



National Bank  
of Ukraine

# Business Outlook Survey of Ivano-Frankivsk Oblast\*

Q3 2020



\*This survey only reflects the opinions of respondents in Ivano-Frankivsk oblast (top managers of companies) who were polled in Q3 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Ivano-Frankivsk oblast** in **Q3 2020** showed that respondents expected that the output of Ukrainian goods and services would drop more slowly over the next 12 months amid the adaptive quarantine regime. Respondents **had positive expectations for the performance of their companies**. They expected inflation to increase and the domestic currency to depreciate significantly.

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

- **the output of Ukrainian goods and services would drop much more slowly:** the balance of expectations was (-6.3%) compared to (-62.5%) in Q2 2020 (Figure 1) and (-16.1%) across Ukraine
- **prices for consumer goods and services would rise** at a faster pace: 56.3% of respondents expected the inflation rate to be higher than 7.5% compared with 50.0% in the previous quarter and 44.4% across Ukraine. Respondents referred to the exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** all of the respondents (compared with 81.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 83.2% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of responses was 13.3% compared with (-25.0%) in the previous quarter and 4.4% across Ukraine (see Table)
- **total sales would increase at a moderate pace:** the balance of responses was 6.7% compared with (-26.7%) in the previous quarter. External sales were expected to remain unchanged (the balance of responses was 0.0% compared with (-20.0%) in Q2 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 9.8% and 4.3% respectively
- **investment in construction would increase:** the balance of responses was 6.3% compared with (-31.3%) in Q2 2020. Investment in machinery, equipment and tools was expected to remain unchanged: the balance of responses was 0.0% compared with (-37.5%) in Q2 2020. Across Ukraine, the balances of responses were (-4.7%) and 5.2% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-25.0%) in Q2 2020. Across Ukraine, staff numbers were expected to decrease: the balance of responses was (-10.8%) (Figure 4)
- **both purchase and selling prices would grow at a faster pace:** the balances of responses were 93.8% and 62.5% respectively (compared to 56.3% and 37.5% in the previous quarter) (Figure 6). Raw material and supplies prices and the exchange rate were cited as the main selling price drivers (assessments of its impact increased) (Figure 7). The impact of energy prices strengthened noticeably
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 56.3% and 50.0% respectively (compared with 62.5% and 31.3% in Q2 2020) (Figures 4,6).

Weak demand and a lack of working assets were cited as the **main drags on the ability of companies to boost production** (Figure 5). Respondents reported a noticeable increase in the impact of the tax burden.

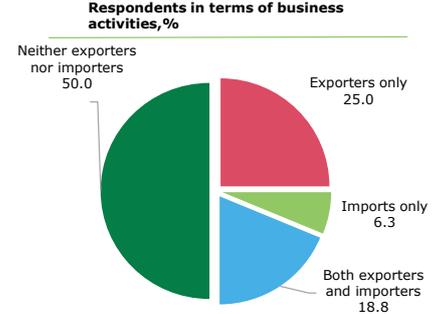
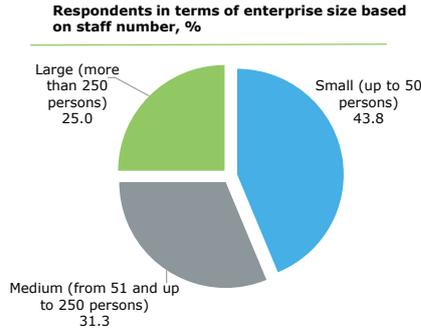
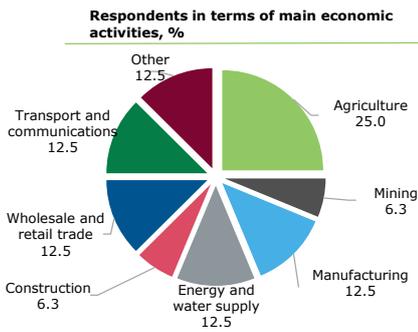
**Expectations of borrowing needs** in the near future **picked up** (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Respondents referred to uncertainty over their ability to meet debt obligations as they fall due and high interest rates as the main factors that deterred them from taking out loans (Figure 10).

