



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q1 2023



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q1 2023 showed that, on the back of the prolonged hostilities and massive attacks on civilian infrastructure, respondents expected the output of Ukrainian goods and services would remain unchanged and had **negative expectations for the performance of their companies** over the next 12 months. Inflation and depreciation expectations weakened.

The top managers of companies said they expected that over the next 12 months:

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was (-0.0%), compared to (-10.5%) in Q4 2022 and (-16.7%) across Ukraine (Figure 1)
- **prices for consumer goods and services would rise more slowly:** a total of 63.2% of respondents expected the inflation rate not to exceed 20.0% (compared to 57.9% in the previous quarter and 46.8% across Ukraine). Respondents referred to military actions, production costs, the hryvnia exchange rate, and household income (the impact was reported to have increased) as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** a total of 57.9% of respondents expected the hryvnia to weaken against the U.S. dollar, down from 83.3% in the previous quarter and 83.2% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-15.8%), down from 0.0% in Q4 2022, compared to (-2.5%) across Ukraine (see Table)
- **total sales would decrease:** the balance of responses was (-5.6%), down from 0.0% in Q4 2022. At the same time, respondents expected **external sales** to remain unchanged: the balance of responses was 0.0%, compared to 14.3% in the previous quarter (see Table). Across Ukraine, the balances of responses were 2.8% and 2.0% respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-22.2%) and (-23.5%) respectively (compared (-21.1%) and (-15.8%) respectively in the previous quarter). The balances of responses across Ukraine were (-17.8%) and (-10.3%) respectively (see Table)
- **staff numbers at their companies would decrease:** the balance of responses was (-15.8%), down from 5.3% in Q4 2022 (Figure 4). Across Ukraine, the balance of responses was (-16.4%)
- **purchase and selling prices would grow at a slower pace:** the balances of responses were 84.2% and 47.4% respectively (compared to 94.7% and 57.9% respectively in Q4 2022) (Figure 6). Energy prices, raw material and supplies prices, and logistical problems (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 44.4% and 23.5% respectively, compared to 73.7% and 21.1% in Q4 2022 (Figures 4 and 6).

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

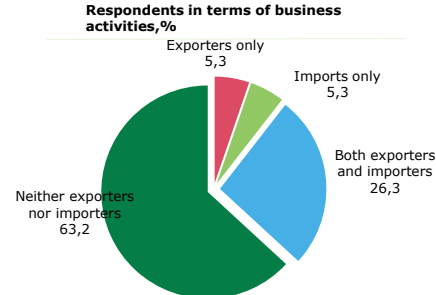
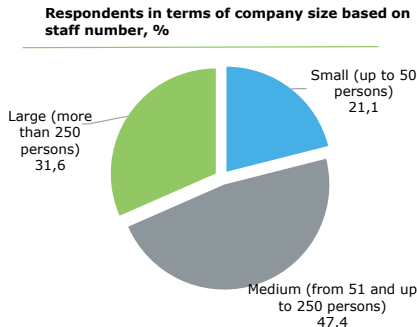
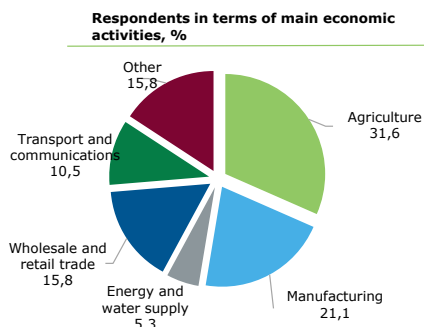
Respondents reported lower expectations of **the increase in their borrowing needs** in the near future (Figure 8). Respondents who planned to take out bank loans opted for domestic currency loans only. Respondents said that lending conditions had tightened (Figure 9). Companies cited high loan rates, strict collateral requirements, and the availability of other funding sources as the main factors deterring them from taking out loans (Figure 10).

A total of **78.9% of respondents** said **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.7% across Ukraine).

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

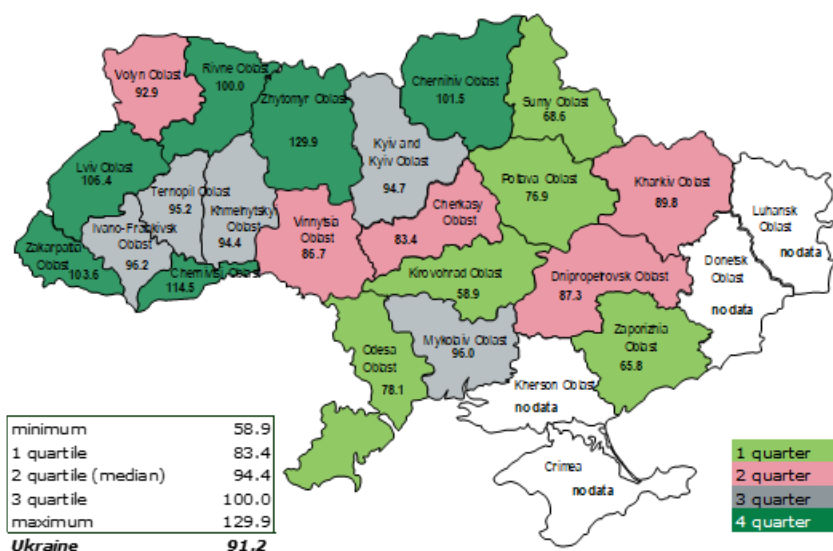
- **Companies' current financial and economic standings were assessed as good:** the balance of responses was 5.3%, compared to 10.5% in Q4 2022. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-16.9%).
- **Stocks of finished goods decreased and were assessed as lower than normal:** the balance of responses was (-9.1%), compared to 15.4% in Q4 2022.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 11.1%, compared to 5.3% in Q4 2022.

