



National Bank  
of Ukraine

# Business Outlook Survey of Volyn Oblast\*

Q2 2022



\*This survey only reflects the opinions of respondents in Volyn oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Volyn oblast in Q2 2022 showed that against the background of the war respondents **expected the output of Ukrainian goods and services to drop rapidly. They also expected a deterioration in the performance of their companies over the next 12 months.** Respondents expected high inflation and depreciation.

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

- **the output of Ukrainian goods and services would drop rapidly:** the balance of responses was (-91.7%) compared to 57.1% in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-48.7%)
- **prices for consumer goods and services would increase:** 91.7% of respondents expected that inflation would exceed 20.0%, compared to 58.2% across Ukraine. Respondents referred to military actions, production costs and the exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate rapidly:** 100.0% of respondents (as in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.9%
- **the financial and economic standings of their companies would deteriorate at a fast pace:** the balance of expectations was (-33.3%) compared to 11.1% in the previous quarter (see Table) and (-17.1%) across Ukraine
- **total sales would increase more slowly:** the balance of responses was 18.2% (compared to 55.6% in Q1 2022). Respondents also expected external sales to decrease significantly (the balance of responses was (-66.7%), compared to 33.3% in the previous quarter) (see Table). The balances of responses across Ukraine were (-19.0%) and (-25.0%) respectively
- **both investment in construction and in machinery, equipment, and tools would decrease significantly:** the balances of responses were (-44.4%) and (-33.3%) respectively (compared to 25.0% and 11.1% in Q1 2022 respectively) (see Table). Across Ukraine, the balances of responses were (-37.2%) and (-34.7%) respectively
- **staff numbers at their companies would decrease noticeably:** the balance of responses was (-25.0%) (compared to 0.0% in Q1 2022) (Figure 4). Overall, across Ukraine the balance of responses was (-29.0%)
- **purchase prices would grow rapidly:** the balance of responses was 100.0% (as in the previous quarter). At the same time, respondents expected selling prices to grow more slowly: the balance of responses was 75.0% (compared to 87.5% in Q1 2022) (Figure 6). Raw material and supplies prices, the exchange rate and logistical problems were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs would rise:** the balance of responses was 83.3% (compared to 77.8% in the previous quarter). Respondents also expected that **wage costs per staff member** would grow at a slower pace: the balance of responses was 58.3% (compared to 77.8% in Q1 2022) (Figures 4 and 6).

Companies cited military actions and their consequences, high raw material and supplies prices and hryvnia exchange rate fluctuations as **the main drags on their ability to boost production** (Figure 5).

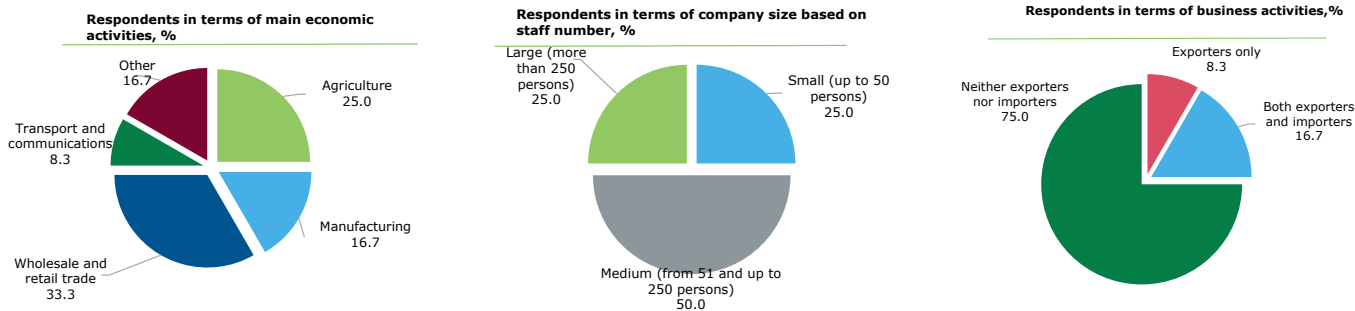
Respondents reported **higher expectations of an increase in their borrowing needs** in the near future (Figure 8). The share of respondents who planned to take out bank loans decreased, to 8.3%. All of these respondents opted only for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Respondents cited uncertainty about their ability to meet debt obligations as they fall due, other funding sources and high loan rates as the main factors deterring them from taking out loans (Figure 10).

