



National Bank  
of Ukraine

# Business Outlook Survey of Poltava Oblast\*

Q1 2023



\*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in **Q1 2023** showed that despite prolonged hostilities and missile attacks on civilian infrastructure respondents **softened their expectations of a decline in the output of Ukrainian goods and services**. Respondents also reported **weaker negative expectations for the performance of their companies** over the next 12 months. Inflation expectations softened. 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 decrease at a slower pace:** the balance of expectations was (-33.3%) compared to (-57.5%) in Q4 2022 and (-16.7%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow more slowly:** 66.7% of respondents expected the inflation rate to be higher than 20.0% compared to 82.5% in the previous quarter and 53.2% 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:** 90.5% of respondents (compared to 92.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would deteriorate at a noticeably slower pace:** the balance of expectations was (-9.5%) (compared to (-40.0%) in Q4 2022). Across Ukraine, the balance of responses was (-2.5%) (see Table)
- **total sales would decrease more slowly:** the balance of responses was (-14.3%), down from (-32.5%) in Q4 2022 (see Table). External sales would increase: the balance of responses was 13.3%, up from (-35.7%) in the previous quarter. Across Ukraine, the balances of responses 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 (-42.5%) and (-30.0%) respectively (compared to (-67.6%) and (-44.7%) in the previous quarter). Across Ukraine, the balances of responses were (-17.8%) and (-10.3%) respectively
- **staff numbers at their companies would drop more slowly:** the balance of responses was (-19.0%) compared to (-35.0%) in Q4 2022. Across Ukraine, the balance of responses was (-16.4%) (Figure 4)
- **purchase prices would grow more quickly** (the balance of responses was 97.6%) **than selling prices** (the balance of responses was 71.4%) (compared to 97.2% and 69.2% respectively in Q4 2022) (Figure 6). Respondents referred to energy prices, raw material and supplies prices, and the hryvnia exchange rate as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 73.8% (compared to 79.5% in Q4 2022). At the same time, respondents expected **wage costs per staff member** to rise more slowly: the balance of responses was 9.5%, down from 25.0% in the previous quarter (Figures 6 and 4)

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

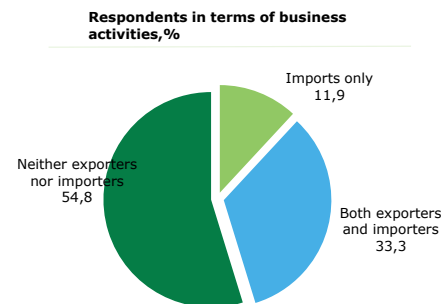
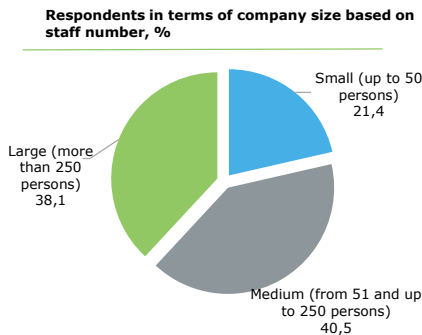
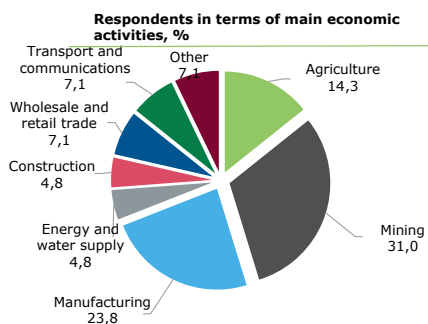
**Respondents said that their borrowing needs would increase** in the near future (Figure 8). 50.0% of those respondents who planned to take out bank loans opted for domestic currency loans. Lending conditions have tightened (Figure 9). Respondents referred to high interest rates, collateral requirements and uncertainty about ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

