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New Monthly Enterprises Survey

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Ukrainian Business in Wartime

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

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

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

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

The results are presented in different dimensions (by the number of workers, industries, and regions of Ukraine).

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

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

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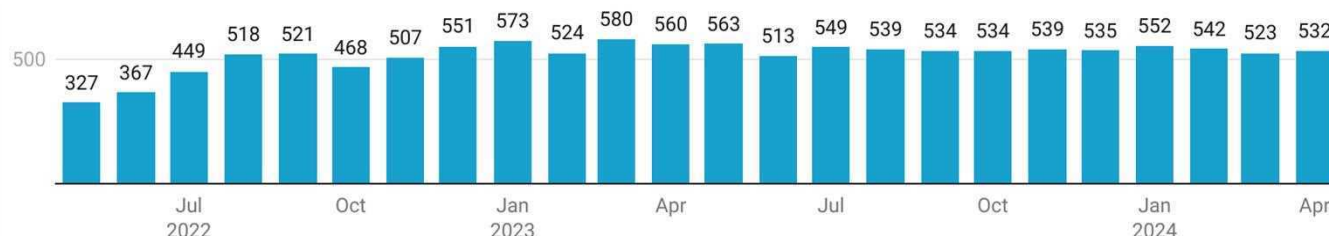
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PRACTICAL QUESTIONS AND ANSWERS TO HELP TO READ THIS REPORT

This survey uses a panel sample; that means we survey the same business entities. During the twenty-fourth wave of the survey, the answers of 532 respondents were received.

Fig. 1 Number of enterprises surveyed



They include mainly industrial enterprises (92%) located in 21 of the 27 regions of Ukraine: Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytskyi, Cherkasy, Chernivtsi, Chernihiv regions and in the Kyiv city. Enterprises of all sizes in terms of the number of workers are represented among the respondents.

Fig. 2 Number of enterprises surveyed, by size



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

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

How to "read" our indicators? Our indicators are called "indices," which is a synonym of the term "balance index" or "balance indicator." All indices are the difference between the shares of respondents who reported a decrease and those who reported an increase in the indicator. The bigger the index value, the bigger the rate of indicator growth; the smaller the index value, the bigger the rate of indicator decline. For most indicators, a higher value of the index means a positive trend, except for indicators of debts, the number of workers on forced leave, and difficulties in finding personnel. Everything is the opposite here. The larger the index, the greater the rate of debt growth or the increase in the number of people on forced leave and hardships (this is bad), the smaller the index, the greater the rate of debt reduction, the decrease in the number of people on forced leave or hardships (this is good).

When the survey was conducted? The field stage of the twenty fourth wave lasted from April 15 to 30, 2024. The enterprises' managers compared the results of work in April 2024 with March 2024, assessed the state of the indicators at the time of the survey (April 2024) and gave forecasts for the next two, three, or six months, depending on the question. For some questions (where it was indicated), the results of the work were compared to ones in the pre-war period (before February 24, 2022) or with the same period of the previous year. Respondents gave forecasts for the next three months of work.

MAIN RESULTS

In April, against the background of increasing danger as an impediment to doing business, the enterprise plans in the long-term perspective remain unchanged, and expectations for the medium and short term are optimistic. The Business Activity Recovery Index declined marginally, while the Industrial Confidence Indicator remained unchanged. The share of enterprises operating at full capacity has not changed significantly. The values of indicators of the current assessment of the business activity at the enterprises and the overall economic environment have slightly decreased, while expectations for the six months are increasing and have one of the highest indicators for the entire survey period. Production indicators improved compared to the previous month, and three-month expectations remain positive. The weak trend of the employment rate decreasing continues, and difficulties in finding workers are increasing. The top three impediments to doing business in wartime have remained the same, but the impediments are changing places. "It is unsafe to work" became more important for business and topped the list, followed by "rising prices" and "labor shortage" in second and third place, respectively. The share of negative assessments of the government's economic policy has slightly increased.

OVERALL INDICATORS OF BUSINESS CLIMATE AND ECONOMIC ENVIRONMENT

- The BUSINESS ACTIVITY RECOVERY INDEX decreased slightly in April 2024 from -0.37 to -0.33.
- In April compared to March the INDEX OF CURRENT BUSINESS ACTIVITY AT THE ENTERPRISE DECREASED from 0.09 to 0.03 but its value remained positive.
- Enterprises' expectations regarding changes in the business activity in the six-month perspective increase for the second month in a row, and the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY AT THE ENTERPRISE is 0.49 (it was 0.45).
- The value of the OVERALL ECONOMIC ENVIRONMENT INDEX decreased from 0.06 in March to 0.01 in April.
- Expectations regarding changes in the overall economic environment after half a year have significantly improved, and the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.45 to 0.51.
- Two-year expectations regarding the prospects for the expansion of business activity remain almost unchanged for the fourth month in a row. The value of the INDEX OF EXPECTED CHANGES IN BUSINESS ACTIVITY in April is 0.16 (in March, it was 0.15).
- The level of uncertainty in the two-year horizon has remained almost unchanged after a significant decrease in indicator in March. In the six-month perspective, uncertainty has not changed significantly, and at the same time uncertainty in the three-month horizon decreased.

PRODUCTION

- The trend towards a gradual production recovery continued for the third month in a row: the PRODUCTION INDEX increased from 0.16 to 0.26 due to a significant increase in the share of those who increased production volumes.
- The enterprises' expectations for the next three months decreased significantly, the value of the INDEX OF EXPECTED CHANGES IN PRODUCTION is 0.51 (it was 0.53).
- The value of the INDUSTRIAL CONFIDENCE INDICATOR in April remained unchanged and is 0.15, as in March.

DEMAND AND SALES

- The sales growth rate and increase in the number of new orders are accelerating. The value of the SALES INDEX increased from 0.16 to 0.26, as did the value of the NEW ORDERS INDEX, which increased from 0.15 to 0.21.
- The enterprises' expectations regarding demand for the next three months have not changed significantly. The value of the EXPECTED CHANGES IN THE SALES INDEX is 0.52 (it was 0.53), and the value of the EXPECTED CHANGES IN THE NEW ORDERS INDEX is 0.51 (it was 0.52).

PRICES

- The price growth rate is slowed down significantly but at the same time an increase in the indicator is expected for the next three months. The PURCHASE PRICE INDEX decreased from 0.29 to 0.19 in April. The INDEX OF EXPECTED CHANGES IN PURCHASE PRICE increased slightly from 0.15 to 0.18.
- The DOMESTIC PRICE INDEX decreased from 0.27 до 0.19. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICE is 0.17 (it was 0.14).

DEBTS

- In April, compared to March, enterprises significantly accumulated debts. The receivables indicator doubled, from -0.23 to -0.13, and the payables indicator increased from -0.26 to -0.16. The indicator of tax arrears increased less significantly, from -0.29 to -0.20.
- In the three months, a further increase in indicators for all types of debts is expected. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE increased slightly, from -0.39 to -0.35. The indicator of expectations for accounts payable increased from -0.42 to -0.37. The INDEX OF EXPECTED CHANGES IN TAX ARREARS increased from -0.44 to -0.37.

