



National Bank  
of Ukraine

# Business Outlook Survey of Kirovohrad Oblast \*

Q4 2019



\*This survey only reflects the opinions of respondents in Kirovohrad oblast (top managers of companies) who were polled in Q4 2019, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Kirovohrad oblast** in **Q4 2019** showed that respondents expected a drop in the output of Ukrainian goods and services and weaker development of their companies over the next 12 months. Respondents expect inflation to increase and the domestic currency to depreciate further.

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

- **the output of Ukrainian goods and services would drop significantly:** the balance of expectations was (-40.0%) (compared to 6.3% in Q3 2019) (Figure 1). Meanwhile, respondents across Ukraine expected an increase in the output, the balance of responses being 21.9%.
- **the growth in the prices of consumer goods and services would accelerate:** 60.0% of respondents expected the inflation rate to be lower than 7.5% (compared with 81.3% in Q3 2019 and 53.8% across Ukraine). Respondents referred to production costs and exchanger rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would continue to depreciate** at a moderate pace: 53.3% of respondents (compared with 50.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with a figure of 70.7% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-20.0%) compared with 31.3% in the previous quarter and 18.6% across Ukraine (see Table)
- **total sales would decrease:** the balance of responses was (-20.0%) compared with 18.8% in the previous quarter. External sales were expected to remain unchanged: the balance of responses was 0.0% (compared with 33.3% in Q3 2019). Overall, respondents expected sales to rise across Ukraine, the balances of responses being 23.5% and 20.6% respectively
- **investment in machinery, equipment and tools would increase:** the balance of responses was 7.1% compared to (-13.3%) in the previous quarter. Investment in construction would decrease: the balance of responses was (-28.6%) compared with (-35.7%) in Q3 2019. Overall, across Ukraine, respondents expected investment spending to rise, the balances of responses being 14.7% and 4.7% respectively
- **staff numbers at their companies would drop** (such expectations have been reported for five quarters in a row): the balance of responses was (-33.3%) compared with (-25.0%) in Q3 2019 and (-1.6%) across Ukraine (Figure 4)
- **purchase prices would grow:** the balance of responses was 53.3% (compared to 43.8% in the previous quarter). At the same time, respondents expected weak growth in selling prices, with a balance of responses of 13.3% (compared to 18.8% in Q3 2019) (Figure 6). Respondents cited demand as **the main selling price driver** (the impact of this factor strengthened noticeably) (Figure 7).
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 42.9% and 50.0% respectively (compared with 37.5% for each in Q3 2019) (Figures 6 and 4).

High raw materials and supplies prices were cited as **the main drag on the ability of companies to boost production** (60.0% of respondents). The impact of qualified staff shortage was assessed to be significantly higher than in the previous quarter (Figure 5).

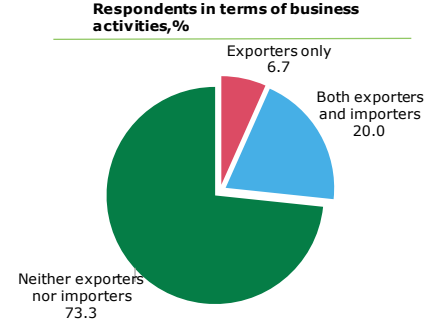
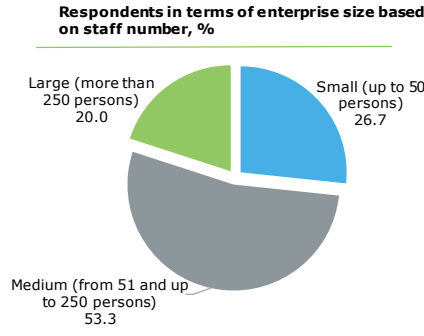
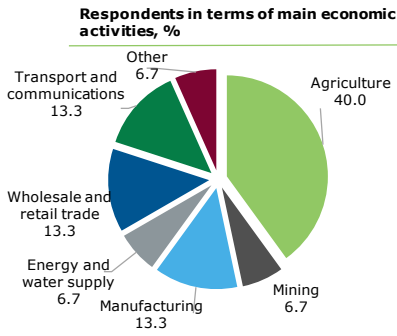
Respondents expect that their **borrowing needs will remain unchanged** in the near future (Figure 8). The respondents who planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Respondents continued to 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** (96.4% across Ukraine).

