



National Bank
of Ukraine

Monthly Business Outlook Survey

June 2022

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

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Summary

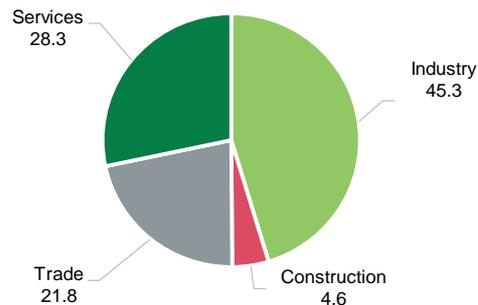
In June, companies were downbeat about their economic outlook. The Business Activity Expectations Index (BAEI) was 41.3.

- The companies' pessimistic economic outlook resulted from the continued hostilities in the war with Russia, destroyed capacities, disrupted supply chains, blocked ports, damaged transportation infrastructure, higher energy prices, rising production costs, and worsening inflation expectations.
- Companies across all sectors said they were pessimistic about their performance in the near future, with services companies reporting the most pessimistic views.
- Most surveyed companies said they intended to cut back on their production volumes, the amount of services provided and purchases of goods.
- With raw material and supplier prices rising markedly, respondents across all sectors reported intentions to raise their selling prices.
- On the back of mobilization and staff migration, respondents across all sectors expected reductions in their workforces.

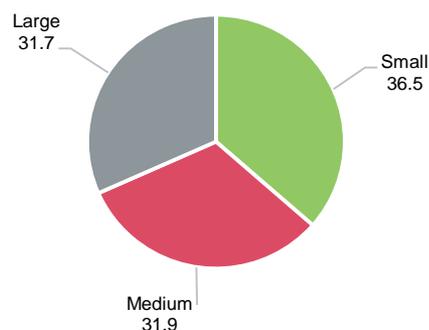
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

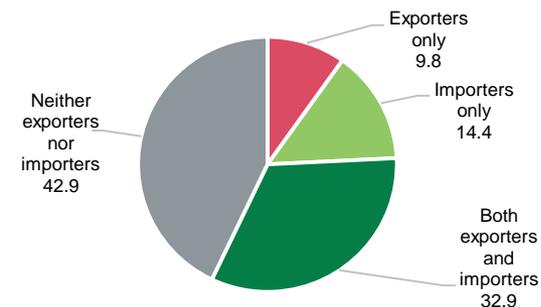
Respondents by sectors of the economy, %



Respondents by company size, %



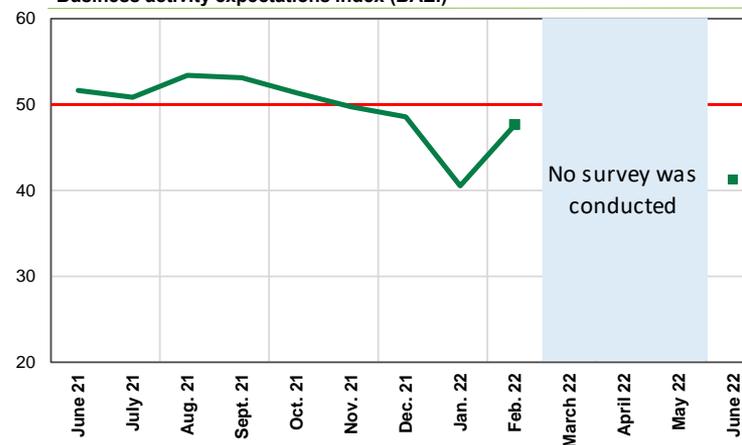
Respondents by business activities, %



- This survey was carried out from 2 June through 21 June 2022
- A total of 417 companies were polled
- Survey horizon: companies' performance in June

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)
		June 2022
Industry	35.3	43.7
Construction	4.8	40.1
Trade	23.6	43.4
Services	36.3	37.7
Total	100.0	BAEI (total across Ukraine)
		41.3

Business activity expectations index (BAEI)



