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Ukrainian Business in Wartime

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

Dear ladies and gentlemen, we present you with the **twenty-sixth 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 “Ukrainian Business in Wartime” consists of two parts. In the first 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 second 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 results are presented in different dimensions (by the number of workers, industries, and regions 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.

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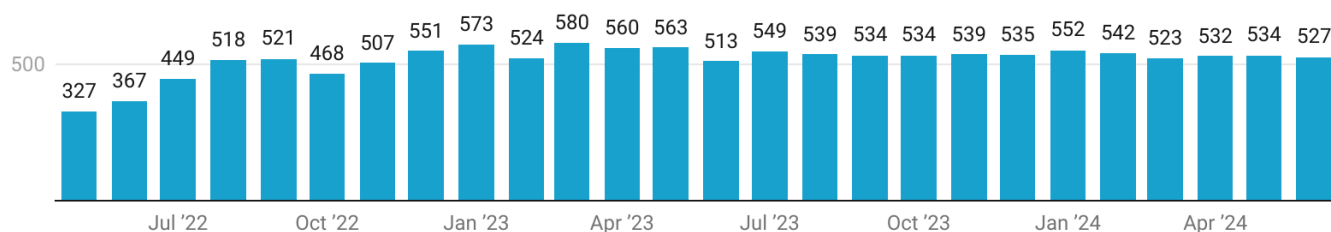
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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

Who do we survey? This survey uses a panel sample; that means we survey the same business entities. During the twenty-sixth wave of the survey, the answers of 527 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (90%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size



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 fourth wave lasted from June 17 to 28, 2024. The enterprises' managers compared the results of work June 2024 with May 2024, assessed the state of the indicators at the time of the survey (June 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

Amid power outages, which have become a major obstacle to doing business and displaced insecurity from the top spot, production growth has slowed down, and near-term expectations have worsened, though still positive, with 6-month expectations remaining high. The Business Activity Recovery Index decreased significantly, as did the Industrial Confidence Indicator (continuing to form a downward trend). The uncertainty in the six-month horizon has slightly increased, while the uncertainty in the three-month perspective for production indicators does not change significantly. Uncertainty in the two-year horizon has not changed significantly after a significant decline last month. Expectations for the two-year perspective were unchanged after a significant deterioration last month. The production index remains positive, but the downward trend continues. Expectations for three-month production are still optimistic, but lower than a month ago. Expectations regarding the prices for raw materials and finished goods rose for the first time. The trend of reducing personnel is slowing down, while difficulties in finding employees with appropriate qualifications have decreased. "Unsafe to work" is in 2nd place, with an almost unchanged percentage value, while "power outages" is in 1st place, moving up from 4th. There were again more neutral assessments of the government's economic policy.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- BUSINESS ACTIVITY RECOVERY INDEX in June 2024 slightly decreased, from 0.40 to 0.37.
- The INDEX OF CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE increased for the second month in a row, and in June, it increased from 0.09 to 0.13.
- Expectations of enterprises regarding changes in the business activity in the six-month perspective have not changed significantly. INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY AT THE ENTERPRISE is 0.55 (it was 0.54).
- The OVERALL ECONOMIC ENVIRONMENT INDEX increased from 0.03 in May to 0.09 in June.
- Expectations regarding changes in the overall economic environment in half a year have not changed significantly and the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.54 (it was 0.52).
- Two-year expectations for the expansion of business activity remained unchanged after a sharp deterioration in the indicator in May, and as in the previous month, the value is 0.09.
- The level of uncertainty in the two-year perspective has not changed significantly after a decrease in May. Uncertainty has slightly increased in the six-month perspective, while in the three-month horizon it remains unchanged.

PRODUCTION

- The production growth rate is gradually slowing down: the PRODUCTION INDEX decreased from 0.21 to 0.18 due to a further decrease in the share of those who increased production volumes.
- Business expectations for the next three months remain optimistic, although the indicator is lower than last month. The INDEX OF EXPECTED CHANGES IN PRODUCTION decreased from 0.47 to 0.38.
- Although the INDUSTRIAL CONFIDENCE INDICATOR has not changed significantly compared to last month, a gradual deterioration is observed. In June, the value was 0.12 (it was 0.14).

DEMAND AND SALES

- The rate of sales growth and increase in new orders is slowing down. The value of the SALES INDEX decreased from 0.21 to 0.17, as did the value of the NEW ORDERS INDEX, which decreased from 0.17 to 0.14.
- Business expectations regarding demand for the next three months have also worsened. The value of the INDEX OF THE EXPECTED CHANGES IN THE SALES decreased from 0.49 to 0.38, and the value of the INDEX OF THE EXPECTED CHANGES IN THE NEW ORDERS decreased from 0.46 to 0.38.

PRICES

- The PURCHASE PRICE INDEX in June compared to May did not change and is 0.18. The INDEX OF EXPECTED CHANGES IN PURCHASE PRICE rose significantly, doubling from 0.11 to 0.20.

- The DOMESTIC SALES PRICE INDEX did not change significantly, and the indicator is 0.18 (it was 0.16). The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE increased significantly, from 0.11 to 0.21.

DEBTS

- In June, compared to May, the indicators of debt accumulation did not change significantly. The receivables indicator is -0.17 (was -0.18), and the payables indicator is -0.22 (was -0.23). The indicator of tax arrears is -0.26 (it was -0.29).
- Accumulations for all types of debts are expected to increase in three months. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE increased from -0.37 to 0.30. The indicator of expectations for accounts payable increased from -0.37 to -0.32. The INDEX OF EXPECTED CHANGES IN TAX ARREARS increased from -0.41 to -0.35.

EMPLOYMENT

- The trend towards a gradual reduction in the number of workers has somewhat slowed down. The NUMBER OF WORKERS INDEX in June compared to May did not change significantly and the indicator is -0.10 (it was -0.09).
- The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased increased marginally, from -0.11 to -0.09.
- THE INDEX OF THE NUMBER OF WORKERS ON FORCED LEAVE increased for the second month in a row, and in June the indicator slightly increased again, from -0.13 to -0.08. The EXPECTED CHANGES INDEX has not changed significantly and is -0.22 (it was -0.24).
- In June, difficulties in finding employees with the required qualifications significantly decreased. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS decreased from 0.37 to 0.25. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS decreased from 0.41 to 0.25.

AVAILABILITY OF ORDERS

- In June 2024, the order portfolio among the surveyed enterprises was practically unchanged compared to May: the average term of new orders was 3.4 months, which is the same as in May and slightly more than in April (3.3 months).
- The share of enterprises with orders for no more than two months was 55%, which corresponds to the level of April and May (54%-55%) and more than in March and February (51%-52%).

OBSTACLES TO DOING BUSINESS IN WARTIME

- Power outages significantly increased in importance among obstacles to doing business, increasing from 41% to 65%. This obstacle rose from 4th place in May to 1st place in June.
- Although the impact of work hazards caused by a full-scale Russian invasion on business has not changed significantly in importance (56% vs 54%), this challenge has dropped from 1st to 2nd place in the ranking of obstacles.
- The growth of prices for raw materials and goods with an unchanged percentage value (46%, as in May) remained in the 3rd place in the rating of obstacles.
- Labor shortage decreased from 49% to 42% and dropped from 2nd to 4th place.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In June 2024, 20% of businesses reported operating at full capacity (100% or more), the highest for all waves of the survey (up from 18% in May).
- In June 2024, 18% of enterprises worked at less than half their capacity or did not work compared to pre-war times (17% in May).
- Medium-sized businesses respond to challenges the best: in June 2024, 69% of medium-sized businesses were operating at near full capacity and at full capacity, slightly higher than in May (68%).
- The food industry remains the leader of the recovery: in June, 70% of food industry enterprises were operating at almost full and full capacity (69% in May). The light industry (63% in June) is on the second rung and machine building (51% in June) is on the third.
- Woodworking is on the last rung; only 22% of surveyed enterprises worked at full or almost full capacity

POWER OUTAGES EFFECT

- More than half (52%) of enterprises temporarily suspended work due to power outages in May 2024.
- 33% of enterprises stopped operations for only 1-10% of working time, and 15% stopped them for 11-25% of working time.
- In May 2024, businesses lost 8% of total working time due to power outages.
- Micro and small enterprises have experienced more losses so far (on average 14% and 10% of working time).
- Among the industries, the biggest losses of time are in woodworking (20% of working time), construction materials production (19%) and printing (17%).

EXPORTING ENTERPRISES

- In June 2024, 62% 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 June 2024, 83% of respondents indicated that they exported before the war, and also continued to export during the last 12 months (83% in May).
- Some businesses cannot overcome new challenges for export activities. As of June 2024, 16% of enterprises were exporting before the start of 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 amounted to 6% and has not changed significantly for about a year.
- The share of neutral assessments of the policy increased from 54% to 59%, while the share of negative assessments slightly decreased from 20% to 18%.
- Speaking about the role of the state (government) in Ukraine in conducting business, 42% call it a "regulator," 20% - an "obstacle," and 9% - a "partner." 3% and 1% of respondents called it "enemy" and "friend", respectively.
- 26% of respondents could not determine the role of the state in Ukraine for conducting business.

ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

BUSINESS ACTIVITY RECOVERY INDEX

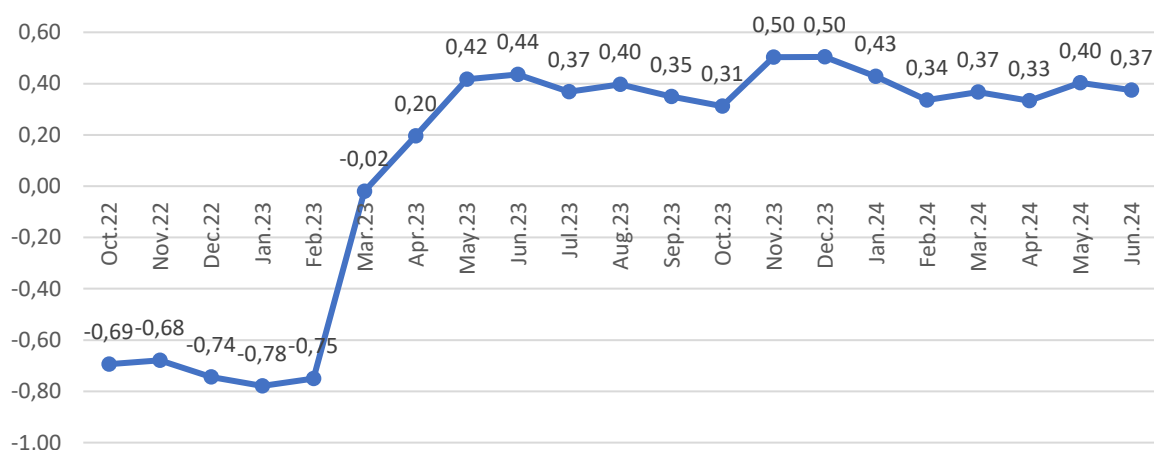
The rate of business activity recovery slowed down. The value of the BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) decreased slightly, from 0.40 to 0.37. The share of respondents who indicated a worsening of the situation decreased slightly (from 15.1% to 13.3%), and the share of those for whom the situation became better than a year ago (from 55.4% to 50.7 %). The share of those who believe nothing has changed compared to last year has increased from 29.4% to 36.0%.

Size. The recovery of business activity significantly depends on the size of the enterprise. Compared to last year, medium-sized and large enterprises feel the best, their indicator is approximately the same: 0.51 and 0.49, respectively. The indicator of small enterprises is significantly lower (0.31). Microenterprises have the lowest and negative value of the indicator (-0.11).

Region. Lviv, Ivano-Frankivsk, and Ternopil regions have the highest indicator (1.00 for each). Volyn (-0.61) and Sumy (-0.42) regions have the lowest indicators.

Sector. The highest value of the index was recorded for the food (0.53) industry, printing, and chemical (0.50 for each) industry. Construction materials production, the value of which is zero, has the lowest indicator.

Fig.3. Business Activity Recovery Index



AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

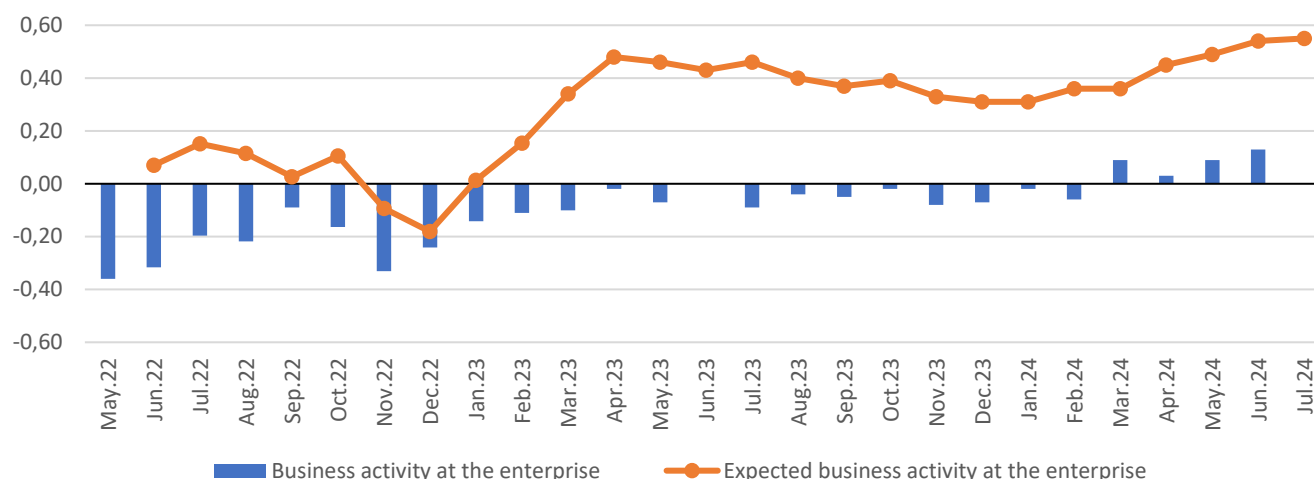
BUSINESS ACTIVITY AT THE ENTERPRISE

There is a gradual improvement in current assessments. The current BUSINESS ACTIVITY INDEX is increasing for the second month in a row, and in June, the value increased from 0.09 to 0.13. The share of those who assess the business activity at the enterprise as good has increased (from 15.1% to 17.7%). At the same time, the share of respondents giving negative assessments has not changed significantly and amounts to 9.4% (it was 10.1%). The share of those who consider the business activity at the enterprise to be satisfactory decreased slightly, from 74.8% to 72.9%.

Expectations for the six months have not changed significantly, and the indicator remains high. The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS is 0.55 (it was 0.54). The share of "optimists" increased slightly (from 56.9% to 58.0%), while the share of those who expect deterioration does not change significantly and amounts to 4.6% (it was 5.7%). The share of those who do not expect any changes, as last month, is 37.4%.

The share of those who could not give a forecast for the next six months increased slightly, from 13.1% to 15.4%.

Fig.4. Business activity at the enterprise, indices



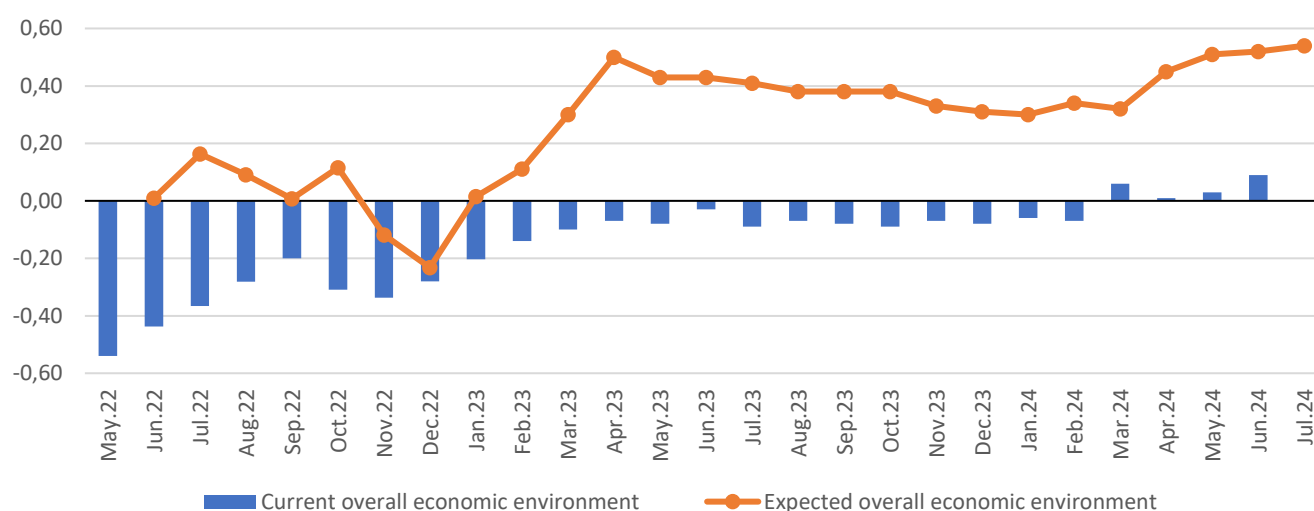
OVERALL ECONOMIC ENVIRONMENT

Assessments of the overall economic environment are gradually increasing. The value of the corresponding INDEX in June increased from 0.03 to 0.09. The share of those who rate the overall economic environment as bad has not changed significantly and is 14.3% (it was 15.2%), while the share of those who gave positive assessments has increased (from 13.5% to 17.5%). The share of respondents considering the overall economic environment to be satisfactory decreased slightly, from 71.3% to 68.2%.

Enterprise forecasts regarding changes in the overall economic environment for the next six months have not changed significantly: the value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.54 (it was 0.52). The share of "optimists" regarding changes in the overall economic environment has not changed significantly and amounts to 57.9% (it was 56.6%). The share of "pessimists" also remained almost unchanged and amounted to 7.2% (it was 7.9%). The share of those who believe that the overall economic environment will not change significantly over the next six months is 34.9% (it was 35.5%).

The share of those who could not give forecasts regarding the overall economic environment increased slightly, from 15% to 16.5%.

