



National Bank  
of Ukraine

## Business Outlook Survey of Poltava Oblast\*

Q3 2021



\*This survey only reflects the opinions of respondents in Poltava 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 Poltava oblast in Q3 2021 showed that respondents expected that the output of Ukrainian goods and services would grow, while also reporting optimistic expectations for the performance of their companies over the next 12 months. Inflation expectations remained high. The domestic currency was expected to depreciate more pronouncedly.

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

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 25.0% compared to 35.0% in Q2 2021 and 21.5% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow significantly:** 75.0% of respondents expected the inflation rate to be higher than 7.5% compared with 72.5% in the previous quarter and 53.1% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate more pronouncedly:** a total of 75.0% of respondents (compared to 60.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 13.2% (compared to 16.7% in Q2 2021). Across Ukraine, the balance of responses was 12.7% (see Table)
- **total sales would increase:** the balance of responses was 25.0% compared with 12.5% in the previous quarter (see Table). External sales were also expected to rise: the balance of responses was 20.0% compared to (-20.0%) in Q2 2021. Overall, across Ukraine, the balances of responses were 27.7% та 23.5% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 22.2% and 36.1% respectively (compared to (-14.3%) and 10.5% in Q2 2021). Across Ukraine, the balances of responses were 9.7% and 19.3% respectively
- **staff numbers at their companies would increase** (such expectations were reported for the first time since Q1 2020): the balance of responses was 12.8%, compared to (-2.6%) in Q2 2021. Companies across Ukraine expected that staff number would increase moderately 2.2% (Figure 4)
- **purchase prices would grow at a faster pace** (the balance of responses was 92.5%) **than selling prices** (the balance of responses was 56.4%) (compared to 85.0% and 50.0% respectively in Q2 2021) (Figure 6). Respondents referred to energy, raw material, supplies prices and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 38.5% compared to 44.7% in Q2 2021. At the same time, **wage costs per staff member were expected to increase at a faster pace:** the balance of responses was 47.5% compared to 31.6% in Q2 2021 (Figures 6 and 4)

Respondents referred to high energy, raw material, supplies prices and a lack of working assets (the impact of this factor was reported to have increased compared to the previous survey) as **the main drags on the ability of their companies to boost production** (Figure 5).

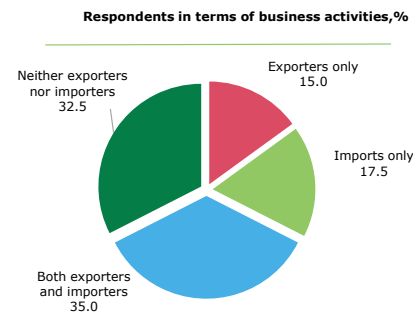
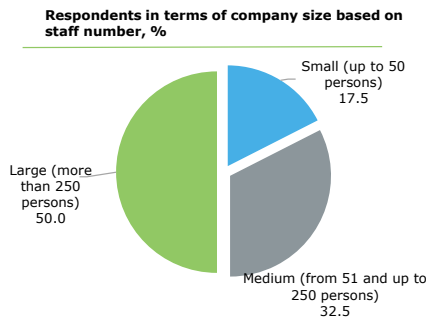
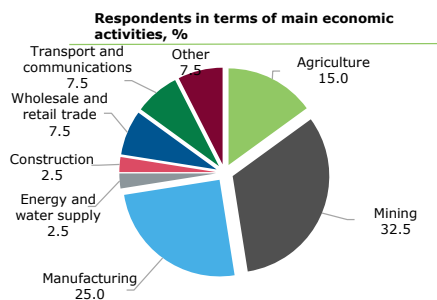
Respondents reported significantly weaker expectations of an increase in their borrowing needs in the near future (Figure 8). 32.5% of the respondents planned to take out bank loans and usually opted for domestic currency ones. Lending conditions have eased (Figure 9). Respondents continued to refer to high interest rates as the main factor deterring them from taking out loans (Figure 10).

