



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q3 2019



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q3 2019, and does not represent NBU forecasts or estimates

A survey carried out in **Chernihiv oblast** in Q3 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 reported weaker 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 significantly:** the balance of expectations was unchanged compared to the previous quarter, at 42.9% (30.5% across Ukraine) (Figure 1)
- **prices for consumer goods and services would grow moderately:** all of the respondents expected that the inflation rate would not exceed 10.0% (compared to 71.4% in Q2 2019 and 73.3% across Ukraine). Respondents referred to production costs **as the main inflation driver** (Figure 2)
- **the hryvnia would depreciate at a slower rate:** a total of 78.6% of respondents (compared with 92.9% in the previous quarter and 69.0% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would improve:** the balance of expectations was 16.7% compared to 33.3% in the previous quarter (see Table) and 20.0% across Ukraine
- **total sales of their own products and external sales would increase:** the balances of responses were 28.6% for each compared with 28.6% and 16.7% respectively in the previous quarter (see Table). The balances of responses across Ukraine were 27.1% and 22.7% respectively
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 14.3% and 28.6% respectively (compared with 0.0% and 21.4% in Q2 2019 and 9.3% and 17.7% across Ukraine)
- **staff numbers would increase:** the balance of responses was 7.1% compared with 21.4% in the previous quarter and 2.2% across Ukraine (Figure 4)
- **purchase and selling prices would grow at a fast clip:** the balances of responses were 85.7% and 71.4% respectively compared with 92.9% and 57.1% in Q2 2019 (Figure 6). Some 85.7% of respondents cited energy prices as the main selling price driver (Figure 7)
- **per-unit production costs and wage costs per staff member would grow rapidly:** the balances of responses were 64.3% and 71.4% respectively (compared to 71.4% for each in Q2 2019) (Figures 4 and 6).

High energy prices were named as **the main drag on the ability of companies to boost production** (Figure 5).

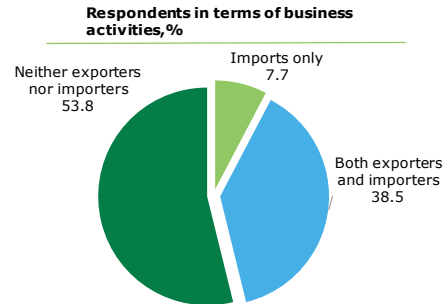
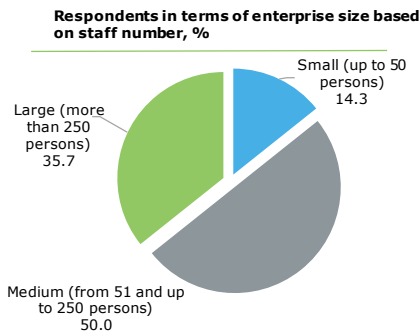
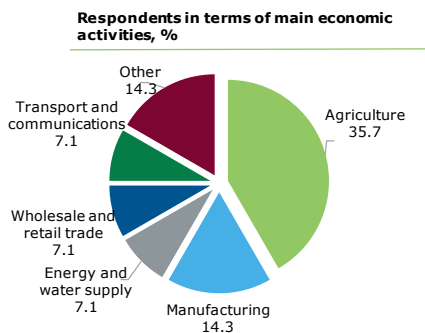
Expectations of borrowing needs in the near future picked up (Figure 8). A total of 21.4% of the respondents who planned to take out loans usually opted for domestic currency loans. Respondents assessed the tightening of lending standards as lower than in the previous quarter (Figure 9). Respondents referred to **high loan rates as the main factor that deterred them from taking out loans** (Figure 10).

A total of 92.9% of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.4% across Ukraine).

