



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q4 2019



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

A survey carried out in Rivne oblast in Q4 2019 showed that respondents had high expectations that the Ukrainian economy would grow, and that their companies would develop over the next 12 months. Respondents projected weaker inflation and low level of depreciation.

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

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 33.3% compared to 38.5% in Q3 2019 and 21.9% across Ukraine
- **the growth in the prices of consumer goods and services would decelerate:** 61.5% of respondents expected the inflation rate to be lower than 7.5% (compared to 46.2% 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 moderately:** 30.8% of respondents (compared with 38.5% 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 15.4% (compared to 16.7% in the previous quarter and 18.6% across Ukraine) (see Table)
- **total sales growth would decelerate:** the balance of responses was 15.4% compared with 30.8% in the previous quarter. Respondents also expected an increase in external sales (the balance of responses was 20.0% compared with 25.0% in Q3 2019). The balances of responses across Ukraine were 23.5% and 20.6% respectively
- **investment in construction would decrease:** the balance of responses was (-9.1%) compared to 41.7% in the previous quarter. Investment in machinery, equipment, and tools would remain unchanged: the balance of responses was 0.0% compared to 30.8% in Q3 2019. Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 4.7% and 14.7% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with 15.4% in Q3 2019 (Figure 4). Across Ukraine, staff numbers were expected to decrease (-1.6%)
- **the growth in both purchase and selling prices would accelerate:** the balances of responses were 71.4% and 50.0% respectively (compared to 46.2% and 30.8% in the previous quarter) (Figure 6). Energy prices were cited as the main selling price driver. The impact of exchanger rate and wage costs was also said to be significant (Figure 7)
- **the growth in per-unit production costs and in wage costs per staff member would decelerate:** the balances of responses were 36.4% and 57.1% respectively (compared to 53.8% and 69.2% in Q3 2019) (Figures 4 and 6).

High energy prices, qualified staff shortage and weak demand were **the main drags on the ability of companies to boost production** (the impact of the weak demand strengthened noticeably) (Figure 5).

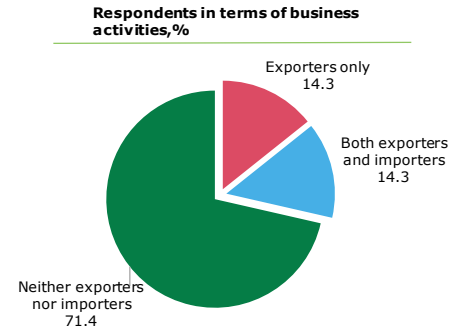
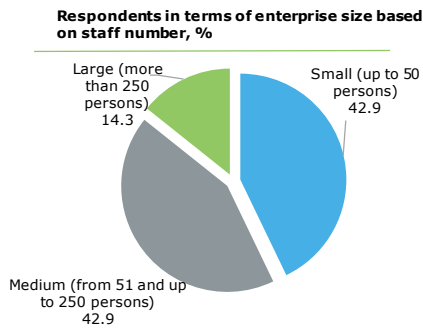
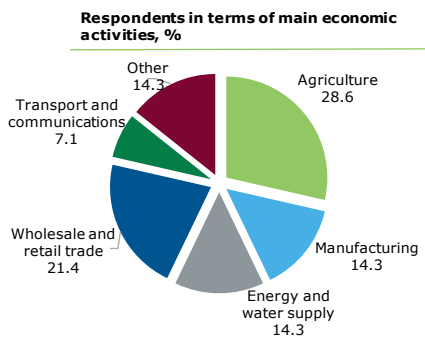
Respondents edged down their expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Respondents referred to 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)

