



National Bank
of Ukraine

Business Outlook Survey of Sumy Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Sumy oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Sumy oblast** in **Q2 2021** showed that respondents expected that economic growth in Ukraine would remain at the current level. They also had positive expectations for the performance of their companies over the next 12 months. Inflation and depreciation expectations weakened.

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

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was 0.0% compared to 35.7% in Q1 2021 (Figure 1). Respondents across Ukraine expected that output would increase, the balance of responses was 15.9%
- **the growth in prices for consumer goods and services would decelerate:** 61.5% of respondents expected the inflation rate to be lower than 7.5% (compared to 28.6% in the previous quarter and 54.2% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 50.0% of respondents (compared with 64.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 63.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 25.0% compared with 42.9% in Q1 2021 and 18.3% across Ukraine (see Table)
- **total sales would grow:** the balance of responses was 30.8% (compared with 21.4% in the previous quarter) (see Table). Respondents also expected growth in external sales, but at a slower pace: the balance of responses was 16.7% (compared with 50.0% in Q1 2021). Across Ukraine, the balances of responses were 21.0% for each
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 36.4% (compared to 14.3% in Q1 2021). At the same time, **investment in construction was expected to remain unchanged:** the balance of responses was 0.0% compared to (-15.4%) in Q1 2021. Overall, companies across Ukraine expected that investment would increase, the balances of responses were 16.9% and 6.4% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% (compared to (-14.3%) in the previous quarter). Across Ukraine, staff numbers were expected to decrease slightly, the balance of responses being (-1.0%) (Figure 4)
- **purchase prices would rise at faster pace than selling prices:** the balances of responses were 92.3% and 38.5% respectively (compared with 85.7% and 57.1% in Q1 2021) (Figure 6). Raw materials and supplies prices and weak demand (the impact of this driver was reported to have increased noticeably) were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 66.7% for each (compared with 61.5% and 64.3% respectively in Q1 2021) (Figure 4 and 6).

Companies named high raw material and supplies prices, the tax burden and weak demand as the **main drags on their ability to boost production** (Figure 5).

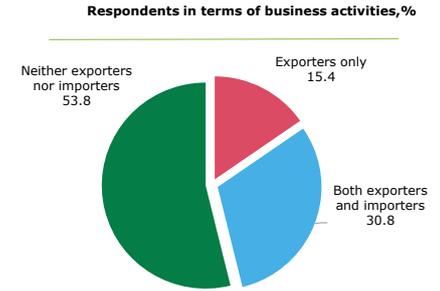
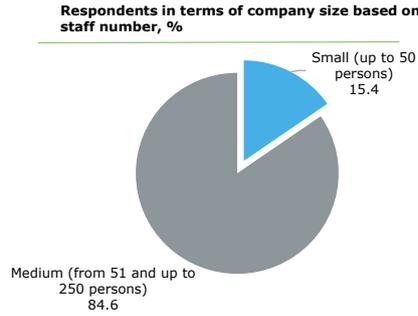
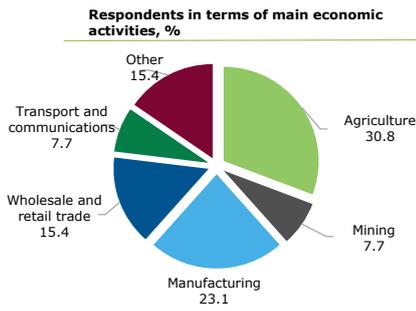
Respondents said that their **borrowing needs would remain unchanged** in the near future (such expectations have been reported three quarters in a row) (Figure 8). As in previous quarters, the respondents who planned to take out corporate loans opted only for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Other funding sources were cited as the main deterrent to taking out corporate 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)

