



National Bank  
of Ukraine

## Business Outlook Survey of Cherkasy Oblast\*

Q4 2019



\*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q4 2019, and does not represent NBU forecasts or estimates

A survey carried out in **Cherkasy oblast** in Q4 2019 showed that respondents expected a drop in the output of Ukrainian goods and services, and had moderate expectations for the development of their companies over the next 12 months. Respondents expected that prices would increase further. Meanwhile, depreciation expectations softened.

#### The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would drop:** the balance of expectations was (-5.6%) (compared to 22.2% in Q3 2019) (Figure 1). Meanwhile, respondents across Ukraine expected an increase in the output, the balance of responses being 21.9%
- **prices for consumer goods and services would grow** at a faster pace: 57.9% of respondents expected the inflation rate to be lower than 7.5% (compared with 58.8% in Q3 2019 and 53.8% across Ukraine). A total of 5.3% of respondents expected a decrease in prices for consumer goods and services. Respondents referred to **production costs as the main inflation driver** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 56.3% of respondents expected the hryvnia to weaken against the US dollar (compared with 62.5% in the previous quarter), with the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (compared with 22.2% in the previous quarter) (see Table). At the same time, respondents from agricultural companies expected that their financial and economic standings would deteriorate. Companies across Ukraine expected an improvement in their financial and economic standings (18.6%)
- **total sales would decrease:** the balance of responses was (-15.8%) compared with 11.1% in Q3 2019. Respondents also expected a drop in external sales: the balance of responses was (-12.5%) compared with (-14.3%) in Q3 2019. Overall, respondents expected sales to rise across Ukraine, the balances of responses being 23.5% and 20.6% respectively
- **investment in machinery, equipment and tools would increase:** the balance of responses was 17.6% compared to 12.5% in the previous quarter. Investment in construction was expected to remain unchanged: the balance of responses was 0.0% (compared to 12.5% in Q3 2019). Overall, respondents expected investment spending to rise across Ukraine, the balances of responses being 14.7% and 4.7% respectively
- **staff numbers at their companies would decrease further:** the balance of responses was (-26.3%) compared with (-16.7%) in Q3 2019 and (-1.6%) across Ukraine (Figure 4). Respondents in the agricultural sector had the most pessimistic expectations, with a balance of responses of (-42.9%)
- **purchase prices would rise at a faster pace** (the balance of responses was 78.9%) than selling prices (the balance of responses was 31.6%) (Figure 6). Raw material and supplies prices and wage costs were cited as the main selling price drivers (Figure 7). The impact of energy prices and the exchange rate was also said to be significant
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 55.6% and 44.4% respectively (compared to 55.6% and 61.1% in Q3 2019) (Figures 4 and 6).

High energy prices and qualified staff shortages were named as **the main drags on the ability of companies to boost production** (Figure 5).

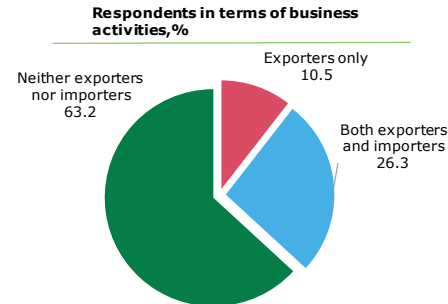
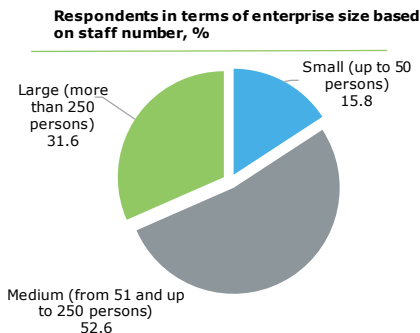
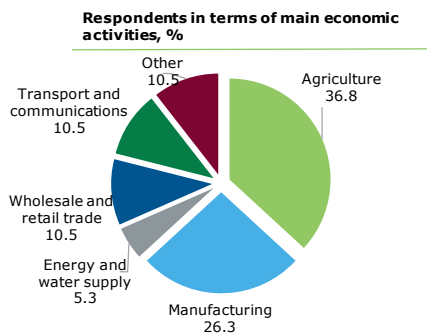
Respondents expected a significant increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out corporate loans (50.0% of those surveyed) opted for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Companies cited **high loan rates as the main factor that deterred them from taking out corporate loans** (Figure 10).

A total of **94.7% of respondents** said they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.4% across Ukraine).

