



National Bank  
of Ukraine

# Business Outlook Survey of Kirovohrad Oblast \*

Q3 2021



\*This survey only reflects the opinions of respondents in Kirovohrad 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 Kirovohrad oblast in Q3 2021 showed that respondents expected **the output of Ukrainian goods and services to drop** over the next 12 months. Respondents reported cautious expectations for their companies' performance over this period. Inflation was expected to decelerate. Meanwhile, depreciation expectations increased.

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-8.3%), unchanged on Q2 2021 (the lowest figure across the regions and the only oblast where top managers expected production to reduce) (Figure 1). Companies across Ukraine expected that the output of goods and services would grow – the balance of responses was 21.5%
- **prices for consumer goods and services would grow at a slower pace:** 58.5% of respondents expected that the inflation rate would not exceed 7.5% (compared to 50.0% in the previous quarter and 46.9% across Ukraine). Respondents continued to refer to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate more noticeably:** 58.3% of respondents (compared to 41.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 70.7% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared to 25.0% in the previous quarter (see Table). Across Ukraine, the balance of responses was 12.7%
- **total sales would remain unchanged (such expectations have been reported for two months running):** the balance of responses was 0.0% (see Table). Overall, companies across Ukraine expected sales to increase, the balance of responses being 27.7%
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 16.7%, compared to (-33.3%) in Q2 2021. At the same time, respondents expected that investment in construction would decrease at a significantly slower pace: the balance of responses was (-8.3%), compared to (-33.3%) in the previous quarter. Across Ukraine, investment was expected to increase, the balances of responses being 19.3% and 9.7% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-8.3%) compared to (-16.7%) in Q2 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.2% (Figure 4)
- **purchase prices would rise more rapidly** (the balance of responses was 100.0%) **than selling prices** (the balance of responses was 58.3%) (compared to 91.7% and 33.3% respectively in the previous quarter) (Figure 6). Respondents cited raw material and supplies prices, energy prices, and demand as **the main selling price drivers** (Figure 7)
- **both per-unit production costs and wage costs per staff member would increase more slowly:** the balances of responses were 41.7% for each (compared to 83.3% and 66.7% respectively in the previous quarter) (Figures 6 and 4).

Companies cited high raw material and supplies prices, energy prices and qualified staff shortages (the impact of this factor was reported to have increased significantly) as **the main drags on their ability to boost production** (Figure 5).

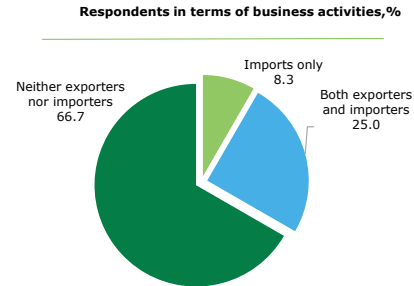
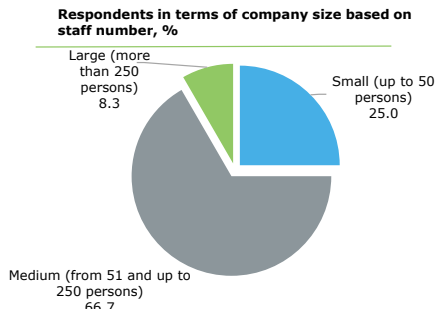
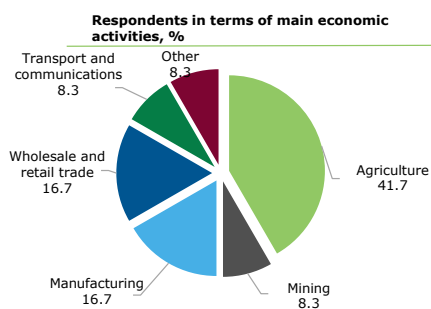
**Respondents said that their expectations of their borrowing needs** in the near future had remained unchanged (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents continued to cite high loan rates as the main factor deterring them from taking out loans. Respondents also named collateral requirements and uncertainty about their ability to meet debt obligations as an important factor (Figure 10).

