



National Bank  
of Ukraine

# Business Outlook Survey of Lviv Oblast\*

Q2 2022



\*This survey only reflects the opinions of respondents in Lviv oblast (top managers of companies) who were polled in Q2 2022, and does not represent NBU forecasts or estimates

A survey of companies carried out in Lviv oblast in Q2 2022 showed that against the background of the war respondents continued to expect that the output of Ukrainian goods and services would drop over the next 12 months. They were pessimistic about the performance of their companies over that period. Prices were expected to increase further, and the depreciation of domestic currency was expected to strengthen.

#### 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 expectations was (-18.9%), compared to 17.6% in Q1 2022 (Figure 1). The balance across Ukraine was (-48.7%)
- **prices for consumer goods and services would rise:** 57.9% of respondents expected that inflation would not exceed 20.0%, compared to 41.8% across Ukraine. Respondents referred to military actions, the exchange rate and production costs as the main inflation drivers (Figure 2)
- **the domestic currency would depreciate more strongly:** 84.2% of respondents (compared to 73.5% in the previous quarter and 88.9% across Ukraine) expected the hryvnia to weaken against the US dollar
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-11.1%) compared to 26.5% in the previous quarter and (-17.1%) across Ukraine (see Table). The most pessimistic expectations were reported by respondents from transport and communications companies (-37.5%)
- **total sales would increase more slowly:** the balance of responses was 5.4%, compared to 29.4% in the previous quarter. At the same time, respondents expected external sales to decrease: the balance of responses was (-5.6%), compared to 41.2% in Q1 2022. The balances of responses across Ukraine were (-19.0%) and (-25.0%) respectively
- **investment in construction and in machinery, equipment, and tools would decrease:** the balances of responses were (-35.3%) and (-25.0%) compared to 0.0% and 22.9% in the previous quarter. Across Ukraine, the balances of responses were (-34.7%) and (-37.2%) respectively
- **staff numbers at their companies would decrease:** the balance of responses was (-5.4%) compared to 2.9% in Q1 2022 (Figure 4). Across Ukraine, staff numbers were expected to decrease noticeably (-29.0%)
- **both purchase and selling prices would grow at a fast pace:** the balances of responses were 92.1% and 65.8% respectively (compared to 97.1% and 62.9% respectively in Q1 2022) (Figure 6). Respondents from manufacturing and trading companies reported the firmest intentions to raise their selling prices (100.0% for each). Energy prices, raw material and supplies prices, and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would grow:** the balance of responses was 75.7% (compared to 82.4% in Q1 2022). At the same time, respondents expected that **wage costs per staff member would grow much more slowly:** the balance of responses was 29.7% (compared to 77.1% in the previous quarter) (Figures 4 and 6).

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

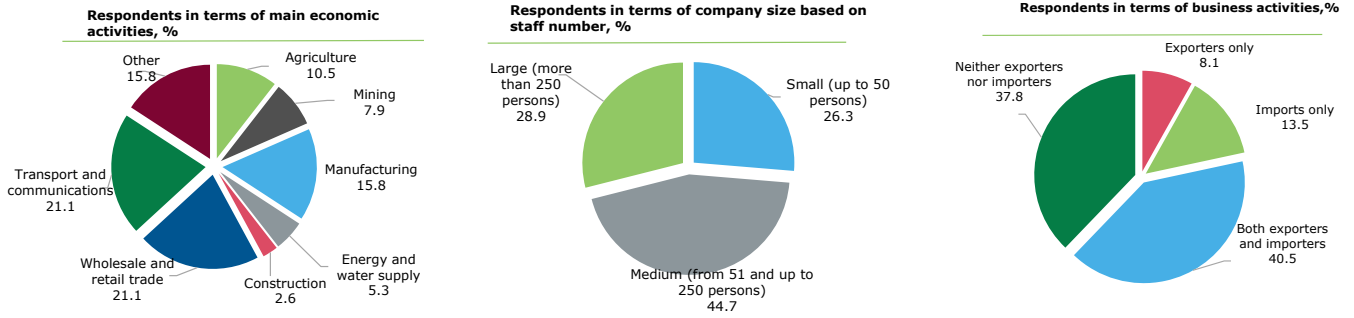
Respondents reported higher expectations of an increase in their borrowing needs in the near future (Figure 8). Most of the respondents who planned to take out bank loans (39.5% of respondents) opted for domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high interest rates, complicated paperwork and uncertainty about their ability to meet debt obligations as they fall due as the main factors deterring them from taking out loans (Figure 10).

