



National Bank
of Ukraine

Business Outlook Survey of Sumy Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Sumy 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 Sumy oblast in Q3 2021 showed that respondents expected an increase in the output of Ukrainian goods and services in Ukraine and had positive expectations for the performance of their companies over the next 12 months. Inflation and depreciation expectations intensified significantly.

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 23.1% compared to 0.0% in Q2 2021 (Figure 1) and 21.5% across Ukraine
- **the growth in prices for goods and services would accelerate:** 61.5% of respondents expected the inflation rate to be higher than 7.5% (compared to 38.5% in the previous quarter and 53.1% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate at a faster pace:** 76.9% of respondents (compared to 50.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 25.0% same as in Q2 2021 and 12.7% across Ukraine (see Table)
- **total sales would grow more slowly:** the balance of responses was 7.7% (compared with 30.8% in the previous quarter) (see Table). Respondents also expected growth in external sales at a fast pace: the balance of responses was 50.0% (compared to 16.7% in Q2 2021). Across Ukraine, the balances of responses were 27.7% and 23.5%
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0% (compared to 36.4% in Q2 2021). At the same time, **investment in construction was expected to decrease:** the balance of responses was (-16.7%) compared to 0.0% in Q2 2021. Overall, companies across Ukraine expected that investment would increase, the balances of responses were 19.3% and 9.7% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-15.4%) (compared to 0.0% in the previous quarter). Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.2% (Figure 4)
- **purchase prices would rise at faster pace than selling prices:** the balances of responses were 100.0% and 61.5% respectively (compared to 92.3% and 38.5% in Q2 2021) (Figure 6). Raw materials and supplies prices together with energy prices 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 69.2% for each (compared with 66.7% for each in Q2 2021) (Figure 4 and 6).

Companies named weak demand, high energy prices, and unstable political situation as the **main drags on their ability to boost production** (the impact of high energy prices and unstable political situation was reported to have increased compared to the previous quarter) (Figure 5).

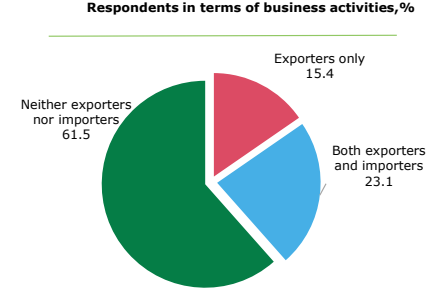
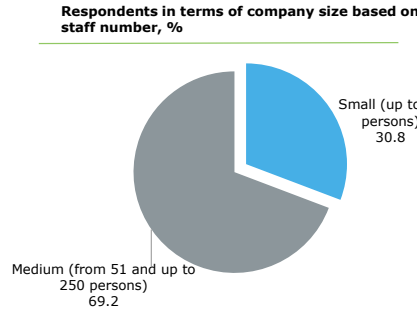
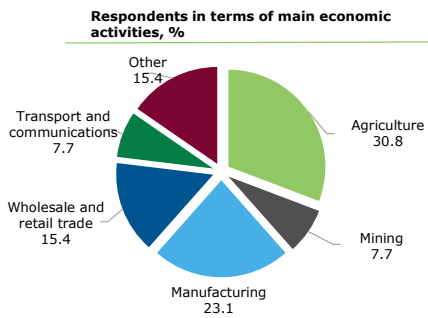
Respondents said that their **borrowing needs would remain unchanged** in the near future (such expectations have been reported for four quarters in a row) (Figure 8). As in previous quarters, the respondents who planned to take out bank loans opted only for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). High loan rates, complicated paperwork, and tight collateral requirements were cited as the main factor deterring them from taking out loans (Figure 10).

All of the 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)

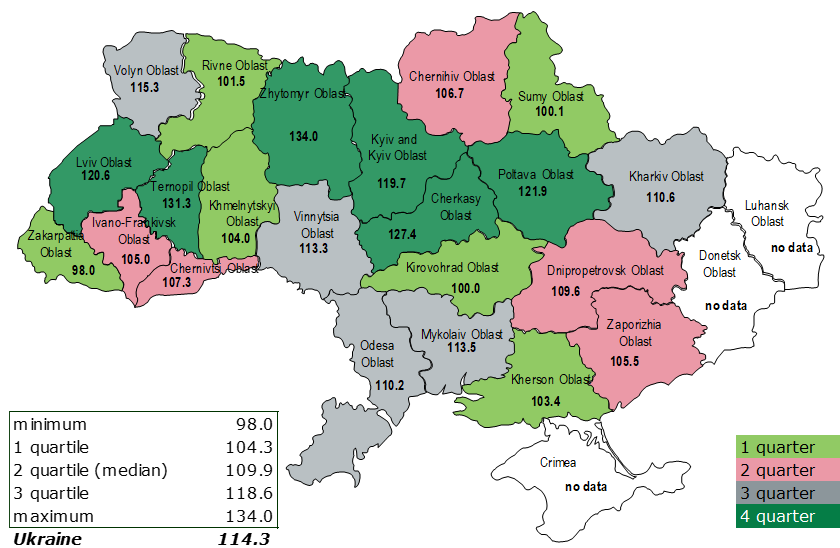
- **The current financial and economic standings of companies had deteriorated and were assessed as bad:** the balance of responses was (-7.7%), compared to 7.7% in the previous quarter. Companies across Ukraine assessed their financial and economic standings as good with the figure being 7.0%.
- **Respondents' finished goods stocks were assessed as lower than normal:** the balance of responses was (-12.5%), compared to (-20.0%) in Q2 2021.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, compared to 7.7% in Q2 2021.

