



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Vinnytsia 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 **Vinnytsia oblast** in Q4 2022 showed that against the background of the war and terrorist attacks respondents continued to **expect the output of Ukrainian goods and services to drop** over the next 12 months. At the same time, respondents had cautious expectations for the performance of their companies over that period. Inflation and depreciation expectations were high.

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-76.5%) compared to (-76.2%) in the previous quarter (Figure 1), and (-32.3%) across Ukraine
- **prices for consumer goods and services would grow:** the share of respondents who expected that the inflation rate would exceed 20.0% was 88.2% compared to 85.7% in Q3 2022, the figure across Ukraine being 62.4%. Respondents continued to refer to the hryvnia exchange rate, military actions and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 94.1% of respondents expected the hryvnia to weaken against the US dollar, compared to 100.0% in the previous quarter and 88.5% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared to (-4.8%) in Q3 2022 (see Table), the figure across Ukraine being (-11.5%)
- **total sales would grow more slowly:** the balance of responses was 6.3% compared to 14.3% in the previous quarter (see Table). At the same time, respondents expected a drop in external sales: the balance of responses was (-25.0%), as in Q3 2022. The balances of responses across Ukraine were (-7.3%) and (-6.3%) respectively
- **both investment in construction and investment in machinery, equipment, and tools would decrease:** the balances of responses were (-11.1%) and (-16.7%) respectively, compared to (-13.3%) and (-12.5%) respectively in the previous quarter. Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would drop:** the balance of responses was (-22.2) compared to (-23.8%) in Q3 2022 (Figure 4). Overall, across Ukraine, the balance of responses was (-20.1%)
- **purchase prices would rise:** the balance of responses was 94.4% compared to 100.0% in the previous quarter. At the same time, respondents expected that selling prices would increase at a noticeably slower pace: the balance of responses was 66.7%, down from 95.2% in Q3 2022 (Figure 6). Respondents referred to energy prices (the impact of this factor was reported to have increased compared to the previous survey), high raw material and supplies prices and logistical problems 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 5.6% and 47.1% respectively, compared to 81.0% and 65.0% respectively in the previous quarter (Figures 4 and 6).

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

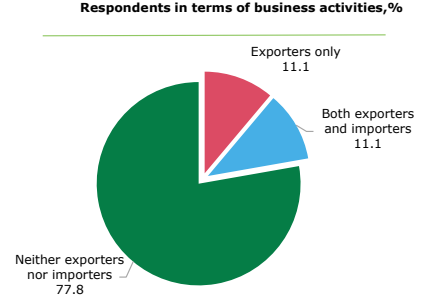
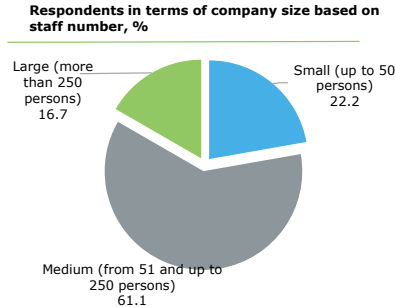
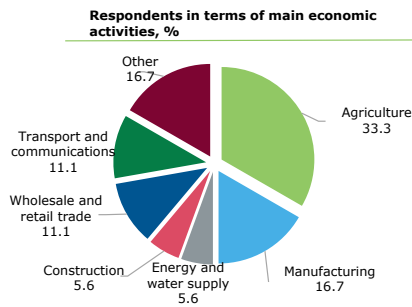
Respondents said that their borrowing needs would increase in the near future (Figure 8). The respondents who planned to take out loans (22.2% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Companies cited high loan rates, other funding sources, complicated paperwork and collateral requirements (the impact of the last two factors was reported to have increased compared to the previous survey) as the main factors deterring them from taking out loans (Figure 10).

