



National Bank
of Ukraine

Business Outlook Survey of Ternopil Oblast*

Q3 2021



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

A survey carried out in Ternopil oblast in Q3 2021 showed that respondents expected an increase in the output of Ukrainian goods and services and that they had positive expectations for the performance of their companies over the next 12 months. Respondents expected moderate inflation and more pronounced depreciation.

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 faster pace:** the balance of expectations was 36.4% (compared to 20.0% in Q2 2021) (Figure 1) and 21.5% across Ukraine
- **prices for consumer goods and services would grow:** 54.5% of respondents expected the inflation rate to be lower than 7.5%, compared to 50.0% in the previous quarter and 46.9% across Ukraine. Respondents referred to production costs and the hryvnia exchange rate as **the main inflation drivers**. Household income was also assessed as an important factor (Figure 2)
- **the domestic currency would depreciate more significantly:** 81.8% of respondents (compared to 66.7% 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% (same as in the previous quarter) – the expectations were ones of the highest among regions. Across Ukraine, the balance of responses was 12.7% (see Table)
- **total sales would grow:** the balance of responses was 30.0% (compared to 0.0% in Q2 2021) (see Table), including external sales: the balance of responses was 25.0% (compared to 20.0% in the previous quarter). Overall, companies across Ukraine expected sales to increase, the balances of responses being 27.7% and 23.5% respectively
- **investment in both construction and in machinery, equipment, and tools would increase at a slower pace:** the balances of responses were 20.0% and 40.0% respectively (compared to 33.3% and 55.6% in Q2 2021). Across Ukraine, the balances of responses were 9.7% and 19.3% respectively
- **staff numbers at their companies would increase at a faster pace:** the balance of responses was 36.4% (the highest expectations among the regions), compared to 20.0% in Q2 2021 (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (2.2%)
- **both purchase and selling prices would increase:** the balances of responses were 54.5% and 44.4% respectively (compared to 60.0% and 33.3% respectively in Q2 2021) (Figure 6). Raw material and supplies prices, energy prices, and wage costs were referred to as the main selling price drivers (Figure 7)
- **wage costs per staff member would grow faster than per-unit production costs:** the balances of responses were 80.0% and 40.0% respectively, compared with 70.0% and 66.7% respectively in Q2 2021 (Figures 4 and 6).

Companies cited high energy prices, limited production capacity, and qualified staff shortages as the **main drags on their ability to boost production** (Figure 5).

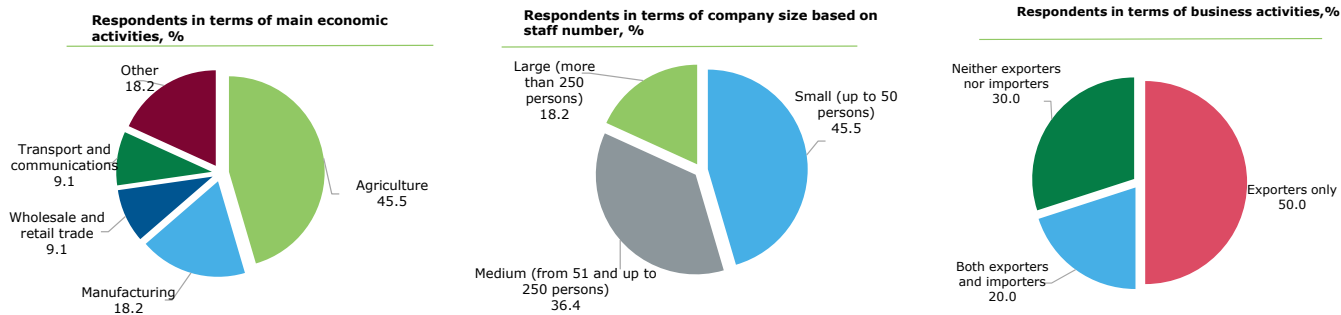
Respondents expected that **their borrowing needs would increase** in the near future (Figure 8). Some 54.4% of respondents planned to take out bank loans, with all of them opting for domestic currency loans. Respondents said that lending standards had tightened (Figure 9). Respondents referred to tight collateral requirements and high loan rates as the main factors deterring them from taking out loans. (Figure 10).

