



National Bank
of Ukraine

Business Outlook Survey of Chernihiv Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Chernihiv oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Chernihiv oblast** in Q2 2024 showed that, despite the war, high raw material and supplies prices, and energy prices, 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. Prices were expected to rise more slower. 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:** the balance of expectations was 46.2% (among the firmest expectations across the regions), up from 41.7% in the previous quarter (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **prices for consumer goods and services would rise more slowly:** 100.0% of the respondents expected that the inflation rate would not exceed 10.0%, compared to 38.5% in the previous quarter and 62.8% across Ukraine. Respondents referred to the hryvnia exchange rate, military actions and production costs and **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 100.0% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 92.3% in Q1 2024 and 84.9% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 7.7%, compared to 23.1% in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate moderately (-0.2%)
- **total sales would increase more slowly:** the balance of responses was 27.3%, compared to 38.5% in the previous quarter. Meanwhile external sales were expected to increase: the balance of responses was 50.0%, up from 0.0% in Q1 2024 (see Table). Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment in construction would decrease:** the balance of responses was (-8.3%), down from (-10.0%) in the previous quarter. At the same time, respondents expected that investment in machinery, equipment, and tools would increase: the balance of responses was 33.3%, up from 0.0% in Q1 2024. Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively (see Table)
- **staff numbers would decrease:** the balance of responses was (-7.7%), as in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- **purchase prices and selling prices would grow:** the balances of responses were 84.6% for each, compared to 92.3% and 84.6% in Q1 2024 (Figure 6). Respondents referred to raw material and supplies prices, energy prices and wage costs as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow:** the balances of responses were 76.9% for each, compared to 76.9% and 61.5% respectively in Q1 2024 (Figures 4 and 6).

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

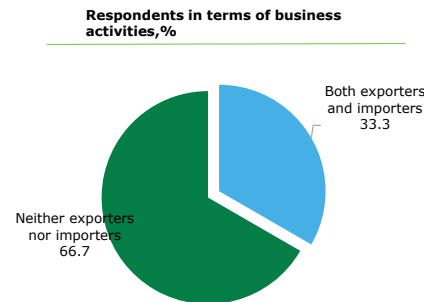
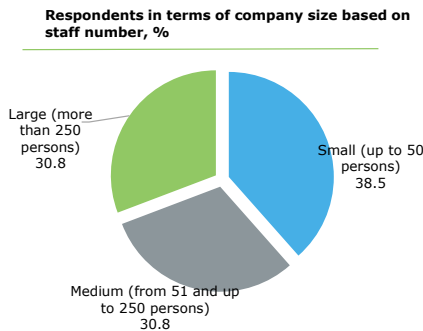
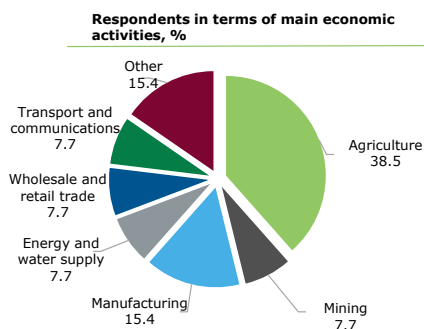
Respondents expected a significant rise in their borrowing needs in the near future (Figure 8). The respondents who planned to take out bank loans (46.2%) opted only for domestic currency loans. Respondents cited the availability of other funding sources, high loan rates, collateral requirements and complicated paperwork (the impact of this factor was reported to have increased) 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 (96.0% across Ukraine).

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

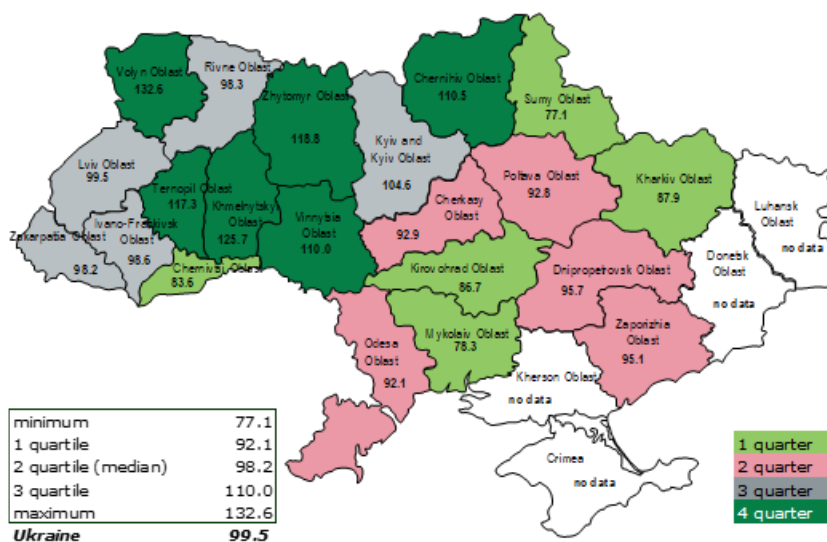
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-7.7%), as in the previous quarter. Overall, across Ukraine, the balance of responses was (-4.3%).
- **Stocks of finished goods had decreased and were assessed as lower than normal:** the balance of responses was (-12.5%), compared to 0.0% in Q1 2024.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-7.7%), down from 25.0% in the previous quarter.

