



National Bank  
of Ukraine

# Business Outlook Survey of Rivne Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in Rivne oblast in Q1 2024 showed that, amid logistical difficulties with crossing the border, respondents expected that **the output of Ukrainian goods and services would drop** over the next 12 months. They reported **positive expectations for the performance of their companies** over this period. Inflation and depreciation expectations remained strong.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-8.3%), down from 50.0% in Q4 2023 (Figure 1). Across Ukraine, the balance of responses was 8.5%
- **prices for consumer goods and services would rise:** 50.0% of respondents expected the inflation rate to be lower than 10.0%, as in the previous quarter (48.4% across Ukraine). Respondents referred to military actions, production costs and the hryvnia exchange rate **as the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate:** 83.3% of respondents (83.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 16.7%, as in Q4 2023. The figure across Ukraine was 3.7% (see Table)
- **total sales would increase at a slower pace:** the balance of responses was 8.3%, down from 33.3% in the previous quarter. Meanwhile respondents expected that external sales would drop significantly: the balance of responses was (-20.0%), down from 50.0% in Q4 2023 (see Table). Overall, across Ukraine the balances of responses were 10.6% and 6.8% respectively
- **investment in construction would decrease:** the balance of responses was (-8.3%), compared to (-9.1%) in the previous quarter. At the same time, respondents expected **investment in machinery, equipment, and tools** to increase rapidly: the balance of responses was 25.0%, up from 8.3% (see Table). Across Ukraine, the balances of responses were (-1.5%) and 8.3% respectively
- **staff numbers would increase:** the balance of responses was 8.3%, as in the previous quarter. Across Ukraine, respondents expected staff numbers to decrease: the balance of responses was (-6.3%) (Figure 4)
- **purchase and selling prices would rise more slowly:** the balances of responses were 75.0% and 33.3% respectively (compared to 91.7% and 58.3% in Q4 2023) (Figure 6). Wage costs, raw material and supplies prices, and energy prices were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise at a slower pace:** the balance of responses was 50.0%, compared to 58.3% in Q4 2023. Respondents also expected an increase in **wage costs per staff member:** the balance of responses was 66.7%, compared to 58.3% in Q4 2023 (Figures 4 and 6).

Companies named military actions and their consequences, high energy prices, raw material and supplies prices, and qualified staff shortages **as the main drags on their ability to boost production** (Figure 5).

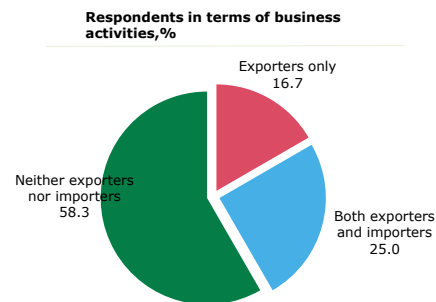
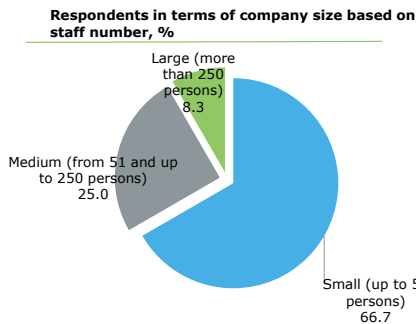
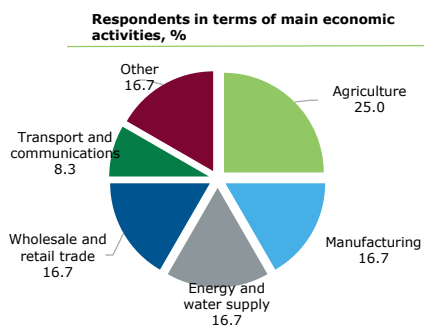
**Respondents reported stronger expectations of an increase in their borrowing needs** in the near future (Figure 8). The companies that planned to take out bank loans usually opted to take out domestic currency loans. Respondents referred to high loan rates, uncertainty about their ability to meet debt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

