



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Chernivtsi 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 Chernivtsi oblast in Q4 2022 showed that, on the back of the hostilities and terrorist attacks, respondents **markedly softened their expectations for a decrease in the output of Ukrainian goods and services**. They had **positive expectations for the performance of their companies** over the next 12 months. Respondents expected prices to rise slowly. 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 slower pace:** the balance of expectations was (-30.0%), compared to (-40.0%) in Q3 2022 and (-32.3%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow slowly:** a total of 70.0% of respondents expected that inflation would not exceed 20.0%, compared to 60.0% in the previous quarter and 32.3% 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:** 80.0% of respondents (as in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 10.0% (the highest figure among the regions reported for three quarters running), down from 20.0% in Q3 2022. The balance across Ukraine was (-11.5%) (see Table)
- **total sales would decrease:** the balance of responses was (-10.0%), compared to 20.0% in Q3 2022. Across Ukraine, the balance of responses was (-7.3%) (see Table)
- **investment in construction and in machinery, equipment, and tools would drop:** the balances of responses were (-10.0%) for each (compared to (-20.0%) and 10.0% respectively in the previous quarter). The balances of responses across Ukraine were (-26.9%) and (-16.6%) respectively
- **staff numbers would decrease:** the balance of responses was (-22.2%), compared to (-10.0%) in Q3 2022. Across Ukraine, the balance of responses was (-20.1%) (Figure 4)
- **purchase and selling prices would grow:** the balances of responses were 90.0% and 70.0% respectively (compared to 100.0% and 60.0% in Q3 2022) (Figure 6). Energy prices and raw material and supplies prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow slowly:** the balances of responses were 77.8% and 50.0% respectively, down from 88.9% and 60.0% respectively in Q3 2022 (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, energy prices, and weak demand (the impact of this factor was reported to have increased compared to the previous survey) as the **main drags on the ability of their companies to boost production** (Figure 5).

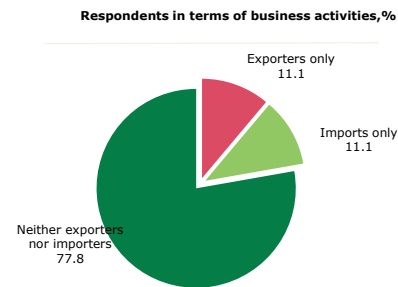
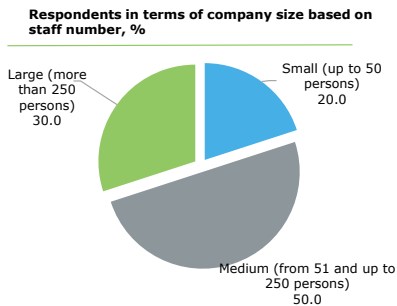
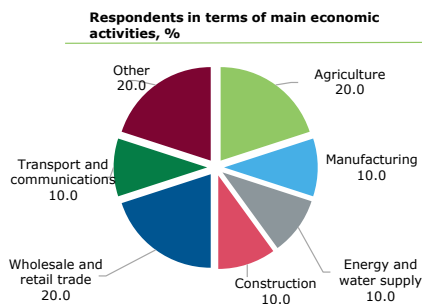
Respondents who planned to take out loans (22.2%) opted for domestic currency loans only (Figure 8). Respondents cited availability of other funding sources and high loan rates as the main factors deterring them from taking out loans. Assessments of the impact of complicated paperwork noticeably increased 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)

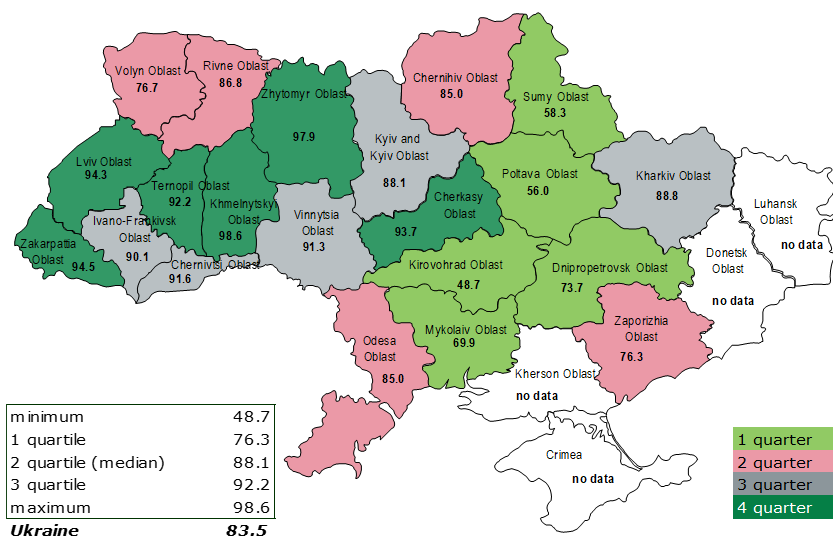
- **Companies said that their current financial and economic standings had deteriorated and assessed them as bad:** the balance of responses was (-10.0%), compared to 10.0% in the previous quarter. Across Ukraine, the balance of responses was (-19.3%).
- **Finished goods stocks had decreased and were assessed as lower than normal:** the balance of responses was (-50.0%), compared to 0.0% in Q3 2022.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 33.3%, compared to 20.0% in Q3 2022.

