



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Cherkasy oblast in Q4 2022 showed that, on the back of the hostilities and terrorist attacks, 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 further. Depreciation expectations strengthened.

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 (-10.5%), compared to (-16.7%) in Q3 2022 and (-32.3%) across Ukraine (Figure 1)
- **prices for consumer goods and services would rise:** a total of 57.9% of respondents expected the inflation rate not to exceed 20.0% (compared to 55.6% in the previous quarter and 37.6% across Ukraine). Respondents referred to military actions, production costs, and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a faster pace:** a total of 83.3% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 70.6% in the previous quarter and 88.5% across Ukraine
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (such expectations have been reported for two quarters running), compared to (-11.5%) across Ukraine (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0%, as in Q3 2022. At the same time, respondents expected **external sales** to increase: the balance of responses was 14.3%, compared to 20.0% in the previous quarter (see Table). Across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease slowly:** the balances of responses were (-21.1%) and (-15.8%) respectively (compared (-44.4%) and (-29.4%) respectively in the previous quarter). The balances of responses across Ukraine were (-26.9%) and (-16.6%) respectively (see Table)
- **staff numbers at their companies would increase:** the balance of responses was 5.3% (among the firmest figures seen in the regions), compared to (-16.7%) in Q3 2022 (Figure 4). Across Ukraine, the balance of responses was (-20.1%)
- **purchase prices would grow at a faster pace than selling prices:** the balances of responses were 94.7% and 57.9% respectively (compared to 94.4% and 33.3% respectively in Q3 2022) (Figure 6). Raw material and supplies prices, energy prices, the hryvnia exchange rate, and wage costs (the impact of this driver was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would rise:** the balances of responses were 73.7% and 21.1% respectively, compared to 77.8% and 33.3% in Q3 2022 (Figures 4 and 6).

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

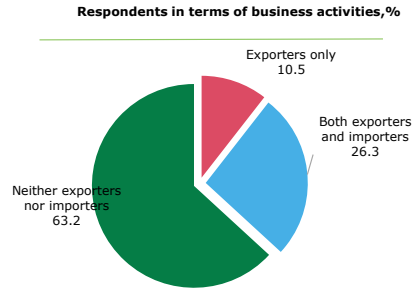
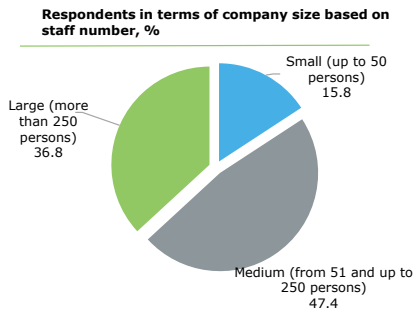
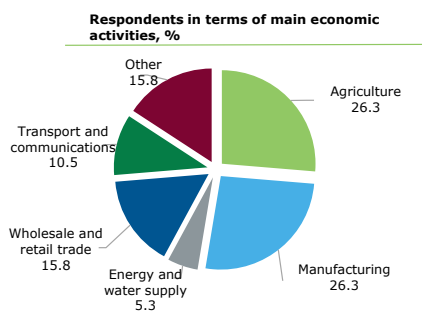
Respondents reported higher expectations of **the increase in their borrowing needs** in the near future (Figure 8). Respondents who planned to take out bank loans opted for domestic currency loans only. Respondents improved their expectations for lending conditions, but still described these as tight (Figure 9). Companies cited high loan rates (the impact of this factor was reported to have increased compared to the previous survey) and large fluctuations in the hryvnia exchange rate as the main factors deterring them from taking out loans (Figure 10).

A total of **84.2% of respondents** said they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.2% across Ukraine).

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

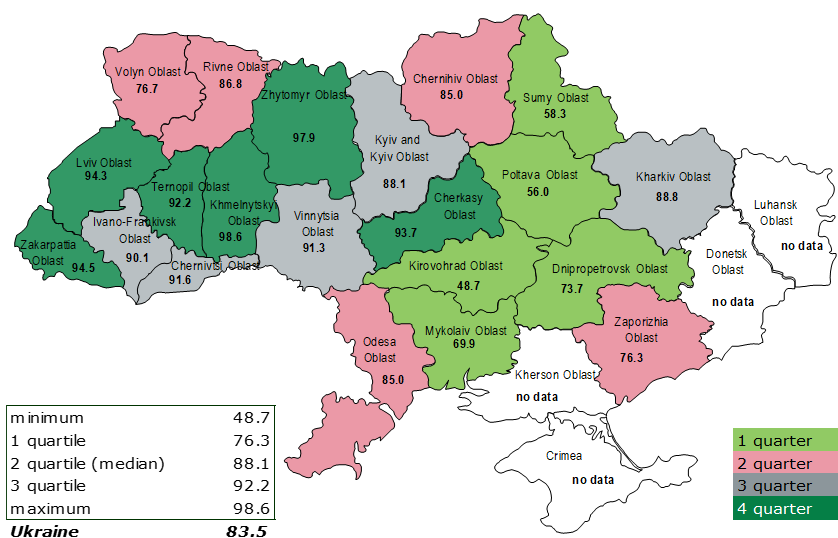
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 10.5% (the firmest figure among the regions), compared to (-5.6%) in Q3 2022. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-19.3%).
- **Stocks of finished goods were assessed as higher than normal:** the balance of responses was 15.4%, compared to 9.1% in Q3 2022.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 5.3%, compared to 16.7% in Q3 2022.

