



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q2 2024 showed that, amid the war, high raw material and supplies prices and high energy prices, respondents downgraded their expectations of the output of Ukrainian goods and services over the next 12 months. They reported **positive expectations for the performance of their companies** over this period. Prices were expected to rise more slowly. Depreciation expectations remained strong.

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 faster pace: the balance of expectations was (-16.7%), down from (-8.3%) in Q1 2024 (Figure 1). Across Ukraine, the balance of responses was (-0.3%)
- **prices for consumer goods and services would rise**: 58.3% of respondents expected the inflation rate to be lower than 10.0%, compared to 50.0% in the previous quarter (62.8% 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: 83.3% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve**: the balance of expectations was 8.3%, down from 16.7% in Q1 2024. The figure across Ukraine was (-0.2%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, down from 8.3% in the previous quarter. Meanwhile respondents expected that external sales would increase: the balance of responses was 16.7%, up from (-20.0%) in Q1 2024 (see Table). Overall, across Ukraine the balances of responses were 8.7% and 11.0% respectively
- investment in construction would decrease: the balance of responses was (-16.7%), compared to (-8.3%) in the previous quarter. At the same time, respondents expected investment in machinery, equipment, and tools to remain unchanged: the balance of responses was 0.0%, down from 25.0% (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- staff numbers would remain unchanged: the balance of responses was 0.0%, down from 8.3% in the previous quarter. Across Ukraine, respondents expected staff numbers to decrease: the balance of responses was (-10.7%) (Figure 4)
- purchase and selling prices would rise more quickly: the balances of responses were 100.0% and 58.3% respectively (compared to 75.0% and 33.3% in Q1 2024) (Figure 6). Energy prices, wage costs, and raw material and supplies 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 75.0%, compared to 50.0% in Q1 2024. At the same time, respondents expected that wage costs per staff member would rise more slowly: the balance of responses was 58.3%, compared to 66.7% in Q1 2024 (Figures 4 and 6).

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

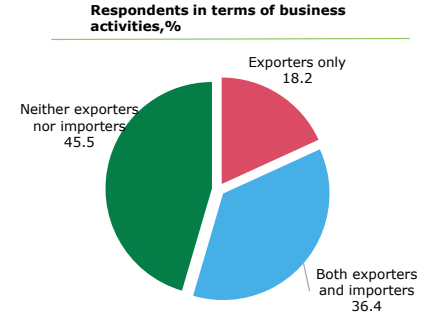
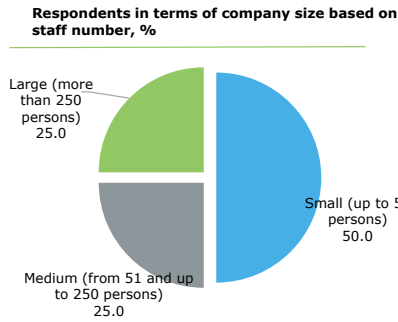
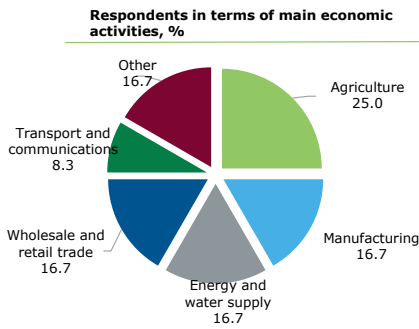
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency loans. Respondents referred to the availability of other funding sources, collateral requirements, high loan rates and uncertainty about their ability to meet debt obligation as they fall due 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** (96.0% across Ukraine).

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

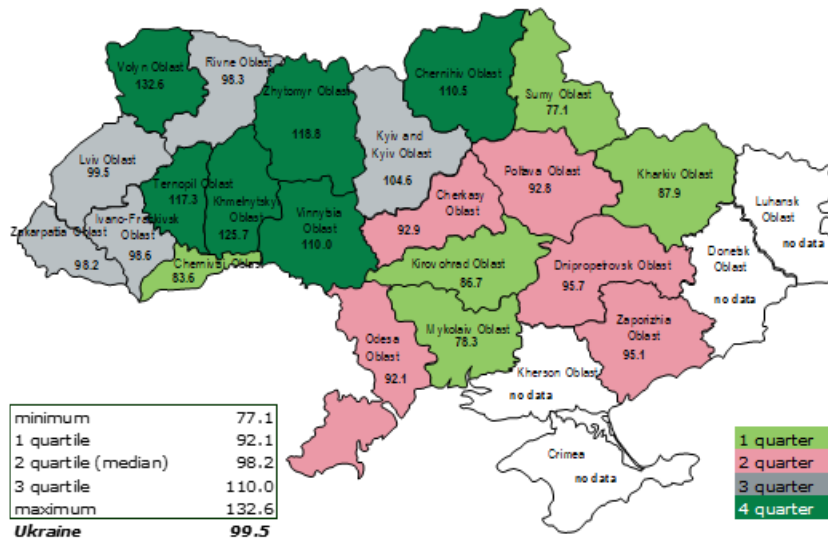
- **Companies assessed their current financial and economic standings as bad**: the balance of responses was (-8.3%), as in Q1 2024. Overall, across Ukraine, the balance of responses was (-4.3%).
- **Finished goods stocks were assessed as normal**: the balance of responses was 0.0%, compared to (-25.0%) 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 8.3%, up from (-33.3%) in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 27 May 2024.
- 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, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
	Financial and economic standings	23.1	16.7	16.7	16.7
Total sales	23.1	38.5	33.3	8.3	0.0
Investment in construction	15.4	15.4	-9.1	-8.3	-16.7
Investment in machinery, equipment, and tools	61.5	38.5	8.3	25.0	0.0
Staff numbers	7.7	7.7	8.3	8.3	0.0

