



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q2 2021



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q2 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q2 2021 showed that respondents **expected growth in the output of Ukrainian goods and services** over the next 12 months. **At the same time, respondents had negative expectations for the performance of their companies** over this period. Respondents also expected slower 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 grow:** the balance of expectations was 25.0% compared to (-23.1%) in Q1 2021 and 15.9% across Ukraine
- **the prices of consumer goods and services would rise more slowly:** 69.2% of respondents expected the inflation rate to be lower than 7.5% (compared to 50.0% in the previous quarter and 54.2% across Ukraine). Respondents referred to production costs **as the main inflation driver**. The impact of the exchange rate was also reported to be significant (Figure 2)
- **the hryvnia would depreciate at a slower pace:** 61.5% of respondents (compared with 76.9% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 63.5%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-9.1%) compared to 0.0% in Q1 2021. Companies across Ukraine expected their financial and economic standings to improve (18.3%) (see Table)
- **total sales would increase:** the balance of responses was 7.7%, compared to (-15.4%) in the previous quarter. Respondents expected that external sales would remain unchanged: the balance of responses was 0.0% compared with 50.0% in Q1 2021. Overall, companies across Ukraine expected sales to increase, the balances of responses being 21.0% for each
- **investment in machinery, equipment, and tools and investment in construction would increase:** the balances of responses were 23.1% and 30.8% respectively (compared with 0.0% and 7.7% in the previous quarter). Across Ukraine, the balances of responses were 16.9% and 6.4% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-27.3%) in Q1 2021. Across Ukraine, respondents expected staff numbers to decrease slightly (the balance of responses was (-1.0%)) (Figure 4)
- **both purchase and selling prices would grow more slowly:** the balances of responses were 69.2% and 46.2% respectively (compared with 100.0% and 76.9% respectively in Q1 2021) (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 decelerate:** the balances of responses were 38.5% and 53.8% respectively, compared with 46.2% and 61.5% in Q1 2021 (Figures 4 and 6).

Companies named energy prices, a lack of working assets, the tax and regulatory burdens and weak demand **as the main drags on their ability to boost production** (the impact of these factors was reported to have increased noticeably compared to the previous quarter) (Figure 5).

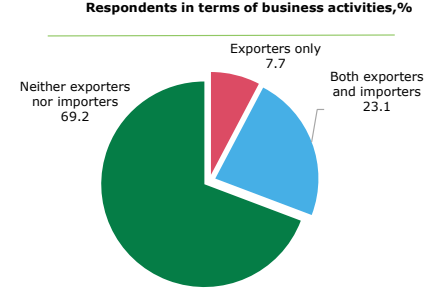
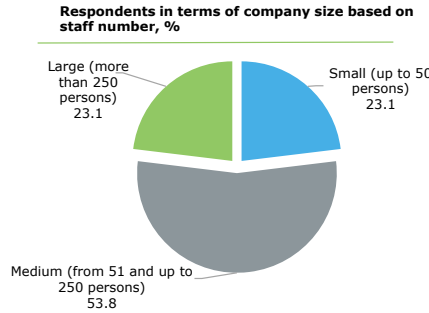
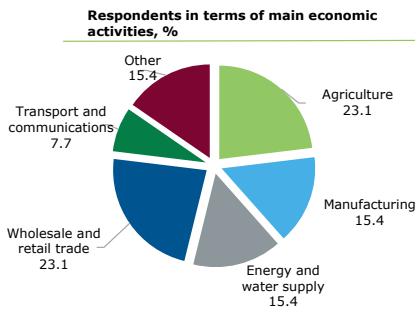
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out corporate loans opted only for domestic currency ones. Respondents said that lending standards had remained unchanged (Figure 9). Respondents continued to refer to other funding sources as the main factor deterring them from taking out loans (Figure 10).

All respondents said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (97.5% across Ukraine).