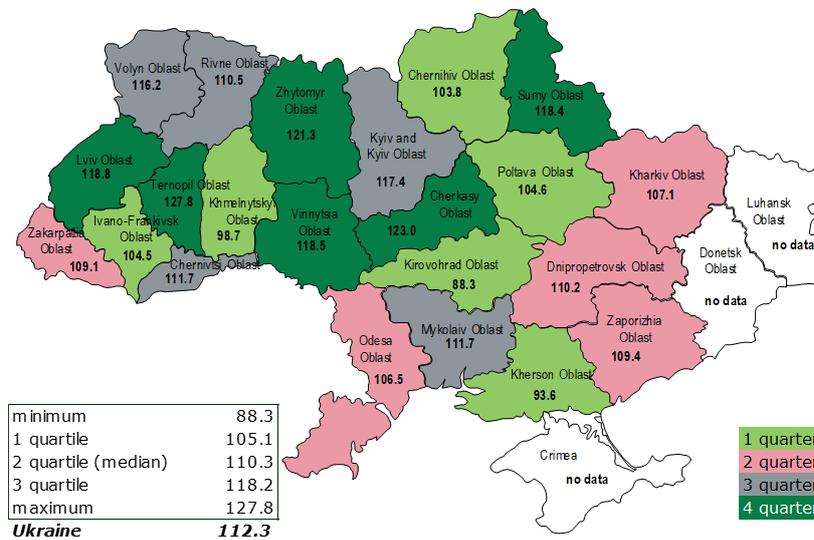
- **The current financial and economic standings of companies had improved significantly and were assessed as good:** the balance of responses was 7.7% compared with (-21.4%) in the previous quarter and 6.0% across Ukraine.
- **Respondents' finished goods stocks had decreased and were assessed at a level lower than the normal one:** the balance of responses was (-20.0%) compared with (-10.0%) in Q1 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.7% compared with 15.4% in Q1 2021.

Survey Details^{1,2}



- Period: 12 May through 31 May 2021.
- A total of 13 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 Oblasts³, %



³a 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 Sumy Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	14.3	30.8	15.4	42.9	25.0
Total sales	7.1	28.6	21.4	21.4	30.8
Investment in construction	-42.9	-7.1	-28.6	-15.4	0.0
Investment in machinery, equipment, and tools	-14.3	0.0	-7.1	14.3	36.4
Staff numbers	-28.6	-7.1	-7.1	-14.3	0.0

