



National Bank
of Ukraine

Business Outlook Survey of Poltava Oblast*

Q4 2019



*This survey only reflects the opinions of respondents in Poltava 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 **Poltava oblast** in Q4 2019 showed that respondents had high expectations that the Ukrainian economy would grow over the next 12 months. They were less optimistic about the development of their companies over that period. Respondents expected that prices for consumer goods and services would rise. Depreciation expectations softened.

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

- **the output of Ukrainian goods and services would grow:** the balance of expectations was 24.3% compared with 27.8% in Q3 2019 and 21.9% across Ukraine (Figure 1). Respondents from agricultural companies had the most optimistic expectations (the balances of responses was 42.9%)
- **the prices of consumer goods and services would rise:** the share of respondents who said that inflation would not exceed 7.5% was 40.5% compared with 37.8% in the previous quarter and 53.8% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** a total of 69.4% of respondents (compared with 80.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 8.8% (compared with 2.9% in Q3 2019 and 18.6% across Ukraine) (see Table)
- **total sales of their own products would increase:** the balance of responses was 13.9% (as in the previous quarter) compared with 23.5% across Ukraine. Respondents also expected an increase in external sales: the balance of responses was 6.7% (compared to (-5.6%) in Q3 2019)
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 3.0% and 15.2% respectively (compared to 15.2% and 12.1% in Q3 2019 and 4.7% and 14.7% across Ukraine)
- **staff numbers at their companies would drop** (such expectations have been reported for three quarters in a row): the balance of responses was (-8.3%) compared with (-2.7%) in Q3 2019 and (-1.6%) across Ukraine (Figure 4)
- **both purchase and selling prices would rise at a slower pace:** the balances of responses were 75.0% and 30.6% respectively (compared with 81.1% and 32.4% in the previous quarter) (Figure 6). Respondents referred to high energy, raw material and supplies prices and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase at a faster pace:** the balances of responses were 51.4% and 64.9% respectively (compared with 42.9% and 61.1% in Q3 2019) (Figures 4 and 6).

Respondents continued to refer to high energy prices as **the main drags on the ability of their companies to boost production**. Respondents said that the impact of weak demand had increased noticeably (Figure 5).

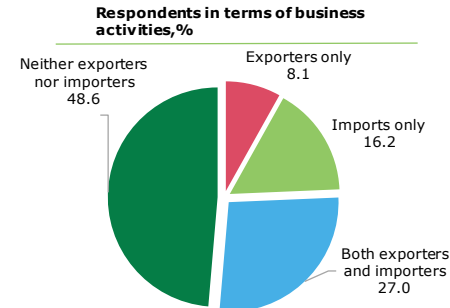
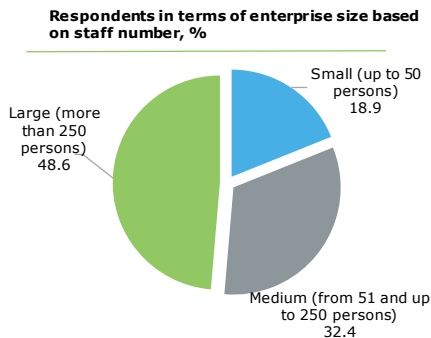
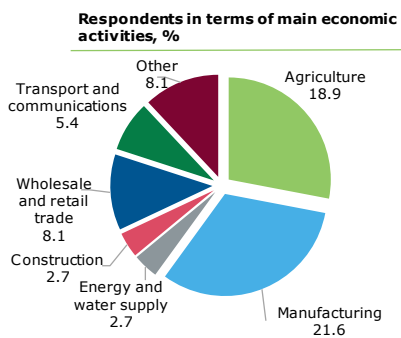
Respondents reported higher expectations of an increase in borrowing needs in the near future (Figure 8). The respondents who planned to take out corporate loans (59.5% of responses) usually opted for domestic currency loans. Respondents assessed the tightening of lending standards as lower than in the previous quarter (Figure 9). Respondents continued to refer to high interest rates as the main factor that deterred them from taking out loans (Figure 10).

