



National Bank  
of Ukraine

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

**Q4 2021**



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q4 2021 showed that respondents continued to expect the output of Ukrainian goods and services to increase. At the same time, they had negative expectations for the performance of their companies over the next 12 months. Respondents expected further inflation and more a pronounced 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 at a slower pace:** the balance of expectations was 20.0%, compared to 45.5% in Q3 2021 (Figure 1), the figure across Ukraine being 8.3%
- **prices for consumer goods and services would rise:** 50.0% of respondents said that growth in the prices of consumer goods and services would exceed 7.5% (compared to 54.4% in the previous quarter and 61.3% across Ukraine). Respondents referred to production costs, global prices and budgetary social spending (the impact of this driver was reported to have increase) as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate significantly:** 80.0% of respondents (compared to 45.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-20.0%) (among the gloomiest expectations seen in the regions) compared to 18.2% in the previous quarter (see Table). Across Ukraine, respondents expected their financial and economic standings to improve (9.7%)
- **total sales would decrease noticeably:** the balance of responses was (-30.0%). At the same time, respondents expected external sale to increase: the balance of responses was 33.3% (compared to 0.0% for each in the previous quarter) (see Table). Across Ukraine, the balances of responses were 21.8% and 20.6% respectively
- **investment in construction would decrease faster than investment in machinery, equipment, and tools:** the balances of responses were (-20.0%) and (-10.0%) respectively, compared to( 0.0% and (-10.0%) in the previous quarter. Across Ukraine, investment was expected to increase, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% compared to (-18.2%) in Q3 2021 (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (2.9%)
- **both purchase and selling prices would grow:** the balances of responses were 70.0% and 40.0% respectively compared to 63.6% and 45.5% in the previous quarter (Figure 6). Wage costs, high energy prices, raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would increase significantly:** the balances of responses were 60.0% and 70.0% respectively, compared to 0.0% and 36.4% in the previous quarter (Figures 4 and 6).

Companies cited weak demand and a lack of working assets as **the main drags on their ability to boost production** (Figure 5).

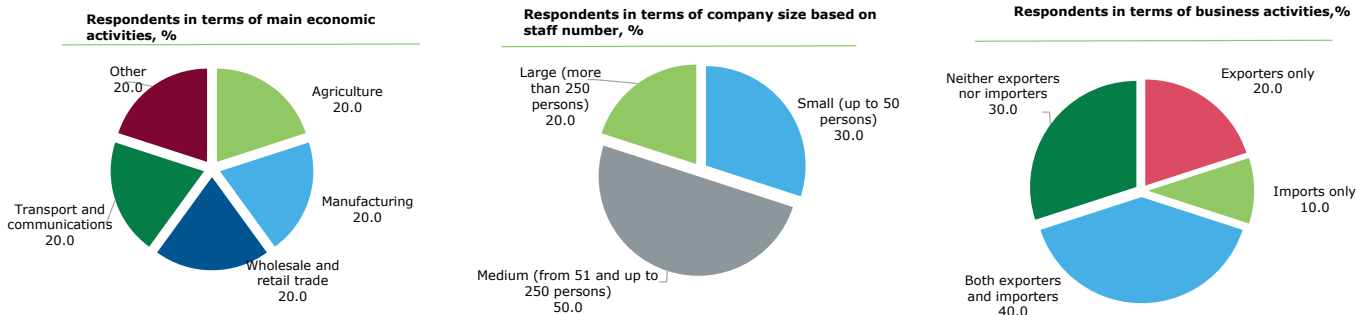
**Respondents reported firmer expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans opted only for domestic currency ones. Respondents referred to other funding sources, high loan rates and uncertainty about their ability to meet debt obligations as they fall due 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** (98.1% across Ukraine).

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

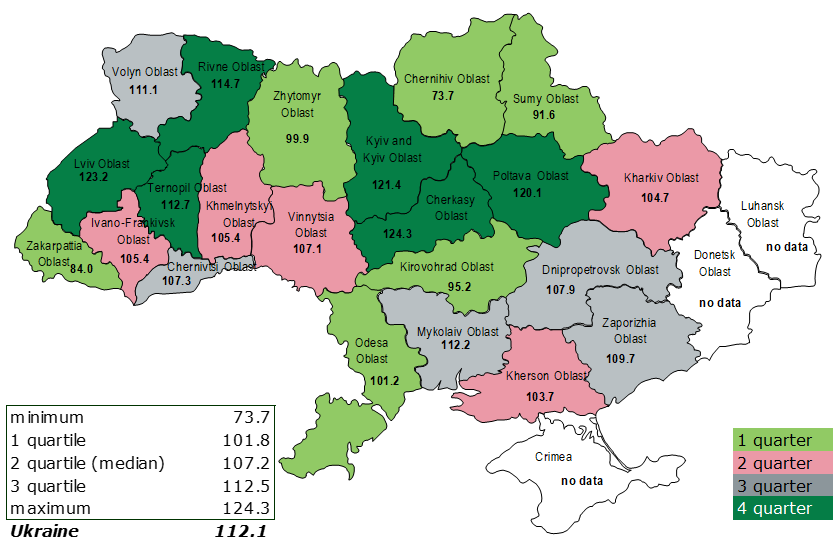
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, as in the previous quarter. Respondents across Ukraine assessed their current financial and economic standings as good (7.6%).
- **Finished goods stocks had been reported to be at normal levels** for two quarters in a row: the balance of responses was 0.0%.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 20.0% compared to 18.2% in the previous quarter.

