



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q4 2019



*This survey only reflects the opinions of respondents in Chernivtsi 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 **Chernivtsi oblast** in **Q4 2019** showed that respondents had moderate expectations that the Ukrainian economy would grow and that their companies would develop over the next 12 months. Respondents reported moderate inflation and depreciation expectations.

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 9.1% compared to 0.0% in Q3 2019 (Figure 1) and 21.9% across Ukraine
- **prices for consumer goods and services would grow moderately:** 72.7% of respondents expected that inflation would not exceed 7.5% (compared with 80.0% in the previous quarter and 53.8% across Ukraine). Respondents referred to production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 45.5% of respondents expected the hryvnia to weaken against the US dollar (compared with 50.0% in the previous quarter and 70.7% across Ukraine)
- **their current financial and economic standings would improve:** the balance of expectations was 20.0% (unchanged compared to the previous quarter). The figure across Ukraine was 18.6% (see Table)
- **the growth in total sales would decelerate:** the balance of responses was 9.1% compared with 20.0% in Q3 2019 and 23.5% across Ukraine. External sales were expected to remain unchanged: the balance of responses was 0.0%. Across Ukraine, respondents expected external sales to rise, the balance of responses being 20.6%
- **investment in construction would remain unchanged:** the balance of responses was 0.0% compared with 22.2% in the previous quarter. **Investment in machinery, equipment, and tools was expected to decrease:** the balance of responses was (-11.1%) compared with 11.1% 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 decrease at a slower pace:** the balance of responses was (-9.1%) compared to (-22.2%) in Q3 2019 and (-1.6%) across Ukraine (Figure 4)
- **both purchase and selling prices would grow:** the balances of responses were 63.6% and 45.5% respectively (compared with 50.0% and 44.4% in the previous quarter). Respondents cited energy, raw material and supplies prices as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would slow down:** (the balances of responses were 22.2% and 54.5% respectively) (in Q3 2019 – 60.0% and 70.0%) (Figures 4 and 6).

Respondents said that the tax burden and qualified staff shortage were **the main drags on the ability of their companies to boost production** (respondents said that the impact of this factor had significantly increased) (Figure 5).

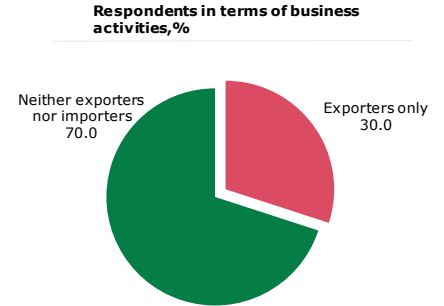
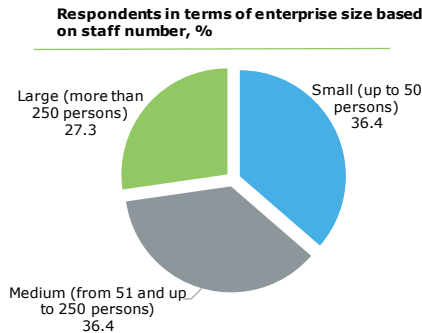
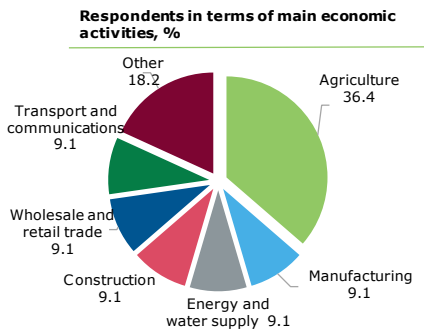
Companies that planned to take out corporate loans opted for domestic currency loans. High loan rates and other funding sources were cited as the main deterrent to taking out corporate loans (Figure 9).

