



National Bank
of Ukraine

Business Outlook Survey of **Zakarpattia Oblast***

Q3 2024



*This survey only reflects the opinions of respondents in Zakarpattia 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 Zakarpattia oblast in Q3 2024 showed that, despite the war, high energy prices and qualified staff shortages, respondents expected the output of Ukrainian goods and services to increase. 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 quickly. Depreciation expectations remained strong.

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 27.3%, compared to 9.1% in Q2 2024 (Figure 1). Overall, across Ukraine, the balance of responses was 3.7%
- prices for consumer goods and services would rise more quickly: 63.6% of respondents said that growth in the prices of consumer goods and services would not exceed 10.0% (compared to 90.9% in the previous quarter and 54.5% across Ukraine). Respondents continued to refer to military actions, the hryvnia exchange rate and production costs (the impact of this driver was reported to have increased) as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 81.8% of respondents (as in Q2 2024) 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%, down from 9.1% in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate (-0.9%)
- total sales and external sales would remain unchanged: the balances of responses were 0.0% for each, as in the previous quarter (see Table). Across Ukraine, the balances of responses were 10.5% and 11.2% respectively
- investment in construction would decrease: the balance of responses was (-9.1%), down from 9.1% in the previous quarter. At the same time, respondents expected that investment in machinery, equipment, and tools would remain unchanged: the balance of responses was 0.0%, up from (-9.1%) in Q2 2024 (see Table). Across Ukraine, the balances of responses were (-3.2%) and 7.5% respectively
- staff numbers at their companies would remain unchanged: the balance of responses was 0.0%, compared to (-18.2%) in the previous quarter (Figure 4). Across Ukraine, the balance of responses was (-10.9%)
- purchase prices would grow: the balance of responses was 90.9%, as in the previous quarter. Respondents also expected that selling prices would rise more quickly: the balance of responses was 63.6%, up from 45.5% in the previous quarter (Figure 6). The hryvnia exchange rate, high energy and wage costs were cited as the main selling price drivers (Figure 7)
- per-unit production costs would increase at a faster pace: the balance of responses was 45.5%, up from 27.3% in Q2 2024. Respondents expected that wage costs per staff member would rise more slowly: the balance of responses was 36.4%, compared to 4.5% in the previous quarter (Figures 4 and 6).

Companies cited military actions and their consequences, high energy prices (the impact of this factor was reported to have increased compared to the previous quarter) and qualified staff shortages (Figure 5).

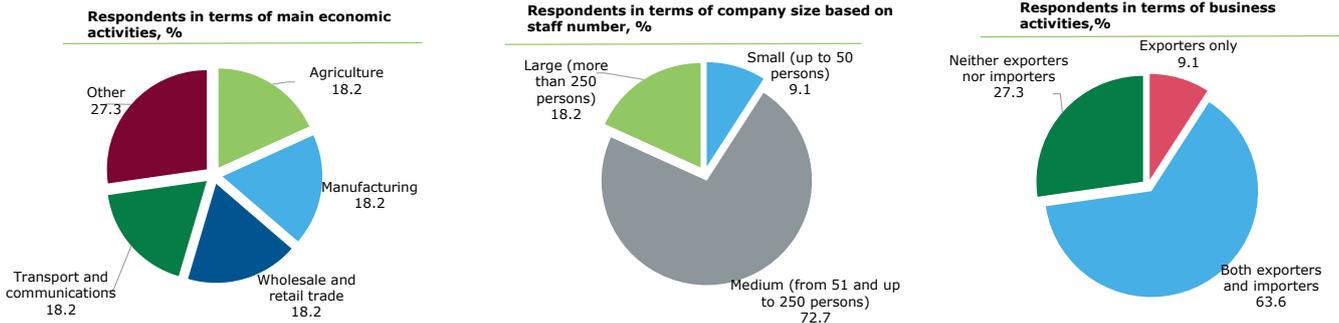
The share of respondents who planned to take out bank loans was 18.2%, as in the previous quarter (Figure 8). The companies that planned to take out bank loans fell into two camps: 50.0% of them opted to take out domestic currency loans. Respondents referred to the availability of other funding sources (the impact of this factor was reported to have increased), high loan rates, uncertainty about their ability to meet debt obligations as they fall due and hryvnia exchange rate fluctuations 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 (97.1% across Ukraine).

