



National Bank
of Ukraine

Business Outlook Survey of Cherkasy Oblast*

Q1 2024



*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q1 2024 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 **positive expectations for the performance of their companies** over this period. Inflation and 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 at a slower pace:** the balance of expectations was 5.9%, compared to 18.8% in Q4 2023 and 8.5% across Ukraine (Figure 1)
- **prices for consumer goods and services would rise:** a total of 66.7% of respondents expected the inflation rate not to exceed 10.0% (as in the previous quarter and 48.4% 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 61.6% of respondents expected the hryvnia to weaken against the U.S. dollar, compared to 58.8% in the previous quarter and 81.1% across Ukraine
- **the financial and economic standings of their companies would improve:** the balance of expectations was 5.6%, compared to (-16.7%) in Q4 2023 and 3.7% across Ukraine (see Table)
- **total sales would drop:** the balance of responses was (-5.6%), compared to 11.8% in Q4 2023. At the same time, respondents expected **external sales** to remain unchanged: the balance of responses was 0.0% (as in the previous quarter) (see Table). Across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **investment in construction would drop, while investment in machinery, equipment, and tools would decrease at a faster pace:** the balances of responses were (-11.1%) and (-16.7%) respectively, compared to (-12.5%) and (-6.3%) in the previous quarter (see Table). The balances of responses across Ukraine were (-1.5%) and 8.3% respectively (see Table)
- **staff numbers at their companies would decrease more slowly:** the balance of responses was (-11.1%), compared to (-22.2%) in Q4 2023 (Figure 4). Across Ukraine, the balance of responses was (-6.3%)
- **purchase and selling prices would grow:** the balances of responses were 77.8% and 44.4% respectively, compared to 77.8% and 38.9% 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 Q4 2023) (Figure 6). Energy prices, raw material and supplies prices, and wage costs 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 55.6% and 61.1% respectively, compared to 61.1% and 55.6% in Q4 2023 (Figures 4 and 6).

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

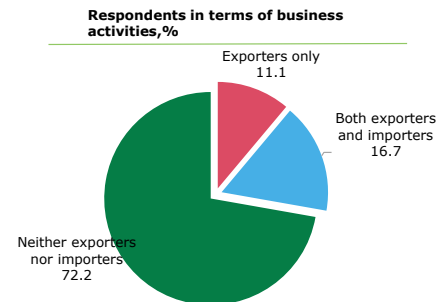
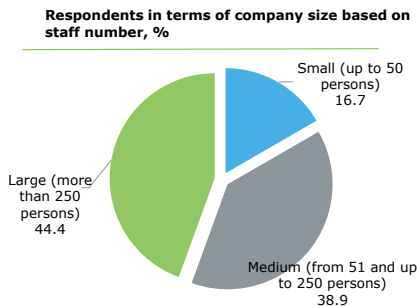
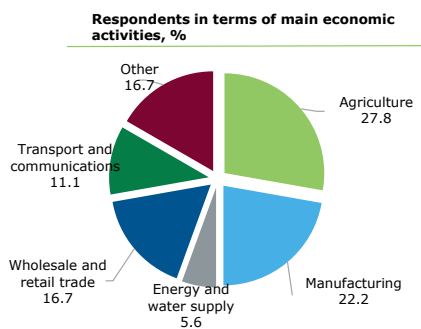
Respondents said that **their borrowing needs** would increase in the near future (Figure 8). The respondents who planned to take out bank loans usually opted for domestic currency loans. Respondents said that lending conditions had eased (Figure 9). Companies cited uncertainty about their ability to meet debt obligations as they fall due (the impact of this factor was reported to have increased), other funding sources and high loan rates 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** (96.3% across Ukraine).

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

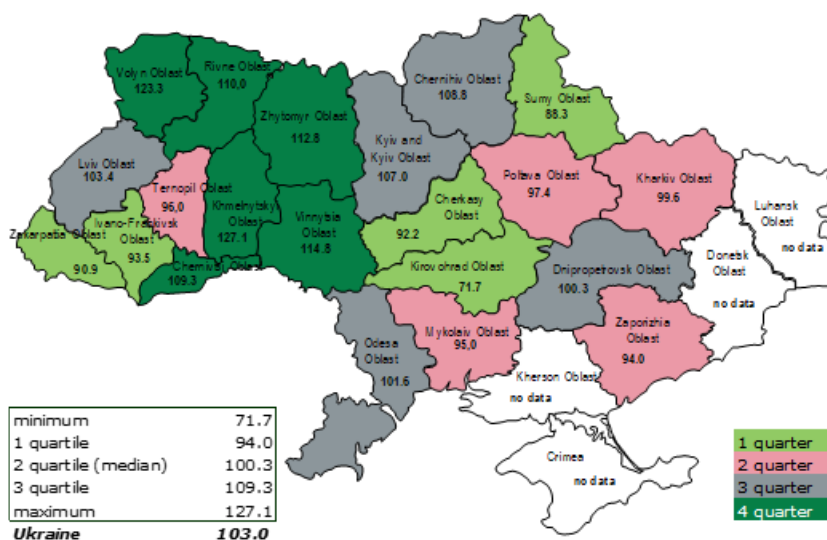
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, compared to 5.6% in Q4 2023. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-1.4%).
- **Stocks of finished goods were assessed as higher than normal:** the balance of responses was 10.0%, up from 8.3% in Q4 2023.
- **Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand:** the balance of responses was 11.8%, compared to 22.2% in Q4 2023.

