



National Bank
of Ukraine

Business Outlook Survey of Zaporizhzhia Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q3 2021 showed that respondents continued to expect that the output of Ukrainian goods and services would grow over the next 12 months. At the same time, they had negative expectations for the performance of their companies over the same period. They also expected higher inflation and more pronounced depreciation.

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

- **the output of Ukrainian goods and services would grow:** the balance of responses was 25.9% compared with 23.1% in Q2 2021 (Figure 1) and 21.5% across Ukraine
- **prices for consumer goods and services would rise more quickly:** 55.6% of respondents expected that the inflation rate would exceed 7.5% (compared to 40.7% in the previous quarter and 53.1% across Ukraine). Respondents referred to production costs as the **main inflation driver** (Figure 2)
- **the domestic currency would depreciate rapidly:** 88.9% of respondents expected the hryvnia to weaken against the US dollar (one of the highest depreciation expectations among the regions) compared to 59.3% in the previous quarter and 70.7% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-11.5%) (one of the lowest figures among the regions) compared with 12.0% in the previous quarter. Companies across Ukraine expected their financial and economic standings to improve – 12.7% (see Table)
- **total sales would increase:** the balance of responses was 7.4% (compared to 0.0% in the previous quarter) (see Table). **External sales were also expected to rise**, the balance of responses being 14.3%, as in Q2 2021). Overall, the balances of responses across Ukraine were 27.7% and 23.5% respectively
- **investment** both in construction and in machinery, equipment, and tools **would increase more slowly:** the balances of responses were 4.2% and 16.0% respectively (compared to 12.0% and 23.1% in Q2 2021). Across Ukraine, the balances of responses were 9.7% and 19.3% respectively
- **staff numbers at their companies would increase:** the balance of responses was 11.5% compared to 0.0% in the previous quarter. Across Ukraine, staff numbers were expected to increase moderately 2.2% (Figure 4)
- **purchase prices would rise dramatically** (the balance of responses was 100.0%). **Selling prices** were also expected to grow at a fast pace (the balance of responses was 63.0%). In the previous quarter, these numbers stood at 100.0% and 74.1% respectively) (Figure 6). Energy prices, 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 grow:** the balances of responses were 68.0% and 70.4% respectively (compared to 70.4% and 65.4% respectively in Q2 2021) (Figures 4 and 6).

Respondents referred to high raw material and supplies prices, energy prices, a lack of working assets and qualified staff shortages as **the main drags on the ability of their companies to boost production** (Figure 5).

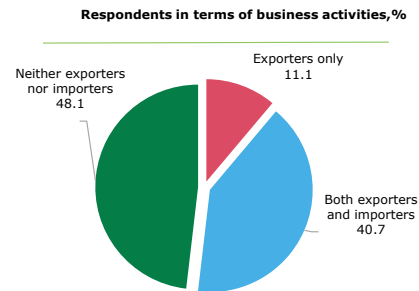
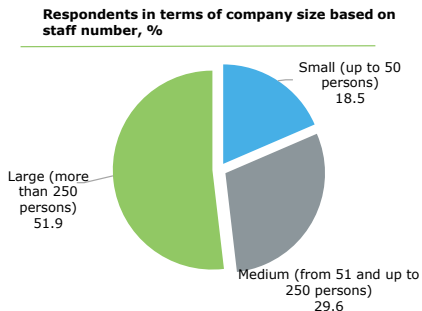
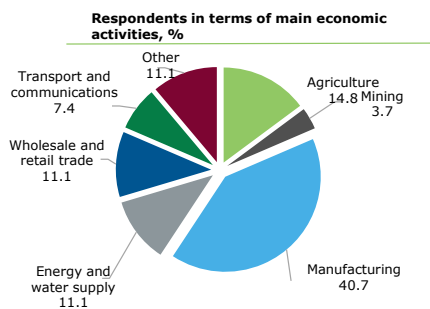
Respondents expected **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out loans usually opted for domestic currency ones. The lending conditions remained unchanged (Figure 9). High loan rates were cited as the main factor deterring companies from taking out loans (Figure 10).