All of the respondents have for ten quarters in a row reported having **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)

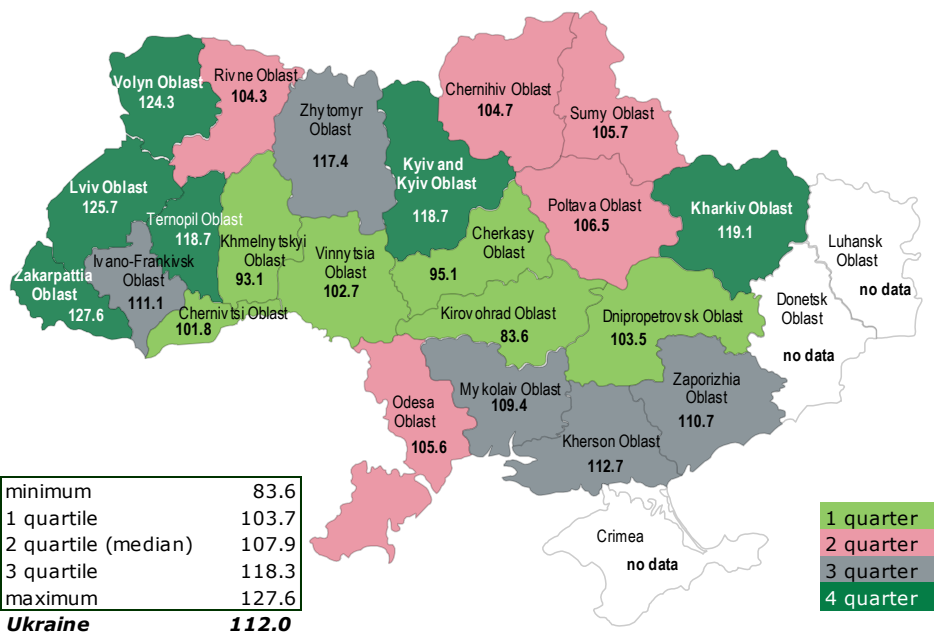
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 9.1% (compared with 10.0% in Q3 2019) and 6.1% across Ukraine.
- **Finished goods stocks increased and were assessed to be at a level higher than the normal one:** the balance of responses was 20.0% (compared with 0.0% in Q3 2019).
- **Shortages of unutilized production capacity were reported again.** Respondents said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-9.1%) (compared with (-20.0%) in Q3 2019).

Survey Details^{1,2}



- Period: 5 November through 28 November 2019.
- A total of 11 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 Oblasts³, %



*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 Chernivtsi 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 | 12.5 | -20.0 | 18.2 | 20.0 | 20.0 |
| Total sales | 22.2 | 20.0 | 22.2 | 20.0 | 9.1 |
| Investment in construction | 0.0 | 40.0 | 0.0 | 22.2 | 0.0 |
| Investment in machinery, equipment and tools | 44.4 | 20.0 | 10.0 | 11.1 | -11.1 |
| Staff numbers | 11.1 | -10.0 | -18.2 | -22.2 | -9.1 |

¹ This sample was generated in proportion to the contribution of each oblast 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

