



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected the output of Ukrainian goods and services to increase over the next 12 months. They continued to report 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 increase:** the balance of expectations was 6.7%, up from (-13.3%) in Q3 2023 (Figure 1) and compared to 15.2% across Ukraine
- **prices for consumer goods and services would rise at a faster pace:** 73.3% of respondents (compared to 80.0% in Q3 2023) expected the inflation rate to be higher than 10.0%, the figure across Ukraine being 52.4%. Respondents referred to military actions, production costs, the exchange rate and global prices as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate:** 86.7% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 26.7%, compared to 20.0% in Q3 2023 (see Table) and 4.1% across Ukraine
- **total sales would increase:** the balance of responses was 13.3%, as in the previous quarter. At the same time, respondents expected that external sales would increase at a significantly slower pace: the balance of responses was 33.3%, down from 75.0% in Q3 2023 (see Table). The balances of responses across Ukraine were 10.6% and 9.7% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 7.1%, compared to 0.0% Q3 2023. At the same time, respondents expected **investment in construction to drop:** the balance of responses was (-15.4%), as in the previous quarter (see Table). Across Ukraine, the balances of responses were 6.6% and (-6.9%) respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% (such expectations have been reported for two quarters running) (Figure 4). Overall, across Ukraine respondents expected that staff numbers would decrease (-6.5%)
- **purchase prices would rise rapidly:** the balance of responses was 92.9%, compared to 100.0% in the previous quarter (Figure 6). Respondents also expected their selling prices to rise: the balance of responses was 57.1%, up from 50.0% in Q3 2023. Raw material and supplies prices, high energy prices and wage costs (the impact of this factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 33.3% (compared to 26.7% in Q3 2023). Respondents also expected that **wage costs per staff member would increase more rapidly:** the balance of responses was 40.0%, up from 20.0% in the previous quarter (Figure 4, 6).

Respondents referred to military actions and their consequences (reported by 93.3% of respondents), insufficient production capacity (the most significant factor for agricultural companies), a lack of working assets, high energy prices and qualified staff shortages (the impact of the latter two 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).

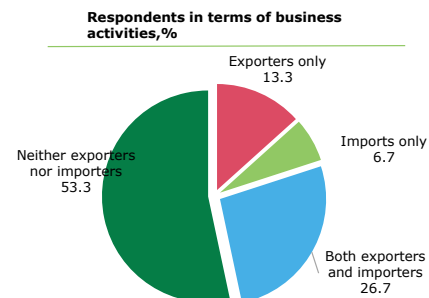
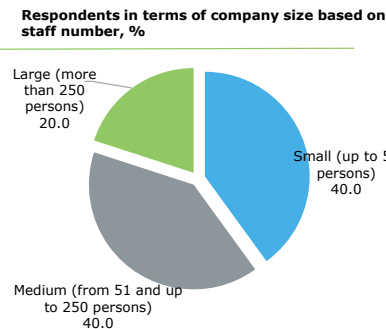
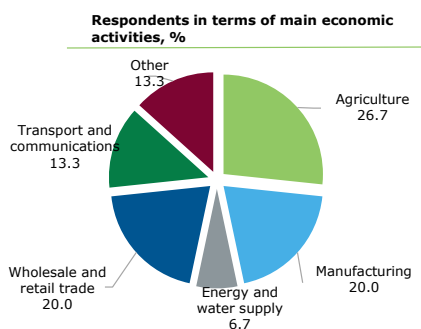
Respondents said that their borrowing needs would increase more slowly in the near future (Figure 8). The respondents who planned to take out bank loans (57.1% of those surveyed) usually opted to take domestic currency loans. Respondents said that bank lending standards had remain unchanged (Figure 9). High loan rates, other funding sources and collateral requirements were cited as the major factors deterring companies from taking out loans (Figure 10).

All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (95.8% across Ukraine).

Assessments of financial and economic standings as of the time of the survey (Figure 3)

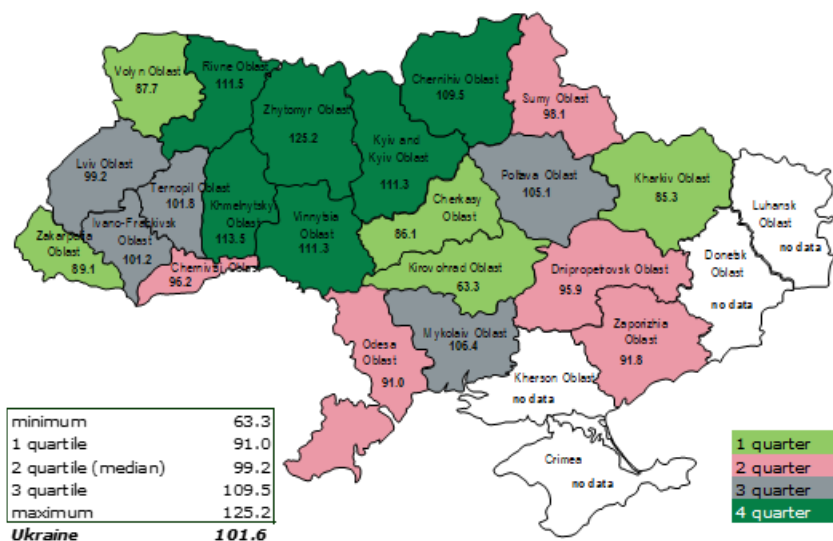
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-20.0%), as in the previous quarter, the figure across Ukraine being (-5.6%).
- **Finished goods stocks were assessed at normal level:** the balance of responses was 0.0%, down from 22.2% in Q3 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 6.7%, as in the previous quarter.