**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (93.5% across Ukraine).

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

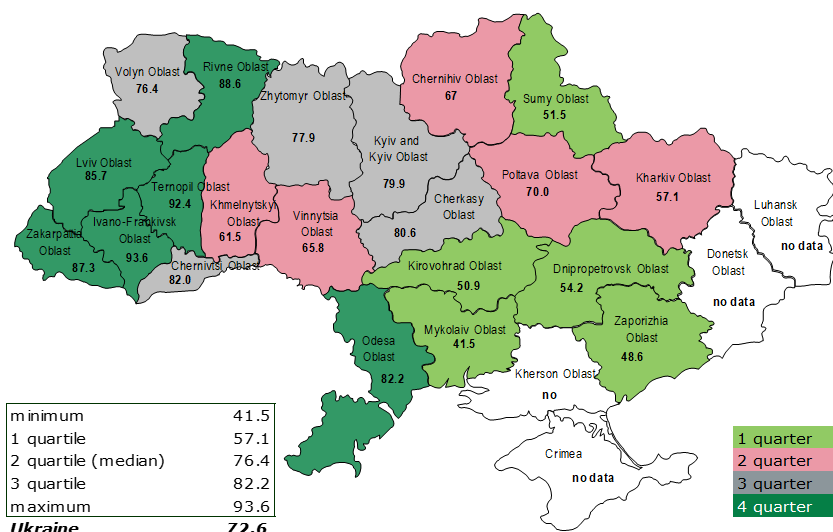
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-25.0%) compared to 22.2% in the previous quarter. Across Ukraine, the balance of responses was (-28.8%)
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-28.6%) compared to (-20.0%) in Q1 2022.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, as in Q1 2022.

Survey Details<sup>1,2</sup>



- Period: 3 May through 26 May 2022.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the trade sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts<sup>3</sup>, %



<sup>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>\*\*</sup>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 Volyn Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	27.3	36.4	18.2	11.1	-33.3
Total sales	54.5	16.7	45.5	55.6	18.2
Investment in construction	-9.1	0.0	-11.1	25.0	-44.4
Investment in machinery, equipment, and tools	8.3	40.0	11.1	11.1	-33.3
Staff numbers	0.0	-16.7	-8.3	0.0	-25.0

<sup>1</sup> This sample was generated in proportion to the contribution of each oblast and each economic activity to Ukraine's gross value added.

<sup>2</sup> Data for totals and components may be subject to rounding effects.

<sup>3</sup> The business outlook index (BOI) is an aggregate indicator for expected business performance over the next 12 months. It is calculated using the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

