



National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q3 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 Q3 2022 showed that despite the war respondents expected the output of Ukrainian goods and services to increase. At the same time, they had less pessimistic expectations for the performance of their companies over the next 12 months. Respondents expected that prices for consumer goods and services would rise and that the hryvnia would depreciate further.

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

- **the output of Ukrainian goods and services would return to growth:** the balance of expectations was 9.1% (these were the most optimistic expectations among the regions), compared to (-54.5%) in Q2 2022 (Figure 1), and (-37.9%) across Ukraine
- **prices for consumer goods and services would rise:** 54.5% of respondents said that the growth in the prices of consumer goods and services would not exceed 20.0% (compared to 63.6% in the previous quarter and 28.3% across Ukraine). Respondents continued to refer to military actions (this factor was reported by 100.0% of those surveyed), the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 72.2% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate at a slower pace:** the balance of expectations was (-18.2%) compared to (-36.4%) in the previous quarter (see Table) and (-15.1%) across Ukraine
- **total sales would decrease:** the balance of responses was (-20.0%) compared to (-18.2%) in the previous quarter. At the same time, respondents expected external sale to increase: the balance of responses was 28.6% (compared to 37.5% in Q2 2022) (see Table). Across Ukraine, the balances of responses were (-7.2%) and (-7.8%) respectively
- **both investment in machinery, equipment, and tools and investment in construction would grow:** the balances of responses were 18.2% and 9.1% respectively (compared to 0.0% and (-18.2%) respectively in the previous quarter). Across Ukraine, the balances of responses were (-25.3%) and (-29.3%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-9.1%) (compared to 9.1% in the previous quarter) (Figure 4). Across Ukraine, staff numbers were expected to decrease noticeably (-25.5%)
- **both purchase and selling prices would grow more faster:** the balances of responses were 90.9% and 54.5% respectively, compared to 72.7% and 45.5% in the previous quarter (Figure 6). The hryvnia exchange rate (the impact was reported to have increased), high energy prices, raw material and supplies prices 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 54.5% and 36.4% respectively, compared to 63.6% and 18.2% in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, weak demand, high raw material and supplies prices, and energy prices (the impact of this factor was reported to have increased) as **the main drags on their ability to boost production** (Figure 5).

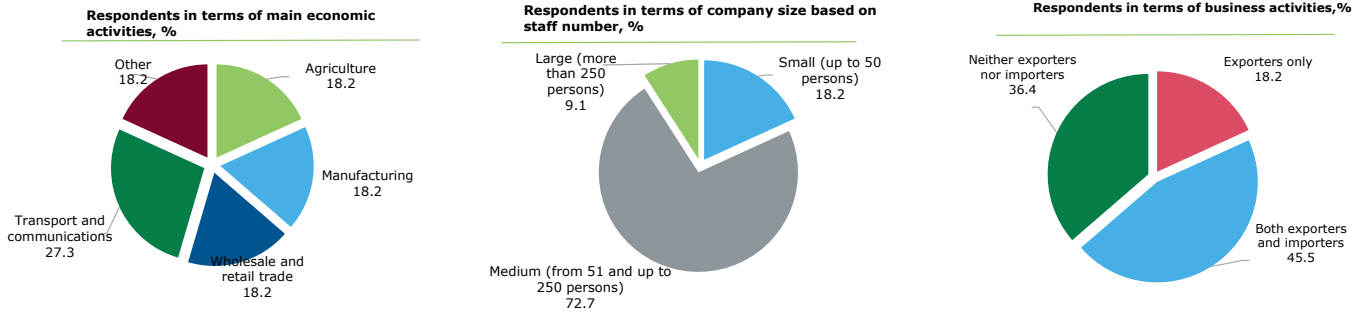
Respondents reported significantly firmer expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans fell into two camps, with half of them opting to take out domestic currency loans. Respondents continued to refer to other funding 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** (94.1% across Ukraine).

