



National Bank
of Ukraine

Monthly Business Outlook Survey

February 2022

The findings presented only reflect the opinions of the respondents, and should not be considered as NBU forecasts or assessments

Issue No. 32
Statistics and Reporting Department



Summary

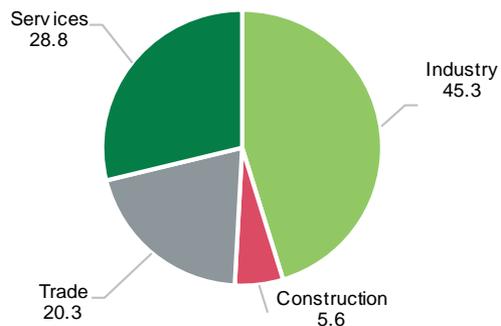
Despite a seasonal revival, businesses still reported guarded expectations for their economic performance on the back of higher energy prices, a difficult coronavirus situation, more intense geopolitical tensions, and the greater threat of an invasion. Companies' expectations came close to the equilibrium level – **the business activity expectations index (BAEI) was 47.6 in February** (compared to 40.5 in January).

- Companies across all of the surveyed sectors significantly improved their negative expectations for their economic outlook in the near future, with industrial companies even reporting positive expectations of their February performance.
- With rising raw material and supplier prices, respondents across all sectors reported intentions to raise their selling prices.
- Staff expectations remained guarded. Companies across all sectors, apart from the services sector, said they did not intend to expand their workforces.

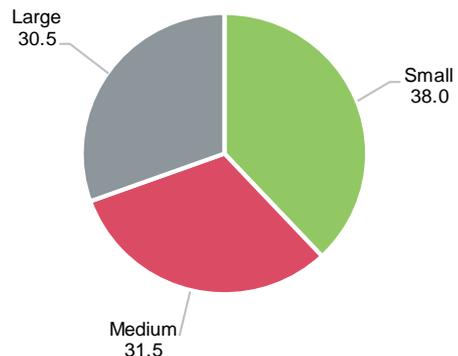
The NBU posts monthly survey results in the open data format. The data are available at the following link:
<https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

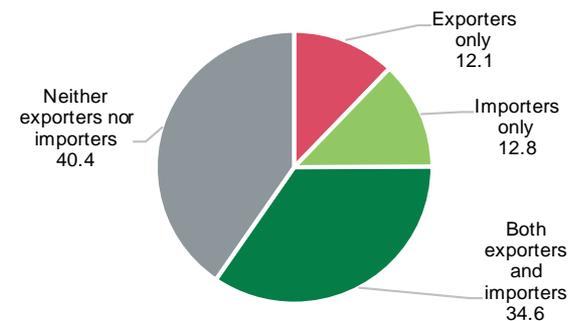
Respondents by sectors of the economy, %



Respondents by company size, %



Respondents by business activities, %

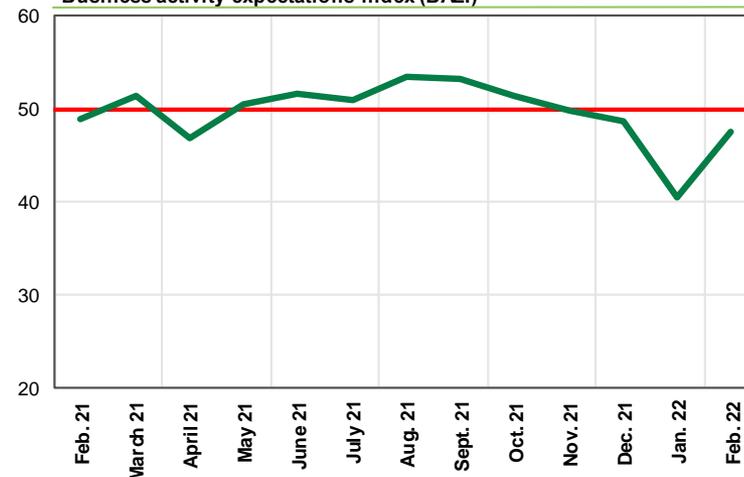


- This survey was carried out from 3 February through 21 February 2022
- A total of 413 companies were polled
- Survey horizon: change in companies' performance indicators in February compared to January

