



National Bank  
of Ukraine

# Monthly Business Outlook Survey

March 2021

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

Issue No. 21  
Statistics and Reporting Department



## Summary

---

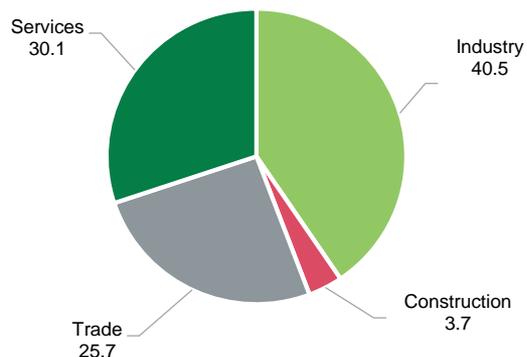
**Businesses improved their expectations of their economic performance – the business activity expectations index (BAEI) exceeded the neutral level for the first time since February 2020, hitting 51.4<sup>1</sup> (compared to 48.8 in February 2021).**

- In March, companies across all of the surveyed sectors reported more optimistic expectations of their business performance.
- Favorable external conditions and stronger domestic demand helped improve the expectations of industrial, trading and services companies, as the indices of these sectors moved above the neutral level in March.
- Construction companies softened their pessimistic expectations amid a seasonal pick-up in construction activity.
- Companies across all sectors still report no intentions to expand their workforces.

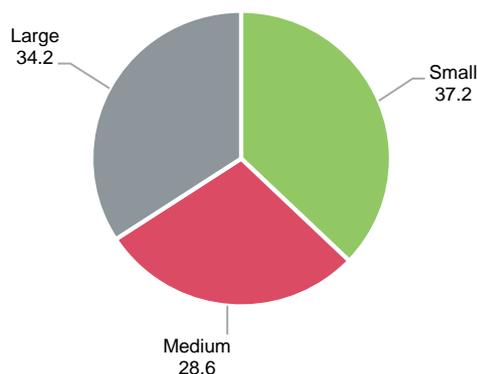
<sup>1</sup> most questionnaires were submitted before the epidemiological situation worsened and tighter quarantine measures were imposed

# Survey Details

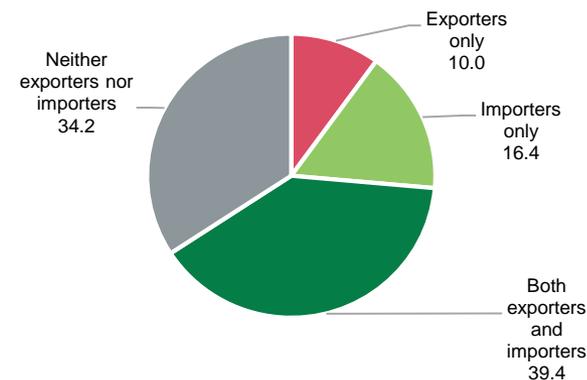
Respondents by sectors of the economy, %



Respondents by company size, %



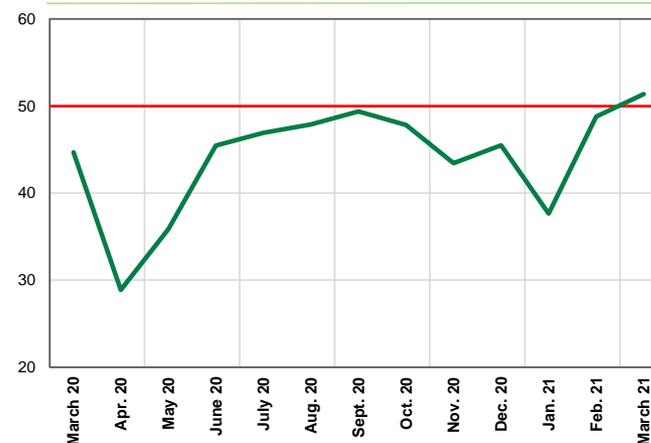
Respondents by business activities, %



- This survey was carried out from 3 March through 24 March 2021
- A total of 269 companies were polled
- Survey horizon: change in companies' performance indicators in March compared to February

