



National Bank  
of Ukraine

# Business Outlook Survey of Kherson Oblast\*

Q2 2021



\*This survey only reflects the opinions of respondents in Kherson 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 **Kherson oblast** in Q2 2021 showed that respondents expected that the output of Ukrainian goods and services and performance by their companies would remain unchanged over the next 12 months. Respondents expected the pace of inflation and depreciation to increase.

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

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was 0.0% compared with 7.7% in Q1 2021 and 15.9% across Ukraine (Figure 1)
- **the growth in prices for consumer goods and services would accelerate:** the share of respondents who expected that inflation would be higher than 7.5% increased to 76.9%, compared with 53.8% in the previous quarter and 45.8% across Ukraine. Respondents referred to production costs as the **main inflation driver**. Respondents also reported an increased impact of household income, naming it as an important driver (Figure 2)
- **the hryvnia would depreciate significantly:** a total of 91.7% of respondents (compared to 84.6% in the previous quarter) (the highest figure across the regions) 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% compared to (-7.7%) in the previous quarter. Companies across Ukraine expected their financial and economic standings to improve (18.3%) (see Table)
- **the growth in total sales would decelerate:** the balance of responses was 8.3% compared with 23.1% in the previous quarter. The balances of responses across Ukraine were 21.0% for each
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-22.2%) and (-9.1%) compared to (-22.2%) and 0.0% in Q1 2021. The balances of responses across Ukraine were 6.4% and 16.9% respectively
- **staff numbers would decrease:** the balance of responses was (-9.1%) compared to 0.0% in Q1 2021. Across Ukraine, staff numbers were expected to decrease slightly, with a balance of responses of (-1.0%) (Figure 4)
- **purchase prices would grow more quickly than selling prices:** the balances of responses were 84.6% and 61.5% respectively (compared with 61.5% and 69.2% in Q1 2021) (Figure 6). Wage costs, energy prices (the impact of this factor has increased) and demand 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 decelerate:** the balances of responses were 50.0% and 46.2% respectively (compared with 58.3% and 76.9% in Q1 2021) (Figures 4 and 6).

Respondents referred to weak demand, the tax burden, and high energy, raw material and supplies prices as **the main drags on the ability of their companies to boost production** (Figure 5).

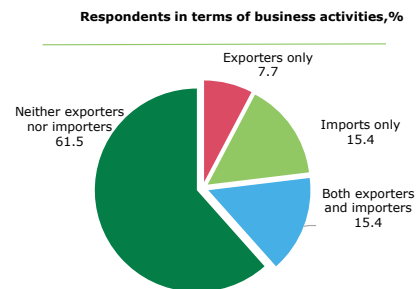
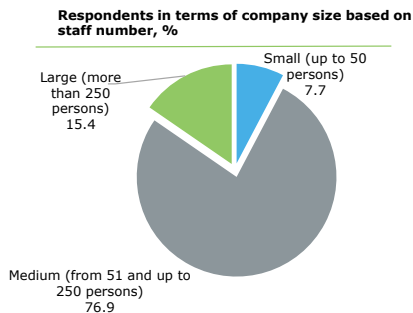
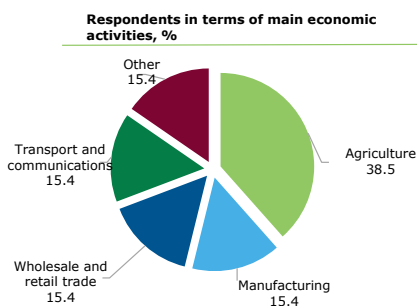
Respondents expected **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency ones. Respondents said that bank lending conditions had remained unchanged (Figure 9). Respondents cited high loan rates and collateral requirements as the main factors deterring them from taking out corporate 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)

