



National Bank  
of Ukraine

# Monthly Business Outlook Survey

November 2022

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

Issue No.38  
Statistics and Reporting Department



## Summary

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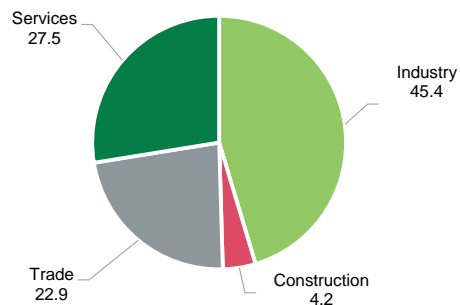
Businesses continue to suffer losses from the full-scale invasion, reporting a gloomier economic outlook. **The business activity expectations index (BAEI) was 42.7 in November**, down from 44.9 in October.

- Ongoing hostilities, continued damage to critical infrastructure, disrupted supply chains, rising production costs, and falling household income have worsened the nearest-future economic expectations of all of the surveyed sectors. Respondents expect a further drop in production volumes, the amount of provided services, and trade turnover.
- Companies continued to declare strong intentions to raise their selling prices amid firm expectations of high raw material and supplies prices.
- The labor market saw a dramatic drop in supply. Managers across all sectors continued to expect reductions in their workforces, with construction companies reporting the firmest expectations.

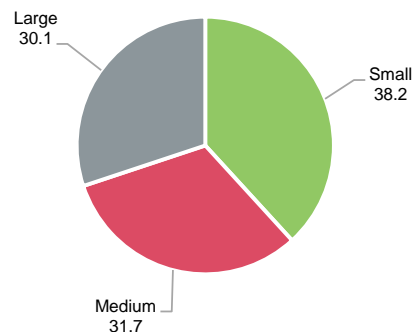
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

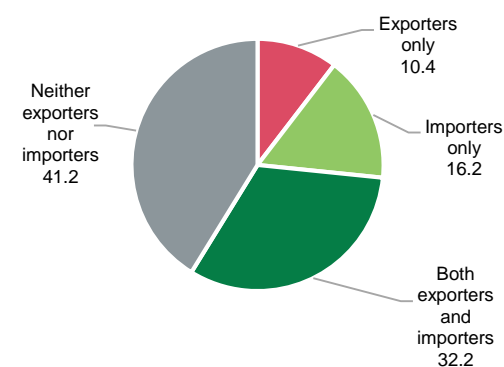
Respondents by sectors of the economy, %



Respondents by company size, %



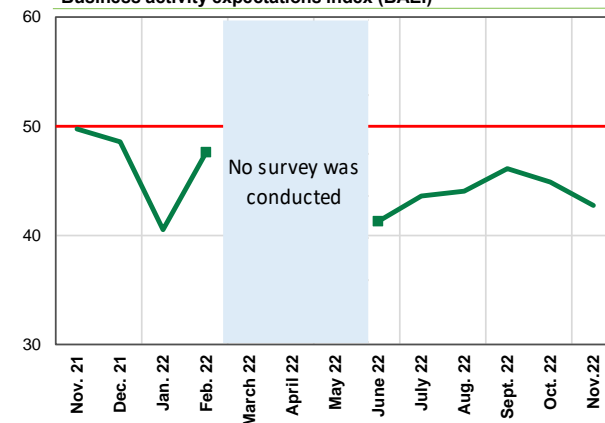
Respondents by business activities, %



- This survey was carried out from 3 November through 23 November 2022
- A total of 432 companies were polled
- Survey horizon: change in companies' performance expectations in November compared to October

