



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q4 2019



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q4 2019, and does not represent NBU forecasts or estimates

A survey carried out in **Ternopil oblast** in Q4 2019 showed that respondents had high expectations that the Ukrainian economy would grow, and that their companies would develop over the next 12 months. Respondents reported moderate inflation and higher depreciation expectations.

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

- **the output of Ukrainian goods and services would grow at a fast pace:** the balance of expectations was 45.5% compared with 60.0% in Q3 2019 (Figure 1) and 21.9% across Ukraine
- **prices for consumer goods and services would grow moderately:** 72.7% of respondents expected the inflation rate to be lower than 7.5% (compared with 70.0% in the previous quarter and 53.8% across Ukraine). Respondents referred to production costs as **the main inflation driver** (Figure 2)
- **the hryvnia would depreciate more pronouncedly:** a total of 54.5% of respondents (compared to 40.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 70.7%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 30.0% compared to 55.6% in the previous quarter (see Table) and 18.6% across Ukraine
- **total sales would grow at a fast pace:** the balance of responses was 33.3% compared with 66.7% in Q3 2019. Respondents also expected an increase in external sales (the balance of responses was 66.7% compared with 40.0% in Q3 2019). The balances of responses across Ukraine were 23.5% and 20.6% respectively
- **investment both in construction and in machinery, equipment and tools would increase:** the balance of responses was 20.0% and 10.0% respectively compared with (-11.1%) and 11.1% in Q3 2019. The balances of responses across Ukraine were 4.7% and 14.7% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-11.1%) in Q3 2019 (Figure 4). Across Ukraine, staff numbers were expected to decrease (-1.6%)
- **both purchase and selling prices would continue to grow:** the balances of responses were 72.7% and 70.0% respectively (compared with 70.0% and 55.6% in Q3 2019) (Figure 6). Wage costs were referred to as the main selling price driver (Figure 7). The impact from hryvnia exchange rate increased significantly
- **the growth in per-unit production costs and in wage costs per staff member would decelerate:** the balances of responses were 70.0% and 90.0% respectively (compared to 50.0% for each in Q3 2019) (Figures 4 and 6).

Qualified staff shortage, lack of working assets, and weak demand were named as the **main drags on the ability of companies to boost production** (Figure 5).

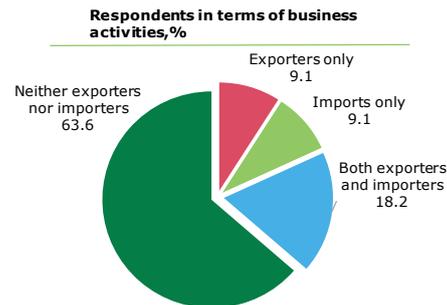
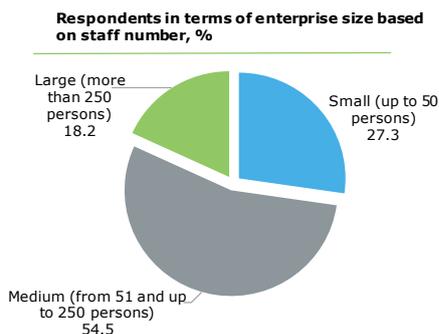
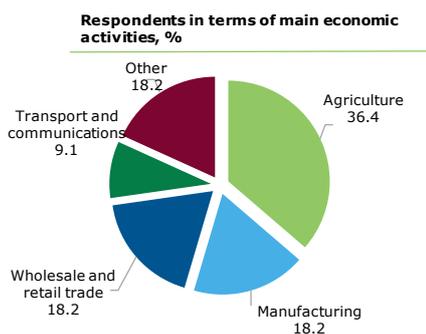
**Respondents expected that their borrowing needs would increase** in the near future (Figure 8). Some 54.5% respondents planned to take out corporate loans and opted for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Respondents referred to high loan rates as the main factor that deterred them from taking out loans (Figure 10).