EMPLOYMENT

- The trend to reduce the number of employees continues. The NUMBER OF WORKERS INDEX in April compared to March did not change significantly and is -0.07 (it was -0.05).
- The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased for the second month in a row and is -0.09 (it was -0.07).
- The INDEX OF THE NUMBER OF WORKERS ON FORCED LEAVE slightly decreased, from -0.16 to -0.20.
- THE INDEX OF EXPECTED CHANGES has not changed significantly and is -0.25 (it was -0.22).
- У квітні труднощі у пошуку працівників необхідної кваліфікації продовжили зростати. ІНДЕКС ТРУДНОЩІВ У ПОШУКУ НЕКВАЛІФІКОВАНИХ ПРАЦІВНИКІВ збільшився із 0,28 до 0,36. ІНДЕКС ТРУДНОЩІВ У ПОШУКУ КВАЛІФІКОВАНИХ ПРАЦІВНИКІВ збільшився із 0,33 до 0,37.
- In April, difficulties in finding workers with the necessary qualifications continued to grow. The INDEX OF DIFFICULTIES IN FINDING UNSKILLED WORKERS increased from 0.28 to 0.36. The INDEX OF DIFFICULTIES IN FINDING SKILLED WORKERS increased from 0.33 to 0.37.

AVAILABILITY OF ORDERS

- In April 2024, the order portfolio among surveyed enterprises slightly decreased compared to the beginning of the year: the average term of new orders was 3.3 months, and it is slightly less than the level of March (3.4 months) and January- February (3.5 months).
- The share of enterprises that have orders for no more than two months was 54%, which is more than in March and February (51%-52%), but less than in January (57%).

IMPEDIMENTS TO DOING BUSINESS IN WARTIME

- The work hazards caused by a full-scale Russian invasion as a barrier to business increased significantly, from 46% in March to 55% in April. It is the highest indicator over the entire survey period. This impediment took the 1st place in the ranking of impediments.
- The increase in prices for raw materials and goods slightly decreased in importance (from 53% to 51%) and dropped from the 1st to the 2nd place in the rating of impediments.
- Labor shortage also decreased in value from 50% to 43% and dropped from 2nd to 3rd place.
- Power outages halved in value: from 40% in March to 21% in April.

IMPEDIMENTS TO DOING BUSINESS BEFORE THE WAR AND NOW

- Every quarter, we use a list of impediments to production growth from the long-term quarterly enterprise survey "Business Opinion."
- In April 2024, war and an unfavorable security situation were most often cited as impediments to production growth.

- 2nd, 3rd, 4th, and 5th places, respectively, were taken by low demand, unfavorable political situation (its value increased in April), and lack of skilled workers (its value also increased).
- Unfavorable regulatory climate took the 5th place in this rating without significant changes compared to the previous quarter.

PRODUCTION CAPACITIES DURING THE WAR PERIOD

- In April 2024, 13% of businesses reported operating at full capacity (100% or more), which is slightly lower than the previous month (14%). However, this is one of the highest figures for all waves of the survey.
- In total, the share of enterprises operating at almost full and full capacity was 58% (58% in February and 57% in March). It may indicate a "stuck" recovery among a large part of the business.
- Despite the challenges of the war, only 2% of surveyed enterprises reported that they had ceased operations during the war, and only 2% of enterprises were operating at less than 25% of pre-war production levels.
- In April 2024, only 17% of enterprises were operating at less than half their capacity or were not operating compared to pre-war times (16% in March).
- Medium-sized businesses meet the challenge the best: in April 2024, 70% of medium-sized businesses were operating at near full or full capacity, which is slightly higher than the previous few months (68% in January-March 2024).
- The food industry remains the leader of the recovery: in April, 70% of food industry enterprises worked almost at full and full capacity (71% in March). The construction materials production rose from the last position to the third one, where the corresponding indicator increased from 26% in March to 46% in April.
- Metallurgy and metalworking are on the last rung: only 29% of surveyed enterprises were working at full or almost full capacity.

EXPORTING ENTERPRISES

- In April, 62% 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 April 2024 84% of respondents indicated that they exported before the war and continued to export during the last 12 months (84% in February).
- Some businesses cannot overcome new challenges for export activities. As of April 2024, 16% of enterprises were exporting before the war but could not resume exports during the last 12 months. Similar results over the past year confirm the stagnation of export recovery.

GOVERNMENT POLICY

- In April 2024 the share of positive assessments of the government's business support policy amounted to 8% and remained almost unchanged during the year. The share of negative assessments increased (from 17% to 20%).
- The share of neutral assessments of this policy did not change and is 58% as in March.

ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

BUSINESS ACTIVITY RECOVERY INDEX

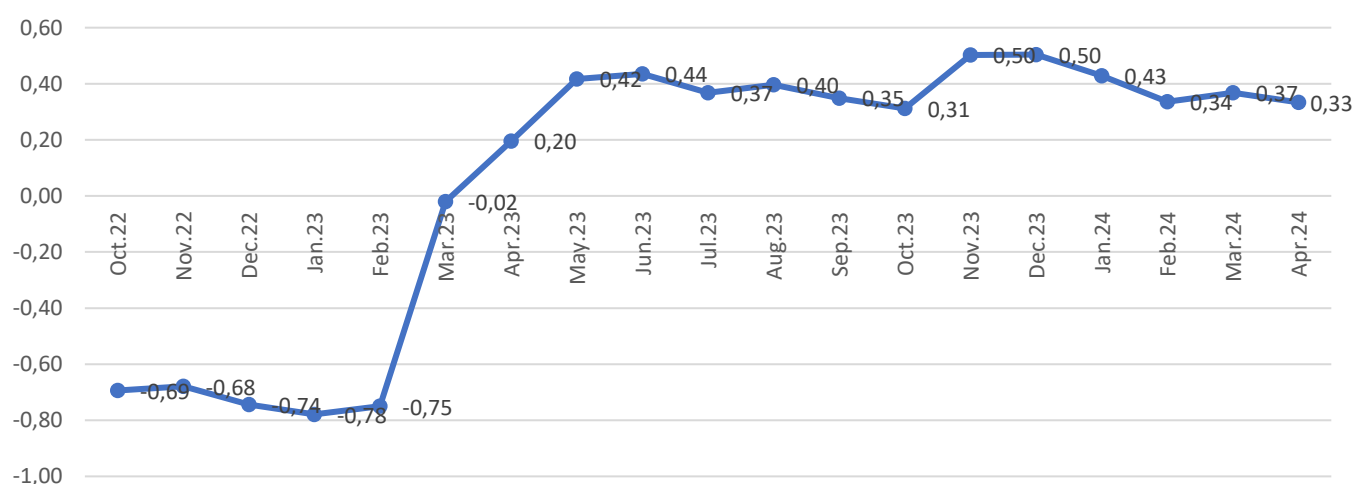
The BUSINESS ACTIVITY RECOVERY INDEX (YEAR TO YEAR) decreased slightly after last month's rise, from 0.37 to 0.33. At the same time, there were no significant changes in the percentage distribution. The share of respondents who indicated the worsening of the situation increased slightly, from 10.6% to 12.0%. The share of those whose situation improved increased from 47.4% to 45.3%. The share of those who believe that nothing has changed compared to last year remained almost unchanged at 42.7% (it was 42.0%).

