



National Bank
of Ukraine

Business Outlook Survey of Khmelnytskyi Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Khmelnytskyi oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey carried out in **Khmelnytskyi oblast** in Q4 2022 showed that, on the back of the hostilities and terrorist attacks, respondents **expected that the output of Ukrainian goods and services would decrease. They moderated their negative expectations for their companies' performance** over the next 12 months. Inflation expectations weakened. 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:** the balance of expectations was (-28.6%), compared to (-23.1%) in Q3 2022 (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for consumer goods and services would rise:** 57.1% of respondents expected the inflation rate to exceed 20.0% (compared to 42.9% in the previous quarter and 62.4% across Ukraine). Respondents referred to military actions (mentioned by all of the respondents), the hryvnia exchange rate, and production costs as **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** a total of 92.3% of respondents (compared to 100.0% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate slowly:** the balance of expectations was (-14.3%), compared to (-42.9%) in the previous quarter and (-11.5%) across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 7.1%, compared to (-14.3%) in Q3 2022. **External sales** were expected to drop: the balance of responses was -28.6%, down from (-14.3%) in Q3 2022. Overall, across Ukraine the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 7.1% for each, compared to (-38.5%) and (-7.1%) respectively in Q3 2022. Across Ukraine, the balances of responses were (-26.9%) and (-20.1%) respectively (see Table)
- **staff numbers would be cut:** the balance of responses was (-14.3%), compared to (-7.1%) in the previous quarter. Across Ukraine, the balance of responses was (-20.1%) (Figure 4)
- **purchase prices would increase rapidly:** the balance of responses was 100.0%, as in the previous quarter. At the same time, respondents expected that **selling prices** would rise more slowly: the balance of responses was 28.6%, down from 50.0% in Q3 2022 (Figure 6). Raw material and supplies prices, the hryvnia exchange rate, wage costs, and global prices (the impact was reported to have increased) were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balance of responses was 46.2% and 64.3% respectively (compared to 64.3% and 35.7% respectively in the previous quarter) (Figures 4 and 6).

Respondents said that military actions and their consequences, high raw material and supplies prices, and energy prices were **the main drags on the ability of their companies to boost production** (Figure 5).

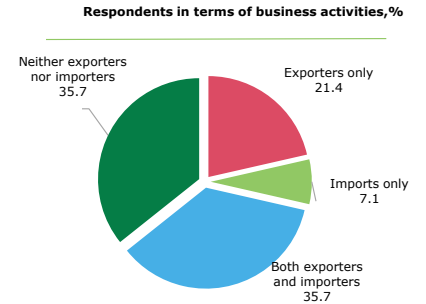
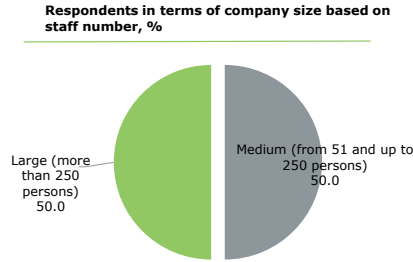
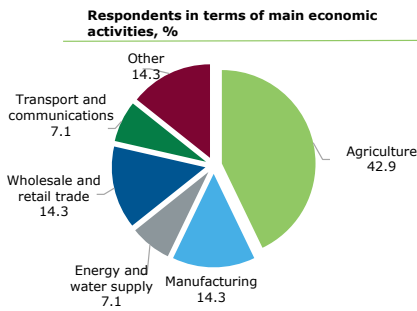
Respondents reported **weaker expectations about a rise in their borrowing needs** in the near future (Figure 8). A total of 50.0% of respondents planned to take out bank loans only in the domestic currency. The percentage of respondents that said lending conditions had tightened decreased (Figure 9). Respondents referred to high loan rates, other funding sources, strict collateral requirements, complicated paperwork, and uncertainty about their ability to meet debt obligations (the impact was reported to have increased) as the main factors deterring them from taking out loans (Figure 10).

