



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q1 2021



*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q1 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in **Q1 2021** showed that respondents expected that the output of Ukrainian goods and services would decline at a slower pace over the next 12 months. **At the same time, they had positive expectations for the performance of their companies.** Respondents reported lower 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 drop at a slower pace:** the balance of expectations was (-10.0%), compared with (-36.4%) in Q4 2020. Companies across Ukraine expected the output of Ukrainian goods and services would return to growth (the balance of responses was 5.6% (Figure 1)
- **prices for consumer goods and services would grow at a moderate pace:** a total of 72.7% of respondents expected that inflation would not exceed 7.5%, compared with 60.0% in the previous quarter and 49.3% across Ukraine. Respondents referred to the exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 54.5% of respondents (compared with 80.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 74.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 18.2%, compared to 9.1% in the previous quarter and 12.7% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 18.2%, compared with (-18.2%) in Q4 2020. Respondents also expected external sales to remain unchanged, the balance of responses being 0.0%, compared with (-50.0%) in Q4 2020. Overall, companies across Ukraine expected sales to increase, the balances of responses being 18.0% and 14.9% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 11.1%, compared to 0.0% in the previous quarter. **Investment in construction** would decrease: the balance of responses was (-10.0%) (compared to 0.0% and in Q4 2020). Companies across Ukraine expected investments to increase, the balances of responses were 11.7% and 1.4% respectively
- **staff numbers would decrease:** the balance of responses was (-18.2%), same as in Q4 2020. Across Ukraine, staff numbers were expected to decrease at a slower pace, with a balance of responses of (-1.9%) (Figure 4)
- **the growth in purchase and selling prices would decelerate:** the balances of responses were 72.7% and 54.5% respectively (compared with 81.8% and 72.7% respectively in Q4 2020) (Figure 6). Energy prices and wage costs were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow more slowly:** the balances of responses were 55.6% and 72.7% respectively, compared with 80.0% and 90.9% in Q4 2020 (Figures 4 and 6).

Respondents referred to high energy prices and the lack of working assets as the **main drag on the ability of their companies to boost production** (Figure 5).

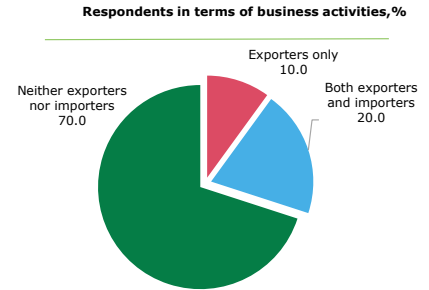
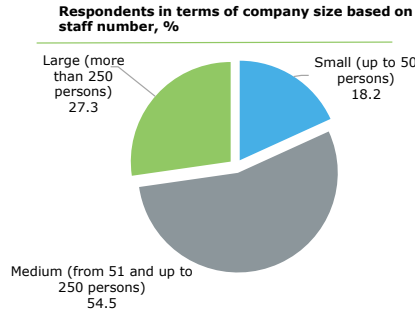
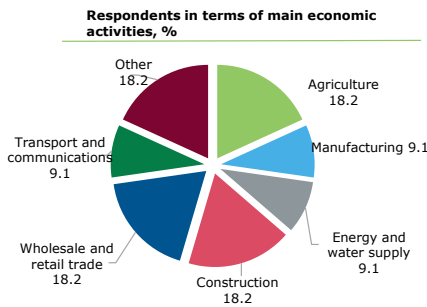
The companies planned to take out bank loans in domestic currency only. Other funding sources were cited as the main factor that deterred them from taking out loans (the impact was reported to have increased). The impact of high loan interest rates was assessed as high (Figure 9).

All of the respondents said that they had encountered **no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

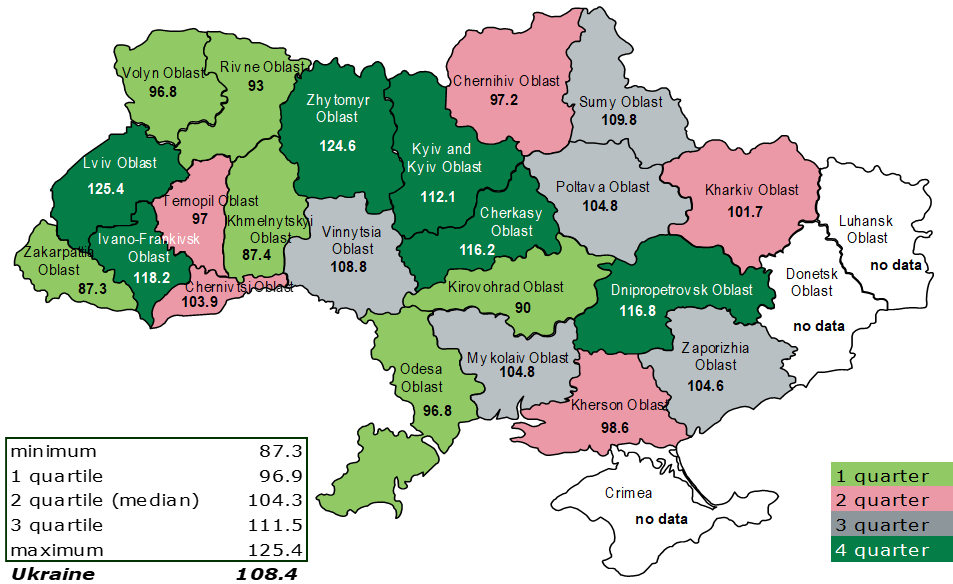
- **The current financial and economic standings of companies** improved and were assessed as **good:** the balance of responses was 9.1%, compared with (-18.2%) in the previous quarter. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-0.7%).
- **Finished goods stocks decreased and were assessed as normal:** the balance of responses was 0.0%, compared with 20.0% in Q4 2020
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 30.0%, compared to 10.0% in Q4 2020.

