



National Bank  
of Ukraine

# Business Outlook Survey of Ternopil Oblast\*

Q3 2024



\*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q3 2024, and does not represent NBU forecasts or estimates

A survey carried out in **Ternopil oblast** in Q3 2024 showed that, on the back of qualified staff shortages and high prices for energy and raw materials and supplies, respondents downgraded their expectations for the output of Ukrainian goods and services and for the performance of their companies over the next 12 months. Respondents also expected that prices for goods and services would rise more quickly. Depreciation expectations strengthened.

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

- the output of Ukrainian goods and services would drop: the balance of expectations was (-9.1%) (compared to 18.2% in Q2 2024) (Figure 1). Overall, across Ukraine, respondents expected that the output would increase (3.7%)
- prices for goods and services would rise more quickly: 63.6% of respondents expected that the inflation rate would not exceed 10.0%, compared to 72.7% in the previous quarter and 54.5% across Ukraine. Respondents referred to military actions, the hryvnia exchange rate, and production costs as the main inflation drivers (Figure 2)
- the hryvnia would depreciate more: 81.8% of respondents (72.7% 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 responses was (-18.2%), compared to 30.0% in the previous quarter. Overall, across Ukraine the balance of responses was (-0.9%) (see Table)
- total sales would remain unchanged: the balance of responses was 0.0%, down from 44.0% in Q2 2024. Meanwhile external sales were expected to grow at a slower pace: the balance of responses was 20.0%, down from 60.0% in the previous quarter (see Table). Overall, across Ukraine, the balances of responses were 10.5% and 11.2%, respectively
- investment in construction and in machinery, equipment, and tools would rise: the balances of responses were 9.1% for each, compared to 11.1% for each in the previous quarter (see Table). Across Ukraine, the balances of responses were (-3.2%) and 7.5% respectively
- staff numbers at their companies would remain unchanged: the balance of responses was 0.0% (compared to (-10.0%) in Q2 2024) (Figure 4). Across Ukraine, the balance of responses was (-10.9%)
- purchase prices would rise more quickly: the balance of responses was 90.0%, up from 70.0% in Q2 2024. Selling prices were also expected to rise: the balance of responses was 60.0% (compared to 55.6% in the previous quarter) (Figure 6). The hryvnia exchange rate, energy prices (the impact of this driver was reported to have increased significantly), raw material and supplies prices, 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 63.6%, compared to 44.4% in Q2 2024. Meanwhile, respondents expected wage costs per staff member to rise: the balance of responses was 70.0%, compared to 66.7% in Q2 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).

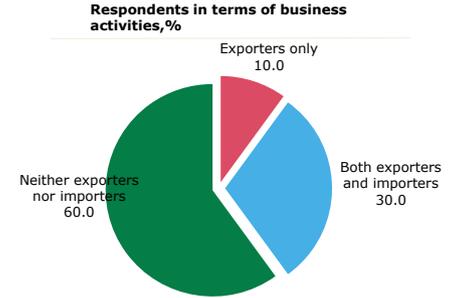
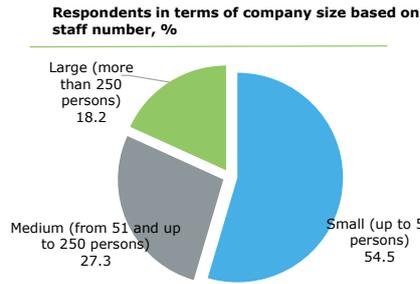
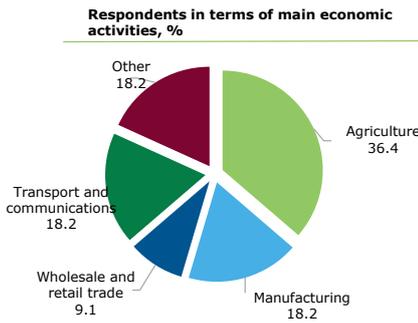
Respondents reported weaker expectations of an increase in their borrowing needs in the near future (Figure 8). A total of 50.0% of respondents planned to take out bank loans, usually opting for domestic currency loans. Respondents said that bank lending standards had remained tight (Figure 9). Respondents referred to high interest rates, the availability of other funding sources, strict collateral requirements, and uncertainty about their ability to meet debt obligations as they fall due (the impact of this factor was reported to have increased) 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 (97.1% 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% (one of the firmest assessments among the regions), compared to 20.0% in Q2 2024. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-6.0%).
- Finished goods stocks were assessed at normal levels: the balance of responses was 0.0%, up from (-14.3%) in the previous quarter.
- Companies said they would need additional capacity to meet any unexpected rise in demand: the balance of responses was (-30.0%), compared to 42.9% in Q2 2024.

