



National Bank  
of Ukraine

## Business Outlook Survey of Chernivtsi Oblast\*

Q3 2023



\*This survey only reflects the opinions of respondents in Chernivtsi 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 **Chernivtsi oblast** in Q3 2023 showed that, on the back of a stable energy system respondents expected that the output of Ukrainian goods and services would remain unchanged over the next 12 months. They had **negative expectations for the performance of their companies** over that period. Respondents expected inflation to rise more slowly. 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 remain unchanged:** the balance of expectations was 0.0%, compared to 36.4% in Q2 2023 and 9.8% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow more slowly:** a total of 60.0% of respondents expected that inflation would not exceed 15.0%, up from 50.0% in the previous survey, and compared to 52.2% across Ukraine. Respondents referred to production costs, military actions and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- **the domestic currency would depreciate more slowly:** 72.7% of respondents (down from 90.0% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 72.4%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-9.1%), down from 9.1% in Q2 2023. The balance across Ukraine was 6.0% (see Table)
- **total sales would increase more slowly:** the balance of responses was 18.2%, compared to 36.4% in Q2 2023. Across Ukraine, the balance of responses was 16.8% (see Table)
- **investment in construction and in machinery, equipment, and tools would rise:** the balances of responses were 9.1% and 18.2% respectively, compared to 18.2% and 20.0% in the previous quarter. The balances of responses across Ukraine were (-2.2%) and 8.8% respectively
- **staff numbers would decrease more slowly:** the balance of responses was (-9.1%), compared to (-30.0%) in Q2 2023. Across Ukraine, the balance of responses was (-7.0%) (Figure 4)
- **purchase prices would grow at a slower pace:** the balance of responses was 81.5% compared to 90.9% in Q2 2023. Meanwhile, selling prices were expected to rise at a faster pace: the balance of responses was 63.3%, up from 45.5% (Figure 6). Energy prices, raw material and supplies prices and wage costs were referred to as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and in wage costs per staff member would decelerate:** the balances of responses were 36.4% and 45.5% respectively, down from 63.6% and 54.5% respectively in Q2 2023 (Figures 4 and 6).

Respondents referred to military actions and their consequences and a lack of working capital as the **main drags on the ability of their companies to boost production**. The impact of the tax burden and weak demand was reported to have increased compared to the previous quarter (Figure 5).

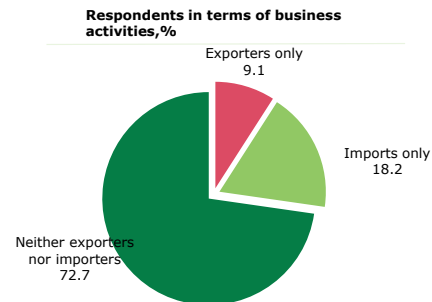
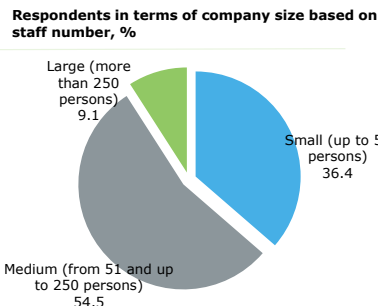
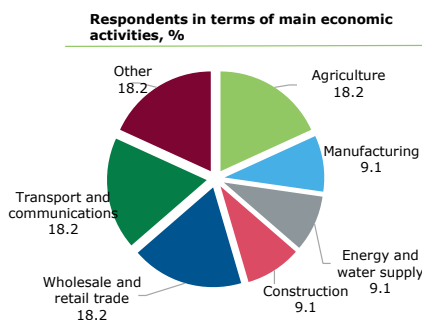
Respondents reported **weaker expectations of an increase in their borrowing needs** in the near future. The respondents who planned to take out loans (the share of those respondents dropped to 20.0%) opted only for domestic currency loans (Figure 8). Respondents cited the availability of other funding sources and the uncertainty about their ability to meet debt obligations as the main factors deterring them from taking out loans (Figure 10).

