



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q4 2022 showed that, on the back of the hostilities and terrorist attacks, 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 expectations strengthened. 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 at a faster pace:** the balance of expectations was (-91.7%) (the gloomiest expectations among the regions), down from (-75.0%) in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for consumer goods and services would rise quicker:** a total of 92.3% of respondents expected that the inflation rate would exceed 20.0%, compared to 54.5% in the previous quarter and 62.4% across Ukraine. Respondents referred to production costs, military actions, and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 100.0% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 90.9% in Q3 2022 and 88.5% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-16.7%), down from 0.0% in the previous quarter (see Table). Across Ukraine, the balance of responses was (-11.5%)
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to 30.0% in Q3 2022. At the same time, respondents expected that external sales would increase slowly: the balance of responses was 20.0%, down from 40.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in construction and investment in machinery, equipment, and tools would decrease:** the balances of responses were (-25.0%) and (-33.3%) respectively, compared to (-25.0%) for both in the previous quarter. Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively (see Table)
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, compared to (-25.0%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-20.1%)
- **purchase prices and selling prices would grow at a fast pace:** the balances of responses were 100.0% and 76.9% respectively (compared to 100.0% and 83.3% respectively in Q3 2022) (Figure 6). Respondents referred to logistical problems and high energy, raw material, and supplies prices as the main selling price drivers (Figure 7)
- **per-unit production costs would increase slowly:** the balance of responses was 69.2% (compared to 91.7% in Q3 2022). Respondents also expected that **wage costs per staff member would increase:** the balance of responses was 58.3%, same as in Q3 2022 (Figures 4 and 6).

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

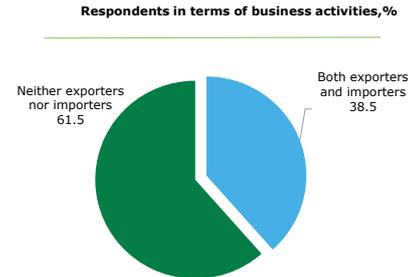
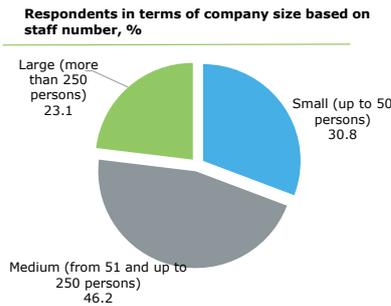
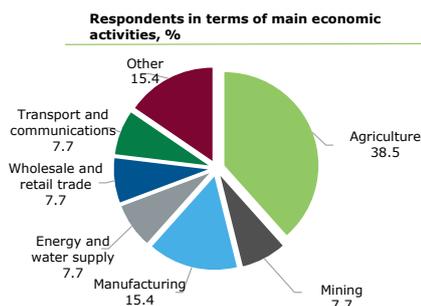
Respondents expected **their borrowing needs** to increase slowly in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents cited the uncertainty about their ability to meet debt obligations as they fall due, availability of other funding sources, and large fluctuations in the hryvnia exchange rate as the main factors deterring them from taking out loans. The impact of the latter factor was reported to have increased compared to the previous survey (Figure 9).

All of the respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.2% across Ukraine).

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

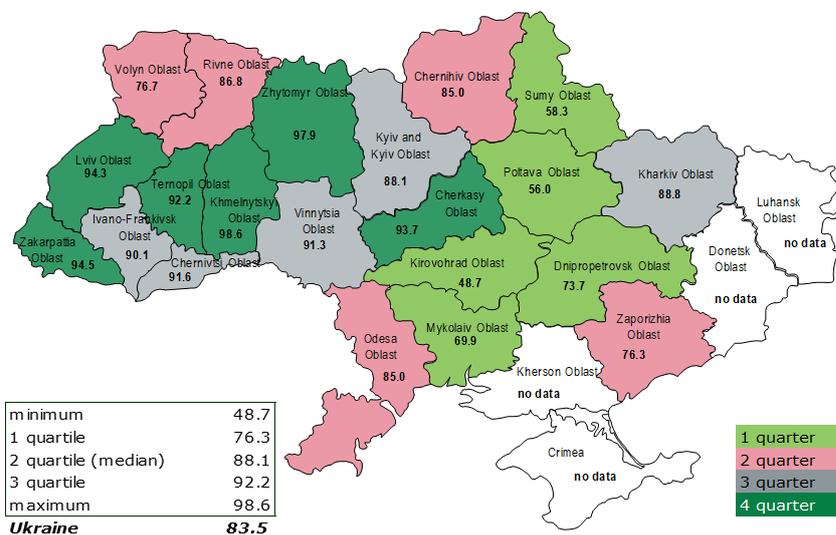
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-23.1%), compared to (-41.7%) in the previous quarter. Overall, across Ukraine, the balance of responses was (-19.3%).
- **Stocks of finished goods were assessed as normal:** the balance of responses was 0.0%, compared to (-11.1%) in Q3 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.7%, up from 0.0% in the previous quarter.

