



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Mykolaiv 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 Mykolaiv oblast in Q2 2021 showed that respondents expected an increase in the output of Ukrainian goods and services over the next 12 months. Respondents reported cautious expectations for their companies' performance over this period. Inflation expectations were high, while 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 increase** (such expectations were reported for the first time since Q1 2020): the balance of expectations was 6.3%, compared to (-6.3%) in Q1 2021 (Figure 1) and 15.9% across Ukraine
- **prices for consumer goods and services would increase at a fast pace:** 68.8% of respondents (as in the previous quarter) expected the inflation rate to be higher than 7.5%. Companies across Ukraine expected inflation to decelerate (45.8%). Respondents continued to refer to the exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate more slowly:** 50.0% of the respondents (compared to 86.7% 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 remain unchanged:** the balance of expectations was 0.0%, as in the previous quarter (see Table). Companies across Ukraine expected their financial and economic standings to improve (18.3%)
- **total sales would increase at a faster pace** (the balance of responses was 43.8% compared to 37.5% in the previous quarter) than external sales (the balance of responses was 33.3% compared to 40.0% in Q1 2021). The balances of responses across Ukraine were 21.0% for each
- **both investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 14.3% and 6.7% respectively, compared to (-7.1%) and 0.0% respectively in Q1 2021. Across Ukraine, the balances of responses were 6.4% and 16.9% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-6.3%), unchanged on Q1 2021, and (-1.0%) across Ukraine (Figure 4)
- **purchase and selling prices would rise** at a fast pace: the balances of responses were 87.5% and 56.3% respectively (compared to 87.5% and 62.5% in Q1 2021 respectively) (Figure 6). High energy prices and raw material and supplies prices 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 50.0% and 62.5% respectively (compared to 40.0% and 68.8% in Q1 2021).

Respondents referred to high raw material and supplies prices and energy prices, and a lack of working assets as the **main drags on the ability of their companies to boost production** (Figure 5).

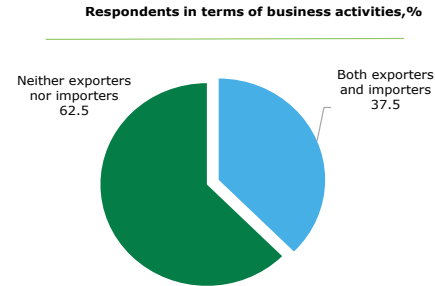
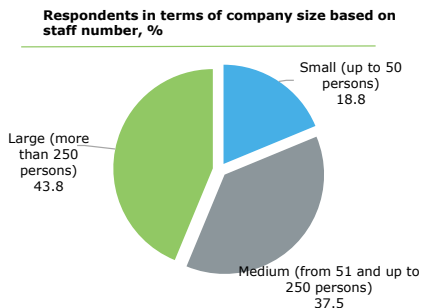
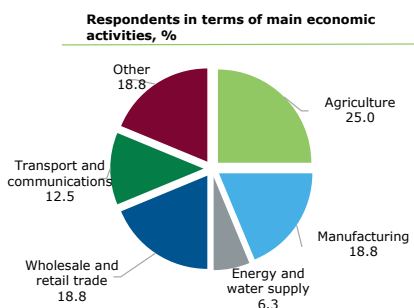
Respondents said that their borrowing needs would remain unchanged in the near future (Figure 8). The majority of the respondents who planned to take out bank loans (25.0%) opted for foreign currency loans. Respondents reported weaker expectations of a tightening in lending standards (Figure 9). High loan rates were cited as the major factor deterring companies 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)

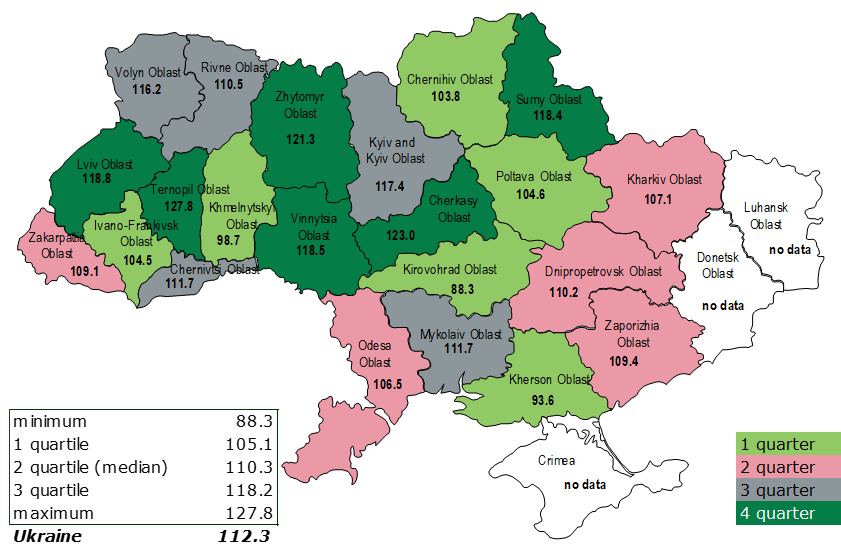
- **Companies said that their current financial and economic standings had improved and assessed them as good:** the balance of responses was 12.5%, compared to 0.0% in the previous quarter and 6.0% across Ukraine.
- **Finished goods stocks were assessed as normal:** the balance of responses was 0.0%, as in Q1 2021.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 6.7%, compared to 21.4% in the previous quarter.

