



National Bank  
of Ukraine

## Business Outlook Survey of Chernihiv Oblast\*

Q2 2021



\*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Chernihiv oblast in Q2 2021 showed that respondents expected a significant increase in the output of Ukrainian goods and services and had positive expectations for the performance of their companies over the next 12 months. Respondents expected inflation and depreciation to lessen significantly.

**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 fast pace:** the balance of expectations was 30.8%, compared with (-30.8%) in Q1 2021 (Figure 1). Across Ukraine, the balance of responses was 15.9%
- **the growth in prices for consumer goods and services would decelerate noticeably:** a total of 69.2% of respondents expected that the inflation rate would not exceed 7.5%, compared to 38.5% in the previous quarter and 54.2% across Ukraine. Respondents referred to production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a significantly slower pace:** the hryvnia was expected to weaken against the US dollar by 38.5% of respondents, compared with 92.3% in the previous quarter and 63.6% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 30.8% (compared to 16.7% in the previous quarter and 18.3% across Ukraine) (see Table)
- **total sales would increase noticeably:** the balance of responses was 46.2%, compared with 15.4% in Q1 2021. External sales were also expected to pick up (the balance of responses was 57.1%, compared with 12.5% in Q1 2021) (see Table). Across Ukraine, the balances of responses were 21.0% for each
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-18.2%) and (-16.7%) respectively, compared with (-23.1%) and 0.0% respectively in the previous quarter. Companies across Ukraine expected investment to increase, the balances of responses were 6.4% and 16.9% respectively (see Table)
- **staff numbers would continue to decrease:** the balance of responses was (-23.1%), as in Q1 2021. Across Ukraine, staff numbers were expected to decrease slightly, the balance of responses being (-1.0%)
- **purchase prices would rise more slowly** (the balance of responses was 76.9%), while **selling prices would grow rapidly** (the balance of responses was 46.2%) (compared with 92.3% and 23.1% in the previous quarter) (Figure 6). Respondents referred to high raw material and supplies prices, together with energy prices, as the main selling price drivers. The impact of the hryvnia exchange rate was reported to have increased compared to the previous quarter (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 69.2% and 53.8% respectively (compared with 61.5% and 53.8% in Q1 2021) (Figures 4 and 6).

Respondents continued to refer to weak demand as **the main drag on the ability of their companies to boost production** (46.2% of respondents). Respondents also reported an increase in the impact of energy prices, raw material and supplies prices, the unstable political situation, and qualified staff shortages (Figure 5).

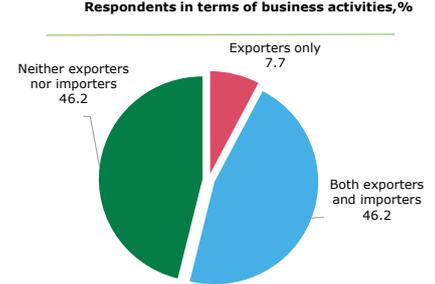
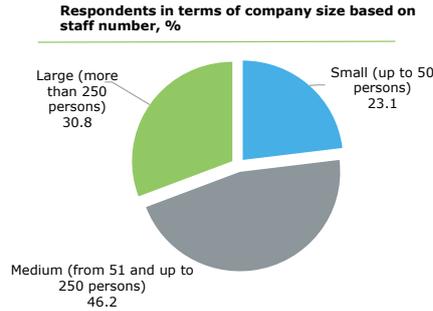
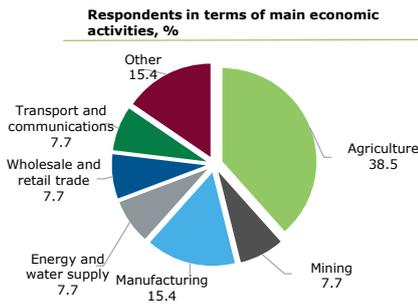
Respondents expected **an increase in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans (16.7% of respondents) opted for domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Respondents cited high loan rates as the main factor deterring them from taking out loans. The impact of collateral requirements were assessed as higher than in the previous quarter (Figure 10).

