



National Bank
of Ukraine

Monthly Business Outlook Survey

August 2021

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

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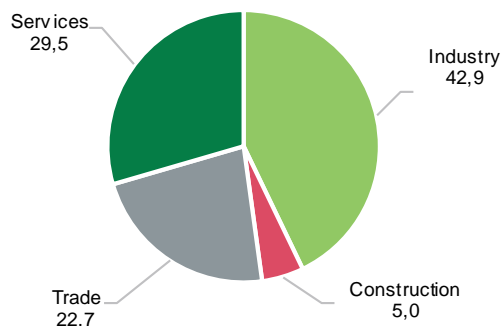
Summary

Businesses continue to be optimistic about their performance. The business activity expectations index (BAEI) was 53.4 in August (up from 50.8 in July).

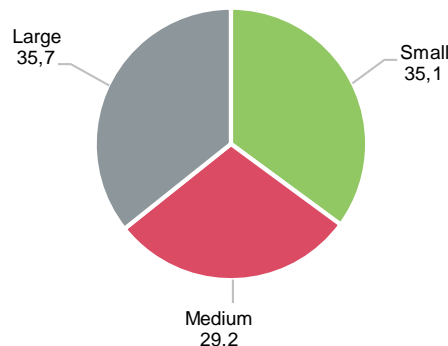
- Strong consumer demand, favorable external conditions, higher public spending on infrastructure development, and the continued recovery of investment had a positive impact on business outlook throughout the economy. For the first time in two years, respondents in all sectors of the economy said they expected improvements.
- Amid high estimated production volumes and new orders, the values of diffusion indices in industry and construction have stood above their equilibrium levels for the fourth month running.
- Companies across all sectors continued to report intentions to raise their selling prices amid strong expectations of higher raw material prices, purchase prices, and supplier prices.
- Industrial companies, construction businesses, and service providers said they expected an increase in employment. Despite the positive assessments of their business activity, trading companies still do not expect the total number of employees to increase.

Survey Details

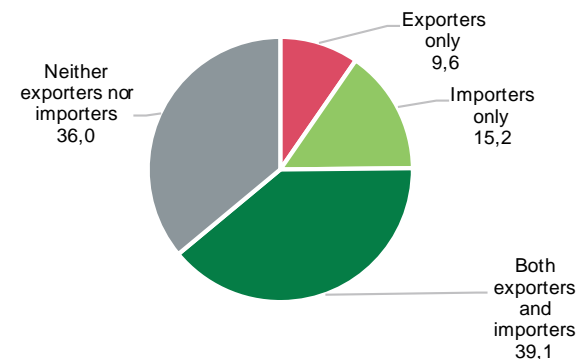
Respondents by sectors of the economy, %



