



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q4 2020 showed that respondents expected a moderate drop in the output of Ukrainian goods and services and had moderate expectations for the performance of their companies over the next 12 months on the back of a tighter quarantine. Respondents expected inflation to increase. Depreciation expectations were high.

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

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-8.3%) compared with 8.3% in Q3 2020 and (-24.4%) across Ukraine
- **the growth in prices for consumer goods and services would accelerate:** a total of 53.8% of respondents expected that the inflation rate would exceed 7.5% compared to 30.8% in the previous quarter and 50.8% across Ukraine. Respondents referred to production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** a total of 84.6% of respondents (compared with 84.6% in the previous quarter and 87.1% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (as in the previous quarter). Companies across Ukraine expected their financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales would increase more slowly:** the balance of responses was 7.7% compared with 25.0% in Q3 2020. Respondents also expected a further increase in external sales (the balance of responses was 28.6% compared with 25.0% in Q3 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment in both construction and machinery, equipment and tools would decrease:** the balances of responses were (-8.3%) and (-7.7%) respectively compared with 11.1% and 0.0% in the previous quarter. Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers would decrease significantly:** the balance of responses was (-30.8%) compared with (-16.7%) in Q3 2020 and (-9.9%) across Ukraine
- **purchase prices would rise at a faster pace** (the balance of responses was 76.9%) **than selling prices** (the balance of responses was 38.5%) (compared with 76.9% and 53.8% in the previous quarter) (Figure 6). Respondents referred to high energy prices, raw material and supplies prices and wage costs as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 76.9% and 61.5% respectively (compared with 33.3% and 38.5% in Q3 2020) (Figures 4 and 6).

Respondents continued to refer to weak demand as the main drag on the ability of their companies to boost production (61.5% of respondents) (Figure 5).

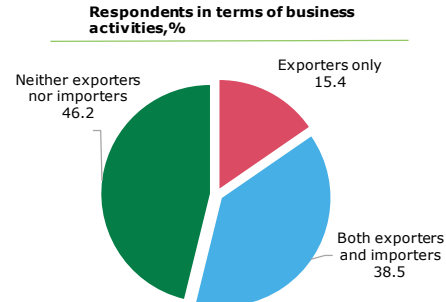
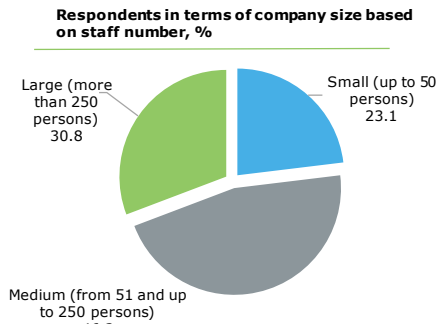
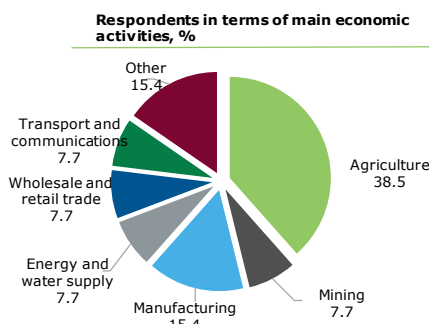
Respondents continued to expect **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out loans (50.0% of respondents) always opted for domestic currency loans. Respondents said that bank lending standards had softened (Figure 9). Respondents cited high loan rates as the main factor that deterred them from taking out corporate loans (Figure 10).

A total of 92.3% of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.9% across Ukraine).

