



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q4 2021



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q4 2021 showed that respondents **expected an increase in the output of Ukrainian goods and services**. At the same time, they reported **negative expectations for the performance of their companies** over the next 12 months. Respondents expected higher inflation. Depreciation expectations also 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 at a slower pace:** the balance of expectations was 23.1%, compared to 33.3% in Q3 2021 (Figure 1). Across Ukraine, the balance of responses was 8.3%
- **prices for consumer goods and services would increase quickly:** a total of 61.5% of respondents expected that the inflation rate would exceed 7.5%, compared to 30.8% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs and household income (the impact of this driver was reported to have increased) **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a fast rate:** as in the previous quarter, 76.9% of respondents expected the hryvnia to weaken against the US dollar (compared to 72.2% across Ukraine)
- **the financial and economic standings of their companies would deteriorate significantly:** the balance of expectations was (-25.0%) (the worst expectations among the regions), compared to 0.0% in the previous quarter (see Table). Companies across Ukraine expected that their financial and economic standings would improve (9.7%)
- **total sales would decrease:** the balance of responses was (-18.2%), compared to 23.1% in the previous quarter (see Table). At the same time, respondents expected that external sales would increase: the balance of responses was 60.0%, compared to 57.1% in Q3 2021. Across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-25.0%) for each, compared to 9.1% for each in the previous quarter. Across Ukraine, the balances of responses were 6.9% and 19.1% respectively (see Table)
- **staff numbers would decrease more quickly:** the balance of responses was (-38.5%) compared to (-7.7%) in Q3 2021. Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.9%
- **purchase prices and selling prices would grow rapidly:** the balances of responses were 100.0% and 69.2% respectively (compared to 84.6% and 61.5% in the previous quarter) (Figure 6). Respondents referred to high energy prices, wage costs, high raw material and supplies prices as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase at a fast pace:** the balances of responses were 83.3% and 75.0% respectively (compared to 69.2% and 61.5% in Q3 2021) (Figures 4 and 6).

Respondents referred to high energy prices and weak demand as **the main drags on the ability of their companies to boost production** (Figure 5).

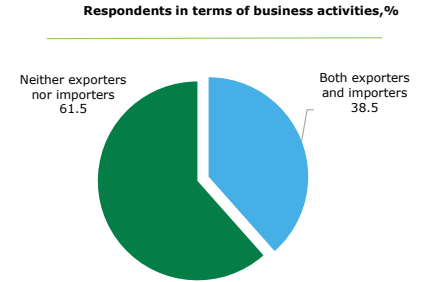
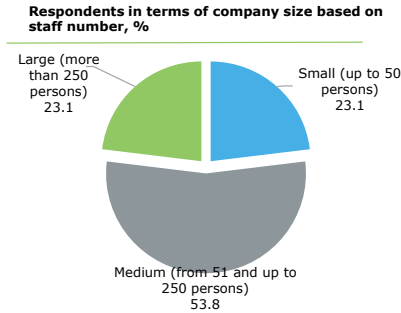
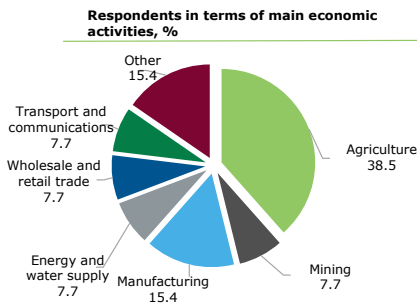
Respondents expected **their borrowing needs** to increase significantly in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents cited high loan rates, uncertainty about their ability to meet debt obligations and collateral 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** (98.1% across Ukraine).

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

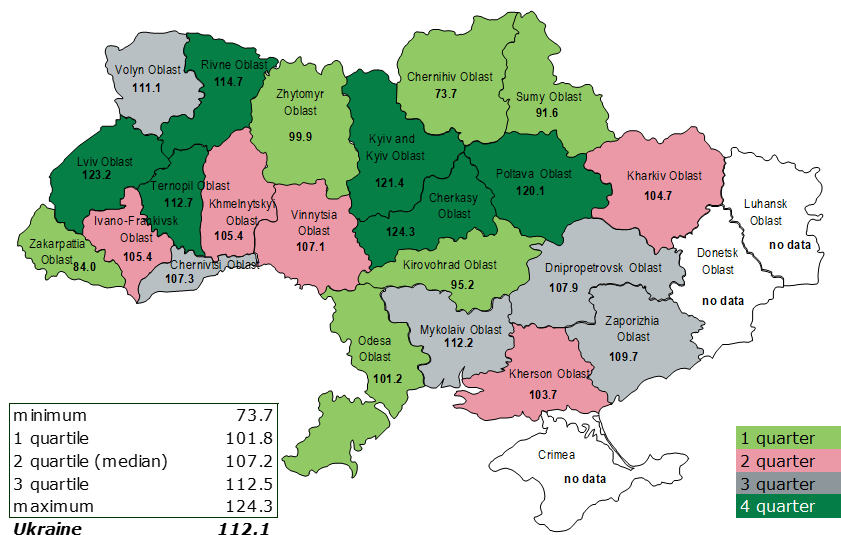
- **Companies had assessed their current financial and economic standings as bad** for nine quarters in a row: the balance of responses was (-30.8%) (the lowest figure among the regions), compared to (-23.1%) in Q3 2021. Overall, across Ukraine, companies assessed their current financial and economic standings as good (7.6%).
- **Stocks of finished goods had decreased and were assessed as lower than normal:** the balance of responses was (-9.1%), compared to 12.5% in the previous quarter.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to (-7.7%) in Q3 2021.

