



National Bank
of Ukraine

Business Outlook Survey of Ternopil Oblast*

Q2 2022



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

A survey carried out in Ternopil oblast in Q2 2022 showed that against the background of the war respondents expected that **the output of Ukrainian goods and services would decrease significantly over the next 12 months**. Respondents also **had negative expectations for the performance of their companies** over this period. Respondents expected high inflation and stronger depreciation.

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

- **the output of Ukrainian goods and services would decrease significantly:** the balance of expectations was (-66.7%) (compared to 10.0% in Q1 2022) (Figure 1). Across Ukraine, the balance of responses was (-48.7%)
- **prices for consumer goods and services would grow:** 60.0% of respondents expected the inflation rate to be higher than 20.0%, compared to 58.2% across Ukraine. Respondents referred to production costs, military actions and household income as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more pronouncedly:** 90.0% of respondents (compared to 70.0% in the previous quarter) expected the hryvnia to weaken against the US dollar, the figure across Ukraine being 88.9%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-11.1%) (compared to 0.0% in the previous quarter). Across Ukraine, the balance of responses was (-17.1%) (see Table)
- **total sales would decrease noticeably:** the balance of responses was (-25.0%) (compared to 33.3% in Q1 2022) (see Table). External sales were expected to increase: the balance of responses was 25.0% (compared to 20.0% in the previous quarter). Overall, across Ukraine, companies expected total sales to drop: the balances of responses were (-19.0%) and (-25.0%) respectively
- **investment in machinery, equipment, and tools would increase more slowly:** the balance of responses was 12.5% (compared to 40.0% in the previous quarter). At the same time, companies expected that investment in construction would decrease noticeably: the balance of responses was (-44.4%), compared to (-11.1%) in Q1 2022. Across Ukraine, the balances of responses were (-34.7%) and (-37.2%) respectively
- **staff numbers at their companies would increase:** the balance of responses was 30.0% (the highest figure among the regions and unchanged on Q1 2022) (Figure 4). Across Ukraine, staff numbers were expected to decrease noticeably (-29.0%)
- **both purchase and selling prices would increase at a fast pace:** the balances of responses were 90.0% and 66.7% respectively (compared to 90.0% and 55.6% respectively in Q1 2022) (Figure 6). Raw material and supplies prices, energy prices, wage costs and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would increase:** the balances of responses were 55.6% and 50.0% respectively, compared to 55.6% and 60.0% respectively in Q1 2022 (Figures 4 and 6).

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

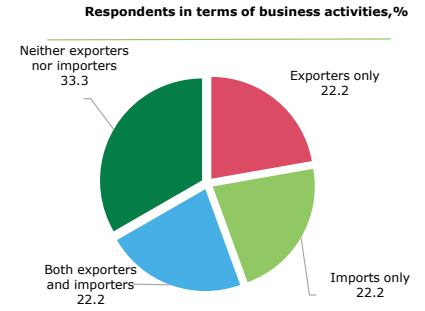
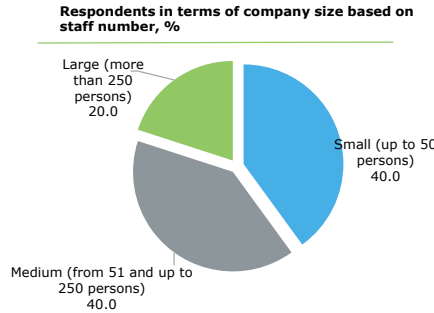
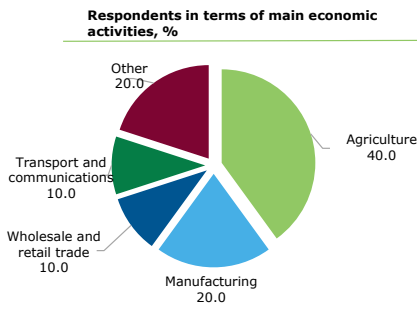
Respondents reported **unchanged expectations for their borrowing needs** in the near future (Figure 8). 44.4% of respondents planned to take out bank loans, with all of them opting to take out domestic currency loans. Respondents said that lending standards had remained unchanged (Figure 9). Respondents referred to 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 (the impact of these factors was reported to have increased compared to the previous survey) (Figure 10).

