



National Bank  
of Ukraine

## Business Outlook Survey of **Zakarpattia Oblast**\*

**Q1 2021**



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q1 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in Q1 2021 showed that **respondents expected a significant increase in the output of Ukrainian goods and services**. At the same time, respondents had negative expectations for the performance of their companies over the next 12 months. Respondents also reported moderate inflation and depreciation expectations.

**The top managers of companies said they expected that over the next 12 months:**

- **the output of Ukrainian goods and services would rise significantly:** the balance of expectations was 36.4% compared with (-40.0%) in Q4 2020 (Figure 1). Companies across Ukraine expected the output of goods and services to rise moderately, the balance of responses being 5.6%
- **prices for consumer goods and services would rise moderately:** all of the surveyed companies said that growth in the prices of consumer goods and services would not exceed 7.5% (compared to 90.0% in the previous quarter and 49.3% across Ukraine). Respondents referred to the exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 54.5% of respondents (compared to 90.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 74.4%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-9.1%) (compared with 0.0% in the previous quarter). Companies across Ukraine expected their financial and economic standings to improve (12.7%) (see Table)
- **total sales would decrease:** the balance of responses was (-9.1%) compared with (-20.0%) in the previous quarter (see Table). External sales were expected to remain unchanged: the balance of responses was 0.0% (unchanged on the previous quarter). Overall, companies across Ukraine expected sales to increase, the balances of responses being 18.0% and 14.9% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 9.1% compared with (-10.0%) in the previous quarter. **Investment in construction was expected to decrease:** the balance of responses was (-18.2%) compared to (-20.0%) in Q4 2020. Across Ukraine, investment was expected to increase, the balances of responses were 11.7% and 1.4% respectively
- **staff numbers at their companies would decrease at a fast pace:** the balance of responses was (-36.4%) (the lowest figure among the regions) compared with (-30.0%) in Q4 2020 (Figure 4). Across Ukraine, staff numbers were expected to decrease insignificantly (-1.9%)
- **both purchase and selling prices would grow at a faster rate:** the balances of responses were 90.9% and 63.6% respectively compared with 80.0% and 30.0% in the previous quarter (Figure 6). Wage costs, energy prices, and raw material and supplies prices were cited as the main selling price drivers (the impact of these drivers was reported to have increased) (Figure 7)
- **per-unit production costs and wage costs per staff member grow would more quickly:** the balances of responses were 45.5% and 63.6% respectively (compared with 40.0% for each in Q4 2020) (Figures 4 and 6).

Companies continued to cite weak demand as **the main drag on their ability to boost production**. Energy prices, a lack of working assets and a shortage of qualified staff were also referred to as important factors (Figure 5).

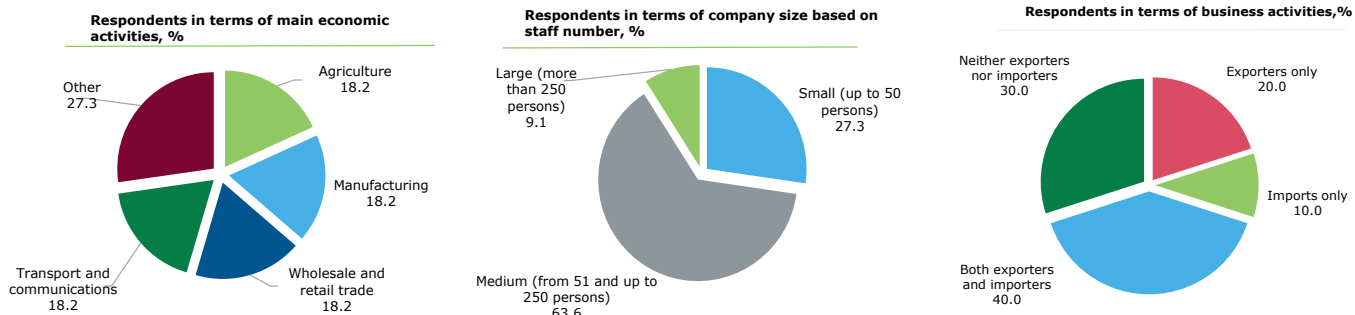
**Expectations of borrowing needs** in the near future have **increased** (Figure 8). The companies that planned to take out corporate loans opted only for domestic currency ones. Respondents said that bank lending conditions had tightened (Figure 9). Respondents referred to high loan rates and other funding sources as the main factors that deterred them from taking out loans (Figure 10).

