



National Bank
of Ukraine

Business Outlook Survey of Odesa Oblast *

Q4 2023



*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q4 2023 showed that, on the back of security risks, respondents expected a drop in the output of Ukrainian goods and services over the next 12 months. They had positive expectations for the performance of their companies over this period. Respondents expected that prices would rise more slowly. Depreciation expectations strengthened.

Company managers said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-10.5%), compared to (-7.7%) in Q3 2023 (Figure 1). Overall, across Ukraine respondents expected that the output of their companies would increase (15.2%). Respondents from companies engaged in other economic activities reported the most pessimistic expectations (-50.0%)
- **prices for consumer goods and services would rise at a slower pace:** 57.9% of respondents said that price growth would be higher than 10.0%, compared to 71.8% in the previous quarter and 52.4% across Ukraine. Respondents continued to refer to military actions (reported by 92.1% of respondents), production costs and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate more pronouncedly:** 73.7% of respondents (compared to 76.9% 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 improve moderately:** the balance of expectations was 2.6%, compared to 5.1% in the previous quarter and 4.1% across Ukraine (see Table). Optimistic views were only reported by respondents from transport and communications companies (the balance of responses was 18.2%)
- **total sales, including external sales, would decrease at a faster pace:** the balances of responses were (-18.4%) and (-14.3%) respectively compared to (-2.6%) and 11.8% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **both investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-5.4%) and (-2.7%), compared to (-2.7%) and 10.5% respectively in Q3 2023. (see Table). Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers would decrease at a faster pace:** the balance of responses was (-21.1%), compared to (-10.3%) in Q3 2023. Overall, across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **both purchase and selling prices would rise:** the balances of responses were 86.8% and 65.8% respectively (compared to 86.8% and 57.9% respectively in Q3 2023) (Figure 6). Respondents said that energy prices, raw material and supplies prices and the hryvnia exchange rate were the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow at a slower pace:** the balances of responses were 47.4% and 34.2% respectively, compared to 65.8% and 20.5% in Q3 2023 (Figures 4 and 6).

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

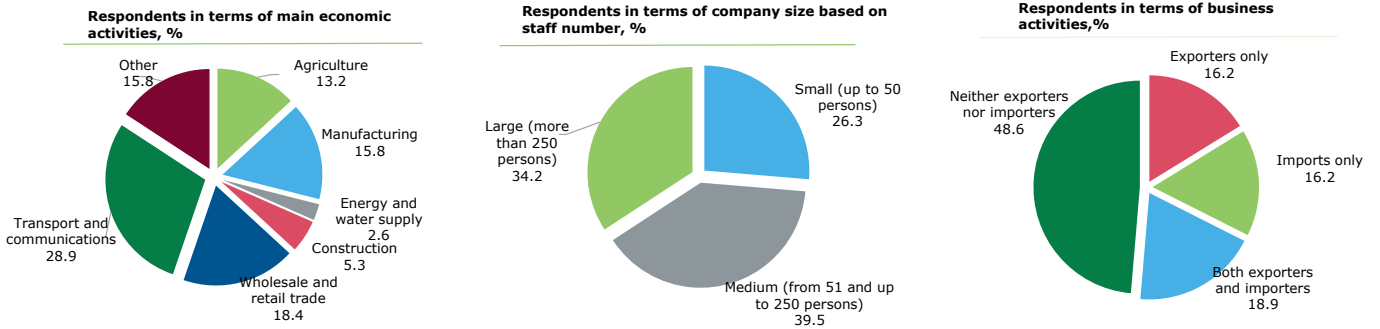
Respondents expected that their borrowing needs would increase in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending had tightened noticeably (Figure 9). Respondents also referred to high interest rates, collateral requirements, other funding sources and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

97.3% of the respondents in the oblast 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)

