



National Bank  
of Ukraine

# Business Outlook Survey of Khmelnytskyi Oblast\*

Q4 2023



\*This survey only reflects the opinions of respondents in Khmelnytskyi oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey carried out in **Khmelnytskyi oblast** in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected that **the output of Ukrainian goods and services would increase**. They had **positive expectations about their companies' performance** over the next 12 months. Prices were expected to rise more slowly. 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 increase:** the balance of expectations was 7.1%, up from (-13.3%) in Q3 2023 (Figure 1). Across Ukraine, the balance of responses was 15.2%
- **prices for consumer goods and services would rise more slowly:** 64.3% of respondents expected the inflation rate not to exceed 10.0% (compared to 53.3% in the previous quarter and 47.6% across Ukraine). Respondents referred to military actions (mentioned by all respondents), production costs and the hryvnia exchange rate as **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more strongly:** a total of 76.9% of respondents (compared to 66.7% 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 7.1%, compared to 0.0% in the previous quarter and 4.1% across Ukraine (see Table)
- **total sales would increase at a faster pace:** the balance of responses was 46.2%, compared to 35.7% in Q3 2023. **External sales** were expected to rise at a fast pace: the balance of responses was 50.0%, up from 0.0% in Q3 2023. Overall, across Ukraine the balances of responses were 10.6% and 9.7% respectively
- **investment in construction would remain unchanged:** the balance of responses was 0.0%, down from 13.3% in Q3 2023. Respondents expected that investment in **machinery, equipment, and tools would grow:** the balance of responses was 28.6%, compared to 26.7% in the previous quarter. Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively (see Table)
- **staff numbers would decrease:** the balance of responses was (-14.3%), compared to 6.7% in the previous quarter. Across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **purchase prices would rise at a faster pace:** the balance of responses was 85.7%, compared to 73.3% in Q3 2023. At the same time, respondents expected that selling prices would rise more slowly: the balance of responses was 35.7%, down from 53.3% in the previous quarter (Figure 6). Energy prices, raw material and supplies prices, and the hryvnia exchange rate were referred to as the main selling price drivers (Figure 7)
- **wage costs per staff member and per-unit production costs would rise more rapidly:** the balances of responses were 42.9% and 64.3% respectively, up from 30.8% and 57.1% respectively in Q3 2023 (Figures 4 and 6).

Respondents said that military actions and their consequences and weak demand (the impact of this driver was reported to have increased) were **the main drags on the ability of their companies to boost production**. Raw material and supplies prices, and energy prices were regarded to be important factors. In addition, the impact of the tax burden was reported to have increased significantly compared to the previous survey (Figure 5).

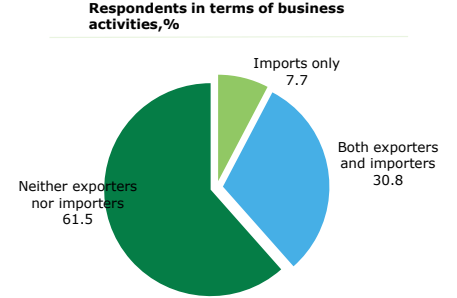
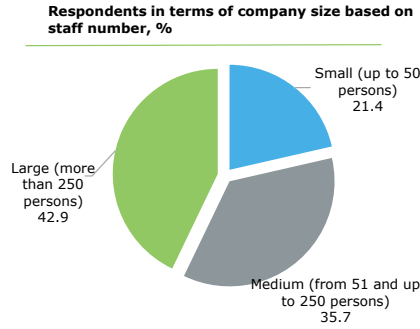
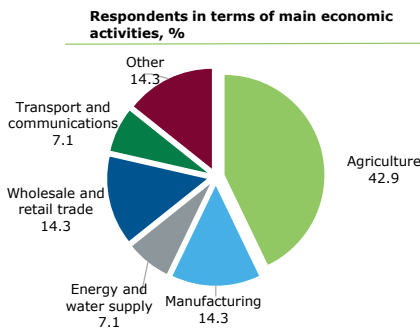
Respondents reported **weaker expectations of higher borrowing needs** in the near future (Figure 8). Respondents who planned to take out bank loans (42.9%) opted for hryvnia loans only. Respondents said that bank lending standards had tightened (Figure 9). Companies referred to the availability of other funding sources, high loan rates and strict collateral requirements 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)

