



National Bank  
of Ukraine

# Business Outlook Survey of Sumy Oblast\*

Q4 2021



\*This survey only reflects the opinions of respondents in Sumy 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 **Sumy oblast** in Q4 2021 showed that respondents expected that the output of Ukrainian goods and services would remain unchanged. Respondents 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 remain unchanged:** the balance of expectations was 0.0% compared to 23.1% in Q3 2021 (Figure 1) and 8.3% across Ukraine
- **prices for goods and services would rise at a significantly faster pace:** 84.6% of respondents expected the inflation rate to be higher than 7.5% (the highest inflation expectations among the regions) compared to 61.5% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate significantly:** 84.6% of respondents (compared to 76.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 8.3% compared to 25.0% in Q3 2021 and 9.7% across Ukraine (see Table)
- **total sales would decrease:** the balance of responses was (-15.4%) (compared to 7.7% in the previous quarter) (see Table). At the same time, respondents also expected growth in external sales: the balance of responses was 40.0% (compared to 50.0% in Q3 2021). Across Ukraine, the balances of responses were 21.8% and 20.6%
- **investment in machinery, equipment, and tools would remain unchanged** (such expectations have been reported for two quarters in a row): the balance of responses was 0.0%. At the same time, **investment in construction was expected to decrease:** the balance of responses was (-27.3%) compared to (-16.7%) in Q3 2021. Overall, companies across Ukraine expected that investment would increase, the balances of responses being 19.1% and 6.9% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-7.4%) (compared to (-15.4%) in the previous quarter). Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.9% (Figure 4)
- **purchase prices would rise at a faster pace than selling prices:** the balances of responses were 100.0% and 69.2% respectively (compared to 100.0% and 61.5% in Q3 2021) (Figure 6). Energy prices together with raw material and supplies prices and wage costs, were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise more slowly:** the balances of responses were 53.8% and 46.2% (compared to 69.2% for each in Q3 2021) (Figure 4 and 6).

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

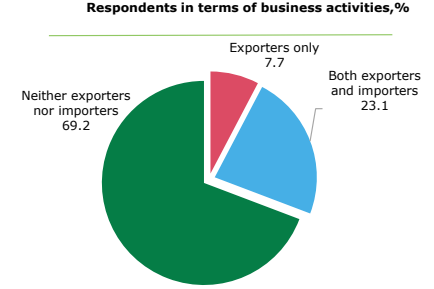
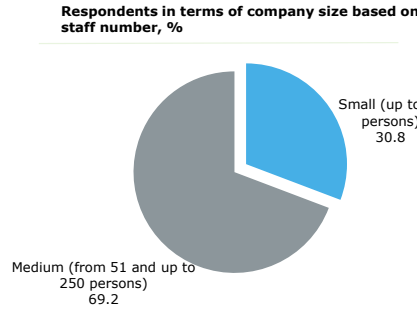
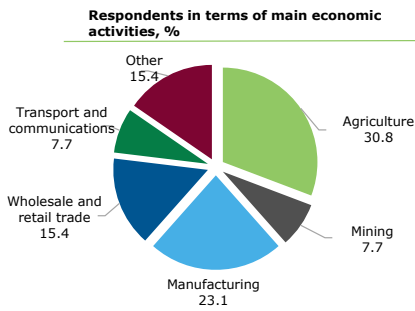
Respondents said that their **borrowing needs would remain unchanged** in the near future (such expectations have been reported for five quarters in a row) (Figure 8). As in previous quarters, the respondents who planned to take out bank loans opted only for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Companies cited high loan rates, collateral requirements and other funding sources as the main factors 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** (98.1% across Ukraine).

**Assessments of financial and economic standings as of the time of the survey** (Figure 3)

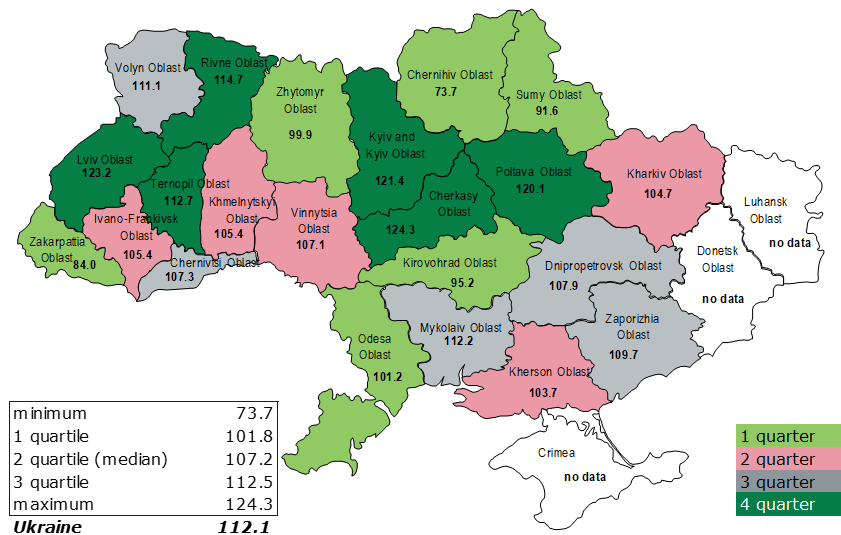
- **The current financial and economic standings of companies had improved and were assessed as good:** the balance of responses was 15.4%, compared to (-7.7%) in the previous quarter. Companies across Ukraine assessed their financial and economic standings as good, with the figure being 7.6%.
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-25.0%), compared to (-12.5%) in Q3 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.4%, compared to 0.0% in Q3 2021.