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

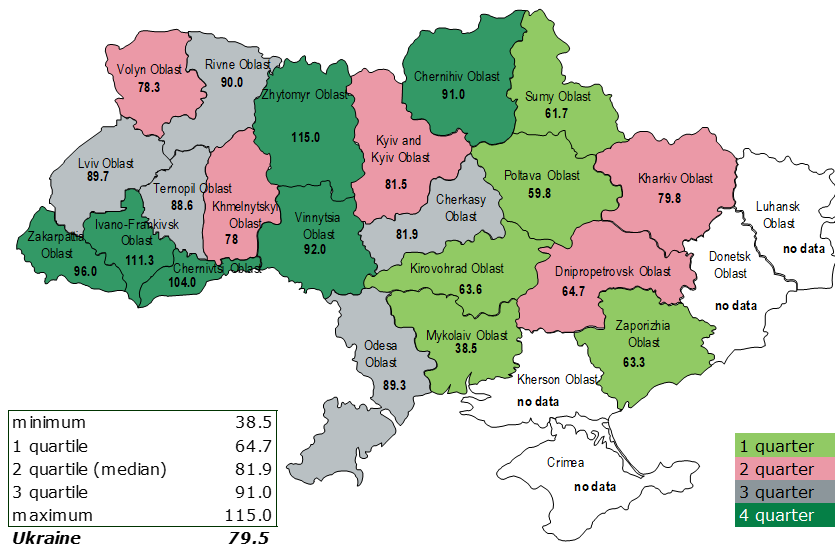
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0% (compared to (-9.1%) in the previous quarter). The balance across Ukraine was (-21.8%).
- **Finished goods stocks remained at lower than normal levels:** the balance of responses was (-25.0%) compared to (-20.0%) 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 27.3% compared to 18.2% in Q2 2022.

Survey Details^{1,2}



- Period: 1 August through 8 August 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, %



