



National Bank
of Ukraine

Monthly Business Outlook Survey

July 2024

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

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Statistics and Reporting Department



Summary

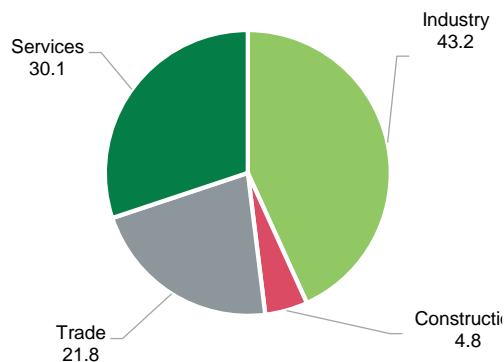
Companies slightly softened their expectations about their economic performance in the near future. The Business Activity Expectations Index (BAEI) was 44.4 in July, up from 43.6 in June.

- Adaptability to energy supply problems, the stable operation of the sea corridor, anchored inflation expectations, eased FX restrictions, and seasonal factors had a positive impact on businesses' expectations. At the same time, the deteriorating security situation, the risk of further terrorist attacks on critical infrastructure and the lengthy time for its repair, rising exchange rate expectations, and a significant shortage of skilled workers remained constraining factors, hampering economic activity in all sectors of the economy that participate in the NBU's monthly survey.
- Construction, services and industrial companies softened their expectations about their economic performance. Compared to the previous month, industrial and services companies were more upbeat about the amount of manufactured products/services provided, the amount of unfinished products and the number of new orders for services. Construction companies expected an increase in construction volumes, the number of new orders and in purchases of raw materials and supplies, thanks to budgetary financing for infrastructure repairs and road construction.
- With stronger expectations of a rise in purchase prices, companies across all surveyed sectors continued to declare intentions to raise their selling prices.
- The labor market situation remained challenging. Only construction companies said their staff numbers would remain unchanged on the previous month. Industrial and services companies reported intentions to reduce their workforces, albeit at a slower pace. Trading companies reported the most guarded expectations.

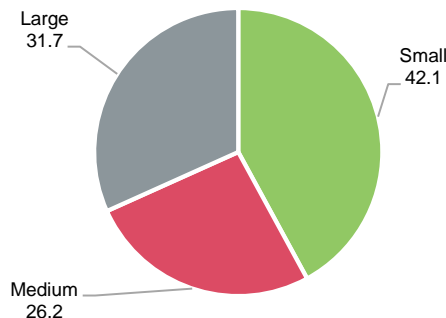
The NBU posts monthly survey results in the open data format. The data are available at the following link:
<https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

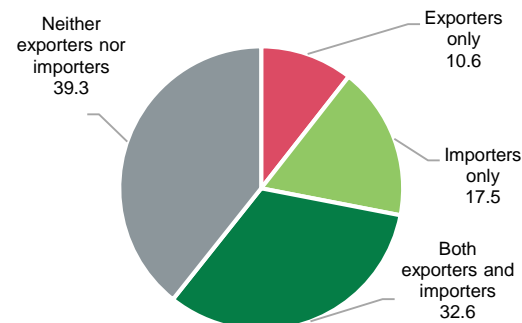
Respondents by sectors of the economy, %



Respondents by company size, %



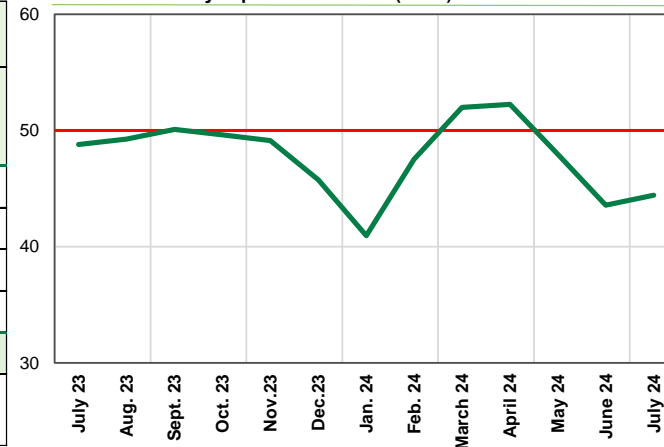
Respondents by business activities, %



- This survey was carried out from 4 July through 23 July 2024
- A total of 435 companies were polled
- Survey horizon: change in companies' performance expectations in July compared to June