A total of **96.0% 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)

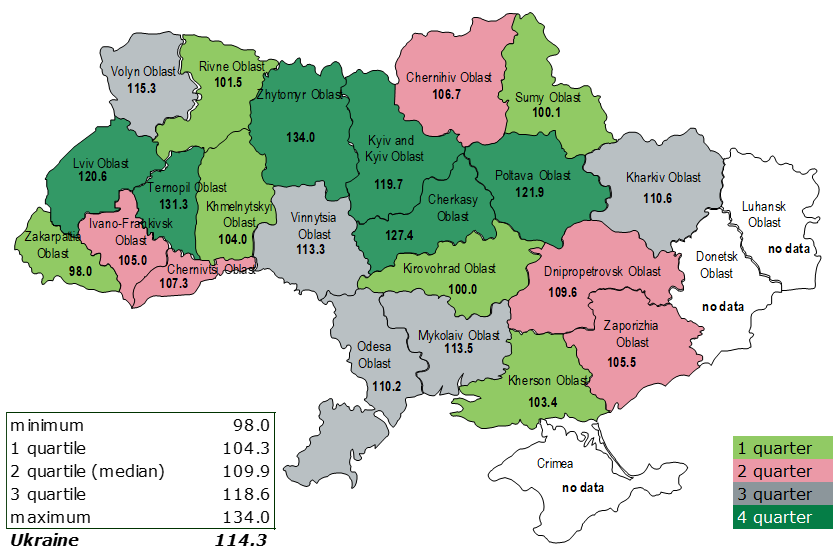
- **Respondents assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% compared to (-3.7%) in the previous quarter. Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 7.0%.
- **Finished goods stocks had decreased and were assessed at a level lower than the normal one:** the balance of responses was (-16.7%) 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 3.7% (compared to 7.4% in Q2 2021).

Survey Details^{1,2}



- Period: 3 August through 30 August 2021.
- A total of 27 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the manufacturing industry.

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



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
³a 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 Zaporizhzhia 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	-3.7	3.8	7.7	12.0	-11.5
Total sales	-22.2	-11.1	11.5	0.0	7.4
Investment in construction	-4.0	0.0	3.8	12.0	4.2
Investment in machinery, equipment, and tools	3.8	14.8	3.8	23.1	16.0
Staff numbers	-17.9	3.6	-3.7	0.0	11.5

