



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q1 2023



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q1 2023 showed that, despite of the prolonged hostilities and massive attacks on civilian infrastructure, respondents **softened their negative expectations of the output of Ukrainian goods and services**. They reported **positive expectations for the performance of their companies** over the next 12 months. Inflation and 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 (-76.9%) (compared to (-91.7%) in the previous quarter) (Figure 1). Across Ukraine, the balance of responses was (-16.7%)
- **prices for consumer goods and services would rise:** a total of 84.6% of respondents expected that the inflation rate would exceed 20.0%, compared to 92.3% in the previous quarter and 53.2% across Ukraine. Respondents referred to production costs, the hryvnia exchange rate (those two factors were reported by all respondents), and military actions **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 (such expectations have been reported for two quarters running), compared to 83.2% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 8.3%, up from (-16.7%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-2.5%)
- **total sales would increase significantly:** the balance of responses was 41.7%, compared to 0.0% in Q4 2022. At the same time, respondents expected that external sales would decrease: the balance of responses was (-16.7%), down from 20.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were 2.8% and 2.0% respectively
- **investment in construction and investment in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-9.1%) and (-18.2%) respectively, compared to (-25.0%) and (-33.3%) in the previous quarter. Across Ukraine, the balances of responses were (-17.8%) and (-10.3%) respectively (see Table)
- **staff numbers would decrease:** the balance of responses was (-15.4%), compared to 0.0% in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-16.4%)
- **purchase prices and selling prices would grow at a fast pace:** the balances of responses were 100.0% and 84.6% respectively (compared to 100.0% and 76.9% respectively in Q4 2022) (Figure 6). Respondents referred to high energy, raw material, and supplies prices and logistical problems as the main selling price drivers (Figure 7)
- **per-unit production costs would increase faster:** the balance of responses was 84.6% (compared to 69.2% in Q4 2022). Respondents also expected that **wage costs per staff member would increase more slowly:** the balance of responses was 46.2%, down from 58.3% in Q4 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).

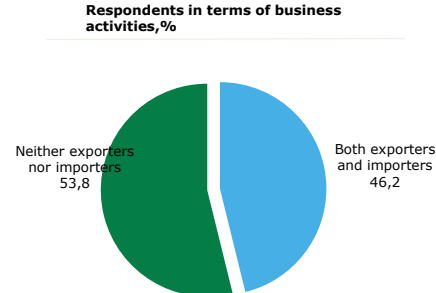
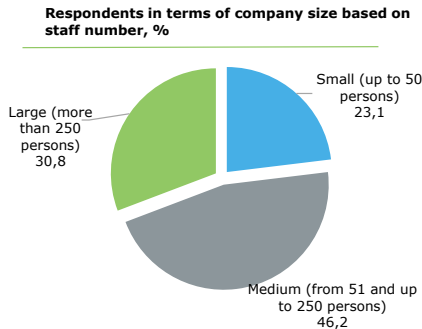
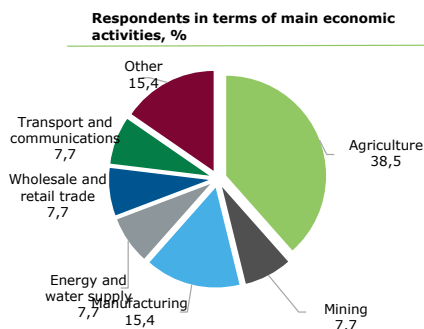
Respondents reported **higher expectations of a rise in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents cited the availability of other funding sources, uncertainty about their ability to meet debt obligations as they fall due, and high loan rates 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** (94.7% across Ukraine).

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

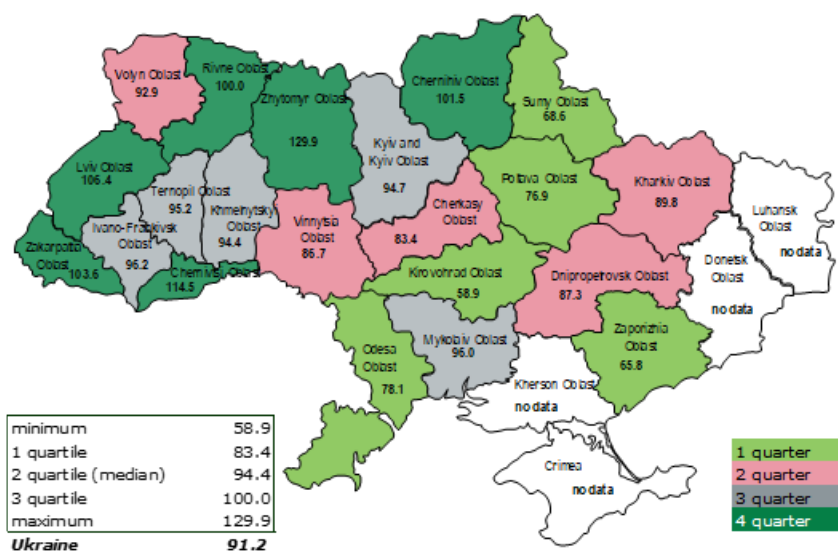
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-38.5%), compared to (-23.1%) in the previous quarter. Overall, across Ukraine, the balance of responses was (-16.9%).
- **Stocks of finished goods decreased and were assessed as lower than normal:** the balance of responses was (-37.5%), compared to 0.0% in Q4 2022.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-15.4%), down from 7.7% in the previous quarter.

