



National Bank
of Ukraine

Monthly Business Outlook Survey

December 2023

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

Issue No.51
Statistics and Reporting Department



Summary

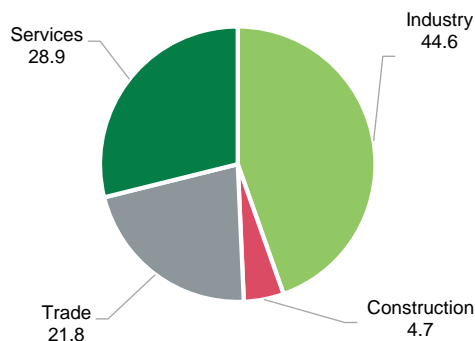
Businesses downgraded their expectations for their economic performance in the near future. The business activity expectations index (BAEI) was 45.7 in December, down from 49.1 in November.

- The ongoing full-scale aggression, uncertainty about the duration of the hostilities, risks that international aid will arrive irregularly and in insufficient amounts, rising logistics costs due to the blockade of the border, high fuel prices, narrowing investment demand, shortages of skilled workers, and weaker demand worsened the business outlook of companies across all of the surveyed sectors.
- Respondents expected a decrease in 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, industrial companies remained upbeat about the amount of manufactured goods, while trading companies remained optimistic about their stocks of goods for sale.
- Construction, trading and services companies said they expected that purchase prices would grow at a slower pace. They also declared weaker intentions to raise their selling prices.
- The labor market is experiencing a seasonal decline in activity. Construction companies were the most downbeat about their total staff numbers, while trading companies were somewhat more active on the labor market.

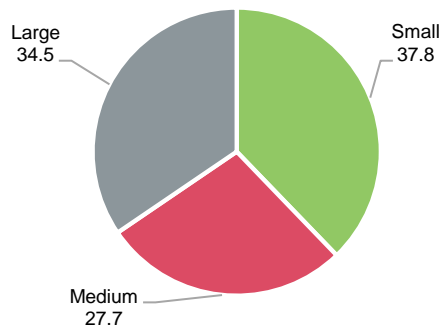
The NBU posts monthly survey results in the open data format. The data are available at the following link:
<https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

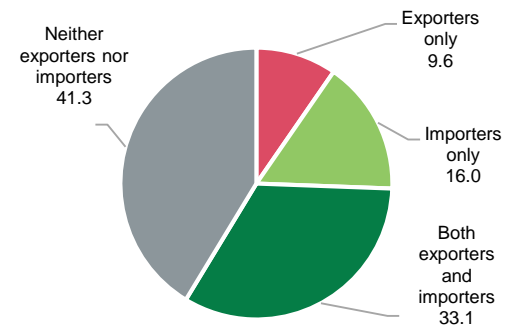
Respondents by sectors of the economy, %



Respondents by company size, %



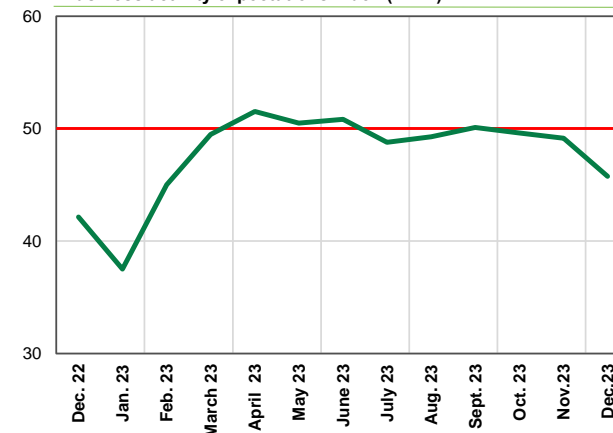
Respondents by business activities, %



- This survey was carried out from 4 December through 21 December 2023
- A total of 426 companies were polled.
- Survey horizon: change in companies' performance expectations in December compared to November

