



National Bank  
of Ukraine

# Business Outlook Survey of Zhytomyr Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Zhytomyr 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 Zhytomyr oblast in Q1 2024 showed that, despite logistical difficulties with crossing the border, 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 strengthened.

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 slower pace:** the balance of expectations was 23.1%, down from 46.2% in the previous quarter (Figure 1). Across Ukraine, the balance of responses was 8.5%
- **prices for consumer goods and services would increase at a faster pace:** 69.2% of respondents expected that the inflation rate would not exceed 10.0%, compared to 76.9% in the previous quarter and 48.4% across Ukraine. Respondents referred to military actions, production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more pronouncedly:** 84.6% of respondents expected the hryvnia to weaken against the US dollar, compared to 76.9% in Q4 2023. The figure across Ukraine was 81.1%
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 30.8% (these were the firmest expectations across the regions), up from 15.4% in the previous quarter (see Table). Across Ukraine, the balance of responses was 3.7%
- **total sales would increase more slowly:** the balance of responses was 33.3% (these were the firmest expectations reported across the regions), compared to 63.6% in Q4 2023. Across Ukraine, the balance of responses was 10.6%
- **investment in machinery, equipment, and tools would increase at a noticeably slower pace:** the balance of responses was 10.0%, compared to 45.5% in the previous quarter. Meanwhile, respondents expected that investment in construction would decrease: the balance of responses was (-10.0%), down from 9.1% in Q4 2023 (see Table). The balances of responses across Ukraine were 8.3% and (-1.5%) respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, compared to (-7.7%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-6.3%)
- **both purchase and selling prices would rise more slowly:** the balances of responses were 76.9% and 46.2% respectively, compared to 92.3% and 84.6% in Q4 2023 (Figure 6). Wage costs, raw material and supplies prices, and energy prices were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would rise more slowly:** the balances of responses were 76.9% for each (compared to 92.3% and 100.0% in Q4 2023 respectively) (Figures 4 and 6).

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

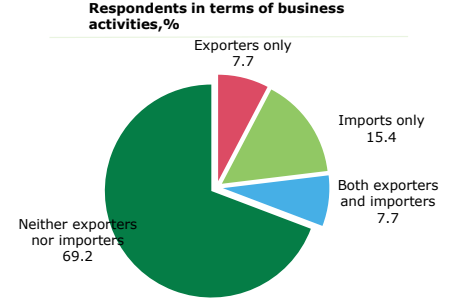
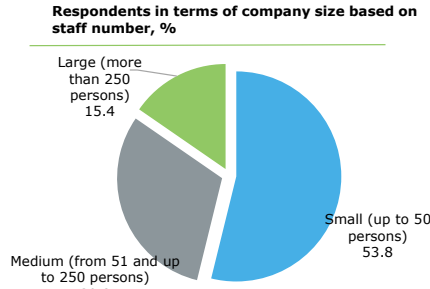
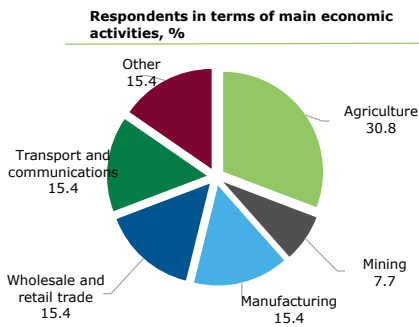
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out loans (38.5% of those surveyed) opted only for domestic currency ones. Respondents said that lending conditions had eased (Figure 9). Respondents referred to the availability of other funding sources, collateral requirements (the impact of those two factors was reported to have increased compared to the previous quarter) and high interest rates as the main factors deterring them from taking out loans (Figure 10).

All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (compared to 96.3% across Ukraine).

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

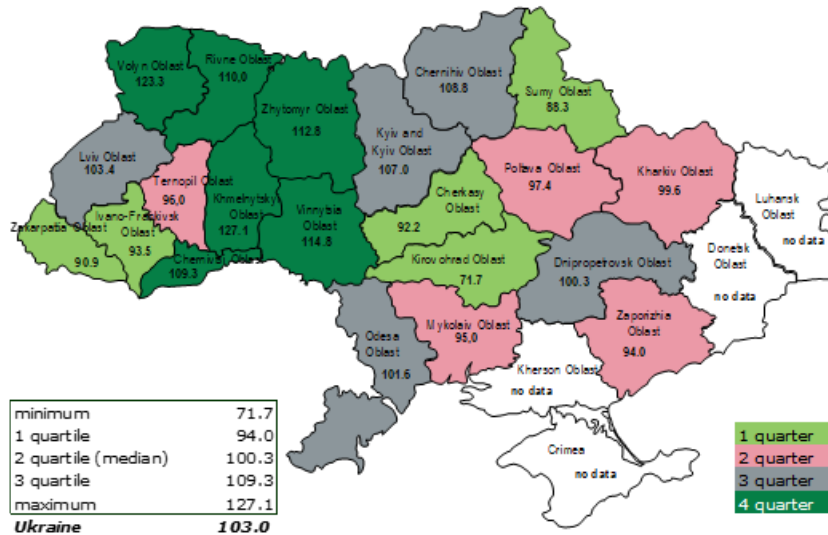
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, up from (-23.1%) in the previous quarter. Across Ukraine, the balance of responses was (-1.4%).
- **Finished goods stocks had decreased and were assessed as lower than normal:** the balance of responses was (-12.5%), down from 28.6% in Q4 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 15.4% in the previous quarter.