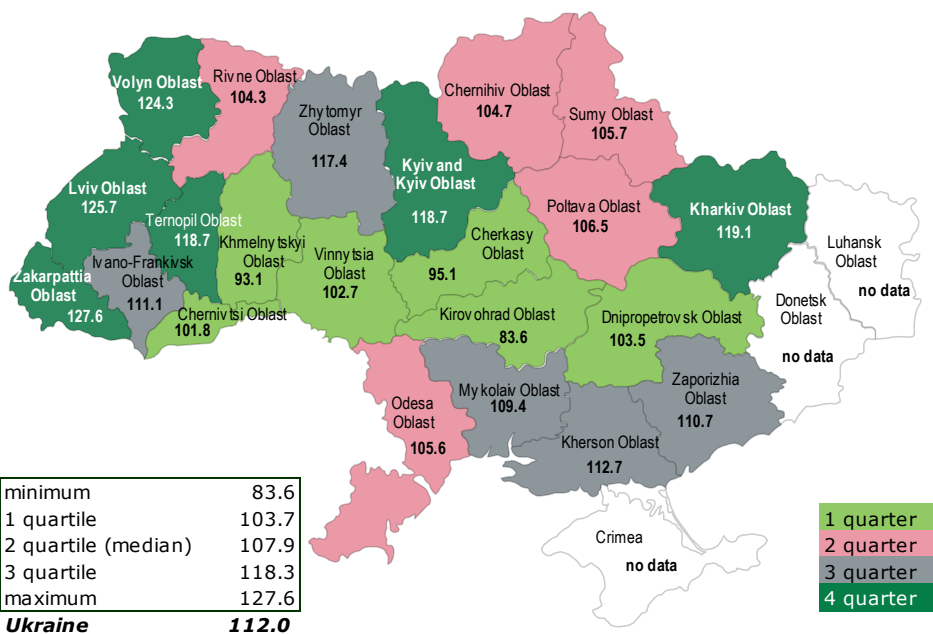
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 33.3% (this was one of the highest assessments across the regions) compared to 38.5% in Q3 2019 and 6.1% across Ukraine.
- **Finished goods stock remained at the normal level:** the balance of responses was unchanged compared to the previous quarter, at 0.0%.
- **Unutilized production capacity increased significantly:** the balance of responses was 41.7% compared with 0.0% in Q3 2019. Agricultural companies were operating on the verge of their production capacity.

Survey Details^{1,2}



- Period: 5 November through 30 November 2019.
- A total of 14 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 Rivne 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	0.0	36.4	15.4	16.7	15.4
Total sales	6.3	21.4	0.0	30.8	15.4
Investment in construction	21.4	27.3	36.4	41.7	-9.1
Investment in machinery, equipment and tools	28.6	30.8	33.3	30.8	0.0
Staff numbers	-6.7	-14.3	-15.4	15.4	0.0

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 balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

