



National Bank  
of Ukraine

# Business Outlook Survey of Mykolaiv Oblast\*

Q1 2021



\*This survey only reflects the opinions of respondents in Mykolaiv 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 **Mykolaiv oblast** in Q1 2021 showed that respondents still expected a drop in the output of Ukrainian goods and services over the next 12 months. The respondents were conservative in their assessments of their companies' performance over this period. Inflation and depreciation expectations were high.

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

- **the output of Ukrainian goods and services would drop at a noticeably slower pace:** the balance of expectations was (-6.3%), compared to (-50.0%) in Q4 2020 (Figure 1). Companies across Ukraine expected the output of Ukrainian goods and services would return to growth (the balance of responses was 5.6%)
- **prices for consumer goods and services would increase at a fast pace:** 68.8% of respondents (same as in the previous quarter) expected the inflation rate to be higher than 7.5%, compared to 50.7% 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:** 86.7% of the respondents (compared to 100.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 74.4%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0%, compared to (-12.5%) in the previous quarter (see Table). Companies across Ukraine expected their financial and economic standings to improve (12.7%)
- **total sales would increase significantly:** the balance of responses was 37.5% (compared to 0.0% in the previous quarter). This included expectations of a rise in external sales: the balance of responses was 40.0%, compared to (-33.3%) in Q4 2020. The balances of responses across Ukraine were 18.0% for total sales and 14.9% for external sales
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0%, compared to (-6.3%) in Q4 2020. **Investment in construction** will continue to decrease: the balance of responses was (-7.1%), compared to (-13.3%) in Q4 2020. Companies across Ukraine expected these investments would increase: the balances of responses were 1.4% and 11.7% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-6.3%), compared to (-31.3%) in Q4 2020 and (-1.9%) across Ukraine (Figure 4)
- **purchase and selling prices would rise** at a fast pace: the balances of responses were 87.5% and 62.5% respectively (in Q4 2020, the balances of responses were 100.0% and 62.5% respectively) (Figure 6). High energy prices and raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would decelerate:** the balances of responses were 40.0% and 68.8% respectively (compared to 68.8% and 87.5% in Q4 2020).

Respondents referred to excessively high raw material and supplies prices and energy prices as the **main drags on the ability of their companies to boost production**. Respondents said that the impact of insufficient production capacity had increased markedly compared to the previous quarter (Figure 5).

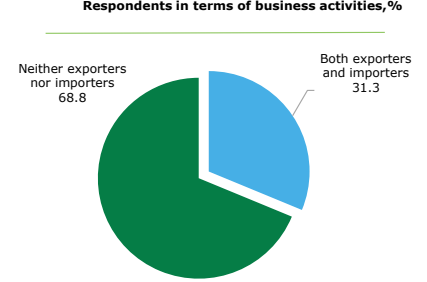
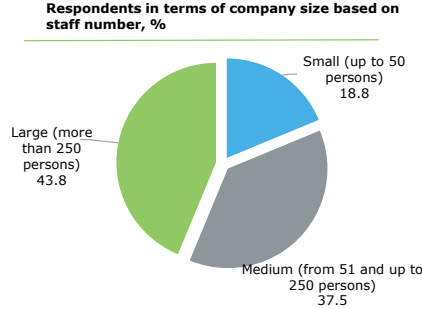
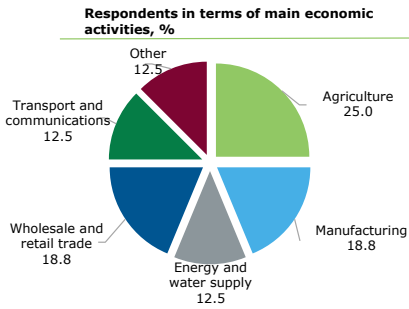
**Respondents expected a decrease in their borrowing needs** in the near future (Figure 8). The majority of the respondents who planned to take out bank loans (44.4%) opted for foreign currency loans. Respondents said that bank lending standards had tighten significantly (Figure 9). High loan rates were 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** (97.5% across Ukraine).

