



National Bank  
of Ukraine

# Monthly Business Outlook Survey

December 2021

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

Issue No.30  
Statistics and Reporting Department



## Summary

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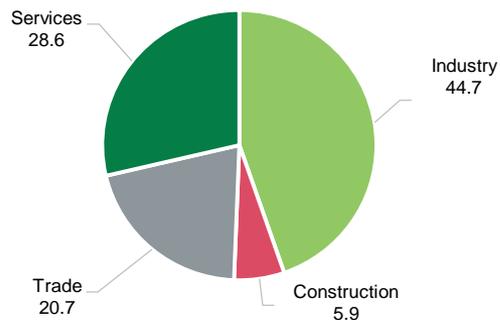
With quarantine restrictions persisting, companies' expectations of their economic performance have been below the neutral level for two months running. **The business activity expectations index (BAEI) was 48.6 in December**, down from 49.8 in November.

- Surging energy prices, shortages of raw materials, higher production costs, a greater probability of an escalation of the armed conflict and an increase in COVID-19 cases worldwide weakened expectations in all of the surveyed sectors.
- Companies across all sectors that take part in the survey are downbeat about their business performance in the near future. The most pessimistic expectations were reported by construction companies, as these expectations were shaped by the seasonal decline in economic activity and narrowing investment demand.
- Respondents expected a further rise in their selling prices on the back of higher raw material and supplier prices.
- Only trading companies said they intended to hire more staff, while industrial, construction and services companies reported intentions to cut their workforces.

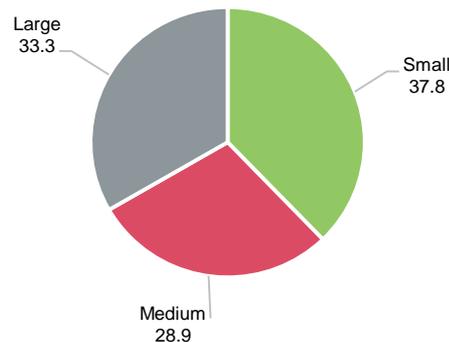
The NBU has started posting monthly survey results in the open data format. The data are available at the following link: <https://bank.gov.ua/ua/open-data/api-dev>

# Survey Details

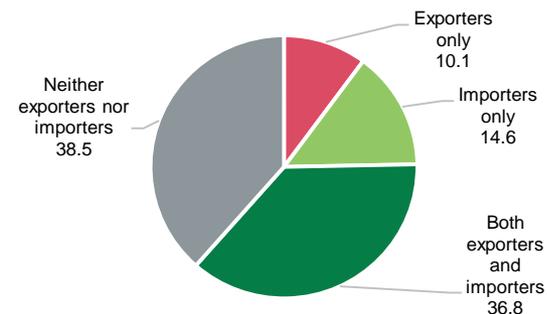
Respondents by sectors of the economy, %



Respondents by company size, %



Respondents by business activities, %

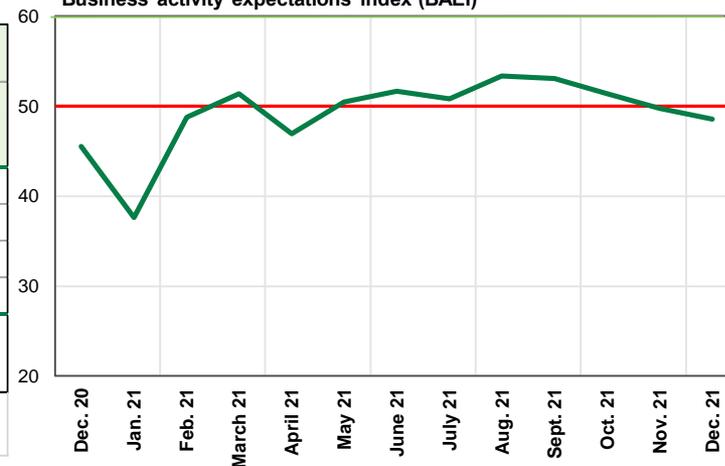


- This survey was carried out from 6 through 23 December 2021
- A total of 405 companies were polled
- Survey horizon: change in companies' performance indicators in December compared to November