All 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)

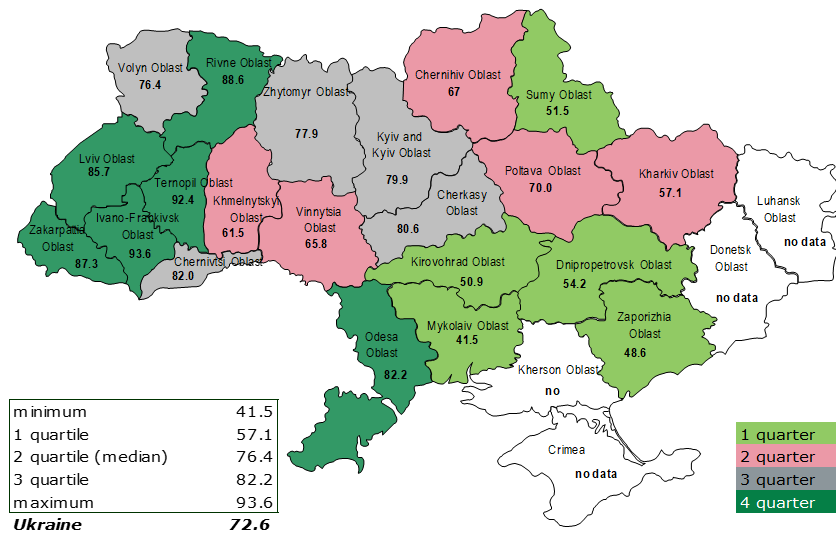
- **Companies assessed their current financial and economic standings as good:** the balance of responses was 10.0% (the highest figure among the regions), compared to 20.0% in Q1 2022. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-28.8%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 16.7%, compared to (-14.3%) in the previous quarter.
- **Companies had a sufficient amount of spare production capacity to meet any unexpected rise in demand:** the balance of responses was 11.1%, compared to 33.3% in Q1 2022.

Survey Details^{1,2}



- Period: 3 May through 24 May 2022.
- 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, %



¹a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups

²a 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, %				
	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22
Financial and economic standings	30.0	30.0	10.0	0.0	-11.1
Total sales	0.0	30.0	0.0	33.3	-25.0
Investment in construction	33.3	20.0	11.1	-11.1	-44.4
Investment in machinery, equipment, and tools	55.6	40.0	22.2	40.0	12.5
Staff numbers	20.0	36.4	20.0	30.0	30.0

