



National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q2 2024



*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q2 2024 showed that, despite the war, qualified staff shortages and weak demand, respondents expected the output of Ukrainian goods and services to increase. They had positive expectations for the performance of their companies over the next 12 months. Respondents expected that prices for consumer goods and services would rise more slowly. Depreciation expectations strengthened.

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

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 9.1%, compared to 18.2% in Q1 2024 (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **prices for consumer goods and services would rise more slowly:** 90.9% of respondents said that growth in the prices of consumer goods and services would not exceed 10.0% (compared to 81.8% in the previous quarter and 62.8% across Ukraine). Respondents continued to refer to military actions, the hryvnia exchange rate (the impact of this driver war reported to have increased) and production costs as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate more noticeably:** 81.8% of respondents (compared to 63.6% in Q1 2024) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 9.1%, up from 0.0% in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate moderately (-0.2%)
- **total sales and external sales would remain unchanged:** the balances of responses were 0.0% for each, compared to 0.0% and (-33.3%) respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment in construction would increase:** the balance of responses was 9.1%, up from (-18.2%) in the previous quarter. At the same time, respondents expected that **investment** in machinery, equipment, and tools **would decrease:** the balance of responses was (-9.1%), as in Q1 2024 (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-18.2%), as in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- **purchase prices would grow more quickly:** the balance of responses was 90.9%, compared to 72.7% in the previous quarter. Respondents also expected that selling prices would rise: the balance of responses was 45.5% (as in the previous quarter) (Figure 6). The hryvnia exchange rate and high energy, raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase at a noticeably slower pace:** the balances of responses were 27.3% and 45.5% respectively, compared to 45.5% and 72.7% respectively in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, qualified staff shortages, and weak demand as **the main drags on their ability to boost production** (Figure 5).

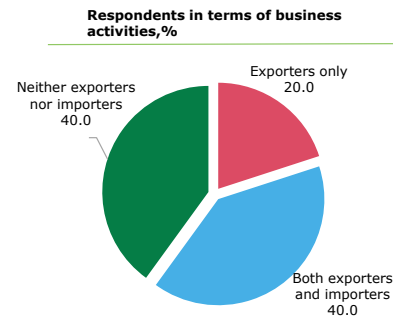
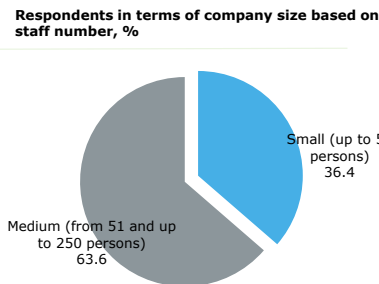
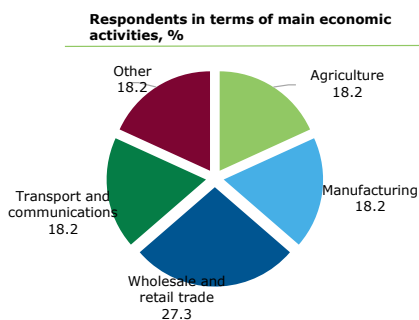
The share of respondents who planned to take out bank loans was 18.2%, as in the previous quarter (Figure 8). The companies that planned to take out bank loans only opted for domestic currency loans. Respondents referred to high loan rates (the impact of this factor was reported to have increased), uncertainty about their ability to meet debt obligations as they fall due and the availability of other funding sources 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 (96.0% across Ukraine).

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

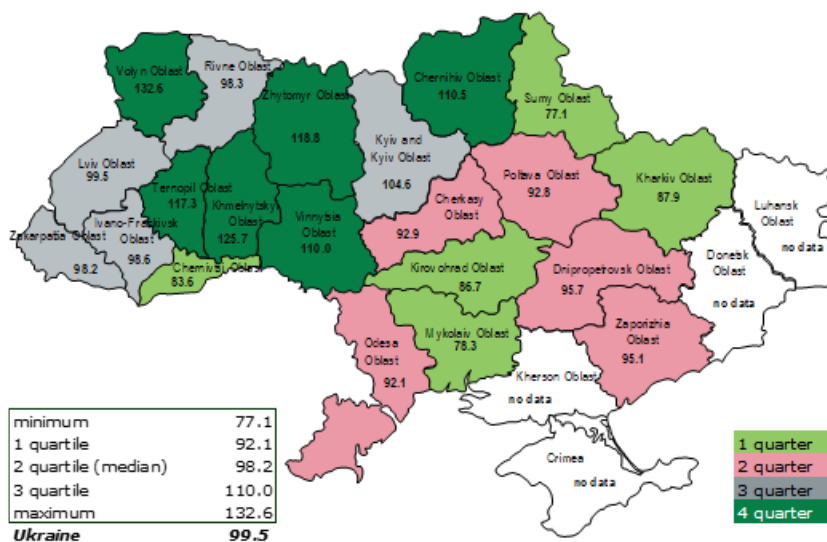
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-27.3%), compared to 9.1% in the previous quarter. The balance across Ukraine was (-4.3%).
- **Finished goods stocks were assessed as lower than normal:** the balance of responses was (-16.7%), up from (-40.0%) in the previous quarter.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-9.1%), up from (-20.0%) in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 20 May 2024.
- 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
^{**}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, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	9.1	0.0	-18.2	0.0	9.1
Total sales	18.2	18.2	0.0	0.0	0.0
Investment in construction	-36.4	-18.2	-18.2	-18.2	9.1
Investment in machinery, equipment, and tools	-27.3	-9.1	-9.1	-9.1	-9.1
Staff numbers	-9.1	0.0	-9.1	-18.2	-18.2