92.1% of respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (93.5% across Ukraine).

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

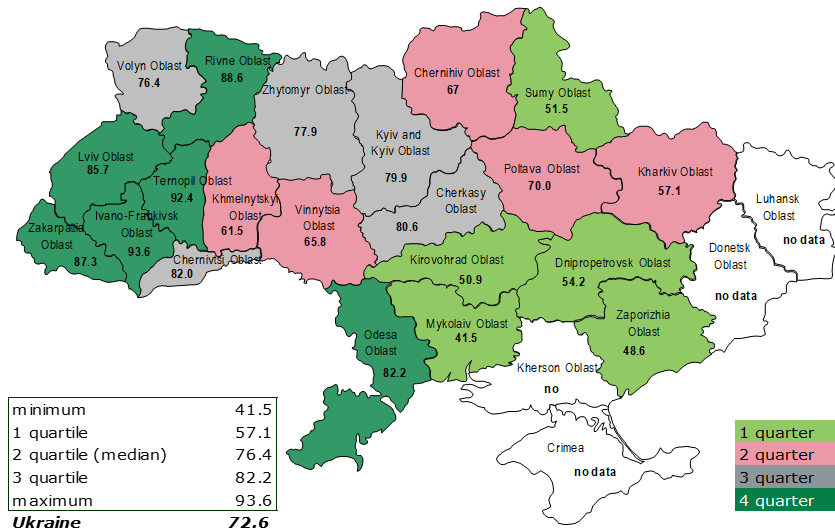
- **Companies assessed their current financial and economic standings as bad:** the balance of responses was (5.3%) compared to 11.4% in Q1 2022 and (-28.8%) across Ukraine.
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-4.0%) compared to (-5.3%) in Q1 2022.
- **Companies said they had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 13.2%, compared to 18.8% in Q1 2022.

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



- Period: 3 May through 30 May 2022.
- 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, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	25.0	28.9	22.2	26.5	-11.1
Total sales	31.6	31.6	42.1	29.4	5.4
Investment in construction	11.4	16.7	8.6	0.0	-35.3
Investment in machinery, equipment, and tools	34.3	36.1	27.0	22.9	-25.0
Staff numbers	-8.3	-10.5	16.2	2.9	-5.4

