



National Bank  
of Ukraine

# Business Outlook Survey of Rivne Oblast\*

Q4 2021



\*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q4 2021 showed that respondents expected that **the output of Ukrainian goods and services would rise significantly**. Respondents also had **positive expectations for the performance of their companies** over the next 12 months. Respondents also expected higher inflation and depreciation of the domestic currency.

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

- **the output of Ukrainian goods and services would rise significantly:** the balance of expectations was 54.5% (among the highest expectations seen in the regions) compared to 0.0% in Q3 2021 (Figure 1). Across Ukraine, the output of goods and services was expected to grow more slowly (8.3%)
- **the prices of consumer goods and services would rise at a faster pace:** 58.3% of respondents expected the inflation rate to be lower than 7.5% (compared to 69.2% in the previous quarter and 38.7% across Ukraine). Respondents referred to production costs **as the main inflation driver** (Figure 2)
- **the hryvnia would depreciate:** 69.2% of respondents (61.5% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 15.4% compared to (-15.4%) in Q3 2021. The figure across Ukraine was 9.7% (see Table)
- **total sales would increase:** the balance of responses was 8.3%, compared to (-7.7%) in the previous quarter. External sales were also expected to rise, the balance of responses being 20.0% compared to 0.0% in Q3 2021. Overall, across Ukraine the balances of responses were 21.8% and 20.6% respectively
- **investment in construction and investment in machinery, equipment, and tools would increase:** the balances of responses were 25.0% and 33.3% respectively (compared to 30.8% and 15.4% in the previous quarter). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers would decrease:** the balance of responses was (-8.3%) compared to (-15.4%) in Q3 2021. Across Ukraine, respondents expected staff numbers to increase moderately (the balance of responses was 2.9%) (Figure 4)
- **purchase prices would grow faster than selling prices:** the balances of responses were 76.9% and 46.2% respectively (compared to 76.9% and 61.5% respectively in Q3 2021) (Figure 6). Energy prices (the impact of this driver was reported to have increased), raw material and supplies prices and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 66.7% for each, compared to 46.2% and 76.9% respectively in Q3 2021 (Figures 4 and 6).

Companies named high energy prices and raw material and supplies prices **as the main drags on their ability to boost production**. Companies also referred to shortages of qualified staff and insufficient production capacity as important factors (Figure 5).

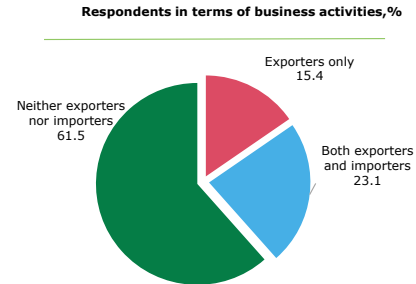
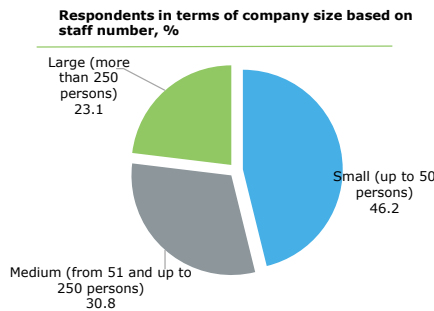
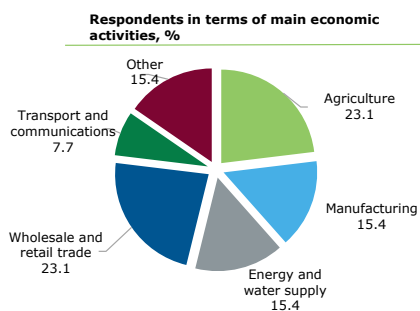
**Respondents expected an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans usually opted for foreign currency ones. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to other funding sources, high loan rates and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

**All of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (98.1% across Ukraine).

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

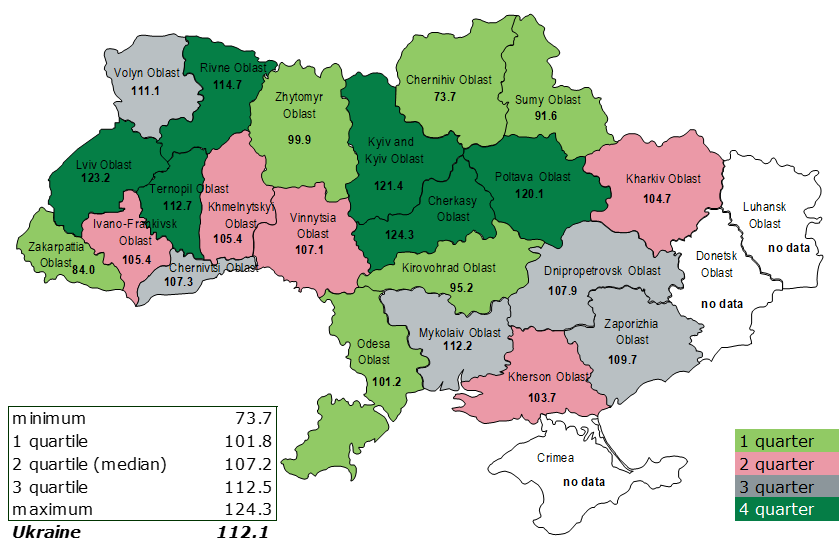
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, as in Q3 2021. Companies across Ukraine assessed their current financial and economic standings as good (7.6%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 40.0%, compared to 20.0% in Q3 2021.
- Spare production capacity had increased. **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 (-7.7%) in Q3 2021.