**92.3% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

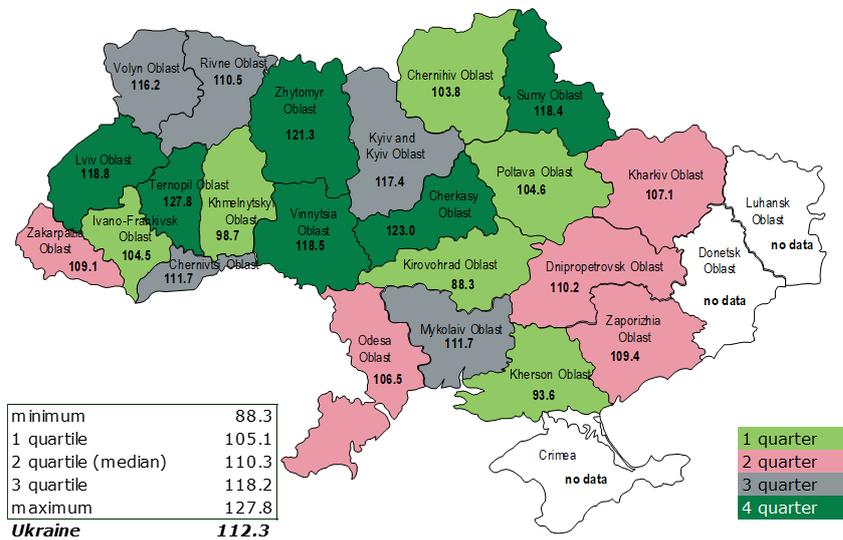
- **Companies had assessed their current financial and economic standings as bad** for seven quarters in a row: the balance of responses was (-15.4%) compared to (-7.7%) in Q1 2021. Overall, across Ukraine, companies assessed their current financial and economic standings as good (6.0%).
- **Stocks of finished goods had increased and were assessed as higher than normal:** the balance of responses was 22.2%, compared with 11.1% in the previous quarter.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 8.3% compared to (-7.7%) in Q1 2021.

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



- Period: 7 May through 25 May 2021.
- 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 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 Chernihiv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	-14.3	0.0	0.0	16.7	30.8
Total sales	-15.4	25.0	7.7	15.4	46.2
Investment in construction	-7.1	11.1	-8.3	-23.1	-18.2
Investment in machinery, equipment, and tools	-7.1	0.0	-7.7	0.0	-16.7
Staff numbers	-28.6	-16.7	-30.8	-23.1	-23.1

