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New Monthly Enterprises Survey

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Ukrainian Business in Wartime

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ABOUT THE NEW MONTHLY ENTERPRISES SURVEY “UKRAINIAN BUSINESS IN WARTIME”

Dear ladies and gentlemen, we present you with the **twenty-ninth issue** of the business managers' monthly survey “Ukrainian Business in Wartime.”

The need for comprehensive information on the economic situation is crucial for economic policy in wartime. The Institute for Economic Research and Policy Consulting conducts a monthly enterprise survey using the Business Tendency Survey approach to quickly collect information on the current economic state and forecasting economic trends for the future. The BTS methodology is used around the world to assess the economic situation from the "basic level" - the judgments and expectations of the main economic agents - managers of enterprises and entrepreneurs. The result of tendency surveys is a short, "compressed" picture of the economy or a separate sector, economic trends in the short- and medium-term horizon, and future "turning" points of the cycle of economic activity.

The monthly survey consists of two parts: the regular one and the special one. The respondents regularly answer questions on the changes in key activity indicators and short-term forecasts for future changes in the same indicators. This entails the dynamics of output (production), sales, exports, debt, prices, new orders, employment, etc. We also focus on estimates and expectations of the changes in the business climate and business activity at the enterprise in the next six months. This part of the survey applies the business tendency survey methodology, harmonized according to the Joint Harmonized EU Program of Business and Consumer Surveys (BCS) requirements. Where applicable, we use comparisons with the data from the quarterly business survey “Business Opinion” that have been conducted since 1998. The special part of the monthly enterprise survey is devoted to the war's impact on the production activity of enterprises and exports and the assessment of government policy on business support. The industry dimension in data analysis is used in the issue.

Monthly trends will be presented in reports such as this one. Quarterly trends will continue to be published in the “Business Survey: Industry” reports, which have been published by the IER since July 2002.

In August 2024, the publication became possible thanks to the support of the European Union and the International Renaissance Foundation as a part of the joint initiative "European Renaissance of Ukraine". The monthly enterprise survey "Ukrainian Business in Wartime" was launched by IER in early 2022 as a response to the challenges to economic governance due to Russia's full-scale war against Ukraine. The implementation of this initiative became possible thanks to changes in the implementation plan of the project "For Fair and Transparent Customs", funded by the European Union and co-financed by the International Renaissance Foundation and the ATLAS Network charitable foundation (USA) and took place under the auspices of this project from May 2022 to December 2023. From January to April 2024, research has been carried out within the framework of the project "Emergency Support to Civil Society and Media in Response to the War in Ukraine," implemented with the financial support of the European Union.

We are grateful to the analytical system YouControl (<https://youcontrol.com.ua/>) for the opportunity to use the data to form a panel sample.

The content of this publication is the sole responsibility of the Institute for Economic Research and Policy Consulting and does not necessarily represent the position of the European Union or the International Renaissance Foundation.

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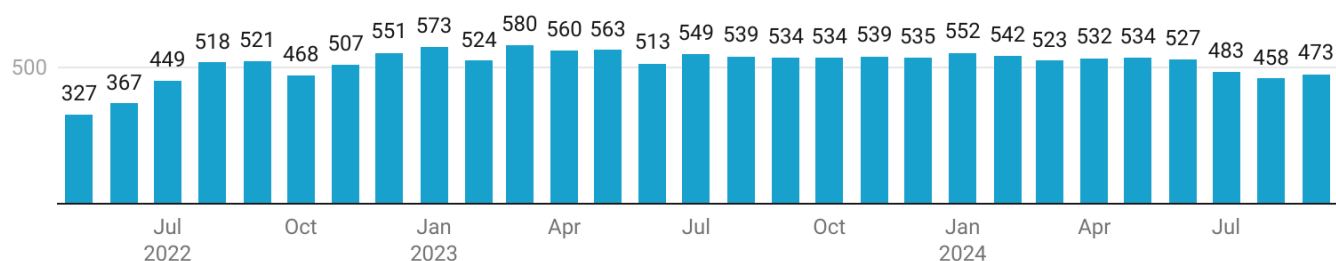
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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

Who do we survey? This survey uses a panel sample; that means we survey the same business entities. During the twenty-ninth wave of the survey, the answers of 473 respondents were received.

Fig. 1 Number of enterprises surveyed



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They include mainly industrial enterprises (88%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size

	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	May.24	Jun.24	Jul.24	Aug.24	Sep.24
Micro	58	62	57	55	59	60	58	58	60	57	62	65	64
Small	173	171	172	169	181	173	167	170	170	164	143	135	140
Medium	182	184	189	188	186	186	187	190	189	189	167	152	163
Large	121	117	121	123	126	123	111	114	115	117	111	106	106

Created with Datawrapper

How do we collect data? Data was collected using a combination of several data collection methods: telephone interviews of business representatives filling out their responses into an online check-list, and, in some cases, self-completion of the online check-list by representatives of enterprises who expressed their desire during the previous telephone contact to enter data into the online check-list themselves.

How are our indices calculated? All indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents reported its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. Each index bigger than +0.05 or less than -0.05 is statistically significant, and different from zero with a 5% error probability.

How to "read" our indicators? Our indicators are called "indices," which is a synonym of the term "balance index" or "balance indicator." All indices are the difference between the shares of respondents who reported a decrease and those who reported an increase in the indicator. The bigger the index value, the bigger the rate of indicator

growth; the smaller the index value, the bigger the rate of indicator decline. For most indicators, a higher value of the index means a positive trend, except for indicators of debts, the number of workers on forced leave, and difficulties in finding personnel. Everything is the opposite here. The larger the index, the greater the rate of debt growth or the increase in the number of people on forced leave and hardships (this is bad), the smaller the index, the greater the rate of debt reduction, the decrease in the number of people on forced leave or hardships (this is good).

When the survey was conducted? The field stage of the twenty-ninth wave lasted from September 16 to 30, 2024. The enterprises' managers compared the results of work in September 2024 with August 2024, assessed the state of the indicators at the time of the survey (September 2024) and gave forecasts for the next two, three, or six months, depending on the question. For some questions (where it was indicated), the results of the work were compared to ones in the pre-war period (before February 24, 2022) or with the same period of the previous year. Respondents gave forecasts for the next three months of work.

MAIN RESULTS

In September, the recovery rate improved compared to last year, and companies' performance showed an increase compared to the previous month. Expectations in the short and medium-term horizon remain optimistic, although unchanged, while two-year plans have improved slightly. Production indicators improved compared to the previous month. However, the level of uncertainty from a two-year perspective has also increased somewhat. The lack of workers has become a key obstacle to doing business, and companies are experiencing difficulties finding skilled workers. In August 2024, the business lost 10% of its total working hours due to power outages.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- The BUSINESS ACTIVITY RECOVERY INDEX in September 2024 improved, increasing from 0.08 to 0.12.
- The INDEX OF CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE in September compared to August did not change significantly, and the indicator is 0.10 (it was 0.09).
- Expectations of enterprises regarding changes in the business activity in the six-month perspective remain positive and do not change significantly, the INDEX OF EXPECTED CHANGES IN THE BUSINESS ACTIVITY AT THE ENTERPRISE is 0.31 (it was 0.30).
- The OVERALL ECONOMIC ENVIRONMENT INDEX in September increased slightly, from 0.04 to 0.07.
- Expectations regarding changes in the overall economic environment after half a year are gradually improving for the second month in a row, the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.26 to 0.29.
- Two-year expectations regarding prospects for expansion of business activity have improved. The EXPECTED BUSINESS ACTIVITY INDEX in September is 0.15 (it was 0.13 in August and July).
- The level of uncertainty in the two-year perspective has increased significantly after being relatively stable for four consecutive months. Uncertainty in the six-month perspective has increased for the overall economic environment in the country and has not changed significantly for the business activity at the enterprise. Uncertainty in the short term has decreased for most production indicators.

PRODUCTION

- In September 2024, the trend towards a gradual slowdown in production growth rates was interrupted: the PRODUCTION INDEX increased from 0.12 to 0.18, due to a decrease in the share of those who reduced production volumes.
- Expectations for the next three months show a trend to remain optimistic. The INDEX OF EXPECTED CHANGES IN PRODUCTION does not change significantly and the indicator is 0.38 (it was 0.39).
- The INDUSTRIAL CONFIDENCE INDICATOR has not changed for three months in a row. In September, as well as in July and August, the value is 0.11.

DEMAND AND SALES

- Growth in sales and new orders also broke the downward trend. The SALES INDEX increased from 0.12 to 0.17, and the NEW ORDERS INDEX increased from 0.05 to 0.12.
- The business expectations regarding growth in demand and new orders remain unchanged. The value of the INDEX OF THE EXPECTED CHANGES IN THE SALES is 0.38 (it was 0.39), and the value of the INDEX OF THE EXPECTED CHANGES IN THE NEW ORDERS is 0.33 (it was 0.34).

PRICES

- The PURCHASE PRICE INDEX decreased from 0.29 to 0.26. The INDEX OF EXPECTED CHANGES IN PURCHASE PRICE increased significantly, from 0.34 to 0.44.
- The DOMESTIC SALES PRICE INDEX decreased significantly, from 0.24 to 0.22. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE increased significantly, from 0.32 to 0.42.

DEBTS

- In September, compared to August, indicators regarding the accumulation of debts increased. The receivables indicator increased from -0.10 to -0.05, and the payables indicator continued its gradual upward trend and increased slightly from -0.10 to -0.07. The tax arrears indicator also increased from -0.19 to -0.12.
- In the next three months, a further slight increase in accumulations for two types of debts is expected. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE decreased from -0.08 to -0.13. The indicator of expectations for accounts payable increased slightly from -0.16 to -0.14. The INDEX OF EXPECTED CHANGES IN TAX ARREARS also increased slightly from -0.17 to -0.14.

EMPLOYMENT

- Enterprises somewhat reduced the number of employees. The NUMBER OF WORKERS INDEX decreased from -0.02 to -0.05.
- The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS also declined, following a substantial increase last month, to 0.03 (from 0.07).
- The INDEX OF THE NUMBER OF WORKERS ON FORCED LEAVE did not change, and in September, as in August, it was 0.01. At the same time, the enterprise managers expect a significant increase in the number of such workers, and the EXPECTED CHANGES INDEX increased from 0.01 to 0.11.
- In September, difficulties in finding skilled workers increased again. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS increased from 0.49 to 0.56. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS has not changed significantly, and the indicator is 0.35 (it was 0.33).

AVAILABILITY OF ORDERS

- In September 2024, the order portfolio among the surveyed companies increased significantly compared to the previous year: the average term of new orders was eight months, which is the highest value for the previous year and significantly more than it was in August when this term was seven months.
- The share of enterprises with orders for a year or more in advance increased to 22%. At the same time, the share of enterprises that have orders for no more than 2 months was 48%.

ПЕРЕШКОДИ ДЛЯ ВЕДЕННЯ БІЗНЕСУ ПІД ЧАС ВІЙНИ

- For the first time in three months, the lack of labor due to conscription or worker migration took the 1st place in the ranking of obstacles - 61%.
- The work hazards caused by a full-scale Russian invasion rose from 3rd to 2nd place with an increase in the indicator (from 46% to 56%).
- Rising prices for raw materials and power, water, or heat supply outages took 3rd and 4th place - 45% each.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In September 2024, only 10% of businesses reported operating at full capacity (100% or more). It is the lowest figure for all waves of the survey in the last year, which may be the result of a slowdown in production during the summer due to power outages (it was 11% in July and 10% in August).
- In September, approximately one-third (34%) of enterprises worked at less than half their capacity or did not work compared to pre-war times. Higher indicators were only at the beginning of a full-scale invasion.
- In September 2024, the decrease in production capacity utilization of the SME sector slowed down. Among micro-enterprises, the share of enterprises that worked at almost full and full capacity was 23%, small enterprises - 33%, and medium-sized enterprises - 51%.
- The share of large enterprises with a high level of capacity utilization continued to decrease - from 56% in July to 51% in August and 48% in September.
- The food industry, which remains the leader in the recovery of the processing industry, slightly resumed production capacity in September. In particular, 60% of food industry enterprises worked almost at full and full capacity (it was 55% in July and 54% in August).
- The lowest level of production capacity utilization is in the woodworking industry (only 18% worked at a high capacity in September) and metallurgy and metalworking (21%).

POWER OUTAGES EFFECT

- Two-thirds (66%) of businesses were temporarily suspended due to power outages in August 2024.
- 40% of enterprises stopped operations for only 1-10% of working time, and 23% stopped for 11-25% of working time.
- In August 2024, businesses lost 10% of their total working hours due to power outages.
- Micro and small enterprises suffered more losses (on average 15% and 10% of working time).
- Chemical (14% of working time) and woodworking industries (13%) have the largest losses of time among industries.

EXPORTING ENTERPRISES

- In September 2024, 63% of respondents reported exporting before the war, continuing to export during the war, or starting to export during wartime for the first time.
- Most businesses managed to establish exports in wartime conditions. In September 2024, 80% of respondents indicated that enterprises exported before the war and continued to export during the last 12 months. However, the share of active exporters slightly decreased compared to previous months (it was, on average, 82% - 84% over the last year).
- Some businesses cannot overcome new challenges for export activities. As of September 2024, 19% of enterprises exported before the start of the war but could not resume exports during the last 12 months. Similar results over the past year confirm the stagnation of export recovery.

GOVERNMENT POLICY

- The share of positive assessments of the government's business support policy has hardly changed and is 5% (it was 4% in August).
- The share of neutral assessments of government policy increased from 58% in August to 61% in September, while the share of negative assessments decreased again: from 31% to 24%.
- Speaking about the role of the state (government) in Ukraine in conducting business, 40% call it a "regulator," 23% - an "obstacle," and 10% - a "partner." 5% and 0% of respondents called it "enemy" and "friend," respectively.
- 21% of respondents could not determine the government's role in Ukraine in conducting business.

ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

BUSINESS ACTIVITY RECOVERY INDEX

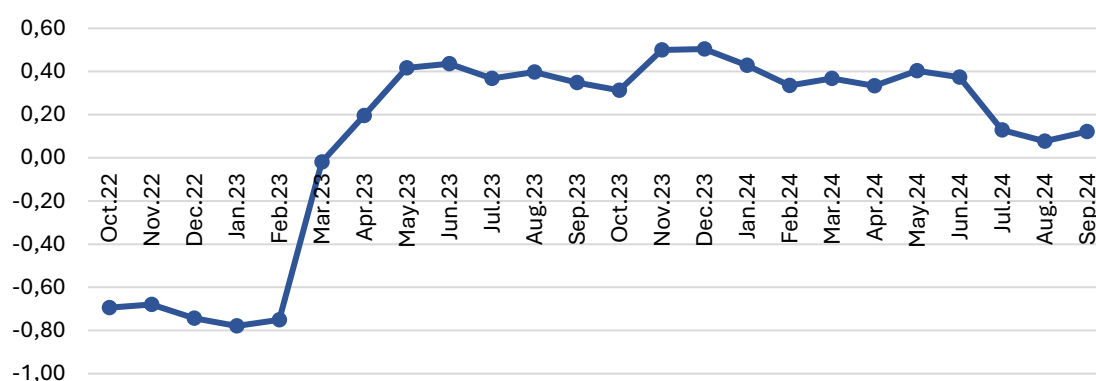
The rate of business activity recovery has accelerated. THE BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) increased from 0.08 to 0.12. The share of respondents who indicated a worsening of the situation decreased (from 20.6% to 17.9%), while the share of those for whom the situation became better than it was a year ago slightly increased, from 28.3% to 30.1%. The share of those who believe nothing has changed compared to last year remained unchanged at 52% (it was 51.1%).

Size. The recovery of business activity significantly depends on the size of the enterprise. Large enterprises, whose indicator is 0.43, feel the best. The indicator for medium-sized enterprises is significantly lower but still has a positive value of 0.17, and the indicator for small enterprises is 0.01. Microenterprises have the lowest and negative value of the indicator (-0.20).

Region. The highest indicator is in Vinnytsia (0.72) and Cherkasy (0.64) regions. Sumy (-0.78) and Volyn (-0.45) regions have the lowest indicators.

Sector. The highest value of the index was recorded for the engineering (0.19) and food (0.15) industries. The chemical industry (0.05) has the lowest indicator.

Fig.3. Business Activity Recovery Index



INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

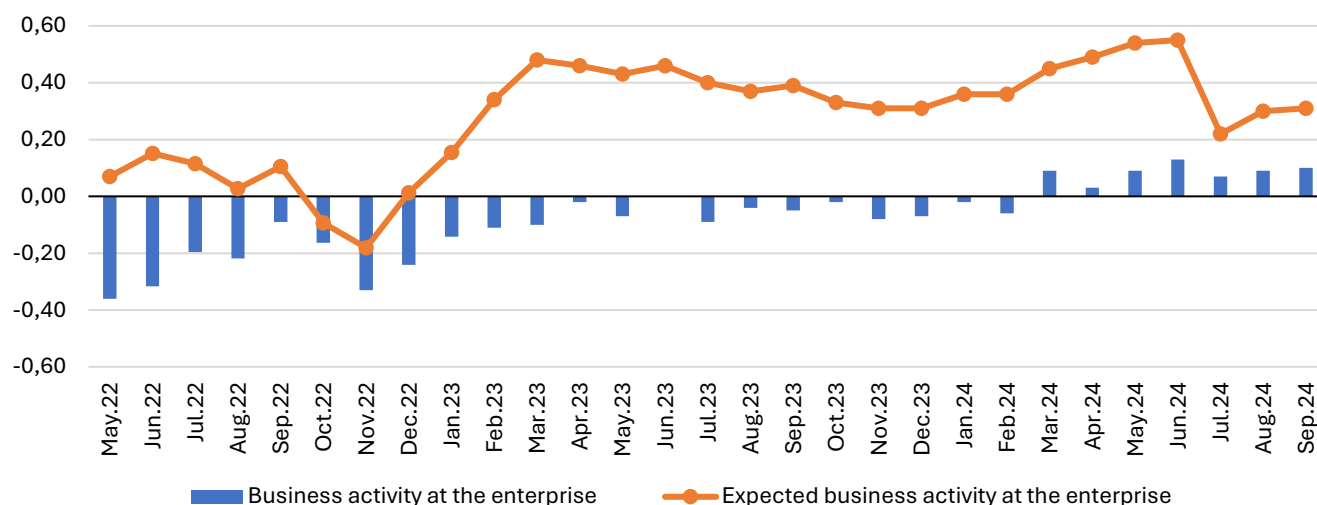
BUSINESS ACTIVITY AT THE ENTERPRISE

Assessments of the business activity for six months have not changed significantly. The CURRENT BUSINESS ACTIVITY INDEX is 0.10 (it was 0.09). The share of those who assess the business activity at the enterprise as good has not changed, and as of the last month, is 19.1%. At the same time, the share of respondents giving negative assessments decreased from 16.1% to 13.9%. The share of those who consider the business activity at the enterprise to be satisfactory increased from 64.8% to 67%.

Expectations for the six months remain optimistic and have not changed significantly. The INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.31 (it was 0.30). The share of "optimists" slightly decreased (from 37.2% to 35.9%), and the share of those who expect deterioration has not changed significantly for the third month and is 9.9% (it was 9.7%). The share of those who do not expect any changes has not changed significantly and is 54.1% (it was 53.0%).

The share of those who could not give a forecast for the next six months has not changed significantly and amounts to 20.5% (it was 20.3%).

