



National Bank
of Ukraine

Monthly Business Outlook Survey

November 2019

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

Issue No.5
Statistics and Reporting Department



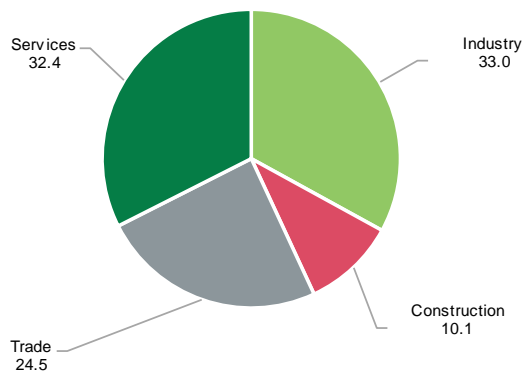
Summary

For the first time since the launch of monthly surveys (in July 2019), companies' expectations of their business performance were below the neutral level. The business activity expectations index was 49.1 in November, down from 52.3 in October.

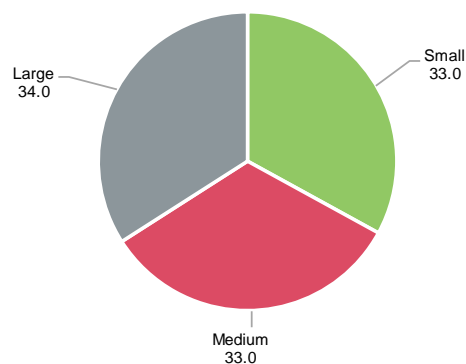
- Industrial, construction and trade companies reported pessimistic expectations for their business performance in November. This may have been due to the continued worsening in global metal market conditions, and a seasonal decline in business activity in the construction and trade sectors.
- **Only companies in the services sector remained upbeat, their DI being 52.1.**
- Respondents across all sectors were pessimistic about staff numbers at their companies.

Survey Details

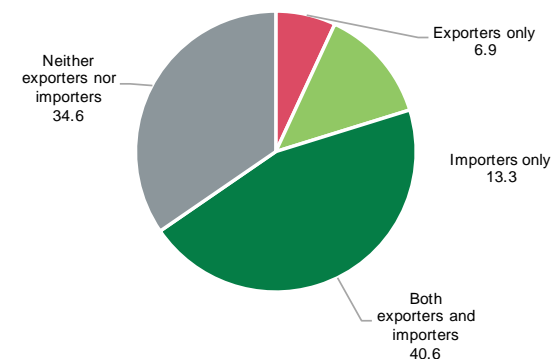
Respondents by sectors of the economy, %



Respondents by company size, %



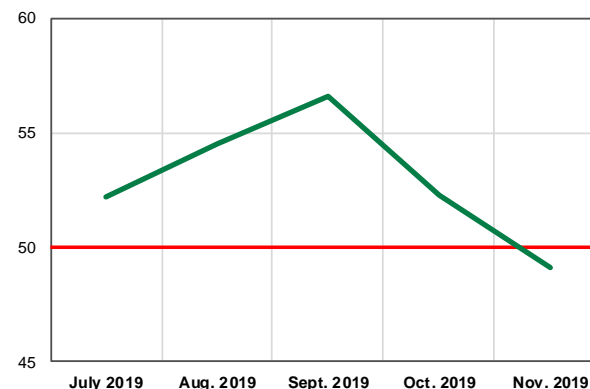
Respondents by business activities, %



- This survey was carried out from 6 November through 26 November 2019
- A total of 188 companies were polled
- Survey horizon: change in companies' performance indicators in November compared to October

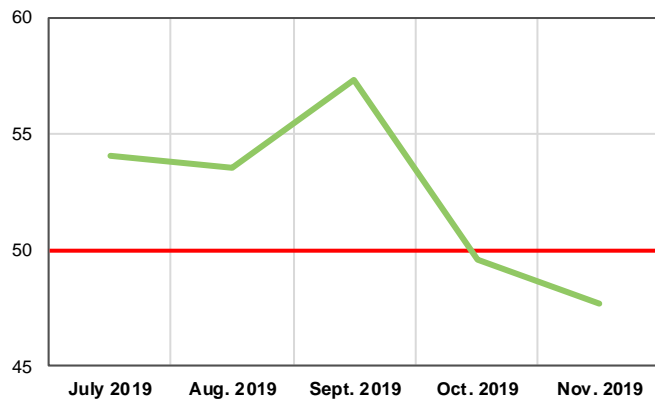
Sector	Sector's contribution to Ukrainian GDP	Sectoral diffusion index	BAE (total across Ukraine)	DI growth compared to previous month	
				sectoral	composite
Industry	38.9	47.7	49.1	-1.9	-3.1
Construction	4.3	43.5		-2.5	
Trade	32.3	49.3		-4.0	
Services	24.6	52.1		-4.1	
	100.0	x		x	x