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

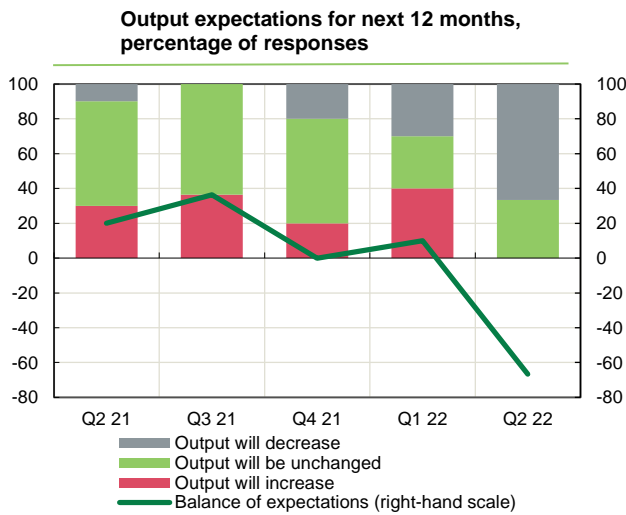


Figure 2

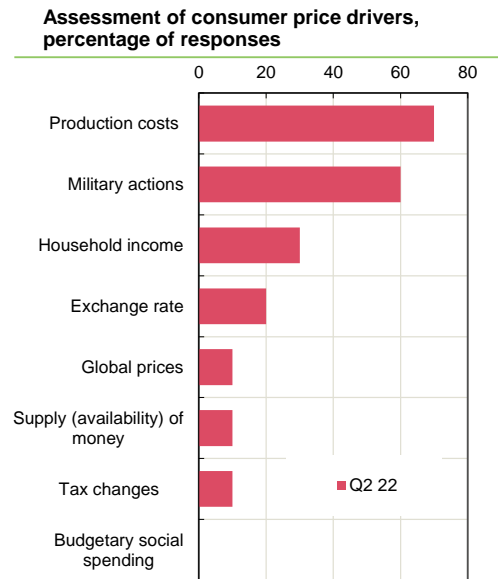


Figure 3

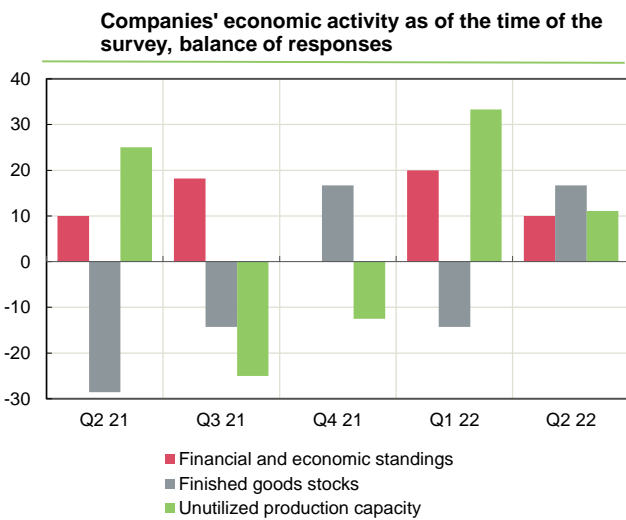


Figure 4

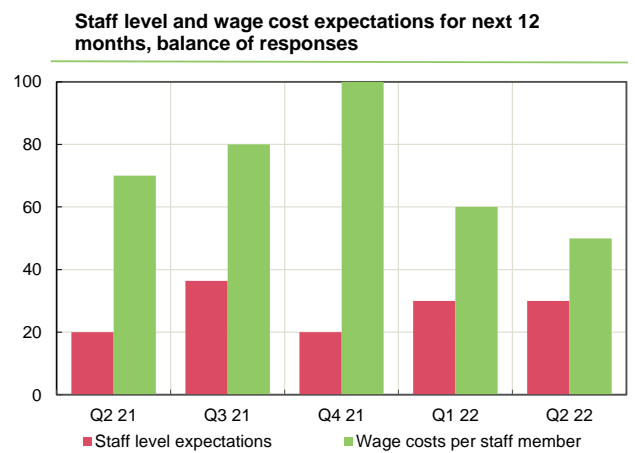


Figure 5

