National Bank of Ukraine

Business Outlook Survey **of Ternopil Oblast***

Q4 2024

*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q4 2024, and does not represent NBU forecasts or estimates

A survey carried out in **Ternopil oblast** in Q4 2024 showed that, on the back of the war, qualified staff shortages and high prices for energy and raw materials and supplies, respondents expected the output of Ukrainian goods and services to remain unchanged. They had guarded expectations for the performance of their companies over the next 12 months. Respondents expected that prices for goods and services would rise. Depreciation expectations remained strong.

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 (-9.1%) in Q3 2024) and (-1.4%) overall across Ukraine (Figure 1)
- prices for goods and services would rise: 63.6% of respondents expected that the inflation rate would not exceed 10.0%, as in the previous quarter, the figure across Ukraine being 46.3%. Respondents referred to military actions, the hryvnia exchange rate, and production costs as the main inflation drivers (Figure 2)
- the hryvnia would depreciate: 81.8% of respondents (as in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 92.8%
- the financial and economic standings of their companies would remain unchanged: the balance of responses was 0.0%, compared to (-18.2%) in the previous quarter. Overall, across Ukraine the balance of responses was (-1.2%) (see Table)
- total sales and external sales would rise: the balances of responses were 20.0% for each, compared to 0.0% and 20.0% respectively in Q3 2024 (see Table). Overall, across Ukraine, the balances of responses were 9.0% and 7.7%, respectively
- investment in construction and in machinery, equipment, and tools would rise more quickly: the balances of responses were 30.0% for each, compared to 9.1% for each in the previous quarter (see Table). Across Ukraine, the balances of responses were (-1.3%) and 9.3% respectively
- staff numbers at their companies would increase: the balance of responses was 9.1% (compared to 0.0% in Q3 2024) (Figure 4). Across Ukraine, the balance of responses was (-6.6%)
- purchase prices would rise more slowly: the balance of responses was 72.7%, down from 90.0% in Q3 2024. Selling prices were also expected to rise: the balance of responses was 60.0% (as in the previous quarter) (Figure 6). Energy prices, raw material and supplies prices (the impact of this driver was reported to have increased), 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 rise more slowly: the balances of responses were 50.0% and 60.0% respectively, compared to 63.6% and 70.0% respectively in Q3 2024 (Figures 4 and 6).

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

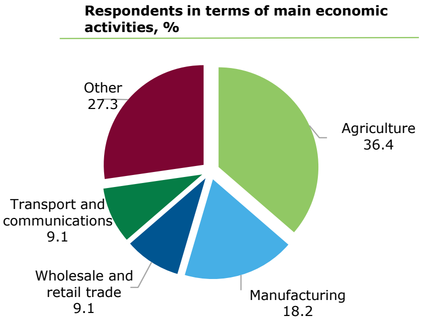
Respondents reported stronger expectations of an increase in their borrowing needs in the near future (Figure 8)**.** A total of 63.6% of respondents planned to take out bank loans, opting only for domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents referred to high interest rates, uncertainty about their ability to meet debt obligations as they fall due, the availability of other funding sources and collateral requirements as the main factors deterring them from taking out loans (Figure 10).

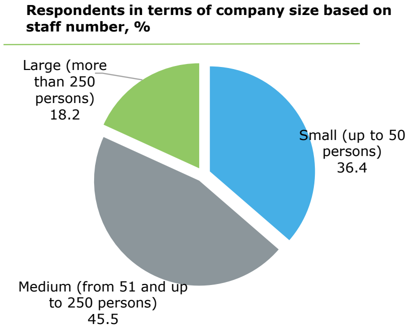
All of the respondents said that they had encountered no difficulties in effecting transactions with funds deposited in bank accounts (96.5% across Ukraine).

