



National Bank
of Ukraine

Business Outlook Survey of Rivne Oblast*

Q3 2022



*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q3 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q3 2022 showed that against the background of the war respondents expected that the output of Ukrainian goods and services would remain unchanged. At the same time, respondents softened their negative 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 remain unchanged:** the balance of expectations was 0.0% compared to (-33.3%) in Q2 2022 (Figure 1). Across Ukraine, the balance of responses was (-37.9%)
- **prices for consumer goods and services would rise:** 83.3% of respondents expected the inflation rate to be higher than 20.0% (compared to 50.0% in the previous quarter and 71.7% across Ukraine). Respondents referred to military actions, the hryvnia exchange rate and production costs as the main inflation drivers (Figure 2)
- **the hryvnia would depreciate:** 100.0% of respondents (91.7% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 88.8%
- **the financial and economic standings of their companies would deteriorate at a slower pace:** the balance of expectations was (-8.3%) compared to (-16.7%) in Q2 2022. The figure across Ukraine was (-15.1%) (see Table)
- **total sales and external sales would remain unchanged:** the balances of responses were 0.0% for each, compared to (-25.0%) and 0.0% respectively in the previous quarter. Overall, across Ukraine the balances of responses were (-7.2%) and (-7.8%) respectively
- **investment in machinery, equipment, and tools would remain unchanged:** the balance of responses was 0.0% (compared to 18.2% in the previous quarter). At the same time, respondents expected investment in construction to drop more quickly: the balance of responses was (-25.0%) (compared to (-8.3%) in Q2 2022). Across Ukraine, the balances of responses were (-29.3%) and (-25.3%) respectively
- **staff numbers would decrease:** the balance of responses was (-16.7%) compared to (-25.0%) in Q2 2022. Across Ukraine, the balance of responses was (-25.5%) (Figure 4)
- **purchase prices would grow:** the balance of responses was 91.7% (compared to 100.0% in Q2 2022). At the same time, respondents expected selling prices to grow more quickly: the balance of responses was 83.3% (compared to 41.7% in the previous quarter) (Figure 6). Logistical problems, raw material and supplies prices, and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise:** the balance of responses was 75.0% (compared to 66.7% in Q2 2022). Wage costs per staff member were also expected to rise, albeit at a slower pace: the balance of responses was 16.7% (compared to 0.0% in Q2 2022) (Figures 4 and 6).

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

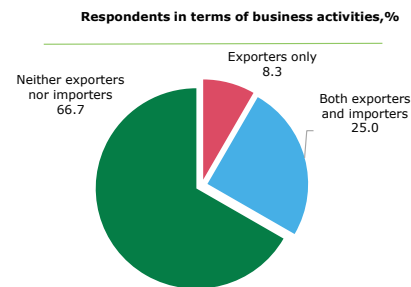
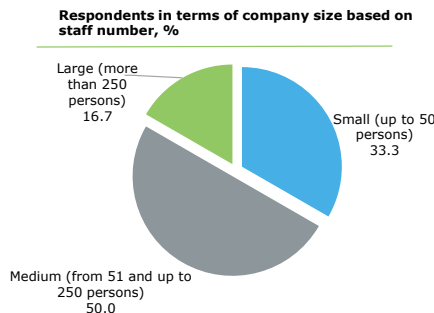
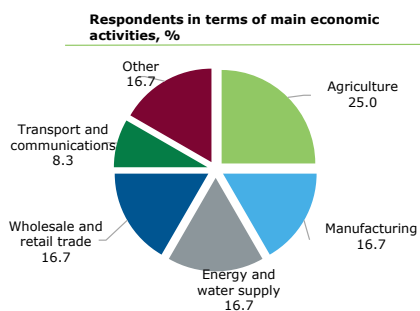
Respondents expected an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans fell into two camps: 50.0% of them opted to take domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents referred to high interest rates, collateral requirements and uncertainty about their ability to meet debt obligation as they fall due as the main factors 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 (94.1% across Ukraine).