**All of the respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (96.4% across Ukraine).

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

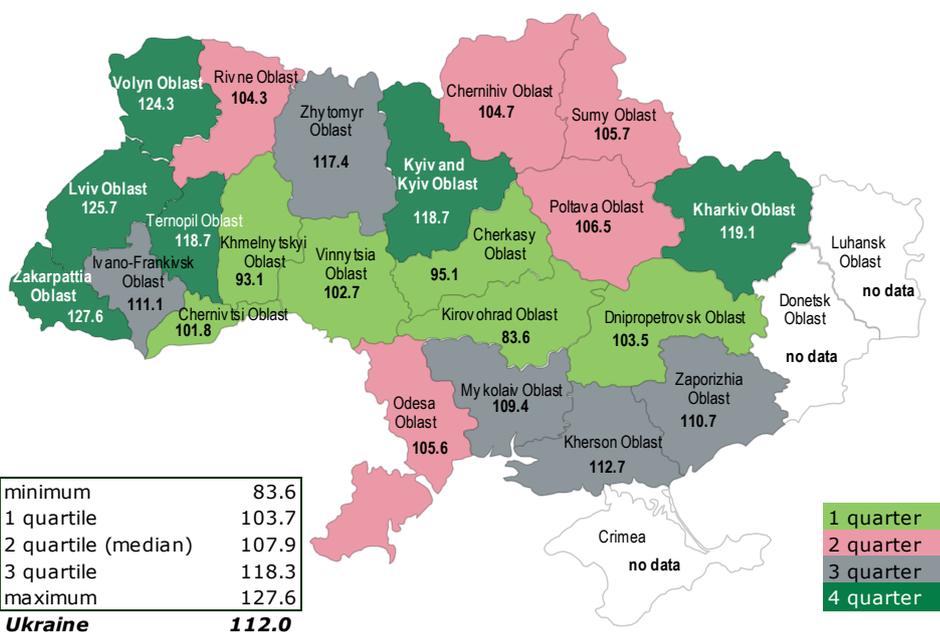
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 54.5% (one of the highest figures across the regions) compared with (-20.0%) in Q3 2019 and 6.1% across Ukraine/
- **Respondents assessed their finished goods stocks at a level lower than the normal one:** the balance of responses was (-40%) (compared with (-16.7% in Q3 2019).
- **Companies are working at the verge of their production capacity:** the balance of responses stayed at 0.0% as in Q3 2019.

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



- Period: 4 November through 28 November 2019.
- A total of 11 companies were polled.
- A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Regions<sup>3</sup>, %



\*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 sampled where the sample is divided into two equal-sized subgroups

Table. The Business Outlook Index of Companies in Ternopil Oblast and Its Components

Expectations over next 12 months for	Balances of responses, %				
	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19
Financial and economic standings	53.3	40.0	30.0	55.6	30.0
Total sales	73.3	80.0	54.5	66.7	33.3
Investment in construction	30.8	22.2	9.1	-11.1	20.0
Investment in machinery, equipment and tools	42.9	60.0	45.5	11.1	10.0
Staff numbers	26.7	-11.1	-18.2	-11.1	0.0

<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 development 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

