



National Bank
of Ukraine

Monthly Business Outlook Survey

September 2022

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

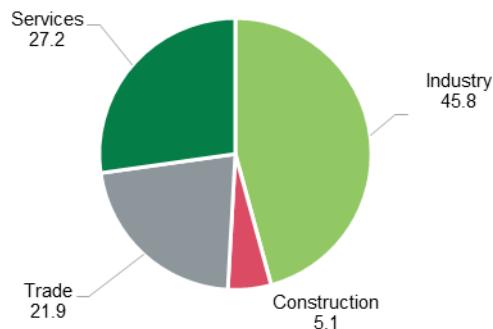
Businesses are adapting to the wartime conditions and their negative expectations are continuing to ease. **The business activity expectations index (BAEI) was 46.1 in September**, compared to 44.1 in August.

- Economic activity is gradually reviving across all sectors. The biggest obstacles to the recovery of companies are destroyed production facilities, rising energy prices, a drop in imports, exports and investment, and a decrease in purchasing power. Logistical hurdles persist.
- Most respondents said they intended to raise their selling prices on the back of higher purchase prices and production costs.
- Companies upgraded their expectations of an increase in production volumes and the amount of goods purchased for sale amid an improvement in the business climate and the population's adaptation to the current conditions.
- Respondents across all of the surveyed sectors continue to report no intentions to expand their workforces.

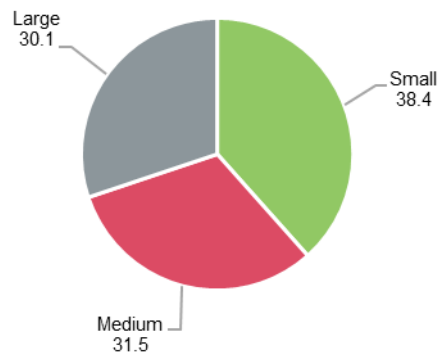
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

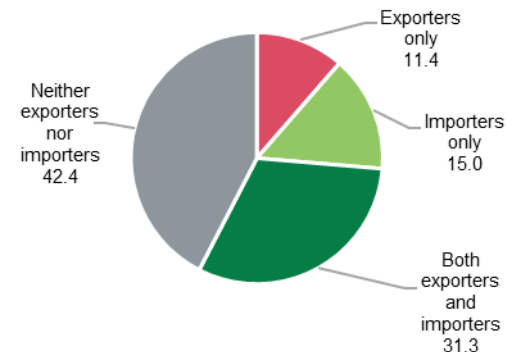
Respondents by sectors of the economy, %



