



National Bank  
of Ukraine

# Business Outlook Survey of **Zakarpattia Oblast**\*

**Q4 2023**



\*This survey only reflects the opinions of respondents in Zakarpattia oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zakarpattia oblast** in **Q4 2023** showed that, despite the effects of security risks in the country, qualified staff shortages and weak demand, **respondents expected the output of Ukrainian goods and services to increase. They had negative 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 slower pace:** the balance of expectations was 18.2%, compared to 36.4% in Q3 2023 (Figure 1). Overall, across Ukraine the balance of responses was 15.2%.
- **prices for consumer goods and services would rise more slowly:** 63.6% of respondents said that growth in the prices of consumer goods and services would not exceed 10.0% (compared to 45.5% in the previous quarter and 47.6% across Ukraine). Respondents continued to refer to military actions, production costs, the hryvnia exchange rate and budgetary social spending as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more strongly:** 63.6% of respondents (compared to 54.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-18.2%) (which was among the dimmest expectations reported across the regions), down from 0.0% in the previous quarter (see Table). Across Ukraine, the balance of expectations was 4.1%.
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to 18.2% in the previous quarter. Respondents expected external sales to drop noticeably: the balance of responses was (-20.0%) (compared to 0.0% in Q3 2023) (see Table). Across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **both investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-18.2%) and (-9.1%) respectively, as in the previous quarter. Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-9.1%), down from 0.0% in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-6.5%)
- **purchase prices would grow more rapidly than selling prices:** the balances of responses were 100.0% and 63.6% respectively, compared to 90.9% and 63.6% respectively in the previous quarter (Figure 6). High energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would increase at a significantly faster pace:** the balance of responses was 72.7%, compared to 45.5% in the previous quarter. Respondents also expected that **wage costs per staff member would increase:** the balance of responses was 54.5%, as in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, qualified staff shortages (the impact of this factor was reported to have increase significantly compared to the previous survey), and weak demand as **the main drags on their ability to boost production** (Figure 5).

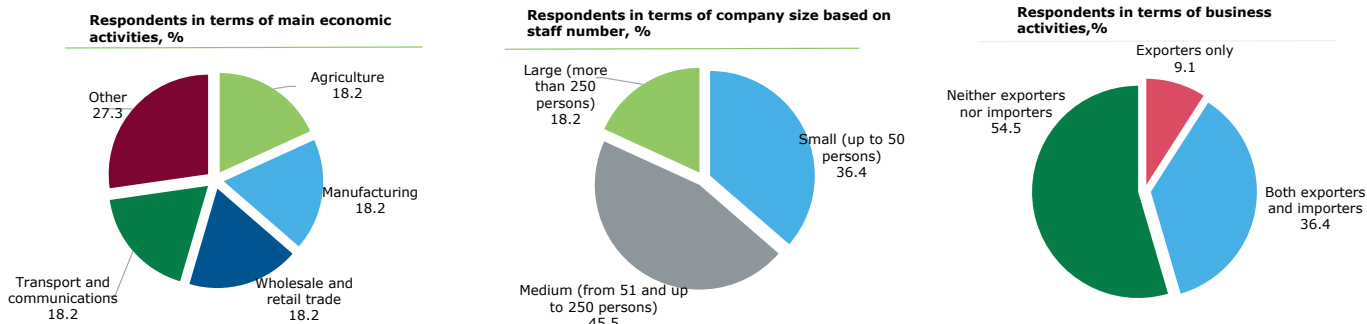
The share of respondents who planned to take out bank loans increased to 18.2% (Figure 8). The companies that planned to take out bank loans fell into two camps, with 50.0% of them opting for domestic currency loans. Respondents referred to other funding sources, high loan rates and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 9).

**All of the respondents** said that they **had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (95.8% across Ukraine).