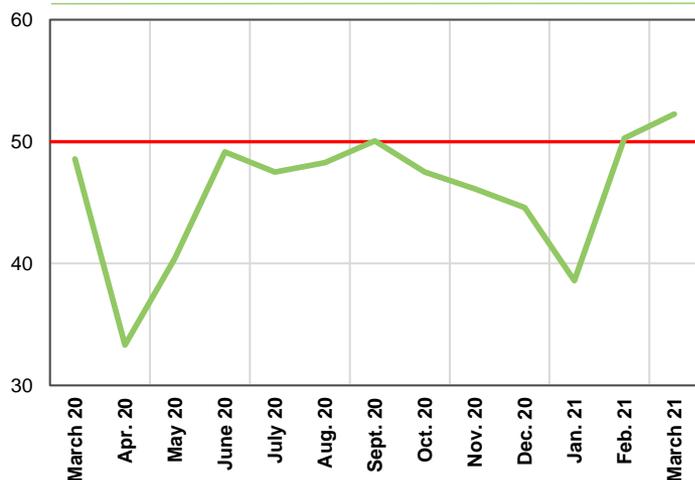
Sector	Sector's contribution to Ukrainian GDP (2019)	Diffusion index		
		February 2021	March 2021	Change compared to previous month
Industry	32.7	50.3	52.3	+2.0
Construction	4.7	35.3	40.6	+5.3
Trade	22.0	49.0	52.2	+3.2
Services	40.7	49.0	51.4	+2.4
<b>BAEI (total across Ukraine)</b>	<b>X</b>	<b>48.8</b>	<b>51.4</b>	<b>+2.6</b>

Business activity expectations index

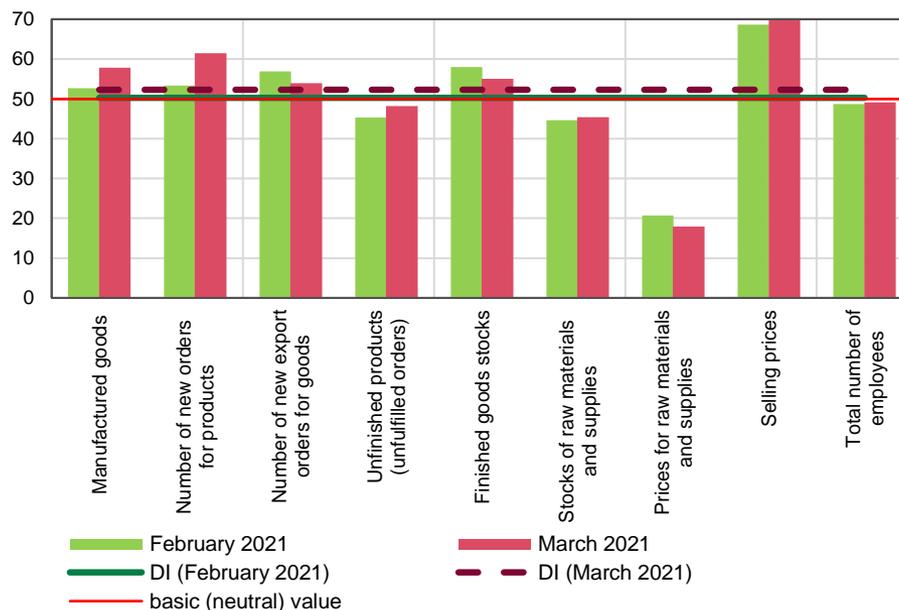


# Industry

Diffusion index for industrial companies' expectations of their business situation



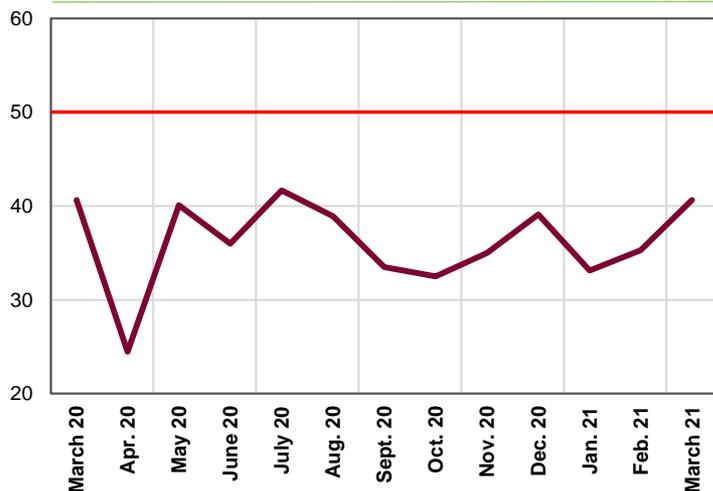
Diffusion indices (DI) for the economic standings of industrial companies



