



National Bank  
of Ukraine

# Business Outlook Survey of Zhytomyr Oblast\*

Q4 2019



\*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q4 2019, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zhytomyr oblast** in Q4 2019 showed that respondents expected no changes in the output of Ukrainian goods and services, but had positive expectations about the development of their companies over the next 12 months. Respondents 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 remain unchanged:** the balance of expectations was 0.0% compared with 35.7% in Q3 2019 (Figure 1). Across Ukraine, respondents expected an increase in the output (with a balance of responses of 21.9%)
- **the growth in the prices of consumer goods and services would decelerate:** 50.0% of respondents expected the inflation rate to be lower than 7.5% (compared to 35.7% in the previous quarter and 53.8% across Ukraine). Respondents continued to refer to production costs and hryvnia exchange rate fluctuations as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 78.6% of respondents (compared with 92.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve** at a faster pace: the balance of expectations was 28.6% (compared to 16.7% in the previous quarter) (see Table) and 18.6% across Ukraine
- **total sales would increase at a slower pace:** the balance of responses was 28.6% compared to 35.7% in Q3 2019 and 23.5% across Ukraine. Respondents expected rapid growth in external sales: the balance of responses was 50.0% compared to 20.6% across Ukraine
- **investment both in construction and in machinery, equipment and tools would increase** more slowly: the balances of responses were 15.4% and 21.4% respectively compared with 28.6% and 35.7% in Q3 2019. Across Ukraine the balances of responses were 4.7% and 14.7% respectively
- **staff numbers would decrease:** the balance of responses was (-7.1%) (as in the previous quarter) compared with (-1.6%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 92.9% for each compared with 78.6% and 53.8% in the previous quarter (Figure 6). Raw material and supplies prices, wage costs and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase** at a fast pace: the balances of responses were 85.7% and 92.3% respectively compared with 91.7% and 92.3% in Q3 2019 (Figures 4 and 6).

Respondents referred to qualified staff shortages and weak demand as **the main drags on the ability of their companies to boost production** (the impact of these factors increased). Respondents also reported a noticeable increase in the impact of the political situation (Figure 5).

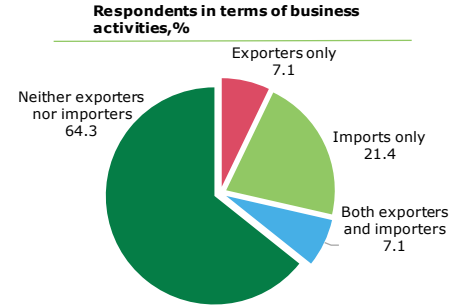
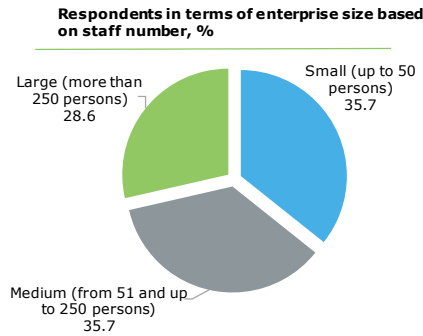
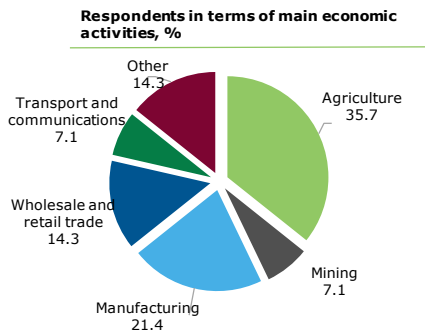
**Expectations of an increase in borrowing needs** in the near future **declined significantly** (Figure 8). Respondents who planned to take out loans always opted for domestic currency corporate loans. Respondents said that bank lending standards had tightened significantly (Figure 9). Businesses continued to cite 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 of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (compared with 96.4% across Ukraine).

