



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q4 2023



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q4 2023, and does not represent NBU forecasts or estimates

A survey carried out in Ternopil oblast in Q4 2023 showed that, on the back of security risks and logistical difficulties with crossing the border, respondents expected that **the output of Ukrainian goods and services would drop** over the next 12 months. They had **positive expectations for the performance of their companies** over this period. Respondents also expected that prices for goods and services would rise more quickly. 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 (-10.0%) (compared to 10.0% in Q3 2023) (Figure 1). Across Ukraine, the balance of responses was 15.2%
- **prices for goods and services would rise at a faster pace:** 60.0% of respondents expected that the inflation rate would exceed 10.0%, compared to 50.0% in the previous quarter and 52.4% across Ukraine. Respondents referred to military actions, production costs, and the hryvnia exchange rate as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 63.6% of respondents (down from 77.8% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 77.4%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 10.0%, compared to 11.1% in the previous quarter. Across Ukraine, the balance of responses was 4.1% (see Table)
- **total sales would increase at a faster pace:** the balance of responses was 20.0%, up from 11.1% in Q3 2023 (see Table). Meanwhile, respondents expected external sales to remain unchanged: the balance of responses was 0.0%, down from 50.0% in Q3 2023. Overall, across Ukraine, the balances of responses were 10.6% and 9.7% respectively
- **investment in construction and in machinery, equipment and tools would drop:** the balances of responses were (-30.0%) and (-9.1%) respectively, compared to 11.1% and 40.0% respectively in Q3 2023 (see Table). Across Ukraine, the balances of responses were (-6.9%) and 6.6% respectively
- **staff numbers at their companies would increase:** the balance of responses was 18.2% (the highest figure among the regions for two quarters in a row) (compared to 10.0% in Q3 2023) (Figure 4). Across Ukraine, staff numbers were expected to decrease (-6.5%)
- **purchase and selling prices would rise:** the balances of responses were 72.7% and 50.0% respectively (compared to 70.0% and 44.4% in the previous quarter) (Figure 6). The hryvnia exchange rate, demand (the impact of the latter two drivers was reported to have increased) and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs and wage costs per staff member would rise:** the balances of responses were 40.0% and 70.0% respectively, compared to 22.2% and 40.0% respectively in Q3 2023 (Figures 4 and 6).

Companies cited high raw material and supplies prices, weak demand and qualified staff shortages (the impact of the latter driver was reported to have increased noticeably compared to the previous survey) as the **main drags on their ability to boost production** (Figure 5).

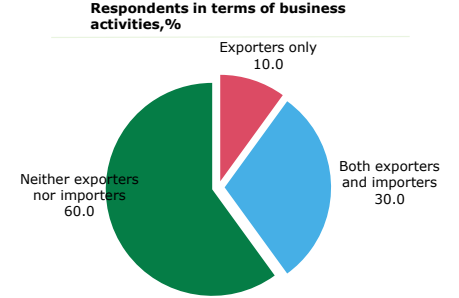
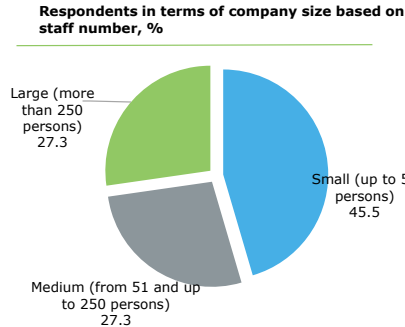
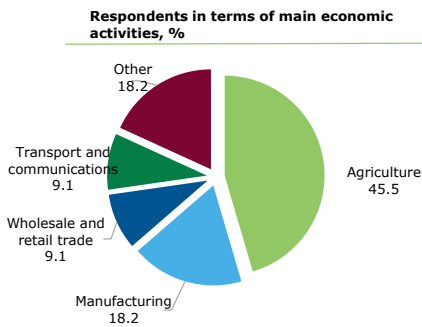
Respondents reported **expectations of an increase in their borrowing needs** in the near future (Figure 8). A total of 54.5% of respondents planned to take out bank loans, preferring only domestic currency loans. Respondents said that bank lending standards had eased (Figure 9). Respondents referred to high interest rates, other funding sources and uncertainty about their ability to meet debt obligations as they fall due 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** (95.8% 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% (the highest figure across the regions), up from 10.0% in Q3 2023. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-5.6%).
- **Finished goods stocks had increased and were assessed above normal levels:** the balance of responses was 14.3%, up from 0.0% in the previous quarter.
- **Companies were operating on the verge of their production capacity:** the balance of responses was 0.0%, such expectations have been reported for two quarters in a row.

