



National Bank
of Ukraine

Business Outlook Survey of Volyn Oblast*

Q4 2022



*This survey only reflects the opinions of respondents in Volyn oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Volyn oblast in Q4 2022 showed that against the background of the war and terrorist attacks respondents continued to **expect the output of Ukrainian goods and services to drop**. They also reported negative expectations for their companies' performance over the next 12 months. Inflation and depreciation expectations remained high.

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

- **the output of Ukrainian goods and services would drop:** the balance of responses was (-75.0%) compared to (-91.7%) in the previous quarter (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for consumer goods and services would rise:** 54.5% of respondents expected that inflation would exceed 30.0%, compared to 8.3% in the previous quarter and 28.2% across Ukraine. Respondents referred to military actions, production costs and the exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate:** 100.0% of respondents (such expectations have been reported for four quarters running) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-33.3%) compared to 0.0% in the previous quarter (see Table) and (-11.5%) across Ukraine
- **total sales would decrease:** the balance of responses was (-8.3%) (compared to 16.7% in Q3 2022) (see Table). The balance of responses across Ukraine was (-7.3%)
- **both investment in construction and in machinery, equipment, and tools would decrease more slowly:** the balances of responses were (-25.0%) for each (compared to (-5.0%) for each in Q3 2022) (see Table). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-25.0%) (as in Q3 2022) (Figure 4). Overall, across Ukraine the balance of responses was (-20.1%)
- **purchase prices would grow more rapidly than selling prices:** the balances of responses were 100.0% and 75.0% respectively (as in the previous quarter) (Figure 6). Raw material and supplies prices, logistical problems and energy prices were referred to as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise at slower pace:** the balances of responses were 75.0% and 58.3% respectively (compared to 91.7% and 75.0% respectively in the previous quarter) (Figures 4 and 6).

Companies cited military actions and their consequences (reported by 100.0% of respondents), high raw material and supplies prices, and energy prices as **the main drags on their ability to boost production** (Figure 5).

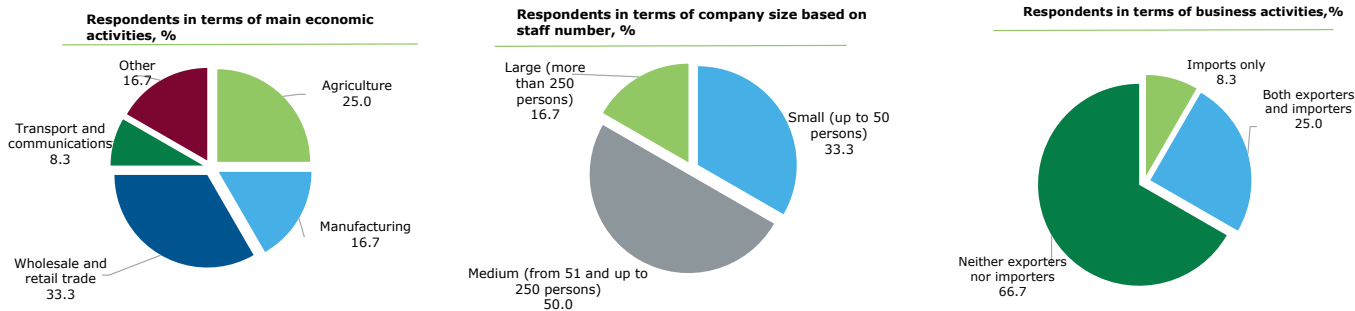
Respondents reported **lower expectations of an increase in their borrowing needs** in the near future (Figure 8). The share of respondents who planned to take out bank loans dropped, to 9.1%. All of these respondents opted only for domestic currency loans. Respondents cited other funding sources, high loan rates and uncertainty about their ability to meet debt obligations as they fall due 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** (94.2% across Ukraine).

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

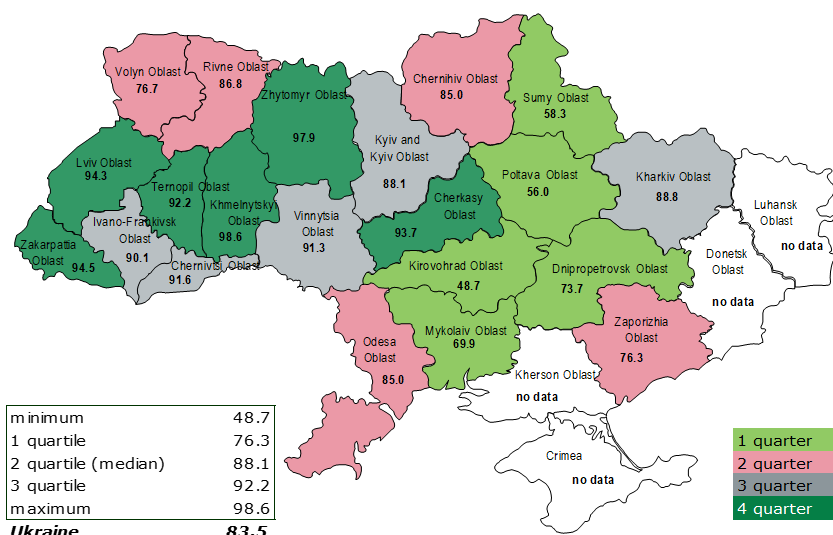
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (-16.7%), as in the previous quarter. Across Ukraine, the balance of responses was (-19.3%)
- **Finished goods stocks were assessed at lower than normal levels:** the balance of responses was (-16.7%) compared to (-40.0%) in Q3 2022.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0% compared to 25.0% in Q3 2022.