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



- Period: 4 November through 29 November 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 Oblasts<sup>3</sup>, %



\*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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	-20.0	0.0	-9.1	-15.4	15.4
Total sales	-15.4	-15.4	7.7	-7.7	8.3
Investment in construction	15.4	7.7	30.8	30.8	25.0
Investment in machinery, equipment, and tools	30.8	0.0	23.1	15.4	33.3
Staff numbers	7.7	-27.3	0.0	-15.4	-8.3

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

Figure 1

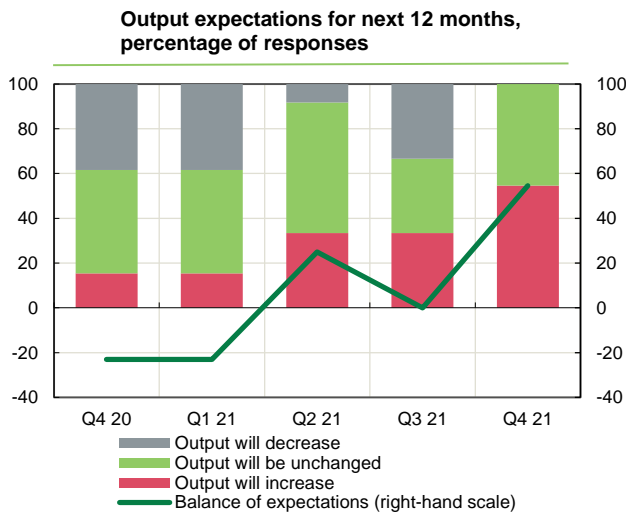


Figure 2

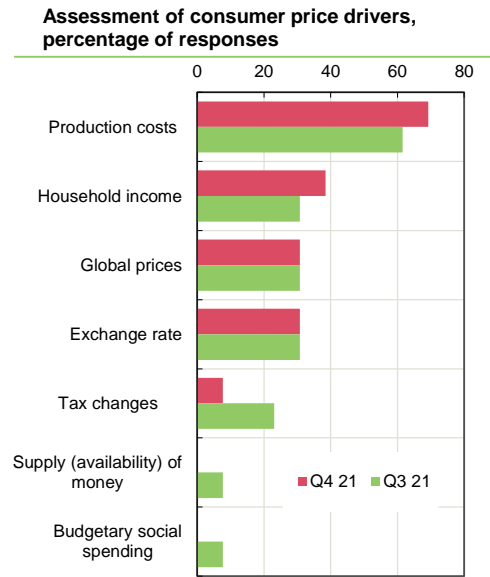


Figure 3

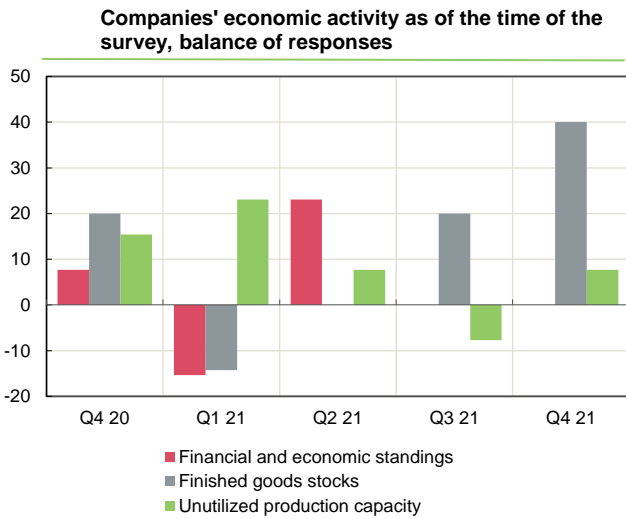


Figure 4

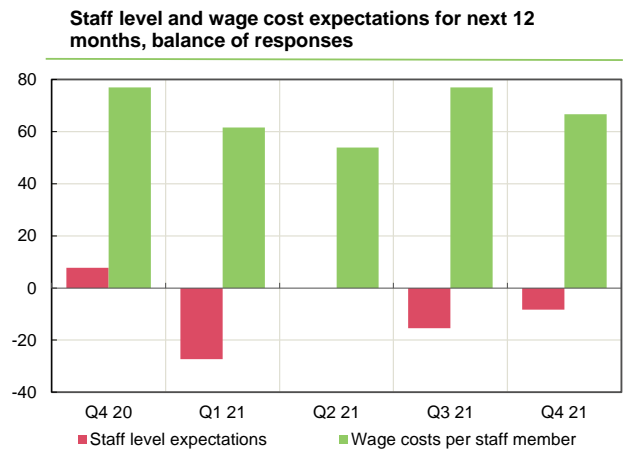


Figure 5

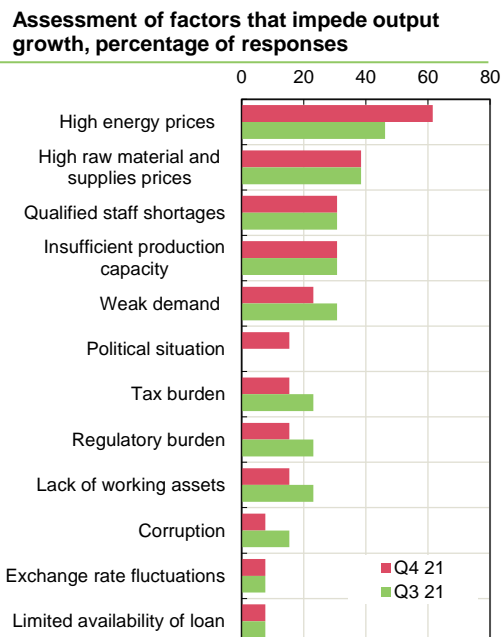


Figure 6

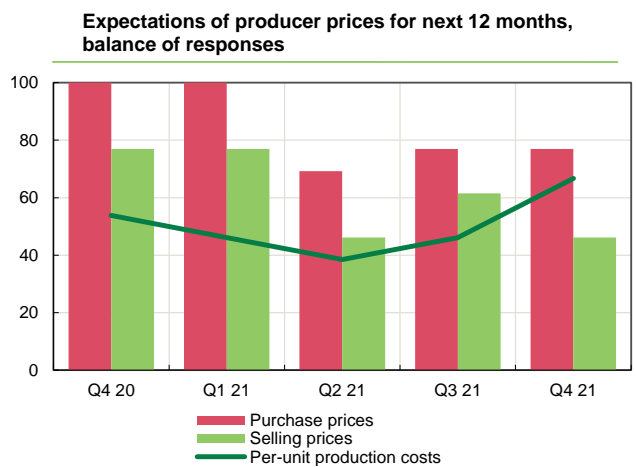


Figure 7

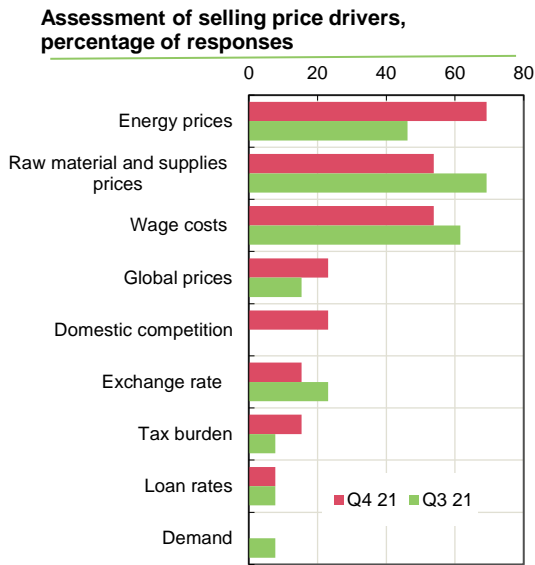


Figure 8

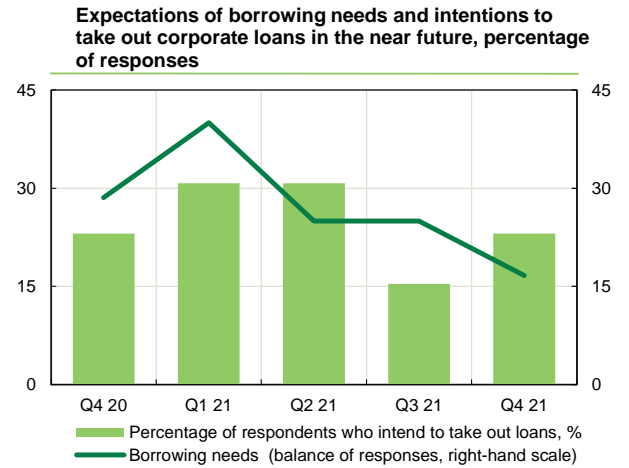


Figure 9

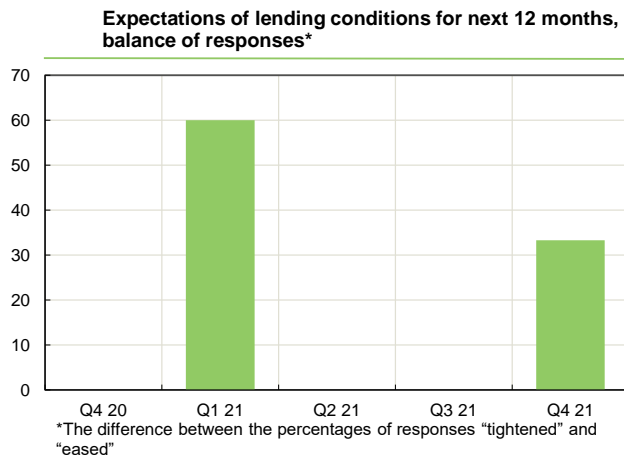


Figure 10

