



National Bank  
of Ukraine

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

Q2 2021



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q2 2021 showed that respondents continued to expect an increase in the output of Ukrainian goods and services and they had positive expectations for the performance of their companies over the next 12 months. Respondents also expected moderate inflation. Depreciation expectations improved.

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

- **the output of Ukrainian goods and services would rise:** the balance of expectations was 36.4%, same as in Q1 2021 (the highest figure among the regions) (Figure 1), the figure across Ukraine being 15.9%
- **prices for consumer goods and services would rise:** 81.8% of the respondents said that growth in the prices of consumer goods and services would not exceed 7.5% (compared to 100.0% in the previous quarter and 54.2% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the domestic currency would depreciate more slowly:** 45.5% of respondents (compared to 54.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 63.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 27.3% (compared with (-9.1%) in the previous quarter), the figure across Ukraine being 18.3% (see Table)
- **total sales would increase:** the balance of responses was 18.2%, compared with (-9.1%) in the previous quarter (see Table), including external sales: the balance of responses was 28.6% (0.0% in the previous quarter). Across Ukraine the balances of responses were 21.0% for each
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 18.2%, compared with 9.1% in the previous quarter. **Investment in construction was expected to remain unchanged:** the balance of responses was 0.0% compared to (-18.2%) in Q1 2021. Across Ukraine, investment was expected to increase, the balances of responses were 16.9% and 6.4% respectively
- **staff numbers at their companies would decrease at a slower pace:** the balance of responses was (-18.2%) compared with (-36.4%) in Q1 2021 (Figure 4). Across Ukraine, staff numbers were expected to decrease slightly (-1.0%)
- **both purchase and selling prices would grow more slowly:** the balances of responses were 54.5% and 45.5% respectively compared with 90.9% and 63.6% in the previous quarter (Figure 6). Wage costs and high energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow more slowly:** the balance of responses was 36.4% compared with 45.5% in the previous quarter. At the same time **wage costs per staff member would grow more quickly:** the balance of responses was 70.0% compared with 63.6% in Q1 2021 (Figures 4 and 6).

Companies continued to cite weak demand as **the main drag on their ability to boost production**. The impact of raw material and supplies prices was reported to have increased compared with the previous survey (Figure 5).

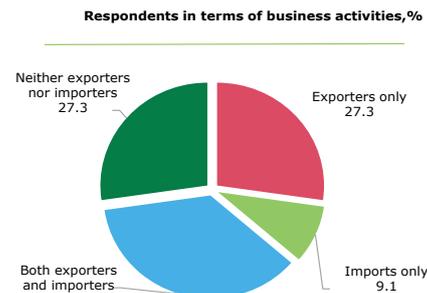
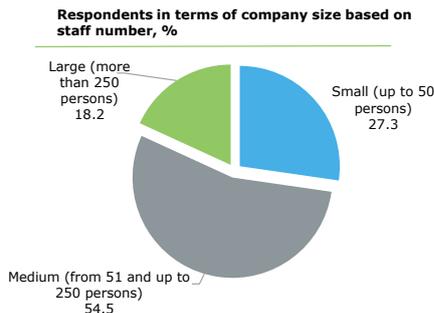
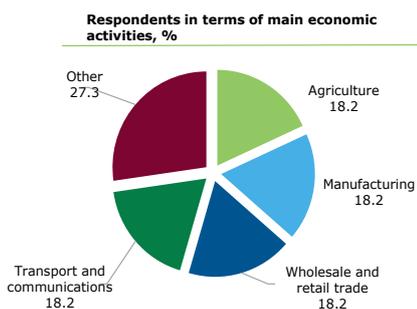
**Expectations of borrowing needs** in the near future have **decreased** (Figure 8). The companies that planned to take out bank loans opted only for domestic currency ones. Respondents referred to high loan rates and other funding sources as the main factors that deterred them from taking out loans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

