



National Bank
of Ukraine

Business Outlook Survey of Zakarpattia Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in Q4 2020 showed that respondents expected a significant drop in the output of Ukrainian goods and services and had moderate expectations for the performance of their companies over the next 12 months on the back of a tighter quarantine. Respondents also reported moderate inflation. 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 drop rapidly:** the balance of expectations was (-40.0%) compared with 0.0% in Q3 2020 (Figure 1) and (-24.4%) across Ukraine
- **prices for consumer goods and services would rise moderately:** 90.0% of the surveyed companies said that growth in the prices of consumer goods and services would not exceed 7.5% (compared to 70.0% in the previous quarter and 49.2% across Ukraine). All of the respondents referred to the exchange rate as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate significantly:** a total of 90.0% of respondents (compared to 90.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% (compared with (-9.1%) in the previous quarter). Companies across Ukraine expected financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales would decrease:** the balance of responses was (-20.0%) compared with 0.0% in the previous quarter (see Table). External sales were expected to remain unchanged: the balance of responses was 0.0% (compared with (-20.0%) in the previous quarter). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment** both in construction and in machinery, equipment, and tools **would decrease:** the balances of responses were (-20.0%) and (-10.0%) respectively compared with (-9.1%) and 9.1% respectively in the previous quarter. The balances of responses across Ukraine were (-4.5%) and 3.8% respectively
- **staff numbers at their companies would decrease significantly:** the balance of responses was (-30.0%) compared with (-18.2%) in Q3 2020 and (-9.9%) across Ukraine (Figure 4)
- **purchase prices would rise at a faster pace** (the balance of responses was 80.0%) than **selling prices** (the balance of responses was 30.0%) compared with 81.8% and 63.6% in the previous quarter (Figure 6). The exchange rate was cited as the main selling price driver (70.0% of respondents) (Figure 7)
- **per-unit production costs** and **wage costs per staff member would grow:** the balances of responses were 40.0% for each (compared with 27.3% and 45.5% respectively in Q3 2020) (Figures 4 and 6).

Weak demand continued to be cited as **the main drag on the ability of companies to boost production** (60.0% of respondents) (Figure 5).

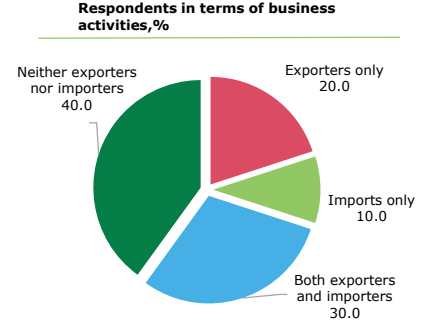
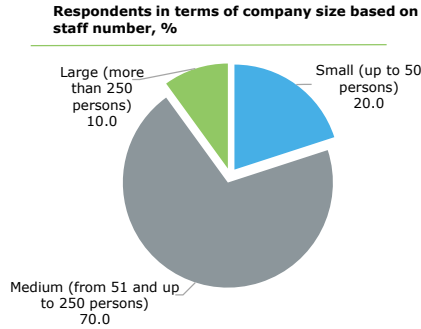
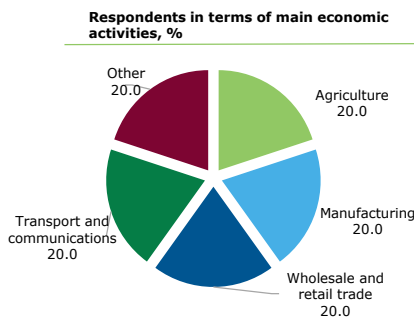
Expectations of borrowing needs in the near future **increased** (Figure 8). The companies that planned to take out corporate loans opted only for domestic currency loans. Respondents said that bank lending conditions had tightened (Figure 9). Respondents referred to high loan rates and uncertainty about their ability to meet debt obligations as the main factors that deterred 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** (96.9% across Ukraine).

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

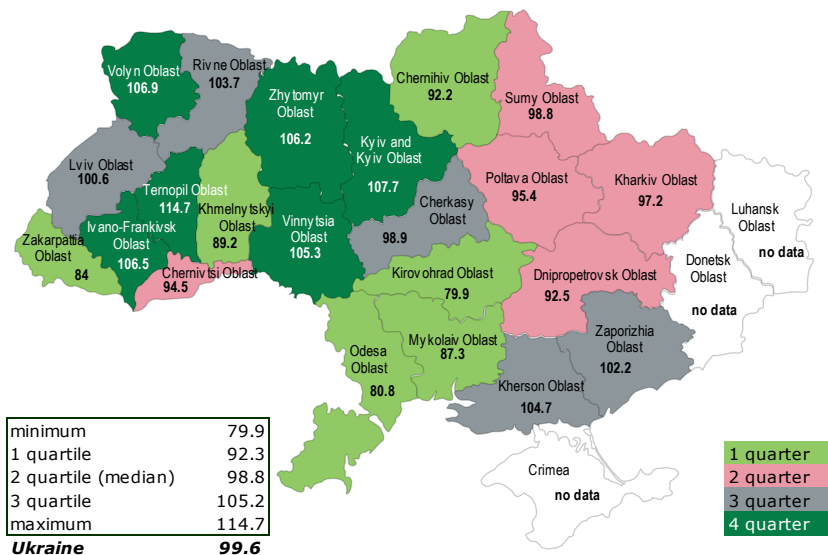
- **The current financial and economic standings of companies were assessed as bad** for three quarters in a row: the balance of responses was (-40.0%) compared with (-18.2%) in the previous quarter and (-3.2%) across Ukraine.
- **Finished goods stocks had decreased and were assessed at a normal level:** the balance of responses was 0.0% (compared with 20.0% in Q3 2020).
- **Companies of the oblast had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.0% (compared to 18.2% in the previous quarter).

