National Bank of Ukraine

# Business Outlook Survey **of Cherkasy Oblast***

## Q3 2024


*This survey only reflects the opinions of respondents in Cherkasy oblast (top managers of companies) who were polled in Q3 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Cherkasy oblast** in Q3 2024 showed that, despite the war, weak demand, qualified staff shortages, and high raw material, supplies, and energy prices, 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 was expected to be lower. 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 grow at a slower pace: the balance of expectations was 11.1%, compared to 22.2% in Q2 2024. Overall, across Ukraine, the balance of responses was 3.7% (Figure 1)
- prices for consumer goods and services would rise more slowly: a total of 61.1% of respondents expected the inflation rate not to exceed 10.0% (88.2% in the previous quarter and 54.5% across Ukraine). Respondents referred to military actions, production costs, and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- the hryvnia depreciation would weaken: a total of 61.1% 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 improve: the balance of expectations was 11.8%, compared to 0.0% in Q2 2024 (see Table). Overall, across Ukraine the financial and economic standings were expected to deteriorate (-0.9%)
- total sales including external sales would grow: the balances of responses were 33.3% and 28.6% respectively, compared to 11.1% and 0.0% respectively in Q2 2024 (see Table). Across Ukraine, the balances of responses were 10.5% and 11.2% respectively
- investment in machinery, equipment, and tools would increase: the balance of responses was 5.9%, up from (-11.8%) in the previous quarter. Meanwhile investment in construction would drop more slowly: the balance of responses was (-11.8%), up from (-23.5%) in Q2 2024 (see Table). The balances of responses across Ukraine were 7.5% and (-3.2%) respectively (see Table)
- staff numbers at their companies would decrease: the balance of responses was (-11.1%), same as in Q2 2024 (Figure 4). Across Ukraine, the balance of responses was (-10.9%)
- purchase and selling prices would rise at a faster pace: the balances of responses were 94.4% and 61.1% respectively, compared to 83.3% and 33.3% in the previous quarter (Figure 6). Energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would rise: the balances of responses were 55.6% and 44.4% respectively, compared to 61.1% and 44.4% in Q2 2024 (Figures 4 and 6).

Companies named military actions and their consequences, weak demand, qualified staff shortages, high raw material and supplies prices, and energy prices (the impact of the latter factor was reported to have increased) 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 opted for domestic currency loans only. Respondents said that bank lending conditions had tightened (Figure 9). Companies cited strict collateral requirements, high loan rates, and complicated paperwork (the impact of this factor was reported to have increase) as the main factors deterring them from taking out loans (Figure 10).

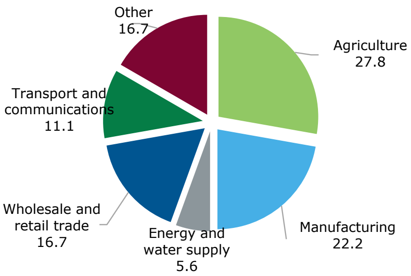
A total of 83.3% of respondents said they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (97.1% across Ukraine).

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

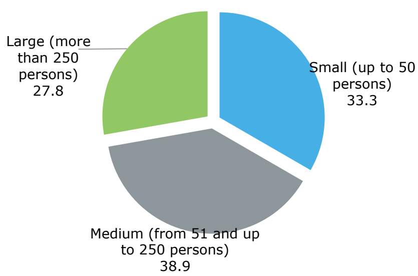
- Companies' current financial and economic standings were assessed as good**:** the balance of responses was 5.6%, same as in Q2 2024. Across Ukraine, companies' current financial and economic standings were assessed as bad: the balance of responses was (-6.0%).
- Stocks of finished goods were assessed as lower than normal**:** the balance of responses was (-8.3%), down from (-15.4%) in Q2 2024.
- Companies in the oblast had sufficient spare production capacity to meet any unexpected rise in demand**:** the balance of responses was 11.1%, same as in Q2 2024.

## Survey Details[1,2]

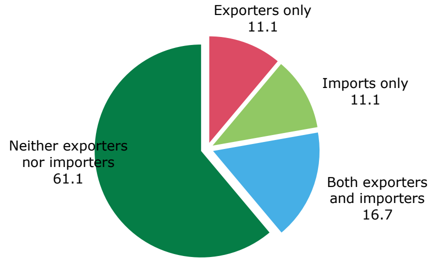
**Respondents in terms of main economic activities, %**




