



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q3 2019



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q3 2019, and does not represent NBU forecasts or estimates

A survey carried out in **Mykolaiv oblast** in Q3 2019 showed that respondents had high expectations that the Ukrainian economy would grow and moderate expectations for the development of their companies over the next 12 months.

Respondents expected that prices would increase further. The domestic currency was expected to depreciate at a slower pace.

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

- **the growth in the output of Ukrainian goods and services would speed up:** the balance of expectations was 41.2% compared with 11.1% in Q2 2019 (Figure 1) and 30.5% across Ukraine
- **prices for consumer goods and services would rise:** 76.5% of respondents expected the inflation rate to be lower than 10.0% (compared with 83.3% in Q2 2019 and 73.3% across Ukraine). Respondents referred to production costs as the main inflation driver (Figure 2)
- **the hryvnia would depreciate, although less markedly:** 68.8% of respondents (compared with 72.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 69.0%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 12.5% (compared to 18.8% in the previous quarter and 20.0% across Ukraine) (see Table)
- **total sales would increase:** the balance of responses was 43.8% compared with 44.4% in Q2 2019 and 27.1% across Ukraine. Respondents also expected an increase in external sales: the balance of responses was 42.9% (compared to 40.0% in Q2 2019)
- **investment in machinery, equipment and tools would increase at a slower pace:** the balance of response was 11.8% compared to 22.2% in the previous quarter. Investment in construction was expected to decrease: the balance of responses was (-11.8%). Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 17.7% and 9.3% respectively
- **staff numbers would decrease significantly:** the balance of responses was (-31.3%) compared with 5.6% in Q2 2019 (Figure 4). Across Ukraine, staff numbers were expected to increase (2.2%)
- **the growth in purchase and selling prices would accelerate:** the balances of responses were 82.4% and 52.9% respectively (compared with 66.7% and 38.9% in the previous quarter) (Figure 6). Respondents cited energy prices and wage costs as the main sources of selling price growth (58.8% of responses) (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 58.8% and 68.8% respectively (compared to 55.6% and 77.8% in Q2 2019)

Respondents referred to high raw material and supplies prices and energy prices as the **main drags on the ability of their companies to boost production** (Figure 5).

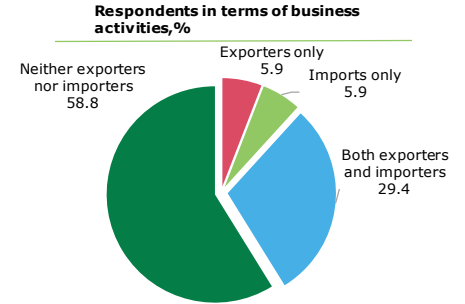
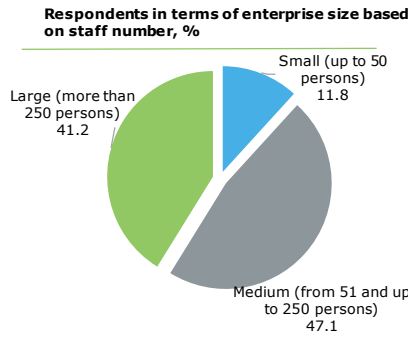
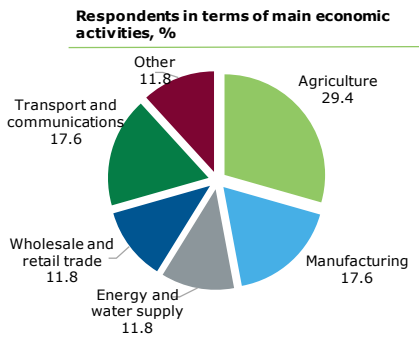
Respondents expected their **borrowing needs to increase** in the near future (Figure 8). A total of 41.2% of respondents planned to take out bank loans, the majority of which said they would opt for domestic currency loans. Respondents said that lending conditions had softened (Figure 9). High loan rates were cited as the most important factor that deterred companies from taking out loans (Figure 10).

