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New Monthly Enterprises Survey

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Ukrainian Business in Wartime

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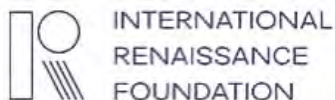


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THE NEW MONTHLY ENTERPRISES SURVEY “UKRAINIAN BUSINESS IN WARTIME”

Dear ladies and gentlemen, we present you with the **twentieth 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 at the enterprise level. The methodology is designed to assess the situation from the “base level”: the judgments and expectations of key economic agents such as entrepreneurs and business managers.

The monthly survey consists of two parts: the regular one and the special one.

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, new orders, employment, etc. We also focus on estimates and expectations of the changes in the business climate and business activity at the enterprise in the next six months. This part of the survey applies the business tendency survey methodology, harmonized according to the Joint Harmonized EU Program of Business and Consumer Surveys (BCS) requirements. Where applicable, we use comparisons with the data from the quarterly business survey “Business Opinion” that have been conducted since 1998.

The special part of the monthly enterprise survey is devoted to the war's impact on the production activity of enterprises and exports and the assessment of government policy on business support. The industry dimension in data analysis is used in the issue.

The monthly survey of business managers is a part of a change in the activities 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 (USA). Monthly trends will be presented in reports such as this one. Quarterly trends will continue to be published in the “Business Survey: Industry” reports, which have been published by the IER since July 2002.

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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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

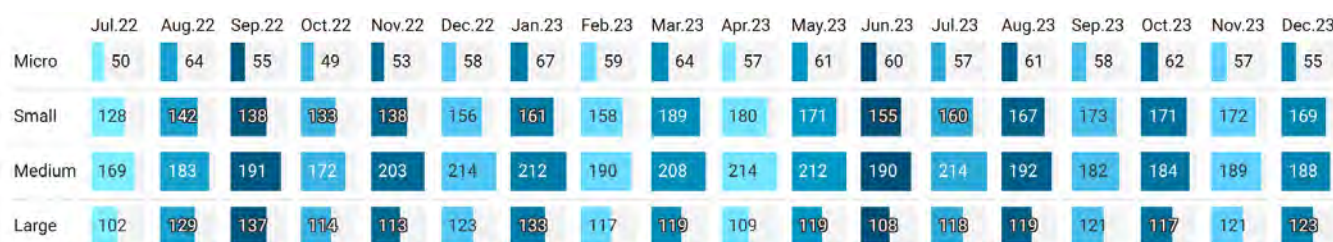
Who do we survey? This survey uses a panel sample; that means we survey the same business entities. Building such a sample takes time. During the nineteenth wave of the survey, the answers of 535 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (94%) 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, Khmelnytsky, Cherkasy, Chernivtsi, Chernihiv and Kharkiv 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 twentieth wave lasted from December 13 to 31, 2023. The enterprises' managers compared the results of work in December 2023 with November 2023, assessed the state of the indicators at the time of the survey (December 2023), 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). Respondents gave forecasts for the next three months of work.

MAIN RESULTS

In December 2023, Ukrainian business considered danger the most acute problem, but entrepreneurs continued to adapt to work in war conditions. Despite the deteriorating security situation and high uncertainty affecting long-term plans, businesses are showing resilience by focusing on finding solutions for the present and the near future. Business activity recovery index remains high for two months in a row. Production indicators improved in December compared to November. Production expectations in the short term are positive but have not been growing for several months. Long-term expectations worsened for the first time, although the percentage of "optimists" still outweighs "pessimists." Half-yearly expectations regarding the business activity at the enterprise and the overall economic environment have not changed compared to November, but the annual trend towards a gradual deterioration of the values is recorded. Employment indicators continued their seasonally slowing trend, while the labor market experienced a shortage of both unskilled and skilled workers. In December, the list of obstacles changed significantly; security issues and "labor shortages" ranked 1st and 2nd, with price increases obtained 3rd place. Negative assessments of the government's economic policy decreased, and the percentage of neutral ones increased.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- In December, the BUSINESS ACTIVITY RECOVERY INDEX remains high and for the second month in a row and is 0.50.
- In December, compared to November, INDEX OF CURRENT BUSINESS ACTIVITY did not change significantly and is -0.07 (it was -0.08).
- The enterprises' expectations regarding changes in the business activity in the six month remained unchanged and amounted to 0.31, the same as last month.
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX has remained unchanged for several months in a row and was -0.08 in December (it was -0.07 in November).
- Expectations regarding changes in the overall economic environment after six months have not changed significantly after a gradual decrease, and the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.30 (it was 0.31).
- Two-year expectations regarding prospects for expansion of business activity have worsened. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY decreased from 0.17 to 0.10.
- The level of uncertainty in the two-year horizon remains quite high but is almost unchanged compared to last month, as well as for the three-month and half-year horizons.

PRODUCTION

- The PRODUCTION INDEX improved in December 2023, increasing from 0.17 to 0.21. It became possible due to the simultaneous increase in the share of those who increased production volumes and decrease in the share of those who reduced them.
- The enterprises' expectations for the next three months remain optimistic, although without significant changes; the value of the INDEX OF EXPECTED CHANGES IN PRODUCTION is 0.35 (two months in a row, it was 0.36).
- The value of the Industrial confidence indicator prospects is positive and practically unchanged compared to November (0.10 in December to 0.11 in November).

DEMAND AND SALES

- The sales growth rate and the number of new orders have significantly accelerated. The SALES INDEX increased from 0.16 to 0.24, as did the NEW ORDERS INDEX, which increased from 0.13 to 0.23.
- At the same time, the enterprises' expectations regarding the demand for the next three months remain almost unchanged for the third month in a row. The INDEX OF THE EXPECTED CHANGES IN SALES stand at 0.35 (two months in a row of 0.36), and INDEX OF THE EXPECTED CHANGES IN THE NEW ORDERS have slightly worsened, albeit marginally, from 0.37 to 0.35.

PRICES

- The price growth rate has accelerated significantly. The PURCHASE PRICE INDEX in December increased from 0.27 to 0.44 due to a significant increase in the share of those who reported rising prices. The INDEX OF EXPECTED CHANGES IN PURCHASE PRICE also increased, from 0.16 to 0.22, due to an increase in the share of those expecting higher prices.
- The DOMESTIC PRICE INDEX also increased significantly, from 0.25 to 0.40. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE increased from 0.15 to 0.20.

DEBTS

- Indicators of accumulation of receivables and payables increased for the second month in a row, although less significantly than in the previous period. Accounts receivable increased from -0.14 to -0.10, and accounts payable increased from -0.16 to -0.13. The indicator of tax arrears remained unchanged and is -0.24, the same as last month.
- In the three-month horizon, no significant changes are expected for receivables, while expectations for tax arrears and payables have improved. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE is -0.26 (it was -0.25). Expectations for accounts payable changed a little, decreasing from -0.25 to -0.27. The INDEX OF EXPECTED CHANGES IN TAX ARREARS significantly decreased from -0.26 to -0.33.

EMPLOYMENT

- The employment reduction rate at enterprises has accelerated. The NUMBER OF WORKERS INDEX decreased from -0.09 to -0.11.
- The INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS is -0.03 for the second month in a row.
- The rate of reduction in the number of workers on forced leave has also accelerated. The index increased from -0.19 to -0.13. In the three months, a slight decrease in the indicator is expected; the INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE has slightly decreased from -0.24 to -0.26.
- In December, businesses struggled to find both skilled and unskilled workers. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS increased for the second month in a row and amounted to 0.22 (it was 0.18 in November). The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS increased after four months in a row without significant changes, and in December, the indicator was 0.29 (it was 0.24).

AVAILABILITY OF ORDERS

- In December 2023, the average term of new orders remained at two months (median) after declining from three months in January-April 2023.
- The share of enterprises that have orders for no more than two months has slightly decreased compared to November (up to 58%). However, there were more enterprises with orders up to one month (14%).

OBSTACLES TO DOING BUSINESS IN WARTIME

- The work hazards caused by a full-scale Russian invasion increased its importance as a barrier to business from 38% to 53% and rose from 2nd place to 1st.
- Labor shortages took the 2nd place in ranking of barriers in December, moving from 4th after increasing from 35% to 46%.
- Disruption of supply chains increased in importance and moved from 8th to 4th place.
- The rising prices for raw materials and goods, despite a slight increase in value, dropped to the 3rd place on the list after several months of being in the 1st place.
- Decline in demand remained in 5th place, although its value decreased slightly.
- After increasing the value from 28% to 30%, power outages share the 5th place with a decrease in demand.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In December 2023, the average capacity utilization remained at the level of November. The share of enterprises operating at full and near full capacity was 59% (59% in July, 57% in August, 55% in September, 59% in October and 58% in November).
- Despite the challenges of the war, only 2% of surveyed enterprises reported that they stopped their activities during the war, and only 2% of enterprises operated at less than 25% of pre-war production capacity.
- In December, only 15% of enterprises worked at less than half their capacity or did not work compared to pre-war times (14% in November).
- Medium-sized businesses meet the challenges the best: 70% of medium-sized businesses are operating at near full capacity in December compared to the pre-war period; it is one of the highest figures for medium-sized businesses in all waves of the survey (69% in November).
- The food industry remains the leader of the recovery: in December, 73% of food industry enterprises were operating at near full and full capacity (72% in November).
- The printing industry has returned to the three leaders of recovery: 46% of surveyed enterprises are operating at full or almost full capacity.
- Construction materials production and metallurgy, where only 28% of surveyed enterprises operate at full or almost full capacity, obtain the last place.

EXPORTING ENTERPRISES

- In December, 64% of respondents reported that they were exporters before the war, continued exporting during the war, or started exporting during the war for the first time.
- Most businesses managed to establish exports in wartime conditions. In December, 83% of respondents indicated they exported before the war and continued to export during the last 12 months (82% in November).
- Some businesses cannot overcome new challenges for export activities. As of December, 16% of enterprises exported before the start of the war but could not resume exports during the last 12 months. Such results indicate the stagnation of the export activity recovery.

GOVERNMENT POLICY

- In December 2023, the share of positive assessments of the government's business policy was 8% and remained unchanged for the fifth month in a row.
- The share of negative assessments of the policy decreased from 19% to 16%, and the share of neutral ones was 58%.
- Speaking about the role of the state (government) in Ukraine for conducting business, 33% call it a "regulator" and 31% - an "obstacle." Only 2% and 1% of respondents called it an "enemy" and a "friend", respectively.
- 25% of respondents could not determine the role of the state in Ukraine for conducting business.

BUSINESS ACTIVITY RECOVERY INDEX

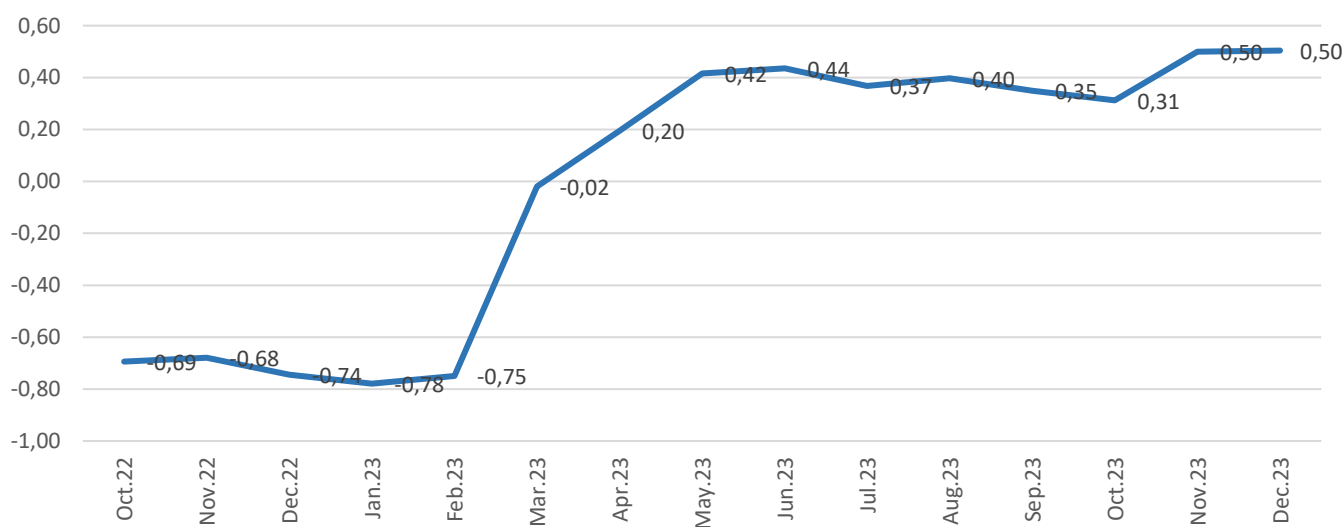
The rate of recovery of business activity compared to last year remains high. At the same time, the indicator remained unchanged compared to the previous month. The value of the BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) is 0.50, the same as last month. The share of respondents who indicated the worsening of the situation remained almost unchanged for the sixth month and was 13.2% in December (12.6% in November). The share of those whose situation has improved is almost unchanged after a sharp increase last month and is 63.6% (it was 62.9%). The share of those who believe that nothing has changed compared to the previous year, which remained without significant changes after a decrease last month, is 23.2% (it was 24.6%).

Size. Business activity assessments depend on the size of the enterprise. The large (0.61) and medium (0.57) enterprises feel the best compared to last year. The indicator of small enterprises is 0.52. The lowest is the indicator of micro-enterprises, which is equal to zero; at the same time, it is worth noting that in this case, it means that the share of those whose situation has become worse or is better compared to the same period last year is the same and is 35.8%.

Region. Lviv, Ivano-Frankivsk, and Ternopil regions (1.00 each) have the highest indicators. Dnipropetrovsk (-0.40), Volyn and Zhytomyr (-0.23 for each) and Khmelnytskyi (-0.10) regions, whose indicators are negative, have the lowest indicators.

Sector. The highest value of the index was recorded for the chemical (0.68) and food (0.62) industries. Metal processing, whose indicator has a single negative value and is -0.06, has the lowest indicator.

Fig.3. Business Activity Recovery Index



INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

BUSINESS ACTIVITY AT THE ENTERPRISE

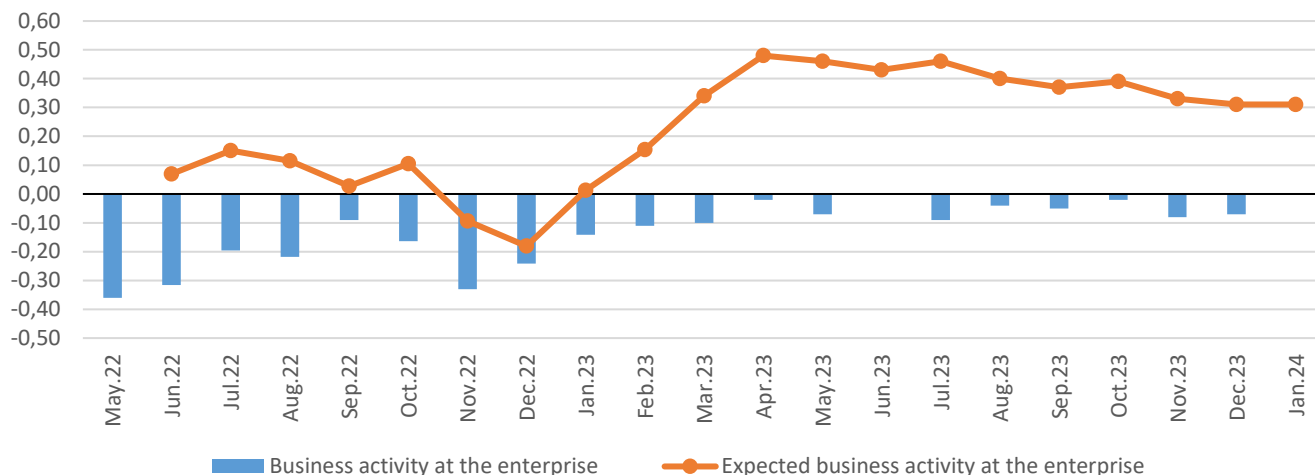
In December 2023, after the deterioration in November, the current assessments of the business activity did not change significantly. The CURRENT BUSINESS ACTIVITY INDEX is -0.07 (it was -0.08). The share of respondents assessing the current business activity at the enterprise as bad increased from 17.9% to 19.0%. At the same time, the share of those who positively assess the situation at the enterprise has not changed significantly and amounts to 7.7% (it was 7.3%). The share of those who consider the business activity at the enterprise to be satisfactory has changed slightly and amounts to 73.3% (it was 74.8%).

Expectations for the six months remained unchanged after gradual two-month deterioration. The value of the INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY is 0.31, the same as last month. There were no significant changes in the percentage distribution. The share of those who do not expect any changes is 56.6% (it was 55.8%).

Similarly, the share of "optimists" has not changed significantly and is 36.6% (it was 37.3%). The share of "pessimists" also almost did not change and is 6.8% (it was 6.9% in November).

The share of those who could not give a forecast for the next six months remained without significant changes and amounted to 12.8% (it was 13.8%).

