



National Bank
of Ukraine

Monthly Business Outlook Survey

September 2021

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

Issue No.27
Statistics and Reporting Department



Summary

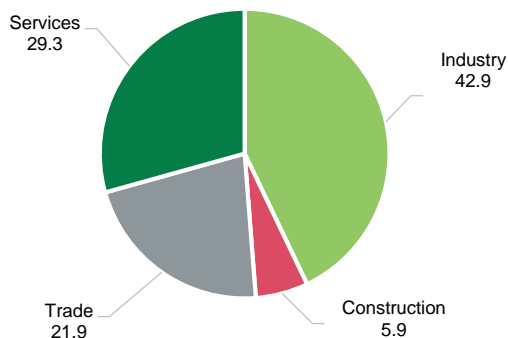
Businesses remain upbeat about their performance outlook. The business activity expectations index (BAEI) was 53.1 in September (compared to 53.4 in August).

- Robust consumer demand, a favorable external environment and ongoing growth in investment activity continued to have a positive effect on companies across all surveyed economic sectors.
- Trading companies expressed the most optimistic views about their September performance, thanks to seasonal factors. Respondents reported firm expectations of an increase in trade turnover and the amount of goods purchased for sale.
- Companies across all economic activities expect a rise in their selling prices on the back of higher raw material and supplier prices. At the same time, respondents continued to report strong expectations of an increase in the number of new orders, including export orders.
- Only trading companies said they intended to hire more staff, while industrial, construction and services companies reported intentions to cut their workforces.

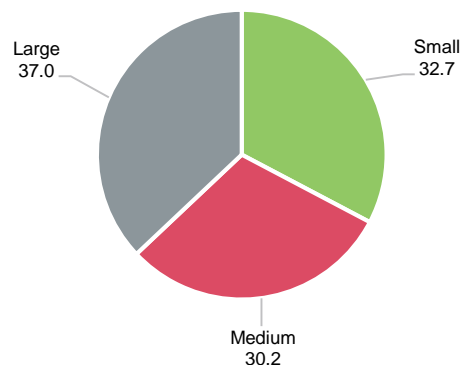
The NBU has started posting monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

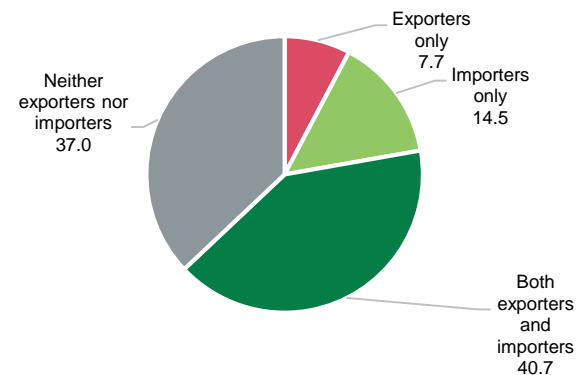
Respondents by sectors of the economy, %



Respondents by company size, %

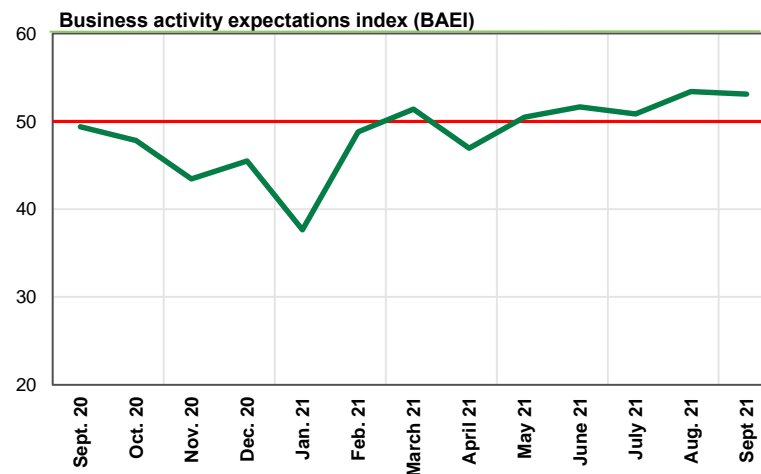


Respondents by business activities, %



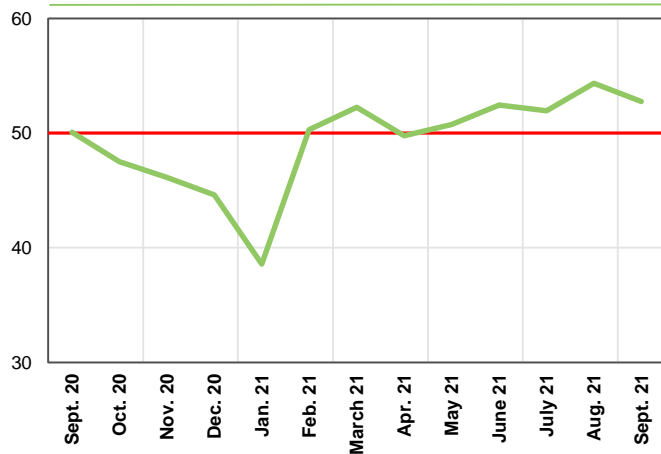
- This survey was carried out from 6 September through 23 September 2021
- A total of 324 companies were polled
- Survey horizon: change in companies' performance indicators in September compared to August

