



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q4 2022



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q4 2022, and does not represent NBU forecasts or estimates

A survey carried out in Ternopil oblast in Q4 2022 showed that on the back of the war and terrorist attacks respondents expected that **the output of Ukrainian goods and services would decrease** over the next 12 months. They also **had negative expectations for the performance of their companies** over this period. Respondents expected further inflation. Depreciation expectations weakened.

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

- **the output of Ukrainian goods and services would decrease:** the balance of expectations was (-30.0%) (compared to (-22.2%) in Q3 2022) (Figure 1). Across Ukraine, the balance of responses was (-32.3%)
- **prices for goods and services would rise:** 63.6% of respondents expected that the inflation rate would not exceed 20.0%, compared to 66.7% in the previous quarter and 37.6% across Ukraine. Respondents referred to the hryvnia exchange rate, military actions and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 54.5% of respondents (compared to 88.9% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 88.5%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-20.0%) (as in the previous quarter). Across Ukraine, the balance of responses was (-11.5%) (see Table)
- **total sales and external sales would remain unchanged,:** the balances of responses were 0.0% for each (compared to 12.5% and 20.0% respectively in Q3 2022) (see Table). Overall, across Ukraine, companies expected total sales to drop: the balances of responses were (-7.3%) and (-6.3%) respectively
- **both investment in construction and in machinery, equipment, and tools would decrease at a slower pace:** the balances of responses were (-10.0%) and (-9.1%) respectively (compared to (-22.2%) and (-37.5%) in the previous quarter) (see Table). Across Ukraine, the balances of responses were (-26.9%) and (-16.6%) respectively
- **staff numbers at their companies would remain unchanged:** the balance of responses was 0.0% (compared to 10.0% in Q3 2022) (Figure 4). Across Ukraine, staff numbers were expected to decrease noticeably (-20.1%)
- **purchase and selling prices would rise:** the balances of responses were 72.7% and 60.0% respectively (compared to 55.6% and 62.5% in the previous quarter) (Figure 6). Raw material and supplies prices, energy prices and the hryvnia exchange rate were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would increase more slowly:** the balance of responses was 60.0%, compared to 77.8% in Q3 2022. At the same time, respondents expected that **wage costs per staff member would rise more quickly:** the balance of responses was 54.5% (compared to 40.0% in the previous quarter) (Figures 4 and 6).

Companies cited a lack of working assets, hryvnia exchange rate fluctuations (the impact of these two drags was reported to have increased significantly), military actions and their consequences, insufficient production capacity, high energy, raw material and supplies prices as the **main drags on their ability to boost production** (Figure 5).

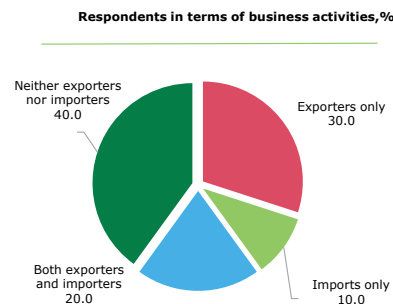
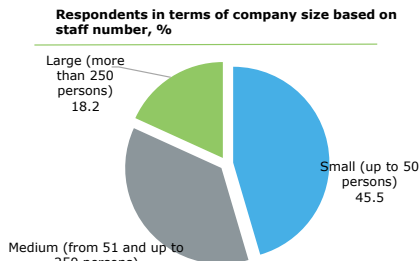
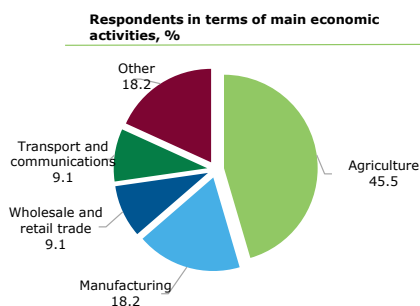
Respondents **expected their borrowing needs to increase** in the near future (Figure 8). A total of 40.0% of respondents planned to take out bank loans, preferring domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Respondents referred to high interest rates, uncertainty about their ability to meet debt obligations as they fall due, collateral requirements and other funding sources as the main factors deterring them from taking out loans (Figure 10).

