National Bank
of Ukraine

Business Outlook Survey **of Rivne Oblast***

Q3 2024

*This survey only reflects the opinions of respondents in Rivne oblast (top managers of companies) who were polled in Q3 2024, and does not represent NBU forecasts or estimates

A survey of companies carried out in **Rivne oblast** in Q3 2024 showed that, amid the war, high raw material and supplies prices and high energy prices, respondents downgraded their expectations for the output of Ukrainian goods and services, and for the performance of their companies over the next 12 months. Prices were expected to continue to rise. Depreciation expectations 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 faster pace: the balance of expectations was (-23.1%), down from (-16.7%) in Q2 2024 (Figure 1). Across Ukraine, the balance of responses was 3.7%
- prices for consumer goods and services would rise: 61.5% of respondents expected the inflation rate to be higher than 10.0%, compared to 41.7% in the previous quarter (45.5% 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 more pronouncedly: 92.3% of respondents (compared to 83.3% in the previous quarter) expected the hryvnia to weaken against the US dollar, with the figure across Ukraine being 88.5%
- the financial and economic standings of their companies would deteriorate: the balance of expectations was (-7.7%), down from 8.3% in Q2 2024. The figure across Ukraine was (-0.9%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, as in the previous quarter. Meanwhile, respondents expected that external sales would increase: the balance of responses was 16.7%, as in Q2 2024 (see Table). Overall, across Ukraine the balances of responses were 10.5% and 11.2% respectively
- investment in construction and in machinery, equipment, and tools would decrease: the balances of responses were (-16.7%) for each, compared to (-16.7%) and 0.0% respectively in the previous quarter (see Table). Across Ukraine, the balances of responses were (-3.2%) and 7.5% respectively
- staff numbers would increase: the balance of responses was 7.7% (among the highest figures across the regions), up from 0.0% in the previous quarter. Across Ukraine, respondents expected staff numbers to decrease: the balance of responses was (-10.9%) (Figure 4)
- purchase prices would rise more slowly: the balance of responses was 92.7% (compared to 100.0% Q2 2024). At the same time, respondents expected that selling prices would rise more quickly: the balance of responses was 69.2%, up from 58.3% in Q2 2024 (Figure 6). Energy prices, raw material and supplies prices, wage costs, and the hryvnia exchange rate (the impact of this factor was reported to have increased) were cited as the main selling price drivers (Figure 7)
- per-unit production costs and wage costs per staff member would rise at a slower pace: the balances of responses were 66.7% and 41.7% respectively, compared to 75.0% and 58.3% respectively in Q2 2024 (Figures 4 and 6).

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

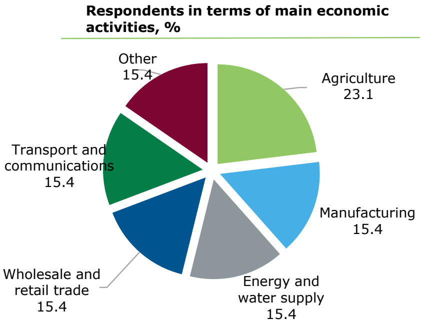
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). The companies that planned to take out bank loans usually opted for domestic currency loans. Respondents referred to the availability of other funding sources, collateral requirements, and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

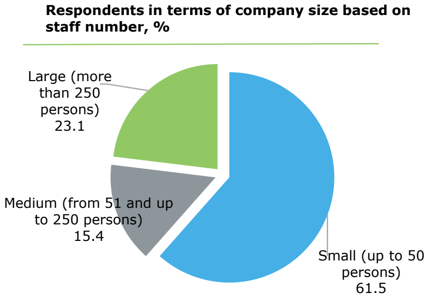
All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (97.1% across Ukraine).

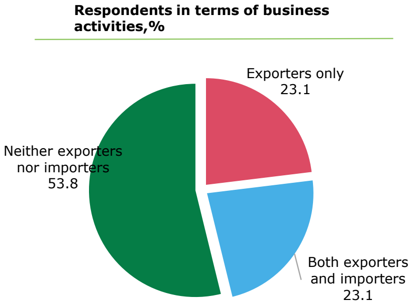
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Companies assessed their current financial and economic standings as satisfactory**:** the balance of responses was 0.0%, up from (-8.3%) in Q2 2024. Overall, across Ukraine, the balance of responses was (-6.0%).
- Finished goods stocks had decreased and were assessed as lower than normal: the balance of responses was (-16.7%), compared to 0.0% in the previous quarter.
- Spare production capacity had decreased. Companies had insufficient amount of production capacity to meet any unexpected rise in demand**:** the balance of responses was (-23.1%), down from 8.3% in Q2 2024.

