



National Bank
of Ukraine

Business Outlook Survey of **Kyiv and Kyiv Oblast***

Q4 2021



*This survey only reflects the opinions of respondents in Kyiv and Kyiv 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 Kyiv and Kyiv oblast in Q4 2021 showed that respondents continued to expect the output of Ukrainian goods and services to grow over the next 12 months. Respondents had positive expectations for the performance of their companies over that period. They also expected higher inflation and further depreciation.

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 11.1% compared to 19.5% in Q3 2021 (Figure 1) and 8.3% across Ukraine. Respondents from transport and communications companies had the most optimistic expectations (the balance of expectations was 25.0%)
- **prices for consumer goods and services would continue to rise:** 63.3% of respondents expected that the inflation rate would exceed 7.5%, compared to 58.6% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs, global prices and the exchange rate as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate further:** 74.0% of respondents (compared to 74.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 20.4% (one of the highest figures among the regions) (compared to 19.2% in the previous quarter and 9.7% across Ukraine) (see Table). Respondents from construction companies had the highest expectations (the balance of responses was 33.3%)
- **total sales would increase:** the balance of responses was 33.0% compared to 38.5% in the previous quarter. External sales were also expected to rise (the balance of responses was 17.3%, compared to 15.5% in Q3 2021). Across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 11.4% and 26.6% respectively, compared to 8.6% and 16.1% in the previous quarter. Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers would increase:** the balance of responses was 15.6%, compared to 15.9% in Q3 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.9% (Figure 4). Respondents from transport and communications companies had the highest expectations (the balance of responses was 25.0%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 87.3% and 68.4% respectively (compared to 82.3% and 58.6% respectively in Q3 2021) (Figure 6). Respondents from manufacturing companies had the highest expectations of a rise in selling prices (the balance of responses was 91.3%). Respondents cited raw material and supplies prices, energy prices and wage costs 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 61.7% and 70.5% respectively (compared to 49.5% and 60.9% respectively in Q3 2021) (Figures 4, 6).

Respondents referred to high energy prices (the impact of this factor was reported to have increased), high raw material and supplies prices, and weak demand as the main drags on the ability of their companies to boost production (Figure 5).

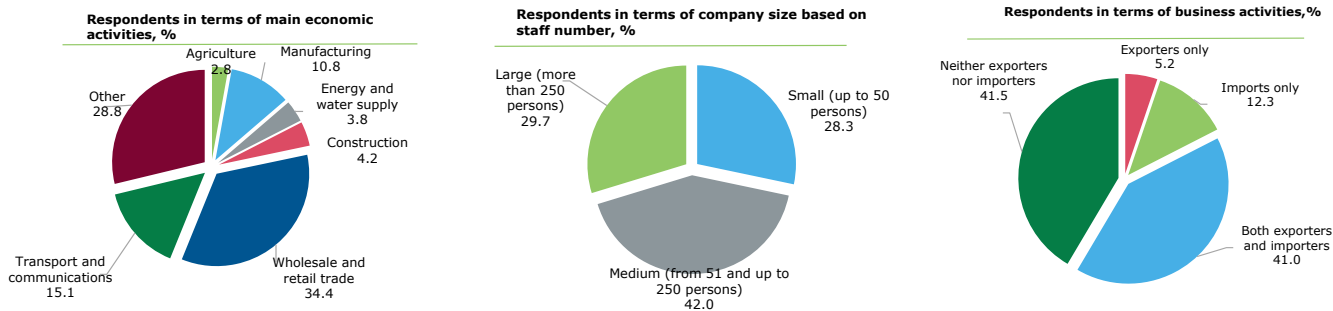
Respondents continued to expect an increase in their borrowing needs in the near future (Figure 9). The respondents who planned to take out loans (38.7% of those surveyed) usually opted for domestic currency ones. Respondents said that bank lending conditions had eased (Figure 10). Companies referred to high interest rates, other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 11).