**A total of 90.0% of respondents** said that **they had encountered no difficulties in effecting transactions with funds deposited in bank accounts** (94.2% across Ukraine).

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

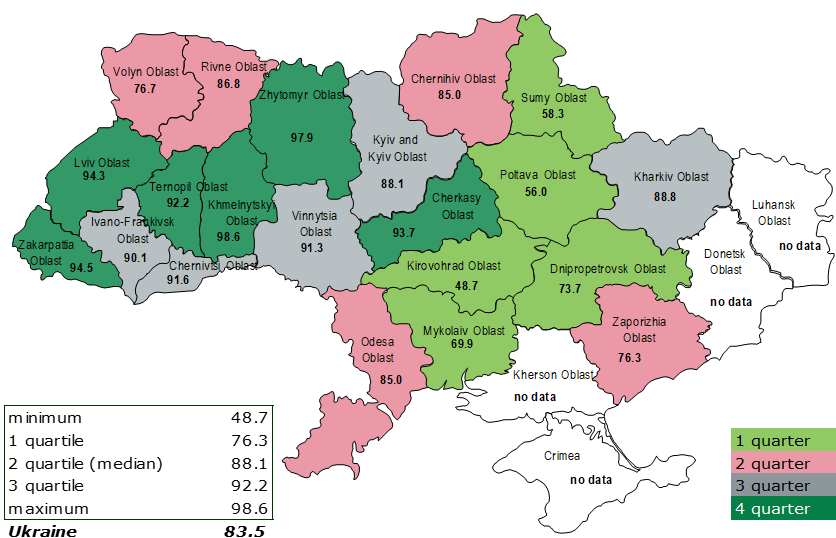
- **Companies' current financial and economic standings had improved and were assessed as good:** the balance of responses was 9.1% (one of the highest figures seen across the regions), up from 0.0% in Q3 2022. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-19.3%).
- **Finished goods stocks had increased and were assessed as higher than normal:** the balance of responses was 14.3%, compared to (-16.7%) in the previous quarter.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, compared to (-11.1%) in Q3 2022.

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



- Period: 31 October through 25 November 2022.
- 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 Oblasts<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 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 21	Q1 22	Q2 22	Q3 22	Q4 22
Financial and economic standings	10.0	0.0	-11.1	-20.0	-20.0
Total sales	0.0	33.3	-25.0	12.5	0.0
Investment in construction	11.1	-11.1	-44.4	-22.2	-10.0
Investment in machinery, equipment, and tools	22.2	40.0	12.5	-37.5	-9.1
Staff numbers	20.0	30.0	30.0	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