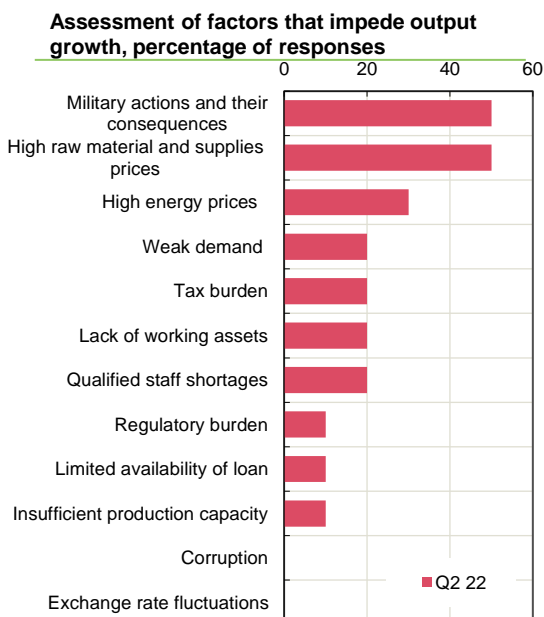


Figure 6

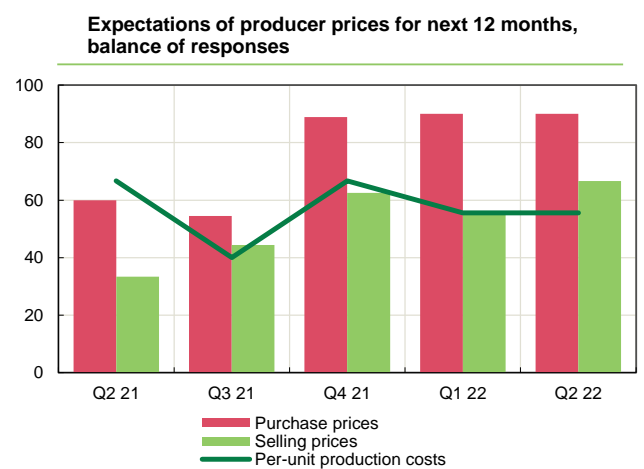


Figure 7

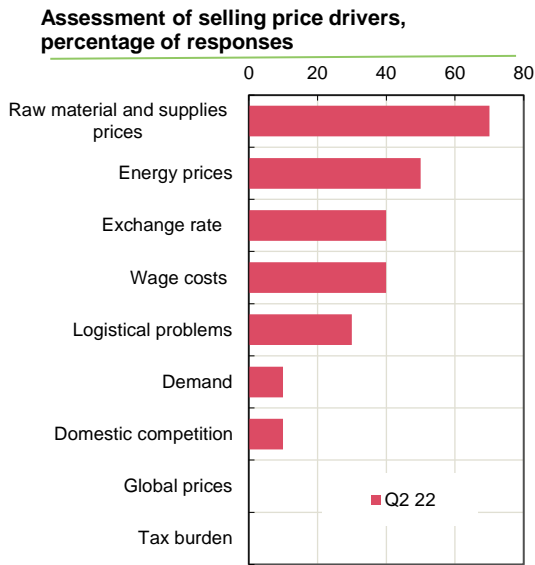


Figure 8

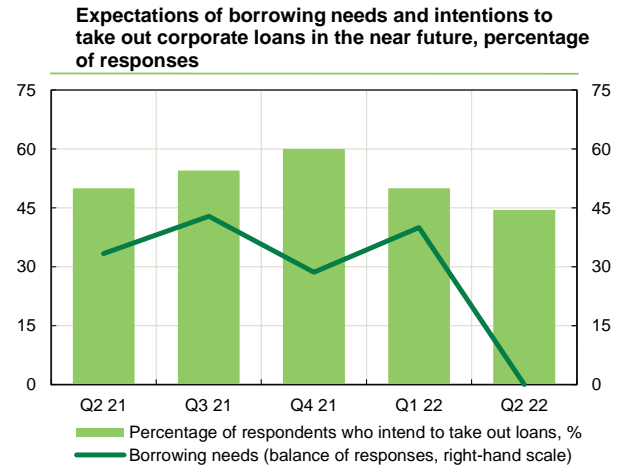


Figure 9

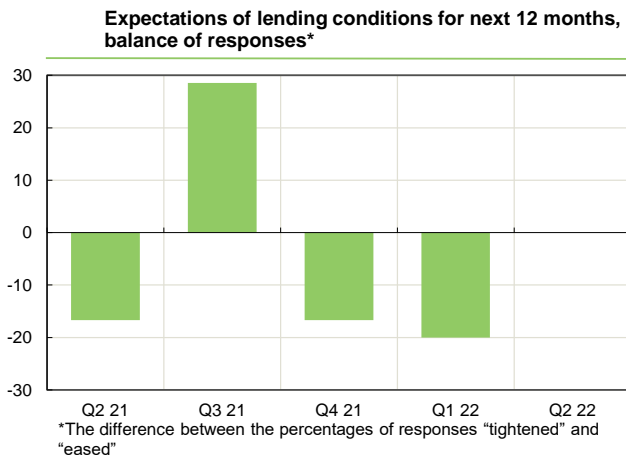


Figure 10

