



National Bank  
of Ukraine

# Business Outlook Survey of Sumy Oblast\*

Q4 2023



\*This survey only reflects the opinions of respondents in Sumy 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 Sumy oblast in Q4 2023 showed that, on the back of 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. They had positive expectations for their companies' performance 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 decrease:** the balance of expectations was (-8.3%), down from 8.3% in Q3 2023 (Figure 1). The balance of expectations across Ukraine was 15.2%
- **prices for goods and services would rise more slowly:** 66.7% of respondents expected the inflation rate to be lower than 10.0%, compared to 16.7% in the previous quarter and compared to 47.6% across Ukraine. Respondents referred to military actions and production costs as **the main inflation drivers**. The impact of the hryvnia exchange rate and tax changes was reported to have increased significantly (Figure 2)
- **the hryvnia would depreciate more slowly:** 66.7% of respondents (compared to 83.3% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 7.7%, compared to (-33.3%) in Q3 2023. Overall, across Ukraine, the balance of responses was 4.1% (see Table)
- **total sales, including external sales, would increase:** the balances of responses were 25.0% and 16.7% respectively, compared to (-41.7%) and (-75.0%) respectively in Q3 2023 (see Table). Across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-30.0%) and (-20.0%) respectively, compared to (-22.2%) and (-20.0%) in the previous quarter (see Table). Overall, across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers at their companies would increase:** the balance of responses was 7.7%, up from (-33.3%) in the previous quarter. Across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **purchase and selling prices would rise at a slower pace:** the balances of responses were 76.9% and 23.1% respectively (compared to 83.3% and 45.5% in the previous quarter) (Figure 6). Raw material and supplies prices, energy prices and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise more quickly:** the balances of responses were 58.3% and 46.2% (compared to 45.5% and 25.0% in Q3 2023) (Figure 4 and 6).

The companies surveyed named military actions and their consequences, the tax burden, weak demand, high energy prices and raw material and supplies prices (the impact of the latter factor was reported to have increased) as the **main drags on their ability to boost production** (Figure 5).

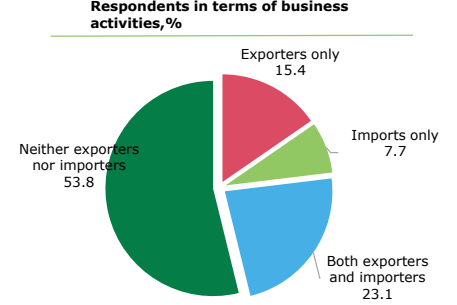
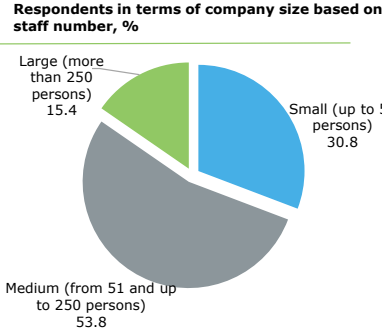
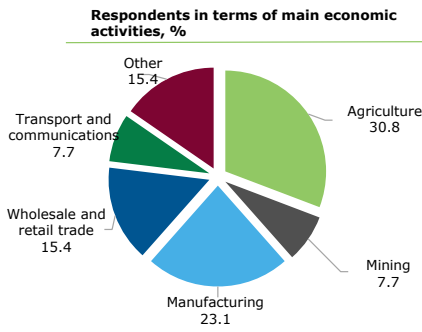
As in previous quarters, the respondents who planned to take out bank loans opted only for domestic currency loans (Figure 8). Companies cited high loan rates, uncertainty about their ability to meet debt obligations as they fall due, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 9).