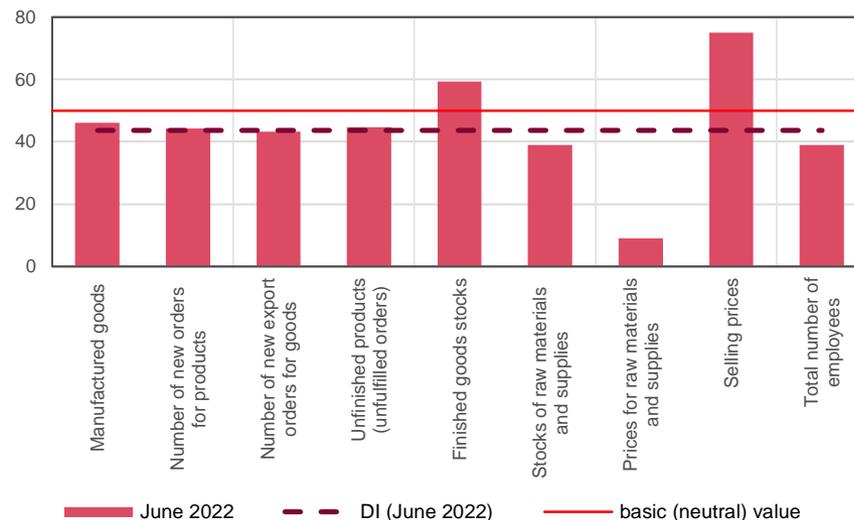
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations

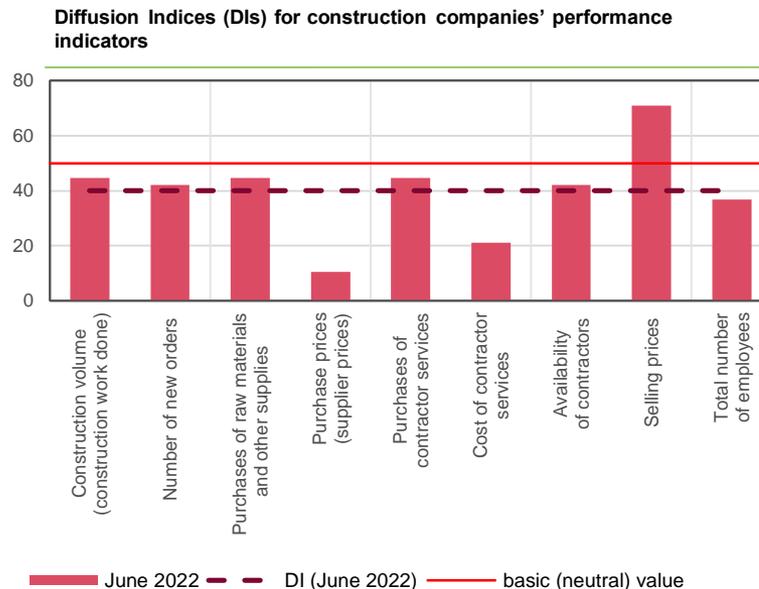
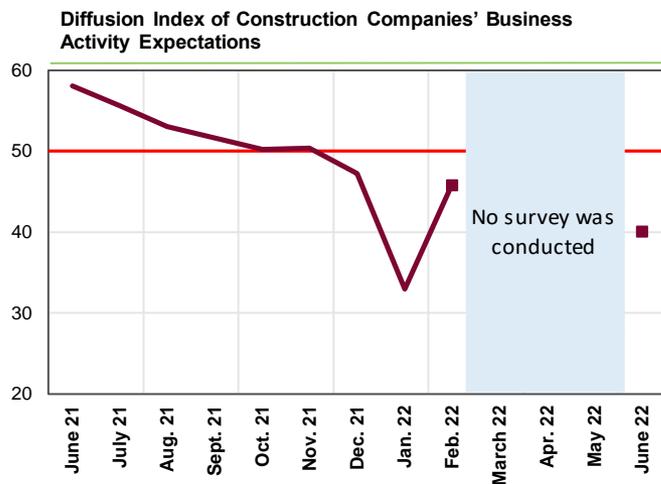


