



National Bank  
of Ukraine

## Business Outlook Survey of Chernivtsi Oblast\*

Q4 2020



\*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in **Q4 2020** showed that respondents expected that the output of Ukrainian goods and services would decrease at a faster pace over the next 12 months on the back of a tighter quarantine. **At the same time, they had positive expectations for the performance of their companies.** Respondents reported moderate inflation expectations and higher depreciation expectations.

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

- **the output of Ukrainian goods and services would drop significantly:** the balance of expectations was (-36.4%) compared with (-9.1%) in Q3 2020 and (-24.4%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow at a faster pace:** a total of 60.0% of respondents expected that inflation would not exceed 7.5% compared with 81.8% in the previous quarter and 49.2% across Ukraine. Respondents referred to the exchange rate and production costs as the main inflation drivers (Figure 2)
- **the domestic currency would depreciate at a fast pace:** 80.0% of respondents (compared with 90.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 9.1% (as in the previous quarter). Companies across Ukraine expected their financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales would decrease:** the balance of responses was (-18.2%) compared with 9.1% in Q3 2020. Respondents also expected a decrease in external sales, the balance of responses being (-50.0%) compared with 0.0% in Q3 2020. Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment both in construction and in machinery, equipment, and tools would remain unchanged:** the balances of responses were 0.0% for each (compared to 0.0% and (-10.0%) in Q3 2020). Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers would decrease** at a faster pace: the balance of responses was (-18.2%) compared to (-10.0%) in Q3 2020 and (-9.9%) across Ukraine (Figure 4)
- **the growth in purchase and selling prices would accelerate significantly:** the balances of responses were 81.8% and 72.7% respectively (compared with 45.5% and 36.4% respectively in Q3 2020) (Figure 6). Energy prices and raw material and supplies prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow rapidly:** the balances of responses were 80.0% and 90.9% respectively, compared with 54.5% and 81.8% in Q3 2020 (Figures 4 and 6).

Respondents referred to high energy prices as the **main drag on the ability of their companies to boost production** (the impact of these factor was reported to have increased) (Figure 5).

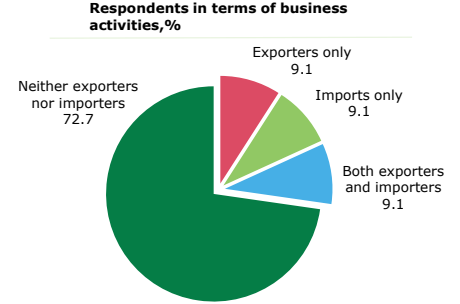
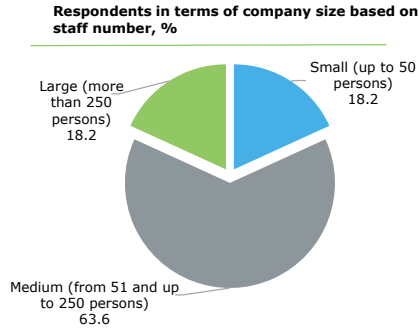
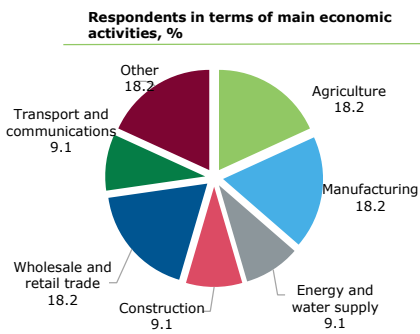
The companies that planned to take out corporate loans opted for domestic currency loans only. High interest rates and collateral requirements were cited as the main deterrents to taking out corporate loans (Figure 9).

**All of the respondents** said that they had encountered **no difficulties in effecting transactions with funds deposited in bank accounts** (96.9% across Ukraine).