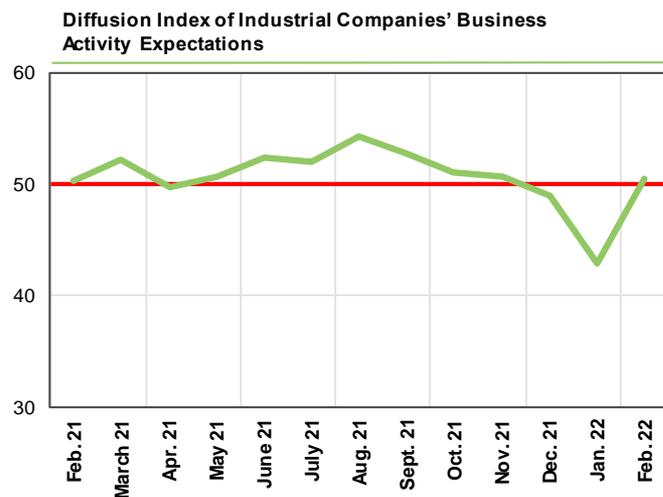
Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		January 2022	February 2022	Change m/m
Industry	30.7	42.9	50.5	7.6
Construction	4.9	33.0	45.8	12.8
Trade	23.8	40.7	45.9	5.2
Services	40.6	39.5	46.6	7.1
Total	100.0	BAEI (total across Ukraine)		
		40.5	47.6	7.1

Data for totals and components may be subject to rounding effects

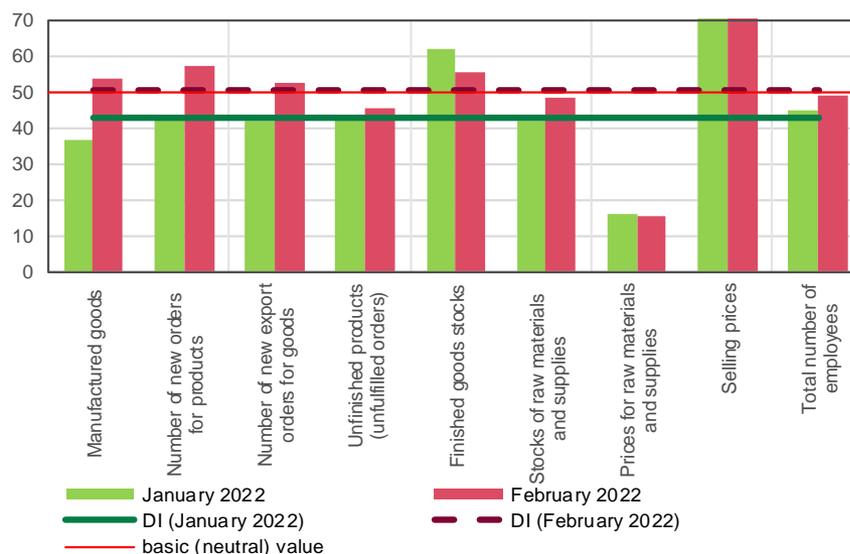
Business activity expectations index (BAEI)