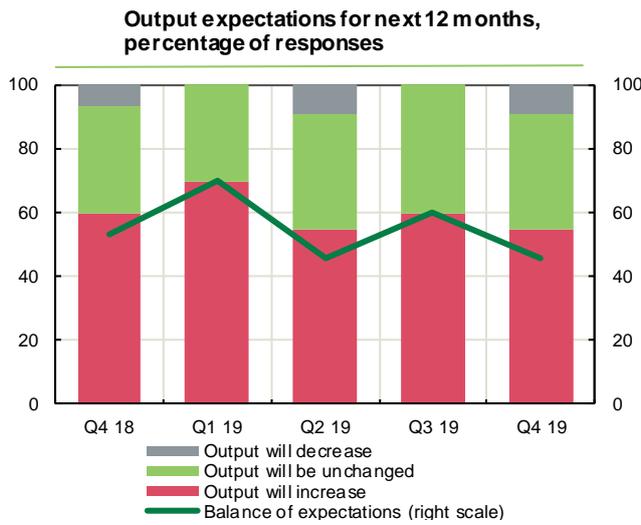


Figure 2

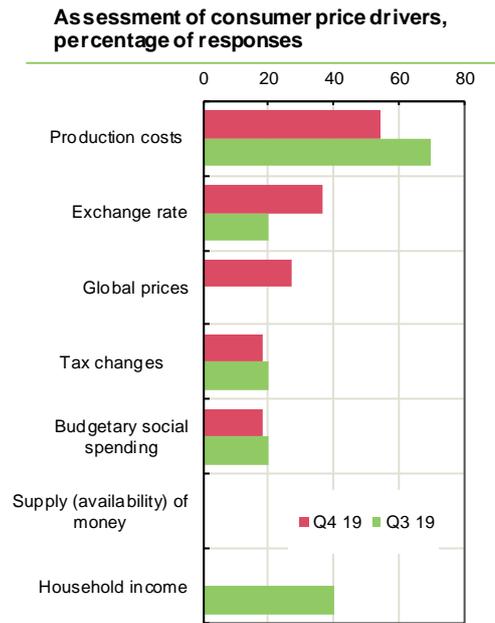


Figure 3

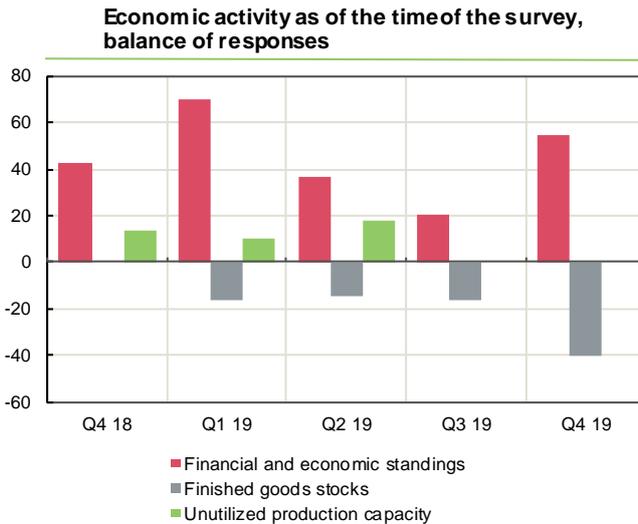


Figure 4