**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)

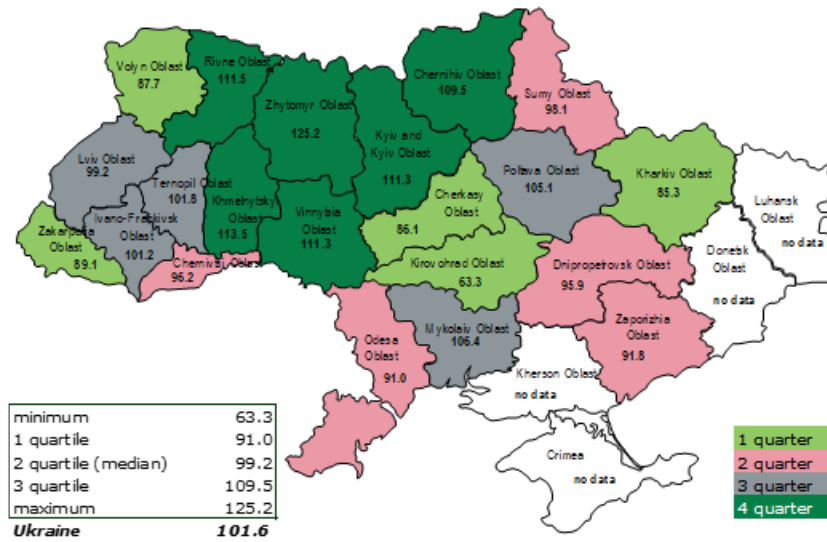
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-7.7%), compared to (-33.3%) in the previous quarter. Across Ukraine, the balance of responses was (-5.6%).
- **Finished goods stocks had decreased and were assessed at below than normal levels:** the balance of responses was (-20.0%), compared to 0.0% in Q3 2023.
- **Companies had sufficient production capacity to meet any unexpected rise in demand:** the balance of responses was 41.7%, up from 25.0% in Q3 2023.

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



- Period: 31 October through 24 November 2023.
- A total of 13 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>3</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 Sumy 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	-25.0	-16.7	-25.0	-33.3	7.7
Total sales	-33.3	-25.0	-41.7	-41.7	25.0
Investment in construction	-66.7	-62.5	-33.3	-22.2	-30.0
Investment in machinery, equipment, and tools	-50.0	-36.4	-27.3	-20.0	-20.0
Staff numbers	-33.3	-16.7	-25.0	-33.3	7.7