Business activity expectations indices

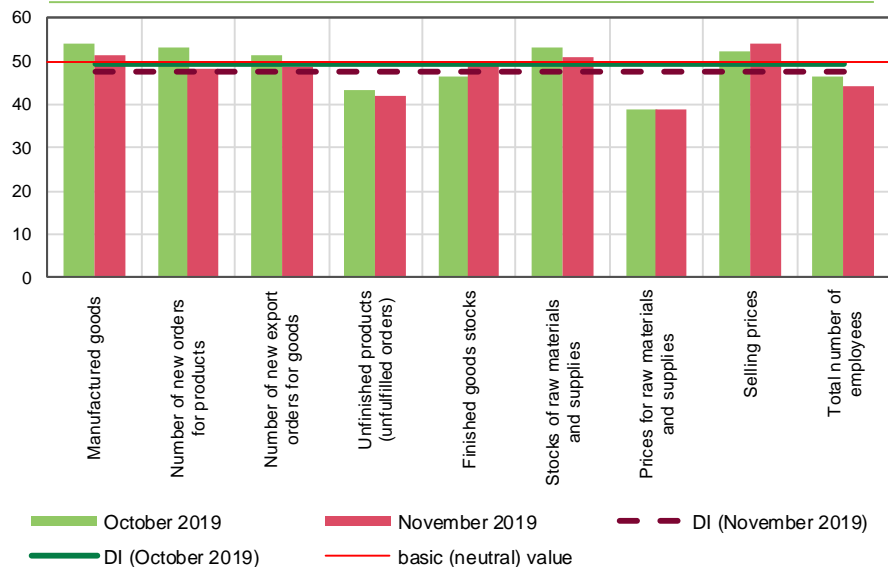


Industry

Diffusion index for industrial companies' expectations of their business situation



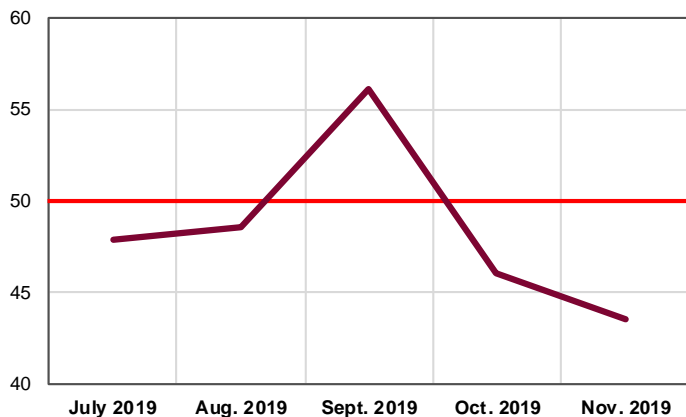
Diffusion indices (DI) for the economic standings of industrial companies



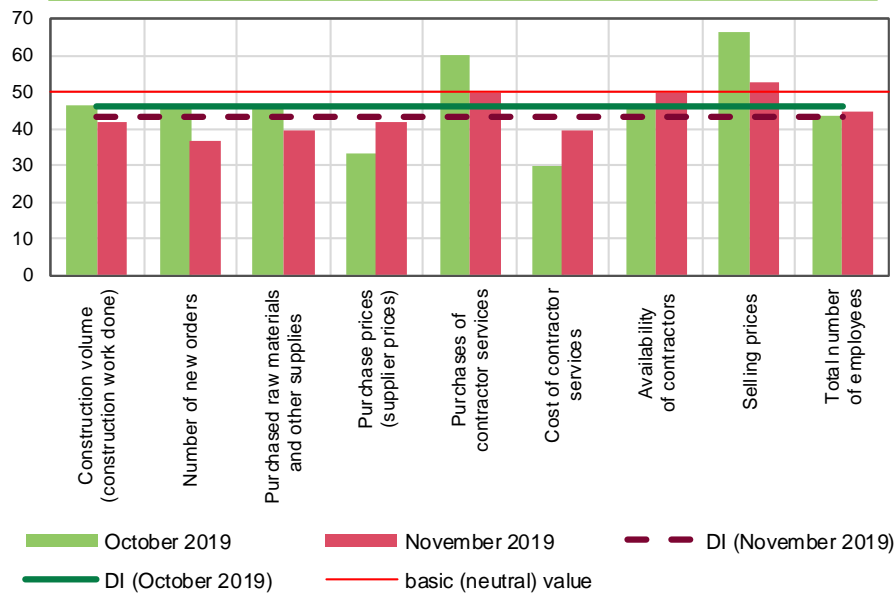
- Companies in the industrial sector **reported expectations of weaker performance** in November compared to October. The sector's DI was 47.7, down from 49.6 in October.
- Despite being uncertain about the number of new orders for products, including export orders (DIs of 48.4 and 48.9 respectively), businesses **remained moderately optimistic about their production output** (the DI being 51.6 compared to 54.3 in October).
- Expectations of selling price growth** picked up, the DI being 54.0 compared to 52.2 in October.
- Respondents also reported stronger expectations of a drop in **staff numbers** at their companies, the DI being 44.4, down from 46.7 in October.

