



National Bank  
of Ukraine

## Business Outlook Survey of Chernivtsi Oblast\*

Q1 2022

**The survey was completed  
when the war started**



\*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q1 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in Q1 2022 showed that on the eve of the war respondents expected that **the output of Ukrainian goods and services would increase**. They had positive expectations for the performance of their companies over the next 12 months. Respondents expected lower inflation and a rapid depreciation of the hryvnia.

**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 significantly slower pace:** the balance of expectations was 10.0%, compared to 36.4% in Q4 2021. Respondents across Ukraine expected the output to drop (-1.7%) (Figure 1)
- **prices for consumer goods and services would grow more slowly:** a total of 40.0% of respondents expected that inflation would exceed 7.5%, compared to 54.5% in the previous quarter and 67.7% across Ukraine. Respondents referred to the hryvnia exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate rapidly:** 90.0% of respondents (compared to 100.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 81.6%
- **the financial and economic standings of their companies would improve noticeably:** the balance of expectations was 40.0% compared to 0.0% in Q4 2021. The balance across Ukraine was 7.2% (see Table)
- **total sales would increase at a faster pace:** the balance of responses was 55.6% compared to 27.3% in Q4 2021. The balance of responses across Ukraine was 17.0% (see Table)
- **investment in construction and in machinery, equipment, and tools would grow:** the balances of responses were 11.1% and 22.2% respectively (compared to 0.0% and 9.1% in the previous quarter). The balances of responses across Ukraine were 0.9% and 14.3% respectively
- **staff numbers would increase:** the balance of responses was 22.2% compared to 0.0% in Q4 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 1.5% (Figure 4)
- **purchase and selling prices would grow dramatically:** the balances of responses were 88.9% and 70.0% respectively (compared to 90.9% and 81.8% in Q4 2021) (Figure 6). Energy prices, raw material and supplies prices, and the hryvnia exchange rate 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 80.0% and 77.8% respectively, compared to 70.0% and 81.8% in Q4 2021 (Figures 4 and 6).

Respondents referred to high energy prices, a lack of working assets, and the tax burden (the impact of this factor was reported to have increased) as the **main drags on the ability of their companies to boost production** (Figure 5).

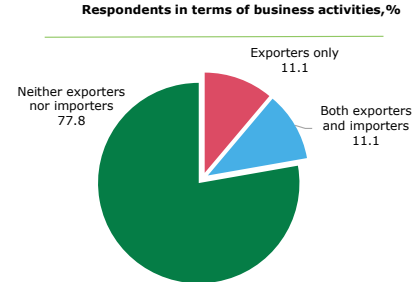
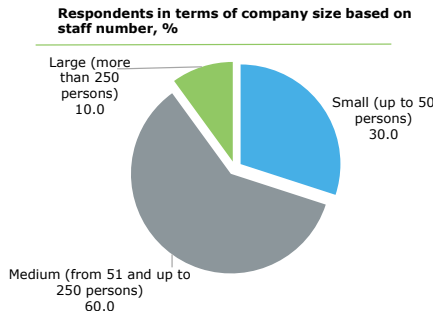
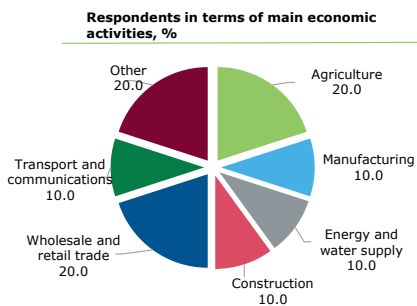
Companies planned to take out only hryvnia loans. Respondents cited high loan rates and other funding sources as the main factors deterring them from taking out loans (Figure 9).

**All of the respondents** said that they had encountered **no difficulties in effecting transactions with funds deposited in bank accounts** (97.6% across Ukraine).

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

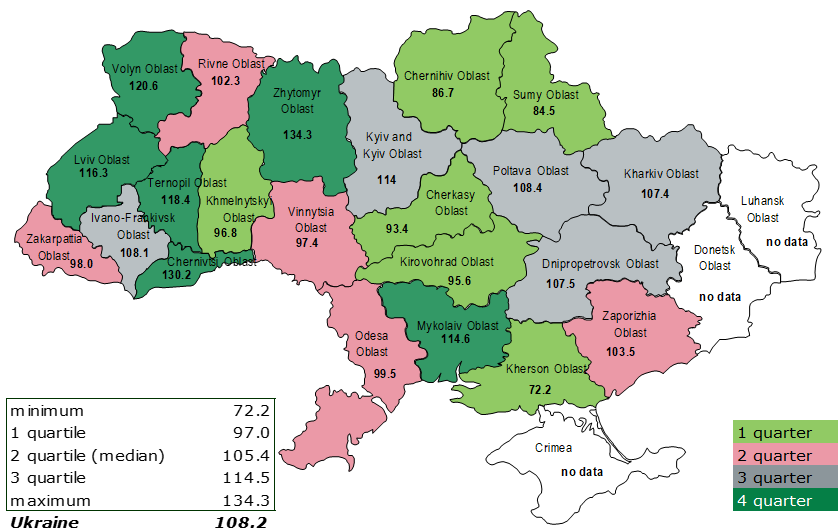
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 20.0% compared to (-9.1%) in the previous quarter. Across Ukraine, the balance of responses was 6.6%.
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-40.0%) compared to 0.0% in Q4 2021.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 20.0%, compared to 18.2% in Q4 2021.