<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

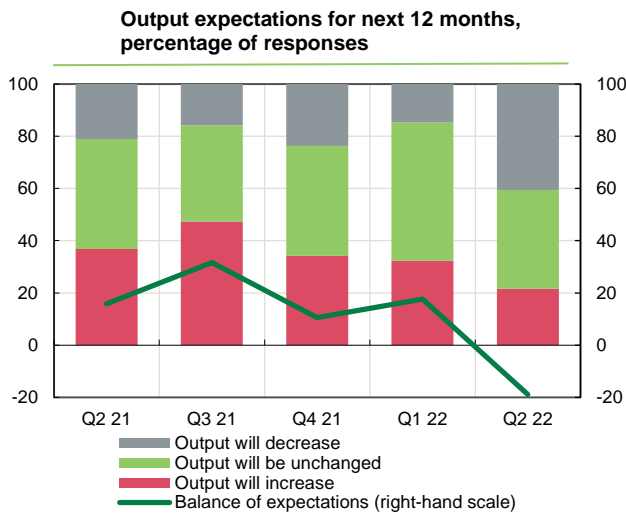


Figure 2

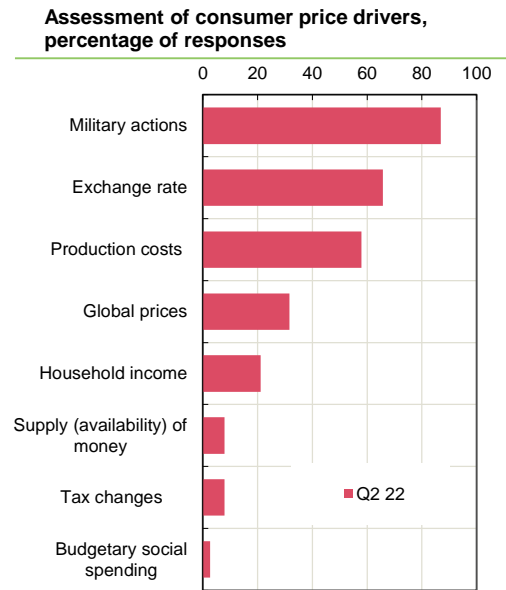


Figure 3

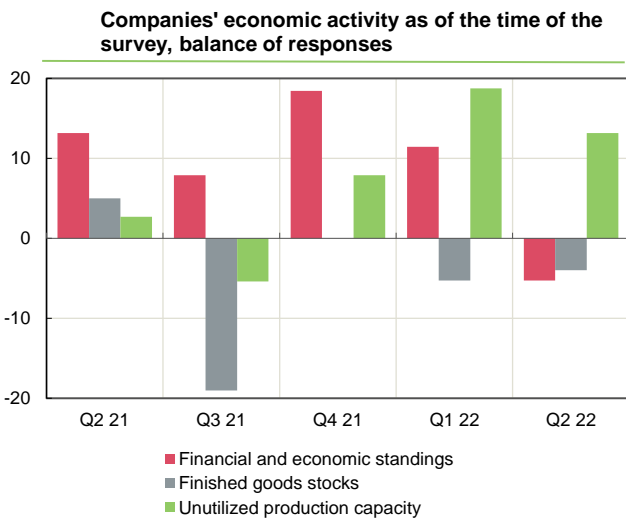


Figure 4

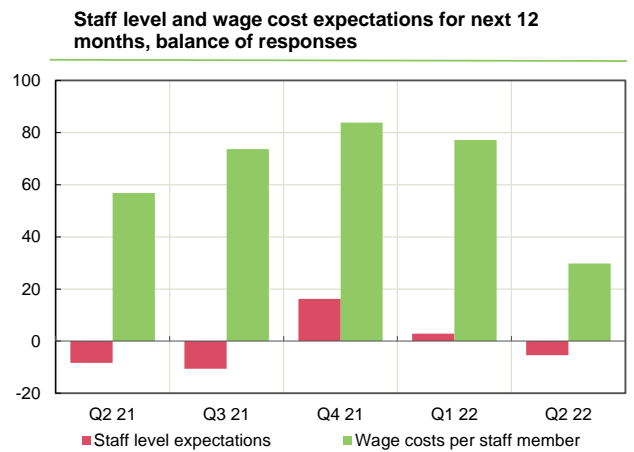


Figure 5