Survey Details^{1,2}



- Period: 30 April through 24 May 2024.
- 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
^{**}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, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	23.1	30.8	25.0	23.1	7.7
Total sales	38.5	38.5	45.5	38.5	27.3
Investment in construction	0.0	11.1	-15.4	-10.0	-8.3
Investment in machinery, equipment, and tools	-27.3	11.1	0.0	0.0	33.3
Staff numbers	-7.7	-15.4	-7.7	-7.7	-7.7

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

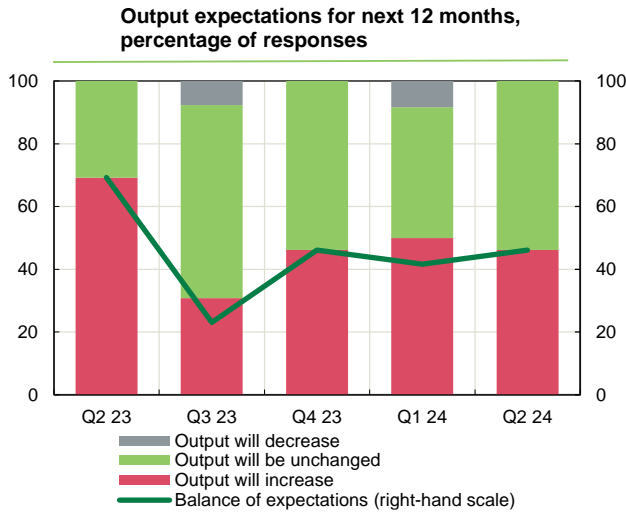


Figure 2

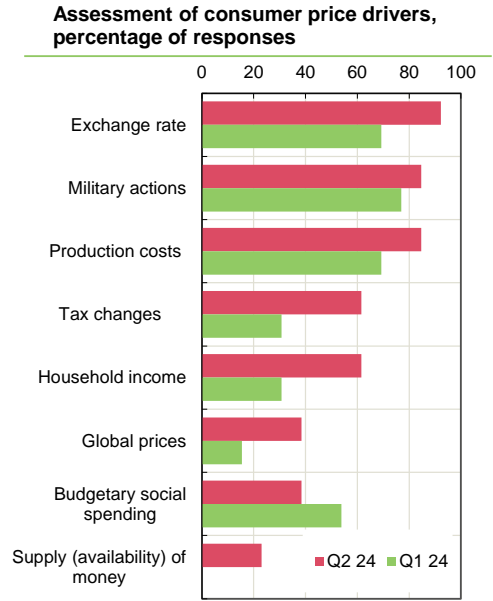


Figure 3

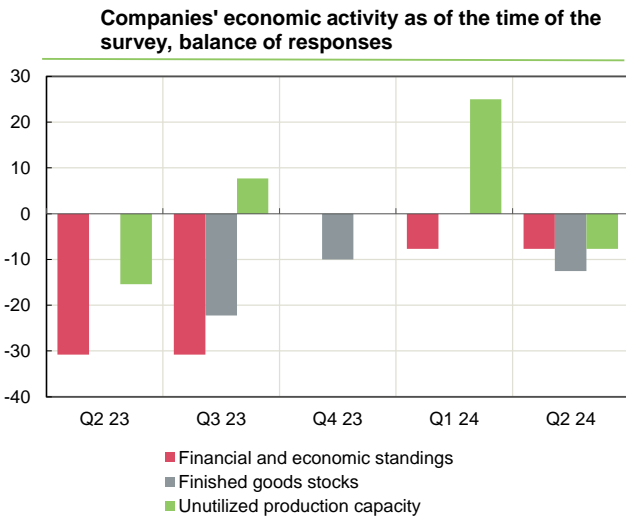


Figure 4



Figure 5

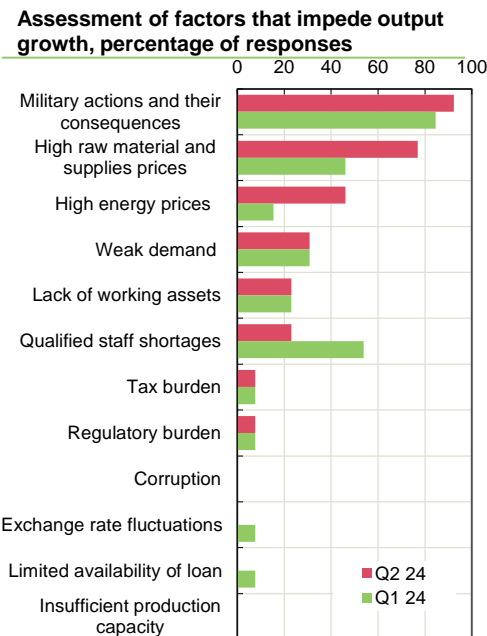


Figure 6

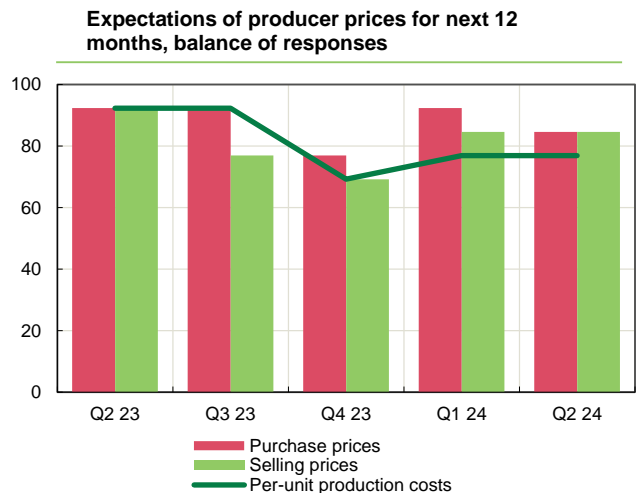


Figure 7

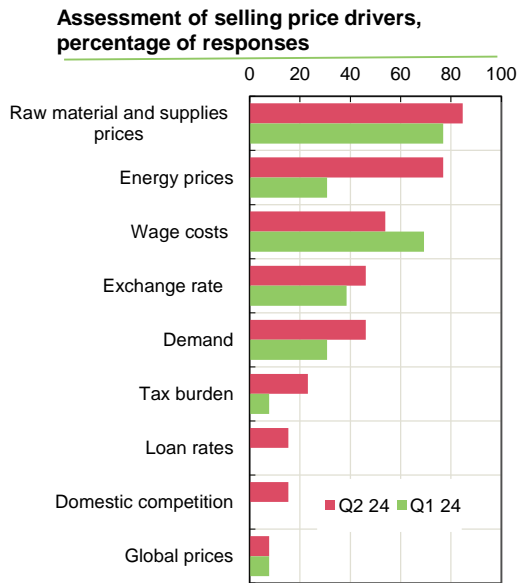


Figure 8

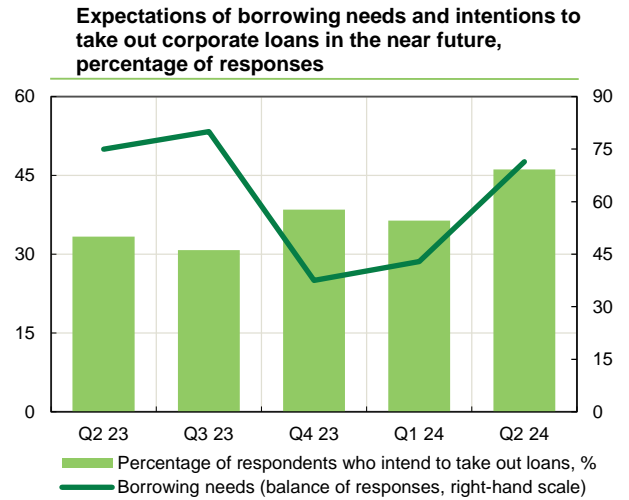


Figure 9