**A total of 92.9% of 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)

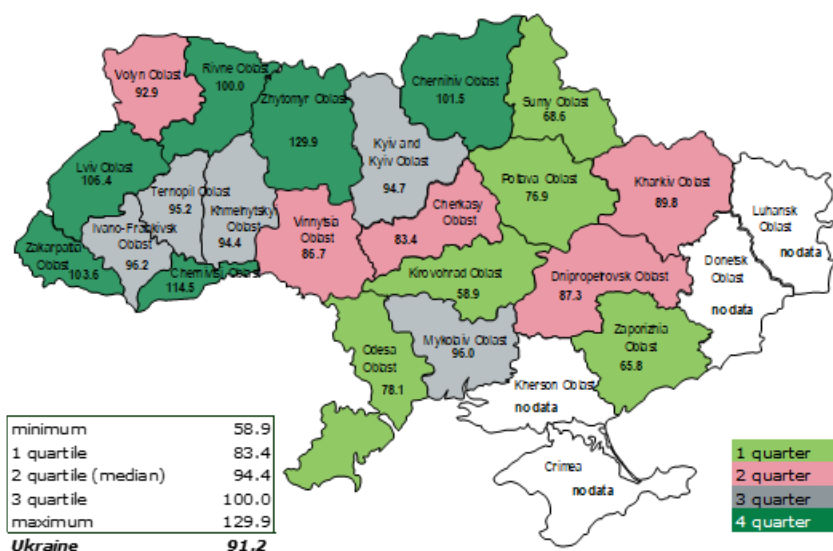
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-38.1%) compared to (-40.0%) in the previous quarter. The balance across Ukraine was (-16.9%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-32.0%), down from (-12.5%) in Q4 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 9.5%, up from (-2.7%) in the previous quarter.

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



- Period: 30 January through 28 February 2023.
- A total of 42 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the mining and manufacturing industries.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</sup>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, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings	0,0	-20,0	-22,5	-40,0	-9,5
Total sales	33,3	-25,0	-28,2	-32,5	-14,3
Investment in construction	0,0	-40,0	-55,3	-67,6	-42,5
Investment in machinery, equipment, and tools	8,6	-45,7	-47,4	-44,7	-30,0
Staff numbers	0,0	-19,4	-47,5	-35,0	-19,0

