



National Bank
of Ukraine

Business Outlook Survey of Ivano-Frankivsk Oblast*

Q1 2020

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



*This survey only reflects the opinions of respondents in Ivano-Frankivsk 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 **Ivano-Frankivsk oblast** in **Q1 2020** showed that respondents expected no changes in the output of Ukrainian goods and services. At the same time, respondents expected weaker development of their companies over the next 12 months. Respondents expected that prices would rise and that the hryvnia would depreciate more pronouncedly.¹

The top managers of companies 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 to 33.3% in Q4 2019 (Figure 1) and 10.4% across Ukraine
- **prices for consumer goods and services would grow:** 68.8% of respondents expected the inflation rate to be lower than 6.0% compared with 68.5% across Ukraine. Respondents referred to production costs and the exchange rate as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a faster pace:** 80.0% of respondents (compared with 66.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 65.2% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of responses was (-6.3%) compared with 11.1% in the previous quarter and 16.9% across Ukraine (see Table)
- **total sales growth would decelerate:** the balance of responses was 12.5% compared with 27.8% in the previous quarter and 23.0% across Ukraine. External sales would remain unchanged (the balance of responses was (0.0%) compared with (-12.5%) in Q4 2019)
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0% compared with 22.2% in Q4 2019. Investment in construction was expected to decrease: the balance of response was (-6.3%) compared to 0.0% in the previous quarter. Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 14.1% and 2.4% respectively
- **staff numbers would decrease** (such expectations have persisted for three quarters in a row): the balance of responses was (-18.8%) compared with (-5.6%) in Q4 2019 and (-3.9%) across Ukraine (Figure 4)
- **both purchase and selling prices would grow:** the balances of responses were 73.3% and 60.0% respectively (compared to 72.2% and 55.6% in the previous quarter) (Figure 6). Some 87.5% of respondents said that wage costs were the main selling price driver (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 43.8% and 68.8% respectively compared with 50.0% and 61.1% in Q4 2019 (Figures 4 and 6).

Exchange rate fluctuations were cited as the **main drags on the ability of companies to boost production** (Figure 5).

Respondents expected an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). They continued to refer to **high interest rates as the main factor that deterred them from taking out loans** (Figure 10).

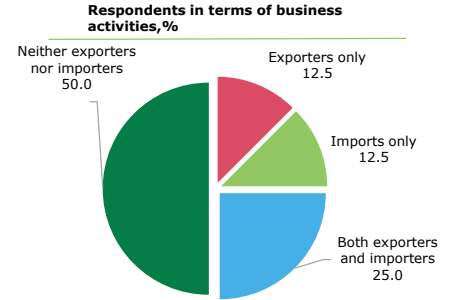
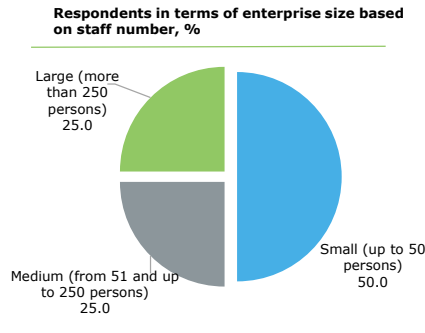
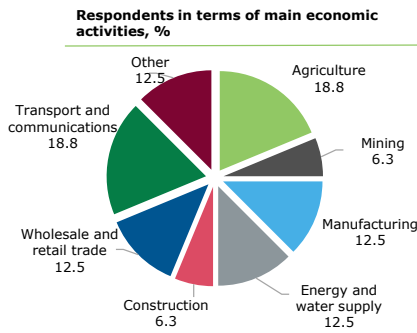
All of the respondents reported **no difficulties in effecting transactions with funds deposited in bank accounts** (96.6% across Ukraine).

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

- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 6.3% (compared to 11.1% in Q4 2019 and 9.7% across Ukraine).
- **Finished goods stocks** had decreased and **were assessed at a level lower than the normal one:** the balance of responses was (-12.5%) compared with 12.5% in Q4 2019.
- Respondents said they did not have a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was (-37.5%) compared with 22.2% in Q4 2019.

