



National Bank  
of Ukraine

## Business Outlook Survey of Ivano-Frankivsk Oblast\*

Q3 2019



\*This survey only reflects the opinions of respondents in Ivano-Frankivsk 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 **Ivano-Frankivsk oblast** in Q3 2019 showed that respondents had high expectations that the Ukrainian economy would continue to grow. At the same time, they had moderate expectations for the development of their companies over that period. Inflation expectations softened, while depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would grow at a faster pace:** the balance of expectations was 33.3% compared with 27.8% in Q2 2019 (Figure 1) and 30.5% across Ukraine
- **prices for consumer goods and services would grow more slowly:** 70.6% of respondents expected the inflation rate to be lower than 10.0% (compared with 61.1% in Q2 2019 and 73.3% across Ukraine). A total of 11.8% of respondents expected a decrease in prices. Respondents referred to hryvnia exchange rate fluctuations, production costs and household income as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate further:** 77.8% of respondents (compared with 72.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 69.0% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of responses was 16.7% compared with 23.5% in the previous quarter and 20.0% across Ukraine (see Table)
- **the growth in total sales would slow:** the balance of responses was 22.2% compared with 33.3% in the previous quarter and 27.1% across Ukraine. External sales were expected to decrease (the balance of responses was (-16.7%) compared with 0.0% in Q2 2019)
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-12.5%) and (-11.1%) respectively (compared with (-12.5%) and 0.0% in Q2 2019). Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 9.3% and 17.7% respectively
- **staff numbers would decrease:** the balance of responses was (-11.1%) compared with 5.6% in Q2 2019 (Figure 4). Across Ukraine, respondents expected staff numbers to increase (the balance of responses was 2.2%)
- **the growth in both purchase and selling prices would decelerate:** the balances of responses were 72.2% and 44.4% respectively (compared to 88.9% and 50.0% in the previous quarter) (Figure 6). According to 66.7% of respondents, wage costs will be the main source of selling price growth. The impact of energy and raw material and supplies prices was also assessed as significant (61.1% of responses for each) (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would slow:** (the balances of responses were 27.8% and 50.0% respectively) (compared to 55.6% and 66.7% in Q2 2019) (Figures 4 and 6).

**Shortages of skilled workers were cited as the main drag on the ability of companies to boost production** (Figure 5). The impact of a lack of working assets strengthened noticeably.

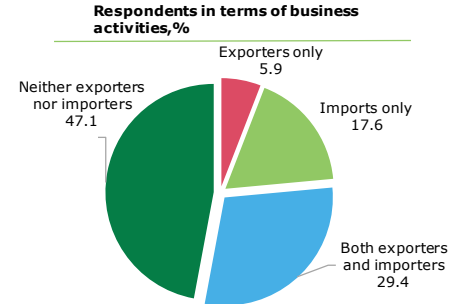
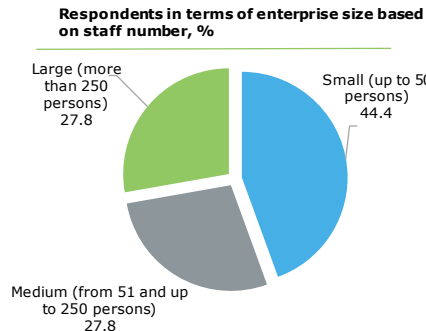
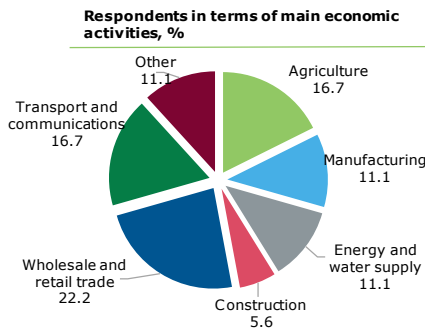
**Respondents edged down their expectations of an increase in borrowing needs** in the near future (Figure 8). The companies that planned to take out corporate loans (55.6%) usually opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). They continued to refer to **high interest rates as the main factor that deterred them from taking out loans** (Figure 10).

