



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Mykolaiv oblast** in Q4 2020 showed that respondents expected a significant drop in the output of Ukrainian goods and services and weaker performance of their companies over the next 12 months on the back of a tighter quarantine. Respondents expected inflation to increase and the domestic currency to depreciate more noticeably.

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

- **the output of Ukrainian goods and services would drop markedly:** the balance of expectations was (-50.0%) (the lowest figures across the regions) compared with (-37.5%) in Q3 2020 and (-24.4%) across Ukraine (Figure 1)
- **prices for consumer goods and services would increase at a faster pace:** 68.8% of respondents expected the inflation rate to be higher than 7.5% compared with 56.3% in the previous quarter and 50.0% across Ukraine. Respondents continued to refer to the exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate significantly:** all of the respondents (compared to 87.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would deteriorate** (such expectations have been reported for three quarters running): the balance of expectations was (-12.5%) compared to (-6.7%) in the previous quarter (see Table). Companies across Ukraine expected their financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% compared with 6.3% in the previous quarter. External sales were expected to decrease further: the balance of responses was (-33.3%) compared with (-16.7%) in Q3 2020. Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment both in construction and in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-13.3%) and (-6.3%) respectively compared to (-31.3%) and (-18.8%) in Q3 2020. Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers at their companies would decrease significantly:** the balance of responses was (-31.3%) compared with (-26.7%) in Q3 2020 and (-9.9%) across Ukraine (Figure 4)
- **purchase prices would rise rapidly** (the balance of responses was 100.0%). **Selling prices were also expected to rise at a fast pace** (the balance of responses was 62.5% compared with 93.8% and 43.8% in the previous quarter) (Figure 6). The exchange rate was cited as the main selling price driver. The impact of wage costs was also reported to have increased compared to the previous quarter (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 68.8% and 87.5% respectively (compared with 43.8% and 60.0% in Q3 2020).

Respondents referred to high raw material and supplies prices as the **main drags on the ability of their companies to boost production** (Figure 5). Respondents said that the impact of qualified staff shortages and a lack of working assets had increased markedly compared to the previous quarter.

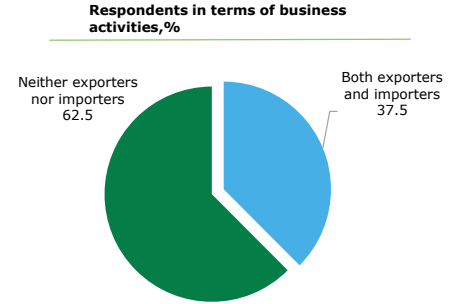
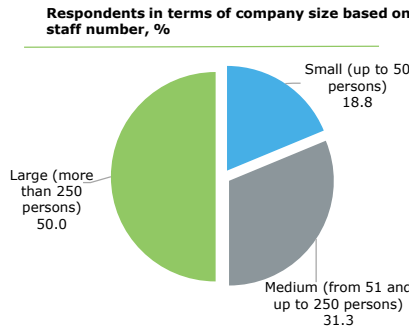
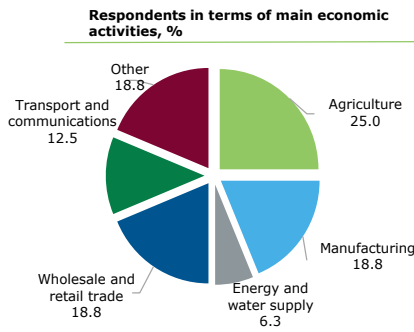
Respondents expected a significant increase in their borrowing needs in the near future (Figure 8). 50.0% of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). High loan rates were cited as the major factor that deterred companies from taking out loans (Figure 10).

All of the respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.9% across Ukraine).

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

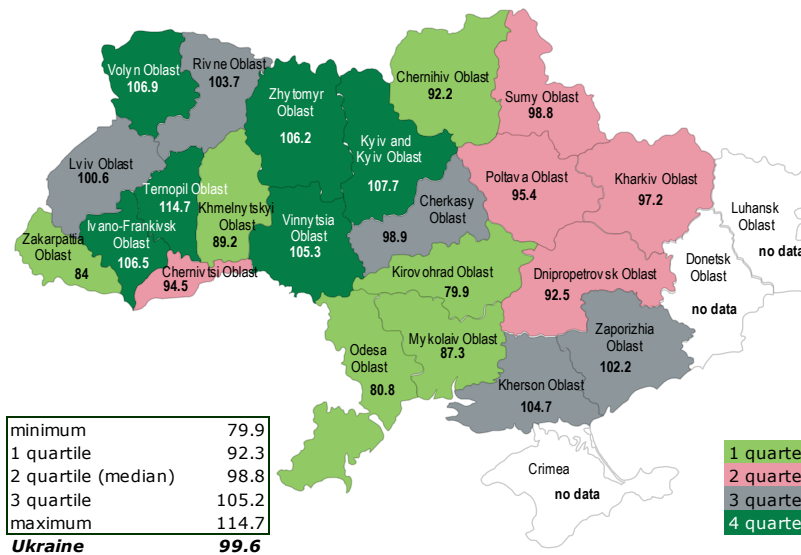
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% (as in the previous quarter). Across Ukraine, respondents assessed their current financial and economic standings as bad, with a balance of responses of (-3.2%).
- **Finished goods stocks were assessed at a level lower than the normal one:** the balance of responses was (-37.5%) compared with (-40.0%) in Q3 2020.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 20.0% (compared with 12.5% in Q3 2020).

