



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q2 2023



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q2 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q2 2023 showed that, on the back of the restoration of the energy system, the gradual revival of domestic demand and the strengthening of the hryvnia exchange rate, respondents expected that the output of Ukrainian goods and services would remain unchanged over the next 12 months. They reported positive expectations for the performance of their companies over this period. Respondents expected slower inflation. Depreciation expectations have weakened.

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

- **the output of Ukrainian goods and services would remain unchanged:** the balance of expectations was 0.0%, compared to (-18.2%) in Q1 2023 (Figure 1). Across Ukraine, the balance of responses was 17.0%
- **prices for consumer goods and services would rise more slowly:** 61.5% of respondents expected the inflation rate to be higher than 15.0%, down from 83.3% in the previous quarter (53.4% across Ukraine). Respondents referred to military actions, the hryvnia exchange rate and production costs as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 76.9% of respondents (down from 91.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve** (these expectations were reported for the first time since Q1 2022): the balance of expectations was 23.1%, up from (-16.7%) in Q1 2023. The figure across Ukraine was 9.6% (see Table)
- **total sales and external sales would increase:** the balances of responses were 23.1% and 25.0% respectively, compared to 16.7% and 25.0% in the previous quarter (see Table). Overall, across Ukraine the balances of responses were 14.5% and 10.9% respectively
- **both investment in construction and in machinery, equipment, and tools would increase at a faster pace:** the balances of responses were 15.4% and 61.5% respectively (compared to (-16.7%) and 16.7% respectively in the previous quarter). Across Ukraine, the balances of responses were (-2.3%) and 4.5% respectively
- **staff numbers would increase** (these expectations were reported for the first time since Q2 2021): the balance of responses was 7.7% compared to 0.0% in Q1 2023. Across Ukraine, respondents expected that staff numbers would decrease moderately: the balance of responses was (-3.8%) (Figure 4)
- **purchase and selling prices would rise at a fast pace:** the balances of responses were 92.3% and 69.2% respectively (compared to 91.7% and 75.0% in Q1 2023) (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 more slowly:** the balance of responses was 46.2% compared to 66.7% in Q1 2023. Respondents also expected that **wage costs per staff member would increase:** the balance of responses was 46.2%, up from 41.7% in Q1 2023 (Figures 4 and 6).

Companies named military actions and their consequences, high energy prices and raw material and supplies prices as the main drags on their ability to boost production (Figure 5).

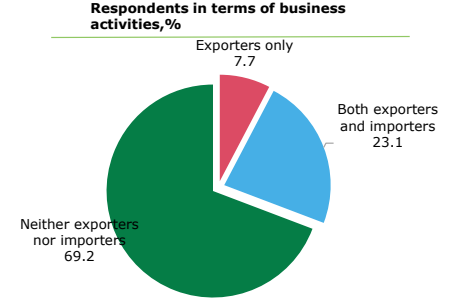
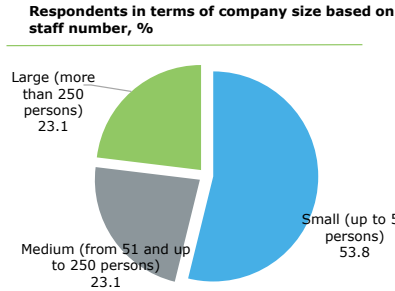
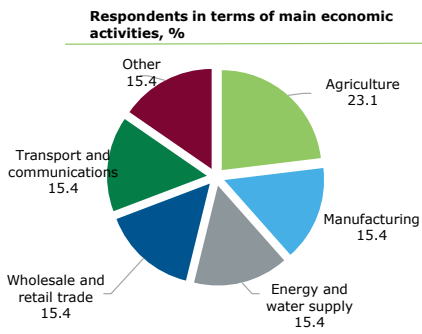
Respondents reported significantly lower expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans fell into two camps: 50.0% of them opted to take domestic currency loans. Respondents referred to high loan rates, collateral requirements (the impact of these two factors was reported to have increased markedly compared to the previous survey), other funding sources, 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 respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (94.9% across Ukraine).

