



National Bank  
of Ukraine

# Business Outlook Survey of Ivano-Frankivsk Oblast\*

Q1 2021



\*This survey only reflects the opinions of respondents in Ivano-Frankivsk oblast (top managers of companies) who were polled in Q1 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Ivano-Frankivsk oblast in Q1 2021 showed that respondents expected the output of Ukrainian goods and services would return to growth over the next 12 months. The respondents had positive expectations for the performance of their companies over this period. The gradual weakening of inflation and depreciation processes is expected to continue.

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

- **the output of Ukrainian goods and services would grow** for the first time in the last four quarters: the balance of expectations was 12.5%, compared to (-6.3%) in the previous quarter and 5.6% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise** at a slower pace: 60.0% of respondents expected the inflation rate not to exceed 7.5%, compared to 56.3% in the previous quarter and 49.3% across Ukraine. Respondents referred to the exchange rate and production costs as the **main inflation drivers** (Figure 2). Respondents reported a noticeable increase in the impact of household income compared to the previous quarter
- **the domestic currency would depreciate** at a slower pace: 80.0% of the respondents (compared to 86.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 74.4% across Ukraine
- **the financial and economic standings of their companies would improve**: the balance of responses was 20.0%, compared to (-12.5%) in the previous quarter and 12.7% across Ukraine (see Table)
- **the total sales growth would accelerate**: the balance of responses was 18.8%, compared to 7.1% in the previous quarter. Respondents also expected external sales would remain unchanged (the balance of responses was 0.0%, compared to 20.0% in Q4 2020). Overall, companies across Ukraine expected sales to increase, the balances of responses being 18.0% and 14.9% respectively
- **the growth in investment** in construction and in machinery, equipment, and tools **would accelerate**: the balances of responses were 18.8% and 33.3%, respectively compared to 12.5% and 18.8% in the previous quarter. Across Ukraine, the balances of responses were 1.4% and 11.7% respectively
- **staff numbers at their companies would remain unchanged**: the balance of responses was 0.0%, compared to 6.7% in Q4 2020. Across Ukraine, staff numbers were expected to decrease insignificantly: the balance of responses was (-1.9%) (Figure 4)
- **purchase prices would grow dramatically**: the balance of responses was 100%. **Selling prices would also increase** at a fast pace, with the balance of responses of 68.8% (compared to 93.8% and 81.3% respectively in the previous quarter) (Figure 6). Wage costs, energy prices, and prices of raw materials and supplies were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would increase rapidly**: the balances of responses were 75.0% and 68.8% respectively (compared to 62.5% and 75.0% respectively in Q4 2020) (Figures 4 and 6).

Energy prices were cited as the **main drag on the ability of companies to boost production** (assessments of its impact increased markedly) (Figure 5). Respondents also assessed the impact of excessively high raw material and supplies prices, as well as the lack of working assets and weak demand, as high.

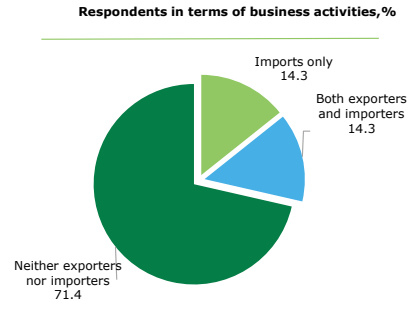
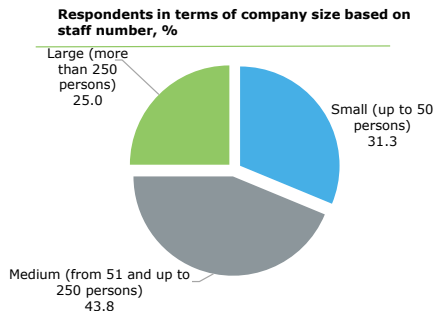
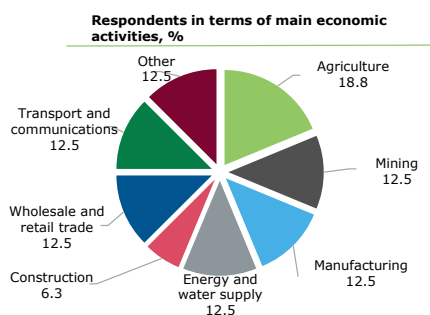
Respondents continued to expect **a rapid growth in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency ones. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to other funding sources as the main factor that deterred them from taking out loans (its impact was assessed much higher than in the previous quarter) (Figure 10).

