



National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q2 2023



*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, **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 weakened.

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 45.5%, compared to 40.0% in Q1 2023 (Figure 1). Overall, across Ukraine the balance of responses was 17.0%.
- **prices for consumer goods and services would rise more slowly:** 63.6% of respondents said that the growth in the prices of consumer goods and services would not exceed 15.0% (compared to 45.5% in the previous quarter and 46.6% across Ukraine). Respondents continued to refer to military actions, production costs and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 63.6% of respondents (compared to 81.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve** (such expectations were reported for the first time since Q1 2022): the balance of expectations was 9.1%, up from 0.0% in the previous quarter (see Table). Across Ukraine, the balance of expectations was 9.6%.
- **total sales would increase:** the balance of responses was 18.2%, as in the previous quarter. Respondents also expected external sales to increase, albeit at a slower pace: the balance of responses was 16.7% (compared to 40.0% in Q1 2023) (see Table). Across Ukraine, the balances of responses were 14.5% and 10.9% respectively
- **both investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-36.4%) and (-27.3%) respectively, down from 0.0% and 9.1% respectively in the previous quarter. Across Ukraine, the balances of responses were (-2.3%) and 4.5% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-9.1%) (as in the previous quarter) (Figure 4). Across Ukraine, the balance of responses was (-3.8%)
- **purchase prices would grow faster than selling prices:** the balances of responses were 100.0% and 72.7% respectively, compared to 90.9% and 63.6% respectively in the previous quarter (Figure 6). High energy prices, raw material and supplies prices, the hryvnia exchange rate and wage costs (the impact of the latter factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 36.4% for each, compared to 36.4% and 45.5% respectively in the previous quarter (Figures 4 and 6).

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

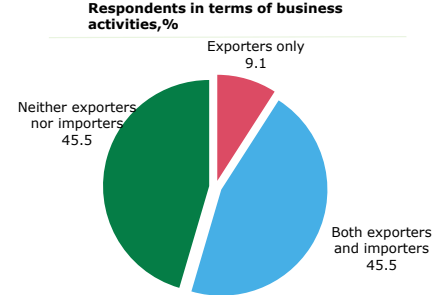
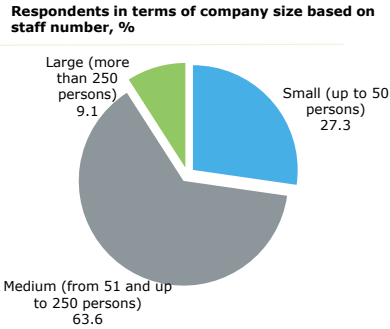
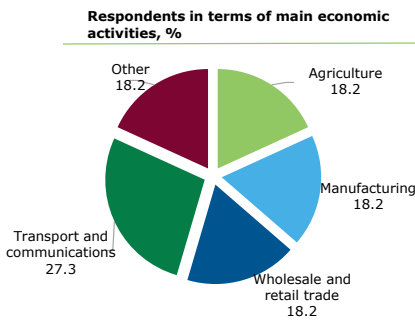
The share of respondents who planned to take out bank loans decreased, to 9.1% (Figure 8). The companies that planned to take out bank loans only opted for domestic currency loans. Respondents referred to other funding sources, high loan rates and uncertainty about ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

90.9% of respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.9% across Ukraine).

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

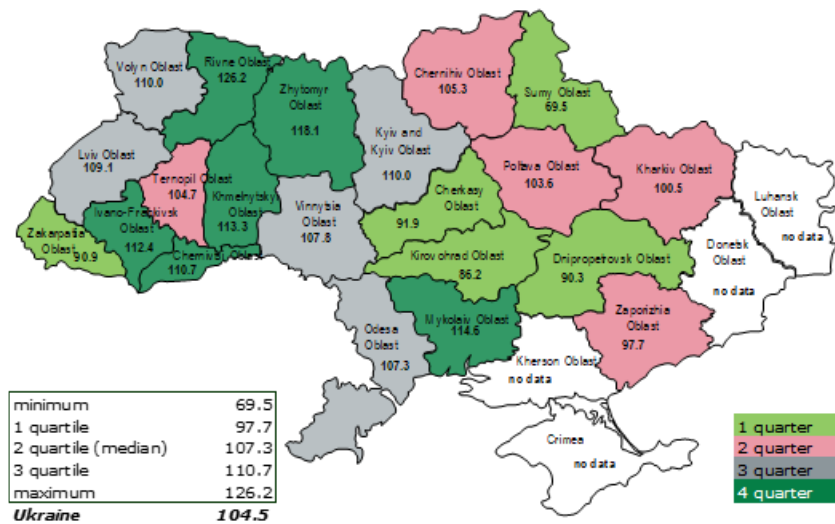
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-9.1%), compared to (-36.4%) in the previous quarter. The balance across Ukraine was (-11.1%).
- **Finished goods stocks remained at lower than normal levels:** the balance of responses was (-50.0%), as 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 Q1 2023.