Construction

Diffusion index for construction companies' expectations of their business situation



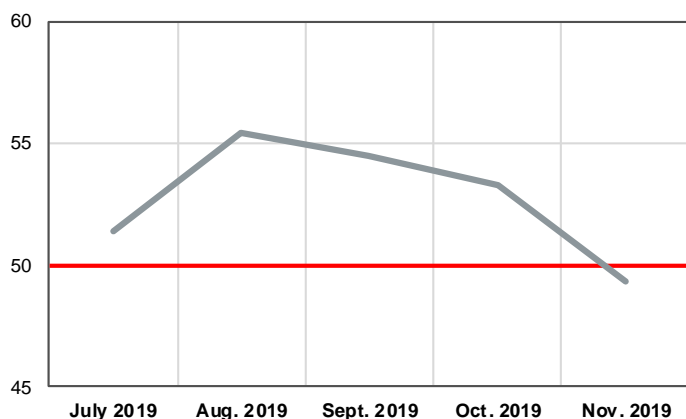
Diffusion indices (DI) for the economic standings of construction companies



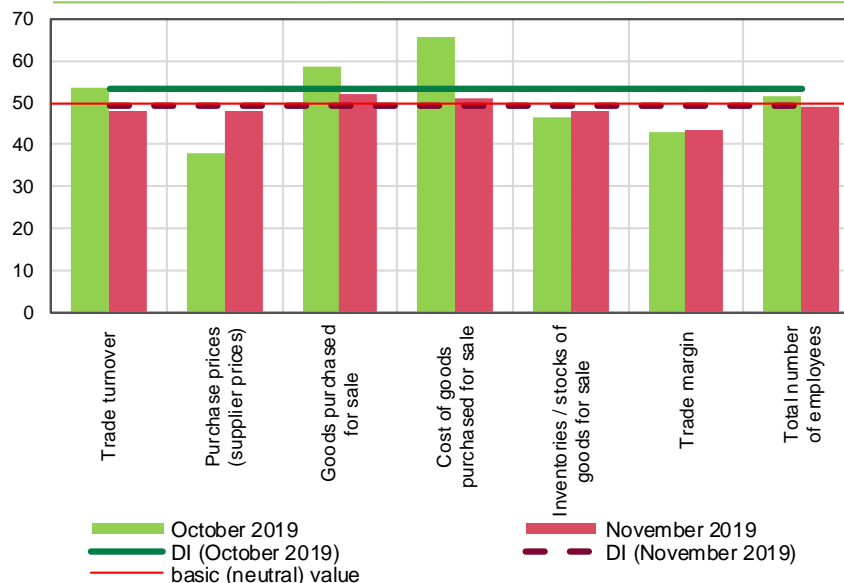
- Construction companies reported more pessimistic expectations, the sector's DI being 43.5, down from 46.0 in October.
- Respondents expected a further decrease in construction volumes and the number of new orders, the DIs being 42.1 and 36.8 respectively, down from 46.7 for each in October.
- Despite expectations of an increase in the cost of contractor services and supplier prices, companies do not intend to raise their selling prices markedly, the DI being 52.6, down from 66.7 in October.
- Companies remain downbeat about total employment in the sector, the DI being 44.7, up from 43.3 in October.