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

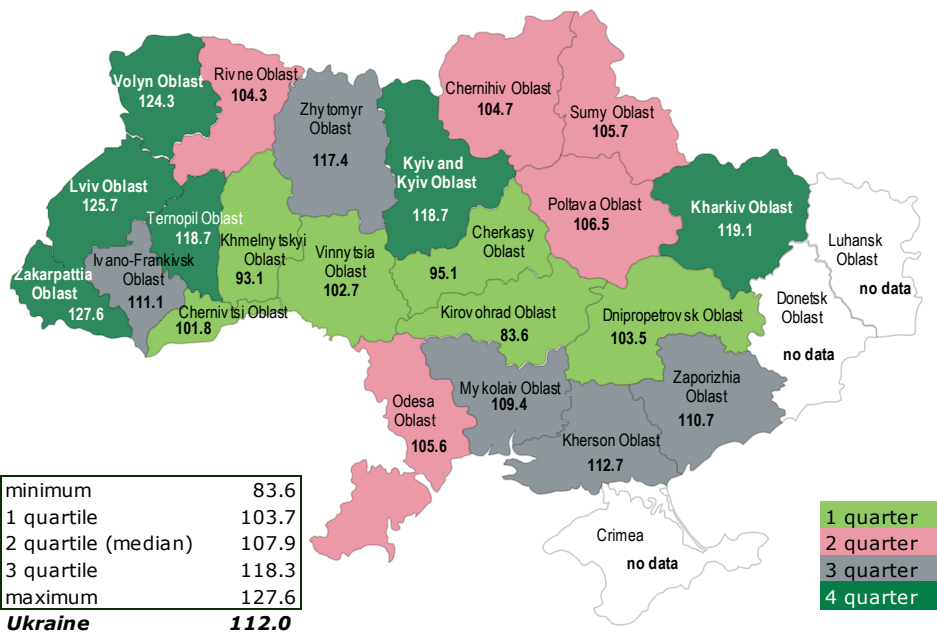
- **The current financial and economic standings of companies** deteriorated and were assessed as **bad**: the balance of responses was (-7.1%) compared with 0.0% in Q3 2019. Across Ukraine, respondents assessed the current financial and economic standings of their companies as positive: the balance of responses was 6.1%.
- **Finished goods stocks increased and were assessed at a level higher than the normal one:** the balance of responses was 10.0% (compared with 9.1% in Q3 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 23.1% (compared to 14.3% in the previous quarter).

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



- Period: 5 November through 2 December 2019.
- A total of 14 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>, %



\*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 sample 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, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	0.0	21.4	45.5	16.7	28.6
Total sales	44.4	50.0	38.5	35.7	28.6
Investment in construction	26.3	50.0	23.1	28.6	15.4
Investment in machinery, equipment and tools	21.1	50.0	35.7	35.7	21.4
Staff numbers	11.1	14.3	0.0	-7.1	-7.1

<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 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

