



National Bank  
of Ukraine

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

Q3 2021



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q3 2021 showed that respondents continued to expect the output of Ukrainian goods and services to increase at a fast pace and they had positive expectations for the performance of their companies over the next 12 months. Respondents expected higher inflation and further depreciation of the hryvnia.

**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 45.5% (one of the highest expectations among the regions), compared to 36.4% in Q2 2021 (Figure 1), the figure across Ukraine being 21.5%
- **prices for consumer goods and services would rise at a faster pace:** 54.4% of the respondents said that growth in the prices of consumer goods and services would exceed 7.5% (compared to 18.2% in the previous quarter and 53.1% across Ukraine). Respondents referred to production costs, global prices and hryvnia exchange rate fluctuations (the impact of this driver was reported to have increase) as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 45.5% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 18.2% (compared to 27.3% in the previous quarter), the figure across Ukraine being 12.7% (see Table)
- **both total and external sales would remain unchanged:** the balances of responses were 0.0% for each compared to 18.2% and 28.6% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were 27.7% and 23.5% respectively
- **investment in construction was expected to remain unchanged:** the balance of responses was 0.0%, compared with 18.2% in the previous quarter. **Investment in machinery, equipment, and tools was expected to decrease:** the balance of responses was (-10.0%) compared to 0.0% in Q2 2021. Across Ukraine, investment was expected to increase, the balances of responses were 9.7% and 19.3% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-18.2%) (one of the most pessimistic expectations among the regions), as in Q2 2021 (Figure 4). Across Ukraine, staff numbers were expected to increase moderately 2.2%
- **both purchase and selling prices would grow:** the balances of responses were 63.6% and 45.5% respectively compared to 54.5% and 45.5% in the previous quarter (Figure 6). Wage costs and high raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would remain unchanged:** the balance of responses was 0.0% compared to 36.4% in the previous quarter. At the same time, **wage costs per staff member were expected grow more slowly:** the balance of responses was 36.4% compared with 70.0% in Q2 2021 (Figures 4 and 6).

Companies continued to cite weak demand as **the main drag on their ability to boost production**. The impact of the tax burden was reported to have increased compared to the previous survey (Figure 5).

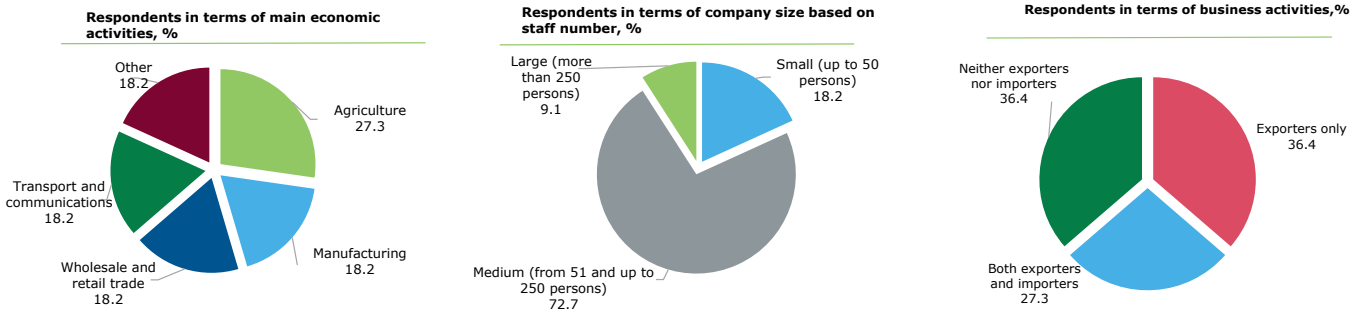
**Respondents reported firmer expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans opted only for domestic currency ones. Respondents referred to other funding sources and high loan rates as the main factors deterring 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** (97.1% across Ukraine).

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

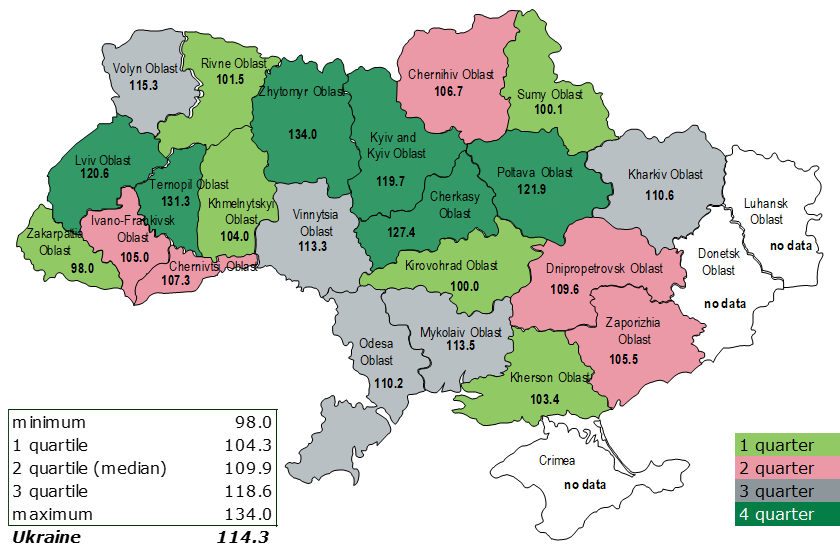
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% compared to 9.1% in the previous quarter and 7.0% across Ukraine.
- **Finished goods stocks were reported to be at normal levels:** the balance of responses was 0.0% (compared with 20.0% in Q2 2021).
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 18.2% (as in the previous quarter).