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		November 2023	December 2023	Change m/m
Industry	36.8	49.2	46.9	-2.3
Construction	2.5	40.6	42.1	1.5
Trade	25.2	50.9	46.9	-4.0
Services	35.5	48.4	44.0	-4.5
Total	100.0	BAEI (total across Ukraine)		
		49.1	45.7	-3.4

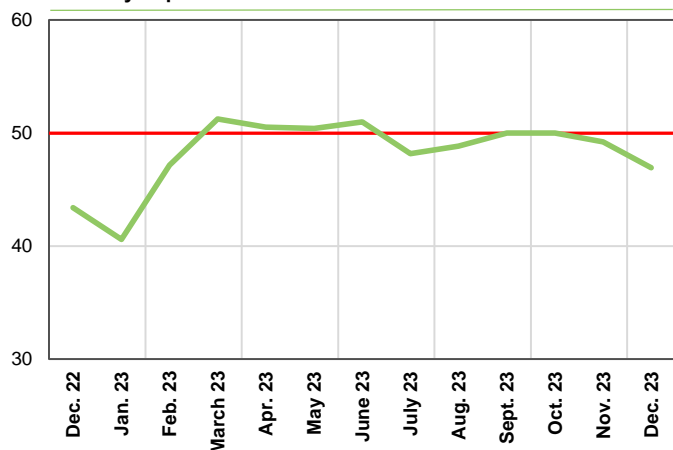
Business activity expectations index (BAEI)



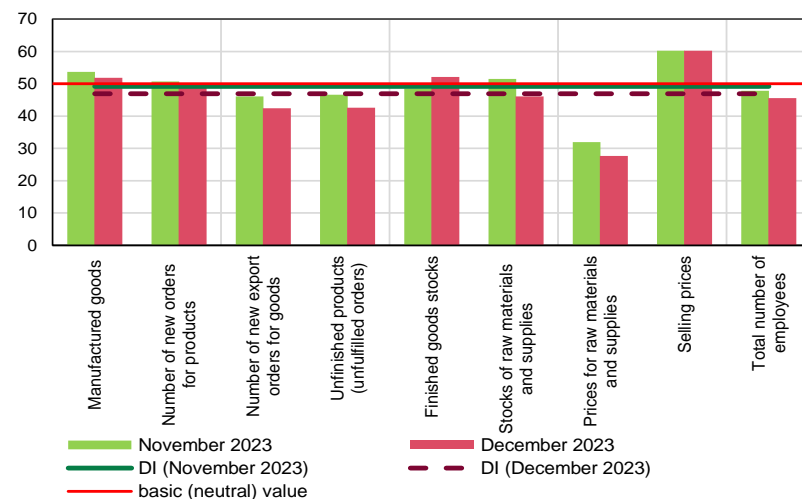
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



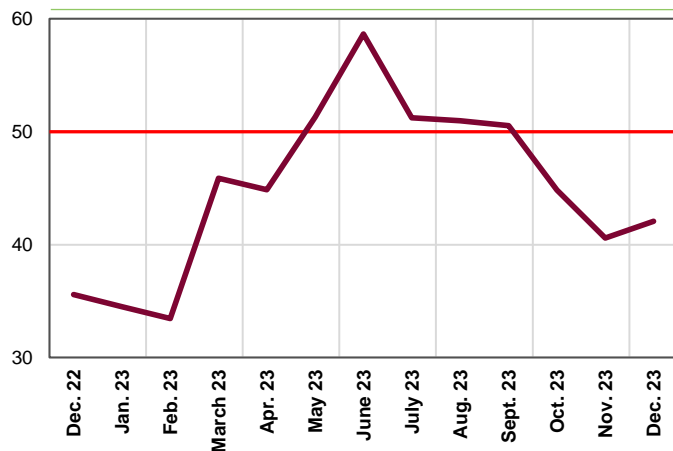
Diffusion Indices (DIs) for industrial companies' performance expectations



