



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in **Q4 2023** showed that, despite security risks and logistical difficulties with crossing the border, respondents expected **growth in the output of Ukrainian goods and services**. They also reported **positive expectations for the performance of their companies** over the next 12 months. Inflation and depreciation expectations remained strong.

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

- **the output of Ukrainian goods and services would increase at a faster pace:** the balance of expectations was 7.7%, compared to 25.0% in Q3 2023 and 15.2% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise:** 61.5% of respondents expected the inflation rate to be higher than 10.0%, down from 85.0% in the previous quarter and compared to 52.4% across Ukraine. Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 78.9% of respondents (compared to 79.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 15.0% (compared to 22.5% in Q3 2023). Across Ukraine, the balance of responses was 4.1% (see Table)
- **total sales would increase:** the balance of responses was 15.0%, as in Q3 2023. Meanwhile, respondents expected that external sales would grow at a slower pace: the balance of responses was 8.3%, compared to 26.7% in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in machinery, equipment, and tools would increase at a slower pace:** the balance of responses was 13.2%, down from 21.1% in the previous quarter. Meanwhile, respondents expected that investment in construction would decrease: the balance of responses was (-2.6%), compared to (-2.8%) in Q3 2023. Across Ukraine, the balances of responses were 6.6% and (-6.9%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-15.0%), compared to 0.0% in Q3 2023. Across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **purchase and selling prices would grow at a slower pace:** the balances of responses were 87.2% and 59.0% respectively, compared to 97.5% and 67.5% respectively in Q3 2023 (Figure 6). Respondents referred to raw material and supplies prices, energy prices, and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs would grow more slowly:** the balance of responses was 60.0%, down from 79.5% in the previous quarter. At the same time, respondents expected that **wage costs per staff member would increase more quickly:** the balance of responses was 50.0% (compared to 35.0% in Q3 2023) (Figures 6 and 4)

Respondents referred to military actions and their consequences, weak demand and qualified staff shortages as **the main drags on the ability of their companies to boost production** (Figure 5).

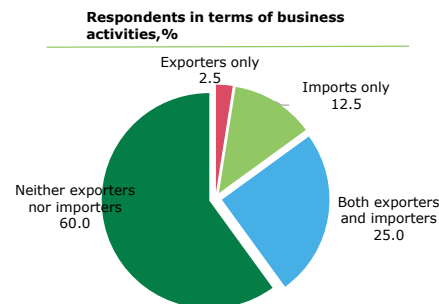
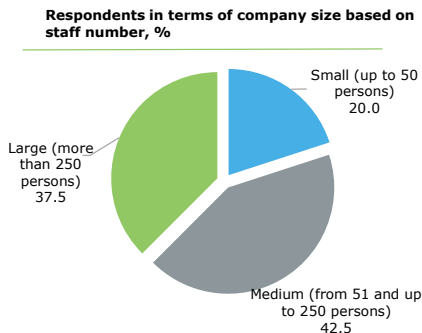
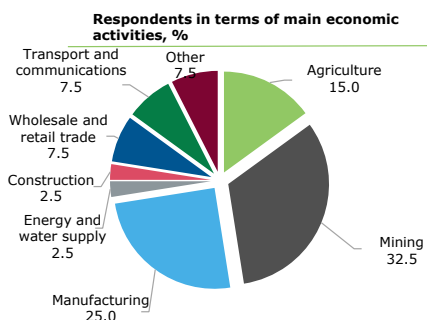
Respondents said that their borrowing needs would increase in the near future (Figure 8). 41.0% of respondents planned to take out bank loans and usually opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high interest rates, collateral requirements and other funding sources as the main factors deterring them from taking out loans (Figure 10).

92.3% of 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)

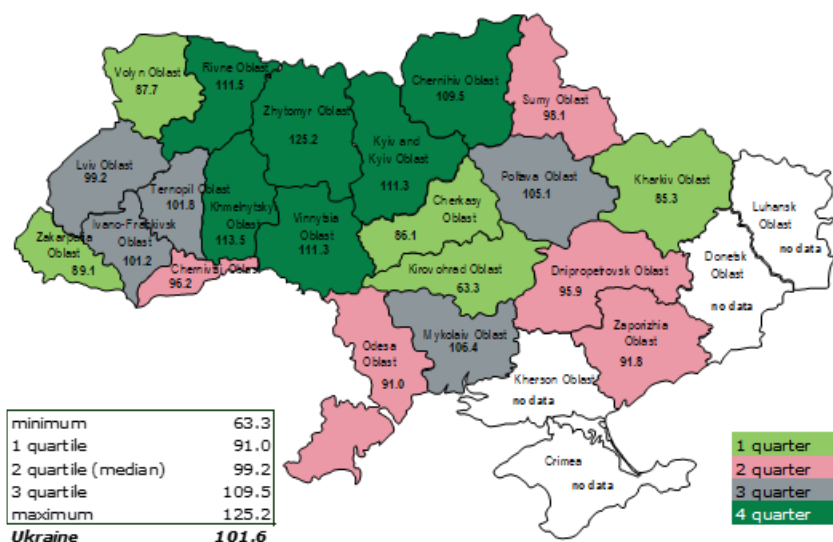
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-20.0%) compared to (-22.5%) in the previous quarter. The balance across Ukraine was (-5.6%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-20.8%), compared to (-8.7%) in Q3 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 20.0%, compared to 12.5% in the previous quarter.