<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

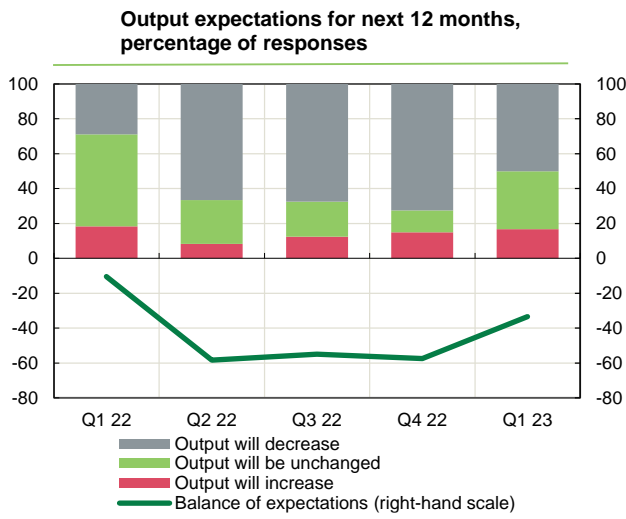


Figure 2

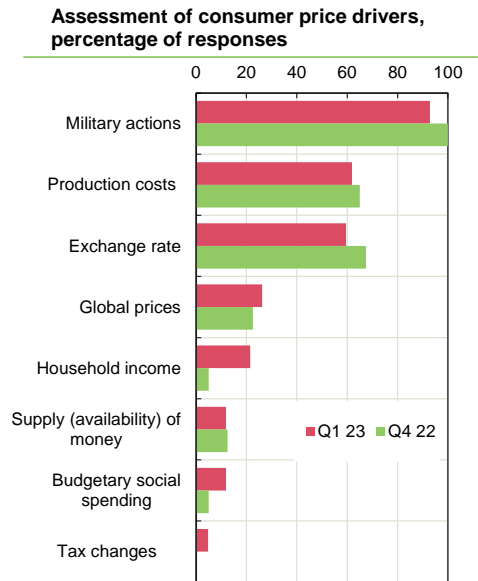


Figure 3

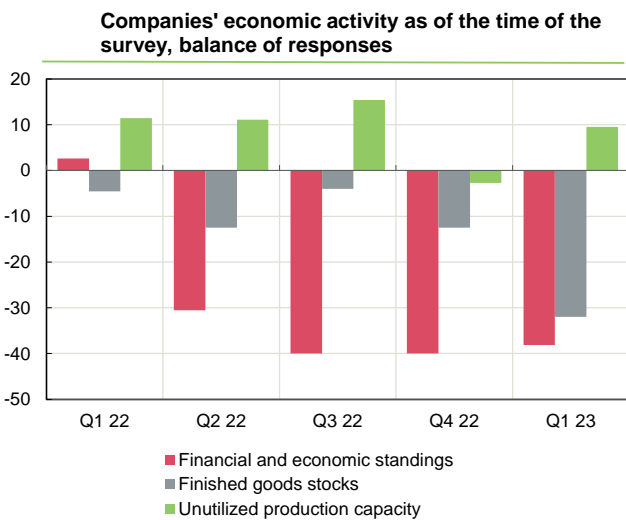


Figure 4

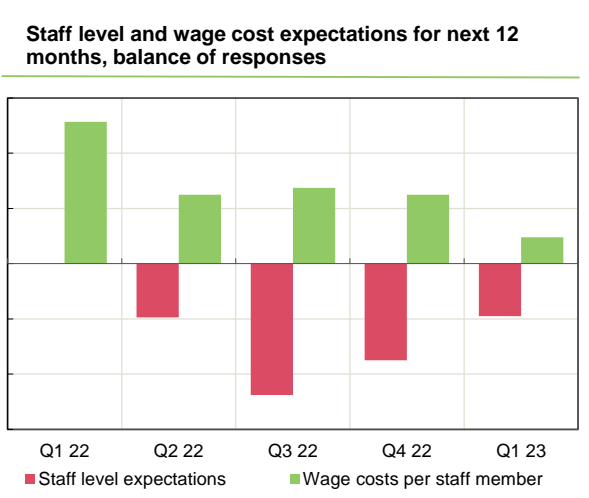


Figure 5

