



National Bank  
of Ukraine

# Monthly Business Outlook Survey

August 2024

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

Issue No.59  
Statistics and Reporting Department



# Summary

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**Businesses continued to improve their performance expectations for the near future. The business activity expectations index (BAEI) was 48.4 in August,** up from 44.4 in July.

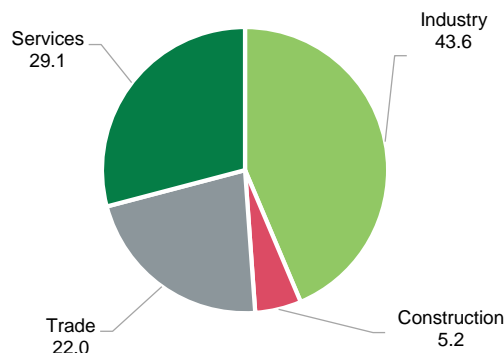
- The gradual adaptation to constant power outages, the obtaining of backup power supplies, budget funding for infrastructure recovery and road construction, sustained domestic demand, the sufficient supply of goods, the stable operation of the sea corridor, and seasonal factors continued to have a positive impact on the expectations of surveyed companies. At the same time, the deteriorating security situation, more intense missile attacks on energy facilities, the long time required for repairing these facilities, worsening exchange rate expectations, higher business costs for labor and energy, and a shortage of qualified personnel remained restraining factors.
- Construction and trading companies had the most optimistic expectations. Respondents expected an increase in construction volumes, the number of new orders, purchases of raw materials and supplies, trade turnover, and in the amount of goods purchased for sale.
- Industrial and services companies improved their performance expectations, through they were still guarded. Industrial companies expected an uptick in the amount of manufactured goods and the number of new orders for products, while services companies reported a more positive outlook for the amount of services provided, the number of new orders for services, and the amount of services that are being provided.
- Despite strong expectations of a rise in purchase prices, companies across all surveyed sectors declared intentions to raise their selling prices more slowly.
- Labor market conditions were unstable. Only construction companies reported intentions to expand their workforces slightly. Respondents in other sectors said they still intended to lay off staff, albeit at a slower pace.

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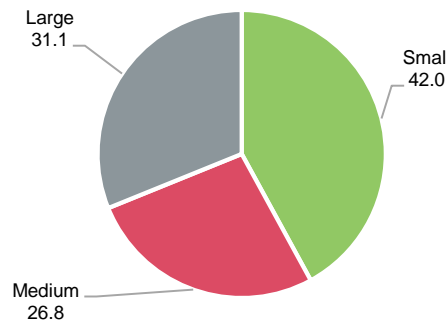
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

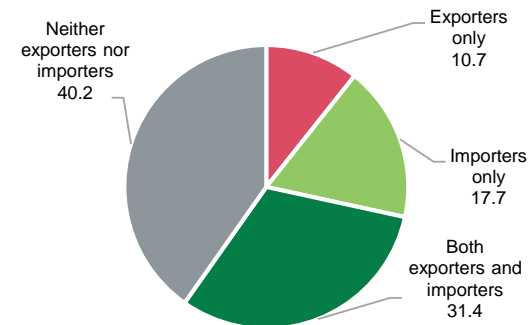
Respondents by sectors of the economy, %



Respondents by company size, %



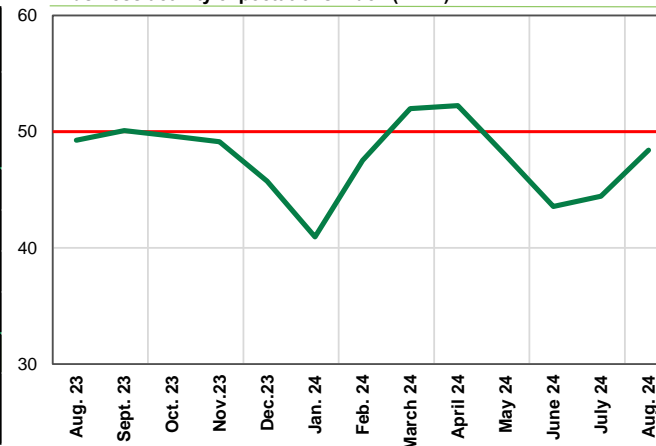
Respondents by business activities, %



- This survey was carried out from 5 August through 23 August 2024
- A total of 440 companies were polled
- Survey horizon: change in companies' performance expectations in August compared to July