Fig.4. Business activity at the enterprise, indices



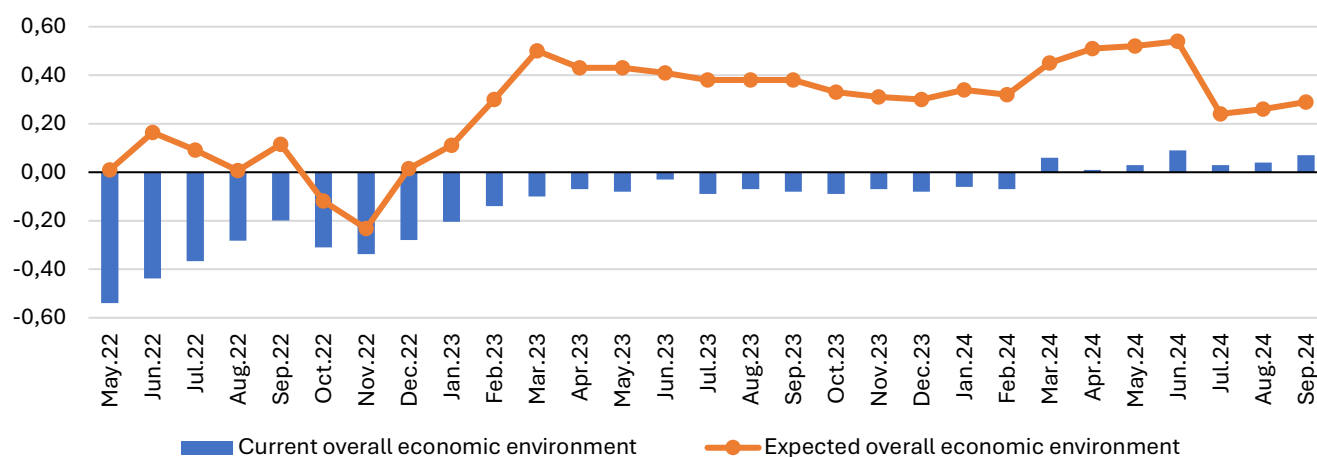
OVERALL ECONOMIC ENVIRONMENT

Assessments of the overall economic environment improved. The value of the corresponding INDEX in September increased slightly, from 0.04 to 0.07. The share of those who assess the overall economic environment as bad decreased (from 23.6% to 18.8%). At the same time, the share of those who gave positive assessments did not change significantly and was 20.8% (it was 21.1%). The share of those who consider the overall economic environment satisfactory increased from 55.4% to 60.4%.

The enterprises' forecasts regarding changes in the overall economic environment for the next six months are gradually improving for the second month in a row: the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.26 to 0.29. There were no significant changes in the percentage distribution: the share of "optimists" regarding changes in the overall economy did not change significantly (35.4% in August and 36.1% in September), as did the share of "pessimists" (13.3% in August and 13, 1% in September). The share of those who believe that the overall economic environment will not change during the next six months also remained unchanged and amounts to 50.7% (it was 51.3%).

The share of those who could not give forecasts regarding the overall economic environment increased significantly, from 21.2% to 25.6%.

Fig.5. Overall economic environment, indices

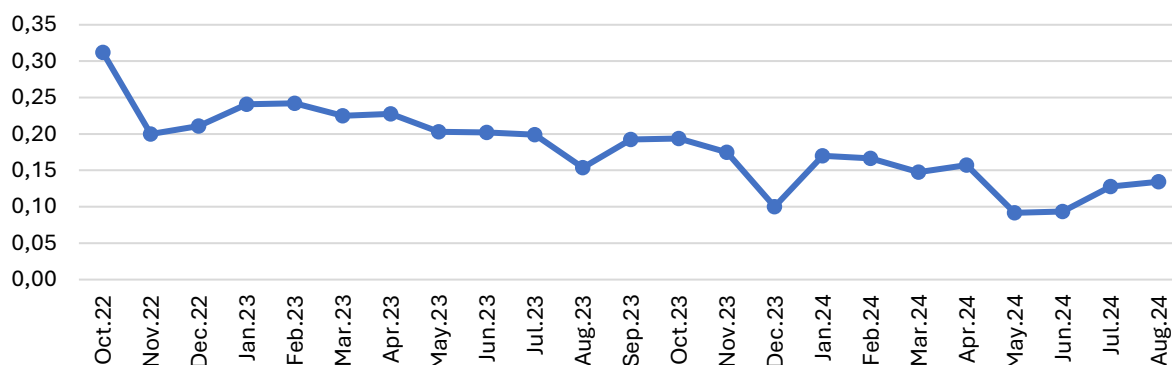


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity have slightly improved. The index of the expected changes in business activity is 0.15 (two months in a row the indicator was 0.13). The share of those who plan to expand their activities has slightly increased (from 18.1% to 19.1%), while the share of those who plan to reduce their activities has not changed significantly and is 4.6% (it was 4.7%). The share of those who plan to stay at the current level decreased slightly, from 77.2% to 76.3%.

The percentage of those who could not give a forecast for such a distant perspective increased significantly, from 32.5% to 39.7%.

Fig.6. Expectations regarding business activity for two years, indices



Size. Among enterprises of all sizes, micro-enterprises whose indicator is 0.21 have the most optimistic plans for the future. The indicator of medium-sized enterprises is 0.15. The indicator of small and large enterprises is slightly lower, the same, and amounts to 0.13.

Region. Significant regional differences were registered. Enterprises of Cherkasy (0.67) and Vinnytsya and Kharkiv regions (0.50 each) have the highest expectations. Sumy (-0.21) and Zhytomyr (-0.06) regions have the lowest and negative value of the indicator.

Sector. Expectations vary by industry. Light (0.30) and chemical (0.20) industries have the highest indicator. The construction materials production indicator has the lowest indicator, which is zero.

UNCERTAINTY

Two-year expectations

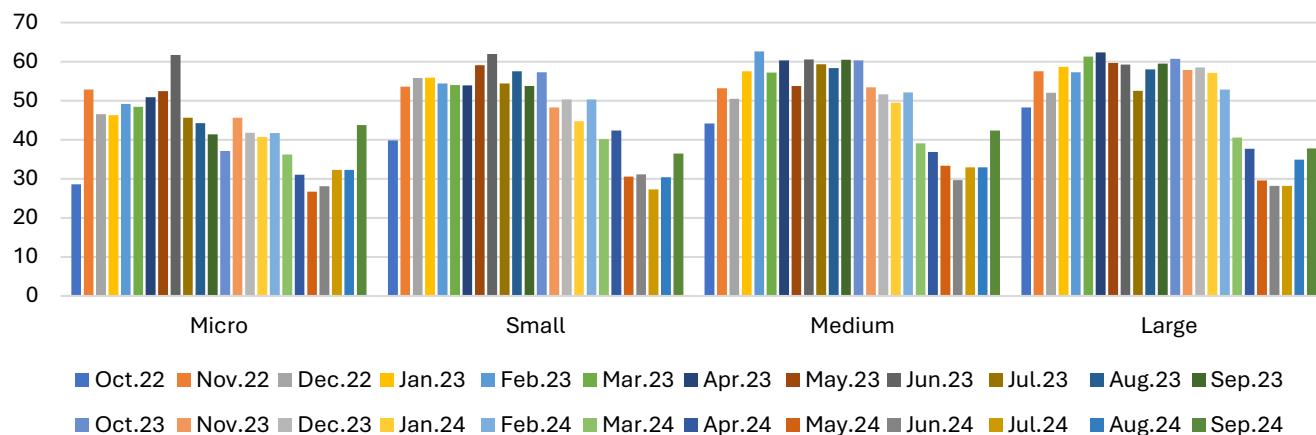
The level of uncertainty regarding the enterprises' plans for the next two years has increased significantly after four months of relative stability. In September, 39.7% of respondents could not answer about the prospects for the next two years (it was 32.5% in August).

Fig.7. The level of uncertainty regarding the company's activities in the two-year horizon, % of respondents



The level of uncertainty regarding plans for the two years depends on the size of the enterprise. The level of uncertainty regarding the enterprises' plans for the next two years has increased significantly after four months of relative stability. In September, 39.7% of respondents could not answer about the prospects for the next two years (32.5% in August).

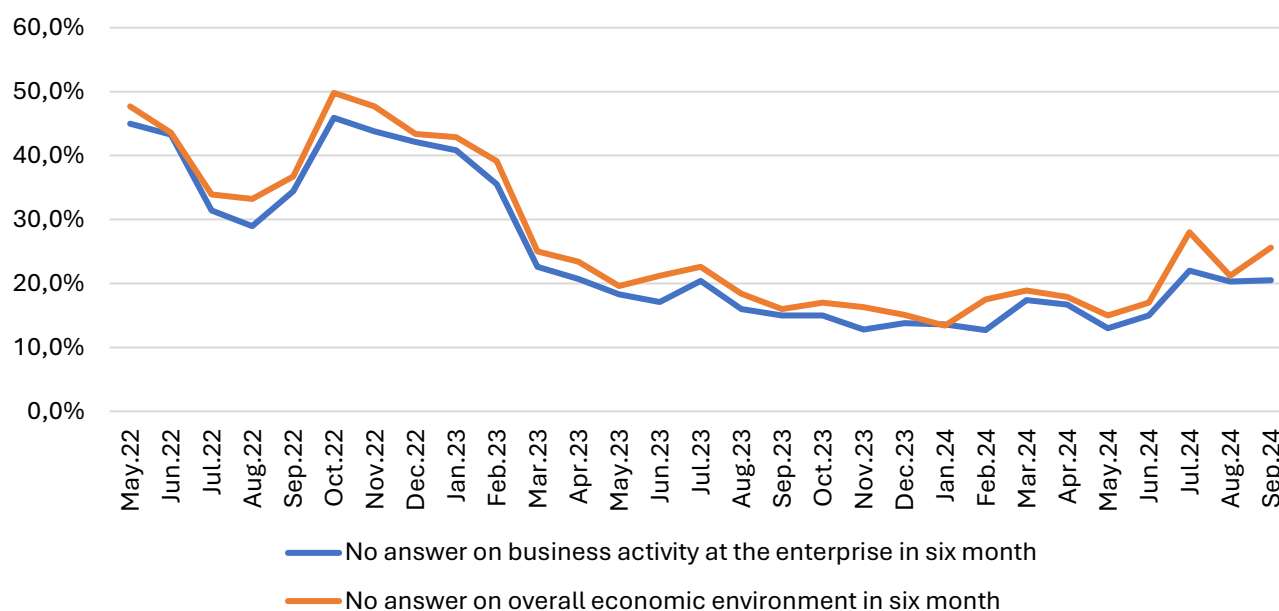
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

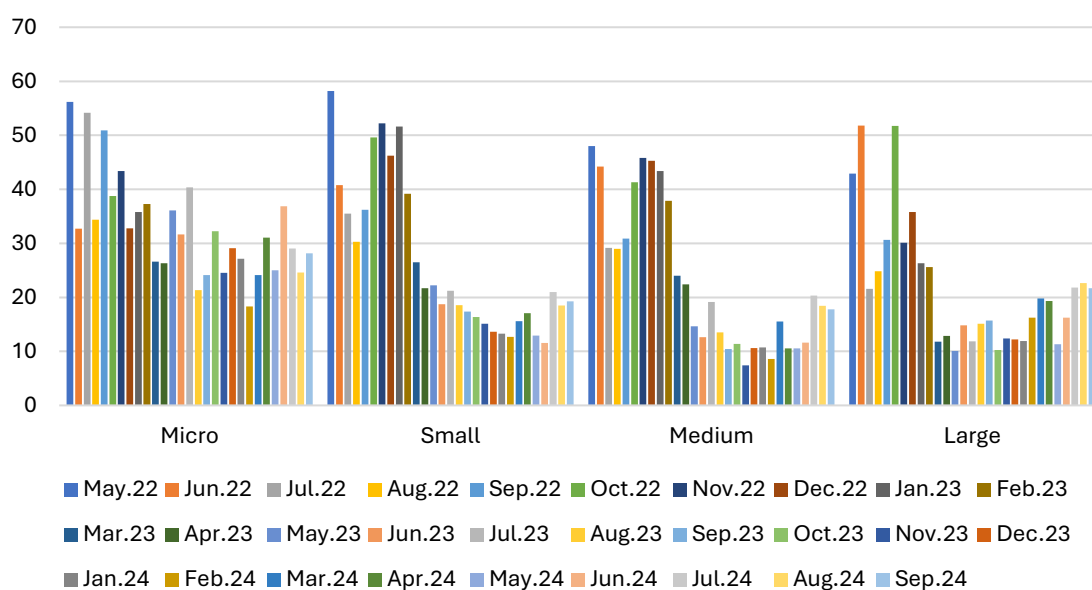
The level of uncertainty in the forecasts for the six months has not changed for the business activity at the enterprise and has increased for the overall economic environment in the country. The uncertainty for the business activity has not changed significantly and the indicator is 20.5% (it was 20.3%). The share of respondents who could not give a forecast regarding changes in the overall economic environment has significantly increased, from 21.2% to 25.6%.

Fig.9. The level of uncertainty of the business activity and the overall economic environment, % of respondents



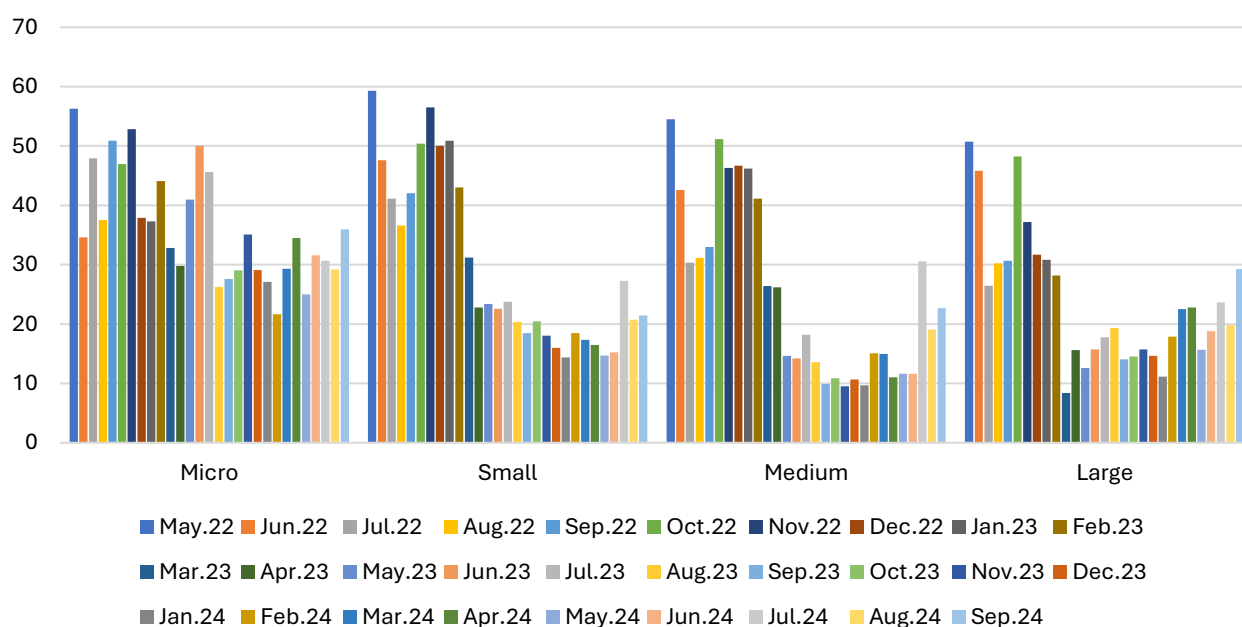
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. The uncertainty index is highest for micro-enterprises, with an increase in value from 25% to 28%. The indicator for small enterprises has not changed and is the same as last month at 19%, just as the value for medium-sized enterprises has not changed, which is 18%, as in August. The indicator of large enterprises has not changed significantly for the third month in a row and is 22% (it was 23% in August and 22% in July).

Fig.10. The share of respondents unable to answer the question about the changes in the business activity in six months



Uncertainty about the overall economic environment, as in the case of the business activity, depends on the size of the enterprise. The highest level of uncertainty is for micro-enterprises, where the value increased from 29% to 36%. The value also increased significantly for large enterprises, from 20% to 29%. The uncertainty indicator for medium-sized enterprises increased less significantly, from 19% to 23%. The lowest value is for small enterprises, where this indicator has not changed and, as in the previous month, is equal to 21%.

Fig.11. The share of respondents unable to answer the question regarding the changes in the overall economic environment in the six months

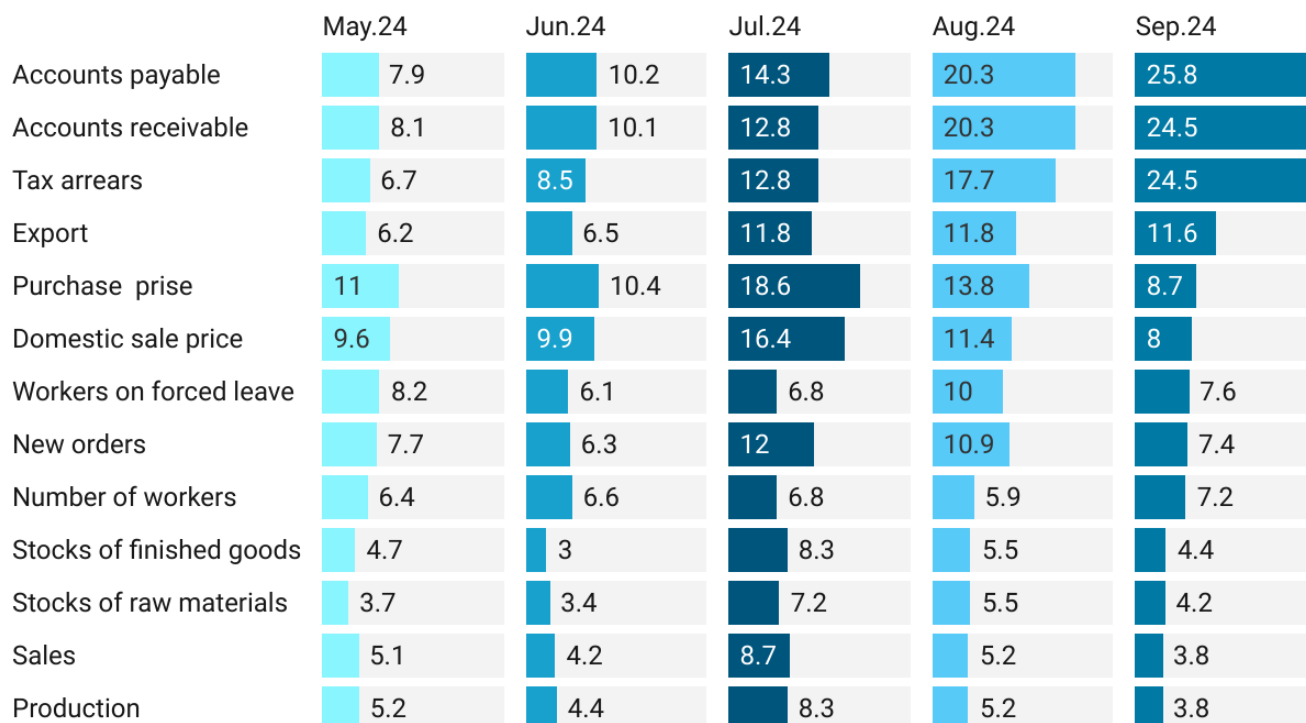


Three-month expectations

In September 2024, the short-term uncertainty indicator decreased for most production indicators. Uncertainty has increased significantly for all debts, as well as slightly for the number of workers. The highest level of uncertainty is for payables (the value increased from 20.3% to 25.8%). The uncertainty indicator in the short term is the same

for receivables and tax arrears and is 24.5% (it was 20.3% and 17.7 % respectively). Uncertainty for the prices of raw materials and supplies decreased the most (from 13.8% to 8.7%). The uncertainty indicator has not changed significantly for exports and is 11.6% (it was 11.8%). The lowest and the same measure of uncertainty in the short term is for sales and production at 3.8% (5.2% for both items in August).

