



National Bank  
of Ukraine

## Business Outlook Survey of Zhytomyr Oblast\*

Q3 2022



\*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zhytomyr oblast** in Q3 2022 showed that in spite of the war respondents softened their expectations of **a decrease in the output of Ukrainian goods and services**. At the same time, **respondents had positive expectations for their companies' performance over the next 12 months**. 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 decrease at a significantly slower pace:** the balance of expectations was (-25.0%) compared to (-75.0%) in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-37.9%)
- **inflation would remain high:** 91.7% of respondents expected that the inflation rate would exceed 20.0% compared to 83.3% in the previous quarter and 71.7% across Ukraine. Respondents referred to the hryvnia exchange rate, military actions and production costs **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 91.7% of respondents expected the hryvnia to weaken against the US dollar, compared to 100.0% in Q2 2022. The figure across Ukraine was (88.8%)
- **the financial and economic standings of their companies would improve:** the balance of expectations was 16.7% (this was among the most optimistic expectations seen in the regions), compared to (-25.0%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-15.1%)
- **both total sales and external sales would increase significantly:** the balances of responses were 50.0% for each, compared to (-9.1%) and (-75.0%) respectively. Across Ukraine, the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in construction and in machinery, equipment, and tools would remain unchanged:** the balances of responses were 0.0% for each, compared to (-28.6%) and (-14.3%) respectively. The balances of responses across Ukraine were (-29.3%) and (-25.3%) respectively
- **staff numbers would increase:** the balance of responses was 8.3% compared to (-33.3%) in the previous quarter (Figure 4). Across Ukraine, companies expected that their staff numbers would decrease noticeably, the balance of responses was (-25.5%)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 100.0% and 91.7% respectively, compared to 91.7% and 83.3% respectively in Q2 2022 (Figure 6). Raw material and supplies prices, logistical problems and demand 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 100.0% and 58.3% respectively, compared to 81.8% and 50.0% respectively in the previous quarter (Figures 4 and 6).

Companies continued to cite 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).

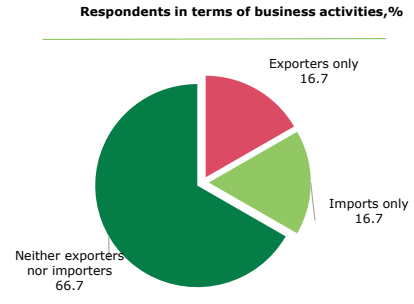
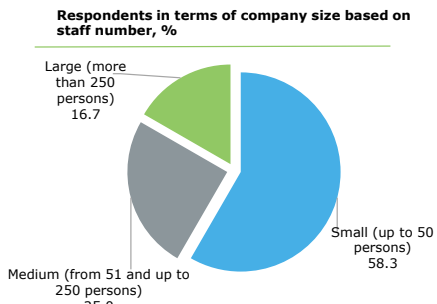
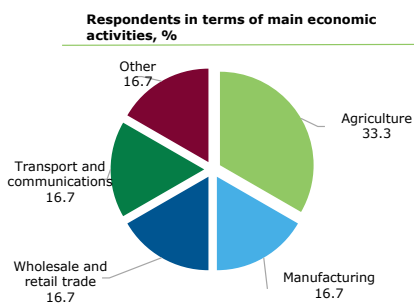
**Respondents said that their borrowing needs** would increase in the near future (Figure 8). The respondents who planned to take out loans (33.3% of those surveyed) opted only for domestic currency ones. Respondents referred to high interest rates, collateral requirements and other funding sources as 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 94.1% across Ukraine).

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

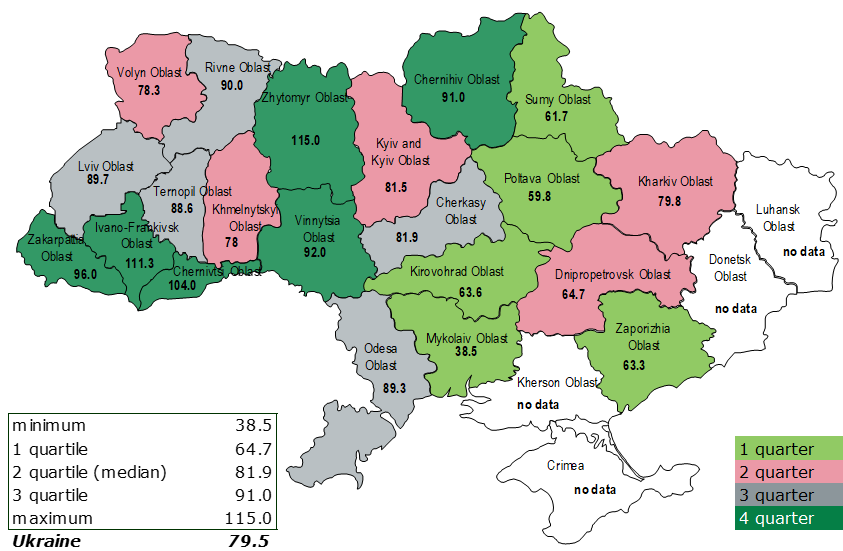
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-18.2%) compared to (-25.0%) in the previous quarter. Across Ukraine, the balance of responses was (-21.8%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 14.3%, compared to (-14.3%) in Q2 2022.
- **Spare production capacity had increased. Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 50.0%, compared to (-8.3%) in the previous quarter.

