



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q3 2020



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q3 2020, and does not represent NBU forecasts or estimates

A survey carried out in **Ternopil oblast** in Q3 2020 showed that respondents expected no changes in the output of Ukrainian goods and services over the next 12 months amid the adaptive quarantine regime. They had high expectations for the performance of their companies. 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 remain unchanged:** the balance of expectations was 0.0% compared with (-40.0%) in Q2 2020 (Figure 1) and (-16.1%) across Ukraine
- **prices for consumer goods and services would grow moderately:** 90.0% of respondents expected the inflation rate to be lower than 7.5% compared with 80.0% in the previous quarter and 55.6% across Ukraine. Respondents referred to production costs and the exchange rate as **the main inflation drivers** (Figure 2)
- **the hryvnia would depreciate at a faster pace:** 72.7% of respondents (compared with 50.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 83.2%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 36.4% (the highest figure across the regions) compared to 0.0% in the previous quarter. The financial and economic standings of companies across Ukraine were expected to improve moderately (4.4%) (see Table)
- **total sales would increase:** the balance of responses was 30.0% compared with 10.0% in Q2 2020 (see Table). Respondents also expected an increase in external sales (the balance of responses was 33.3% compared with 50.0% in Q2 2020). Overall, companies across Ukraine expected sales to increase moderately, the balances of responses being 9.8% and 4.3% respectively
- **investment both in construction and in machinery, equipment and tools would increase:** the balances of responses were 10.0% and 20.0% respectively (compared to (-11.0%) and 0.0% in Q2 2020). Across Ukraine, the balances of responses were (-4.7%) and 5.2% respectively
- **staff numbers would remain unchanged:** the balance of responses was 0.0% compared with (-10.0%) in Q2 2020. Across Ukraine, staff numbers were expected to decrease (-10.8%) (Figure 4)
- **the growth in both purchase and selling prices would accelerate:** the balances of responses were 81.8% and 30.0% respectively (compared with 50.0% and 10.0% respectively in Q2 2020) (Figure 6). Wage costs were referred to as the main selling price driver (Figure 7). Respondents also assessed the impact of the exchange rate and raw material and supplies prices as high
- **the growth in per-unit production costs and wage costs per staff member would accelerate:** the balances of responses were 33.3% and 63.6% compared with 22.2% for each in Q2 2020 (Figures 4 and 6).

A lack of working assets and high raw material and supplies prices were named as the **main drags on the ability of companies to boost production** (Figure 5).

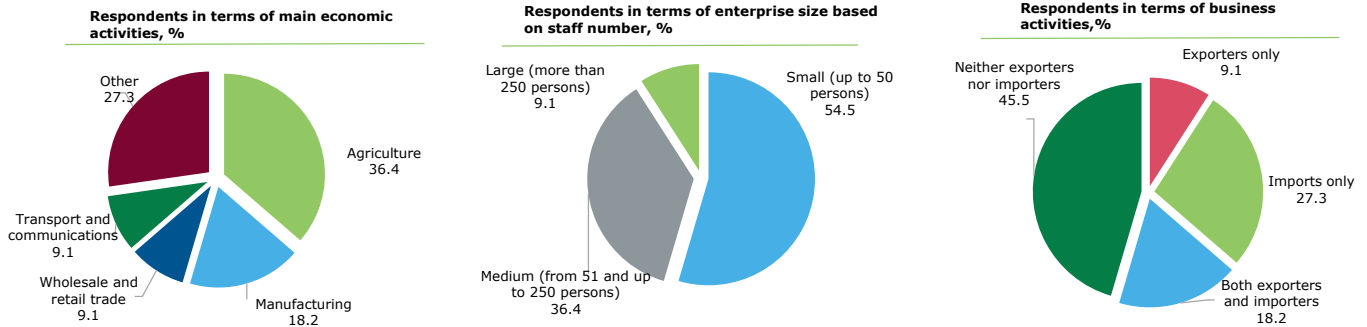
Respondents expected an increase in their borrowing needs in the near future (Figure 8). Some 30.0% of respondents planned to take out corporate loans and opted for domestic currency ones. Respondents said that lending standards had remained unchanged for three quarter in a row (Figure 9). Respondents referred to high loan rates as the main factor that deterred them from taking out loans (Figure 10). Respondents reported a noticeable increase in the impact of the outer funding sources factor.

