



National Bank
of Ukraine

Business Outlook Survey of Volyn Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Volyn 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 Volyn oblast in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected the output of Ukrainian goods and services to increase. They also had cautious expectations for their companies' performance over the next 12 months. Inflation and depreciation expectations became lower.

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

- **the output of Ukrainian goods and services would increase more slowly:** the balance of responses was 63.6% (these highest expectations of output growth across the regions have been reported for two quarters in a row), down from 81.8% in the previous quarter (Figure 1). Across Ukraine, the balance of responses was 15.2%
- **prices for consumer goods and services would rise at a slower pace:** 75.0% of respondents expected that inflation would not exceed 10.0%, compared to 41.7% in the previous quarter and compared to 47.6% across Ukraine. Respondents referred to production costs, the hryvnia exchange rate and military actions as **the main inflation drivers**. The impact of household income was reported to have increase significantly compared to the previous survey (Figure 2)
- **the domestic currency would depreciate at a slower pace:** 83.3% of respondents compared to 91.7% 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 remain unchanged:** the balance of expectations was 0.0%, compared to 16.7% in the previous quarter (see Table) and 4.1% across Ukraine
- **total sales would remain unchanged:** the balance of responses was 0.0% (compared to 41.7% in Q3 2023) (see Table). The balance of responses across Ukraine was 10.6%
- **both investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-18.2%) for each (compared to (-18.2%) and 9.1% respectively in Q3 2023) (see Table). Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers at their companies would decrease noticeably:** the balance of responses was (-25.0%) (among the highest expectations of staff cuts seen in the regions), as in Q3 2023 (Figure 4). Overall, across Ukraine the balance of responses was (-6.5%)
- **purchase prices would grow more rapidly than selling prices:** the balances of responses were 83.3% and 58.3% respectively (as in the previous quarter) (Figure 6). Raw material and supplies prices, energy prices and demand were referred to as the main selling price drivers (Figure 7)
- **wage costs per staff member and per-unit production costs would rise more slowly:** the balances of responses were 66.7% for each (compared to 83.3% and 75.0% respectively in the previous quarter) (Figures 4 and 6).

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

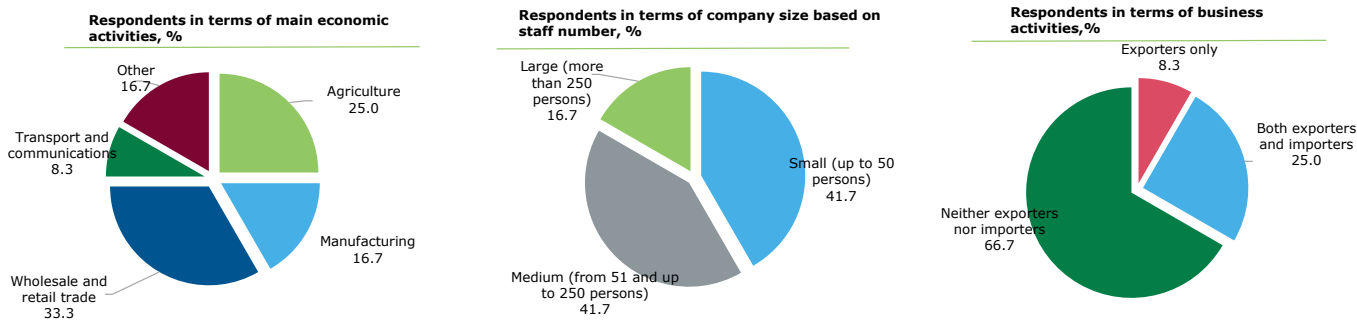
Companies reported **less firm expectations of their borrowing needs** in the near future (Figure 8). The share of respondents who planned to take out bank loans decreased to 33.3%. All of these respondents said they would only opt for domestic currency loans. Respondents cited other funding sources as the main factor 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)

