



National Bank
of Ukraine

Business Outlook Survey of Vinnytsia Oblast*

Q1 2020

**This survey was carried out before
quarantine measures were introduced**



*This survey only reflects the opinions of respondents in Vinnytsia oblast (top managers of companies) who were polled in Q1 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in Vinnytsia oblast in Q1 2020 showed that respondents had more moderate expectations that the Ukrainian economy would grow, and that their companies would develop over the next 12 months. Respondents expected an increase in prices and a less pronounced depreciation of the hryvnia.¹

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

- **the output of Ukrainian goods and services would increase moderately:** the balance of expectations was 23.8% compared with 50.0% in Q4 2019 and 10.4% across Ukraine (Figure 1). Respondents from agricultural and manufacturing companies had the most optimistic expectations
- **prices for consumer goods and services would rise by no more than 6.0%** (expected by 66.7% of the surveyed companies compared with 68.5% across Ukraine). All respondents referred to production costs and the hryvnia exchange rate as **the main inflation drivers**. Respondents also assessed the impact of the hryvnia exchange rate as high (Figure 2)
- **the hryvnia would depreciate at a slower pace:** a total of 60.0% of respondents (compared to 85.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 65.2%
- **the financial and economic standings of their companies would improve** at a slower pace: the balance of expectations was 15.0% (compared with 23.8% in the previous quarter and 16.9% across Ukraine) (see Table). Respondents from agricultural companies had the most optimistic expectations
- **total sales growth would accelerate:** the balance of responses was 33.3% compared with 20.0% in the previous quarter (see Table). Respondents also expected an increase in external sales (the balance of responses was 25.0% compared with 20.0% in Q4 2019). The balances of responses across Ukraine were 23.0% and 17.5% respectively
- **investment in construction and in machinery, equipment and tools would increase:** the balances of responses were 10.0% and 28.6% respectively compared with (-5.6%) for each in the previous quarter and 2.4% and 14.1% across Ukraine
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-19.0%) in the previous quarter. Across Ukraine, staff numbers were expected to decrease (-3.9%) (Figure 4)
- **both purchase and selling prices would increase** at a fast pace: the balances of responses were 85.7% and 61.9% respectively (compared with 95.2% and 71.4% in Q4 2019) (Figure 6). A total of 76.2% respondents cited raw material prices and energy prices (71.4% 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 71.4% and 76.2% respectively (compared with 60.0% and 85.7% in Q4 2019) (Figure 4 and 6).

High raw material and supplies prices, together with energy prices, **were cited as the main drags on the ability of companies to boost production** (by 71.4% and 76.2% of respondents respectively). Respondents also reported a noticeable increase in the impact of the tax burden and limited availability of loan (Figure 5).

Expectations of borrowing needs in the near future **picked up** (Figure 8). The companies that planned to take out corporate loans opted only for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Companies cited **high loan rates as the main factor that deterred them from taking out loans** (Figure 10).

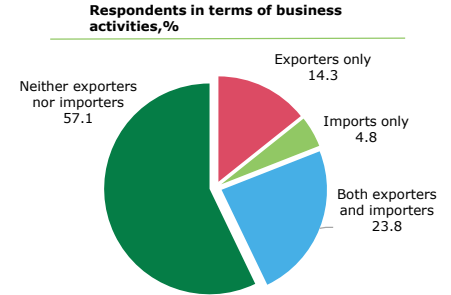
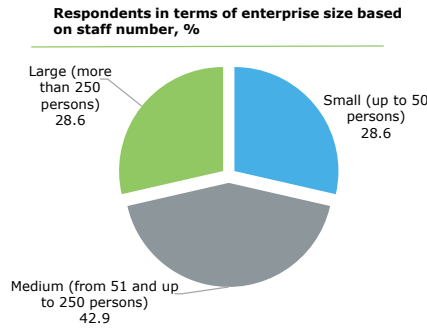
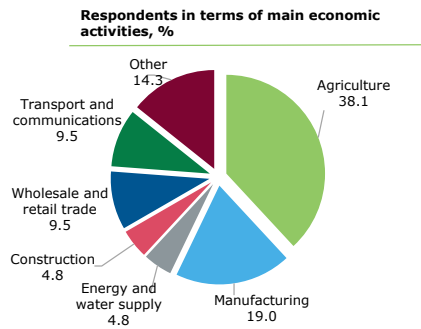
All respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.6% across Ukraine).