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



- Period: 3 November through 25 November 2021.
- 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 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>3</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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	0.0	-9.1	27.3	18.2	-20.0
Total sales	-20.0	-9.1	18.2	0.0	-30.0
Investment in construction	-20.0	-18.2	0.0	0.0	-20.0
Investment in machinery, equipment, and tools	-10.0	9.1	18.2	-10.0	-10.0
Staff numbers	-30.0	-36.4	-18.2	-18.2	0.0

<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

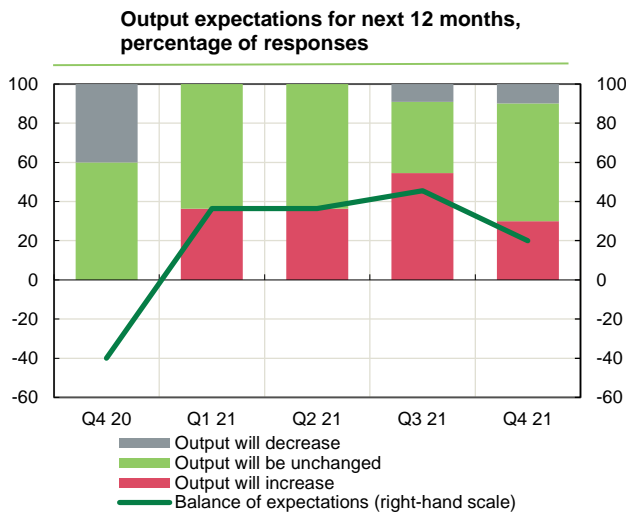


Figure 2

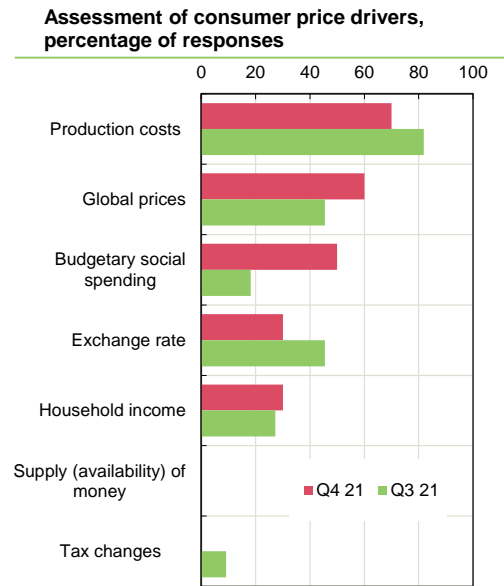


Figure 3

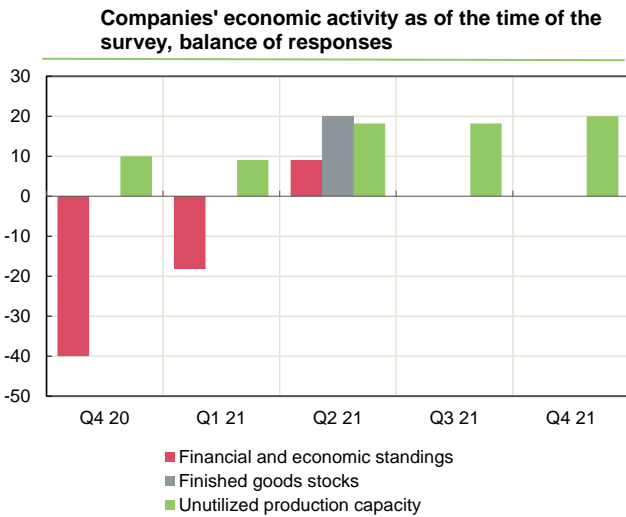


Figure 4

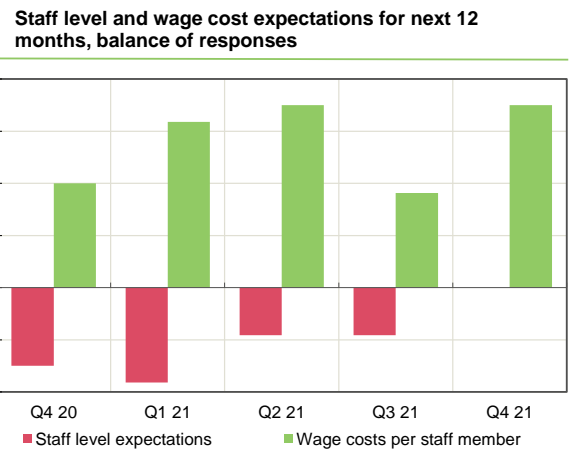


Figure 5

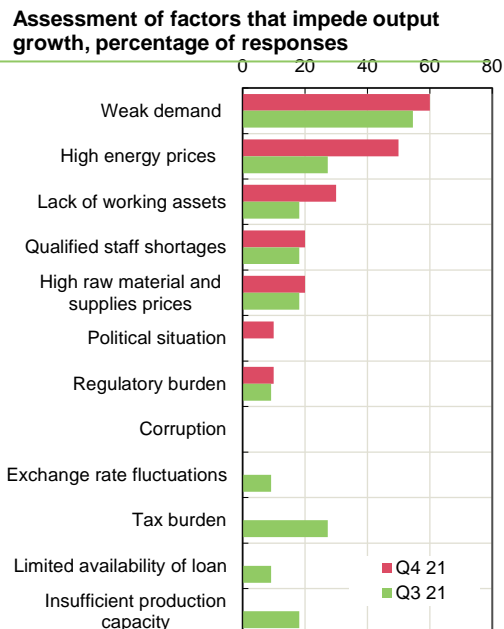


Figure 6

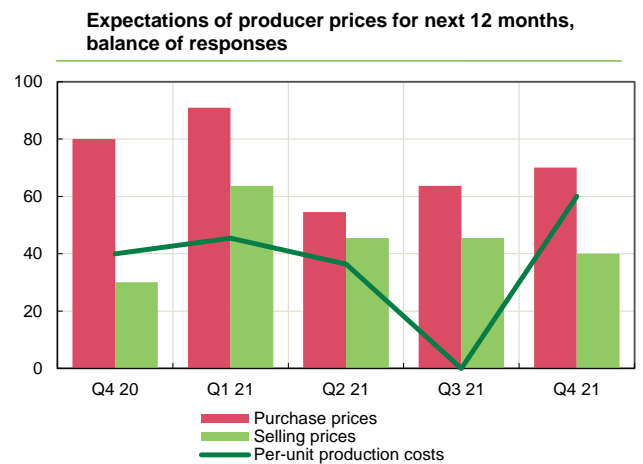


Figure 7

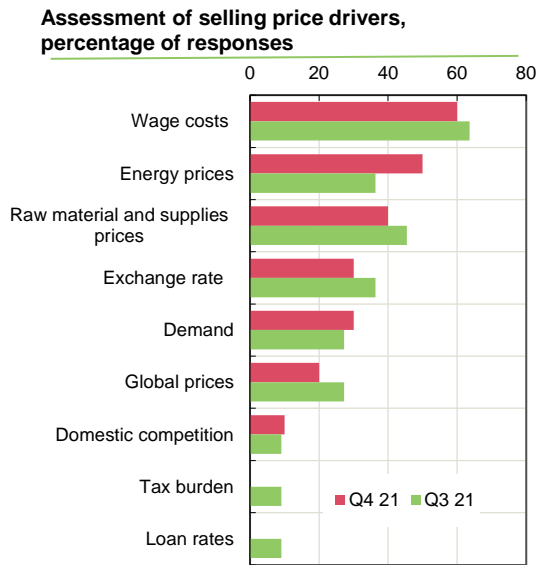


Figure 8

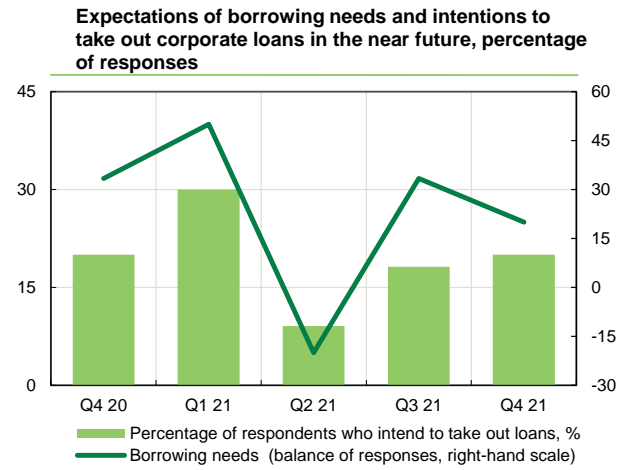


Figure 9