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



- Period: 31 January through 23 February 2022.
- A total of 10 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>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</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, %				
	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Financial and economic standings	18.2	18.2	0.0	0.0	40.0
Total sales	18.2	18.2	27.3	27.3	55.6
Investment in construction	-10.0	22.2	9.1	0.0	11.1
Investment in machinery, equipment, and tools	11.1	40.0	20.0	9.1	22.2
Staff numbers	-18.2	-40.0	-20.0	0.0	22.2

<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

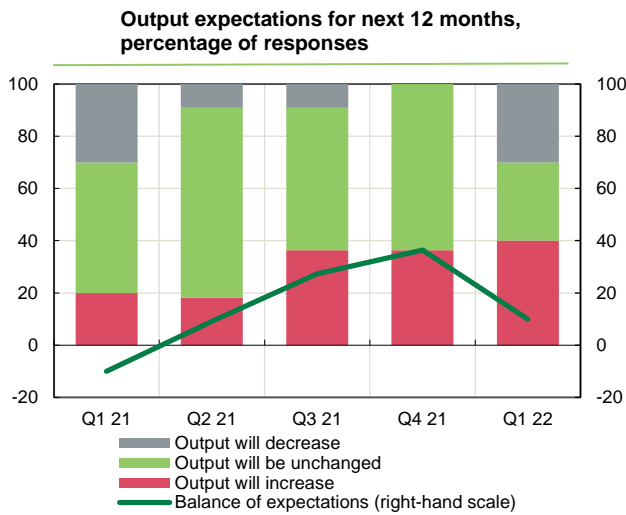


Figure 2

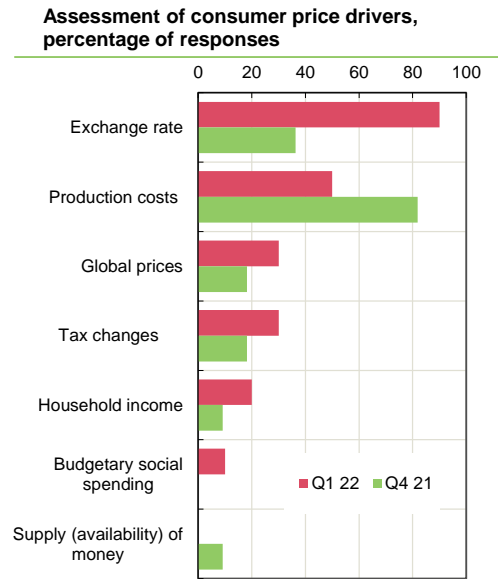


Figure 3

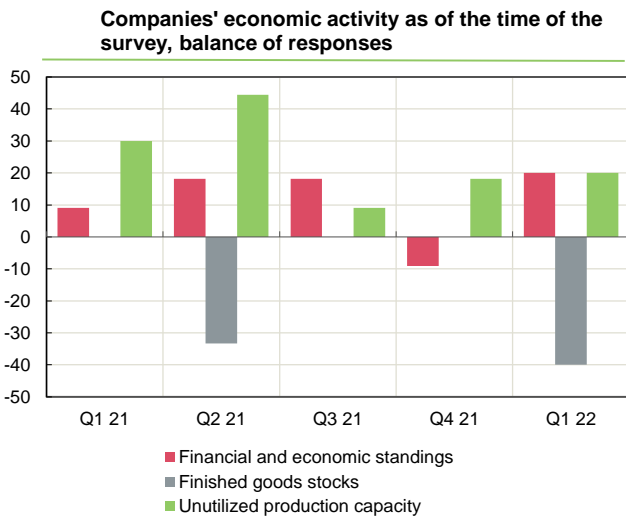


Figure 4

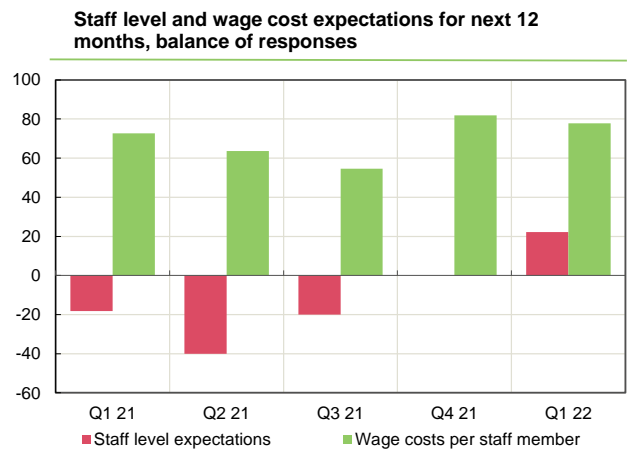


Figure 5

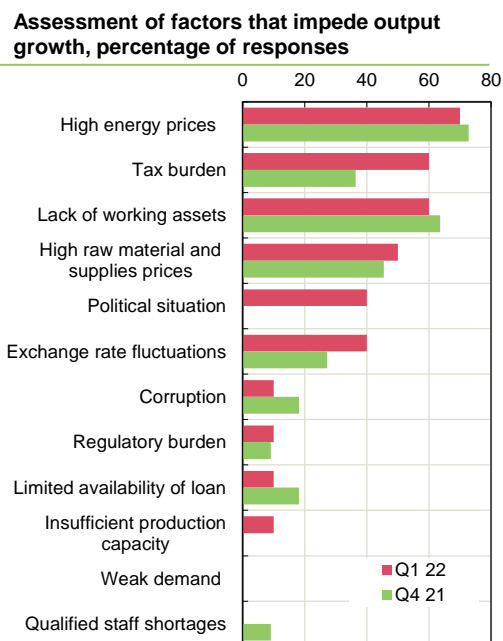


Figure 6

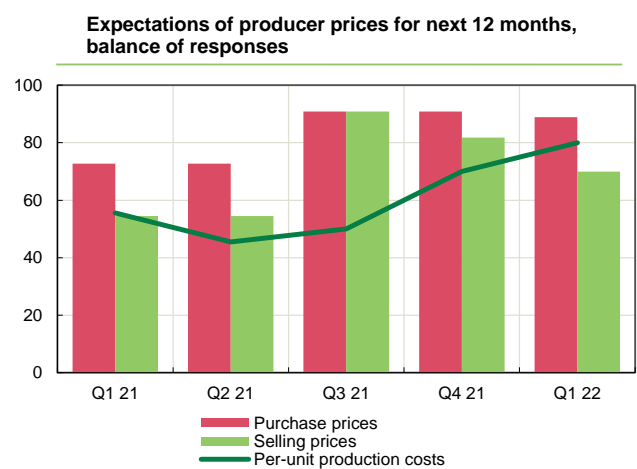


Figure 7

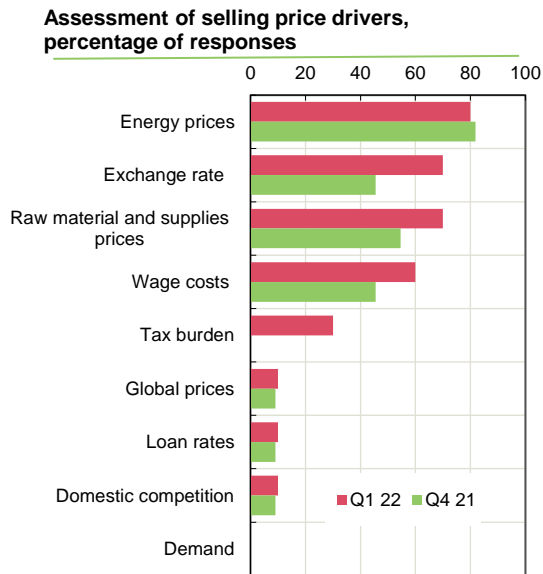


Figure 8

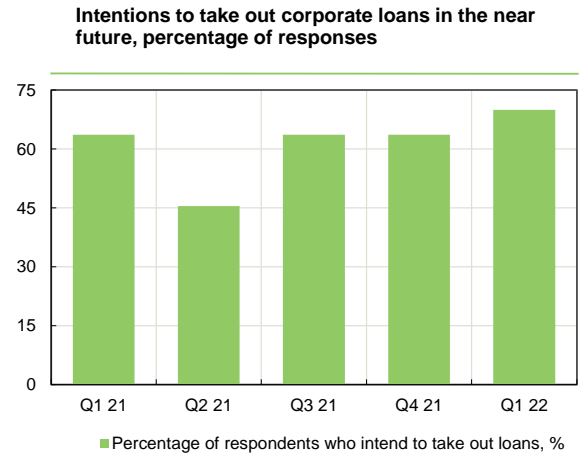


Figure 9