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

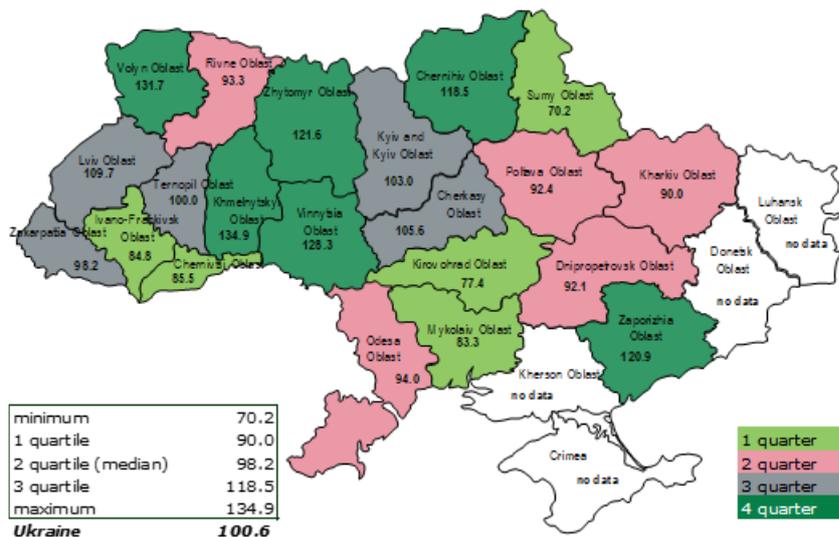
- Companies' current financial and economic standings had improved and were assessed as good: the balance of responses was 18.2% (among the highest figures across the regions), compared to (-27.3%) in the previous quarter. Across Ukraine companies' current financial and economic standings were assessed as bad (-6.0%).
- Finished goods stocks were assessed as lower than normal: the balance of responses was (-20.0%), down from (-16.7%) in the previous quarter.
- Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-18.2%), down from (-9.1%) in Q2 2024.

Survey Details^{1,2}



- Period: 31 July through 19 August 2024.
- 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, %				
	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Financial and economic standings	0.0	-18.2	0.0	9.1	0.0
Total sales	18.2	0.0	0.0	0.0	0.0
Investment in construction	-18.2	-18.2	-18.2	9.1	-9.1
Investment in machinery, equipment, and tools	-9.1	-9.1	-9.1	-9.1	0.0
Staff numbers	0.0	-9.1	-18.2	-18.2	0.0