Respondents by company size, %

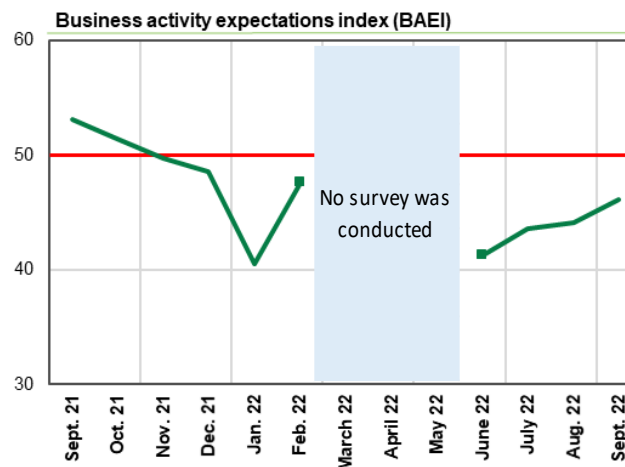


Respondents by business activities, %



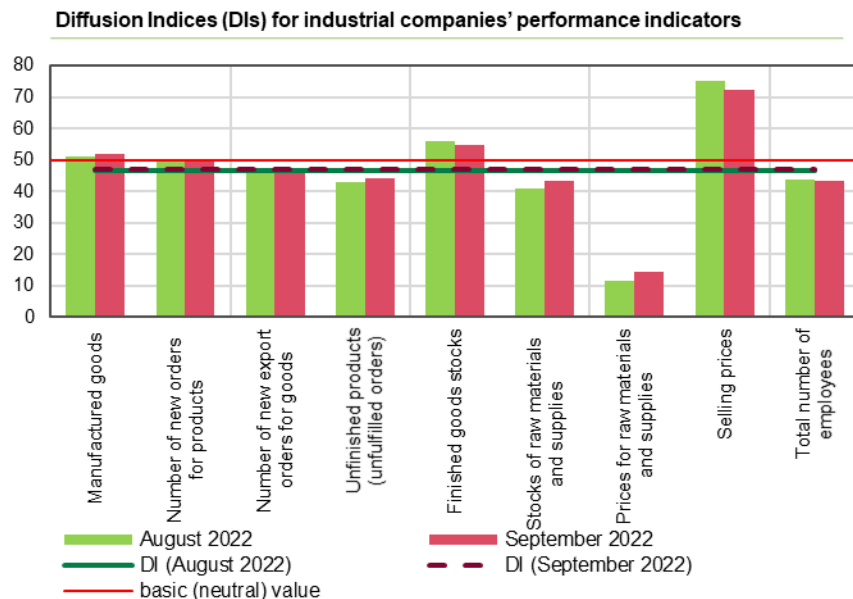
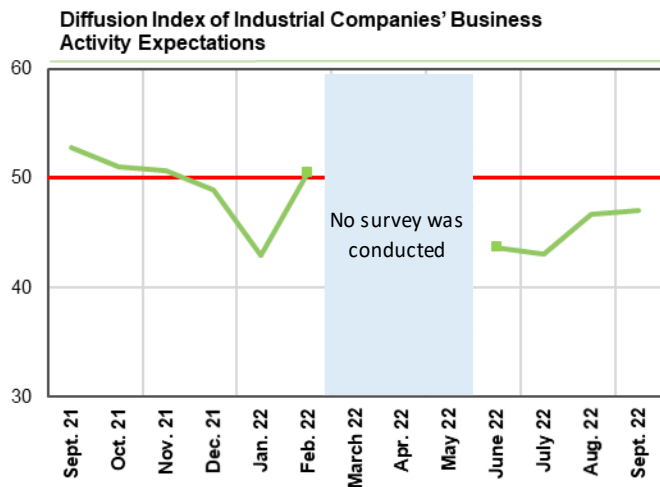
- This survey was carried out from 5 September through 23 September 2022
- A total of 448 companies were polled
- Survey horizon: change in companies' performance in September compared to August

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		August 2022	September 2022	Change m/m
Industry	35.3	46.7	47.1	0.4
Construction	4.8	41.2	41.0	-0.2
Trade	23.6	47.4	49.9	2.5
Services	36.3	39.6	43.4	3.8
Total	100.0	BAEI (total across Ukraine)		
		44.1	46.1	2.1



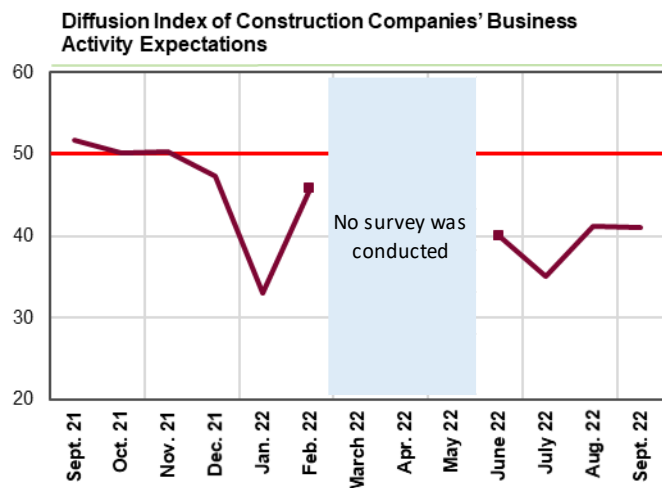
Data for totals and components may be subject to rounding effects

