



National Bank
of Ukraine

Monthly Business Outlook Survey

September 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

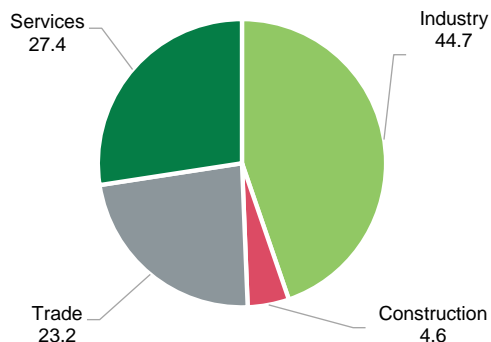
Businesses continued to upgrade their still-guarded expectations of their economic performance in the near future. The business activity expectations index (BAEI) was 48.7 in September, compared to 48.4 in August.

- The revival of domestic demand, the increased supply of goods, budget funding for infrastructure recovery and road construction, the stable operation of the sea corridor, growth in rail transportation, and seasonal factors helped improve business expectations. Conversely, missile attacks on critical infrastructure, rising exchange rate expectations, higher excise taxes on fuel, labor shortages, and accelerating inflation remained restraining factors.
- Positive expectations were reported by trading, industrial and construction companies. Respondents expected an increase in trade turnover, purchases of goods for sale, the amount of manufactured products, construction volumes and the number of new orders. Conversely, services companies' expectations still remained below their neutral level.
- With stronger growth in purchase prices, companies across all surveyed sectors declared intentions to raise their selling prices.
- Labor market conditions remained unstable. Only construction companies reported no intentions to lay off staff. Managers in other sectors, despite a slight improvement in expectations, continued to declare intentions to reduce their workforces, with the strongest intentions reported by managers in the services sector.

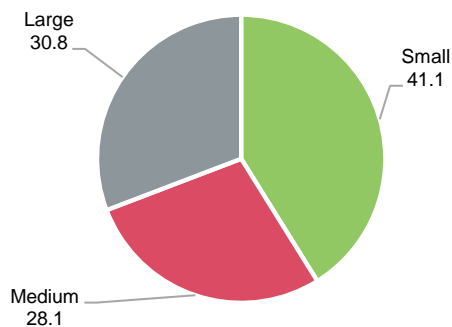
The NBU posts monthly survey results in the open data format. The data are available at the following link:
<https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

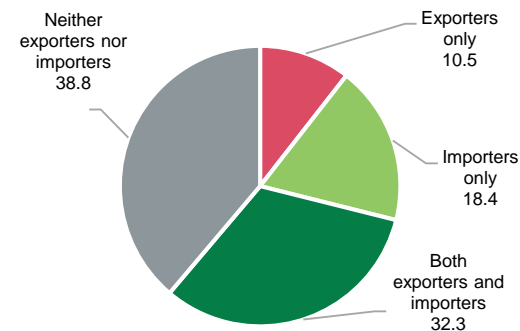
Respondents by sectors of the economy, %



Respondents by company size, %



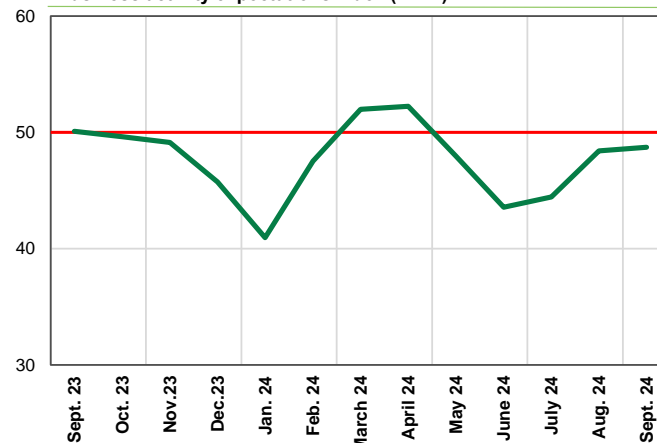
Respondents by business activities, %



- This survey was carried out from 4 September through 23 September 2024
- A total of 474 companies were polled
- Survey horizon: change in companies' performance expectations in September compared to August

