



National Bank
of Ukraine

Business Outlook Survey of Kirovohrad Oblast *

Q3 2019



*This survey only reflects the opinions of respondents in Kirovohrad 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 **Kirovohrad oblast** in **Q3 2019** showed that respondents had positive 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.

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

- **the output of Ukrainian goods and services would increase moderately:** the balance of expectations was 6.3% compared with 6.7% in Q2 2019 (Figure 1) and 30.5% across Ukraine
- **the growth in the prices of consumer goods and services would decelerate:** 87.5% of respondents expected the inflation rate to be lower than 10.0% (compared with 80.0% in Q2 2019 and 73.3% across Ukraine). The rest of the respondents (12.5%) expected a decrease in prices for consumer goods and services. Respondents continued to refer to production costs as the main inflation driver (Figure 2)
- **the financial and economic standings of their companies would improve:** the balance of expectations was 31.3% (compared with 0.0% in the previous quarter and 20.0% across Ukraine) (see Table)
- **total sales would increase:** the balance of responses was 18.8% compared with 20.0% in the previous quarter. Respondents also expected an increase in external sales (the balance of responses was 33.3% compared with 0.0% in Q2 2019). Across Ukraine, the balances of responses were 27.1% and 22.7% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-35.7%) and (-13.3%) respectively compared with 7.1% and 0.0% across Ukraine. Overall, across Ukraine, respondents expected investment spending to rise, the balances of responses being 9.3% and 17.7% respectively
- **staff numbers at their companies would drop** (such expectations have been reported for four quarters in a row): the balance of responses was (-25.0%) compared with (-20.0%) in Q2 2019. Across Ukraine, respondents expected an increase in staff numbers, with a balance of responses of 2.2% (Figure 4)
- **both purchase and selling prices would grow at a significantly slower pace:** the balances of responses were 43.8% and 18.8% respectively (compared with 86.7% and 60.0% in the previous quarter) (Figure 6). A total of 62.5% of respondents cited raw material and supplies prices as the main selling price drivers (Figure 7). The impact of energy prices and exchange rate fluctuations was also said to be high
- **per-unit production costs and wage costs per staff member would rise at a slower pace:** the balances of responses were 37.5% for each (compared to 66.7% and 53.3% in Q2 2019 respectively). Across Ukraine, respondents expected these costs to increase at a faster rate: the balances of responses were 52.0% and 62.0% respectively (Figures 4 and 6).

Weak demand was cited as **the main drag on the ability of companies to boost production** (50.0% of respondents). The impact of insufficient production capacity was assessed to be significantly higher than in the previous quarter (Figure 5).

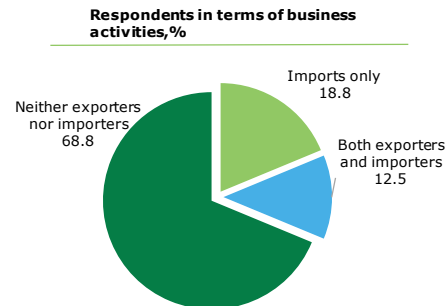
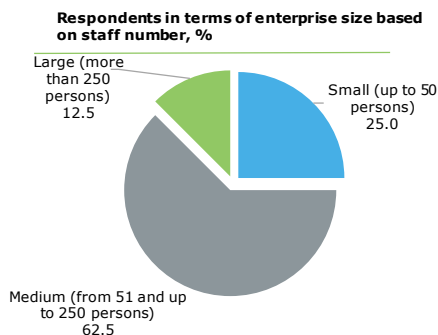
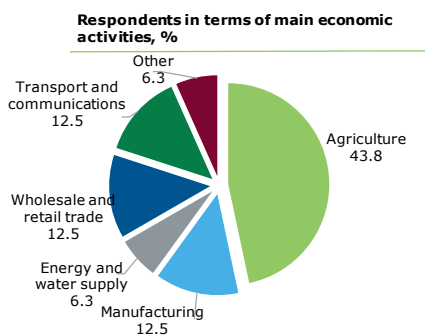
Respondents expect that their **borrowing needs will remain unchanged** in the near future (Figure 8). The respondents who planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending conditions had softened (Figure 9). Respondents continued to cite high 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** (97.4% across Ukraine).

