



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Vinnytsia oblast in Q3 2021 showed that respondents expected that the output of Ukrainian goods and services would rise at a faster pace over the next 12 months. They were optimistic about the future performance of their companies over that period. Respondents expected higher inflation and a stronger hryvnia.

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

- **the output of Ukrainian goods and services would rise:** the balance of expectations was 35.0% compared to 23.8% in the previous quarter (Figure 1), the figure across Ukraine being 21.5%
- **prices for consumer goods and services would grow at a faster pace:** the share of respondents who expected that the inflation rate would exceed 7.5% rose to 38.1% (compared to 28.6% in the previous quarter and 53.1% across Ukraine). Respondents referred to production costs, hryvnia exchange rate fluctuations and tax changes as **the main inflation drivers** (Figure 2)
- **the domestic currency would strengthen:** 61.9% of respondents (compared to 85.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 5.3% (compared to 15.0% in the previous quarter and 12.7% across Ukraine). Respondents from agriculture companies had the most optimistic expectations (see Table)
- **total sales would increase:** the balance of responses was 28.6% compared with 38.1% in the previous quarter (see Table). They also expected an increase in external sales (the balance of responses was 42.9% compared to 33.3% in Q2 2021). The balances of responses across Ukraine were 27.7% and 23.5% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 26.3% compared to 25.0% in Q2 2021. **Investment in construction** was also expected to rise: the balance of responses was 11.1% compared to 19.0% in the previous quarter. Across Ukraine, the balances of responses were 19.3% and 9.7% respectively
- **staff numbers at their companies would drop:** the balance of responses was (-4.8%), unchanged on the previous quarter (Figure 4). Overall, companies across Ukraine expected that their staff numbers would increase moderately, the balance of responses being 2.2%
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 81.0% and 75.0% respectively (compared to 90.5% and 81.0% in Q2 2021) (Figure 6). Respondents referred to high raw material and supplies prices, energy prices, and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs would grow more slowly:** the balance of responses was 50.0% compared to 76.2% in the previous quarter. **Wage costs per staff member** were also expected to rise at a slower pace: the balance of responses was 76.2% compared to 85.7% in Q2 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).

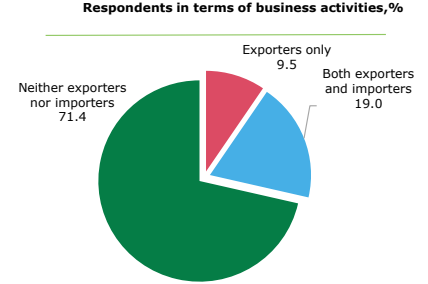
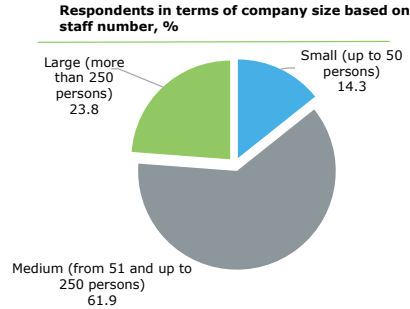
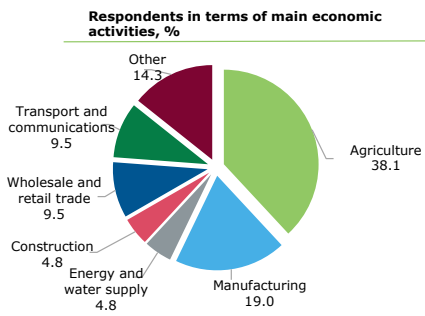
Respondents reported that their borrowing needs would remain unchanged in the near future (Figure 8). The respondents who planned to take out loans (28.6% of those surveyed) usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Companies cited high loan rates, collateral requirements, uncertainty about their ability to meet debt obligations as they fall due, and other funding sources as the main factors deterring them from taking out loans (the impact of the last driver was reported to have increased compared to the previous survey) (Figure 10).

All respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.1% across Ukraine).

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

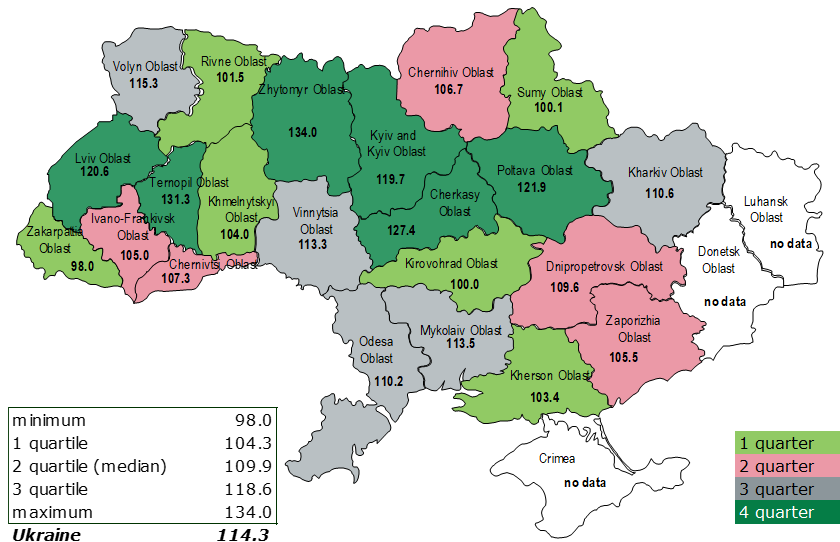
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 14.3% compared to 9.5% in Q2 2021 and 7.0% across Ukraine.
- **Finished goods stocks had been assessed as normal for four quarters in a row:** the balance of responses was 0.0%
- **companies did not have a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was (-5.3%) (as in the previous quarter).

Survey Details^{1,2}



- Period: 10 August through 31 August 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, %



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, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	5.0	14.3	25.0	15.0	5.3
Total sales	0.0	27.3	19.0	38.1	28.6
Investment in construction	-19.0	-4.8	4.8	19.0	11.1
Investment in machinery, equipment, and tools	0.0	4.8	0.0	25.0	26.3
Staff numbers	-23.8	-15.0	-5.0	-4.8	-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

