



National Bank  
of Ukraine

# Monthly Business Outlook Survey

July 2022

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

Issue No.34  
Statistics and Reporting Department



## Summary

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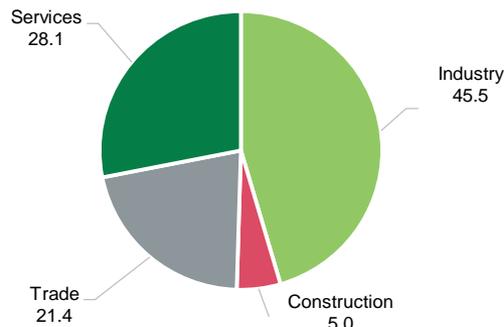
Businesses are adapting to the new conditions, but are still downbeat about their economic outlook. **The Business Activity Expectations Index (BAEI) was 43.6 in July**, up from 41.3 in June.

- More fierce fighting, the occupation of some territories, disrupted production and logistic routes, destroyed assets and infrastructure, high energy prices, and falling demand are delaying the recovery of economic activity in all sectors of the economy.
- A slight revival in the trade and services sectors is evidenced by the positive views of goods turnover and upgraded expectations of the amount of services provided.
- With growth in raw material and supplier prices decelerating, respondents across all sectors reported intentions to raise their selling prices at a slower pace.
- Respondents across all sectors expected reductions in their workforces, with construction companies reporting the firmest expectations.

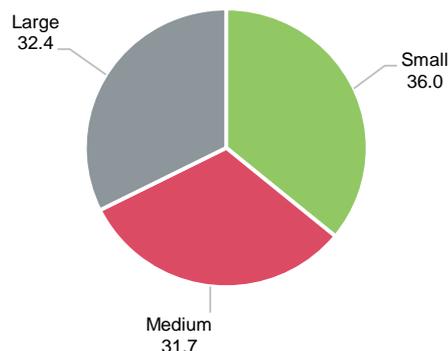
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

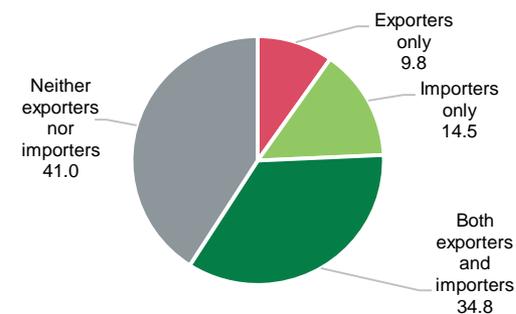
Respondents by sectors of the economy, %



Respondents by company size, %



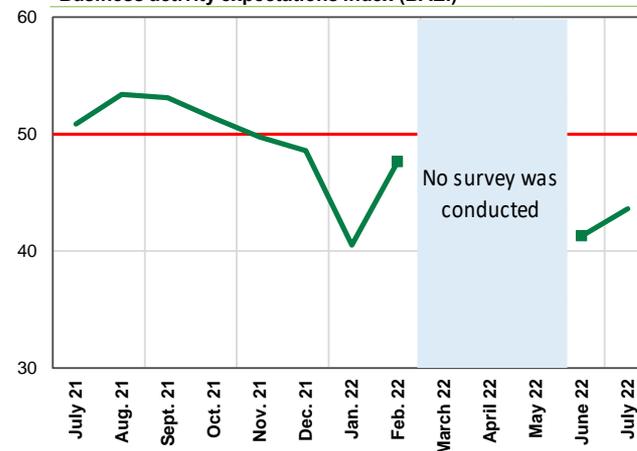
Respondents by business activities, %



- This survey was carried out from 4 July through 22 July 2022
- A total of 420 companies were polled
- Survey horizon: change in companies' performance indicators in July compared to June

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		June 2022	July 2022	Change m/m
Industry	35.3	43.7	43.1	-0.6
Construction	4.8	40.1	35.0	-5.1
Trade	23.6	43.4	48.7	5.3
Services	36.3	37.7	41.9	4.2
Total	100.0	BAEI (total across Ukraine)		
		41.3	43.6	2.3

Business activity expectations index (BAEI)