A total of 92.5% of 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)**

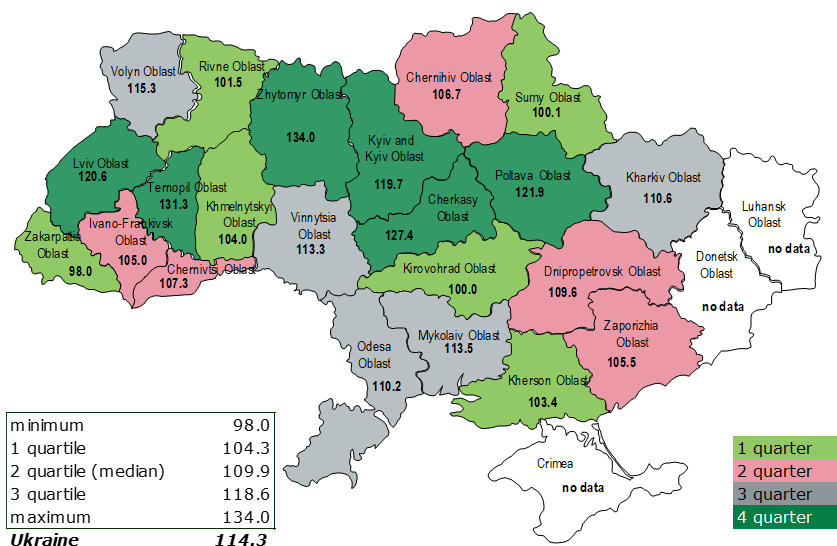
- **Companies had assessed their current financial and economic standings as bad** for six quarters in a row: the balance of responses was (-5.1%) ((-15.8%) in the previous quarter). Companies across Ukraine assessed their current financial and economic standings as good – 7.0%.
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-19.2%) compared to (-25.0%) in Q2 2021.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, as in the previous quarter.

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



- Period: 3 August through 1 September 2021.
- A total of 40 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, the mining and manufacturing industries.

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 Poltava 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	2.5	0.0	13.2	16.7	13.2
Total sales	5.0	2.4	5.0	12.5	25.0
Investment in construction	5.1	-10.5	0.0	-14.3	22.2
Investment in machinery, equipment, and tools	-2.6	5.3	11.1	10.5	36.1
Staff numbers	-17.1	-20.0	-5.1	-2.6	12.8

