



National Bank  
of Ukraine

# Business Outlook Survey of Odesa Oblast \*

Q4 2021



\*This survey only reflects the opinions of respondents in Odesa 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 Odesa oblast in Q4 2021 showed that respondents expected a decrease in the output of Ukrainian goods and services over the next 12 months. At the same time, respondents had positive expectations for the performance of their companies over this period. They also expected inflation to rise. Depreciation expectations became weaker.

#### Company managers said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-8.1%), compared to 13.2% in Q3 2021 (Figure 1). Respondents across Ukraine expected the output to increase (8.3%). Respondents from companies engaged in other economic activities reported the most pessimistic expectations – the balance of responses was (-50.0%). At the same time, respondents from transport and communications companies expected the output of goods and services to increase – the balance of responses was 30.0%
- **prices for consumer goods and services would continue to rise:** 59.5% of respondents said that price growth would be higher than 7.5%, compared to 60.5% in the previous quarter and 53.1% across Ukraine. Respondents continued to refer to production costs, global prices and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 67.6% of respondents (compared to 81.6% 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 at a slower pace:** the balance of expectations was 2.7% compared to 15.8% in the previous quarter and 9.7% across Ukraine (see Table). Respondents from transport and communications companies reported the most optimistic expectations (the balance of responses was 20.0%)
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to 23.7% in the previous quarter (see Table). At the same time, external sales were expected to increase more slowly: the balance of responses was 15.0%, compared to 32.0% in Q3 2021. Across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 14.3%, compared to 13.9% in Q3 2021. At the same time, respondents expected that **investment in construction would remain unchanged:** the balance of responses was 0.0% compared to 11.1% in the previous quarter. The balances of responses across Ukraine were 19.1% and 6.9% respectively
- **staff numbers would continue to decrease:** the balance of responses was (-13.5%), compared to (-13.5%) in Q3 2021. Companies across Ukraine expected that staff number would increase moderately (2.9%) (Figure 4)
- **purchase prices would rise at a faster pace** (the balance of responses was 89.2%) **than selling prices** (the balance of responses was 56.8%) (compared to 94.7% and 50.0% respectively in Q3 2021) (Figure 6). Respondents said that energy prices, raw material and supplies prices and wage costs were the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 61.1% and 67.6% respectively, compared to 57.0% and 60.5% in Q3 2021 (Figures 4 and 6).

Companies named high energy prices as the **main drag on their ability to boost production**. The impact of a lack of working assets and the unstable political situation was reported to be significant, and to have increased compared to the previous survey (Figure 5).

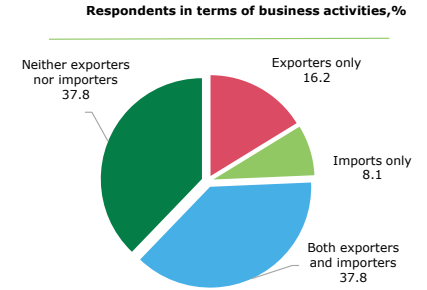
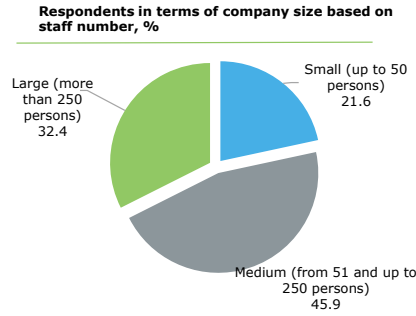
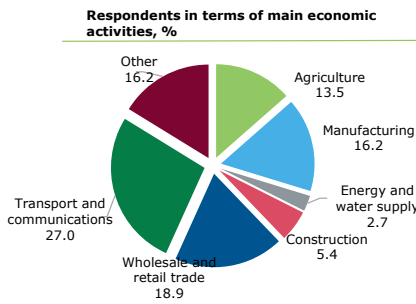
Respondents reported high expectations about **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents also referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

