



National Bank
of Ukraine

Monthly Business Outlook Survey

October 2021

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

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Statistics and Reporting Department



Summary

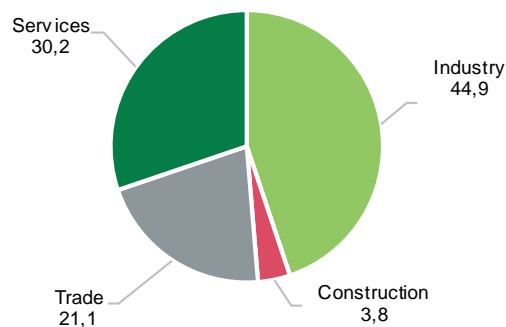
With higher morbidity and stricter quarantine restrictions, businesses somewhat downgraded their optimistic views for their business outlook compared to the previous month. The business activity expectations index (BAEI) was 51.4 in October, down from 53.1 in September.

- Robust consumer demand and investment activity continued to have a positive effect on the expectations of companies across all economic sectors. That said, rising oil and gas prices and slower growth in the global economy in the wake of rising COVID-19 cases and stricter quarantine restrictions imposed by some countries weakened the positive views of respondents across all of the surveyed sectors of the economy.
- Higher global industrial inflation has affected the expectations of companies across all sectors regarding an increase in raw material prices, supplier prices and, consequently, selling prices.
- Only trading and services companies said they intended to hire more staff, while industrial and construction companies have reported intentions to cut their workforces for two months running.

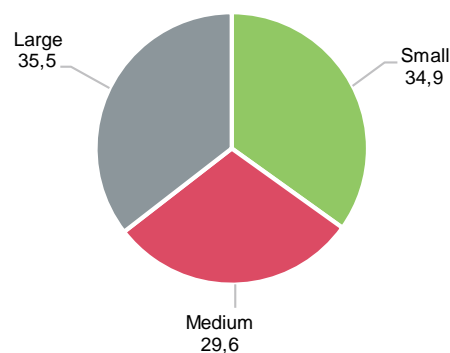
The NBU has started posting monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

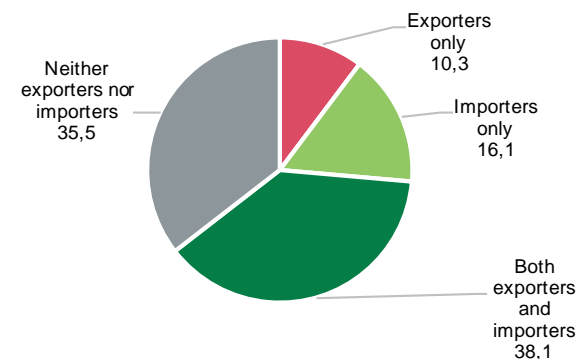
Respondents by sectors of the economy, %