A total of 91.9% 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)

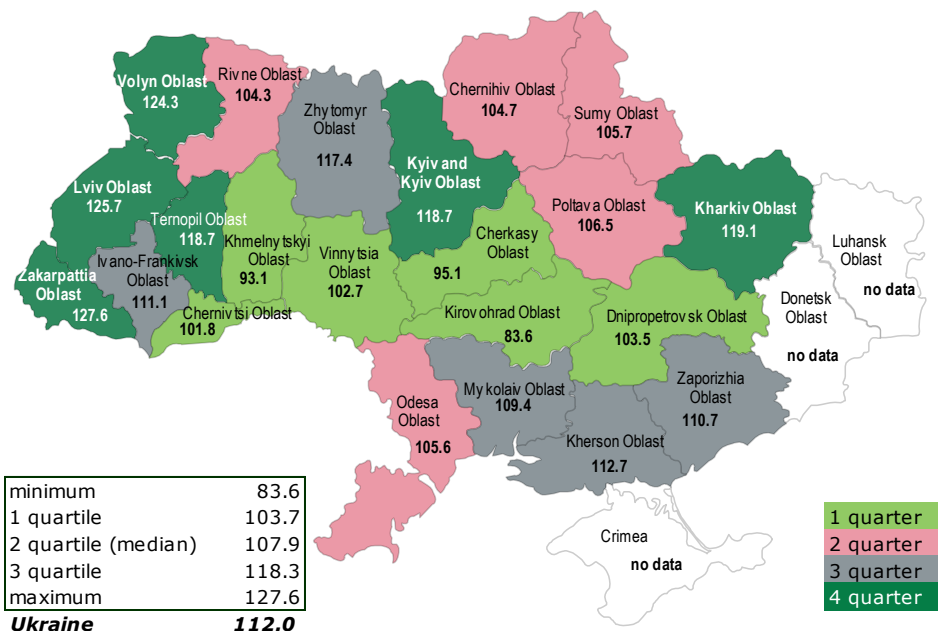
- **The current financial and economic standings of companies worsened and were assessed as bad:** the balance of responses was (-5.7%) compared to 2.8% in Q3 2019 and 6.1% across Ukraine.
- **Stocks of finished goods remained at the normal level:** the balance of responses was unchanged compared to the previous quarter, at 0.0%.
- **Companies were operating on the verge of their production capacity:** the balance of responses was unchanged compared to the previous quarter, at 0.0%.

Survey Details^{1,2}



- Period: 6 November through 29 November 2019.
- A total of 37 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, mining and manufacturing industries.

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 sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Poltava 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 | 14.7 | 16.7 | 20.6 | 2.9 | 8.8 |
| Total sales | 40.0 | 27.8 | 16.7 | 13.9 | 13.9 |
| Investment in construction | 10.0 | 5.9 | 6.5 | 15.2 | 3.0 |
| Investment in machinery, equipment and tools | 16.1 | 14.7 | 23.3 | 12.1 | 15.2 |
| Staff numbers | 9.1 | 2.7 | -11.4 | -2.7 | -8.3 |