Fig.4. Business activity at the enterprise, indices

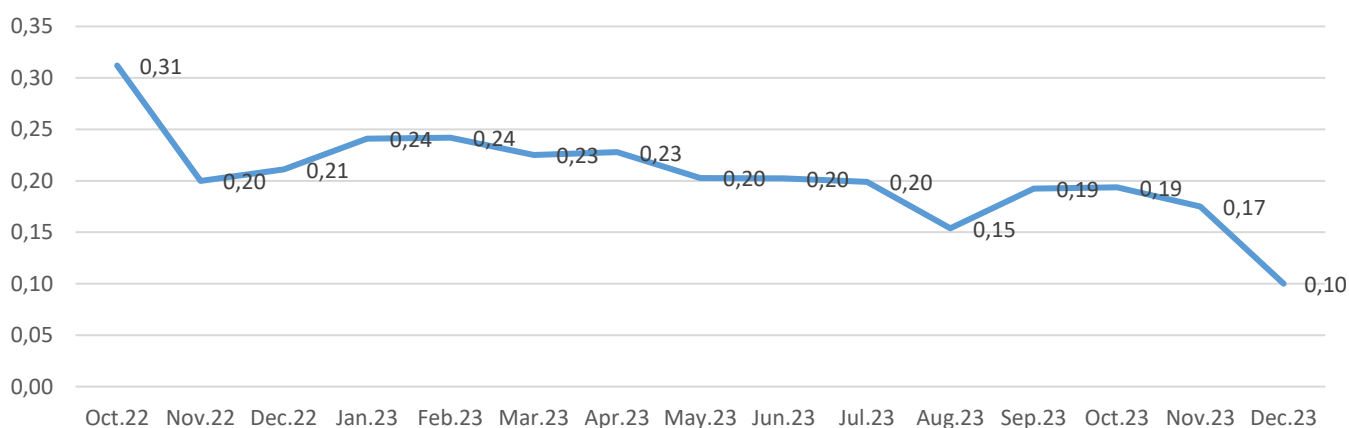


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity for the next two years have worsened. The INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY decreased from 0.17 to 0.10. In percentage distribution, the percentage of those who plan to expand their activities in the next two years has significantly decreased, from 24.2% to 19.1%, and the percentage of those who plan to reduce their activities has increased from 6.7% to 9.1%. The share of those who plan to stay at the current level increased slightly, from 69.1% to 71.8%.

The percentage of those who could not give a forecast for such a distant perspective, after a decrease in November, remained unchanged in December and is 51.8% (it was 51.9% (it was 56.7%).

Fig.5. Expectations regarding business activity for 2 years, index



Size. Among enterprises of all sizes, large enterprises (0.35) have the most optimistic plans for the future. The indicator of medium (0.08) and micro enterprises (0.07) is significantly lower and approximately the same. Small enterprises (-0.01) have the lowest and only negative indicator value.

Region. Significant regional differences were registered. Enterprises of Zakarpattya and Zaporizhzhya regions have the highest expectations (1.00 for each). Indicators of Lviv, Ivano-Frankivsk, Rivne, Ternopil, Vinnytsya, and

Odesa regions are zero. Indicators of Khmelnytsky (-0.10), Dnipropetrovsk (-0.11), and Zhytomyr (-0.23) regions have negative values and are the lowest.

Sector. Expectations vary by industry. The printing (0.29) and chemical (0.25) industries have the highest values. The indicator for construction materials production and metalworking is the lowest and has the only negative value of -0.36.

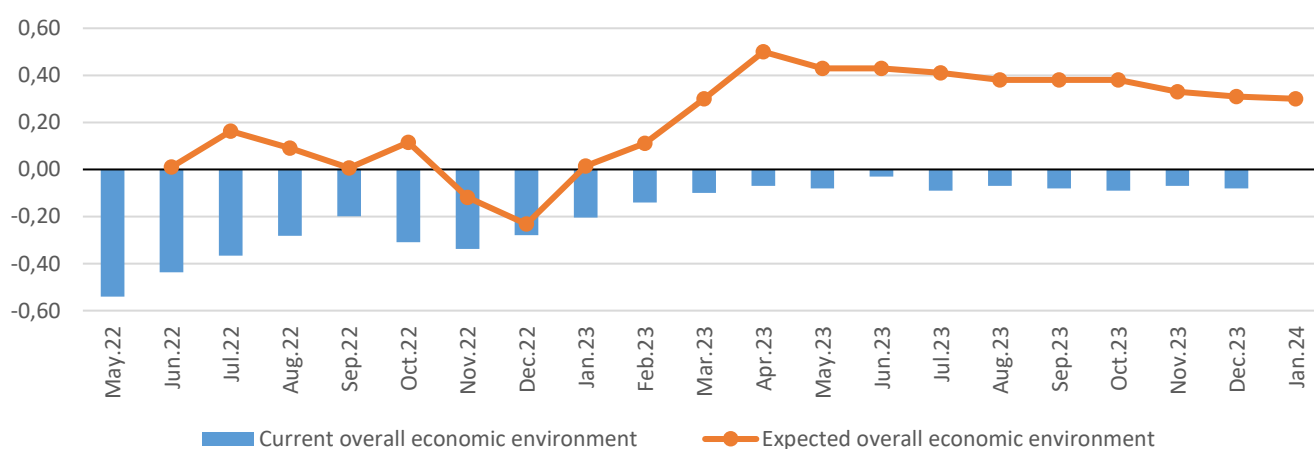
OVERALL ECONOMIC ENVIRONMENT

Assessments of the overall economic environment did not change significantly compared to the previous month and almost do not differ from assessments of the business activity. The value of the corresponding INDEX in December is -0.08 (-0.07 in November). In percentage distribution, the share of those who assess the overall economic environment as bad increased from 18.9% to 21.2%. At the same time, the share of those who gave positive assessments did not change significantly and amounted to 8.7% (it was 8.9%). The share of those who consider the overall economic environment satisfactory decreased slightly, from 72.3% to 70.1%.

Enterprises' forecasts regarding changes in the overall economic environment for the next six months have not changed significantly. After a two-month gradual deterioration, the value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT is 0.30 (it was 0.31). In the percentage distribution, the share of "optimists" regarding changes in the overall economic environment decreased from 37.4% to 35.1%, while the share of "pessimists" did not change significantly and is 7.3% (it was 7.4%). The share of those who believe the overall environment will not change significantly over the next six months increased from 55.2% to 57.6%.

The share of those who could not give forecasts regarding the state of the overall economic environment did not change significantly and is 15.1% (it was 16.3%).

Fig.6. Overall economic environment, indices

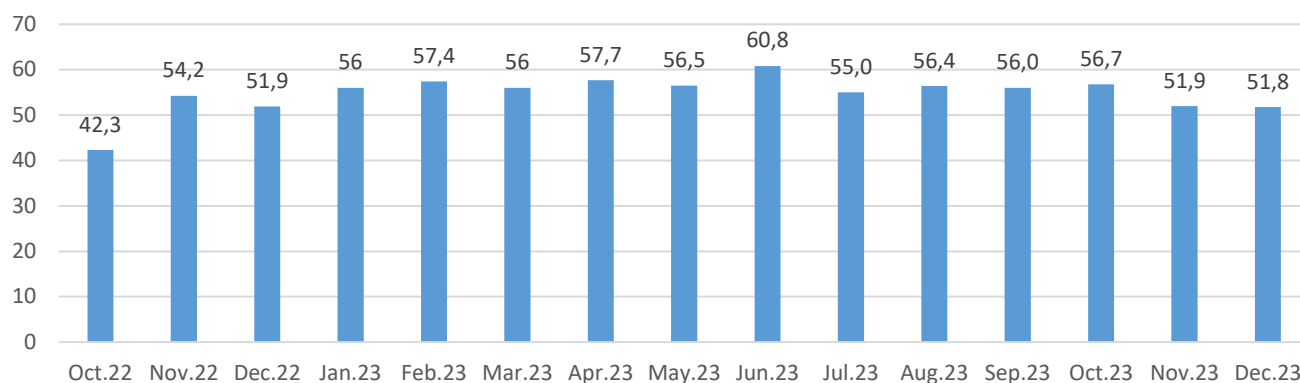


UNCERTAINTY

Two-year expectations

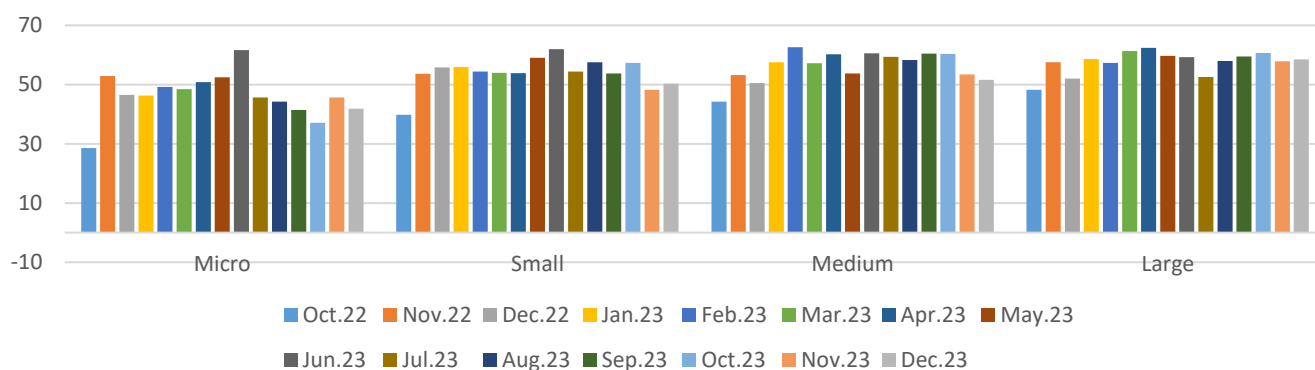
The level of uncertainty about the enterprises' plans for the next two years remained almost unchanged in December after decreasing in November. Slightly more than half of the respondents - 51.8% (it was 51.9%) - could not give an answer regarding the prospects for the next two years.

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 uncertainty indicator remains the highest for large enterprises, while the value has not changed significantly and is 59% (it was 58%). Also, the level of uncertainty remained almost unchanged for medium-sized enterprises, and the value was 52% (it was 53% in November). The value for small enterprises increased slightly, from 48% to 50%. The lowest level of uncertainty for long-term prospects, with a decrease in value from 46% to 42%, is the indicator of micro-enterprises.

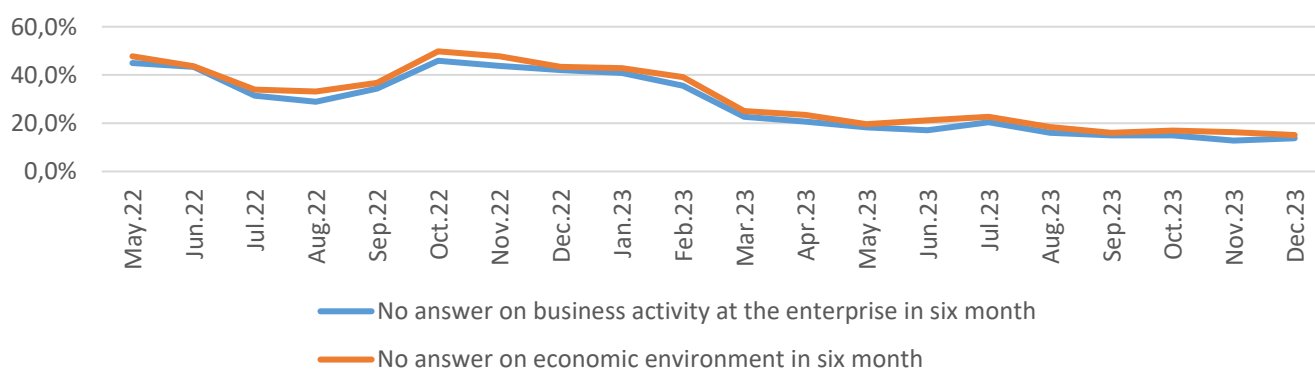
Fig.8. The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

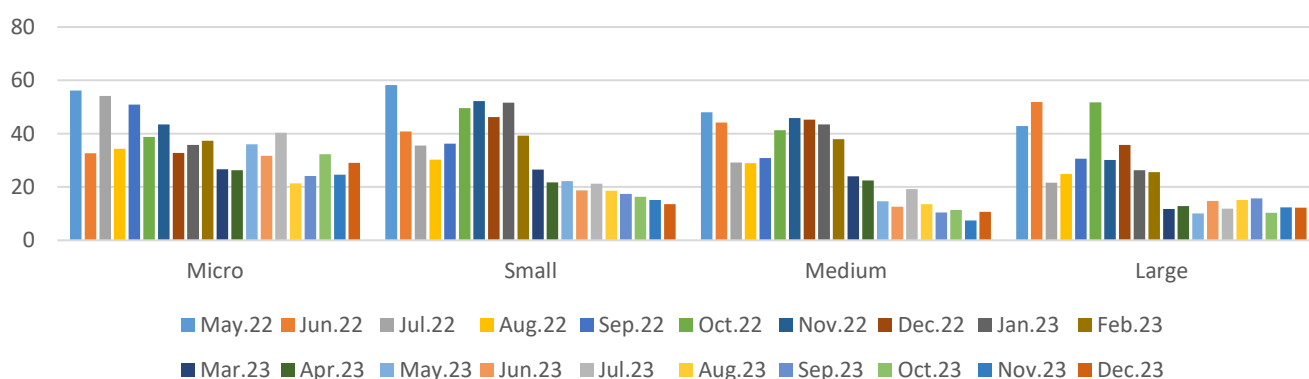
The level of uncertainty in the forecasts for the half-year horizon, after a gradual decrease, almost did not change for the business activity at the enterprise and the overall economic environment. The uncertainty for the business activity is 14% (it was 13%). The share of respondents who could not give a forecast regarding changes in the overall economic environment in the country was 15% in December (16% in November).

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



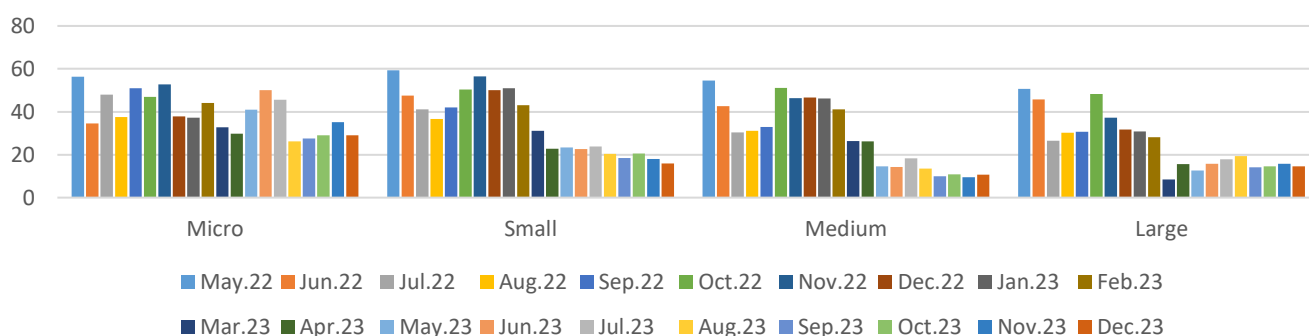
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. After a decrease in November, the uncertainty indicator for micro-enterprises increased from 25% to 29%, and the value is the highest. Also, the indicator of uncertainty regarding the overall economic environment increased for medium-sized enterprises, from 7% to 11%, returning to the indicators of September-October. At the same time, the indicator of small enterprises has hardly changed and is 14% (it was 15% last month). The indicator of uncertainty regarding the business activity for the next six months for large enterprises remained unchanged and is 12%, the same as last month.

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 has the highest value despite a significant decrease from 35% to 29%. The uncertainty rate of small businesses also decreased slightly, from 18% to 16%. The indicator of medium (11% in November and 10% in December) and large (16% in November and 15% in December) businesses almost did not change.

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 December 2023, the percentage of uncertainty did not significantly change for all indicators after a significant decrease in November. The highest level of uncertainty is for the prices of raw materials and supplies, and the indicator remained almost unchanged compared to November and is 10.3% (it was 10.4%). The uncertainty indicator slightly decreased for accounts payable (from 8.2% to 6.2%) and tax arrears (from 7.8% to 5.6%). The lowest level of uncertainty is for stocks of finished goods, which is 4.7% (it was 4.8%), and stocks of raw materials and supplies, which is 4.1% (it was 4.3%).

