



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q3 2019



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q3 2019, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Vinnytsia oblast** in **Q3 2019** showed that respondents had high expectations that the **Ukrainian economy would grow**, and that their companies would develop over the next 12 months. Respondents also reported 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 increase at a fast pace:** the balance of expectations was 57.1% compared with 61.9% in Q2 2019 and 30.5% across Ukraine (Figure 1). Respondents from the manufacturing industry had the most optimistic expectations (the balance of responses was 80.0%)
- **prices for consumer goods and services would grow at a slower rate:** 66.7% of the surveyed companies expected the inflation rate to be lower than 10.0% (compared with 57.1% in the previous quarter and the figure of 73.3% across Ukraine). As in the previous quarter, a total of 4.8% of respondents expected a decrease in prices for consumer goods and services. Respondents continue to refer to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would continue to depreciate less pronouncedly:** 66.7% of respondents (compared with 70.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 69.0%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 15.8% (compared with 25.0% in the previous quarter and 20.0% across Ukraine) (see Table). Respondents from manufacturing companies had the most optimistic expectations
- **total sales would grow:** the balance of responses was 35.0% compared with 27.1% across Ukraine (see Table). Respondents also expected an increase in external sales (the balance of responses was 33.3% compared with 22.7% across Ukraine). Respondents from manufacturing companies had the highest expectations
- **investment in construction and in machinery, equipment, and tools would increase at a slow pace:** the balances of responses were 5.3% for each compared with 33.3% and 19.0% in Q2 2019 respectively and 9.3% and 19.0% across Ukraine
- **staff numbers at their companies would decrease:** the balance of responses was (-14.3%) compared with 4.5% in Q2 2019. Across Ukraine, staff numbers were expected to increase (2.2%) (Figure 4)
- **purchase prices would grow at a fast pace:** the balance of responses was 90.5% (compared to 95.5% in Q2 2019). At the same time, respondents expected weaker growth in **selling prices**, with a balance of responses of 55.0% (compared to 68.2% in the previous quarter) (Figure 6)
- **both purchase and selling prices would increase at a fast pace:** the balances of responses were 95.5% and 68.2% respectively (compared with 100.0% and 68.2% in Q2 2019) (Figure 6). A total of 76.2% respondents cited raw material prices and energy prices (66.7% of responses) as the main sources of selling price growth (Figure 7)
- **per-unit production costs and wage costs per staff member would increase significantly:** the balances of responses were 75.0% and 76.2% respectively (compared with 81.0% and 81.8% in Q2 2019) (Figure 4 and 6).

High raw material and supplies prices and energy prices **were cited as the main drags on the ability of companies to boost production** (by 85.7% and 66.7% of respondents respectively).

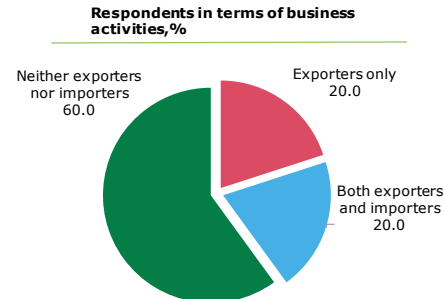
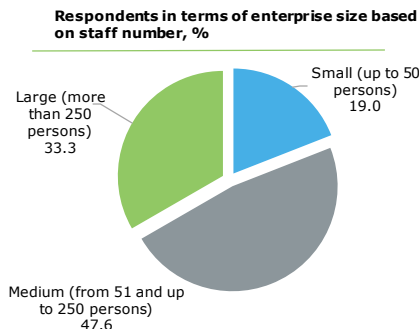
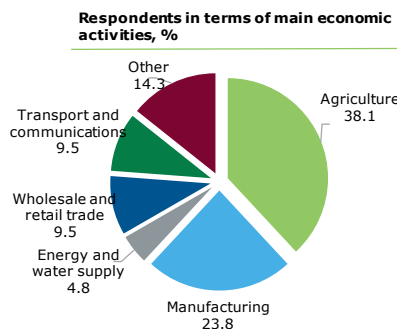
Respondents edged down their expectations of an increase in borrowing needs in the near future (Figure 8). Companies that planned to take out corporate loans (38.1% of responses) opted for domestic currency loans. Respondents said that lending conditions had tightened: the balance of responses was 30.0% (up by 10.0 pp) (Figure 9). Companies cited **high loan rates as the main factor that deterred them from taking out loans**. The impact of collateral requirements was also assessed as significant (Figure 10).

All respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.4% across Ukraine).