90.9% of the 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)

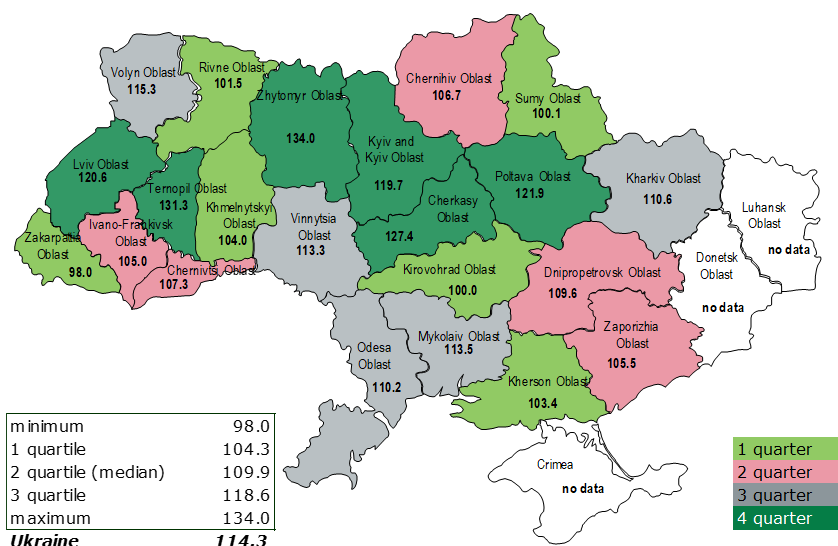
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 18.2%, compared to 10.0% in Q2 2021. Across Ukraine, the balance of responses was 7.0%.
- **Respondents continued to assess their finished goods stocks as lower than normal:** the balance of responses was (-14.3%), compared to (-28.6%) in Q2 2021.
- **Spare production capacity had decreased.** Companies had insufficient spare production capacity to meet any unexpected rise in demand: the balance of responses was (-25.0%), compared to 25.5% in Q2 2021.

Survey Details^{1,2}



- Period: 3 August through 30 August 2021.
- 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 Oblasts³, %



³a 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 sample 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 20	Q4 20	Q1 21	Q2 21	Q3 21
Financial and economic standings	36.4	11.1	0.0	30.0	30.0
Total sales	30.0	20.0	10.0	0.0	30.0
Investment in construction	10.0	22.2	-25.0	33.3	20.0
Investment in machinery, equipment, and tools	20.0	10.0	-10.0	55.6	40.0
Staff numbers	0.0	10.0	10.0	20.0	36.4

¹ This sample was generated in proportion to the contribution of each region and each economic activity to Ukraine's gross value added.

² Data for totals and components may be subject to rounding effects.

