



National Bank
of Ukraine

Monthly Business Outlook Survey

April 2021

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

Issue No.22
and Reporting Department

Statistics



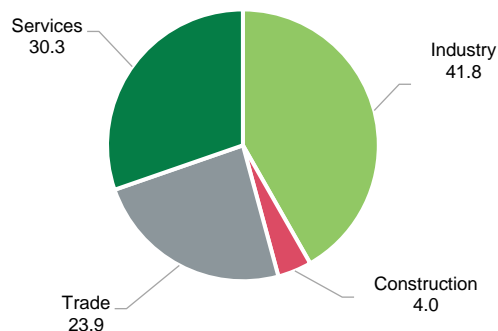
Summary

Tougher quarantine restrictions and growing uncertainty for businesses dampened companies' business activity – the business activity expectations index (BAEI) was 46.9 in April, down from 51.4 in March.

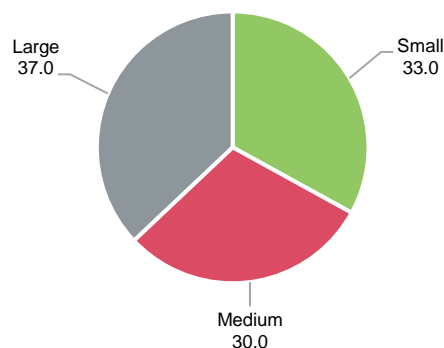
- Respondents from industrial, trading and services companies had dimmer expectations for their performance. Companies in the services sector were hit the most by quarantine restrictions, reporting the gloomiest expectations.
- Construction companies reported positive expectations for the first time since September 2019 on the back of a seasonal rebound in activity and rising investment demand for housing construction.
- Companies across all sectors expect a rise in their selling prices on the back of higher raw material and supplies prices. They also report no intentions to expand their workforces.

Survey Details

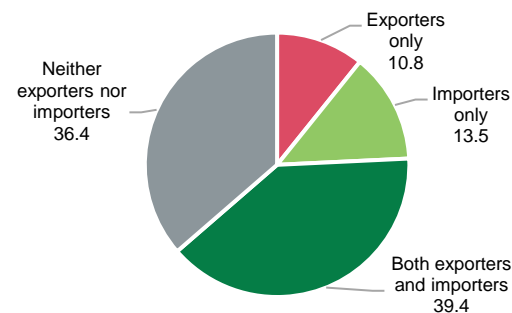
Respondents by sectors of the economy, %



Respondents by company size, %



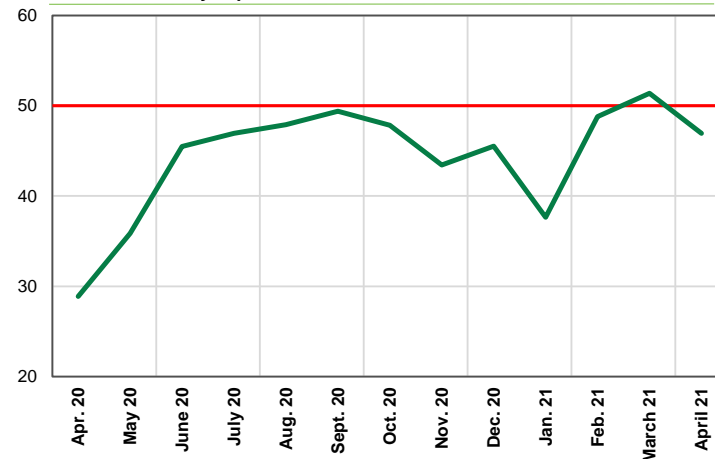
Respondents by business activities, %



- This survey was carried out from 5 April through 23 April 2021
- A total of 297 companies were polled
- Survey horizon: change in companies' performance indicators in April compared to March

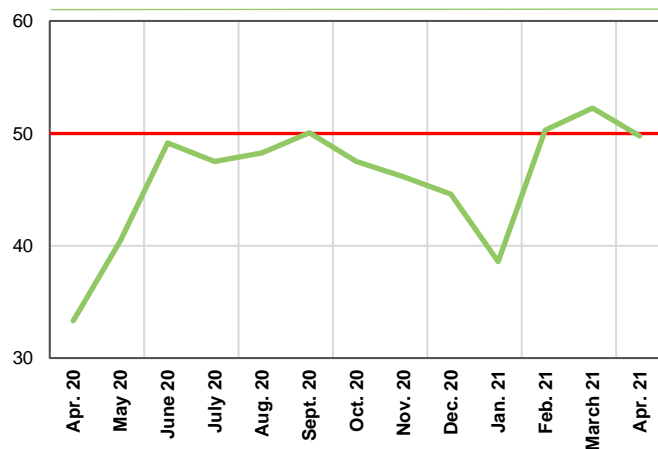
Sector	Sector's contribution to Ukrainian GDP (2019)	Diffusion index		
		March 2021	April 2021	Change compared to previous month
Industry	32.7	52.3	49.8	-2.5
Construction	4.7	40.6	51.5	+10.8
Trade	22.0	52.2	48.9	-3.3
Services	40.7	51.4	43.0	-8.4
BAEI (total across Ukraine)	X	51.4	46.5	-4.9

