



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q3 2022



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q3 2022 showed that against the background of the war respondents moderated their expectations of a drop in the output of Ukrainian goods and services and had cautious expectations for the performance of their companies over the next 12 months. Respondents said they expected prices to rise. 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 noticeably slower:** the balance of expectations was (-16.7%), compared to (-50.0%) in Q2 2022 and (-37.9%) across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 55.6% of respondents expected the inflation rate not to exceed 20.0% (compared to 66.7% in the previous quarter and 28.3% across Ukraine). Respondents referred to military actions, the hryvnia exchange rate, and production costs as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** a total of 70.6% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 77.8% in the previous quarter and 88.8% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0%, compared to (-11.1%) in the previous quarter and (-15.1%) across Ukraine (see Table)
- **total sales would remain unchanged:** the balance of responses was (-0.0%), compared to (-27.8%) in Q2 2022. At the same time, respondents expected **external sales** to increase: the balance of responses was 20.0%, compared to 16.7% in the previous quarter (see Table). Across Ukraine, the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-44.4%) and (-29.4%) respectively (compared (-40.0%) and (-12.5%) respectively in the previous quarter). The balances of responses across Ukraine were (-29.3%) and (-25.3%) respectively (see Table)
- **staff numbers at their companies would decrease:** the balance of responses was (-16.7%) compared to (-5.6%) in Q2 2022 (Figure 4). Across Ukraine, the balance of responses was (-25.5%)
- **purchase prices would grow at a faster pace than selling prices:** the balances of responses were 94.4% and 33.3% respectively (compared to 88.9% and 38.9% respectively in Q2 2022) (Figure 6). Raw material and supplies prices, energy prices, and the hryvnia exchange rate (the impact of this driver was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise at a fast pace:** the balance of responses was 77.8%, compared to 61.1% in Q2 2022. At the same time, respondents expected that **wage costs per staff member would rise more rapidly:** the balance of responses was 33.3%, compared to 22.2% in the previous quarter (Figures 4 and 6).

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

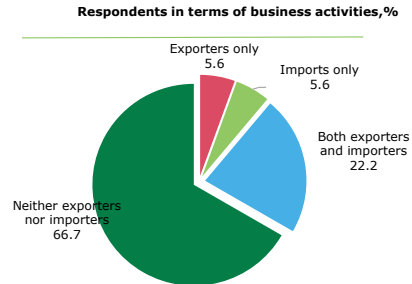
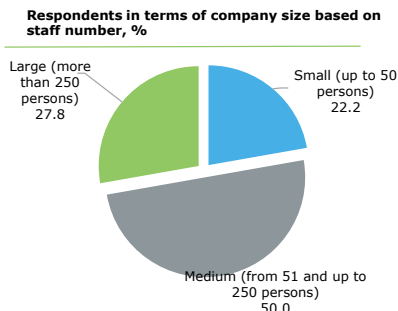
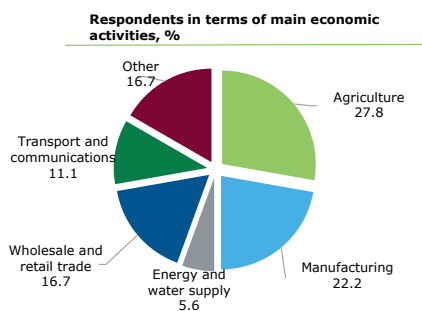
Respondents reported noticeably higher expectations of **the increase in their borrowing needs** in the near future (Figure 8). Respondents who planned to take out bank loans opted for domestic currency loans only. Respondents said that bank lending standards had tightened (Figure 9). Companies cited uncertainty about their ability to meet debt obligations as they fall due and large fluctuations of the hryvnia exchange rate as the main factors deterring them from taking out loans (the impact of the latter factor was reported to have increased compared to the previous survey) (Figure 10).

A total of **88.9% of respondents** said they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.1% across Ukraine).