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

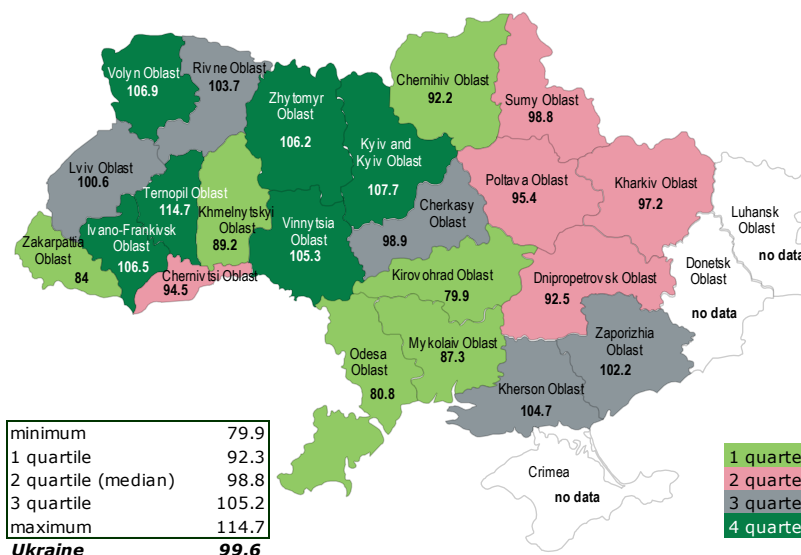
- **Companies have assessed their current financial and economic standings as bad** for five quarters in a row: the balance of responses was (-7.7%) compared with (-23.1%) in Q3 2020 and (-3.2%) across Ukraine.
- **Stocks of finished goods had decreased and were assessed to be at a level lower than the normal one:** the balance of responses was (-11.1%) compared with 12.5% in the previous quarter.
- **Spare production capacity had decreased.** Respondents said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-7.7%) compared with 16.7% in Q3 2020.

Survey Details^{1,2}



- Period: 6 November through 1 December 2020.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

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 sample where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Chernihiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	0.0	0.0	-14.3	0.0	0.0
Total sales	7.7	0.0	-15.4	25.0	7.7
Investment in construction	8.3	-15.4	-7.1	11.1	-8.3
Investment in machinery, equipment, and tools	23.1	-14.3	-7.1	0.0	-7.7
Staff numbers	-15.4	-28.6	-28.6	-16.7	-30.8