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

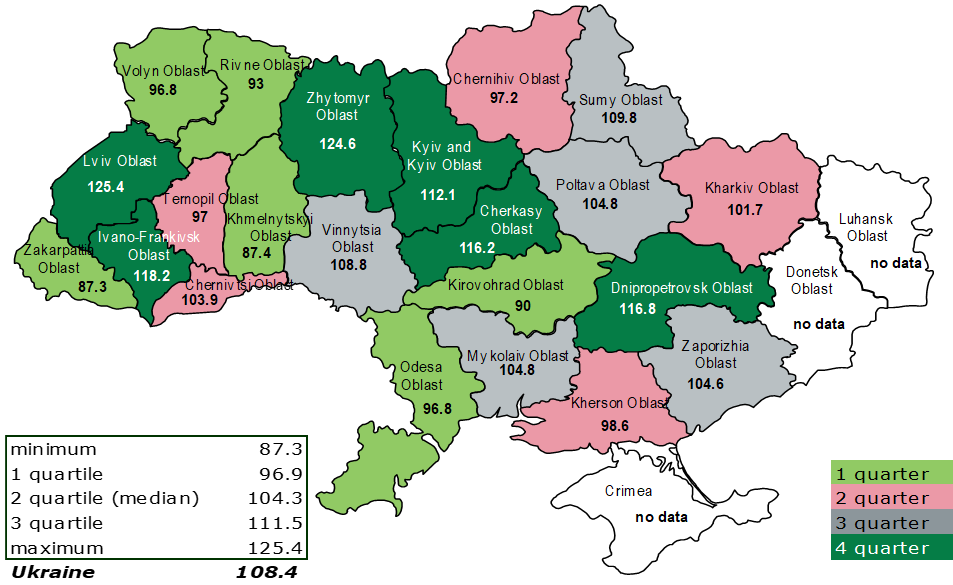
- **Companies assessed their current financial and economic standings as satisfactory** (such expectations have been reported for three quarters running): the balance of responses was 0.0%. Across Ukraine, respondents continued to assess their current financial and economic standings as bad, with a balance of responses of (-0.7%).
- **Finished goods stocks increased and were assessed as normal:** the balance of responses was 0.0%, compared to (-37.5%) in Q4 2020.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 21.4%, compared to 20.0% in Q4 2020.

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



- Period: 2 February through 26 February 2021.
- 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 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 Mykolaiv 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	20.0	-37.5	-6.7	-12.5	0.0
Total sales	56.3	-31.3	6.3	0.0	37.5
Investment in construction	13.3	-43.8	-31.3	-13.3	-7.1
Investment in machinery, equipment, and tools	33.3	-43.8	-18.8	-6.3	0.0
Staff numbers	-6.3	-50.0	-26.7	-31.3	-6.3

