



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zhytomyr oblast** in Q2 2022 showed that against the background of the war respondents expected **a significant decrease in the output of Ukrainian goods and services and had negative expectations for their companies' performance over the next 12 months**. Respondents' inflation and depreciation expectations were high.

The top managers of companies said they expected that over the next 12 months¹:

- **the output of Ukrainian goods and services would decrease significantly:** the balance of expectations was (-75.0%) (Figure 1). Across Ukraine, the balance of responses was (-48.7%)
- **inflation would rise:** 83.3% of respondents expected that the inflation rate would exceed 20.0% compared to 58.2% across Ukraine. Respondents referred to the hryvnia exchange rate (100.0% of respondents), production costs and military actions **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a rapid pace:** 100.0% of respondents expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being (88.9%)
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-25.0%) (see Table). Across Ukraine, the balance of responses was (-17.1%)
- **total sales would decrease:** the balance of responses was (-9.1%). External sales were also expected to drop, but at significantly higher pace: the balance of responses was (-75.0%). Across Ukraine, the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment** in construction and in machinery, equipment, and tools **would drop:** the balances of responses were (-28.6%) and (-14.3%) respectively. The balances of responses across Ukraine were (-37.2%) and (-34.7%) respectively
- **staff numbers would decrease noticeably:** the balance of responses was (-33.3%) (Figure 4). Across Ukraine, the balance of responses was (-29.0%)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 91.7% and 83.3% respectively (Figure 6). Logistical problems, demand and raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would increase faster than wage costs per staff member:** the balances of responses were 81.8% and 50.0% respectively (Figures 4 and 6).

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

All of the respondents said that they did not plan to take out loans (Figure 8). Respondents referred to uncertainty about their ability to meet debt obligations as they fall due and other funding sources as the main factors deterring them from taking out loans (Figure 9).

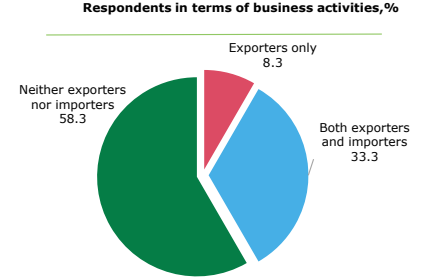
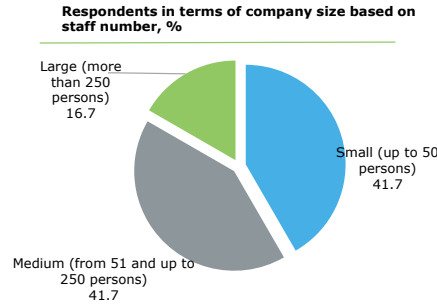
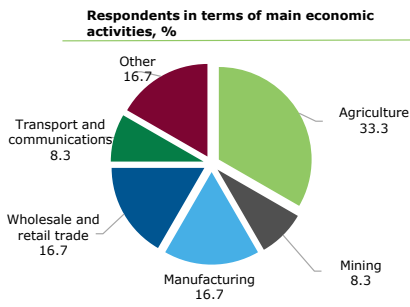
All of the respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (compared to 93.5% across Ukraine).

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

- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-25.0%). Across Ukraine, the balance of responses was (-28.8%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-14.3%).
- **Companies had no sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was (-8.3%).

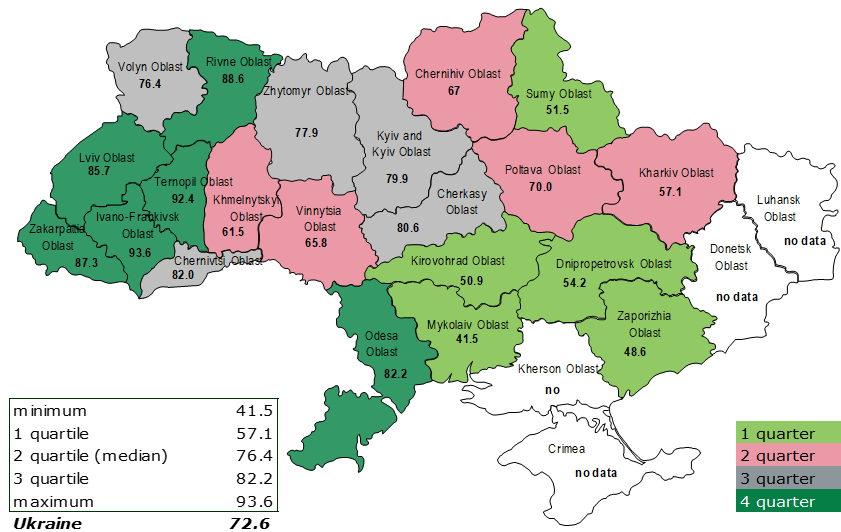
¹ The expectations of the oblast's companies in Q2 2022 are not comparable to their expectations in Q1 2022 (the oblast had no representative samples in Q1 2022 as the survey ended early due to the start of the war).

