

New Monthly Enterprises Survey

Issue 28. (08.2024)
Ukrainian Business in Wartime

Project implementation:



Institute for Economic Research and Policy Consulting

Financial support:



The project is implemented with the financial support of the European Union



International Renaissance Foundation

Authors of the report:

Oksana Kuziakiv, Executive Director at the Institute for Economic Research and Policy Consulting, Project Manager for the project "Support for the Public Initiative "For Fair and Transparent Customs"

Yevhen Anhel, Senior Research Fellow at the Institute for Economic Research and Policy Consulting

Anastasia Gulik, Research Fellow at the Institute for Economic Research and Policy Consulting

Iryna Fedets, Senior Research Fellow at the Institute for Economic Research and Policy Consulting

The research was prepared with the support of the European Union and the International Renaissance Foundation as part of the joint initiative "European Renaissance of Ukraine." The survey represents the authors' position and does not necessarily reflect the position of the European Union or the International Renaissance Foundation.

INSTITUTE FOR ECONOMIC RESEARCH AND POLICY CONSULTING

Reytarska 8/5-A, 01054 Kyiv, Ukraine

tel.: +38(044) 278-63-42; +38 (044) 278-63-60; fax: +38(044) 278-63-36

institute@ier.kyiv.ua

www.ier.com.ua

[Facebook IER](#)

[Facebook "For Fair and Transparent Customs"](#)

[Telegram channel "Fair Customs"](#)

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

Dear ladies and gentlemen, we present you with the **twenty- eighth 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.

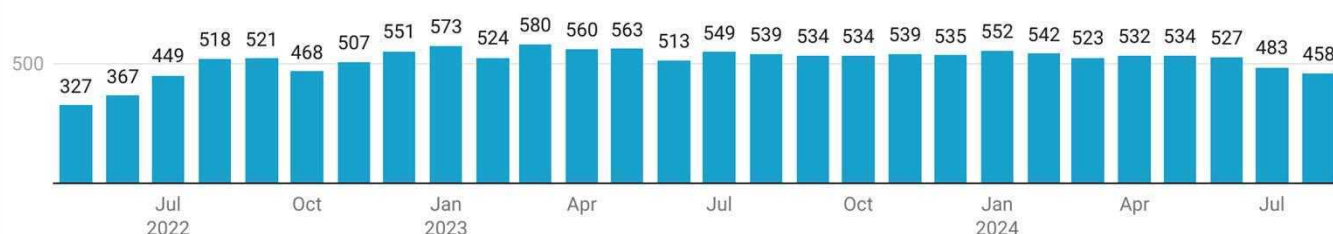
We are grateful to the analytical system YouControl (<https://youcontrol.com.ua/>) for the opportunity to use the data to form a panel sample.

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.

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-eighth wave of the survey, the answers of 458 respondents were received.

Fig. 1 Number of enterprises surveyed



Created with Datawrapper

They include mainly industrial enterprises (89%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattya, 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



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 eighth wave lasted from August 14 to 30, 2024. The enterprises' managers compared the results of work August 2024 with July 2024, assessed the state of the indicators at the time of the survey (August 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 August 2024, against the background of problems with access to electricity, business expectations are ambiguous and somewhat contradictory. Although the recovery of business activity has slowed significantly compared to last year, medium-term expectations, which declined last month, are beginning to improve again. At the same time, the companies' long-term plans remain consistently positive and unchanged. The Business Activity Recovery Index continued its downward trend, while the Industrial Confidence Indicator remained unchanged for the third month in a row. Production indicators continue to deteriorate gradually, but the trend to expect deterioration in the short term has stopped. The total share of businesses operating near full and full capacity is the lowest since spring 2022. The growing difficulties in finding workers with the necessary qualifications have stopped, and the managers of enterprises expect an increase in the number of workers. Expectations regarding the rate of growth in prices of raw materials and finished goods have slowed down. "Power outages" remained in first place on the list of obstacles with a decrease in significance, while "unsafe to work" decreased in significance and shared third place with "rising prices". At the same time, with an increase in significance, "lack of labor" was in second place in the rating of obstacles. Negative assessments of the government's economic policy have increased significantly.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- The BUSINESS ACTIVITY RECOVERY INDEX in August 2024 decreased from 0.13 to 0.08.
- The INDEX OF CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE increased slightly in August, from 0.07 to 0.09.
- Expectations of enterprises regarding changes in the financial and economic situation in the six-month perspective stopped decreasing. The INDEX OF EXPECTED CHANGES IN THE BUSINESS ACTIVITY AT THE ENTERPRISE increased from 0.22 to 0.33.
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX in August compared to July did not change significantly and amounts to 0.04 (it was 0.03).
- Expectations regarding changes in the overall economic environment in half a year are insignificant but still improved, and the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.24 to 0.26.
- Two-year expectations regarding the prospects for the expansion of business activity have not changed, and the EXPECTED BUSINESS ACTIVITY INDEX in August, as in July, is 0.13.
- The level of uncertainty in the two-year perspective has not changed significantly for the fourth month in a row. At the same time, uncertainty in the six-month and short-term perspective has decreased (for most indicators).

PRODUCTION

- In August 2024, the trend towards a gradual slowdown in the production growth rate continued: the PRODUCTION INDEX decreased from 0.16 to 0.12 due to an increase in the share of those who reduced production volumes.
- The downward trend in expectations for the next three months has stopped. The INDEX OF EXPECTED CHANGES IN PRODUCTION increased slightly, from 0.37 to 0.39.
- The value of the INDUSTRIAL CONFIDENCE INDICATOR did not change compared to last month. In August and July, the value was 0.11 (0.12 in June).

DEMAND AND SALES

- Sales and new order growth rates continued to slow down. The value of the SALES INDEX decreased from 0.14 to 0.17, and the value of the NEW ORDERS INDEX decreased from 0.14 to 0.05.
- Business expectations for demand have increased slightly, while new orders are expected to slightly decrease. The value of the INDEX OF THE EXPECTED CHANGES IN THE SALES increased from 0.37 to 0.39, but the value of the INDEX OF THE EXPECTED CHANGES IN THE NEW ORDERS decreased from 0.38 to 0.34.

PRICES

- The PURCHASE PRICE INDEX increased significantly and is 0.29 (for three months in a row, it was 0.18). The INDEX OF EXPECTED CHANGES IN PURCHASE PRICE eased slightly after a two-month rise, from 0.38 to 0.34.
- The DOMESTIC SALES PRICE INDEX doubled, from 0.12 to 0.24. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE decreased from 0.38 to 0.32.

DEBTS

- In August, compared to July, indicators regarding the accumulation of debts did not change significantly. The receivables indicator is -0.10 (was -0.11); the payables indicator continued its upward trend and increased slightly, from -0.14 to -0.10. The indicator of tax arrears slightly decreased, from -0.17 to -0.19.
- In the three months, a further increase in accumulations for two types of debts is expected. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE increased significantly, from -0.17 to -0.08. The indicator of expectations for payables has not changed significantly and is -0.16 (it was -0.17). The INDEX OF EXPECTED CHANGES IN TAX ARREARS increased from -0.20 to -0.17.

EMPLOYMENT

- The NUMBER OF WORKERS INDEX increased from -0.09 to -0.02 after a three-month layoff.
- The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS continued its upward trend, increasing from -0.07 to 0.07, changing its sign to positive.
- The INDEX OF THE NUMBER OF WORKERS ON FORCED LEAVE did not change significantly after a three-month increase and was 0.01 in August (it was 0.02). The EXPECTED CHANGES INDEX has also not changed significantly and amounts to 0.01 (it was zero).
- In August, difficulties in finding workers with the necessary qualifications stopped growing. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS is 0.33 (it was 0.34). The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS has not changed and is the same as last month at 0.49.

AVAILABILITY OF ORDERS

- In August 2024, the order portfolio among the surveyed enterprises increased significantly compared to the previous year: the average term of new orders was seven months, which is the highest value for the previous year and significantly more than it was in July when this term was four months.
- The share of enterprises with orders for a year or more in advance increased to 18%. At the same time, the share of enterprises with orders for no more than two months was 46%, which was the lowest level over the last year.

OBSTACLES TO DOING BUSINESS IN WARTIME

- Power outages, despite a significant decrease in value (from 78% to 65%), remain in the 1st place in the rating of obstacles.
- Labor shortage increased from 47% to 63% and rose from 3rd to 2nd place.
- The work hazards caused by a full-scale Russian invasion decreased in importance (from 58% to 46%), dropping from 2nd to 3rd place.
- The increasing prices of raw materials and goods significantly increased in value (from 32% to 46%) and rose from the 4th to the 3rd place, which this obstacle shared with the work hazards due to Russian aggression.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In August 2024, only 10% of businesses reported operating at full capacity (100% or more). This is the lowest reading since October 2023 in all waves of the survey, which may point to a slowdown in production in the summer of 2024 due to power outages.
- In August 2024, almost a third (32%) of enterprises were operating at less than half capacity or were not operating compared to pre-war times. It is the highest figure since the autumn of 2022, and the winter of 2022-2023, when there were problems with power after the Russian attacks.
- The decrease in capacity utilization of the SME sector continued. In particular, among medium-sized enterprises, the share of companies that worked at almost full and full capacity decreased for the second month from 69% in June to 55% in July and 51% in August.

- Capacity utilization also decreased for large businesses: from 56% in July to 51% in August.
- The food industry remains the leader in the recovery of the processing industry but has shown a significant reduction in production capacity utilization. In August 2024, 54% of food industry enterprises were operating at near full and full capacity (up from 55% in July and 70% in June).
- The lowest level of production capacity utilization is in the chemical industry (20% in August) and metallurgy and metalworking (21%).

POWER OUTAGES EFFECT

- Almost three-quarters (73%) of businesses were temporarily suspended due to power outages in July 2024.
- 39% of enterprises stopped operations for only 1-10% of working time, and 24% stopped work for 11-25% of working time.
- In July 2024, businesses lost 11% of total working hours due to power outages.
- Micro and small enterprises suffered more losses (16% and 12% of working time on average).
- Woodworking (18% of working time) and construction materials production (16%) have the largest time losses among industries.

EXPORTING ENTERPRISES

- In August 2024, 61% of respondents reported exporting before the war, continuing to export during the war, or starting to export during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In August 2024, 81% of respondents indicated that they exported before the war, and continued to export during the last 12 months.
- Some businesses cannot overcome new challenges for export activities. As of August 2024, 17% of enterprises were exporting before the war, but could not resume exports during the last 12 months. Similar results during the last year confirm the stagnation of the export activity recovery.

GOVERNMENT POLICY

- The share of positive assessments of the government's business support policy has not changed significantly and is 4% (it was 6% in July and June).
- The share of neutral assessments of the policy decreased significantly: from 66% to 58%, while the share of negative assessments increased significantly: from 21% to 31%.
- The most expected events and changes for business in August 2024 were the end of the war, tax reduction, and the protection and restoration of the energy system of Ukraine, as well as the reservation of workers.

ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

BUSINESS ACTIVITY RECOVERY INDEX

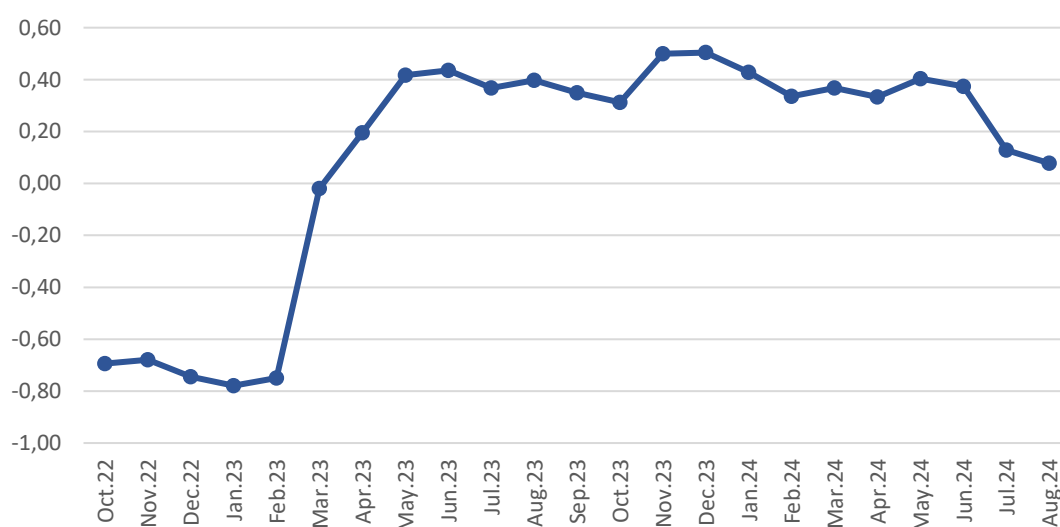
The rate of business activity recovery has slowed down. The BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) decreased from 0.13 to 0.08. The share of respondents who indicated that the situation has worsened has increased (from 15.3% to 20.6%), while the share of those for whom the situation has become better than it was a year ago has not changed significantly and is 28.3% (there were 28, 2%). The share of those who believe nothing has changed compared to last year decreased from 56.4% to 51.1%.

Size. The recovery of business activity significantly depends on the size of the enterprise. Compared to last year, large enterprises feel the best, with a score of 0.37. Medium enterprises' indicator is significantly lower but still has a positive value of 0.09. Small (-0.01) and micro-enterprises (-0.24) have a negative value of the indicator.

Region. Chernivtsi (0.69) and Zaporizhzhia (0.66) regions have the highest indicator. The indicators of Ternopil (-0.90), Volyn (-0.55), and Sumy (-0.50) regions are the lowest.

Sector. The highest value of the index was recorded for the chemical industry (0.21) and metalworking (0.18). The woodworking industry has the lowest indicator (-0.19).

Fig.3. Business Activity Recovery Index



INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

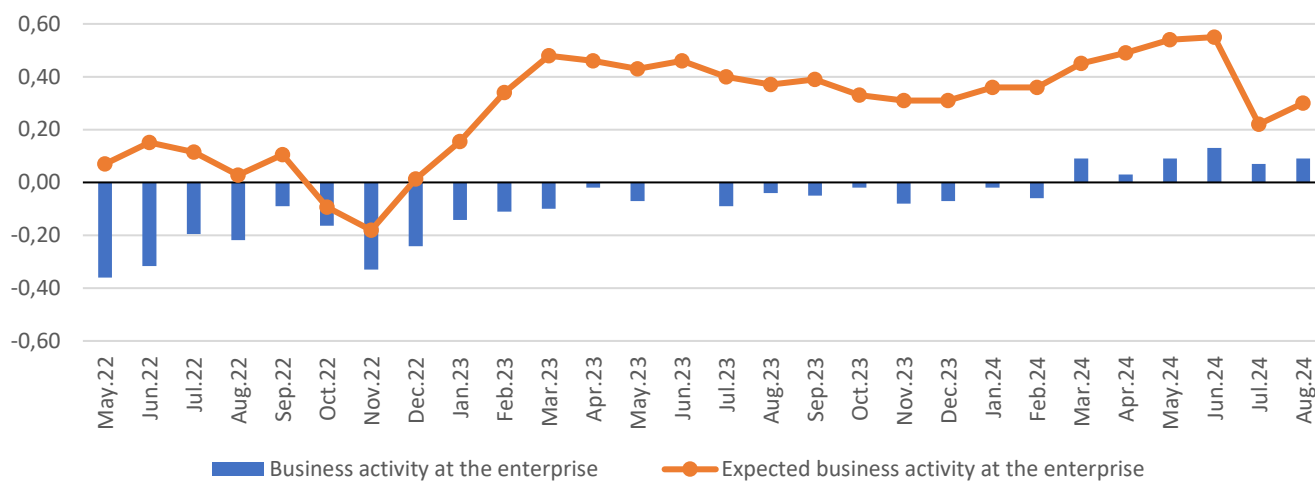
BUSINESS ACTIVITY AT THE ENTERPRISE

Assessments of the business activity for six months have somewhat improved. The CURRENT BUSINESS ACTIVITY INDEX increased slightly, from 0.07 to 0.09. Both the share of those who assess the business activity at the enterprise as good (from 14.3% to 19.1%) and the share of respondents who give negative assessments (from 12.6% to 16.1%) increased. The share of those who consider the business activity at the enterprise to be satisfactory decreased from 73.1% to 64.8%.

Expectations for the six months improved after a significant deterioration last month. The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY increased from 0.22 to 0.30. The share of "optimists" increased (from 29% to 37.2%), and at the same time, the share of those who expect deterioration did not change significantly and is 9.7% (it was 9.6%). The share of those who do not expect any changes decreased from 61.4% to 53.0%.

The share of those who could not give a forecast for the next six months did not change significantly and is 20.3% (it was 21.9%).

Fig.4. Business activity at the enterprise, indices



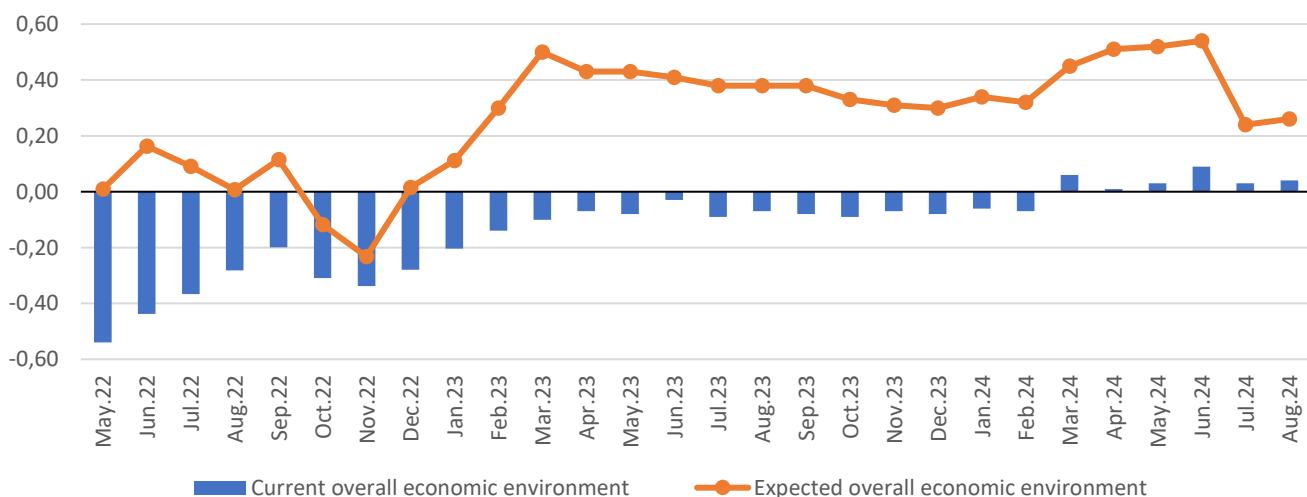
OVERALL ECONOMIC ENVIRONMENT

Assessments of the overall economic environment have not changed significantly. The value of the corresponding INDEX in August is 0.04 (it was 0.03). The share of those who assess the overall economic environment as bad (from 18.9% to 23.6%), and the share of those who give positive assessments have increased significantly (from 16% to 21.1%). The share of those who consider the overall economic environment satisfactory decreased from 65.1% to 55.4%.

