



National Bank  
of Ukraine

# Business Outlook Survey of Rivne Oblast\*

Q1 2023



\*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q1 2023, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q1 2023 showed that despite of prolonged hostilities and missile attacks on civilian infrastructure respondents **softened their expectations of a decrease in the output of Ukrainian goods and services**. They reported **negative expectations for the performance of their companies** over the next 12 months. Respondents expected slower inflation. Depreciation expectations have strengthened.

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

- **the output of Ukrainian goods and services would decrease at a noticeably slower pace:** the balance of expectations was (-18.2%), up from (-50.0%) in Q4 2022 (Figure 1). Across Ukraine, the balance of responses was (-16.7%)
- **prices for consumer goods and services would rise more slowly:** 50.0% of respondents expected the inflation rate to be higher than 20.0%, down from 83.3% in the previous quarter (53.2% across Ukraine). Respondents referred to military actions (mentioned by all of the respondents), the hryvnia exchange rate and production costs **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a faster pace:** 91.7% of respondents (up from 81.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-16.7%), as in Q4 2022. The figure across Ukraine was (-2.5%) (see Table)
- **total sales and external sales would increase noticeably:** the balances of responses were 16.7% and 25.0% respectively, up from (-25.0%) for each in the previous quarter (see Table). Overall, across Ukraine the balances of responses were 2.8% and 2.0% respectively
- **investment in machinery, equipment, and tools would increase:** the balance of responses was 16.7% (compared to 9.1% in the previous quarter). At the same time, respondents expected investment in construction to drop: the balance of responses was (-16.7%), down from (-8.3%) in Q4 2022. Across Ukraine, the balances of responses were (-10.3%) and (-17.8%) respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared to (-25.0%) in Q4 2022. Across Ukraine, the balance of responses was (-16.4%) (Figure 4)
- **purchase and selling prices would rise at a fast pace:** the balances of responses were 91.7% and 75.0% (compared to 91.7% and 48.3% in Q4 2022) (Figure 6). Raw material and supplies prices, energy prices and wage costs (the impact of all these factors was reported to have increased compared to the previous survey) 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% and 41.7% respectively (compared to 66.7% and 25.0% in Q4 2022) (Figures 4 and 6).

Companies named military actions and their consequences, high energy prices and raw material and supplies prices (the impact of this factor was reported to have increased) **as the main drags on their ability to boost production** (Figure 5).

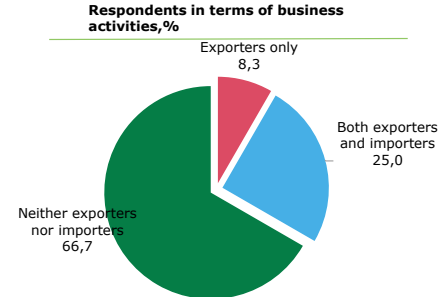
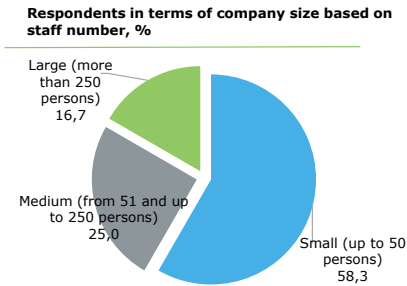
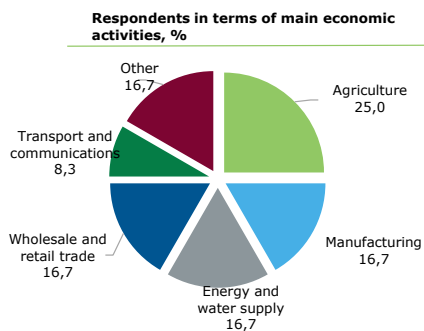
**Respondents reported significantly stronger expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency loans. Respondents referred to other funding sources, uncertainty about their ability to meet debt obligations as they fall due, high loan rates and complicated paperwork (the impact of this factor was reported to have increased markedly compared to the previous survey) as the main factors deterring them from taking out loans (Figure 9).

