



National Bank  
of Ukraine

# Business Outlook Survey of Zaporizhzhia Oblast\*

Q4 2021



\*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q4 2021 showed that respondents expected that **the output of Ukrainian goods and services would decrease** over the next 12 months. **At the same time, they had cautious expectations for the performance of their companies over the same period.** They also expected higher inflation. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would decrease:** the balance of responses was (-11.1%) compared with 25.9% in Q3 2021 (Figure 1). Respondents across Ukraine expected the output to increase (8.3%)
- **prices for consumer goods and services would rise more quickly:** 81.5% of respondents expected that the inflation rate would exceed 7.5% (compared to 55.6% in the previous quarter and 61.3% across Ukraine). Respondents continued to refer to production costs as the **main inflation driver** (Figure 2)
- **the domestic currency would depreciate at a fast pace:** 70.4% of respondents expected the hryvnia to weaken against the US dollar compared to 88.9% in the previous quarter and 72.2% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared with (-11.5%) in the previous quarter. Companies across Ukraine expected their financial and economic standings to improve (9.7%) (see Table)
- **total sales would increase:** the balance of responses was 18.5% (compared to 7.4% in the previous quarter) (see Table). **External sales were also expected to grow,** the balance of responses being 14.3%, as in Q3 2021. Overall, the balances of responses across Ukraine were 21.8% and 20.6% respectively
- **investment** both in construction and in machinery, equipment, and tools **would increase:** the balances of responses were 11.1% and 7.4% respectively (compared to 4.2% and 16.0% in Q3 2021). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers at their companies would increase:** the balance of responses was 11.5%, as in the previous quarter. Across Ukraine, staff numbers were expected to increase moderately (2.9%) (Figure 4)
- **purchase prices would rise dramatically** (the balance of responses was 96.3%). **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 63.0% 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 77.8% and 70.4% respectively (compared to 68.0% and 70.4% respectively in Q3 2021) (Figures 4 and 6).

Respondents referred to high energy prices, raw material and supplies prices, and a lack of working assets as **the main drags on the ability of their companies to boost production.** The impact of the limited availability of loan was reported to have increased compared to the previous survey (Figure 5).

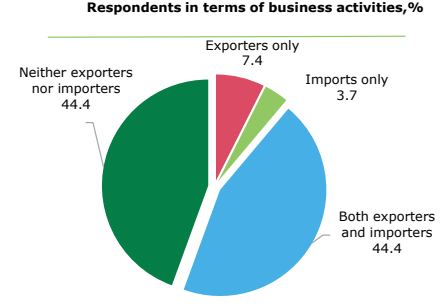
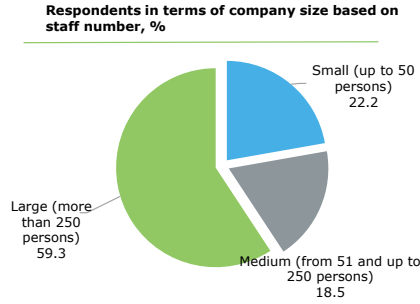
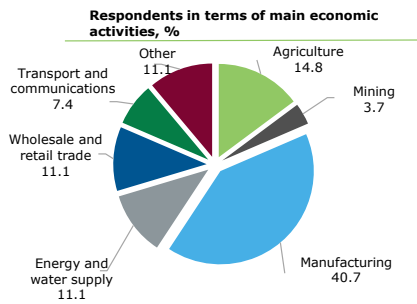
Respondents expected that **their borrowing needs would increase at a slower pace** in the near future (Figure 8). The companies that planned to take out loans usually opted for domestic currency ones. Lending conditions became tighter (Figure 9). High loan rates, collateral requirements and complicated paperwork were cited as the main factors deterring companies from taking out loans (Figure 10).

A total of **96.3% 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)

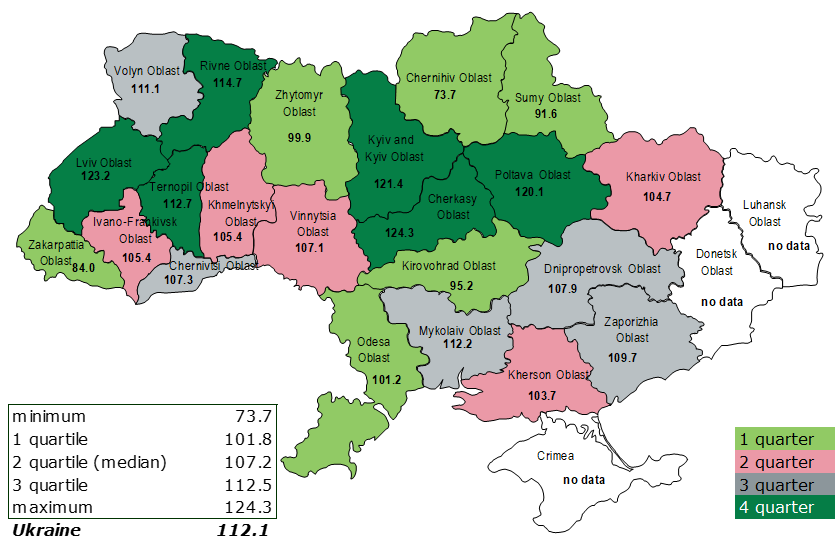
- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-11.5%) compared to 0.0% in the previous quarter. Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 7.6%.
- **Finished goods stocks were assessed at a level lower than the normal one:** the balance of responses was (-38.9%) compared with (-16.7%) in Q3 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 19.2% (compared to 3.7% in Q3 2021).

