



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q1 2021



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q1 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in Q1 2021 showed that respondents expected that the output of Ukrainian goods and services would be stable over the next 12 months. **They were optimistic about the future performance of their companies over that period.** Respondents expected high inflation and depreciation.

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

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was (0.0%) compared with (-47.6%) in Q4 2020 (Figure 1). Companies across Ukraine expected that the output of goods and services would return to growth – the balance of responses was 5.6%
- **prices for consumer goods and services would continue to rise at a fast pace:** 66.7% of respondents expected that the inflation rate would be higher than 7.5% (compared to 68.2% in the previous quarter and 50.7% across Ukraine). Respondents referred to production costs and the exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** 81.0% of respondents (compared to 90.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 74.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 25.0% (compared with 14.3% in the previous quarter and 12.7% across Ukraine). Respondents from manufacturing companies had the most optimistic expectations (see Table)
- **total sales would increase:** the balance of responses was 19.0% compared with 27.3% in the previous quarter (see Table). Respondents also expected an increase in external sales (the balance of responses was 28.6% compared with 25.0% in Q4 2020). The balances of responses across Ukraine were 18.0% and 14.9% respectively
- **investment in construction would increase:** the balance of responses was 4.8% compared with (-4.8%) in Q4 2020. **Investment in machinery, equipment, and tools was expected to remain unchanged:** the balance of responses was 0.0% compared with 4.8% in Q4 2020. Across Ukraine, investment was expected to increase, the balances of responses being 1.4% and 11.7% respectively
- **staff numbers at their companies would drop** at a slower pace: the balance of responses was (-5.0%) compared with (-15.8%) in the previous quarter and (-1.9%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 95.2% and 76.2% respectively (compared to 95.5% and 77.3% in Q4 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 would grow at a slower pace:** the balance of responses was 61.9% compared with 68.2% in the previous quarter. Meanwhile, **wage costs per staff member were expected to rise at a significantly faster pace:** the balance of responses was 76.2% compared with 54.5% in Q4 2020 (Figures 4 and 6).

Companies cited high energy, raw material and supplies prices **as the main drags on their ability to boost production.** Respondents also reported a noticeable increase in the impact of the political situation (Figure 5).

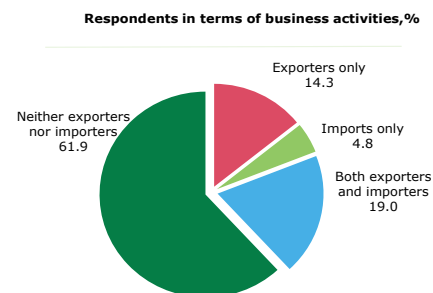
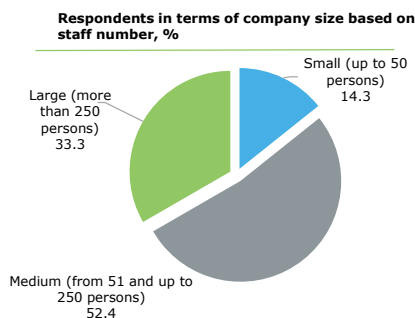
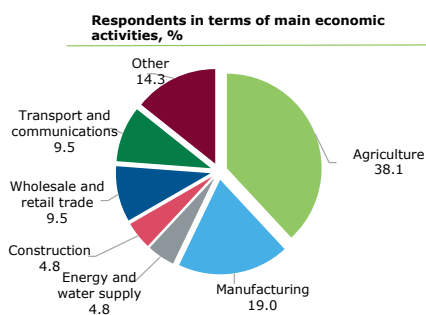
Respondents reported stronger expectations of an increase in their borrowing needs in the near future (Figure 8). 38.1% of respondents planned to take out bank loans and usually opted for domestic currency ones. Respondents said that lending standards had softened markedly (Figure 9). Companies cited high loan rates and collateral requirements as the main factors that deterred them from taking out loans (Figure 10). The impact of collateral requirements was reported to have increased on the previous quarter.

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)

