



National Bank
of Ukraine

Business Outlook Survey of Dnipropetrovsk Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 Dnipropetrovsk oblast in Q2 2021 showed that respondents expected that the output of Ukrainian goods and services would grow over the next 12 months. They had positive expectations for the performance of their companies over the same period. Respondents expected the rate of inflation and depreciation to decrease.

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

- **the output of Ukrainian goods and services would grow:** the balance of expectations was 9.3% compared with 9.1% in Q1 2021 (Figure 1) and 15.9% across Ukraine. Respondents from agricultural companies reported the most optimistic expectations (the balance of responses was 33.3%)
- **prices for consumer goods and services would rise at a slower pace:** 61.0% of respondents expected the inflation rate to be lower than 7.5% compared with 53.2% in the previous quarter and 54.2% across Ukraine. Respondents continued to refer to production costs and hryvnia exchange rate fluctuations as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 51.9% of respondents (compared with 77.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 63.6% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 13.7% compared with 7.8% in the previous quarter and 18.3% across Ukraine (see Table). Respondents from agricultural companies were the most optimistic (with a balance of expectations of 33.3%)
- **total sales would increase at a slower pace:** the balance of expectations was 11.5% (compared with 24.1% in Q1 2021) (see Table). Respondents also expected a significant increase in external sales: the balance of expectations was 30.8% (compared with 7.7% in Q1 2021). Across Ukraine, the balances of responses were at 21.0%
- **investment both in construction and in machinery, equipment, and tools would increase slowly:** the balances of responses were 8.2% and 14.9% respectively compared with 15.5% and 23.6% in the previous quarter. Across Ukraine, investment was expected to increase at a faster pace: the balances of responses were 6.4% and 16.9% respectively
- **staff numbers would increase slowly:** the balance of responses was 2.6% compared with 13.2% in the previous quarter (Figure 4). Across Ukraine, staff numbers were expected to decrease slightly (-1.0%). Companies in the mining sector had the most optimistic expectations (the balance of responses was 16.7%). At the same time, respondents from energy and water supply companies expected that staff numbers at their companies would continue to decrease
- **both purchase and selling prices would rise: the balances of responses were 81.8% and 57.7%** (compared with 87.2% and 51.3% respectively in Q1 2021) (Figure 6). Respondents from manufacturing companies reported the highest expectations of a rise in selling prices (the balance of responses was 86.4%). Respondents referred to high raw material and supplies prices, together with energy prices, as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 60.0% and 59.7% respectively (compared with 60.0% and 55.1% respectively in Q1 2021) (Figures 4 and 6).

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

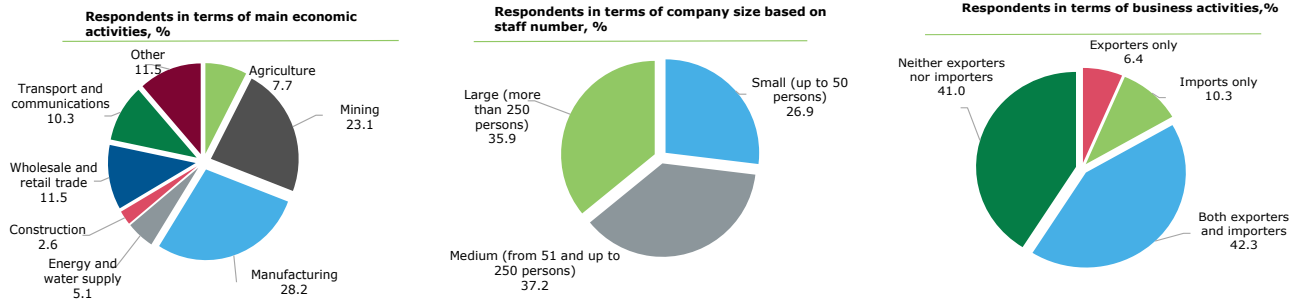
Respondents' expectations of **an increase in their borrowing needs** in the near future remained high (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had eased (Figure 9). They continued to refer to high loan rates as the main factor that deterred them from taking out loans (Figure 10).

A total of 98.7% of 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)

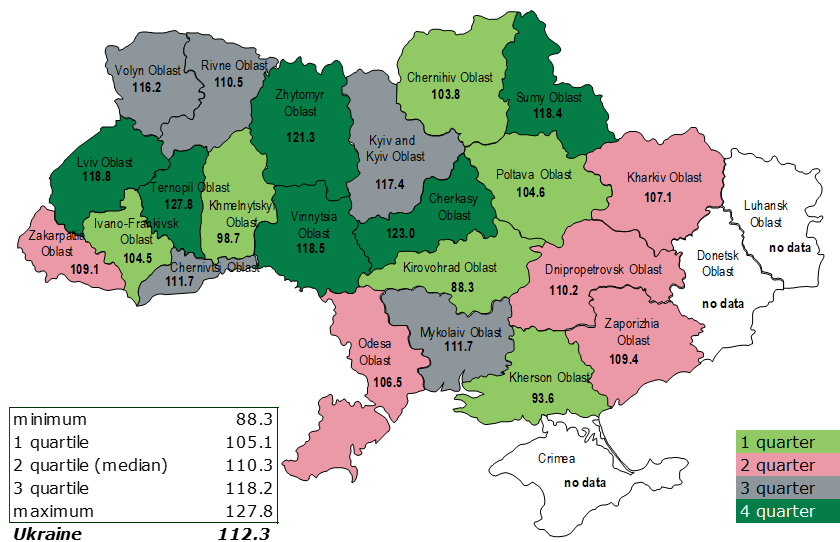
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% compared with (-1.3%) in Q1 2021. Companies across Ukraine assessed their current financial and economic standings as good (6.0%).
- **Finished goods stocks remained below their normal level:** the balance of responses was (-2.3%) compared with (-12.0%) in Q1 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 18.2% (compared with 11.7% in Q1 2021).

