



National Bank
of Ukraine

Monthly Business Outlook Survey

April 2023

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

Issue No.43
Statistics and Reporting Department



Summary

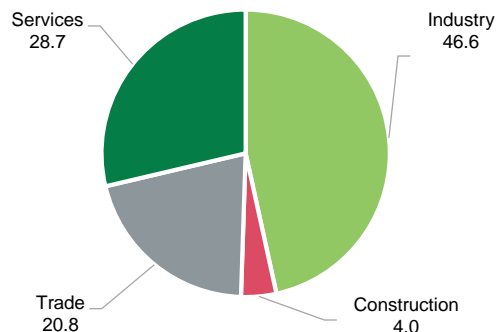
In April, businesses positively assessed the results of their activity for the first time since October 2021, having adapted to conditions of the full-scale war in the country. The Business Activity Expectations Index (BAEI) was 51.5 (49.5 in March).

- An improvement in the situation in the energy sector, an increase in supply of food and fuel, better inflation and exchange rate expectations, and stronger consumer confidence of households had a positive effect on expectations of businesses across all sectors.
- Companies in the industrial and trading sectors have reported expectations of better performance for two months running. The respondents project an increase in the output of goods, volumes of new orders, and goods turnover.
- Respondents from the construction sector and the services sector remained pessimistic in their assessments of economic prospects. However, they forecast growth in volumes of purchases of subcontractors' services, and volumes of services provided and those in progress.
- Trading businesses expected an increase in their staff numbers, while respondents from the rest of the sectors covered by the survey forecast lower rates of staff cuts.
- Despite a certain moderation of their forecasts, polled companies said they continued to have high expectations of growth in purchasing prices and their selling prices.

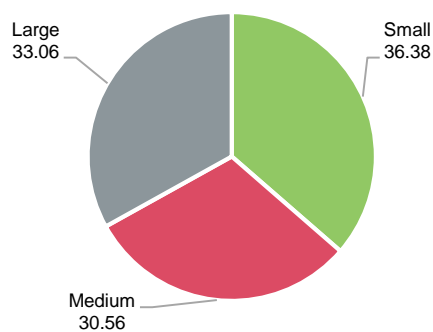
The NBU posts monthly survey results in the open data format. The data are available at the following link:
<https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

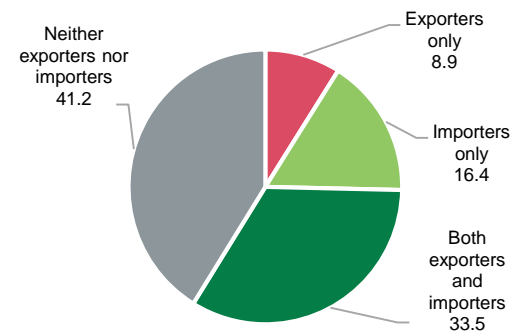
Respondents by sectors of the economy, %



Respondents by company size, %



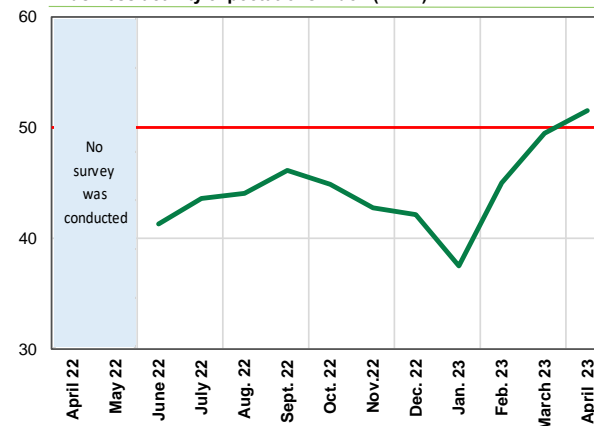
Respondents by business activities, %



- This survey was carried out from 4 April through 21 April 2023.
- A total of 481 companies were polled.
- Survey horizon: change in companies' performance expectations in April compared to March

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		March 2023	April 2023	Change m/m
Industry	36.8	51.2	50.5	-0.7
Construction	2.5	45.9	44.9	-1.0
Trade	25.2	53.6	57.6	3.9
Services	35.5	45.7	48.8	3.1
Total	100.0	BAEI (total across Ukraine)		
		49.5	51.5	2.1