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

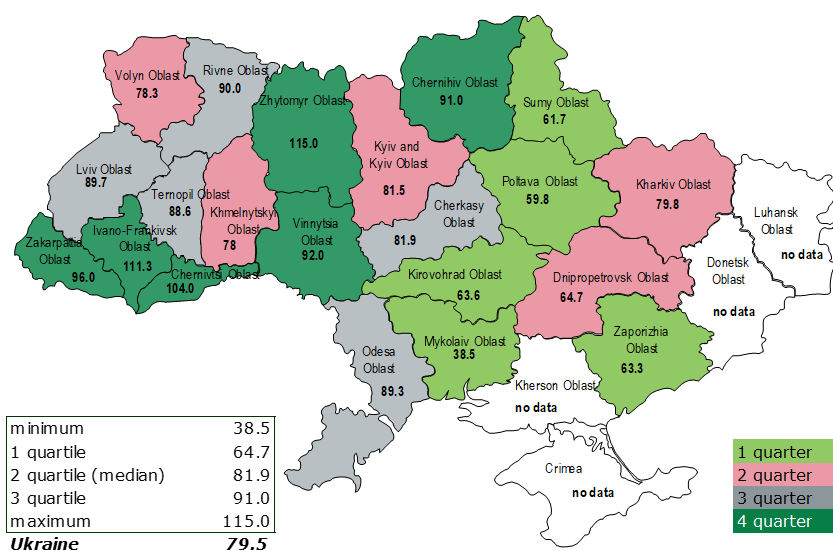
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-5.6%), as in Q2 2022. Across Ukraine, the balance of responses was (-21.8%).
- **Stocks of finished goods were assessed as higher than normal:** the balance of responses was 9.1%, compared to 0.0% in Q2 2022.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 16.7%, compared to 22.2% in Q2 2022.

Survey Details^{1,2}



- Period: 2 August through 26 August 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
³a 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 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	25.0	10.5	0.0	-11.1	0.0
Total sales	38.9	31.6	0.0	-27.8	0.0
Investment in construction	40.0	29.4	-13.3	-40.0	-44.4
Investment in machinery, equipment, and tools	33.3	50.0	-6.3	-12.5	-29.4
Staff numbers	0.0	0.0	-13.3	-5.6	-16.7

