



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q3 2023



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q3 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q3 2023 showed that, on the back of a stable energy system 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 weakened somewhat, but still remained high.

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

- **the output of Ukrainian goods and services would increase** (such expectations were reported for the first time since Q1 2022): the balance of expectations was 30.8%, up from 0.0% in Q2 2023 (Figure 1). Across Ukraine, the balance of responses was 9.8%
- **prices for consumer goods and services would rise more slowly**: 76.9% of respondents expected the inflation rate to be lower than 15.0%, up from 38.5% in the previous quarter (52.2% 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**: 69.2% of respondents (down from 76.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 72.4%
- **the financial and economic standings of their companies would improve**: the balance of expectations was 16.7%, compared to 23.1% in Q2 2023. The figure across Ukraine was 6.0% (see Table)
- **total sales and external sales would increase at a faster pace**: the balances of responses were 38.5% and 60.0% respectively, compared to 23.1% and 25.0% in the previous quarter (see Table). Overall, across Ukraine the balances of responses were 16.8% and 10.6% respectively
- **investment in construction would increase**: the balance of responses was 15.4%, as in the previous quarter. Meanwhile, respondents expected **slower growth in investment in machinery, equipment, and tools**, the balance of responses being 38.5%, down from 61.5% in Q2 2023 (see Table). Across Ukraine, the balances of responses were (-2.2%) and 8.8% respectively
- **staff numbers would increase**: the balance of responses was 7.7%, as in the previous quarter. Across Ukraine, respondents expected staff numbers to decrease: the balance of responses was (-7.0%) (Figure 4)
- **purchase and selling prices would rise more slowly**: the balances of responses were 84.6% and 46.2% respectively (compared to 92.3% and 69.2% in Q2 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 38.5%, compared to 46.2% in Q2 2023. Respondents also expected an increase in **wage costs per staff member**: the balance of responses was 61.5%, up from 46.2% in Q2 2023 (Figures 4 and 6).

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

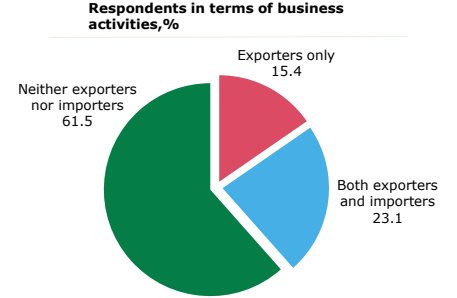
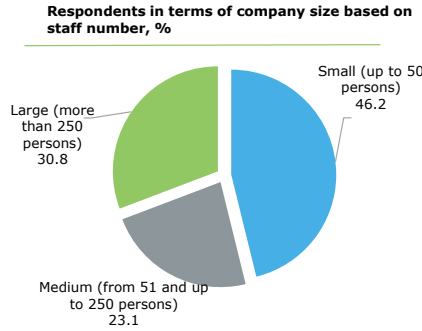
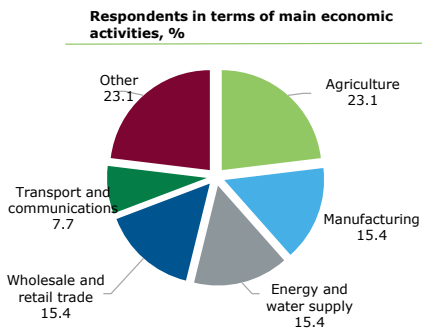
Respondents reported significantly higher expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted to take domestic currency loans. Respondents referred to high loan rates, other funding sources and collateral requirements 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 (94.9% across Ukraine).

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

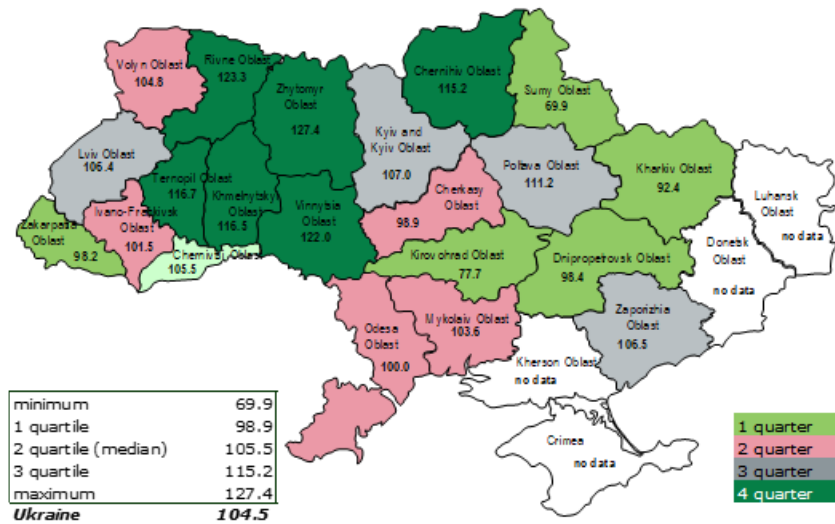
- **Companies said that their current financial and economic standings had improved and assessed them as good**: the balance of responses was 23.1%, up from (-7.7%), in Q2 2023. Overall, across Ukraine, top managers assessed their current financial and economic standings as bad (-5.8%).
- **Finished goods stocks had increased and were assessed as higher than normal**: the balance of responses was 14.3%, compared to 0.0% in the previous quarter.
- **Companies had insufficient amount of unutilized production capacity to meet any unexpected rise in demand**: the balance of responses was (-7.7%), down from 0.0% in Q2 2023.