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

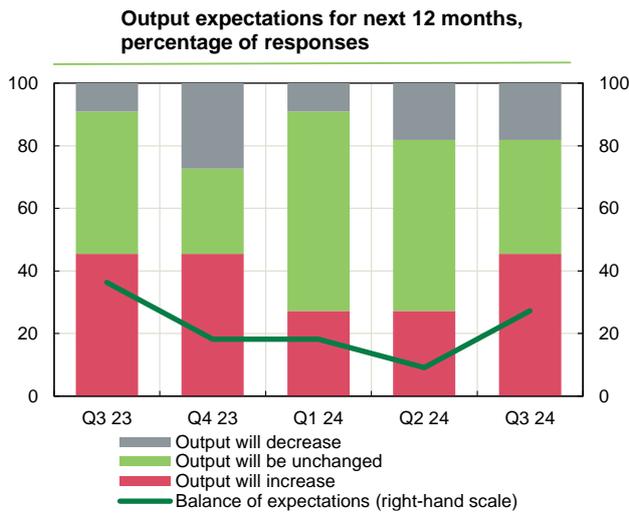


Figure 2

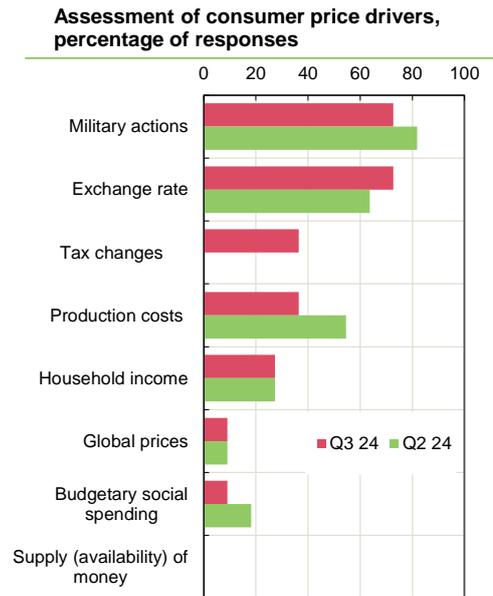


Figure 3

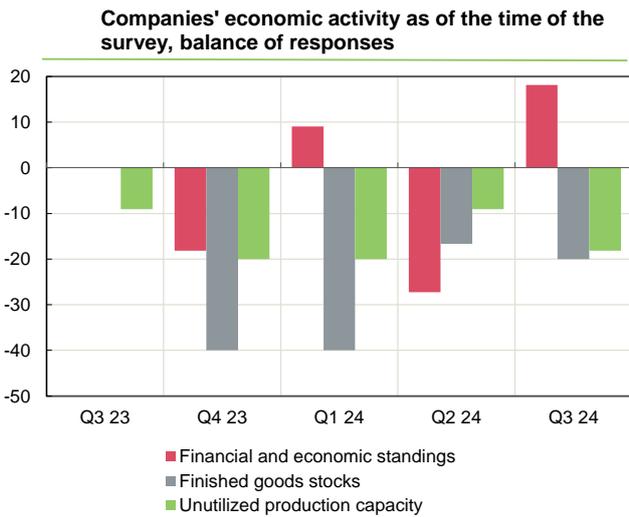


Figure 4

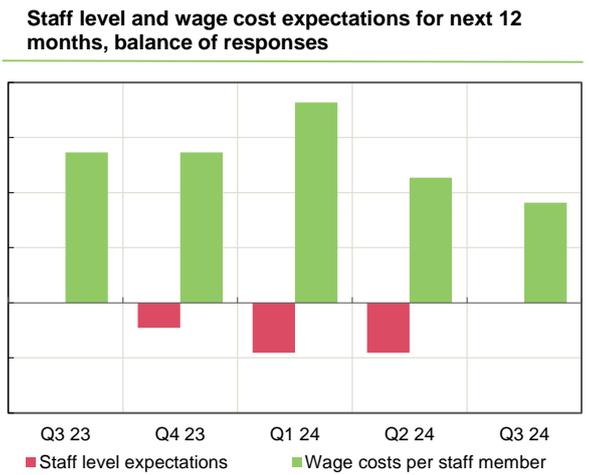


Figure 5

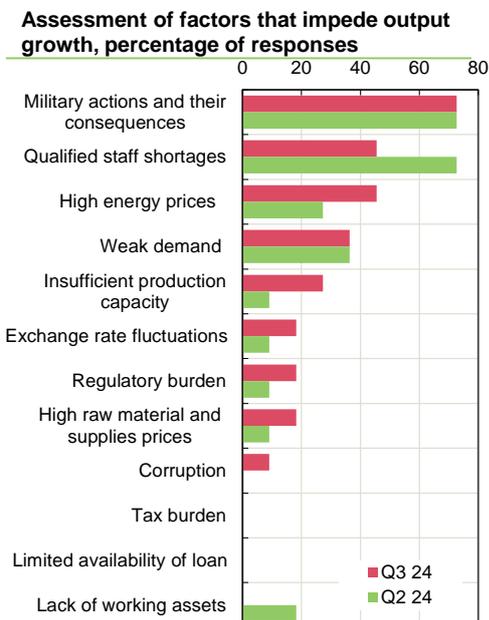


Figure 6

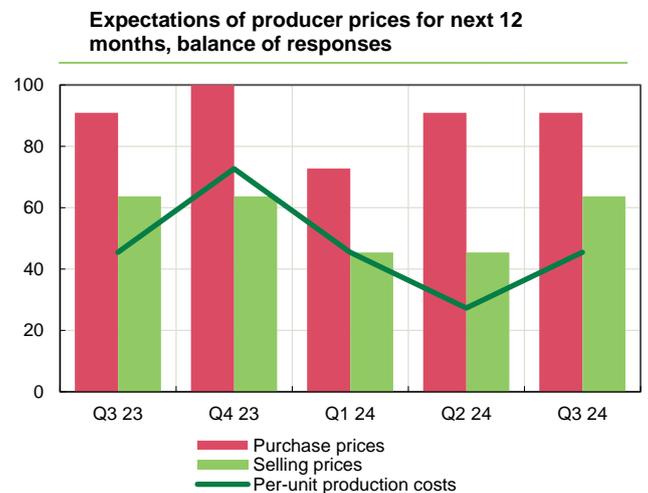


Figure 7

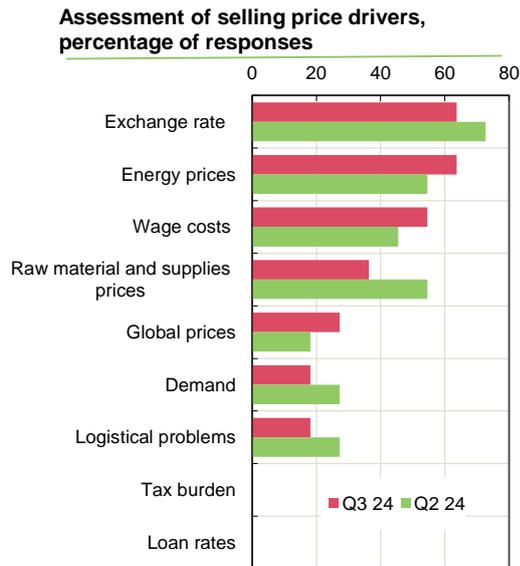


Figure 8

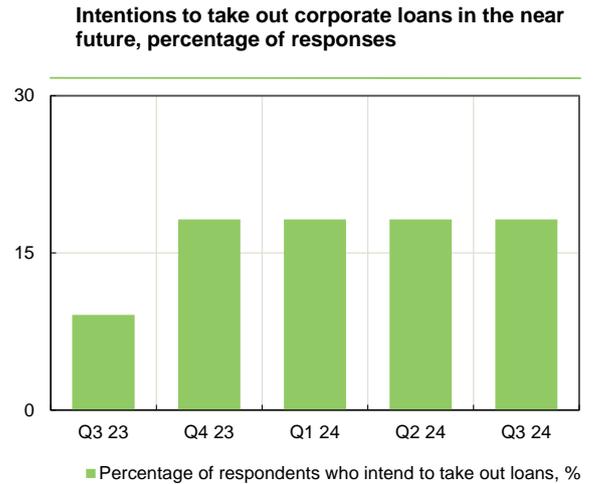


Figure 9

