



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected **growth in the output of Ukrainian goods and services** over the next 12 months. They had **negative expectations for the performance of their companies** over this period. Inflation expectations weakened. 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 grow:** the balance of expectations was 18.8%, compared to 26.3% in Q3 2023 and 15.2% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise more slowly:** a total of 66.7% of respondents expected the inflation rate not to exceed 10.0% (compared to 52.6% in the previous quarter and 52.4% across Ukraine). Respondents referred to military actions, production costs and household income as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** a total of 58.8% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 57.9% in the previous quarter and 77.4% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-16.7%), compared to (-10.5%) in Q3 2023 and 4.1% across Ukraine (see Table)
- **total sales would drop:** the balance of responses was (-11.8%), compared to 21.1% in Q3 2023. At the same time, respondents expected **external sales** to remain unchanged: the balance of responses was 0.0% (such expectations have been reported for four quarters in a row) (see Table). Across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-12.5%) and (-6.3%) respectively, compared to 5.6% and (-5.3%) in the previous quarter (see Table). The balances of responses across Ukraine were (-6.9%) and 6.6% respectively (see Table)
- **staff numbers at their companies would decrease:** the balance of responses was (-22.2%), compared to (-15.8%) in Q3 2023 (Figure 4). Across Ukraine, the balance of responses was (-6.5%)
- **purchase prices would grow:** the balance of responses was 77.8%, compared to 78.9% in the previous quarter. Respondents expected that **selling prices would grow more quickly:** the balance of responses was 38.9% (compared to 26.3% in Q3 2023) (Figure 6). Raw material and supplies prices, energy prices, and logistical problems were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs (at a slower pace) and wage costs per staff member would rise:** the balances of responses were 61.1% and 55.6% respectively, compared to 73.7% and 52.6% in Q3 2023 (Figures 4 and 6).

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

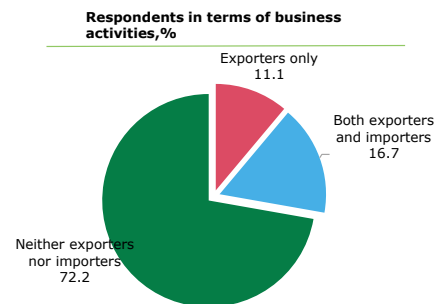
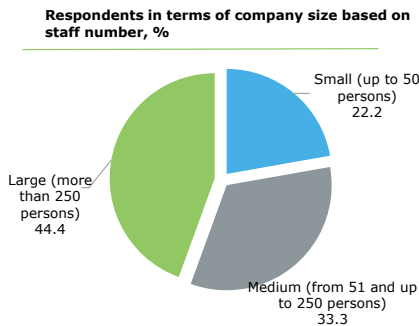
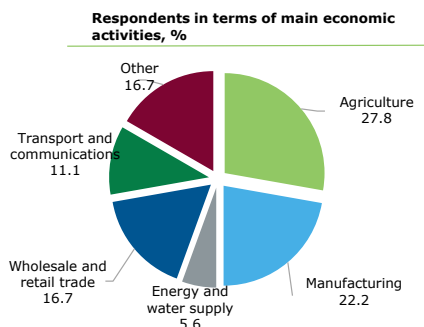
Respondents said that **their borrowing needs** would increase more slowly in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Companies cited other funding sources (the impact of this factor was reported to have increased), high loan rates and strict collateral requirements as the main factors deterring them from taking out 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 (95.8% across Ukraine).

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

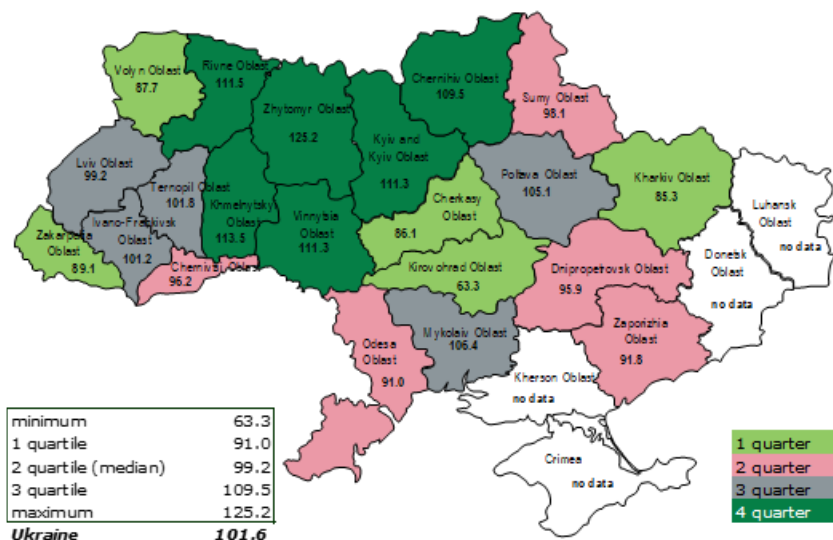
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 5.6%, compared to 5.3% in Q3 2023. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-5.6%).
- **Stocks of finished goods were assessed as higher than normal:** the balance of responses was 8.3%, such assessments have been reported for three quarters in a row.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 22.2%, compared to 31.6% in Q3 2023.

