



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Mykolaiv 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 Mykolaiv oblast in Q3 2023 showed that, on the back of security risks, respondents expected **the output of Ukrainian goods and services to decrease** over the next 12 months. Meanwhile, they reported **positive expectations for their companies' performance** over this period. Respondents expected higher inflation. 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 (-13.3%), down from 6.7% in Q2 2023 (Figure 1) and compared to 9.8% across Ukraine
- **prices for consumer goods and services would rise at a faster pace:** 73.3% of respondents (compared to 64.3% in Q2 2023) expected the inflation rate to be higher than 15.0%, the figure across Ukraine being 47.8%. Respondents referred to military actions, production costs and the exchange rate **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 86.7% of respondents (compared to 78.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.4%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 20.0%, compared to 33.3% in Q2 2023 (see Table) and 6.0% across Ukraine
- **total sales would increase more slowly:** the balance of responses was 13.3%, down from 40.0% in the previous quarter. At the same time, respondents expected that external sales would increase: the balance of responses was 75.0%, up from 50.0% in Q2 2023 (see Table). The balances of responses across Ukraine were 16.8% and 10.6% respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0%, compared to (-7.1%) Q2 2023. At the same time, respondents expected **investment in construction to drop:** the balance of responses was (-15.4%), down from 0.0% in the previous quarter (see Table). 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%, down from 6.7% in Q2 2023 (Figure 4). Overall, across Ukraine respondents expected that staff numbers would decrease moderately (-7.0%)
- **purchase prices would rise rapidly:** the balance of responses was 100.0%, as in the previous quarter (Figure 6). At the same time, respondents expected their selling prices to rise more slowly: the balance of responses was 50.0%, down from 73.3% in Q2 2023. Raw material and supplies prices, high energy prices, hryvnia exchange rate fluctuations, logistical problems and the tax burden (the impact of this factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would grow at a significantly slower pace:** the balances of responses were 33.3% and 20.0% respectively (compared to 60.0% and 53.3% respectively in Q2 2023 respectively) (Figure 4, 6).

Respondents referred to military actions and their consequences, a lack of working assets, insufficient production capacity and limited availability of loan (the impact of the two latter factors was reported to have increased compared to the previous quarter) as the **main drags on the ability of their companies to boost production** (Figure 5).

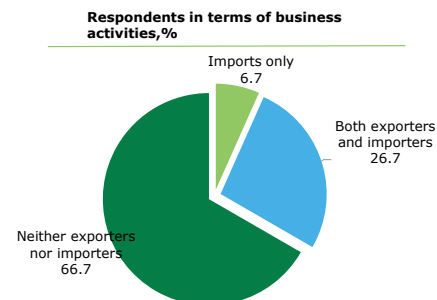
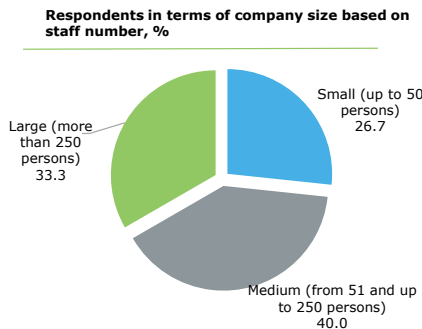
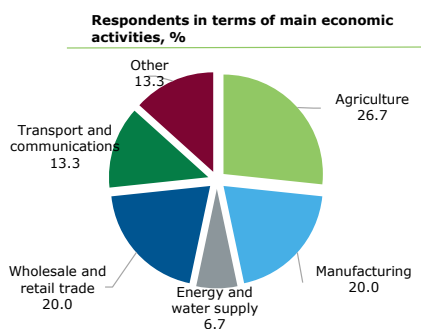
Respondents said that their borrowing needs would increase in the near future (Figure 8). The respondents who planned to take out bank loans (53.3% of those surveyed) fell into two camps, with half of them opting to take domestic currency loans. Respondents improved their assessments of bank lending standards, but still described these standards as tight (Figure 9). High loan rates, other funding sources and collateral requirements were cited as the major factors deterring companies from taking out loans (Figure 10).