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

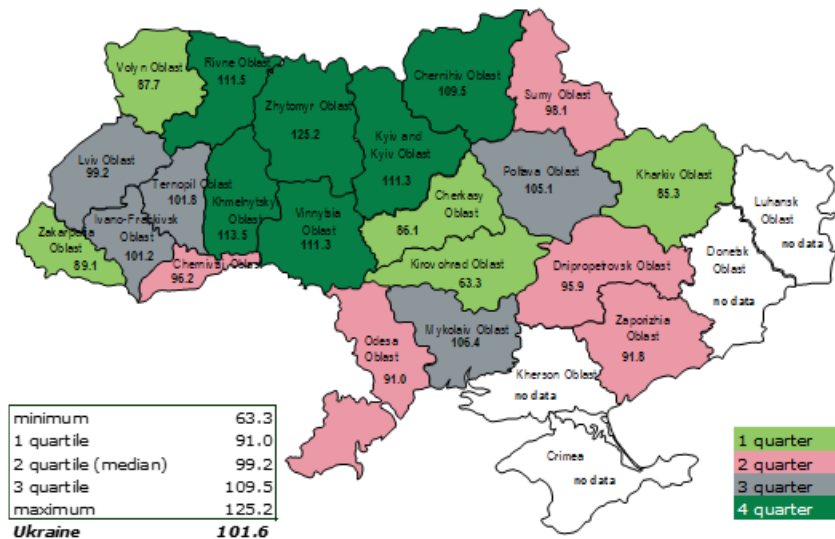


Period: 31 October through 22 November 2023.

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>3</sup>a quartile is the value of the BOI where an ordered sample is divided into four equal-sized subgroups  
<sup>4</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 22                    | Q1 23 | Q2 23 | Q3 23 | Q4 23 |
| Financial and economic standings              | -20.0                    | 18.2  | 0.0   | 11.1  | 10.0  |
| Total sales                                   | 0.0                      | -20.0 | 0.0   | 11.1  | 20.0  |
| Investment in construction                    | -10.0                    | -22.2 | 11.1  | 11.1  | -30.0 |
| Investment in machinery, equipment, and tools | -9.1                     | -10.0 | 0.0   | 40.0  | -9.1  |
| Staff numbers                                 | 0.0                      | 10.0  | 12.5  | 10.0  | 18.2  |

