



National Bank  
of Ukraine

# Monthly Business Outlook Survey

February 2024

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

Issue No.53  
Statistics and Reporting Department



## Summary

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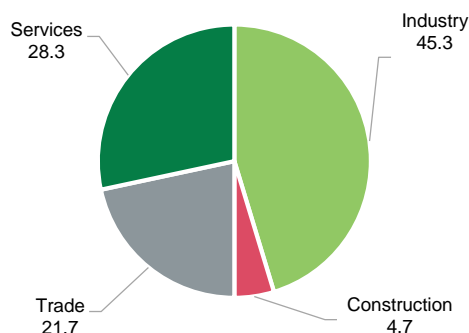
**Businesses reported a less pessimistic economic outlook for the near future. The business activity expectations index (BAEI) was 47.5 in February**, up from 41.0 in January.

- High security risks, delayed external financing, logistical problems due to the blockade of Ukraine's western border, sluggish investment demand, significant shortages of skilled workers, and a seasonal weakening of economic activity at the beginning of the year continue to restrain business activity and negatively affect businesses' expectations.
- At the same time, thanks to lower inflationary pressures, the ongoing sustainability of the FX market, and steady consumer demand, trading companies positively assessed their business activity: they expect an increase in their turnover and the amount of goods purchased for sale. What is more, industrial enterprises expected a rise in manufactured products.
- Industrial, construction, and services companies significantly softened, but still retained their negative expectations for new orders for products, including export orders, stocks of raw materials and supplies, construction volumes/services provided and new orders.
- Industrial and services companies said they expected slower growth in purchase prices, and declared less firm intentions to raise their selling prices.
- Staff expectations remained guarded. Trading companies expected a slight increase in their staff numbers, while respondents from the rest of the sectors expected their workforces to reduce at a slower pace. The most difficult situation was in construction.

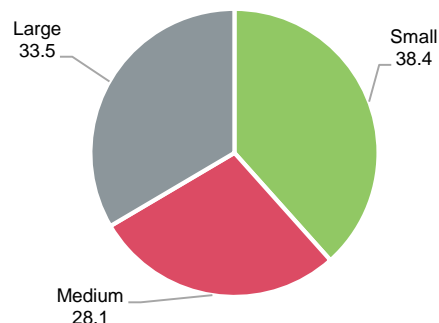
The NBU posts monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

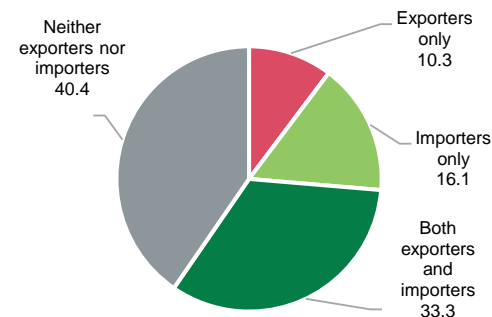
Respondents by sectors of the economy, %



Respondents by company size, %



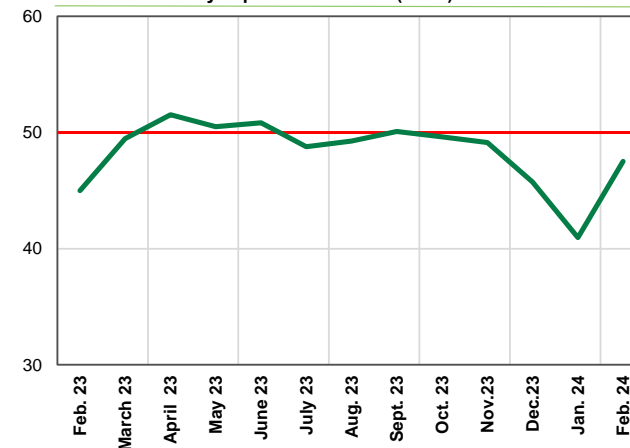
Respondents by business activities, %



- This survey was carried out from 5 February through 22 February 2024
- A total of 448 companies were polled
- Survey horizon: change in companies' performance expectations in February compared to January

Sector	Sector's share used to calculate BAEI, %	Diffusion index (sectoral)		
		January 2024	February 2024	Change m/m
Industry	35.2	43.7	48.3	4.5
Construction	2.8	31.9	43.7	11.8
Trade	26.0	38.9	50.1	11.2
Services	36.0	40.4	45.3	4.8
Total	100.0	BAEI (total across Ukraine)		
		41.0	47.5	6.6