Business activity expectations index

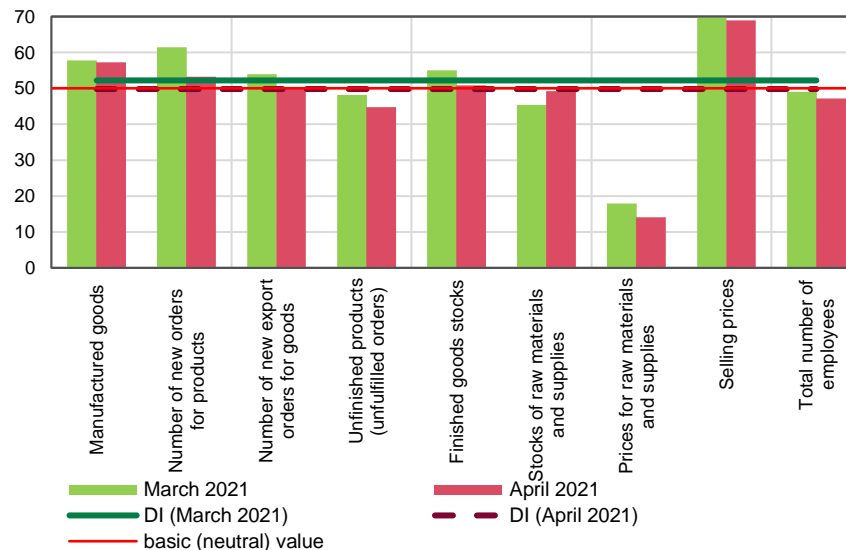


Industry

Diffusion index for industrial companies' expectations of their business situation



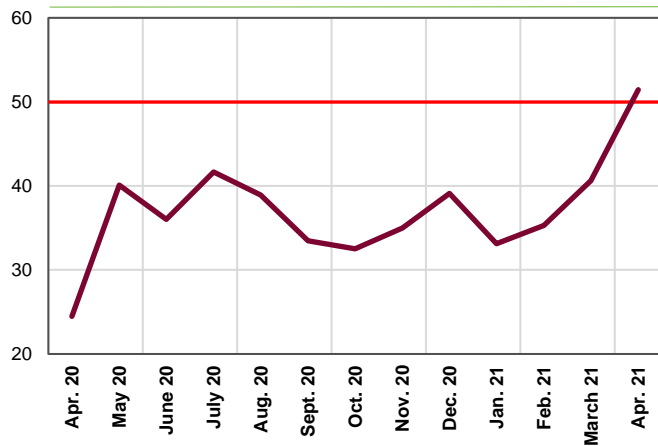
Diffusion indices (DI) for the economic standings of industrial companies



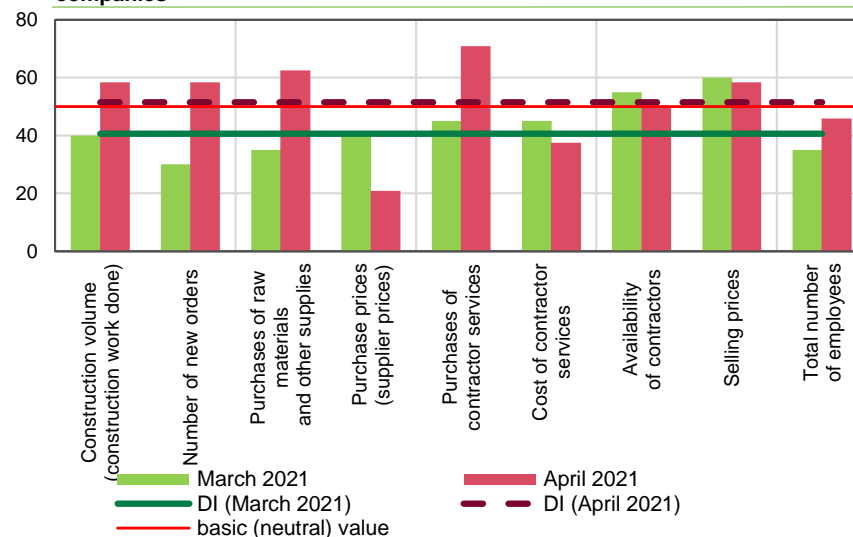
- After being optimistic for two months, industrial companies' **expectations of their economic performance worsened**. **The sector's DI dropped to 49.8** in April, compared to 52.3 in March.
- Respondents expected a surge in raw material and supplies prices and selling prices, the DIs being 14.1 and 69.0 respectively, compared to 17.9 and 70.2 in March.
- **Respondents reported firmer intentions to reduce their workforces**, the DI being 47.2, down from 49.1 in March.
- At the same time, **respondents remained upbeat about the amount of manufactured goods and the number of new orders for products**, the DIs being 57.3 and 53.2 respectively, compared to 57.8 and 61.5 in March. Respondents said that the number of new export orders would remain unchanged, the DI being 50.0, compared to 53.9 in March.

