



National Bank  
of Ukraine

## Business Outlook Survey of Khmelnytskyi Oblast\*

Q3 2021



\*This survey only reflects the opinions of respondents in Khmelnytskyi oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey carried out in **Khmelnytskyi oblast** in Q3 2021 showed that respondents expected a **growth in the output of Ukrainian goods and services** and had moderate expectations for the performance of their companies over the next 12 months. They expected that prices would continue to rise. Depreciation expectations were weaker.

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

- **the output of Ukrainian goods and services would grow** (for the first time since Q4 2019): the balance of expectations was 13.3% compared to (-7.1%) in Q2 2021 (Figure 1), and 21.5% across Ukraine
- **prices for consumer goods and services would continue to grow**: 53.3% of respondents expected the inflation rate to exceed 7.5% (compared to 42.9% in the previous quarter and 53.1% across Ukraine). Respondents continued to refer to production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace**: a total of 53.3% of respondents (compared to 71.4% 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 remain unchanged**: the balance of expectations was 0.0% compared to (-15.4%) in the previous quarter. Companies across Ukraine expected their financial and economic standings to improve, the balance of responses being 12.7% (Table)
- **total sales would increase**: the balance of responses was 20.0% compared to (-14.3%) in Q2 2021, including external sales: the balance of responses was 25.0% (compared to 14.3% in Q2 2021). Overall, across Ukraine, the balances of responses being 27.7% and 23.5% respectively
- **investment in machinery, equipment, and tools would increase**: the balance of responses was 13.3% compared to 16.7% in Q2 2021. At the same time investment in construction was expected to decrease: the balance of responses was (-6.7%) compared to 23.1% in the previous quarter. Companies across Ukraine expected investments to increase: the balances of responses across Ukraine were 19.3% and 9.7% respectively (Table)
- **staff numbers would decrease slowly**: the balance of responses was (-6.7%), compared to (-16.7%) in the previous quarter. Across Ukraine staff numbers would increase moderately (2.2%) (Figure 4)
- **purchase and selling prices would increase at a fast pace**: the balances of responses were 100.0% and 53.3% respectively, compared to 92.9% and 46.2% respectively in the previous quarter (Figure 6). Energy prices, raw material and supplies prices, and wage costs were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase rapidly**: the balances of responses were 80.0% and 66.7% respectively (compared to 84.6% and 66.7% in Q2 2021) (Figures 4 and 6).

Respondents said that high raw material and supplies prices (the impact of this factor was reported to have increased), a lack of working assets, and tax burden were **the main drags on the ability of their companies to boost production** (Figure 5).

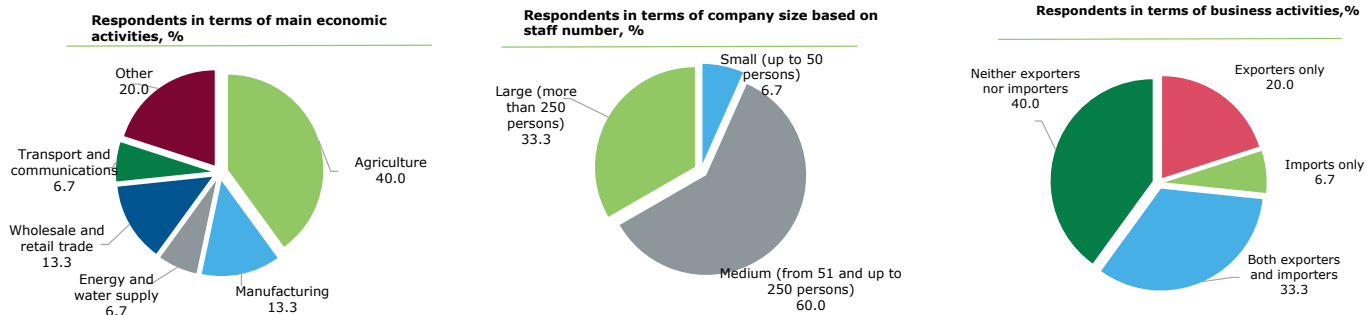
**Respondents reported higher expectations of an increase in their borrowing needs** in the near future (Figure 8). A total of 53.3% of respondents planned to take out bank loans only in the domestic currency. Respondents said that bank lending standards had been unchanged (Figure 9). Respondents referred to high loan rates, complicated paperwork and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