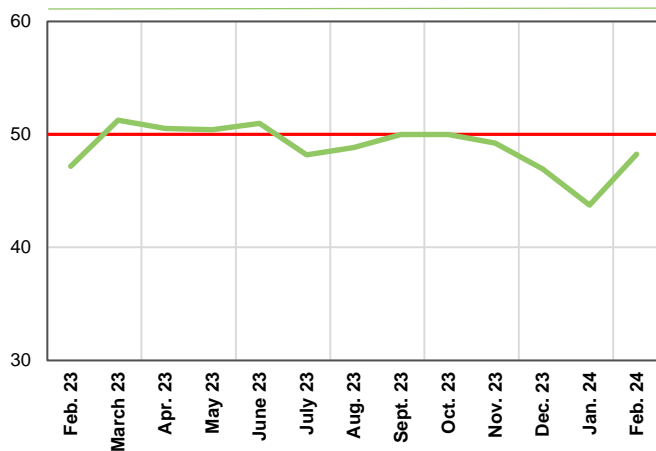
Business activity expectations index (BAEI)



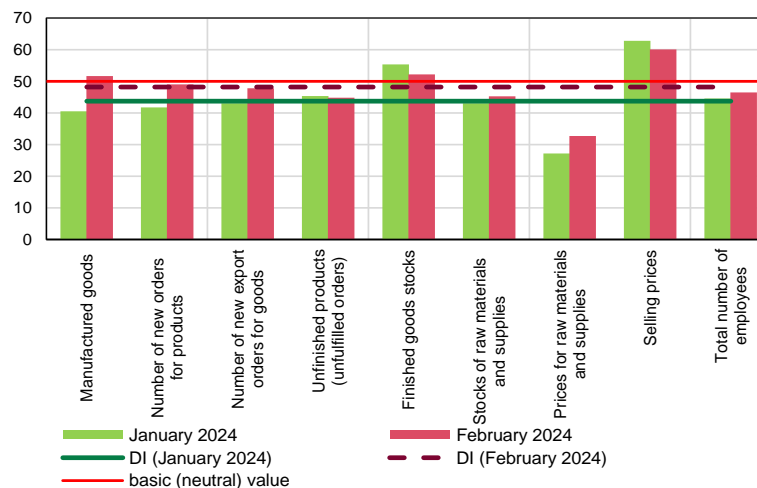
Data for totals and components may be subject to rounding effects

# Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



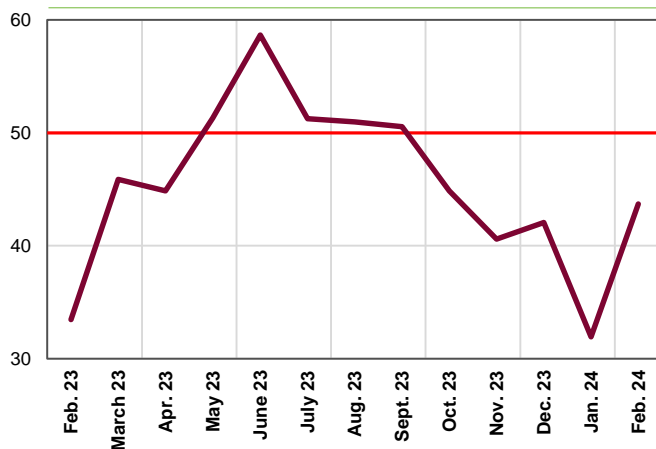
Diffusion Indices (DIs) for industrial companies' performance expectations