A total of 99.1% 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)

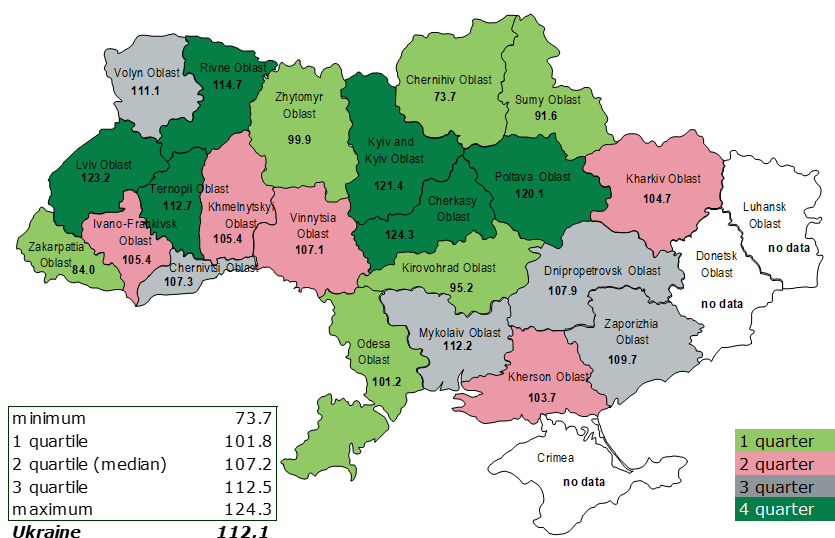
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 18.0% (compared to 14.4% in Q3 2021). The best assessments were reported by respondents from agricultural companies. Across Ukraine, the balance of responses was 7.6%.
- **Finished goods stocks had decreased and were assessed at a level lower than the normal one:** the balance of responses was (-2.7%), compared to (-1.4%) in Q3 2021.
- **Companies said they would need additional production capacity to meet any unexpected rise in demand:** the balance of responses was (-4.3%) compared to (-7.4%) in Q3 2021.

Survey Details^{1,2}



- Period: 2 November through 30 November 2021.
- A total of 212 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the manufacturing industry, energy and water supply, construction, trade, transport and communications, and other economic activities.

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
³**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 Kyiv and Kyiv 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	11.1	19.7	24.6	19.2	20.4
Total sales	19.3	24.4	29.5	38.5	33.0
Investment in construction	-2.2	2.1	6.8	8.6	11.4
Investment in machinery, equipment, and tools	6.5	10.9	17.8	16.1	26.6
Staff numbers	3.8	3.4	8.2	15.9	15.6

