



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Vinnytsia oblast in Q4 2021 showed that respondents continued to expect that the output of Ukrainian goods and services would rise, but at a slower pace, over the next 12 months. They were optimistic about the future performance of their companies over that period. Respondents expected that prices would continue to rise and that the hryvnia would depreciate more noticeably.

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

- **the output of Ukrainian goods and services would rise at a significantly slower pace:** the balance of expectations was 4.8% compared to 35.0% in the previous quarter (Figure 1), the figure across Ukraine being 8.3%
- **prices for consumer goods and services would grow:** the share of respondents who expected that the inflation rate would exceed 7.5% remained at the level of the previous survey – 38.1% (one of the lowest inflation expectations among the regions), the figure across Ukraine being 61.3%. Respondents referred to production costs, household income and hryvnia exchange rate fluctuations as **the main inflation drivers** (Figure 2)
- **the depreciation of the domestic currency would strengthen:** 73.8% of respondents (compared to 61.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 5.3% (same as in the previous quarter and 9.7% across Ukraine). Respondents from agriculture companies had the most optimistic expectations (see Table)
- **total sales would increase:** the balance of responses was 30.0% compared to 28.6% in the previous quarter (see Table). Respondents also expected an increase in external sales (the balance of responses was 37.5% compared to 42.9% in Q3 2021). The balances of responses across Ukraine were 21.8% and 20.6% respectively
- **both investment in machinery, equipment, and tools and investment in construction would increase at a slower pace:** the balances of responses were 4.8% for each compared to 26.3% and 11.1% in Q3 2021. Across Ukraine, the balances of responses were 19.1% and 6.9% respectively
- **staff numbers at their companies would drop:** the balance of responses was (-9.5%), compared to (-4.8%) in the previous quarter (Figure 4). Overall, companies across Ukraine expected that their staff numbers would increase moderately, the balance of responses being 2.9%
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 85.7% and 81.0% respectively (compared to 81.0% and 75.0% in Q3 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 rapidly:** the balance of responses was 61.9% compared to 50.0% in the previous quarter. At the same time, **wage costs per staff member** were expected to rise at a slower pace: the balance of responses was 61.9% compared to 76.2% in Q3 2021 (Figures 4 and 6).

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

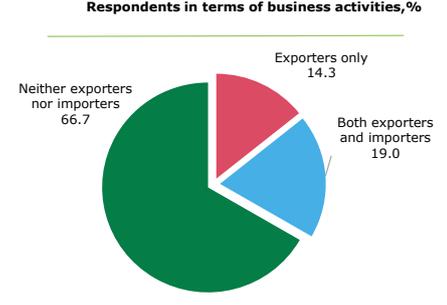
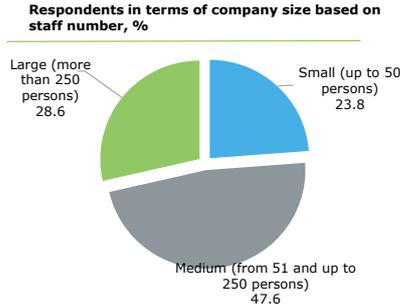
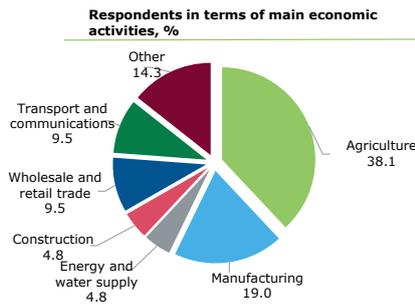
Respondents said that their borrowing needs would increase in the near future (Figure 8). The respondents who planned to take out loans (31.6% of those surveyed) usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Companies continued to cite high loan rates, collateral requirements and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

All respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (98.1% across Ukraine).

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

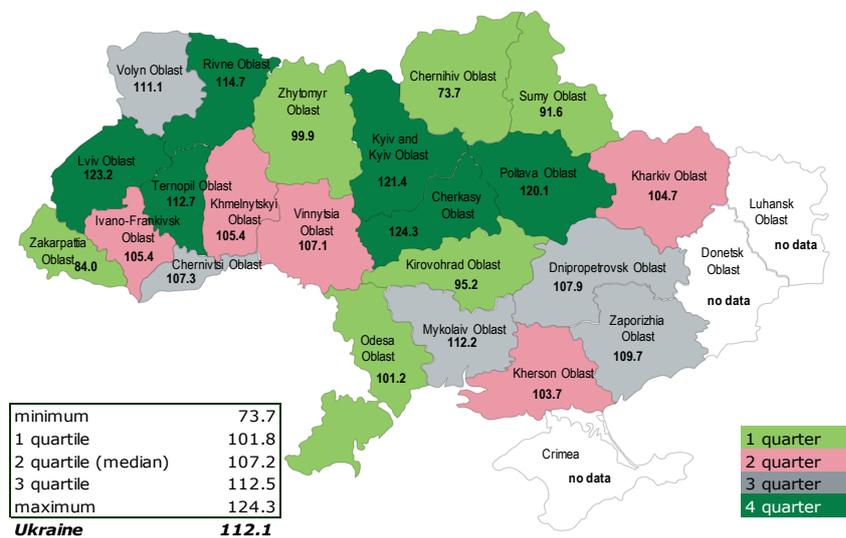
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 28.6% compared to 14.3% in Q3 2021 and 7.6% across Ukraine.
- **Finished goods stocks had increased and were assessed at higher than normal levels:** the balance of responses was 7.7% compared to 0.0% in the previous quarter
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to (-5.3%) in the previous quarter).