<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

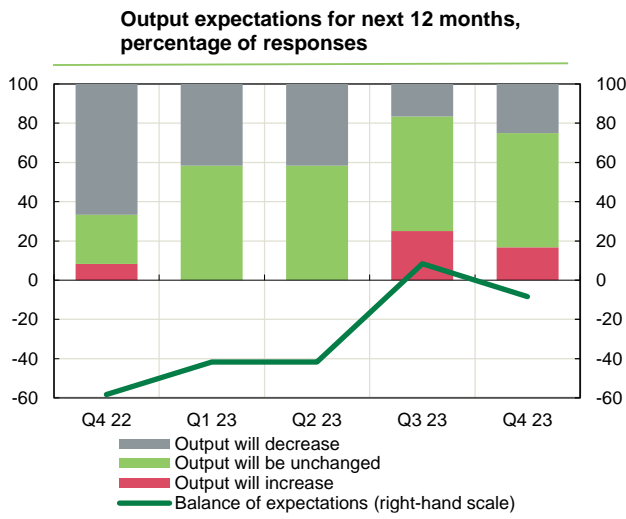


Figure 2

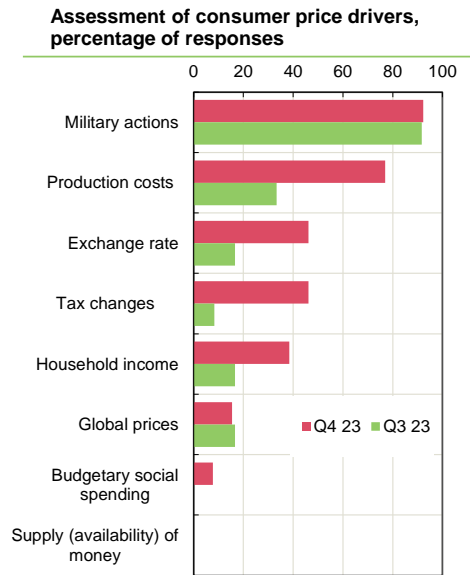


Figure 3

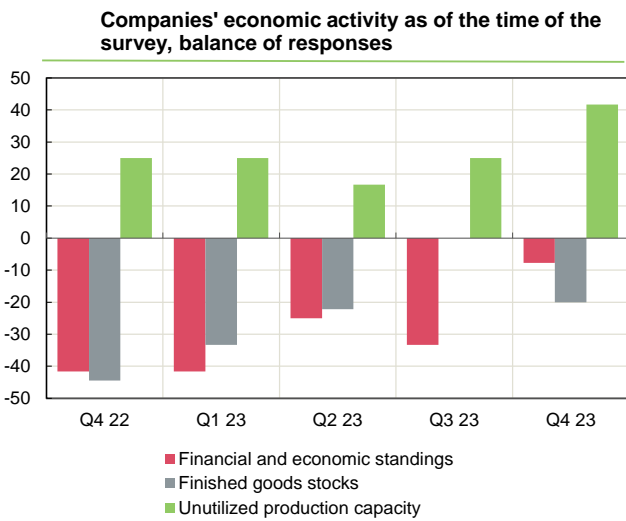


Figure 4



Figure 5

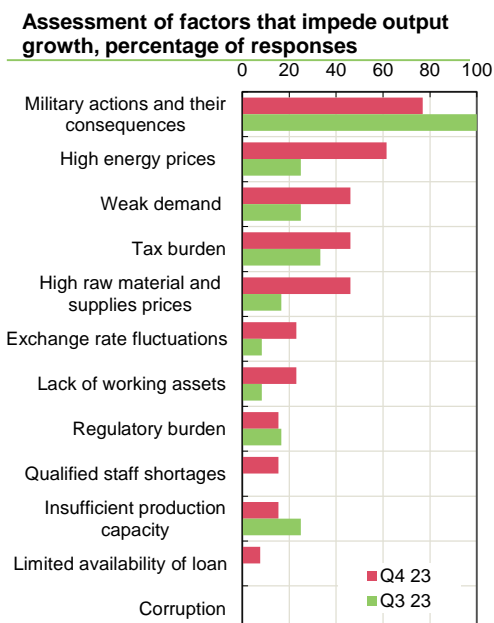


Figure 6

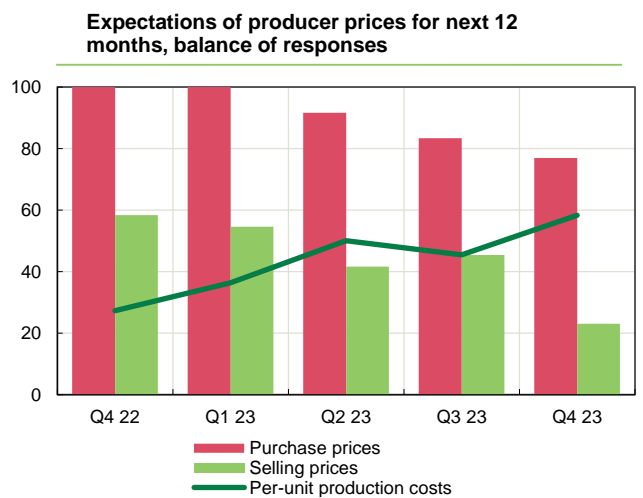


Figure 7

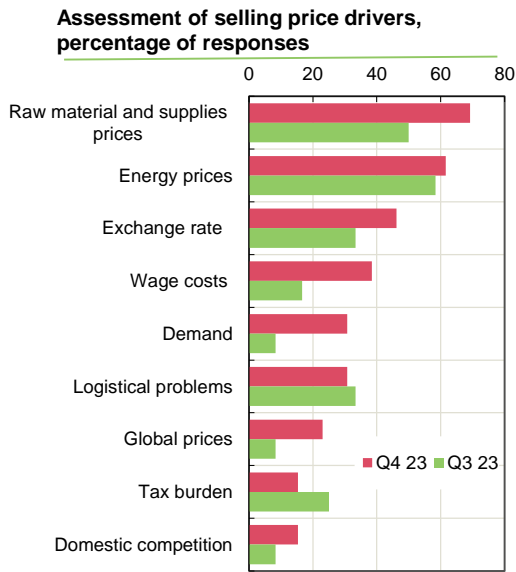


Figure 8

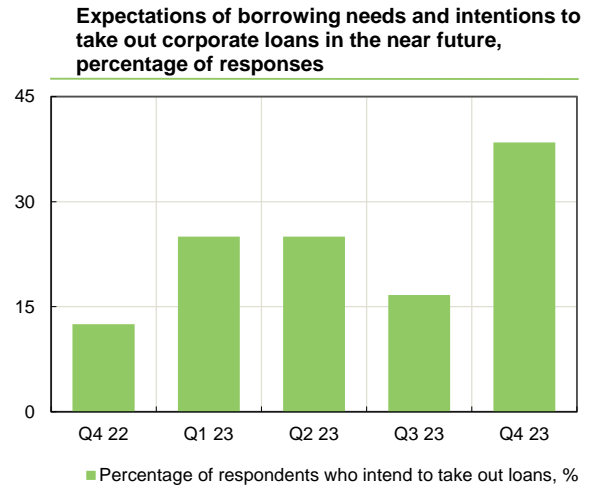


Figure 9

