



National Bank
of Ukraine

Business Outlook Survey of Zaporizhzhia Oblast*

Q2 2022



*This survey only reflects the opinions of respondents in Zaporizhzhia 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 Zaporizhzhia oblast in Q2 2022 showed that against the background of the war respondents expected that **the output of Ukrainian goods and services would decrease significantly** over the next 12 months. They had **negative expectations for the performance of their companies over the same period**. Inflation and depreciation expectations were high.

The top managers of companies expected that over the next 12 months¹:

- **the output of Ukrainian goods and services would decrease significantly:** the balance of responses was (-64.7%) (Figure 1). The balance of responses across Ukraine was (-48.7%)
- **prices for consumer goods and services would rise at a fast pace:** 70.6% of respondents expected that the inflation rate would exceed 20.0% (compared to 58.2% across Ukraine). Respondents referred to military actions, hryvnia exchange rate and production costs as the **main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a fast pace:** 94.1% of respondents expected the hryvnia to weaken against the US dollar compared to 88.9% across Ukraine
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-47.1%). The balance of responses across Ukraine was (-17.1%) (see Table)
- **total sales would decrease:** the balance of responses was (-20.0%) (see Table). **External sales were also expected to drop, albeit at a faster pace:** the balance of responses being (-55.6%). Overall, the balances of responses across Ukraine were (-19.0%) and (-25.0%) respectively
- **investment** both in construction and in machinery, equipment, and tools **would drop rapidly:** the balances of responses were (-78.6%) and (-71.4%) respectively. Across Ukraine, the balances of responses were (-37.2%) and (-34.7%) respectively
- **staff numbers at their companies would decrease significantly:** the balance of responses was (-40.0%) (Figure 4). Across Ukraine, the balance of responses was (-29.0%)
- **purchase prices would rise dramatically** (the balance of responses was 100.0%). **Selling prices** were also expected to grow at a fast pace (the balance of responses was 80.0% (Figure 6). Raw material and supplies prices, energy prices, the hryvnia exchange rate and logistical problems were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow at a fast pace** while **wage costs per staff member would grow moderately:** the balances of responses were 71.4% and 6.7% respectively (Figures 4 and 6).

Respondents referred to military actions and their consequences, high raw material and supplies prices, energy prices as **the main drags on the ability of their companies to boost production** (Figure 5).

Respondents expected that **their borrowing needs would increase** in the near future (Figure 8). The companies that planned to take out loans usually opted for domestic currency ones. Lending conditions had tightened (Figure 9). Collateral requirements, complicated paperwork, the hryvnia exchange rate fluctuations and uncertainty about ability to meet debt obligations as they fall due were cited as the main factors deterring companies from taking out loans (Figure 10).

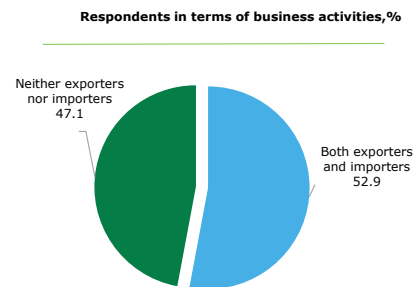
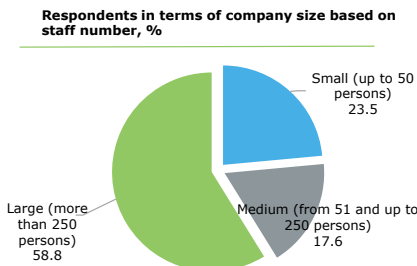
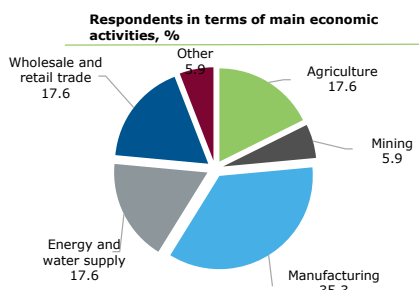
All of respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (93.5% across Ukraine).

