



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in Q4 2023 showed that, despite security risks and high energy, raw material and supplies prices, respondents expected that **the output of Ukrainian goods and services would rise** over the next 12 months. They had **positive expectations for the performance of their companies** over that period. Respondents expected inflation to rise more slowly. Depreciation expectations weakened, but remained high.

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

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 36.4%, compared to 0.0% in Q3 2023 and 15.2% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow more slowly:** a total of 60.0% of respondents expected that inflation would not exceed 10.0%, compared to 50.0% in the previous survey and 47.6% across Ukraine. Respondents referred to military actions (mentioned by all respondents), production costs, and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 60.0% of respondents (down from 72.7% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 9.1%, up from (-9.1%) in Q3 2023. The balance across Ukraine was 4.1% (see Table)
- **total sales would decrease:** the balance of responses was (-10.0%), compared to 18.2% in Q3 2023. Across Ukraine, the balance of responses was 10.6% (see Table)
- **investment in machinery, equipment, and tools would rise:** the balance of responses was 18.2%, as in the previous quarter. Meanwhile, respondents expected that investment in construction would decrease: the balance of responses was (-9.1%), compared to 9.1% in Q3 2023. The balances of responses across Ukraine were (-6.9%) and 6.6% respectively
- **staff numbers would decrease more quickly:** the balance of responses was (-27.3%), compared to (-9.1%) in Q3 2023. Across Ukraine, the balance of responses was (-6.5%) (Figure 4)
- **purchase prices would grow at a faster pace:** the balance of responses was 90.9%, compared to 81.8% in Q3 2023. Meanwhile, selling prices were expected to rise more slowly: the balance of responses was 45.5%, down from 63.3% (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 rise at a faster pace:** the balances of responses were 54.5% and 63.6% respectively, up from 36.4% and 45.5% respectively in Q3 2023 (Figures 4 and 6).

Respondents referred to military actions and their consequences, high energy prices, raw material and supplies prices (the impact of the latter two factors was reported to have increased significantly) as the **main drags on the ability of their companies to boost production** (Figure 5).

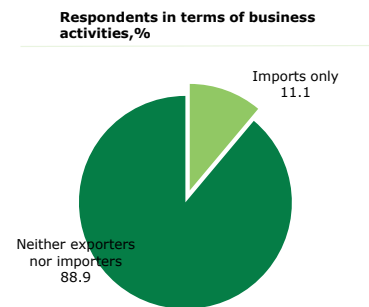
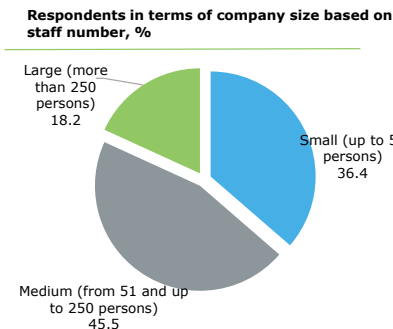
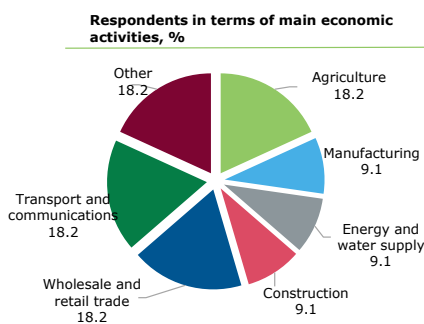
Respondents reported **unchanged expectations of their borrowing needs** in the near future. The respondents who planned to take out loans (the share of those respondents dropped to 9.1%) opted only for domestic currency loans (Figure 8). Respondents cited the availability of other funding sources, high loan rates (the impact of this factor was reported to have increased) and collateral requirements 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** (95.8% across Ukraine).