³ 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

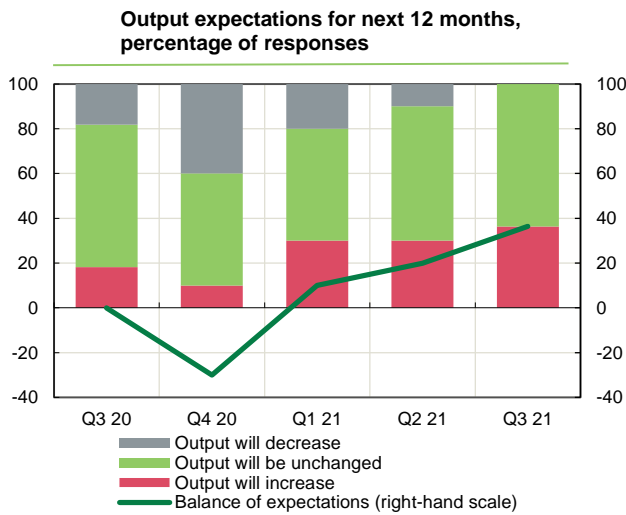


Figure 2

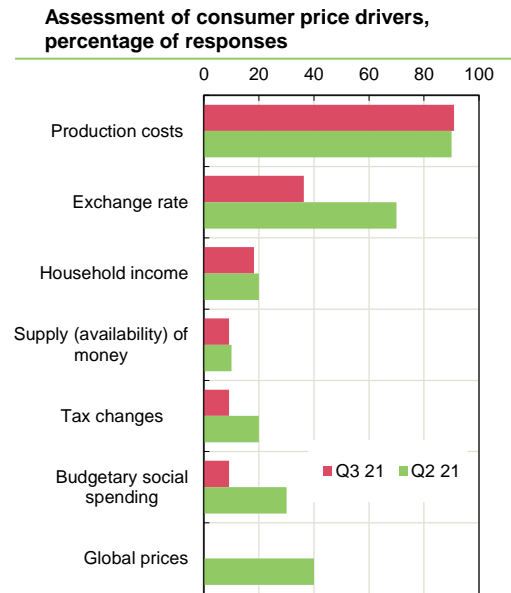


Figure 3

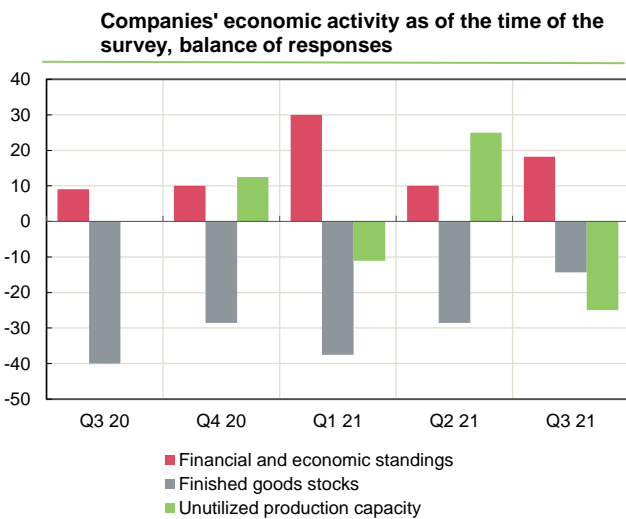


Figure 4

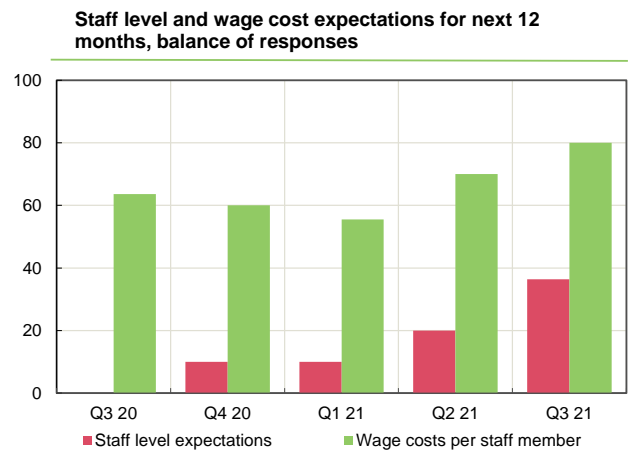


Figure 5

