



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Vinnytsia 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 **Vinnytsia oblast** in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents continued to expect an increase in the output of Ukrainian goods and services over the next 12 months. Respondents also had positive expectations for the performance of their companies over that period. Inflation and depreciation expectations weakened.

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 noticeably faster pace:** the balance of expectations was 47.6% compared to 19.0% in the previous quarter (Figure 1), and 15.2% across Ukraine
- **prices for consumer goods and services would grow more slowly:** the share of respondents who expected that the inflation rate would not exceed 10.0% was 76.2%, up from 14.3% in Q3 2023, the figure across Ukraine being 47.6%. Respondents continued to refer to production costs, military actions and household income (the impact of this driver was reported to have increased) as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 57.9% of respondents expected the hryvnia to weaken against the US dollar, compared to 66.7% in the previous quarter and 77.4% across Ukraine
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 9.5% compared to 19.0% in Q3 2023 (see Table), the figure across Ukraine being 4.1%
- **total sales would grow more slowly:** the balance of responses was 20.0%, compared to 47.6% in the previous quarter (see Table). Respondents also expected a significant drop in external sales: the balance of responses was (-25.0%) compared to 25.0% in Q3 2023. Overall, across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in machinery, equipment, and tools would increase at a noticeably slower pace:** the balance of responses was 26.3%, down from 47.1% in Q3 2023. At the same time, companies expected that **investment in construction** would increase moderately: the balance of responses was 5.3%, compared to 5.9% in the previous quarter. 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 (-4.8%), compared to (-9.5%) in Q3 2023 (Figure 4). Overall, across Ukraine, the balance of responses was (-6.5%)
- **purchase and selling prices would rise:** the balances of responses were 95.2% and 85.7% respectively, compared to 95.2% and 90.5% in the previous quarter (Figure 6). Respondents referred to high energy prices, raw material and supplies prices, and wage costs as the main selling price drivers (Figure 7)
- **both per-unit production costs (at somewhat slower pace) and wage costs per staff member would grow:** the balances of responses were 76.2% for each, compared to 85.7% and 76.2% respectively in the previous quarter (Figures 4 and 6).

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

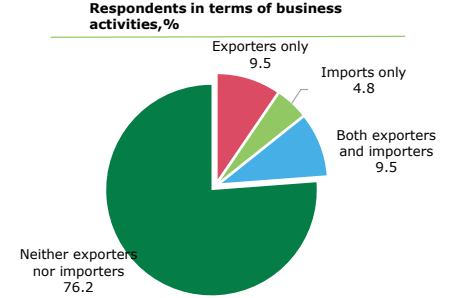
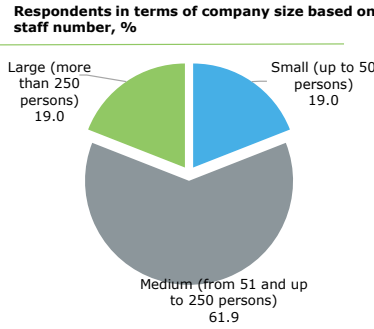
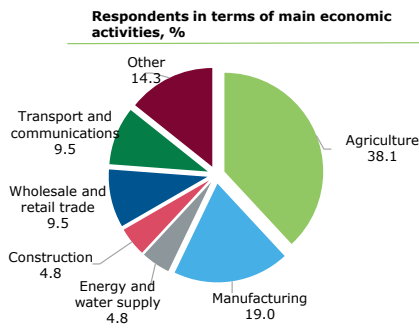
Respondents reported significantly weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out loans (their share decreased to 28.6% of those surveyed) opted only for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Companies cited availability of other funding sources, high loan rates, and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

All of the 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)