**All of the respondents** reported **having no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

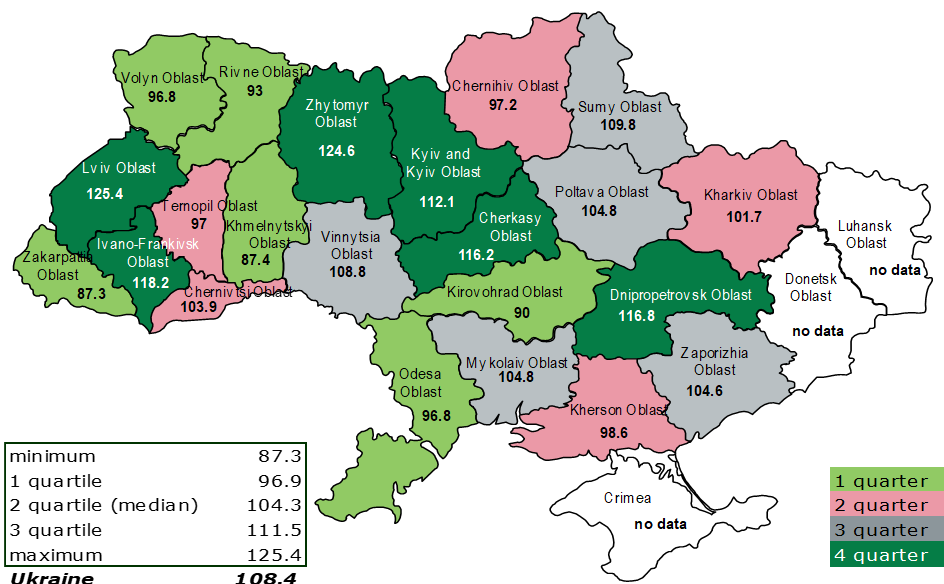
- **The current financial and economic standings of companies were assessed as good**: the balance of responses was 25.0%, compared to 6.3% in the previous quarter, remaining negative across Ukraine at (-0.7%)
- **Finished goods stocks** continued to decrease and **were assessed lower than normal**: the balance of responses was (-16.7%), compared to 0.0% in Q4 2020.
- **Spare production capacity increased**. Companies had **sufficient unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 7.1%, compared to (-6.3%) in Q4 2020.

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



- Period: 3 February through 1 March 2021.
- A total of 16 companies were polled.
- No economic activity was able to generate a representative sample.

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

Table. The Business Outlook Index of Companies in Ivano-Frankivsk Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Financial and economic standings	-6.3	-25.0	13.3	-12.5	20.0
Total sales	12.5	-26.7	6.7	7.1	18.8
Investment in construction	-6.3	-31.3	6.3	12.5	18.8
Investment in machinery, equipment, and tools	0.0	-37.5	0.0	18.8	33.3
Staff numbers	-18.8	-25.0	0.0	6.7	0.0