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

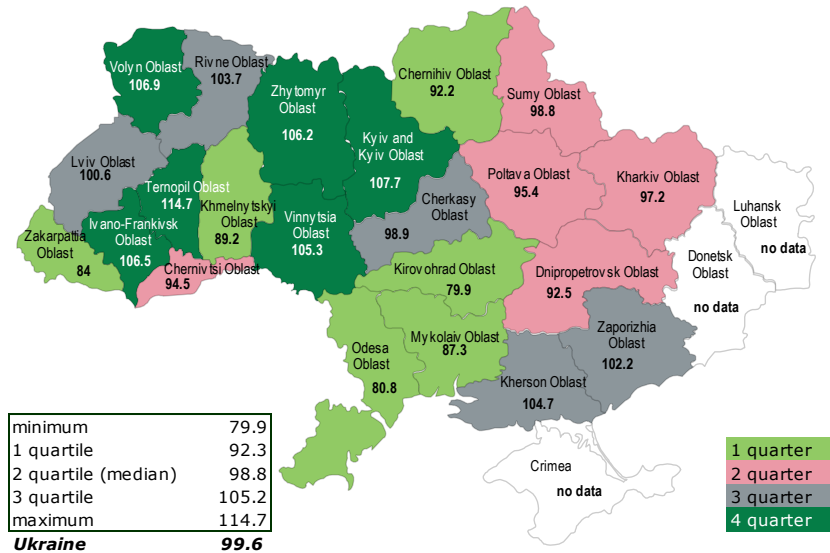
- **The current financial and economic standings of companies** deteriorated and were assessed as **bad:** the balance of responses was (-18.2%) compared with 0.0% in the previous quarter and (-3.2%) across Ukraine.
- **Finished goods stocks were assessed at a level higher than the normal one:** the balance of responses was 20.0% compared with 0.0% in Q3 2020
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.0% compared to 27.3% in Q3 2020.

Survey Details<sup>1,2</sup>



- Period: 5 November through 24 November 2020.
- A total of 11 companies were polled.
- No economic activity was able to generate a representative sample.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</sup>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 Chernivtsi Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	20.0	9.1	0.0	9.1	9.1
Total sales	9.1	9.1	-27.3	9.1	-18.2
Investment in construction	0.0	10.0	-10.0	0.0	0.0
Investment in machinery, equipment, and tools	-11.1	0.0	-20.0	-10.0	0.0
Staff numbers	-9.1	-20.0	-9.1	-10.0	-18.2

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.  
<sup>2</sup> Data for totals and components may be subject to rounding effects.  
<sup>3</sup> The business outlook index (BOI) is an aggregate indicator for expected business performance 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