Size. The business activity recovery significantly depends on the size of the enterprise. Compared to last year, medium-sized enterprises feel the best, with an indicator of 0.45. The indicator of small (0.36) and large (0.34) ones is lower and about the same. Microenterprises have the lowest and negative value of the indicator (-0.11).

Region. Lviv, Ivano-Frankivsk, and Ternopil regions have the highest indicator (1.00 for each). The Volyn (-0.32), Sumy (-0.22) and Zhytomyr (-0.18) regions have the lowest indicators.

Sector. Lviv, Ivano-Frankivsk, and Ternopil regions have the highest indicator (1.00 for each). The Volyn (-0.32), Sumy (-0.22) and Zhytomyr (-0.18) regions have the lowest indicators.

Fig.3. Business Activity Recovery Index



INDICATORS AND EXPECTATIONS FOR THE HALF-YEAR PERIOD

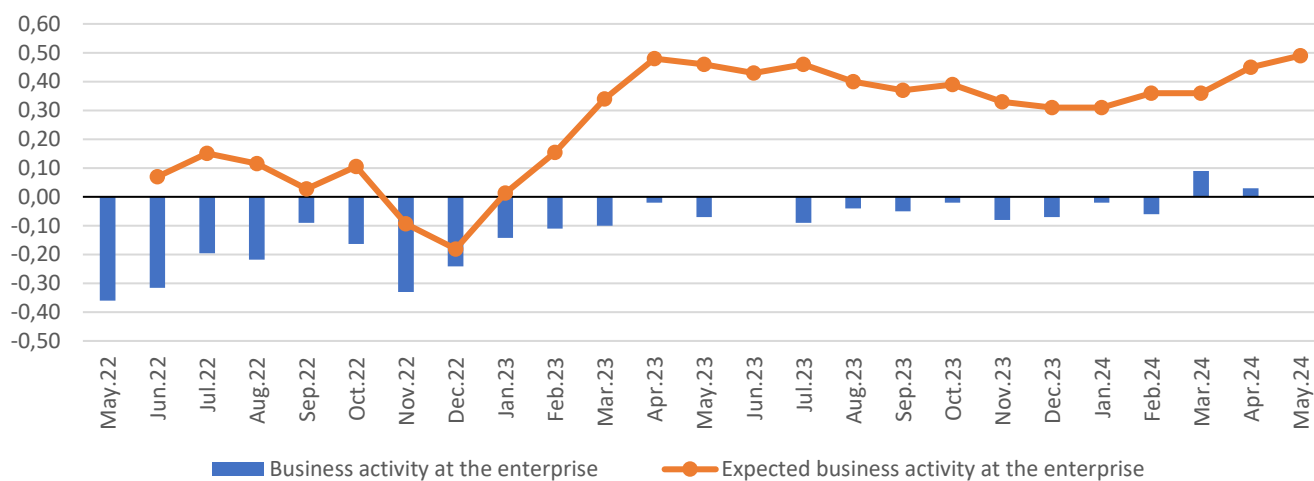
BUSINESS ACTIVITY AT THE ENTERPRISE

In April 2024, current assessments of the business activity worsened somewhat. The CURRENT BUSINESS ACTIVITY INDEX decreased from 0.09 to 0.03, but the indicator remains positive. The share of those who assess the business activity at the enterprise as good (from 15.3% to 9.2%) and the share with negative assessments (from 11.8% to 9.4%) also decreased. The share of those who consider the business activity at the enterprise to be satisfactory increased from 73.0% to 81.4%.

Expectations for the future within six months are improving for the second month in a row. The value of THE INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY increased from 0.45 to 0.49, which is one of the highest indicators for the entire survey period. The share of "optimists" slightly increased (from 48.3% to 51.7%), while the share of those who expect deterioration did not change significantly and is 4.5% (it was 4.4%). The share of those who do not expect any changes decreased from 47.2% to 43.9%.

At the same time, the share of those who could not give a forecast for the next six months has not changed significantly and is 16.7% (it was 17.4%).

Fig.4. Business activity at the enterprise, indices



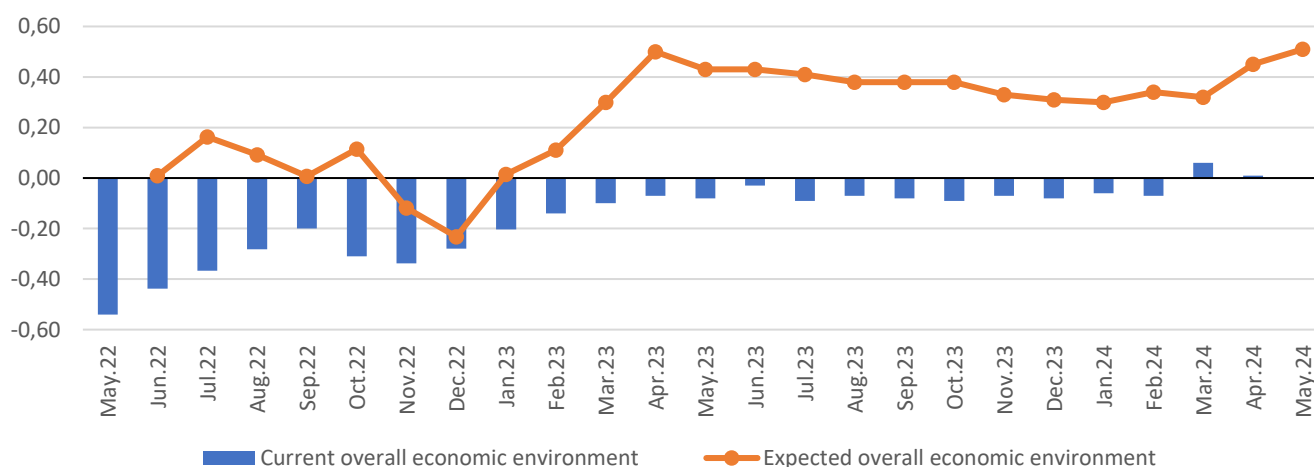
OVERALL ECONOMIC ENVIRONMENT

Estimates of the overall economic environment also slightly deteriorated. The value of the corresponding INDEX in April decreased from 0.06 to 0.01. In percentage distribution, the share of those who assessed the overall economic environment as bad changed little, decreasing from 14.5% to 12.4%. At the same time, the share of those who give positive assessments has almost halved, from 15.5% to 8.7%. The share of those who consider the overall economic environment satisfactory increased from 69.9% to 79.0%.

Enterprises' forecasts regarding changes in the overall economic environment for the next six months improved: The value of the INDEX OF EXPECTED CHANGES IN THE OVERALL ECONOMIC ENVIRONMENT increased from 0.45 to 0.51. The share of "optimists" regarding changes in the overall economic environment, increased from 48.9% to 53.3%. And the share of "pessimists" decreased from 7.8% to 5.2%. The share of those who believe the overall economic environment will not change significantly over the next six months decreased from 43.3% to 41.5%.

The share of those who could not give forecasts regarding the overall economic environment did not change significantly and is 17.9% (it was 18.9%).