All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.6% across Ukraine).

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

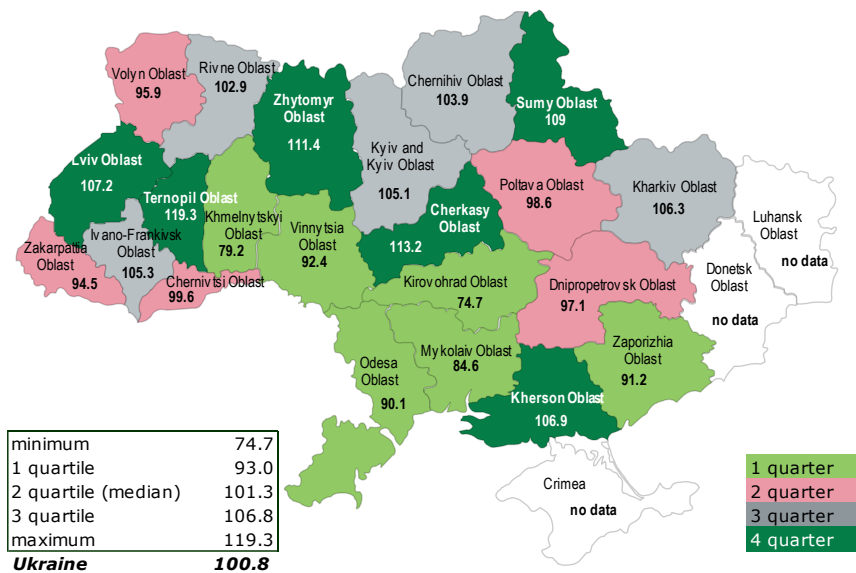
- **The current financial and economic standings of companies were assessed as good:** the balance of responses was 9.1% compared with 20.0% in Q2 2020. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-5.6%).
- **Respondents continued to assess their finished goods stocks at a level lower than the normal one:** the balance of responses was (-40.0%) compared with (-14.3%) in Q2 2020.
- **Companies had been operating on the verge of their production capacity for two quarters in a row:** the balance of responses was 0.0%.

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



- Period: 5 August through 1 September 2020.
- 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>, %



<sup>1</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>2</sup>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, %				
	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
Financial and economic standings	55.6	30.0	45.5	0.0	36.4
Total sales	66.7	33.3	54.5	10.0	30.0
Investment in construction	-11.1	20.0	40.0	-11.1	10.0
Investment in machinery, equipment and tools	11.1	10.0	45.5	0.0	20.0
Staff numbers	-11.1	0.0	9.1	-10.0	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 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

