

Ukraine's agriculture business climate has been improving steadily

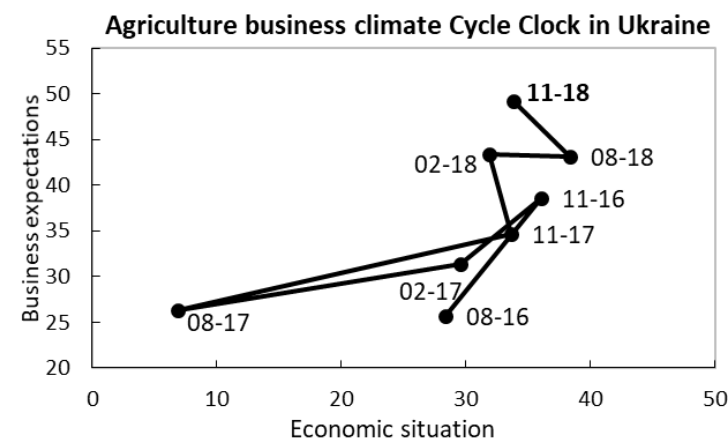
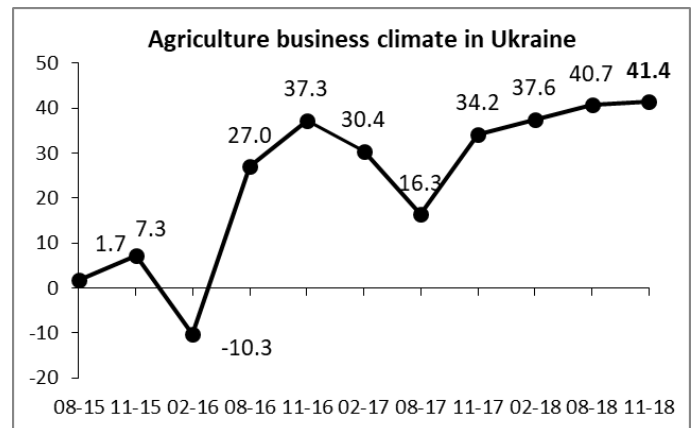
Kyiv, November 13, 2018. The survey conducted in November demonstrates improvements of agricultural producers' perception of the agriculture business climate (ABC). Also, this time, owing to 41.1 points, a new record was reached. The increase compared to August 2018 was insignificant, comprising of only 0.7 points.

The last survey in particular indicates a further improvement in the access to machinery and equipment (38.8 points) and development of business in terms of scale (38.1 points). The most significant decrease was in assessment of cost price: from -36.5 in August 2018 to current -61.4 points, as well as the assessment of access to state support (from -27.8 to current -31.0 points). Fertilizers, fuel, and labor remuneration were sources of expenditure.

The regional differences between estimates of the ABC continue to be rather marginal. The lowest results of the ABC (24.9 points) were provided by producers from Southern regions of Ukraine. Most of the respondents in the South referred to poor weather conditions in the region.

Referring to the production scale, the producers with the land bank over 5,000 ha and holding structures rated ABC very positively - with 61.3 and 60.7 points respectively. Assessment of business climate provided by producers with land bank less than 5,000 ha demonstrated decrease: from 48.5 points in August, 2018 to current 36.4 points. The assessment of the ABC of the individual micro-producers increased (from 24.4 points in August, 2018 to current 32.9 points).

Animal producers, compared to the last assessment in August, have increased their assessment of the ABC since August - from 17.9 to 26.0 points, Nevertheless, since February, 2018, they have lagged behind compared to crop producers (43.4 points) and mixed production (49.5 points).



ABC cycle clock demonstrates simultaneously an estimation of current and expected business situation provided by agricultural producers.

ABC grew mainly due to the assessment of the business expectations by agricultural producers (from 43.1 to 49.2 points), though estimates of current economic situation decreased from 38.3 points in August, 2018 to current 33.8 points. More than a half of respondents, namely 53% (212), participated in the last survey in August, 2018.

Note: Agriculture Business Climate (ABC) was developed and introduced by common efforts of German-Ukrainian Agricultural Policy Dialogue (APD) and the association "Ukrainian Agribusiness Club" (UCAB) on the base of German business climate (ifo-Geschäftsklimaindex). ABC surveys are carried out three times per year since 2015. ABC determines subjective perceptions of 400 Ukrainian producers on both, their current business situation and one-year outlook. ABC may change from -100 (very poor) over 0 (indifferent) to +100 (very good). Since 2017, technical improvements in calculation of ABC have been implemented. In particular, only the first question on economic situation of producers is considered in the calculation: economic condition of agrarian producers. Further questions, e.g., on the general and macroeconomic framework, are now used for explanation of the survey results. Accordingly, the ABC for all the periods was recalculated using a new methodology, which led to a stable increase in values.