**All 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)

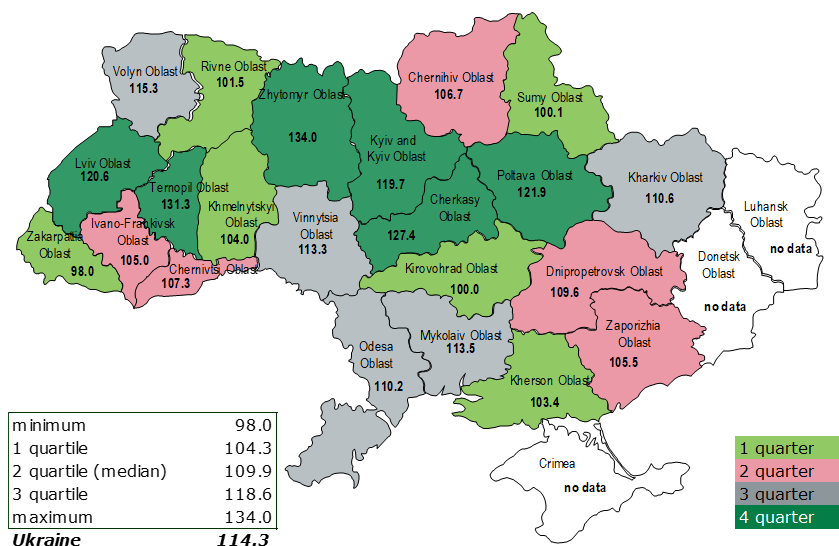
- **Companies assessed their current financial and economic standings as good**: the balance of responses was 20.0% (one of the highest figures among the regions), compared to 0.0% in the previous quarter and 7.0% across Ukraine.
- **Finished goods stocks were assessed as normal**: the balance of responses was 0.0% compared to (-22.2%) in Q2 2021.
- **Companies in the oblast had sufficient unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 20.0%, compared to 27.3% in the previous quarter.

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



- Period: 10 August through 30 August 2021.
- A total of 15 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 Khmelnytskyi 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              | -20.0                    | 0.0   | 0.0   | -15.4 | 0.0   |
| Total sales                                   | -13.3                    | -6.7  | -21.4 | -14.3 | 20.0  |
| Investment in construction                    | -23.1                    | -7.1  | -20.0 | 23.1  | -6.7  |
| Investment in machinery, equipment, and tools | -14.3                    | -13.3 | 0.0   | 16.7  | 13.3  |
| Staff numbers                                 | -33.3                    | -26.7 | -21.4 | -16.7 | -6.7  |

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast 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

