National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q4 2022

*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Zakarpattia oblast in Q4 2022 showed that despite the war and terrorist attacks respondents expected the output of Ukrainian goods and services to increase at a faster pace. At the same time, they had cautious 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 at a faster pace:** the balance of expectations was 18.2% (these were the most optimistic expectations among the regions), compared to 9.1% in Q3 2022 (Figure 1). Overall, across Ukraine respondents expected a decrease in output (-32.3%).
- **prices for consumer goods and services would rise more slowly:** 72.7% of respondents said that the growth in the prices of consumer goods and services would not exceed 20.0% (compared to 54.5% in the previous quarter and 37.6% across Ukraine). Respondents continued to refer to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate at a faster pace:** 90.9% of respondents (compared to 72.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would remain unchanged:** the balance of expectations was 0.0% compared to (-18.2%) in the previous quarter (see Table) and (-11.5%) across Ukraine
- **total sales would increase significantly:** the balance of responses was 18.2% compared to (-20.0%) in the previous quarter. Respondents also expected external sales to increase: the balance of responses was 33.3% (compared to 28.6% in Q3 2022) (see Table). Across Ukraine, the balances of responses were (-7.3%) and (-6.3%) respectively
- **both investment in machinery, equipment, and tools and investment in construction would decrease**: the balances of responses were (-18.2%) for each (compared to 18.2% and 9.1% respectively in the previous quarter). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) 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 (-20.1%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 90.9% for each, compared to 90.9% and 54.5% in the previous quarter (Figure 6). The hryvnia exchange rate, high raw material and supplies prices, and energy prices 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 63.6% for each, compared to 54.5% and 36.4% in the previous quarter (Figures 4 and 6).

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

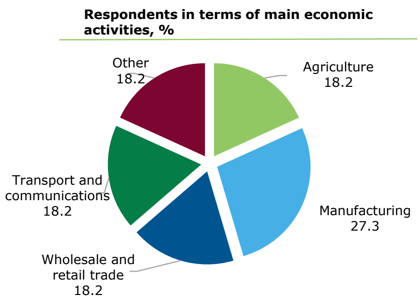
Respondents expected that their borrowing needs would **remain unchanged** in the near future (Figure 8). The companies that planned to take out bank loans only opted to take out domestic currency loans. Respondents continued to refer to other funding sources, high loan rates and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

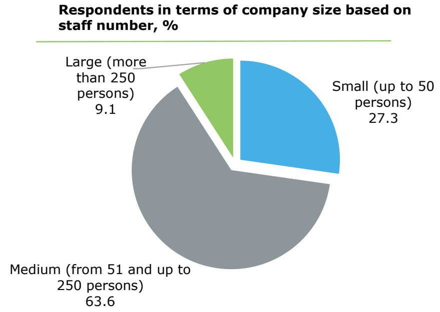
90.9% of the respondents said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.2% across Ukraine).

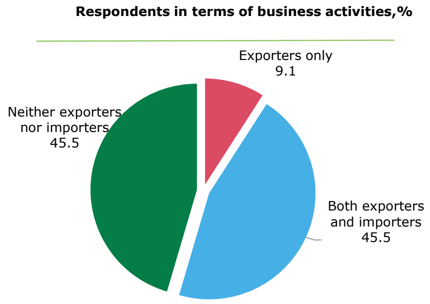
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- **Companies said that their current financial and economic standings had deteriorated and assessed them as bad:** the balance of responses was (-27.3%) (compared to 0.0% in the previous quarter). The balance across Ukraine was (-19.3%).
- **Finished goods stocks remained at lower than normal levels:** the balance of responses was (-40.0%) compared to (-25.0%) 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 27.3% in Q3 2022.

Survey Details[1,2]

