



National Bank
of Ukraine

Business Outlook Survey of Volyn Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Volyn 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 Volyn oblast in Q2 2024 showed that, despite the war, high energy, raw material and supplies prices, respondents expected the output of Ukrainian goods and services to increase. They also had positive expectations for the performance of their companies over the next 12 months. Prices were expected to rise more slowly. Depreciation expectations 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:** the balance of responses was 50.0% (these were the highest expectations of output growth across the regions and they have been reported for four quarters in a row), down from 83.3% in the previous quarter (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- **inflation would decrease:** 91.7% of respondents expected that inflation would not exceed 10.0%, compared to 75.0% in the previous quarter and 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, compared to 81.8% in the previous quarter, expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve at a faster pace:** the balance of expectations was 50.0% (the firmest expectations among the regions), compared to 16.7% in the previous quarter (see Table). Overall, across Ukraine, the financial and economic standings of their companies would deteriorate moderately (-0.2%)
- **total sales would increase:** the balance of responses was 54.5% (compared to 66.7% in Q1 2024) (see Table). The balance of responses across Ukraine was 8.7%
- **investment in construction and in machinery, equipment, and tools would increase at a faster pace:** the balances of responses were 10.0% and 40.0% respectively, up from 0.0% and 25.0% in Q1 2024 (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- **staff numbers at their companies would increase:** the balance of responses was 8.3% (the firmest expectations among the regions), as in Q1 2024 (Figure 4). Overall, across Ukraine the balance of responses was (-10.7%)
- **purchase prices would grow more slowly:** the balance of responses was 75.0% (compared to 91.7% in the previous quarter). Respondents also expected that selling prices would rise: the balance of responses was 66.7%, as in Q1 2024 (Figure 6). Raw material and supplies prices, wage costs and energy prices (the impact of this factor was reported to have increased significantly) were referred to as the main selling price drivers (Figure 7)
- **wage costs per staff member and per-unit production costs would rise:** the balances of responses were 75.0% and 72.7% respectively (compared to 81.8% and 72.7% respectively in the previous quarter) (Figures 4 and 6).

Companies cited military actions and their consequences, high raw material and supplies prices, and energy prices (the impact of this factor was reported to have increased compared to the previous quarter) as **the main drags on their ability to boost production** (Figure 5).

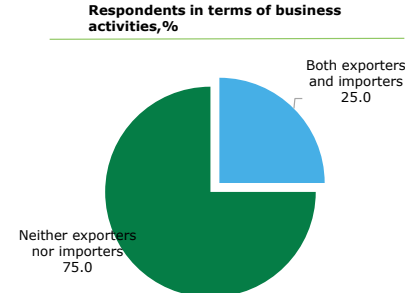
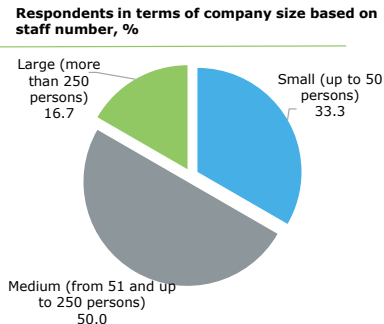
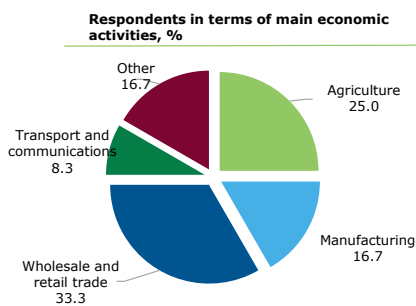
Companies reported **slightly weaker expectations of an increase in their borrowing needs** in the near future (Figure 8). The share of respondents who planned to take out bank loans increased to 50.0% (up from 41.7% in the previous quarter). All of these respondents said they would only opt for domestic currency loans. Respondents cited the availability of other funding sources, high loan rates, uncertainty about their ability to meet debt obligations as they fall due and complicated paperwork as the main factors deterring them from taking out loans (Figure 9).