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

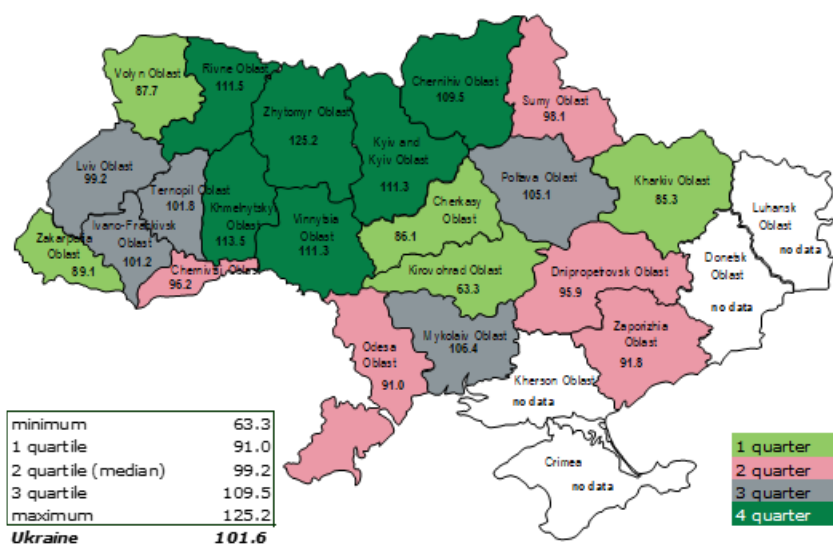
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-18.2%), compared to 0.0% in the previous quarter. The balance across Ukraine was (-5.6%).
- **Finished goods stocks had decreased and were assessed as lower than normal:** the balance of responses was (-40.0%), down from 50.0% in the previous quarter.
- **Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-20.0%), compared to (-9.1%) in Q3 2023.

Survey Details<sup>1,2</sup>



- Period: 31 October through 23 November 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 Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</sup>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 22	Q1 23	Q2 23	Q3 23	Q4 23
Financial and economic standings	0.0	0.0	9.1	0.0	-18.2
Total sales	18.2	18.2	18.2	18.2	0.0
Investment in construction	-18.2	0.0	-36.4	-18.2	-18.2
Investment in machinery, equipment, and tools	-18.2	9.1	-27.3	-9.1	-9.1
Staff numbers	-9.1	-9.1	-9.1	0.0	-9.1

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

<sup>2</sup> Data for totals and components may be subject to rounding effects.

