



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q1 2024



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q1 2024, and does not represent NBU forecasts or estimates

A survey carried out in Ternopil oblast in Q1 2024 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 negative expectations for the performance of their companies** over this period. Respondents also expected that prices for goods and services would rise more slowly. Depreciation expectations remained high.

#### 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 (-9.1%) (compared to (-10.0%) in Q4 2023) (Figure 1). Across Ukraine, the balance of responses was 8.5%
- **prices for goods and services would rise at a slower pace:** 54.5% of respondents expected that the inflation rate would not exceed 10.0%, compared to 40.0% in the previous quarter and 48.4% across Ukraine. Respondents referred to military actions, the hryvnia exchange rate and production costs as **the main inflation drivers** (Figure 2)
- **the domestic currency would depreciate more slowly:** 63.6% of respondents (as in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 81.1%
- **the financial and economic standings of their companies would deteriorate:** the balance of expectations was (-10.0%), compared to 10.0% in the previous quarter. Across Ukraine, the balance of responses was 3.7% (see Table)
- **total sales would remain unchanged:** the balance of responses was 0.0%, down from 20.0% in Q4 2023 (see Table). Meanwhile, respondents expected external sales to rise: the balance of responses was 25.0%, up from 0.0% in Q4 2023. Overall, across Ukraine, the balances of responses were 10.6% and 6.8% respectively
- **investment in construction and in machinery, equipment and tools would drop:** the balances of responses were (-10.0%) and (-9.1%) respectively, compared to (-30.0%) and (-9.1%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-1.5%) and 8.3% respectively
- **staff numbers at their companies would increase more slowly:** the balance of responses was 9.1% (the highest figure among the regions for four quarters in a row) (compared to 18.2% in Q4 2023) (Figure 4). Across Ukraine, staff numbers were expected to decrease (-6.3%)
- **purchase and selling prices would rise more slowly:** the balances of responses were 54.5% and 33.3% respectively (compared to 72.7% and 50.0% in the previous quarter) (Figure 6). Wage costs (the impact of this driver was reported to have increased), the hryvnia exchange rate, energy prices and logistical problems (the impact of this driver was reported to have increased) and wage costs were cited as the main selling price drivers (Figure 7)
- **per-unit production costs would rise more quickly:** the balance of responses was 55.6%, compared to 40.0% in Q4 2023. Meanwhile respondents expected **wage costs per staff member to rise more slowly:** the balance of responses was 63.6%, down from 70.0% in Q4 2023 (Figures 4 and 6).

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

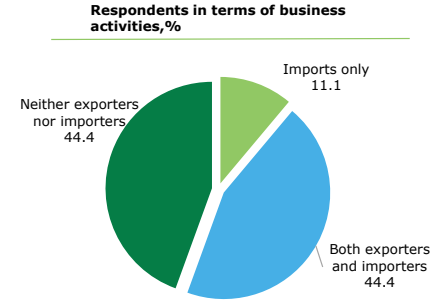
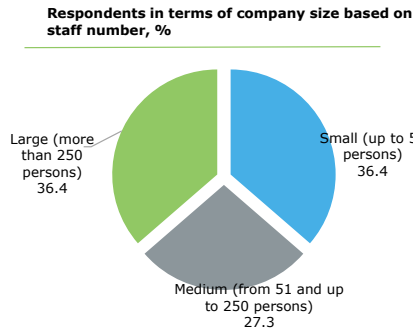
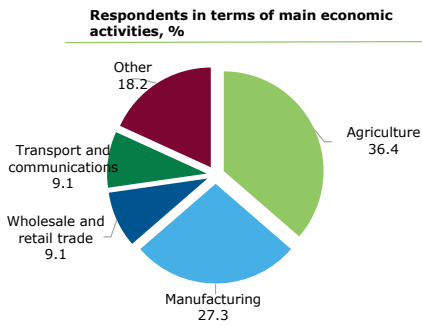
Respondents reported **weaker expectations of an increase in their borrowing needs** in the near future (Figure 8). A total of 54.5% of respondents planned to take out bank loans, preferring only domestic currency loans. Respondents said that bank lending standards had remained unchanged (Figure 9). Respondents referred to other funding sources, high interest rates 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** (96.3% 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 18.2%, down from 27.3% in Q4 2023. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-1.4%).
- **Finished goods stocks were assessed at normal levels:** the balance of responses was 0.0%, down from 14.3% in the previous quarter.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 10.0%, compared to 0.0% in Q4 2023.