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		June 2024	July 2024	Change m/m
Industry	35.2	45.5	45.8	0.3
Construction	3.2	43.0	49.6	6.7
Trade	25.8	46.4	44.7	-1.7
Services	35.8	39.7	42.5	2.8
Total	100.0	BAEI (total across Ukraine)		
		43.6	44.4	0.9

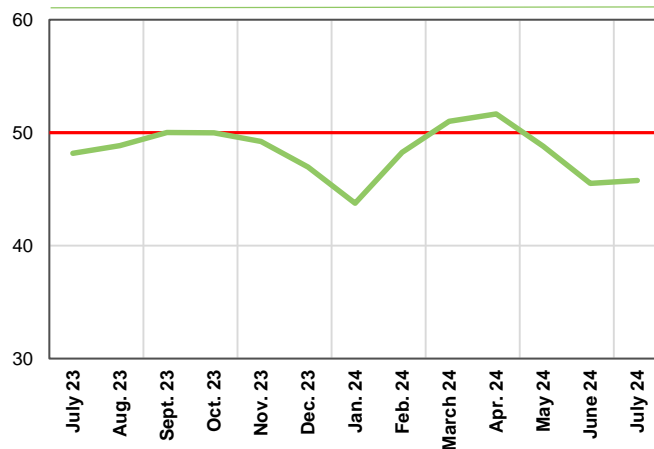
Business activity expectations index (BAEI)



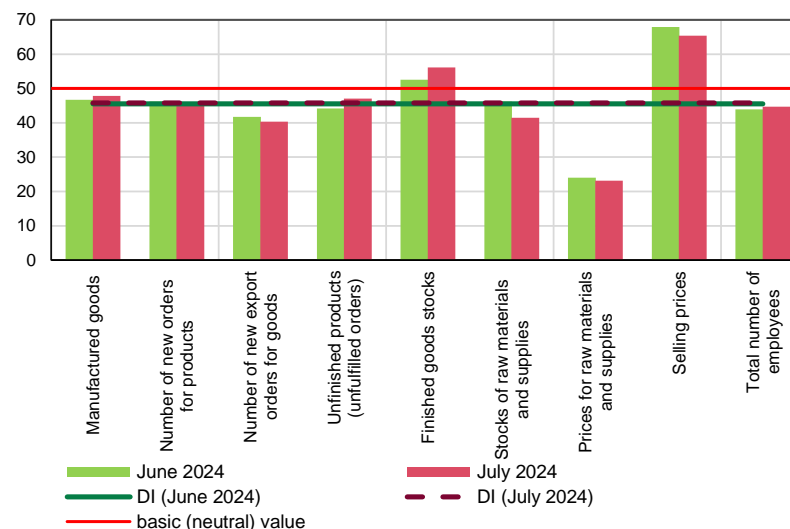
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



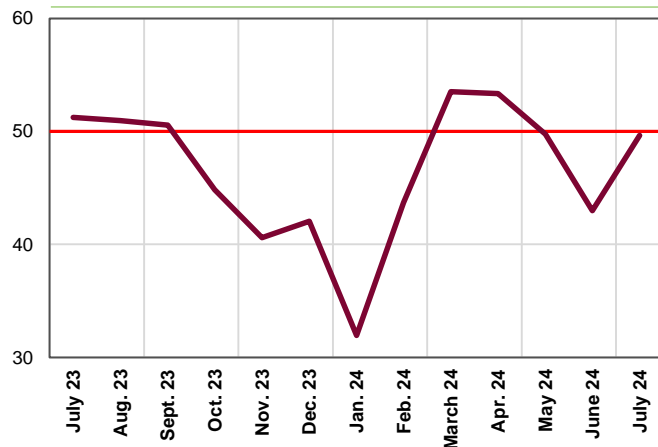
Diffusion Indices (DIs) for industrial companies' performance expectations