Fig.5. Overall economic environment, indices

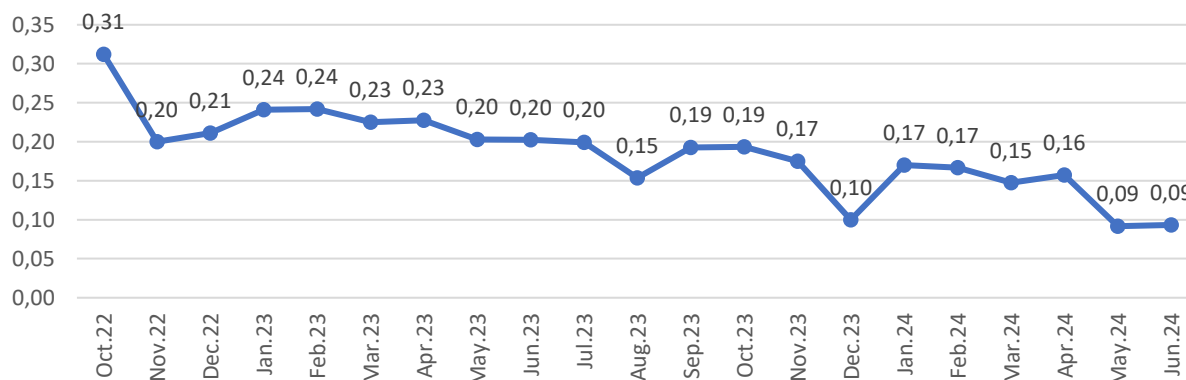


EXPANSION PLANS FOR THE NEXT TWO YEARS

Business activity expectations for the next two years remained unchanged after nearly halving in May. The INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.09 as last month. The share of those who expect the expansion of activity has not changed significantly and is 13.3% (was 14.2%), as well as the share of those who expect its reduction, which is 3.9% (was 5.0%). The share of those who plan to stay at the current level increased slightly, from 80.8% to 82.8%.

The percentage of those who could not give a forecast for such a distant perspective remained without significant changes and amounted to 29.6% (it was 30.9%).

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



Size. Among enterprises of all sizes, large enterprises (0.16) have the most optimistic plans for the future. The indicator of micro (0.11) and medium (0.09) enterprises is approximately the same. The lowest indicator of expectations is for small enterprises, for which the value is 0.04.

Region. Significant regional differences were registered. Enterprises from Chernihiv (0.62) and Chernivtsi (0.40) regions have the highest expectations. The Volyn region (-0.08) has the lowest and only negative value of the indicator.

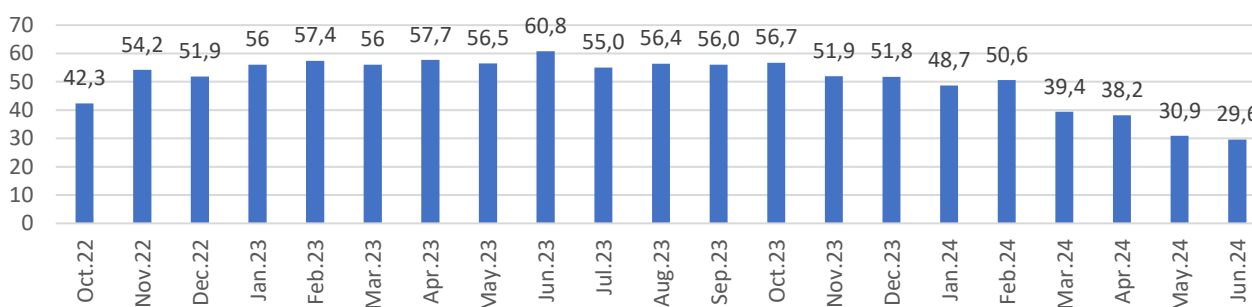
Sector. Expectations vary by industry. Printing (0.33) and woodworking (0.27) industries have the highest values. Indicators of construction materials production are the lowest and the only negative value (-0.08).

UNCERTAINTY

Two-year expectations

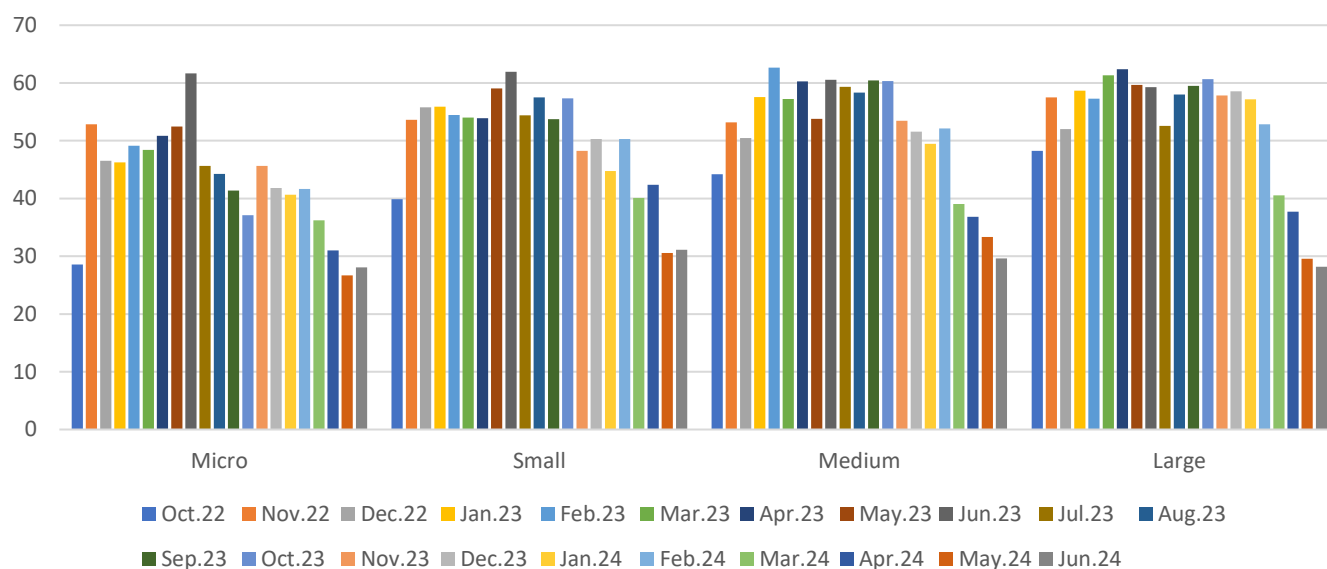
The level of uncertainty about business plans for the next two years in June did not change significantly after a significant decrease in May and remained the lowest over the entire survey period. 29.6% of respondents could not give an answer regarding the prospects for the next two years (it was 30.9% in May).

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



The level of uncertainty regarding plans for the two years depends on the size of the enterprise. The indicator of micro-enterprises has not changed significantly and is 28% (it was 27%). The indicator of medium-sized enterprises has been decreasing for several months in a row and was 30% in June (it was 33%). The two-year uncertainty indicator for large enterprises decreased slightly, from 30% to 28%. Uncertainty about the long-term perspective for small businesses remained unchanged, and as the last month, the value is 31%.

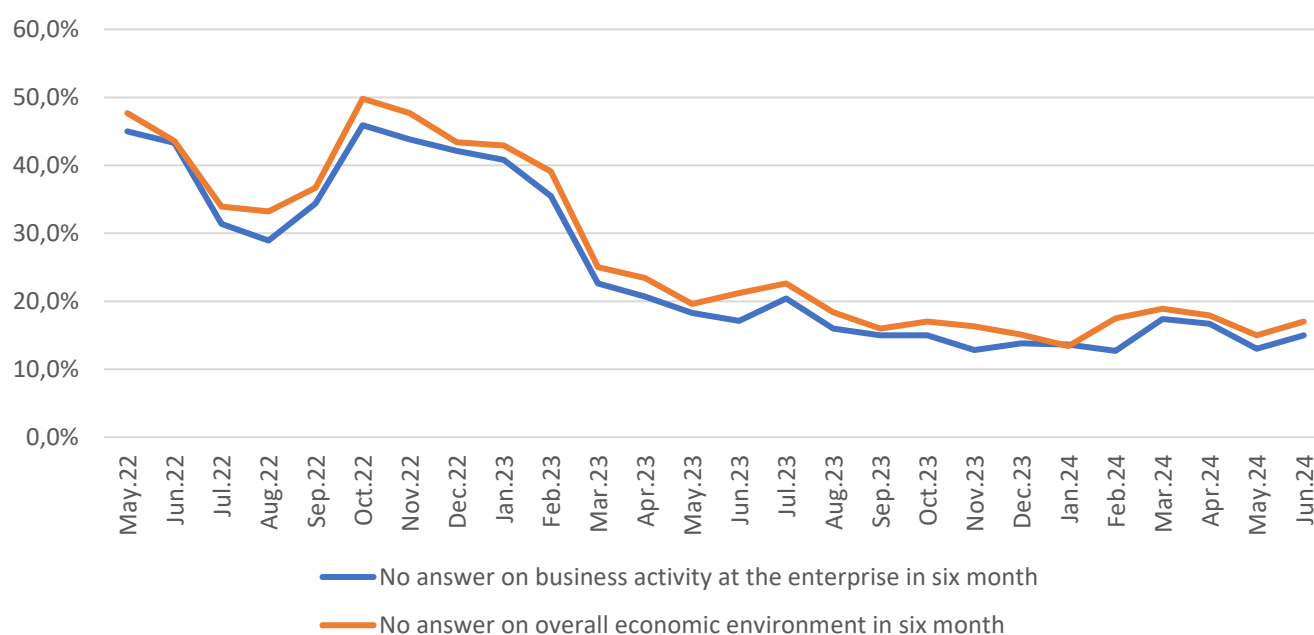
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

The level of uncertainty in the forecasts of the half-year perspective insignificantly has increased. The uncertainty for business activity increased from 13% to 15%. The share of respondents who could not give a forecast regarding changes in the overall economic environment increased from 15% to 17%.

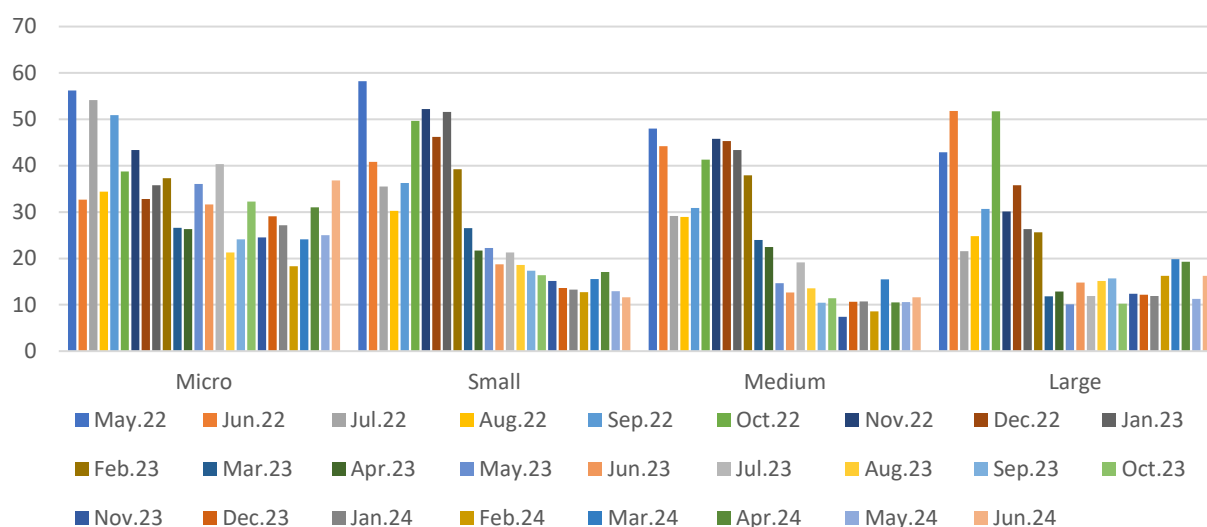
Fig.9. The level of uncertainty of the business activity and the overall economic environment, % of respondents



The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. The uncertainty indicator for micro-enterprises is the highest, and the value has increased from 25%

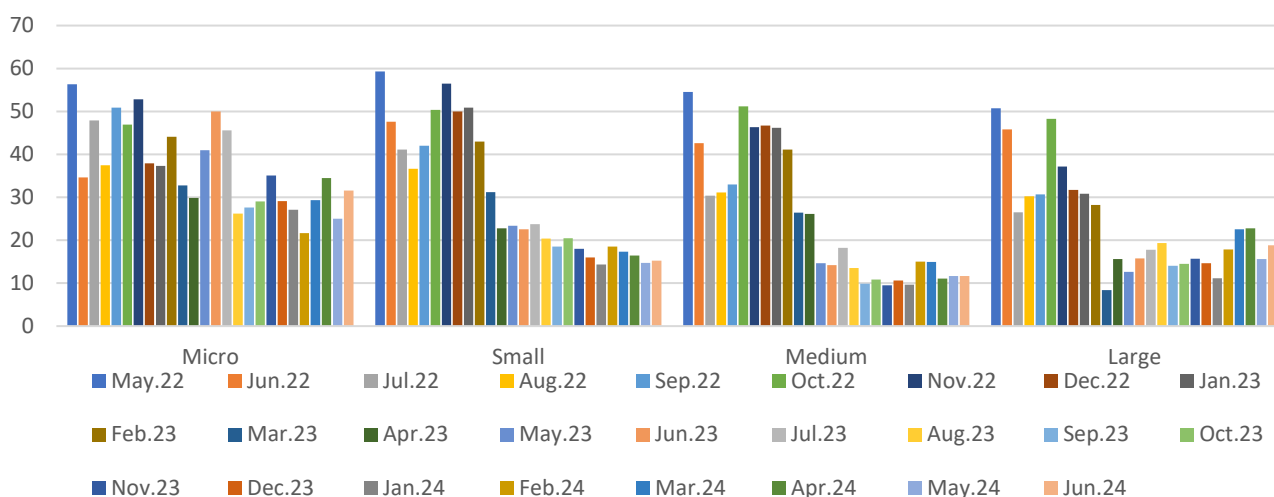
to 37%. The level of uncertainty for small enterprises has not changed significantly and is 12% (it was 13%), as well as the indicator for medium-sized enterprises, for which the value is 12% (it was 11%). The uncertainty indicator for large enterprises increased from 11% to 16%.

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



Uncertainty about the overall economic environment, as in the case of the business activity, **depends on the size of the enterprise**. The indicator of uncertainty of micro-enterprises remains the highest, and the value has increased from 25% to 32%. The uncertainty regarding changes in the overall economic environment for half a year for large enterprises also increased from 16% to 19%. The uncertainty indicator for small and medium-sized enterprises has not changed compared to May and is 15% and 12%, respectively.

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

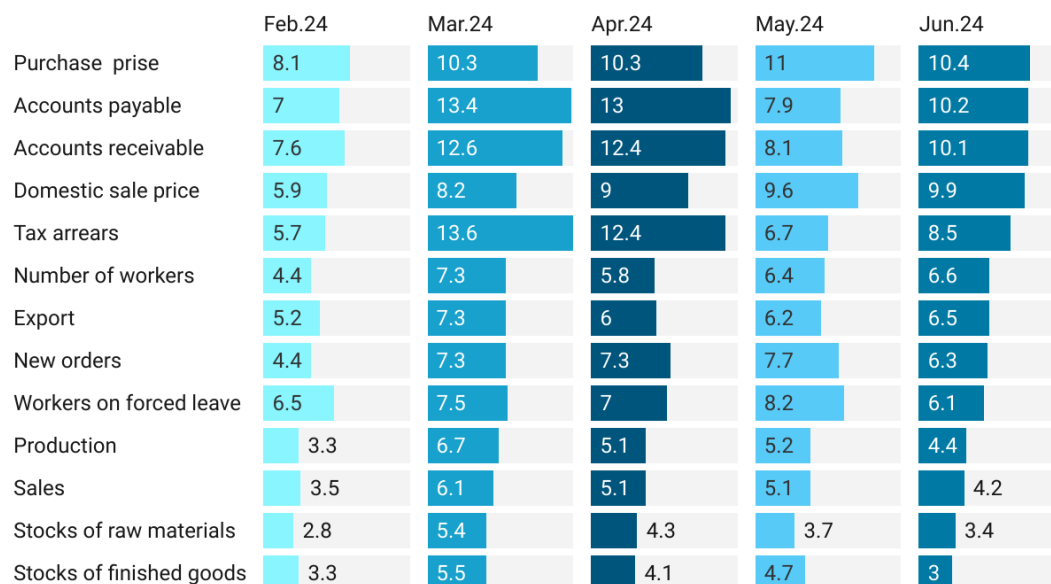


Three-month expectations

In June 2024, the indicator of uncertainty in the short-term perspective has not changed significantly for most production indicators. The highest level of uncertainty is for the prices of raw materials and supplies: 10.4% (it was 11%). The payables indicator increased slightly, from 7.9% to 10.2%, as did the receivables indicator, which slightly increased from 8.1% to 10.1%. Also, uncertainty for tax arrears increased from 6.7% to 8.5%. Uncertainty for the

number of workers on forced leave decreased from 8.2% to 6.1%. The lowest uncertainty indicator in the three-month perspective is for stocks of finished goods, where the value decreased from 4.7% to 3%.