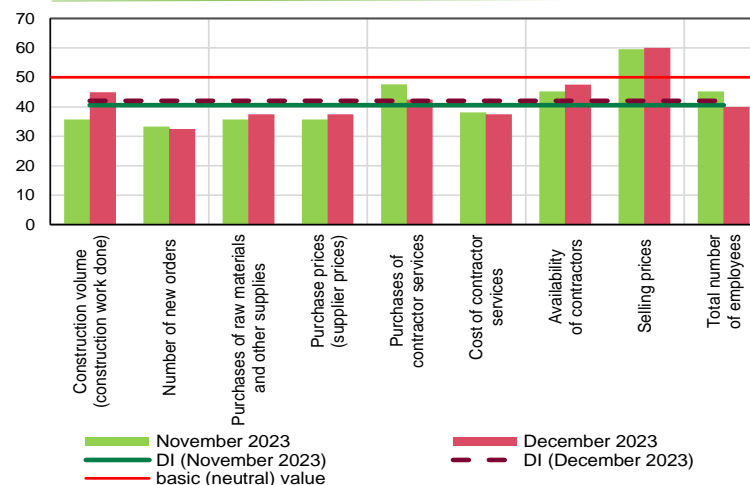
- Amid a decline in export and import transactions, increased logistics costs because of the border blockade and high fuel prices, **industrial companies have been expecting poorer financial performance for two months running**. The sector's DI dropped to 46.9, down from 49.2 in December.
- Companies continued to expect a rise in the amount of manufactured goods, albeit at a slower pace, the DI being 51.8, down from 53.7 in November. In contrast, respondents expected a decrease in the number of new orders for products and in stocks of raw materials and supplies, the DIs being 48.7 and 46.1 respectively, down from 50.7 and 51.5 in November.
- Companies were more pessimistic about the number of new export orders for products and the amount of unfinished products, the DIs being 42.5 and 42.6 respectively, down from 46.1 and 46.6 in November. Respondents downgraded their views about their finished goods stocks, the DI being 52.1, compared to 48.5 in November.
- Despite firmer expectations of a rise in raw material and supplies prices, companies declared intentions to raise their selling prices at the current pace, the DIs being 27.6 and 60.3 respectively, compared to 32.0 and 60.2 in November.
- Respondents continued to report intentions to cut their workforces, the DI being 45.5, down from 47.8 in November.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



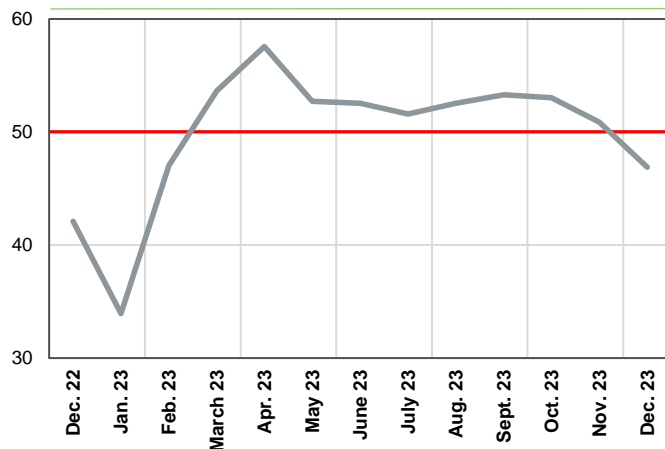
Diffusion Indices (DIs) for construction companies' performance expectations