**All of the 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)

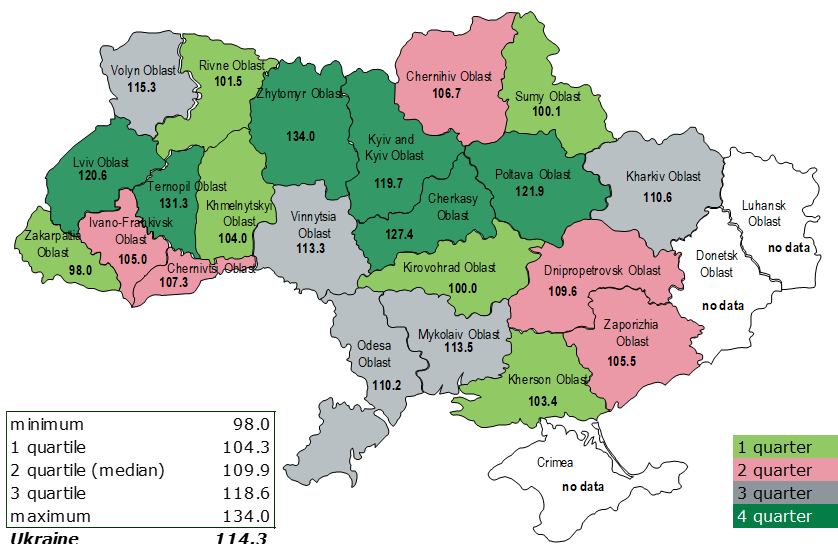
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 16.5% compared to 0.0% in Q2 2021 (Figure 3). Across Ukraine, the balance of responses was 7.0%.
- **Finished goods stocks had increased and were assessed at higher than normal levels:** the balance of responses was 11.1%, compared to (-25.0) in the previous quarter.
- **Unutilized production capacity had decreased. Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% (compared to 16.7% in Q2 2021).

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



- Period: 9 August through 1 September 2021.
- A total of 12 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 Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</sup>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 Kirovohrad 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	-25.0	-8.3	-8.3	25.0	0.0
Total sales	-18.2	-7.7	-8.3	0.0	0.0
Investment in construction	-50.0	-30.8	-25.0	-33.3	-8.3
Investment in machinery, equipment, and tools	0.0	-23.1	-8.3	-33.3	16.7
Staff numbers	-33.3	-30.8	0.0	-16.7	-8.3

<sup>1</sup> This sample was generated in proportion to the contribution of each region 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