The enterprises' forecasts regarding changes in the overall economic environment for the next six months, although not significantly, have improved: THE INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.24 to 0.26. The share of "optimists" regarding changes in the overall economic environment increased (from 31.1% to 35.4%), as well as the share of "pessimists" (from 10.8% to 13.3%). The share of those who believe the overall economic environment will not change significantly over the next six months decreased from 58.1% to 51.3%.

The share of those who could not give forecasts regarding the overall economic environment decreased from 28.0% to 21.2%.

Fig.5. Overall economic environment, indices

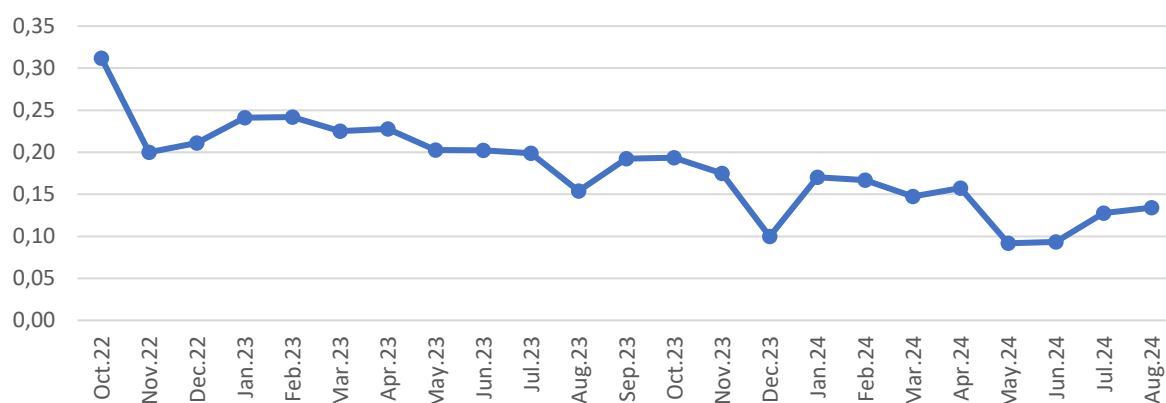


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity remain unchanged. THE INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY IS 0.13, the same as last month. The share of those who plan to expand their activities (from 15.3% to 18.1%) and the share of those who plan to reduce their activities (from 2.6% to 4.7%) have slightly increased. The share of those who plan to stay at the current level decreased from 82.1% to 77.2%.

The percentage of those who could not give a forecast for such a distant perspective is in the same range for the fourth month in a row, and in August it was 32.5% (it was 30%).

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



Size. Among enterprises of all sizes, large enterprises have the most optimistic plans for the future, whose indicator is 0.25. The indicator of medium (0.12) and micro enterprises (0.14) is half as low and about the same. Small enterprises have the lowest expectations indicator (0.07).

Region. Significant regional differences were registered. Enterprises of Chernihiv (0.63), Cherkasy (0.45), and Khmelnytsky (0.35) regions have the highest expectations. Sumy (-0.33) and Dnipropetrovsk (-0.07) regions have the lowest and negative value of the indicator.

Sector. Expectations vary by industry. Light (0.23) industry and construction materials production (0.23) have the highest indicators. Indicators of the chemical industry and machine building (0.07 for each industry) are the lowest.

UNCERTAINTY

Two-year expectations

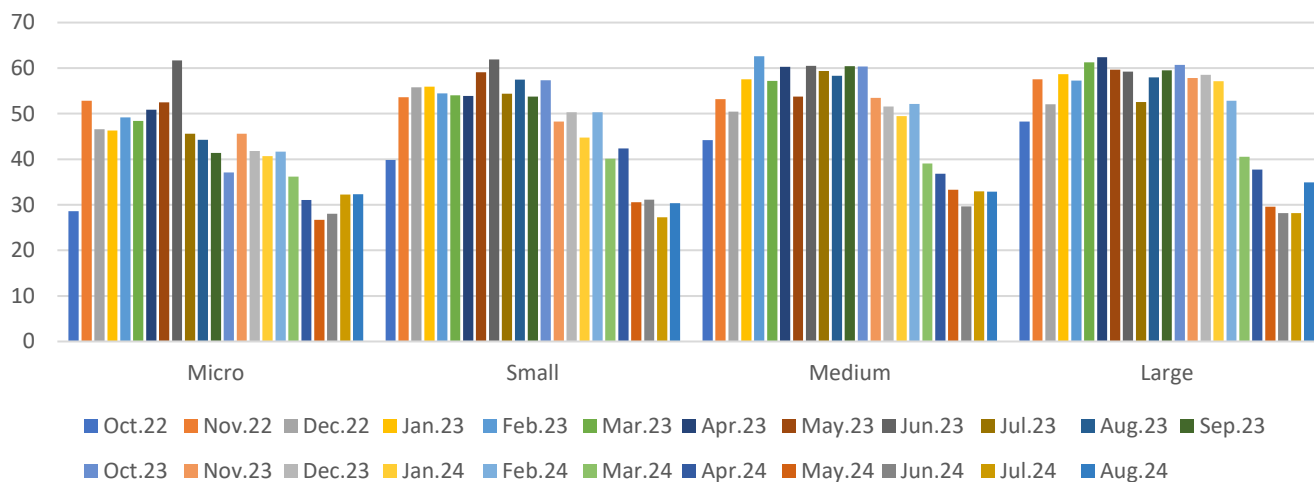
The level of uncertainty regarding the enterprises' plans for the next two years has not changed significantly for the fourth month in a row. In August, 32.5% of respondents could not give an answer regarding the prospects for the next two years (30% in July).

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. In August, the indicator remained unchanged for micro-enterprises (32%, as in July) and medium-sized enterprises (33%, as in the previous month). At the same time, the indicator of uncertainty in the long term increased for small (from 27% to 30%) and large (from 28% to 35%) enterprises.

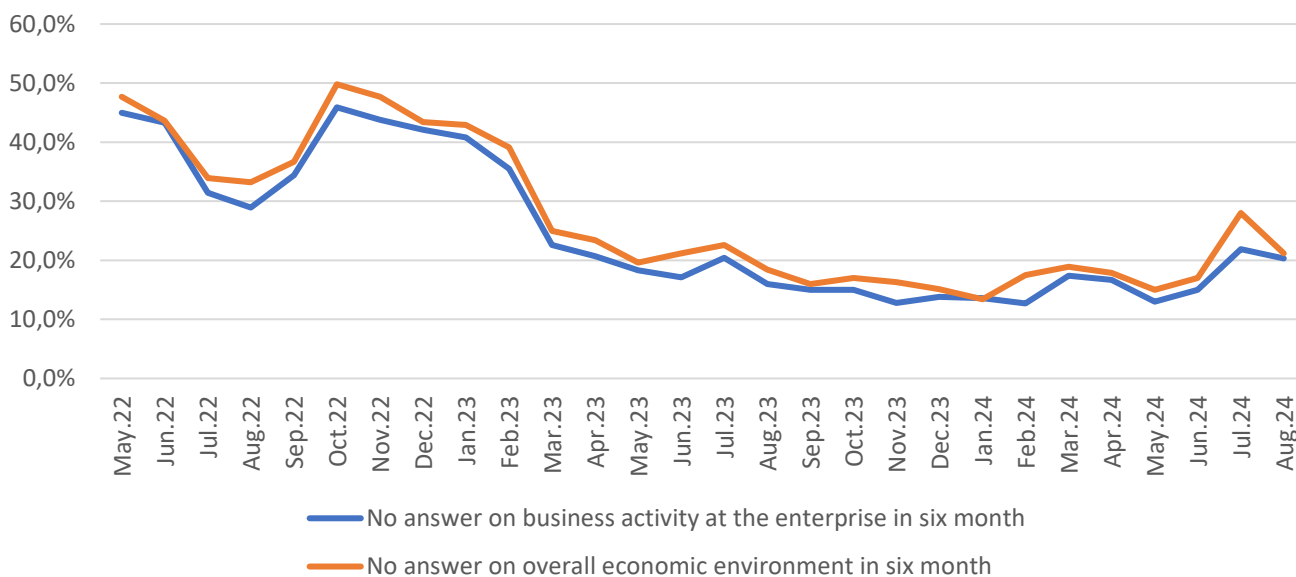
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

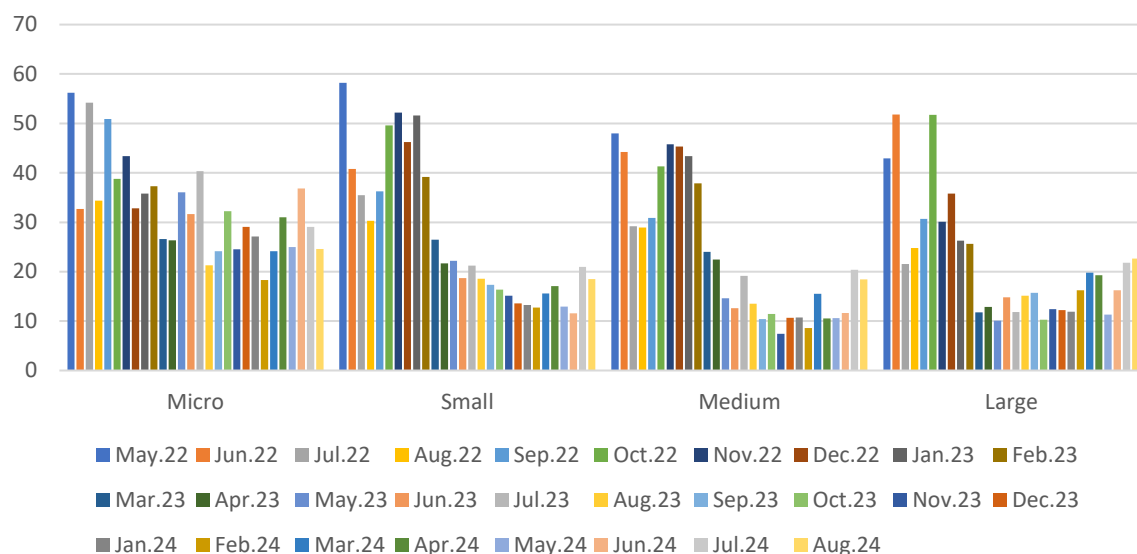
The level of uncertainty in the forecasts for the six months has significantly decreased for the overall economic environment. Uncertainty for the business activity has not changed significantly and the indicator is 20.3% (it was 21.9%). The share of respondents who could not give a forecast regarding changes in the overall economic environment significantly decreased, from 28% to 21.2%.

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



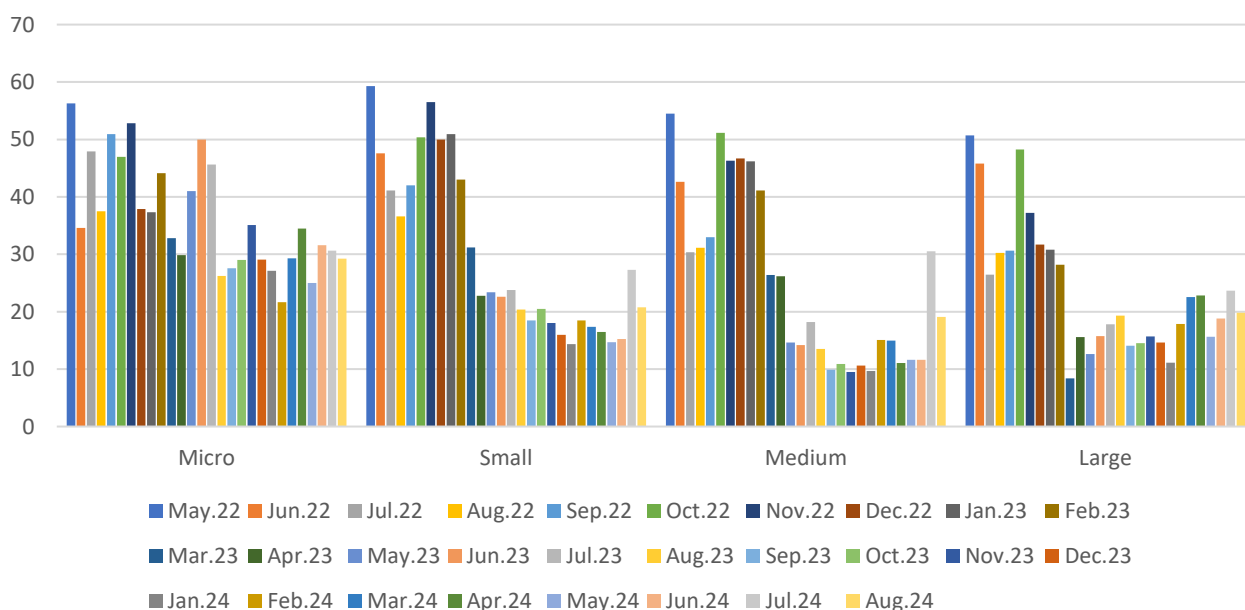
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. Despite the decrease in value from 29% to 25%, the uncertainty indicator remains the highest for micro-enterprises. The indicator for small enterprises decreased from 21% to 19%, and for medium-sized enterprises, the uncertainty in the six months decreased from 20% to 18%. At the same time, the indicator of large enterprises has not changed significantly, and is 23% (it was 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**. Uncertainty decreased most significantly for medium enterprises (from 31% to 19%) and has the lowest value. Uncertainty in the six months also decreased for small (from 27% to 21%) and large (from 24% to 20%) enterprises. Uncertainty about changes in the overall economic environment is the highest for micro-enterprises, although here the indicator also decreased, from 31% to 29%.

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 July 2024, the short-term uncertainty indicator decreased for most production indicators. The uncertainty indicator increased the most for all types of debts, namely for payables (from 14.6% to 20.3%), receivables (from 12.8% to 20.3%), and tax arrears (from 12.8% to 17.7%). Also, uncertainty in the short term has increased for the number of workers on forced leave (from 6.8% to 10%). Uncertainty in the three months did not change significantly for the number of workers (6.8% in July and 5.9% in August) and remained unchanged for exports at 11.8%, the same as last month. The uncertainty indicator decreased the most for prices, namely, for prices of raw materials

and supplies (from 18.6% to 13.8%) and for prices of finished goods (from 16.4% to 11.4%). The short-term uncertainty indicator is the lowest and the same for sales and production at 5.2% (up from 8.7% and 8.3%, respectively, in July).

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



Created with Datawrapper

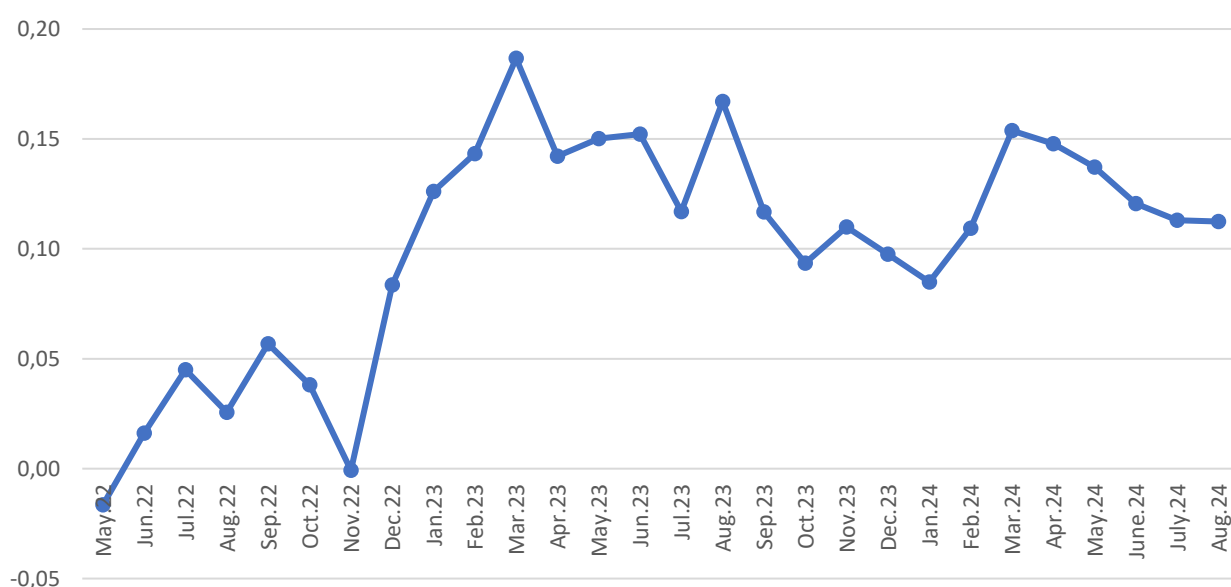
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

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 was 0.12 in June).

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 0.37 to 0.39. (2) *new order portfolio* estimates decreased slightly, from -0.02 to -0.05, and (3) *estimates of finished goods stocks* were unchanged from last month for the third month in a row at 0.11.