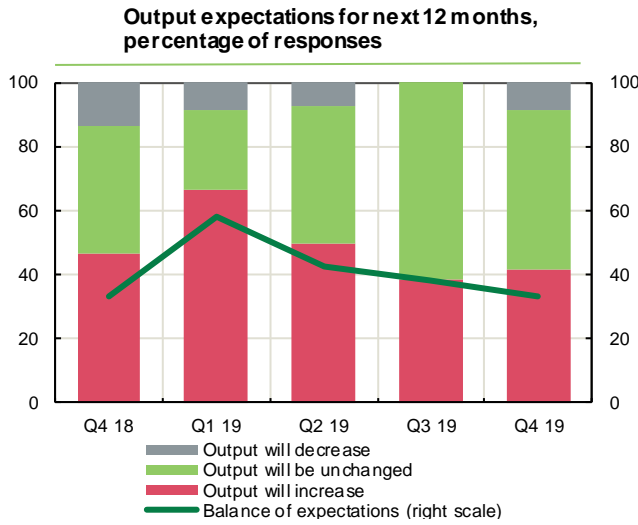


Figure 2

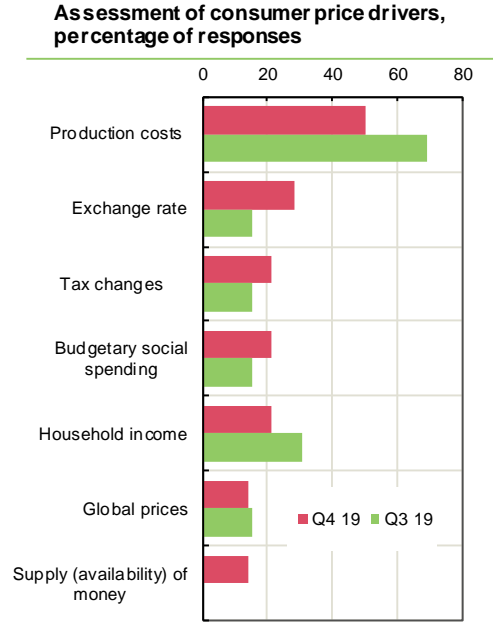


Figure 3

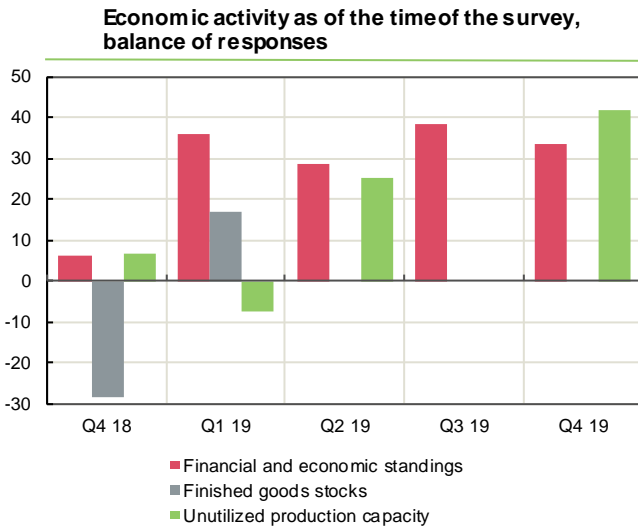


Figure 4

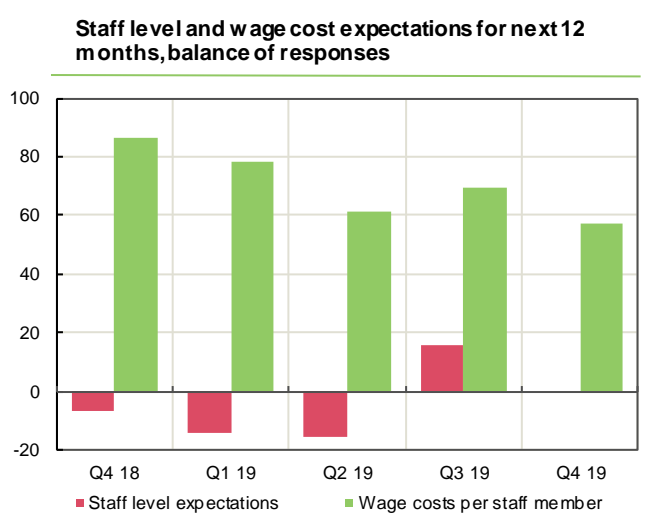


Figure 5

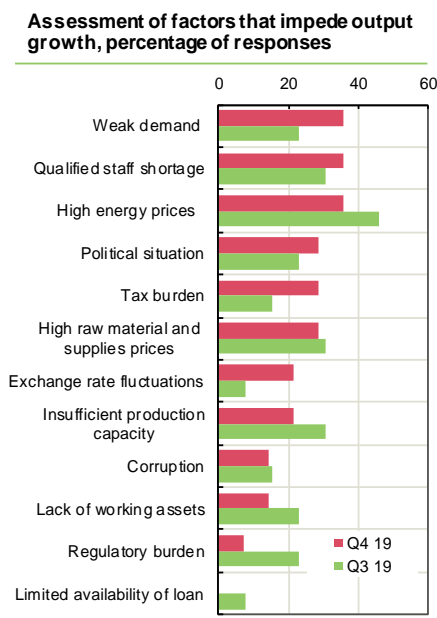