Survey Details[1,2]

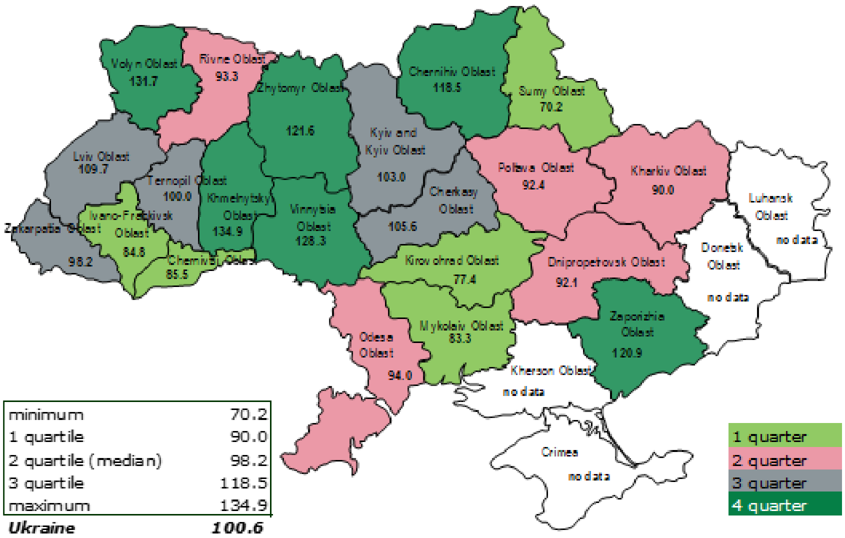






- Period: 1 July through 23 August 2024.
- A total of 13 companies were polled.
- No economic activity was able to generate a representative sample.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*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 23	Q4 23	Q1 24	Q2 24	Q3 24
Financial and economic standings	16.7	16.7	16.7	8.3	-7.7
Total sales	38.5	33.3	8.3	0.0	0.0
Investment in construction	15.4	-9.1	-8.3	-16.7	-16.7
Investment in machinery, equipment, and tools	38.5	8.3	25.0	0.0	-16.7
Staff numbers	7.7	8.3	8.3	0.0	7.7

