



National Bank  
of Ukraine

# Business Outlook Survey of Cherkasy Oblast\*

Q2 2023



\*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, respondents expected **growth in the output of Ukrainian goods and services** over the next 12 months. **They softened their negative expectations for the performance of their companies** over this period. Inflation expectations weakened. 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 grow** (these expectations were reported for the first time since Q4 2021): the balance of expectations was 17.6%, compared to 0.0% in Q1 2023 and 17.0% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise more slowly**: a total of 64.7% of respondents expected the inflation rate not to exceed 15.0% (compared to 47.4% in the previous quarter and 46.6% across Ukraine). Respondents referred to military actions, production costs, the hryvnia exchange rate, and household income as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate**: a total of 52.9% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 57.9% in the previous quarter and 72.2% across Ukraine
- **the financial and economic standings of their companies would deteriorate at a slower pace**: the balance of expectations was (-5.6%), compared to (-15.8%) in Q1 2023 and 9.6% across Ukraine (see Table)
- **total sales would decrease**: the balance of responses was (-5.9%), compared to (-5.6%) in Q1 2023. At the same time, respondents expected **external sales** to remain unchanged: the balance of responses was 0.0%, as in the previous quarter (see Table). Across Ukraine, the balances of responses were 14.5% and 10.9% respectively
- **investment in construction and in machinery, equipment, and tools would decrease more slowly**: the balances of responses were (-6.3%) for each (compared to (-22.2%) and (-23.5%) respectively in the previous quarter). The balances of responses across Ukraine were (-2.3%) and 4.5% respectively (see Table)
- **staff numbers at their companies would decrease**: the balance of responses was (-16.7%), compared to (-15.8%) in Q1 2023 (Figure 4). Across Ukraine, the balance of responses was (-3.8%)
- **purchase and selling prices would grow**: the balances of responses were 83.3% and 38.9% respectively (compared to 84.2% and 47.4% respectively in Q1 2023) (Figure 6). Energy prices, raw material and supplies prices, wage costs and global prices (the impact of this driver was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would rise**: the balances of responses were 52.9% and 33.3% respectively, compared to 44.4% and 23.5% in Q1 2023 (Figures 4 and 6).

Companies named military actions and their consequences, weak demand, high raw material and supply prices and qualified staff shortages as **the main drags on their ability to boost production** (Figure 5).

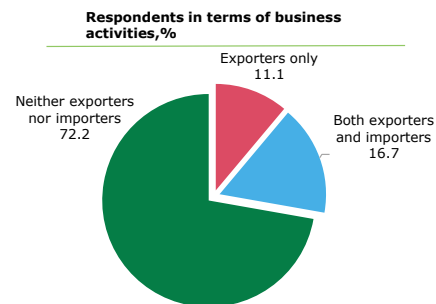
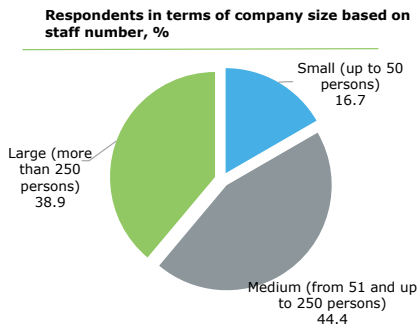
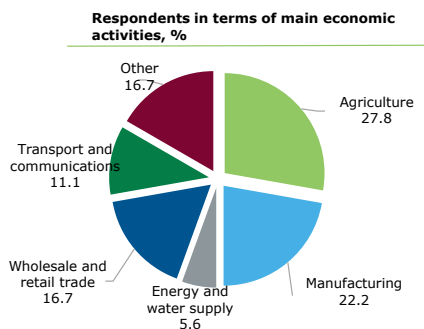
Respondents said that **their borrowing needs** would remain unchanged in the near future (Figure 8). The respondents who planned to take out bank loans opted only for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Companies cited high loan rates and complicated paperwork (the impact of this factor was reported to have increased) as the main factors deterring them from taking out loans. Respondents also reported an increase in the impact of strict collateral requirements, the availability of other funding sources, hryvnia exchange rate fluctuations and uncertainty about their ability to meet debt obligation as they fall due (Figure 10).

A total of **83.3% of respondents** said **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)