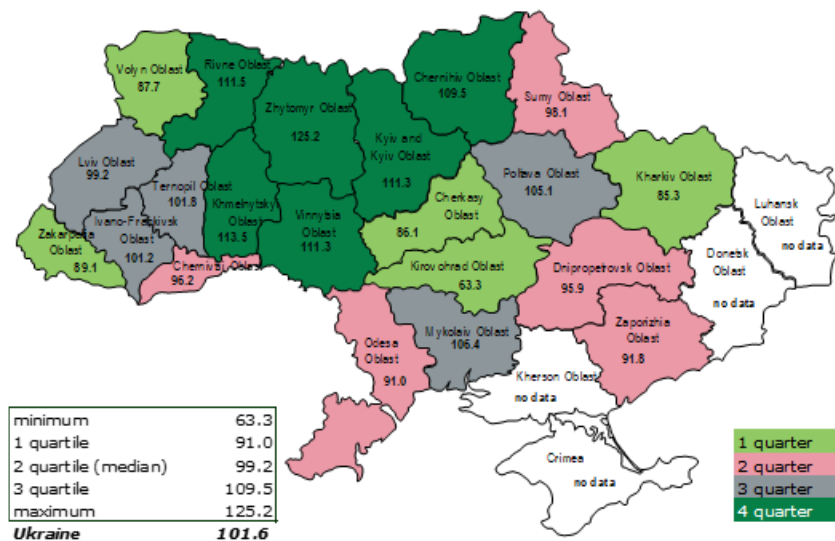
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-5.6%), compared to (-2.6%) in Q3 2023 and (-5.6%) across Ukraine.
- **Finished goods stocks had decreased and were assessed below their normal levels:** the balance of responses was (-15.4%), down from 14.3% in Q3 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.8%, compared to 33.3% in Q3 2023.

Survey Details^{1,2}



- Period: 31 October through 28 November 2023.
- A total of 38 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, 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
³a 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 Odessa 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	-10.8	-26.3	2.5	5.1	2.6
Total sales	2.7	-21.1	7.5	-2.6	-18.4
Investment in construction	-16.7	-19.4	10.5	-2.7	-5.4
Investment in machinery, equipment, and tools	-13.9	-16.2	15.8	10.5	-2.7
Staff numbers	-36.1	-26.3	0.0	-10.3	-21.1

¹ This sample was generated in proportion to the contribution of each region 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