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

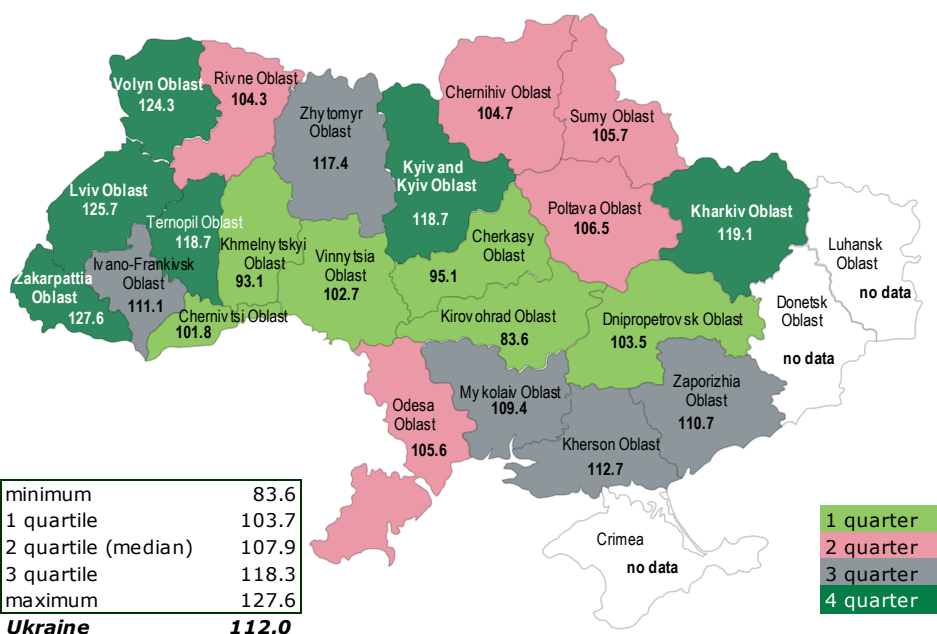
- **The current financial and economic standings of companies had deteriorated and were assessed as bad:** the balance of responses was (-5.6%) compared with 0.0% in Q3 2019. Across Ukraine, the current financial and economic standings of companies were assessed as good, the balance of responses being 6.1%.
- **Finished goods stocks had decreased to normal levels:** the balance of responses was 0.0% (compared with 15.4% in Q3 2019).
- **Companies in the region had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 27.8% (as in Q3 2019).

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



- Period: 4 November through 29 November 2019.
- A total of 19 companies were polled.
- A representative sample was generated on the basis of the following economic activities: the agricultural sector 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 sampled 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, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	14.3	46.7	25.0	22.2	0.0
Total sales	25.0	47.4	21.1	11.1	-15.8
Investment in construction	0.0	5.9	0.0	12.5	0.0
Investment in machinery, equipment and tools	19.0	11.8	14.3	12.5	17.6
Staff numbers	-26.1	-5.3	-10.5	-16.7	-26.3

<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 development 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

