



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Poltava 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 Poltava oblast in Q4 2021 showed that respondents expected that the output of Ukrainian goods and services would grow. Respondents also reported optimistic expectations for the performance of their companies over the next 12 months. Inflation and depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would increase at a slower pace:** the balance of expectations was 14.6% compared to 25.0% in Q3 2021 and 8.3% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow significantly:** 78.0% of respondents expected the inflation rate to be higher than 7.5% compared to 75.0% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate further:** 68.3% of respondents (compared to 75.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 10.0% (compared to 13.2% in Q3 2021). Across Ukraine, the balance of responses was 9.7% (see Table)
- **total sales would increase:** the balance of responses was 29.3% compared to 25.0% in the previous quarter (see Table). External sales were also expected to rise: the balance of responses was 36.8% compared to 20.0% in Q3 2021. Overall, across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 22.2% and 26.3% respectively (compared to 22.2% and 36.1% in Q3 2021). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers at their companies would increase:** the balance of responses was 12.8%, as in Q3 2021. Companies across Ukraine expected that staff numbers would increase moderately 2.9% (Figure 4)
- **purchase prices would grow at a faster pace** (the balance of responses was 90.2%) **than selling prices** (the balance of responses was 53.7%) (compared to 92.5% and 56.4% respectively in Q3 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 and wage costs per staff member would grow at a significantly faster pace:** the balances of responses were 74.4% and 65.9% respectively (compared to 38.5% and 47.5% in Q3 2021) (Figures 6 and 4)

Respondents referred to high energy prices, a lack of working assets and qualified staff shortages (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).

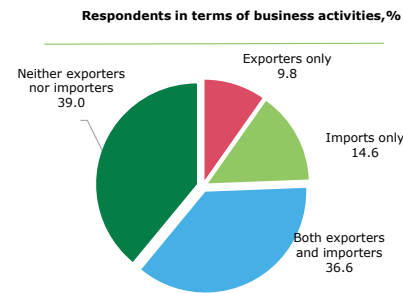
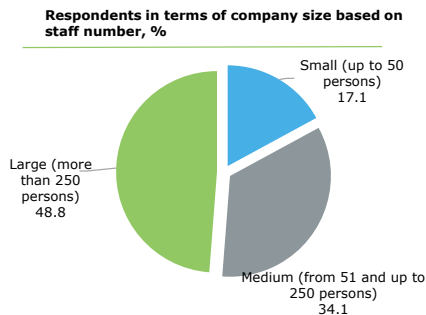
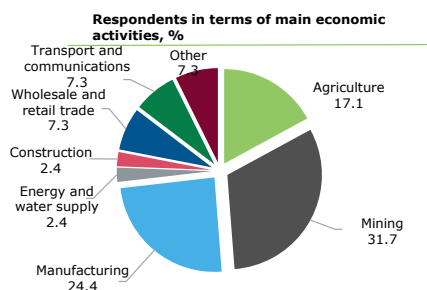
Respondents reported significantly higher expectations of an increase in their borrowing needs in the near future (Figure 8). 41.5% of respondents planned to take out bank loans and usually opted for domestic currency ones. The assessments of tightness of lending conditions became lower (Figure 9). Respondents continued to refer to high interest rates as the main factor deterring them from taking out loans (Figure 10).

A total of 97.6% of respondents 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)

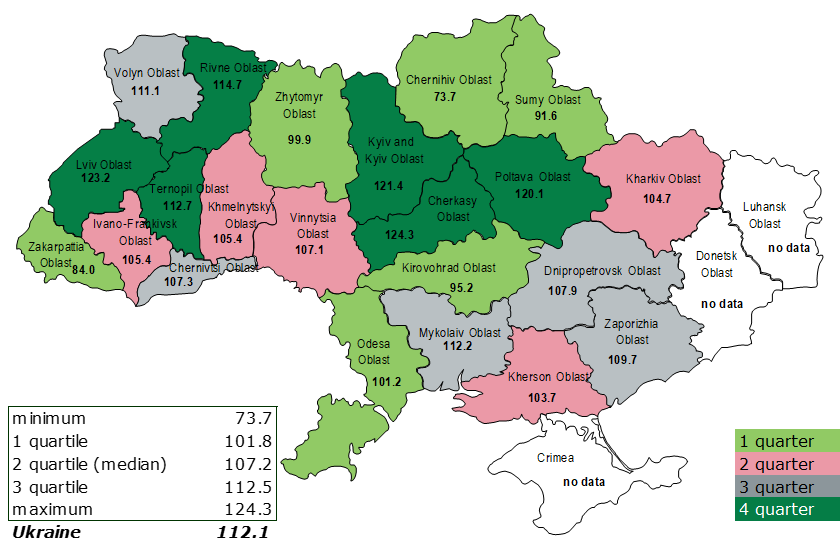
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% (compared to (-5.1%) in the previous quarter). Companies across Ukraine assessed their current financial and economic standings as good (7.6%).
- **Finished goods stocks remained at a level lower than the normal one:** the balance of responses was (-4.0%) compared to (-19.2%) in Q3 2021.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-9.8%) compared to 0.0% in the previous quarter.

