



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in Q4 2020 showed that respondents expected a slower drop in the output of Ukrainian goods and services, and had moderate expectations for the 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** at a slower pace: the balance of expectations was (-14.6%) compared with (-22.0%) in Q3 2020 and (-24.4%) across Ukraine (Figure 1)
- **the growth in prices for consumer goods and services would accelerate:** 61.0% of respondents expected the inflation rate to be higher than 7.5% compared with 42.5% in the previous quarter and 50.8% across Ukraine. Respondents referred to production costs and the exchanger rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would continue to depreciate:** a total of 85.4% of respondents (compared with 70.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (compared with 2.5% in Q3 2020). Companies across Ukraine expected their financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales of their own products would increase moderately:** the balance of responses was 2.4% compared with 5.0% in the previous quarter (see Table). External sales were expected to decrease: the balance of responses was (-11.1%) compared with 23.5% in Q3 2020. Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 5.3% (compared to (-2.6%) in Q3 2020). **Investment in construction was expected to decrease:** the balance of response was (-10.5%) compared to 5.1% in the previous quarter. Across Ukraine, the balances of responses were 3.8% and (-4.5%) respectively
- **staff numbers at their companies would decrease** (such expectations have been reported for three quarters in a row): the balance of responses was (-20.0%) compared with (-17.1%) in Q3 2020 and (-9.9%) across Ukraine (Figure 4)
- **both purchase and selling prices would grow at a faster pace:** the balances of responses were 85.4% and 51.2%, respectively (compared with 82.9% and 43.9% in Q3 2020) (Figure 6). Respondents referred to raw material and supplies prices as the main selling price drivers (Figure 7)
- **per-unit production costs would increase** at a slower pace: the balance of responses was 50.0% compared with 62.5% in Q3 2020. At the same time, **the growth in wage costs per staff member was expected to accelerate significantly:** the balance of responses was 65.9% compared with 45.0% in Q3 2020 (Figures 4 and 6)

Respondents referred to weak demand, raw material, supplies and energy prices as **the main drags on the ability of their companies to boost production** (Figure 5).

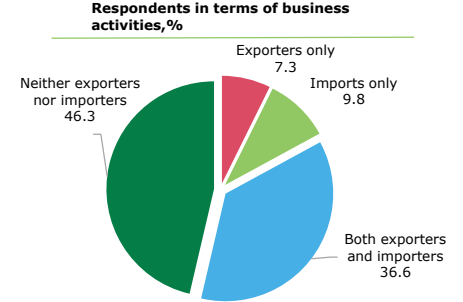
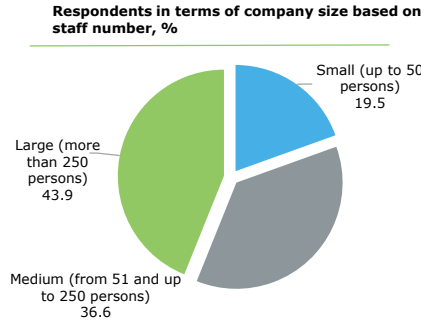
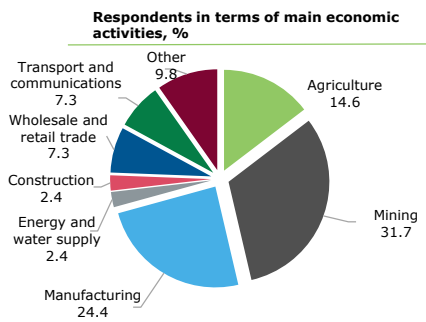
Respondents continued to expect **an increase in their borrowing needs** in the near future (Figure 8). 51.2% of the respondents planned to take out bank loans and usually opted for domestic currency loans. The percentage of respondents who said lending conditions had tightened increased compared to the previous quarter (Figure 9). Respondents continued to refer to high interest rates as the main factor that deterred them from taking out loans (Figure 10).

