



National Bank
of Ukraine

Business Outlook Survey of Dnipropetrovsk Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Dnipropetrovsk oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Dnipropetrovsk oblast in Q3 2023 showed that, on the back of a stable energy system, respondents expected an increase in the output of Ukrainian goods and services. They had negative expectations for the performance of their companies over the next 12 months. Respondents expected lower inflation. Depreciation expectations 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 7.6% compared to 12.8% in Q2 2023 (Figure 1) and 9.8% across Ukraine. Respondents from manufacturing companies expected the highest increase in their output (the balance of expectations was 20.8%). The gloomiest outlook was reported by agricultural companies, their balance of responses being (-33.3%)
- **prices for consumer goods and services would rise more slowly:** the share of respondents who expected the inflation rate to not exceed 15.0% was 57.0% compared to 48.7% in the previous quarter and 52.2% across Ukraine. Respondents continued to refer to military actions, production costs and the exchange rate as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 76.6% of respondents (compared to 75.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 72.4% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-2.5%) compared to (-9.0%) in the previous quarter and 6.0% across Ukraine (see Table). The most optimistic expectations were reported by manufacturing companies, while the most pessimistic expectations were reported by transport and communications companies (the balances of expectations were 12.5% and (-37.5%) respectively)
- **total sales would increase:** the balance of expectations was 9.0%, up from 0.0% in Q2 2023 (see Table). External sales were also expected to rise: the balance of expectations was 13.9%, compared to (-8.6%) in Q2 2023. Across Ukraine, the balances of responses were 16.8% and 10.6% respectively
- **investment both in construction and in machinery, equipment, and tools would decrease more slowly:** the balances of responses were (-2.7%) for each compared to (-15.4%) and (-16.7%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-2.2%) and 8.8% respectively
- **staff numbers would decrease:** the balance of responses was (-9.0%), compared to (-7.6%) in the previous quarter (Figure 4) and (-7.0%) across Ukraine. Transport and communications companies had the firmest expectations of staff cuts, meanwhile agricultural companies expected to expand workforces (the balances of responses were (-25.0%) and 16.7% respectively)
- **both purchase and selling prices would rise at a faster pace:** the balances of responses were 92.4% and 57.0% respectively (compared to 85.9% and 43.6% respectively in Q2 2023) (Figure 6). Respondents from trading companies reported the highest expectations of a rise in selling prices (the balance of responses was 90.0%). Respondents referred to high raw material and supplies prices, energy prices and the hryvnia exchange rate as the main selling price drivers (Figure 7).
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 68.8% and 42.3% respectively (compared to 64.6% and 43.0% in Q2 2023) (Figures 4 and 6).

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

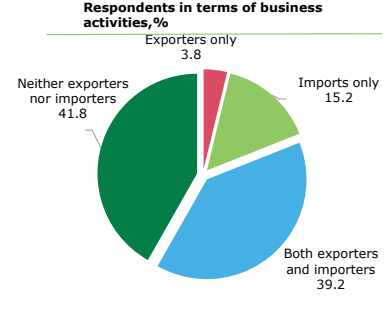
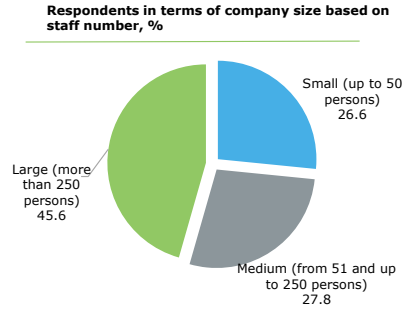
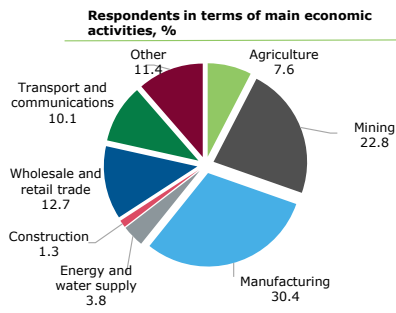
Respondents reported firmer expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending conditions had tightened (Figure 9). Respondents referred to high loan rates, other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

A total of 97.5% of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.9% across Ukraine).

