



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q2 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 inflation would continue to rise. Depreciation expectations increased.

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 21.1%, compared to 15.8% in Q1 2021 and 15.9% across Ukraine (Figure 1)
- **prices for consumer goods and services would grow:** a total of 63.2% of respondents (unchanged on the previous quarter) expected the inflation rate not to exceed 7.5% (compared to 54.2% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate more quickly:** a total of 64.7% of respondents expected the hryvnia to weaken against the US dollar, compared with 52.6% in the previous quarter and 63.6% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 31.3%, compared with 26.3% in the previous quarter and 18.3% across Ukraine (see Table)
- **total sales would increase:** the balance of responses was 26.3%, compared with 22.2% in Q1 2021. External sales were also expected to rise: the balance of responses was 14.3%, compared to (-16.7%) in Q1 2021 (see Table). The balances across Ukraine were 21.0% for each
- **investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 21.4% and 25.0% respectively, compared to 12.5% and 20.0% respectively in the previous quarter. The balances of responses across Ukraine were 6.4% and 16.9% respectively
- **staff numbers at their companies would increase:** the balance of responses was 11.1%, compared with 0.0% in Q1 2021. Across Ukraine, staff numbers were expected to decrease slightly, the balance of responses being (-1.0%) (Figure 4)
- **both purchase and selling prices would grow:** the balances of responses were 89.5% and 21.1% respectively (compared with 89.5% and 52.6% in Q1 2021) (Figure 6). Energy prices, raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and costs per staff member would increase:** the balances of responses were 50.0% and 61.1% respectively, compared to 55.6% and 73.7% respectively in Q1 2021 (Figures 4 and 6).

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

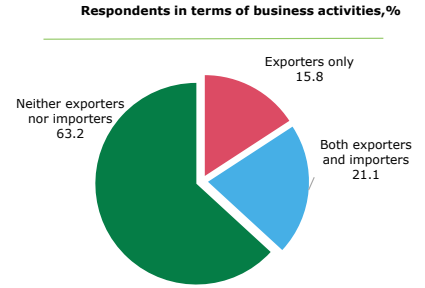
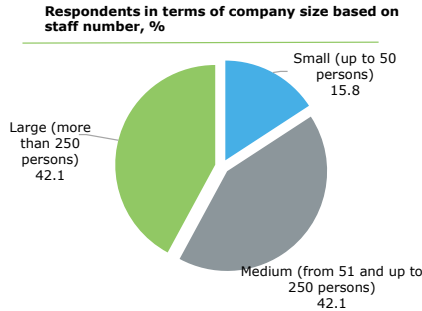
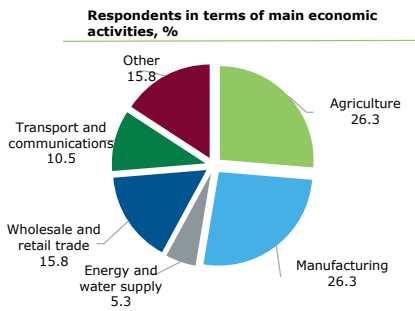
Respondents expected **their borrowing needs to rise** in the near future (Figure 8). 71.4% of the respondents who planned to take out bank loans opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Companies cited high loan rates, collateral requirements and other funding sources as the main factors deterring 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)

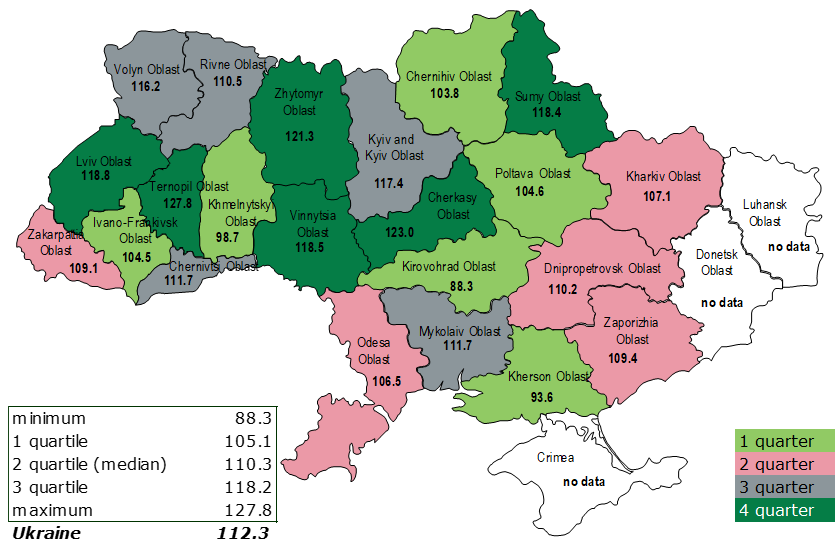
- **Current financial and economic standings had improved and were assessed as good:** the balance of responses was 26.3% (the highest figure among the regions), compared with 5.3% in Q1 2021. Across Ukraine, the balance of responses was 6.0%.
- **Stocks of finished goods were assessed as normal:** the balance of responses was 0.0%, compared with 8.3% in Q1 2021.
- **Unutilized production capacity had increased. Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 21.1%, compared with (-5.3%) in Q1 2021.