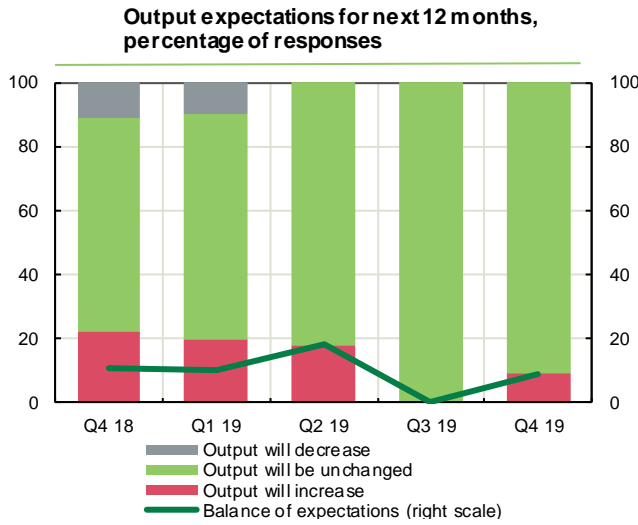


Figure 2

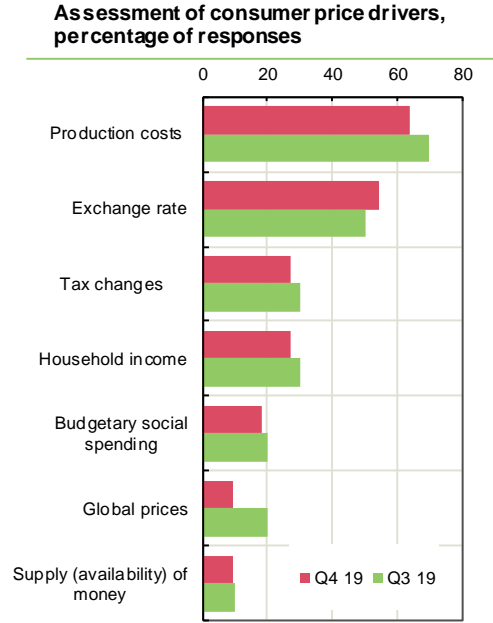


Figure 3

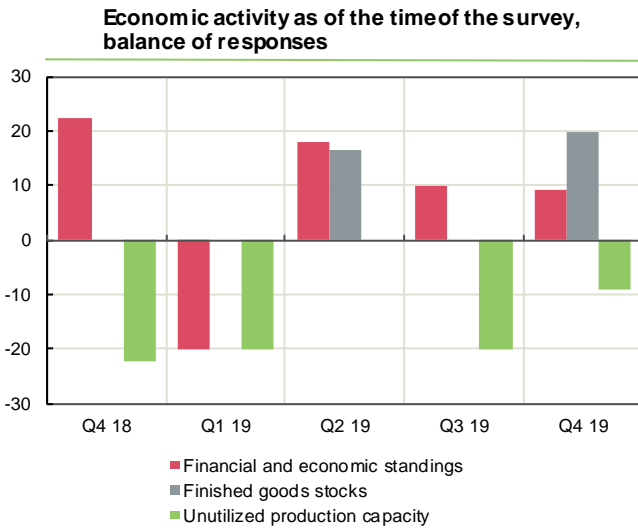


Figure 4

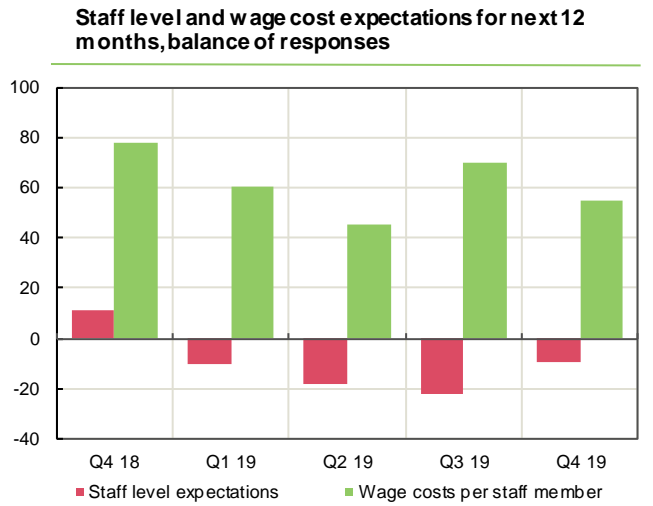


Figure 5