Respondents by company size, %

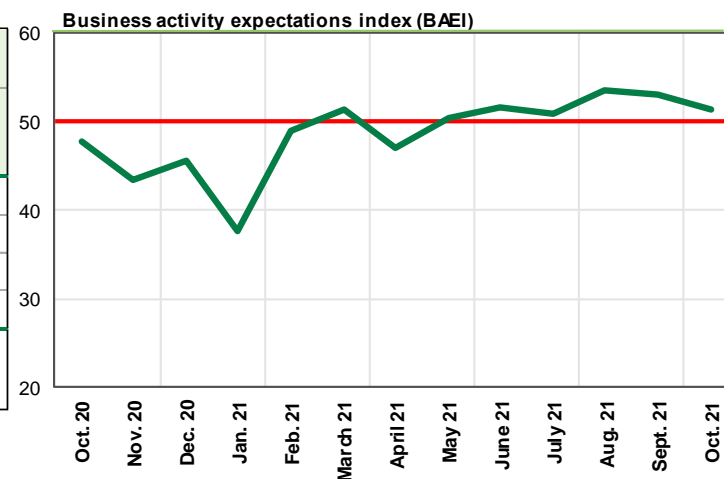


Respondents by business activities, %



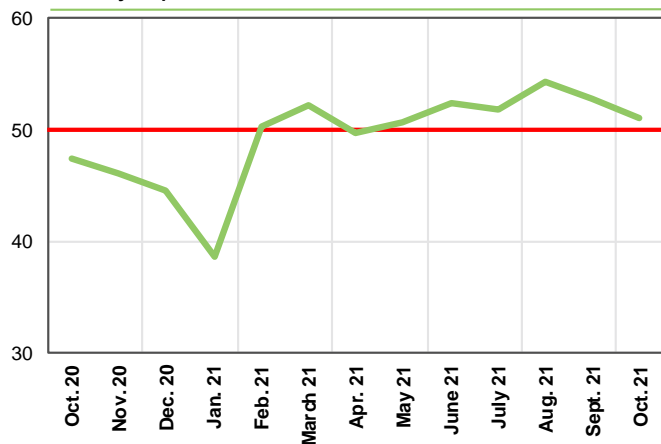
- This survey was carried out from 4 October through 23 October 2021
- A total of 341 companies were polled
- Survey horizon: change in companies' performance indicators in October compared to September

Sector	Sector's contribution to Ukrainian GDP (2020), %*	Diffusion index		
		September 2021	October 2021	Change compared to previous month
Industry	30,7	52,8	51,1	-1,7
Construction	4,9	51,6	50,2	-1,5
Trade	23,8	56,1	52,2	-4,0
Services	40,6	51,8	51,3	-0,5
BAEI (total across Ukraine)	X	53,1	51,4	-1,7



Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



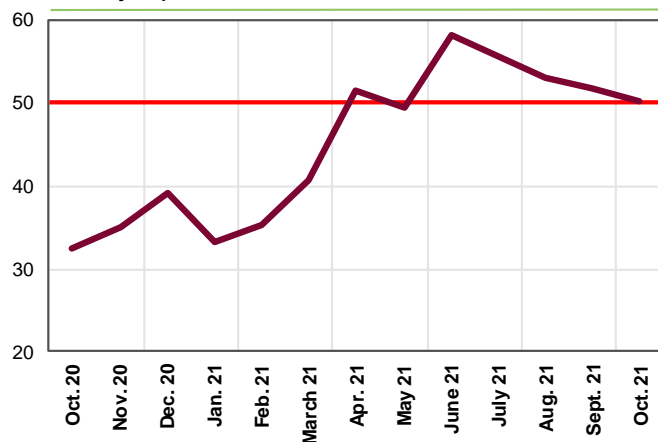
Diffusion Indices (DIs) for industrial companies' performance indicators



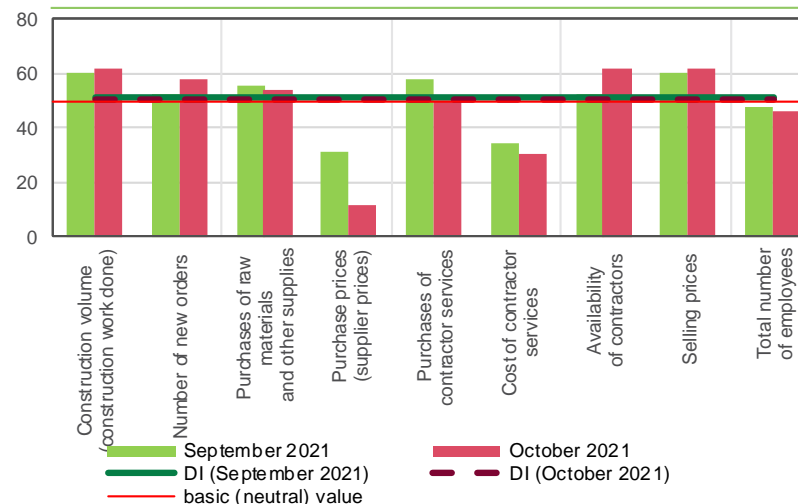
- Industrial companies have been upbeat about their economic performance outlook for six months running. The sector's **DI** was **51.1** in October, down from 52.8 in September.
- Respondents were more guarded in their expectations of an increase in the amount of manufactured goods and the number of new orders, including export orders, the DIs being 56.9, 55.6 and 54.0 respectively, compared to 58.6, 60.1 and 57.7 in September.
- With firmer expectations of a rise in raw material and supplies prices, companies reported stronger intentions to raise their selling prices, the DIs being 17.3 and 71.6 respectively, compared to 19.1 and 67.6 in September.
- The managers of industrial companies have reported intentions to lay off staff for two months running, the DI being 48.7, down from 48.9 in September.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