All 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)

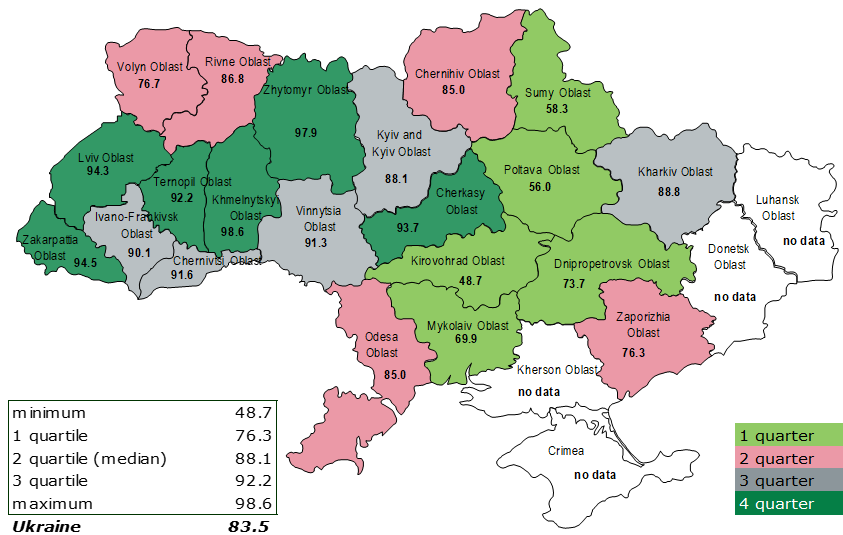
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-16.7%) compared to (-23.8%) in the previous quarter and (-19.3%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-16.7%) compared to (-14.3%) in Q3 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.8% compared to 9.5% in the previous quarter.

Survey Details^{1,2}



- Period: 3 November through 28 November 2022.
- A total of 18 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 Vinnytsia Oblast and Its Components⁴

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	5.3		-25.0	-4.8	0.0
Total sales	30.0		-9.5	14.3	6.3
Investment in construction	4.8		-50.0	-13.3	-11.1
Investment in machinery, equipment, and tools	4.8		-43.8	-12.5	-16.7
Staff numbers	-9.5		-42.9	-23.8	-22.2

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.
⁴ The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

