



National Bank
of Ukraine

Business Outlook Survey of Kherson Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Kherson 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 Kherson oblast in Q4 2021 showed that respondents expected that **the output of Ukrainian goods and services would increase significantly** over the next 12 months. At the same time, respondents reported cautious expectations for their companies' performance over this period. Respondents' expectations of inflation and depreciation 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 significantly:** the balance of expectations was 50.0% (among the highest expectations seen in the regions and unchanged on Q3 2021), compared to 8.3% across Ukraine (Figure 1)
- **the prices for consumer goods and services would grow at a fast pace:** the share of respondents who expected that inflation would be higher than 7.5% increased to 83.3%, compared to 75.0% in the previous quarter (one of the highest figures among the regions) and 61.3% across Ukraine. Respondents referred to production costs as the **main inflation driver** (Figure 2)
- **the hryvnia would depreciate significantly:** a total of 91.7% of respondents (compared to 83.3% 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 remain unchanged:** the balance of expectations was 0.0% compared to 18.2% in the previous quarter and 9.7 across Ukraine (see Table)
- **total sales would grow:** the balance of responses was 8.3%, as in the previous quarter (see Table). The balance of responses across Ukraine was 21.8%
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 10.0%, as in Q3 2021. At the same time, respondents expected that investment in construction would remain unchanged: the balance of responses was 0.0%, compared to (-11.1%) in the previous quarter. Companies across Ukraine expected investments to increase, the balances of responses being 19.1% and 6.9% respectively (see Table)
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, compared to (-8.3%) in Q3 2021. Across Ukraine, staff numbers were expected to increase moderately, with a balance of responses of 2.9% (Figure 4)
- **both purchase prices and selling prices would grow rapidly:** the balances of responses were 100.0% and 91.7% (compared to 91.7% for each in Q3 2021) (Figure 6). Wage costs, energy prices, and raw material and supplies prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow more slowly:** the balances of responses were 66.7% and 50.0% respectively (compared to 72.7% and 66.7% respectively in Q3 2021) (Figures 4 and 6).

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

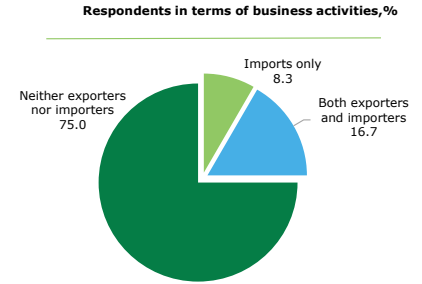
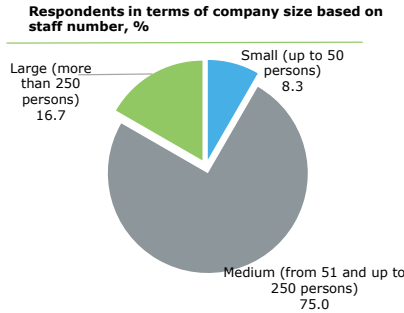
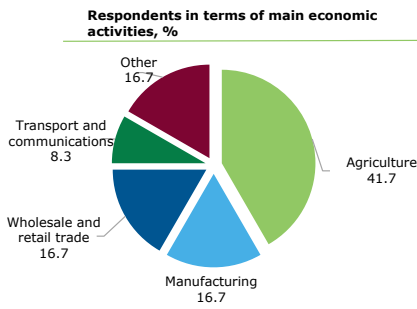
Respondents reported **stronger expectations of an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for loans in the domestic currency. Respondents said that bank lending conditions had tightened (Figure 9). Companies cited high loan rates and strict collateral requirements as the main factors deterring them from taking out loans (Figure 10).

A total of 91.7% of the respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (compared to 98.1% across Ukraine).

