



National Bank  
of Ukraine

# Business Outlook Survey of Cherkasy Oblast\*

Q3 2020



\*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q3 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q3 2020 showed that respondents had positive expectations for the growth of the Ukrainian economy and the performance of their companies over the next 12 months. At the same time, respondents reported higher inflation and depreciation expectations.

**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 15.8% compared to 10.5% in Q2 2020 (Figure 1). Respondents across Ukraine expected a drop in the output, the balance of responses being (-16.1%)
- **prices for consumer goods and services would grow moderately:** a total of 68.4% of respondents expected the inflation rate to be lower than 7.5% compared with 73.7% in the previous quarter and 55.6% across Ukraine. Respondents referred to production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **depreciation expectations would strengthen:** a total of 66.7% of respondents expected the hryvnia to weaken against the US dollar compared with 47.4% in the previous quarter and 83.2% across Ukraine being
- **the financial and economic standings of their companies would improve:** the balance of expectations was 29.4% compared with 16.7% in the previous quarter. Companies across Ukraine expected an improvement in their financial and economic standings, with a balance of responses of 4.4% (see Table)
- **total sales would rise:** the balance of responses was 17.6% compared with 15.8% in Q2 2020. Respondents also expected an increase in external sales: the balance of responses was 40.0% (compared to (-14.3%) in Q2 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 9.8% and 4.3% respectively
- **investment in construction and in machinery, equipment and tools would increase:** the balances of responses were 6.3% and 12.5% respectively (compared with (-5.9%) and 0.0% in Q2 2020). Across Ukraine, the balances of responses were (-4.7%) and 5.2% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-16.7%) in Q2 2020 (Figure 4). Across Ukraine, respondents expected staff numbers to decrease (the balance of responses was (-10.8%))
- **both purchase and selling prices would increase at a faster pace:** the balances of responses were 73.7% and 44.4% respectively (compared with 52.6% and 10.5% in Q2 2020) (Figure 6). Raw material and supplies prices and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase at a significantly slower pace:** the balances of responses were 66.7% and 61.1% respectively, compared with 29.4% and 16.7% in Q2 2020 (Figures 4 and 6).

The unstable political situation was named as **the main drag on the ability of companies to boost production** (Figure 5). The influence of the exchange rate increased significantly.

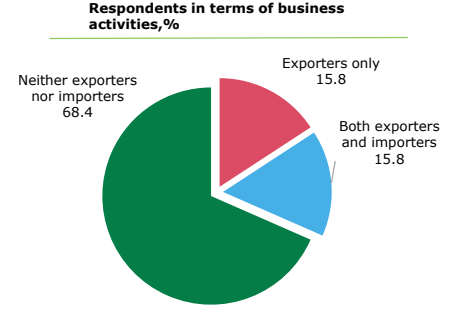
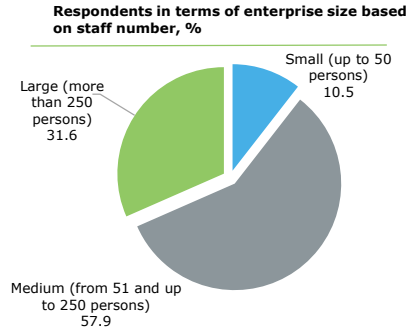
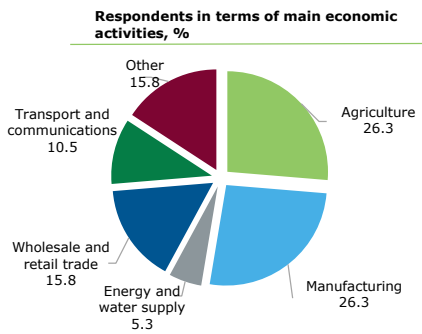
**Respondents expected an increase in their borrowing needs** in the near future (Figure 8). The respondents that planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending standards had softened (Figure 9). Companies cited **high loan rates as the main factor that deterred them from taking out corporate loans** (Figure 10).

A total of **83.3% of respondents** said they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.6% across Ukraine).