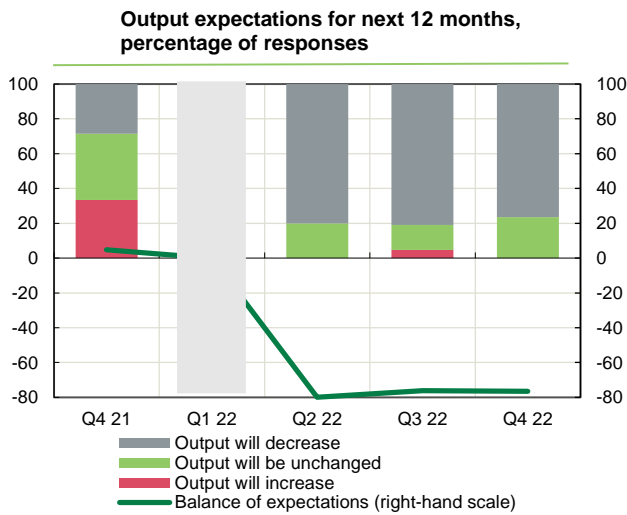


Figure 2

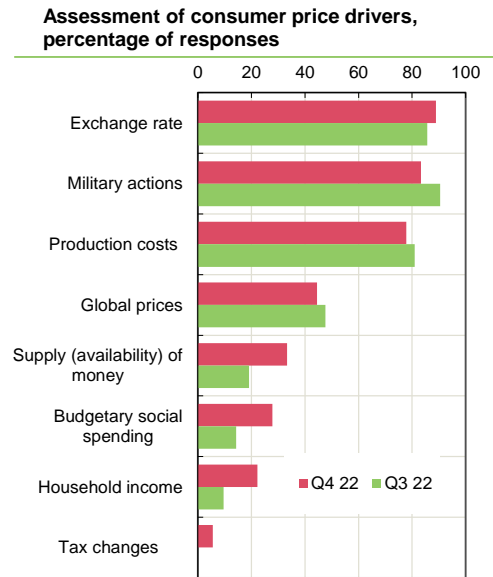


Figure 3

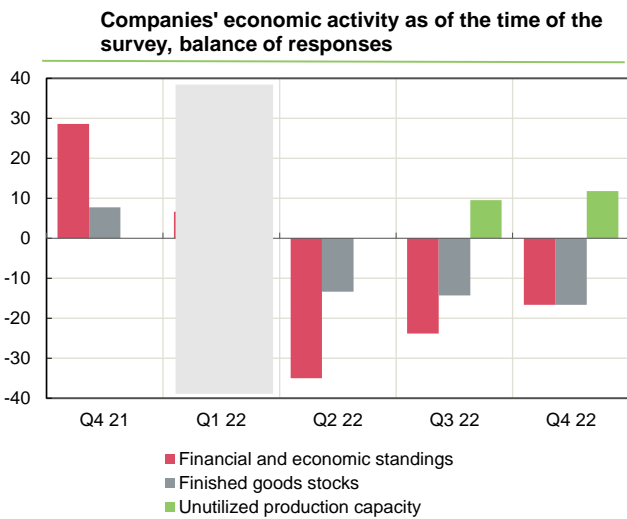


Figure 4

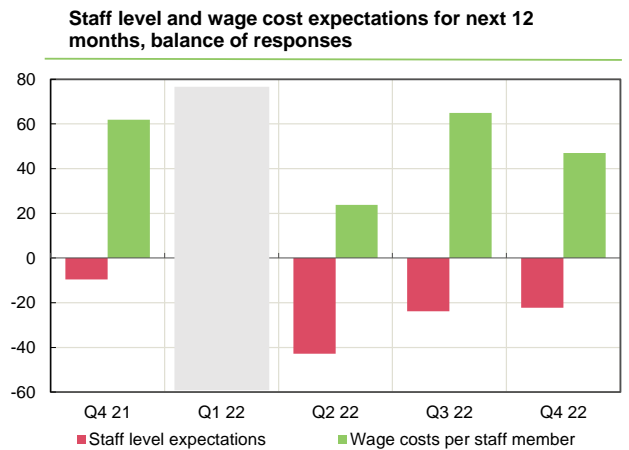


Figure 5

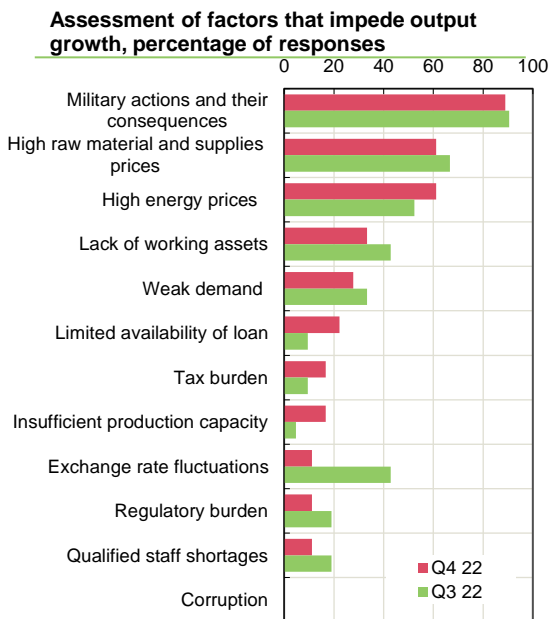