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

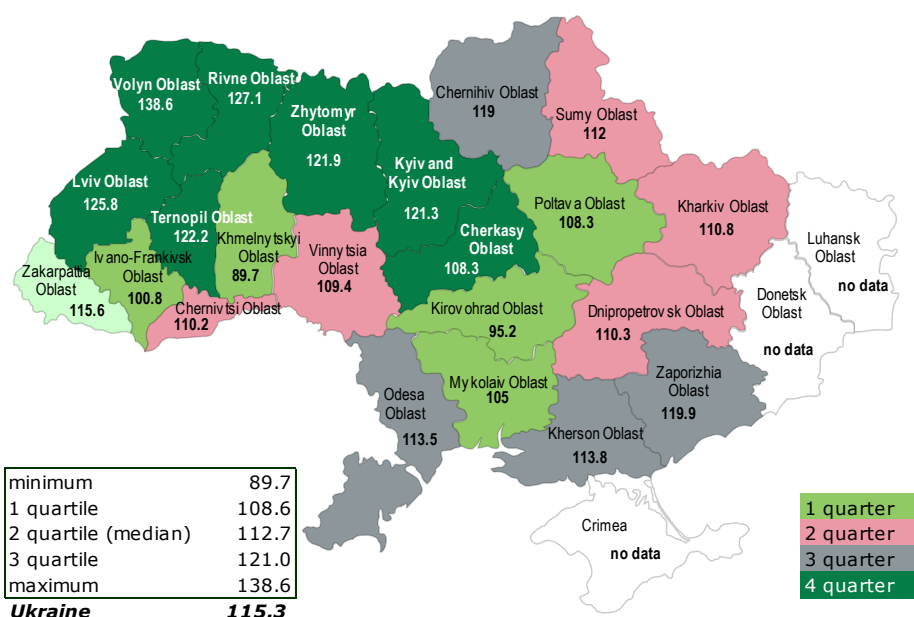
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 12.5% (compared with 13.3% in Q2 2019 and 9.5% across Ukraine).
- **Finished goods stocks increased to a level higher than the normal one:** the balance of responses was 9.1% (compared with (-20.0%) in Q2 2019).
- **Spare production capacity decreased.** 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 (-12.5%) (compared with 26.7% in Q2 2019).

Survey Details^{1,2}



- Period: 7 August through 2 September 2019.
- 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 Regions³, %



³a 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 Kirovohrad 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	25.0	5.6	18.8	0.0	31.3
Total sales	22.2	11.1	31.3	20.0	18.8
Investment in construction	5.9	-20.0	-6.7	-7.1	-35.7
Investment in machinery, equipment and tools	29.4	18.8	6.3	0.0	-13.3
Staff numbers	11.8	-22.2	-6.3	-20.0	-25.0

¹ This sample was generated in proportion to the contribution of each region 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

