



National Bank  
of Ukraine

# Business Outlook Survey of Kirovohrad Oblast \*

Q4 2023



\*This survey only reflects the opinions of respondents in Kirovohrad 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 Kirovohrad oblast in Q4 2023 showed that, amid security risks and logistical difficulties with crossing the border, respondents **expected a drop in the output of Ukrainian goods and services** over the next 12 months. Respondents also reported **negative expectations for their companies' performance** over this period. Companies expected that prices for consumer goods and services would rise more slowly. Hryvnia depreciation expectations strengthened.

#### The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-33.3%) (the dimmest expectations across the regions for two quarters running), as in the previous quarter (Figure 1). Overall, across Ukraine companies expected output growth: the balance of responses across Ukraine was 15.2%
- **prices for consumer goods and services would grow more slowly:** 58.3% of respondents expected that the inflation rate would exceed 10.0% (compared to 66.7% in the previous quarter and 52.4% across Ukraine). Respondents continued to refer to military actions (reported by all respondents), production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more strongly:** 66.7% of respondents (compared to 58.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-33.3%), compared to (-36.4%) in the previous quarter (see Table). Overall, across Ukraine respondents expected the financial and economic standings of their companies to improve (4.1%)
- **total sales would drop at a faster pace:** the balance of responses was (-41.7%), compared to (-25.0%) in Q3 2023 (see Table). Overall, across Ukraine, respondents expected total sales to increase: the balance of responses was 10.6%
- **both investment in construction and in machinery, equipment and tools would decrease more rapidly:** the balances of responses were (-41.7%) and (-25.0%) respectively, compared to (-25.0%) and 0.0% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers at their companies would decrease more quickly:** the balance of responses was (-41.7%) (the dimmest expectations across the regions), compared to (-25.0%) in Q3 2023. Across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **purchase prices would rise at a fast pace:** the balance of responses was 81.8%, compared to 83.3% in Q3 2023. Respondents expected that **selling prices would rise more slowly:** the balance of responses was 18.2%, down from 25.0% in the previous quarter (Figure 6). Respondents cited energy prices, raw material and supplies prices (the impact of this factor was reported to have increased significantly compared to the previous survey), wage costs and logistical problems (the impact of the latter factors also increased) as **the main selling price drivers** (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 83.3% and 66.7% respectively, compared to 66.7% for each in Q3 2023 (Figures 6 and 4).

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

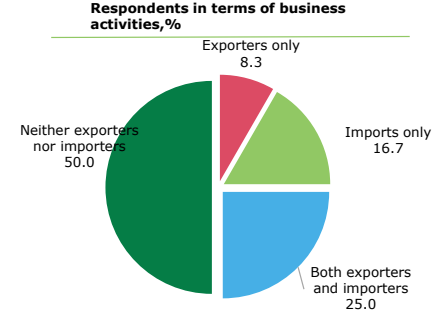
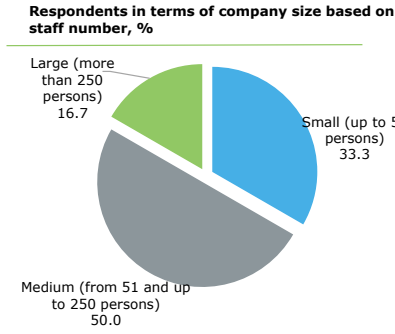
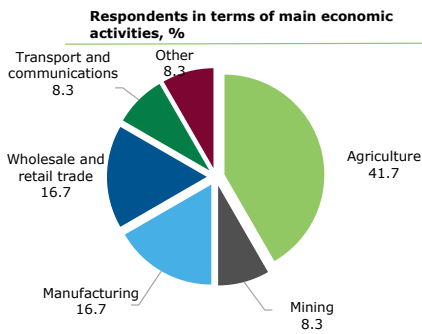
Respondents reported noticeably weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (41.7% of those surveyed) opted for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). Respondents cited high interest rates, other funding sources, collateral requirements and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

