



National Bank  
of Ukraine

## Business Outlook Survey of Lviv Oblast\*

Q4 2021



\*This survey only reflects the opinions of respondents in Lviv oblast (top managers of companies) who were polled in Q4 2021, and does not represent NBU forecasts or estimates

A survey of companies carried out in Lviv oblast in Q4 2021 showed that respondents continued to expect that the output of Ukrainian goods and services would grow, albeit more slowly, 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 at a slower pace:** the balance of expectations was 10.5%, compared to 31.6% in Q3 2021 and 8.3% across Ukraine (Figure 1). The most optimistic expectations were reported by respondents from transport and communications companies – 85.7%
- **prices for consumer goods and services would rise:** 56.8% of respondents (compared to 60.5% in the previous quarter and 38.7% across Ukraine) expected that inflation would not exceed 7.5%. Respondents referred to production costs, household income and global prices as the main inflation drivers (Figure 2)
- **the domestic currency would continue to depreciate:** 67.6% of respondents (as in the previous quarter and 72.2% 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 22.2% (the highest figure among the regions) compared to 28.9% in the previous quarter and 9.7% 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 42.1% and 33.3% respectively, compared to 31.6% and 31.8% respectively in the previous quarter. The balances of responses across Ukraine were 21.8% and 20.6% respectively
- **both investment in construction and in machinery, equipment, and tools would increase more slowly:** the balances of responses were 8.6% and 27.0% respectively (compared to 16.7% and 36.1% in Q3 2021). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers at their companies would increase:** the balance of responses was 16.2% compared to (-10.5%) in Q3 2021 (Figure 4). At the same time, respondents from trading companies expected a decrease in staff numbers at their companies (-14.3%). Across Ukraine, staff numbers were expected to increase moderately (2.9%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 92.1% and 71.1% respectively (compared to 81.1% and 73.7% respectively in Q3 2021) (Figure 6). Respondents from manufacturing and trading companies expected the largest increase in their selling prices (100.0% each). Energy prices, raw material and supplies prices, and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would grow rapidly:** the balances of responses were 91.9% and 83.8% respectively (compared to 62.2% and 73.7% in Q3 2021) (Figures 4 and 6).

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

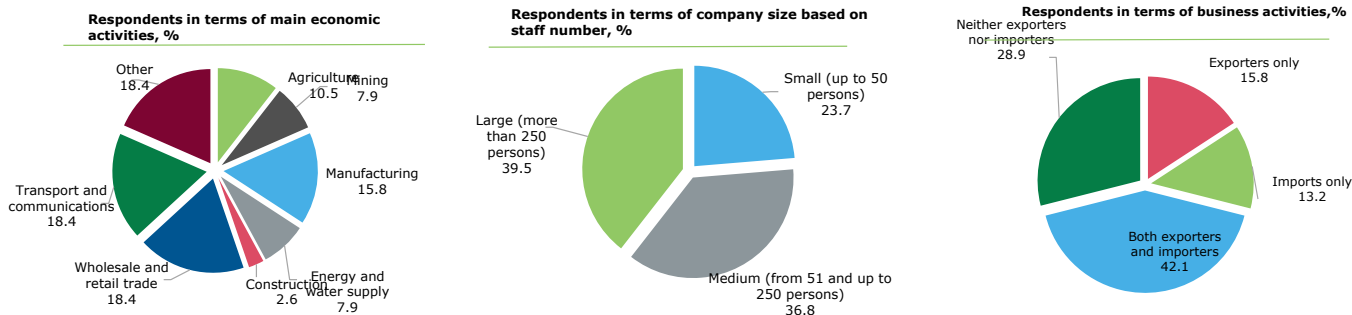
Respondents' expectations of an increase in their borrowing needs in the near future remained high (Figure 8). Most of the respondents who planned to take out bank loans (55.3% of respondents) opted for domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Respondents referred to high interest rates, complicated paperwork and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

97.3% of respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (98.1% across Ukraine).