All of the respondents have for ten quarters in a row reported **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)

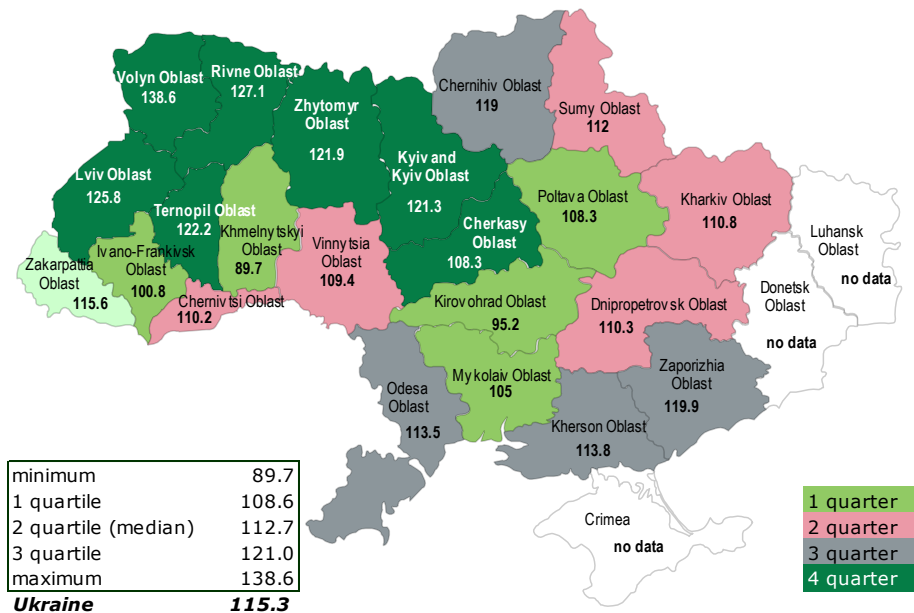
- **The current financial and economic standings of companies deteriorated and were assessed as bad:** the balance of responses was (-5.6%) compared with 33.3% in Q2 2019. Across Ukraine, the current financial and economic standings of companies were assessed as positive: the balance of responses being 9.5%.
- **Finished goods stocks remained at a level below the normal one:** the balance of responses was (-14.3%) (as in Q2 2019).
- **Spare production capacity increased** and was sufficient to meet any sudden rise in demand: the balance of responses was 11.8% compared with (-55.6%) in Q2 2019.

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



- Period: 6 August through 29 August 2019.
- A total of 18 companies were polled.
- A representative sample was generated on the basis of the trade sector.

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 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 18	Q4 18	Q1 19	Q2 19	Q3 19
Financial and economic standings	18.2	18.2	27.8	23.5	16.7
Total sales	38.1	27.3	47.1	33.3	22.2
Investment in construction	14.3	13.6	-6.3	-16.7	-12.5
Investment in machinery, equipment and tools	33.3	22.7	29.4	0.0	-11.1
Staff numbers	22.7	13.6	5.6	5.6	-11.1

