



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q3 2021



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q3 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 said they expected moderate inflation. Domestic currency would strengthen.

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 22.2%, compared to 21.1% in Q2 2021 and 21.5% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 66.7% of respondents expected the inflation rate not to exceed 7.5% (compared to 63.2% in the previous quarter and 46.9% across Ukraine). Respondents continued to refer to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would strengthen:** a total of 35.3% of respondents expected the hryvnia to weaken against the US dollar (the lowest depreciation expectations among the regions), compared to 64.7% in the previous quarter and 70.7% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 25.0%, compared with 31.3% in the previous quarter and 12.7% across Ukraine (Table)
- **total sales would increase at a faster pace:** the balance of responses was 38.9%, compared with 26.3% in Q2 2021. External sales were expected to decrease: the balance of responses was (-16.7%), compared to 14.3 in Q2 2021 (Table). Companies across Ukraine expected total sales to rise with the balances of responses being 27.7% and 23.5% respectively
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 40.0% and 33.3% respectively, compared to 21.4% and 25.0% respectively in the previous quarter. The balances of responses across Ukraine were 9.7% and 19.3% respectively (Table)
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0%, compared to 11.1% in Q2 2021 (Figure 4). Across Ukraine, staff numbers were expected to increase moderately, the balance of responses being 2.2%
- **both purchase and selling prices would grow:** the balances of responses were 83.3% and 35.3% respectively (compared to 89.5% and 21.1% in Q2 2021) (Figure 6). Energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise quickly than costs per staff member:** the balances of responses were 70.6% and 58.8% respectively, compared to 50.0% and 61.1% respectively in Q2 2021 (Figures 4 and 6).

Companies named weak demand, high raw material and supplies prices, together with energy prices, as **the main drags on their ability to boost production** (Figure 5).

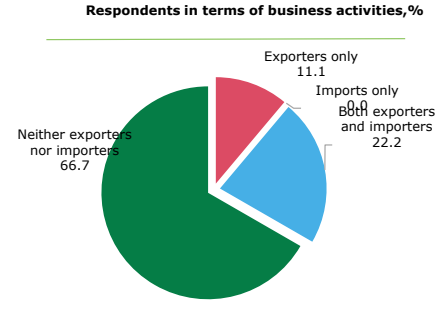
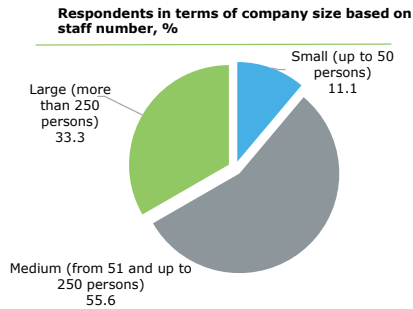
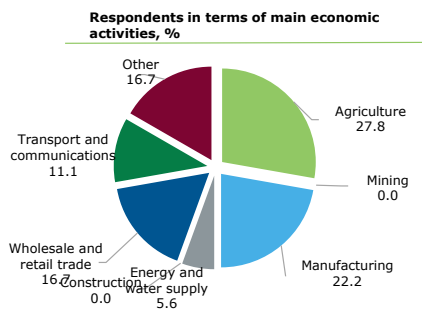
Respondents' expectations of **an increase in their borrowing needs** in the near future weakened slightly (Figure 8). 33.3% of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Companies cited high loan rates, other funding sources, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

A total of **88.9% of respondents** said **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.1% across Ukraine).

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

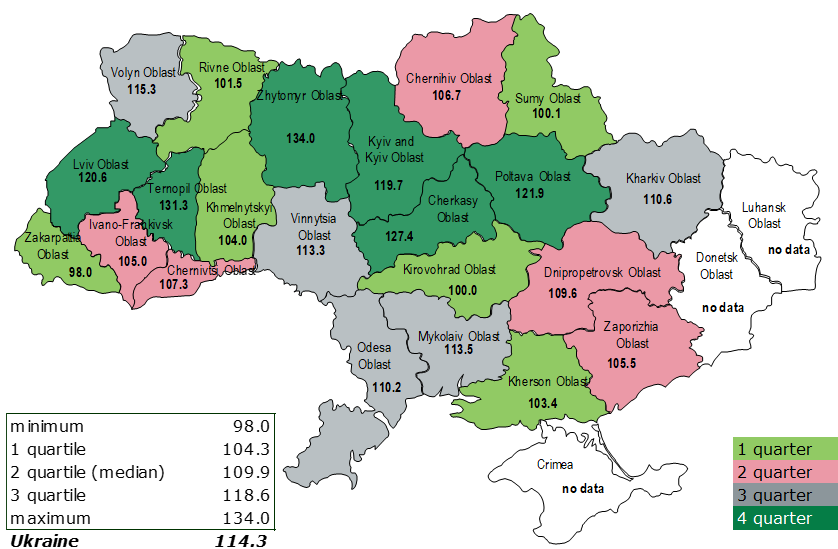
- **The current financial and economic standings were assessed as good:** the balance of responses was 16.7%, compared to 26.3% in Q2 2021. Across Ukraine, the balance of responses was 7.0%.
- **Stocks of finished goods had decreased and were assessed as lower than normal:** the balance of responses was (-8.3%), compared to 0.0% in Q2 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 11.8%, compared to 21.1% in Q2 2021.