**Respondents in terms of company size based on staff number, %**

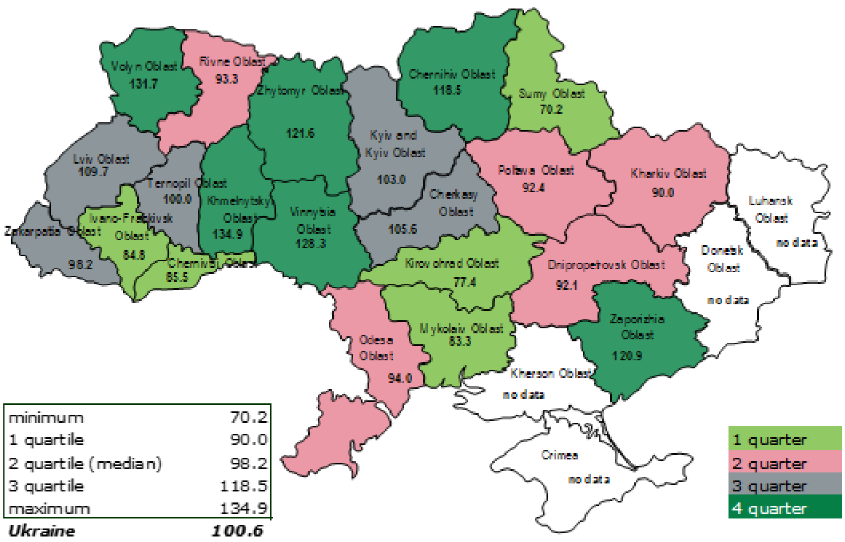



**Respondents in terms of business activities,%**




- Period: 1 August through 27 August 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 Oblasts[3], %




*a 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, % | | | | |
|---|---|---|---|---|---|
| | Q3 23 | Q4 23 | Q1 24 | Q2 24 | Q3 24 |
| Financial and economic standings | -10.5 | -16.7 | 5.6 | 0.0 | 11.8 |
| Total sales | 21.1 | -11.8 | -5.6 | 11.1 | 33.3 |
| Investment in construction | 5.6 | -12.5 | -11.1 | -23.5 | -11.8 |
| Investment in machinery, equipment, and tools | -5.6 | -6.3 | -16.7 | -11.8 | 5.9 |
| Staff numbers | -15.8 | -22.2 | -11.1 | -11.1 | -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

