



National Bank
of Ukraine

Business Outlook Survey of Zaporizhzhia Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q3 2023 showed that, on the back of a stable energy system, respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. They reported positive expectations for the performance of their companies over the same period. Prices were expected to increase more slowly. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would increase at a slower pace:** the balance of responses was 38.9% (compared to 52.9% in the previous quarter) (Figure 1). The balance of responses across Ukraine was 9.8%
- **prices for consumer goods and services would rise more slowly:** 61.1% of respondents expected that the inflation rate would not exceed 15.0% (compared to 47.1% in the previous quarter and 52.2% 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:** 61.1% of respondents expected the hryvnia to weaken against the US dollar, compared to 70.6% in Q2 2023 and 72.4% across Ukraine
- **the financial and economic standings of their companies would improve moderately:** the balance of expectations was 5.6%, up from (-6.3%) in the previous quarter. Overall, across Ukraine, the balance of responses was 6.0% (see Table)
- **both total sales and external sales would increase at a noticeably faster pace:** the balances of responses were 22.2% and 42.9% respectively (compared to 6.7% and 9.1% respectively in the previous quarter) (see Table). Overall, across Ukraine, the balances of responses were 16.8% and 10.6% respectively
- **investment in machinery, equipment, and tools would increase significantly:** the balance of responses was 28.6%, up from 0.0% in the previous quarter. At the same time, respondents expected that investment in construction would decrease: the balance of responses was (-7.1%), down from 0.0% in Q2 2023. Across Ukraine, the balances of responses were (-2.2%) and 8.8% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-16.7%) (compared to (-11.8%) in Q2 2023) (Figure 4). Across Ukraine, the balance of responses was (-7.0%)
- **purchase and selling prices would rise:** the balances of responses were 94.4% and 66.7% respectively, compared to 87.5% and 68.8% in the previous quarter (Figure 6). Energy prices, raw material and supplies prices, and wage costs 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 72.2% and 33.3% respectively (compared to 67.4% and 29.4% respectively in the previous quarter) (Figures 4 and 6).

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

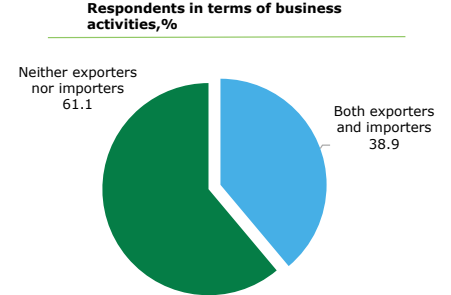
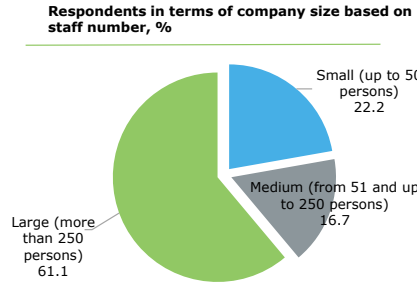
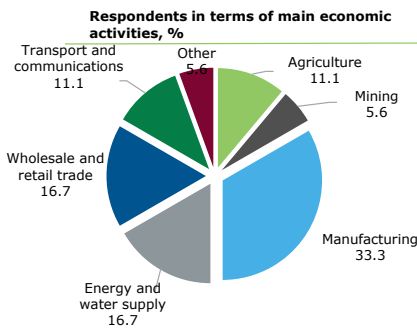
Respondents expected that **their borrowing needs would increase more slowly** in the near future (Figure 8). The companies that planned to take out bank loans (33.3%) opted to take out domestic currency loans. Respondents improved their assessments of lending conditions, but still described these conditions as tight (Figure 9). Companies cited high interest rates, collateral requirements, uncertainty about their ability to meet debt obligations, and complicated paperwork (the impact of this factor was reported to have increased) as the main factors deterring companies from taking out loans (Figure 10).

94.4% 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)