<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

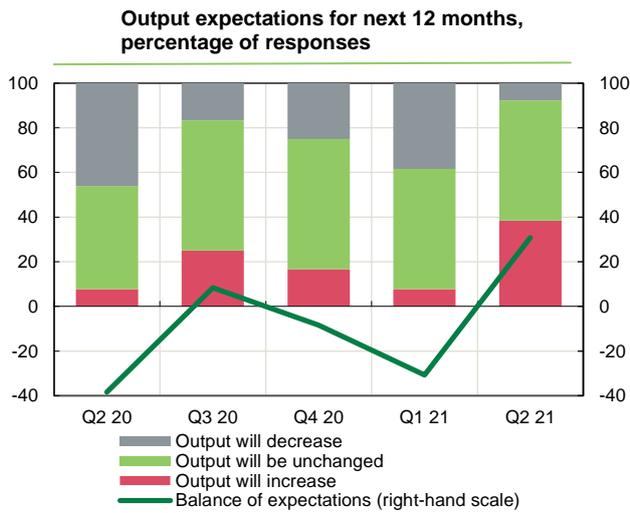


Figure 2

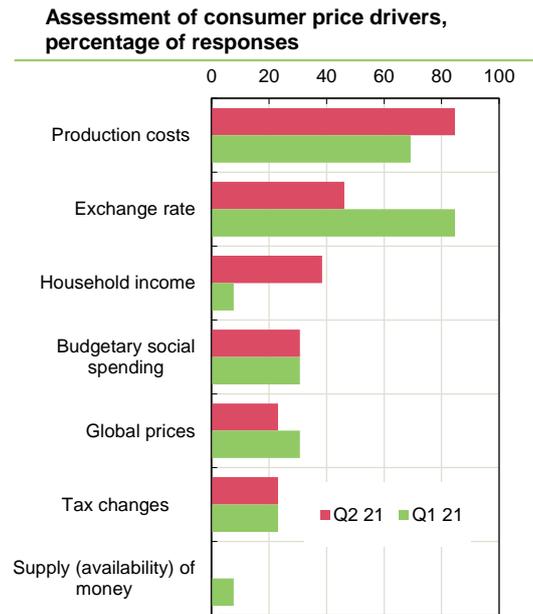


Figure 3

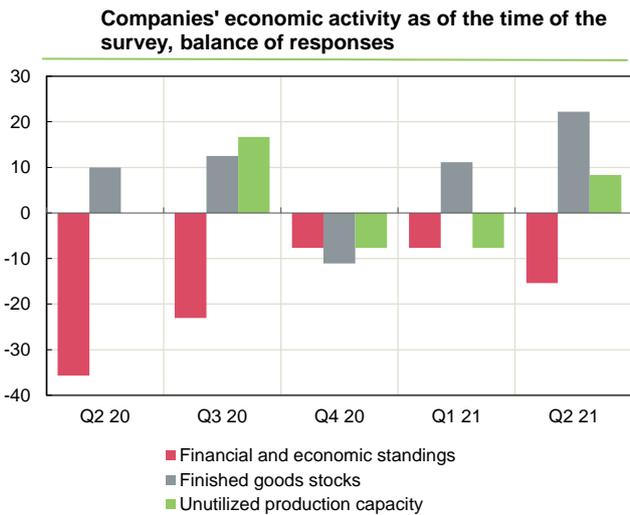


Figure 4

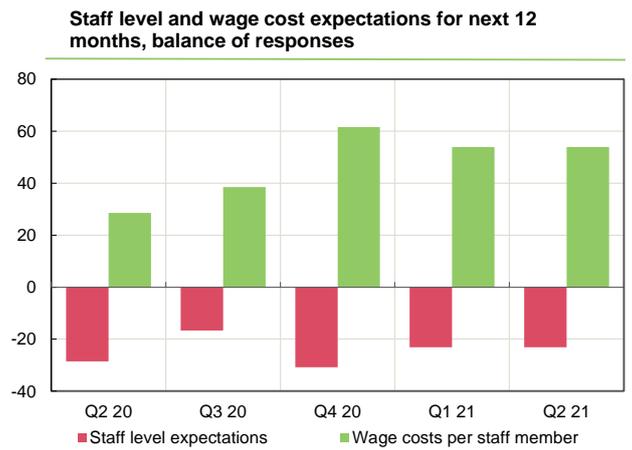


Figure 5