Sector	Sector's contribution to Ukrainian GDP (2020), %*	Diffusion index		
		November 2021	December 2021	Change compared to previous month
Industry	30.7	50.7	49.0	-1.8
Construction	4.9	50.4	47.2	-3.1
Trade	23.8	50.0	49.6	-0.3
Services	40.6	48.8	47.8	-1.0
<b>BAEI (total across Ukraine)</b>	<b>X</b>	<b>49.8</b>	<b>48.6</b>	<b>-1.2</b>

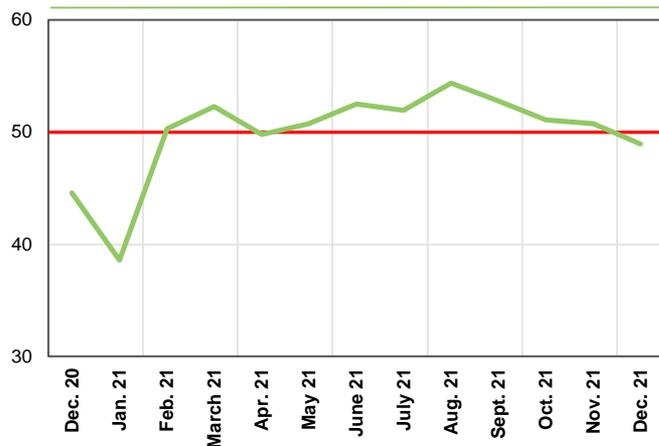
Data for totals and components may be subject to rounding effects

Business activity expectations index (BAEI)

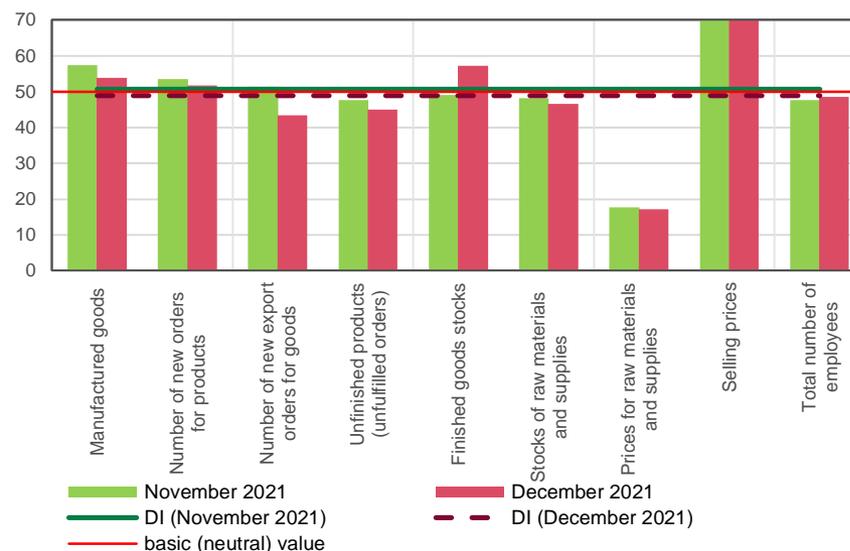


# Industry

Diffusion Index of Industrial Companies' Business Activity Expectations



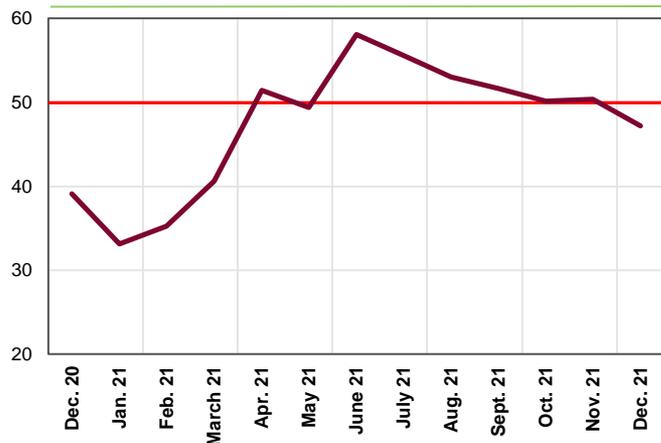
Diffusion Indices (DIs) for industrial companies' performance indicators