[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

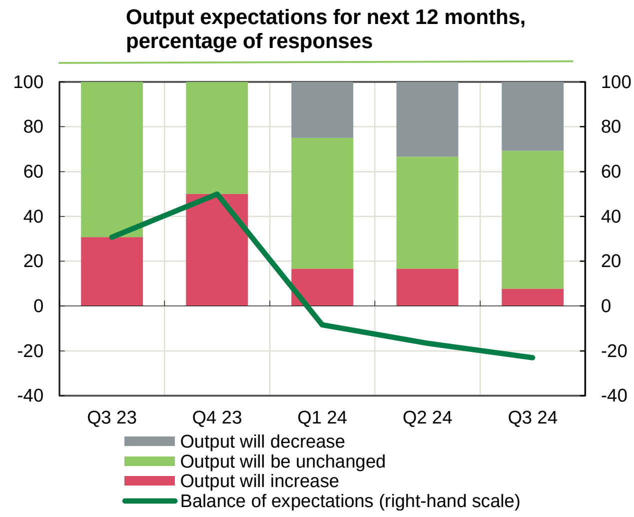


Figure 2

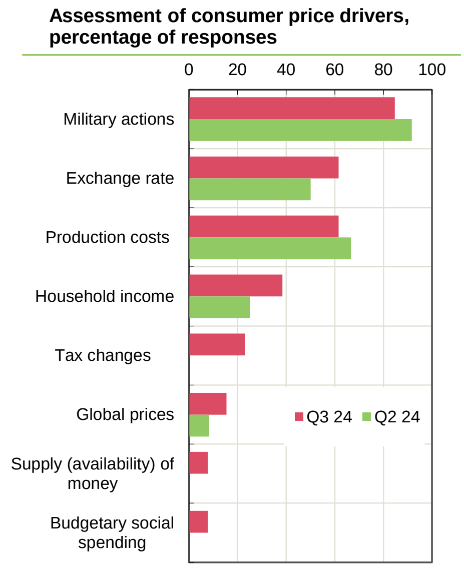


Figure 3

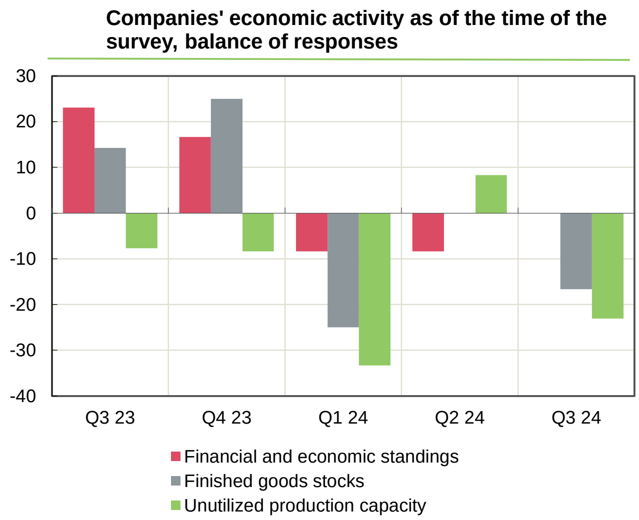


Figure 4

Figure 5

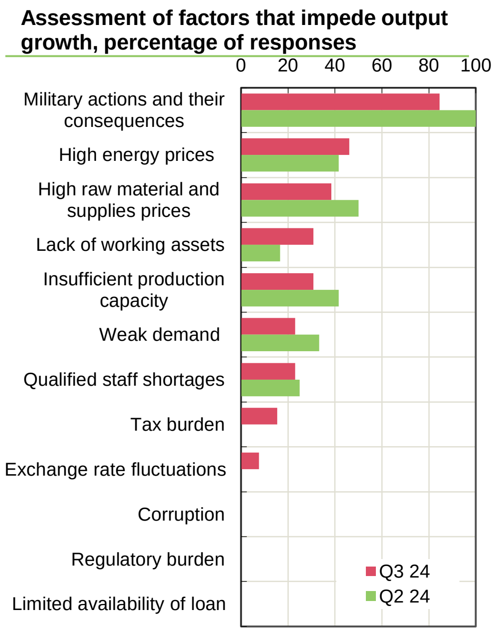


Figure 6

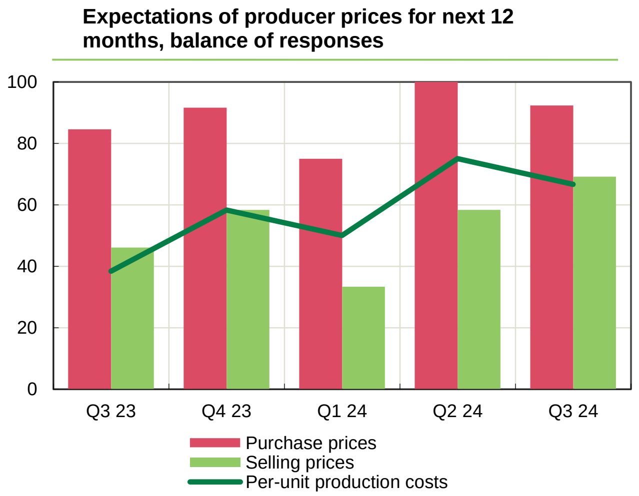


Figure 7

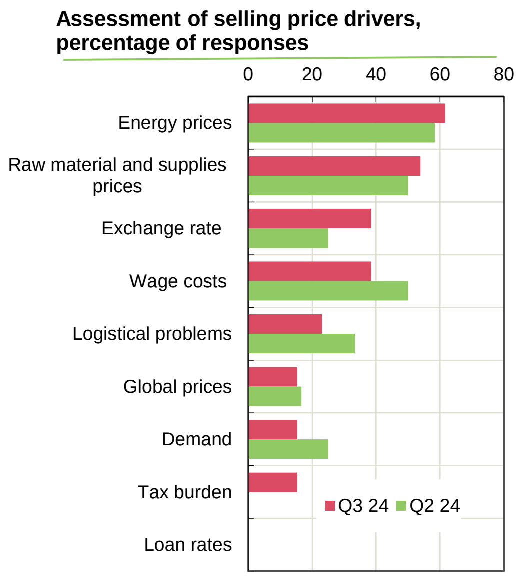


Figure 8

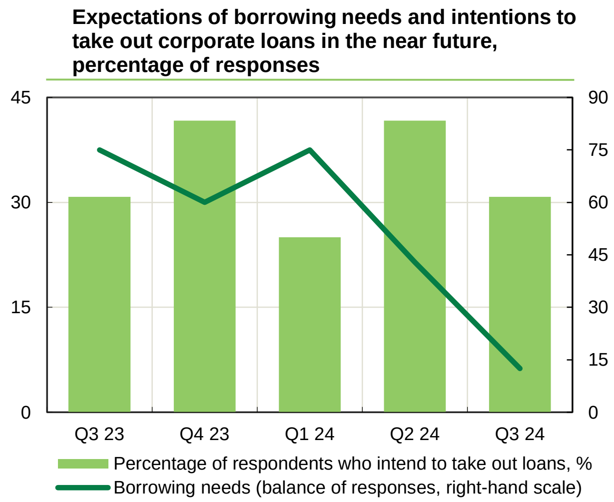


Figure 9