

# Business Outlook Survey

## 3<sup>rd</sup> Quarter 2022



### Executive Summary

- Business condition continued to deteriorate in Q3 2022, on a year-on-year basis, amidst multiple challenges emanating from supply-side constraints as well as subdued demand conditions. This deterioration was largely accountable to the limited availability of raw materials and energy supplies. It also observed a subdued demand condition during the latter part of the quarter amidst a high inflationary environment. Moreover, it is expected that the business condition would deteriorate in Q4 2022 as well compared to Q4 2021.
- Considering the business activities, the balance of opinion<sup>1</sup> on demand decreased during Q3 2022 and is expected to decline in Q4 2022, as well, on a year-on-year basis. However, sales (revenue) increased during Q3 2022 and are expected to increase in Q4 2022 as well, partly owing to higher sales prices than the corresponding quarters of 2021. When the sector-wise indices are considered, demand and sales increased in Agriculture and Services sectors, while that of Industry sector declined during Q3 2022.
- The balance of opinion on capacity utilization and investment deteriorated in Q3 2022, on a year-on-year basis, in line with the subdued demand condition. Further, the firms expect capacity utilization and investment to decline in Q4 2022, as well.
- Majority has experienced an increase in input prices compared to output prices in Q3 2022. The prices are expected to follow a similar trend in Q4 2022 as well. Meanwhile, profitability and the financial situation deteriorated in Q3 2022 and are expected to deteriorate in the next quarter as well.
- The balance of opinion on demand for bank credit has increased in Q3 2022 compared to Q3 2021, while the majority expect to borrow in Q4 2022 for operational purposes.

#### Key to Interpretation:

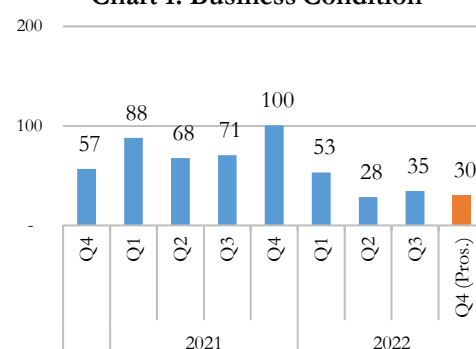
**Business Sentiment Indices (BSIs);**

**BSI>100 - improved/increased**

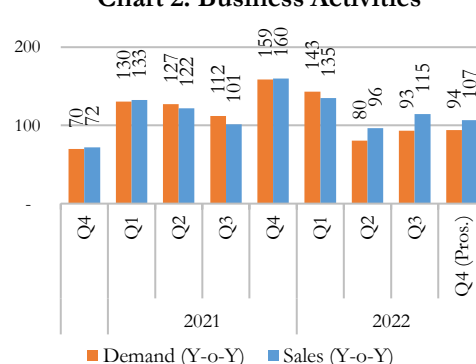
**BSI=100 - unchanged**

**BSI<100 - worsened/decreased**

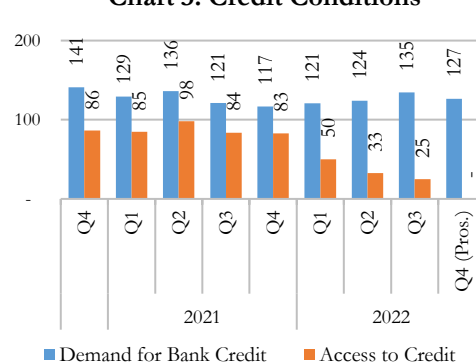
**Chart 1: Business Condition**



**Chart 2: Business Activities**



**Chart 3: Credit Conditions**



<sup>1</sup> Balance of opinion: Percentage of firms reporting growth minus the percentage reporting contraction