



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Cherkasy 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 Cherkasy oblast in Q3 2023 showed that, on the back of a stable energy system respondents expected growth in the output of Ukrainian goods and services over the next 12 months. They had negative expectations for the performance of their companies over this period, because of the latest missile attacks. 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 at a faster pace:** the balance of expectations was 26.3%, compared to 17.6% in Q2 2023 and 9.8% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise more slowly:** a total of 73.3% of respondents expected the inflation rate not to exceed 15.0% (compared to 64.7% in the previous quarter and 52.2% across Ukraine). Respondents referred to military actions, production costs, the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** a total of 57.9% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 52.9% in the previous quarter and 72.4% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-10.5%), compared to (-5.6%) in Q2 2023 and 6.0% across Ukraine (see Table)
- **total sales would grow significantly:** the balance of responses was 21.1%, compared to (-5.9%) in Q2 2023. At the same time, respondents expected **external sales** to remain unchanged: the balance of responses was 0.0% (such expectations have been reported for three quarters in a row) (see Table). Across Ukraine, the balances of responses were 16.8% and 10.6% respectively
- **investment in construction would increase:** the balance of responses was 5.6%, up from (-6.3%) in the previous quarter. Meanwhile, respondents expected **investment in machinery, equipment, and tools to drop:** the balance of responses was (-5.3%) compared to (-6.3%) in Q2 2023. The balances of responses across Ukraine were (-2.2%) and 8.8% respectively (see Table)
- **staff numbers at their companies would decrease:** the balance of responses was (-15.8%), compared to (-16.7%) in Q2 2023 (Figure 4). Across Ukraine, the balance of responses was (-7.0%)
- **purchase prices would grow:** the balance of responses was 78.9% compared to 83.3% in the previous quarter. Respondents expected that **selling prices would grow more slowly:** the balance of responses was 26.3% (compared to 38.9% respectively in Q2 2023) (Figure 6). Energy prices, raw material and supplies prices and wage costs were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would rise at a faster pace:** the balances of responses were 73.7% and 52.6% respectively, compared to 52.9% and 33.3% in Q2 2023 (Figures 4 and 6).

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

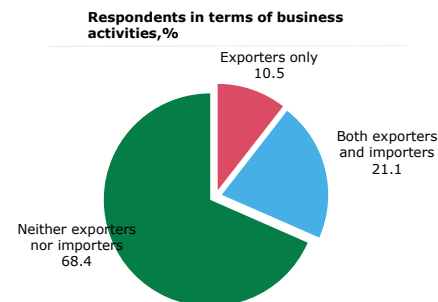
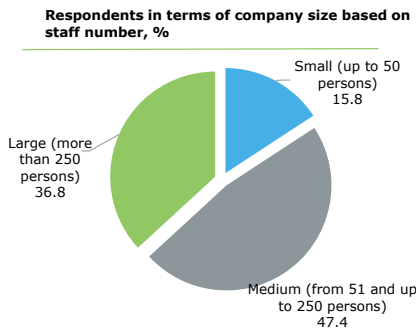
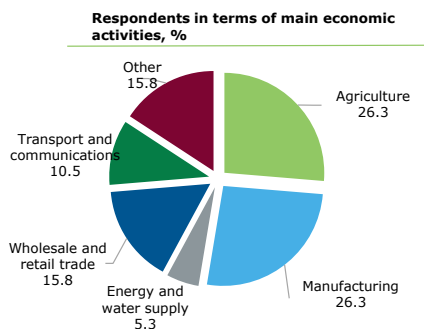
Respondents said that **their borrowing needs** would increase in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that lending conditions had softened (Figure 9). Companies cited high loan rates, complicated paperwork, strict collateral requirements and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

A total of **84.2% 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)

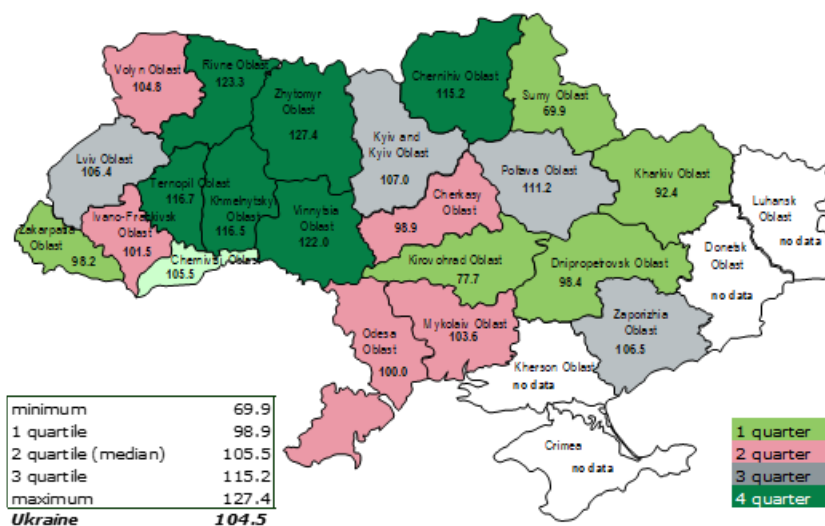
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 5.3%, compared to 0.0% in Q2 2023. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-7.0%).
- **Stocks of finished goods were assessed as higher than normal:** the balance of responses was 8.3%, as in Q2 2023.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 31.6%, compared to 17.6% in Q2 2023.