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		July 2024	August 2024	Change m/m
Industry	35.2	45.8	48.6	2.9
Construction	3.2	49.6	50.7	1.1
Trade	25.8	44.7	50.4	5.8
Services	35.8	42.5	46.5	4.0
Total	100.0	BAEI (total across Ukraine)		
		44.4	48.4	4.0

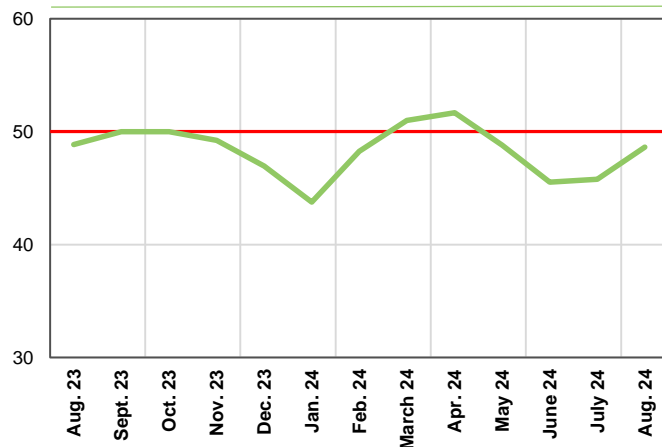
Business activity expectations index (BAEI)



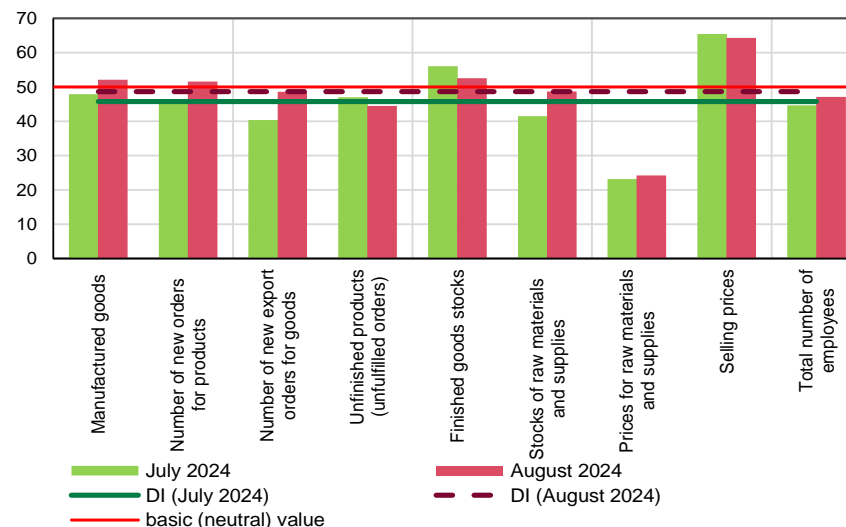
Data for totals and components may be subject to rounding effects

# Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



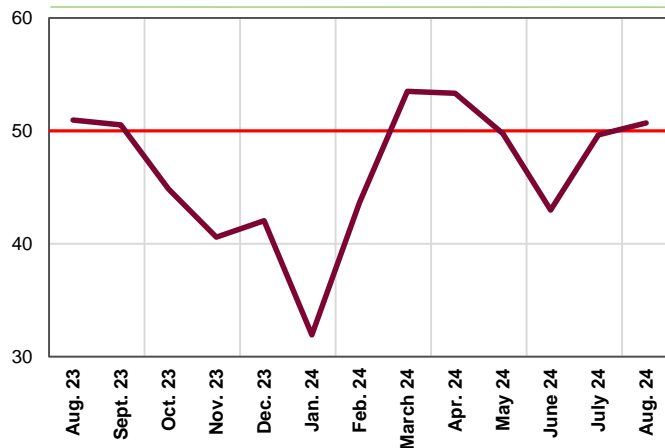
Diffusion Indices (DIs) for industrial companies' performance expectations