Figure 6

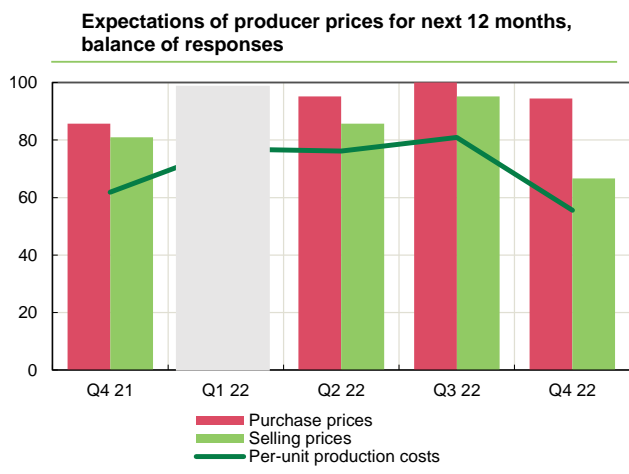


Figure 7

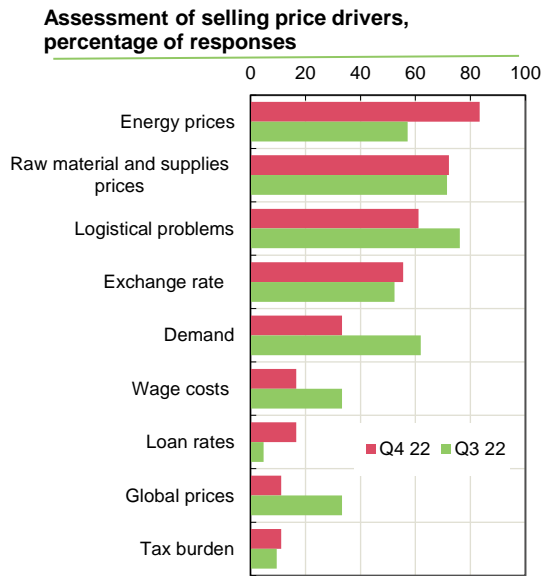


Figure 8

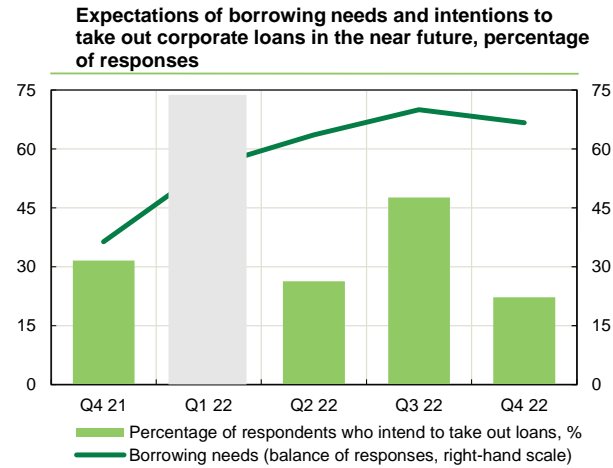


Figure 9

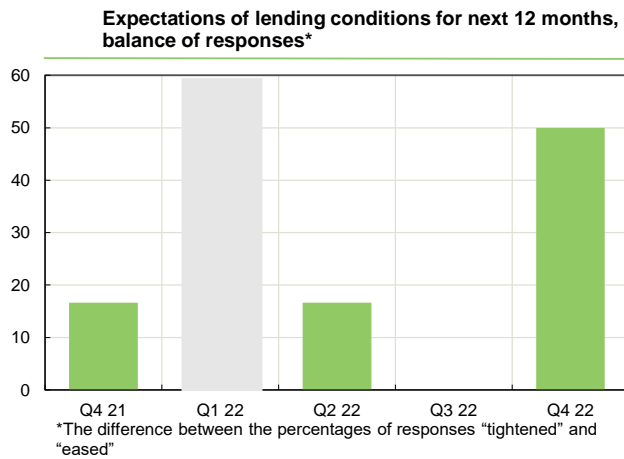


Figure 10