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

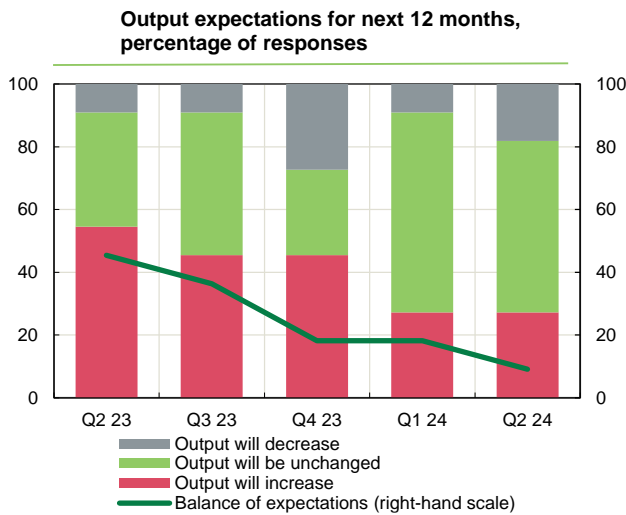


Figure 2

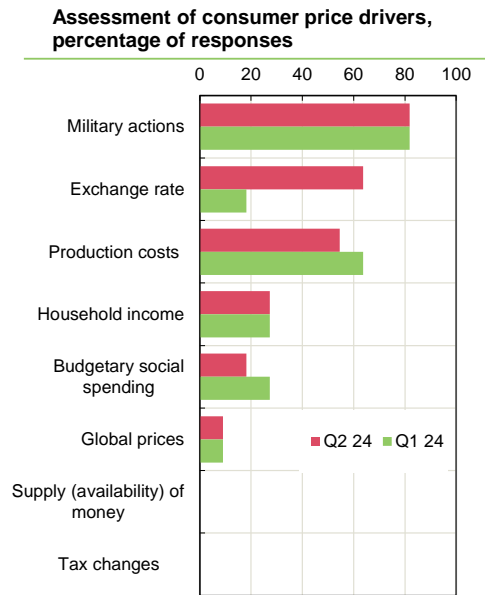


Figure 3

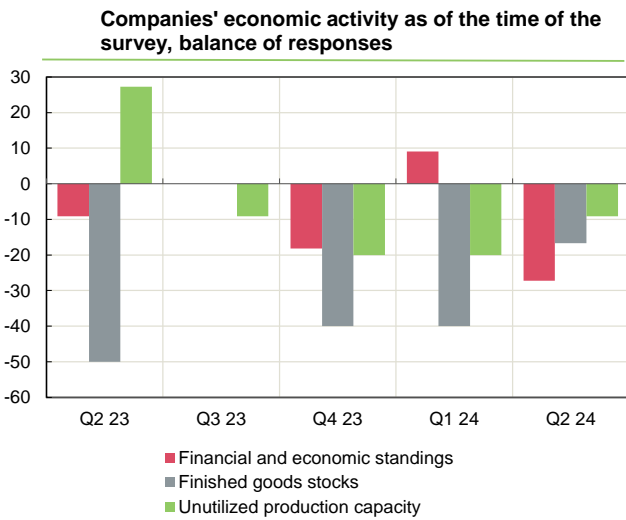


Figure 4

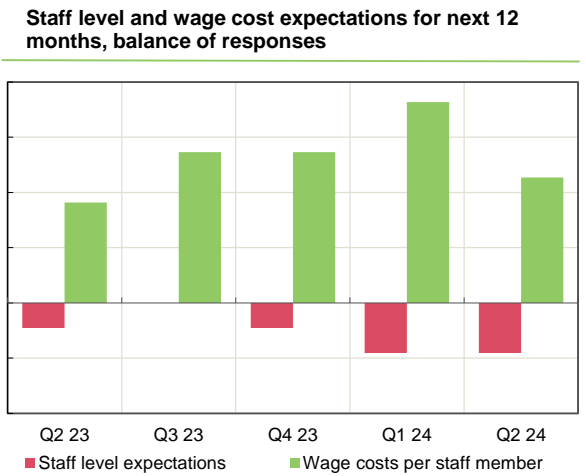