Survey Details^{1,2}



- Period: 2 November through 30 November 2022.
- 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, %



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, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	10.5	0.0	-11.1	0.0	0.0
Total sales	31.6	0.0	-27.8	0.0	0.0
Investment in construction	29.4	-13.3	-40.0	-44.4	-21.1
Investment in machinery, equipment, and tools	50.0	-6.3	-12.5	-29.4	-15.8
Staff numbers	0.0	-13.3	-5.6	-16.7	5.3

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

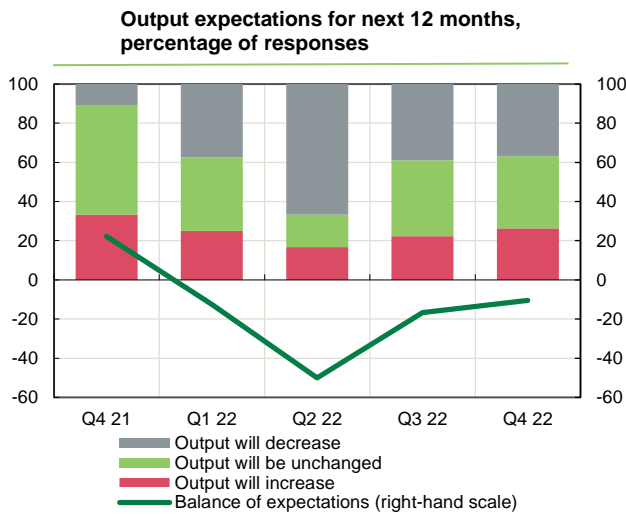


Figure 2

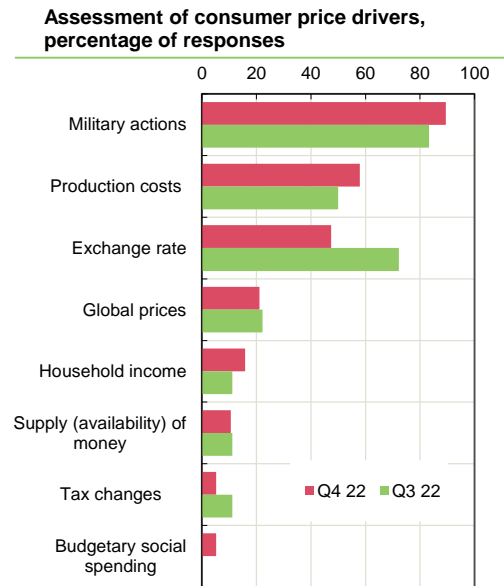


Figure 3

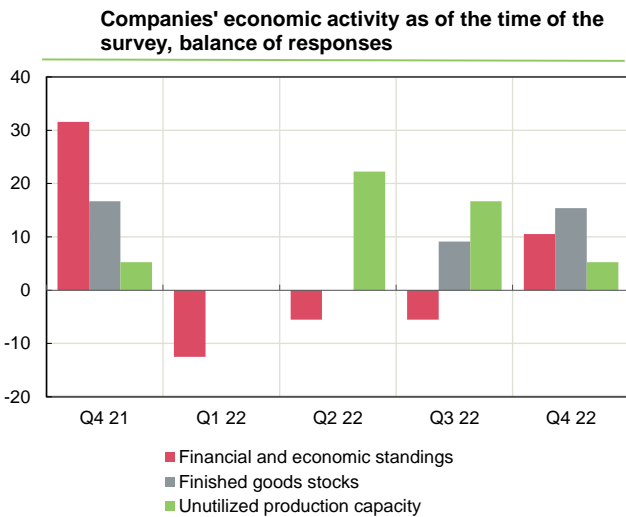


Figure 4

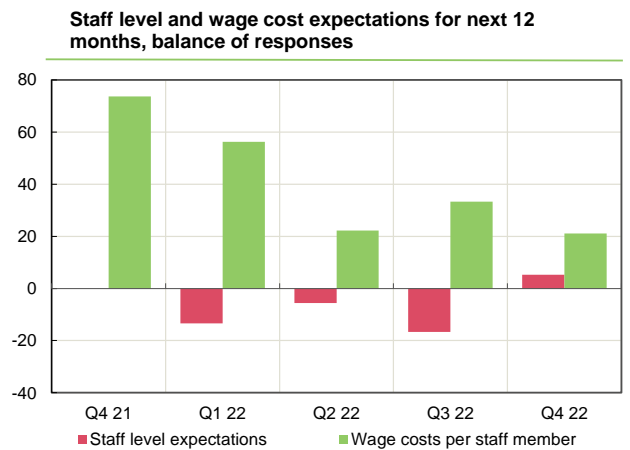


Figure 5

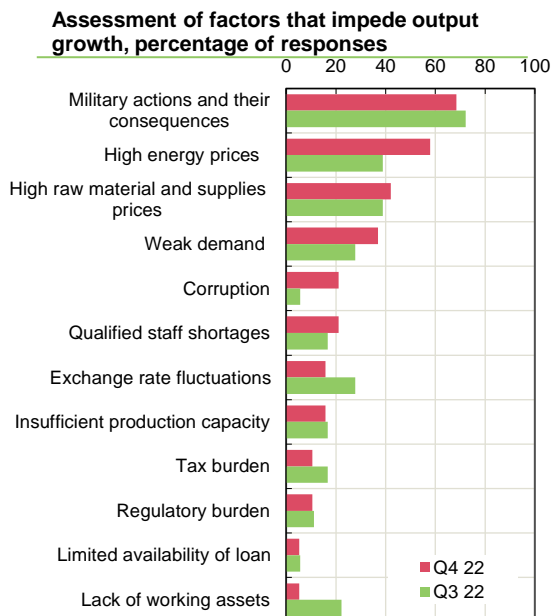


Figure 6

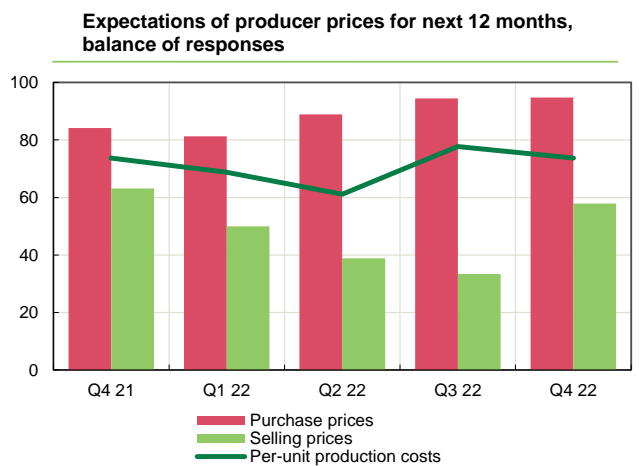


Figure 7

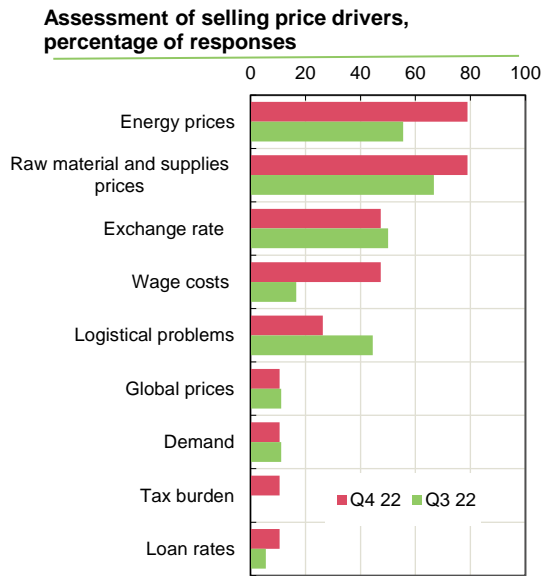


Figure 8

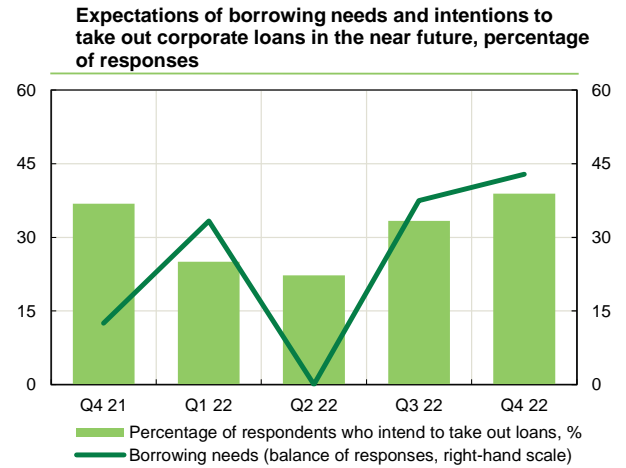


Figure 9

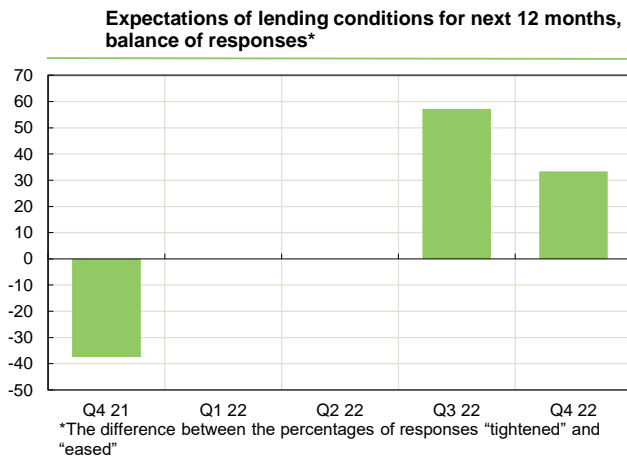


Figure 10

