



National Bank  
of Ukraine

## Business Outlook Survey of **Zakarpattia Oblast**\*

Q3 2019



\*This survey only reflects the opinions of respondents in Zakarpattia 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 **Zakarpattia oblast** in Q3 2019 showed that respondents had high expectations that the Ukrainian economy would grow, and that their companies would continue to develop over the next 12 months. Respondents expected inflation to increase. At the same time, respondents reported weaker 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 50.0% (as in the previous quarter) (Figure 1) and 30.5% across Ukraine
- **prices for consumer goods and services would rise:** 75.0% of surveyed companies said that prices for consumer goods and services would not exceed 10.0% (compared to 91.7% in Q2 2019 and 73.3% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate at a moderate pace:** 45.5% of respondents expected the hryvnia to weaken against the US dollar (compared with 58.3% in the previous quarter and 69.0% across Ukraine)
- **the financial and economic standings of their companies would improve:** the balance of expectations was 25.0% (compared with 16.7% in the previous quarter and 20.0% across Ukraine) (see Table)
- **the growth in total sales would be moderate:** the balance of responses was 8.3% (as in the previous quarter) compared with 27.1% across Ukraine. Respondents expected rapid growth in external sales: the balance of responses was 60.0% compared to 22.7% across Ukraine
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 18.2% for each (compared to 0.0% and 8.3% in Q2 2019 respectively and 9.3% and 17.7% across Ukraine)
- **staff numbers at their companies would rise:** the balance of responses was 8.3% (Figure 4), compared with the figure of (-25.0%) in Q2 2019 and 2.2% across Ukraine
- **both purchase and selling prices would rise at a faster pace:** the balances of responses were 75.0% and 66.7% respectively (compared to 58.3% and 50.0% in Q2 2019) (Figure 6). According to the opinions expressed by 75.0% of respondents, wage costs were the main selling price driver (Figure 7)
- **the growth in per-unit production costs would decelerate:** the balances of responses was 27.3% compared with 41.7% in Q2 2019. Wage costs per staff member were expected to increase at a fast pace: the balance of responses was 66.7% (50.0% in the previous quarter) (Figures 6, 4).

Skilled worker shortages, insufficient production capacity and a lack of working assets were referred to as **the main drags on the ability of companies to boost production** (Figure 5).

Respondents expected **their borrowing needs to remain unchanged** (Figure 8). Half of the respondents that planned to take out corporate loans opted for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). They referred to other funding sources and high loan rates as the main factors that deterred them from taking out loans (Figure 10).

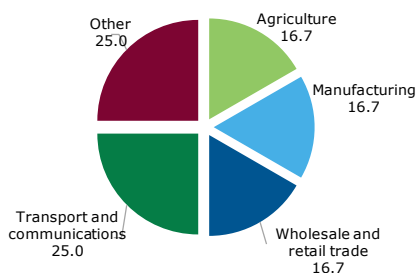
**A total of 90.9% of respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.4% across Ukraine).

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

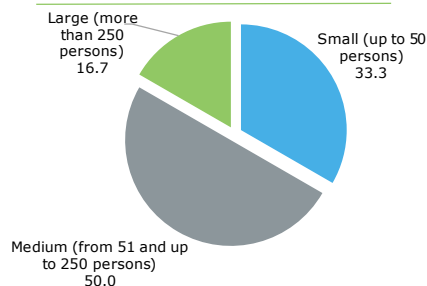
- As in the previous quarter, **respondents assessed their current financial and economic standings as good:** the balance of responses was 25.0% compared with 9.5% across Ukraine.
- **Stocks of finished goods increased and were beyond the normal level:** the balance of responses was 33.3% (compared with 0.0% in Q2 2019).
- **Spare production capacity increased and was sufficient to meet any sudden rise in demand:** the balance of responses was 9.1% compared with (-25.0%) in Q2 2019.