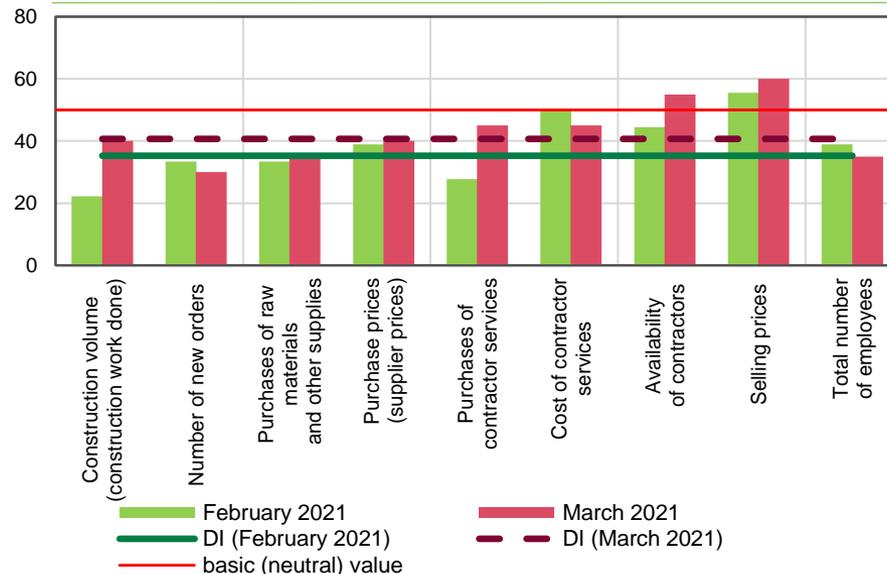
- **Industrial companies have reported expectations of more robust economic performance for two months running.** The sector's DI was 52.3 in March, up from 50.3 in February.
- Respondents reported an improvement for the amount of manufactured goods and the number of new orders for products, the DIs being 57.8 and 61.5 respectively, compared to 52.7 and 53.3 in February. Industrial companies also expected a rise in new export orders for products, the DI being 53.9 compared to 56.9 in February.
- Respondents continued to report strong expectations of a rise in raw material and supplies prices and selling prices, the DIs being 17.9 and 70.4 respectively, compared to 20.7 and 68.7 in February.
- Although improving, respondents' expectations for staff numbers have not reached the neutral level, the DI being 49.1, compared to 48.7 in February.

# Construction

Diffusion index for construction companies' expectations of their business situation



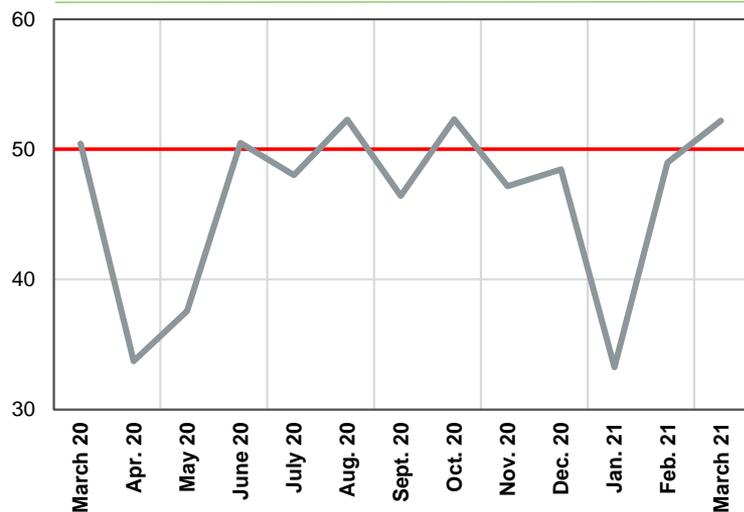
Diffusion indices (DI) for the economic standings of construction companies