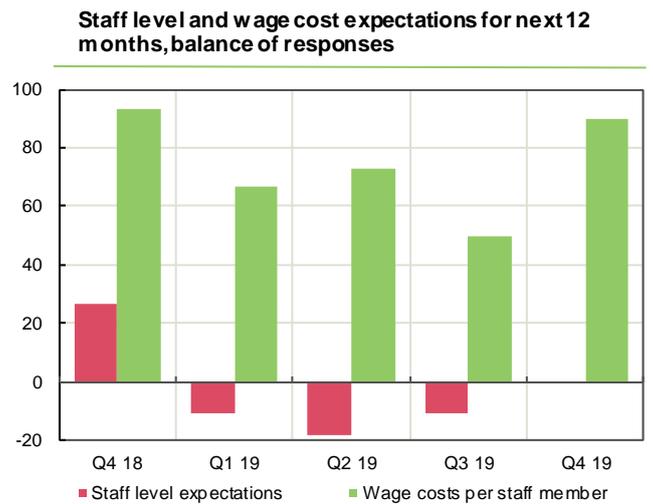


Figure 5

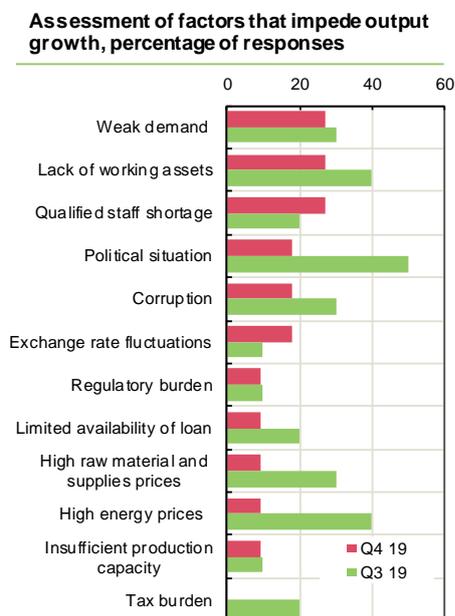


Figure 6

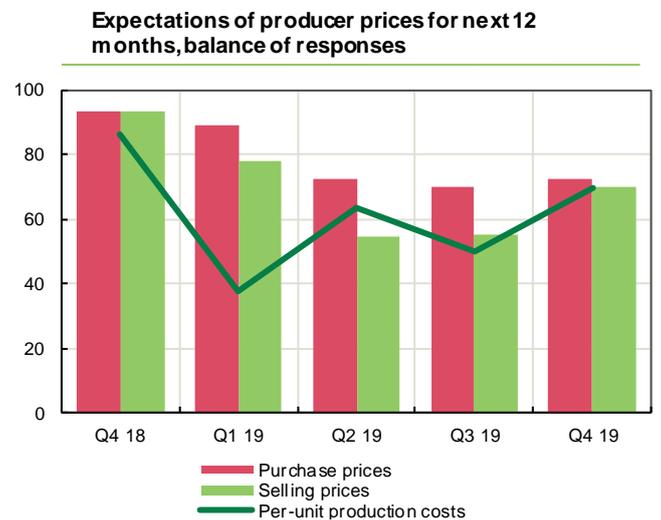


Figure 7