Figure 5

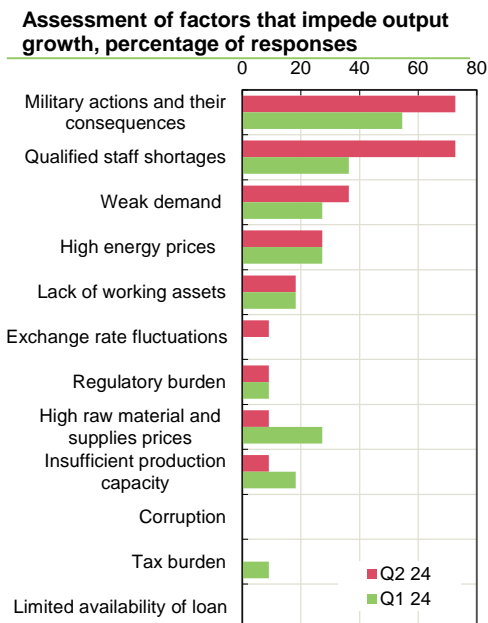


Figure 6

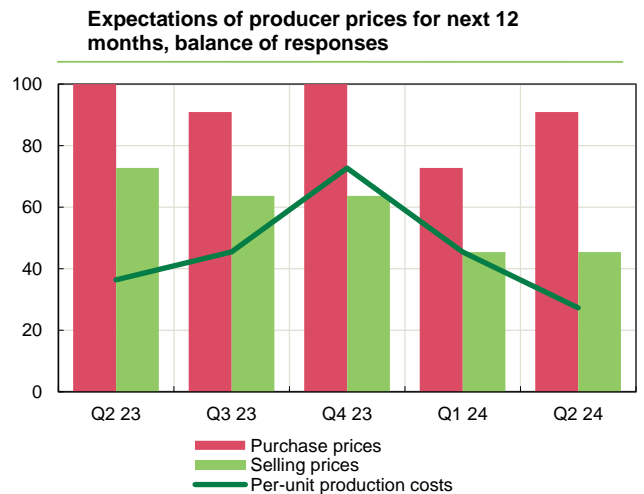


Figure 7

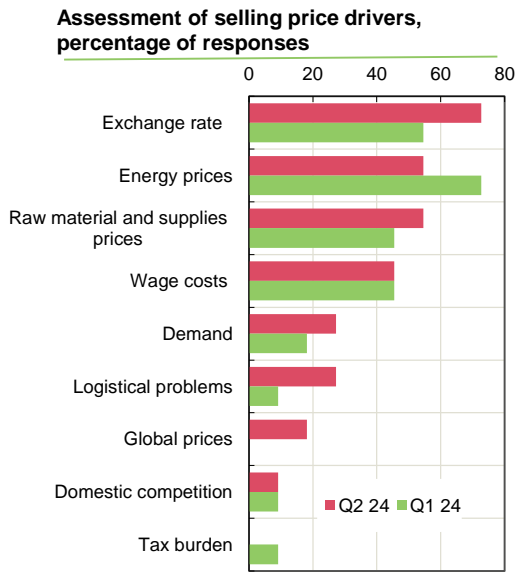


Figure 8

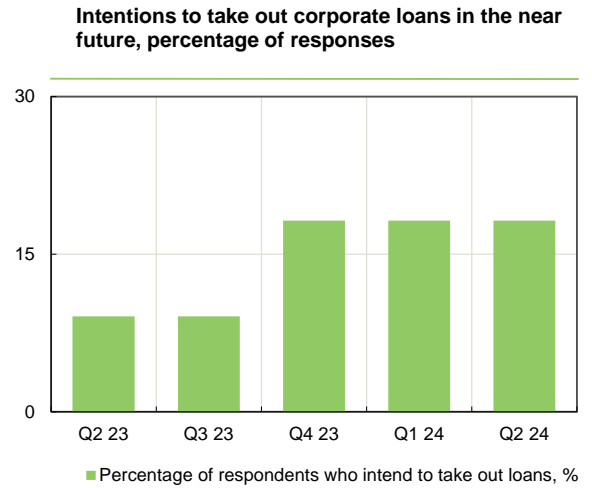


Figure 9

