



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q3 2022



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in **Q3 2022** showed that against the background of the war respondents **expected a decrease in the output of Ukrainian goods and services**. They reported cautious expectations for the performance of their companies over the next 12 months. Inflation expectations weakened. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-75.0%) as in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-37.9%)
- **prices for consumer goods and services would increase slower:** a total of 54.5% of respondents expected that the inflation rate would exceed 20.0%, compared to 75.0% in the previous quarter and 71.7% across Ukraine. Respondents referred to military actions, the hryvnia exchange rate, and production costs **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 90.9% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 100.0% in Q2 2022 and 88.8% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared to (-33.3%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-15.1%)
- **total and external sales would increase noticeably:** the balances of responses were 30.0% and 40.0% respectively, compared to (-8.3%) and (-50.0%) respectively (see Table). Across Ukraine, the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in construction and investment in machinery, equipment, and tools would decrease:** the balances of responses were (-25.0%) for both, compared to (-44.4%) and (-33.3%) respectively in the previous quarter. Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively (see Table)
- **staff numbers would decrease more slowly:** the balance of responses was (-25.0%) compared to (-45.5%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-25.5%)
- **purchase prices and selling prices would grow at a faster pace:** the balances of responses were 100.0% and 83.3% respectively (compared to 91.7% and 66.7% respectively in Q2 2022) (Figure 6). Respondents referred to high raw material and supplies prices, logistical problems, energy prices, demand for their products, and the hryvnia exchange rate (the impact of this driver was reported to have increased compared to the previous survey) 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 58.3% respectively (compared to 91.7% and 50.0% respectively in Q2 2022) (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, and weak demand as **the main drags on the ability of their companies to boost production** (Figure 5).

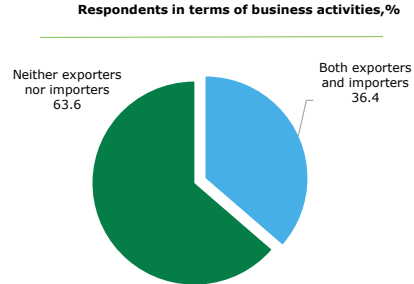
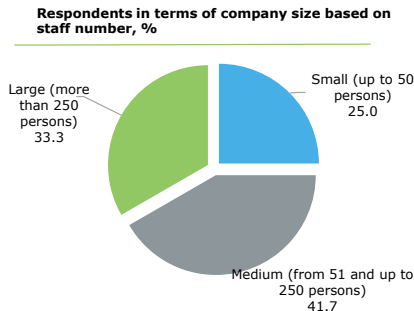
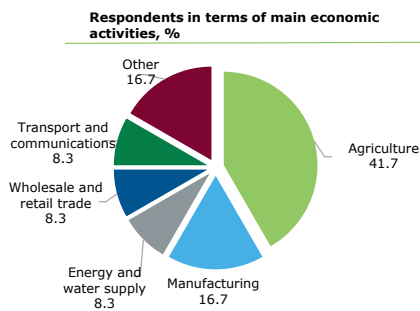
Respondents expected **their borrowing needs** to increase in the near future (Figure 8). The respondents who planned to take out bank loans opted usually for domestic currency loans. Respondents cited high loan rates, availability of other funding sources, and strict collateral requirements as the main 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** (94.1% across Ukraine).

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

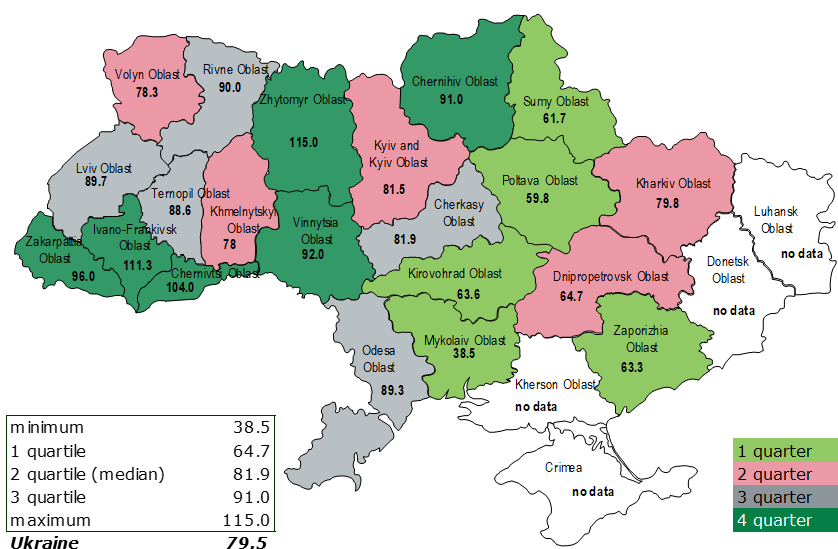
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-41.7%) compared to (-50.0%) in the previous quarter. Overall, across Ukraine, the balance of responses was (-21.8%).
- **Stocks of finished goods were assessed as lower than normal:** the balance of responses was (-11.1%) compared to (-33.3%) in Q2 2022.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% for the second quarter in a row.

