



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Rivne 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 Rivne oblast in Q4 2022 showed that on the back of the war and terrorist attacks respondents expected that **the output of Ukrainian goods and services would decrease**. They also reported **negative expectations for the performance of their companies** over the next 12 months. Respondents expected further inflation. Depreciation expectations have eased, but still remain 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 fast pace:** the balance of expectations was (-50.0%), down from 0.0% in Q3 2022 (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for consumer goods and services would rise:** 83.3% of respondents expected the inflation rate to be higher than 20.0%, as in the previous quarter (compared to 62.4% across Ukraine). Respondents referred to military actions, production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate more slowly:** 81.8% of respondents (down from 100.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-16.7%) compared to (-8.3%) in Q3 2022. The figure across Ukraine was (-11.5%) (see Table)
- **total sales and external sales would drop:** the balances of responses were (-25.0%) for each, compared to 0.0% for each in the previous quarter. Overall, across Ukraine the balances of responses were (-7.3%) and (-6.3%) respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 9.1% (compared to 0.0% in the previous quarter). At the same time, respondents softened their expectations for investment in construction: the balance of responses was (-8.3%) (compared to (-25.0%) in Q3 2022). Across Ukraine, the balances of responses were (-16.6%) and (-26.9%) respectively
- **staff numbers would decrease:** the balance of responses was (-25.0%) compared to (-16.7%) in Q3 2022. Across Ukraine, the balance of responses was (-20.1%) (Figure 4)
- **purchase and selling prices would rise:** the balances of responses were 91.7% and 48.3% (compared to 91.7% and 83.3% in Q3 2022) (Figure 6). Logistical problems and energy, raw material and supplies prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 66.7% and 25.0% respectively (compared to 75.0% and 16.7% in Q3 2022) (Figures 4 and 6).

Companies named military actions and their consequences, high energy prices (the impact of this factor was reported to have increased), weak demand and insufficient production capacity **as the main drags on their ability to boost production** (Figure 5).

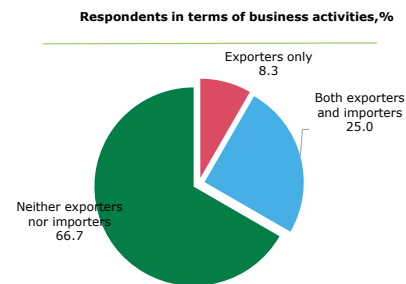
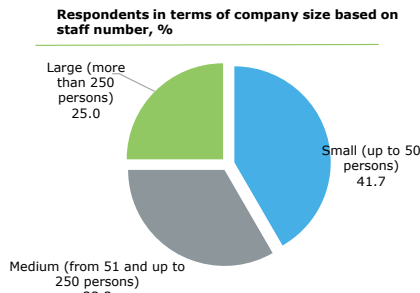
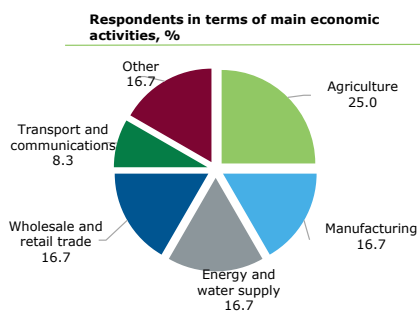
Respondents reported weaker expectations for an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted to take domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to other funding sources (the impact of this factor was reported to have increased markedly compared to the previous survey), uncertainty about their ability to meet debt obligations as they fall due and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

All respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.2% across Ukraine).

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

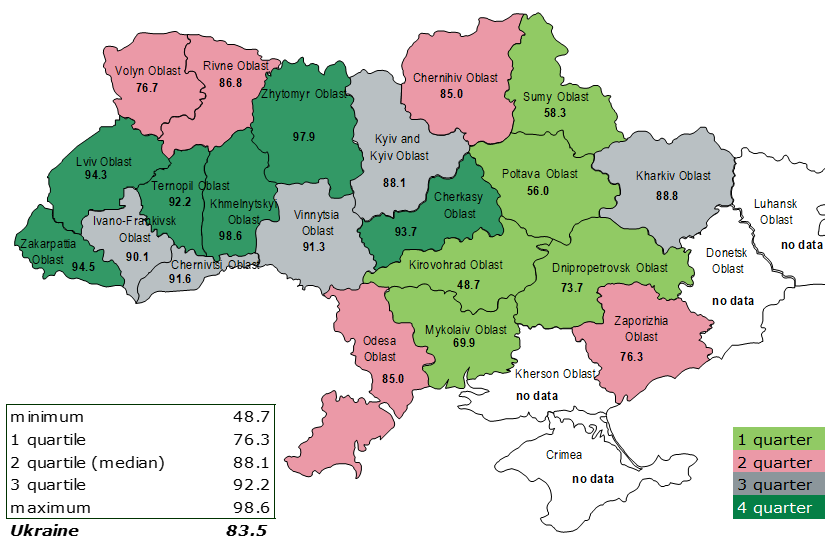
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-8.3%), compared to (-16.7%) in Q3 2022 and (-19.3%) across Ukraine.
- **Finished goods stocks were assessed at higher than normal levels:** the balance of responses was 14.3%, compared to 16.7% in the previous quarter.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 30.0%, compared to 16.7% in Q3 2022.