Survey Details^{1,2}



- Period: 31 October through 24 November 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, %



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 Mykolaiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Financial and economic standings	0.0	13.3	33.3	20.0	26.7
Total sales	7.7	6.7	40.0	13.3	13.3
Investment in construction	-58.3	-20.0	0.0	-15.4	-15.4
Investment in machinery, equipment, and tools	-46.2	-20.0	-7.1	0.0	7.1
Staff numbers	-53.8	0.0	6.7	0.0	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

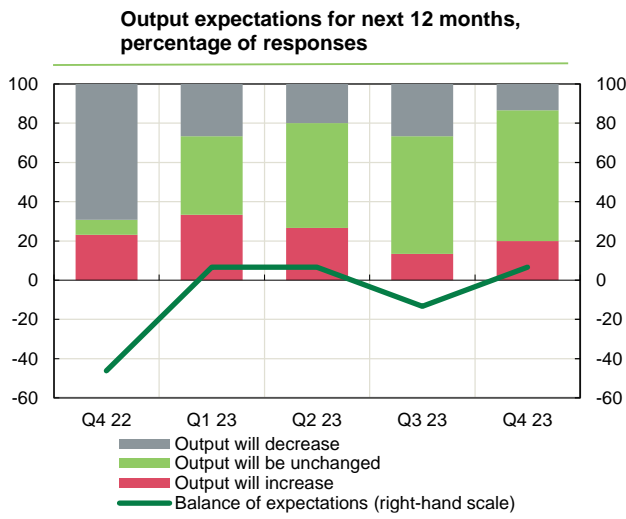


Figure 2

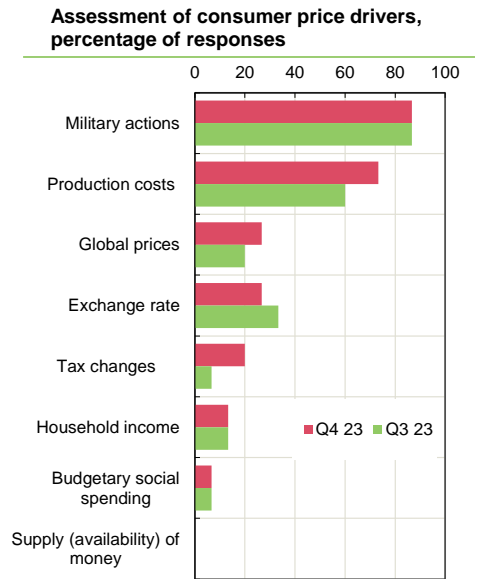


Figure 3

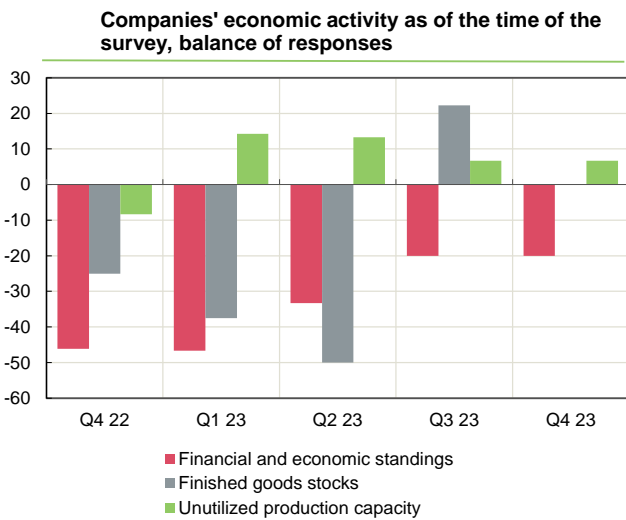


Figure 4



Figure 5

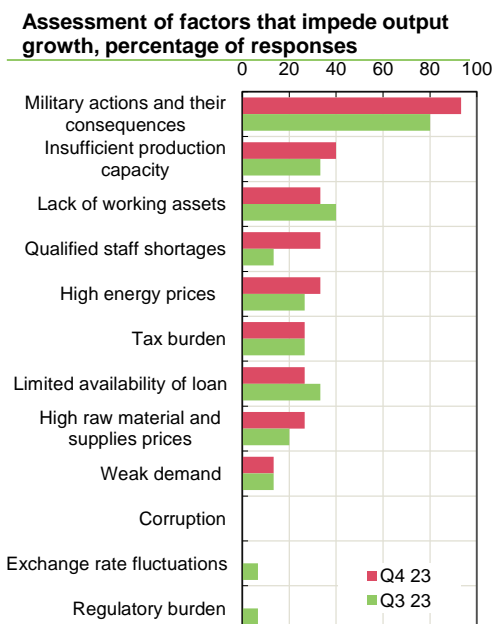


Figure 6

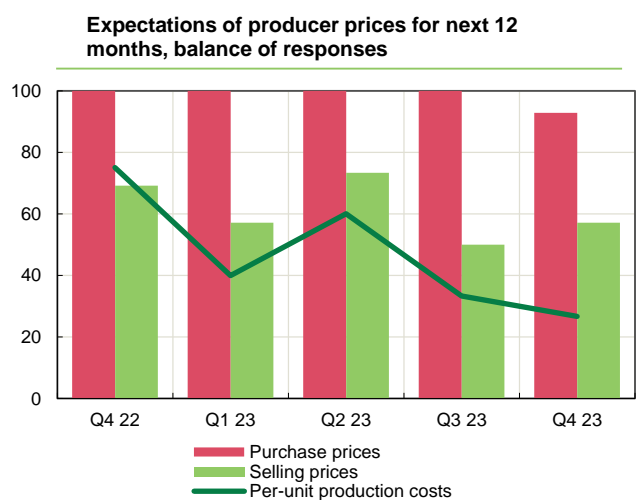


Figure 7

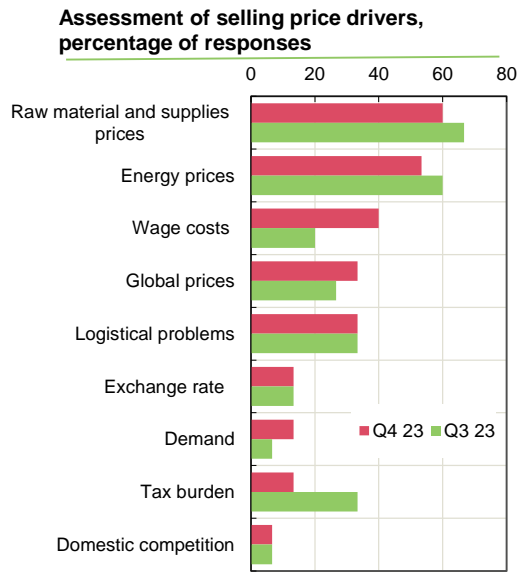


Figure 8

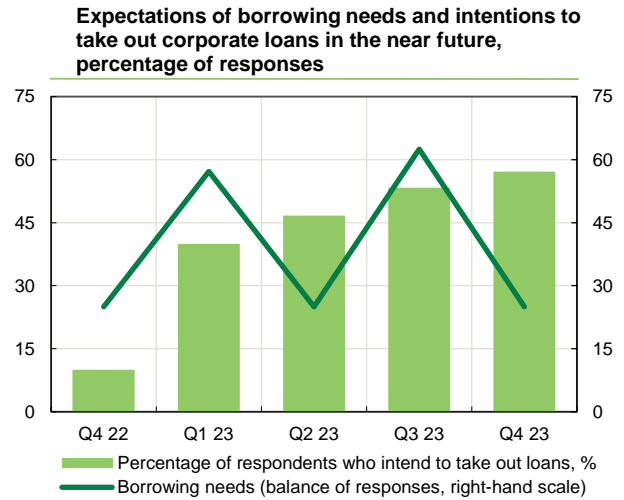


Figure 9

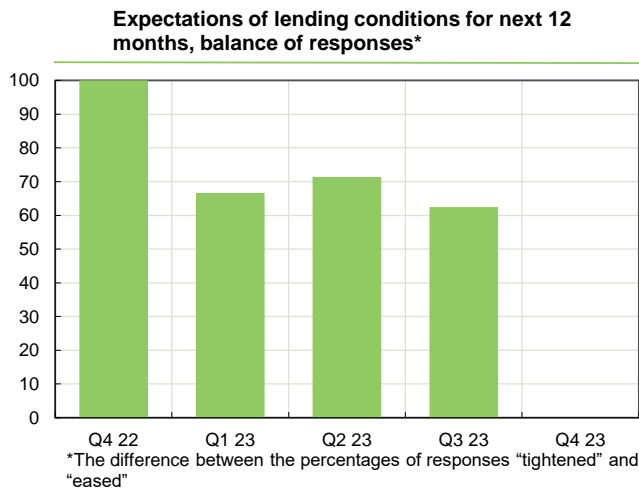


Figure 10

