



National Bank
of Ukraine

Monthly Business Outlook Survey

June 2024

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

Issue No.57
Statistics and Reporting Department



Summary

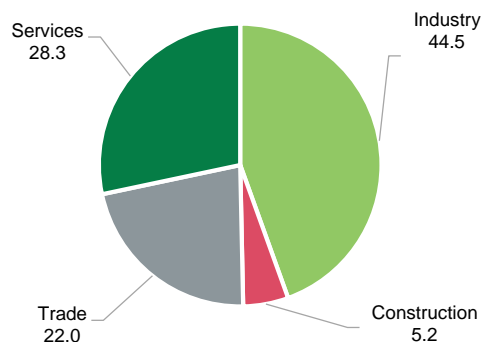
Businesses have reported a pessimistic performance outlook for two months running. The business activity expectations index (BAEI) was 43.6 in June, down from 48.0 in May.

- Continuing uncertainty as to how long the war will last, rising production costs due to power shortages caused by Russia's missile attacks on energy infrastructure and higher energy prices, depressed investment demand, deteriorating exchange rate expectations, unfavorable labor market trends resulting from unresolved issues related to mobilization processes, and considerable shortages of qualified staff weakened economic activity, further worsening the expectations of all of the surveyed sectors.
- Respondents expected a decrease in the amount of manufactured goods/services provided, the number of new orders for products, including export orders, stocks of raw materials and supplies, construction volumes, new orders for construction/services, trade turnover, and the amount of goods purchased for sale.
- At the same time, construction companies remained upbeat about purchases of contractor services, despite downgrading their expectations about contractor availability.
- Industrial, trading and services companies said they expected stronger growth in purchase prices, and declared firmer intentions to raise their selling prices. Meanwhile, construction companies expected slightly weaker growth in purchase prices and reported less firm intentions to raise their selling prices.
- Staff expectations have worsened. Companies across all sectors declared intentions to reduce their workforces, with the strongest intentions reported by services companies.

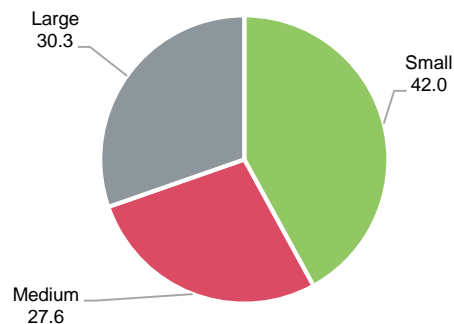
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

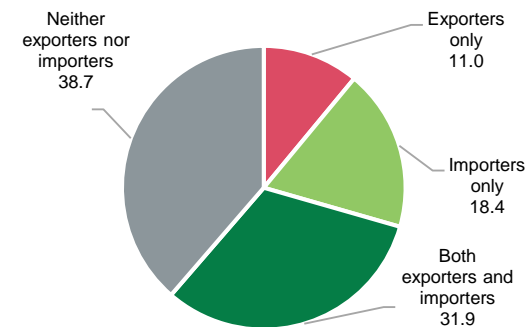
Respondents by sectors of the economy, %



