



National Bank  
of Ukraine

# Business Outlook Survey of Ivano-Frankivsk Oblast\*

Q4 2020



\*This survey only reflects the opinions of respondents in Ivano-Frankivsk oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Ivano-Frankivsk oblast** in Q4 2020 showed that respondents expected a moderate drop in the output of Ukrainian goods and services and weaker performance of their companies over the next 12 months on the back of a tighter quarantine. Respondents reported weaker inflation and depreciation expectations.

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-6.3%) (as in the previous quarter) compared to (-24.4%) across Ukraine (Figure 1)
- **prices for consumer goods and services would rise** at a slower pace: 56.3% of respondents expected the inflation rate to be lower than 7.5% compared with 43.8% in the previous quarter and 49.2% across Ukraine. Respondents referred to the exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate** at a slower pace: 86.7% of the respondents (compared with 100.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 87.1% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of responses was (-12.5%) compared with 13.3% in the previous quarter. Companies across Ukraine expected financial and economic standings to improve slightly – 1.3% (see Table)
- **total sales would increase:** the balance of responses was 7.1% compared with 6.7% in the previous quarter. Respondents also expected an increase in external sales (the balance of responses was 20.0% compared with 0.0% in Q3 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment** in both construction and machinery, equipment, and tools **would increase:** the balances of responses were 12.5% and 18.8% respectively compared with 6.3% and 0.0% in the previous quarter. Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers at their companies would increase:** the balance of responses was 6.7% compared with 0.0% in Q3 2020. Across Ukraine, staff numbers were expected to decrease: the balance of responses was (-9.9%) (Figure 4)
- **both purchase and selling prices would grow rapidly:** the balances of responses were 93.8% and 81.3% respectively (compared to 93.8% and 62.5% in the previous quarter) (Figure 6). Wage cost, raw material, supplies prices, and the exchange rate were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 62.5% and 75.0% respectively (compared with 56.3% and 50.0% respectively in Q3 2020) (Figures 4 and 6).

Political instability was cited as the **main drag on the ability of companies to boost production** (assessments of its impact increased) (Figure 5). Respondents also assessed the impact of raw material and supplies prices, as well as a lack of working assets as high.

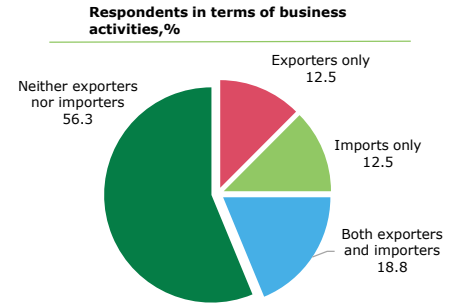
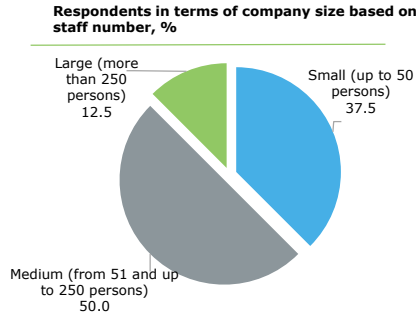
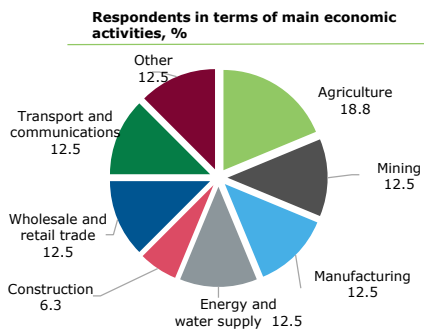
Respondents continued to expect **a rapid growth in their borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Respondents referred to uncertainty over their ability to meet debt obligations as they fall due, high interest rates and collateral requirements 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** (96.9% across Ukraine).

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

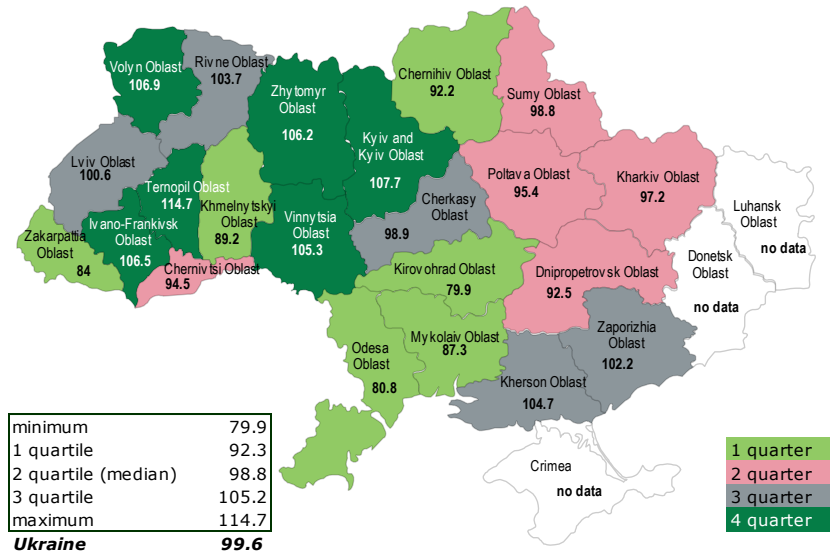
- **The current financial and economic standings of companies had improved and were assessed as good:** the balance of responses was 6.3% compared with (-37.5%) in the previous quarter and (-3.2%) across Ukraine
- **Finished goods stocks** had decreased and **were assessed at a normal level:** the balance of responses was 0.0% compared with 14.3% in Q3 2020.
- **Spare production capacity had decreased.** Respondents said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-6.3%) (compared with 33.3% in Q3 2020).