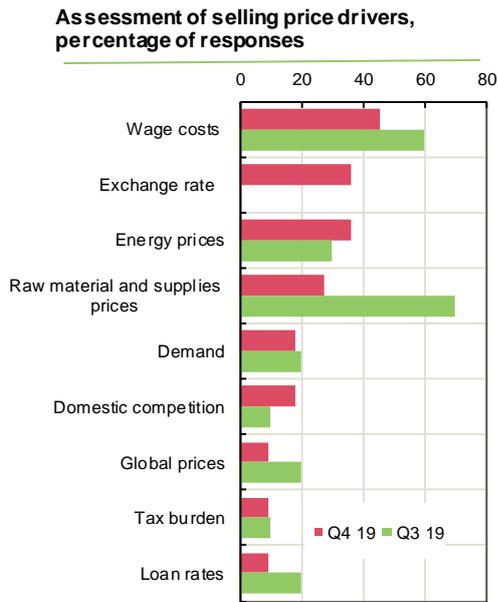


Figure 8

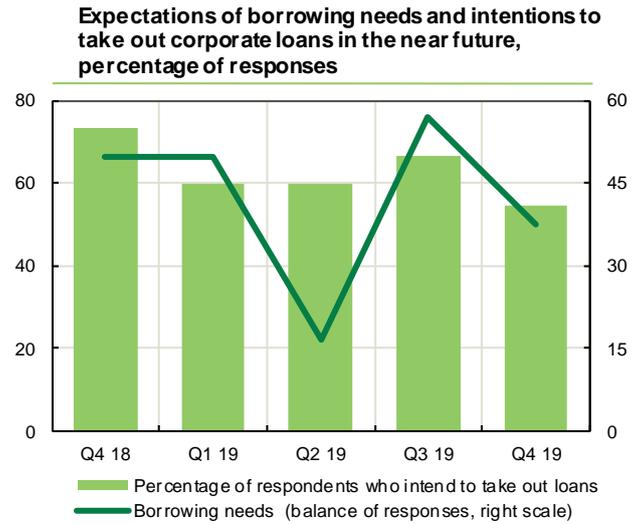


Figure 9

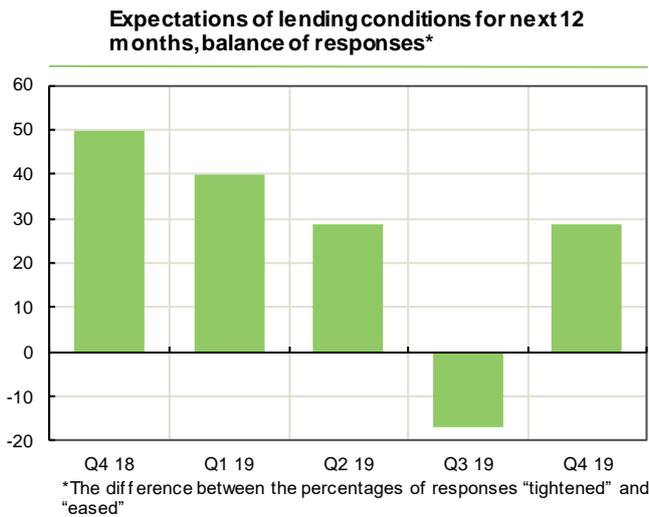
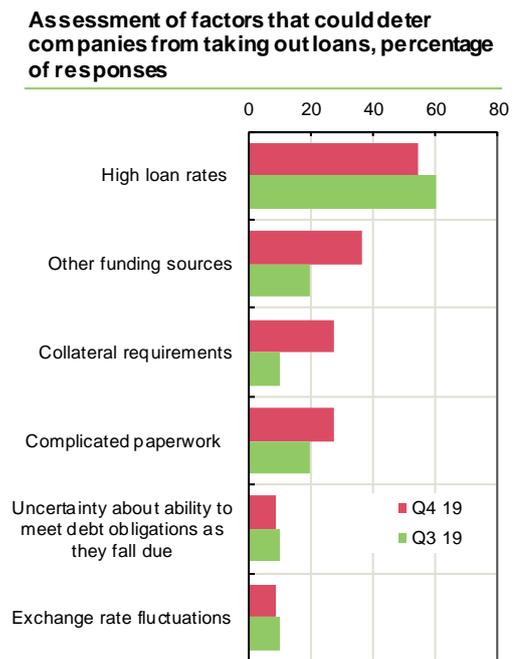


