



National Bank
of Ukraine

Business Outlook Survey of Mykolaiv Oblast*

Q1 2020

**This survey was carried out before
quarantine measures were introduced**



*This survey only reflects the opinions of respondents in Mykolaiv oblast (top managers of companies) who were polled in Q1 2020, and does not represent NBU forecasts or estimates

A survey carried out in **Mykolaiv oblast** in Q1 2020 showed that respondents had high expectations that the Ukrainian economy would grow and their companies would develop over the next 12 months. Respondents expected prices for consumer goods and services to increase. Depreciation expectations slightly softened.¹

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 accelerate:** the balance of expectations was 37.5% compared with 16.7% in Q4 2019 and 10.4% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise:** 62.5% of respondents expected the inflation rate to be lower than 6.0% compared with 68.5% across Ukraine. Respondents referred to production costs and exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 56.3% of respondents (compared with 61.1% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 65.2%
- **the financial and economic standings of their companies would improve** at a faster pace: the balance of expectations was 20.0% compared to 12.5% in the previous quarter and 16.9% across Ukraine (see Table)
- **the growth in total sales would speed up markedly:** the balance of responses was 56.3% compared with 33.3% in Q4 2020 and 23.0% across Ukraine. Respondents also expected an increase in external sales: the balance of responses was 60.0% (compared to 28.6% in Q4 2019)
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 13.3% and 33.3% respectively (compared to 0.0% and 17.6% in Q4 2019). Across Ukraine the balances of responses were 2.4% and 14.1% respectively
- **staff numbers at their companies would decrease** (such expectations have been reported for four quarters running): the balance of responses was (-6.3%) compared with (-16.7%) in Q4 2019 and (-3.9%) across Ukraine (Figure 4)
- **the growth in purchase and selling prices would decelerate:** the balances of responses were 81.3% and 37.5% respectively (compared with 94.1% and 61.1% in the previous quarter) (Figure 6). High energy and exchange rate 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 56.3% and 81.3% respectively (compared with 55.6% and 82.4% in Q4 2019)

Respondents referred to high energy prices as the **main drag on the ability of their companies to boost production** (Figure 5). Respondents also assessed the impact of raw material and supplies prices, lack of working assets, and weak demand as high.

Respondents expected that their **borrowing needs would remain unchanged** in the near future (Figure 8). The respondents that planned to take out bank loans opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). High loan rates were cited as the major factor that deterred companies from taking out loans (Figure 10).

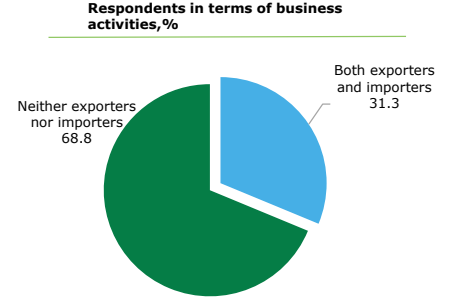
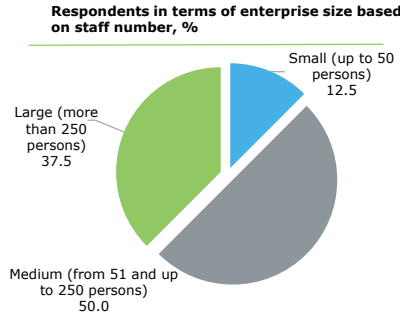
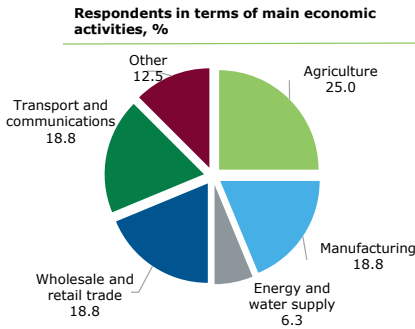
A total of **93.3% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.6% across Ukraine).

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 satisfactory:** the balance of responses was 0.0% (compared with 16.7% in the previous quarter and 9.7% across Ukraine).
- **Finished goods stocks had decreased to a normal level:** the balance of responses was 0.0% (compared with (-10.0%) in Q4 2019).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 26.7% (compared with 27.8% in Q4 2019).

