



National Bank
of Ukraine

Business Outlook Survey of Dnipropetrovsk Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Dnipropetrovsk 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 Dnipropetrovsk oblast in Q4 2021 showed that **respondents expected that the output of Ukrainian goods and services would decrease. At the same time, they had positive expectations for the performance of their companies over the next 12 months.** Respondents expected higher inflation and stronger depreciation.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-2.6%) compared to 12.8% in Q3 2021 (Figure 1). Overall, across Ukraine respondents expected that output would grow (8.3%). Respondents from agricultural companies reported the most pessimistic expectations (the balance of responses was (-50.0%))
- **prices for consumer goods and services would rise at a faster pace:** the share of respondents who expected the inflation rate to exceed 7.5% rose to 57.3% compared to 40.3% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs, global prices and hryvnia exchange rate fluctuations as the **main inflation drivers** (Figure 2)
- **the domestic currency would continue to depreciate:** 71.4% of respondents (compared to 64.1% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 72.2% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 5.2% compared to 1.3% in the previous quarter and 9.7% across Ukraine (see Table). Respondents from trading companies were the most optimistic (with a balance of expectations of 30.0%)
- **total sales would increase at a slower pace:** the balance of expectations was 13.0% (compared to 25.0% in Q3 2021) (see Table). External sales were also expected to grow more slowly: the balance of expectations was 5.4% (compared to 25.7% in Q3 2021). Across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment both in construction and in machinery, equipment, and tools would increase:** the balances of responses were 7.0% and 20.8% respectively compared to 8.1% and 19.7% in the previous quarter (see Table). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers would decrease:** the balance of responses was (-6.4%) compared to (-6.3%) in the previous quarter (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (by 2.9%). Companies in the transport and communications sector had the most pessimistic expectations (the balance of responses was (-37.5%)). At the same time, respondents from mining companies expected that staff numbers at their companies would continue to increase (the balance of responses was 22.2%)
- **both purchase and selling prices would rise at a fast pace:** the balances of responses were 93.5% and 74.0% respectively (compared to 76.3% and 55.0% respectively in Q3 2021) (Figure 6). Respondents from manufacturing and trading companies reported the highest expectations of a rise in selling prices (the balances of responses were 90.9% and 90.0% respectively). 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 more rapidly:** the balances of responses were 74.7% and 62.8% respectively (compared to 53.2% and 51.9% respectively in Q3 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).

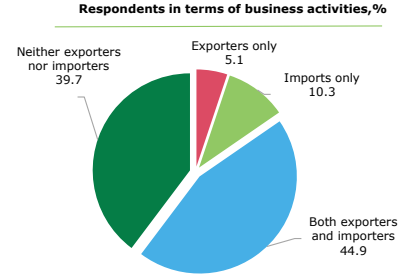
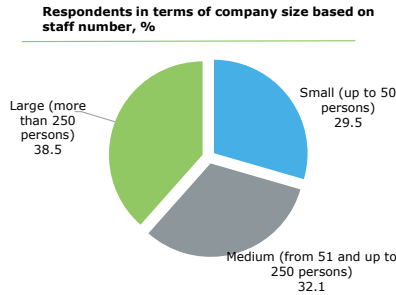
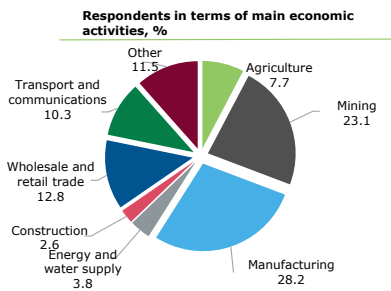
Respondents reported weaker expectations of **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Respondents continued to refer to high loan rates as the main factor deterring 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 (98.1% across Ukraine).

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

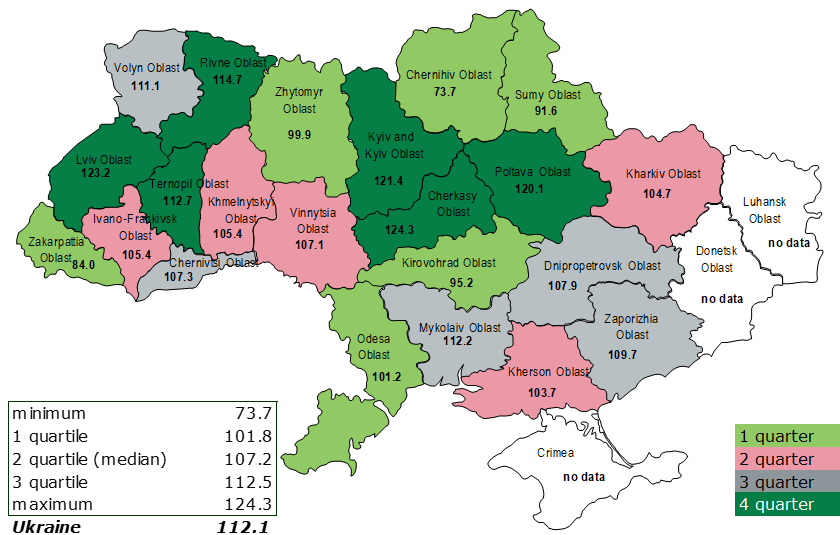
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-10.4%) compared to (-6.3%) in Q3 2021. Companies across Ukraine assessed their current financial and economic standings as good (7.6%).
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-2.2%) compared to (-13.6%) in Q3 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 19.7% (compared to 3.8% in Q3 2021).