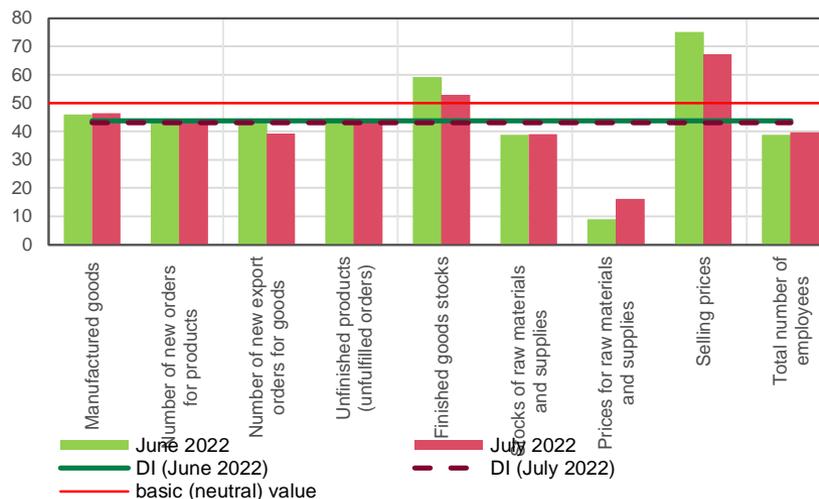
Data for totals and components may be subject to rounding effects

# Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



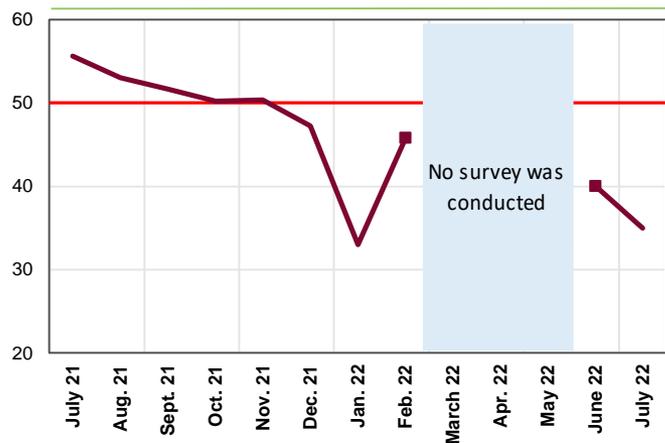
Diffusion Indices (DIs) for industrial companies' performance indicators



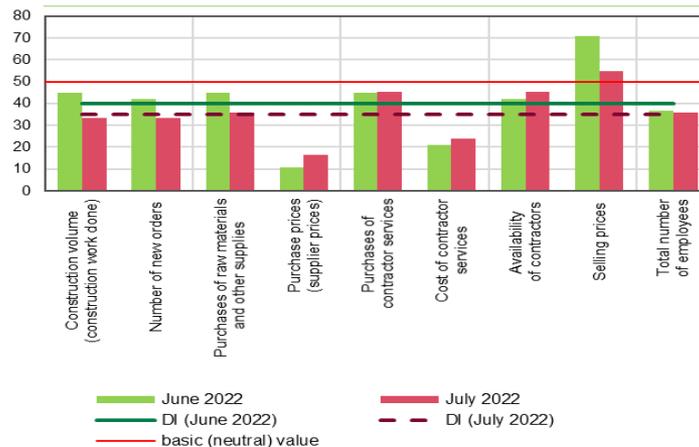
- Disrupted production and logistical chains, destroyed production facilities and infrastructure and the temporary occupation of some territories continue to shape the gloomy economic outlook of industrial companies in July, **the sector's DI being 43.1**, compared to 43.7 in June.
- Respondents continued to report weak expectations for the amount of manufactured goods, the number of new orders for products and the number of unfulfilled orders, the DIs being 46.3, 43.7 and 44.0 respectively. At the same time, respondents reported gloomier expectations of the number of new export orders for products, the DI being 39.3, down from 43.2 in June.
- Although declining, expectations of growth in raw material and supplies prices and in selling prices remained high, the DIs being 16.2 and 67.3 respectively, compared to 9.0 and 75.1 in June.
- Respondents downgraded their expectations of a drop in finished goods stocks, the DI being 52.9, up from 59.3 in June.
- Respondents continued to **report intentions to reduce their workforces**, the DI being 39.8, up from 38.9 in June.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