Industry

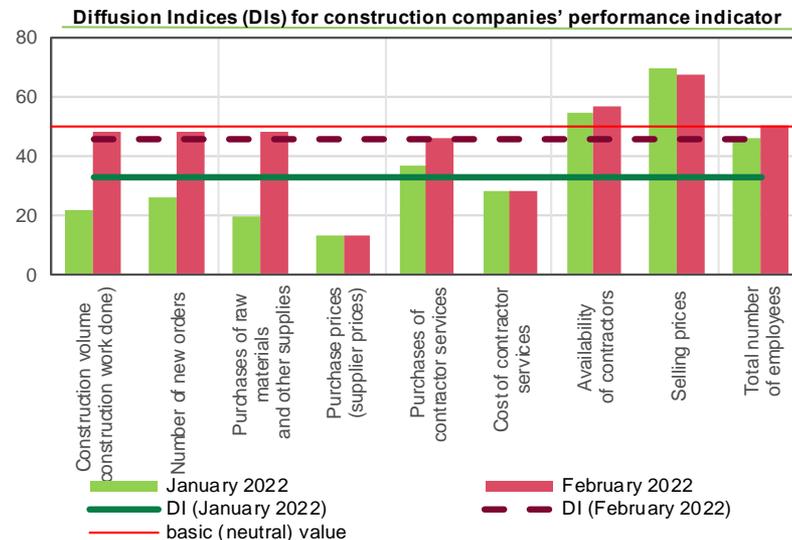
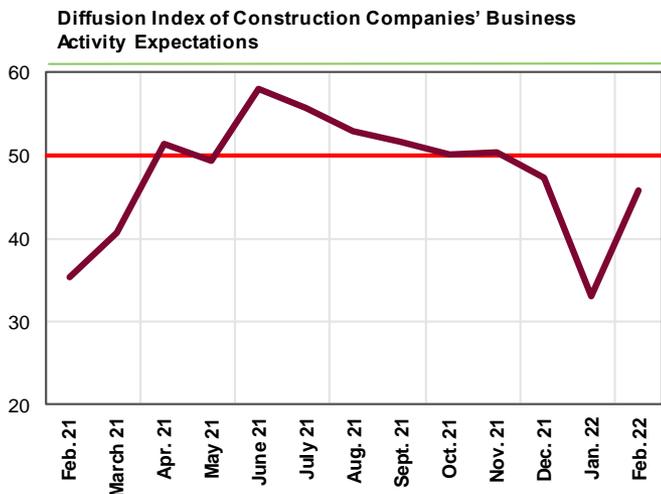


Diffusion Indices (DIs) for industrial companies' performance indicators



- Industrial companies were upbeat about their performance in February, as the **sector's DI moved to 50.5**, up from 42.9 in January.
- Respondents expected an increase in the amount of manufactured goods and the number of new orders for products, including export orders, the DIs being 53.5, 57.0 and 52.4 respectively, up from 36.5, 42.8 and 42.1 in January.
- Meanwhile, respondents downgraded their expectations of a rise in their finished goods stocks, the DI being 55.3, down from 61.6 in January.
- Respondents continued to report firm expectations of a rise in raw material and supplies prices and selling prices, the DIs being 15.5 and 74.9 respectively, compared to 16.0 and 74.9 in January.
- Respondents somewhat upgraded their negative expectations for their total number of employees, the **DI being 48.7**, up from 45.0 in January.