Survey Details^{1,2}



- Period: 5 May through 1 June 2021.
- A total of 16 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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 Mykolaiv 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	-37.5	-6.7	-12.5	0.0	0.0
Total sales	-31.3	6.3	0.0	37.5	43.8
Investment in construction	-43.8	-31.3	-13.3	-7.1	14.3
Investment in machinery, equipment, and tools	-43.8	-18.8	-6.3	0.0	6.7
Staff numbers	-50.0	-26.7	-31.3	-6.3	-6.3

¹ This sample was generated in proportion to the contribution of each region 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

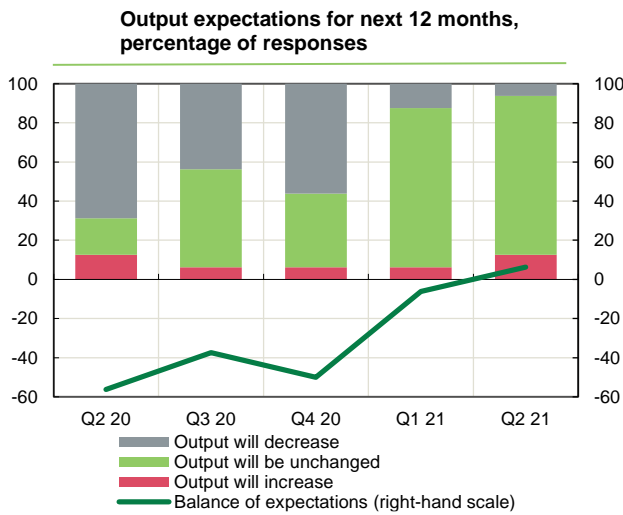


Figure 2

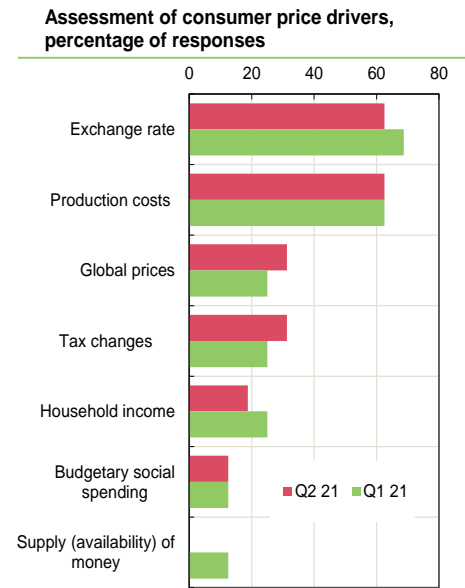


Figure 3

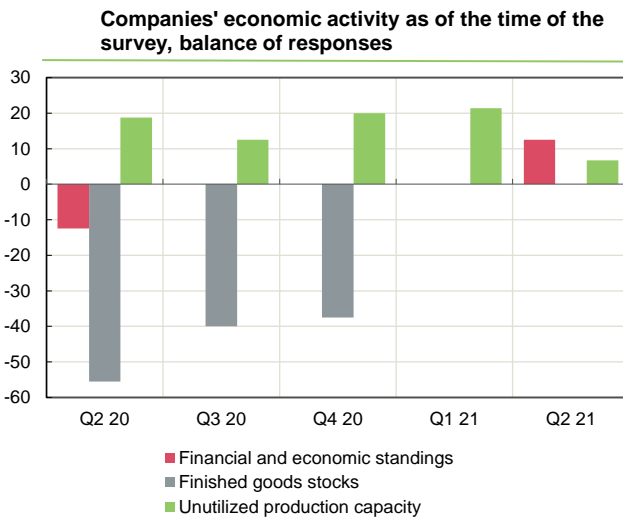


Figure 4

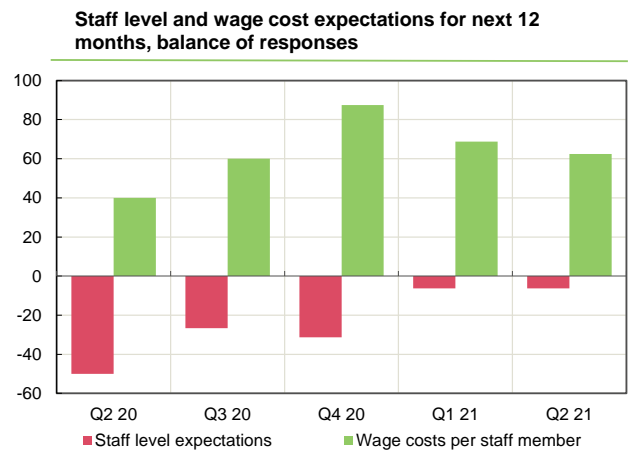


Figure 5

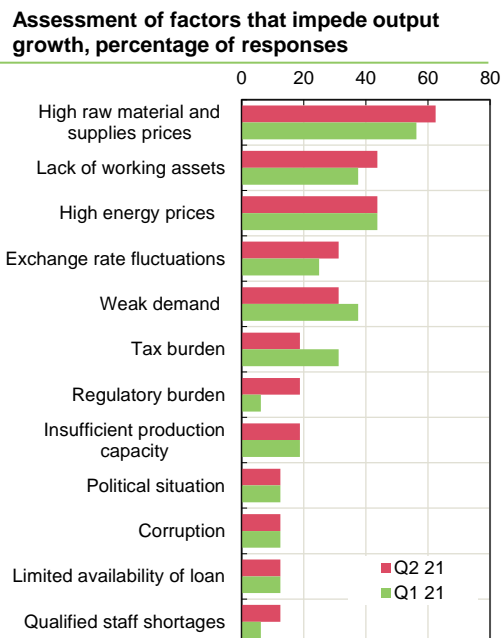


Figure 6

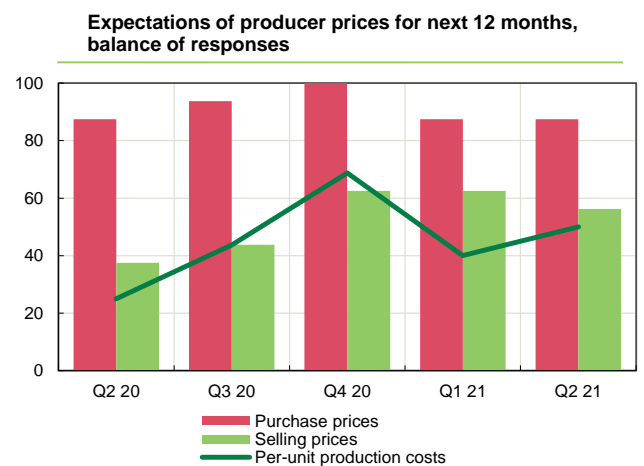


Figure 7

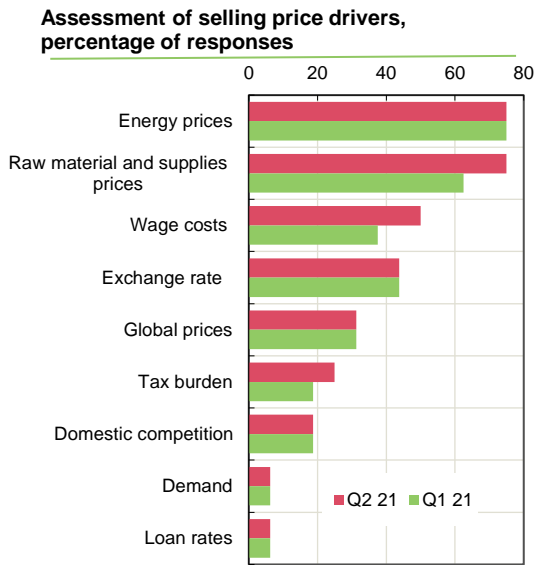


Figure 8

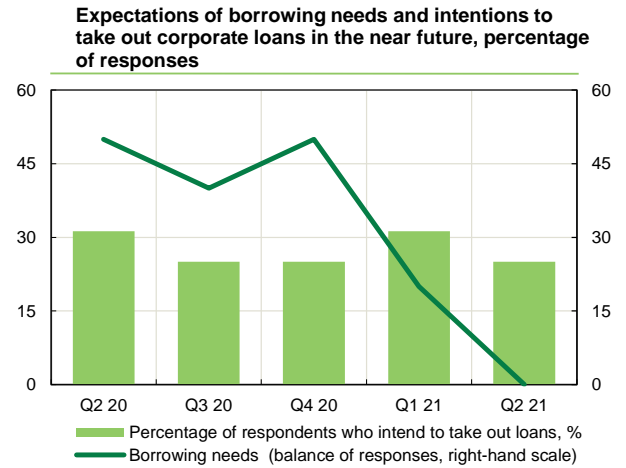


Figure 9

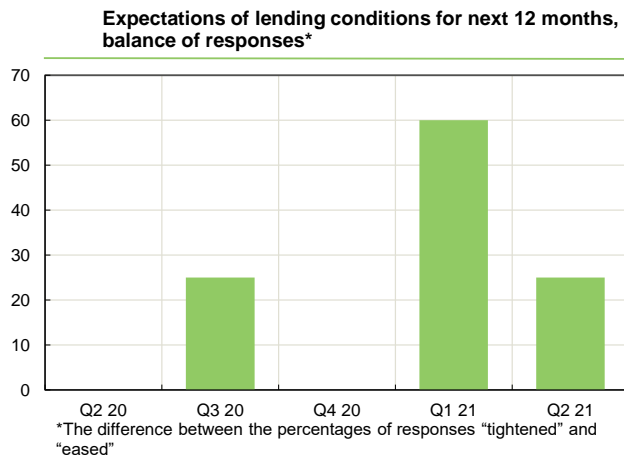


Figure 10