Survey Details^{1,2}



- Period: 2 November through 25 November 2022.
- A total of 12 companies were polled.
- No economic activity was able to generate a representative sample.

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
^{**}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 Rivne Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	15.4	8.3	-16.7	-8.3	-16.7
Total sales	8.3	0.0	-25.0	0.0	-25.0
Investment in construction	25.0	18.2	-8.3	-25.0	-8.3
Investment in machinery, equipment, and tools	33.3	18.2	18.2	0.0	9.1
Staff numbers	-8.3	-33.3	-25.0	-16.7	-25.0

¹ This sample was generated in proportion to the contribution of each region 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 balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

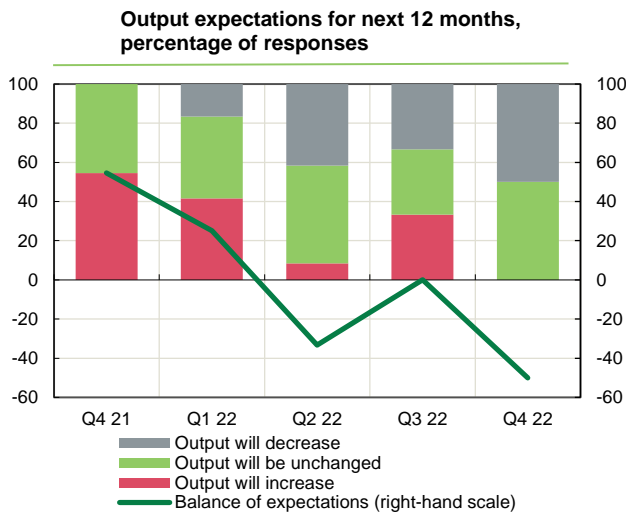


Figure 2

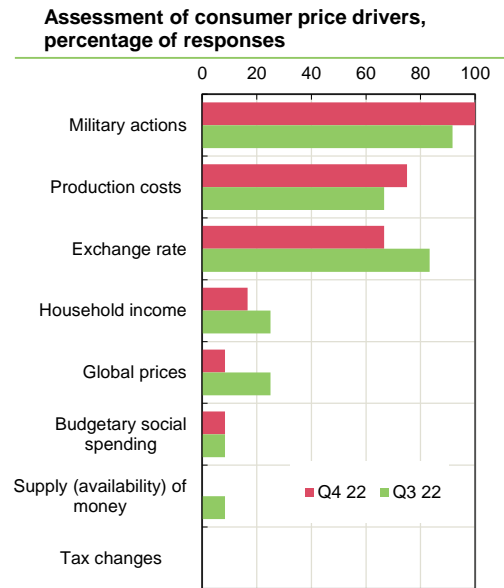


Figure 3

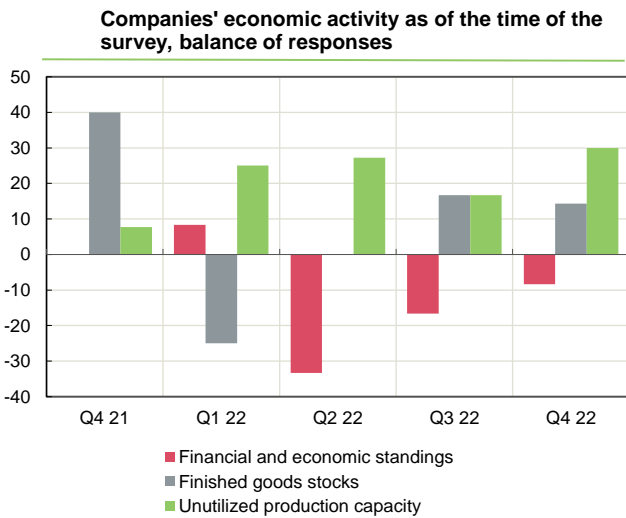


Figure 4

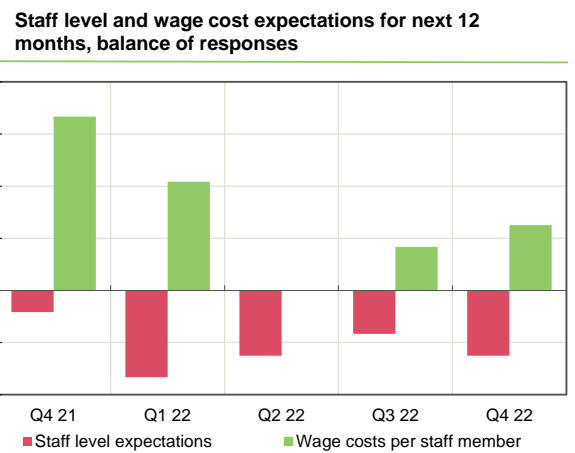


Figure 5

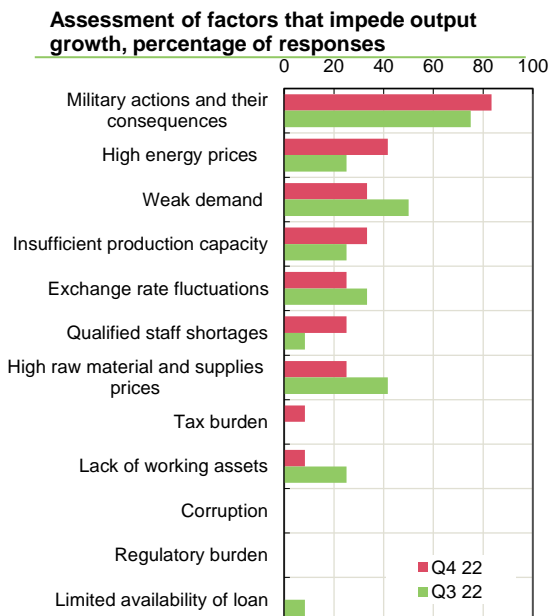


Figure 6

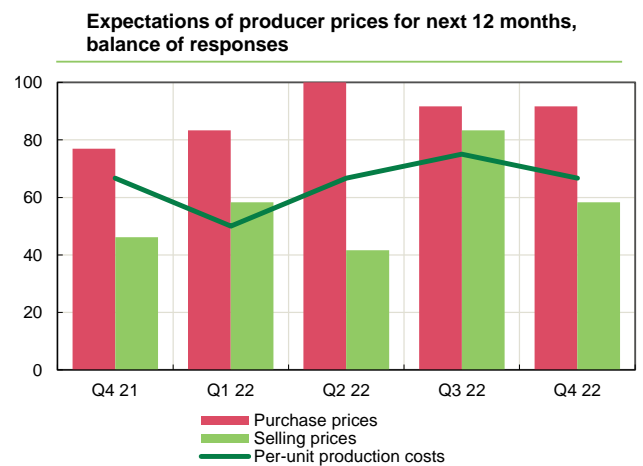


Figure 7

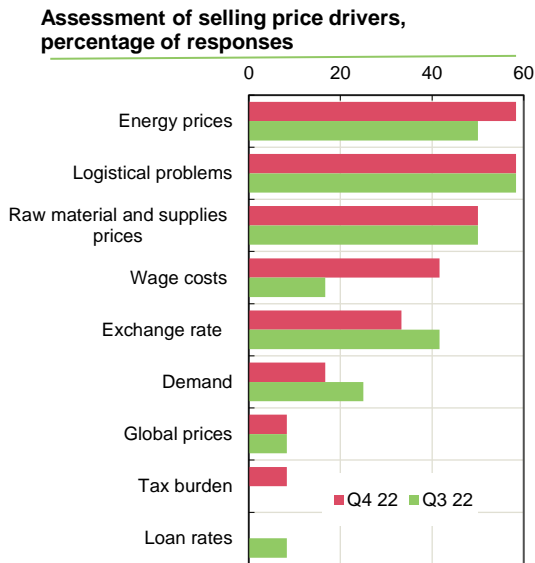


Figure 8

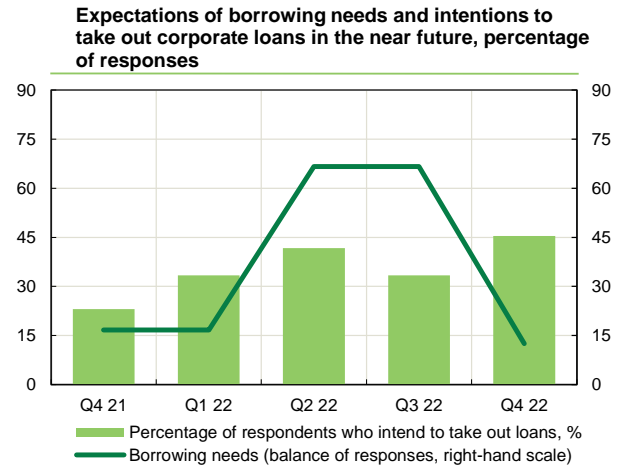


Figure 9

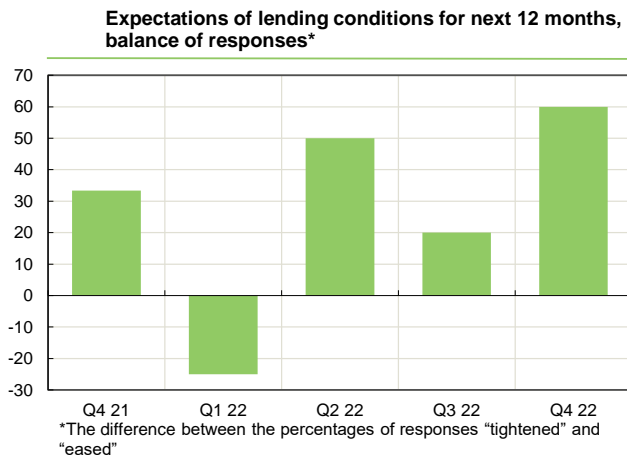


Figure 10