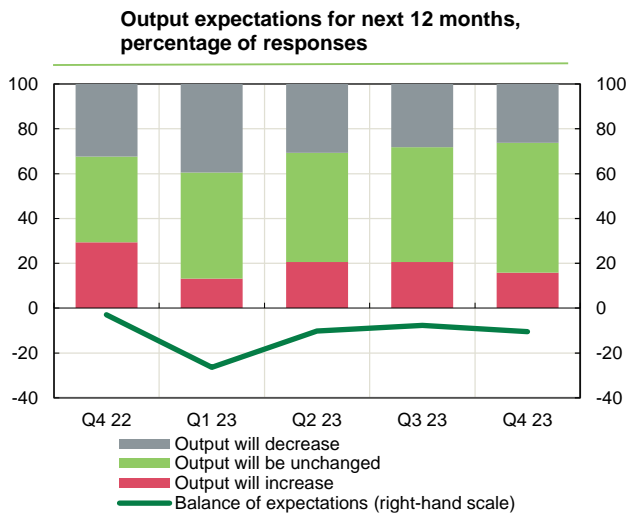


Figure 2

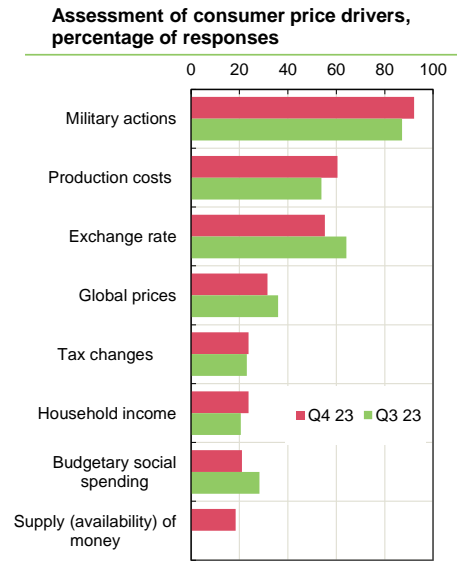


Figure 3

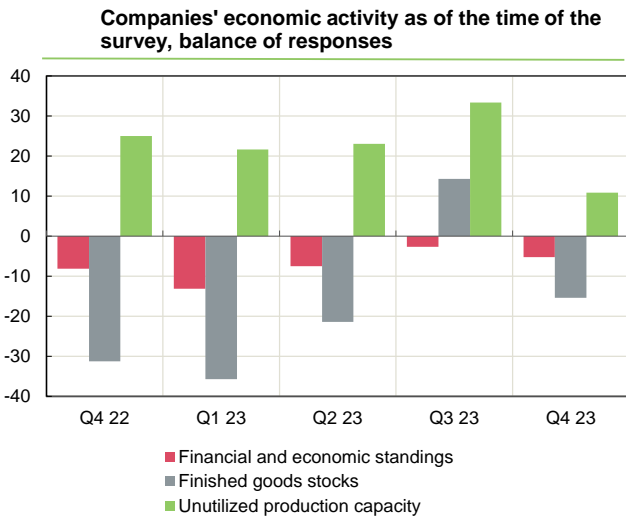


Figure 4

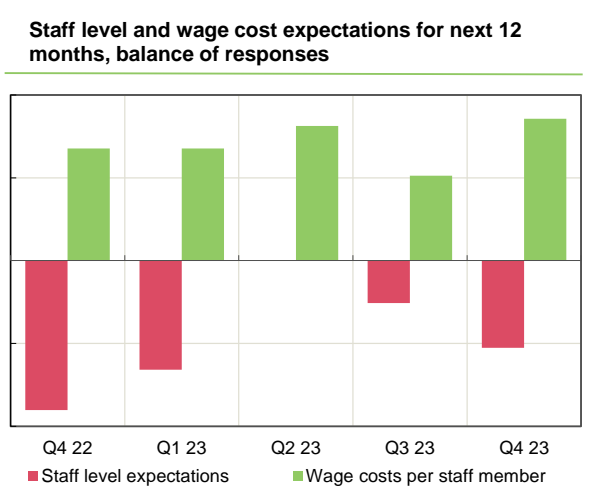


Figure 5

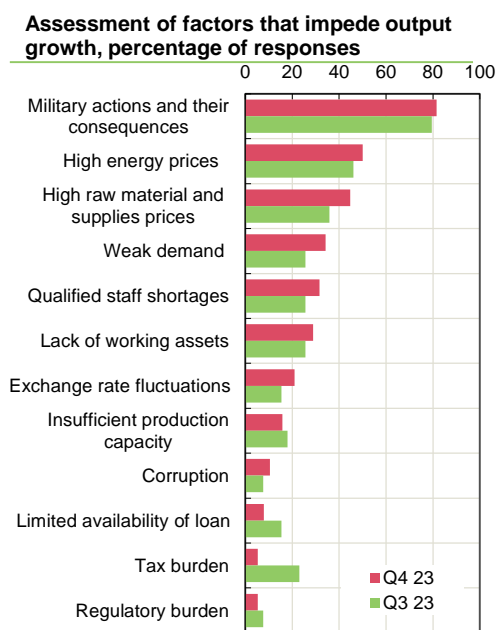