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

	Dec.22	Jan.23	Feb.23	Mar.23	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23
Purchase price										15	13.1	10.4	10.3
Workers on forced leave	15.6	15	17.2	15.3	15.9	13.1	15	13.7	16.1	15.2	13.1	7.8	9.7
Domestic sale price										14.2	12.7	8.9	9.3
New orders	13.6	12.2	11.6	10	10	8	9.2	10.2	12.8	11.4	11.6	6.9	7.9
Number of workers	14.3	14	13.4	12.8	14.1	10.3	12.3	10.4	12.1	13.3	12.9	7.8	7.5
Accounts payable	35.4	23.2	23.9	16.7	16.3	13.7	13.8	13.5	14.1	13.1	11	8.2	6.2
Accounts receivable	35	23.7	24.4	17.4	16.4	13.1	14.6	14	14.5	13.1	12.5	7.4	6
Tax arrears	33	22.9	21.8	15.2	15.2	12.3	12.3	12.6	12.8	11.8	11.4	7.8	5.6
Export	13.6	8.4	7.8	6.9	7	4.3	5.5	7.7	6.3	6.4	6.6	5.6	5
Sales	13.6	11.3	11.5	10.2	9.3	7.1	8.2	9.5	10.6	9.6	11.2	3.9	4.9
Production	13.6	12.2	11.5	10	8.6	7.1	8.2	9.3	10	9.4	11.6	3.9	4.9
Stocks of finished goods	13.6	13.4	11.3	10	10.4	8	9.2	9.7	11.1	9.9	9.4	4.8	4.7
Stocks of raw materials	13.6	12.4	11.6	10.5	9.8	8.3	9.4	8.6	10.6	8.8	9.2	4.3	4.1

Created with Datawrapper

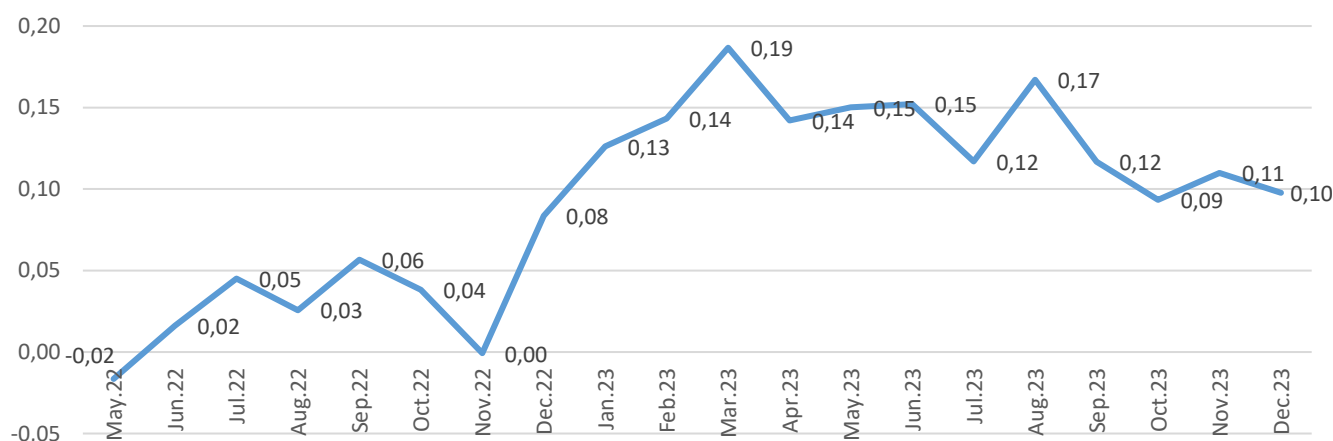
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) did not change significantly compared to last month and is **0.10** (it was **-0.11** in November).

At the same time, changes in the value of two of its three components are observed in the ICI: (1) *production expectations* for the next 3-4 months remain without significant changes for the third month in a row, and the indicator is 0.35 (it was 0.36 in October and November). At the same time, (2) *estimates of the portfolio of new orders* decreased from -0.15 to -0.20, and (3) *estimates of stocks of finished goods* decreased from -0.12 to -0.14.

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

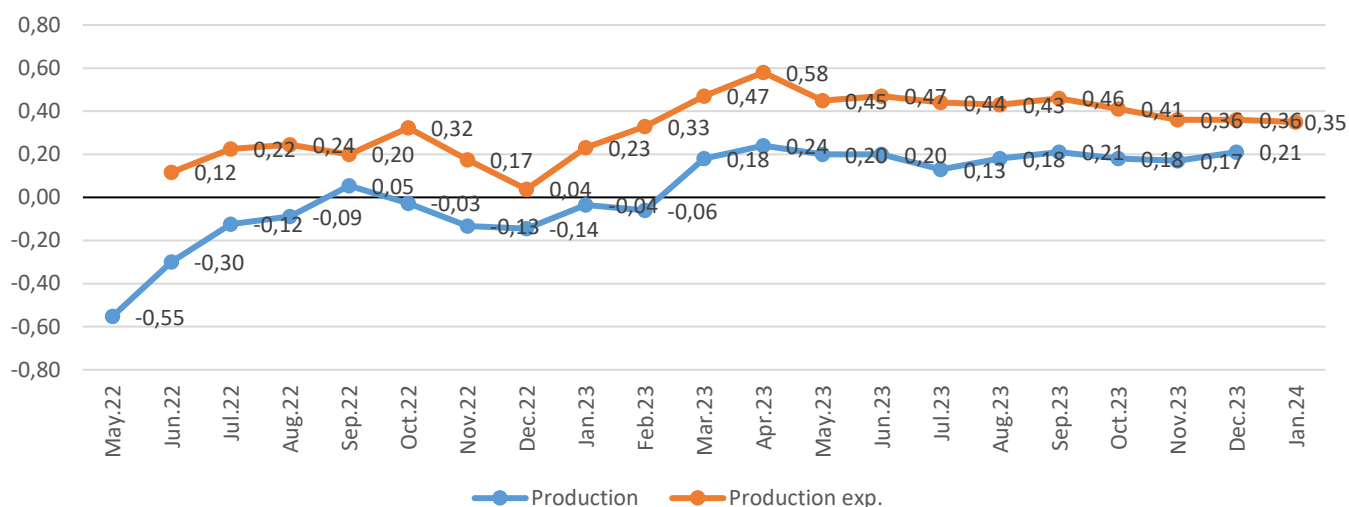
Production results improved in December compared to November. The PRODUCTION INDEX increased from 0.17 to 0.21. The share of enterprises that reduced production volumes decreased from 18% to 16.8%. At the same time, the share of enterprises that increased production increased from 29.6% to 34.4%. The share of those industries with no changes decreased from 52.4% to 48.8%.

Size. Among enterprises of different sizes, the best results are obtained by large (0.28) and medium (0.24) enterprises. The indicator of micro-enterprises is 0.09. Small businesses have the worst results, with an indicator of 0.05.

Region. Regional differences are significant (the largest value is 1.00, and the smallest is -0.60). The best results were achieved by enterprises of Poltava (1.00), Ivano-Frankivsk (0.47), and Lviv (0.47) regions. The lowest values of the index were recorded for enterprises of Zaporizhzhya (-0.07), Kharkiv (-0.10), Zakarpattya (-0.13), and Sumy (-0.45) regions.

Sector. Index values vary across sectors and industries. The best situation is in the food (0.44), light (0.32) and printing (0.23) industries. Metalworking (-0.06), woodworking (-0.23), and construction materials production (-0.31) have the lowest and negative indicators.

Fig.14. Production indices



Expected changes in production

Optimism regarding production expectations remains unchanged for the third month in a row. The INDEX OF EXPECTED CHANGES in production is 0.35 (0.36 two months in a row). It means only minor changes in the percentage distribution of responses. The share of enterprises where production growth is planned decreased slightly, from 40.2% to 38.5%. The share of those who do not expect changes increased from 53.5% to 56.2%. The share of enterprises that plan to reduce production has not changed significantly and is 5.3% (it was 6.4%).

Size. Production expectations depend on the size of the enterprises. The value is approximately the same for medium (0.39), large (0.36), and small (0.32) enterprises. The indicator of expectations for micro-enterprises (0.10) is the lowest.

Region. Enterprise plans depend significantly on the region of location. Poltava, Ivano-Frankivsk, Lviv, and Ternopil regions have the most optimistic plans for production growth (1.00 for each). The indicator of expectations for Volyn (-0.07), Vinnytsya (-0.33), and Chernihiv (-0.56) regions has the lowest and negative values.

Sector. Production expectations for three months depend on the industry. The food (0.45) and printing (0.38) industries have the highest indicators of expectations. Metal processing has the lowest value of the indicator, equal to zero.

SALES

Changes compared to the previous month

In December, the sales results improved significantly. The SALES INDEX increased from 0.16 to 0.24. At the same time, there were some changes in the percentage distribution. The share of enterprises that increased sales grew significantly (from 29.2% to 37.0%). At the same time, the share of those who reduced them decreased from 18.4% to 16.1%. The share of enterprises in which there were no changes also decreased from 52.4% to 46.9%.

Size. The SALES INDEX of large (0.31) and medium (0.24) enterprises is significantly higher. The indicator of micro-enterprises is 0.18. The value of the indicator of small enterprises is the lowest (0.11).

Region. The highest value of the sales index was recorded for Poltava (1.00), Ivano-Frankivsk (0.47), Lviv (0.44), and Cherkasy (0.43) regions. Sumy (-0.50), Kharkiv (-0.10), and Zaporizhzhya (-0.07) regions have the lowest values.

Sector. Food (0.50) and light (0.36) industries have the highest SALES INDEX. The construction materials production has the lowest indicators (-0.28).

Expected changes in sales

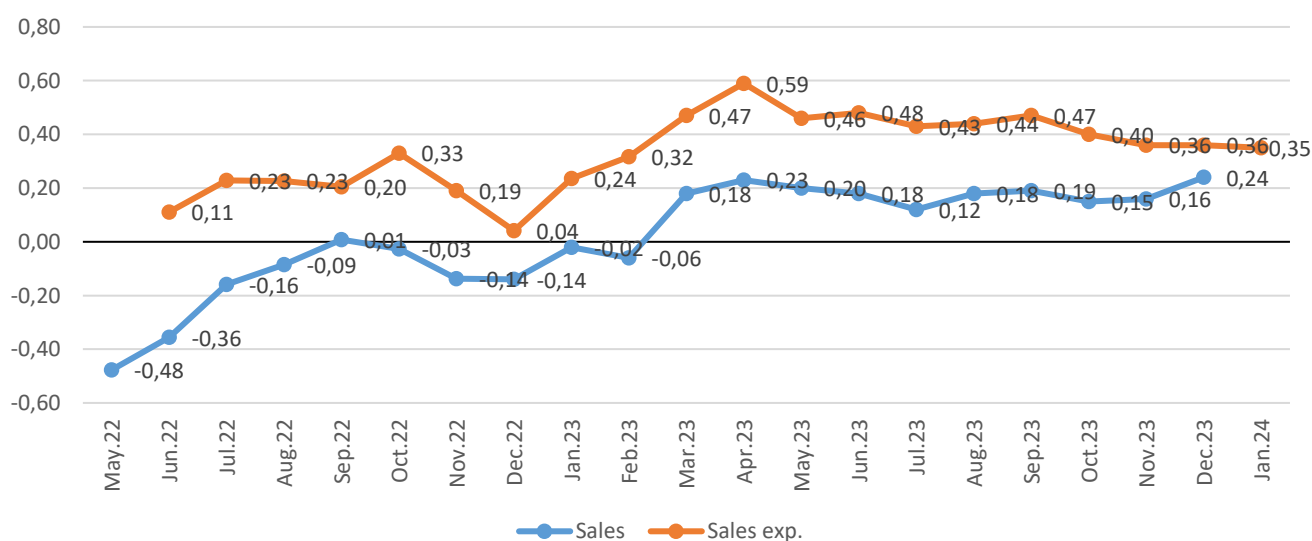
Sales expectations remain unchanged. The INDEX OF EXPECTED CHANGES IN SALES is 0.36 (two months in a row was 0.36). It means no significant changes in the percentage distribution. The share of those who plan to reduce sales is 6.5% (it was 7.3%), and the share of those who plan to increase them is 39.2% (it was 40.0%). The percentage of respondents who believe nothing will change has increased from 52.7% to 54.3%.

Size. The indicator of expectations for medium and large enterprises is higher and the same (0.37 for each). The indicator of small enterprises is somewhat lower (0.33). The indicator of micro-enterprises is the lowest and is 0.08.

Region. The best expectations were recorded in Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The indicator of expectations for Volyn (-0.13), Vinnytsya (-0.33), and Chernihiv (-0.56) regions is the lowest and negative.

Sector. The food (0.45) and printing (0.38) industries have the highest sales expectations. The indicators of expectations of the woodworking industry are the lowest and equal to zero.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

The export growth rate accelerated after a three-month "standstill." The value of the EXPORT INDEX increased from 0.09 to 0.13. The share of respondents whose export volume has decreased has not changed significantly and is 20.1% (it was 19.0%). At the same time, the share of enterprises increasing exports increased (from 24.2% to 31.1%). At the same time, the share of those enterprises whose export volumes did not change decreased from 56.9% to 48.9%.

Size. The value of the EXPORT INDEX is higher and approximately the same for medium (0.24) and large (0.15) enterprises. The indicator of small (-0.04) and micro-enterprises (-0.20) is significantly lower and negative.

Region. The indicators of Poltava (1.00), Cherkasy (0.50,) and Ivano-Frankivsk (0.38) regions are the highest. The lowest value is for the Sumy region (-1.00).

Sector. The EXPORT INDEX has the highest value for food (0.40) and light (0.08) industries. The woodworking industry (-0.38) has the lowest value.

Expected changes in export

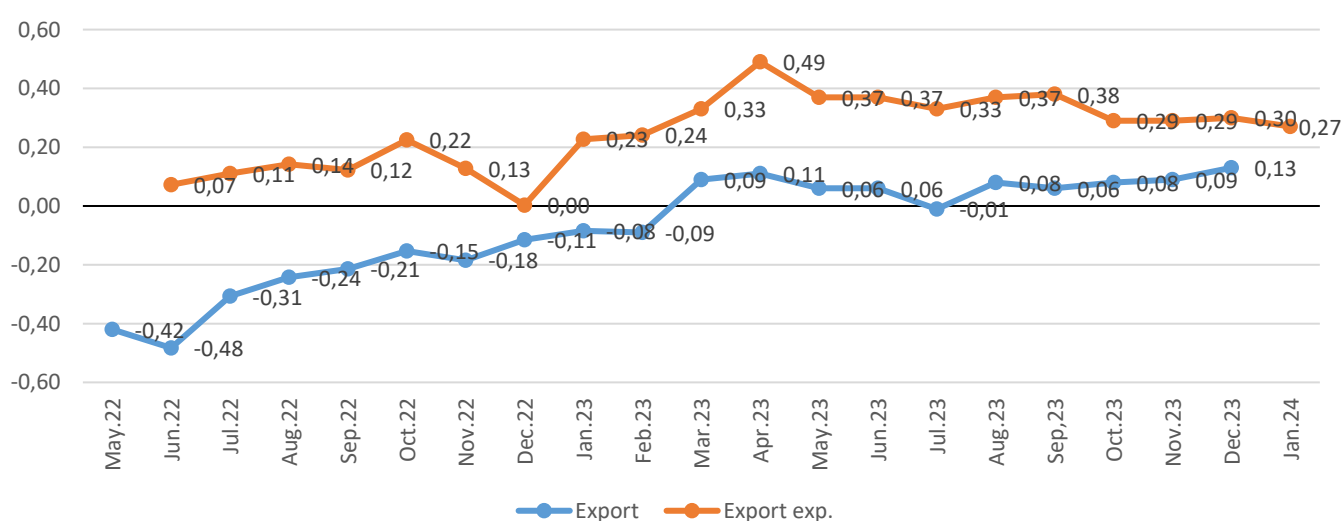
A slight deterioration of the indicator is expected for the next three months. The INDEX OF THE EXPECTED CHANGES IN EXPORTS decreased from 0.30 to 0.27. The share of those planning to increase exports decreased (from 35.0% to 31.2%). At the same time, the share of those who plan to reduce it has not changed significantly and is 6.5% (it was 6.8%). The share of those who do not expect any changes increased from 58.2% to 62.4%.

Size. Large (0.31) and medium (0.28) enterprises have the highest and approximately the same indicator of export expectations. The indicator of micro-enterprises is 0.18. Small (0.13) enterprises have the lowest export expectations.

Region. The highest value of the index of the expected changes in exports was recorded for enterprises of Poltava, Ivano-Frankivsk, and Ternopil regions (1.00 for each). The expectations of business representatives of the Sumy region (-1.00) are the worst.

Sector. Food (0.34) and light (0.17) industries have the highest value of the index of expected changes in exports. The chemical, printing, and woodworking industries, as well as metalworking, have the lowest value of the indicator, which is equal to zero.

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The rate of reduction of raw material stocks accelerated. The value of STOCKS OF RAW MATERIALS INDEX decreased from 0.10 to 0.05. The share of respondents who reported on the accumulation of stocks of raw materials for the past month has not changed significantly and is 21.5% (it was 20.5%). At the same time, the share of respondents who indicated their reduction increased from 12.8% to 18.5%. The share of entrepreneurs for whom nothing has changed compared to last month decreased from 66.7% to 60.0%.

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large (0.09) and medium (0.03) enterprises. The indicator of small (-0.02) and micro-enterprises (-0.01) is lower and has a negative value.

Region. Most often, the accumulation of raw materials is reported in Poltava (1.00), Ivano-Frankivsk (0.47), and Lviv (0.44) regions. The indicators of Kyiv (-0.57) and Kharkiv (-0.35) region are the lowest.

Sector. Food (0.13) and light (0.10) industries have a positive value. The indicators of metalworking (-0.29) are the lowest.