**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.3% across Ukraine).

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

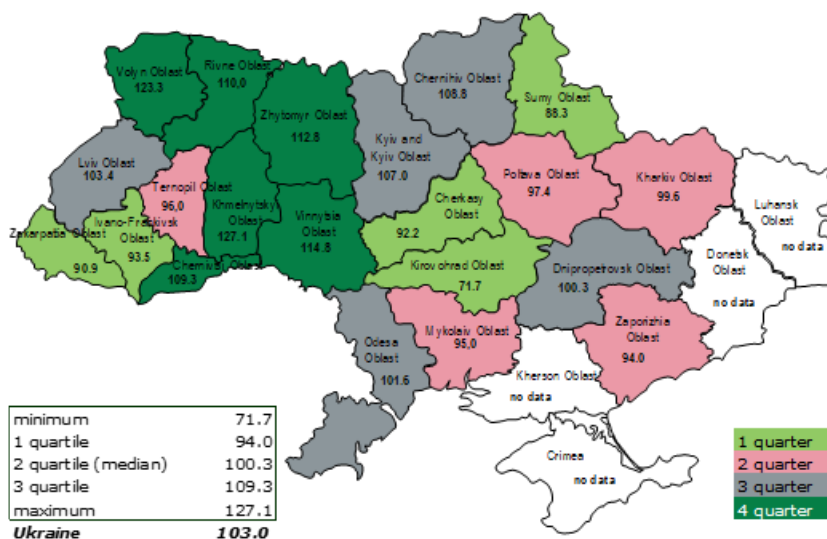
- **Companies' current financial and economic standings had deteriorated and were assessed as bad:** the balance of responses was (-8.3%), compared to 16.7% in Q4 2023. Overall, across Ukraine, top managers assessed their current financial and economic standings as bad (-1.4%).
- **Finished goods stocks had decreased and were assessed as lower than normal:** the balance of responses was (-25.0%), compared to 25.0% in the previous quarter.
- **Companies had no sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was (-33.3%), down from (-8.3%) in Q4 2023.

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



- Period: 31 January through 22 February 2024.
- 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>\*\*</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 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	-16.7	23.1	16.7	16.7	16.7
Total sales	16.7	23.1	38.5	33.3	8.3
Investment in construction	-16.7	15.4	15.4	-9.1	-8.3
Investment in machinery, equipment, and tools	16.7	61.5	38.5	8.3	25.0
Staff numbers	0.0	7.7	7.7	8.3	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