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		August 2024	September 2024	Change m/m
Industry	35.2	48.6	50.3	1.7
Construction	3.2	50.7	50.1	-0.6
Trade	25.8	50.4	52.1	1.6
Services	35.8	46.5	44.6	-2.0
Total	100.0	BAEI (total across Ukraine)		
		48.4	48.7	0.3

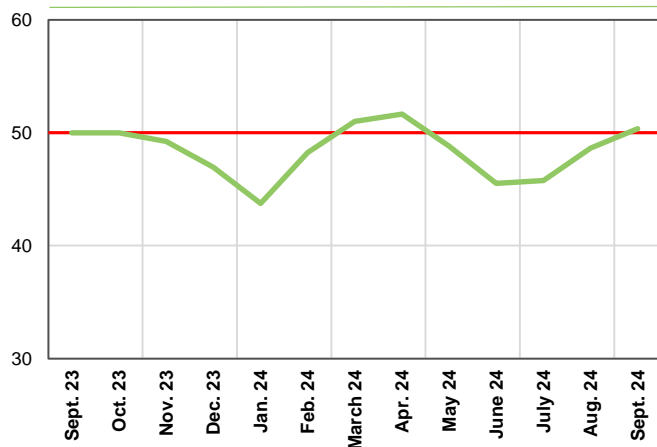
Business activity expectations index (BAEI)



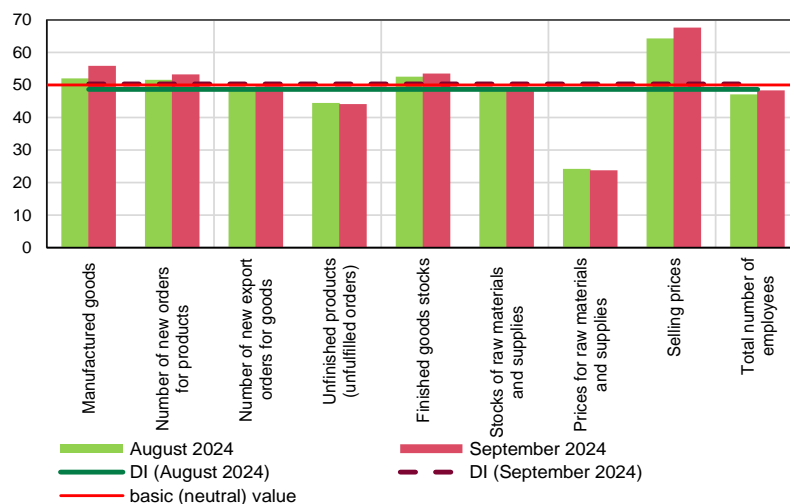
Data for totals and components may be subject to rounding effects

Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



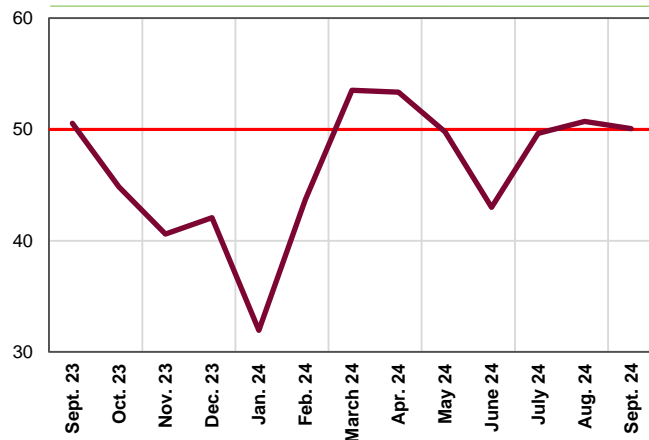
Diffusion Indices (DIs) for industrial companies' performance expectations