Expected changes in stocks of raw material

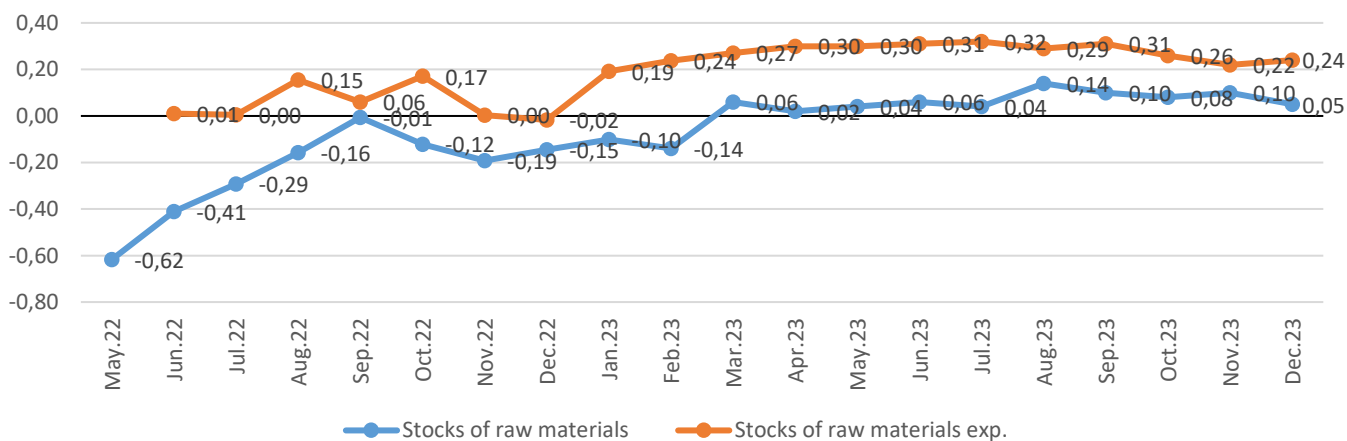
For the next three months, entrepreneurs expect a slowdown in the rate of reduction of raw materials: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS increased from 0.24 to 0.26. The share of respondents who expect the accumulation of raw material stocks increased from 30.3% to 32.5%; at the same time, the share of those who believe that raw material stocks will decrease has not changed significantly and is 8.4% (there were 9.2%). The share of those who believe the situation will not change has also not changed significantly and amounts to 59.0% (it was 60.5%).

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher and about the same for large enterprises (0.31). The indicator of medium (0.26) and small (0.25) enterprises is lower and approximately the same. Microenterprises have the lowest and negative value of the indicator (-0.02).

Region. The HIGHEST INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is for the Poltava, Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 for each). The lowest value of the index is for the Kyiv city (-0.55) and Chernihiv region (-0.17).

Sector. The food industry (0.37) has the highest indicator of expectations regarding changes in raw material stocks. The index of metalworking and production of construction materials has the lowest value, which is equal to zero.

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

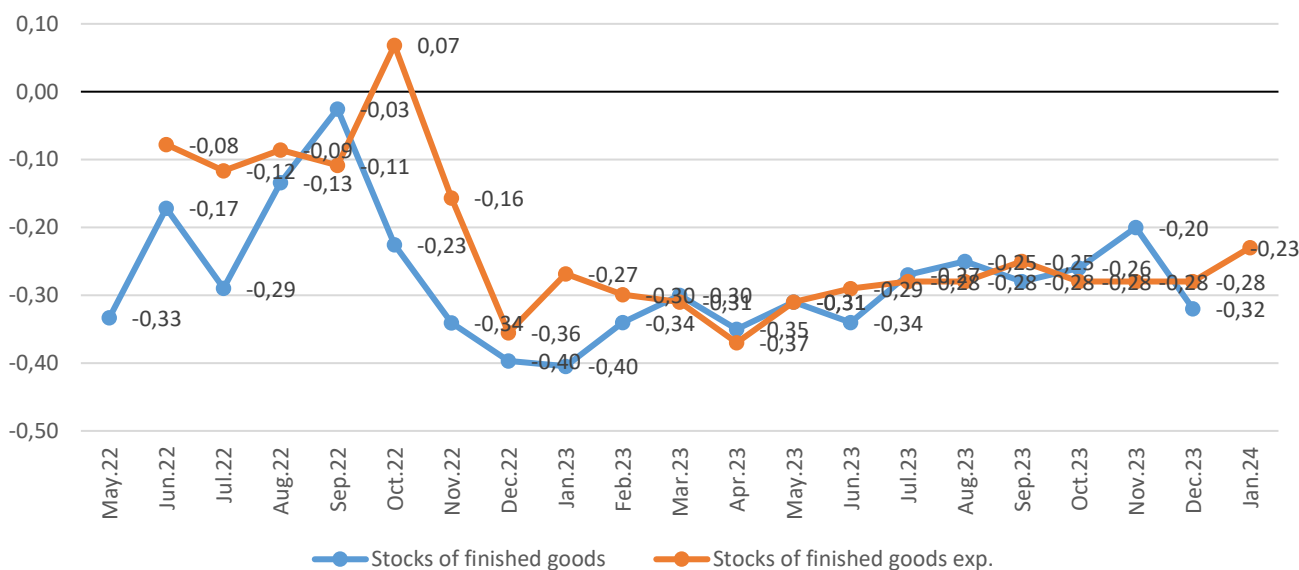
The rate of reduction of stocks of finished goods has accelerated significantly. The value of the corresponding index in December compared to November decreased from -0.20 to -0.32. It happened due to an increase in the share of those who reduced product stocks at the expense of a decrease in the share of those who did not change anything. The share of respondents who reported a reduction in stocks of finished goods increased significantly, from 28.2% to 39.1%; at the same time, the share of respondents who reported an increase in stocks almost did not change and amounted to 7.2% (there were 8 .5%). The share of respondents who did not feel any changes decreased from 63.2% to 53.7%.

Size. The value of the index is lower for small (-0.37) and medium (-0.36) enterprises, depending on the size of the enterprise. The index of large enterprises is -0.29. The indicator of micro-enterprises is the highest and is -0.07.

Region. The value of the index depends on the region. Khmelnytsky (0.19) and Poltava (0.03) regions have the highest and positive value of the index. The indicator of the Sumy region is zero. Ivano-Frankivsk (-0.82) and Ternopil (-0.89) regions have the lowest index.

Sector. The food industry (-0.44) has the lowest index value. The construction materials production has the highest value (-0.08).

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

Enterprise managers expect a slowdown in the rate of reduction stocks of finished goods in the future. The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS is -0.23 (two months in a row, the value was -0.28). The share of respondents who believe the stocks of finished goods will decrease in the next three months decreased from 31.8% to 27.2%, while the share of those who expect them to increase has not changed significantly and is 3.9% (was 2.9%). The percentage of those who believe that nothing will change has increased from 65.4% to 68.9%.

Size. The value of the indicator depends on the size of the enterprise. The value of the index is lower for small (-0.34) and medium (-0.26) enterprises. The index of large enterprises is -0.12. The highest value of the index is for micro-enterprises - -0.06.

Region. The indicator of expectations is higher than zero for the Khmelnytsky (0.35), Chernihiv (0.20), and Poltava (0.03) regions. The indicator of expectations for Cherkasy, Zaporizhzhya, Zakarpattya, and Kirovohrad

regions is zero. The indicators of other regions have a negative value, and the lowest are the indicators of the Ternopil and Lviv regions (-1.00 for each).

NEW ORDERS

Changes compared to the previous month

The growth dynamics of new orders accelerated. The NEW ORDERS INDEX increased from 0.13 to 0.23 in December. The share of those with an increase in the number of new orders increased (from 26.1% to 34.3%). At the same time, the share of those who reported a reduction in their number decreased from 17.5% to 15.2%. The share of those who did not experience changes significantly decreased from 56.4% to 50.5%.

Size. Index values are significantly higher for large (0.32) and medium (0.23) enterprises. The indicator of small enterprises is 0.10. The indicator of micro-enterprises is the lowest and is 0.04.

Region. Among the regions, new orders grew the most in Poltava (0.97), Ivano-Frankivsk (0.47) and Lviv (0.44) regions, while new orders decreased the most in Sumy (-0.35) region.

Sector. In the previous month, the situation with new orders was the best for the food (0.47) and light (0.26) industries. The woodworking industry (-0.27) and construction materials production (-0.41) have the lowest and negative indicators.

Expected changes in new orders

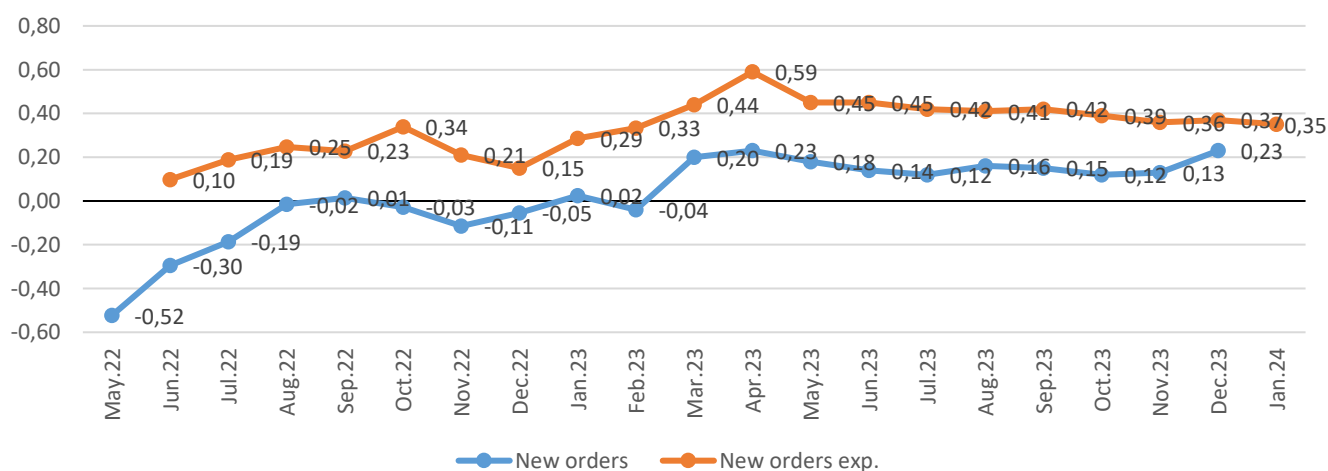
In the next three months, entrepreneurs do not expect significant changes in the indicator. But the value remains unchanged for the third month in a row. The value of the INDEX OF EXPECTED CHANGES IN THE NEW ORDERS IS 0.35 (it was 0.37). In the percentage distribution, the share of those who expect an increase in new orders slightly decreased (from 41.7% to 39.6%). The share of respondents who expect a decrease in the volume of new orders did not change significantly and is 6.9% (it was 7.4%). At the same time, the share of those who did not expect any changes in the next three months increased from 50.9% to 53.5%.

Size. The indicator of expectations is approximately the same for medium (0.37), large (0.36), and small (0.35) enterprises. The indicator of micro-enterprises is significantly lower (0.04).

Region. Index values have significant regional differences. In Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each), businesses expect an increase in new orders to a greater extent than in others. However, the indicators of Chernihiv (-0.62) and Vinnytsya (-0.57) regions have the lowest negative values.

Sector. The food industry (0.42) and machine building (0.33) have the best expectations for new orders. The indicators of the woodworking industry are the lowest and equal to zero.

Fig.19. New orders indices

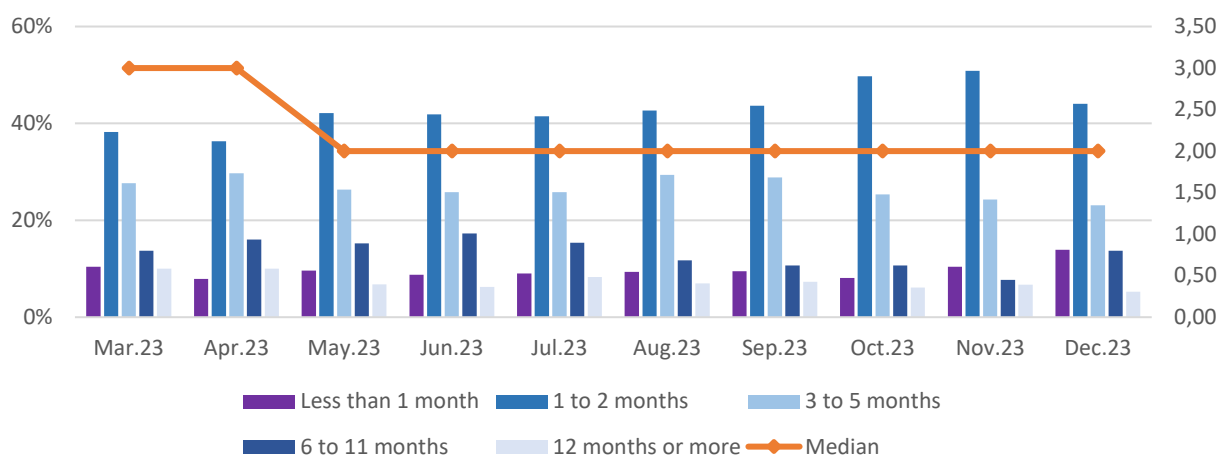


Availability of orders

In December 2023, the average term of new order availability for surveyed enterprises remained at the level of two months (median), which it has been at since May 2023. Before that, in January-April 2023, this term was longer: three months.

At the same time, the share of enterprises with orders for no more than two months decreased slightly compared to November (from 61% to 58%). However, there were more enterprises with orders up to one month: 14%. During the previous months of 2023, there were no more than 11% of such enterprises.

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 one month (median value), while small and medium-sized businesses - for two months and large - for three.

82% of micro-enterprises and 73% of small ones have orders for only up to two months. At the same time, 38% of large and 21% of medium enterprises have orders for six months or more.

Sector. In December 2023, the relatively longest average term of new orders, which, however, was only 2.5 months (median value), was recorded in the chemical industry¹.

On the other hand, enterprises in the construction materials production and printing industry were provided with orders for an average of only one month, and the woodworking industry - for 1.5 months.

At the same time, more than 80% of manufacturers of building materials and more than 70% of enterprises in textile, clothing, or footwear production have orders for a period of only two months. These shares are larger than among other industries.

Region. There are differences between enterprises in various regions in the supply of orders². The average term of orders availability is the longest for enterprises in the Kyiv region, where it was 11 months on average (median value). Also, the term of orders is relatively long for enterprises of the Poltava region (7 months).

On the other hand, the shortest average period of orders - less than one month - was recorded in the Vinnytsya region and only for one month - in Dnipropetrovsk, Zhytomyr, Kharkiv, Khmelnytsky, Chernivtsi, Chernihiv regions, and Kyiv city.

¹ 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."

² Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies has accelerated. The value of the PURCHASE PRICE INDEX increased from 0.27 to 0.44. The share of enterprise managers who indicated an increase in prices in December compared to November grew from 29.8% to 43.5%. At the same time, the share of those who believe that prices did not change compared to the previous month decreased from 68.3% to 54.8%. The share of those who speak about a decrease in prices for raw materials and supplies has not changed significantly and is 1.7% (it was 1.9%).

Size. Depending on the size of the enterprise, managers of large (0.57) enterprises often talk about an increase in the prices of raw materials and supplies. The indicator of micro-enterprises is 0.45. The indicator of small (0.38) and medium (0.35) enterprises is lower and approximately the same.

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 region is the lowest and is equal to zero.

Sector. The value of the PURCHASE PRICE INDEX is the highest for metalworking (0.50), chemical industry, and printing (0.46 for each). The woodworking industry (0.32) has the lowest value of the index.

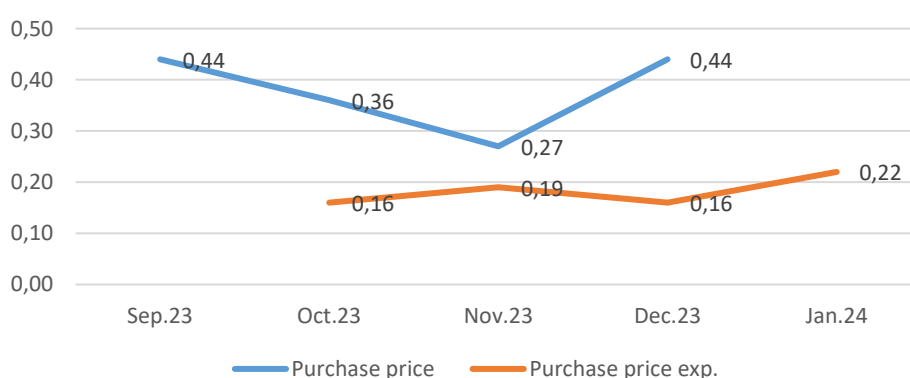
Expected changes in purchase prices

In the next three months, the business expects a further increase in the indicator. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE increased from 0.16 to 0.22. The share of respondents who believe there will be no changes has decreased (from 79.8% to 75.3%). At the same time, the share of those expecting a price increase increased (from 18.3% to 23.1%). The share of those who believe that the prices of raw materials and supplies will decrease in the next three months has hardly changed and is 1.7% (it was 1.9%).

Size. Depending on the size, the indicator of large (0.31) and micro enterprises (0.27) is higher and approximately the same. The value of the index of small enterprises is 0.21. The indicator of medium-sized enterprises is significantly lower (0.14).

Region. The most talk about a possible increase in price for raw materials and supplies is in Poltava (1.00) and Chernivtsi (0.68) regions. The index of Ivano-Frankivsk region (-0.06) has a single negative value.

Fig.21. Purchase prices indices



DOMESTIC SALES PRICES

Changes compared to the previous month

The rate of growth of prices for finished goods accelerated. The value of the DOMESTIC SALES PRICE INDEX increased from 0.25 to 0.40. The share of enterprise managers who indicated a price increase in December increased from 28.5% to 39.3%. At the same time, the share of respondents who talk about price reductions has not changed significantly and is 1.5% (it was 2.4%). The share of those who believe prices did not change compared to the previous month decreased from 69.0% to 59.2%.