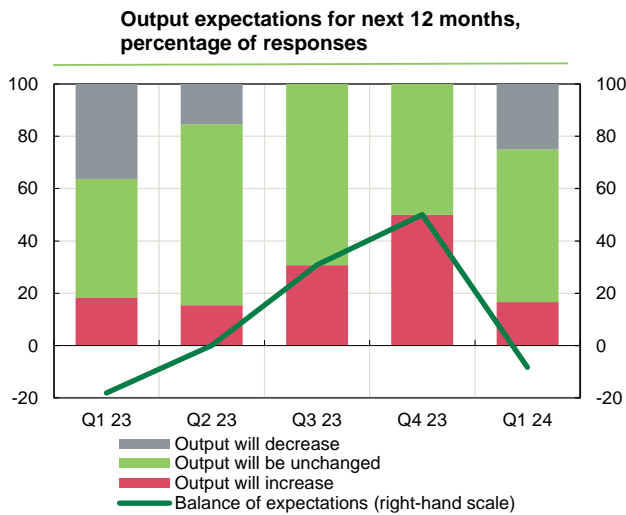


Figure 2

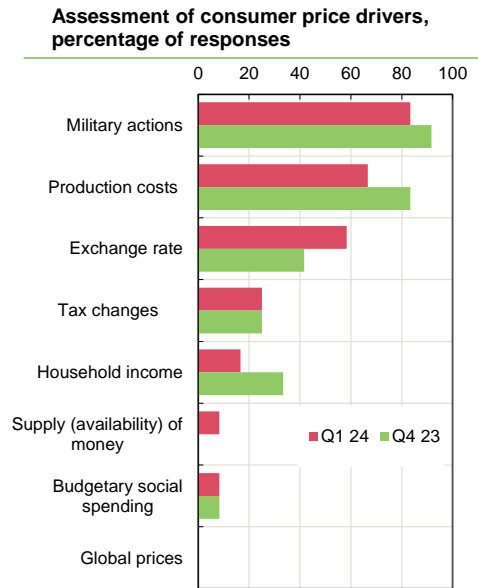


Figure 3

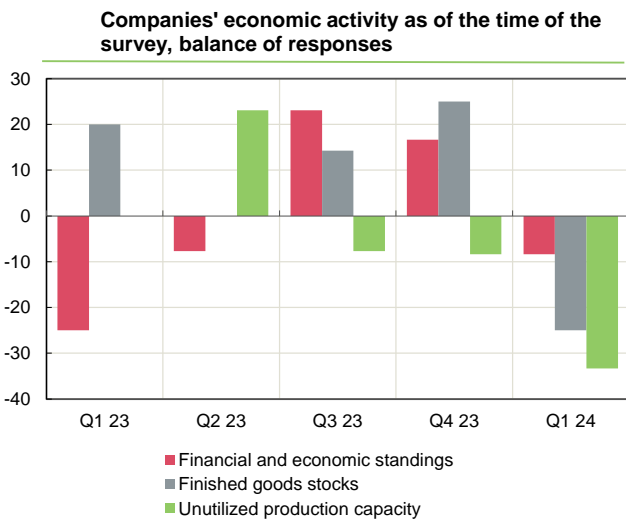


Figure 4

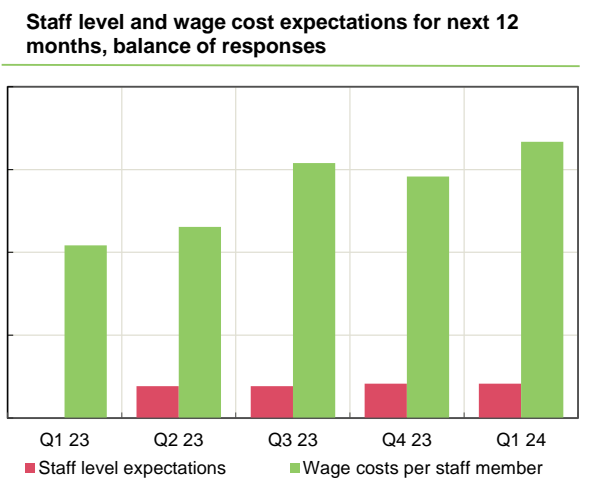


Figure 5

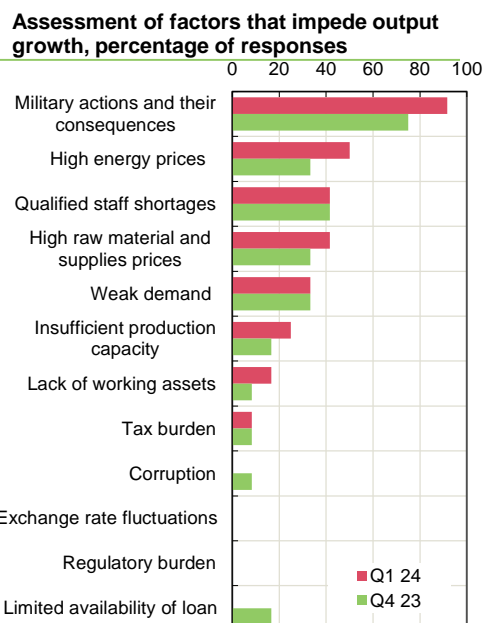


Figure 6

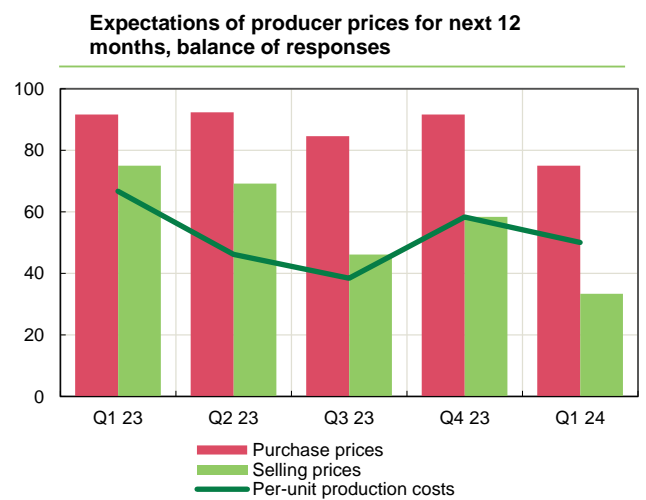


Figure 7

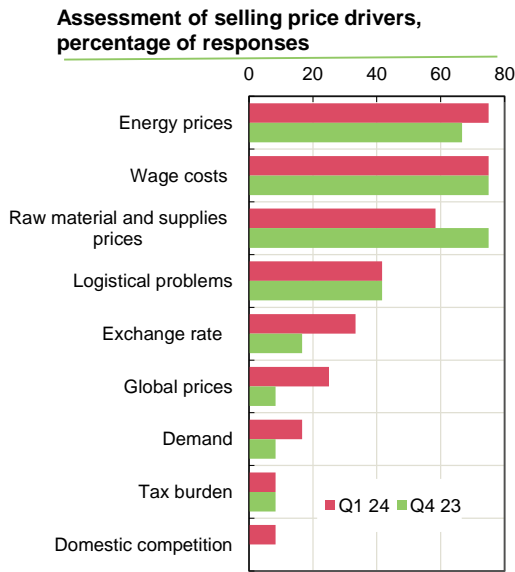


Figure 8

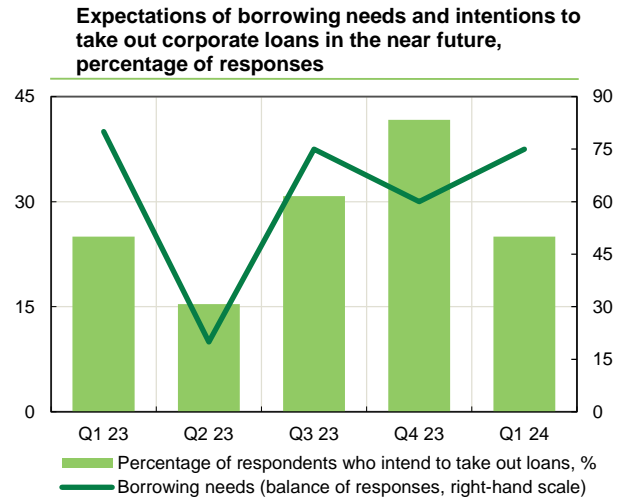


Figure 9