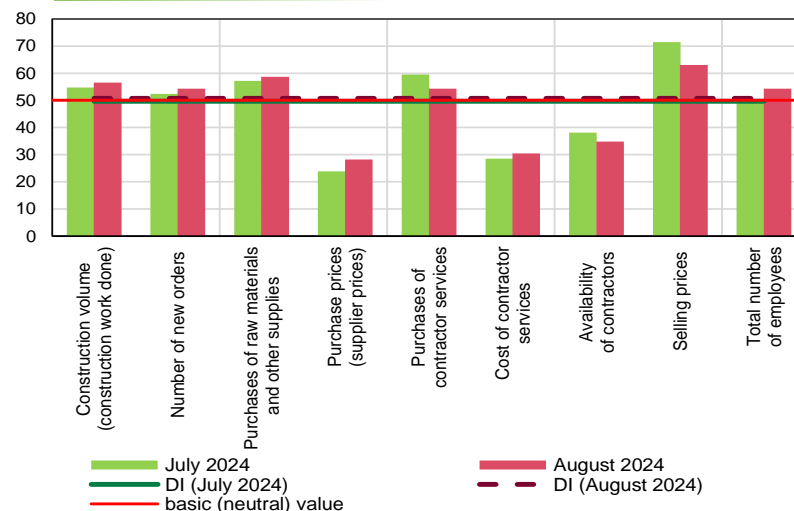
- Industrial companies improved their performance expectations, through they were still guarded on the back of power cuts, shortages of qualified staff, and higher production costs, the sector's DI being 48.6 in August, up from 45.8 in July.
- In contrast to the two previous months, respondents expected an increase in the amount of manufactured goods and the number of new orders for products, the DIs being 52.1 and 51.6 respectively, compared to 47.9 and 46.0 in July.
- Respondents significantly improved their expectations for the number of new export orders for products, stocks of raw materials and supplies, and finished goods stocks, the DIs being 48.6, 48.7 and 52.6 respectively, compared to 40.4, 41.5 and 56.1 in July. At the same time, industrial companies were more downbeat about their amount of unfinished products, the DI being 44.5, down from 47.1 in July.
- Despite firm expectations of a rise in raw material and supplies prices, companies declared intentions to raise their selling prices more slowly, the DIs being 24.2 and 64.3 respectively, compared to 23.1 and 65.4 in July.
- Although continuing to improve, staff expectations remained negative, the DI being 47.1, up from 44.7 in July.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



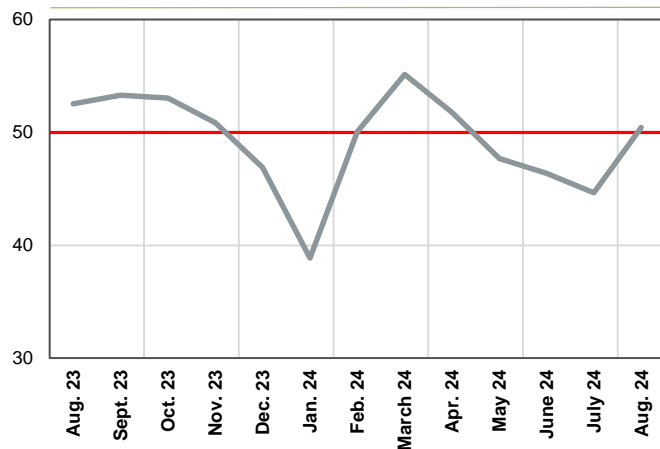
Diffusion Indices (DIs) for construction companies' performance expectations