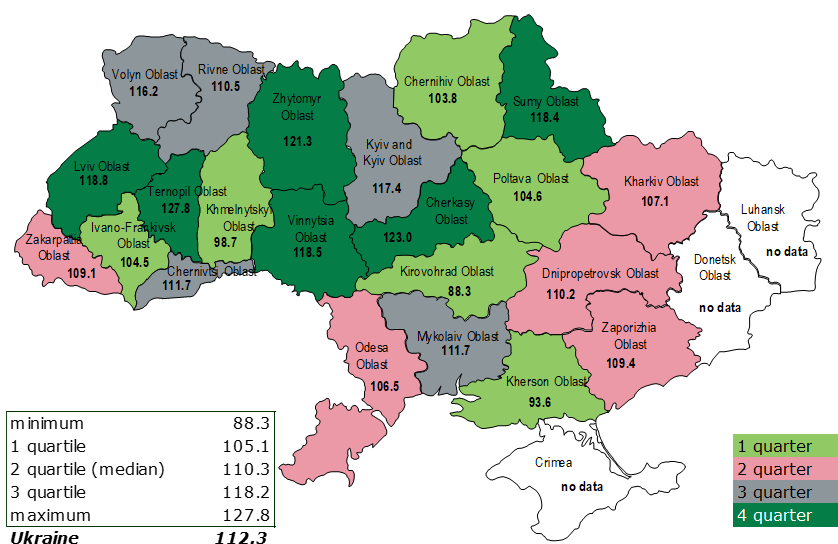
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% (such expectations have been reported three quarters in a row). Across Ukraine, respondents assessed the current financial and economic standings of their companies as good: the balance of responses was 6.0%.
- **Finished goods stocks had decreased and were assessed at a level lower than the normal one:** the balance of responses was (-22.2%) compared with (-10.0%) in Q1 2021.
- **Spare production capacity had decreased.** Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-15.4%) (compared with 7.7% in Q1 2021).

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



- Period: 6 May through 31 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 Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</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 Kherson 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	15.4	33.3	-7.7	-7.7	0.0
Total sales	0.0	23.1	7.7	23.1	8.3
Investment in construction	-7.7	-30.0	8.3	-22.2	-22.2
Investment in machinery, equipment, and tools	0.0	8.3	15.4	0.0	-9.1
Staff numbers	0.0	0.0	0.0	0.0	-9.1