93.3% of the 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)

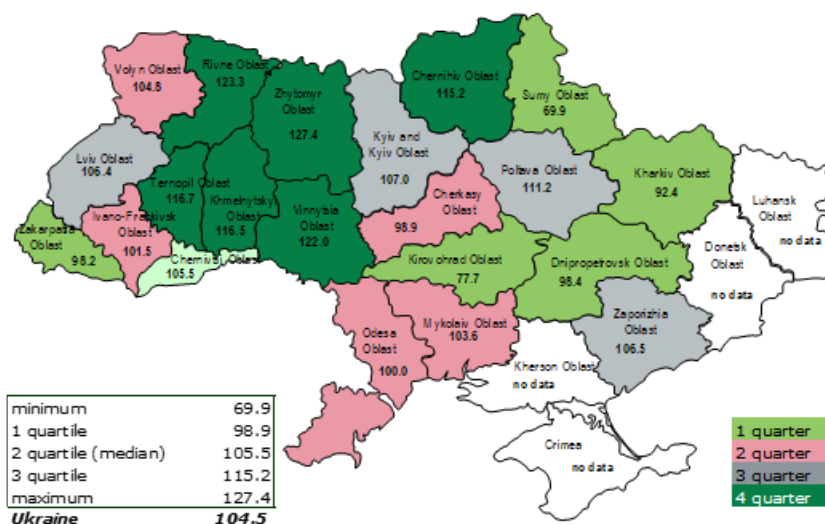
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-20.0%), compared to (-33.3%) in the previous quarter and (-5.8%) across Ukraine.
- **Finished goods stocks had increased and were assessed at higher than normal levels:** the balance of responses was 22.2%, down from (-50.0%) in Q2 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 6.7%, compared to 13.3% in the previous quarter.

Survey Details^{1,2}



- Period: 1 August through 25 August 2023.
- A total of 15 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, %



*a 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 Mykolaiv 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	-46.2	0.0	13.3	33.3	20.0
Total sales	-46.2	7.7	6.7	40.0	13.3
Investment in construction	-84.6	-58.3	-20.0	0.0	-15.4
Investment in machinery, equipment, and tools	-69.2	-46.2	-20.0	-7.1	0.0
Staff numbers	-61.5	-53.8	0.0	6.7	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