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

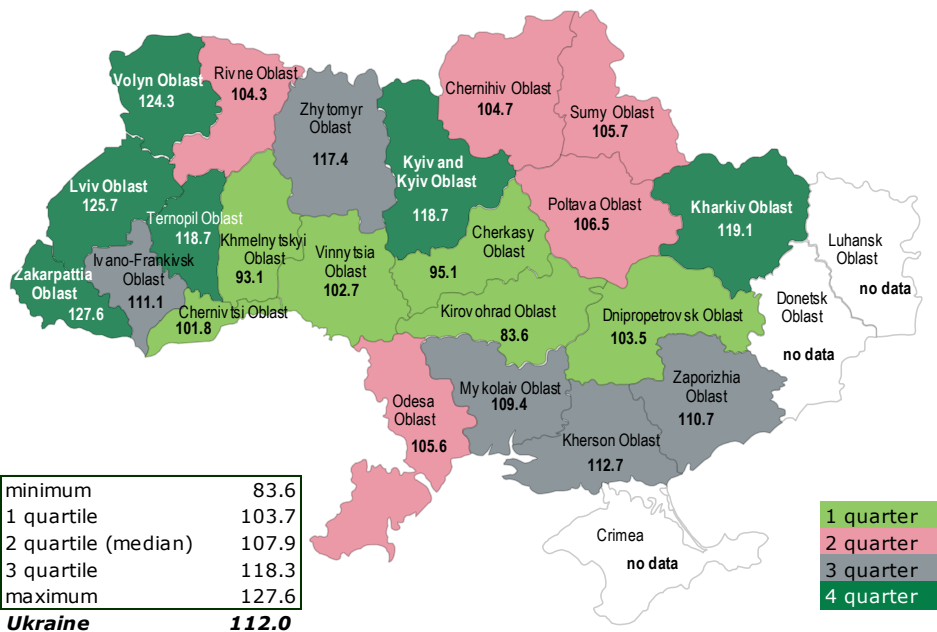
- **The current financial and economic standings of companies deteriorated and were assessed as bad:** the balance of responses was (-20.0%) compared with 12.5% in Q3 2019. Across Ukraine, the current financial and economic standings of companies were assessed as positive: the balance of responses being 6.1%.
- **Respondents assessed finished goods stocks at a normal level:** the balance of responses was 0.0% (compared with 9.1% in Q3 2019).
- **Shortages of unutilized production capacity were reported again:** the balance of responses was (-6.7%) (compared to (-12.5%) in Q3 2019).

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



- Period: 5 November through 3 December 2019.
- A total of 15 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 Regions<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 Kirovohrad Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	5.6	18.8	0.0	31.3	-7.1
Total sales	11.1	31.3	20.0	18.8	-20.0
Investment in construction	-20.0	-6.7	-7.1	-35.7	-28.6
Investment in machinery, equipment and tools	18.8	6.3	0.0	-13.3	7.1
Staff numbers	-22.2	-6.3	-20.0	-25.0	-33.3

<sup>1</sup> This sample was generated in proportion to the contribution of each region 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