Fig.12.The share of enterprises unable to forecast the changes of the indicator in three months, % of respondents



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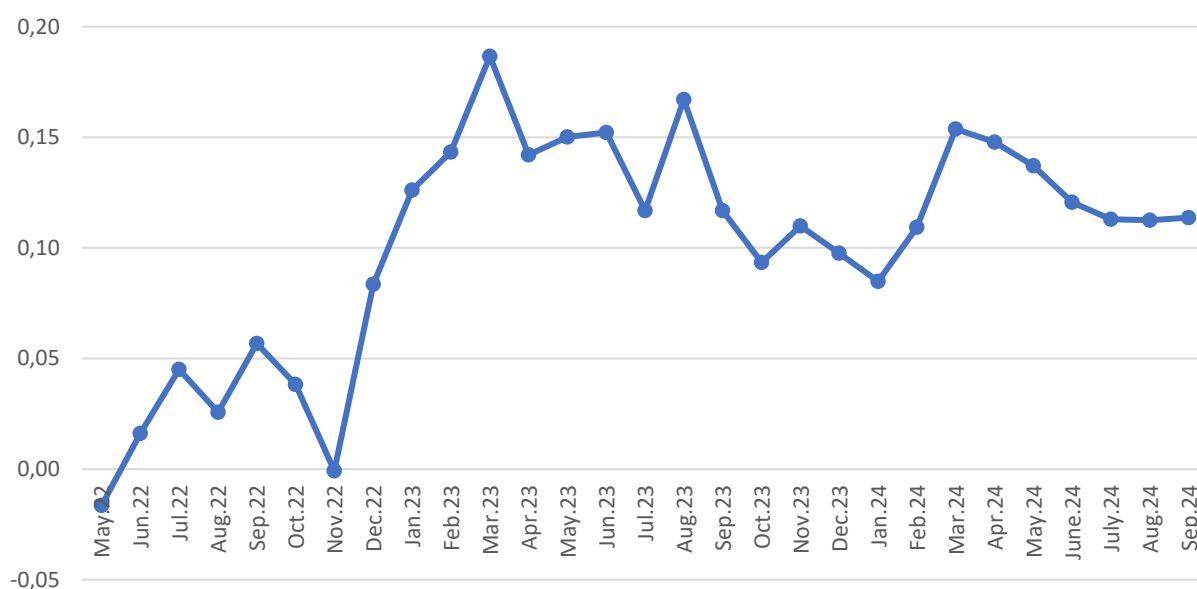
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) has not changed significantly for the third month in a row, and in August, as in July, it is 0.11

It became possible due to the absence of significant changes in the value of the components of the indicator: (1) *production expectations* for the next 3-4 months increased insignificantly, from 0.38 (it was 0.39). (2) *new order portfolio* estimates have not changed, and as the last month, the indicator is -0.05, and (3) *estimates of finished goods stocks* decreased only slightly, changing the sign to negative, and the indicator is -0.01 (three months in a row, the value was 0.01).

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

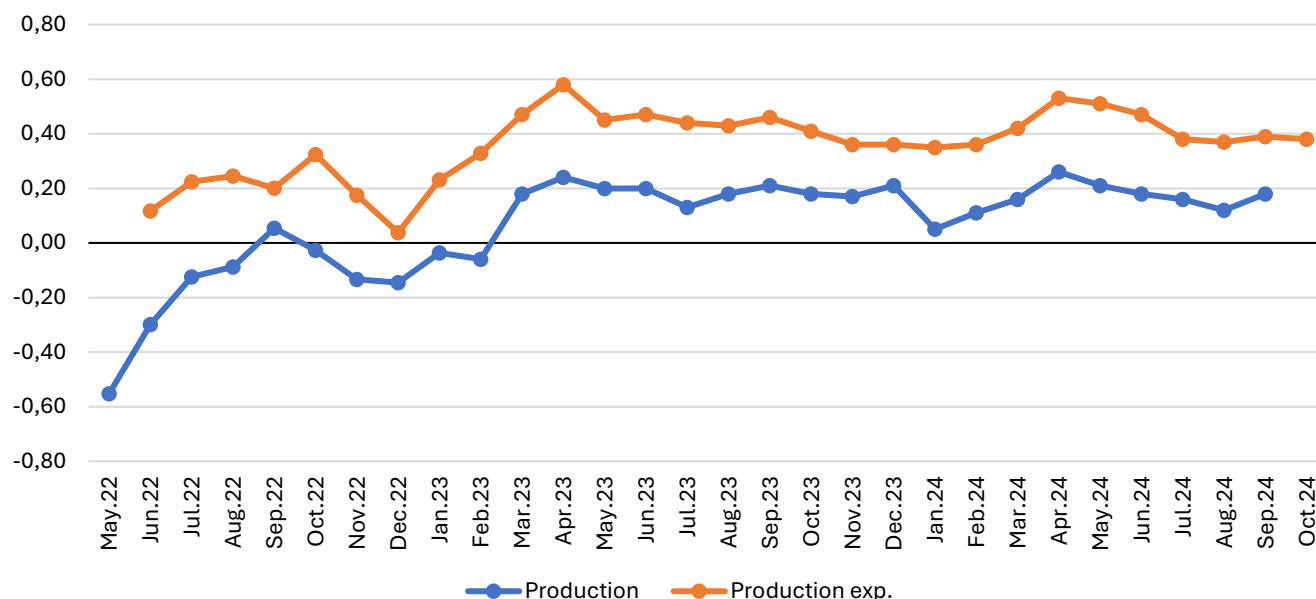
In September 2024, the three-month trend of decreasing production volumes was interrupted. The PRODUCTION INDEX increased from 0.12 to 0.18. The share of enterprises that reduced production volumes decreased from 20.1% to 14.6%. At the same time, the share of enterprises that increased production increased slightly, from 23.2% to 25.8%. The share of enterprises in which there were no changes increased from 56.7% to 59.6%.

Size. Among enterprises of different sizes, the best results are obtained by large enterprises (0.35). The indicator of medium-sized enterprises is much smaller and is 0.15. The indicator of small enterprises is 0.01. The lowest value is for micro-enterprises, whose indicator is -0.16 and has a single negative value.

Region. Regional differences are significant (the largest value is 0.87, and the smallest is -0.35). The best results were obtained by enterprises of Poltava (0.87), Odesa, Rivne (0.50 each), and Kyiv (0.40) regions. The lowest values of the index were recorded for enterprises of Sumy (-0.35), Lviv (-0.33), and Kharkiv (-0.30) regions.

Sector. Index values vary across sectors and industries. The best situation was in the food (0.22) and chemical (0.21) industries. The woodworking industry has the lowest and negative value of the indicator (-0.06).

Fig.14. Production indices



Expected changes in production

Expectations regarding production growth remain optimistic and without significant changes. The INDEX OF EXPECTED CHANGES IN PRODUCTION stands at 0.38 (was 0.39). There were no significant changes in the percentage distribution. The share of enterprises where production growth is planned is 38.5% (it was 38.2%). The share of those who do not expect changes is 55.9% (it was 56.9%). The share of enterprises that plan to reduce production has also not changed significantly and was 5.5% (it was 4.8%).

Size. Production expectations depend on the size of the enterprises. The most optimistic is the indicator of large enterprises (0.51). The indicator of medium (0.40) and small (0.21) enterprises is significantly lower. Microenterprises have the lowest value of the indicator (0.10).

Region. Enterprise plans depend significantly on the region of location. Poltava (1.00), Rivne (0.87), and Cherkasy (0.86) regions have the most optimistic plans for production growth. Kharkiv (-0.10), Lviv (-0.07), and Sumy (-0.05) regions have the lowest indicator.

Sector. Production expectations for three months depend on the industry. The highest expectations are for the woodworking (0.50) and light (0.44) industries. The production of construction materials (-0.11) has the lowest value of the indicator.

SALES

Changes compared to the previous month

In September, enterprises increased their sales volumes. The SALES INDEX increased from 0.12 to 0.17. In percentage distribution, the share of those who reduced sales volumes decreased from 22.4% to 15.7%. The share of enterprises with no changes increased from 52.3% to 57.7%. The share of enterprises that increased sales did not change significantly and is 26.5% (it was 25.3%).

Size. THE SALES INDEX of large enterprises (0.30) is the highest. The indicator of medium-sized enterprises is twice as low and is 0.15. The value for small companies is significantly lower but still positive at 0.04. Microenterprises have the lowest and negative value of the indicator (-0.16).

Region. The highest value of the SALES INDEX was recorded for Poltava (1.00), Rivne, and Odesa (0.50 each) regions. Sumy (-0.35), Lviv (-0.33) and Kharkiv (-0.32) regions have the lowest value of the indicator.

Sector. The food industry has the highest SALES INDEX (0.21). Mechanical engineering (-0.03) and construction materials production (-0.06) have the lowest and negative value of the indicator.

Expected changes in sales

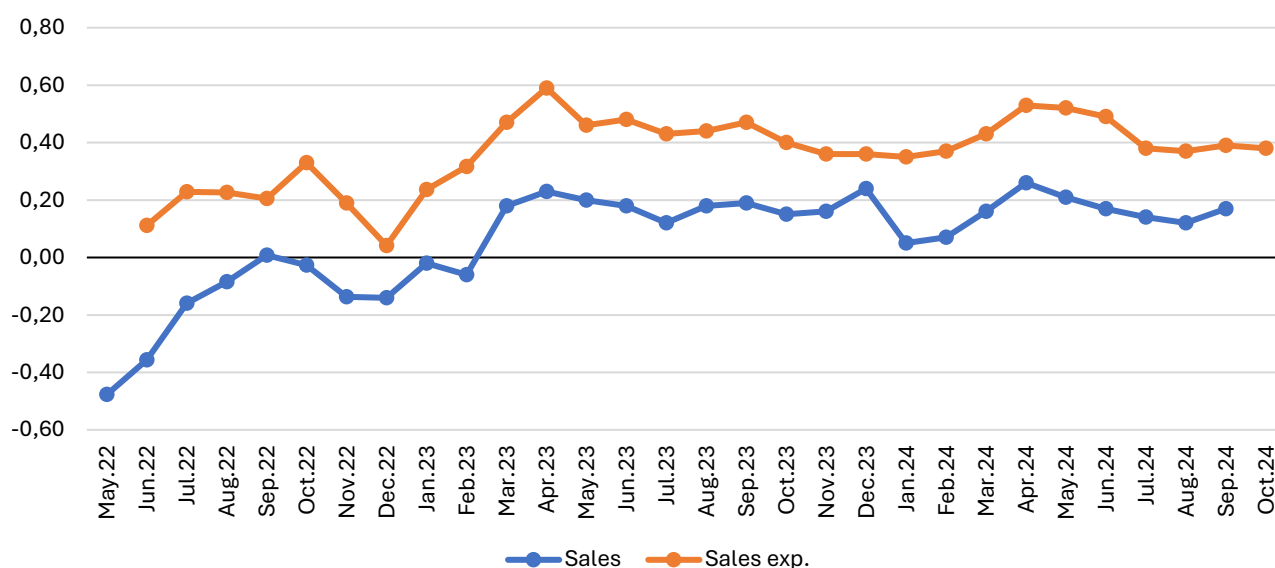
Sales expectations remain unchanged. The INDEX OF EXPECTED CHANGES IN SALES is 0.38 (it was 0.39). There were no significant changes in the percentage distribution. The share of those who plan to reduce sales is 6.2% (it was 6%), and the share of those who plan to increase them has also not changed significantly and is 39.2% (it was 39.5%). The percentage of respondents who believe that nothing will change is 54.6% (it was 54.5%).

Size. The indicator of expectations for large enterprises (0.52) is the highest. The indicator of medium (0.40) and small (0.20) enterprises is significantly lower. The indicator of expectations for micro-enterprises is the lowest and is 0.11.

Region. The best expectations were recorded in Poltava (1.00), Rivne (0.87), and Cherkasy (-0.86) regions. The indicator of expectations for Sumy (-0.12) and Kharkiv (-0.10) regions is the lowest.

Sector. Woodworking (0.50) and light (0.46) industries have the highest sales expectations. The sales growth indicator for construction materials production with a value of -0.11 is the lowest with the only negative value.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

The export growth rate has slightly accelerated. The value of the EXPORT INDEX increased slightly, from 0.09 to 0.13. In terms of percentage distribution, the share of respondents whose export volumes decreased dropped (from 20.6% to 15.8%), while the share of enterprises that increased exports did not change significantly and is 22.6% (it was 21%). The share of enterprises whose export volume remained unchanged increased slightly, from 58.4% to 61.6%.

Size. The EXPORT INDEX is the highest for large enterprises (0.26). The index value of medium-sized enterprises (0.13), although significantly lower, is still positive. The indicator of small enterprises is -0.18. The indicator of micro-enterprises, which is -0.30, is significantly worse and the lowest.

Region. The indicators of Poltava (1.00), Odesa, and Rivne (0.38 each) regions are the highest. The lowest index value is for Kyiv city (-0.62) and Sumy (-0.75) region.

Sector. The EXPORT INDEX is better for the food industry (0.19). Production of construction materials (-0.29) and mechanical engineering (-0.18) have the lowest value of the indicator.

Expected changes in export

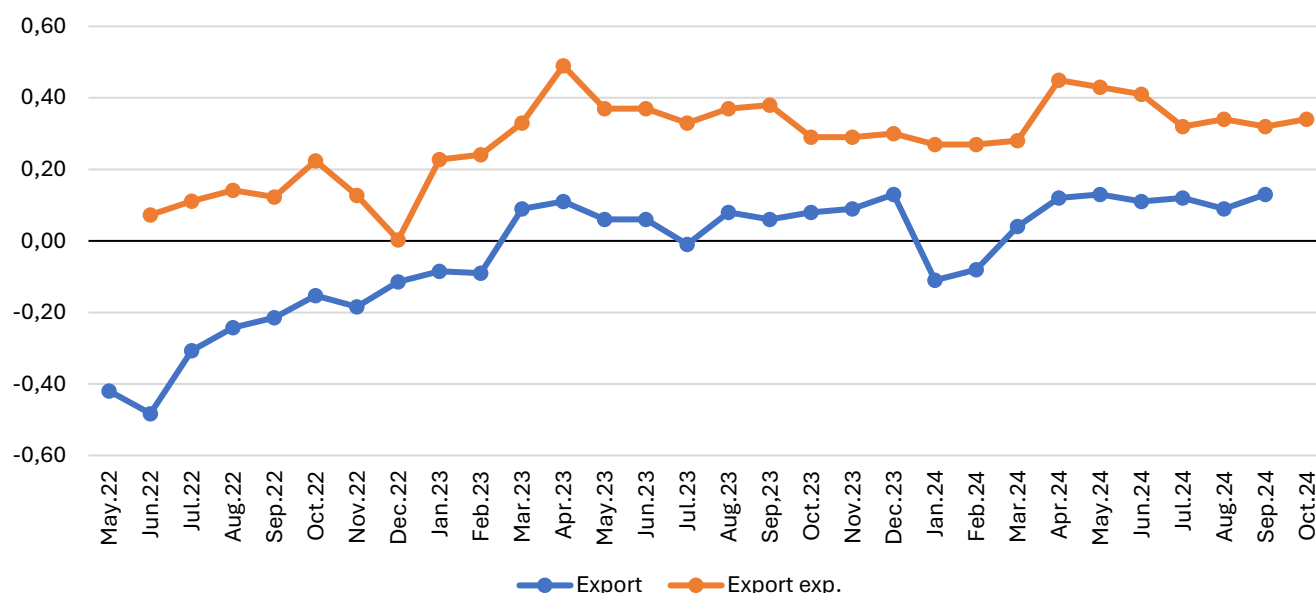
Entrepreneurs do not expect significant changes in the indicator for the next three months. The INDEX OF THE EXPECTED CHANGES IN EXPORTS increased only slightly, increasing from 0.32 to 0.34. The share of those who plan to increase exports increased from 31.8% to 37.9%. The share of those who plan to reduce it has not changed significantly for several months in a row and is 8.2% (it was 7.9%). The share of those who do not expect changes has slightly decreased from 60.3% to 50.9%.

Size Large (0.44) and medium (0.40) enterprises have the highest and approximately the same indicator of export expectations. The indicator of small (0.03) and micro-enterprises (0.05) is significantly lower.

Region. The highest value of THE INDEX OF THE EXPECTED CHANGES IN EXPORTS was recorded for enterprises of Poltava (0.96), Cherkasy (0.94), and Zakarpattya (0.92) regions. The worst expectations are for the business representatives of Kyiv (-0.31), Dnipropetrovsk (-0.20), and Kharkiv (-0.14) regions.

Sector. Woodworking (0.50) and light (0.35) industries have the highest value of the index of expected changes in exports. The production of construction materials has the lowest value of the indicator (-0.37).

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of raw material stocks has slowed down. The INDEX OF STOCKS OF RAW MATERIALS in September compared to August did not change significantly and is 0.13 (it was 0.12). The share of respondents who reported on the accumulation of raw material stocks for the past month has not changed significantly and is 20.6% (it was 21.2%). At the same time, the share of respondents who indicated their reduction decreased significantly, from 15.8% to 12%. The share of entrepreneurs for whom nothing has changed compared to last month increased from 62.9% to 67.4%.

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large enterprises (0.32). The indicator of medium (0.08) and micro enterprises (0.03) is significantly lower and approximately the same. The indicator of small enterprises is the lowest and has the only negative value (-0.07).

Region. Most often, the accumulation of raw materials is reported in Poltava (1.00), Khmelnytsky (0.39), Rivne (0.38), and Odesa (0.36) regions. The indicators of Kyiv city (-0.48), Chernivtsi (-0.22), and Kharkiv (-0.20) regions are the lowest.

Sector. The food (0.18) and chemical (0.11) industries have the highest positive value. The index of the woodworking industry (-0.18) is the lowest.

Expected changes in stocks of raw material

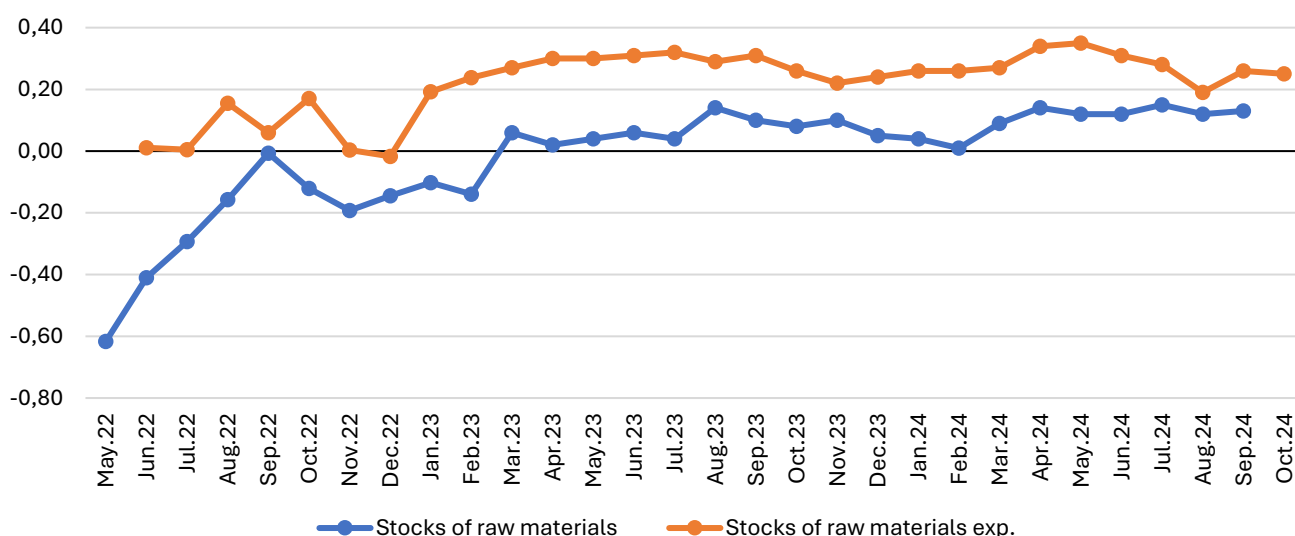
For the next three months, entrepreneurs do not expect significant changes in the indicator: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is 0.25 (it was 0.26). The share of respondents who expect the accumulation of raw material stocks has not changed and is 30.4%, the same as last month. The share of those who believe that raw material stocks will decrease has not changed significantly and is 9.5% (it was 9.4%). The share of those who do not expect changes has also not changed and is 60.1%, the same as last month.