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

- **The current financial and economic standings of companies** had improved and were assessed as **good**: the balance of responses was 19.0% (compared with 0.0% in Q4 2019 and 9.7% across Ukraine).
- **Stocks of finished goods remained at a level lower than the normal one:** the balance of responses was (-7.7%) (compared to (-14.3%) in Q4 2019).
- **Spare production capacity had increased and was sufficient to meet any sudden rise in demand:** the balance of responses was 14.3% compared with 0.0% in Q4 2019.

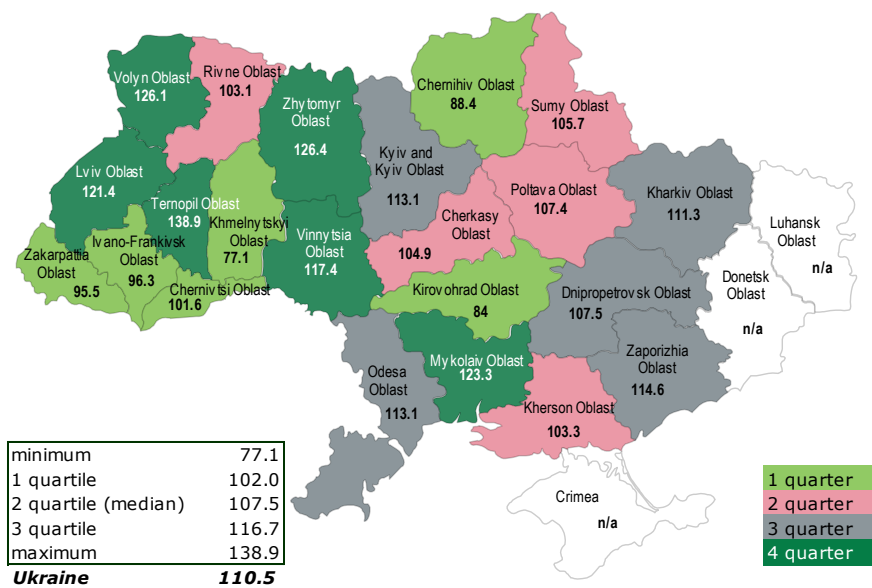
¹ This survey was carried out before quarantine measures were introduced.

Survey Details^{2,3}



- Period: 11 February through 4 March 2020.
- 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 Oblasts⁴, %



*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 Vinnytsia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Financial and economic standings	19.0	25.0	15.8	23.8	15.0
Total sales	50.0	45.5	35.0	20.0	33.3
Investment in construction	28.6	33.3	5.3	-5.6	10.0
Investment in machinery, equipment and tools	33.3	19.0	5.3	-5.6	28.6
Staff numbers	9.1	4.5	-14.3	-19.0	0.0

² This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

³ Data for totals and components may be subject to rounding effects.