**All respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.7% across Ukraine).

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

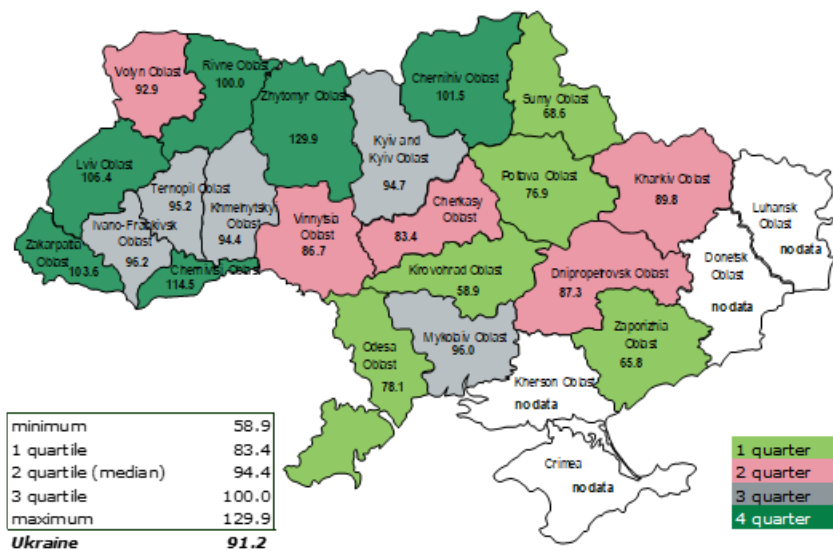
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-25.0%), compared to (-8.3%) in Q4 2022 and (-16.7%) across Ukraine.
- **Finished goods stocks were assessed at higher than normal levels:** the balance of responses was 20.0%, up from 14.3% in the previous quarter.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, down from 30.0% in Q4 2022.

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



- Period: 30 January through 24 February 2023.
- 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>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>3</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 22	Q2 22	Q3 22	Q4 22	Q1 23
Financial and economic standings	8,3	-16,7	-8,3	-16,7	-16,7
Total sales	0,0	-25,0	0,0	-25,0	16,7
Investment in construction	18,2	-8,3	-25,0	-8,3	-16,7
Investment in machinery, equipment, and tools	18,2	18,2	0,0	9,1	16,7
Staff numbers	-33,3	-25,0	-16,7	-25,0	0,0

