



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Zhytomyr 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 **Zhytomyr oblast** in Q2 2021 showed that respondents continued to expect a drop in the output of Ukrainian goods and services over the next 12 months. At the same time, they had **high optimistic expectations for the performance of their companies**. Respondents expected inflation to decrease. Depreciation expectations weakened.

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

- **the output of Ukrainian goods and services would drop** at a slower pace: the balance of expectations was (-7.7%) (the lowest figure among the regions) compared with (-15.4%) in Q1 2021 (Figure 1). Companies across Ukraine expected that the output of goods and services would grow – the balance of responses was 15.9%
- **prices for consumer goods and services would rise** at a slower pace: 61.5% of respondents expected that the inflation rate would be lower than 7.5% (compared with 53.8% in the previous quarter and 54.2% across Ukraine). Respondents continued to refer to production costs **as the main inflation driver** (76.9% of respondents) (Figure 2)
- **the domestic currency depreciation would decelerate**: 61.5% of respondents (compared with 84.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 63.6%
- **the financial and economic standings of their companies would improve**: the balance of expectations was 33.3% (the highest figure among the regions), compared to 38.5% in the previous quarter (see Table) and 18.3% across Ukraine
- **total sales would increase more slowly**: the balance of responses was 7.7% compared to 23.1% in Q1 2021 and 21.0% across Ukraine
- **the investment** both in construction and in machinery, equipment, and tools **would increase**: the balances of responses were 16.7% and 33.3% respectively (compared with 23.1% and 30.8% in Q1 2021), the balances of responses across Ukraine being 6.4% and 16.9% respectively
- **staff numbers would increase**: the balance of responses was 15.4% (compared with 7.7% in the previous quarter). Across Ukraine, staff numbers were expected to decrease slightly (-1.0%) (Figure 4)
- **both purchase and selling prices would rise at a fast pace**: the balances of responses were 84.6% and 66.7% respectively compared with 84.6% and 69.2% in the previous quarter (Figure 6). Raw material and supplies prices, together with energy prices, were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs would decelerate**: the balance of responses was 69.2% (compared with 76.9% in the previous quarter). At the same time **the growth in wage costs per staff member would accelerate**: the balance of responses was 75.0% (compared with 66.7% in Q1 2021) (Figures 4 and 6).

Companies cited a raw material and supplies prices (respondents reported a noticeable increase in the impact of this factor) and energy prices as **the main drags on their ability to boost production** (Figure 5).

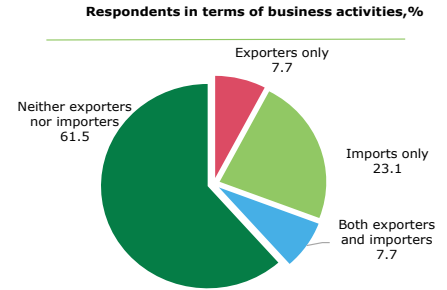
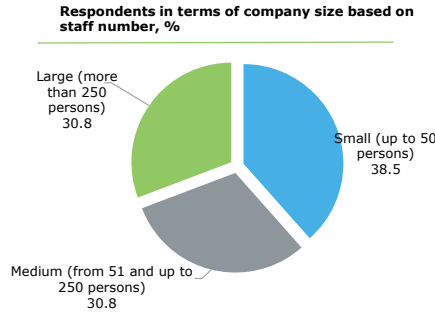
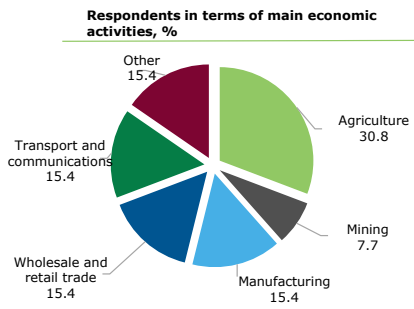
Respondents reported **higher expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency ones. The assessments of tightness of lending conditions became lower (Figure 9). Respondents referred to high loan rates and collateral requirements 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** (compared with 97.5% across Ukraine).

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

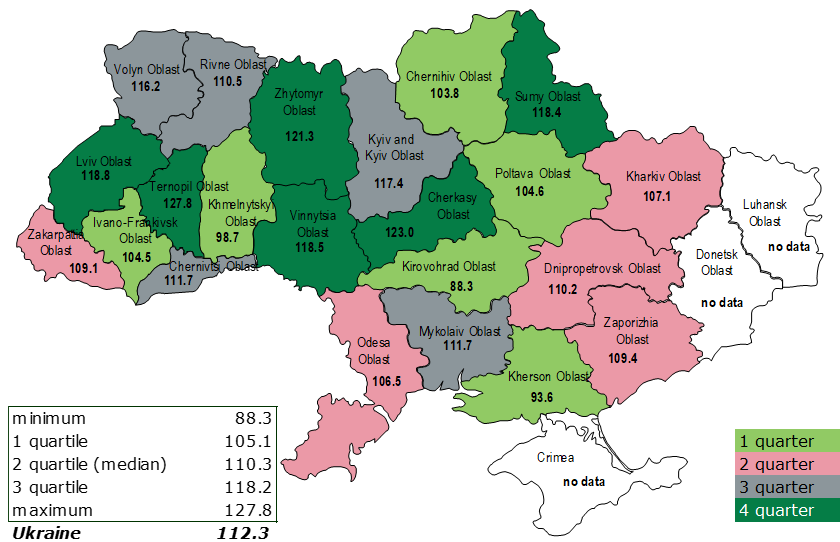
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-7.7%), (in the previous quarter 0.0%). Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 6.0%.
- **Finished goods stocks remained at a level lower than the normal one**: the balance of responses was (-11.1%) compared with (-16.7%) in Q1 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 23.1% (compared to 16.7% in the previous quarter).