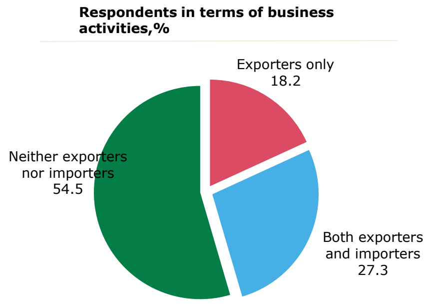
Assessments of financial and economic standings as of the time of the survey (Figure 3)

- Companies assessed their current financial and economic standings as good**:** the balance of responses was 27.3% (among the firmest assessments across the regions), compared to 18.2% in Q3 2024. Across Ukraine, the balance of responses was (-6.1%).
- Finished goods stocks had decreased and were assessed at lower than normal levels: the balance of responses was (-16.7%), down from 0.0% in the previous quarter.
- Companies had a sufficient amount of unutilized production capacity to meet any unexpected rise in demand: the balance of responses was 22.2%, compared to (-30.0%) in Q3 2024.

Survey Details[1,2]

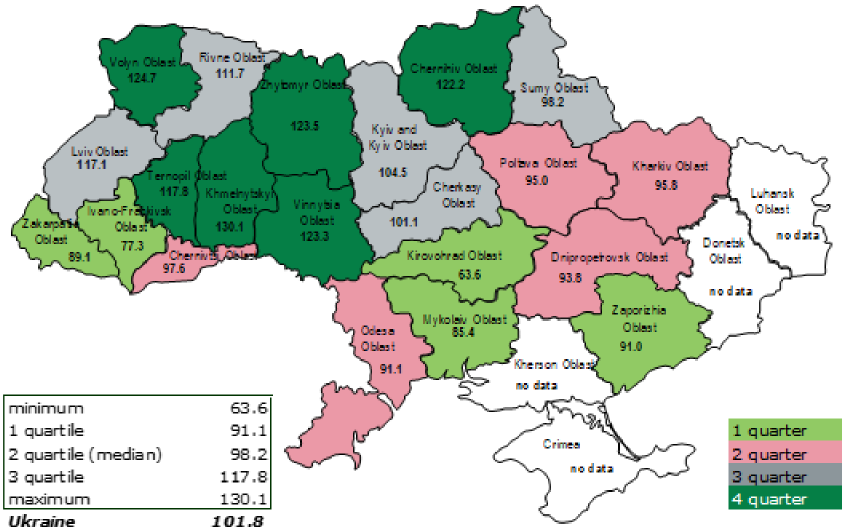






Period: 31 October through 22 November 2024.
A total of 11 companies were polled.
A representative sample was generated on the basis of the agricultural sector.

Business Outlook Index for Next 12 Months in Terms of Oblasts[3], %



*a 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, %				
	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24
Financial and economic standings	10.0	-10.0	30.0	-18.2	0.0
Total sales	20.0	0.0	44.4	0.0	20.0
Investment in construction	-30.0	-10.0	11.1	9.1	30.0
Investment in machinery, equipment, and tools	-9.1	-9.1	11.1	9.1	30.0
Staff numbers	18.2	9.1	-10.0	0.0	9.1