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

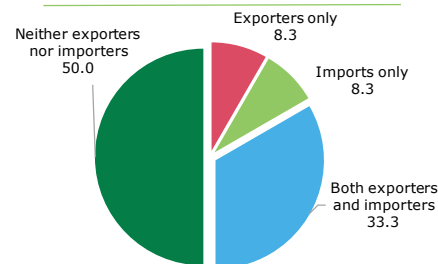
Respondents in terms of main economic activities, %



Respondents in terms of enterprise size based on staff number, %

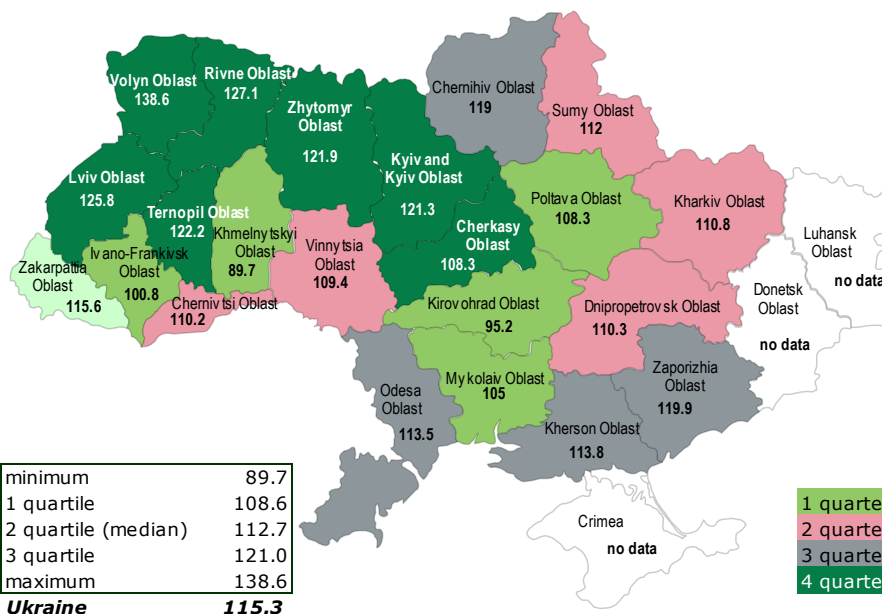


Respondents in terms of business activities, %



- Period: 6 August through 29 August 2019.
- A total of 12 companies were polled.
- No economic activity was able to generate a representative sample.

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 Zakarpattia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19
Financial and economic standings	20.0	12.5	50.0	16.7	25.0
Total sales	33.3	31.3	41.7	8.3	8.3
Investment in construction	12.5	5.9	9.1	0.0	18.2
Investment in machinery, equipment and tools	25.0	0.0	45.5	8.3	18.2
Staff numbers	25.0	0.0	0.0	-25.0	8.3