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

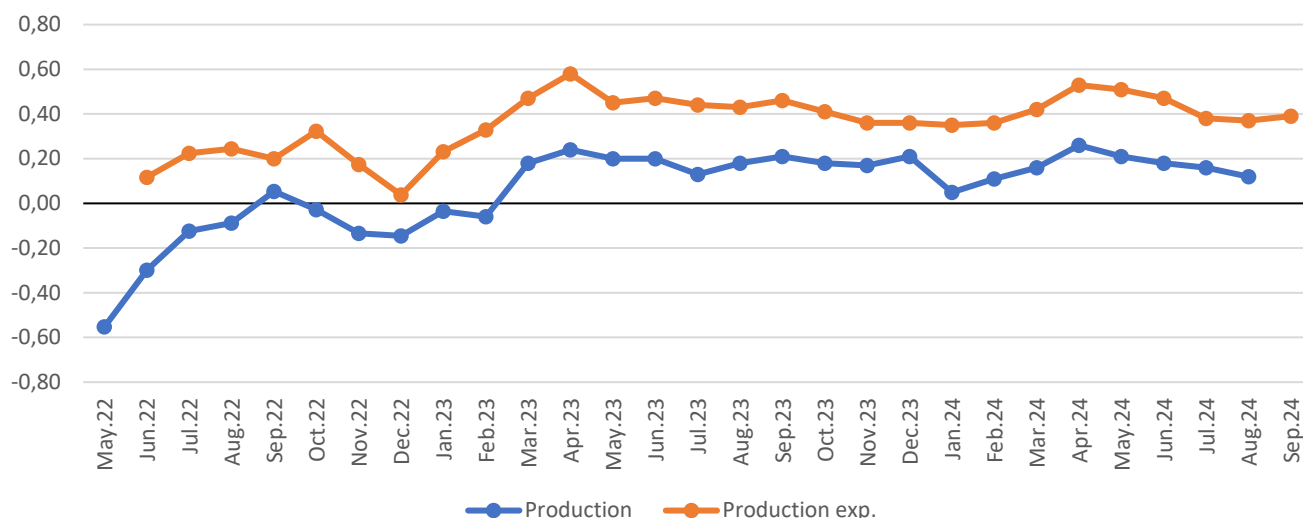
trend towards a gradual reduction in production volume continues. The PRODUCTION INDEX decreased from 0.16 to 0.12. The share of enterprises that reduced production increased from 15.9% to 20.1%. At the same time, the share of companies that increased production volumes did not change significantly and amounts to 23.2% (it was 24.1%). The share of enterprises where no changes occurred decreased from 60% to 56.7%.

Size. Among enterprises of different sizes, the best results are obtained by large companies (0.31). The indicator of medium-sized enterprises is three times smaller but still has a positive value of 0.11. The indicator of small enterprises is negative and is -0.06. The lowest value is for micro-enterprises, whose indicator is -0.42.

Region. Regional differences are significant (the largest value is 1.00, and the smallest is -0.35). The best results were achieved by the enterprises of Poltava (1.00), Rivne (0.33), and Odesa and Zaporizhzhya (0.29 each) regions. The lowest index values were recorded for enterprises in Kharkiv (-0.35), Volyn (-0.35), and Lviv (-0.27) regions.

Sector. Index values vary across sectors and industries. The best situation was in the food industry (0.16) and metalworking (0.08). The lowest and negative value of the indicator is in light industry (-0.23) and construction materials production (-0.11).

Fig.14. Production indices



Expected changes in production

Expectations regarding the growth of production volumes have stopped deteriorating. The INDEX OF EXPECTED CHANGES IN PRODUCTION increased slightly, however, from 0.37 to 0.39. The share of enterprises at which production growth is planned increased from 35.7% to 38.2%. The share of those who do not expect changes decreased from 59.8% to 56.9%. The share of enterprises that plan to reduce production has not changed significantly and amounts to 4.8% (it was 4.5%).

Size. Production expectations depend on the size of the enterprises. The most optimistic is the indicator of large enterprises (0.52). The indicator of medium (0.35) and small (0.30) enterprises is lower and about the same. Micro enterprises (0.06) have the lowest indicator.

Region. Enterprise plans depend significantly on the region of location. Poltava (1.00), Cherkasy (0.88), and Zakarpattia (0.83) regions have the most optimistic plans for production growth. Kharkiv (-0.10), Ternopil (-0.09), and Chernivtsi (-0.08) regions have the lowest and negative value of the indicator.

Sector. Production expectations for three months depend on the industry. The highest indicators of expectations are for machine building (0.43) and woodworking (0.40) industries. Metal processing has the lowest value of the indicator (0.09).

SALES

Changes compared to the previous month

The sales growth rate continued its downward trend. The SALES INDEX decreased from 0.14 to 0.12. In percentage distribution, the share of those who reduced production volumes increased from 16.8% to 22.4%. The share of enterprises where there were no changes dropped from 59.2% to 52.3%. The share of enterprises that increased sales also did not change significantly and amounted to 25.3% (it was 24%).

Size. The SALES INDEX of large enterprises (0.33) is the highest. The indicator of medium-sized companies is significantly lower and is 0.99, although it still has a positive value. The value for small (-0.07) and micro-enterprises (-0.40) is significantly lower and negative.

Region. The highest SALES INDEX was recorded for Poltava (1.00), Rivne (0.33) and Odesa (0.29) regions. Kharkiv (-0.35), Volyn (-0.28) and Lviv (0.27) regions have the lowest indicator.

Sector. Food (0.14) and metal processing (0.09) have the highest SALES INDEX. Construction materials production (-0.16) and light industry (-0.13) have the lowest and negative value of the indicator.

Expected changes in sales

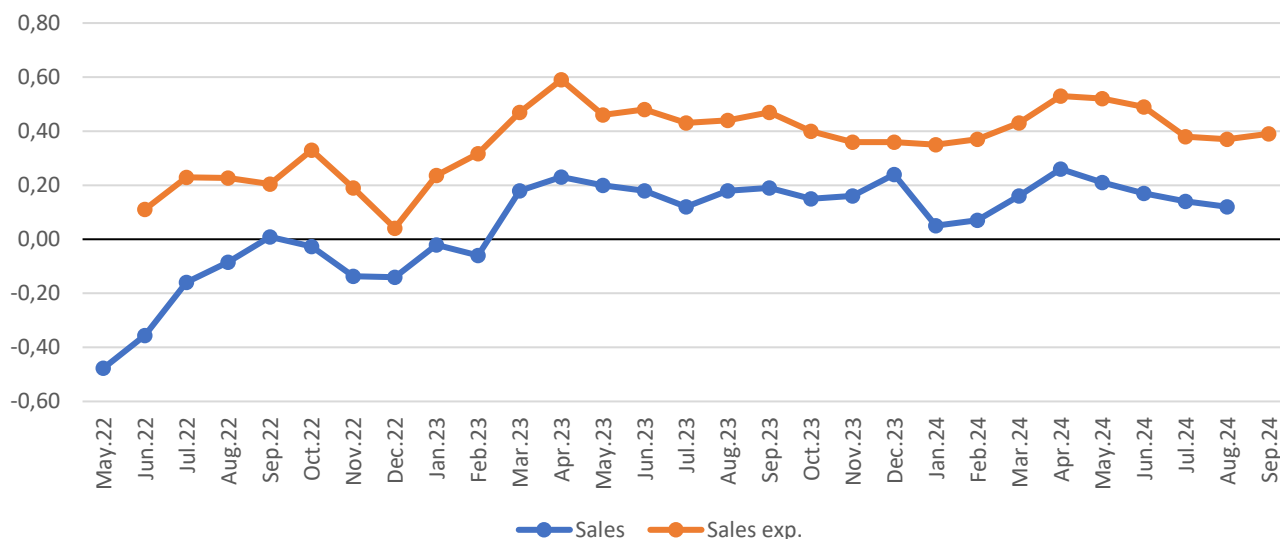
Sales expectations have stopped deteriorating. The INDEX OF EXPECTED CHANGES IN SALES increased slightly from 0.37 to 0.39. The share of those planning to reduce sales increased slightly, from 4.8% to 6%, and the share of respondents planning to increase sales increased from 35.9% to 39.5%. The percentage of respondents who believe nothing will change decreased from 59.3% to 54.5%.

Size. The indicator of expectations for large enterprises (0.51) is the highest. The indicator of medium (0.36) and small (0.32) enterprises is significantly lower and approximately the same. The lowest indicator of sales growth expectations is for micro-enterprises, which is 0.02.

Region. The best expectations were recorded in Poltava (1.00), Cherkasy (0.92), and Zakarpattya (0.83) regions. The indicator of expectations for Sumy (-0.12) and Kharkiv (-0.10) regions is the lowest.

Sector. Machine building (0.47) and woodworking (0.45) industries have the highest sales expectations. The indicator for sales growth for construction materials production, which has a value of zero, is the lowest.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

Export growth rates have remained almost unchanged for several month in a row. The value of the EXPORT INDEX decreased, but not significantly, from 0.12 to 0.09. In terms of percentage distribution, the share of respondents whose export volumes decreased slightly increased (from 16.2% to 20.6%), while the share of enterprises that increased exports did not change significantly and amounted to 21% (it was 21.6%). The share of enterprises whose export volumes remained unchanged decreased from 62.2% to 58.4%.

Size. The EXPORT INDEX is higher and approximately the same for large (0.22) enterprises. The value of medium enterprises (0.05), although significantly lower, is still positive. The indicator of small enterprises is -0.13. The indicator for micro-enterprises, which is -0.53, is significantly worse and the lowest.

Region. Poltava (0.79) and Zaporizhzhya (0.35), as well as Odesa and Rivne regions (0.33 each) have the highest indicators. The lowest value is for the city of Kyiv (-0.62) and Sumy (-1.00) region.

Sector. The EXPORT INDEX is better for metalworking (0.17) and food (0.12) industries. Construction materials production (-0.50) and machine building (-0.22) have the lowest value of the indicator.

Expected changes in export

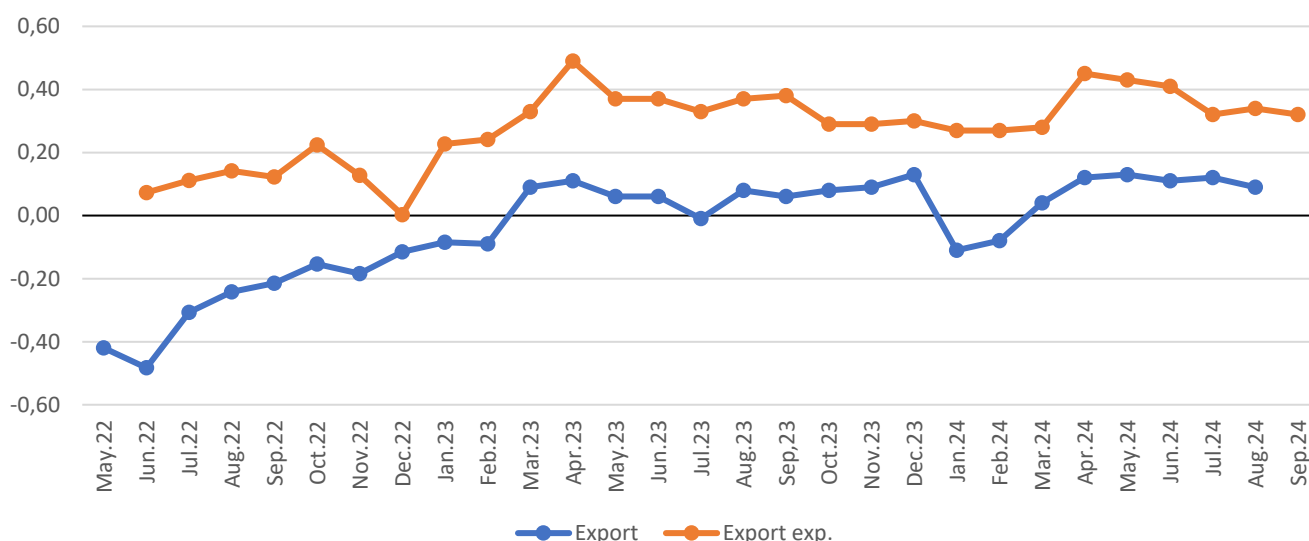
Entrepreneurs do not expect significant changes in the indicator for the next three months. The INDEX OF THE EXPECTED CHANGES IN EXPORTS is 0.32 (it was 0.34). There were no significant changes in the percentage distribution. The share of those who plan to increase exports is 31.8% (it was 32.3%). The share of those who plan to reduce it has not changed significantly for several months in a row and is 7.9% (it was 6.9%). The share of those who do not expect any changes is also almost unchanged and amounts to 60.3% (it was 60.8%).

Size. Large (0.43) enterprises have the highest indicator of export expectations. The indicator of medium-sized enterprises is 0.29, and the indicator of small ones, although significantly lower, remains positive and is 0.13. Microenterprises have the lowest export expectations, with an indicator of -0.25 and a single negative value.

Region. The highest index of expected changes in exports was recorded for enterprises in Zakarpattya (1.00), Poltava (0.79), Rivne (0.56) and Odesa (0.54) regions. The expectations of business representatives of the Sumy region (-0.67) are the worst.

Sector. Food (0.28) and chemical (0.27) industries have the highest index of expected changes in exports. Production of construction materials (-0.14) has the lowest value of the indicator.

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of stocks of raw material has slowed down. THE INDEX OF STOCKS OF RAW MATERIALS has been in roughly the same range for several months in a row and was 0.12 in August (0.15 in July). The share of respondents who reported on the accumulation of raw material stocks for the past month has not changed significantly and is 21.2% (it was 22.8%). At the same time, the share of respondents who indicated their reduction slightly increased, from 11.7% to 15.8%. The share of entrepreneurs for whom nothing has changed compared to last month decreased from 65.5% to 62.9%.

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large enterprises (0.37). The indicator of medium and small enterprises is significantly lower and equal to zero. The indicator of micro-enterprises is the lowest and has the only negative value (-0.04).

Region. Most often, the accumulation of raw materials is reported in Poltava (0.96), Zaporizhzhya (0.41), and Volyn (0.23) regions. The indicators of Kyiv (-0.43), Kharkiv (-0.25), and Zhytomyr (-0.23) regions are the lowest.

Sector. The chemical industry (0.25) and metalworking (0.13) have the highest positive value. Indicators of construction materials production (-0.11) and light (-0.13) industry are the lowest.

Expected changes in stocks of raw material

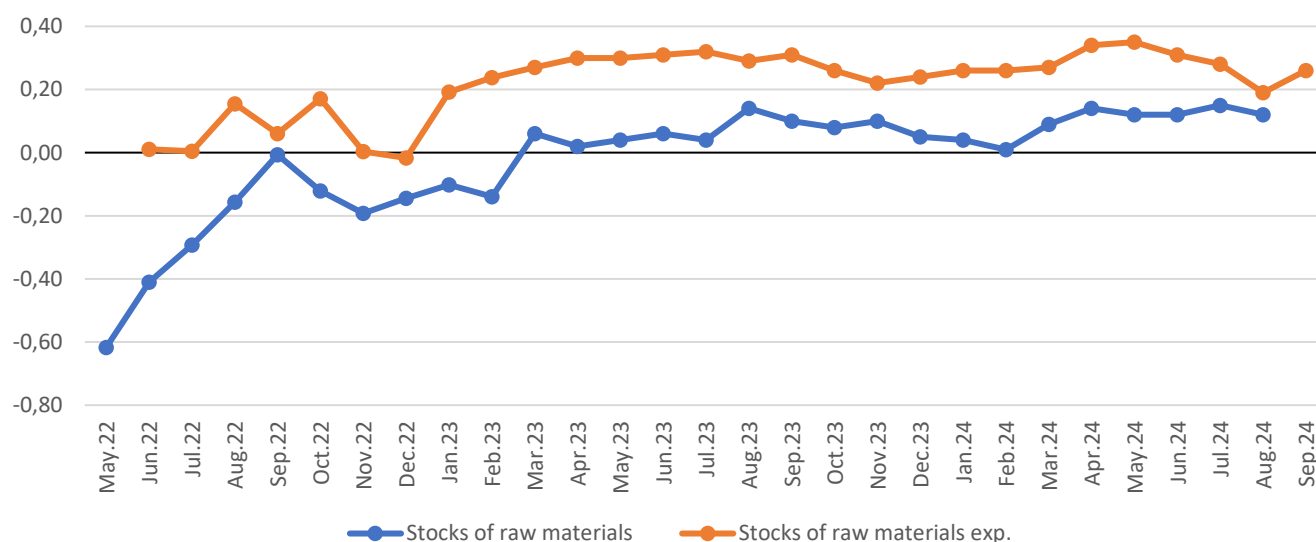
For the next three months, entrepreneurs expect the accumulation of stocks: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS increased from 0.19 to 0.26. The share of respondents who expect the accumulation of raw material stocks has increased significantly, from 23.2% to 30.4%; at the same time, the share of those who believe that raw material stocks will decrease has not changed significantly and is 9.4% (it was 9.3%). The share of those who do not expect changes decreased from 67.4% to 60.1%.

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher for large enterprises and is 0.40. The indicator of medium (0.21) and small (0.16) enterprises is significantly lower. The indicator for micro-enterprises is the lowest with the only negative value: -0.04.

Region. Poltava (0.87), Zakarpattia (0.79), and Odesa (0.50) regions have the highest INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS. The lowest value of the index is for the city of Kyiv (-0.43) and Kharkiv region (-0.15).

Sector. The light (0.22) and chemical (0.21) industries have the highest expectations for changes in raw material stocks. The production of construction materials has the lowest and negative value of the indicator (-0.06).