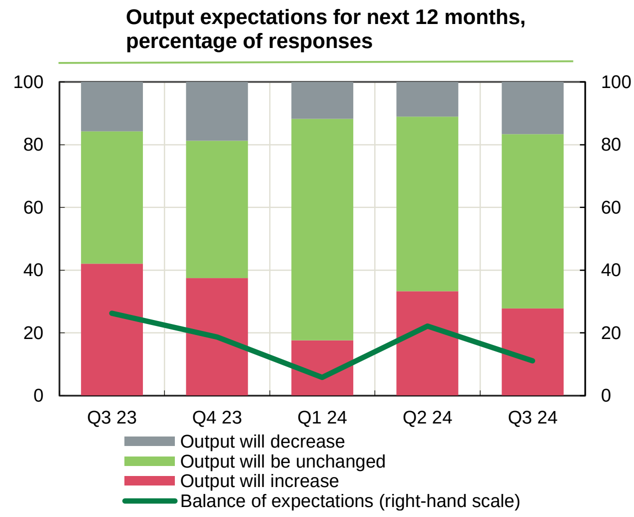



Figure 2

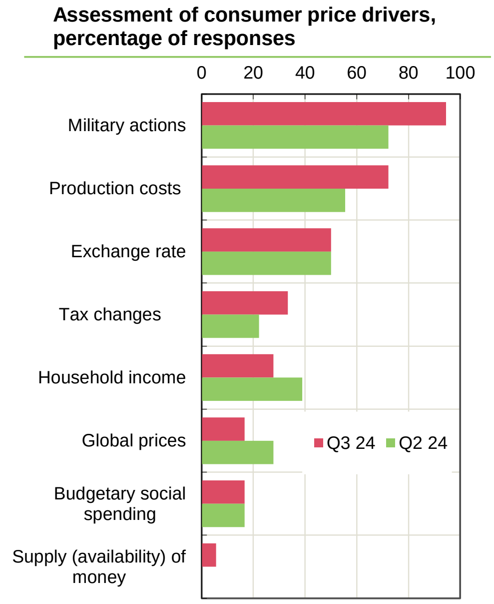



Figure 3

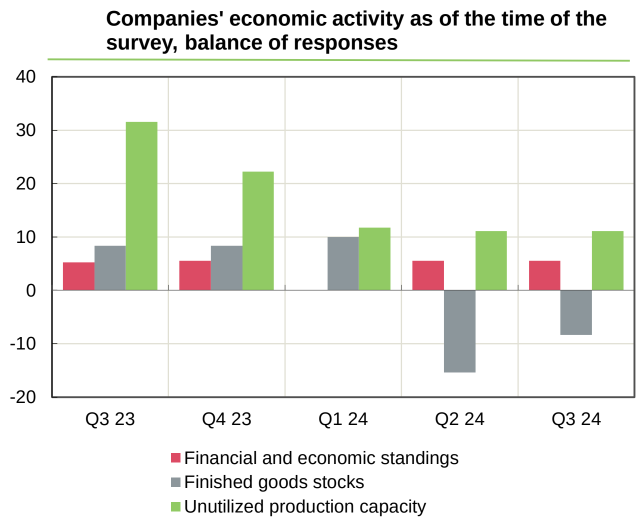



Figure 4


Figure 5

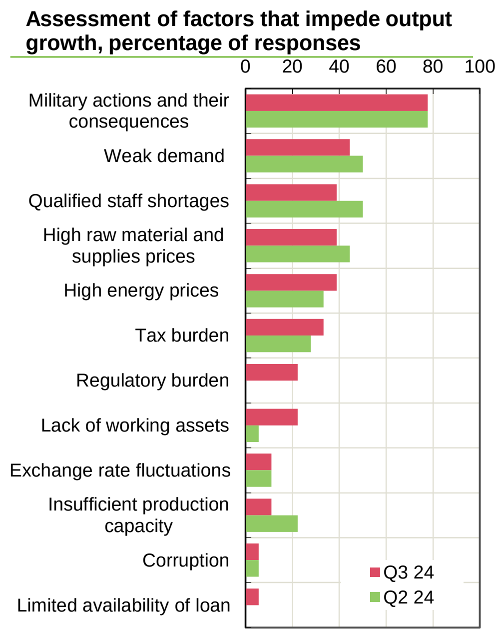



Figure 6

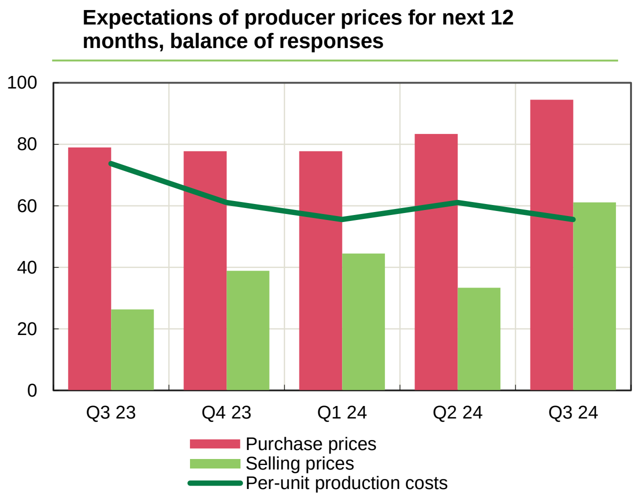


Figure 7

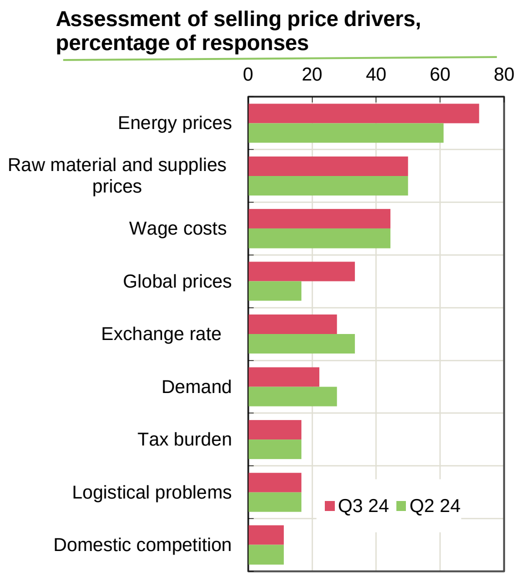



Figure 8

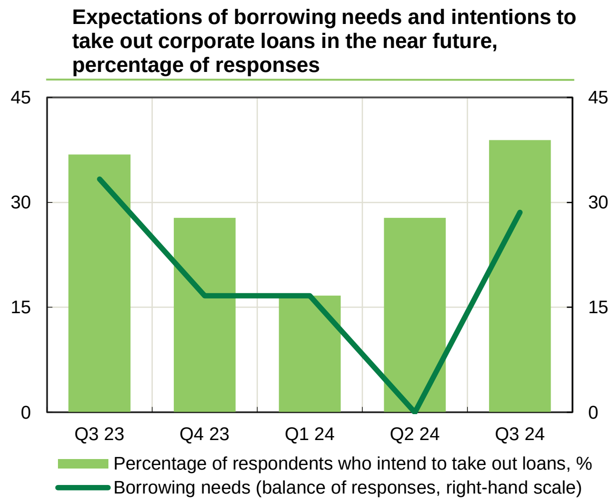
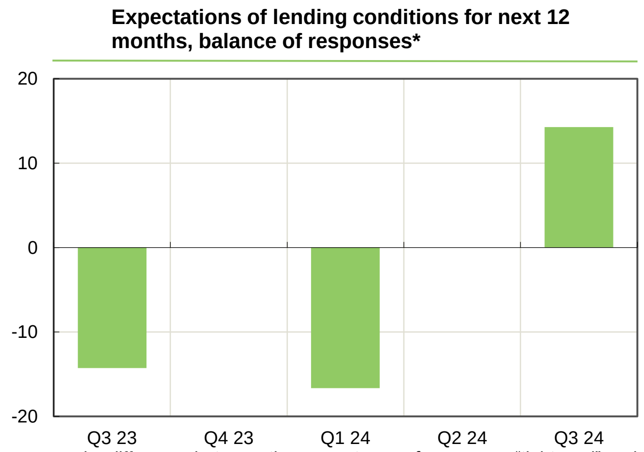



Figure 9



*The difference between the percentages of responses “tightened” and “eased”

Figure 10