**All of the respondents** reported **having 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)

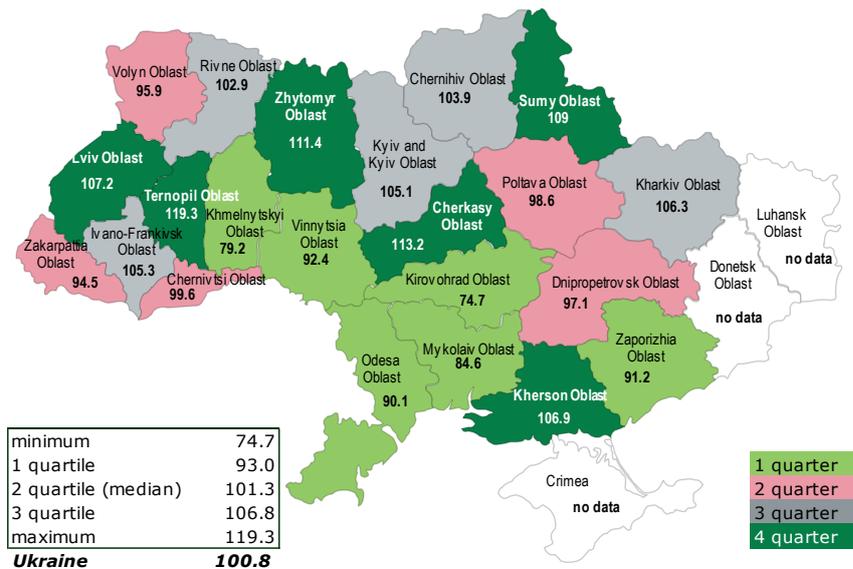
- **The current financial and economic standings of companies were assessed as bad:** the balance of responses was (-37.5%) compared with (-18.8%) in the previous quarter and (-5.6%) across Ukraine.
- **Finished goods stocks** had increased and **were assessed at a level higher than the normal one:** the balance of responses was 14.3% compared with 25.0% in Q2 2020.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 33.3% compared with 20.0% in Q2 2020.

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



- Period: 5 through 31 August 2020.
- A total of 16 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>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</sup>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 Ivano-Frankivsk Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Financial and economic standings	16.7	11.1	-6.3	-25.0	13.3
Total sales	22.2	27.8	12.5	-26.7	6.7
Investment in construction	-12.5	0.0	-6.3	-31.3	6.3
Investment in machinery, equipment and tools	-11.1	22.2	0.0	-37.5	0.0
Staff numbers	-11.1	-5.6	-18.8	-25.0	0.0

<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 performance 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

