



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in **Q2 2022** showed that **against the background of the war respondents expected that the output of Ukrainian goods and services would decrease. They had positive expectations for the performance of their companies over the next 12 months. Respondents expected higher inflation. Depreciation expectations weakened.**

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-27.3%), compared to 10.0% in Q1 2022 and (-48.7%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 63.6% of respondents expected that inflation would exceed 20.0%, compared to 41.8% across Ukraine. Respondents referred to military actions, the hryvnia exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 72.7% of respondents (compared to 90.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.9%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 10.0% (the highest figure among the regions) compared to 40.0% in Q1 2022. The balance across Ukraine was (-17.1%) (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% compared to 55.6% in Q1 2022. Companies across Ukraine expected total sales to drop noticeably: the balance of responses was (-19.0%) (see Table)
- **investment in construction and in machinery, equipment, and tools would drop significantly:** the balances of responses were (-36.4%) and (-45.5%) respectively (compared to 11.1% and 22.2% in the previous quarter). The balances of responses across Ukraine were (-37.2%) and (-34.7%) respectively
- **staff numbers would decrease:** the balance of responses was (-18.2%) compared to 22.2% in Q1 2022. Across Ukraine, the balance of responses was (-29.0%) (Figure 4)
- **purchase and selling prices would grow:** the balances of responses were 81.8% and 60.0% respectively (compared to 88.9% and 70.0% in Q1 2022) (Figure 6). Raw material and supplies prices, energy 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 slower pace:** the balances of responses were 36.4% and 27.3% respectively, compared to 80.0% and 77.8% in Q1 2022 (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, energy prices and a lack of working assets as the **main drags on the ability of their companies to boost production** (Figure 5).

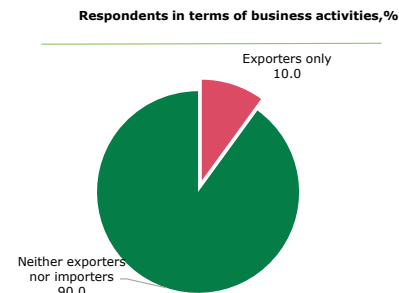
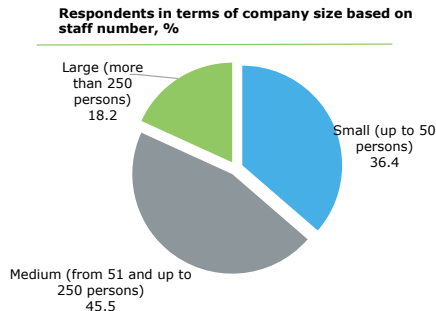
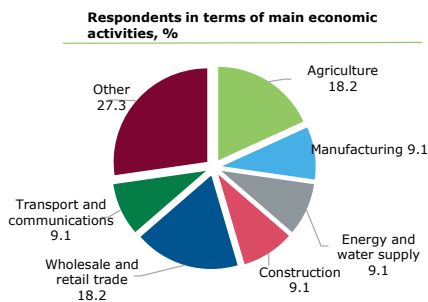
Respondents who planned to take out loans (45.5%) usually opted for domestic currency loans (Figure 8). Respondents cited high loan rates, other funding sources and hryvnia exchange rate fluctuations as the main factors deterring them from taking out loans (Figure 9).

A total of 90.9% of the respondents said that they had encountered **no difficulties in effecting transactions with funds deposited in bank accounts** (93.5% across Ukraine).

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

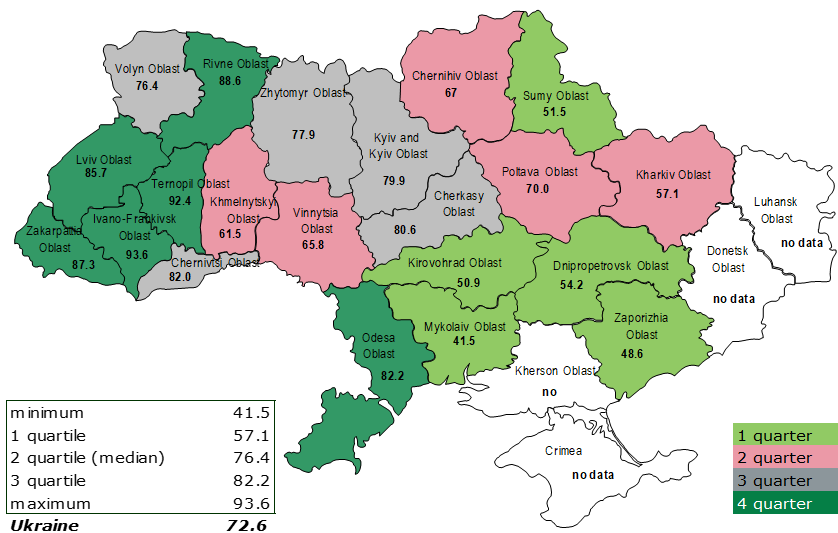
- **Companies said that their current financial and economic standings had deteriorated and assessed them as bad:** the balance of responses was (-9.1%) compared to 20.0% in the previous quarter. Across Ukraine, the balance of responses was (-28.8%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-33.3%) compared to (-40.0%) in Q1 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.0%, compared to 20.0% in Q1 2022.