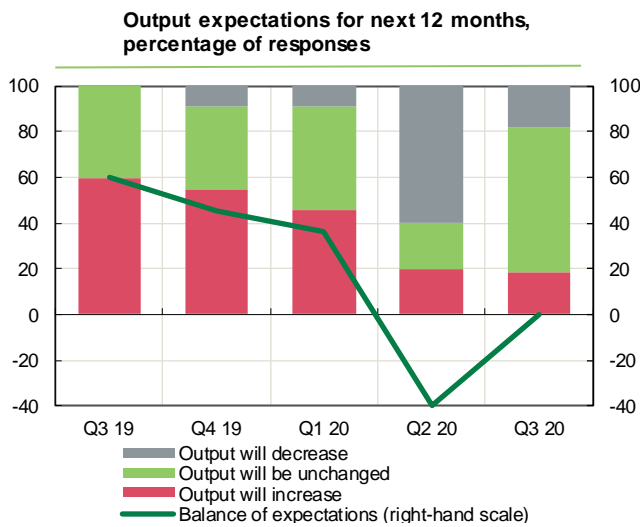


Figure 2

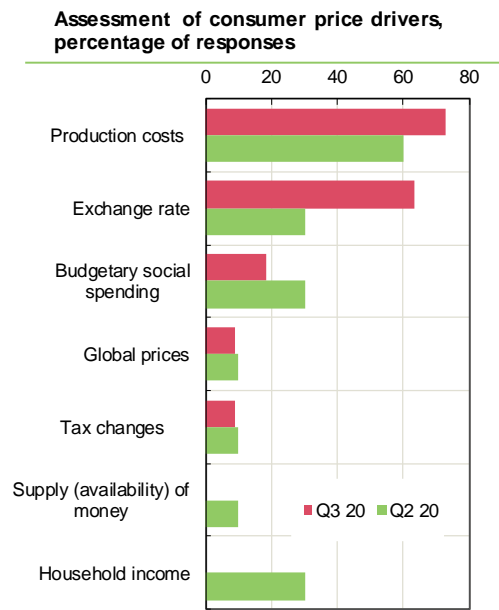


Figure 3

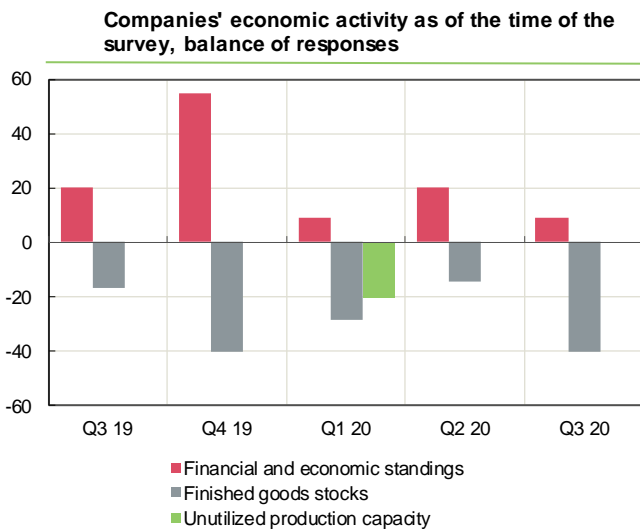


Figure 4



Figure 5

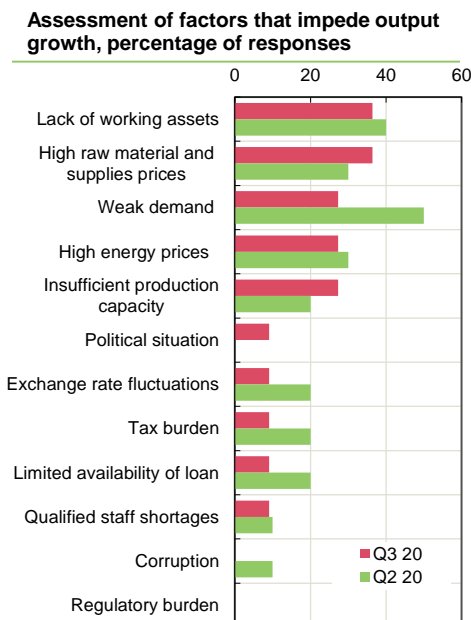


