



National Bank
of Ukraine

Business Outlook Survey of Chernivtsi Oblast*

Q1 2024



*This survey only reflects the opinions of respondents in Chernivtsi oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernivtsi oblast** in **Q1 2024** showed that, despite security risks and logistical problems with border crossing, respondents expected that **the output of Ukrainian goods and services would rise** over the next 12 months. They had **negative expectations for the performance of their companies** over that period. Respondents expected inflation to rise somewhat more slowly. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would increase more slowly:** the balance of expectations was 18.2%, compared to 36.4% in Q4 2023 and 8.5% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 54.5% of respondents expected that inflation would not exceed 10.0%, compared to 60.0% in the previous survey and 48.4% across Ukraine. Respondents referred to military actions, global prices, and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more quickly:** 70.0% of respondents (up from 60.0% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-18.2%) (among the dimmest expectations across the regions), down from 9.1% in Q4 2023. The balance across Ukraine was 3.7% (see Table)
- **total sales would increase:** the balance of responses was 10.0%, compared to (-10.0%) in Q4 2023. Across Ukraine, the balance of responses was 10.6% (see Table)
- **investment in machinery, equipment, and tools would rise:** the balance of responses was 18.2%, as in the previous quarter. Meanwhile, respondents expected that investment in construction would increase noticeably: the balance of responses was 27.3%, compared to (-9.1%) in Q4 2023. The balances of responses across Ukraine were (-1.5%) and 8.3% respectively
- **staff numbers would increase:** the balance of responses was 9.1% (among the firmest expectations across the regions), compared to (-27.3%) in Q4 2023. Across Ukraine, the balance of responses was (-6.3%) (Figure 4)
- **purchase and selling prices would grow:** the balances of responses were 90.9% and 45.5% respectively, as in Q4 2023 (Figure 6). Energy prices, wage costs 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 rise at a slower pace:** the balances of responses were 45.5% and 54.5% respectively, compared to 54.5% and 63.6% respectively in Q4 2023 (Figures 4 and 6).

Respondents referred to military actions and their consequences, a lack of working assets, qualified staff shortages, the tax burden and weak demand (the impact of all mentioned factors, except for military actions and their consequences, was reported to have increased significantly compared to the previous survey) as the **main drags on the ability of their companies to boost production** (Figure 5).

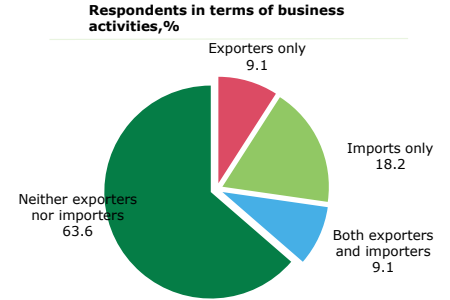
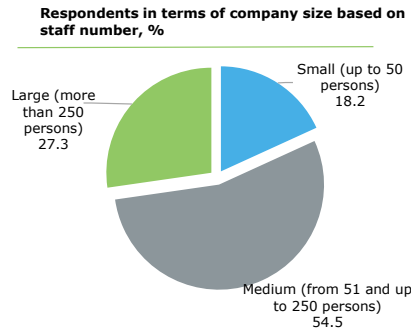
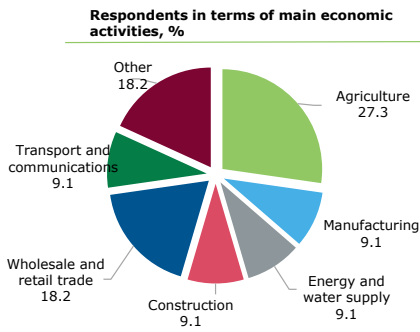
Respondents **expected that their borrowing needs would increase significantly** in the near future. The respondents who planned to take out loans (the share of those respondents rose to 45.5%) opted only for domestic currency loans (Figure 8). Respondents cited the availability of other funding sources, high loan rates and 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** (96.3% across Ukraine).

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

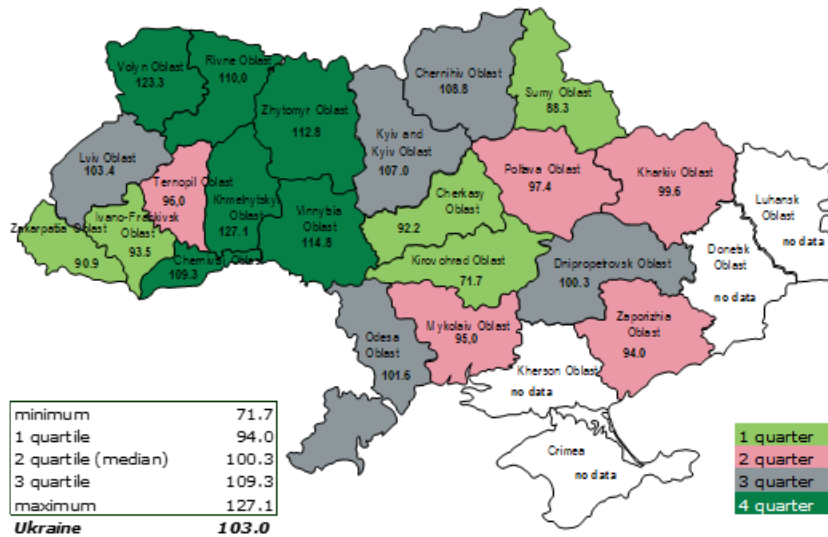
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 45.5% (the firmest assessment across the regions), up from 18.2% in Q4 2023. Across Ukraine, current financial and economic standings were assessed as bad: the balance of responses was (-1.4%).
- **Finished goods stocks were assessed as normal:** the balance of responses was 0.0% (such assessments have been reported for two quarters in a row).
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, compared to (-9.1%) in Q4 2023.