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

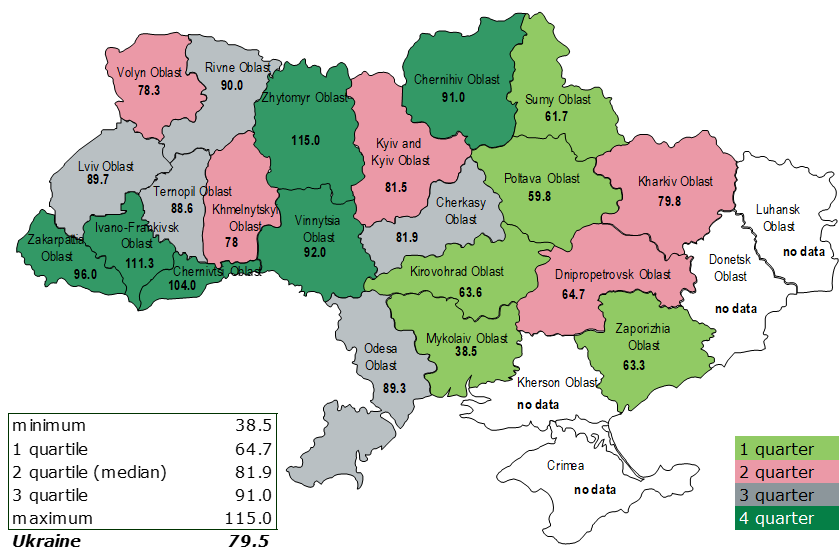
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-16.7%), compared to (-33.3%) in Q2 2022 and (-21.8%) across Ukraine.
- **Finished goods stocks had decreased and were assessed at higher than normal levels:** the balance of responses was 16.7%, compared to 0.0% in the previous quarter.
- **Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 16.7%, compared to 27.3% in Q2 2022.

Survey Details^{1,2}



- Period: 3 August through 26 August 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 Oblasts³, %



*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, %				
	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Financial and economic standings	-15.4	15.4	8.3	-16.7	-8.3
Total sales	-7.7	8.3	0.0	-25.0	0.0
Investment in construction	30.8	25.0	18.2	-8.3	-25.0
Investment in machinery, equipment, and tools	15.4	33.3	18.2	18.2	0.0
Staff numbers	-15.4	-8.3	-33.3	-25.0	-16.7