Figure 6

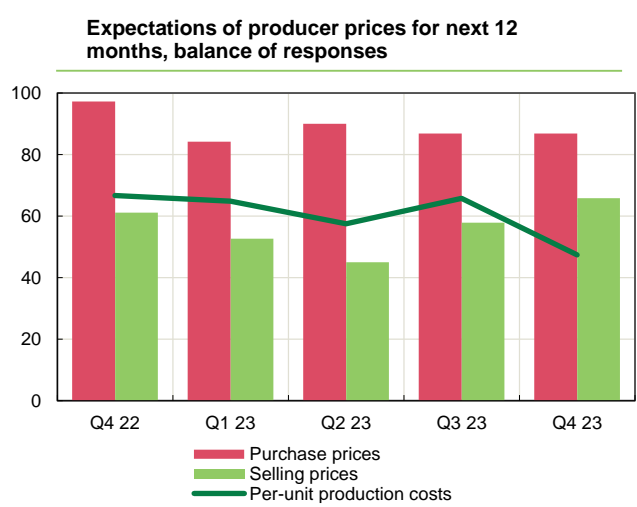


Figure 7

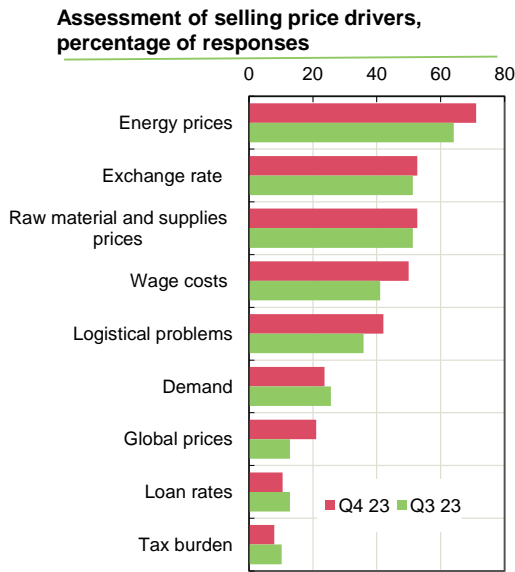


Figure 8

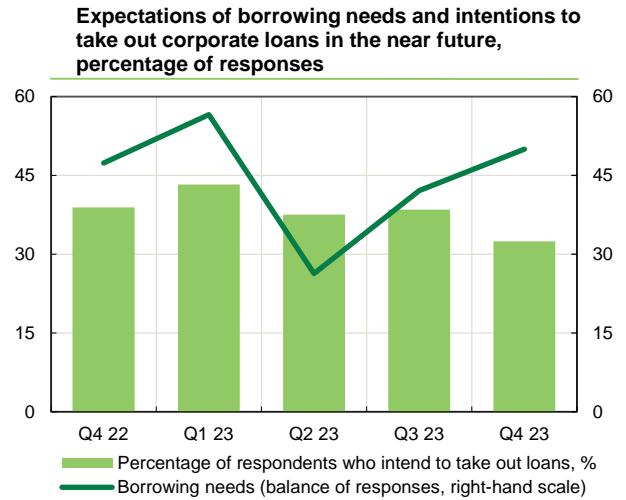


Figure 9

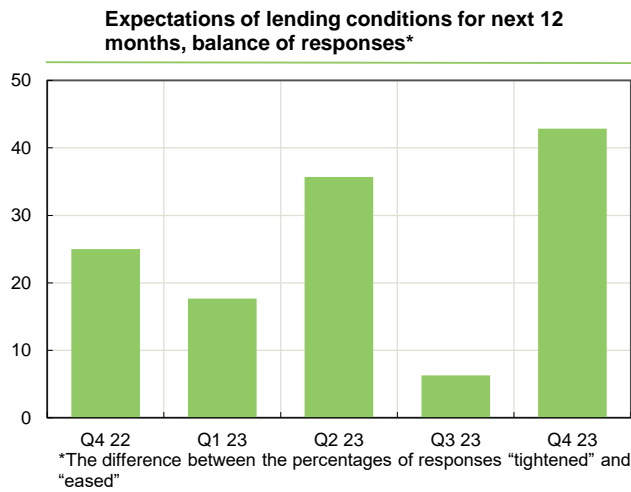


Figure 10