Sector	Sector's contribution to Ukrainian GDP (2020), %*	Diffusion index		
		August 2021	September 2021	Change compared to previous month
Industry	30.7	54.3	52.8	-1.6
Construction	4.9	53.0	51.6	-1.4
Trade	23.8	51.1	56.1	+5.0
Services	40.6	54.1	51.8	-2.3
BAEI (total across Ukraine)	X	53.4	53.1	-0.3

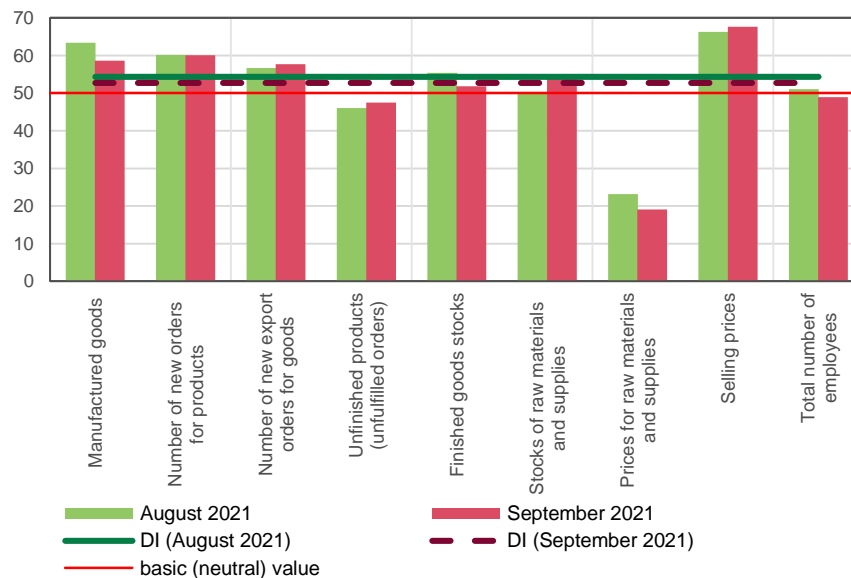


Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



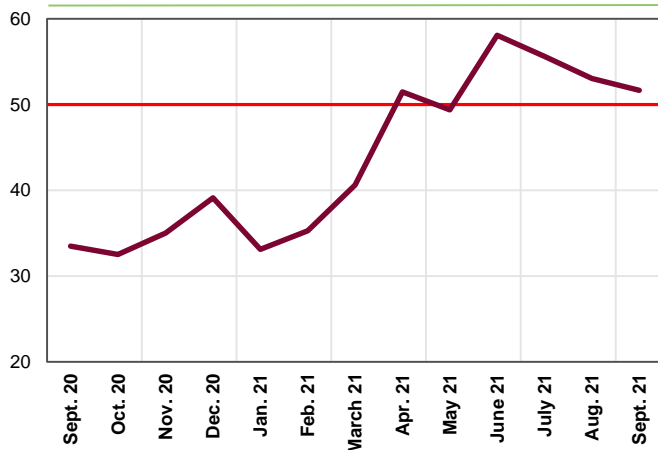
Diffusion Indices (DIs) for industrial companies' performance indicators