<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

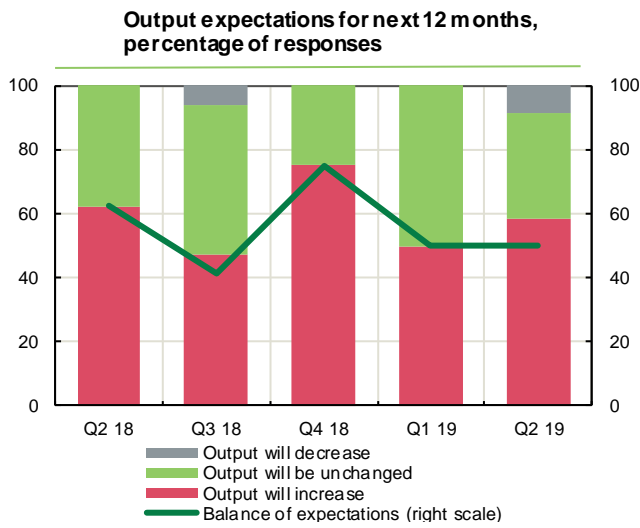


Figure 2

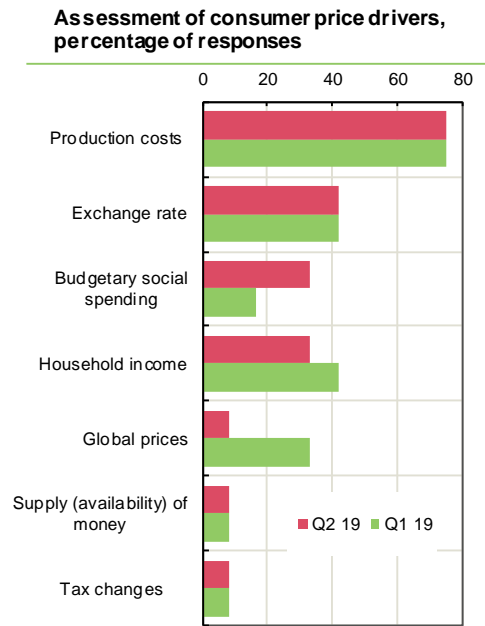


Figure 3

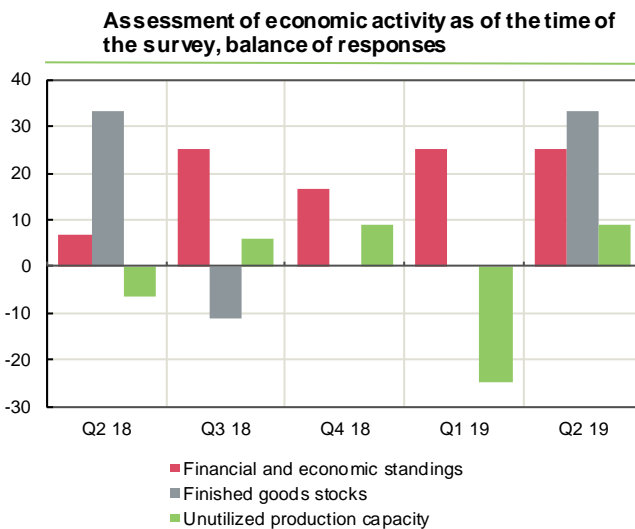


Figure 4



Figure 5

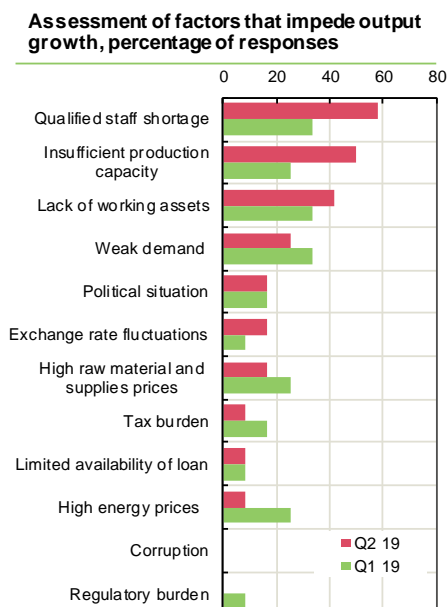