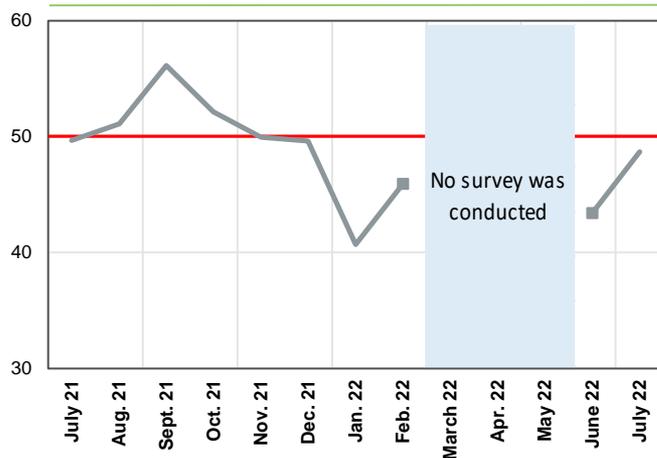
Diffusion Indices (DIs) for construction companies' performance indicators



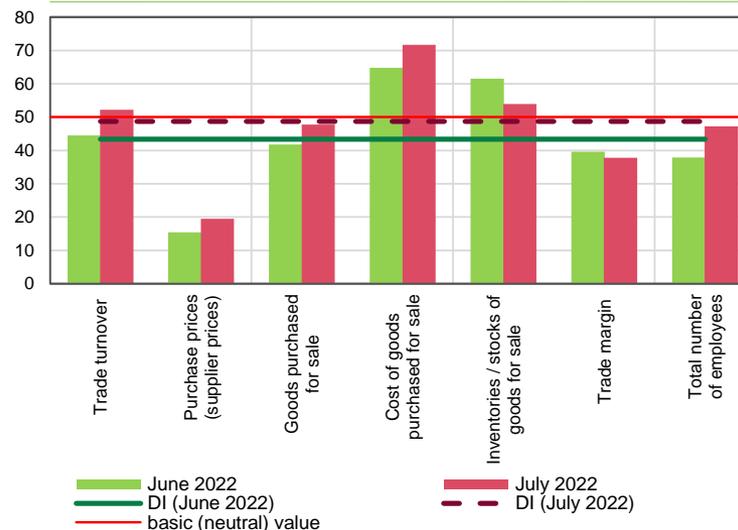
- Despite favorable seasonal conditions and the government's adoption of several resolutions to boost the operation of the construction sector, respondents **continued to downgrade their expectations of their July performance** compared to the previous month in the wake of the full-scale invasion, the **DI being 35.0**, down from 40.1 in June.
- Respondents reported dimmer expectations for construction volumes, the number of new orders, and for purchases of raw materials and supplies, the DIs being 33.3, 33.3 and 35.7 respectively, compared to 44.7, 42.1 and 44.7 in June.
- Respondents reported weaker expectations for their selling prices (a DI of 54.8 compared to 71.1 in June) on the back of solid expectations of a rise in supplier and contractor prices (the DIs being 16.7 and 23.8 respectively compared to 10.5 and 21.1 in June).
- As in June, construction companies reported negative views of the availability of contractors, the DI being 45.2.
- Respondents in the sector said that they intended **to lay off staff**, the DI being 35.7, down from 36.8 in June.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations



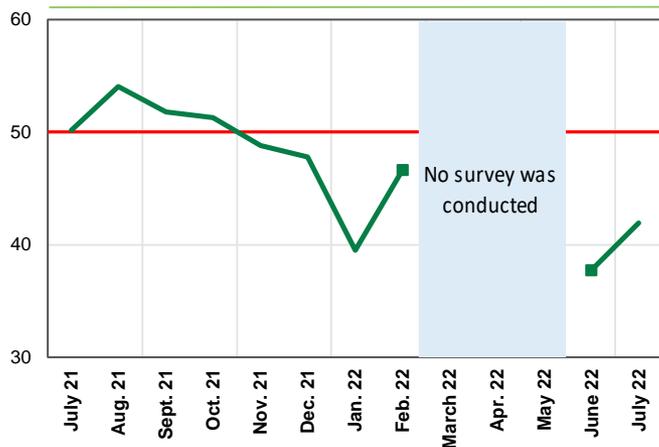
Diffusion Indices (DIs) for trading companies' performance indicators