Survey Details^{1,2}



- Period: 4 August through 29 August 2021.
- 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 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 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	29.4	11.1	26.3	31.3	25.0
Total sales	17.6	0.0	22.2	26.3	38.9
Investment in construction	6.3	-6.3	12.5	21.4	40.0
Investment in machinery, equipment, and tools	12.5	0.0	20.0	25.0	33.3
Staff numbers	0.0	-10.5	0.0	11.1	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

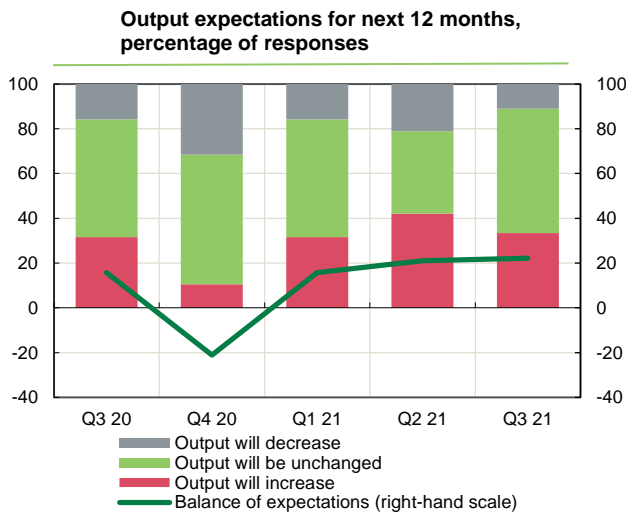


Figure 2

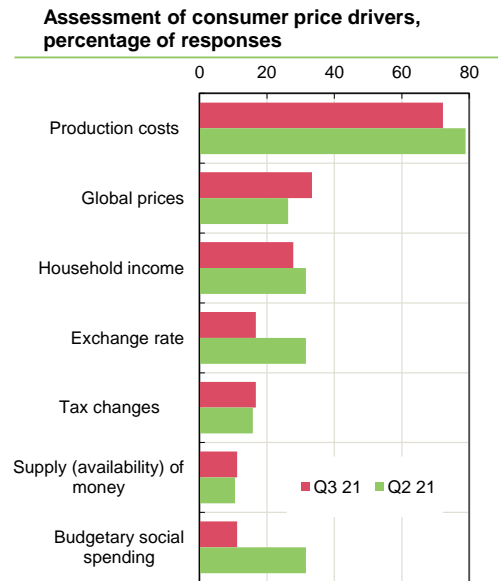


Figure 3

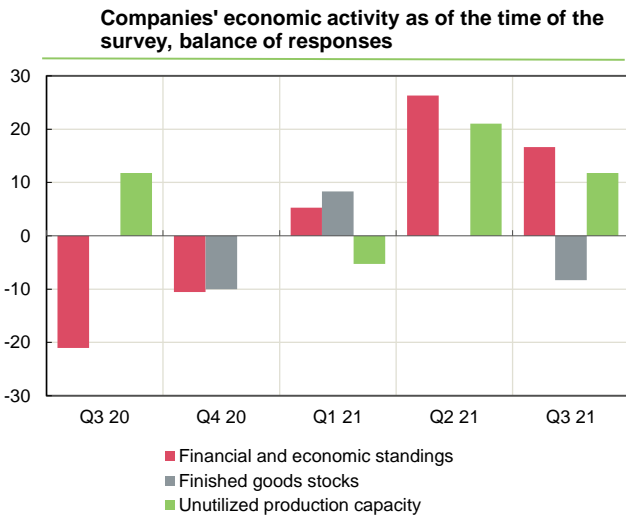


Figure 4

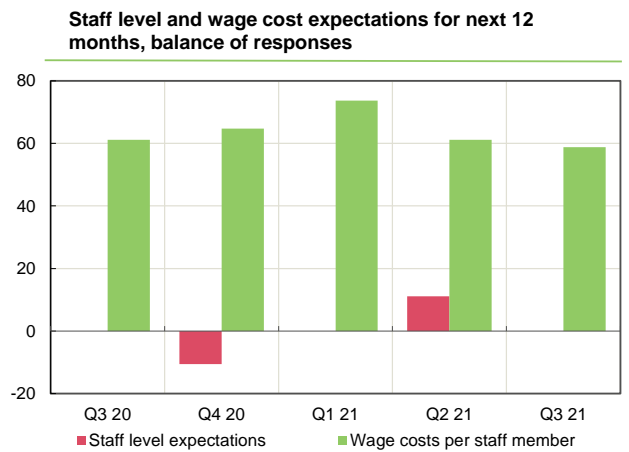


Figure 5

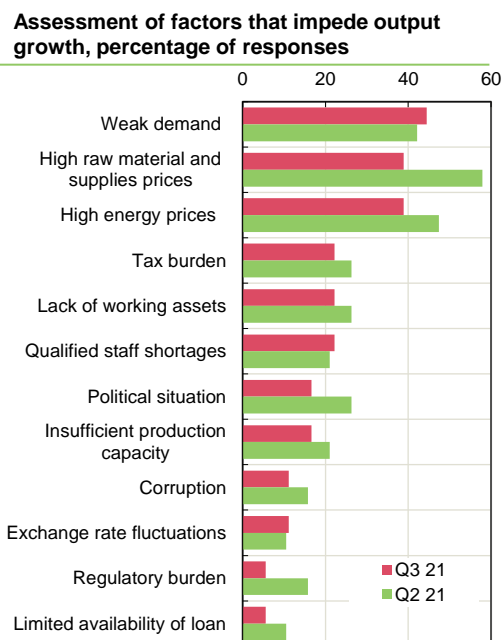


Figure 6

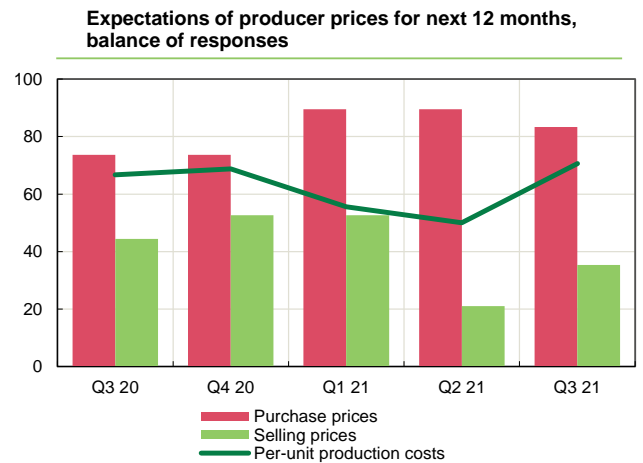


Figure 7

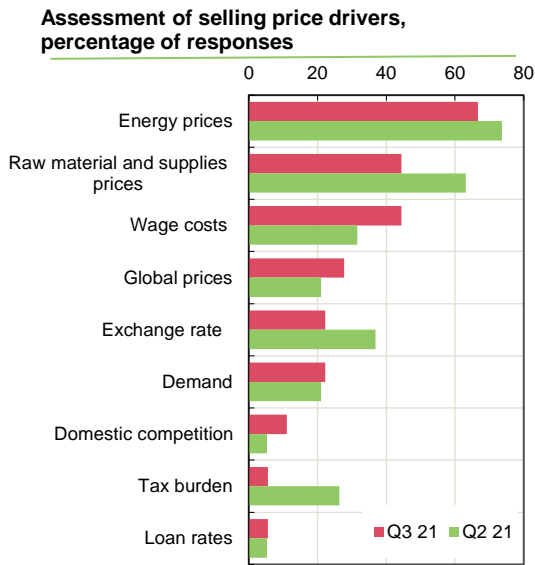


Figure 8

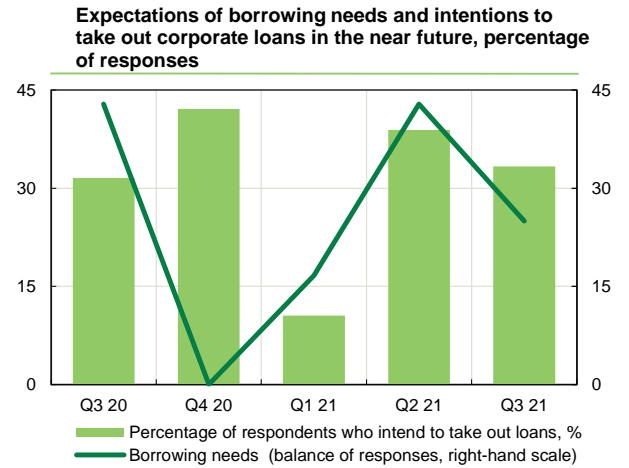


Figure 9

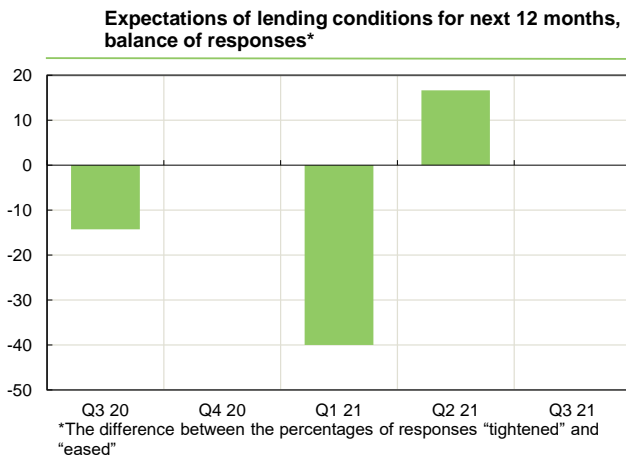


Figure 10