Fig.5. Overall economic environment, indices

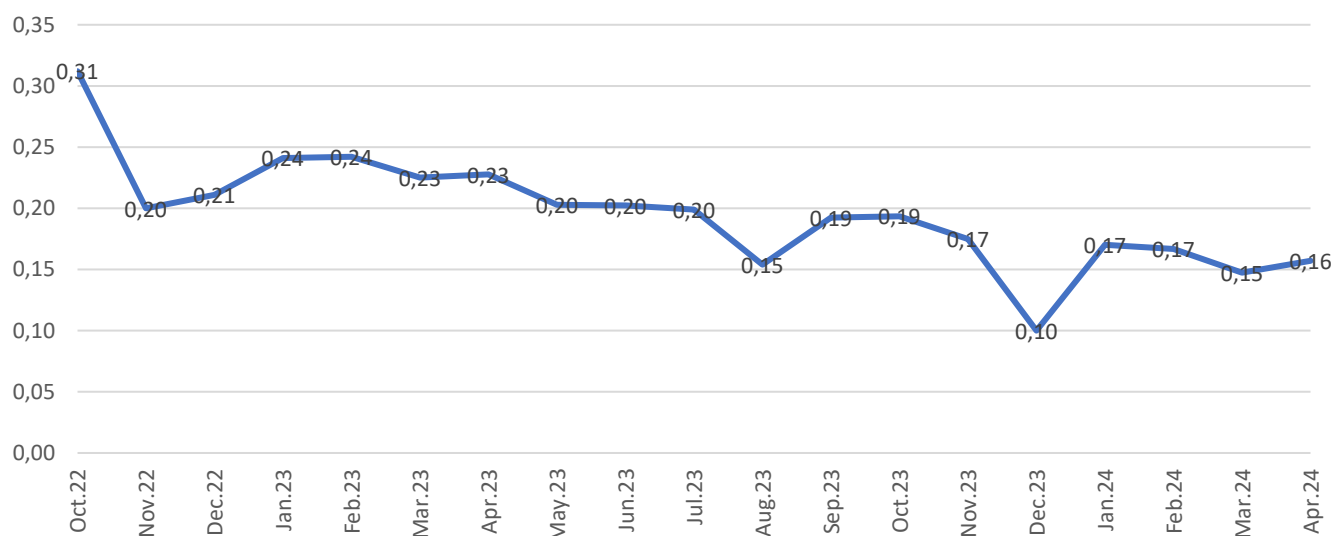


EXPANSION PLANS FOR THE NEXT TWO YEARS

Expectations regarding business activity for the next two years have not changed significantly for the fourth month in a row. The INDEX OF THE EXPECTED CHANGES IN BUSINESS ACTIVITY was 0.16 in April (0.15 in March). There were no significant changes in the percentage distribution. The share of those who expect the expansion of activity is 18.1% (it was 17.5%), and the share of those who expect its reduction is 2.3% (it was 2.8%). The share of those who plan to stay at the current level, as the last month, is 79.6%.

The percentage of those who could not give a forecast for such a long-term perspective remained unchanged in April and amounted to 38.2% (it was 39.4%).

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



Size. Among enterprises of all sizes, micro-enterprises have the most optimistic plans for the future (0.34). The indicators of large (0.18) and small (0.14) companies are approximately the same. Medium enterprises have the lowest indicator (0.09).

Region. Significant regional differences were registered. The enterprises of Zakarpattia (1.00), Khmelnytsky (0.58), and Chernihiv (0.57) regions have the highest indicators of expectations. The indicator of Kyiv, Lviv, Ivano-Frankivsk, Rivne, Ternopil, Odesa, Poltava, and Kharkiv regions is zero. Zhytomyr (-0.05) and Dnipropetrovsk (-0.07) regions have the lowest and negative values of the indicator.

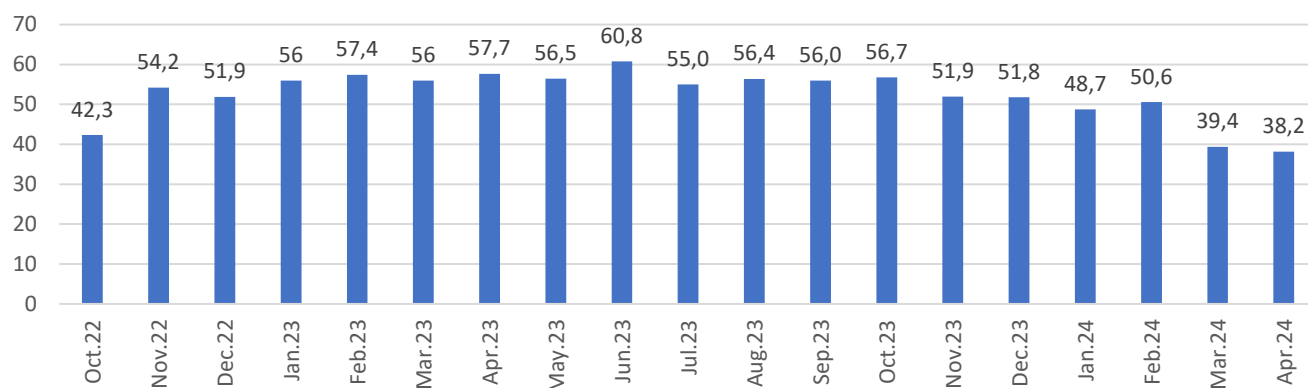
Sector. Expectations vary by industry. Metalworking (0.33) and light (0.27) industries have the highest importance. The indicator of production of construction materials has the lowest value and is equal to zero.

UNCERTAINTY

Two-year expectations

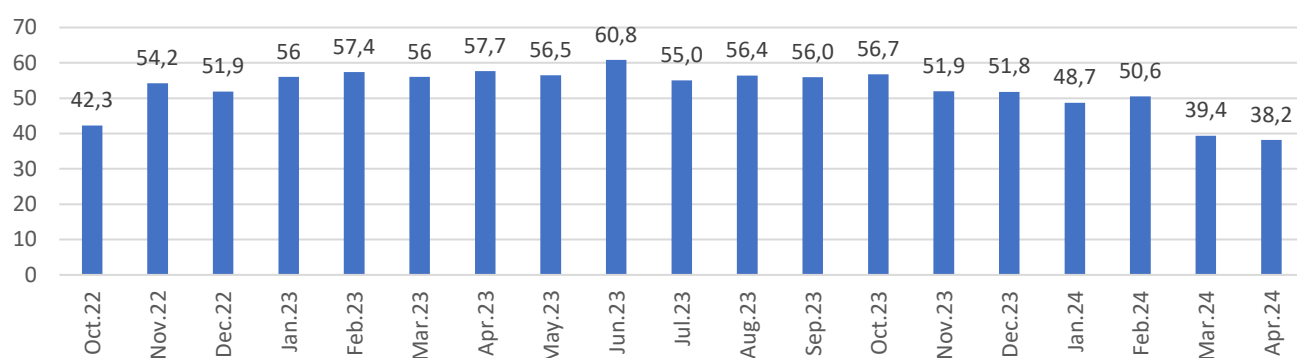
The level of uncertainty regarding the plans of enterprises for the next two years remains low after a significant decline in March. 38.2% of respondents could not give an answer regarding the prospects for the next two years (it was 39.4% in March and 50.6% in February).

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-year perspective depends on the size of the enterprise. At the same time, the value increased insignificantly only for small enterprises. The indicator is the lowest for micro-enterprises, and the value decreased from 36% to 31%. The indicator of small enterprises increased slightly, from 40% to 42%; this value is the highest. The indicator of medium and large enterprises is approximately the same and decreased in both cases (from 39% to 37% and from 41% to 38%, respectively).