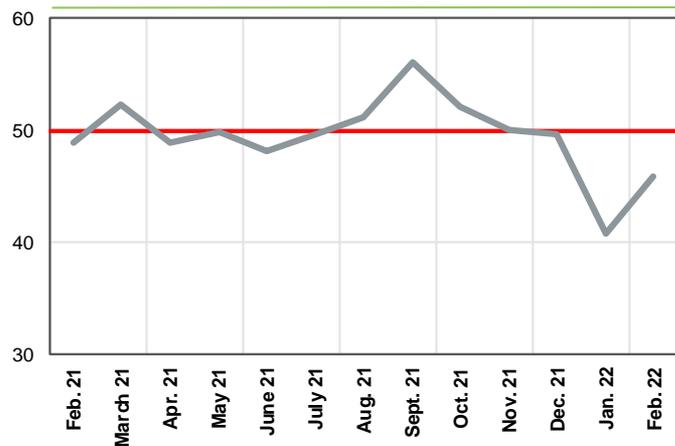
Construction



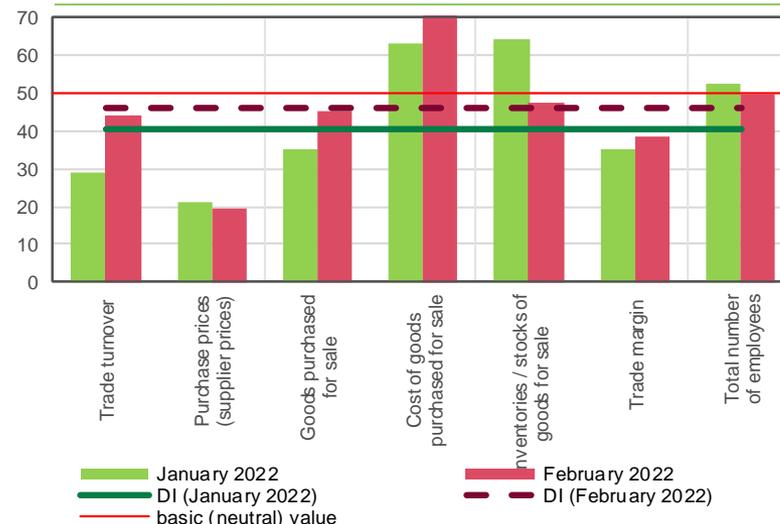
- Respondents significantly **weakened their negative expectations of their performance** compared to the previous month, as the **DI moved to 45.8**, up from 33.0 in January.
- Expectations for construction volumes, the number of new orders and purchases of raw materials and supplies **became less pessimistic** – the DIs were 47.8 for each, compared to 21.7, 26.1 and 19.6 respectively in January.
- Companies continued to report firm intentions to raise their selling prices, the DI being 67.4, down from 69.6 in January. Respondents continued to report strong expectations of an increase in contractor and purchase prices, the DIs being 28.3 and 13.0 respectively, unchanged on the previous month.
- At the same time, respondents **were upbeat about the availability of contractors**, the DI being 56.5, up from 54.3 in January.
- Companies in the sector said they **did not intend either to cut staff or to hire more staff**, the DI being **50.0**, compared to 45.7 in January.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



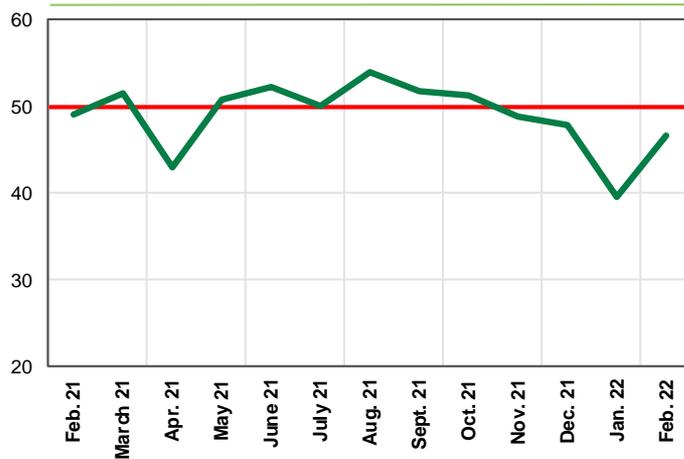
Diffusion Indices (DIs) for trading companies' performance indicators