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

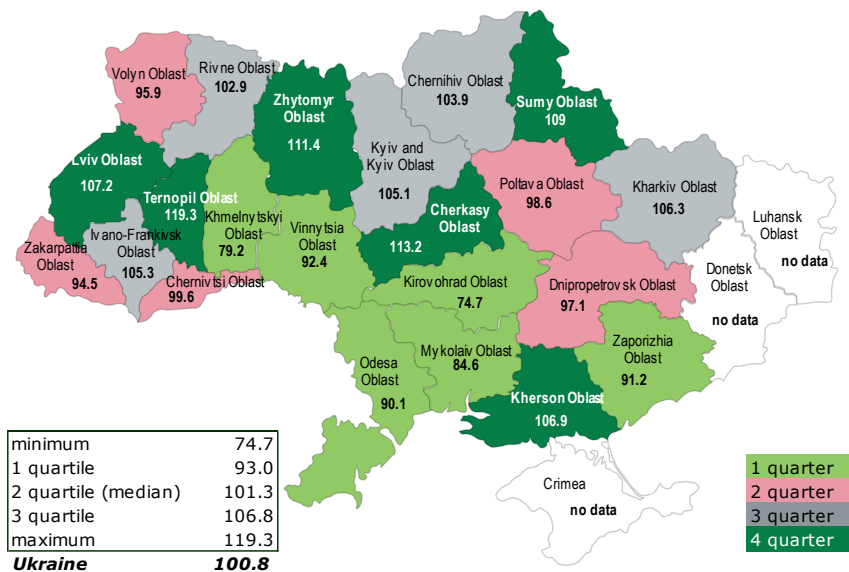
- **The current financial and economic standings of companies were assessed as bad:** the balance of responses was (-21.1%) compared with (-31.6%) in Q2 2020 and (-5.6%) across Ukraine.
- **Stocks of finished goods had increased and were assessed to be at a normal level:** the balance of responses was 0.0% compared with 8.3% in Q2 2020.
- **Companies in the region had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.8% compared with 29.4% in Q2 2020.

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



- Period: 4 through 28 August 2020.
- 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 Oblasts<sup>3</sup>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</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, %				
	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Financial and economic standings	22.2	0.0	11.8	16.7	29.4
Total sales	11.1	-15.8	10.5	15.8	17.6
Investment in construction	12.5	0.0	0.0	-5.9	6.3
Investment in machinery, equipment and tools	12.5	17.6	7.7	0.0	12.5
Staff numbers	-16.7	-26.3	-5.3	-16.7	0.0

