



National Bank  
of Ukraine

## Business Outlook Survey of Rivne Oblast\*

Q1 2022

**The survey was completed  
when the war started**



\*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q1 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q1 2022 showed that on the eve of the war respondents expected that the output of Ukrainian goods and services would rise, albeit more slowly. 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 more slowly:** the balance of expectations was 25.0% compared to 54.5% in Q4 2021 (Figure 1). Across Ukraine, the output of goods and services was expected to decrease (-1.7%)
- **the prices of consumer goods and services would rise at a faster pace:** 58.3% of respondents expected the inflation rate to be higher than 7.5% (compared to 41.7% in the previous quarter and 67.7% across Ukraine). Respondents referred to production costs, the hryvnia exchange rate and global prices as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate:** 75.0% of respondents (69.2% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 81.6%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 8.3% compared to 15.4% in Q4 2021. The figure across Ukraine was 7.2% (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0%, compared to 8.3% in the previous quarter. External sales were expected to rise, the balance of responses being 20.0%, as in Q4 2021. Overall, across Ukraine the balances of responses were 17.0% and 23.3% respectively
- **investment in construction and investment in machinery, equipment, and tools would increase at a slower pace:** the balances of responses were 18.2% for each (compared to 25.0% and 33.3% in the previous quarter). Across Ukraine, the balances of responses were 0.9% and 14.3% respectively
- **staff numbers would decrease more quickly:** the balance of responses was (-33.3%) compared to (-8.3%) in Q4 2021. Across Ukraine, respondents expected staff numbers to increase moderately (the balance of responses was 1.5%) (Figure 4)
- **purchase prices would grow faster than selling prices:** the balances of responses were 83.3% and 58.3% respectively (compared to 76.9% and 46.2% respectively in Q4 2021) (Figure 6). Energy prices, raw material and supplies prices and wage costs were cited as the main selling price drivers. The impact of demand was reported to have increased noticeably compared to the previous quarter (Figure 7)
- **per-unit production costs and wage costs per staff member would rise much more slowly:** the balances of responses were 50.0% and 41.7% respectively, compared to 66.7% for each in Q4 2021 (Figures 4 and 6).

Companies named high raw material and supplies prices, and energy prices as the main drags on their ability to boost production (Figure 5).

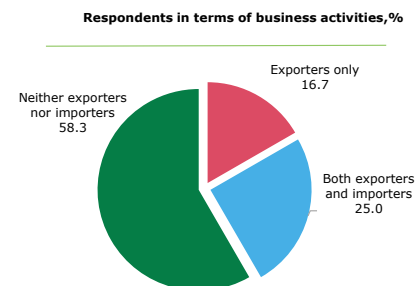
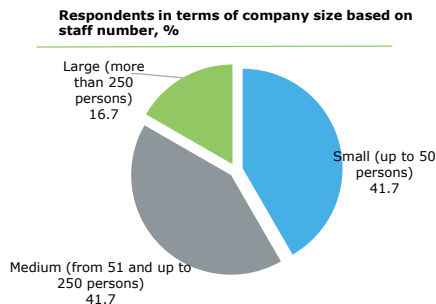
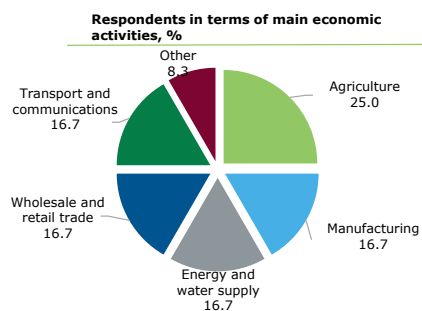
Respondents expected an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted for national currency ones. Respondents said that bank lending standards had eased (Figure 9). Respondents referred to other funding sources, uncertainty about their ability to meet debt obligation as they fall due, high loan rates and collateral requirements 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 (97.6% across Ukraine).

