



National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q4 2019



*This survey only reflects the opinions of respondents in Zakarpattia 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 **Zakarpattia oblast** in Q4 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 reported weaker inflation expectations, while at the same time reporting higher 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 54.5% compared with 50.0% in Q3 2019 (Figure 1) and 21.9% across Ukraine (this was one of the highest assessments across the regions)
- **prices for consumer goods and services would rise moderately:** 81.8% of the surveyed companies said that prices for consumer goods and services would not exceed 7.5% (compared to 66.7% in Q3 2019 and 70.7% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate more pronouncedly:** a total of 63.6% of respondents (compared to 45.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 36.4% (compared with 25.0% in the previous quarter and 18.6% across Ukraine) (see Table)
- **total sales would increase at a fast pace:** the balance of responses was 45.5% compared with 8.3% in the previous quarter. Respondents also expected an increase in external sales (the balance of responses was 66.7% compared with 60.0% in Q3 2019). The balances of responses across Ukraine were 23.5% and 20.6% respectively
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 20.0% and 36.4% respectively (compared to 18.2% for each in Q3 2019). Across Ukraine, respondents expected investment spending to rise at a slower pace: the balances of responses being 4.7% and 14.7% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with 8.3% in Q3 2019 (Figure 4). Across Ukraine, staff numbers were expected to decrease (-1.6%)
- **both purchase and selling prices would rise:** the balances of responses were 81.8% and 54.5% respectively (compared to 75.0% and 66.7% in Q3 2019) (Figure 6). According to the opinions expressed by 81.8% of respondents, wage costs were the main selling price driver (as in the previous quarter) (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would speed up markedly:** the balances of responses were 63.6% and 81.8% respectively (compared with 27.3% and 66.7% in Q3 2019) (Figures 4 and 6).

Qualified staff shortages were referred to as **the main drags on the ability of companies to boost production**. The impact of a lack of working assets, weak demand, and the political situation was also said to be significant (Figure 5).

Respondents expected an increase in their borrowing needs in the near future (Figure 8). Half of the respondents that planned to take out corporate loans opted for domestic currency loans. Fewer respondents said that lending conditions had tightened (Figure 9). Respondents referred to high loan rates as the main factor that deterred them from taking out loans (Figure 10).

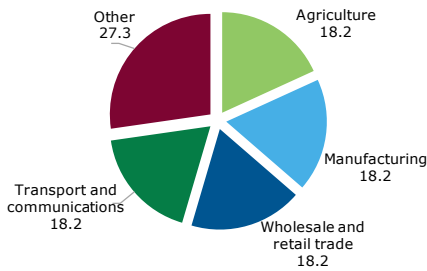
All of the respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.4% across Ukraine).

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

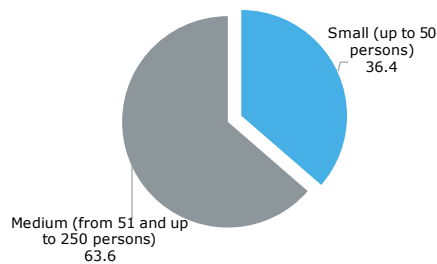
- **Respondents assessed their current financial and economic standings as good:** the balance of responses was 9.1% compared with 25.0% in Q3 2019 and 6.1% across Ukraine.
- **Finished goods stocks had decreased to a normal level:** the balance of responses was 0.0% (compared with 33.3% in Q3 2019).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 27.3% (compared with 9.1% in Q3 2019).

Survey Details^{1,2}

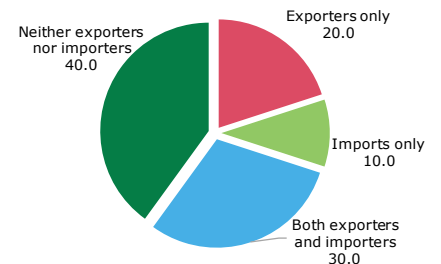
Respondents in terms of main economic activities, %



