



National Bank
of Ukraine

Business Outlook Survey of Sumy Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Sumy 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 Sumy oblast in Q4 2022 showed that on the back of the war and terrorist attacks respondents **expected the output of Ukrainian goods and services to decrease**. They also had **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:** the balance of expectations was (-58.3%) compared to (-58.3%) in Q3 2022 (Figure 1) and (-32.3%) across Ukraine
- **prices for goods and services would rise at a slower pace:** 58.3% of respondents expected the inflation rate to be higher than 20.0% compared to 75.0% in the previous quarter and 62.4% across Ukraine. Respondents referred to military actions, production costs, the hryvnia exchange rate and global prices as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 85.7% of respondents (compared to 91.7% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate more quickly:** the balance of expectations was (-25.0%) compared to (-8.3%) in Q3 2022 and (-11.5%) across Ukraine (see Table)
- **total sales would decrease:** the balance of responses was (-33.3%), compared to (-41.7%) in the previous quarter. External sales were also expected to drop, the balance of responses being (-50.0%), as in Q3 2022 (see Table). Across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in construction would decrease at a faster pace:** the balance of responses was (-66.7%) compared to (-44.4%) in the previous quarter. At the same time, investment in machinery, equipment, and tools was expected to decline at a slower pace: the balance of responses was (-50.0%) compared to (-63.6%) in Q3 2022 (see Table). Overall, 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 (-33.3%), as in the previous quarter. Across Ukraine, the balance of responses was (-20.1%) (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 more quickly:** the balance of responses was 58.3%, up from 41.7% in Q3 2022 (Figure 6). Raw material and supplies prices, logistical problems and the hryvnia exchange were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise more slowly:** the balances of responses were 27.3% and 8.3% respectively (compared to 50.0% and 25.0% respectively in the previous quarter) (Figure 4 and 6).

The companies surveyed named military actions and their sequences, weak demand and the tax burden as the **main drags on their ability to boost production**. Respondents said that the impact of tax burden has increased (Figure 5).

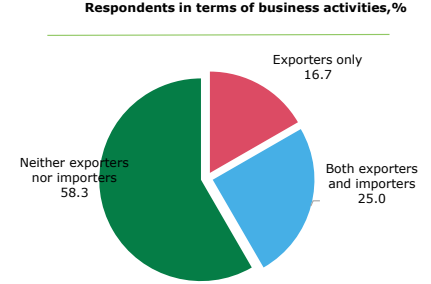
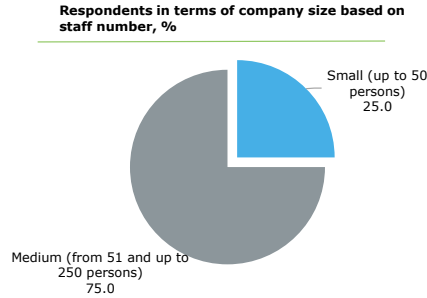
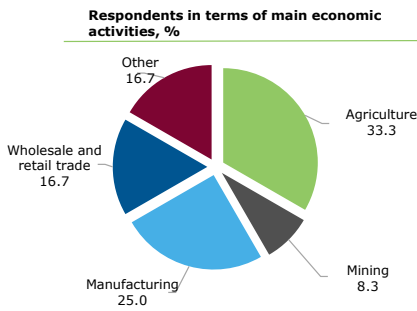
As in previous quarters, the respondents who planned to take out bank loans (12.5%) opted only for domestic currency loans (Figure 8). Companies cited high loan rates, other funding sources and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

A total 91.7% 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)

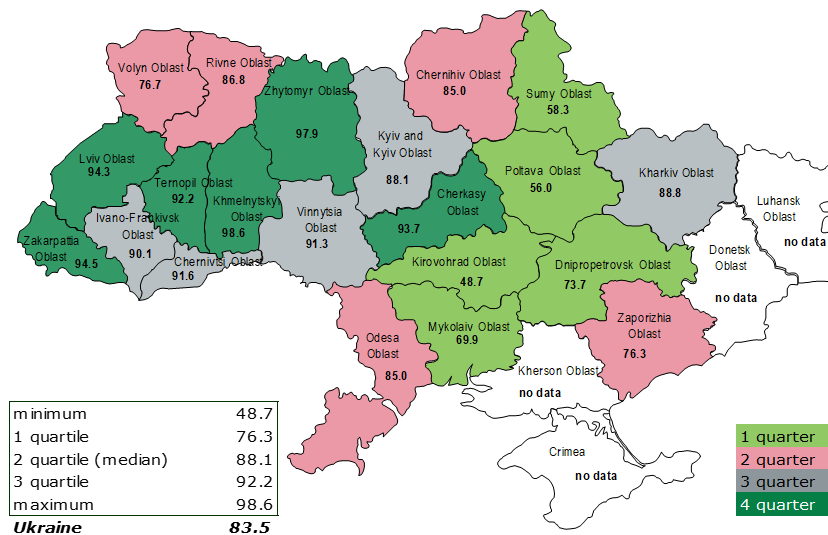
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-41.7%), compared to (-33.3%) in the previous quarter. Across Ukraine, the balance of responses was (-19.3%).
- **Finished goods stocks continued to be assessed as lower than normal:** the balance of responses was (-44.4%), compared to (-12.5%) in Q3 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 25.0%, as in Q3 2022.