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

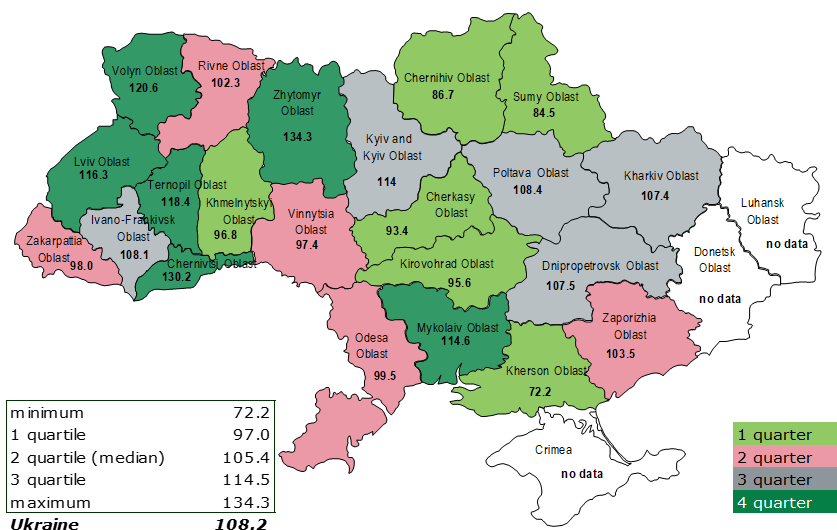
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 8.3%, compared to 0.0% in Q4 2021. Companies across Ukraine assessed their current financial and economic standings as good (6.6%).
- **Finished goods stocks had decreased and were assessed to be at lower than normal levels:** the balance of responses was (-25.0%), compared to 40.0% in the previous quarter.
- **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 25.0%, compared to 7.7% in Q4 2021.

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



- Period: 7 February through 23 February 2022.
- A total of 12 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>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

<sup>2</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 Rivne Oblast and Its Components**

Expectations over next 12 months for	Balances of responses, %				
	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Financial and economic standings	0.0	-9.1	-15.4	15.4	8.3
Total sales	-15.4	7.7	-7.7	8.3	0.0
Investment in construction	7.7	30.8	30.8	25.0	18.2
Investment in machinery, equipment, and tools	0.0	23.1	15.4	33.3	18.2
Staff numbers	-27.3	0.0	-15.4	-8.3	-33.3