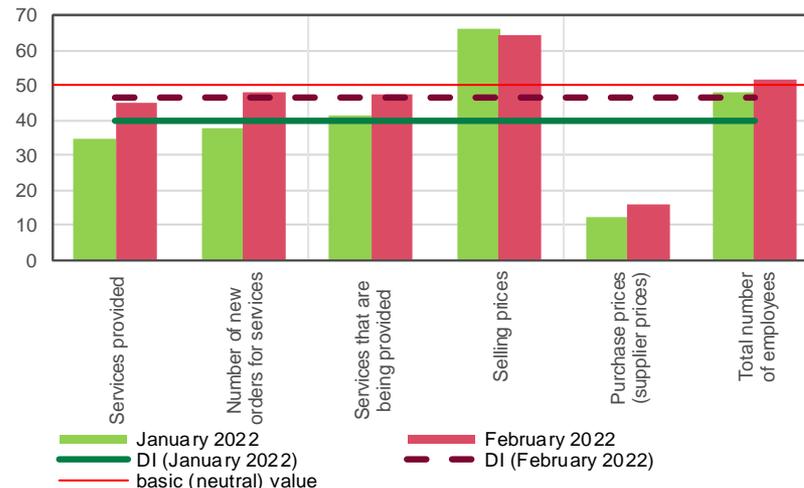
- Trading companies **reported less pessimistic expectations** for their economic outlook, as the sector's **DI moved to 45.9**, up from 40.7 in January.
- Respondents were less downbeat about their trade turnover and the amount of goods purchased for sale, the DIs being 44.0 and 45.2 respectively, up from 29.2 and 35.1 in January.
- Unlike in January, companies in the sector expected a decrease in their stocks of goods for sale, the DI being 47.6, down from 64.3 in January. Respondents continued to report intentions to cut their trade margins, the DI being 38.7, up from 35.1 in January.
- In contrast to the two previous months, companies in the sector did not intend either to cut staff or hire more staff, the **DI being 50.0**, compared to 52.4 in January.
- With firm expectations of a rise in purchase prices, companies reported **stronger expectations of a rise in the price of goods purchased for sale**, the DIs being 19.6 and 72.6 respectively, compared to 21.4 and 63.1 in January.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Although **improving somewhat**, services companies' expectations of their economic performance **remained pessimistic**, as the **DI moved to 46.6**, up from 39.5 in January.
- Respondents upgraded their still negative expectations of the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 45.0, 47.9 and 47.5 respectively, compared to 34.6, 37.5 and 41.3 in January.
- On the back of a rise in purchase prices, respondents continued to report strong intentions to raise their selling prices, the DIs being 16.0 and 64.3 respectively, compared to 12.5 and 66.3 in January.
- In contrast to other sectors, **services companies reported intentions to expand their workforces**, the **DI being 51.3**, up from 47.9 in January.



Annexes

Data on surveys of industrial companies in February 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	32	44	25
Number of new orders for products	32	50	18
Number of new export orders for goods	20	65	15
Unfinished products (unfulfilled orders)	11	70	20
Finished goods stocks	15	59	26
Stocks of raw materials and supplies	20	57	23
Prices for raw materials and supplies	72	26	3
Selling prices	51	47	2
Total number of employees	9	79	12

Data on surveys of construction companies in February 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	13	70	17
Number of new orders	13	70	17
Purchases of raw materials and supplies	13	70	17
Purchase prices (supplier prices)	74	26	0
Purchases of contractor services	13	65	22
Cost of contractor services*	43	57	0
Availability of contractors	22	70	9
Selling prices	35	65	0
Total number of employees	13	74	13

Data on surveys of trading companies in February 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	24	40	36
Purchase prices (supplier prices)	63	35	2
Goods purchased for sale	24	43	33
Cost of goods purchased for sale	57	31	12
Inventories / stocks of goods for sale*	27	50	23
Trade margin	7	63	30
Total number of employees	6	88	6

Data on surveys of companies in the services sector in February 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	22	46	32
Number of new orders for services	25	45	29
Services that are being provided	18	60	23
Selling prices	30	68	2
Purchase prices (supplier prices)	68	32	0
Total number of employees	9	84	7

Main Terms and Definitions

- **The diffusion index (DI)** is calculated as the sum of the percentage of positive replies (indicates an increase) and half of the percentage of neutral replies (indicates no change), using the following formula:

$$DI_j = (P \cdot 1) + (E \cdot 0.5) + (N \cdot 0),$$

where **P** is the percentage of respondents that reported an increase (optimistic views)

E is the percentage of respondents that reported no change and

N is the percentage of respondents that reported a decrease (pessimistic views).

Provided that $P + E + N = 100$

- The values of the index can range between 0 and 100:
 - a value of 50.0** indicates no change compared to the previous month
 - values above 50.0** indicate an improvement or an increase compared to the previous month
 - values below 50.0** indicate a deterioration or a decrease compared to the previous month.The more the indices deviate from the value of 50.0, the greater the velocity of change.
- The diffusion indices were calculated using the inverse of replies regarding the following indicators: stocks of finished goods and the prices of raw materials and supplies for industry; purchase prices/supplier prices and the cost of contractor services for construction; purchase prices/supplier prices and stocks of goods for sale for trade; and purchase prices/supplier prices for the services sector. The inverse of replies means that an increase indicates pessimistic views, while a decrease indicates optimistic views.
- **BAEI** is a weighted average indicator that is calculated on the basis of each sector's share in the weight structure.



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