Industry

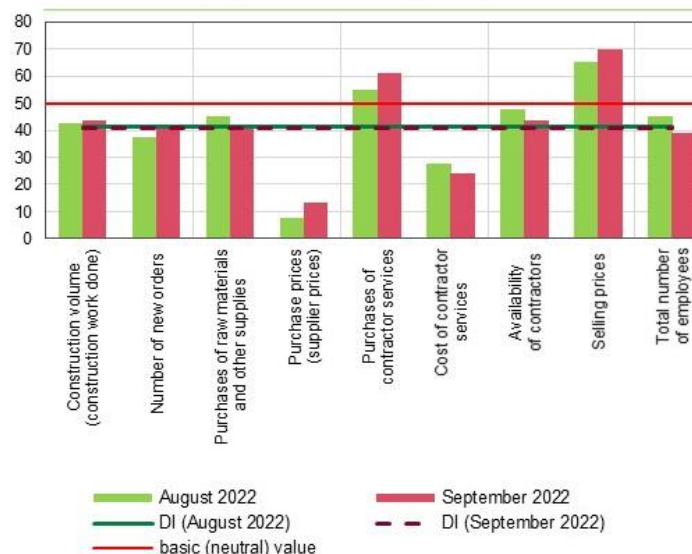


- Industrial companies slightly upgraded their **economic outlook for September** compared to August. **The sector's DI was 47.1 in September** (compared to 46.7 in August).
- Respondents have **expected an increase in the amount of manufactured goods** for two months in a row. The DI moved to 51.7 (up from 51.0 in August), driven mainly by more optimistic expectations about the number of new orders for products (the DI rose to 50.2 in September). Expectations about the number of new export orders remained pessimistic: the DI was 46.1, down from 46.7 in August.
- With firm expectations of a rise in raw material and supplies prices, respondents continued to report strong intentions to raise their selling prices, the DIs being 43.4 and 72.4 respectively, compared to 41.1 and 75.0 in August.
- Respondents continued to report negative expectations about their staff numbers**, the DI being 43.4, down from 43.6 in August.

Construction

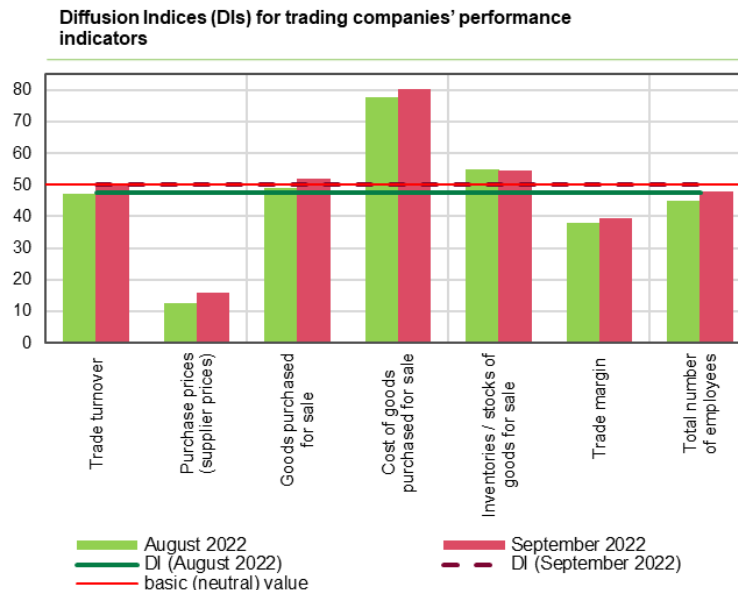


Diffusion Indices (DIs) for construction companies' performance indicators



- The low purchasing power of consumers, the state of adjacent markets and seasonal factors caused there to be a gloomy economic outlook among construction companies. **The sector's DI was 41.0 in September (compared to 41.2 in August).**
- Respondents were downbeat, albeit slightly less so, about their construction volumes and the number of new orders, the DIs being 43.5 and 41.3 respectively, compared to 42.5 and 37.5 in August. At the same time, respondents reported no intentions to step up their purchases of raw materials and supplies, the DI being 41.3, down from 45.0 in August.
- **With firm expectations of substantial costs for contractor services and high purchase prices,** respondents reported much **stronger intentions to raise their selling prices**, the DIs being 13.0, 69.6 and 23.9 respectively, compared to 7.5, 65.0 and 27.5 in August.
- Respondents **downgraded their expectations for their staff numbers**, as the DI dropped to 39.1, down from 45.0 in August.