Survey Details^{1 2}



- Period: 5 May through 1 June 2021.
- A total of 78 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries, 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
³**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 Dnipropetrovsk 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	-10.5	-7.1	-10.3	7.8	13.7
Total sales	-3.8	7.1	-1.3	24.1	11.5
Investment in construction	-18.3	0.0	-7.2	15.5	8.2
Investment in machinery, equipment, and tools	-19.2	0.0	-6.8	23.6	14.9
Staff numbers	-19.5	-14.6	-11.8	13.2	2.6

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

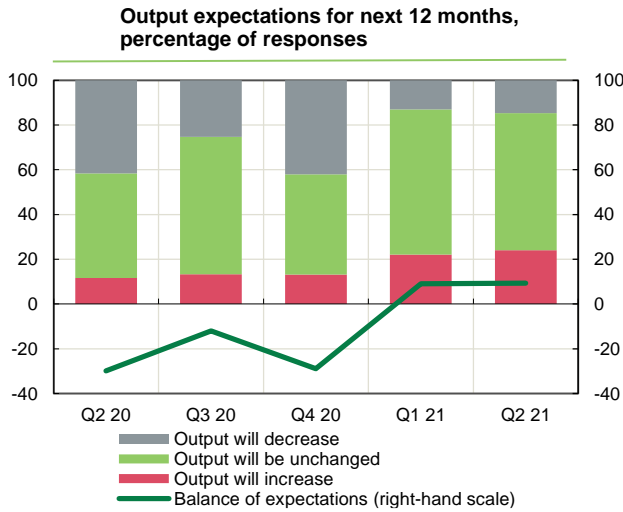


Figure 2

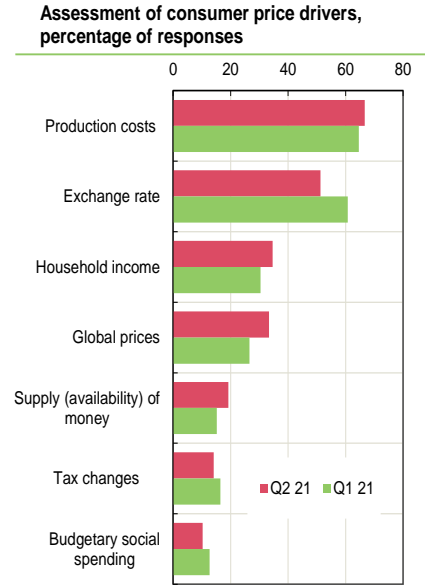


Figure 3

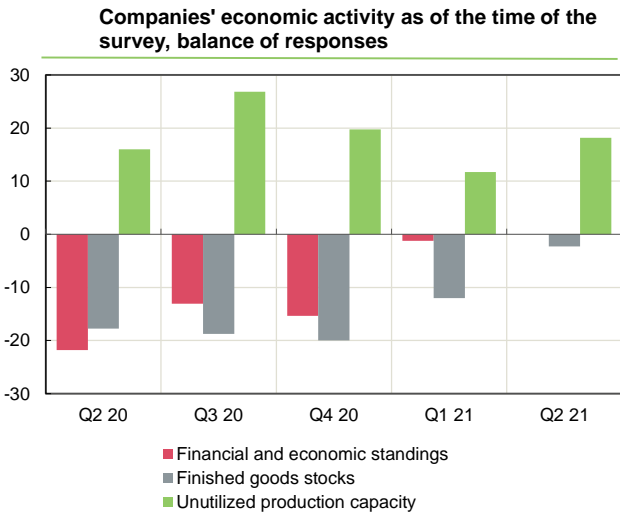


Figure 4

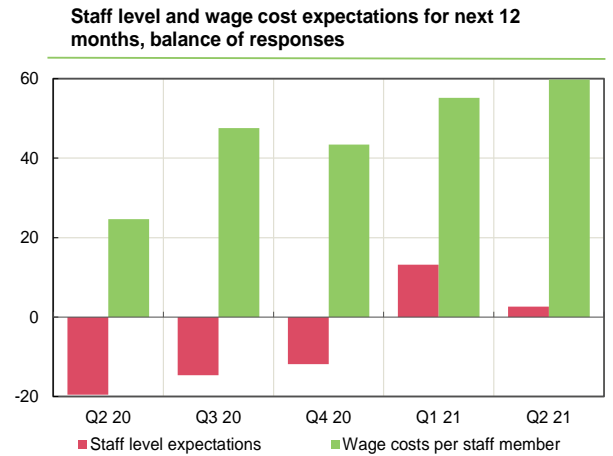


Figure 5

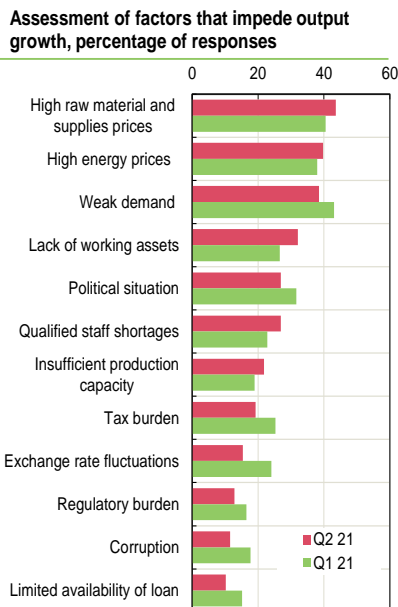


Figure 6

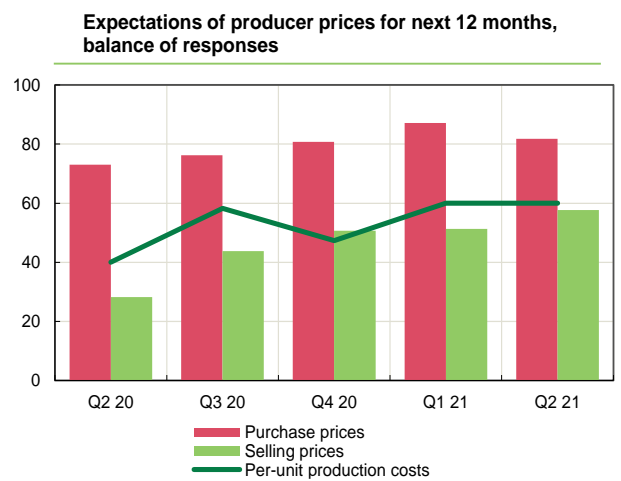


Figure 7

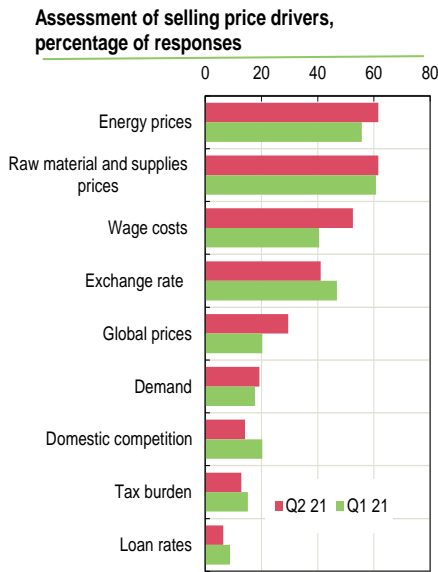


Figure 8

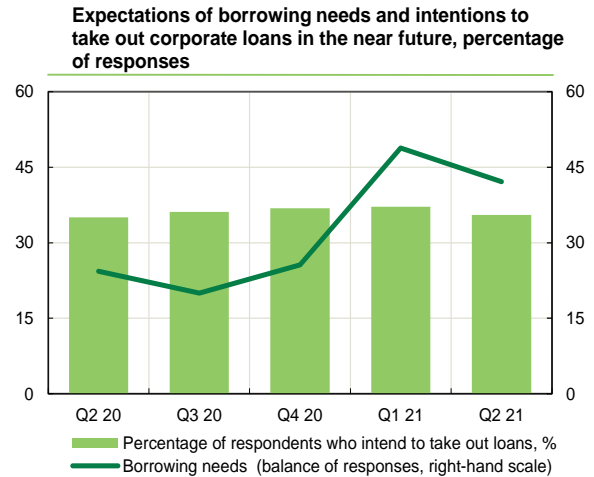


Figure 9

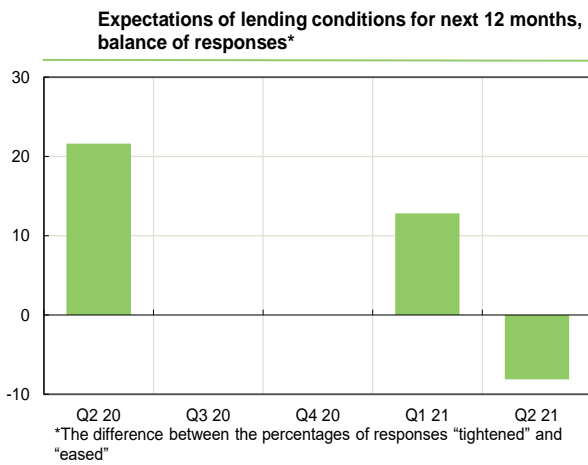


Figure 10