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

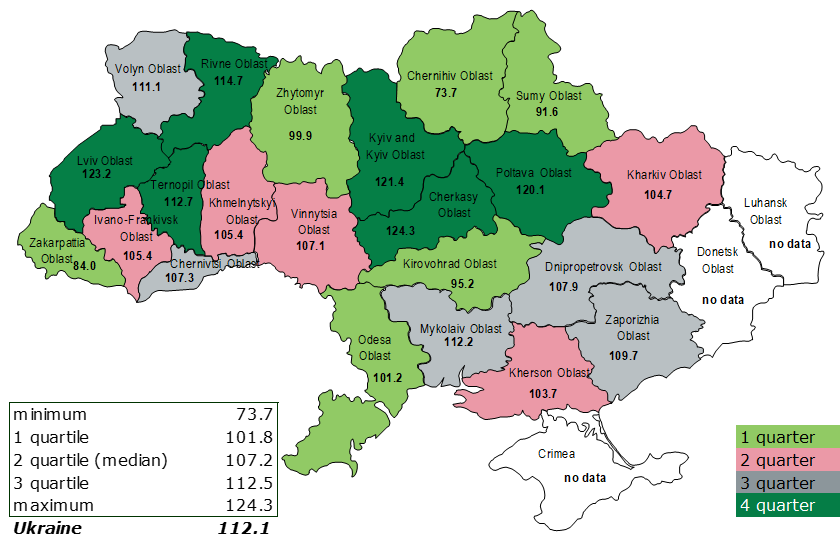
- **The current financial and economic standings of companies had deteriorated and were assessed as bad:** the balance of responses was (-8.3%) (compared to 8.3% in Q3 2021). Across Ukraine, the balance of responses was 7.6%.
- **Respondents continued to assess their finished goods stocks as lower than normal:** the balance of responses was (-28.6%), compared to (-12.5%) in Q3 2021.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-16.7%) (compared to 0.0% in Q3 2021).

Survey Details^{1,2}



- Period: 2 November through 26 November 2021.
- A total of 12 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, %



^aa 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 Kherson 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	-7.7	-7.7	0.0	18.2	0.0
Total sales	7.7	23.1	8.3	8.3	8.3
Investment in construction	8.3	-22.2	-22.2	-11.1	0.0
Investment in machinery, equipment, and tools	15.4	0.0	-9.1	10.0	10.0
Staff numbers	0.0	0.0	-9.1	-8.3	0.0

¹ This sample was generated in proportion to the contribution of each oblast 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