**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)

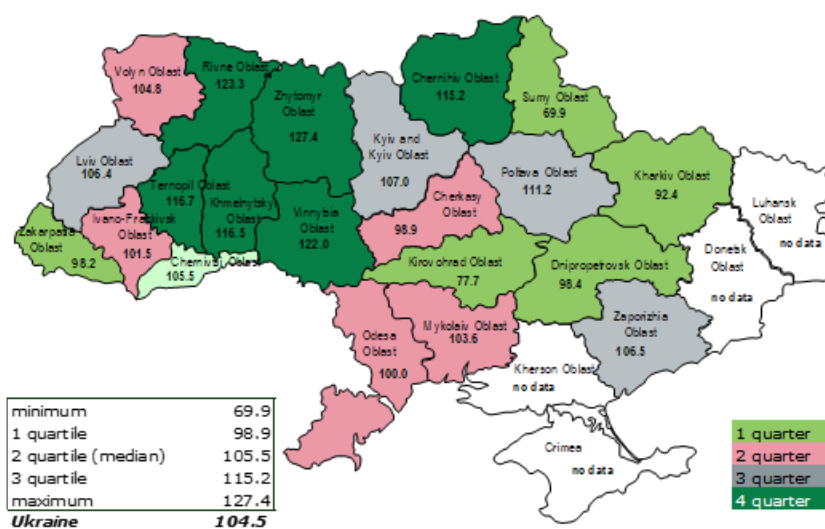
- **Companies assessed their current financial and economic standings as good** for the first time since Q3 2022: the balance of responses was 9.1%, up from 0.0% in Q2 2023. Across Ukraine, current financial and economic standings were assessed as bad: the balance of responses was (-5.8%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-33.3%), compared to (-20.0%) in Q2 2023.
- **Companies had sufficient production capacity to meet any unexpected rise in demand:** the balance of responses was 30.0%, compared to 20.0% in Q2 2023.

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



- Period: 31 July through 21 August 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 Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</sup>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, %				
	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	20.0	10.0	27.3	9.1	-9.1
Total sales	20.0	-10.0	9.1	36.4	18.2
Investment in construction	-20.0	-10.0	27.3	18.2	9.1
Investment in machinery, equipment, and tools	10.0	-10.0	18.2	20.0	18.2
Staff numbers	-10.0	-22.2	-9.1	-30.0	-9.1

