



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q4 2020



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q4 2020, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q4 2020 showed that respondents expected a drop in the output of Ukrainian goods and services and weaker performance by their companies over the next 12 months on the back of a tighter quarantine. Respondents expected inflation to increase and the domestic currency to depreciate more slowly.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-23.1%) compared to 15.4% in Q3 2020 and (-24.4%) across Ukraine
- **the prices of consumer goods and services would rise** at a slower pace: 69.2% of respondents expected the inflation rate to be lower than 7.5% (compared to 61.5% in the previous quarter and 49.2% across Ukraine). Respondents referred to the exchange rate, household income and production costs **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 69.2% of respondents (compared with 84.6% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 87.1%
- **the financial and economic standings of their companies would deteriorate** at a faster pace: the balance of expectations was (-20.0%) compared to (-8.3%) in the previous quarter. Companies across Ukraine expected their financial and economic standings to improve slightly (1.3%) (see Table)
- **total sales would decrease:** the balance of responses was (-15.4%) compared with 23.0% in Q3 2020. Respondents also expected a drop in external sales: the balance of responses was (-16.7%) compared with 40.0% in Q3 2020. Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 7.1% and 3.8% respectively
- **investment in both construction and machinery, equipment and tools would increase:** the balances of responses were 15.4% and 30.8% respectively compared with 0.0% and 15.4% in the previous quarter. Across Ukraine, the balances of responses were (-4.5%) and 3.8% respectively
- **staff numbers would increase:** the balance of responses was 7.7% compared with (-15.4%) in Q3 2020. Across Ukraine, respondents expected staff numbers to decrease (the balance of responses was (-9.9%)) (Figure 4)
- **both purchase and selling prices would grow rapidly:** the balances of responses were 100.0% and 76.9%, respectively (compared with 76.9% and 38.5% in Q3 2020) (Figure 6). Energy prices, wage costs and the exchange rate were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 53.8% and 76.9% respectively, compared with 38.5% and 69.2% in Q3 2020 (Figures 4 and 6).

Companies named qualified staff shortages as the main drag on their ability to boost production (Figure 5). The impact of exchange rate fluctuations was also reported to have increased significantly compared to the previous quarter.

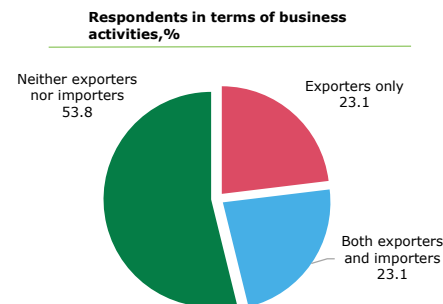
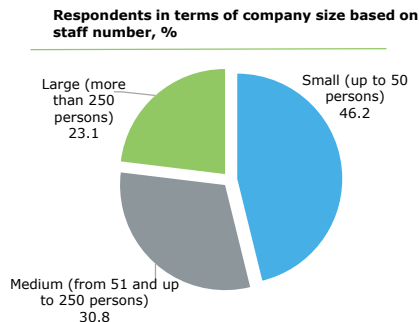
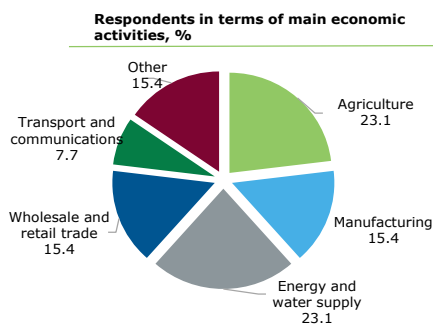
Respondents continued to expect an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out corporate loans usually opted for domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Respondents continued to refer to other funding sources as the main factor that deterred them from taking out loans. There was a noticeable strengthening of the impact of companies' uncertainty about their ability to meet debt obligations as they fall due (Figure 10).

All respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.9% across Ukraine).

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

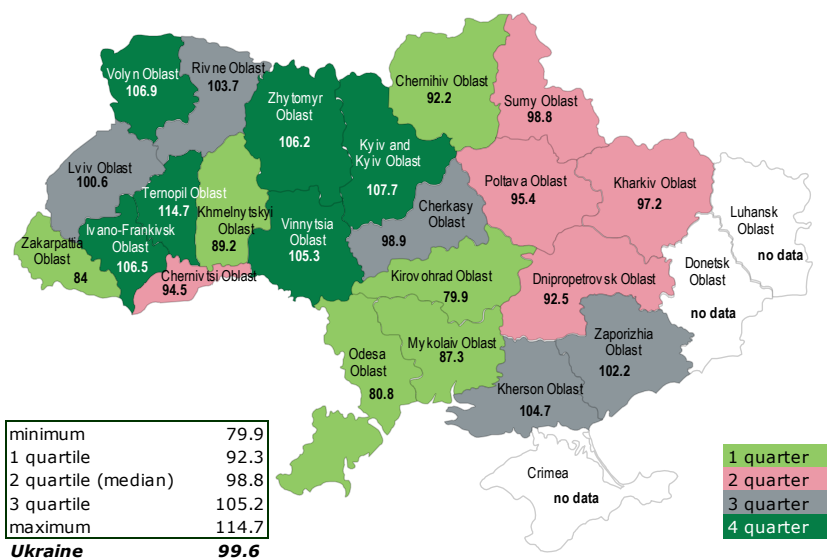
- **The current financial and economic standings of companies had improved and were assessed as good:** the balance of responses was 7.7% compared with (-15.4%) in Q3 2020. Across Ukraine, respondents assessed their current financial and economic standings as bad, with a balance of responses of (-3.2%) across Ukraine.
- **Finished goods stocks were assessed at a level higher than the normal one:** the balance of responses was 20.0% compared with 0.0% in Q3 2020.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 15.4% compared to 16.7% in Q3 2020.

