



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q4 2023



*This survey only reflects the opinions of respondents in Rivne 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 Rivne oblast in Q4 2023 showed that, despite security risks and logistical difficulties with crossing the border, respondents expected that the output of Ukrainian goods and services would grow over the next 12 months. They reported positive expectations for the performance of their companies over this period. Respondents expected slower inflation. 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 50.0%, up from 30.8% in Q3 2023 (Figure 1). Across Ukraine, the balance of responses was 15.2%
- **prices for consumer goods and services would rise more slowly:** 50.0% of respondents expected the inflation rate to be lower than 10.0%, up from 38.5% in the previous quarter (52.4% 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 strongly:** 83.3% of respondents (up from 69.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 16.7%, as in Q3 2023. The figure across Ukraine was 4.1% (see Table)
- **total sales and external sales would increase at a slower pace:** the balances of responses were 33.3% and 50.0% respectively, compared to 38.5% and 60.0% in the previous quarter (see Table). Overall, across Ukraine the balances of responses were 10.6% and 9.7% respectively
- **investment in construction and in machinery, equipment, and tools would increase more slowly:** the balances of responses were (-9.1%) and 8.3% respectively, down from 15.4% and 38.5% in the previous quarter (see Table). Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers would increase:** the balance of responses was 8.3%, compared to 7.7% in the previous quarter. Across Ukraine, respondents expected staff numbers to decrease: the balance of responses was (-6.5%) (Figure 4)
- **purchase and selling prices would rise more quickly:** the balances of responses were 91.7% and 58.3% respectively (compared to 84.6% and 46.2% in Q3 2023) (Figure 6). Raw material and supplies prices, wage costs and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise at a faster pace:** the balance of responses was 58.3%, compared to 38.5% in Q3 2023. Respondents also expected an increase in **wage costs per staff member:** the balance of responses was 58.3%, compared to 61.5% in Q3 2023 (Figures 4 and 6).

Companies named military actions and their consequences and qualified staff shortages (the impact of this factor was reported to have increased) as the main drags on their ability to boost production. Respondents also said that the impact of raw material and supplies prices and energy prices was significant (Figure 5).

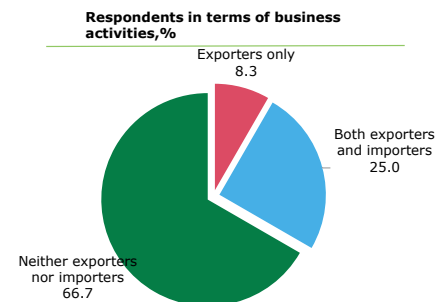
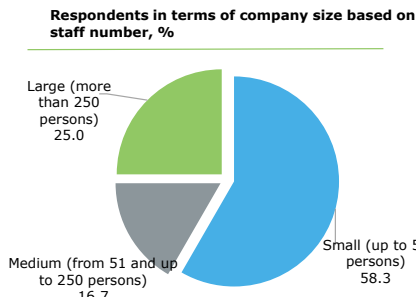
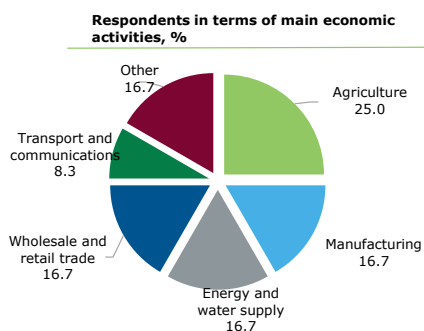
Respondents reported lower expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted to take out domestic currency loans. Respondents referred to high loan rates, other funding sources and complicated paperwork 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 (95.8% across Ukraine).

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

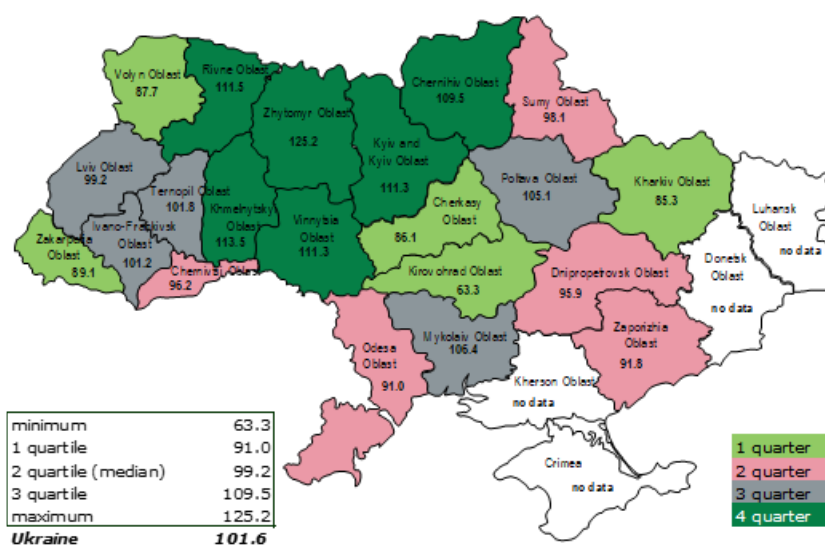
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 16.7% (among the highest assessments across the regions), compared to 23.1% in Q3 2023. Overall, across Ukraine, top managers assessed their current financial and economic standings as bad (-5.6%).
- **Finished goods stocks were assessed as higher than normal:** the balance of responses was 25.0%, compared to 14.3% in the previous quarter.
- **Companies had no sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was (-8.3%), down from (-7.7%) in Q3 2023.

