



National Bank  
of Ukraine

# Business Outlook Survey of Lviv Oblast\*

Q3 2021



\*This survey only reflects the opinions of respondents in Lviv oblast (top managers of companies) who were polled in Q3 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Lviv oblast in Q3 2021 showed that respondents expected that the output of Ukrainian goods and services to grow over the next 12 months. They were very optimistic about the performance of their companies over that period. Prices were expected to increase further, and the domestic currency was expected to continue to depreciate.

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

- **the output of Ukrainian goods and services would increase:** the balance of expectations was 31.6%, compared to 15.8% in Q2 2021 and 21.5% across Ukraine (Figure 1). The most optimistic expectations were reported by respondents from mining companies and by those engaged in other economic activities companies – 50.0% for each
- **prices for consumer goods and services would rise:** 60.5% of respondents (compared to 57.9% in the previous quarter and 46.9% across Ukraine) expected that inflation would not exceed 7.5%. Respondents referred to production costs, household income and the exchange rate (the impact of the latter driver was reported to have increased) as the main inflation drivers (Figure 2)
- **the domestic currency would continue to depreciate:** 67.6% of respondents (compared to 68.4% in the previous quarter and 70.7% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would improve:** the balance of expectations was 28.9% (compared to 25.0% in the previous quarter and 12.7% across Ukraine) (see Table). The most optimistic expectations were reported by respondents from transport and communications companies
- **total sales, including external sales, would increase:** the balances of responses were 31.6% and 31.8% respectively, compared to 31.6% and 36.4% respectively in the previous quarter. The balances of responses across Ukraine were 27.7% and 23.5% respectively
- **both investment in construction and in machinery, equipment, and tools would increase:** the balances of responses were 16.7% and 36.1% respectively (compared to 11.4% and 34.4% in Q2 2021). Across Ukraine, investment was expected to increase at a slower pace: the balances of responses were 9.7% and 19.3% respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-10.5%) compared to (-8.3%) in Q2 2021 (Figure 4). At the same time, respondents from companies engaged in other economic activities expected an increase in staff numbers at their companies (50.0%). Across Ukraine, staff numbers were expected to increase moderately (2.2%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 81.1% and 73.7% respectively (compared to 78.9% and 63.2% respectively in Q2 2021) (Figure 6). Respondents from trading companies expected the largest increase in their selling prices (100.0%). Raw material and supplies prices, energy prices and wage costs were cited as the main selling price drivers (Figure 7)
- **the growth in per-unit production costs and wage costs per staff member would be significant:** the balances of responses were 62.2% and 73.7% respectively (compared to 77.1% and 56.8% in Q2 2021) (Figures 4 and 6).

Companies cited a lack of working assets, high raw material and supplies prices, energy prices as the main drags on their ability to boost production (Figure 5).

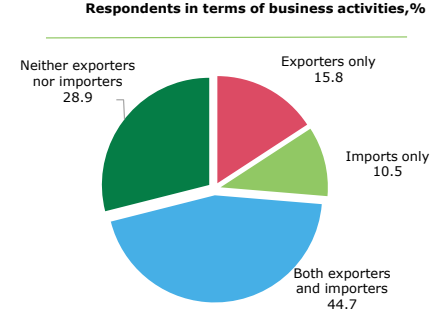
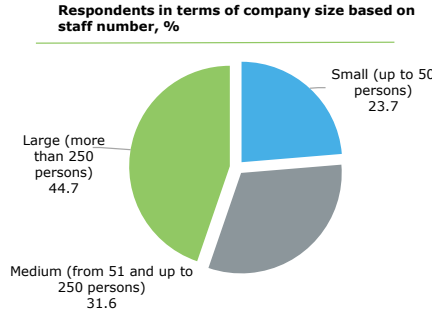
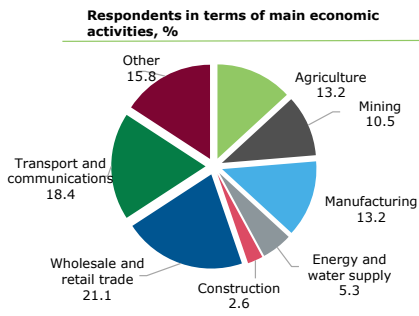
Respondents reported stronger expectations of an increase in their borrowing needs in the near future (Figure 8). Most of the respondents who planned to take out bank loans (52.6% of respondents) opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high interest rates, collateral requirements and complicated paperwork as the main factors deterring them from taking out loans (Figure 10).