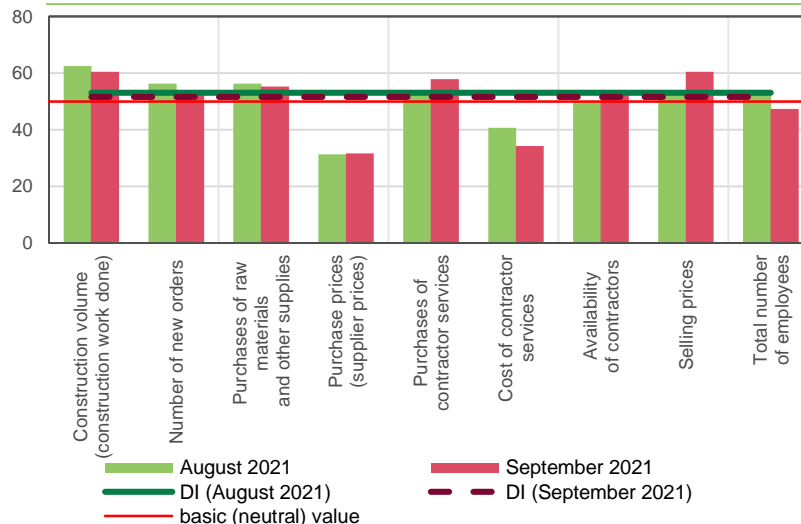
- Industrial companies have been upbeat about their economic performance outlook for five months running. The sector's DI was **52.8 in September** (compared to 54.3 in August).
- Respondents continued to expect an increase in the amount of manufactured goods and the number of new orders, including export orders, the DIs being 58.6, 60.1 and 57.7 respectively, compared to 63.4, 60.1 and 56.7 in August.
- With expectations of a significant rise in raw material and supplies prices, companies reported stronger intentions to raise their selling prices, the DIs being 19.1 and 67.6 respectively, compared to 23.2 and 66.3 in August.
- The managers of industrial companies returned to reporting intentions to **lay off staff**, the DI being 48.9, down from 51.1 in August.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



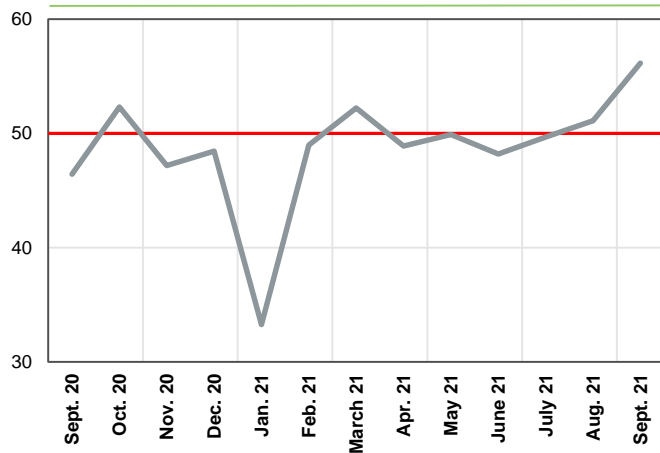
Diffusion Indices (DIs) for construction companies' performance indicators



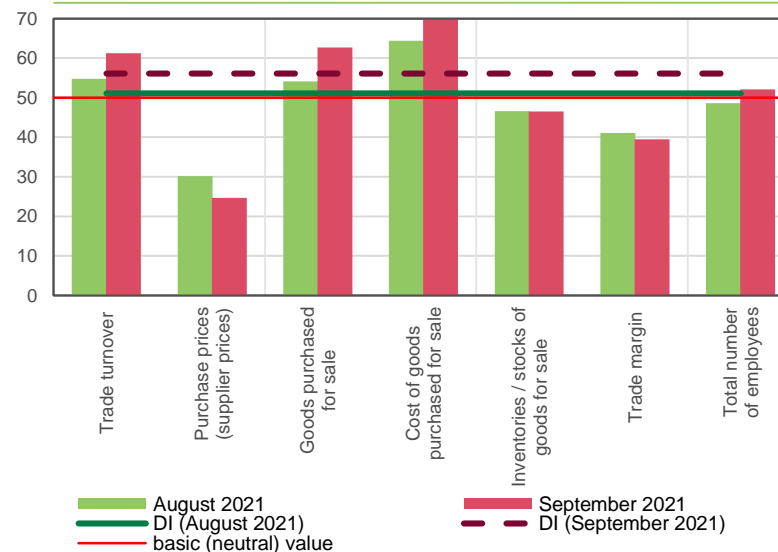
- Although reporting slightly weaker views, construction companies remained upbeat about their performance outlook, the **DI being 51.6**, down from 53.0 in August.
- Respondents expressed optimistic, albeit slightly more restrained views, about an increase in their construction volumes and the number of new orders, the DIs being 60.5 and 52.6 respectively, compared to 62.5 and 56.3 in August. As a result, they expected a slight decrease in purchases of raw materials and supplies, the DI being 55.3, down from 56.3 in August.
- With firm expectations of a rise in the cost of contractor services and purchase prices, respondents reported much stronger intentions to raise their selling prices, the DIs being 34.2, 31.6 and 60.5 respectively, compared to 40.6, 31.3 and 53.1 in August.
- After reporting intentions to expand their workforces for three months, in September respondents said they planned to lay off staff, the DI being 47.4, down from 53.1 in August.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