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

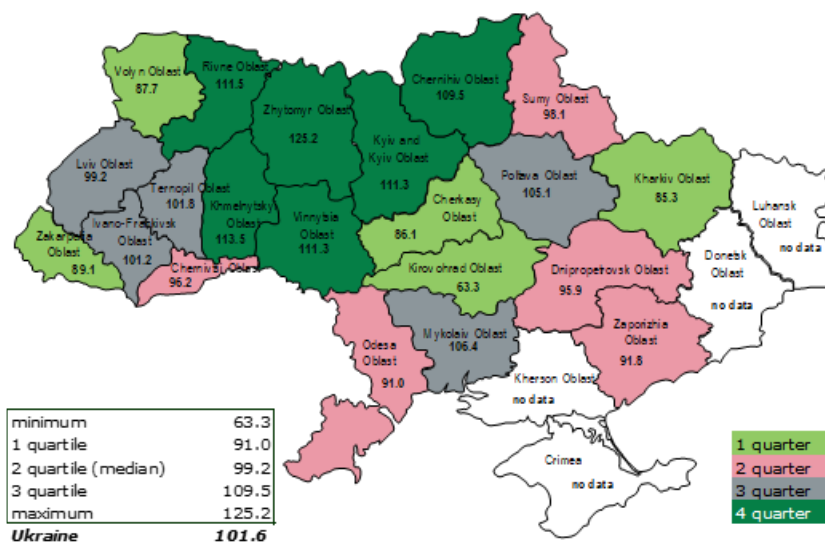
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 18.2%, up from 9.1% in Q3 2023. Across Ukraine, current financial and economic standings were assessed as bad: the balance of responses was (-5.6%).
- **Finished goods stocks were assessed as normal:** the balance of responses was 0.0%, compared to (-33.3%) in Q3 2023.
- **Companies had no sufficient production capacity to meet any unexpected rise in demand:** the balance of responses was (-9.1%), compared to 30.0% in Q3 2023.

Survey Details^{1,2}



- Period: 31 October through 16 November 2023.
- 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
³a 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 22	Q1 23	Q2 23	Q3 23	Q4 23
Financial and economic standings	10.0	27.3	9.1	-9.1	9.1
Total sales	-10.0	9.1	36.4	18.2	-10.0
Investment in construction	-10.0	27.3	18.2	9.1	-9.1
Investment in machinery, equipment, and tools	-10.0	18.2	20.0	18.2	18.2
Staff numbers	-22.2	-9.1	-30.0	-9.1	-27.3