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



- Period: 5 November through 30 November 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 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 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, % |       |       |       |       |
|---|--------------------------|-------|-------|-------|-------|
|   | Q4 19                    | Q1 20 | Q2 20 | Q3 20 | Q4 20 |
| Financial and economic standings              | 11.1                     | -6.3  | -25.0 | 13.3  | -12.5 |
| Total sales                                   | 27.8                     | 12.5  | -26.7 | 6.7   | 7.1   |
| Investment in construction                    | 0.0                      | -6.3  | -31.3 | 6.3   | 12.5  |
| Investment in machinery, equipment, and tools | 22.2                     | 0.0   | -37.5 | 0.0   | 18.8  |
| Staff numbers                                 | -5.6                     | -18.8 | -25.0 | 0.0   | 6.7   |

<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

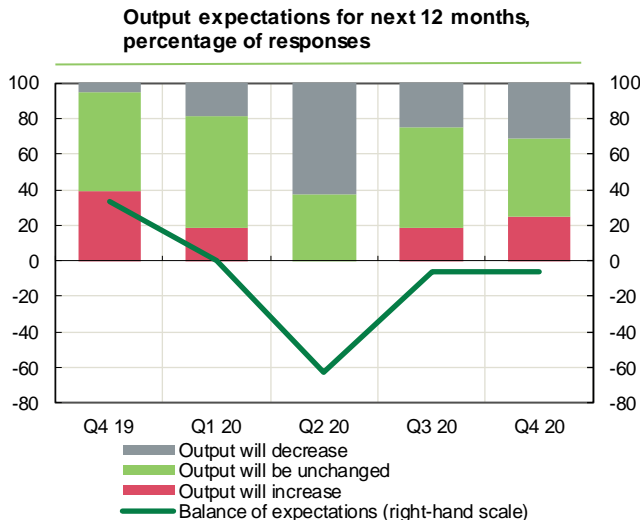


Figure 2

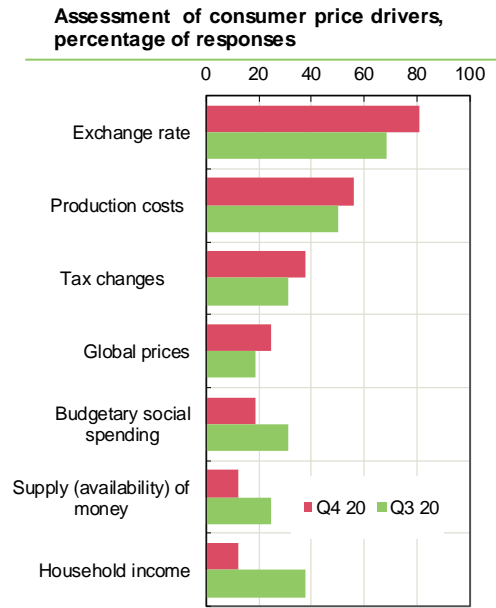


Figure 3

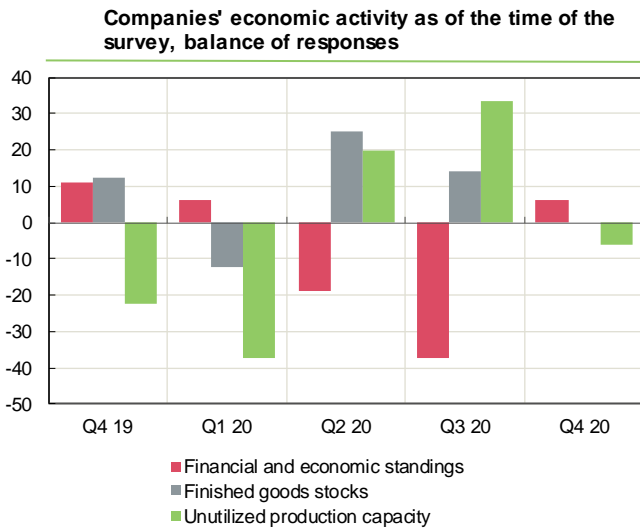


Figure 4



Figure 5

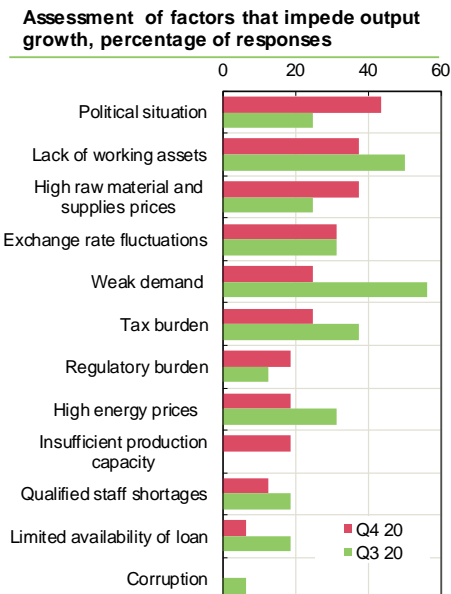


Figure 6

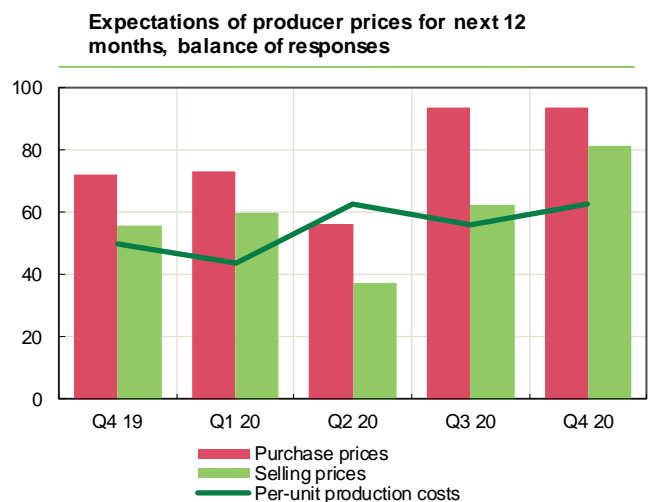


Figure 7

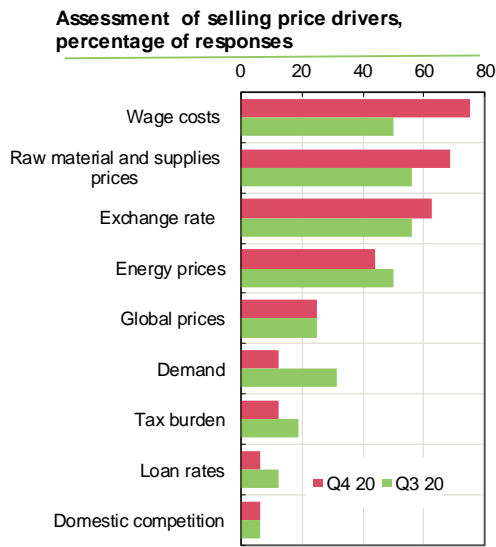


Figure 8

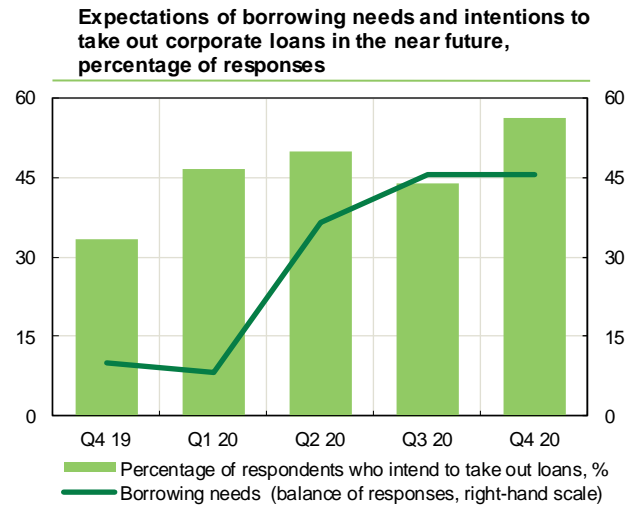


Figure 9

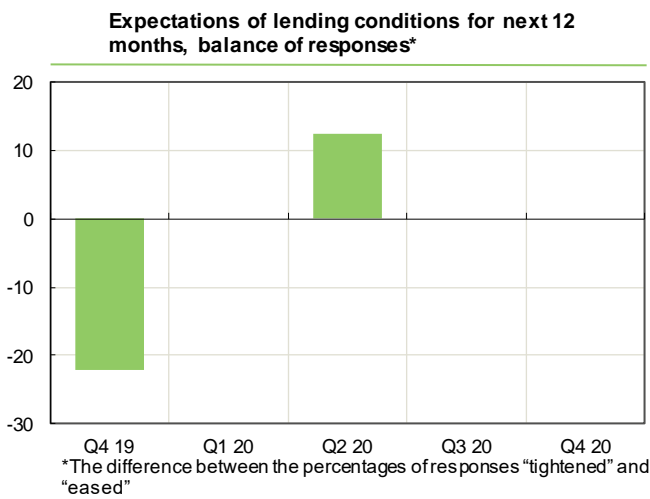


Figure 10

