



National Bank  
of Ukraine

## Business Outlook Survey of Zaporizhzhia Oblast\*

Q2 2021



\*This survey only reflects the opinions of respondents in Zaporizhzhia oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zaporizhzhia oblast in Q2 2021 showed that respondents expected that the output of Ukrainian goods and services would grow over the next 12 months. They had positive expectations for the performance of their companies over the same period. Respondents expected lower inflation and depreciation.

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

- **the output of Ukrainian goods and services would grow faster:** the balance of responses was 23.1% compared with 7.4% in Q1 2021 (Figure 1) and 15.9% across Ukraine
- **prices for consumer goods and services would rise more slowly:** 59.3% of respondents expected that the inflation rate would not exceed 7.5% (compared with 40.7% in the previous quarter and 54.2% across Ukraine). Respondents referred to production costs, the exchange rate and household income as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 59.3% of respondents expected the hryvnia to weaken against the US dollar compared with 74.1% in the previous quarter and 63.6% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 12.0% compared with 7.7% in the previous quarter and 18.3% across Ukraine (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% (compared to 11.5% in Q1 2021) (see Table). **External sales were expected to increase,** the balance of responses being 14.3%, the same as in Q1 2021). Overall, the balances of responses across Ukraine were 21.0% for each
- **the growth in investment** both in construction and in machinery, equipment, and tools **would increase more quickly:** the balances of responses were 12.0% and 23.1% respectively (compared with 3.8% for each in Q1 2021). Across Ukraine the balances of responses were 6.4% and 16.9% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% compared with (-3.7%) in the previous quarter. Across Ukraine staff numbers were expected to decrease slightly (-1.0%) (Figure 4)
- **purchase prices would rise dramatically** (the balance of responses was 100.0%). **Selling prices** would grow at a fast pace (the balance of responses was 74.1%) compared with 96.3% and 55.6% respectively in the previous quarter (Figure 6). Energy prices, 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 grow:** the balances of responses were 70.4% and 65.4% respectively (compared with 74.1% and 81.5% respectively in Q1 2021) (Figures 4 and 6).

Respondents referred to high raw material and supplies prices together with energy prices as **the main drags on the ability of their companies to boost production** (Figure 5).

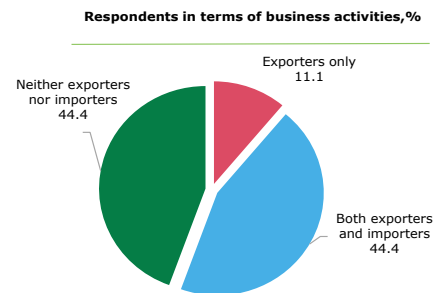
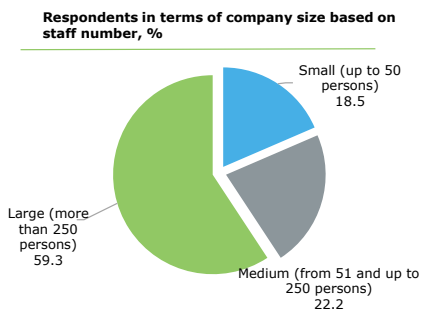
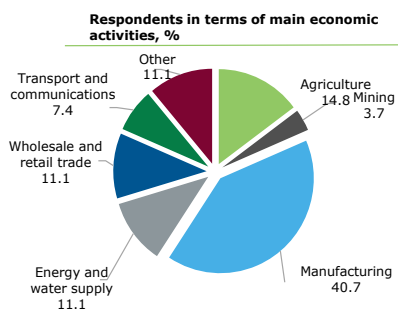
Respondents expected **an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending conditions had eased slightly (Figure 9). High loan rates were cited as the main factor that deterred companies from taking out loans (Figure 10).