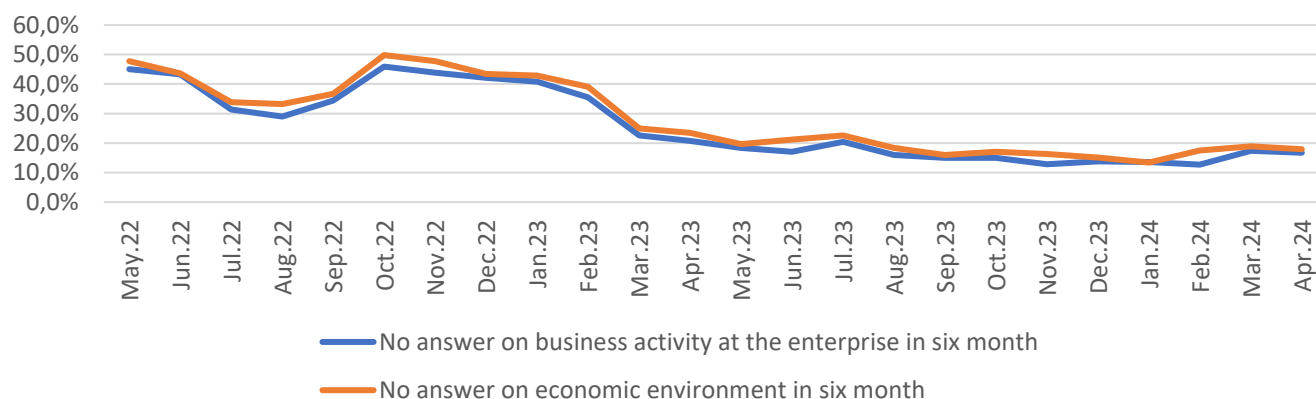
Fig.8.The share of respondents who could not answer the question about the changes for the next two years, by size of the enterprise



Half-year expectations

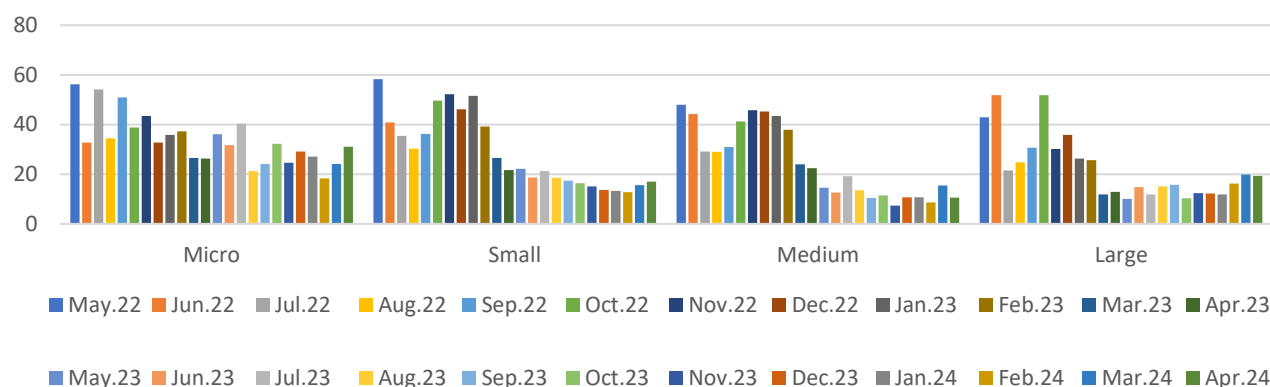
The level of uncertainty in the forecasts of the half-year perspective has not changed significantly. Uncertainty for the business activity, after increasing in March, remained unchanged in April and is 17%. The share of respondents who could not give a forecast regarding changes in the overall economic environment has not changed significantly for the third month in a row and is 18% (it was 19% in March).

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



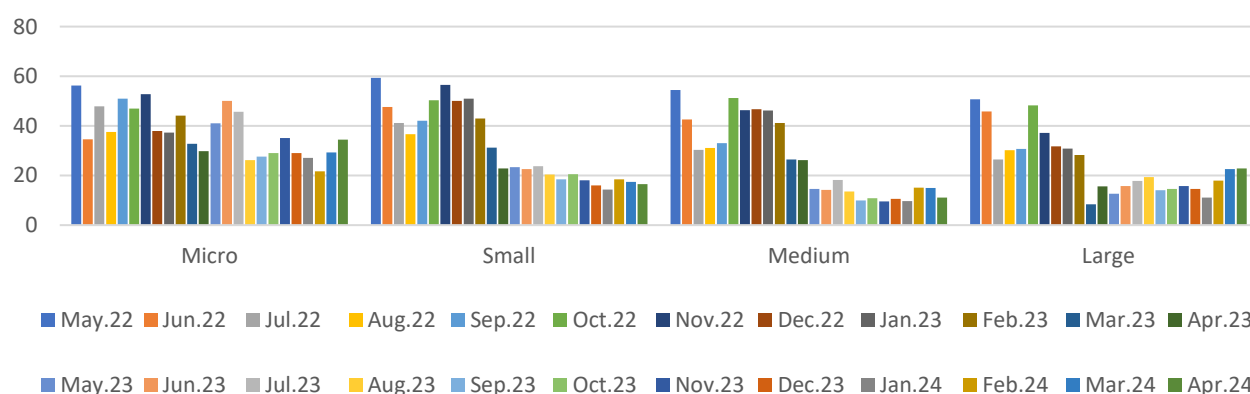
The level of uncertainty regarding the business activity at the enterprise and its dynamics depends on the size of the enterprise. In percentage distribution, the indicator of uncertainty for micro-enterprises remains the highest. It increased from 24% to 31%, and the increase of the indicator is observed for the third month in a row. The level of uncertainty for small enterprises in April compared to March did not change significantly and is 17% (it was 16%). In March, uncertainty about the business activity at the enterprise for medium-sized enterprises decreased from 16% to 11%, which is the lowest value. The uncertainty indicator for large companies has not changed significantly and is 19% (it was 20%).

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



Uncertainty about the overall economic environment, as in the case of the business activity, depends on the size of the enterprise. The indicator of uncertainty of micro-enterprises remains the highest and increased from 29% to 34%. The uncertainty indicator for small enterprises has not changed significantly for the third month in a row and amounts to 16% (17% in March), and the indicator for medium-sized enterprises is 11% (15% in March and February). The level of uncertainty regarding changes in the overall economic environment for half a year for large enterprises remained unchanged and is 23%, the same as last month.

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 April 2024, the indicator of uncertainty in the short-term perspective slightly decreased or did not change significantly for some indicators. The level of uncertainty in the three-month perspective is the highest for all types of debts. Accounts payable uncertainty is at its highest, with little change from last month (13.4% in March and 13.0% in April). The indicator is the same for tax arrears and receivables and is 12.4% (13.6% and 12.6%, respectively, in March). The uncertainty indicator for prices of raw materials and supplies remained unchanged at 10.3%, as in March, and for prices of finished goods, the indicator did not change significantly (8.2% in March and

9.0% in April). The level of uncertainty for new orders is unchanged at 7.3%, the same as in March. The lowest level of uncertainty is for stocks of finished goods, the value of which has decreased significantly, from 5.5% to 4.1%.

