



National Bank  
of Ukraine

## Business Outlook Survey of Chernihiv Oblast\*

Q3 2021



\*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Chernihiv oblast in Q3 2021 showed that respondents expected an increase in the output of Ukrainian goods and services and had moderate expectations for the performance of their companies over the next 12 months. Respondents expected moderate inflation. Depreciation expectations have intensified.

#### 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 33.3%, compared to 30.8% in Q2 2021 (Figure 1). Across Ukraine, the balance of responses was 21.5%
- **prices for consumer goods and services would increase moderately:** a total of 69.2% of respondents expected that the inflation rate would not exceed 7.5%, as in the previous quarter and 46.9% across Ukraine. Respondents referred to production costs, the hryvnia exchange rate and tax changes (the impact of this driver was reported to have increased) as the main inflation drivers (Figure 2)
- **the domestic currency would depreciate significantly:** the hryvnia was expected to weaken against the US dollar by 76.9% of respondents, compared to 38.5% in the previous quarter and 70.7% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (compared to 30.8% in the previous quarter) (see Table). Companies across Ukraine expected that their financial and economic standings would improve (12.7%)
- **total sales would increase more slowly than external sales:** the balances of responses were 23.1% and 57.1% respectively compared to 46.2% and 57.1% in the previous quarter (see Table). Across Ukraine, the balances of responses were 27.7% and 23.5% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 9.1% for each, compared with (-18.2%) and (-16.7%) respectively in the previous quarter. Across Ukraine, the balances of responses were 9.7% and 19.3% respectively (see Table)
- **staff numbers would decrease more slowly:** the balance of responses was (-7.7%) compared to (-23.1%) in Q2 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.2%
- **purchase prices and selling prices would grow rapidly:** the balances of responses were 84.6% and 61.5% respectively (compared to 76.9% and 46.2% in the previous quarter) (Figure 6). Respondents referred to high raw material and supplies prices, energy prices and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 69.2% and 61.5% respectively (compared to 69.2% and 53.8% in Q2 2021) (Figures 4 and 6).

Respondents referred to high energy prices, raw material and supplies prices, and weak demand as **the main drags on the ability of their companies to boost production**. Respondents also reported an increase in the impact of the limited availability of loan compared to the previous quarter (Figure 5).

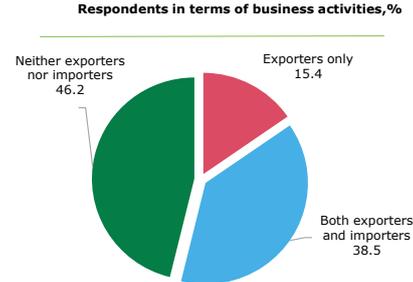
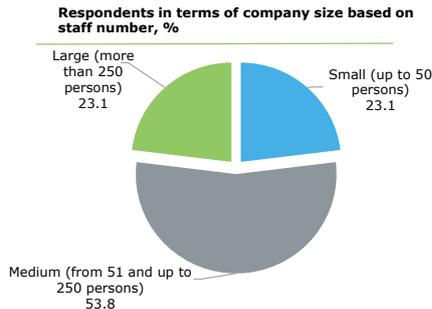
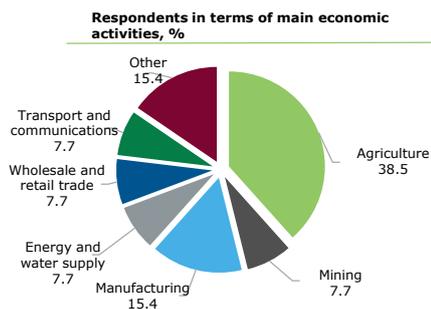
Respondents expected **their borrowing needs** to be unchanged in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Respondents cited high loan rates and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (the impact of the latter factor was reported to have increased) (Figure 10).