<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

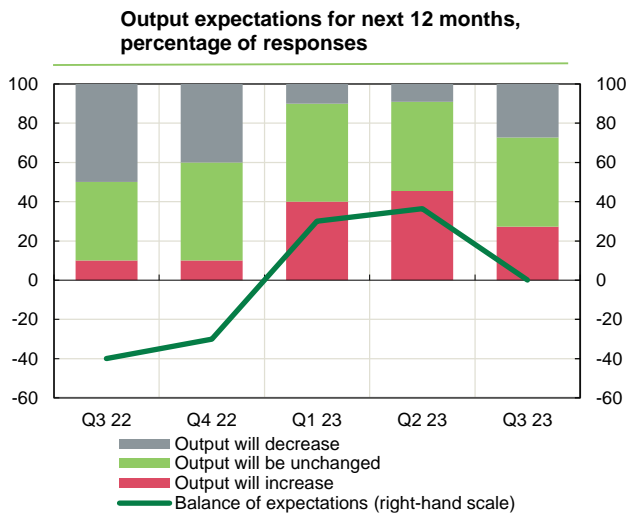


Figure 2

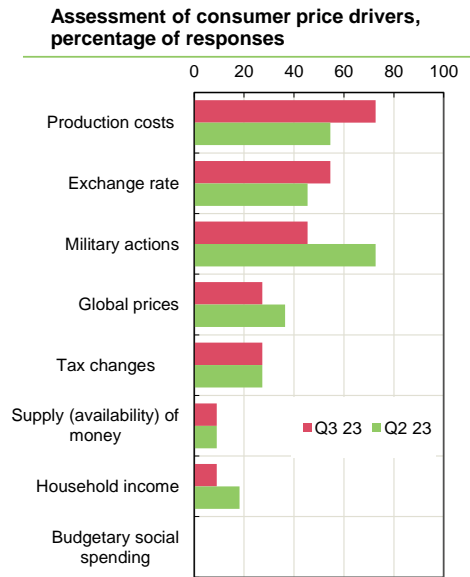


Figure 3

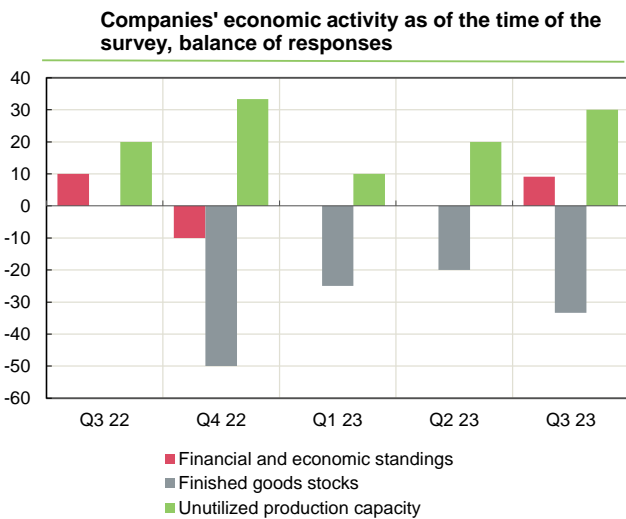


Figure 4

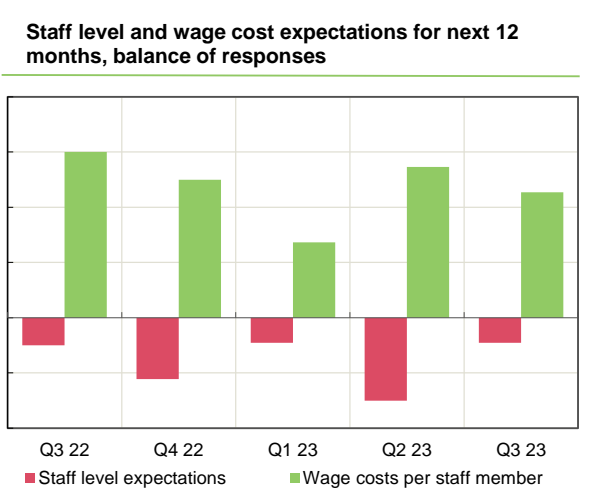


Figure 5