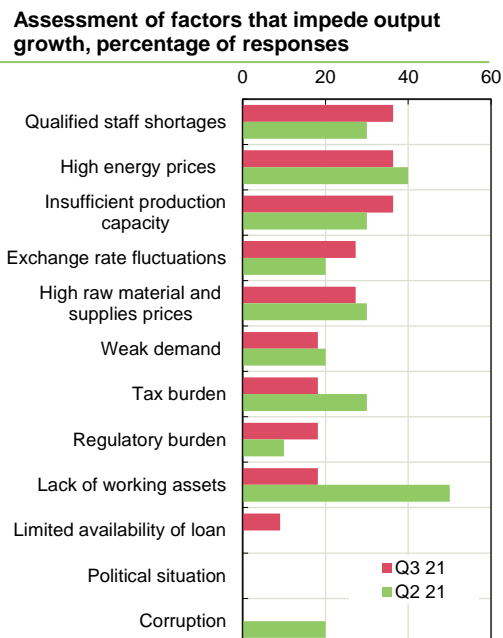


Figure 6

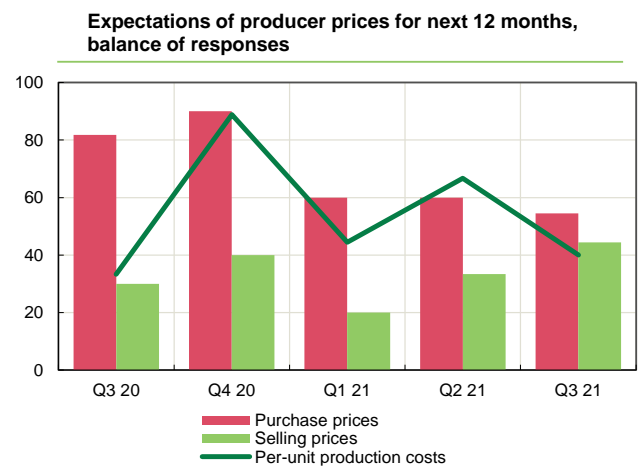


Figure 7

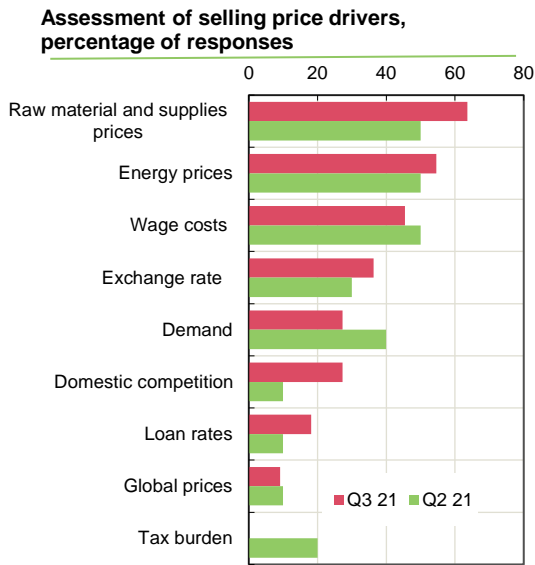


Figure 8

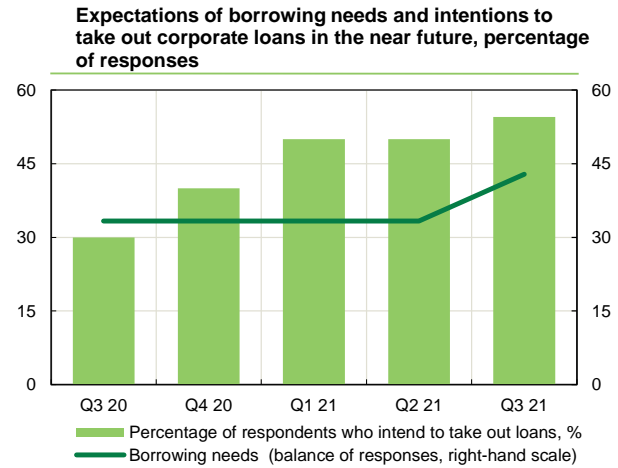


Figure 9

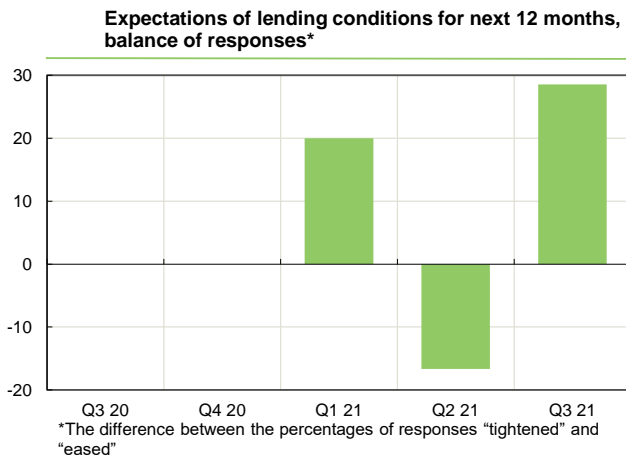


Figure 10