Trade

Diffusion index for trade companies' expectations of their business situation



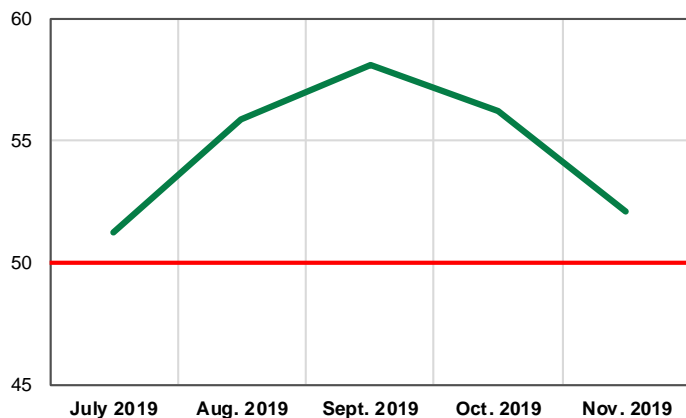
Diffusion indices (DI) for the economic standings of trade companies



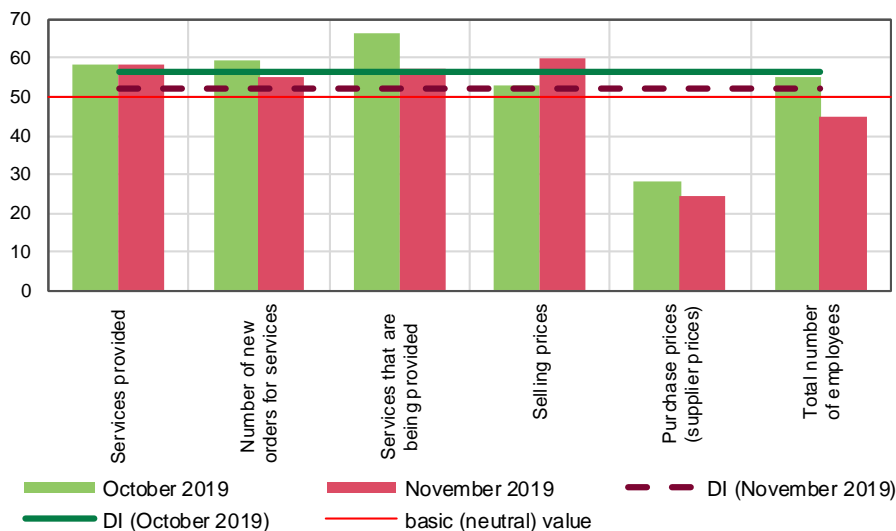
- The **downward trend** in trade companies' **expectations** seen since September 2019 **developed into a pessimistic forecast** (the DI was 49.3, down from 52.3 in October).
- **Respondents reported stronger expectations of a rise in purchase prices**, the DI being 47.8, up from 37.9 in October.
- Expectations for the amount of goods purchased for sale remained the **most upbeat**, the DI being 52.2, down from 58.6 in October.
- Respondents also reported **expectations of a reduction in their workforce**, as the DI dropped to 48.9 compared to 51.7 in October.

Services

Diffusion index for services companies' expectations of their business situation



Diffusion indices (DI) for the economic standings of companies in the services sector



- Companies in the services sector **remained upbeat about their business situation** in November, the DI being 52.1, compared to 56.2 in October.
- Respondents **remain positive about the amount of services provided, the number of new orders, and the amount of services that are being provided.**
- **Companies said they expected their selling prices to rise**, as the DI moved up to 59.8 compared to 53.1 in October.
- As with companies in other sectors, companies in the services sector **expected a reduction in their workforce**, the DI being 45.1, down from 55.2 in October.



Annexes

Data on surveys of industrial companies in November 2019

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	31	42	27
Number of new orders for products	26	45	29
Number of new export orders for goods	24	49	27
Unfinished products (unfulfilled orders)	5	74	21
Finished goods stocks	23	55	23
Stocks of raw materials and supplies	23	56	21
Prices for raw materials and supplies	29	65	6
Selling prices	18	73	10
Total number of employees	6	76	18

Data on surveys of construction companies in November 2019

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	16	53	32
Number of new orders	11	53	37
Purchased raw materials and supplies	16	47	37
Purchase prices (supplier prices)	26	63	11
Purchases of contractor services	26	47	26
Cost of contractor services*	26	68	5
Availability of contractors	11	79	11
Selling prices	11	84	5
Total number of employees	11	68	21

Data on surveys of trade companies in November 2019

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	28	39	33
Purchase prices (supplier prices)	17	70	13
Goods purchased for sale	33	38	29
Cost of goods purchased for sale	30	41	28
Inventories / stocks of goods for sale*	28	48	24
Trade margin	9	70	22
Total number of employees	9	80	11

Data on surveys of companies in the services sector in November 2019

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	28	61	11
Number of new orders for services	26	57	16
Services that are being provided	26	62	11
Selling prices	21	77	2
Purchase prices (supplier prices)	51	49	0
Total number of employees	11	67	21

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.
- **The composite index (CI)** is a weighted average indicator, which is calculated on the basis of the contribution of each sector of the economy to Ukraine's GDP.



National Bank of Ukraine

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