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

- **Respondents assessed their current financial and economic standings as bad:** the balance of responses was (-41.2%). Across Ukraine, the balance of responses being (-28.8%).
- **Finished goods stocks were assessed at a level higher than the normal one:** the balance of responses was 17.6%.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 19.2%.

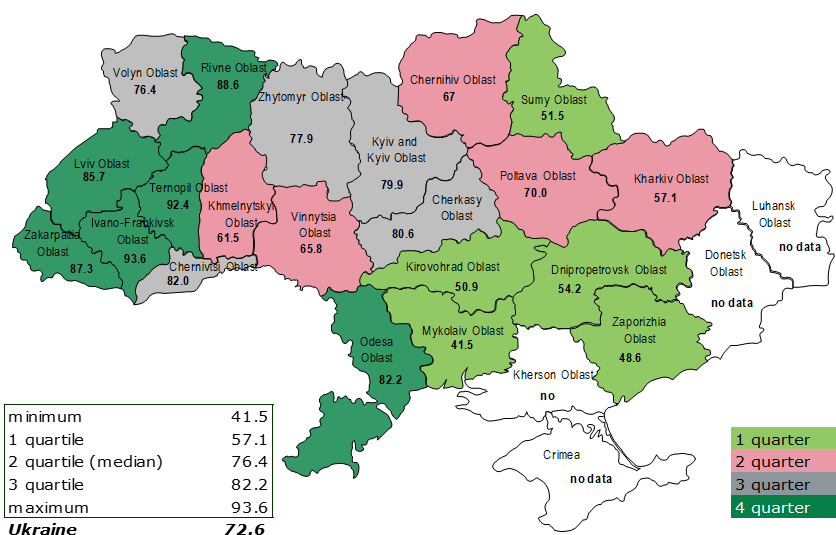
¹ Expectations of the oblast' companies in Q2 2022 are not comparable to their expectations in Q1 2022 (oblast had no representative samples in Q1 2022 as the survey ended early due to the start of the war).

Survey Details^{2,3}



- Period: 4 May through 30 May 2022.
- A total of 17 companies were polled.
- A representative sample was generated on the basis of the manufacturing industry.

Business Outlook Index for Next 12 Months in Terms of Oblasts⁴, %



^aa 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 Zaporizhzhia 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	12.0	-11.5	0.0		-47.1
Total sales	0.0	7.4	18.5		-20.0
Investment in construction	12.0	4.2	11.1		-78.6
Investment in machinery, equipment, and tools	23.1	16.0	7.4		-71.4
Staff numbers	0.0	11.5	11.5		-40.0

² This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

³ Data for totals and components may be subject to rounding effects.