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



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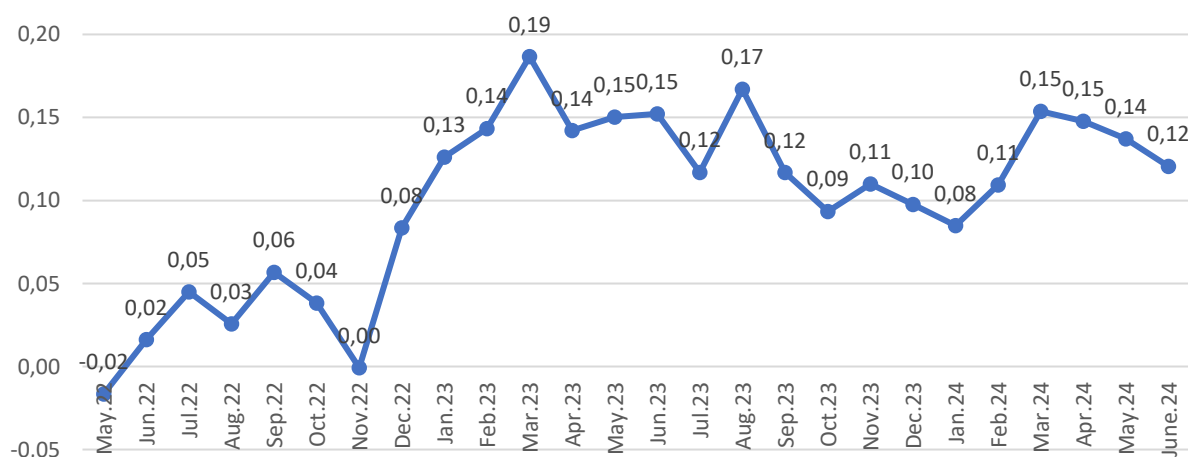
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) has not changed significantly compared to May, while at the same time there is a gradual trend for the value to deteriorate. In June, the indicator is 0.12 (it was 0.14).

It became possible due to minor changes in the components of the indicator: (1) *production expectations* for the next 3-4 months, although they remain optimistic, have significantly decreased, from 0.47 to 0.38. (2) *estimates of the new orders portfolio* increased from -0.05 to -0.01, and (3) *estimates of finished goods stocks* did not change significantly and the indicator is 0.01 (was 0.02).

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

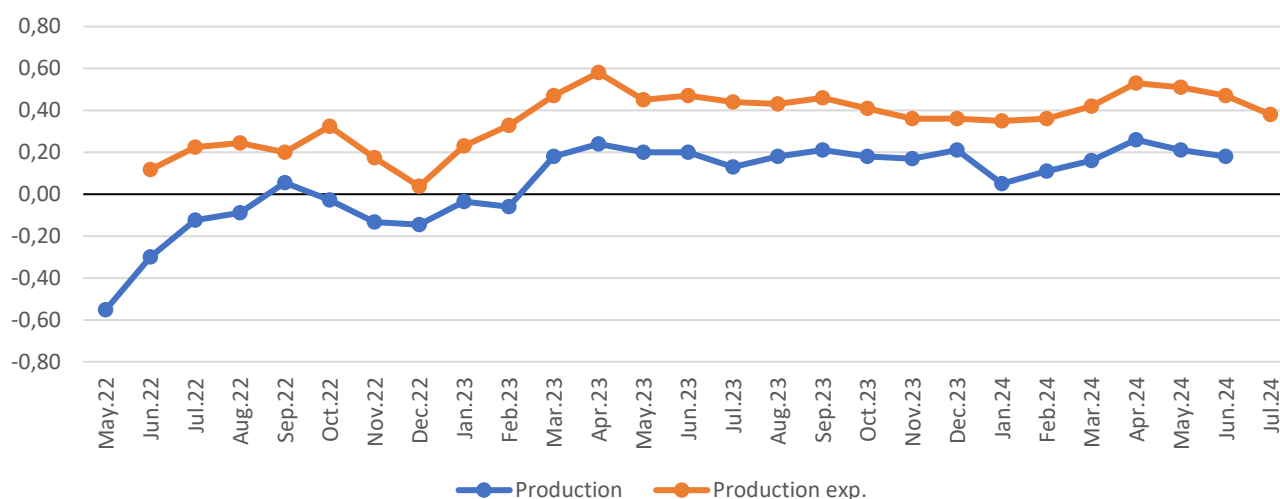
In June, the trend to reduce production volumes continued. The PRODUCTION INDEX decreased from 0.21 to 0.18. The share of enterprises that reduced production volumes did not change significantly and amounts to 12.7% (it was 13.7%). At the same time, the share of enterprises that increased production volumes decreased from 29.6% to 25.2%. The share of enterprises in which there were no changes increased from 56.7% to 62%.

Size. Among enterprises of different sizes, the best results have large (0.24) and medium (0.21) enterprises. The indicator of small enterprises is 0.09. The indicator of micro-enterprises is the lowest and negative (-0.26).

Region. Regional differences are significant (the largest value is 1.00, and the smallest is -0.40). The best results were achieved by enterprises of Poltava (1.00), Ternopil (0.45), and Lviv (0.39) regions. The lowest index values were recorded for enterprises in Kharkiv (-0.40) and Chernivtsi (-0.22) regions.

Sector. Index values vary across sectors and industries. The best situation was in the food industry (0.23). Metal processing (-0.14) and construction materials production (-0.26) have the lowest and negative indicator.

Fig.14. Production indices



Expected changes in production

Expectations regarding production growth, while remaining high and optimistic, are gradually decreasing. The INDEX OF EXPECTED CHANGES IN PRODUCTION decreased from 0.47 to 0.38. The share of enterprises where production growth is planned decreased from 47.6% to 39.7%. The share of those who do not expect changes increased from 48.4% to 55.4%. The share of enterprises that plan to reduce production has not changed significantly and is 5% (it was 4%).

Size. Production expectations depend on the size of enterprises. The most optimistic is the indicator of large enterprises (0.42). The indicator of medium (0.38) and small (0.36) companies is slightly lower and approximately the same. Micro-enterprises (0.04) have the lowest indicator.

Region. Enterprise plans depend significantly on the region of location. Poltava, Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 each) have the most optimistic plans for production growth. The Volyn (-0.03), Chernivtsi (-0.06), and Chernihiv (-0.14) regions have the lowest and negative values of the indicator.

Sector. Production expectations for three months depend on the industry. The food (0.49) and light (0.37) industries have the highest indicators of expectations. Metalworking has the lowest and negative value of the indicator (-0.14).

SALES

Changes compared to the previous month

In June, the trend to slow down sales growth continued. The SALES INDEX decreased from 0.21 to 0.17. The share of those who reduced production volumes did not change significantly and amounts to 13.7% (it was 14.7%). The share of enterprises in which there were no changes increased from 54.5% to 60.8%. At the same time, the share of enterprises that increased sales decreased from 30.8% to 25.5%.

Size. The SALES INDEX of large (0.23) and medium (0.21) enterprises is the highest. The value for small businesses (0.07) is three times lower but still positive. Microenterprises have the lowest and only negative value of the indicator (-0.26).

Region. The highest value of the SALES INDEX was recorded for Poltava (1.00), Ternopil (0.45), and Lviv regions (0.39). Sumy (-0.19), Chernivtsi (-0.22), and Kharkiv (-0.40) regions have the lowest value of the indicator.

Sector. The food industry (0.23) and machine building (0.15) have the highest sales index. Metal processing (-0.14) and construction materials production (-0.26) have the lowest and negative value of the indicator.

Expected changes in sales

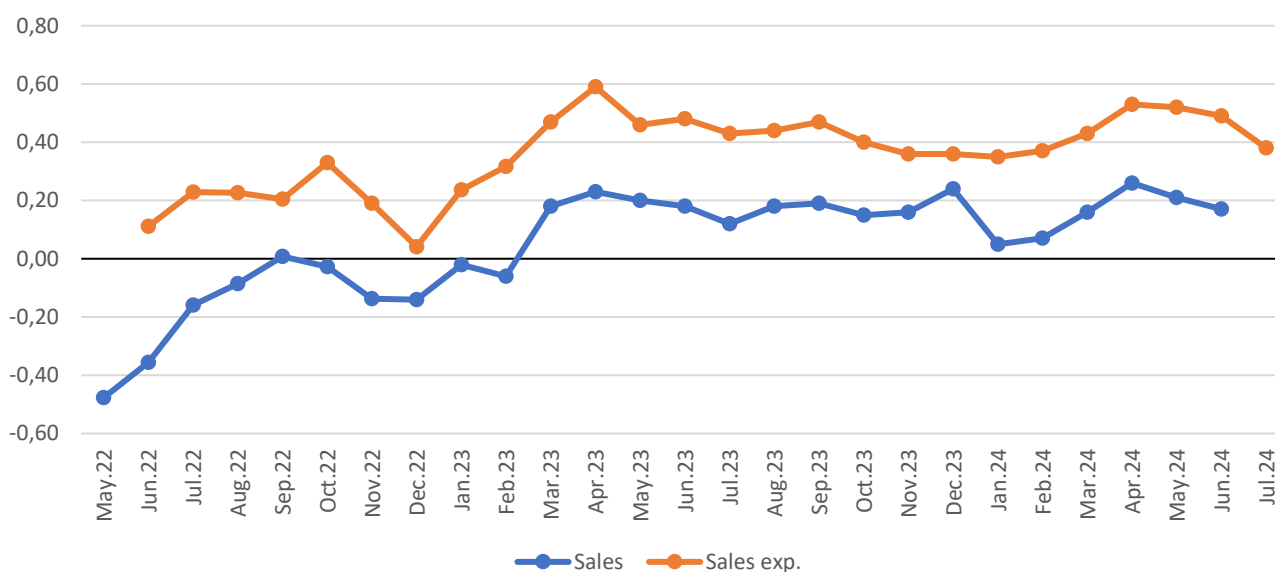
Sales expectations are gradually deteriorating. The INDEX OF EXPECTED CHANGES IN SALES decreased from 0.49 to 0.38. The share of those who plan to reduce sales has not changed significantly and is 5% (it was 4.3%), and the share of those who plan to increase them has decreased from 49.4% to 39.9%. The percentage of respondents who believe nothing will change has increased from 46.2% to 55.2%.

Size. The indicator of expectations for large (0.42) and medium (0.39) enterprises is the highest. The indicator of small enterprises is 0.39. The indicator of micro-enterprises (0.04) is significantly lower.

Region. The best expectations were recorded in Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The indicator of expectations for Chernivtsi (-0.06) and Chernihiv (-0.15) regions is the lowest with a negative value.

Sector. Food (0.49) and light (0.36) industries have the highest sales expectations. The sales growth rate for metalworking (-0.15) is the lowest.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

Export growth rates have remained unchanged for the third month in a row. The value of the EXPORT INDEX is 0.11 (it was 0.13). In the percentage distribution, the share of respondents whose export volumes decreased (from 17.0% to 14.7%) and the share of enterprises that increased exports (from 24.5% to 21.9%) decreased. At the same time, the share of enterprises whose export volumes remained unchanged increased from 58.5% to 63.4%.

Size. The value of the EXPORT INDEX is higher and approximately the same for large (0.19) and medium (0.14) enterprises. The small and micro enterprises have the lowest and negative value of the indicator: -0.16.

Region. Poltava (0.79), Ternopil (0.44), and Cherkasy (0.35) regions have the highest indicators. The lowest value is for the Sumy region (-0.80).

Sector. The food (0.19), chemical (0.17), and light (0.15) industries have the highest EXPORT INDEX. Printing (-0.33) and construction materials production (-0.50) have the lowest and negative value of the indicator.

Expected changes in export

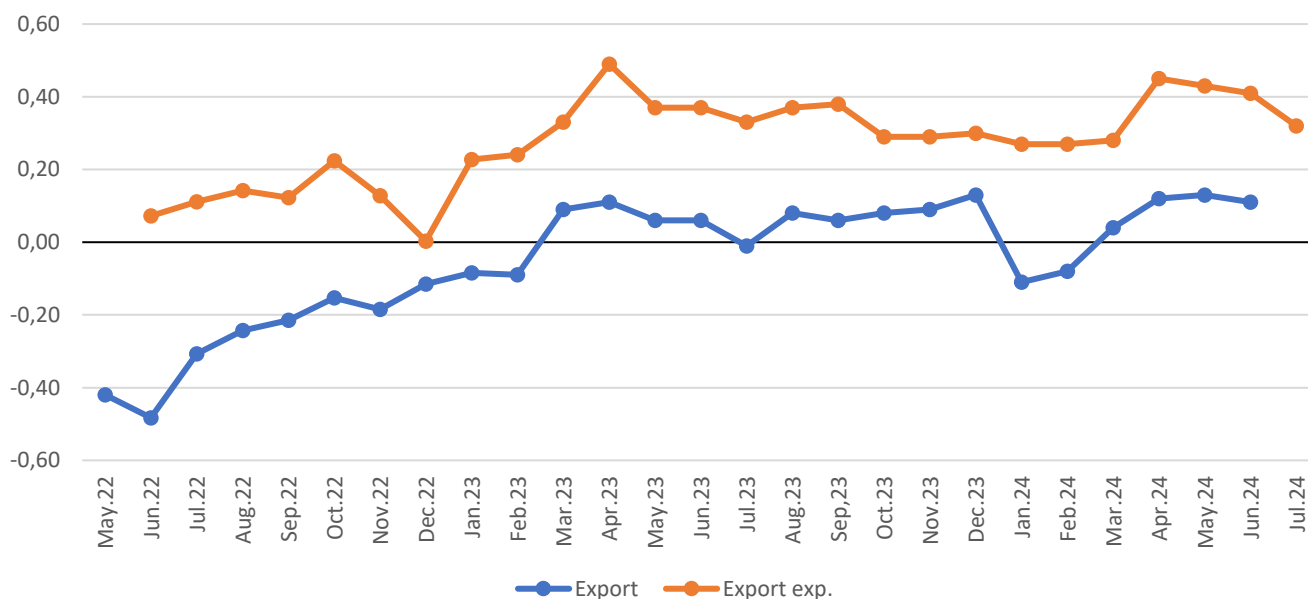
For the next three months, entrepreneurs will see deterioration of the indicator values. The INDEX OF THE EXPECTED CHANGES IN EXPORT decreased from 0.41 to 0.32. The share of those planning to increase exports decreased from 41.5% to 35.1%. The share of respondents who plan to reduce it has not changed significantly for several months in a row and is 6.4% (it was 5.3%). The share of those who do not expect any changes increased from 53.2% to 58.4%).

Size. Large (0.37) and medium (0.34) enterprises have the highest and approximately the same indicator of export expectations. The indicator of small enterprises is 0.13. Micro-enterprises have the lowest export expectations: 0.06.

Region. The highest value of the INDEX OF EXPECTED CHANGES IN EXPORTS was recorded for enterprises of Lviv, Ivano-Frankivsk, and Ternopil regions (1.00 for each). The business representatives of Kyiv city (-0.31), Sumy (-0.20), and Dnipropetrovsk (-0.17) regions have the worst expectations.

Sector. Food (0.41) and light (0.33) industries have the highest value of the index of expected changes in exports. The construction materials production has the lowest value of the indicator (-0.43).

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of raw material stocks has slowed down. The VALUE OF THE INDEX OF STOCKS OF RAW MATERIALS in June compared to May did not change and is 0.12. The share of respondents who reported on the accumulation of stocks of raw materials for the past month has not changed significantly, and was 20.5% (it was 21.3%). At the same time, the share of respondents who indicated their reduction decreased slightly, from 13.3% to 9.8%. The share of entrepreneurs for whom nothing has changed compared to last month increased from 65.3% to 69.7%.

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large enterprises (0,17). The indicator of medium (0,12) and small companies (0,07) is significantly lower. The indicator of micro-enterprises is the lowest and has a negative value (0,06).

Region. Most often, the accumulation of raw material stocks is reported in Poltava (0,96), Ternopil (0,45) and Lviv (0,39) regions. The indicators of Kyiv city (-0,57), Chernihiv (-0,20) and Zhytomyr (-0,18) regions are the lowest.

Sector. The chemical (0.15) and food (0.14) industries have the highest positive value. The indicators of printing (-0.14) and construction materials production (-0.11) are the lowest.

Expected changes in stocks of raw material

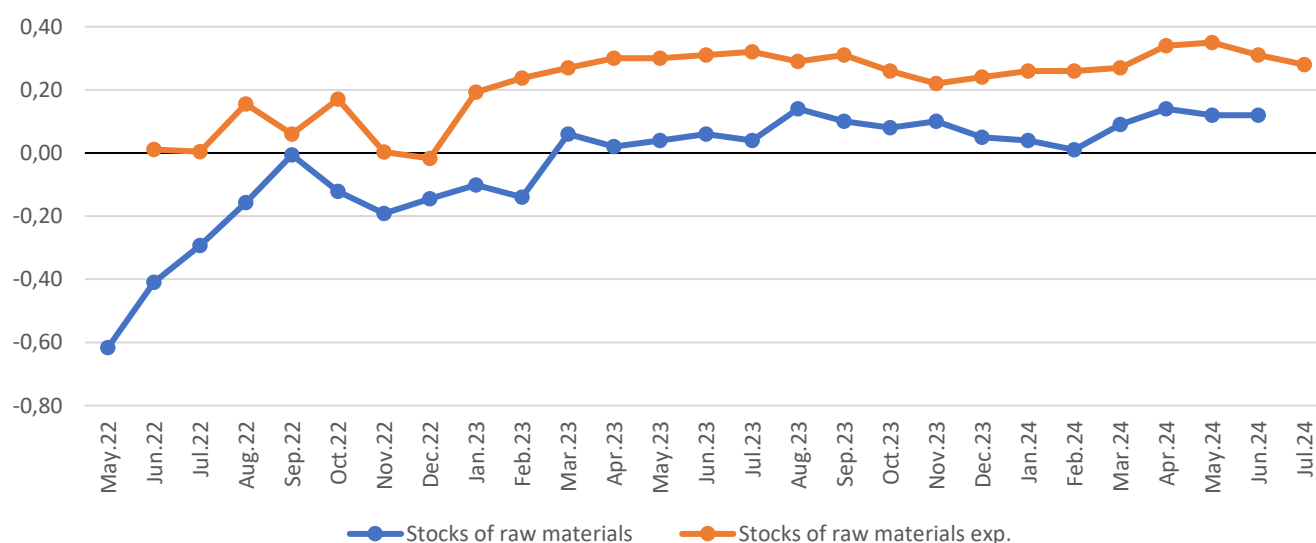
For the next three months, entrepreneurs expect a slight decrease in the indicator: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is not significant but gradually decreases and is 0.28 (it was 0.31). The share of respondents who expect the accumulation of raw material stocks has slightly decreased, from 34.7% to 32.7%, and the share of those who believe that raw material stocks will decrease has not changed significantly and is 8.1% (it was 7.1%). The share of those who do not expect changes has not changed significantly and is 59.1% (it was 58.2%).

