



National Bank  
of Ukraine

# Monthly Business Outlook Survey

August 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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Statistics and Reporting Department



## Summary

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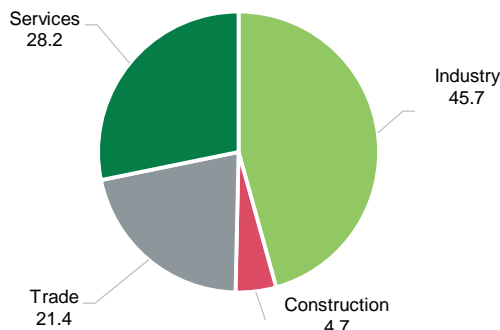
Businesses continue to adapt to wartime conditions, somewhat improving their negative expectations of their economic performance. **The business activity expectations index (BAEI) was 44.1 in August**, up from 43.6 in July.

- Uncertainty about the duration of the war, the resulting deterioration of inflation expectations, the continued destruction of production facilities and infrastructure, coupled with the significant forced displacement of people within the country, are restraining economic revival across all sectors of the economy.
- Conversely, favorable weather conditions, the relocation of some businesses to safer regions, and the gradual recovery of supply chains improved the expectations of construction and industrial companies.
- With old stocks being depleted and supplies of new goods being limited, industrial and trading companies expected a decrease in their finished goods stocks and stocks of goods for sale.
- On the back of stronger expectations of a rise in raw material and supplier prices, all of the surveyed sectors continued to report firm intentions to raise their selling prices.
- Staff expectations remained restrained. Companies across all sectors said they did not intend to expand their workforces.

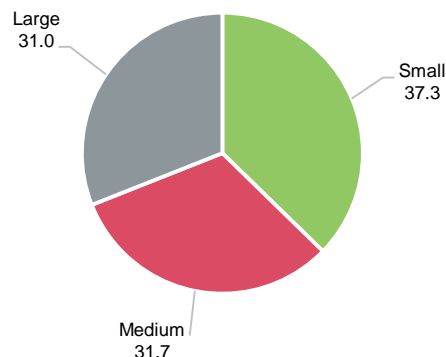
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

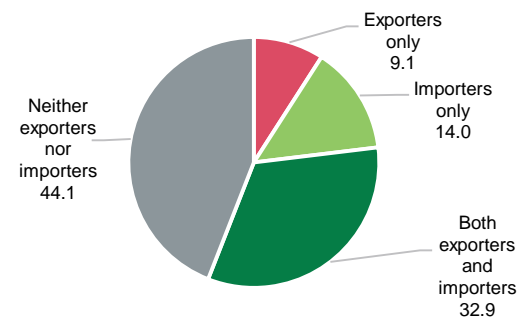
Respondents by sectors of the economy, %



Respondents by company size, %



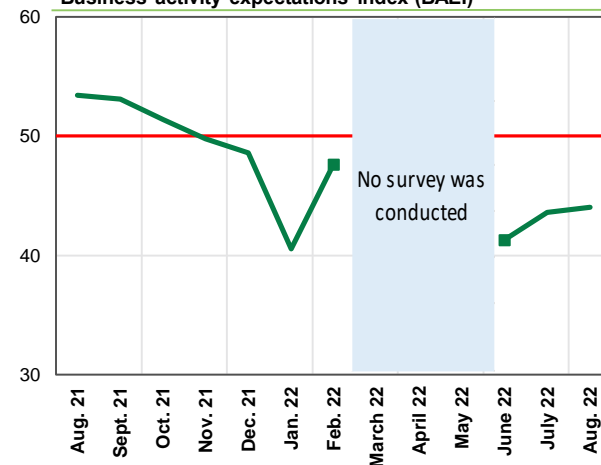
Respondents by business activities, %



- This survey was carried out from 4 August through 23 August 2022
- A total of 429 companies were polled
- Survey horizon: change in companies' performance indicators in August compared to July