⁴ 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

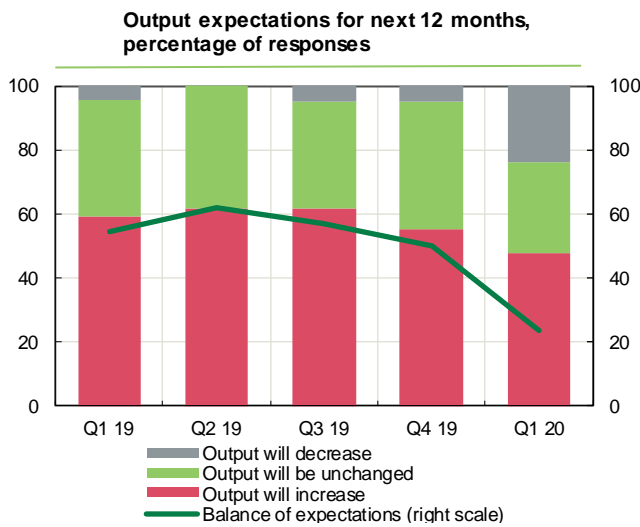


Figure 2

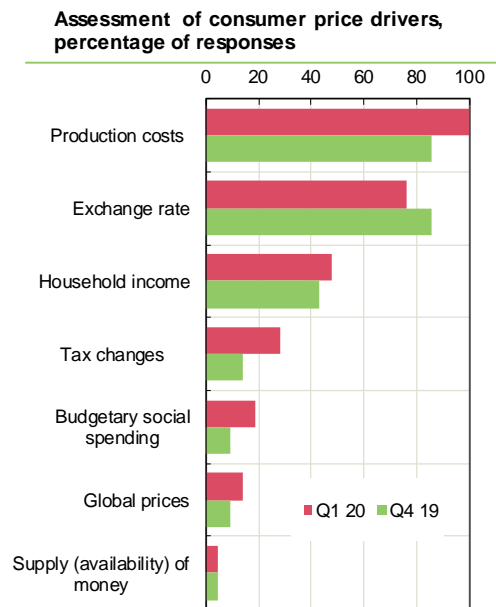


Figure 3

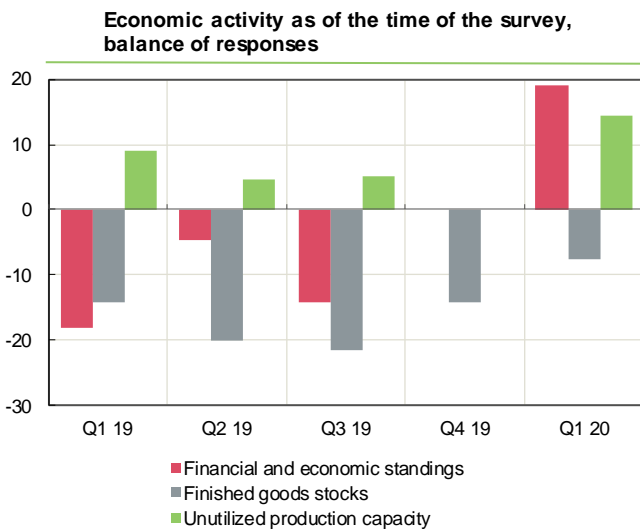


Figure 4



Figure 5