A total of 91.7% 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)

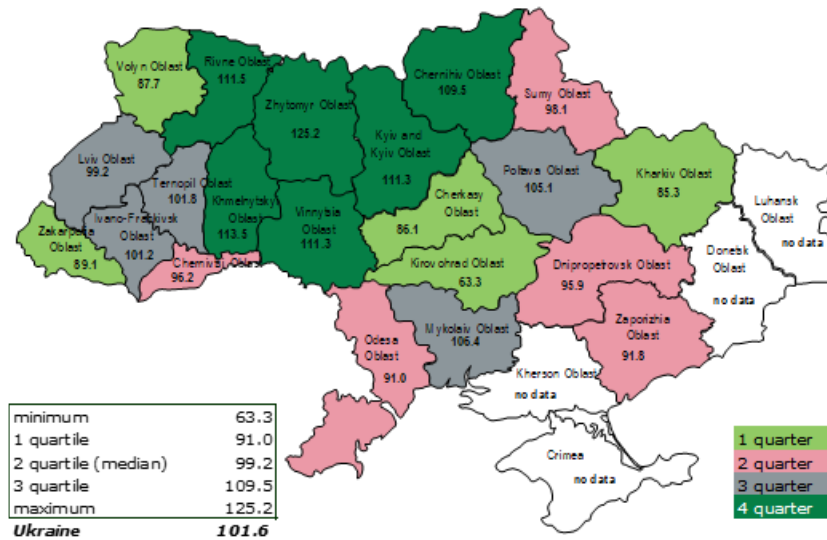
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 8.3%, compared to (-8.3%) in Q3 2023 (Figure 3). Across Ukraine, the balance of responses was (-5.6%).
- **Finished goods stocks were assessed at normal levels:** the balance of responses was 0.0%, compared to (-25.0%) in the previous quarter.
- **Spare production capacity had decreased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-25.0%), down from (-8.3%) in Q3 2023.

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



- Period: 31 October through 21 November 2023.
- A total of 12 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>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</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 Kirovohrad 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	-40.0	-25.0	-7.7	-36.4	-33.3
Total sales	-50.0	-41.7	-15.4	-25.0	-41.7
Investment in construction	-66.7	-63.6	-23.1	-25.0	-41.7
Investment in machinery, equipment, and tools	-50.0	-50.0	-15.4	0.0	-25.0
Staff numbers	-50.0	-25.0	-7.7	-25.0	-41.7