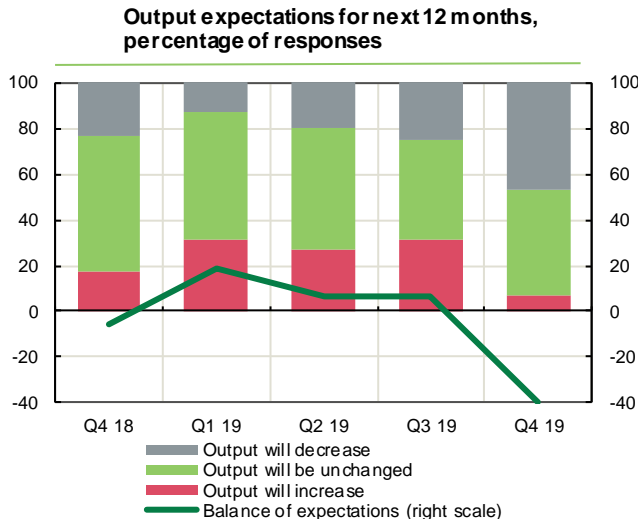


Figure 2

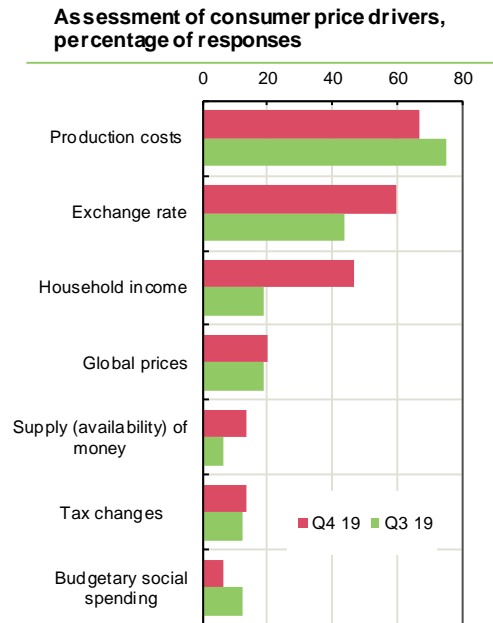


Figure 3

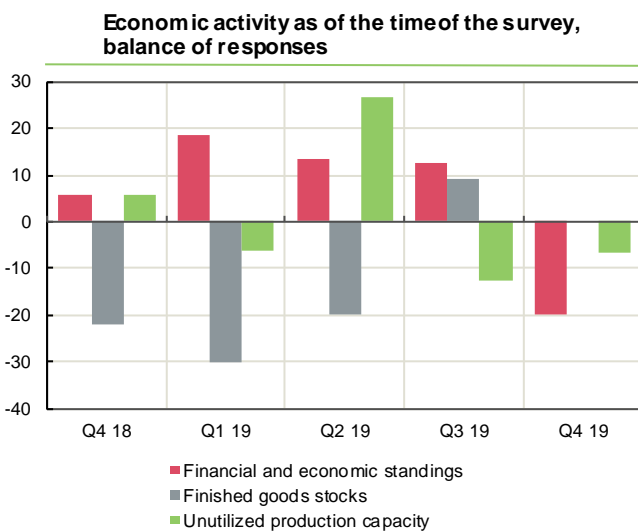


Figure 4



Figure 5

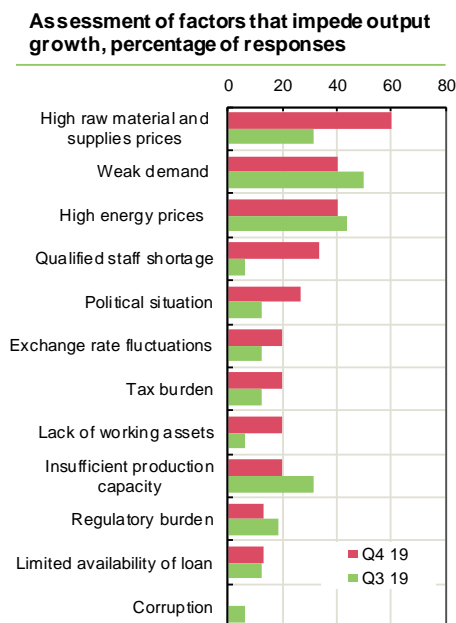


Figure 6

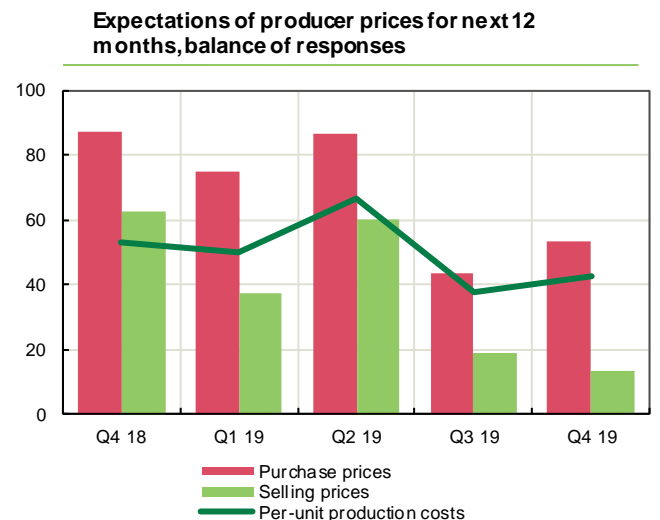


Figure 7

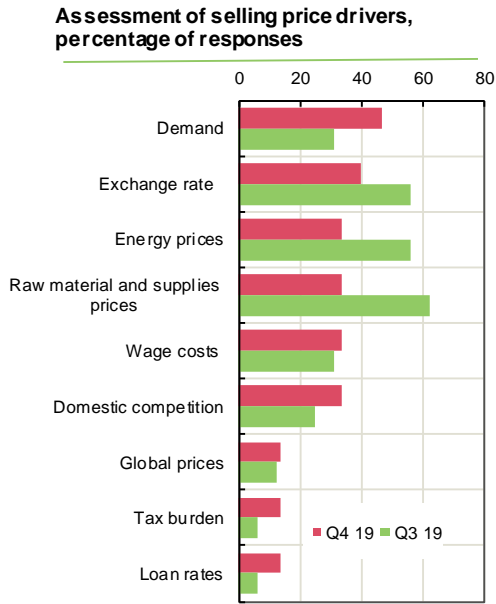


Figure 8

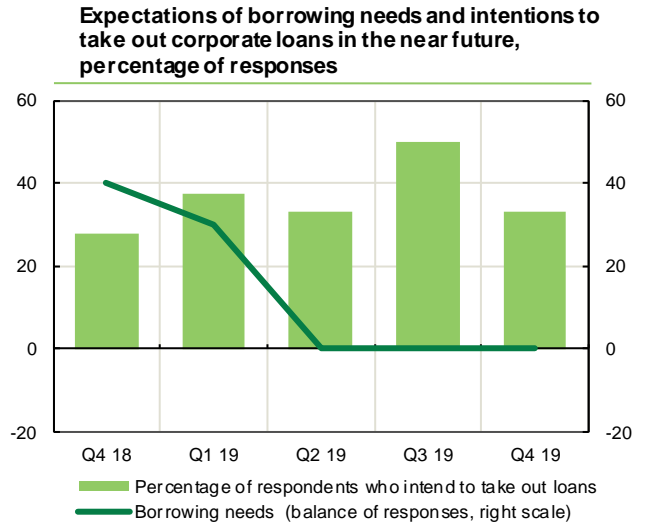


Figure 9

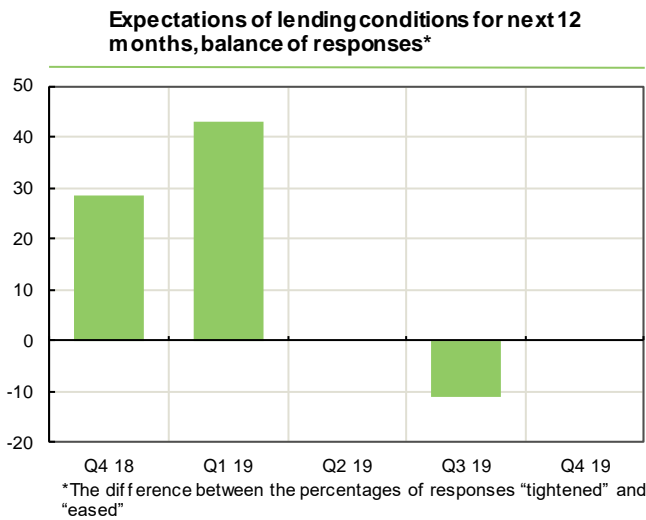
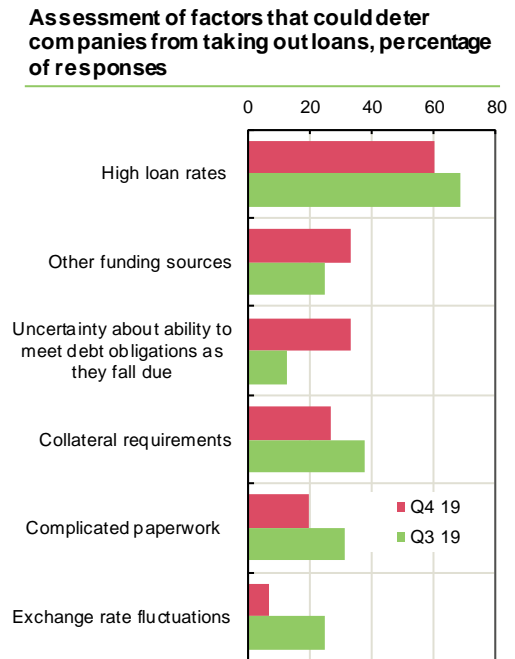


Figure 10





**Key Indicators of Social and Economic Development of 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	January - September	January - October	January - November													
1	Volume indices of gross regional product (in previous year's prices, in percent)	100.6	91.7	105.0	98.6	105.8 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...							
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	104.5	104.1	104.7	...	...	...	...	...	...	...						
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	92.6	92.7	90.6	...	...	...	...	...	...	...	...					
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	110.2	109.3	110.9	...	...	...	...	...	...	...	...	...				
