



National Bank
of Ukraine

Business Outlook Survey of Zakarpattia Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in Q2 2022 showed that against the background of the war respondents expected the output of Ukrainian goods and services to drop significantly. They had pessimistic expectations for the performance of their companies over the next 12 months. Respondents expected prices for consumer goods and services to rise and the depreciation of the hryvnia to continue.

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

- **the output of Ukrainian goods and services would drop significantly:** the balance of expectations was (-54.5%), compared to 20.0% in Q1 2022 (Figure 1), and (-48.7%) across Ukraine
- **prices for consumer goods and services would rise:** 63.6% of respondents said that the growth in the prices of consumer goods and services would not exceed 20.0% (compared to 41.8% across Ukraine). Respondents referred to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 72.2% of respondents (compared to 90.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.9%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-36.4%) compared to 10.0% in the previous quarter (see Table) and (-17.1%) across Ukraine
- **total sales would decrease:** the balance of responses was (-18.2%). At the same time, respondents expected external sale to increase: the balance of responses was 37.5% (compared to 0.0% and 40.0% in the previous quarter respectively) (see Table). Across Ukraine, the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0%, as in the previous quarter. At the same time, respondents expected a decrease in investment in construction: the balance of responses was (-18.2%) (compared to (-20.0%) in the previous quarter). Across Ukraine, the balances of responses were (-34.7%) and (-37.2%) respectively
- **staff numbers at their companies would increase:** the balance of responses was 9.1% (compared to 0.0% in the previous quarter) (Figure 4). Across Ukraine, staff numbers were expected to decrease noticeably (-29.0%)
- **both purchase and selling prices would grow more slowly:** the balances of responses were 72.7% and 45.5% respectively, compared to 90.0% and 70.0% 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)
- **per-unit production costs would increase more quickly than wage costs per staff member:** the balances of responses were 63.6% and 18.2% respectively, compared to 70.0% and 50.0% in the previous quarter (Figures 4 and 6).

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

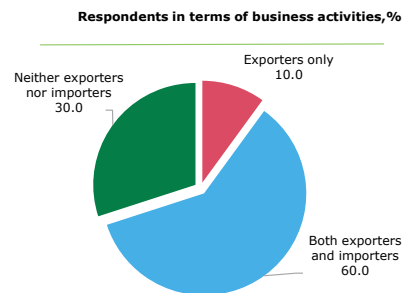
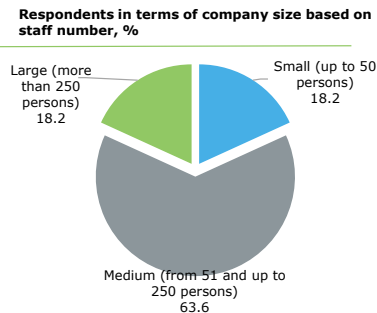
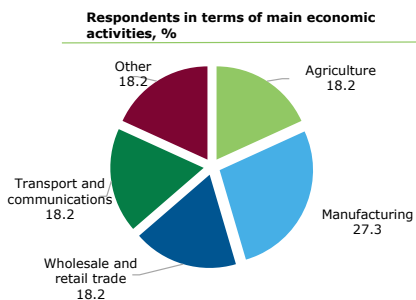
Respondents reported firmer expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans fell into two camps: half of them opted to take out domestic currency loans. Respondents continued to refer to other funding sources, high 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** (93.5% across Ukraine).

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

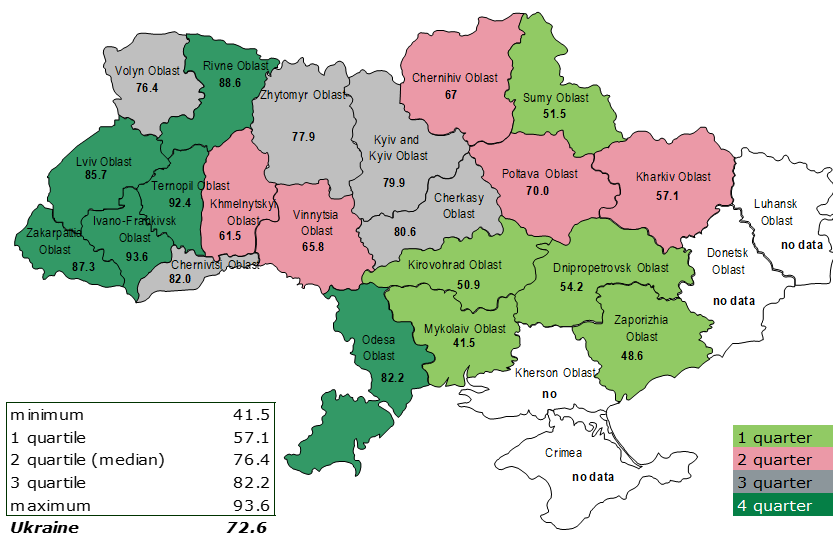
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-9.1%) (compared to 0.0% in the previous quarter). The balance across Ukraine was (-28.8%).
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-20.0%) compared to 0.0% in the previous quarter.
- **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 0.0% in Q1 2022.