Survey Details^{1,2}



- Period: 6 November through 25 November 2020.
- A total of 10 companies were polled.
- No economic activity was able to generate a representative sample.

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 Zakarpattia Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	36.4	0.0	18.2	-9.1	0.0
Total sales	45.5	-18.2	18.2	0.0	-20.0
Investment in construction	20.0	20.0	-30.0	-9.1	-20.0
Investment in machinery, equipment, and tools	36.4	30.0	-9.1	9.1	-10.0
Staff numbers	0.0	-54.5	0.0	-18.2	-30.0

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

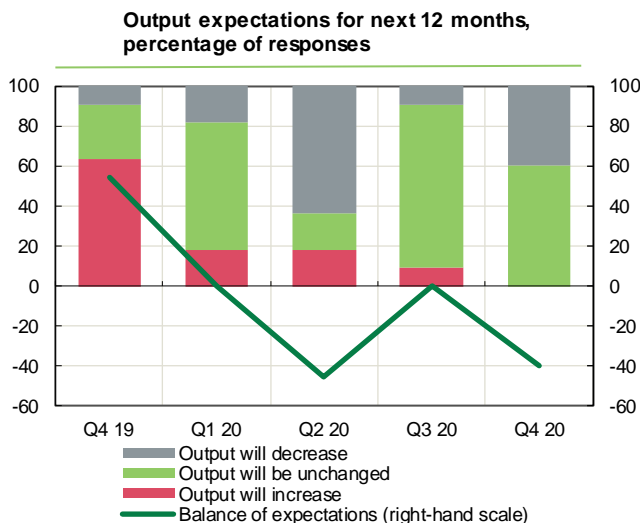


Figure 2

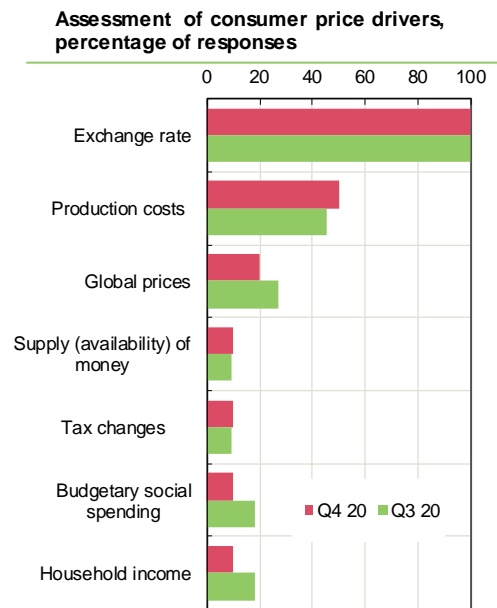


Figure 3

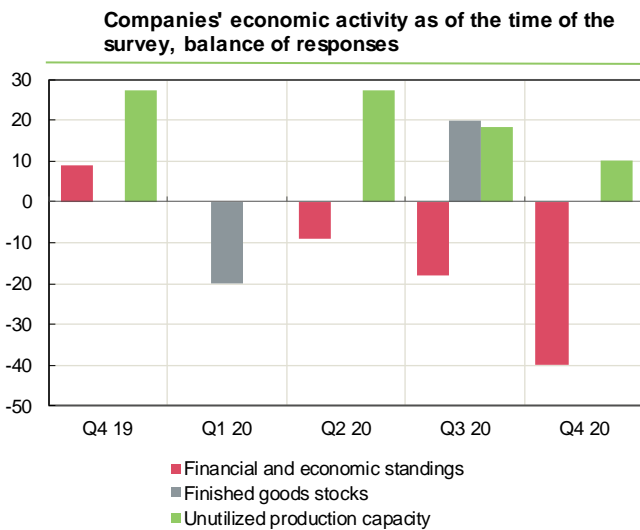


Figure 4



Figure 5

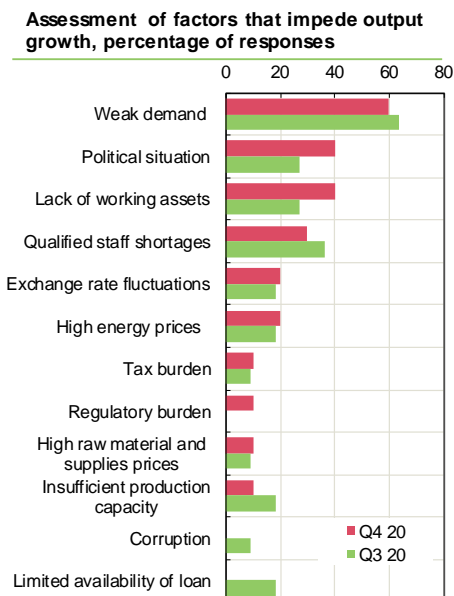


Figure 6

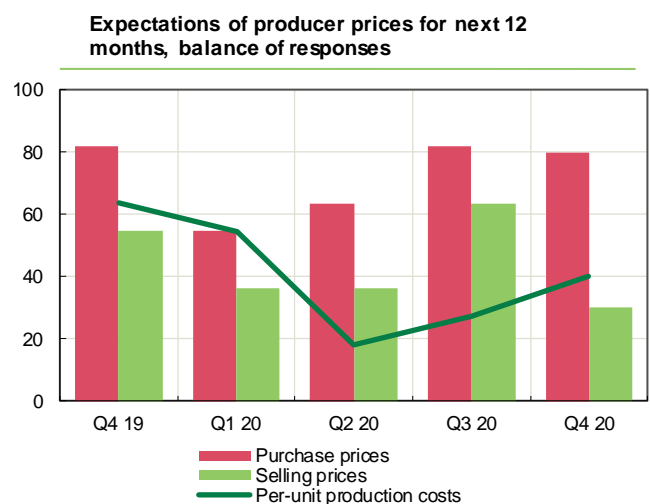


Figure 7

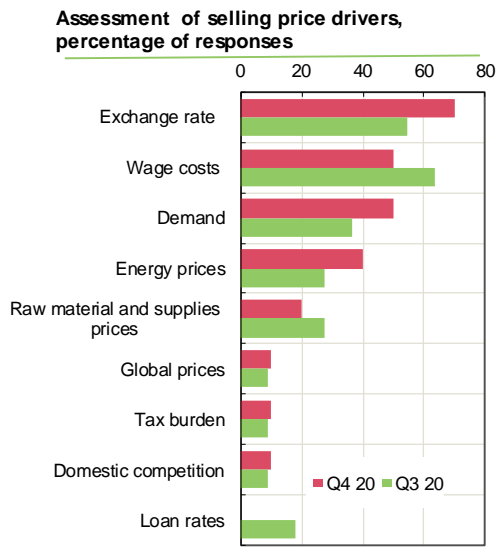


Figure 8

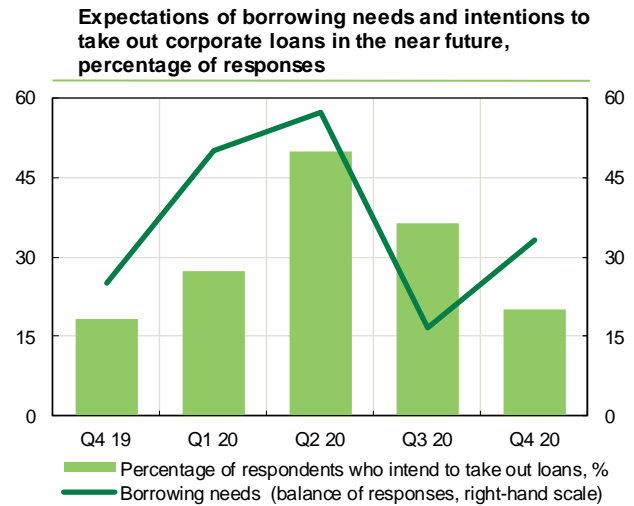


Figure 9

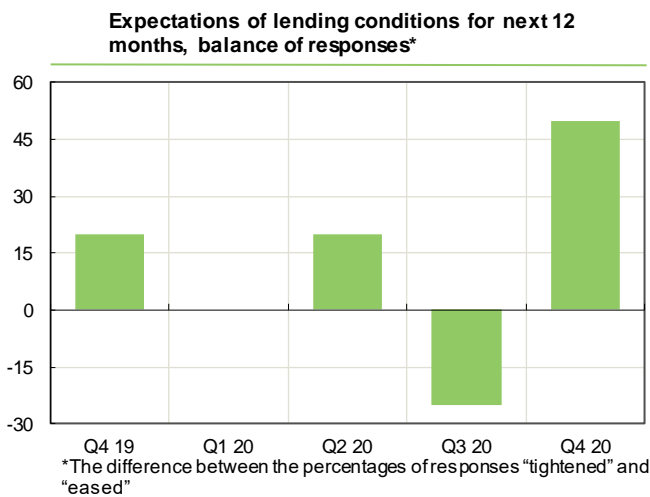


Figure 10