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

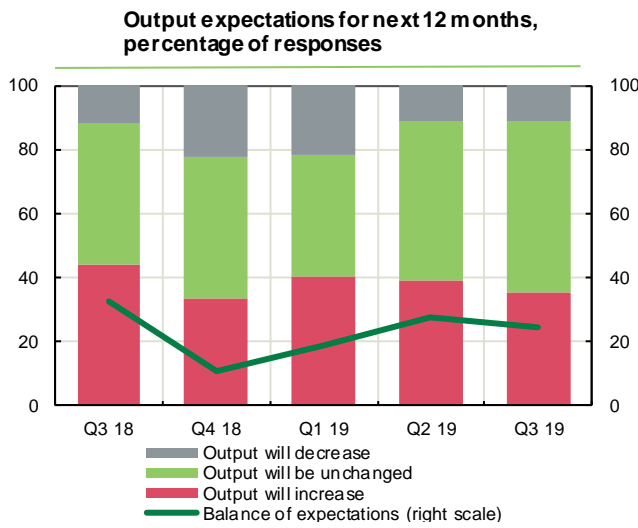


Figure 2

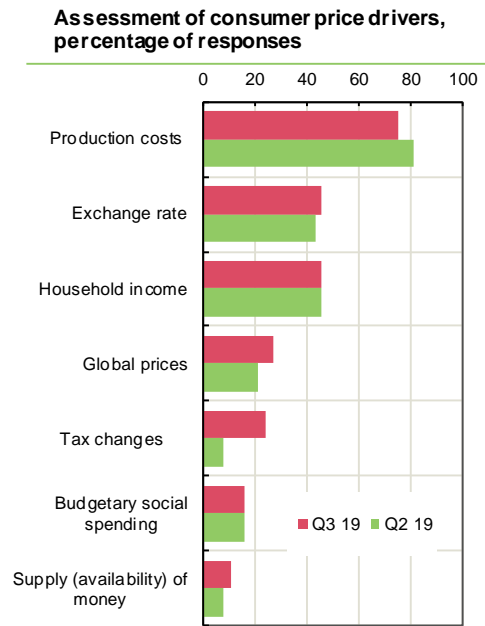


Figure 3

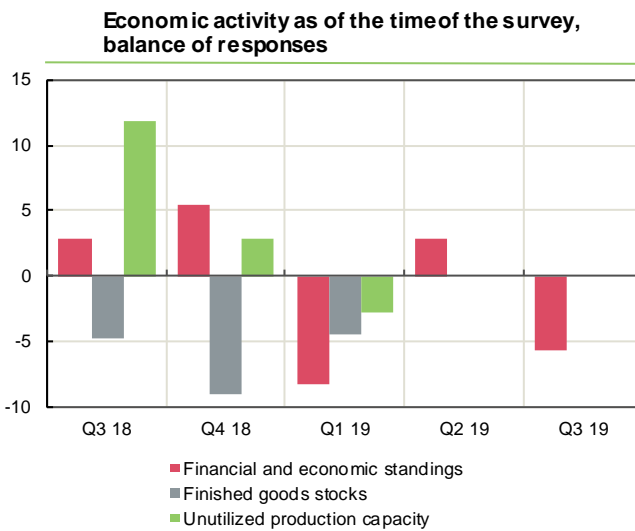


Figure 4



Figure 5

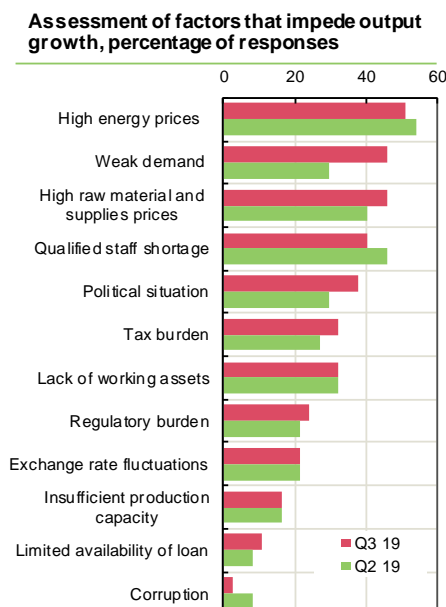