<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

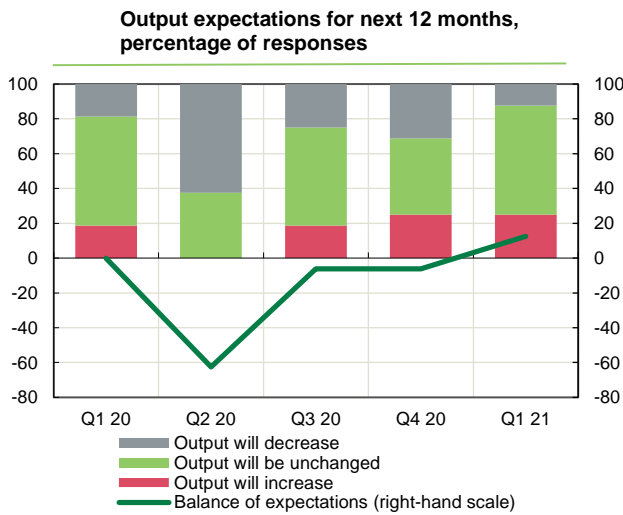


Figure 2

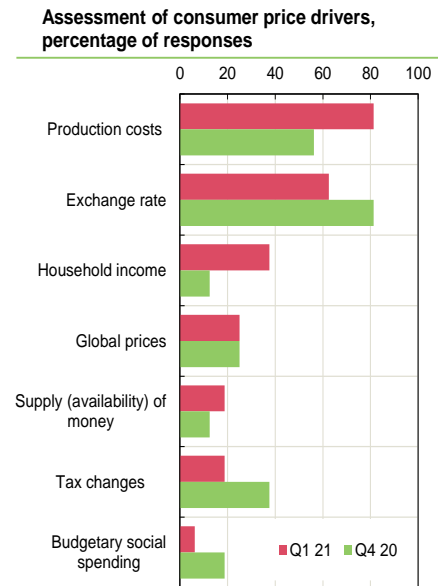


Figure 3

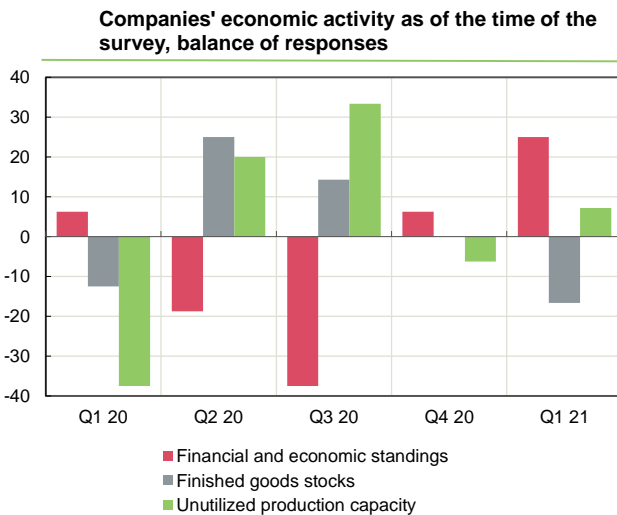


Figure 4



Figure 5

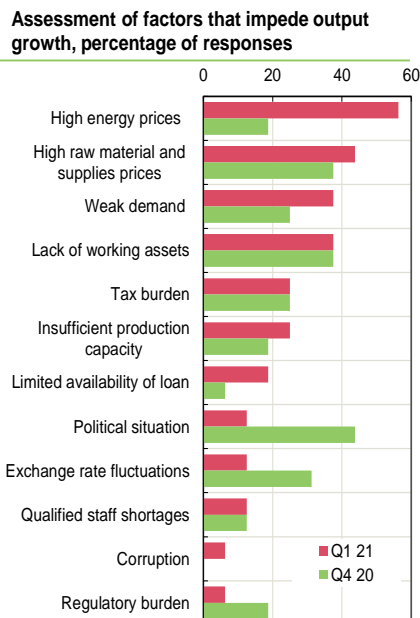


Figure 6

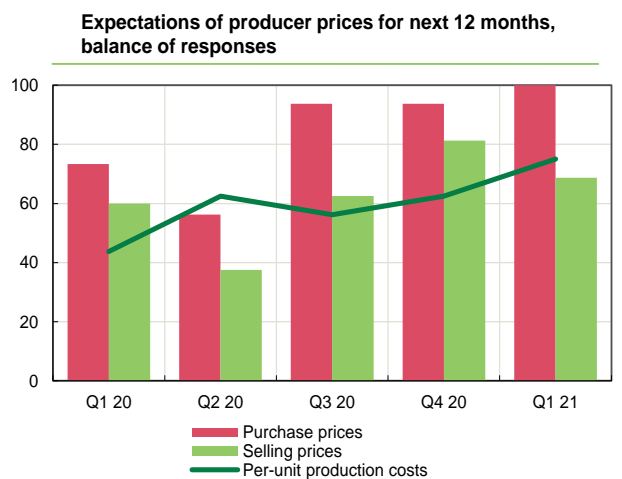


Figure 7

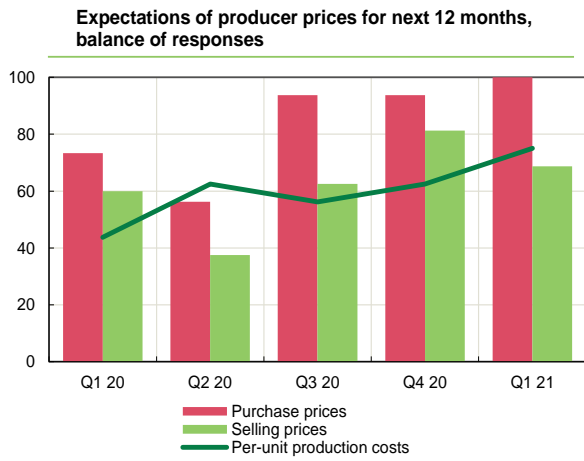


Figure 8

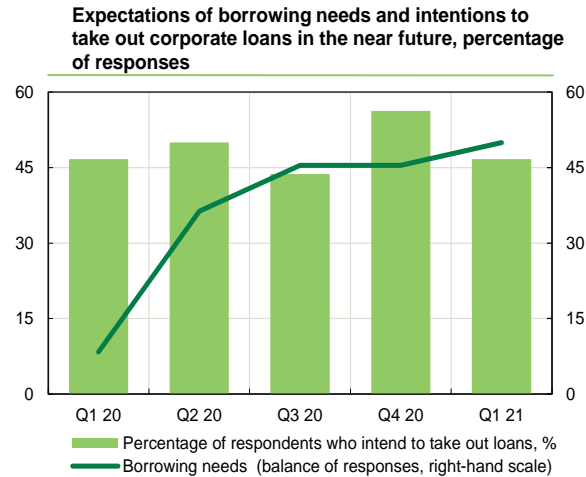


Figure 9

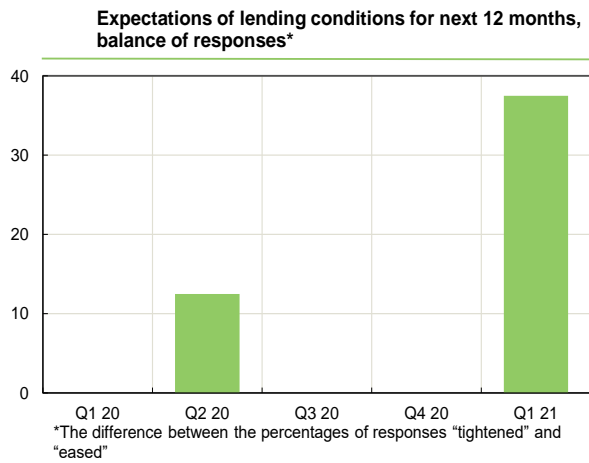


Figure 10