**All of respondents** said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (97.1% across Ukraine).

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

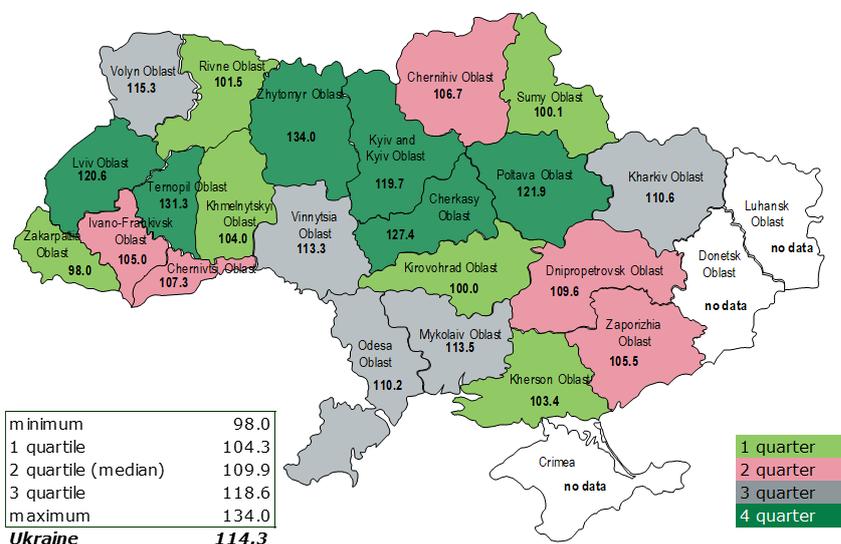
- **Companies had assessed their current financial and economic standings as bad** for eight quarters in a row: the balance of responses was (-23.1%) (the lowest figure among the regions), compared to (-15.4%) in Q2 2021. Overall, across Ukraine, companies assessed their current financial and economic standings as good (7.0%).
- **Stocks of finished goods had increased and were assessed as higher than normal:** the balance of responses was 12.5%, compared to 22.2% in the previous quarter.
- **Respondents reported shortages of spare production capacity.** Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-7.7%) compared to 8.3% in Q2 2021.

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



- Period: 3 August through 31 August 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, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	0.0	0.0	16.7	30.8	0.0
Total sales	25.0	7.7	15.4	46.2	23.1
Investment in construction	11.1	-8.3	-23.1	-18.2	9.1
Investment in machinery, equipment, and tools	0.0	-7.7	0.0	-16.7	9.1
Staff numbers	-16.7	-30.8	-23.1	-23.1	-7.7

