



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q2 2022 showed that against the background of the war respondents **expected a drop in the output of Ukrainian goods and services, and had negative expectations for the performance of their companies** over the next 12 months. Respondents said they expected inflation to continue. 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 drop:** the balance of expectations was (-50.0%) compared to (-12.5%) in Q1 2022 and (-48.7%) 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 20.0% (compared to 41.8% across Ukraine). Respondents referred to military actions, production costs, global prices and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** a total of 77.8% of respondents expected the hryvnia to weaken against the US dollar, compared to 78.6% in the previous quarter and 88.9% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-11.1%), compared to 0.0% in the previous quarter and (-17.1%) across Ukraine (see Table)
- **total sales would drop:** the balance of responses was (-27.8%) compared to 0.0% in Q1 2022. At the same time, respondents expected external sales to increase: the balance of responses was 16.7% compared to (-42.9%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-40.0%) and (-12.5%) respectively (compared to (-13.3%) and (-6.3%) respectively in the previous quarter). The balances of responses across Ukraine were (-37.2%) and (-34.7%) respectively (see Table)
- **staff numbers at their companies would decrease:** the balance of responses was (-5.6%) compared to (-13.3%) in Q1 2022 (Figure 4). Across Ukraine, the balance of responses was (-29.0%)
- **purchase prices would grow at a fast pace:** the balance of responses was 88.9% (compared to 81.3% in Q1 2022). At the same time, respondents expected selling prices to grow more slowly: the balance of responses was 38.9% (compared to 50.0% in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices, and logistical problems were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise:** the balance of responses was 61.1%, compared to 68.8% in Q1 2022. At the same time, respondents expected that wage costs per staff member would rise much more slowly: the balance of responses was 22.2%, compared to 56.3% in the previous quarter (Figures 4 and 6).

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

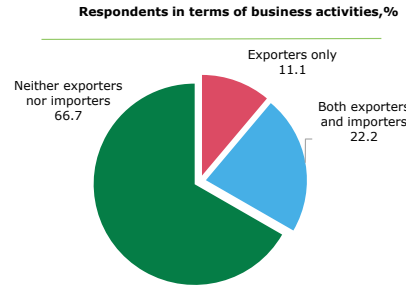
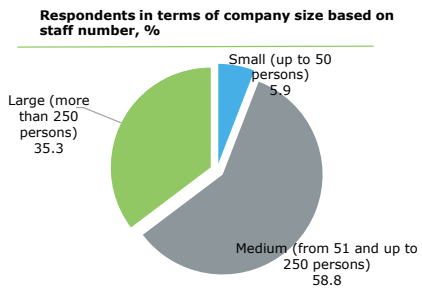
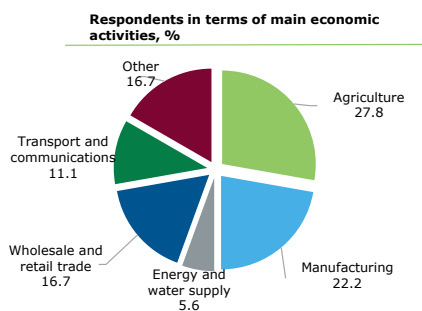
Respondents reported unchanged expectations of **their borrowing needs** in the near future (Figure 8). Respondents who planned to take out bank loans opted to take out only domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Companies cited collateral requirements, uncertainty about their ability to meet debt obligations as they fall due, complicated paperwork and other funding sources as the main factors deterring them from taking out loans (the impact of all those factors was reported to have increased compared to the previous survey) (Figure 10).

A total of **83.3% of respondents** said **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (93.5% across Ukraine).