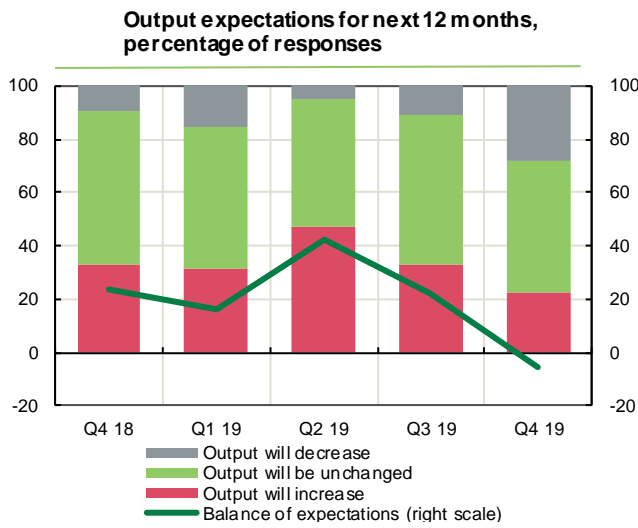


Figure 2

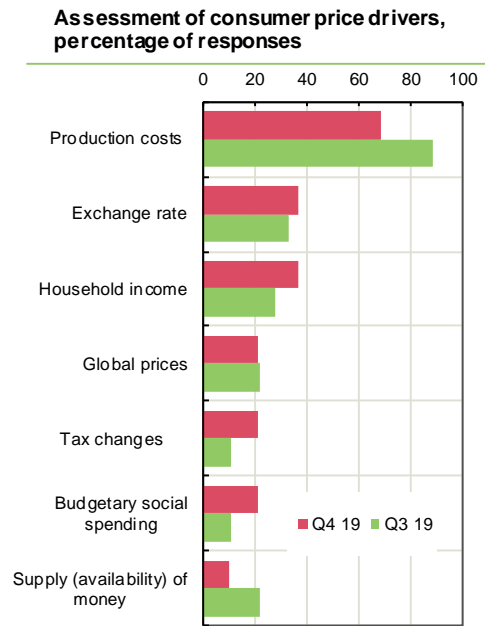


Figure 3

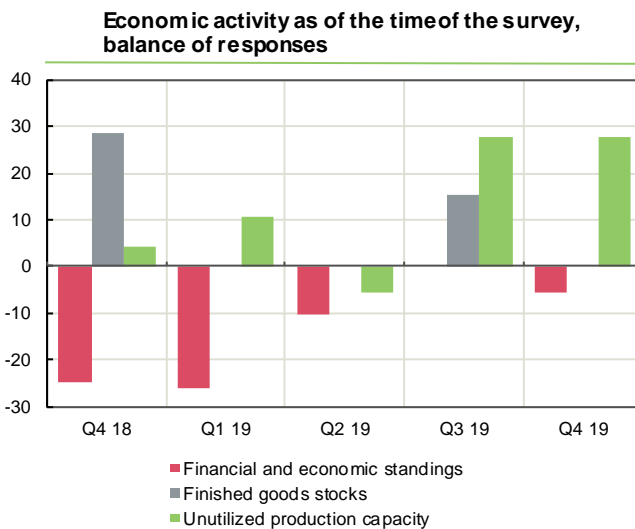


Figure 4



Figure 5

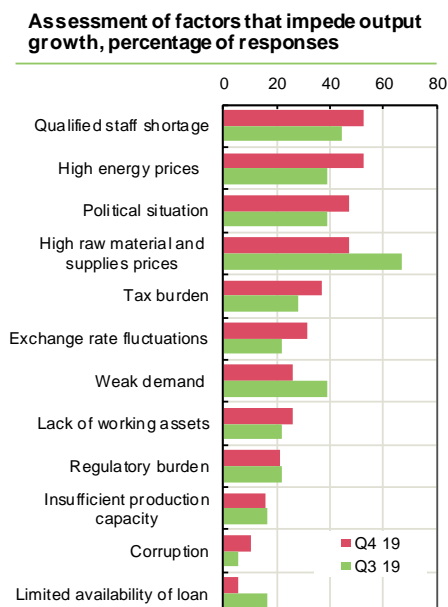


Figure 6