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

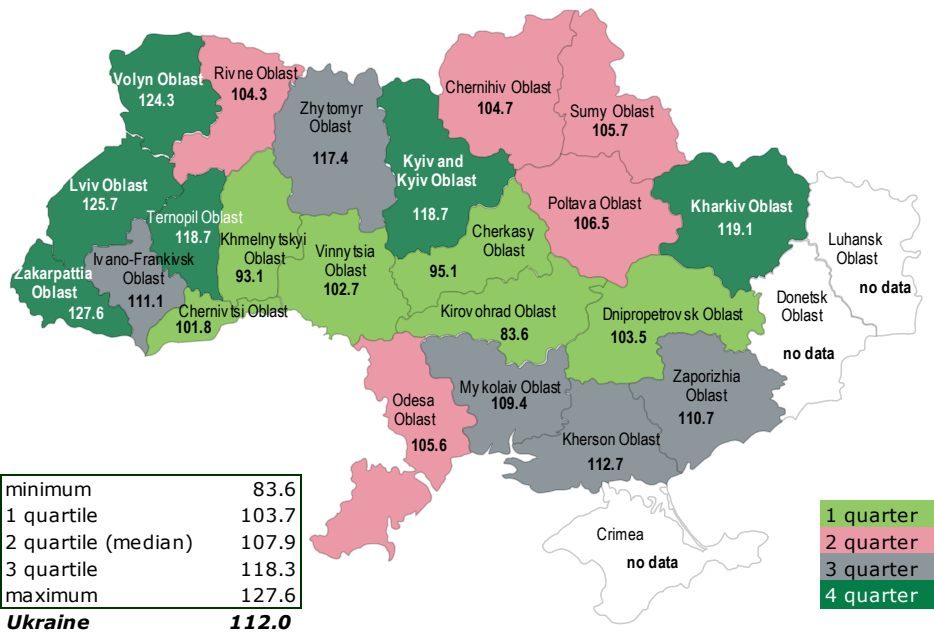


Respondents in terms of business activities, %



- Period: 5 November through 28 November 2019.
- A total of 11 companies were polled.
- No economic activity was able to generate a representative sample.

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 Zakarpattia 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	12.5	50.0	16.7	25.0	36.4
Total sales	31.3	41.7	8.3	8.3	45.5
Investment in construction	5.9	9.1	0.0	18.2	20.0
Investment in machinery, equipment and tools	0.0	45.5	8.3	18.2	36.4
Staff numbers	0.0	0.0	-25.0	8.3	0.0