⁴ 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

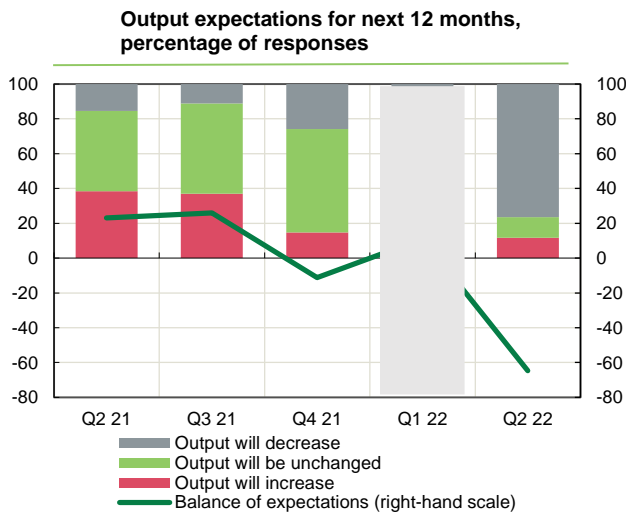


Figure 2

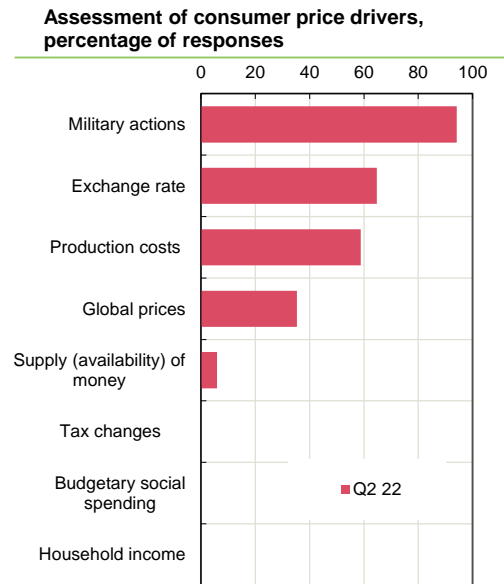


Figure 3

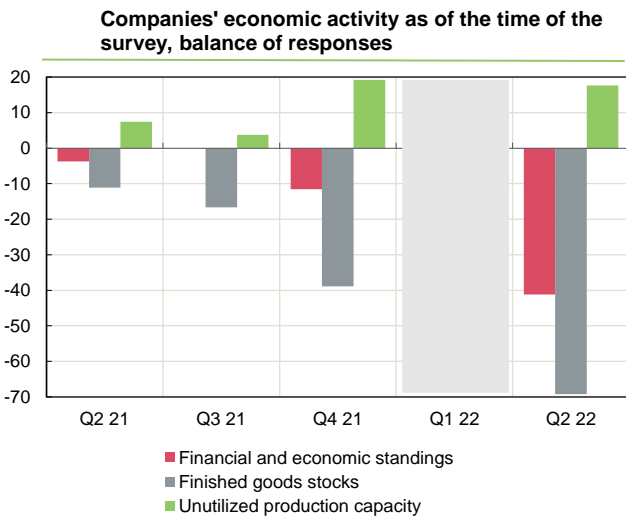


Figure 4

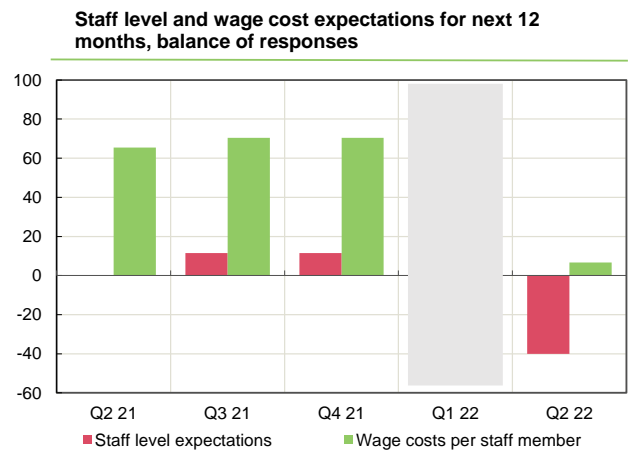


Figure 5