Survey Details^{2,3}



- Period: 4 May through 24 May 2022.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts⁴, %



^aa 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 sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Zhytomyr Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	33.3	20.0	0.0		-25.0
Total sales	7.7	66.7	0.0		-9.1
Investment in construction	16.7	45.5	-8.3		-28.6
Investment in machinery, equipment, and tools	33.3	45.5	7.7		-14.3
Staff numbers	15.4	-7.7	0.0		-33.3

² This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

³ Data for totals and components may be subject to rounding effects.

⁴ 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

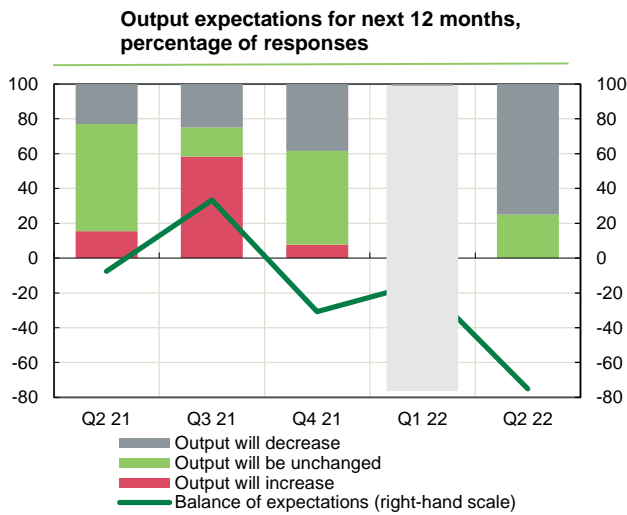


Figure 2

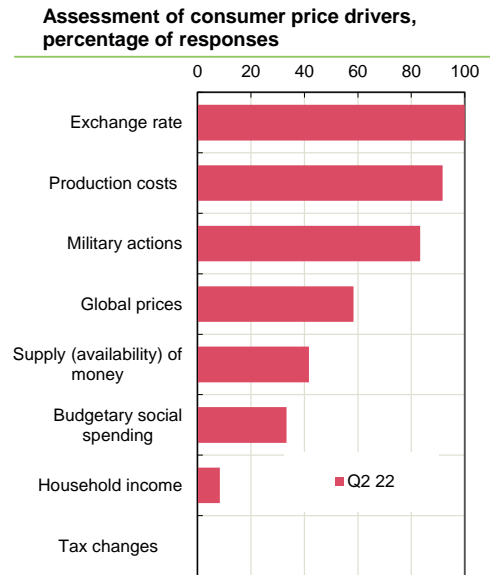


Figure 3

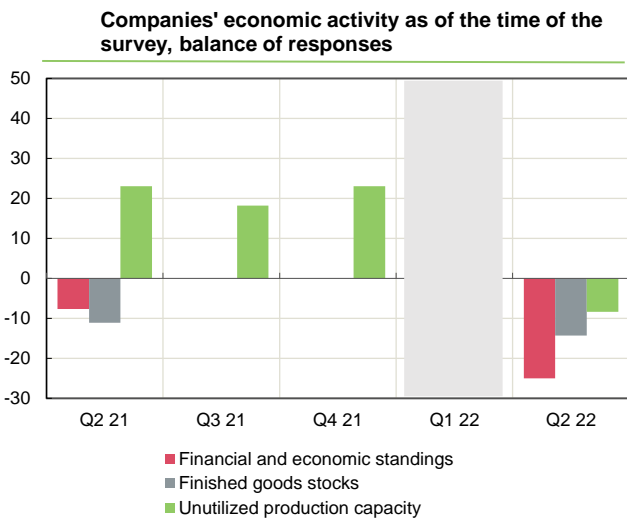


Figure 4

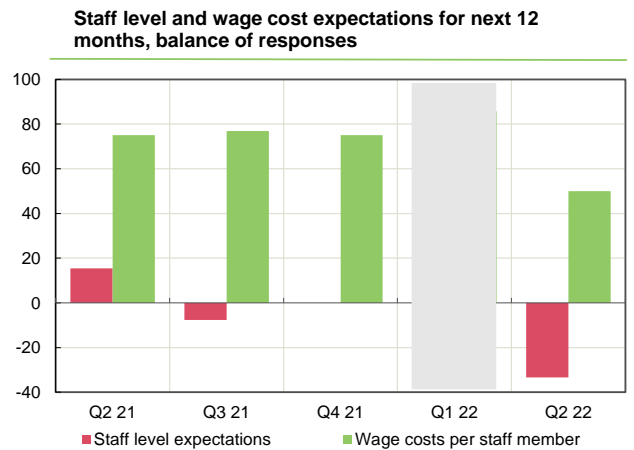


Figure 5

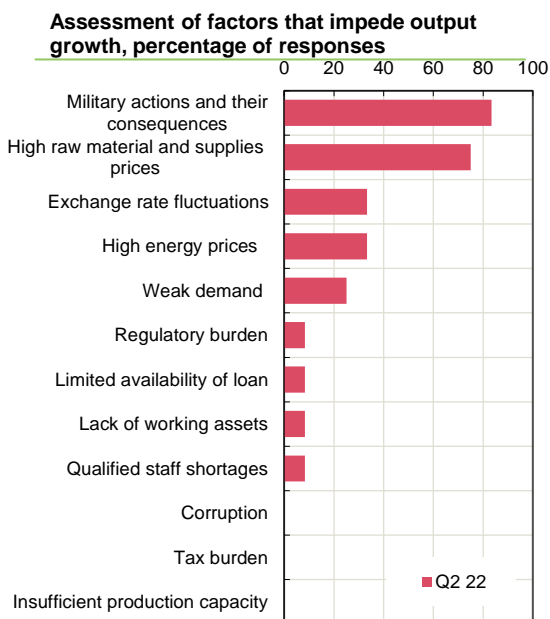


Figure 6

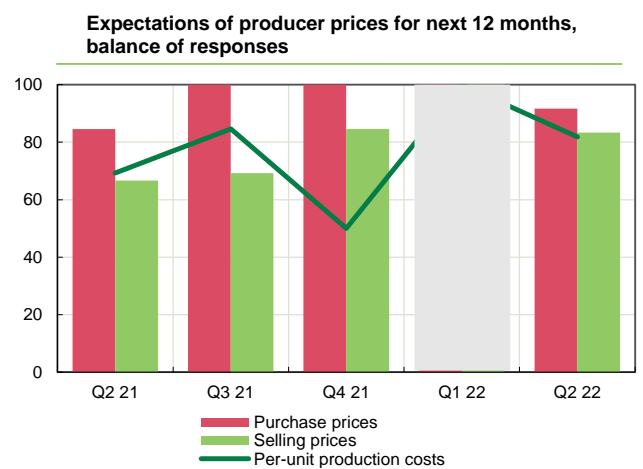


Figure 7

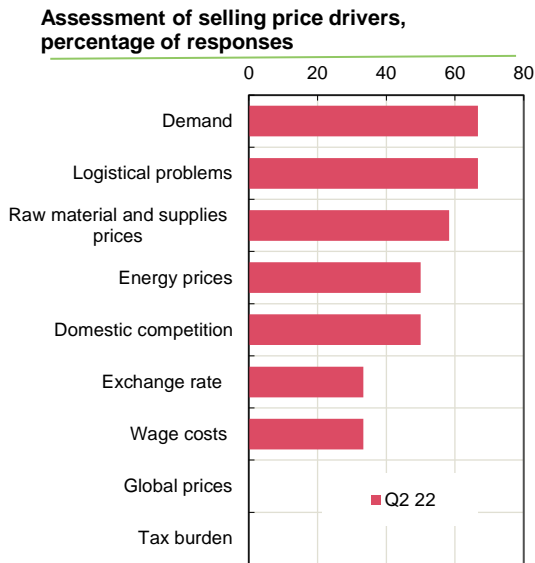


Figure 8

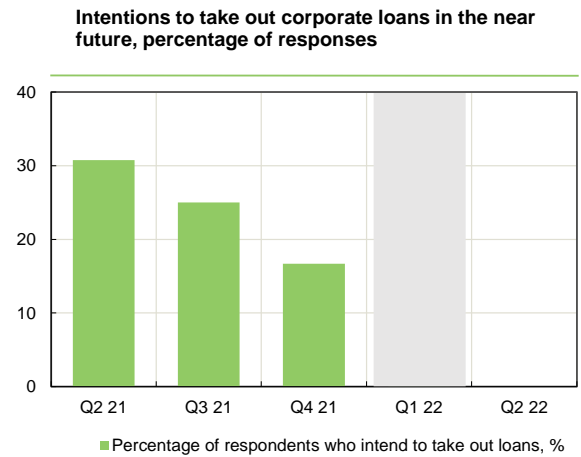


Figure 9

