



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Chernivtsi oblast in Q3 2021 showed that respondents expected that **the output of Ukrainian goods and services would increase**. They had moderate expectations for the performance of their companies over the next 12 months. Respondents reported lower inflation expectations and moderate 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 at a faster pace:** the balance of expectations was 27.3%, compared to 9.1% in Q2 2021 and 21.5% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow slowly:** a total of 72.7% of respondents expected that inflation would not exceed 7.5%, compared to 63.6% in the previous quarter and 46.9% across Ukraine. Respondents referred to production costs as the main inflation driver (Figure 2)
- **the domestic currency would depreciate at a slow pace:** 36.4% of respondents (the lowest depreciation expectations among the regions) (compared to 36.4% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared to 18.2% in the previous quarter and 12.7% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 27.3%, compared to 18.2% in Q2 2021 and 27.7% across Ukraine (see Table)
- **both investment in construction and in machinery, equipment, and tools would increase at a slower pace:** the balances of responses were 9.1% and 20.0% respectively, compared to 22.2% and 40.0% respectively in the previous quarter. The balances of responses across Ukraine were 9.7% and 19.3% respectively
- **staff numbers would decrease at a slower pace:** the balance of responses was (-20.0%) (the firmest intentions to cut staff among regions, such strong intentions have been reported for two quarters in a row) compared to (-40.0%) in Q2 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.2% (Figure 4)
- **purchase and selling prices would grow dramatically:** the balances of responses were 90.9% for each (compared to 72.7% and 54.5% respectively in Q2 2021) (Figure 6). Energy prices, raw material and supplies 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 at a fast pace:** the balances of responses were 50.0% та 54.4% respectively, compared to 45.5% and 63.6% in Q2 2021 (Figures 4 and 6).

Respondents referred to high energy prices, the tax burden, a lack of working assets, and high raw material and supplies prices (the impact of the latter drag was reported to have increased) as the **main drags on the ability of their companies to boost production**. Respondents reported a noticeable increase in insufficient production capacity compared to the previous quarter (Figure 5).

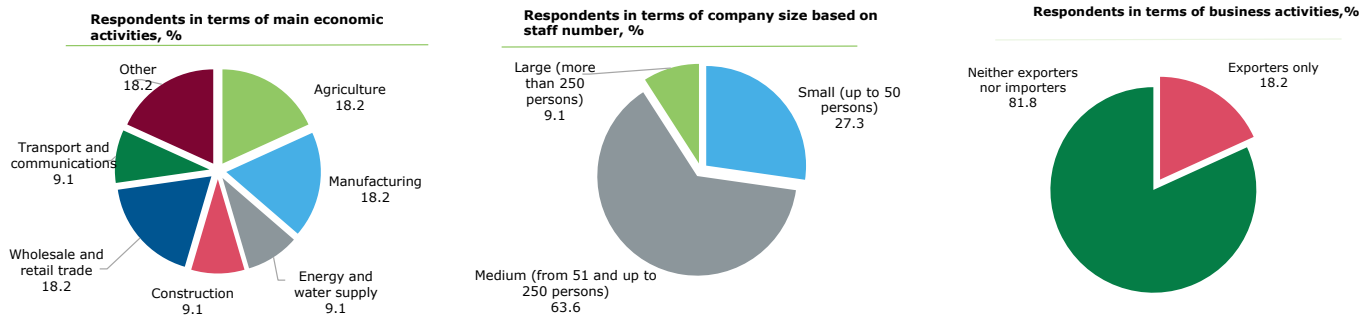
Companies planned to take out only hryvnia loans. Collateral requirements were cited as the main factor deterring them from taking out loans. The impact of high loan interest rates, complicated paperwork and other funding sources was also assessed as high (Figure 9).

All of the respondents said that they had encountered **no difficulties in effecting transactions with funds deposited in bank accounts** (97.1% across Ukraine).

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

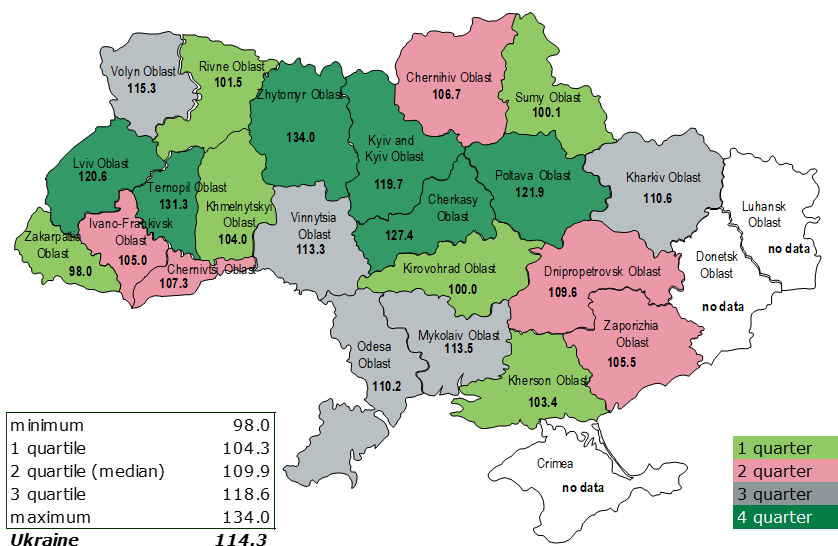
- **The current financial and economic standings of companies** were assessed as **good**: the balance of responses was 18.2%, as in the previous quarter. Across Ukraine, the balance of responses was 7.0%.
- **Finished goods stocks were assessed as normal**: the balance of responses was 0.0%, compared to (-33.3%) in Q2 2021
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 9.1%, compared to 44.4% in Q2 2021.