91.7% 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)

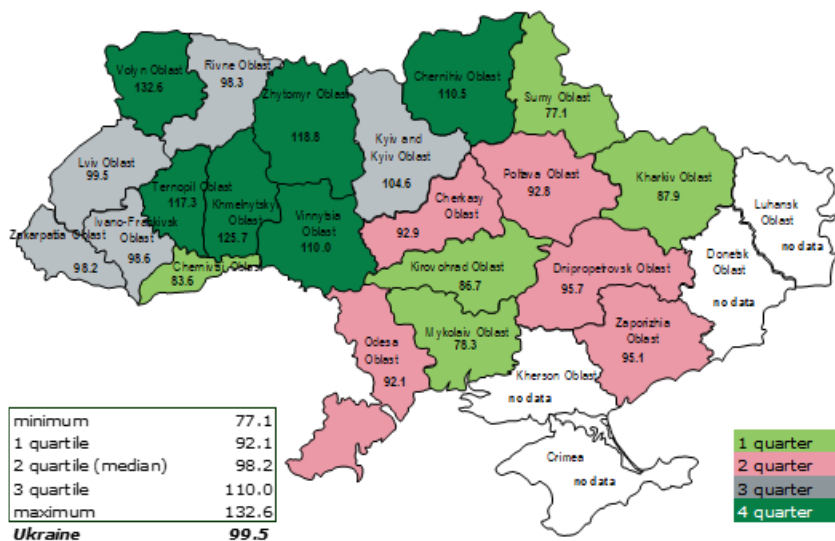
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-16.7%), compared to (-8.3%) in Q1 2024 and (-4.3%) across Ukraine.
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-33.3%), compared to (-16.7%) in Q1 2024.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, down from 9.1% in Q1 2024.

Survey Details^{1,2}



- Period: 30 April through 27 May 2024.
- 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 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 Volyn 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	8.3	16.7	0.0	16.7	50.0
Total sales	33.3	41.7	0.0	66.7	54.5
Investment in construction	-22.2	-18.2	-18.2	0.0	10.0
Investment in machinery, equipment, and tools	22.2	9.1	-18.2	25.0	40.0
Staff numbers	8.3	-25.0	-25.0	8.3	8.3

¹ This sample was generated in proportion to the contribution of each oblast 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 the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