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



Created with Datawrapper

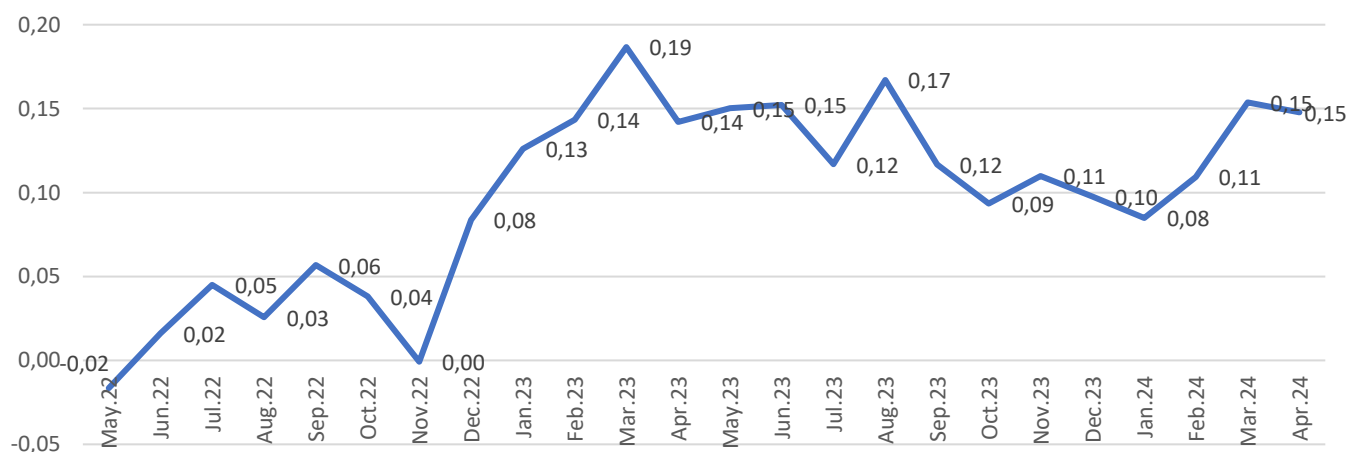
ENTERPRISE PERFORMANCE INDICATORS AND SHORT-TERM EXPECTATIONS

INDUSTRIAL CONFIDENCE INDICATOR

The value of the Industrial Confidence Indicator (ICI) remained unchanged. In April 2024, the indicator is 0.15, the same as in March.

It became possible due to minor changes in the components of the indicator: (1) *production expectations* for the next 3-4 months remain optimistic, with a slight decrease in the indicator from 0.53 to 0.51. (2) *estimates of the new orders portfolio* also did not change significantly, and the indicator is -0.07 (it was -0.05), and (3) *estimates of stocks finished goods* decreased slightly, from 0.02 to -0.01, changing the sign to negative.

Fig.13. Industrial confidence indicator



PRODUCTION

Changes compared to the previous month

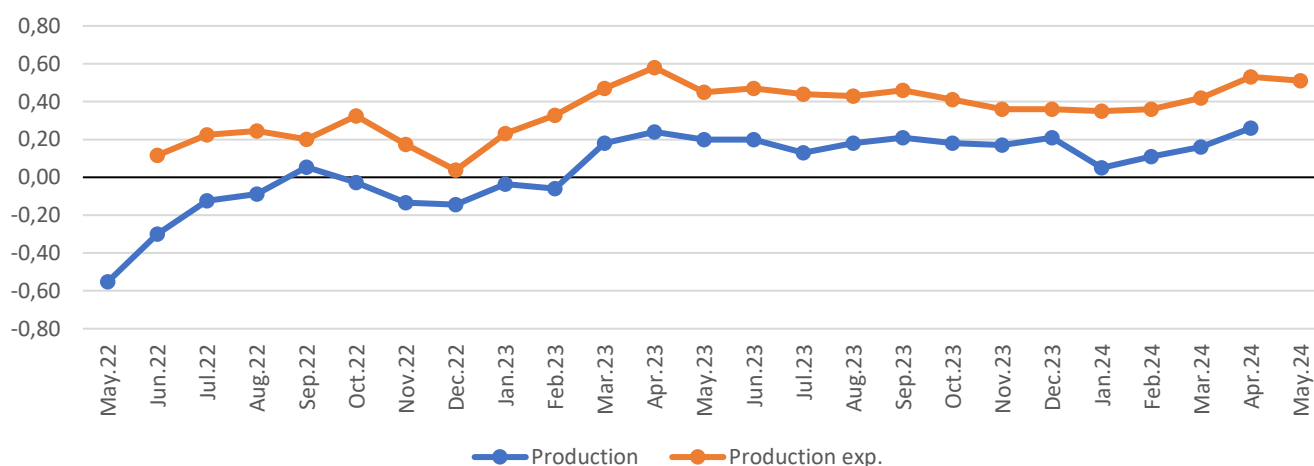
For the second month in a row, there is a trend to increase production volumes. The PRODUCTION INDEX increased from 0.16 to 0.26. The share of enterprises that reduced production volume decreased slightly, from 12.1% to 10.7%. At the same time, the share of enterprises that increased production increased significantly, from 24.8% in March to 32.6% in April. The share of those enterprises in which there were no changes decreased from 63.1% to 56.7%.

Size. Among enterprises of different sizes, the best results are obtained by large enterprises (0.32). The indicator of medium (0.27) and small (0.23) enterprises is approximately the same. The value of micro-enterprises is the lowest and negative (-0.19).

Region. Regional differences are very significant (the largest value is 0.53, and the smallest is -0.30). Enterprises from Poltava (0.53), Odesa (0.52), and Lviv (0.50) regions had the best results. The lowest and negative values of the index were recorded for enterprises in Chernivtsi (-0.11) and Kharkiv (-0.30) regions.

Sector. Index values vary across sectors and industries. The best situation is in the chemical (0.34) and light (0.31) industries. The printing industry has the lowest single negative value (-0.10).

Fig.14. Production indices



Expected changes in production

Expectations regarding the growth of production volumes have not changed significantly. The INDEX OF EXPECTED CHANGES IN PRODUCTION decreased slightly, from 0.53 to 0.51. The share of enterprises where production growth is planned decreased from 54.4% to 50.5%. The share of those who do not expect changes increased from 41.5% to 46.1%. The share of enterprises that plan to reduce production has not changed significantly and is 3.4% (it was 4.1%).

Size. Production expectations depend on the size of the enterprises. The most optimistic is the indicator of large enterprises (0.60). The value of medium (0.49) and small (0.44) companies is approximately the same. The lowest value is for micro-enterprises (0.25).

Region. Enterprise plans depend significantly on the region of location. Poltava, Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 each) have the most optimistic plans for production growth. Kharkiv region has the lowest and only negative value of the indicator (-0.15).

Sector. Production expectations for three months depend on the industry. The highest indicators of expectations are in the food industry (0.58) and the printing industry (0.57). The construction materials production has the lowest value of the indicator (0.16).

SALES

Changes compared to the previous month

In April, the trend of sales growth continued. The SALES INDEX increased from 0.16 to 0.26. The share of those who reduced production volume decreased significantly, from 13.4% to 11.5%. The share of enterprises with no changes also decreased from 60.9% to 55.7%. At the same time, the share of enterprises that increased sales grew significantly, from 25.7% to 32.8%.

