



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zhytomyr oblast in Q2 2024 showed that, despite the war and high energy, raw material and supplies prices, respondents expected an increase in the output of Ukrainian goods and services. They also had positive expectations for the performance of their companies 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:** the balance of expectations was 15.4%, down from 23.1% in the previous quarter (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **prices for consumer goods and services would increase at a slower pace:** 84.6% of respondents expected that the inflation rate would not exceed 10.0%, compared to 69.2% in the previous quarter and 62.8% across Ukraine. Respondents referred to military actions (mentioned by all of the respondents), production costs and household income as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate more slowly:** 76.9% of respondents expected the hryvnia to weaken against the US dollar, compared to 84.6% in Q1 2024. The figure across Ukraine was 84.9%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 30.8% (these were among the firmest expectations across the regions), as in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate moderately (-0.2%)
- **total sales would increase:** the balance of responses was 38.5%, compared to 33.3% in Q1 2024. Across Ukraine, the balance of responses was 8.7%
- **investment in machinery, equipment, and tools would increase at a faster pace:** the balance of responses was 25.0%, compared to 10.0% in the previous quarter. Meanwhile, respondents expected that investment in construction would remain unchanged: the balance of responses was 0.0%, up from (-10.0%) in Q1 2024 (see Table). The balances of responses across Ukraine were 5.4% and (-5.5%) respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0%, as in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- **purchase prices would rise:** the balance of responses was 76.9%, as in Q1 2024. Respondents also expected that selling prices would rise more quickly: the balance of responses was 69.2%, up from 46.2% in the previous quarter (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:** the balances of responses were 69.2% and 84.6% respectively (compared to 76.9% for each in Q1 2024 respectively) (Figures 4 and 6).

Companies cited military actions and their consequences (mentioned by all of the respondents), high energy prices, raw material and supplies prices (the impact of this factor was reported to have increased) as the main drags on their ability to boost production (Figure 5).

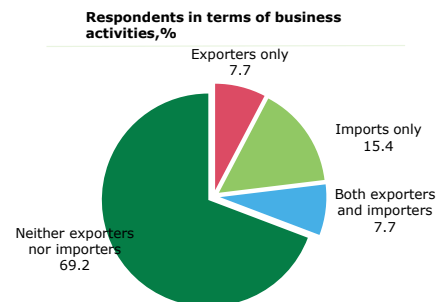
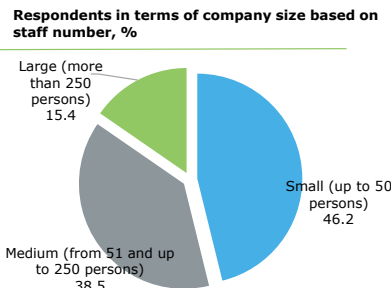
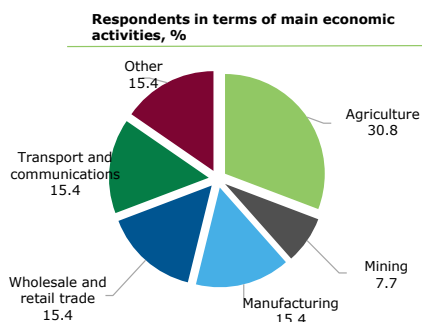
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out loans (their share rose to 46.2% of those surveyed) opted only for domestic currency loans. Respondents said that lending conditions had eased (Figure 9). Respondents referred to the availability of other funding sources, high interest rates (the impact of this factor was reported to have increased compared to the previous quarter), collateral requirements and complicated paperwork 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 96.0% across Ukraine).

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

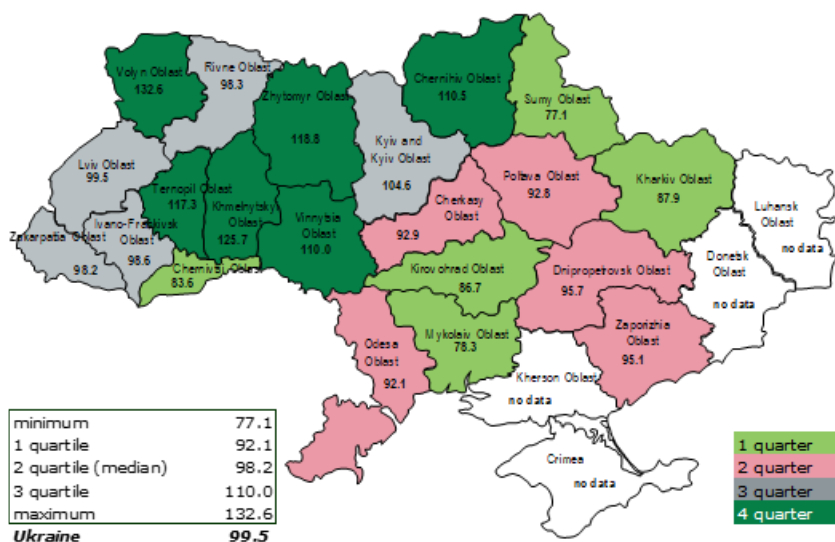
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-7.7%), down from 0.0% in the previous quarter. Across Ukraine, the balance of responses was (-4.3%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 12.5%, up from (-12.5%) in Q1 2024.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.7%, as in the previous quarter.