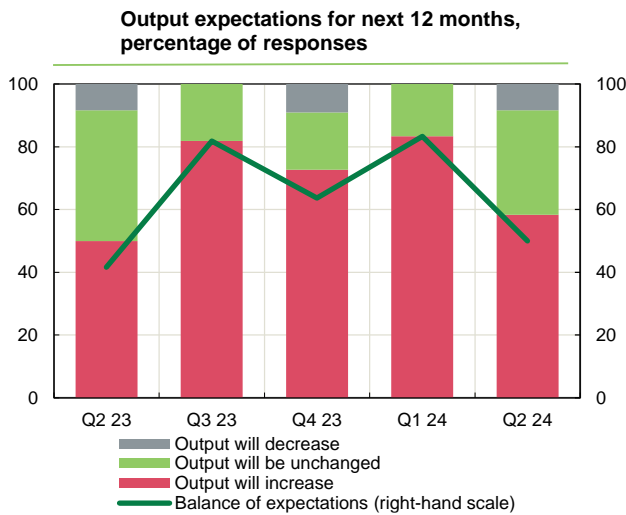


Figure 2

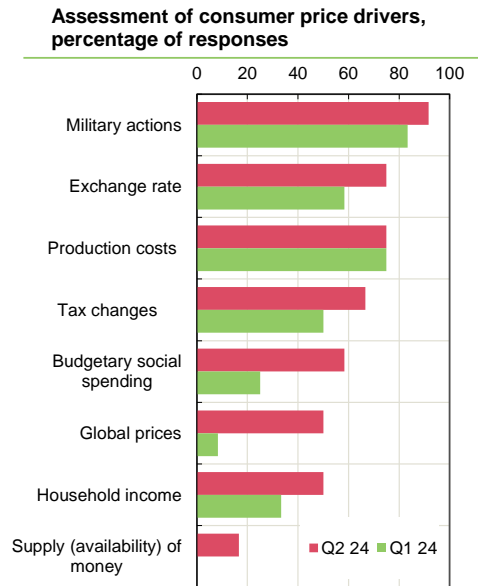


Figure 3

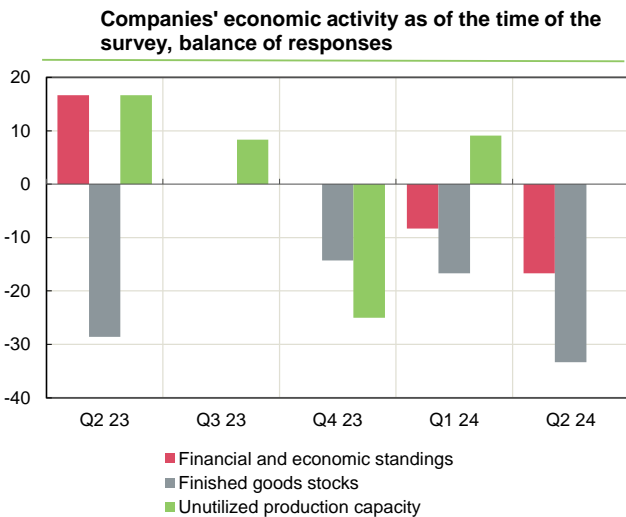


Figure 4



Figure 5

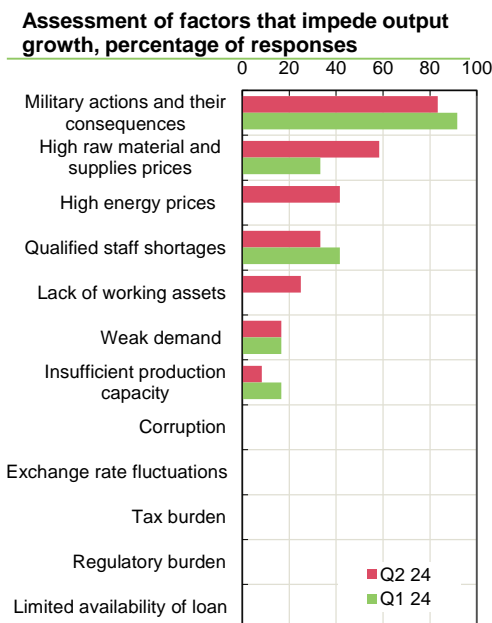


Figure 6

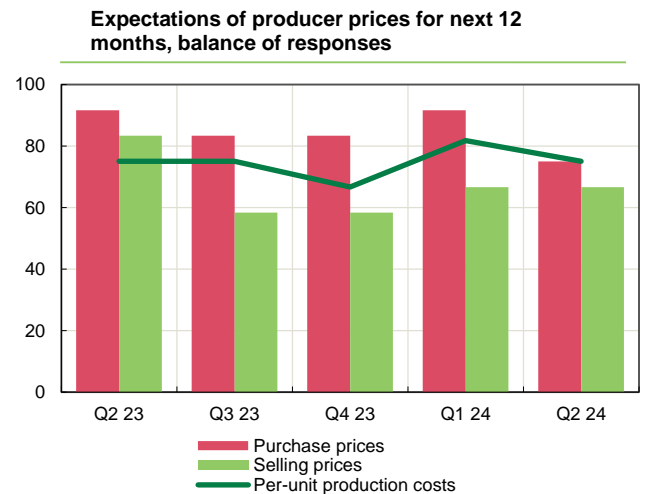


Figure 7

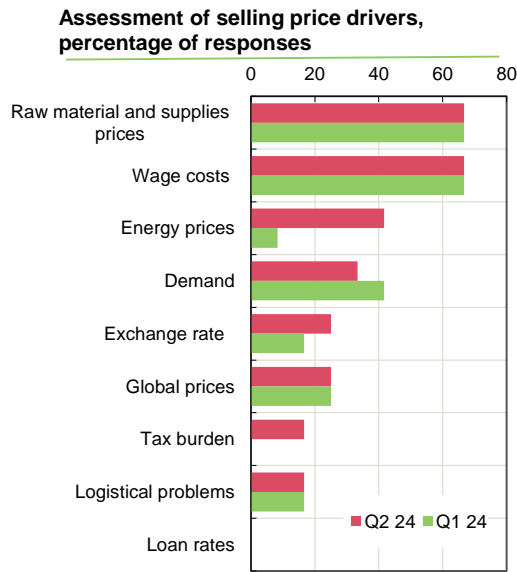


Figure 8

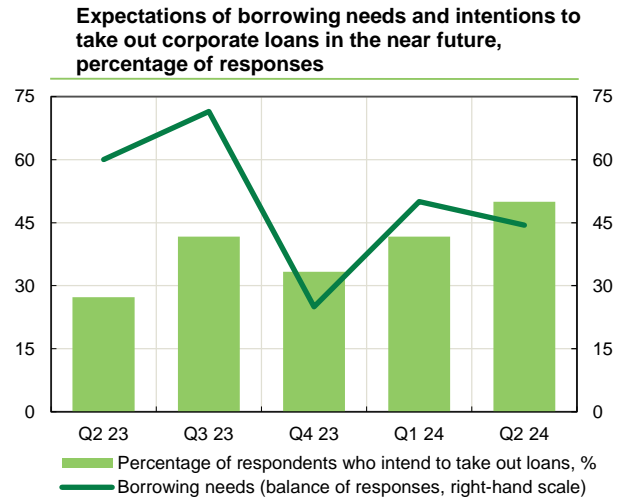


Figure 9