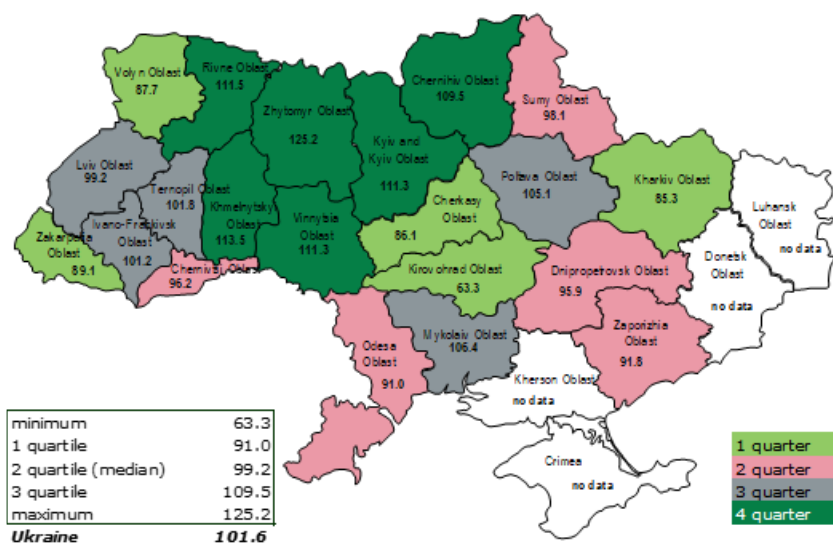
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, such expectations have been reported for two quarters running. Across Ukraine, current financial and economic standings were assessed as bad: the balance of responses was (-5.6%).
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-14.3%), compared to 0.0% in Q3 2023.
- **Companies had an insufficient amount of production capacity to meet any unexpected rise in demand:** the balance of responses was (-25.0%), down from 8.3% Q3 2023.

Survey Details^{1,2}



- Period: 2 November through 23 November 2023.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the trade sector.

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 Volyn 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	-33.3	-8.3	8.3	16.7	0.0
Total sales	-8.3	25.0	33.3	41.7	0.0
Investment in construction	-25.0	-27.3	-22.2	-18.2	-18.2
Investment in machinery, equipment, and tools	-25.0	0.0	22.2	9.1	-18.2
Staff numbers	-25.0	-25.0	8.3	-25.0	-25.0