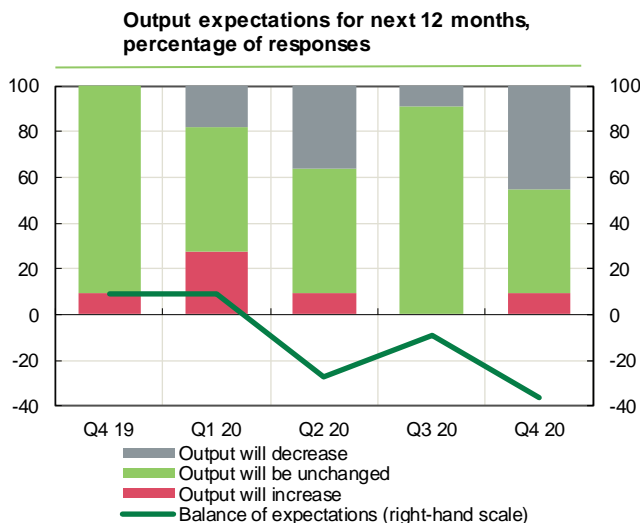


Figure 2

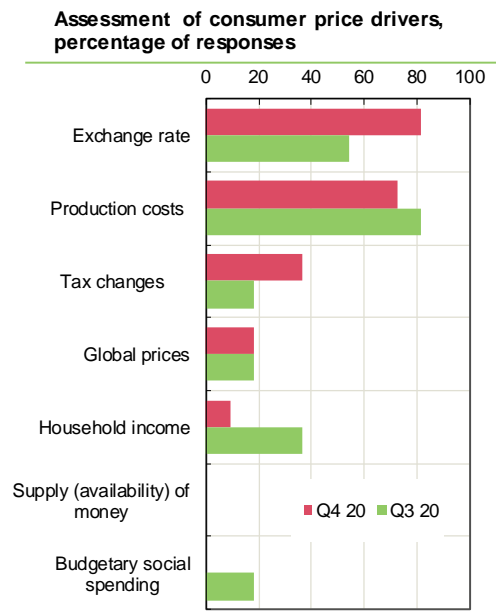


Figure 3

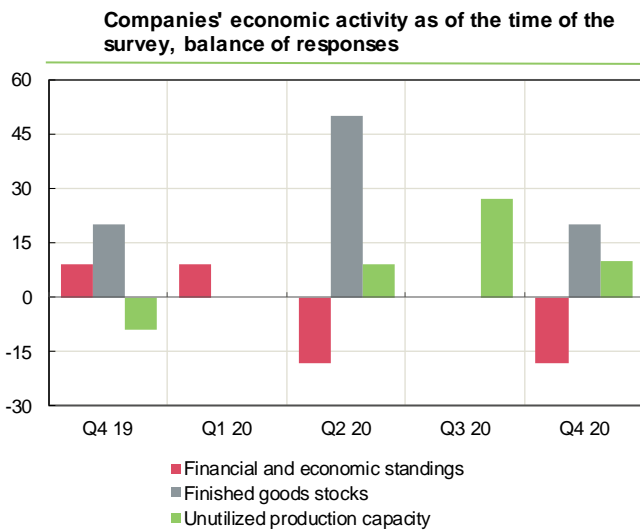


Figure 4

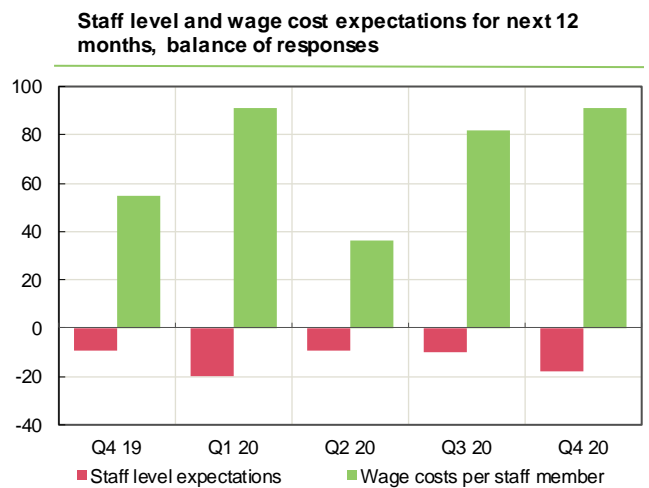


Figure 5

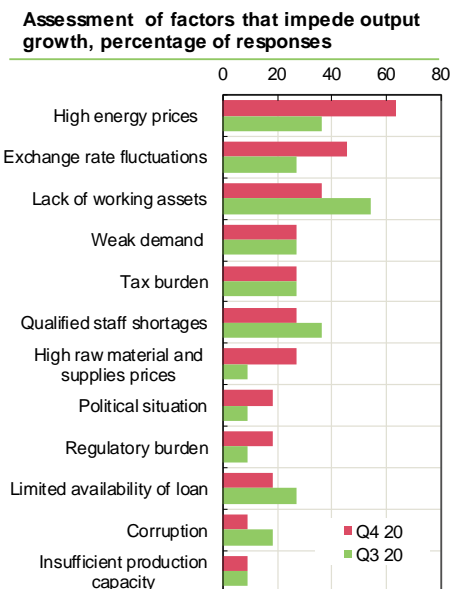