A total of **93.3% of 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)

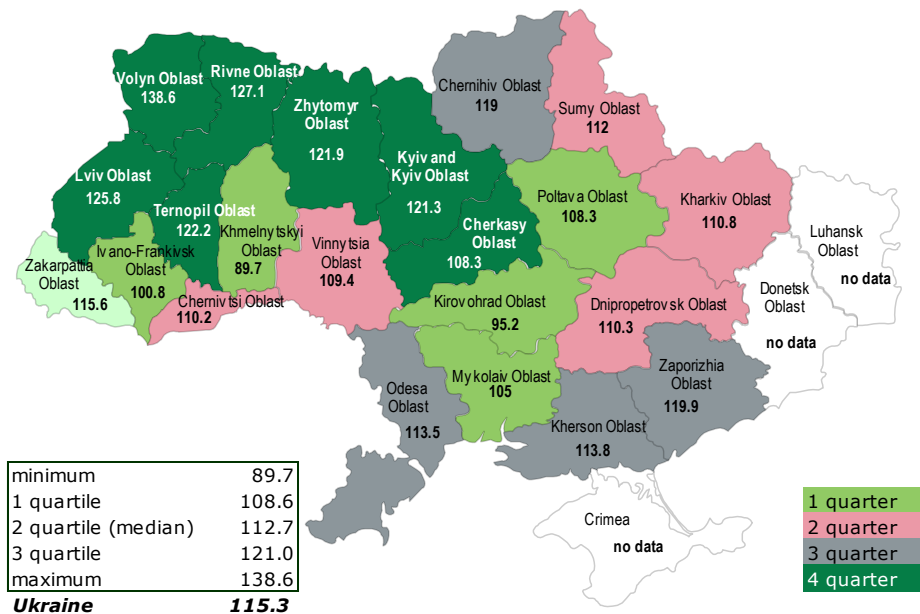
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 5.9% (compared with 11.1% in the previous quarter and 9.5% across Ukraine).
- **Stocks of finished goods have been assessed to be at normal levels** for two consecutive quarters: the balance of responses was 0.0%.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.8% (compared with 11.1% in Q2 2019).

Survey Details^{1,2}



- Period: 5 August through 30 August 2019.
- A total of 17 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, %



*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 Mykolaiv 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	15.8	14.3	31.3	18.8	12.5
Total sales	42.9	14.3	44.4	44.4	43.8
Investment in construction	15.0	15.0	0.0	5.6	-11.8
Investment in machinery, equipment and tools	30.0	33.3	16.7	22.2	11.8
Staff numbers	19.0	4.8	22.2	-5.6	-31.3