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

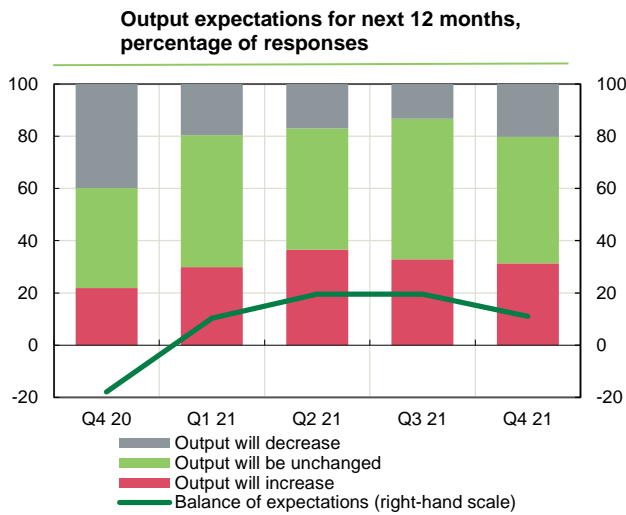


Figure 2

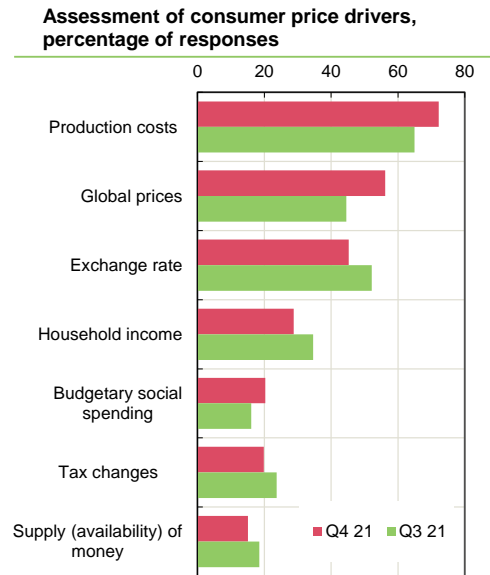


Figure 3

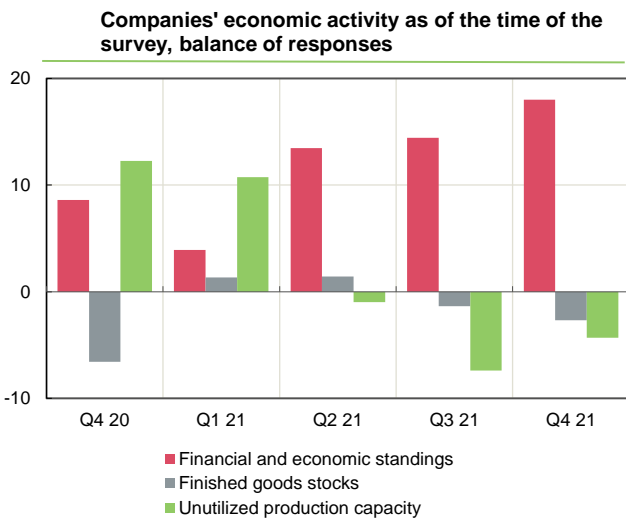


Figure 4



Figure 5

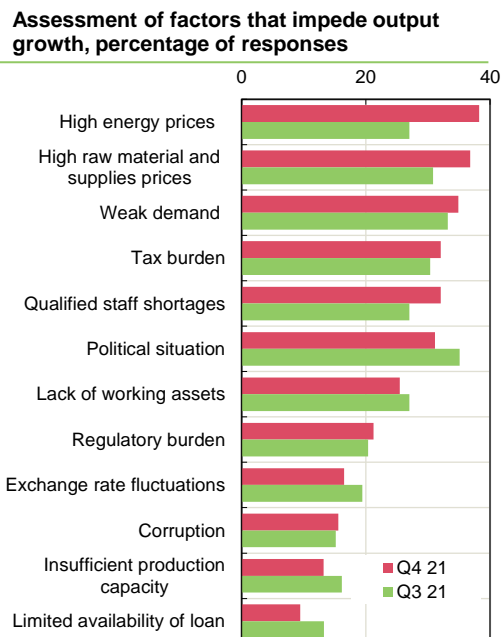