<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

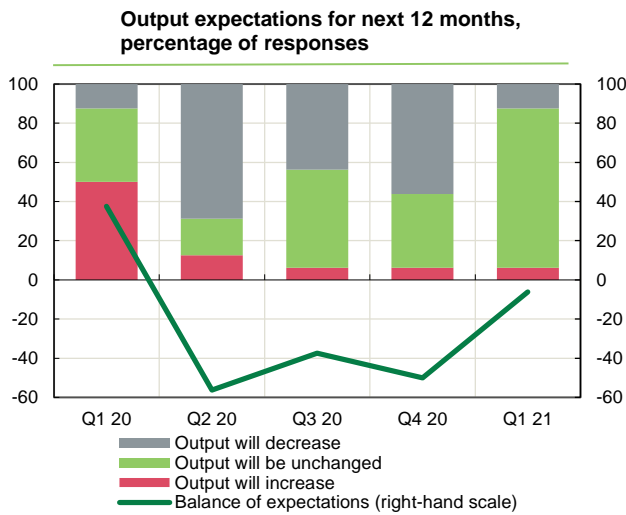


Figure 2

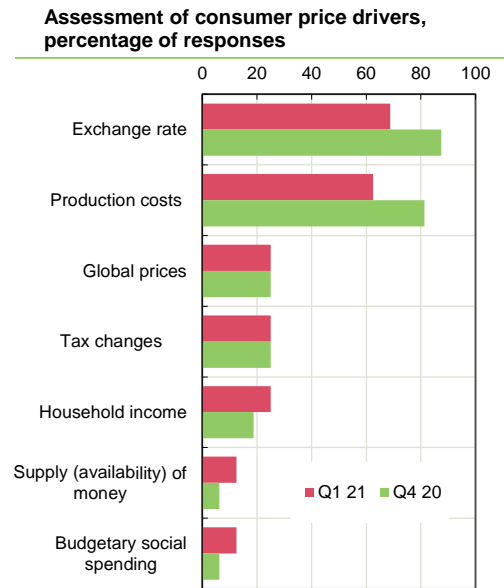


Figure 3

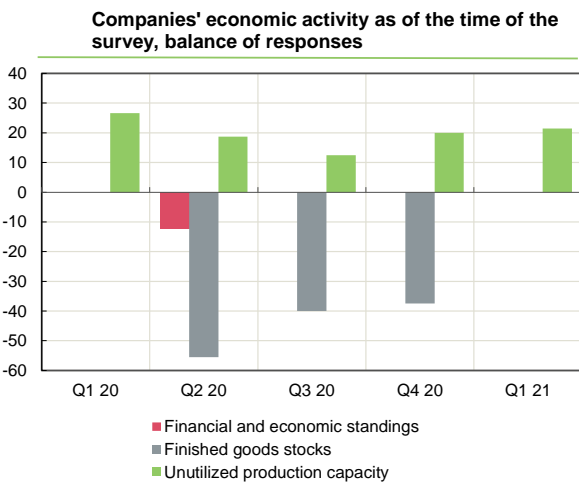


Figure 4

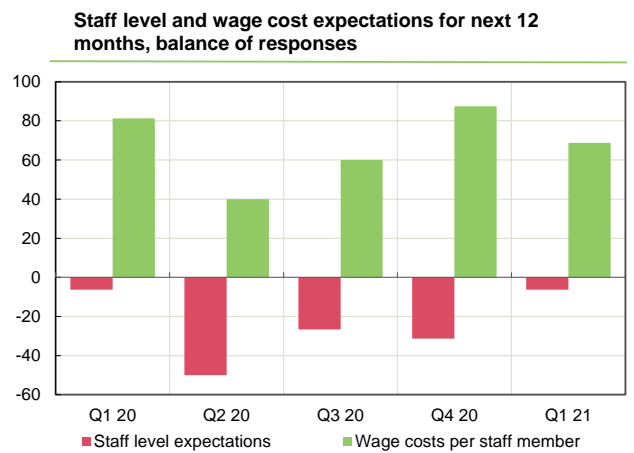


Figure 5