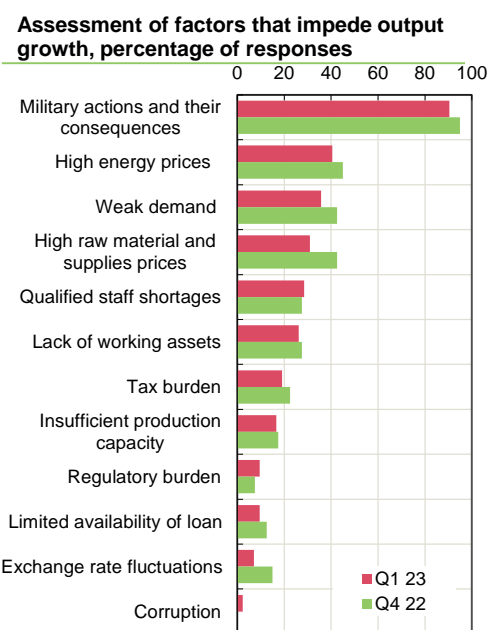


Figure 6

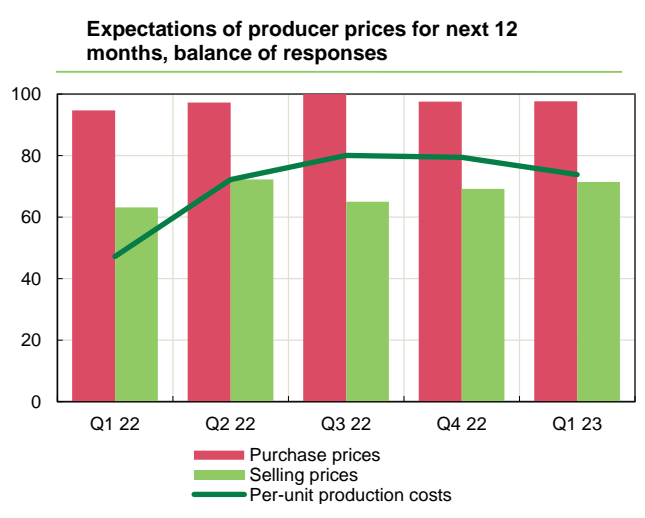




Figure 7

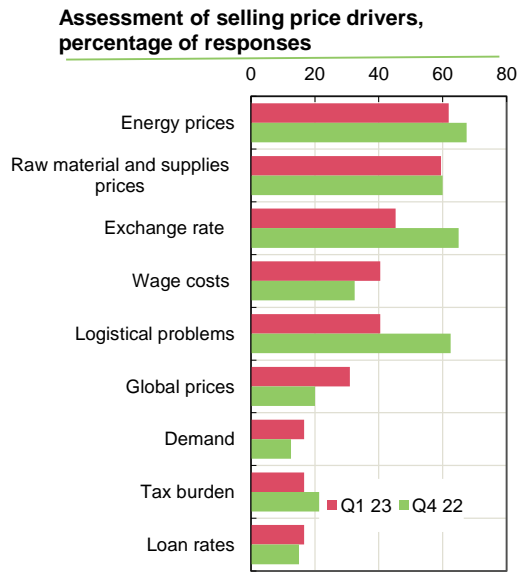


Figure 8

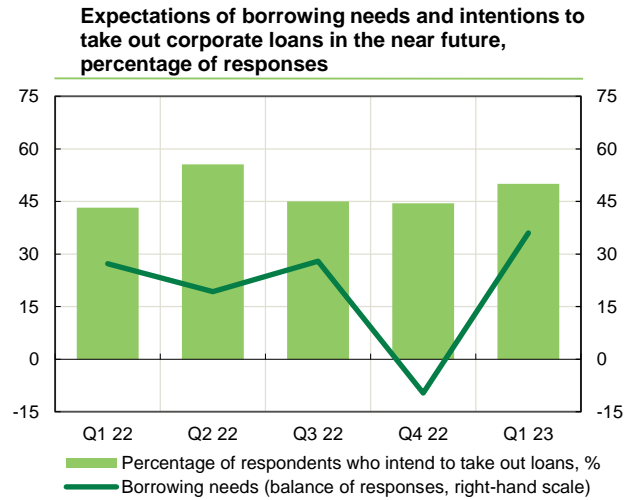


Figure 9

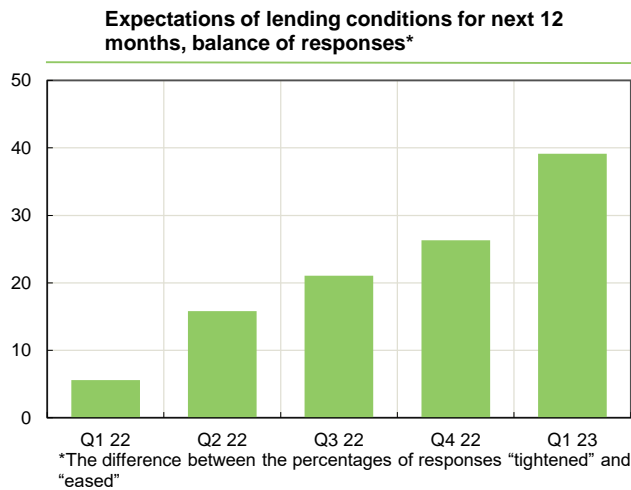


Figure 10