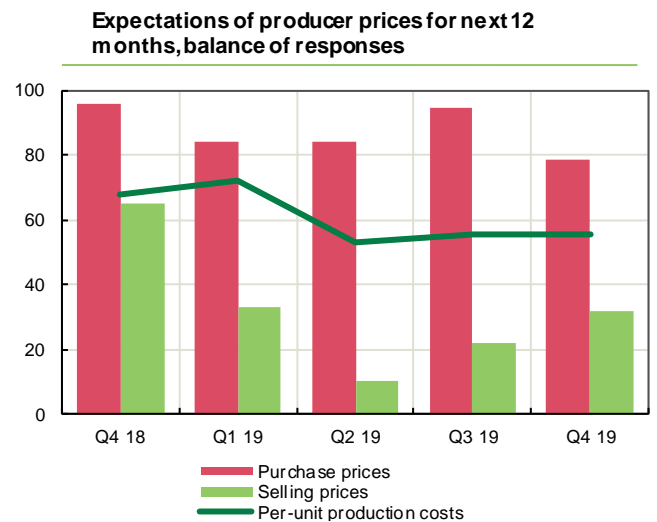


Figure 7

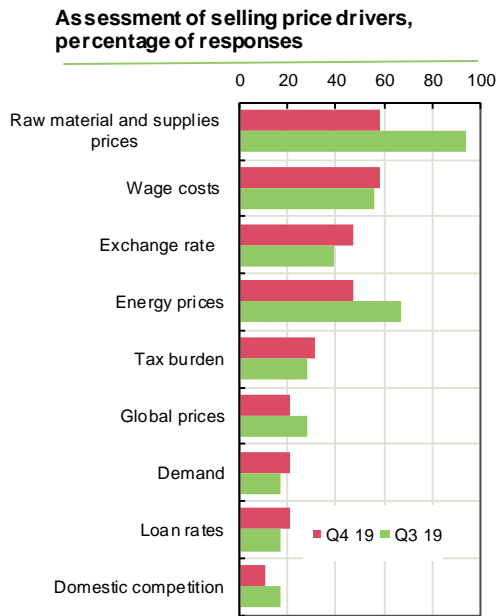


Figure 8

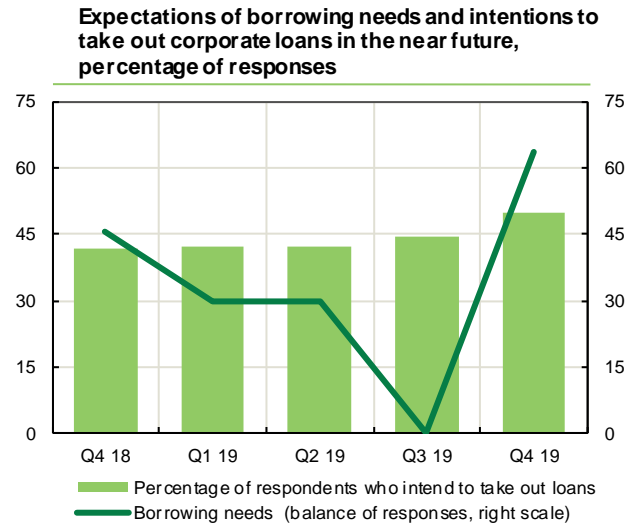


Figure 9

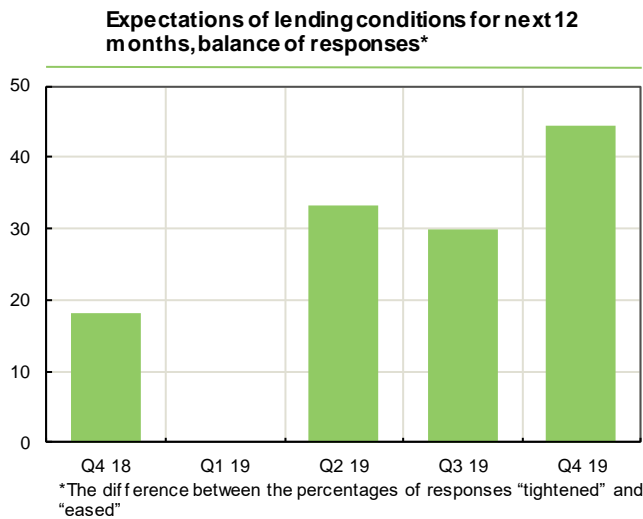
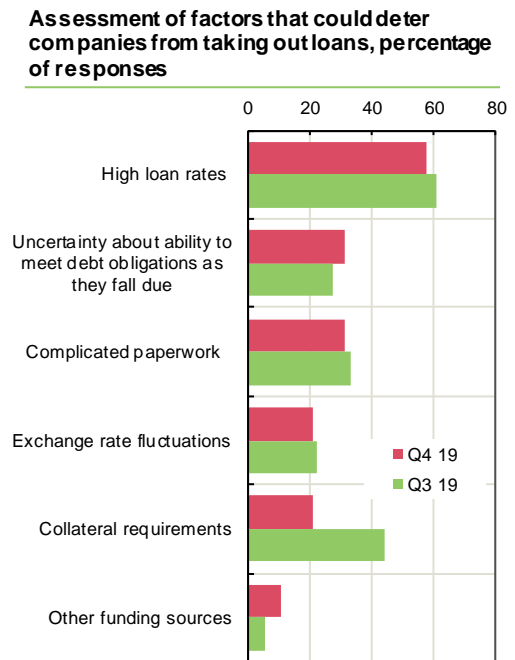


