



National Bank
of Ukraine

Business Outlook Survey of Volyn Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Volyn 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 Volyn oblast in Q2 2021 showed that respondents expected the output of Ukrainian goods and services would rise over the next 12 months, for the first time since Q1 2020. They were optimistic about the future performance of their companies over that period. Respondents projected the weaker inflation and depreciation expectations.

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

- **the output of Ukrainian goods and services would rise:** the balance of responses was 25.0% compared with (-8.3%) in the previous quarter and 15.9% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow slower:** 66.7% of respondents expected inflation to be lower than 7.5%, compared to 50.0% in Q1 2021 and 54.2% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2); impact of budgetary social spending increased noticeably
- **the domestic currency depreciation would weaken significantly:** 50.0% of respondents (compared to 90.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 63.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 27.3% compared with (-16.7%) in the previous quarter (see Table), the figure across Ukraine being 18.3%
- **total sales would increase:** the balance of responses was 54.5% (compared with 20.0% in Q1 2021). Respondents also expected an increase in external sales (the balance of responses was 25.0%, same as in the previous quarter) (see Table). The balances of responses across Ukraine were 21.0% for each
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 8.3% (compared with (-9.1%) in Q1 2021). At the same time respondents expected **investment in construction would decrease:** the balance of responses was (-9.1%) compared with (-10.0%) in the previous quarter (see Table). Across Ukraine, investment was expected to increase, the balances of responses being 16.9% and 6.4% respectively
- **staff numbers at their companies would be unchanged,** such expectations have been reported for two quarters in a row: the balance of responses was 0.0% (Figure 4). Overall, companies across Ukraine expected that their staff numbers would decrease slightly, the balance of responses being (-1.0%)
- **both purchase and selling prices would grow slowly:** the balances of responses were 66.7% and 41.7% respectively (compared to 100.0% and 66.7% in Q1 2021) (Figure 6). Energy prices and raw material and supplies prices were referred to as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 66.7% each (compared with 41.7% and 54.5% respectively in Q1 2021) (Figures 4 and 6).

Companies cited high energy prices and a lack of working assets as **the main drags on their ability to boost production** (Figure 5).

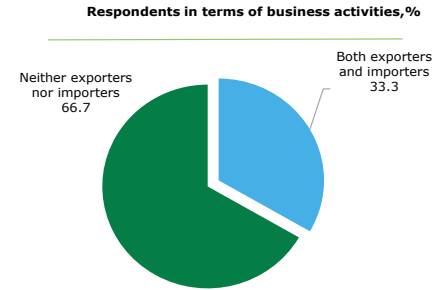
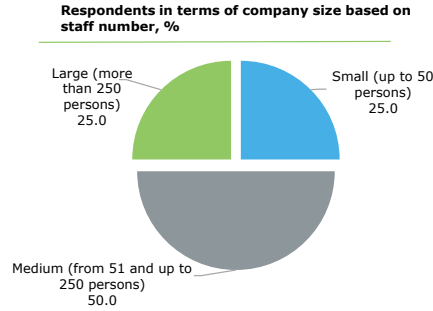
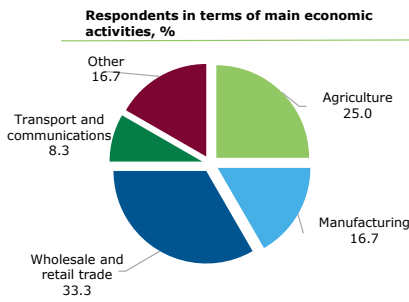
Respondents expected **their borrowing needs to increase** in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency ones. Respondents said that lending standards had tightened (Figure 9). Respondents cited other funding sources and high loan rates as the main factors that deterred 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** (97.5% across Ukraine).

