



National Bank
of Ukraine

Business Outlook Survey of Zakarpattia Oblast*

Q1 2022

The survey was completed
when the war started



*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q1 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q1 2022 showed that on the eve of the war respondents continued to expect the output of Ukrainian goods and services to increase. They had optimistic expectations for the performance of their companies over the next 12 months. Respondents expected higher inflation and more 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:** the balance of expectations was 20.0%, as in Q4 2021 (Figure 1). Overall, across Ukraine respondents expected a decrease in the output of goods and services (-1.7%)
- **prices for consumer goods and services would rise at a faster pace:** 60.0% of respondents said that the growth in the prices of consumer goods and services would exceed 7.5% (compared to 50.0% in the previous quarter and 67.7% across Ukraine). Respondents referred to production costs, global prices and the hryvnia exchange rate (the impact of this driver was reported to have increase) as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a fast pace:** 90.0% of respondents (compared to 80.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 81.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 10.0% compared to (-20.0%) in the previous quarter (see Table) and 7.2% across Ukraine
- **total sales would remain unchanged:** the balance of responses was 0.0%. At the same time, respondents expected external sale to increase: the balance of responses was 40.0% (compared to (-30.0%) and 33.3% in the previous quarter respectively) (see Table). Across Ukraine, the balances of responses were 17.0% and 23.3% respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0% compared to (-10.0%) in the previous quarter. At the same time, respondents expected a decrease in investment in construction: the balance of responses was (-20.0%), as in the previous quarter. Across Ukraine, investment was expected to increase, the balances of responses were 14.3% and 0.9% respectively
- **staff numbers at their companies would remain unchanged (these expectations have been reported for two quarters in a row):** the balance of responses was 0.0% (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (1.5%)
- **both purchase and selling prices would grow rapidly:** the balances of responses were 90.0% and 70.0% respectively compared to 70.0% and 40.0% in the previous quarter (Figure 6). High energy prices, raw material and supplies prices, wage costs and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- **both per-unit production costs and wage costs per staff member would increase:** the balances of responses were 70.0% and 50.0% respectively, compared to 60.0% and 70.0% in the previous quarter (Figures 4 and 6).

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

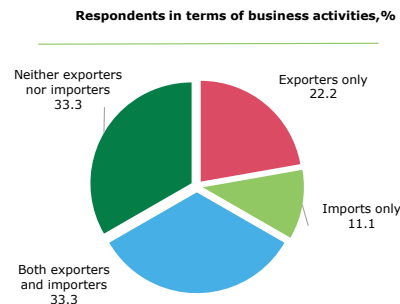
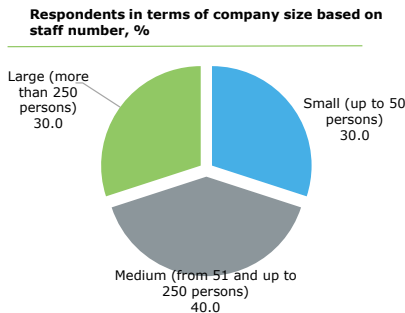
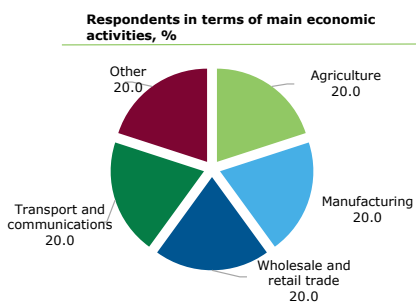
Respondents reported firmer expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans fell into two camps: 50.0% of them opted to take domestic currency loans. Respondents continued to refer to other funding sources, high loan 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** (97.6% across Ukraine).

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

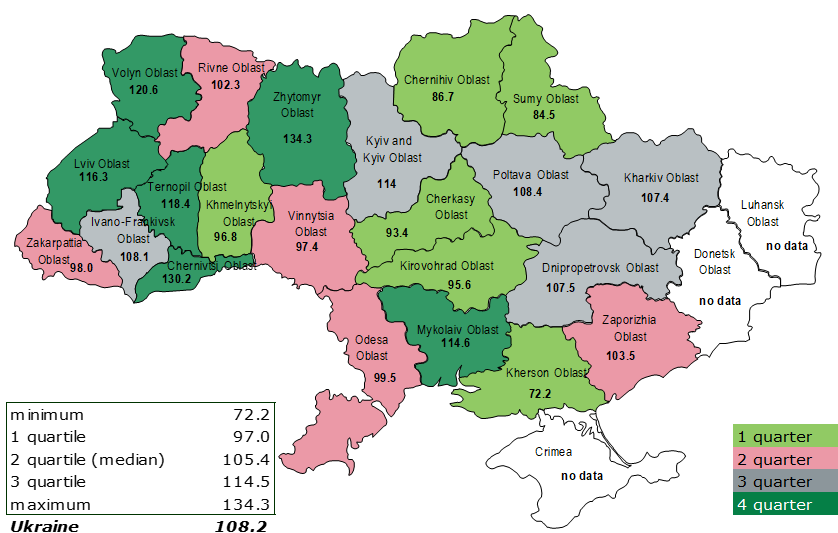
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% (such assessments have been reported for three quarters in a row). Respondents across Ukraine assessed their current financial and economic standings as good (6.6%).
- **Finished goods stocks had been reported to be at normal levels** for three quarters in a row: the balance of responses was 0.0%.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to 20.0% in Q4 2021.