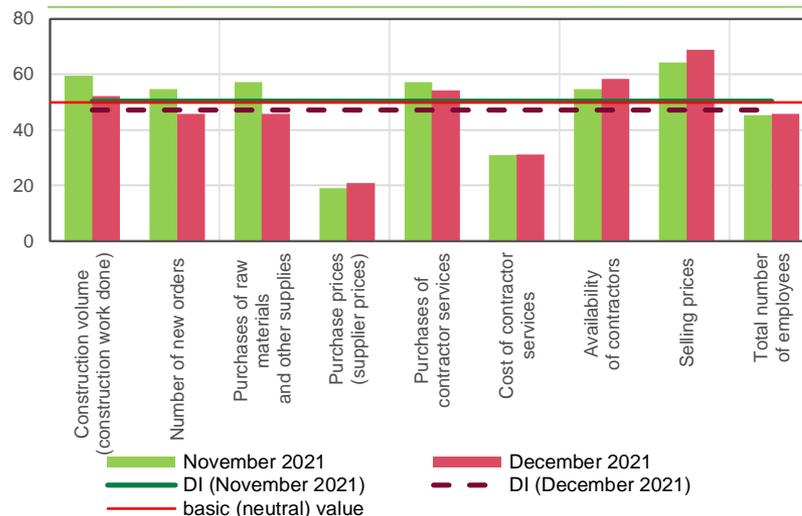
- Industrial companies were **pessimistic about their economic performance for the first time in the last seven months**, as the sector's **DI dropped below the equilibrium level, to 49.0**, down from 50.7 in November.
- Respondents expected a decrease in the number of new export orders and the amount of unfinished products, the DIs being 43.3 and 45.0 respectively, down from 51.4 and 47.6 in November.
- With persisting strong expectations of a rise in raw material and supplies prices, companies continued to report intentions to raise their selling prices, the DIs being 17.1 and 70.4 respectively, compared to 17.7 and 71.9 in November.
- Companies **have been pessimistic about their staff numbers** for six months in a row, the DI being 48.6, up from 47.6 in November.
- At the same time, **respondents remained upbeat about the amount of manufactured goods and the number of new orders for products**, the DIs being 53.9 and 51.7 respectively, compared to 57.5 and 53.6 in November.

# Construction

Diffusion Index of Construction Companies' Business Activity Expectations



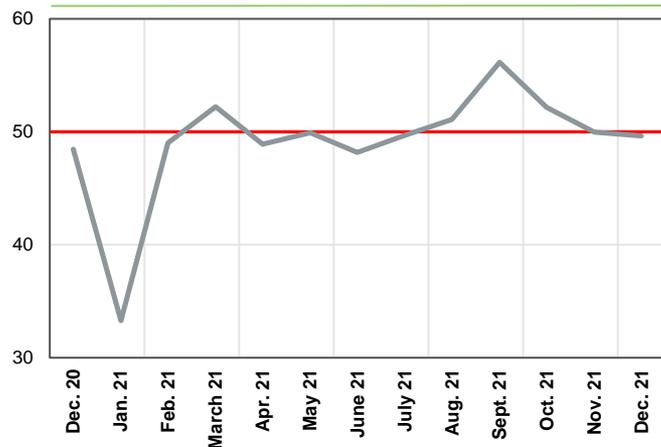
Diffusion Indices (DIs) for construction companies' performance indicators