Construction

Diffusion index for construction companies' expectations of their business situation



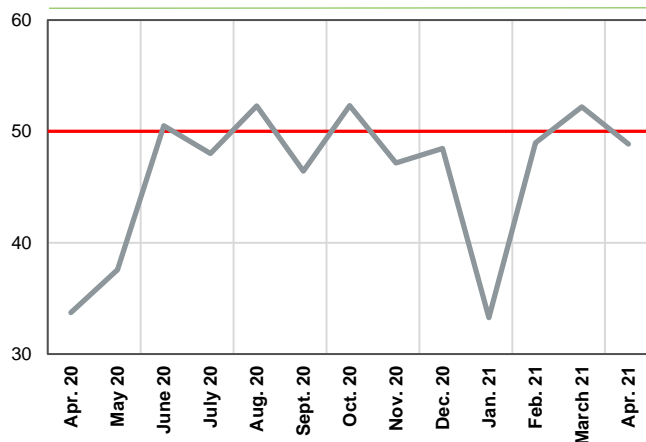
Diffusion indices (DI) for the economic standings of construction companies



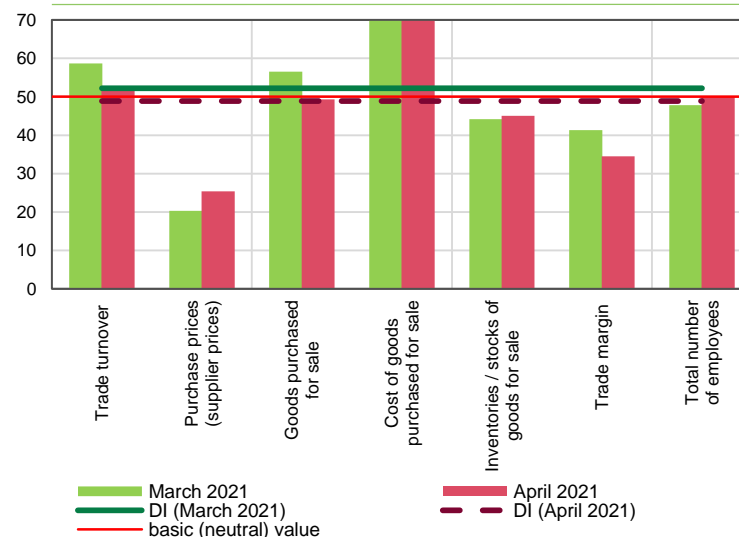
- In contrast to the worsened expectations reported by other sectors, **the diffusion index of construction companies' economic performance expectations moved above the neutral level for the first time since September 2019, hitting 51.5** (compared to 40.6 in March).
- Respondents **expected an increase in construction volumes, the number of new orders, purchases of contractor services and purchases of raw materials and supplies**, the DIs being 58.3, 58.3, 70.8 and 62.5 respectively, compared to 40.0, 30.0, 45.0 and 35.0 in March.
- Companies also expected a rise in their selling prices on the back of their expectations of an increase in supplier prices and the cost of contractor services, the DIs being 58.3, 20.8 and 37.5 respectively, compared to 60.0, 40.0 and 45.0 in March.
- Although improving markedly, respondents' expectations for staff numbers have not reached the neutral level, the DI being 45.8, compared to 35.0 in March.

Trade

Diffusion index for trading companies' expectations of their business situation



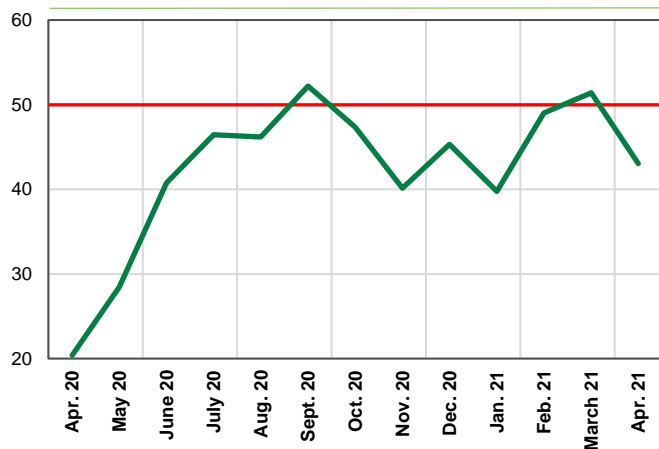
Diffusion indices (DI) for the economic standings of trading companies



