



National Bank  
of Ukraine

# Business Outlook Survey of Dnipropetrovsk Oblast\*

Q1 2021



\*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 Dnipropetrovsk oblast in Q1 2021 showed that respondents expected that the output of Ukrainian goods and services would return to growth over the next 12 months. They had positive expectations for the performance of their companies over the same period. Respondents expected the pace of inflation and depreciation to decrease.

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

- **the output of Ukrainian goods and services would grow** (such expectations were reported for the first time in the last three quarters): the balance of expectations was 9.1% compared with (-28.9%) in Q4 2020 (Figure 1) and 5.6% across Ukraine. Respondents from agricultural companies reported the most optimistic expectations (the balance of responses was 42.9%)
- **prices for consumer goods and services would rise at a slower pace:** 53.2% of respondents expected the inflation rate to be lower than 7.5% compared with 44.2% in the previous quarter and 49.3% across Ukraine. Respondents continued to refer to hryvnia exchange rate fluctuations and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** 77.9% of respondents (compared with 87.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 74.4% across Ukraine
- **the financial and economic standings of their companies would return to growth** (such expectations were reported for the first time in the last three quarters): the balance of expectations was 7.8% compared with (-10.3%) in the previous quarter and 12.7% across Ukraine (see Table). Respondents from agricultural companies were the most optimistic (with a balance of expectations of 28.6%)
- **total sales would increase:** the balance of expectations was 24.1% (compared with (-1.3%) in Q4 2020) (see Table). Respondents also expected an increase in external sales: the balance of expectations was 7.7% (compared with (-7.7%) in Q4 2020). Across Ukraine, the balances of responses were 18.0% and 14.9% respectively
- **investment both in construction and in machinery, equipment, and tools would increase:** the balances of responses were 15.5% and 23.6% respectively compared with (-7.2%) and (-6.8%) in the previous quarter. Across Ukraine, investment was expected to increase at a slower pace: the balances of responses were 1.4% and 11.7% respectively
- **staff numbers would increase:** the balance of responses was 13.2% compared with (-11.8%) in the previous quarter (Figure 4). Across Ukraine, staff numbers were expected to decrease slightly (-1.9%). Companies in the agricultural sector had the most optimistic expectations (the balance of responses was 28.6%). At the same time, respondents from transport and communications companies expected that staff numbers at their companies would continue to decrease
- **purchase prices would rise** at a faster pace (the balance of responses was 87.2%) than **selling prices** (the balance of responses was 51.3%) (compared with 80.8% and 50.6% respectively in Q4 2020) (Figure 6). Respondents from manufacturing companies reported the highest expectations of a rise in selling prices (the balance of responses was 87.0%). Respondents referred to high raw material and supplies prices, together with energy prices, as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and in wage costs per staff member would accelerate:** the balances of responses were 60.0% and 55.1% respectively (compared with 47.4% and 43.4% respectively in Q4 2020) (Figures 4 and 6).

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

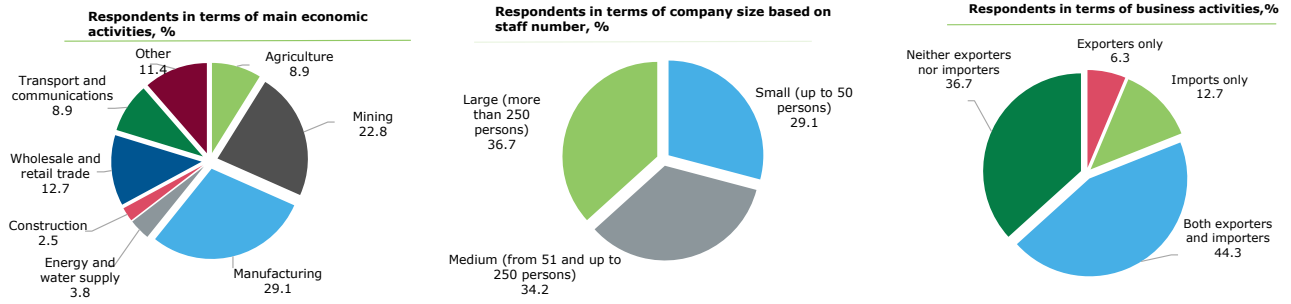
Respondents firmer expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). They continued to refer to high loan rates as the main factor that deterred them from taking out loans (Figure 10).