[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

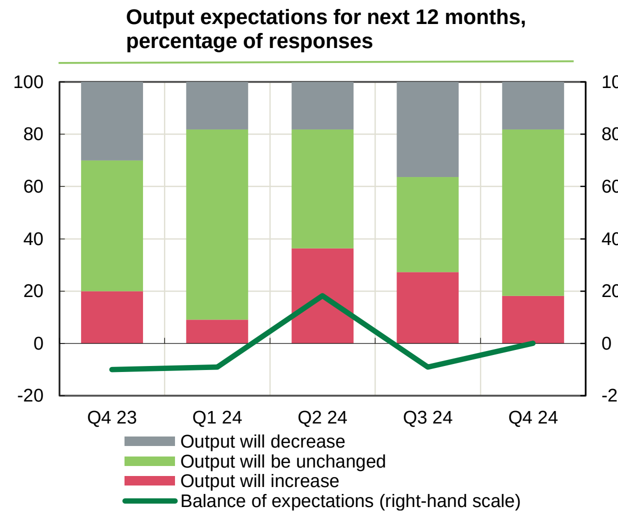


Figure 2

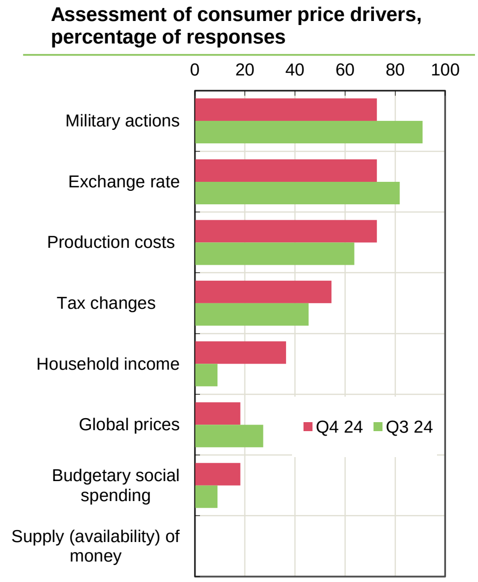


Figure 3

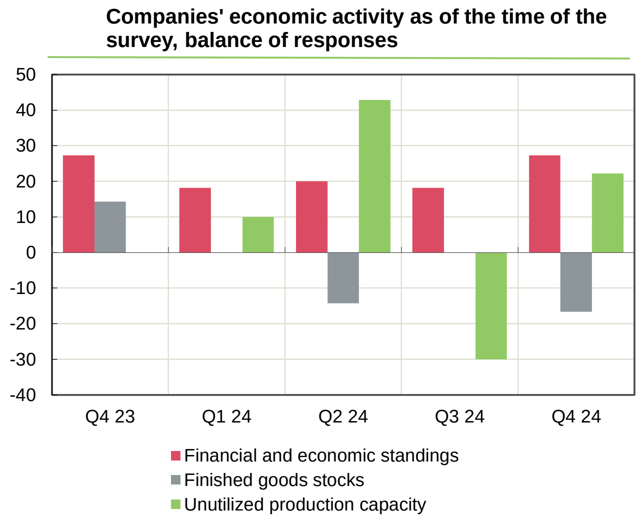


Figure 4

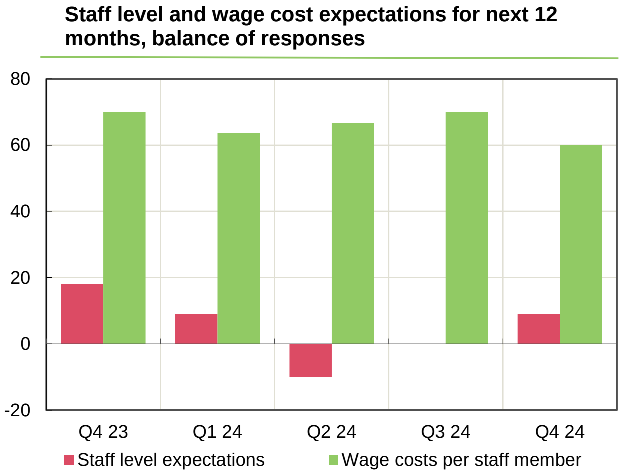


Figure 5

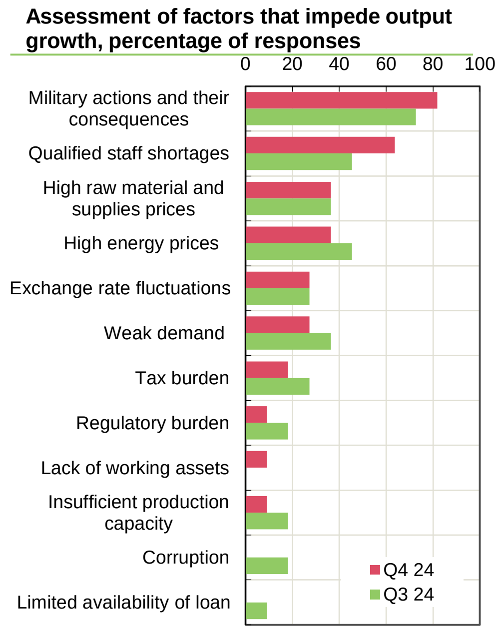


Figure 6

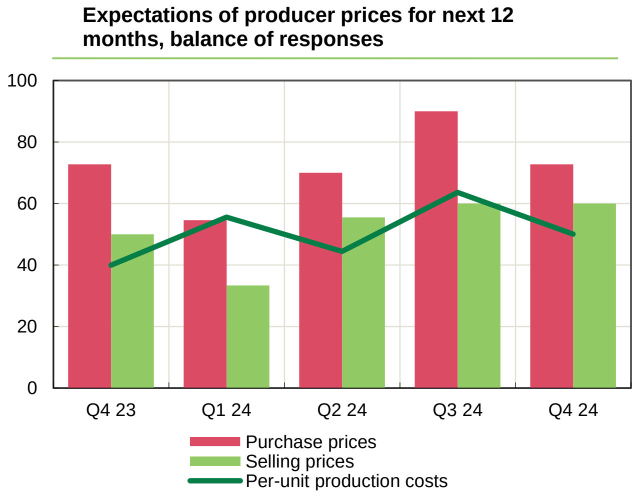


Figure 7

Assessment of selling price drivers, percentage of responses

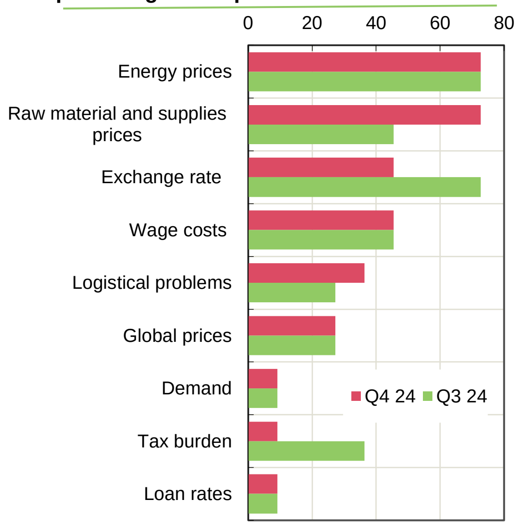