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

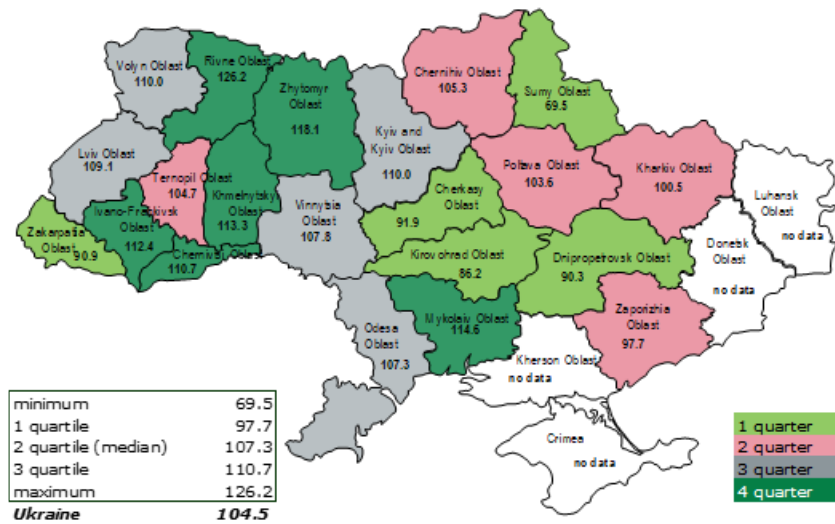
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-7.7%), compared to (-25.0%) in Q1 2023 and (-11.1%) across Ukraine.
- **Finished goods stocks were assessed as normal:** the balance of responses was 0.0%, compared to 20.0% in the previous quarter.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 23.1%, up from 0.0% in Q1 2023.

Survey Details^{1,2}



- Period: 2 May through 30 May 2023.
- A total of 13 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, %				
	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23
	Financial and economic standings	-16.7	-8.3	-16.7	-16.7
Total sales	-25.0	0.0	-25.0	16.7	23.1
Investment in construction	-8.3	-25.0	-8.3	-16.7	15.4
Investment in machinery, equipment, and tools	18.2	0.0	9.1	16.7	61.5
Staff numbers	-25.0	-16.7	-25.0	0.0	7.7