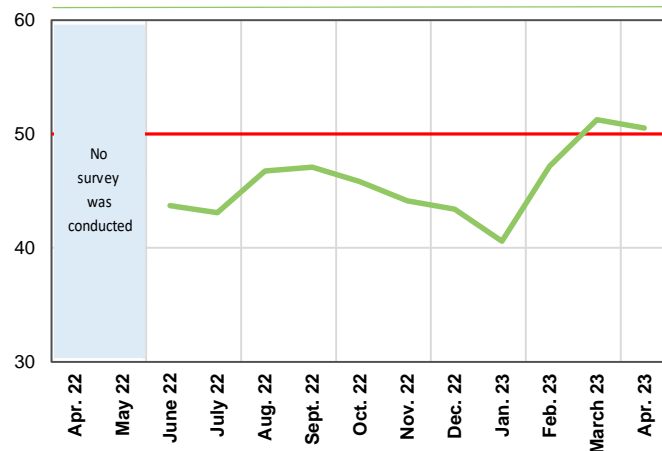
Business activity expectations index (BAEI)



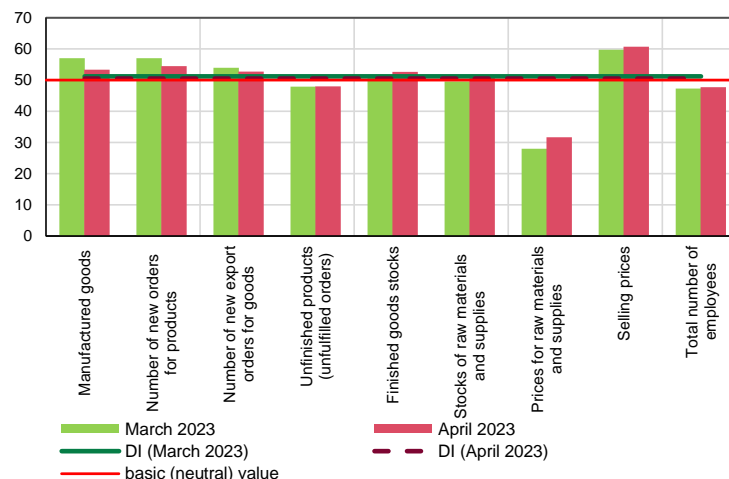
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



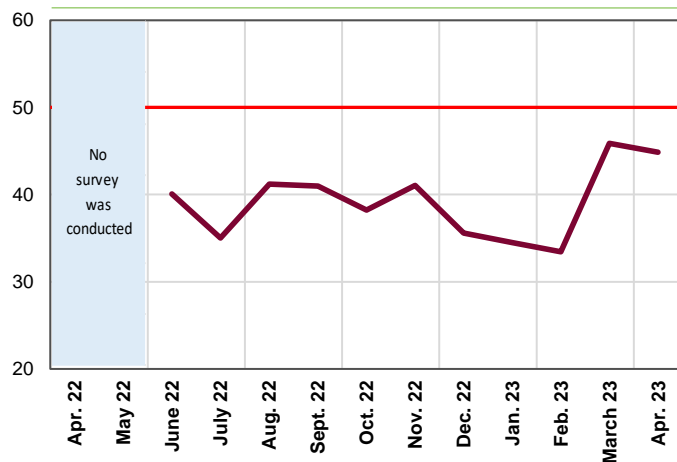
Diffusion Indices (DIs) for industrial companies' performance indicators



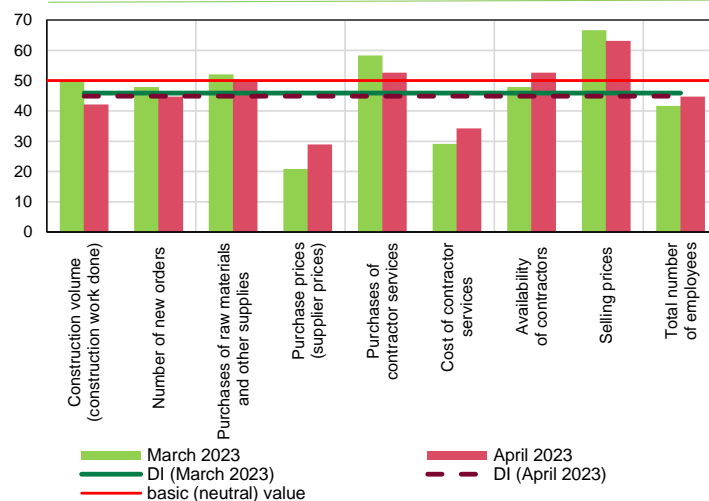
- Industrial enterprises have been expecting an improvement in their economic performance for the second month in a row on the back of better logistics, lower production costs for restoring the electricity supply, and stabilization of fuel prices: **the sector's DI was 50.5** (51.2 in March).
- The respondents **expected the volumes of manufactured goods and new orders for their products, including export orders, to increase**, albeit at a slower pace: the DIs were 53.3, 54.5, and 52.8 respectively (57.0, 57.0, and 53.9 in March).
- Companies remained pessimistic about volumes of unfinished products (unfulfilled orders): the DI was 48.0. At the same time, respondents somewhat downgraded their expectations of volumes of finished goods stocks: the DI was 52.7 (51.6 in March).
- Respondents somewhat softened their expectations of a rise in raw material and supply prices, while slightly raising expectations of their selling prices: the DIs were 31.7 and 60.7 respectively (28.0 and 59.8 in March).
- However, the respondents remained pessimistic about their total staff numbers: the DI was 47.8 (47.3 in March).