<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

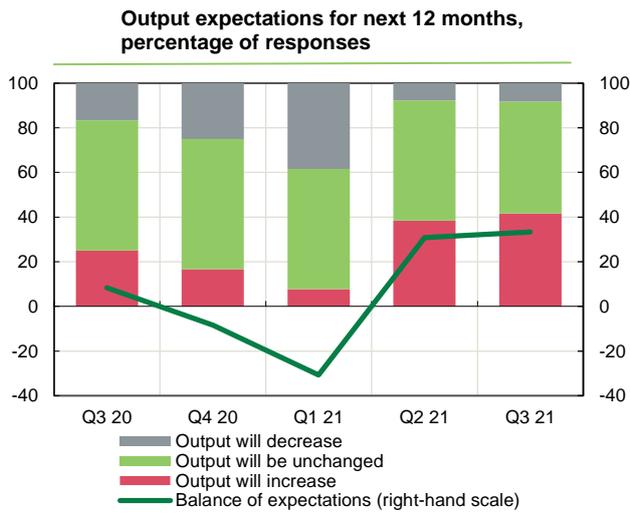


Figure 2

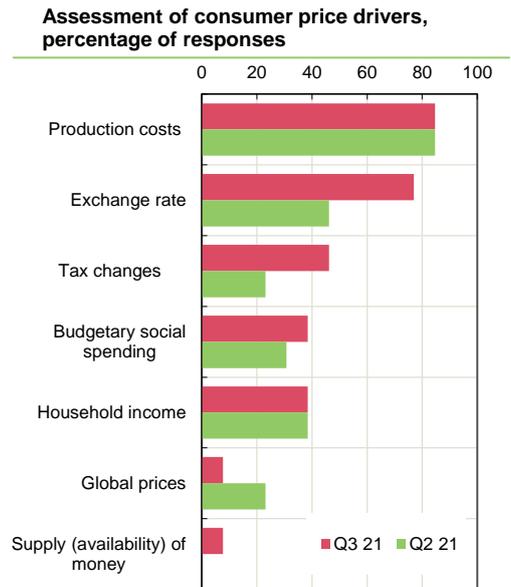


Figure 3

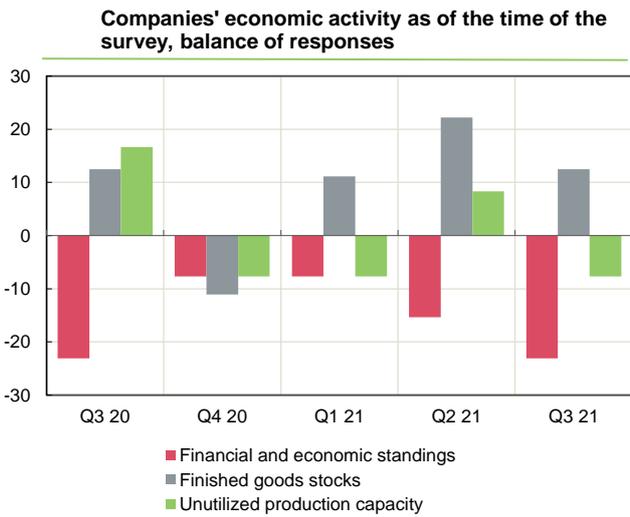


Figure 4

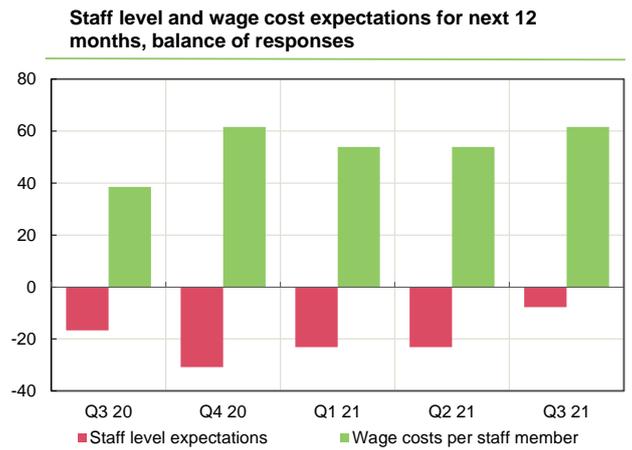


Figure 5