Respondents by company size, %



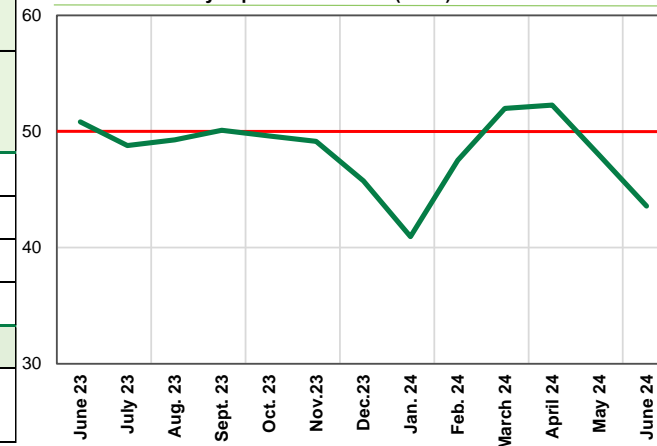
Respondents by business activities, %



- This survey was carried out from 4 June through 21 June 2024
- A total of 445 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 2024	June 2024	Change m/m
Industry	35.2	48.8	45.5	-3.3
Construction	3.2	49.8	43.0	-6.8
Trade	25.8	47.7	46.4	-1.3
Services	35.8	47.2	39.7	-7.5
Total	100.0	BAEI (total across Ukraine)		
		48.0	43.6	-4.4

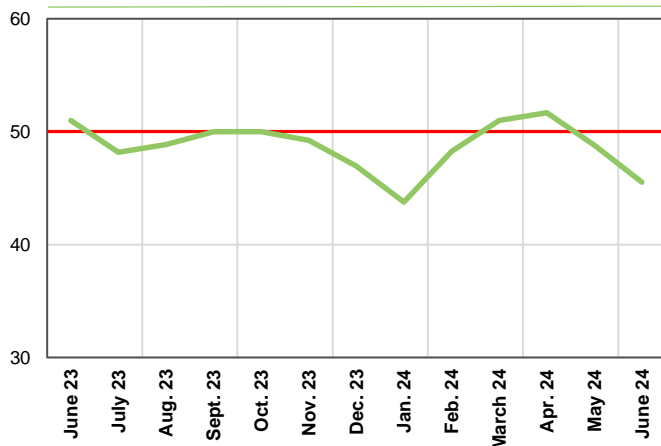
Business activity expectations index (BAEI)



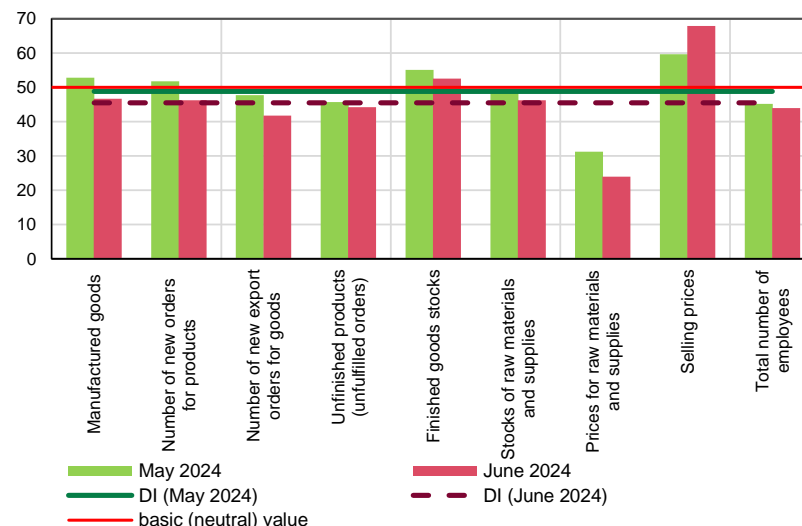
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



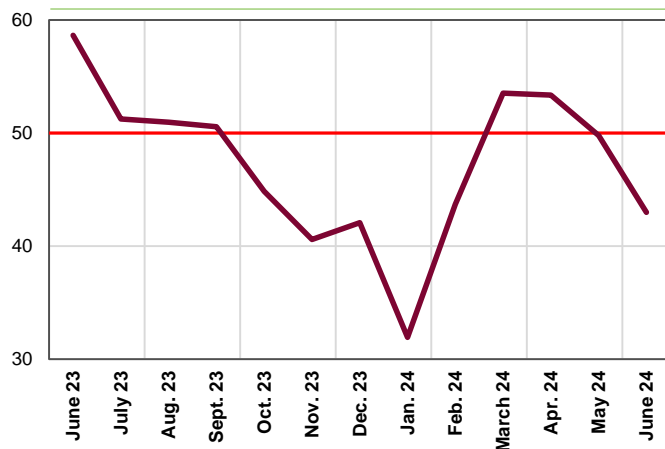
Diffusion Indices (DIs) for industrial companies' performance expectations