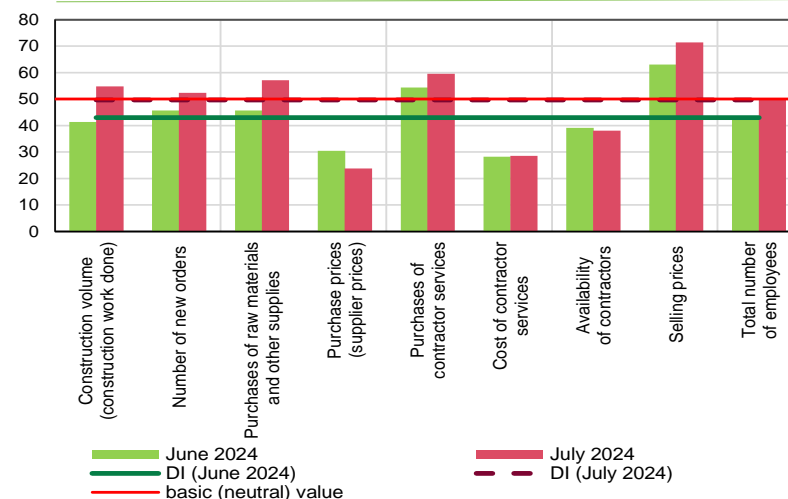
- Industrial companies continued to report guarded expectations for their economic performance on the back of power cuts, more intense hostilities and shortages of qualified staff, the sector's DI being 45.8 in July, up from 45.5 in June.
- Respondents softened their expectations for the amount of manufactured goods and the amount of unfinished products, the DIs being 47.9 and 47.1 respectively, compared to 46.7 and 44.2 in June. At the same time, respondents were more guarded about the number of new orders for products, including export orders, the DIs being 46.0 and 40.4 respectively, down from 46.2 and 41.7 in June.
- Respondents continued to expect a decrease in their stocks of raw materials and supplies and reported dimmer expectations for their finished goods stocks, the DIs being 41.5 and 56.1 respectively, compared to 46.2 and 52.5 in June.
- Despite firmer expectations of a rise in raw material and supplies prices, companies declared intentions to raise their selling prices more slowly, the DIs being 23.1 and 65.4 respectively, compared to 24.0 and 67.9 in June.
- Although softening slightly, staff expectations remained negative, the DI being 44.7, up from 43.9 in June.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



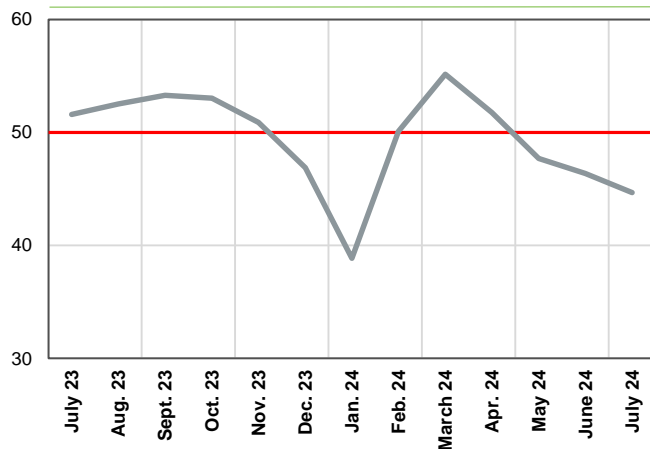
Diffusion Indices (DIs) for construction companies' performance expectations



