



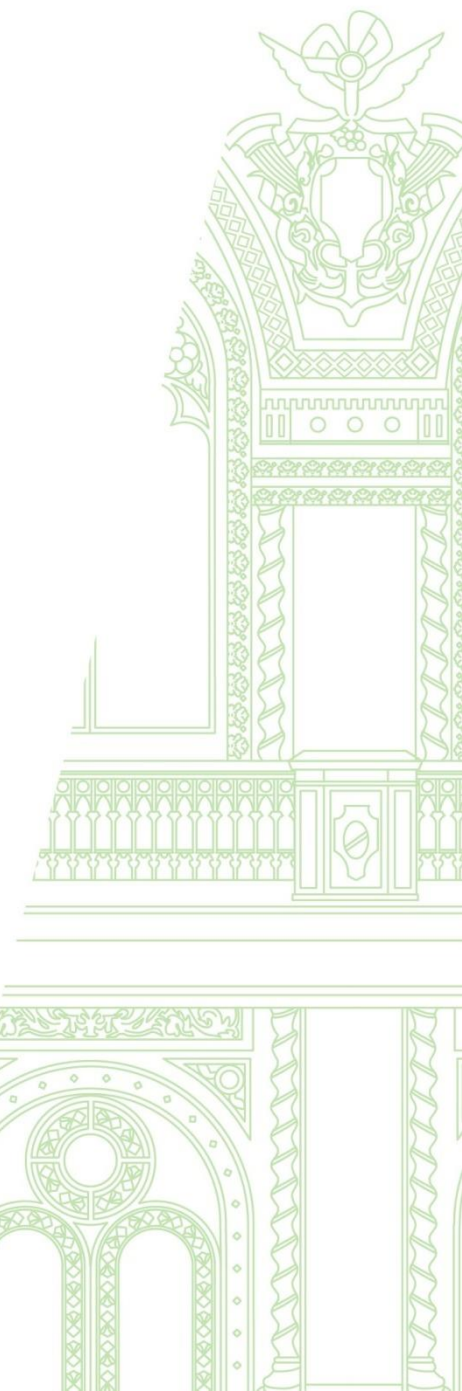
National Bank  
of Ukraine

# Monthly Business Outlook Survey

June 2023

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

Issue No.45  
Statistics and Reporting Department



## Summary

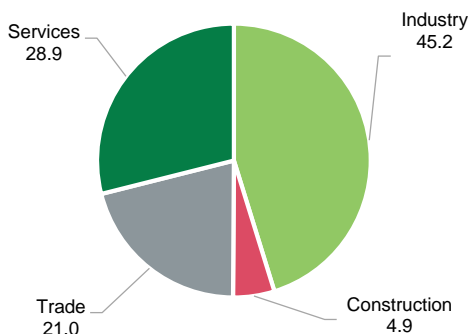
**Businesses** have adapted to the difficult conditions of the full-scale war and **have been reporting an optimistic performance outlook for three months running. The business activity expectations index (BAEI) was 50.8 in June, up from 50.5 in May.**

- The optimistic outlook resulted from weaker growth in the prices of raw materials and energy, the gradual reestablishment of production and supply chains, improved inflation and exchange rate expectations, and a revival of domestic demand.
- Companies in the industrial and trade sectors have reported an optimistic performance outlook for four months running. Respondents said they intended to step up their output of products/goods and to expand their trade turnover, while also expecting an increase in new orders.
- Construction companies also remained upbeat, expecting an increase in construction volumes, the number of new orders and in purchases of raw materials and supplies.
- The diffusion index of the services sector still remained below the neutral level. That said, services companies expected a gradual increase in the amount of services provided and in the amount of services that are being provided.
- Although some companies softened their views, respondents continued to report strong expectations of a rise in purchase prices, while also declaring firm intentions to raise their selling prices.
- Respondents from construction and services companies, for the first time in a long time, declared intentions to hire more staff, while industrial and trading companies reported intentions to cut their workforces.