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

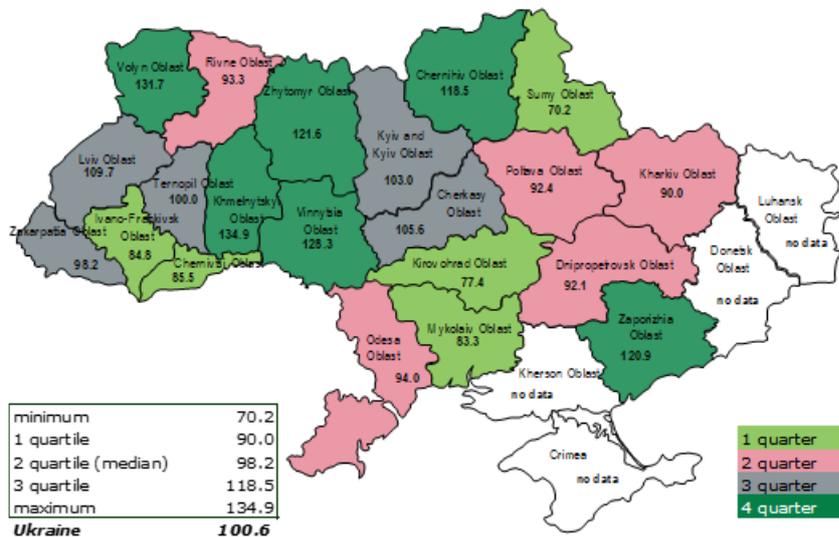


Period: 31 July through 21 August 2024.

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>, %



\*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, %				
	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24
Financial and economic standings	11.1	10.0	-10.0	30.0	-18.2
Total sales	11.1	20.0	0.0	44.4	0.0
Investment in construction	11.1	-30.0	-10.0	11.1	9.1
Investment in machinery, equipment, and tools	40.0	-9.1	-9.1	11.1	9.1
Staff numbers	10.0	18.2	9.1	-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