Survey Details^{1,2}



- Period: 3 May through 25 May 2022.
- 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 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, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	27.3	18.2	-20.0	10.0	-36.4
Total sales	18.2	0.0	-30.0	0.0	-18.2
Investment in construction	0.0	0.0	-20.0	-20.0	-18.2
Investment in machinery, equipment, and tools	18.2	-10.0	-10.0	0.0	0.0
Staff numbers	-18.2	-18.2	0.0	0.0	9.1

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

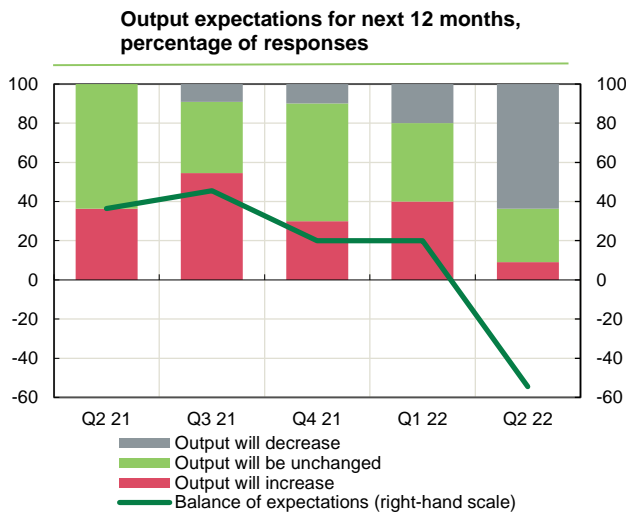


Figure 2

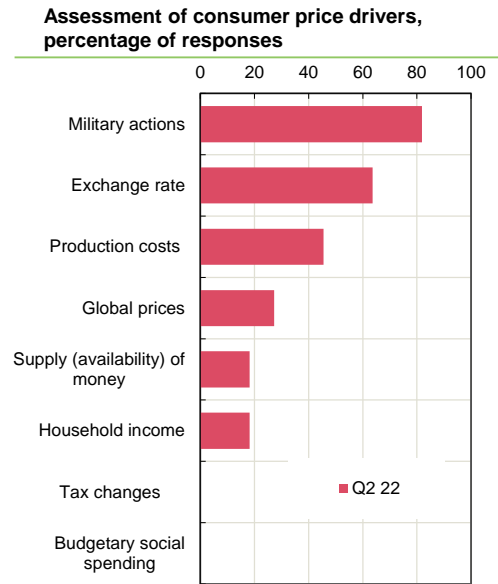


Figure 3

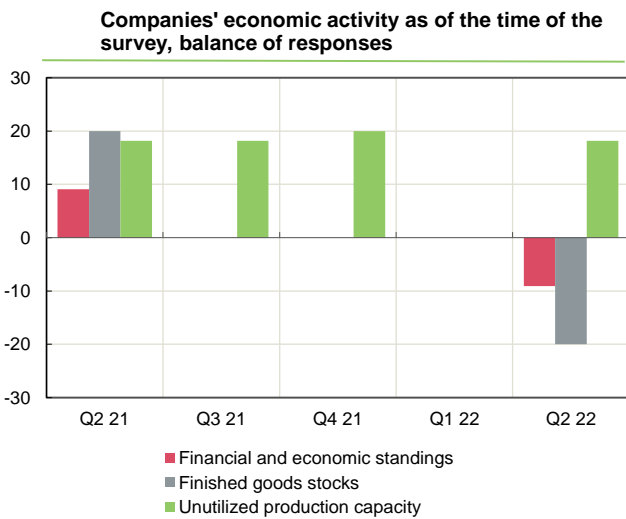


Figure 4

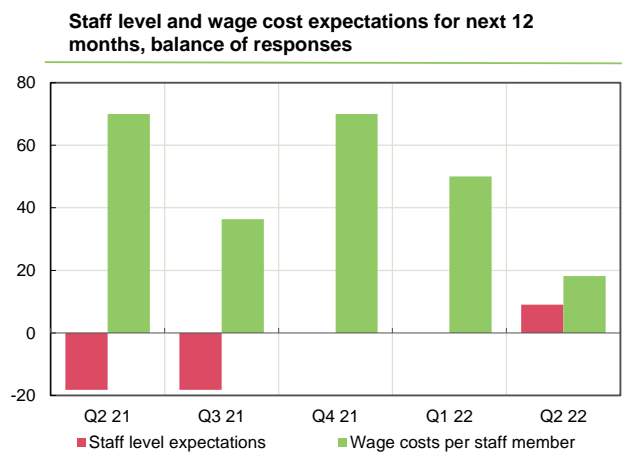


Figure 5

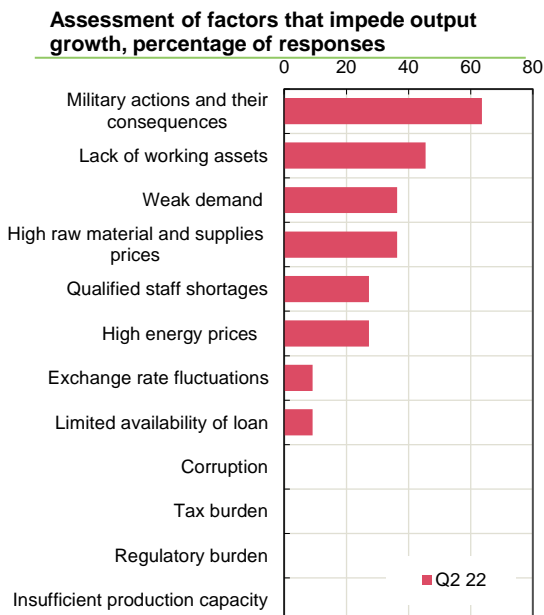


Figure 6

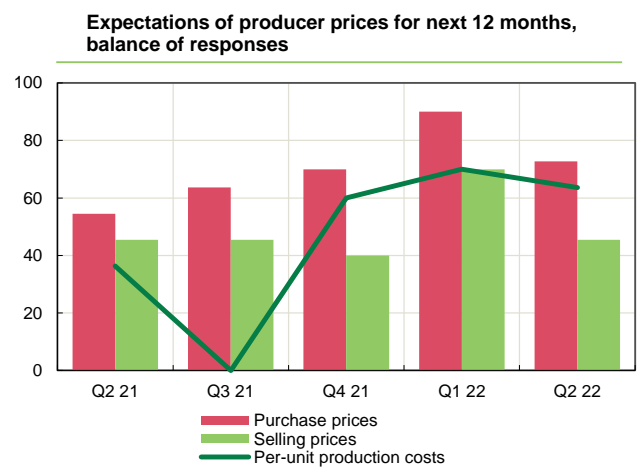


Figure 7

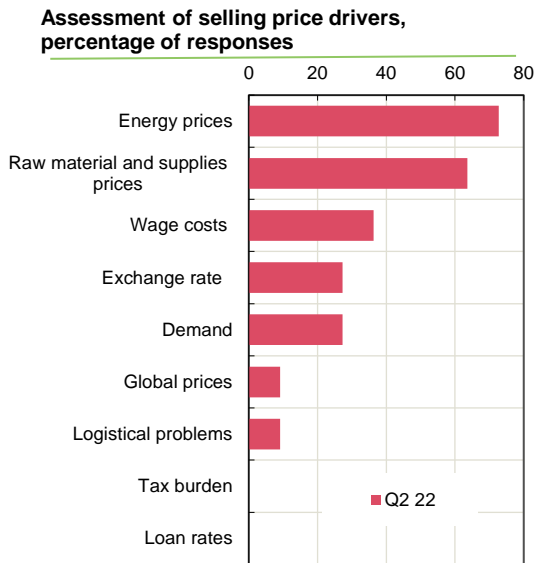


Figure 8

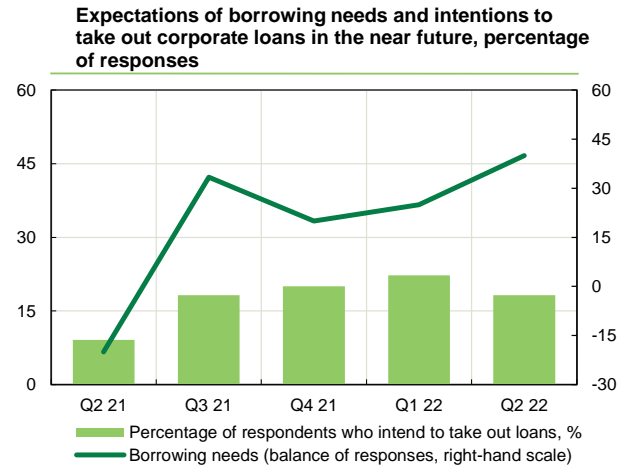


Figure 9