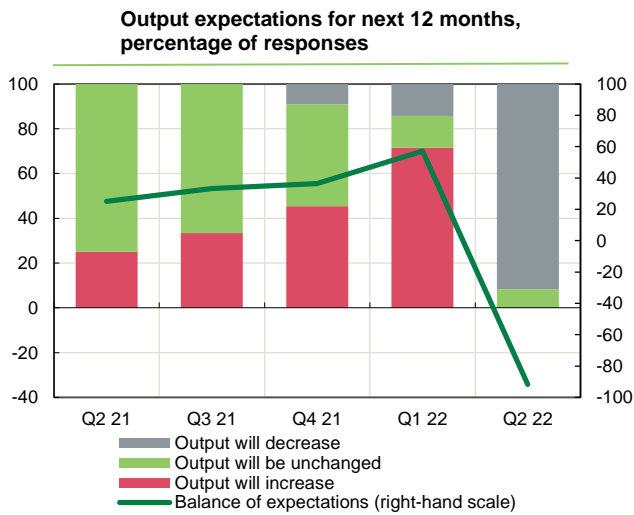


Figure 2

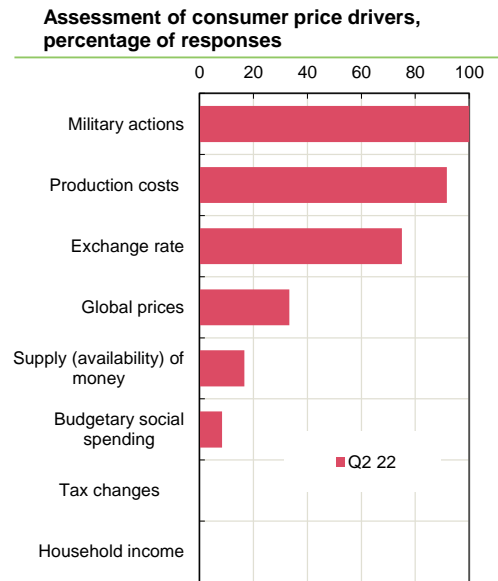


Figure 3

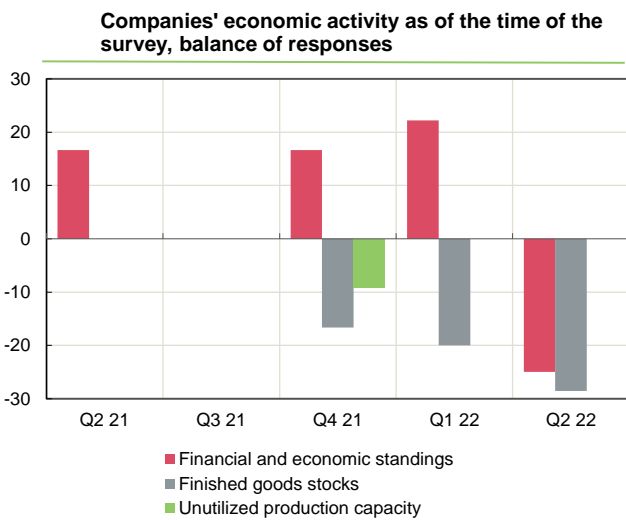


Figure 4

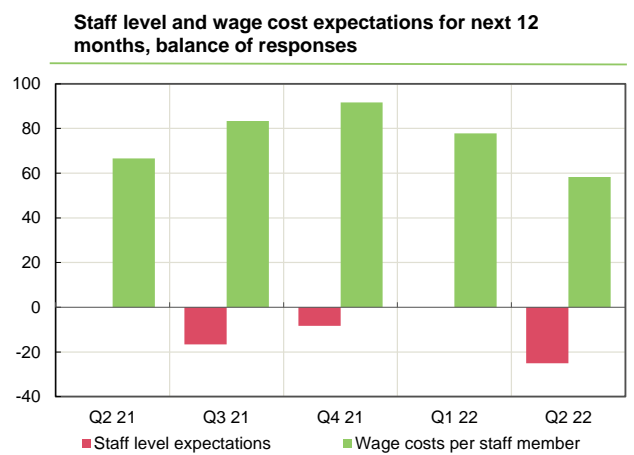


Figure 5

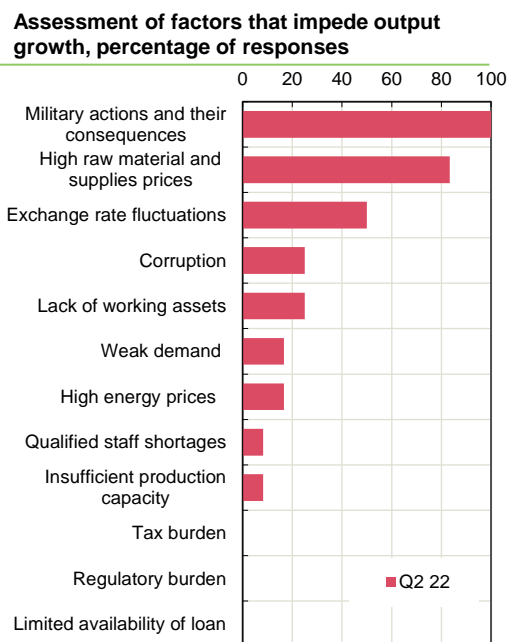