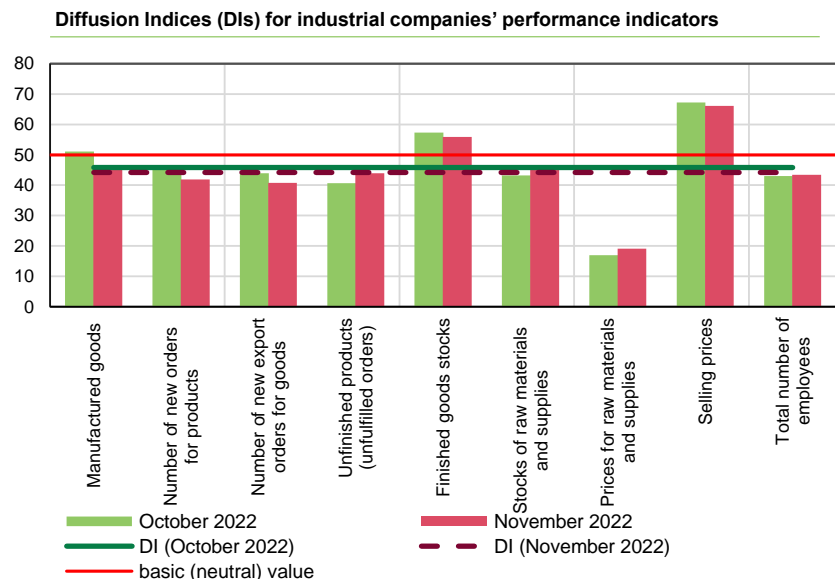
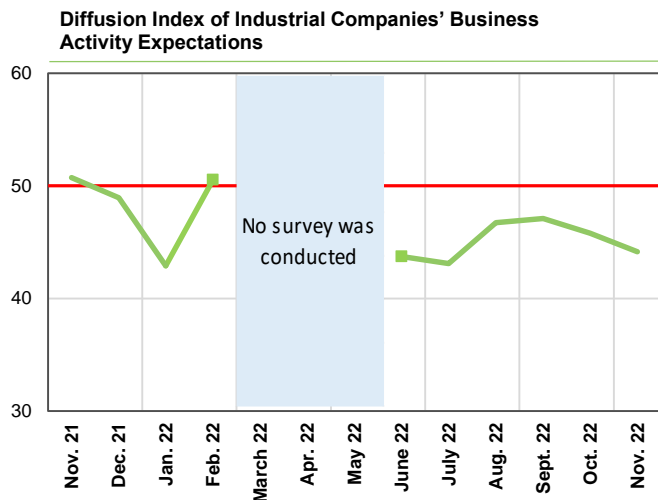
Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		October 2022	November 2022	Change m/m
Industry	35.3	45.8	44.1	-1.7
Construction	4.8	38.2	41.0	2.8
Trade	23.6	48.9	45.2	-3.7
Services	36.3	42.2	40.0	-2.2
Total	100.0	BAEI (total across Ukraine)		
		44.9	42.7	-2.1

Business activity expectations index (BAEI)



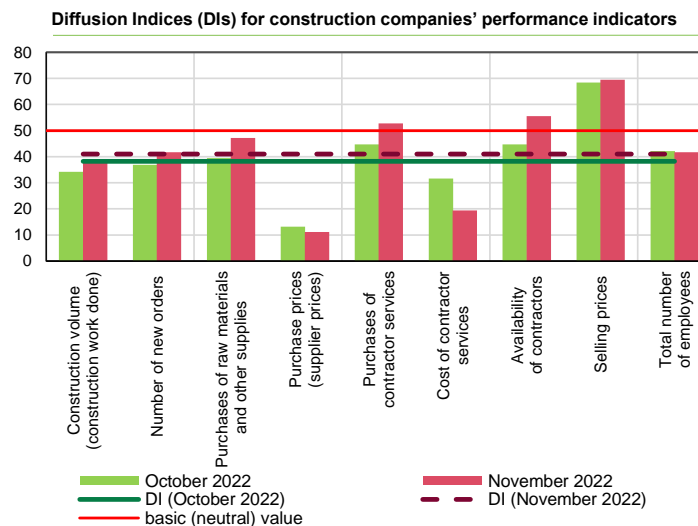
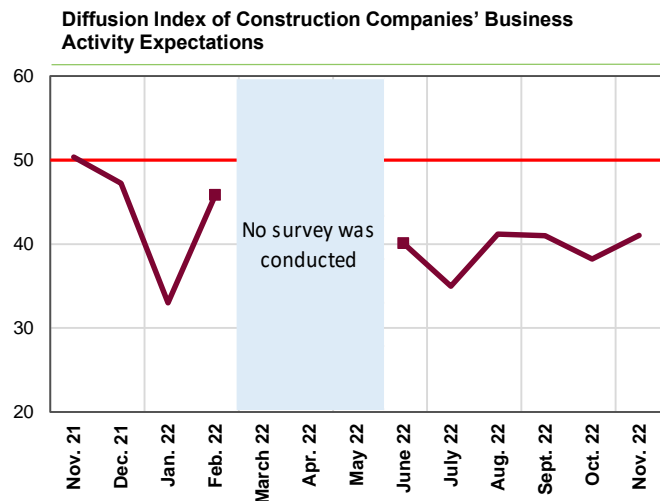
Data for totals and components may be subject to rounding effects