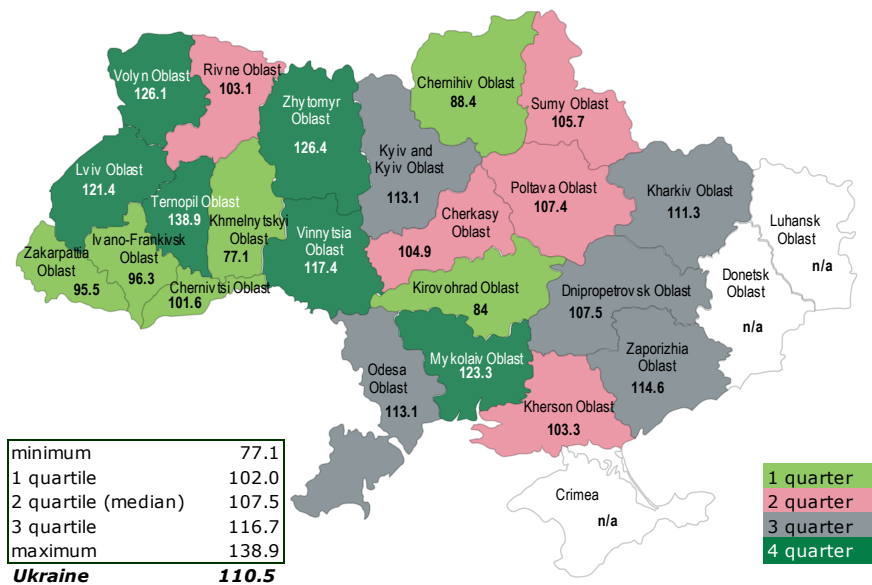
¹ This survey was carried out before quarantine measures were introduced.

Survey Details^{2,3}



- Period: 4 through 28 February 2020.
- A total of 16 companies were polled.
- No economic activity was able to generate a representative sample.

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 sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Ivano-Frankivsk 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	27.8	23.5	16.7	11.1	-6.3
Total sales	47.1	33.3	22.2	27.8	12.5
Investment in construction	-6.3	-16.7	-12.5	0.0	-6.3
Investment in machinery, equipment and tools	29.4	0.0	-11.1	22.2	0.0
Staff numbers	5.6	5.6	-11.1	-5.6	-18.8