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

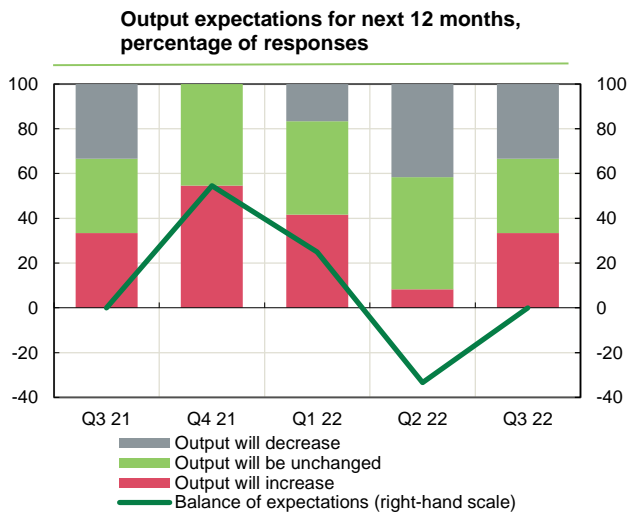


Figure 2

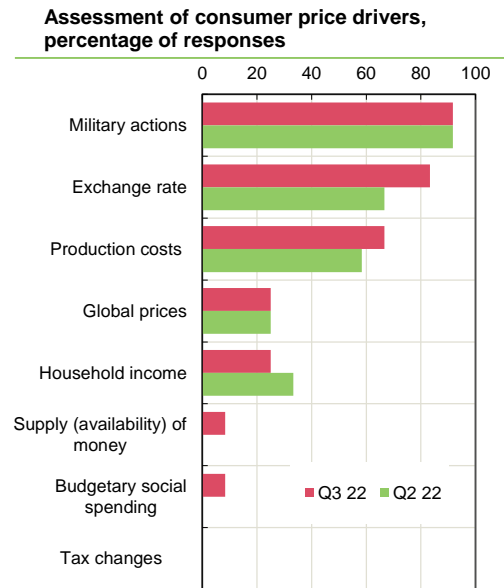


Figure 3

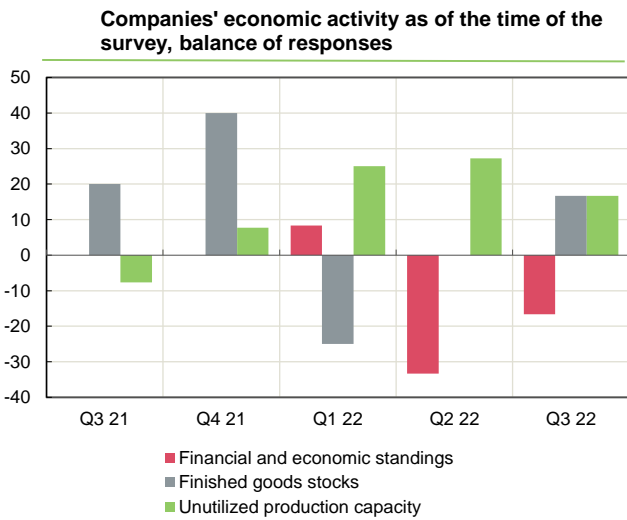


Figure 4

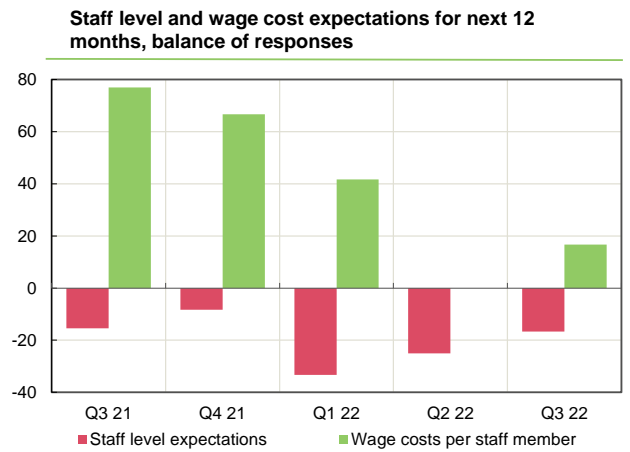


Figure 5