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

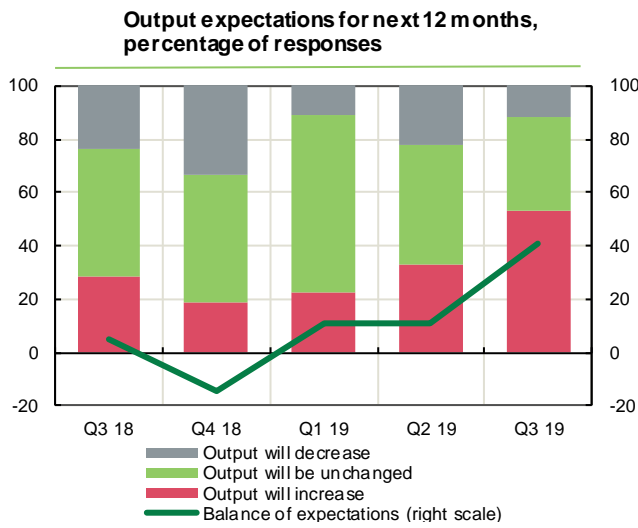


Figure 2

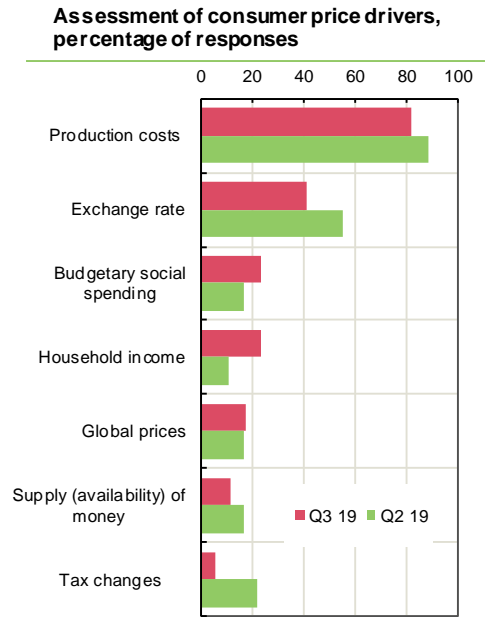


Figure 3

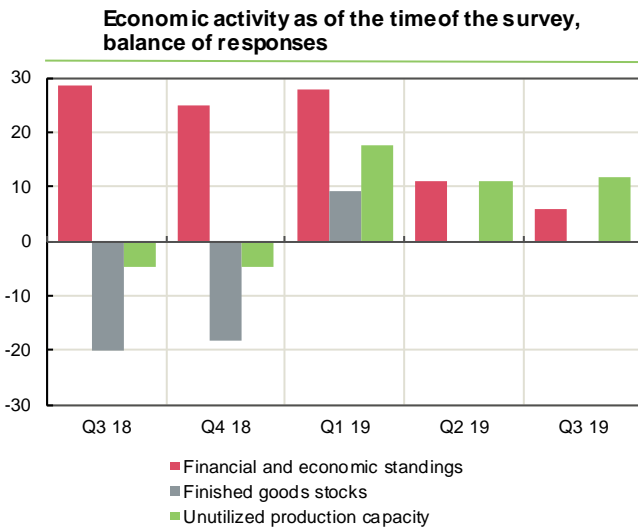


Figure 4

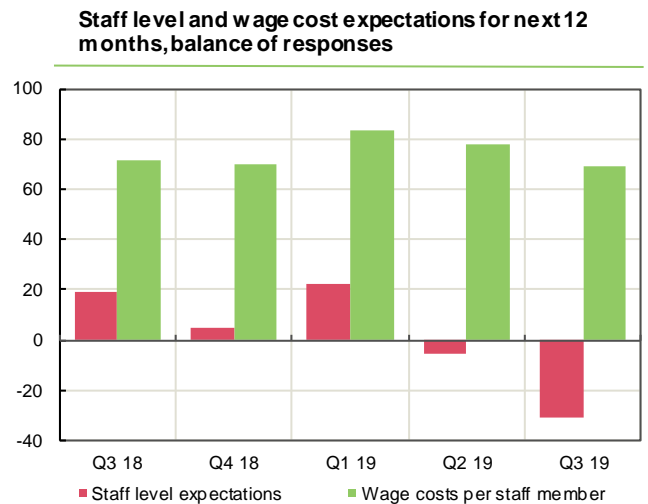


Figure 5