Size. The SALES INDEX of large enterprises (0.35) is the highest. At the same time, the value for medium-sized (0.26) and small (0.22) enterprises is almost the same. Microenterprises have the lowest and only negative indicator (-0.21).

Region. The highest value of the SALES INDEX was recorded for Poltava (0.53), Lviv and Zakarpattya regions (0.50 each). The indicators of Chernivtsi (-0.11), Sumy (-0.20) and Kharkiv regions (-0.30) have the lowest and negative value.

Sector. The chemical, light (0.31 each), and food (0.28) industries have the highest SALES INDEX. The printing industry has the lowest index, the value of which is zero.

Expected changes in sales

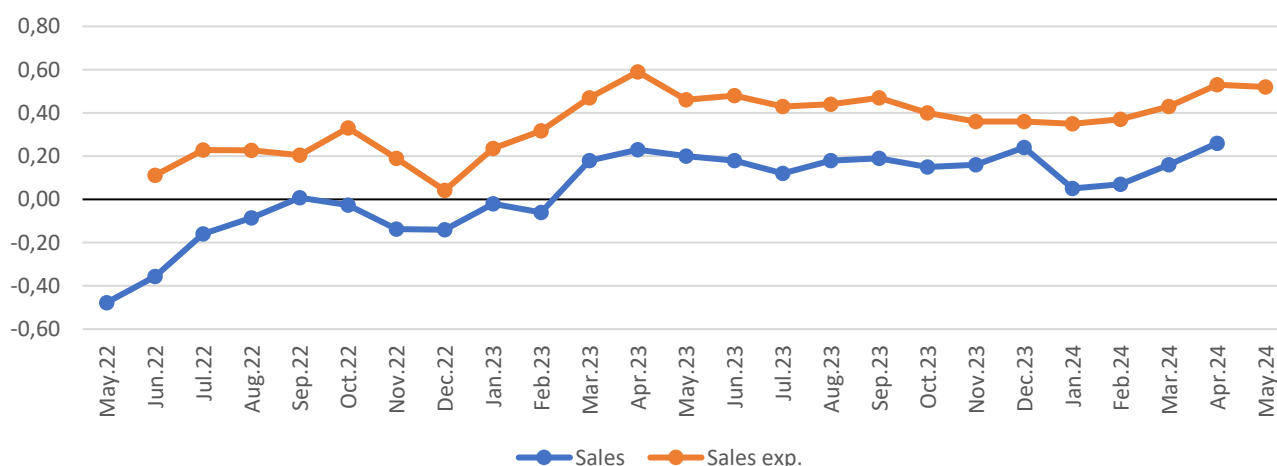
Expectations regarding sales volumes have not changed significantly. The INDEX OF EXPECTED CHANGES IN SALES is 0.52 (was 0.53). There were no significant changes in the percentage distribution. The share of those who plan to reduce sales has not changed significantly and is 3.2% (was 4.1%), as well as the share of those who plan to increase them, which is 52.0% (was 53.7%). The percentage of respondents who believe nothing will change is 44.8% (it was 42.2%).

Size. The indicator of expectations for large enterprises (0.59) is the highest. The value of the indicator for medium (0.51) and small (0.47) companies is approximately the same. The indicator of micro-enterprises (0.26) is significantly lower.

Region. The best expectations were recorded in Poltava, Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each). The indicator of expectations of the Kharkiv region has the only negative value of the indicator, which is -0.15.

Sector. The food industry has the highest sales expectations (0.58). The sales growth indicator for construction materials production (0.16) is the lowest.

Fig.15. Sales indices



EXPORT

Changes compared to the previous month

The export growth rate has significantly accelerated. The value of the EXPORT INDEX increased from 0.04 to 0.12. The share of respondents whose export volumes shortened slightly decreased, from 16.1% to 13.2%. At the same time, the share of enterprises that increased exports increased significantly, from 16.8% to 21.2%. The share of those enterprises whose export volumes remained unchanged decreased slightly, from 67.1% to 65.6%.

Size. The value of the EXPORT INDEX is higher and approximately the same for medium (0.18) and large (0.17) enterprises. The value for small (-0.13) and micro-enterprises (-0.21) is significantly lower and has a negative value.

Region. The highest indicators are in Lviv (0.50) and Ivano-Frankivsk (0.38) regions. Kyiv city (-0.62) and Sumy (-0.60) region have the lowest index value.

Sector. The light (0.31) industry has the highest export index. The printing industry has the lowest value, which is zero.

Expected changes in export

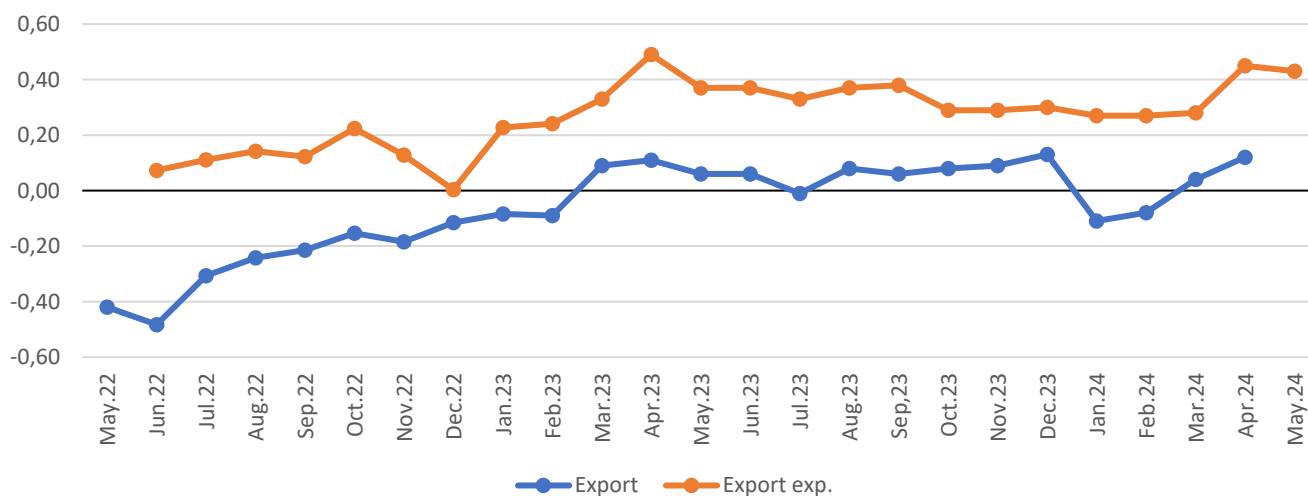
Expectations for changes in exports have not changed significantly after a substantial increase last month. The value of the INDEX OF THE EXPECTED CHANGES is 0.43 (it was 0.45). The share of those who plan to increase exports decreased slightly from 45.0% to 42.9%. The share of those who plan to reduce it has not changed significantly for the third month in a row and is 4.4% (4.5% in March). The share of those who do not expect any changes increased slightly, from 50.5% to 52.7%.

Size. Large (0.53) and medium (0.43) enterprises have the highest and approximately the same indicator of export expectations. The indicator of small enterprises is 0.20. Micro-enterprises have the lowest export expectations, with a score of 0.10.