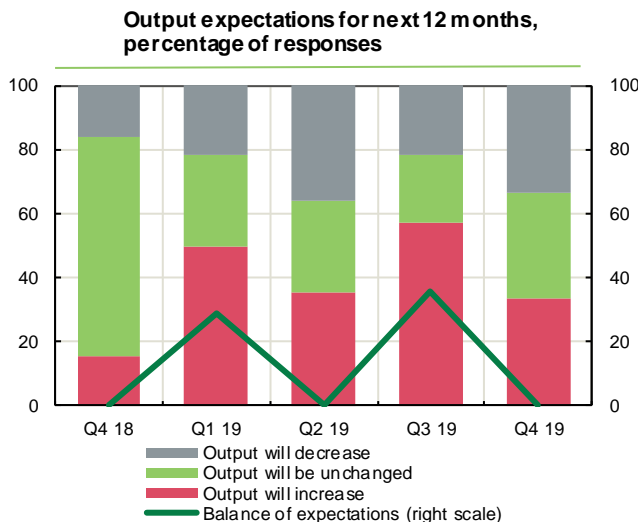


Figure 2

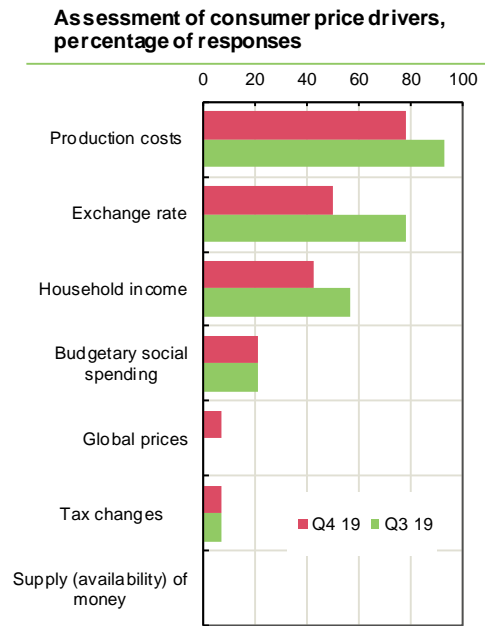


Figure 3

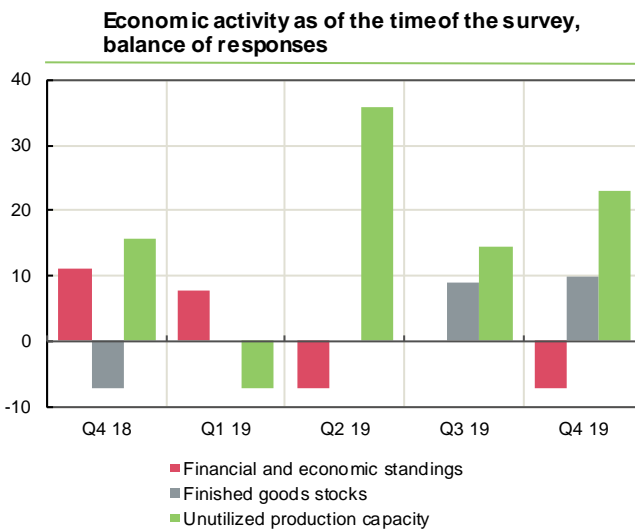


Figure 4

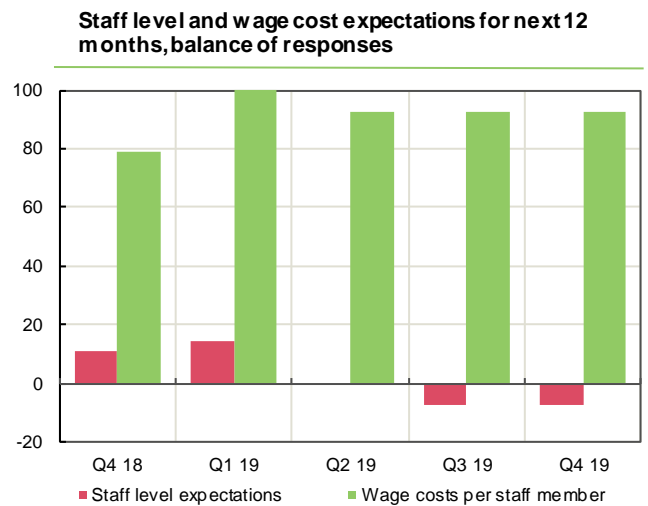


Figure 5

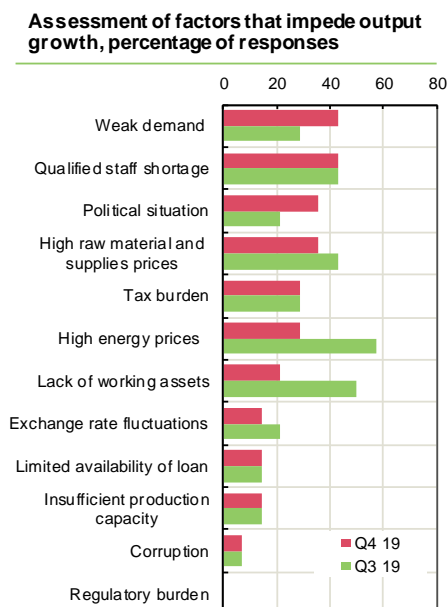