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

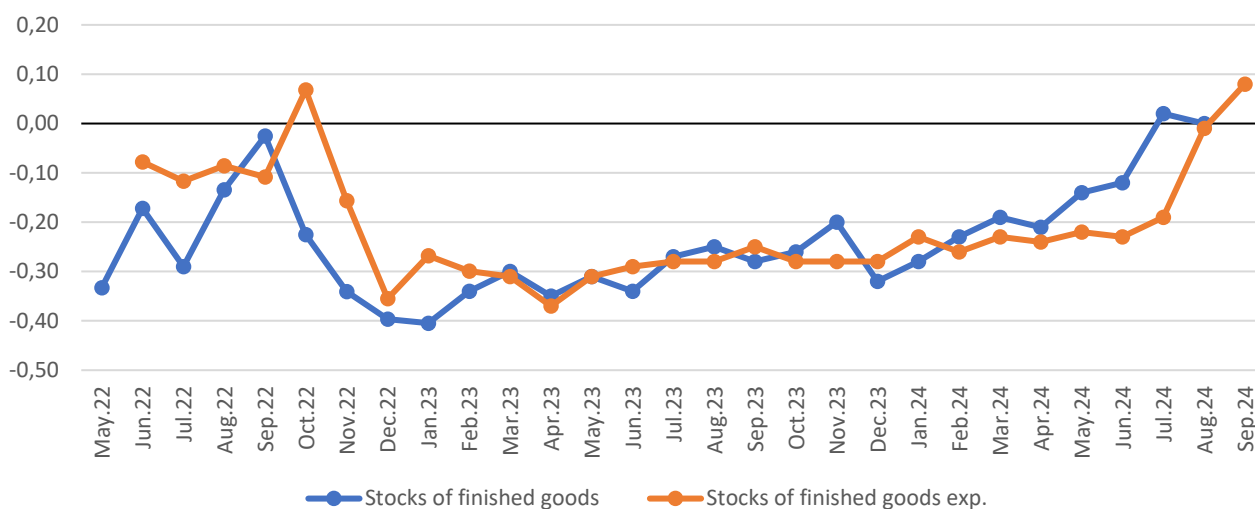
The rate of reduction of stocks of finished goods slowed down. The corresponding index has not changed significantly after the sharp fall last month and the indicator is equal to zero (it was 0.02). The share of respondents who reported a reduction in stocks of finished goods increased slightly, from 15.6% to 18.8%, while the share of respondents whose stocks increased almost did not change and amounted to 13% (it was 14.5%). The share of respondents who did not feel any changes at all also remained without significant changes and is 69.2% (it was 69.9%).

Size. The index is the lowest for micro-enterprises (-0.37), and the indicator of medium enterprises (-0.11) is higher, although still with a negative value. The indicator of small enterprises is 0.01. The indicator of large enterprises (0.14) is the highest.

Region. The value of the index depends on the region. The accumulation of stocks of finished goods is most often mentioned at enterprises of Zaporizhzhya (0.33), Odesa (0.21), and Volyn (0.16) regions. Dnipropetrovsk (-0.75) and Zhytomyr (-0.50) regions have the lowest index.

Sector. Construction materials production and the food industry (-0.17 for each branch) have the lowest indicators. The chemical (0.15) and light (0.13) industries have the highest value.

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

In the future, managers of enterprises expect an acceleration of the rate of accumulation of stocks of finished goods: the INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS continues to grow and increased from -0.01 to 0.0. The share of respondents who believe that the stocks of finished goods will decrease in the next three months decreased from 16.4% to 12.2%, while the share of those who expect them to accumulate increased slightly, from 11.8% to 17%. The percentage of those who believe that nothing will change has not changed significantly and is 70.8% (it was 71.8%).

Size. The value of the indicator depends on the size of the enterprise. The value of the index is the lowest for micro-enterprises (-0.21). The indicator of medium-sized enterprises is 0.04. The indicator of small (0.12) and large companies (0.13) is the highest and approximately the same.

Region. Zakarpattia (0.79), Zaporizhzhya (0.31), and Kirovohrad (0.28) regions have the highest indicator. The lowest indicator is for Dnipropetrovsk (-0.45) and Vinnytsya (-0.31) regions.

Sector. The index is the highest for the woodworking (0.29) industry and machine building (0.18). The food industry (-0.04) and construction materials production (-0.22) have the lowest index.

NEW ORDERS

Changes compared to the previous month

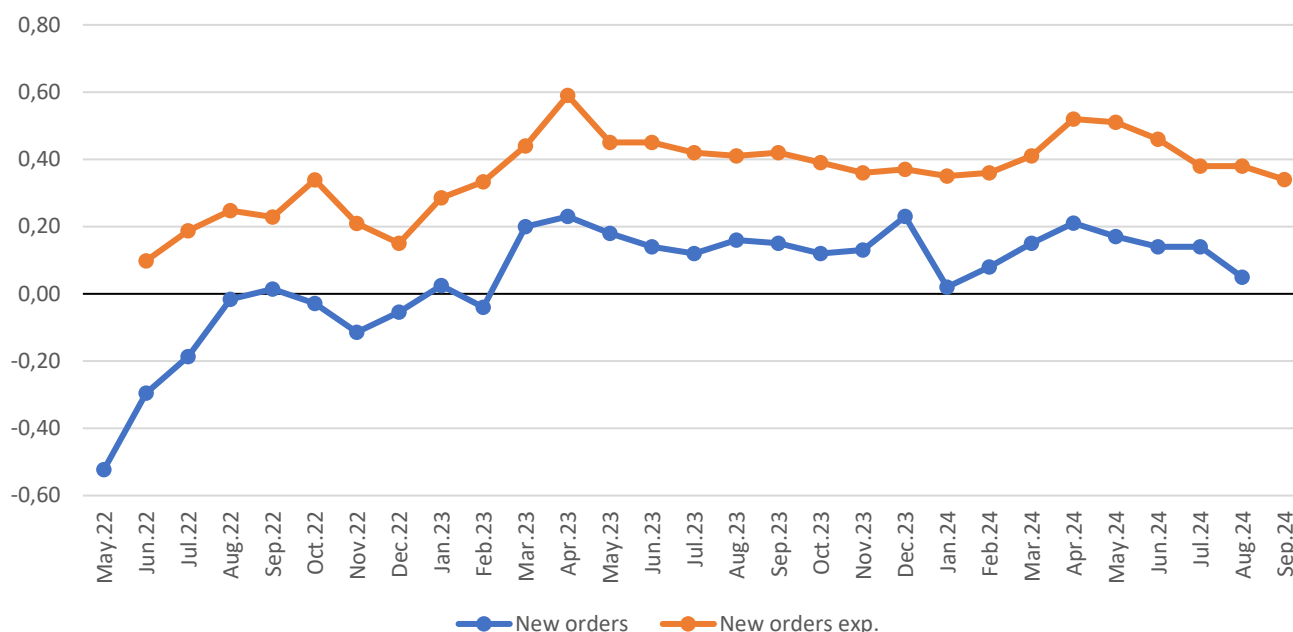
The growth rate of new orders has slowed down. The NEW ORDERS INDEX IN August compared to July decreased from 0.14 to 0.05. The share of those with an increase in the volume of orders decreased (from 23.3% to 18.2%). At the same time, the share of those whose orders decreased significantly increased (from 15.2% to 21.1%). The share of those who did not experience changes did not change significantly and is 60.7% (it was 61.5%).

Size. The increase in orders is reported more at large enterprises (0.20). The indicator of medium-sized enterprises, although significantly lower, still has a positive value of 0.03. The indicator of small enterprises is -0.10. Microenterprises have the lowest value of the indicator (-0.38).

Region. New orders grew the most in Poltava (0.71), Zaporizhzhya (0.36), and Kirovohrad and Odesa regions (0.14 each), while in Sumy (-0.17) and Lviv (-0.33) regions, the volume of new orders decreased the most.

Sector. The best situation with new orders in the previous month was for the chemical (0.11), metalworking (0.04), and food (0.03) industries. Construction materials production (-0.26) and light (-0.13) industries have the lowest 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 decreased slightly, from 0.38 to 0.34. In percentage distribution, the share of respondents expecting an increase in new orders almost did not change and is 37.5% (it was 37.2%); at the same time, the share of respondents expecting a reduction in the volume of new orders slightly increased, from 5.2 % to 7.7%. The share of those who do not expect any changes in the next three months decreased slightly, from 57.6% to 54.8%.

Size. The indicator of expectations is the lowest for micro-enterprises (0.10). The indicator of medium (0.33) and small (90,278) enterprises is higher and approximately the same. Large enterprises have the highest expectation index (0.43).

Region. Index values have significant regional differences. In the Cherkasy (0.91), Poltava (0.87), and Zakarpattya (0.86) regions, businesses expect an increase in new orders to a greater extent than in other regions. However, the indicators of Sumy (-0.17) and Chernivtsi (-0.17) regions have the lowest value.

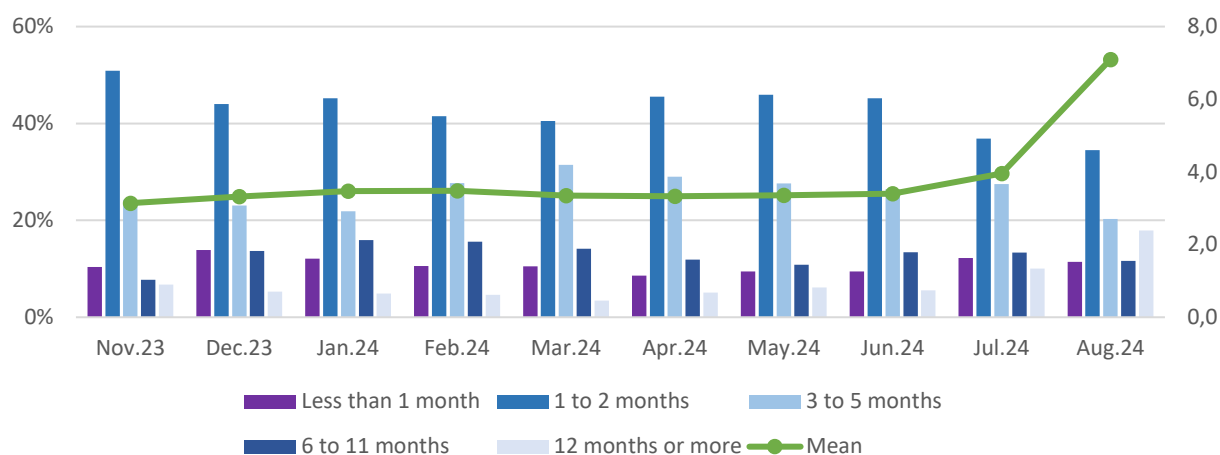
Sector. The woodworking (0.50) and chemical (0.47) industries have the best expectations for new orders. The indicator of construction materials production (0.06) and metalworking (0.05) is the lowest.

Availability of orders

In August 2024, the average term of new orders availability for the surveyed enterprises increased significantly compared to the previous year. It amounted to seven months, and it is the highest value for the previous year and significantly more than it was in July when this term was four months.

The share of enterprises with orders for a year or more in advance increased to 18%. At the same time, the share of enterprises with orders for no more than two months was 46%, which was the lowest level over the last year.

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 6.9 months, medium - for 7.8 months, and large - for 8.3 months.

69% of micro and 58% of small enterprises have orders for up to only two months. At the same time, 44% of large and 36% of medium enterprises have orders for six months or more.

Sector. In August 2024, the comparatively longest average terms of new orders were recorded in the woodworking industry (12.2 months), construction materials production (7.5 months), and textile, clothing, or footwear production (7 months) sectors¹.

At the same time, it is worth noting that while 43% of enterprises in the woodworking industry have orders for six months or more, the same share of enterprises in this industry (43%) reported that they have orders for only up to two months. The shortest average term of new orders is observed in the machine building industry (3.2 months).

Region. There are differences in the supply of orders between enterprises in different regions². The average term of new orders availability is the longest for enterprises of the Zakarpattia region where it was 35.6 months on average. Also, the terms of existing orders are relatively high for enterprises in Cherkasy, Odesa, Kyiv, Poltava, and Volyn regions (5 months or more).

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

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies has accelerated. The PURCHASE PRICE INDEX has increased significantly and is 0.29 (for three consecutive months, it was 0.18). It happened due to a significant increase in the share of those who believe that prices have increased compared to the previous month. The share of enterprise managers who indicated the price increase in August increased from 19.8% to 30%. The share of those who believe

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, Rivne, Ternopil and Chernihiv regions, where the number of respondents was insufficient for a comparative analysis.

prices did not change compared to the previous month decreased from 77.2% to 67.1%. The share of those who talk about a decrease in prices for raw materials and supplies has not changed significantly and is 2.9% (it was 3.0%).

Size. Depending on the size of the enterprise, managers of large (0.34) and small (0.30) enterprises often talk about the increase in prices for raw materials and materials. The indicator of medium-sized enterprises is 0.23. The lowest value of the indicator is for micro-enterprises, which is 0.18.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava region (0.92) and Kyiv (0.76). The indicator of Zaporizhzhya, Lviv, Rivne, Kharkiv, and Chernivtsi regions is the same and equal to zero and has the lowest value.

Sector. The PURCHASE PRICE INDEX is the highest for light industry (0.41) and machine building (0.30). Construction materials production has the lowest index (zero).

Expected changes in the purchase prices

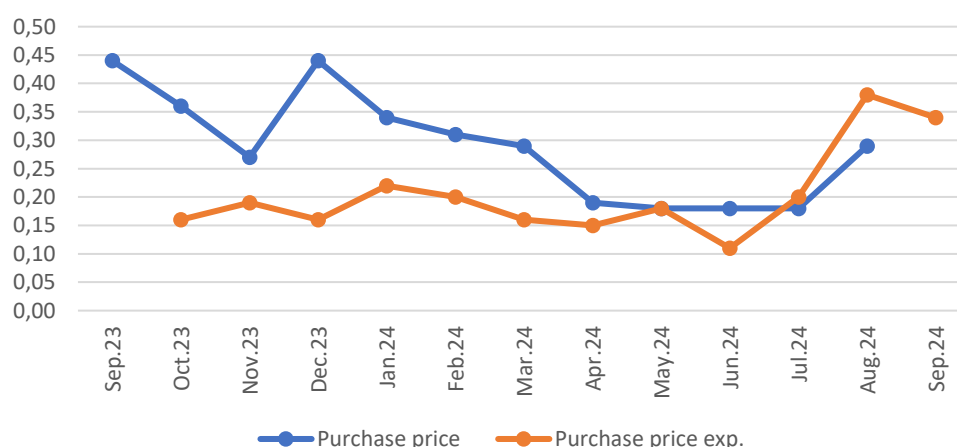
In the short term, the business expects a slight decrease in the indicator. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE decreased from 0.38 to 0.34. In percentage distribution, the share of respondents who believe there will be no changes has slightly increased, from 58.9% to 60.5%. The share of those who expect a price increase decreased insignificantly from 38.6% to 36%. The share of those who believe that the prices of raw materials and supplies will decrease significantly in the next three months almost has not changed and is 3.6% (it was 2.6%).

Size. The indicator of expectations of small enterprises (0.42) is the highest. The index of medium companies is 0.30, and the large companies' indicator is 0.34. Microenterprises have the lowest value of the indicator (0.13).

Region. Most people talk about a possible increase in prices for raw materials and supplies in Poltava region (0.87), Kyiv region (0.86), and Zakarpattia region (0.79). The indicators of the Kharkiv (-0.05) and Chernivtsi (-0.06) regions are the lowest and have a negative indicator.

Sector. The light (0.46) and chemical (0.44) industries have the highest index. Construction materials production has the lowest indicator (-0.07).

Fig.21. Purchase prices indices



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 doubled, from 0.12 to 0.24. The share of enterprise managers who indicated a price increase in August increased from 14.3% to 24.4%. The share of those who believe prices did not change compared to the previous month decreased from 82.7% to

72.7%. The share of respondents who talk about price reductions has not changed significantly and is 2.9% (it was 3.0%).

Size. The indicator of large (0.28), small (0.24), and medium (0.20) enterprises is higher and is approximately in the same range. Microenterprises have the lowest value of the indicator (0.10).

Region. Significant regional differences were recorded. The value of the index is higher for Sumy (0.80) and Poltava (0.71) regions. The indicator of Zaporizhzhia, Lviv, Rivne, Kharkiv, and Chernivtsi regions have the same and the lowest value, which is zero.

Sector. The DOMESTIC SALES PRICE INDEX is the highest for the food (0.25), light (0.21), and chemical (0.20) industries. Metalworking has the lowest indicator (0.08).

Expected changes in the domestic sales prices

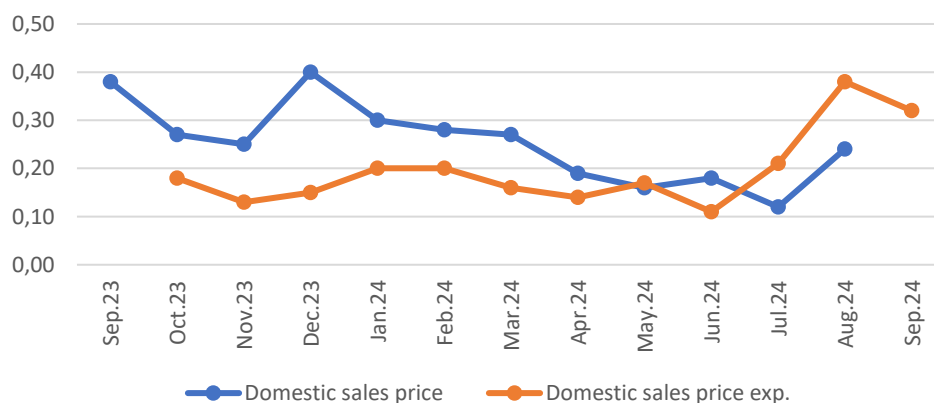
In the short term, company managers expect a slowdown in price growth. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES decreased from 0.38 to 0.32. The share of respondents who do not plan changes has slightly increased, from 59.2% to 61.2%. The share of respondents planning to raise prices in the next three months decreased from 38.3% to 34.6%. The share of those who believe the domestic sales prices will decrease in the next three months has slightly increased, from 2.5% to 4.2%.

Size. Small (0.35), medium (0.32), and large (0.31) enterprises expect the highest price increase for finished goods. The indicator of micro-enterprises (0.14) is significantly lower.

Region. Most people talk about a possible increase in domestic sales prices in Zakarpattia (0.90), Poltava (0.79), Cherkasy (0.68) and Sumy (0.67) regions. The indicator of Kharkiv (-0.05) and Chernivtsi (-0.06) regions is the lowest and has a negative value.

Sector. The chemical (0.53) and woodworking (0.50) industries have the highest value of the index. Construction materials production (0.18) and metalworking (0.11) have the lowest expectations.

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The rate of receivables reduction has slowed down. The value of the ACCOUNT RECEIVABLES INDEX in August compared to July did not change significantly and is -0.10 (it was -0.11). The share of those who reported debt reduction has not changed significantly and is 24.5% (it was 24%), and the share of those who have accumulated debt as of last month is 11.8%. The share of those for whom nothing has changed is 63.6% (it was 64.2%).

Size. The situation with receivables is better for micro-enterprises (-0.36). The indicator of medium (-0.10), small, and large companies (-0.08 each) is significantly higher and worse.