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

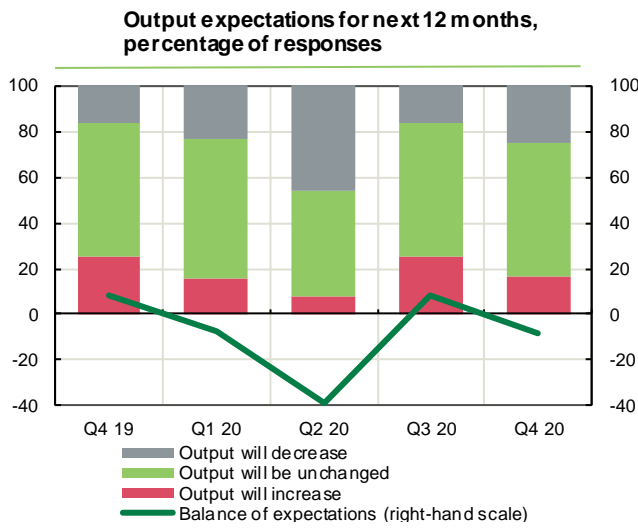


Figure 2

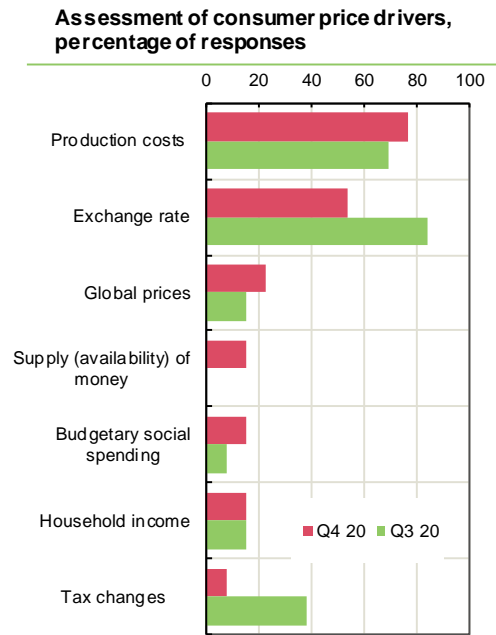


Figure 3

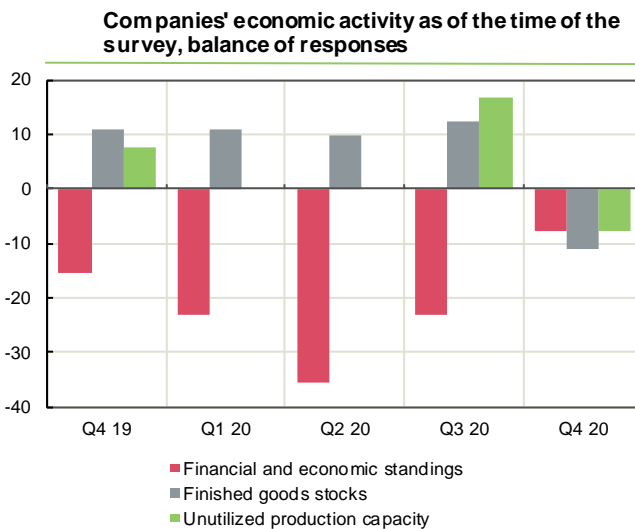


Figure 4

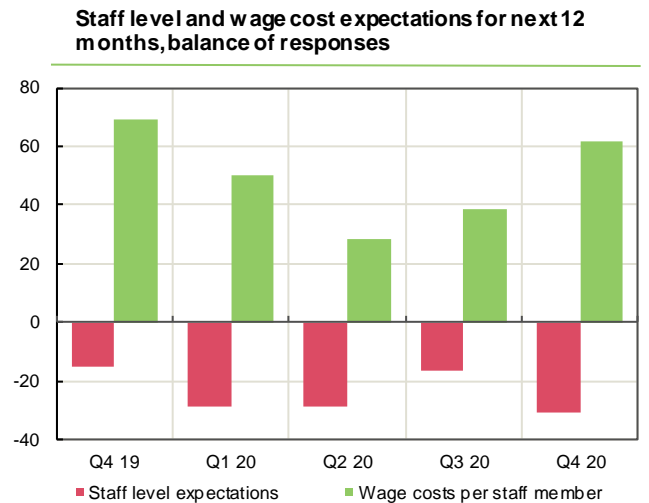


Figure 5