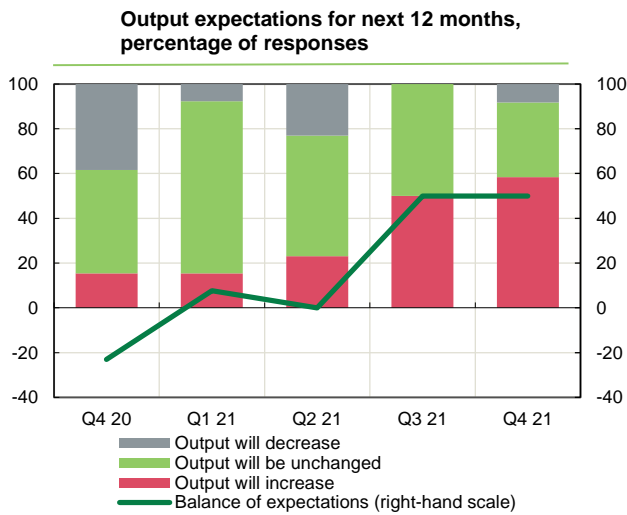


Figure 2

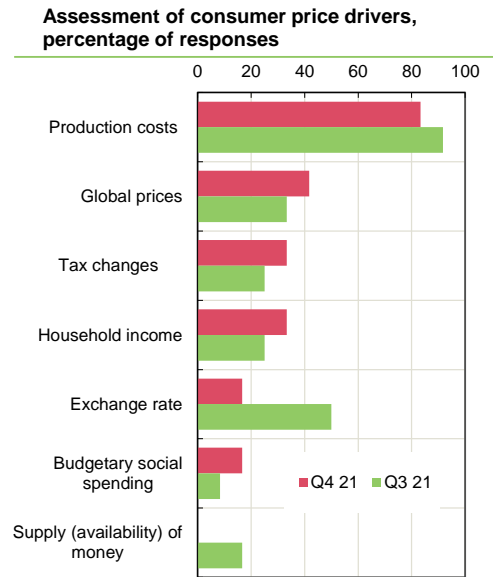


Figure 3

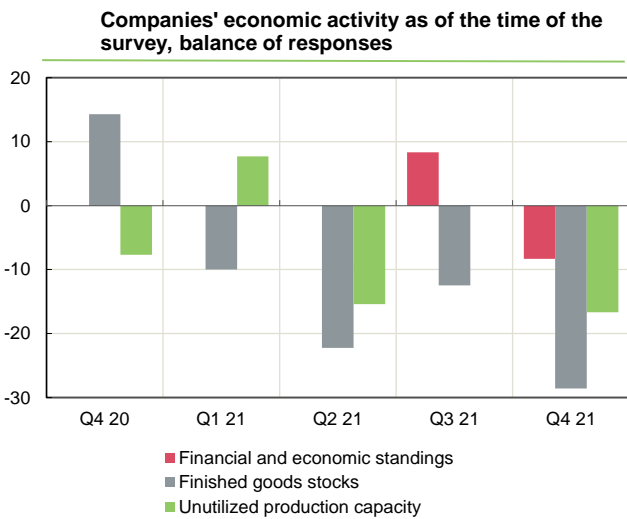


Figure 4

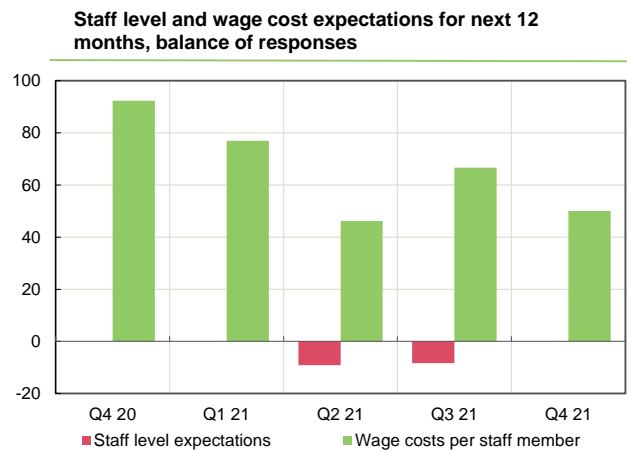


Figure 5

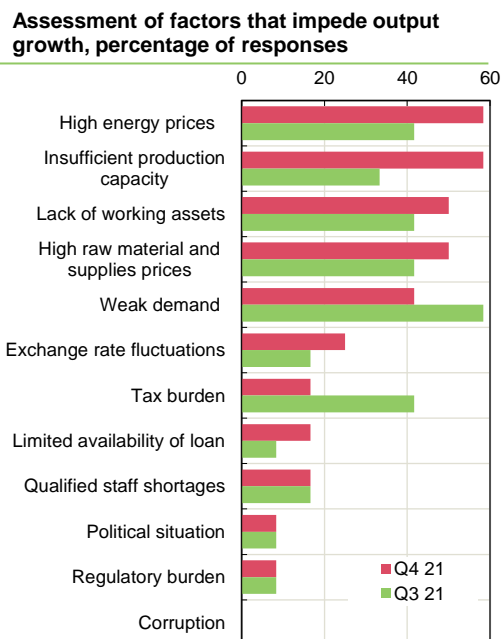