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

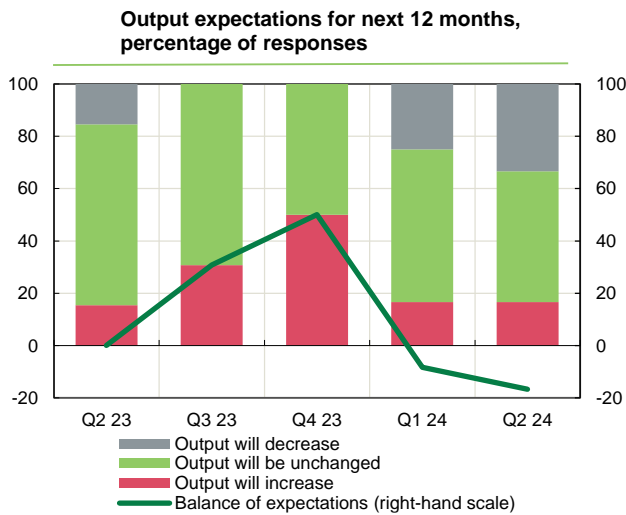


Figure 2

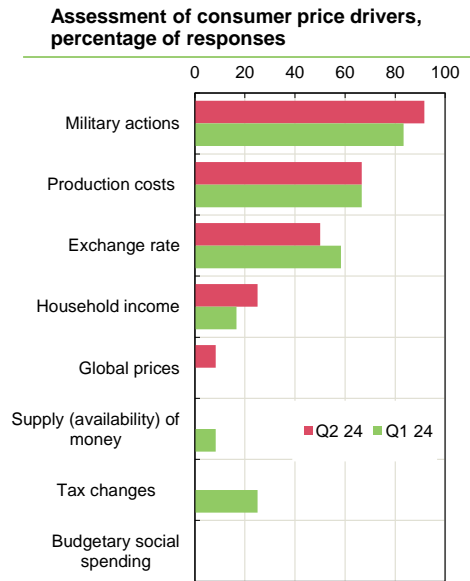


Figure 3

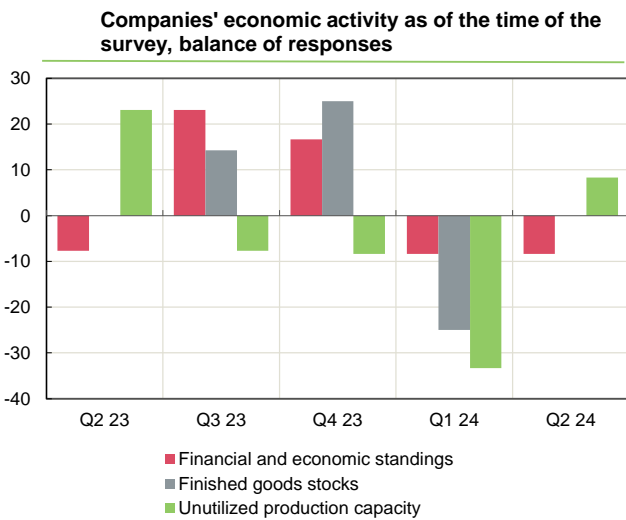


Figure 4

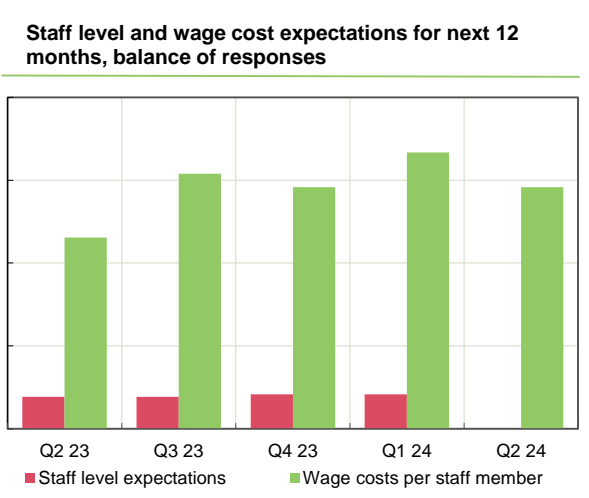