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

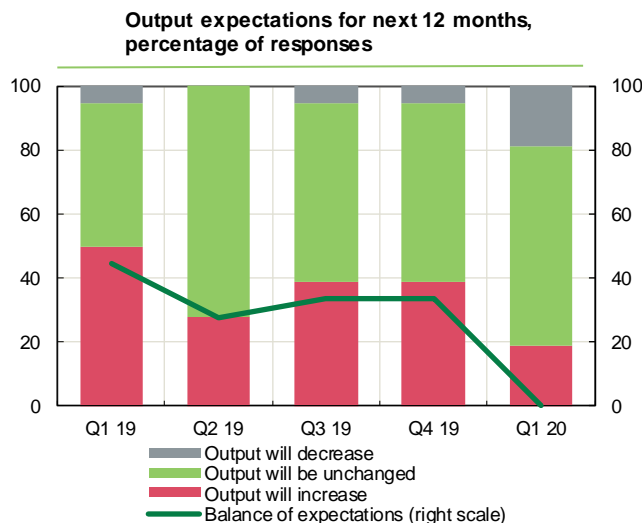


Figure 2

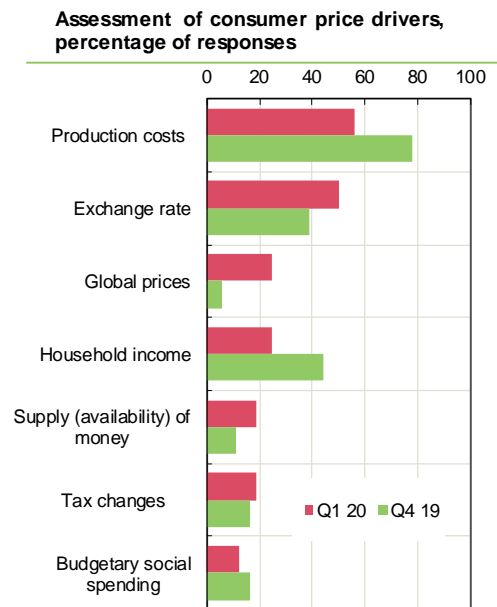


Figure 3

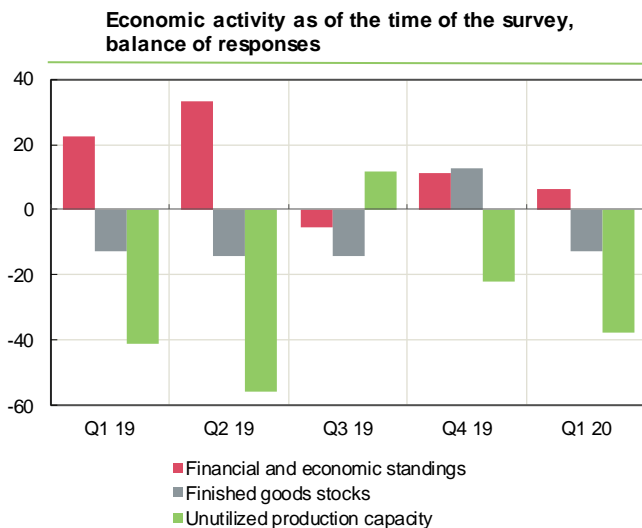


Figure 4



Figure 5

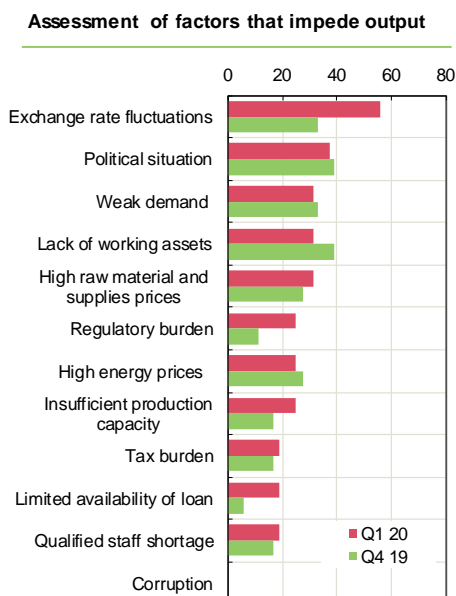


Figure 6

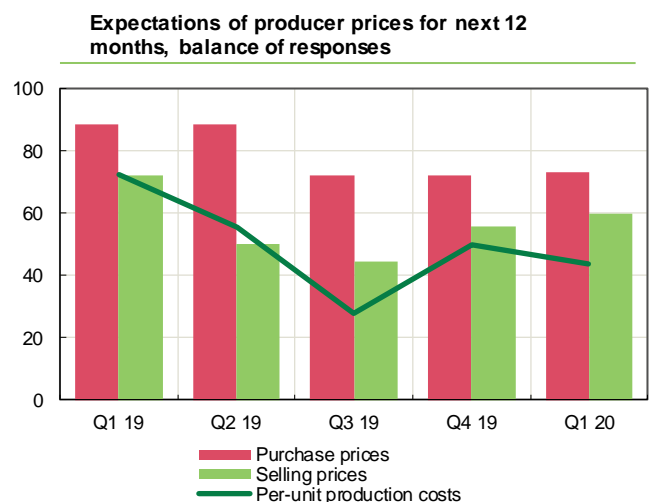


Figure 7

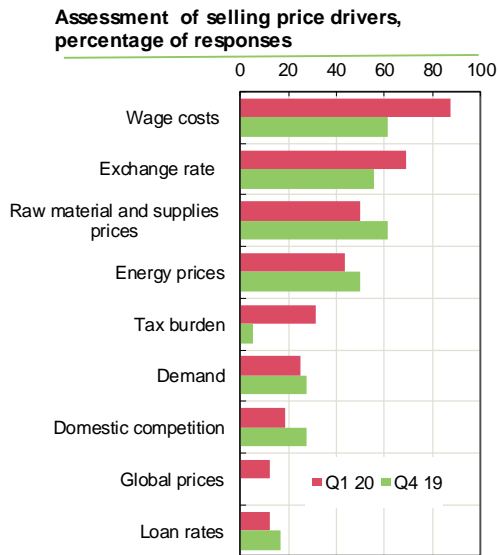


Figure 8

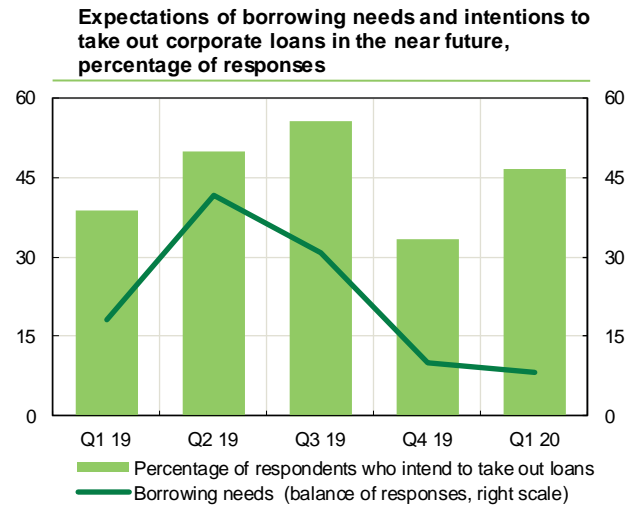


Figure 9

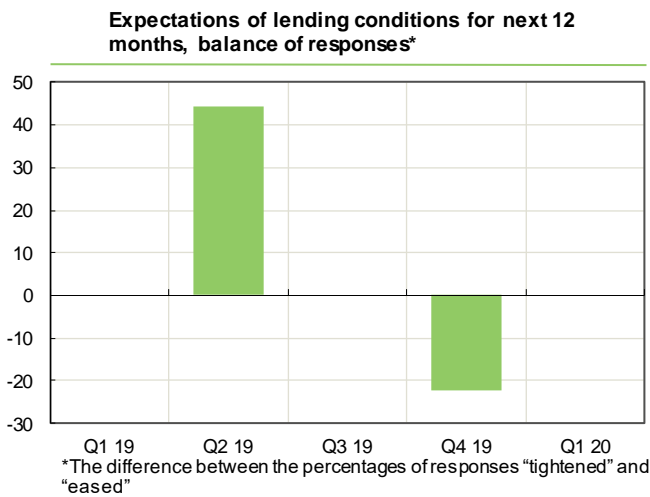


Figure 10

