



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Zhytomyr 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 **Zhytomyr oblast** in Q3 2021 showed that respondents expected an increase in the output of Ukrainian goods and services and had optimistic expectations for the performance of their companies over the next 12 months. Respondents expected prices to increase moderately. Depreciation expectations became firmer.

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 33.3% compared to (-7.7%) in Q2 2021 (Figure 1) and 21.5% across Ukraine
- **prices for consumer goods and services would rise:** 61.5% of respondents expected that the inflation rate would be lower than 7.5% (as in the previous quarter and 46.9% across Ukraine). Respondents continued to refer to production costs **as the main inflation driver** (100.0% of respondents) (Figure 2)
- **the domestic currency would depreciate much more pronouncedly:** 92.3% of respondents (the highest depreciation expectations among the regions) (compared to 61.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 20.0%, compared to 33.3% in the previous quarter (see Table) and 12.7% across Ukraine
- **total sales would increase significantly:** the balance of responses was 66.7% compared to 7.7% in Q2 2021 and 27.7% across Ukraine
- **the investment** both in construction and in machinery, equipment, and tools **would increase rapidly:** the balances of responses were 45.5% for each (compared to 16.7% and 33.3% respectively in Q2 2021). The balances of responses across Ukraine were 9.7% and 19.3% respectively
- **staff numbers would decrease:** the balance of responses was (-7.7%) (compared to 15.4% in the previous quarter). Across Ukraine, staff numbers were expected to increase moderately 2.2% (Figure 4)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 100.0% and 69.2% respectively compared to 84.6% and 66.7% respectively in the previous quarter (Figure 6). Raw material and supplies prices and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase at a fast pace:** the balances of responses were 84.6% and 76.9% (compared to 69.2% and 75.0% in Q2 2021) (Figures 4 and 6).

Companies cited raw material and supplies prices, energy prices and the unstable political situation (respondents reported a noticeable increase in the impact of this factor) **as the main drags on their ability to boost production** (Figure 5).

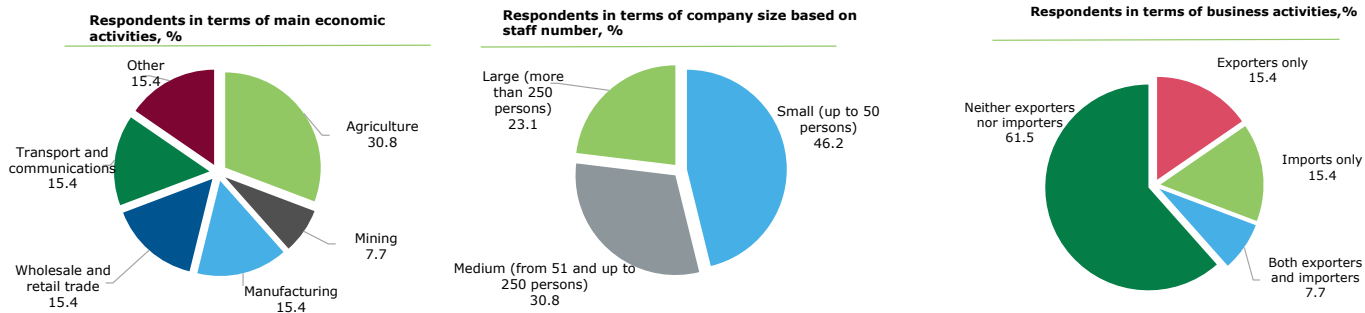
Respondents reported higher expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency ones. Respondents said that lending conditions had become tighter (Figure 9). Respondents referred to high loan rates and other funding sources 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** (compared with 97.1% across Ukraine).

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

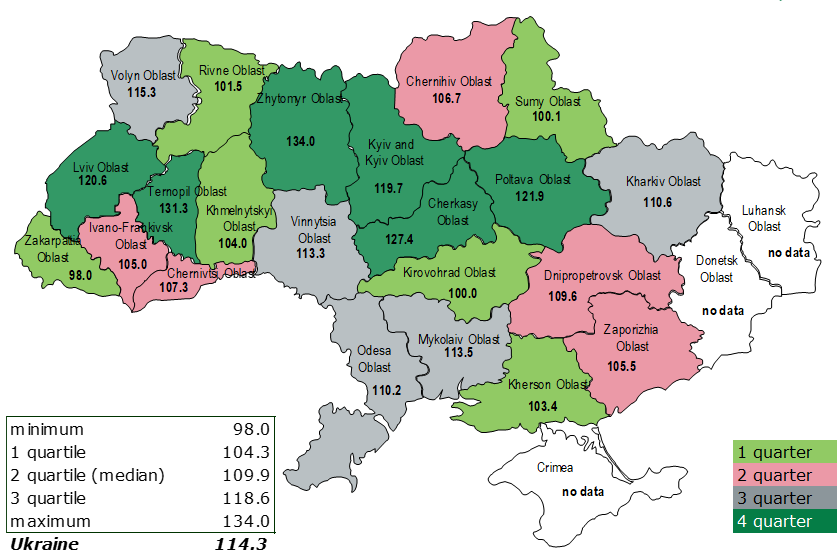
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, (in the previous quarter (-7.7%)). Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 7.0%.
- **Finished goods stocks remained at a normal level:** the balance of responses was 0.0% compared with (-11.1%) in Q2 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 18.2% (compared to 23.1% in the previous quarter).