Survey Details^{1,2}



- Period: 2 November through 30 November 2021.
- A total of 41 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the mining and manufacturing industries.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



*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 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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	0.0	13.2	16.7	13.2	10.0
Total sales	2.4	5.0	12.5	25.0	29.3
Investment in construction	-10.5	0.0	-14.3	22.2	22.2
Investment in machinery, equipment, and tools	5.3	11.1	10.5	36.1	26.3
Staff numbers	-20.0	-5.1	-2.6	12.8	12.8

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

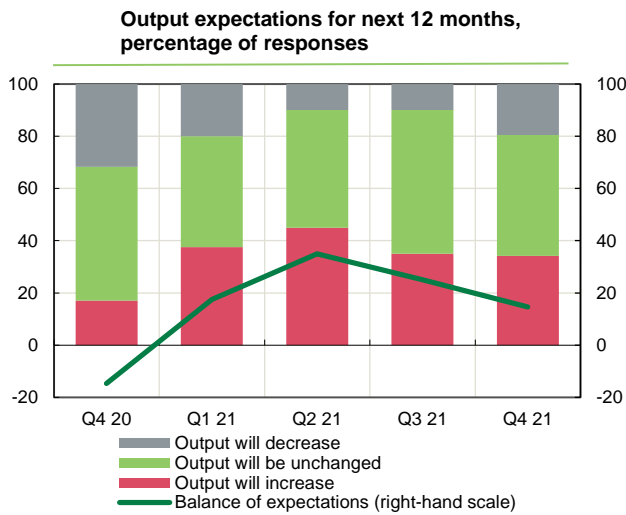


Figure 2

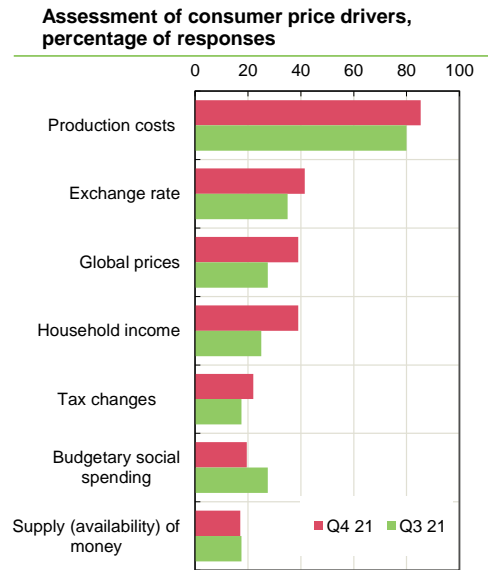


Figure 3

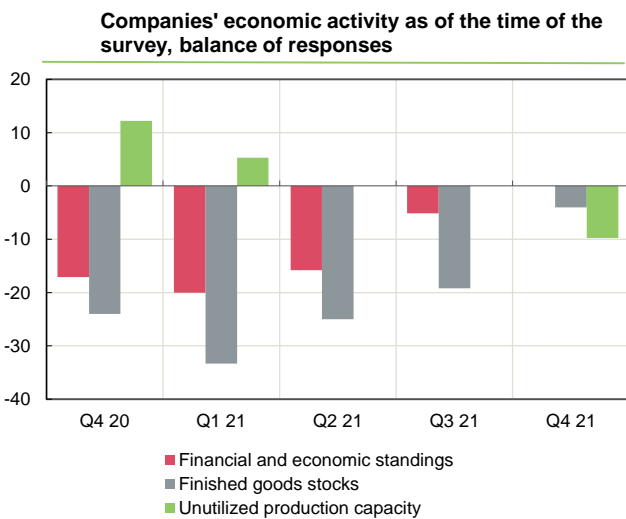


Figure 4

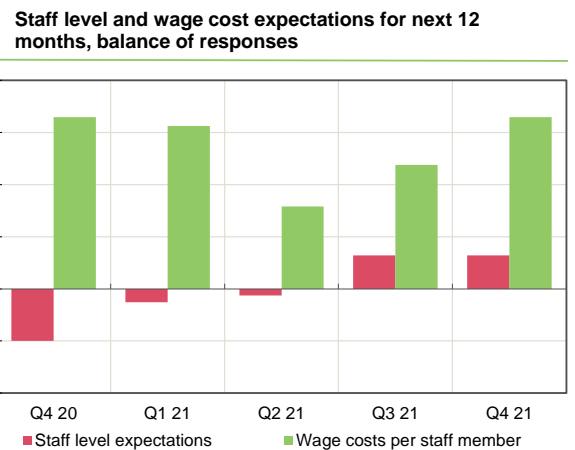


Figure 5

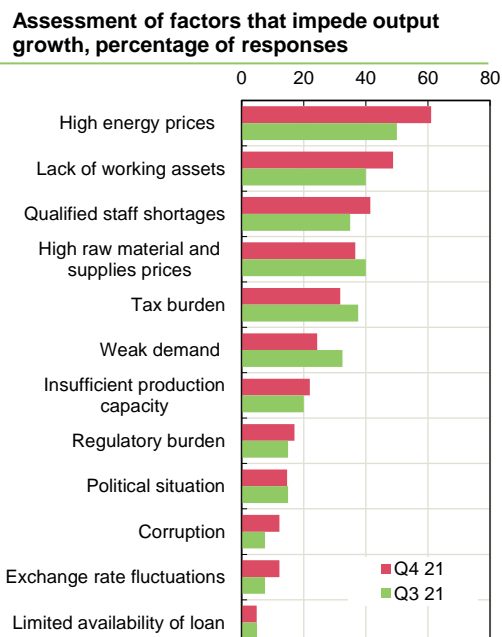


Figure 6

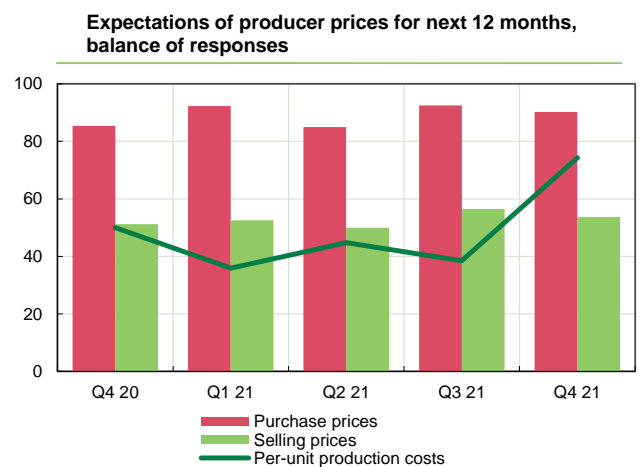


Figure 7

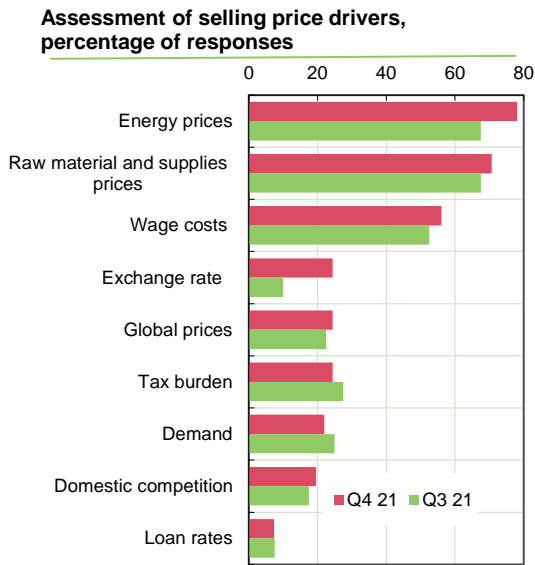


Figure 8

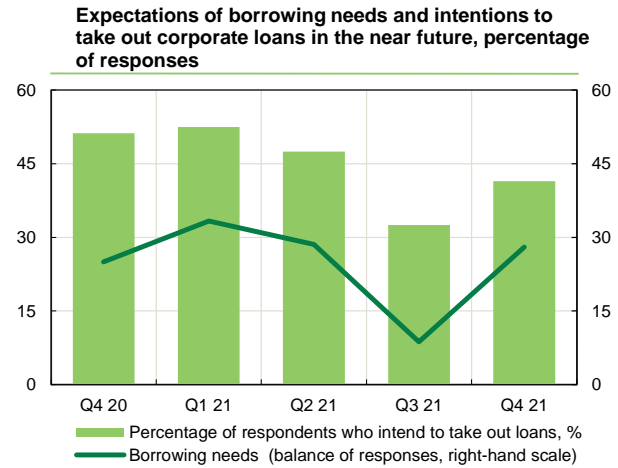


Figure 9

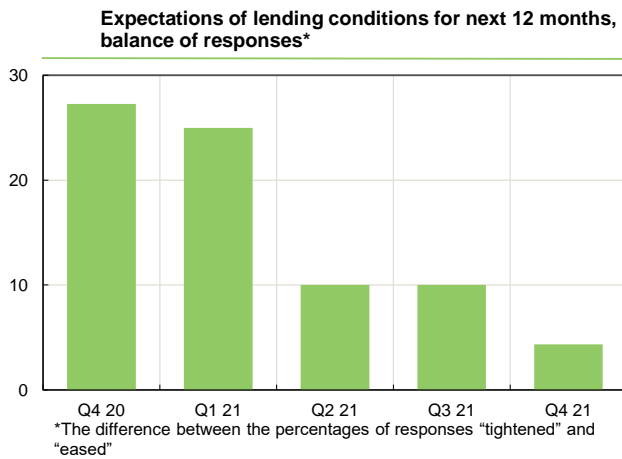


Figure 10