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

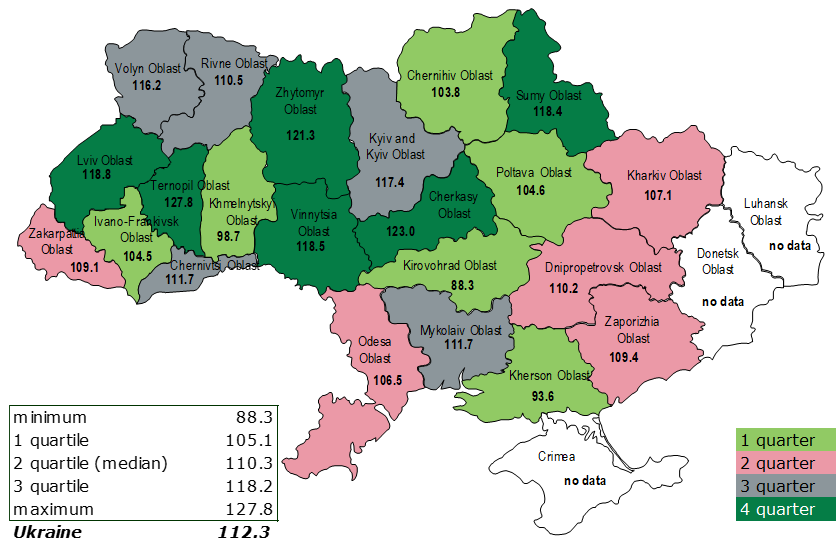
- **The current financial and economic standings of companies had improved and were assessed as good:** the balance of responses was 23.1% compared with (-15.4%) in Q1 2021 and 6.0% across Ukraine.
- **Finished goods stocks had increased and were assessed as normal:** the balance of responses was 0.0% compared with (-14.3%) in Q1 2021.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.7% compared to 23.1% in Q1 2021.

Survey Details^{1,2}



- Period: 11 May through 27 May 2021.
- 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, %



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, %				
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21
Financial and economic standings	8.3	-8.3	-20.0	0.0	-9.1
Total sales	0.0	23.1	-15.4	-15.4	7.7
Investment in construction	-30.0	0.0	15.4	7.7	30.8
Investment in machinery, equipment, and tools	-9.1	15.4	30.8	0.0	23.1
Staff numbers	-16.7	-15.4	7.7	-27.3	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