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher for large enterprises and is 0.46. The indicator of medium (0.21) and micro enterprises (0.18) is significantly lower and approximately the same. The value of the indicator for small enterprises is the lowest and is 0.03.

Regions. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is the highest for Poltava (0.96), Cherkasy (0.81), and Rivne (0.75) regions. The lowest value of the index is for Kyiv city (-0.62), as well as for the Kharkiv and Dnipropetrovsk regions (-0.15 each).

Sector. The woodworking (0.29) and light (0.28) industries have the highest indicator of expectations regarding changes in raw material stocks. The production of construction materials has the lowest and negative value of the indicator (-0.17).

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

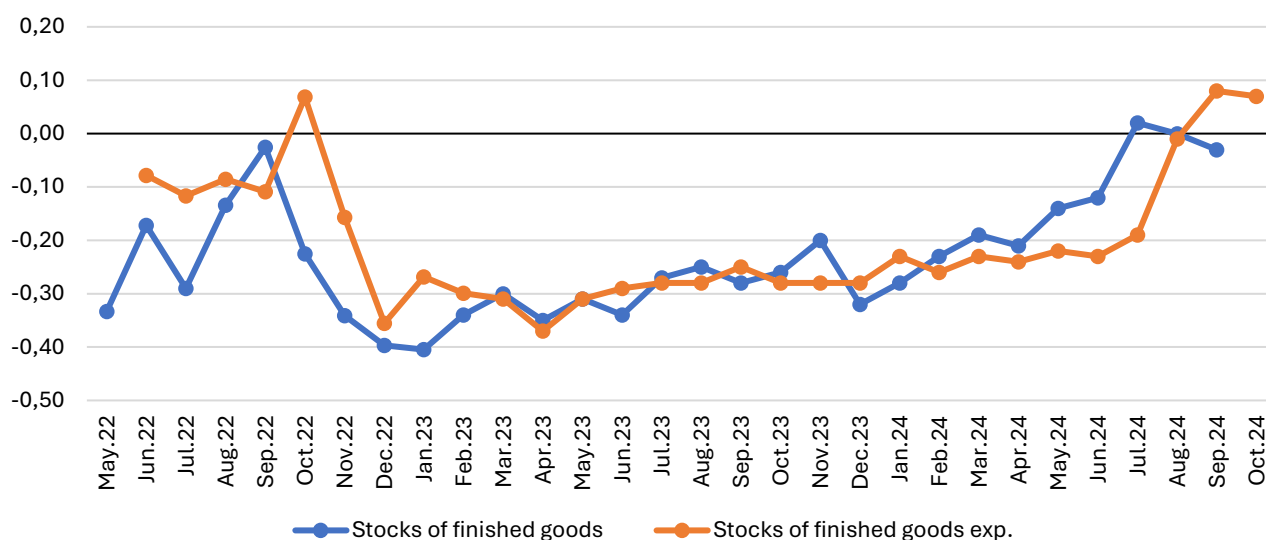
The rate of reduction of stocks of finished goods has accelerated somewhat. The value of the corresponding INDEX decreased from zero to -0.03, changing its sign to negative. The share of respondents who reported a reduction in stocks of finished goods did not change significantly and is 16.1% (it was 17.8%), while the share of respondents who reported an increase in stocks decreased from 13% to 10.8%. The share of respondents who did not feel any changes increased slightly, from 69.2% to 73%.

Size. The value of the index depending on the size of the enterprise is approximately the same, with a negative value for small (-0.11), medium (-0.09), and micro enterprises (-0.06). The indicator of large enterprises has the only positive value and is 0.08.

Region. The value of the index depends on the region. Most often, the accumulation of stocks of finished goods is talked about at enterprises of Rivne (0.25), Volyn, and Odesa (0.14 each) regions. The lowest is the index of the Dnipropetrovsk region (-0.65) and Kyiv city (-0.50).

Sector. The lowest values are for the production of construction materials and the food industry (-0.11 for each sector). The light (-0.03) and chemical (-0.05) industries have the highest value.

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

In the future, company managers do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS stopped growing and is 0.07 (was 0.08). In the percentage distribution, the share of respondents who believe that stocks of finished goods will decrease in the next three months is 13.8% (it was 12.2%). The share of those who expect to accumulate them has also not changed significantly and is 17.2% (it was 17%). The percentage of those who believe that nothing will change has not changed significantly and is 69% (it was 70.8%).

Size. The value of the indicator depends on the size of the enterprise. The index is the lowest for micro-enterprises (-0.16). The indicator of small enterprises is zero. The indicator of medium (0.05) and large companies (0.14) is much higher.

Region. Cherkasy (0.82) and Zakarpattia (0.52) regions have the highest indicator. Dnipropetrovsk (-0.60) and Zhytomyr (-0.41) regions have the lowest indicator.

Sector. The value of the index is the highest for woodworking (0.40) and metalworking (0.09). The lowest index value is for the chemical industry (-0.22) and construction materials production (-0.11).

NEW ORDERS

Changes compared to the previous month

The growth rate of new orders accelerated. The NEW ORDERS INDEX doubled in September from August, from 0.05 to 0.12. In the percentage distribution, the share of those who have increased the volume of orders has increased

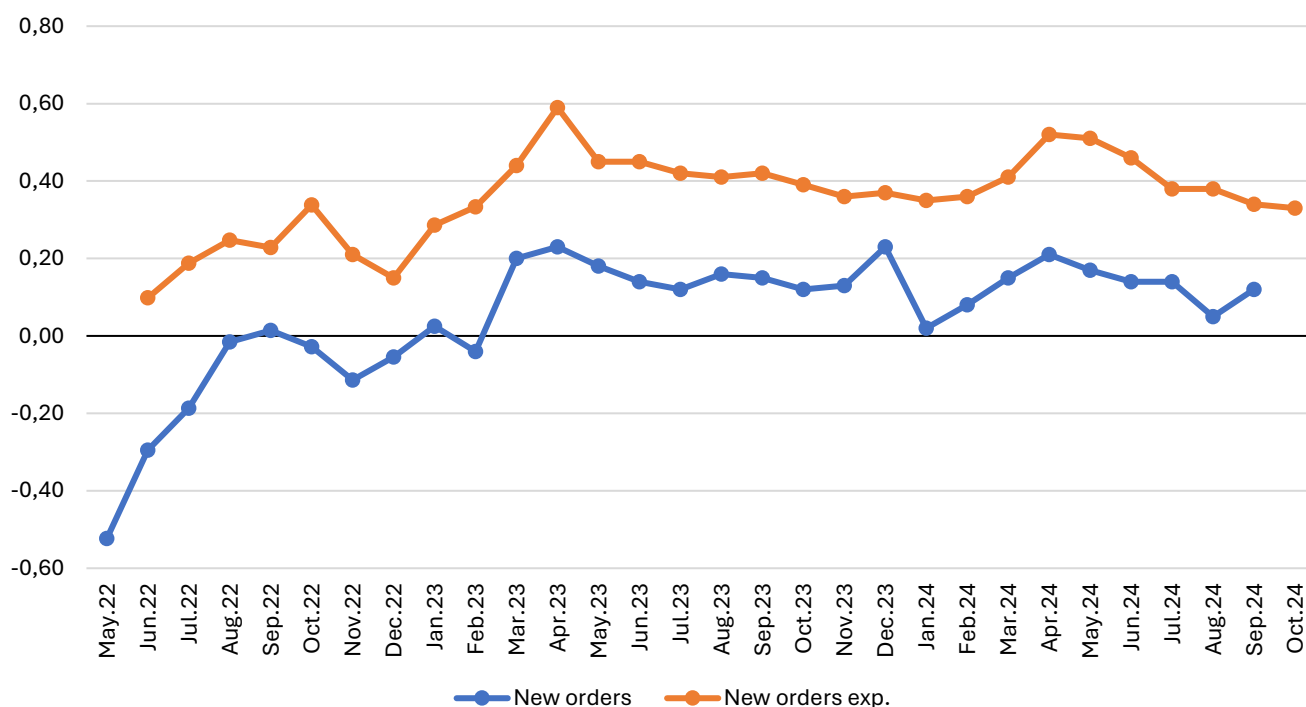
(from 18.2% to 22.2%). At the same time, the share of those whose order volume decreased, dropped (from 21.1% to 15.6%). The share of those who did not feel any changes increased slightly, from 60.7% to 62.2%.

Size. The increase in orders is reported more at large enterprises (0.23). The indicator of medium-sized enterprises, although significantly lower, still has a positive value of 0.12. The indicator of small enterprises is -0.01. Microenterprises have the lowest value of the indicator (-0.18).

Region. The new orders grew the most in Poltava (0.96), Kirovohrad, and Khmelnytsky (0.26 each) regions, while the volume of new orders decreased the most in Sumy (-0.63) and Lviv (-0.40) regions.

Sector. The best situation with new orders in the previous month was for the light (0.19) and chemical (0.17) industries. The production of construction materials (-0.12) and mechanical engineering (-0.03) have the lowest value of the indicator.

Fig.19. New orders indices



Expected changes in new orders

In the next three months, entrepreneurs do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN THE NEW ORDERS is 0.33 (it was 0.34). In percentage distribution, the share of respondents expecting an increase in new orders almost did not change and amounts to 36.8% (it was 37.5%). The share of respondents who expect a reduction in the volume of new orders has also not changed significantly and is 7.1% (it was 7.7%). The share of those who do not expect changes in the next three months increased slightly, from 54.8% to 56.1%.

Size. The indicator of expectations is the lowest for small enterprises (0.17). The indicator of medium-sized (0.32) and micro-enterprises (0.24) enterprises is higher. Large enterprises have the highest indicator of expectations (0.45).

Region. Index values have significant regional differences. In the Poltava (1.00), Cherkasy (0.82), and Zakarpattya (0.60) regions, businesses expect an increase in new orders to a greater extent than in other regions. However, the indicators of Sumy (-0.12) and Kharkiv (-0.10) regions have the lowest value.

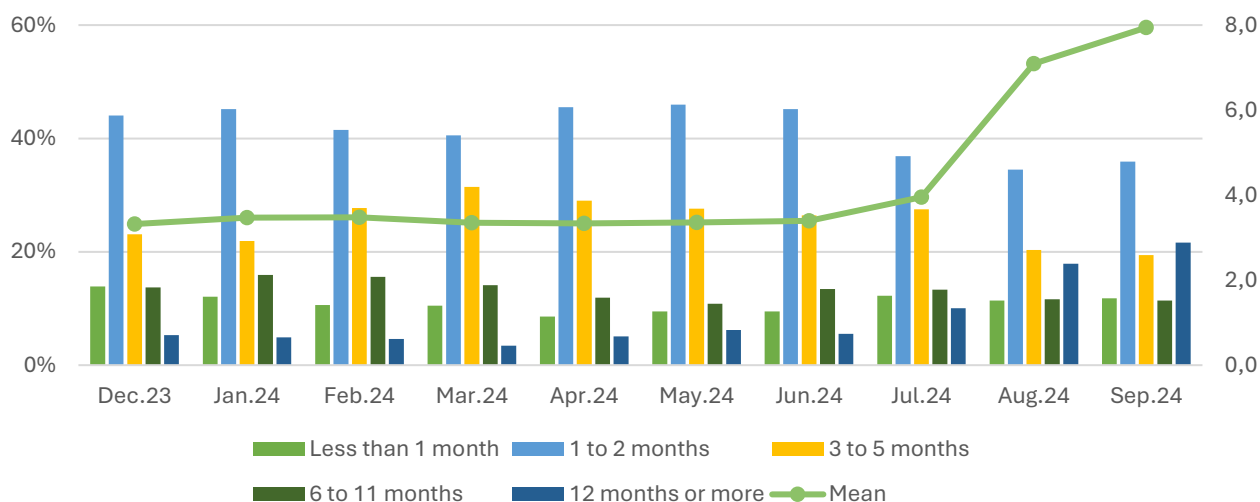
Sector. The light (0.45) and woodworking (0.44) industries have the best expectations for new orders. The indicator of construction materials production (-0.11) is the lowest.

Availability of orders

In September 2024, the average term of new orders availability for surveyed enterprises increased compared to the previous year. It amounted to eight months: it is the highest value for the previous year and one month more than it was in August.

The share of enterprises with orders for a year or more in advance increased to 22%. At the same time, the share of enterprises that have orders for no more than two months was 48%.

Fig.20. Period for which enterprises are provided with orders



Size. Availability of orders increases with the increase in the size of enterprises. Thus, on average, micro-enterprises are provided with new orders for 3.3 months (average value), while small businesses - for 7.6 months, medium - for 9.3 months, and large - for 8.7 months.

72% of micro and 57% of small enterprises have orders for up to two months only. At the same time, 46% of large and 39% of medium-sized enterprises have orders for 6 months or more.

Sector. In September 2024, the comparatively longest average terms of new orders were recorded in the woodworking industry (11.8 months), as well as in light industry (8 months)¹.

At the same time, it is worth noting that only 39% of enterprises in the woodworking industry have orders for six months or more, and a larger share of enterprises in this industry (50%) reported that they have orders for only up to two months. The shortest average term of new orders is observed in the mechanical engineering and chemical industries (3.3 months).

Region. There are differences in the supply of orders between enterprises in different regions². The average term of new order availability is the longest for enterprises in Zakarpattia and Cherkasy regions, where it was 36 months on average. Also, the terms of existing orders are relatively long for enterprises of the Rivne, Odesa, Kyiv, Poltava, and Volyn regions (5 months or more).

On the other hand, the smallest average period of orders - up to two months inclusive - was recorded in Lviv, Chernivtsi, Chernihiv, Kharkiv, and Dnipropetrovsk regions.

¹ Median values are given. This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, as well as enterprises included in the category "Other production." Enterprises in the printing industry are also not considered due to the insufficient sample in this industry for the analysis.

² Regions in which no enterprises were surveyed are not included in the comparison (for more details, see the "Sample" section) and Ivano-Frankivsk and Ternopil regions, where the number of respondents was insufficient for a comparative analysis.

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies has slowed down. The PURCHASE PRICE INDEX decreased slightly, from 0.29 to 0.26. This is due to the absence of significant changes in the percentage distribution. The share of enterprise managers who indicated an increase in prices in September did not change significantly and amounts to 29.4% (it was 30%). The share of those who believe that prices did not change compared to the previous month also showed no significant changes (68.2% in September and 67.1% in August). The share of those who talk about a decrease in the prices of raw materials and supplies has also not changed significantly and is 2.4% (it was 2.9%).

Size. The managers of small and micro-enterprises, whose indicator is the highest, is the same, and is 0.31, most often talk about the increase in prices for raw materials and supplies. At the same time, the indicator of large enterprises is only slightly different from them and is 0.29. The lowest value of the indicator is for medium-sized enterprises, which is 0.21.

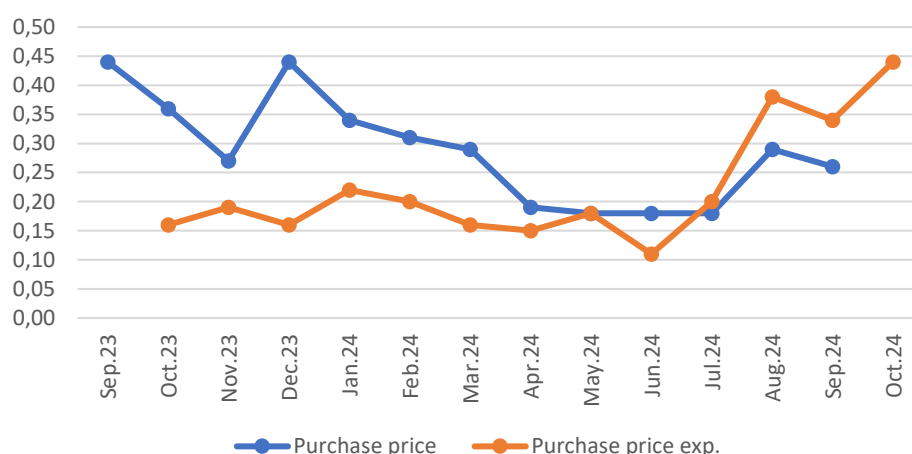
Region. Significant regional differences were recorded. The index is higher for Poltava (1.00) and Sumy (0.95) regions. The indicators of Kharkiv (-0.15) and Lviv (-0.07) regions are the lowest and have the only negative values.

Sector. The PURCHASE PRICE INDEX is the highest for the light (0.41) industry, engineering, and chemical (0.32 for each) industry. The woodworking (0.11) industry has the lowest index value.

Expected changes in the purchase prices

In the short term, the business expects a sharp acceleration in price growth. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE increased from 0.34 to 0.44. The share of respondents who believe that there will be no changes decreased from 60.5% to 54.1%. The share of those who expect a price increase has increased significantly, from 36% to 43.8%. The share of those who believe that the purchase prices will decrease in the next three months has not changed significantly and is 2.1% (it was 3.6%).

Fig.21. Purchase prices indices



Size. The indicator of expectations of large enterprises (0.51) is the highest. The index value for medium enterprises is 0.45. Small (0.34) and micro-enterprises (0.33) have the lowest and approximately the same value of the indicator.

Region. Dnipropetrovsk (1.00) and Cherkasy (0.82) regions and Kyiv city (0.75) speak most about a possible increase in price for raw materials and supplies. The indicators of Chernivtsi (0.08) and Rivne (0.06) regions are the lowest.

Sector. The woodworking industry (0.61) has the highest value of the index. The construction materials production materials have the lowest indicator (0.11).

DOMESTIC SALES PRICES

Changes compared to the previous month

The rate of growth of prices for finished goods slowed down. The DOMESTIC SALES PRICE INDEX has not changed significantly and is 0.22 (it was 0.24). The share of enterprise managers who indicated a price increase in September remained unchanged at 24.6% (it was 24.4%). The share of those who believe that the prices did not change compared to the previous month also almost did not change and is 73.5% (it was 72.7%). The share of respondents who talk about price reductions has not changed significantly and is 1.9% (it was 2.9%).

Size. The indicator of large (0.25), small (0.23), and micro enterprises (0.26) is higher and is approximately in the same range. Medium enterprises have the lowest value of the indicator (0.19).

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (1.00) and Sumy (0.95) regions. The indicators of Kharkiv (-0.15) and Lviv (-0.07) regions are the lowest and have the only negative values.

Sector. The DOMESTIC SALES PRICE INDEX is the highest for light (0.29) and chemical (0.26) industries. The woodworking (0.11) industry has the lowest value.