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

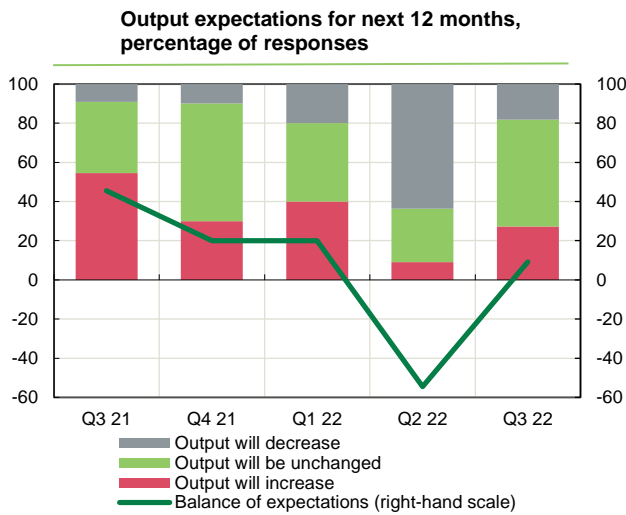


Figure 2

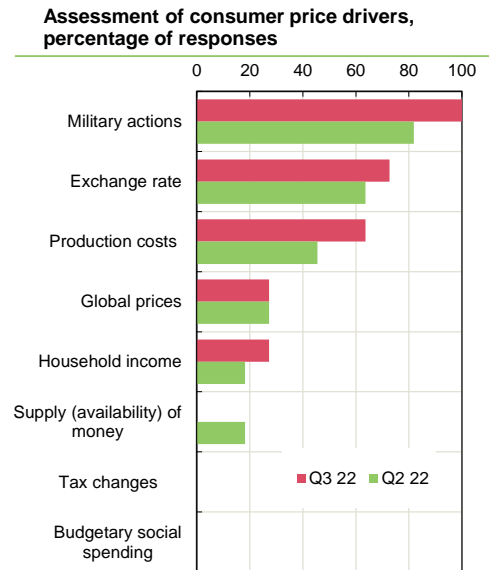


Figure 3

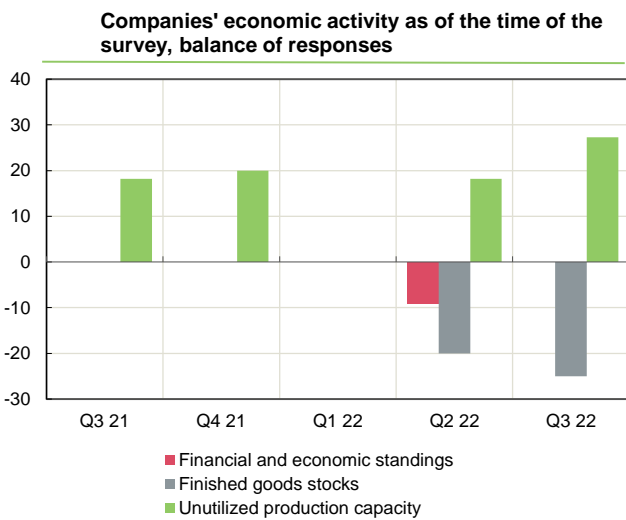


Figure 4

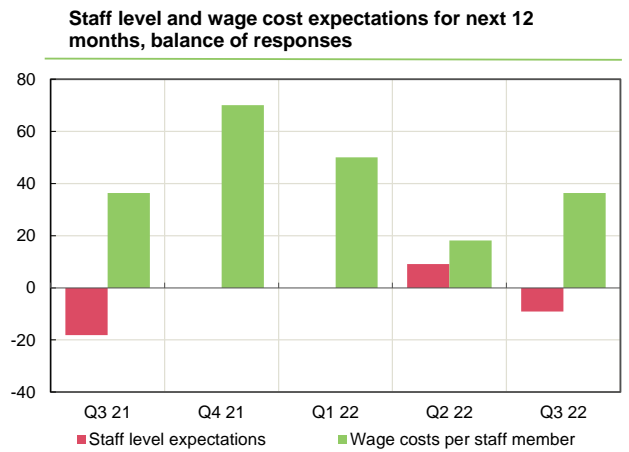


Figure 5

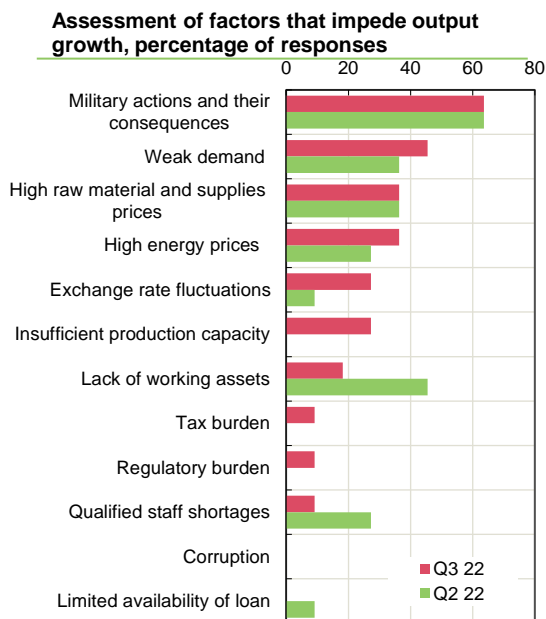


Figure 6

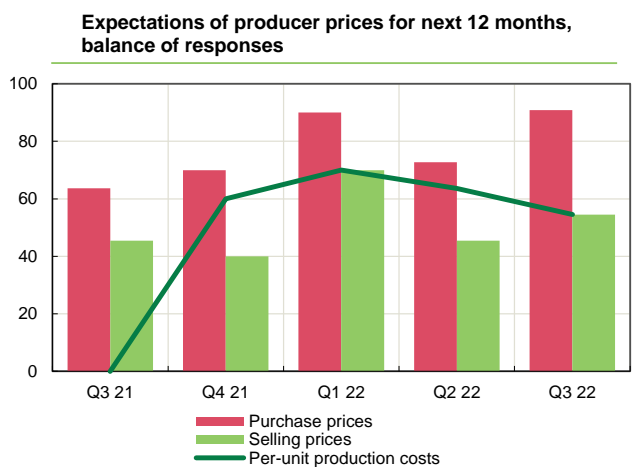


Figure 7

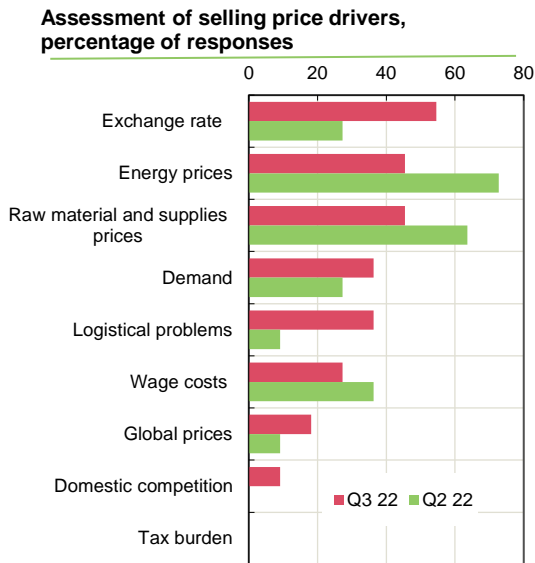


Figure 8

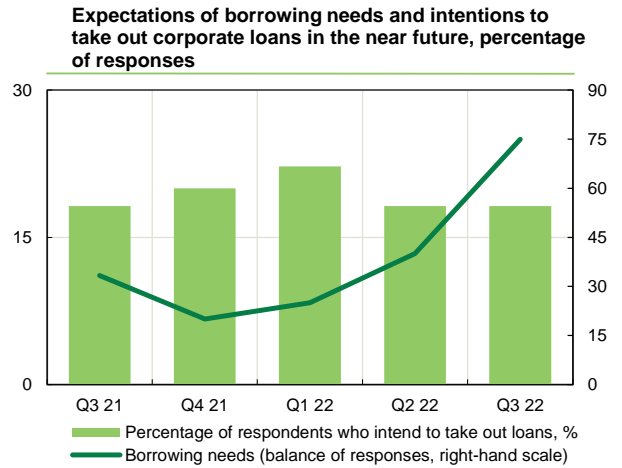


Figure 9

