



National Bank  
of Ukraine

# Business Outlook Survey of Chernihiv Oblast\*

Q2 2023



\*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, respondents **expected growth in the output of Ukrainian goods and services** over the next 12 months. They reported **positive expectations for the performance of their companies** over that period. 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 increase at a fast pace** (these expectations were reported for the first time since Q4 2021): the balance of expectations was 69.2% (the highest expectations among the regions) (compared to (-76.9%) in the previous quarter) (Figure 1). Across Ukraine, the balance of responses was 17.0%
- **prices for consumer goods and services would rise more slowly**: a total of 53.8% of respondents expected that the inflation rate would exceed 15.0%, compared to 84.6% in the previous quarter and 53.4% across Ukraine. Respondents referred to production costs, the hryvnia exchange rate and military actions (the impact of this factor was reported to have increased) **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate somewhat more slowly**: 91.7% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 100.0% in Q1 2023 and 72.2% across Ukraine
- **the financial and economic standings of their companies would improve at a faster pace**: the balance of expectations was 23.1%, up from 8.3% in the previous quarter (see Table). Across Ukraine, the balance of responses was 9.6%
- **total sales would increase**: the balance of responses was 38.5%, compared to 41.7% in Q1 2023. At the same time, respondents expected that external sales would increase at a fast pace: the balance of responses was 40.0%, up from (-16.7%) in the previous quarter (see Table). Across Ukraine, the balances of responses were 14.5% and 10.9% respectively
- **investment in construction would remain unchanged**: the balance of responses was 0.0%, compared to (-9.1%) in the previous quarter. At the same time, respondents expected that **investment in machinery, equipment, and tools would decrease more quickly**: the balance of responses was (-27.3%), compared to (-18.2%) in Q1 2023. Across Ukraine, the balances of responses were (-2.3%) and 4.5% respectively (see Table)
- **staff numbers would decrease**: the balance of responses was (-7.7%), compared to (-15.4%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-3.8%)
- **purchase prices and selling prices would grow at a fast pace**: the balances of responses were 92.3% for each (compared to 100.0% and 84.6% respectively in Q1 2023) (Figure 6). Respondents referred to raw material and supplies prices, energy prices and weak demand (the impact of this factor was reported to have increased) as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase more quickly**: the balances of responses were 92.3% and 66.7% respectively (compared to 84.6% and 46.2% respectively in Q1 2023) (Figures 4 and 6).

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

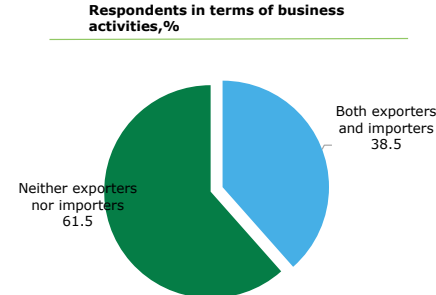
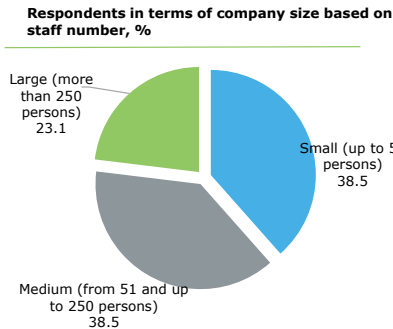
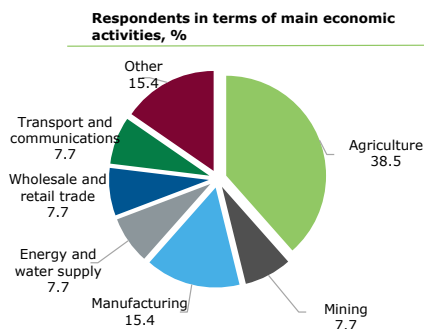
Respondents reported **weaker expectations of a rise in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents cited high loan rates, collateral requirements (the impact of these two factors was reported to have increased), the availability of other funding sources and uncertainty about their ability to meet debt obligations as they fall due 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** (94.9% across Ukraine).