Survey Details^{1,2}



- Period: 31 October through 22 November 2023.
- 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, %				
	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Financial and economic standings	0.0	-15.8	-5.6	-10.5	-16.7
Total sales	0.0	-5.6	-5.9	21.1	-11.8
Investment in construction	-21.1	-22.2	-6.3	5.6	-12.5
Investment in machinery, equipment, and tools	-15.8	-23.5	-6.3	-5.6	-6.3
Staff numbers	5.3	-15.8	-16.7	-15.8	-22.2

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

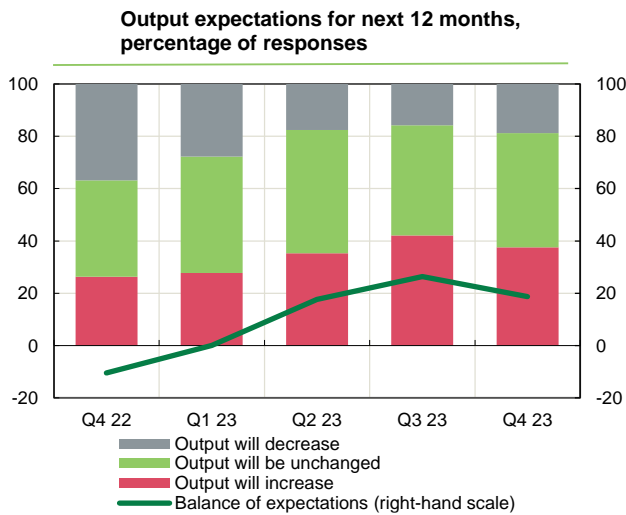


Figure 2

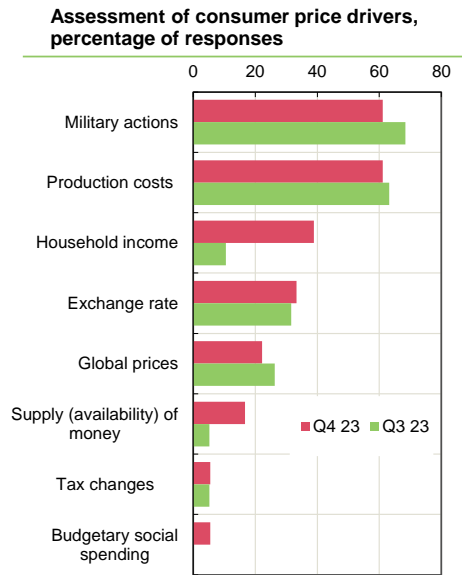


Figure 3

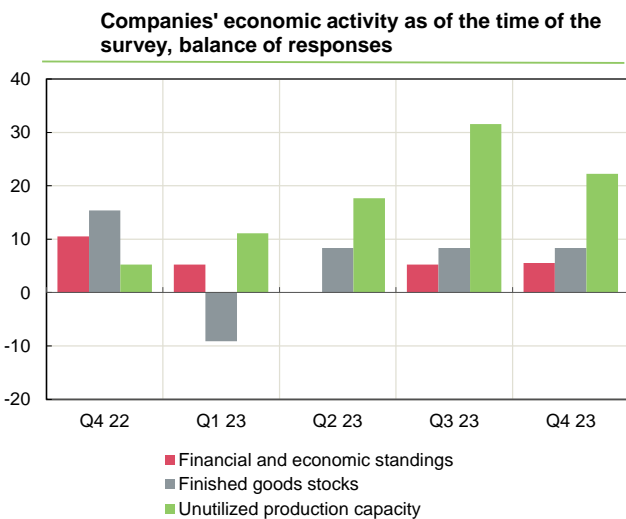


Figure 4



Figure 5

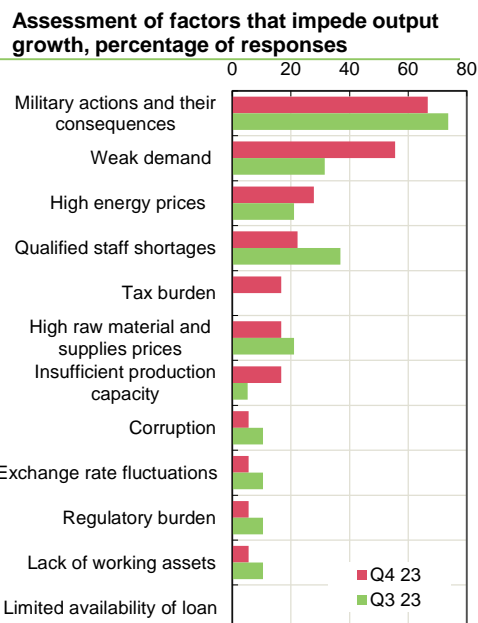


Figure 6

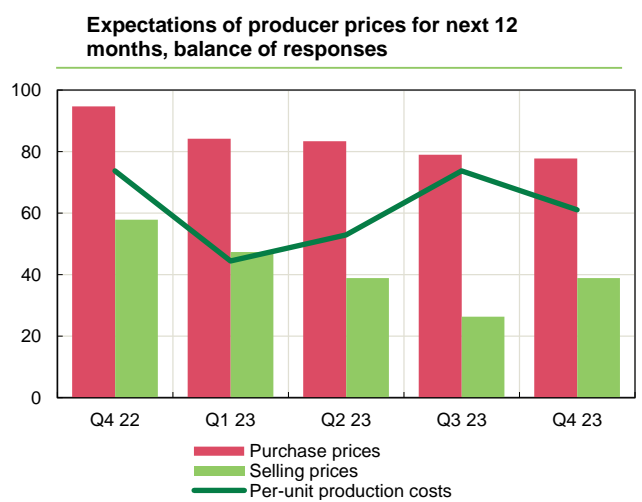


Figure 7

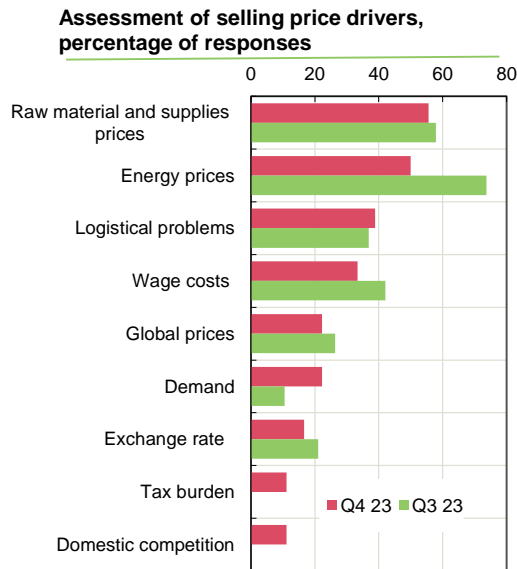


Figure 8

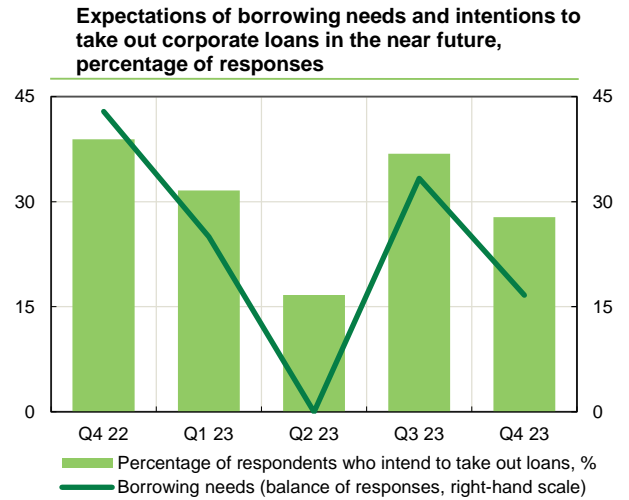


Figure 9

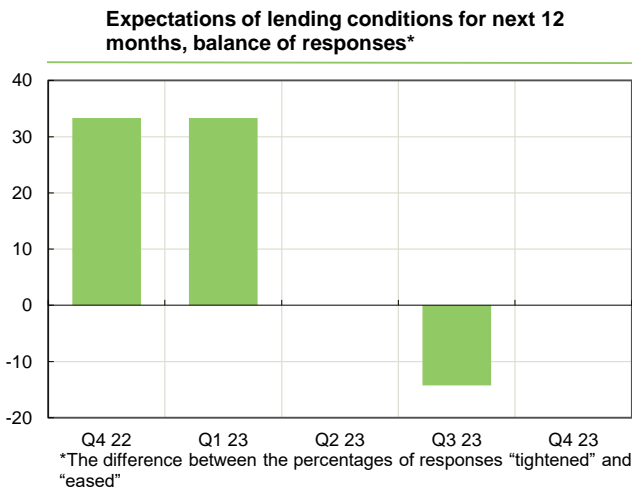


Figure 10