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

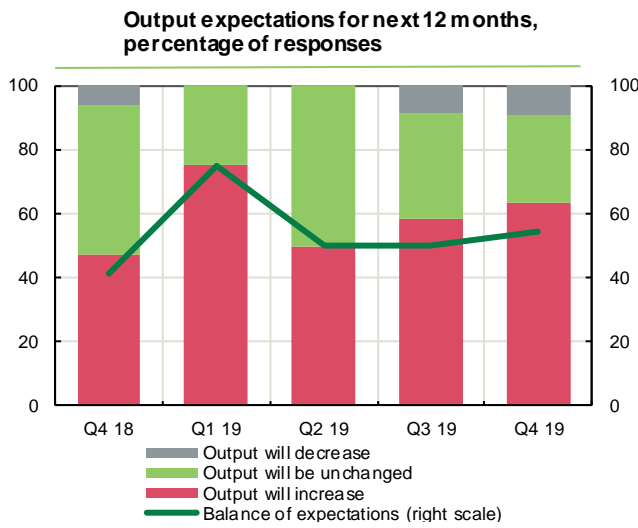


Figure 2

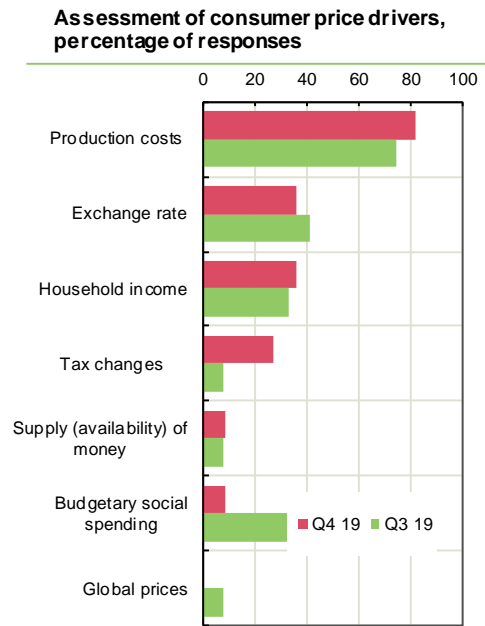


Figure 3

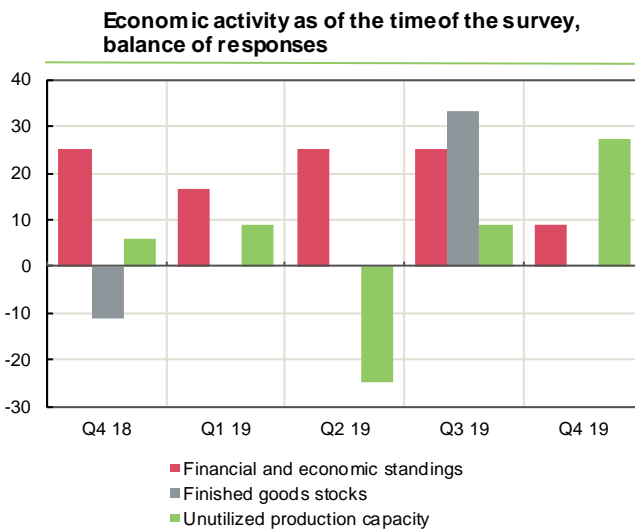


Figure 4



Figure 5

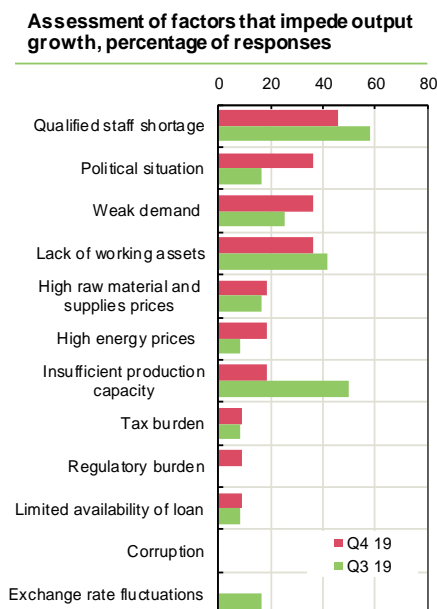


Figure 6

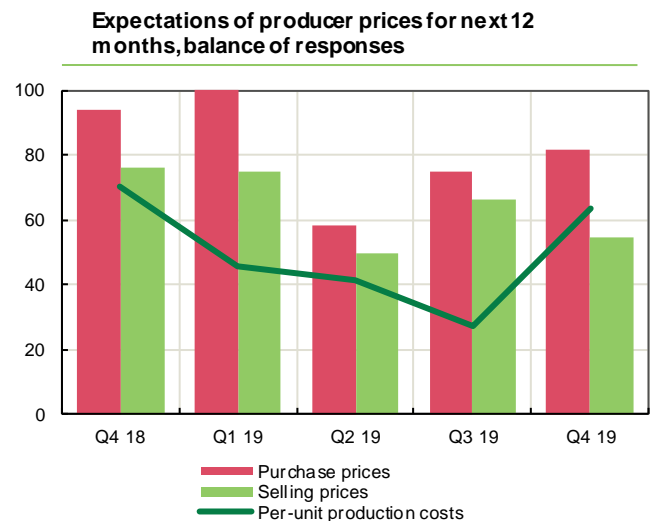


Figure 7

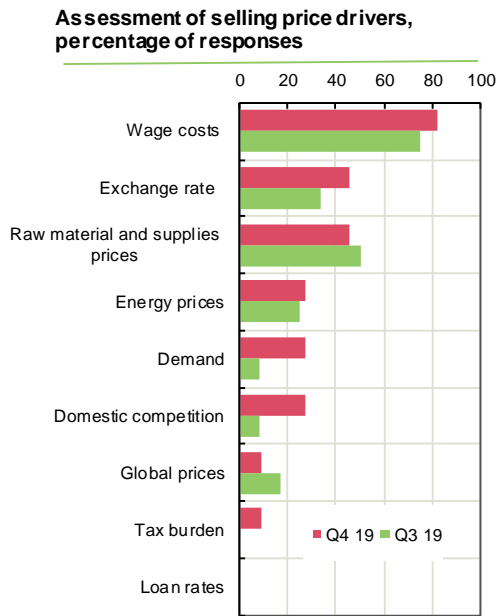


Figure 8

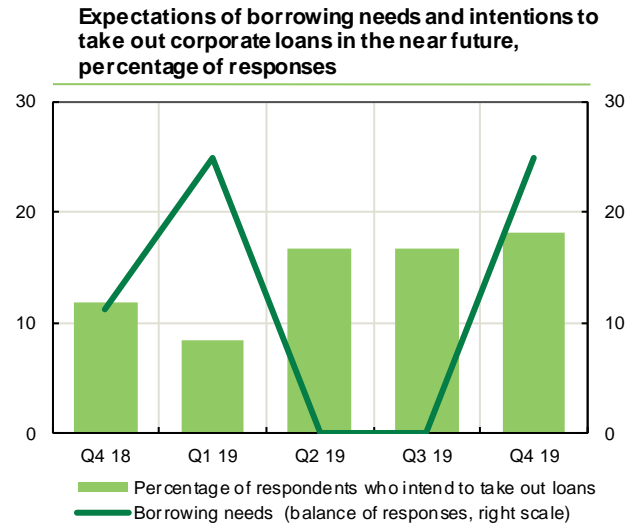


Figure 9

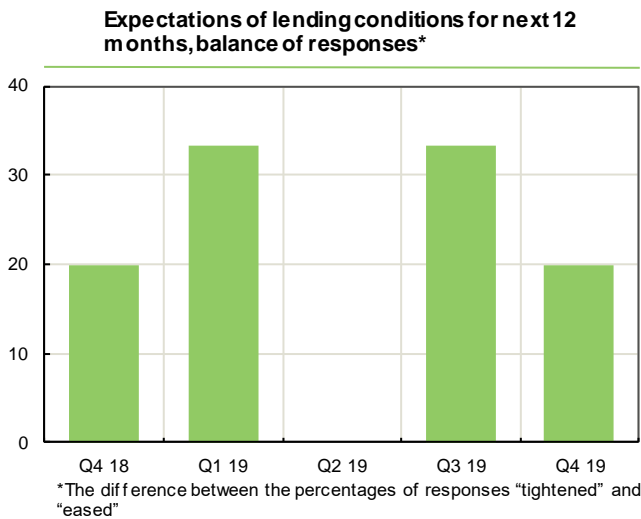
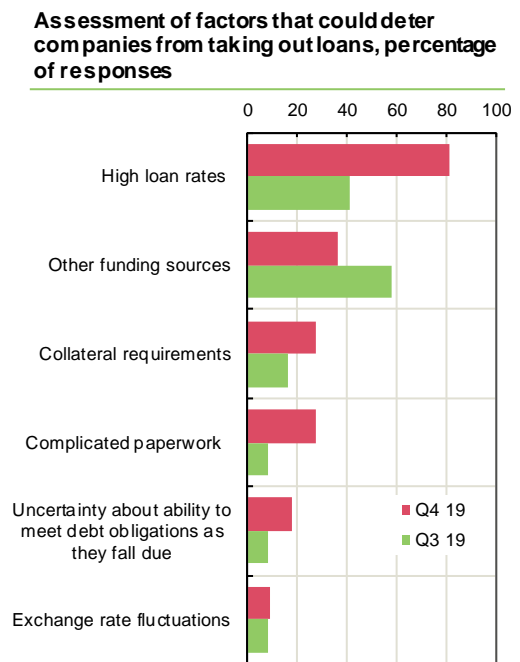


Figure 10



Key Indicators of Social and Economic Development of 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	January - September	January - October	January - November		
1	Volume indices of gross regional product (in previous year's prices, in percent)	102.8	93.5	97.3	103.1	104.7 ²	...	...	...	...	...	...	...	...	...	...	...	...	...
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	91.0	89.1	87.1	87.1	87.1
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	109.4	108.4	105.5	105.5	105.5
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	90.0	87.9	85.6	85.6	85.6
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	89.3	88.2	89.2	89.2	89.2
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	86.0	86.2	84.9	84.9	84.9
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	87.3	88.7	87.9	87.9	87.9
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	91.9	103.1	67.1	82.7	93.6	77.0	87.8	91.8	94.6	94.9	91.4	88.6	87.6	86.7	86.4	86.0	86.0	86.0
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	103.2	102.5	101.4	101.4	101.4
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	95.6	92.7	90.6	90.6	90.6
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	88.3	84.9	81.6	81.6	81.6
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	96.2	96.7	96.7	96.7	96.7
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	96.8	99.3	99.4	99.4	99.4
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	132.9	133.0	122.4	122.4	122.4
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	99.3	99.0	97.8	97.8	97.8
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	146.0	148.5	152.7	152.7	152.7
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	101.4	101.5	101.5	101.5	101.5
19	Profit/loss of large and medium companies before tax (UAH million) ³	-2103.4	-1591.5	1473.7	-288.2	156.3	...	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	94.6	114.1	93.9	132.4	117.3	...	...	91.1	...	...	84.2	...	...	84.7	...	...	...	...
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	101.9	103.6	104.5	104.5	104.5
22	Real disposable income	86.9	85.8	105.2	111.3	105.7 ²	...	...	...	...	...	...	...	...	...	...	...	...	...
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	106.3	105.9	105.9	105.9	105.9
24	Number of applicants per vacancy as of end of period	18	37	14	6	4	3	3	2	2	2	2	2	2	2	2	2	2	3

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