



National Bank
of Ukraine

Business Outlook Survey of Khmelnytskyi Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Khmelnytskyi oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey carried out in **Khmelnytskyi oblast** in Q4 2021 showed that respondents expected **a decrease in the output of Ukrainian goods and services**, while having positive expectations for the performance of their companies over the next 12 months. They expected that prices would continue to rise. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would decrease noticeably:** the balance of expectations was (-20.0%) compared to 13.3% in Q3 2021 (Figure 1). Respondents across Ukraine expected the output of goods and services to increase (8.3%)
- **prices for consumer goods and services would continue to grow:** 60.0% of respondents expected the inflation rate to exceed 7.5% (compared to 53.3% in the previous quarter and 61.3% across Ukraine). Respondents continued to refer to production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a faster pace:** a total of 76.9% of respondents (compared to 53.3% 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 improve:** the balance of expectations was 7.1% compared to 0.0% in the previous quarter and 9.7% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 13.3% compared to 20.0% in Q3 2021. At the same time, respondents expected external sales to grow more slowly: the balance of responses was 12.5% (compared to 25.0% in Q3 2021). Overall, across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 26.7% compared to 13.3% in Q3 2021. At the same time, investment in construction was expected to remain unchanged: the balance of responses was 0.0% compared to (-6.7%) in the previous quarter. Companies across Ukraine expected investments to increase: the balances of responses across Ukraine were 19.1% and 6.9% respectively (see Table)
- **staff numbers would decrease more quickly:** the balance of responses was (-20.0%), compared to (-6.7%) in the previous quarter. Across Ukraine, staff numbers were expected to increase moderately (2.9%) (Figure 4)
- **purchase and selling prices would increase at a fast pace:** the balances of responses were 100.0% and 46.7% respectively, compared to 100.0% and 53.3% 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 would grow more slowly:** the balance of responses was 60.0% (compared to 80.0% in the previous quarter). At the same time, respondents expected that **wage costs per staff member would increase rapidly:** the balance of responses was 80.0% (compared to 66.7% in Q3 2021) (Figures 4 and 6).

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

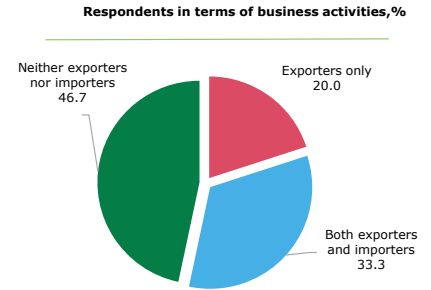
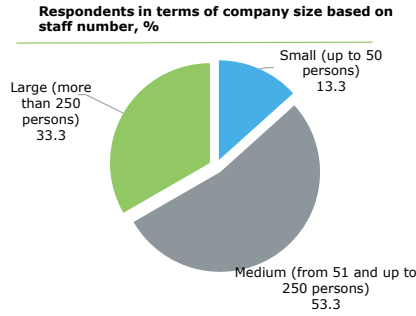
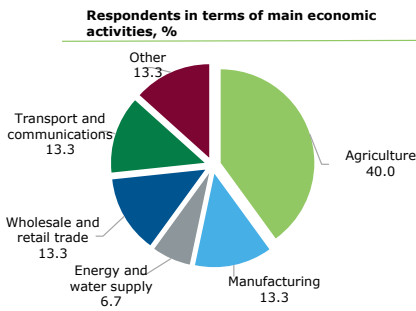
Respondents expected weaker **borrowing needs** in the near future (Figure 8). A total of 46.7% of respondents planned to take out bank loans only in the domestic currency. Respondents said that bank lending standards had eased (Figure 9). Respondents referred to high loan rates, collateral requirements and complicated paperwork 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** (98.1% across Ukraine).

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

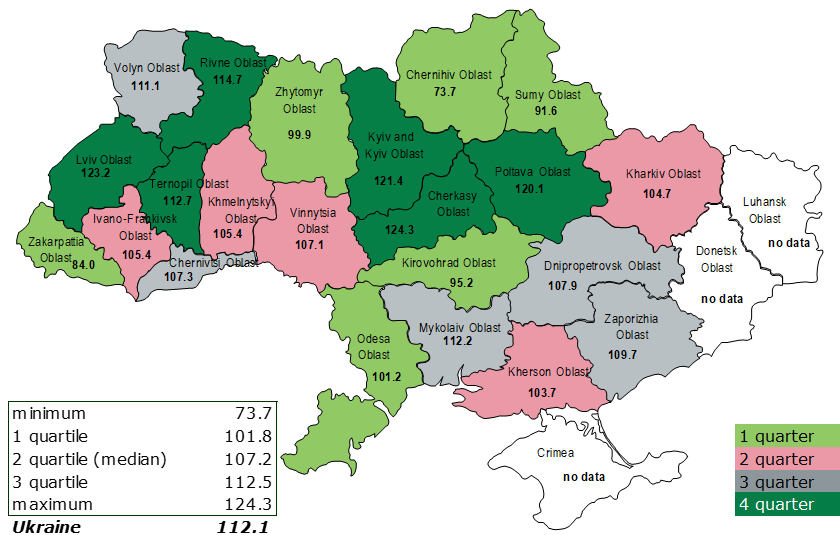
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 20.0%, unchanged on the previous quarter, while for Ukraine as a whole it was 7.6%.
- **Finished goods stocks were assessed as higher than normal:** the balance of responses was 11.1% compared to 0.0% in Q3 2021.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, compared to 20.0% in the previous quarter.

