



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q4 2019



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

A survey carried out in **Chernihiv oblast** in Q4 2019 showed that respondents had moderate expectations that the Ukrainian economy would grow and their companies would develop over the next 12 months. Inflation and depreciation expectations were high.

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 8.3% compared with 42.9% in Q3 2019 (Figure 1) and 21.9% across Ukraine
- **prices for consumer goods and services would grow:** 46.2% of the respondents expected that the inflation rate would not exceed 7.5% compared to 42.9% in Q3 2019 and 53.8% across Ukraine. Respondents referred to production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** a total of 76.9% of respondents (compared with 78.6% in the previous quarter and 70.7% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would remain at their current levels:** the balance of expectations was 0.0% (compared with 16.7% in the previous quarter and 18.6% across Ukraine) (see Table)
- **total sales of their own products would increase at a moderate pace:** the balance of responses was 7.7% compared with 28.6% in the previous quarter. External sales were expected to grow at a faster pace: the balance of expectations was unchanged compared to the previous quarter, at 28.6%. The balances of responses across Ukraine were 23.5% and 20.6% respectively
- **investment both in construction and in machinery, equipment and tools would increase more slowly:** the balances of responses were 8.3% and 23.1% respectively (compared with 14.3% and 28.6% in Q3 2019 and 4.7% and 14.7% across Ukraine)
- **staff numbers would decrease:** the balance of responses was (-15.4%) compared with 7.1% in the previous quarter and (-1.6%) across Ukraine (Figure 4).
- **purchase and selling prices would rise at a slower pace:** the balances of responses were 69.2% and 50% respectively (compared with 85.7% and 71.4% in Q3 2019) (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 grow:** the balances of responses were 69.2% for each indicator compared to 64.3% and 71.4% in Q3 2019 (Figures 4 and 6).

Weak demand was named as **the main drag on the ability of companies to boost production** (respondents said that the impact of this factor had strengthened markedly) (Figure 5).

Respondents softened their expectations of an increase in borrowing needs in the near future (Figure 8). A total of 53.8% of the respondents who planned to take out loans usually opted for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Respondents referred to **high loan rates as the main factor that deterred them from taking out loans** (Figure 10).

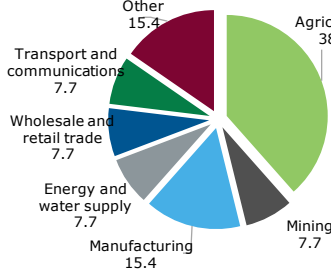
A total of 84.6% of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.4% across Ukraine).

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

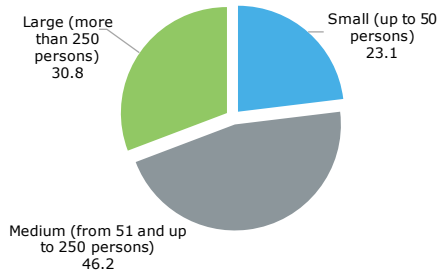
- **The current financial and economic standings of companies deteriorated and were assessed as bad:** the balance of responses was (-15.4%) compared with 0.0% in Q3 2019. Across Ukraine, the current financial and economic standings of companies were assessed as positive: the balance of responses being 6.1%.
- **Respondents assessed their finished goods stocks at a level higher than the normal one:** the balance of responses was 11.1% (compared with 10.0% in Q3 2019).
- **Companies in the region have a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses being 7.7% (compared with 14.3% in Q3 2019).