97.4% of 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)

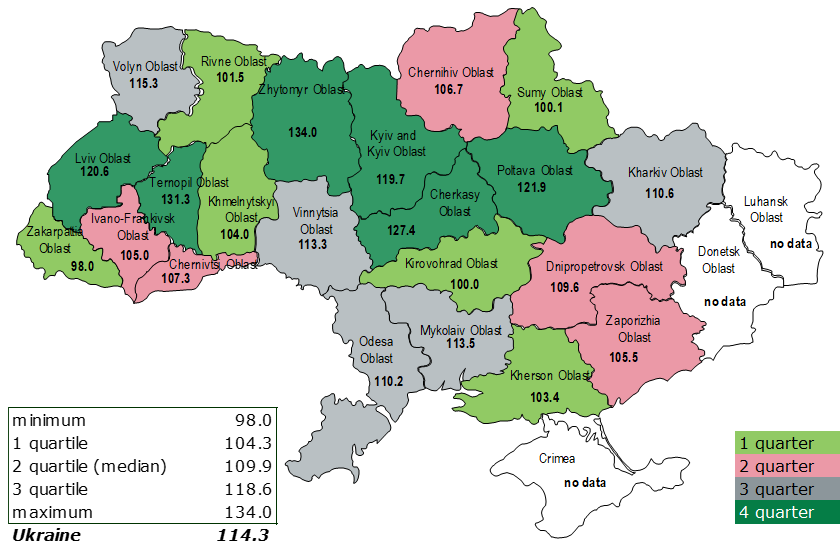
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 7.9% compared to 13.2% in Q2 2021 and 7.0% across Ukraine.
- **Finished goods stocks had decrease and were assessed as lower than normal levels:** the balance of responses was (-19.0%) compared to 5.0% in Q2 2021.
- **Spare production capacity had decreased. Companies said they would need additional capacity to meet any unexpected rise in demand:** the balance of responses was (-5.4%), compared to 2.7% in Q2 2021.

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



- Period: 3 August through 28 August 2021.
- A total of 38 companies were polled.
- A representative sample was generated on the basis of the following economic activities: agriculture, manufacturing, trade, transport and communications, and other economic activities.

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 Lviv Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	13.2	2.8	25.7	25.0	28.9
Total sales	28.9	22.2	47.2	31.6	31.6
Investment in construction	-2.8	0.0	26.5	11.4	16.7
Investment in machinery, equipment, and tools	10.8	2.9	30.6	34.3	36.1
Staff numbers	-13.9	-25.0	-2.8	-8.3	-10.5

<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 the balances of respondents' responses regarding changes in the financial and economic standings of their companies and future economic activity.