<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

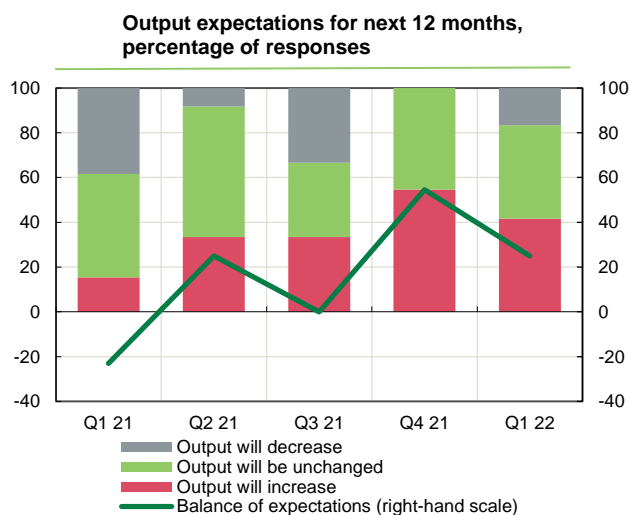


Figure 2

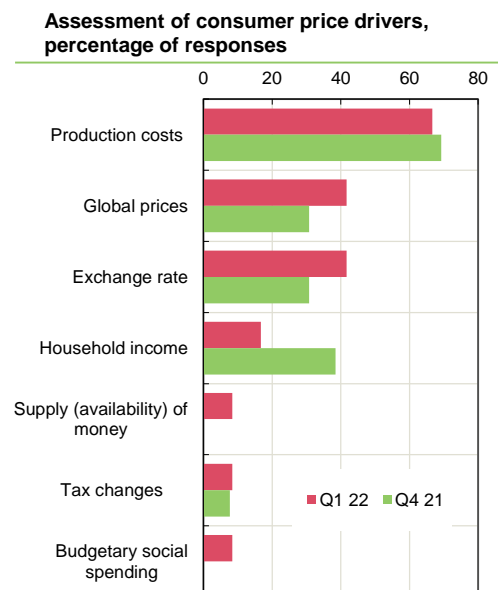


Figure 3

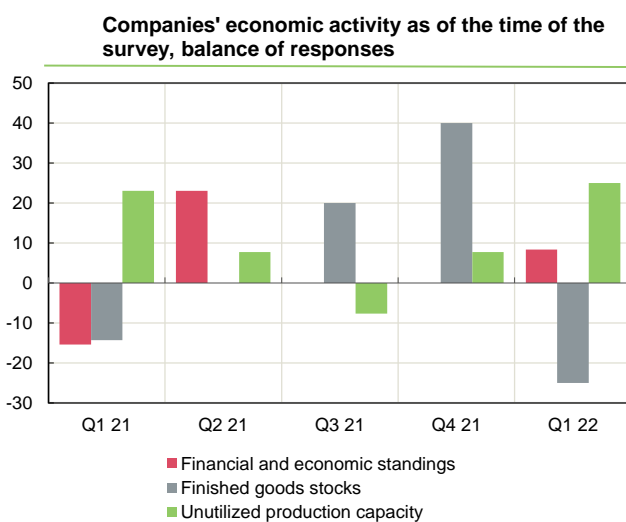


Figure 4

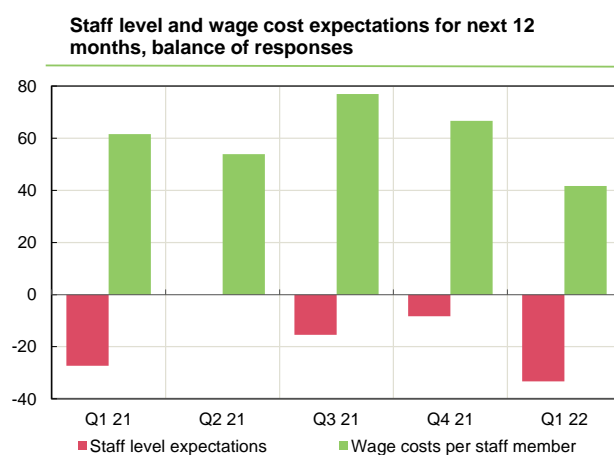


Figure 5