Expected changes in the domestic sales prices

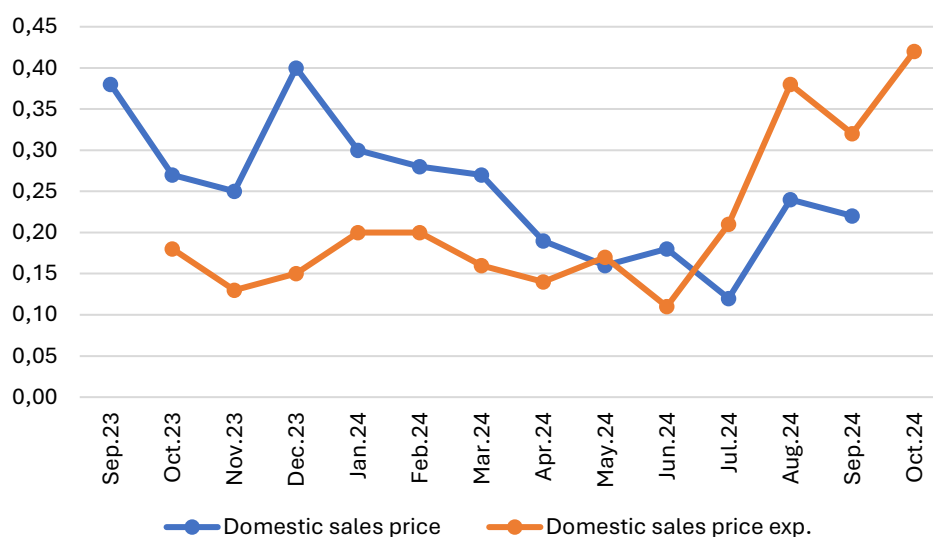
In the short term, the heads of enterprises expect an acceleration in the price growth rate. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES increased from 0.32 to 0.42. The share of respondents not planning changes decreased from 61.2% to 56.6%. The share of respondents planning to raise prices in the next three months increased from 34.6% to 41.3%. The share of those who believe that the prices of raw materials and materials will decrease in the next three months has slightly decreased from 4.2% to 2.1%.

Size. The largest (0.48) and medium (0.45) enterprises expect an increase in price for finished goods. The indicator of small enterprises is 0.31. Microenterprises have the lowest value of the indicator (0.27).

Region. Dnipropetrovsk (1.00) and Cherkasy (0.82) regions are talking the most about a possible increase in domestic sales prices. The indicator of Rivne (0.06) and Chernivtsi (0.08) regions is the lowest.

Sector. The woodworking (0.50) and chemical (0.48) industries have the highest value of the index. Metal processing (0.29) and construction materials production (0.17) have the lowest expectations.

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The debt accumulation rate has somewhat accelerated. The ACCOUNT RECEIVABLES INDEX in September, compared to August, increased from -0.10 to -0.05. The share of those who reported debt reduction decreased from 24.5% to 18.7%, and the share of those who accumulated debt increased from 11.8% to 13.2%. The share of those for whom nothing has changed increased from 63.6% to 68.2%.

Size. The situation with receivables is better for medium and micro enterprises, whose indicator is lower, the same at -0.11. The indicator of small enterprises is -0.04. Large enterprises have the highest, and positive value of the indicator (0.02).

Region. Significant regional differences in the values of this indicator were recorded. The highest positive value of the indicator was recorded in Kyiv city (0.48), as well as in the Volyn (0.21) and Vinnytsya (0.20) regions. At the same time, the indicator is the lowest in Sumy (-0.80) and Dnipropetrovsk (-0.72) regions.

Sector. The woodworking (0.13) and light (0.08) industries have the highest indicator of receivables. The lowest indicator is in the construction materials production (-0.29).

Expected changes in account receivables

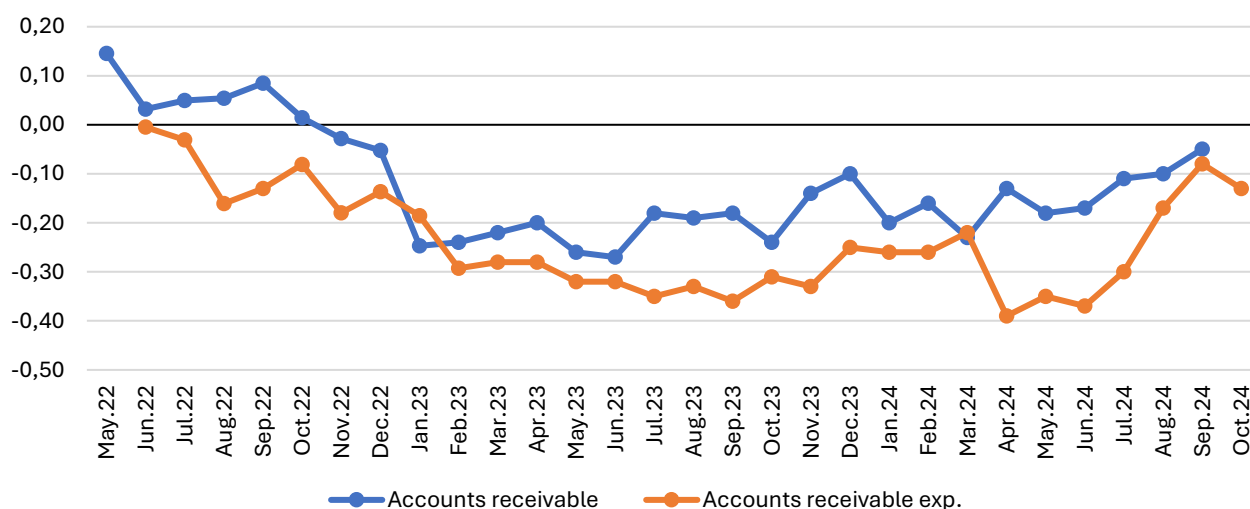
In three months, entrepreneurs expect the indicator to improve. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE decreased from -0.08 to -0.13. The share of respondents expecting to accumulate debt decreased slightly, from 8.8% to 5.1%. At the same time, the share of those who expect it to decrease has not changed significantly and is 20% (it was 21.1%). The share of those who believe that nothing will change has increased from 70.1% to 74.9%.

Size. Small enterprises have better and approximately the same value of the indicator (-0.23). The index of medium enterprises (-0.18) and micro enterprises (-0.11) is higher. The highest indicator of expectations is for large enterprises, which is -0.04.

Region. Vinnytsya region (0.13) and Kyiv city (0.10) have the highest values above zero. The Sumy region (-0.93) has the lowest indicator.

Sector. The woodworking industry has the highest expectations for the accumulation of receivables, for which the value is zero. The construction materials production has the lowest indicator (-0.40).

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

September 2024, the payables index continued to grow. The ACCOUNT PAYABLES INDEX slightly but increased from -0.10 to -0.07. The share of respondents who reported on the accumulation of debt has not changed significantly and is 8.9% (it was 9.3%). The share of those for whom accounts payable decreased dropped from 22.9% to 18.2%. The share of those for whom nothing has changed over the past month has increased from 67.8% to 72.8%.

Size. The indicator of payables for micro-enterprises (-0.24) is the lowest. The indicator of small (-0.12) and medium (-0.07) enterprises is significantly higher. The worst indicator of accumulation of accounts payable is for large enterprises and is -0.01.

Region. Significant regional differences were recorded. The situation with the accumulation of payables is worse in Kyiv (0.20) and Vinnytsya (0.12) regions. The best situation is in Sumy (-1.00) and Dnipropetrovsk (-0.61) regions.

Sector. The highest is the debt index in the woodworking (0.11) industry, which has the only positive value. Mechanical engineering (-0.19) and construction materials production (-0.36) have the lowest indicator.

Expected changes in account payables

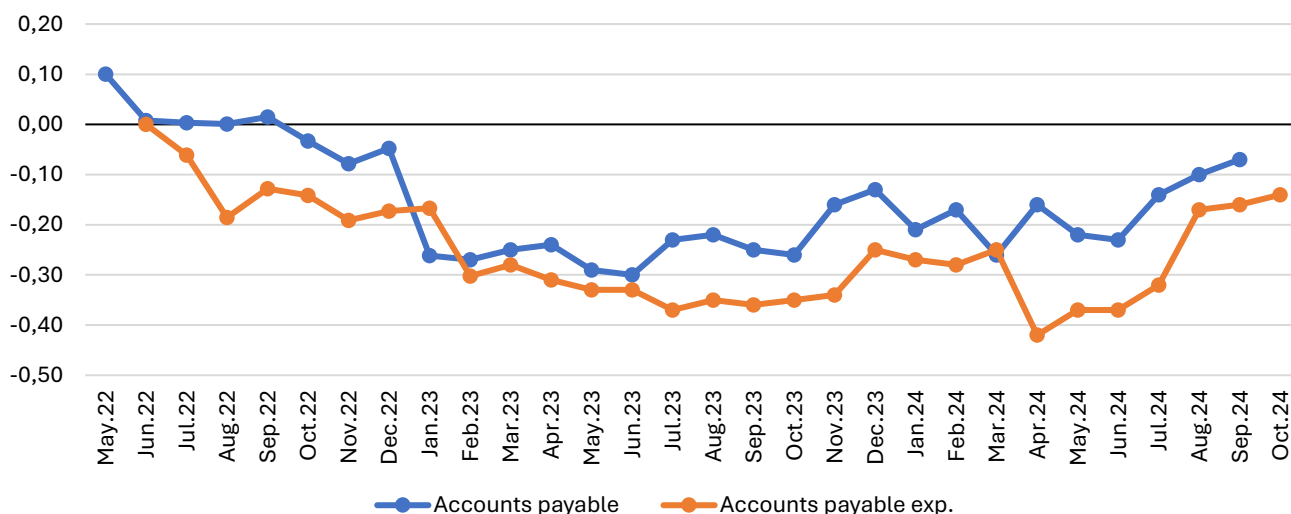
For the next three months, entrepreneurs expect a further slight deterioration of the indicator. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES slightly increased, from -0.16 to -0.14. The share of those who expect a reduction in accounts payable decreased from 23.9% to 18.4%. The share of those who expect to accumulate it also decreased from 4.8% to 1.9%. The share of those respondents who believe that nothing will change has significantly increased, from 71.3% to 79.7%.

Size. The indicator of expectations of small enterprises (-0.25) is the best. The indicator of medium (-0.18) and micro-enterprises (-0.19) is higher and approximately the same. The indicator of expectations regarding changes in payables of large enterprises is the worst and is -0.04.

Region. The indicator of expectations regarding changes in payables is positive for Poltava (0.04) and Kirovohrad (0.03) regions. The lowest is the indicator of expectations for Sumy (-0.93) and Dnipropetrovsk (-0.81) regions.

Sector. The highest index is in the woodworking, which is equal to zero. The construction materials production (-0.33) and the chemical (-0.37) industry have the lowest values.

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The indicator regarding the accumulation of tax arrears worsened. The TAX ARREARS INDEX increased from -0.19 to -0.12 in September. The share of enterprises that reported reduced tax arrears for the past month decreased from 24.8% to 16.7%. The share of respondents who indicated an increase in tax arrears did not change significantly and is 2.9% (it was 2.4%). The share of those who believe no changes have occurred has increased from 72.8% to 80.4%.

Size. The indicators of tax debt are better and approximately the same for micro-enterprises (-0.24). The indicator of small (-0.16) and medium-sized (-0.12) enterprises is lower and approximately the same. The worst is the indicator for large enterprises (-0.08).

Region. There are significant differences in the indicator by region. The highest indicator value is for Rivne (0.13), Vinnytsya (0.08), and Kirovohrad (0.03) regions. Kyiv city (-1.00), Sumy (-0.94), and Kharkiv (-0.50) regions have the lowest indicator.

Sector. The highest indicator of tax arrears is for the woodworking industry, the value of which is zero. The value for construction materials production (-0.27) is the lowest.

Expected changes in tax arrears

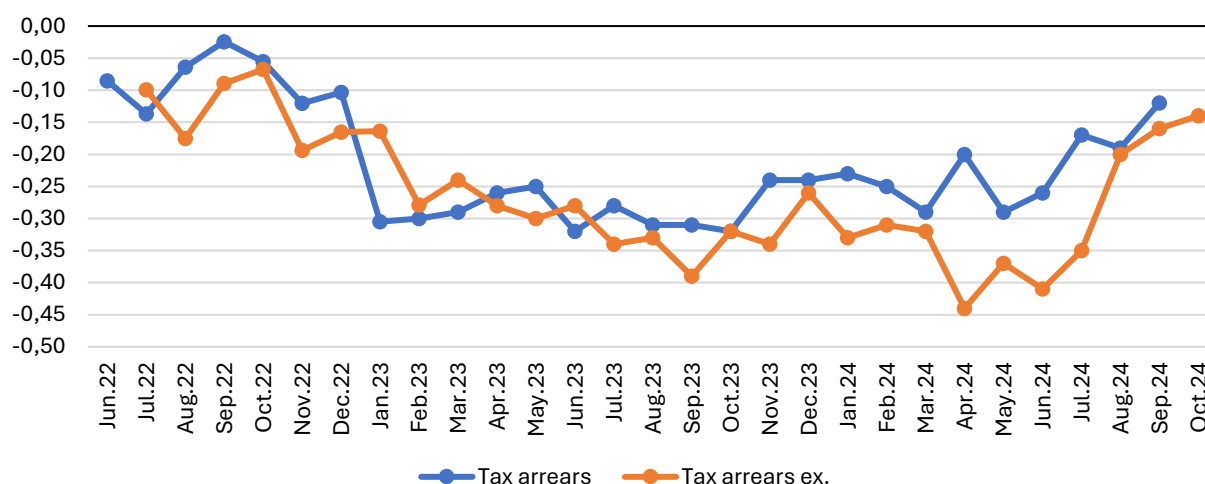
For the next three months, entrepreneurs expect further deterioration of the indicator. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased, albeit slightly, from -0.16 to -0.14. The share of those who predict a reduction in tax arrears decreased from 22% to 17.8%, while the share of those who expect it to increase has not changed significantly and is 1.4% (it was 1.7%). The share of those who do not expect changes increased from 76.3% to 80.8%.

Size. Indicators of tax arrears expectations are better for micro (-0.30) and small (-0.22) enterprises. The indicator of medium-sized enterprises is -0.14. Large enterprises (-0.06) have higher and worse expectations.

Region. Odesa (0.08), Rivne (0.06) and Kirovohrad (0.03) regions have the highest and positive indicators of expectations. The indicator of Sumy region (-0.93) is the lowest.

Sector. The highest rate of tax arrears expectations is for the light industry (-0.08). The lowest indicator is for the construction materials production (-0.33).

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

The rate of reduction of the number of workers has interrupted the slowing trend. The NUMBER OF WORKERS INDEX, albeit slightly, decreased from -0.02 to -0.05. The share of respondents reporting a reduction in the number of workers decreased slightly, from 10.8% to 8.6%. The share of those who indicated their increase also slightly decreased, from 5.5% to 3%. The share of those for whom nothing has changed increased from 83.7% to 88.4%.

Size. Small enterprises (-0.02) talk about reducing the number of workers the least. The indicator of medium (-0.05) and large (-0.07) enterprises is lower and approximately the same. The indicator of micro-enterprises has the lowest value and is -0.13.

Region. Chernihiv (0.06), Khmelnytsky, and Cherkasy (0.04 for each) regions have the highest value of the indicator. The reduction of workers is most often reported in the Volyn and Zhytomyr regions (-0.23 for each).

Sector. The indicator of the chemical industry is the highest with the only positive value (0.05). The lowest is the indicator for mechanical engineering (-0.18).

Expected changes in the number of workers

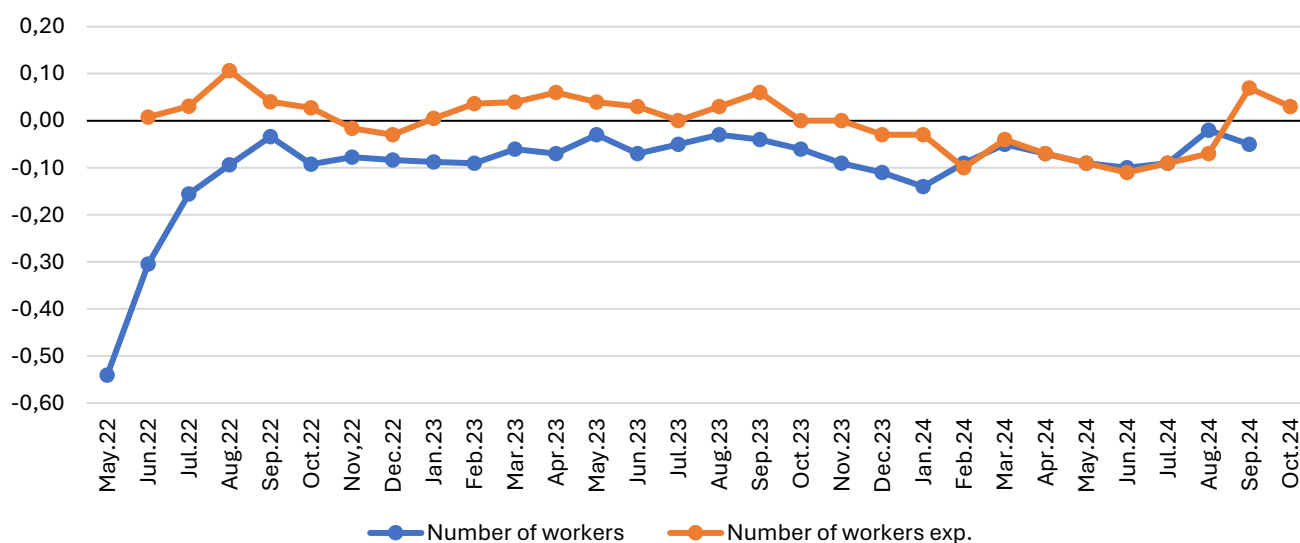
In the next three months, the surveyed heads of enterprises expect a further reduction in the number of workers: THE INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from 0.07 to 0.03. The share of respondents who plan to increase the number of workers decreased from 14.6% to 12.1%, while the share of those who expect to reduce the number of workers did not change significantly and is 9.8% (was 8%). The share of those who do not plan to change has also not changed significantly and is 78.1% (it was 77.5%).

Size. Large (0.05), medium-sized (0.04) and micro-enterprises (0.02) are the least likely to talk about a further reduction in the number of workers. The index of small companies is the lowest with a single negative value of -0.02.

Region. The index of expected changes in the number of workers significantly depends on the region where the enterprise is located. Cherkasy (0.79) and Zakarpattia (0.60) regions have the highest positive value of the indicator. Dnipropetrovsk region has the lowest values of the indicator (-0.85).

Sector. The highest index of expectations is for the woodworking (0.29) and light (0.10) industry. The expectation index for metalworking (-0.19) is the lowest.

Fig.26. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

The rate of reduction of the number of workers on forced leave slowed down. The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX remains unchanged for the second month in a row and is 0.01 in September as well as in August. There were no significant changes in the percentage distribution. The share of those who reported an increase in such workers is 4.1% (it was 3.2%). Also, the share of those who indicated their reduction, which is 3.1% (it was 4.3%), did not change significantly. The share of those for whom nothing has changed over the past month remained almost unchanged at 92.7% (it was 92.5%).

Size. The indicator of micro-enterprises (-0.05) is the lowest with a single negative value. The indicator of small, medium, and large enterprises is the same and is 0.02.

Region. The largest increase in the indicator is observed for enterprises in the Sumy (0.53) and Kirovohrad (0.09) regions and the decrease in the number of workers on forced leave is most often reported in Kharkiv (-0.15) and Chernivtsi (-0.11) regions.

Sector. Chemical industry (0.13) and mechanical engineering (0.10) have higher indicators regarding the number of workers on forced leave. The indicator of the light industry is 0.03. The index of metalworking, woodworking, and food industry, as well as construction materials production, is the lowest and is equal to zero.