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

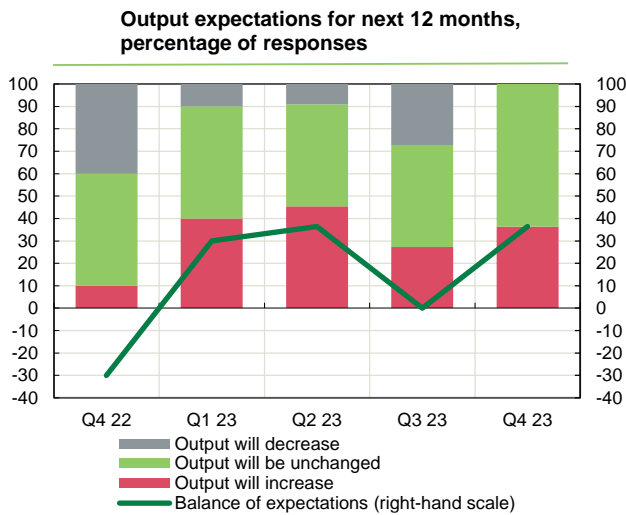


Figure 2

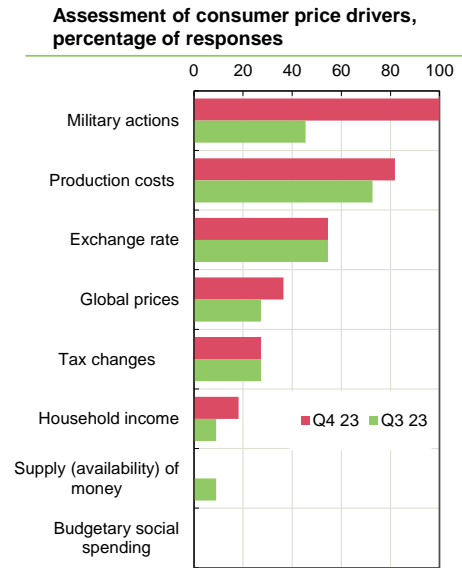


Figure 3

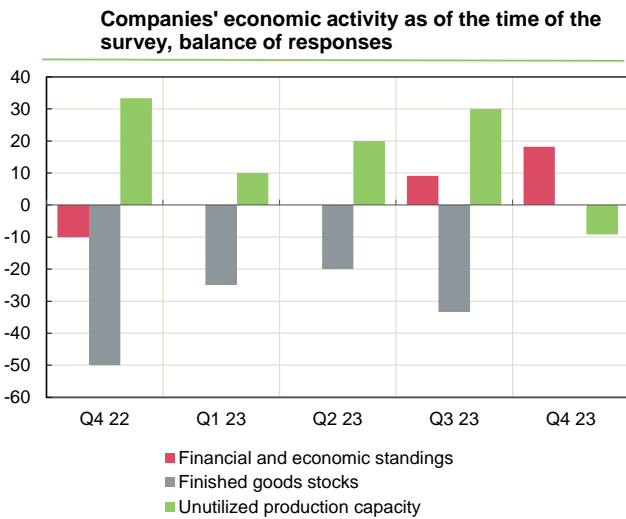


Figure 4



Figure 5

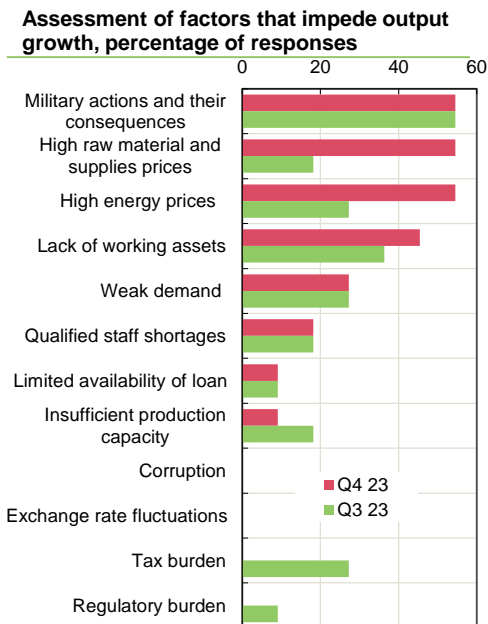


Figure 6

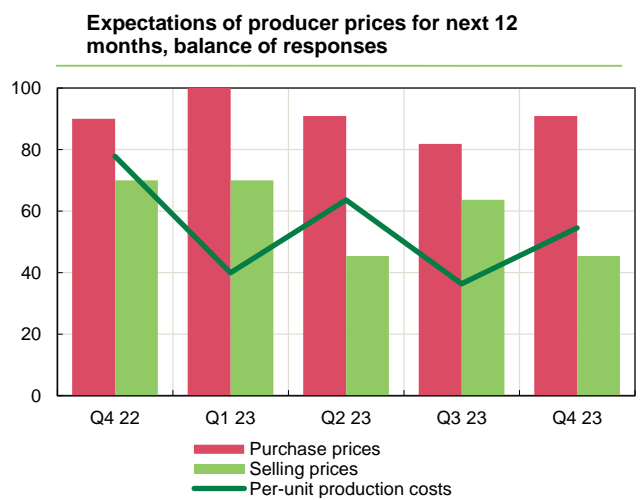


Figure 7

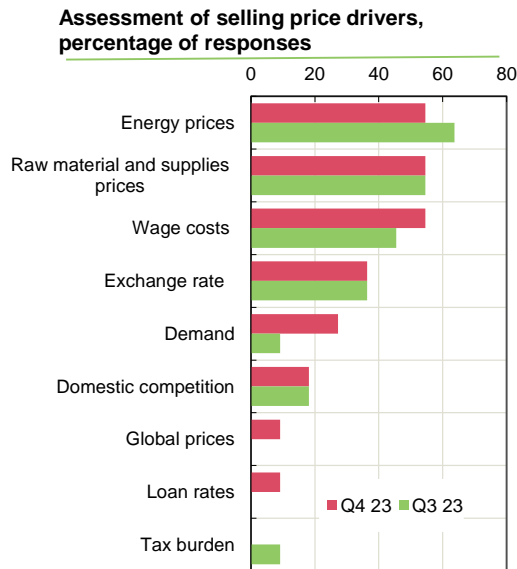


Figure 8

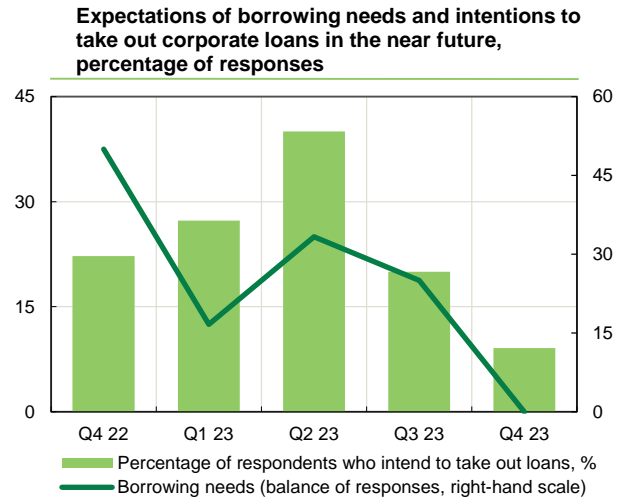


Figure 9

Оцінка респондентами факторів, які можуть змусити підприємство уникати/відкладати використання кредитних послуг банків, відсоток відповідей