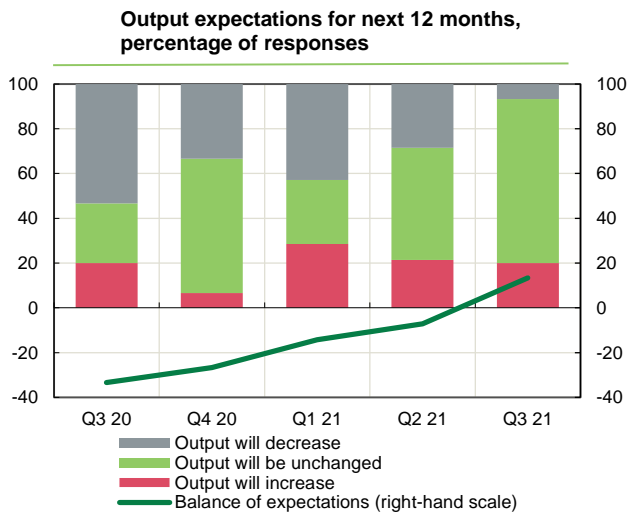


Figure 2

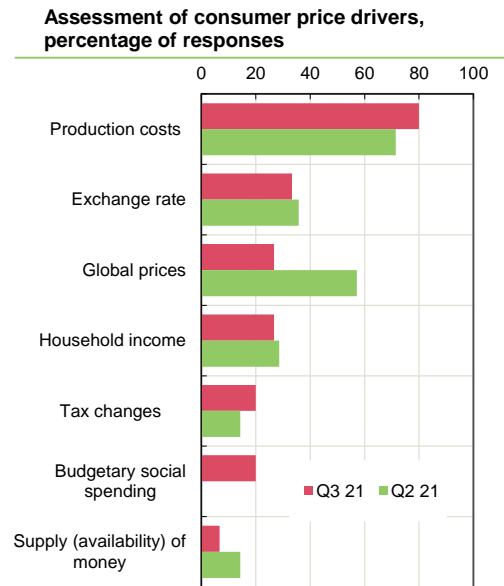


Figure 3

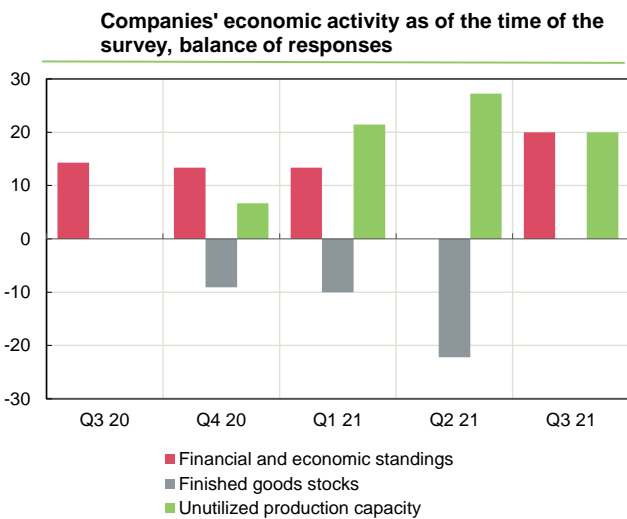


Figure 4

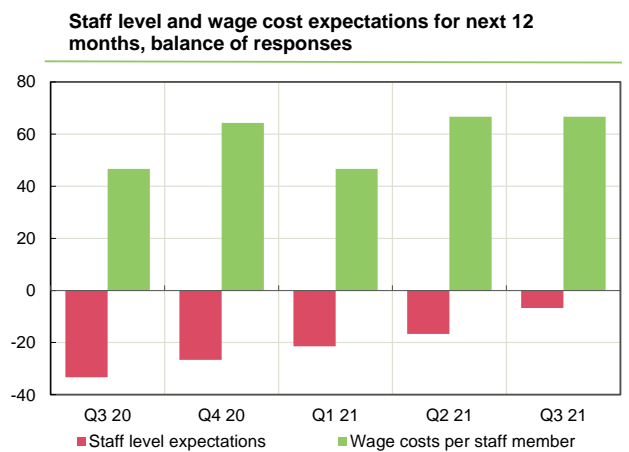


Figure 5

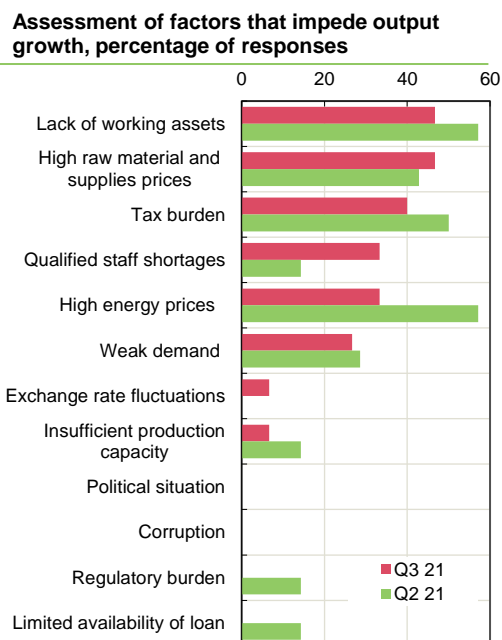