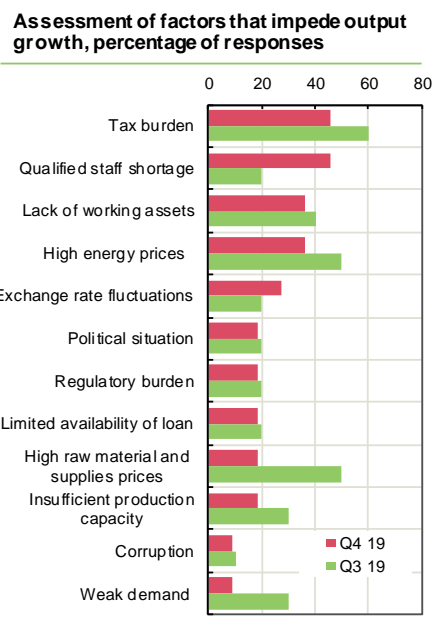


Figure 6

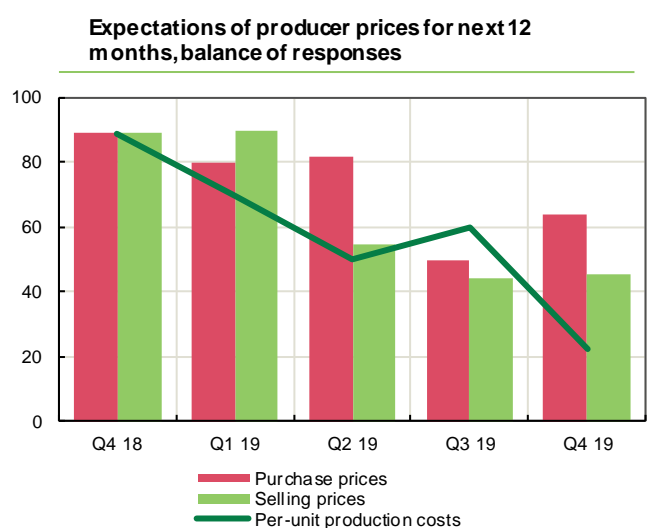


Figure 7

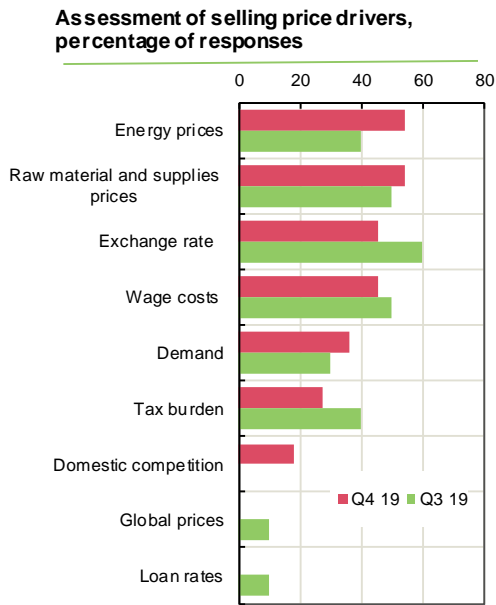


Figure 8

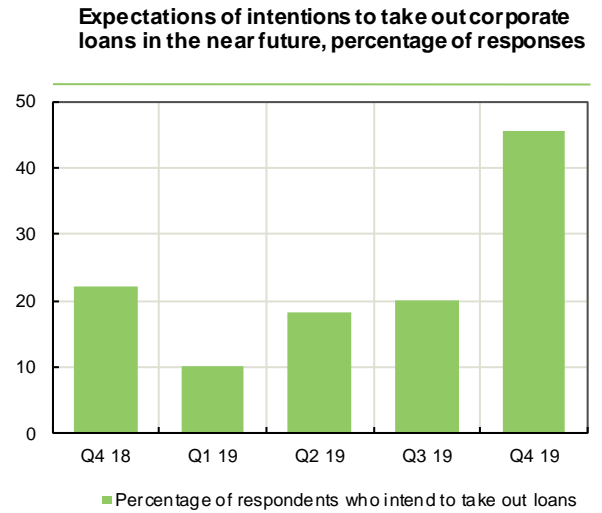
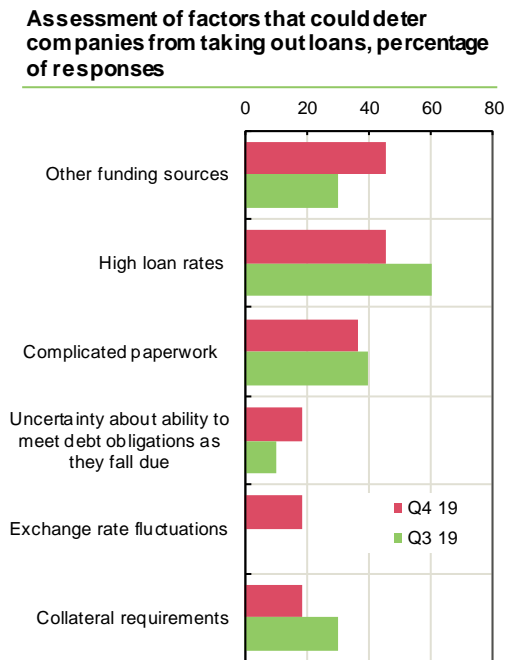