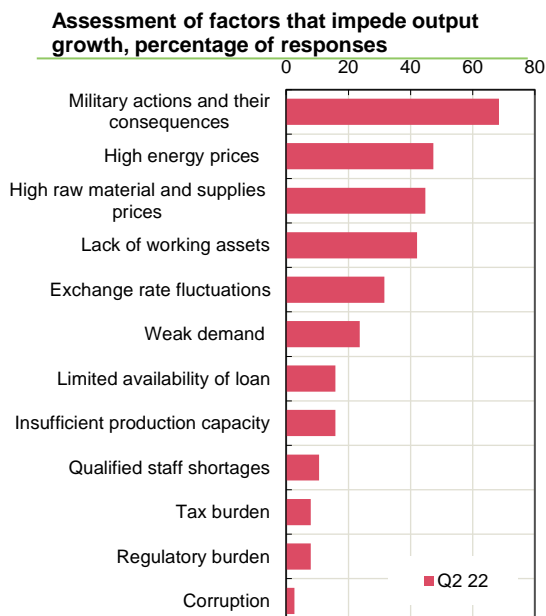


Figure 6

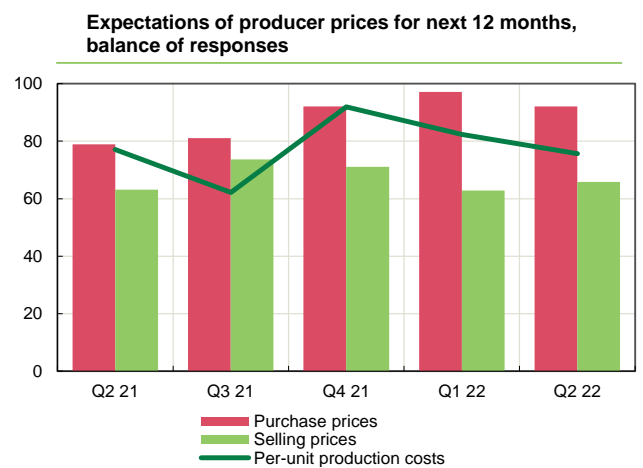


Figure 7

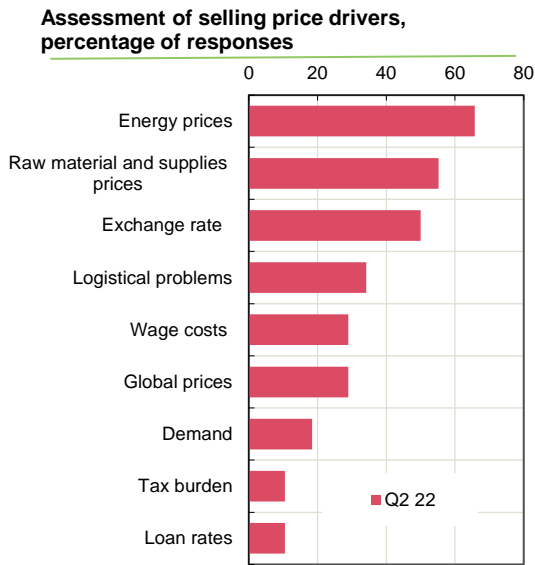


Figure 8

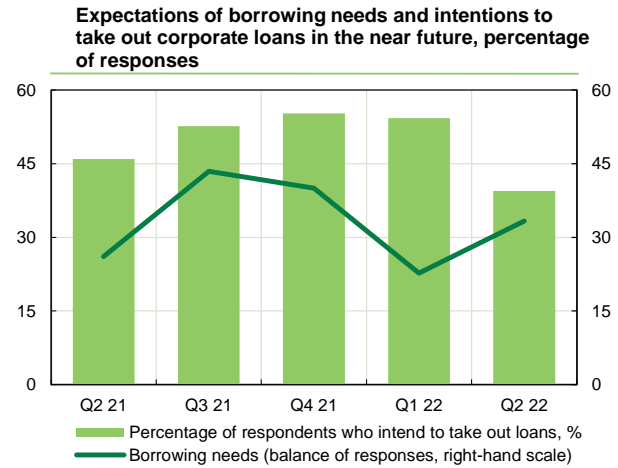


Figure 9

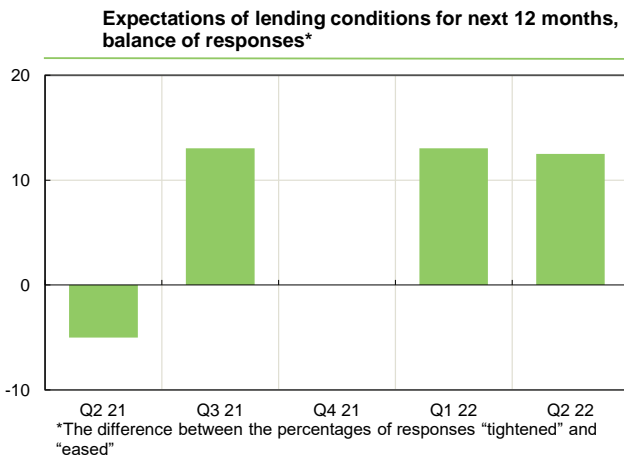


Figure 10