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

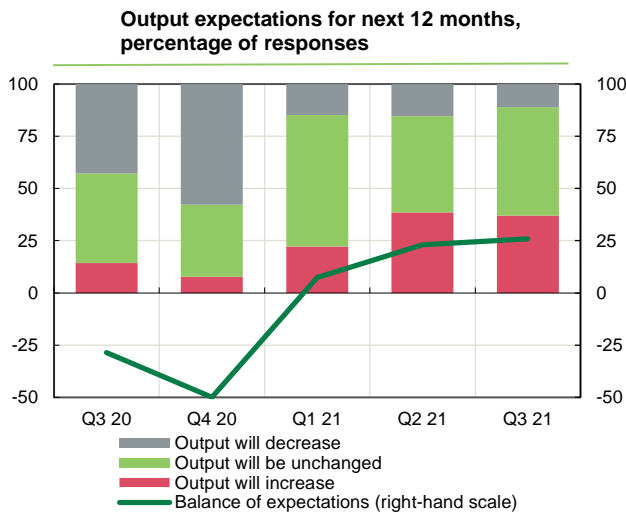


Figure 2

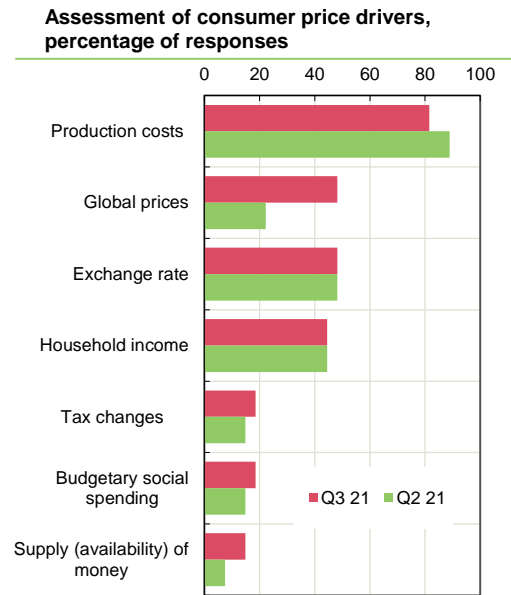


Figure 3

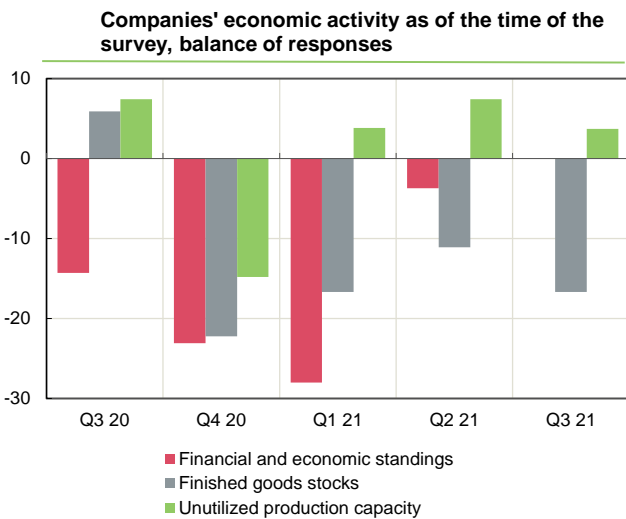


Figure 4

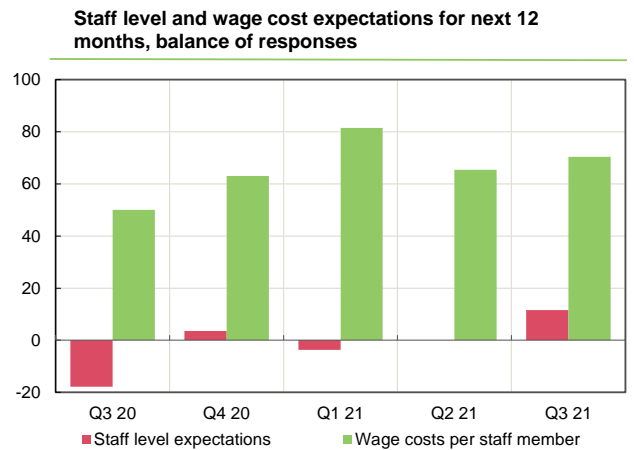


Figure 5