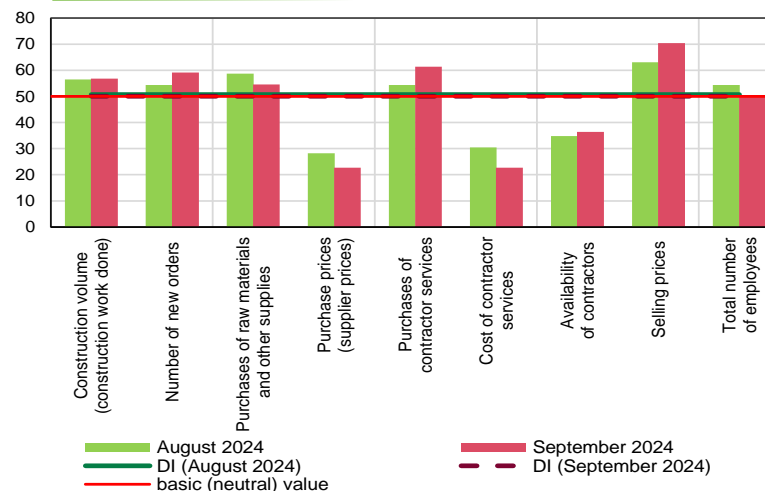
- Industrial companies reported positive performance expectations for the near future on the back of stable consumer demand, stepped-up production and reestablished supply chains. **The sector's DI was 50.3 in September**, up from 48.6 in August.
- Respondents expected a further increase in the amount of manufactured goods and the number of new orders for products, the DIs being 55.9 and 53.3 respectively, compared to 52.1 and 51.6 in August. Expectations about the number of new export orders for products came very close to their neutral level – 49.6, up from 48.6 in August. In contrast, expectations about the amount of unfinished products remained guarded, the DI being 44.1, down from 44.5 in August.
- Respondents reported less pessimistic expectations about a decrease in their stocks of raw materials and supplies, the DI being 49.3, compared to 48.7 in August. At the same time, respondents downgraded their expectations about their finished goods stocks, the DI being 53.5, up from 52.6 in August.
- With strong expectations of a rise in raw material and supplies prices, companies declared firmer intentions to raise their selling prices, the DIs being 23.8 and 67.7 respectively, compared to 24.2 and 64.3 in August.
- Although continuing to improve, staff expectations still remained negative, the DI being 48.3, up from 47.1 in August.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



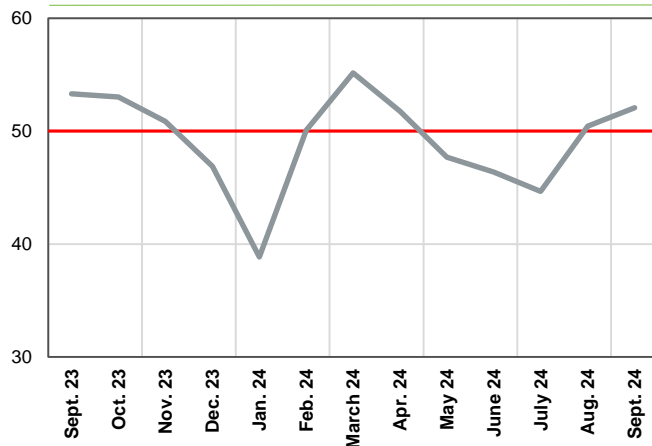
Diffusion Indices (DIs) for construction companies' performance expectations