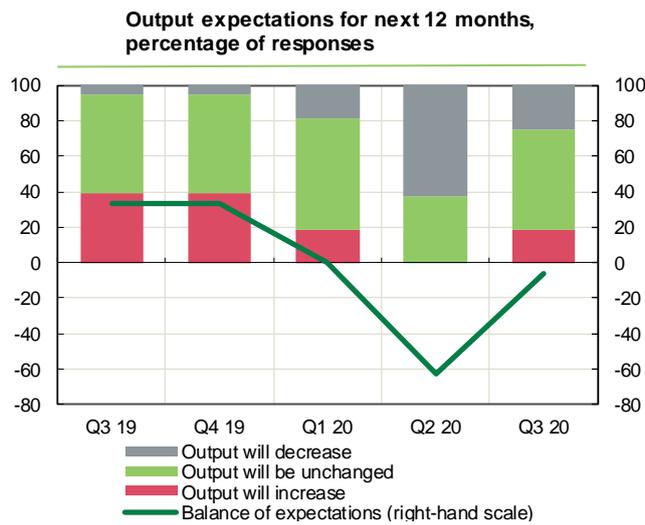


Figure 2

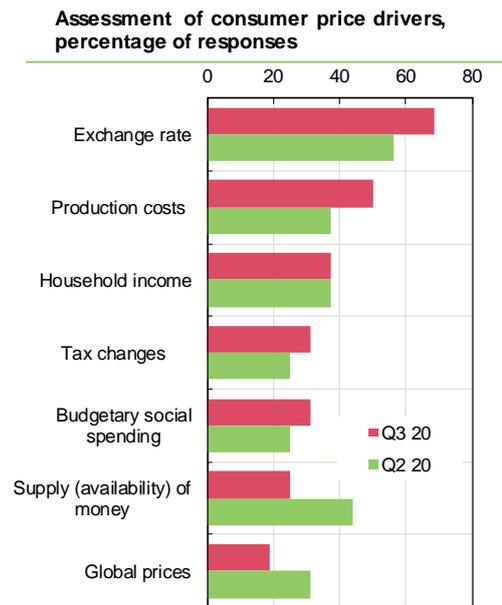


Figure 3

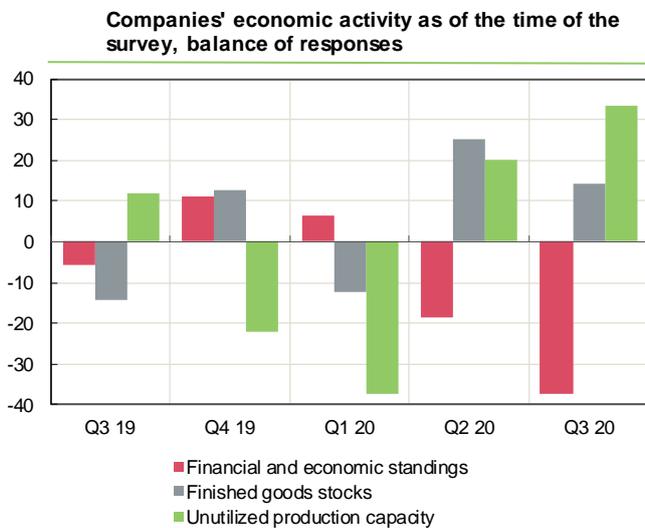


Figure 4

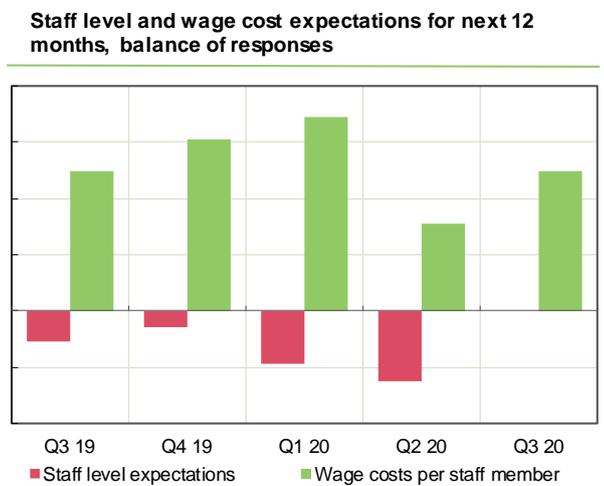


Figure 5

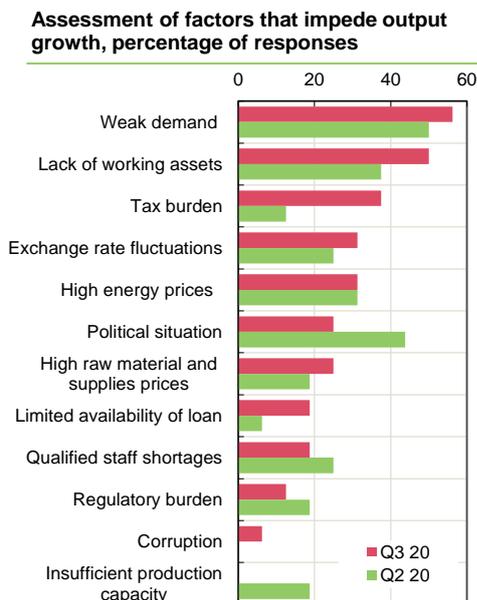