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



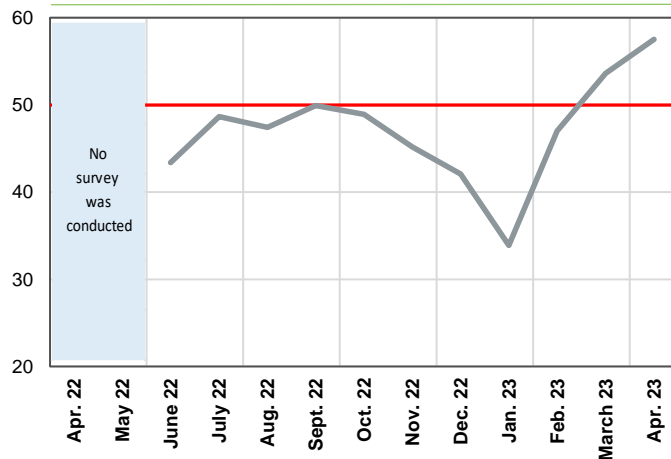
Diffusion Indices (DIs) for construction companies' performance indicators



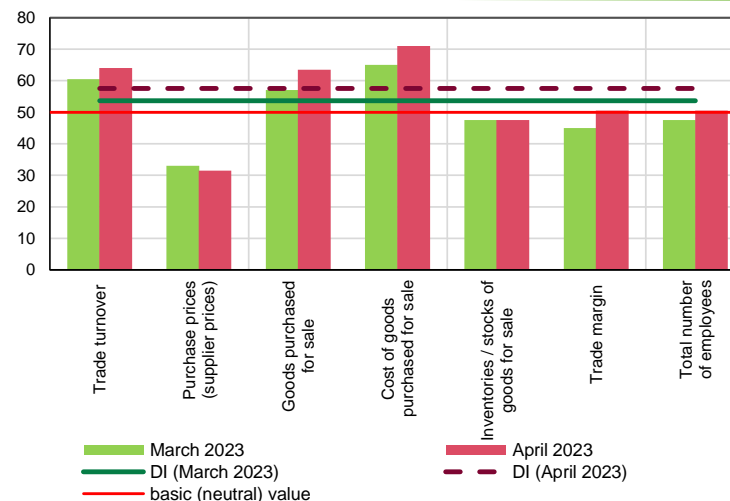
- As a result of weak financial capability of consumers, the lack of investment, and unfavorable weather, **construction companies provided the most reserved assessments of their economic performance among all other sectors**: in April, **the sector's DI was 44.9** (45.9 in March).
- In contrast to the previous month, the respondents expected a decline in construction volumes and increased their negative assessments of volumes of new orders: the DIs were 42.1 and 44.7 respectively (50.0 and 47.9 in March). At the same time, construction companies did not expect any changes in purchases of raw materials and supplies: the DI was 50.0 (52.1 in March).
- The respondents downgraded their expectations of a rise in purchases of subcontractors' services: the DI was 52.6 (58.3 in March).
- The respondents moderated assessments of growth in their purchasing prices and prices of subcontractors' services, and thus also in their selling prices: the DIs were 28.9, 34.2, and 63.2 respectively (20.8, 29.2, and 66.7 in March).
- Construction companies have been moderating their forecasts of a decrease in staff numbers for the second month in a row: the DI was 44.7 (41.7 in March).

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



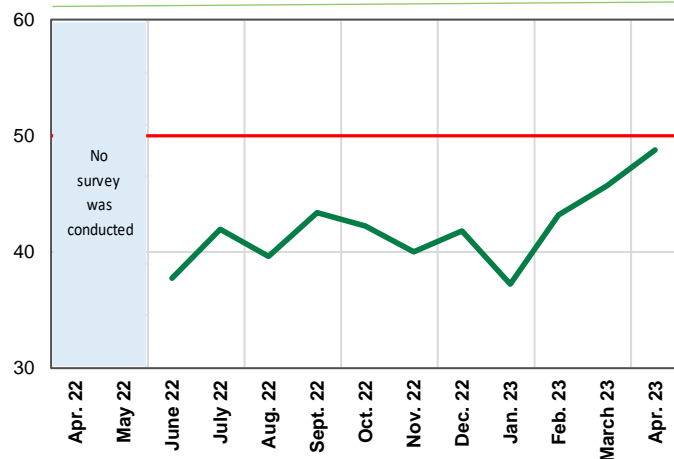
Diffusion Indices (DIs) for trading companies' performance indicators