Survey Details^{1,2}



- Period: 5 November through 26 November 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, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
³a 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 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	14.3	25.0	15.0	5.3	5.3
Total sales	27.3	19.0	38.1	28.6	30.0
Investment in construction	-4.8	4.8	19.0	11.1	4.8
Investment in machinery, equipment, and tools	4.8	0.0	25.0	26.3	4.8
Staff numbers	-15.0	-5.0	-4.8	-4.8	-9.5

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

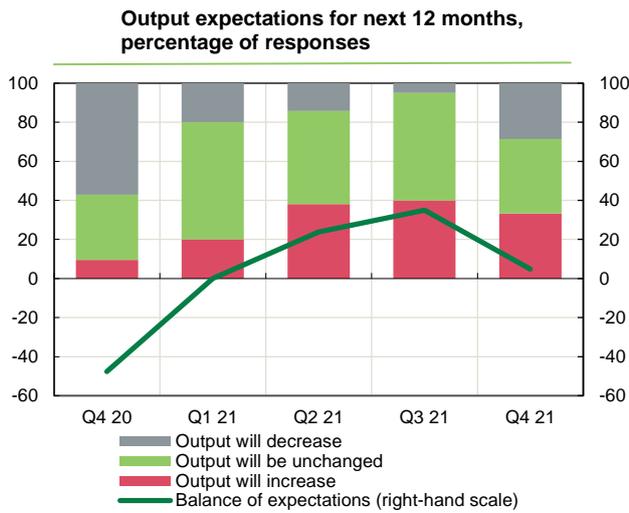


Figure 2

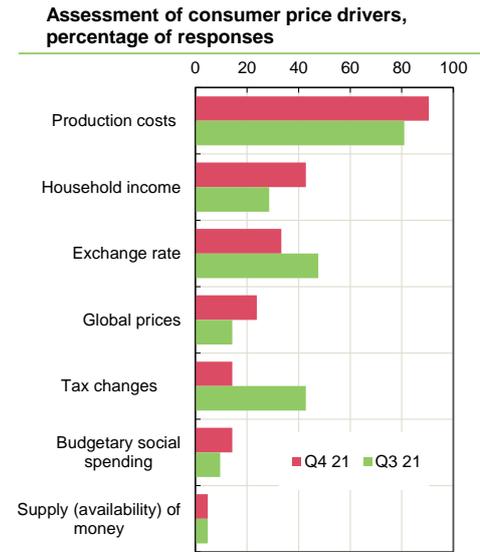


Figure 3

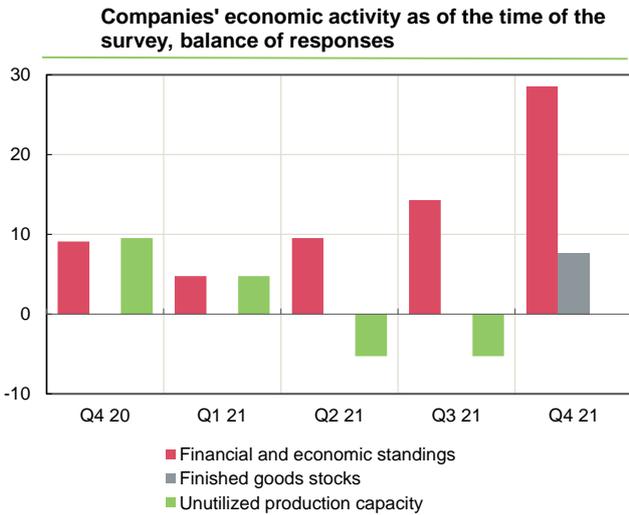


Figure 4



Figure 5

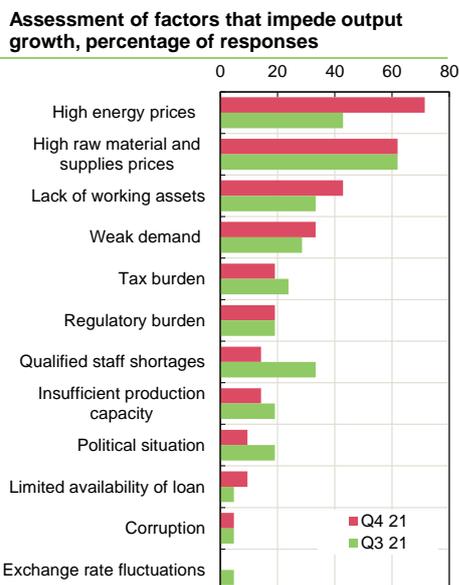


Figure 6

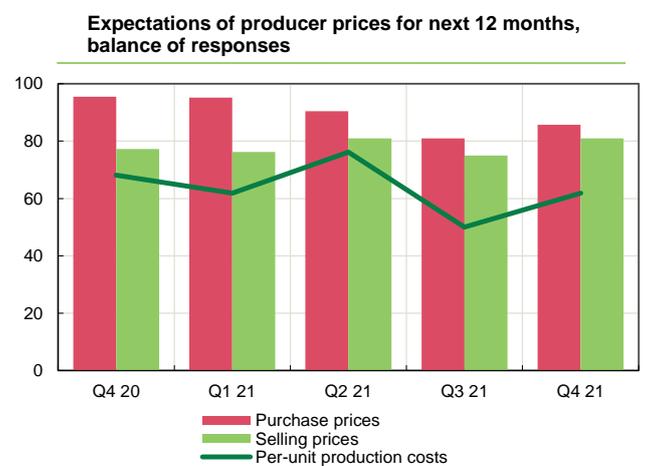


Figure 7

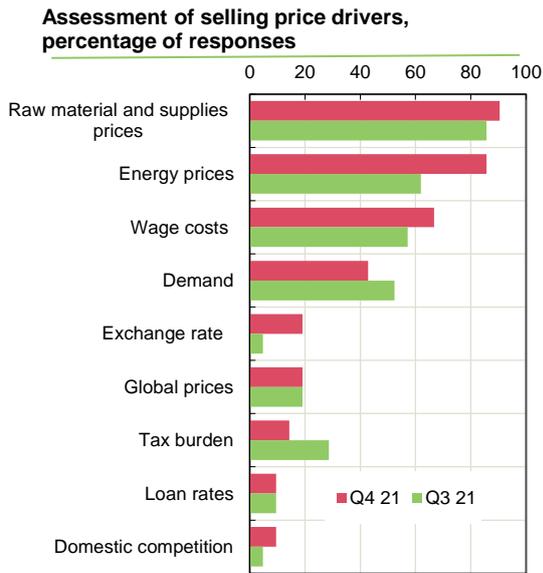


Figure 8

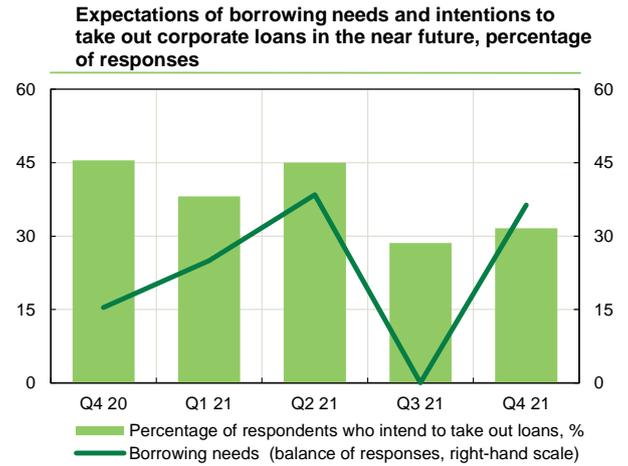


Figure 9

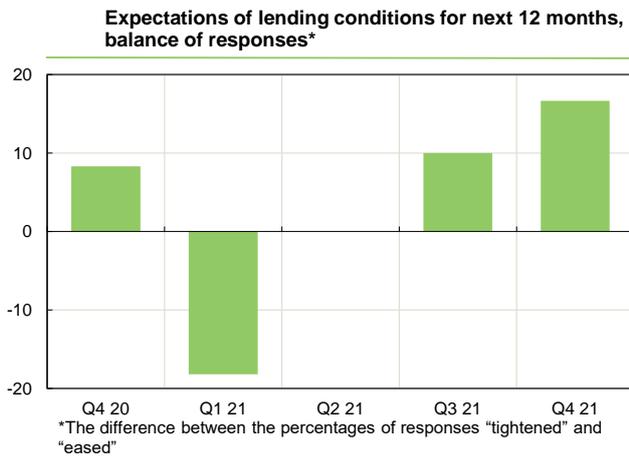


Figure 10

