



National Bank  
of Ukraine

# Business Outlook Survey of Dnipropetrovsk Oblast\*

Q3 2021



\*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 Dnipropetrovsk oblast in Q3 2021 showed that respondents expected that the output of Ukrainian goods and services would grow over the next 12 months. They had positive expectations for the performance of their companies over the same period. Respondents also expected further 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 grow:** the balance of expectations was 12.8% compared to 9.3% in Q2 2021 (Figure 1) and 21.5% across Ukraine. Respondents from building companies reported the most optimistic expectations (the balance of responses was 66.7%)
- **prices for consumer goods and services would rise:** 59.7% of respondents expected the inflation rate to be lower than 7.5% compared with 61.0% in the previous quarter and 46.9% across Ukraine. Respondents continued to refer to production costs and hryvnia exchange rate fluctuations as the **main inflation drivers** (Figure 2)
- **the domestic currency would continue to depreciate:** 64.1% of respondents (compared to 51.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 70.7% across Ukraine
- **the financial and economic standings of their companies would improve more slowly:** the balance of expectations was 1.3% compared to 13.7% in the previous quarter and 12.7% across Ukraine (see Table). Respondents from agricultural and building companies were the most optimistic (with balances of expectations of 33.3% each)
- **total sales would increase at a faster pace:** the balance of expectations was 25.0% (compared to 11.5% in Q2 2021) (see Table). Respondents also expected an increase in external sales: the balance of expectations was 25.7% (compared to 30.8% in Q2 2021). Across Ukraine, the balances of responses were 27.7% and 23.5% respectively
- **investment both in construction and in machinery, equipment, and tools would increase:** the balances of responses were 8.1% and 19.7% respectively compared to 8.2% and 14.9% in the previous quarter. Across Ukraine, the balances of responses were 9.7% and 19.3% respectively
- **staff numbers would decrease:** the balance of responses was (-6.3%) compared to 2.6% in the previous quarter (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (by 2.2%). Companies in the transport sector had the most pessimistic expectations (the balance of responses was (-25.0%)). At the same time, respondents from manufacturing companies expected that staff numbers at their companies would continue to increase
- **both purchase and selling prices would rise:** the balances of responses were 76.3% and 55.0% respectively (compared to 81.8% and 57.7% respectively in Q2 2021) (Figure 6). Respondents from trading companies reported the highest expectations of a rise in selling prices (the balance of responses was 70.0%). Respondents referred to high energy prices, raw material and supplies prices, and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 53.2% and 51.9% respectively (compared to 60.0% and 59.7% respectively 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).

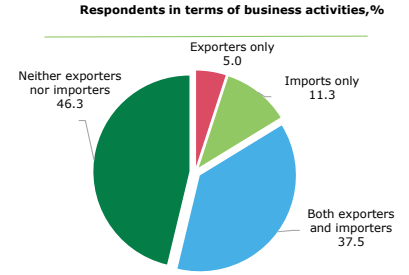
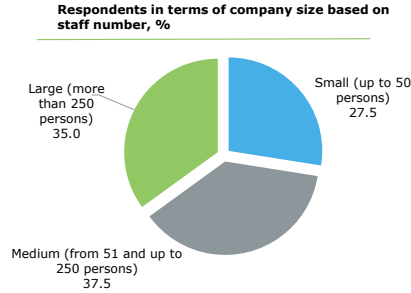
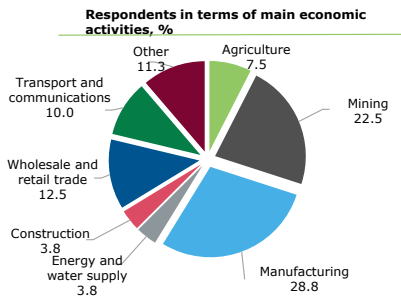
Respondents' expectations of **an increase in their borrowing needs** in the near future remained high (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). They continued to refer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