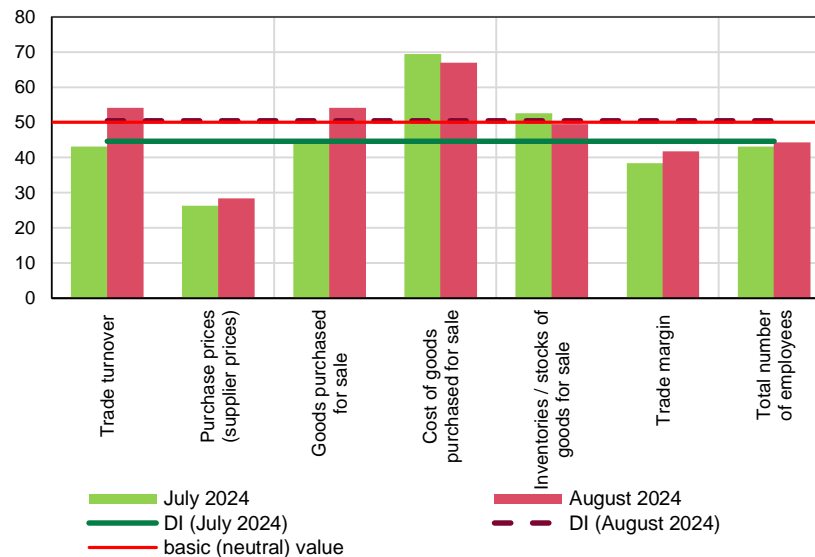
- Favorable weather conditions, stronger domestic demand, and budgetary financing to restore infrastructure and roads **stimulated the construction sector, contributing to its positive economic outlook, the DI being 50.7 in August**, up from 49.6 in July.
- Respondents expected a further **increase in construction volumes, the number of new orders, and in purchases of raw materials and supplies**, the DIs being 56.5, 54.3 and 58.7 respectively, compared to 54.8, 52.4 and 57.1 in July.
- Respondents were less confident about **an increase in their purchases of contractor services**, the DI being 54.3, down from 59.5 in July. Respondents remained **downbeat about contractor availability and the cost of contractor services**, the DIs being 34.8 and 30.4 respectively, compared to 38.1 and 28.6 in July.
- With less firm expectations of a rise in supplier prices, respondents reported weaker intentions to raise their selling prices, the DIs being 28.3 and 63.0 respectively, compared to 23.8 and 71.4 in July.
- In contrast to other sectors, construction companies reported **intentions to expand their workforces, the DI being 54.3**, up from 50.0 in July.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations

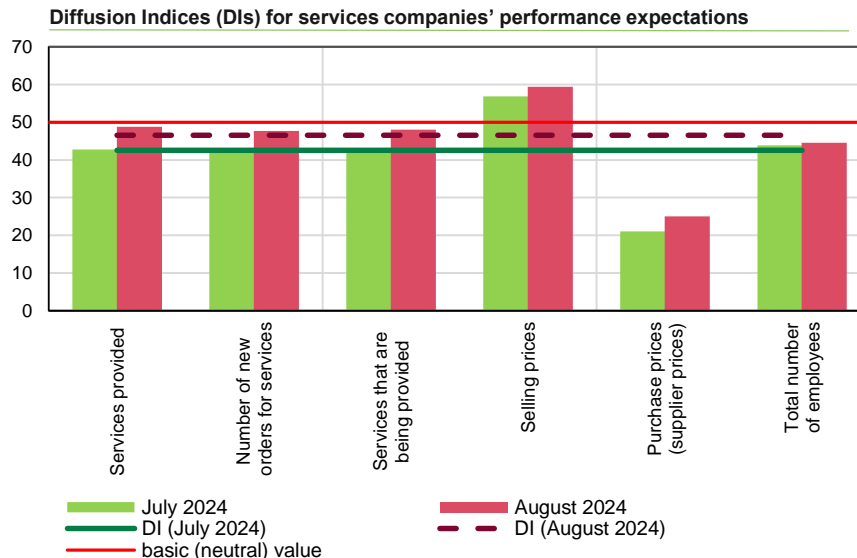
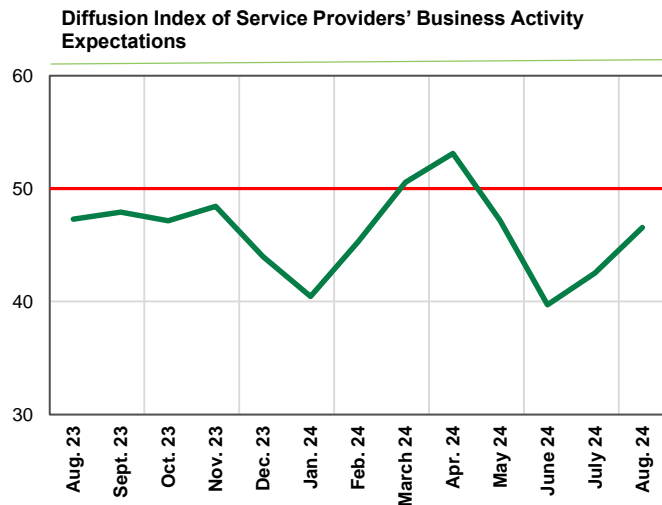