**A total of 97.2% of respondents** in the oblast 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)

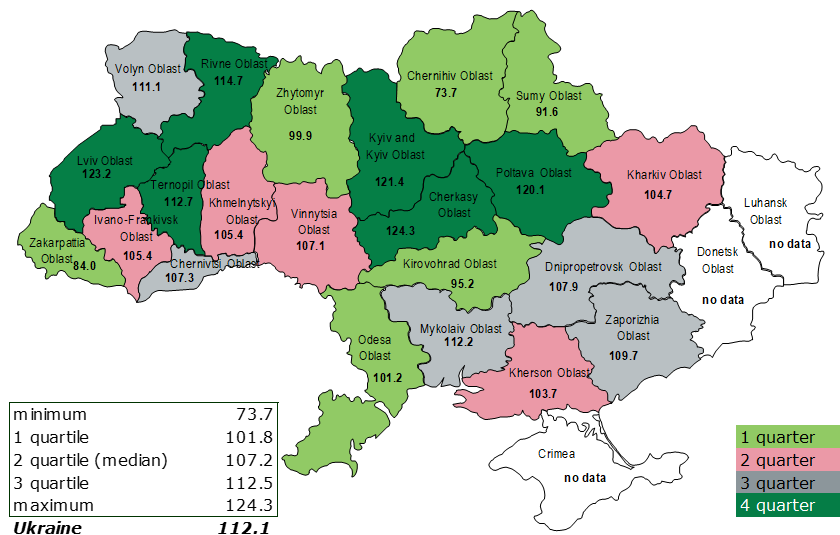
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, compared to 2.6% in Q3 2021. Companies across Ukraine assessed their financial and economic standings as good (7.6).
- **Finished goods stocks remained below their normal levels:** the balance of responses was (-26.7%), compared to (-12.5%) in Q3 2021.
- **Spare production capacity had decreased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-2.8%), compared to 2.9% in Q3 2021.

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



- Period: 3 November through 26 November 2021.
- A total of 37 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, trade, transport and communications, and other economic activities.

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

Table. The Business Outlook Index of Companies in Odessa 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              | -15.8                    | 5.4   | 17.1  | 15.8  | 2.7   |
| Total sales                                   | -28.2                    | 7.7   | 21.1  | 23.7  | 0.0   |
| Investment in construction                    | -11.1                    | -8.1  | -2.9  | 11.1  | 0.0   |
| Investment in machinery, equipment, and tools | 0.0                      | 2.6   | 8.1   | 13.9  | 14.3  |
| Staff numbers                                 | -41.0                    | -23.7 | -10.8 | -13.5 | -10.8 |