Diffusion Indices (DIs) for industrial companies' performance indicators



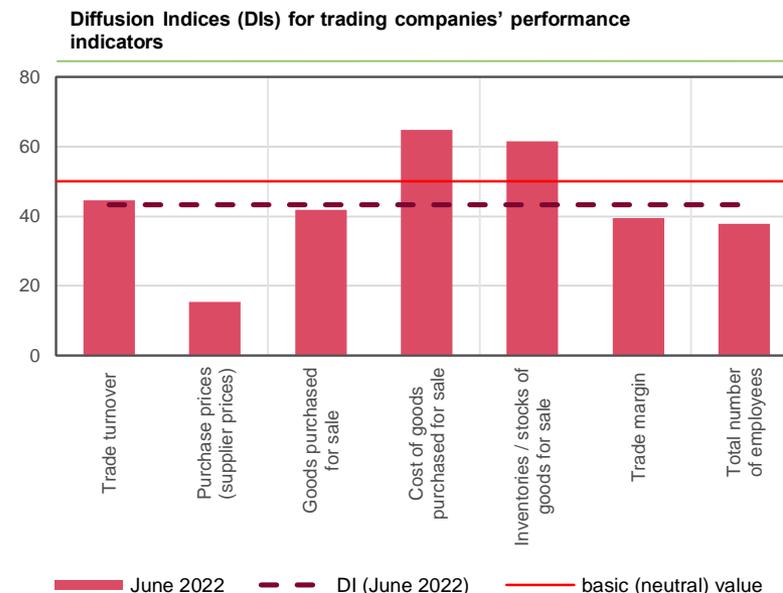
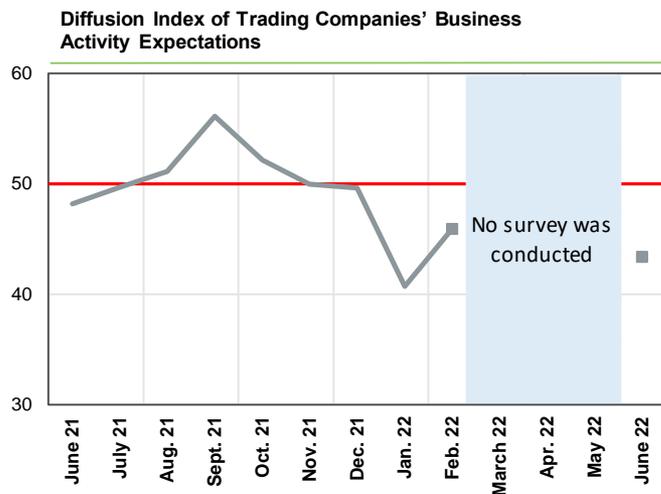
- Industrial companies were downbeat about their economic performance in June in the wake of destroyed industrial capacities, falling demand, the loss of orders, and disrupted logistics – the **sector's DI was 43.7**
- Respondents expected a decrease in the amount of manufactured goods and the number of new orders for products, including export orders, the DIs being 46.0, 44.2 and 43.2 respectively.
- Respondents reported very strong expectations of a rise in raw material and supplies prices and selling prices, the DIs being 9.0 and 75.1 respectively.
- Respondents expected a decrease in their finished goods stocks in the wake of lower output and the loss of some warehouses: the DI was 59.3.
- Respondents also reported intentions to reduce their workforces, the **DI being 38.9**.

Construction



- After virtually ceasing operations at the launch of the full-scale war, in June, construction companies somewhat resumed operations. In spite of that, they are still pessimistic about their performance, the **sector's DI being 40.1**.
- Respondents expect a decrease in construction volumes, the number of new orders, and purchases of raw materials and supplies, the DIs being 44.7, 42.1 and 44.7 respectively.
- Respondents were also downbeat about the availability of contractors, the DI being 42.1.
- Construction companies expected a significant increase in the cost of contractor services and purchase prices (DIs of 21.1 and 10.5), while also reporting intentions to raise their selling prices (DI of 71.1).
- Respondents were pessimistic about their total staff numbers (**DI of 36.8**) on the back of their gloomy performance expectations.