Survey Details^{1,2}



- Period: 31 October through 23 November 2023.
- 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, %



*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 Rivne 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	-16.7	-16.7	23.1	16.7
Total sales	-25.0	16.7	23.1	38.5	33.3
Investment in construction	-8.3	-16.7	15.4	15.4	-9.1
Investment in machinery, equipment, and tools	9.1	16.7	61.5	38.5	8.3
Staff numbers	-25.0	0.0	7.7	7.7	8.3

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

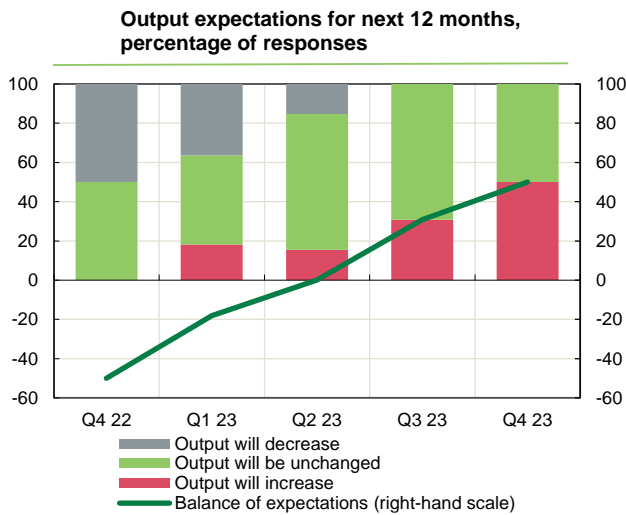


Figure 2

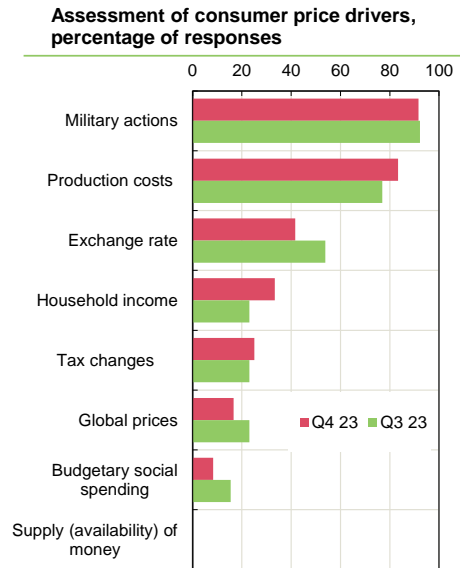


Figure 3

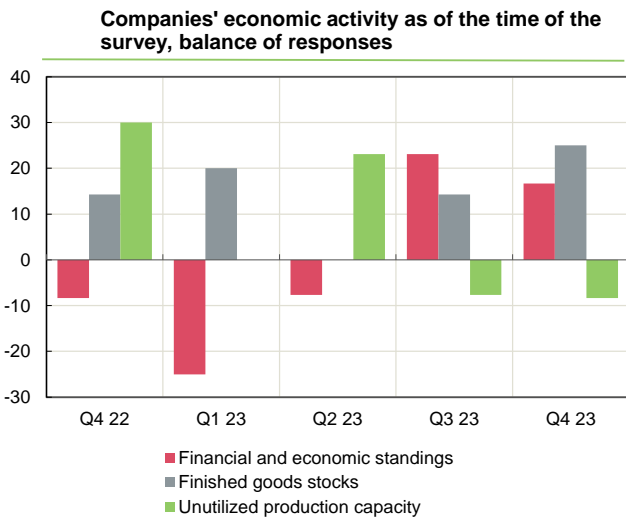


Figure 4

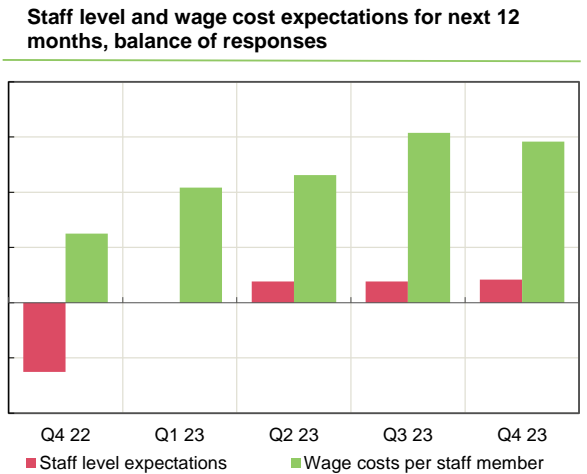


Figure 5

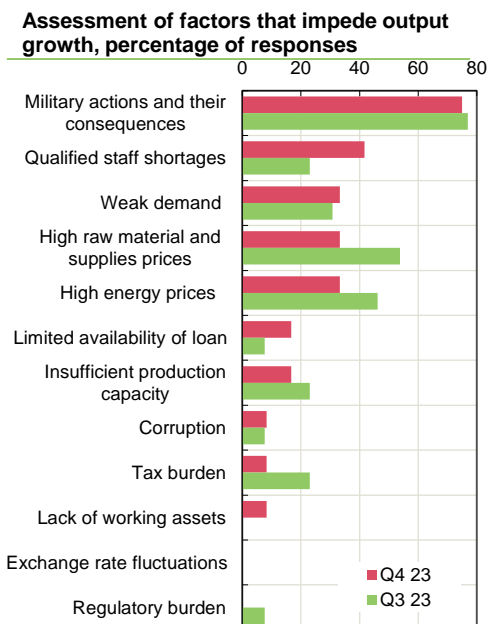


Figure 6

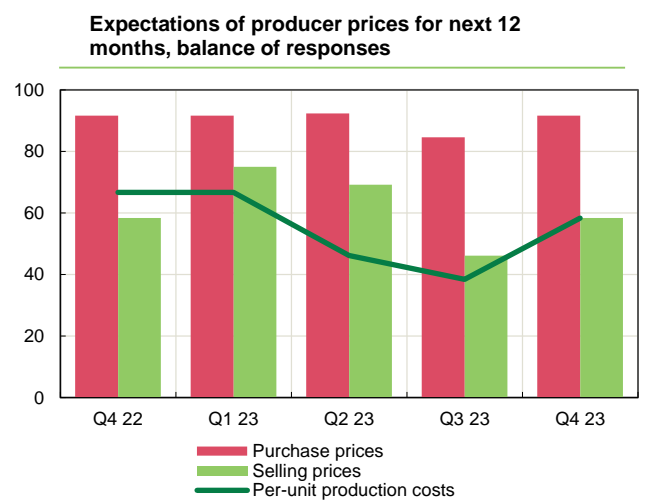


Figure 7

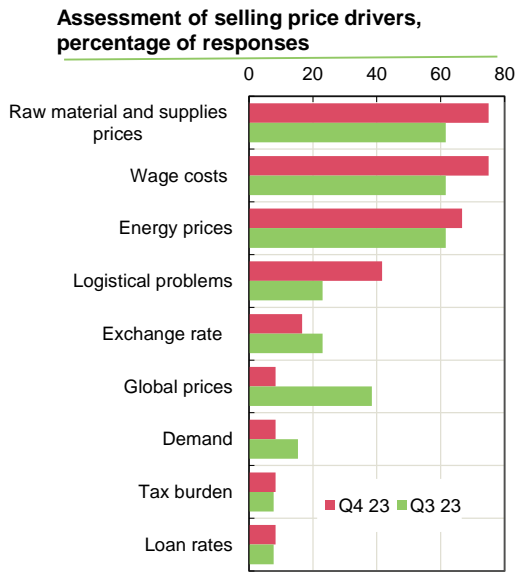


Figure 8

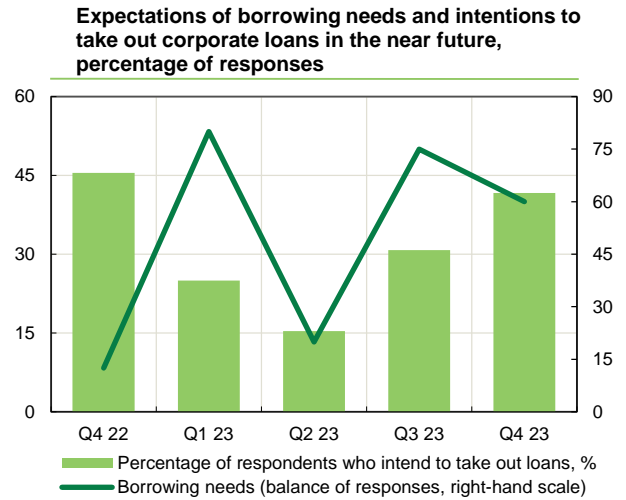


Figure 9