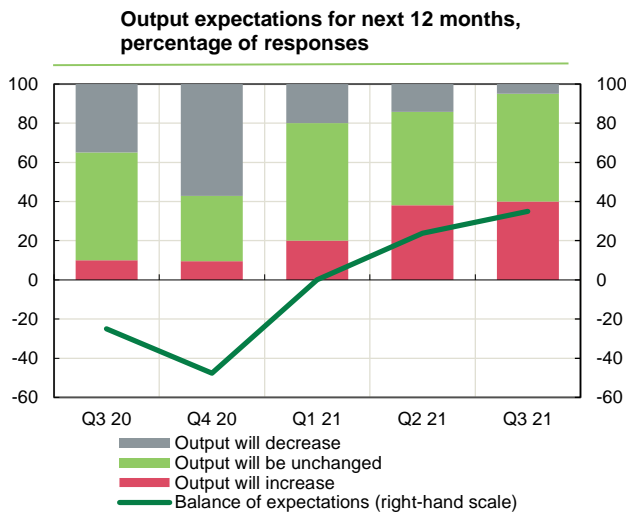


Figure 2

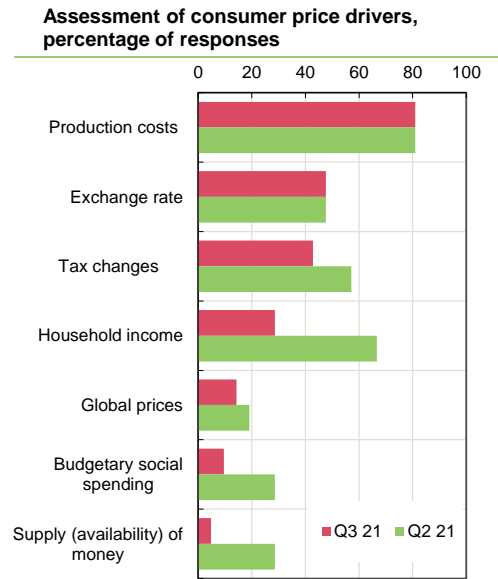


Figure 3

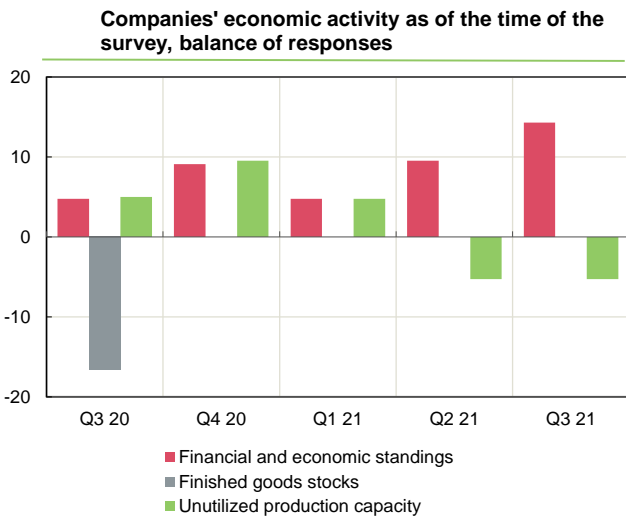


Figure 4

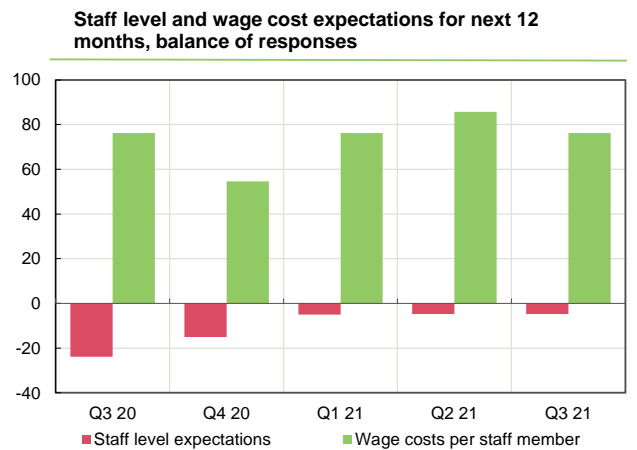


Figure 5

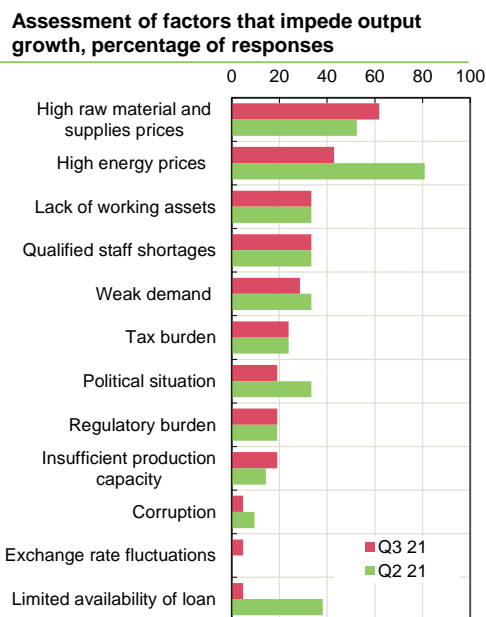


