



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Vinnytsia oblast in Q2 2021 showed that respondents expected that the output of Ukrainian goods and services would rise over the next 12 months. They were optimistic about the future performance of their companies over that period. Respondents expected lower inflation and high depreciation.

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

- **the output of Ukrainian goods and services would rise** (for the first time since Q1 2020): the balance of expectations was 23.8% compared with (0.0%) in Q1 2021 (Figure 1), the figure across Ukraine being 15.9%
- **prices for consumer goods and services would rise at a slower pace**: 71.4% of respondents expected that the inflation rate would not exceed 7.5% (compared to 33.3% in the previous quarter and 54.2% across Ukraine). Respondents referred to production costs, household income and tax changes as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly**: 85.0% of respondents (compared to 81.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 63.6%
- **the financial and economic standings of their companies would improve**: the balance of expectations was 15.0% (compared with 25.0% in the previous quarter and 18.3% across Ukraine). Respondents from other economic activities companies had the most optimistic expectations (see Table)
- **total sales would increase faster**: the balance of responses was 38.1% compared with 19.0% in the previous quarter (see Table) including an increase in external sales (the balance of responses was 33.3% compared with 28.6% in Q1 2021). The balances of responses across Ukraine were 21.0% for each
- **investment in construction would increase at a faster pace**: the balance of responses was 19.0% compared with 4.8% in Q1 2021 including **investment in machinery, equipment, and tools**: the balance of responses was 25.0% compared with 0.0% in Q1 2021. Across Ukraine, the balances of responses being 6.4% and 16.9% respectively
- **staff numbers at their companies would drop**: the balance of responses was (-4.8%) compared with (-5.0%) in the previous quarter (Figure 4). Overall, companies across Ukraine expected that their staff numbers would decrease slightly, the balance of responses being (-1.0%)
- **both purchase and selling prices would rise at a fast pace**: the balances of responses were 90.5% and 81.0% respectively (compared to 95.2% and 76.2% in Q1 2021) (Figure 6). Respondents referred to high raw material and supplies prices, energy prices, and demand as the main selling price drivers (Figure 7)
- **per-unit production costs would grow faster**: the balance of responses was 76.2% compared with 61.9% in the previous quarter, including **wage costs per staff member**: the balance of responses was 85.7% compared with 76.2% in Q1 2021 (Figures 4 and 6).

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

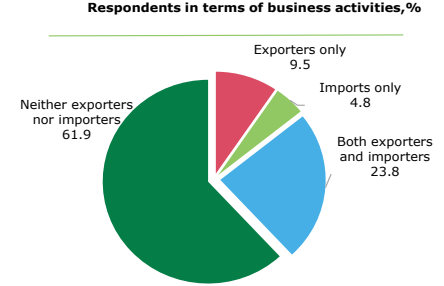
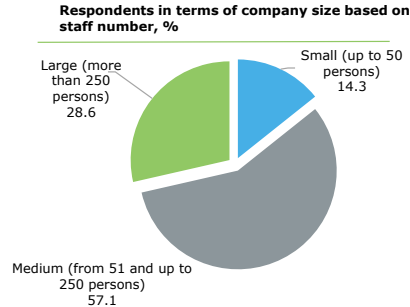
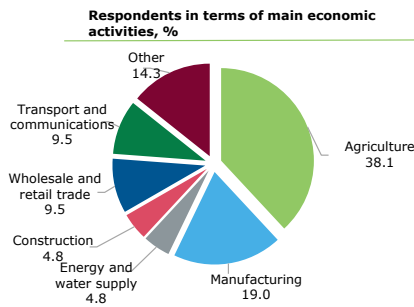
Respondents reported stronger expectations of an increase in their borrowing needs in the near future (Figure 8). 45.0% of respondents planned to take out bank loans and usually opted for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Companies cited high loan rates and collateral requirements as the main factors that deterred them from taking out loans (Figure 10).

All respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (97.5% across Ukraine).

Assessments of financial and economic standings as of the time of the survey (Figure 3)

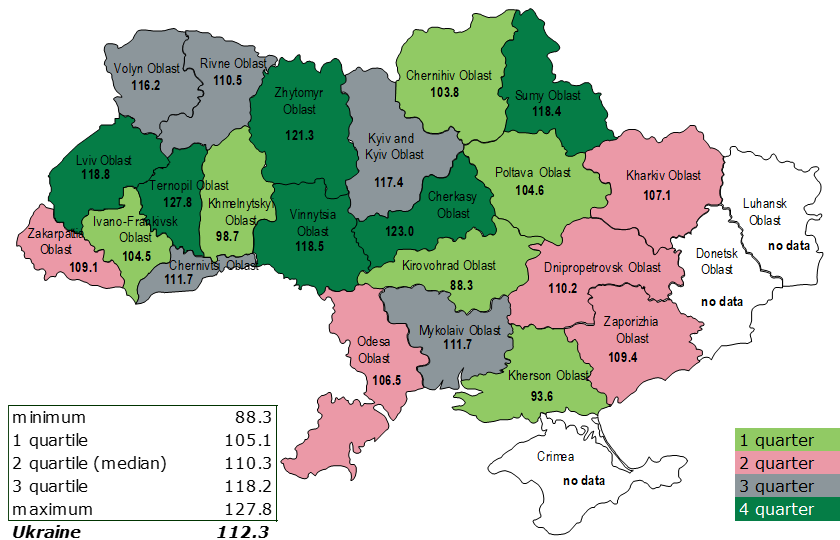
- **Respondents assessed their current financial and economic standings as good**: the balance of responses was 9.5% compared with 4.8% in Q1 2021, across Ukraine, the balance of responses being 6.0%.
- **Finished goods stocks were assessed as normal for the third quarter in a row**: the balance of responses was 0.0%
- **Spare production capacity had decreased. Companies said they would need additional capacity to meet any unexpected rise in demand**: the balance of responses was (-5.3%) (compared with 4.8% in Q1 2021).

