



National Bank  
of Ukraine

# Business Outlook Survey of Vinnytsia Oblast\*

Q3 2020



\*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q3 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q3 2020 showed that respondents expected that the output of Ukrainian goods and services would decrease more slowly over the next 12 months amid the adaptive quarantine regime. Respondents expected inflation to increase and the domestic currency to weaken more noticeably. **They were optimistic about the future performance of their companies over that period.**

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-25.0%) compared with (-33.3%) in Q2 2020 and (-16.1%) across Ukraine (Figure 1). Respondents from transport companies had the most pessimistic expectations (the balance of responses was (-66.7%))
- **the growth in the prices of consumer goods and services would accelerate:** 61.9% of the respondents expected that the inflation rate would be higher than 7.5% (compared to 52.4% in the previous quarter and 44.4% across Ukraine). Respondents referred to production costs as **the main inflation driver** (85.7% of responses) (Figure 2)
- **the domestic currency would depreciate significantly:** 81.0% of respondents (compared to 61.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would improve at a moderate pace:** the balance of expectations was 5.0% (compared with 20.0% in the previous quarter and 4.4% across Ukraine) (see Table). Respondents from agricultural companies had the most optimistic expectations. Manufacturing companies expected a deterioration in their financial and economic standings (-25.0%)
- **total sales would remain unchanged:** the balance of responses was 0.0% compared with (-10.5%) in the previous quarter. External sales were expected to decrease (the balance of responses was (-37.5%) compared with 0.0% in Q2 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 9.8% and 4.3% respectively
- **investment in construction would decrease:** the balance of responses was (-19.0%) compared with (-10.0%) in Q2 2020. Investment in machinery, equipment, and tools was expected to remain unchanged: the balance of responses was 0.0% compared with (-14.3%) in Q2 2020. Across Ukraine, the balances of responses were (-4.7%) and 5.2% respectively
- **staff numbers at their companies would drop** at a faster pace: the balance of responses was (-19.0%) compared with (-23.8%) in the previous quarter and (-10.8%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 85.7% and 76.2% respectively (compared to 95.2% and 61.9% in Q2 2020) (Figure 6). Respondents referred to high raw material and supplies prices and wage costs as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate significantly:** the balances of responses were 66.7% and 76.2% respectively compared with 47.6% and 33.3% in Q2 2020 (Figures 4 and 6)

High raw material and supplies prices **were cited as the main drags on the ability of companies to boost production** (by 66.7% of respondents). Respondents also reported a noticeable decrease in the impact of their limited ability to take out loans (Figure 5).

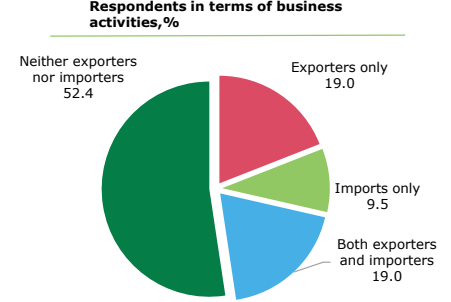
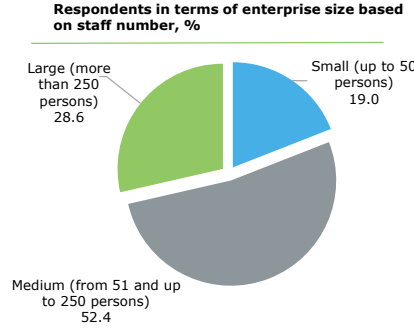
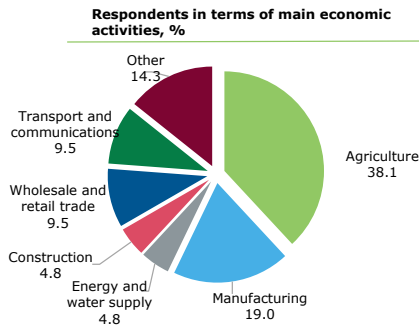
**Respondents reported lower expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans opted only for domestic currency ones. Respondents said that lending standards had softened (Figure 9). Companies cited **high loan rates as the main factor that deterred them from taking out loans** (Figure 10). The impact of exchange rate fluctuations strengthened noticeably.