Survey Details^{1,2}

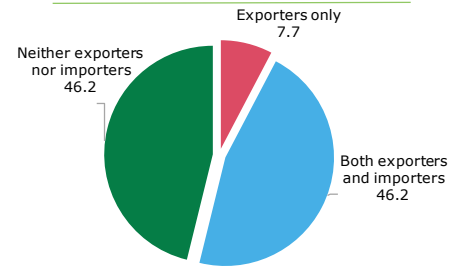
Respondents in terms of main economic activities, %



Respondents in terms of enterprise size based on staff number, %

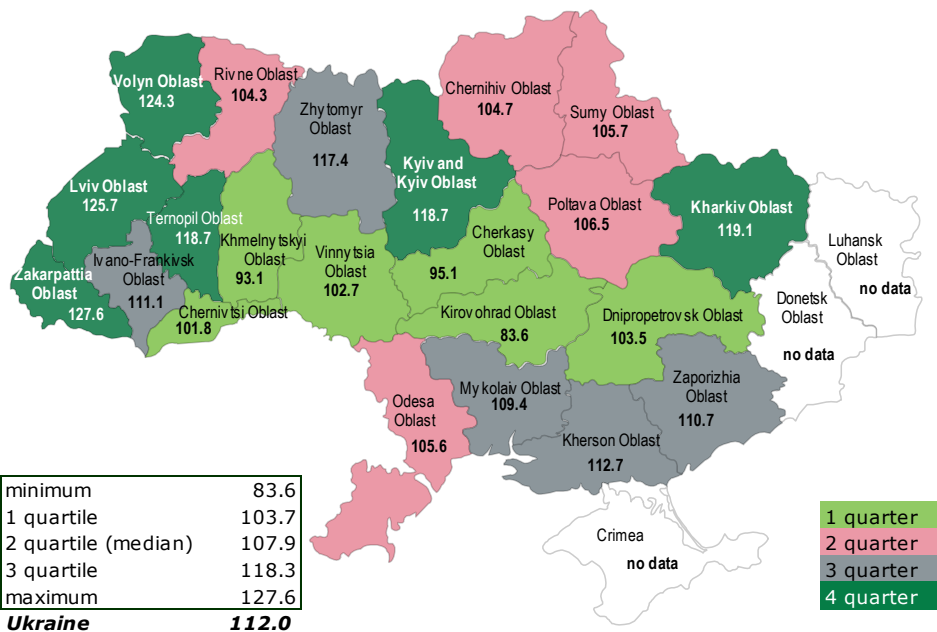


Respondents in terms of business activities, %



- Period: 9 November through 25 November 2019.
- A total of 13 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 sample 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, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	26.3	60.0	33.3	16.7	0.0
Total sales	5.3	7.1	28.6	28.6	7.7
Investment in construction	-11.8	25.0	0.0	14.3	8.3
Investment in machinery, equipment and tools	16.7	21.4	21.4	28.6	23.1
Staff numbers	-11.8	0.0	21.4	7.1	-15.4