<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

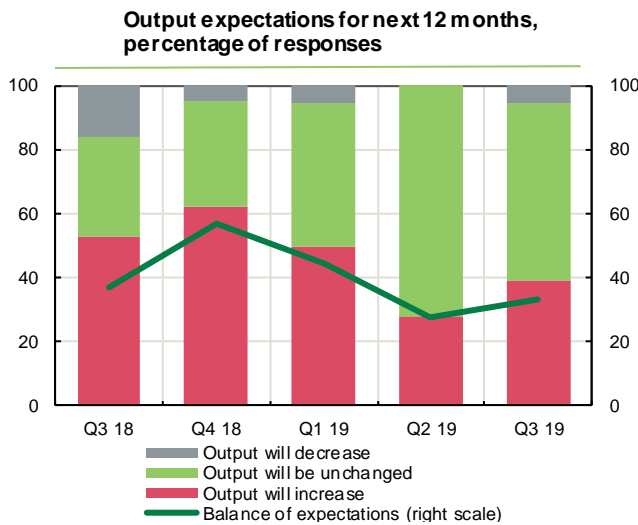


Figure 2

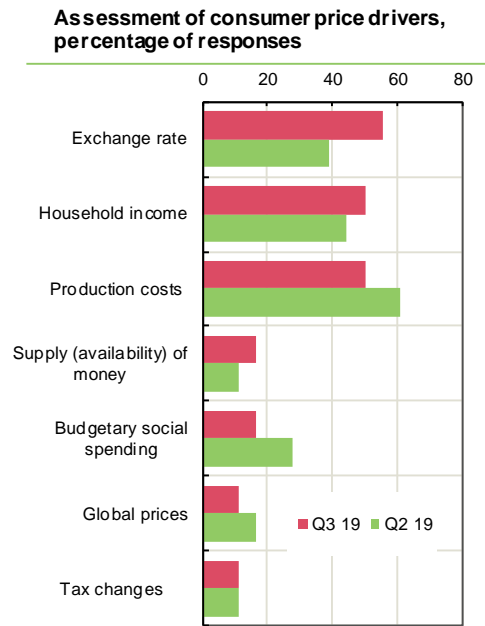


Figure 3

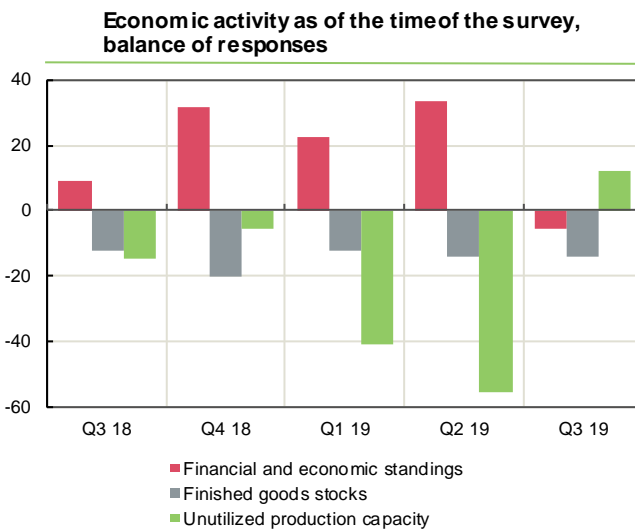


Figure 4

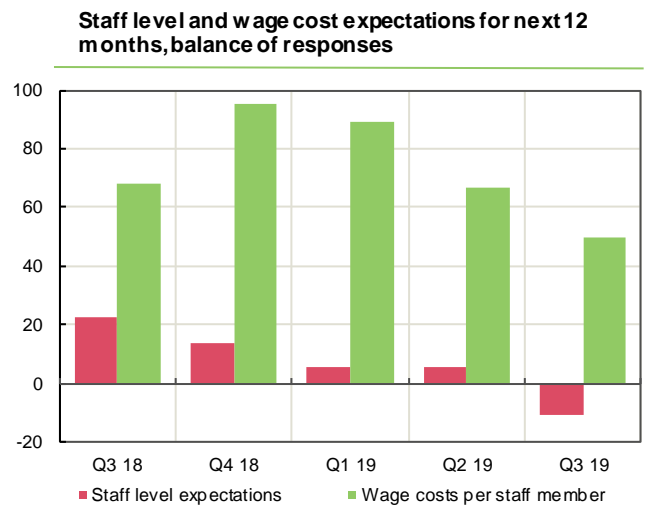


Figure 5