Survey Details^{1 2}



- Period: 3 November through 1 December 2021.
- A total of 78 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 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 Dnipropetrovsk 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	-10.3	7.8	13.7	1.3	5.2
Total sales	-1.3	24.1	11.5	25.0	13.0
Investment in construction	-7.2	15.5	8.2	8.1	7.0
Investment in machinery, equipment, and tools	-6.8	23.6	14.9	19.7	20.8
Staff numbers	-11.8	13.2	2.6	-6.3	-6.4

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

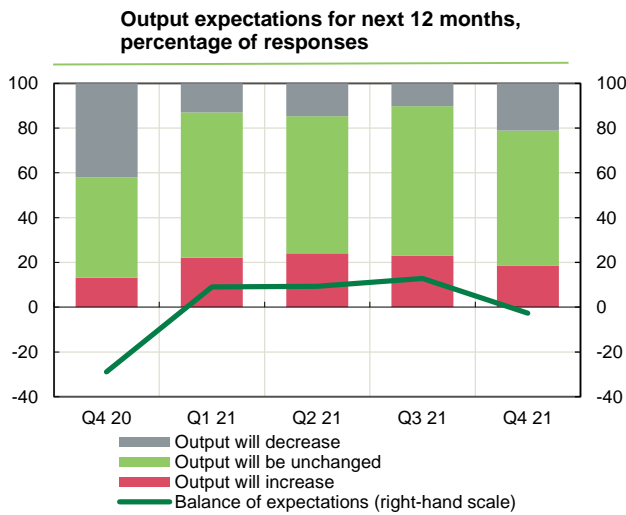


Figure 2

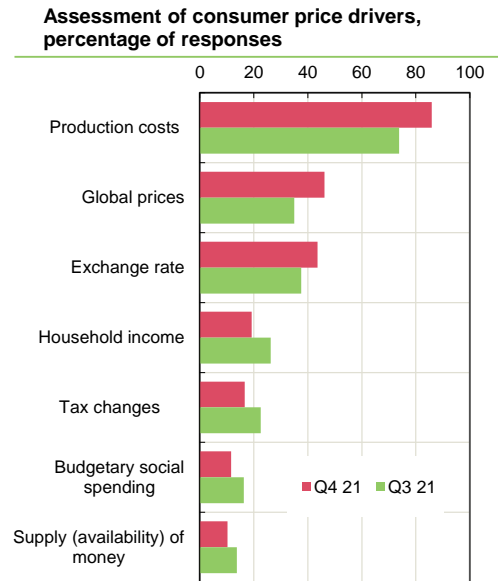


Figure 3

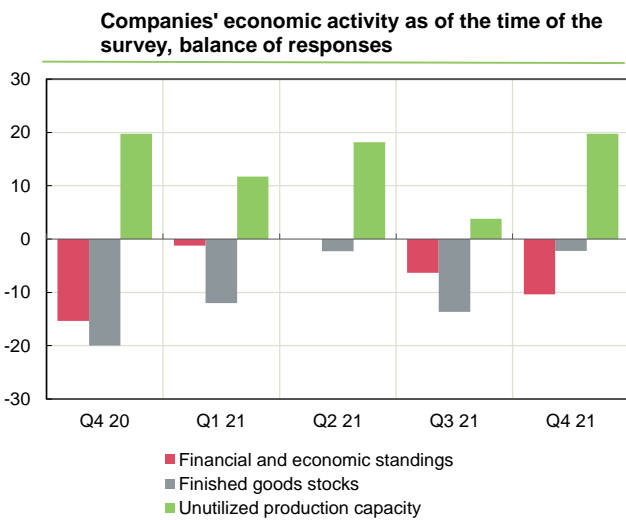


Figure 4



Figure 5

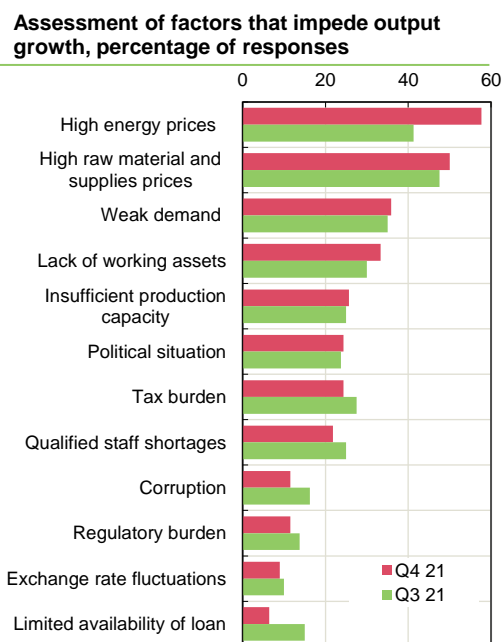


Figure 6

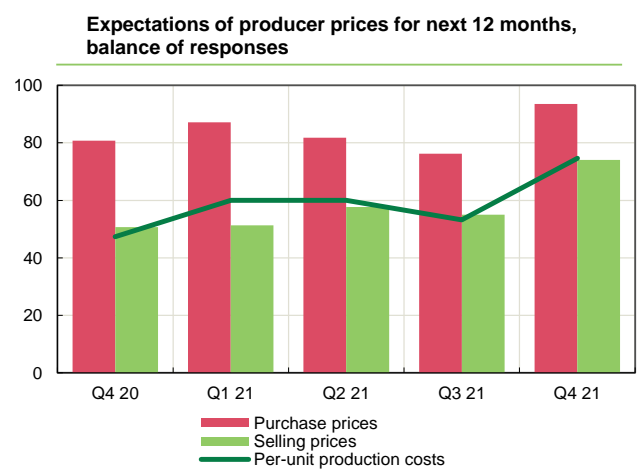


Figure 7

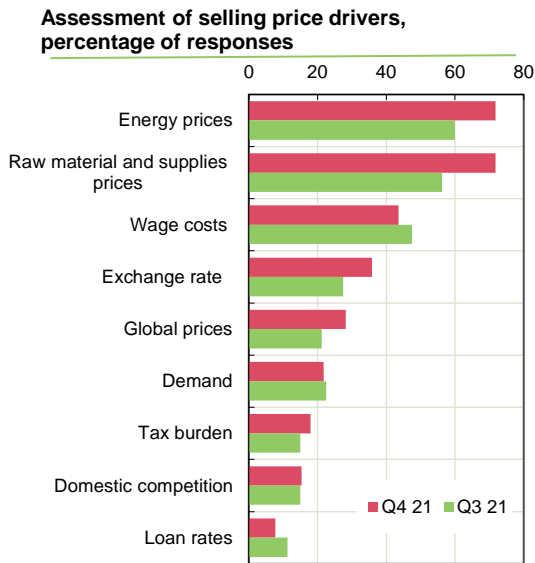


Figure 8

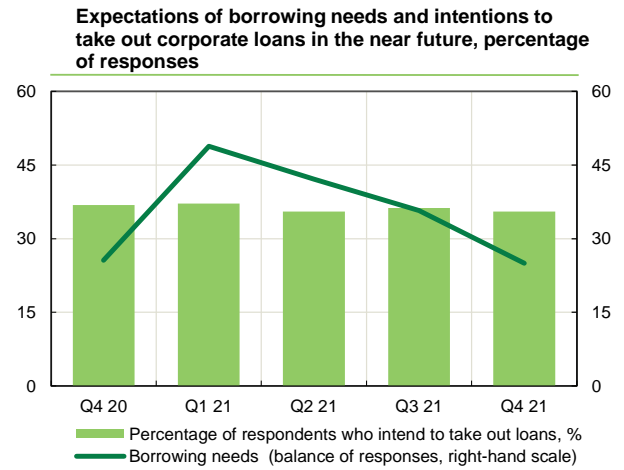


Figure 9

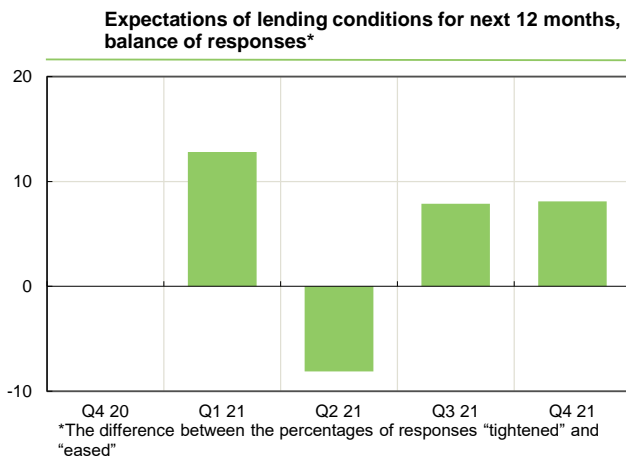


Figure 10