Assessments of financial and economic standings as of the time of the survey (Figure 3)

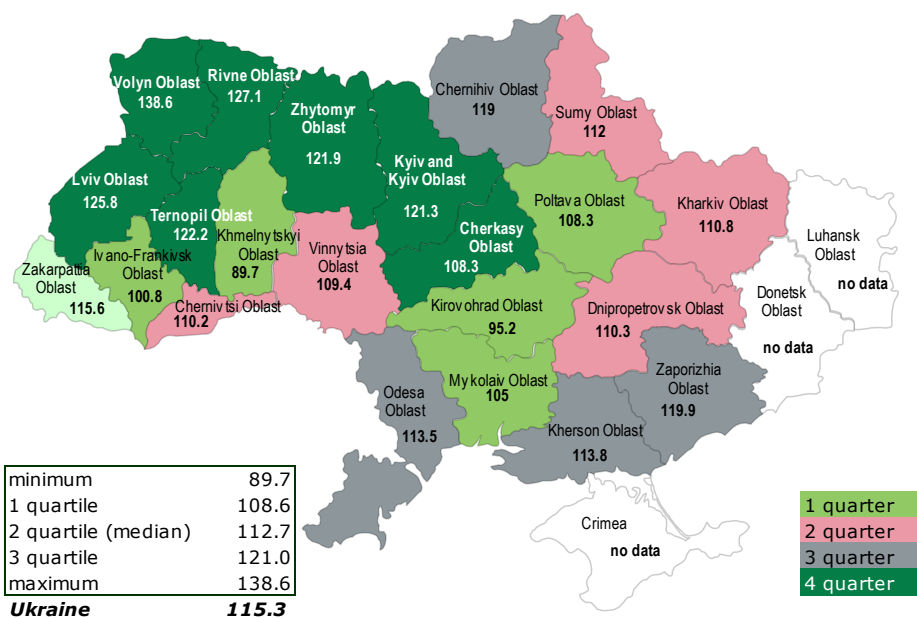
- **The current financial and economic standings of companies were assessed as satisfactory:** the balance of responses was 0.0% (compared with 7.1% in the previous survey and 9.5% across Ukraine).
- **Respondents assessed their finished goods stocks at a level higher than the normal one:** the balance of responses was 10.0% (compared with 18.2% in Q2 2019).
- **Unutilized production capacity increased.** Companies in the region have a sufficient amount of unutilized production capacity to meet any unexpected rise in demand, the balance of responses being 14.3% (compared with (-7.7%) in Q2 2019).

Survey Details^{1,2}



- Period: 6 August through 3 September 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 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 Chernihiv 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	33.3	26.3	60.0	33.3	16.7
Total sales	15.0	5.3	7.1	28.6	28.6
Investment in construction	0.0	-11.8	25.0	0.0	14.3
Investment in machinery, equipment and tools	5.3	16.7	21.4	21.4	28.6
Staff numbers	-10.5	-11.8	0.0	21.4	7.1