Survey Details^{1,2}



- Period: 4 November through 30 November 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 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 Khmelnytskyi 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	0.0	0.0	-15.4	0.0	7.1
Total sales	-6.7	-21.4	-14.3	20.0	13.3
Investment in construction	-7.1	-20.0	23.1	-6.7	0.0
Investment in machinery, equipment, and tools	-13.3	0.0	16.7	13.3	26.7
Staff numbers	-26.7	-21.4	-16.7	-6.7	-20.0

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

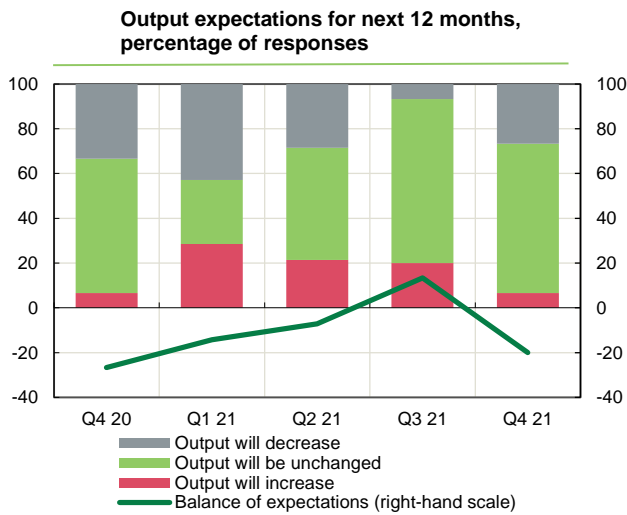


Figure 2

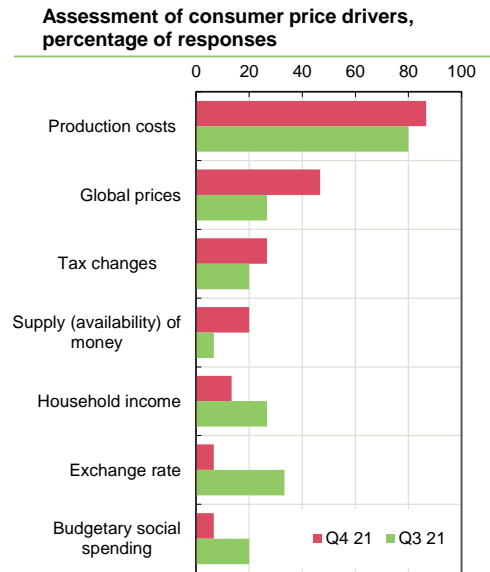


Figure 3

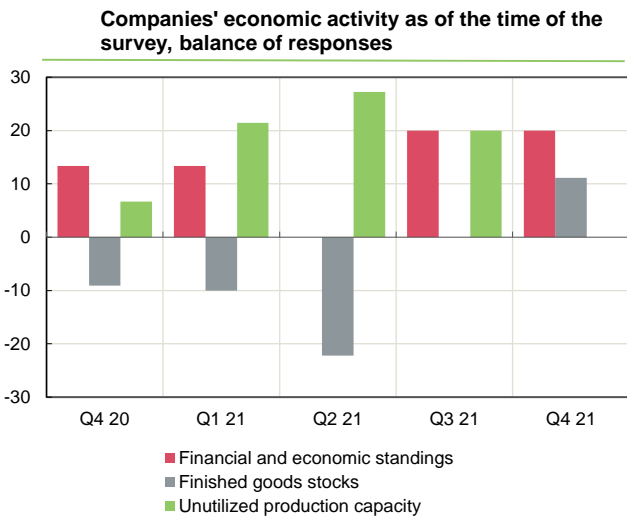


Figure 4

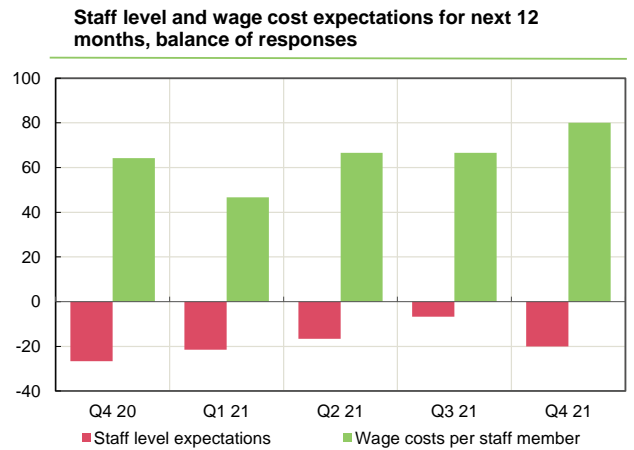


Figure 5

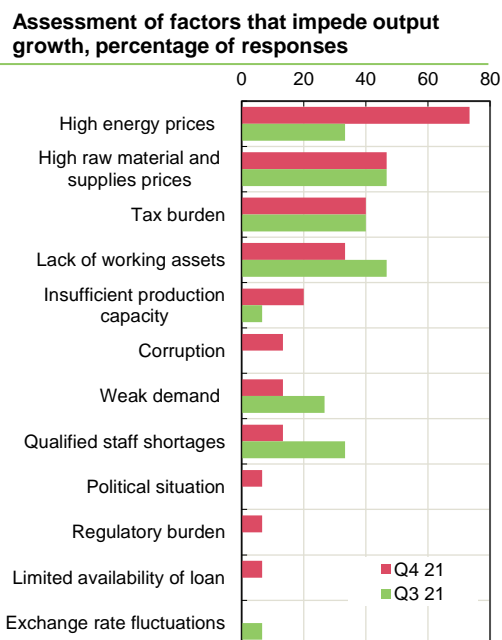


Figure 6

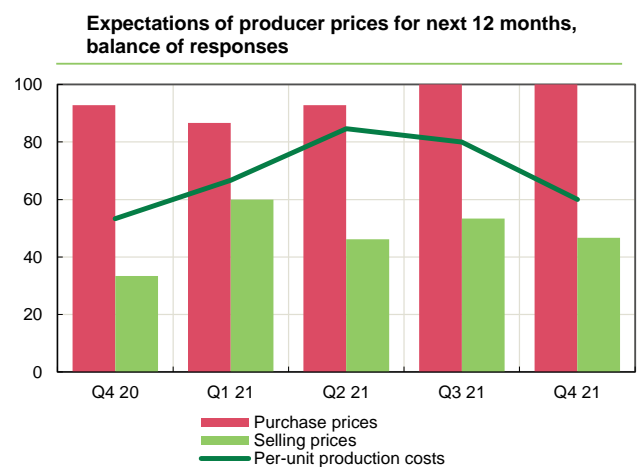


Figure 7

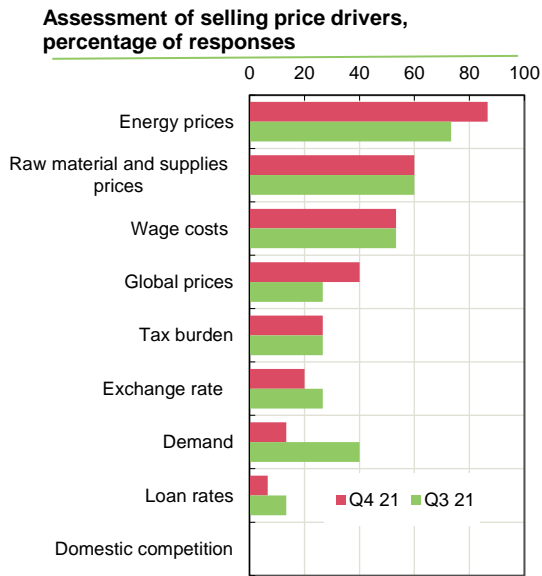


Figure 8

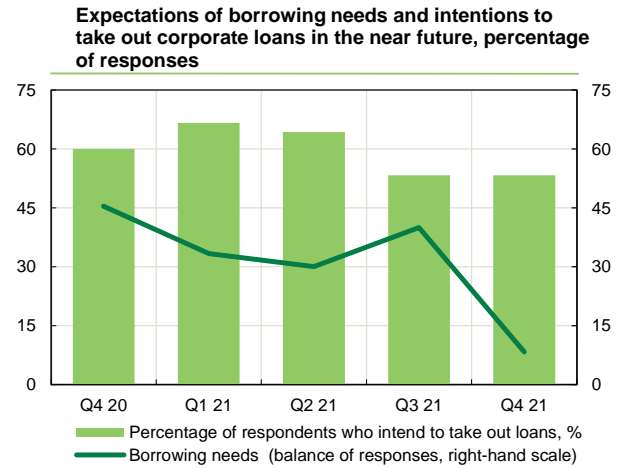


Figure 9

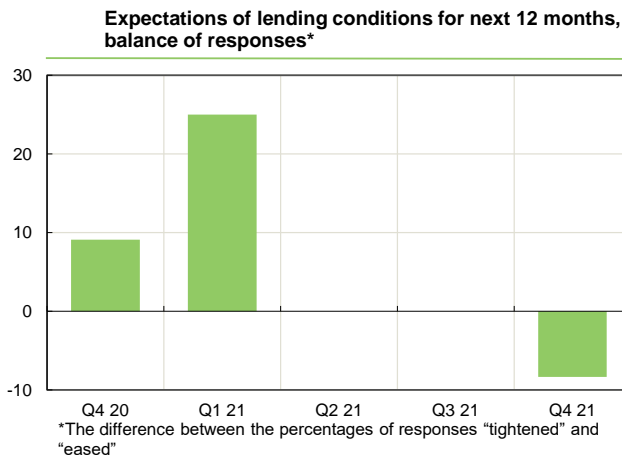


Figure 10

