



National Bank  
of Ukraine

## Business Outlook Survey of Mykolaiv Oblast\*

Q4 2019



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

A survey carried out in **Mykolaiv oblast** in Q4 2019 showed that respondents had **positive expectations that the Ukrainian economy would grow and their companies would develop over the next 12 months**. Respondents expected inflation to increase. Depreciation expectations slightly softened.

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

- **the output of Ukrainian goods and services would grow at a slower pace:** the balance of expectations was 16.7% compared with 41.2% in Q3 2019 and 21.9% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise** at a faster pace: a half of respondents expected the inflation rate to be lower than 7.5% (compared with 58.8% in Q3 2019 and 53.8% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 61.1% of respondents (compared with 68.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 12.5% (unchanged compared to the previous quarter). The figure across Ukraine was 18.6% (see Table)
- **total sales would increase at a slower pace:** the balance of responses was 33.3% compared with 43.8% in Q3 2019 and 23.5% across Ukraine. Respondents also expected an increase in external sales: the balance of responses was 28.6% (compared to 42.9% in Q3 2019)
- **investment in machinery, equipment and tools would increase:** the balance of response was 17.6% compared to 11.8% in the previous quarter. Investment in **construction** was expected to remain unchanged: the balance of responses was 0.0%. Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 14.7% and 4.7% respectively
- **staff numbers at their companies would decrease** (such expectations have been reported for three quarters running): the balance of responses was (-16.7%) compared with (-31.3%) in Q3 2019 and (-1.6%) across Ukraine (Figure 4)
- **the growth in purchase and selling prices would accelerate:** the balances of responses were 94.1% and 61.1% respectively (compared with 82.4% and 52.9% in the previous quarter) (Figure 6). High energy, raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 55.6% and 82.4% respectively (compared with 58.8% and 68.8% in Q3 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). The impact from qualified staff shortage increased significantly.

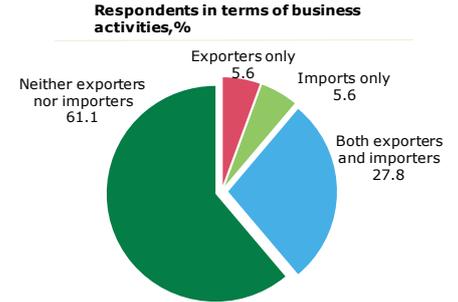
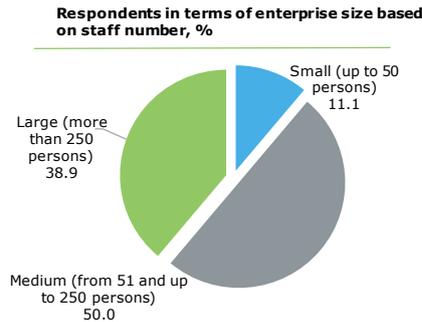
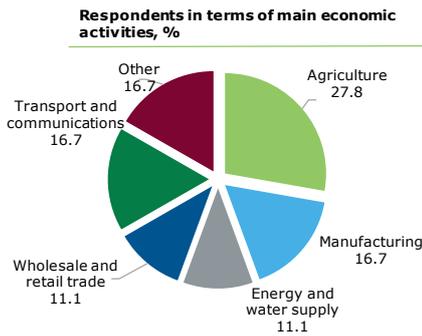
**Respondents expected a significant increase in borrowing needs** in the near future (Figure 8). A half of respondents that planned to take out corporate loans said they would opt for domestic currency loans. Respondents said that lending conditions had tightened (Figure 9). High loan rates were cited as the most important factor that deterred companies from taking out loans (Figure 10).

A total of **94.1% of 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)