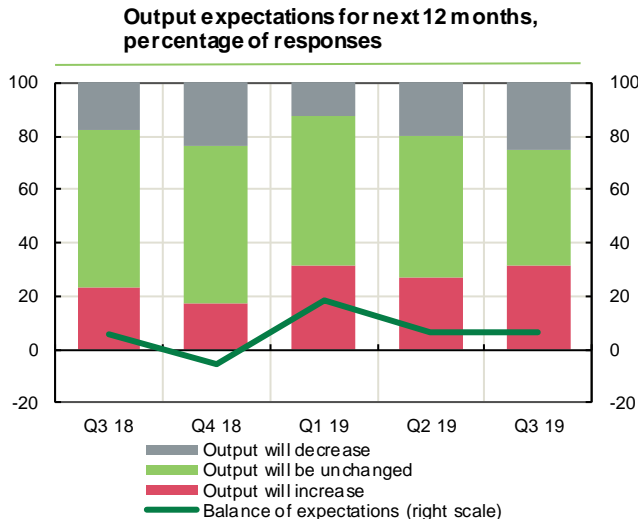


Figure 2

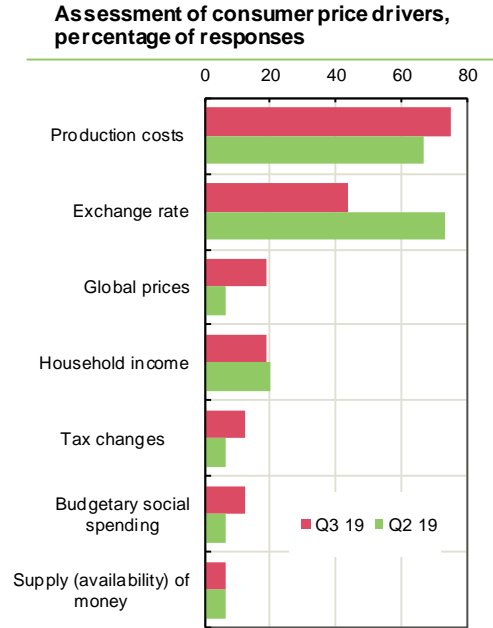


Figure 3

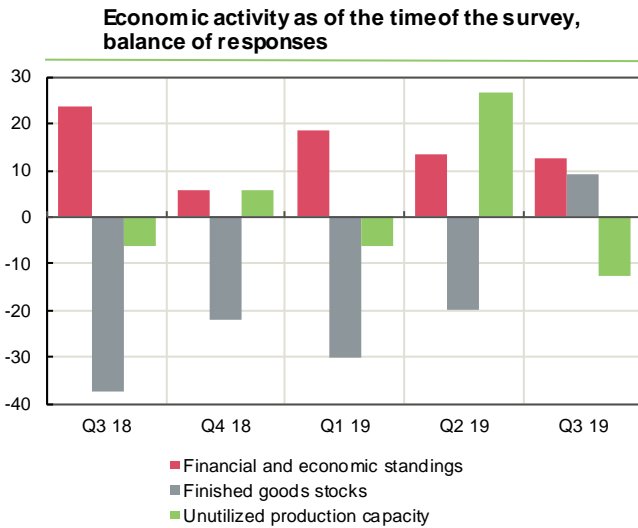


Figure 4

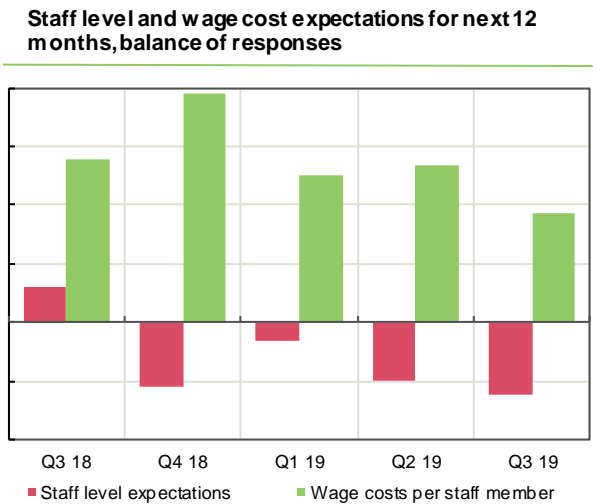


Figure 5

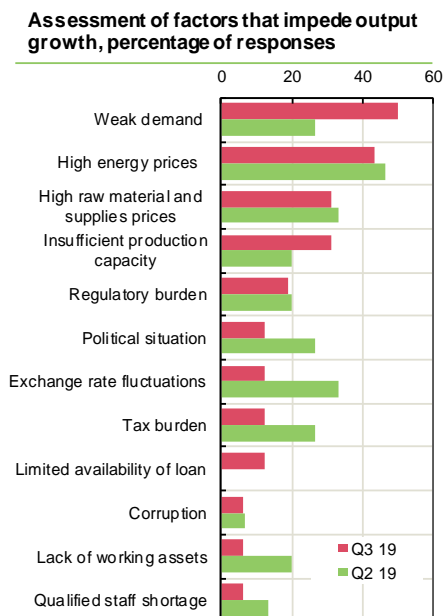