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher and the same for medium and large enterprises and is 0.32. The indicator of small enterprises is 0.18. The value of the indicator for micro-enterprises is the lowest and is 0.02.

Region. The Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 for each) have the HIGHEST INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS. The lowest value of the index is for Kyiv city (-0.50) and Chernihiv region (-0.30).

Sector. The food industry (0.39) has the highest indicator of expectations regarding changes in raw material stocks. Metalworking (-0.10) and woodworking (-0.11) industries have the lowest and negative value of the indicator.

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

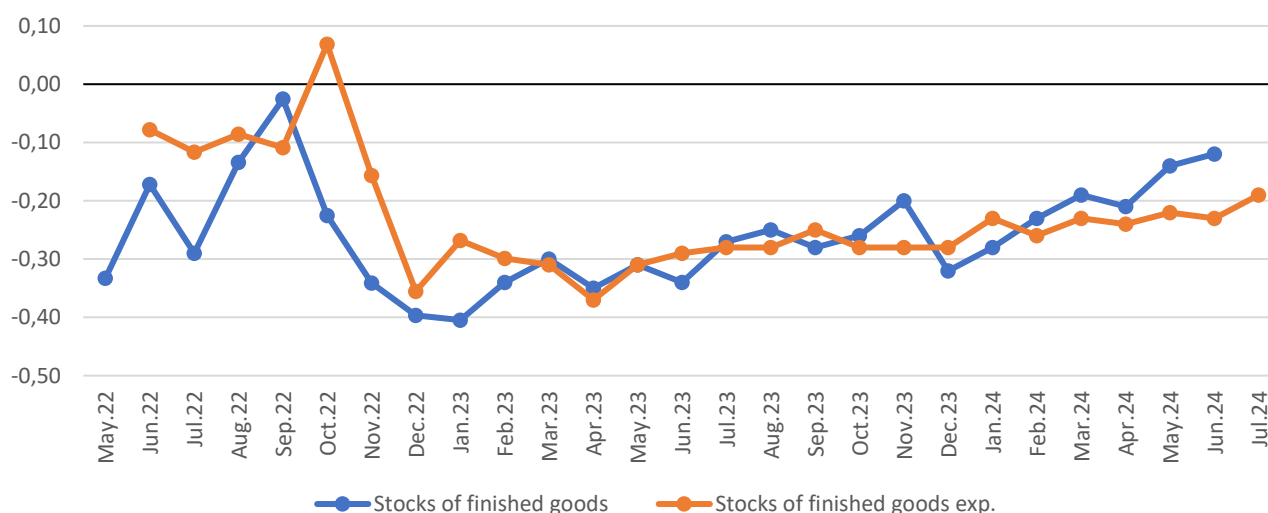
The rate of reduction of stocks of finished goods slow down. The value of the corresponding index increased for the second month in a row, and after a significant jump in May, in June, it slightly increased from -0.14 to -0.12. The share of respondents who reported a decrease in stocks of finished goods decreased from 25.9% to 20.1%, while the share of respondents whose stocks increased decreased from 11.2% to 7.5%. The share of respondents who did not feel any changes increased from 62.9% to 72.4%.

Size The value of the index depending on the size of the enterprise is the lowest for small enterprises (-0.20). The indicator of medium (-0.12) and large (-0.08) enterprises is higher and approximately the same. The highest value of the indicator is for micro-enterprises (-0.02).

Region. The value of the index depends on the region. Most often, the accumulation of stocks of finished goods is talked about at the enterprises of the Sumy and Cherkasy regions (0.20 each). The lowest index is for Lviv (-0.70), Ternopil (-0.70) regions, and Kyiv city (-0.50).

Sector. Printing (-0.40), production of building materials (-0.26), and printing (-0.25) have the lowest indices. Metal processing has the highest index (0.10).

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

In the future, the heads of enterprises expect a further slight increase in the indicator. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS slightly increased, from -0.23 to -0.19. In terms of percentage distribution, the share of respondents who believe that stocks of finished goods will decrease in the next three months has not changed significantly and is 29.3% (it was 30.2%), while the share of those who expect them to accumulate has slightly increased, from 6.5 % to 8.3%. The percentage of those who believe that nothing will change has not changed significantly and is 62.4% (it was 63.3%).

Size. The value of the indicator depends on the size of the enterprise. The value of the index is the lowest for small enterprises (-0.28). The indicator of medium (-0.23) and micro-enterprises (-0.20) is slightly higher and approximately the same. The indicator of large enterprises (-0.08) is the highest.

Region. The Cherkasy (0.23), Zakarpattia, and Vinnytsia (0.20 each) regions have the highest indicator. Ivano-Frankivsk and Lviv regions have the lowest rate (-1.00 each) regions.

Sector. The value of the index for machine building is the highest and the only positive (0.09). The lowest value is for printing (-0.60) and food (-0.31) industries.

NEW ORDERS

Changes compared to the previous month

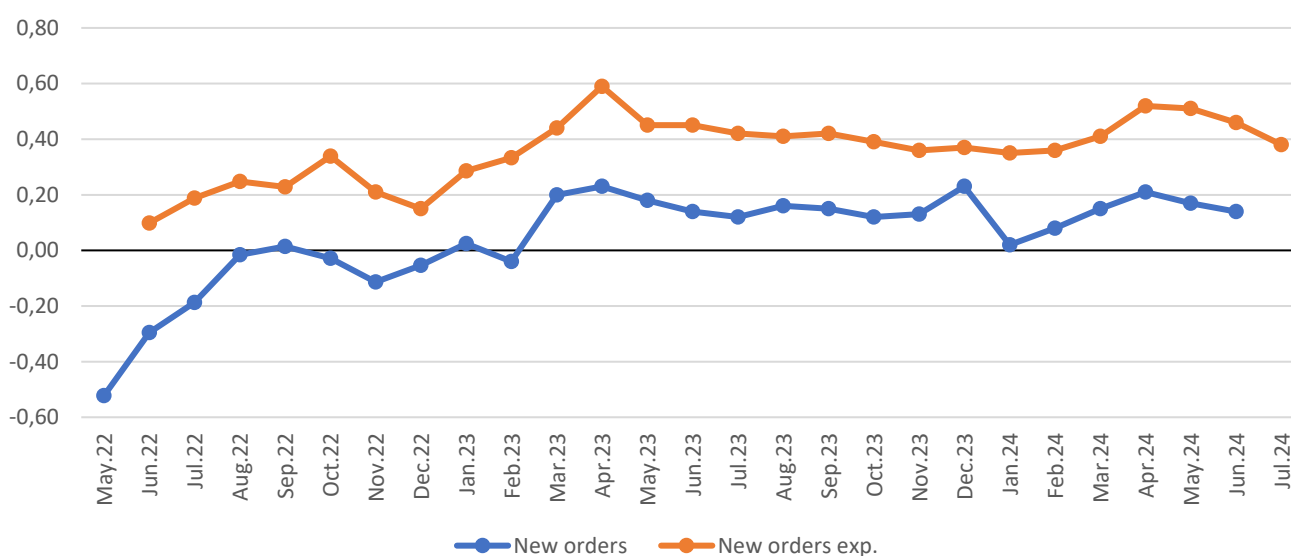
The growth rate of new orders has slowed down. The NEW ORDERS INDEX is gradually decreasing for the second month in a row and is 0.14 in June (it was 0.17 in May). In percentage distribution, the share of respondents with an increase in the number of new orders decreased from 27.2% to 21.7%. At the same time, the share of those who reported a reduction in their number decreased less significantly, from 14.3% to 12.7%. The share of those who felt no change increased from 58.5% to 65.6%.

Size. The increase in orders is reported more by large (0.20) and medium (0.18) enterprises. The indicator of small enterprises is 0.04. Microenterprises have the lowest and negative value (-0.26).

Region. The new orders grew the most in Poltava (0.96) and Ternopil (0.45) regions, while the volume of new orders decreased the most in Kharkiv (-0.40) and Chernivtsi (-0.22) regions.

Sector. In the previous month, the situation with new orders was the best for machine building and the food industry (0.20 for each branch). The production of construction materials (-0.26) and metalworking and woodworking industries (-0.05 each) have the lowest and negative value of the indicator.

Fig.19. New orders indices



Expected changes in new orders

Entrepreneurs expect a further decrease in the indicator in the next three months. The value of the INDEX OF EXPECTED CHANGES IN THE NEW ORDERS decreased from 0.46 to 0.38. In percentage distribution, the share of respondents expecting an increase in new orders decreased from 48.8% to 39.85% and the share of respondents expecting a decrease in the volume of new orders did not change significantly and amounted to 5.1% (it was 4.5 %). The share of those who did not expect changes in the next three months increased from 46.7% to 55.2%.

Size. The indicator of expectations is approximately the same for large (0.41), medium (0.39), and small (0.36) enterprises. The indicator of micro-enterprises has the lowest and negative value, which is -0.02.

Region. Index values have significant regional differences. In Ternopil and Ivano-Frankivsk (1.00 for each) regions, business is expecting an increase in new orders to a greater extent than in other regions. At the same time, the indicators of Dnipropetrovsk (-0.10), Chernihiv (-0.07), and Chernivtsi (-0.06) regions have a negative value.

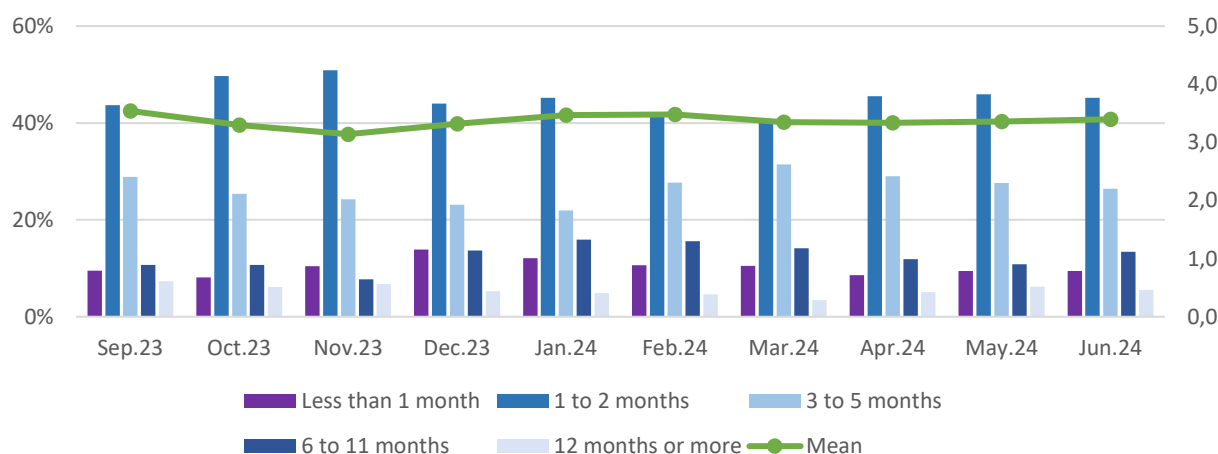
Sector. Food (0.47) and light (0.39) industries have the best expectations for new orders. The index of metalworking is the lowest and is equal to zero.

Availability of orders

In June 2024, the average term of new orders availability for the surveyed enterprises has practically not changed compared to May: it was 3.4 months, the same as in May, and slightly more than the level of April (3.3 months).

The share of enterprises with orders for no more than two months was 55%, which corresponds to the level of April and May (54% and 55%) and is higher than in March and February when it was at the level of 51%-52%.

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 only 1.7 months (average value), while small businesses - for 2.5 months, medium - for 3.8 months, and large - for 4.7 months.

80% of micro and 67% of small enterprises have orders for only up to two months. At the same time, 30% of large enterprises and 22% of medium ones have orders for six months or more.

Sector. In June 2024, the comparatively longest average terms of new orders were recorded in machine building (3.8 months), as well as in the woodworking and chemical industries (3.2 and 3.1 months, respectively)¹.

The shortest average term of new orders is observed in the construction materials production industry (1.2 months). 87% of enterprises in this industry reported orders for only up to two months.

Region. There are differences in the supply of orders between enterprises in different regions². The average term of securing orders is the longest for enterprises in the Kyiv region: it was 9.4 months on average. Also, the period of orders is relatively long for enterprises in Odesa, Poltava, Rivne, Volyn, and Khmelnytsky regions (4 months or more).

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.

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

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies has slowed down. The value of the PURCHASE PRICE INDEX did not change significantly in June compared to May and is 0.18. The share of enterprise managers who indicated an increase in prices in June did not change significantly and amounts to 21.6% (it was 19.4%). At the same time, the share of those who believe that prices did not change compared to the previous month decreased from 79.1% to 76.3%. The share of those who talk about a decrease in prices for raw materials and supplies has not changed significantly and is 2.1% (it was 1.5%).

Size. Most often, the heads of micro-enterprises talk about the increase in prices for raw materials and materials (0.33). The indicator of small (0.23) and large (0.19) enterprises is approximately the same. The lowest value of the indicator is for medium enterprises (0.13).

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (0.96), Sumy (0.70) regions, and Kyiv city (0.62). The indicator of Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Odesa, Ternopil, and Cherkasy regions is zero.

Sector. The value of the purchase price index is the highest for printing (0.38) and machine building (0.30). The construction materials production (0.05) and the chemical (0.08) industries have the lowest value of the index.

Expected changes in the purchase prices

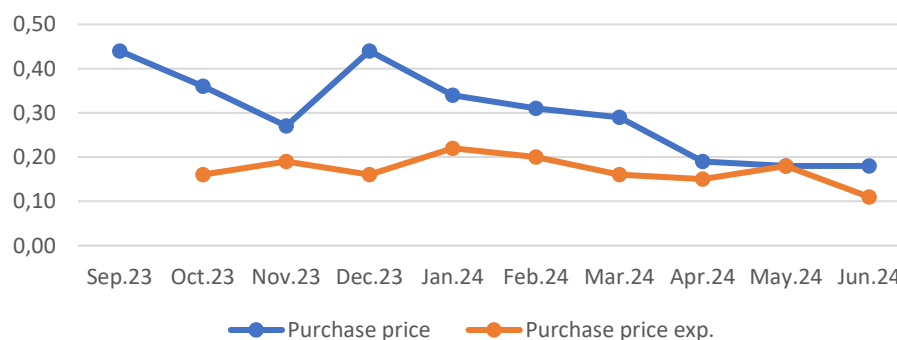
In the next three months, the business expects a sharp increase in the indicator. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE doubled from 0.11 to 0.20. In percentage distribution, the share of respondents who believe there will be no changes has significantly decreased, from 85.1% to 76.4%. The share of those expecting a price increase grew from 13.2% to 21.8%. The share of those who believe that the prices of raw materials and supplies will decrease in the next three months has not changed and, like last month, is 1.7%.

Size. The indicator of large enterprises (0.27) is the highest. The value for micro (0.23), small (0.19), and medium (0.16) enterprises is slightly lower.

Region. Most people talk about a possible increase in prices for raw materials and supplies in Poltava (0.96), Sumy (0.77), and Zhytomyr (0.73) regions. The indicators of the Chernivtsi (-0.03) and Chernihiv (-0.05) regions are the lowest and have a negative value.

Sector. The printing industry has the highest value of the index (0.43). The production of construction materials has the lowest indicator (0.07).

Fig.21. Purchase prices indices



DOMESTIC SALES PRICES

Changes compared to the previous month

The growth rate of prices for finished goods has not changed significantly. The value of the DOMESTIC SALES PRICE INDEX is 0.18 (it was 0.16). The share of enterprise managers who indicated a price increase in June slightly increased, from 17.9% to 20.2%. The share of those who believe prices did not change compared to the previous month increased from 80.0% to 77.7%. The share of respondents who talk about price reductions, as last month, is 2.1%.

Size. Most often, small (0.23), large (0.19) and micro-enterprises (0.20) talk about an increase in prices for finished products. The indicator of medium enterprises (0.13) is the lowest.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (1.00) and Sumy (0.80) regions. The indicator of Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Ternopil, and Cherkasy regions is the lowest and is equal to zero.

Sector. The value of the DOMESTIC SALES PRICE INDEX is the highest for machine building (0.25), light (0.18), and food (0.17) industries. Metalworking and construction materials production have the lowest value (0.05 for each)

Expected changes in the domestic sales prices

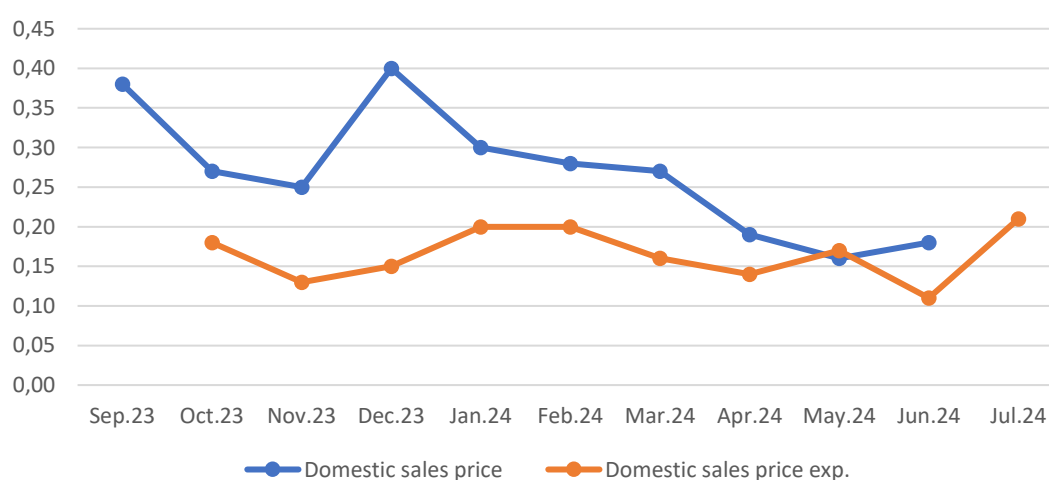
For the next three months, company managers expect a sharp increase in the indicator. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES doubled from 0.11 to 0.21. The share of respondents not planning changes increased from 84.4% to 76.7%. The share of respondents planning to raise prices in the next three months increased from 13.3% to 21.8%. The share of those who believe that the prices of raw materials and supplies will decrease in the next three months has not changed significantly and is 1.5% (it was 2.3%).

