



National Bank
of Ukraine

Monthly Business Outlook Survey

November 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

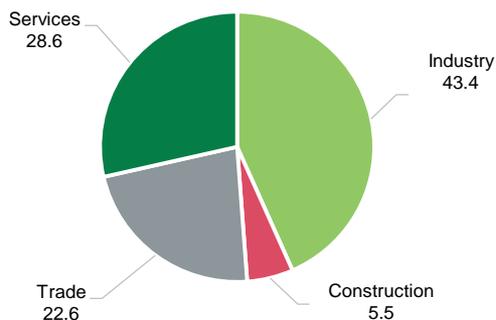
Respondents reported dimmer expectations for their business performance on the back of tighter quarantine restrictions. **The business activity expectations index (BAEI) was 49.8 in November** (compared to 51.4 in October).

- Surging energy prices, shortages of raw materials, higher production costs and an increase in COVID-19 cases, both in Ukraine and globally, weakened expectations in all of the surveyed sectors.
- Services companies were the first to respond to the new epidemiological restrictions by lowering their performance expectations. Trading companies did not expect any changes compared to October. The optimistic views of industrial and construction companies declined, almost reaching their neutral levels.
- Companies across all economic sectors expect a rise in their selling prices on the back of higher raw material and supplier prices.
- Employment expectations remained pessimistic. Respondents across all sectors intended to cut staff – most of all, construction companies.

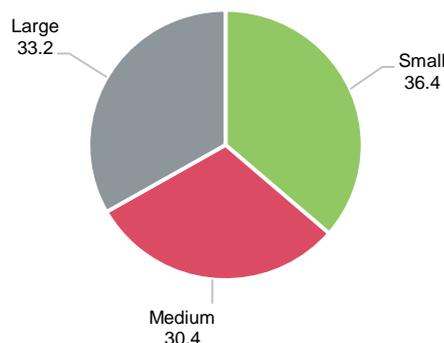
The NBU has started posting monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

Survey Details

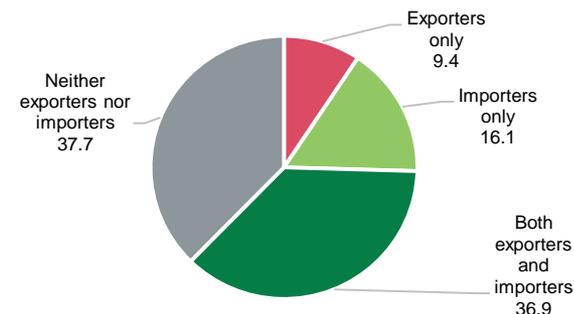
Respondents by sectors of the economy, %



Respondents by company size, %



Respondents by business activities, %

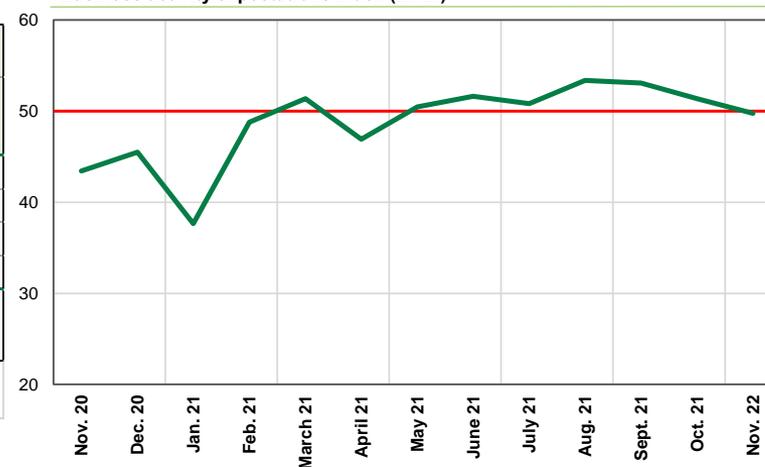


- This survey was carried out from 4 November through 23 November 2021
- A total of 385 companies were polled
- Survey horizon: change in companies' performance indicators in November compared to October

Sector	Sector's contribution to Ukrainian GDP (2020), %*	Diffusion index		
		October 2021	November 2021	Change compared to previous month
Industry	30.7	51.1	50.7	-0.3
Construction	4.9	50.2	50.4	+0.2
Trade	23.8	52.2	50.0	-2.2
Services	40.6	51.3	48.8	-2.5
BAEI (total across Ukraine)	X	51.4	49.8	-1.6

