National Bank
of Ukraine

# Business Outlook Survey of **Chernihiv Oblast** *

## Q3 2023


*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

**A survey of companies carried out in Chernihiv oblast in Q3 2023 showed that, on the back of a stable energy system and despite security risks, 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 and depreciation expectations weakened, but 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 slower pace:** the balance of expectations was 23.1% down from 69.2% the previous quarter (Figure 1). Across Ukraine, the balance of responses was 9.8%
- **prices for consumer goods and services would rise more slowly**: a total of 69.2% of respondents expected that the inflation rate would not exceed 15.0%, compared to 46.2% in the previous quarter and 52.2% across Ukraine. Respondents referred to production costs, the hryvnia exchange rate, military actions, budgetary social spending and tax changes (the impact of the latter two factors was reported to have increased) **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 69.2% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 91.7% in Q2 2023 and 72.4% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 30.8%, up from 23.1% in the previous quarter (see Table). Across Ukraine, the balance of responses was 6.0%
- **total sales and external sales would increase:** the balances of responses were 38.5% and 40.0% as in the previous quarter (see Table). Across Ukraine, the balances of responses were 16.8% and 10.6% respectively
- **investment in construction and machinery, equipment, and tools would increase:** the balances of responses were 11.1% for each, compared to 0.0% and (-27.3%) in the previous quarter. Across Ukraine, the balances of responses were (-2.2%) and 8.8% respectively (see Table)
- **staff numbers would decrease:** the balance of responses was (-15.4%), compared to (-7.7%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-7.0%)
- **purchase prices would grow**: the balance of responses was 92.3%, as in Q2 2023. Respondents also expected that selling prices would grow more slowly: the balance of responses was 76.9%, down from 92.3% in the previous quarter (Figure 6). Respondents referred to raw material and supplies prices, energy prices and wage costs (the impact of this factor was reported to have increased) as the main selling price drivers (Figure 7)
- **per-unit production costs would increase**: the balance of responses was 92.3%, as in Q2 2023. **Wage costs per staff member were also expected to rise at a faster pace:** the balance of responses was 84.6%, up from 66.7% in the previous quarter (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).

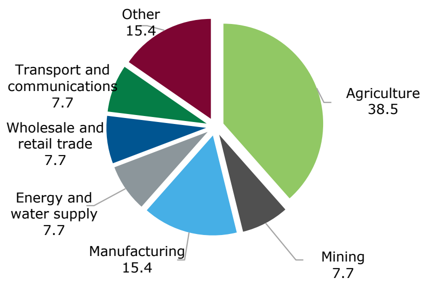
Respondents reported **somewhat weaker** expectations **of a rise in their borrowing needs** in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents cited high loan rates, collateral requirements and the availability of other funding sources as the main factors deterring them from taking out loans (Figure 9).

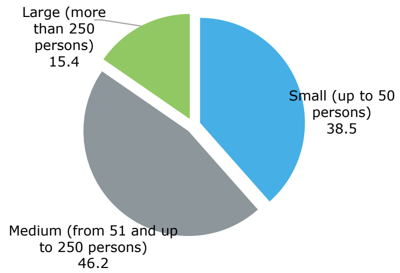
**A total of 92.3% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.9% across Ukraine).

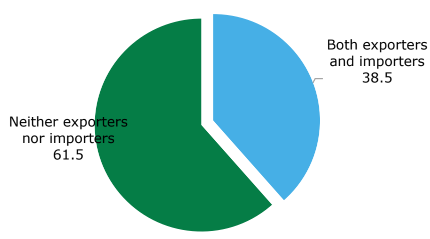
**Assessments of financial and economic standings as of the time of the survey** (Figure 3)

- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-30.8%), as in the previous quarter. Overall, across Ukraine, the balance of responses was (-5.8%).
- **Stocks of finished goods had decreased and were assessed as lower than normal:** the balance of responses was (-22.2%), compared to 0.0% in Q2 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was 7.7%, up from (-15.4%) in the previous quarter.

## Survey Details[1,2]

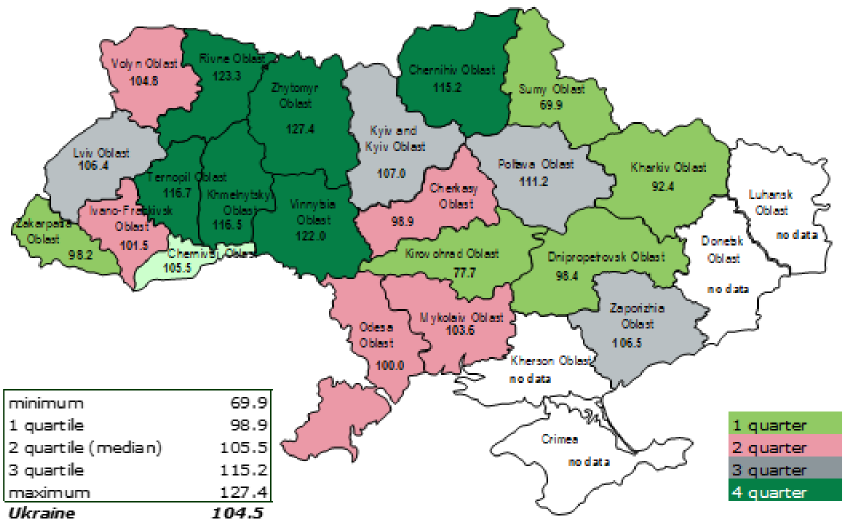



- Period: 31 July through 24 August 2023.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

### Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %




*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, % | | | | |
|---|---|---|---|---|---|
| | Q3 22 | Q4 22 | Q1 23 | Q2 23 | Q3 23 |
| Financial and economic standings | 0.0 | -16.7 | 8.3 | 23.1 | 30.8 |
| Total sales | 30.0 | 0.0 | 41.7 | 38.5 | 38.5 |
| Investment in construction | -25.0 | -25.0 | -9.1 | 0.0 | 11.1 |
| Investment in machinery, equipment, and tools | -25.0 | -33.3 | -18.2 | -27.3 | 11.1 |
| Staff numbers | -25.0 | 0.0 | -15.4 | -7.7 | -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.

Figure 1

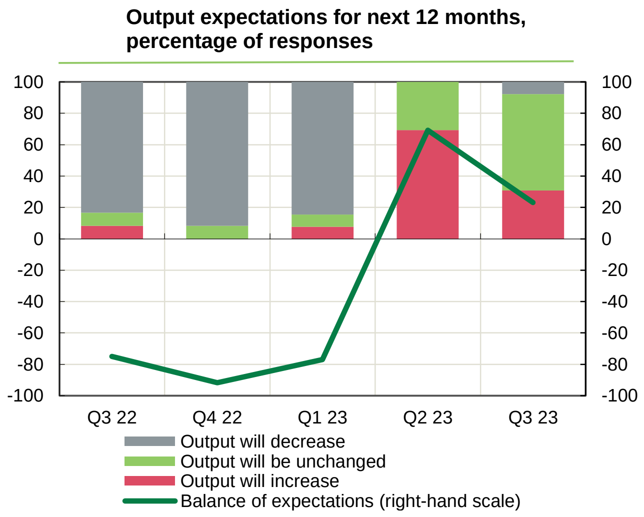



Figure 2

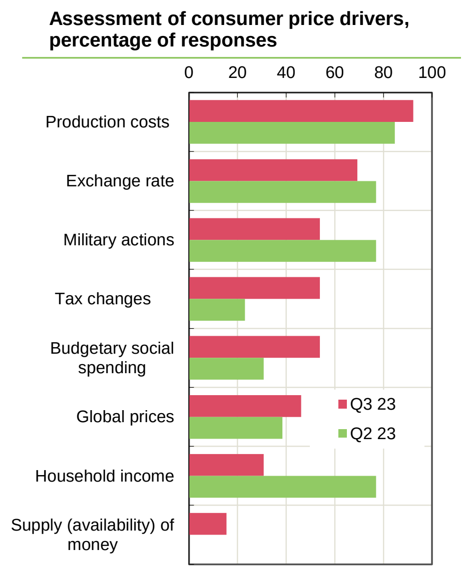



Figure 3

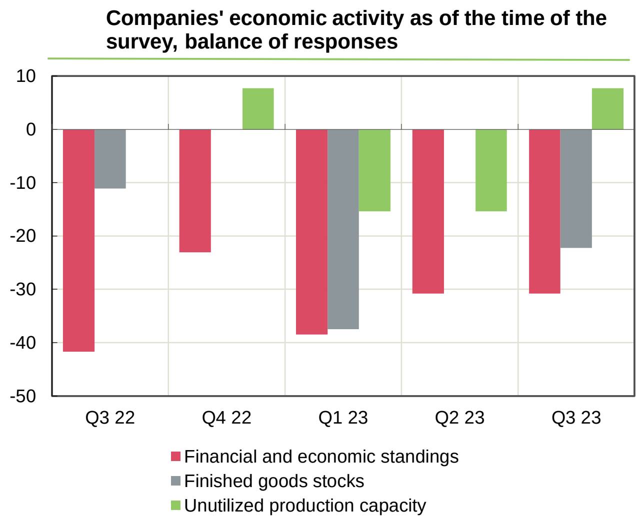



Figure 4

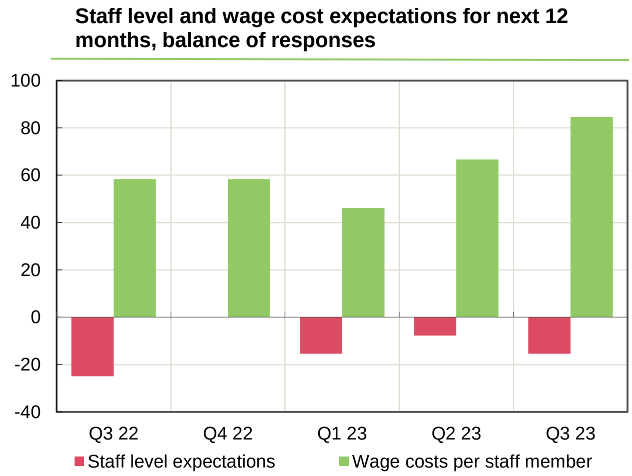



Figure 5

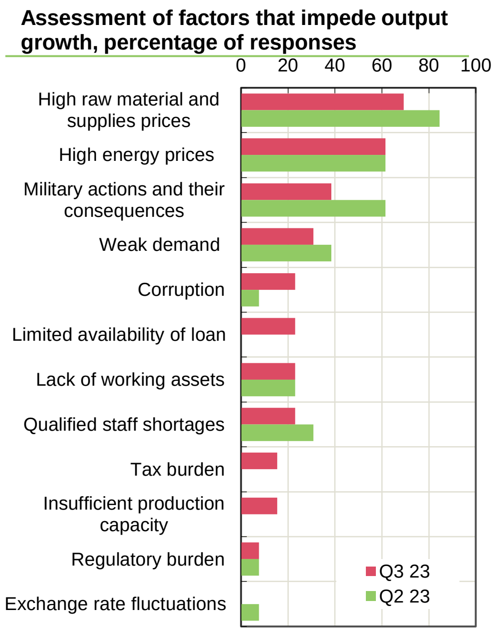



Figure 6

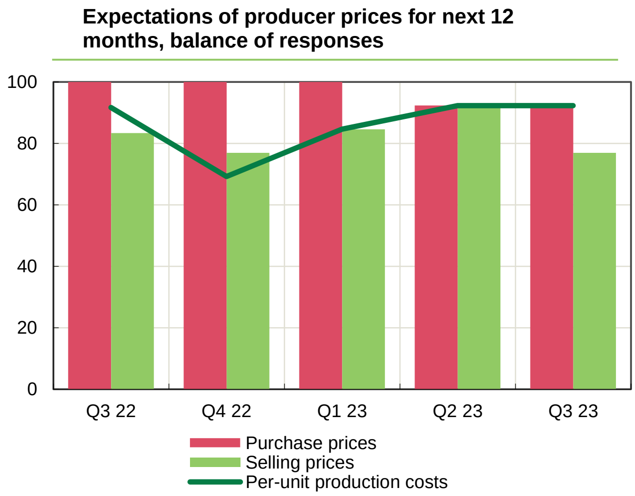


Figure 7

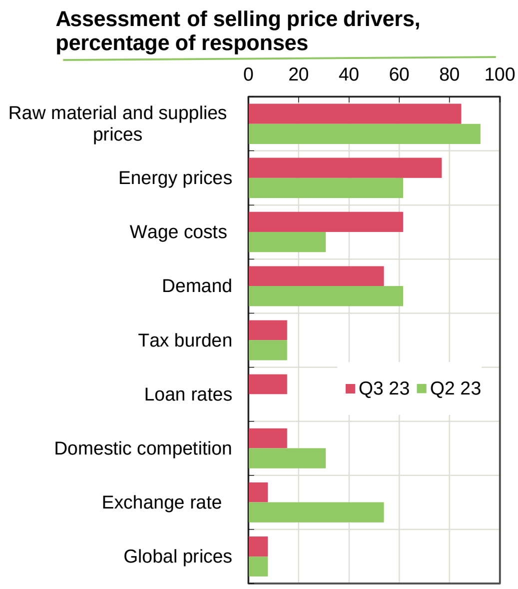



Figure 8

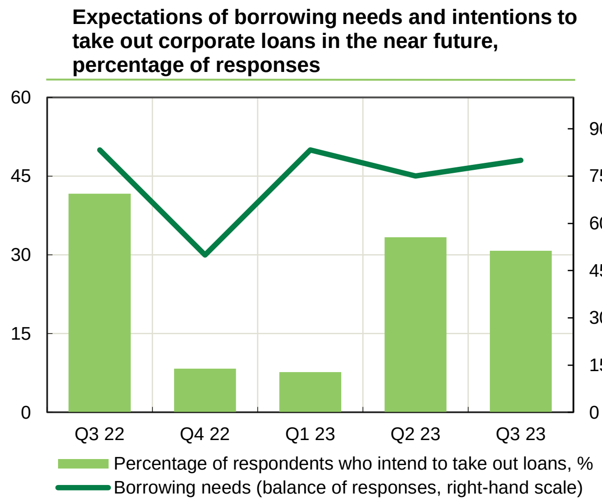



Figure 9