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	122.0	120.0	120.7	...	...	...	...	...	...	...	...	...				
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	83.7	81.9	84.9	...	...	...	...	...	...	...	...	...				
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	98.8	99.3	100.1	...	...	...	...	...	...	...	...	...	...			
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	87.5	84.8	86.2	...	...	...	...	...	...	...	...	...	...			
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	87.5	83.5	82.1	...	...	...	...	...	...	...	...	...	...	...		
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	91.1	92.3	94.3	...	...	...	...	...	...	...	...	...	...	...		
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	97.8	97.8	95.5	...	...	...	...	...	...	...	...	...	...	...		
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	97.6	97.5	97.0	...	...	...	...	...	...	...	...	...	...	...	...	
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	121.4	108.8	108.7	...	...	...	...	...	...	...	...	...	...	...	...	
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	132.5	124.3	121.7	...	...	...	...	...	...	...	...	...	...	...	...	
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	105.2	104.5	103.6	...	...	...	...	...	...	...	...	...	...	...	...	
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	100.3	100.6	98.3	...	...	...	...	...	...	...	...	...	...	...	...	
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	106.4	109.0	109.3	...	...	...	...	...	...	...	...	...	...	...	...	...
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-3263.1	-4187.2	6981.3	777.1	244.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
20	Capital investment index	78.9	101.6	147.0	110.5	91.0	...	...	89.2	...	...	100.5	...	...	96.8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	
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	103.0	103.6	104.0	...	...	...	...	...	...	...	...	...	...	...	...	...
22	Real disposable income	89.8	84.4	104.7	111.2	108.3 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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	107.9	107.7	108.2	...	...	...	...	...	...	...	...	...	...	...	...	...
24	Number of applicants per vacancy as of end of period	36	39	11	9	9	8	6	3	4	4	4	4	4	4	4	5	...	...	...	...	...	...	...	...	...	...	...	...	...

<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