Region. Significant regional differences in the values of this indicator were recorded. The highest positive value of the indicator was recorded in Kyiv city (0.38), Vinnytsya, and Kyiv regions (0.20 each). At the same time, the indicator is the lowest in Sumy and Zhytomyr regions (-0.80 each).

Sector. Metal processing (-0.05) has the highest indicator of receivables. The lowest indicator is in the chemical industry (-0.43).

Expected changes in account receivables

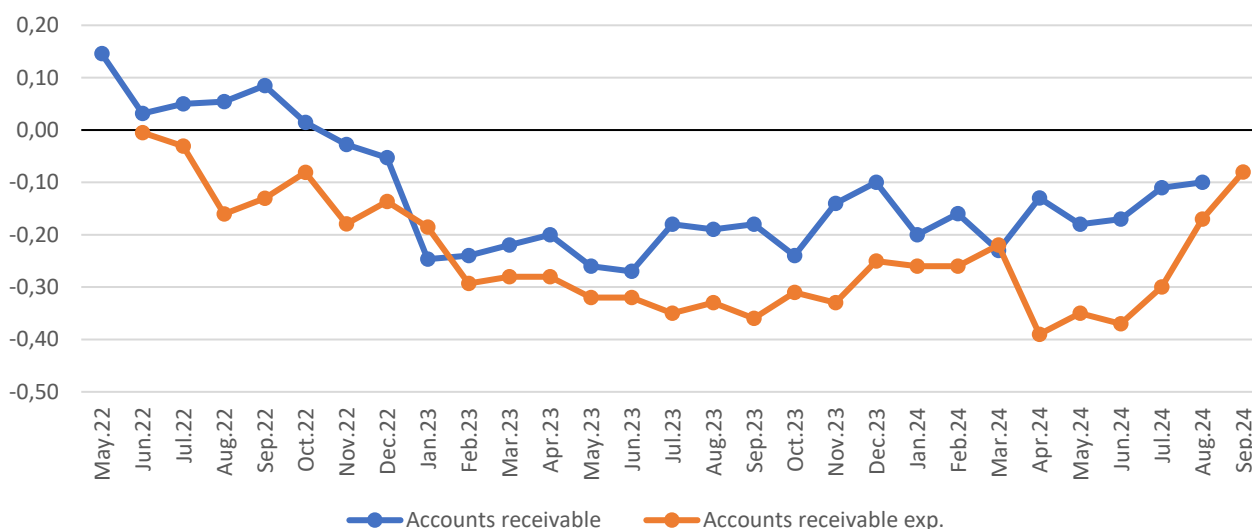
In three months, entrepreneurs expect further deterioration of the indicator. The INDEX OF EXPECTED CHANGES IN ACCOUNTS receivable increased from -0.17 to -0.08. The share of respondents expecting to accumulate debt increased slightly, from 5.3% to 8.8%. At the same time, the share of those who expect it to decrease dropped from 24.1% to 21.1%. The share of those who believe that nothing will change remained almost unchanged at 70.1% (it was 70.6%).

Size. Micro-enterprises have better and approximately the same indicator (-0.28). The indicator of medium (-0.18) and small (-0.13) enterprises is higher and approximately the same. Significantly worse is the expectation indicator for large enterprises, which is 0.05 and has a single positive value.

Region. Kyiv city and Vinnytsya region (0.33 each) have the largest and higher values than zero. The lowest indicator is the Sumy region (-0.92).

Sector. The highest expectations for the accumulation of receivables are in the chemical industry, which has a positive indicator of 0.08, and the woodworking industry, whose indicator is zero. Construction materials production has the lowest indicator (-0.40).

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In August 2024, the payables index continued to grow. The ACCOUNT PAYABLES INDEX slightly increased, from -0.14 to -0.10. The share of respondents who reported accumulating debt increased from 7.4% to 9.3%. The share of those for whom the accounts payable decreased did not change significantly and amounts to 22.9% (it was 23.3%). The share of those for whom nothing has changed over the past month has slightly decreased, from 69.3% to 67.8%.

Size. The indicator of payables for micro-enterprises (-0.28) is the lowest. The indicator of medium-sized (9-0.16) and small (-0.15) enterprises is higher and approximately the same. The worst indicator of accumulation of accounts payable is for medium and large enterprises and is -0.02.

Region. Significant regional differences were recorded. The situation with the accumulation of payables is worse in Kyiv city (0.33), Vinnytsya (0.20), Kyiv (0.15), and Odesa (0.09) regions. The best situation is in Sumy (-0.62) and Zhytomyr (-0.75) regions.

Sector. The highest debt indicator is in the machine building (-0.06) and chemical (-0.07) industries. The lowest indicator is in the woodworking (9-0.25) industry and construction material production (-0.40).

Expected changes in account payables

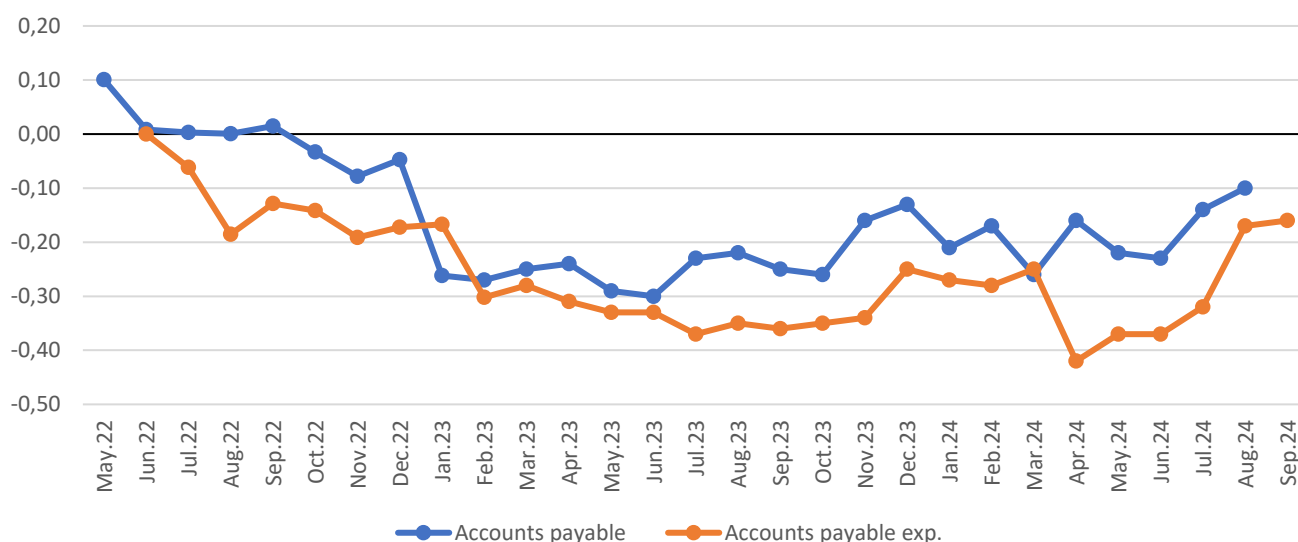
Entrepreneurs do not expect significant changes in the indicator for the next three months. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES is -0.16 (it was -0.17). There were no significant changes in the percentage distribution. The share of those expecting a reduction in accounts payable is 23.9% (it was 22.6%). The share of those expecting it to accumulate has also not changed significantly and is 4.8% (it was 3.7%). The share of respondents who believe nothing will change has slightly decreased, from 73.7% to 71.3%.

Size. The indicator of expectations of micro-enterprises (-0.32) is the best. The indicator of small and medium-sized enterprises is higher and the same: 0.22. The indicator of expectations regarding changes in payables of large enterprises is the worst and amounts to -0.05.

Region. The indicator of expectations regarding changes in payables is positive for the Ternopil (0.25) region, Kyiv city (0.24), and Vinnytsya (0.21) region. The lowest indicator of expectations is in Sumy (-0.93), Dnipropetrovsk, and Zhytomyr (-0.75 each) regions.

Sector. The highest is the machine building indicator (-0.03). The construction materials production (-0.40) and the chemical (-0.31) industry have the lowest values.

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The indicator of tax arrears has slightly improved. The TAX ARREARS INDEX in August slightly decreased, from -0.17 to -0.19. The share of enterprises that reported a reduction in tax arrears for the past month increased from 22.0% to

24.8%. The share of respondents who indicated an increase in tax arrears did not change significantly and is 2.4% (it was 2.1%). The share of those who believe that no changes have taken place has decreased from 75.8% to 72.8%.

Size. The indicators of tax arrears are better and approximately the same for micro (-0.32) and small (-0.30) enterprises. The indicator of medium enterprises (-0.23) is somewhat higher. The worst is the indicator of large enterprises (-0.09).

Region. There are significant differences in the indicator by region. The highest indicator is for Ternopil (0.25), Rivne (0.11), and Khmelnytsky (0.09) regions. Sumy (-0.87), Zhytomyr (-0.55), and Poltava (-0.54) regions have the lowest indicators.

Sector. The highest indicator of tax arrears is in metalworking (-0.05) and light (-0.11) industries. The indicator of the food industry (-0.30) is the lowest.

Expected changes in tax arrears

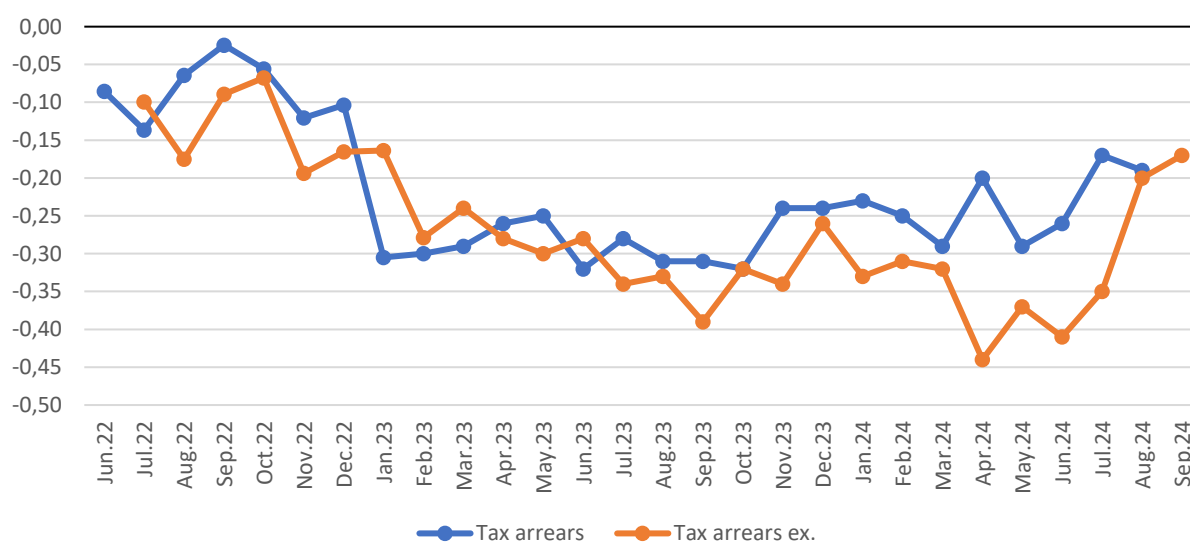
For the next three months, entrepreneurs expect further deterioration of the indicator values. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased, albeit slightly, from -0.20 to -0.17. At the same time, there were no significant changes in the percentage distribution. The share of those who predict a reduction in tax arrears is 22% (it was 23.3%), while the share of those who expect it to increase has not changed significantly and is 1.7% (it was 0.4%). The share of those who do not expect changes is 76.3% (it was 76.4%).

Size. Indicators of tax arrears expectations are better for micro (-0.34) and small (-0.24) enterprises. The indicator of medium-sized enterprises is -0.17. Large enterprises have a somewhat higher and worse indicator of expectations (-0.12).

Region. Ternopil region (0.25) has the highest indicator of expectations regarding the accumulation of tax arrears. The indicator of the Sumy region (-1.00) is the lowest.

Sector. The highest indicator of expectations of tax arrears is for metalworking (-0.11). The lowest is the indicator for light industry (-0.44).

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

The rate of reduction of the number of workers continues to slow down. The NUMBER OF WORKERS INDEX increased from -0.09 to -0.02. The share of respondents reporting a reduction in the number of workers has not changed

significantly and is 10.8% (it was 11.7%). The share of those who indicated their increase increased slightly, from 2.1% to 5.5%. The share of those for whom nothing has changed slightly decreased, from 86.2% to 83.7%.

Size. The least talk about reducing the number of workers is at large (0.02) enterprises, the only indicator of which is positive. The indicator of small (-0.03) and medium-sized (-0.04) enterprises is lower and approximately the same. The indicator of micro-enterprises is the lowest: -0.25.

Region. Ternopil (0.40) and Cherkasy (0.20) regions have the highest indicators. Kharkiv (-0.18) and Dnipropetrovsk (-0.45) regions have the lowest indicators.

Sector. The chemical indicator is the highest and is equal to zero. The lowest is the indicator for machine building (-0.16).

Expected changes in the number of workers

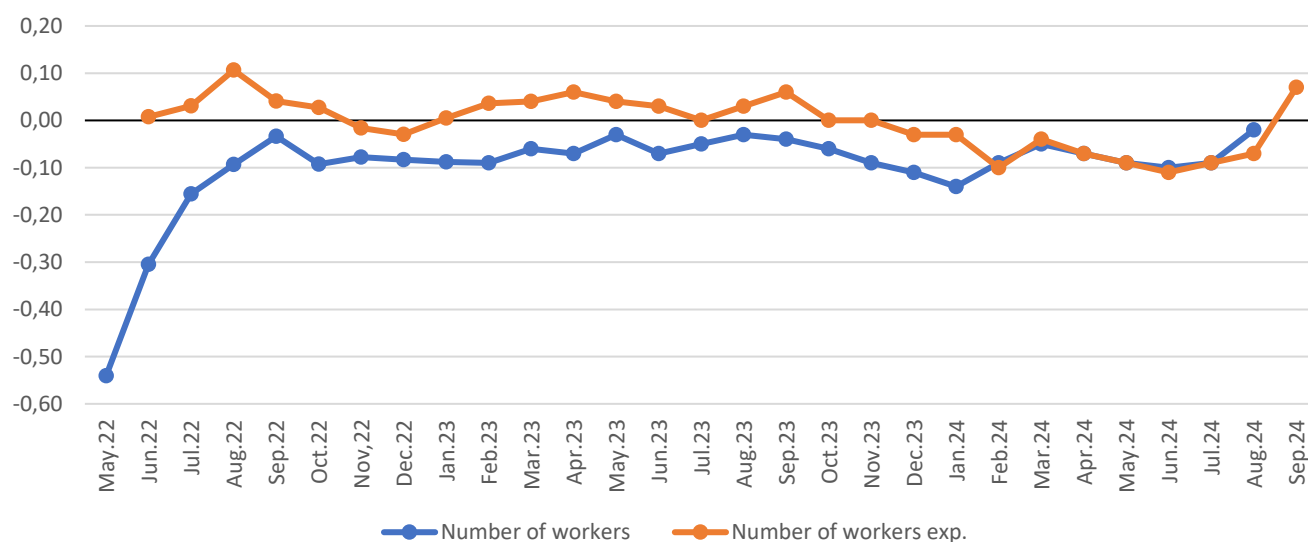
In the next three months, the surveyed heads of enterprises expect a significant increase in the number of workers: THE INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS increased from -0.07 to 0.07, changing its sign to positive. The share of respondents who plan to increase the number of workers increased from 4% to 14.6%, while the share of those who expect to reduce the number of employees decreased slightly, from 10.5% to 8%. The share of those who do not plan changes has significantly decreased, from 85.5% to 77.5%.

Size. Small (0.09), medium (0.08) and large (0.06) enterprises talk the least about further reduction in the number of workers. The indicator of micro-enterprises 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. Zakarpattya (0.90) and Cherkasy (0.87) regions have the highest positive indicators. Dnipropetrovsk region has the lowest indicator (-0.55).

Sector. The highest index of expectations is in the woodworking (0.29) and light (0.15) industries. The expectation index for machine building (-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 in August compared to July did not change significantly and amounts to 0.01 (it was 0.02). There were no significant changes in the percentage distribution. The share of those who reported an increase in such

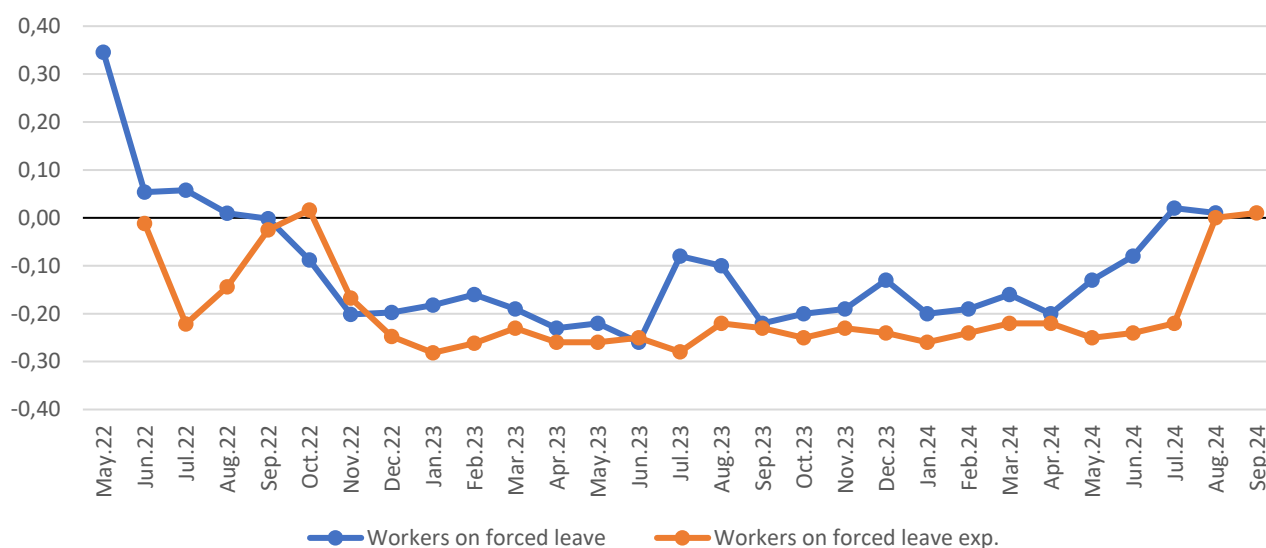
workers is 3.2% (it was 4.1%). Also, the share of those who indicated their reduction has significantly decreased, amounting to 4.3% (it was 3.8%). The share of those for whom nothing has changed over the past month remained almost unchanged at 92.5% (it was 92.1%).

