



National Bank  
of Ukraine

# Business Outlook Survey of Mykolaiv Oblast\*

Q1 2023



\*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Mykolaiv oblast in Q1 2023 showed that despite prolonged hostilities and missile attacks on civilian infrastructure respondents expected that the output of Ukrainian goods and services would increase over the next 12 months. They reported positive expectations for their companies' performance over this period. They expected higher inflation. Depreciation expectations weakened somewhat, but still 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%, compared to (-46.2%) in Q4 2022 (Figure 1) and (-16.7%) across Ukraine
- **prices for consumer goods and services would rise:** 66.7% of respondents (compared to 61.5% in Q4 2022) expected the inflation rate to be higher than 20.0%, the figure across Ukraine being 53.2%. Respondents referred to military actions, the exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 71.4% of respondents (down from 80.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 13.3%, compared to 0.0% in Q4 2022 (see Table) and (-2.5%) across Ukraine
- **total sales would increase:** the balance of responses was 6.7% compared to 7.7% in the previous quarter. External sales were expected to drop (the balance of responses was (-50.0%) compared to 0.0% in Q4 2022). The balances of responses across Ukraine were 2.8% and 2.0% respectively
- **investment in construction and in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-20.0%) for each, down from (-58.3%) and (-46.2%) respectively in Q4 2022. Across Ukraine, the balances of responses were (-17.8%) and (-10.3%) respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% compared to (-53.8%) in Q4 2022 (Figure 4) and (-16.4%) across Ukraine
- **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 57.1%, down from 69.2% in Q4 2022. Hryvnia exchange rate fluctuations, high energy prices and logistical problems (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 40.0% and 13.3% respectively (compared to 75.0% and 58.3% in Q4 2022 respectively) (Figure 4, 6)

Respondents referred to military actions and their consequences, high energy prices and insufficient production capacity (the impact of this factor 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).

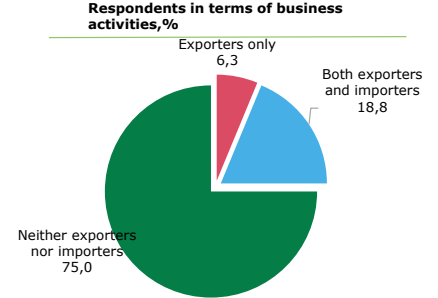
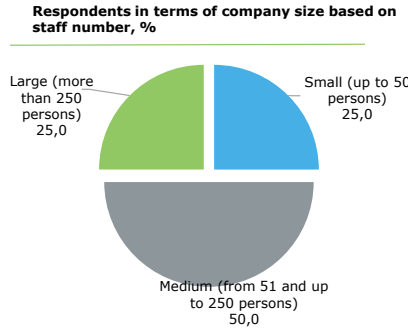
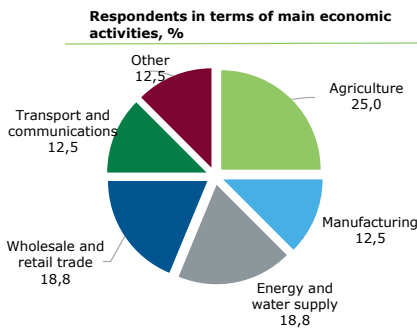
**Respondents said that their borrowing needs would increase** in the near future (Figure 8). All of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents improved their expectations for lending conditions, but still described these conditions as tight (Figure 9). High loan rates, other funding sources (the impact of this factor was reported to have increased) and complicated paperwork were cited as the major factors deterring companies from taking out loans (Figure 10).