Survey Details^{1,2}



- Period: 30 January through 28 February 2023.
- 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, %				
	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings	0,0	-11,1	0,0	0,0	-15,8
Total sales	0,0	-27,8	0,0	0,0	-5,6
Investment in construction	-13,3	-40,0	-44,4	-21,1	-22,2
Investment in machinery, equipment, and tools	-6,3	-12,5	-29,4	-15,8	-23,5
Staff numbers	-13,3	-5,6	-16,7	5,3	-15,8

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

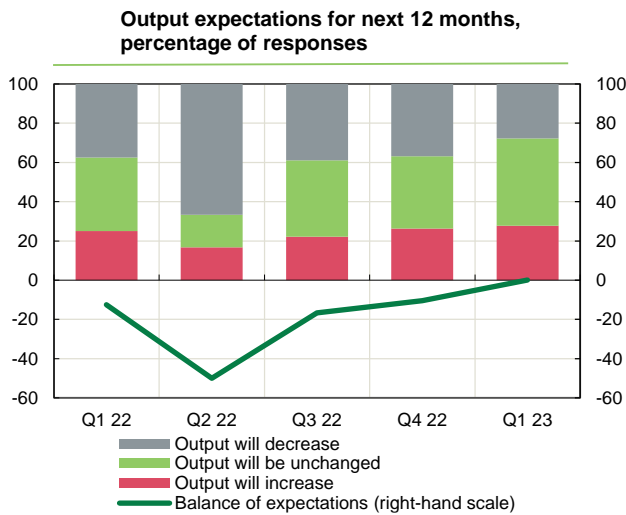


Figure 2

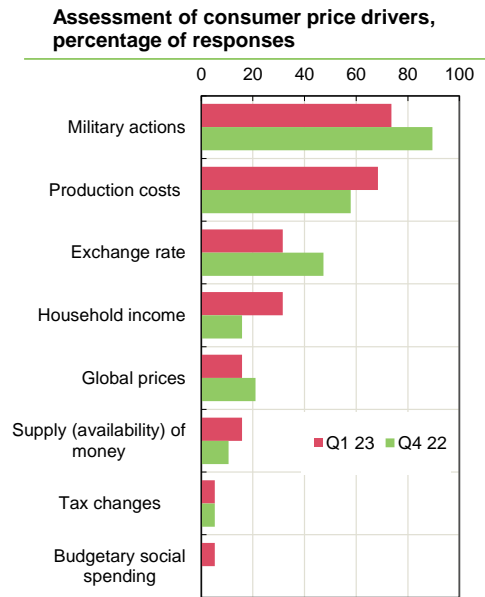


Figure 3

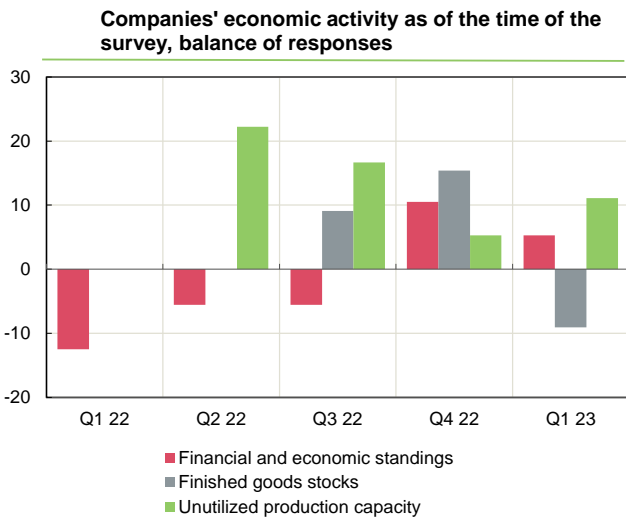


Figure 4



Figure 5

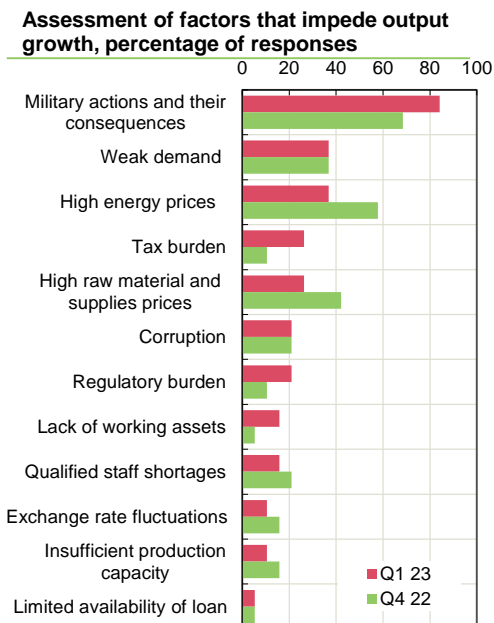


Figure 6

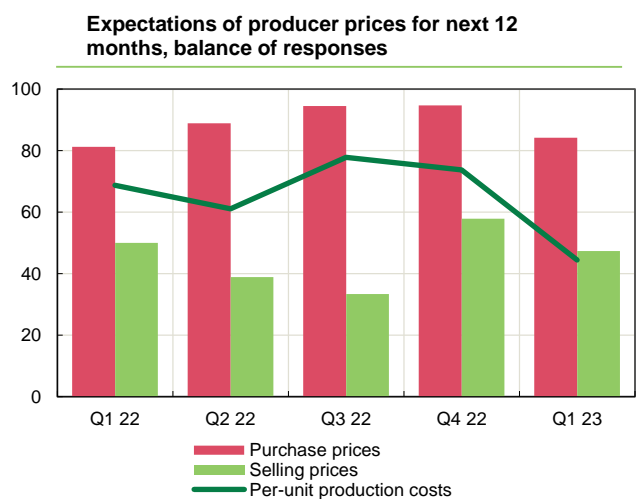


Figure 7

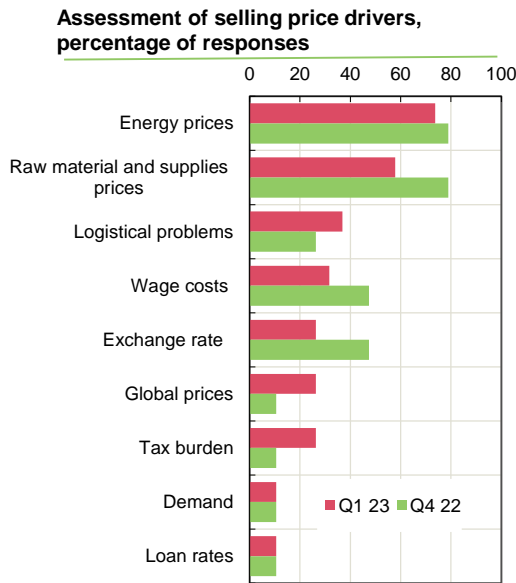


Figure 8

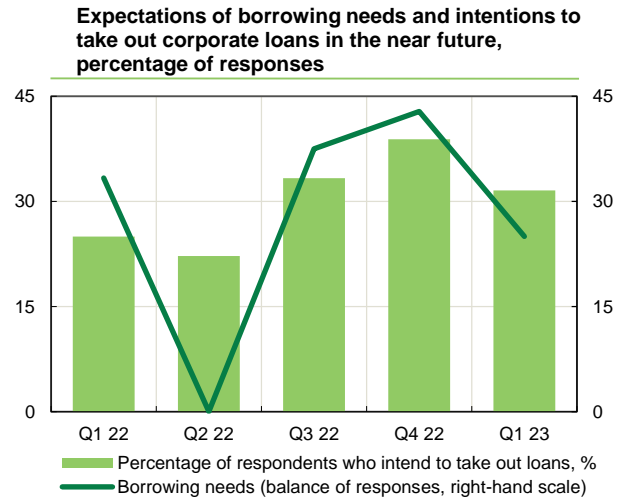


Figure 9

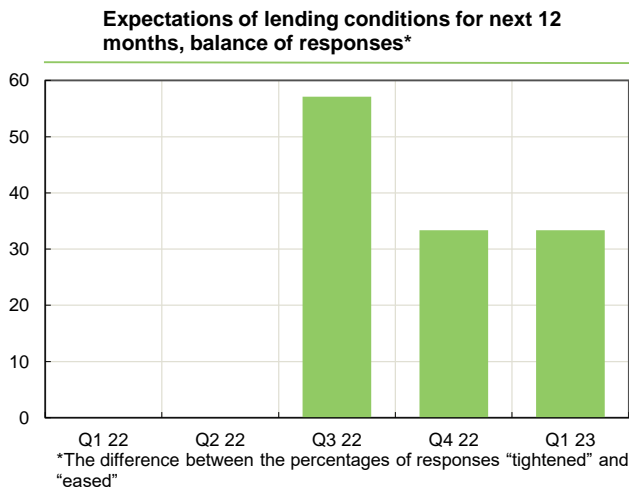


Figure 10