A total of 95.1% of 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)

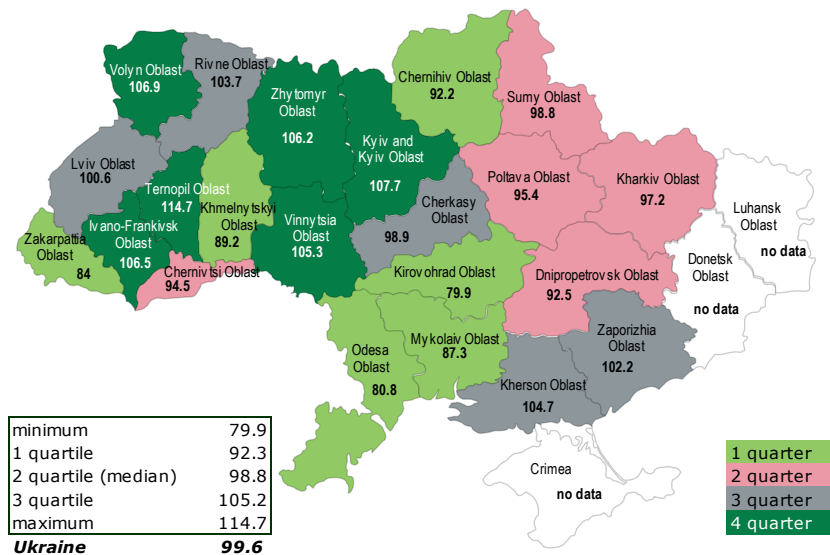
- **Companies have assessed their current financial and economic standings as bad** for three quarters in a row: the balance of responses was (-17.1%) (as in the previous quarter) and compared to (-3.2%) across Ukraine.
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-24.0%) compared with (-26.9%) in Q3 2020.
- **Companies in the region had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 12.2% compared with 14.6% in the previous quarter.

Survey Details^{1,2}



- Period: 5 November through 1 December 2020.
- A total of 41 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries and others economic activities.

Business Outlook Index for Next 12 Months in Terms of Regions³, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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 Poltava 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	8.8	2.8	-16.7	2.5	0.0
Total sales	13.9	10.3	-11.6	5.0	2.4
Investment in construction	3.0	5.4	-32.6	5.1	-10.5
Investment in machinery, equipment, and tools	15.2	16.2	-18.6	-2.6	5.3
Staff numbers	-8.3	2.6	-13.6	-17.1	-20.0