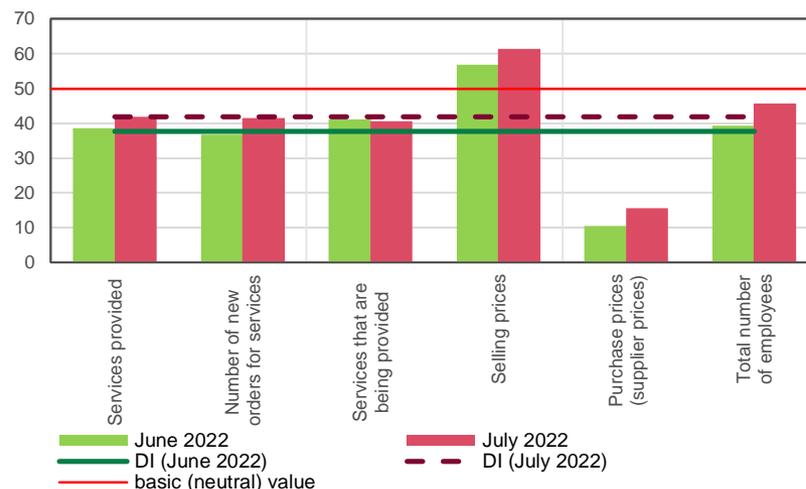
- In spite of difficulties, trading companies are adapting to the new conditions and upgrading expectations of their economic outlook: the sector's **DI, at 48.7**, came close to the neutral level (compared to 43.4 in June).
- Respondents expected an **increase in goods turnover** (the DI was 52.2, up from 44.5 in June), but still reported guarded expectations for the amount of goods purchased for sale (the DI was 47.8, up from 41.8 in June).
- With robust expectations of a rise in purchase prices, companies reported firmer expectations of a rise in the price of goods purchased for sale, DIs of 19.4 and 71.7 respectively, compared to 15.4 and 64.8 in June.
- Companies continued to report intentions to cut their trade margins, the DI being 37.8, down from 39.6 in June.
- Respondents markedly improved their **expectations of their staff numbers**, the DI being 47.2, up from 37.9 in June.

# Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- On the back of ongoing fierce fighting, damaged transport infrastructure, reduced demand and the loss of orders, services companies' expectations remained negative, despite improving slightly, the DI being 41.9, up from 37.7 in June.
- With expectations of a rise in purchase prices (a DI of 15.7), companies reported intentions to raise their selling prices, the DI being 61.1, up from 56.8 in June.
- Expectations for the amount of services provided and the number of new orders improved, but remained at a low level, the DIs being 41.9 and 41.5 respectively, compared to 38.6 and 36.9 in June.
- Respondents remained downbeat about the amount of services being provided, the DI being 40.7, down from 41.1 in June.
- As other sectors, services companies said they had no intentions to hire more staff, despite reporting overall higher demand for labor, the DI being 45.8, up from 39.4 in June.



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# *Annexes*

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## Data on surveys of industrial companies in July 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	26	40	34
Number of new orders for products	20	47	33
Number of new export orders for goods	14	51	35
Unfinished products (unfulfilled orders)	7	74	19
Finished goods stocks	20	54	26
Stocks of raw materials and supplies	16	46	38
Prices for raw materials and supplies	70	27	3
Selling prices	39	57	4
Total number of employees	3	74	23

## Data on surveys of construction companies in July 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	14	38	48
Number of new orders	14	38	48
Purchases of raw materials and supplies	14	43	43
Purchase prices (supplier prices)	71	24	5
Purchases of contractor services	29	33	38
Cost of contractor services*	57	38	5
Availability of contractors	14	62	24
Selling prices	14	81	5
Total number of employees	10	52	38

## Data on surveys of trading companies in July 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	34	36	30
Purchase prices (supplier prices)	62	37	1
Goods purchased for sale	29	38	33
Cost of goods purchased for sale	56	32	12
Inventories / stocks of goods for sale*	21	50	29
Trade margin	6	64	30
Total number of employees	8	79	13

## Data on surveys of companies in the services sector in July 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	20	43	36
Number of new orders for services	20	42	37
Services that are being provided	14	53	33
Selling prices	27	69	4
Purchase prices (supplier prices)	70	28	2
Total number of employees	10	71	19

## Main Terms and Definitions

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- **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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