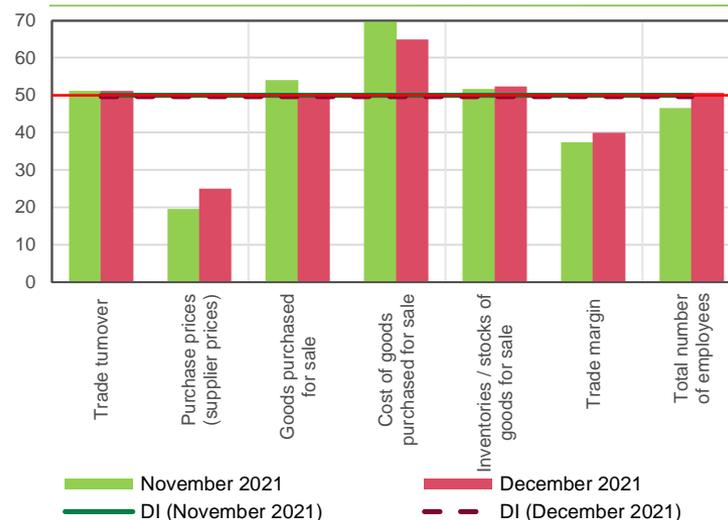
- **After being optimistic for six months, construction companies downgraded their performance expectations, as the sector's DI dropped to 47.2 in December**, down from 50.4 in November.
- On the back of seasonal factors, construction companies expected a drop in the number of new orders and, consequently, a drop in their purchases of raw materials and supplies, the DIs being 45.8 for each, compared to 54.8 and 57.1 respectively in November. At the same time, **respondents remained optimistic about their construction volumes and purchases of contractor services**, the DIs being 52.1 and 54.2 respectively, compared to 59.5 and 57.1 in November.
- With firm expectations of a rise in supplier prices and the cost of contractor services, respondents reported stronger intentions to raise their selling prices, the DIs being 20.8, 31.3 and 68.8 respectively, compared to 19.0, 31.0 and 64.3 in November.
- Respondents continued to report intentions **to reduce their workforces**, the DI being 45.8, up from 45.2 in November.

# Trade

Diffusion Index of Trading Companies' Business Activity Expectations



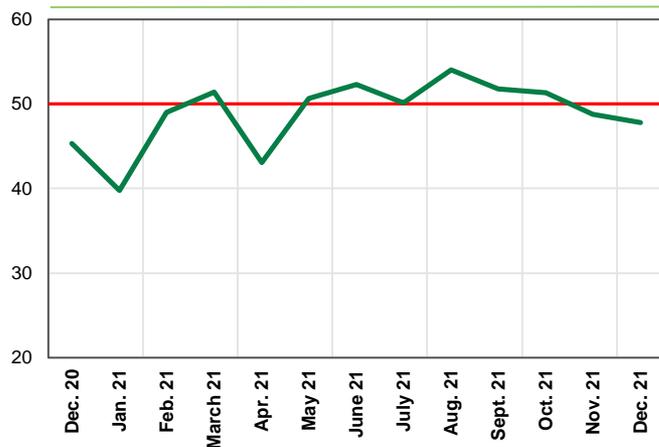
Diffusion Indices (DIs) for trading companies' performance indicators