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



- Period: 3 August through 27 August 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>a</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, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	-9.1	0.0	-9.1	27.3	18.2
Total sales	0.0	-20.0	-9.1	18.2	0.0
Investment in construction	-9.1	-20.0	-18.2	0.0	0.0
Investment in machinery, equipment, and tools	9.1	-10.0	9.1	18.2	-10.0
Staff numbers	-18.2	-30.0	-36.4	-18.2	-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

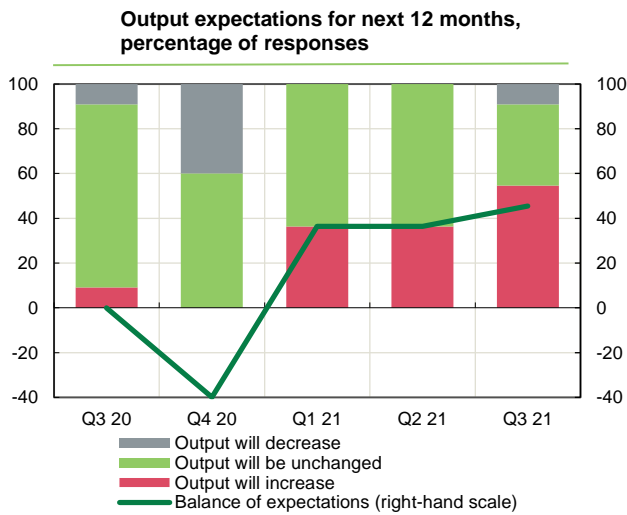


Figure 2

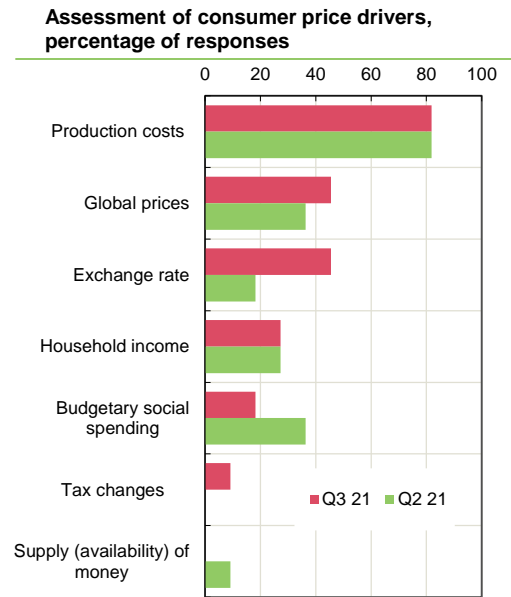


Figure 3

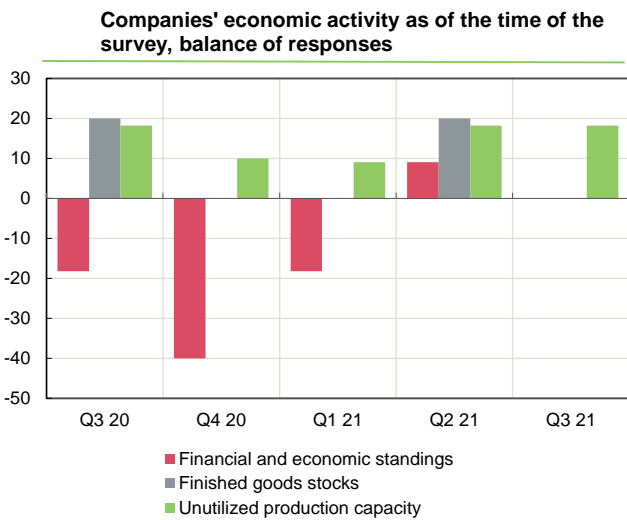


Figure 4

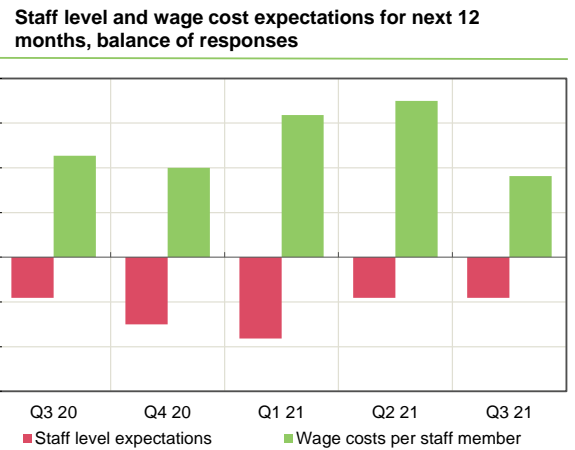


Figure 5

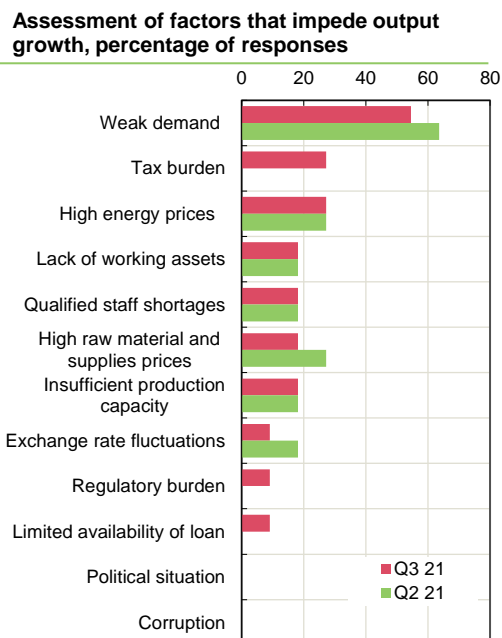


Figure 6

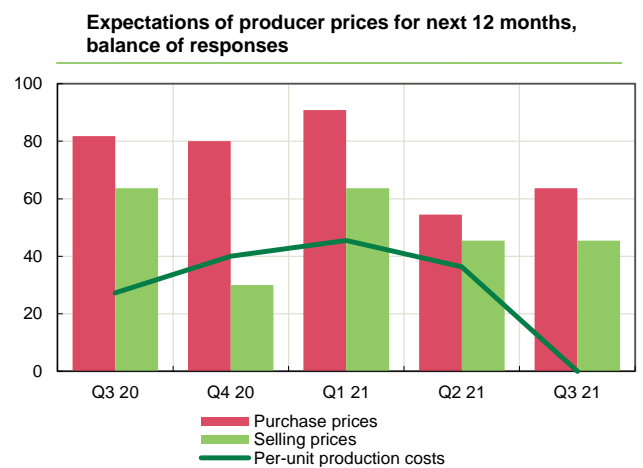


Figure 7

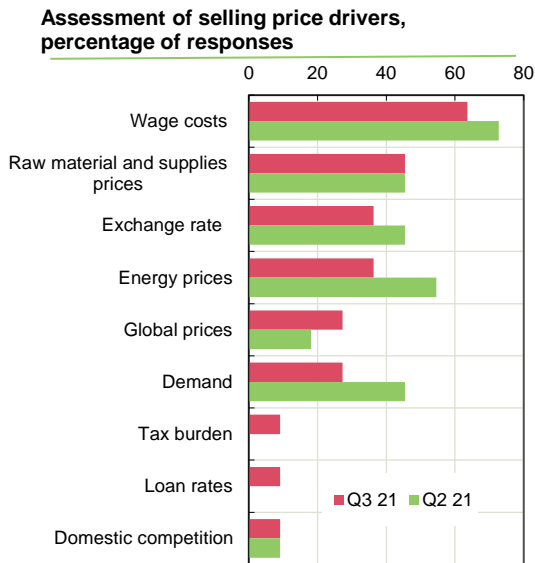


Figure 8

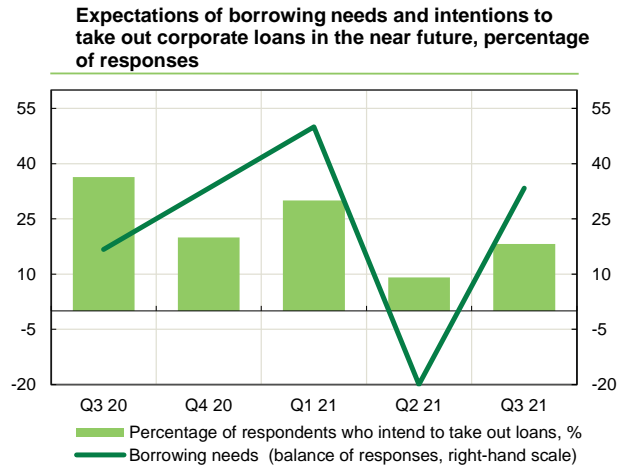


Figure 9