Expected changes in the number of workers on forced leave

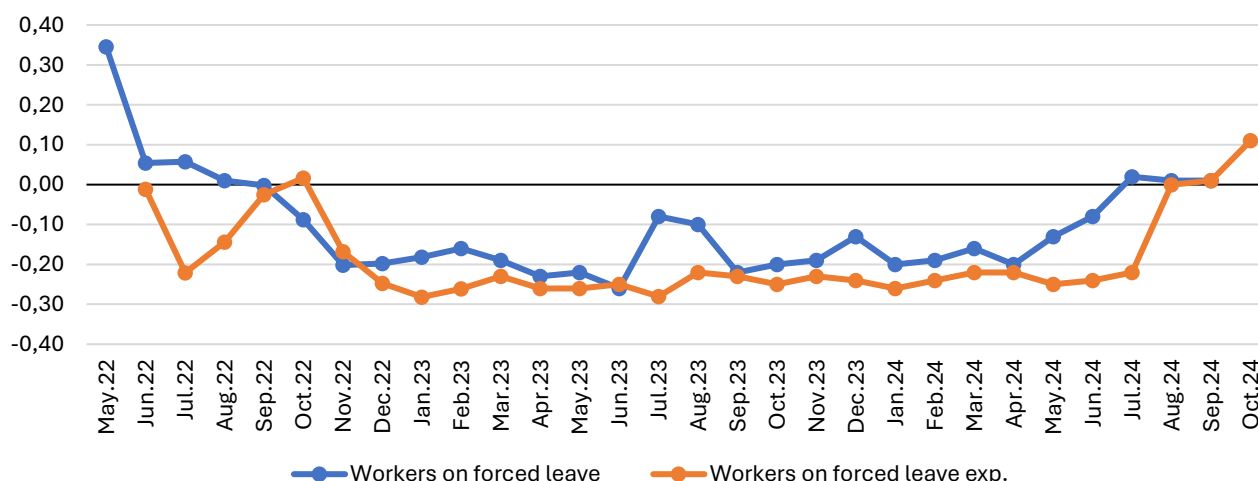
Enterprises with workers on forced leave expect a significant increase in the indicator in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE increased from 0.01 to 0.11. The share of those enterprises in which the number of workers on forced leave is expected to increase has increased significantly, from 3.8% to 13.9%. The share of those who believe that the number of such workers at their company will decrease has slightly decreased, from 4.7% to 2.9%. The share of those who believe no changes will occur decreased from 91.5% to 83.1%.

Size. The indicator of micro-enterprises (0.02) is the lowest. The indicator of small (0.10) and large (0.09) enterprises is higher and approximately the same. The indicator of small and large enterprises is the highest and is 0.16.

Region. The indicator of expectations of Cherkasy (0.71) and Zakarpattya (0.60) regions is the highest. The indicators of Kharkiv (-0.15) and Chernivtsi (-0.11) regions have the lowest value.

Sector. The highest indicator of expectations for the growth of the number of workers on forced leave is for the woodworking (0.40) industry. The lowest is the indicator for mechanical engineering (-0.05).

Fig. 27. Number of workers on forced leave indices



SEARCH FOR SKILLED AND UNSKILLED WORKERS

In September 2024, difficulties in finding skilled workers increased again. The value of the INDEX OF FINDING SKILLED WORKERS is 0.56 (two months in a row, the value was 0.49). The INDEX OF FINDING UNSKILLED WORKERS increased only slightly, from 0.33 to 0.35.

The share of enterprise managers who indicated that it is more difficult to find skilled workers increased slightly (from 52.6% to 55.1%), while the share of those who find it more difficult to find unskilled workers did not change significantly, and the indicator is 39.2 % (was 39.7%). The percentage of those who find it easier to find skilled workers has slightly decreased (from 3.1% to 0.7%), while the share of those who find it easier to find unskilled workers has not changed significantly and is 5.9% (it was 6.6%). At the same time, the share of those who do not feel any changes in the search for skilled workers has not changed significantly and is 44.2% (it was 44.3%), and for unskilled workers, this percentage is 54.9% (it was 53.7%).

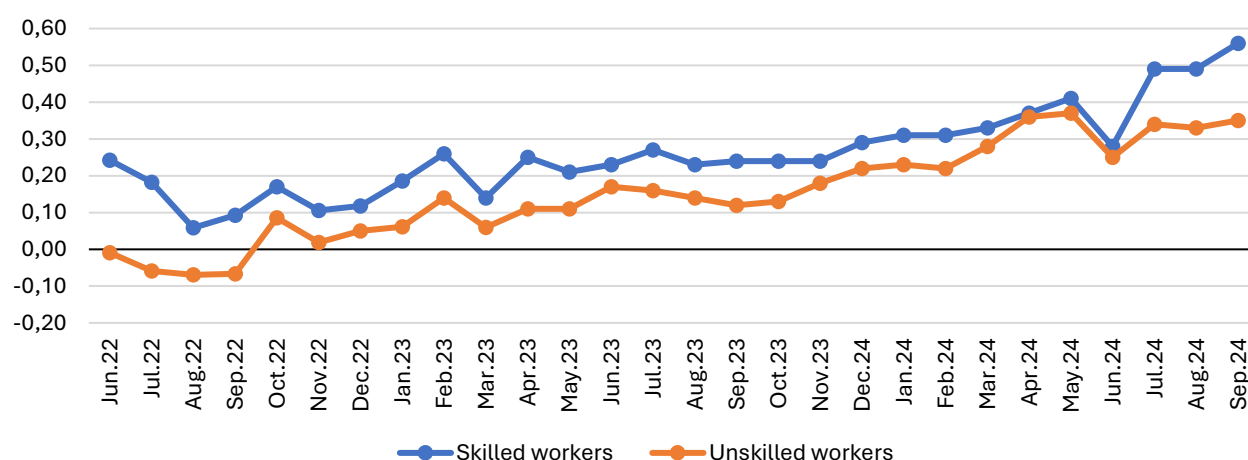
Challenges in finding skilled workers by size, region, and industry

Size. It is somewhat more difficult to find skilled workers for large (0.60) enterprises. The indicator of micro enterprises is 0.56. The indicator of small (0.53) and medium (0.51) companies is somewhat lower.

Region. Significant regional differences in the labor market were recorded. It is most difficult to find skilled workers in Dnipropetrovsk, Poltava, Chernihiv, and Zhytomyr regions (1.00 for each). It is easiest to find skilled workers in the Rivne region (-0.06), whose indicator has a single negative value.

Sector. Woodworking (0.75), metalworking (0.67) and mechanical engineering (0.66) industries have the most difficulties finding skilled workers. It is easier to find skilled workers for the chemical (0.39) industry.

Fig.28. Skilled and unskilled workers indices



Challenges in finding unskilled workers by size, region, and industry

Size. It is more difficult to find unskilled workers for large (0.39) and micro enterprises (0.36). The indicator of medium-sized enterprises is 0.33. It is easiest to find unskilled workers for small businesses (0.28).

Regions. It is most difficult to find unskilled workers in Poltava, Dnipropetrovsk, and Chernihiv regions (1.00 for each). It is easiest to find such workers in Sumy (-0.65), Cherkasy (-0.18), Zakarpattya (-0.13), and Chernivtsi (-0.08) regions, whose indicators have a negative value.

Sector. The worst indicators for finding unskilled workers are observed for the food industry (0.55) and engineering (0.50). It is easiest to find unskilled workers for the chemical industry (0.17) and construction materials production (0.13).

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

In September 2024, the most pressing obstacle to business caused by a full-scale Russian invasion was a labor shortage due to a **lack of labor due to conscription or worker migration**. However, in September, the upward trend in the percentage of businesses that indicated this obstacle, which had been ongoing since June, stopped, and the corresponding share fell to 61% from 63%, although it remains high. It could be a sign of increased mobilization in Ukraine and reflect higher demand for personnel among enterprises because of the increase in the timing of new orders and improved business expectations.

Falling 5 percentage points behind first place in September's list of obstacles to doing business, **work hazards** came second. 56% of enterprises encountered this problem, which is significantly more than in August when 46% of respondents indicated it.

The third place in the ranking of business obstacles caused by the full-scale Russian invasion in September was shared by **rising prices for raw materials** and **power, water, or heat supply outages**. Both these obstacles were relevant for the same share of enterprises: 45%. At the same time, the relevance of price growth has hardly changed for the surveyed enterprises, while power, water, or heat supply outages have become less relevant: 65% of enterprises indicated in August and 45% in September.

It should be noted that in September, the share of businesses complaining about **rising prices** rose again to more than 40%, where it was during the last year except for July 2024, when it decreased to 32%. This decrease turned out to be temporary and probably caused, among other things, by an increase in the priority of other pressing problems.

A decrease in demand for enterprises' products or services remained in fifth place in the ranking of obstacles to business caused by full-scale war. This problem was experienced by 33% of enterprises, which is slightly less than in August 2024, when this share was 35%.

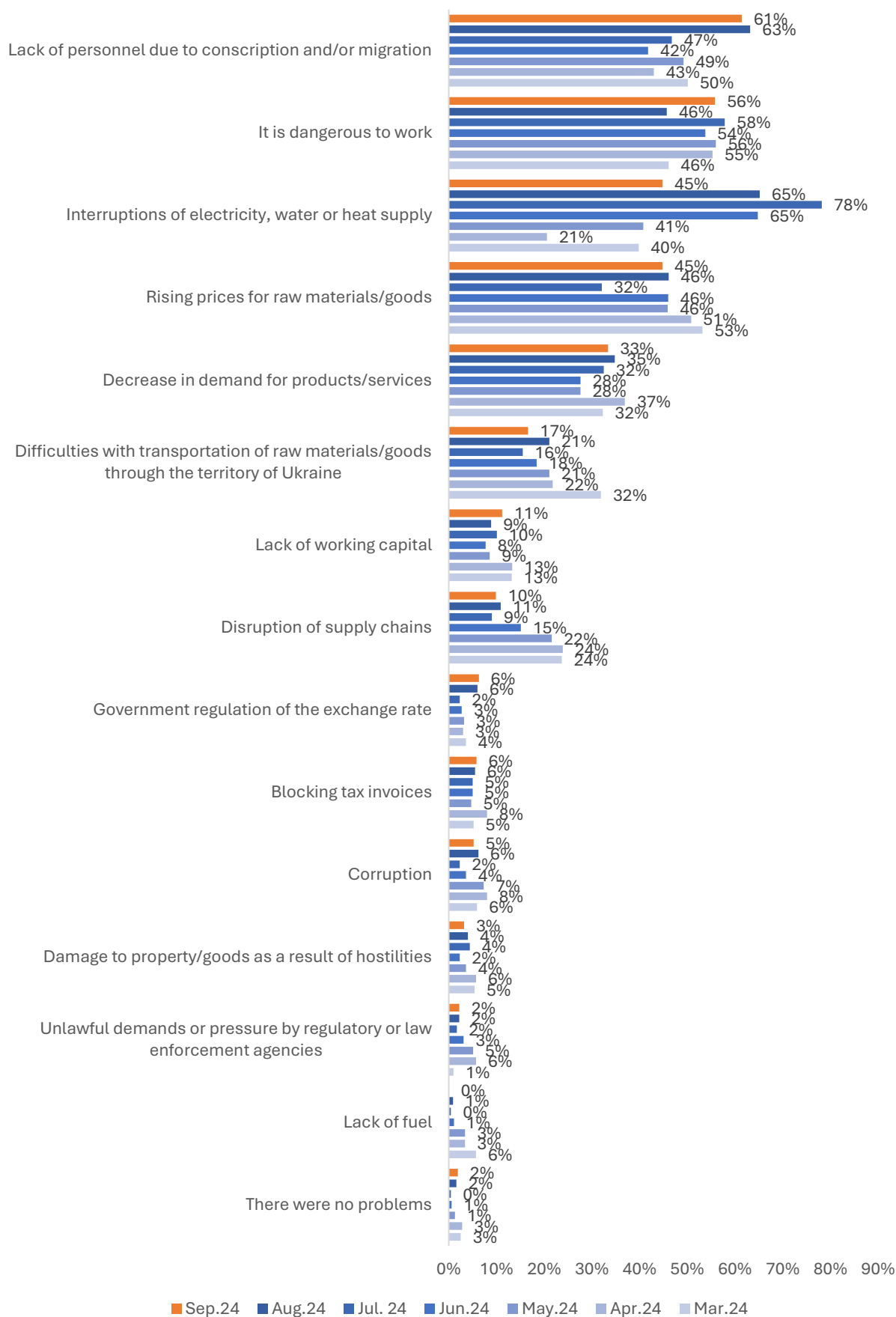
Difficulties transporting raw materials or goods through the territory of Ukraine were reported by 17% of respondents, and, as a result, this problem took sixth place in the ranking of obstacles. The share of enterprises that encountered difficulties transporting raw materials or goods through the territory of Ukraine decreased from 32% in March 2024 to 16% in July 2024, which indicates a gradual improvement in the situation. However, there was an increase after July: in August, this indicator rose to 21%, and in September, it remained at 17%.

The **problem of lack of working capital** became the seventh most significant obstacle for business; it was indicated by 11% of enterprises (9% in August). The eighth place in this rating was occupied by the disruption of supply chains, which was reported by 10% of enterprises. This share has practically not changed compared to the previous month when it was reported by 11% of enterprises.

The ninth place in the rating of obstacles in September was shared by two problems: **state regulation of the exchange rate** and **blocking of tax invoices**. 6% of respondents pointed to each of them. Obstacles such as **corruption, damage to property or goods as a result of military actions, unlawful demands or pressure from regulatory or law enforcement agencies**, and **lack of fuel** were reported by 5% or less of enterprises.

In addition, 2% of businesses surveyed in September 2024 said they did not face any obstacles.

Fig.29.The most important problems for the surveyed businesses



Challenges for businesses by sector. In September, large enterprises most often reported such an obstacle as work hazards — 71%. Micro, small, and medium enterprises indicated 35%, 53%, and 56%, respectively.

Micro-enterprises are distinguished from other businesses by the fact that they are less likely to experience labor shortages due to mobilization or worker migration: among them, 42% of respondents reported this problem, while among larger enterprises, this share is from 62% or more. However, micro-enterprises are the most affected by the increase in prices for raw materials and supplies - 55%, while small, medium, and large - 47%, 50%, and 27%, respectively.

Challenges for businesses by region. The negative impact of power, water, or heat supply outages on their activities in September was most often reported by enterprises of the chemical industry, mechanical engineering, and food industry (more than 50%)³.

In the woodworking industry, food industry, and metal production and metalworking, labor shortages due to mobilization or worker migration are reported much more often than among other industrial enterprises (more than 60%). This problem is also acutely felt in construction materials production and the light industry (more than 50%).

Enterprises producing construction materials and light industry more often than other enterprises complain about the increase in prices for raw materials and supplies (more than 55%). Businesses working in metallurgy (63%) and in the chemical industry (68%) said that it is unsafe to work most often.

Challenges for businesses by region. Power, water, or heat supply outages in September were a particularly acute problem for businesses in Zaporizhzhya, Vinnytsya, Lviv, Poltava, Kharkiv, and Kirovohrad regions (more than 70% of respondents)⁴.

All surveyed enterprises in the Lviv, Dnipropetrovsk, and Zhytomyr regions (100% each) complain about the lack of labor due to the full-scale war. In addition, more than 60% of enterprises in Zakarpattia, Poltava, Kyiv, Odesa, Vinnytsia, Volyn, Rivne, Kharkiv, and Chernivtsi regions reported this problem.

The highest share of businesses that faced the rise in price for raw materials and supplies was recorded in the Zhytomyr region: 100%. Also, more than 70% reported this problem in Chernivtsi, Sumy, Lviv, Dnipropetrovsk regions, and the city of Kyiv. Enterprises in Vinnytsya, Zakarpattia, Zaporizhzhya, Odesa, Poltava, Kharkiv, and Cherkasy regions (more than 80%) said it was unsafe to work.

The war impact on capacity/production volumes

In September 2024, only 10% of businesses reported operating at full capacity (100% or more). This is the lowest figure for all waves of the survey the last year, which may be the result of a slowdown in production during the summer due to power outages (it was 11% in July and 10% in August). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 32% (31% in August). As a result, the **total share of enterprises operating at near full and full capacity was only 41%** (also 41% in August). **This is one of the lowest results (together with the previous month) since the spring of 2022 when Ukraine was experiencing the first months of the war.** For comparison, the corresponding indicator was the highest for all waves of the survey in June 2023 - 62%.

In September, 3% of surveyed enterprises reported that they stopped their activities during the war. This rate has continued to remain low since July 2022, in the 2% - 4% range. At the same time, the share of enterprises operating

³ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production." Enterprises in the printing industry are also not considered due to the insufficient sample in this sector for the analysis.

⁴ Regions in which no enterprises were surveyed are not included in the comparison (for more details, see the "Sample" section) and Ivano-Frankivsk and Ternopil regions, where the number of respondents was insufficient for a comparative analysis.

at less than 25% of pre-war production capacity increased to 18% in September, while in August it was 15%. In addition, 13% of enterprises worked in September at 25% - 49% of pre-war production capacities (13% in August).

As a result, in September, about a third (34%) of enterprises worked at less than half their capacity or did not work compared to pre-war times. Higher indicators were only at the beginning of a full-scale invasion. Also, a drop in capacity utilization was observed in the autumn of 2022 and winter of 2022-2023, when there were energy problems after the Russian attacks.