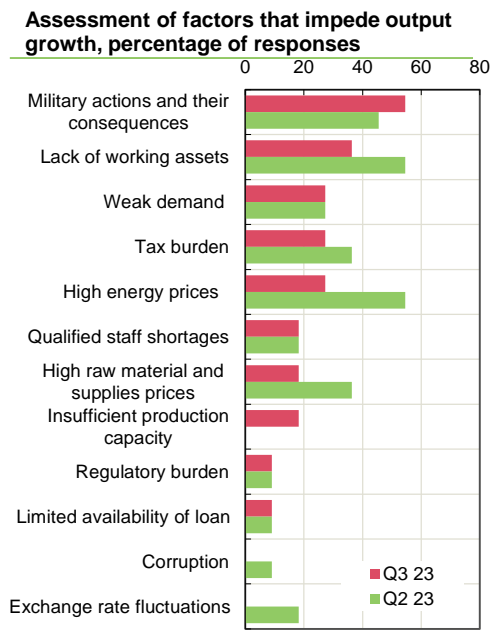


Figure 6

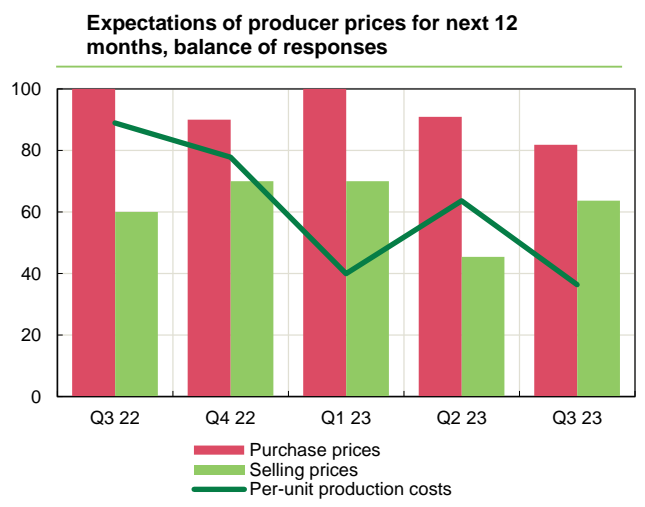


Figure 7

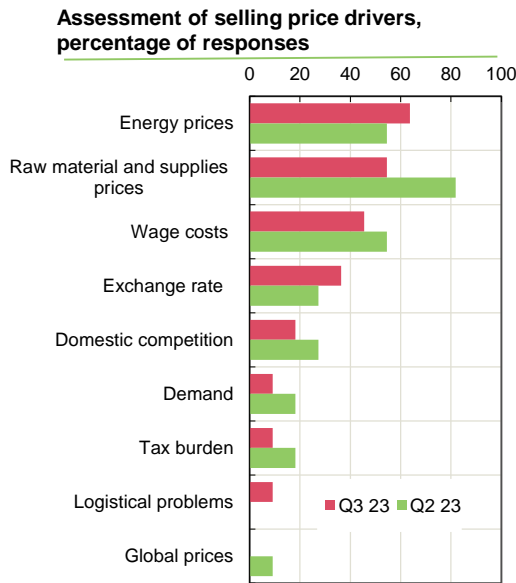


Figure 8

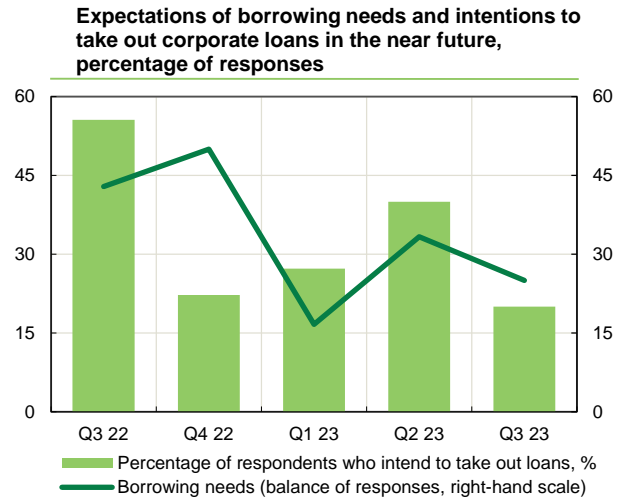


Figure 9

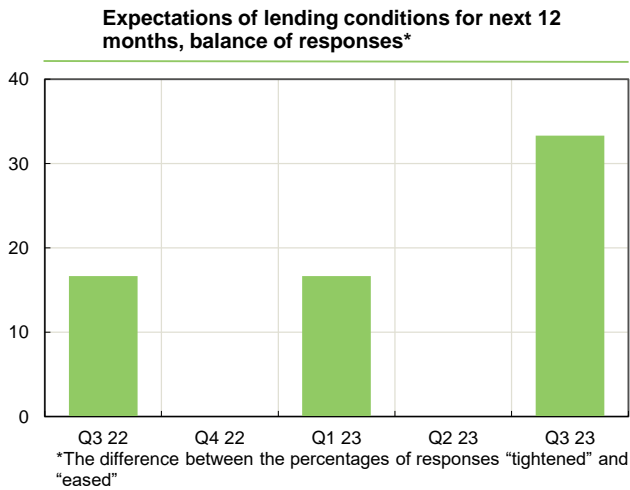


Figure 10