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

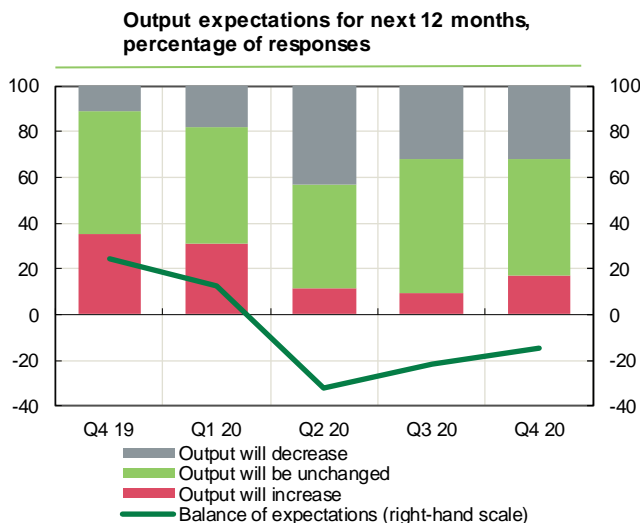


Figure 2

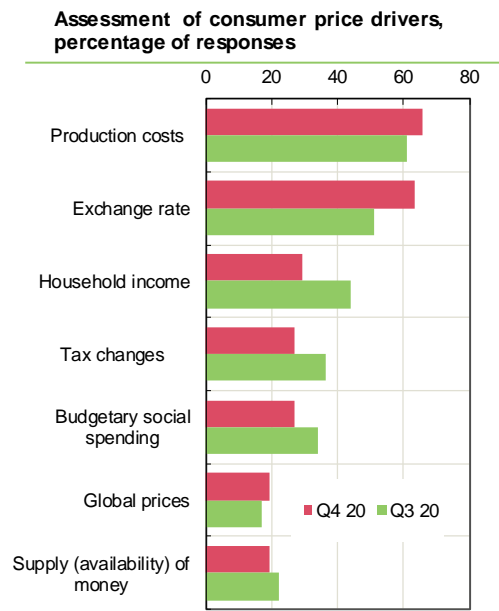


Figure 3

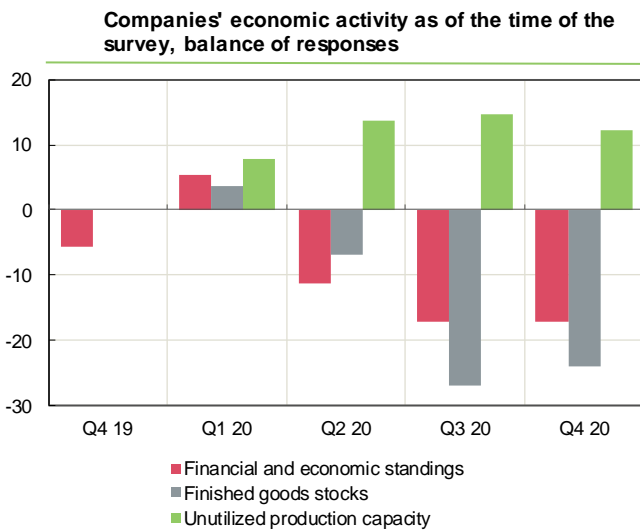


Figure 4

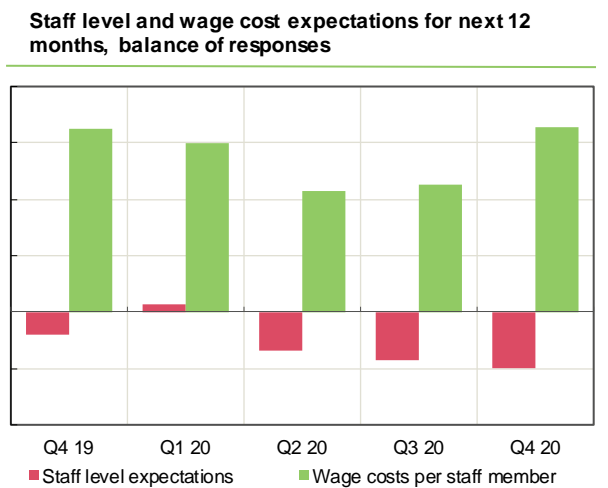


Figure 5