Figure 6

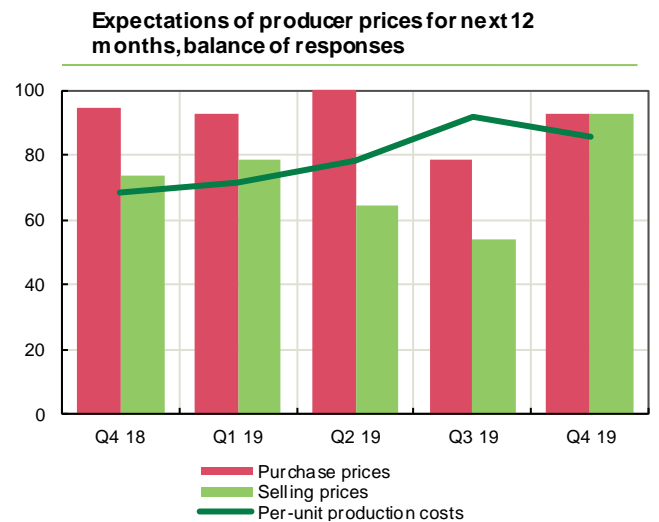


Figure 7

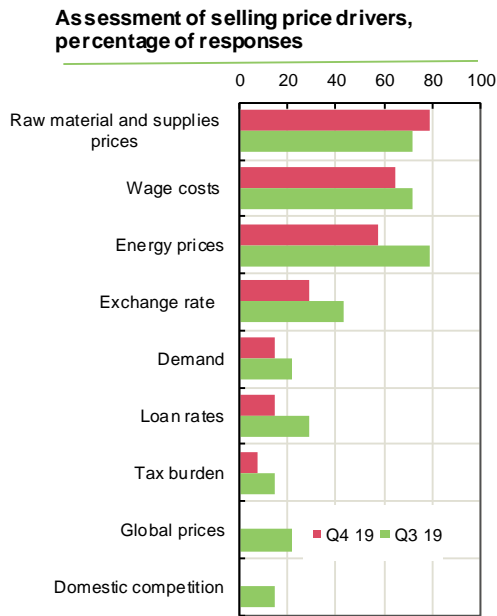


Figure 8

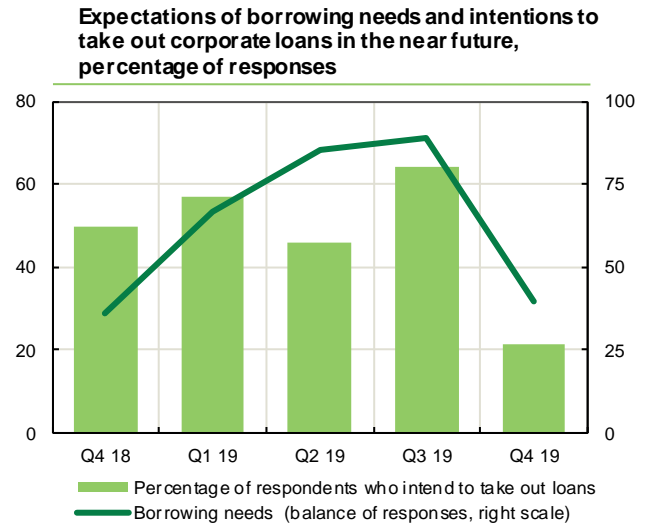


Figure 9

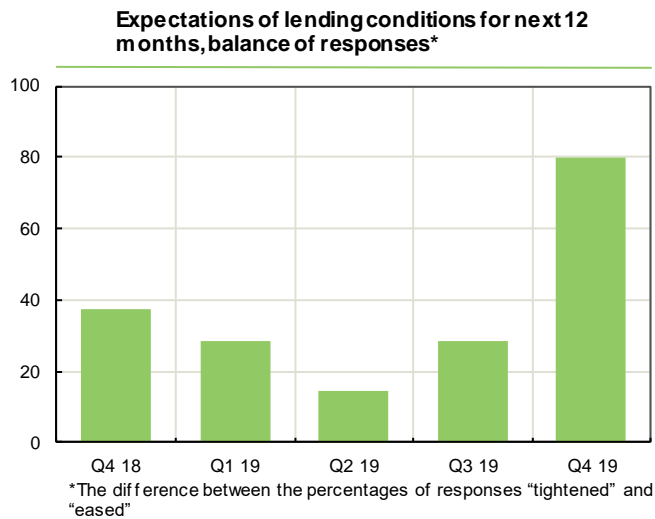
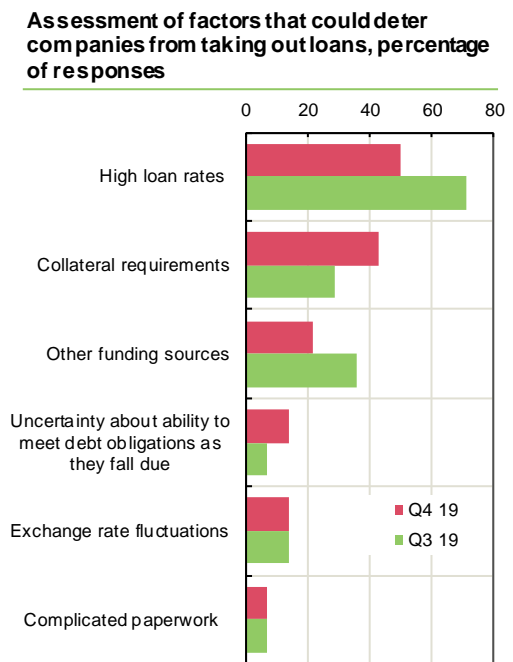