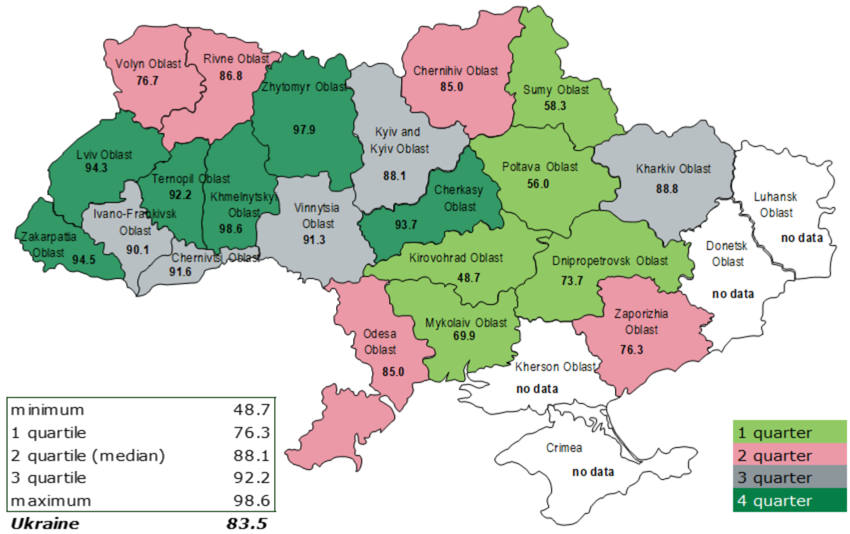






- Period: 31 October through 21 November 2022.
- A total of 11 companies were polled.
- No economic activity was able to generate a representative sample.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*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, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	-20.0	10.0	-36.4	-18.2	0.0
Total sales	-30.0	0.0	-18.2	-20.0	18.2
Investment in construction	-20.0	-20.0	-18.2	9.1	-18.2
Investment in machinery, equipment, and tools	-10.0	0.0	0.0	18.2	-18.2
Staff numbers	0.0	0.0	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