Survey Details^{1,2}



- Period: 6 November through 27 November 2020.
- 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 Regions³, %



*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 sampled 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 19	Q1 20	Q2 20	Q3 20	Q4 20
Financial and economic standings	15.4	0.0	8.3	-8.3	-20.0
Total sales	15.4	7.7	0.0	23.1	-15.4
Investment in construction	-9.1	-20.0	-30.0	0.0	15.4
Investment in machinery, equipment, and tools	0.0	20.0	-9.1	15.4	30.8
Staff numbers	0.0	7.7	-16.7	-15.4	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

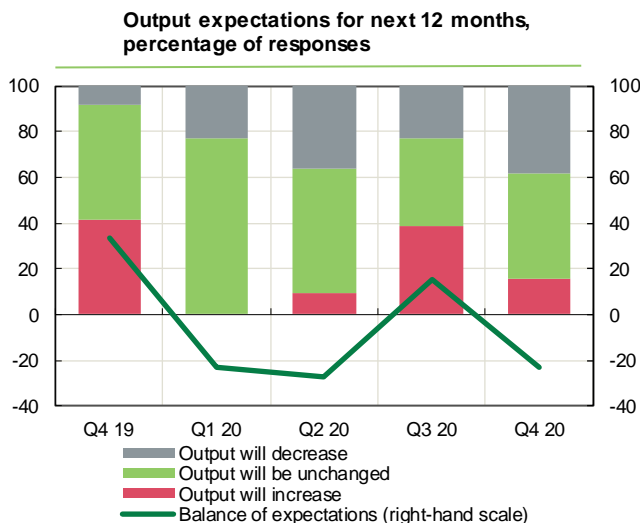


Figure 2

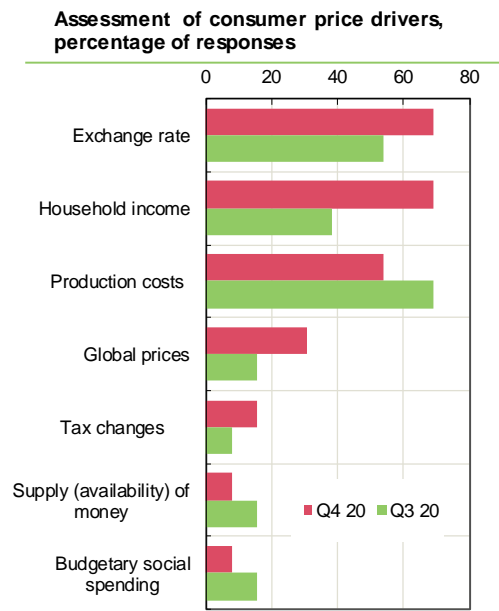


Figure 3

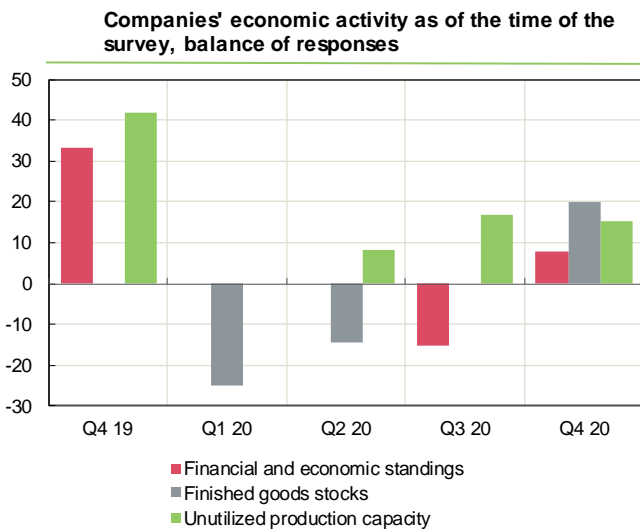


Figure 4



Figure 5

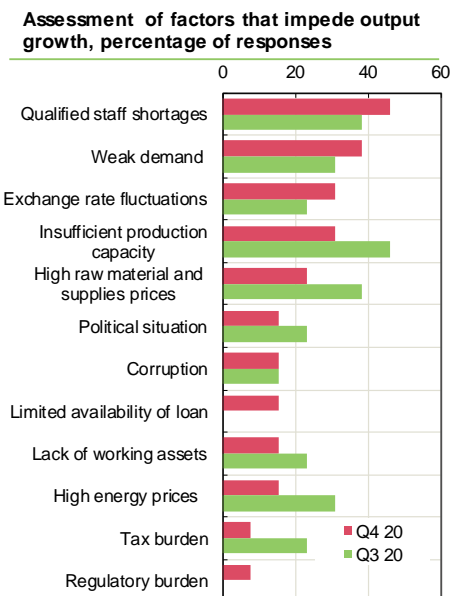


Figure 6

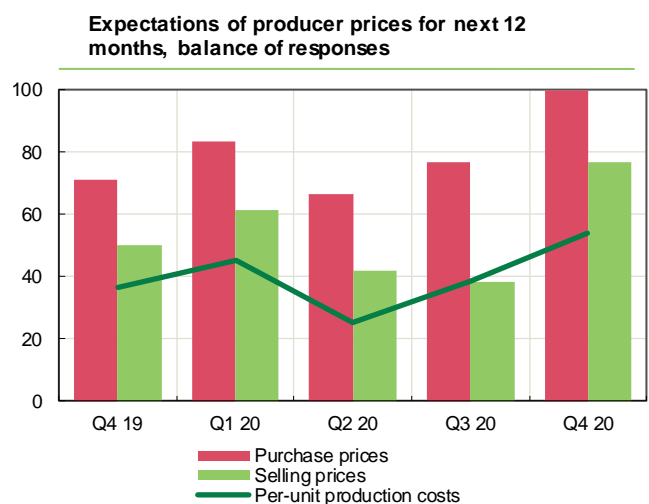


Figure 7

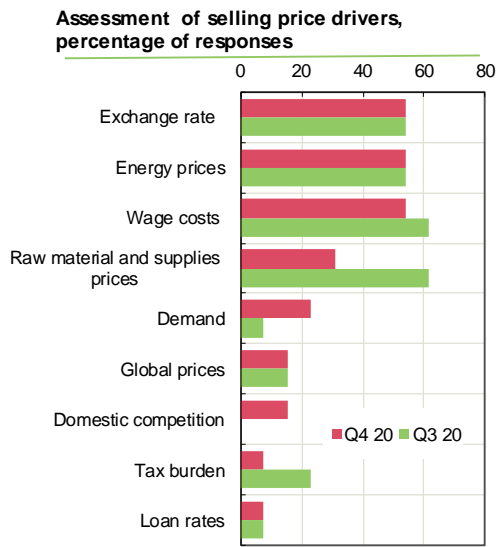


Figure 8

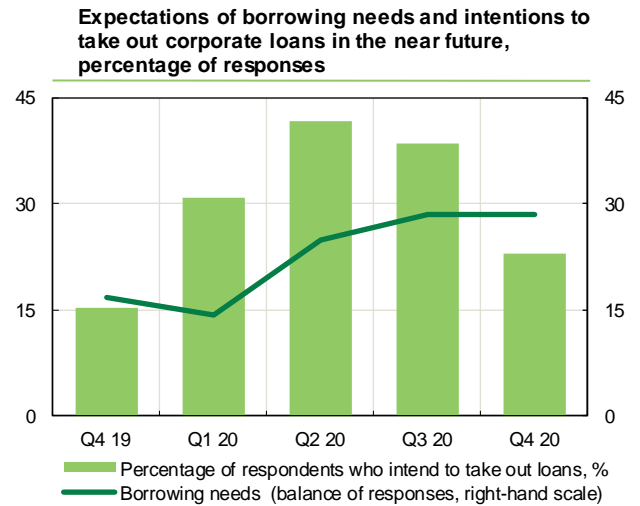


Figure 9

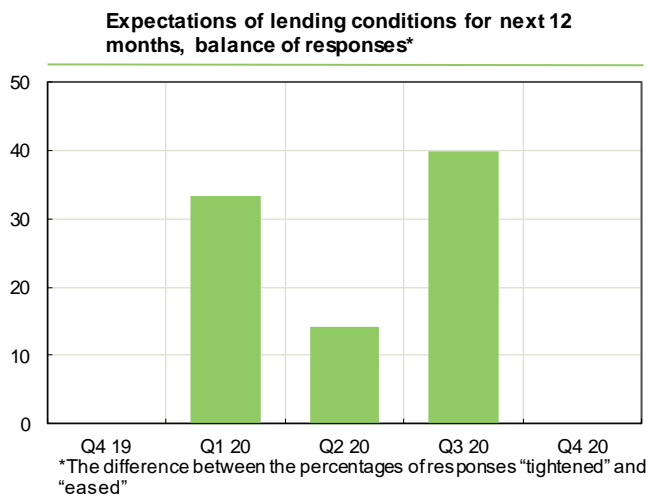


Figure 10