# Industry



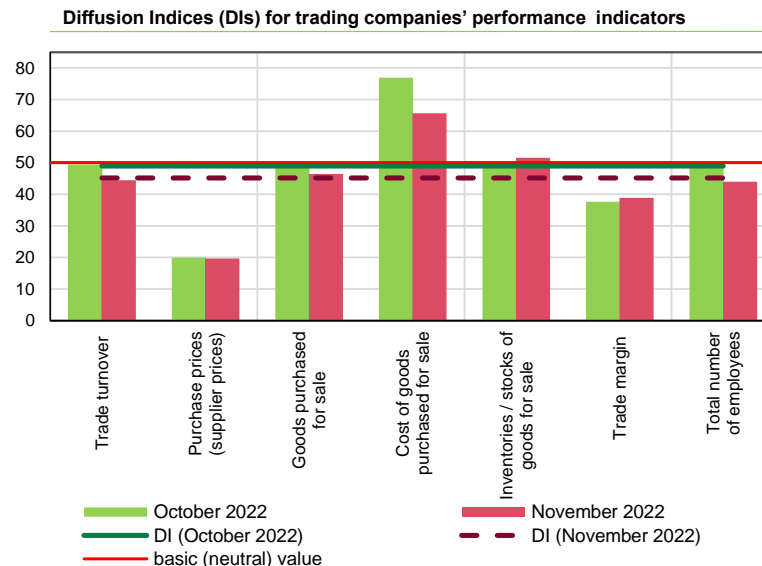
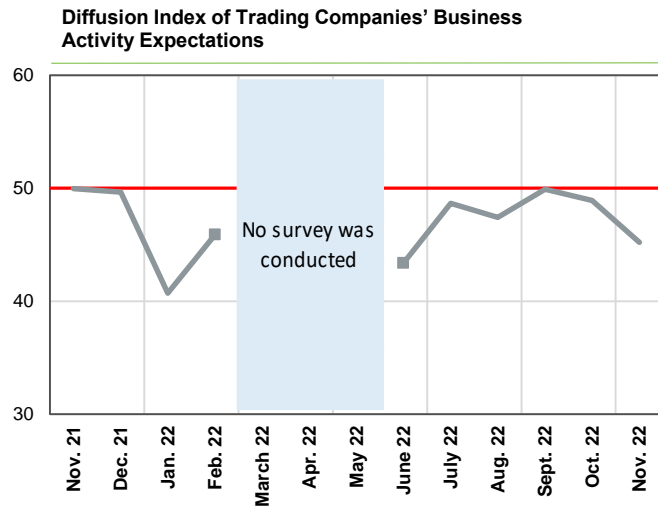
- The destruction of production facilities and infrastructure strengthened the negative economic outlook of industrial companies, **as the sector's DI dropped to 44.1 in November**, down from 45.8 in October.
- **Respondents downgraded their expectations for the amount of manufactured goods, the number of new orders for products and the number of new export orders**, the DIs being 45.4, 41.8 and 40.8 respectively, compared to 51.0, 46.6 and 44.4 in October.
- At the same time, expectations for the amount of unfinished products were less pessimistic than in the previous month, the DI being 43.9, compared to 40.6 in October. Meanwhile, respondents reported expectations of a drop in their finished goods stocks, the DI being 55.9, down from 57.3 in October.
- Expectations of growth in raw material and supplies prices and in selling prices remained high, the DIs being 19.1 and 66.1 respectively, compared to 16.9 and 67.2 in October.
- As in previous months, industrial companies intended to cut their staff, the DI being 43.4, compared to 43.0 in October.