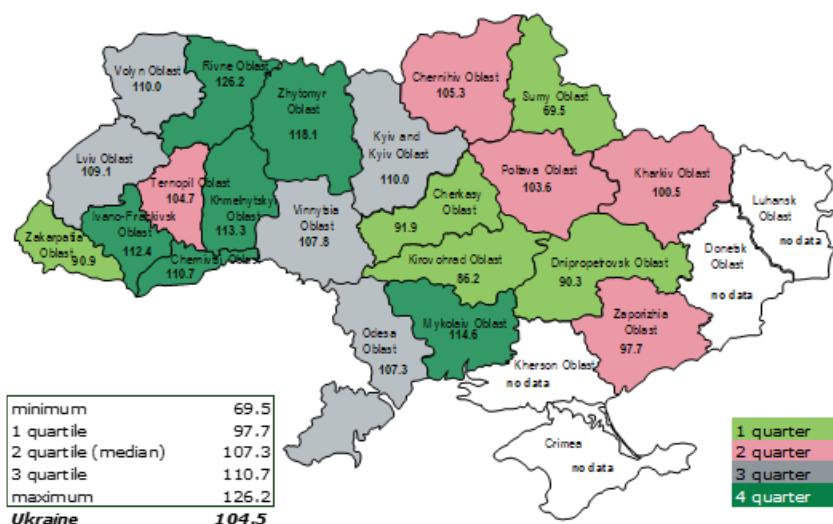
- **Companies' current financial and economic standings had deteriorated and were assessed as satisfactory**: the balance of responses was 0.0%, compared to 5.3% in Q1 2023. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-11.1%).
- **Stocks of finished goods had increased and were assessed as higher than normal**: the balance of responses was 8.3%, compared to (-9.1%) in Q1 2023.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand**: the balance of responses was 17.6%, compared to 11.1% in Q1 2023.

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



- Period: 3 May through 26 May 2023.
- A total of 18 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture and the manufacturing industry.

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>\*\*</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 Cherkasy Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-11.1	0.0	0.0	-15.8	-5.6
Total sales	-27.8	0.0	0.0	-5.6	-5.9
Investment in construction	-40.0	-44.4	-21.1	-22.2	-6.3
Investment in machinery, equipment, and tools	-12.5	-29.4	-15.8	-23.5	-6.3
Staff numbers	-5.6	-16.7	5.3	-15.8	-16.7

