



National Bank
of Ukraine

Business Outlook Survey of Ternopil Oblast*

Q2 2024



*This survey only reflects the opinions of respondents in Ternopil oblast (top managers of companies) who were polled in Q2 2024, and does not represent NBU forecasts or estimates

A survey carried out in **Ternopil oblast** in **Q2 2024** showed that, despite qualified staff shortages, a lack of working assets, and high energy, raw material and supplies prices, respondents expected that **the output of Ukrainian goods and services would rise** 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 slowly. 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 increase:** the balance of expectations was 18.2% (compared to (-9.1%) in Q1 2024) (Figure 1). Overall, across Ukraine, respondents expected that the output would decrease moderately (-0.3%)
- prices for goods and services would rise at a slower pace: 72.7% of respondents expected that the inflation rate would not exceed 10.0%, compared to 54.5% in the previous quarter and 62.8% across Ukraine. Respondents referred to production costs (mentioned by all of the respondents, the impact of this factor was reported to have increased), the hryvnia exchange rate and military actions as **the main inflation drivers** (Figure 2)
- the hryvnia would depreciate: 72.7% of respondents (63.6% in the previous quarter) expected the hryvnia to weaken against the U.S. dollar, the figure across Ukraine being 84.9%
- **the financial and economic standings of their companies would improve:** the balance of expectations was 30.0% (among the firmest expectations across the regions), compared to (-10.0%) in the previous quarter. Overall, across Ukraine, the financial and economic standings of companies were expected to deteriorate moderately (-0.2%) (see Table)
- **total sales, including external sales, would increase:** the balances of responses were 44.0% and 60.0% respectively, up from 0.0% and 25.0% in Q1 2024 (see Table). Overall, across Ukraine, the balances of responses were 8.7% and 11.0% respectively
- **investment** in construction and in machinery, equipment and tools **would rise:** the balances of responses were 11.1% for each, compared to (-10.0%) and (-9.1%) in the previous quarter (see Table). Across Ukraine, the balances of responses were (-5.5%) and 5.4% respectively
- staff numbers at their companies would decrease: the balance of responses was (-10.0%) (compared to 9.1% in Q1 2024) (Figure 4). Across Ukraine, the balance of responses was (-10.7%)
- purchase and selling prices would rise more quickly: the balances of responses were 70.0% and 55.6% respectively (compared to 54.5% and 33.3% in the previous quarter) (Figure 6). Raw material and supplies prices (the impact of this driver was reported to have increased), the hryvnia exchange rate, and wage costs were cited as the main selling price drivers (Figure 7)
- per-unit production costs would rise more slowly: the balance of responses was 44.4%, compared to 55.6% in Q1 2024. Meanwhile, respondents expected wage costs per staff member to rise: the balance of responses was 66.7%, up from 63.6% in Q1 2024 (Figures 4 and 6).

Companies cited military actions and their consequences, qualified staff shortages, a lack of working assets (the impact of the latter two drivers was reported to have increased noticeably compared to the previous survey), high raw material and supplies prices, and energy prices as the **main drags on their ability to boost production** (Figure 5).

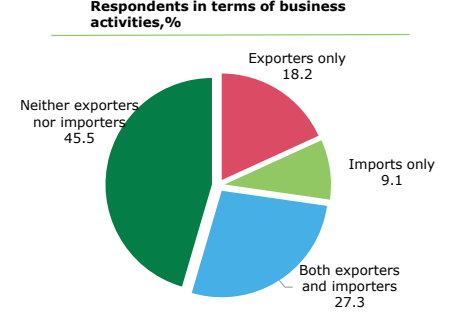
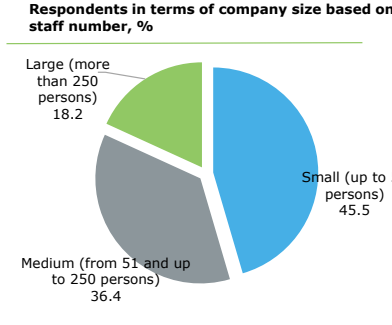
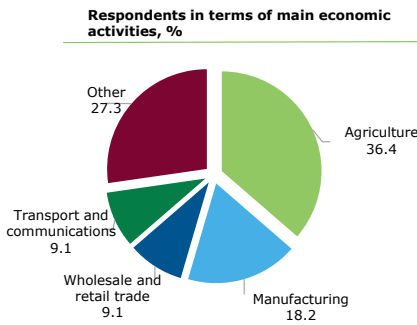
Respondents reported stronger expectations of an increase in their borrowing needs in the near future (Figure 8). A total of 66.7% of respondents planned to take out bank loans, preferring only domestic currency loans. Respondents said that bank lending standards had tightened (Figure 9). Respondents referred to high interest rates, the availability of other funding sources and hryvnia exchange rate fluctuations 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** (96.0% 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 20.0%, up from 18.2% in Q1 2024. Across Ukraine, respondents assessed the current financial and economic standings of their companies as bad: the balance of responses was (-4.3%).
- **Finished goods stocks had decreased and were assessed at lower than normal levels:** the balance of responses was (-14.3%), down from 0.0% in the previous quarter.
- **Companies had sufficient unutilized production capacity to meet any unexpected rise in demand:** the balance of responses was 42.9%, compared to 10.0% in Q1 2024.