# Construction



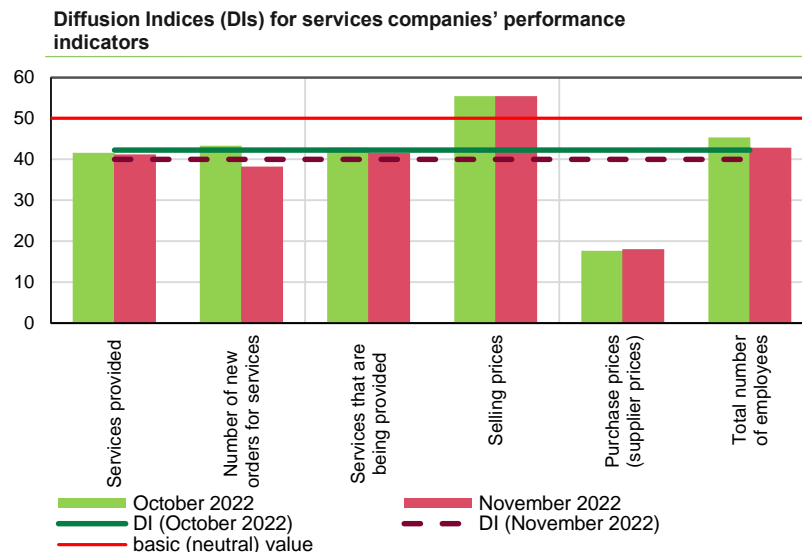
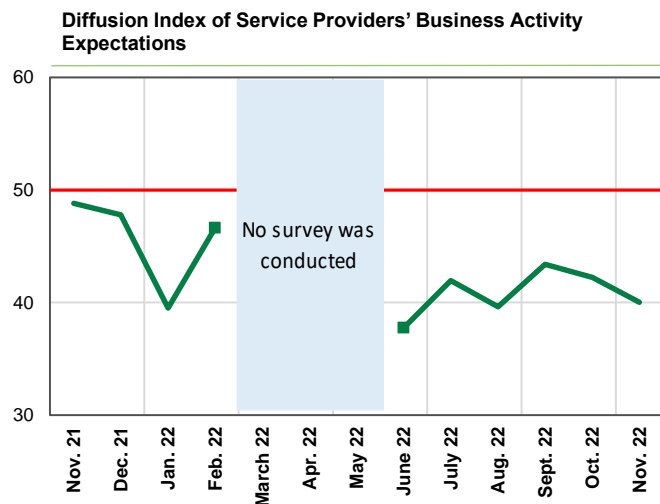
- Construction companies slightly softened their negative views of their economic performance in November, **the DI being 41.0**, up from 38.2 in October.
- Respondents also softened their expectations about their construction volumes and the number of new orders, the DIs being 38.9 and 41.7 respectively, compared to 34.2 and 36.8 in October. Although remaining below the neutral level, expectations for purchases of raw materials and supplies improved noticeably, the DI being 47.2, up from 39.5 in October.
- With contractors becoming more available (DI of 55.6, up from 44.7 in October), respondents declared intentions to increase purchases of contractor services, the DI being 52.8, up from 44.7 in October.
- Respondents continued to report intentions to maintain high selling prices (DI of 69.4, up from 68.4 in October) on the back of expectations of significant rises in the cost of contractor services and purchase prices (DIs of 19.4 and 11.1 respectively, compared to 31.6 and 13.2 in October).
- In view of seasonality, companies in the construction sector expected a reduction in their workforces, the DI being 41.7, down from 42.1 in October.

# Trade



- More fierce fighting and falling household income worsened the economic outlook of trading companies, as their **DI dropped to 45.2** in November, down from 48.9 in October.
- Respondents were most pessimistic about trade turnover and the amount of goods purchased for sale, the DIs being 44.4 and 46.5 respectively, compared to 49.5 and 50.5 in October.
- With persistently firm expectations of high purchase prices, companies expected weaker growth in the cost of goods purchased for sale, the DIs being 19.7 and 65.7 respectively, compared to 19.9 and 76.9 in October. Companies continue to report intentions to cut their trade margins, the DI being 38.9, up from 37.6 in October.
- In contrast to the previous month, respondents expected an increase in their inventories/stocks of goods for sale, the DI being 51.5, up from 50.0 in October.
- Respondents continued to report intentions to cut their workforces, the DI being 43.9, compared to 48.4 in October.

# Services



- Disrupted supply chains and rising production costs affected the economic outlook of services companies, as their **DI dropped to 40.0 in November**, down from 42.2 in October.
- Respondents were more downbeat about the number of new orders, the amount of services provided and the amount of services that are being provided, the DIs being 38.2, 41.2 and 41.6 respectively, compared to 43.3, 41.6 and 42.9 in October.
- With high expectations of an increase in supplier prices, respondents continued to report intentions to raise their selling prices, the DIs being 18.1 and 55.5 respectively, compared to 17.6 and 55.5 and in October.
- Trading companies continued to expect reductions in their workforces, as the DI dropped to 42.9, compared to 45.4 in October.



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# *Annexes*

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## Data on surveys of industrial companies in November 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	23	45	32
Number of new orders for products	16	51	33
Number of new export orders for goods	13	55	32
Unfinished products (unfulfilled orders)	7	74	19
Finished goods stocks	15	58	27
Stocks of raw materials and supplies	18	55	27
Prices for raw materials and supplies	63	36	1
Selling prices	35	63	3
Total number of employees	4	80	17

## Data on surveys of construction companies in November 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	11	56	33
Number of new orders	17	50	33
Purchases of raw materials and supplies	22	50	28
Purchase prices (supplier prices)	78	22	0
Purchases of contractor services	22	61	17
Cost of contractor services*	61	39	0
Availability of contractors	11	89	0
Selling prices	39	61	0
Total number of employees	0	83	17

## Data on surveys of trading companies in November 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	27	34	38
Purchase prices (supplier prices)	63	35	2
Goods purchased for sale	27	38	34
Cost of goods purchased for sale	49	32	18
Inventories / stocks of goods for sale*	23	51	26
Trade margin	7	64	29
Total number of employees	3	82	15

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	18	47	35
Number of new orders for services	15	46	39
Services that are being provided	16	51	33
Selling prices	18	76	7
Purchase prices (supplier prices)	66	31	3
Total number of employees	3	79	18

## 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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