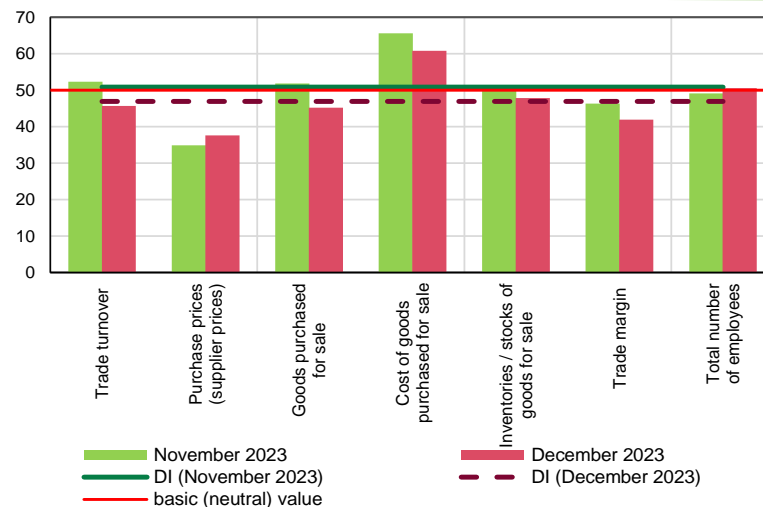
- For three months in a row, construction companies have been the most pessimistic of all about their economic performance in the short term because of a seasonal decline in economic activity, narrowing investment demand, and shortages of skilled workers, **the DI being 42.1**, up from 40.6 in November.
- Respondents expected a further drop, albeit at a slower pace, in construction volumes and in purchases of raw materials and supplies, the DIs being 45.0 and 37.5 respectively, compared to 35.7 and 35.7 in November. Companies expected the number of new orders to decrease further, the DI being 32.5, down from 33.3 in November.
- Respondents declared stronger negative expectations about purchases of contractor services and about an increase in the cost of these services, the DIs being 42.5 and 37.5 respectively, compared to 47.6 and 38.1 in November. At the same time, companies somewhat softened their negative views about the availability of contractors, the DI being 47.5, up from 45.2 in November.
- Respondents reported intentions to raise their selling prices at the current pace, despite a slower rise in purchase prices, the DIs being 60.0 and 37.5 respectively, compared to 59.5 and 35.7 in November.
- Respondents declared stronger intentions to cut their staff, the DI being 40.0, down from 45.2 in November.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



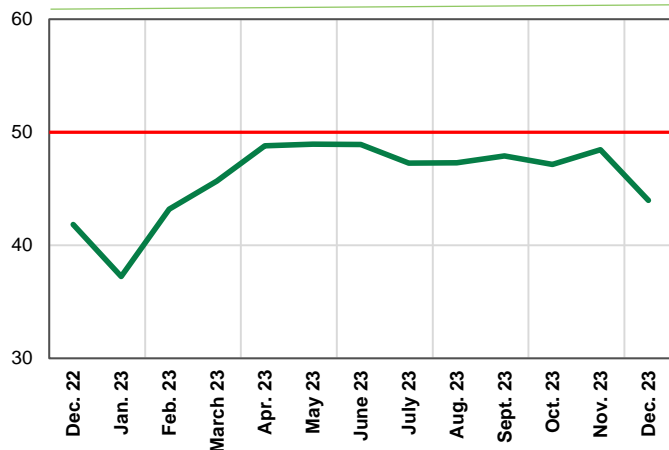
Diffusion Indices (DIs) for trading companies' performance expectations