Size. The biggest (0.26) increase in prices for finished goods is expected at large enterprises. The indicators of medium (0.18), small (0.19), and micro enterprises (0.21) are approximately the same.

Region. Most people talk about a possible increase in domestic sales prices in Poltava (1.00), Zhytomyr (0.86), and Sumy (0.79) regions. The indicators of Volyn (-0.04), Chernivtsi (-0.03), and Cherkasy (-0.05) regions have the lowest and only negative values.

Sector. The highest index values are in printing (0.38), machine building (0.36), and metalworking (0.32). The woodworking industry (0.11) has the lowest expectation index.

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The indicator of receivables remained unchanged. The value of the ACCOUNT RECEIVABLES INDEX in June amounted to -0.17 (it was -0.18). The share of those who reported debt reduction remained almost unchanged at 27.5% (it was 27.4%), as was the share of those who accumulated debt, which is 10.4% (it was 9.1%). The share of those for whom nothing has changed is 62.1% (it was 63.4%).

Size. The situation with receivables is better for small enterprises (-0.25). The indicators of medium (-0.15), large (-0.13), and micro enterprises (-0.11) are approximately the same.

Region. Significant regional differences in the values of this indicator were recorded. In terms of regions, the highest positive value of the indicator was recorded in Kyiv city (0.40), Kyiv region (0.25), and Vinnytsya (0.16) regions. At the same time, in the Sumy (-0.80), Dnipropetrovsk (-0.65), and Zhytomyr (-0.62) regions, the indicator of receivables decreased the most.

Sector. Printing has the highest rate of receivables (0.14). The construction materials production (-0.50) and the chemical and food industries (-0.20 for each) have the lowest indicators.

Expected changes in account receivables

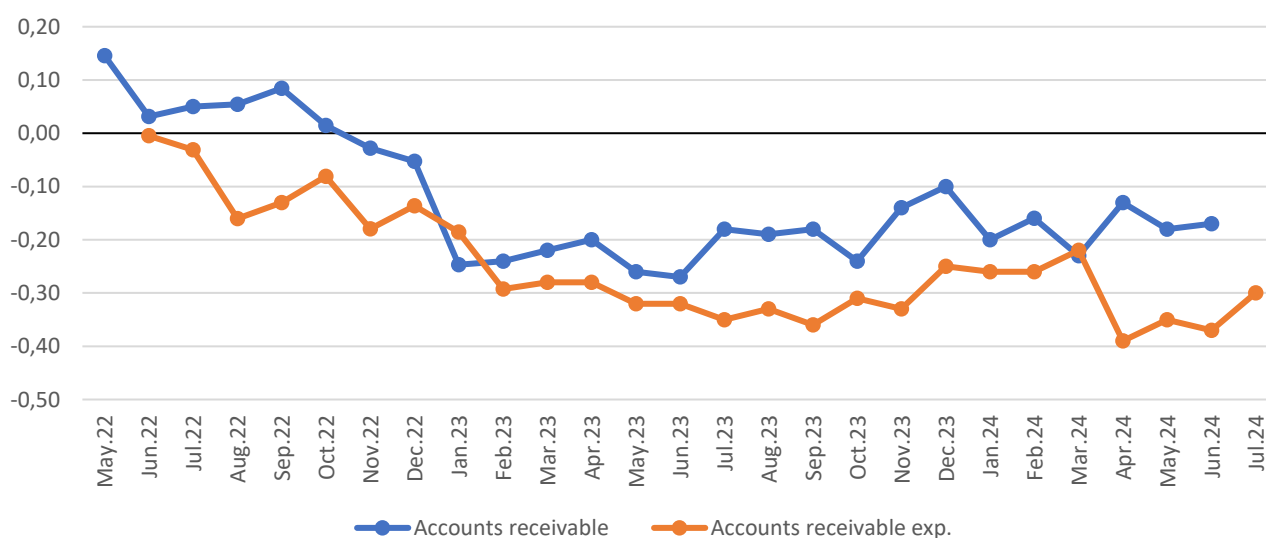
In three months, entrepreneurs expect the indicator to deteriorate. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE increased from -0.37 to -0.30. The share of respondents who expect the accumulation of debt has not changed significantly and is 3.5% (it was 3.9%), while the share of those who expect its reduction has significantly decreased, from 41.4% to 34%. The share of those who believe that nothing will change has increased from 54.7% to 62.5%.

Size. Small (-0.37) and medium (-0.35) enterprises have the best value of the indicator. The indicator of expectations for micro-enterprises is -0.23. The large enterprises, whose indicator is -0.17, have worse expectations regarding changes in receivables.

Region. Vinnytsya region (0.31), Kyiv city (0.16), and Kirovohrad region (0.10) have the largest and higher than zero values. The lowest is the indicator of Sumy (-0.77) and Lviv (-0.71) regions.

Sector. The highest is the indicator of expectations regarding the accumulation of receivables for machine building, whose indicator is -0.13. The chemical industry has the lowest indicator (-0.67).

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In June 2024, the indicator of payables did not change significantly. The ACCOUNT PAYABLES INDEX is -0.23 (it was -0.22). There were no significant changes in the percentage distribution. The share of respondents who reported the accumulation of debt is 5.1% (it was 5.7%). The share of those for whom accounts payable decreased is 28.2% (it was 28.4%). The share of those for whom nothing has changed over the past month is also almost unchanged and amounts to 66.7% (it was 65.9%).

Size. The indicator of payables for small enterprises (-0.35) is the lowest. The indicator of medium (-0.18) and large (-0.19) enterprises is significantly higher. The worst indicator of the accumulation of payables is for micro-enterprises, whose indicator is -0.14.

Region. Significant regional differences were recorded. The situation with the accumulation of payables is worse in Vinnytsya (0.12), Chernihiv (0.07), and Kyiv (0.05) regions. The indicator of the Volyn and Poltava regions is zero. The best situation is in Sumy (-1.00) region. The indicator of payables for small enterprises (-0.35) is the lowest. The indicator of medium-sized (-0.18) and large (-0.19) enterprises is significantly higher. The worst indicator of the accumulation of payables is for micro-enterprises, whose indicator is -0.14.

Sector. The debt index of the woodworking industry is the highest (-0.08). The metalworking and chemical industries (-0.30 each) and construction materials production (-0.61) have the lowest indicators.

Expected changes in account payables

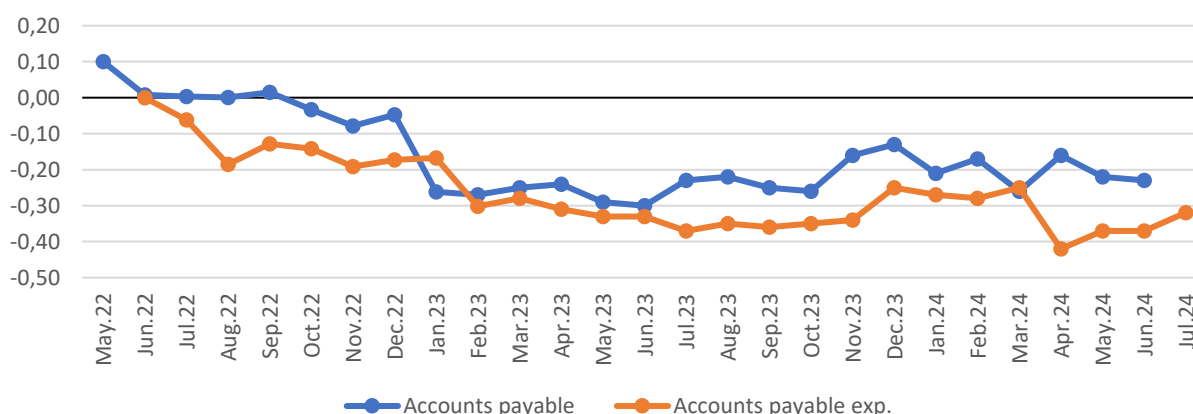
For the next three months, entrepreneurs expect a slight deterioration of the indicator. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES is -0.32 (two months in a row it was -0.37). The share of those who expect a reduction in accounts payable decreased from 40.3% to 34.1%. The share of those who expect to accumulate it has not changed significantly and is 2.9% (it was 1.4%). The share of respondents who believe nothing will change has increased from 58.9% to 63%.

Size. The indicator of expectations of small (-0.37) and medium-sized (-0.36) enterprises is the best. The indicator of large enterprises (-0.20) is higher. The indicator of expectations regarding changes in payables for micro-enterprises is the highest: -0.10.

Region. The indicator of expectations regarding changes in payables is positive for the Vinnytsya (0.31) and Kirovohrad (0.10) regions. The lowest is the indicator of expectations for Sumy (-0.83) and Zhytomyr (-0.77) regions.

Sector. Among the industries, the machine building indicator is the highest (-0.17). The construction materials production has the lowest value (-0.47).

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The indicator of tax arrears has not changed significantly. The TAX ARREARS INDEX increased insignificantly from -0.29 to -0.26 in June. The share of enterprises that reported a reduction in tax arrears for the past month is 29.2% (it was 30.6%). The share of respondents who indicated an increase in tax arrears did not change significantly and is 1.7% (it was 0.03%). The share of those who believe that no changes have taken place, as last month, is 69.1%.

Size. Tax arrears indicators are better for small enterprises (-0.38). The indicator of microenterprises is -0.30. The value of the indicator is higher and approximately the same for medium (-0.21) and large (-0.20) enterprises.

Region. There are significant differences in the value of this indicator by region. The indicator of the Kirovohrad region is 0.08. The lowest is the indicator of Sumy (-0.83) and Dnipropetrovsk (-0.59) regions.

Sector. The woodworking industry, the value of which is zero, has the highest indicator of tax arrears. The value for the chemical industry (-0.60) and construction materials production (-0.56) is the lowest.

Expected changes in tax arrears

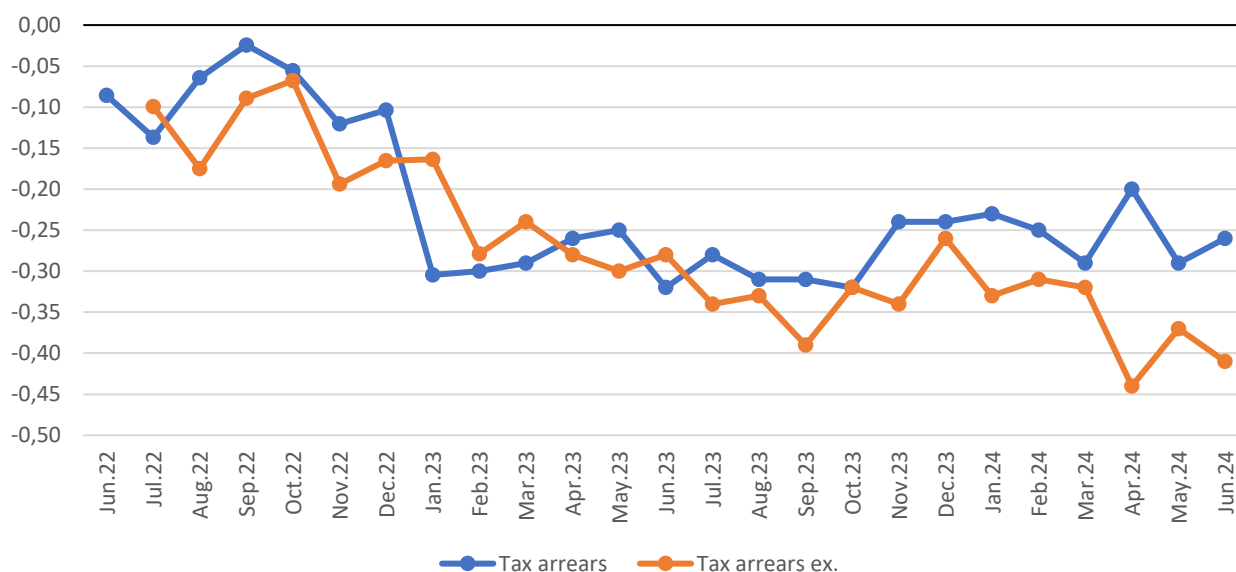
For the next three months, entrepreneurs expect the indicator to deteriorate. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased from -0.41 to -0.35. The share of those predicting a reduction in tax arrears decreased from 41.0% to 37.7%, while the share of those expecting it to increase slightly increased from zero to 1.3%. The share of those who do not expect changes is 61% (it was 59%).

Size. Indicators of tax arrears expectations are better for small enterprises (-0.47). The indicator of medium-sized enterprises is -0.35. Micro (-0.28) and large (-0.24) enterprises have slightly higher and worse expectations.

Region. Vinnytsya region has the highest indicator of expectations regarding the accumulation of tax arrears (0.11). The indicator of Sumy region (-0.78) is the lowest.

Sector. The highest indicator of tax arrears expectations is for light industry (-0.21). The lowest is the indicator for the printing and chemical (-0.67 each) industry.

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

In June, the trend towards reducing the number of workers involved in all enterprise operations slowed down. The NUMBER OF WORKERS INDEX did not change significantly and is -0.10 (it was -0.09). There were no significant changes in the percentage distribution. The share of respondents reporting a reduction in the number of workers is 10.6% (it was 11.0%). The share of those who indicated their increase did not change significantly and is 1.1% (it was 2.1%). The share of those for whom nothing has changed slightly increased, from 86.9% to 88.2%.

Size. Small (-0.07) and medium-sized (-0.08) enterprises talk the least about reducing the number of workers. The indicator of large and micro enterprises is twice as low and the same and is -0.14.

Region. The index of the Sumy region, which is higher than zero is 0.15. Poltava (-1.00) and Volyn (-0.23C) regions have the lowest value.

Sector. The index of metalworking, chemical, and woodworking industries is zero. The lowest indicator is for the construction materials production (-0.26).

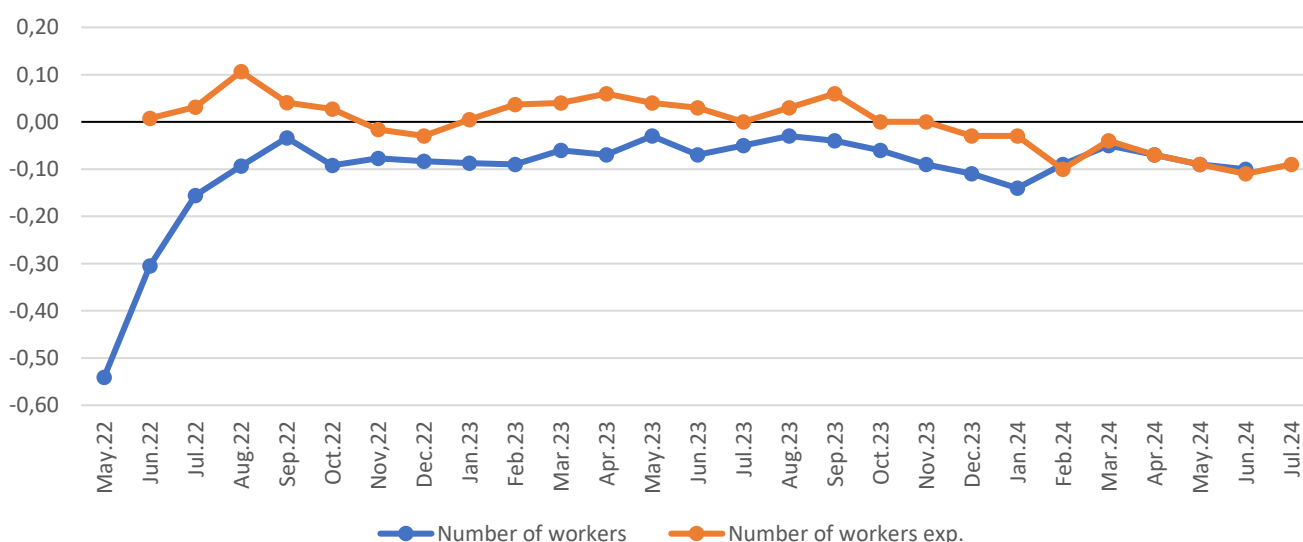
Expected changes in the number of workers

In the next three months, the surveyed heads of enterprises expect a further slowdown in the rate of reduction in the number of workers: the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS increased from -0.11 to -0.09. In terms of percentage distribution, the share of respondents who plan to increase the number of workers has not changed significantly and is 2.4% (it was 3.0%), and the share of those who expect to reduce the number of employees has slightly decreased, from 12.5% to 9.1%. The share of those who do not plan to change has increased from 84.5% to 88.5%.

Region. The value of the index of expected changes in the number of workers significantly depends on the region where the enterprise is located. The Sumy (0.19) and Khmelnytsky (0.17) regions have the highest positive value of the indicator. Poltava (-1.00) and Dnipropetrovsk (-0.20) regions have the lowest values of the indicator.

Sector. The highest index of expectations is for the woodworking (0.05) and chemical (0.04) industries. The index of the light industry is zero. The indicator for the production of construction materials (-0.25) is the lowest.

Fig.26. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

The rate of reduction in the number of workers on forced leave is slowing down. The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX increased from -0.13 to -0.08. The share of those who reported an increase in such workers has not changed significantly and is 8.7% (it was 7.2%). At the same time, the share of those who indicated their reduction decreased, from 20.1% to 16.7%. The share of those for whom nothing has changed over the past month has slightly increased, from 72.7% to 74.6%.

Size. The indicator of small enterprises (-0.13) is the lowest. The indicator of medium (-0.060) and large (-0.07) enterprises is approximately the same. Micro-enterprises have the highest indicator, the value of which is zero.

Region. Among the various regions, the most significant increase in the indicator is observed for enterprises in the Kirovohrad (0.09), Odesa (0.05), and Vinnytsya (0.04) regions, and most often a decrease in the number of workers on forced vacations is reported in Ivano-Frankivsk (-0.47) and Rivne (-0.44) regions.

Sector. Metalworking (0.06) and machine building (0.03) have higher indicators regarding the number of employees on forced leave. The construction materials production has the lowest values (-0.24).

