



National Bank  
of Ukraine

# Business Outlook Survey of Volyn Oblast\*

Q4 2021



\*This survey only reflects the opinions of respondents in Volyn 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 Volyn oblast in Q4 2021 showed that respondents continued to expect a rapid rise in the output of Ukrainian goods and services and an improvement in the future performance of their companies over the next 12 months. Respondents expected lower inflation. Depreciation expectations weakened.

**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 responses was 36.4% compared to 33.3% in the previous quarter and 8.3% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow more slowly:** 63.6% of respondents expected that inflation would not exceed 7.5%, compared to 41.7% in Q3 2021 and 38.7% across Ukraine. Respondents referred to production costs as the main inflation driver (Figure 2)
- **the domestic currency would depreciate at a slightly slower pace:** 81.8% of respondents (compared to 91.7% 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 at a slower pace:** the balance of expectations was 18.2% compared to 36.4% in the previous quarter (see Table) and 9.7% across Ukraine
- **total sales would increase more quickly:** the balance of responses was 45.5% (compared to 16.7% in Q3 2021). At the same time, respondents expected external sales to increase at a slower pace (the balance of responses was 33.3% compared to 66.7% in the previous quarter) (see Table). The balances of responses across Ukraine were 21.8% and 20.6% respectively
- **investment in machinery, equipment, and tools would increase more moderately:** the balance of responses was 11.1% (compared to 40.0% in Q3 2021). At the same time, respondents expected **investment in construction to decrease:** the balance of responses was (-11.1%) compared to 0.0% in the previous quarter (see Table). Across Ukraine, investment was expected to increase, the balances of responses being 19.1% and 6.9% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-8.3%) (compared to (-16.7%) in Q3 2021) (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 grow rapidly:** the balances of responses were 90.0% for each (compared to 100.0% and 63.6% in the previous quarter) (Figure 6). Energy prices and raw material and supplies prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow at a fast pace:** the balances of responses were 83.3% and 91.7% respectively (compared to 66.7% and 83.3% in Q3 2021) (Figures 4 and 6).

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

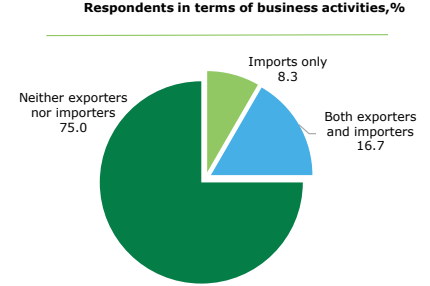
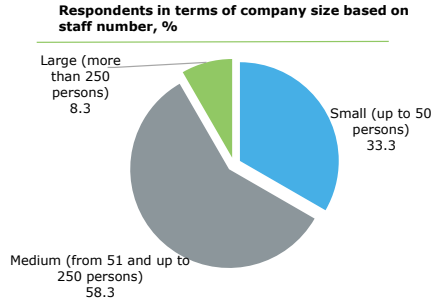
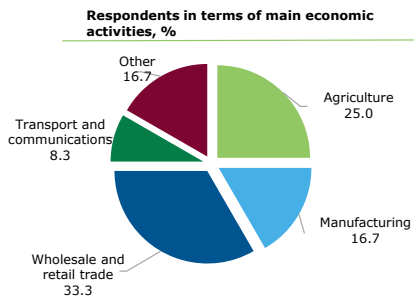
Respondents reported **weaker expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans opted only for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Respondents cited high loan rates, other funding sources, 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 of the 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)

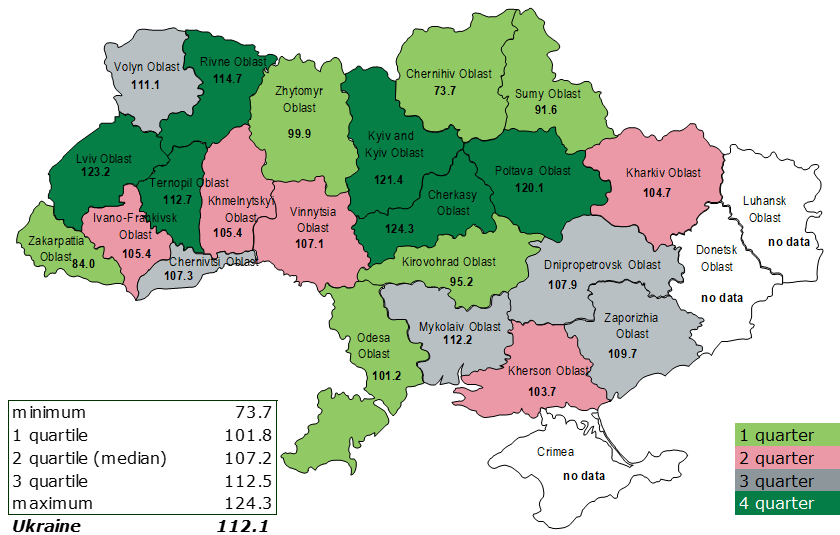
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 16.7% compared to 0.0% in the previous quarter. Across Ukraine, the balance of responses was 7.6%
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-16.7%) compared to 0.0% in Q3 2021.
- **Spare production capacity had increased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-9.1%) compared to 0.0% in Q3 2021.

