



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zhytomyr oblast in Q3 2023 showed that, on the back of a stable energy system, respondents expected an increase in the output of Ukrainian goods and services. They also had positive expectations for their companies' performance 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 increase at a faster pace:** the balance of expectations was 30.8%, compared to 15.4% in the previous quarter (Figure 1). Across Ukraine, the balance of responses was 9.8%
- **prices for consumer goods and services would increase more slowly:** 53.8% of respondents expected that the inflation rate would not exceed 15.0%, compared to 38.5% in the previous quarter and 52.2% across Ukraine. Respondents referred to production costs, military actions and the hryvnia exchange rate as the main inflation drivers (Figure 2)
- **the domestic currency would depreciate more slowly:** 53.8% of respondents expected the hryvnia to weaken against the US dollar, compared to 69.2% in Q2 2023. The figure across Ukraine was (72.4%)
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 30.8% – which was among the firmest expectations reported across the regions – up from 25.0% in the previous quarter (see Table). Across Ukraine the balance of responses was 6.0%
- **total sales would increase more slowly:** the balance of responses was 46.2%, compared to 30.8% in Q2 2023. Across Ukraine, the balance of responses was 16.8%
- **investment** in construction and in machinery, equipment, and tools **would increase at a faster pace:** the balances of responses were 20.0% and 40.0% respectively, compared to 11.1% and 10.0% respectively in the previous quarter. The balances of responses across Ukraine were (-2.2%) and 8.8% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, down from 7.7% in the previous quarter (Figure 4). Across Ukraine, companies expected that their staff numbers would decrease, the balance of responses was (-7.0%)
- **both purchase and selling prices would rise at a slower pace:** the balances of responses were 83.3% and 61.5% respectively, compared to 92.3% and 69.2% respectively in Q2 2023 (Figure 6). Raw material and supplies prices, energy 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,** albeit at a slower pace: the balances of responses were 84.6% and 76.9% respectively (compared to 84.6% and 53.8% in Q2 2023 respectively) (Figures 4 and 6).

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

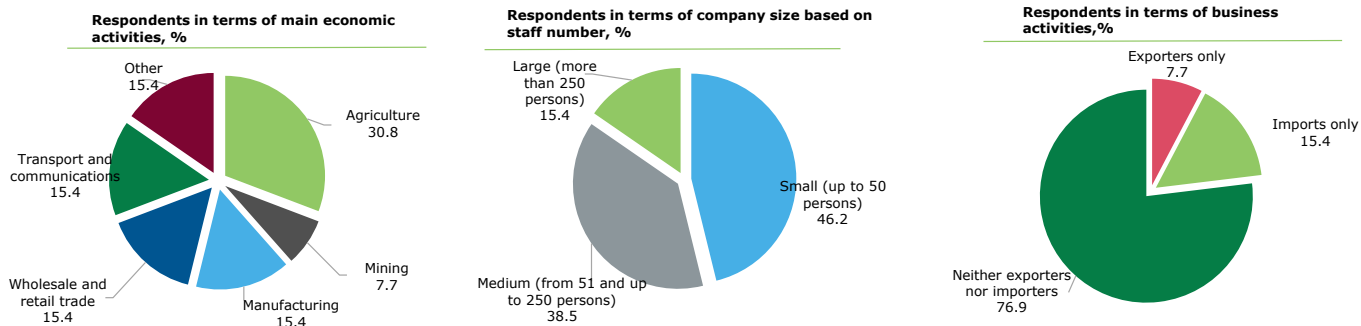
Respondents said that their **borrowing needs** would increase in the near future (Figure 8). The respondents who planned to take out loans (30.8% of those surveyed) opted only for domestic currency ones. Respondents referred to high interest rates, collateral requirements and the availability of other 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 94.9% across Ukraine).

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

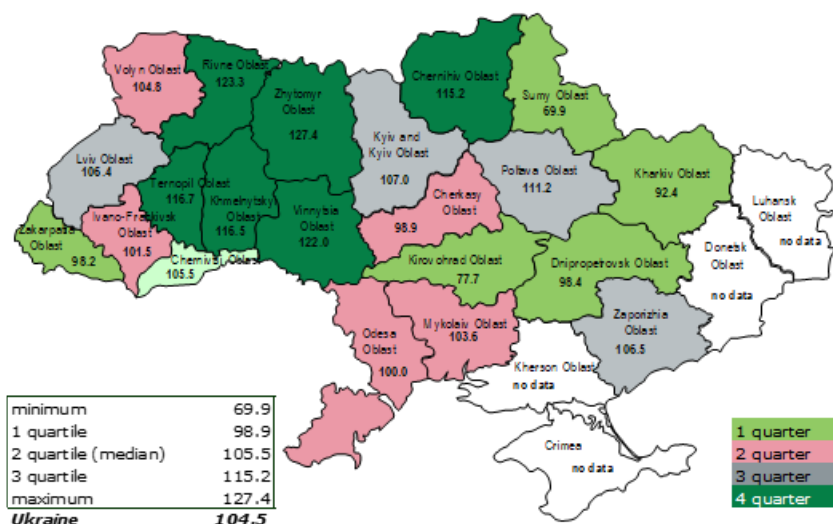
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-15.4%), as in the previous quarter. Across Ukraine, the balance of responses was (-5.8%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 14.3%, up from (-12.5%) in Q2 2023.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.7%, compared to 0.0% in the previous quarter.