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

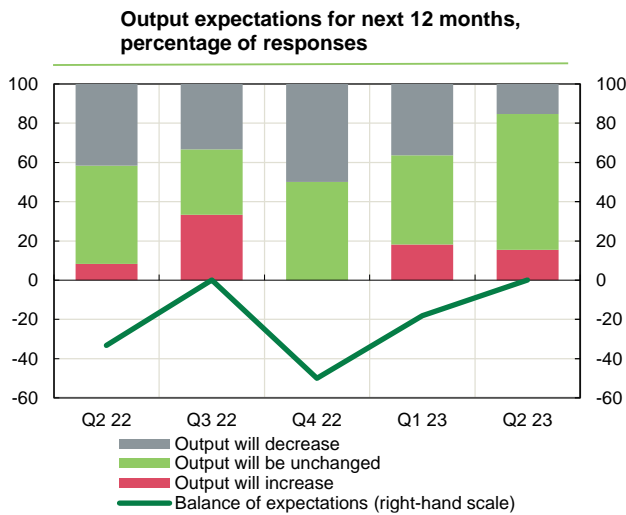


Figure 2

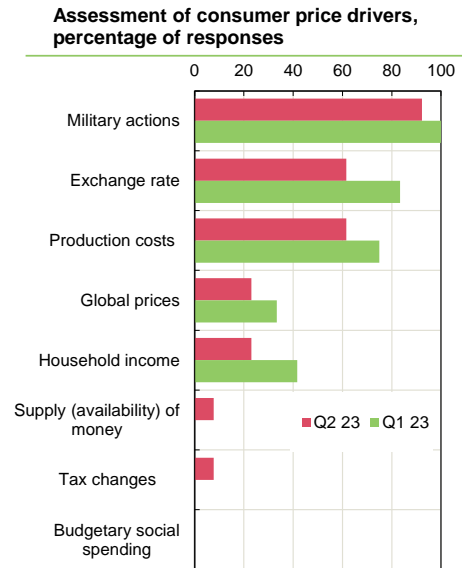


Figure 3

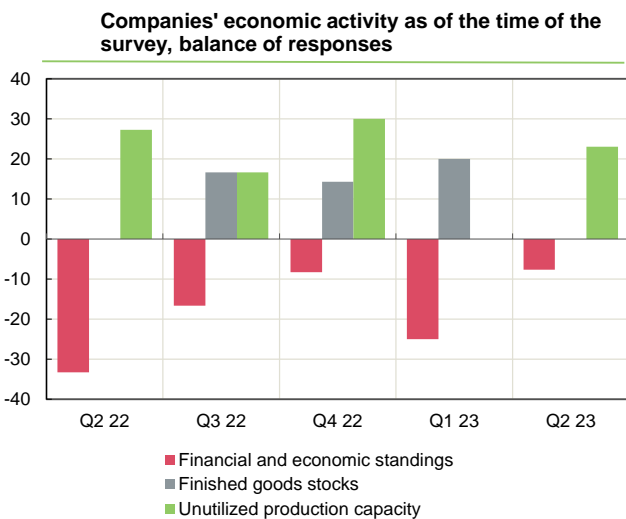


Figure 4

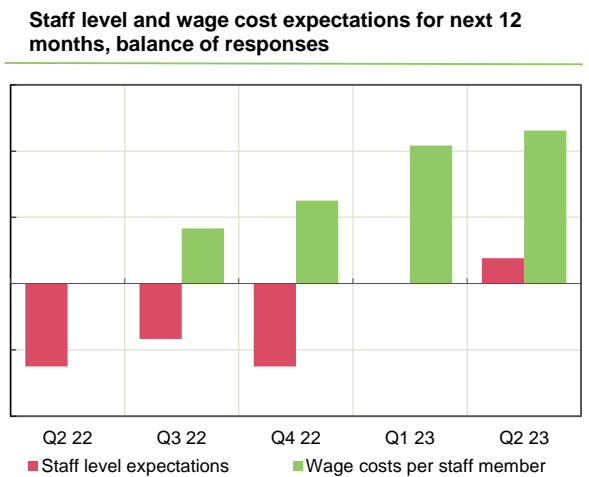


Figure 5

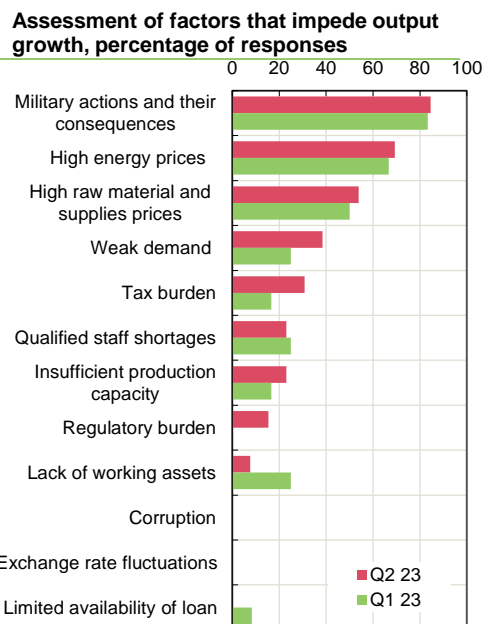


Figure 6

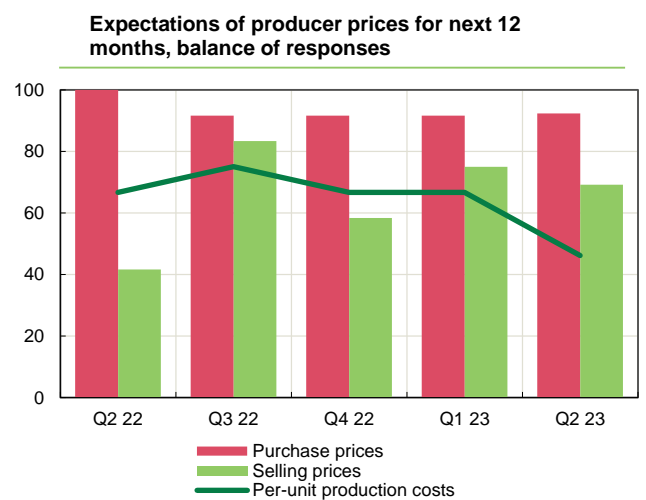


Figure 7

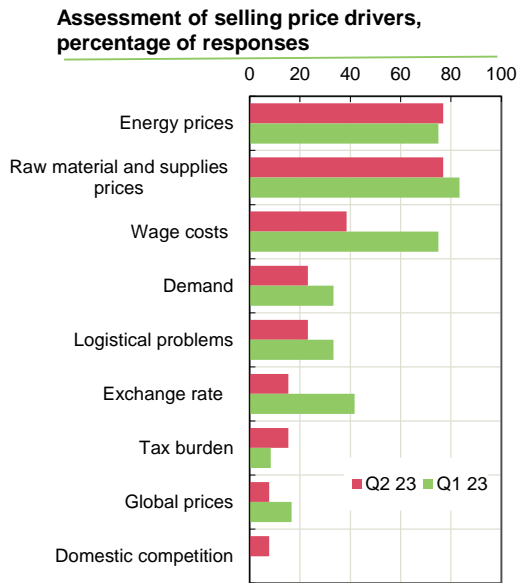


Figure 8

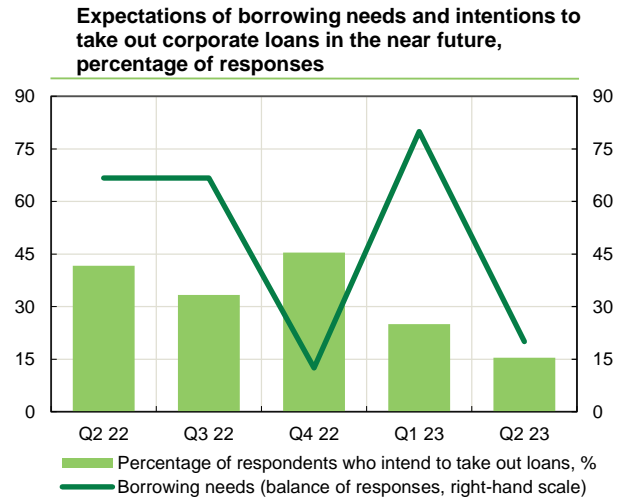


Figure 9