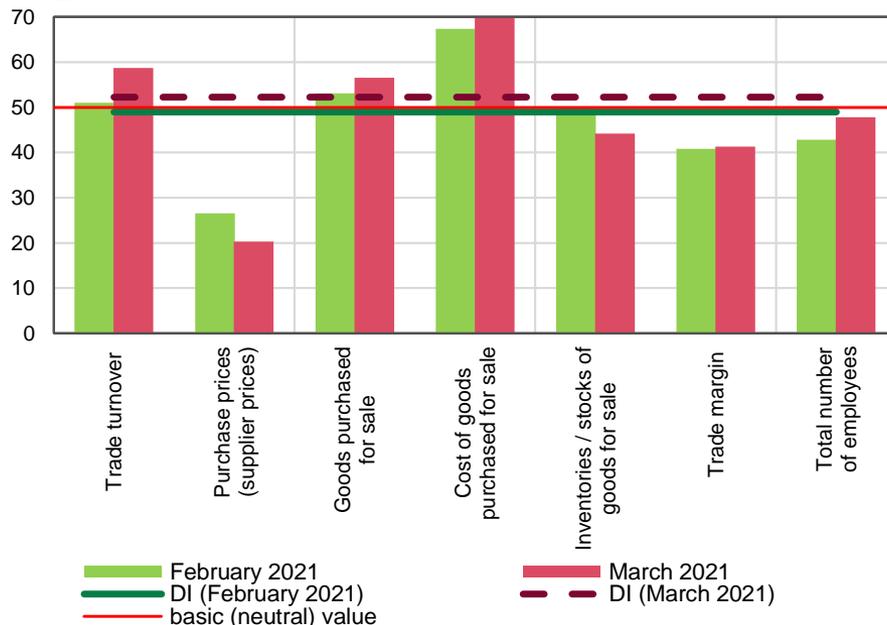
- Although remaining downbeat, **construction companies reported an improvement in their expectations, as their DI rose to 40.6** from 35.3 in February.
- Expectations for construction volumes, purchases of raw materials and supplies and the availability of contractors recovered most of all, but still remained pessimistic – the DIs were 40.0, 35.0 and 55.0 respectively, compared to 22.2, 27.8 and 44.4 in February.
- Companies continued to expect a rise in their selling prices on the back of slightly stronger expectations of an increase in supplier prices, the DIs being 60.0 and 40.0 respectively, compared to 55.6 and 38.9 in February).
- Respondents reported firmer intentions to reduce their workforces, the DI being 35.0, down from 38.9 in February.

# Trade

Diffusion index for trade companies' expectations of their business situation



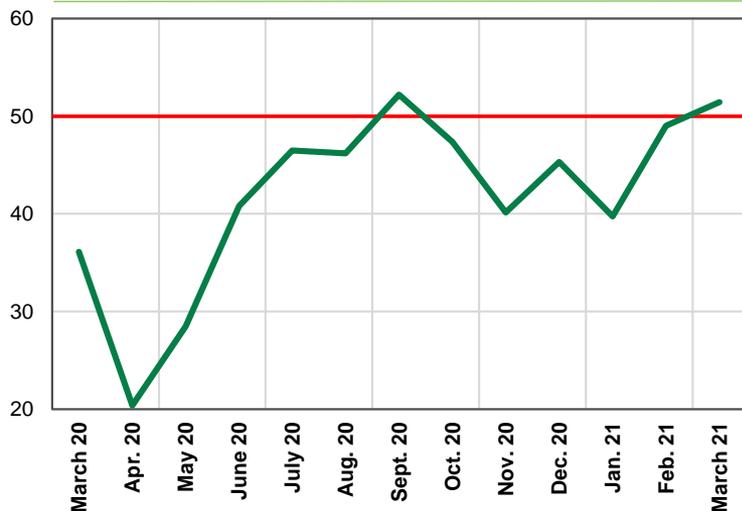
Diffusion indices (DI) for the economic standings of trading companies