Figure 1

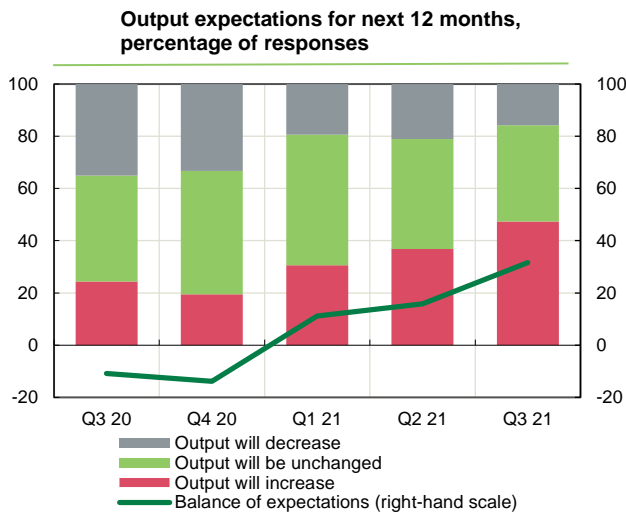


Figure 2

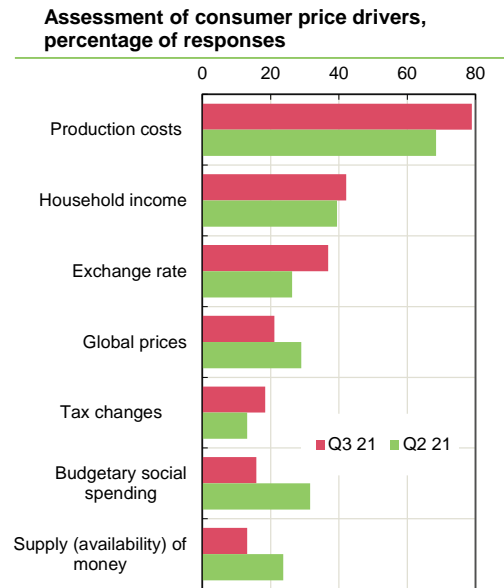


Figure 3

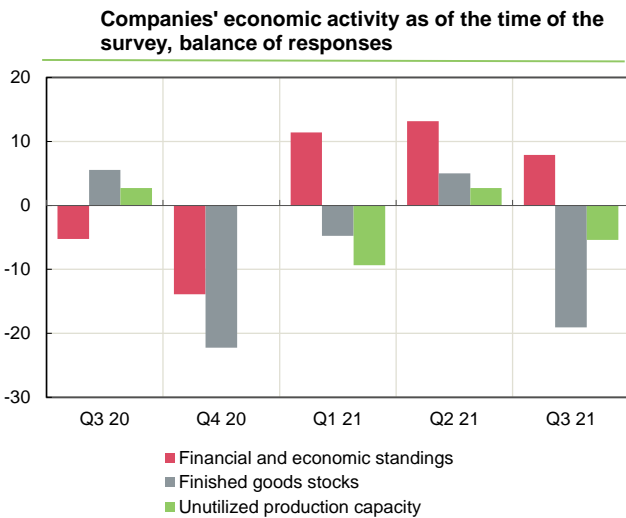


Figure 4

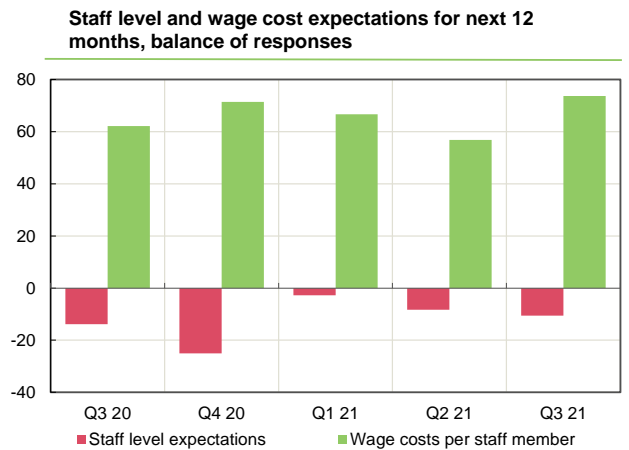


Figure 5

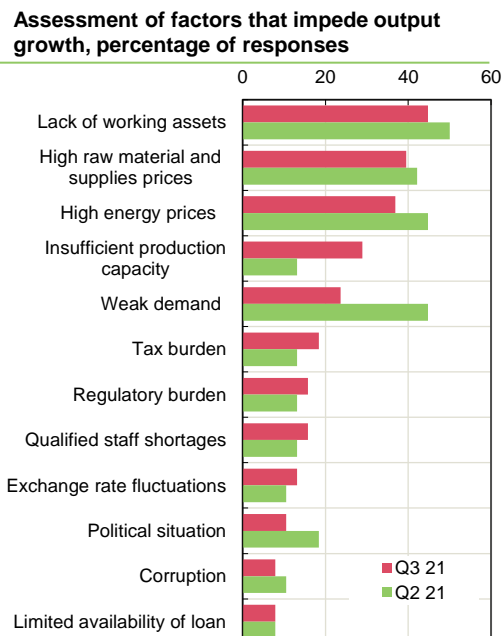