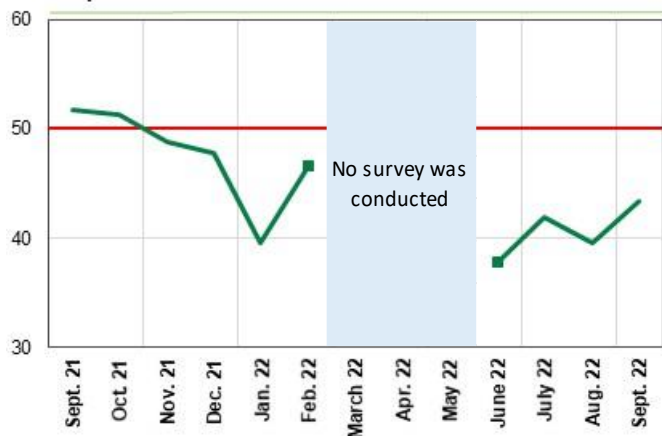
Trade



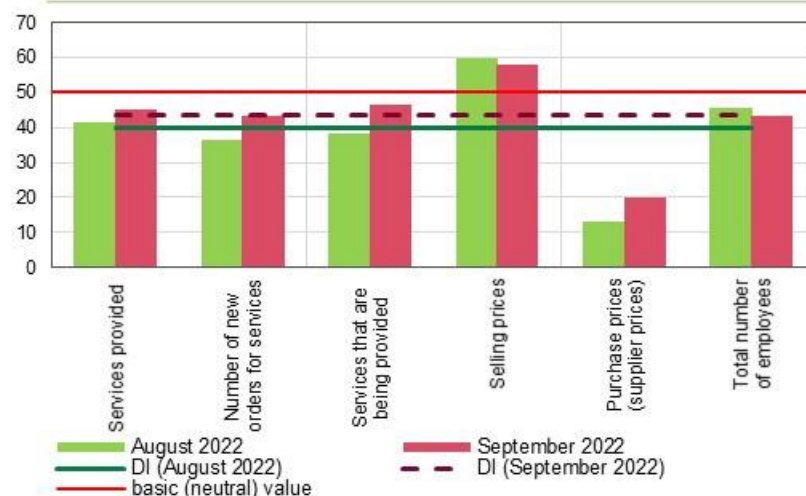
- For the first time in 2022, the expectations of trading companies came very close to the neutral level, **the DI being 49.9**, up from 47.4 in August.
- Respondents **were upbeat about their trade turnover and the amount of goods purchased for sale**, the DIs being 50.0 and 52.0 respectively, up from 47.3 and 48.9 in August.
- At the same time, companies expected a **sizeable increase in the prices of goods purchased for sale**, on the back of **high purchase prices** (the DIs were 80.1 and 15.8 respectively, up from 77.7 and 12.5 in August).
- Companies continued to report intentions to cut their trade margins, the DI being 39.3, up from 38.0 in August.
- Companies in the sector continued to expect a decrease in their stocks of goods for sale, the DI being 54.6, down from 54.9 in August.
- Like in other sectors, respondents in the trading sector **remained downbeat about their staff numbers**, the DI being 48.0, up from 45.1 in August.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Although improving for two months running, the expectations of services companies remained pessimistic. **The sector's DI was 43.4 in September**, up from 39.6 in August.
- Respondents upgraded their still negative expectations of the amount of services provided, the amount of services that are being provided and the number of new orders: the DIs were 45.1, 46.3 and 43.4 respectively, up from 41.3, 38.4 and 36.4 in August.
- With high expectations of an increase in purchase prices, respondents continued to report strong intentions to raise their selling prices, the DIs being 20.1 and 57.8 respectively, compared to 13.2 and 59.5 in August.
- Respondents continued to report intentions to **lay off staff**, the DI being 43.0, down from 45.5 in August.



Annexes

Data on surveys of industrial companies in September 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	26	51	23
Number of new orders for products	22	57	21
Number of new export orders for goods	15	62	23
Unfinished products (unfulfilled orders)	10	68	22
Finished goods stocks	16	59	25
Stocks of raw materials and supplies	20	47	33
Prices for raw materials and supplies	73	25	2
Selling prices	47	50	2
Total number of employees	5	77	18

Data on surveys of construction companies in September 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	17	52	30
Number of new orders	17	48	35
Purchases of raw materials and supplies	13	57	30
Purchase prices (supplier prices)	78	17	4
Purchases of contractor services	39	43	17
Cost of contractor services*	52	48	0
Availability of contractors	4	78	17
Selling prices	39	61	0
Total number of employees	0	78	22

Data on surveys of trading companies in September 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	23	53	23
Purchase prices (supplier prices)	70	28	2
Goods purchased for sale	28	49	23
Cost of goods purchased for sale	64	32	4
Inventories / stocks of goods for sale*	16	58	26
Trade margin	8	62	30
Total number of employees	5	86	9

Data on surveys of companies in the services sector in September 2022

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	19	52	29
Number of new orders for services	18	51	31
Services that are being provided	16	60	24
Selling prices	22	71	7
Purchase prices (supplier prices)	62	35	2
Total number of employees	4	78	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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