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

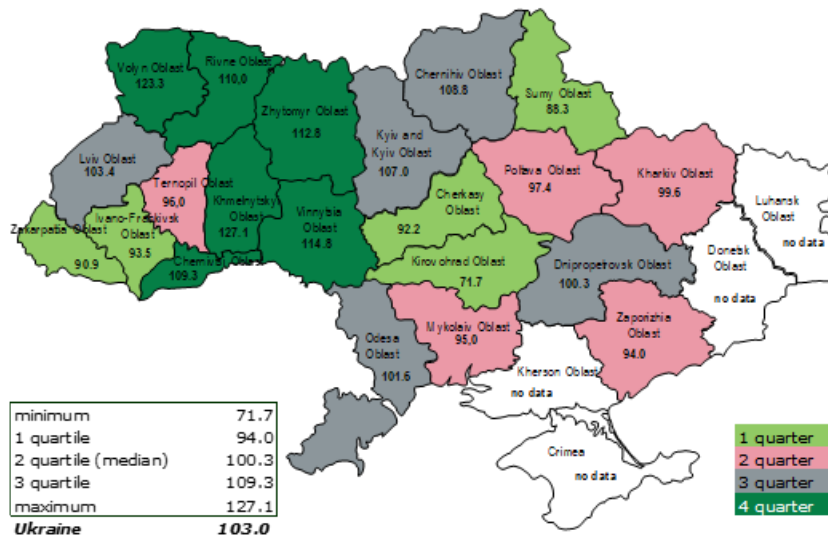


Period: 31 January through 20 February 2024.

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<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>\*\*</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, %				
	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Financial and economic standings	18.2	0.0	11.1	10.0	-10.0
Total sales	-20.0	0.0	11.1	20.0	0.0
Investment in construction	-22.2	11.1	11.1	-30.0	-10.0
Investment in machinery, equipment, and tools	-10.0	0.0	40.0	-9.1	-9.1
Staff numbers	10.0	12.5	10.0	18.2	9.1

