



National Bank
of Ukraine

Business Outlook Survey of Ternopil Oblast*

Q4 2021



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

A survey carried out in Ternopil oblast in Q4 2021 showed that respondents expected that the output of Ukrainian goods and services would remain unchanged over the next 12 months. Respondents also had positive expectations for the performance of their companies over this period. Respondents expected higher inflation and weaker depreciation.

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 to 36.4% in Q3 2021) (Figure 1) and 8.3% across Ukraine
- **prices for consumer goods and services would grow at a faster pace:** 70.0% of respondents expected the inflation rate to be higher than 7.5%, compared to 45.5% in the previous quarter and 61.3% across Ukraine. Respondents referred to production costs as **the main inflation driver**. The impact of global prices was reported to have increased compared to the previous survey (Figure 2)
- **the domestic currency would depreciate much less significantly:** 55.6% of respondents (compared to 81.8% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 72.2%
- **the financial and economic standings of their companies would improve at a slower pace:** the balance of expectations was 10.0% (compared to 30.0% in the previous quarter). Across Ukraine, the balance of responses was 9.7% (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0% (compared to 30.0% in Q3 2021) (see Table). At the same time, respondents expected external sales to decrease significantly: the balance of responses was (-16.7%) (compared to 25.0% in the previous quarter). Overall, companies across Ukraine expected sales to increase, the balances of responses being 21.8% and 20.6% respectively
- **investment in both construction and in machinery, equipment, and tools would increase:** the balances of responses were 11.1% and 22.2% respectively (compared to 20.0% and 40.0% in Q3 2021). Across Ukraine, the balances of responses were 6.9% and 19.1% respectively
- **staff numbers at their companies would increase at a slower pace:** the balance of responses was 20.0% (the highest figure among the regions), compared to 36.4% in Q3 2021 (Figure 4). Across Ukraine, staff numbers were expected to increase moderately (2.9%)
- **both purchase and selling prices would increase rapidly:** the balances of responses were 88.9% and 62.5% respectively (compared to 54.5% and 44.4% respectively in Q3 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 100.0% and 66.7% respectively, compared to 80.0% and 40.0% respectively in Q3 2021 (Figures 4 and 6).

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

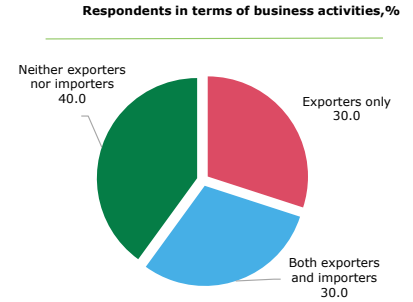
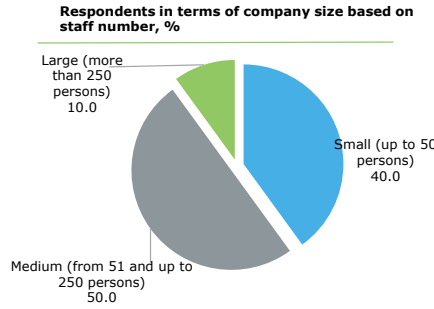
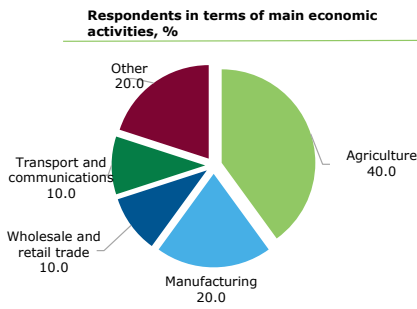
Respondents reported **weaker expectations of an increase in their borrowing needs** in the near future (Figure 8). Some 60.0% of respondents planned to take out bank loans, with all of them opting for domestic currency loans. Respondents said that lending standards had eased (Figure 9). Respondents referred to high loan rates, uncertainty about their ability to meet debt obligations as they fall due and other funding sources as the main factors deterring them from taking out loans. The impact of uncertainty about ability to meet debt obligations as they fall due and other funding sources was reported to have increased (Figure 10).