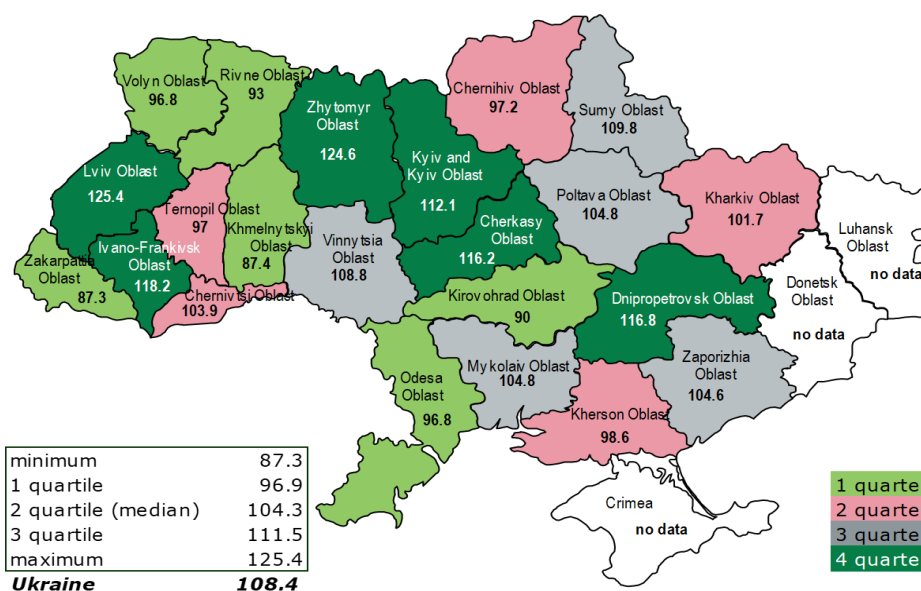
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 4.8% compared with 9.1% in Q4 2020. Across Ukraine, the current financial and economic standings of companies were assessed as bad, the balance of responses being (-0.7%).
- **Finished goods stocks had increased and were assessed as normal:** the balance of responses was 0.0%, as in previous quarter
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 4.8% (compared with 9.5% in Q4 2020).

Survey Details^{1,2}



- Period: 3 February through 1 March 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, %



*a 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, %				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Financial and economic standings	15.0	20.0	5.0	14.3	25.0
Total sales	33.3	-10.5	0.0	27.3	19.0
Investment in construction	10.0	-10.0	-19.0	-4.8	4.8
Investment in machinery, equipment, and tools	28.6	-14.3	0.0	4.8	0.0
Staff numbers	0.0	-19.0	-23.8	-15.0	-5.0