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

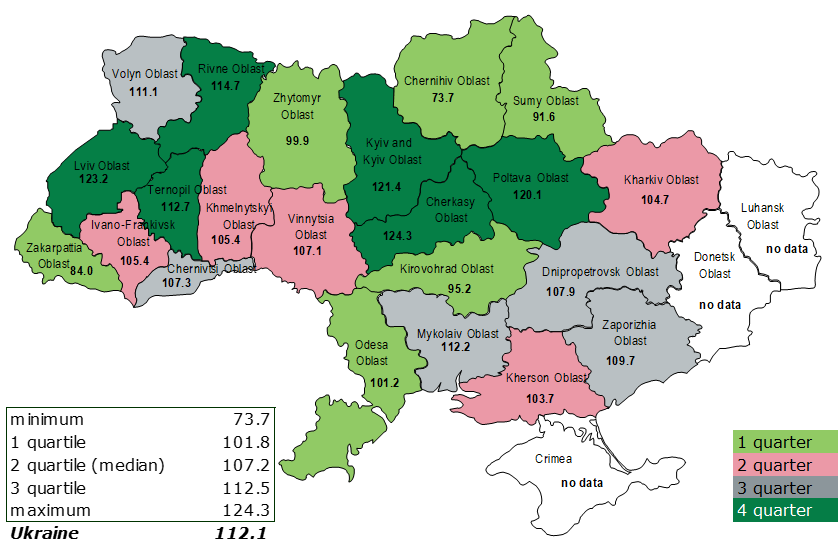
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 18.4% compared to 7.9% in Q3 2021 and 7.6% across Ukraine.
- **Finished goods stocks had increased and were assessed as normal:** the balance of responses was 0.0% compared to (-19.0%) in Q3 2021.
- **Spare production capacity had increased. Companies said they had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 7.9%, compared to (-5.4%) in Q3 2021.

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



- Period: 4 November through 26 November 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>a</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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	2.8	25.7	25.0	28.9	22.2
Total sales	22.2	47.2	31.6	31.6	42.1
Investment in construction	0.0	26.5	11.4	16.7	8.6
Investment in machinery, equipment, and tools	2.9	30.6	34.3	36.1	27.0
Staff numbers	-25.0	-2.8	-8.3	-10.5	16.2