Survey Details^{1,2}



- Period: 31 January through 22 February 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 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, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings		-33,3	0,0	-16,7	8,3
Total sales		-8,3	30,0	0,0	41,7
Investment in construction		-44,4	-25,0	-25,0	-9,1
Investment in machinery, equipment, and tools		-33,3	-25,0	-33,3	-18,2
Staff numbers		-45,5	-25,0	0,0	-15,4

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

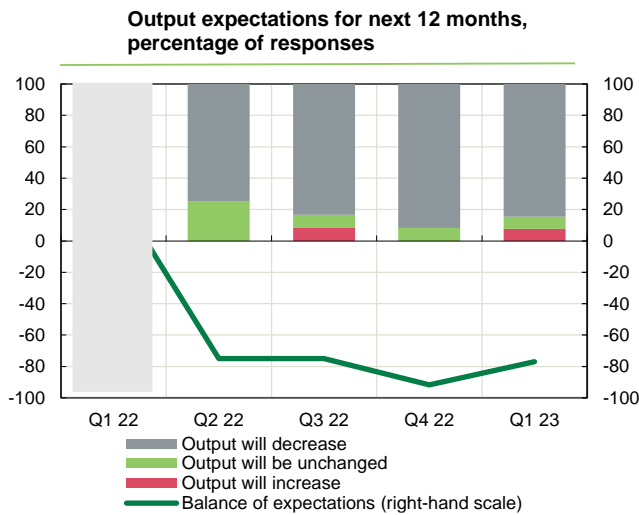


Figure 2

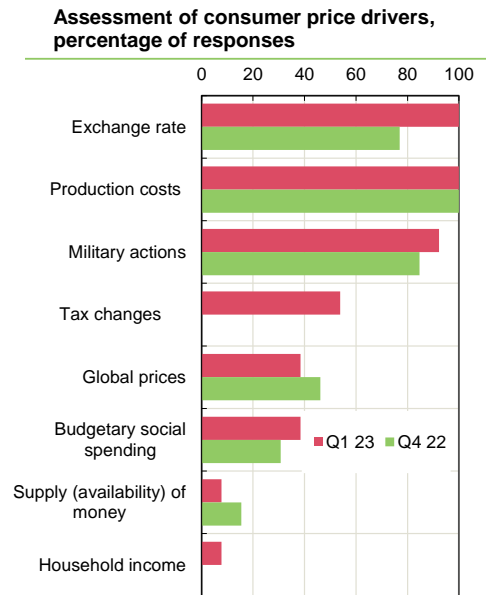


Figure 3

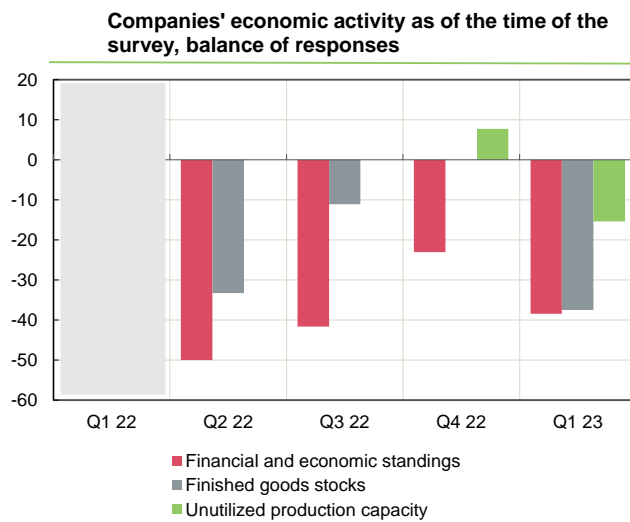


Figure 4

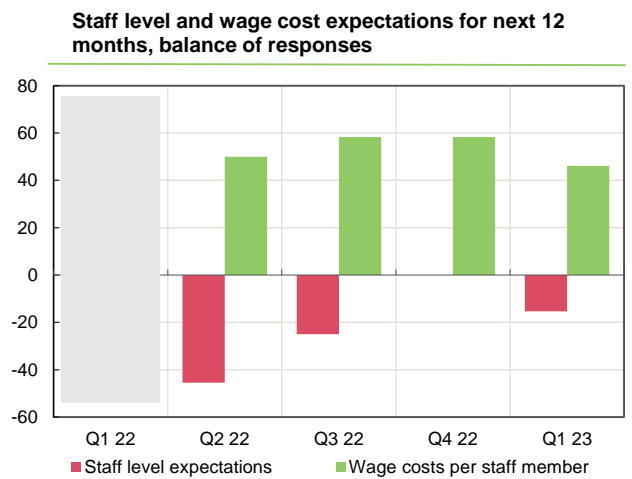


Figure 5

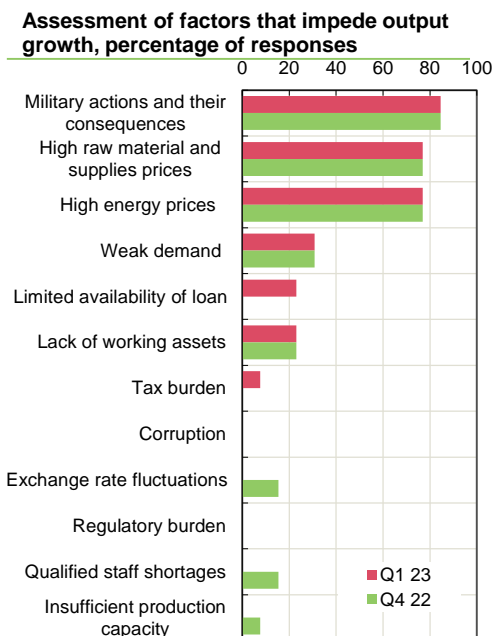


Figure 6

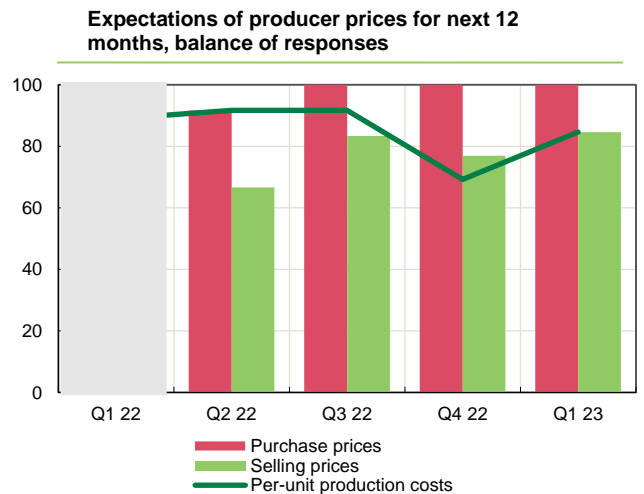


Figure 7

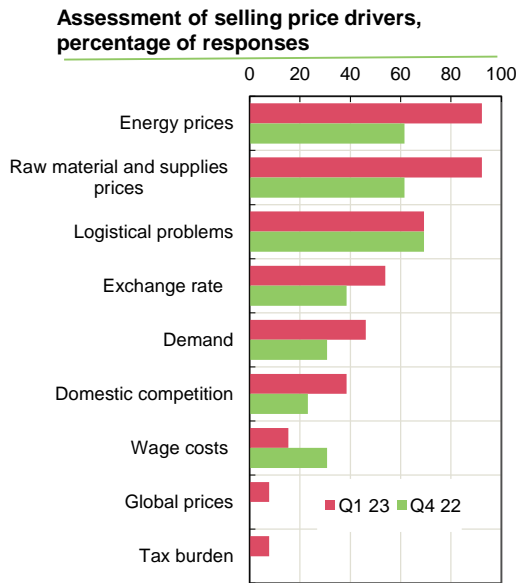


Figure 8

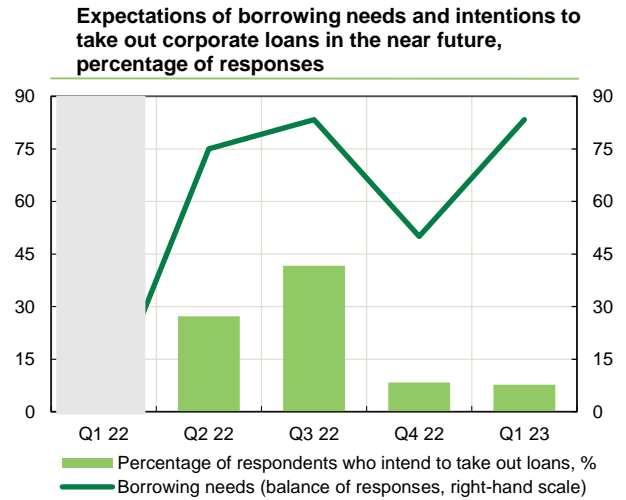


Figure 9