Survey Details^{1,2}



- Period: 2 August through 29 August 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 Oblasts³, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
⁴a median is the value of the BOI in the middle of an ordered sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Chernihiv Oblast and Its Components⁴

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	0.0	-25.0		-33.3	0.0
Total sales	23.1	-18.2		-8.3	30.0
Investment in construction	9.1	-25.0		-44.4	-25.0
Investment in machinery, equipment, and tools	9.1	-25.0		-33.3	-25.0
Staff numbers	-7.7	-38.5		-45.5	-25.0

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.
⁴ The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

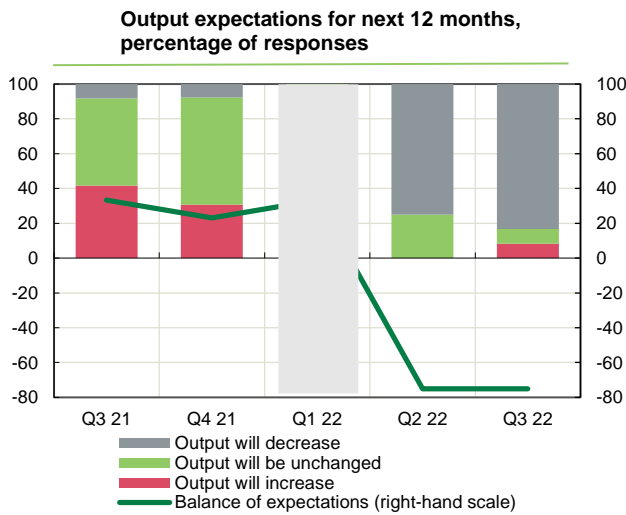


Figure 2

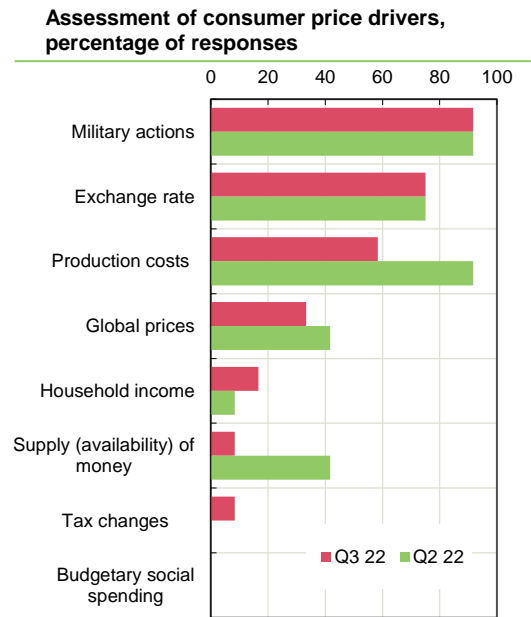


Figure 3

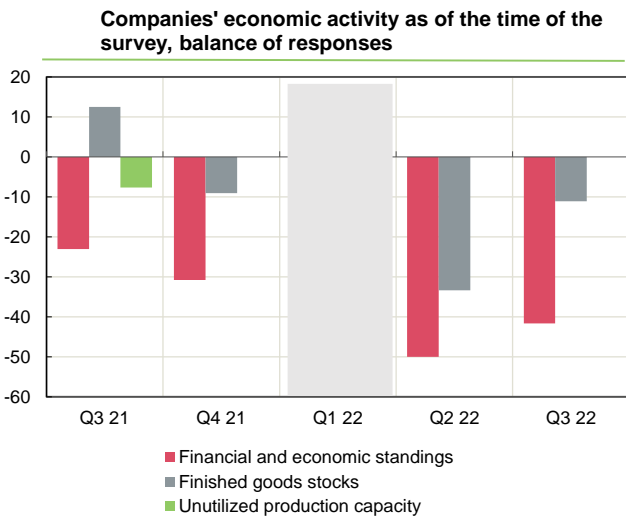


Figure 4

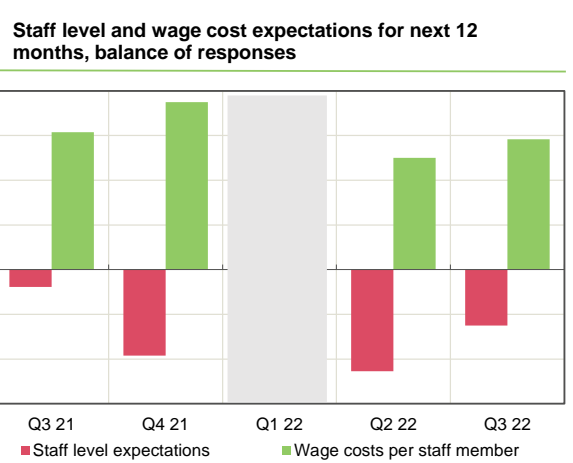


Figure 5

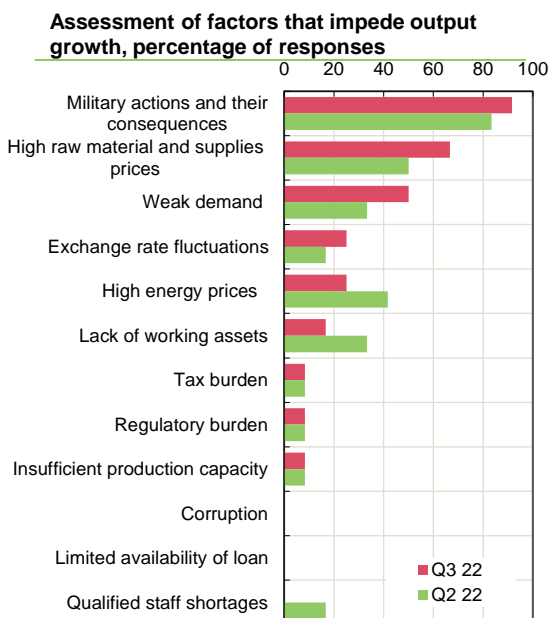


Figure 6

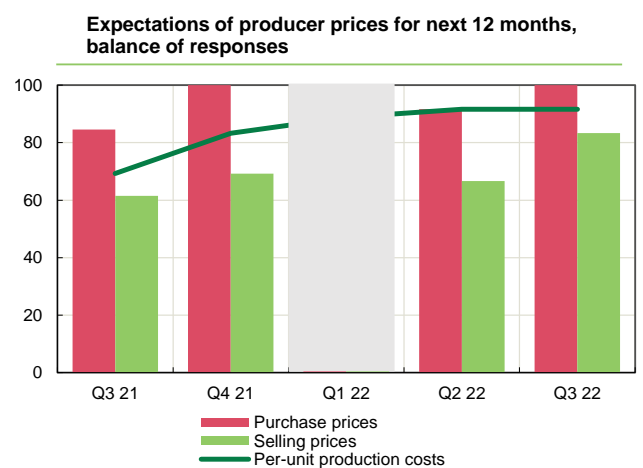


Figure 7

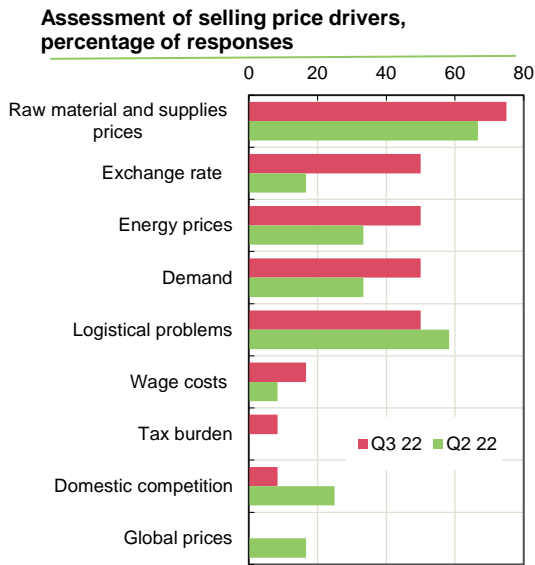


Figure 8

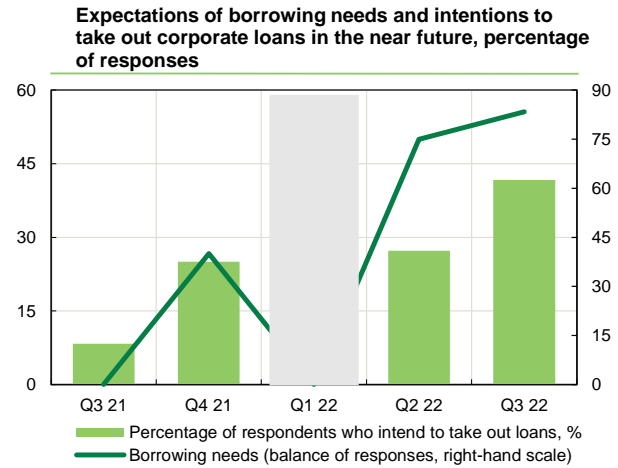


Figure 9