<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

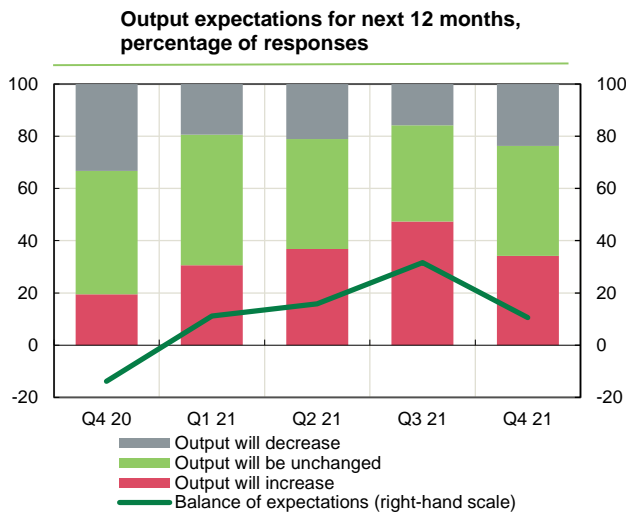


Figure 2

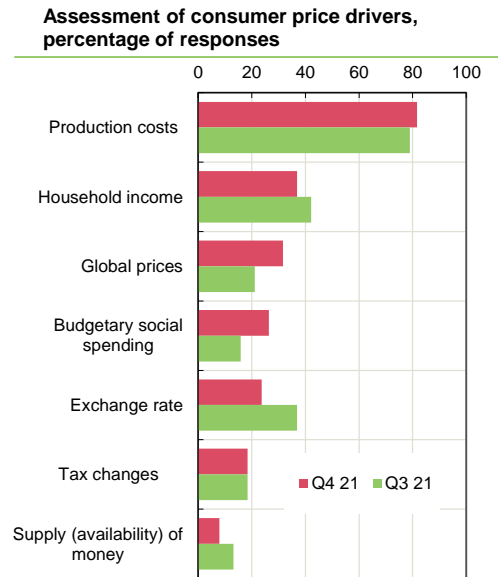


Figure 3

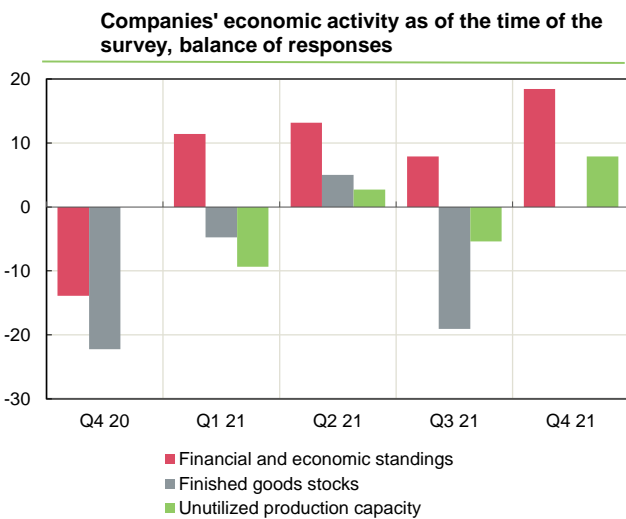


Figure 4

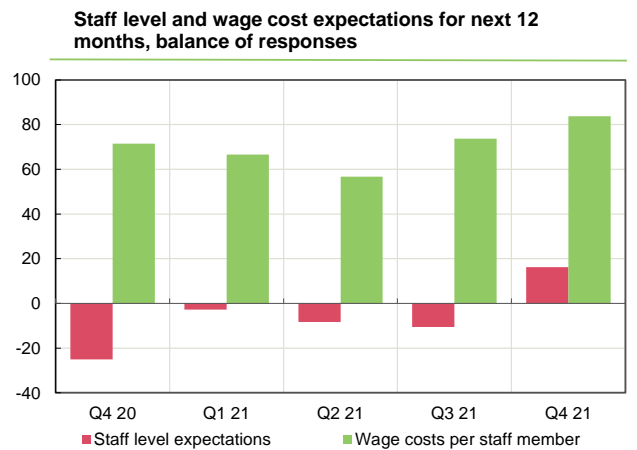


Figure 5