Survey Details^{1,2}



- Period: 5 May through 28 May 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, %



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, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	16.7	29.4	11.1	26.3	31.3
Total sales	15.8	17.6	0.0	22.2	26.3
Investment in construction	-5.9	6.3	-6.3	12.5	21.4
Investment in machinery, equipment, and tools	0.0	12.5	0.0	20.0	25.0
Staff numbers	-16.7	0.0	-10.5	0.0	11.1

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

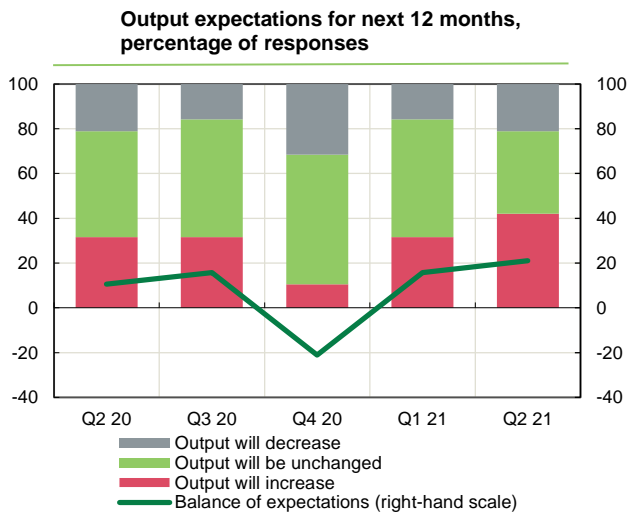


Figure 2

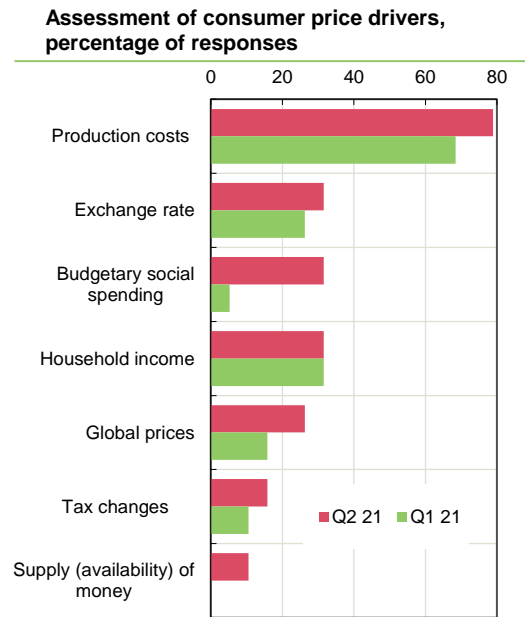


Figure 3

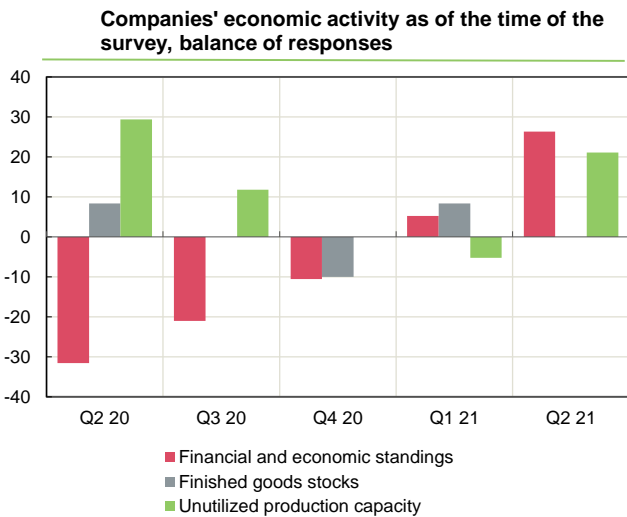


Figure 4

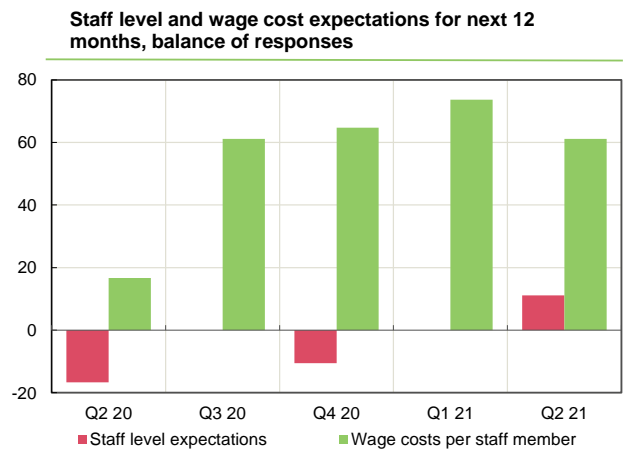


Figure 5

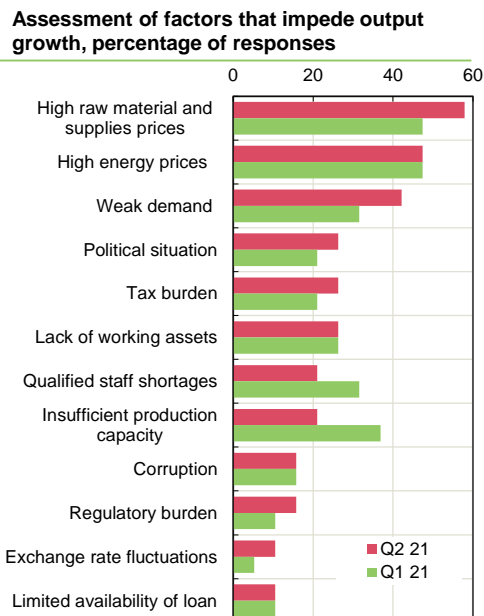


Figure 6

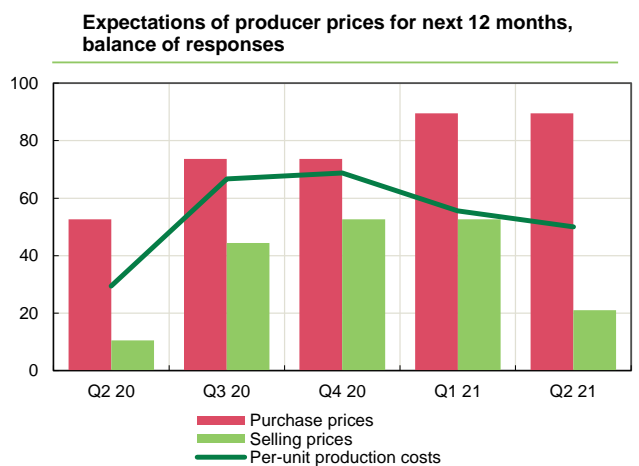


Figure 7

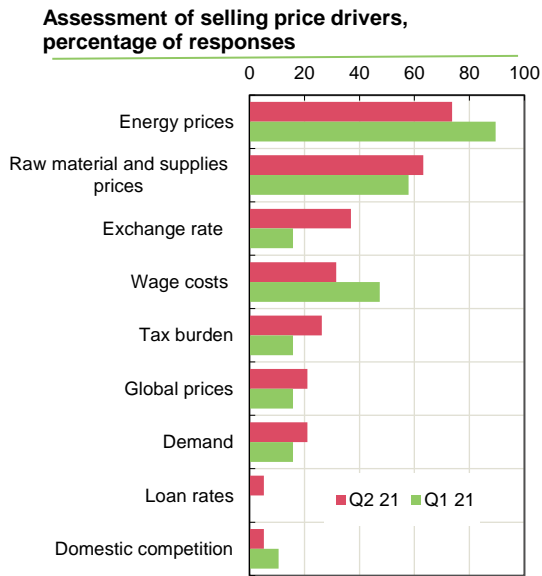


Figure 8

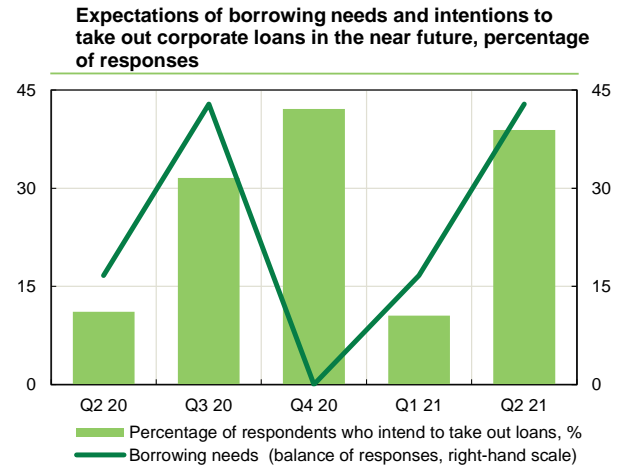


Figure 9

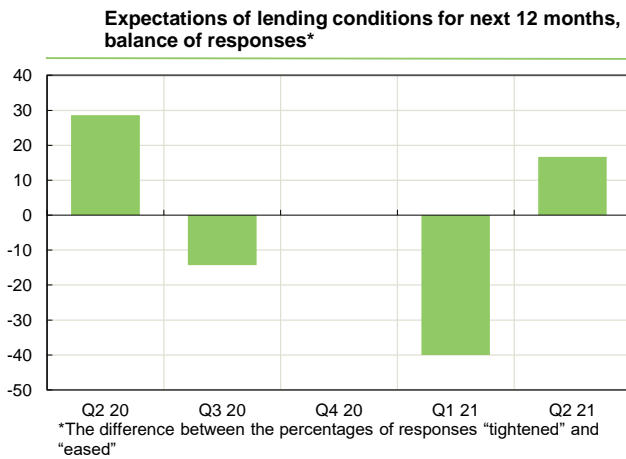


Figure 10