<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

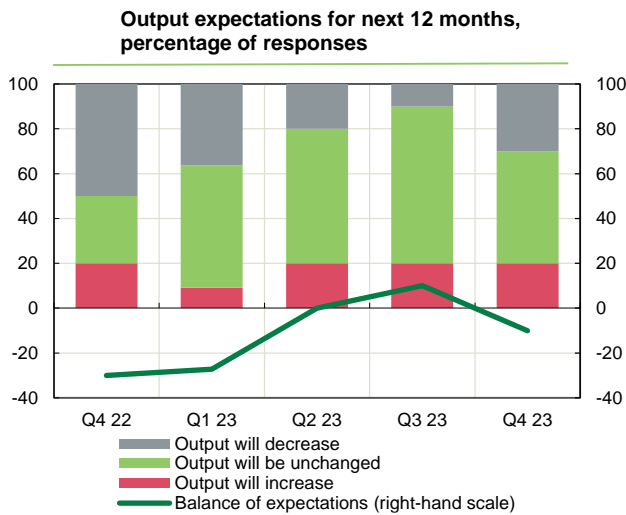


Figure 2

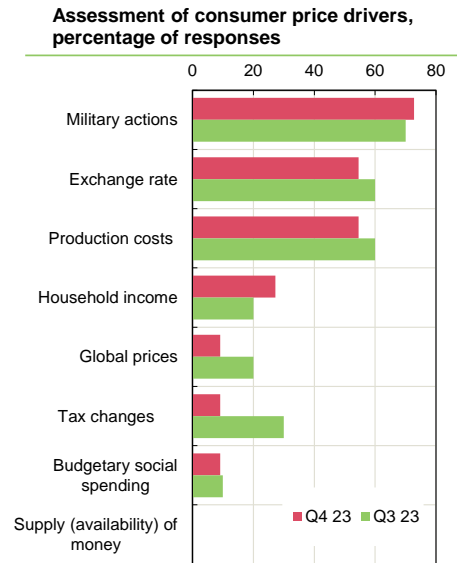


Figure 3

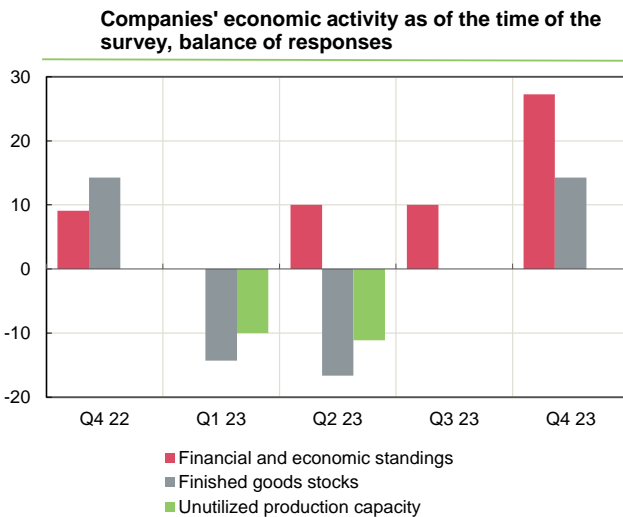


Figure 4

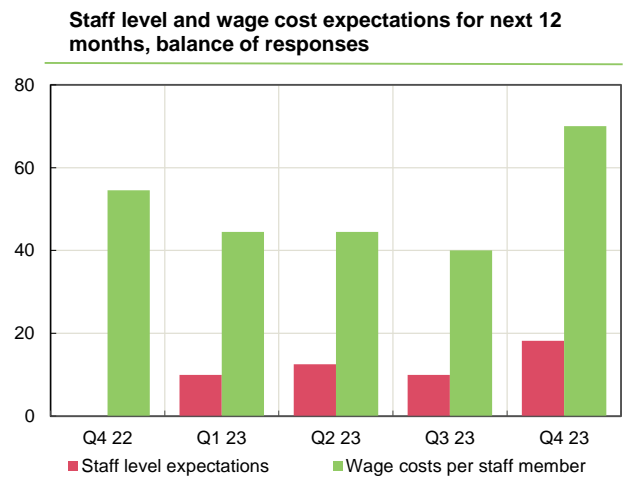


Figure 5