Figure 6

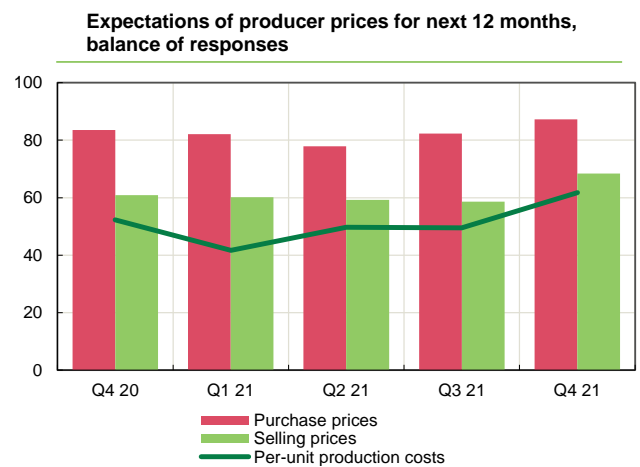


Figure 7

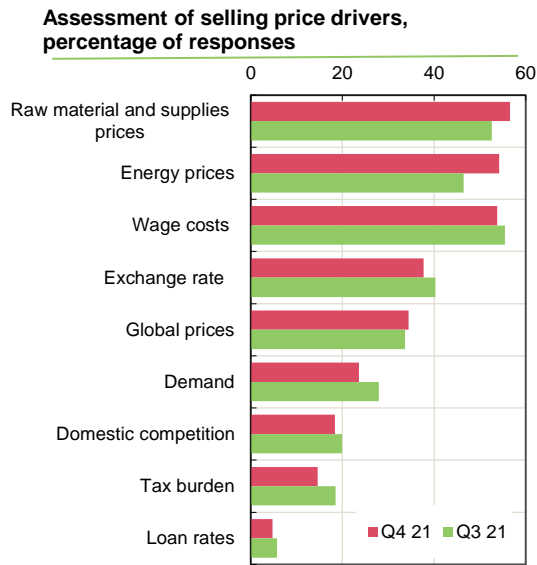


Figure 8

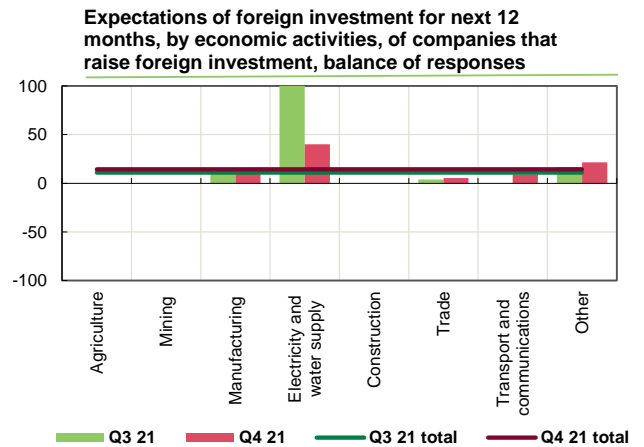


Figure 9

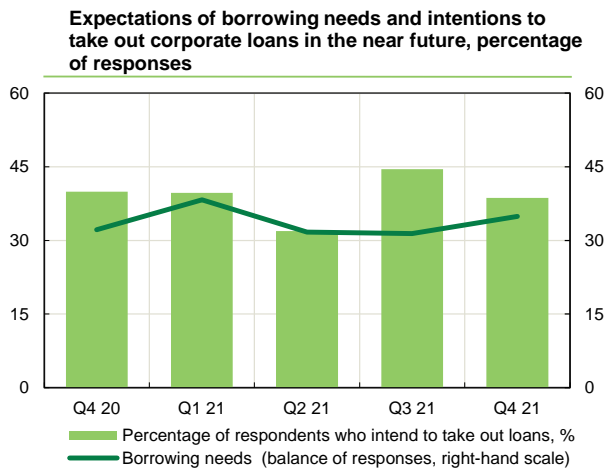


Figure 10

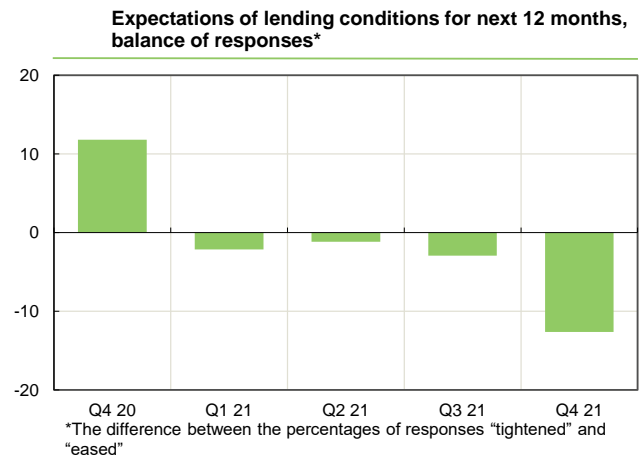


Figure 11