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

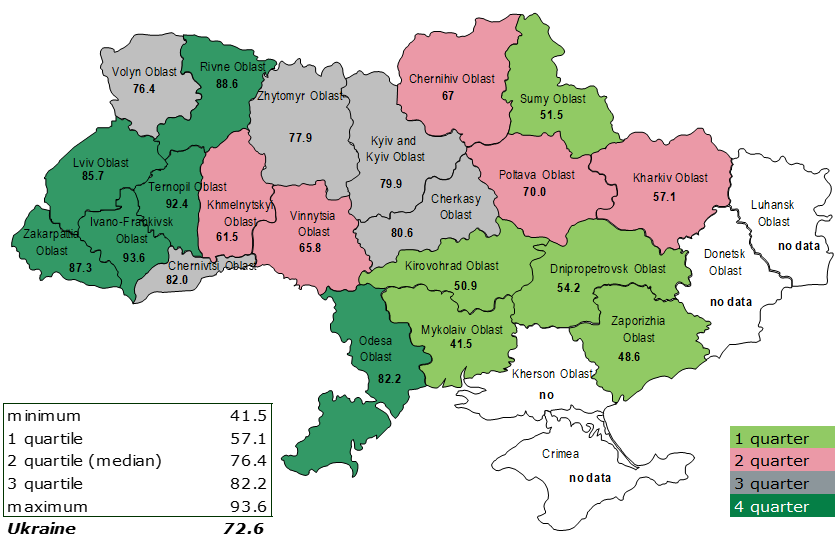
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-5.6%), compared to (-12.5%) in Q1 2022. Across Ukraine, the balance of responses was (-28.8%).
- **Stocks of finished goods were assessed as normal:** the balance of responses was 0.0%, as in Q1 2022.
- **Companies in the oblast had a sufficient amount of spare production capacity to meet any unexpected rise in demand:** the balance of responses was 22.2%, compared to 0.0% in Q1 2022.

Survey Details^{1,2}



- Period: 4 May through 30 May 2022.
- 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, %



³a 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 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, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	31.3	25.0	10.5	0.0	-11.1
Total sales	26.3	38.9	31.6	0.0	-27.8
Investment in construction	21.4	40.0	29.4	-13.3	-40.0
Investment in machinery, equipment, and tools	25.0	33.3	50.0	-6.3	-12.5
Staff numbers	11.1	0.0	0.0	-13.3	-5.6