Survey Details^{1,2}



- Period: 31 January through 22 February 2022.
- 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups
²a 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 21	Q2 21	Q3 21	Q4 21	Q1 22
Financial and economic standings	-9.1	27.3	18.2	-20.0	10.0
Total sales	-9.1	18.2	0.0	-30.0	0.0
Investment in construction	-18.2	0.0	0.0	-20.0	-20.0
Investment in machinery, equipment, and tools	9.1	18.2	-10.0	-10.0	0.0
Staff numbers	-36.4	-18.2	-18.2	0.0	0.0

¹ This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

² Data for totals and components may be subject to rounding effects.

³ 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

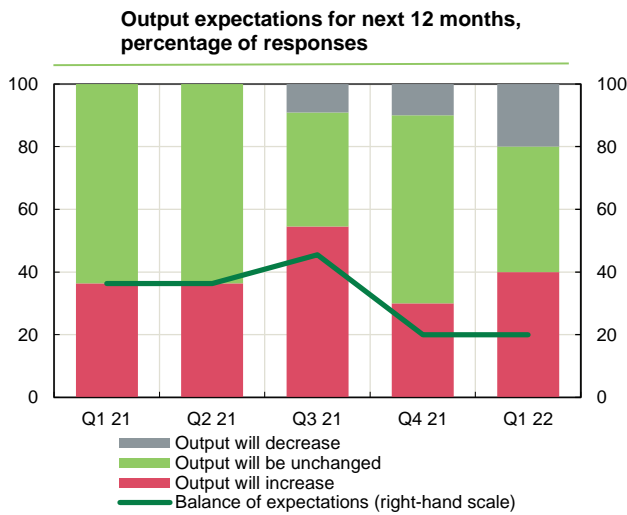


Figure 2

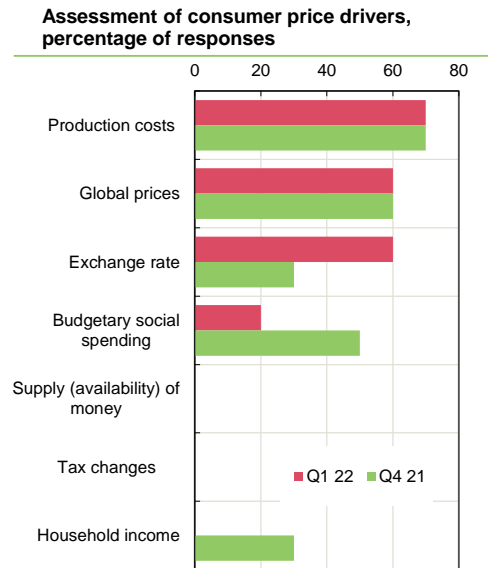


Figure 3

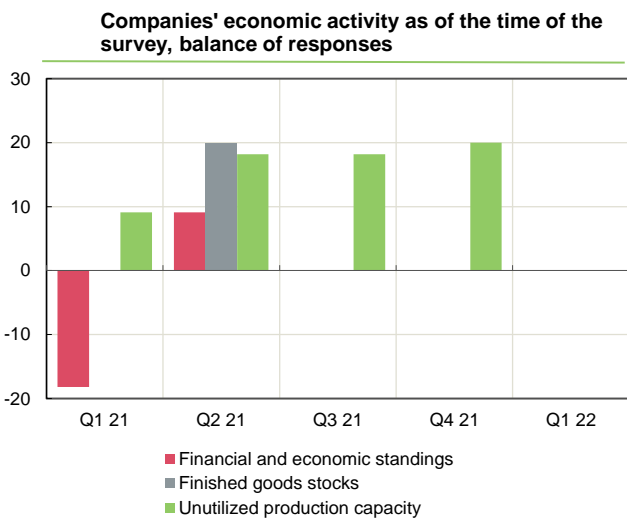


Figure 4

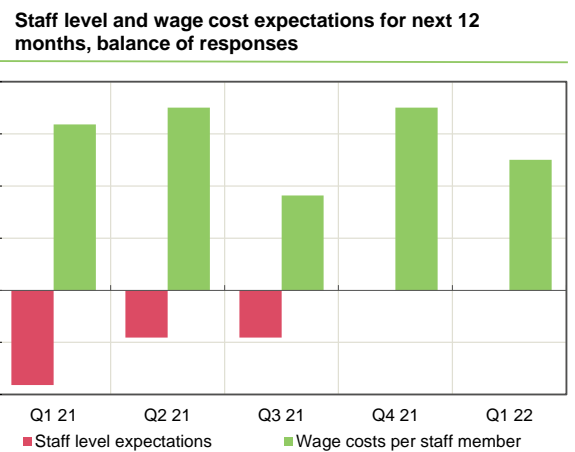


Figure 5

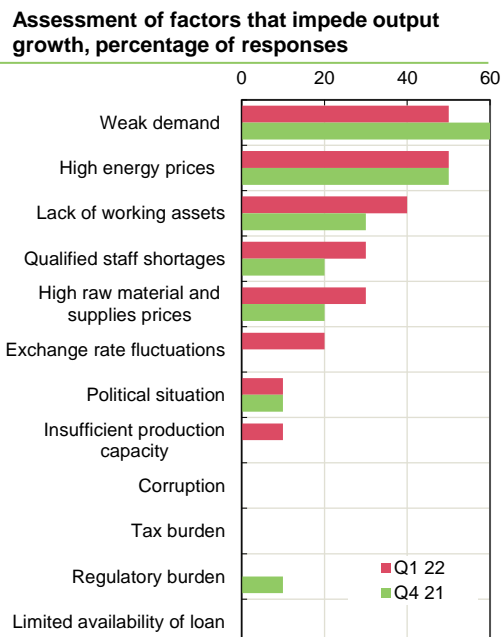


Figure 6

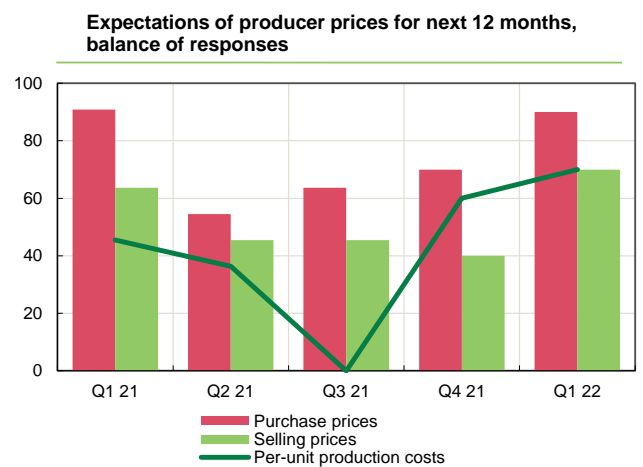


Figure 7

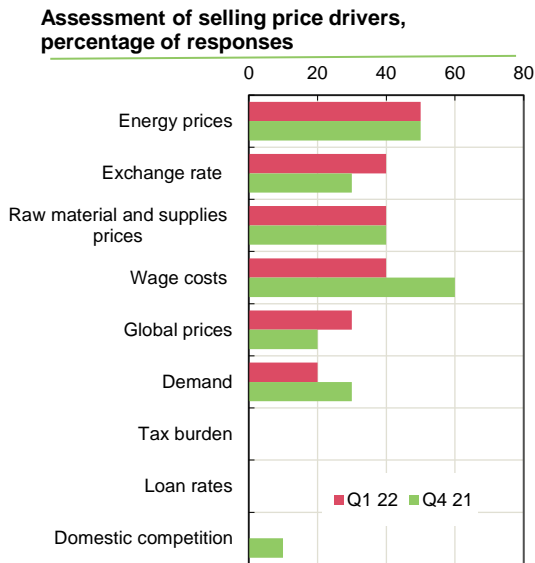


Figure 8

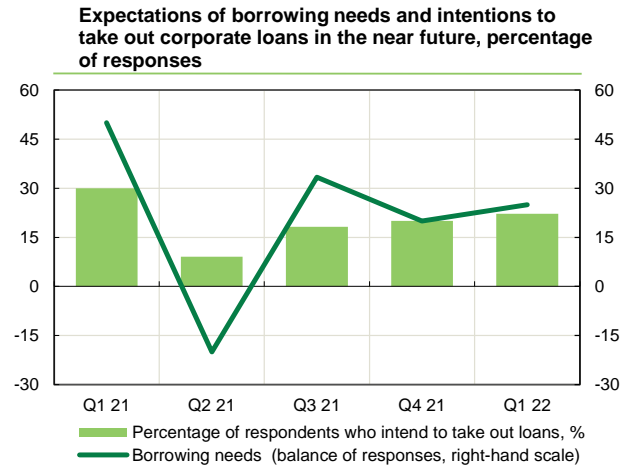


Figure 9