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

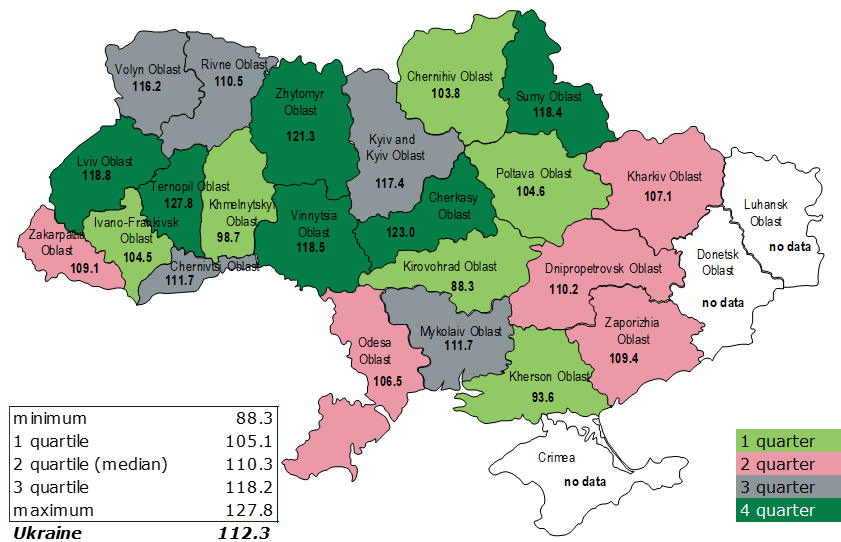
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 16.7% compared with 8.3% in the previous quarter. Across Ukraine the balance of responses being 6.0%
- **Finished goods stocks had increased and were assessed as normal:** the balance of responses was 0.0% (compared with (-25.0%) in Q1 2021).
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% (compared with (-8.3%) in Q1 2021).

Survey Details^{1,2}



- Period: 7 May through 27 May 2021.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the trade 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 Volyn 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	0.0	-10.0	-16.7	27.3
Total sales	53.8	54.5	36.4	20.0	54.5
Investment in construction	-15.4	-25.0	0.0	-10.0	-9.1
Investment in machinery, equipment, and tools	-15.4	-41.7	25.0	-9.1	8.3
Staff numbers	-7.7	-8.3	-16.7	0.0	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