**A total of 97.4% of 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)

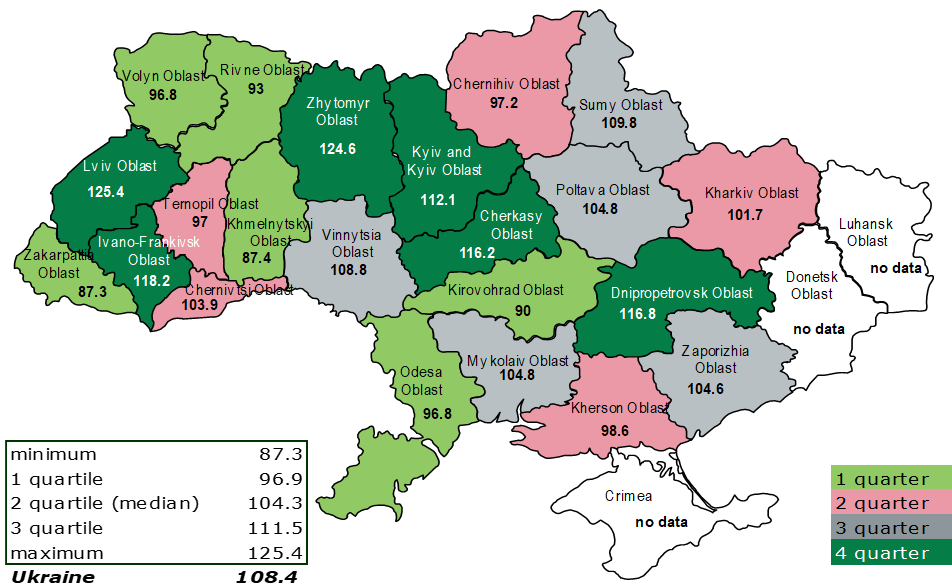
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-1.3%) compared with (-15.4%) in Q4 2020 and (-0.7%) across Ukraine.
- **Finished goods stocks remained below their normal level:** the balance of responses was (-12.0%) compared with (-20.0%) in Q4 2020.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.7% (compared with 19.7% in Q4 2020).

Survey Details<sup>1 2</sup>



- Period: 3 February through 3 March 2021.
- A total of 79 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries, trade, transport and communications, and other economic activities.

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



\*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 sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Dnipropetrovsk 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	9.2	-10.5	-7.1	-10.3	7.8
Total sales	18.2	-3.8	7.1	-1.3	24.1
Investment in construction	7.4	-18.3	0.0	-7.2	15.5
Investment in machinery, equipment, and tools	10.6	-19.2	0.0	-6.8	23.6
Staff numbers	-8.0	-19.5	-14.6	-11.8	13.2