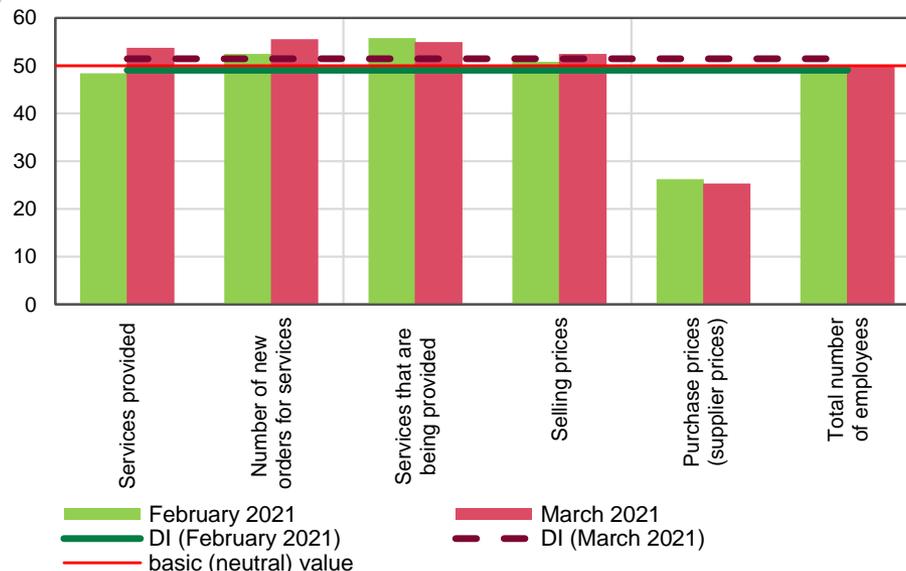
- **The diffusion index of trading companies' economic performance expectations moved above the neutral level for the first time in the last five months, hitting 52.2** (compared to 49.9 in February).
- Respondents continued to improve their expectations for trade turnover and the amount of goods purchased for sale, the DIs being 58.7 and 56.5 respectively, up from 51.0 and 53.1 in February.
- With firmer expectations of a rise in purchase prices, companies reported expectations of a rise in the price of goods purchased for sale, the DIs being 20.3 and 70.3, compared to 26.5 and 67.3 in February.
- Although improving somewhat, respondents' expectations for staff numbers have not reached the neutral level, the DI being 47.8, compared to 42.9 in February.

# 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 were upbeat about their economic performance in March** – the sector’s DI moved beyond the neutral level for the first time since September 2020, hitting 51.4 (compared to 49.0 in February).
- Respondents were optimistic about an increase in the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 53.7, 55.6 and 54.9 respectively, compared to 48.4, 52.5 and 50.8 in February.
- With some expectations of a rise in purchase prices, companies reported slight expectations of a rise in their selling prices, the DI being 52.5, compared to 50.8 in February.
- Companies in the sector said they did not intend to cut staff, the DI being 50.0, compared to 49.2 in February.



---

# *Annexes*

---

## Data on surveys of industrial companies in March 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	35	46	19
Number of new orders for products	35	53	12
Number of new export orders for goods	18	71	11
Unfinished products (unfulfilled orders)	11	74	15
Finished goods stocks	11	68	21
Stocks of raw materials and supplies	18	54	28
Prices for raw materials and supplies	66	32	2
Selling prices	42	56	2
Total number of employees	7	83	9

## Data on surveys of construction companies in March 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	30	20	50
Number of new orders	10	40	50
Purchases of raw materials and supplies	20	30	50
Purchase prices (supplier prices)	40	40	20
Purchases of contractor services	30	30	40
Cost of contractor services*	20	70	10
Availability of contractors	20	70	10
Selling prices	30	60	10
Total number of employees	0	70	30

## Data on surveys of trading companies in March 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	45	28	28
Purchase prices (supplier prices)	64	32	4
Goods purchased for sale	42	29	29
Cost of goods purchased for sale	57	28	16
Inventories / stocks of goods for sale*	32	48	20
Trade margin	12	59	29
Total number of employees	7	81	12

## Data on surveys of companies in the services sector in March 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	28	51	21
Number of new orders for services	33	44	22
Services that are being provided	27	56	17
Selling prices	11	83	6
Purchase prices (supplier prices)	49	51	0
Total number of employees	12	75	12

## 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](#)