**All respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.6% across Ukraine).

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

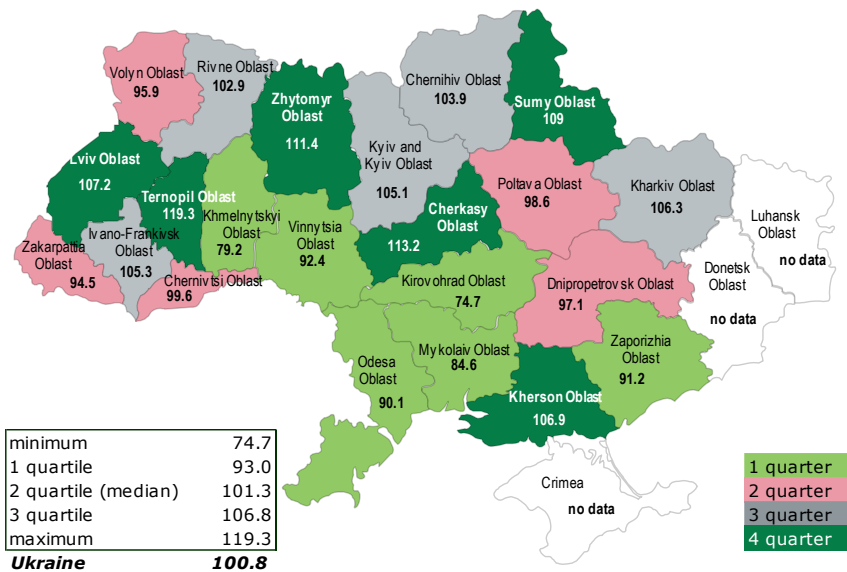
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 4.8% compared with 0.0% in Q2 2020. Across Ukraine, the current financial and economic standings of companies were assessed as bad, the balance of responses being (-5.6%).
- **Stocks of finished goods remained at a level lower than the normal one:** the balance of responses was (-16.7%) compared to (-15.4%) in Q2 2020.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 5.0% (compared with 19.0% in Q2 2020).

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



- Period: 5 August through 31 August 2020.
- 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 Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</sup>a median is the value of the BOI in the middle of an ordered sampled 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, %				
	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Financial and economic standings	15.8	23.8	15.0	20.0	5.0
Total sales	35.0	20.0	33.3	-10.5	0.0
Investment in construction	5.3	-5.6	10.0	-10.0	-19.0
Investment in machinery, equipment and tools	5.3	-5.6	28.6	-14.3	0.0
Staff numbers	-14.3	-19.0	0.0	-19.0	-23.8