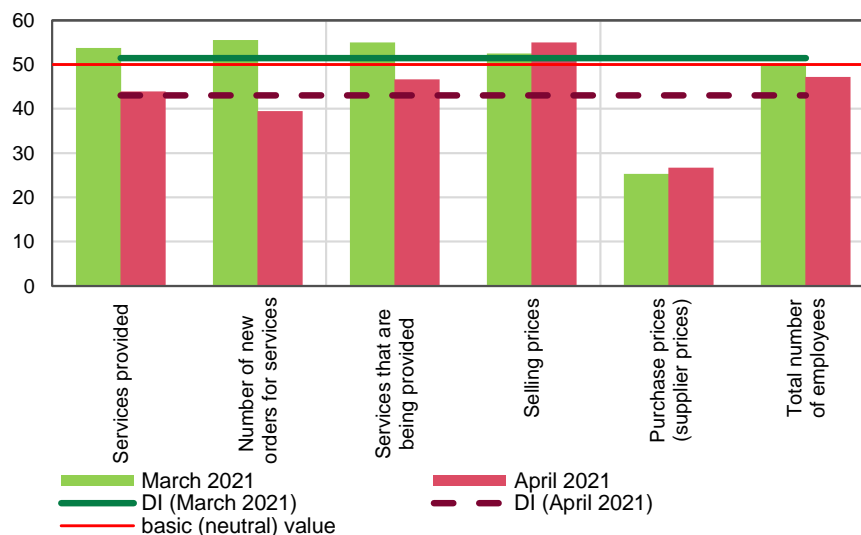
- **Expectations of trading companies deteriorated**, moving below the equilibrium level, as the **DI dropped to 48.9**, from 52.2 in March.
- Respondents expected a decrease in the amount of goods purchased for sale, the DI being 49.3, down from 56.5 in March.
- With firmer expectations of a rise in purchase prices, companies reported stronger expectations of a rise in the price of goods purchased for sale, the DIs being 25.4 and 71.1 respectively, compared to 20.3 and 70.3 in March. At the same time, respondents expected a decrease in the trade margin, the DI being 34.5, down from 41.3 in March.
- **Respondents expected a slight increase in trade turnover**, the DI being 52.1, down from 58.7 in March.
- Companies in the sector intended neither to cut staff, nor to hire more, the DI being 50.0, compared to 47.8 in March.

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 responded most strongly to the stricter quarantine, significantly worsening expectations of their economic performance – the sector's DI moved below the equilibrium level, to 43.0, down from 51.4 March.
- Respondents expected a drop in the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 43.9, 39.4 and 46.7 respectively, compared to 53.7, 55.6 and 54.9 in March.
- With slightly stronger expectations of a rise in purchase prices (a DI of 26.7 compared to 25.3 in March), companies reported expectations of a slight increase in their selling prices, the DI being 55.0, up from 52.5 in March.
- Companies in the sector said they intended to lay off staff, the DI being 47.2, down from 50.0 in March.



Annexes

Data on surveys of industrial companies in April 2021

% responses

Indicator	Will increase	Will remain unchanged	Will decrease
Manufactured goods	39	37	24
Number of new orders for products	30	47	23
Number of new export orders for goods	22	55	22
Unfinished products (unfulfilled orders)	6	77	17
Finished goods stocks	20	58	22
Stocks of raw materials and supplies	19	61	20
Prices for raw materials and supplies	73	27	1
Selling prices	41	56	3
Total number of employees	8	78	14

Data on surveys of construction companies in April 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	33	50	17
Number of new orders	25	67	8
Purchases of raw materials and supplies	42	42	17
Purchase prices (supplier prices)	58	42	0
Purchases of contractor services	50	42	8
Cost of contractor services*	25	75	0
Availability of contractors	8	83	8
Selling prices	25	67	8
Total number of employees	0	92	8

Data on surveys of trading companies in April 2021

% responses

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	34	37	30
Purchase prices (supplier prices)	54	42	4
Goods purchased for sale	28	42	30
Cost of goods purchased for sale	56	30	14
Inventories / stocks of goods for sale*	31	48	21
Trade margin	8	52	39
Total number of employees	8	83	8

Data on surveys of companies in the services sector in April 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	23	41	36
Number of new orders for services	19	41	40
Services that are being provided	19	56	26
Selling prices	16	79	6
Purchase prices (supplier prices)	47	53	0
Total number of employees	9	77	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.
- **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.



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