



National Bank
of Ukraine

Business Outlook Survey of Zhytomyr Oblast*

Q3 2024



*This survey only reflects the opinions of respondents in Zhytomyr oblast (top managers of companies) who were polled in Q3 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Zhytomyr oblast** in Q3 2024 showed that, despite the war and high raw material and supplies and energy prices, respondents **expected an increase in the output of Ukrainian goods and services**. They also had **positive expectations for the performance of their companies** over the next 12 months. Inflation and 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 38.5%, up from 15.4% in the previous quarter (Figure 1). Overall, across Ukraine, the balance of responses was 3.7%
- prices for consumer goods and services would increase at a faster pace: 61.5% of respondents expected that the inflation rate would not exceed 10.0%, compared to 84.6% in the previous quarter and 54.5% across Ukraine. Respondents referred to production costs (mentioned by 92.3% of the respondents), military actions and household income as the main inflation drivers (Figure 2)
- the hryvnia would depreciate more pronouncedly: 100.0% of respondents expected the hryvnia to weaken against the US dollar, compared to 76.9% in Q2 2024. The figure across Ukraine was 88.5%
- **the financial and economic standings of their companies would improve** at a slower pace: the balance of responses was 15.4%, down from 30.8% in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate (-0.9%)
- **total sales would increase:** the balance of responses was 46.2%, compared to 38.5% in Q2 2024. Across Ukraine, the balance of responses was 10.5%
- **investment** in construction and in machinery, equipment, and tools **would increase at a faster pace:** the balances of responses were 18.2% and 36.4% respectively, compared to 0.0% and 25.0% respectively in the previous quarter (see Table). The balances of responses across Ukraine were (-3.2%) and 7.5% respectively
- staff numbers would decrease: the balance of responses was (-8.3%), down from 0.0% in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-10.9%)
- purchase and selling prices would rise: the balances of responses were 84.6% and 76.9% respectively, up from 76.9% and 69.2% respectively in Q2 2024 (Figure 6). Raw material and supplies prices, energy prices and wage costs were cited as the main selling price drivers (Figure 7)
- per-unit production costs would rise: the balance of responses was 75.0% (compared to 69.2% in Q2 2024). Respondents expected that wage costs per staff member would increase more slowly: the balance of responses was 75.0%, down from 84.6% in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, high energy prices, raw material and supplies prices (the impact of this factor was reported to have increased) and energy prices as the main drags on their ability to boost production (Figure 5).

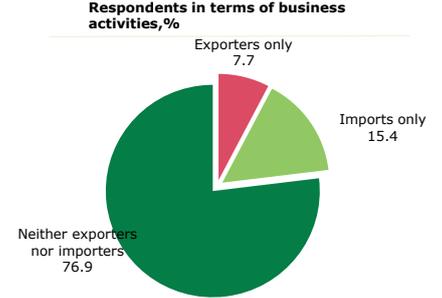
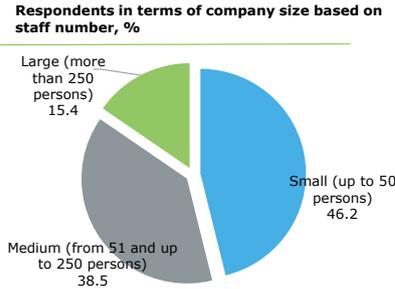
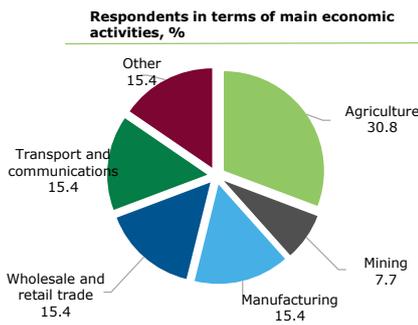
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The respondents who planned to take out loans (their share dropped to 30.8% of those surveyed) opted only for domestic currency loans. Respondents said that lending conditions had remained unchanged (Figure 9). Respondents referred to the availability of other funding sources, high interest rates and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (compared to 97.1% across Ukraine).