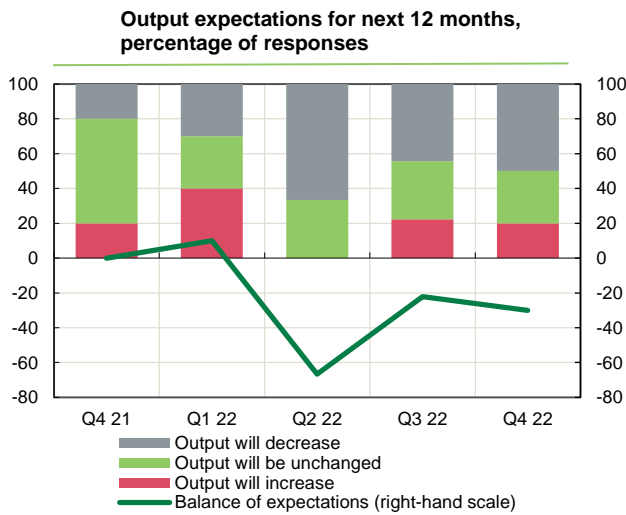


Figure 2

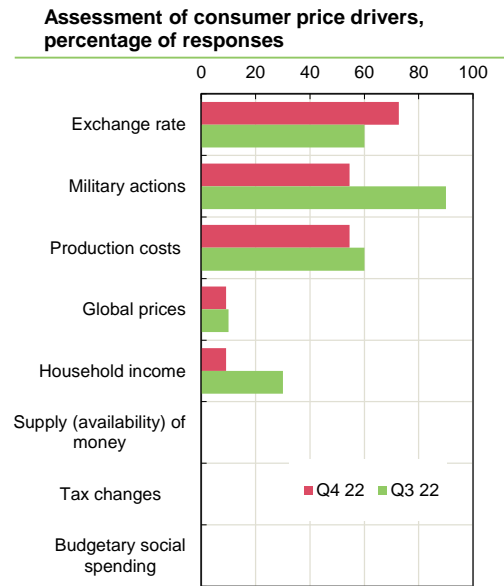


Figure 3

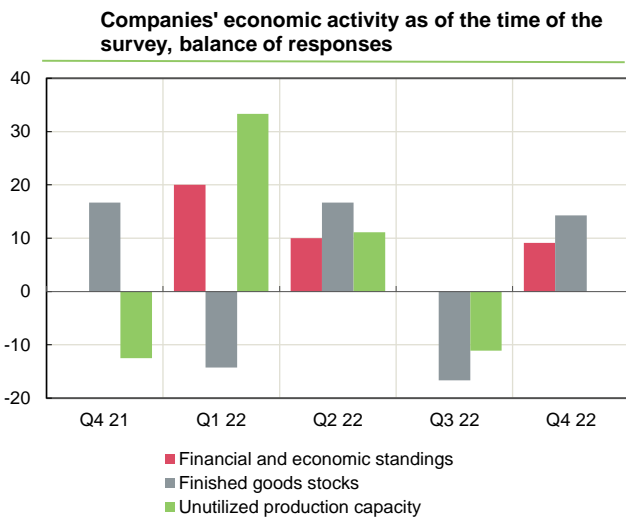


Figure 4

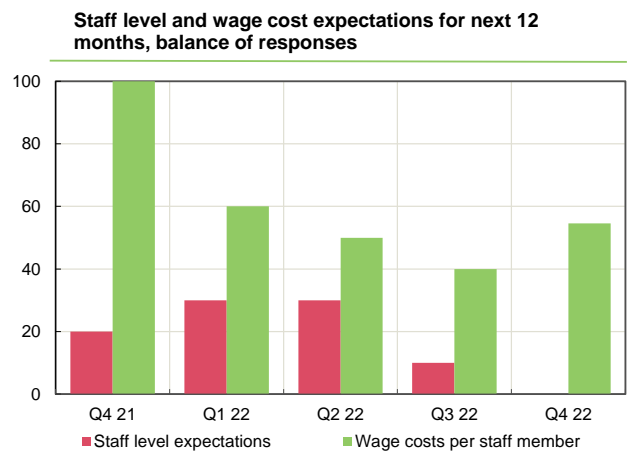


Figure 5

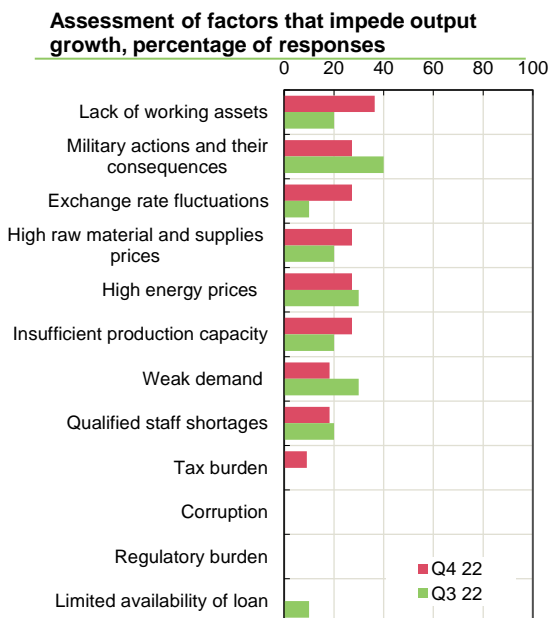