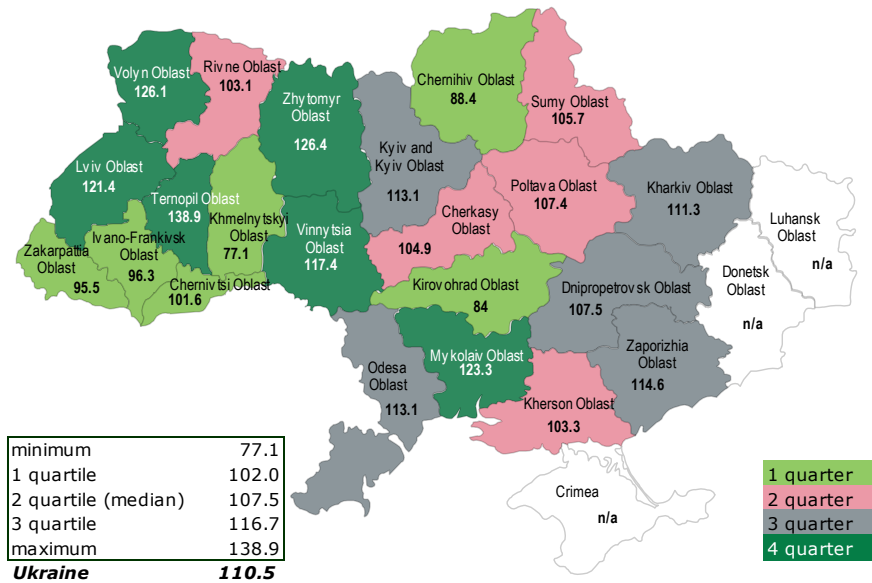
¹ This survey was carried out before quarantine measures were introduced.

Survey Details^{2,3}



- Period: 6 February through 2 March 2020.
- 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 Regions⁴, %



⁴a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
⁵a 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, %				
	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
Financial and economic standings	31.3	18.8	12.5	12.5	20.0
Total sales	44.4	44.4	43.8	33.3	56.3
Investment in construction	0.0	5.6	-11.8	0.0	13.3
Investment in machinery, equipment and tools	16.7	22.2	11.8	17.6	33.3
Staff numbers	22.2	-5.6	-31.3	-16.7	-6.3

² This sample was generated in proportion to the contribution of each region and each economic activity to Ukraine's gross value added.

³ Data for totals and components may be subject to rounding effects.