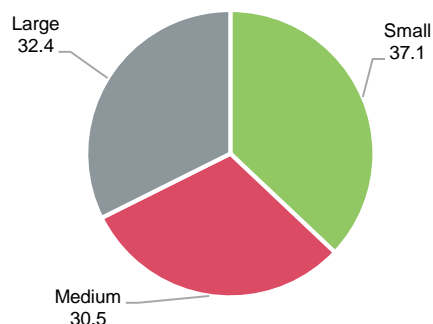
The NBU posts monthly survey results in the open data format. The data are available at the following link:  
<https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

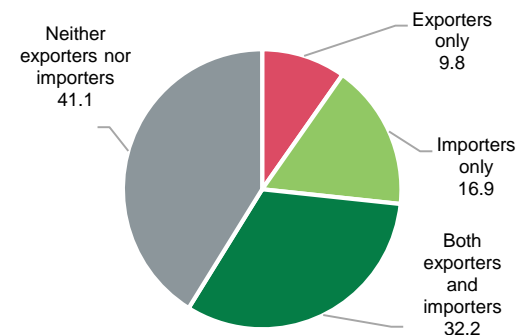
Respondents by sectors of the economy, %



Respondents by company size, %

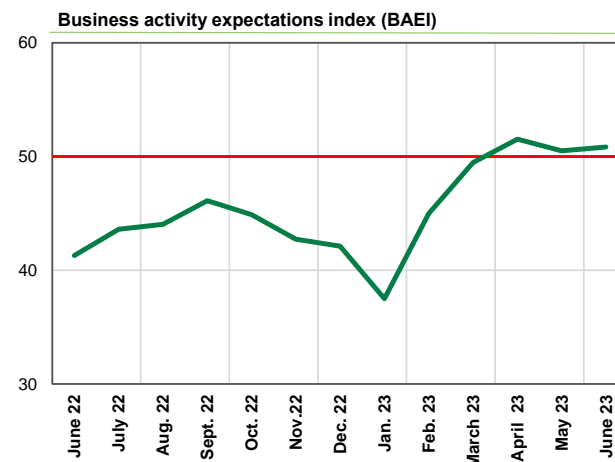


Respondents by business activities, %



- This survey was carried out from 5 June through 22 June 2023
- A total of 491 companies were polled
- Survey horizon: change in companies' performance expectations in June compared to May

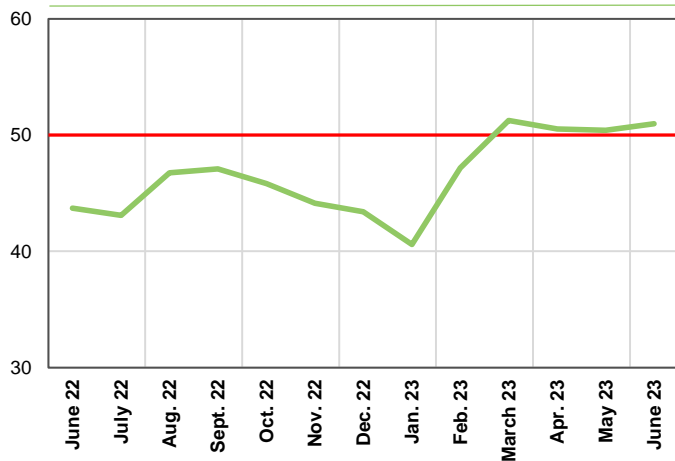
Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		May 2023	June 2023	Change m/m
Industry	36.8	50.4	51.0	0.6
Construction	2.5	51.3	58.6	7.3
Trade	25.2	52.7	52.5	-0.2
Services	35.5	48.9	48.9	0.0
Total	100.0	BAEI (total across Ukraine)		
		50.5	50.8	0.3



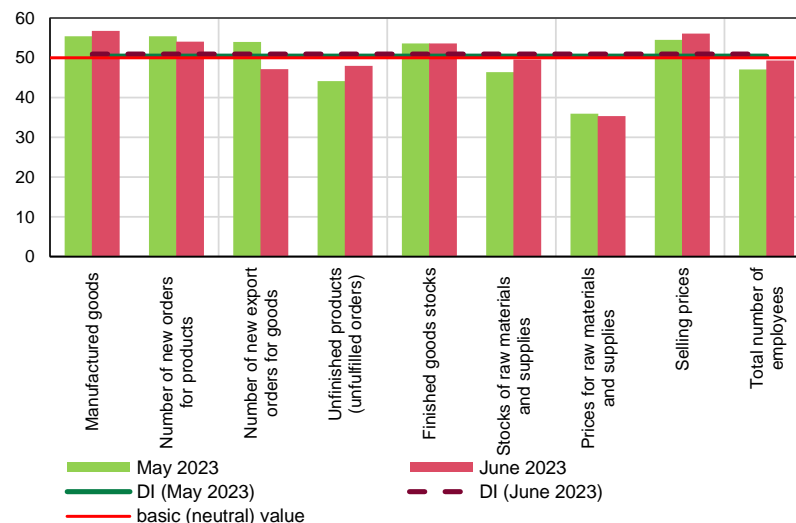
Data for totals and components may be subject to rounding effects

# Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



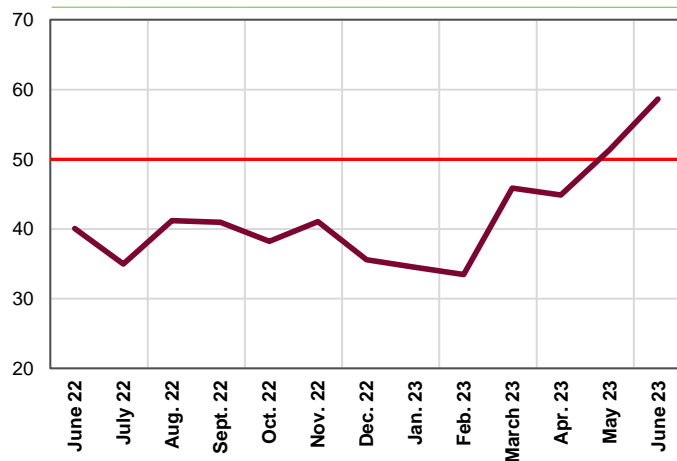
Diffusion Indices (DIs) for industrial companies' performance indicators



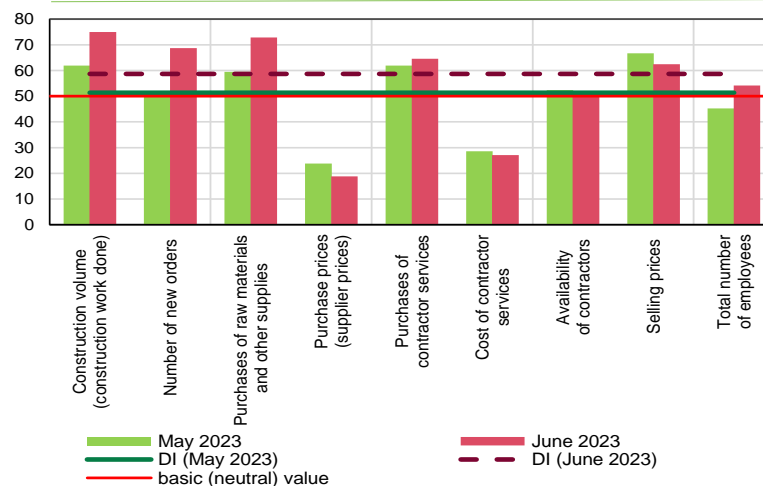
- Industrial companies have reported an optimistic economic outlook for four months running, due to slower growth in raw material and energy prices, reestablished production and supply chains, and declining inflation. **The sector's DI was 51.0 in June**, up from 50.4 in May.
- Respondents continued to expect an increase in the amount of manufactured goods and the number of new orders for products, the DIs being 56.8 and 54.1 respectively, compared to 55.4 for each in May. In contrast to the previous month, companies expected a drop in the number of new export orders, the DI being 47.1, down from 54.0 in May.
- Companies reported less pessimistic views about the amount of unfinished products (unfulfilled orders), the DI being 48.0, up from 44.1 in May.
- Respondents reported slightly stronger expectations of a rise in raw material and supplies prices (DI of 35.4 compared to 36.0 in May), while also reporting somewhat firmer intentions to raise their selling prices (DI of 56.1 compared to 54.5 in May).
- Respondents reported less strong intentions to lay off staff, the DI being 49.3, up from 47.1 in May.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



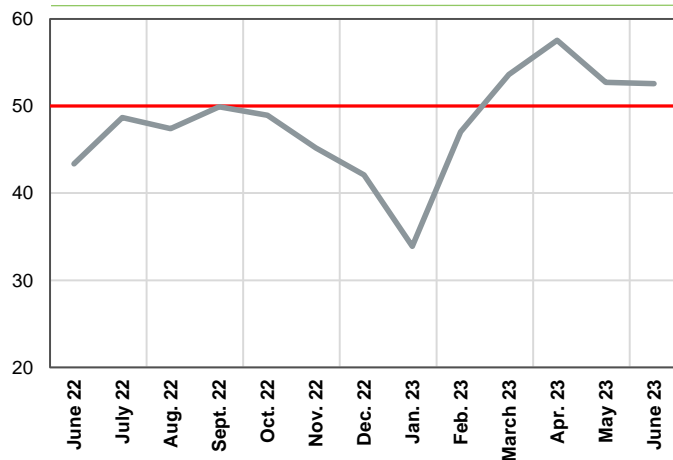
Diffusion Indices (DIs) for construction companies' performance indicators