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

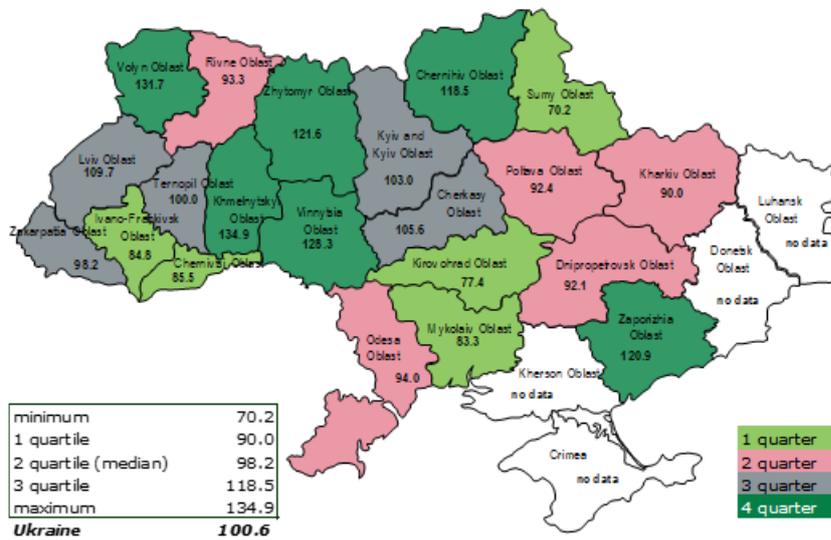
- Companies' current financial and economic standings had improved and were assessed as good: the balance of responses was 7.7%, up from (-7.7%) in the previous quarter. Across Ukraine, companies' current financial and economic standings were assessed as bad (-6.0%).
- Finished goods stocks had increased and were assessed as higher than normal: the balance of responses was 22.2%, up from 12.5% in Q2 2024.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 30.8%, up from 7.7% in the previous quarter.

Survey Details^{1,2}



- Period: 1 August through 27 August 2024.
- 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

²a 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 Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Financial and economic standings	30.8	15.4	30.8	30.8	15.4
Total sales	46.2	63.6	33.3	38.5	46.2
Investment in construction	20.0	9.1	-10.0	0.0	18.2
Investment in machinery, equipment, and tools	40.0	45.5	10.0	25.0	36.4
Staff numbers	0.0	-7.7	0.0	0.0	-8.3