Figure 6

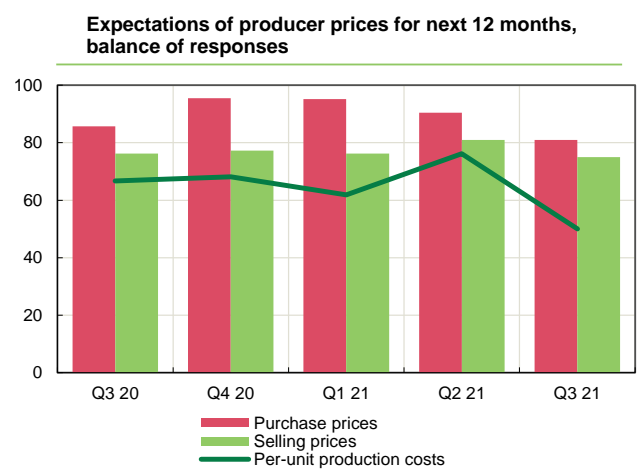


Figure 7

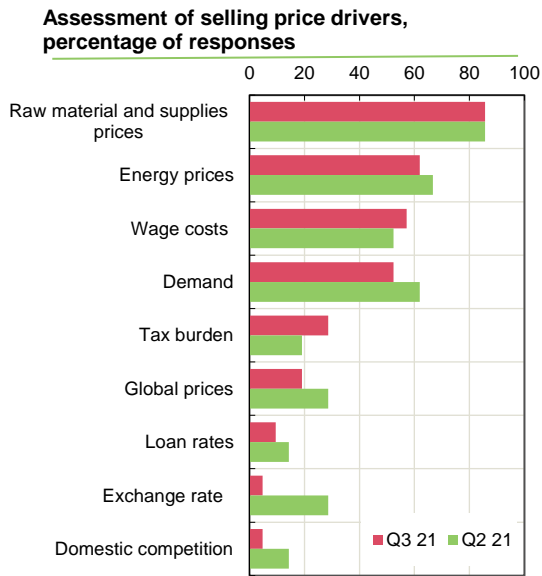


Figure 8

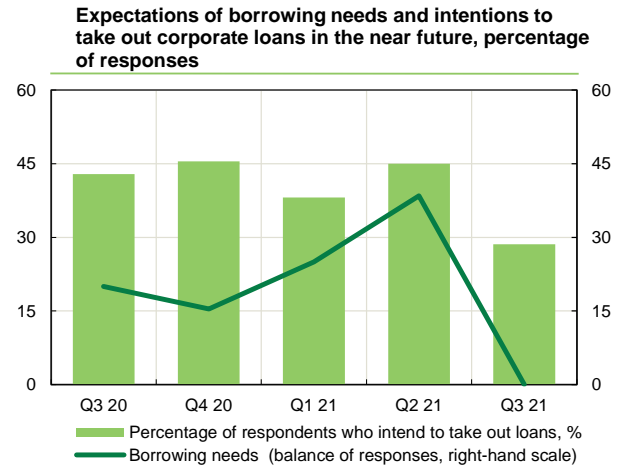


Figure 9

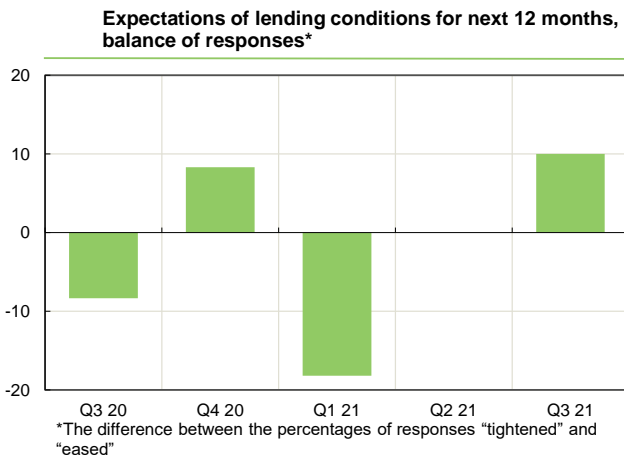


Figure 10