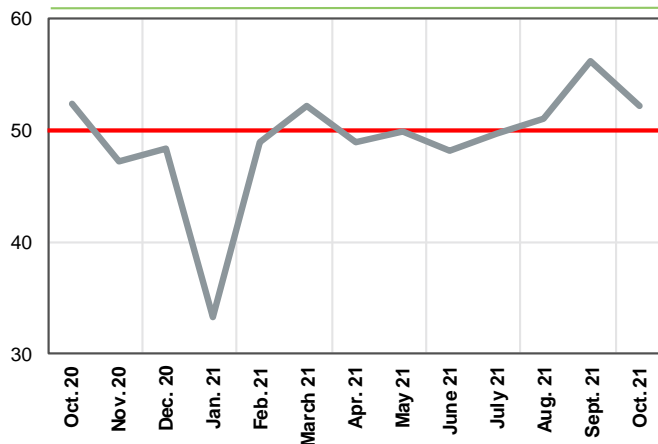
Diffusion Indices (DIs) for construction companies' performance indicators



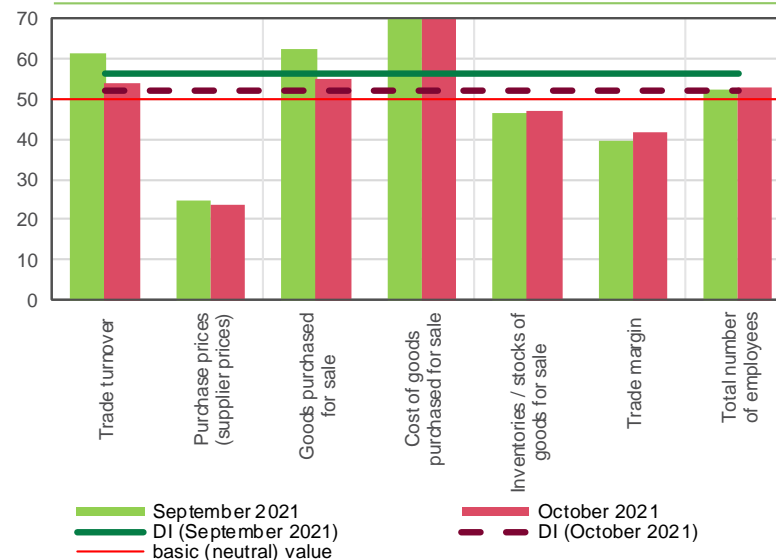
- Although reporting weaker views, construction companies remained upbeat about their performance outlook, the DI being 50.2, down from 51.6 in September.
- Respondents had firmer expectations of an increase in construction volumes and the number of new orders, the DIs being 61.5 and 57.7 respectively, compared to 60.5 and 52.6 in September.
- With very strong expectations of a rise in supplier prices and the cost of contractor services, construction companies reported more restrained intentions to purchase more raw materials and supplies, while also reporting intentions to raise their selling prices, the DIs being 11.5, 30.8, 53.8 and 61.5 respectively, compared to 31.6, 34.2, 55.3 and 60.5 in September.
- Construction companies continued to report intentions to lay off staff, the DI being 46.2, compared to 47.4 in September.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



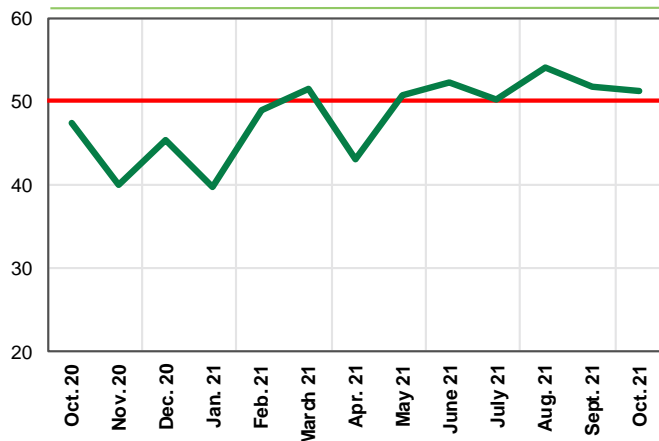
Diffusion Indices (DIs) for trading companies' performance indicators