**87.5% of the respondents** said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.7% across Ukraine).

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

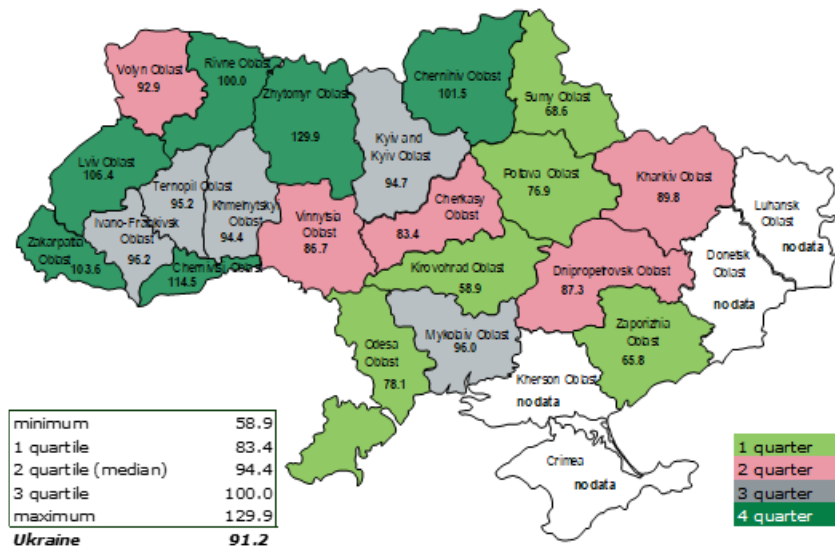
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-46.7%), compared to (-46.2%) in the previous quarter and (-16.9%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-37.5%), down from (-25.0%) in Q4 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 14.3%, compared to (-8.3%) in the previous quarter.

Survey Details<sup>1,2</sup>



- Period: 31 January through 28 February 2023.
- A total of 16 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 Oblasts<sup>3</sup>, %



\*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, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings	7,1	-46,2	-46,2	0,0	13,3
Total sales	35,7	-53,8	-46,2	7,7	6,7
Investment in construction	0,0	-69,2	-84,6	-58,3	-20,0
Investment in machinery, equipment, and tools	23,1	-53,8	-69,2	-46,2	-20,0
Staff numbers	7,1	-69,2	-61,5	-53,8	0,0

<sup>1</sup> This sample was generated in proportion to the contribution of each region and each economic activity to Ukraine's gross value added.

<sup>2</sup> Data for totals and components may be subject to rounding effects.