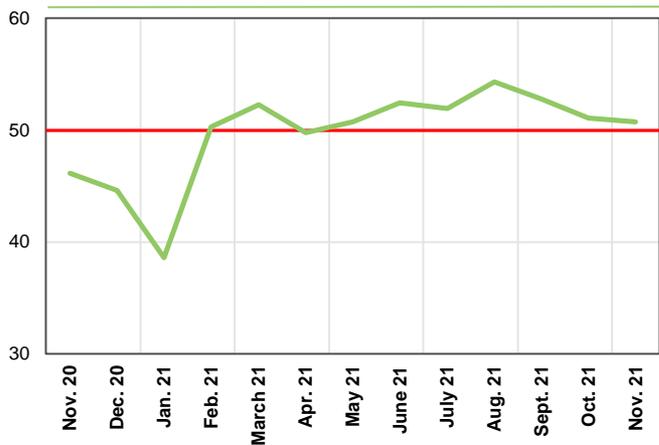
Data for totals and components may be subject to rounding effects

Business activity expectations index (BAEI)

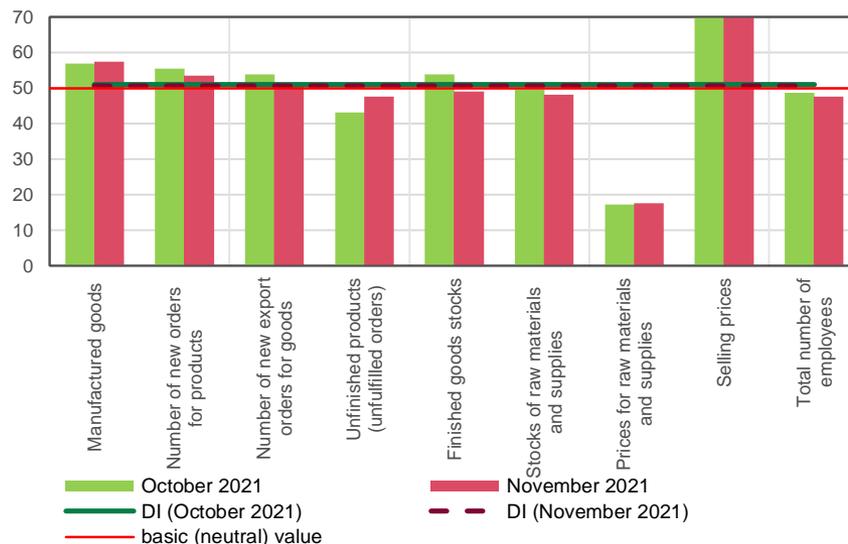


Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



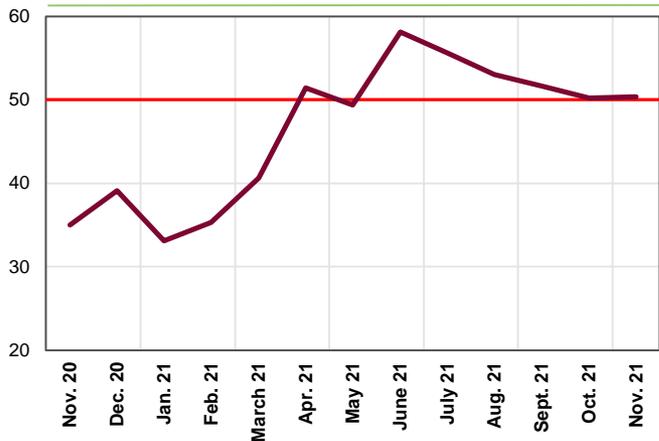
Diffusion Indices (DIs) for industrial companies' performance indicators



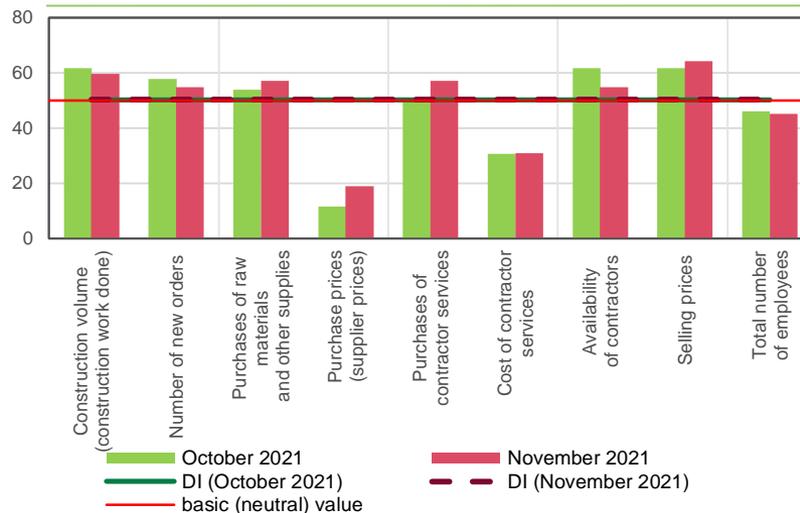
- In November, industrial companies continued to report positive expectations for their economic performance, despite lowering them further – the sector’s DI was 50.7 in November, down from 51.1 in October.
- Respondents slightly upgraded their expectations for the amount of manufactured goods, the DI being 57.5, up from 56.9 in October.
- At the same time, respondents had more restrained views about the number of new orders, including export orders, the DIs being 53.6 and 51.4 respectively, compared to 55.6 and 54.0 in October.
- Most industrial companies reported firm expectations of a rise in raw material and supplies prices and selling prices, the DIs being 17.7 and 71.9 respectively, compared to 17.3 and 71.6 in October.
- **Respondents reported stronger intentions to cut their workforces**, the DI being 47.6, down from 48.7 in October.