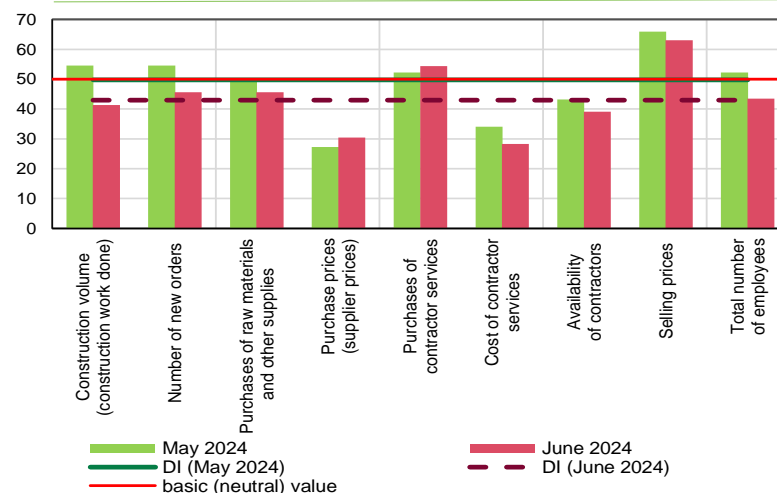
- A worsening security situation, significant power shortages and rising production costs reduced production and **weakened industrial companies' performance outlook for June**. The sector's DI was 45.5, down from 48.8 in May.
- In contrast to the previous month, respondents expected **a decrease in the amount of manufactured goods and the number of new orders**, the DIs being 46.7 and 46.2 respectively, down from 52.8 and 51.8 in May.
- Respondents reported firmer expectations of a decrease in the number of new export orders, the amount of unfinished products (unfulfilled orders), and in stocks of raw materials and supplies, the DIs being 41.7, 44.2 and 46.2 respectively, compared to 47.7, 45.7 and 49.5 in May.
- Industrial companies slightly softened their negative views about their finished goods stocks, the DI being 52.5, down from 55.1 in May.
- Respondents reported considerably firmer expectations of a rise in purchase and selling prices, the DIs being 24.0 and 67.9 respectively, compared to 31.2 and 59.6 in May.
- Respondents declared stronger intentions to cut their workforces, the DI being 43.9, down from 45.2 in May.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



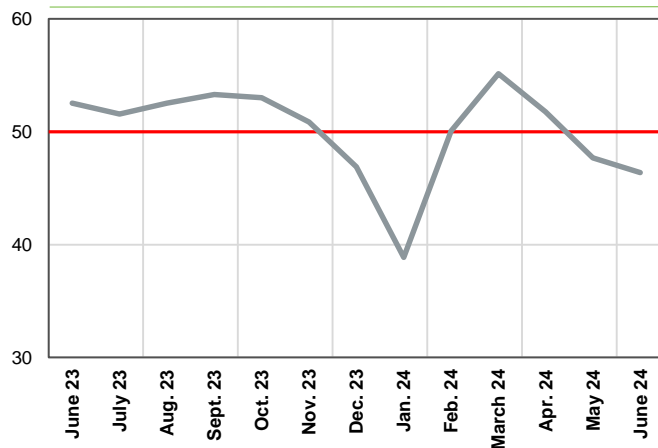
Diffusion Indices (DIs) for construction companies' performance expectations