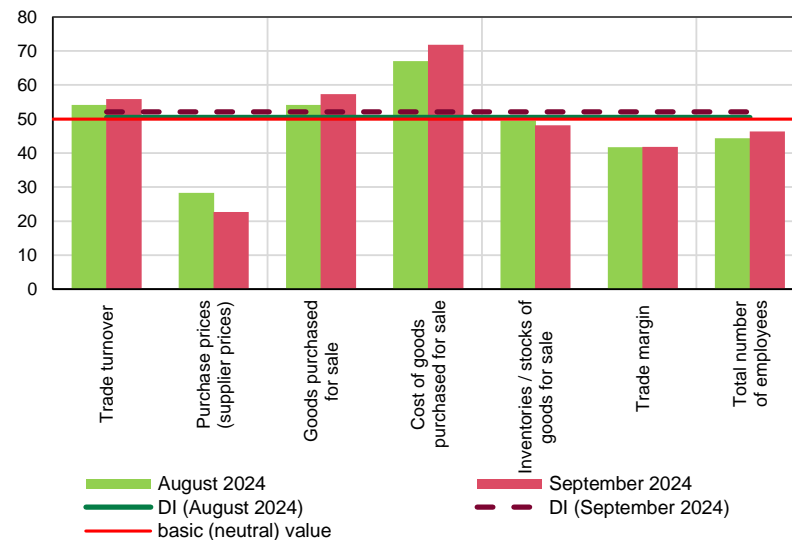
- Budgetary financing for road construction and infrastructure, coupled with seasonal factors, contributed to the stable operation of construction companies, the DI being 50.1 in September, down from 50.7 in August.
- Respondents continued to upgrade their expectations for the amount of construction work done and the number of new orders, the DIs being 56.8 and 59.1 respectively, compared to 56.5 and 54.3 in August. Construction companies continued to expect an increase in their purchases of raw materials and supplies, the DI being 54.5, down from 58.7 in August.
- At the same time, respondents significantly improved their expectations about purchases of contractor services, despite expectations of a rise in the cost of these services, the DIs being 61.4 and 22.7 respectively, compared to 54.3 and 30.4 in August. Respondents also slightly improved their negative expectations about the availability of contractors, the DI being 36.4, up from 34.8 in August.
- With considerably stronger expectations of a rise in purchase prices, respondents declared intentions to raise their selling prices significantly, the DIs being 22.7 and 70.5 respectively, compared to 28.3 and 63.0 in August.
- In contrast to other sectors, construction companies expected no change in their workforces, the DI being 50.0, down from 54.3 in August.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



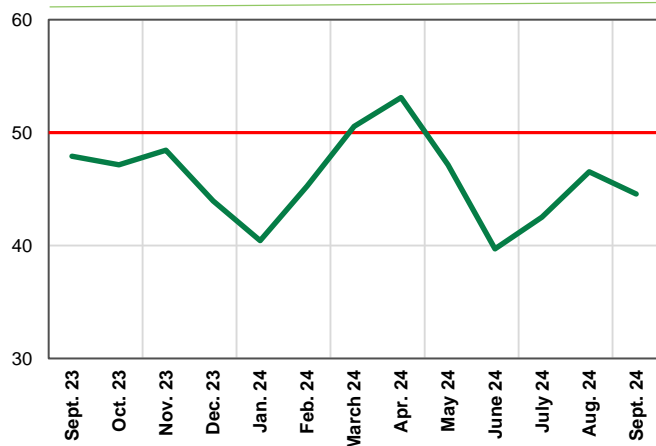
Diffusion Indices (DIs) for trading companies' performance expectations