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

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

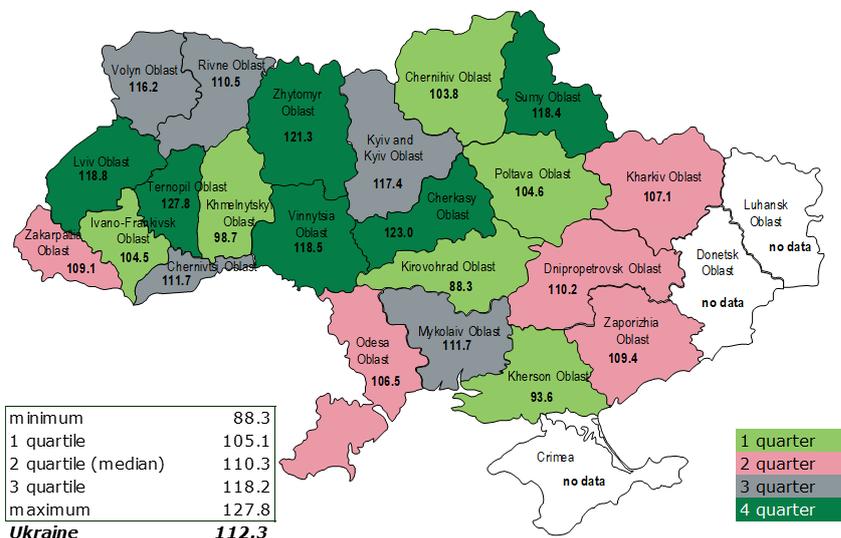
- **Companies have assessed their current financial and economic standings as good** (for the first time since Q1 2020): the balance of responses was 9.1% compared with (-18.2%) in the previous quarter and 6.0% across Ukraine.
- **Finished goods stocks had increased and were reported to be at a level higher than the normal one:** the balance of responses was 20.0% (compared with 0.0% in Q1 2021).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 18.2% (compared to 9.1% in the previous quarter).

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



- Period: 5 May through 24 May 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>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>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, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 22
Financial and economic standings	18.2	-9.1	0.0	-9.1	27.3
Total sales	18.2	0.0	-20.0	-9.1	18.2
Investment in construction	-30.0	-9.1	-20.0	-18.2	0.0
Investment in machinery, equipment, and tools	-9.1	9.1	-10.0	9.1	18.2
Staff numbers	0.0	-18.2	-30.0	-36.4	-18.2