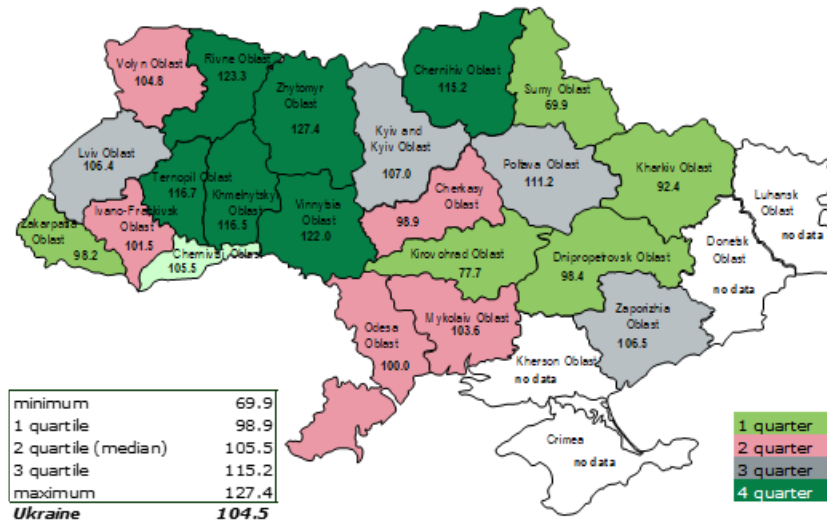
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-33.3%) (the dimmest figure among the regions), compared to (-41.2%) in the previous quarter. Across Ukraine, the balance of responses was (-5.8%).
- **Finished goods stocks were assessed at a normal level:** the balance of responses was 0.0% (compared to (-54.5%) in Q2 2023).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 5.9%, down from 17.6% in the previous quarter.

Survey Details^{1,2}



- Period: 31 July through 23 August 2023.
- A total of 18 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
^{**}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 Zaporizhzhia 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	-36.8	-37.5	-25.0	-6.3	5.6
Total sales	-36.8	-18.8	-15.4	6.7	22.2
Investment in construction	-44.4	-18.8	-38.5	0.0	-7.1
Investment in machinery, equipment, and tools	-44.4	-18.8	-46.2	0.0	28.6
Staff numbers	-21.1	-25.0	-46.2	-11.8	-16.7

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.