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



- Period: 3 November through 26 November 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 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 Sumy 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	15.4	42.9	25.0	25.0	8.3
Total sales	21.4	21.4	30.8	7.7	-15.4
Investment in construction	-28.6	-15.4	0.0	-16.7	-27.3
Investment in machinery, equipment, and tools	-7.1	14.3	36.4	0.0	0.0
Staff numbers	-7.1	-14.3	0.0	-15.4	-7.7

<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

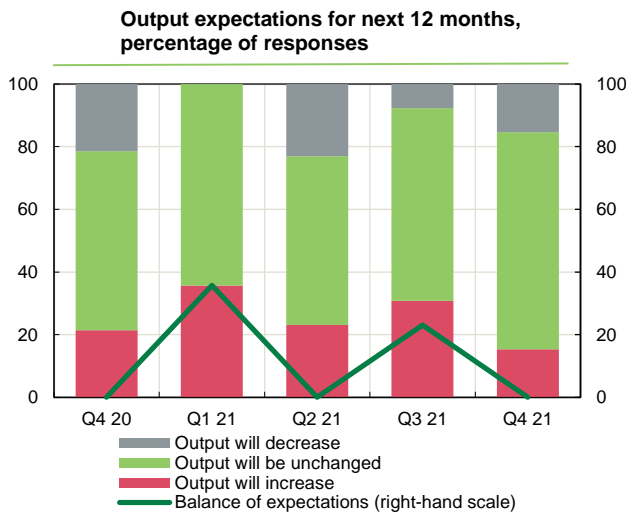


Figure 2

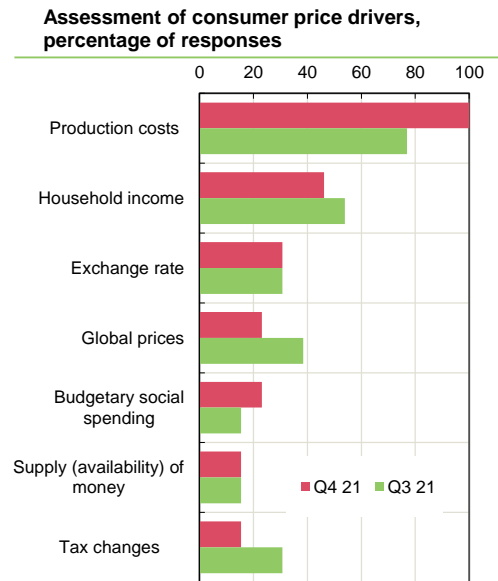


Figure 3

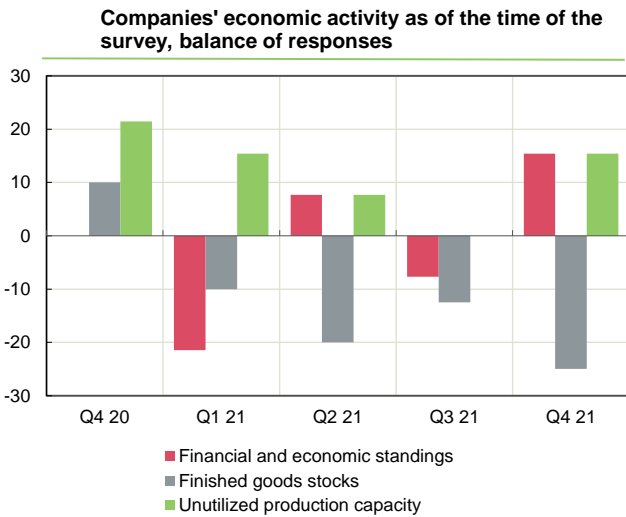


Figure 4

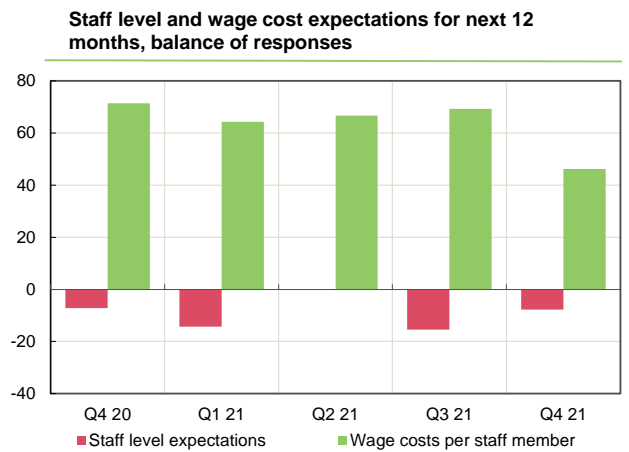


Figure 5

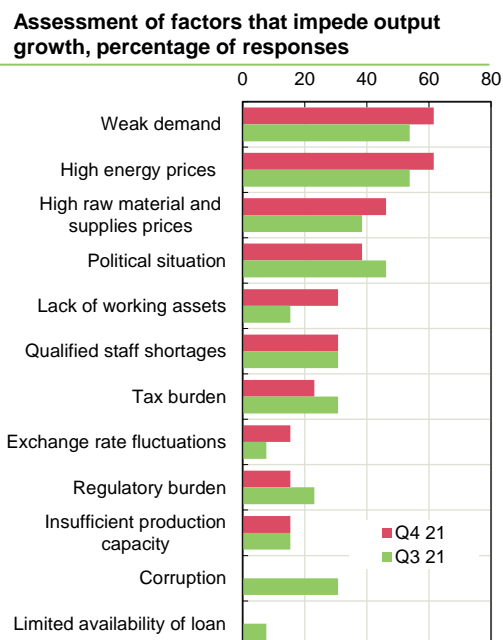


Figure 6

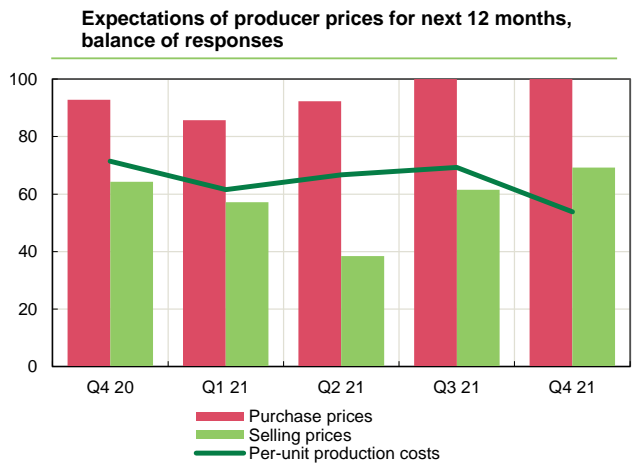


Figure 7

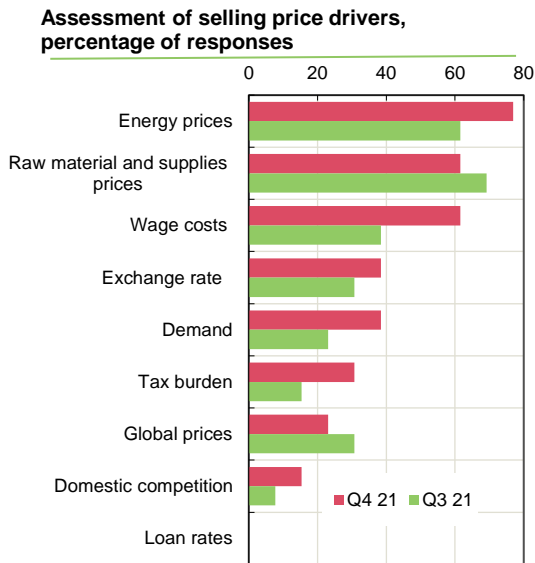


Figure 8

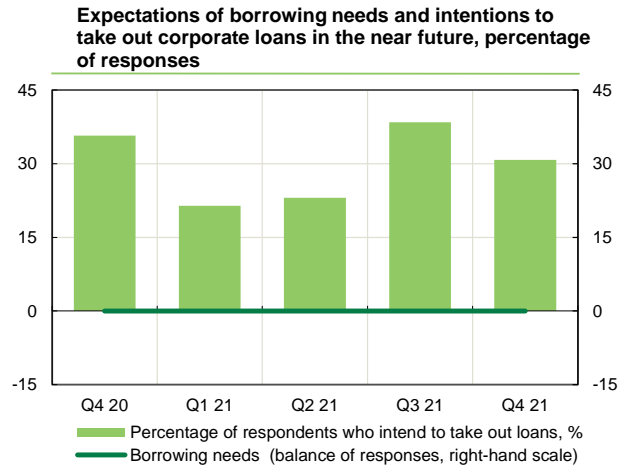


Figure 9

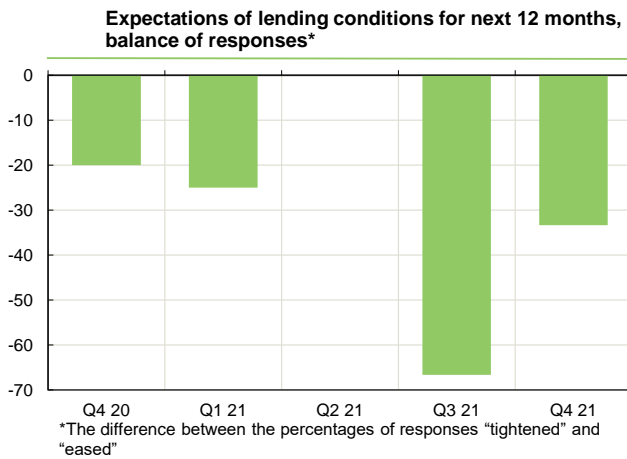


Figure 10