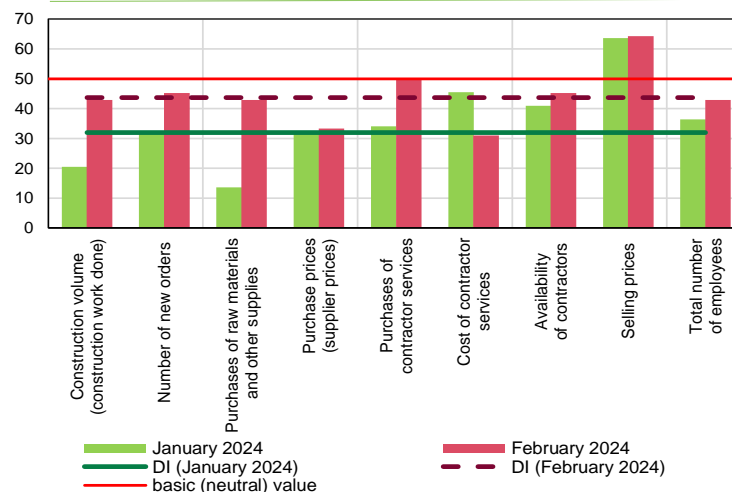
- Industrial companies remained pessimistic in February amid high security risks and logistical hurdles resulting from the blockade of Ukraine's western border. That said, the companies softened their negative views, the sector's DI being 48.3, up from 43.7 in January.
- In contrast to the previous month, respondents expected an **increase in the amount of manufactured goods**, the DI being 51.7, up from 40.5 in January. Respondents were less downbeat about the number of new orders for products, including export orders, the DIs being 49.0 and 47.9 respectively, compared to 41.8 and 43.1 in January.
- Respondents continued to expect a drop in their unfinished products and in stocks of raw materials and supplies, the DIs being 44.8 and 45.3 respectively, compared to 45.4 and 43.1 in January.
- Companies weakened their negative expectations for their finished goods stocks, the DI being 52.2, down from 55.4 in January.
- With less firm expectations of an increase in raw material and supplies prices, respondents declared weaker intentions to raise their selling prices, the DIs being 32.8 and 60.1 respectively, compared to 27.2 and 62.8 in January.
- Respondents remained downbeat about their total staff numbers, the DI being 46.6, up from 44.6 in January.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



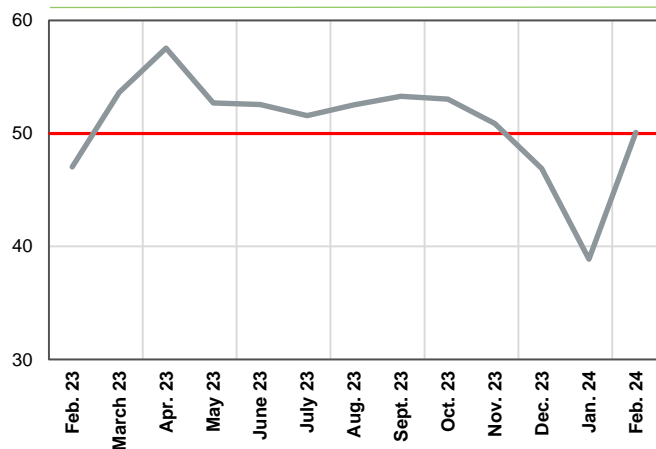
Diffusion Indices (DIs) for construction companies' performance expectations



- Given the seasonal slowdown in economic activity, weak investment demand, and considerable shortages of skilled workers, construction companies **have for five months running been the most pessimistic** among other sectors. That said, these companies significantly softened their views in February, the DI being 43.7, up from 31.9 in January.
- Respondents significantly softened their negative expectations for construction volumes, the number of new orders, and for purchases of raw materials and supplies: the DIs being 42.9, 45.2 and 42.9 respectively, up from 20.5, 31.8 and 13.6 in January.
- Despite expectations of a noticeable increase in the cost of contractor services, respondents said they expected no changes in purchases of these services, the DIs being 31.0 and 50.0 respectively, compared to 45.5 and 34.1 in January. Respondents were less downbeat about the availability of contractors, the DI being 45.2, up from 40.9 in January.
- Construction companies reported somewhat less firm expectations of a rise in purchase prices, while declaring strong intentions to raise their selling prices, the DIs being 33.3 and 64.3 respectively, compared to 31.8 and 63.6 in January.
- Respondents reported intentions to cut their workforces further, the DI being 42.9, up from 36.4 in January.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations



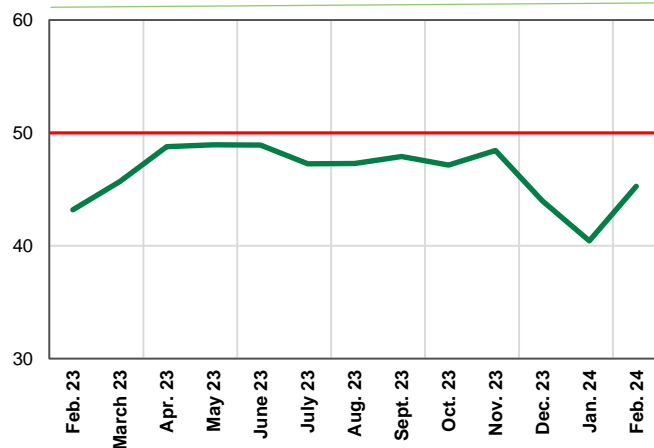
Diffusion Indices (DIs) for trading companies' performance expectations



