



National Bank
of Ukraine

Monthly Business Outlook Survey

February 2020

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

Issue No.8
Statistics and Reporting Department



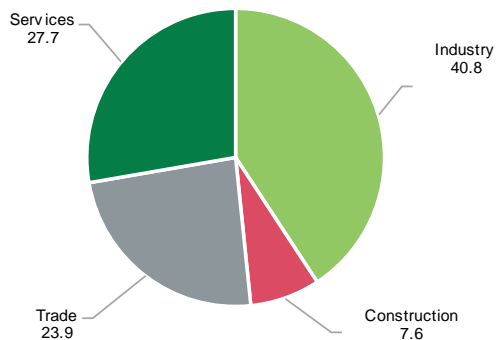
Summary

Companies reported a significant improvement in their business performance expectations. The business activity expectations index (BAEI) increased by 10.9 points, to 51.2 in February.

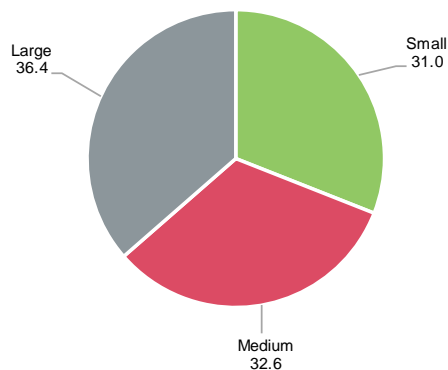
- The rise was driven by improved expectations about the business performance of industrial and services companies.
- Despite improving their expectations markedly, trade companies were unable to reach the neutral level.
- Only companies in the services sector intend to hire more staff. Respondents from industrial and trade companies reported somewhat weaker expectations of staff cuts compared to January.
- Construction companies reported very weak expectations for their business activity in February.

Survey Details

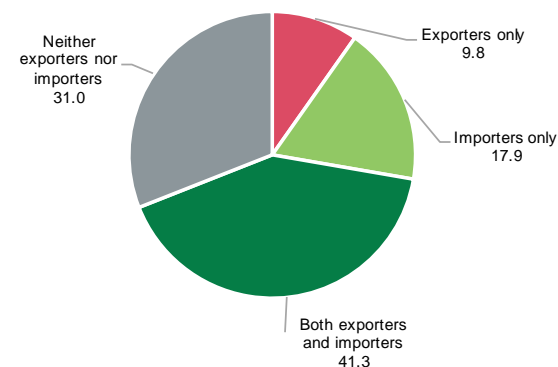
Respondents by sectors of the economy, %



Respondents by company size, %



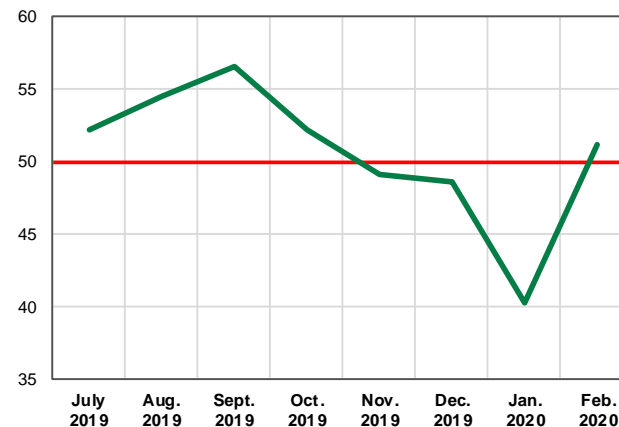
Respondents by business activities, %



- This survey was carried out from 5 February through 24 February 2020
- A total of 184 companies were polled
- Survey horizon: change in companies' performance indicators in February compared to January