Figure 6

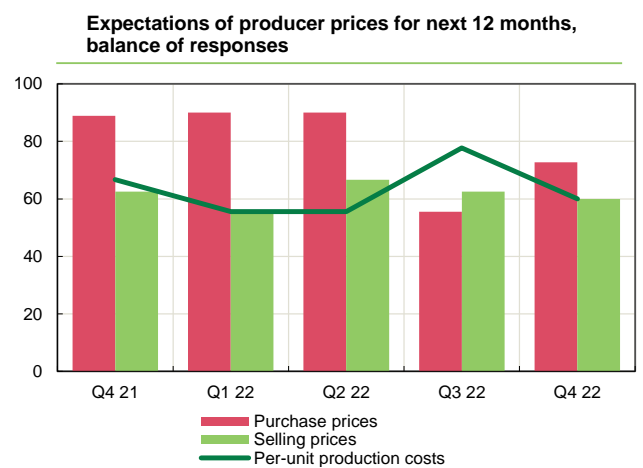


Figure 7

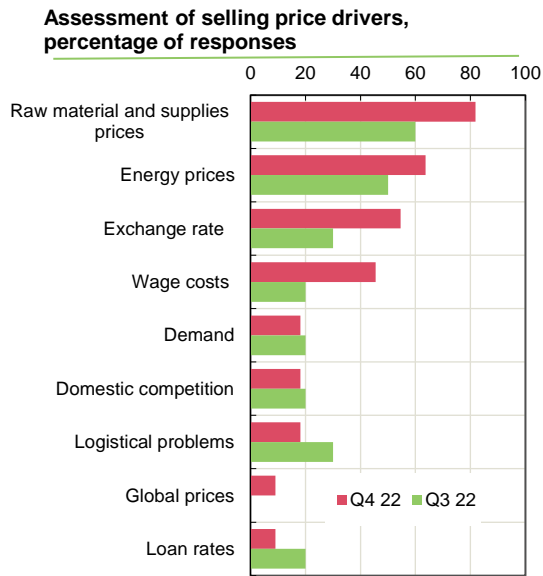


Figure 8

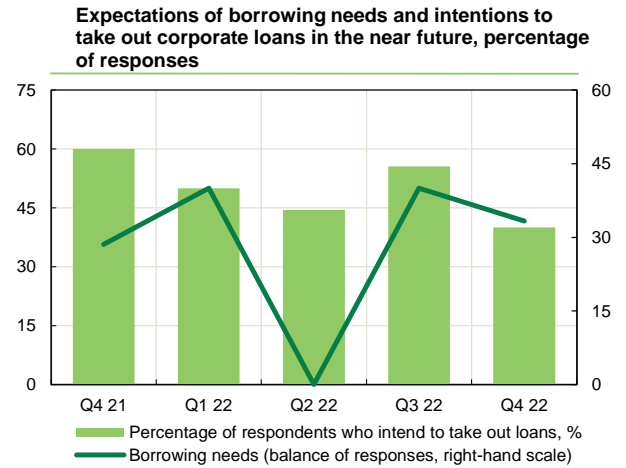


Figure 9

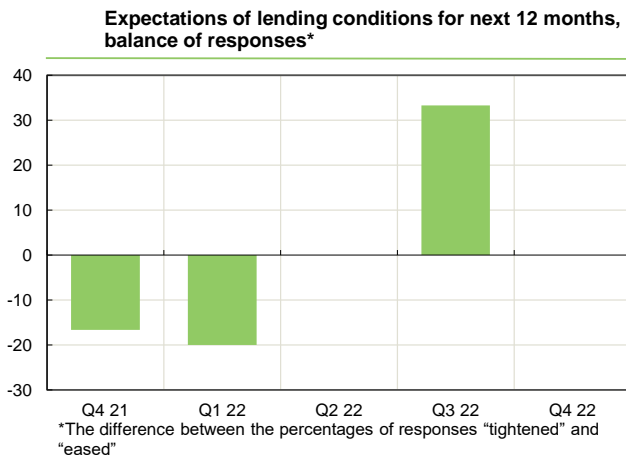


Figure 10