All of 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)

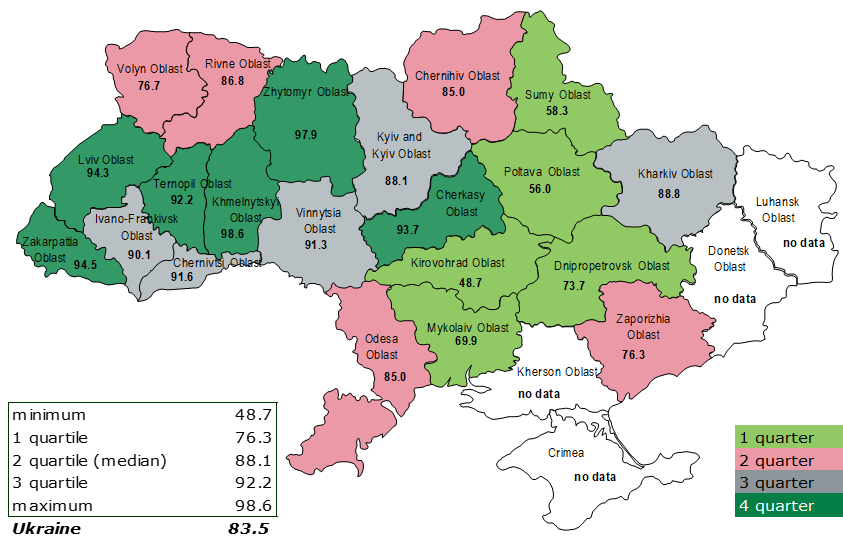
- **Companies' current financial and economic standings were assessed as good:** the balance of responses was 7.1%, as in the previous quarter. Respondents across Ukraine assessed the financial and economic standings of their companies as bad (-19.3%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-27.3%) compared to (-20.0%) in Q3 2022.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-7.1%), compared to 21.4% in the previous quarter.

Survey Details^{1,2}



- Period: 31 October through 28 November 2022.
- A total of 14 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
^{**}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 Khmelnytskyi Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	7.1	0.0	-21.4	-42.9	-14.3
Total sales	13.3	-16.7	-23.1	-14.3	7.1
Investment in construction	0.0	-9.1	-57.1	-38.5	7.1
Investment in machinery, equipment, and tools	26.7	10.0	-69.2	-7.1	7.1
Staff numbers	-20.0	0.0	-21.4	-7.1	-14.3

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.