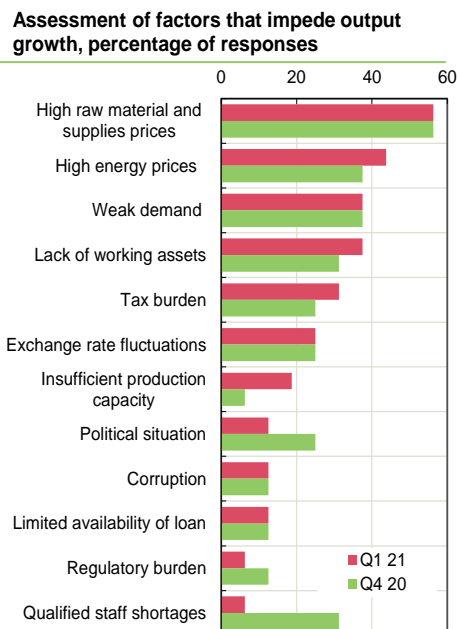


Figure 6

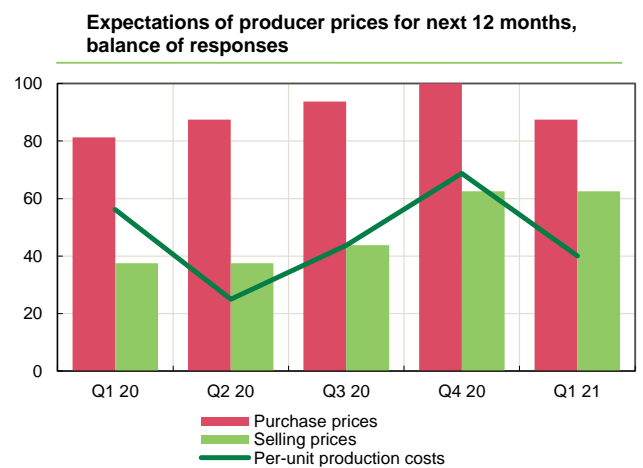


Figure 7

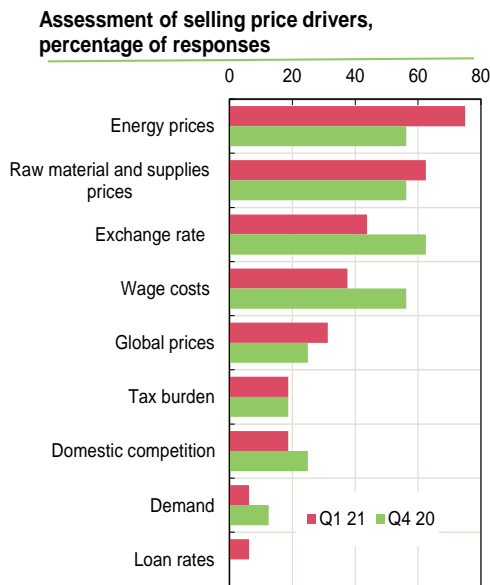


Figure 8

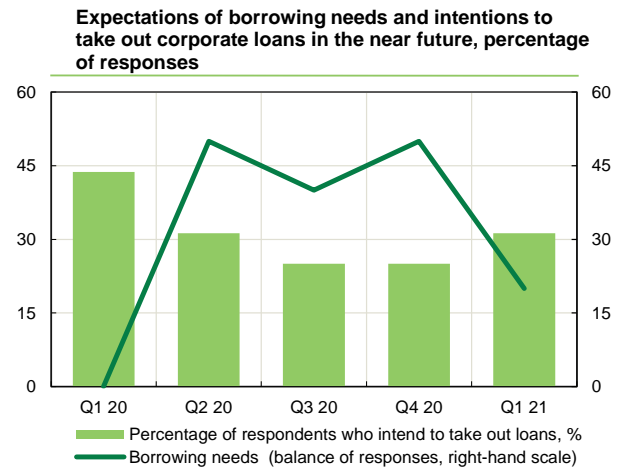


Figure 9

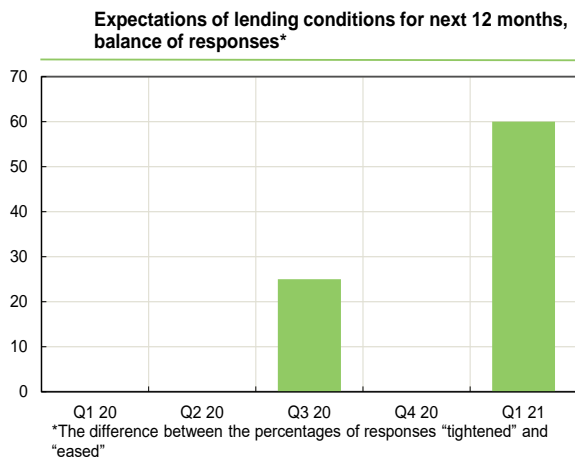


Figure 10