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

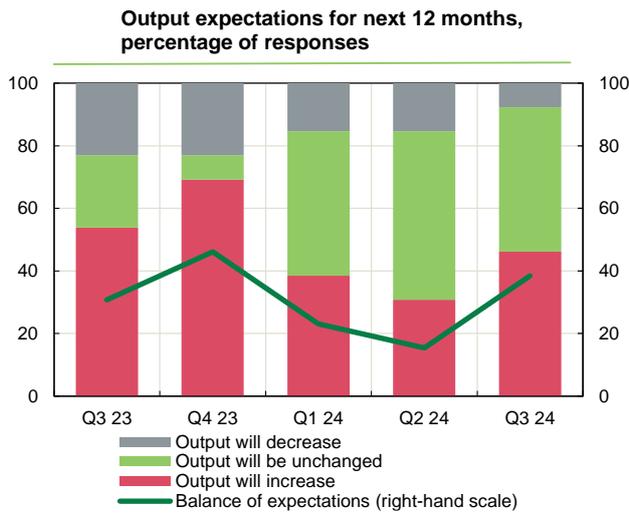


Figure 2

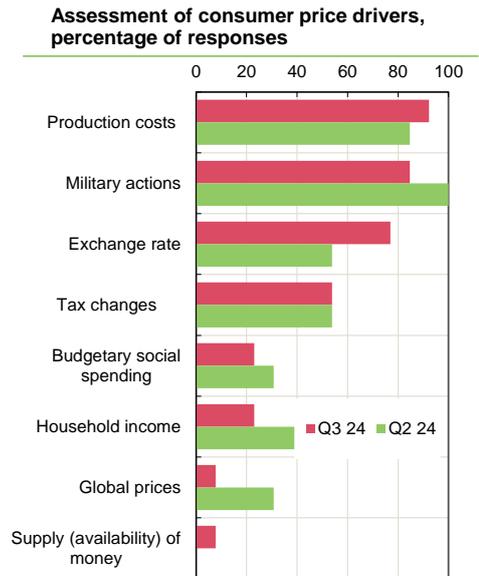


Figure 3

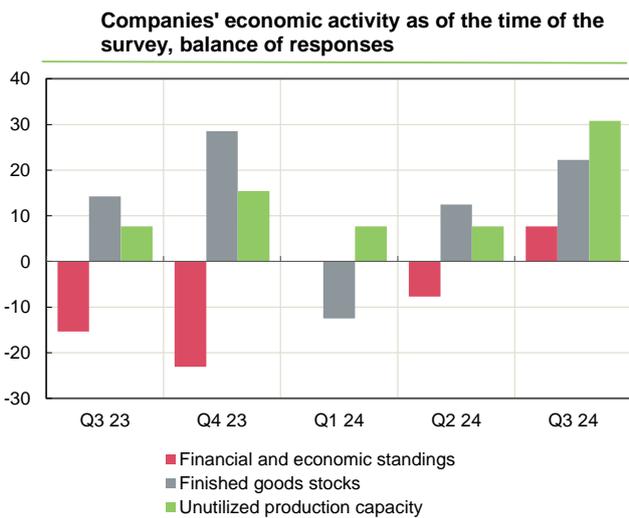


Figure 4

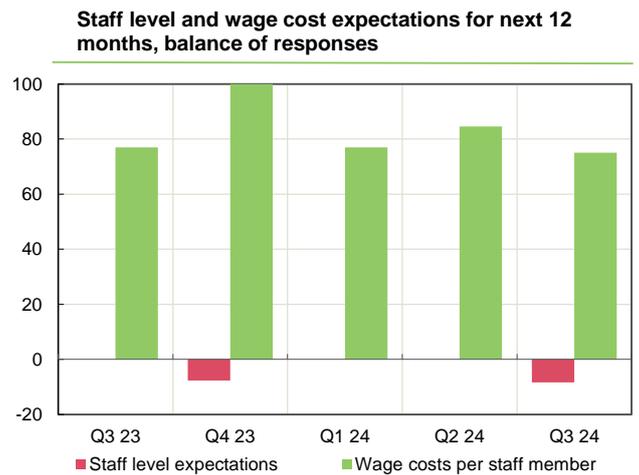


Figure 5