Figure 6

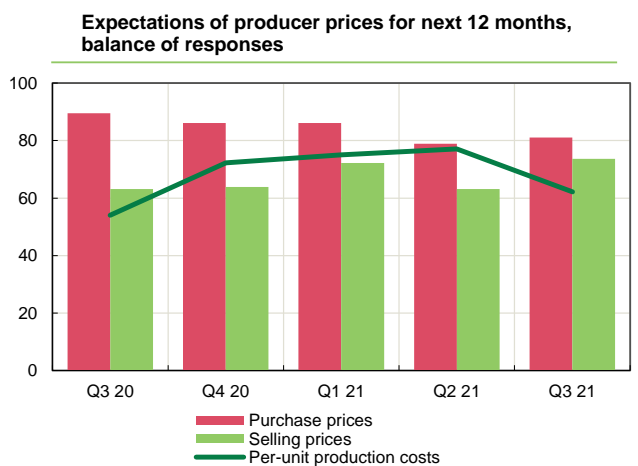


Figure 7

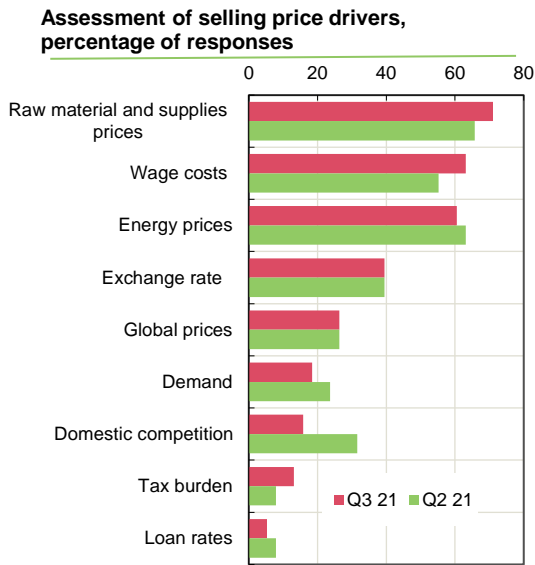


Figure 8

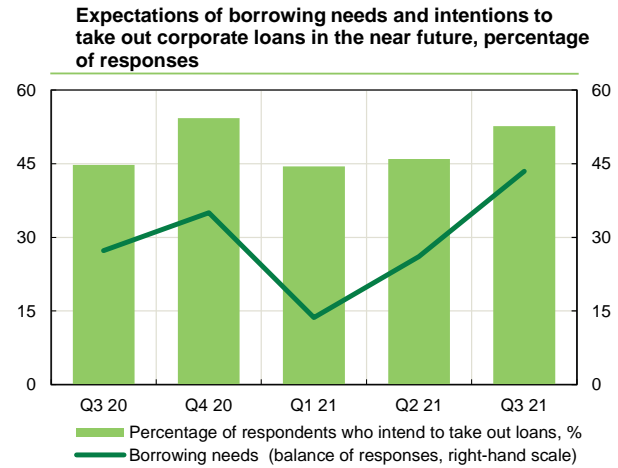


Figure 9

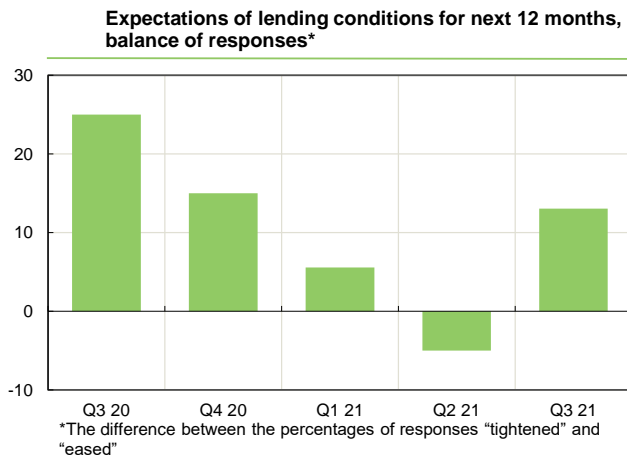


Figure 10