90.0% of the 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)

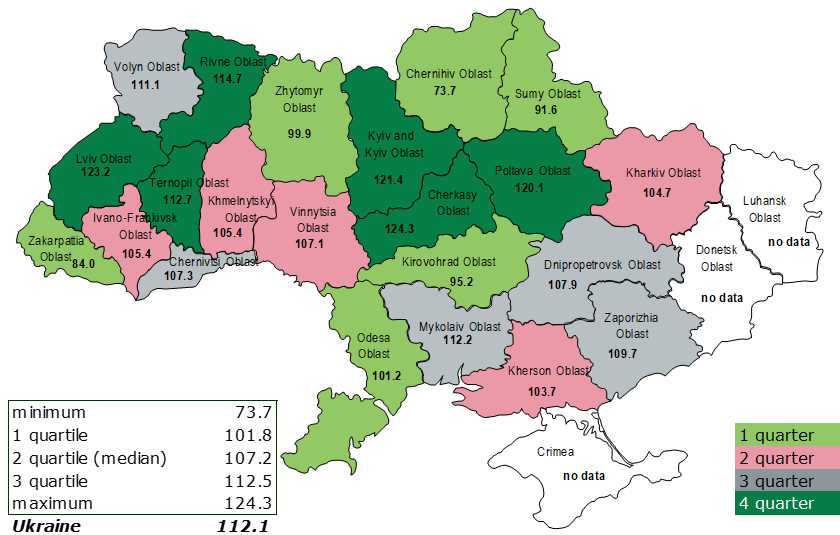
- **Companies assessed their current financial and economic standings as satisfactory:** the balance of responses was 0.0%, compared to 18.2% in Q3 2021. Across Ukraine, companies assessed their current financial and economic standings as good, the balance of responses was 7.6%.
- **Respondents continued to assess their finished goods stocks as higher than normal:** the balance of responses was 16.7%, compared to (-14.3%) in Q3 2021.
- **Respondents said they did not have enough spare production capacity.** Companies had insufficient spare production capacity to meet any unexpected rise in demand: the balance of responses was (-12.5%), compared to (-25.0%) in Q3 2021.

Survey Details^{1,2}



- Period: 4 November through 25 November 2021.
- A total of 10 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
³**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, %				
	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
Financial and economic standings	11.1	0.0	30.0	30.0	10.0
Total sales	20.0	10.0	0.0	30.0	0.0
Investment in construction	22.2	-25.0	33.3	20.0	11.1
Investment in machinery, equipment, and tools	10.0	-10.0	55.6	40.0	22.2
Staff numbers	10.0	10.0	20.0	36.4	20.0