Figure 6

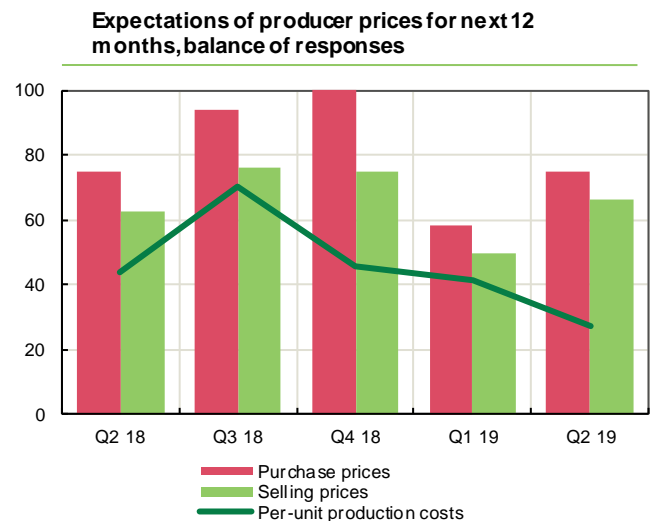


Figure 7

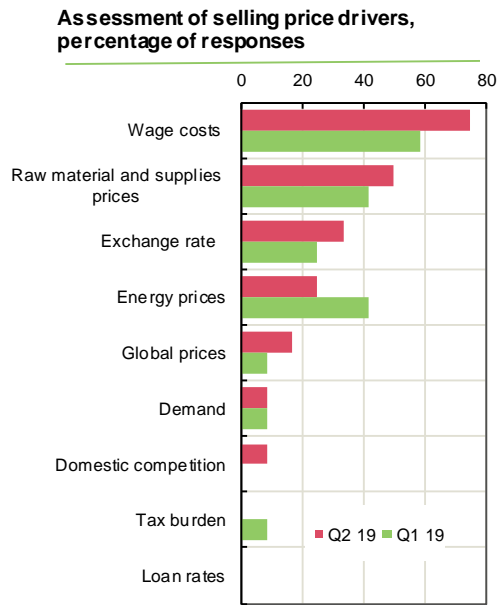


Figure 8

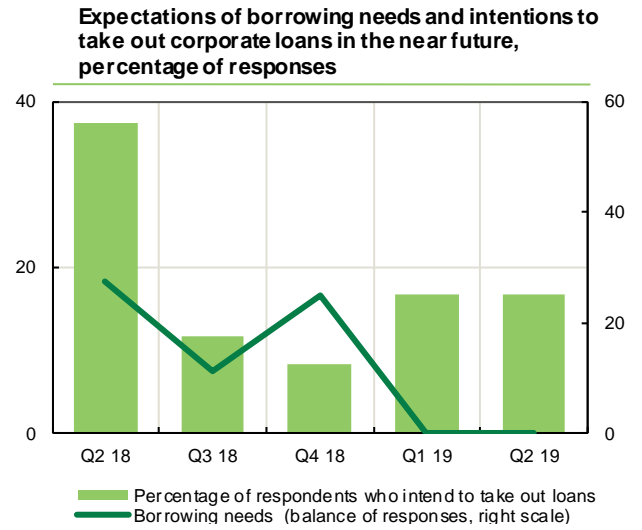


Figure 9

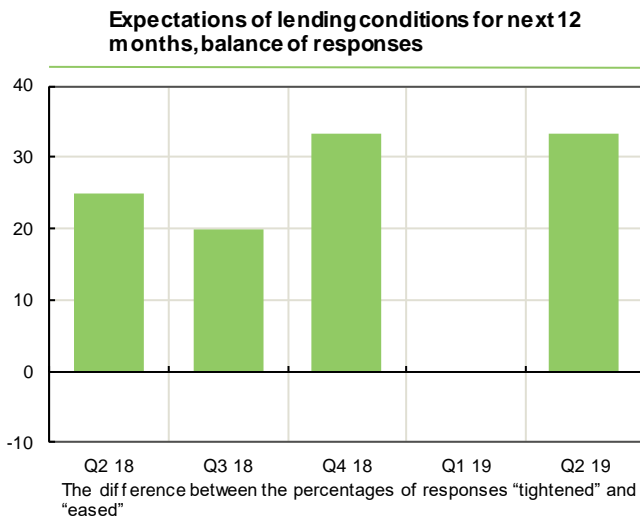
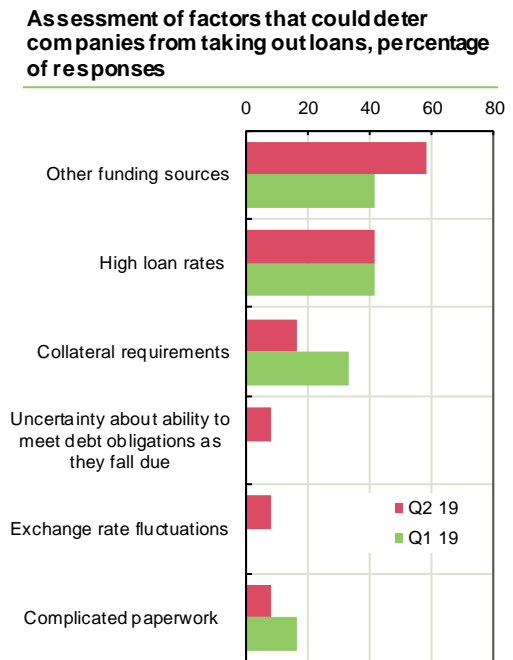