<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

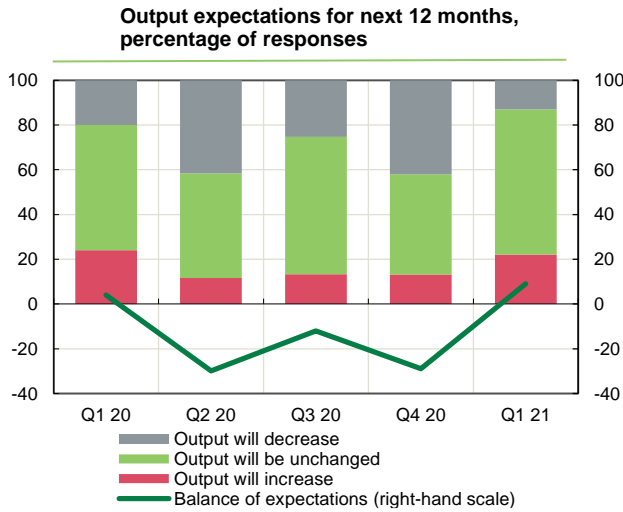


Figure 2

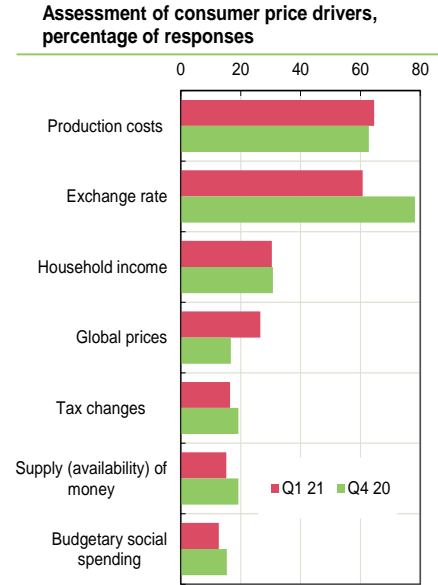


Figure 3

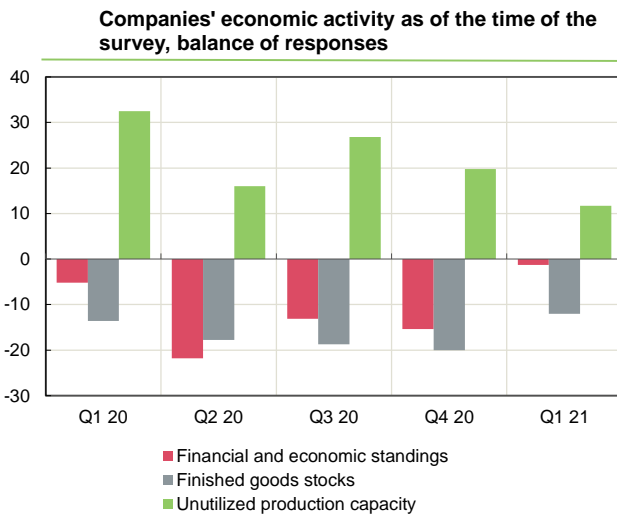


Figure 4



Figure 5

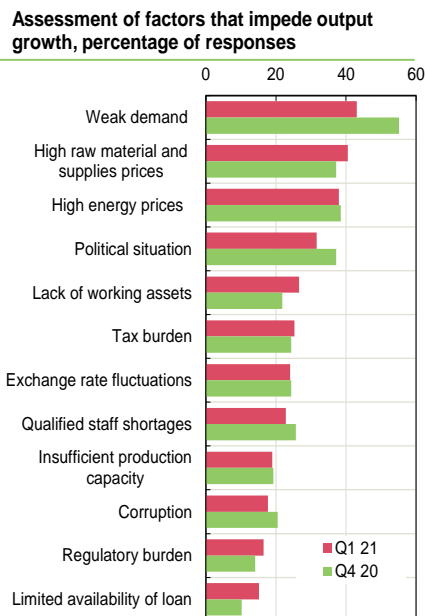


Figure 6

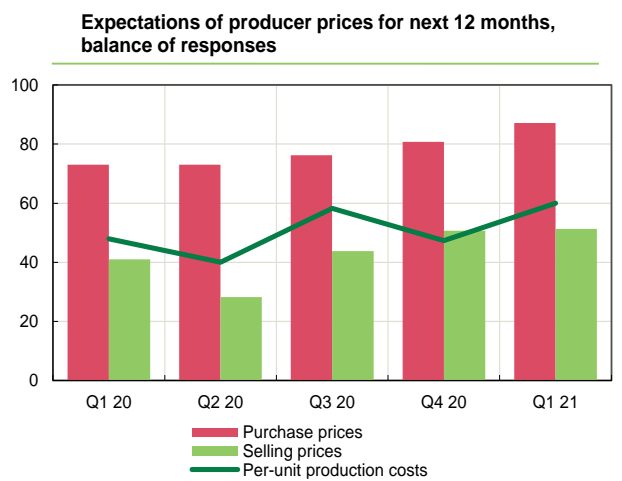


Figure 7

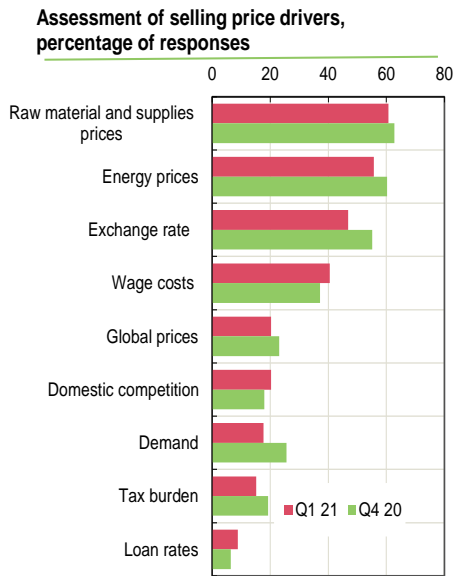


Figure 8

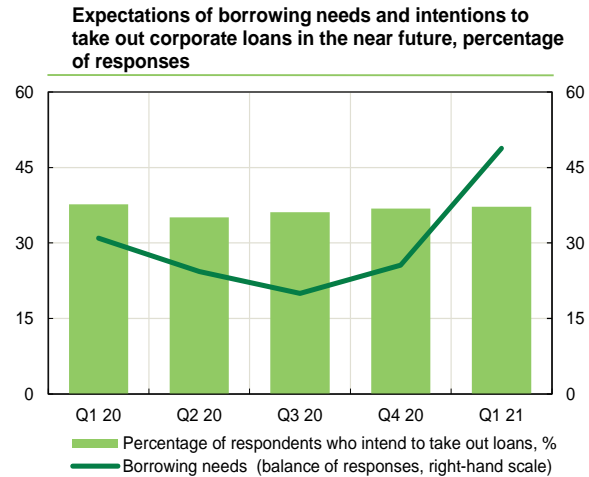


Figure 9

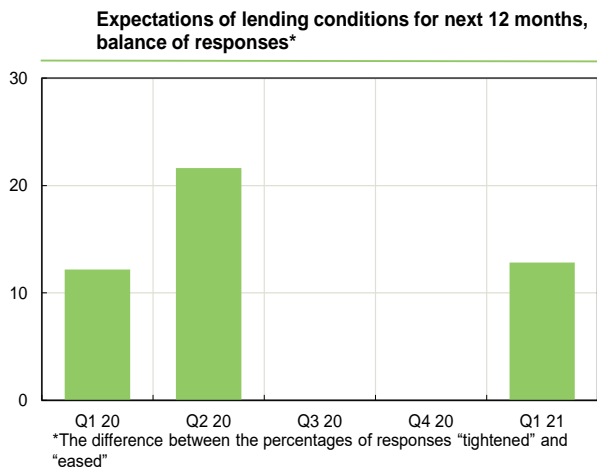


Figure 10