Survey Details^{1,2}



- Period: 1 August through 24 August 2023.
- A total of 19 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 Oblasts³, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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, %				
	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	0.0	0.0	-15.8	-5.6	-10.5
Total sales	0.0	0.0	-5.6	-5.9	21.1
Investment in construction	-44.4	-21.1	-22.2	-6.3	5.6
Investment in machinery, equipment, and tools	-29.4	-15.8	-23.5	-6.3	-5.6
Staff numbers	-16.7	5.3	-15.8	-16.7	-15.8

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

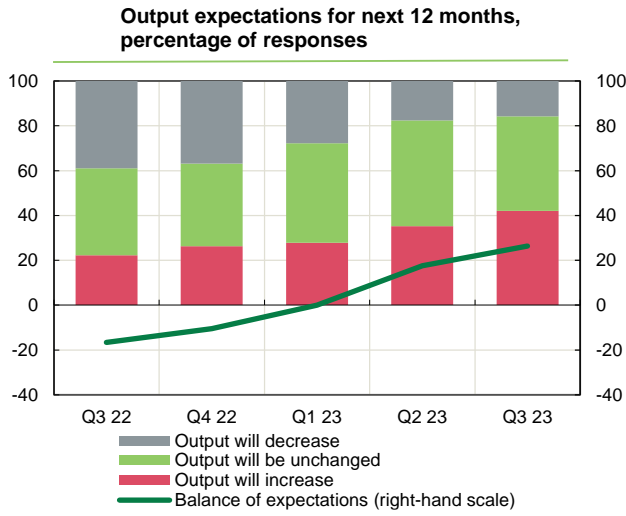


Figure 2

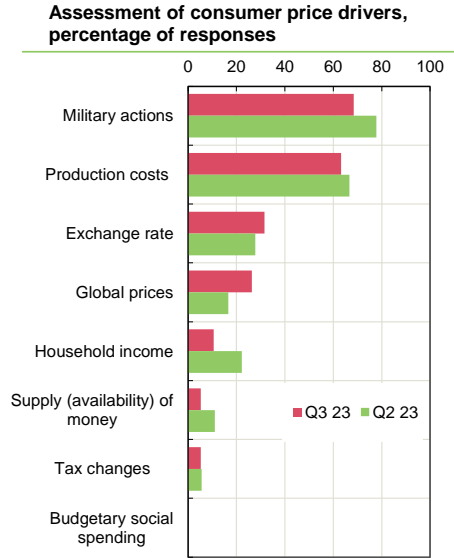


Figure 3

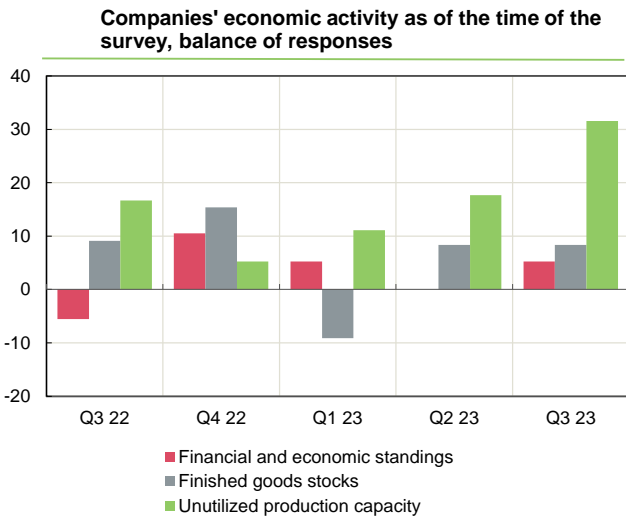


Figure 4

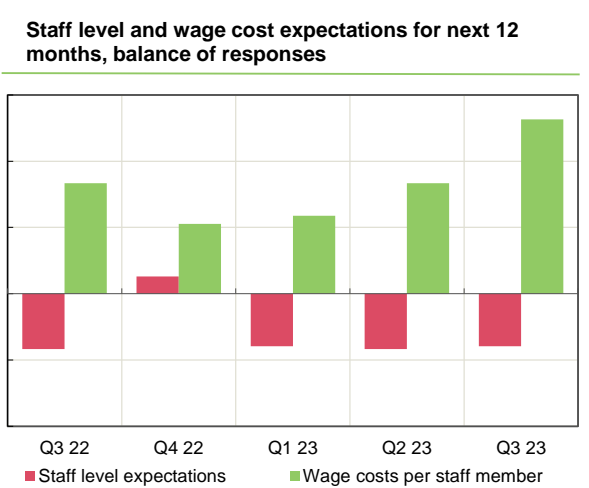


Figure 5

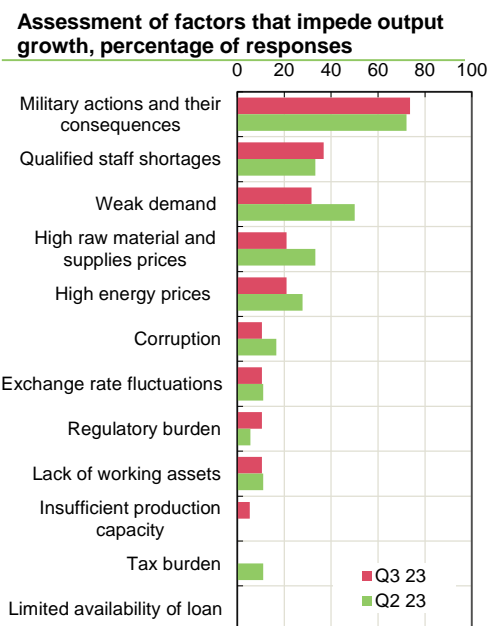


Figure 6

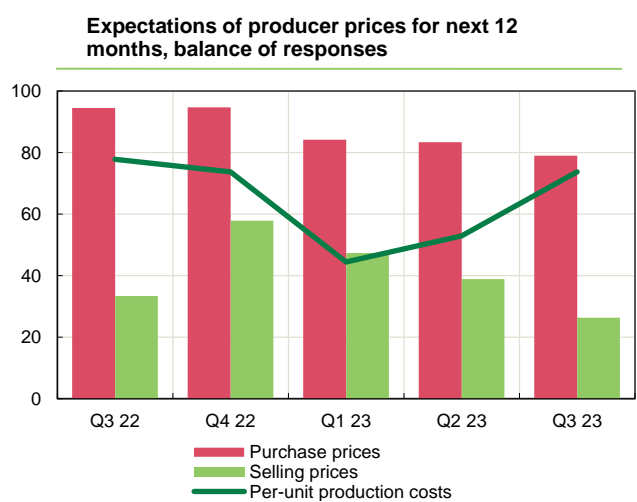


Figure 7

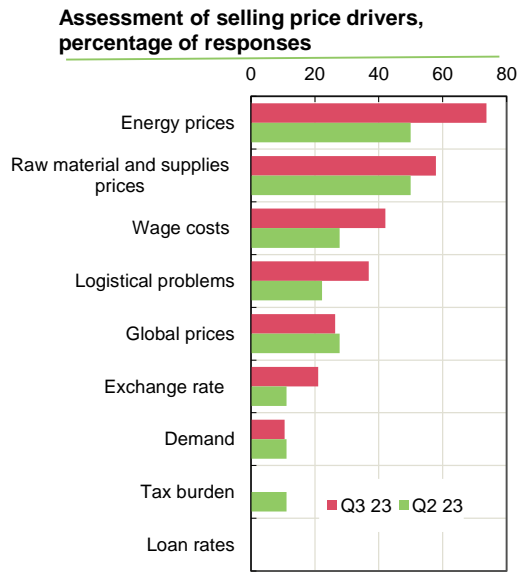


Figure 8

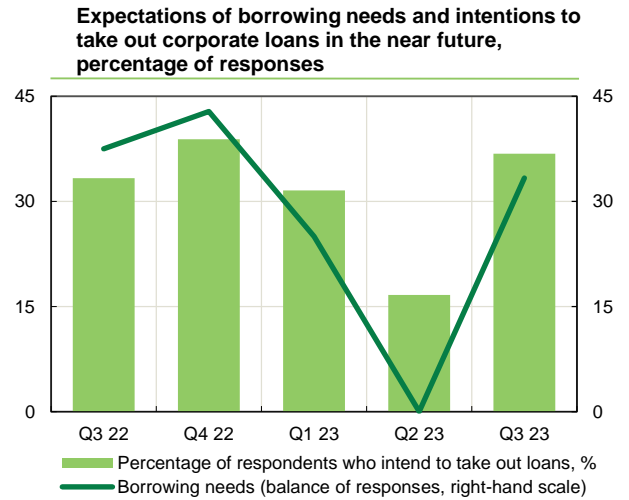


Figure 9

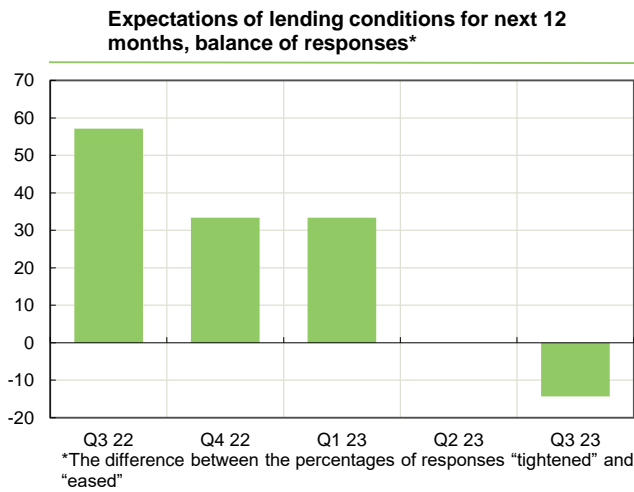


Figure 10