Figure 1

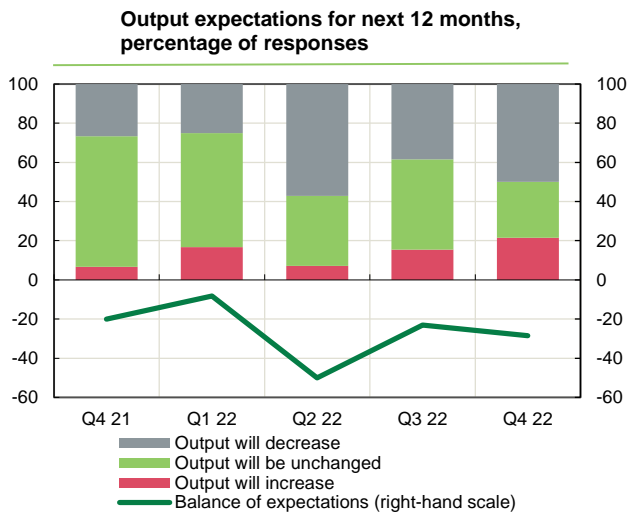


Figure 2

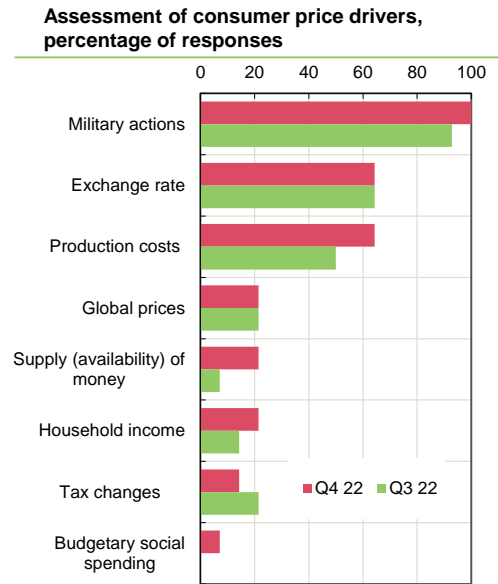


Figure 3

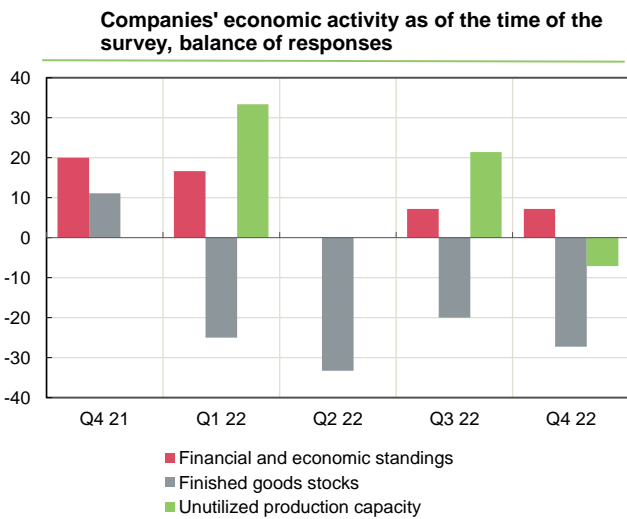


Figure 4

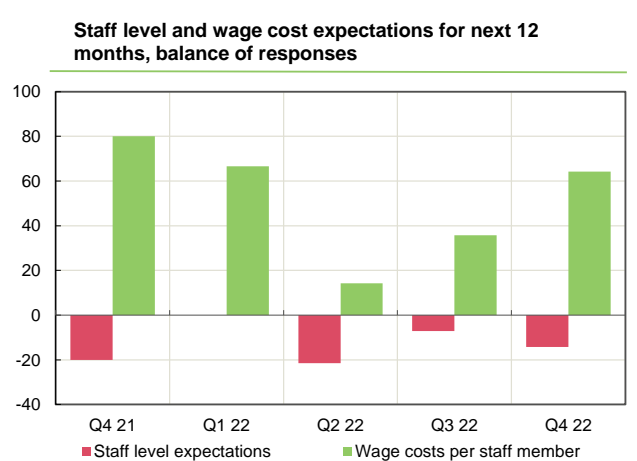


Figure 5

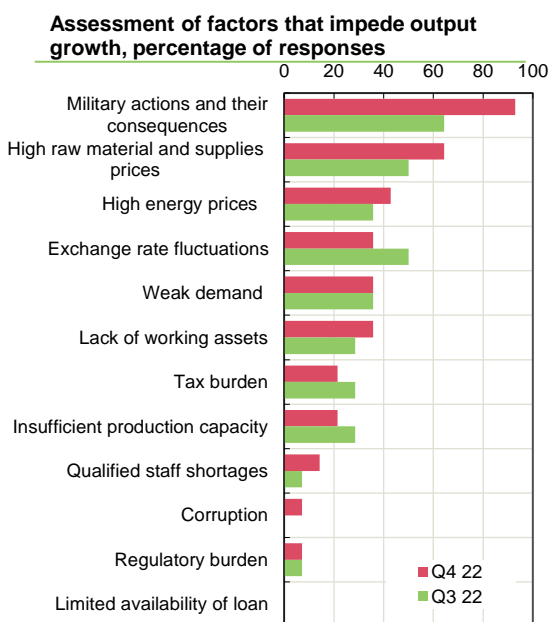