Figure 1

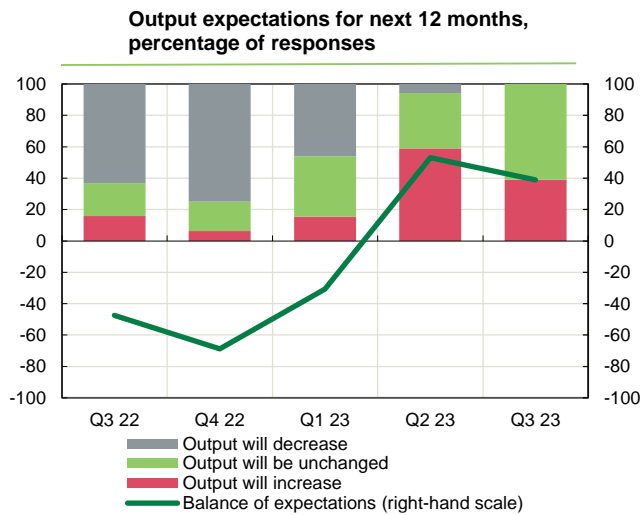


Figure 2



Figure 3

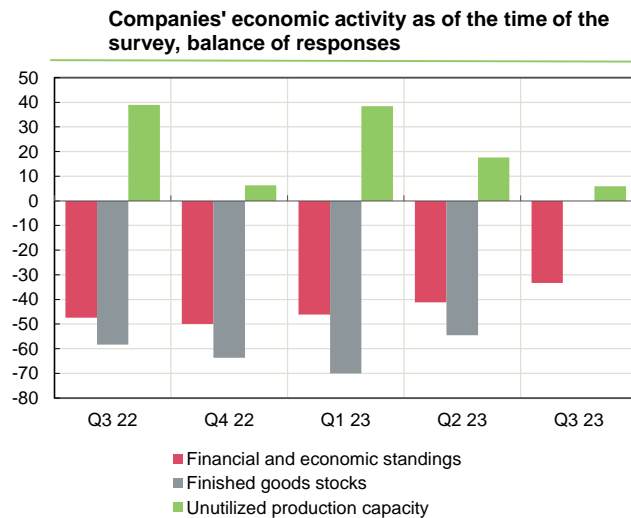


Figure 4



Figure 5

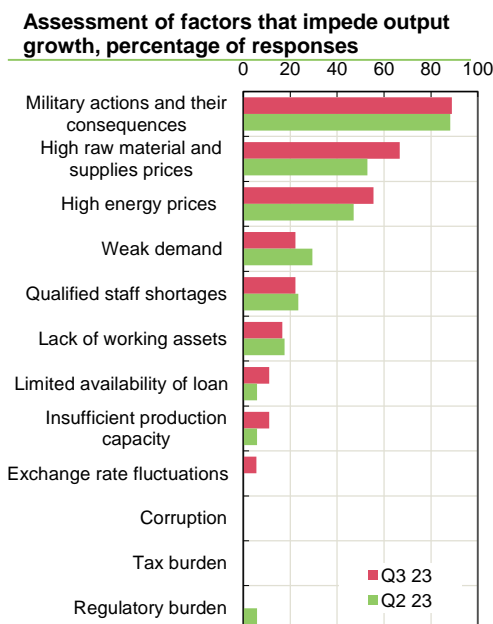


Figure 6

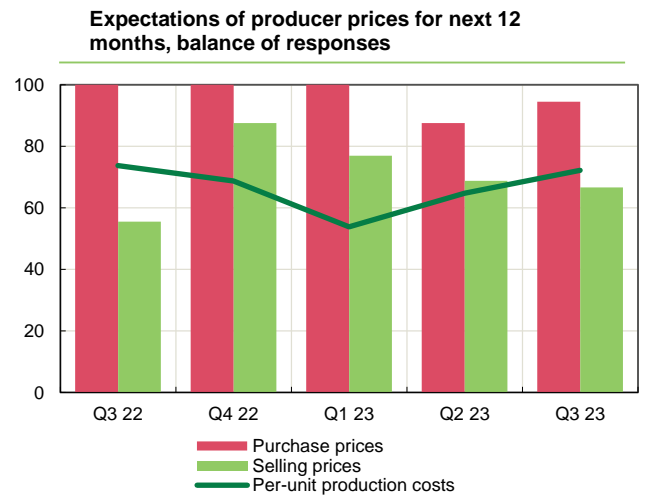


Figure 7

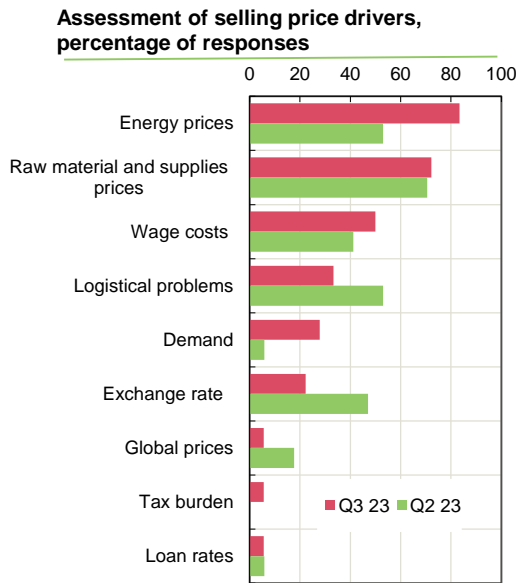


Figure 8

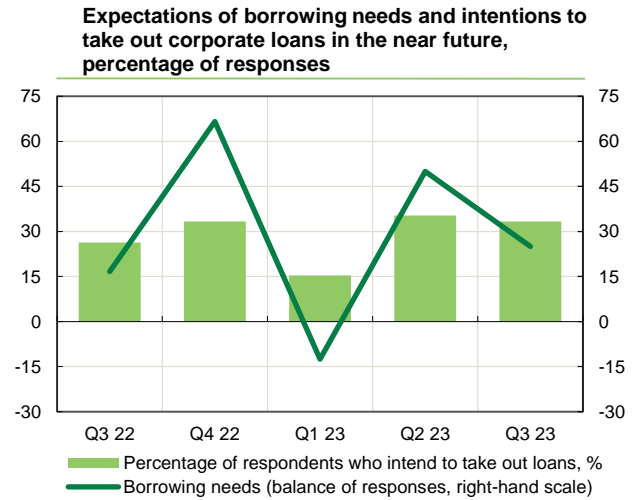


Figure 9

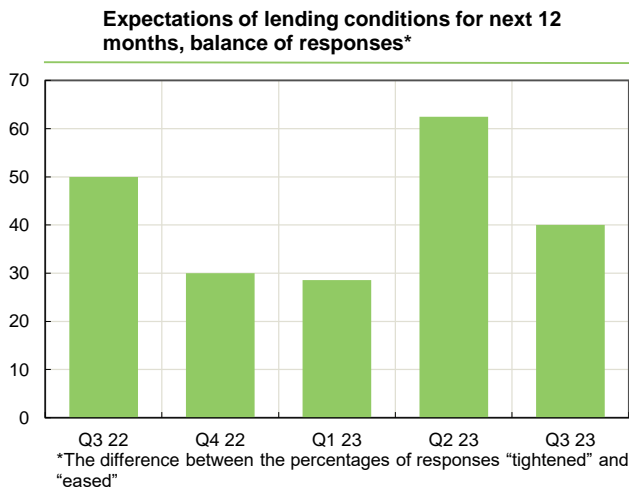


Figure 10