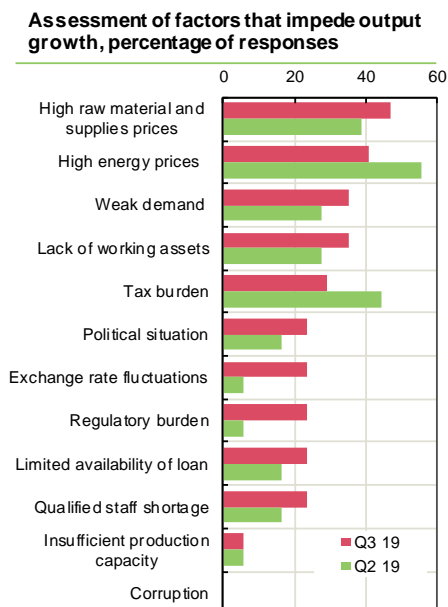


Figure 6

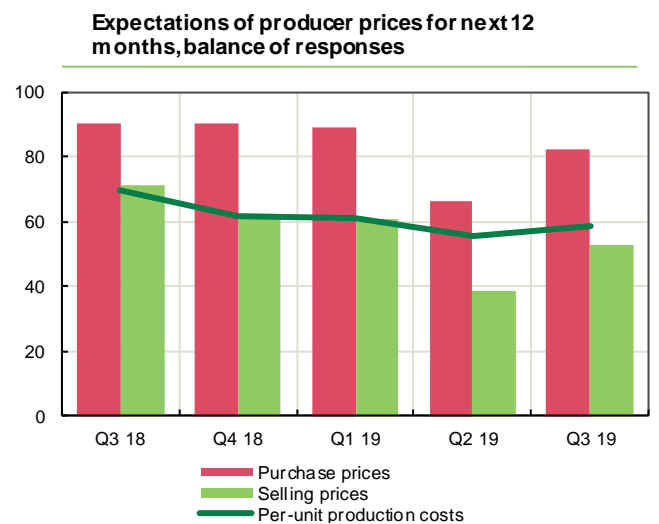


Figure 7

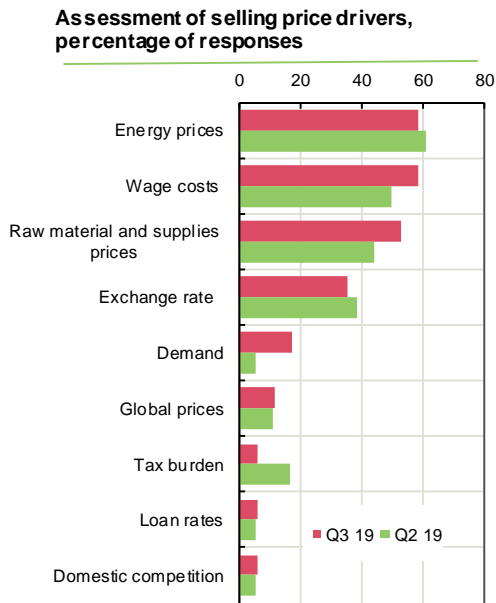


Figure 8

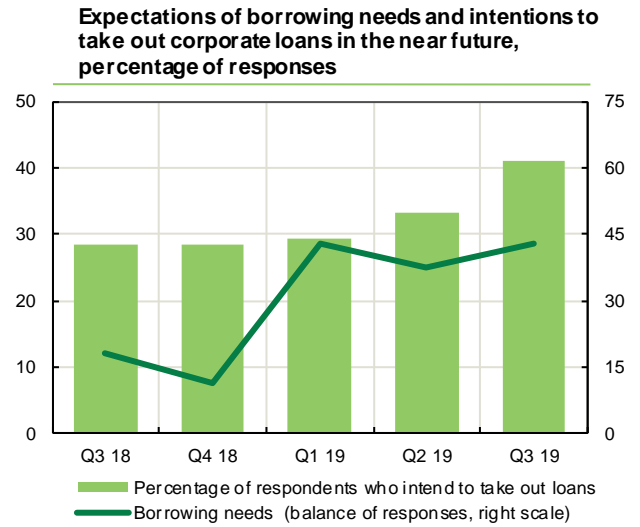


Figure 9

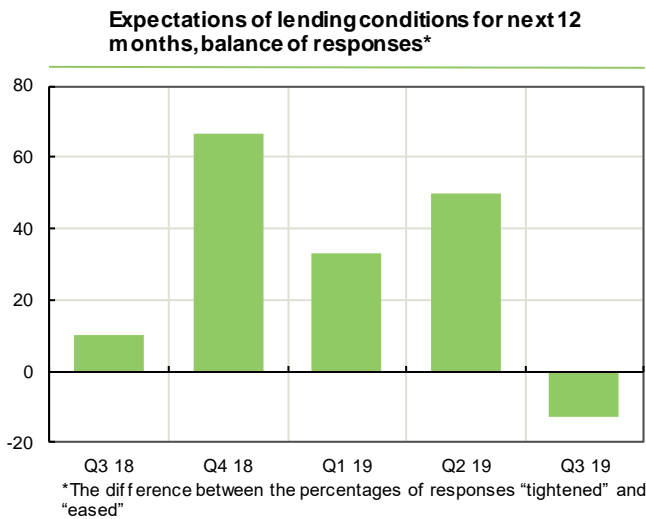
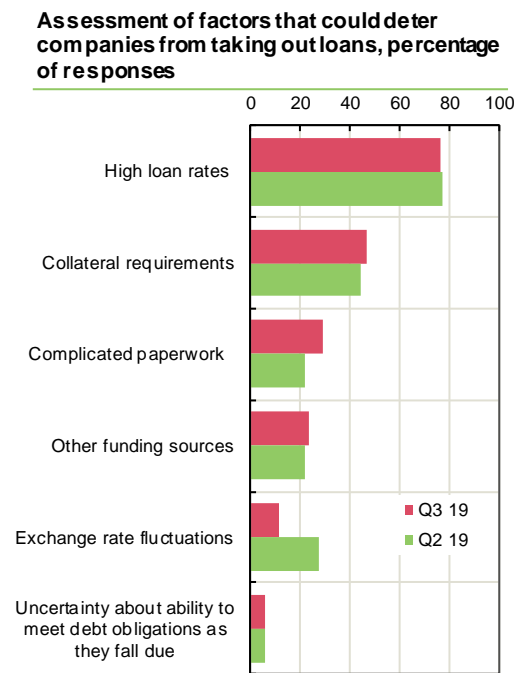


