



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q1 2021



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q1 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q1 2021 showed that respondents expected a rise in the output of Ukrainian goods and services and had positive expectations for the performance of their companies over the next 12 months. Respondents reported inflation would continue to rise. Depreciation expectations decreased.

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 (-21.1%) in Q4 2020 and 5.6% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 63.2% of respondents expected the inflation rate not to exceed 7.5%, compared with 72.2% in the previous quarter and 49.3% across Ukraine. Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate more slowly:** a total of 52.6% of respondents expected the hryvnia to weaken against the US dollar, compared with 72.2% in the previous quarter and 74.4% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 26.3%, compared with 11.1% in the previous quarter and 12.7% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 22.2%, compared with 0.0% in Q4 2020. External sales were expected to decrease: the balance of responses was (-16.7%), compared to 16.7% in Q4 2020 (see Table). Overall, companies across Ukraine expected sales to increase, the balances of responses being 18.0% and 14.9% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 12.5% and 20.0% respectively, compared to (-6.3%) and 0.0% respectively in the previous quarter. The balances of responses across Ukraine were 11.7% and 1.4% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0%, compared with (-10.5%) in Q4 2020. Across Ukraine, staff numbers were expected to decrease insignificantly, with a balance of responses of (-1.9%) (Figure 4)
- **both purchase and selling prices would grow significantly:** the balances of responses were 89.5% and 52.6% respectively (compared with 73.7% and 52.6% in Q4 2020) (Figure 6). Energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs would decelerate:** the balance of responses was 55.6%, compared to 68.8% in Q4 2020. At the same time, **the growth in wage costs per staff member would accelerate:** the balance of responses was 73.7%, compared with 64.7% in the previous quarter (Figures 4 and 6).

Companies named high energy prices and raw material and supplies prices as **the main drag on their ability to boost production**. The impact of insufficient production capacity was reported to have increased significantly compared to the previous quarter (Figure 5).

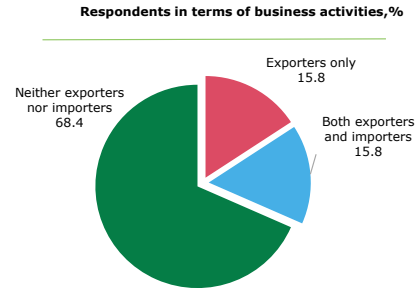
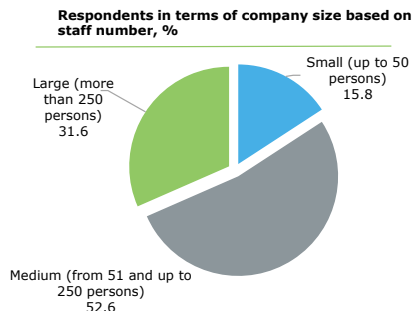
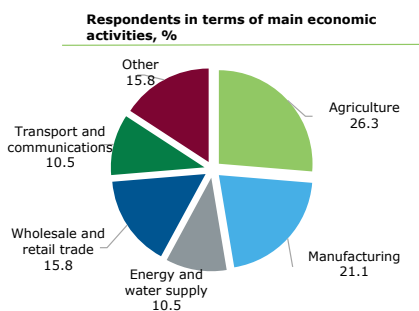
Respondents expected **their borrowing needs to rise** in the near future (Figure 8). Half of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Companies cited high loan rates, complicated paperwork, and strict collateral requirements as the main factors that deterred them from taking out loans (Figure 10).