<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

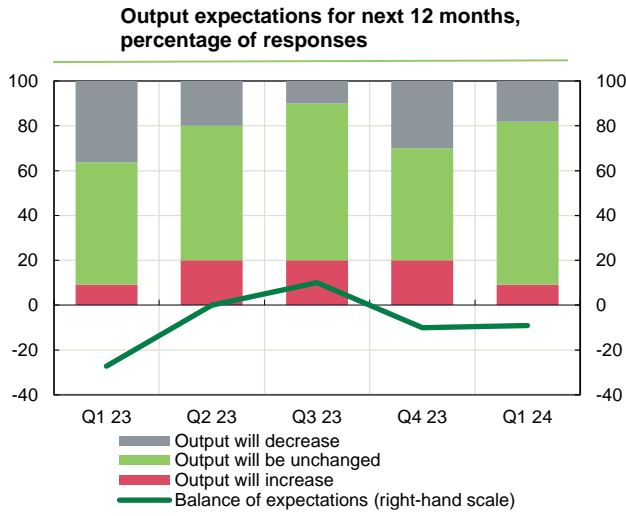


Figure 2

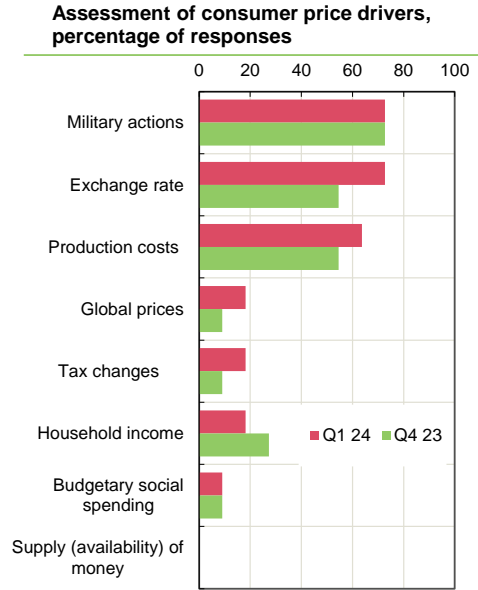


Figure 3

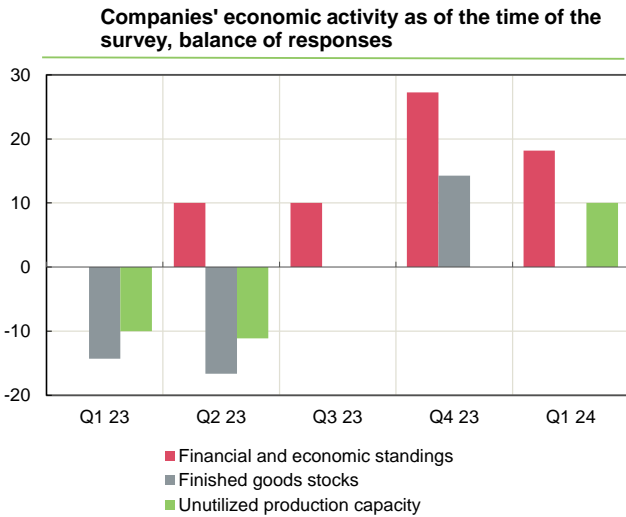


Figure 4

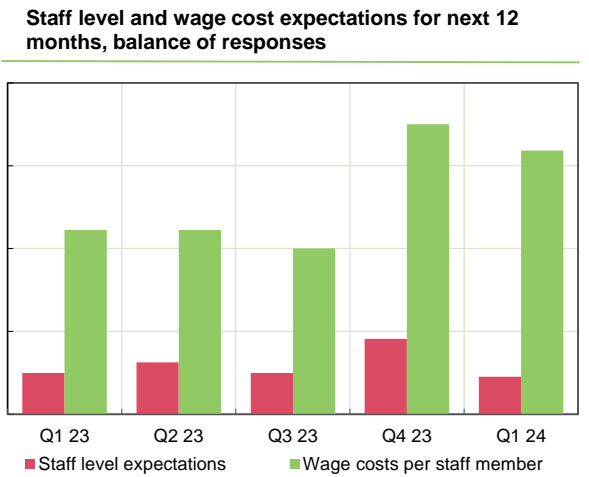


Figure 5