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

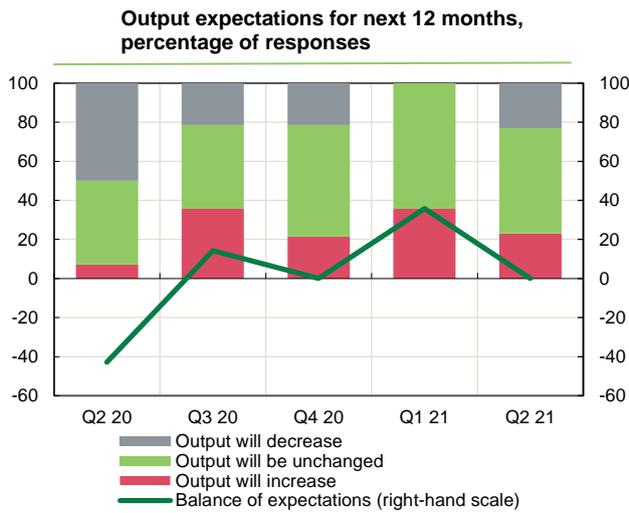


Figure 2

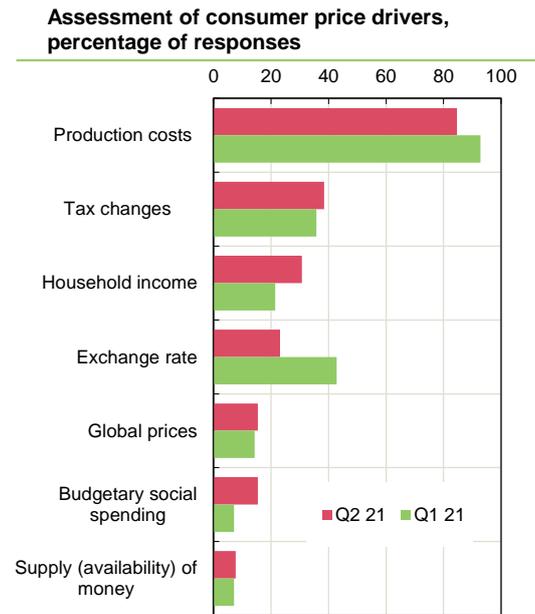


Figure 3

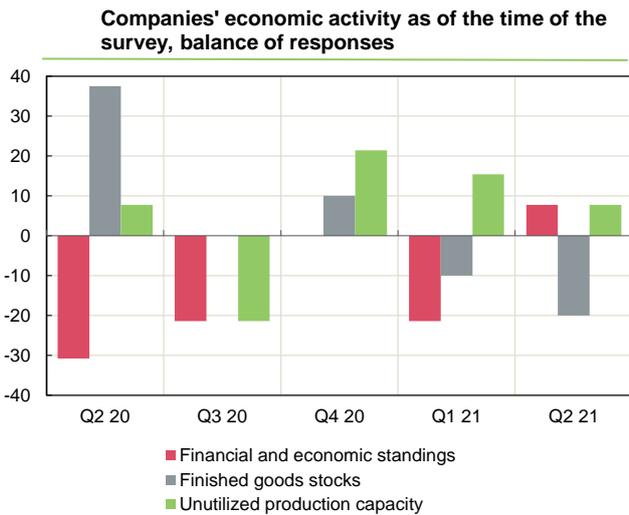


Figure 4

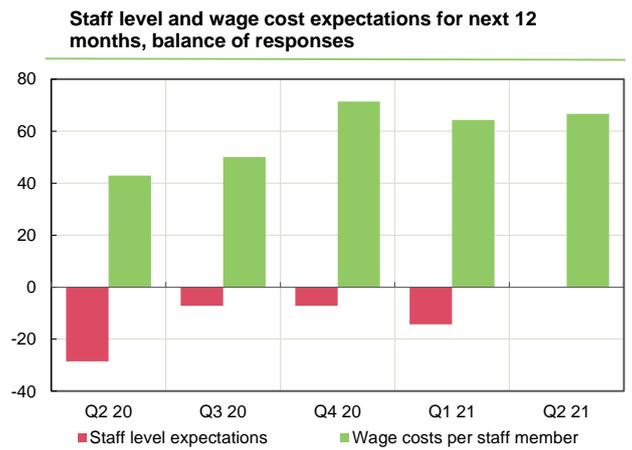


Figure 5