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

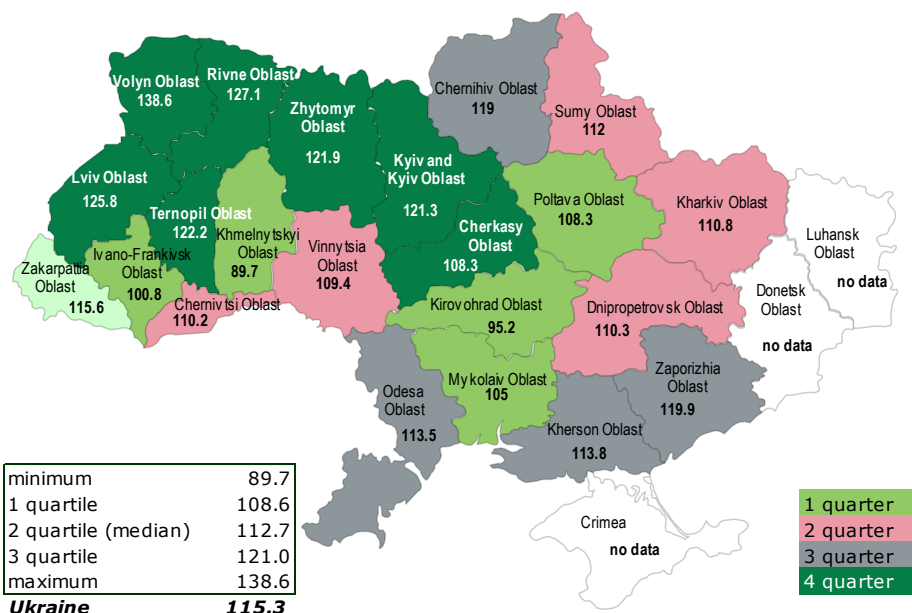
- Respondents have assessed their **current financial and economic standings as bad** for four quarters in a row: the balance of responses was (-14.3%) compared with (-4.5%) in Q2 2019. Across Ukraine, the current financial and economic standings of companies improved, the balance of responses being 9.5%.
- **Stocks of finished goods remained at a level lower than the normal one:** the balance of responses was (-21.4%) (compared to (-20.0%) in Q2 2019).
- **Companies in the region have a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 5.0% (compared with 4.5% in Q2 2019).

Survey Details^{1,2}



- Period: 7 August through 3 September 2019.
- A total of 21 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 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 sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Vinnytsia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19
Financial and economic standings	-5.3	0.0	19.0	25.0	15.8
Total sales	31.8	18.2	50.0	45.5	35.0
Investment in construction	31.6	20.0	28.6	33.3	5.3
Investment in machinery, equipment and tools	30.0	14.3	33.3	19.0	5.3
Staff numbers	0.0	4.5	9.1	4.5	-14.3

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 development 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