**A total of 96.1% of 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)

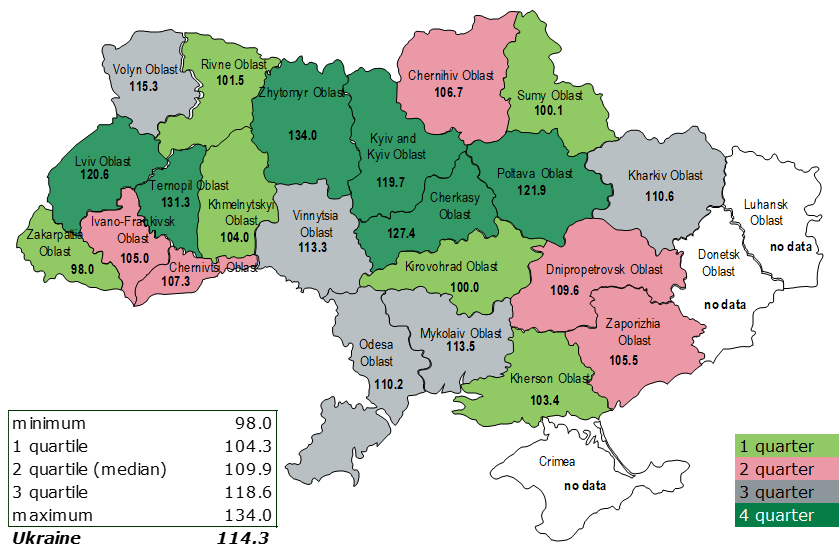
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-6.3%) compared to 0.0% in Q2 2021. Companies across Ukraine assessed their current financial and economic standings as good (7.0%).
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-13.6%) compared to (-2.3%) in Q2 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 3.8% (compared to 18.2% in Q2 2021).

Survey Details<sup>1 2</sup>



- Period: 3 August through 2 September 2021.
- A total of 80 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>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

<sup>2</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 Dnipropetrovsk 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	-7.1	-10.3	7.8	13.7	1.3
Total sales	7.1	-1.3	24.1	11.5	25.0
Investment in construction	0.0	-7.2	15.5	8.2	8.1
Investment in machinery, equipment, and tools	0.0	-6.8	23.6	14.9	19.7
Staff numbers	-14.6	-11.8	13.2	2.6	-6.3