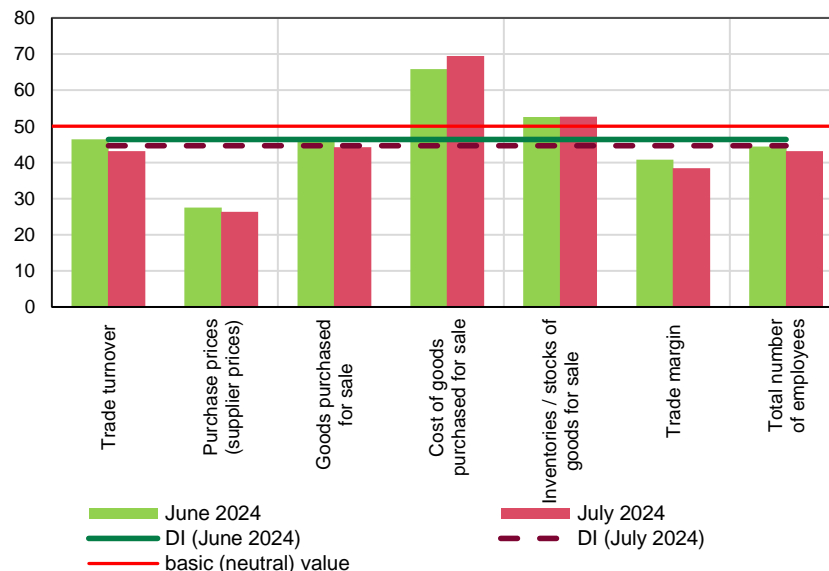
- A seasonal revival of activity, as well as budgetary financing for construction and the repairs of housing, infrastructure, roads and highways **considerably softened construction companies' negative performance expectations, with the DI, at 49.6, almost reaching its neutral level in July**, up from 43.0 in June.
- Companies expected **an increase in their construction volumes, the number of new orders, and purchases of raw materials and supplies**, the DIs being 54.8, 52.4 and 57.1 respectively, up from 41.3, 45.7 and 45.7 in June.
- Respondents reported firmer intentions to purchase more contractor services, the DI being 59.5, up from 54.3 in June. In contrast, companies remained downbeat about contractor availability and the cost of contractor services, the DIs being 38.1 and 28.6 respectively, compared to 39.1 and 28.3 in June.
- With higher supplier prices, respondents declared intentions to raise their selling prices significantly, the DIs being 23.8 and 71.4 respectively, compared to 30.4 and 63.0 in June.
- In contrast to other sectors, construction companies said they expected no changes in their workforces, the DI being 50.0, up from 43.5 in June.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



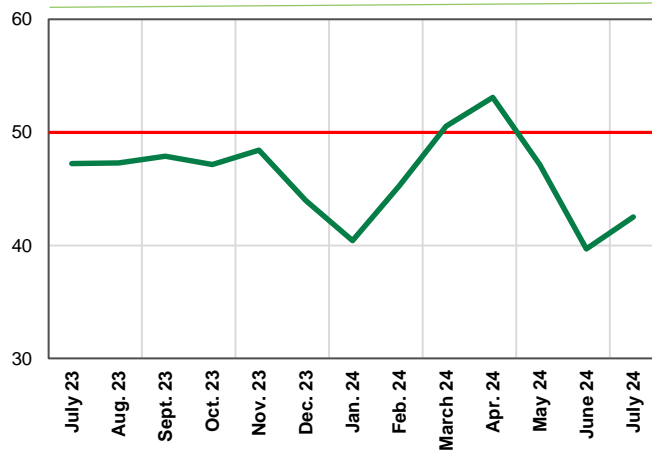
Diffusion Indices (DIs) for trading companies' performance expectations