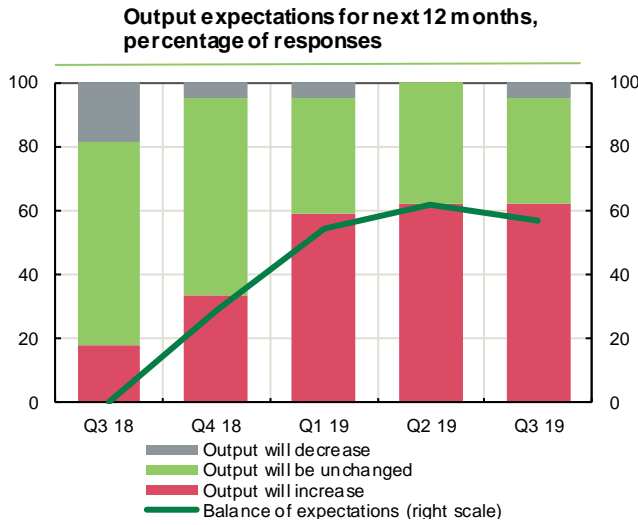


Figure 2

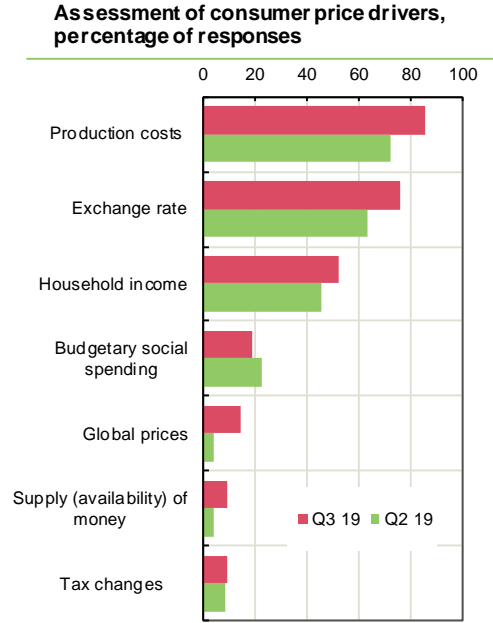


Figure 3

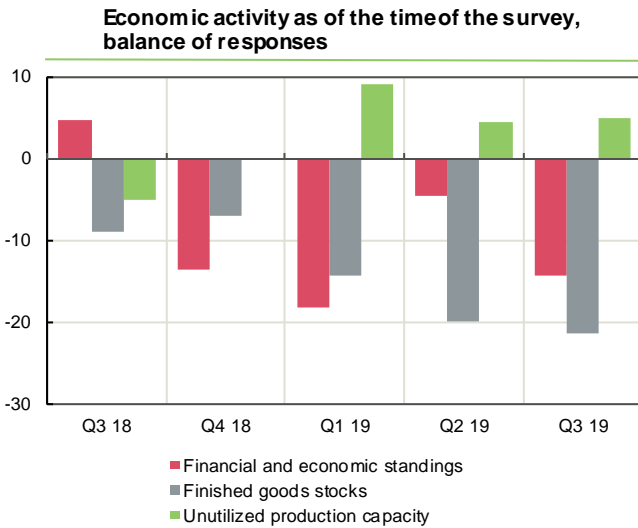


Figure 4

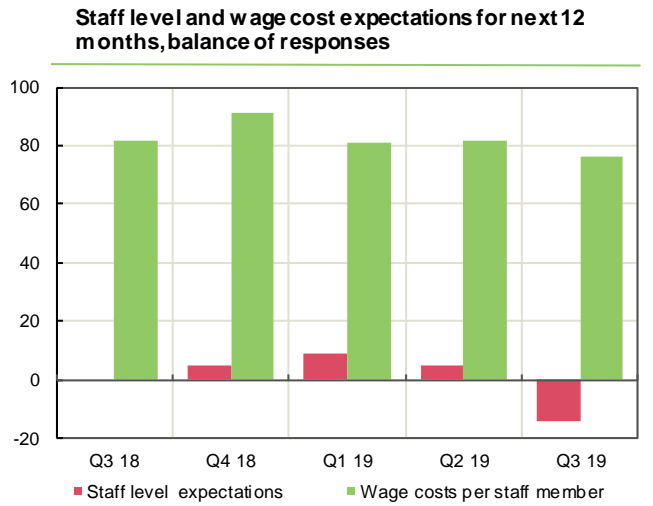


Figure 5

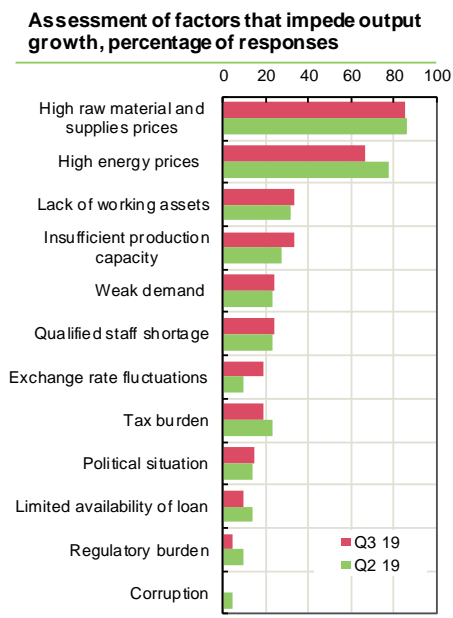