Respondents by company size, %

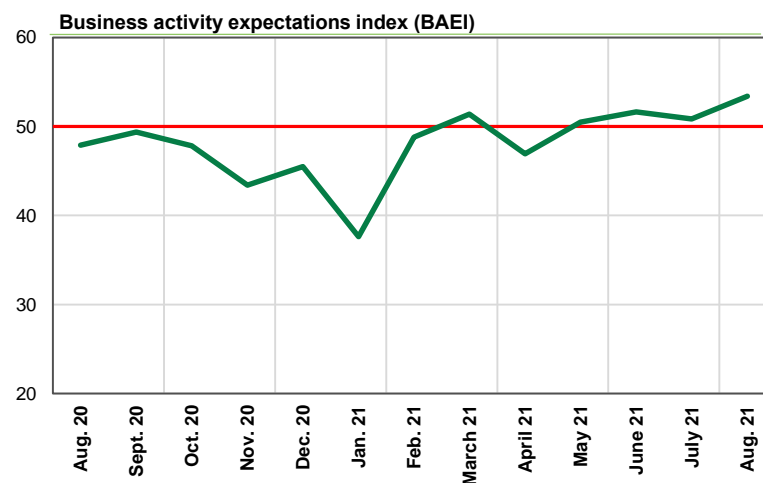


Respondents by business activities, %



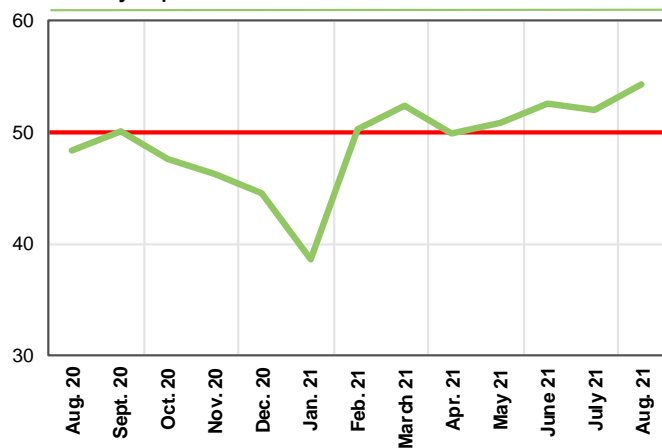
- This survey was carried out from 5 August through 25 August 2021
- A total of 322 companies were polled
- Survey horizon: change in companies' performance indicators in August compared to July

Sector	Sector's contribution to Ukrainian GDP (2020), %*	Diffusion index		
		July 2021	August 2021	Change compared to previous month
Industry	30,7	51,9	54,3	+2,4
Construction	4,9	55,6	53,0	-2,6
Trade	23,8	49,7	51,1	+1,4
Services	40,6	50,1	54,1	+3,9
BAEI (total across Ukraine)	X	50,8	53,4	+2,5



Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



Diffusion Indices (DIs) for industrial companies' performance indicators



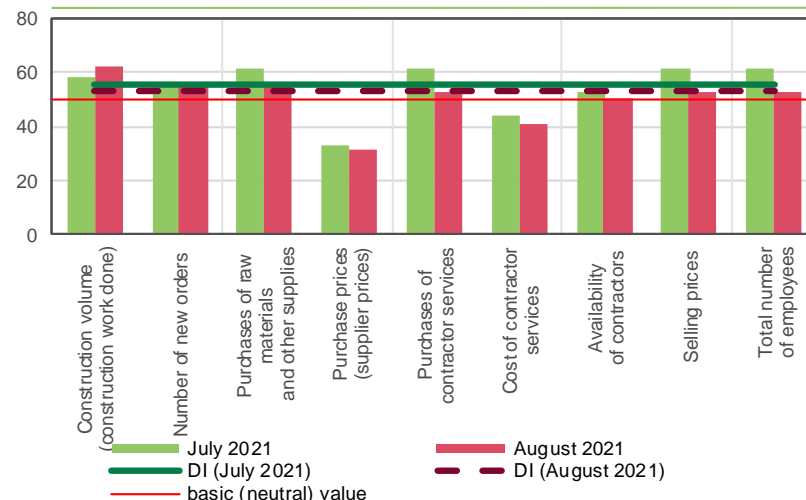
- Industrial companies have been upbeat about their economic performance for the fourth month running. The sector's DI was 54.3 in August, up from 51.9 in July.
- As in previous months, respondents expected an increase in the amount of manufactured goods and number of new orders, including export orders, the DIs being 63.4, 60.1 and 56.7 respectively, compared to 59.5, 56.5 and 53.9 in July.
- For the first time in the last eighteen months**, the industrial sector showed **optimistic sentiment about the total number of employees**, the DI being **51.1** compared to 48.9 in July.
- Expectations of selling price growth rose, fueled by projected increase in raw material and supplies prices, the DIs being 66.3 and 23.2 respectively, compared to 63.7 and 25.6 in July.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