<sup>3</sup> 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

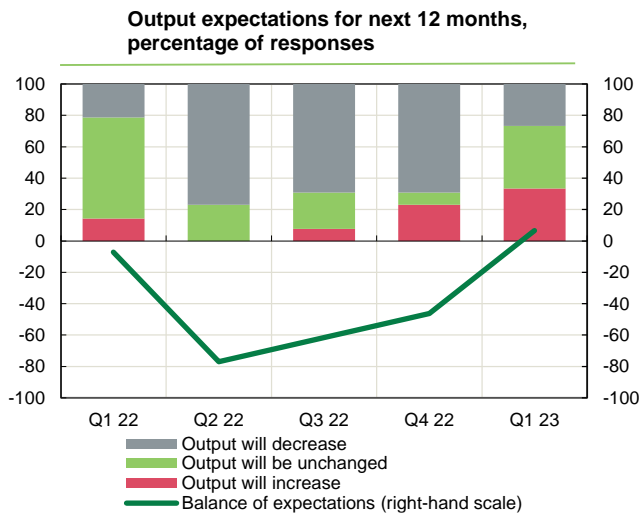


Figure 2

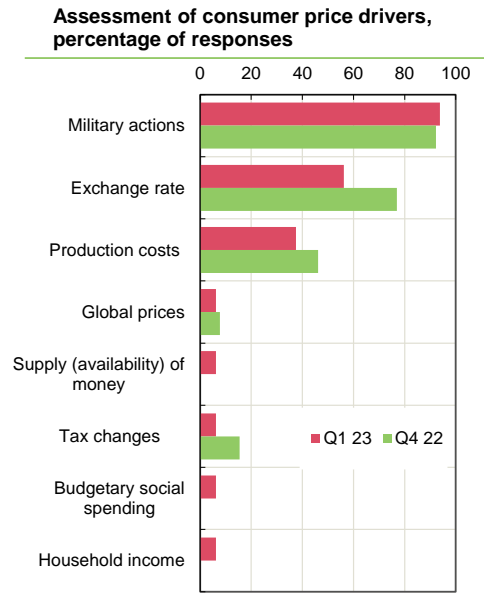


Figure 3

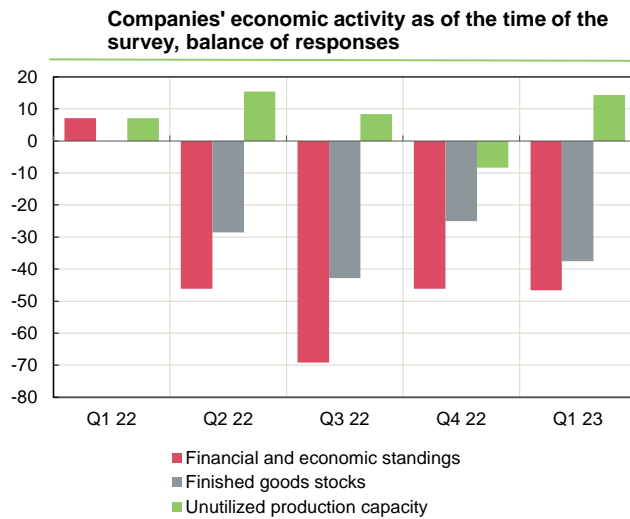


Figure 4

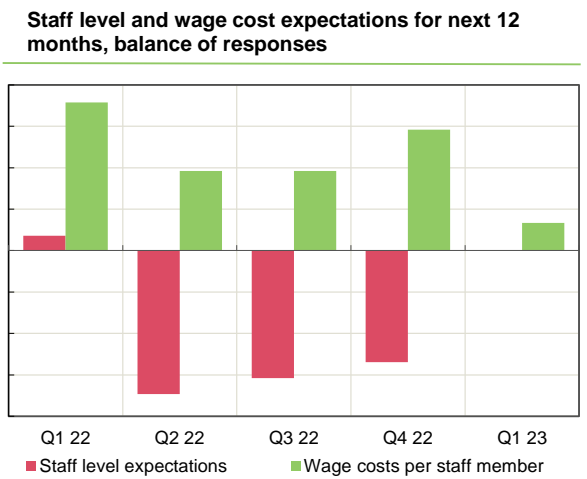