Size. The indicator of micro-enterprises (-0.23) is the lowest with a single negative value. The indicator of medium-sized enterprises is zero. The indicator of small and large enterprises is the same and amounts to 0.03.

Region. The highest increase in the indicator is observed among the enterprises of Ternopil (0.20), Sumy (0.12), Cherkasy (0.05), and Vinnytsya (0.04) regions, and most often, a decrease in the number of workers on the forced leave is reported in Kharkiv (-0.20) and Chernivtsi (-0.11) regions.

Sector. The food industry (0.02) has higher indicators regarding the number of workers on forced vacations. The light industry has the lowest value (-0.04).

Fig. 27. Number of workers on forced leave indices



Expected changes in the number of workers on forced leave

Enterprises with workers on forced leave do not expect changes in the indicator in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE has not changed significantly and is 0.01 (it was zero). The share of enterprises at which an increase in the number of workers on forced leave is expected has not changed significantly and is 3.8% (it was 2.4%). The share of those who believe that the number of such workers at their company will decrease has also not changed significantly and is 4.7% (it was 4.2%). The share of those who believe there will be no changes has slightly decreased, from 93.5% to 91.5%.

Size. The indicator of micro-enterprises (-0.19) is the lowest. The indicator of medium-sized enterprises is -0.01. The indicator of small and large enterprises is the highest, the same: 0.03.

Region. The indicator of expectations of the Zakarpattya region (0.26) is the highest. The index of the Zhytomyr region (-1.00) has the lowest value.

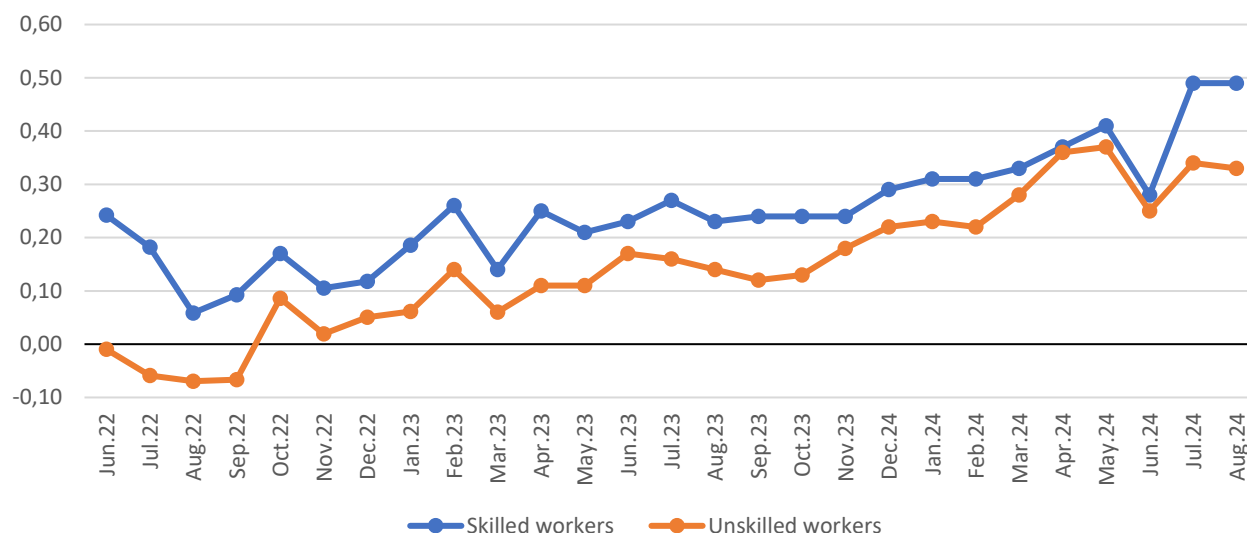
Sector. The highest indicator of expectations for the growth of the number of workers on forced leave is for the chemical industry (0.08) and metalworking (0.06). The lowest indicator is for the construction materials production (-0.31).

SKILLED AND UNSKILLED WORKERS

In August 2024, difficulties in finding workers with appropriate qualifications stopped growing. The INDEX OF FINDING SKILLED WORKERS, as last month, is 0.49. The INDEX OF FINDING UNSKILLED WORKERS is 0.33 (it was 0.34). In

percentage distribution, the share of enterprise managers who indicated that it is more difficult to find skilled workers (from 50.8% to 52.6%) and the share of those who find it more difficult to find unskilled workers (from 37.8% to 39.7%) increased. The percentage of those who find it easier to find skilled workers increased slightly (from 1.1% to 3.1%), as did the share of those who find it easier to find unskilled workers (from 3.9% to 6.6%). At the same time, the share of those who do not feel any changes in the search for skilled workers decreased from 48.1% to 44.3%, and for unskilled workers, this percentage decreased from 58.3% to 53.3%.

Fig.28. Skilled and unskilled workers indices



Skilled workers

Size. It is somewhat more difficult to find skilled workers for micro (0.55) and small (0.52) enterprises. The indicator of large (0.48) and medium (0.47) enterprises is slightly lower and approximately the same.

Region. Significant regional differences in the labor market were recorded. It is most difficult to find skilled workers in Dnipropetrovsk, Poltava, Ternopil, and Chernihiv regions (1.00 for each). It is easiest to find skilled workers in the Odesa (-0.21) and Rivne (-0.22) regions whose indicators have negative values.

Sector. The light industry (0.64), machine building (0.63), and food industry (0.59) have the most difficulties in finding skilled workers. It is easier to find skilled workers for the chemical (0.25) industry.

Unskilled workers

Size. It is more difficult to find unskilled workers for small and medium-sized enterprises, whose indicator is the highest, the same at 0.35. At the same time, the indicators for micro-enterprises (0.33) and large enterprises (0.29) do not differ too much.

Region. It is most difficult to find unskilled workers in Poltava and Ternopil (1.00 for each) regions. It is easiest to find such workers in the Sumy (-0.59) and Cherkasy (-0.20) regions.

Sector. The worst indicators for finding unskilled workers are observed in machine building (0.50) and food (0.48) industries. It is easiest to find unskilled workers for the chemical (0.15) industry.

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

In August 2024, the most acute obstacle to business caused by the full-scale Russian invasion was the **electricity, water, or heat supply outages** for the third month in a row. However, in August, the upward trend in the percentage of businesses that indicated this obstacle, which had been ongoing since May, stopped, and the corresponding share fell to 65% from 78%, which was the highest value for this obstacle in 2024. In August, Ukraine's energy system managed to partially restore operation after Russia's massive shelling of Ukraine's energy system in the spring and summer of 2024.

With a slight difference in the percentage of businesses reporting this obstacle, **lack of labor due to conscription or worker migration** came in second place on the list of obstacles to doing business in August. 63% of enterprises encountered this problem, which is significantly more than in July, when 47% of respondents pointed to it. It is also the largest value of this obstacle during the entire period of this survey, the first wave of which was held in May 2022. It may be a sign of increased mobilization in Ukraine and a reflection of greater demand for personnel among enterprises, the increase in new order deadlines, and improved business expectations.

Issues such as **rising prices for raw materials** and **work hazards** shared third place in the ranking of obstacles to business caused by a full-scale Russian invasion in August. Both of these obstacles were relevant for the same share of enterprises: 46%. At the same time, the rise in prices became a more acute obstacle for the surveyed enterprises, while fewer respondents reported work hazards than in July.

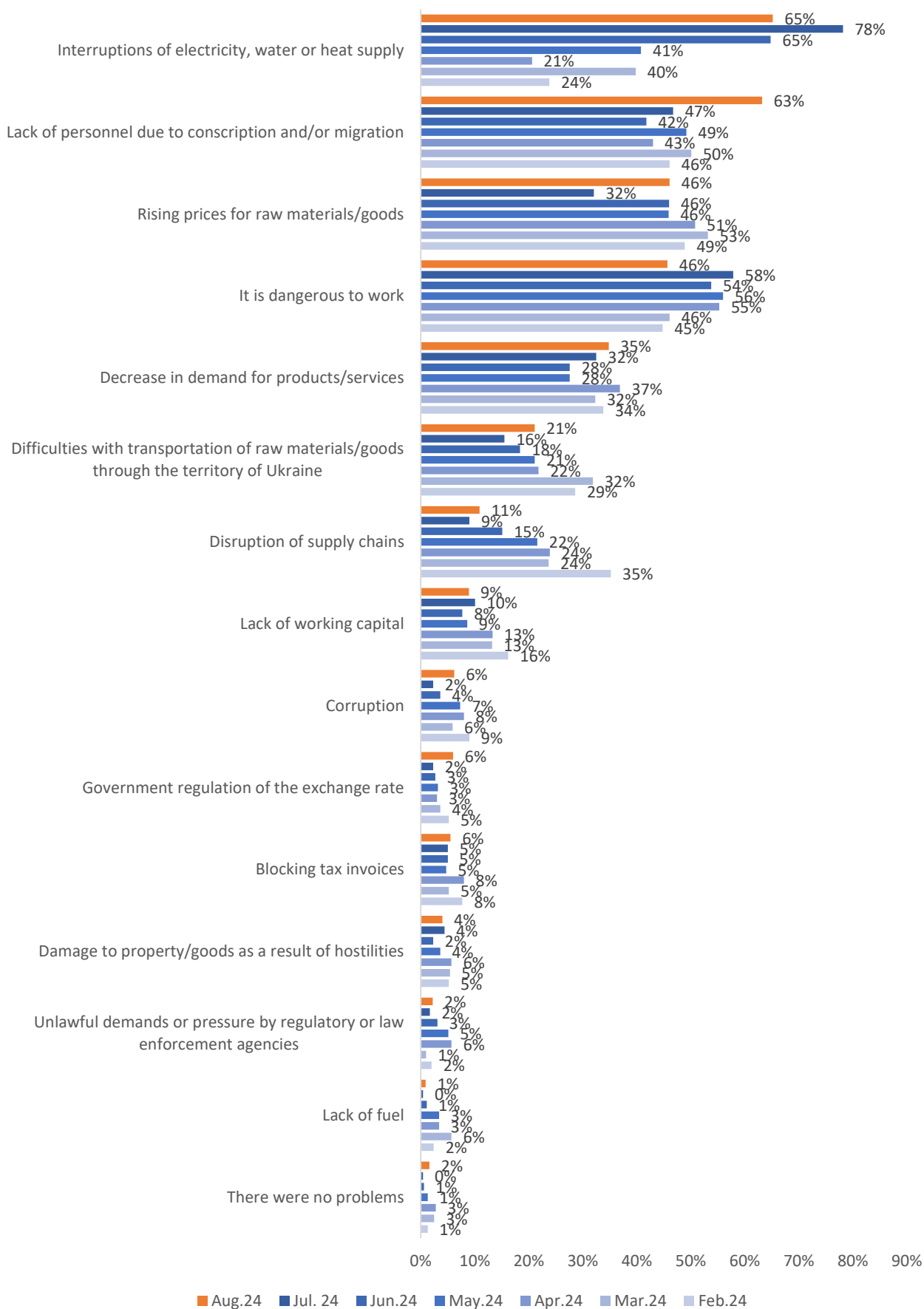
Thus, in August, the share of businesses complaining about the increase in the cost of production rose again to a level of more than 40%, at which it was during the last year, except for July 2024, when it decreased to 32%. This decrease turned out to be temporary - probably caused, among other things, by an increase in the priority of other pressing problems. At the same time, the share of businesses saying it was unsafe to work fell from 58% in July, which was the highest in 2024 at the time of this report.

A decrease in demand for enterprise products or services came in fifth place in the ranking of obstacles to business caused by full-scale war. This problem was experienced by 35% of enterprises, which is more than in July 2024, when this share was 32%.

Difficulties transporting raw materials or goods through the territory of Ukraine were reported by 21% of respondents, as a result of which this obstacle took sixth place in the rating of obstacles. The share of businesses facing this problem increased for the first time after a fairly long period of decline: from March to July 2024, it fell from 32% to 16%.

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

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



The ninth place in the rating of obstacles in August was shared by three problems: **corruption, state regulation of the exchange rate, and blocking of tax invoices**. Each of them was indicated by 6% of respondents. 4% or less of enterprises reported **damage to property or goods due to military actions, unlawful demands or pressure from regulatory or law enforcement agencies, and lack of fuel**.

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

Challenges for businesses by size. In August, large enterprises suffered more often than larger enterprises from electricity, water, or heat supply outages (74% indicated this problem compared to less than 65% of micro, small, and medium-sized enterprises).

Micro-enterprises are distinguished from the rest of businesses as they are less likely to experience labor shortages due to mobilization or worker migration: among them, 35% of respondents reported this problem, while among larger enterprises - 64% or more.

The larger the size of the businesses, the more likely they are to report occupational hazards associated with a full-scale Russian invasion. This share increases from 22% of micro-enterprises to 46% of small and 47% of medium-sized enterprises and is the highest among large enterprises: 57% said it was unsafe to work. On the other hand, large businesses are marked by a smaller share of those who face a lack of demand (21%) compared to smaller enterprises.

Challenges for businesses by sector. The negative impact of power, water, or heat supply outages on their activities in August was most often reported by enterprises in the chemical industry, food industry, machine building, and the textile, clothing, or footwear industry (more than 60%)³.

In the woodworking industry and textile, clothing, or footwear production, labor shortages due to mobilization or worker migration are reported much more often than among other industrial enterprises (more than 70%). This problem is also acutely felt in the food industry and in the construction materials industry (more than 60%).

Food industry enterprises and textile, clothing, or footwear manufacturers complain more often than other enterprises about the increase in prices for raw materials and supplies (more than 50%). Businesses working in metallurgy (54%) and machine building (49%) said that it is unsafe to work most often.

Challenges for businesses by region. Electricity, water, or heat supply outages in August were a particularly acute problem for businesses in Zaporizhzhya, Kyiv, Lviv, Odesa, Ternopil, Kharkiv, and Chernivtsi regions (more than 80% of respondents)⁴.

All surveyed enterprises of the Lviv and Poltava regions (100% each) complain about the lack of labor due to the full-scale war. In addition, more than 70% of enterprises in Vinnytsya, Dnipropetrovsk, Zhytomyr, Zakarpattia, Kyiv, Odesa, Ternopil, Cherkasy, and Chernivtsi regions, and Kyiv city, reported this problem.

The highest shares of business faced rising prices for raw materials and supplies were recorded in Zhytomyr and Poltava regions, and Kyiv city (more than 80%). Enterprises in Vinnytsya, Odesa, Poltava, Kharkiv, and Cherkasy regions (more than 70%) said that it is unsafe to work.

The war impact on capacity/production volumes

In August 2024, only 10% of businesses reported operating at full capacity (100% or more). It is the lowest for all survey waves since October 2023, which may reflect a slowdown in summer production due to blackouts (11% in July). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 31% (34% in July).

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.

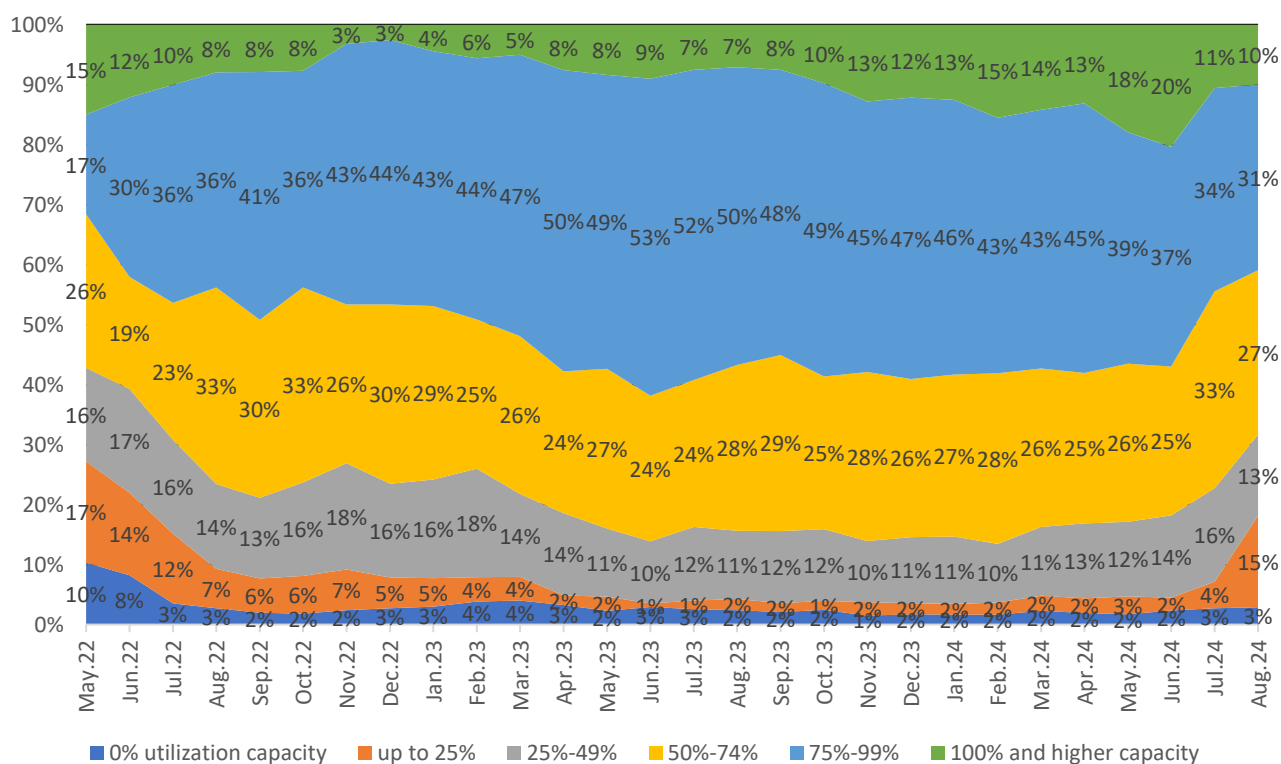
⁴ Regions in which no enterprises were surveyed are not included in the comparison (for more details, see the "Sample" section) and Ivano-Frankivsk Rivne and Chernihiv regions, where the number of respondents was insufficient for a comparative analysis.