Survey Details^{1,2}



- Period: 2 November through 26 November 2022.
- 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, %



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 sample 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, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	-25.0		-33.3	0.0	-16.7
Total sales	-18.2		-8.3	30.0	0.0
Investment in construction	-25.0		-44.4	-25.0	-25.0
Investment in machinery, equipment, and tools	-25.0		-33.3	-25.0	-33.3
Staff numbers	-38.5		-45.5	-25.0	0.0

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

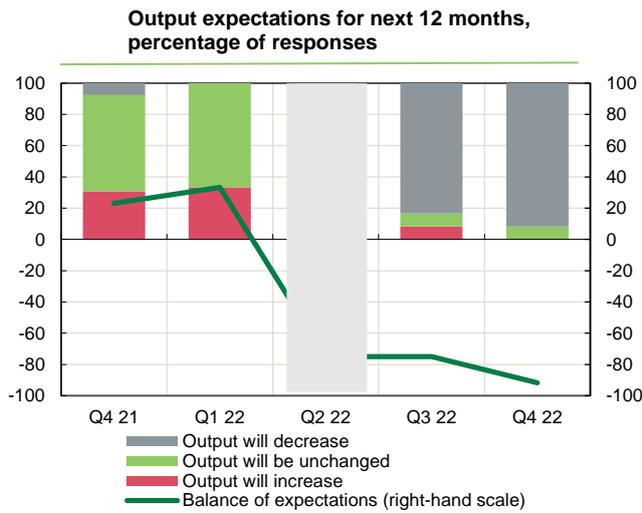


Figure 2

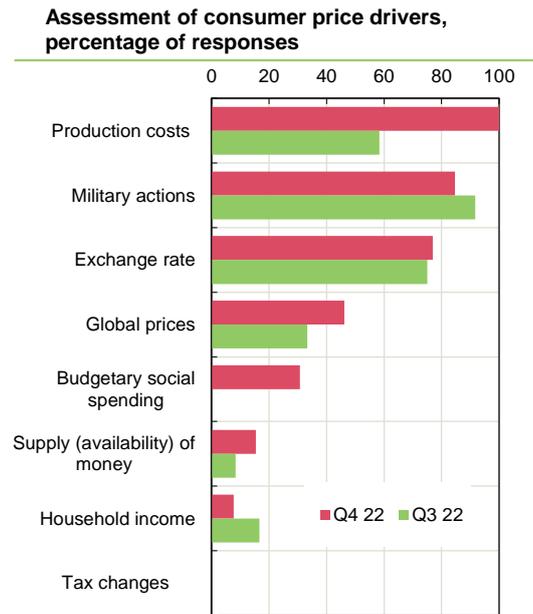


Figure 3

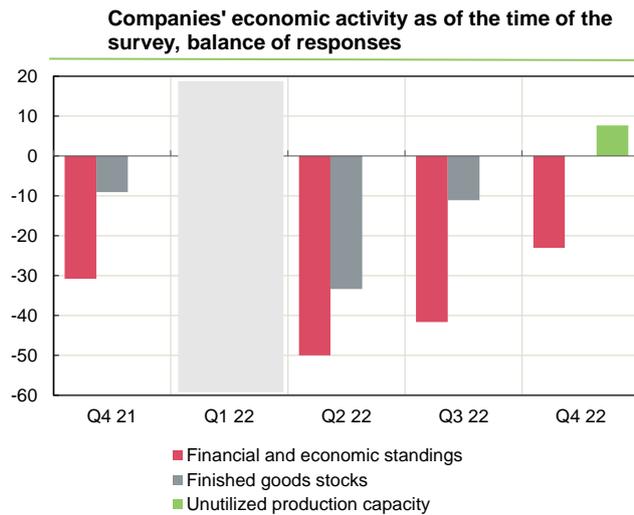


Figure 4

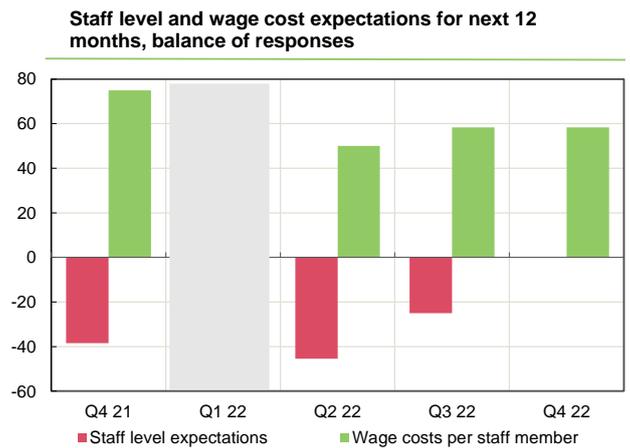


Figure 5

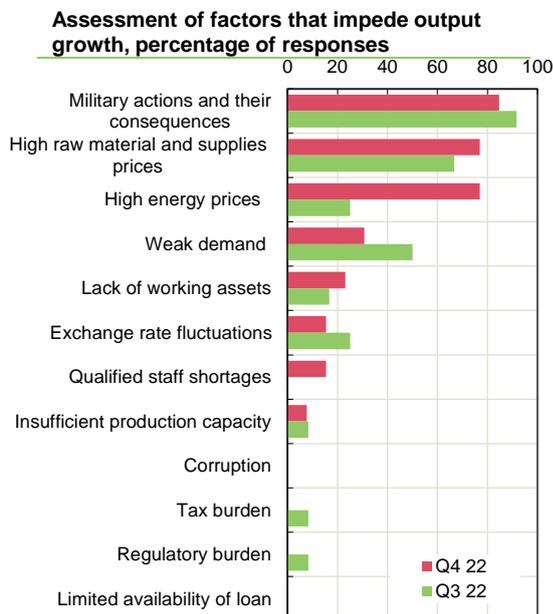


Figure 6

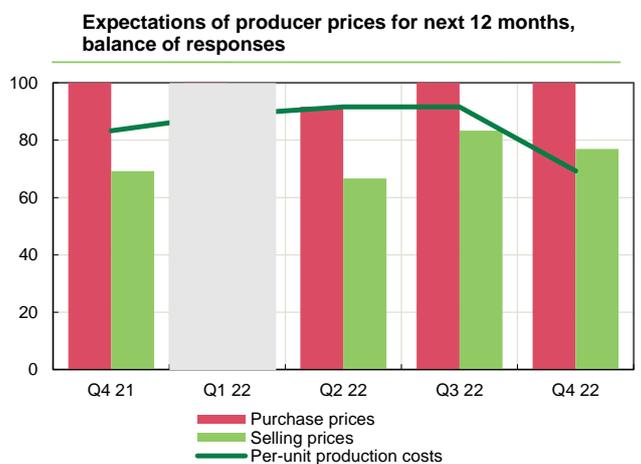


Figure 7

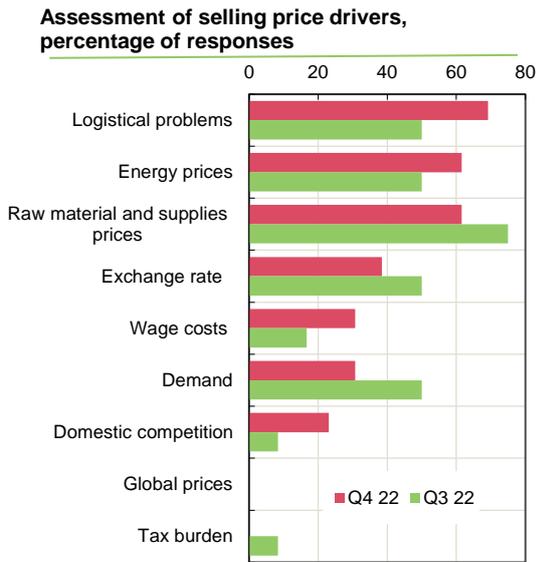


Figure 8

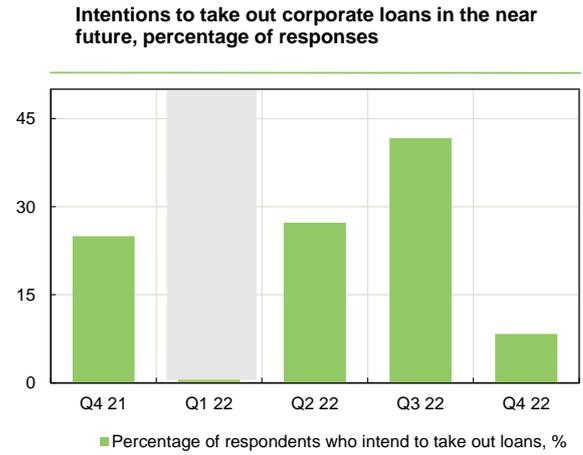


Figure 9