A total of **92.6% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

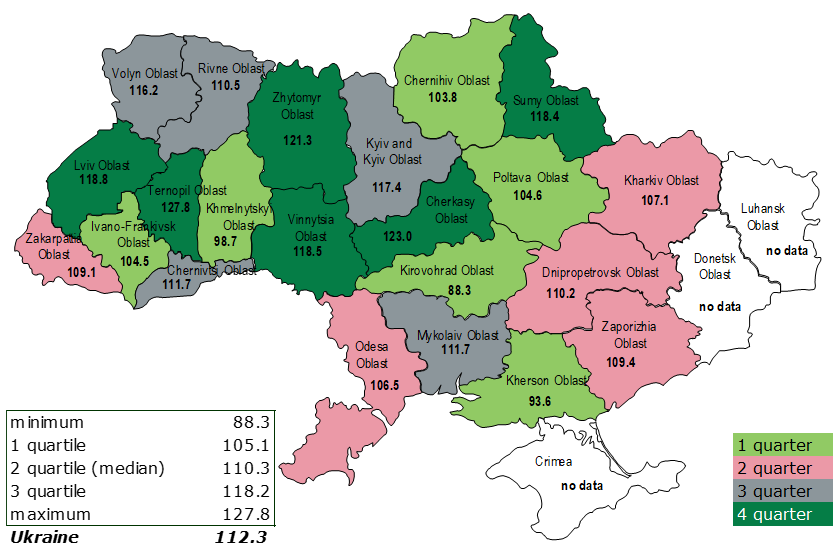
- **Respondents continued to assess their current financial and economic standings as bad:** the balance of responses was (-3.7%) compared with (-28.0%). Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 6.0%.
- **Finished goods stocks had decreased and were assessed at a level lower than the normal one:** the balance of responses was (-11.1%) compared with (-16.7%) in Q1 2021.
- **Spare production capacity had increased.** Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 7.4% (compared with 3.8% in Q1 2021).

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



- Period: 5 May through 1 June 2021.
- A total of 27 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the manufacturing industry.

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>\*\*</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 Zaporizhzhia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	0.0	-3.7	3.8	7.7	12.0
Total sales	3.8	-22.2	-11.1	11.5	0.0
Investment in construction	-3.7	-4.0	0.0	3.8	12.0
Investment in machinery, equipment, and tools	-7.4	3.8	14.8	3.8	23.1
Staff numbers	-14.8	-17.9	3.6	-3.7	0.0