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

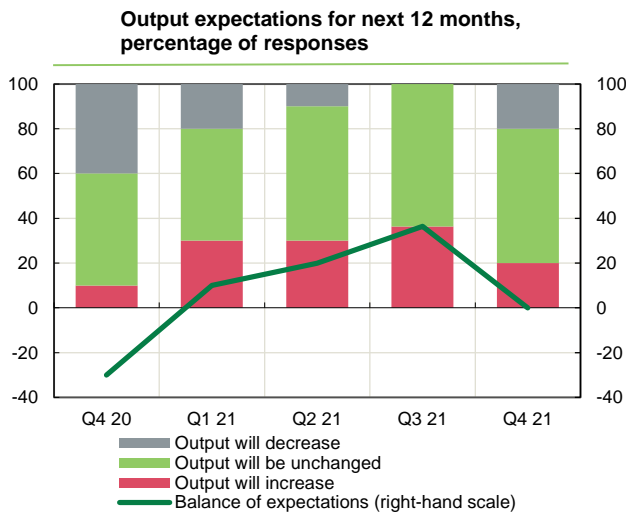


Figure 2

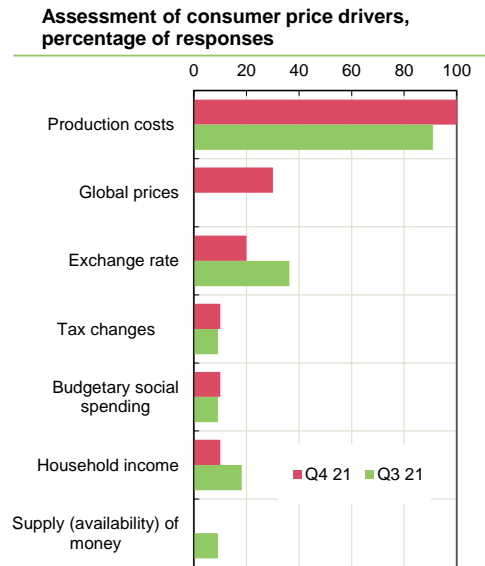


Figure 3

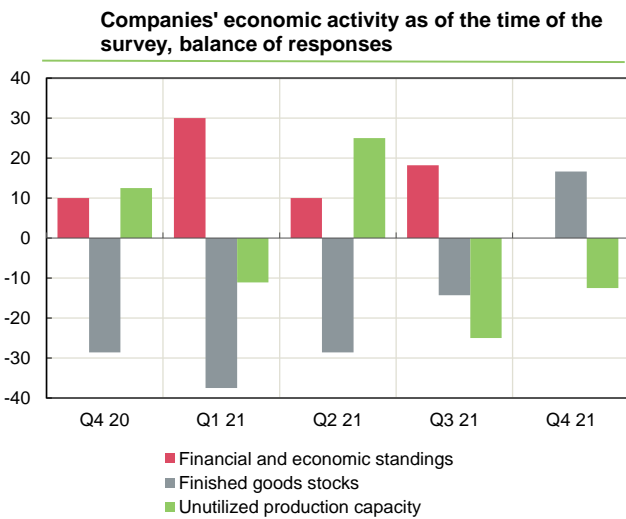


Figure 4

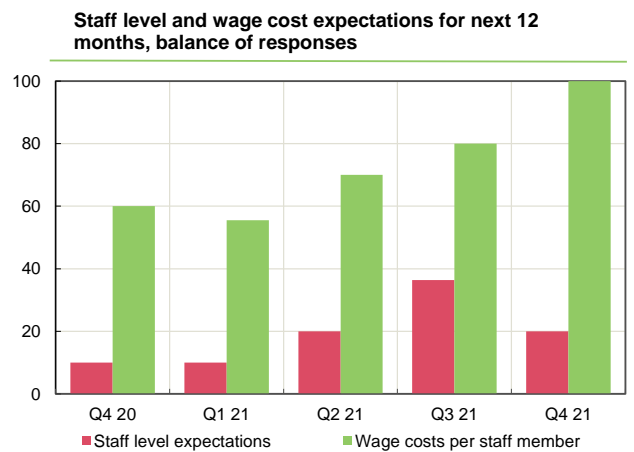


Figure 5