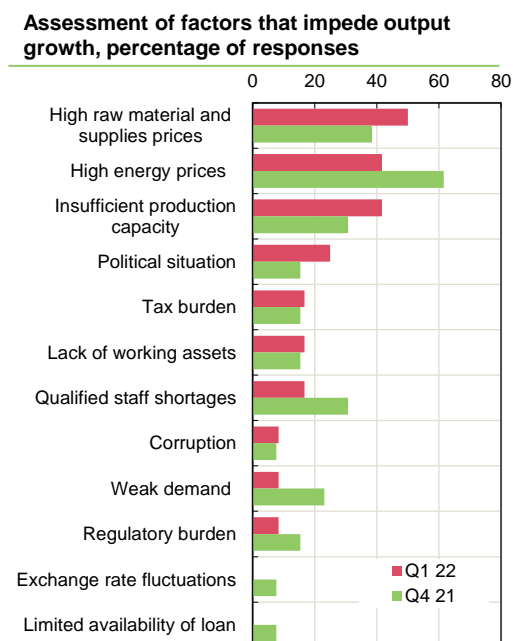


Figure 6

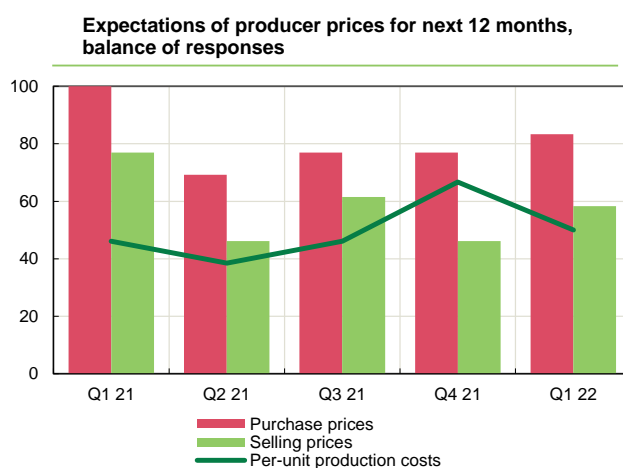


Figure 7

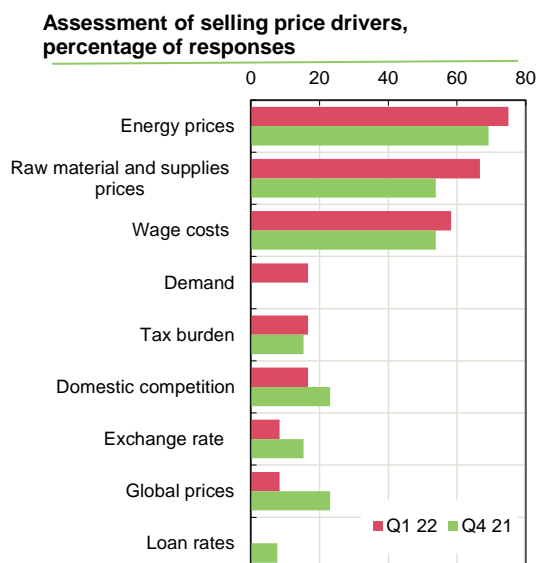


Figure 8

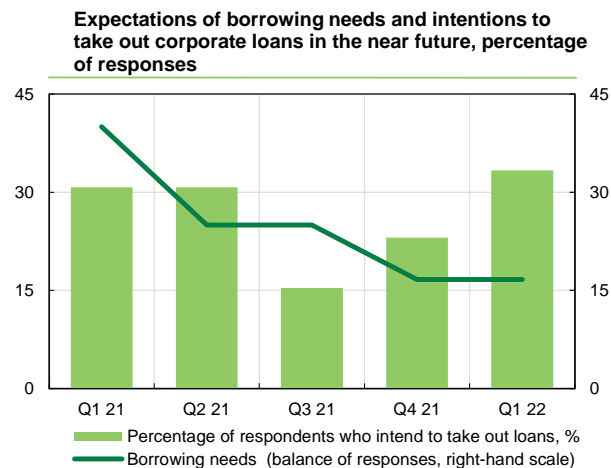


Figure 9

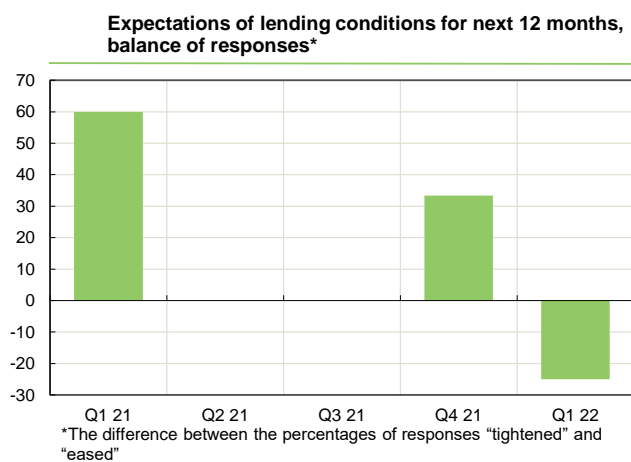


Figure 10