<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

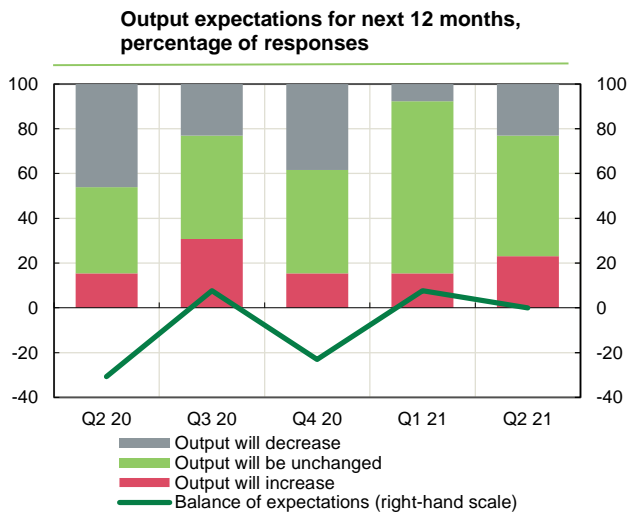


Figure 2

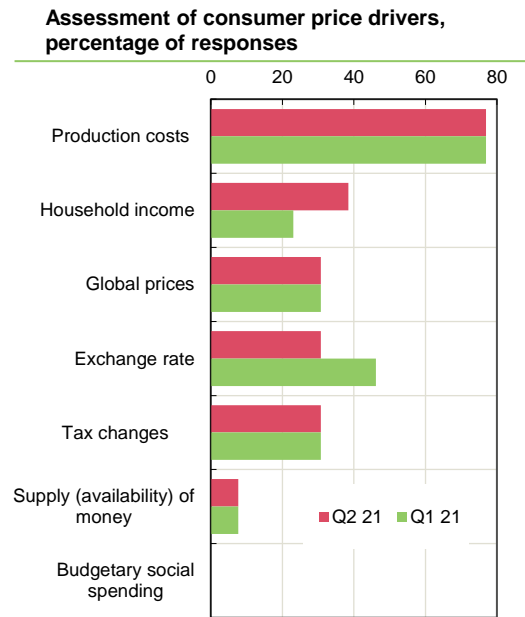


Figure 3

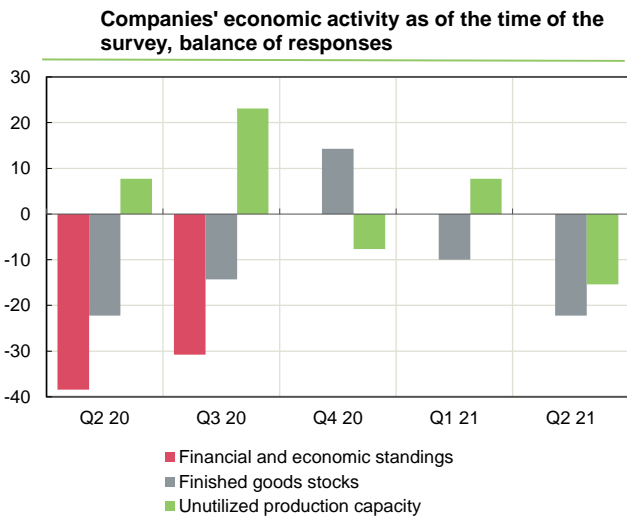


Figure 4

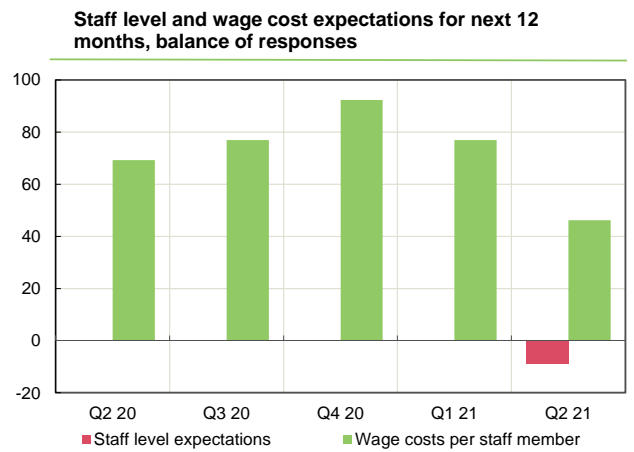


Figure 5