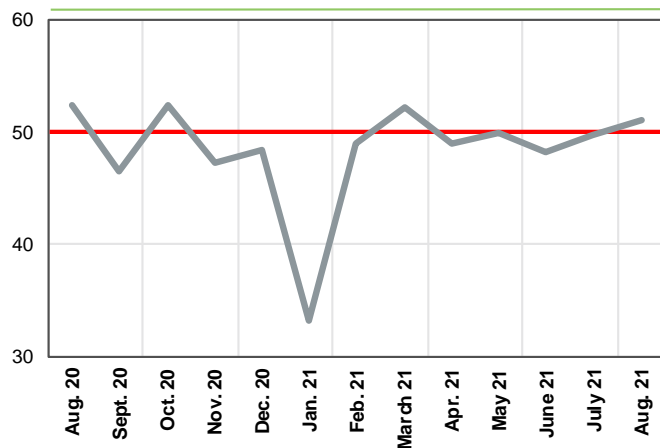
Diffusion Indices (DIs) for construction companies' performance indicators



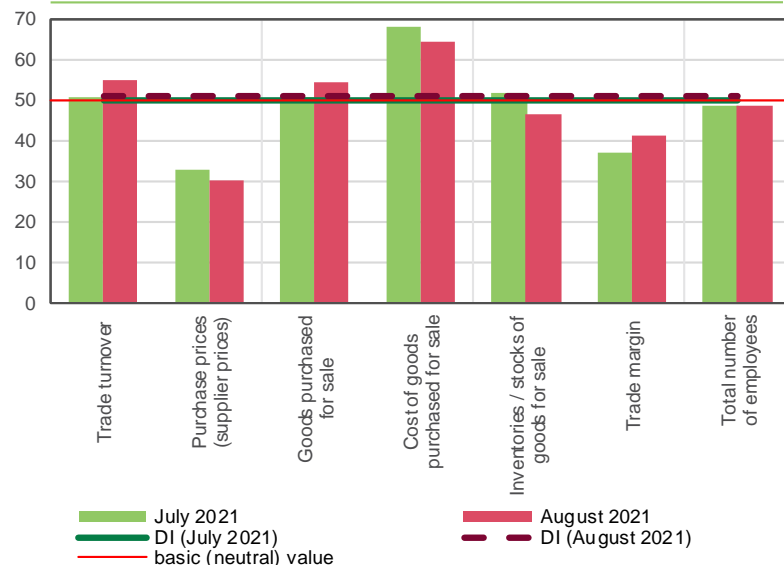
- Construction companies continued to report optimistic expectations about their economic performance, the DI being 53.0 compared to 55.6 in July.
- Respondents kept on assessing positively the developments in construction volumes and the number of new orders, the DIs being – 62.5 and 56.3 respectively, up from 58.3 and 55.6 in July.
- Amid slowing expectations for an increase in the cost of contractor services, respondents were less inclined to project an increase in their selling prices, the DIs being 40.6 and 53.1 respectively, down from 44.4 and 61.1 in July.
- Construction companies have remained upbeat about the total number of employees for three months in a row, the DI being 53.1.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



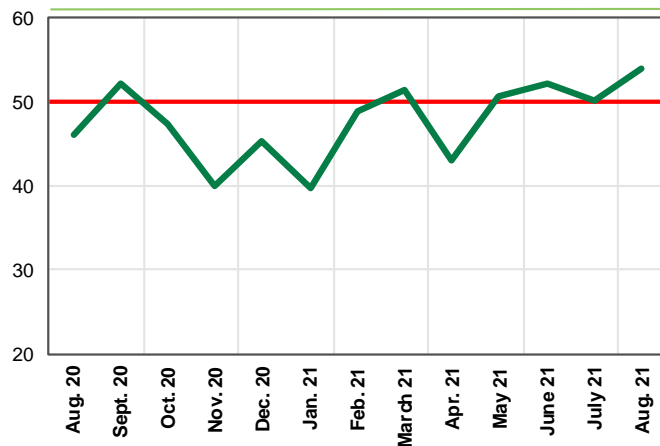
Diffusion Indices (DIs) for trading companies' performance indicators