Figure 6

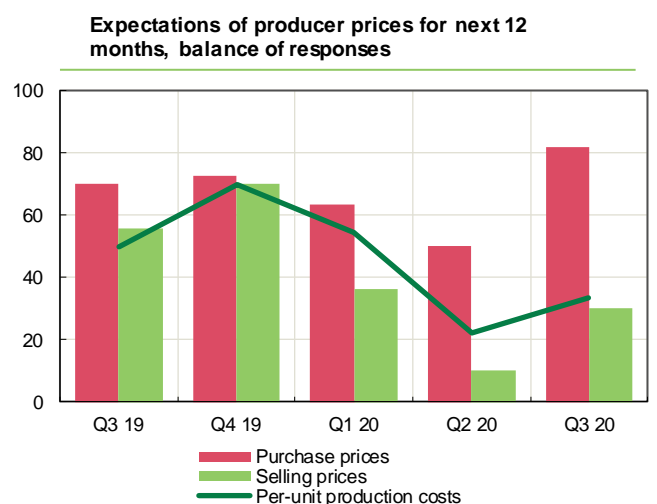


Figure 7

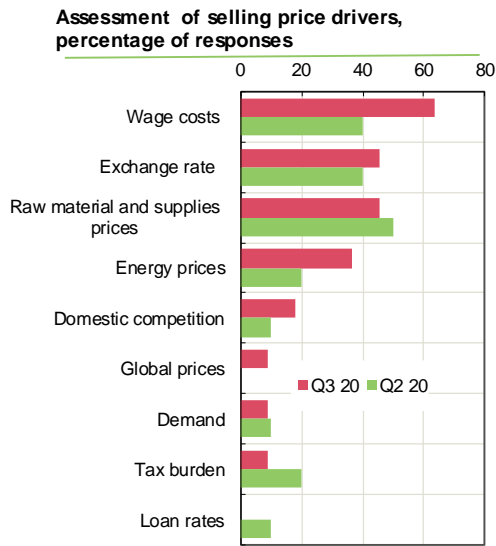


Figure 8

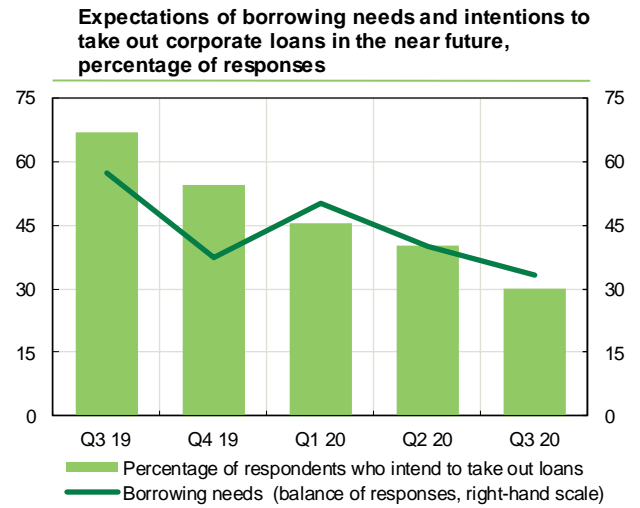


Figure 9

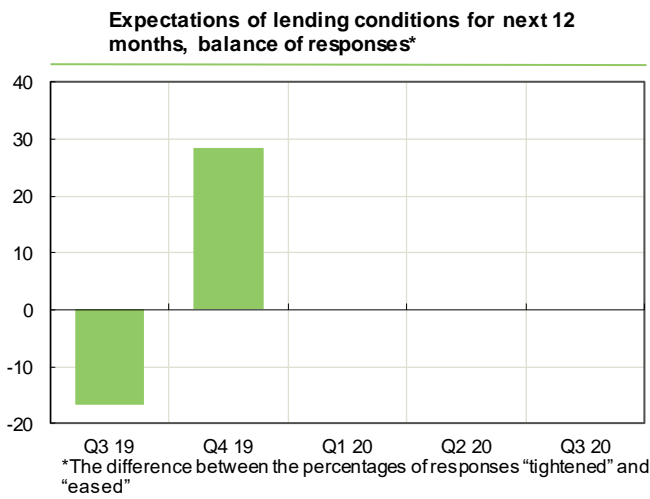


Figure 10