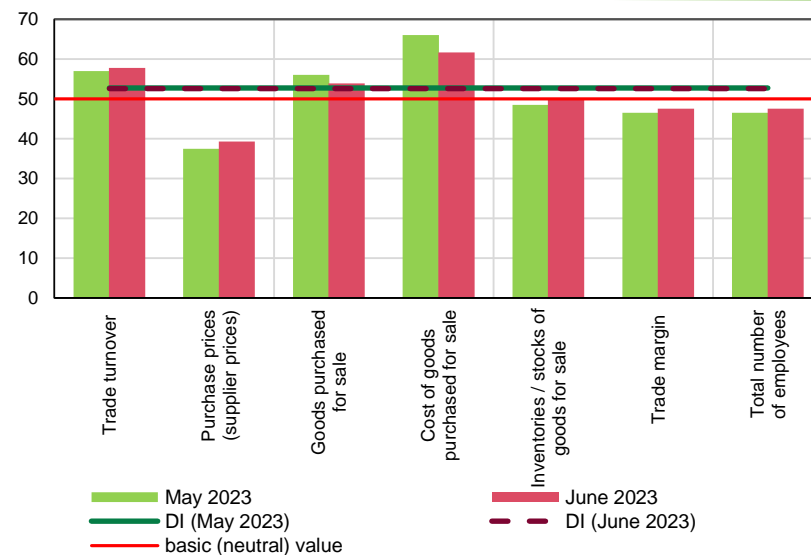
- Favorable weather, the need to expand logistical routes in western regions, and to construct and repair roads supported the construction sector. As a result, construction companies have reported an optimistic performance outlook for two months in a row, as the sector's DI rose to 58.6, up from 51.3 in May.
- Respondents reported much stronger expectations of an increase in construction volumes, the number of new orders and in purchases of raw materials and supplies, the DIs being 75.0, 68.8 and 72.9 respectively, compared to 61.9, 50.0 and 59.5 in May.
- Respondents remained moderately upbeat about an increase in purchases of contractor services, despite expectations of a rise in the cost of these services, the DIs being 64.6 and 27.1 respectively, compared to 61.9 and 28.6 in May. Companies decreased their expectations of the availability of contractors to a neutral level, the DI being 50.0, down from 52.4 in May.
- Despite firmer expectations of a rise in supplier prices, companies reported weaker intentions to raise their selling prices, the DIs being 18.8 and 62.5 respectively, compared to 23.8 and 66.7 in May.
- For the first time since August 2021, construction companies said they planned to hire more staff, the DI being 54.2, up from 45.2 in May.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations



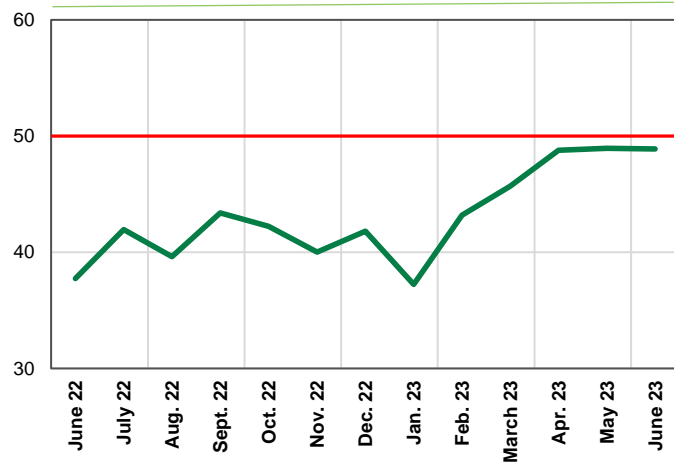
Diffusion Indices (DIs) for trading companies' performance indicators