Survey Details<sup>1,2</sup>



- Period: 5 November through 30 November 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 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 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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	3.8	7.7	12.0	-11.5	0.0
Total sales	-11.1	11.5	0.0	7.4	18.5
Investment in construction	0.0	3.8	12.0	4.2	11.1
Investment in machinery, equipment, and tools	14.8	3.8	23.1	16.0	7.4
Staff numbers	3.6	-3.7	0.0	11.5	11.5

<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

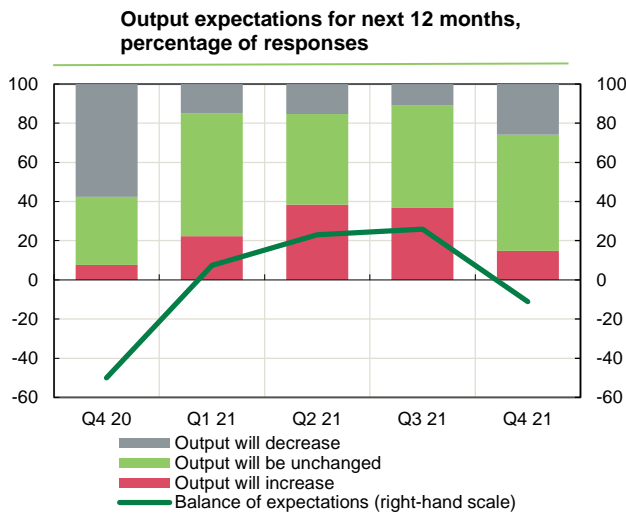


Figure 2

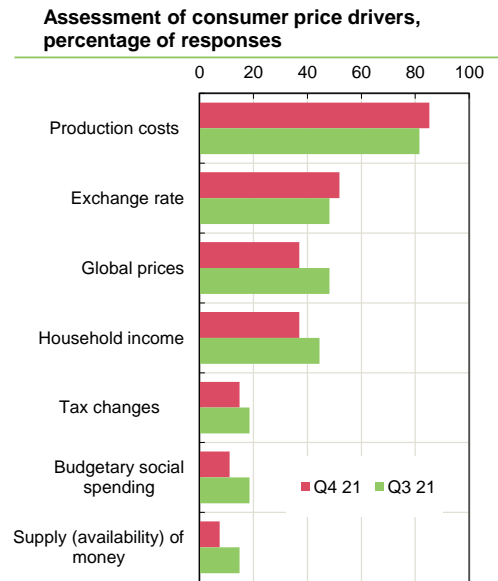


Figure 3

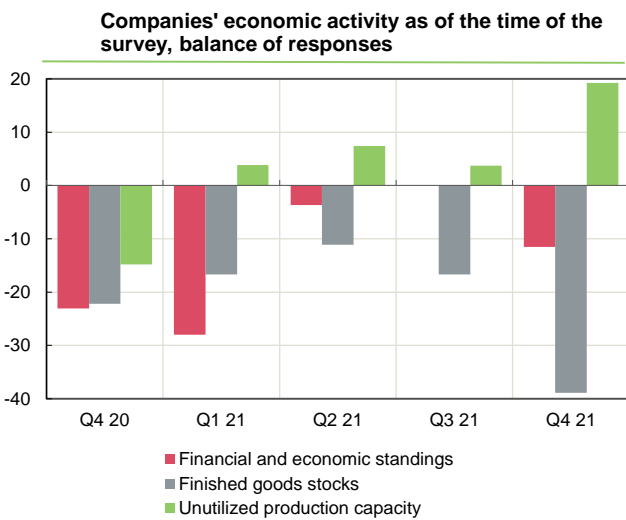


Figure 4

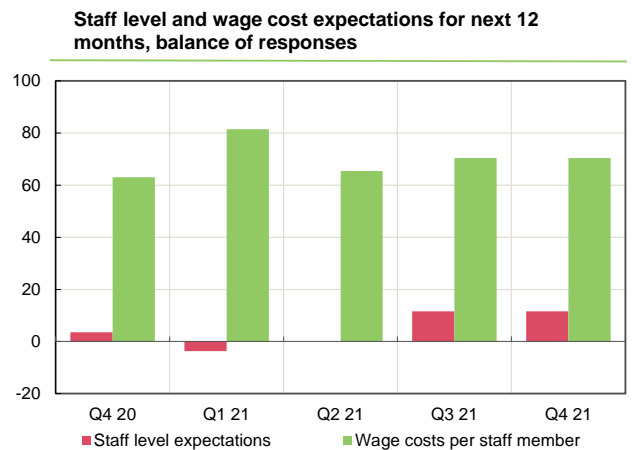


Figure 5

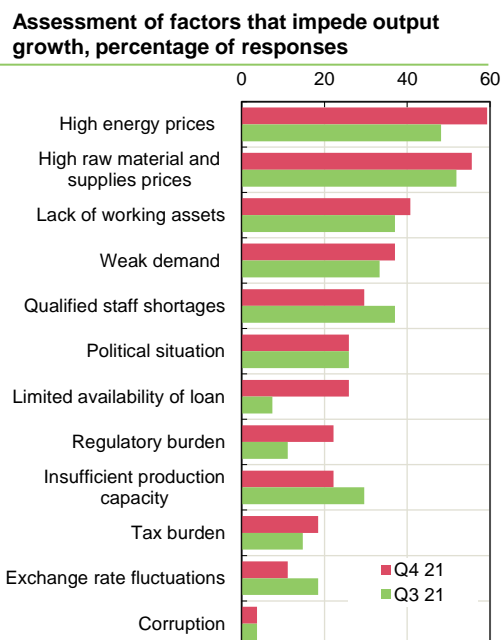


Figure 6

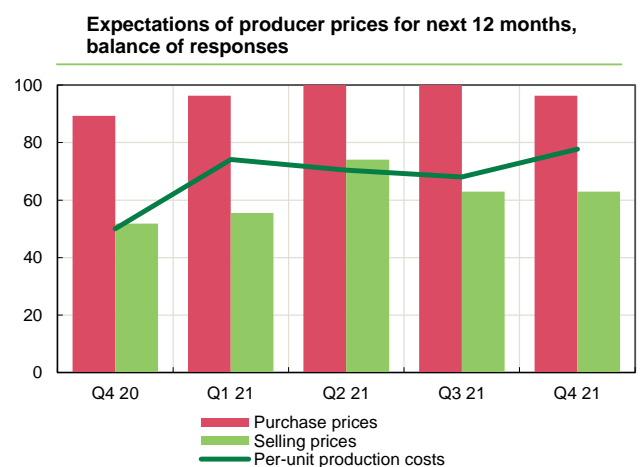


Figure 7

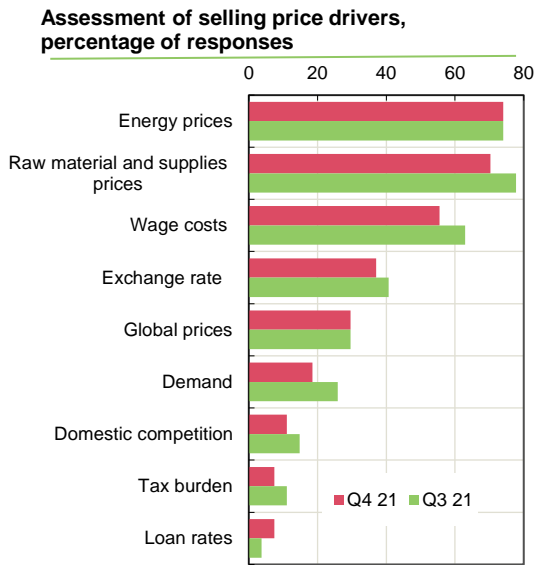


Figure 8

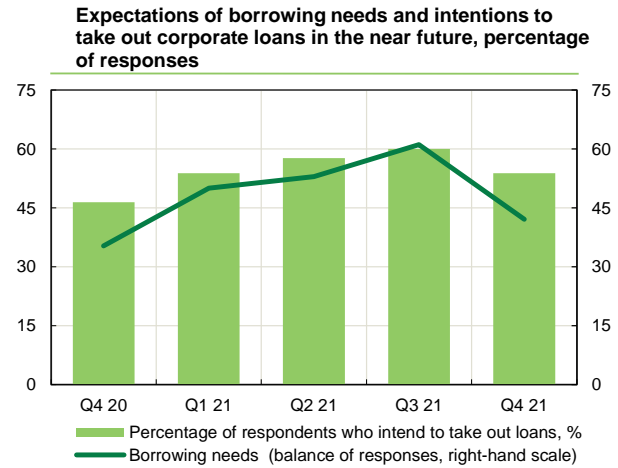


Figure 9

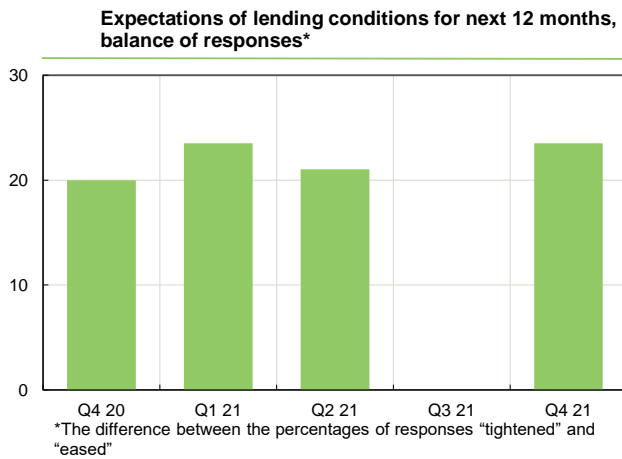


Figure 10