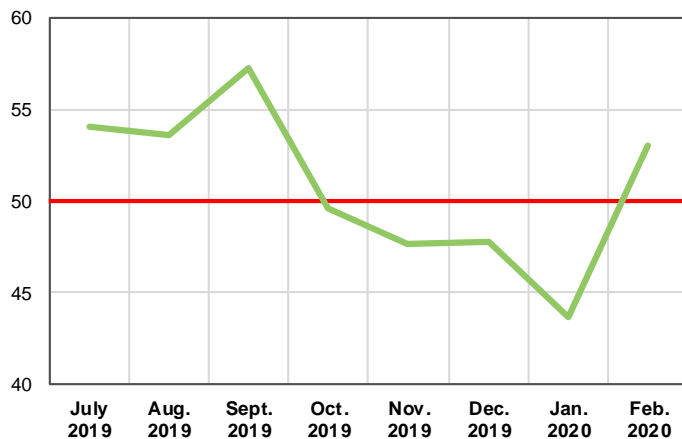
Sector	Sector's contribution to Ukrainian GDP	Diffusion index		
		January 2020	February 2020	DI change compared to previous month
Industry	38.9	43.7	53.1	+9.4
Construction	4.3	34.3	34.2	-0.1
Trade	32.3	36.3	49.9	+13.6
Services	24.6	41.1	52.8	+11.7
BAEI (total across Ukraine)	X	40.3	51.2	+10.9

Business activity expectations indices

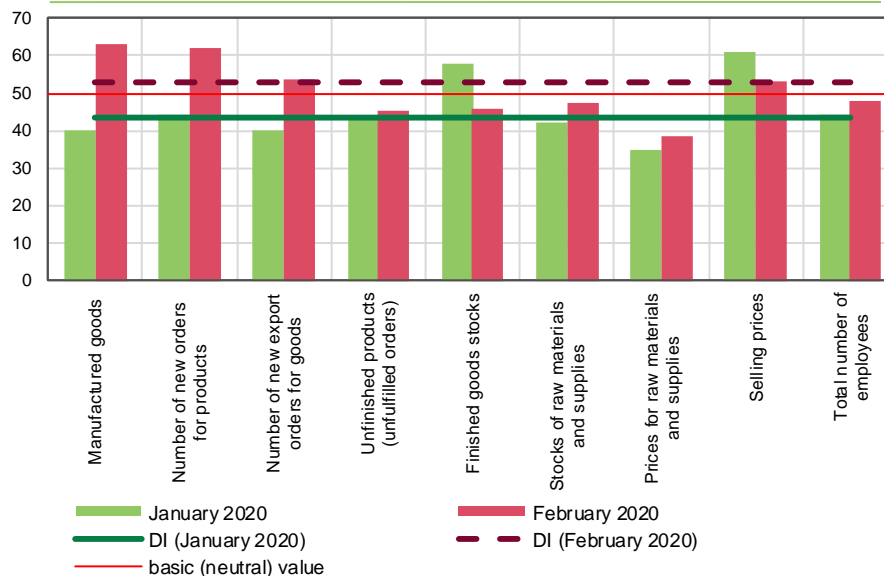


Industry

Diffusion index for industrial companies' expectations of their business situation



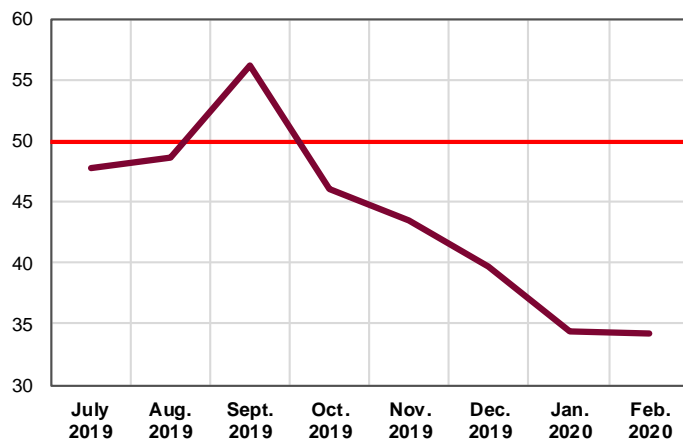
Diffusion indices (DI) for the economic standings of industrial companies