Diffusion Indices (DIs) for trading companies' performance expectations



- Sustained domestic demand, moderate inflation, and the sufficient supply of goods **helped improve the performance expectations of trading companies, the DI being 50.4 in August**, up from 44.7 in July.
- In contrast to the three previous months, respondents expected **an uptick in their trade turnover and the amount of goods purchased for sale**, the DIs being 54.1 for each, compared to 43.2 and 44.2 respectively in July. **Trading companies were also more upbeat about their stocks of goods for sale**, the DI being 49.5, down from 52.6 in July.
- With more moderate expectations of a rise in purchase prices, respondents reported weaker intentions to raise the prices of goods purchased for sale and to cut their trade margins, the DIs being 28.4, 67.0 and 41.8 respectively, compared to 26.3, 69.5 and 38.4 in July.
- Although reporting a more optimistic employment outlook, companies continued to report intentions to cut their staff, the DI being 44.3 in August, up from 43.2 in July.

# Services



- **In August**, services companies continued to **improve their expectations of their economic performance**, despite prolonged power cuts, shortages of qualified staff and higher business costs, **the sector's DI being 46.5**, up from 42.5 in July.
- **For two months in a row, respondents have been less downbeat** about the amount of services provided, the number of new orders for services, and the amount of services that are being provided, the DIs being 48.8, 47.7 and 48.0 respectively, compared to 42.7, 43.1 and 42.7 in July.
- On the back of weaker expectations of a rise in purchase (supplier) prices, respondents said they would raise their selling prices more slowly, the DIs being 25.0 and 59.4 respectively, compared to 21.0 and 56.9 in July.
- Respondents have reported weaker intentions to reduce their workforces for two months running, the DI being 44.5, up from 43.9 in July.



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# *Annexes*

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## Data on surveys of industrial companies in August 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	28	49	23
Number of new orders for products	24	54	21
Number of new export orders for goods	17	63	20
Unfinished products (unfulfilled orders)	9	70	20
Finished goods stocks	17	60	22
Stocks of raw materials and supplies	23	52	26
Prices for raw materials and supplies	54	43	3
Selling prices	32	65	3
Total number of employees	8	78	14

## Data on surveys of construction companies in August 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	22	70	9
Number of new orders	26	57	17
Purchases of raw materials and supplies	35	48	17
Purchase prices (supplier prices)	48	48	4
Purchases of contractor services	22	65	13
Cost of contractor services*	43	52	4
Availability of contractors	0	70	30
Selling prices	26	74	0
Total number of employees	13	83	4

## Data on surveys of trading companies in August 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	27	55	19
Purchase prices (supplier prices)	43	57	0
Goods purchased for sale	28	53	20
Cost of goods purchased for sale	42	49	8
Inventories / stocks of goods for sale*	21	60	20
Trade margin	7	69	24
Total number of employees	4	80	15

## Data on surveys of companies in the services sector in August 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	22	54	24
Number of new orders for services	19	58	23
Services that are being provided	18	60	22
Selling prices	22	75	3
Purchase prices (supplier prices)	50	50	0
Total number of employees	4	81	15

## 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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