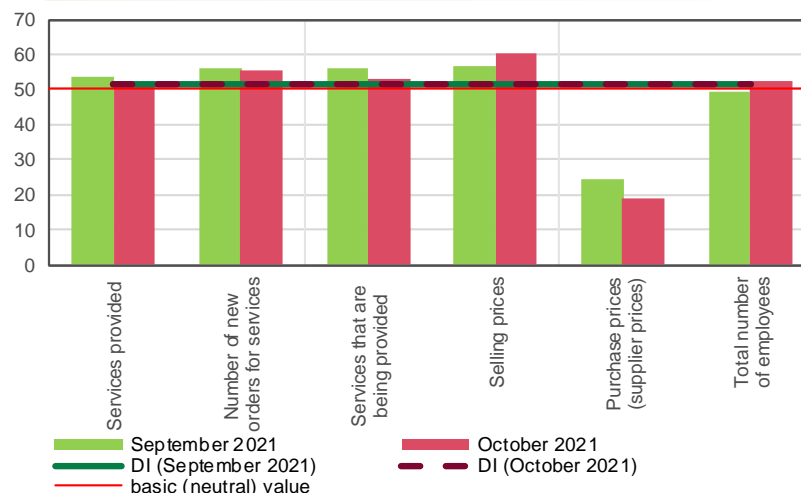
- Respondents from trading companies remained the most upbeat of all sectors of the economy, the DI being 52.2, down from 56.1 in September.
- Respondents reported weaker, albeit positive, expectations of an increase in trade turnover and the amount of goods purchased for sale, the DIs being 54.2 and 54.9 respectively, down from 61.3 and 62.7 in September.
- Respondents also reported expectations of a significant increase in purchase prices and the cost of goods purchased for sale, the DIs being 23.6 and 72.2 respectively, compared to 24.6 and 74.6 in September.
- Companies continued to report intentions to hire more staff, the DI being 52.8, up from 52.1 in September.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Services companies, like industrial companies, have remained upbeat about their performance outlook for six months running, the **DI being 51.3** in October, compared to 51.8 in September.
- Respondents expected 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 51.9, 55.3 and 52.9 respectively, compared to 53.7, 55.8 and 56.3 in September.
- With firmer expectations of a rise in purchase prices, respondents reported intentions to raise their selling prices, the DIs being 18.9 and 60.2 respectively, compared to 24.2 and 56.8 in September.
- Respondents upgraded their employment **expectations and said they** expected to expand their workforces, the DI being 52.4, up from 49.5 in September.



Annexes

Data on surveys of industrial companies in October 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	40	34	26
Number of new orders for products	35	41	24
Number of new export orders for goods	23	62	15
Unfinished products (unfulfilled orders)	12	63	25
Finished goods stocks	19	54	27
Stocks of raw materials and supplies	24	51	25
Prices for raw materials and supplies	67	32	1
Selling prices	46	50	3
Total number of employees	11	75	14

Data on surveys of construction companies in October 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	31	62	8
Number of new orders	23	69	8
Purchases of raw materials and supplies	31	46	23
Purchase prices (supplier prices)	77	23	0
Purchases of contractor services	15	69	15
Cost of contractor services*	38	62	0
Availability of contractors	23	77	0
Selling prices	23	77	0
Total number of employees	8	77	15

Data on surveys of trading companies in October 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	35	39	26
Purchase prices (supplier prices)	54	44	1
Goods purchased for sale	39	32	29
Cost of goods purchased for sale	60	25	15
Inventories / stocks of goods for sale*	33	39	28
Trade margin	10	64	26
Total number of employees	11	83	6

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	24	55	20
Number of new orders for services	30	50	19
Services that are being provided	23	59	17
Selling prices	21	78	1
Purchase prices (supplier prices)	62	38	0
Total number of employees	14	78	9

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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