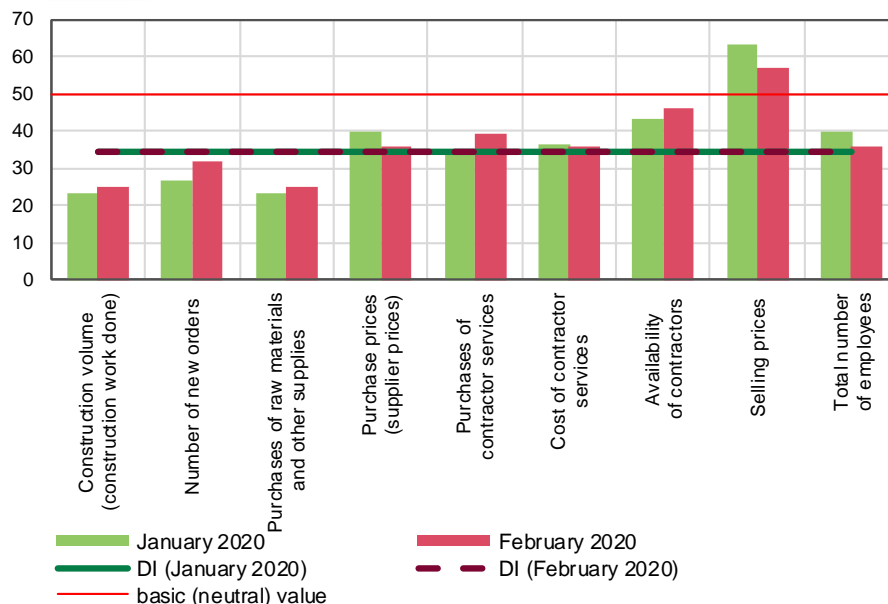
- After reporting pessimistic expectations for four months running, **industrial companies said they expected a pick-up** in their business activity compared to the previous month. The sector's DI was 53.1 in February, up from 43.7 in January.
- Respondents **reported a significant improvement in their expectations for the amount of manufactured goods and the number of new orders for products, including export orders**, the DIs being 63.3, 62.0 and 53.6 respectively compared to 39.8, 44.1 and 40.2 in January.
- Companies said they expected a **drop in their finished goods stocks**, the DI being 46.0 compared to 57.6 in January.
- Companies have been **downbeat about their total number of employees** for five months in a row, the DI being 48.0 compared to 44.1 in January.

Construction

Diffusion index for construction companies' expectations of their business situation



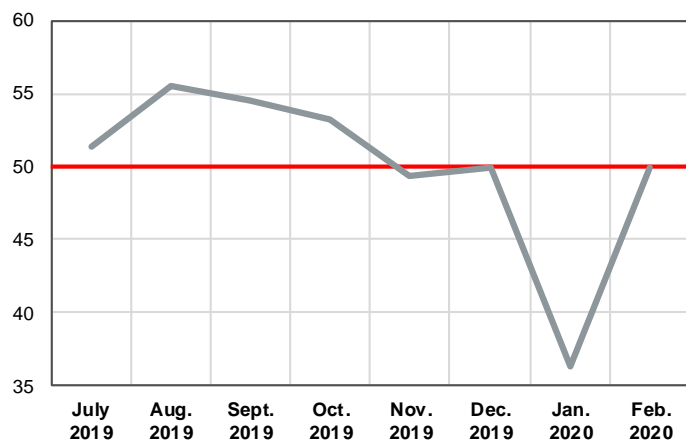
Diffusion indices (DI) for the economic standings of construction companies



- Construction companies continued to report **pessimistic expectations**, the sector's DI being 34.2, down from 34.3 in January.
- Companies remain downbeat about their construction volumes, the number of new orders, purchases of contractor services and purchases of raw materials and supplies, the DIs being 25.0, 32.1, 39.3 and 25.0 respectively.
- Respondents also reported stronger expectations of a drop in **staff numbers** at their companies, the DI being 35.7, down from 40.0 in January.
- Construction companies said they expected a rise in selling prices, the DI being 57.1 compared to 63.3 in January.

Trade

Diffusion index for trade companies' expectations of their business situation



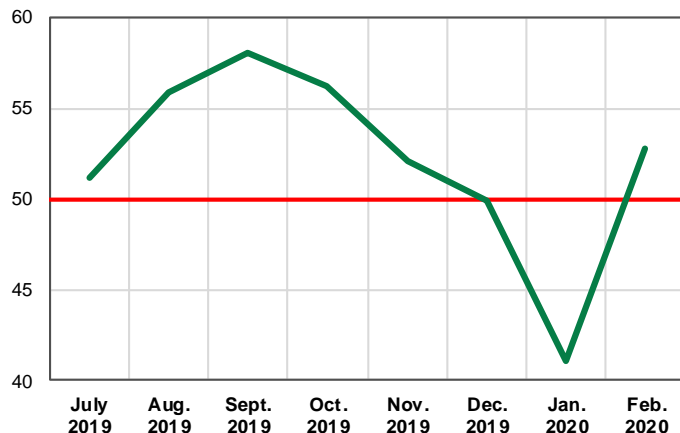
Diffusion indices (DI) for the economic standings of trade companies