Figure 9



Key Indicators of Social and Economic Development of Chernivtsi 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) | 98.3 | 94.7 | 99.4 | 103.5 | 104.5 ² | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | | | |
| 2 | Industrial production index | 92.9 | 98.3 | 96.9 | 106.7 | 105.8 | 99.6 | 103.1 | 102.1 | 103.5 | 106.6 | 105.5 | 103.5 | 100.8 | 100.3 | 100.5 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | | |
| 3 | Mining and quarrying | 89.9 | 147.8 | 82.3 | 116.9 | 90.3 | 78.3 | 89.3 | 87.3 | 101.6 | 94.3 | 86.6 | 89.1 | 89.1 | 91.7 | 93.7 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | 96.1 | |
| 4 | Manufacturing | 91.2 | 91.4 | 96.2 | 106.9 | 107.8 | 105.4 | 110.6 | 112.8 | 113.0 | 111.3 | 108.2 | 107.3 | 104.3 | 103.8 | 103.9 | 103.9 | 103.3 | 103.3 | 103.3 | 103.3 | 103.3 | 103.3 | 103.3 | 103.3 |
| 5 | Production of food, beverages and tobacco | 99.9 | 93.0 | 92.1 | 100.5 | 97.5 | 104.5 | 115.6 | 130.6 | 130.3 | 124.2 | 120.3 | 115.9 | 106.4 | 100.6 | 100.1 | 94.6 | 94.6 | 94.6 | 94.6 | 94.6 | 94.6 | 94.6 | 94.6 | 94.6 |
| 6 | Textile production, production of clothing, leather, leather goods and other materials | 98.1 | 108.4 | 89.5 | 118.6 | 68.4 | 49.7 | 52.3 | 55.7 | 59.3 | 65.1 | 65.2 | 66.2 | 63.2 | 63.3 | 63.6 | 64.2 | 64.2 | 64.2 | 64.2 | 64.2 | 64.2 | 64.2 | 64.2 | 64.2 |
| 7 | Production of wood products, paper, printing | 105.8 | 98.8 | 109.1 | 95.7 | 99.0 | 98.4 | 102.3 | 103.0 | 100.4 | 98.9 | 93.5 | 94.9 | 93.0 | 93.6 | 95.0 | 96.4 | 96.4 | 96.4 | 96.4 | 96.4 | 96.4 | 96.4 | 96.4 | 96.4 |
| 8 | Production of coke and petrochemicals | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Production of chemicals and chemical products | 65.5 | 43.6 | 100.8 | 90.0 | 80.6 | 49.6 | 54.4 | 84.3 | 81.6 | 92.5 | 95.5 | 92.1 | 93.7 | 96.6 | 97.6 | 98.1 | 98.1 | 98.1 | 98.1 | 98.1 | 98.1 | 98.1 | 98.1 | 98.1 |
| 10 | Production of rubber and plastic products, other nonmetallic mineral products | 100.6 | 86.6 | 98.1 | 107.2 | 105.4 | 71.2 | 91.4 | 93.8 | 104.2 | 102.3 | 96.8 | 96.0 | 96.9 | 97.6 | 97.8 | 97.1 | 97.1 | 97.1 | 97.1 | 97.1 | 97.1 | 97.1 | 97.1 | 97.1 |
| 11 | Metallurgical production, manufacturing of finished metal products, except machinery and equipment | 101.2 | 82.2 | 99.5 | 99.2 | 123.3 | 111.9 | 65.9 | 67.9 | 78.2 | 72.1 | 60.9 | 66.6 | 67.9 | 68.6 | 69.3 | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 | 68.8 |
| 12 | Mechanical engineering, except for repair and installation of machinery and equipment | 66.5 | 80.6 | 93.7 | 118.6 | 175.6 | 154.7 | 165.7 | 159.4 | 153.8 | 151.8 | 152.4 | 150.6 | 145.9 | 146.9 | 145.1 | 146.8 | 146.8 | 146.8 | 146.8 | 146.8 | 146.8 | 146.8 | 146.8 | 146.8 |