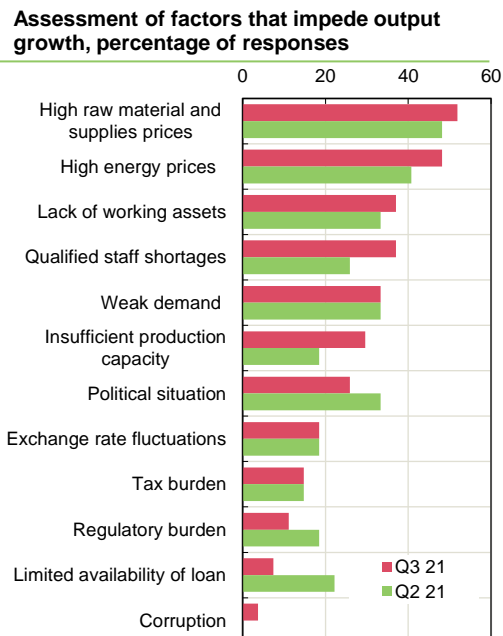


Figure 6

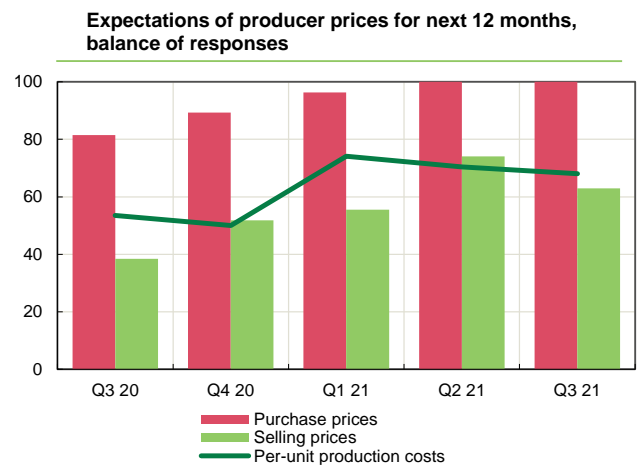


Figure 7

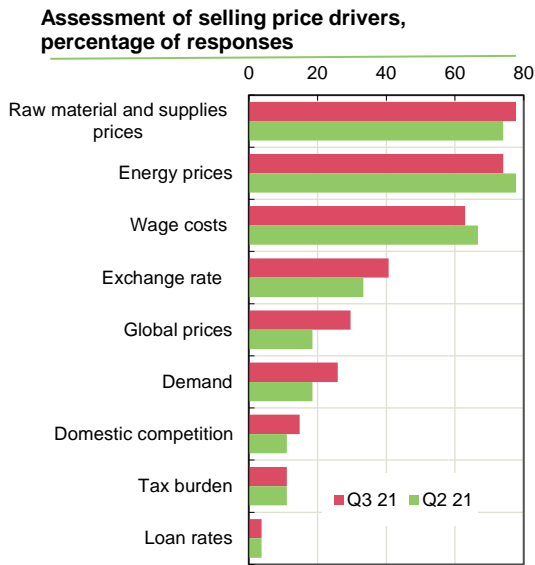


Figure 8

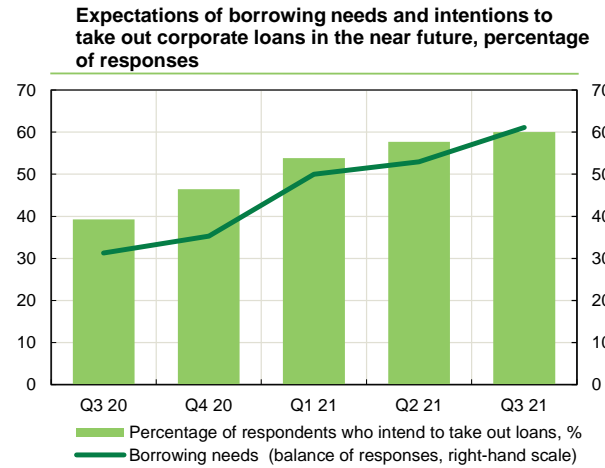


Figure 9

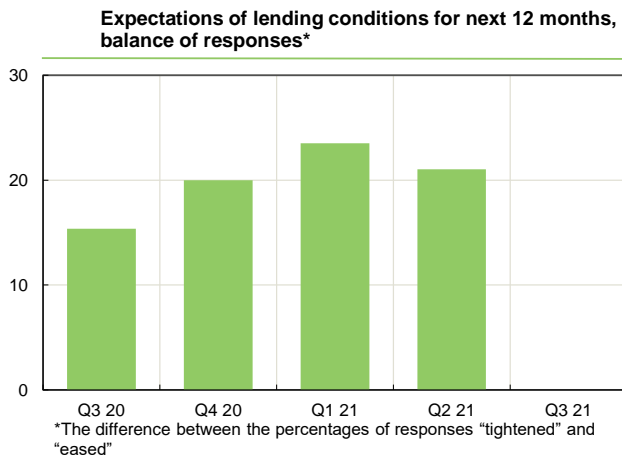


Figure 10