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

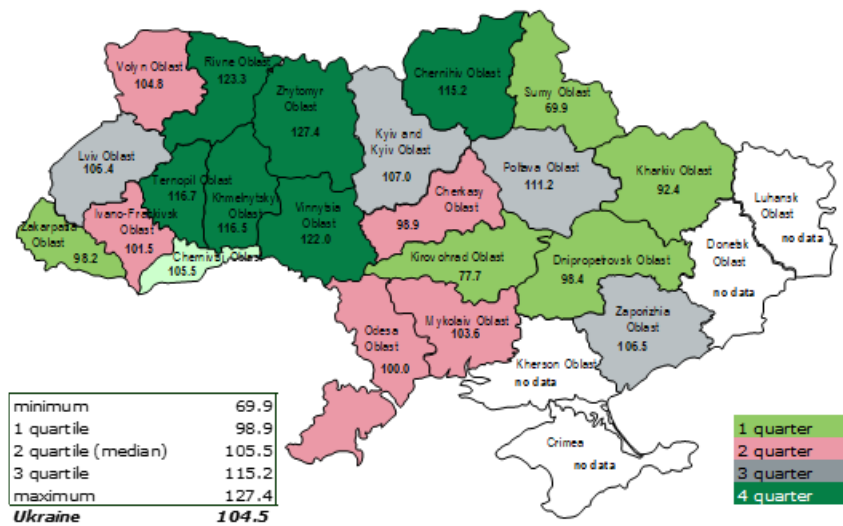
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-21.5%), (compared to (-22.8%) in Q2 2023 and (-5.8%) across Ukraine).
- **Finished goods stocks had increased and were assessed at higher than normal levels:** the balance of responses was 4.4%, up from 0.0% in Q2 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 29.3%, up from 20.5% in Q2 2023.

Survey Details^{1 2}



- Period: 31 July through 27 August 2023.
- A total of 79 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries, trade, transport and communications, and other economic activities.

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 Dnipropetrovsk Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-27.6	-20.8	-4.0	-9.0	-2.5
Total sales	-24.3	-11.0	-1.3	0.0	9.0
Investment in construction	-40.8	-42.0	-23.3	-15.4	-2.7
Investment in machinery, equipment, and tools	-41.7	-31.5	-13.9	-16.7	-2.7
Staff numbers	-41.9	-26.0	-21.1	-7.6	-9.0