Figure 6

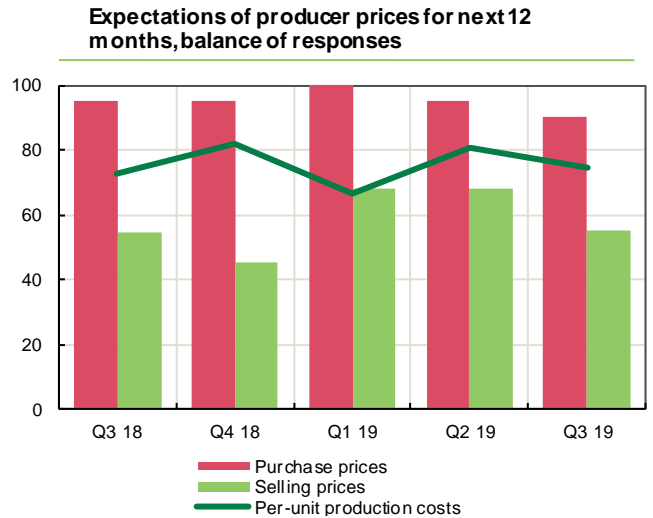


Figure 7

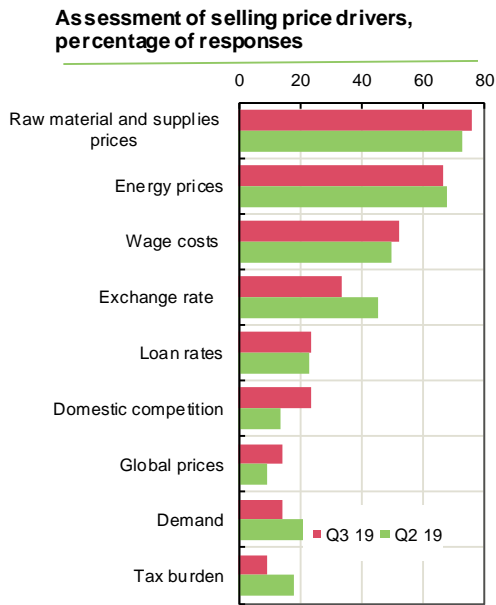


Figure 8

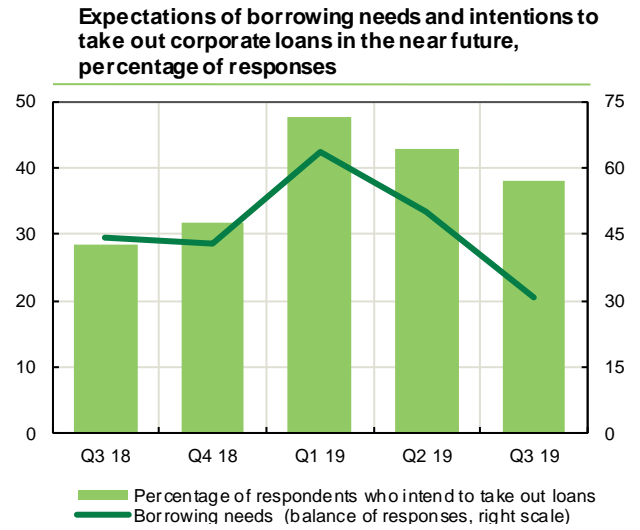


Figure 9

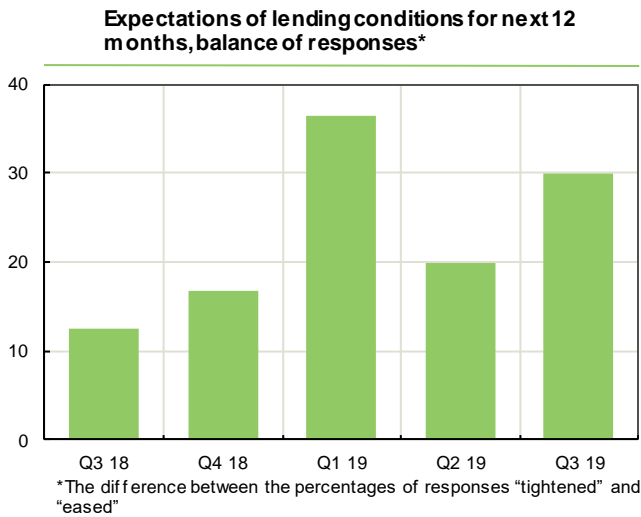
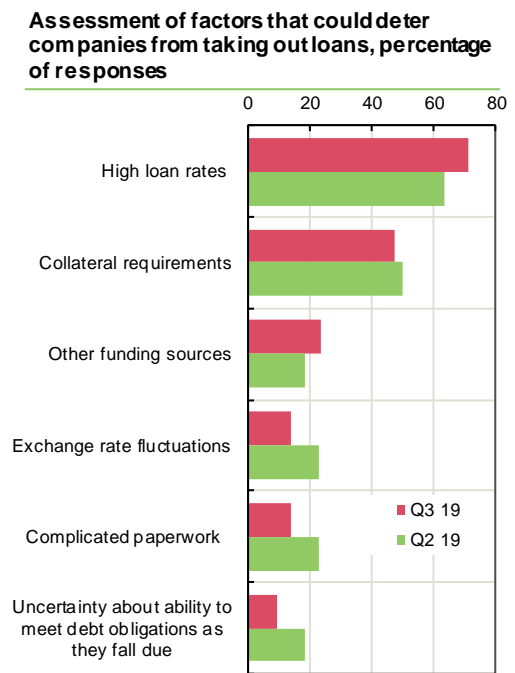