Survey Details^{1,2}



- Period: 3 May through 27 May 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 Oblasts³, %



³a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
⁴a 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, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	30.8	30.8	15.4	30.8	30.8
Total sales	30.8	46.2	63.6	33.3	38.5
Investment in construction	11.1	20.0	9.1	-10.0	0.0
Investment in machinery, equipment, and tools	10.0	40.0	45.5	10.0	25.0
Staff numbers	7.7	0.0	-7.7	0.0	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

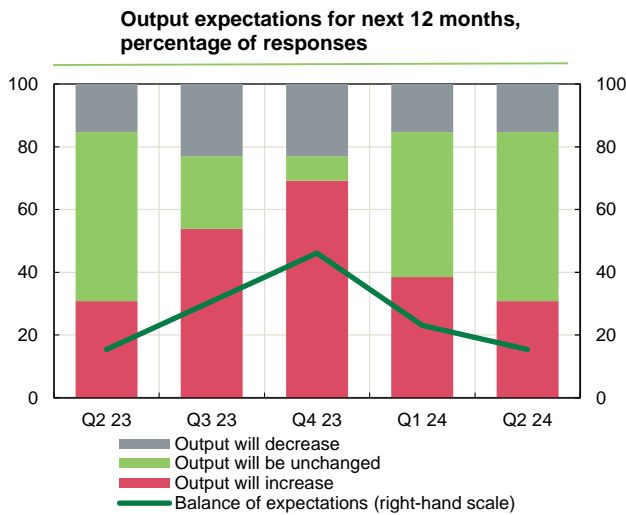


Figure 2

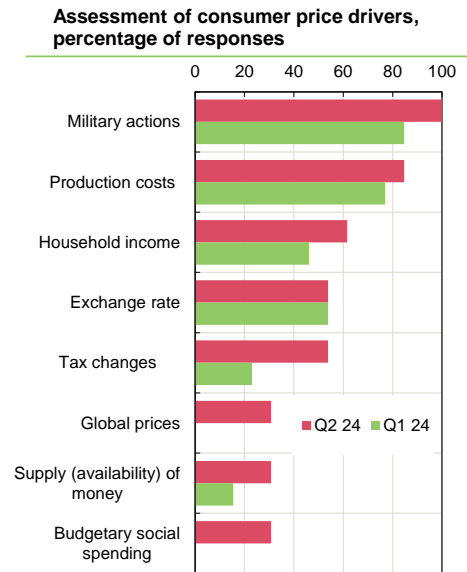


Figure 3

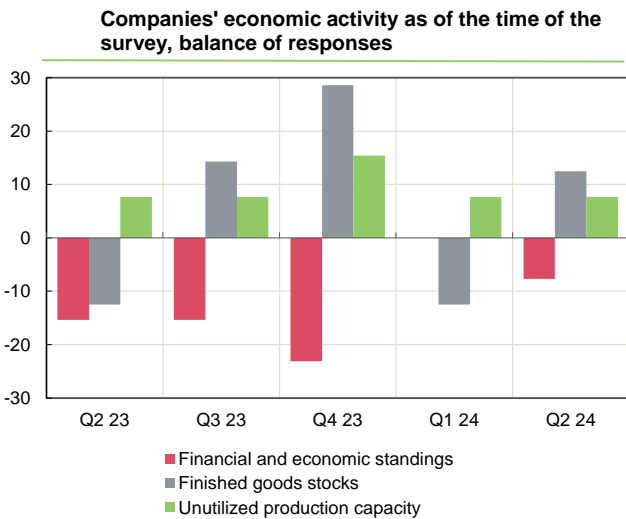


Figure 4



Figure 5

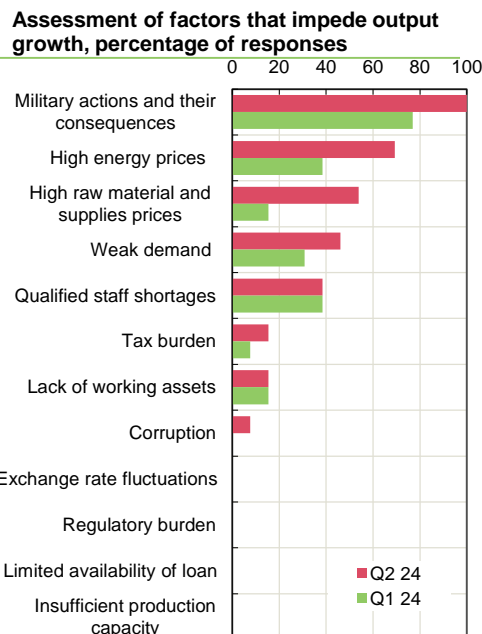


Figure 6

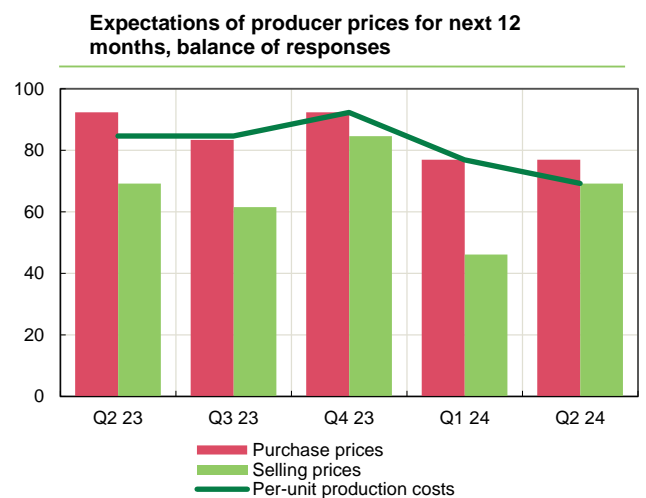


Figure 7

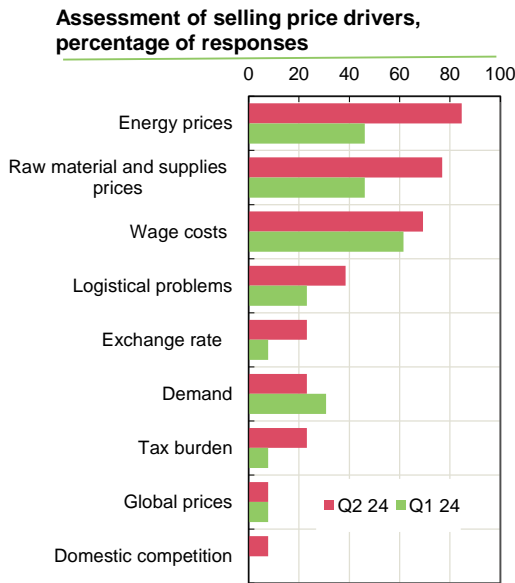


Figure 8

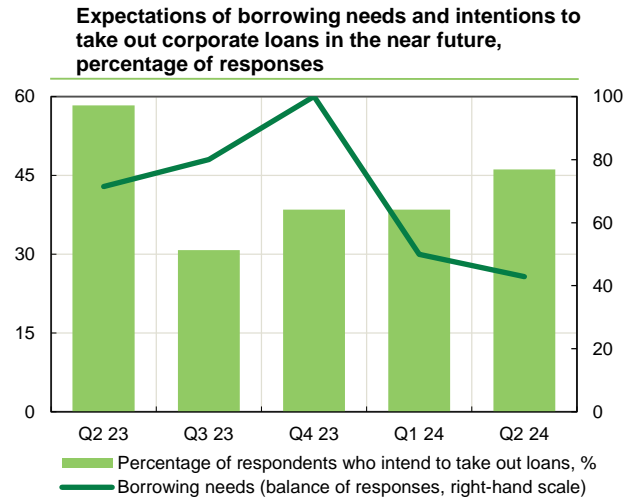


Figure 9

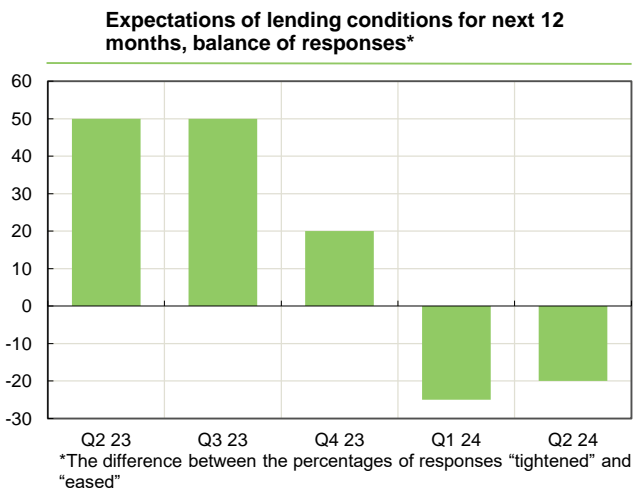


Figure 10