Figure 6

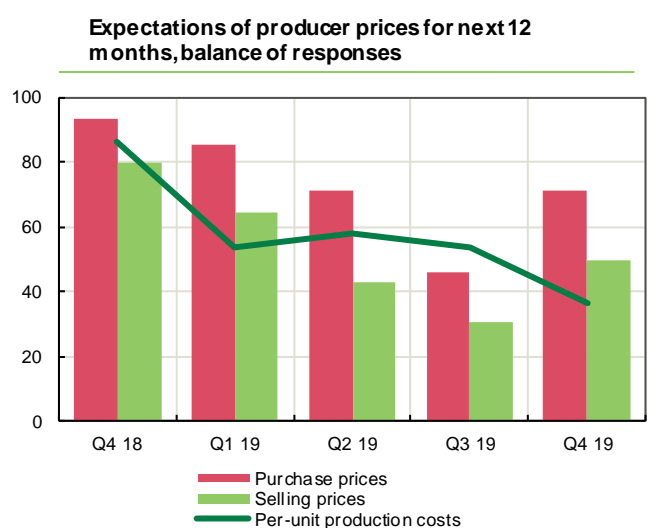


Figure 7

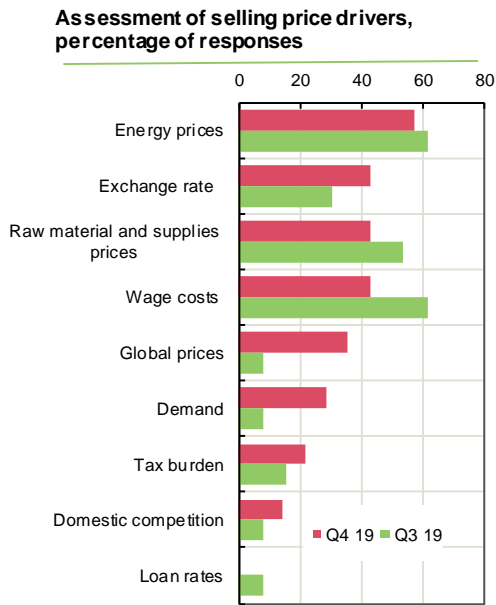


Figure 8

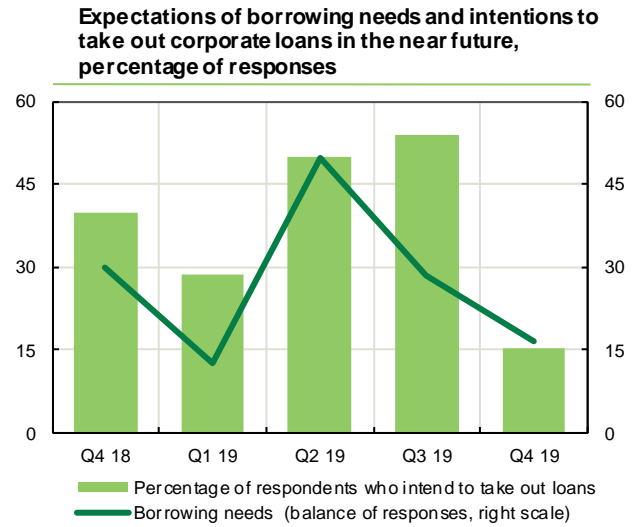


Figure 9

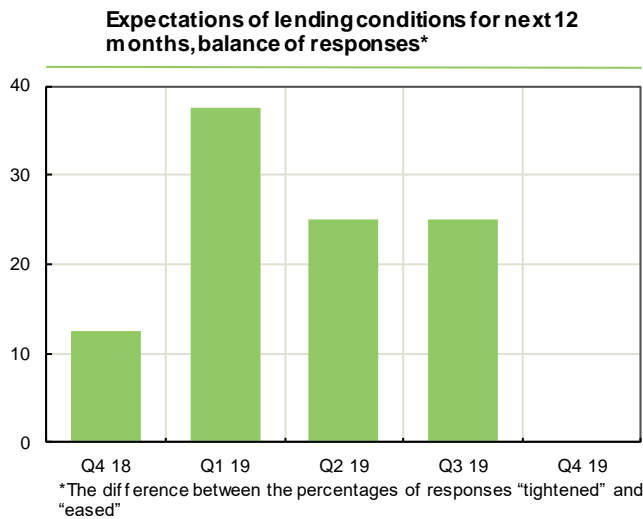
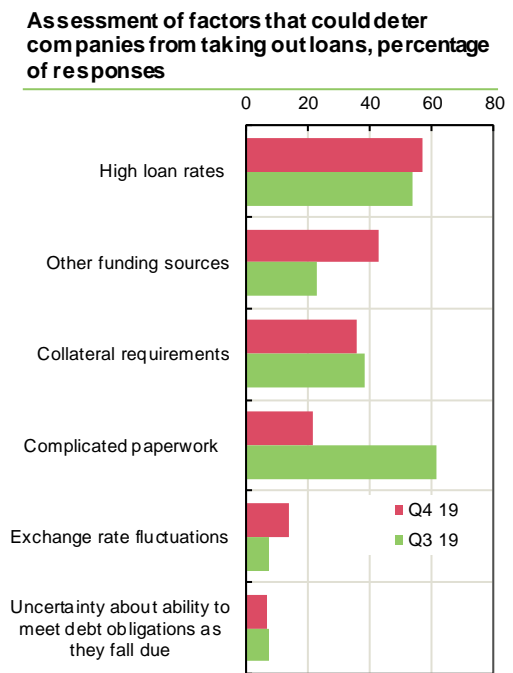