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

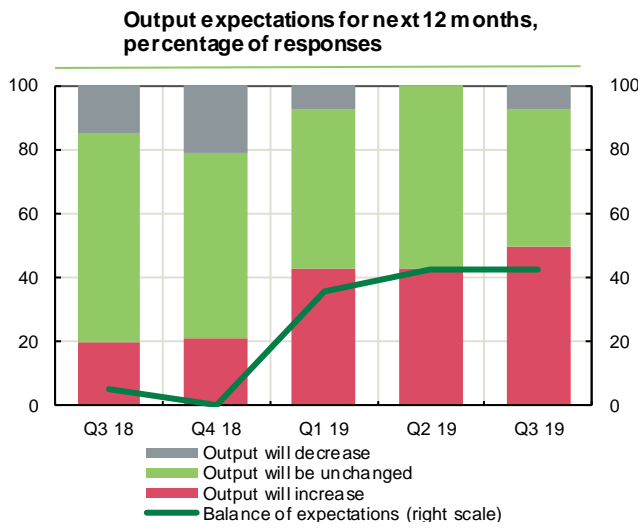


Figure 2

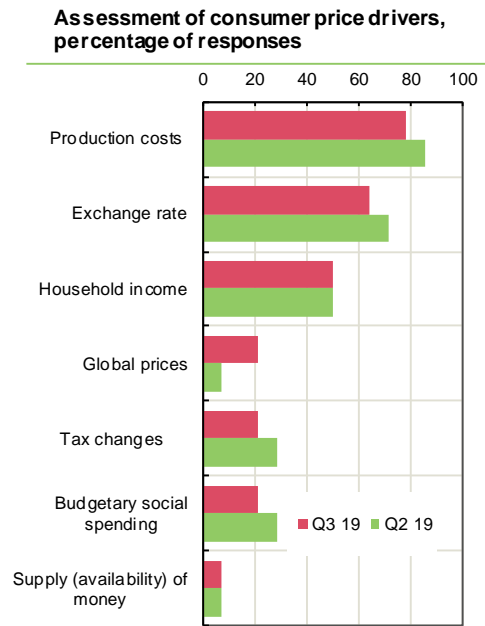


Figure 3

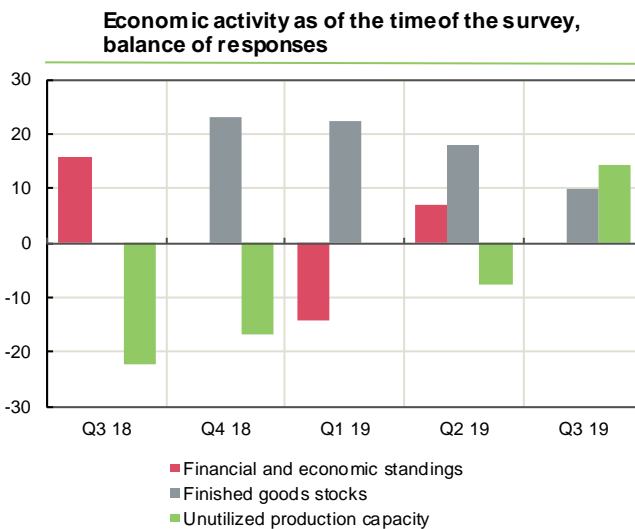


Figure 4



Figure 5

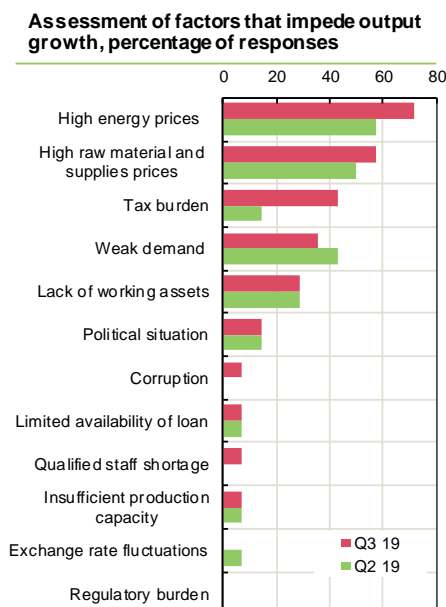