**81.8% of the respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

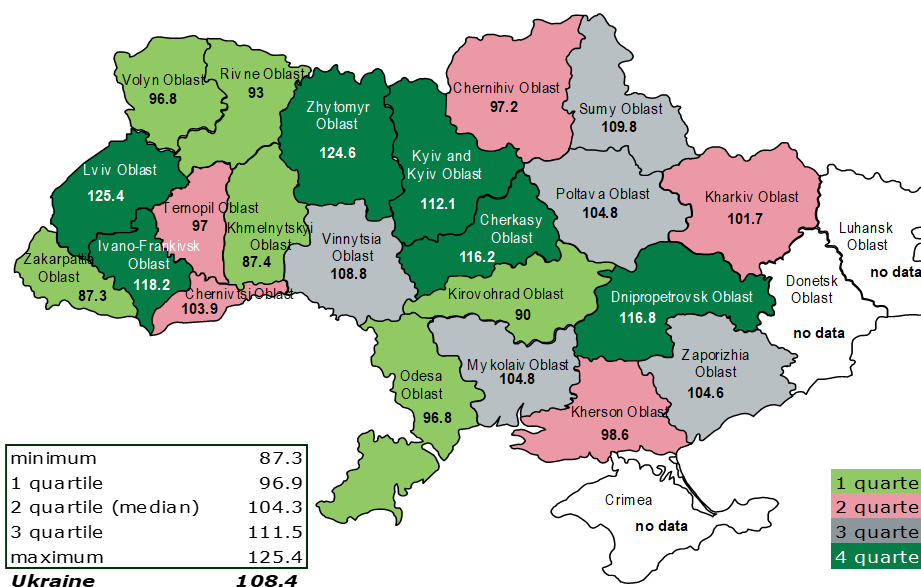
- **Companies have assessed their current financial and economic standings as bad** for four quarters in a row: the balance of responses was (-18.2%) compared with (-40.0%) in the previous quarter and (-0.7%) across Ukraine.
- **Finished goods stocks were reported to be at a normal level:** the balance of responses was 0.0% (same as in Q4 2020).
- **Companies in the oblast had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 9.1% (compared to 10.0% in the previous quarter).

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



- Period: 4 February through 26 February 2021.
- A total of 11 companies were polled.
- No economic activity was able to generate a representative sample.

### 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 Zakarpattia Oblast and Its Components**

Expectations over next 12 months for	Balances of responses, %				
	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Financial and economic standings	0.0	18.2	-9.1	0.0	-9.1
Total sales	-18.2	18.2	0.0	-20.0	-9.1
Investment in construction	20.0	-30.0	-9.1	-20.0	-18.2
Investment in machinery, equipment, and tools	30.0	-9.1	9.1	-10.0	9.1
Staff numbers	-54.5	0.0	-18.2	-30.0	-36.4