⁴ 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

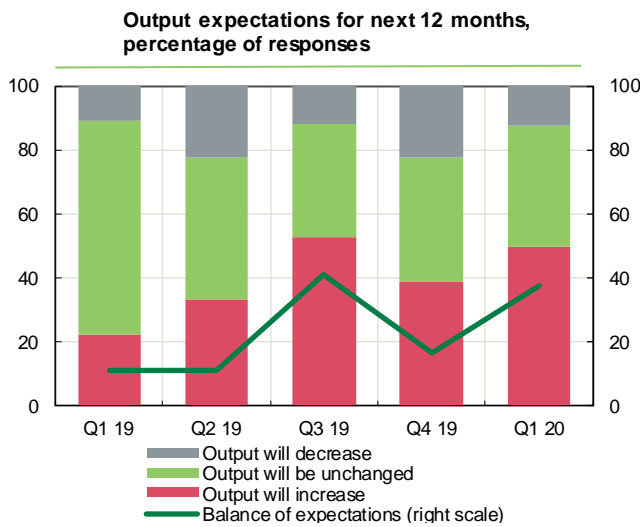


Figure 2

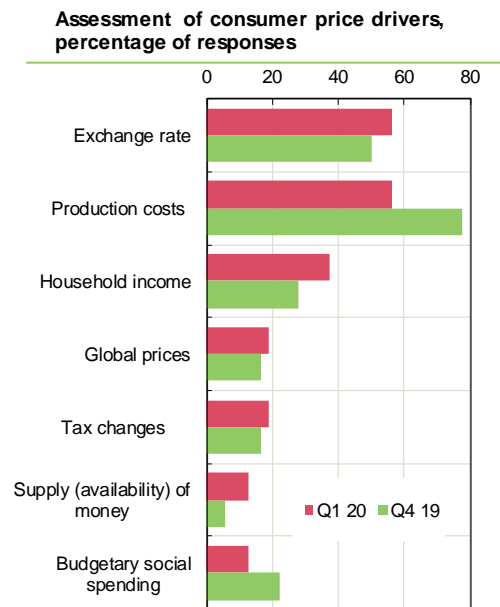


Figure 3

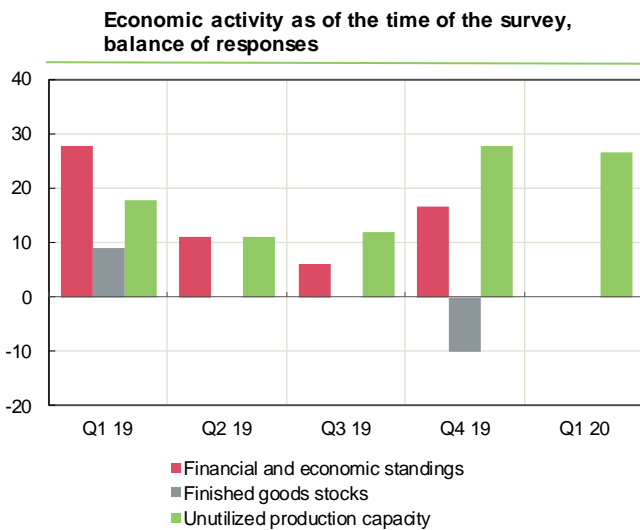


Figure 4



Figure 5

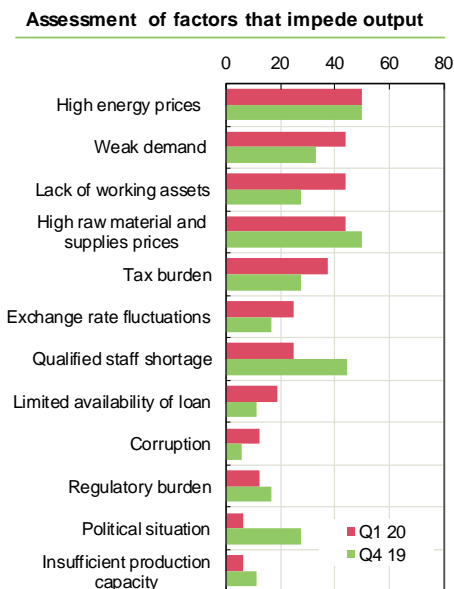


Figure 6

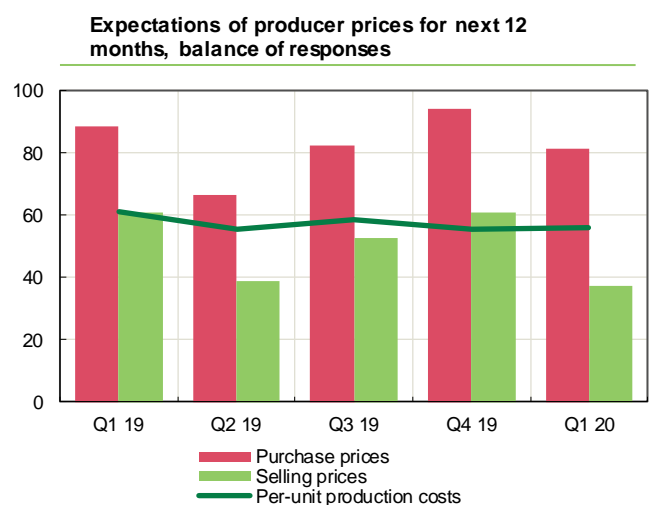


Figure 7

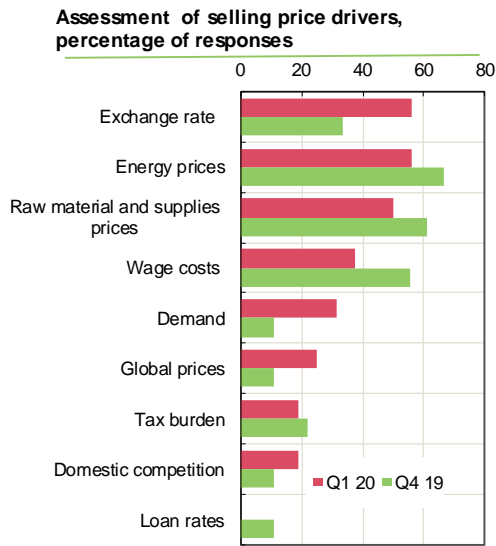


Figure 8

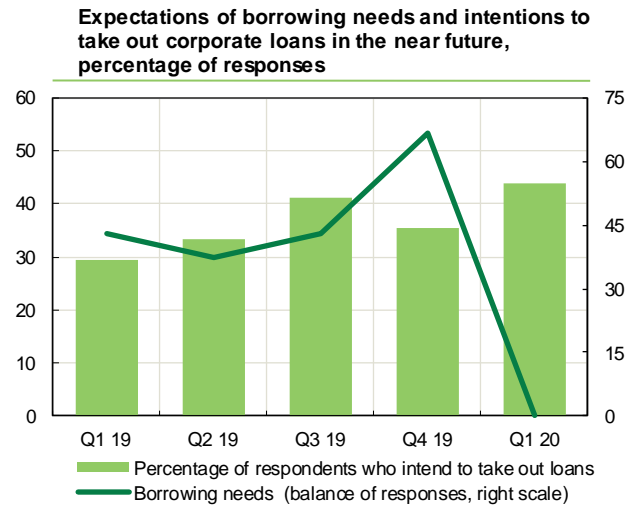


Figure 9

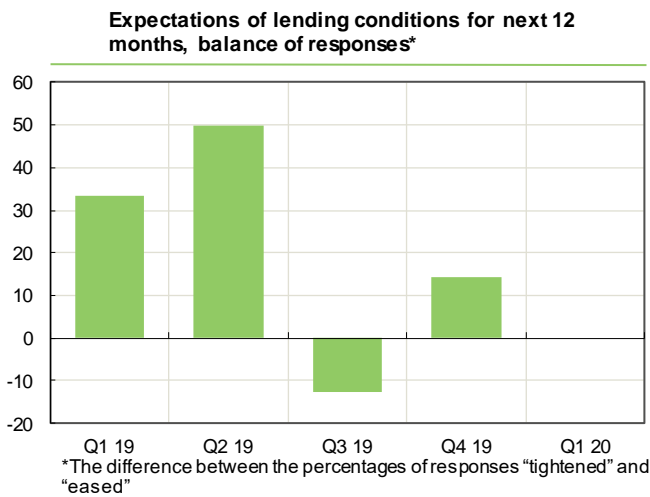


Figure 10