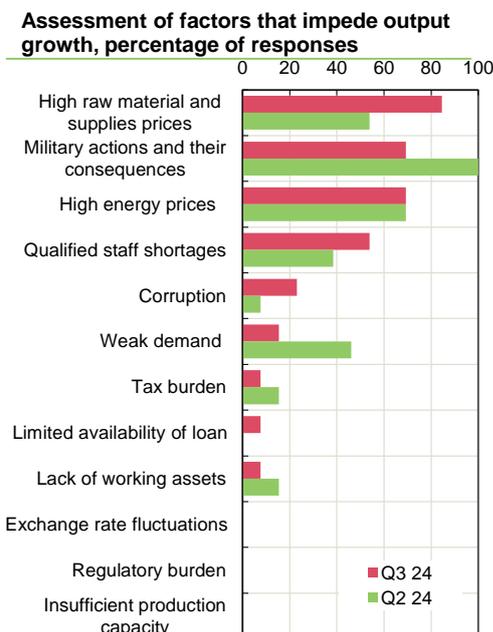


Figure 6

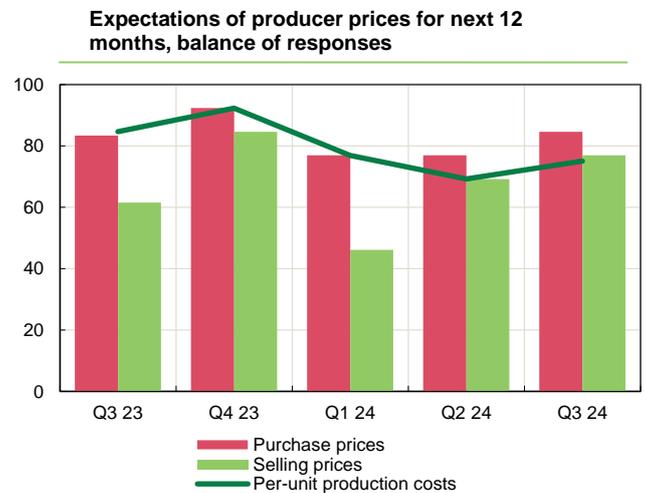


Figure 7

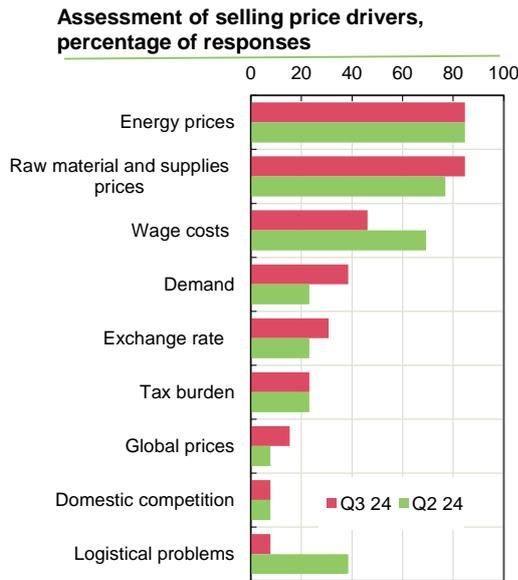


Figure 8

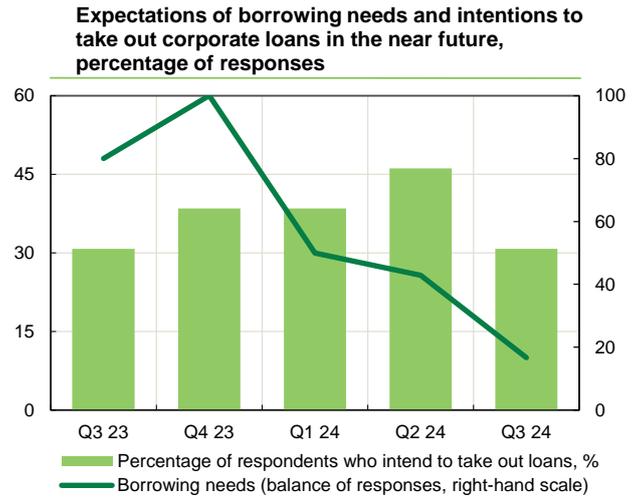


Figure 9

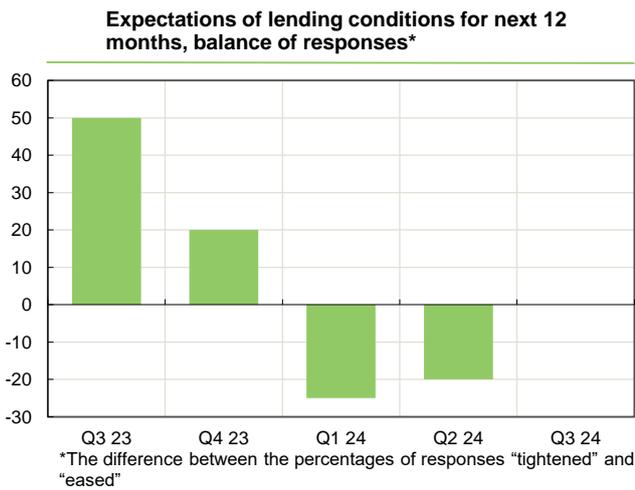


Figure 10