Survey Details^{1,2}



- Period: 5 May through 27 May 2021.
- A total of 13 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, %



*a 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 sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Zhytomyr 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	25.0	7.1	0.0	38.5	33.3
Total sales	46.2	23.1	-7.1	23.1	7.7
Investment in construction	30.0	9.1	14.3	23.1	16.7
Investment in machinery, equipment, and tools	27.3	25.0	30.8	30.8	33.3
Staff numbers	0.0	-7.1	-7.1	7.7	15.4

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

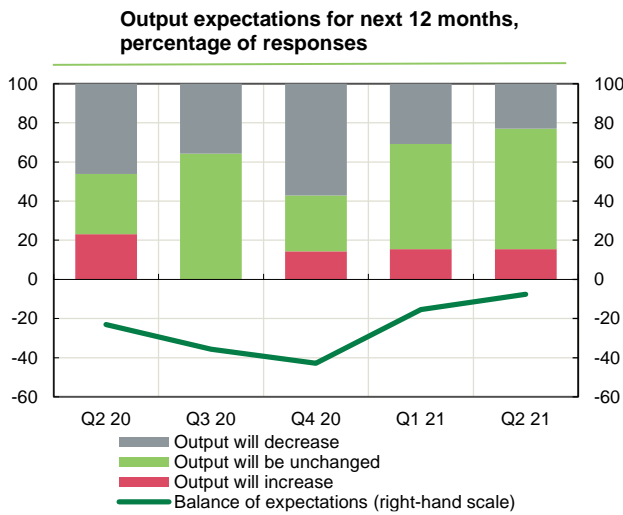


Figure 2

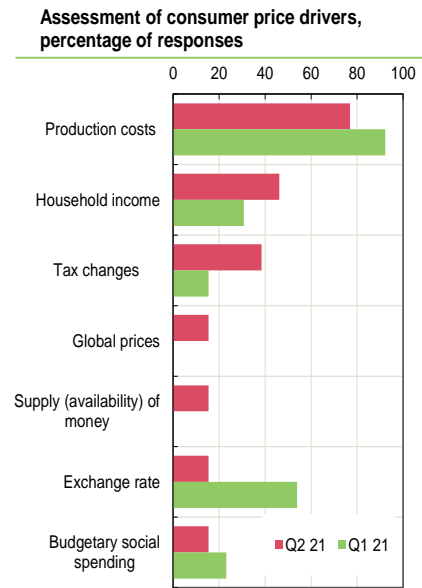


Figure 3

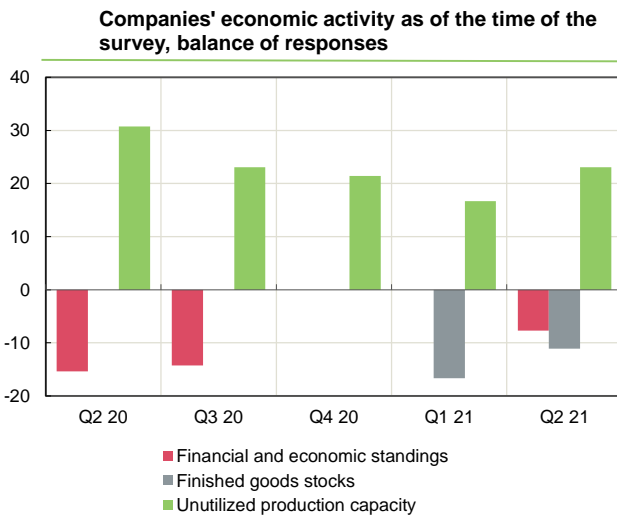


Figure 4

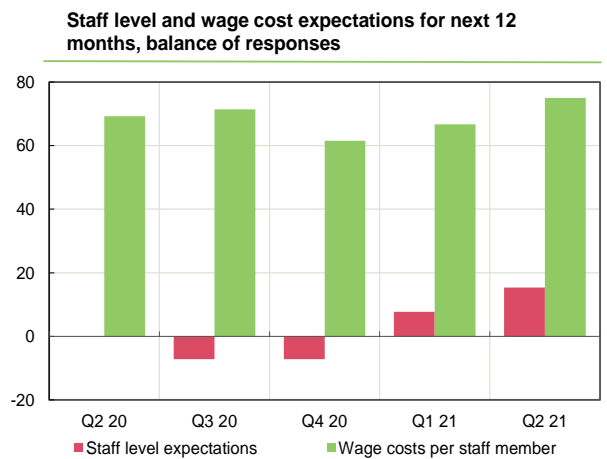


Figure 5

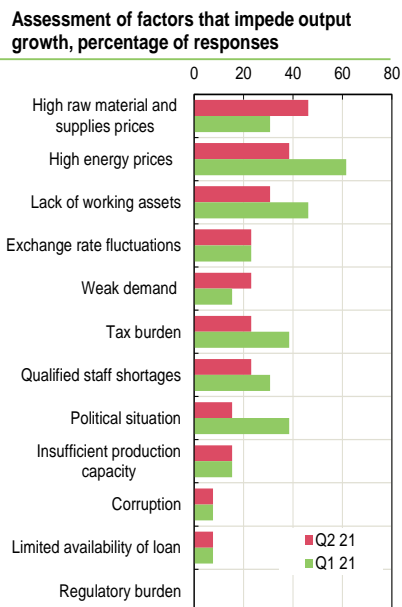


Figure 6

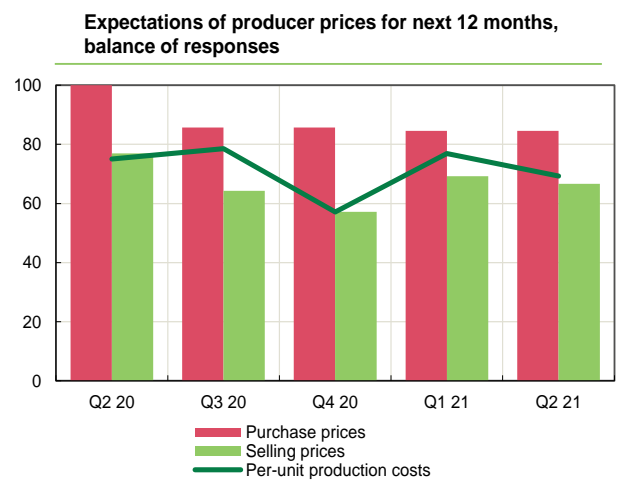


Figure 7

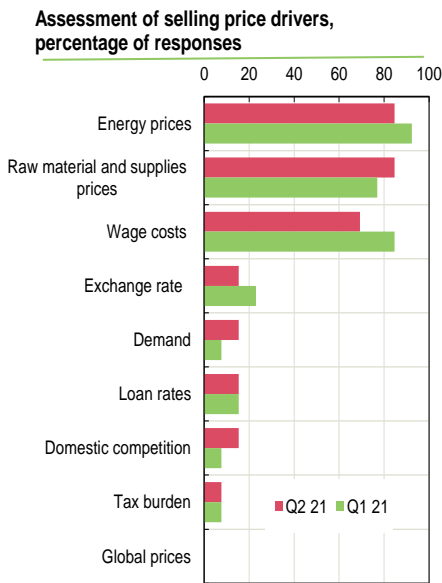


Figure 8

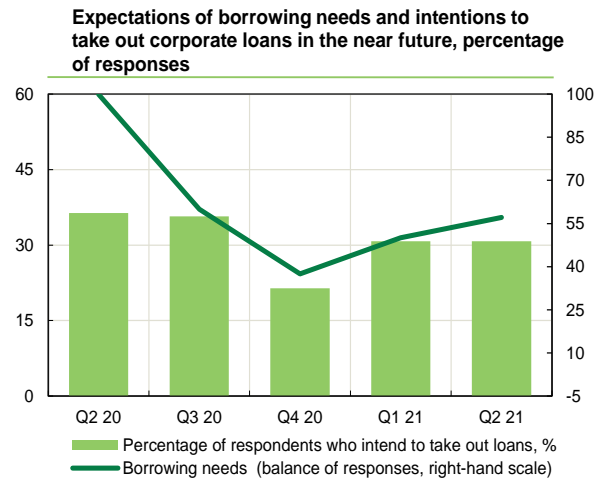


Figure 9

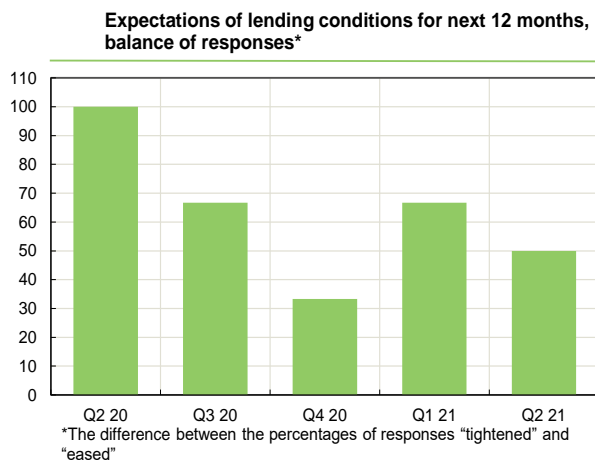


Figure 10