Construction

Diffusion Index of Construction Companies' Business Activity Expectations



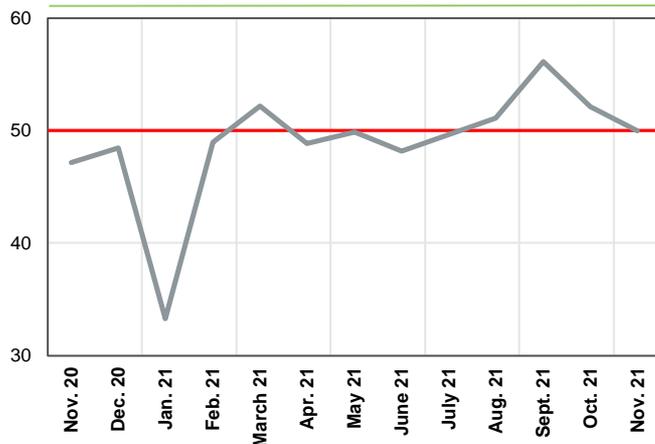
Diffusion Indices (DIs) for construction companies' performance indicators



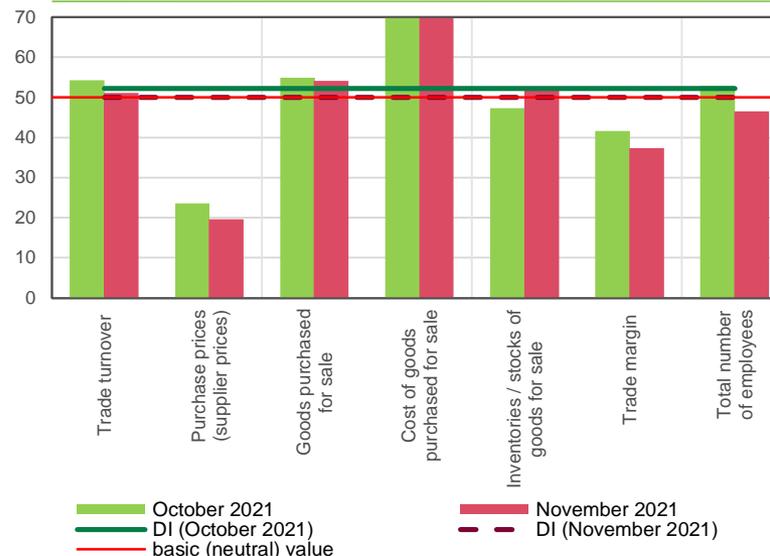
- Although remaining positive, the **expectations of construction companies have been practically at the neutral level for two months running**, the DI being 50.4 in November, compared to 50.2 in October.
- With persisting upbeat expectations for the volume of construction work done and the number of new orders (DIs of 59.5 and 54.8 respectively compared to 61.5 and 57.7 in October), construction companies upgraded their positive expectations for purchases of raw materials and supplies, as well as for purchases of supplier services (DIs of 57.1 for each compared to 53.8 and 50.0 in October).
- Companies continued to report very firm expectations of an increase in supplier prices and the cost of contractor services, and, consequently, high selling prices, the DI being 64.3, up from 61.5 in October.
- Respondents **reported the strongest intentions to cut staff** among all of the sectors, the DI being 45.2, down from 46.2 in October.