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

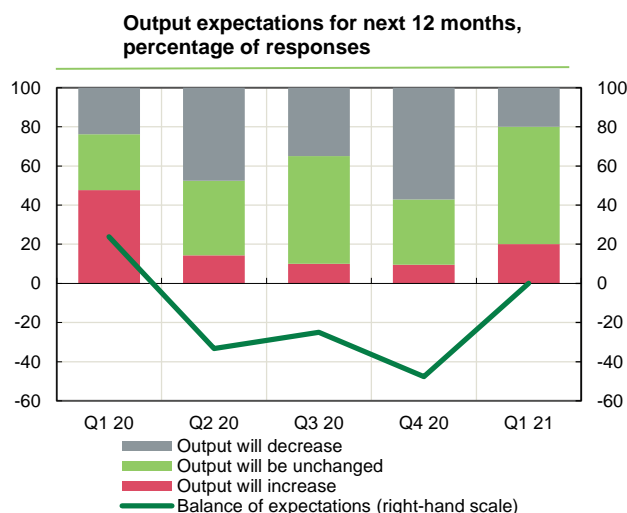


Figure 2

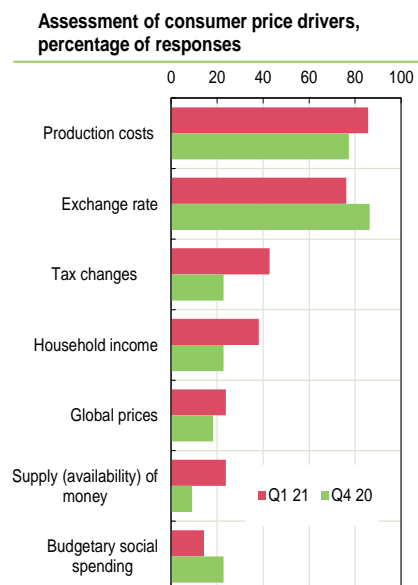


Figure 3

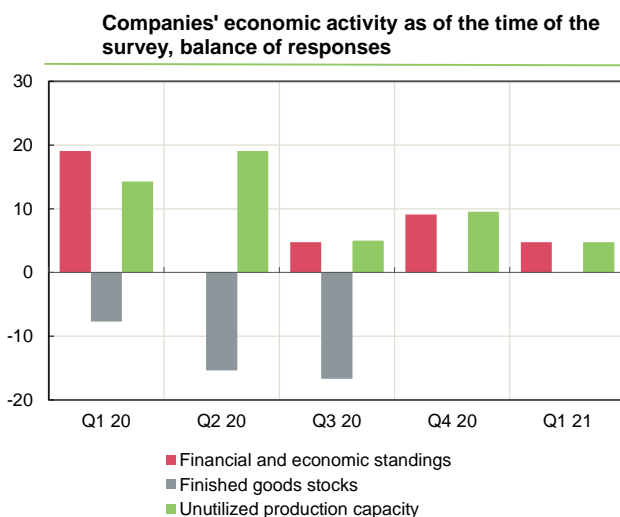


Figure 4



Figure 5

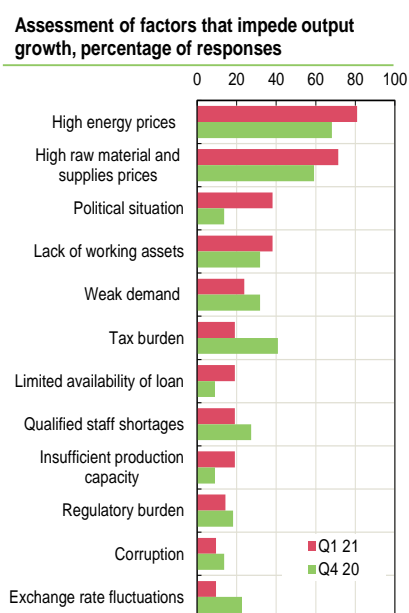


Figure 6

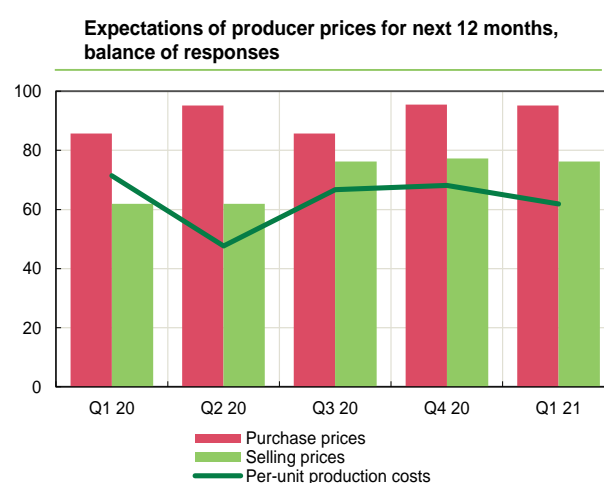


Figure 7

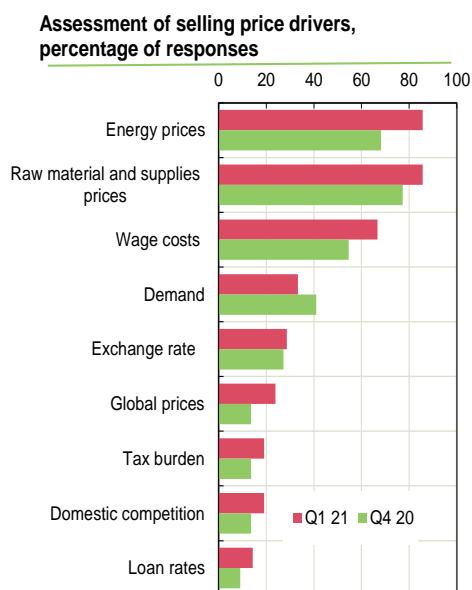


Figure 8

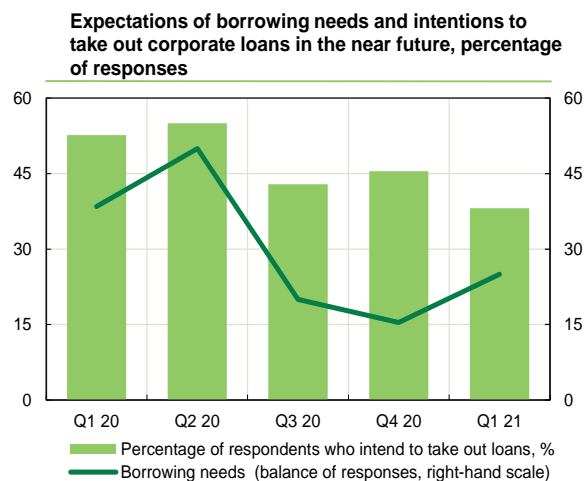


Figure 9

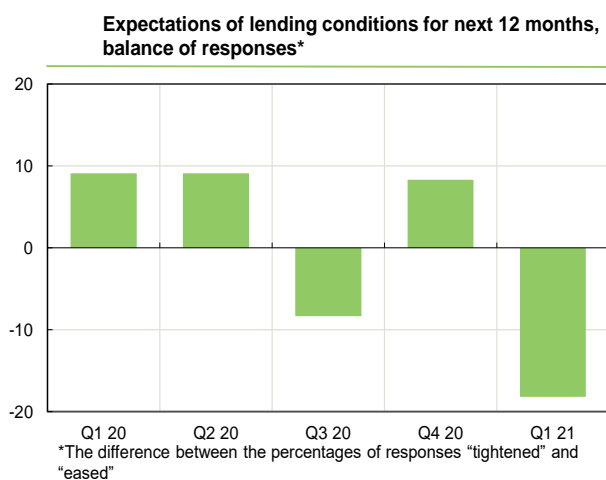


Figure 10