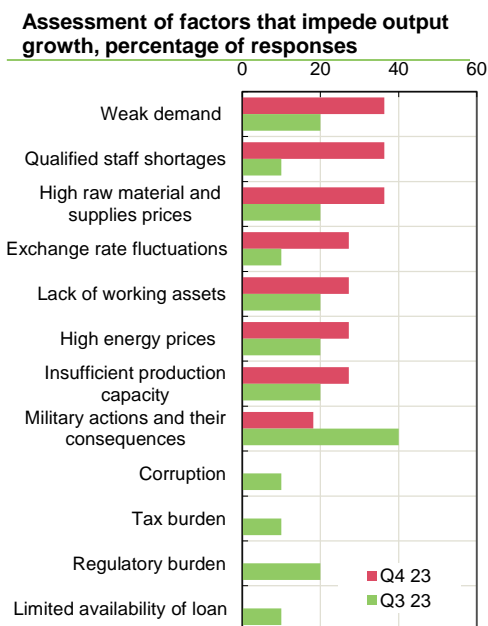


Figure 6

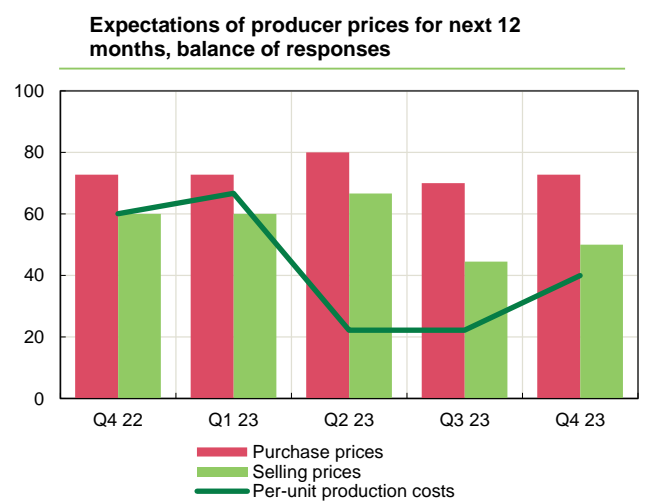


Figure 7

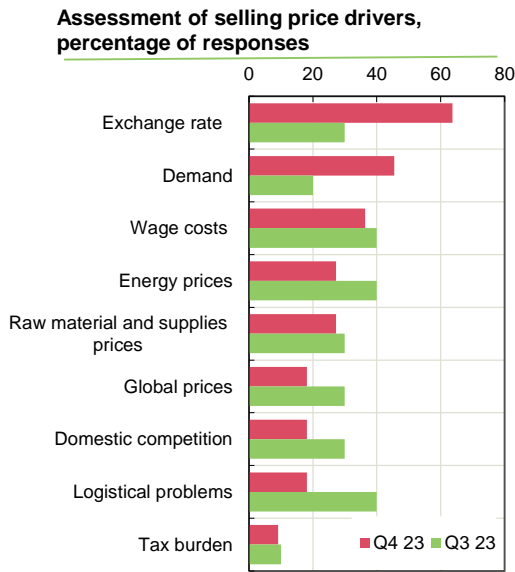


Figure 8

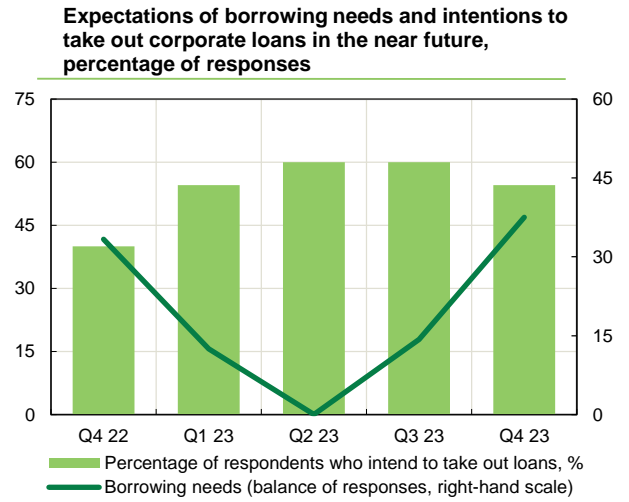


Figure 9

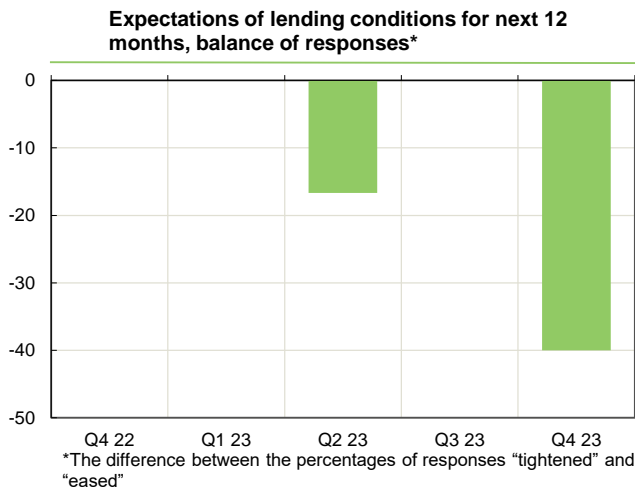


Figure 10