Fig.27. Number of workers on forced leave indices



Expected changes in the number of workers on forced leave

Enterprises having workers on forced leave do not expect significant changes in the indicator in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is -0.22 (was -0.24). The share of enterprises at which an increase in the number of workers on forced leave is expected has not changed significantly and is 1.4% (it was 0.7%). The share of those who believe that the number of such workers at their company will decrease also remained almost unchanged and is 23.5% (it was 24.8%). The share of those who believe that there will be no changes is 75.1% (it was 74.5%).

Size. The indicator of small (-0.29) and medium-sized (-0.28) enterprises is lower and approximately the same. The indicator of large enterprises is -0.11. Microenterprises have the highest indicator, the value of which is -0.03.

Region. Indicators of expectations of Vinnytsya (0.13), Khmelnytsky (0.04), and Kirovohrad (0.03) regions have the highest and positive value. The indicators of the Ternopil and Ivano-Frankivsk regions (-1.00 for each) are the lowest.

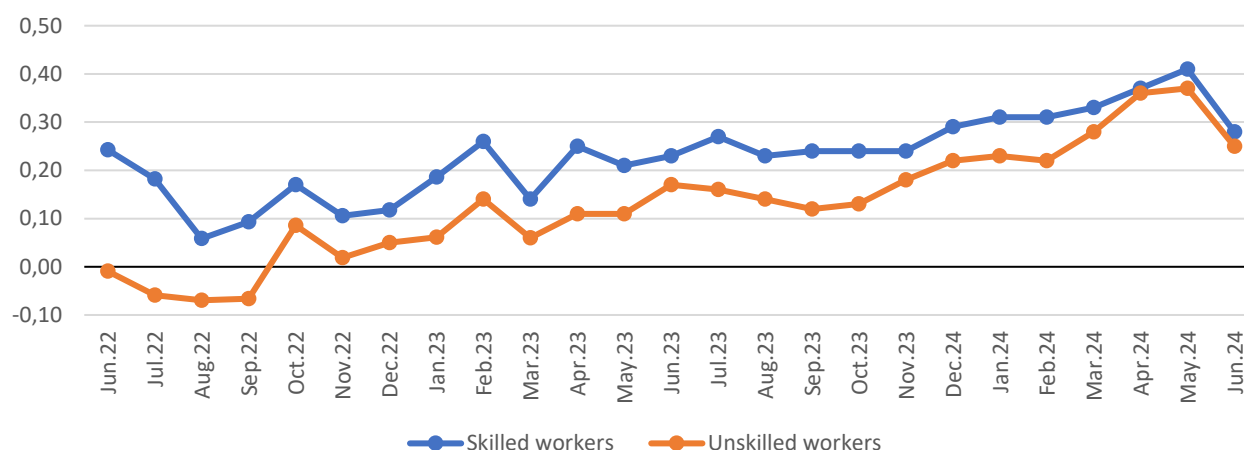
Sector. The highest is the indicator of expectations regarding the number of workers on forced leave for metalworking and machine building, the value of which is zero. The lowest indicator is for the construction materials production (-0.45).

SKILLED AND UNSKILLED WORKERS

In June 2024, difficulties in finding workers with appropriate qualifications have significantly decreased. The value of the INDEX OF FINDING SKILLED WORKERS decreased from 0.41 to 0.28. The value of THE INDEX OF FINDING UNSKILLED WORKERS decreased from 0.37 to 0.25.

In the percentage distribution, the share of company managers who indicated that it is more difficult to find skilled workers also decreased (from 41.1% to 34.6%), as well as the share of those who find it more difficult to find unskilled people (from 38.9% to 28.7%). The percentage of those who find it easier to find qualified workers increased from 1.7% to 5.4%. The share of those who find it easier to find unskilled workers has not changed significantly for several months in a row and is 4.8% (it was 4.7%). At the same time, the share of those who do not feel any changes in the search for skilled workers increased from 57.2% to 60%, and for unskilled workers, this percentage increased from 56.4% to 66.4%.

Fig.28. Skilled and unskilled workers indices



Skilled workers

Size. The indicator is higher for micro-enterprises (0.40). The indicator of small enterprises is 0.33. The indicators of large (0.29) and medium (0.29) enterprises are approximately the same.

Region. Significant regional differences in the labor market have been recorded. It is the most difficult to look for skilled workers in Poltava and Chernihiv (1.00 each) regions. It is the easiest to find skilled workers in Odesa (-0.35), Kyiv (-0.25), and Rivne (-0.24) regions.

Sector. The food (0.34) and chemical (0.15) industries have less difficulty in finding skilled workers. It is more difficult to look for skilled workers for printing (0.60).

Unskilled workers

Size. It is more difficult to look for unskilled workers for large enterprises, whose indicator is 0.28. The indicators of medium and micro-enterprises are the same: 0.23. The indicator of small enterprises is 0.22.

Region. It is most difficult to look for unskilled workers in Poltava and Chernihiv (1,00 each) regions. Sumy (-0.71) and Chernivtsi (-0,15) regions have the lowest and negative values of the indicator.

Sector. Printing (0.50) and machine building (0.35) have the worst indicators for finding unskilled workers. Construction materials production (0.21) and chemical (0.04) industries have the lowest indicators.

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

In June 2024, **power, water, or heat supply outages** were the most acute obstacle to business caused by the full-scale Russian invasion. It was preceded by Russia's mass shelling of the energy system of Ukraine in the spring of 2024, which is why this system lost much of its capacity. The share of surveyed enterprises that pointed to this obstacle was 65% and increased significantly compared to May when 41% of enterprises faced a lack of electricity, water, or heat supply. It became the highest indicator of the significance of this obstacle in 2024.

The value of **work hazards** caused by a full-scale Russian invasion has not changed in June compared to May. In June, Russian shelling of the whole territory of Ukraine continued, as well as fighting along the front line, while in the Donetsk region, the advancement of Russian troops continued. During April-June 2024, the share of the surveyed business, which suggests that it is unsafe to work, remained at 54%-55%. In June, this obstacle took second place in the rating of obstacles to business related to a full-scale Russian invasion.

The problem of **rising prices for raw materials and supplies** was in third place in this rating. It was reported in June by 46% of the surveyed enterprises: as much as it was in May. It should be noted that shortly the value of this obstacle can increase due to an increase in electricity tariff and additional costs for alternative sources of electricity, which probably increased the cost of energy for business.

The **lack of labor force due to conscription or migration of workers** has become the fourth most important obstacle to the business surveyed. This problem was faced by 42% of enterprises, which was less than in May when 49% of respondents pointed to it. Over the last six months, the share of a business reporting personnel shortage ranges from 41% to 50%, which indicates that this problem remains acute for a significant share of business.

A **decrease in demand for enterprise products or services** occupied the fifth place among obstacles to business. The share of business that pointed to this obstacle remained the same as in May: 28%. Over the past two months, this share has been slightly smaller than in the winter and spring of 2024, when more than a third of businesses have been talking about a decrease in demand.

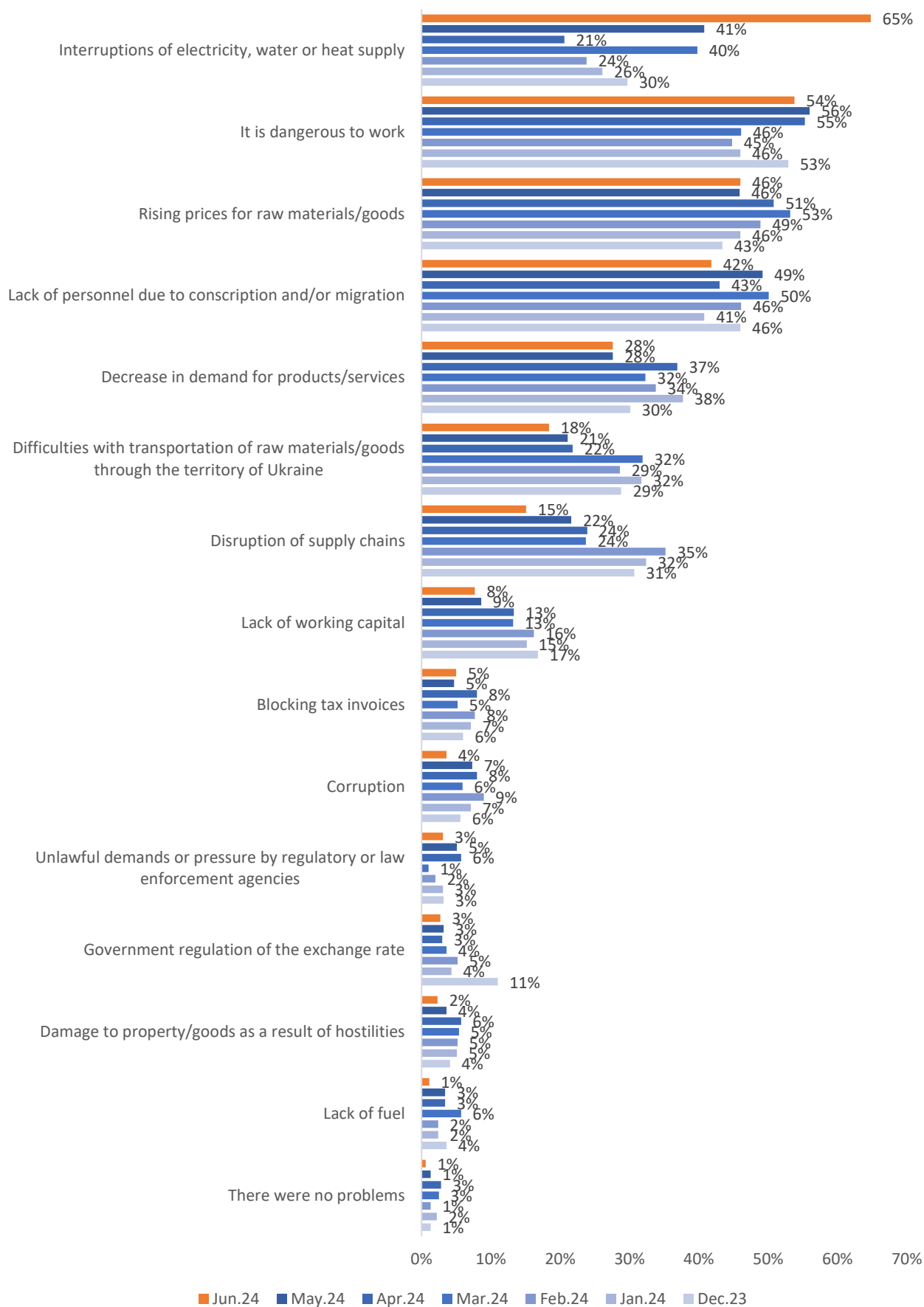
The frequency of reports of all other obstacles has decreased compared to the previous month, which can be explained by an increase in the severity of the problems that are in the first places of the obstacle rating (respondents may choose a limited number of response options in this question).

Thus, 18% of respondents reported **difficulty transporting raw materials or goods through the territory of Ukraine**, which resulted in the sixth place in the obstacle rating for this problem. This share decreased slightly compared to May and April when 21% -22% of respondents indicated this obstacle, and decreased significantly compared to the beginning of 2024, when about a third of enterprises faced this problem.

The seventh place in this rating was taken by **disruption of supply chains**, indicated by 15% of businesses. Its value decreased compared to May, when 22% of business pointed to it. The problem of lack of working capital was the eighth obstacle to business: it was indicated by 8% of enterprises (9% in May). **Tax invoices** and **corruption** (5% and 4%) occupied ninth and tenth places in the obstacles ranking in June.

3% or fewer enterprises reported such obstacles as **illegal requirements or pressure from the supervisory or law enforcement agencies, state regulation of the exchange rate, damage to property or goods as a result of military actions**, and **lack of fuel**. In addition, 1% of the enterprises surveyed in June 2024 said they had not faced any problems.

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



Challenges for businesses by size. Micro-enterprises and large businesses indicate the negative impact of power, water, or heat supply outages more often than small and medium-sized enterprises (80% of micro- and 73% of large enterprises indicated this problem).

The larger the size of businesses, the more often they report work hazards related to full-scale Russian invasion. This share increases from 26% of micro-enterprises to 47% of small and 59% of medium-sized enterprises and is the highest among large enterprises: 68% of them said it is unsafe to work.

The problem of rising prices for raw materials and supplies has affected large enterprises to a lesser extent than the business of the rest of the groups by size (38%). Compared to the rest of the businesses, micro-enterprises have a smaller share of those who mention lack of labor due to conscription or migration of workers among the obstacles, but a larger share of enterprises that faced a lack of demand (46%).

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Challenges for businesses by sector. The negative impact of power, water, or heat supply cuts on their activities was most often reported by enterprises in the metallurgy, chemical industry, machine building, and woodworking industries (more than 70%)³.

Businesses working in the chemical industry (73%) said it was unsafe to work. Manufacturers of construction materials, more often than other enterprises, reported an increase in price for raw materials and supplies (59%) and a decrease in demand for their products (53%). These enterprises and representatives of the metallurgical industry felt the lack of labor due to conscription or migration of workers (more than 50% of respondents in these industries).

Challenges for businesses by region. In June power, water, or heat supply outages were an acute problem for businesses in Zakarpattia, Zaporizhzhia, Kharkiv, Cherkasy and Chernivtsi regions (100% of respondents each). Also, this problem was often pointed out in the Vinnytsya, Volyn, Kirovohrad, Poltava, Sumy, Khmelnytsky and Chernihiv regions and Kyiv city (more than 70% of respondents)⁴.

Enterprises in the Vinnytsya, Zakarpattia, Zaporizhzhya, Poltava, and Cherkasy regions (more than 60%) said it is unsafe to work. The highest shares of businesses that reported an increase in price for raw materials and supplies were recorded in Dnipropetrovsk, Zhytomyr Ternopil regions, and Kyiv city (80% and more of respondents).

The surveyed enterprises of Dnipropetrovsk, Zhytomyr, Poltava, and Chernivtsi regions most often complain about the lack of labor due to the full-scale war (more than 80%), and business from the Zhytomyr, Poltava, Sumy, and Chernivtsi regions (more than 50%) points to the decrease in demand.

The war impact on capacity/production volumes

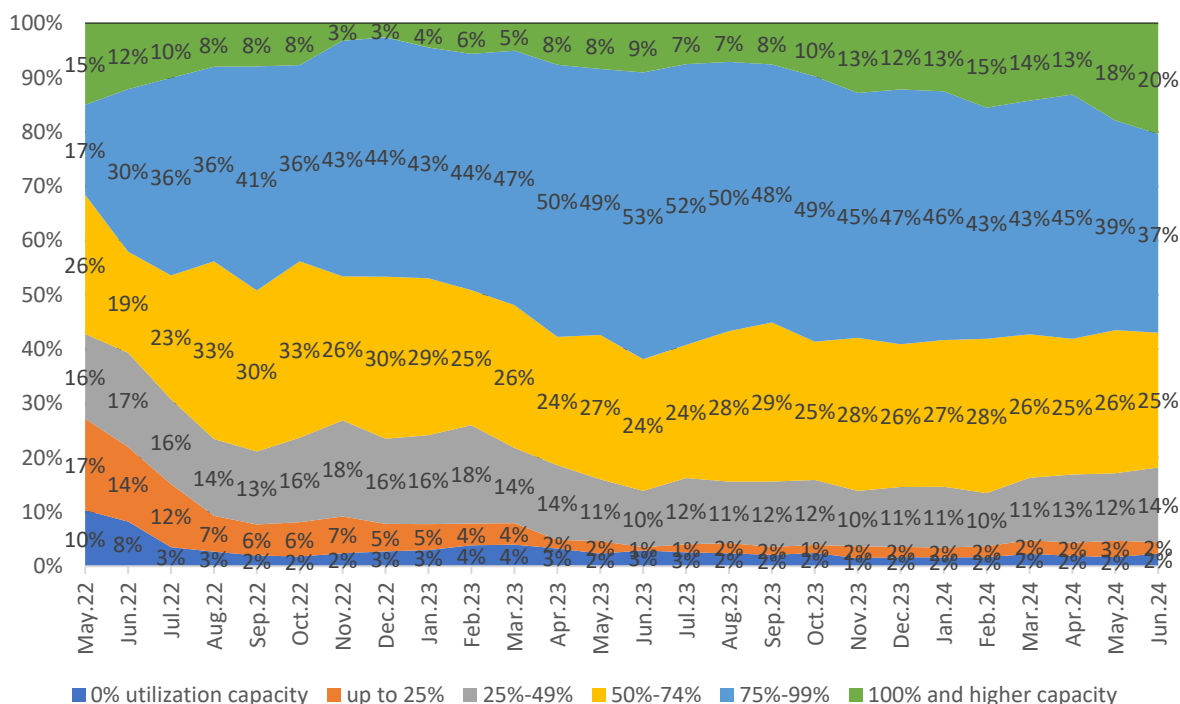
In June 2024, 20% of businesses reported operating at full capacity (100% or more). It is the highest indicator for all waves of the survey (in May, it was 18%), which may confirm the intensification of production in the late spring - early summer of 2024. At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 37% (39% in May). **The total share of enterprises operating at almost full and full capacity was 57%** (57% in March, 58% in April, and 56% in May). For comparison, the corresponding indicator was the highest for all waves of the survey in June 2023: 62%.

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.

