



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Zhytomyr 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 **Zhytomyr oblast** in Q4 2022 showed that on the back of the war and terrorist attacks respondents expected **a decrease in the output of Ukrainian goods and services**. They also **had negative expectations for their companies' performance over the next 12 months**. Inflation expectations improved slightly. Depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would decrease at a significantly faster pace:** the balance of expectations was (-84.6%) compared to (-25.0%) in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for consumer goods and services would increase more slowly:** 76.9% of respondents expected that the inflation rate would exceed 20.0% compared to 91.7% in the previous quarter and 62.4% across Ukraine. Respondents referred to military actions, production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 92.3% of respondents expected the hryvnia to weaken against the US dollar, compared to 91.7% in Q3 2022. The figure across Ukraine was (88.5%)
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-15.4%), compared to (16.7%) in the previous quarter (see Table). Across Ukraine, the balance of responses was (-11.5%)
- **total sales would increase at a significantly slower pace:** the balance of responses was 15.4%, compared to 50.0% in Q3 2022. Across Ukraine, the balance of responses was (-7.3%)
- **investment** in construction and in machinery, equipment, and tools **would drop:** the balances of responses were (-9.1%) for each, compared to 0.0% for each in the previous quarter. The balances of responses across Ukraine were (-26.9%) and (-16.6%) respectively
- **staff numbers would increase:** the balance of responses was 7.7% (the firmest expectations among the regions) compared to 8.3% in the previous quarter (Figure 4). Across Ukraine, companies expected that their staff numbers would decrease noticeably, the balance of responses was (-20.1%)
- **both purchase and selling prices would rise rapidly:** the balances of responses were 100.0% and 76.9% respectively, compared to 100.0% and 91.7% respectively in Q3 2022 (Figure 6). Energy prices (the impact of this driver was reported to have increased), raw material and supplies prices and logistical problems were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would increase more slowly:** the balance of responses was 76.9%, down from 100.0% in Q3 2022. At the same time, respondents expected that **wage costs per staff member would rise at a faster pace:** the balance of responses was 75.0%, up from 58.3% in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, raw material and supplies prices, weak demand and qualified staff shortages (the impact of the last two drivers was reported to have increased compared to the previous survey) **as the main drags on their ability to boost production** (Figure 5).

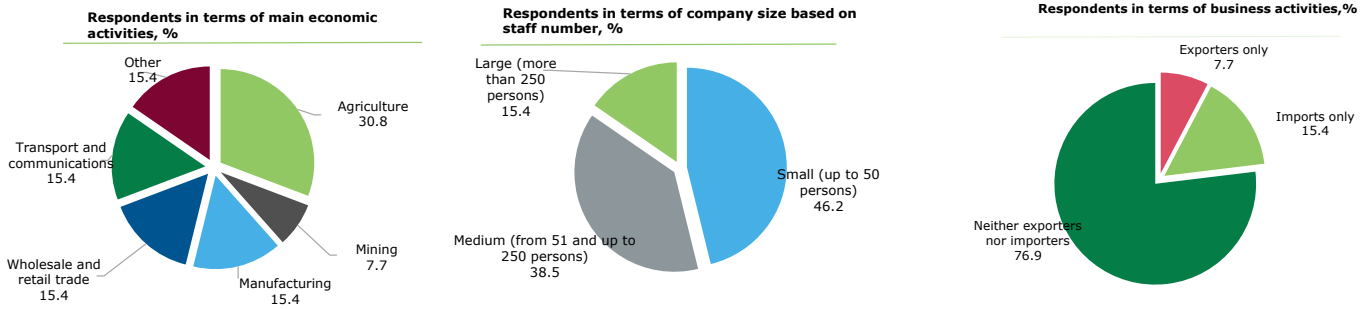
Respondents said that their borrowing needs would increase in the near future (Figure 8). The respondents who planned to take out loans (30.8% of those surveyed) opted only for domestic currency ones. Respondents referred to high interest rates, collateral requirements and other funding sources as the 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** (compared to 94.2% across Ukraine).

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

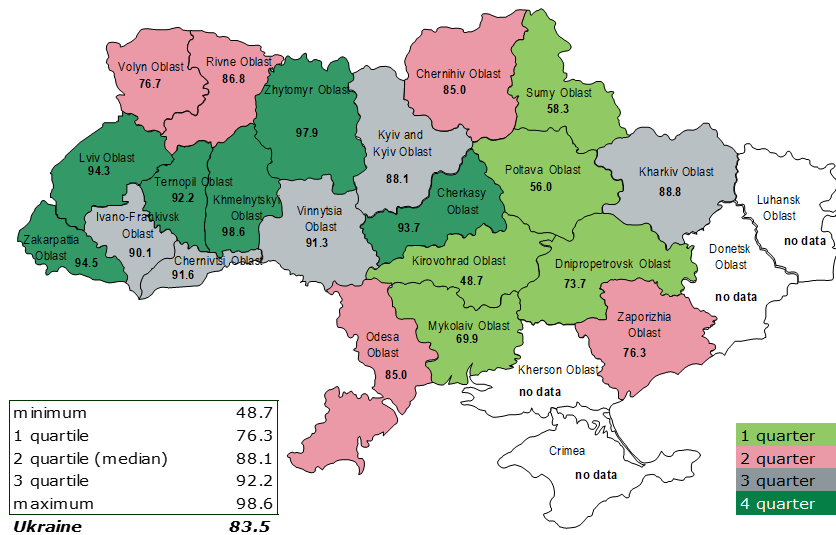
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-23.1%) compared to (-18.2%) in the previous quarter. Across Ukraine, the balance of responses was (-19.3%).
- **Finished goods stocks were assessed as higher than normal:** the balance of responses was 11.1%, compared to 14.3% in Q3 2022.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.4%, compared to 50.0% in the previous quarter.