Figure 6

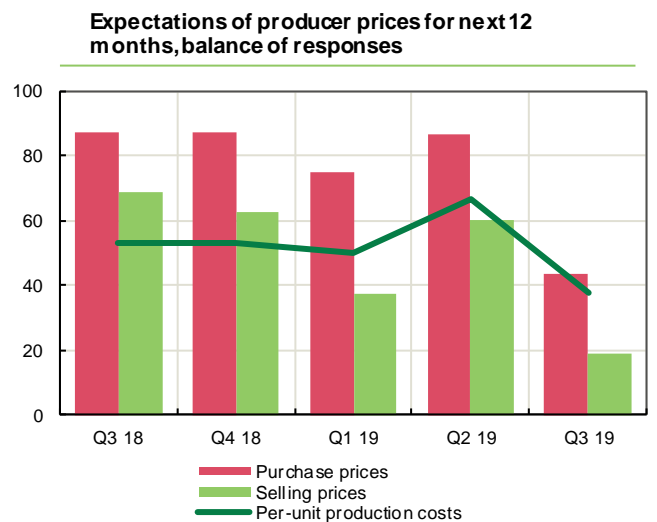


Figure 7

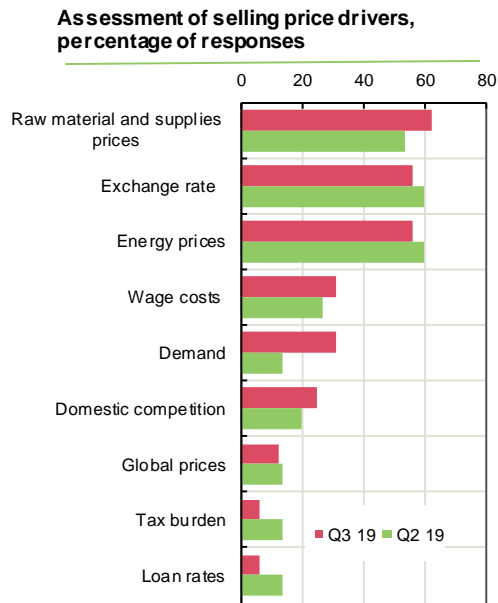


Figure 8

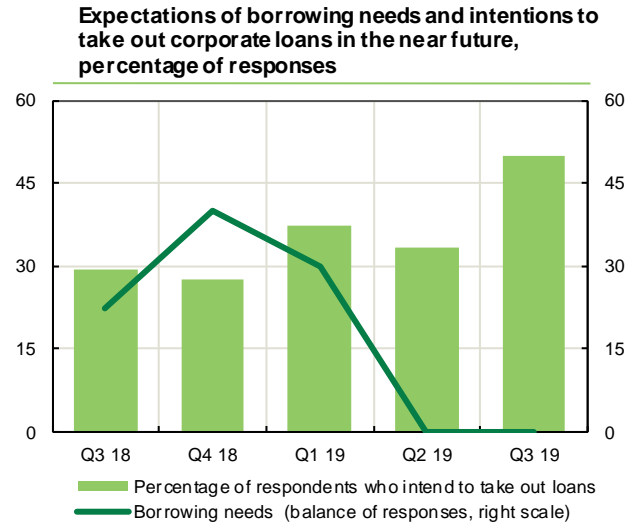


Figure 9

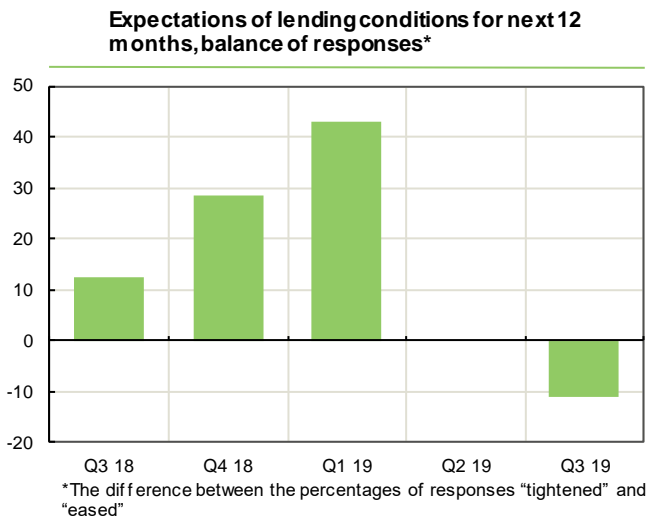
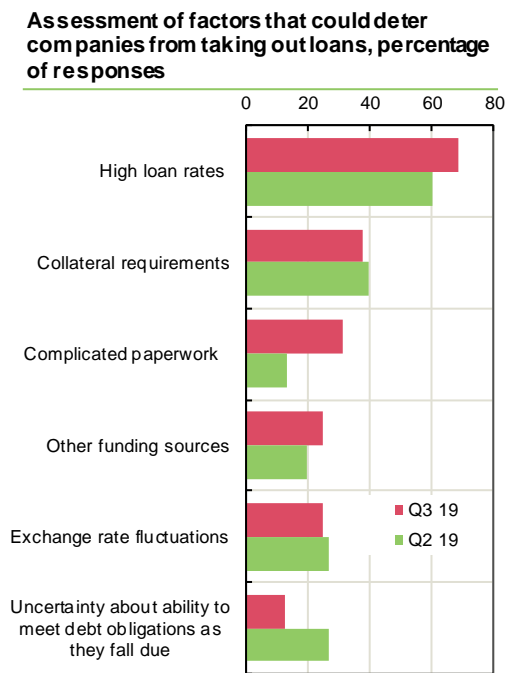