Survey Details^{1,2}



- Period: 31 January through 26 February 2024.
- 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
^{**}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 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	-15.8	-5.6	-10.5	-16.7	5.6
Total sales	-5.6	-5.9	21.1	-11.8	-5.6
Investment in construction	-22.2	-6.3	5.6	-12.5	-11.1
Investment in machinery, equipment, and tools	-23.5	-6.3	-5.6	-6.3	-16.7
Staff numbers	-15.8	-16.7	-15.8	-22.2	-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

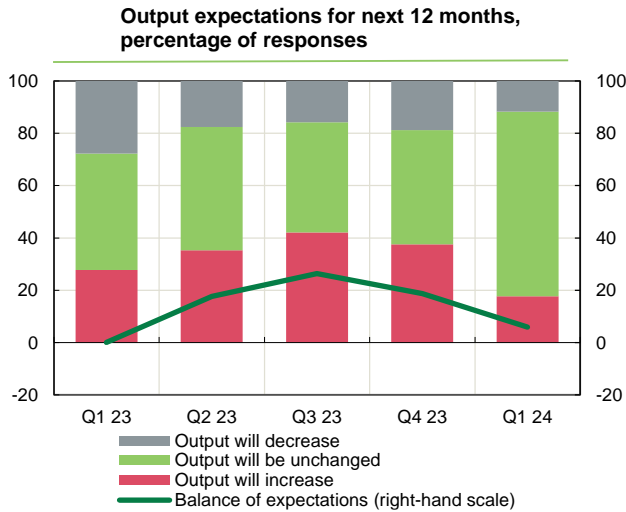


Figure 2

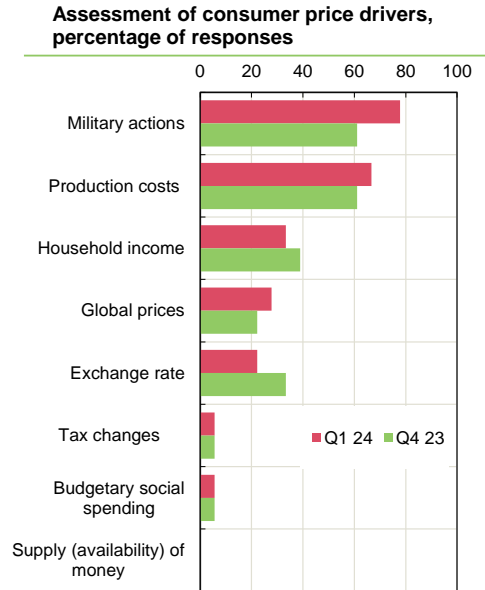


Figure 3

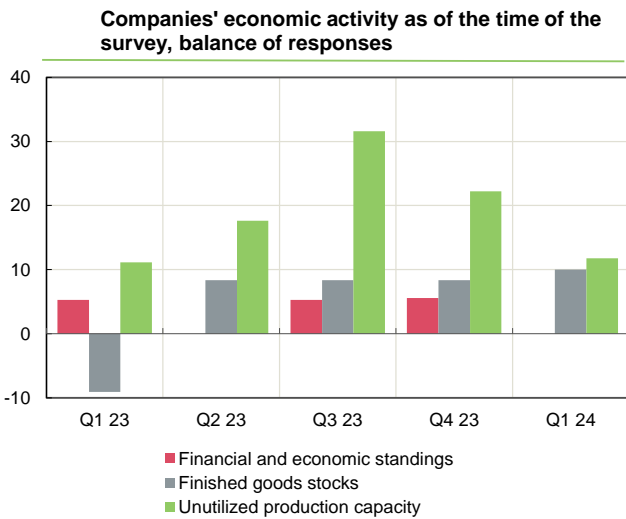


Figure 4



Figure 5

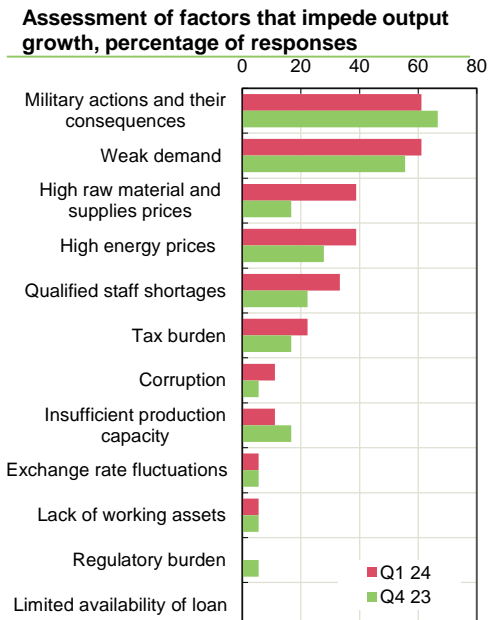


Figure 6

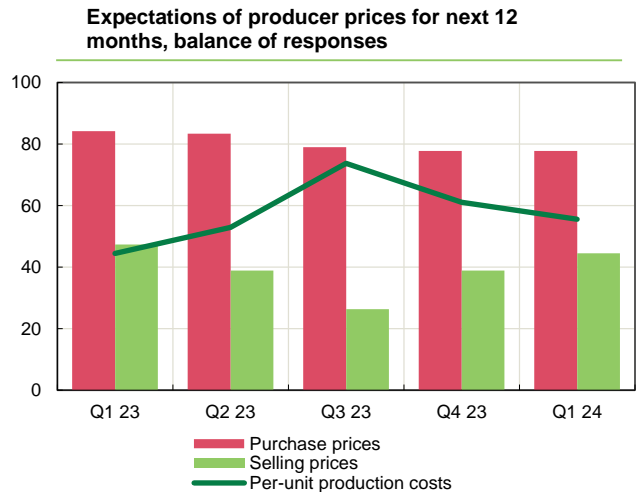


Figure 7

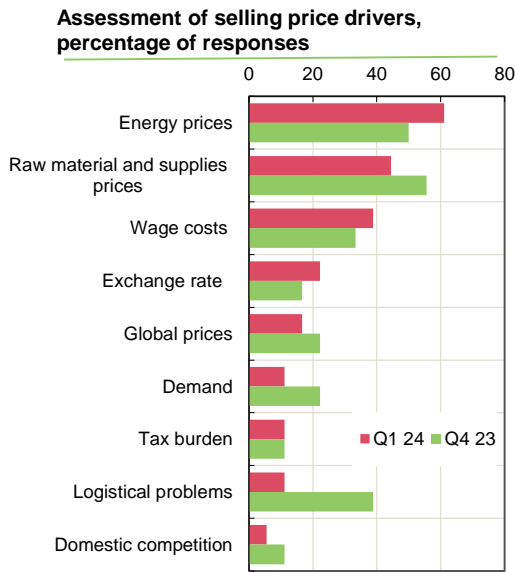


Figure 8

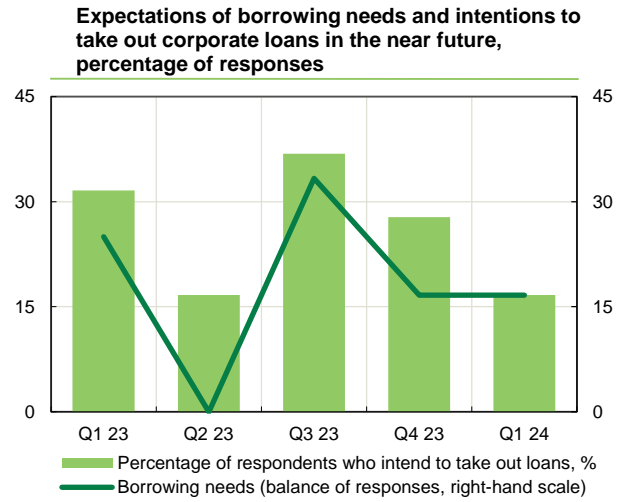


Figure 9

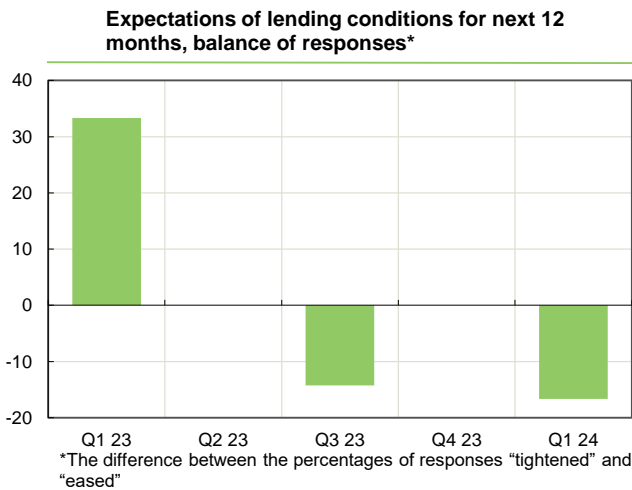


Figure 10