Survey Details^{1,2}



- Period: 5 November through 23 November 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 Oblasts³, %



^aa 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 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	0.0	16.7	30.8	0.0	-25.0
Total sales	7.7	15.4	46.2	23.1	-18.2
Investment in construction	-8.3	-23.1	-18.2	9.1	-25.0
Investment in machinery, equipment, and tools	-7.7	0.0	-16.7	9.1	-25.0
Staff numbers	-30.8	-23.1	-23.1	-7.7	-38.5

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

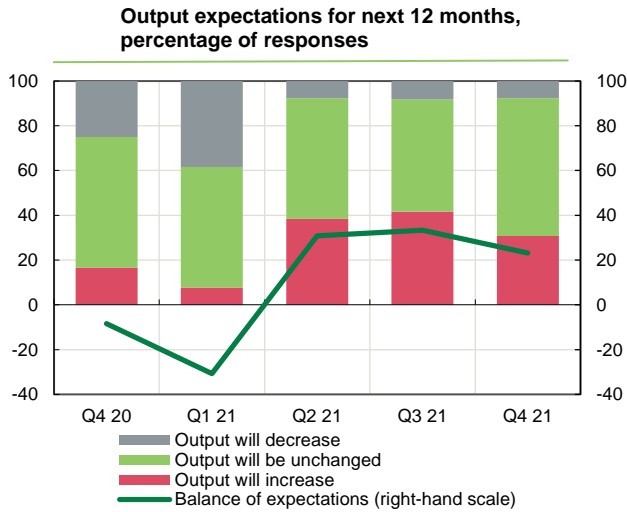


Figure 2

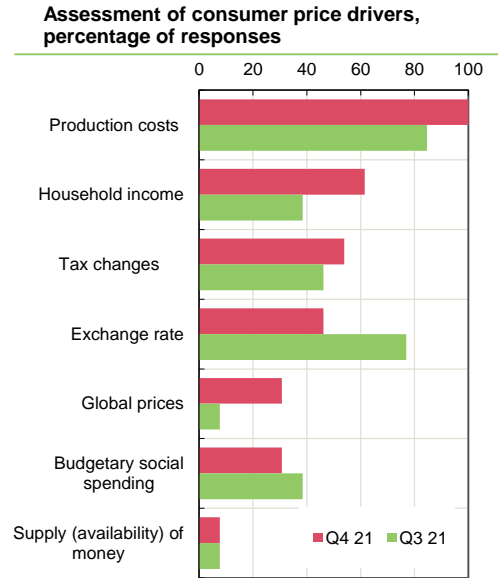


Figure 3

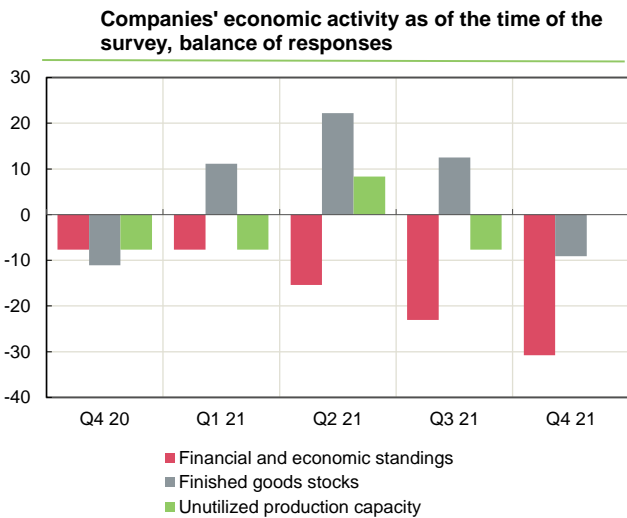


Figure 4

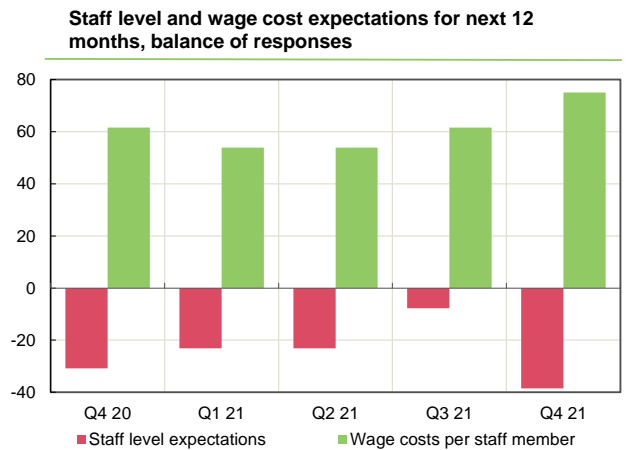


Figure 5

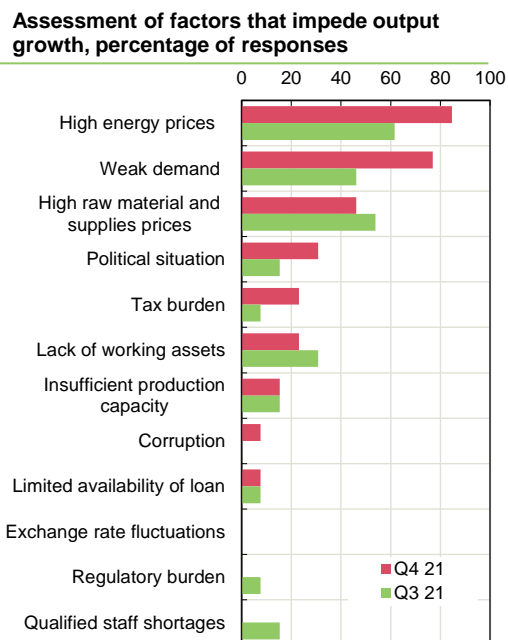


Figure 6

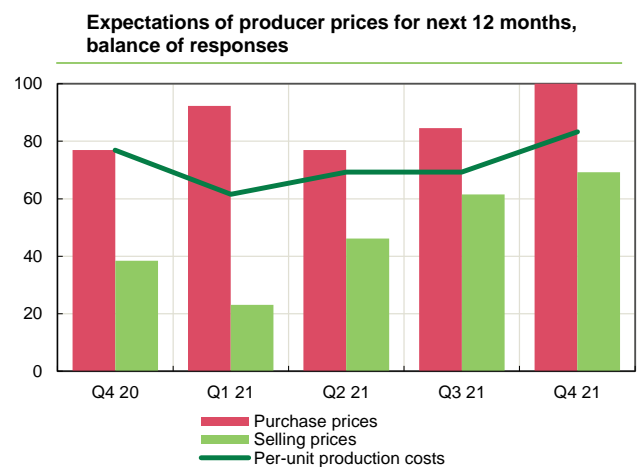


Figure 7

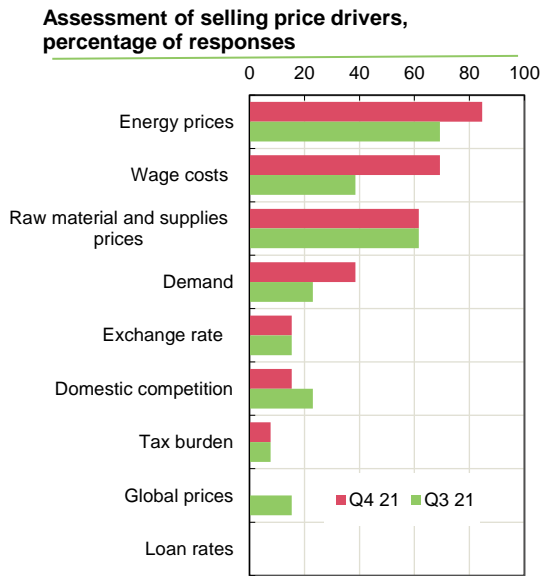


Figure 8

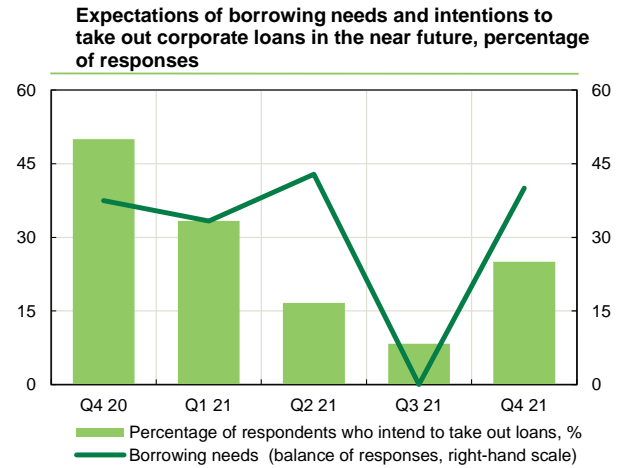


Figure 9