<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

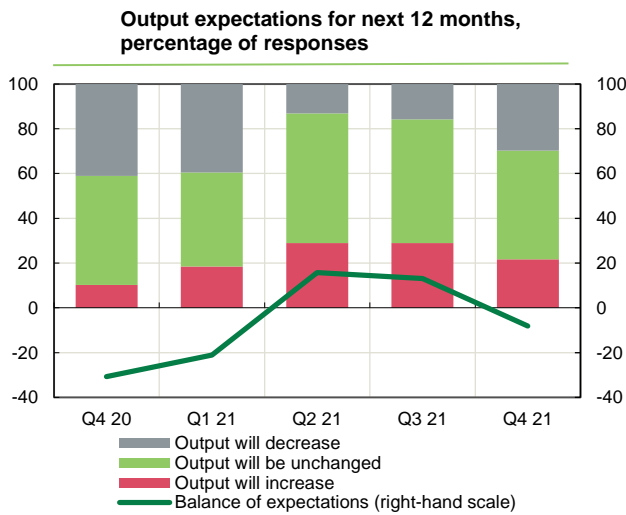


Figure 2

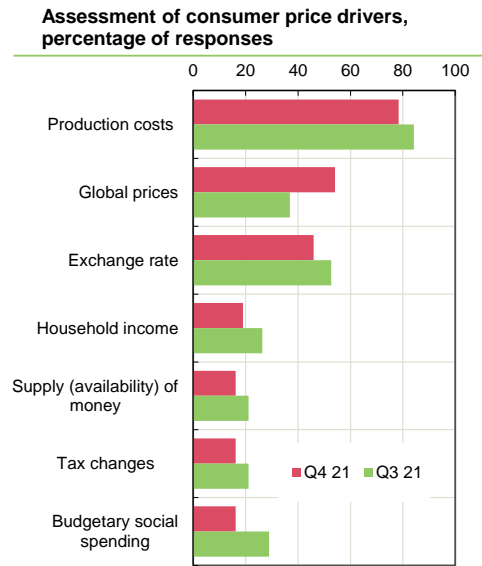


Figure 3

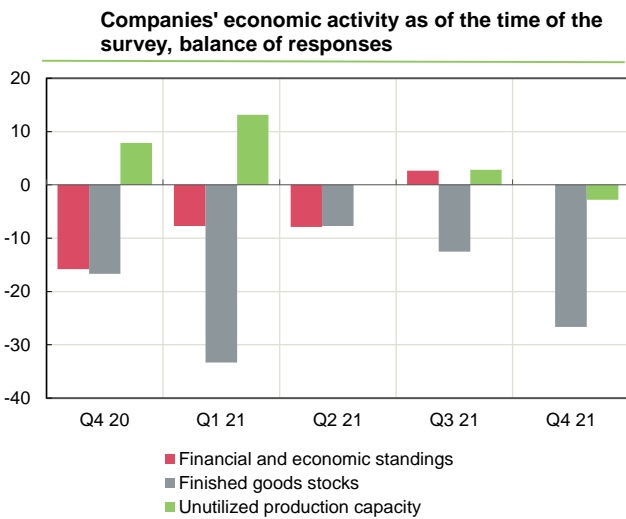


Figure 4

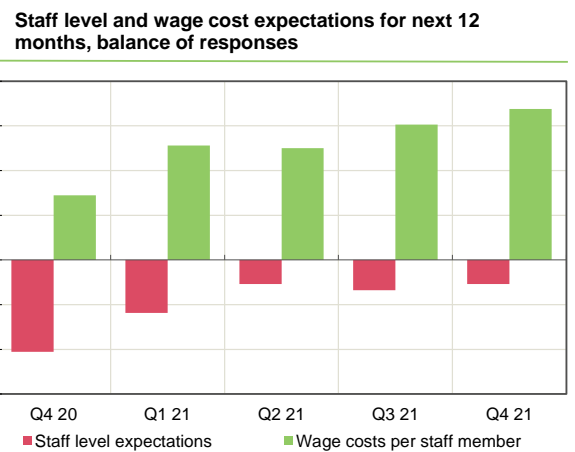


Figure 5