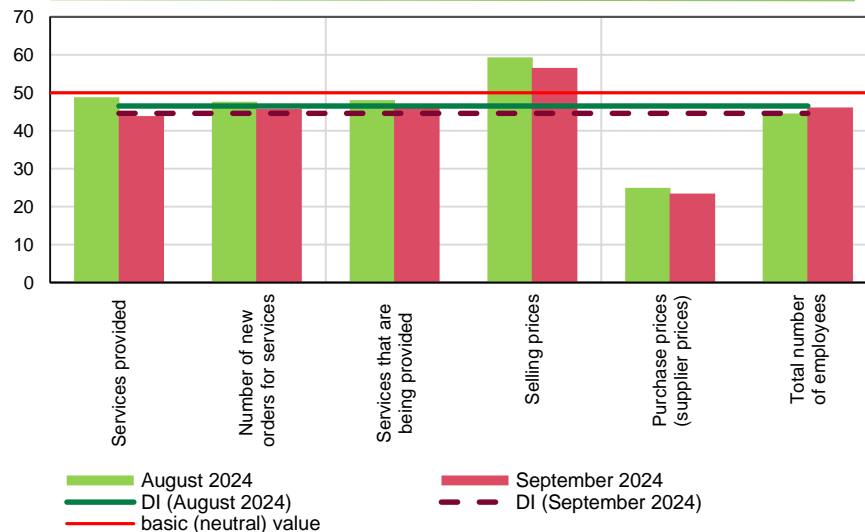
- Of all the sectors, the trade sector reported the most optimistic expectations of its performance in the near future on the back of robust consumer demand, a sufficient supply of goods and expanding supply chains. The sector's DI was 52.1 in September, up from 50.4 in August.
- Respondents were more confident about a further increase in their trade turnover and in the amount of goods purchased for sale, the DIs being 55.9 and 57.3 respectively, compared to 54.1 for each in August.
- At the same time, companies improved their expectations about their stocks of goods for sale, the DI being 48.2, down from 49.5 in August.
- With firmer expectations of a rise in purchase prices, respondents expected an increase in the cost of goods purchased for sale, the DIs being 22.7 and 71.8 respectively, compared to 28.4 and 67.0 in August. Trading companies continued to report intentions to cut their trade margins, the DI being 41.8, unchanged on August.
- Although reporting a more optimistic employment outlook, companies continued to report intentions to cut their staff, the DI being 46.4 in September, up from 44.3 in August.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance expectations



- The services sector is the only sector in which companies not only maintained their pessimistic expectations about their economic performance, but also expressed them more strongly. The reasons for this were shortages of qualified staff and higher business costs for labor and backup power supplies. **The DI was 44.6,** down from 46.5 in August.
- Respondents reported very cautious expectations about the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 43.8, 45.8 and 46.5 respectively, compared to 48.8, 47.7 and 48.0 in August.
- Despite expectations of a further increase in purchase prices, respondents reported slightly weaker intentions to raise their selling prices, the DIs being 23.5 and 56.5 respectively, compared to 25.0 and 59.4 in August.
- Services companies reported the most guarded staff expectations across all surveyed sectors, the DI being 46.2, up from 44.5 in August.



Annexes

Data on surveys of industrial companies in September 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	31	50	19
Number of new orders for products	27	53	20
Number of new export orders for goods	20	58	21
Unfinished products (unfulfilled orders)	7	74	19
Finished goods stocks	17	58	25
Stocks of raw materials and supplies	23	53	24
Prices for raw materials and supplies	54	45	1
Selling prices	37	61	2
Total number of employees	9	78	13

Data on surveys of construction companies in September 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	32	50	18
Number of new orders	27	64	9
Purchases of raw materials and supplies	27	55	18
Purchase prices (supplier prices)	55	45	0
Purchases of contractor services	32	59	9
Cost of contractor services*	55	45	0
Availability of contractors	0	73	27
Selling prices	41	59	0
Total number of employees	9	82	9

Data on surveys of trading companies in September 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	34	45	22
Purchase prices (supplier prices)	55	45	0
Goods purchased for sale	34	47	19
Cost of goods purchased for sale	51	42	7
Inventories / stocks of goods for sale*	22	60	18
Trade margin	10	64	26
Total number of employees	6	80	14

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	18	51	31
Number of new orders for services	20	52	28
Services that are being provided	17	59	24
Selling prices	18	76	5
Purchase prices (supplier prices)	55	44	2
Total number of employees	6	80	14

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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