Figure 6

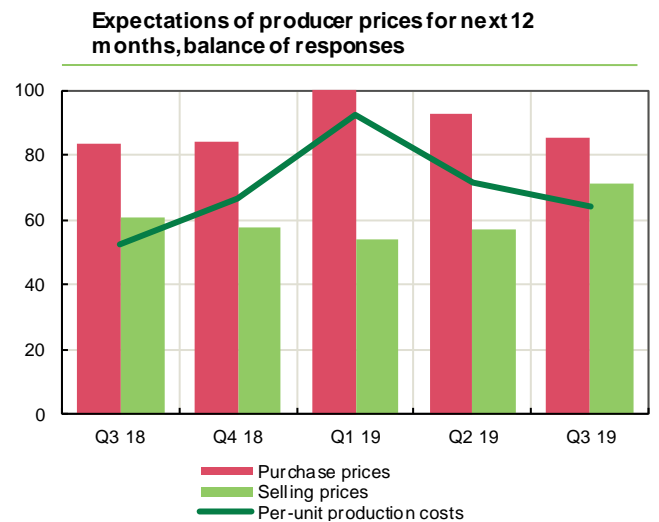


Figure 7

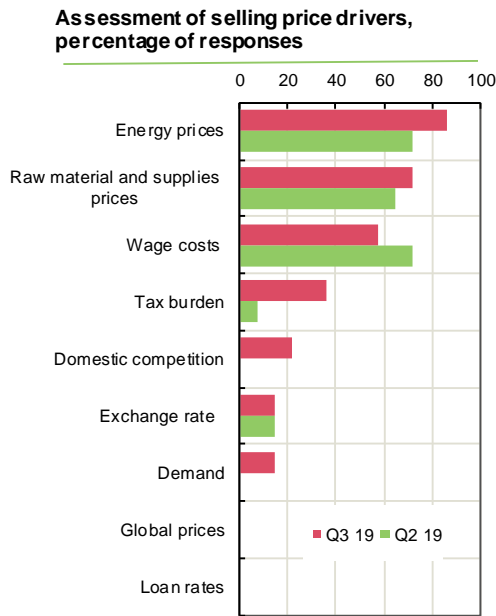


Figure 8

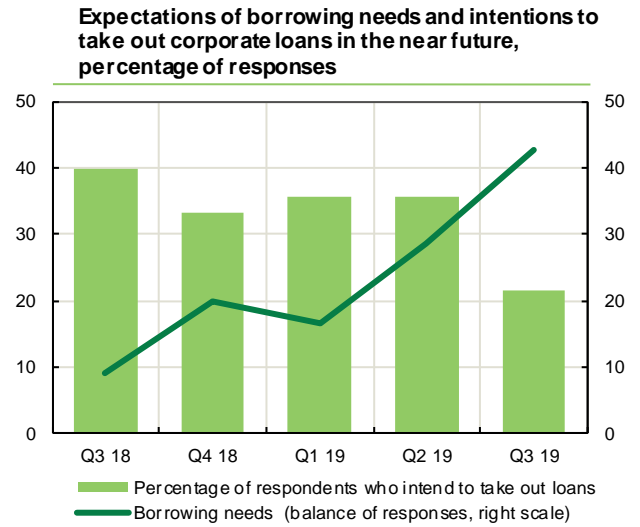


Figure 9

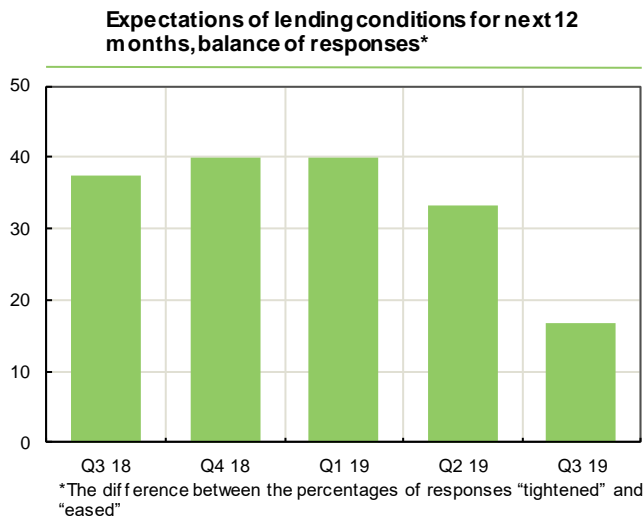
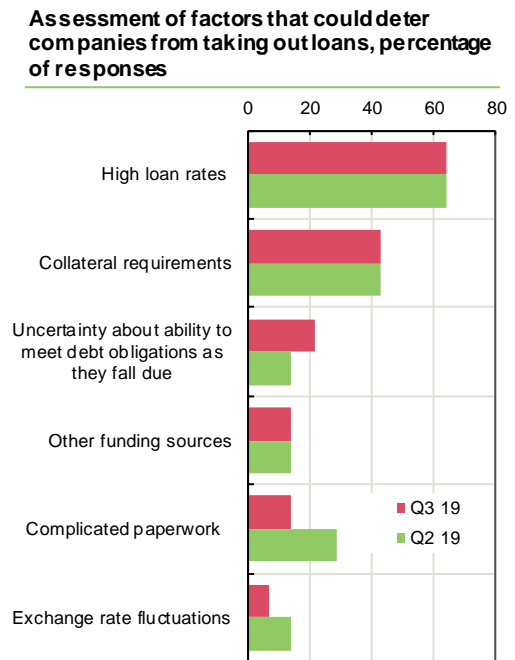