<sup>3</sup> 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

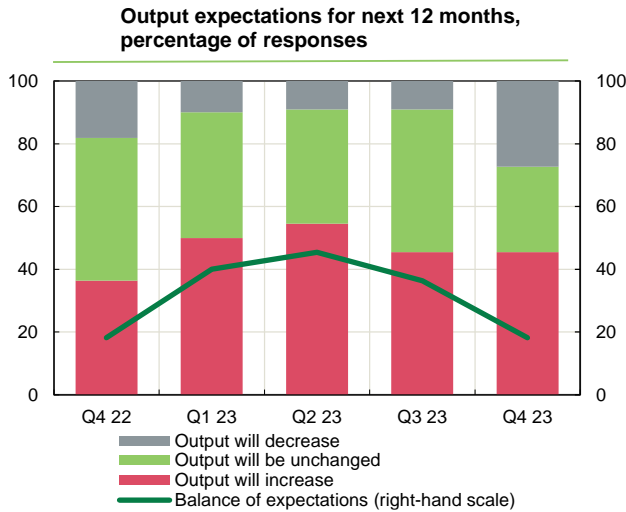


Figure 2

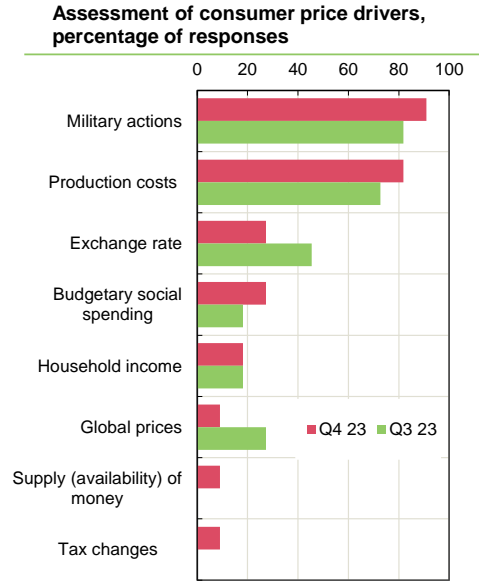


Figure 3

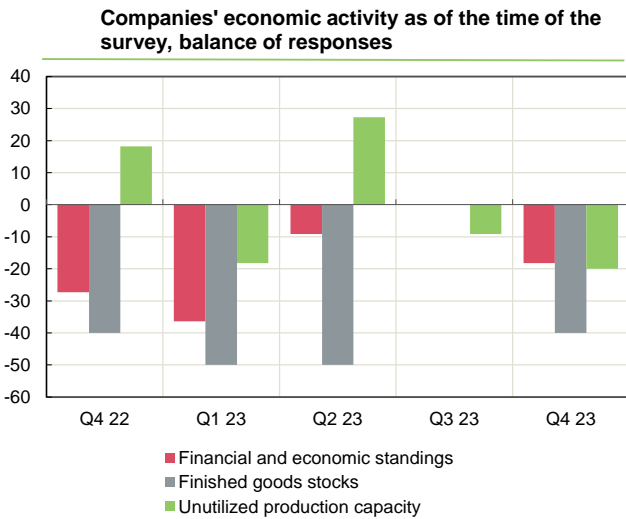


Figure 4



Figure 5

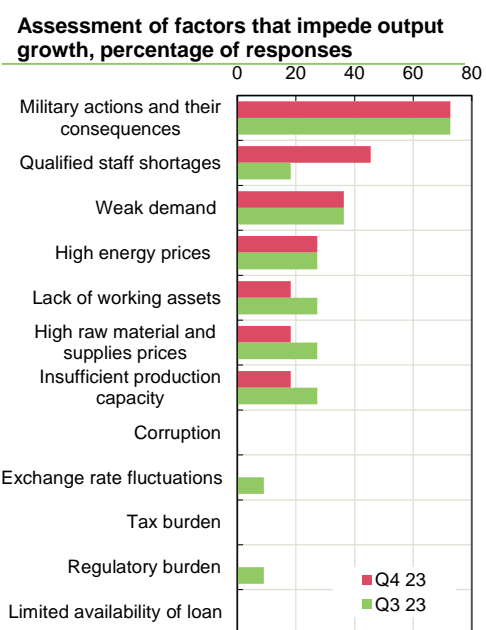


Figure 6

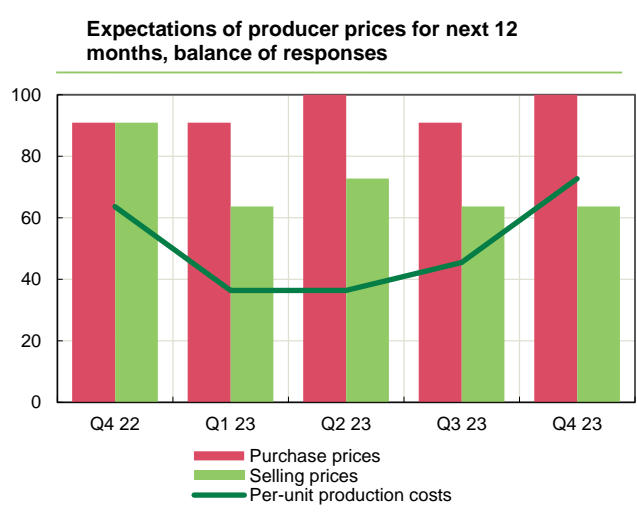


Figure 7

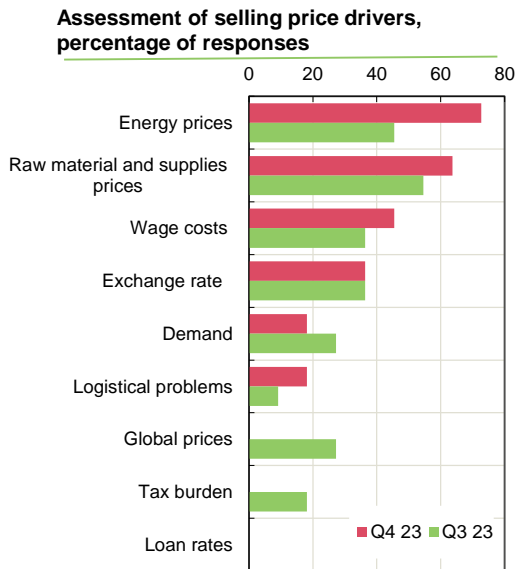


Figure 8

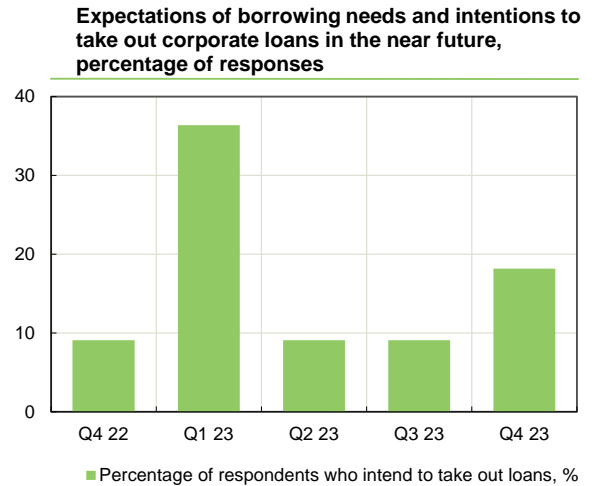


Figure 9