Figure 6

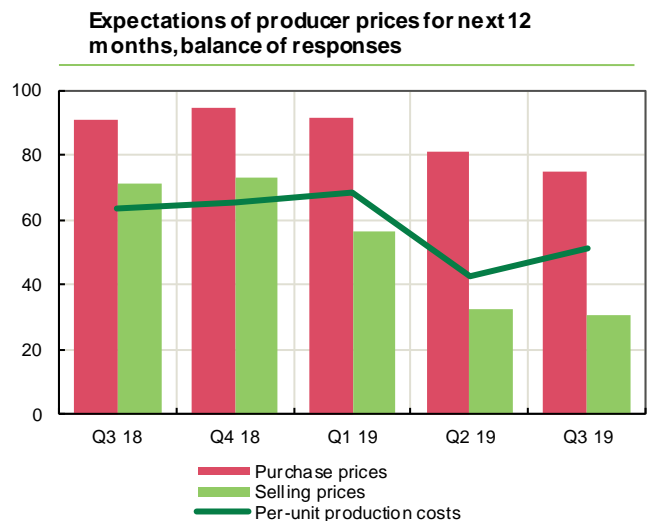


Figure 7

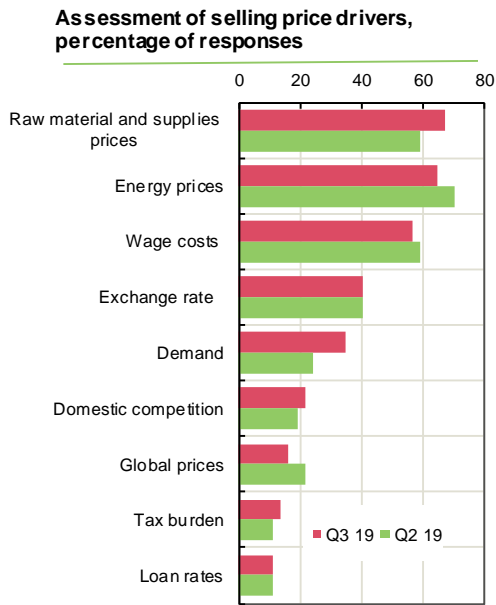


Figure 8

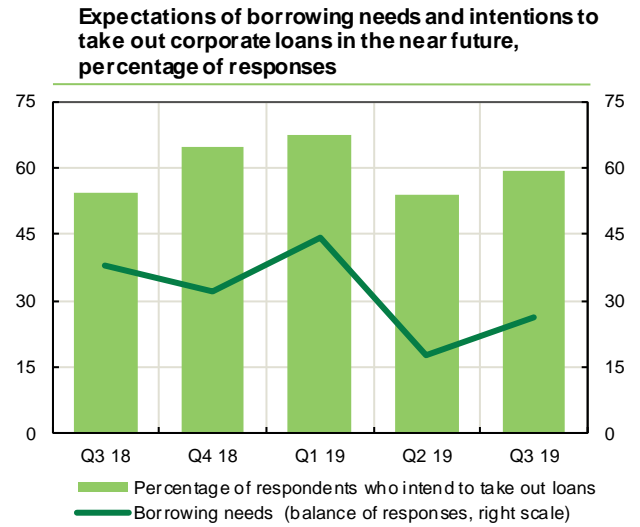


Figure 9

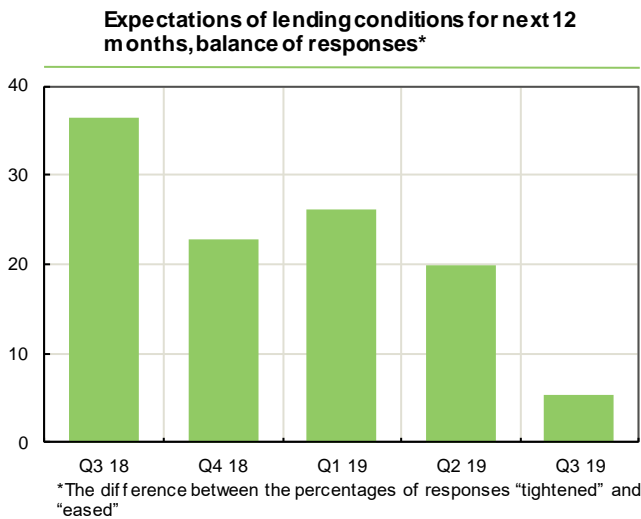
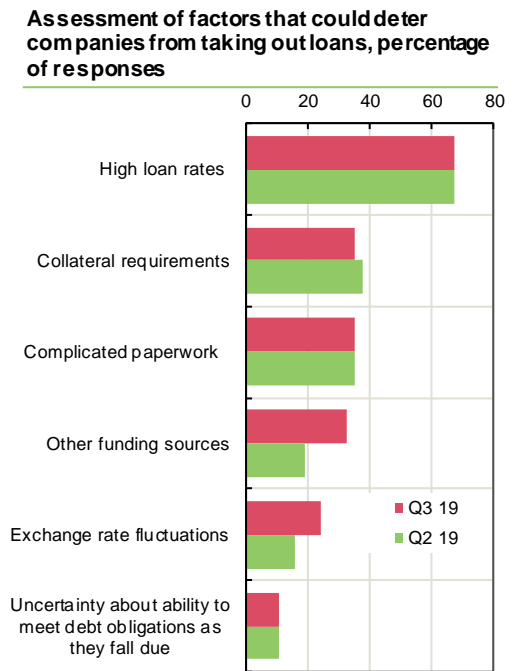