<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

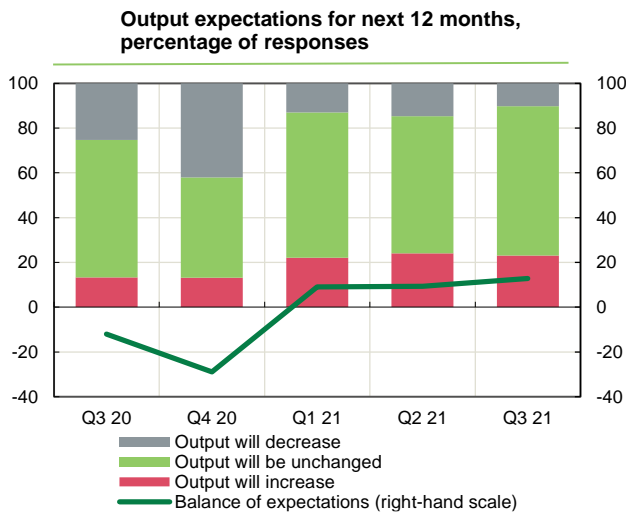


Figure 2

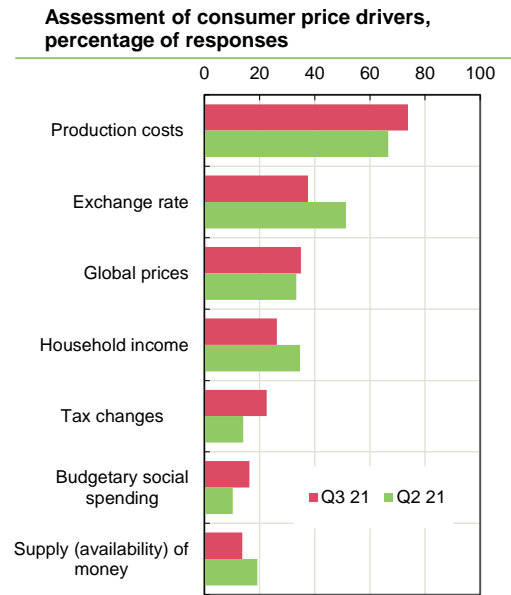


Figure 3

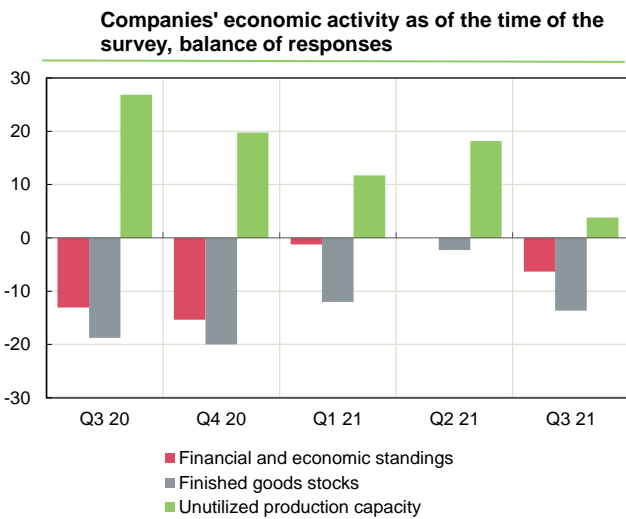


Figure 4

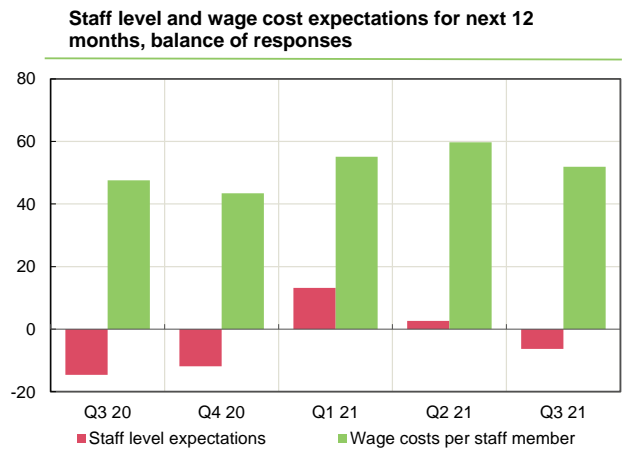


Figure 5