Figure 5

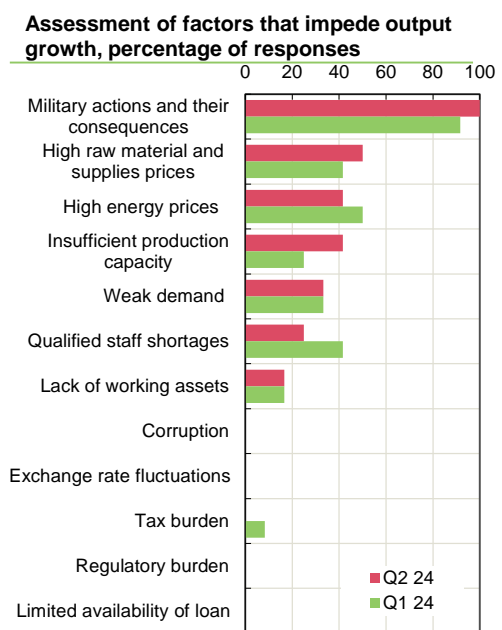


Figure 6

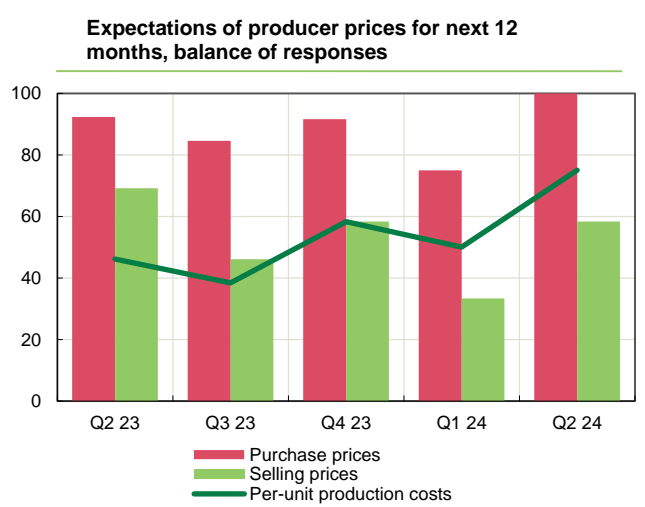


Figure 7

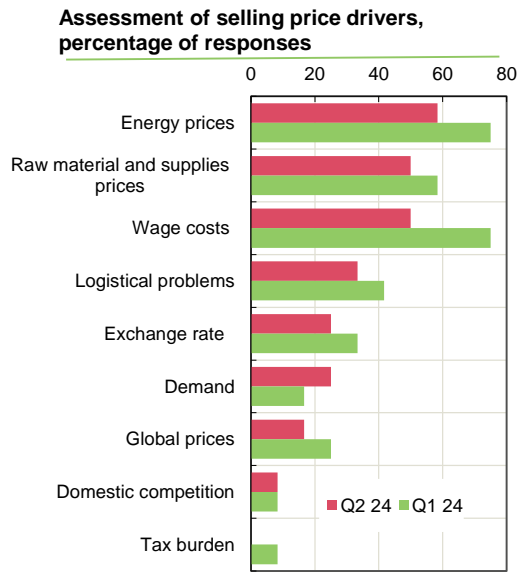


Figure 8

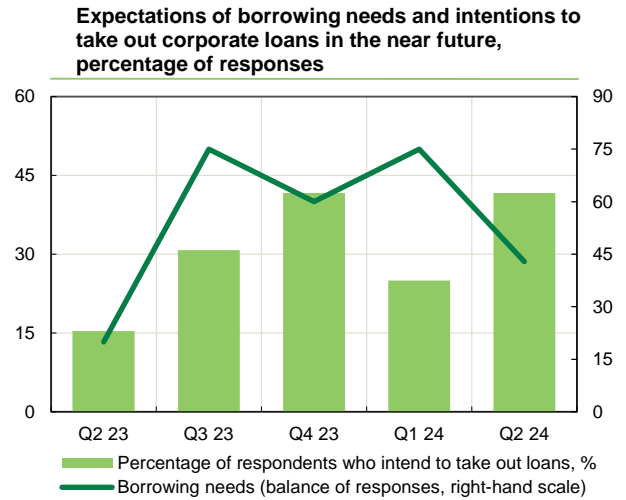


Figure 9