Figure 6

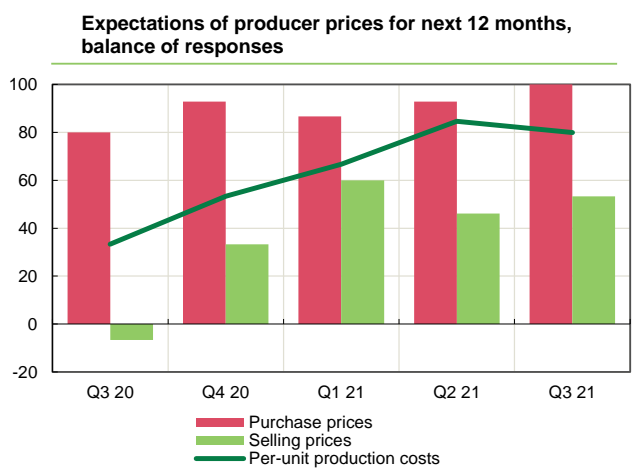


Figure 7

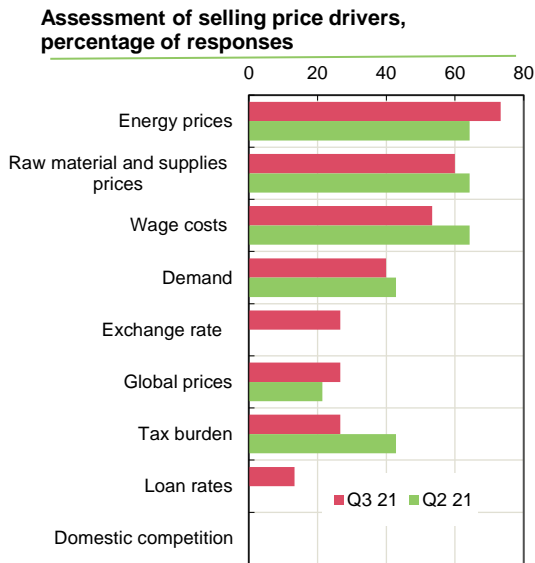


Figure 8

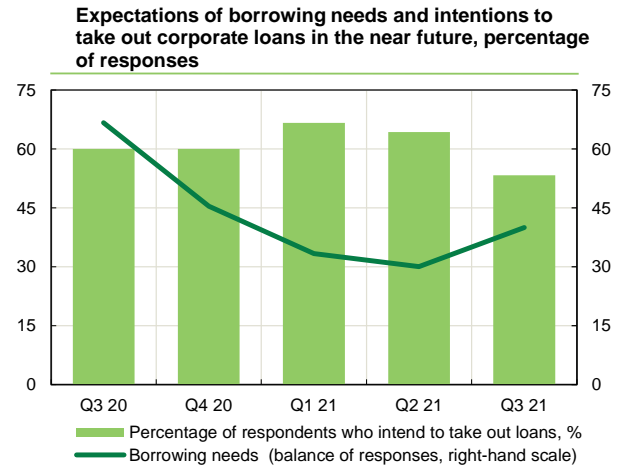


Figure 9

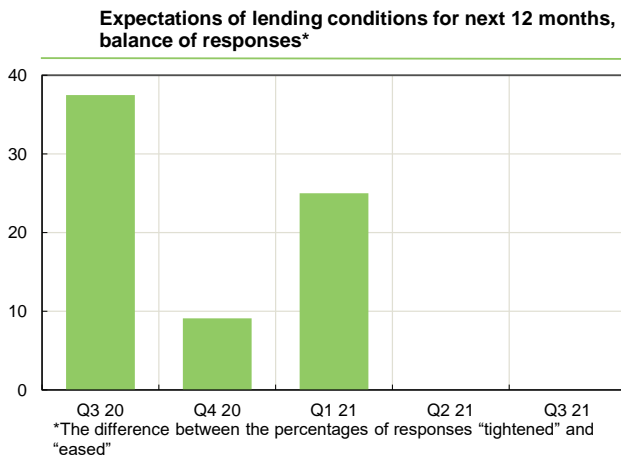


Figure 10