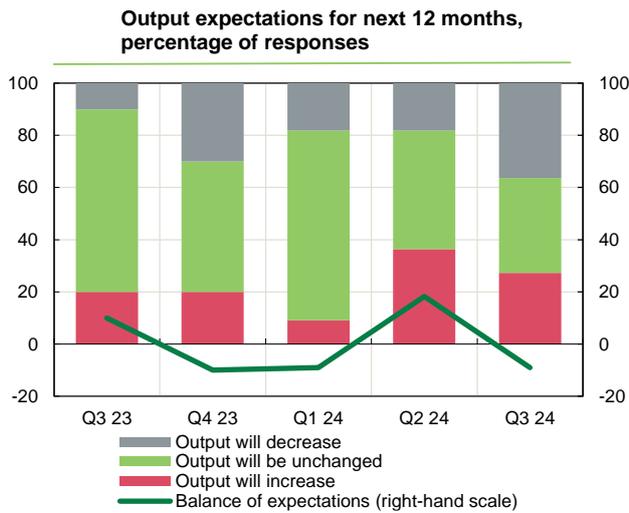


Figure 2

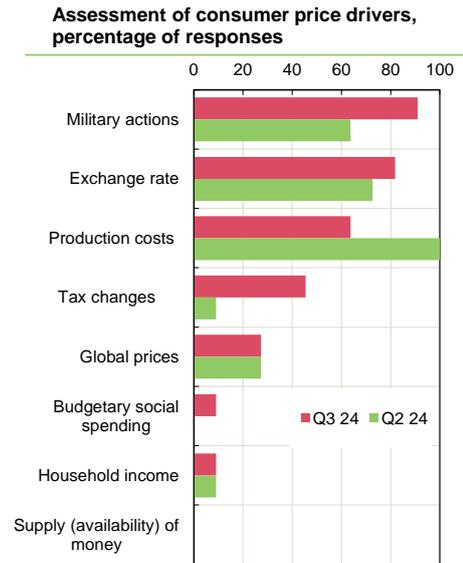


Figure 3

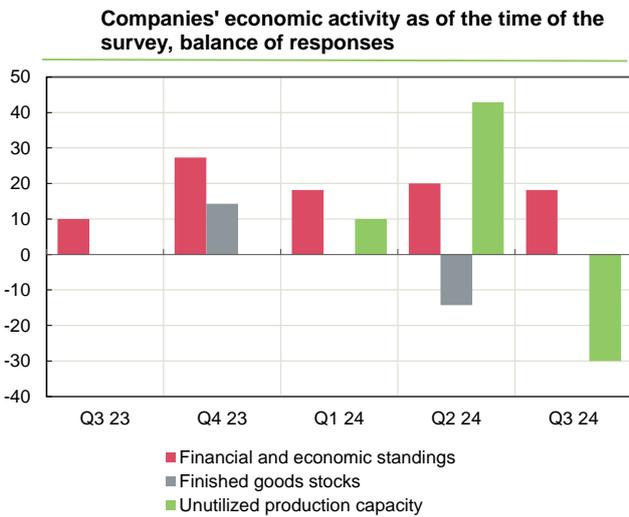


Figure 4

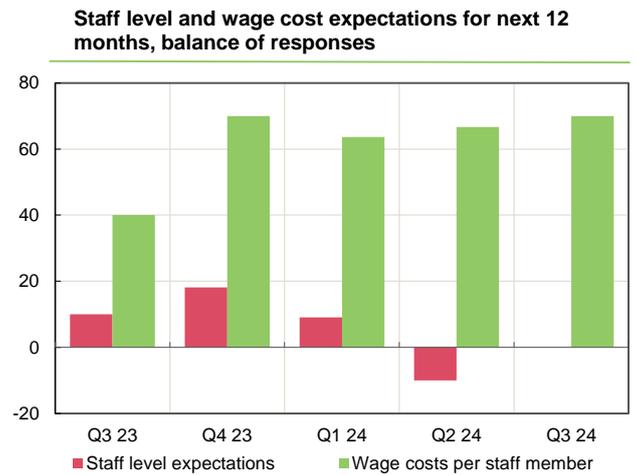


Figure 5

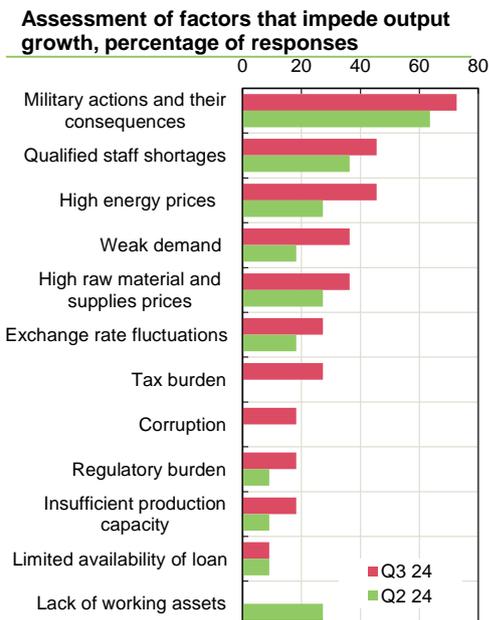