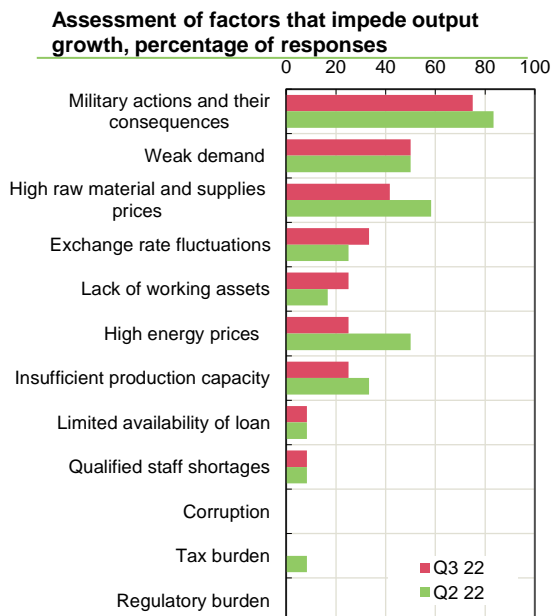


Figure 6

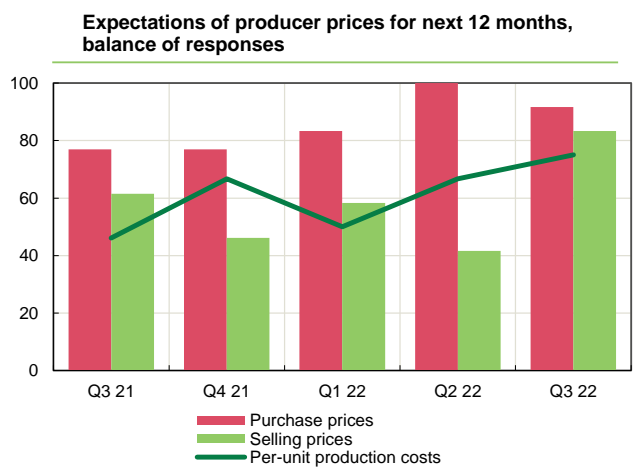


Figure 7

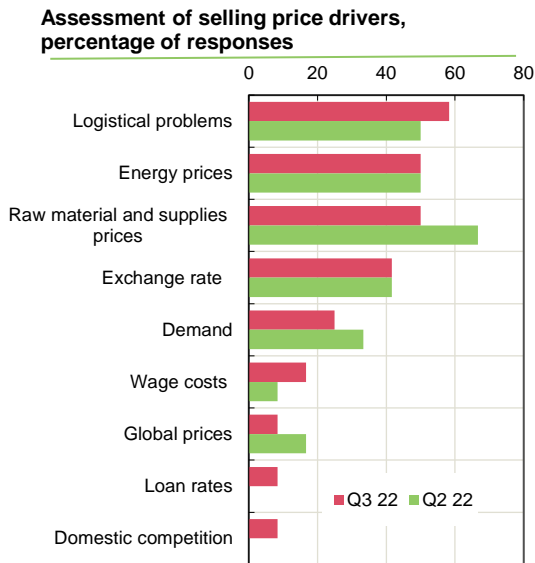


Figure 8

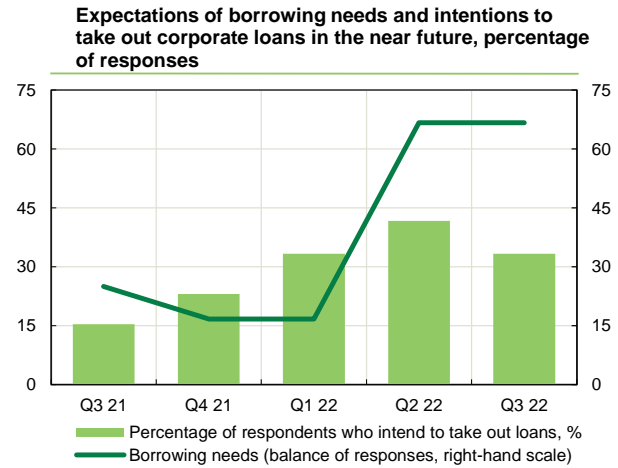


Figure 9

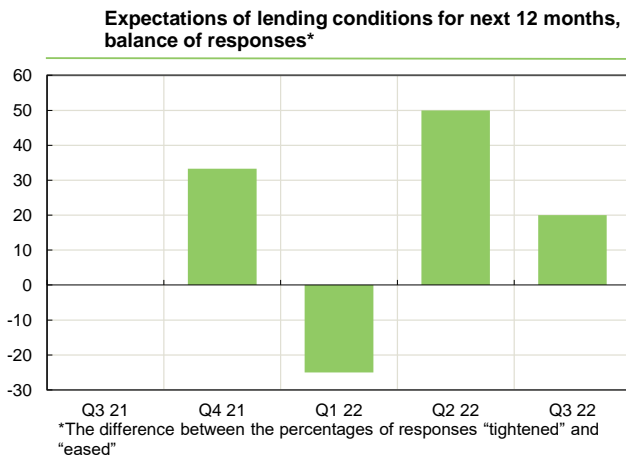


Figure 10