<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

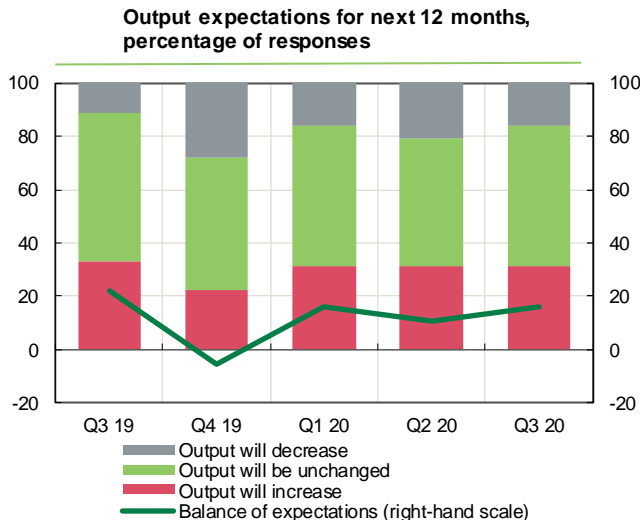


Figure 2

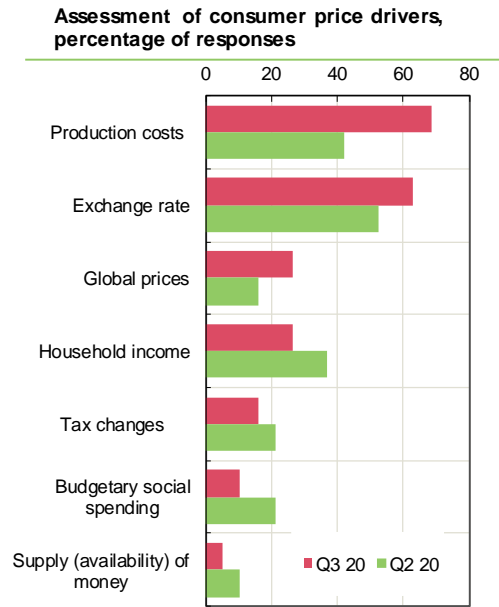


Figure 3

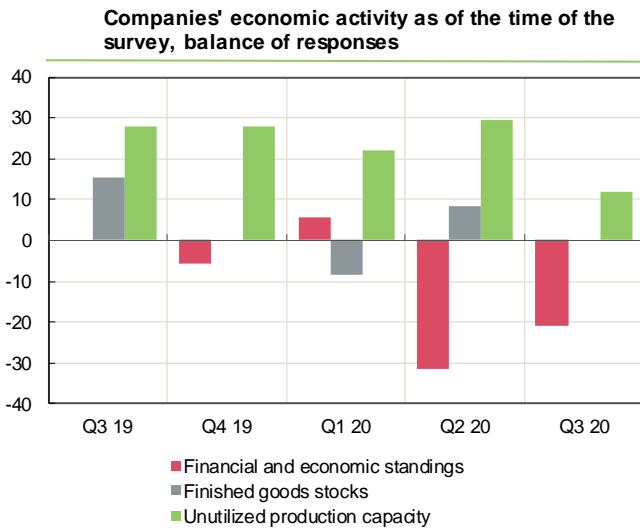


Figure 4

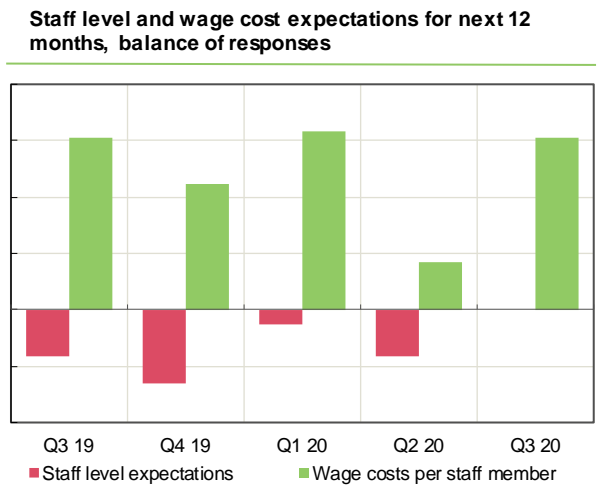


Figure 5