<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

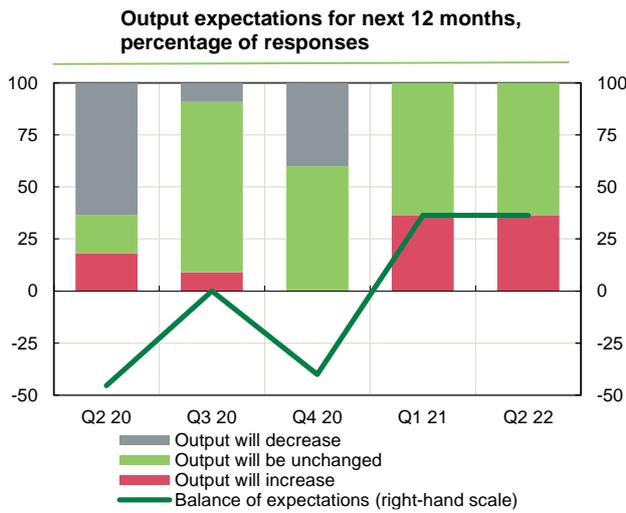


Figure 2

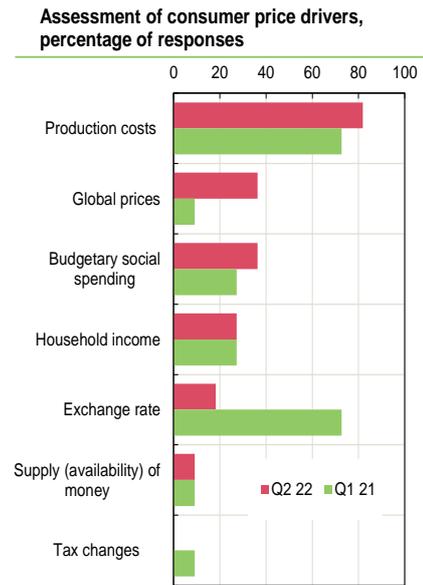


Figure 3

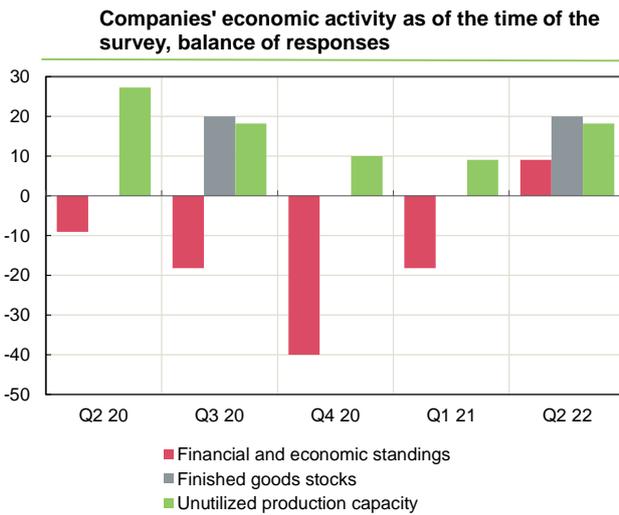


Figure 4

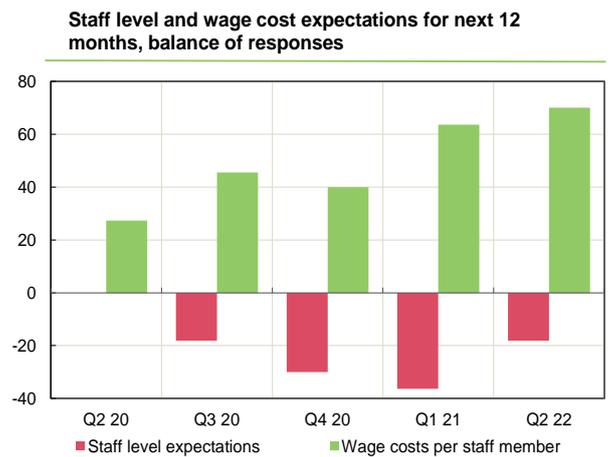


Figure 5

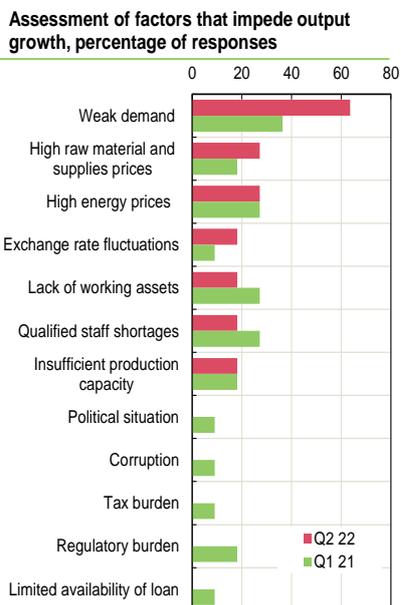


Figure 6

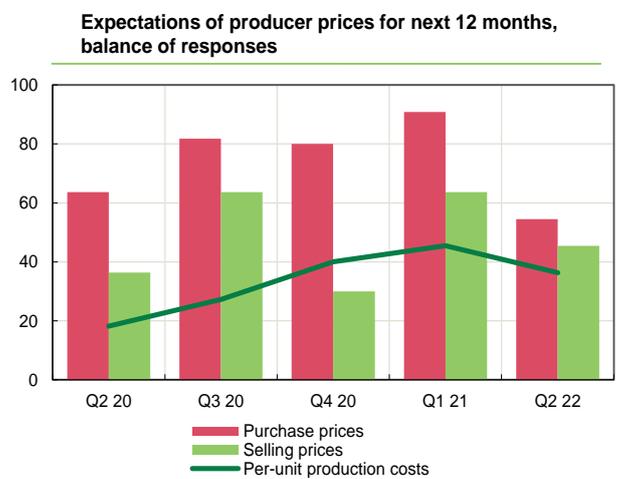


Figure 7

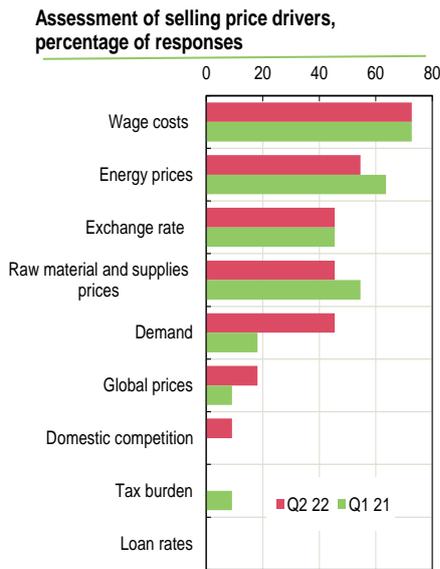


Figure 8

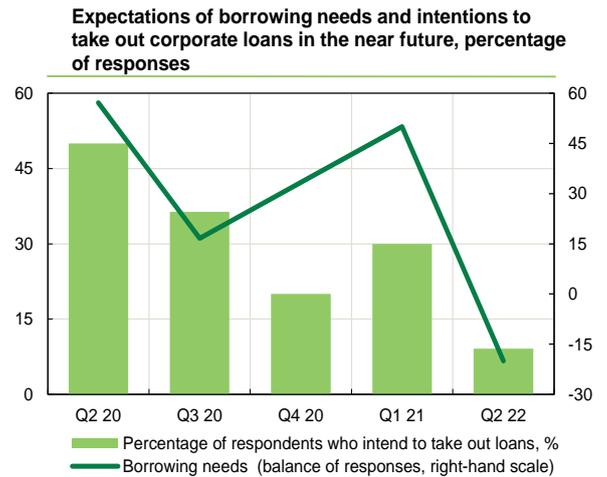


Figure 9