Survey Details^{1,2}



- Period: 4 November through 28 November 2022.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

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 Sumy 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	8.3	-7.7	-20.0	-8.3	-25.0
Total sales	-15.4	-15.4	-60.0	-41.7	-33.3
Investment in construction	-27.3	-36.4	-62.5	-44.4	-66.7
Investment in machinery, equipment, and tools	0.0	-18.2	-50.0	-63.6	-50.0
Staff numbers	-7.7	0.0	-50.0	-33.3	-33.3

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

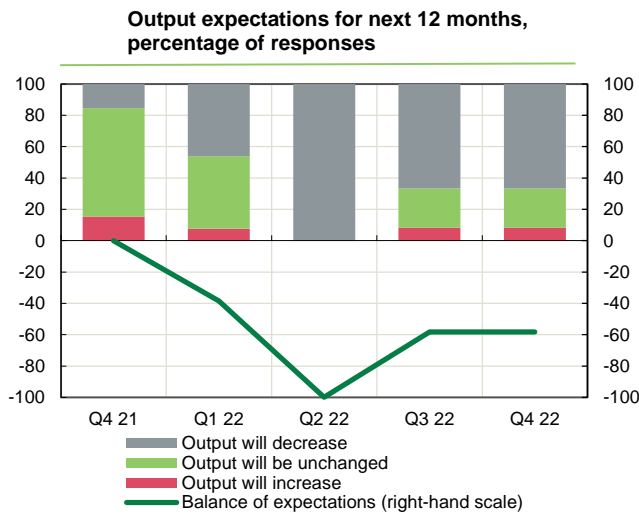


Figure 2

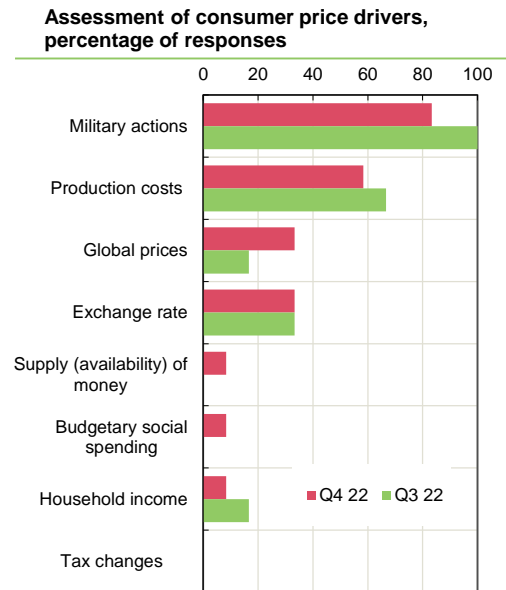


Figure 3

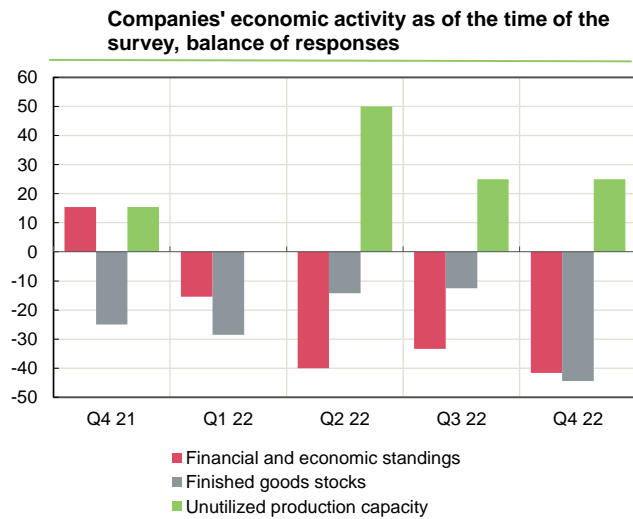


Figure 4

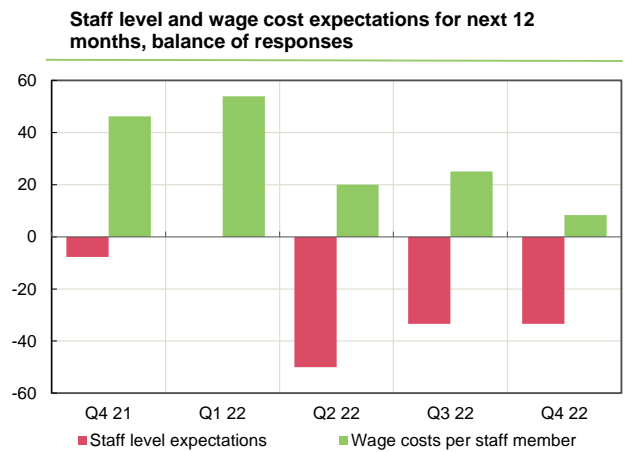


Figure 5

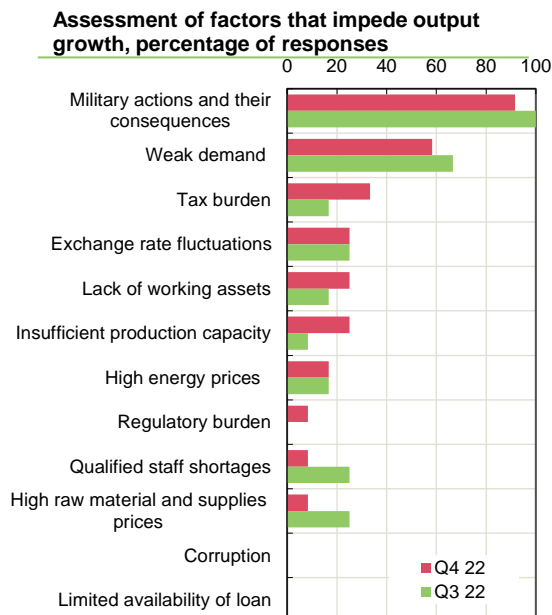


Figure 6

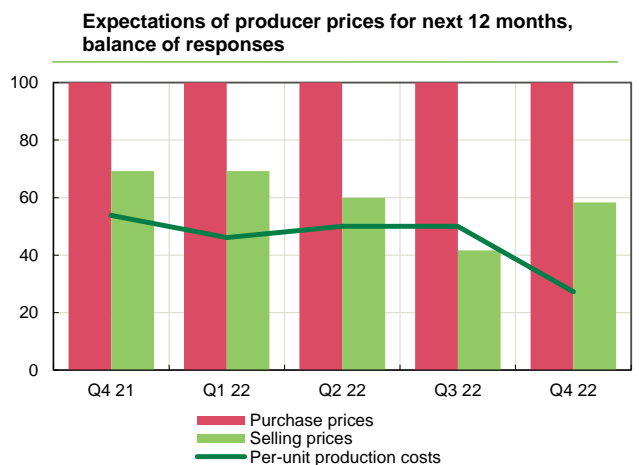


Figure 7

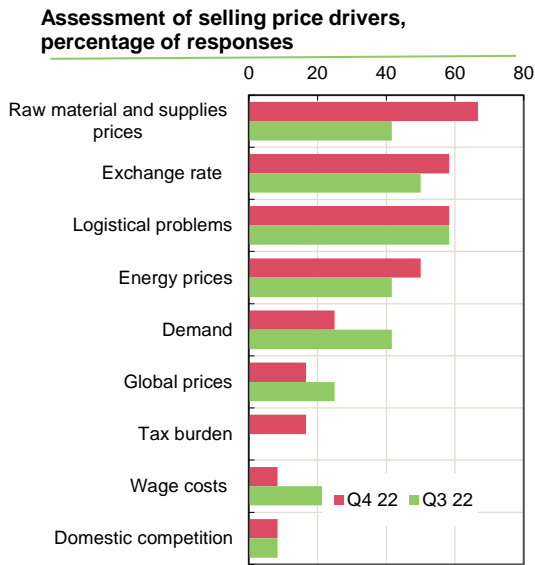


Figure 8

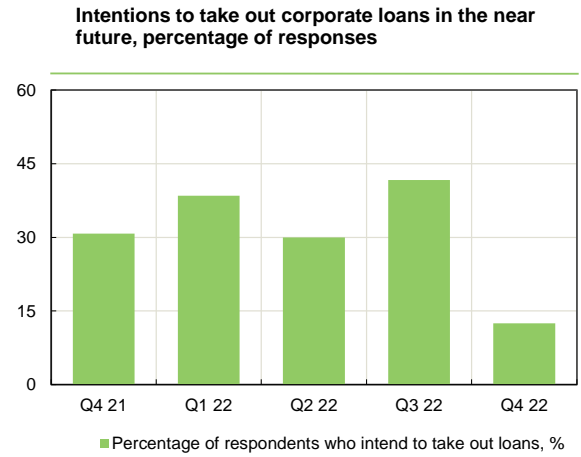


Figure 9