Survey Details^{1,2}



- Period: 4 August through 30 August 2021.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



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

Table. The Business Outlook Index of Companies in Zhytomyr 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	0.0	38.5	33.3	20.0
Total sales	23.1	-7.1	23.1	7.7	66.7
Investment in construction	9.1	14.3	23.1	16.7	45.5
Investment in machinery, equipment, and tools	25.0	30.8	30.8	33.3	45.5
Staff numbers	-7.1	-7.1	7.7	15.4	-7.7

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

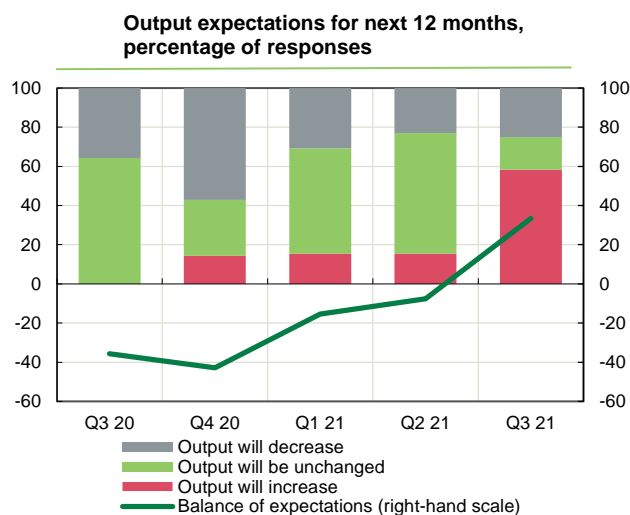


Figure 2

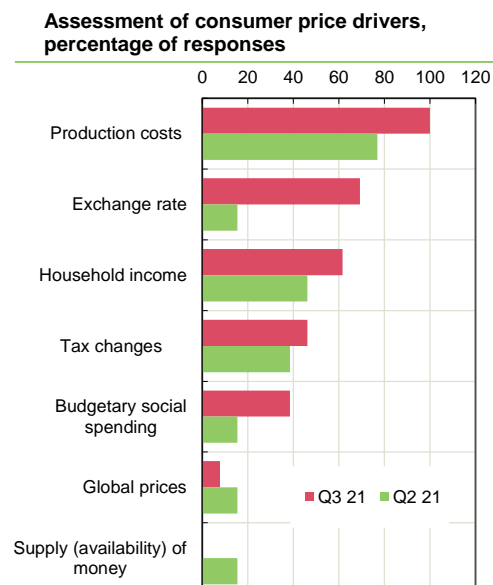


Figure 3

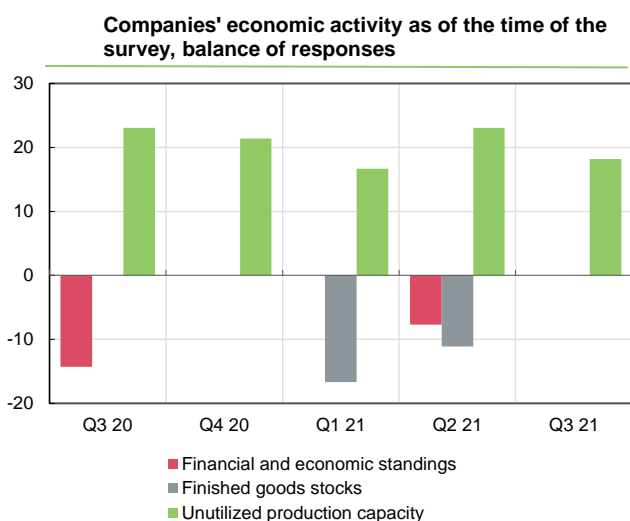


Figure 4

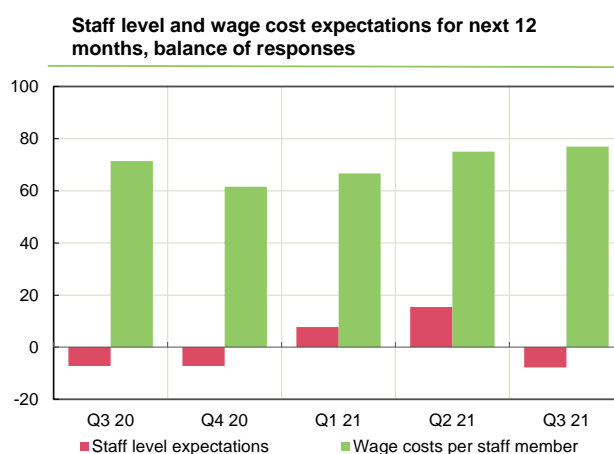


Figure 5

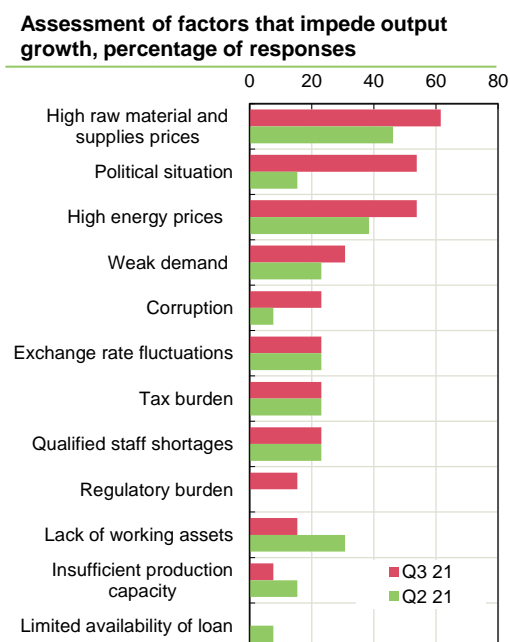


Figure 6

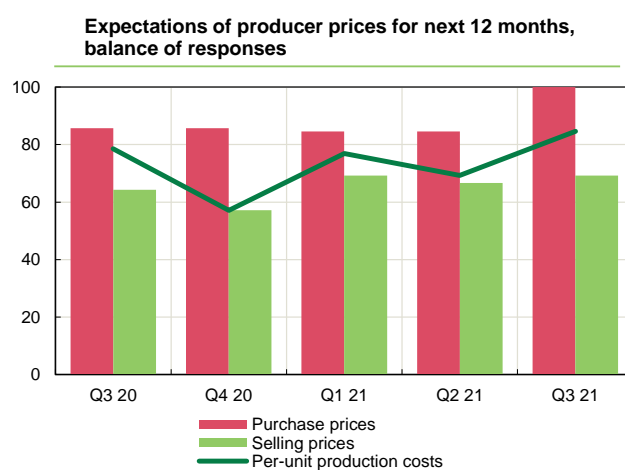


Figure 7

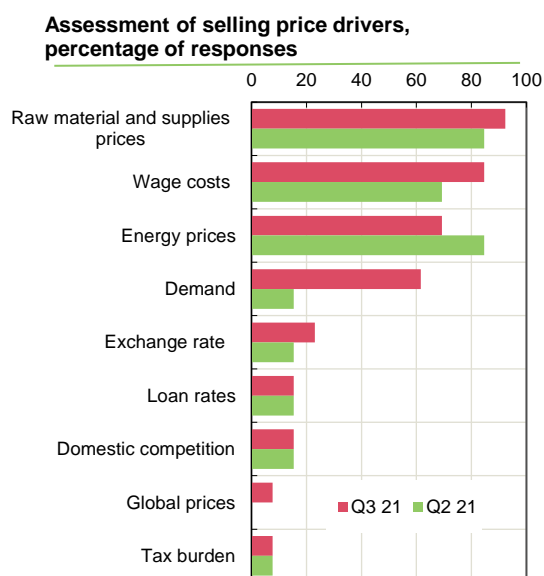


Figure 8

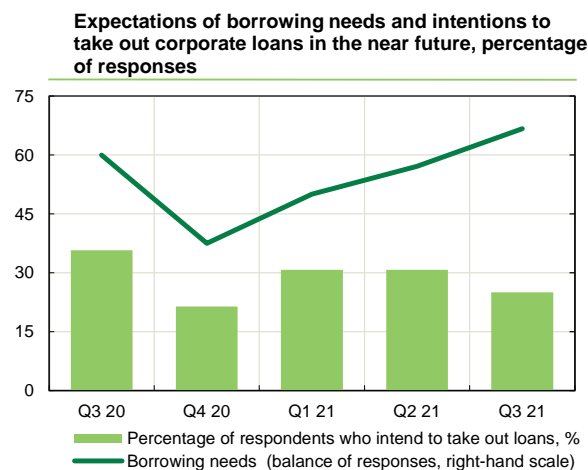


Figure 9

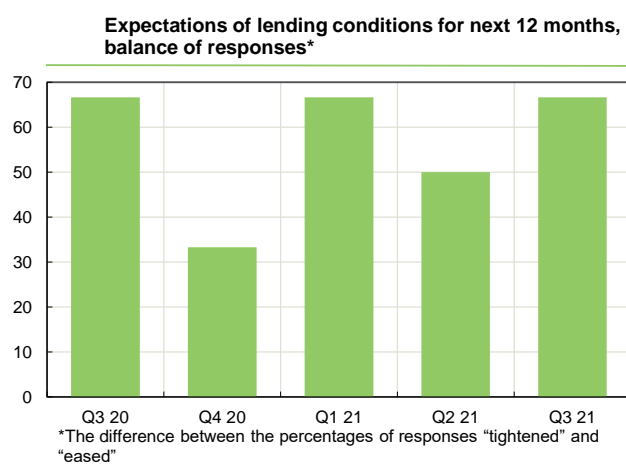


Figure 10