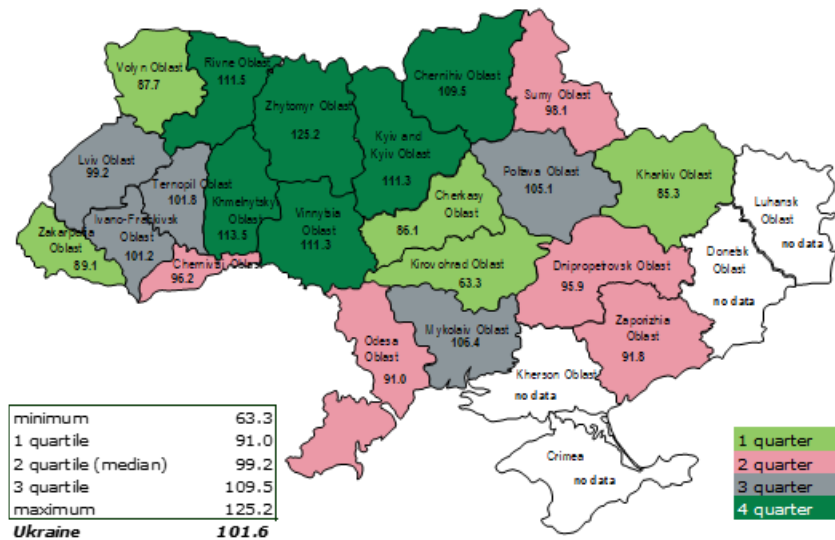
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, compared to 33.3% in the previous quarter. Respondents across Ukraine assessed the financial and economic standings of their companies as bad (-5.6%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-11.1%), compared to 18.2% in Q3 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 14.3%, compared to 0.0% in the previous quarter.

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



- Period: 1 November through 24 November 2023.
- A total of 14 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 Khmelnytskyi 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	-14.3	-8.3	-6.7	0.0	7.1
Total sales	7.1	7.7	26.7	35.7	46.2
Investment in construction	7.1	-27.3	26.7	13.3	0.0
Investment in machinery, equipment, and tools	7.1	7.7	26.7	26.7	28.6
Staff numbers	-14.3	-7.7	-6.7	6.7	-14.3

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast 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