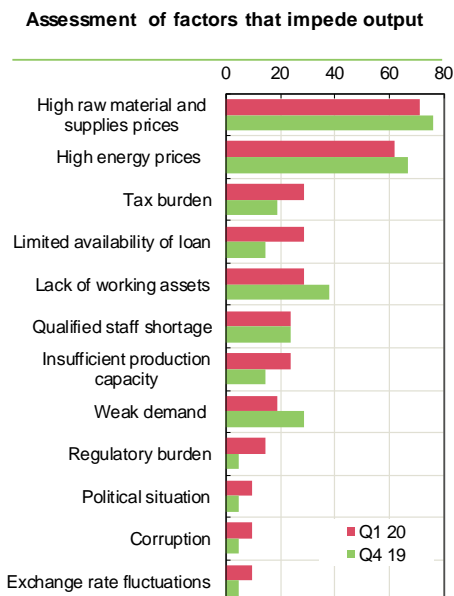


Figure 6

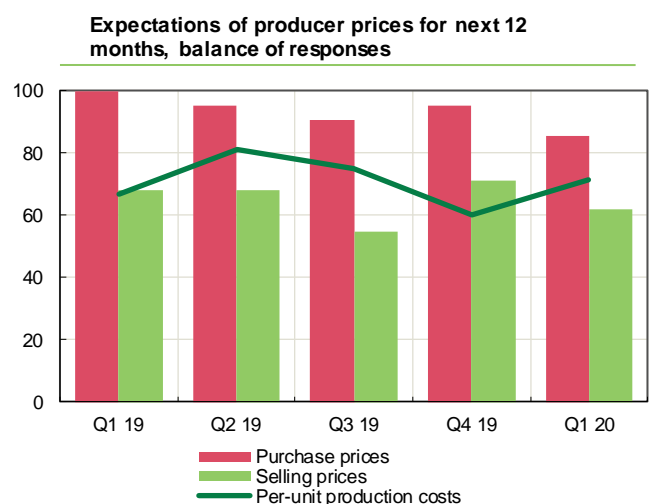


Figure 7

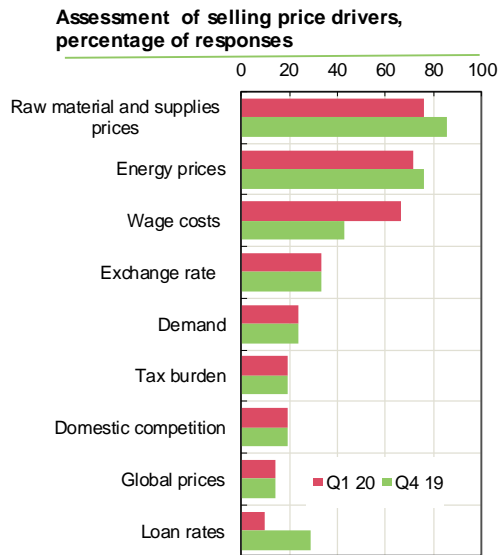


Figure 8

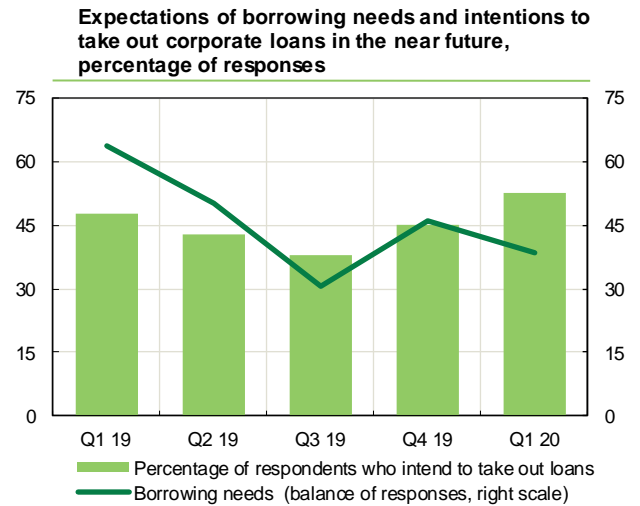


Figure 9

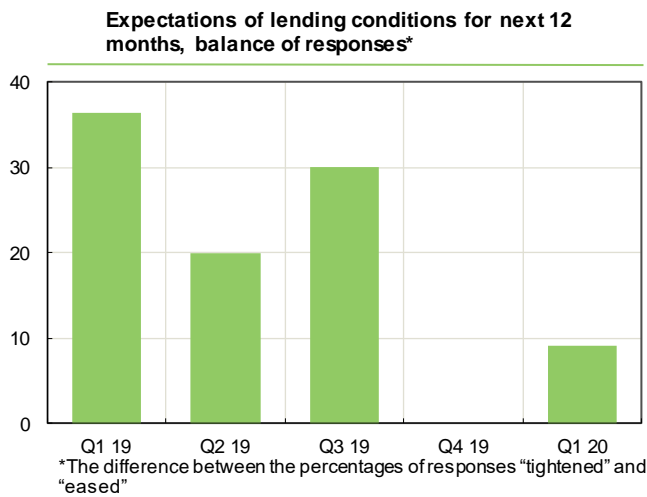


Figure 10