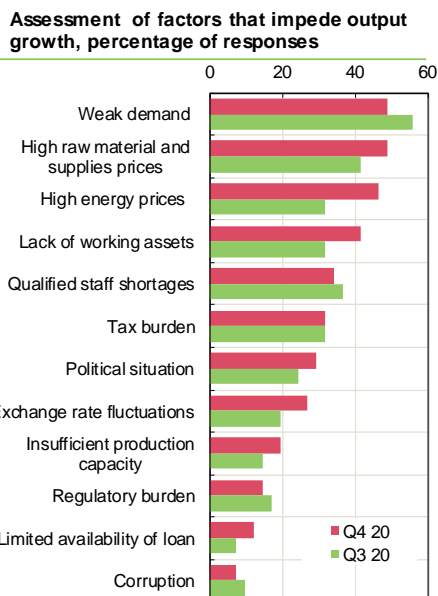


Figure 6

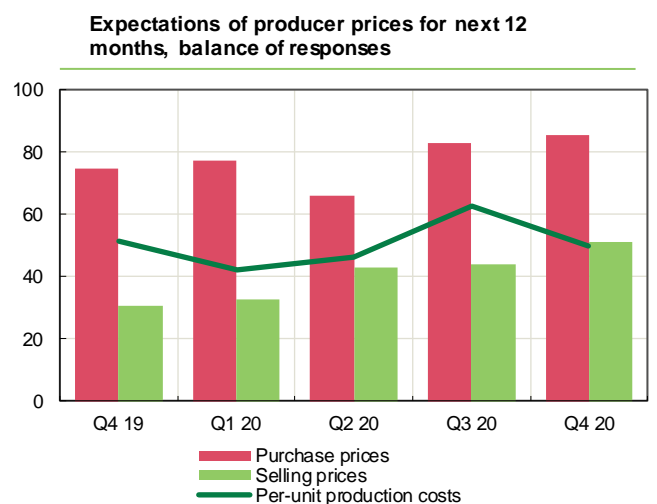


Figure 7

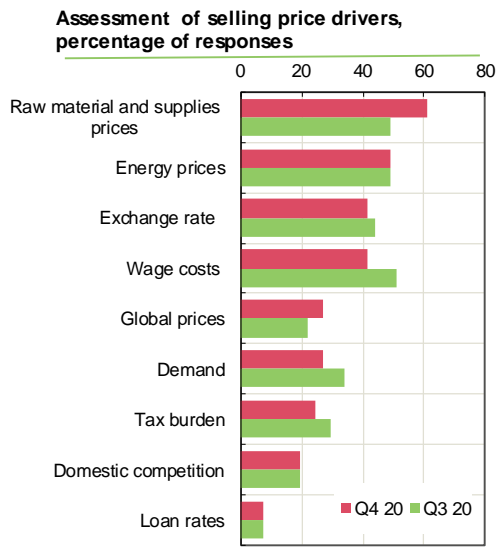


Figure 8

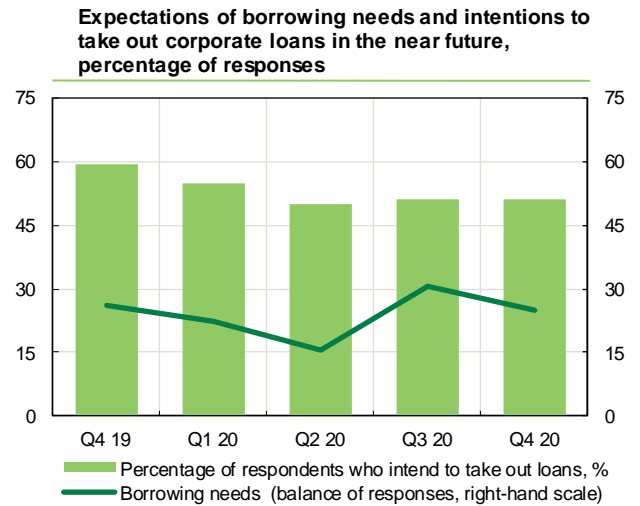


Figure 9

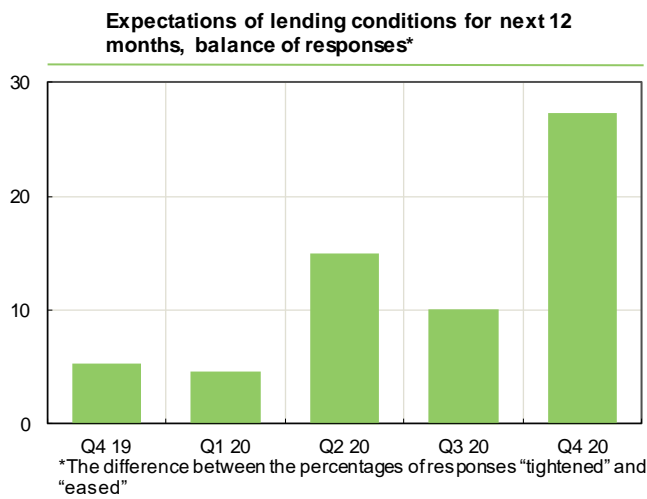


Figure 10