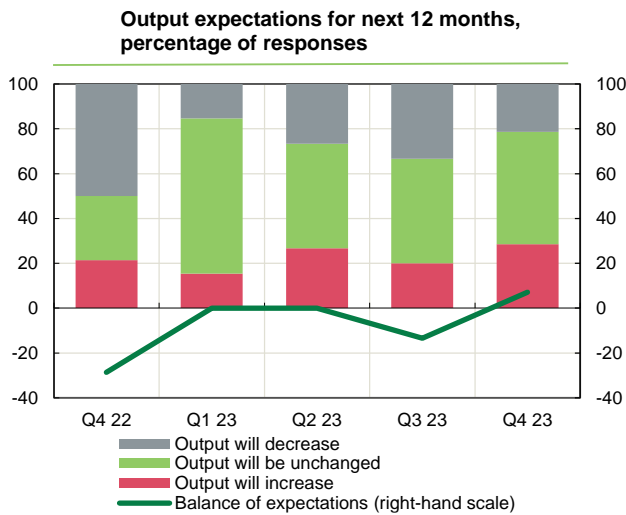


Figure 2

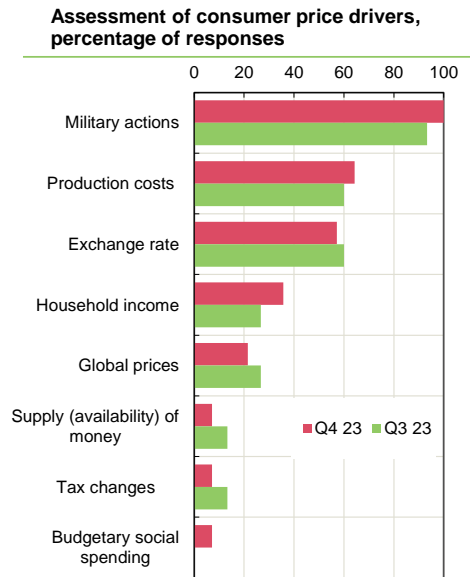


Figure 3

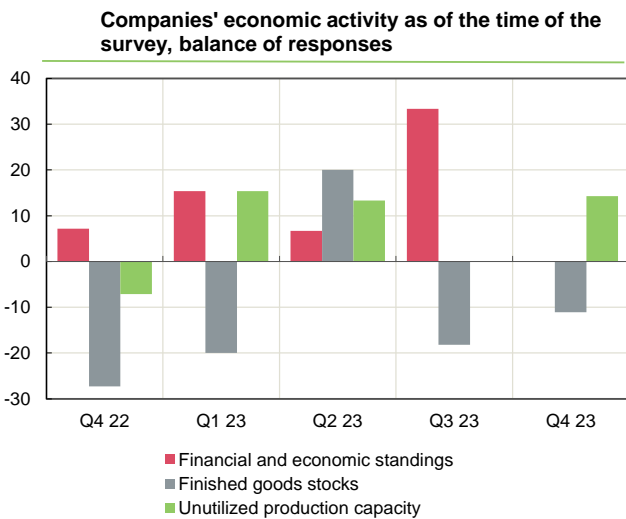


Figure 4



Figure 5

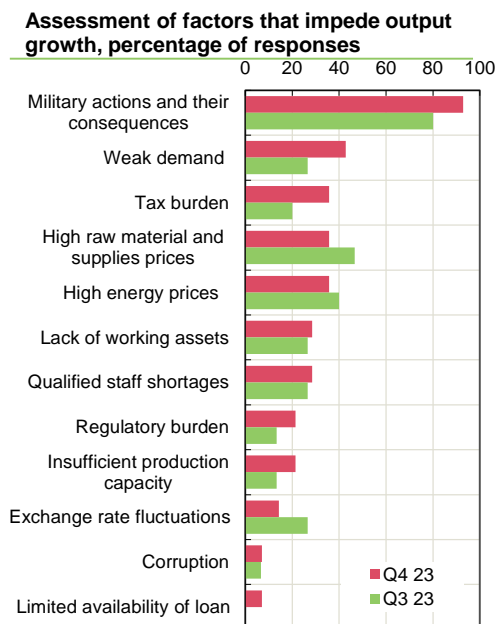


Figure 6

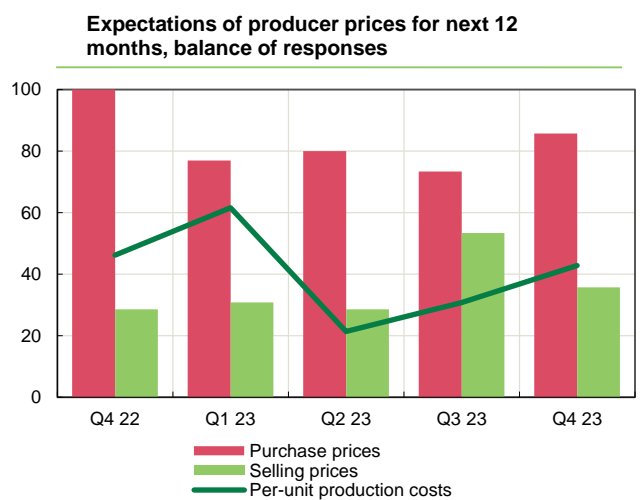


Figure 7

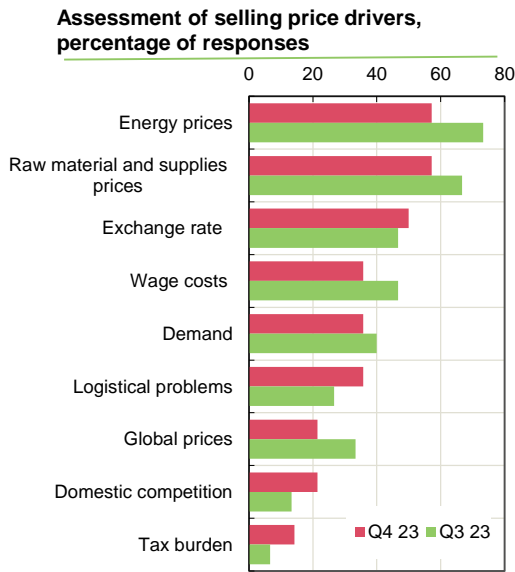


Figure 8

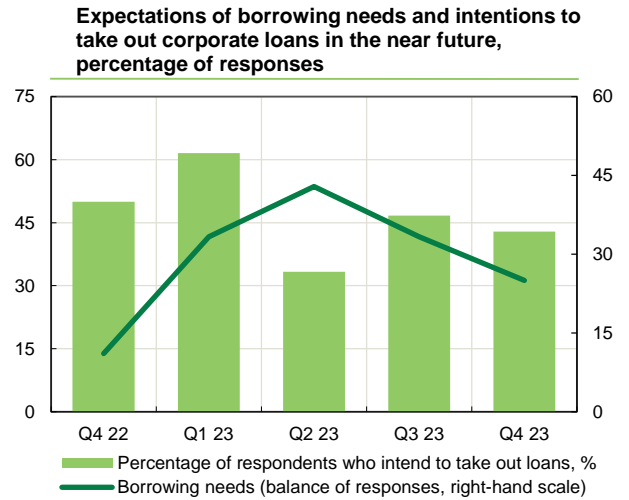


Figure 9

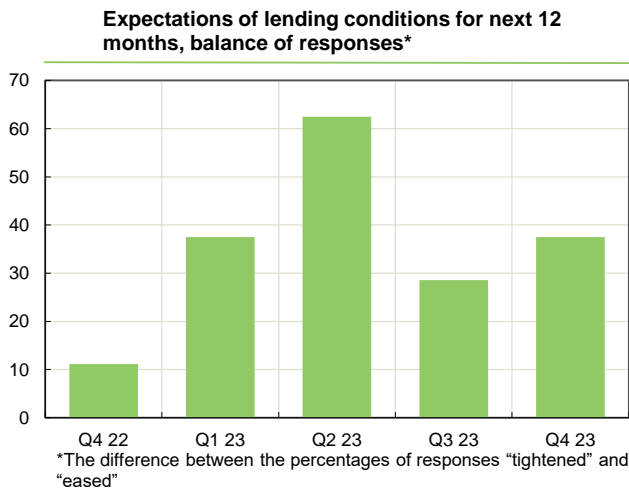


Figure 10