Survey Details^{1,2}



- Period: 5 August through 27 August 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, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	30.8	15.4	42.9	25.0	25.0
Total sales	28.6	21.4	21.4	30.8	7.7
Investment in construction	-7.1	-28.6	-15.4	0.0	-16.7
Investment in machinery, equipment, and tools	0.0	-7.1	14.3	36.4	0.0
Staff numbers	-7.1	-7.1	-14.3	0.0	-15.4

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

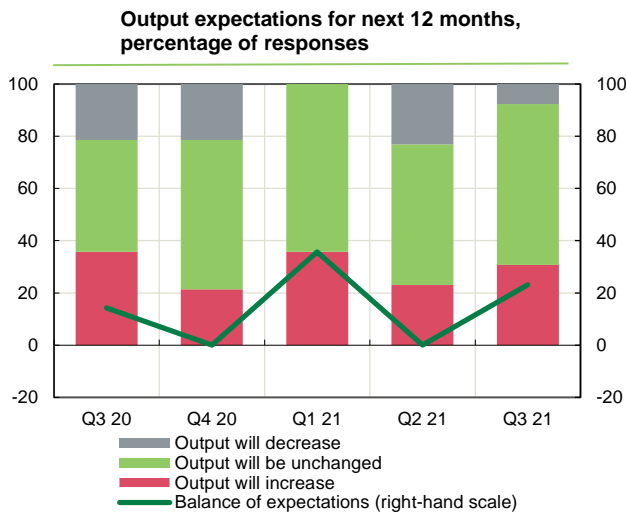


Figure 2

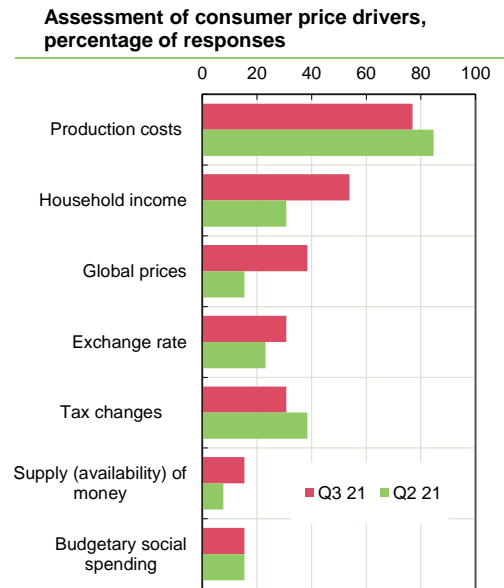


Figure 3

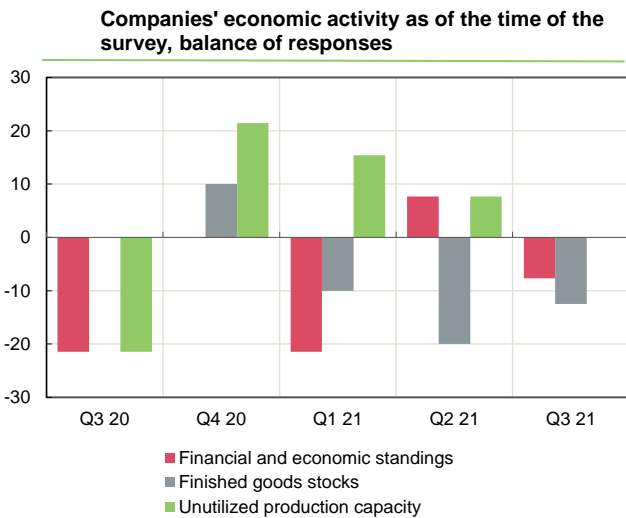


Figure 4



Figure 5

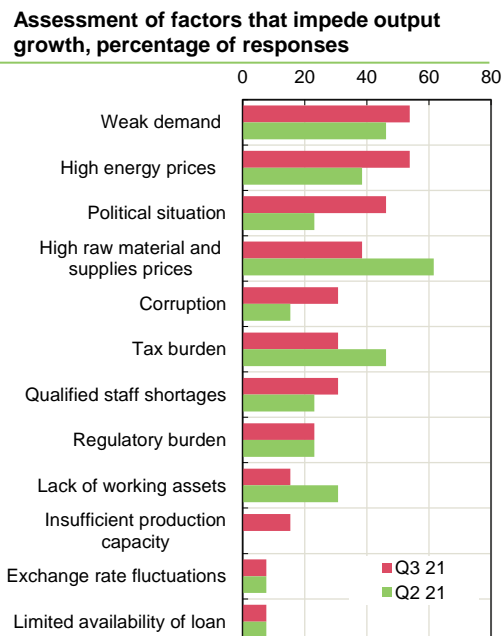


Figure 6

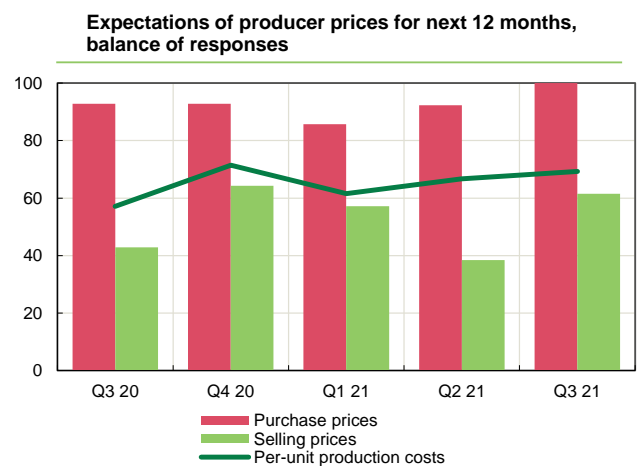


Figure 7

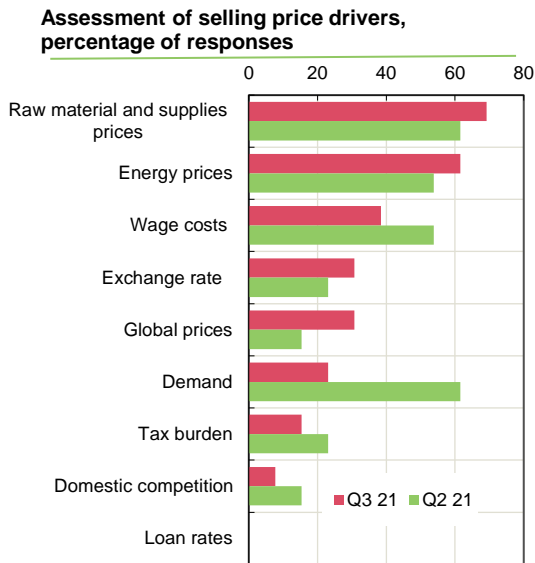


Figure 8

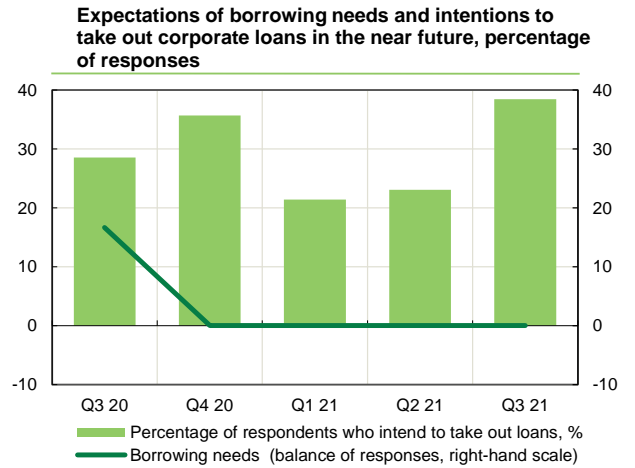


Figure 9

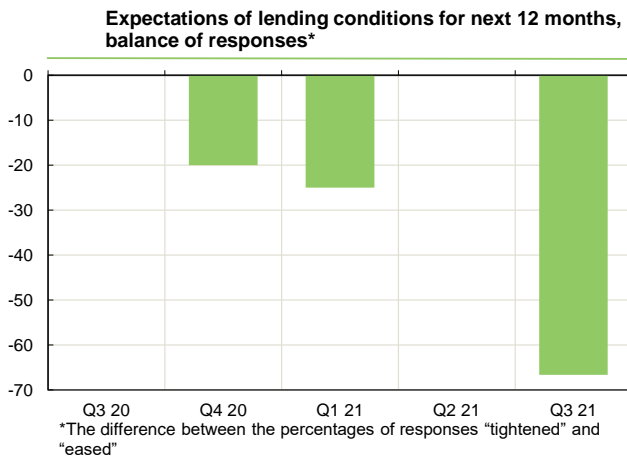


Figure 10