Figure 10



Key Indicators of Social and Economic Development of Poltava 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) | 96.0 | 93.8 | 97.9 | 97.2 | 105.8 ² | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | | |
| 2 | Industrial production index | 92.9 | 96.2 | 100.1 | 98.9 | 101.5 | 101.7 | 101.9 | 100.0 | 100.1 | 101.6 | 101.0 | 100.6 | 100.4 | 99.8 | 99.2 | 98.7 | ... | ... | ... | ... | ... | ... | ... | |
| 3 | Mining and quarrying | 100.2 | 102.7 | 98.3 | 96.6 | 99.6 | 98.7 | 103.0 | 101.7 | 103.6 | 106.0 | 105.7 | 104.7 | 104.5 | 103.8 | 103.7 | 102.8 | ... | ... | ... | ... | ... | ... | ... | |
| 4 | Manufacturing | 83.6 | 86.0 | 103.6 | 103.2 | 104.4 | 108.1 | 100.2 | 97.4 | 94.5 | 94.9 | 93.9 | 94.4 | 94.0 | 93.7 | 92.6 | 92.7 | ... | ... | ... | ... | ... | ... | ... | |
| 5 | Production of food, beverages and tobacco | 110.1 | 96.7 | 100.3 | 87.2 | 95.3 | 99.7 | 93.1 | 90.9 | 92.4 | 91.6 | 90.3 | 91.0 | 90.6 | 90.3 | 89.2 | 88.4 | ... | ... | ... | ... | ... | ... | ... | |
| 6 | Textile production, production of clothing, leather, leather goods and other materials | 97.6 | 108.7 | 108.3 | 86.1 | 103.6 | 119.0 | 79.3 | 75.4 | 85.7 | 82.3 | 82.5 | 85.0 | 84.6 | 86.0 | 86.1 | 88.0 | ... | ... | ... | ... | ... | ... | ... | |
| 7 | Production of wood products, paper, printing | 95.3 | 94.0 | 110.2 | 87.0 | 107.7 | 81.1 | 75.5 | 85.5 | 86.5 | 85.9 | 87.3 | 88.4 | 87.4 | 85.1 | 84.1 | 82.4 | ... | ... | ... | ... | ... | ... | ... | |
| 8 | Production of coke and petrochemicals | 83.3 | ... | ... | ... | ... | ... | ... | 97.9 | 88.8 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | |
| 9 | Production of chemicals and chemical products | 93.3 | ... | ... | ... | ... | ... | ... | 88.1 | 84.0 | 82.6 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | 72.3 | |
| 10 | Production of rubber and plastic products, other nonmetallic mineral products | 90.5 | 100.4 | 96.1 | 103.7 | 106.1 | 95.8 | 101.6 | 105.3 | 104.2 | 103.7 | 102.2 | 102.5 | 99.9 | 97.0 | 94.4 | 92.5 | ... | ... | ... | ... | ... | ... | ... | |
| 11 | Metallurgical production, manufacturing of finished metal products, except machinery and equipment | 81.2 | 93.7 | 119.4 | 114.6 | 153.3 | 64.8 | 80.9 | 75.5 | 36.8 | 47.3 | 53.5 | 68.0 | 72.0 | 73.2 | 72.2 | 75.3 | ... | ... | ... | ... | ... | ... | ... | |
| 12 | Mechanical engineering, except for repair and installation of machinery and equipment | 55.9 | 66.8 | 108.6 | 139.3 | 115.6 | 125.9 | 115.4 | 113.9 | 109.5 | 108.2 | 105.2 | 102.7 | 102.1 | 100.0 | 97.5 | 97.5 | ... | ... | ... | ... | ... | ... | ... | |