Survey Details<sup>1,2</sup>



- Period: 2 August through 29 August 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 Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>4</sup>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 Zhytomyr Oblast and Its Components<sup>4</sup>

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	20.0	0.0		-25.0	16.7
Total sales	66.7	0.0		-9.1	50.0
Investment in construction	45.5	-8.3		-28.6	0.0
Investment in machinery, equipment, and tools	45.5	7.7		-14.3	0.0
Staff numbers	-7.7	0.0		-33.3	8.3

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.  
<sup>2</sup> Data for totals and components may be subject to rounding effects.  
<sup>3</sup> 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.  
<sup>4</sup> The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

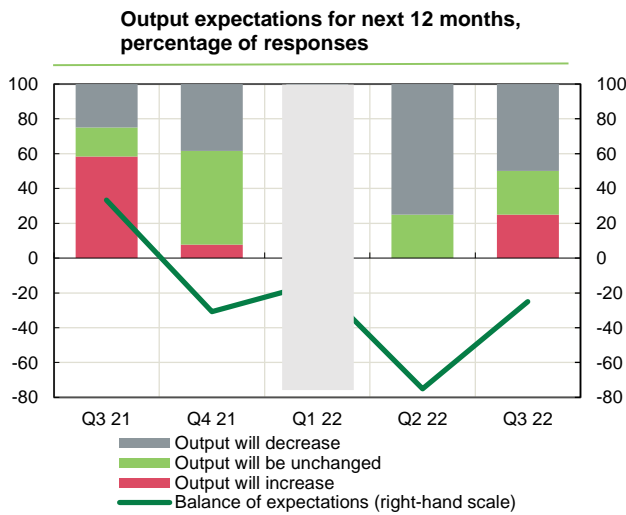


Figure 2

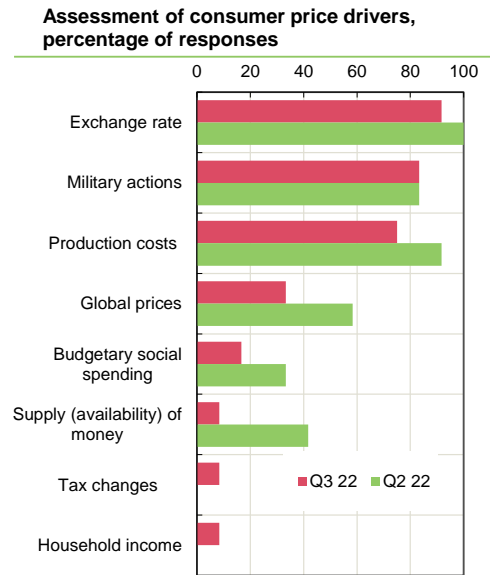


Figure 3

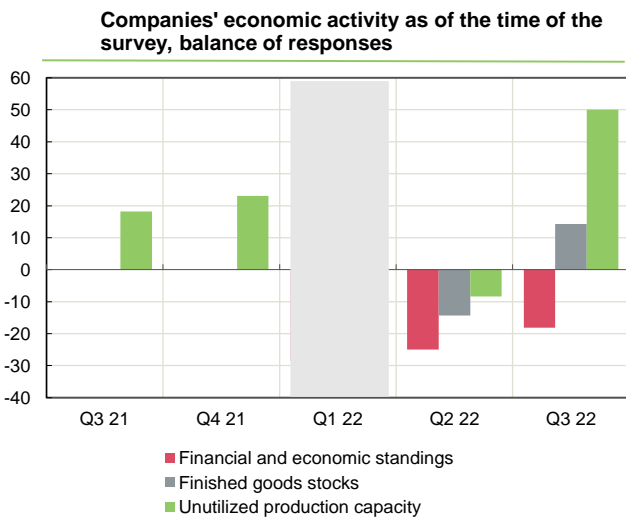


Figure 4

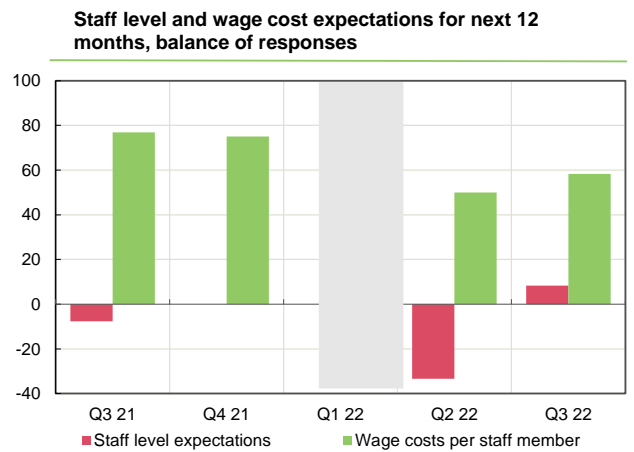


Figure 5

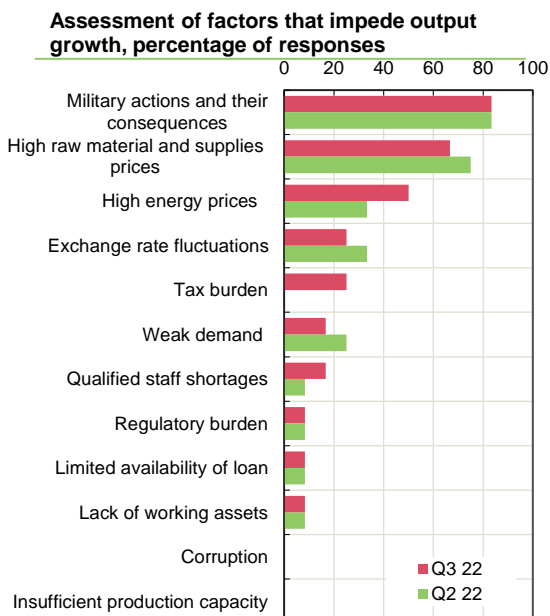


Figure 6

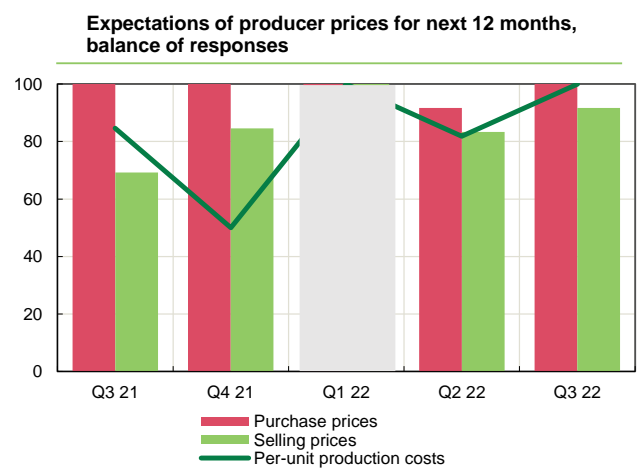


Figure 7

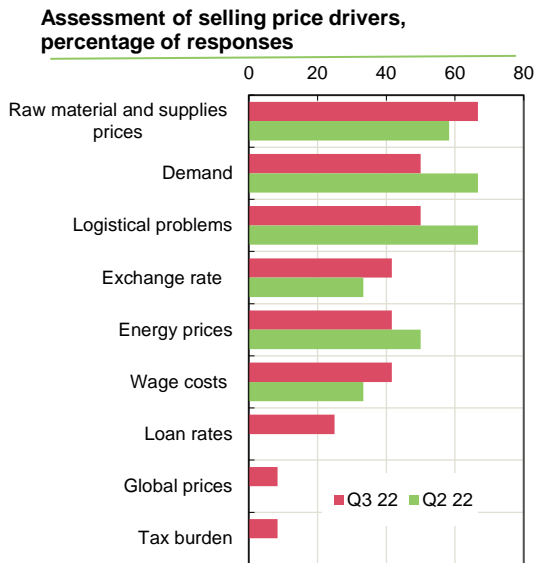


Figure 8

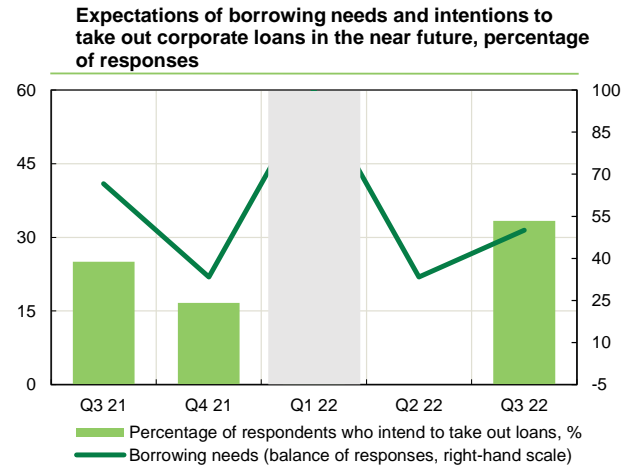


Figure 9