Fig.30. The impact of the war on the work of enterprises (% of respondents)

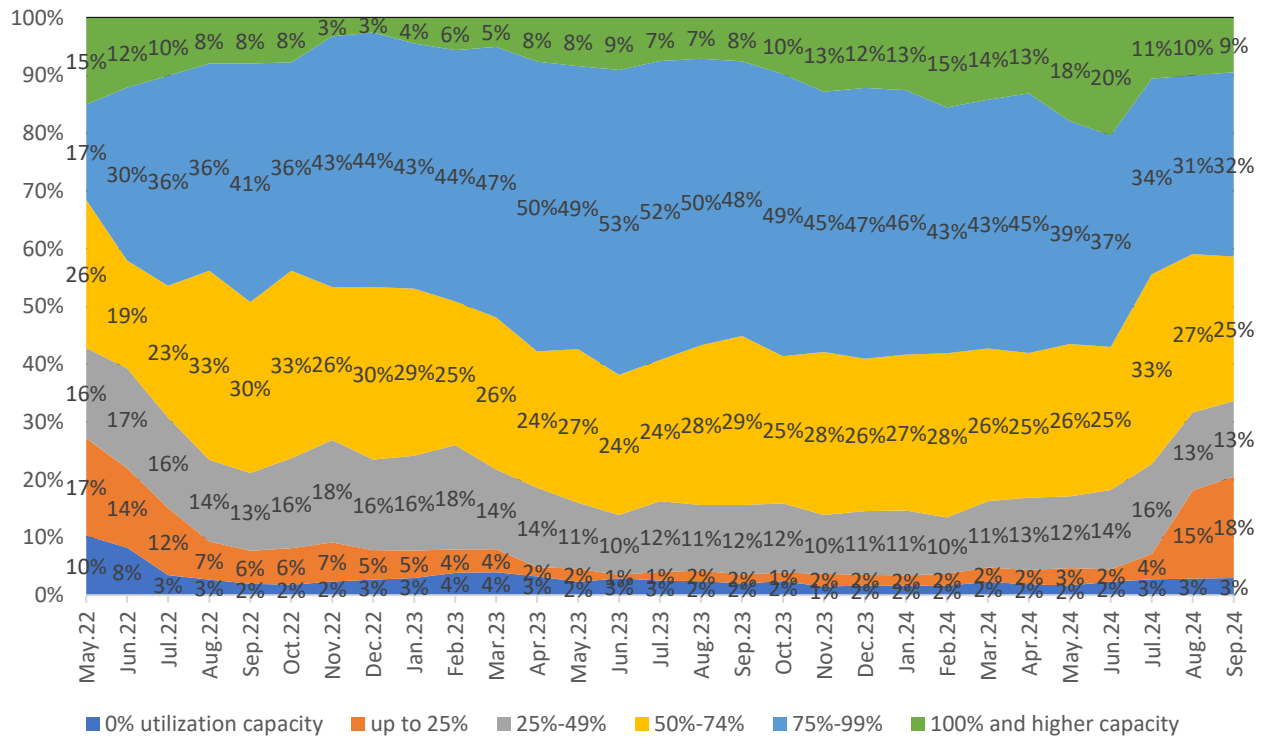
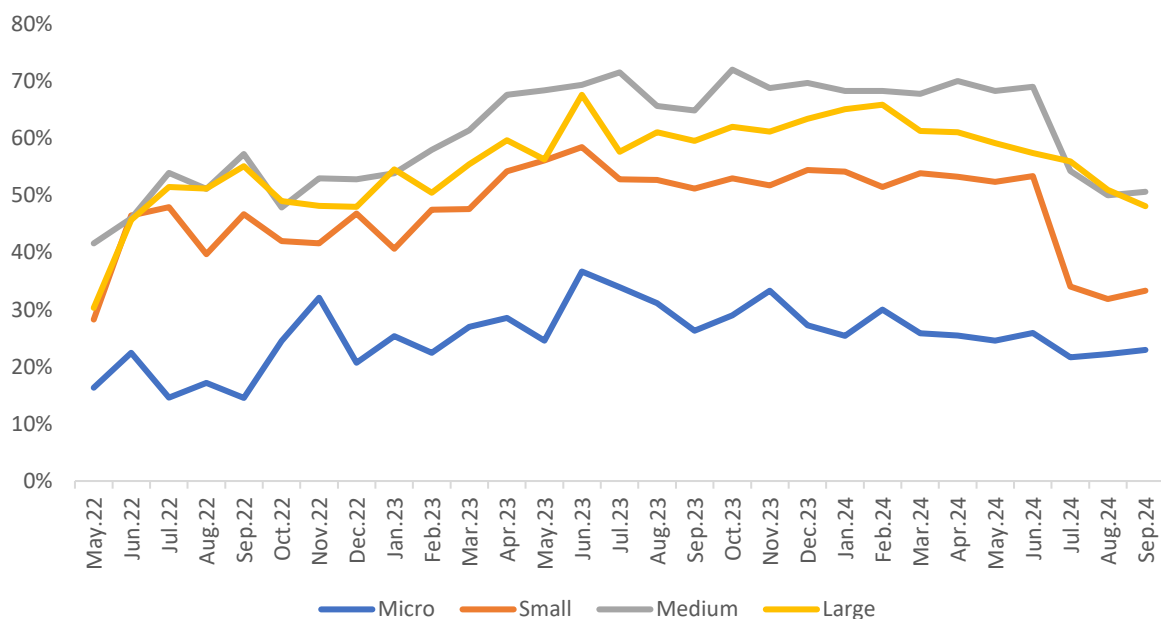


Fig.31. The share of enterprises operating almost at full and full capacity (75 - 99%, 100%, and more) compared to the pre-war period (by enterprise size, %)

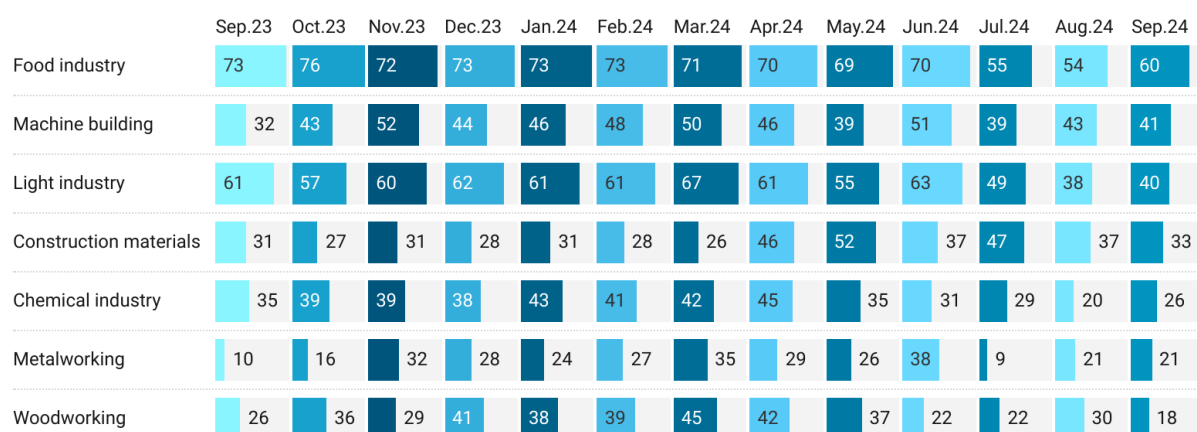


Results for business by size. In September 2024, **the reduction in the production capacity utilization of the SME sector slowed down.** Among small enterprises, the share of companies operating at almost full and full capacity was 33% (32% in August, 34% in July, and 53% in June). At the same time, the corresponding indicator was 23% for micro-enterprises (22% in July and August). Among medium-sized enterprises, the indicator increased from 50% in August to 51% in September. At the same time, the share of large enterprises with a high production capacity utilization continued to decrease from 56% in July to 51% in August and 48% in September.

As of September 2024, 13% of micro-business representatives did not work, which is lower than in August (18%). Also, 4% of small and 1% of large enterprises did not work. At the same time, all medium-sized enterprises were working. Thus, **microbusinesses remain more sensitive to wartime challenges throughout all survey waves. In addition, it was micro-businesses that were more negatively affected by power outages.**

Results for business by sector. The food sector, which remains the leader in the production industry recovery, slightly resumed capacity utilization in September. In September 2024, 60% of food industry enterprises worked almost at full and full capacity (it was 55% in July and 54% in August). Mechanical engineering is on the second rung: in September, 41% of the industry's enterprises worked at a high capacity, while in August, it was 43%. The light industry remains on the third rung, where 40% of enterprises worked at a high capacity in September (38% in August). At the same time, the lowest utilization of production capacities is in the woodworking industry (only 18% worked at a high capacity utilization in September) and metallurgy and metalworking (21%).

Fig.32. The share of industrial enterprises operating almost at full and full capacity (75 - 99%, 100% and more) compared to the prewar period, % of respondents by sector



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Results by region. In September, a low production capacity utilization was observed in most regions. All or almost all enterprises continued to work at almost full and full capacity in September only in Vinnytsya (100%), Poltava (100%), and Rivne (94%) regions. The situation remains difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, only 3.4% and 15% of enterprises worked at a high capacity utilization. There is also no enterprise working at a high level of production capacity in the Zakarpattia and Cherkasy regions.

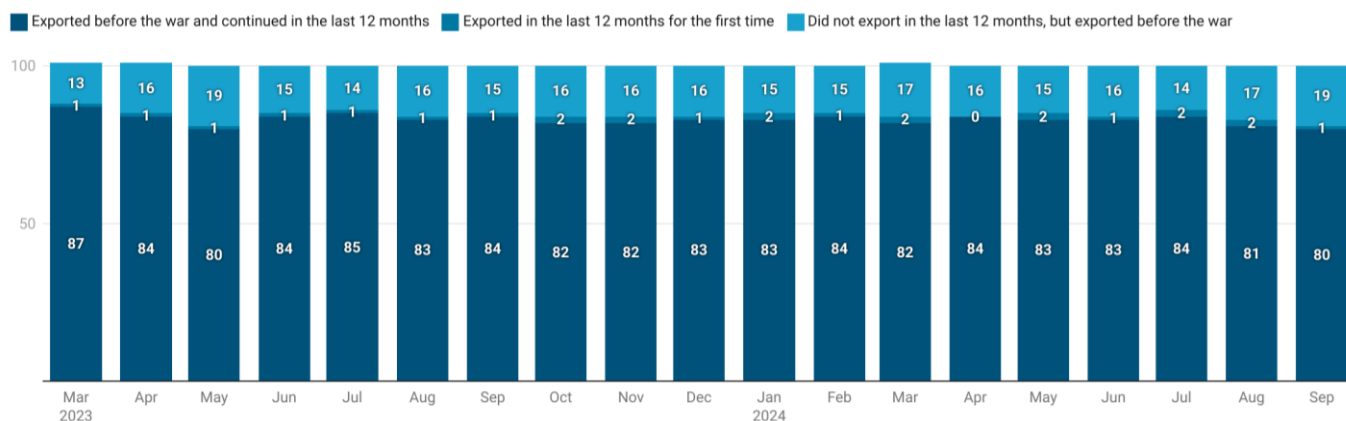
THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES

As part of the twenty-ninth wave of the survey, **63% of respondents (among those able to answer) were or are exporters.** At the same time, 29% of enterprises have never exported, and 8% could not answer the question.

As of September 2024, among exporters, **80% of respondents indicated that they exported before the war and continued to export during the last 12 months.** Another 1% of enterprises started exporting for the first time during the war (during the last 12 months). At the same time, 19% of enterprises exported before the war but had no exports during the last 12 months. That is, in September 2024, the share of active exporters slightly decreased compared to previous months (it was, on average, 82% - 84% over the last year). Ukrainian businesses have reached

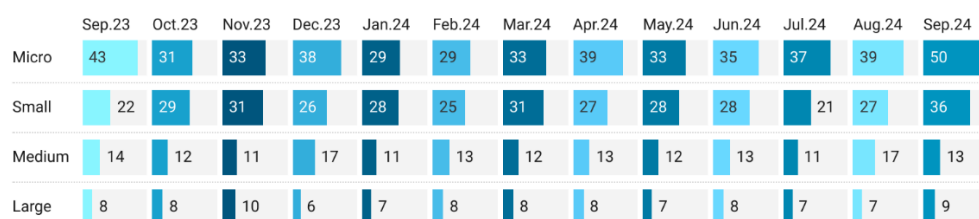
a certain level of export activity recovery because some businesses cannot overcome new challenges for export recovery.

Fig.33. The impact of the war on export activity (% of the exporters surveyed)



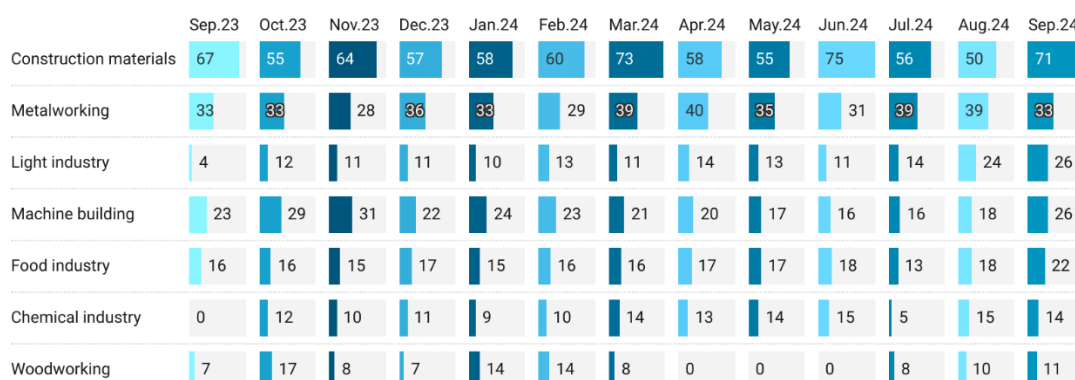
Results for business by size. According to the results of September 2024, a regularity was again recorded regarding the state of export activity, depending on the size of the enterprise. Among micro-businesses, 50% of enterprises exported before the war but had no export activity during the last 12 months. There is also a high share of enterprises that cannot resume exports among small businesses - 36%. The situation is somewhat better among medium-sized exporters: 13% of respondents have not exported in the last 12 months. The best situation was among large businesses, where the corresponding indicator was only 9%. Thus, large business is traditionally the leader in the recovery of export activity.

Fig.34. Share of exporters who did not export during the last 12 months, by size of enterprises (% of exporters surveyed)



Results for business by sector. The obtained data indicate that until now, the most difficult situation with export recovery remains in construction materials production. In particular, 71% of the industry's enterprises indicated they exported before the full-scale invasion, but had no exports during the last 12 months. The situation in metallurgy is also difficult (the corresponding indicator is 33%). In contrast, the best situation is in the woodworking industry, where 11% of respondents had no exports during the last 12 months. In the food industry, which is the leader in the recovery, the corresponding index is 22%.

Fig.35. Share of exporters who did not export during the last 12 months, by industry (% of surveyed exporters)



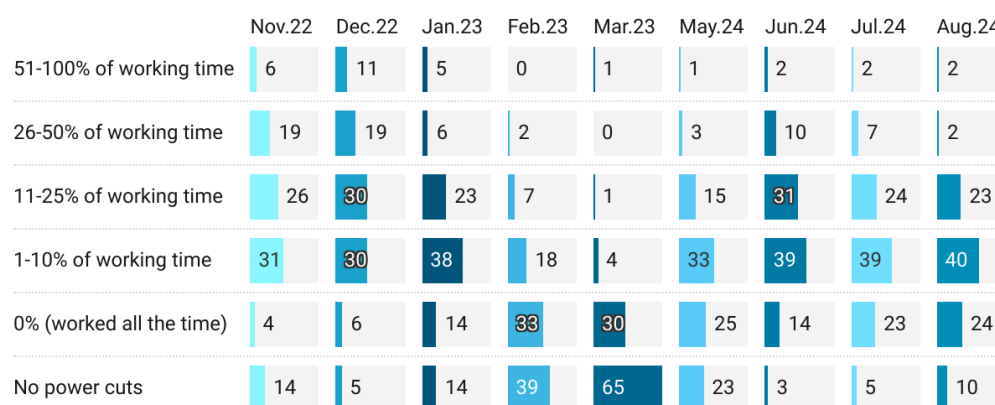
Results by region. Throughout all waves of the monthly survey, the available data do not allow us to conclude clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those who were able to respond) resumed exports, in particular in the Vinnytsya, Kyiv, Odesa, Poltava, Rivne, and Cherkasy regions. The most difficult situation remains in the Dnipropetrovsk and Zhytomyr regions, where 72% and 65%, respectively, had no exports during the last 12 months, although they had them before the war.

IMPACT OF POWER OUTAGES

In the twenty-ninth wave of the survey, industrial enterprises were again asked to assess the impact of power supply problems on their operations. In August 2024⁵ **power outages have become slightly less problematic for businesses compared to July 2024. In August, two-thirds (66%) of businesses temporarily suspended work due to power outages (compared to 52% in May, 83% in June, and 73% in July).** At the same time, only 10% of enterprises had no power outages (23% in May, 3% in June, and 5% in July). In addition, **24% of businesses worked all the time, even during power outages. There are also almost no enterprises with the most critical losses (more than half of the working time) - only 2% of enterprises.**

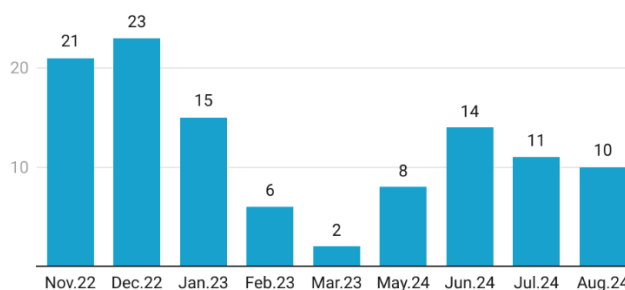
As a result, on average, businesses lost 10% of their total working time in August 2024 due to power outages. It is slightly less than in July (11%), which may reflect a slight improvement in the electricity supply situation. At the same time, the situation is somewhat different depending on the size of the business, industry, and region.

Fig. 36. Impact of power outages on the enterprise work, % of respondents



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Fig. 37. Average % of time losses due to power outages, by month



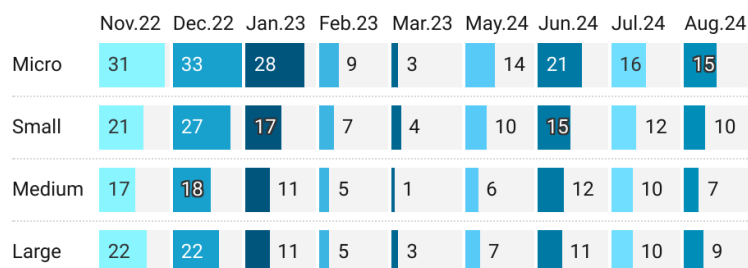
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Business results by size. The situation is different for enterprises of different sizes. For example, there were no outages in 7% of micro, 9% of small, 13% of medium and 9% of large enterprises. At the same time, 28% of micro,

⁵ As part of the survey, the question about lost working time is asked about the previous month that has already ended. That is, in September, respondents were asked about the loss of working time in August.

17% of small, 27% of medium, and 24% of large enterprises continued to work even during power outages. Microbusiness still continues to suffer the greatest losses from Russia's terrorist attacks on the energy infrastructure. **Micro-enterprises in August 2024, on average, lost 15% of working time.** Losses of medium and large enterprises are one and a half to two times lower (17% and 9%, respectively).

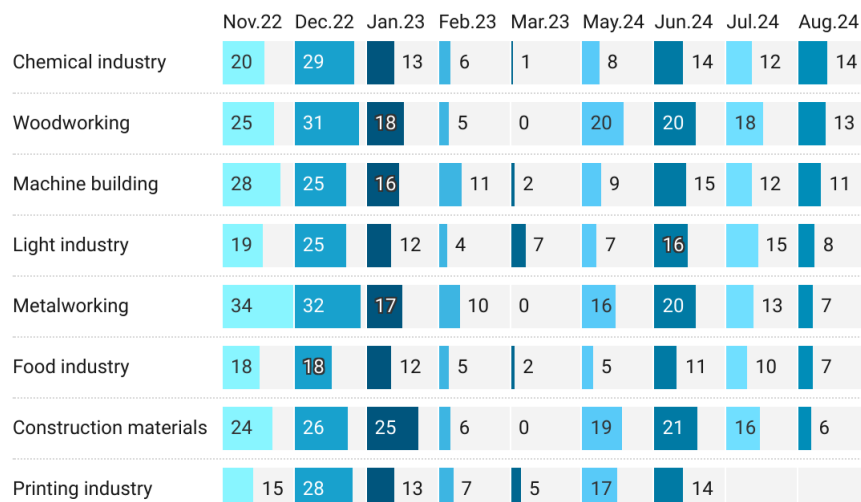
Fig. 38. Average % of enterprises' time losses (by size), % of respondents



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Business results by sector. The lowest average losses of working time due to power outages were recorded in construction materials production (6%), the food industry (7%), and metallurgy and metalworking (7%). However, the situation is significantly worse in certain industries. In the chemical industry, average time losses were 14%, and in the woodworking industry - 13%.

Fig. 39. Average % of enterprises' time losses (by sector), % of respondents



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Business results by region. The results of the survey once again confirm a certain regional specificity of the negative impact of power outages. The highest average time losses were recorded in the Sumy region: 21% of working time. Losses are also high in Cherkasy (18%), Kharkiv (15%), Zaporizhzhya (14%), and Khmelnytsky (14%) regions. However, in most regions, the average losses are lower than 10%. At the same time, the lowest indicator of average losses was found in Rivne (0%), Lviv (1%) and Zhytomyr (3%) regions.