Survey Details^{1,2}



- Period: 5 November through 26 November 2020.
- A total of 16 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 Regions³, %



³a 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 Mykolaiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	12.5	20.0	-37.5	-6.7	-12.5
Total sales	33.3	56.3	-31.3	6.3	0.0
Investment in construction	0.0	13.3	-43.8	-31.3	-13.3
Investment in machinery, equipment, and tools	17.6	33.3	-43.8	-18.8	-6.3
Staff numbers	-16.7	-6.3	-50.0	-26.7	-31.3

¹ This sample was generated in proportion to the contribution of each region 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

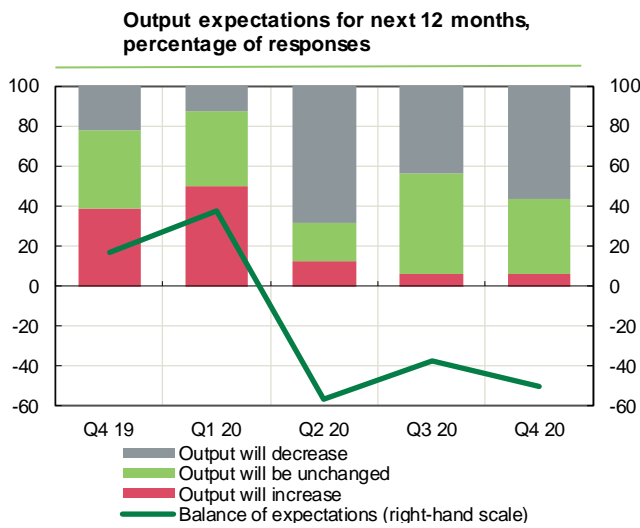


Figure 2

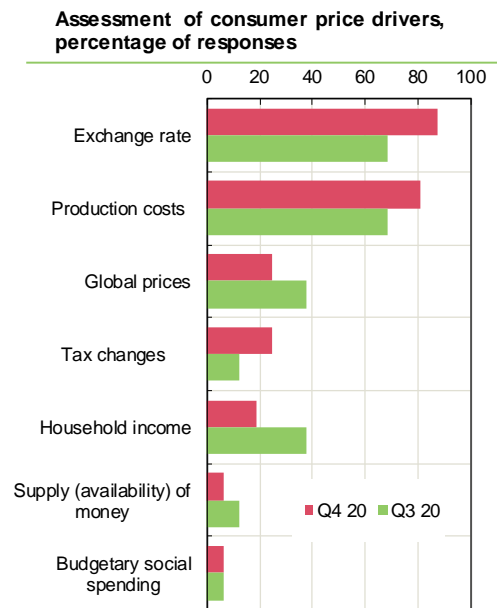


Figure 3

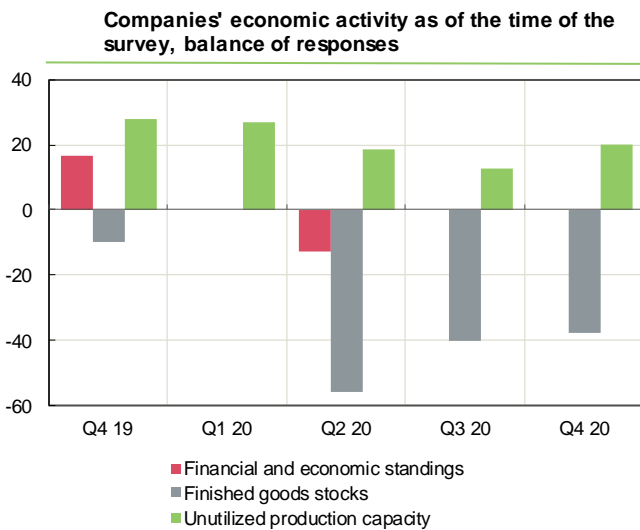


Figure 4



Figure 5

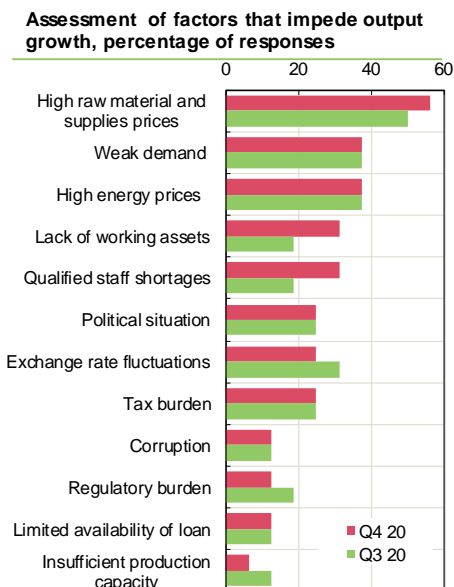


Figure 6

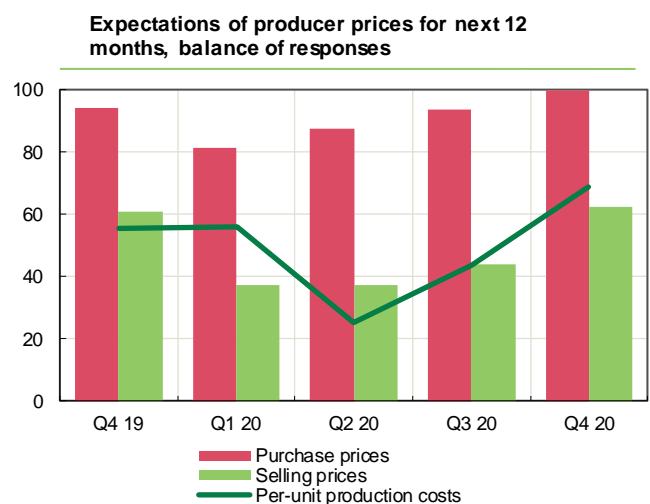


Figure 7

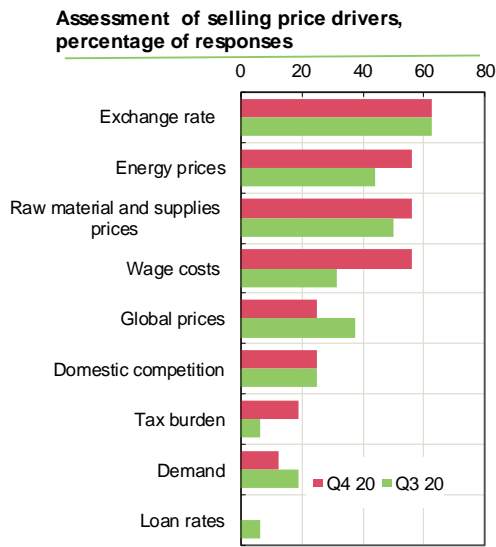


Figure 8

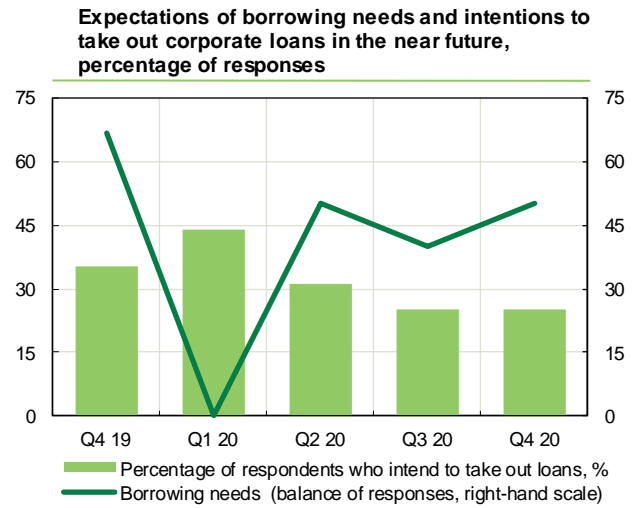


Figure 9

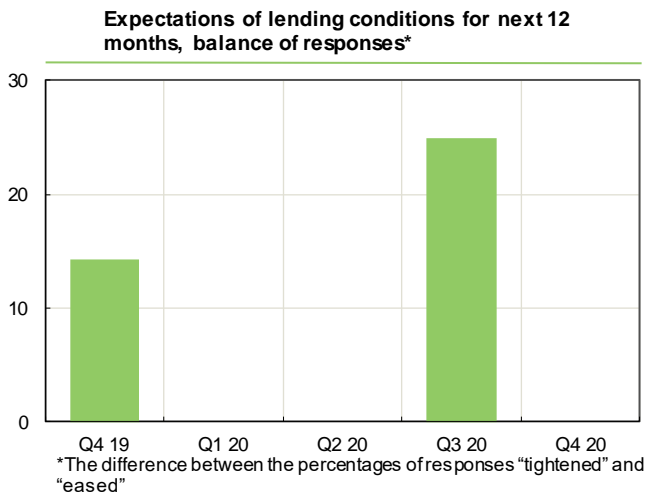


Figure 10