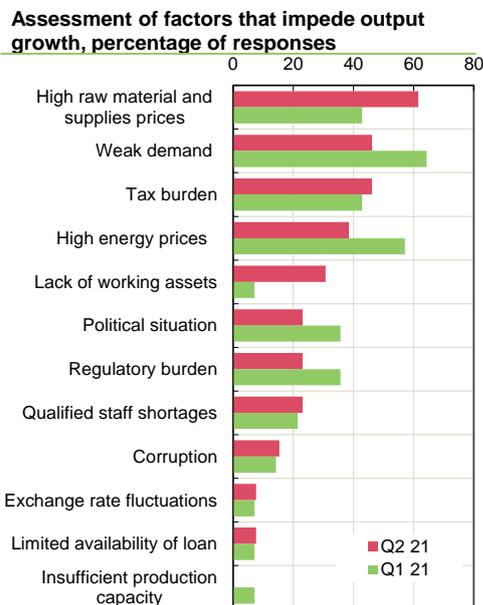


Figure 6

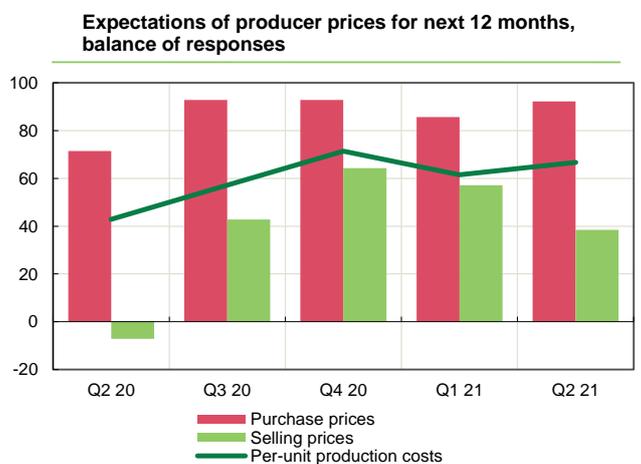


Figure 7

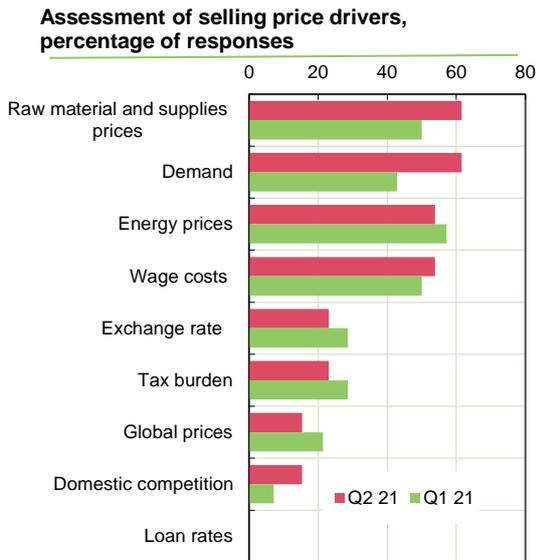


Figure 8

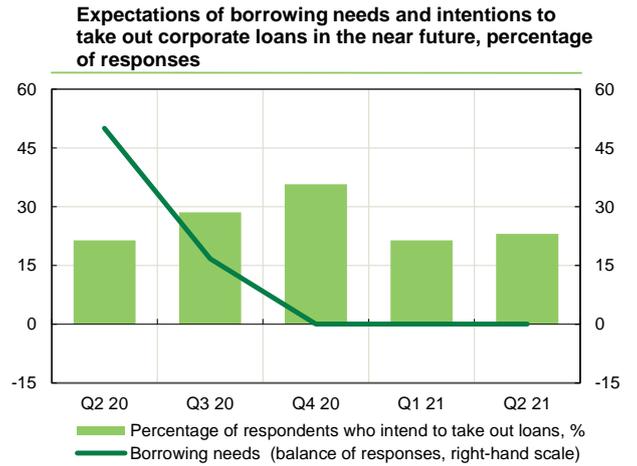


Figure 9

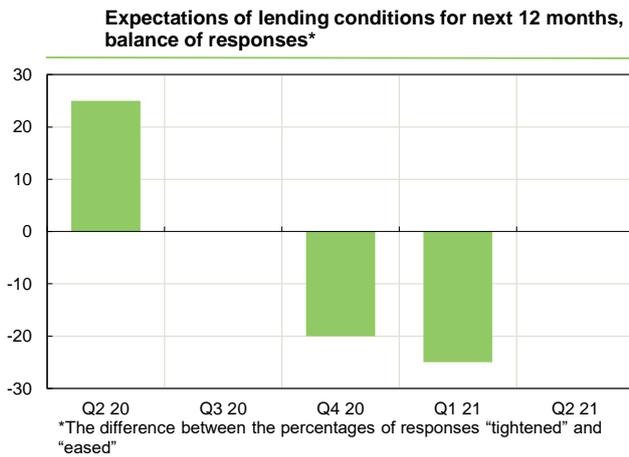


Figure 10