Figure 10





**Key Indicators of Social and Economic Development of Zakarpattia 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)	102.8	93.5	97.3	103.1	104.7 <sup>2</sup>	...	...	...	...	...	...	...	...
2	Industrial production index	106.1	79.7	105.9	100.3	105.1	109.6	109.3	105.9	105.3	104.2	100.2	97.6	93.9
3	Mining and quarrying	150.1	86.4	80.0	84.2	84.8	47.7	79.9	94.1	99.1	101.1	103.1	116.2	111.8
4	Manufacturing	106.4	77.1	107.4	100.8	106.3	111.2	111.7	108.5	107.7	105.8	100.8	97.6	93.3
5	Production of food, beverages and tobacco	94.9	83.6	104.4	92.3	95.0	105.4	102.0	91.4	95.1	95.4	97.5	95.5	91.1
6	Textile production, production of clothing, leather, leather goods and other materials	105.6	96.3	100.9	92.7	94.9	77.6	89.4	83.7	85.4	84.2	89.2	88.9	87.0
7	Production of wood products, paper, printing	108.1	94.8	101.1	87.0	92.9	85.4	84.8	88.1	86.2	91.6	89.4	88.3	87.4
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	91.9	103.1	67.1	82.7	93.6	87.8	77.0	87.8	91.8	94.6	94.9	91.4	88.6
10	Production of rubber and plastic products, other nonmetallic mineral products	108.0	90.1	109.0	105.4	104.9	102.4	102.5	98.5	102.7	105.7	104.2	104.1	105.1
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	107.4	105.9	120.6	85.8	96.0	65.6	69.3	73.4	98.5	97.4	96.7	96.3	94.9
12	Mechanical engineering, except for repair and installation of machinery and equipment	111.6	65.0	119.8	103.5	113.9	125.3	124.3	120.0	116.7	112.7	104.2	99.2	93.0
13	Electricity, gas, steam and conditioning air supply	97.0	97.9	101.7	100.0	99.7	105.9	99.9	93.5	93.1	94.8	95.6	95.9	96.1
14	Agricultural production index	99.9	95.1	96.8	101.4	107.0	102.8	103.5	103.4	103.6	101.8	97.5	99.5	98.5
15	Construction production index	88.2	115.2	118.6	150.7	104.2	95.2	65.4	100.6	107.5	119.1	124.7	133.5	132.1
16	Freight turnover	105.3	101.5	101.6	107.4	95.7	99.9	95.3	95.8	96.5	99.4	100.1	99.6	98.8
17	Passenger turnover	99.6	100.4	219.3	116.3	116.2	103.6	116.4	111.8	115.9	128.5	135.3	138.8	142.2
18	Volume index of retail trade turnover (in comparable prices, in percent)	98.4	86.9	101.2	117.2	110.9	108.7	114.6	108.0	106.5	102.1	102.7	102.4	102.1
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-2103.4	-1591.5	1473.7	-288.2	...	...	...	...	...	...	...	...	...
20	Capital investment index	94.6	114.1	93.9	132.4	117.3	...	...	...	...	...	84.2	...	...
21	Consumer price index (compared with December of previous year)	125.7	144.0	111.7	113.9	112.2	100.4	100.8	101.7	102.2	102.5	102.4	101.7	101.3
22	Real disposable income	86.9	85.8	105.2	111.3	105.7 <sup>2</sup>	...	...	...	...	...	...	...	...
23	Real wage index	95.6	80.0	112.6	129.2	112.5	108.3	107.6	108.2	108.4	107.6	106.7	106.8	106.5
24	Number of applicants per vacancy as of end of period	18	37	14	6	4	3	3	2	2	2	2	2	2

<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