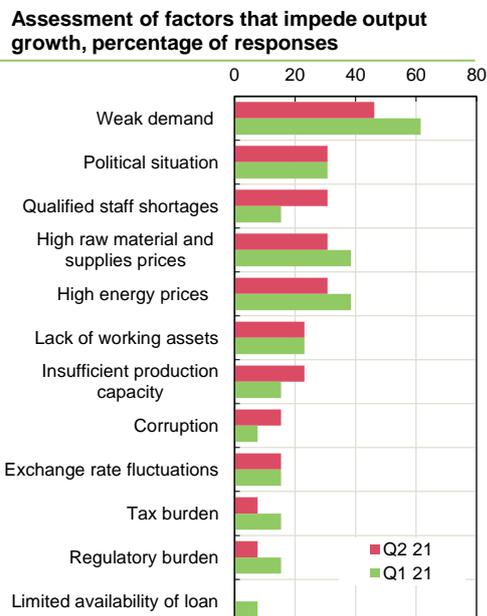


Figure 6

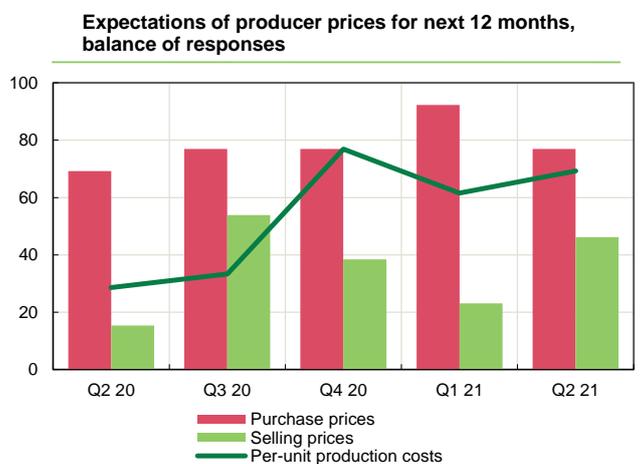


Figure 7

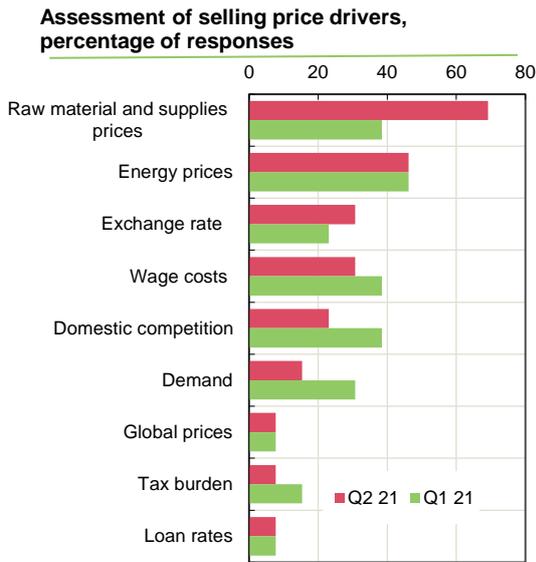


Figure 8

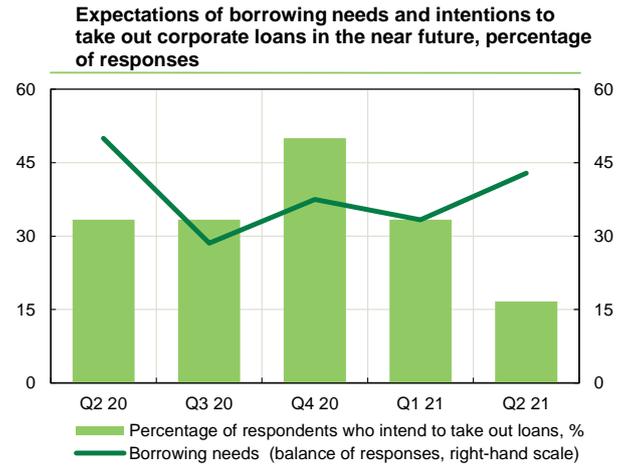


Figure 9

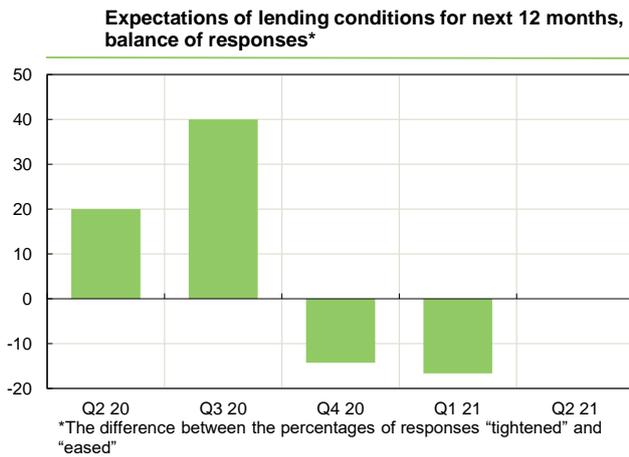


Figure 10