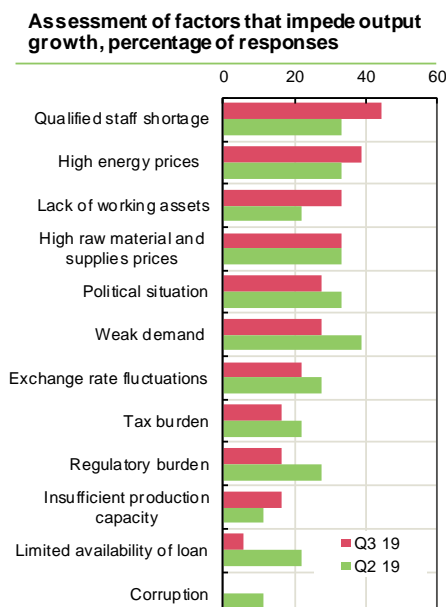


Figure 6

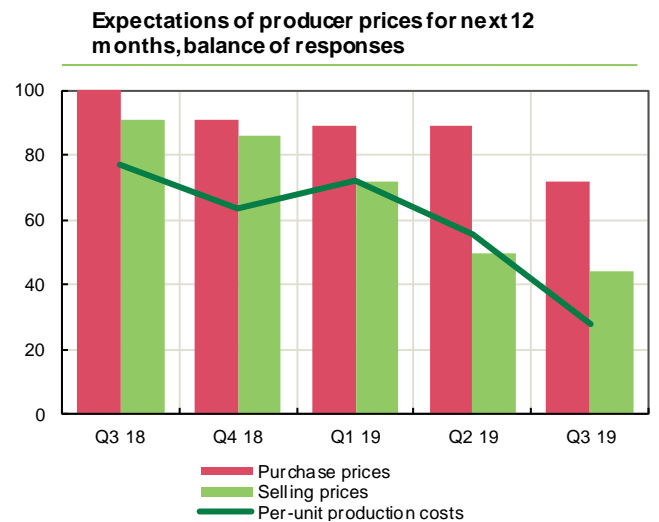


Figure 7

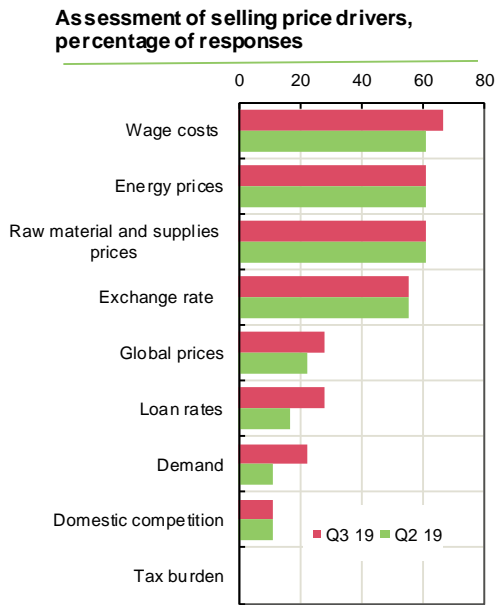


Figure 8

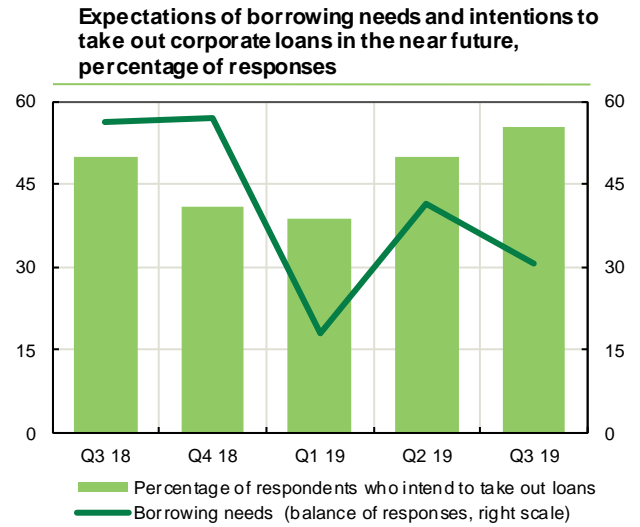


Figure 9

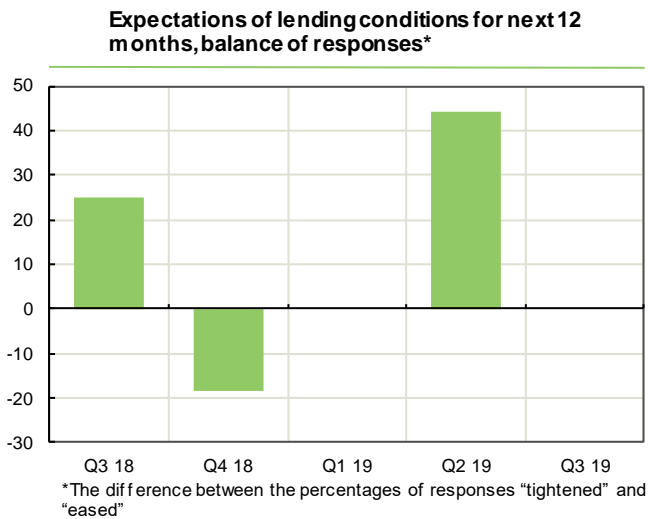
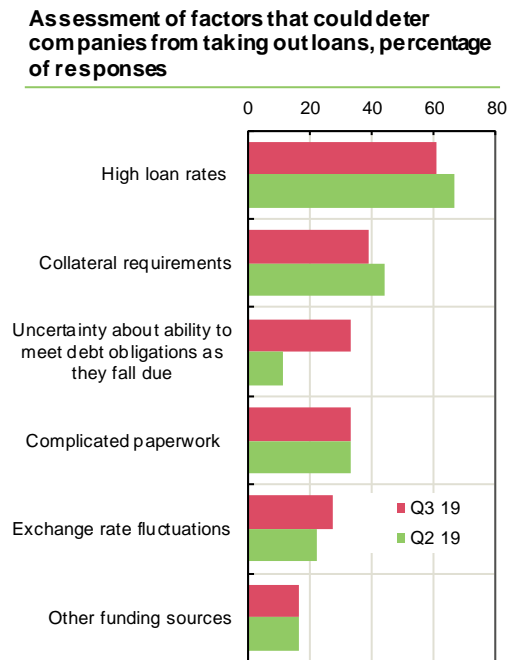