<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

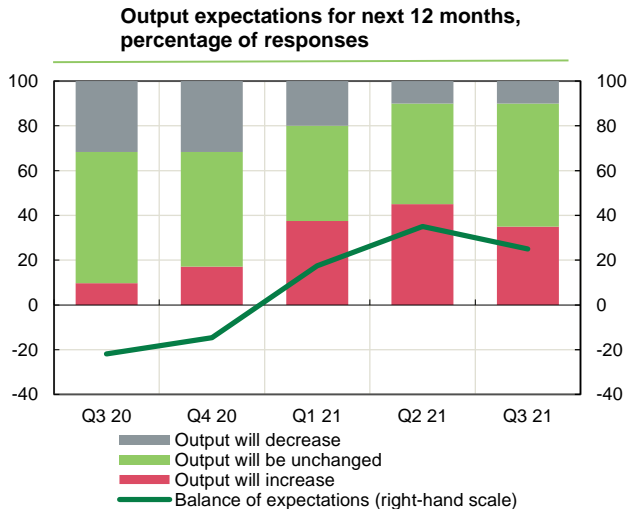


Figure 2

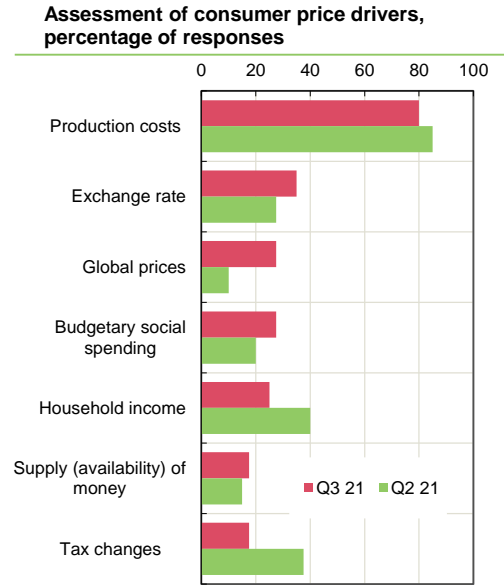


Figure 3

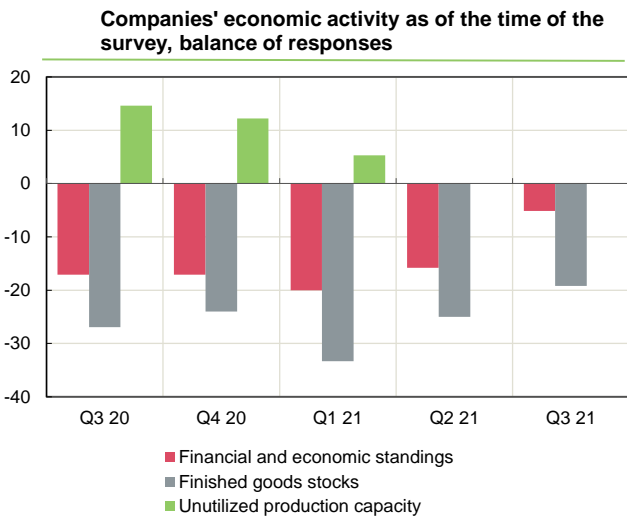


Figure 4

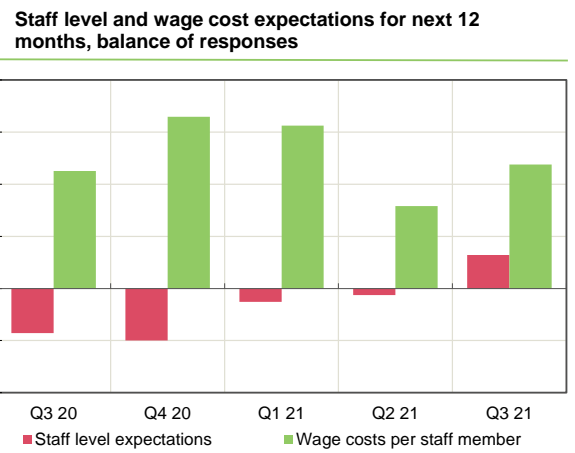


Figure 5