Survey Details^{1,2}



- Period: 5 February through 23 February 2021.
- 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 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, % | | | | |
|---|--------------------------|-------|-------|-------|-------|
| | Q1 20 | Q2 20 | Q3 20 | Q4 20 | Q1 21 |
| Financial and economic standings | 9.1 | 0.0 | 9.1 | 9.1 | 18.2 |
| Total sales | 9.1 | -27.3 | 9.1 | -18.2 | 18.2 |
| Investment in construction | 10.0 | -10.0 | 0.0 | 0.0 | -10.0 |
| Investment in machinery, equipment, and tools | 0.0 | -20.0 | -10.0 | 0.0 | 11.1 |
| Staff numbers | -20.0 | -9.1 | -10.0 | -18.2 | -18.2 |

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 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

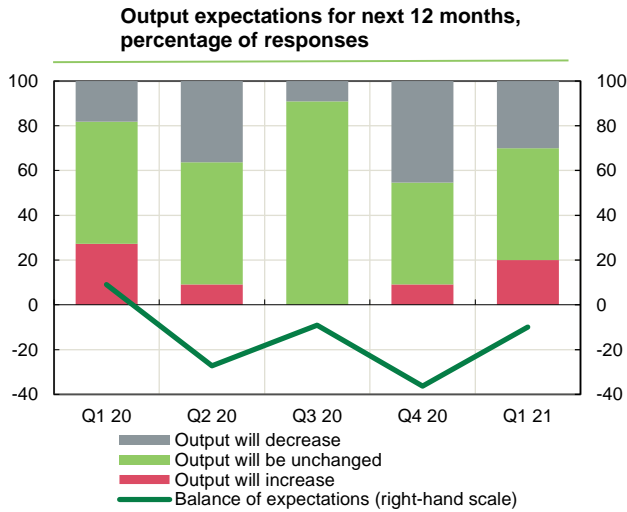


Figure 2

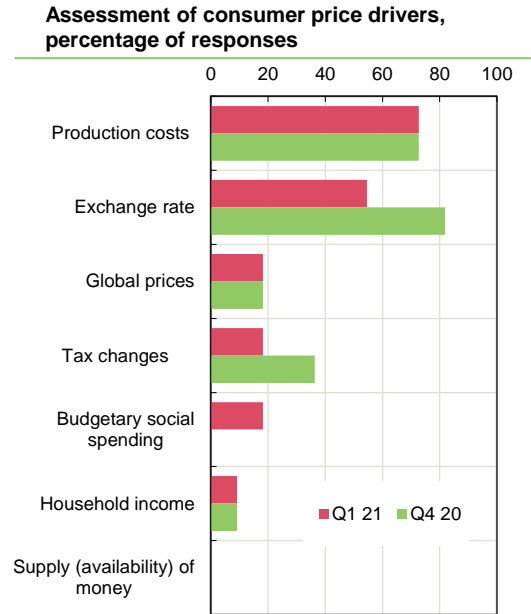


Figure 3

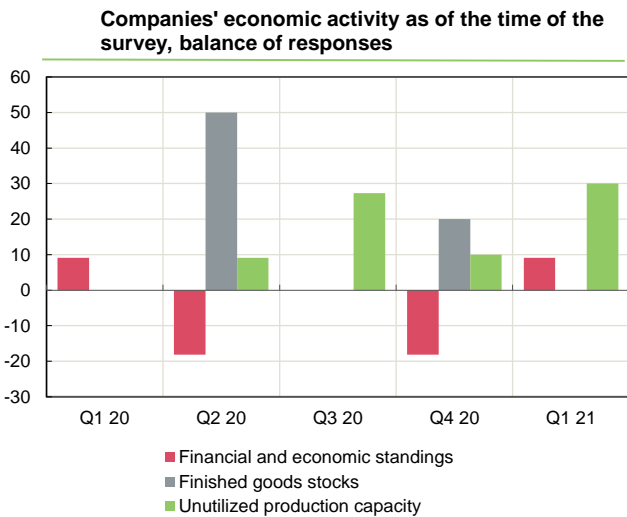


Figure 4

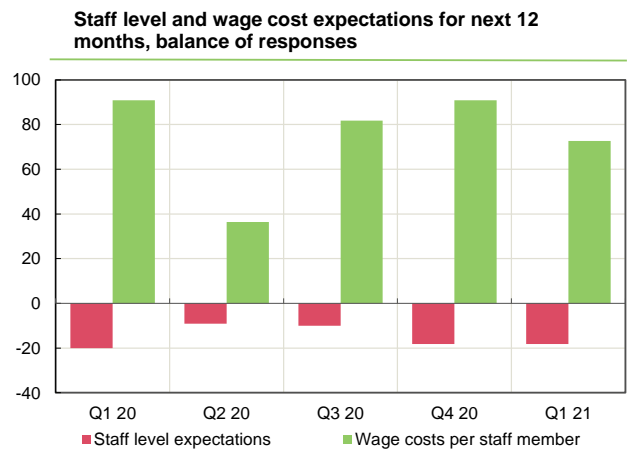


Figure 5

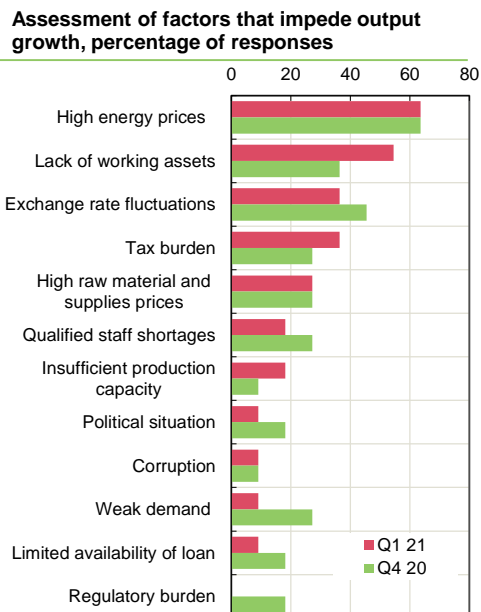


Figure 6

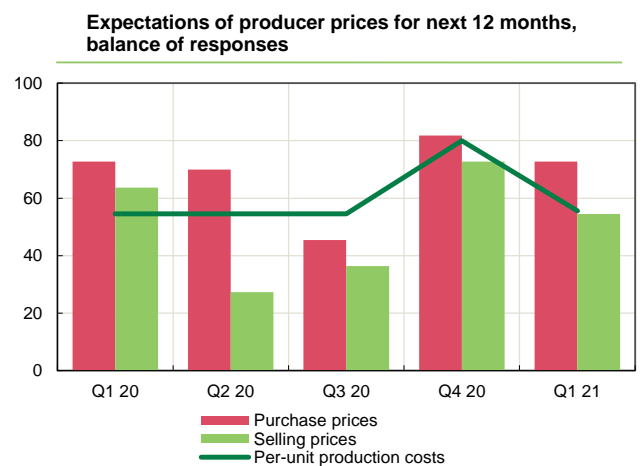


Figure 7

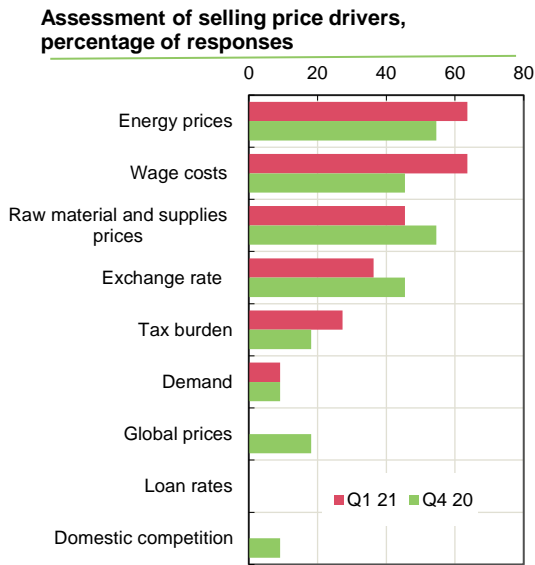


Figure 8

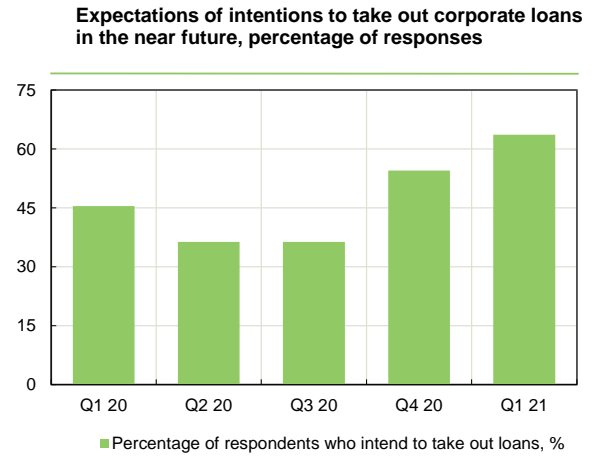


Figure 9