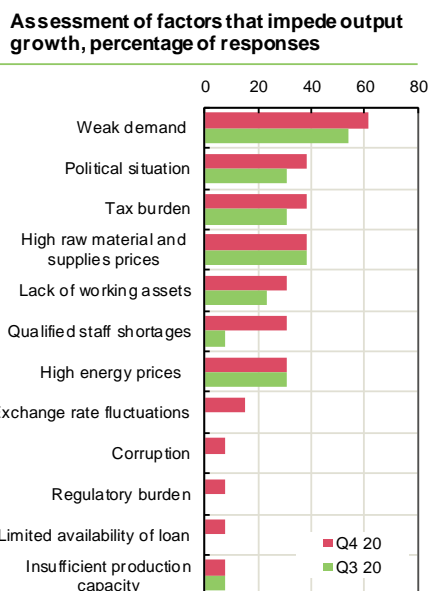


Figure 6

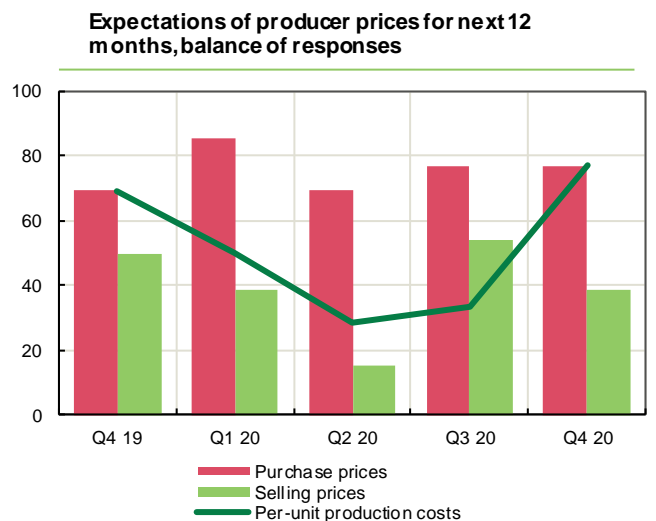


Figure 7

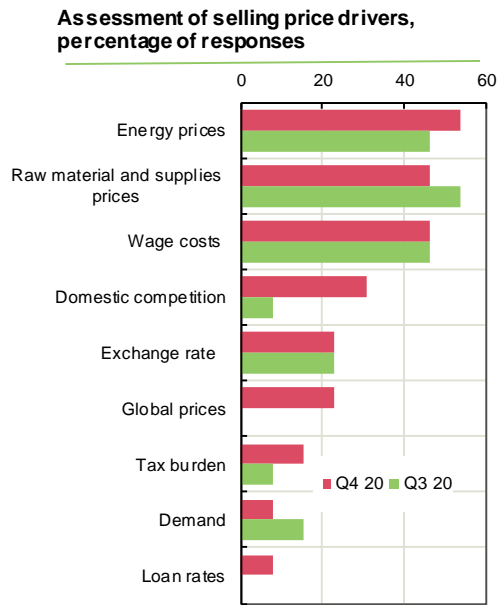


Figure 8

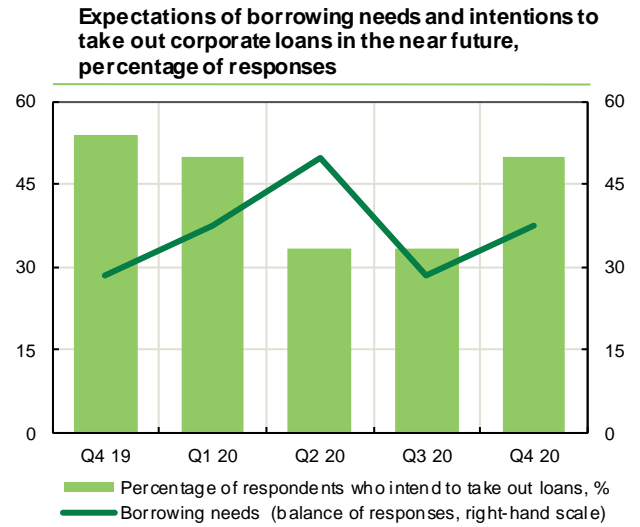


Figure 9

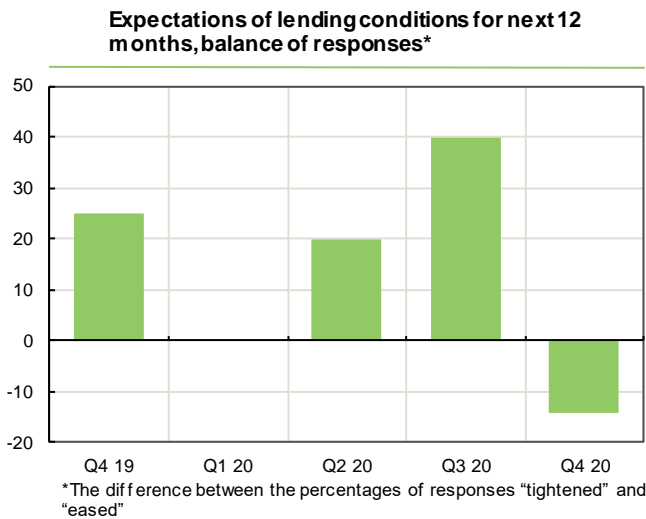


Figure 10

