responses was (-36.1%), compared to (-31.6%) in Q3 2022 and (-20.1%) across Ukraine (Figure 4)
- **purchase prices would rise at a faster pace** (the balance of responses was 97.2%) **than selling prices** (the balance of responses was 61.1%) (compared to 89.5% and 57.9% respectively in Q3 2022) (Figure 6). Respondents said that energy prices, the hryvnia exchange rate and raw material and supplies prices 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 66.7% and 27.0% respectively, compared to 63.2% and 28.9% respectively in Q3 2022 (Figures 4 and 6).

Companies continued to name military actions and their consequences, high energy prices and hryvnia exchange rate fluctuations as the **main drags on their ability to boost production** (Figure 5).

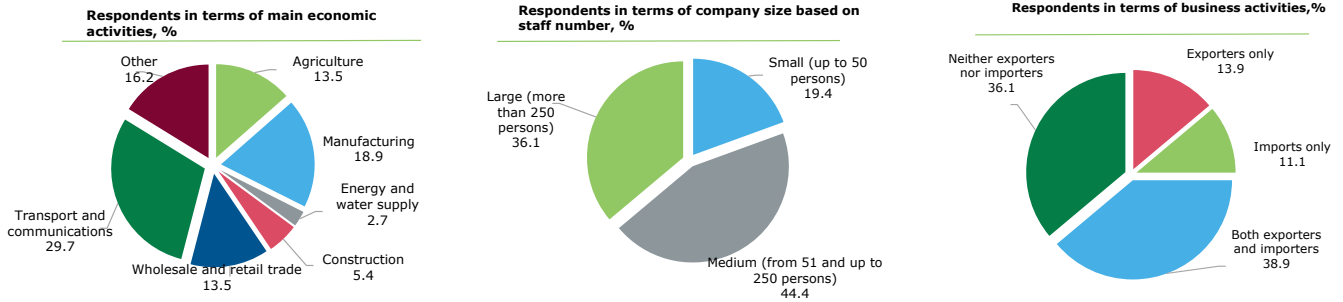
Respondents reported lower expectations of **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents also referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

A total of 94.4% of respondents in the oblast 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)

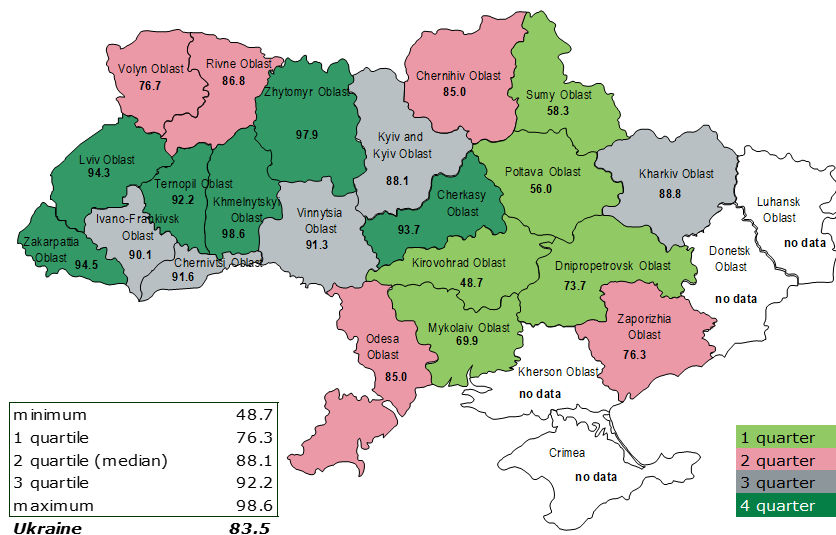
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-8.1%), compared to (-21.6%) in Q3 2022 and (-19.3%) across Ukraine.
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-31.3%), compared to (-33.3%) in Q3 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 25.0%, compared to 10.5% in Q3 2022.

Survey Details^{1,2}



- Period: 1 November through 29 November 2022.
- A total of 36 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 Oblasts³, %



^aa quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
^{**}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, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	2.7	9.7	-8.8	-5.6	-10.8
Total sales	0.0	19.4	0.0	8.1	2.7
Investment in construction	0.0	-17.9	-29.4	-13.5	-16.7
Investment in machinery, equipment, and tools	14.3	-3.4	-23.5	-10.8	-13.9
Staff numbers	-10.8	-10.0	-27.3	-31.6	-36.1