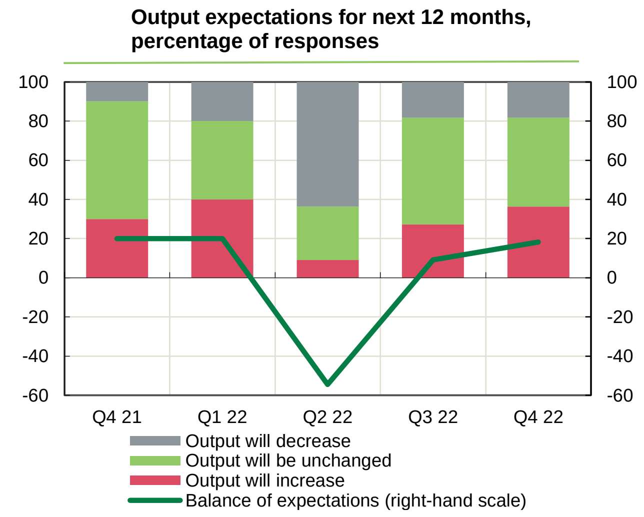


Figure 2

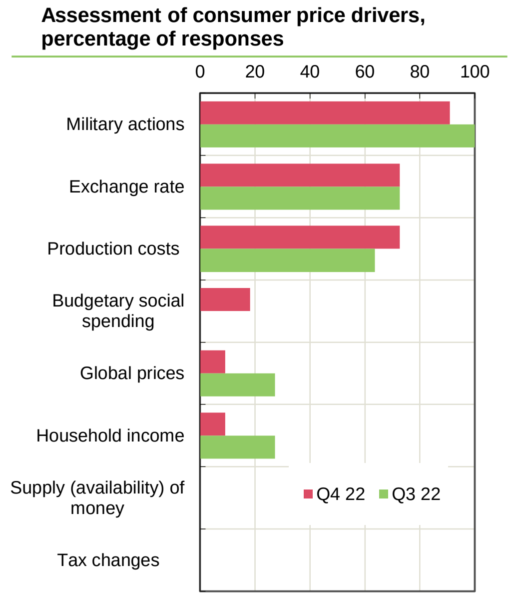


Figure 3

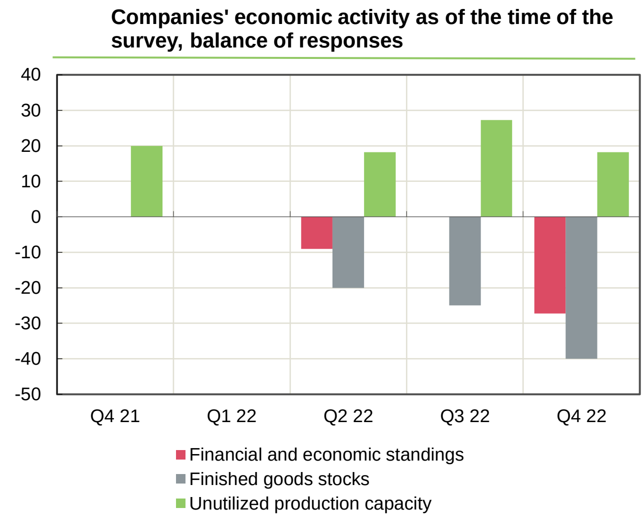


Figure 4

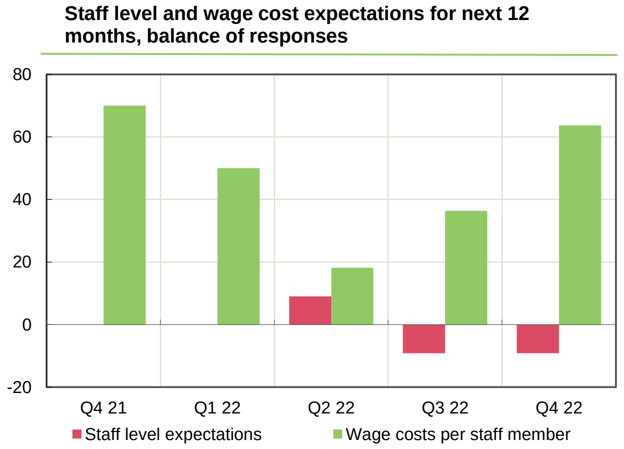


Figure 5

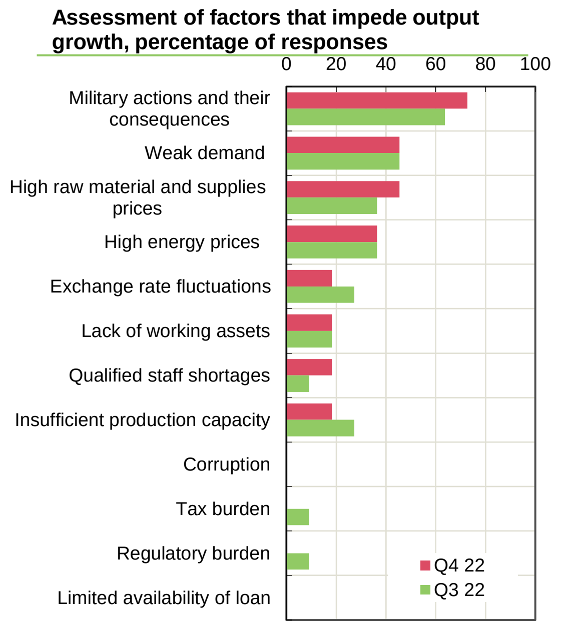


Figure 6

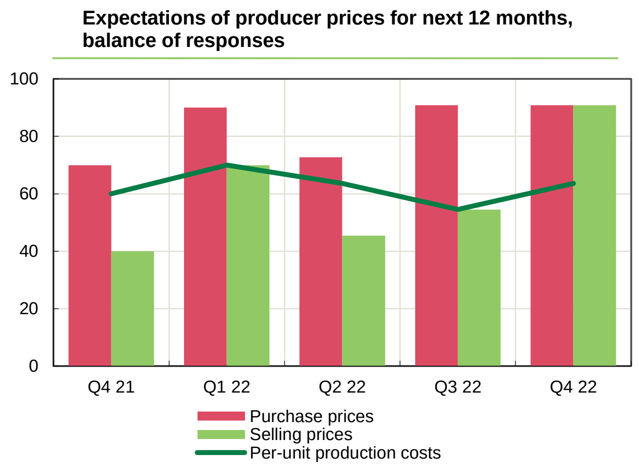


Figure 7

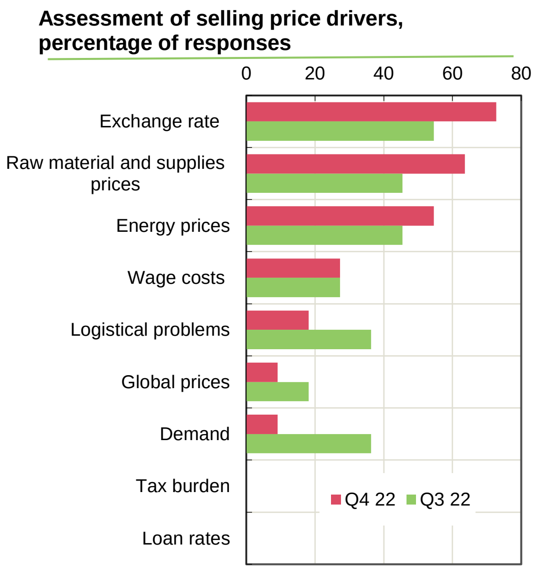


Figure 8

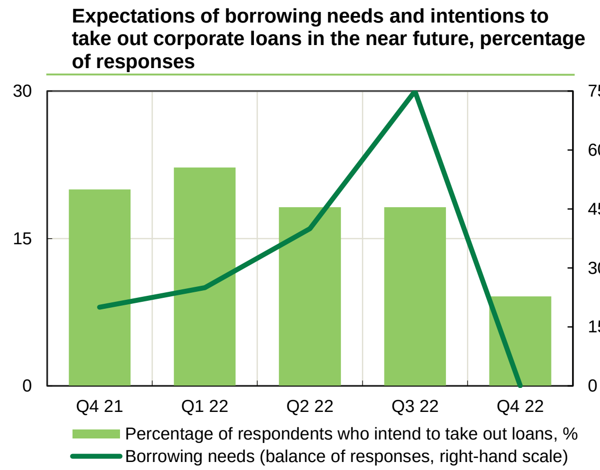


Figure 9