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

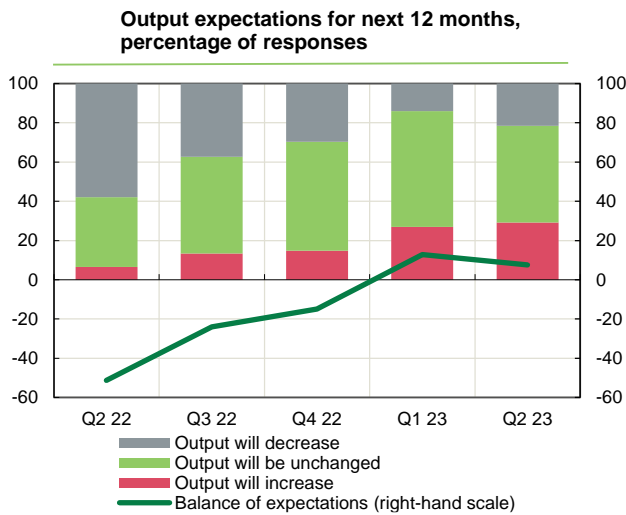


Figure 2

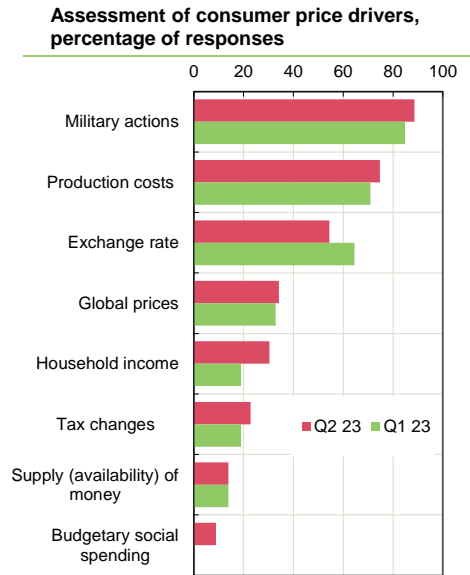


Figure 3

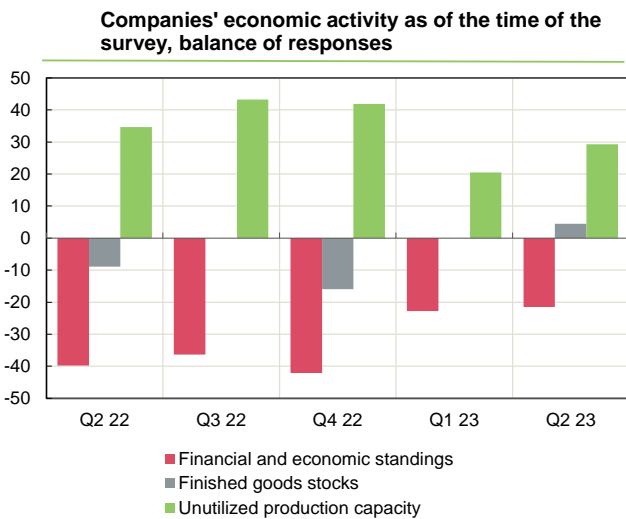


Figure 4



Figure 5

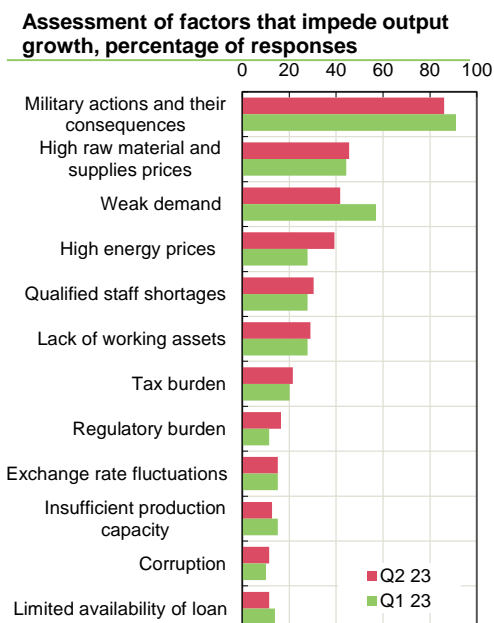


Figure 6

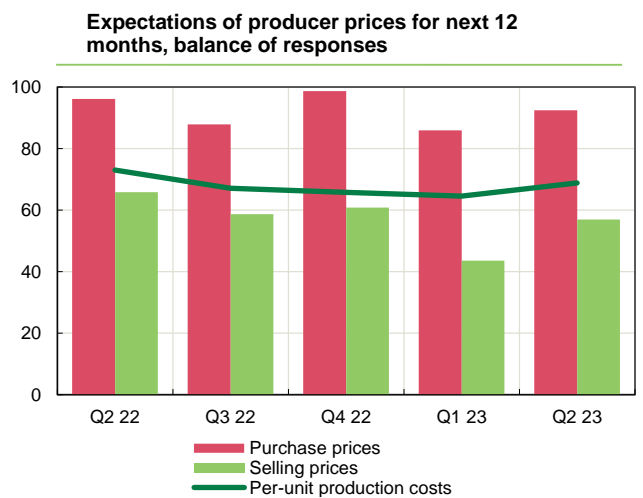


Figure 7

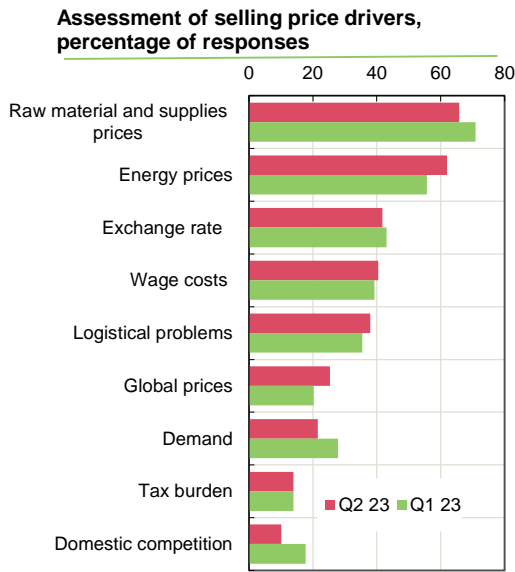


Figure 8

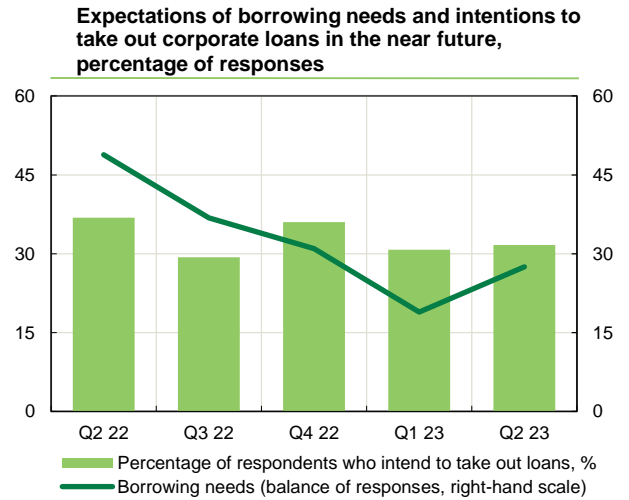


Figure 9

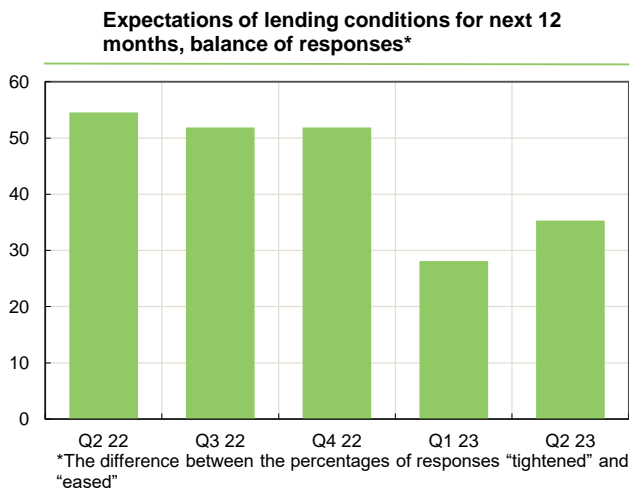


Figure 10