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

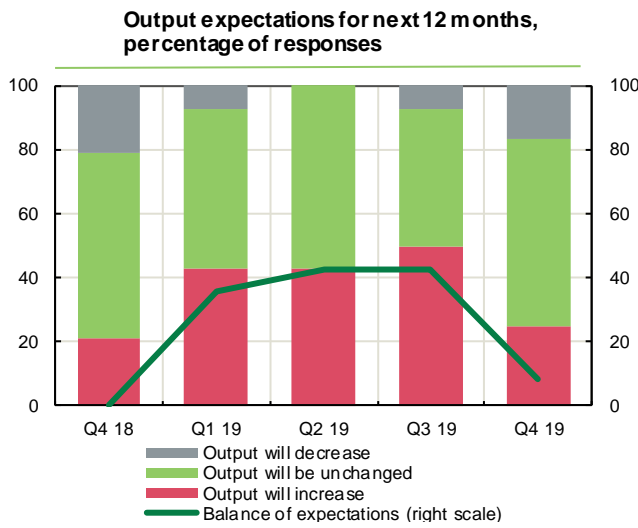


Figure 2

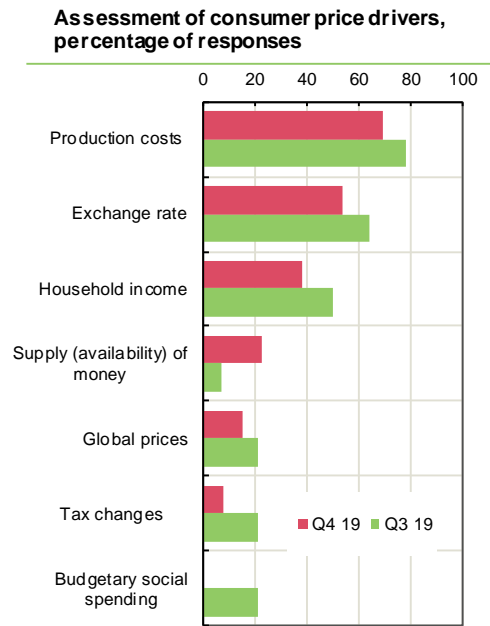


Figure 3

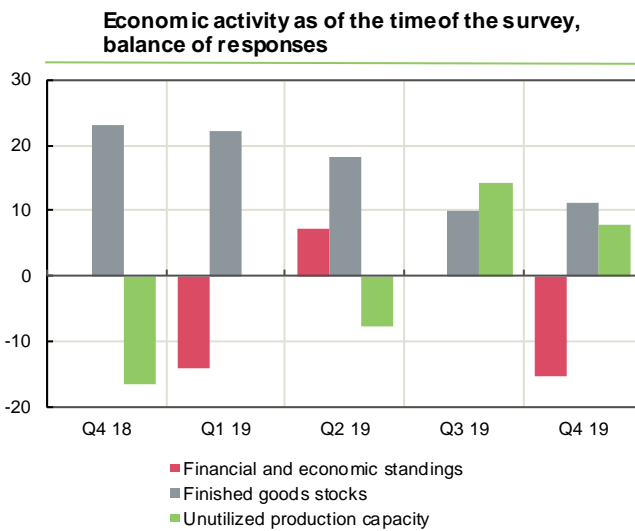


Figure 4

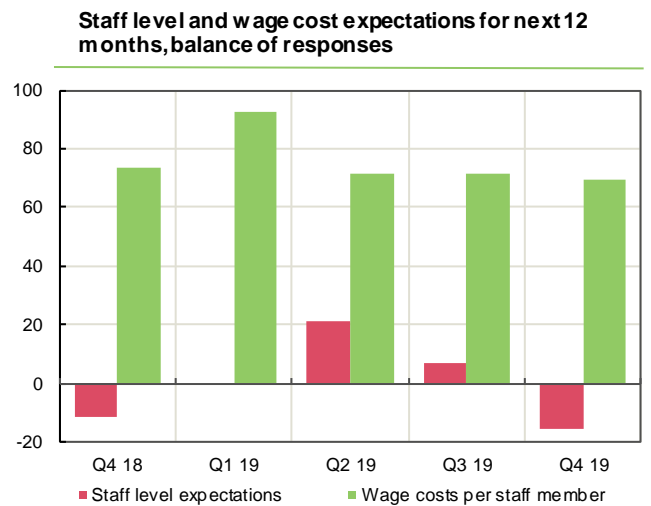


Figure 5

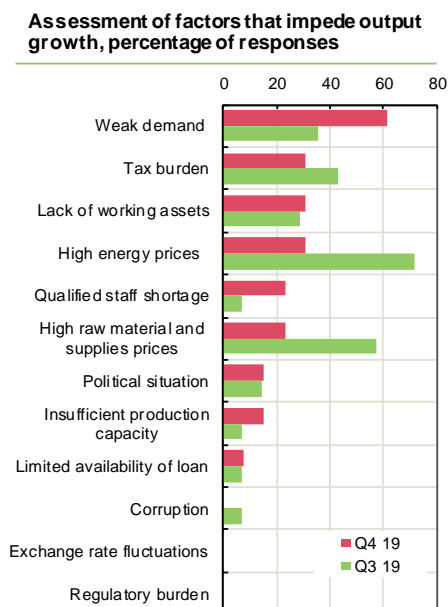


Figure 6

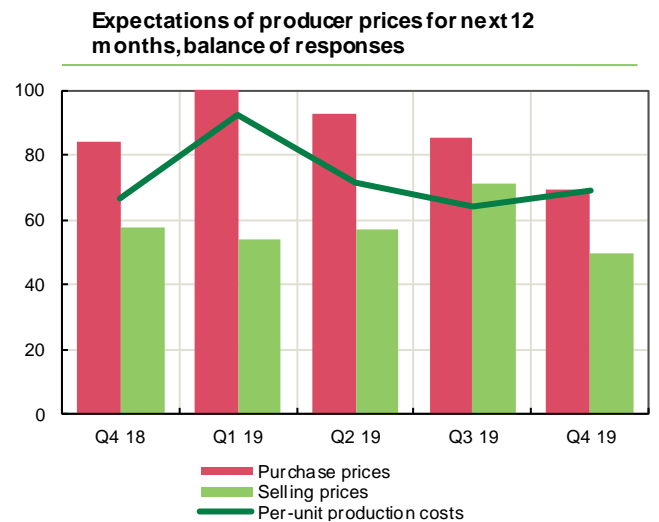


Figure 7

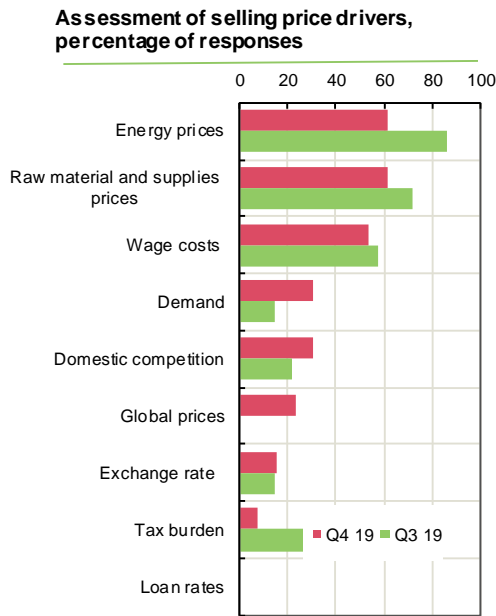


Figure 8

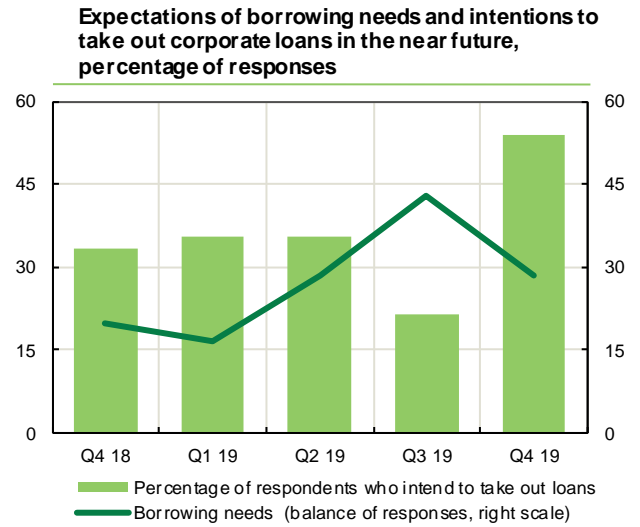


Figure 9

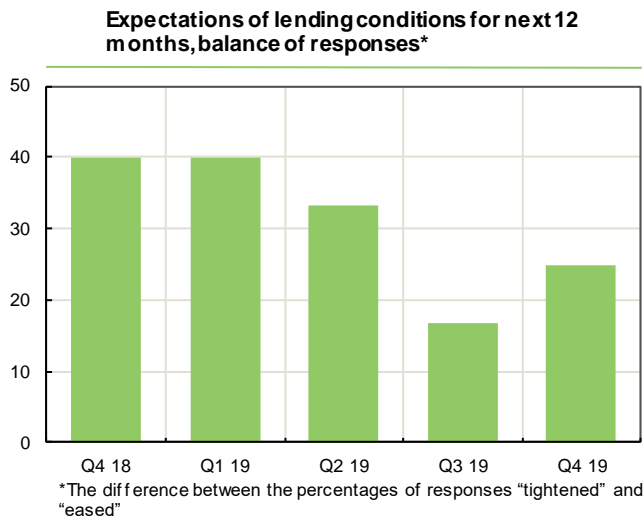
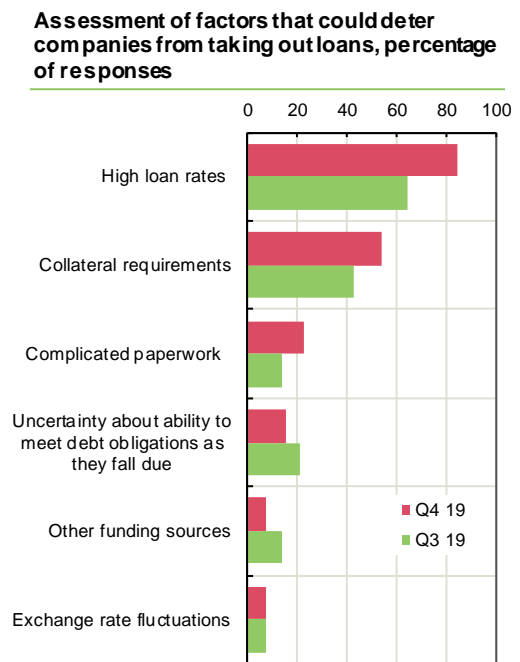


Figure 10



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	January - September	January - October	January - November						
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	95.9	97.3	94.7	93.0	91.7	91.5	90.1	88.9	88.9	88.9	88.9	88.9	88.9	88.9
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	103.7	103.5	103.1	103.1	103.1	103.1	103.1	103.1	103.1
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	88.0	86.2	84.7	84.7	84.7	84.7	84.7	84.7	84.7