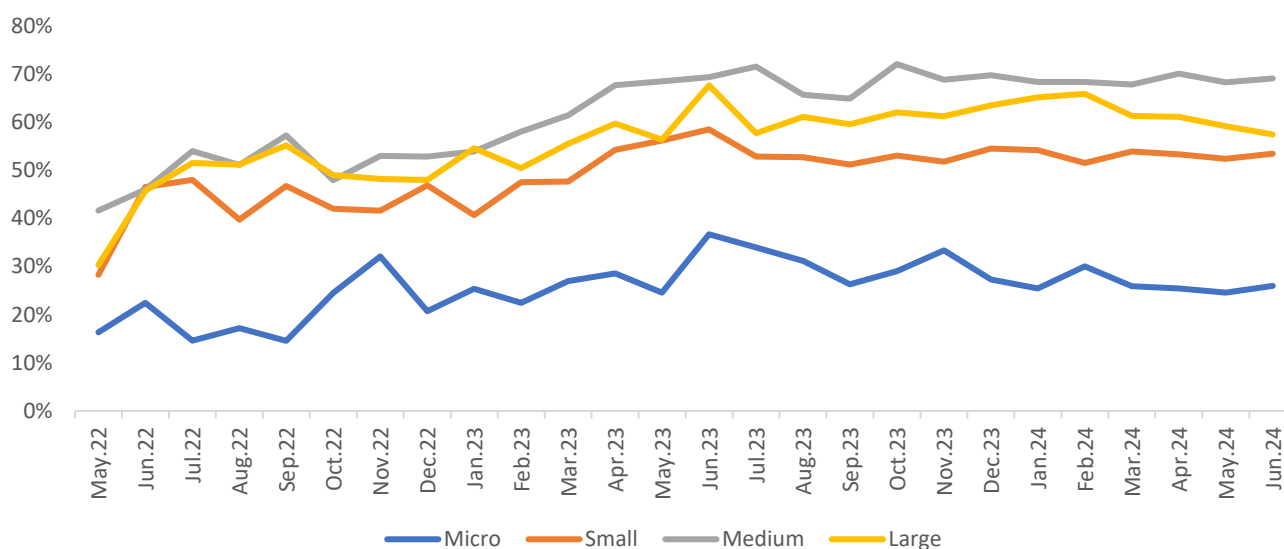
In June, 2% of surveyed enterprises reported the cessation of their activities during the war. This indicator has remained low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war production capacity remains low, only 2% in June (3% in May). Additionally, 14% of enterprises worked in June at 25% - 49% of pre-war production capacity (12% in May). **As a result, in June, 18% of enterprises worked at less than half their capacity or did not work compared to pre-war times.**

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



Results for businesses by size. Medium-sized businesses continue to show the best production recovery rate. Compared to the pre-war period, 69% of medium-sized enterprises worked at almost full and full capacity in June, which is slightly higher than in May (68%). The corresponding indicator slightly decreased for large businesses - up to 57% in June 2024 (59% in May). The share of small businesses operating at almost full or full capacity increased slightly: 52% in May versus 53% in June. For micro-businesses, the indicator remains low: 26%, which is slightly higher than the previous month.

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, %)



As of June 2024, 11% of microbusiness representatives were not working, which is higher than in May (9%). By comparison, medium-sized businesses have fully recovered. Among small enterprises, 2% of respondents did not work, and among large enterprises - 1%. **Thus, throughout all waves of the survey, microbusinesses remain more sensitive to the challenges of wartime.**

Results for business by sector. The food industry remains a leader in the recovery of the processing industry. In June 2024, 70% of food industry enterprises were working almost at full and full capacity (69% in May). The light industry, which traditionally remains in the top three, is on the second rung. The light industry load factor increased from 55% in May to 63% in June. Machine building, with the corresponding figure of 51% is on the third rung. The capacity of construction materials production, woodworking, and chemical industry decreased, but for metallurgy and metalworking, it increased.

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 sector⁵

	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24	May.24	Jun.24
Food industry	78	72	72	73	76	72	73	73	73	71	70	69	70
Light industry	69	66	64	61	57	60	62	61	61	67	61	55	63
Machine building	47	38	39	32	43	52	44	46	48	50	46	39	51
Printing industry	71	64	57	43	62	46	46	57	54	45	40		50
Metalworking	27	26	10	10	16	32	28	24	27	35	29	26	38
Construction materials	38	44	41	31	27	31	28	31	28	26	46	52	37
Chemical industry	36	35	43	35	39	39	38	43	41	42	45	35	31
Woodprocessing	36	38	30	26	36	29	41	38	39	45	42	37	22

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Results by region. As during the previous waves of the survey, almost all enterprises in Vinnytsya (96%), Dnipropetrovsk (95%), Ivano-Frankivsk (100%), Lviv (100%), Odesa, Poltava (100%), Ternopil (100%) and Rivne (100%) regions continue to work at almost full and full capacity in June (89%). The situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, 0% and 25% of enterprises worked at a high level of capacity utilization. The capacity level is also low at the enterprises of Kirovohrad (36% at almost full and full capacity), Sumy (32%), Cherkasy (33%), Khmelnytsky (37%) regions, as well as the city of Kyiv (19%). Thus, recovery challenges depend not only on a business's geographic location and proximity to the front lines, but also on logistical, energy, and other challenges that vary somewhat by region.

THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES

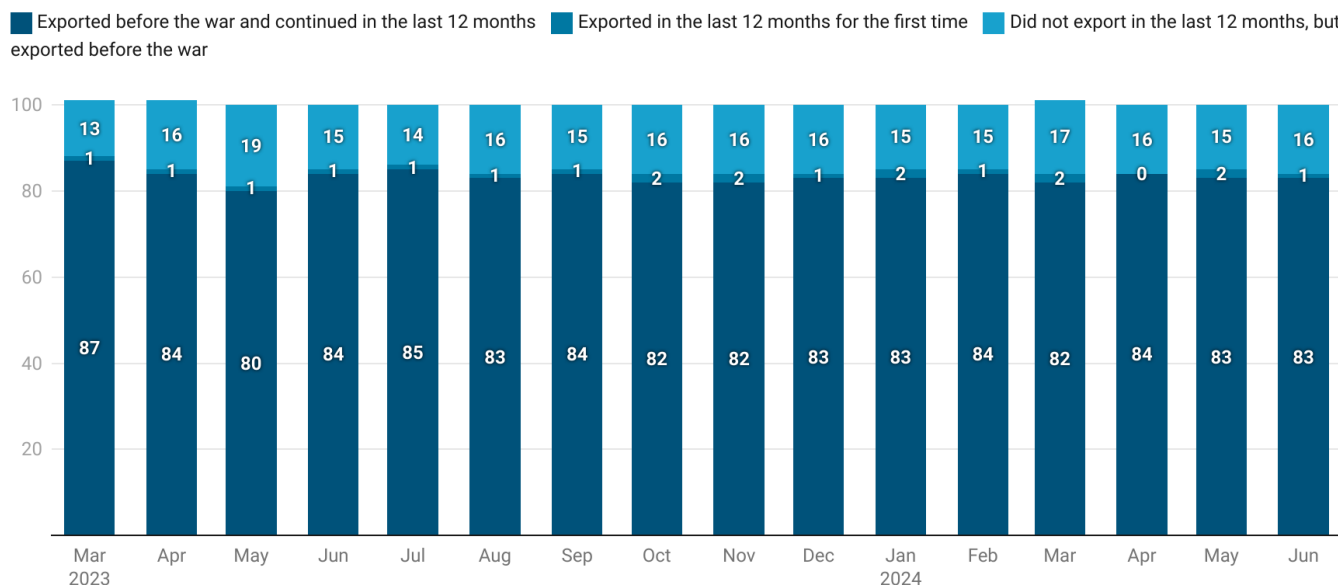
Within the twenty-sixth wave of the survey, **62% of respondents (among those able to answer) were or are exporters.** At the same time, almost 37% of enterprises have never exported, and about 1% could not answer the question.

As of June 2024, among exporters, **83% of respondents indicated that they exported before the war, and continued to export during the last 12 months.** Another 1% of enterprises started exporting for the first time during the war (during the last 12 months). At the same time, 16% of enterprises exported before the war, but had no exports during the last 12 months. That is, in June 2024, the share of active exporters remains approximately at the

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

level of previous months (82% - 84%). Ukrainian businesses have reached a certain level of export activity recovery because some of the enterprises cannot overcome new challenges for the recovery of exports.

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



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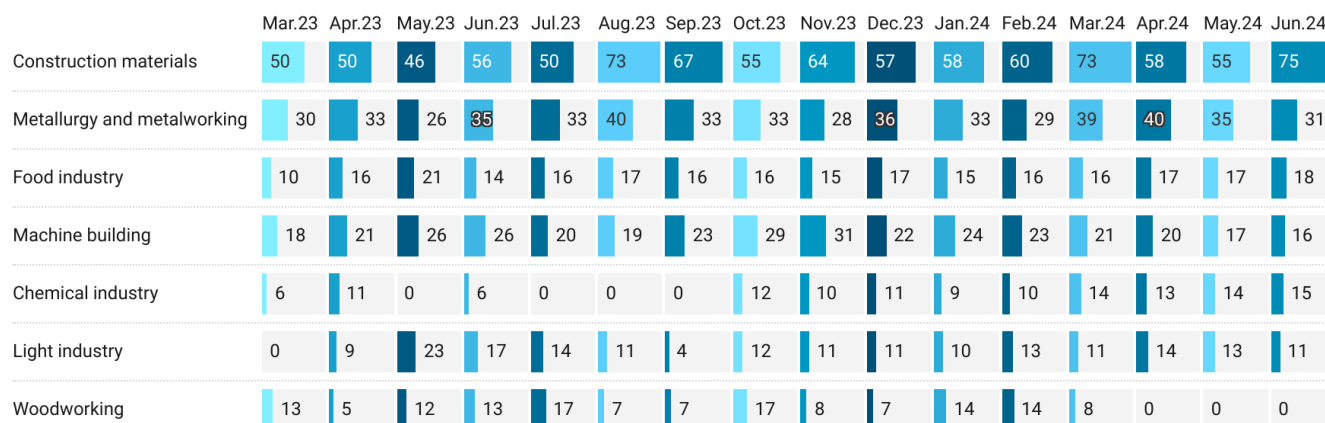
Results for business by size. According to the results of June 2024, a regularity was again recorded regarding the state of export activity depending on the size of the enterprise. Among micro-businesses, 35% of enterprises exported before the war but had no export activity during the last 12 months. There is also a high share of enterprises that cannot resume exports among small businesses - 28%. The situation is somewhat better among medium-sized exporters - 13% of respondents did not export in the last 12 months. The best situation was among large businesses, where the corresponding figure was only 8%. Thus, large business is traditionally the leader in the recovery of export activity.

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



Results for business by sector. The obtained data indicate that until now, the most difficult situation with the export recovery remains in construction materials production. In particular, 75% 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 difficult (the corresponding figure is 31%). In contrast, the best situation is in the woodworking industry, where all enterprises had exports during the last 12 months, although they exported before the war. In the food industry, which is the leader in the recovery, the corresponding indicator increased slightly from 17% in May to 18% in June.

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

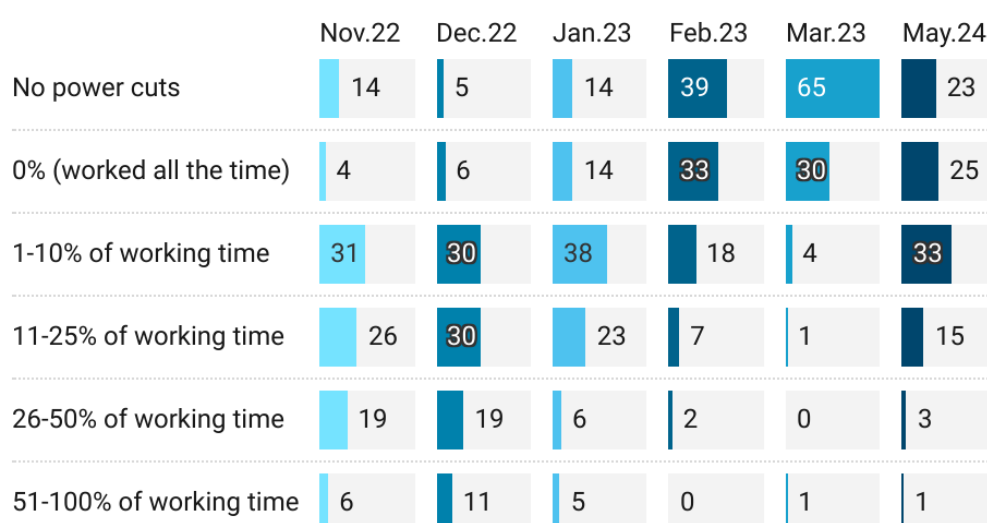


Results by region. Throughout all waves of the monthly survey, the available data do not allow us to draw conclusions about clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those able to respond) resumed exports, in particular in the Vinnytsya, Ivano-Frankivsk, Kyiv, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The most difficult situation remains in the Dnipropetrovsk and Zhytomyr regions, where 72% and 56%, respectively, had no exports during the last 12 months, although they had them before the war.

IMPACT OF POWER OUTAGES

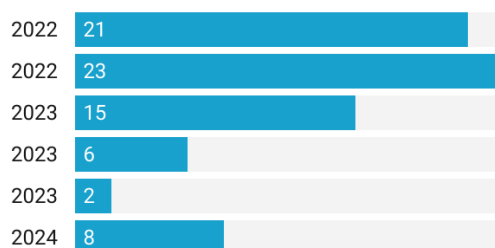
During the twenty-sixth wave of the survey, industrial enterprises were asked to assess the impact of power supply problems on their operations for the first time since the spring of 2023 due to the return of enemy attacks against the Ukrainian energy industry. The obtained results confirm that in **May 2024, power outages again became a problem for business. In May, more than half (52%) of enterprises temporarily suspended work due to power outages (for comparison, 82% in November, 89% in December 2022, and 73% in January 2023).** At the same time, 23% of enterprises had no outages. In addition, 25% of businesses were open 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 1% of enterprises.**

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



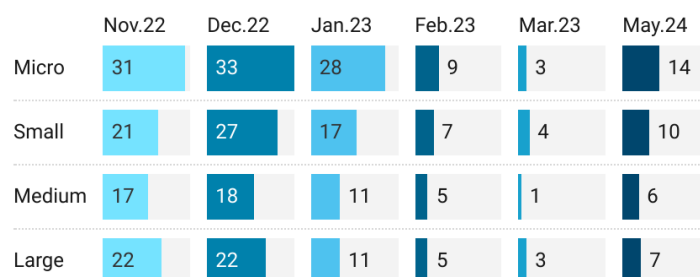
As a result, on average, businesses lost 8% of total working hours due to power outages in May 2024 (compared to 15% in January 2023, 23% in December and 21% in November 2022). At the same time, the situation is somewhat different depending on the size of the business, industry, and region.

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



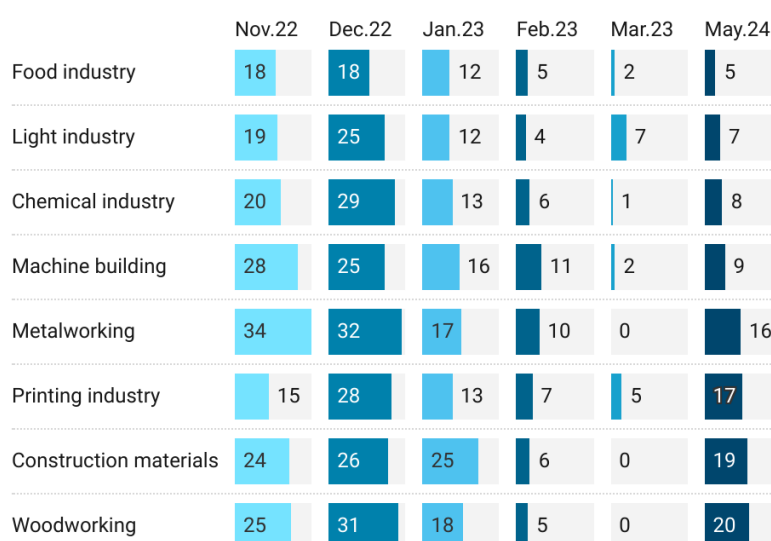
Business results by size. The situation has almost leveled off for enterprises of different sizes. For example, there were no outages in 15% of micro, 23% of small, 31% of medium and 15% of large enterprises. At the same time, 23% of micro, 21% of small, 26% of medium, and 29% of large enterprises continued to work even during power outages. However, on average, micro-businesses still continue to experience the greatest losses from Russia's terrorist attacks on energy infrastructure. In particular, micro-enterprises in May 2024, on average, lost 14% of working time. The losses of medium-sized and large enterprises are twice as low (6% and 7%, respectively).

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



Business results by sector. The lowest average losses of working time due to power outages were recorded in the food industry (5%), light industry (7%), and chemical industry (8%). However, the situation is significantly worse in some sectors. For example, the average time of losses was 20% in the woodworking industry, and 19% in construction materials production. Also, there are relatively high time losses in the printing industry (17%), metallurgy, and metalworking (16%).

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



Business results by region. The results of the survey once again confirm a certain regional specificity of the negative impact of power supply outages. **The highest average time loss was recorded in the Sumy region - 24% of working time.** Losses are also high in Chernihiv (15%), Zaporizhzhya (14%) and Khmelnytsky (14%) regions. The best

situation is in Zakarpattia, Zhytomyr, Dnipropetrovsk, and Cherkasy regions, where losses are at zero. In most regions, the loss indicator is below 10%.

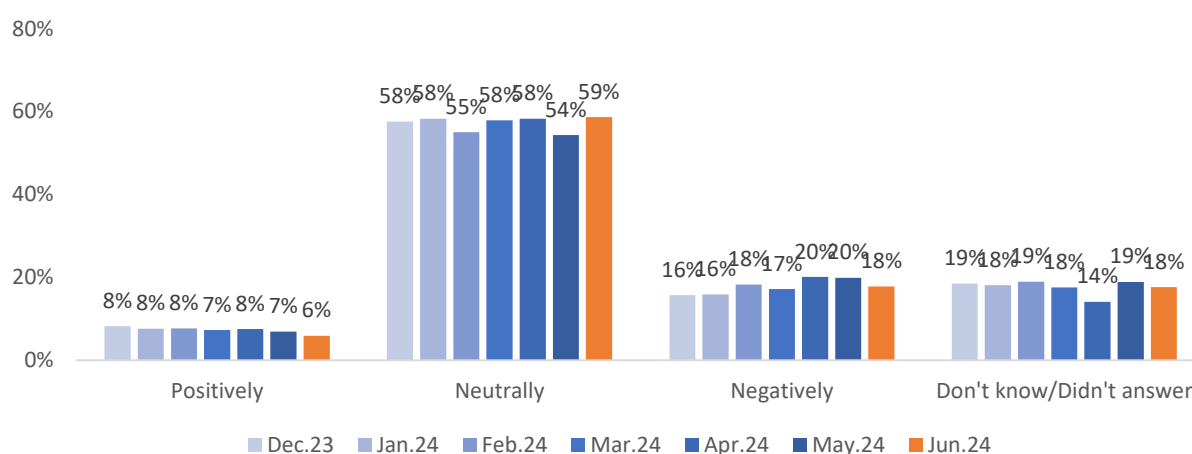
GOVERNMENT POLICY

Assessment of government policy to support business

In June 2024, the share of positive assessments of the government's business support policy amounted to 6%, which is practically the same as the corresponding share in May (7%). The level of positive assessments of this policy has not exceeded 8% for about a year, and the share of 6% recorded in June became the lowest indicator for the entire period of this survey, the first wave of which was conducted in May 2022.