Survey Details^{1,2}



- Period: 3 August through 23 August 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, %				
	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Financial and economic standings	-8.3	-16.7	-16.7	23.1	16.7
Total sales	0.0	-25.0	16.7	23.1	38.5
Investment in construction	-25.0	-8.3	-16.7	15.4	15.4
Investment in machinery, equipment, and tools	0.0	9.1	16.7	61.5	38.5
Staff numbers	-16.7	-25.0	0.0	7.7	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

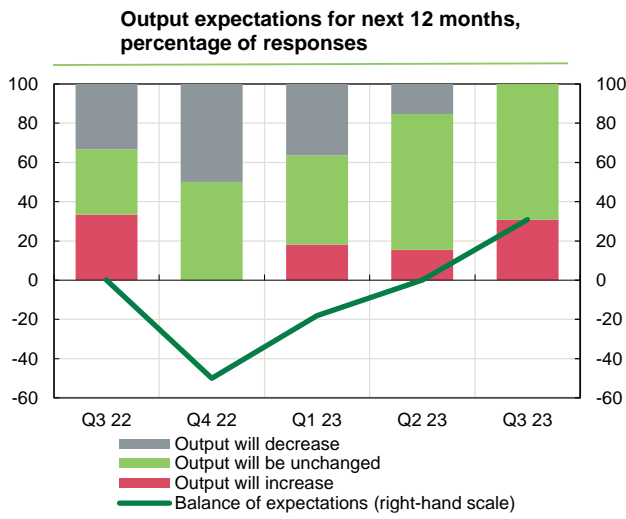