Figure 6

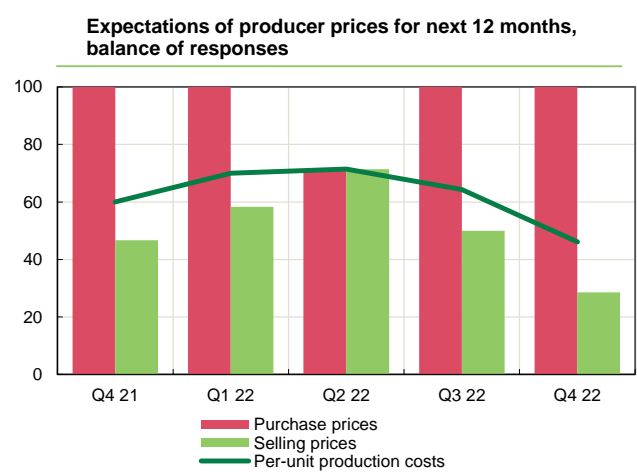


Figure 7

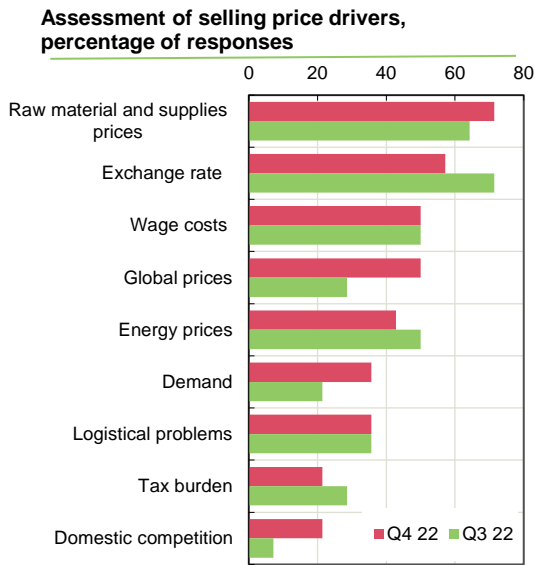


Figure 8

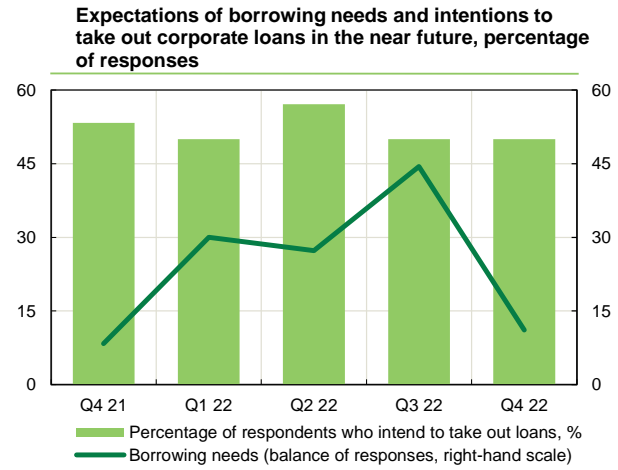


Figure 9

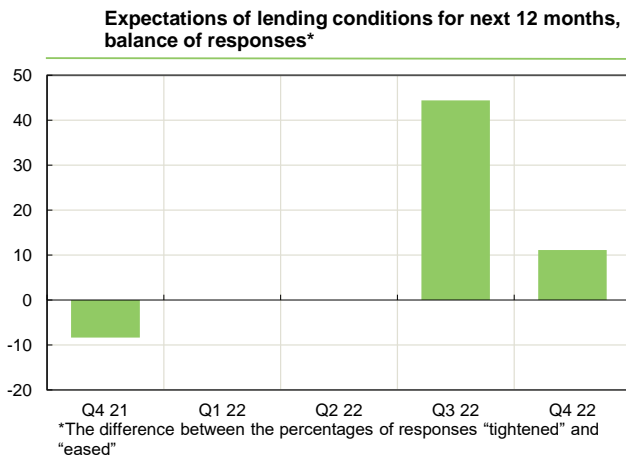


Figure 10

