



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q4 2020 showed that respondents expected that the output of Ukrainian goods and services would decrease at a faster pace over the next 12 months on the back of a tighter quarantine. Respondents expected inflation to increase further 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 significantly:** the balance of expectations was (-47.6%) compared with (-25.0%) in Q3 2020 and (-24.4%) across Ukraine (Figure 1). Respondents from agricultural companies had the most pessimistic expectations (the balance of responses was (-87.5%))
- **prices for consumer goods and services would rise at a faster pace:** 68.2% of the respondents expected that the inflation rate would be higher than 7.5% (compared to 61.9% in the previous quarter and 50.8% across Ukraine). Respondents referred to exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** 90.9% of respondents (compared to 81.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 14.3% (compared with 5.0% in the previous quarter). Companies across Ukraine expected financial and economic standings to improve slightly – 1.3%) (see Table). Respondents from agricultural companies had the most optimistic expectations
- **total sales would return to growth:** the balance of responses was 27.3% compared with 0.0% in the previous quarter (see Table). Respondents also expected an increase in external sales (the balance of responses was 25.0% compared with (-37.5%) in Q3 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment in construction would decrease** at a slower pace: the balance of responses was (-4.8%) compared with (-19.0%) in Q3 2020. **Investment in machinery, equipment, and tools** was expected to **increase:** the balance of responses was 4.8% compared with 0.0% in Q3 2020. Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers at their companies would drop** at a slower pace: the balance of responses was (-15.0%) compared with (-23.8%) in the previous quarter and (-9.9%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 95.5% and 77.3% respectively (compared to 85.7% and 76.2% in Q3 2020) (Figure 6). Respondents referred to high raw material and supplies prices and 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 68.2% and 54.5% respectively compared with 66.7% and 76.2% in Q3 2020 (Figures 4 and 6).

High energy, raw material and supplies prices **were cited as the main drags on the ability of companies to boost production.** Respondents reported a noticeable increase in the impact of the tax burden (Figure 5).

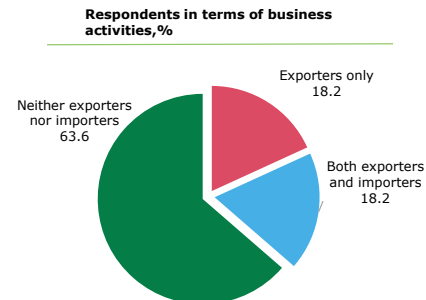
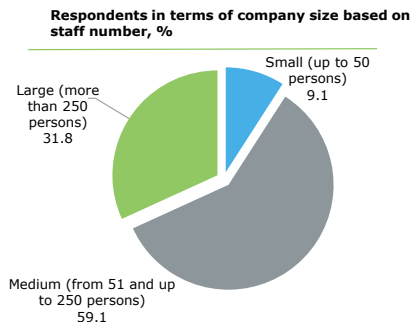
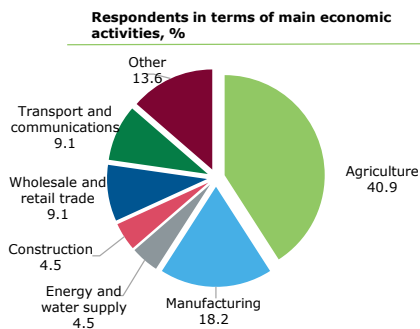
Respondents reported lower expectations of an increase in their borrowing needs in the near future (Figure 8). 45.5% of the respondents planned to take out bank loans and usually opted for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Companies cited high loan rates as the main factor that deterred them from taking out loans (Figure 10). The impact of the other funding sources factor was assessed to be significantly higher than in the previous quarter.

All respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.9% across Ukraine).

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

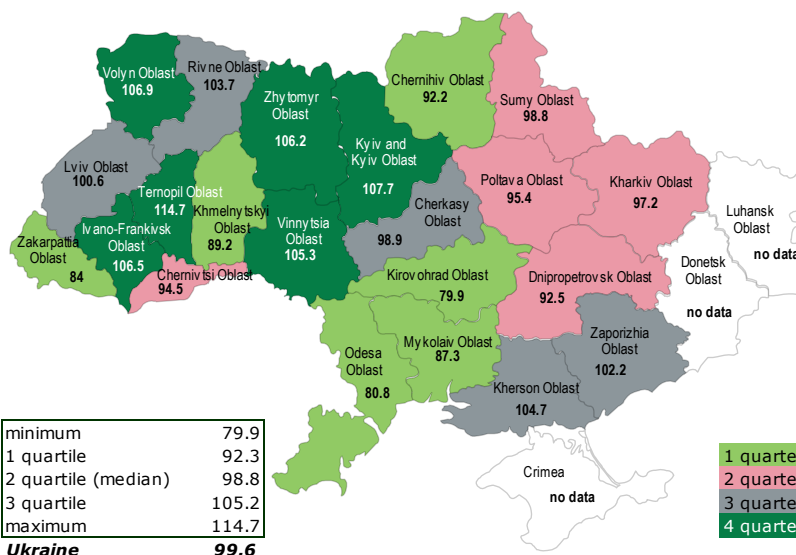
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 9.1% compared with 4.8% in Q3 2020. Across Ukraine, the current financial and economic standings of companies were assessed as bad, the balance of responses being (-3.2%).
- **Finished goods stocks increased and were assessed as normal:** the balance of responses was 0.0% (compared with (-16.7%) in Q3 2020)
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 9.5% (compared with 5.0% in Q3 2020).