<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

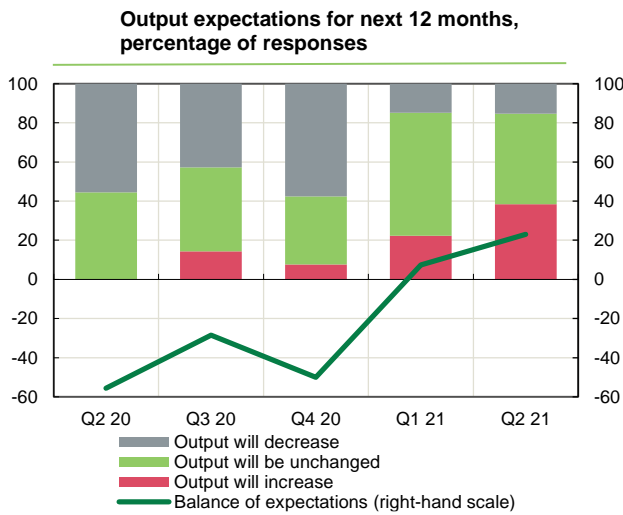


Figure 2

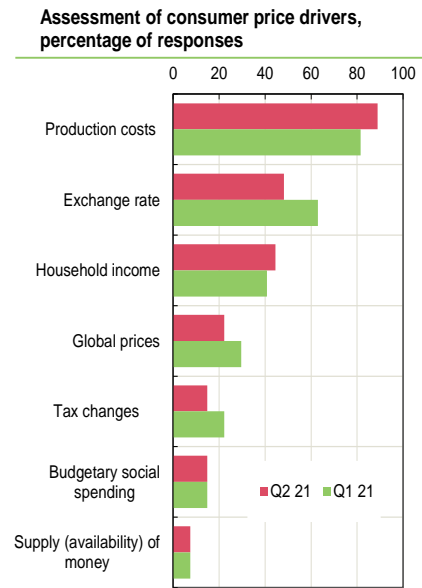


Figure 3

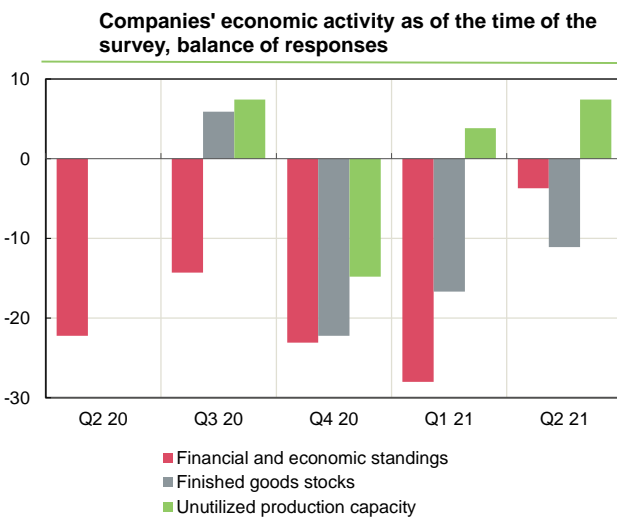


Figure 4



Figure 5

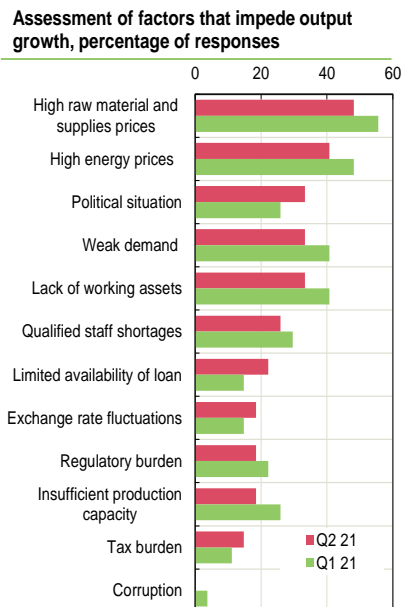


Figure 6

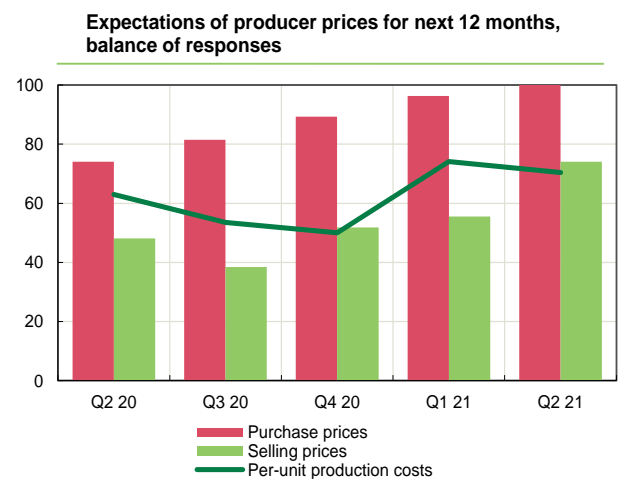


Figure 7

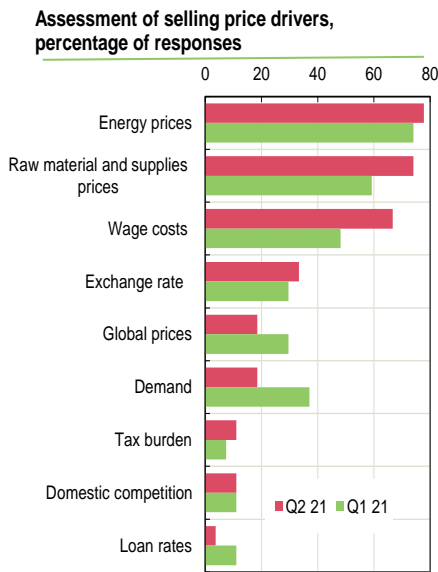


Figure 8

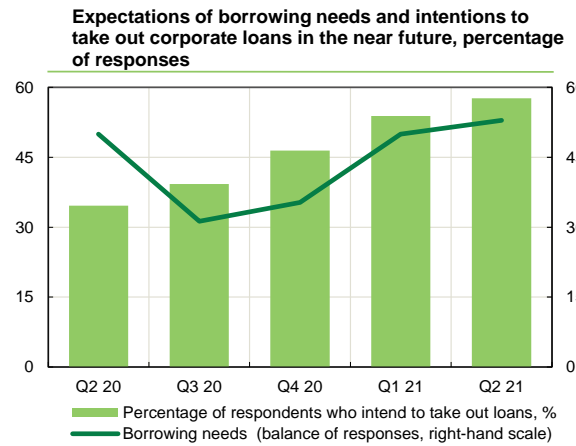


Figure 9

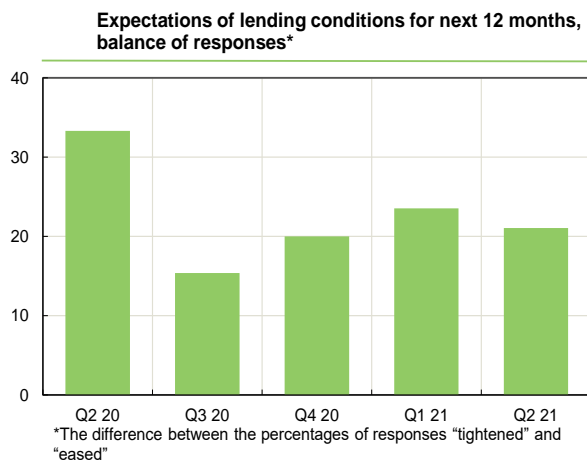


Figure 10