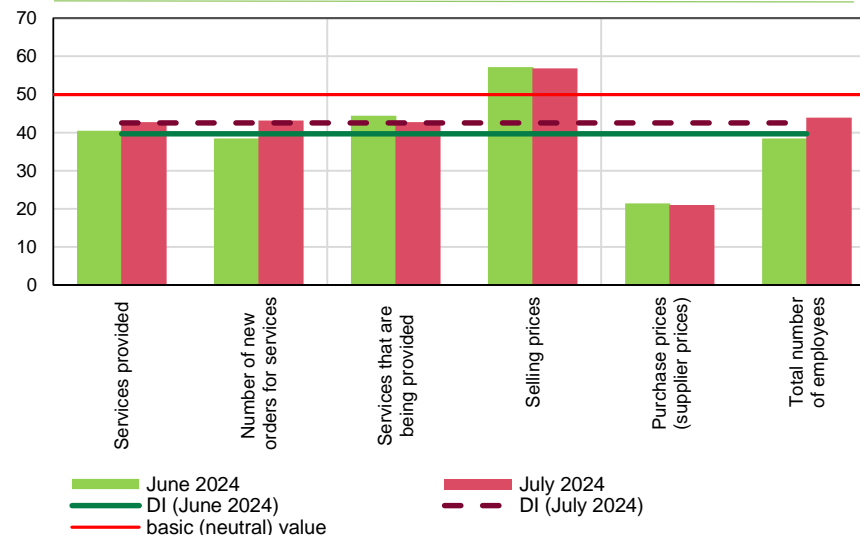
- Trading companies further worsened their economic performance expectations amid long power cuts and deteriorating exchange rate expectations, the DI being 44.7 in July, down from 46.4 in June.
- Respondents expected a further decrease in their trade turnovers and the amount of goods purchased for sale: the DIs being 43.2 and 44.2 respectively, compared to 46.4 for each in June. For three months running, companies have remained downbeat about their stocks of goods for sale, the DI being 52.6, unchanged on June.
- Expecting a further rise in purchase prices, respondents reported stronger expectations of an increase in the prices of goods purchased for sale and cuts in their trade margins, the DIs being 26.3, 69.5 and 38.4 respectively, compared to 27.6, 65.8 and 40.8 in June.
- Trading companies reported the most guarded staff expectations across all surveyed sectors, the DI being 43.2, down from 44.4 in June.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance expectations



- Services companies **softened their expectations of their economic performance in July**, despite prolonged power cuts, declining demand and higher business costs, **the sector's DI being 42.5**, up from 39.7 in June.
- Compared to the previous month**, respondents **were more optimistic about the amount of services provided and the number of new orders for services**, the DIs being 42.7 and 43.1 respectively, up from 40.5 and 38.5 in June. At the same time, respondents continued to expect a decrease in the amount of services that are being provided, the DI being 42.7, down from 44.4 in June.
- Despite stronger expectations of an increase in purchase (supplier) prices, respondents declared intentions to raise their selling prices at a slightly slower pace, the DIs being 21.0 and 56.9 respectively, compared to 21.4 and 57.1 in June.
- Services companies said they intended to reduce their workforces more slowly compared to the previous month, the DI being 43.9, up from 38.5 in June.



Annexes

Data on surveys of industrial companies in July 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	25	46	29
Number of new orders for products	18	56	26
Number of new export orders for goods	13	55	32
Unfinished products (unfulfilled orders)	12	70	18
Finished goods stocks	17	54	29
Stocks of raw materials and supplies	16	51	33
Prices for raw materials and supplies	54	46	0
Selling prices	32	66	2
Total number of employees	10	69	21

Data on surveys of construction companies in July 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	24	62	14
Number of new orders	24	57	19
Purchases of raw materials and supplies	29	57	14
Purchase prices (supplier prices)	52	48	0
Purchases of contractor services	29	62	10
Cost of contractor services*	48	48	5
Availability of contractors	5	67	29
Selling prices	43	57	0
Total number of employees	24	52	24

Data on surveys of trading companies in July 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	19	48	33
Purchase prices (supplier prices)	48	51	1
Goods purchased for sale	18	53	29
Cost of goods purchased for sale	48	42	9
Inventories / stocks of goods for sale*	19	57	24
Trade margin	7	62	31
Total number of employees	6	74	20

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	14	58	28
Number of new orders for services	15	56	29
Services that are being provided	12	61	27
Selling prices	19	76	5
Purchase prices (supplier prices)	58	42	0
Total number of employees	5	77	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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