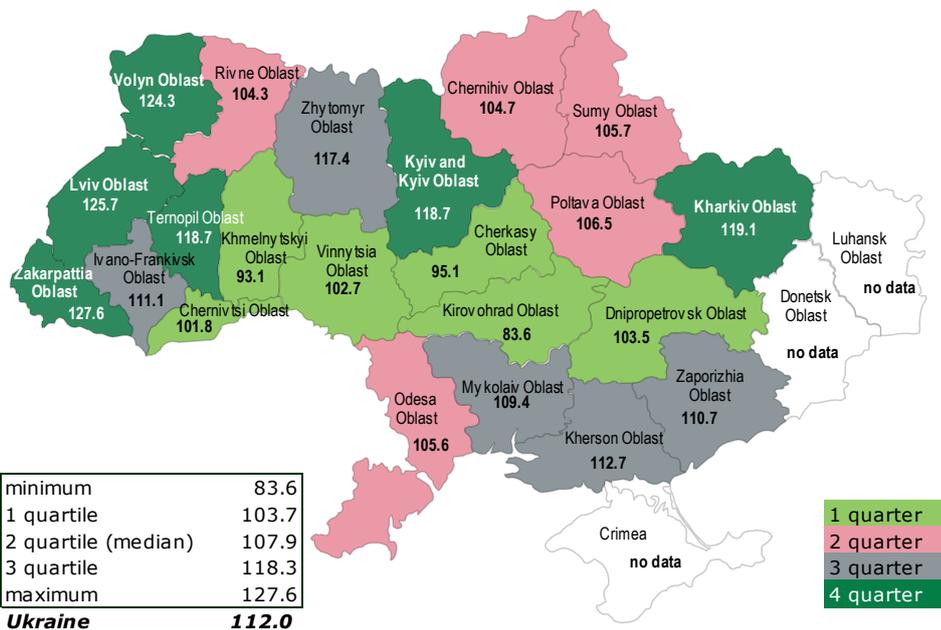
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 16.7% (compared with 5.9% in the previous quarter and 6.1% across Ukraine).
- **Stocks of finished goods** decreased and **were at a level lower than the normal one:** the balance of responses was (-10.0%) compared with 0.0% in Q3 2019.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 27.8% (compared with 11.8% in Q3 2019).

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



- Period: 6 November through 27 November 2019.
- A total of 18 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 sample 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, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	14.3	31.3	18.8	12.5	12.5
Total sales	14.3	44.4	44.4	43.8	33.3
Investment in construction	15.0	0.0	5.6	-11.8	0.0
Investment in machinery, equipment and tools	33.3	16.7	22.2	11.8	17.6
Staff numbers	4.8	22.2	-5.6	-31.3	-16.7