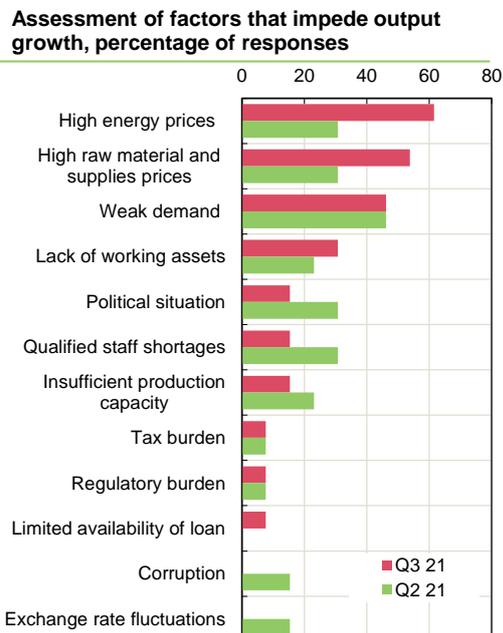


Figure 6

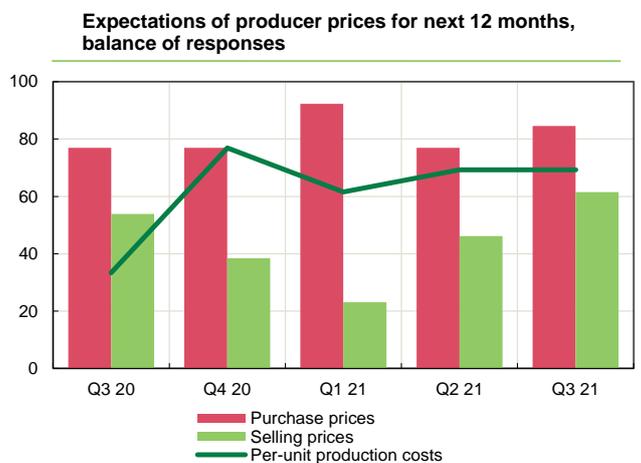


Figure 7

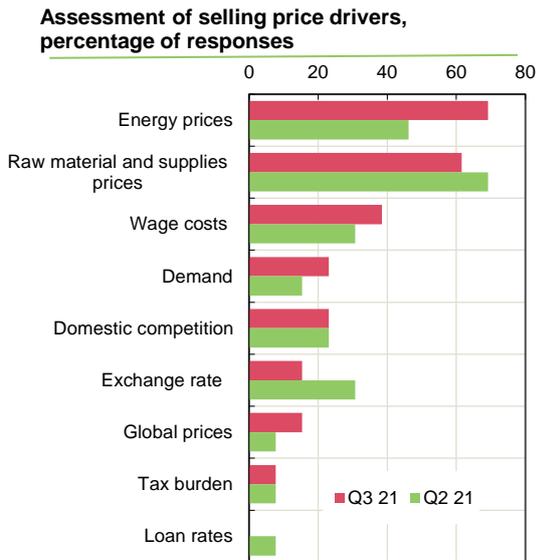


Figure 8

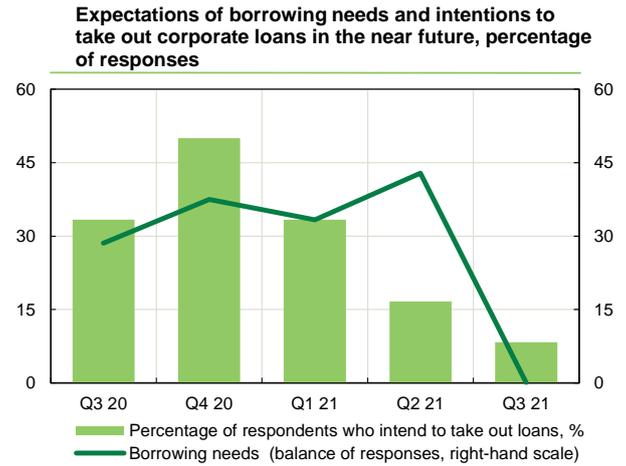


Figure 9

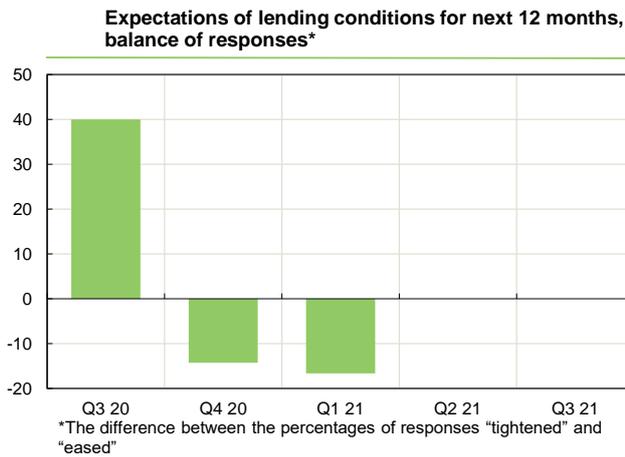


Figure 10