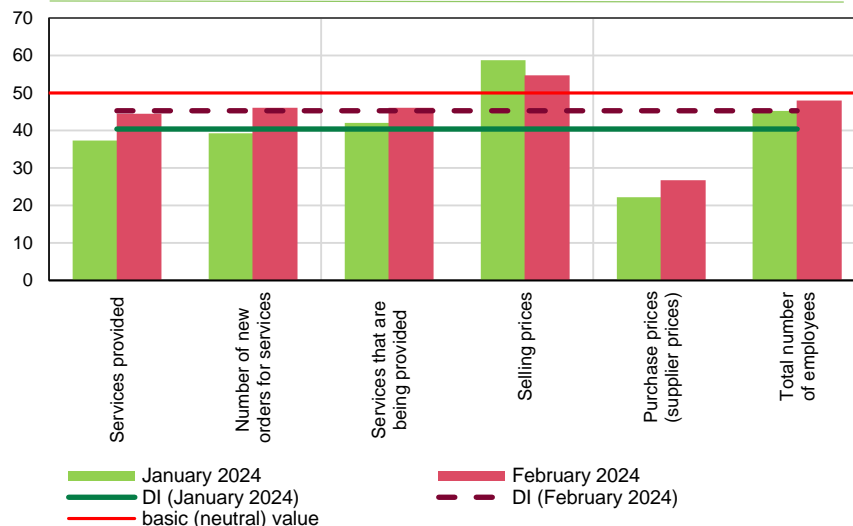
- Trading companies were the only sector to report a positive economic outlook, thanks to weaker inflationary pressures, a persistently stable FX market, and sustained consumer demand, the sector's DI being 50.1 in February, up from 38.9 in January.
- In contrast to the two previous months, respondents expected a rise in their trade turnovers and in the amount of goods purchased for sale, the DIs being 52.1 and 51.5 respectively, up from 28.3 and 32.8 in January. Companies also improved their views about their stocks of goods for sale, the DI being 41.8, down from 58.1 in January.
- Trading companies said that purchase prices would continue to grow, the DI being 35.1, up from 34.8 in January. At the same time, respondents expected a considerable increase in the cost of goods purchased for sale amid rising logistics prices because of the blockade of Ukraine's western border, the DI being 65.5, up from 52.0 in January.
- Companies reported weaker intentions to cut their trade margins, the DI being 45.9, up from 39.9 in January.
- In contrast to the previous month, trading companies were the only sector to report intentions to hire more staff, the DI being 50.5, up from 49.0 in January.

# Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance expectations



- Although **softening their negative expectations**, services companies continued to report a **negative economic outlook** due to greater security risks, higher logistics costs and sluggish demand, **the DI being 45.3**, up from 40.4 in January.
- Respondents softened their negative views about the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 44.5, 46.1 and 46.1 respectively, compared to 37.3, 39.3 and 42.1 in January.
- Services companies expected slower growth in both purchase and selling prices, the DIs being 26.8 and 54.7 respectively, compared to 22.2 and 58.7 in January.
- Respondents were less downbeat about their total staff numbers, the DI being 48.0, up from 45.2 in January.



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# *Annexes*

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## Data on surveys of industrial companies in February 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	26	51	23
Number of new orders for products	21	57	23
Number of new export orders for goods	17	62	21
Unfinished products (unfulfilled orders)	9	72	19
Finished goods stocks	19	58	23
Stocks of raw materials and supplies	17	56	27
Prices for raw materials and supplies	37	60	3
Selling prices	23	74	3
Total number of employees	8	77	15

## Data on surveys of construction companies in February 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	14	57	29
Number of new orders	14	62	24
Purchases of raw materials and supplies	14	57	29
Purchase prices (supplier prices)	33	67	0
Purchases of contractor services	14	71	14
Cost of contractor services*	43	52	5
Availability of contractors	0	90	10
Selling prices	29	71	0
Total number of employees	5	76	19

## Data on surveys of trading companies in February 2024

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	29	46	25
Purchase prices (supplier prices)	33	64	3
Goods purchased for sale	25	54	22
Cost of goods purchased for sale	38	55	7
Inventories / stocks of goods for sale*	30	57	13
Trade margin	9	73	18
Total number of employees	6	89	5

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	17	54	28
Number of new orders for services	17	59	24
Services that are being provided	16	61	24
Selling prices	15	80	6
Purchase prices (supplier prices)	48	50	2
Total number of employees	9	79	13

## 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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