<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

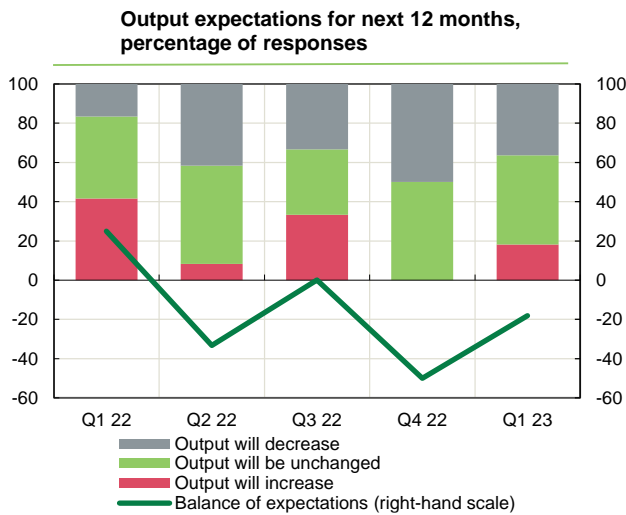


Figure 2



Figure 3

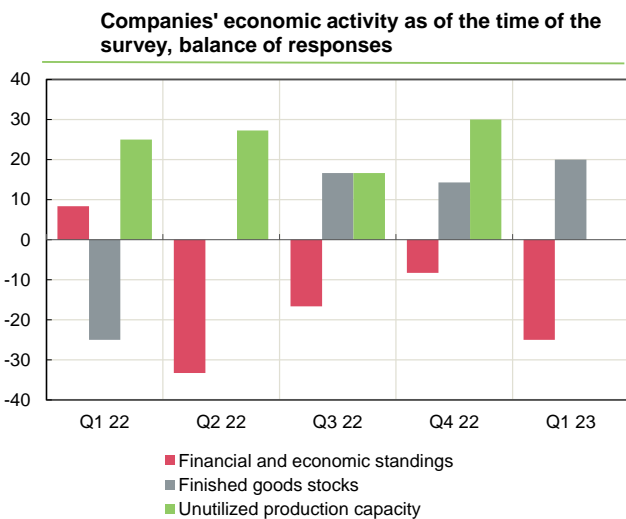


Figure 4

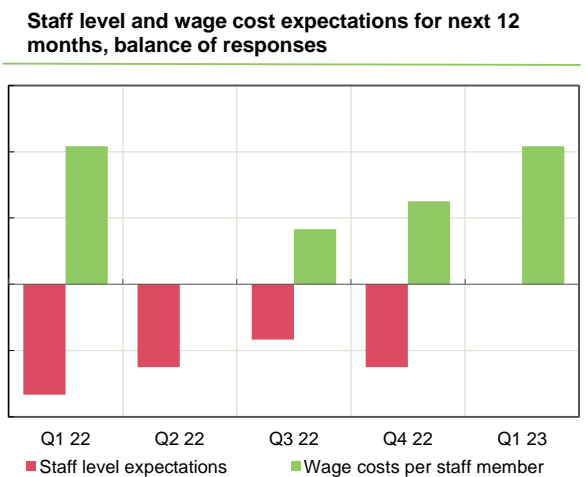


Figure 5

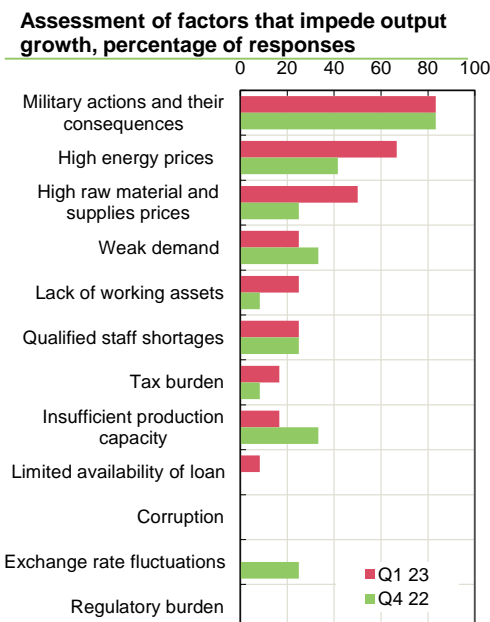


Figure 6

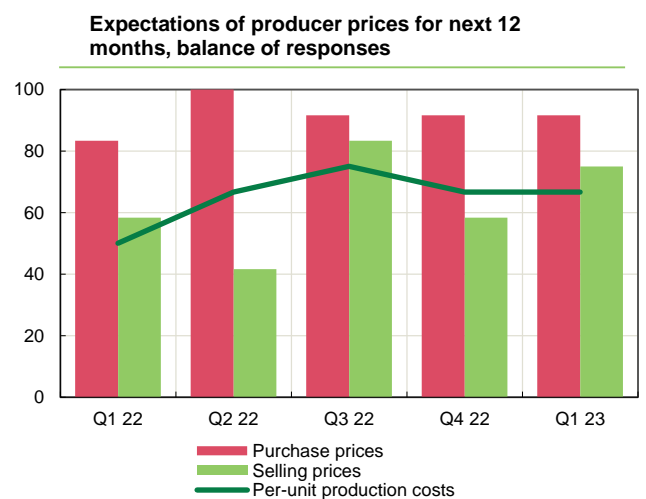


Figure 7

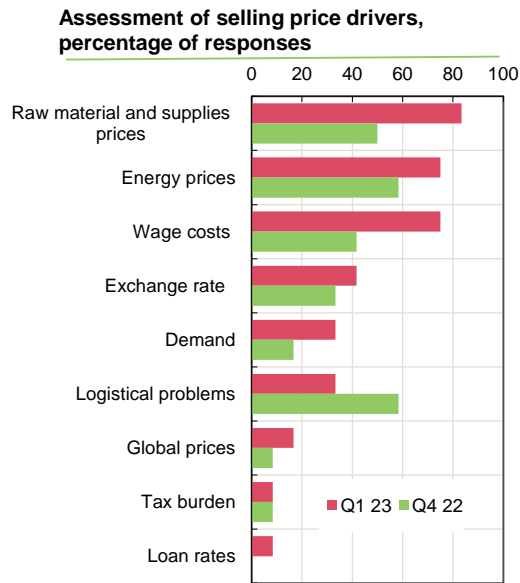


Figure 8

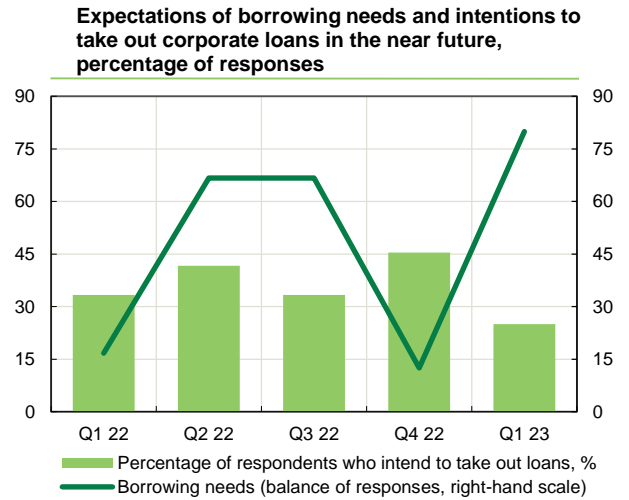


Figure 9