Size. Depending on the size of the enterprise, the increase in prices for finished goods is most often discussed at large (0.53) enterprises. The indicator of small (0.33), medium, and micro enterprises (0.34 for each) is lower and about the same.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (0.93) and Sumy (0.85) regions. The indicator of the Chernihiv region has a single negative value (-0.13).

Sector. The value of the DOMESTIC SALES PRICE INDEX is the highest for the chemical industry (0.50). The woodworking industry (0.23) has the lowest value of the index.

Expected changes in the domestic sales prices

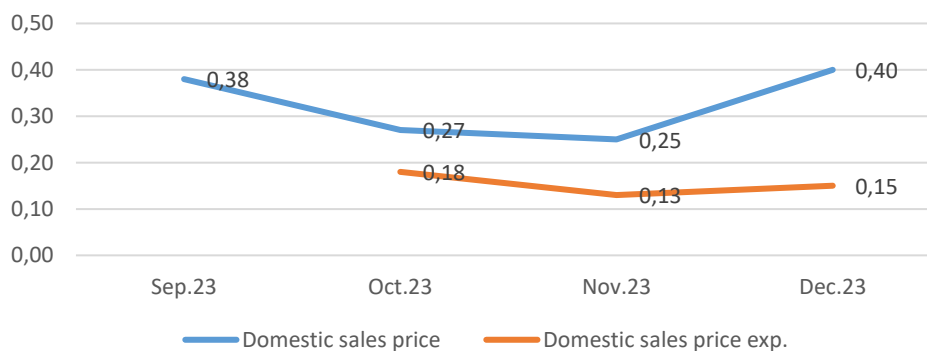
Company managers expect a further increase in the indicator for the next three months. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES increased from 0.15 to 0.20. The share of respondents not planning changes decreased from 79.8% to 77.3%. The share of respondents who plan to raise prices in the next three months increased from 18.0% to 21.3%. At the same time, 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 1.4% (it was 2.2%).

Size. Depending on the size, the indicator of large and micro enterprises is higher and the same and is 0.28. The value of the index for small enterprises is 0.19. The indicator of expectations of medium-sized enterprises is the lowest and is 0.13.

Region. Most businesses talk about a possible increase in sales prices in Poltava (1.00), Chernivtsi (0.68), and Sumy (0.64) regions. The indicator of Ivano-Frankivsk region (-0.06) has the lowest and negative value.

Sector. Machine building (0.38) has the highest index value by industry. Printing industry has the lowest expectation index, the value of which is zero.

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The indicator of receivables has worsened for the second month in a row. The value of the ACCOUNT RECEIVABLES INDEX increased in December from -0.14 to -0.10. The share of those who reported debt reduction decreased from 24.4% to 22.8%. At the same time, the share of those who have accumulated debt increased from 8.5% to 10.5%. The share of those for whom nothing has changed has not changed significantly and is 66.7% (it was 67.1%).

Size. The situation with receivables is better for small (-0.22) and micro-enterprises (-0.18). The indicator of medium-sized enterprises is -0.12. Large enterprises (0.02), whose indicator has a positive value, have the highest indicator of receivables.

Region. Significant regional differences in the values of this indicator were recorded. The highest increase in receivables was recorded in Kyiv city (0.50). At the same time, in the Sumy region (-1.00), the indicator of receivables decreased the most.

Sector. Printing (0.08) and machine building (0.07) have the highest and positive indicator of receivables. Construction materials production has the lowest indicator (-0.31).

Expected changes in account receivables

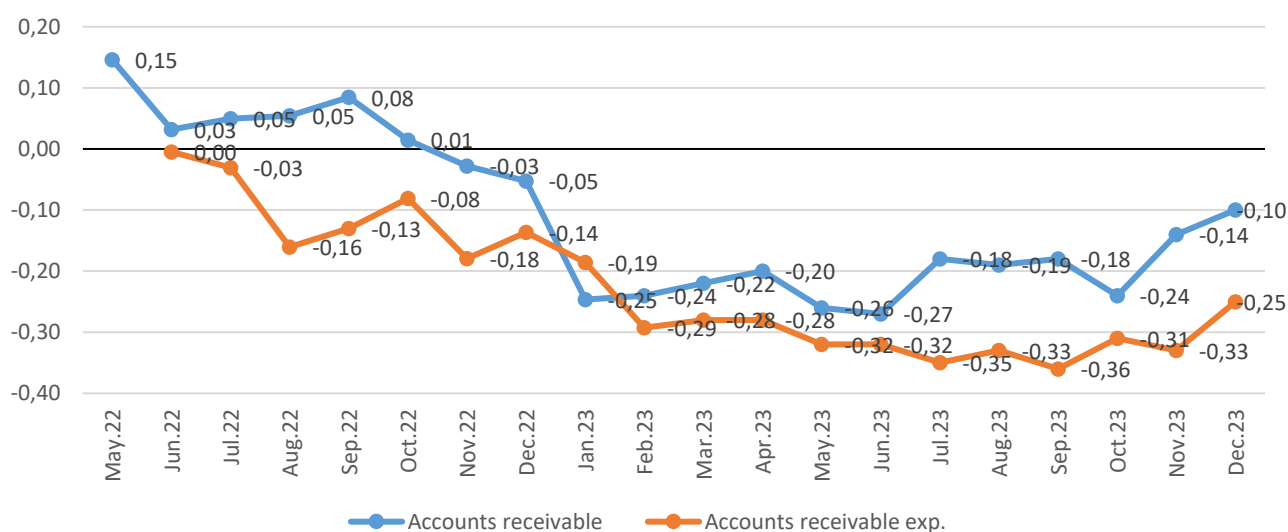
In three months, entrepreneurs do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE has not changed significantly and is -0.26 (it was -0.25). The share of respondents who expect the accumulation of debt has not changed significantly and is 2.2% (it was 1.8%), as well as the share of those who expect its reduction, which is 28.4% (it was 27.7 %). The share of those who believe nothing will change is 69.4% (it was 70.5%).

Size. Small (-0.34) and medium-sized (-0.30) enterprises have the best value of the indicator. The indicator of expectations for large enterprises is -0.17. The worst expectations are for micro-enterprises, whose indicator is -0.10.

Region. Kyiv city and the Kyiv region have the highest values above zero (0.05 for each). The Sumy region (-0.93) has the lowest indicator.

Sector. The woodworking industry (-0.05) and metalworking (-0.06) have the highest indicators of expectations for an increase in receivables. The food industry (-0.33) has the lowest indicator.

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In December, the indicator of payables worsened slightly. The ACCOUNT PAYABLES INDEX increased from -0.16 to -0.13. At the same time, there were no significant changes in the percentage distribution. The share of respondents who reported the accumulation of debt did not change significantly and is 6.5% (it was 5.6%), as well as the share of those for whom the accounts payable decreased, which is 22.1% (it was 22.8%). The share of those for whom nothing has changed over the past month has hardly changed and is 71.5% (it was 71.6%).

Size. The indicator of payables for small enterprises (-0.28) is the lowest. The indicator of micro-enterprises (-0.18) is significantly higher. The indicator of medium-sized enterprises is -0.13. Large enterprises have the worst indicator of payables (-0.03).

Region. Significant regional differences were recorded. The situation with the accumulation of payables is the worst in Zaporizhzhya (0.17) region, Kyiv city (0.15), Kirovohrad (0.14), and Vinnytsya (0.12) regions. The best situation is in Sumy (-1.00) region.

Sector. The debt indicator for the printing industry is the highest, which is zero. Metal processing (-0.28) and construction materials production (-0.27) have the lowest index.

Expected changes in account payables

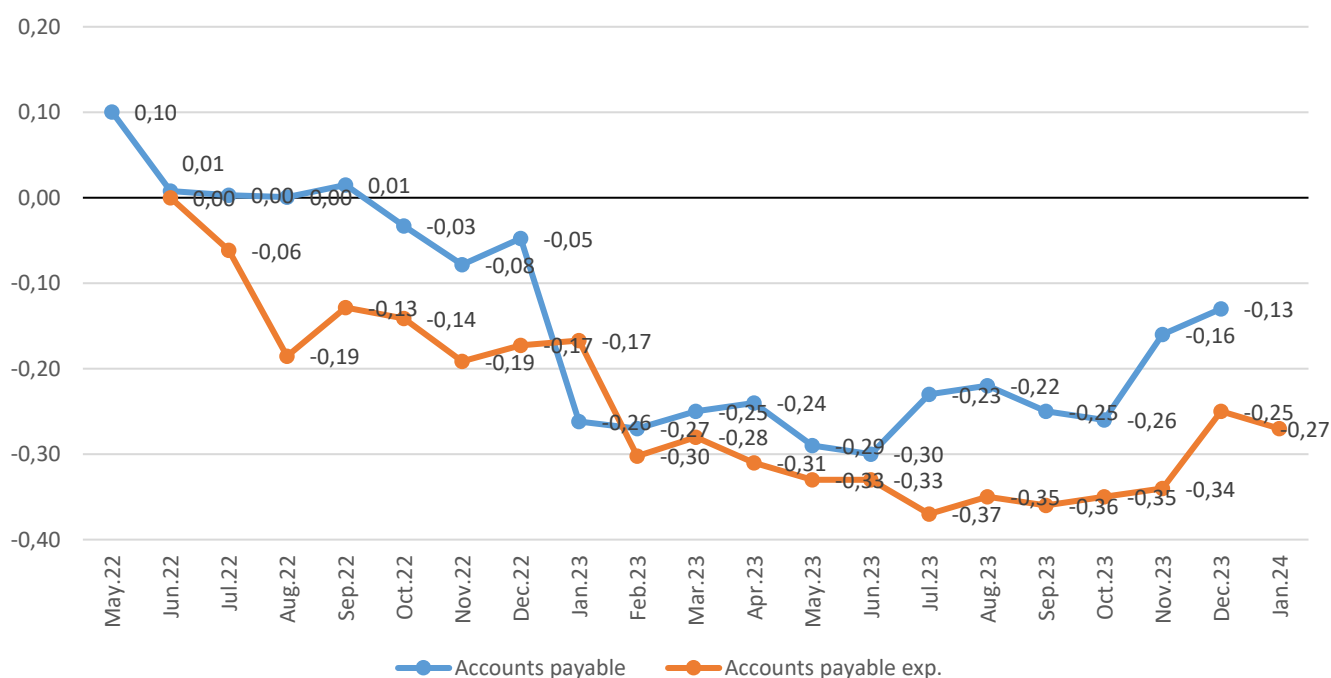
Entrepreneurs expect a slight improvement in the indicator for the next three months. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES decreased from -0.25 to -0.27. The share of those who expect a reduction in accounts payable increased from 26.3% in November to 29.1%. At the same time, the share of those who wait for its accumulation has not changed and is 1.0%, the same as last month. The share of respondents who believe nothing will change decreased from 72.7% to 69.9%.

Size. The indicator of small (-0.36) and medium-sized (-0.32) enterprises is much better. The debt indicator of large enterprises is -0.17. Microenterprises, whose indicator is -0.13, have the worst expectations regarding payables.

Region. The indicator of expectations of Zaporizhzhya, Cherkasy, Chernihiv, Poltava, and Zakarpattya regions is zero. The indicator of expectations for the Sumy region (-0.93) is the lowest.

Sector. The indicator of machine building (-0.11) and metalworking (-0.12) is the highest. The printing (-0.31) and food (-0.36) industries have the lowest values.

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The indicator of tax arrears did not change in December compared to November. The TAX ARREARS INDEX is -0.24, the same as last month. It means that there were no significant changes in the percentage distribution. The share of enterprises that reported a reduction in tax arrears for the past month is 25.6% (it was 24.2%). Likewise, the share of respondents who indicated an increase in tax arrears remained unchanged amounting to 0.7% (it was 0.5%). The share of those who believe no changes have taken place has slightly decreased, from 75.3% to 73.7%.

Size. Tax arrears indicators are better for small enterprises (-0.33). The performance of medium (-0.22), large and micro enterprises (-0.21 each) is worse and about the same.

Region. There are significant differences in the value of this indicator by region. The Kirovohrad region (0.05) has highest and only positive value of the indicator. The value for Kyiv city, Cherkasy, Chernihiv, Zakarpattya and Zaporizhzhya regions is zero. Sumy (-0.93) and Dnipropetrovsk (-0.80) regions have the lowest indicators.

Sector. The indicator of tax arrears for the printing (-0.10) and chemical (-0.11) industries have highest value. The values for machine building (-0.35), food (-0.31) and light (-0.30) industries are the lowest.

Expected changes in tax arrears

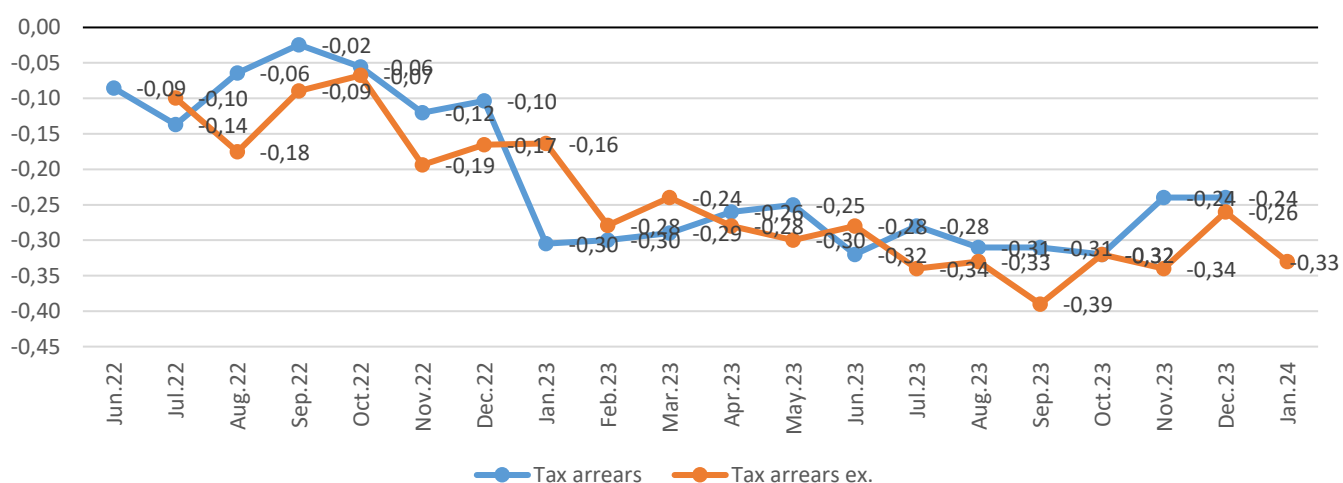
For the next three months, entrepreneurs expect a significant improvement in the indicator. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS decreased from -0.26 to -0.33. The share of those who predict a reduction in tax arrears increased from 28.0% to 32.7%, while the share of those who expect it to increase has not changed significantly and is 0.7% (it was 1.2%). The share of those who do not expect changes decreased from 70.8% to 66.7%.

Size. Indicators of tax arrears expectations are better for small enterprises (-0.39). The indicator of large (-0.30) and medium-sized (-0.32) enterprises is approximately the same. Microenterprises have the lowest rate (-0.12).

Region. The indicator of expectations of Cherkasy, Chernihiv, Zakarpattya, Zaporizhzhya, Kyiv and Volyn regions is zero. The indicator of Sumy region (-1.00) is the lowest.

Sector. The indicator of tax arrears expectations is higher for the metalworking (-0.12) and woodworking (-0.17) industries. The lowest indicator is for the food industry (-0.43).

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

The employment reduction rate is gradually accelerating for the third month in a row. The NUMBER OF WORKERS INDEX decreased from -0.09 to -0.11 in November. The share of respondents reporting a reduction in the number of workers involved in all operations increased from 10.6% to 12.5%; at the same time, the share of those who indicated an increase did not change significantly and is 2.3% (was 1.9 %). The share of those for whom nothing has changed decreased from 87.5% to 85.3%.

Size. The indicator is slightly higher and the same for medium (-0.06) and micro-enterprises (-0.08). The indicator of small enterprises is -0.08. The indicator of large enterprises is the lowest (-0.16).

Region. The value for Ivano-Frankivsk region (0.06) is higher than zero. Zhytomyr (-0.45) and Poltava (-0.43) regions have the lowest value.

Sector. The index of metalworking and light industry is zero. Indicators of other industries have a negative value, and the lowest indicators are for construction materials production (-0.28) and machine building (-0.28).