<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

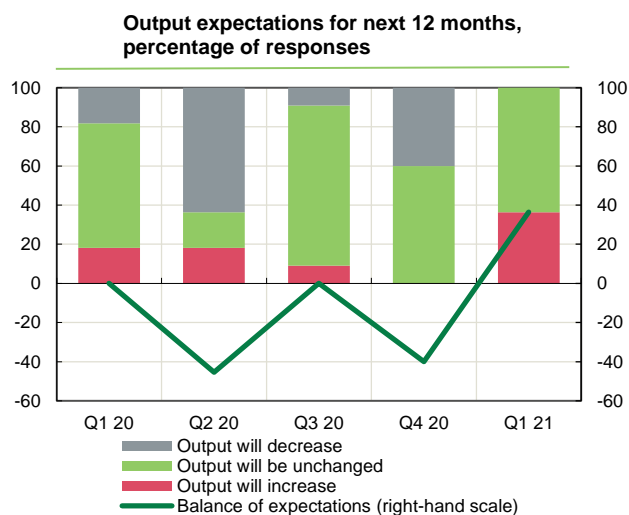


Figure 2

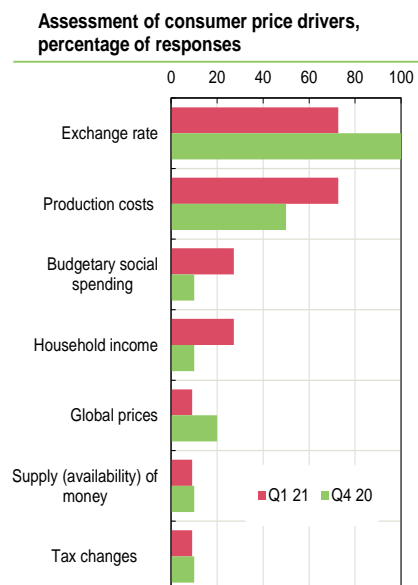


Figure 3

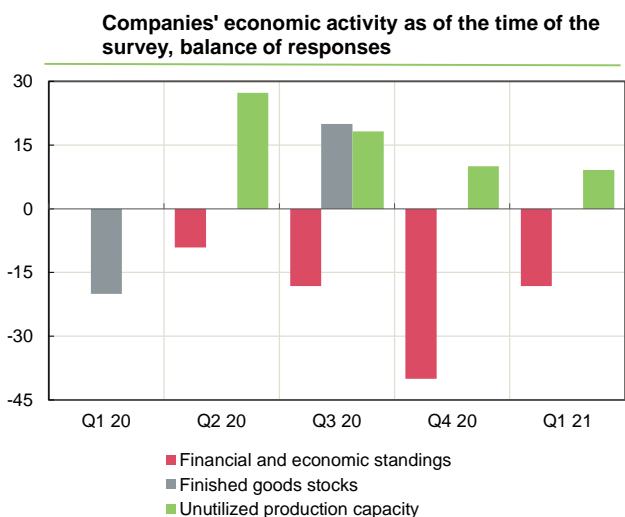


Figure 4

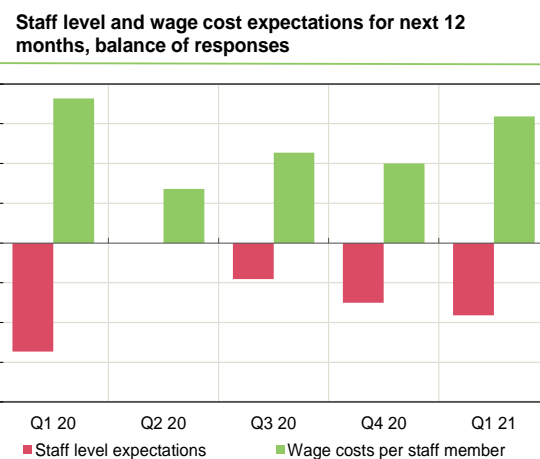


Figure 5