Trade

Diffusion Index of Trading Companies' Business Activity Expectations



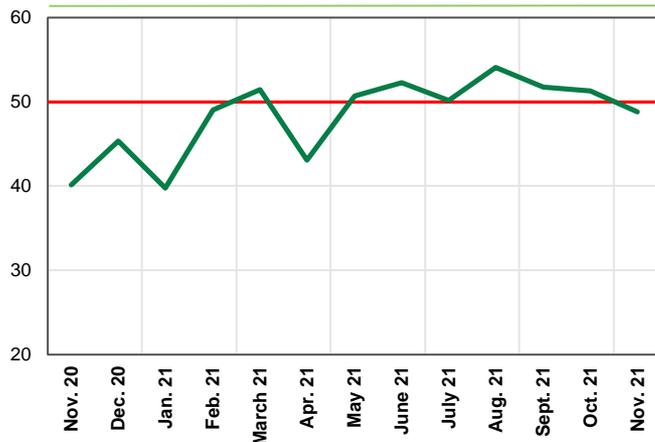
Diffusion Indices (DIs) for trading companies' performance indicators



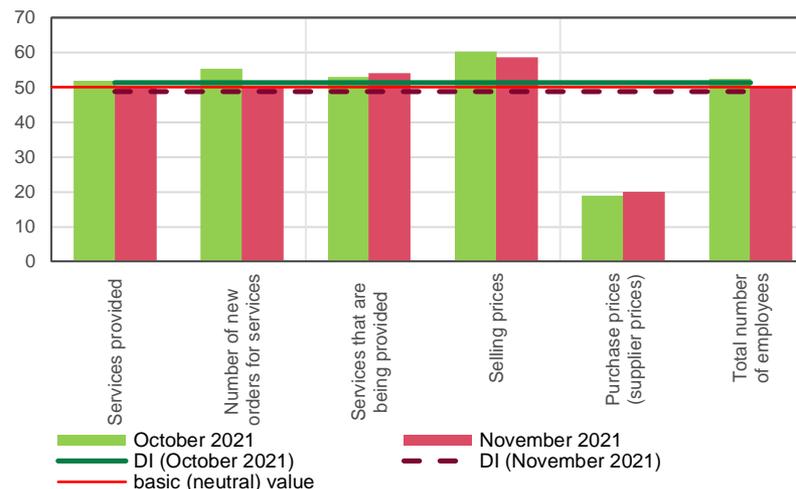
- Respondents **expected no change** in the performance of their companies compared to the previous month, the **DI being 50.0**, down from 52.2 in October.
- Companies remained **upbeat about their trade turnover and the amount of goods purchased for sale**, the DIs being 51.1 and 54.0 respectively, compared to 54.2 and 54.9 in October. At the same time, respondents reported firmer expectations of a rise in the price of goods purchased for sale, the DI being 73.0, up from 72.2 in October.
- Despite strong expectations of an increase in purchase prices (a DI of 19.5), almost one third of companies in the sector said they intended to decrease their trade margins, the DI being 37.4, down from 41.7 in October.
- Amid weaker business activity, trading companies intended to **cut their staff**, as the DI dropped to 46.6, compared to 52.8 in October.

Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- Services companies had the strongest response to tighter quarantine restrictions, downgrading their expectations of their economic performance, as their DI dropped below its equilibrium level, to 48.8 in November, down from 51.3 in October.
- Respondents expected no change in the amount of services provided and the number of new orders for services, as the DIs for these indicators dropped to their neutral levels of 50.0 for each, down from 51.9 and 55.3 respectively in October.
- With high purchase prices, respondents reported intentions to raise their selling prices, the DIs being 20.0 and 58.6 respectively, compared to 18.9 and 60.2 in October.
- Respondents expected no changes in their workforces, the DI being 50.0, down from 52.4 in October.



Annexes

Data on surveys of industrial companies in November 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	36	43	21
Number of new orders for products	31	46	23
Number of new export orders for goods	22	58	19
Unfinished products (unfulfilled orders)	14	66	19
Finished goods stocks	23	55	22
Stocks of raw materials and supplies	24	49	28
Prices for raw materials and supplies	68	29	3
Selling prices	47	50	3
Total number of employees	9	77	14

Data on surveys of construction companies in November 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	38	43	19
Number of new orders	29	52	19
Purchases of raw materials and supplies	33	48	19
Purchase prices (supplier prices)	62	38	0
Purchases of contractor services	24	67	10
Cost of contractor services*	38	62	0
Availability of contractors	19	71	10
Selling prices	33	62	5
Total number of employees	14	62	24

Data on surveys of trading companies in November 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	32	38	30
Purchase prices (supplier prices)	62	37	1
Goods purchased for sale	36	37	28
Cost of goods purchased for sale	60	26	14
Inventories / stocks of goods for sale*	24	48	28
Trade margin	3	68	29
Total number of employees	5	84	11

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

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	22	56	22
Number of new orders for services	26	47	26
Services that are being provided	24	61	15
Selling prices	20	77	3
Purchase prices (supplier prices)	60	40	0
Total number of employees	9	82	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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