Figure 10



**Key Indicators of Social and Economic Development of Cherkasy Oblast in 2014 – 2019**

% of the same period of the previous year, unless stated otherwise

No.	Indicators	2014	2015	2016	2017	2018	2019											
							January	January - February	January - March	January - April	January - May	January - June	January - July	January - August	January - September	January - October	January - November	
1	Volume indices of gross regional product (in previous year's prices, in percent)	98.9	95.0	101.8	98.3	105.7 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...
2	Industrial production index	94.7	90.8	106.3	99.1	102.3	102.3	101.5	101.3	100.7	100.9	100.4	101.2	101.9	101.3	100.6	99.9	99.0
3	Mining and quarrying	83.6	96.2	99.4	97.1	93.4	80.3	86.5	102.7	108.6	101.4	92.8	94.2	92.8	94.5	95.8	99.0	99.0
4	Manufacturing	94.8	90.1	106.5	100.0	102.0	103.5	103.0	103.2	102.4	102.5	101.7	102.6	103.4	102.5	101.7	100.9	100.9
5	Production of food, beverages and tobacco	97.1	91.5	103.4	99.7	98.4	104.0	106.3	105.8	103.4	103.1	101.5	101.7	103.1	101.5	100.6	99.6	99.6
6	Textile production, production of clothing, leather, leather goods and other materials	117.2	108.4	95.2	92.8	103.0	84.0	85.3	91.9	98.0	102.0	105.0	109.6	114.2	114.7	111.7	110.1	110.1
7	Production of wood products, paper, printing	74.6	60.9	75.2	112.3	157.7	98.0	93.6	87.2	93.3	98.3	98.0	101.7	106.4	106.3	107.1	105.6	105.6
8	Production of coke and petrochemicals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Production of chemicals and chemical products	94.4	85.1	126.2	65.6	119.2	135.7	107.1	105.6	102.9	106.4	116.3	116.7	115.2	117.5	118.0	117.9	117.9
10	Production of rubber and plastic products, other nonmetallic mineral products	88.3	110.7	94.6	99.9	98.7	66.2	70.6	82.2	87.3	90.0	90.8	89.0	88.5	90.6	91.8	92.7	92.7
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	108.1	113.5	122.5	121.6	101.1	84.9	87.1	87.2	84.1	84.4	82.8	82.9	86.3	88.6	89.1	90.2	90.2
12	Mechanical engineering, except for repair and installation of machinery and equipment	79.7	83.8	141.4	118.7	90.8	77.9	79.9	94.3	93.2	96.8	95.7	100.3	102.2	99.6	97.1	95.9	95.9
13	Electricity, gas, steam and conditioning air supply	94.9	93.7	105.9	94.8	105.0	99.4	96.8	94.5	94.3	94.4	95.0	95.4	95.6	96.0	95.4	95.3	95.3
14	Agriculture production index	98.4	99.4	102.5	88.5	122.8	113.1	109.7	107.1	105.4	105.1	104.5	113.1	101.2	103.8	101.4	101.2	101.2
15	Construction production index	69.5	95.4	114.7	108.9	123.8	111.4	117.1	116.3	113.8	114.1	110.4	106.2	99.2	98.9	98.1	94.4	94.4
16	Freight turnover	96.7	98.7	98.1	107.2	93.9	96.1	99.2	103.9	106.2	108.8	112.1	112.3	109.8	109.6	110.5	110.4	110.4
17	Passenger turnover	79.1	100.3	100.2	106.1	101.8	100.4	100.9	102.2	99.8	100.0	99.3	99.5	100.0	99.7	99.0	100.2	100.2
18	Volume index of retail trade turnover (in comparable prices, in percent)	99.3	85.3	103.0	112.3	107.3	107.9	105.6	106.9	107.0	115.6	116.3	116.2	114.2	113.8	114.3	114.5	114.5
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-5833.6	3719.0	6417.0	6955.0	2207.7	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	80.3	111.1	135.0	118.7	132.4	...	...	97.1	...	...	102.4	...	...	112.4	...	...	...
21	Consumer price index (compared with December of previous year)	124.2	143.8	112.7	114.6	109.7	100.7	100.9	102.0	102.9	103.4	103.1	103.0	102.7	103.0	103.5	103.9	103.9
22	Real disposable income	89.3	82.3	104.7	111.6	107.0 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...
23	Real wage index	93.7	78.2	109.7	124.8	111.4	109.2	109.2	110.5	110.8	110.3	109.5	109.9	109.5	109.6	109.7	109.7	109.7
24	Number of applicants per vacancy as of end of period	65	42	43	74	34	23	17	10	12	10	10	11	9	11	11	16	16

<sup>1</sup> This information is confidential under the Law of Ukraine On State Statistics.

<sup>2</sup> Preliminary data.

<sup>3</sup> These data exclude banks' profits/losses. Data on agricultural companies engaged in plant cultivation, animal husbandry and mixed farming are only available in annual reports.

Annual data include profits/losses of large, medium, small and micro companies.

Source: Ukraine's State Statistics Service

**Legend**

Periods (...) - no data

Dash (-) - no events