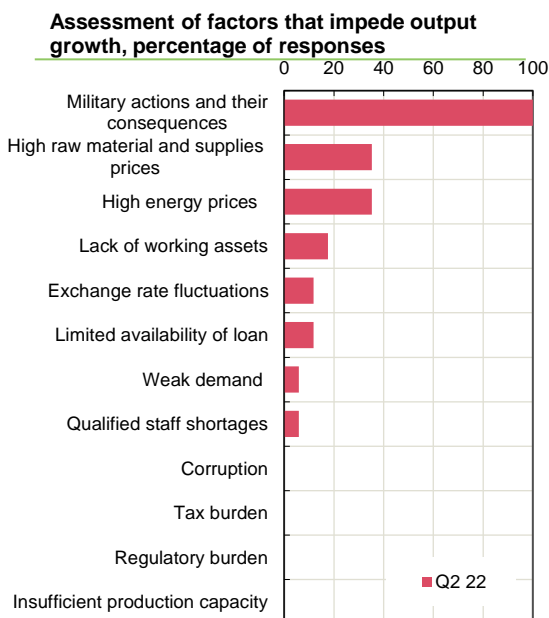


Figure 6

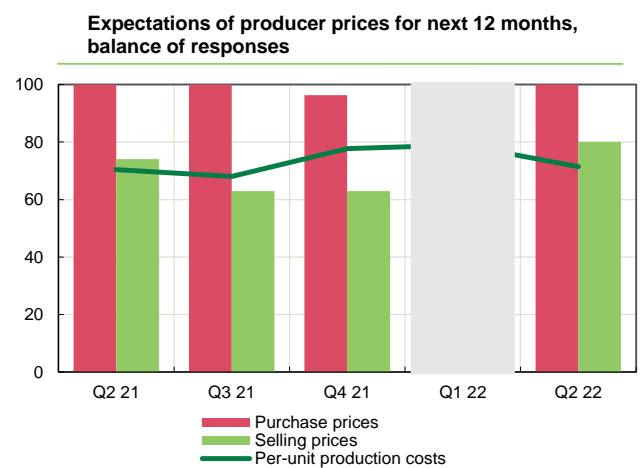


Figure 7

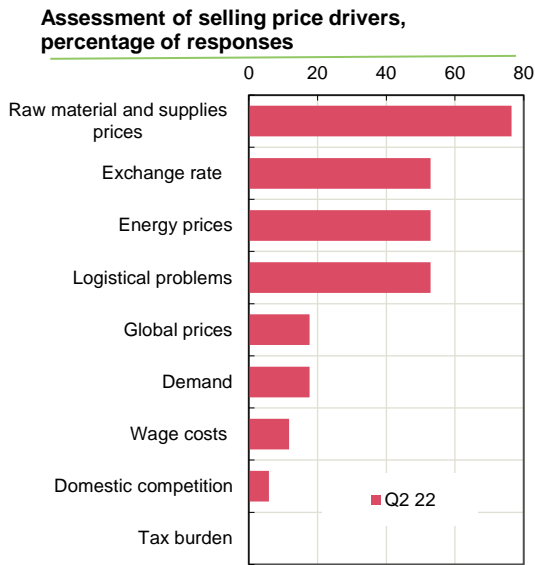


Figure 8

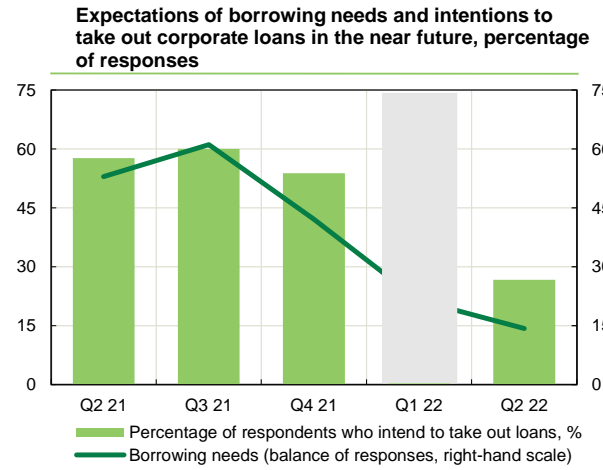


Figure 9

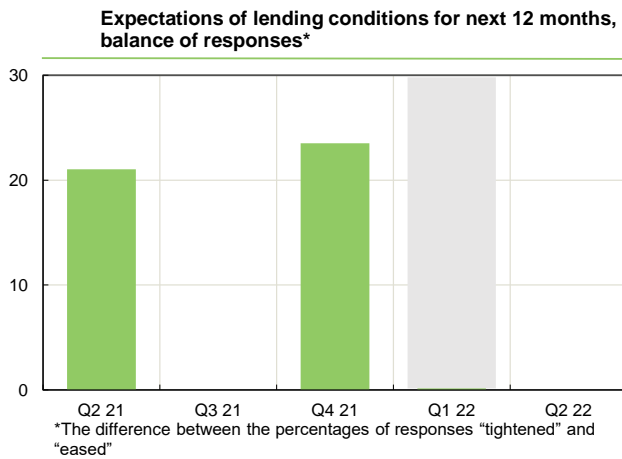


Figure 10