Figure 10



Key Indicators of Social and Economic Development of Mykolaiv 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)	98.4	95.3	105.6	99.1	104.1 ²	...	...	...	...	...	...	...	...
2	Industrial production index	101.4	91.1	110.5	101.5	104.0	95.2	97.6	99.9	101.6	102.7	102.9	101.3	101.0
3	Mining and quarrying	89.4	101.2	118.2	121.5	75.7	85.8	110.8	100.6	127.6	127.6	117.3	117.5	121.5
4	Manufacturing	93.8	92.2	111.7	101.2	103.2	85.6	87.7	90.6	92.0	93.8	95.3	94.6	95.2
5	Production of food, beverages and tobacco	97.5	90.4	122.4	114.7	100.9	100.2	103.4	104.7	103.4	103.4	104.2	106.5	104.7
6	Textile production, production of clothing, leather, leather goods and other materials	71.5	82.2	105.6	117.8	103.5	101.0	91.3	87.6	92.7	92.1	90.3	87.7	87.3
7	Production of wood products, paper, printing	99.4	101.2	101.4	98.4	79.7	90.4	88.9	88.3	91.5	93.6	95.8	96.3	96.5
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	99.2	95.3	112.2	94.7	114.6	103.1	117.4	124.8	118.5	118.9	115.8	114.6	110.3
10	Production of rubber and plastic products, other nonmetallic mineral products	94.2	101.0	108.8	113.2	88.4	86.6	87.4	98.5	102.2	101.1	101.0	100.2	99.6
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	94.0	102.0	105.3	110.0	102.8	108.8	107.3	109.7	106.5	107.8	107.3	104.9	104.6
12	Mechanical engineering, except for repair and installation of machinery and equipment	91.5	91.0	101.1	88.8	95.2	102.3	108.0	90.2	92.1	94.8	98.3	101.2	99.1
13	Electricity, gas, steam and conditioning air supply	127.3	87.9	107.2	101.7	107.5	115.7	121.3	122.4	126.5	128.2	125.6	121.5	117.9
14	Agricultural production index	93.3	102.1	108.5	90.9	106.0	94.2	95.5	95.6	95.9	96.0	120.1	122.7	112.7
15	Construction production index	91.4	122.7	116.9	116.5	86.8	104.9	88.9	116.1	129.2	143.2	130.9	142.0	138.5
16	Freight turnover	102.6	86.2	107.0	103.9	126.9	123.9	163.7	126.5	124.3	122.5	116.8	118.5	117.4
17	Passenger turnover	91.2	81.0	99.4	107.5	99.7	100.5	100.6	100.3	99.9	99.6	98.5	97.2	96.1
18	Volume index of retail trade turnover (in comparable prices, in percent)	93.4	81.9	103.2	109.7	108.1	104.2	105.8	106.6	107.2	106.5	106.7	105.7	105.4
19	Profit/loss of large and medium companies before tax (UAH million) ³	-8758.4	-2663.5	-232.9	3713.4	...	...	...	...	...	...	...	...	...
20	Capital investment index	67.4	126.1	147.6	108.2	129.4	...	...	142.8	...	...	123.6	...	...
21	Consumer price index (compared with December of previous year)	124.9	143.5	112.2	113.5	109.4	101.2	101.6	102.3	103.6	104.6	103.3	103.1	102.7
22	Real disposable income	87.4	83.6	104.5	111.9	110.2 ²	...	...	...	...	...	...	...	...
23	Real wage index	95.8	78.9	108.3	118.4	115.8	113.0	112.3	112.9	113.5	113.0	112.6	112.5	112.6
24	Number of applicants per vacancy as of end of period	20	19	12	10	12	9	7	5	6	5	5	5	5

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