Figure 6

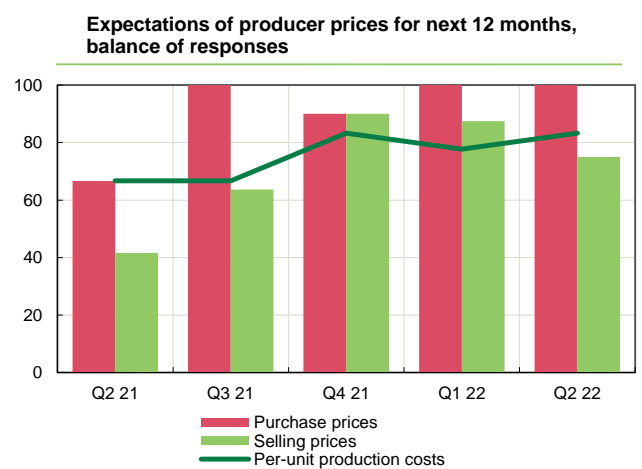


Figure 7

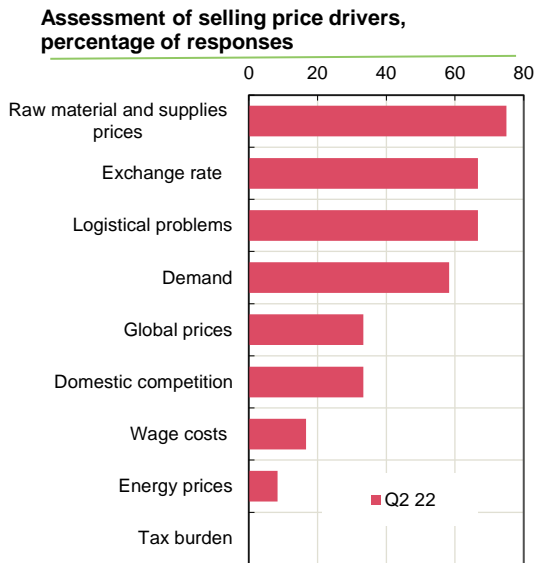


Figure 8

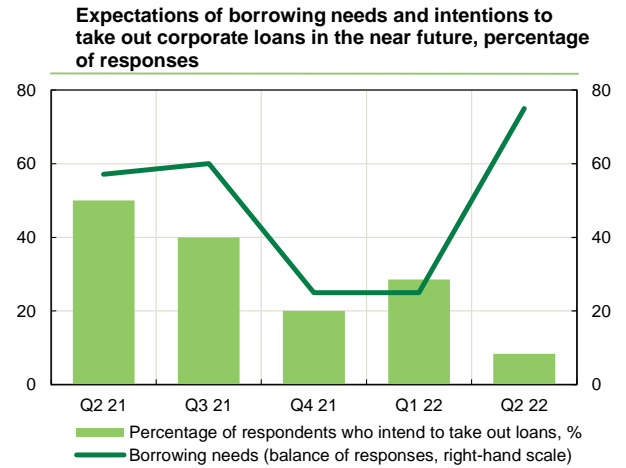


Figure 9

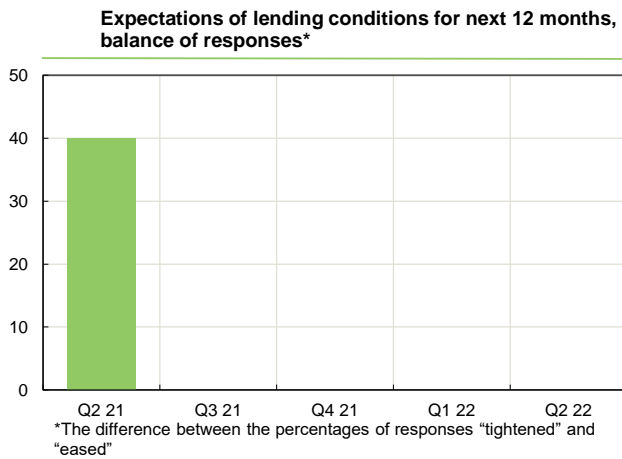


Figure 10