Expected changes in the number of workers

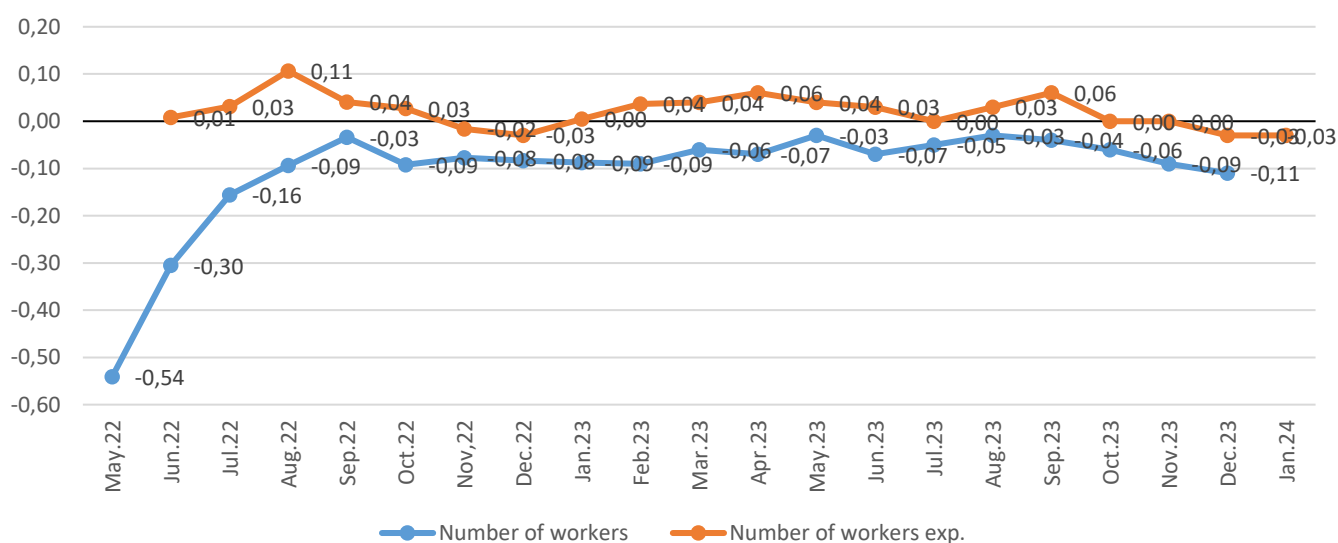
In the next three months, the surveyed managers do not expect significant changes in the number of workers: the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS is -0.03, the same as last month. The share of respondents who plan to increase the number of workers increased slightly, from 2.8% to 5.1%, while the share of those who expect to reduce the number of workers did not change significantly and amounted to 6.7% (was 6.0 %). The share of those who do not plan to change has decreased from 91.1% to 88.3%.

Size. Depending on the size of the enterprise, the indicator of large (-0.09) and small (-0.02) enterprises has a negative value. The indicator of medium-sized enterprises is zero. Microenterprises have the highest value of the indicator, whose indicator is 0.10.

Region. The value of the index of expected changes in the number of workers significantly depends on the region where the enterprise is located. Chernivtsi and Kharkiv have the highest indicators (0.15 each). Zhytomyr region has the lowest values of the indicator (-0.45).

Sector. The light industry (0.11) has the highest index of expectations. The indicator for the construction materials production is the lowest (-0.17).

Fig.26. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

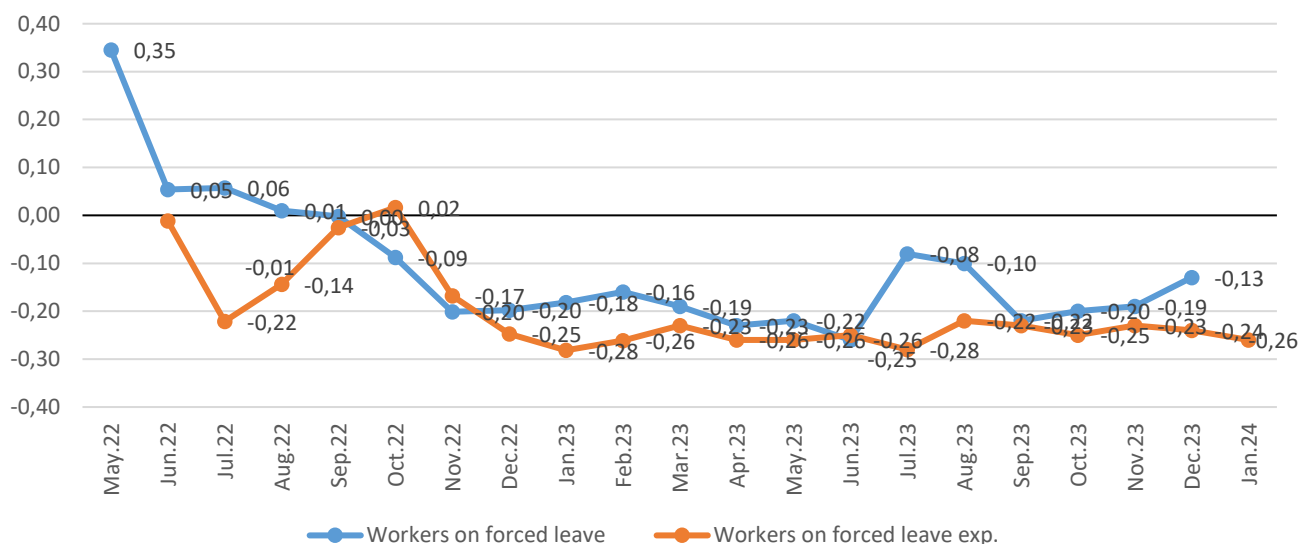
The rate of reduction in the number of workers on forced leave has slowed down. The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX increased from -0.19 to -0.13. The share of those who reported an increase in such workers increased from 4.0% to 8.5%. At the same time, the share of those who indicated their reduction slightly decreased, from 23.1% to 21.1%. The share of those for whom nothing changed over the past month decreased from 72.9% to 69.8%.

Size. The indicator of micro-enterprises is the highest and has the only positive value, which is 0.06. The indicator is significantly lower and approximately the same for large (-0.12), medium (-0.14), and small (-0.18) enterprises.

Region. Among the various regions, the largest increase in the indicator is observed for enterprises in Sumy (0.31), Kirovohrad (0.14), Khmelnytsky and Chernihiv (0.13 each) regions, and most often a decrease in the number of workers on forced leave are reported in Ternopil (-0.79) and Ivano-Frankivsk (-0.82) regions.

Sector. The construction materials production (0.12) has worse indicators regarding the number of workers on forced leave. The indicators of the food industry (-0.29) are the lowest.

Fig.27. Number of workers on forced leave indices



Expected change in the number of workers on forced leave

In the next three months, enterprises having workers on forced leave expect a slight decrease in the indicator. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is -0.26 (was -0.24). There were no significant changes in the percentage distribution. The share of enterprises where an increase in the number of workers on forced vacations is expected has not changed significantly and is 0.5% (it was 1.7%). The share of those who believe that the number of such workers at their company will decrease increased from 25.5% to 27.0%. The share of those who believe there will be no changes has almost not changed and is 72.5% (it was 72.9%).

Size. The indicator of micro-enterprises is -0.03 and is the highest. The value is somewhat lower for large enterprises (-0.18). Indicators of medium (-0.27) and small (-0.39) enterprises are significantly lower.

Region. Indicators of expectations for Kirovohrad, Chernihiv, Zakarpattya, Cherkasy, Zaporizhzhya, Dnipropetrovsk regions, and Kyiv city are zero. The indicators of Lviv and Ivano-Frankivsk (-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, the value of which is zero. The lowest indicator is for the food industry (-0.38).

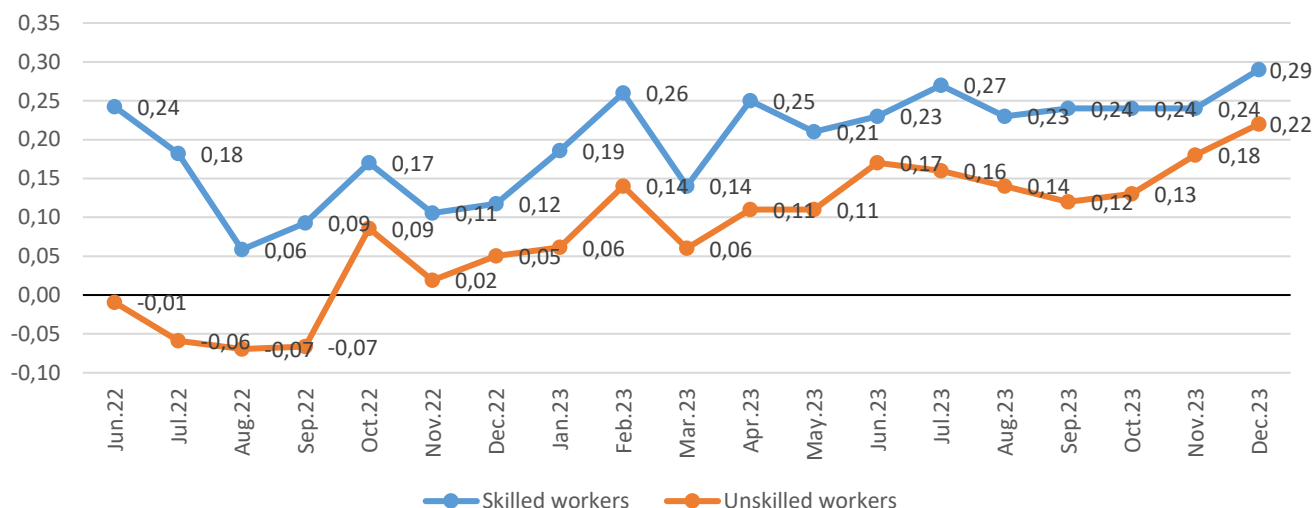
SKILLED AND UNSKILLED WORKERS

In December 2023, difficulties in finding both skilled and unskilled workers increased. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS increased from 0.24 to 0.29 after four consecutive months of no significant change. The value of the INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS has been gradually increasing for the third month in a row and is 0.22 (it was 0.18).

The share of company managers who indicated that skilled workers are more difficult to find increased from 26.3% to 29.1%. The share of those who find it more difficult to find unskilled workers also increased, from 22.6% in November to 25.0% in December. The percentage of those who find it easier to find skilled workers has not

changed significantly and is 1.8% (was 0.8%), as well as the share of those who find it easier to find unskilled workers, which is 5.2% (was 4.7 %). At the same time, the share of those who do not feel any changes in finding skilled workers decreased from 72.9% to 61.1%, and for unskilled workers, the percentage decreased from 72.7% to 69.8%.

Fig.28. Skilled and unskilled workers indices



Skilled workers

Size. Depending on the size of the enterprise, the indicator is higher for large enterprises (0.31). The indicator of small (0.26) and medium (0.27) enterprises is approximately the same. Micro-enterprises, whose index is 0.23, find it the easiest to find skilled workers.

Region. Significant regional differences in the labor market were recorded. It is most difficult to find skilled workers in Zhytomyr (1.00) and Poltava (0.90) regions, as well as in Dnipropetrovsk region and Kyiv city (0.85 for each region). It is the easiest to find skilled workers in Kharkiv (-0.06) and Odesa (-0.11) regions.

Sector. The chemical (0.23), food (0.26), and construction materials production (0.27) industries have less difficulty with finding skilled workers. It is more difficult to find skilled workers for machine building (0.58) and metalworking (0.53).

Unskilled workers

Size. It is easier to find unskilled workers for micro-enterprises, whose indicator is 0.06. The indicator of small enterprises is 0.15. The index of difficulty in finding unskilled workers is significantly higher for medium (0.22) and large (0.27) enterprises.

Region. It is easier to find unskilled workers in Odesa (-0.12), Kharkiv (-0.13), and Sumy (-0.71) regions. Zhytomyr (1.00), Poltava (0.87), Dnipropetrovsk (0.85) regions, and Kyiv city (0.65) have the most difficulties with finding unskilled workers.

Sector. The worst indicators for finding unskilled workers are observed for machine building (0.50), and the lowest value is for the chemical industry (0.04).

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

Work hazards were the main business obstacle associated with a full-scale Russian invasion in December 2023. Against the background of a sharp increase in the frequency and scale of Russian missile attacks on the territory of Ukraine, the share of enterprises that reported that it was unsafe to work increased from 38% in November to 53% in December. It is the largest share recorded both in 2023 and for the entire period of this survey, the first wave of which was conducted in May 2022.

Significant changes have also taken place in assessments of such obstacle **as labor shortages due to conscription and migration of workers**. For the first time since May 2022, this problem rose to second place in the ranking of obstacles. In December 2023, 43% of surveyed enterprises reported a lack of personnel, while in previous waves of the survey, the share of such enterprises did not exceed 40%.

The share of enterprises reporting **rising prices for raw materials and supplies** increased slightly from 41% in November to 43% in December, and this obstacle took third place in the ranking. However, the value of this obstacle significantly decreased at the end of 2023 compared to 68%-69% at the beginning of 2023. The trend to reduce the impact of price increases on the surveyed business corresponds to the slowdown in inflation rates in Ukraine, which was observed in 2023. Thus, in November and December 2023, inflation amounted to 5.1% in annual terms, while in January 2023, it was equal to 26%.

The share of businesses facing **disruption of supply chains** rose to 31% after a temporary decline to 21% in October and November 2023. This obstacle was ranked fourth in the December obstacle ranking.

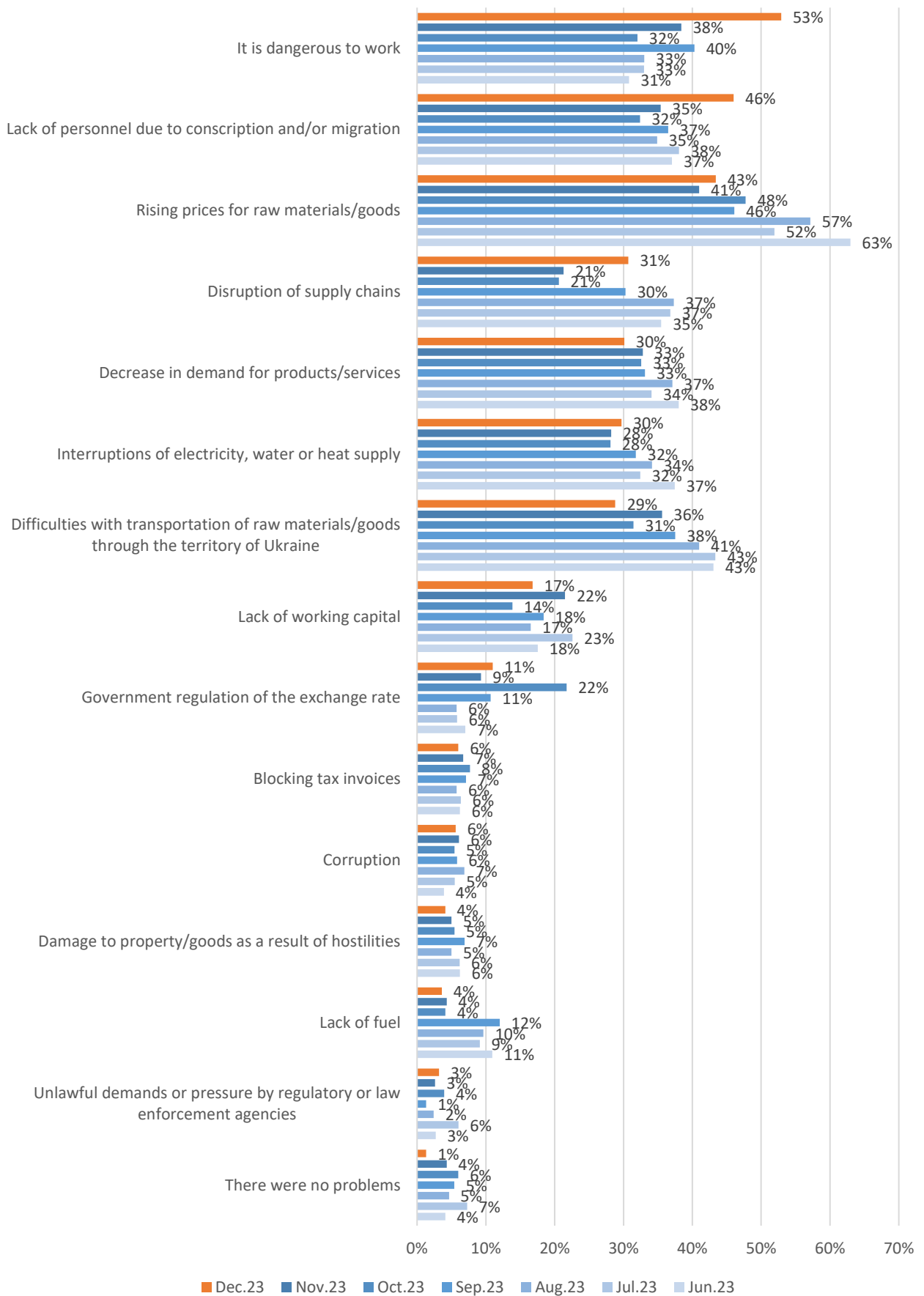
The fifth place in this rating was shared by a **decrease in demand for products or services of enterprises and electricity, water, or heat supply outages**. 30% of respondents pointed to these two obstacles. At the same time, while the problem of low demand has become somewhat less urgent - in November, it hindered 33% of enterprises - electricity, water, or heat supply outages were talked about more often: in the previous month, such enterprises were 28%.

It is worth noting that the obstacle "electricity, water or heat supply outages," which is monitored in this formulation in this study from May 2022, does not include communication interruptions. At the same time, as is known, in December 2023 in Ukraine, there was a disruption in the work of the communication operator "Kyivstar" due to a Russian cyber-attack. However, it can be concluded that this did not have a significant impact on the business, since this option did not show significant growth, and the surveyed businesses did not mention this failure in their own answer options that can be added when answering this question.