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

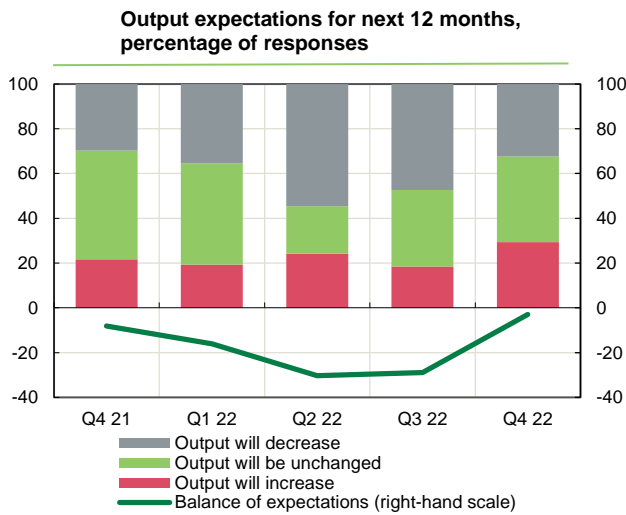


Figure 2

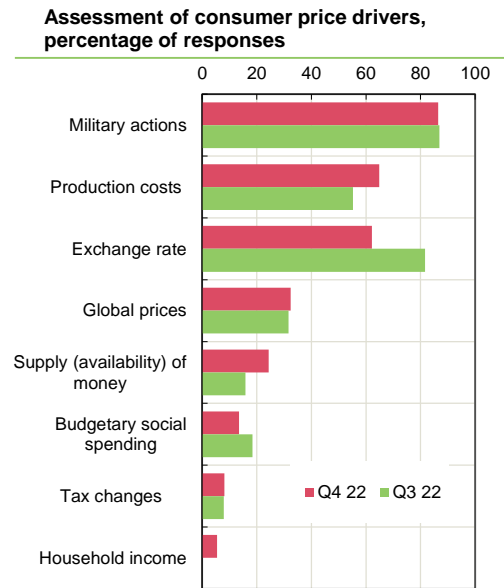


Figure 3

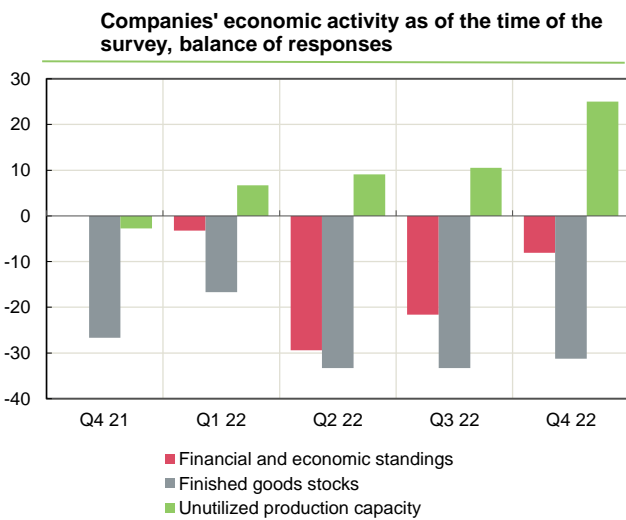


Figure 4

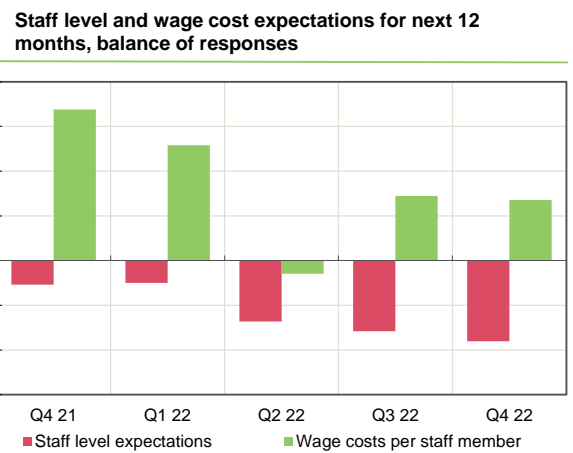


Figure 5