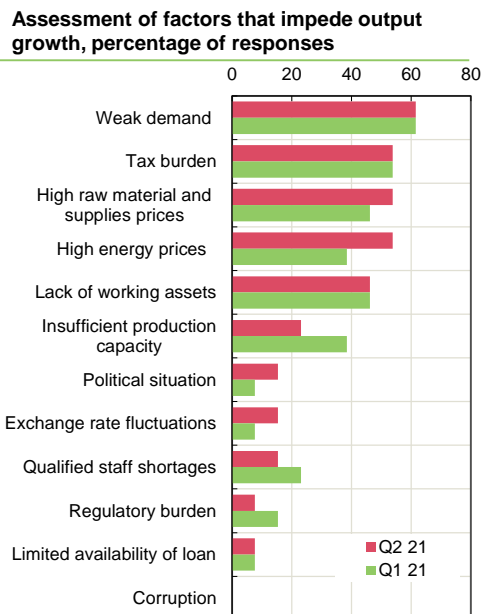


Figure 6

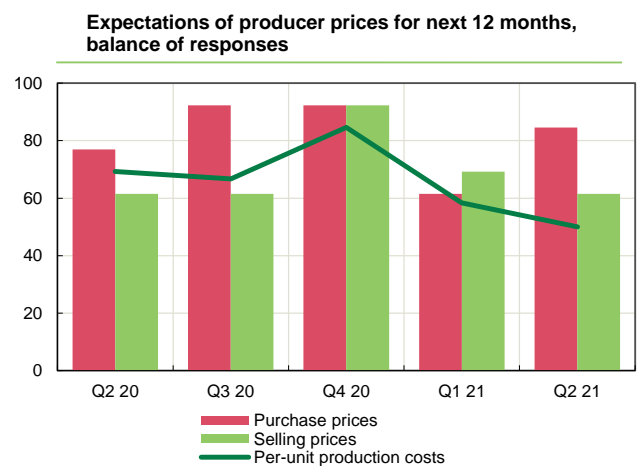


Figure 7

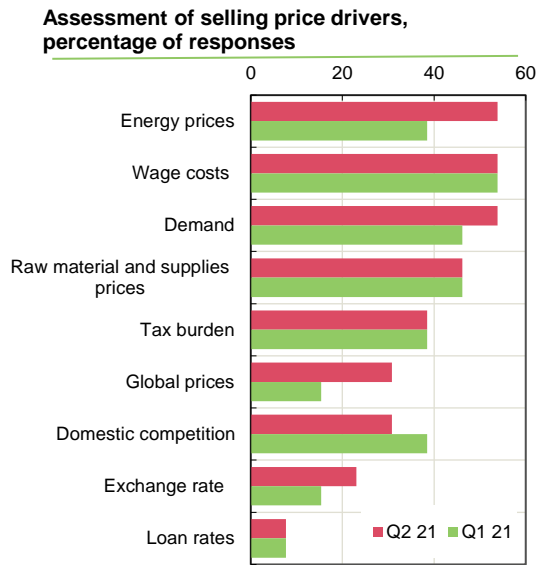


Figure 8

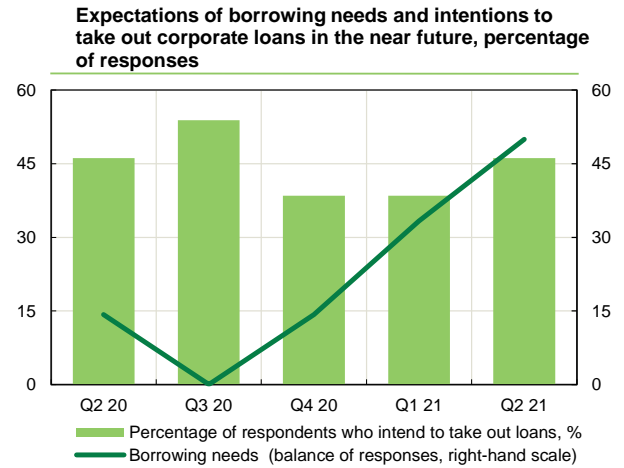


Figure 9

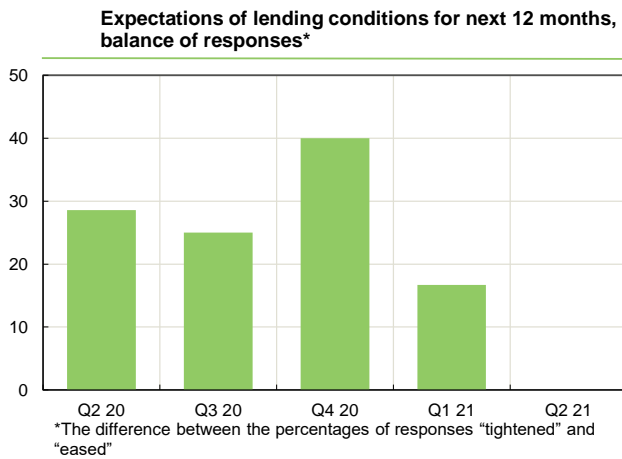


Figure 10