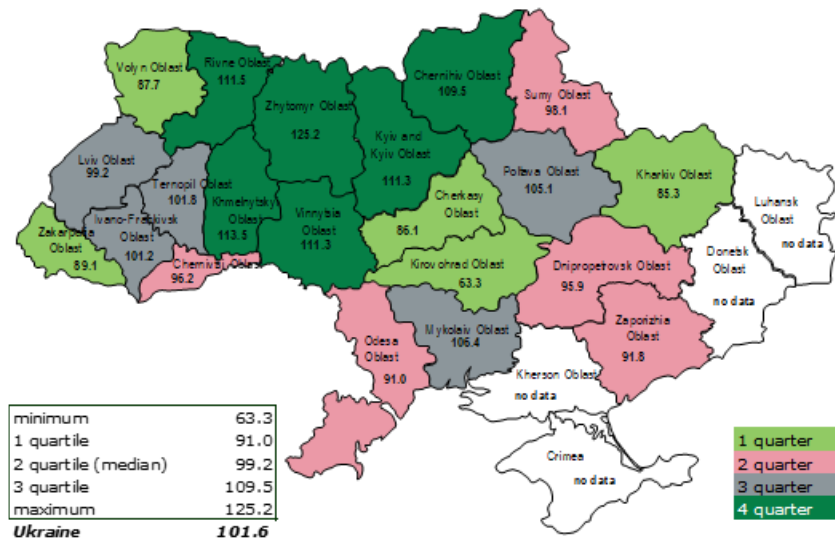
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-15.0%), as in the previous quarter and compared to (-19.0%) across Ukraine.
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-12.5%) compared to 13.3% in Q3 2023.
- **Companies had a sufficient amount of unutilized capacity to meet any unexpected rise in demand:** the balance of responses was 4.8%, compared to (-5.0%) in the previous quarter.

Survey Details^{1,2}



- Period: 31 October through 24 November 2023.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the agricultural sector and the manufacturing industry.

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 Vinnytsia 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	0.0	-14.3	9.5	19.0	9.5
Total sales	6.3	9.5	23.8	47.6	20.0
Investment in construction	-11.1	-19.0	5.6	5.9	5.3
Investment in machinery, equipment, and tools	-16.7	-4.8	0.0	47.1	26.3
Staff numbers	-22.2	-38.1	0.0	-9.5	-4.8