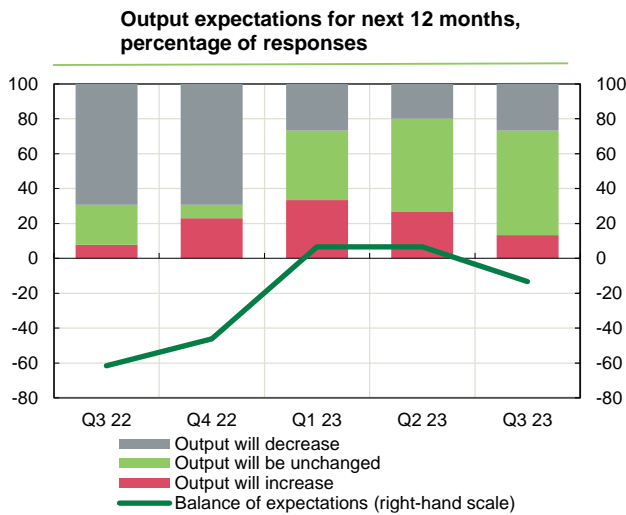


Figure 2

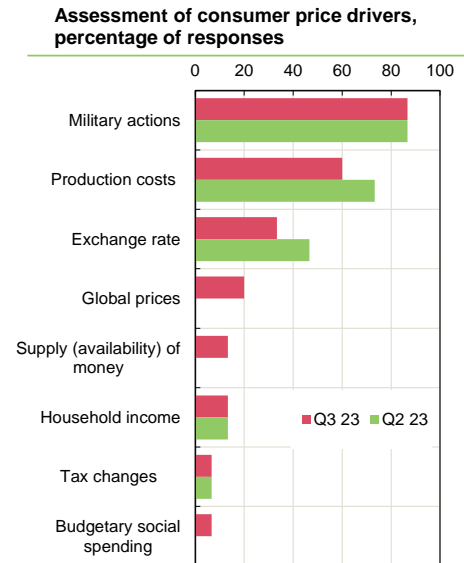


Figure 3

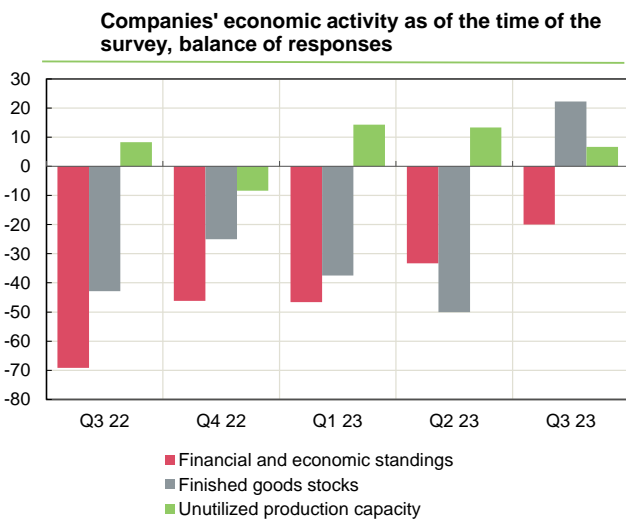


Figure 4

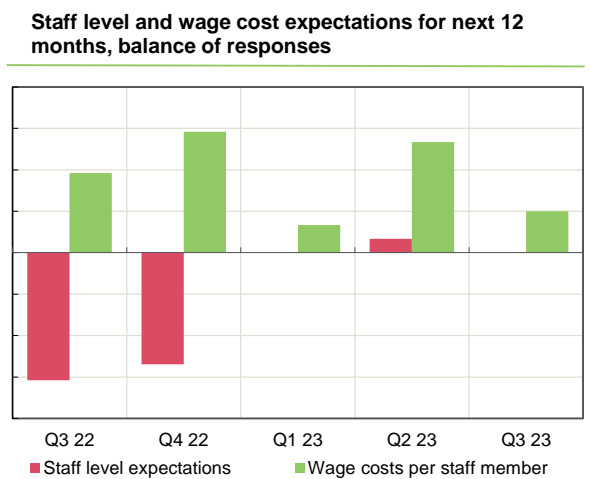


Figure 5

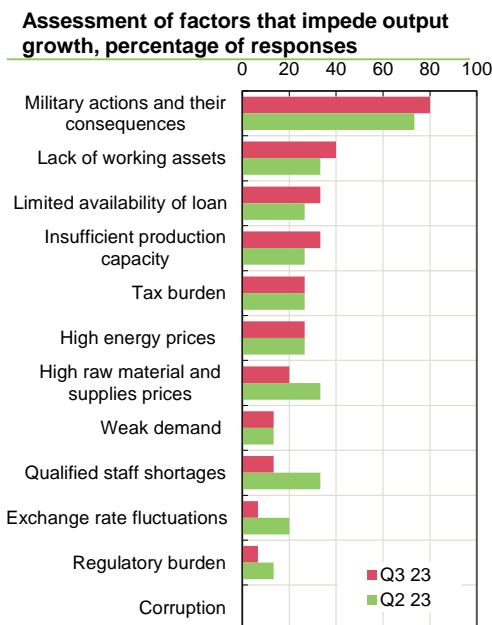