Figure 10



**Key Indicators of Social and Economic Development of Ternopil Oblast in 2014 – 2019**

% of the same period of the previous year, unless stated otherwise

No.	Indicators	2014	2015	2016	2017	2018	2019																		
							January	January - February	January - March	January - April	January - May	January - June	January - July	January - August	January - September	January - October	January - November								
1	Volume indices of gross regional product (in previous year's prices, in percent)	108.0	93.7	98.5	105.6	102.0 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...			
2	Industrial production index	116.5	92.1	110.3	108.5	98.2	98.3	102.3	100.5	103.1	102.1	102.2	103.2	101.2	102.2	100.5	98.6	...	...	...	...	...	...		
3	Mining and quarrying	101.7	162.0	115.9	103.6	105.0	105.1	100.9	100.1	100.4	98.8	99.6	100.2	101.4	101.3	104.3	104.8	...	...	...	...	...	...	...	
4	Manufacturing	118.7	90.5	110.8	110.8	97.4	96.2	105.5	104.2	106.4	104.6	104.3	105.3	102.3	103.6	100.9	98.6	...	...	...	...	...	...	...	...
5	Production of food, beverages and tobacco	114.1	89.6	116.3	119.2	100.8	101.7	112.1	109.0	109.9	103.4	102.0	101.4	98.1	99.9	98.1	94.6	...	...	...	...	...	...	...	...
6	Textile production, production of clothing, leather, leather goods and other materials	92.3	111.7	97.1	88.1	77.3	74.3	77.5	83.8	82.5	82.4	79.0	78.1	80.0	77.5	74.5	73.5	...	...	...	...	...	...	...	...
7	Production of wood products, paper, printing	107.6	105.5	142.5	101.6	97.2	93.7	87.0	92.0	88.3	85.9	85.2	83.3	78.9	80.1	80.6	80.6	...	...	...	...	...	...	...	...
8	Production of coke and petrochemicals	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
9	Production of chemicals and chemical products	52.8	95.5	65.4	126.7	98.5	101.8	90.4	93.4	107.0	93.6	96.7	93.3	89.7	82.6	75.3	73.6	...	...	...	...	...	...	...	...
10	Production of rubber and plastic products, other nonmetallic mineral products	124.1	120.7	107.1	104.0	92.6	84.1	94.2	100.4	102.1	101.2	97.2	97.7	97.6	98.8	98.5	99.8	...	...	...	...	...	...	...	...
11	Metallurgical production, manufacturing of finished metal products, except machinery and equipment	101.0	86.7	116.0	115.0	114.7	151.8	148.9	149.1	146.7	135.9	121.7	123.3	120.8	122.1	119.8	114.3	...	...	...	...	...	...	...	...
12	Mechanical engineering, except for repair and installation of machinery and equipment	157.7	71.3	112.4	99.2	93.2	75.4	94.2	91.2	97.9	108.3	115.3	123.4	120.5	124.2	119.3	118.0	...	...	...	...	...	...	...	...
13	Electricity, gas, steam and conditioning air supply	98.1	91.4	105.0	100.2	98.9	101.5	94.4	90.3	93.5	94.6	95.2	95.5	95.6	96.0	95.8	94.9	...	...	...	...	...	...	...	...
14	Agricultural production index	113.9	88.8	104.6	111.1	103.9	106.1	104.6	104.5	104.9	104.8	102.6	107.0	101.5	103.6	101.8	99.3	...	...	...	...	...	...	...	...
15	Construction production index	102.7	95.9	129.6	103.1	93.6	98.8	119.2	127.4	127.5	125.2	124.9	123.0	127.8	129.1	130.5	131.5	...	...	...	...	...	...	...	...
16	Freight turnover	114.4	97.3	98.3	104.4	125.6	59.0	56.9	62.3	68.2	66.3	62.8	61.8	62.4	64.6	66.0	66.9	...	...	...	...	...	...	...	...
17	Passenger turnover	94.9	108.3	95.3	95.6	100.4	98.7	97.1	98.6	99.0	97.9	96.7	95.0	94.6	94.7	95.5	94.9	...	...	...	...	...	...	...	...
18	Volume index of retail trade turnover (in comparable prices, in percent)	98.7	86.9	103.2	99.5	110.6	108.4	107.7	108.1	109.9	114.8	115.3	117.0	117.1	116.9	117.8	117.2	...	...	...	...	...	...	...	...
19	Profit/loss of large and medium companies before tax (UAH million) <sup>3</sup>	-5796.2	-2088.0	-55.3	-4865.3	565.6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
20	Capital investment index	71.7	115.2	117.2	142.3	103.7	...	...	131.0	...	...	121.4	...	...	115.8	...	...	...	...	...	...	...	...	...	...
21	Consumer price index (compared with December of previous year)	125.4	145.1	111.6	113.3	109.7	101.1	101.2	102.0	103.3	103.6	103.2	103.1	102.8	103.7	104.4	104.6	...	...	...	...	...	...	...	...
22	Real disposable income	86.5	85.8	103.1	111.9	108.3 <sup>2</sup>	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
23	Real wage index	95.1	77.2	109.8	129.5	113.7	109.7	110.9	110.8	111.7	111.1	110.3	110.5	109.8	109.9	109.9	110.0	...	...	...	...	...	...	...	...
24	Number of applicants per vacancy as of end of period	13	5	9	9	8	6	5	4	4	4	4	4	3	4	3	6	...	...	...	...	...	...	...	...

<sup>1</sup> This information is confidential under the Law of Ukraine On State Statistics.

<sup>2</sup> Preliminary data.

<sup>3</sup> These data exclude banks' profits/losses. Data on agricultural companies engaged in plant cultivation, animal husbandry and mixed farming are only available in annual reports.

Annual data include profits/losses of large, medium, small and micro companies.

Source: Ukraine's State Statistics Service

Legend

Periods (...) - no data

Dash (-) - no events