Survey Details^{1,2}



- Period: 2 May through 19 May 2023.
- 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, %



*a 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 22	Q3 22	Q4 22	Q1 23	Q2 23
Financial and economic standings	-36.4	-18.2	0.0	0.0	9.1
Total sales	-18.2	-20.0	18.2	18.2	18.2
Investment in construction	-18.2	9.1	-18.2	0.0	-36.4
Investment in machinery, equipment, and tools	0.0	18.2	-18.2	9.1	-27.3
Staff numbers	9.1	-9.1	-9.1	-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

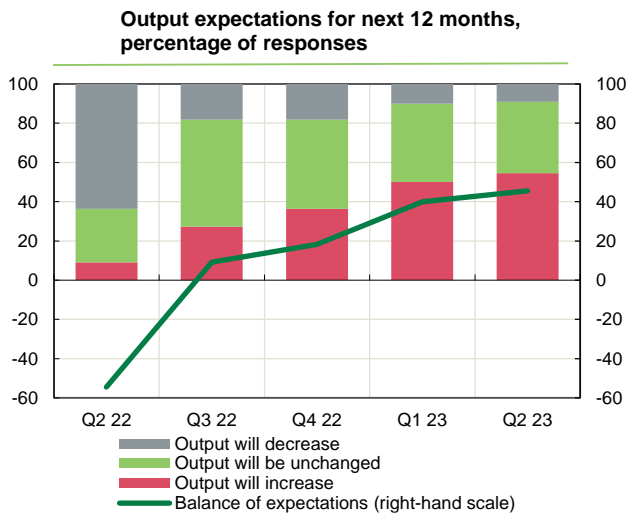


Figure 2

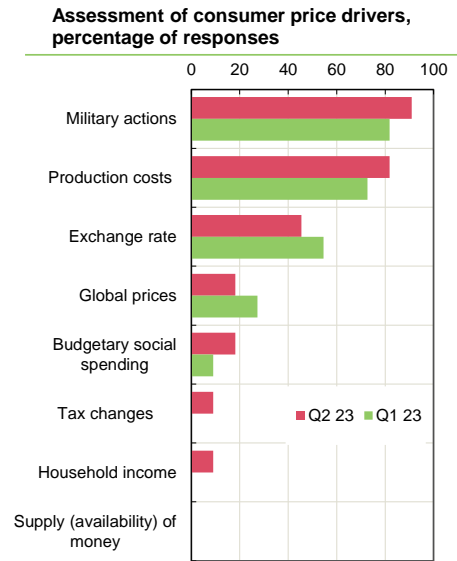


Figure 3

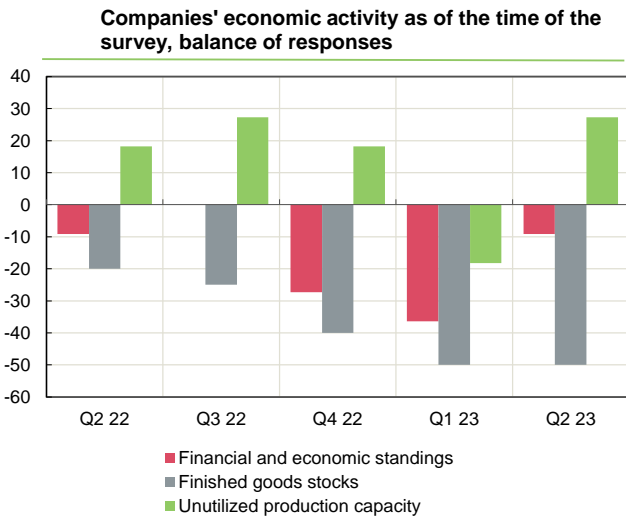


Figure 4

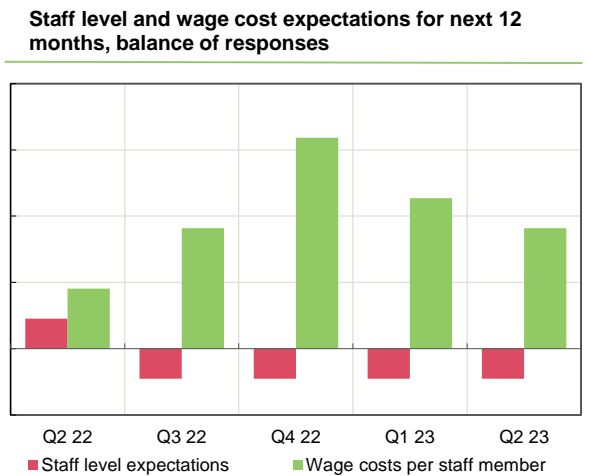


Figure 5

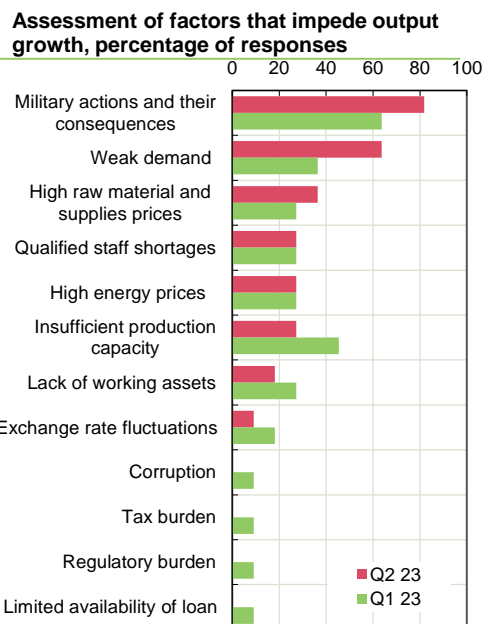


Figure 6

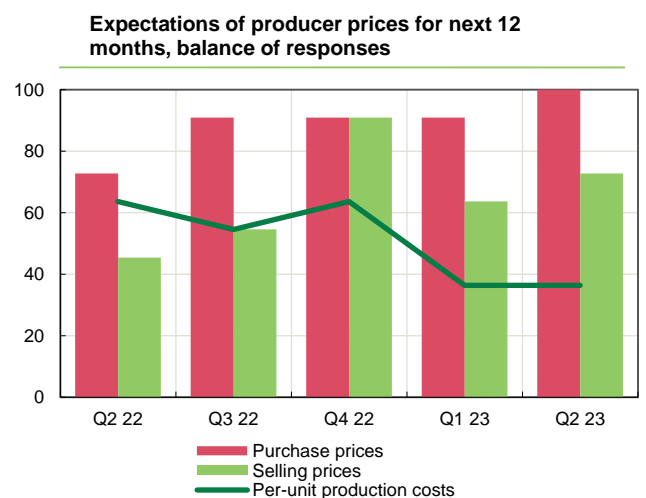


Figure 7

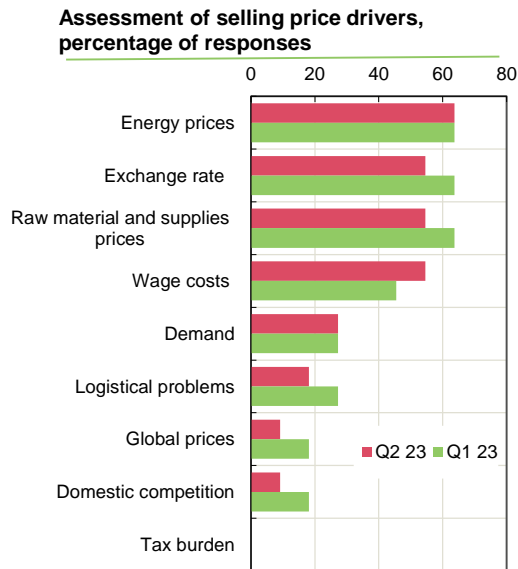


Figure 8

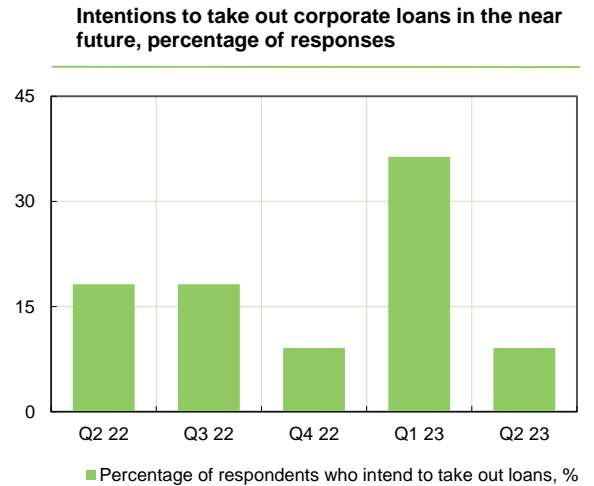


Figure 9