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

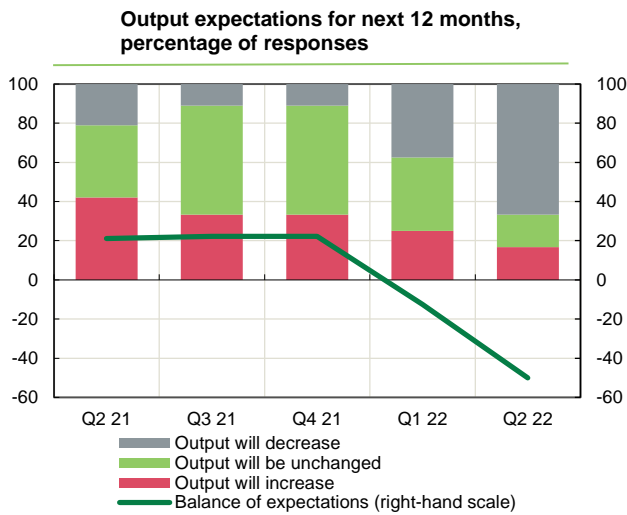


Figure 2

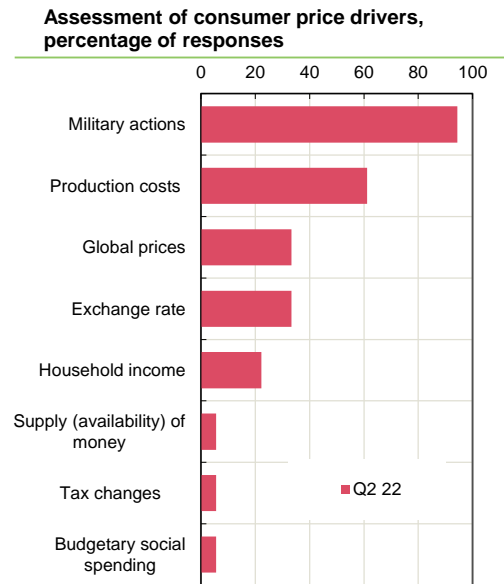


Figure 3

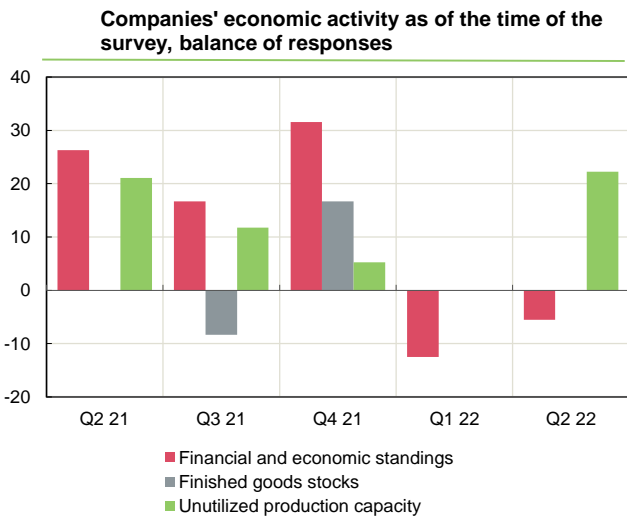


Figure 4

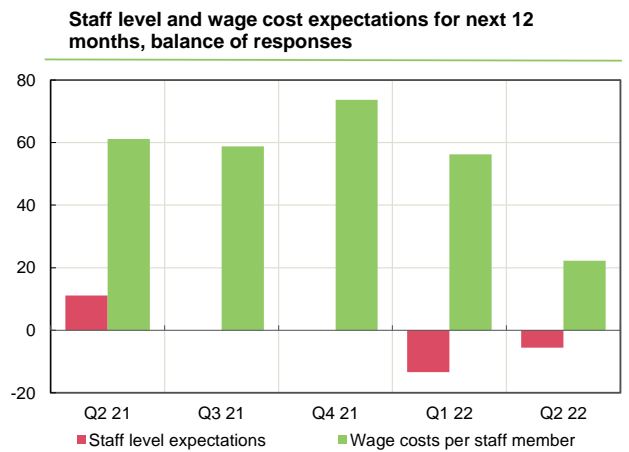


Figure 5