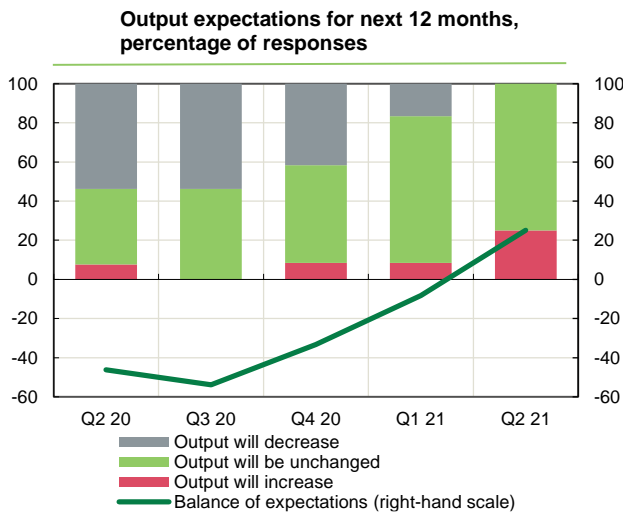


Figure 2

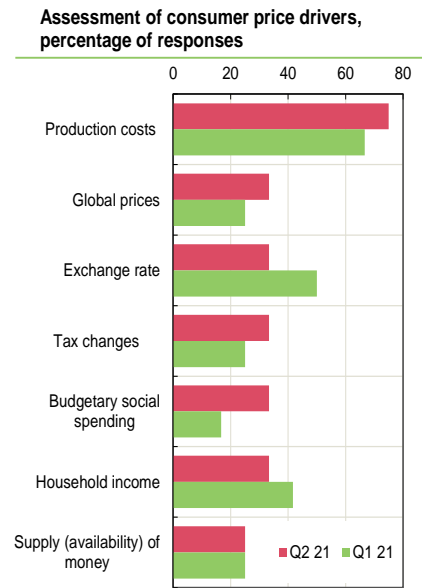


Figure 3

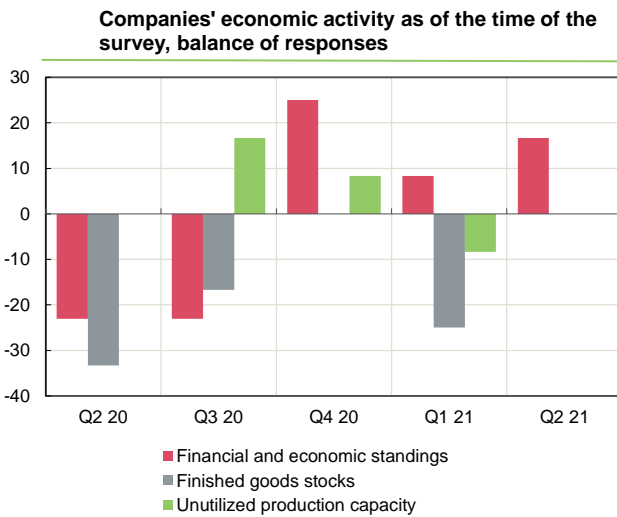


Figure 4



Figure 5

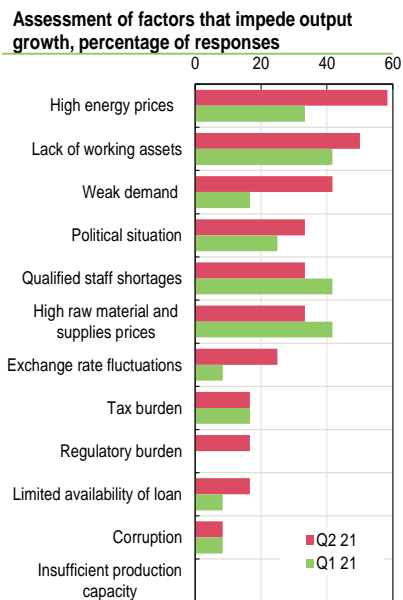


Figure 6

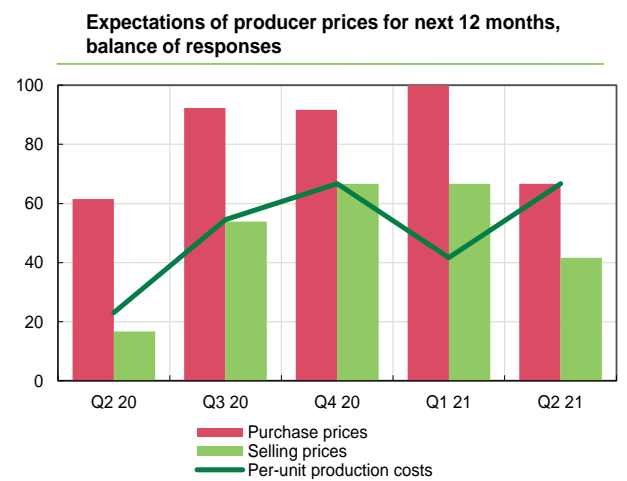


Figure 7

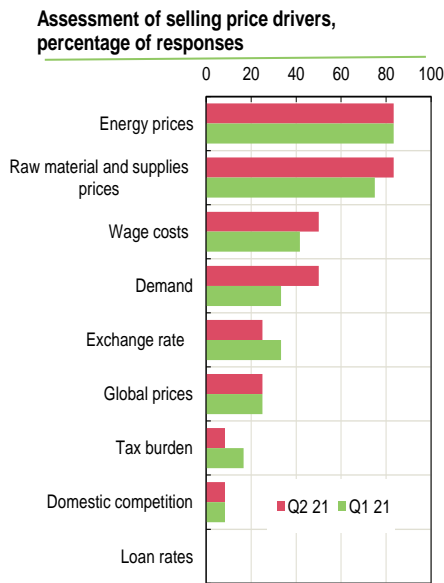


Figure 8

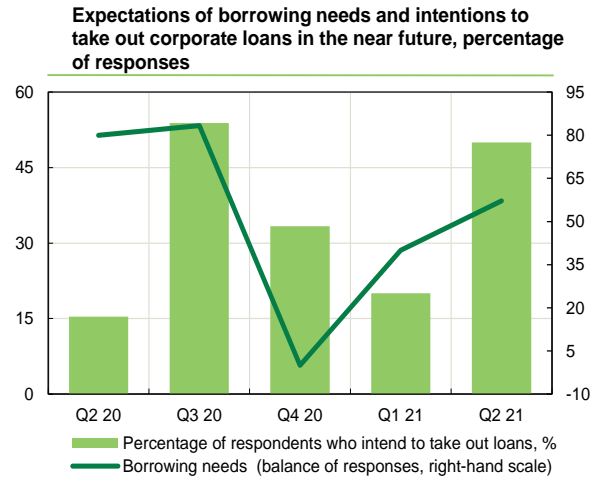


Figure 9

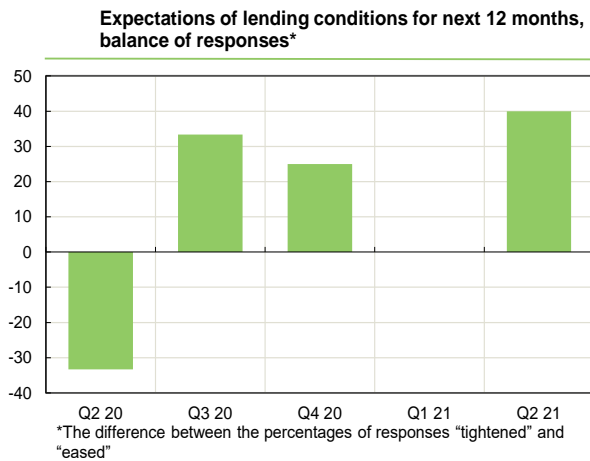


Figure 10