<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

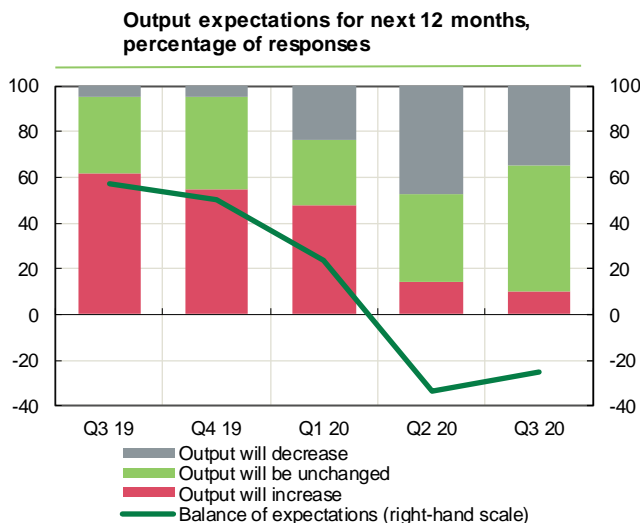


Figure 2

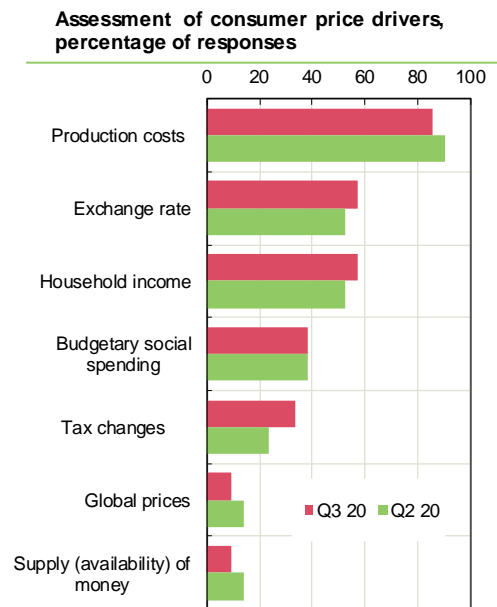


Figure 3

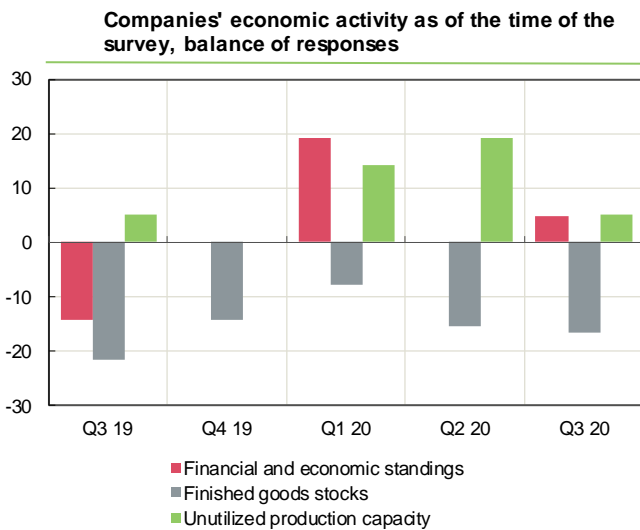


Figure 4



Figure 5

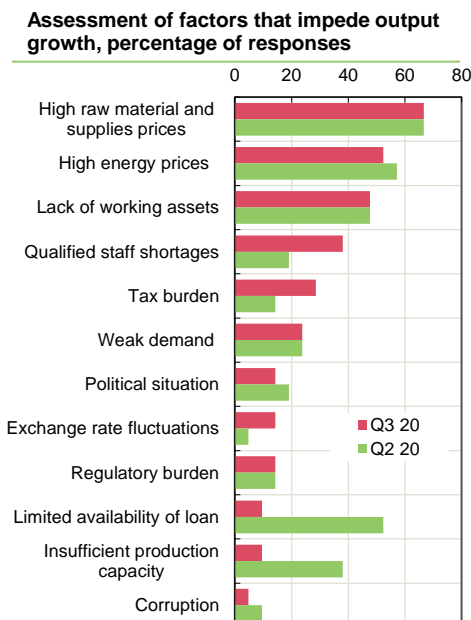


Figure 6

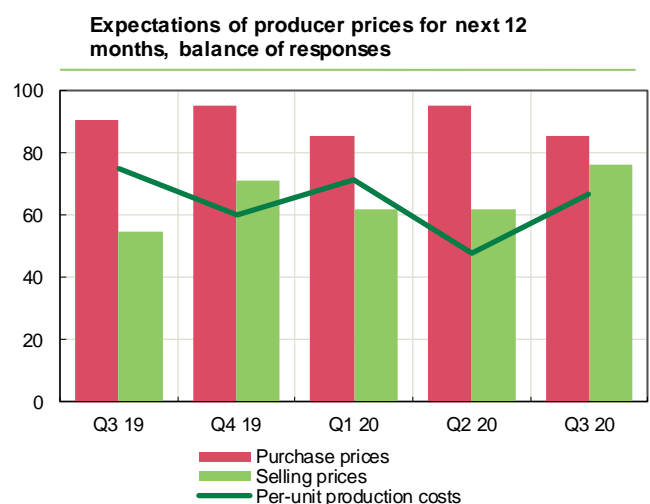


Figure 7

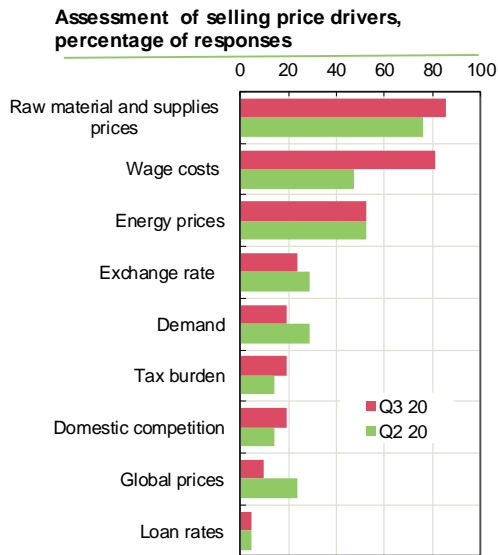


Figure 8

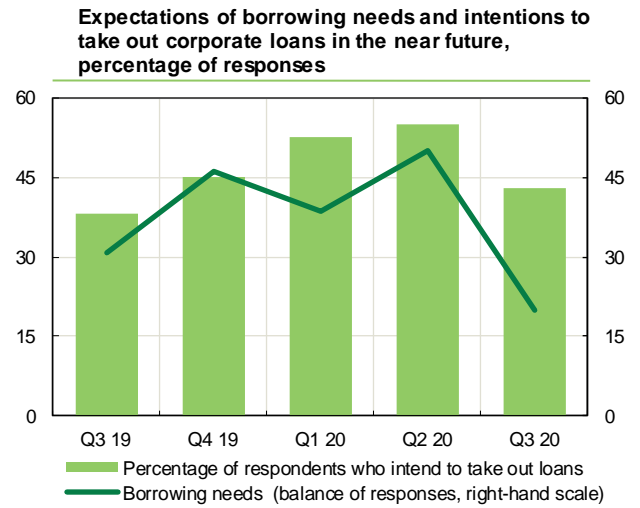


Figure 9

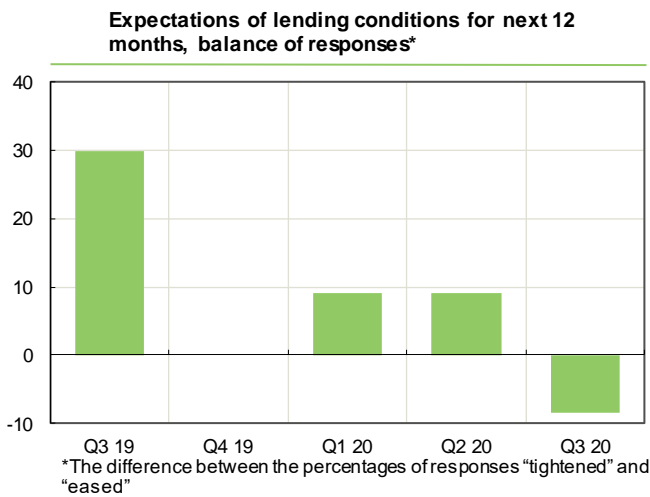


Figure 10