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

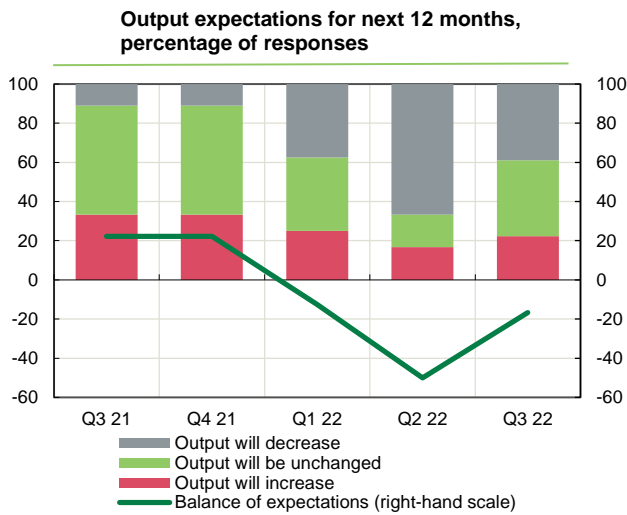


Figure 2

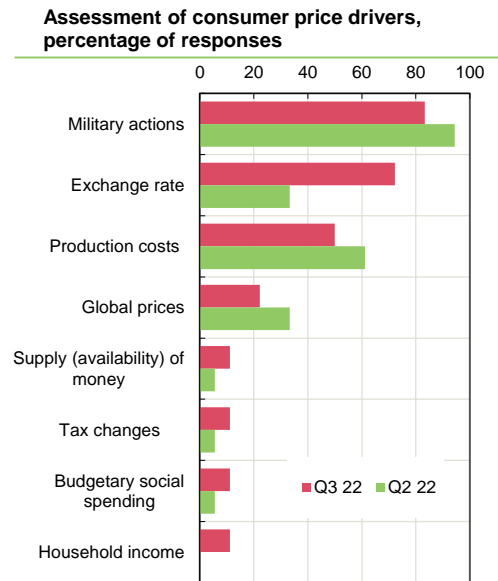


Figure 3

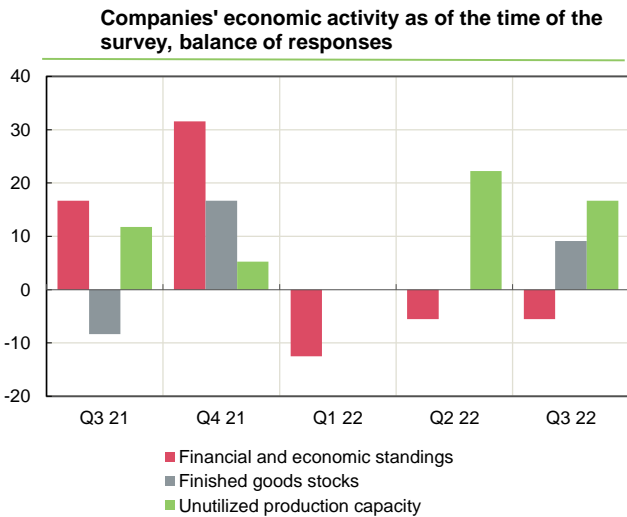


Figure 4

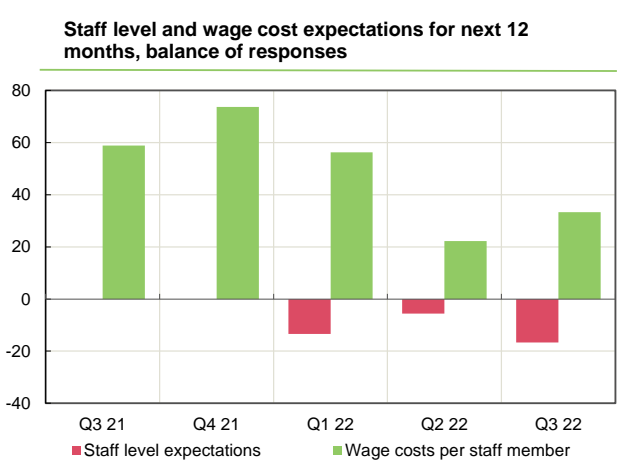


Figure 5