Figure 6

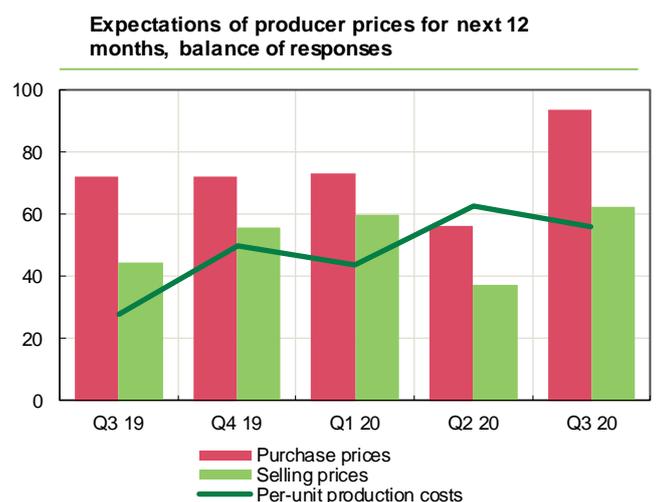


Figure 7

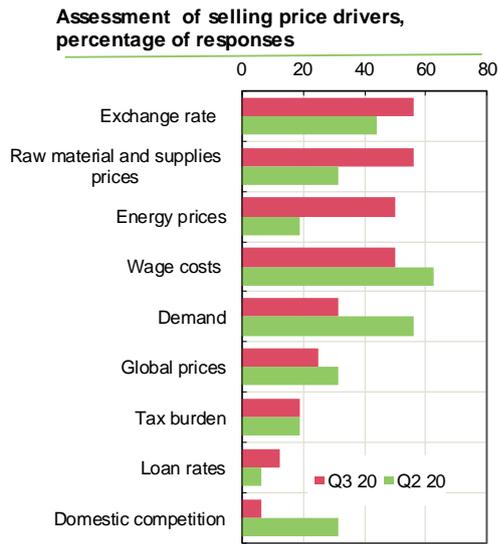


Figure 8

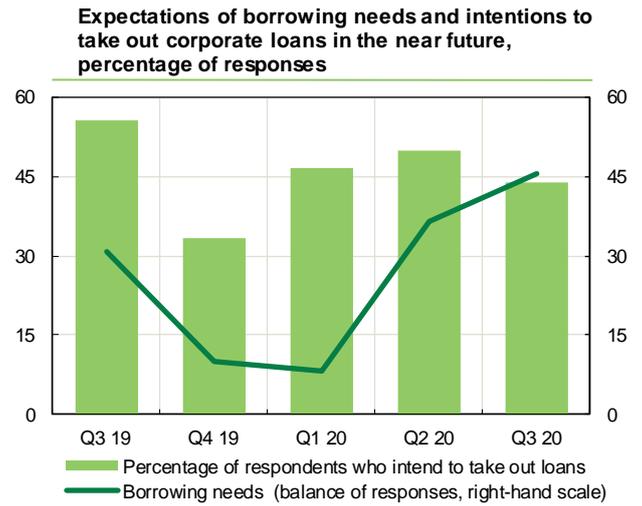


Figure 9

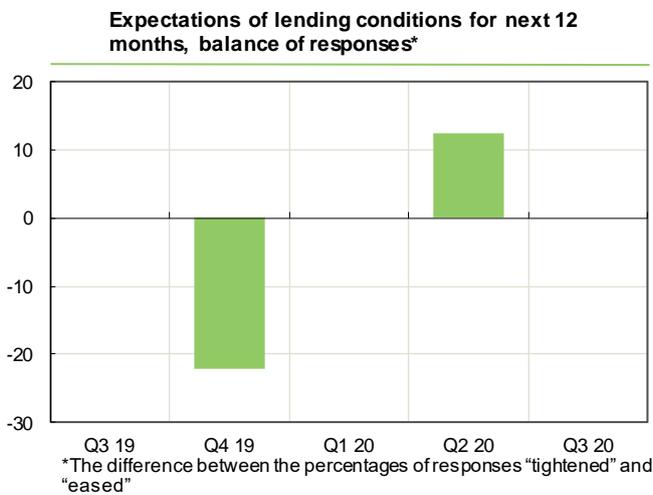


Figure 10