Figure 10



Key Indicators of Social and Economic Development of Rivne 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)	102.6	93.4	100.3	103.5	100.6 ²	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
2	Industrial production index	103.7	100.3	98.1	109.3	95.6	122.8	117.3	120.3	122.4	121.2	116.8	116.9	112.7	109.4	106.9	106.0	108.8	108.1	108.8	108.8	108.1	106.0	106.0			
3	Mining and quarrying	94.9	71.7	106.1	127.9	95.3	68.9	82.0	89.2	94.1	96.4	101.1	107.9	108.2	108.0	108.8	108.8	108.8	108.8	108.8	108.8	108.8	108.8	108.1	108.1		
4	Manufacturing	97.5	101.0	103.0	106.2	101.5	98.1	97.9	104.1	106.5	105.5	102.8	103.5	103.2	103.4	103.5	103.1	103.1	103.1	103.1	103.1	103.1	103.1	103.1	103.1		
5	Production of food, beverages and tobacco	97.2	113.4	106.0	103.7	95.6	94.8	94.3	99.3	102.9	104.0	102.8	102.8	103.1	102.9	103.7	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	102.6	
6	Textile production, production of clothing, leather, leather goods and other materials	106.0	102.4	106.8	108.1	82.2	70.2	71.6	74.3	75.0	80.7	86.2	87.3	86.2	88.1	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	88.4	
7	Production of wood products, paper, printing	100.0	96.2	106.5	104.8	114.7	106.0	110.3	106.0	106.1	105.7	102.4	101.7	100.2	99.4	97.9	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	97.4	
8	Production of coke and petrochemicals	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
9	Production of chemicals and chemical products	100.4	87.5	80.9	78.6	97.8	85.2	100.9	161.4	202.0	211.3	198.5	187.4	182.1	181.4	185.7	183.1	183.1	183.1	183.1	183.1	183.1	183.1	183.1	183.1	183.1	
10	Production of rubber and plastic products, other nonmetallic mineral products	101.0	102.6	105.2	108.7	101.0	101.5	103.8	110.2	108.9	105.5	103.7	105.6	105.4	104.8	104.6	104.0	104.0	104.0	104.0	104.0	104.0	104.0	104.0	104.0	104.0	
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	98.5	91.1	75.7	109.4	96.1	84.2	88.7	100.2	94.1	88.8	83.0	81.6	78.5	78.7	79.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3	
12	Mechanical engineering, except for repair and installation of machinery and equipment	67.9	91.6	102.7	105.5	105.1	87.5	70.3	77.9	92.1	95.9	91.0	93.7	97.4	103.2	105.7	110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3	
13	Electricity, gas, steam and conditioning air supply	110.7	102.3	93.2	111.0	90.1	156.2	142.1	141.0	143.1	141.6	134.4	134.0	124.8	116.7	110.5	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0
14	Agricultural production index	105.2	92.8	104.9	105.0	102.5	98.7	98.9	98.5	98.9	98.6	98.2	105.7	100.0	99.0	99.1	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	
15	Construction production index	107.1	64.7	83.7	114.4	130.9	64.8	86.0	94.1	88.4	92.6	96.6	98.0	107.7	118.7	122.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	128.5	
16	Freight turnover	101.3	101.0	106.3	106.6	93.8	98.5	98.4	103.1	106.5	109.7	110.2	110.6	109.5	109.4	109.3	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5	108.5	
17	Passenger turnover	96.8	103.9	99.9	126.3	82.3	100.4	102.7	102.2	102.4	101.6	101.4	100.5	100.9	101.3	100.8	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	101.0	
18	Volume index of retail trade turnover (in comparable prices, in percent)	99.9	83.7	101.3	102.7	109.3	108.6	107.5	107.5	108.4	110.4	110.7	110.2	110.3	110.5	111.3	111.6	111.6	111.6	111.6	111.6	111.6	111.6	111.6	111.6	111.6	
19	Profit/loss of large and medium companies before tax (UAH million) ³	-7610.9	-5308.1	118.2	803.2	1087.9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	80.7	126.9	91.2	134.6	108.7	...	...	70.1	...	...	...	94.9	...	95.6	...	...	...	...	...	...	...	...	...	...	...
21	Consumer price index (compared with December of previous year)	127.0	144.9	112.3	115.0	109.3	100.9	101.5	102.3	103.0	103.8	103.3	103.2	103.2	104.0	104.3	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	
22	Real disposable income	91.5	80.9	102.9	112.4	106.2 ²	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
23	Real wage index	93.9	76.7	107.1	119.4	111.6	109.2	109.4	112.6	112.4	111.7	111.0	111.0	110.8	111.0	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	110.6	
24	Number of applicants per vacancy as of end of period	20	24	16	12	9	7	6	6	6	4	4	4	3	3	3	4	4	4	4	4	4	4	4	4		

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