Survey Details^{1,2}

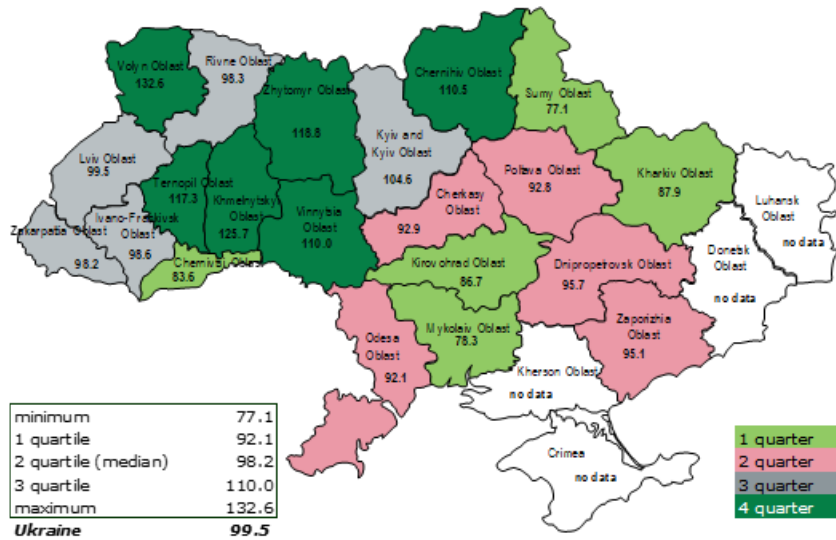


Period: 30 April through 20 May 2024.

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 Oblasts³, %



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, %				
	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24
Financial and economic standings	0.0	11.1	10.0	-10.0	30.0
Total sales	0.0	11.1	20.0	0.0	44.4
Investment in construction	11.1	11.1	-30.0	-10.0	11.1
Investment in machinery, equipment, and tools	0.0	40.0	-9.1	-9.1	11.1
Staff numbers	12.5	10.0	18.2	9.1	-10.0