The share of neutral assessments of this policy increased from 54% to 59%, while the share of negative assessments slightly decreased: from 20% to 18%. The share of respondents who could not rate the state business support policy amounted to 18%, which is practically the same as in May (18%).

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 assessment of the government policy to support business, the assessments slightly improve with the growth of the enterprise size, despite the difference between them is insignificant. Thus, among large enterprises, 10% of respondents positively assessed this policy, while among micro-businesses, not a single enterprise evaluated it positively.

In addition, respondents from a number of micro- and small-sized enterprises more often negatively evaluate the government policy on business support than representatives of larger businesses. For example, 21% of the respondents rated this policy negatively among the representatives of micro-enterprises, and among the respondents representing small businesses, this share was 26%.

Assessment of government policy on business support by sector. Most often, representatives of the machine building and chemical industry (10% and 8%, respectively) give positive assessments to the state business support policy⁶.

At the same time, the highest shares of negative assessments of this policy were recorded among enterprises in machine building, and construction materials production (33% and 37%).

Assessment of government policy to support business by region. The highest level of positive assessments of the state business support policy in June 2024 was recorded in Cherkasy (20%) and Zaporizhzhya (17%) regions. The

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

business of Kirovohrad and Ivano-Frankivsk regions is also characterized by relatively more frequent positive assessments (14% and 12%, respectively)⁷.

At the same time, the largest shares of negative assessments are among businesses in the Vinnytsya, Volyn, and Sumy regions, and Kyiv city (more than 40%).

Vision of the government's role in conducting business

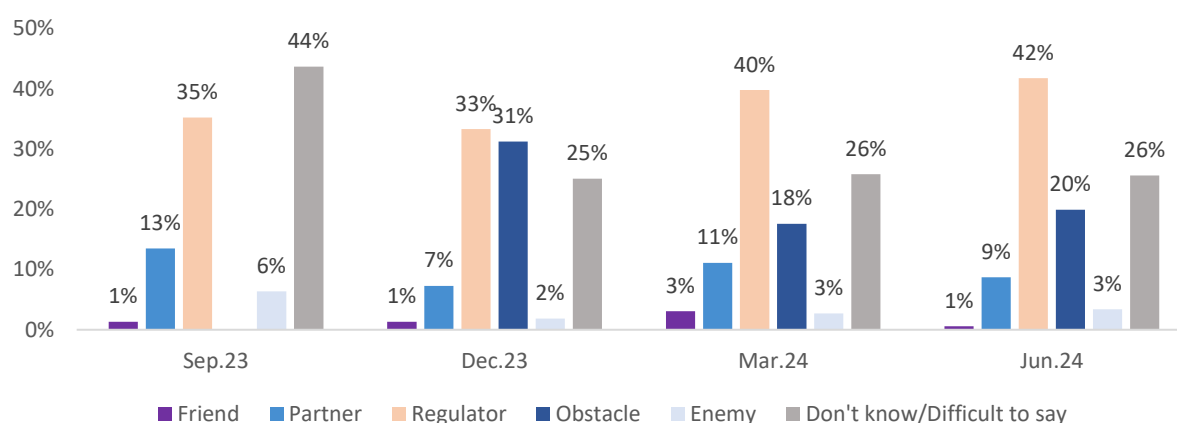
In June 2024, for the fourth time as part of this survey, we asked business representatives about how they see the role of the state (government) for business in Ukraine today. The concepts of "friend", "partner", "regulator", "obstacle" and "enemy" were proposed as options. The same question was previously asked in the September, December 2023, and March 2024 waves of this survey⁸.

Businesses surveyed in June most often called the state a regulator (42%) or an obstacle (20%). Both these shares increased slightly compared to March, when they were 40% and 18%, respectively.

At the same time, in June, the state was called a friend and a partner less often than three months ago: 1% and 9% of respondents, respectively. For comparison, in March, they were 3% and 11%. The share of those who considered the state an enemy of business did not change over the previous three months and amounted to 3% in June.

In addition, 26% of respondents could not determine the role of the state in Ukraine for conducting business, which corresponds to the level of three previous surveys, where such respondents were 25%-26%.

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



The vision of the government's role in conducting business by the size of the enterprise. Large enterprises are more likely to consider the state (government) a friend or partner for their business than smaller enterprises. Thus, among small and medium-sized enterprises, the share of those who call the state a friend and partner of business does not exceed 10%, and among large enterprises, this share was 15%. It is worth noting that none of the interviewed micro-enterprises called the state a friend or business partner.

On the other hand, micro and small enterprises are more likely to say that the state hinders business. It was called an obstacle or an enemy to business by 28% of such enterprises, while among medium-sized and large enterprises, these shares are smaller: 21% and 19%, respectively.

The vision of the government's role in conducting business by sector. In the woodworking industry, the role of the state (government) for business is spoken about more positively than in others: 16% of enterprises in this industry

⁷ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

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

call the state a friend or partner for business. In the rest of the sectors represented in this survey, this share does not exceed 7%⁹.

On the other hand, in construction materials production, machine building, and metallurgy, 29% or more of enterprises called the state an obstacle or an enemy to business. This is more than in other industries, where this share of respondents ranges from 0% to 23%.

The vision of the government's role in conducting business by region. Almost two-thirds of surveyed companies in the Kyiv region (65%) consider the state (government) a friend or business partner. It is the highest proportion compared to other areas where this survey was conducted ¹⁰.

Relatively often, the state's role in business is characterized positively in Zhytomyr, Odesa, and Rivne regions, where the share of assessments of the government's role as a friend or partner for business amounted to 18% or more.

At the same time, the highest shares of enterprises whose representatives call the state an obstacle or an enemy to business are recorded in Vinnytsya, Poltava, Sumy, Kharkiv, and Chernivtsi regions.

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 The comparison does not include regions in which no enterprises were surveyed, and Mykolayiv and Poltava regions, where 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 26th 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 June 17 to 28, 2024.

SAMPLE

A total of 527 enterprises were surveyed in the 26th 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 14 to 43 enterprises were surveyed¹¹.

The majority of the sample consisted of industrial enterprises – 473 enterprises or 90% of the sample. Among them, the food industry and light industry, and machine building prevail. Nine enterprises belong to the agricultural sector (1.7 % of the sample) and 26 to trade (5% of the sample). 16 enterprises, or 3% of the sample, work in the service sector. And three enterprises (0.6%) 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) – 57 or 11% of the sample, small (from 11 to 50 workers) – 164 or 31% of the sample, medium-sized (from 51 to 250 workers) – 189 or 36% of the sample, and large (more than 250 workers) – 117 or 22% 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-	57	11%
Small	164	31%
Middle	189	36%
Large	117	22%
TOTAL	527	100%

Sector/ industry

	Number	Share of sample
Agriculture	9	1,7%
Metal production and metalworking	21	4%
Chemical industry	26	5%
Machine building	40	8%
Woodworking industry	19	4%
Construction materials production	19	4%
Food industry	176	33%
Light industry	48	9%
Printing industry	8	1,5%
Other industries	116	22%
Construction	3	0,6%
Trade	26	5%
Services	16	3%
TOTAL	527	100%

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

	Total	Micro	Small	Middle	Large
Production	0,18	-0,26	0,09	0,21	0,24
Expected changes in production	0,38	0,04	0,36	0,38	0,42
Sales	0,17	-0,26	0,07	0,21	0,23
Expected sales changes	0,38	0,04	0,35	0,39	0,42
Export	0,11	-0,16	-0,16	0,14	0,19
Expected changes in exports	0,32	0,06	0,13	0,34	0,37
Account receivables	-0,17	-0,11	-0,25	-0,15	-0,13
Expected changes in account receivables	-0,30	-0,23	-0,37	-0,34	-0,17
Account payables	-0,23	-0,14	-0,35	-0,18	-0,19
Expected changes in accounts payable	-0,32	-0,10	-0,37	-0,36	-0,20
Tax arrears	-0,26	-0,30	-0,38	-0,21	-0,20
Expected changes in tax arrears	-0,35	-0,28	-0,47	-0,35	-0,24
Stocks of raw materials	0,12	0,06	0,07	0,12	0,17
Expected changes in stocks of raw material	0,28	0,02	0,18	0,32	0,32
Stocks of finished goods	-0,12	-0,02	-0,20	-0,12	-0,08
Expected changes in stocks of finished goods	-0,19	-0,20	-0,28	-0,23	-0,08
New orders	0,14	-0,28	0,04	0,18	0,20

	Total	Micro	Small	Middle	Large
Expected changes in new orders	0,38	-0,02	0,36	0,39	0,41
Purchase prices	0,18	0,33	0,23	0,13	0,19
Expected changes in purchase prices	0,20	0,23	0,19	0,16	0,27
Domestic sales prices	0,18	0,20	0,23	0,13	0,19
Changes in the domestic sales prices	0,21	0,21	0,19	0,18	0,26
Number of workers	-0,10	-0,14	-0,07	-0,08	-0,14
Expected changes in the number of workers	-0,09	0,04	-0,05	-0,07	-0,13
Number of workers on forced leave	-0,08	0,00	-0,13	-0,06	-0,07
Expected changes in the number of workers on forced leave	-0,22	-0,03	-0,29	-0,28	-0,11
Skilled workers	0,28	0,4	0,33	0,24	0,29
Unskilled workers	0,25	0,23	0,22	0,23	0,28
Business activity assessment	0,13	-0,21	0,02	0,14	0,22
Expected changes in business activity	0,55	0,27	0,52	0,58	0,56
Assessment of the business environment	0,09	-0,25	-0,07	0,08	0,22
Expected changes in the business environment	0,54	0,03	0,47	0,59	0,6
Do you plan to expand your company's activities in the next two years	0,11	0,11	0,04	0,09	0,16
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,44	-0,11	0,31	0,51	0,49

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

	Total	Metal product ion and metalw orking	Chemical Industry	Machine building	Woodwo rking industry
Production	0,18	-0,14	0,12	0,15	0,05
Expected changes in production	0,38	-0,14	0,08	0,30	0,11
Sales	0,17	-0,14	0,08	0,15	0,05
Expected sales changes	0,38	-0,15	0,08	0,30	0,11
Export	0,11	0,09	0,17	0,06	0,00
Expected changes in exports	0,32	-0,09	0,13	0,07	0,00
Account receivables	-0,17	-0,09	-0,20	-0,04	0,00
Expected changes in account receivables	-0,30	-0,40	-0,67	-0,13	-0,27
Account payables	-0,23	-0,30	-0,30	-0,11	-0,08
Expected changes in accounts payable	-0,32	-0,44	-0,33	-0,17	-0,33
Tax arrears	-0,26	-0,30	-0,60	-0,30	0,00
Expected changes in tax arrears	-0,35	-0,40	-0,67	-0,39	-0,30
Stocks of raw materials	0,12	-0,05	0,15	0,10	-0,05
Expected changes in stocks of raw material	0,28	-0,10	0,00	0,14	-0,11
Stocks of finished goods	-0,12	0,10	-0,04	0,00	-0,12
Expected changes in stocks of finished goods	-0,19	-0,05	-0,12	0,09	-0,25
New orders	0,14	-0,05	0,08	0,20	-0,05
Expected changes in new orders	0,38	0,00	0,18	0,28	0,16
Purchase prices	0,18	0,14	0,08	0,30	0,22
Expected changes in purchase prices	0,20	0,32	0,14	0,39	0,11

	Total	Metal product ion and metalw orking	Chemical Industry	Machine building	Woodwo rking industry
Domestic sales prices	0,18	0,05	0,12	0,25	0,11
Changes in the domestic sales prices	0,21	0,32	0,14	0,36	0,11
Number of workers	-0,10	0,00	0,00	-0,15	0,00
Expected changes in the number of workers	-0,09	-0,05	0,04	-0,15	0,05
Number of workers on forced leave	-0,08	0,06	-0,14	0,03	0,00
Expected changes in the number of workers on forced leave	-0,22	0,00	-0,15	0,00	-0,13
Skilled workers	0,28	0,53	0,15	0,53	0,38
Unskilled workers	0,25	0,28	0,04	0,35	0,31
Business activity assessment	0,13	0,00	0,19	0,13	-0,06
Expected changes in business activity	0,55	0,15	0,54	0,38	0,50
Assessment of the business environment	0,09	-0,05	0,15	0,05	0,00
Expected changes in the business environment	0,54	0,11	0,52	0,50	0,67
Do you plan to expand your company's activities in the next two years	0,11	0,05	0,12	0,04	0,27
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,44	0,16	0,50	0,16	0,22

	Total	Constru ction material s producti ons	Food Industry	Light industry	Printing industry
Production	0,18	-0,26	0,23	0,10	0,13
Expected changes in production	0,38	0,06	0,49	0,37	0,25
Sales	0,17	-0,26	0,23	0,09	0,13
Expected sales changes	0,38	0,06	0,49	0,36	0,25
Export	0,11	-0,50	0,19	0,15	-0,33
Expected changes in exports	0,32	-0,43	0,41	0,33	-0,33
Account receivables	-0,17	-0,50	-0,20	-0,17	0,14
Expected changes in account receivables	-0,30	-0,35	-0,37	-0,28	-0,43
Account payables	-0,23	-0,61	-0,27	-0,16	-0,17
Expected changes in accounts payable	-0,32	-0,47	-0,41	-0,32	-0,33
Tax arrears	-0,26	-0,56	-0,26	-0,26	-0,33
Expected changes in tax arrears	-0,35	-0,50	-0,44	-0,21	-0,67
Stocks of raw materials	0,12	-0,11	0,14	0,11	-0,14
Expected changes in stocks of raw material	0,28	0,00	0,39	0,16	0,14
Stocks of finished goods	-0,12	-0,26	-0,25	-0,02	-0,40
Expected changes in stocks of finished goods	-0,19	-0,16	-0,31	-0,14	-0,60
New orders	0,14	-0,26	0,20	0,04	0,00
Expected changes in new orders	0,38	0,06	0,47	0,39	0,14
Purchase prices	0,18	0,05	0,15	0,27	0,38
Expected changes in purchase prices	0,20	0,07	0,20	0,21	0,43
Domestic sales prices	0,18	0,05	0,17	0,18	0,13

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Changes in the domestic sales prices	0,21	0,13	0,20	0,20	0,38
Number of workers	-0,10	-0,26	-0,10	-0,10	-0,12
Expected changes in the number of workers	-0,09	-0,25	-0,09	0,00	-0,14
Number of workers on forced leave	-0,08	-0,21	-0,12	0,00	0,00
Expected changes in the number of workers on forced leave	-0,22	-0,45	-0,31	-0,18	-0,33
Skilled workers	0,28	0,53	0,34	0,35	0,60
Unskilled workers	0,25	0,21	0,33	0,26	0,50
Business activity assessment	0,13	-0,37	0,17	0,24	0,00
Expected changes in business activity	0,55	0,36	0,65	0,57	0,75
Assessment of the business environment	0,09	-0,24	0,12	0,15	-0,25
Expected changes in the business environment	0,54	0,31	0,63	0,45	0,75
Do you plan to expand your company's activities in the next two years	0,11	-0,08	0,09	0,12	0,33
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,44	0,00	0,53	0,33	0,50

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%	80%	65%	56%	73%
Unsafe to work	54%	26%	47%	59%	68%
Rising prices for raw materials/supplies/goods	46%	47%	47%	50%	38%
Labor shortage due to conscription and/or migration	42%	36%	40%	44%	43%
Decrease in demand for products/services	28%	46%	29%	23%	24%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Power, water, or heat supply outages	76%	81%	77%	74%
Unsafe to work	52%	73%	59%	47%
Rising prices for raw materials/supplies/goods	33%	23%	38%	47%
Labor shortage due to conscription and/or migration	57%	23%	46%	37%

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Decrease in demand for products/services	24%	15%	28%	32%

Challenges facing business in wartime, by sector(continued)

	Construction materials production	Food industry	Light industry
Power, water, or heat supply outages	47%	59%	68%
Unsafe to work	29%	59%	49%
Rising prices for raw materials/supplies/goods	59%	53%	49%
Labor shortage due to conscription and/or migration	53%	38%	34%
Decrease in demand for products/services	53%	26%	32%

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	6%	0%	6%	5%	10%
Neutral	59%	65%	49%	61%	65%
Negative	18%	21%	26%	13%	12%
Don't know / Didn't answer	18%	14%	20%	20%	13%

Assessment of the government policy on business support, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Positive	5%	8%	10%	5%
Neutral	67%	69%	55%	53%
Negative	14%	19%	33%	21%
Don't know / Didn't answer	14%	4%	3%	21%

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

	Construction materials production	Food industry	Light industry
Positive	0%	5%	6%
Neutral	58%	56%	58%
Negative	37%	15%	17%
Don't know / Didn't answer	5%	24%	19%

Availability of orders

Availability of orders, by business size

	Total	Micro	Small	Middle	Large
Less than 1 month	9%	35%	11%	5%	4%
1-2 months	45%	45%	56%	46%	30%
3-5 months	26%	12%	22%	28%	37%
6-11 months	13%	6%	9%	15%	21%
12 months or more	6%	2%	3%	7%	9%

Availability of orders, by sector

	Виробництво металу та металообробка	Хімічна промисловість	Машинобудування	Деревообробна промисловість
Less than 1 month	10%	0%	5%	6%
1-2 months	50%	48%	38%	56%
3-5 months	25%	44%	27%	22%
6-11 months	10%	9%	27%	11%
12 months or more	5%	0%	3%	6%

Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry
Less than 1 month	20%	9%	15%
1-2 months	67%	45%	49%
3-5 months	13%	31%	30%
6-11 months	0%	13%	6%
12 months or more	0%	1%	0%