Figure 6

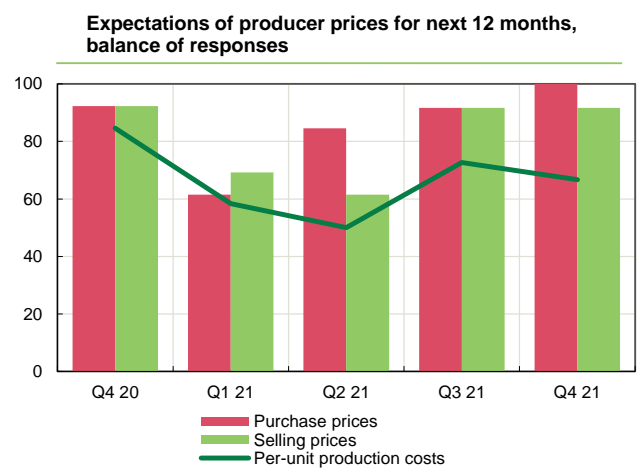


Figure 7

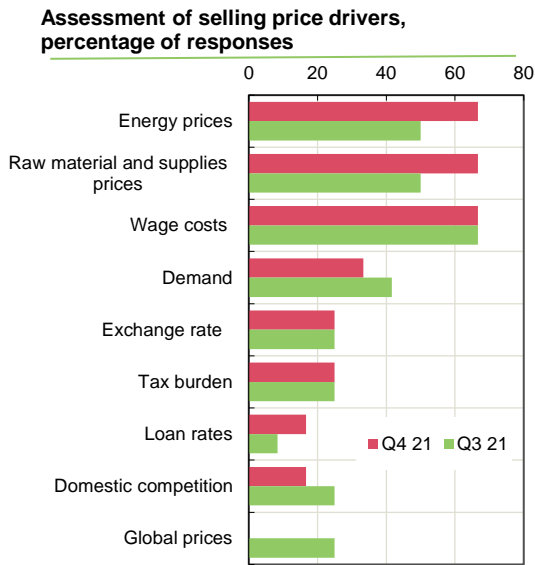


Figure 8

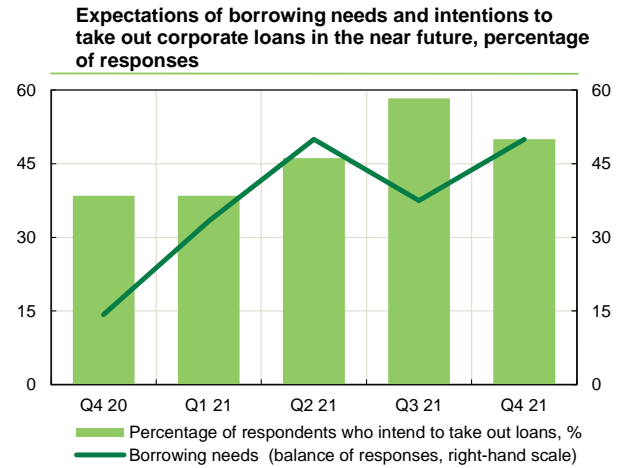


Figure 9

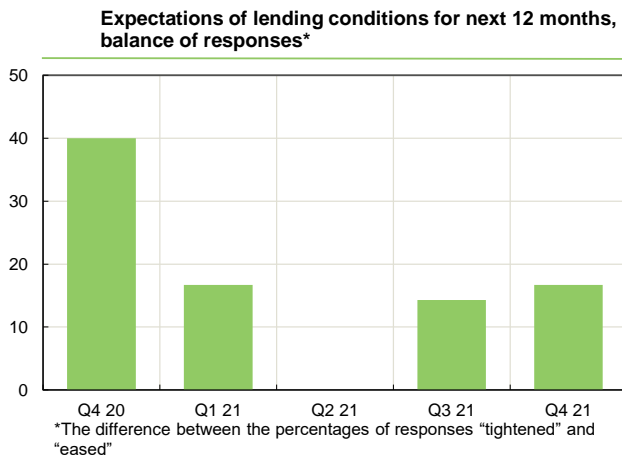


Figure 10