As a result, **the total share of enterprises operating at near full and full capacity was only 41%** (44% in July and 57% in June). **It is the lowest result 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 June, 3% of surveyed enterprises reported they stopped their activities during the war. This indicator has remained low since July 2022, in the 2% - 4% range. The share of enterprises operating at less than 25% of pre-war production capacity increased to 15% in August, while in previous months, it was in the range of 2% - 4%. In addition, 13% of enterprises worked in August at 25% - 49% of pre-war production capacities (16% in July). **As a result, in August, almost a third (32%) of enterprises worked at less than half their capacity or did not work compared to pre-war times. It is the highest figure since the autumn of 2022 and the winter of 2022-2023 when there were problems with energy after the Russian attacks.**

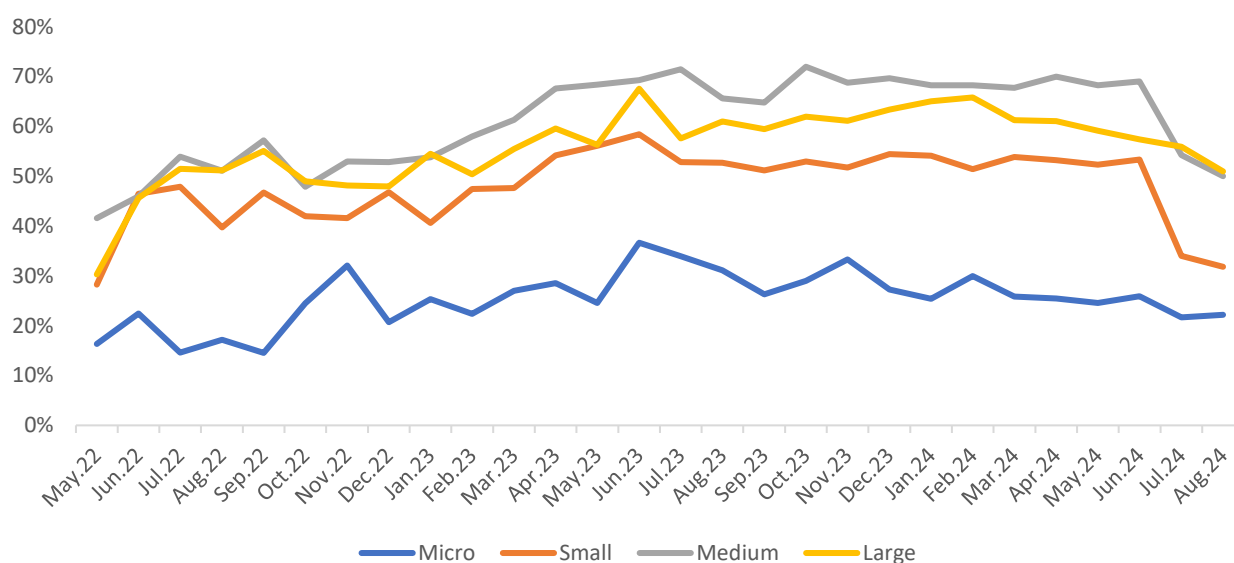
Results for business by size. In August 2024, the **decrease in the production capacity utilization of the SME sector continued.** Among medium-sized enterprises, the share of companies that worked at almost full and full capacity decreased for the second month, from 69% in June to 55% in July and 51% in August. The corresponding indicator also decreased for small enterprises: from 53% in June to 34% in July and 32% in August. Among micro-enterprises, only 22% of respondents worked at near-full and full capacity in August (22% in July and 26% in June). The share of large enterprises with a high utilization of production capacities also decreased - from 56% in July to 51% in August. That is, the capacity level of medium and large businesses has equalized.

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



As of August 2024, 18% of microbusiness representatives were not operating, which is higher than in July (12%). Among medium-sized enterprises, 1% of respondents did not work. At the same time, all small and large enterprises were working. Thus, **microbusinesses remain more sensitive to wartime challenges throughout all survey waves. In addition, micro-businesses were more negatively affected by power outages.**

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 sector. The food industry, which remains a leader in the recovery of the processing industry, demonstrated a significant reduction in the utilization of production capacities in July. In August 2024, 54% of food industry enterprises were operating at near full and full capacity (up from 70% in June and 55% in July). Machine building took second place: in August, 43% of the industry's enterprises worked at a high production capacity, while in July, it was 39%. The light industry fell to the third rung: 49% of enterprises in the sector were at a high capacity utilization in July and 38% in August. At the same time, the lowest production capacity is in the chemical industry (20% in August) 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 ⁵

	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	May.24	Jun.24	Jul.24	Aug.24
Food industry	72	73	76	72	73	73	73	71	70	69	70	55	54
Machine building	39	32	43	52	44	46	48	50	46	39	51	39	43
Light industry	64	61	57	60	62	61	61	67	61	55	63	49	38
Construction materials	41	31	27	31	28	31	28	26	46	52	37	47	37
Woodprocessing	30	26	36	29	41	38	39	45	42	37	22	22	30
Metalworking	10	10	16	32	28	24	27	35	29	26	38	9	21
Chemical industry	43	35	39	39	38	43	41	42	45	35	31	29	20
Printing industry	57	43	62	46	46	57	54	45	40		50		

Results by region. In August, a low level of capacity utilization was observed in most regions. In particular, all or almost all enterprises continued to work at almost full and full capacity in August only in the Poltava (100%), Rivne (100%), and Vinnytsya (100%) regions. The situation remains difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, only 3.6% and 15% of enterprises worked at a high level of capacity utilization. There

⁵ In August 2024, results for the printing industry are not available due to insufficient subsample size.

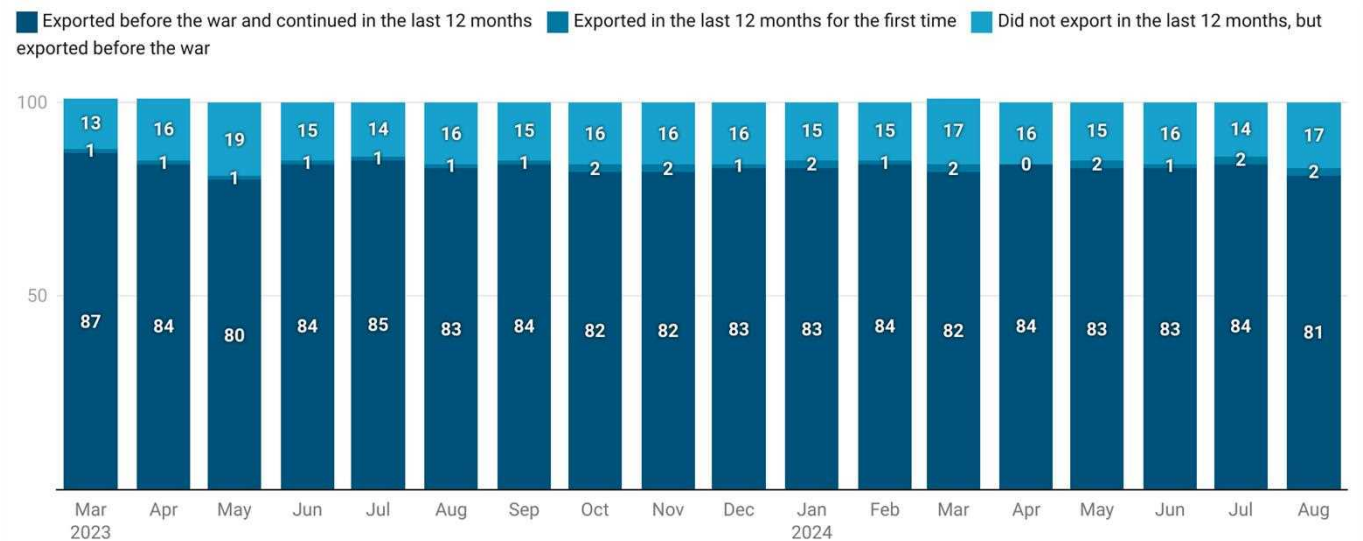
are also no enterprises that operate at a high capacity in Zakarpattia, Ternopil, and Cherkasy regions, which may be due to power outages and labor shortages.

THE WAR IMPACT ON THE ENTERPRISES’ EXPORT ACTIVITIES

As part of the twenty-eighth wave of the survey, **61% of respondents (among those able to answer) were or are exporters**. At the same time, 31% of enterprises have never exported, and 8% could not answer the question.

As of August 2024, among exporters, **81% of respondents indicated that they exported before the war, and continued to export during the last 12 months**. Another 2% of enterprises started exporting for the first time during the war (during the last 12 months). At the same time, 17% of enterprises exported before the war, but had no exports during the last 12 months. That is, in August 2024, the share of active exporters remains approximately at the level of previous months (82% - 84%). 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 August 2024, a regularity was again recorded regarding the state of export activity, depending on the size of the enterprise. Among micro-businesses, 39% 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 - 27%. The situation is somewhat better among medium-sized exporters: 17% of respondents did not export in the last 12 months. The best situation was among large businesses, where the corresponding indicator was only 7%. Thus, large business is traditionally the leader in the export activity recovery.

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 the recovery of exports remains in construction materials production. In particular, 50% of the industry's enterprises indicated they exported before the war but had no exports during the last 12 months. The situation in metallurgy

is also hard (the corresponding indicator is 39%). In contrast, the best situation is in the woodworking industry, where 15% of respondents had no exports in the last 12 months. In the food industry, which is the leader in recovery, the corresponding indicator is 18%.

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 able to respond) resumed exports, in particular, in the Vinnytsya, Zakarpattia, Kyiv, Odesa, Poltava, Rivne, and Chernihiv regions. The most difficult situation remains in the Dnipropetrovsk and Zhytomyr regions, where 71% and 63%, respectively, had no exports during the last 12 months, although they had them before the war.

IMPACT OF POWER OUTAGES

In the twenty-eights wave of the survey, industrial enterprises were again asked to assess the impact of power supply problems on their operations. In July 2024⁶ **power outages have become slightly less problematic for businesses compared to June 2024. In July almost three-quarters (73%) of businesses temporarily suspended work due to power outages (compared to 52% in May and 83% in June).** At the same time, only 5% of enterprises had no outages (23% in May and 3% in June). In addition, 23% of businesses were operating all the time, even during power outages. There are also **almost no companies with the most critical losses (more than half of the working time) - only 2% of enterprises.**

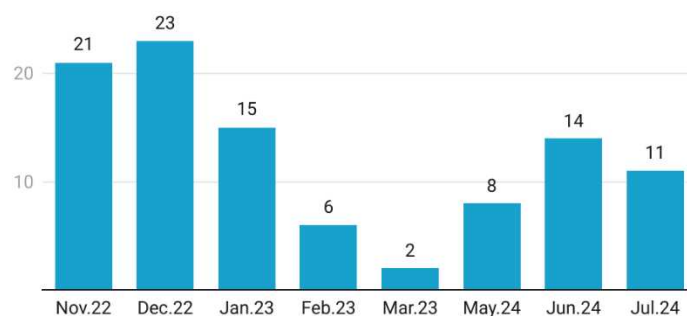
Fig. 36. Impact of power outages on the enterprise work, % of respondents



⁶ As part of the survey, the question about lost working time is asked about the previous month that has already ended. That is, in August, respondents were asked about the loss of working time in July.

As a result, on average, businesses lost 11% of total working hours for July 2024 due to power outages. It is slightly less than in June (14%), 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. 37. Average % of time losses due to power outages, by month



Business results by size. The situation is different for enterprises of different sizes. For example, there were no outages in 7% of micro, 4% of small, 5% of medium and 5% of large enterprises. At the same time, 22% of micro, 18% of small, 23% of medium, and 28% of large enterprises continued to work even during the outages. Microbusiness continues to suffer the greatest losses from Russia's terrorist attacks on the energy infrastructure. **Micro-enterprises in July 2024, on average, lost 16% of working time.** Losses of medium and large enterprises are one and a half times lower (10% and 10%, respectively).

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



Business results by sector. The lowest average losses of working time from power outages were recorded in the food industry (10%), chemical industry (12%), and machine building (12%). However, the situation is significantly worse in some sectors. For example, in the woodworking industry, average time losses amounted to 18%, and in construction materials production of building materials - 16%.

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



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 loss was recorded in the Zaporizhzhya region: 24% of working time. Losses are also high in Cherkasy (20%), Khmelnytsky (19%), Sumy (17%) and Kirovohrad (16%) regions. However, in half of the regions, the average losses are lower than 10%. At the same time, the lowest indicator of average losses is in the Vinnytsia (1%), Rivne (2%) and Kyiv (4%) regions.

GOVERNMENT POLICY

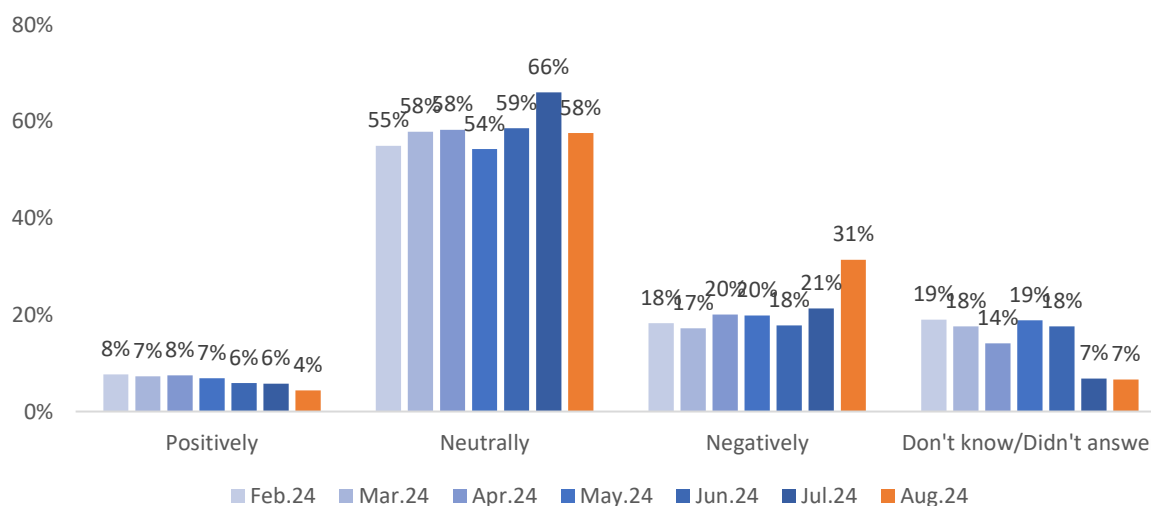
Assessment of government policy to support business

In August, the share of positive assessments of the government's business support policy was 4%. It slightly decreased compared to the previous month, when 6% of surveyed enterprises positively evaluated this policy. The positive assessment of the 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 the policy decreased from 66% in July to 58% in August, while the share of negative assessments increased significantly from 21% to 31%, which became the highest level of negative assessments during the entire period of this study.

The remaining 7% of respondents could not assess the policy. This share has not changed compared to July, when there were also 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 evaluations slightly improve with the growth of the size of enterprises, although the difference between them is insignificant. Thus, among large enterprises, the policy was positively evaluated by 9% of respondents, while among micro-businesses, not a single enterprise evaluated it positively.

In addition, representatives of small enterprises negatively assess the government's business support policy more often than representatives of other businesses. For example, 41% of these respondents assessed the policy negatively, while among respondents representing micro, medium, and large businesses, the corresponding share does not exceed 34%.

Assessment of government policy on business support by sector. Most often, representatives of the construction materials industry (16%) give positive assessments of the state policy on business support⁷.

At the same time, one of the highest percentages of negative evaluations of this policy was recorded among the enterprises of this industry (42%). Also, this policy is often negatively assessed by representatives of the chemical industry and machine building (more than 40%).

Assessment of government policy to support business by region. The highest level of positive assessments of government policy on business support in August 2024 was recorded in Kirovohrad (21% of respondents) and Zaporizhzhia (18%) regions⁸.

At the same time, the largest shares of negative assessments are among businesses in the Vinnytsya, Dnipropetrovsk, Sumy, and Ternopil regions, and Kyiv city (more than 60%).

What will improve the business situation? Expected measures and changes

In August 2024, we again asked business representatives about what changes and measures would improve the situation for their business. As in previous surveys, when this question was asked (in 2022, 2023, and January 2024), the most expected event for survey participants was the **end of the war**.

It is expected by 77% of surveyed businesses, which is less than in the winter of 2024 (87%) and closer to the level of August 2024, when this share was 75%.

The reduction of taxes is in second place among the desired changes. It was expected by 37% of businesses in August 2024, down from January 2024, when tax cuts were among the most anticipated changes for 44% of businesses.

However, it is worth noting that in the survey in August 2024, among the answer options, such an option as **fixing taxes at the current level without increasing them** was added for the first time. Thus, the answers to this question provide an opportunity to compare what is more of a priority for business: to avoid raising taxes in the light of government initiatives to increase them, which were on the political agenda at the time of this survey wave, or to achieve their reduction.

The results of the survey show that tax reduction is still chosen more often. For comparison, 24% of enterprises said about the need to fix them at the current level. Moreover, if this option had not been offered, the level of support for the tax cut could have been even higher, as 56% of businesses surveyed in August chose one of these two options: either a tax cut or keeping them at their current level with no increase.

35% of enterprises reported the **protection and restoration of Ukraine's energy system** would improve the state of their business. This measure was first included in the answer options for this question in view of Russian attacks on Ukraine's power system, which led to long-term power outages.