Survey Details^{1,2}



- Period: 1 November through 26 November 2022.
- A total of 13 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

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
⁴a 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 Zhytomyr Oblast and Its Components⁴

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	0.0		-25.0	16.7	-15.4
Total sales	0.0		-9.1	50.0	15.4
Investment in construction	-8.3		-28.6	0.0	-9.1
Investment in machinery, equipment, and tools	7.7		-14.3	0.0	-9.1
Staff numbers	0.0		-33.3	8.3	7.7

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.
⁴ The oblast had no representative sample in Q1 2022 as the survey ended early due to the start of the war.

Figure 1

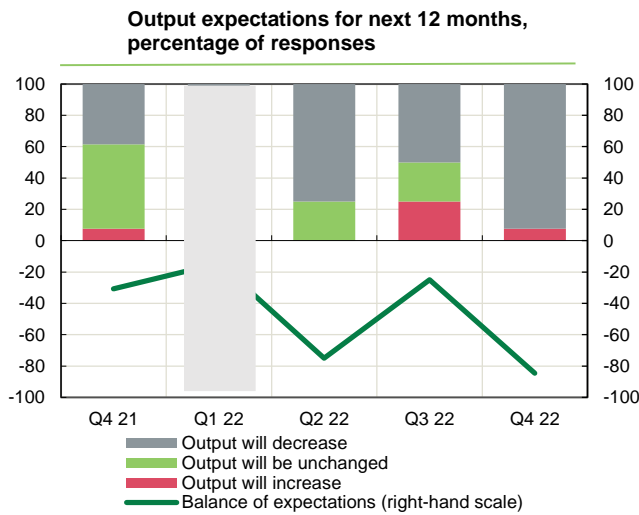


Figure 2

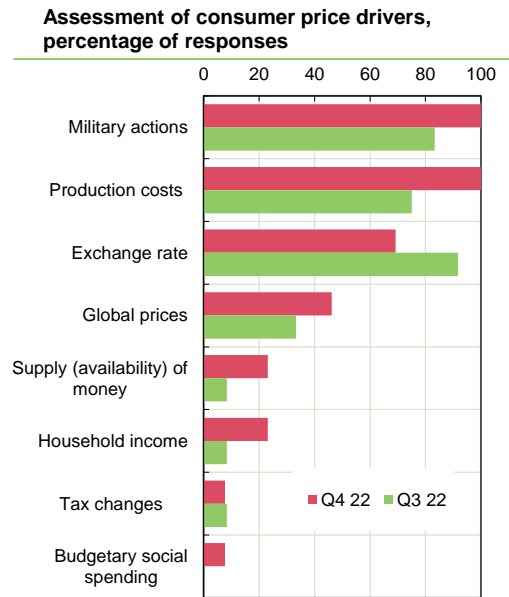


Figure 3

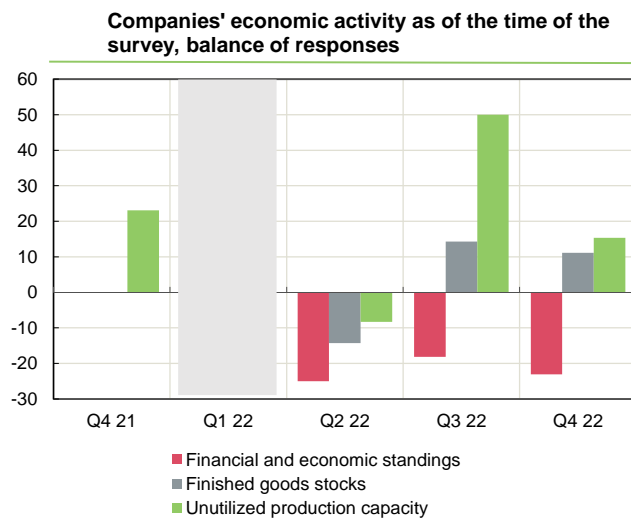


Figure 4

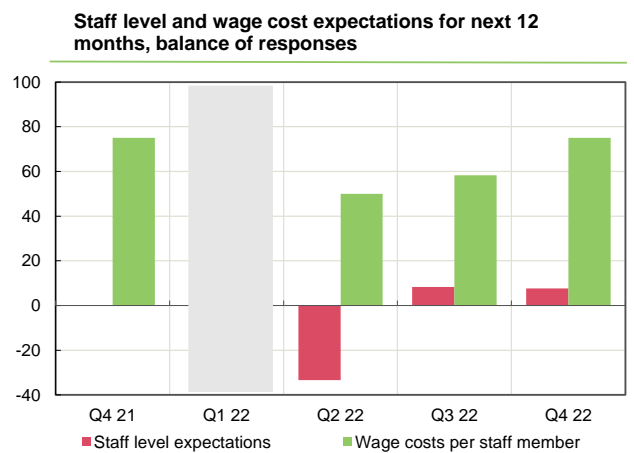


Figure 5

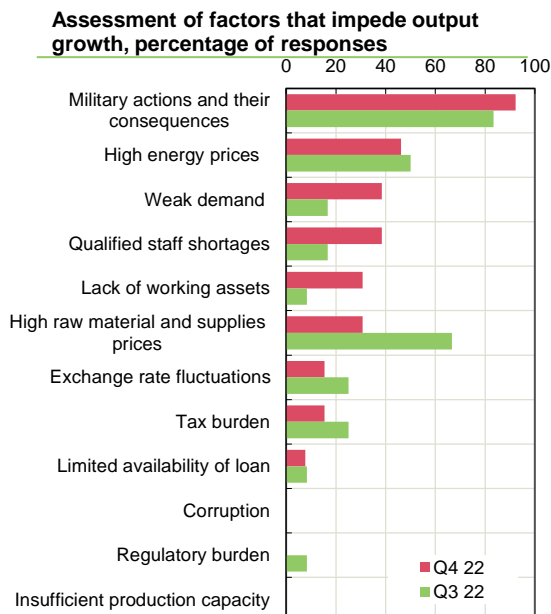


Figure 6

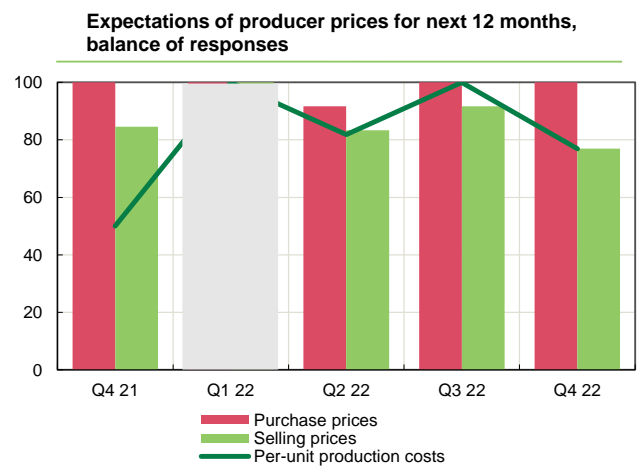


Figure 7

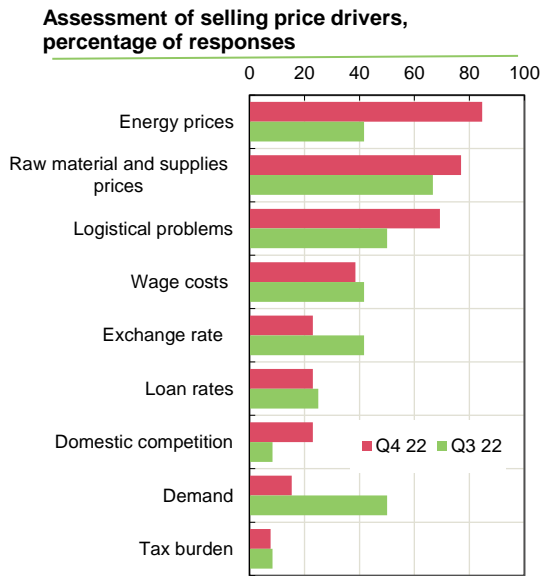


Figure 8

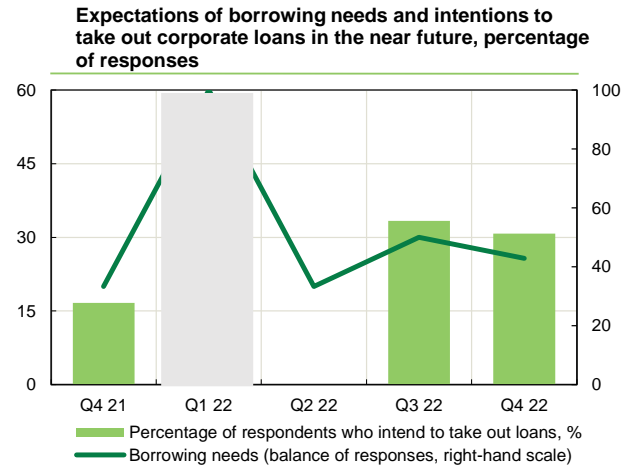


Figure 9