Figure 10



Key Indicators of Social and Economic Development of Vinnytsia Oblast in 2014 – 2019

% of the same period of the previous year, unless stated otherwise

No.	Indicators	2014	2015	2016	2017	2018	2019							
							January	January - February	January - March	January - April	January - May	January - June	January - July	January - August
1	Volume indices of gross regional product (in previous year's prices, in percent)	104.6	97.1	106.5	101.8	106.4 ²	...	...	...	...	...	...	...	...
2	Industrial production index	105.4	104.0	105.3	108.2	99.2	113.8	109.3	112.0	115.8	118.2	120.0	120.3	120.9
3	Mining and quarrying	129.0	79.9	84.1	80.2	111.6	71.5	71.9	85.1	96.6	96.3	93.1	99.4	105.0
4	Manufacturing	108.9	106.9	112.0	106.4	103.0	117.6	114.1	119.6	122.7	125.1	125.0	125.0	124.4
5	Production of food, beverages and tobacco	121.6	98.6	112.9	103.4	103.8	116.8	112.3	114.5	117.8	120.1	120.9	120.7	119.7
6	Textile production, production of clothing, leather, leather goods and other materials	91.2	100.5	103.7	106.8	94.0	114.0	114.0	106.6	104.7	102.9	102.8	103.8	102.6
7	Production of wood products, paper, printing	110.6	103.3	106.3	110.3	112.4	141.0	119.2	163.4	177.7	179.4	166.6	172.3	173.5
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	98.8	76.9	75.0	88.3	92.2	84.2	76.7	66.7	73.4	78.4	89.0	88.5	87.8
10	Production of rubber and plastic products, other nonmetallic mineral products	97.7	95.0	113.9	97.5	100.6	103.5	110.4	135.3	136.2	128.5	122.8	120.7	119.0
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	86.5	97.2	97.3	115.6	97.4	135.4	174.0	181.6	188.0	190.9	189.6	185.7	184.5
12	Mechanical engineering, except for repair and installation of machinery and equipment	84.3	87.1	152.7	128.3	103.2	84.8	87.9	88.0	130.1	86.5	84.9	86.5	86.0
13	Electricity, gas, steam and conditioning air supply	91.5	97.3	85.6	119.3	84.4	104.8	95.9	88.7	92.9	95.2	103.8	104.4	108.5
14	Agricultural production index	111.0	91.8	117.0	95.8	110.6	113.9	114.5	116.2	114.9	114.8	114.1	120.1	107.4
15	Construction production index	72.8	104.8	143.2	113.3	144.7	118.5	171.6	159.5	214.8	257.6	223.0	217.1	213.8
16	Freight turnover	102.0	100.4	96.5	108.6	99.1	87.6	88.1	93.0	96.4	97.1	97.6	97.4	95.6
17	Passenger turnover	87.6	99.8	99.9	103.0	101.5	102.9	101.9	98.8	100.5	99.7	99.1	99.5	98.0
18	Volume index of retail trade turnover (in comparable prices, in percent)	98.5	86.3	103.4	111.0	112.9	108.6	110.1	111.7	113.5	118.3	118.8	118.0	118.2
19	Profit/loss of large and medium companies before tax (UAH million) ³	-1231.9	5228.7	9441.7	10004.2	...	...	...	...	...	...	...	...	...
20	Capital investment index	77.7	102.5	102.5	140.0	137.8	...	...	127.7	...	...	112.3	...	...
21	Consumer price index (compared with December of previous year)	123.3	138.8	110.0	113.0	109.0	100.7	101.1	102.0	102.6	103.0	102.1	101.4	101.1
22	Real disposable income	91.2	86.1	105.9	114.9	108.6 ²	...	...	...	...	...	...	...	...
23	Real wage index	94.9	81.3	111.9	128.7	115.5	112.8	113.4	113.6	112.6	112.3	111.9	112.6	112.2
24	Number of applicants per vacancy as of end of period	61	62	52	25	24	14	11	5	6	5	5	6	5

¹ This information is confidential under the Law of Ukraine On State Statistics.

² Preliminary data.

³ These data exclude banks' profits/losses. Data on agricultural companies engaged in plant cultivation, animal husbandry and mixed farming are only available in annual reports.

Annual data include profits/losses of large, medium, small and micro companies.

Source: Ukraine's State Statistics Service

Legend

Periods (...) - no data

Dash (-) - no events