Figure 6

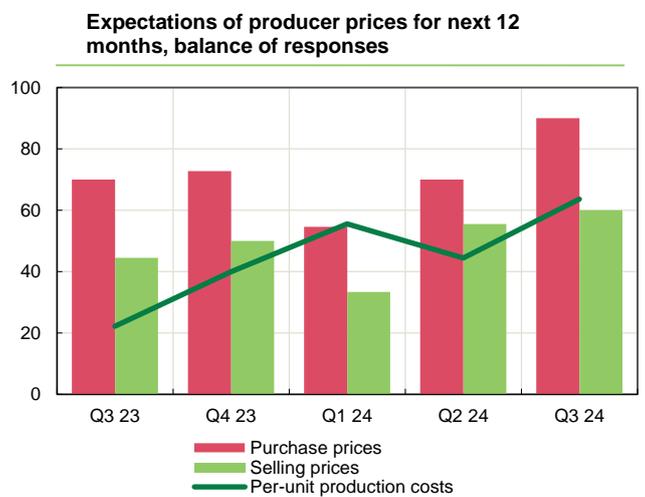


Figure 7

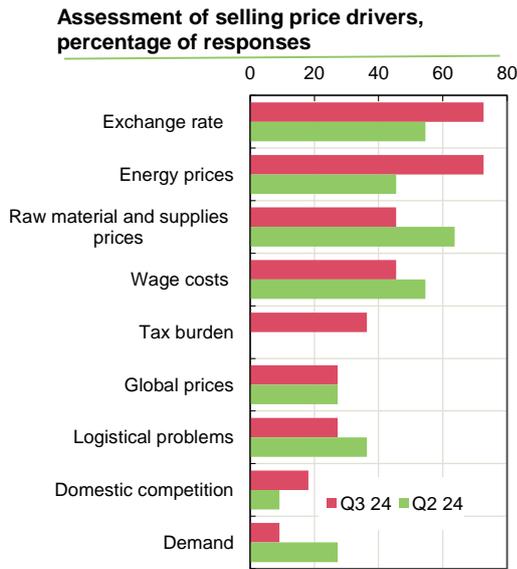


Figure 8

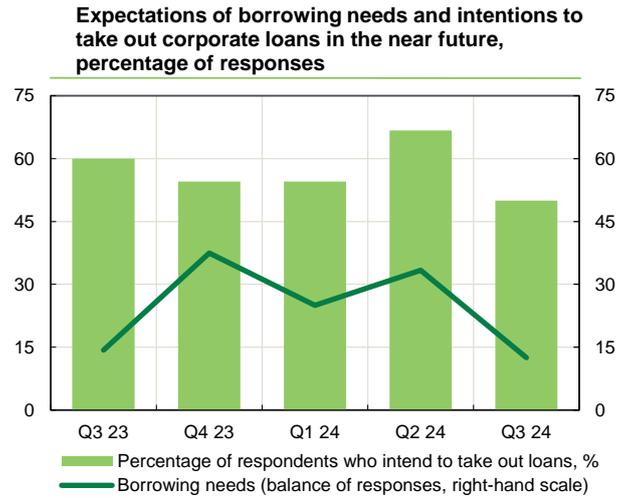


Figure 9

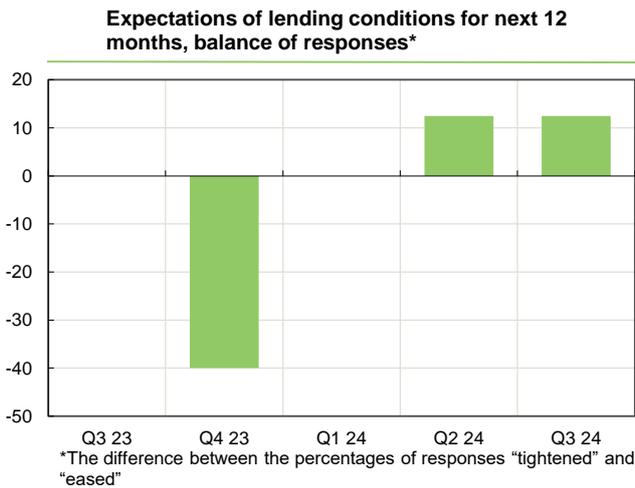


Figure 10