Figure 8

Expectations of borrowing needs and intentions to take out corporate loans in the near future, percentage of responses

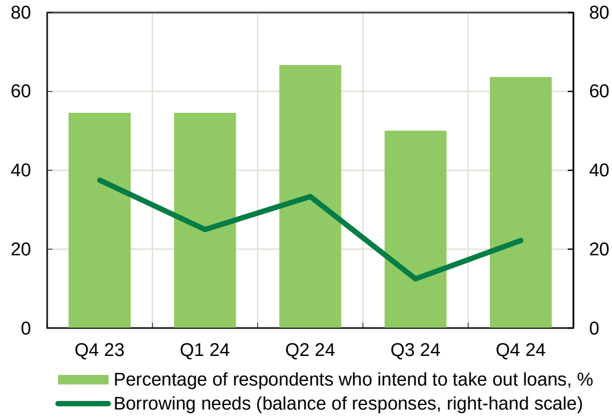
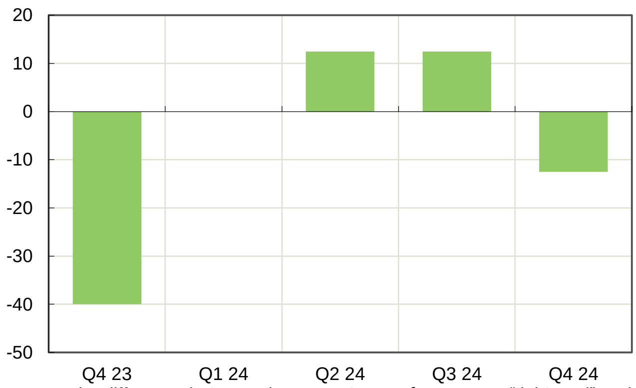


Figure 9

Expectations of lending conditions for next 12 months, balance of responses*



*The difference between the percentages of responses “tightened” and “eased”

Figure 10

Assessment of factors that could deter companies from taking out loans, percentage of responses