Survey Details^{1,2}



- Period: 31 October through 27 November 2023.
- A total of 40 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries.

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 Poltava 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	-40.0	-9.5	10.0	22.5	15.0
Total sales	-32.5	-14.3	7.5	15.0	15.0
Investment in construction	-67.6	-42.5	-8.1	-2.8	-2.6
Investment in machinery, equipment, and tools	-44.7	-30.0	13.5	21.1	13.2
Staff numbers	-35.0	-19.0	-5.0	0.0	-15.0

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

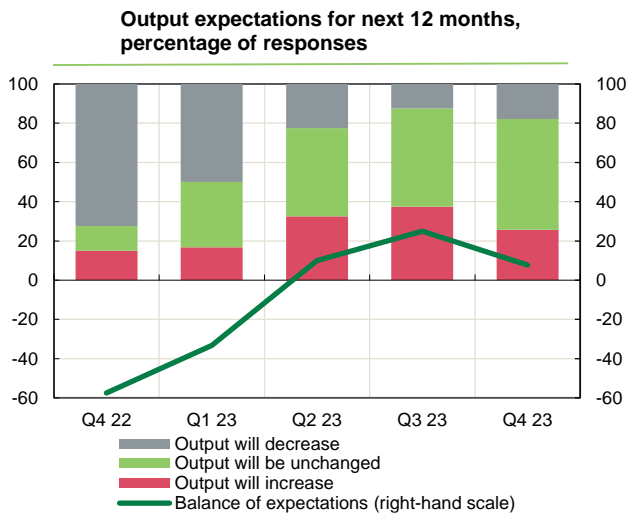


Figure 2

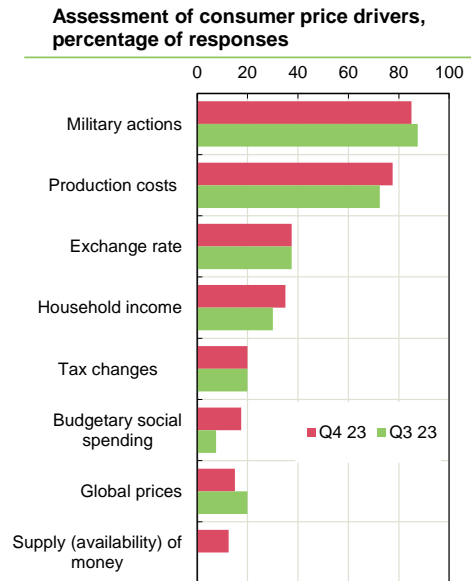


Figure 3

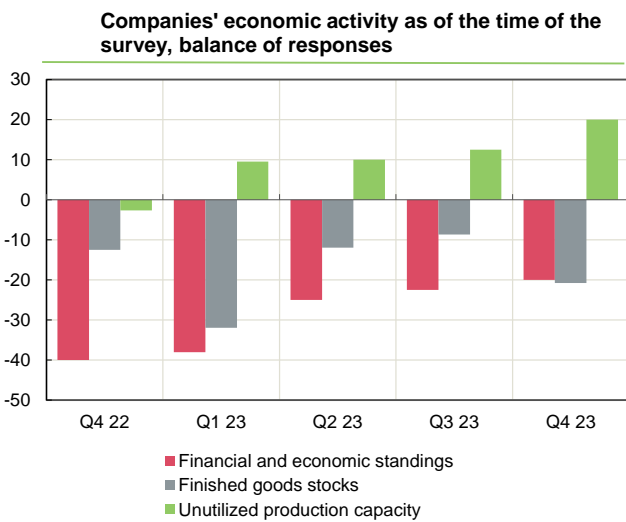


Figure 4

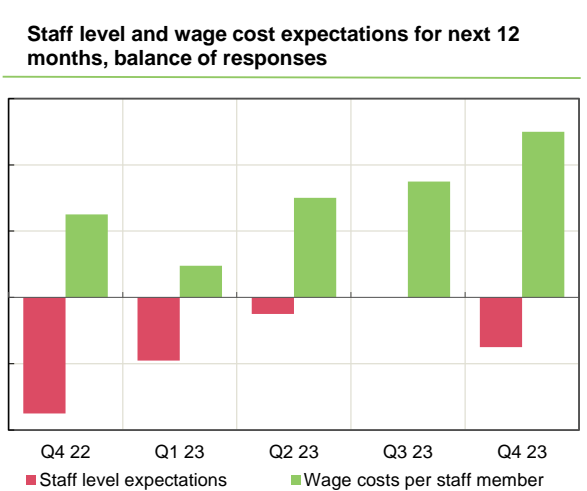


Figure 5

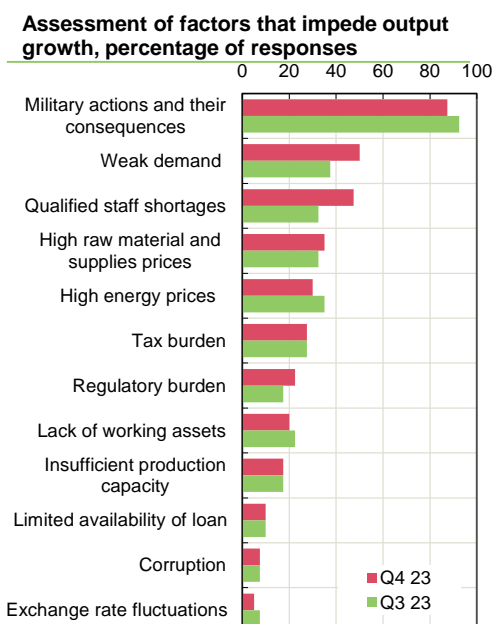


Figure 6

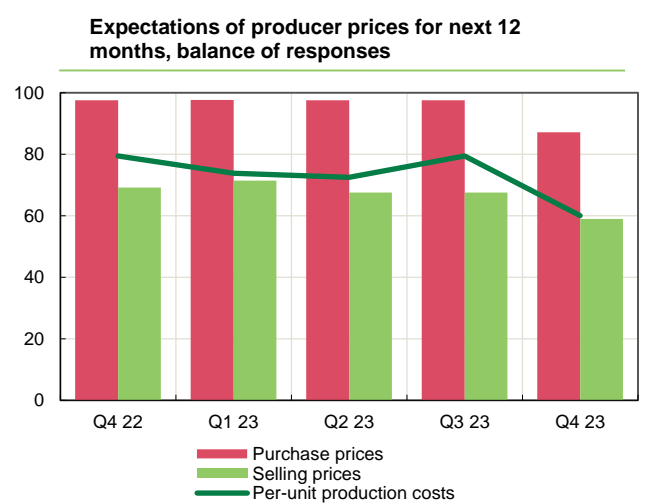


Figure 7

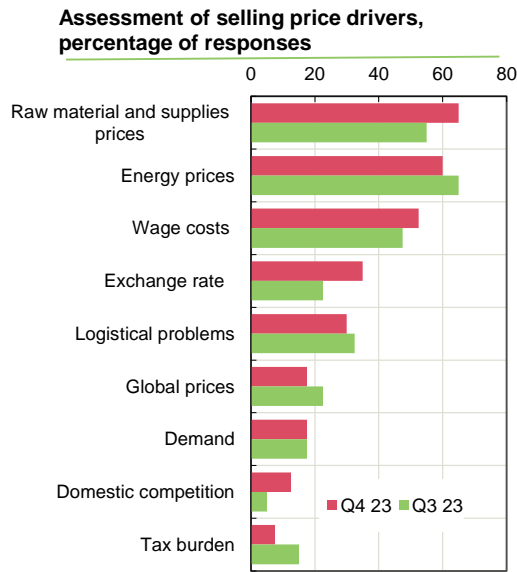


Figure 8

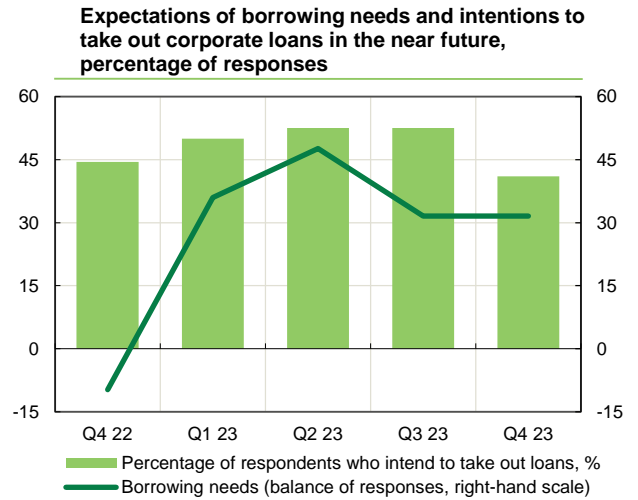


Figure 9

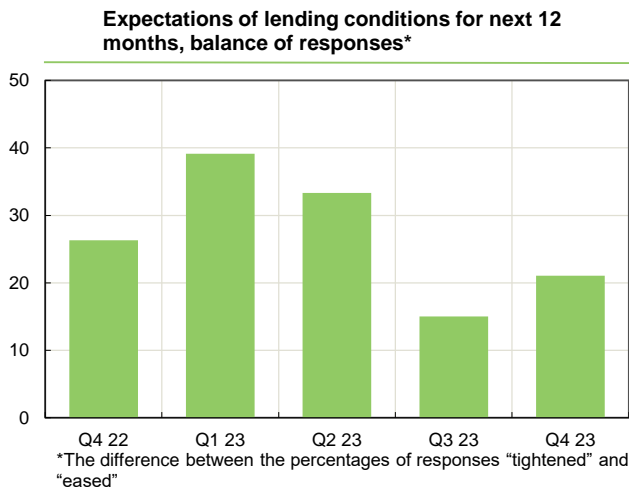


Figure 10