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



- Period: 3 November through 25 November 2021.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the trade sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</sup>\*\*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 Volyn 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	-10.0	-16.7	27.3	36.4	18.2
Total sales	36.4	20.0	54.5	16.7	45.5
Investment in construction	0.0	-10.0	-9.1	0.0	-11.1
Investment in machinery, equipment, and tools	25.0	-9.1	8.3	40.0	11.1
Staff numbers	-16.7	0.0	0.0	-16.7	-8.3

<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

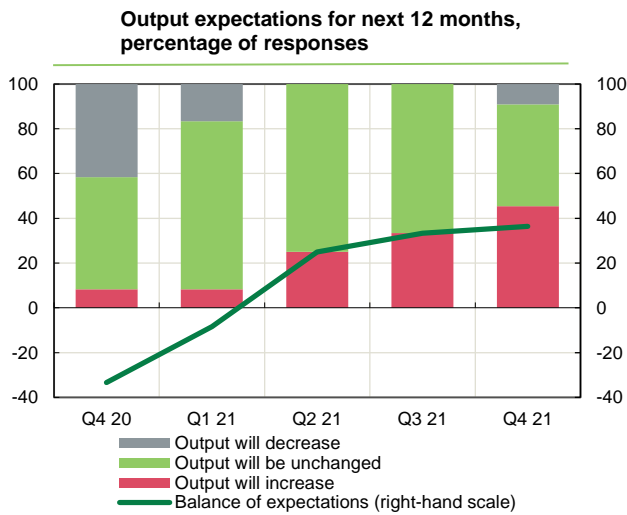


Figure 2

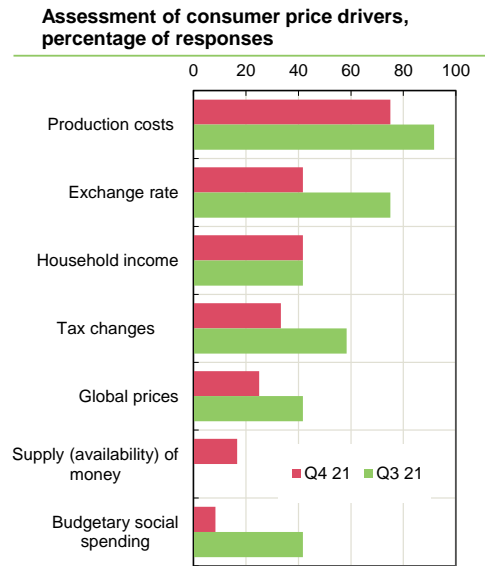


Figure 3

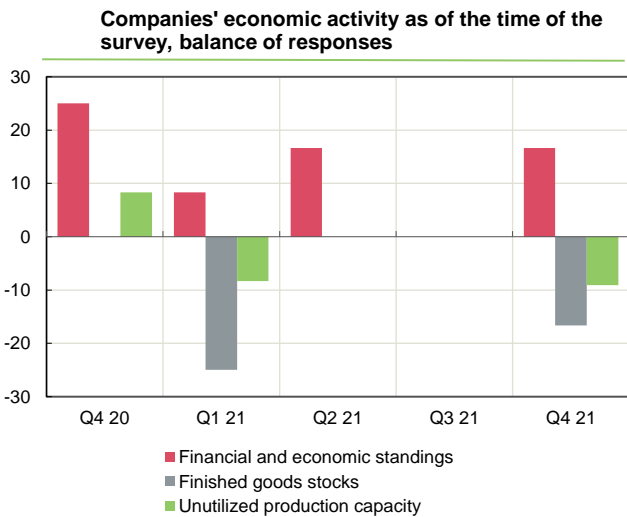


Figure 4

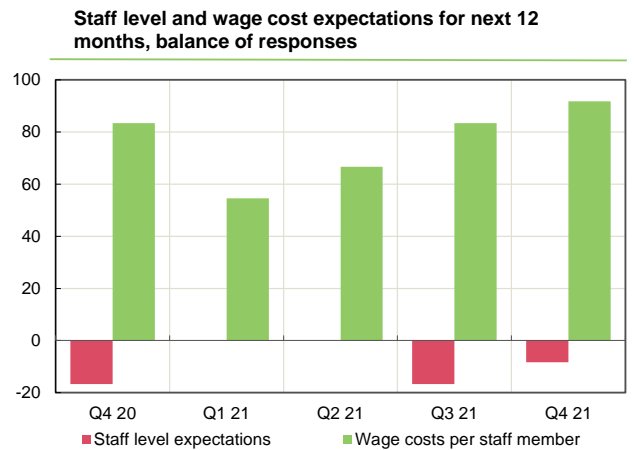


Figure 5

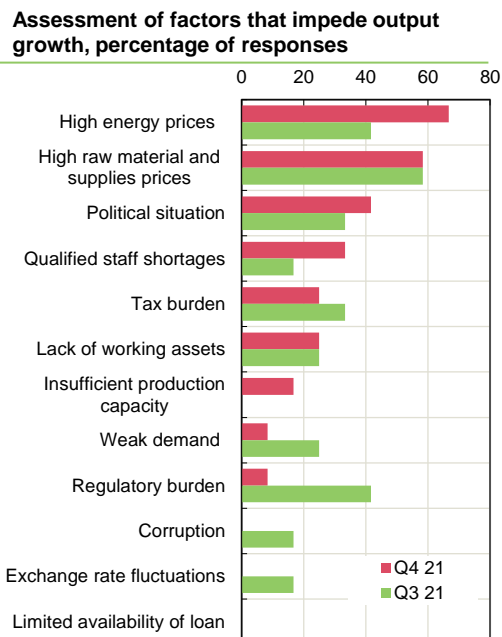


Figure 6

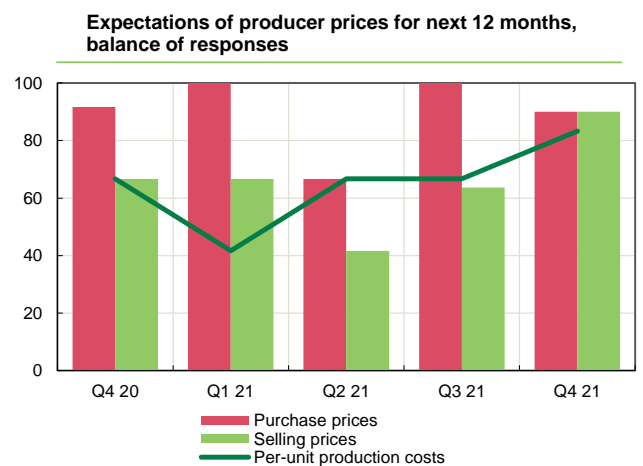


Figure 7

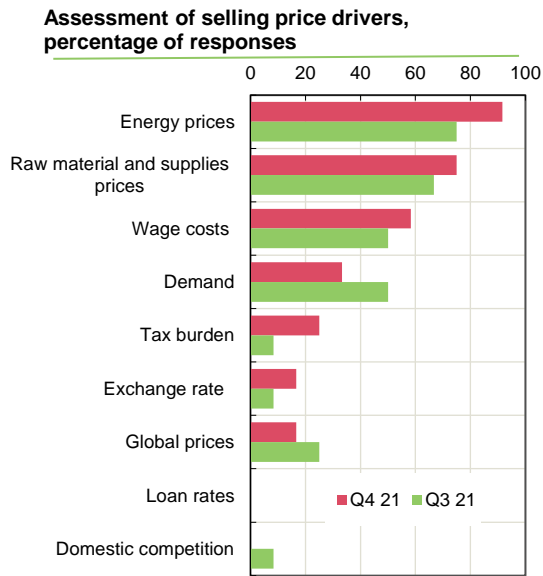


Figure 8

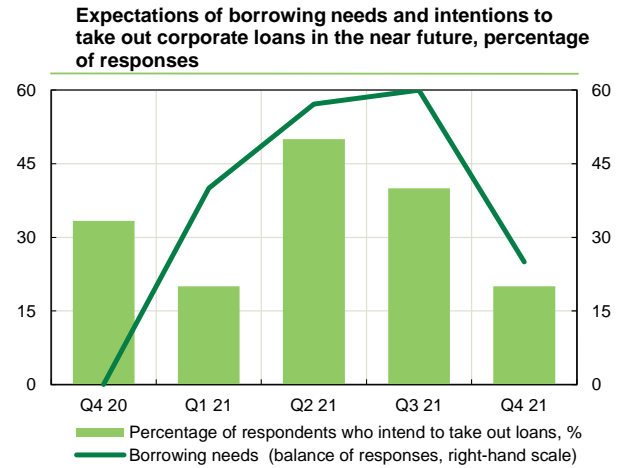


Figure 9

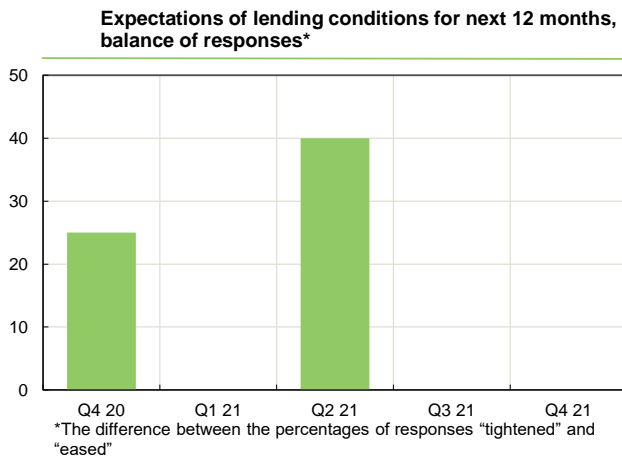


Figure 10