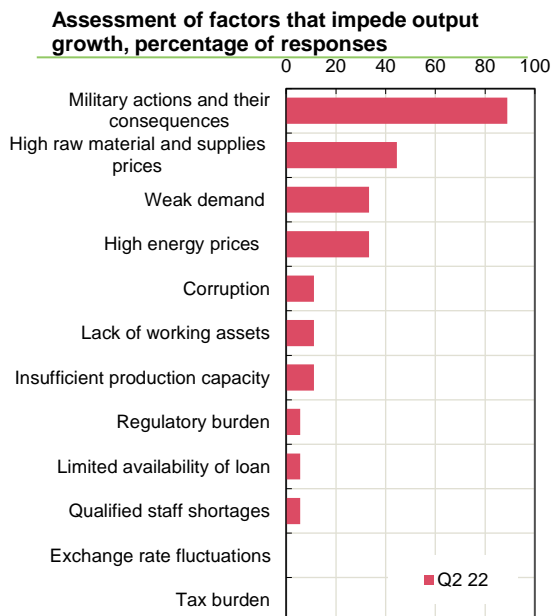


Figure 6

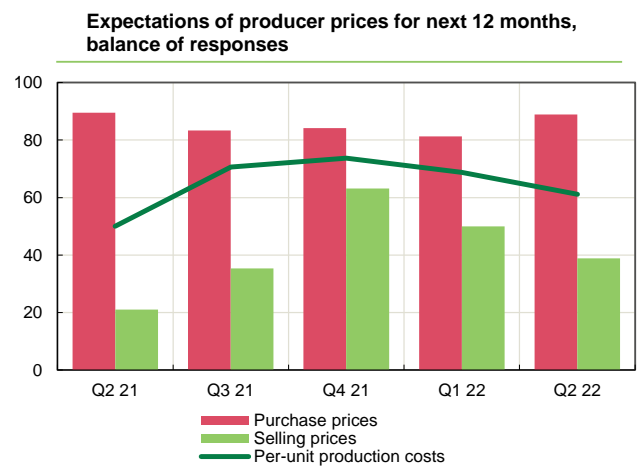


Figure 7

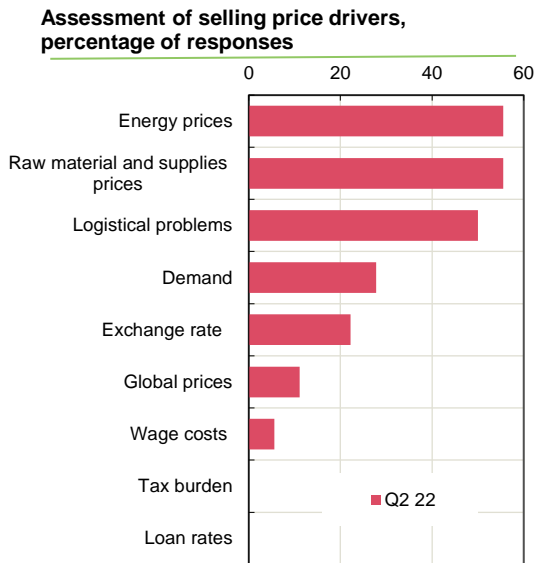


Figure 8

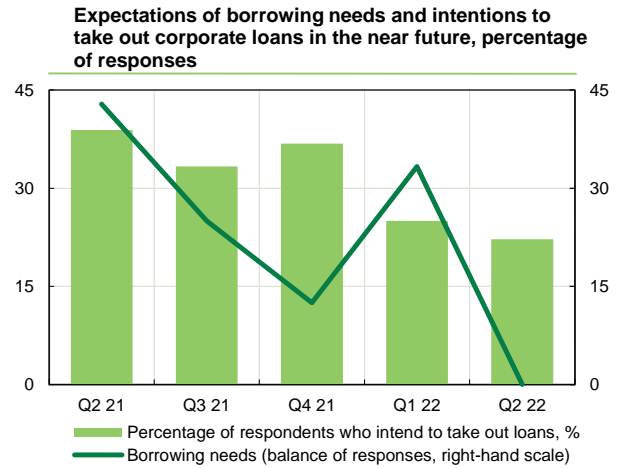


Figure 9

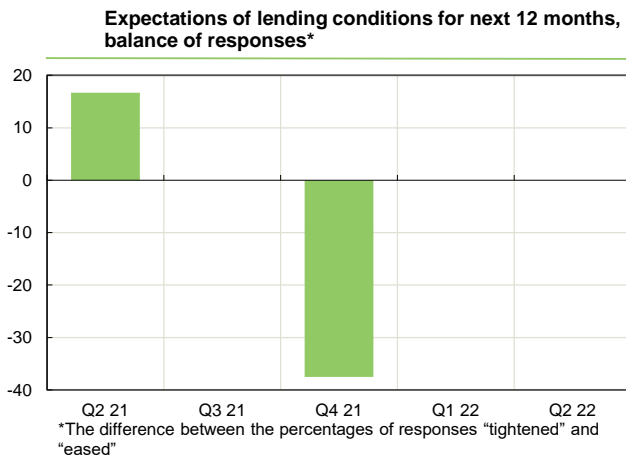


Figure 10