Survey Details^{1,2}



- Period: 4 May through 30 May 2022.
- 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, %



³a 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, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	18.2	0.0	0.0	40.0	10.0
Total sales	18.2	27.3	27.3	55.6	0.0
Investment in construction	22.2	9.1	0.0	11.1	-36.4
Investment in machinery, equipment, and tools	40.0	20.0	9.1	22.2	-45.5
Staff numbers	-40.0	-20.0	0.0	22.2	-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

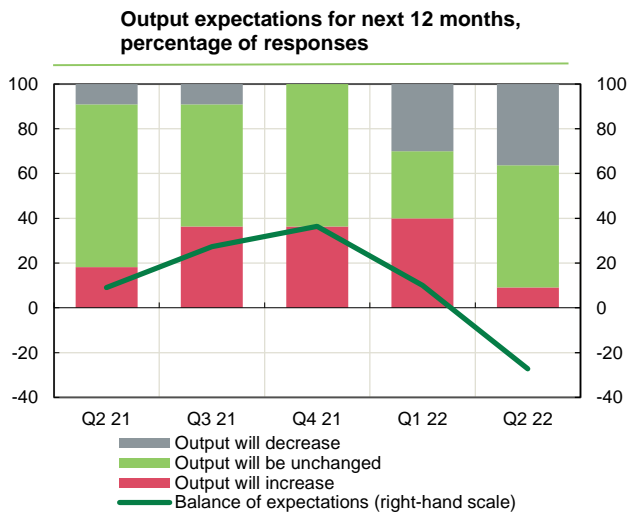


Figure 2

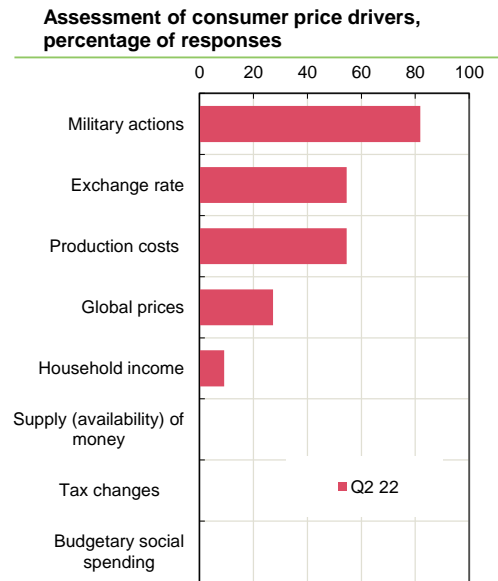


Figure 3

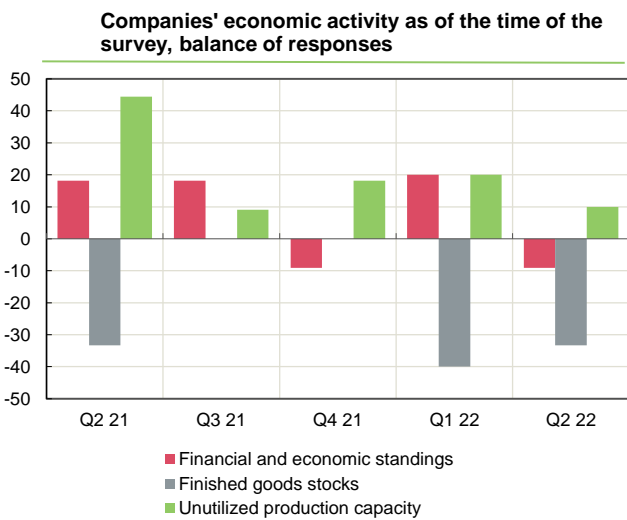


Figure 4

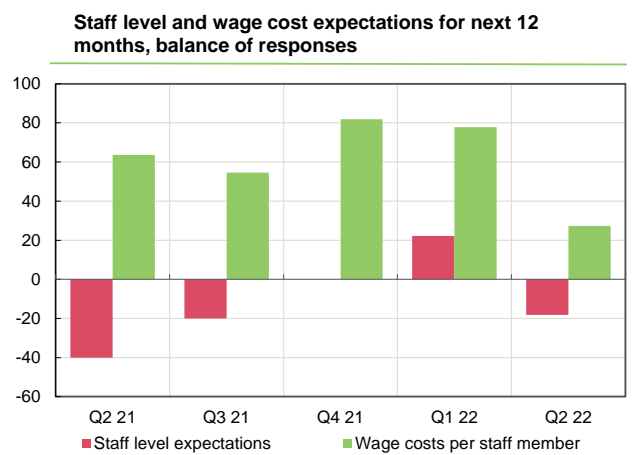


Figure 5

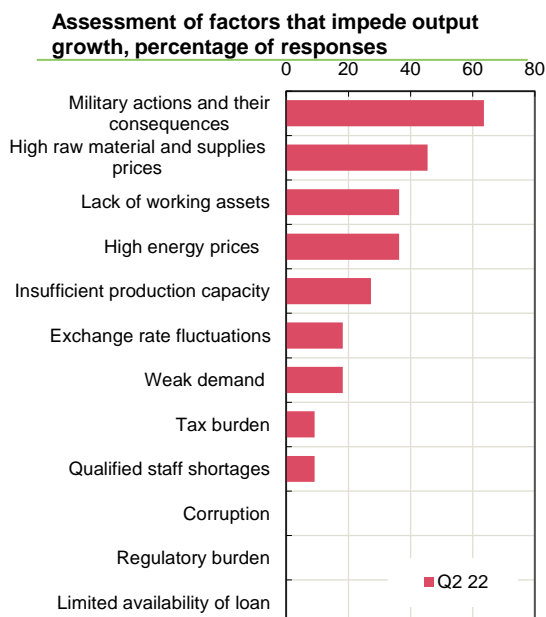


Figure 6

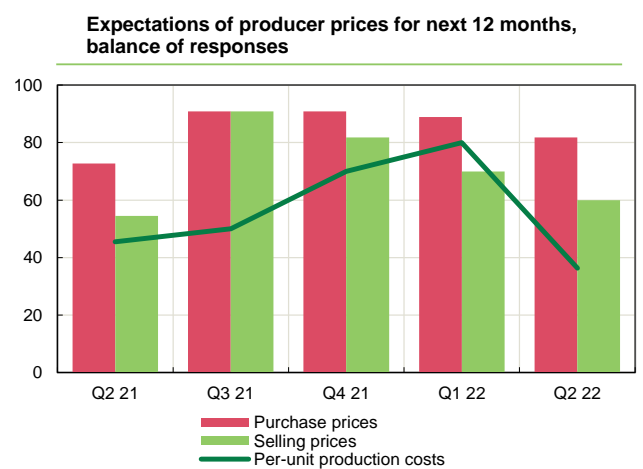


Figure 7

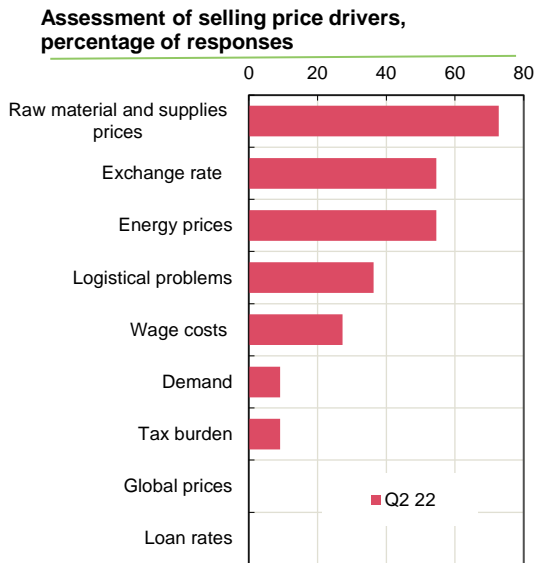


Figure 8

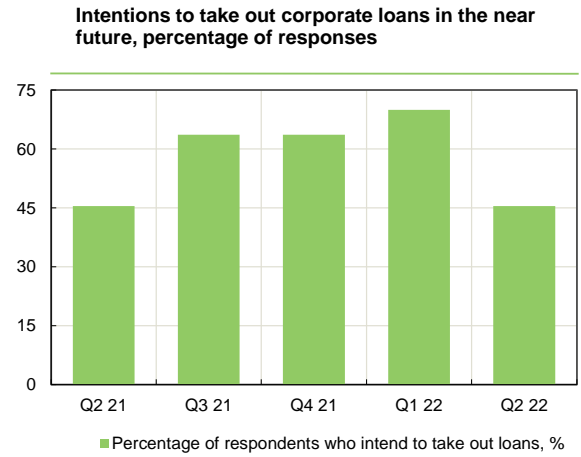


Figure 9