Survey Details^{1,2}



- Period: 2 November through 25 November 2022.
- A total of 12 companies were polled.
- A representative sample was generated on the basis of the trade sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts³, %



^aa 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 Volyn Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	18.2	11.1	-33.3	0.0	-33.3
Total sales	45.5	55.6	18.2	16.7	-8.3
Investment in construction	-11.1	25.0	-44.4	-50.0	-25.0
Investment in machinery, equipment, and tools	11.1	11.1	-33.3	-50.0	-25.0
Staff numbers	-8.3	0.0	-25.0	-25.0	-25.0

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

Figure 1

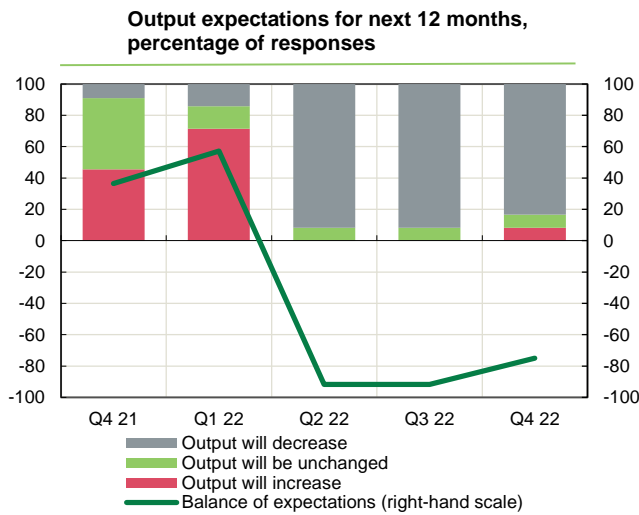


Figure 2

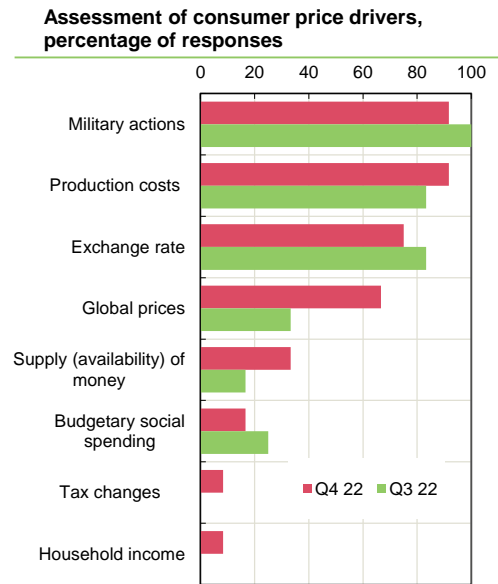


Figure 3

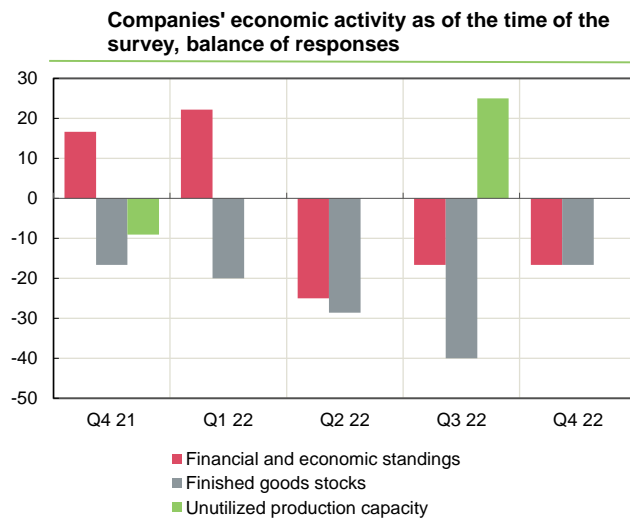


Figure 4

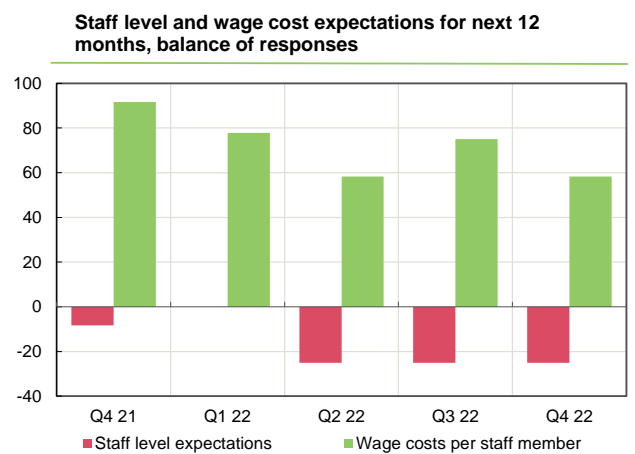


Figure 5

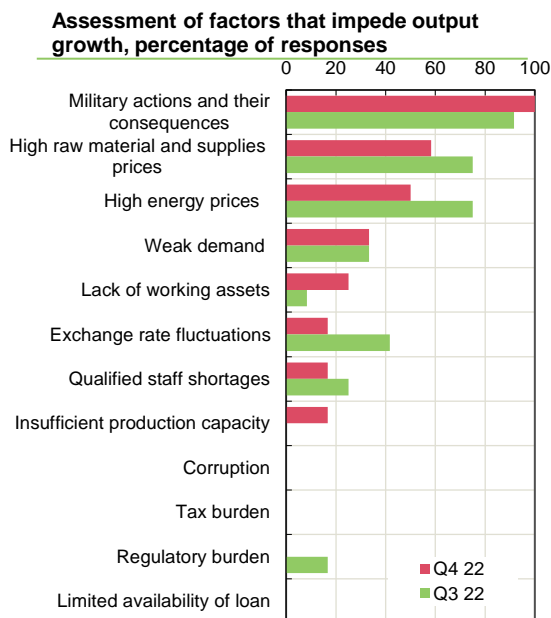


Figure 6

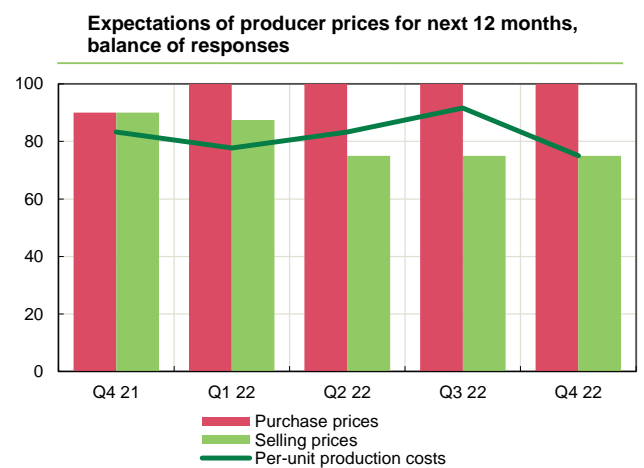


Figure 7

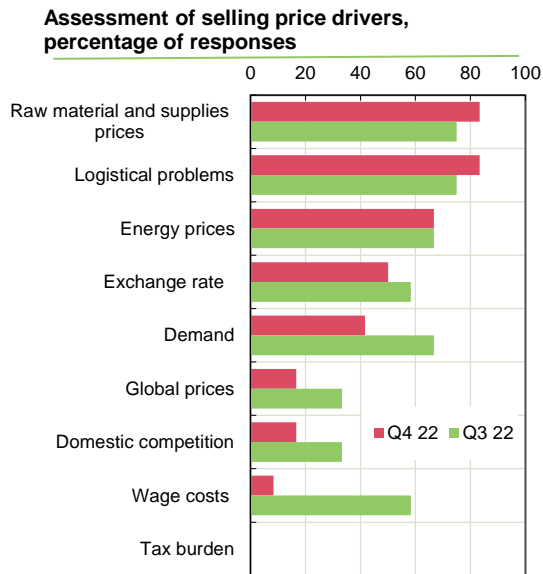


Figure 8

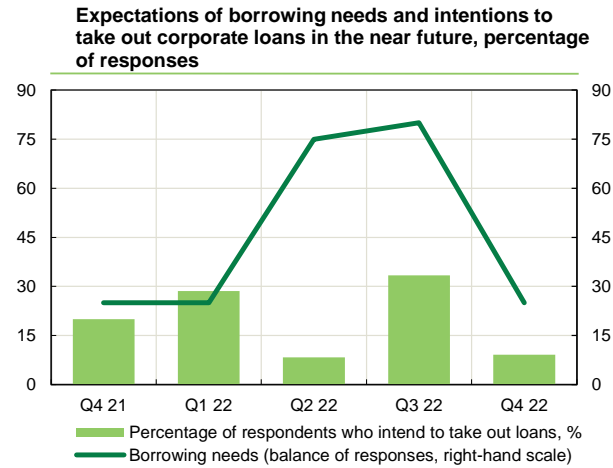


Figure 9