Figure 6

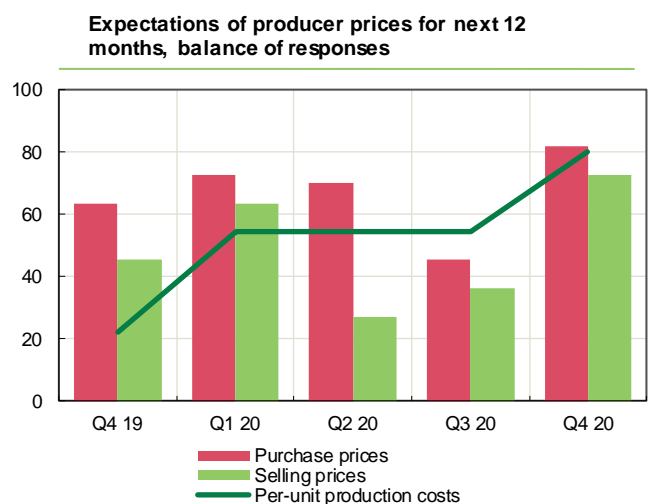


Figure 7

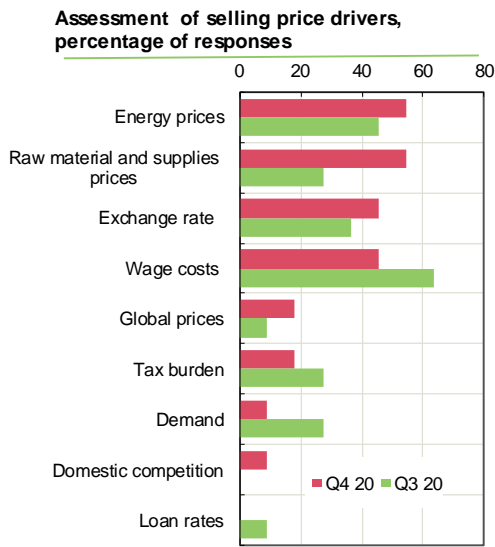


Figure 8

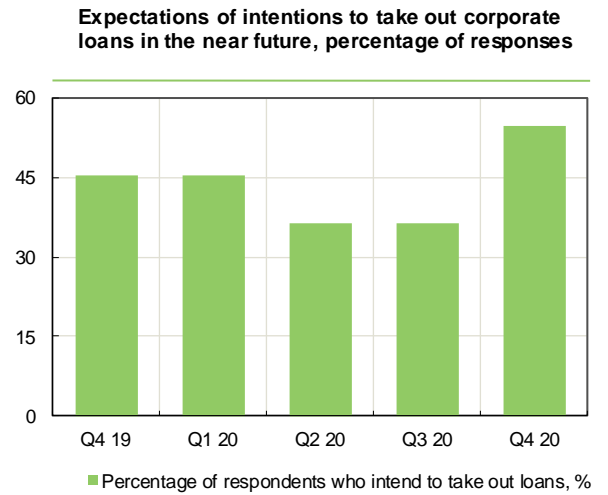


Figure 9

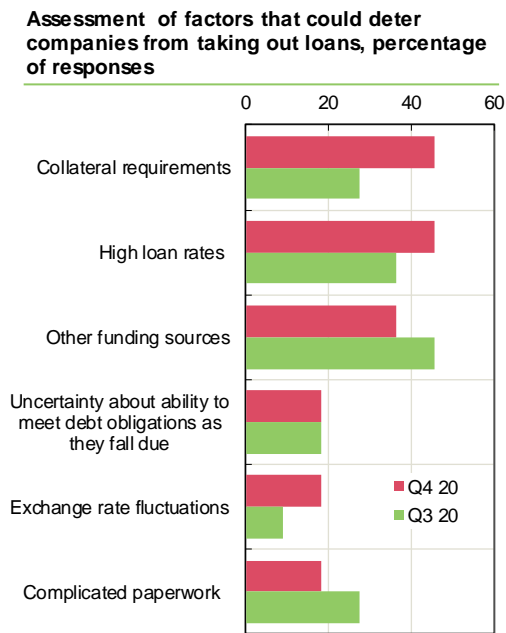


Figure 10