<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

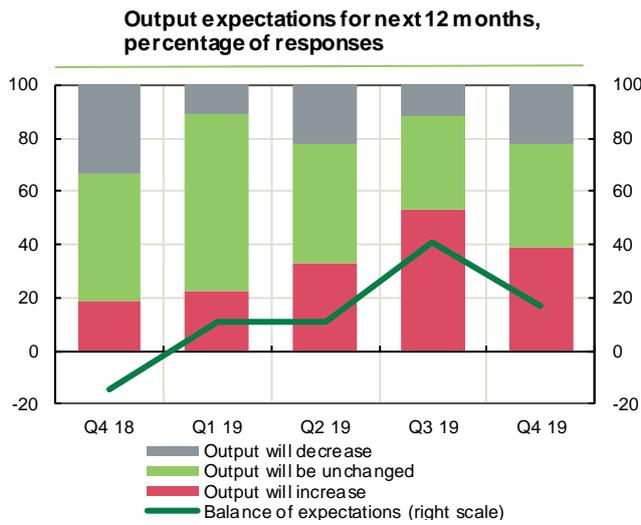


Figure 2

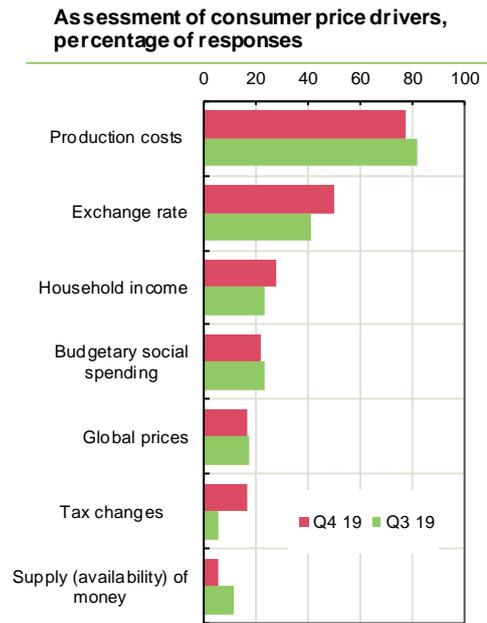


Figure 3

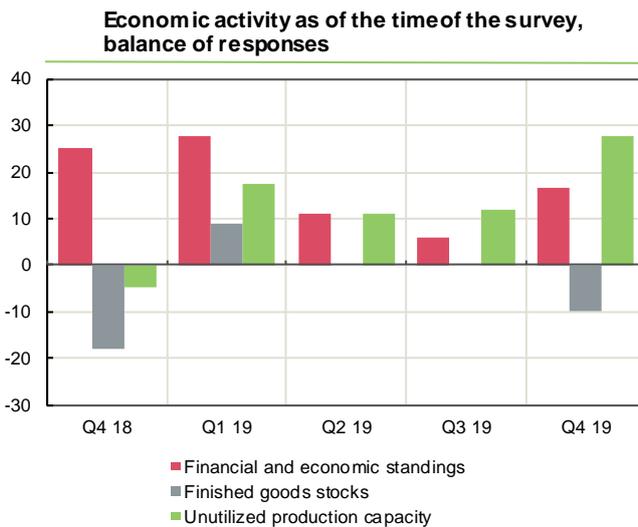


Figure 4

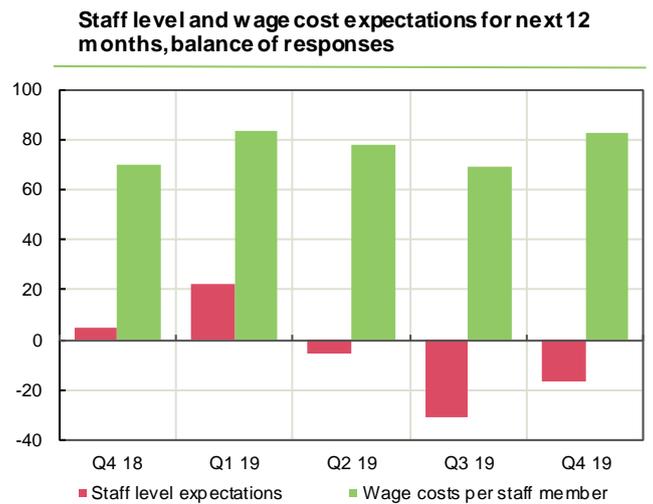


Figure 5



Figure 6

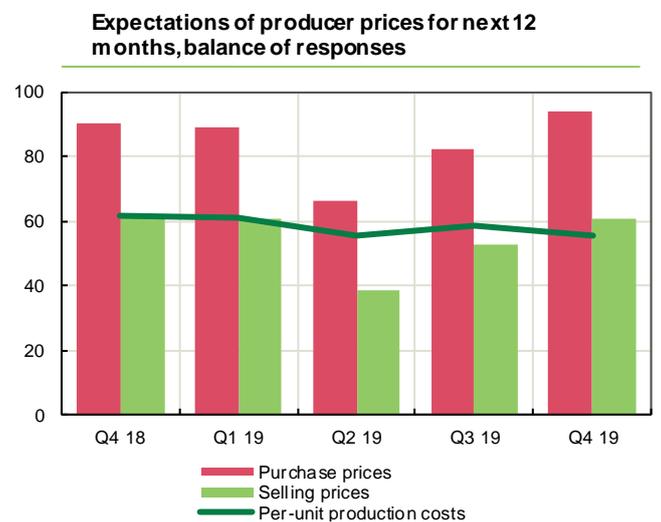


Figure 7

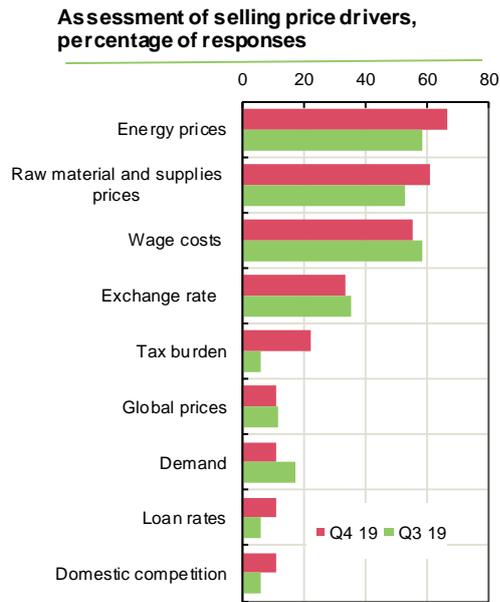


Figure 8

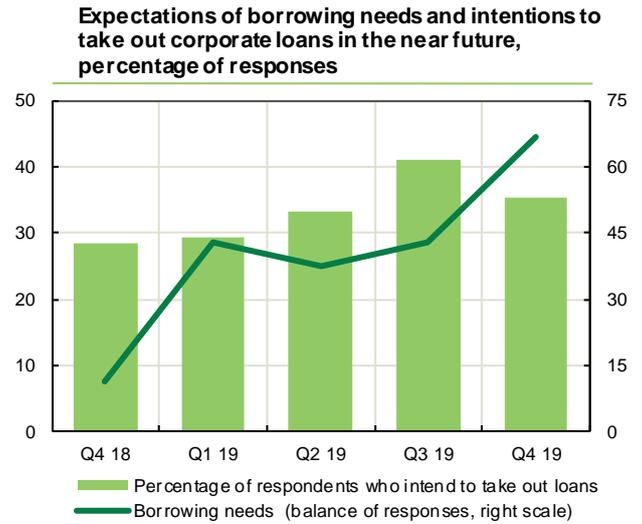


Figure 9

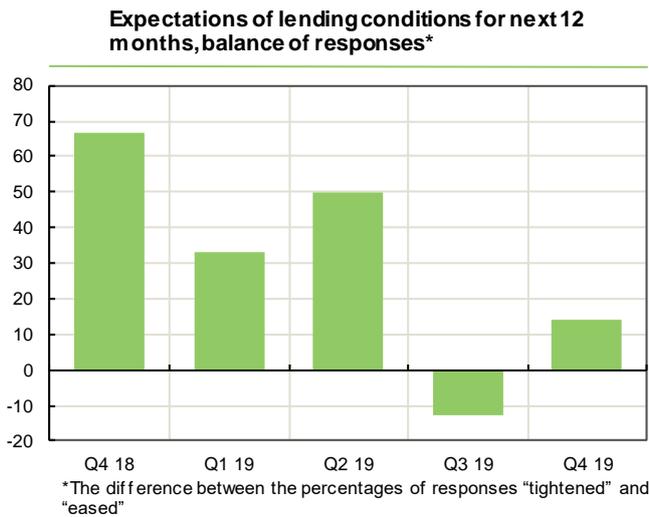
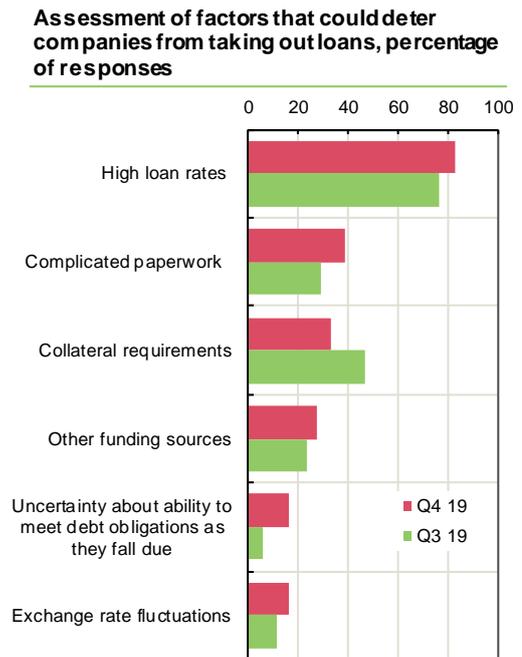


Figure 10



**Key Indicators of Social and Economic Development of 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	January - September	January - October	January - November			
1	Volume indices of gross regional product (in previous year's prices, in percent)	98.4	95.3	105.6	98.1	104.1 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	
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	100.3	97.8	97.2	...	...	
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	121.4	121.1	111.7	...	...	
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	96.0	94.5	95.1	...	...	
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	104.2	106.5	104.7	104.8	104.1	103.5	...	...
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	88.3	89.3	87.7	...	...	
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	94.9	94.9	93.6	...	...	
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	112.0	110.2	109.8	...	...	
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	99.8	97.5	95.9	...	...	
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	104.1	103.7	100.1	...	...	
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	98.5	97.5	96.5	...	...	
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	113.0	106.7	103.1	...	...	
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	113.2	105.2	103.8	...	...	
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	131.9	137.9	135.0	...	...	
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	114.8	112.3	109.0	...	...	
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	94.7	93.4	92.2	...	...	
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	105.4	105.5	105.9	...	...	
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-8758.4	-2663.5	-232.9	3713.4	670.3	...	...	...	...	...	...	...	...	...	...	...	...	...	
20	Capital investment index	67.4	126.1	147.6	108.2	129.4	...	...	142.8	...	...	123.6	...	...	121.8	...	...	...	...	
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	103.3	104.3	104.5	...	...	
22	Real disposable income	87.4	83.6	104.5	111.9	110.2 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	
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	112.9	112.7	112.9	...	...	
24	Number of applicants per vacancy as of end of period	20	19	12	10	12	9	7	5	6	5	5	5	5	5	5	8	...	...	

<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