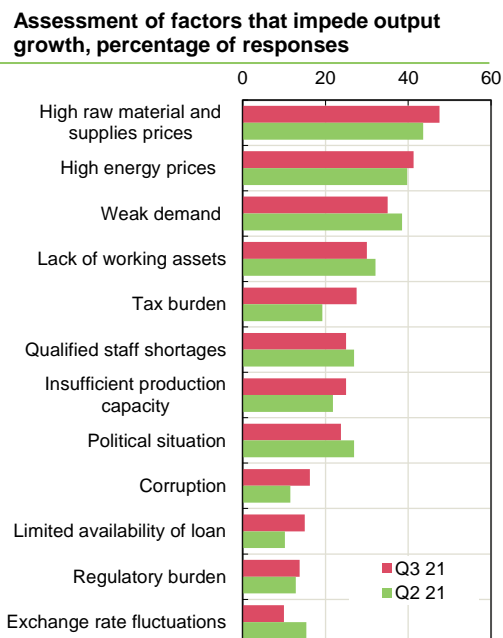


Figure 6

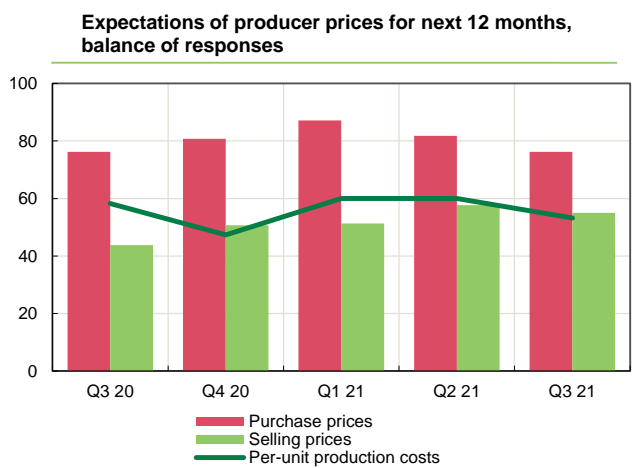


Figure 7

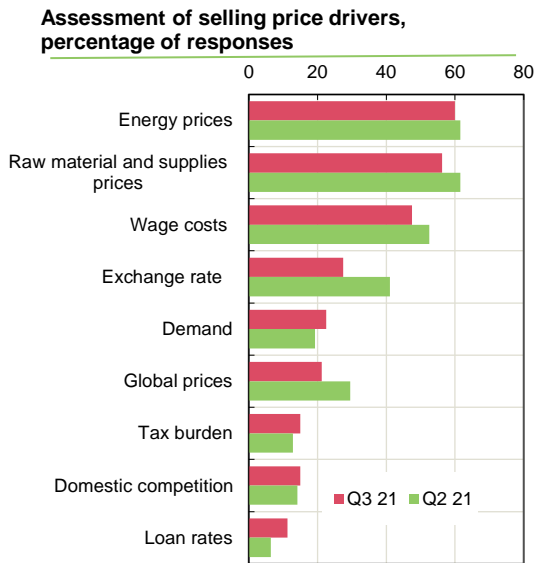


Figure 8

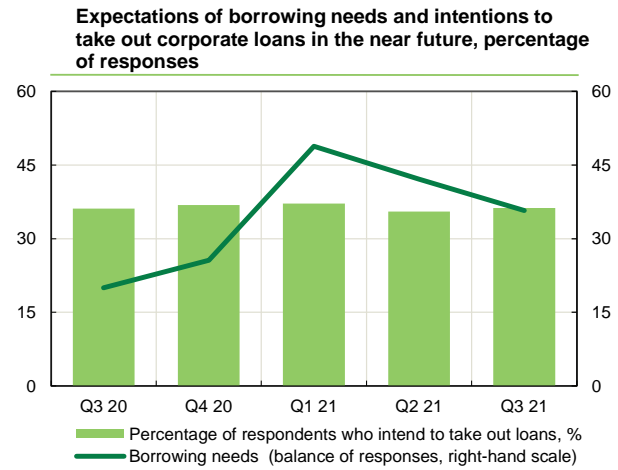


Figure 9

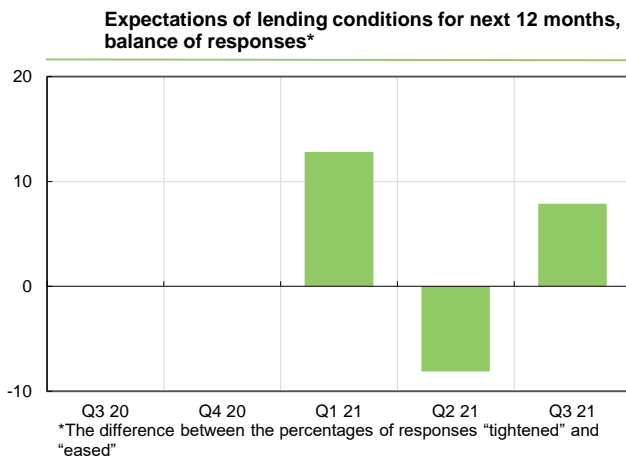


Figure 10