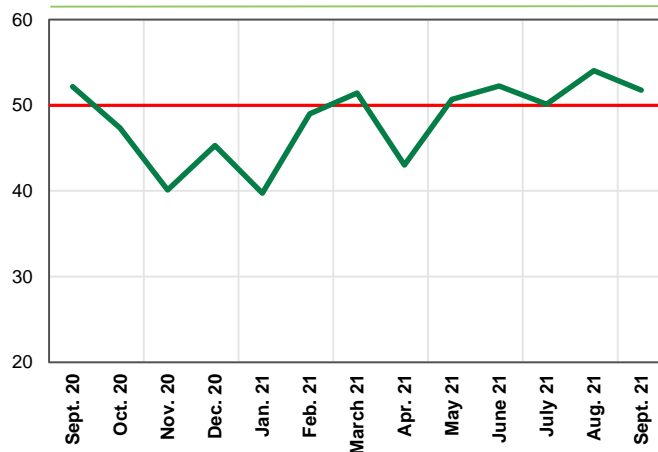
Diffusion Indices (DIs) for trading companies' performance indicators



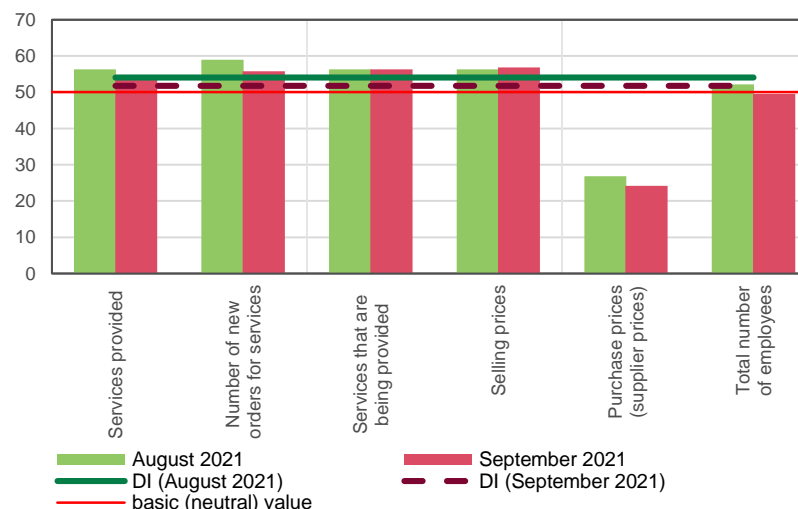
- Respondents from trading companies were the **most optimistic about their performance outlook**, the DI being **56.1**, up from 51.1 in August.
- Respondents **reported significantly stronger expectations of an increase in trade turnover and the amount of goods purchased for sale**, the DIs being 61.3 and 62.7 respectively, up from 54.8 and 54.1 in August.
- Respondents also reported more robust expectations of an increase in purchase and selling prices, the DIs being 24.6 and 74.6 respectively, compared to 30.1 and 64.4 in August.
- On the back of stronger economic activity in the sector, respondents reported intentions to **hire more staff**, the DI being 52.1, up from 48.6 in August.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Services companies slightly downgraded their optimistic expectations of their economic performance, the DI being 51.8 in September, compared to 54.1 in August.
- Respondents continued to expect 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, 55.8 and 56.3 respectively, compared to 56.3, 58.9 and 56.3 in August.
- With firmer expectations of a rise in purchase prices, respondents reported intentions to raise their selling prices, the DIs being 24.2 and 56.8 respectively, compared to 26.8 and 56.3 in August.
- Respondents also said they **intended to cut their workforces**, as the DI dropped to 49.5, down from 52.1 in August.



Annexes

Data on surveys of industrial companies in September 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	39	40	22
Number of new orders for products	39	42	19
Number of new export orders for goods	29	58	13
Unfinished products (unfulfilled orders)	12	71	17
Finished goods stocks	17	63	20
Stocks of raw materials and supplies	28	52	20
Prices for raw materials and supplies	64	34	2
Selling prices	43	49	8
Total number of employees	11	76	13

Data on surveys of construction companies in September 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	37	47	16
Number of new orders	21	63	16
Purchases of raw materials and supplies	32	47	21
Purchase prices (supplier prices)	37	63	0
Purchases of contractor services	32	53	16
Cost of contractor services*	32	68	0
Availability of contractors	11	84	5
Selling prices	21	79	0
Total number of employees	16	63	21

Data on surveys of trading companies in September 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	42	38	20
Purchase prices (supplier prices)	54	44	3
Goods purchased for sale	48	30	23
Cost of goods purchased for sale	59	31	10
Inventories / stocks of goods for sale*	31	45	24
Trade margin	6	68	27
Total number of employees	10	85	6

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	22	63	15
Number of new orders for services	28	55	17
Services that are being provided	24	64	12
Selling prices	14	86	0
Purchase prices (supplier prices)	52	48	0
Total number of employees	11	78	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.
- **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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