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

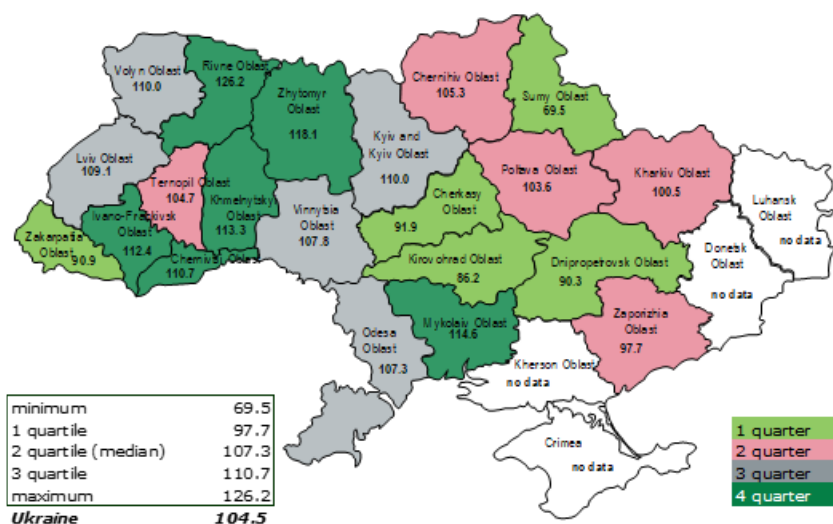
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-30.8%), compared to (-38.5%) in the previous quarter. Overall, across Ukraine, the balance of responses was (-11.1%).
- **Stocks of finished goods had increased and were assessed as normal**: the balance of responses was 0.0%, compared to (-37.5%) in Q1 2023.
- **Companies said they would need additional capacity to meet any unexpected rise in demand**: the balance of responses was (-15.4%), as in the previous quarter.

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



- Period: 2 May through 23 May 2023.
- 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>, %



\*a 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, %				
	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-33.3	0.0	-16.7	8.3	23.1
Total sales	-8.3	30.0	0.0	41.7	38.5
Investment in construction	-44.4	-25.0	-25.0	-9.1	0.0
Investment in machinery, equipment, and tools	-33.3	-25.0	-33.3	-18.2	-27.3
Staff numbers	-45.5	-25.0	0.0	-15.4	-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