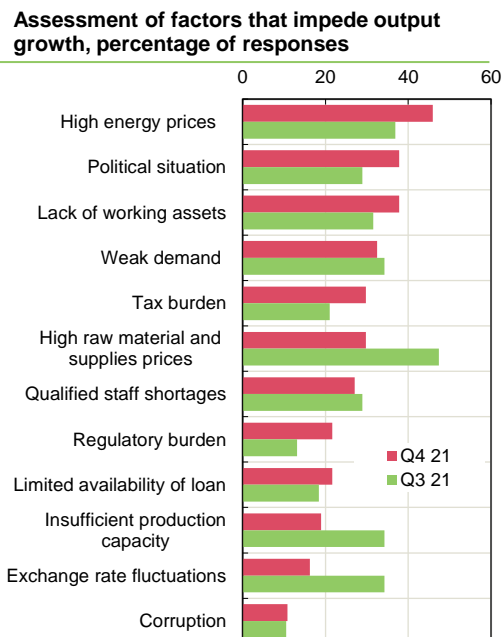


Figure 6

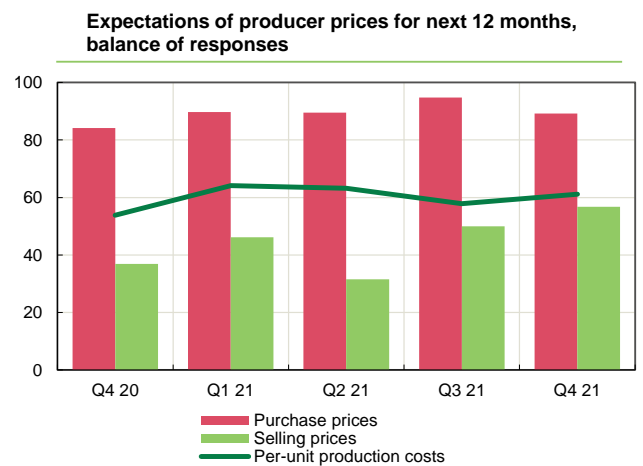


Figure 7

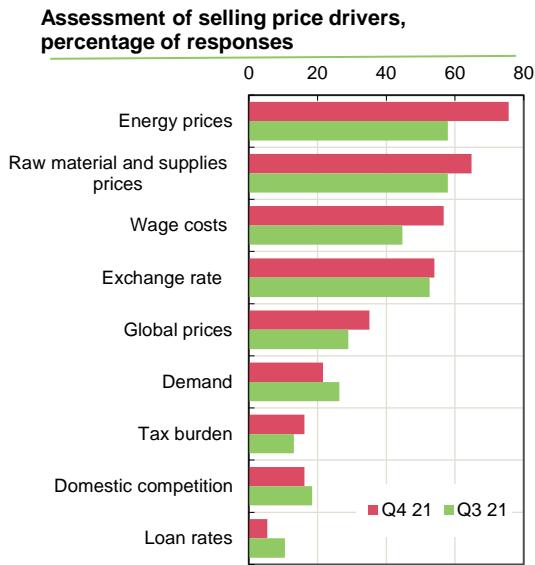


Figure 8

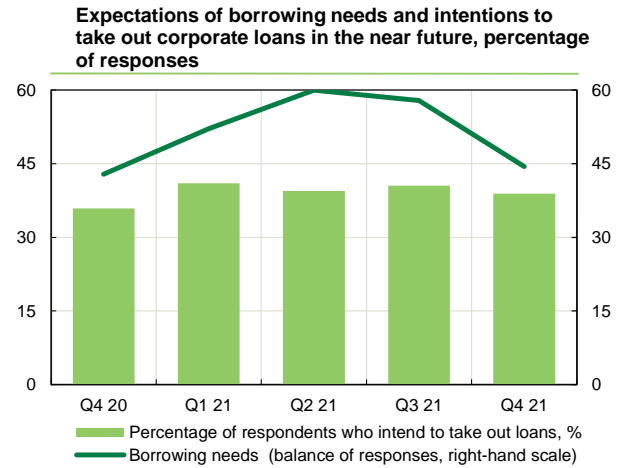


Figure 9

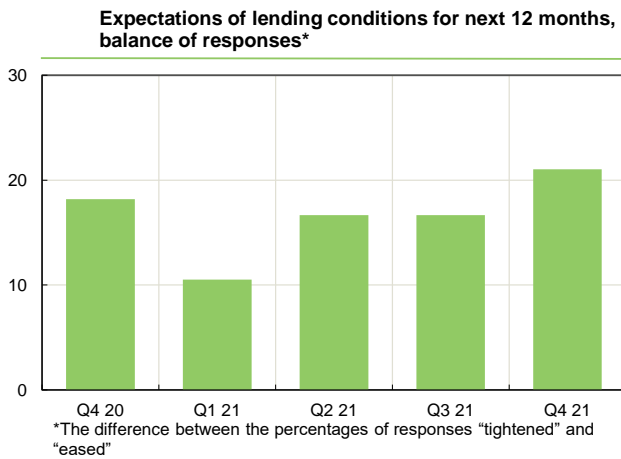


Figure 10