Figure 10



**Key Indicators of Social and Economic Development of Ivano-Frankivsk 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)	97.6	92.0	99.0	107.1	105.8 <sup>2</sup>	...	...	...	...	...	...	...	...
2	Industrial production index	98.9	89.1	95.5	112.0	110.3	94.9	92.4	94.1	97.2	97.9	97.3	96.7	96.6
3	Mining and quarrying	95.5	90.1	96.5	115.3	105.5	102.5	103.4	103.3	103.7	103.9	103.6	103.4	102.9
4	Manufacturing	103.6	80.7	102.3	115.4	114.8	81.2	80.0	87.6	94.1	93.4	92.7	93.3	93.5
5	Production of food, beverages and tobacco	106.9	58.1	66.8	95.4	116.5	78.0	76.0	76.3	80.7	83.0	82.2	82.1	82.3
6	Textile production, production of clothing, leather, leather goods and other materials	287.0	43.3	69.1	77.3	94.0	67.1	61.0	70.9	70.5	70.1	74.1	72.3	70.4
7	Production of wood products, paper, printing	97.7	100.7	103.3	100.0	104.4	92.0	89.9	88.8	89.1	85.5	84.0	83.6	82.7
8	Production of coke and petrochemicals	...	...	...	...	...	...	...	...	...	...	...	...	...
9	Production of chemicals and chemical products	85.6	82.0	84.4	657.3	193.7	53.8	48.0	72.0	92.2	96.4	99.6	100.5	100.7
10	Production of rubber and plastic products, other nonmetallic mineral products	96.4	103.6	108.7	111.2	105.1	92.7	100.1	111.4	111.3	105.5	102.5	103.1	102.8
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	74.9	99.2	126.6	143.9	103.8	80.4	53.4	62.8	64.7	67.8	70.7	78.6	83.2
12	Mechanical engineering, except for repair and installation of machinery and equipment	73.8	92.0	156.1	111.2	104.5	84.5	89.4	92.0	97.7	99.6	98.5	100.1	102.1
13	Electricity, gas, steam and conditioning air supply	97.2	98.1	93.4	105.4	109.5	100.7	95.1	92.5	94.6	97.0	96.5	94.1	93.9
14	Agricultural production index	106.3	95.5	101.7	104.0	101.3	102.5	101.8	101.8	101.9	102.3	102.0	101.7	100.2
15	Construction production index	69.1	106.3	103.5	134.4	117.9	88.0	112.6	122.5	126.9	97.6	83.0	88.0	90.3
16	Freight turnover	107.7	106.6	107.5	87.5	96.7	134.3	135.8	130.3	131.7	123.1	118.9	116.9	114.0
17	Passenger turnover	98.7	86.3	88.6	124.8	108.5	90.9	91.7	92.4	91.9	91.7	89.1	86.8	84.3
18	Volume index of retail trade turnover (in comparable prices, in percent)	99.8	86.7	103.4	107.3	112.6	110.8	108.9	108.2	109.5	110.7	111.2	109.8	109.2
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-9126.5	-7186.2	-2868.6	-407.4	...	...	...	...	...	...	...	...	...
20	Capital investment index	126.9	110.2	65.3	132.1	84.7	...	...	82.6	...	...	91.0	...	...
21	Consumer price index (compared with December of previous year)	125.0	143.4	110.9	113.7	109.1	101.1	101.7	102.6	103.8	104.9	104.4	103.6	103.1
22	Real disposable income	86.7	86.7	105.9	112.5	107.6 <sup>2</sup>	...	...	...	...	...	...	...	...
23	Real wage index	95.2	77.7	109.7	126.1	112.5	107.5	109.0	109.6	109.8	108.9	108.4	108.5	108.1
24	Number of applicants per vacancy as of end of period	52	27	21	9	6	5	4	3	4	3	4	4	3

<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