Figure 5

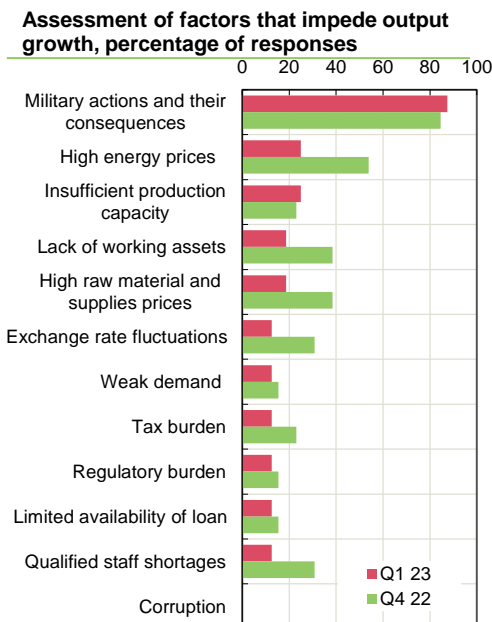


Figure 6

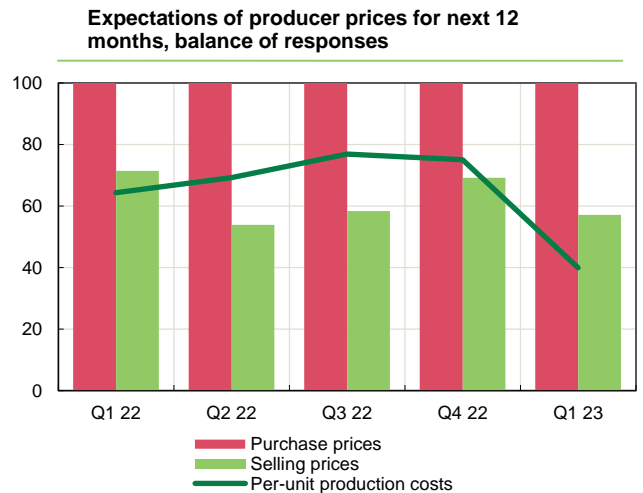


Figure 7

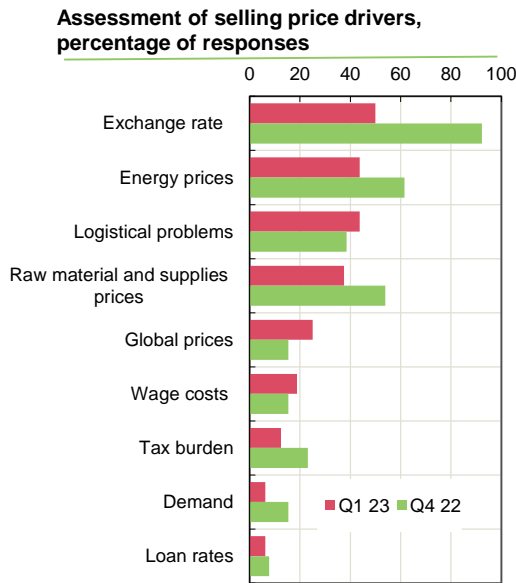


Figure 8

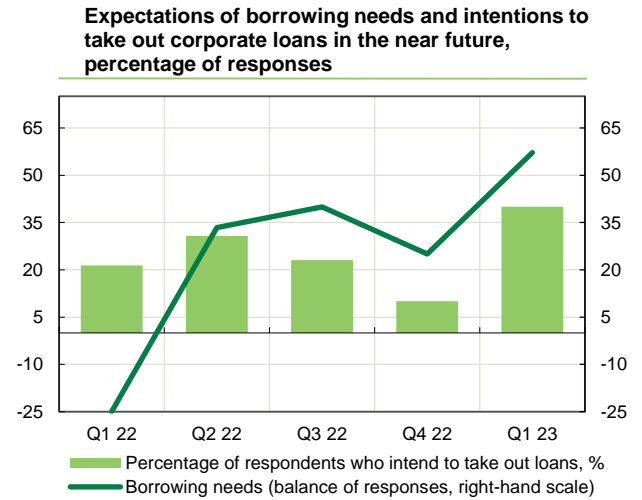


Figure 9

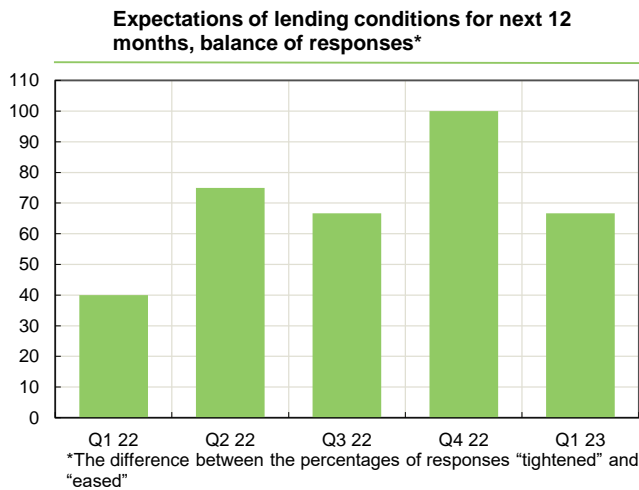


Figure 10