A total of **89.5% of respondents** said **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

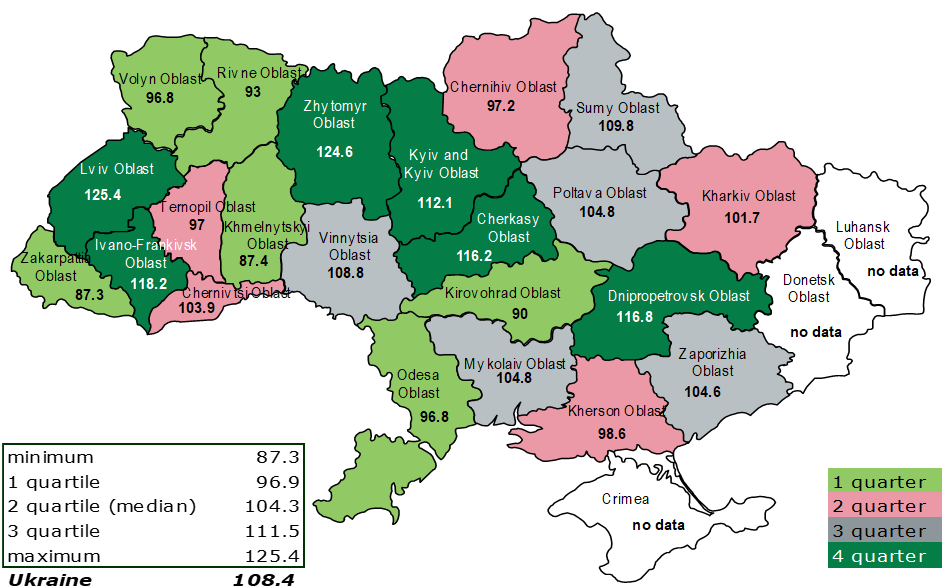
- **Current financial and economic standings improved and were assessed as good:** the balance of responses was 5.3%, compared with (-10.5%) in Q4 2020. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-0.7%).
- **Stocks of finished goods increased and were assessed higher than normal:** the balance of responses was 8.3%, compared with (-10.0%) in Q4 2020.
- **Unutilized production capacity decreased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-5.3%), compared with 0.0% in Q4 2020.

Survey Details^{1,2}



- Period: 4 February through 1 March 2021.
- 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, %



*a 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 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, %				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Financial and economic standings	11.8	16.7	29.4	11.1	26.3
Total sales	10.5	15.8	17.6	0.0	22.2
Investment in construction	0.0	-5.9	6.3	-6.3	12.5
Investment in machinery, equipment, and tools	7.7	0.0	12.5	0.0	20.0
Staff numbers	-5.3	-16.7	0.0	-10.5	0.0