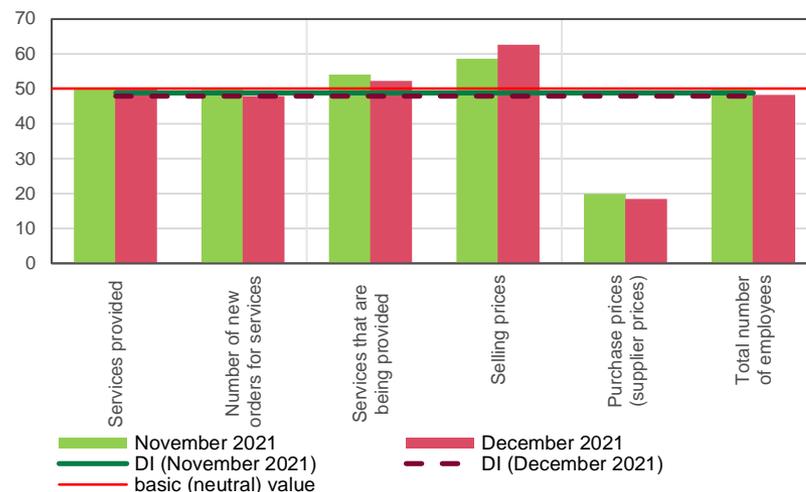
- **The expectations of trading companies worsened, moving below their neutral level, as the sector's DI dropped to 49.6**, down from 50.0 in November.
- With strong expectations of an increase in purchase prices, respondents expected no change in the amount of goods purchased for sale, the DIs being 25.0 and 50.0 respectively, compared to 19.5 and 54.0 in November. At the same time, companies reported weaker expectations of a rise in the price of goods purchased for sale, the DI being 64.9, down from 73.0 in November. Respondents continued to report intentions to decrease their trade margins, while also expecting an increase in their inventories/stocks of goods purchased for sale, the DIs being 39.9 and 52.4 respectively, compared to 37.4 and 51.7 in November.
- With a seasonal rise in demand, respondents remained **upbeat about their trade turnover**, the DI being 51.2, up from 51.1 in November.
- In contrast to other sectors, **trading companies reported intentions to expand their workforces**, the DI being 50.6, up from 46.6 in November.

# Services

Diffusion Index of Service Providers' Business Activity Expectations



Diffusion Indices (DIs) for services companies' performance indicators



- **Services companies have been expecting weaker performance for two months running, the DI being 47.8 in December, down from 48.8 in November.**
- While expecting no changes in the amount of provided services, respondents expected a decrease in the number of new orders, the DIs being 50.0 and 47.8 respectively, compared to 50.0 for each in November. At the same time, **companies expected an increase in the amount of services that are being provided**, the DI being 52.2, down from 54.1 in November.
- On the back of a rise in purchase prices, respondents reported stronger intentions to raise their selling prices, the DIs being 18.5 and 62.5 respectively, compared to 20.0 and 58.6 in November.
- In contrast to the previous month, services companies **reported intentions to cut their workforces**, the DI being 48.3, down from 50.0 in November.



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# *Annexes*

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## Data on surveys of industrial companies in December 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Manufactured goods	32	44	24
Number of new orders for products	28	47	25
Number of new export orders for goods	16	55	29
Unfinished products (unfulfilled orders)	13	64	23
Finished goods stocks	18	50	32
Stocks of raw materials and supplies	24	45	31
Prices for raw materials and supplies	68	30	2
Selling prices	44	52	3
Total number of employees	11	75	14

## Data on surveys of construction companies in December 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Construction volume (construction work done)	38	29	33
Number of new orders	25	42	33
Purchases of raw materials and supplies	29	33	38
Purchase prices (supplier prices)	58	42	0
Purchases of contractor services	33	42	25
Cost of contractor services*	38	63	0
Availability of contractors	25	67	8
Selling prices	42	54	4
Total number of employees	13	67	21

## Data on surveys of trading companies in December 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Trade turnover	36	31	33
Purchase prices (supplier prices)	54	43	4
Goods purchased for sale	36	29	36
Cost of goods purchased for sale	49	32	19
Inventories / stocks of goods for sale*	29	38	33
Trade margin	10	61	30
Total number of employees	12	77	11

## Data on surveys of companies in the services sector in December 2021

Indicator	% responses		
	Will increase	Will remain unchanged	Will decrease
Services provided	28	43	28
Number of new orders for services	27	42	31
Services that are being provided	28	49	23
Selling prices	26	73	1
Purchase prices (supplier prices)	63	37	0
Total number of employees	6	84	9

## Main Terms and Definitions

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- **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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