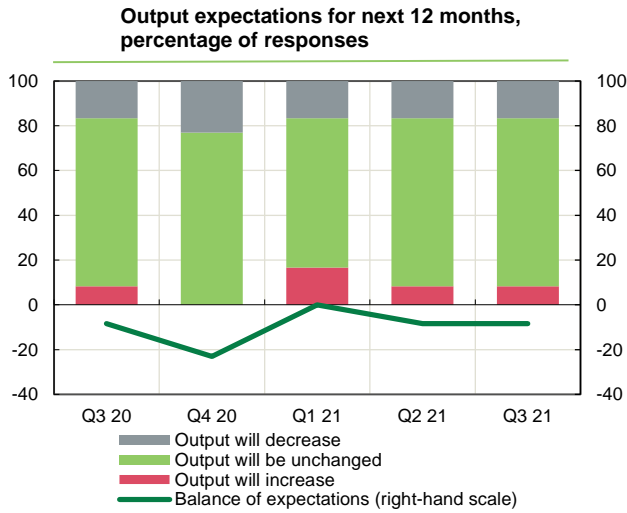


Figure 2

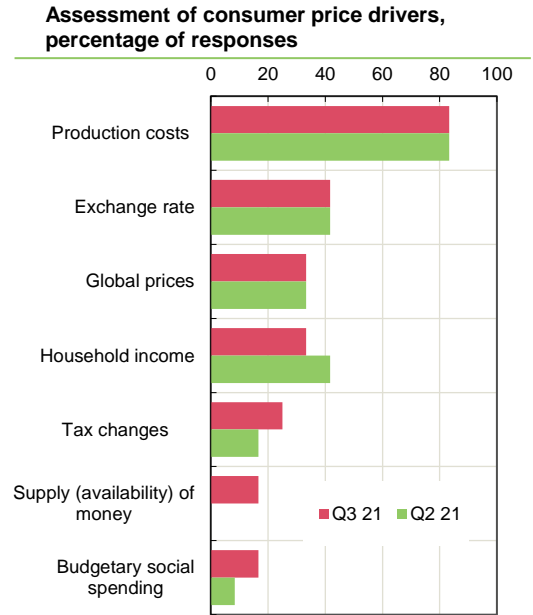


Figure 3

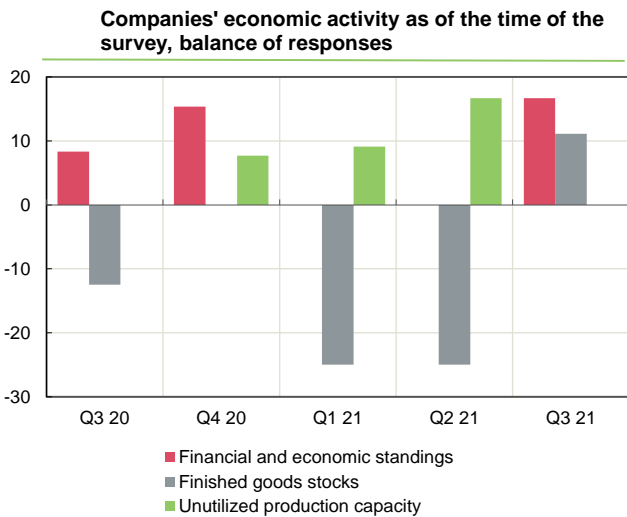


Figure 4

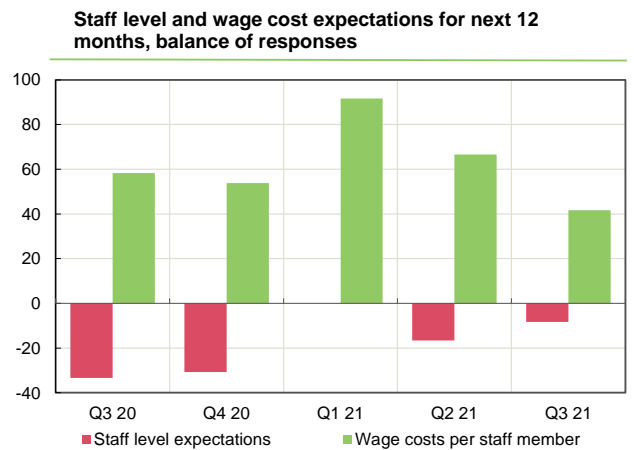


Figure 5

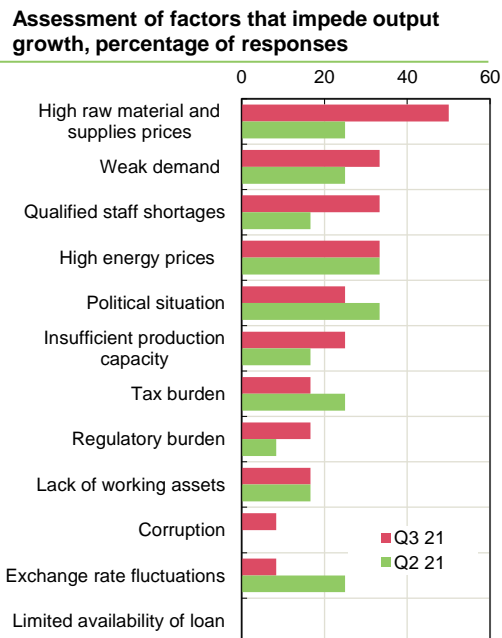