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

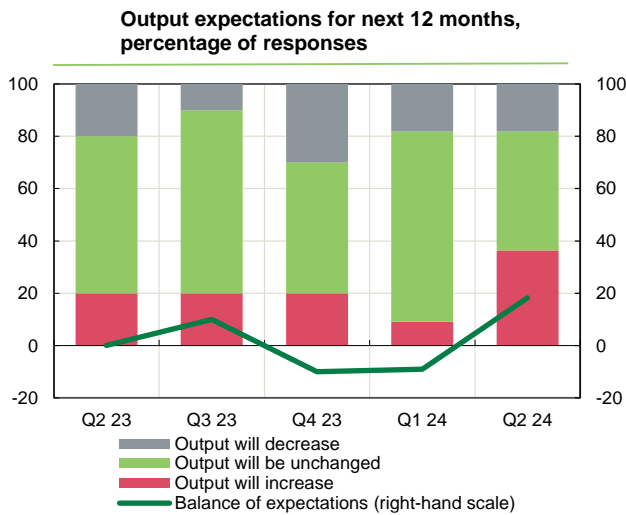


Figure 2

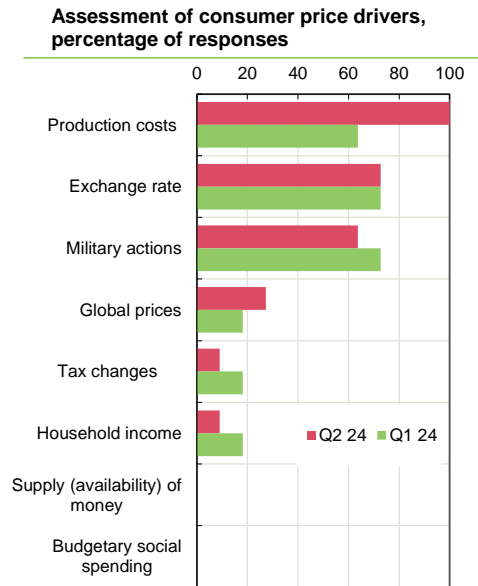


Figure 3

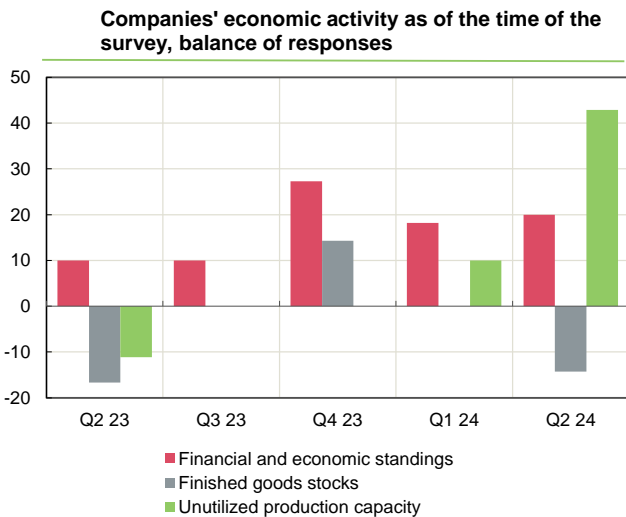


Figure 4

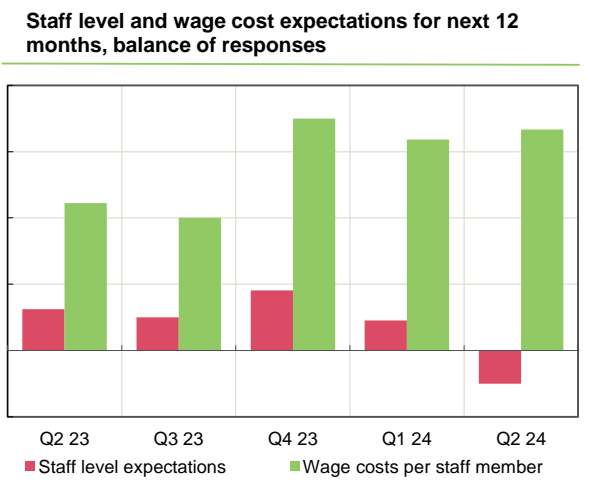


Figure 5