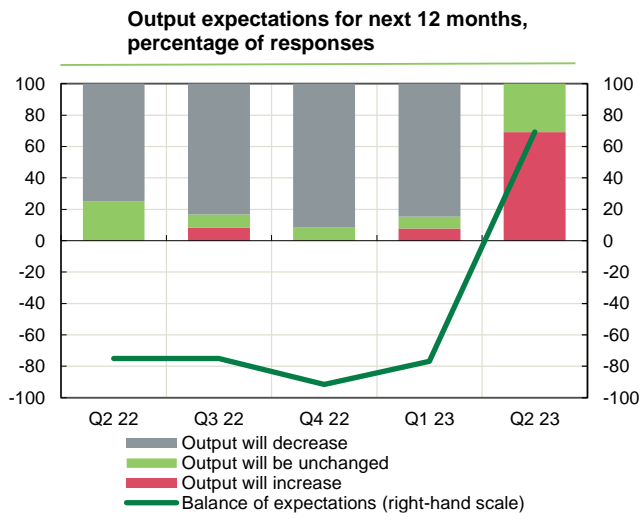


Figure 2

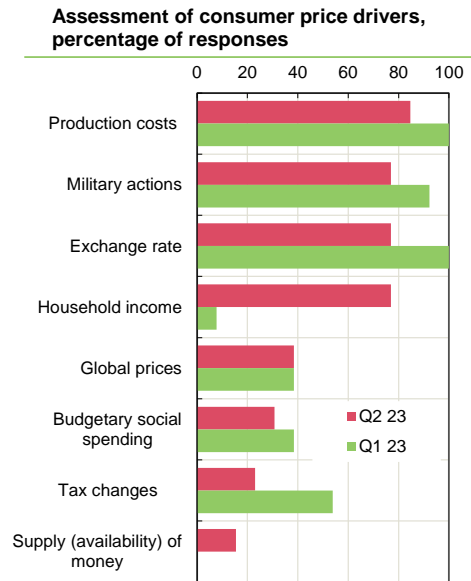


Figure 3

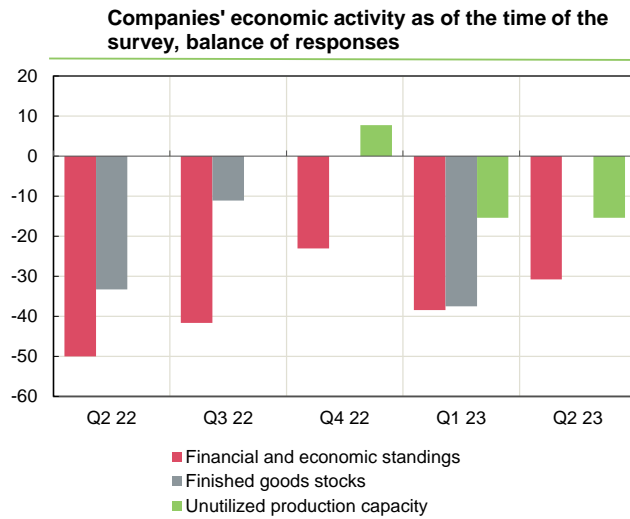


Figure 4



Figure 5

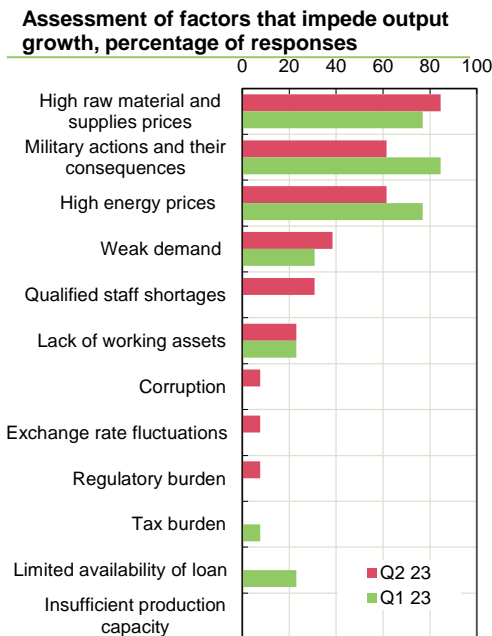


Figure 6

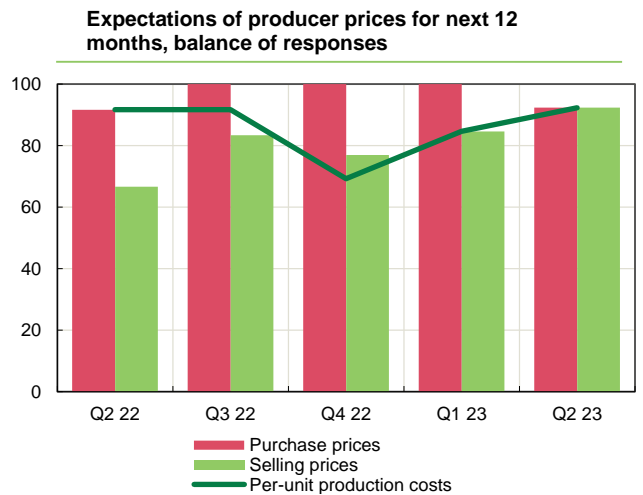


Figure 7

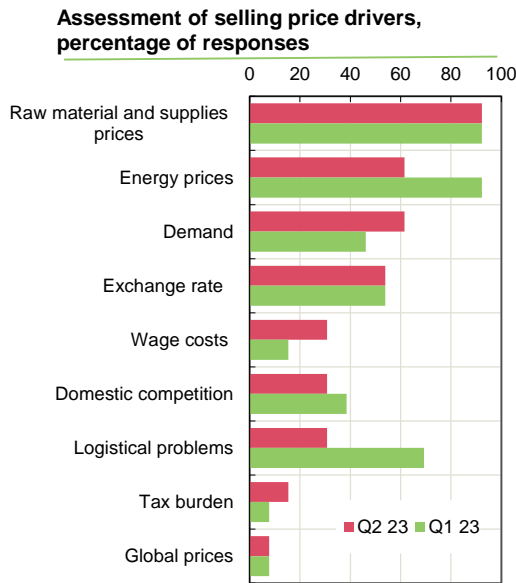


Figure 8

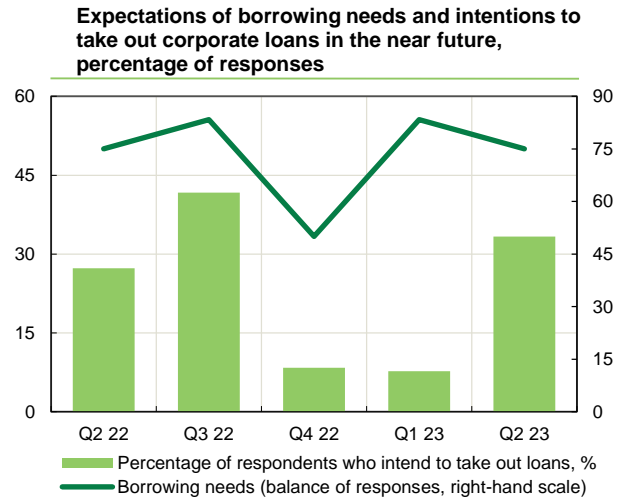


Figure 9