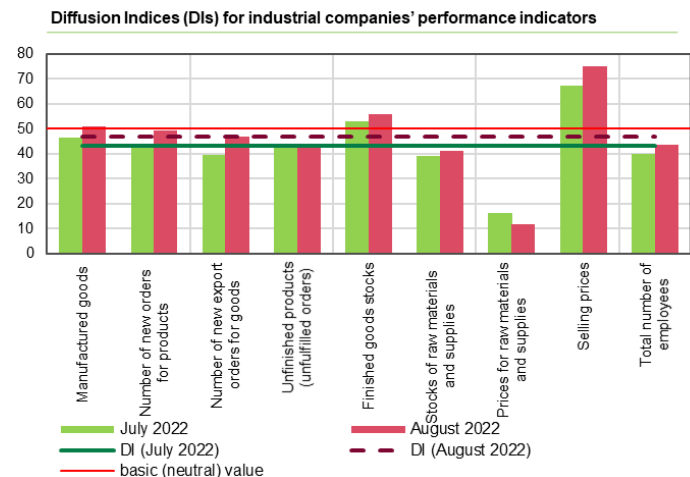
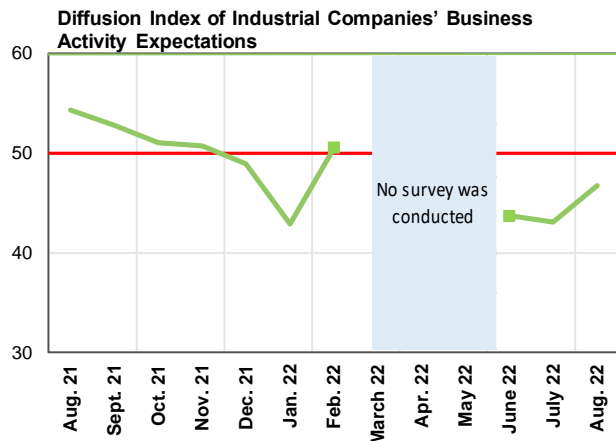
Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		July 2022	August 2022	Change m/m
Industry	35.3	43.1	46.7	3.6
Construction	4.8	35.0	41.2	6.2
Trade	23.6	48.7	47.4	-1.2
Services	36.3	41.9	39.6	-2.3
Total	100.0	BAEI (total across Ukraine)		
		43.6	44.1	0.4

Business activity expectations index (BAEI)



Data for totals and components may be subject to rounding effects

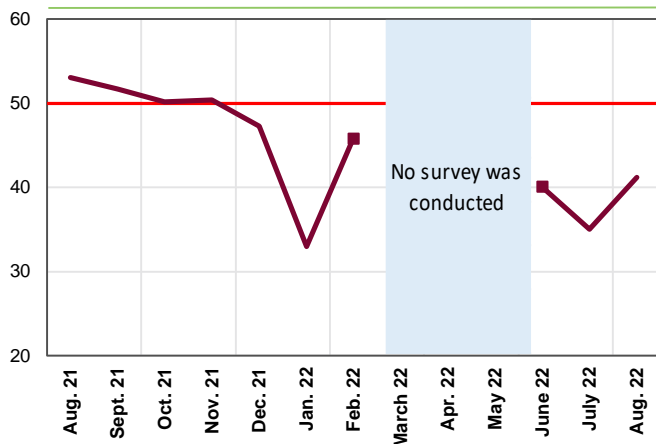
# Industry



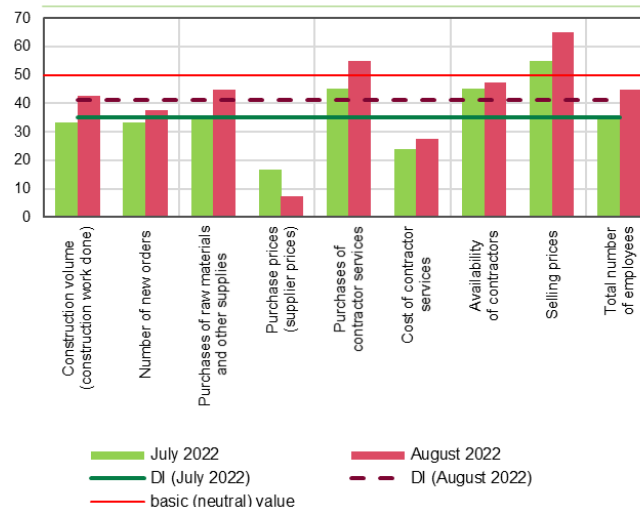
- The relocation of some businesses to safer regions, the gradual reestablishment of supply chains and the adaptation to the new conditions positively impacted the economic outlook of industrial companies. The **sector's DI improved slightly, to 46.7** in August, up from 43.1 in July.
- In contrast to the two previous months, respondents expected an **increase in the amount of manufactured goods**, the DI being 51.0, up from 46.3 in July.
- Respondents expressed less downbeat expectations about the number of new orders for products, including export orders, the DIs being 49.5 and 46.7 respectively, compared to 43.7 and 39.3 in July. At the same time, companies downgraded their expectations about the number of unfulfilled orders, the DI being 42.9, compared to 44.0 in July.
- Expectations of a rise in raw material and supplies prices and in selling prices became stronger and remained very high, the DIs being 11.7 and 75.0 respectively, compared to 16.2 and 67.3 in July.
- Respondents reported firmer expectations of a drop in finished goods stocks, the DI being 55.9, up from 52.9 in July.
- **Respondents continued to report negative expectations about their staff numbers**, the DI being 43.6, up from 39.8 in July.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



