



National Bank  
of Ukraine

## Business Outlook Survey of Chernihiv Oblast\*

Q2 2022



\*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in **Q2 2022** showed that against the background of the war respondents **expected a decrease in the output of Ukrainian goods and services. They reported negative expectations for the performance of their companies** over the next 12 months. Inflation and depreciation expectations were high.

**The top managers of companies said they expected that over the next 12 months<sup>1</sup>:**

- **the output of Ukrainian goods and services would decrease significantly:** the balance of expectations was (-75.0%) (Figure 1). Across Ukraine, the balance of responses was (-48.7%)
- **prices for consumer goods and services would increase quickly:** a total of 75.0% of respondents expected that the inflation rate would exceed 20.0%, compared to 58.2% across Ukraine. Respondents referred to military actions, production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a fast pace:** 100.0% of respondents expected the hryvnia to weaken against the US dollar (compared to 88.9% across Ukraine)
- **the financial and economic standings of their companies would deteriorate significantly:** the balance of expectations was (-33.3%) (see Table). Across Ukraine, the balance of responses was (-17.1%)
- **total sales would decrease moderately:** the balance of responses was (-8.3%) (see Table). At the same time, respondents expected that external sales would drop at a fast pace: the balance of responses was (-50.0%). Across Ukraine, the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-44.4%) and (-33.3%) respectively. Across Ukraine, the balances of responses were (-37.2%) and (-34.7%) respectively (see Table)
- **staff numbers would decrease significantly:** the balance of responses was (-45.5%) (Figure 4). Across Ukraine, the balance of responses was (-29.0%)
- **purchase prices and selling prices would grow rapidly:** the balances of responses were 91.7% and 66.7% respectively (Figure 6). Respondents referred to high raw material and supplies prices and logistical problems 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 91.7% and 50.0% respectively (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, and energy prices 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 other financial sources as the main factors deterring them from taking out loans (Figure 9).

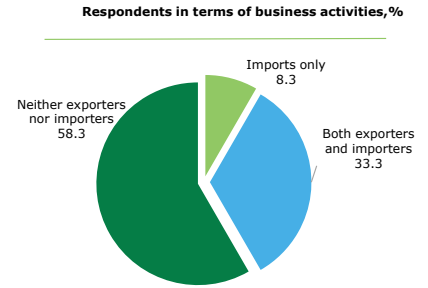
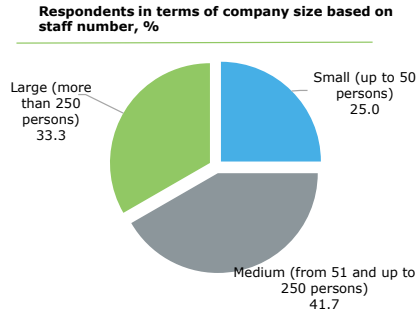
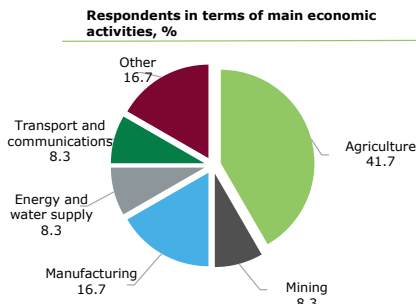
**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (93.5% across Ukraine).

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

- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-50.0%). Overall, across Ukraine, the balance of responses was (-28.8%).
- **Stocks of finished goods were assessed as lower than normal:** the balance of responses was (-33.3%).
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%.

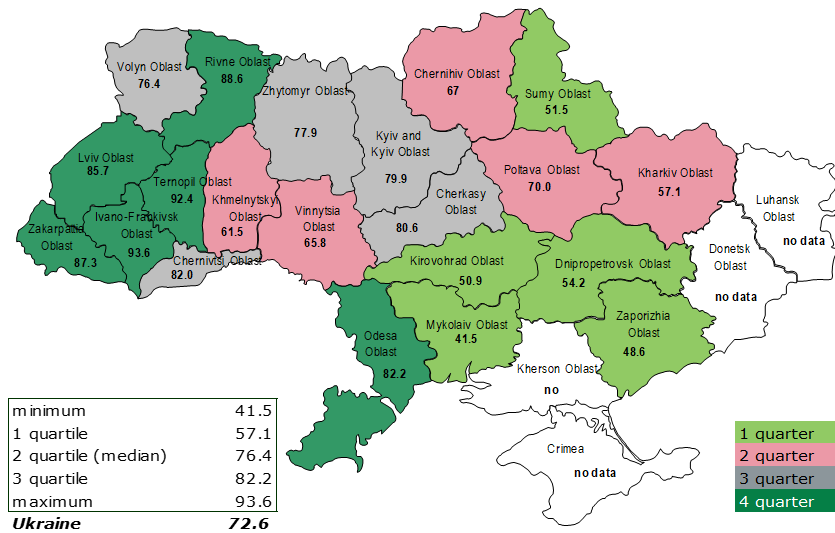
<sup>1</sup> The expectations of the oblast's companies in Q2 2022 are not comparable to their expectations in Q1 2022 (the oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war).