Survey Details^{1,2}



- Period: 1 August through 23 August 2023.
- A total of 13 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 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 Zhytomyr Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	16.7	-15.4	25.0	30.8	30.8
Total sales	50.0	15.4	66.7	30.8	46.2
Investment in construction	0.0	-9.1	20.0	11.1	20.0
Investment in machinery, equipment, and tools	0.0	-9.1	30.0	10.0	40.0
Staff numbers	8.3	7.7	7.7	7.7	0.0

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

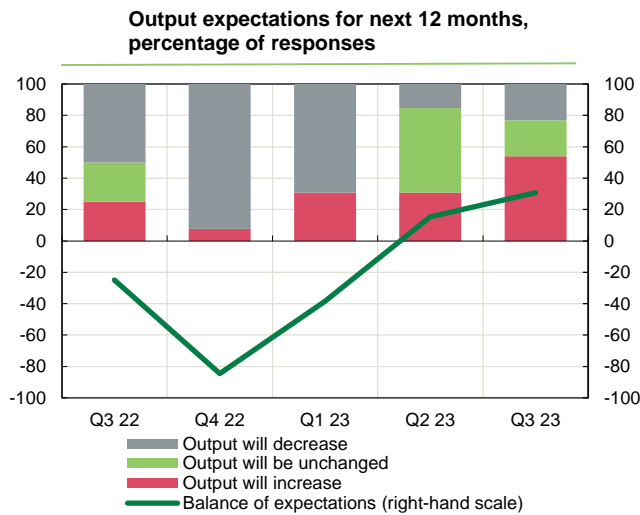


Figure 2

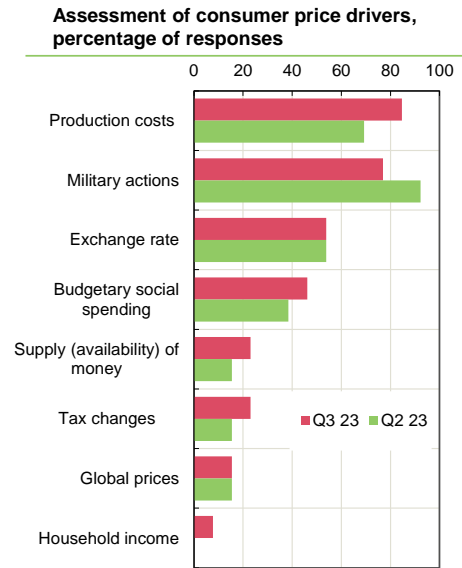


Figure 3

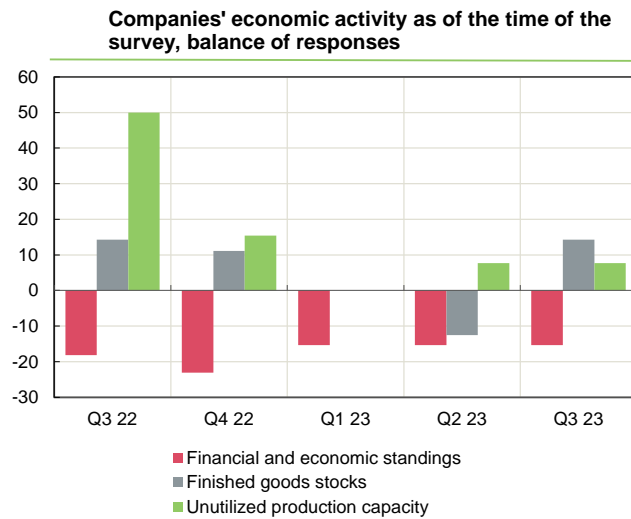


Figure 4

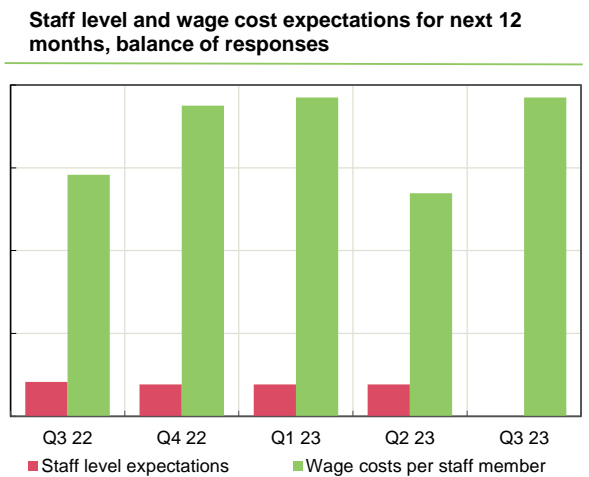


Figure 5

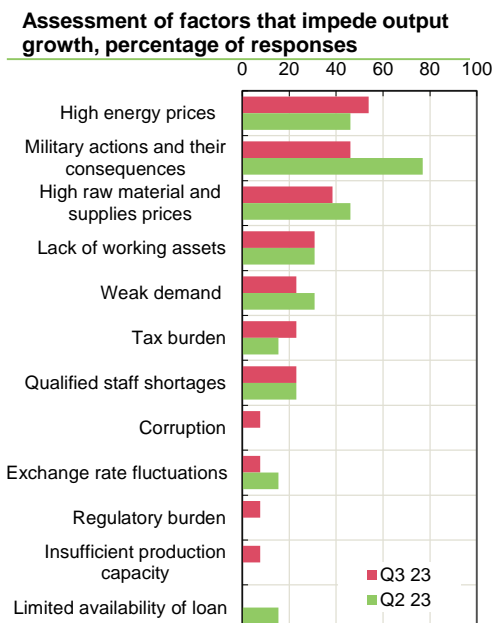


Figure 6

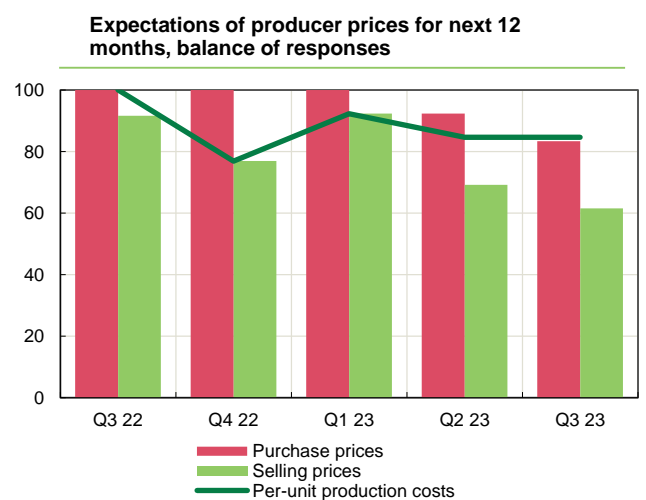


Figure 7

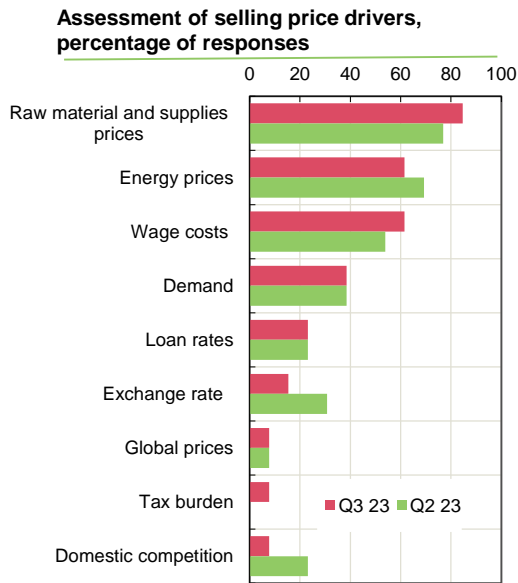


Figure 8

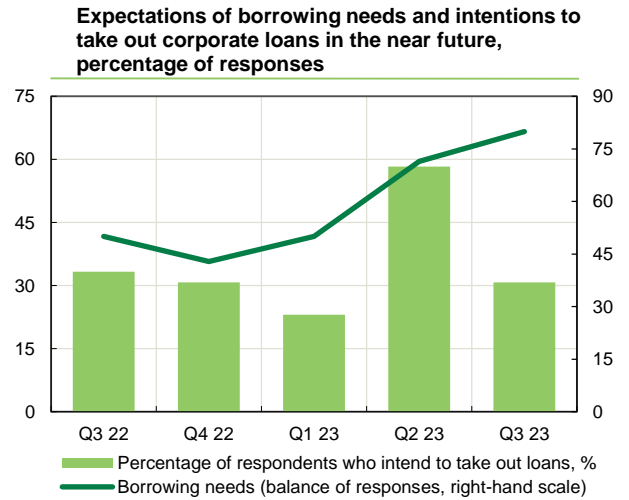


Figure 9