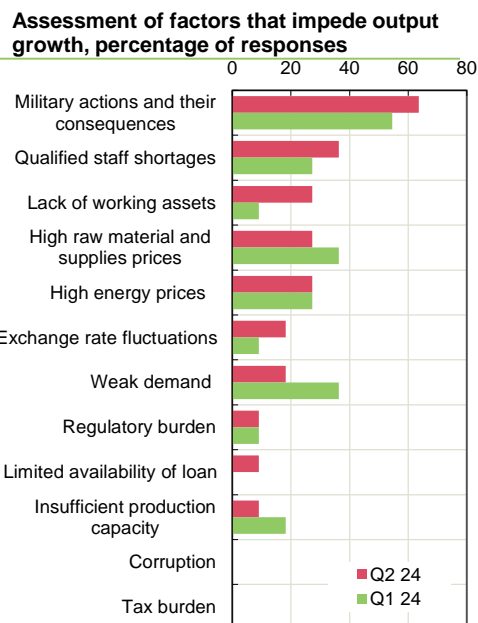


Figure 6

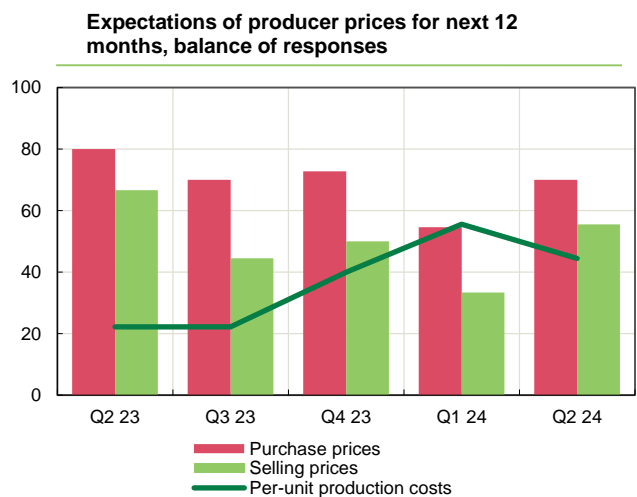


Figure 7

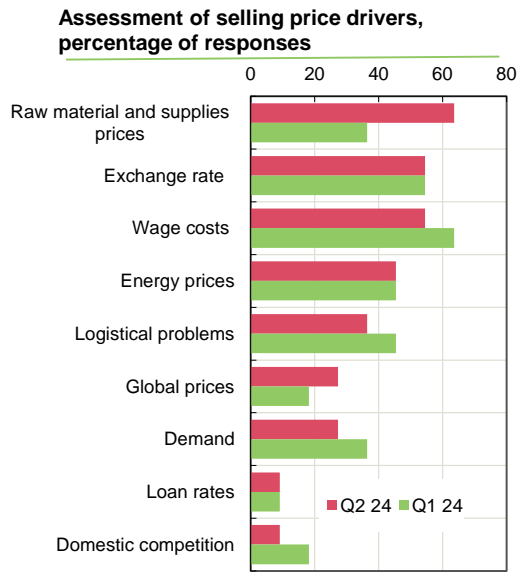


Figure 8

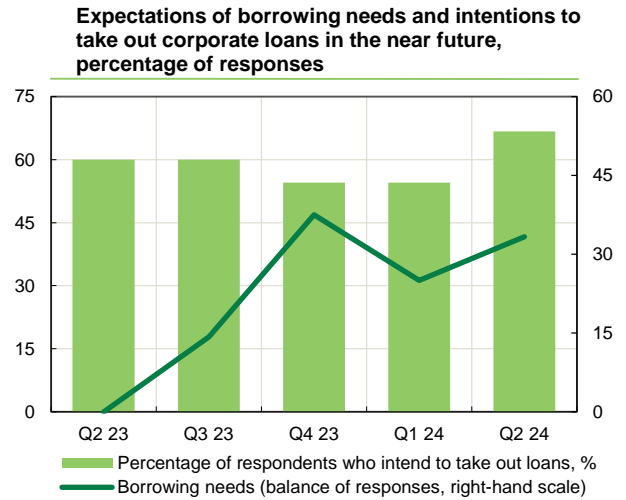


Figure 9

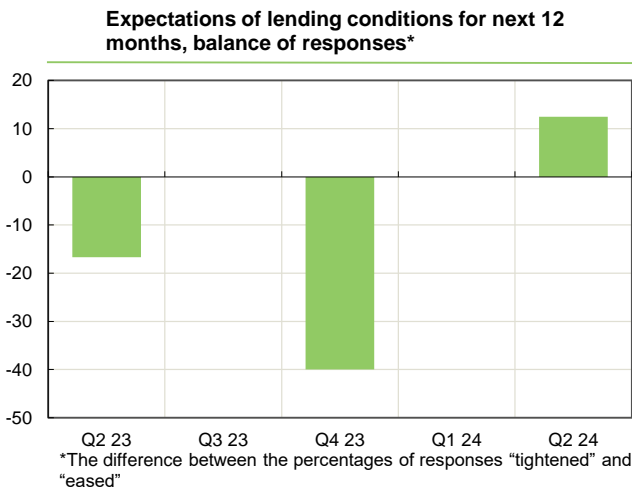


Figure 10