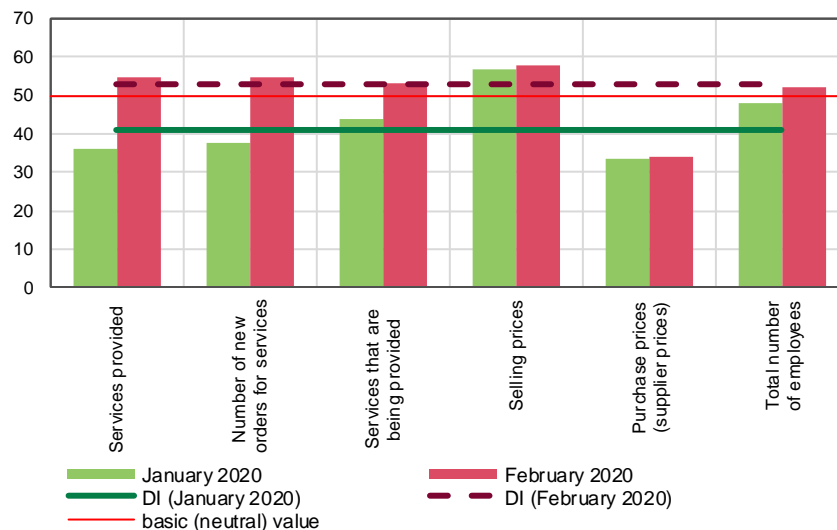
- Trade companies markedly improved their expectations of their business performance in February compared to January. The sector's DI was 49.9 in February, up from 36.3 in January.
- Respondents reported significantly more robust expectations for trade turnover and the amount of goods purchased for sale. The DIs were 52.3 and 51.1 respectively, up from 25.0 and 31.3 in January.
- Expectations of higher prices for goods purchased for sale also rose, the DI being 64.8, up from 50.0 in January.
- Respondents reported more moderate expectations of a drop in staff numbers at their companies compared to the previous month, the DI being 47.7, up from 45.0 in January.

Services

Diffusion index for services companies' expectations of their business situation



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



- In contrast to December and January, **in February companies in the services sector were upbeat about their business performance** compared to the previous month. The sector's DI was 52.8 in February, up from 41.1 in January.
- **Respondents reported significantly stronger expectations for the volume of services provided** (a DI of 54.9), **the number of new orders for services** (a DI of 54.9), **and the volume of services that are being provided** (a DI of 52.9). In January, these figures were considerably smaller, at 36.0, 37.7 and 43.9 respectively.
- **Companies were upbeat about their staff numbers** for the first time in the last four months. The DI moved up by 3.8 points, to 52.0.
- **Companies continued to report robust expectations of a rise in their selling prices**, the DI being 57.8 compared to 57.0 in January.



Annexes

Data on surveys of industrial companies in February 2020

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	44	39	17
Number of new orders for products	41	41	17
Number of new export orders for goods	27	54	20
Unfinished products (unfulfilled orders)	13	64	23
Finished goods stocks	28	52	20
Stocks of raw materials and supplies	21	52	27
Prices for raw materials and supplies	27	69	4
Selling prices	19	69	12
Total number of employees	9	77	13

Data on surveys of construction companies in February 2020

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	7	36	57
Number of new orders	7	50	43
Purchases of raw materials and supplies	7	36	57
Purchase prices (supplier prices)	29	71	0
Purchases of contractor services	14	50	36
Cost of contractor services*	29	71	0
Availability of contractors	0	93	7
Selling prices	21	71	7
Total number of employees	0	71	29

Data on surveys of trade companies in February 2020

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	30	45	25
Purchase prices (supplier prices)	30	64	7
Goods purchased for sale	32	39	30
Cost of goods purchased for sale	39	52	9
Inventories / stocks of goods for sale*	27	52	20
Trade margin	5	77	18
Total number of employees	5	86	9

Data on surveys of companies in the services sector in February 2020

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	27	55	18
Number of new orders for services	35	39	25
Services that are being provided	27	51	22
Selling prices	20	76	4
Purchase prices (supplier prices)	37	57	6
Total number of employees	14	76	10

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](#)