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	85.9	82.6	80.0	80.0	80.0	80.0	80.0	80.0	80.0
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	79.9	82.4	82.6	82.6	82.6	82.6	82.6	82.6	82.6
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	85.8	86.6	87.9	87.9	87.9	87.9	87.9	87.9	87.9
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	100.2	101.8	101.4	101.4	101.4	101.4	101.4	101.4	101.4
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	103.9	101.7	100.2	100.2	100.2	100.2	100.2	100.2	100.2
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	140.6	133.2	129.7	129.7	129.7	129.7	129.7	129.7	129.7
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	77.1	79.1	80.6	80.6	80.6	80.6	80.6	80.6	80.6
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	94.8	94.2	93.6	93.6	93.6	93.6	93.6	93.6	93.6
14	Agriculture 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	99.5	102.1	102.0	102.0	102.0	102.0	102.0	102.0	102.0
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	161.6	159.3	157.8	157.8	157.8	157.8	157.8	157.8	157.8
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	110.0	110.9	109.1	109.1	109.1	109.1	109.1	109.1	109.1
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	95.3	95.7	96.7	96.7	96.7	96.7	96.7	96.7	96.7
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	101.0	100.9	101.3	101.3	101.3	101.3	101.3	101.3	101.3
19	Profit/loss of large and medium companies before tax (UAH million) ³	-2055.6	3499.4	2215.2	6380.8	1044.1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	78.5	112.0	132.5	134.8	117.7	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
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	103.3	104.1	104.5	104.5	104.5	104.5	104.5	104.5	104.5
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	109.3	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
24	Number of applicants per vacancy as of end of period	12	25	10	10	10	9	7	5	6	6	6	6	4	5	4	7	7	7	7	7	7	

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