Survey Details^{1,2}



- Period: 31 January through 21 February 2023.
- A total of 11 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
³a 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, %				
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	27.3	9.1	-9.1	9.1	-18.2
Total sales	9.1	36.4	18.2	-10.0	10.0
Investment in construction	27.3	18.2	9.1	-9.1	27.3
Investment in machinery, equipment, and tools	18.2	20.0	18.2	18.2	18.2
Staff numbers	-9.1	-30.0	-9.1	-27.3	9.1

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

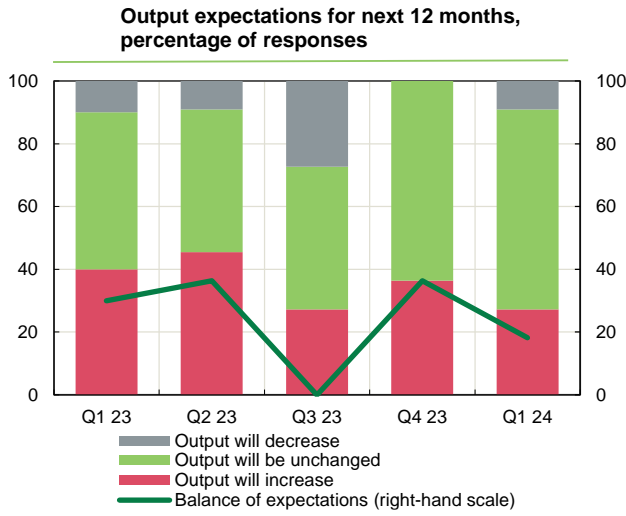


Figure 2

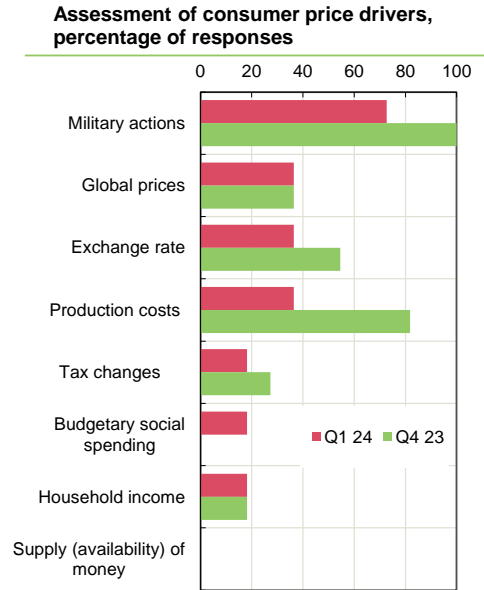


Figure 3

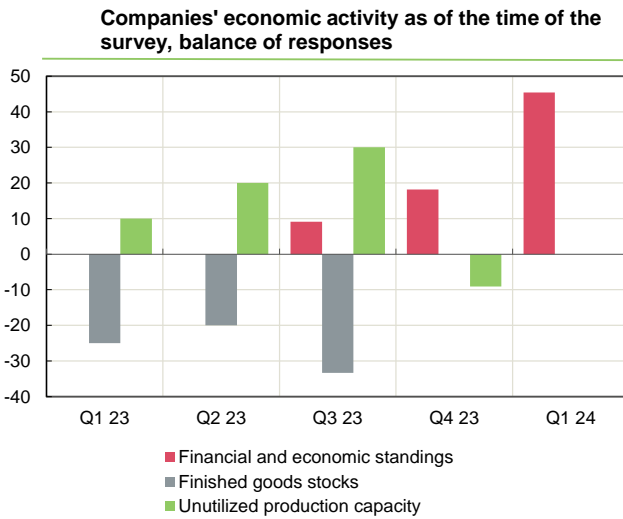


Figure 4

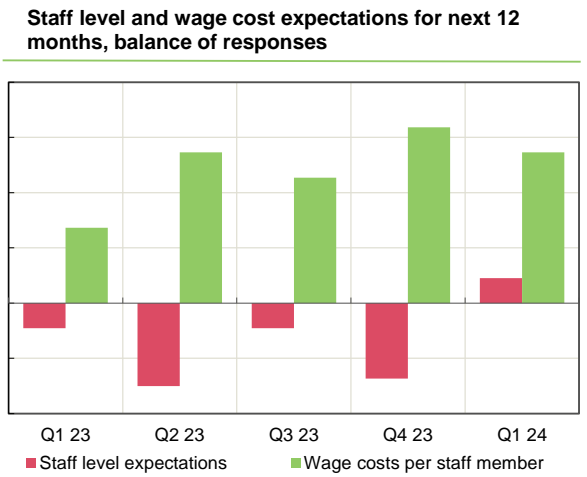


Figure 5

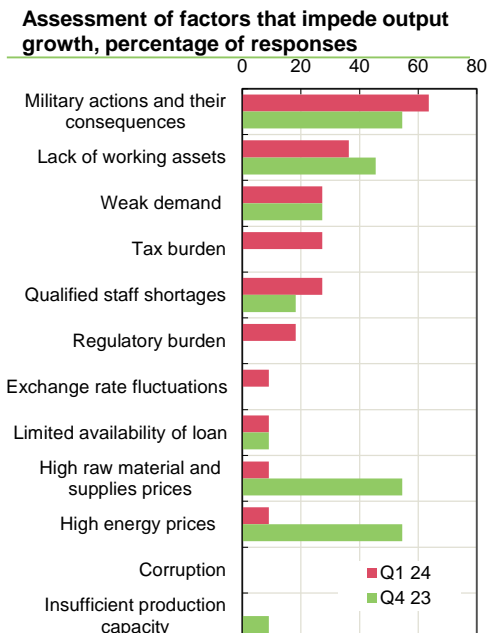


Figure 6

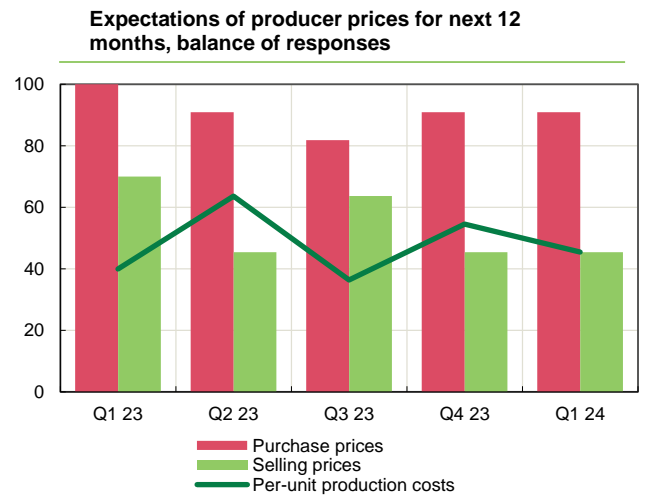


Figure 7

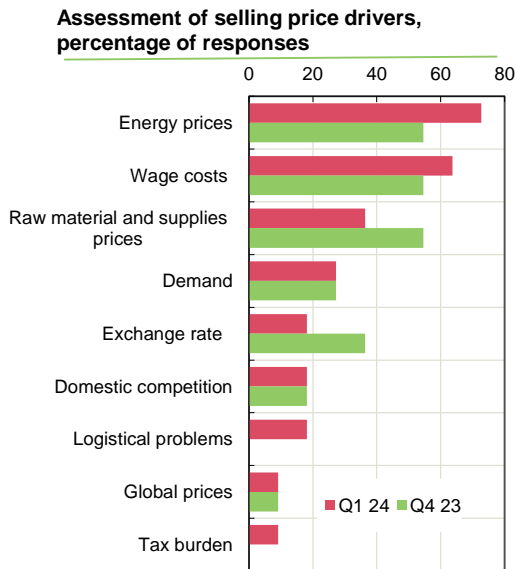


Figure 8

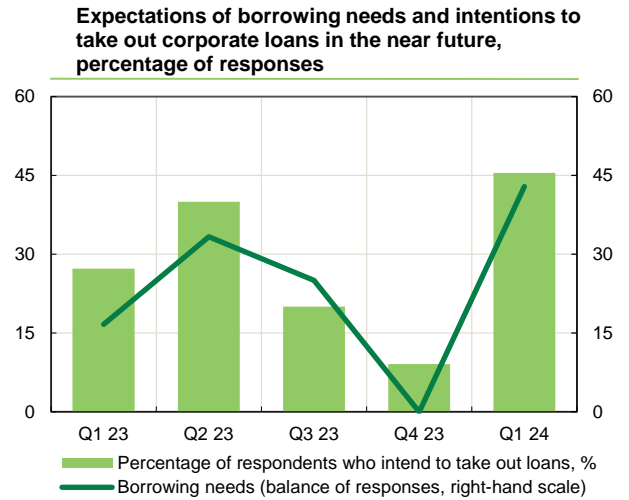


Figure 9