Figure 6

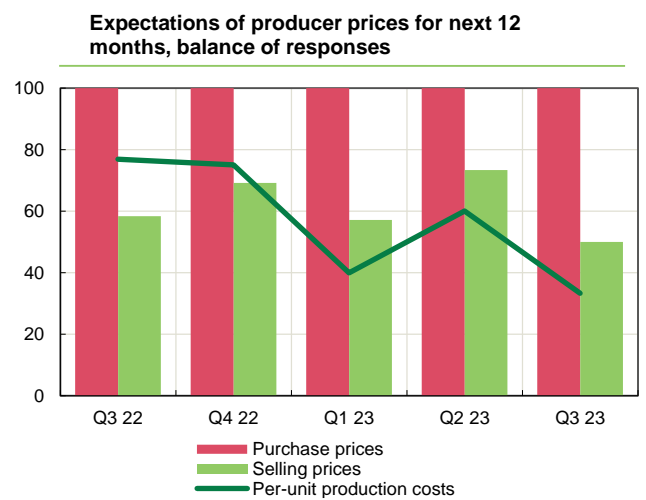


Figure 7

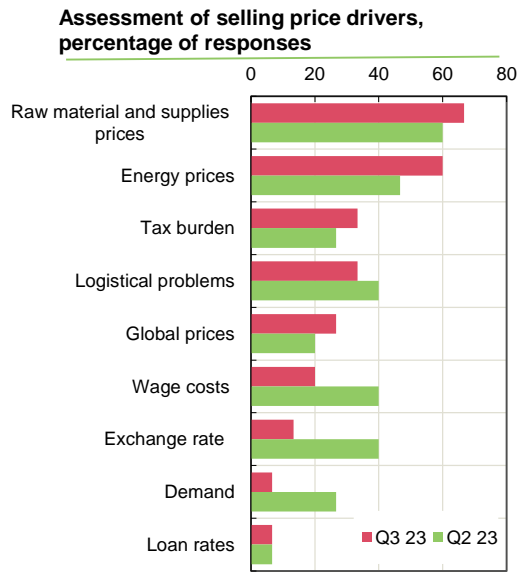


Figure 8

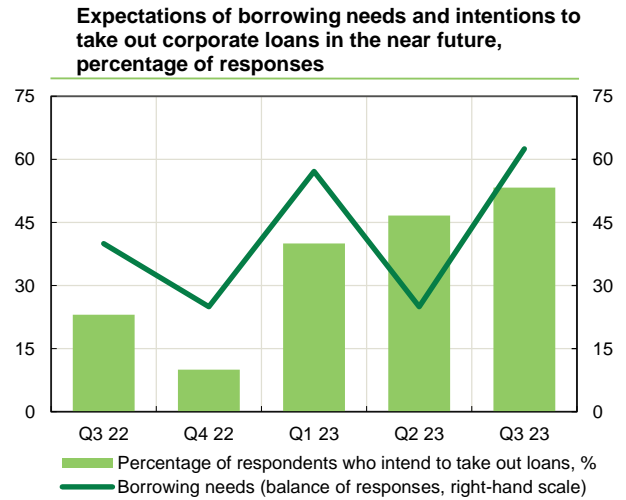


Figure 9

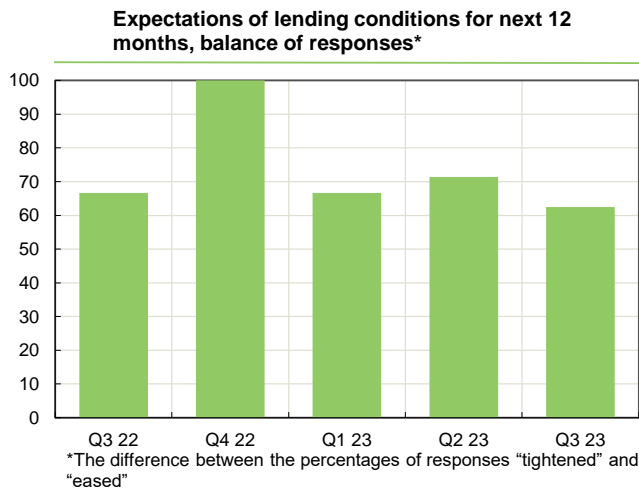


Figure 10