Survey Details^{1,2}



- Period: 3 August through 28 August 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, %



^aa 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 Chernivtsi Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	9.1	9.1	18.2	18.2	0.0
Total sales	9.1	-18.2	18.2	18.2	27.3
Investment in construction	0.0	0.0	-10.0	22.2	9.1
Investment in machinery, equipment, and tools	-10.0	0.0	11.1	40.0	20.0
Staff numbers	-10.0	-18.2	-18.2	-40.0	-20.0

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

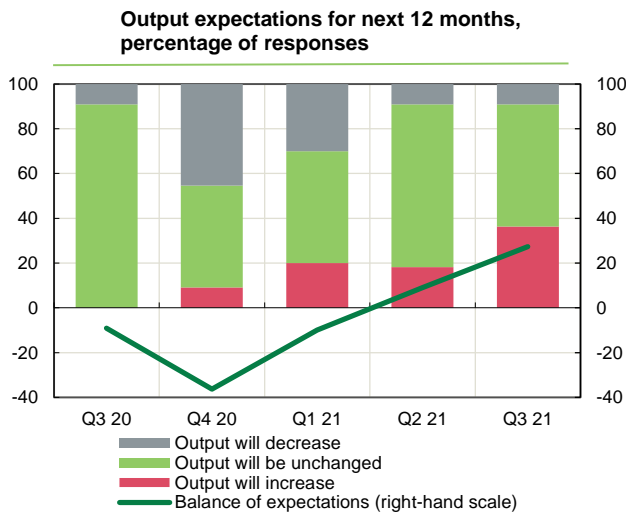


Figure 2

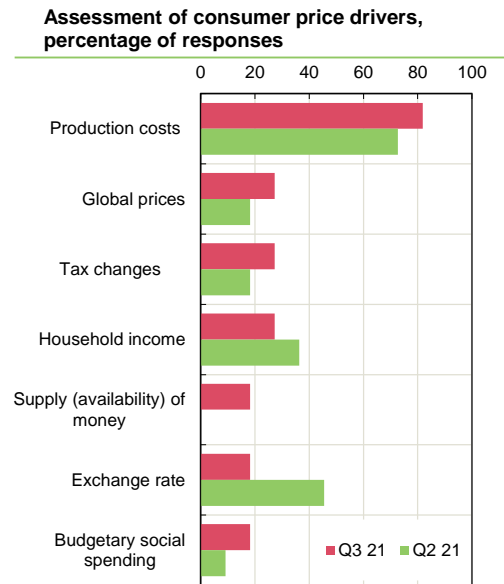


Figure 3

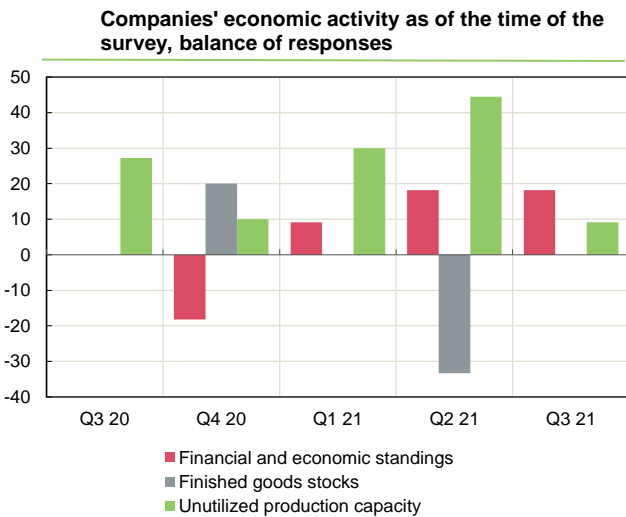


Figure 4

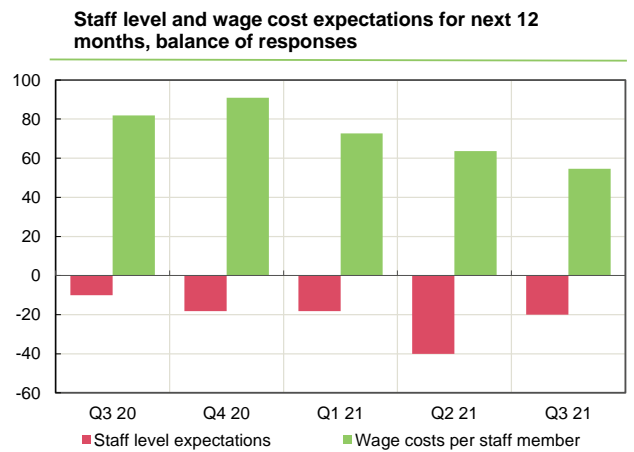


Figure 5

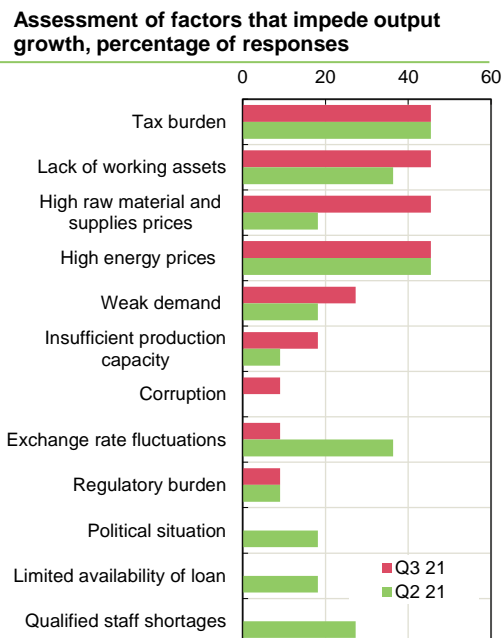


Figure 6

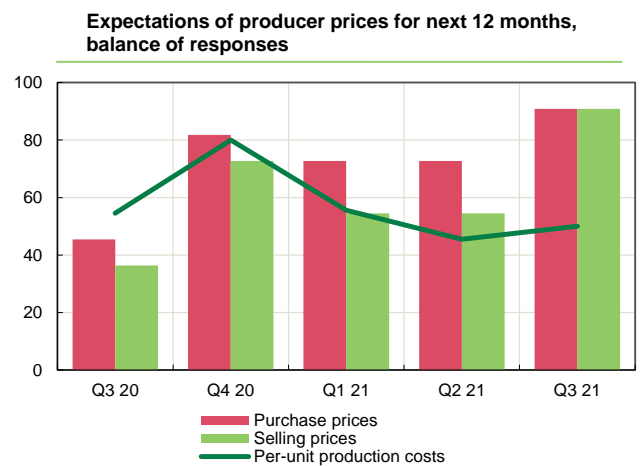


Figure 7

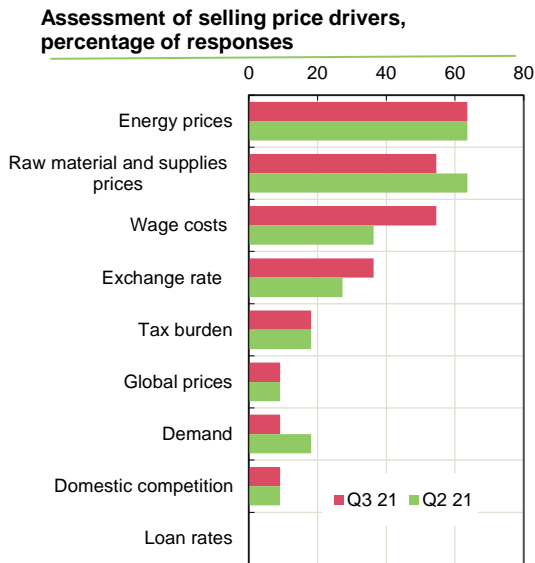


Figure 8

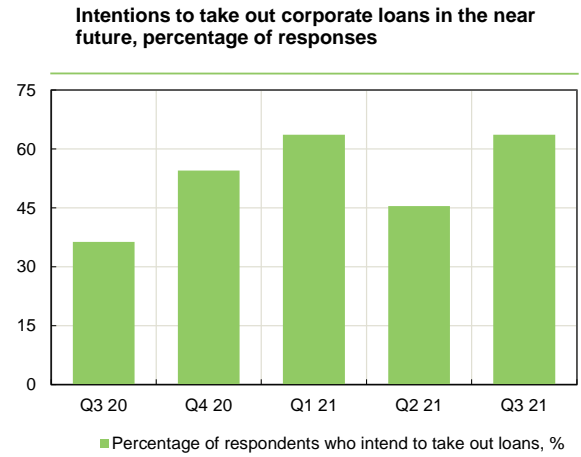


Figure 9