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

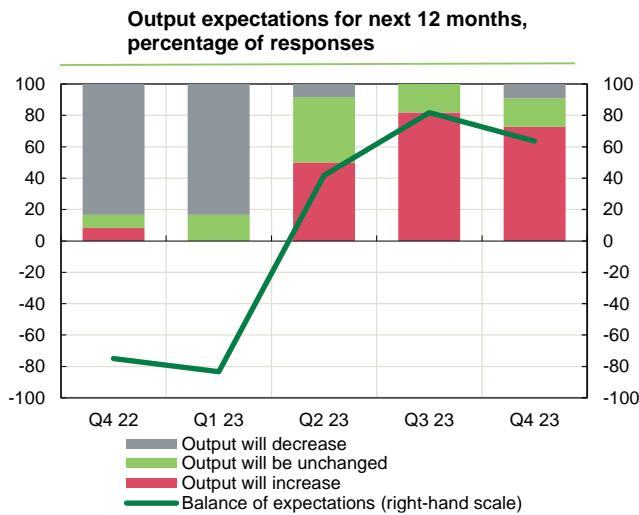


Figure 2

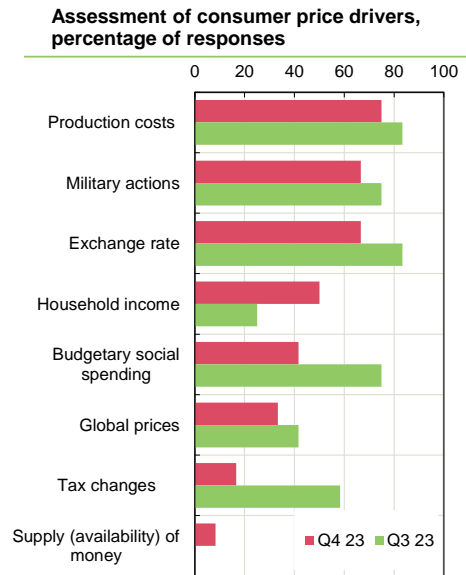


Figure 3

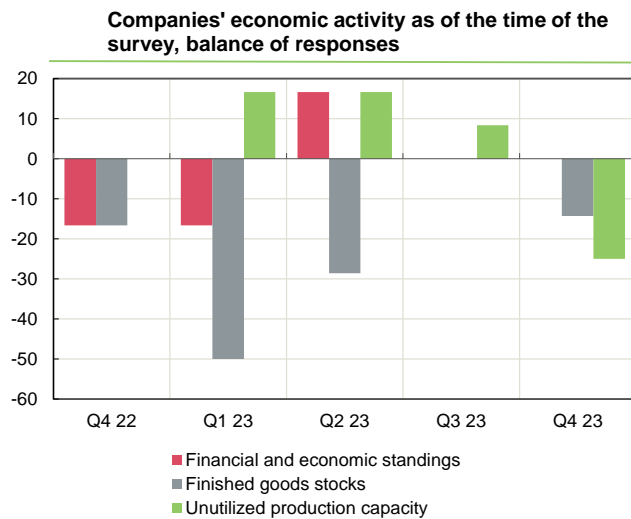


Figure 4



Figure 5

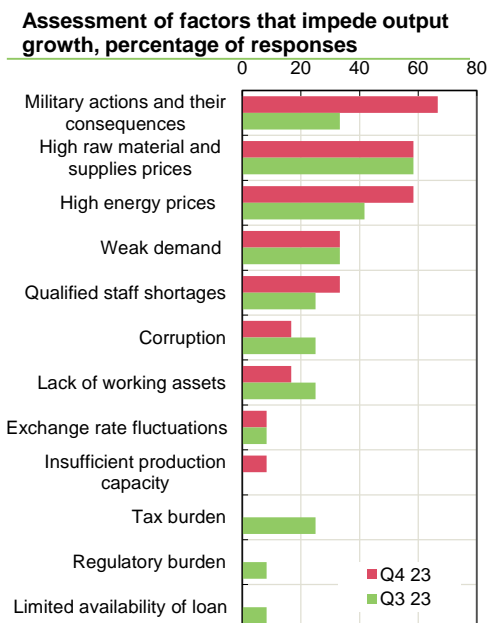


Figure 6

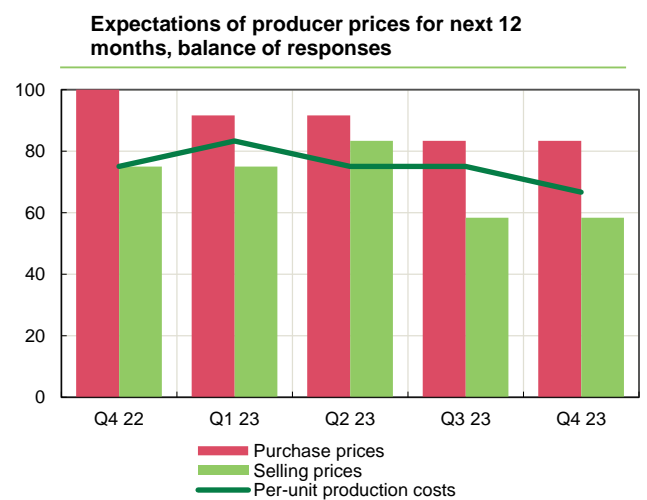


Figure 7

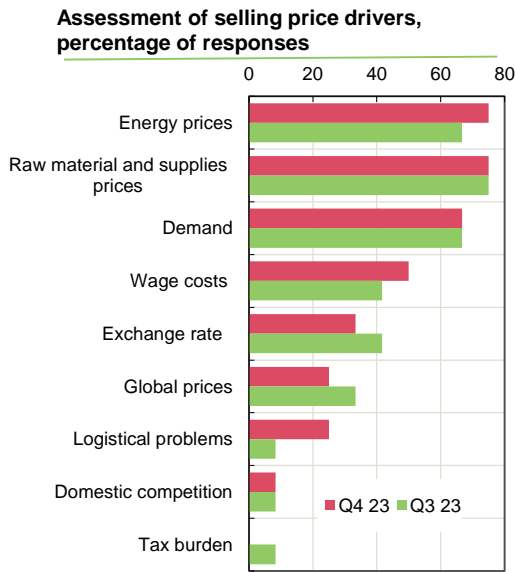


Figure 8

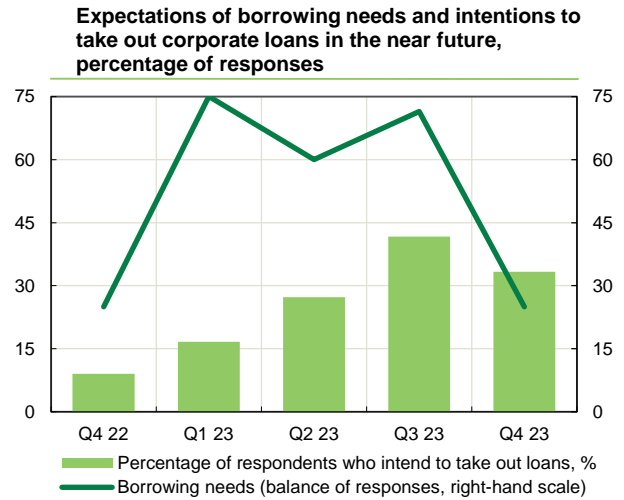


Figure 9