Survey Details^{1,2}



- Period: 7 May through 1 June 2021.
- A total of 21 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the manufacturing industry.

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
^{**}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 Vinnytsia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	20.0	5.0	14.3	25.0	15.0
Total sales	-10.5	0.0	27.3	19.0	38.1
Investment in construction	-10.0	-19.0	-4.8	4.8	19.0
Investment in machinery, equipment, and tools	-14.3	0.0	4.8	0.0	25.0
Staff numbers	-19.0	-23.8	-15.0	-5.0	-4.8

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

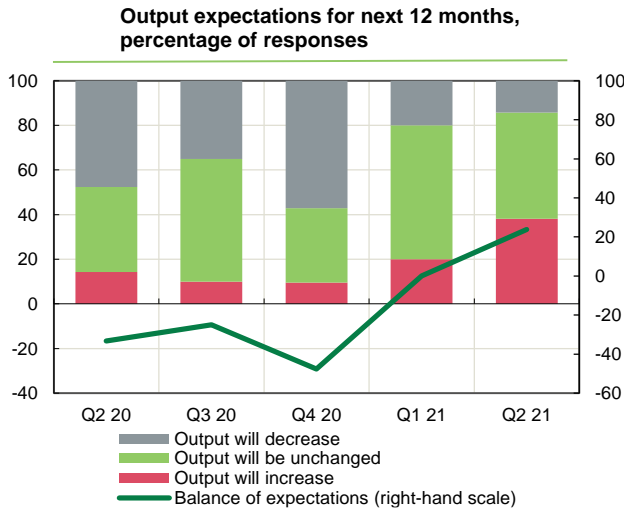


Figure 2

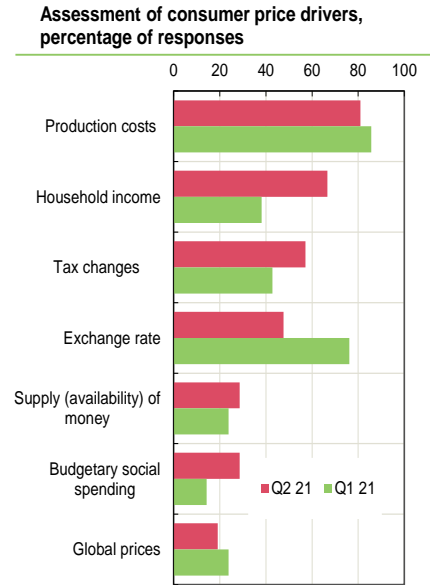


Figure 3

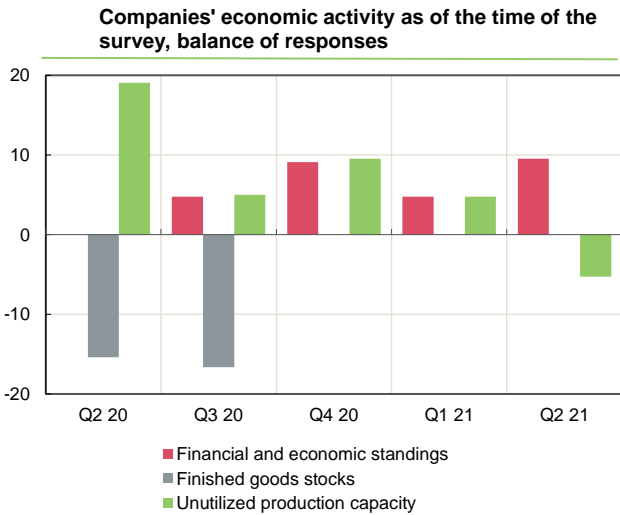


Figure 4

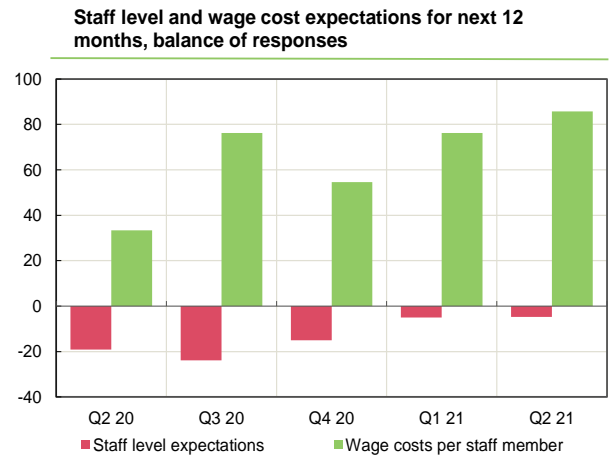


Figure 5

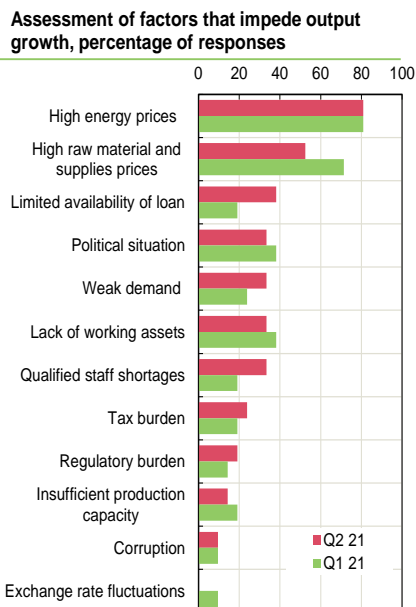


Figure 6

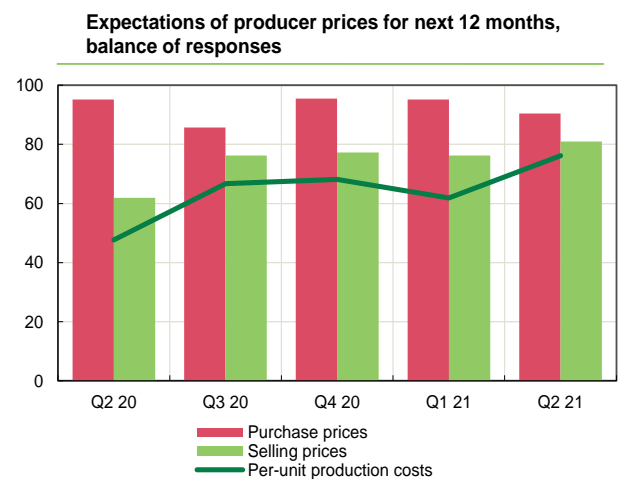


Figure 7

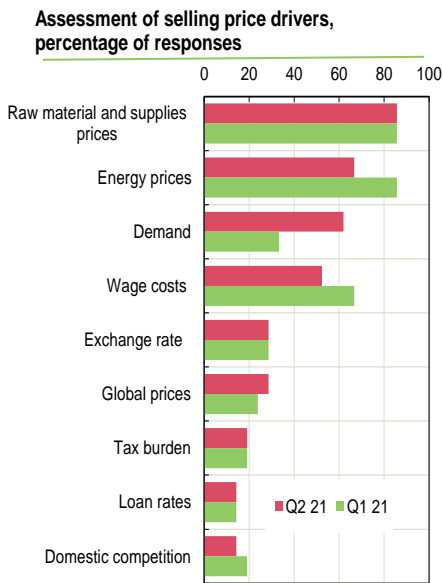


Figure 8

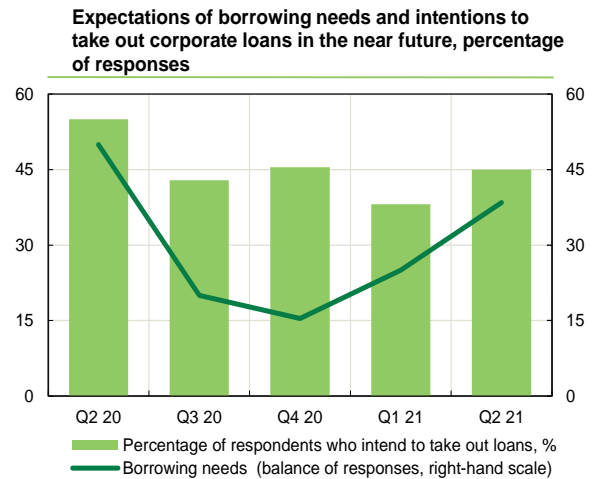


Figure 9

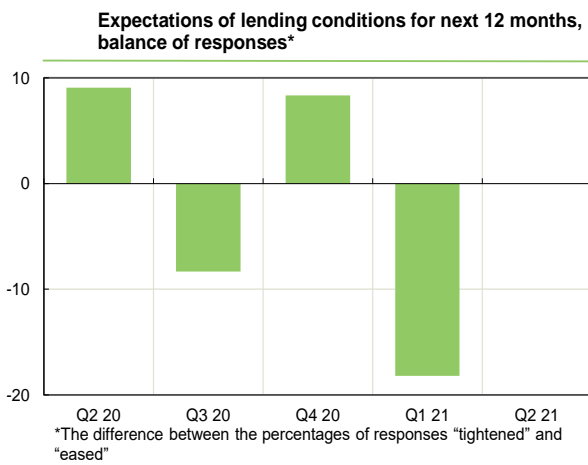


Figure 10