Figure 10



Key Indicators of Social and Economic Development of Kirovohrad 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)	100.6	91.7	105.0	98.6	105.8 ²	...	...	...	...	...	...	...	...
2	Industrial production index	100.8	82.9	120.3	105.5	102.2	92.7	94.1	99.0	99.6	99.2	100.0	102.2	103.4
3	Mining and quarrying	85.1	98.9	117.8	113.4	113.4	69.7	67.1	78.1	81.7	83.1	87.7	88.7	90.8
4	Manufacturing	107.5	78.4	122.7	104.1	104.1	101.9	106.5	109.0	107.9	106.6	105.4	108.2	109.5
5	Production of food, beverages and tobacco	115.8	65.2	125.5	112.1	112.1	109.3	115.5	119.4	118.9	118.1	117.3	122.5	124.0
6	Textile production, production of clothing, leather, leather goods and other materials	79.0	118.5	105.9	104.8	104.8	99.6	119.7	94.9	89.5	89.7	86.0	84.0	87.2
7	Production of wood products, paper, printing	92.8	118.4	128.8	110.5	110.5	68.5	78.6	86.6	87.3	88.7	89.3	93.5	96.4
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	109.5	94.8	85.4	131.0	131.0	84.0	74.9	84.3	90.7	90.0	85.8	84.4	85.0
10	Production of rubber and plastic products, other nonmetallic mineral products	99.3	119.3	92.5	130.2	130.2	129.3	138.6	137.7	123.3	102.1	99.5	93.9	90.1
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	95.7	93.9	102.3	94.1	94.1	139.7	125.6	117.4	101.4	94.6	91.8	91.8	91.0
12	Mechanical engineering, except for repair and installation of machinery and equipment	93.8	108.0	142.7	71.2	71.2	103.2	98.7	101.4	100.2	99.9	96.4	98.5	98.8
13	Electricity, gas, steam and conditioning air supply	89.5	87.9	109.5	99.7	99.7	96.2	95.1	92.8	93.0	92.3	95.1	96.9	96.8
14	Agricultural production index	98.2	97.7	109.4	86.1	120.6	99.6	101.4	102.2	102.5	102.6	106.4	119.3	114.1
15	Construction production index	77.0	104.7	111.8	166.5	85.8	75.9	84.8	224.2	189.6	167.9	156.5	150.2	145.7
16	Freight turnover	102.7	103.9	85.0	105.1	98.7	100.0	103.1	103.8	104.0	105.6	104.2	105.2	105.6
17	Passenger turnover	86.6	109.5	101.9	99.3	106.6	112.9	110.2	106.9	112.8	108.9	104.2	100.0	99.8
18	Volume index of retail trade turnover (in comparable prices, in percent)	99.9	86.5	103.7	103.9	99.9	101.6	102.6	103.3	103.3	104.4	104.5	104.8	106.1
19	Profit/loss of large and medium companies before tax (UAH million) ³	-3263.1	-4187.2	6981.3	777.1	...	...	...	...	...	...	...	...	...
20	Capital investment index	78.9	101.6	147.0	110.5	91.0	...	...	...	89.2	...	...	100.5	...
21	Consumer price index (compared with December of previous year)	124.4	141.3	112.3	113.8	109.0	101.2	101.9	102.4	103.3	104.5	103.5	102.9	102.7
22	Real disposable income	89.8	84.4	104.7	111.2	108.3 ²	...	...	...	...	...	...	...	...
23	Real wage index	94.8	78.8	107.1	125.6	112.5	107.6	107.4	108.0	108.1	108.0	107.6	107.7	107.4
24	Number of applicants per vacancy as of end of period	36	39	11	9	9	8	6	3	4	4	4	4	4

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