Survey Details<sup>2,3</sup>



- Period: 3 May through 28 May 2022.
- A total of 12 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>4</sup>, %



<sup>a</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

<sup>\*\*</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 21                    | Q3 21 | Q4 21 | Q1 22 | Q2 22 |
| Financial and economic standings              | 30.8                     | 0.0   | -25.0 |       | -33.3 |
| Total sales                                   | 46.2                     | 23.1  | -18.2 |       | -8.3  |
| Investment in construction                    | -18.2                    | 9.1   | -25.0 |       | -44.4 |
| Investment in machinery, equipment, and tools | -16.7                    | 9.1   | -25.0 |       | -33.3 |
| Staff numbers                                 | -23.1                    | -7.7  | -38.5 |       | -45.5 |

<sup>2</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

<sup>3</sup> Data for totals and components may be subject to rounding effects.

<sup>4</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

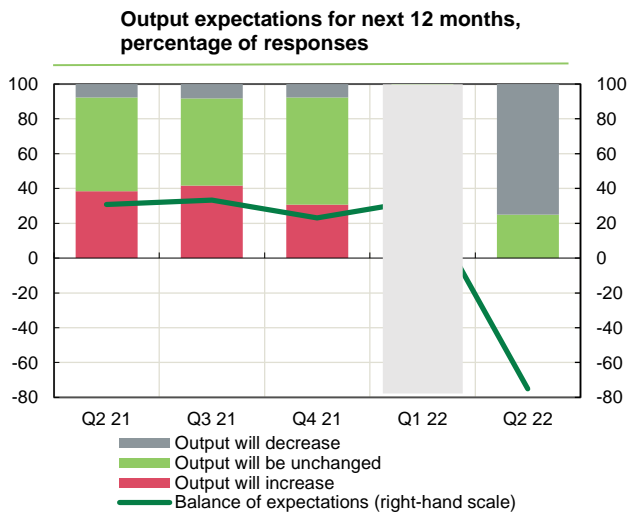


Figure 2

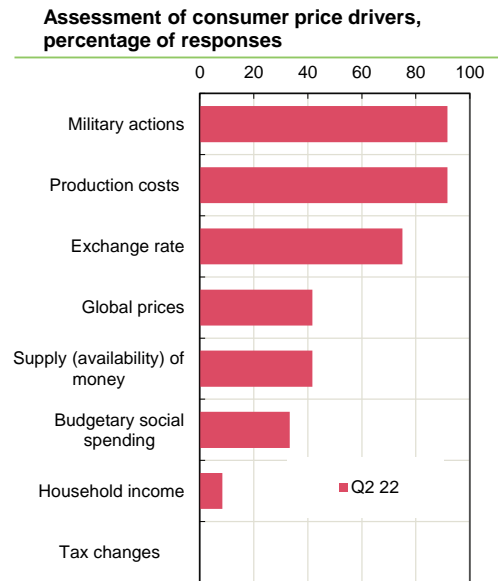


Figure 3

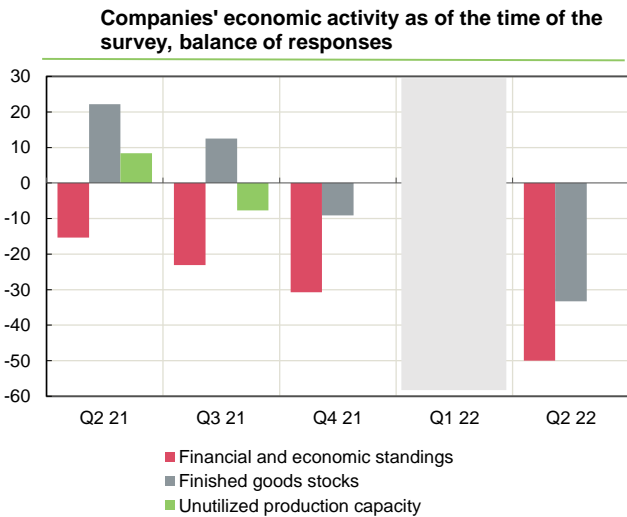


Figure 4

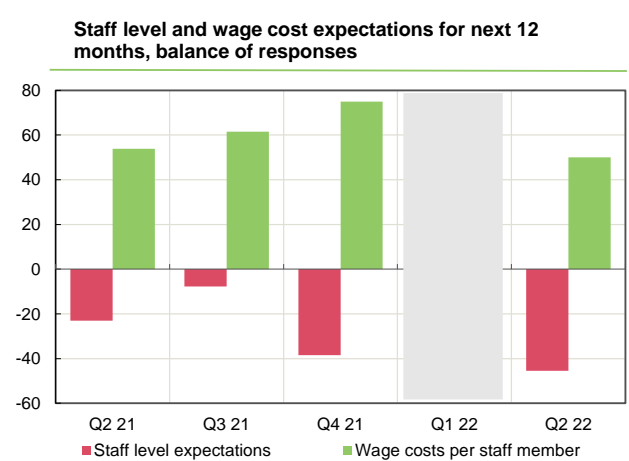


Figure 5

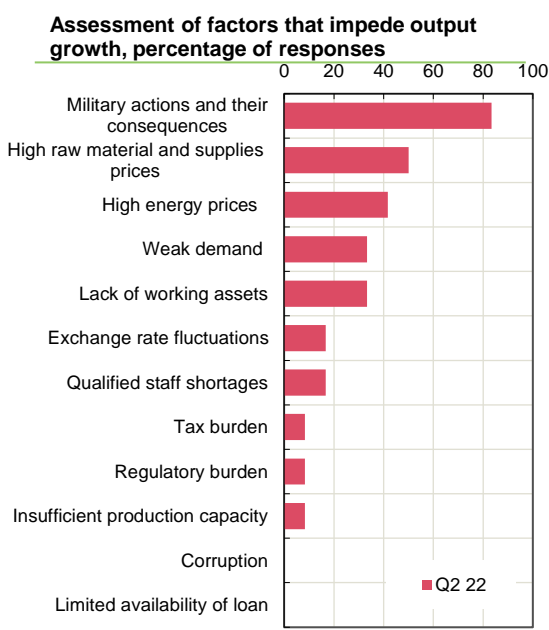


Figure 6

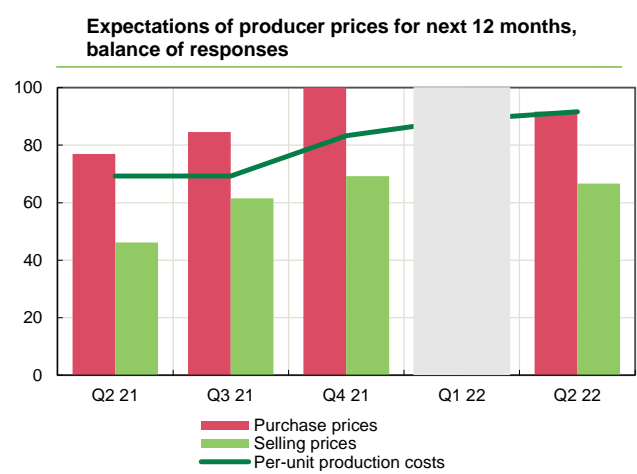


Figure 7

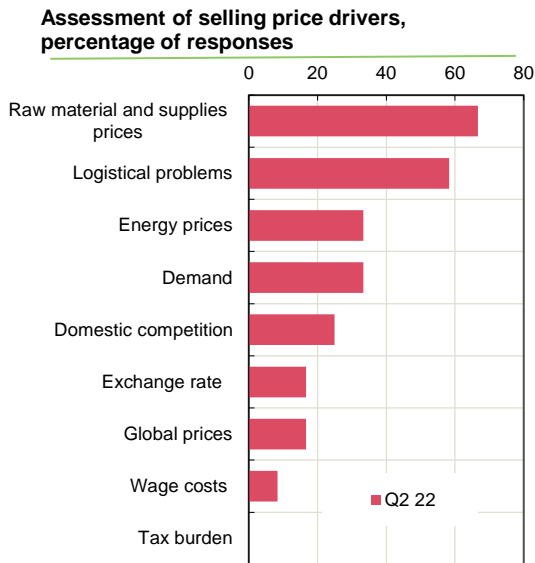


Figure 8

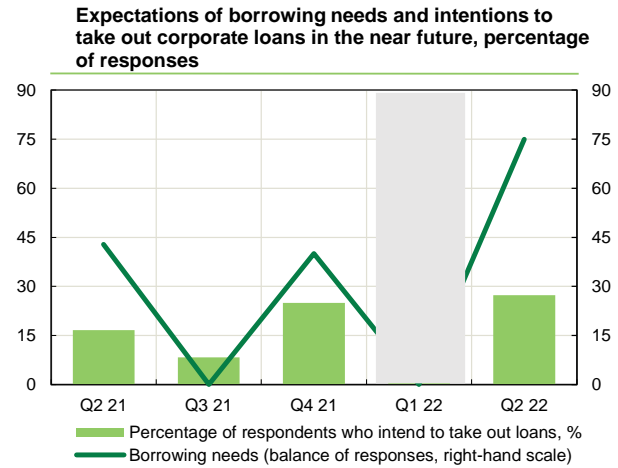


Figure 9