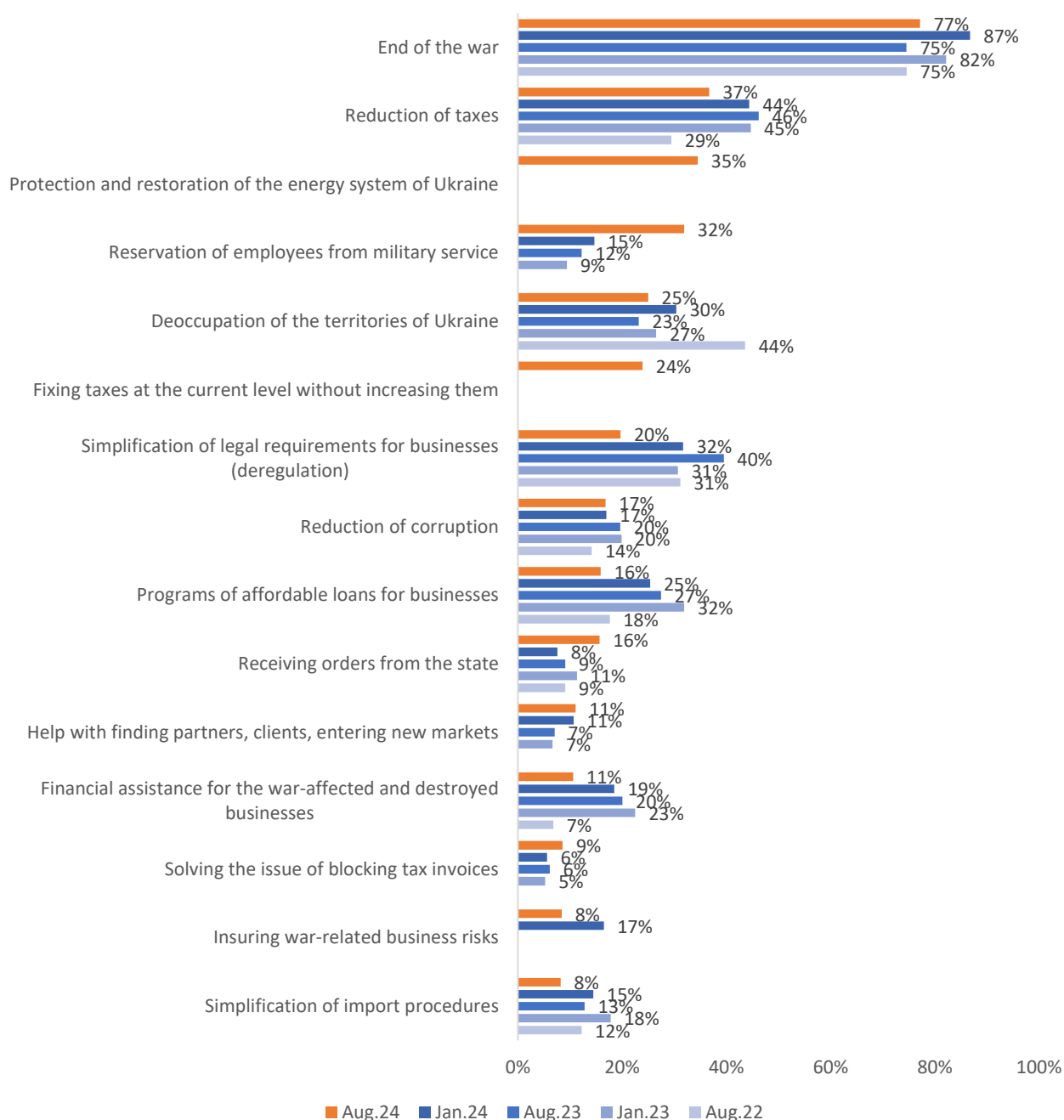
Almost a third of businesses (32%) expressed the **need to reserve workers from military service**. This share has more than doubled over the past six months: in January 2024, such enterprises accounted for 15%. 25% of enterprises said that the **de-occupation of the territories of Ukraine** would help their business. In August 2024, the share of businesses expecting this is down from 30% in the previous survey.

⁷ 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.

⁸ 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, Rivne and Chernihiv regions, where the number of respondents was insufficient for a comparative analysis.

The share of enterprises that consider it necessary to **simplify the legal conditions for business** continued to decrease. A year before this wave of the survey was conducted - in August 2024 - 40% of respondents were in favor of it, and in January 2024 this share decreased to 32%. In August 2024, such enterprises became even fewer - 20%.

Fig. 41. Expected measures and changes that, according to the respondents, will improve the situation for their business



17% of enterprises spoke about the importance of **reducing corruption**. This share has not changed compared to the beginning of 2024. In contrast, the share of businesses that feel the need for **affordable business loan programs** fell from 25% in January to 16% in August.

Expected measures and changes by the enterprise size. Ending war is a top priority for businesses of all sizes. The next most expected change - tax reduction - received more support among micro, small, and medium-sized businesses (from 37% to 41% of respondents) than among large businesses, where 32% of enterprises expressed their support. Instead, large enterprises more often than smaller enterprises believe that taxes should be fixed at the current level without increasing them (33% of these enterprises).

The priority of such a step as the protection and restoration of Ukraine's energy system increases with the increase in the size of enterprises. 25% of micro-enterprises expect this, and among large businesses, this share increases to 39%. Similarly, the share of businesses that emphasize the significance of workers' reservations increases from 24% among micro businesses to 37% among large ones.

Expected measures and changes by sector. The end of the war is also the main anticipated event for surveyed businesses from all industries⁹. Companies in the chemical industry, manufacturers of construction materials, and manufacturers of textiles, clothes, and footwear (35% each) spoke most often about the need to reduce taxes.

The protection and restoration of Ukraine's energy system are most supported in metallurgy (67%), the chemical industry (55%), and the woodworking industry; to a greater extent than in other sectors, they talk about the need to reserve workers (48%).

Expected measures and changes by region. In most regions, 70% or more of the surveyed local businesses named the end of the war among the events and changes that would help them the most¹⁰. It is especially expected by representatives of enterprises in Vinnytsya, Zhytomyr, Zakarpattia, Kyiv, Odesa, Sumy, Ternopil, Kharkiv, Khmelnytskyi, Cherkasy, and Chernivtsi regions: here, the end of the war became an important priority for 80% or more of the respondents.

In the Poltava, Sumy, and Cherkasy regions, tax reductions are most strongly supported (80% or more of respondents). At the same time, in Volyn, Zaporizhzhya, Kirovohrad regions, and Kyiv city, more than in the other areas they hold the position that taxes should be fixed at the current level (more than 50% of respondents).

The protection and restoration of Ukraine's energy system is most often mentioned among the expected measures by enterprises of Zhytomyr, Zaporizhzhya and Kirovohrad regions, and the city of Kyiv (70% and more), and businesses of Vinnytsya, Lviv, Kharkiv and Chernivtsi regions particularly strongly emphasize the need to reserve workers (more than 50 %).

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.

¹⁰ Regions in which no enterprises were surveyed are not included in the comparison, as well as Mykolayiv and Poltava regions, in which the number of respondents was insufficient for statistical comparison. For more details, see the "Sample" section.

SURVEY METHODOLOGY

This report presents the results of the 28th 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 August 14 to 30, 2024.

SAMPLE

A total of 458 enterprises were surveyed in the 28th 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 surveyed¹¹.

The majority of the sample consisted of industrial enterprises – 406 enterprises or 89% of the sample. Among them, the food industry and light industry, and machine building prevail. Ten enterprises belong to the agricultural sector (2.2 % of the sample) and 25 to trade (6% of the sample). 13 enterprises, or 2.8% of the sample, work in the service sector. And four enterprises (0.9%) 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) – 65 or 14% of the sample, small (from 11 to 50 workers) – 135 or 30% of the sample, medium-sized (from 51 to 250 workers) – 152 or 33% of the sample, and large (more than 250 workers) – 106 or 23% of the sample.

¹¹ 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	135	30%
Middle	152	33%
Large	106	23%
TOTAL	458	100%

Sector/ industry

	Number	Share of sample
Agriculture	10	2,2%
Metal production and metalworking	24	5%
Chemical industry	20	4%
Machine building	37	8%
Woodworking industry	21	5%
Construction materials production	19	4%
Food industry	125	27%
Light industry	40	9%
Printing industry	4	0,9%
Other industries	116	25%
Construction	4	0,9%
Trade	25	5%
Services	13	2,8%
TOTAL	458	100%

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

	Total	Micro	Small	Middle	Large
Production	0,12	-0,42	-0,06	0,11	0,31
Expected changes in production	0,39	0,06	0,30	0,35	0,52
Sales	0,12	-0,40	-0,07	0,09	0,33
Expected sales changes	0,39	0,02	0,32	0,36	0,51
Export	0,09	-0,53	-0,13	0,05	0,22
Expected changes in exports	0,32	-0,25	0,13	0,29	0,43
Account receivables	-0,10	-0,36	-0,08	-0,10	-0,08
Expected changes in account receivables	-0,08	-0,28	-0,13	-0,18	0,05
Account payables	-0,10	-0,28	-0,15	-0,16	-0,02
Expected changes in accounts payable	-0,16	-0,32	-0,22	-0,22	-0,05
Tax arrears	-0,19	-0,32	-0,30	-0,23	-0,09
Expected changes in tax arrears	-0,17	-0,34	-0,24	-0,17	-0,12
Stocks of raw materials	0,12	-0,25	0,00	0,00	0,37
Expected changes in stocks of raw material	0,26	-0,04	0,16	0,21	0,40
Stocks of finished goods	0,00	-0,37	0,01	-0,11	0,14
Expected changes in stocks of finished goods	0,08	-0,21	0,12	0,04	0,13
New orders	0,05	-0,38	-0,10	0,03	0,20

	Total	Micro	Small	Middle	Large
Expected changes in new orders	0,34	0,10	0,27	0,33	0,41
Purchase prices	0,29	0,18	0,30	0,23	0,34
Expected changes in purchase prices	0,34	0,13	0,42	0,30	0,34
Domestic sales prices	0,24	0,10	0,24	0,20	0,28
Changes in the domestic sales prices	0,32	0,14	0,35	0,32	0,31
Number of workers	-0,02	-0,25	-0,03	-0,04	0,02
Expected changes in the number of workers	0,07	-0,02	0,09	0,08	0,06
Number of workers on forced leave	0,01	-0,23	0,03	0,00	0,03
Expected changes in the number of workers on forced leave	0,01	-0,19	0,03	-0,01	0,03
Skilled workers	0,49	0,55	0,52	0,47	0,48
Unskilled workers	0,33	0,33	0,35	0,35	0,29
Business activity assessment	0,09	-0,3	-0,03	0,07	0,22
Expected changes in business activity	0,30	0,16	0,19	0,27	0,45
Assessment of the business environment	0,04	-0,37	-0,12	0,03	0,2
Expected changes in the business environment	0,26	-0,06	0,15	0,26	0,37
Do you plan to expand your company's activities in the next two years	0,15	0,14	0,07	0,12	0,25
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,15	-0,24	-0,01	0,09	0,37

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

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Production	0,12	0,08	0,05	0,03	-0,05
Expected changes in production	0,39	0,09	0,28	0,43	0,40
Sales	0,12	0,09	0,05	0,05	0,00
Expected sales changes	0,39	0,09	0,33	0,47	0,45
Export	0,09	0,17	0,00	-0,22	-0,09
Expected changes in exports	0,32	0,20	0,27	0,17	0,20
Account receivables	-0,10	-0,05	-0,43	-0,21	-0,27
Expected changes in account receivables	-0,08	-0,18	0,08	-0,03	0,00
Account payables	-0,10	-0,10	-0,07	-0,06	-0,25
Expected changes in accounts payable	-0,16	-0,28	-0,31	-0,03	-0,07
Tax arrears	-0,19	-0,05	-0,25	-0,26	-0,15
Expected changes in tax arrears	-0,17	-0,11	-0,36	-0,13	-0,17
Stocks of raw materials	0,12	0,13	0,25	0,11	-0,10
Expected changes in stocks of raw material	0,26	0,13	0,21	0,16	0,20
Stocks of finished goods	0,00	0,04	0,15	0,13	0,06
Expected changes in stocks of finished goods	0,08	0,09	0,11	0,18	0,29
New orders	0,05	0,04	0,11	-0,08	-0,05
Expected changes in new orders	0,34	0,05	0,47	0,37	0,50
Purchase prices	0,29	0,13	0,25	0,30	0,20
Expected changes in purchase prices	0,34	0,12	0,44	0,39	0,40
Domestic sales prices	0,24	0,08	0,20	0,11	0,10

	Total	Metal producti on and metalw orking	Chemical Industry	Machine building	Woodwor king industry
Changes in the domestic sales prices	0,32	0,11	0,53	0,28	0,50
Number of workers	-0,02	-0,12	0,00	-0,16	-0,05
Expected changes in the number of workers	0,07	-0,05	0,00	-0,19	0,29
Number of workers on forced leave	0,01	0,00	0,00	0,00	0,00
Expected changes in the number of workers on forced leave	0,01	0,06	0,08	0,04	0,00
Skilled workers	0,49	0,50	0,25	0,63	0,50
Unskilled workers	0,33	0,33	0,15	0,50	0,20
Business activity assessment	0,09	-0,08	0,15	0,00	0,19
Expected changes in business activity	0,30	0,05	0,38	0,25	0,25
Assessment of the business environment	0,04	-0,12	0,05	-0,08	0,25
Expected changes in the business environment	0,26	0,00	0,29	0,16	0,41
Do you plan to expand your company's activities in the next two years	0,15	0,15	0,07	0,08	0,07
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,15	0,18	0,21	0,09	-0,19

	Total	Construc tion material s producti ons	Food Industry	Light industry	Printing industry
Production	0,12	-0,11	0,16	-0,23	0,00
Expected changes in production	0,39	0,13	0,36	0,35	0,75
Sales	0,12	-0,16	0,14	-0,13	0,00
Expected sales changes	0,39	0,00	0,37	0,36	0,75
Export	0,09	-0,50	0,12	-0,05	-0,50
Expected changes in exports	0,32	-0,14	0,28	0,22	-0,50
Account receivables	-0,10	-0,33	-0,13	-0,07	0,25
Expected changes in account receivables	-0,08	-0,40	-0,09	-0,17	0,00
Account payables	-0,10	-0,40	-0,17	-0,16	0,00
Expected changes in accounts payable	-0,16	-0,40	-0,21	-0,25	0,00
Tax arrears	-0,19	-0,25	-0,30	-0,11	0,00
Expected changes in tax arrears	-0,17	-0,37	-0,16	-0,44	0,00
Stocks of raw materials	0,12	-0,11	0,03	-0,13	-0,33
Expected changes in stocks of raw material	0,26	-0,06	0,17	0,22	-0,33
Stocks of finished goods	0,00	-0,17	-0,17	-0,08	0,00
Expected changes in stocks of finished goods	0,08	-0,22	-0,04	0,08	0,00
New orders	0,05	-0,26	0,03	-0,13	0,00
Expected changes in new orders	0,34	0,06	0,30	0,31	0,50
Purchase prices	0,29	0,00	0,26	0,41	0,50
Expected changes in purchase prices	0,34	-0,07	0,35	0,46	0,75
Domestic sales prices	0,24	0,11	0,25	0,21	0,25
Changes in the domestic sales prices	0,32	0,18	0,32	0,38	0,50
Number of workers	-0,02	-0,11	-0,05	-0,08	0,25
Expected changes in the number of workers	0,07	-0,05	0,03	0,15	0,00
Number of workers on forced leave	0,01	0,00	0,02	-0,04	0,00

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Expected changes in the number of workers on forced leave	0,01	-0,31	-0,03	0,04	0,00
Skilled workers	0,49	0,50	0,59	0,64	0,33
Unskilled workers	0,33	0,31	0,48	0,37	1,00
Business activity assessment	0,09	-0,17	0,05	0,00	-0,50
Expected changes in business activity	0,30	0,27	0,27	0,33	0,50
Assessment of the business environment	0,04	0,00	0,02	-0,11	-0,75
Expected changes in the business environment	0,26	0,31	0,21	0,19	0,33
Do you plan to expand your company's activities in the next two years	0,15	0,23	0,16	0,24	0,33
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,15	0,13	0,10	-0,03	0,25

The impact of war

Challenges faced by business in wartime

Challenges faced by the business during wartime, by business size

	Total	Micro	Small	Middle	Large
Power, water, or heat supply outages	65%	60%	62%	64%	74%
Labor shortage due to conscription and/or migration	63%	35%	64%	71%	67%
Rising prices for raw materials/supplies/goods	46%	36%	44%	52%	45%
Unsafe to work	46%	22%	46%	47%	57%
Decrease in demand for products/services	35%	41%	43%	35%	21%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Power, water, or heat supply outages	54%	70%	62%	52%
Labor shortage due to conscription and/or migration	58%	35%	51%	76%
Rising prices for raw materials/supplies/goods	25%	35%	43%	33%
Unsafe to work	54%	45%	49%	33%
Decrease in demand for products/services	38%	40%	22%	43%

Challenges facing business in wartime, by sector (continued)

	Construction materials production	Food industry	Light industry
Power, water, or heat supply outages	59%	70%	65%
Labor shortage due to conscription and/or migration	65%	68%	75%
Rising prices for raw materials/supplies/goods	41%	52%	53%
Unsafe to work	35%	46%	30%
Decrease in demand for products/services	41%	35%	35%

Assessment of the government policy on business support

Assessment of the government policy on business support, by business size

	Total	Micro	Small	Middle	Large
Positive	4%	0%	3%	4%	9%
Neutral	58%	51%	50%	63%	64%
Negative	31%	34%	41%	28%	23%
Don't know / Didn't answer	7%	15%	6%	5%	4%

Assessment of the government policy on business support, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Positive	4%	5%	8%	0%
Neutral	67%	50%	46%	52%
Negative	29%	40%	43%	33%
Don't know / Didn't answer	0%	5%	3%	14%

Assessment of the government policy on business support, by sector (continued)

	Construction materials production	Food industry	Light industry
Positive	16%	3%	5%
Neutral	42%	59%	55%
Negative	42%	31%	33%
Don't know / Didn't answer	0%	6%	8%

Availability of orders

Availability of orders, by business size

	Total	Micro	Small	Middle	Large
Less than 1 month	11%	33%	15%	8%	3%
1-2 months	35%	35%	43%	35%	30%
3-5 months	20%	26%	17%	22%	24%
6-11 months	12%	0%	8%	14%	21%
12 months or more	18%	6%	16%	22%	23%

Availability of orders, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Less than 1 month	13%	0%	12%	10%
1-2 months	54%	42%	38%	33%
3-5 months	17%	37%	27%	14%
6-11 months	8%	11%	18%	14%
12 months or more	8%	11%	6%	29%

Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry
Less than 1 month	13%	15%	15%
1-2 months	69%	38%	43%
3-5 months	0%	21%	25%
6-11 months	0%	14%	3%
12 months or more	19%	12%	15%