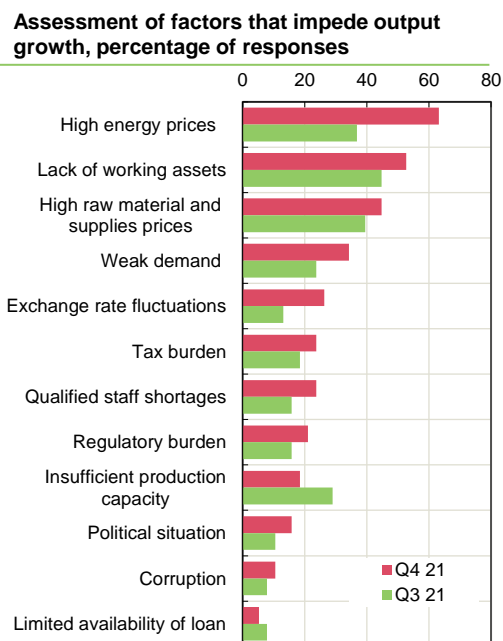


Figure 6

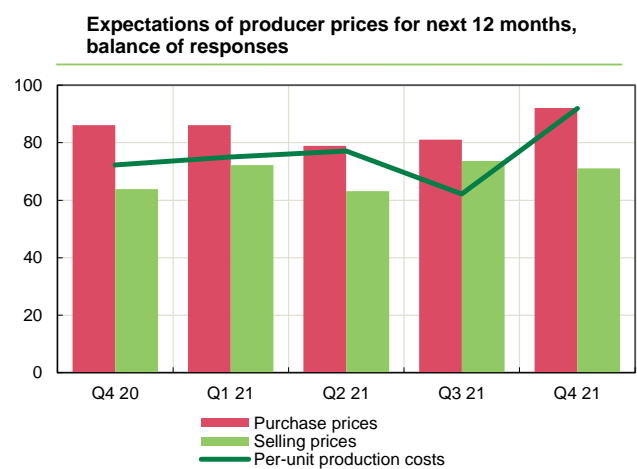


Figure 7

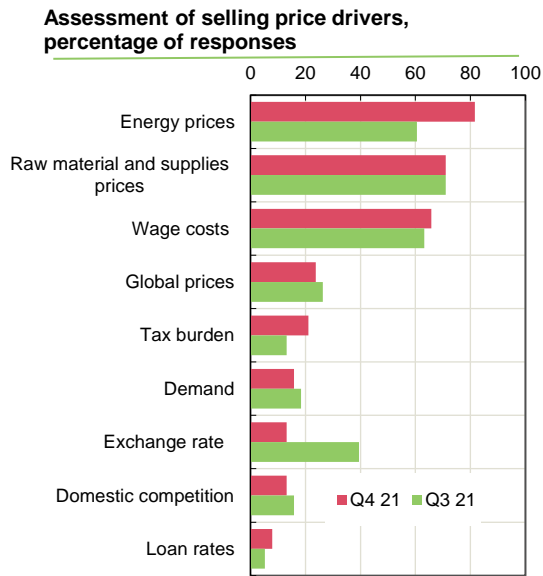


Figure 8

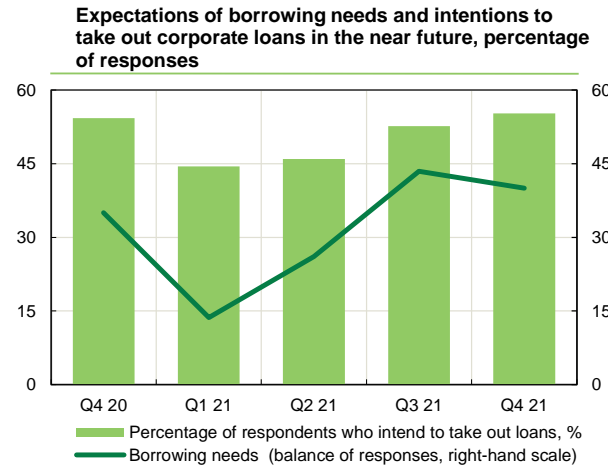


Figure 9

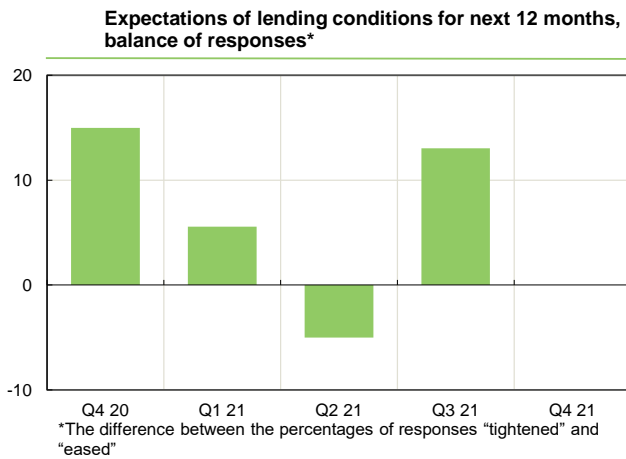


Figure 10