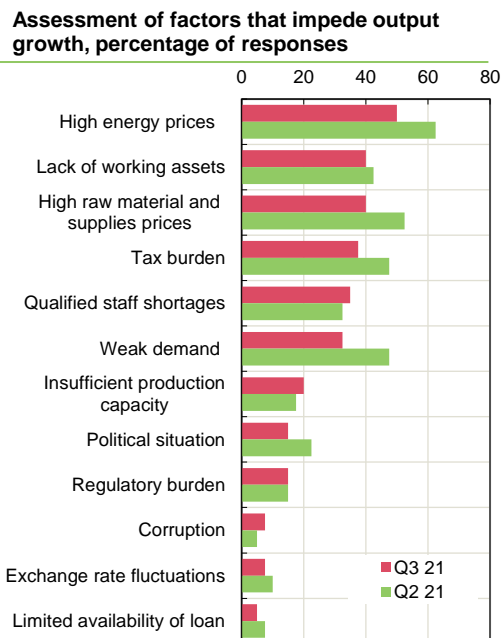


Figure 6

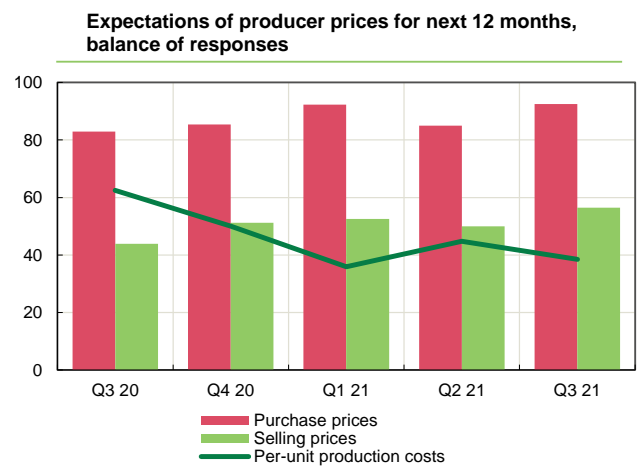


Figure 7

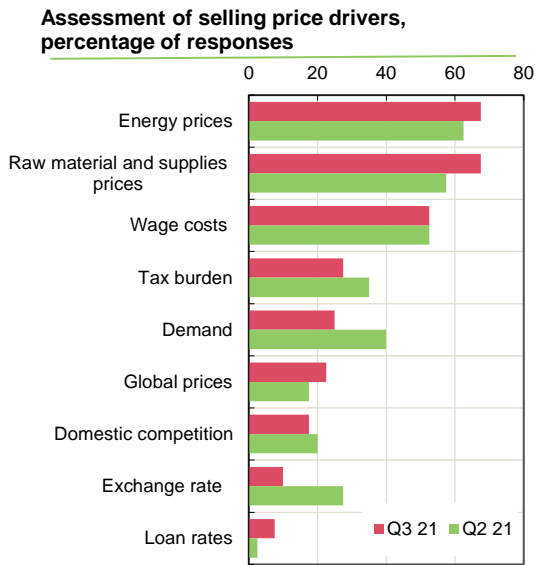


Figure 8

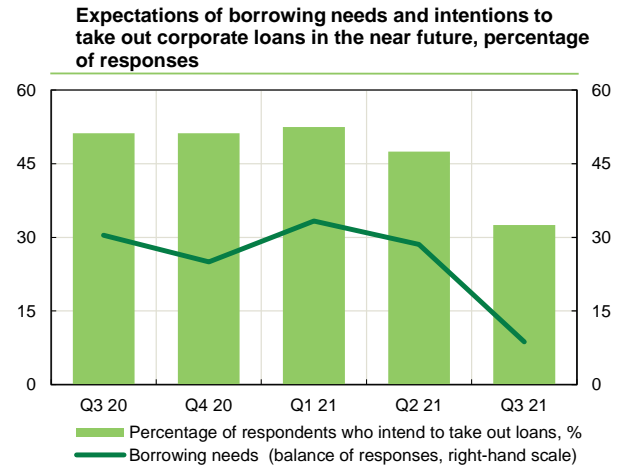


Figure 9

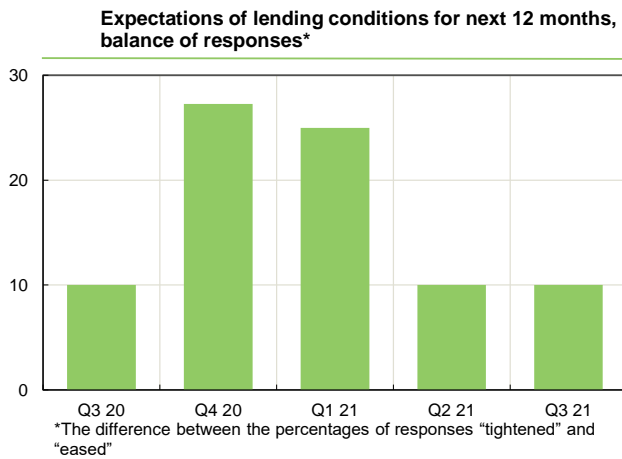


Figure 10