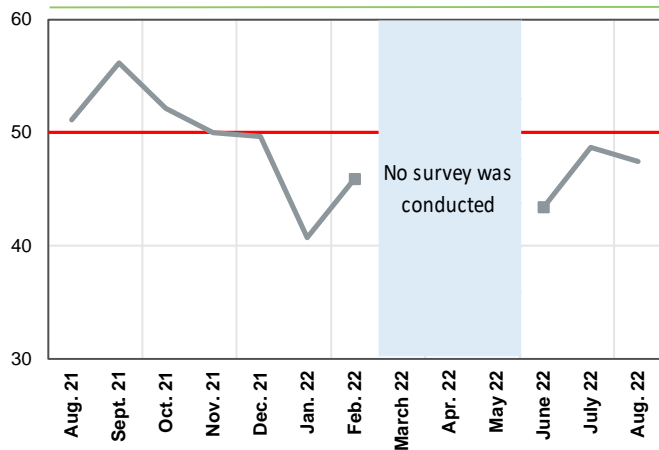
Diffusion Indices (DIs) for construction companies' performance indicators



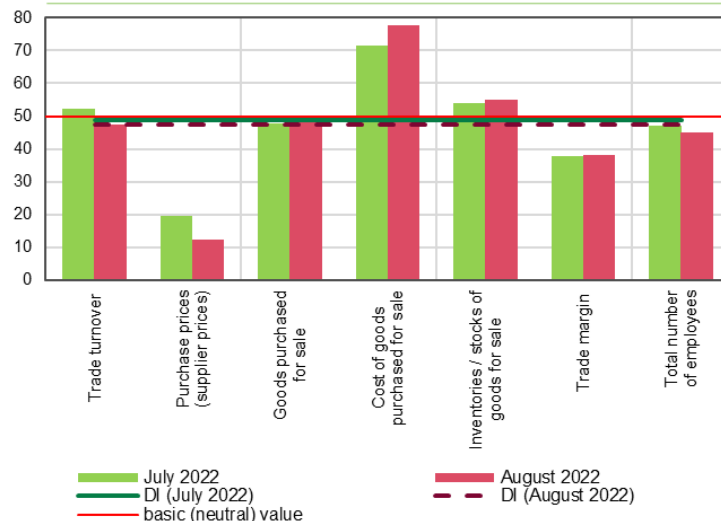
- Construction companies improved their economic outlook for August amid favorable weather conditions and the gradual resumption of the construction of residential housing and non-residential facilities, the **DI being 41.2** in August, up from 35.0 in July.
- Respondents were less downbeat about their construction volumes, the number of new orders and purchases of raw materials and supplies, the DIs being 42.5, 37.5 and 45.0 respectively, compared to 33.3, 33.3 and 35.7 in July.
- Companies reported stronger intentions to raise their selling prices (DI of 65.0 compared to 54.8 in July) on the back of firm expectations of an increase in supplier prices and the cost of contractor services, the DIs being 7.5 and 27.5 respectively, compared to 16.7 and 23.8 in July.
- Respondents slightly upgraded their expectations of the availability of contractors, the DI being 47.5, compared to 45.2 in July.
- Respondents still said they intended to **cut their workforces**, the DI being 45.0, compared to 35.7 in July.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations

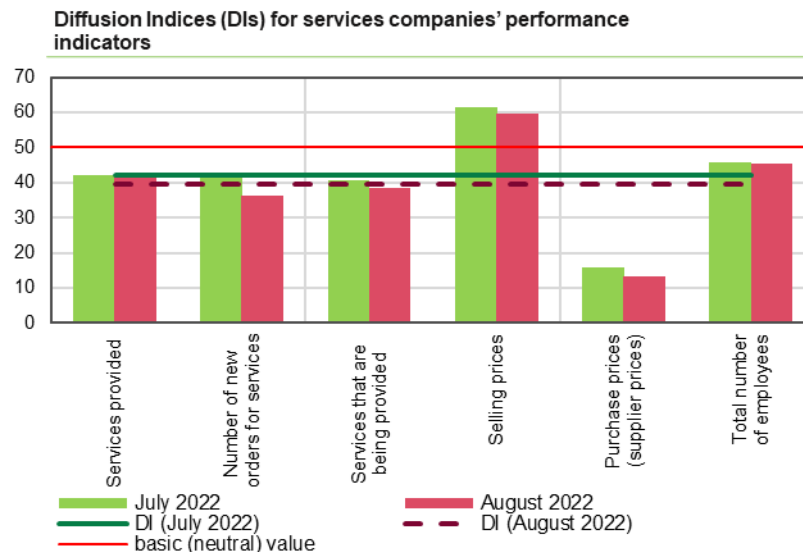
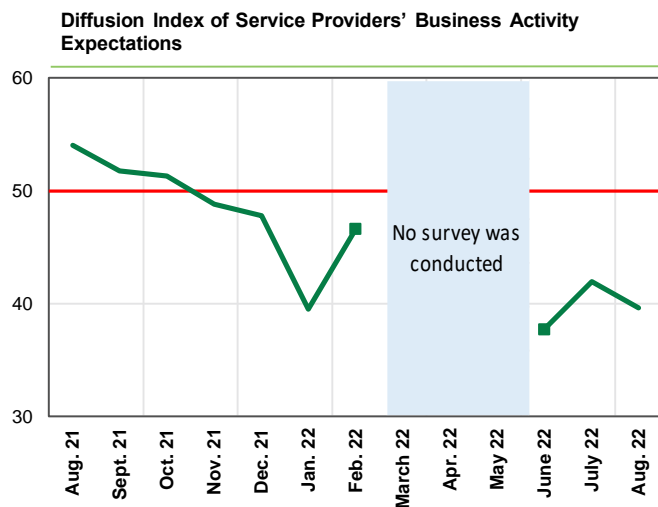


Diffusion Indices (DIs) for trading companies' performance indicators



- Although downgrading slightly their expectations of their economic outlook for August, trading companies were the closest to the neutral level, **the DI being 47.4**, down from 48.7 in July.
- In contrast to the previous month, respondents expected a decrease in their goods turnover (the DI was 47.3, down from 52.2 in July), and still reported guarded expectations for the amount of goods purchased for sale (the DI was 48.9, up from 47.8 in July).
- Respondents reported stronger expectations of a rise in purchase prices and the price of goods purchased for sale, the DIs being 12.5 and 77.7 respectively, compared to 19.4 and 71.7 in July.
- Companies continued to report intentions to cut their trade margins, the DI being 38.0, up from 37.8 in July.
- With old stocks being depleted and supplies of new goods being limited, trading companies reported a decrease in their stocks of goods for sale, the DI being 54.9, up from 53.9 in July.
- Respondents reported slightly stronger intentions to **reduce their workforces**, the DI being 45.1, down from 47.2 in July.

# Services



- On the back of the continued destruction of transportation infrastructure, depressed demand and the loss of orders, services companies reported the most guarded expectations for their economic performance compared to other sectors, as the **sector's DI dropped to 39.6**, down from 41.9 in July.
- Respondents had stronger expectations for 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 41.3, 36.4 and 38.4 respectively, compared to 41.9, 41.5 and 40.7 in July.
- With stronger expectations of a rise in purchase prices (a DI of 13.2 compared to 15.7 in July), companies reported weaker intentions to raise their selling prices, the DI being 59.5, down from 61.4 in July.
- Respondents continued to report intentions to **reduce their workforces**, the DI being 45.5, down from 45.8 in July.



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# *Annexes*

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## Data on surveys of industrial companies in August 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	28	47	26
Number of new orders for products	26	48	27
Number of new export orders for goods	16	62	22
Unfinished products (unfulfilled orders)	9	68	23
Finished goods stocks	17	55	29
Stocks of raw materials and supplies	17	48	35
Prices for raw materials and supplies	78	21	1
Selling prices	52	46	2
Total number of employees	7	74	19

## Data on surveys of construction companies in August 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	15	55	30
Number of new orders	10	55	35
Purchases of raw materials and supplies	15	60	25
Purchase prices (supplier prices)	85	15	0
Purchases of contractor services	25	60	15
Cost of contractor services*	45	55	0
Availability of contractors	15	65	20
Selling prices	30	70	0
Total number of employees	10	70	20

## Data on surveys of trading companies in August 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	26	42	32
Purchase prices (supplier prices)	75	25	0
Goods purchased for sale	28	41	30
Cost of goods purchased for sale	64	27	9
Inventories / stocks of goods for sale*	22	47	32
Trade margin	7	63	30
Total number of employees	4	82	14

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	19	45	36
Number of new orders for services	14	45	41
Services that are being provided	9	59	32
Selling prices	26	68	7
Purchase prices (supplier prices)	75	23	2
Total number of employees	5	81	14

## 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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