<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

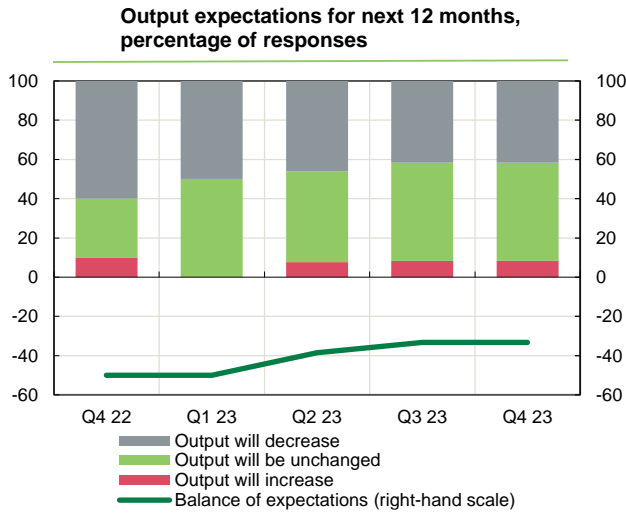


Figure 2

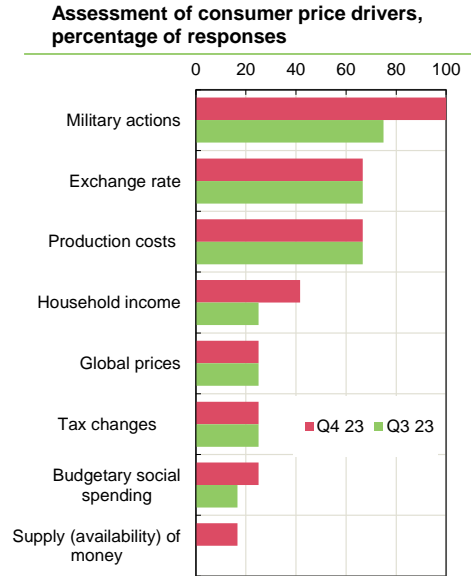


Figure 3

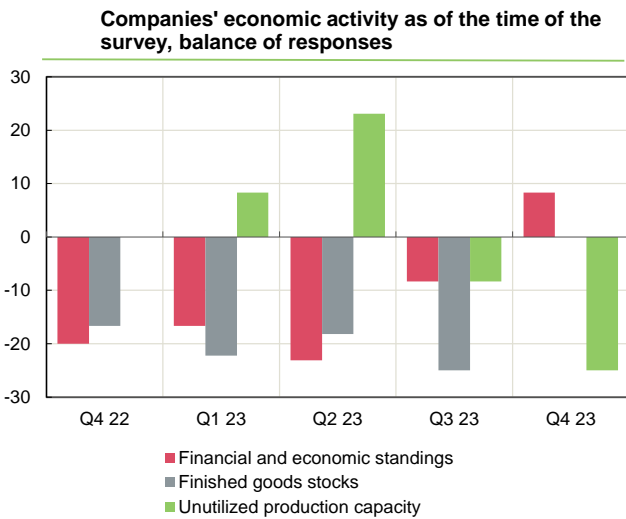


Figure 4

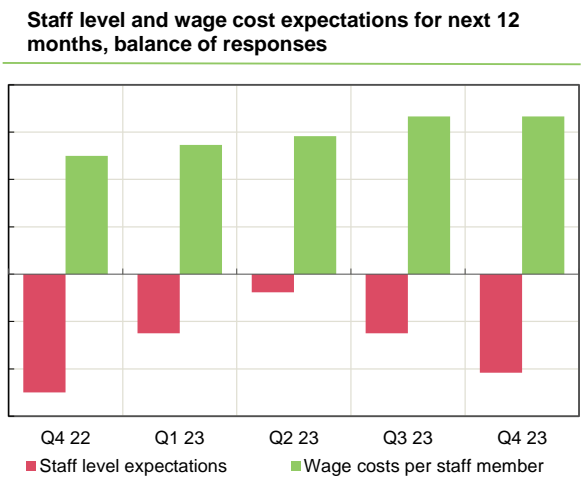


Figure 5