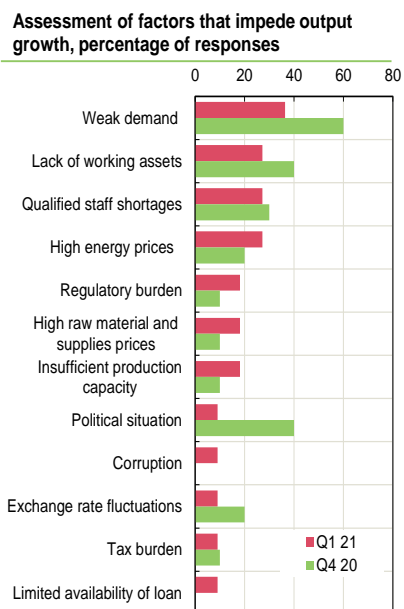


Figure 6

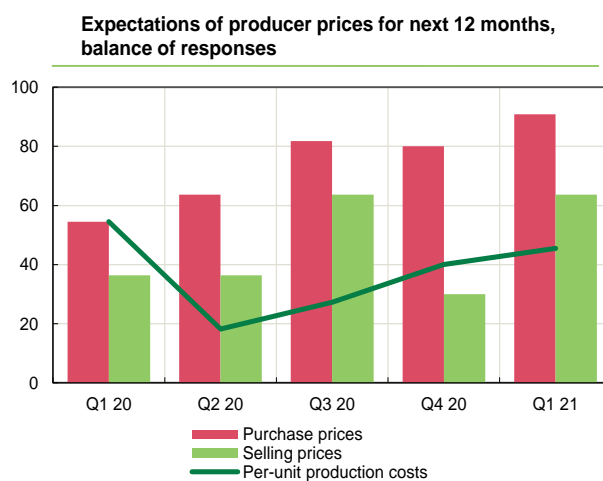


Figure 7

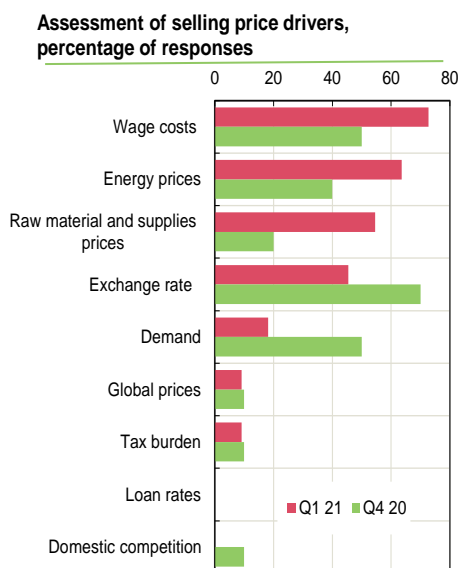


Figure 8

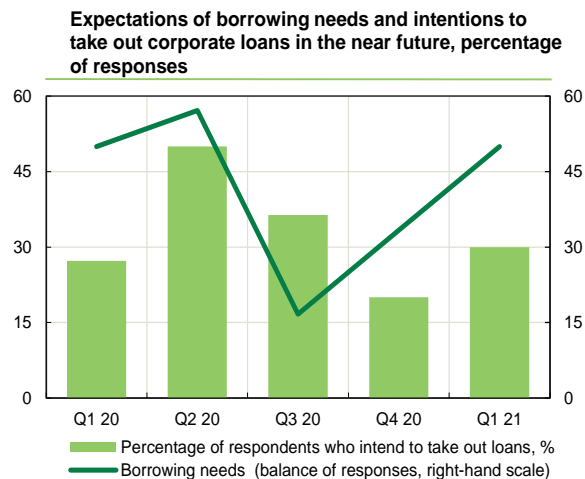


Figure 9

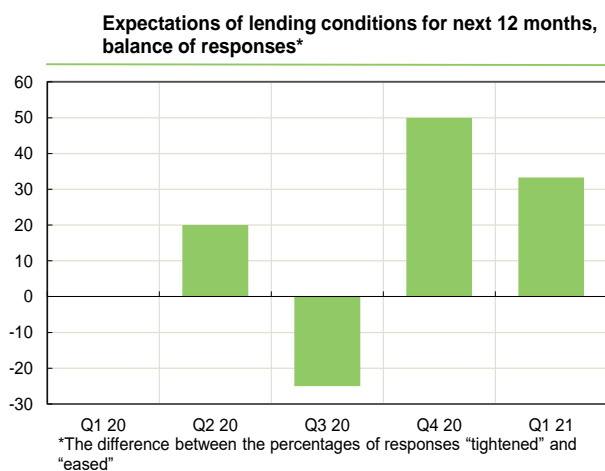


Figure 10