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

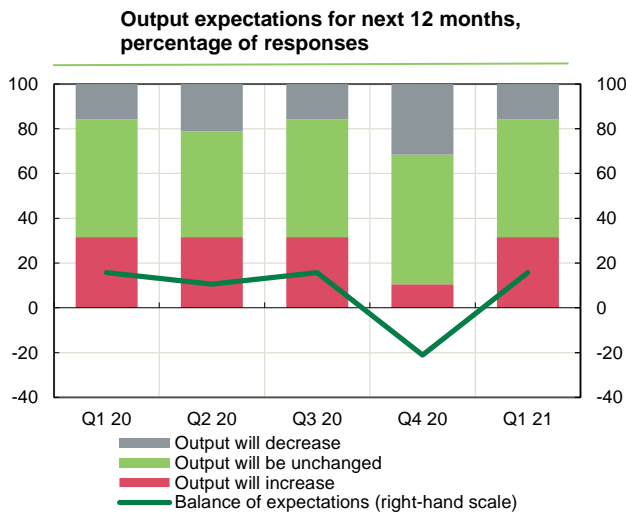


Figure 2

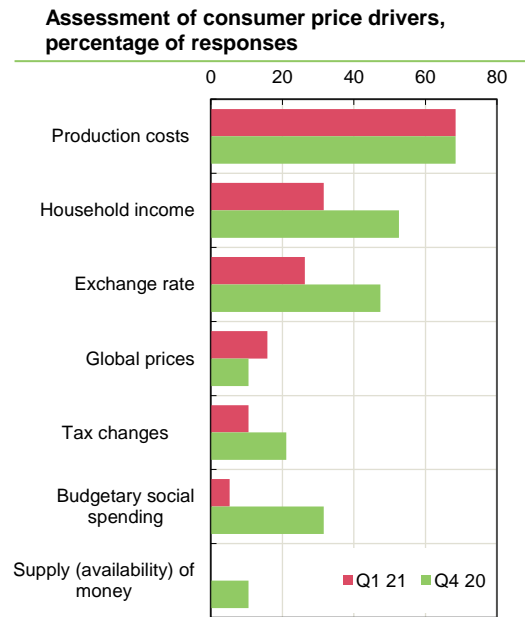


Figure 3

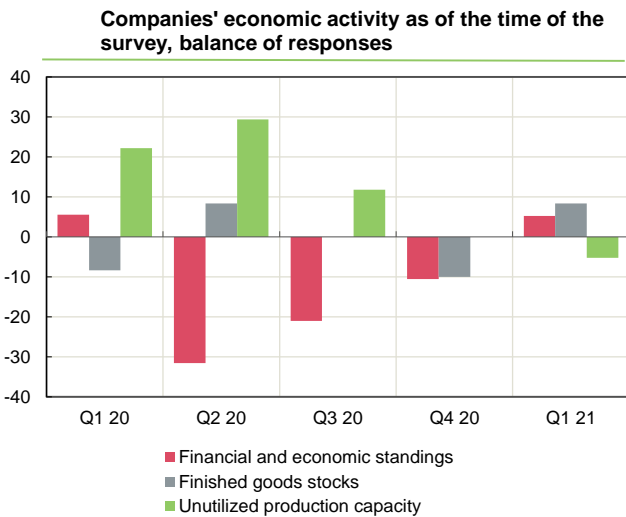


Figure 4

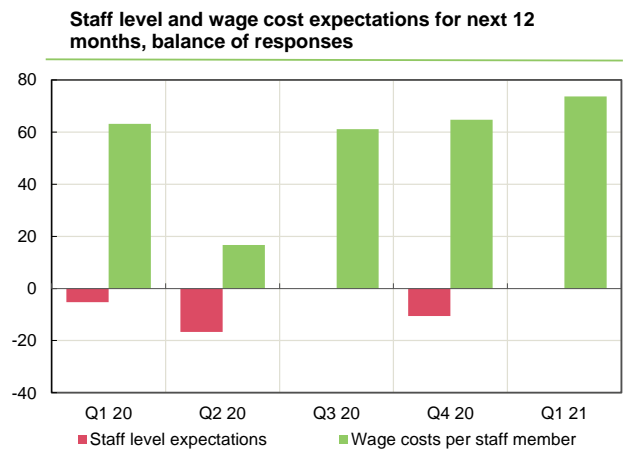


Figure 5