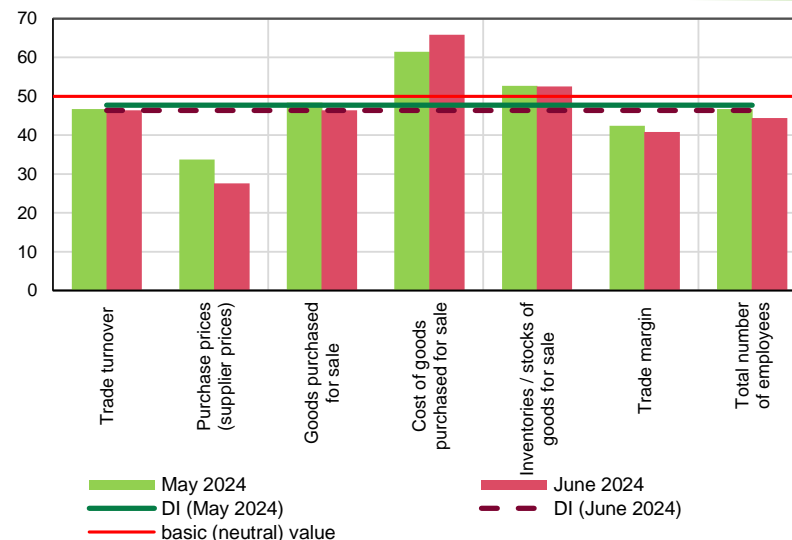
- Construction companies further worsened their economic performance expectations on the back of sluggish investment demand, long power cuts and shortages of qualified staff, the DI being 43.0 in June, down from 49.8 in May.
- Companies significantly downgraded their expectations for construction volumes, the number of new orders, and purchases of raw materials and supplies, the DIs being 41.3, 45.7 and 45.7 respectively, down from 54.5, 54.5 and 50.0 in May.
- At the same time, respondents remained upbeat about purchases of contractor services, despite worsening their expectations about contractor availability, the DIs being 54.3 and 39.1 respectively, compared to 52.3 and 43.2 in May. Respondents also said the cost of contractor services would grow at a faster pace, the DI being 28.3, down from 34.1 in May.
- With weaker expectations of a rise in supplier prices, respondents continued to report intentions to raise their selling prices more slowly, the DIs being 30.4 and 63.0 respectively, compared to 27.3 and 65.9 in May.
- After three consecutive months of optimism, construction companies declared intentions to reduce their workforces, the DI being 43.5, down from 52.3 in May.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



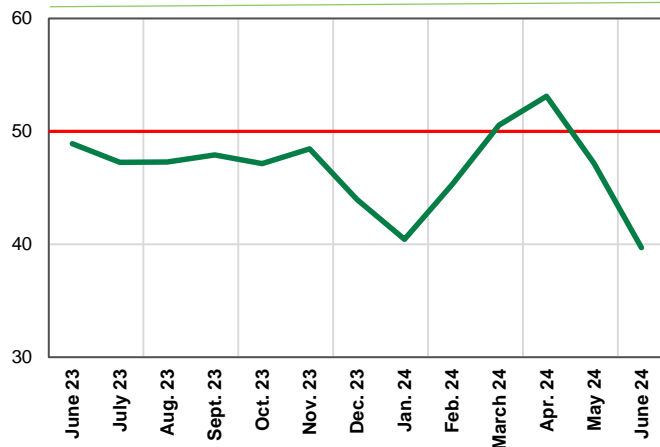
Diffusion Indices (DIs) for trading companies' performance expectations