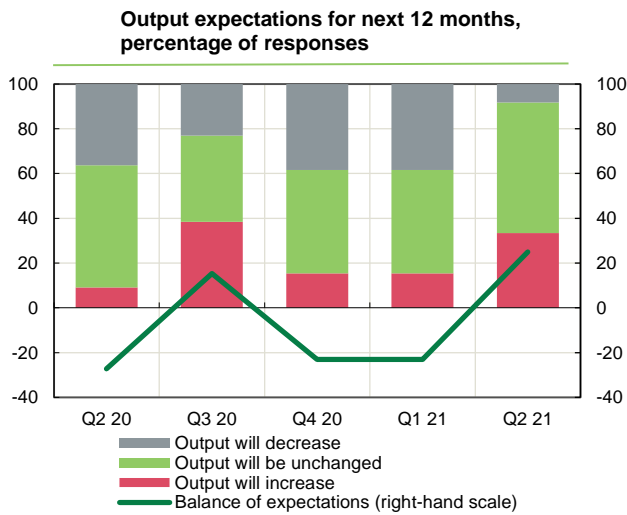


Figure 2

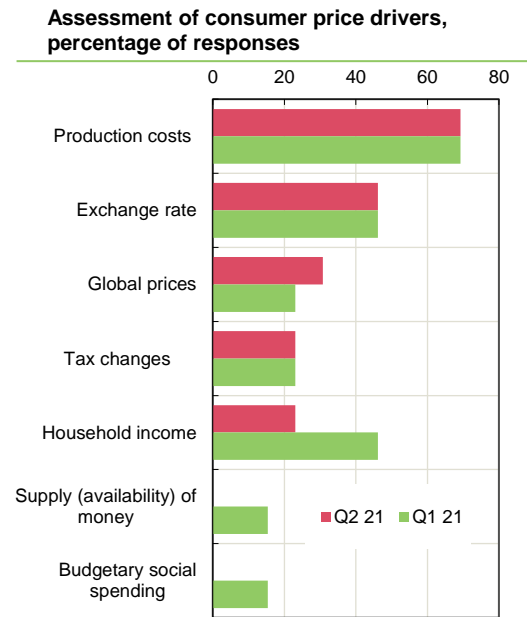


Figure 3

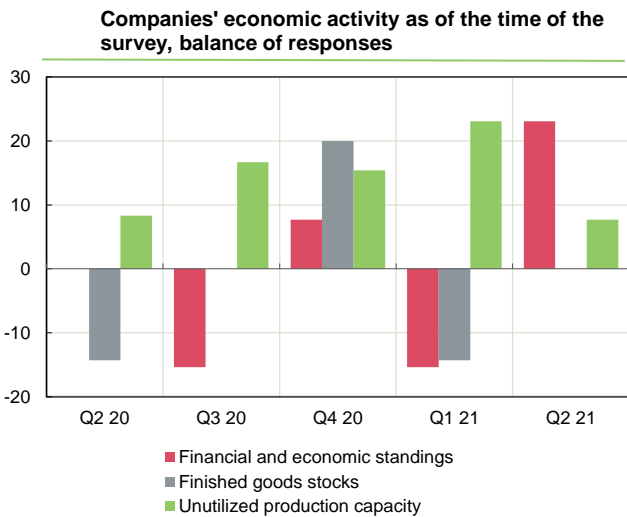


Figure 4

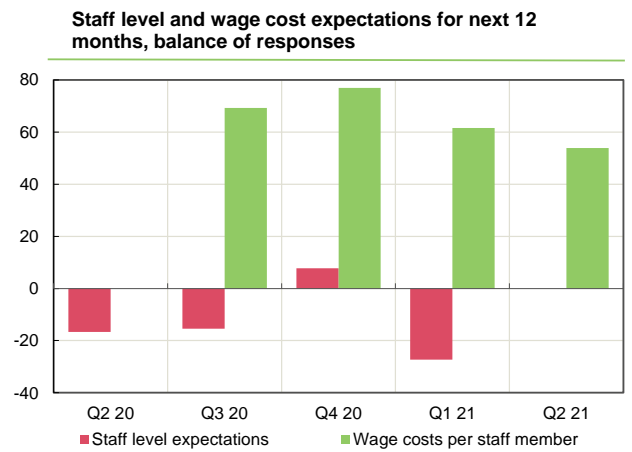


Figure 5

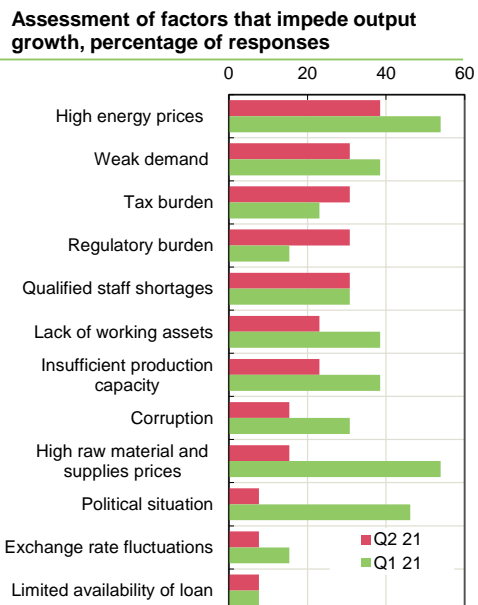