| 13 | Electricity, gas, steam and conditioning air supply | 88.3 | 93.9 | 96.6 | 95.5 | 104.1 | 100.8 | 99.5 | 97.3 | 97.4 | 97.4 | 97.7 | 97.8 | 98.0 | 97.9 | 96.4 | 95.1 | ... | ... | ... | ... | ... | ... | ... | |
| 14 | Agricultural production index | 96.9 | 107.3 | 103.3 | 83.2 | 124.0 | 101.2 | 100.1 | 99.8 | 99.8 | 100.1 | 102.5 | 108.1 | 103.0 | 107.6 | 100.3 | 96.3 | ... | ... | ... | ... | ... | ... | ... | |
| 15 | Construction production index | 99.9 | 84.6 | 91.5 | 119.4 | 98.4 | 82.7 | 106.2 | 105.9 | 110.6 | 107.3 | 105.7 | 106.6 | 102.8 | 101.7 | 100.5 | 101.5 | ... | ... | ... | ... | ... | ... | ... | |
| 16 | Freight turnover | 113.0 | 101.6 | 83.7 | 100.4 | 95.4 | 101.7 | 104.0 | 107.4 | 111.9 | 113.9 | 114.2 | 113.9 | 113.7 | 112.7 | 113.4 | 112.1 | ... | ... | ... | ... | ... | ... | ... | |
| 17 | Passenger turnover | 104.1 | 92.8 | 93.7 | 102.1 | 102.6 | 115.4 | 114.4 | 109.3 | 109.7 | 110.0 | 110.0 | 110.1 | 110.4 | 108.8 | 108.3 | 106.9 | ... | ... | ... | ... | ... | ... | ... | |
| 18 | Volume index of retail trade turnover (in comparable prices, in percent) | 95.4 | 81.7 | 106.6 | 110.5 | 112.3 | 107.3 | 106.4 | 106.0 | 105.7 | 102.4 | 102.7 | 102.5 | 102.8 | 102.5 | 103.3 | 103.4 | ... | ... | ... | ... | ... | ... | ... | |
| 19 | Profit/loss of large and medium companies before tax (UAH million) ³ | -3247.5 | 3929.7 | 8922.9 | 12091.6 | 5046.5 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | |
| 20 | Capital investment index | 86.1 | 70.0 | 132.2 | 133.8 | 105.5 | ... | ... | 132.7 | ... | ... | 132.5 | ... | 129.3 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | |
| 21 | Consumer price index (compared with December of previous year) | 123.8 | 145.0 | 114.2 | 113.1 | 109.3 | 101.0 | 101.5 | 102.7 | 104.0 | 104.7 | 104.0 | 103.3 | 102.9 | 103.7 | 104.8 | 105.1 | ... | ... | ... | ... | ... | ... | ... | |
| 22 | Real disposable income | 92.2 | 81.3 | 102.1 | 110.6 | 111.0 ² | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 23 | Real wage index | 94.9 | 78.8 | 106.1 | 122.5 | 115.9 | 113.5 | 112.7 | 113.0 | 112.6 | 111.6 | 111.0 | 110.4 | 109.7 | 109.7 | 109.3 | 109.2 | ... | ... | ... | ... | ... | ... | ... | |
| 24 | Number of applicants per vacancy as of end of period | 18 | 21 | 14 | 11 | 5 | 6 | 5 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 4 | 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