<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

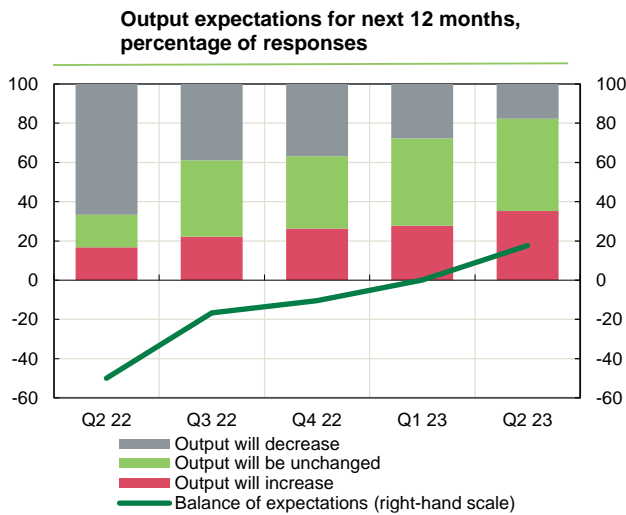


Figure 2

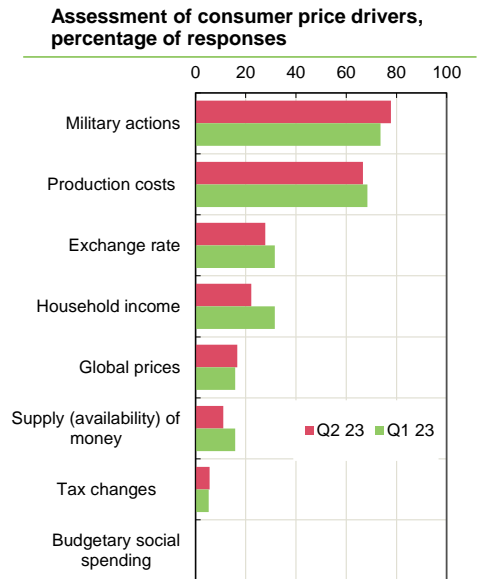


Figure 3

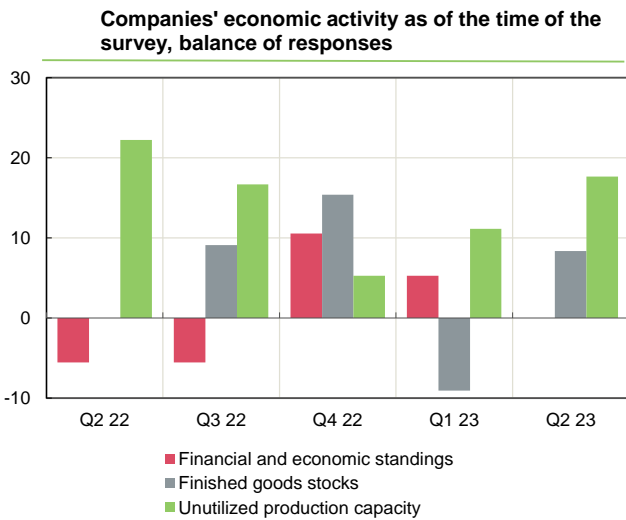


Figure 4



Figure 5

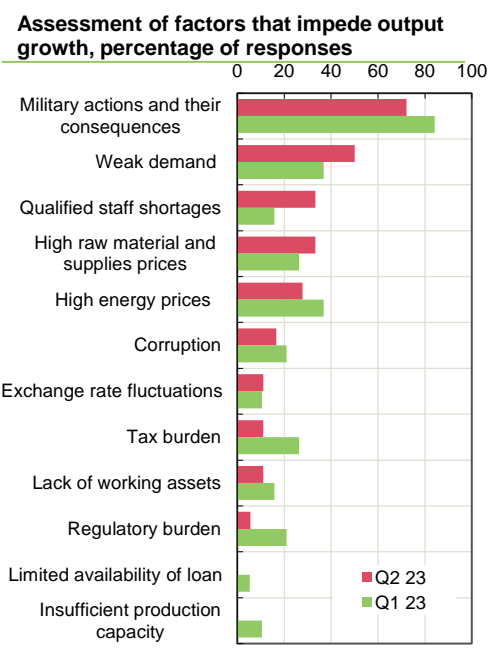


Figure 6

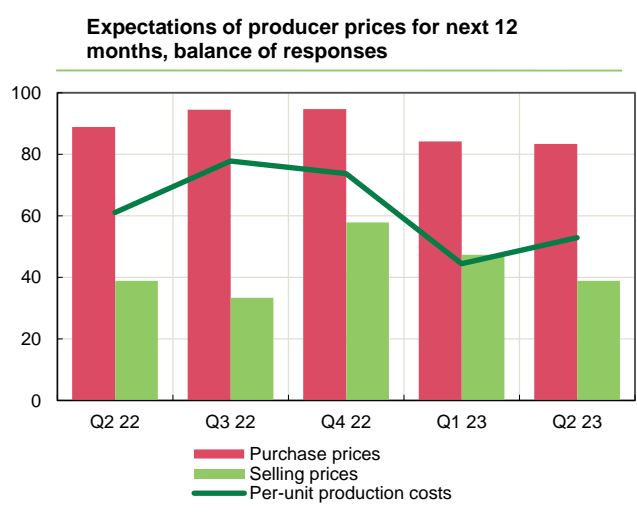


Figure 7

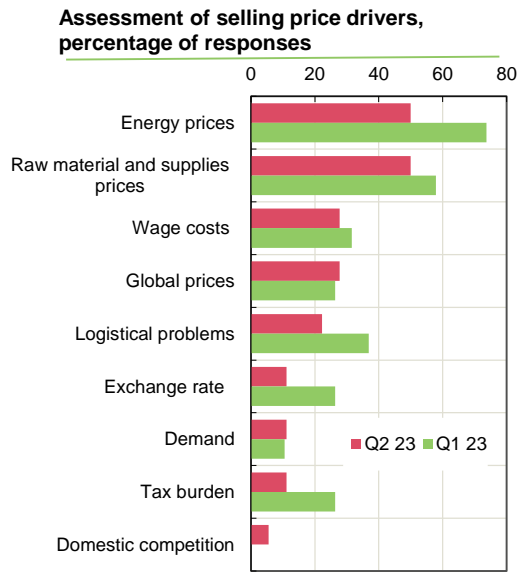


Figure 8

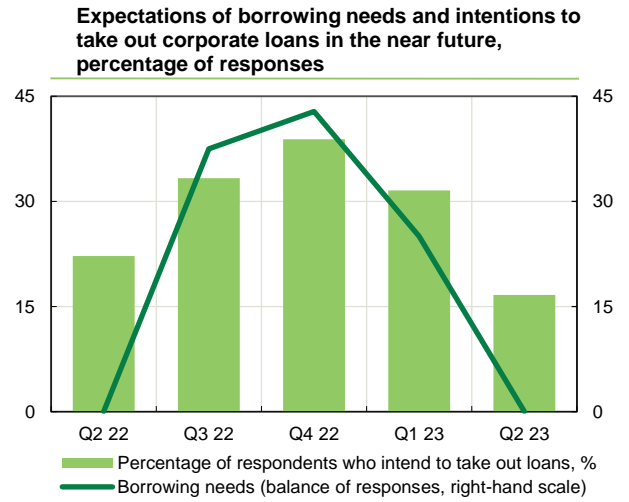


Figure 9

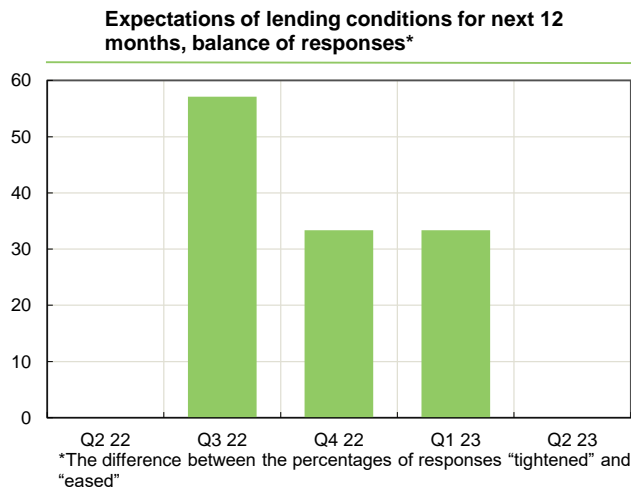


Figure 10