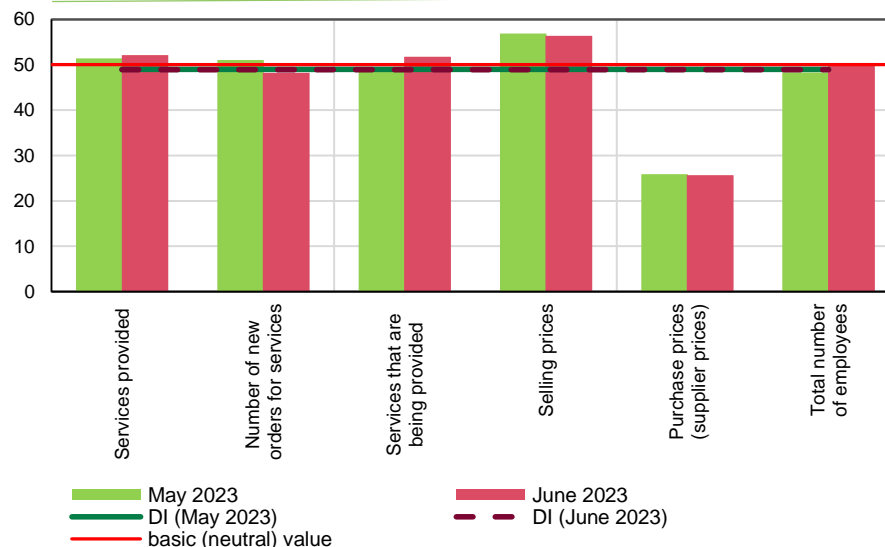
- Trading companies have reported positive performance expectations for four months in a row on the back of stable consumer sentiment, an expanding supply of goods, and decelerating inflation. The sector's DI was **52.5 in June**, compared to 52.7 in May.
- Companies said they expected to **expand their trade turnover and purchase more goods for sale**, the DIs being 57.8 and 53.9 respectively, compared to 57.0 and 56.0 in May. At the same time, respondents expected their stocks of goods for sale to remain unchanged, the DI being 50.0, up from 48.5.
- As in the previous month, respondents expected a slower rise in the prices of goods purchased for sale, while also expecting weaker growth in purchase prices, the DIs being 61.7 and 39.3 respectively, compared to 66.0 and 37.5 in May.
- Respondents continued to declare intentions to cut their trade margins, the DI being 47.6, up from 46.5 in May.
- Trading companies remained downbeat about their total staff numbers, the DI being 47.6, up from 46.5 in May.

# Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Services companies continued to report the most pessimistic economic outlook compared to other sectors** because of households' weak purchasing power, depressed demand and logistical hurdles. The sector's **DI was 48.9, unchanged on May.**
- Respondents reported pessimistic views about the number of new orders for services, the DI being 48.2, down from 51.0 in May. **For three months running, companies have expected an increase in the amount of services provided** (DI of 52.1, up from 51.4 in May). Respondents also expected a rise in the amount of services that are being provided (DI of 51.8, up from 49.3 in May).
- Despite softening their intentions to raise their selling prices (DI of 56.3, down from 56.9 in May), respondents expected a slight increase in purchase prices (DI of 25.7, down from 25.9 in May).
- For the first time since February 2022, services companies said they planned to hire more staff, the DI being 50.4, up from 48.3 in May.**



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# *Annexes*

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## Data on surveys of industrial companies in June 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	29	55	16
Number of new orders for products	26	57	18
Number of new export orders for goods	16	61	22
Unfinished products (unfulfilled orders)	13	71	17
Finished goods stocks	16	61	23
Stocks of raw materials and supplies	21	57	22
Prices for raw materials and supplies	37	55	8
Selling prices	19	73	7
Total number of employees	11	76	13

## Data on surveys of construction companies in June 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	58	33	8
Number of new orders	50	38	13
Purchases of raw materials and supplies	54	38	8
Purchase prices (supplier prices)	63	38	0
Purchases of contractor services	33	63	4
Cost of contractor services*	46	54	0
Availability of contractors	8	83	8
Selling prices	25	75	0
Total number of employees	21	67	13

## Data on surveys of trading companies in June 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	31	53	16
Purchase prices (supplier prices)	26	69	5
Goods purchased for sale	24	59	17
Cost of goods purchased for sale	35	53	12
Inventories / stocks of goods for sale*	18	63	18
Trade margin	14	68	18
Total number of employees	4	87	9

## Data on surveys of companies in the services sector in June 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	23	59	18
Number of new orders for services	20	56	24
Services that are being provided	20	63	17
Selling prices	17	79	4
Purchase prices (supplier prices)	49	50	1
Total number of employees	14	73	13

## 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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