GOVERNMENT POLICY

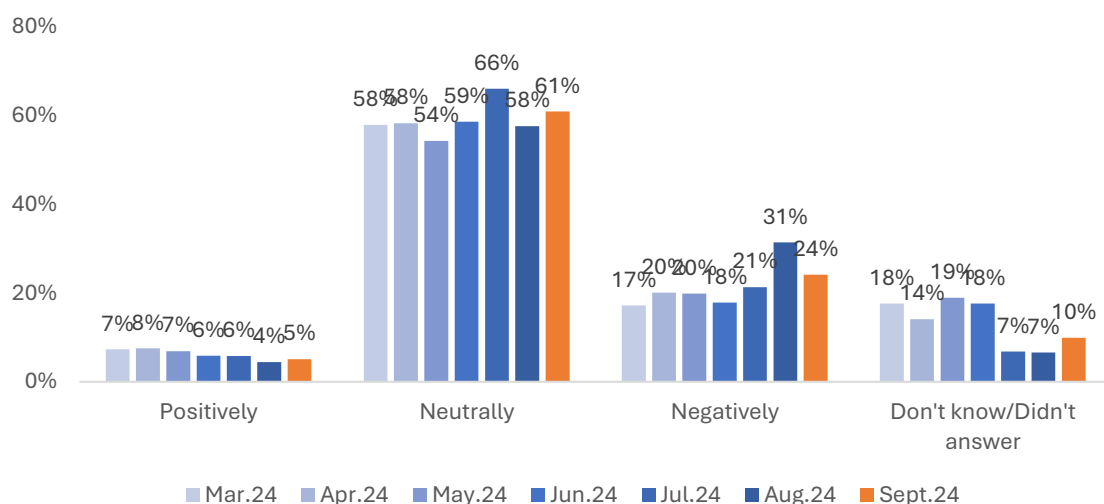
Assessment of government policy to support business

In September, the share of positive assessments of the government's business support policy was 5%. It slightly increased compared to the previous month, when 4% of surveyed enterprises positively assessed the government policy. The level of positive assessment of this policy has not exceeded 8% for about a year, and the share of 4%

recorded in August was the lowest for the entire period of this survey, the first wave of which was conducted in May 2022.

The share of neutral assessments of government policy increased from 58% in August to 61% in September, while the share of negative assessments decreased again from 31% to 24%. The remaining 10% of respondents could not assess this policy. This share has changed slightly compared to August, when there were 7% of such respondents.

Fig.40. Assessment of government policy to support business



Assessment of government policy to support business by business size. Against the background of the low level of positive assessments of the government policy on business support in general, the assessments slightly improve with the growth of the size of enterprises, although the difference between them is insignificant. Thus, among large enterprises, 8% of respondents positively assessed this policy, while among micro-businesses, not a single enterprise assessed it positively.

In addition, representatives of small enterprises negatively assess the government's business support policy more often than representatives of other businesses. In particular, 35% of these respondents assessed this policy negatively, while among respondents representing micro, medium and large businesses, the corresponding share does not exceed 25%.

Assessment of government policy on business support by sector. Most often, representatives of construction materials production (17%) give positive assessments of the government's policy on business support⁶.

One of the highest shares of negative assessments of this policy was recorded among enterprises in the engineering industry (41%). Also, this policy is often negatively assessed by representatives of the woodworking industry, - 39%.

Assessment of government policy to support business by region. The highest level of positive assessments of the government's policy on business support in September 2024 was recorded in Kyiv (20% of respondents) and Zaporizhzhya (17%) regions⁷.

Along with this, the largest shares of negative assessments are among the businesses of Vinnytsya, Sumy, Dnipropetrovsk regions, and Kyiv city (more than 50%).

⁶ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production." Enterprises in the printing industry are also not considered due to the insufficient sample in this sector for the analysis.

⁷ Regions in which no enterprises were surveyed are not included in the comparison (for more details, see the "Sample" section) as well as Ivano-Frankivsk, and Ternopil regions, where the number of respondents was insufficient for a comparative analysis.

Vision of the government's role in conducting business

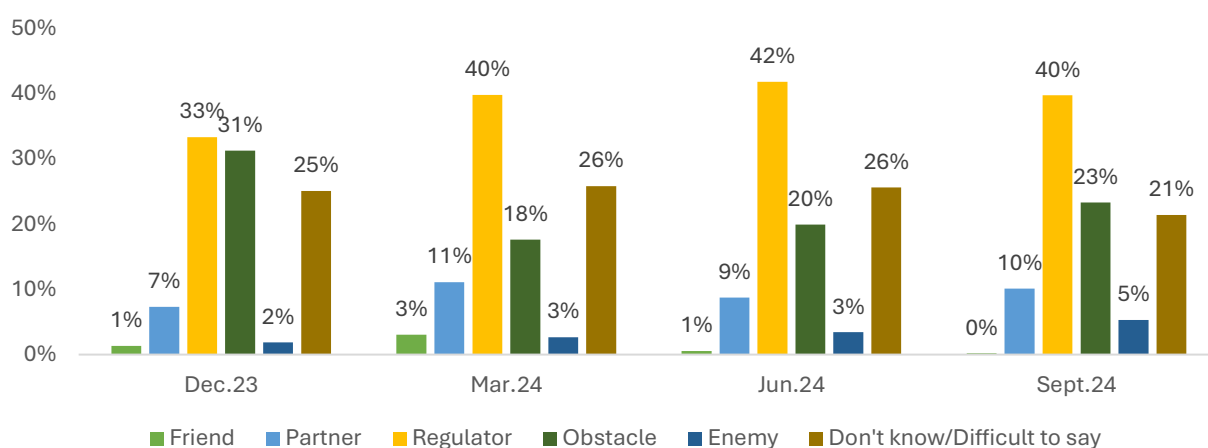
In September 2024, for the fifth time as part of this survey, we asked business representatives about how they see the role of the state (government) for business in Ukraine today. The concepts of "friend", "partner", "regulator", "obstacle" and "enemy" were proposed as options. The same question was previously asked in the September, December 2023, and March and June 2024 waves of this survey ⁸.

Enterprises surveyed in September most often called the state a regulator (40%) or an obstacle (23%). Both of these shares are slightly unchanged from June, when they were 42% and 20%, respectively.

At the same time, in September, the state was called a friend and partner less often than three months ago: 0% and 10% of respondents, respectively. For comparison, in June, they were 1% and 9%. The share of those who considered the state an enemy of business has increased and is the most important for the entire survey time: 5%.

In addition, 21% of respondents could not determine the role of the state in Ukraine for conducting business, which is slightly less than the three previous surveys, where such respondents were 25%-26%.

Fig. 41. Vision of the role of the state (government) for business



The vision of the government's role in conducting business by the size of the enterprise. Large enterprises are more likely to consider the state (government) a partner for their business than smaller enterprises. Thus, while among small and micro enterprises, the share of those who call the state a business partner did not exceed 5%, among large enterprises, this share was 19%. It is worth noting that among the surveyed micro-enterprises, only one enterprise called the state a business partner.

On the other hand, micro and small enterprises are more likely to say that the state hinders business. It was called an obstacle or an enemy for business by 25% and 28% of such enterprises, respectively. Among medium-sized and large enterprises, these shares are smaller: 24% and 14%, respectively.

The vision of the government's role in conducting business by sector. In the machine-building industry, the role of the state (government) for business is positively spoken about more often than in others: 9% of enterprises in this industry call the state a partner for business. In the rest of the industries represented in this survey, this share does not exceed 8%⁹. No company called the state a friend for business.

On the other hand, in construction materials production, light industry, chemical industry, mechanical engineering, woodworking and metallurgy, 20% or more enterprises called the state an obstacle or an enemy to business.

⁸ In the September 2023 survey, there was no "obstacle" option among the response options, it was added starting in December 2023 to balance the positive and negative characteristics.

⁹ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production." Enterprises in the printing industry are also not considered due to the insufficient sample in this sector for the analysis.

The vision of the government's role in conducting business by region. Only one enterprise among surveyed businesses in the Rivne region considers the state (government) a friend or business partner. Most often, the role of the state for business is characterized positively in Zhytomyr, Kirovohrad, Kyiv, Odesa, and Rivne regions, where the share of assessments of the role of the government as a partner for business was 25% or more.

At the same time, the highest shares of enterprises whose representatives call the state an obstacle or an enemy to business are recorded in the Vinnytsya, Dnipropetrovsk, and Sumy regions (more than 50%).

SURVEY METHODOLOGY

This report presents the results of the 29th new monthly survey “Ukrainian Business in the Wartime”. The data was collected using a combination of several methods of data collection: a telephone interview of business representatives filling their responses into the online checklist by the interviewers, and in a small number of cases, self-completion of the checklist by representatives of enterprises who, during the previous telephone contact, expressed a desire to independently enter data in the online checklist. All responses (filled by the respondents themselves and provided to the interviewers) were collected in one database. After the survey, IER experts monitored and cleaned up the data and analyzed the responses.

In this survey, we continue examining the indicators of the business climate and conditions studied by the IER in the quarterly surveys of industrial enterprises within the project “Business Survey”. It includes indices that in numerical terms show monthly changes in such important business indicators as production and sales, exports, raw materials and supplies stocks, the new orders number, etc., and business expectations for their changes for the next three- and six-month periods.

These indices are calculated according to a single methodology. We count responses as +1 when the company responds that the rate has increased, 0 if it has not changed, and -1 if it has decreased. For example, if out of 100 respondents, 20 indicated an increase in production, 50 respondents its reduction, and 30 said that everything remained unchanged, the corresponding value of the index will be -0.30. A positive (negative) index value means that the share of enterprises where production has increased is larger (smaller) than the number of those where production has decreased. For a more accurate measurement at the micro-data level, each answer is weighted, taking into account the enterprise size by the number of workers.

Such indices help control the dynamics of changes in these indicators, compare them over time and quickly assess the general direction of changes in business conditions and the situation at the enterprises.

The field phase of the survey lasted from September 16 to 30, 2024.

SAMPLE

A total of 473 enterprises were surveyed in the 29th wave. They are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytskyi, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 4 to 43 enterprises were surveyed¹⁰.

The majority of the sample consisted of industrial enterprises – 418 enterprises or 88% of the sample. Among them, the food industry and light industry, and engineering prevail. Ten enterprises belong to the agricultural sector (2.1 % of the sample) and 25 to trade (5.1% of the sample). 16 enterprises, or 3.4% of the sample, work in the service sector. And five enterprises (1.1%) belong to the construction sector.

These are companies of various sizes, determined by the number of workers among the enterprises surveyed. Among them: micro-enterprises (up to 10 workers) – 64 or 14% of the sample, small (from 11 to 50 workers) – 140 or 30% of the sample, medium-sized (from 51 to 250 workers) – 163 or 35% of the sample, and large (more than 250 workers) – 106 or 22% of the sample.

¹⁰ The survey indicated the region in which the enterprise was located at the time of the survey.

APPENDIX 1. Survey results in figures

Sample

Enterprises' size

	Number	Share of sample
Micro-	65	14%
Small	140	30%
Middle	163	35%
Large	106	23%
TOTAL	473	100%

Sector/ industry

	Number	Share of sample
Agriculture	10	2,1%
Metal production and metalworking	24	5,1%
Chemical industry	19	4%
Mechanical engineering	34	7,2%
Woodworking industry	18	3,8%
Construction materials production	18	3,8%
Food industry	120	25,4%
Light industry	43	9,1%
Printing industry	7	1,5%
Other industries	135	28,5%
Construction	5	1,1%
Trade	24	5,1%
Services	16	3,4%
TOTAL	473	100%

Performance indicators of enterprises and business environment by size, indices (September 2024)

	Total	Micro	Small	Middle	Large
Production	0,18	-0,16	0,01	0,15	0,35
Expected changes in production	0,38	0,10	0,21	0,40	0,51
Sales	0,17	-0,16	0,04	0,15	0,30
Expected sales changes	0,38	0,11	0,20	0,40	0,52
Export	0,13	-0,30	-0,18	0,13	0,26
Expected changes in exports	0,34	0,05	0,03	0,40	0,44
Account receivables	-0,05	-0,11	-0,04	-0,11	0,02
Expected changes in account receivables	-0,13	-0,11	-0,23	-0,18	-0,04
Account payables	-0,07	-0,24	-0,12	-0,07	-0,01
Expected changes in accounts payable	-0,14	-0,19	-0,25	-0,18	-0,04
Tax arrears	-0,12	-0,24	-0,16	-0,12	-0,08

	Total	Micro	Small	Middle	Large
Expected changes in tax arrears	-0,14	-0,30	-0,22	-0,14	-0,06
Stocks of raw materials	0,13	0,03	-0,07	0,08	0,32
Expected changes in stocks of raw material	0,25	0,18	0,03	0,21	0,46
Stocks of finished goods	-0,03	-0,06	-0,11	-0,09	0,08
Expected changes in stocks of finished goods	0,07	-0,16	0,00	0,05	0,14
New orders	0,12	-0,18	-0,01	0,12	0,23
Expected changes in new orders	0,33	0,24	0,17	0,32	0,45
Purchase prices	0,26	0,31	0,31	0,21	0,29
Expected changes in purchase prices	0,44	0,33	0,34	0,45	0,51
Domestic sales prices	0,22	0,26	0,23	0,19	0,25
Changes in the domestic sales prices	0,42	0,27	0,31	0,45	0,48
Number of workers	-0,05	-0,13	-0,02	-0,05	-0,07
Expected changes in the number of workers	0,03	0,02	-0,02	0,04	0,05
Number of workers on forced leave	0,01	-0,05	0,02	0,02	0,02
Expected changes in the number of workers on forced leave	0,11	0,02	0,1	0,16	0,09
Skilled workers	0,56	0,56	0,53	0,51	0,6
Unskilled workers	0,35	0,36	0,28	0,33	0,39
Business activity assessment	0,10	-0,22	0,01	0,07	0,23
Expected changes in business activity	0,31	0,12	0,14	0,24	0,53
Assessment of the business environment	0,07	-0,24	-0,06	0,05	0,22
Expected changes in the business environment	0,29	0,11	0,05	0,26	0,51
Do you plan to expand your company's activities in the next two years	0,14	0,21	0,13	0,15	0,13
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,20	-0,2	0,01	0,17	0,43

Performance indicators of enterprises and business environment by sector, indices (September 2024)

	Total	Metal production and metalworking	Chemical Industry	Engineering	Woodworking industry
Production	0,18	0,08	0,21	0,00	-0,06
Expected changes in production	0,38	0,17	0,22	0,30	0,50
Sales	0,17	0,04	0,16	-0,03	0,00

	Total	Metal producti on and metalw orking	Chemical Industry	Engineerin g	Woodwor king industry
Expected sales changes	0,38	0,17	0,22	0,27	0,50
Export	0,13	0	0,14	-0,18	0,00
Expected changes in exports	0,34	0,08	0,00	0,11	0,50
Account receivables	-0,05	0	-0,20	0,00	0,13
Expected changes in account receivables	-0,13	-0,15	-0,31	-0,08	0,00
Account payables	-0,07	-0,11	-0,13	-0,19	0,11
Expected changes in accounts payable	-0,14	-0,11	-0,37	-0,08	0,00
Tax arrears	-0,12	-0,1	-0,15	-0,12	0,00
Expected changes in tax arrears	-0,14	-0,11	-0,29	-0,13	-0,11
Stocks of raw materials	0,13	-0,04	0,11	-0,03	-0,18
Expected changes in stocks of raw material	0,25	0,17	0,05	0,07	0,29
Stocks of finished goods	-0,03	-0,08	-0,05	-0,06	-0,07
Expected changes in stocks of finished goods	0,07	0,09	-0,22	0,00	0,40
New orders	0,12	0,04	0,17	-0,03	0,06
Expected changes in new orders	0,33	0,29	0,14	0,14	0,44
Purchase prices	0,26	0,22	0,32	0,32	0,11
Expected changes in purchase prices	0,44	0,33	0,47	0,43	0,61
Domestic sales prices	0,22	0,17	0,26	0,24	0,11
Changes in the domestic sales prices	0,42	0,29	0,33	0,36	0,50
Number of workers	-0,05	-0,12	0,05	-0,18	0,00
Expected changes in the number of workers	0,03	-0,19	-0,11	-0,15	0,29
Number of workers on forced leave	0,01	0	0,13	0,10	0,00
Expected changes in the number of workers on forced leave	0,11	0	0,07	-0,05	0,40
Skilled workers	0,56	0,67	0,39	0,66	0,75
Unskilled workers	0,35	0,45	0,17	0,50	0,33
Business activity assessment	0,10	-0,13	0,11	-0,12	-0,06
Expected changes in business activity	0,31	0,14	-0,15	0,16	0,31
Assessment of the business environment	0,07	-0,14	0,06	-0,12	0,00
Expected changes in the business environment	0,29	0,05	-0,23	0,04	0,43
Do you plan to expand your company's activities in the next two years	0,14	0,11	0,20	0,05	0,18

	Total	Metal producti on and metalw orking	Chemical Industry	Engineer ing	Woodwor king industry
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,20	0,09	0,05	0,19	0,12

	Total	Construc tion material s producti ons	Food Industry	Light industry	Printing industry
Production	0,18	0,00	0,22	0,16	0,00
Expected changes in production	0,38	-0,11	0,27	0,44	0,43
Sales	0,17	-0,06	0,21	0,14	0,00
Expected sales changes	0,38	-0,11	0,26	0,46	0,43
Export	0,13	-0,29	0,19	0,05	-0,67
Expected changes in exports	0,34	-0,37	0,30	0,35	-0,25
Account receivables	-0,05	-0,29	-0,06	0,08	0,17
Expected changes in account receivables	-0,13	-0,40	-0,18	-0,04	0,14
Account payables	-0,07	-0,36	-0,01	-0,04	-0,17
Expected changes in accounts payable	-0,14	-0,33	-0,21	-0,07	-0,14
Tax arrears	-0,12	-0,27	-0,11	-0,09	0,00
Expected changes in tax arrears	-0,14	-0,33	-0,19	-0,08	0,00
Stocks of raw materials	0,13	-0,06	0,18	0,05	0,00
Expected changes in stocks of raw material	0,25	-0,17	0,22	0,28	-0,50
Stocks of finished goods	-0,03	-0,11	-0,11	-0,03	0,00
Expected changes in stocks of finished goods	0,07	-0,11	-0,03	0,05	0,00
New orders	0,12	-0,12	0,15	0,19	-0,14
Expected changes in new orders	0,33	-0,11	0,25	0,45	0,00
Purchase prices	0,26	0,18	0,28	0,41	0,57
Expected changes in purchase prices	0,44	0,11	0,48	0,50	0,33
Domestic sales prices	0,22	0,17	0,25	0,29	0,14
Changes in the domestic sales prices	0,42	0,17	0,48	0,46	0,00
Number of workers	-0,05	-0,11	-0,05	-0,12	0,00
Expected changes in the number of workers	0,03	-0,13	-0,08	0,10	0,00

	Total	Construc tion material s producti ons	Food Industry	Light industry	Printing industry
Number of workers on forced leave	0,01	0,00	0,00	0,03	0,00
Expected changes in the number of workers on forced leave	0,11	0,08	0,04	0,17	0,00
Skilled workers	0,56	0,60	0,62	0,60	0,83
Unskilled workers	0,35	0,13	0,55	0,28	0,40
Business activity assessment	0,10	-0,29	0,14	0,10	-0,43
Expected changes in business activity	0,31	0,14	0,22	0,32	0,00
Assessment of the business environment	0,07	-0,06	0,10	0,02	-0,67
Expected changes in the business environment	0,29	0,00	0,19	0,31	-0,17
Do you plan to expand your company's activities in the next two years	0,14	0,00	0,14	0,30	0,60
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,20	0,06	0,15	0,10	-0,29