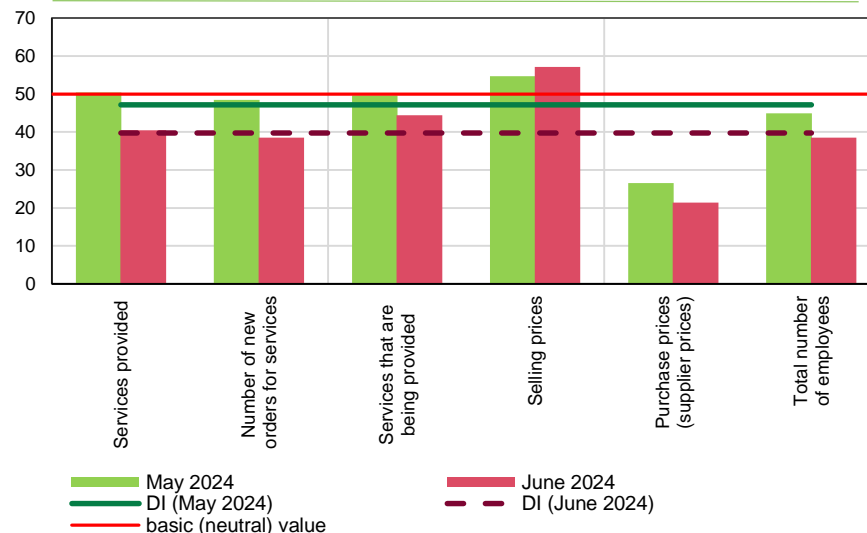
- Trading companies remained **downbeat** about their **economic performance** on the back of a more difficult situation with power supplies, higher electricity prices and worsening exchange rate expectations, **the sector DI being 46.4 in June**, down from 47.7 in May.
- Respondents expected a further **decrease in their trade turnovers and in the amount of goods purchased for sale**: the DIs being 46.4 for each, compared to 46.7 and 48.4 in May. Companies also remained downbeat about their stocks of goods for sale, the DI being 52.6, down from 52.7 in May.
- Despite more rapid growth in purchase prices and the cost of goods purchased for sale, respondents intended to cut their trade margins further, the DIs being 27.6, 65.8 and 40.8 respectively, compared to 33.7, 61.4 and 42.4 in May.
- Respondents reported firmer intentions to lay off staff, the DI being 44.4, down from 46.7 in May.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance expectations



- **Services companies have reported the gloomiest economic outlook for two months running**, because of outflows of qualified staff, higher costs resulting from power shortages and declining demand, **the DI being 39.7**, down from 47.2 in May.
- **Respondents reported significantly dimmer expectations about the amount of services provided**, the DI being 40.5, down from 50.4 in May. At the same time, companies expected a more rapid **drop in the number of new orders and the amount of services that are being provided**, the DIs being 38.5 and 44.4 respectively, compared to 48.4 and 49.6 in May.
- On the back of a faster rise in purchase prices, respondents reported stronger intentions to raise their selling prices, the DIs being 21.4 and 57.1 respectively, compared to and 26.6 and 54.7 in May.
- Companies in the sector were the most pessimistic about their total staff numbers, declaring intentions to cut their workforces further, the DI being 38.5, down from 44.9 in May.



Annexes

Data on surveys of industrial companies in June 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	24	46	30
Number of new orders for products	19	55	26
Number of new export orders for goods	11	61	28
Unfinished products (unfulfilled orders)	9	70	21
Finished goods stocks	17	61	22
Stocks of raw materials and supplies	21	51	28
Prices for raw materials and supplies	55	43	3
Selling prices	39	57	4
Total number of employees	6	76	18

Data on surveys of construction companies in June 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	13	57	30
Number of new orders	13	65	22
Purchases of raw materials and supplies	17	57	26
Purchase prices (supplier prices)	39	61	0
Purchases of contractor services	22	65	13
Cost of contractor services*	43	57	0
Availability of contractors	13	52	35
Selling prices	26	74	0
Total number of employees	4	78	17

Data on surveys of trading companies in June 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	19	54	27
Purchase prices (supplier prices)	46	53	1
Goods purchased for sale	19	54	27
Cost of goods purchased for sale	43	46	11
Inventories / stocks of goods for sale*	15	64	20
Trade margin	5	71	23
Total number of employees	5	79	16

Data on surveys of companies in the services sector in June 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	15	51	34
Number of new orders for services	16	45	39
Services that are being provided	17	54	29
Selling prices	21	71	7
Purchase prices (supplier prices)	58	41	1
Total number of employees	5	67	28

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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