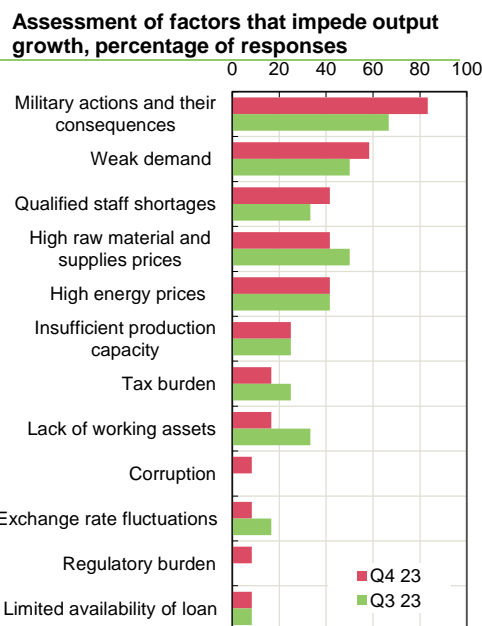


Figure 6

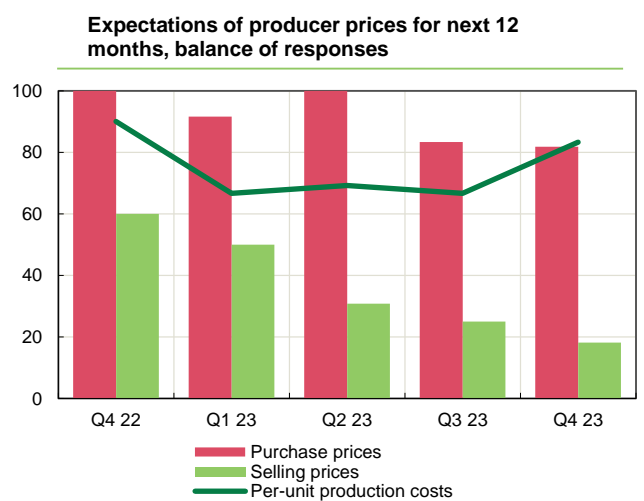


Figure 7

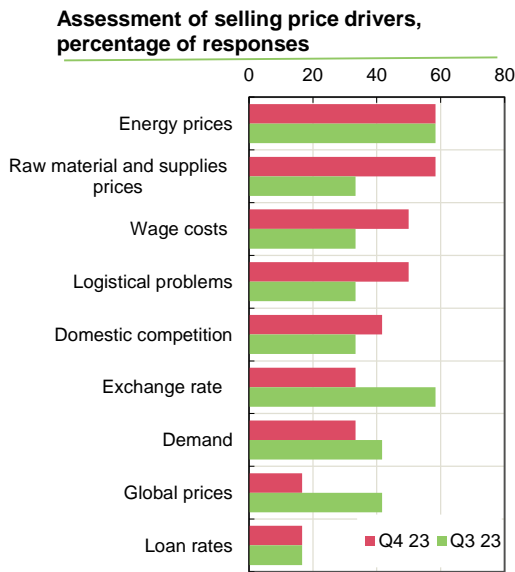


Figure 8

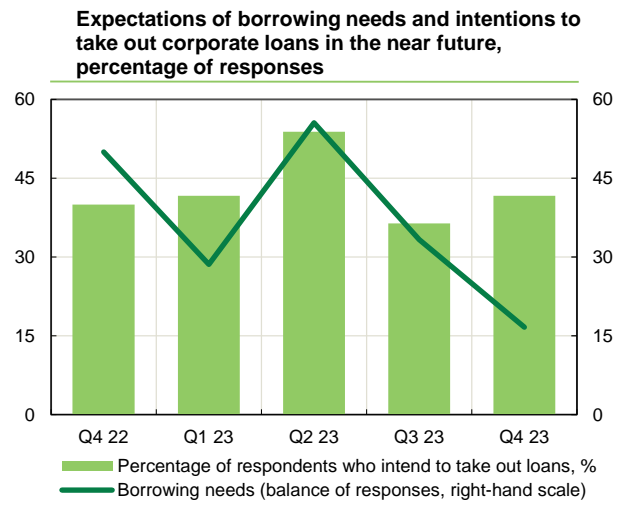


Figure 9

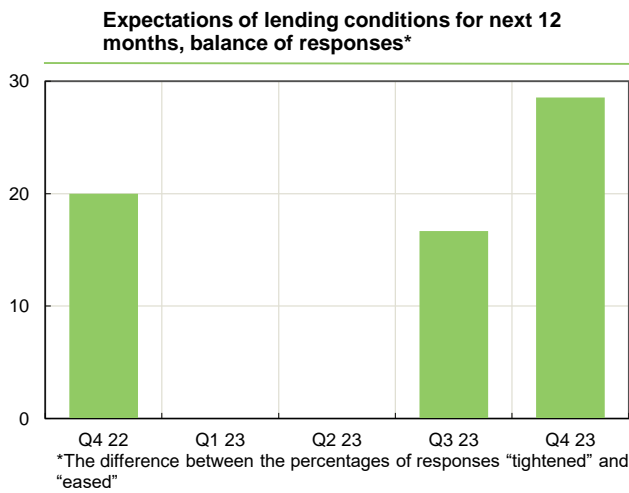


Figure 10