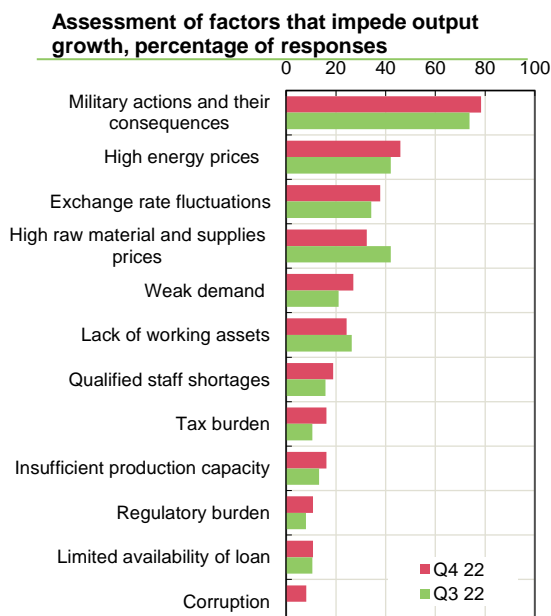


Figure 6

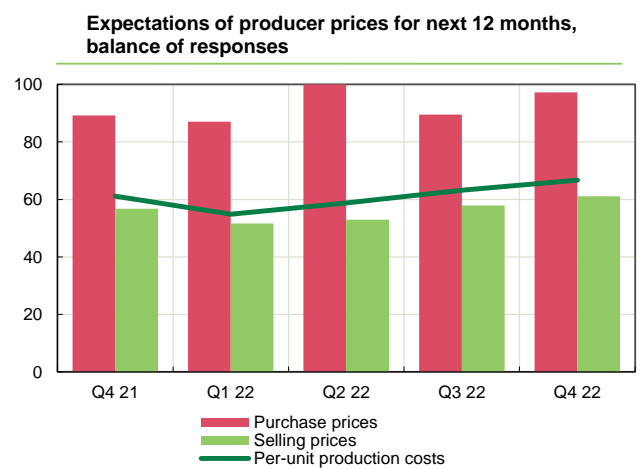


Figure 7

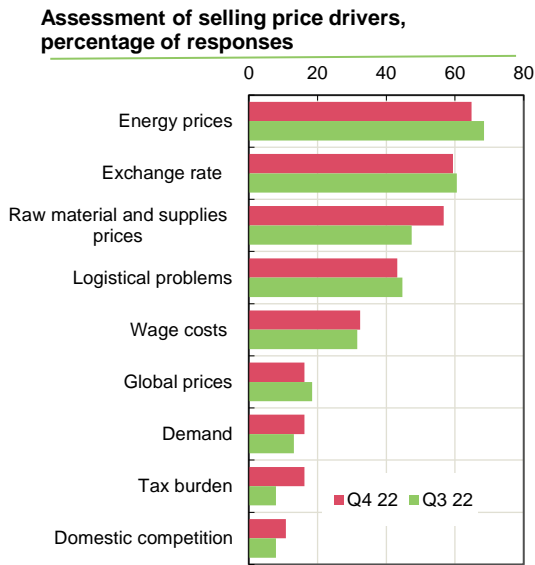


Figure 8

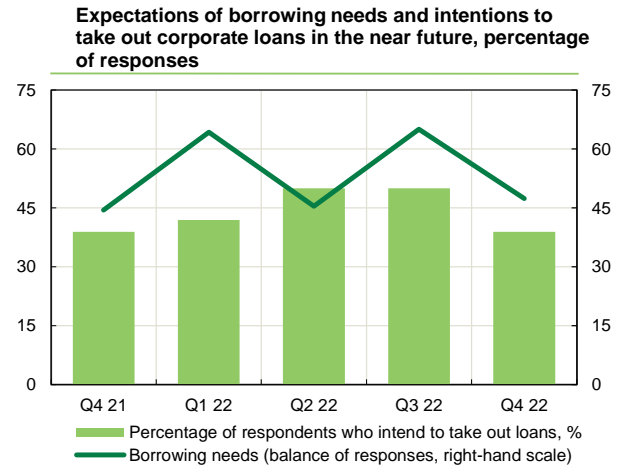


Figure 9

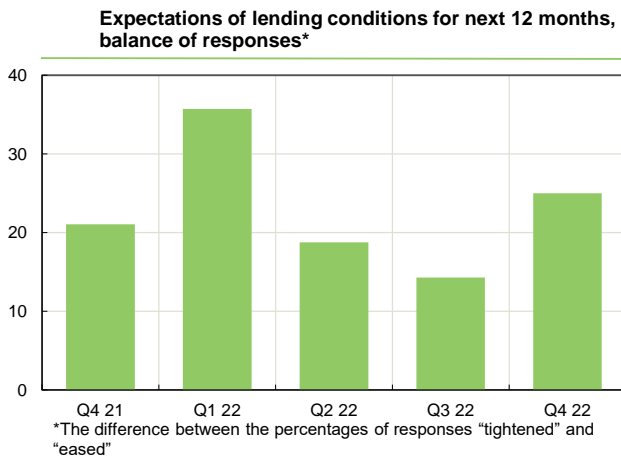


Figure 10