Figure 10





**Key Indicators of Social and Economic Development of Zhytomyr 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	January - September	January - October	January - November									
1	Volume indices of gross regional product (in previous year's prices, in percent)	103.6	98.1	105.2	105.0	106.1 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...				
2	Industrial production index	107.1	110.0	105.7	109.5	97.5	92.5	93.5	92.3	93.4	91.7	91.2	90.6	91.4	93.3	92.4	...	...	...	...	...	...	...			
3	Mining and quarrying	120.9	124.1	114.3	118.3	86.1	75.7	70.1	68.0	73.7	74.8	75.2	76.9	77.7	78.7	80.8	80.7	...	...	...	...	...	...	...		
4	Manufacturing	101.5	103.3	103.1	106.7	102.9	97.7	103.7	103.4	102.1	98.8	97.9	96.2	95.9	96.5	98.5	97.1	...	...	...	...	...	...	...	...	
5	Production of food, beverages and tobacco	11.3	97.8	95.8	101.5	102.7	123.5	116.7	113.9	107.4	101.5	99.4	99.4	98.5	98.2	98.5	95.0	...	...	...	...	...	...	...	...	
6	Textile production, production of clothing, leather, leather goods and other materials	98.0	103.9	87.0	106.9	96.4	91.5	92.1	89.5	90.2	91.1	91.4	93.6	94.3	94.6	95.5	96.1	...	...	...	...	...	...	...	...	
7	Production of wood products, paper, printing	101.8	94.9	103.1	116.4	106.0	100.1	110.2	115.0	114.9	111.7	107.5	106.3	104.4	103.7	103.8	104.3	...	...	...	...	...	...	...	...	
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	...	...	...	...	...	...	...	...	
9	Production of chemicals and chemical products	102.9	89.7	94.7	114.0	106.2	90.5	96.0	99.4	102.3	100.0	97.1	95.5	91.7	89.1	87.1	85.6	...	...	...	...	...	...	...	...	
10	Production of rubber and plastic products, other nonmetallic mineral products	92.0	98.7	104.0	100.7	103.8	111.7	115.7	112.2	111.3	109.2	106.4	102.9	100.7	100.9	101.2	101.1	...	...	...	...	...	...	...	...	
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	111.8	116.8	98.3	108.9	94.5	87.1	90.2	94.5	94.8	96.7	97.4	98.1	98.1	98.4	98.5	96.4	...	...	...	...	...	...	...	...	
12	Mechanical engineering, except for repair and installation of machinery and equipment	80.6	109.7	110.5	108.0	107.3	82.7	95.7	99.8	96.8	92.9	89.9	87.7	91.2	93.6	92.7	92.1	...	...	...	...	...	...	...	...	
13	Electricity, gas, steam and conditioning air supply	98.1	95.3	102.1	99.8	103.3	100.9	96.6	94.6	95.6	96.4	97.0	97.0	97.0	97.5	97.7	96.9	...	...	...	...	...	...	...	...	
14	Agricultural production index	105.1	91.2	116.7	105.8	111.9	102.5	102.2	101.5	102.1	101.7	100.6	109.5	102.0	100.5	100.5	100.4	...	...	...	...	...	...	...	...	...
15	Construction production index	83.8	87.7	139.0	142.4	107.3	103.5	122.9	141.0	139.9	125.1	125.8	131.1	129.9	127.3	123.2	118.6	...	...	...	...	...	...	...	...	...
16	Freight turnover	101.9	82.1	98.2	123.5	107.0	98.4	95.0	98.6	102.6	96.2	97.3	99.1	101.1	102.9	103.3	103.1	...	...	...	...	...	...	...	...	...
17	Passenger turnover	98.2	100.2	95.8	100.8	142.2	59.1	58.9	56.5	57.3	54.9	55.7	57.9	58.5	58.8	59.7	59.5	...	...	...	...	...	...	...	...	...
18	Volume index of retail trade turnover (in comparable prices, in percent)	99.7	86.7	100.2	105.6	110.2	106.8	106.2	106.8	106.9	106.0	106.4	105.7	104.4	104.4	104.1	104.2	...	...	...	...	...	...	...	...	...
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-2470.6	3.1	2552.1	2004.9	1069.7	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	79.6	110.5	127.5	129.3	102.4	...	...	75.3	...	...	84.8	...	...	96.2	...	...	...	...	...	...	...	...	...	...	...
21	Consumer price index (compared with December of previous year)	125.2	143.7	112.6	113.0	109.1	101.0	101.3	102.1	102.9	103.4	103.0	102.7	102.5	103.4	104.1	104.4	...	...	...	...	...	...	...	...	...
22	Real disposable income	91.0	82.7	104.5	113.0	109.7 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
23	Real wage index	95.7	76.9	109.6	126.6	114.5	107.2	107.5	107.8	107.6	106.9	106.8	107.0	106.8	107.1	107.1	107.3	...	...	...	...	...	...	...	...	...
24	Number of applicants per vacancy as of end of period	11	17	11	7	6	5	5	4	4	5	4	4	3	4	4	5	...	...	...	...	...	...	...	...	

<sup>1</sup> This information is confidential under the Law of Ukraine On State Statistics.

<sup>2</sup> Preliminary data.

<sup>3</sup> 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