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

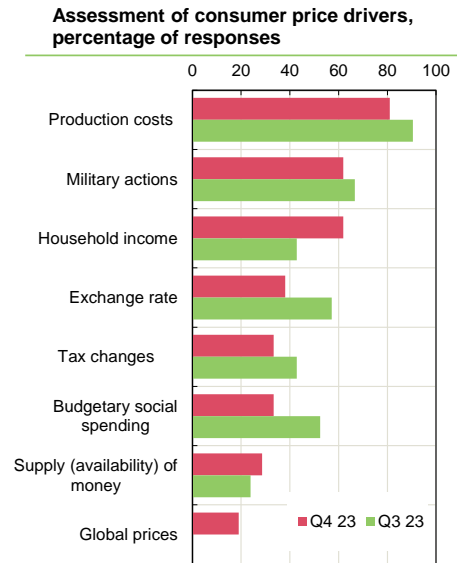


Figure 3

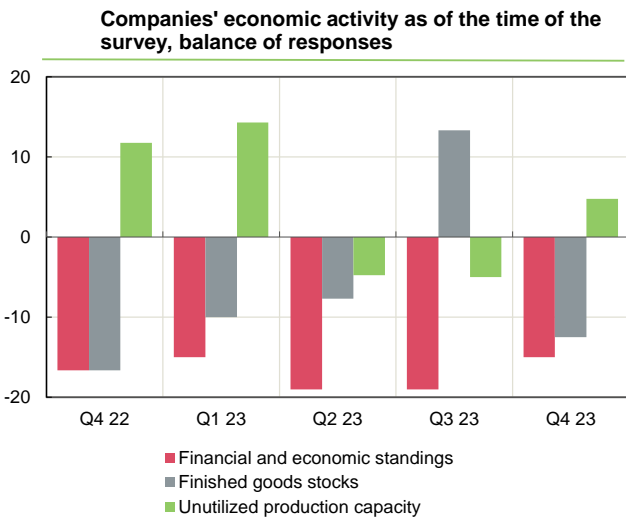


Figure 4

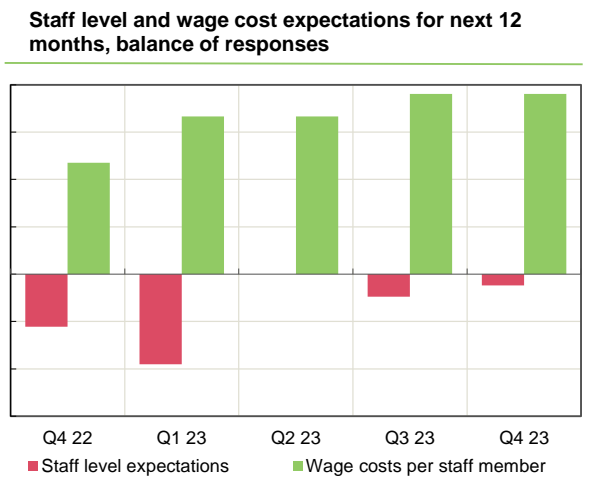


Figure 5



Figure 6

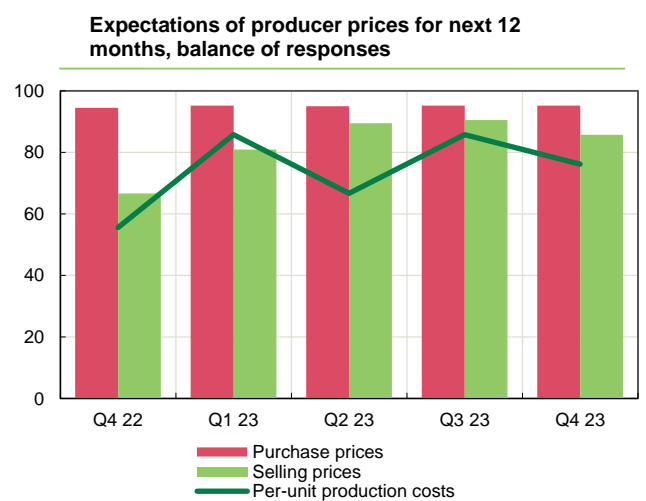


Figure 7

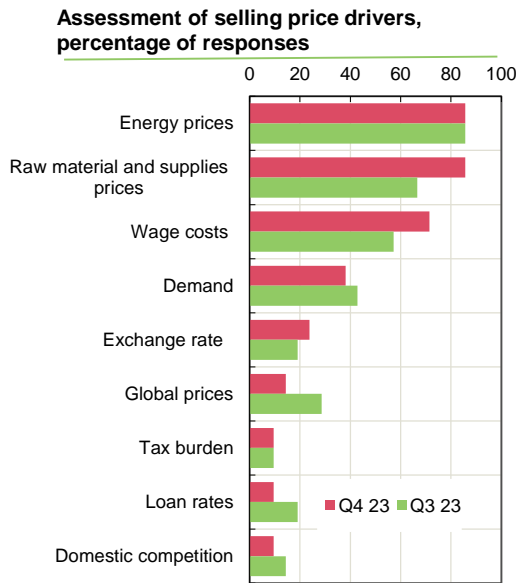


Figure 8

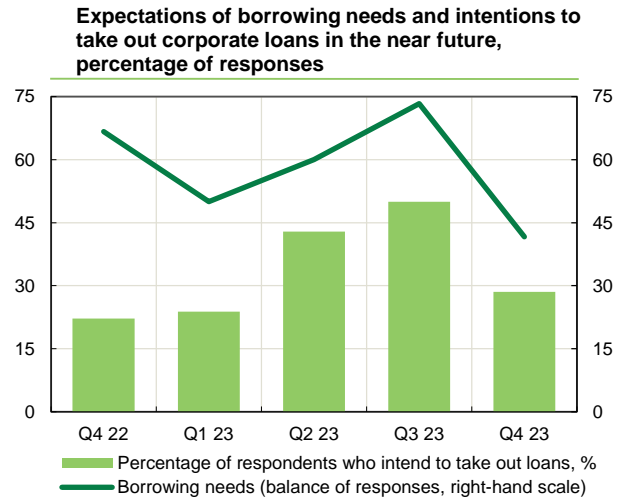


Figure 9

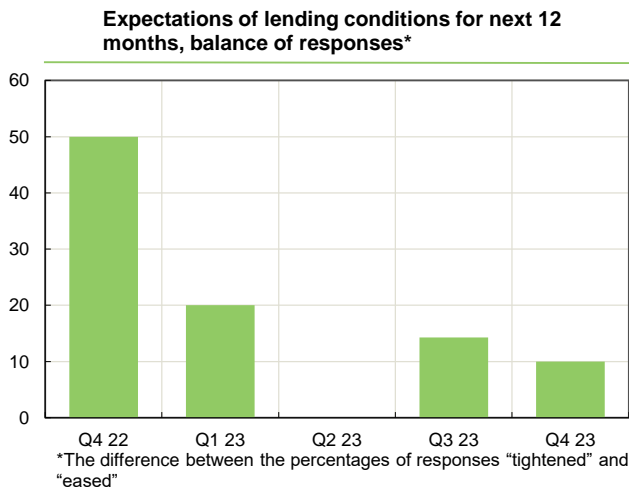


Figure 10