The problem of **lack of working capital** became the eighth most important issue for business in November. 17% of respondents encountered it, which is less than in the previous month (22%). The ninth place in this rating was occupied by the problem of **state regulation of the exchange rate**, which was relevant for 11% of respondents.

Problems such as the **blocking of tax invoices** and **corruption** shared the tenth place in the ranking of obstacles. 6% of surveyed enterprises complained about each of them. Obstacles such as **damage to property or goods due to military actions, lack of fuel**, and **unlawful demands or pressure from regulatory or law enforcement agencies** were reported by 4% or less of enterprises. In addition, only 1% of businesses surveyed in December 2023 said they had not experienced any problems.

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



Challenges for businesses by size. The top concern for business in December - the work hazards from a full-scale Russian invasion - had the biggest impact on large businesses. 70% of them indicated this problem, while for medium-sized enterprises this share decreases to 57%, and for small and micro businesses - to 40% and 42%, respectively.

Also, large enterprises feel the negative impact of labor shortages due to conscription and migration of workers more acutely than smaller businesses. This problem was reported by 59% of large business representatives in December, while among micro, small, and medium-sized enterprises, this share was between 40% and 44%.

On the other hand, micro-enterprises more often than larger enterprises faced such problems as rising prices for raw materials or supplies (53%) and electricity, water, or heat supply outages (51%).

Challenges for businesses by sector. In December 2023, companies in the printing industry particularly often said that it was unsafe to work: 69%³.

The machine building and metallurgy industries have the largest shares of enterprises experiencing a labor shortage due to labor shortages due to conscription and migration of workers: 63% and 61%, while the increase in prices for raw materials and supplies was most often reported in the woodworking industry (64%).

Disruption of supply chains has become a particularly acute problem for the chemical industry, where 54% of respondents indicated this problem, and for metallurgy, where there were 44% of such enterprises.

Challenges for businesses by region. Work hazards in December were most often discussed in Cherkasy (100% of respondents) and Zaporizhzhya (90%) regions and in Vinnytsya, Dnipropetrovsk, Kyiv, Odesa, Poltava, and Kharkiv regions (70% and more respondents)⁴.

Dnipropetrovsk, Zhytomyr, Poltava, and Chernivtsi regions recorded the highest shares of businesses that faced a labor shortage due to the full-scale war (more than 80%).

The surveyed businesses of Zhytomyr and Poltava regions and city Kyiv city (more than 80%) complain most often about the increase in price for raw materials or supplies.

Disruption of supply chains is of the greatest concern to surveyed enterprises in Zaporizhzhya (83%) and Cherkasy (73%) regions.

The war impact on capacity/production volumes

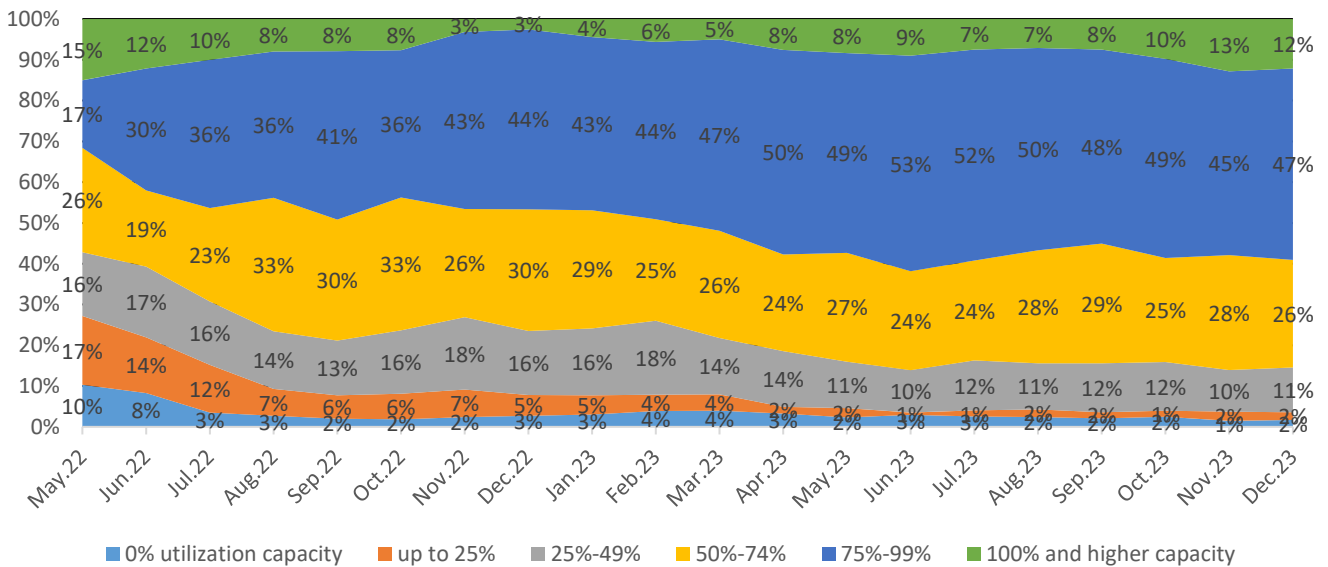
In December 2023, the indicator of capacity utilization remained almost at the level of November. In December, 12% of enterprises reported that they were operating at full capacity (100% or more), which is slightly lower than the previous month (13%). At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 47% (49% in October and 45% in November). As a result, the total share of enterprises operating at almost full and full capacity was 59% (in July – 59%, August – 57%, September – 55%, 59% in October, and 58% in November). For comparison, the corresponding indicator was the highest for all waves of the survey in June - 62%. Thus, the situation is almost at the level of previous months, which may indicate a "frozen" recovery.

In December, 2% of surveyed enterprises reported they stopped their activities during the war. This indicator remains low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war capacity remains low, only 2% in December (2% in November). In addition, 11% of enterprises worked in December at 25% - 49% of pre-war production capacities (10% in November). **As a result, in December, only 15% of enterprises worked at less than half capacity or did not work, compared to pre-war times.**

³ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

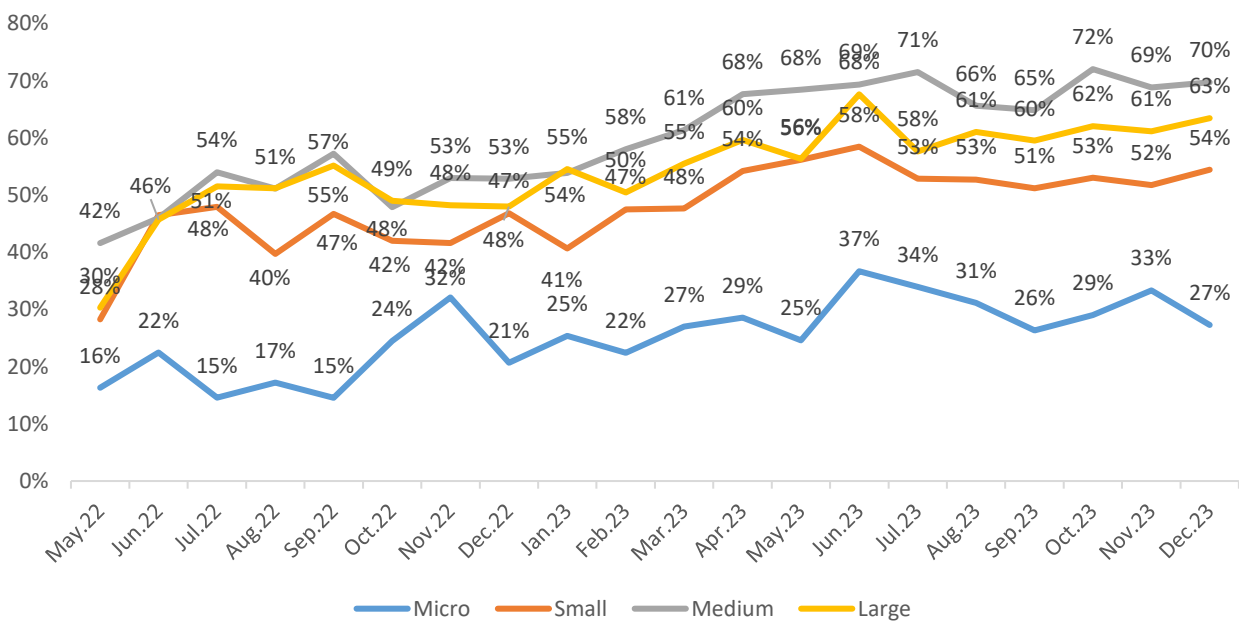
⁴ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

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. 70% of medium-sized enterprises were operating at near full and full capacity compared to the pre-war period in November, which remains one of the highest figures for medium-sized businesses in all waves of the survey (for example, it was 72% in October). At the same time, the corresponding indicator slightly increased for large businesses - from 61% in November to 63% in December. The share of small businesses operating at near full and full capacity also increased slightly, from 52% in November to 54% in December. For micro-businesses, the indicator decreased after several months of growth and remained at a low level. If in November the indicator of micro-enterprises was 33%, then in December it dropped to 27%.

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 December 2023, 7% of microbusiness representatives did not work, which is at the level of the November indicator (7%). For comparison, the large one has fully resumed work - 0% of respondents did not work in

December. Among small enterprises, 2% of respondents did not resume work, and medium enterprises - 1%. Thus, **micro-businesses 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 December, 73% of food industry enterprises worked almost at full and full capacity (73% in September). The capacity of the light industry, which traditionally remains in the top three, is in second place. At the same time, the indicator for the industry increased from 60% in November to 62% in December. The printing industry returned to third place, although the corresponding capacity indicator remained at the level of November - 46%. The machine-building industry is in fourth place - 44% of respondents worked almost at full capacity in December. Construction materials production and metallurgy, with only 28% of surveyed enterprises operating at full or almost full capacity, are in last place.

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



Results by region. As in the previous waves of the survey, all or almost all enterprises in Ivano-Frankivsk (100%), Lviv (100%), Odesa (100%), Poltava (100%), Rivne (100%), Ternopil (100%) and Vinnytsya (96%) regions continue to work at almost full and full capacity.

At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, where 0% and 10% of enterprises worked at high capacity utilization, respectively. The low capacity is also observed at the enterprises of Kirovohrad (34%), Sumy (30%), Cherkasy (37%), Khmelnytsky (39%) regions, and Kyiv city (14%). 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 twentieth wave of the survey, **64% of respondents (among those able to answer) were or are exporters.** At the same time, almost 36% of enterprises have never exported, and about 1% (only three respondents) could not answer the question.

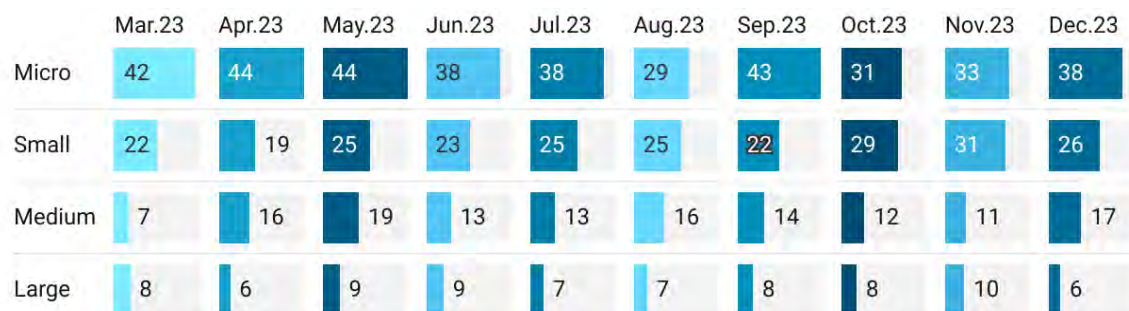
As of December 2023, among exporters, **83% of respondents indicated that they exported before the war and continued to export during the last 12 months.** Another 1% of enterprises started exporting for the first time during the war (the last 12 months). At the same time, 16% of enterprises exported before the start of the war but had no exports during the last 12 months. That is, there are almost no changes in December compared to November. Ukrainian businesses have reached a certain level of export activity recovery because part of the businesses cannot overcome new challenges for the export recovery.

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



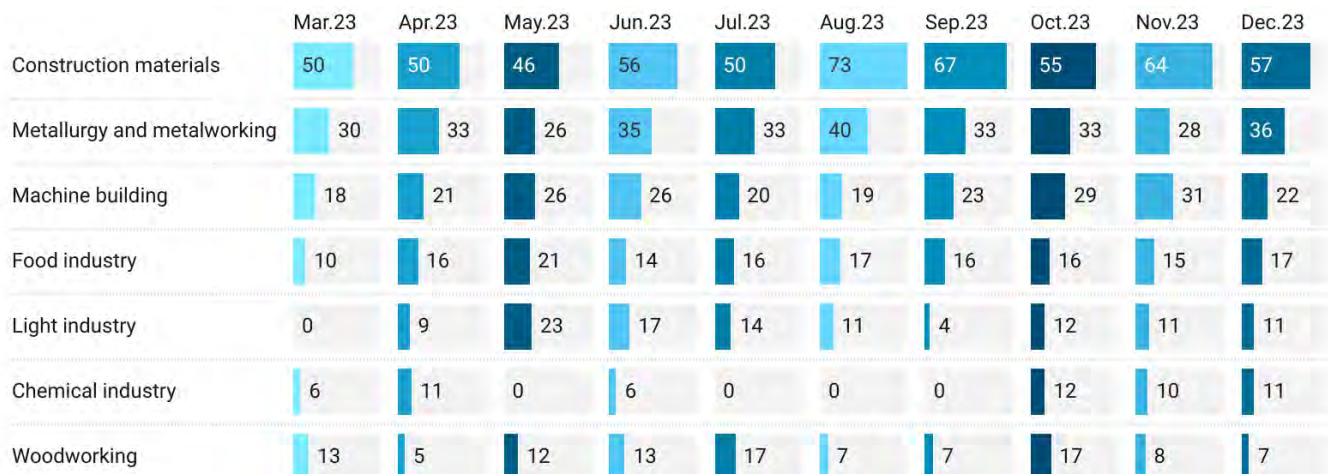
Results for business by size. According to the results of December, a regularity was again recorded regarding the state of export activity depending on the size of the enterprise. Among micro-businesses, 38% of enterprises exported before the war but had no export activity during the last 12 months. At the same time, the situation among micro-businesses worsened compared to October – the indicator decreased from 33% to 38%. There is also a high share of enterprises that cannot resume exports among small businesses - 26%. The situation among medium-sized exporters is somewhat better - 17% of respondents did not export in the last 12 months. The best situation is among large businesses, where the corresponding indicator was only 6%. 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 recovery of exports remains in construction materials production. For example, 57% of the industry's enterprises exported before the war but had no exports during the last 12 months. The situation has improved compared to November (55%). The situation is also difficult in metallurgy (the corresponding figure is 36%) and machine building (22%). In contrast, the best situation is in the woodworking industry, where only 7% of enterprises had no exports during the last 12 months, although they exported before the war. And in the food industry, the indicator remains approximately at the level of previous months - 17%.

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



Results by region. Throughout all waves of the monthly survey, the available data do not allow us to conclude clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those able to respond) resumed exports, in particular in Vinnytsia, 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 71%, respectively, had no exports during the last 12 months, although they had them before the war.

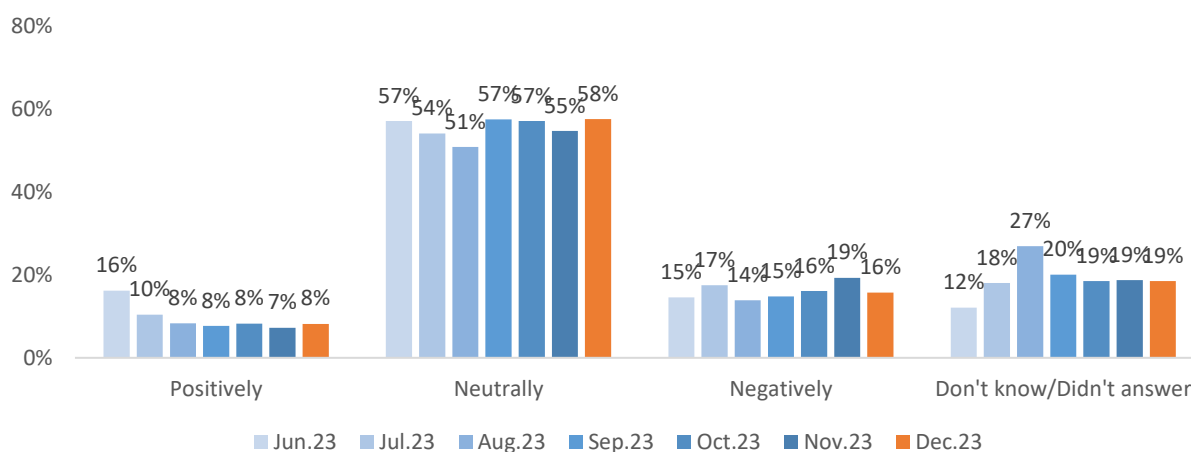
GOVERNMENT POLICY

Assessment of government policy to support business

In December 2023, the share of positive assessments of the government's business policy amounted to 8%; it slightly differs from the corresponding share in November (7%). For the fifth month in a row, the level of positive assessments of the policy remains the lowest for the entire period of this survey, the first wave of which was conducted in May 2022.

The share of negative assessments of the policy decreased from 19% in November to 16% in December. The share of neutral assessments of the government policy for business support increased slightly to 58% from 55% in November, and the share of respondents who could not estimate the government policy for business support was 19%, the same as in the previous month.