Figure 2

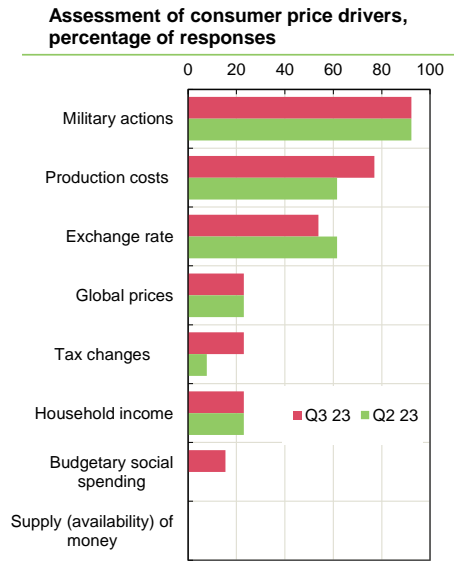


Figure 3

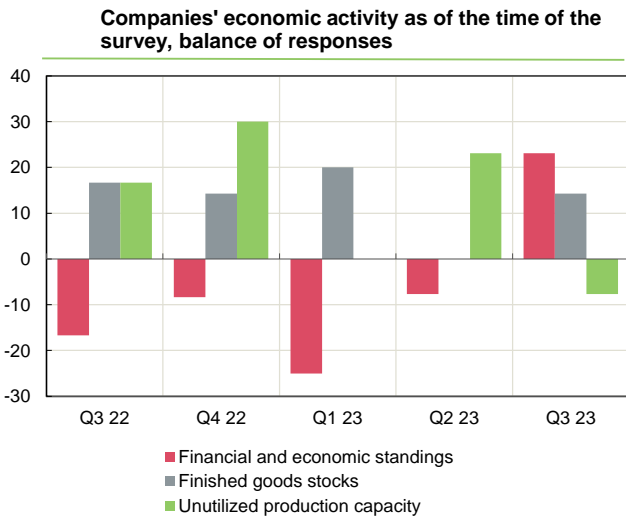


Figure 4

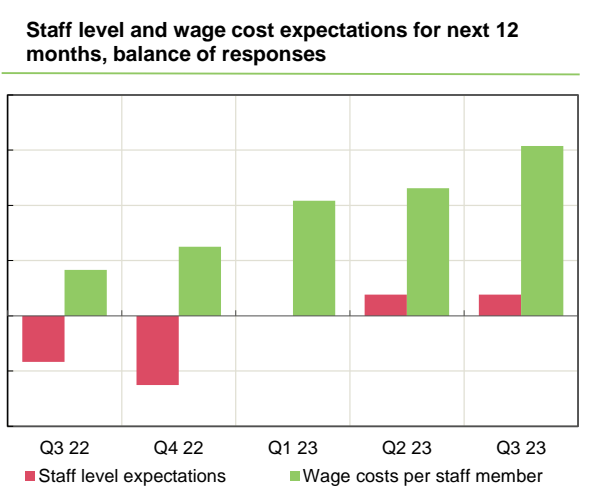


Figure 5

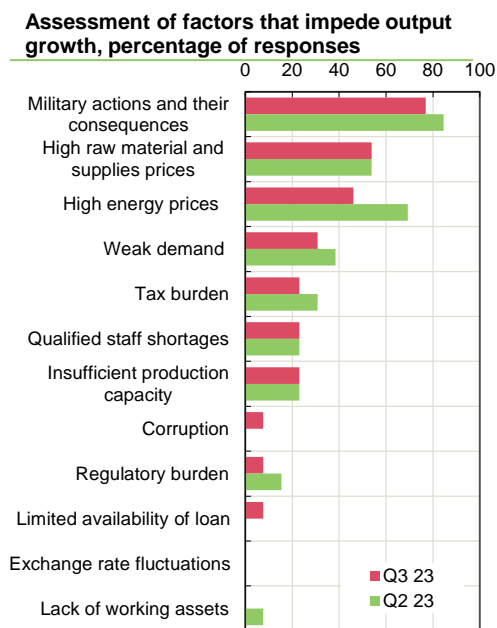


Figure 6

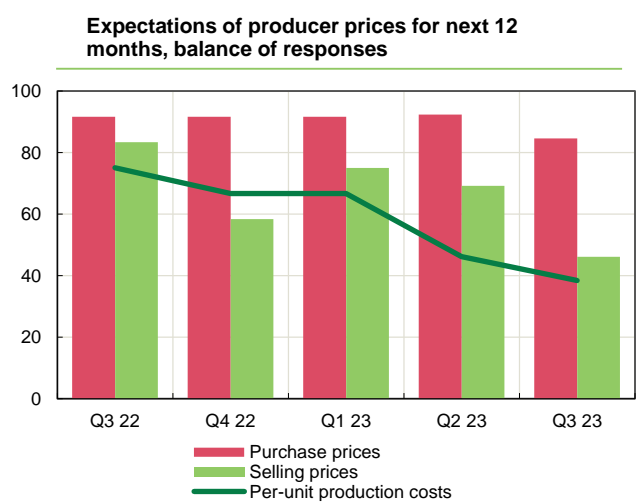


Figure 7

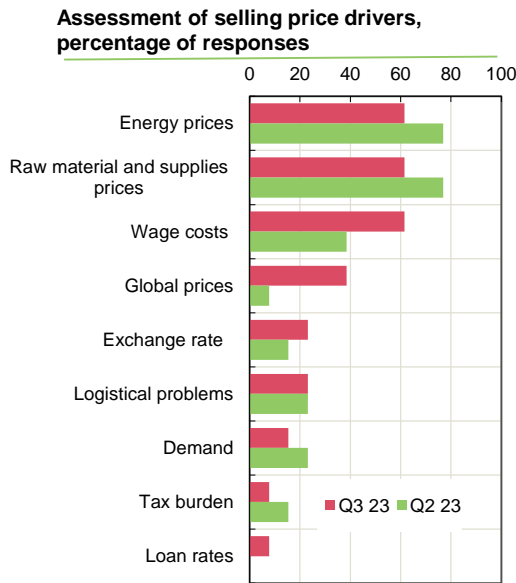


Figure 8

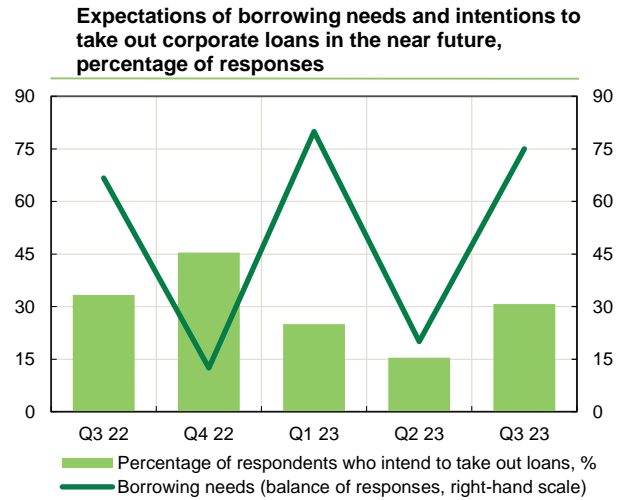


Figure 9

Оцінка респондентами факторів, які можуть змусити підприємство уникати/відкладати використання кредитних послуг банків, відсоток відповідей