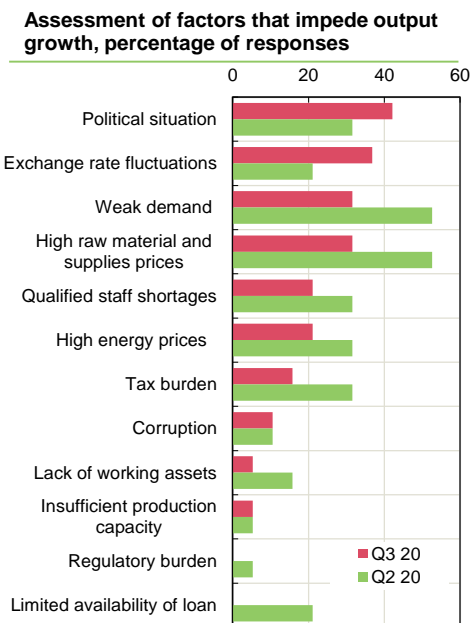


Figure 6

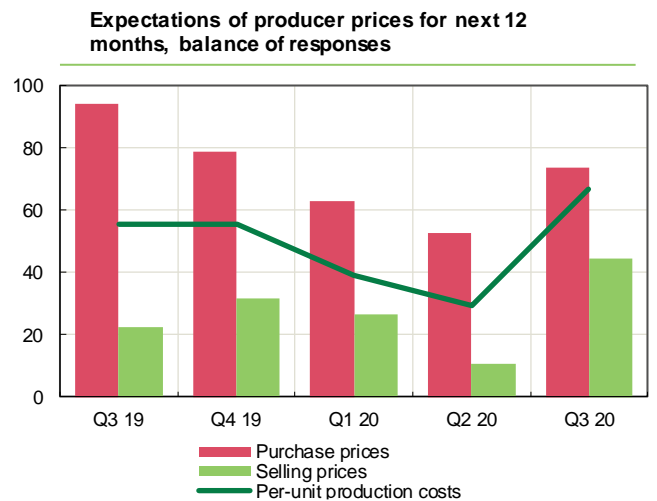


Figure 7

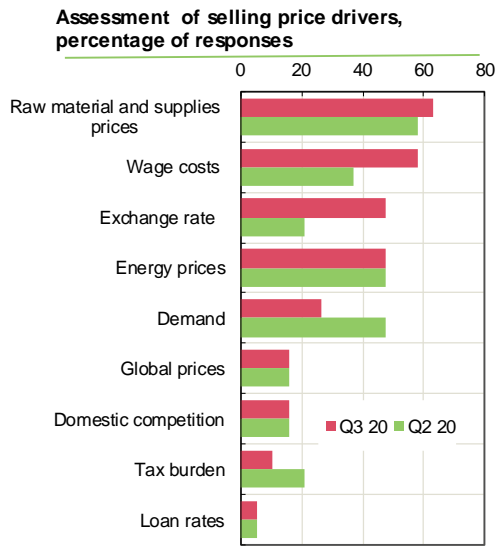


Figure 8

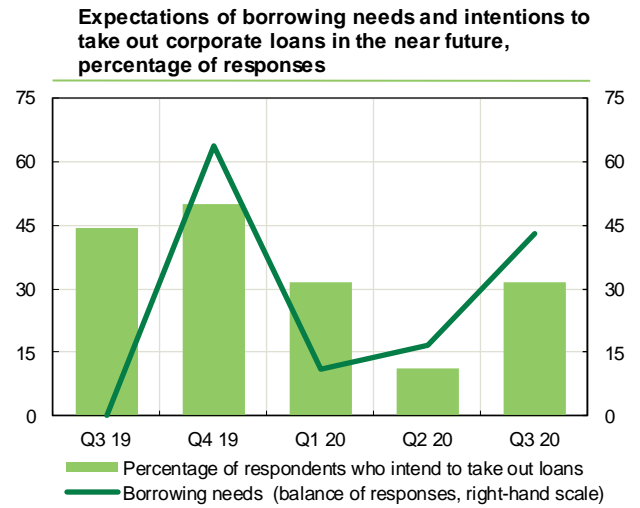


Figure 9

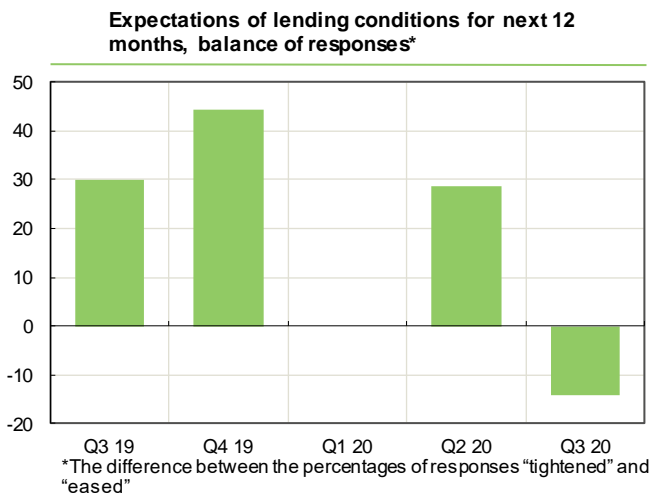


Figure 10