Figure 6

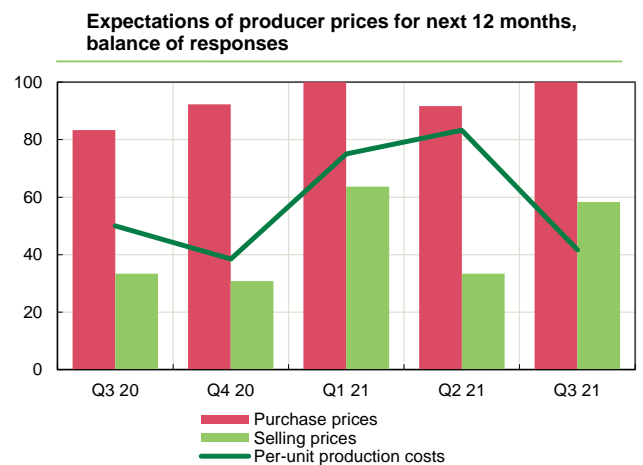


Figure 7

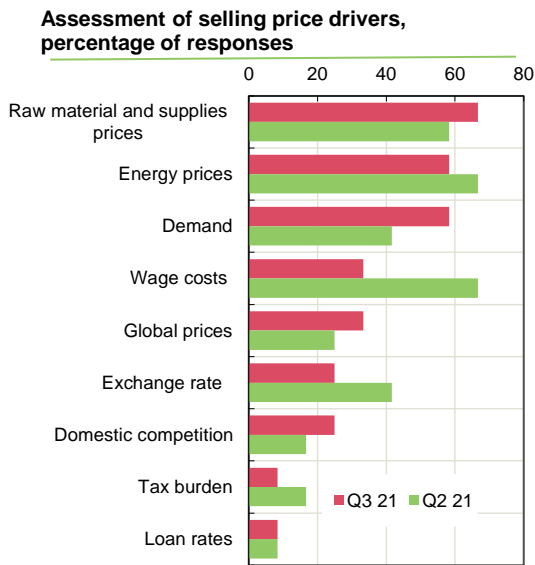


Figure 8

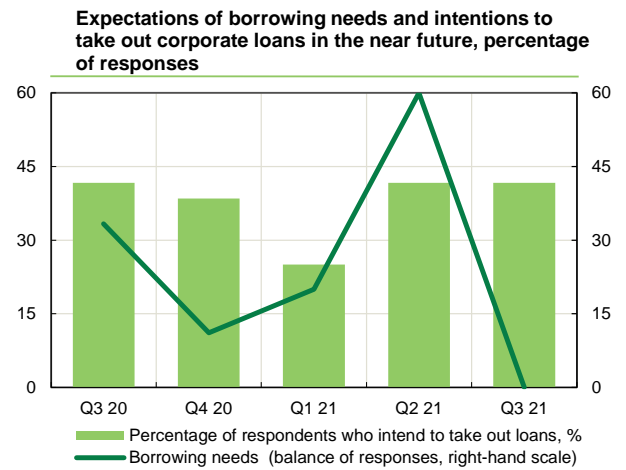


Figure 9

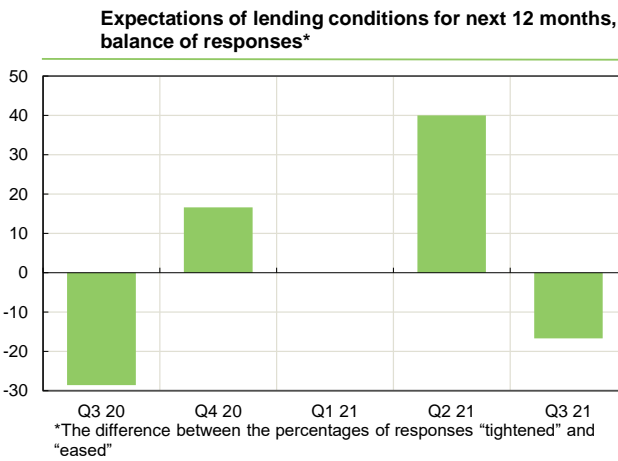


Figure 10