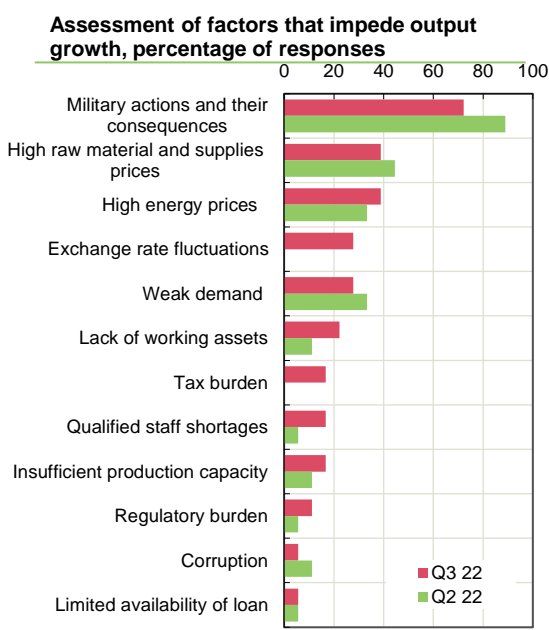


Figure 6

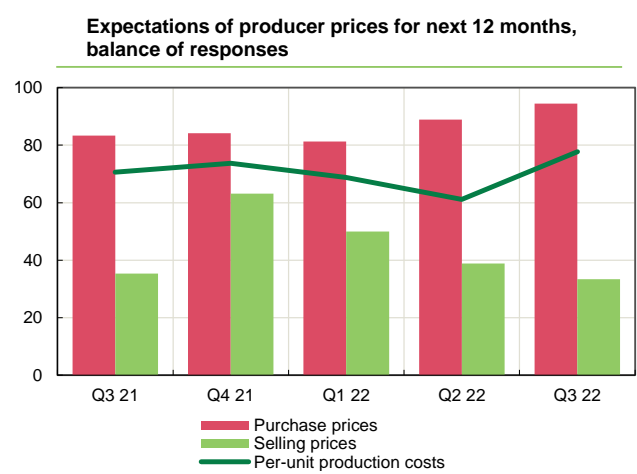


Figure 7

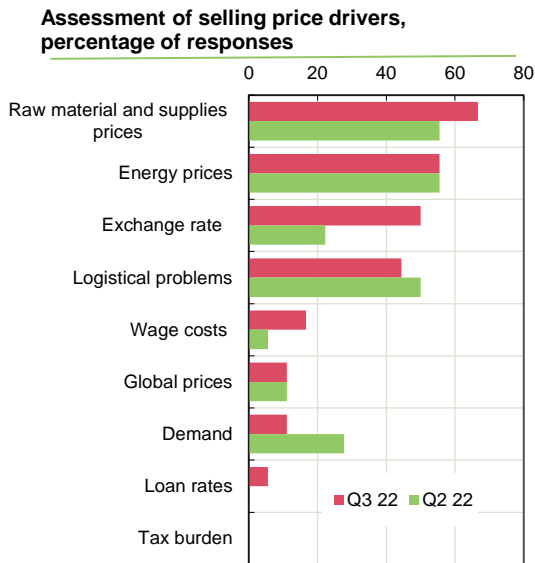


Figure 8

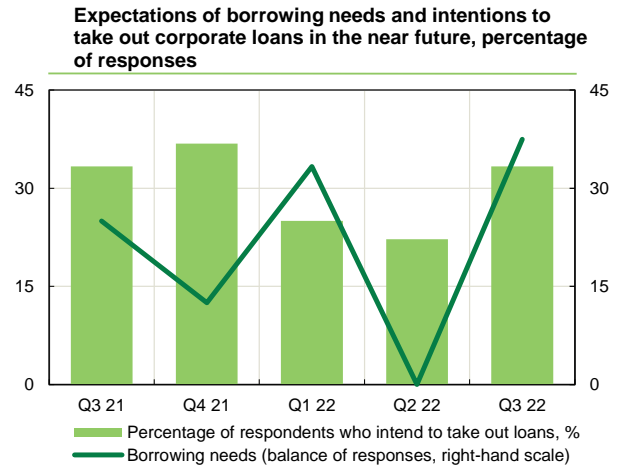


Figure 9

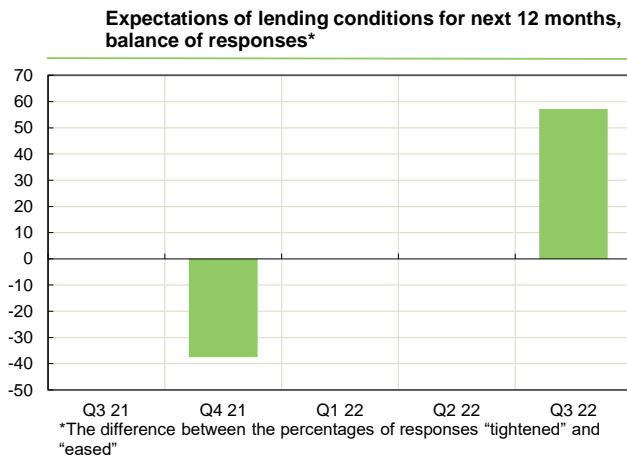


Figure 10