Survey Details^{1,2}



- Period: 31 October through 27 November 2022.
- A total of 10 companies were polled.
- No economic activity was able to generate a representative sample.

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
^{**}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 Chernivtsi Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	0.0	40.0	10.0	20.0	10.0
Total sales	27.3	55.6	0.0	20.0	-10.0
Investment in construction	0.0	11.1	-36.4	-20.0	-10.0
Investment in machinery, equipment, and tools	9.1	22.2	-45.5	10.0	-10.0
Staff numbers	0.0	22.2	-18.2	-10.0	-22.2

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

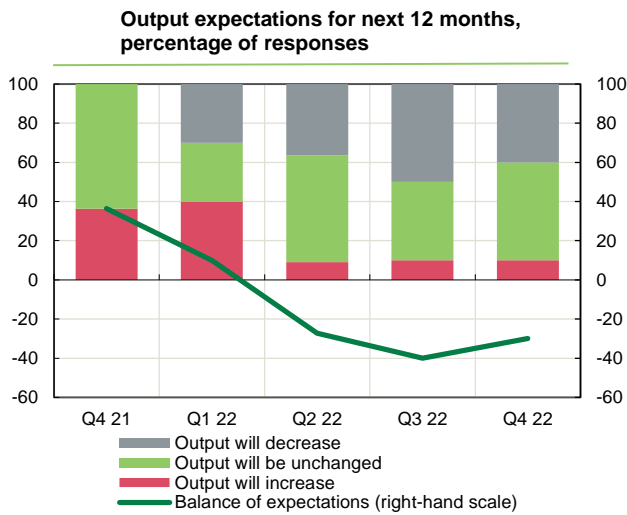


Figure 2

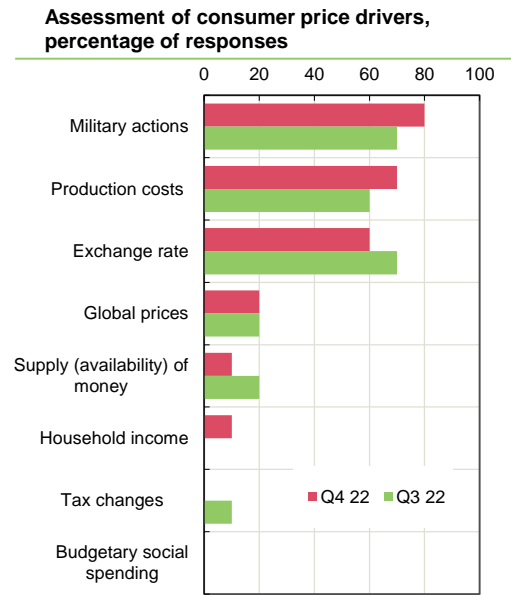


Figure 3

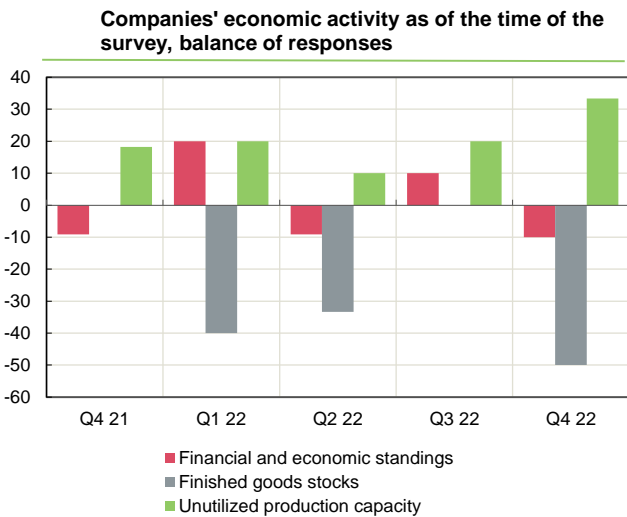


Figure 4

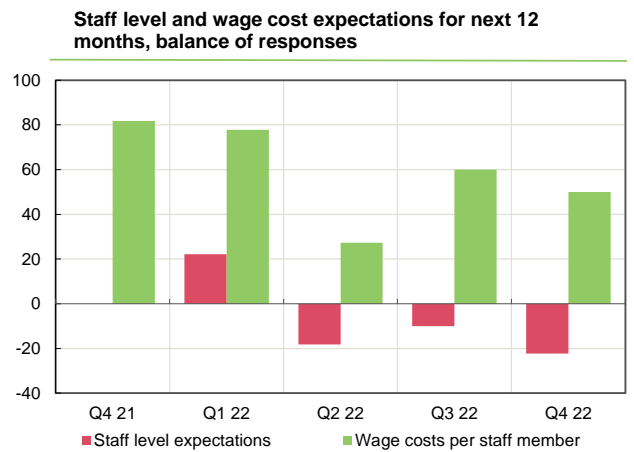


Figure 5

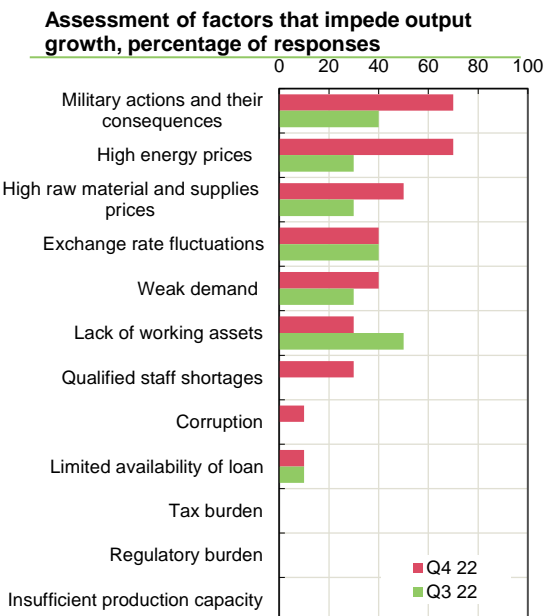


Figure 6

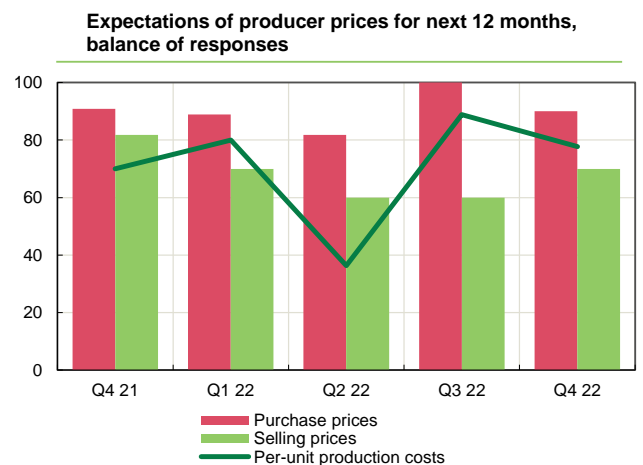


Figure 7

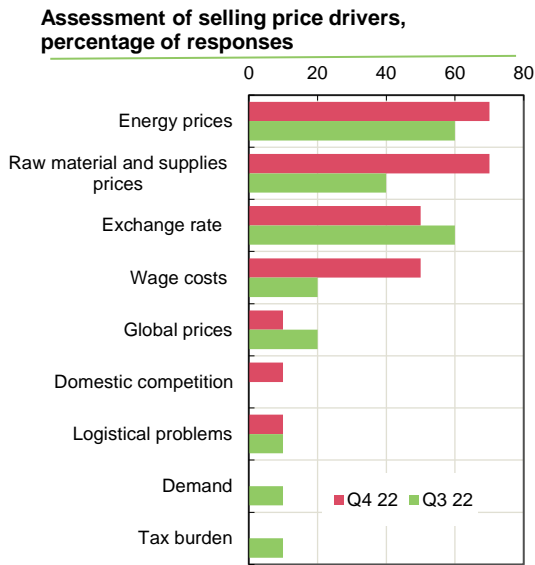


Figure 8

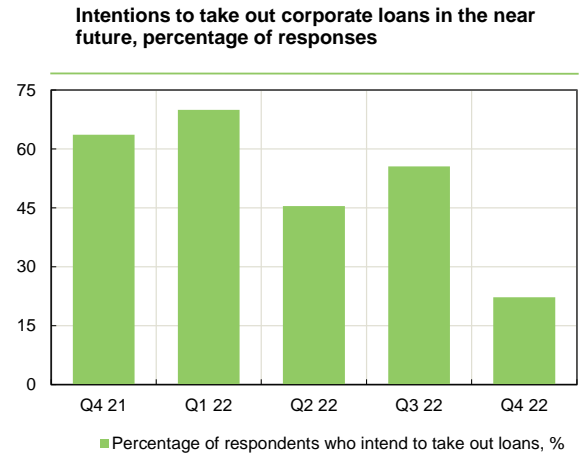


Figure 9