Fig.36. Assessment of government policy to support business



Assessment of government policy to support business by business size. Against the background of the low level of positive assessments of government business support policy, small enterprises had the lowest share of such assessments (5%), while among micro, medium, and large enterprises, positive assessments ranged from 9% to 11%.

In addition, micro and small enterprises negatively evaluate the government business support policy more often than larger enterprises. Here, the respective shares of respondents were 22% and 19%, while for large and medium-sized businesses – no more than 14%.

Assessment of government policy to support business by sector. Most often, representatives of the printing industry (23%), as well as the machine building and construction materials production (16% each), give positive assessments of the government policy on business support⁵.

On the other hand, the highest share of negative assessments of the policy was recorded among representatives of the metallurgy (33%), printing (31%), and machine building (28%) industries.

⁵ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

Assessment of government policy to support business by region. The highest level of positive assessments of the government business support policy in December 2023 was recorded in the Zaporizhzhya, Kirovohrad, and Cherkasy regions (20% and more respondents), as well as in the Ivano-Frankivsk region (18%)⁶.

Also, the largest shares of negative assessments are among businesses of Vinnytsya, Volyn, Dnipropetrovsk, and Sumy regions and Kyiv city (30% or more respondents).

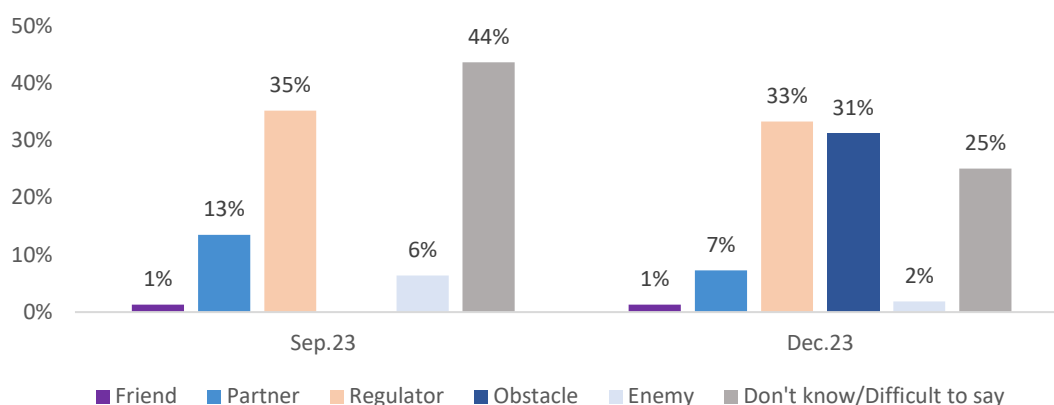
Perception of the government's role for doing business

In December 2023, for the second time, as part of this survey, we asked business representatives about how they see the role of the state (government) in business in Ukraine today. The concepts of "friend," "partner," "regulator," "obstacle," and "enemy" were proposed as options. However, following the first testing of this question in September 2023, the "obstacle" option was added to this survey to balance positive and negative characteristics.

Businesses surveyed in December most often called the state a regulator (33%) or an obstacle (31%). Only 2% and 1% of respondents called it an enemy and a friend, respectively, and 7% called it a partner, which is less than in September when 13% of respondents saw the state in such a role.

Additionally, 25% of respondents could not determine the role of the state in Ukraine for conducting business. It is a significant share, although smaller than in September when 44% of surveyed enterprises could not answer this question. It can be assumed that the share of respondents who find it difficult to define the role that the state plays in their business has decreased due to the introduction of the "obstacle" category in the December survey.

Fig.37. Perception of the government's role



Perception of the government's role for doing business by the enterprise size. Large and medium-sized enterprises are more likely to believe that the state (government) is an obstacle to their business than smaller enterprises. Thus, while 34% of large and medium-sized enterprises called the state an obstacle to business, 29% of micro and 27% of small enterprises expressed a similar opinion.

Also, large businesses recorded the lowest share of respondents who could not answer this question: 16%. Among the groups of smaller businesses, the corresponding shares of respondents ranged from 26% to 30%.

Perception of the government's role for doing business by sector. In the machine building industry, the role of the state (government) for business is spoken about more positively than in others: 13% of enterprises in this industry consider the state a friend or partner for business. In other industries represented in this survey, this share does not exceed 6%⁷.

⁶ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

⁷ This analysis does not consider enterprises in the sectors of agriculture, construction, trade and services, and enterprises included in the "Other production" category.

On the other hand, in metallurgy, chemical industry, woodworking industry, and construction materials production, more than 40% of enterprises called the state an obstacle or an enemy to business. It is more than in other industries, where this share of respondents does not exceed 36%.

Perception of the government's role for doing business by region. A third of surveyed businesses in the Kyiv region (33%) consider the state (government) a friend or business partner. It is the highest share compared to other regions where this survey was conducted⁸. Relatively often, the state's role in business is characterized positively in the Zhytomyr, Odesa, and Rivne regions, where the shares of assessments of the state's role as a friend or partner for business range from 20% to 23%.

At the same time, the highest shares of enterprises whose representatives call the state an obstacle or an enemy to business are recorded in Cherkasy (83%), Zakarpattya (73%), and Zaporizhzhya (73%) regions.

⁸ 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 twentieth 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 December 13 to 31, 2023.

SAMPLE

A total of 535 enterprises were surveyed in the twentieth wave. The companies are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 9 to 44 enterprises were surveyed⁹.

The majority of the sample consisted of industrial enterprises – 504 enterprises or 94% of the sample. Among them, the food industry, light industry, and machine building, prevail. Five enterprises belong to the agricultural sector (0.9% of the sample) and 17 to trade (3.2% of the sample). Six enterprises, or 1.1% 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) – 55 or 10% of the sample, small (from 11 to 50 workers) – 169 or 32% of the sample, medium-sized (from 51 to 250 workers) – 188 or 35% of the sample, and large (more than 250 workers) – 123 or 23% of the sample.

⁹ 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-	55	10%
Small	169	32%
Middle	188	35%
Large	123	23%
TOTAL	535	100%

Sector/ industry

	Number	Share of sample
Agriculture	5	0,9%
Metal production and metalworking	18	3%
Chemical industry	26	5%
Machine building	32	6%
Woodworking industry	22	4%
Construction materials production	32	6%
Food industry	179	33%
Light industry	47	9%
Printing industry	13	2%
Other industries	135	25%
Construction	3	0,6%
Trade	17	3,2%
Services	6	1,1%
TOTAL	535	100%

Performance indicators of enterprises and business environment by size, indices (December 2023)

	Total	Micro	Small	Middle	Large
Production	0,21	0,09	0,05	0,24	0,28
Expected changes in production	0,35	0,10	0,32	0,39	0,36
Sales	0,24	0,18	0,11	0,24	0,31
Expected sales changes	0,35	0,08	0,33	0,37	0,37
Export	0,13	-0,20	-0,04	0,21	0,15
Expected changes in exports	0,27	0,18	0,13	0,28	0,31
Account receivables	-0,10	-0,18	-0,22	-0,12	0,02
Expected changes in account receivables	-0,26	-0,10	-0,34	-0,30	-0,17
Account payables	-0,13	-0,18	-0,28	-0,13	-0,03
Expected changes in accounts payable	-0,27	-0,13	-0,36	-0,32	-0,17
Tax arrears	-0,24	-0,21	-0,33	-0,22	-0,21
Expected changes in tax arrears	-0,33	-0,12	-0,39	-0,32	-0,30

	Total	Micro	Small	Middle	Large
Stocks of raw materials	0,05	-0,02	-0,01	0,03	0,09
Expected changes in stocks of raw material	0,26	-0,02	0,25	0,26	0,31
Stocks of finished goods	-0,32	-0,07	-0,37	-0,36	-0,29
Expected changes in stocks of finished goods	-0,23	-0,06	-0,34	-0,26	-0,12
New orders	0,23	0,04	0,10	0,23	0,32
Expected changes in new orders	0,35	0,04	0,35	0,37	0,36
Purchase prices	0,44	0,45	0,38	0,35	0,57
Expected changes in purchase prices	0,22	0,27	0,21	0,14	0,31
Domestic sales prices	0,40	0,34	0,33	0,34	0,53
Changes in the domestic sales prices	0,20	0,28	0,19	0,13	0,28
Number of workers	-0,11	-0,08	-0,11	-0,06	-0,16
Expected changes in the number of workers	-0,03	0,10	-0,02	0,00	-0,09
Number of workers on forced leave	-0,13	0,06	-0,18	-0,14	-0,12
Expected changes in the number of workers on forced leave	-0,26	-0,03	-0,39	-0,27	-0,18
Skilled workers	0,29	0,23	0,26	0,27	0,31
Unskilled workers	0,22	0,06	0,15	0,22	0,27
Business activity assessment	-0,07	-0,33	-0,20	-0,05	0,02
Expected changes in business activity	0,31	0,08	0,32	0,30	0,33
Assessment of the business environment	-0,08	-0,38	-0,20	-0,09	0,02
Expected changes in the business environment	0,30	0,00	0,29	0,33	0,29
Do you plan to expand your company's activities in the next two years	0,14	0,07	-0,01	0,08	0,35
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,56	0,00	0,52	0,57	0,61

Performance indicators of enterprises and business environment by sector, indices (December 2023)

	Total	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Production	0,21	-0,06	0,00	0,00	-0,23
Expected changes in production	0,35	0,00	0,08	0,32	0,10
Sales	0,24	-0,06	0,08	-0,03	-0,09
Expected sales changes	0,35	0,11	0,09	0,32	0,00

	Total	Metal producti on and metalw orking	Chemical Industry	Machine building	Woodwor king industry
Export	0,13	-0,22	0,00	-0,08	-0,38
Expected changes in exports	0,27	0,00	0,00	0,05	0,00
Account receivables	-0,10	-0,18	-0,09	0,07	-0,19
Expected changes in account receivables	-0,26	-0,06	-0,23	-0,11	-0,05
Account payables	-0,13	-0,28	-0,14	-0,07	-0,24
Expected changes in accounts payable	-0,27	-0,12	-0,23	-0,11	-0,15
Tax arrears	-0,24	-0,24	-0,11	-0,35	-0,18
Expected changes in tax arrears	-0,33	-0,12	-0,21	-0,32	-0,17
Stocks of raw materials	0,05	-0,29	-0,08	-0,09	-0,23
Expected changes in stocks of raw material	0,26	0,00	0,13	0,10	0,05
Stocks of finished goods	-0,32	-0,24	-0,32	-0,12	-0,35
Expected changes in stocks of finished goods	-0,23	-0,13	-0,09	-0,12	0,05
New orders	0,23	0,00	0,04	0,00	-0,27
Expected changes in new orders	0,35	0,08	0,09	0,33	0,00
Purchase prices	0,44	0,50	0,46	0,41	0,32
Expected changes in purchase prices	0,22	0,08	0,21	0,52	0,19
Domestic sales prices	0,40	0,44	0,50	0,25	0,23
Changes in the domestic sales prices	0,20	0,08	0,21	0,38	0,10
Number of workers	-0,11	0,00	-0,04	-0,22	-0,14
Expected changes in the number of workers	-0,03	0,00	-0,05	-0,08	-0,05
Number of workers on forced leave	-0,13	0,08	0,05	-0,07	0,06
Expected changes in the number of workers on forced leave	-0,26	0,00	-0,16	-0,09	-0,06
Skilled workers	0,29	0,53	0,23	0,58	0,33
Unskilled workers	0,22	0,40	0,04	0,50	0,33
Business activity assessment	-0,07	-0,33	-0,24	-0,31	-0,23
Expected changes in business activity	0,31	-0,24	0,05	0,14	0,05
Assessment of the business environment	-0,08	-0,67	-0,35	-0,29	-0,14
Expected changes in the business environment	0,30	-0,50	0,09	0,00	0,17
Do you plan to expand your company's activities in the next two years	0,14	0,00	0,25	0,00	0,00
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,56	-0,06	0,68	0,00	0,50

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Production	0,21	-0,31	0,44	0,32	0,23
Expected changes in production	0,35	0,14	0,45	0,22	0,38
Sales	0,24	-0,28	0,50	0,36	0,08
Expected sales changes	0,35	0,13	0,45	0,20	0,38
Export	0,13	-0,25	0,40	0,08	0,00
Expected changes in exports	0,27	0,11	0,34	0,17	0,00
Account receivables	-0,10	-0,31	-0,10	-0,14	0,08
Expected changes in account receivables	-0,26	-0,24	-0,33	-0,27	-0,31
Account payables	-0,13	-0,27	-0,16	-0,20	0,00
Expected changes in accounts payable	-0,27	-0,24	-0,36	-0,30	-0,31
Tax arrears	-0,24	-0,15	-0,31	-0,30	-0,10
Expected changes in tax arrears	-0,33	-0,19	-0,43	-0,29	-0,40
Stocks of raw materials	0,05	-0,03	0,13	0,10	-0,22
Expected changes in stocks of raw material	0,26	0,00	0,37	0,16	0,17
Stocks of finished goods	-0,32	-0,08	-0,44	-0,39	-0,33
Expected changes in stocks of finished goods	-0,23	-0,13	-0,30	-0,27	-0,50
New orders	0,23	-0,41	0,47	0,26	0,15
Expected changes in new orders	0,35	0,14	0,42	0,22	0,31
Purchase prices	0,44	0,39	0,44	0,36	0,46
Expected changes in purchase prices	0,22	0,24	0,19	0,17	0,00
Domestic sales prices	0,40	0,32	0,42	0,33	0,31
Changes in the domestic sales prices	0,20	0,24	0,19	0,21	0,00
Number of workers	-0,11	-0,28	-0,12	0,00	-0,08
Expected changes in the number of workers	-0,03	-0,17	-0,05	0,11	0,00
Number of workers on forced leave	-0,13	0,12	-0,29	0,00	-0,18
Expected changes in the number of workers on forced leave	-0,26	-0,14	-0,38	-0,31	-0,33
Skilled workers	0,29	0,27	0,26	0,38	0,30
Unskilled workers	0,22	0,24	0,25	0,25	0,33
Business activity assessment	-0,07	-0,59	0,02	-0,11	-0,08
Expected changes in business activity	0,31	0,11	0,43	0,20	0,31
Assessment of the business environment	-0,08	-0,34	0,01	-0,07	-0,15
Expected changes in the business environment	0,30	0,19	0,45	0,23	0,31

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Do you plan to expand your company's activities in the next two years	0,14	-0,36	0,07	0,17	0,29
How do you assess your company's business activity in the current month, compared to the same period last year in 2022?	0,56	0,35	0,62	0,50	0,54

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
Unsafe to work	53%	42%	40%	57%	70%
Labor shortage due to conscription and/or migration	46%	40%	41%	44%	59%
Rising prices for raw materials/supplies/goods	43%	53%	41%	38%	50%
Disruption of supply chains	31%	24%	28%	29%	40%
Decrease in demand for products/services	30%	36%	39%	26%	22%
Electricity, water or heat supply outages	30%	51%	31%	22%	31%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Unsafe to work	56%	54%	50%	14%
Labor shortage due to conscription and/or migration	61%	35%	63%	50%
Rising prices for raw materials/supplies/goods	50%	46%	50%	64%
Disruption of supply chains	44%	54%	28%	14%
Decrease in demand for products/services	28%	23%	38%	36%
Electricity, water or heat supply outages	39%	35%	50%	23%

Challenges facing business in wartime, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
Unsafe to work	34%	55%	40%	69%
Labor shortage due to conscription	56%	47%	45%	15%

	Construction materials production	Food industry	Light industry	Printing industry
and/or migration				
Rising prices for raw materials/supplies/goods	53%	41%	47%	38%
Disruption of supply chains	22%	28%	32%	31%
Decrease in demand for products/services	66%	25%	28%	31%
Electricity, water or heat supply outages	31%	26%	32%	15%

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	8%	11%	5%	10%	9%
Neutral	58%	49%	52%	58%	68%
Negative	16%	22%	19%	14%	11%
Don't know / Didn't answer	19%	18%	24%	18%	12%

Assessment of the government policy on business support, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Positive	6%	8%	16%	5%
Neutral	50%	62%	41%	64%
Negative	33%	23%	28%	14%
Don't know / Didn't answer	11%	8%	16%	18%

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

	Construction materials production	Food industry	Light industry	Printing industry
Positive	16%	7%	4%	23%
Neutral	53%	58%	57%	23%
Negative	19%	11%	17%	31%
Don't know / Didn't answer	13%	25%	21%	23%

Availability of orders

Availability of orders, by business size

	Total	Micro	Small	Middle	Large
Less than 1 month	14%	41%	20%	6%	7%
1-2 months	44%	41%	52%	48%	29%
3-5 months	23%	14%	21%	26%	26%
6-11 months	14%	2%	4%	15%	30%
12 months or more	5%	2%	3%	7%	8%

Availability of orders, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Less than 1 month	13%	8%	32%	18%
1-2 months	50%	42%	29%	55%
3-5 months	13%	42%	14%	14%
6-11 months	13%	8%	18%	14%
12 months or more	13%	0%	7%	0%

Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
Less than 1 month	20%	11%	15%	15%
1-2 months	64%	47%	59%	39%
3-5 months	16%	25%	22%	46%
6-11 months	0%	13%	0%	0%
12 months or more	0%	4%	4%	0%