Survey Details^{1,2}



- Period: 6 November through 30 November 2020.
- A total of 22 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

²a 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, %				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	23.8	15.0	20.0	5.0	14.3
Total sales	20.0	33.3	-10.5	0.0	27.3
Investment in construction	-5.6	10.0	-10.0	-19.0	-4.8
Investment in machinery, equipment, and tools	-5.6	28.6	-14.3	0.0	4.8
Staff numbers	-19.0	0.0	-19.0	-23.8	-15.0

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

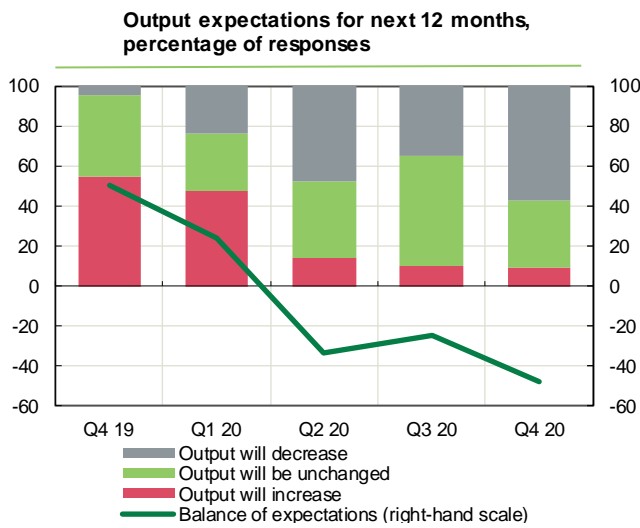


Figure 2

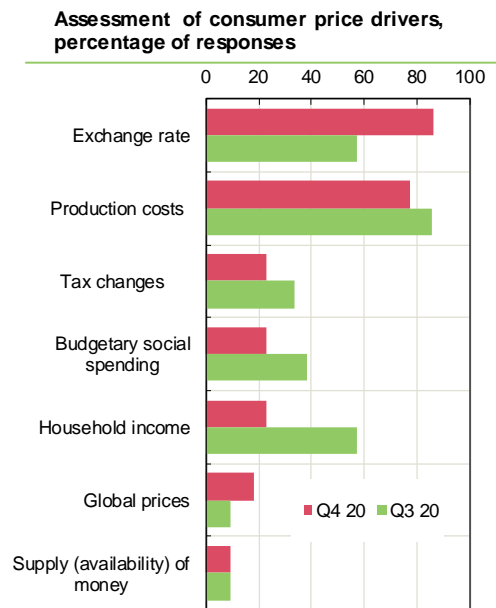


Figure 3

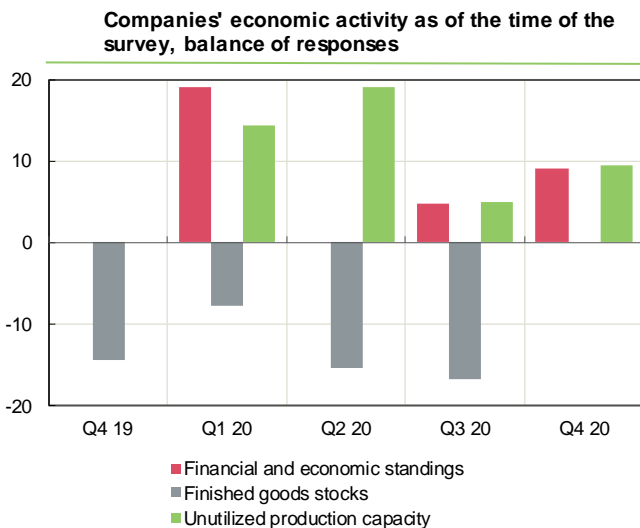


Figure 4



Figure 5

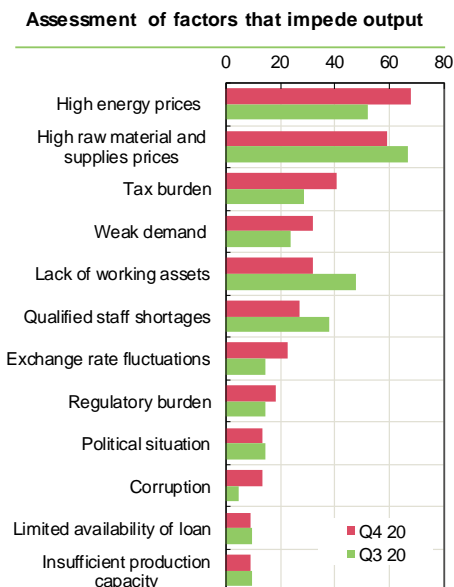


Figure 6

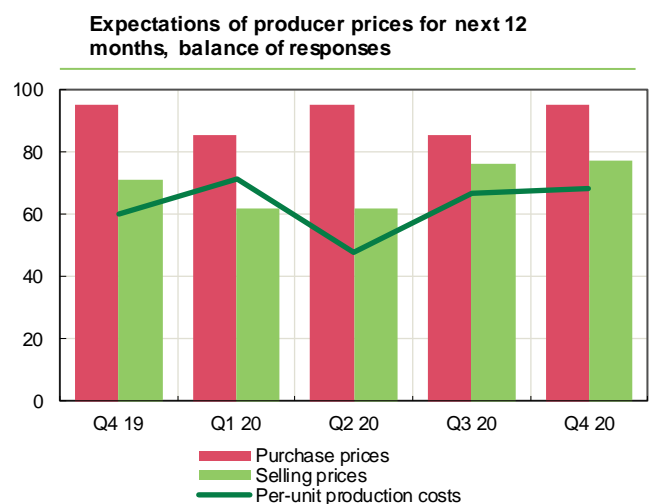


Figure 7

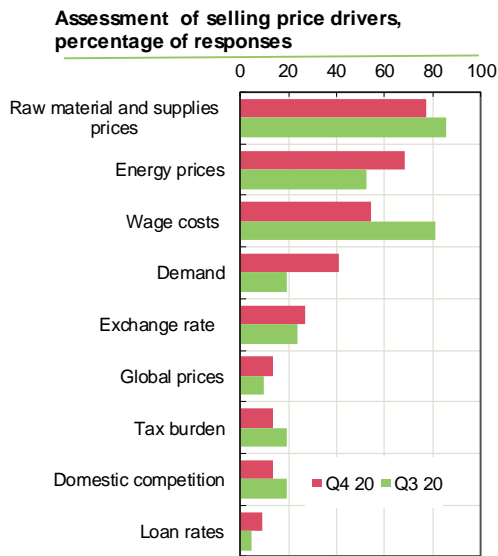


Figure 8

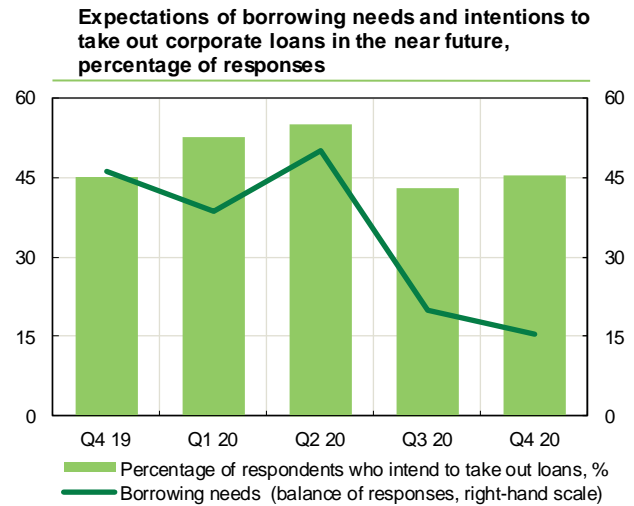


Figure 9

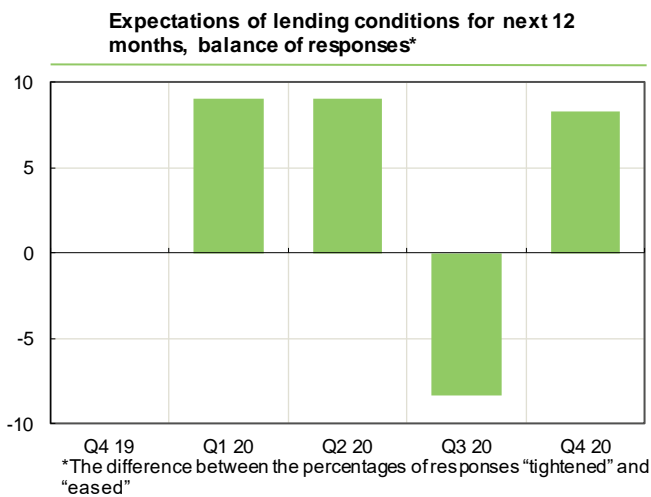


Figure 10