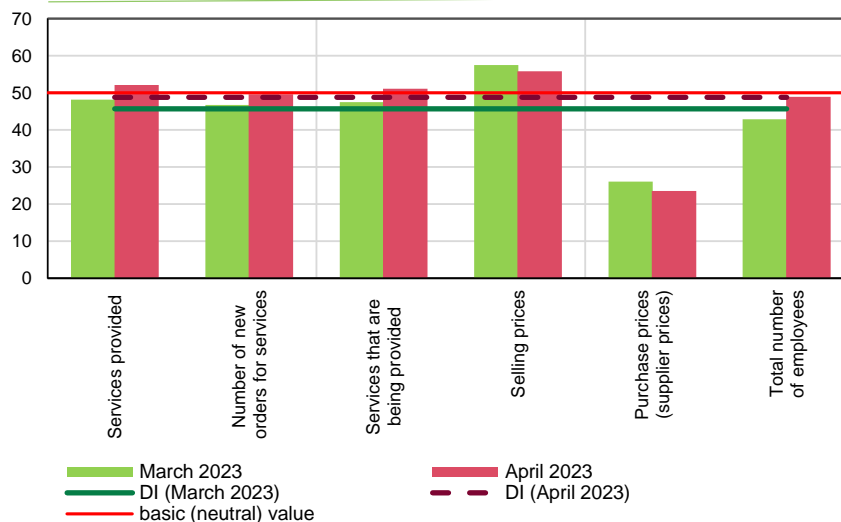
- Trading businesses have for the second consecutive month expected their economic performance indicators to grow, taking into account a decline in inflationary pressure, a pickup in consumer demand, and an increase in supply of goods: **the sector's DI increased to 57.6** (from 53.6 in March).
- The respondents in the sector **raised their expectations about an increase in trade turnover and volumes of goods purchased for sale**: the DI was 64.0 and 63.5 respectively (60.5 and 57.0 in March). At the same time, companies forecast a further rise in prices of goods purchased for sale: the DI was 71.0 (65.0 in March).
- Assessments of growth in purchasing prices increased: the DI was 31.5 (33.0 in March). On the other hand, **the respondents expected the trade margin to rise for the first time since July 2019**: the DI was 50.5 (45.0 in March).
- Unlike companies in other sectors, **trading businesses have expected an increase in their staff numbers for the first time since January 2022**: the DI was 50.5 (47.5 in March).

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Thanks to the gradual recovery in demand, an improvement in electricity supply, and the seasonal factor, **services companies continued to moderate the negative assessments of their economic prospects: the DI was 48.8** in April, (45.7 in March).
- The respondents' negative assessments of volumes of new orders declined markedly: the DI was 49.6 (46.8 in March). **The respondents expected an increase in volumes of services provided and services in progress: the DIs were 52.2 and 51.1 respectively (48.2 and 47.5 in March).**
- Companies in the sector lowered their expectations of a rise in prices for their services, despite higher assessments of suppliers' prices: the DIs were 55.8 and 23.6 respectively (57.5 and 26.1 in March).
- Despite decreased expectations, top managers in the sector still intended cut staff numbers: the DI was 48.9 (to 42.9 in March).



Annexes

Data on surveys of industrial companies in April 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	26	54	20
Number of new orders for products	28	53	19
Number of new export orders for goods	20	66	14
Unfinished products (unfulfilled orders)	10	75	14
Finished goods stocks	18	59	23
Stocks of raw materials and supplies	24	54	22
Prices for raw materials and supplies	41	54	4
Selling prices	27	68	5
Total number of employees	11	74	15

Data on surveys of construction companies in April 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	21	42	37
Number of new orders	21	47	32
Purchases of raw materials and supplies	26	47	26
Purchase prices (supplier prices)	42	58	0
Purchases of contractor services	21	63	16
Cost of contractor services*	32	68	0
Availability of contractors	11	84	5
Selling prices	26	74	0
Total number of employees	5	79	16

Data on surveys of trading companies in April 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	45	38	17
Purchase prices (supplier prices)	38	61	1
Goods purchased for sale	44	39	17
Cost of goods purchased for sale	49	44	7
Inventories / stocks of goods for sale*	27	51	22
Trade margin	15	71	14
Total number of employees	9	83	8

Data on surveys of companies in the services sector in April 2023

% responses

Indicator	Will increase	Will remain unchanged	Will decrease
Services provided	27	51	22
Number of new orders for services	25	50	25
Services that are being provided	21	60	19
Selling prices	19	74	7
Purchase prices (supplier prices)	54	44	1
Total number of employees	10	78	12

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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