Figure 6

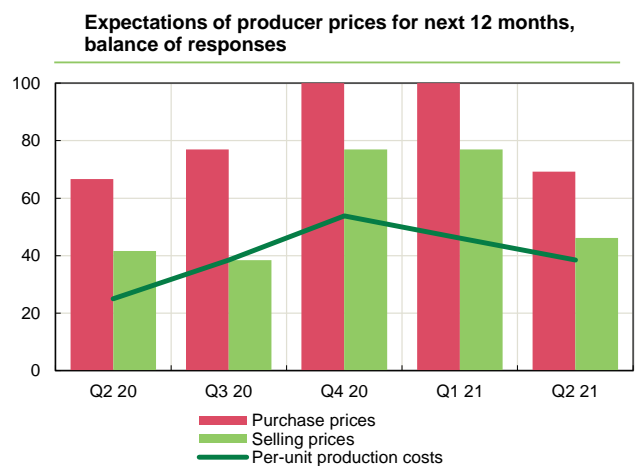


Figure 7

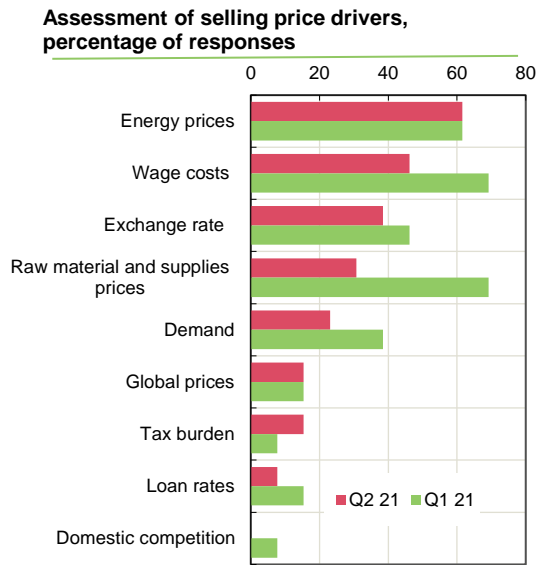


Figure 8

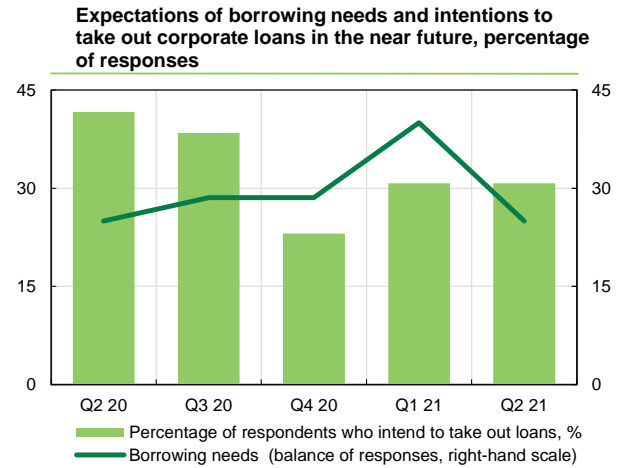


Figure 9

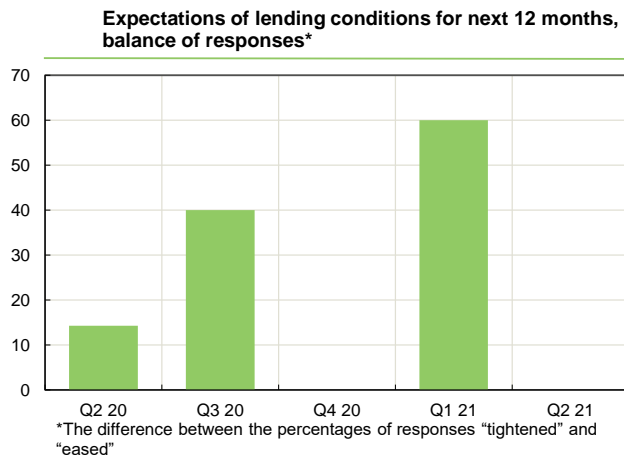


Figure 10