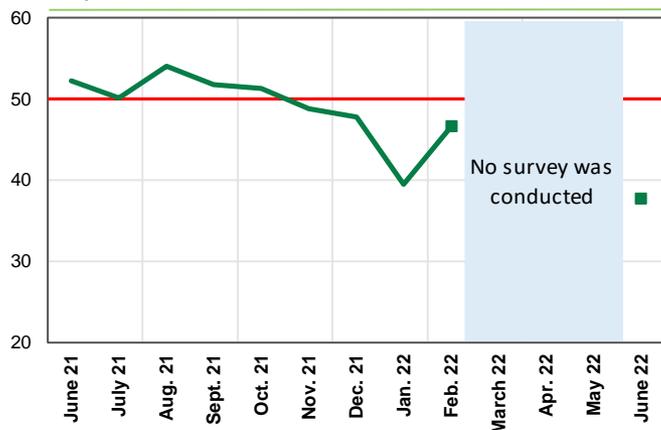
Trade



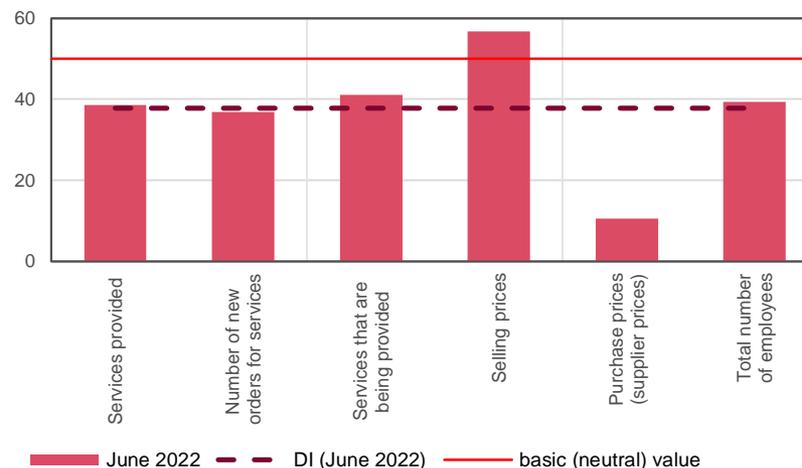
- With logistical problems, the loss of markets and the destruction of warehouses, trading companies also expected a decline in their business activity in June, with a **DI of 43.4**.
- Respondents were downbeat about their trade turnover and the amount of goods purchased for sale, the DIs being 44.5 and 41.8 respectively.
- Companies in the sector expected a drop in their stocks of goods for sale, the DI being 61.5. Respondents continued to report intentions to cut their trade margins, the DI being 39.6.
- With firm expectations of a rise in purchase prices, companies reported expectations of a rise in the price of goods purchased for sale, the DIs being 15.4 and 61.5 respectively.
- Respondents also reported intentions to reduce their workforces, the **DI 37.9**.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Services companies reported the most pessimistic performance expectations compared to other surveyed sectors. The reasons for this were damaged transportation infrastructure, disrupted logistics, a ban imposed on air travel in Ukraine, destroyed services facilities and weaker demand. The **sector's DI was 37.7** in June.
- Respondents expected a decrease in the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 38.6, 36.9 and 41.1 respectively.
- Respondents reported intentions to raise their selling prices on the back of higher purchase prices, the DIs being 56.8 and 10.6 respectively.
- Services companies were also downbeat about their total staff numbers, with a **DI of 39.4**.



Annexes

Data on surveys of industrial companies in June 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	26	39	34
Number of new orders for products	23	42	35
Number of new export orders for goods	20	47	33
Unfinished products (unfulfilled orders)	11	67	22
Finished goods stocks	16	50	34
Stocks of raw materials and supplies	16	45	39
Prices for raw materials and supplies	82	18	0
Selling prices	52	46	2
Total number of employees	5	68	27

Data on surveys of construction companies in June 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	21	47	32
Number of new orders	21	42	37
Purchases of raw materials and supplies	16	58	26
Purchase prices (supplier prices)	79	21	0
Purchases of contractor services	21	47	32
Cost of contractor services*	58	42	0
Availability of contractors	11	63	26
Selling prices	42	58	0
Total number of employees	0	74	26

Data on surveys of trading companies in June 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	30	30	41
Purchase prices (supplier prices)	71	26	2
Goods purchased for sale	25	33	42
Cost of goods purchased for sale	53	24	23
Inventories / stocks of goods for sale*	14	48	37
Trade margin	12	55	33
Total number of employees	3	69	27

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	17	43	40
Number of new orders for services	14	45	41
Services that are being provided	15	52	33
Selling prices	21	71	8
Purchase prices (supplier prices)	79	21	0
Total number of employees	3	74	24

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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