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



- Period: 1 February through 21 February 2024.
- 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 Oblasts<sup>3</sup>, %



\*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 Zhytomyr 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	25.0	30.8	30.8	15.4	30.8
Total sales	66.7	30.8	46.2	63.6	33.3
Investment in construction	20.0	11.1	20.0	9.1	-10.0
Investment in machinery, equipment, and tools	30.0	10.0	40.0	45.5	10.0
Staff numbers	7.7	7.7	0.0	-7.7	0.0

<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.

Figure 1

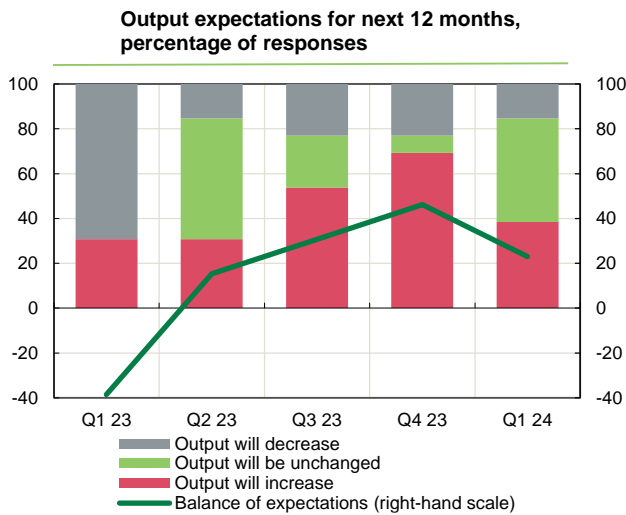


Figure 2

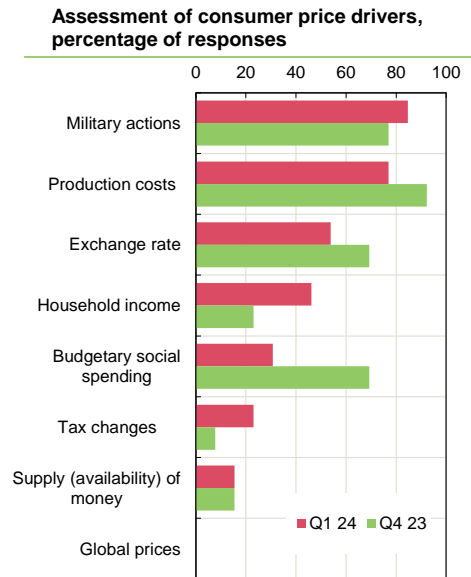


Figure 3

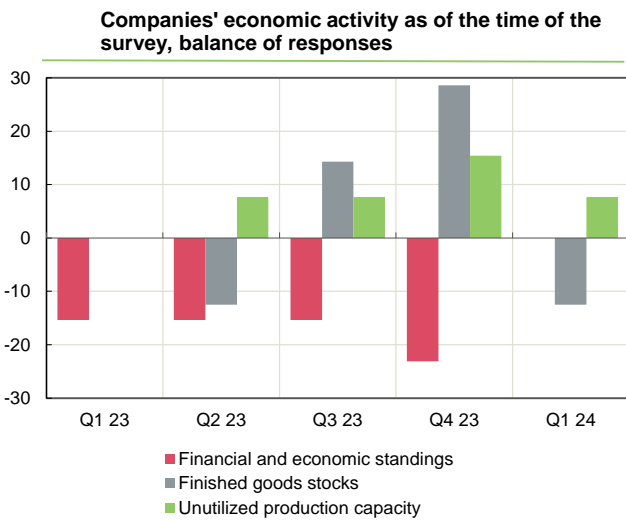


Figure 4



Figure 5

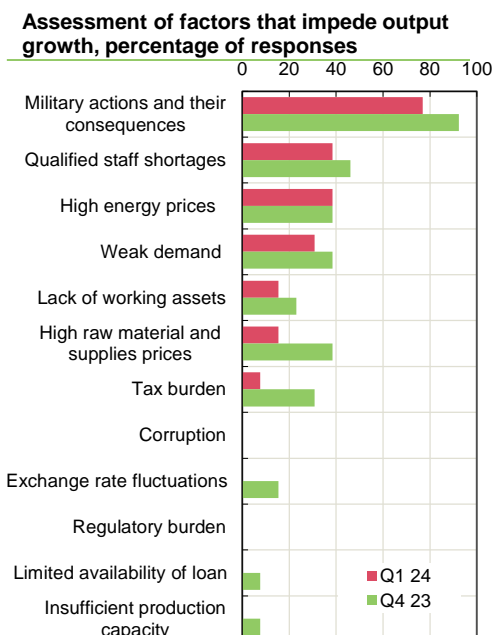


Figure 6

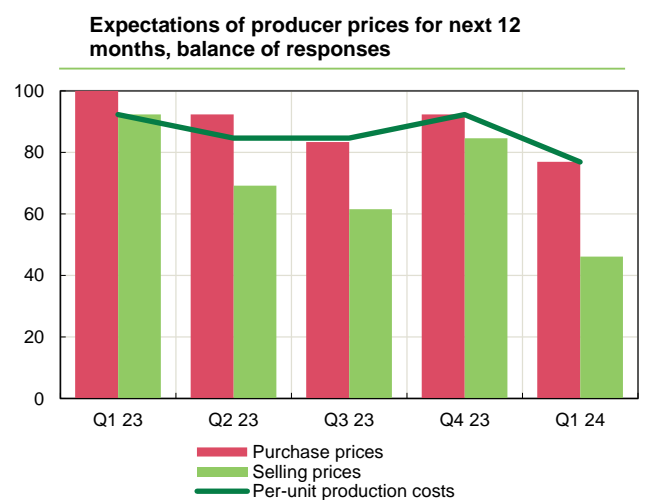


Figure 7

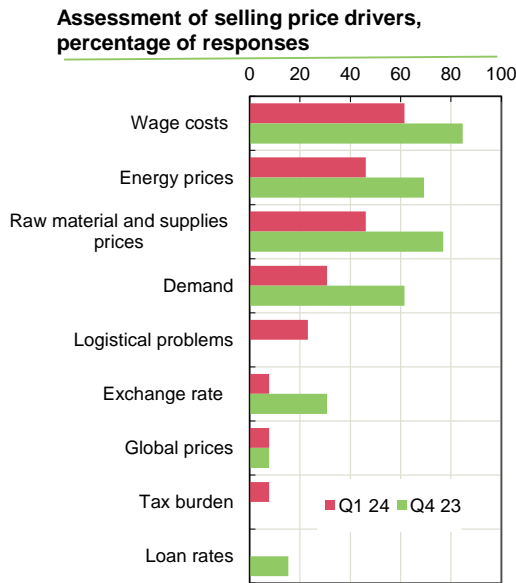


Figure 8

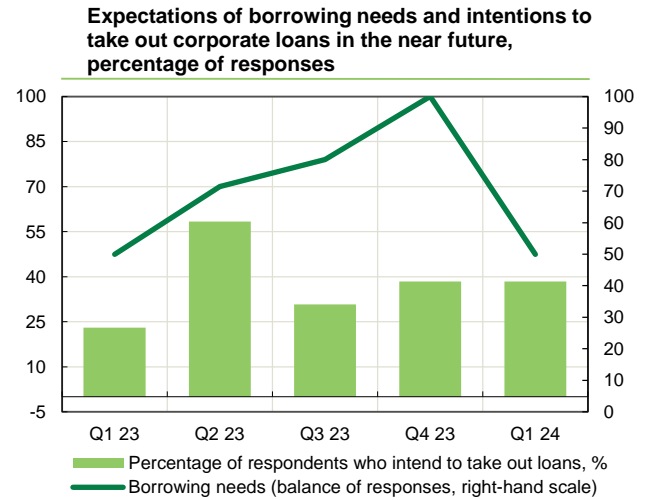


Figure 9

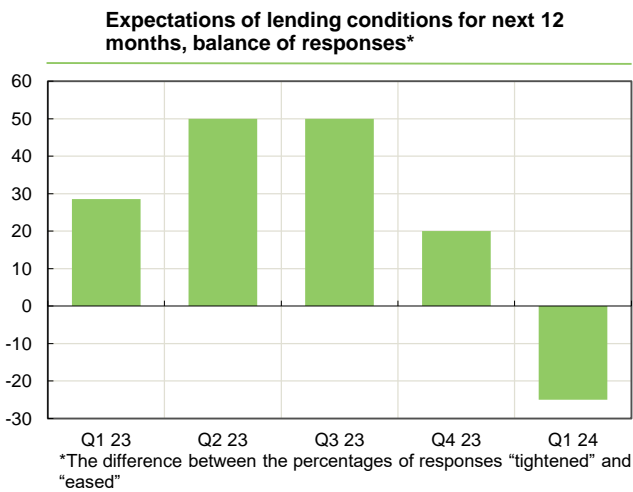


Figure 10