| 13 | Electricity, gas, steam and conditioning air supply | 97.6 | 111.5 | 99.5 | 105.4 | 103.5 | 92.9 | 93.4 | 88.2 | 90.3 | 100.1 | 102.4 | 98.2 | 95.6 | 94.5 | 94.4 | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 | 94.0 |
| 14 | Agriculture production index | 104.2 | 91.1 | 100.0 | 105.3 | 105.3 | 103.7 | 103.1 | 103.7 | 102.5 | 102.0 | 100.0 | 104.0 | 100.2 | 97.0 | 97.0 | 99.2 | 99.2 | 99.2 | 99.2 | 99.2 | 99.2 | 99.2 | 99.2 | 99.2 |
| 15 | Construction production index | 83.4 | 89.0 | 99.5 | 109.1 | 93.3 | 47.3 | 38.8 | 95.0 | 101.6 | 101.8 | 106.9 | 121.5 | 123.3 | 123.8 | 131.8 | 132.8 | 132.8 | 132.8 | 132.8 | 132.8 | 132.8 | 132.8 | 132.8 | 132.8 |
| 16 | Freight turnover | 93.6 | 97.9 | 106.5 | 108.5 | 113.6 | 123.1 | 121.0 | 119.7 | 120.3 | 119.5 | 118.6 | 118.9 | 117.7 | 117.1 | 117.4 | 116.4 | 116.4 | 116.4 | 116.4 | 116.4 | 116.4 | 116.4 | 116.4 | 116.4 |
| 17 | Passenger turnover | 105.2 | 86.3 | 63.5 | 101.2 | 113.7 | 95.1 | 94.0 | 95.0 | 93.6 | 92.8 | 93.1 | 93.6 | 93.5 | 93.3 | 92.8 | 92.5 | 92.5 | 92.5 | 92.5 | 92.5 | 92.5 | 92.5 | 92.5 | 92.5 |
| 18 | Volume index of retail trade turnover (in comparable prices, in percent) | 99.7 | 86.3 | 99.7 | 104.9 | 105.2 | 105.8 | 106.6 | 105.4 | 103.9 | 100.8 | 101.0 | 100.0 | 99.4 | 98.6 | 95.5 | 96.7 | 96.7 | 96.7 | 96.7 | 96.7 | 96.7 | 96.7 | 96.7 | 96.7 |
| 19 | Profit/loss of large and medium companies before tax (UAH million) ³ | -910.2 | 417.8 | 426.7 | -227.8 | 130.5 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 20 | Capital investment index | 63.9 | 132.4 | 85.9 | 106.4 | 106.7 | ... | ... | ... | 123.1 | ... | ... | 125.7 | ... | 117.9 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 21 | Consumer price index (compared with December of previous year) | 123.5 | 142.0 | 111.0 | 112.4 | 108.7 | 100.9 | 101.5 | 102.3 | 103.0 | 104.1 | 103.1 | 102.6 | 102.3 | 102.8 | 103.7 | 103.8 | 103.8 | 103.8 | 103.8 | 103.8 | 103.8 | 103.8 | 103.8 | 103.8 |
| 22 | Real disposable income | 85.7 | 87.2 | 105.2 | 113.4 | 107.1 ² | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 23 | Real wage index | 93.2 | 78.1 | 112.1 | 129.1 | 112.7 | 109.4 | 109.3 | 108.8 | 109.6 | 108.9 | 108.7 | 109.2 | 109.1 | 109.4 | 109.4 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 |
| 24 | Number of applicants per vacancy as of end of period | 23 | 17 | 11 | 5 | 4 | 5 | 5 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

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