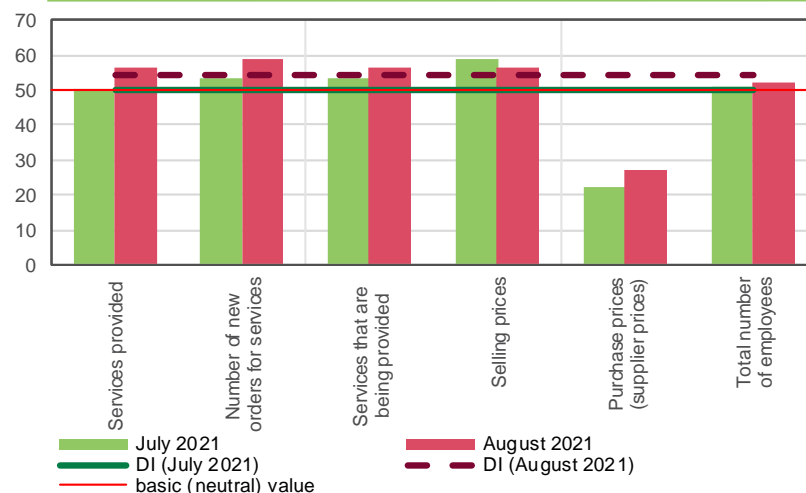
- The diffusion index of trading companies' economic performance expectations **moved above the neutral level for the first time since April 2021, hitting 51.1** (compared to 49.7 in July).
- Respondents continued to improve their expectations for trade turnover and the amount of goods purchased for sale, the DIs being – 54.8 and 54.1 respectively (In July – 50.8 each).
- With firmer expectations of a rise in purchase prices, companies continued to report robust expectations of a rise in the price of goods purchased for sale, the DIs being 64.4 and 30.1 respectively, down from 68.2 and 32.6 in July.
- Despite the positive assessments of their business activity, trading companies still **do not expect an increase in the total number of employees**, the DI being 48.6 compared to 48.5 in July.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for trading companies' performance indicators



- Companies in the services sector have been optimistic about their economic outlook for the fourth consecutive month, the DI being 54.1 in August, up from 50.1 in July.
- Respondents reported positive assessments of the amount of services provided, the number of new orders, and the amount of services that are being provided, the DIs being 56.3, 58.9, and 56.3 respectively, up from 50.5, 53.1, and 53.1 in July.
- Companies continued to report firm expectations for a rise in supplier prices and intentions to increase their selling prices, the DIs being 26.8 and 56.3 respectively, compared with 22.4 and 58.7 in July.
- For two months in a row, companies expected more staff to be hired in their sector, the DI being 52.1, up from 51.0 in July.



Annexes

Data on surveys of industrial companies in August 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	43	41	16
Number of new orders for products	36	48	16
Number of new export orders for goods	30	54	16
Unfinished products (unfulfilled orders)	10	72	18
Finished goods stocks	12	66	22
Stocks of raw materials and supplies	20	59	20
Prices for raw materials and supplies	57	39	4
Selling prices	37	59	4
Total number of employees	11	80	9

Data on surveys of construction companies in August 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	38	50	13
Number of new orders	31	50	19
Purchases of raw materials and supplies	38	38	25
Purchase prices (supplier prices)	38	63	0
Purchases of contractor services	25	56	19
Cost of contractor services*	19	81	0
Availability of contractors	6	88	6
Selling prices	6	94	0
Total number of employees	25	56	19

Data on surveys of trading companies in August 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	36	38	26
Purchase prices (supplier prices)	44	52	4
Goods purchased for sale	36	37	27
Cost of goods purchased for sale	45	38	16
Inventories / stocks of goods for sale*	32	44	25
Trade margin	10	63	27
Total number of employees	5	86	8

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	28	56	16
Number of new orders for services	29	59	12
Services that are being provided	23	66	11
Selling prices	14	85	1
Purchase prices (supplier prices)	47	52	1
Total number of employees	11	83	6

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.
- **BAEI** 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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