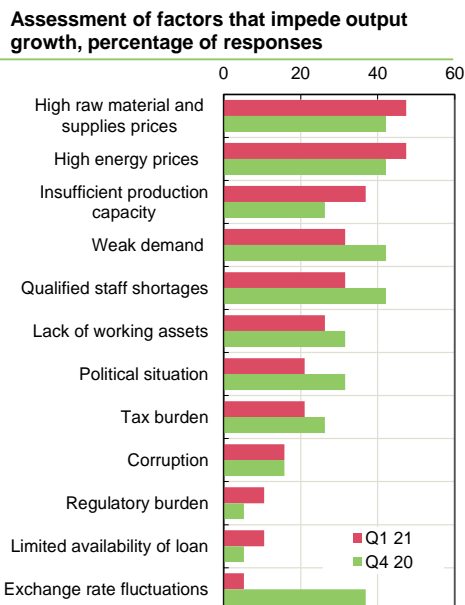


Figure 6

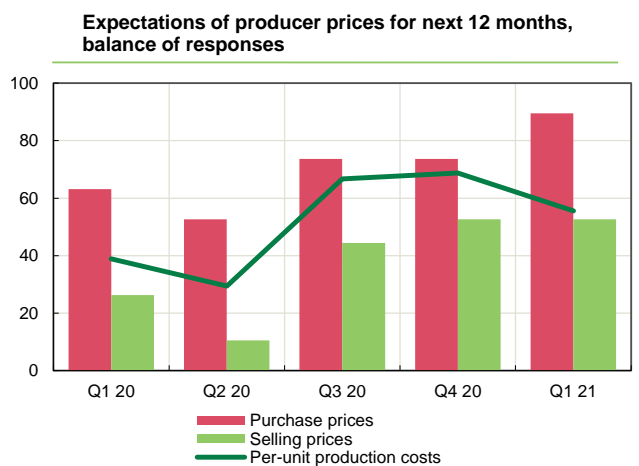


Figure 7

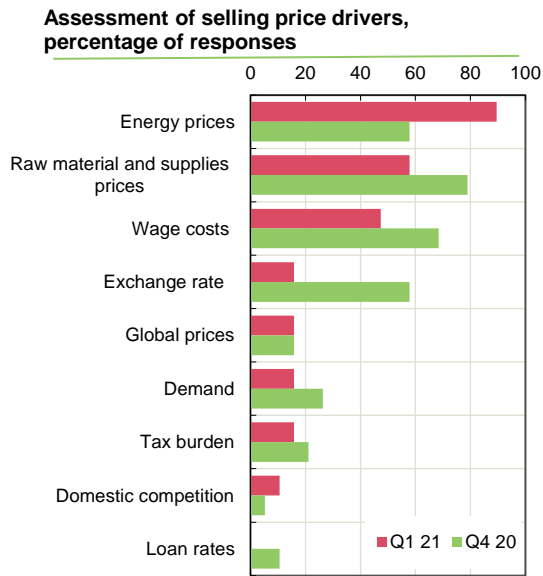


Figure 8

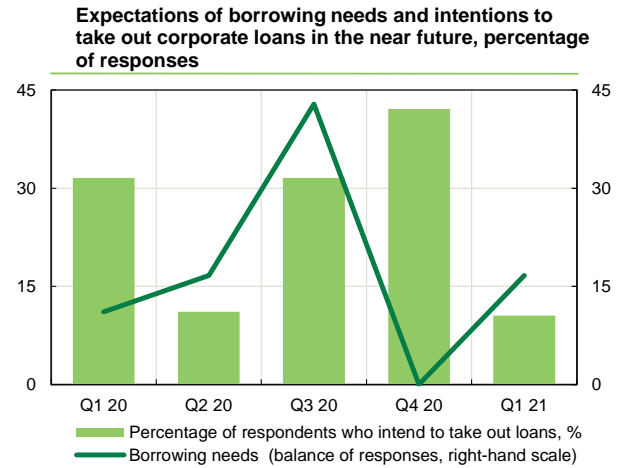


Figure 9

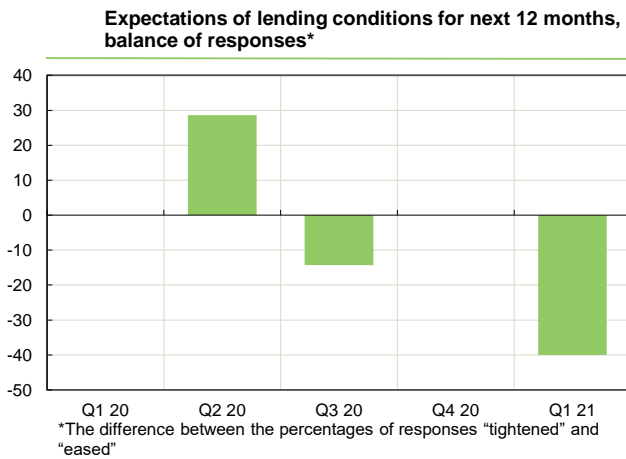


Figure 10