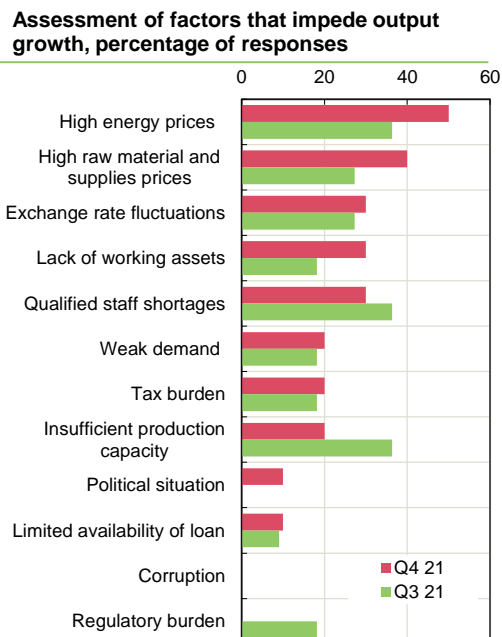


Figure 6

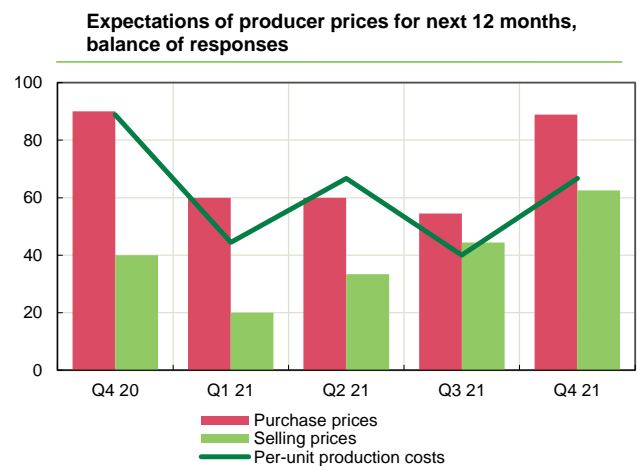


Figure 7

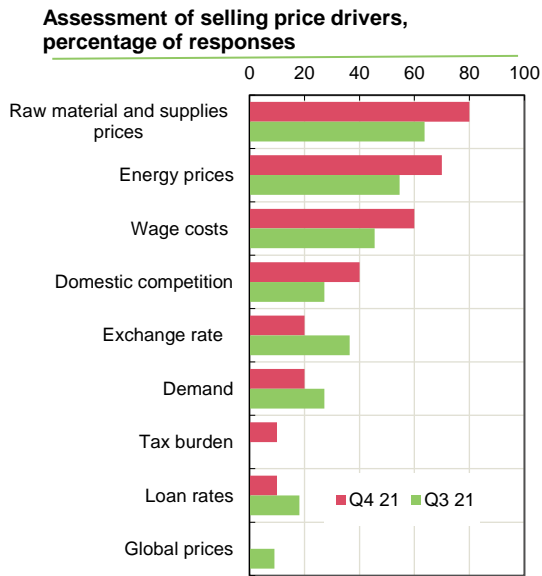


Figure 8

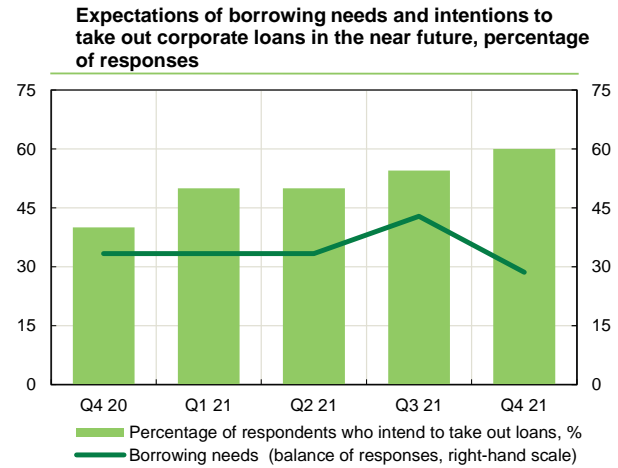


Figure 9

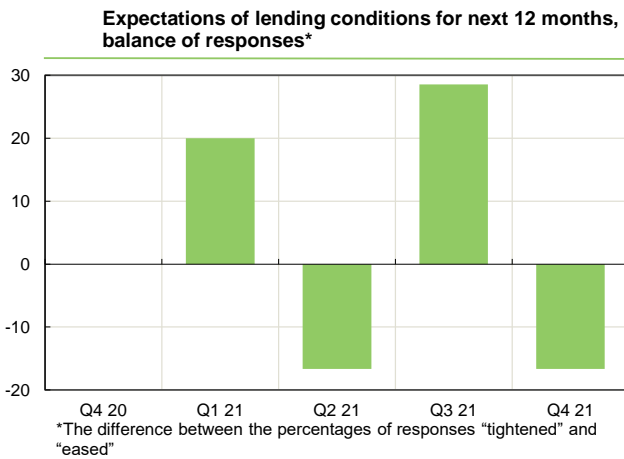


Figure 10