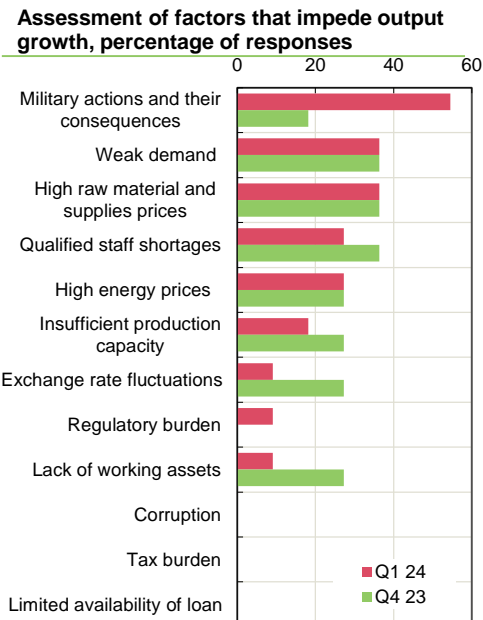


Figure 6

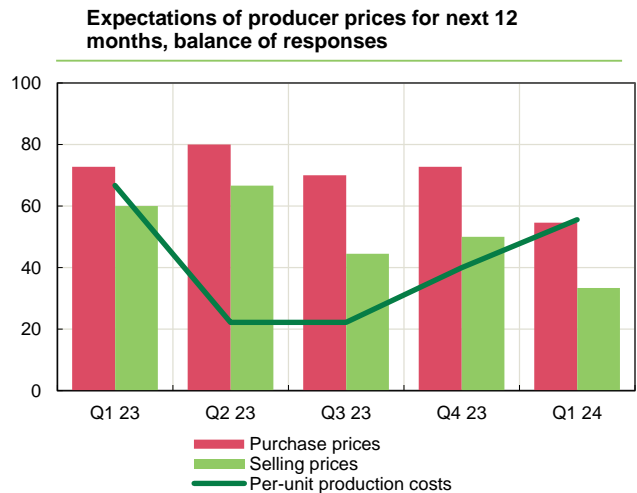




Figure 7

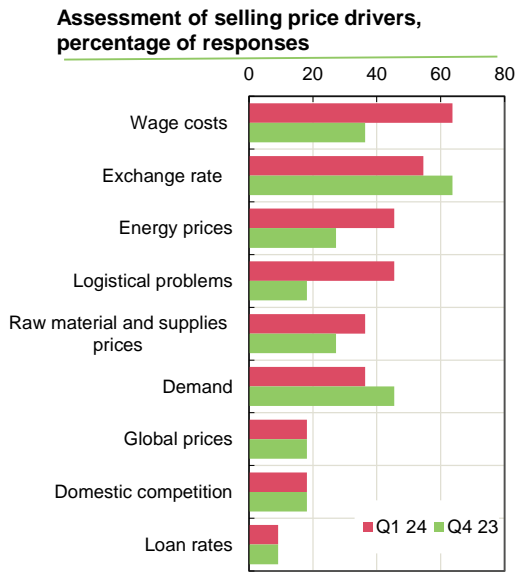


Figure 8

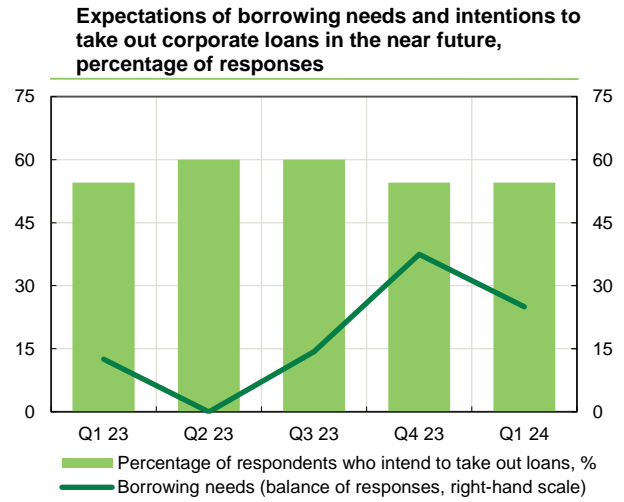


Figure 9

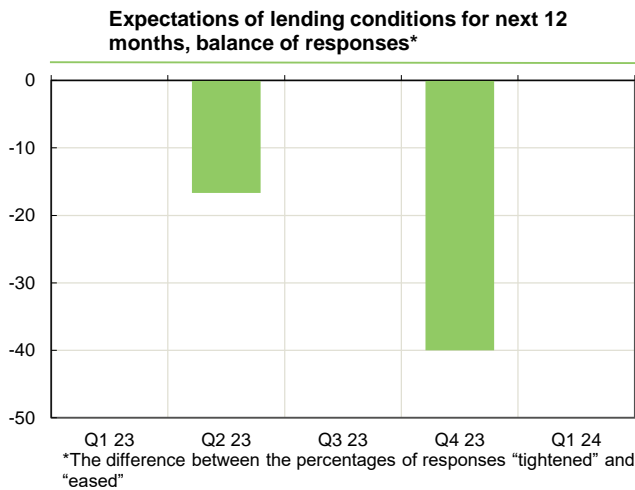


Figure 10