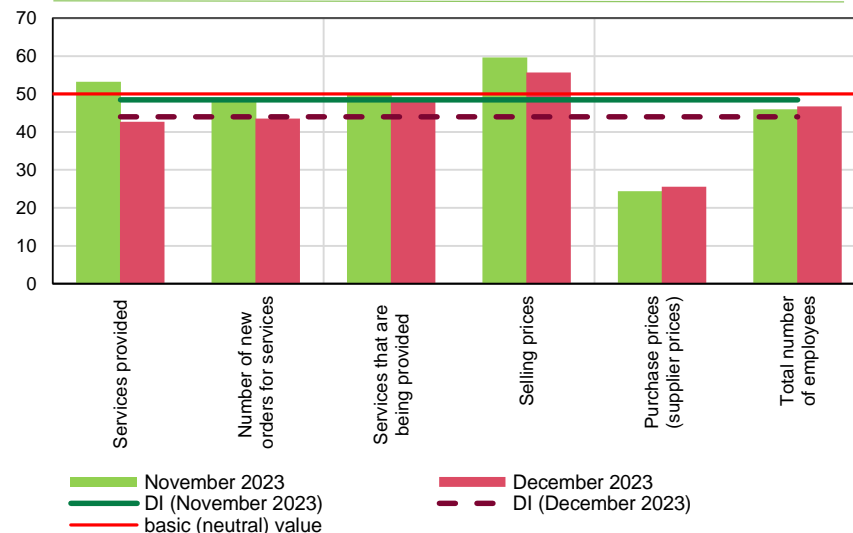
- After reporting a positive economic outlook for nine months running, **trading companies worsened their performance expectations in December** on the back of a fall in imports of goods due to the border blockade and the weaker purchasing power of households. **The sector's DI was 46.9**, down from 50.9 in November.
- Respondents expected a drop in trade turnover and the amount of goods purchased for sale, the DIs being 45.7 and 45.2 respectively, compared to 52.3 and 51.8 in November.
- At the same time, **companies improved their views about their stocks of goods for sale**, the DI being 47.8, up from 50.9 in November.
- Trading companies continued to declare intentions to cut their trade margins, the DI being 41.9, down from 46.3 in November.
- Respondents expected slower growth in purchase prices and the cost of goods purchased for sale, the DIs being 37.6 and 60.8 respectively, compared to 34.9 and 65.6 in November.
- After reporting negative expectations for two months in a row, **trading companies were the only sector to have declared intentions to hire more staff**, the DI being 50.5, up from 49.1 in November.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance expectations



- **Services companies downgraded their negative expectations of their current economic performance** on the back of logistical difficulties with crossing the border, high fuel prices and sluggish demand, **the sector's DI being 44.0**, down from 48.4 in November.
- In contrast to the previous month, respondents expected a decrease in the amount of services provided, the volume of services that are being provided and a further drop in the number of new orders, the DIs being 42.7, 48.0 and 43.5 respectively, compared to 53.2, 50.0 and 48.8 in November.
- Services companies expected a decline in both selling and purchase prices, the DIs being 55.7 and 25.6 respectively, compared to 59.6 and 24.4 in November.
- Respondents remained downbeat about their total staff numbers, the DI being 46.7, up from 46.0 in November.



Annexes

Data on surveys of industrial companies in December 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	28	48	24
Number of new orders for products	21	55	24
Number of new export orders for goods	13	58	28
Unfinished products (unfulfilled orders)	11	64	25
Finished goods stocks	22	53	26
Stocks of raw materials and supplies	19	53	27
Prices for raw materials and supplies	46	53	1
Selling prices	22	76	2
Total number of employees	6	78	15

Data on surveys of construction companies in December 2023

% responses

Indicator	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	15	60	25
Number of new orders	0	65	35
Purchases of raw materials and supplies	10	55	35
Purchase prices (supplier prices)	25	75	0
Purchases of contractor services	5	75	20
Cost of contractor services*	25	75	0
Availability of contractors	0	95	5
Selling prices	20	80	0
Total number of employees	5	70	25

Data on surveys of trading companies in December 2023

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	26	40	34
Purchase prices (supplier prices)	27	71	2
Goods purchased for sale	24	43	33
Cost of goods purchased for sale	37	48	15
Inventories / stocks of goods for sale*	30	44	26
Trade margin	5	73	22
Total number of employees	9	84	8

Data on surveys of companies in the services sector in December 2023

% responses

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	16	53	31
Number of new orders for services	17	53	30
Services that are being provided	16	63	20
Selling prices	15	80	4
Purchase prices (supplier prices)	50	48	2
Total number of employees	7	80	13

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.



National Bank of Ukraine

[Web](#) ▪ [Facebook](#) ▪ [Twitter](#) ▪ [Flickr](#) ▪ [Youtube](#) ▪ [Instagram](#)