Figure 10



Key Indicators of Social and Economic Development of Chernihiv 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
1	Volume indices of gross regional product (in previous year's prices, in percent)	100.5	93.4	100.6	102.2	104.2 ²	...	...	...	...	...	...	...	...
2	Industrial production index	97.2	91.2	105.8	96.5	99.2	82.6	91.2	95.0	96.9	97.3	94.7	93.0	91.7
3	Mining and quarrying	91.8	81.2	81.3	93.0	103.2	102.7	106.9	106.5	106.1	105.1	104.6	103.9	104.0
4	Manufacturing	99.2	95.2	112.5	97.3	97.5	71.0	84.8	91.8	93.1	95.3	91.9	89.8	88.2
5	Production of food, beverages and tobacco	102.7	104.1	118.6	90.2	95.2	53.1	79.3	91.8	93.0	96.5	92.7	90.1	87.0
6	Textile production, production of clothing, leather, leather goods and other materials	88.0	84.7	117.8	101.8	106.5	92.6	82.7	83.4	85.3	82.9	79.1	78.3	79.3
7	Production of wood products, paper, printing	102.0	58.8	88.3	110.9	111.3	75.9	77.6	76.9	78.9	84.2	83.2	82.3	82.5
8	Production of coke and petrochemicals	...	...	...	...	...	...	...	...	...	...	...	...	...
9	Production of chemicals and chemical products	83.5	93.2	115.0	171.7	97.9	127.7	109.0	99.3	100.1	101.8	97.4	95.1	96.4
10	Production of rubber and plastic products, other nonmetallic mineral products	90.2	102.1	98.7	105.6	89.3	95.8	102.2	108.1	110.6	111.5	107.8	106.8	104.9
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	96.0	83.1	122.0	121.2	120.7	140.8	152.1	149.1	144.3	152.3	146.7	150.7	147.1
12	Mechanical engineering, except for repair and installation of machinery and equipment	88.5	96.9	116.3	117.1	81.6	105.0	79.8	79.3	81.1	75.3	75.3	74.0	75.6
13	Electricity, gas, steam and conditioning air supply	97.5	89.7	109.3	96.7	103.3	99.7	98.0	95.6	96.8	97.4	96.2	95.7	95.1
14	Agricultural production index	107.5	98.1	104.5	105.3	111.1	100.9	101.8	100.4	100.3	100.0	99.7	125.9	96.5
15	Construction production index	134.8	64.7	100.3	130.0	103.1	178.1	214.5	215.8	209.7	185.5	179.5	172.5	168.9
16	Freight turnover	99.7	79.1	156.1	121.1	111.6	90.6	89.2	91.1	93.0	98.3	101.8	105.6	107.6
17	Passenger turnover	97.7	90.9	97.2	98.7	95.1	93.4	93.5	93.7	92.5	92.5	92.9	94.9	95.7
18	Volume index of retail trade turnover (in comparable prices, in percent)	98.8	82.7	101.5	104.4	103.3	101.3	101.6	102.0	101.4	100.5	100.9	101.7	100.8
19	Profit/loss of large and medium companies before tax (UAH million) ³	-2055.6	3499.4	2215.2	6380.8	...	...	...	...	...	...	...	...	...
20	Capital investment index	78.5	112.0	132.5	134.8	117.7	...	...	79.3	...	...	83.0	...	...
21	Consumer price index (compared with December of previous year)	126.7	145.6	112.8	113.9	109.6	100.9	101.6	102.4	103.2	103.8	103.4	102.9	102.6
22	Real disposable income	85.9	79.8	101.4	110.4	106.4 ²	...	...	...	...	...	...	...	...
23	Real wage index	94.9	78.7	107.0	122.0	111.7	108.2	108.7	109.7	110.7	109.7	109.2	109.2	109.1
24	Number of applicants per vacancy as of end of period	12	25	10	10	10	9	7	5	6	6	6	6	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