Region. The highest value of the index of the expected changes in exports was recorded for enterprises of Lviv, Ivano-Frankivsk, and Ternopil regions (1.00 for each). The expectations of business representatives of Chernivtsi (-0.04) and Kharkiv (-0.19) regions are the worst.

Sector. The food industry (0.48) has the highest value of the index of expected changes in exports. The construction materials production (-0.22) has the lowest and only negative value of the indicator.

Fig.16. Export indices



STOCKS OF RAW MATERIALS

Changes compared to the previous month

The trend to slow down the rate of reduction of raw material stocks is maintained. The value of the INDEX OF STOCKS OF RAW MATERIALS in April compared to March increased from 0.09 to 0.14. The share of respondents who reported accumulation of raw materials for the past month slightly increased, from 20.0% to 23.2%. The share of respondents who indicated their reduction decreased from 13.6% to 10.6%. The share of entrepreneurs, for whom nothing has changed compared to last month, remained almost unchanged and is 66.2% (it was 66.4%).

Size. The INDEX OF STOCKS OF RAW MATERIALS is the highest for large enterprises (0.21). The indicators of medium (0.11) and small (0.13) companies are significantly lower and approximately the same. The indicator of micro-enterprises is the lowest and its value is zero.

Region. Most often, the accumulation of raw materials is reported in Poltava (0.84), Lviv (0.54), and Ivano-Frankivsk (0.47) regions. The indicators of Kyiv (-0.38), Vinnytsya (-0.28), and Dnipropetrovsk (-0.26) regions are the lowest.

Sector. Chemical (0.22) and food (0.18) industries have a positive value. The indicators of printing (-0.33) and woodworking (-0.05) industries are the lowest.

Expected changes in stocks of raw material

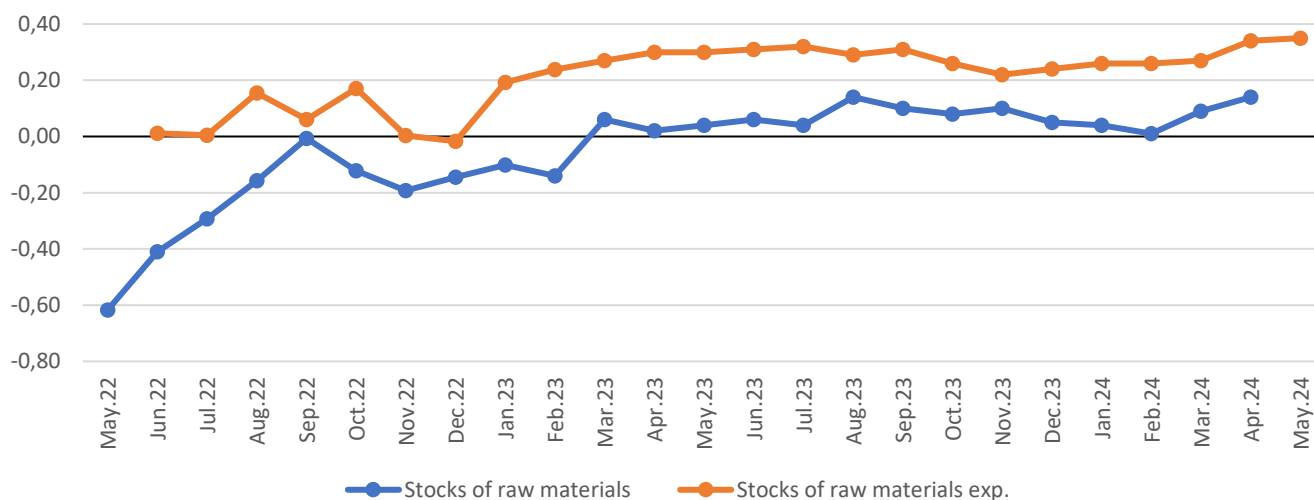
For the next three months, entrepreneurs do not expect significant changes in the indicator: the INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is 0.35 (it was 0.34). The share of respondents who expect the accumulation of raw material stocks has not changed significantly and is 39.5% (it was 40.0%); the share of those who believe that raw material stocks will decrease slightly decreased, from 9.2% to 7.5 %. The share of those who believe the situation will not change increased from 50.8% to 53.0%.

Size. The INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS is higher for large (0.44) and medium (0.37) enterprises. The indicator of small (0.22) and micro enterprises (0.19) is about the same.

Region. The Ivano-Frankivsk, Lviv, and Ternopil regions (1.00 for each) have the highest INDEX OF EXPECTED CHANGES IN STOCKS OF RAW MATERIALS. Kyiv city (-0.45), Sumy, and Kharkiv regions (-0.15 each) have the lowest value of the index.

Sector. The food industry (0.48) has the highest indicator of expectations regarding changes in raw material stocks. The woodworking (0.05) industry and machine building (0.06) have the lowest values.

Fig.17. Stocks of raw material indices



STOCKS OF FINISHED GOODS

Changes compared to the previous month

The rate of reduction of stocks of finished goods slowed down. The value of the corresponding index slightly decreased in March, from -0.19 to -0.21. The share of respondents who reported a reduction in stocks of finished goods did not change significantly and amounted to 31.8% (it was 29.1%), and the share of respondents whose stocks increased slightly increased, from 7.9% to 9.7%. The share of respondents who did not feel any changes decreased from 63.0% to 58.5%.

Size. The value of the index depending on the size of the enterprise is lower and approximately the same for small (-0.29) and medium (-0.31) enterprises. The indicator of large enterprises is -0.06. The indicator of micro-enterprises has the highest, although still negative, value of -0.02.

Region. The value of the index depends on the region. The accumulation of stocks of finished goods is most often mentioned by enterprises of Cherkasy (0.17), Zaporizhzhya (0.14), and Chernihiv (0.09) regions. The Ternopil (-0.85) and Lviv (-0.82) regions have the lowest index.

Sector. The food industry (0.36) and construction materials production (-0.27) have the lowest values. Machine building has the highest and only positive value (0.03).

Fig.18. Stocks of finished goods indices



Expected changes in stocks of finished goods

In the future, company managers do not expect significant changes in the indicator. The INDEX OF EXPECTED CHANGES IN STOCKS OF FINISHED GOODS is -0.22 (was -0.24). In the percentage distribution, the share of respondents who believe that stocks of finished goods will decrease in the next three months increased (from 32.6% to 34.4%), as well as the share of those who expect them to accumulate (from 7.9% to 9.2%). The percentage of those who believe that nothing will change has decreased from 59.4% to 56.4%.

Size. The value of the indicator depends on the size of the enterprise. The value of the index is lower and is approximately in the same range for medium (-0.34), small (-0.30), and micro enterprises (-0.27). The indicator of large enterprises (-0.03) is significantly higher.

Region. The highest value is for Zaporizhzhia (0.40) and Cherkasy (0.33) regions. The indicator of expectations for the Zakarpattia region is zero. Lviv, Ternopil, and Ivano-Frankivsk regions have the lowest indicator (-1.00 for each).

Sector. The value of the index is for machine building (0.07). The lowest is the index of printing (-0.43) and food and light industry (-0.38 each).

NEW ORDERS

Changes compared to the previous month

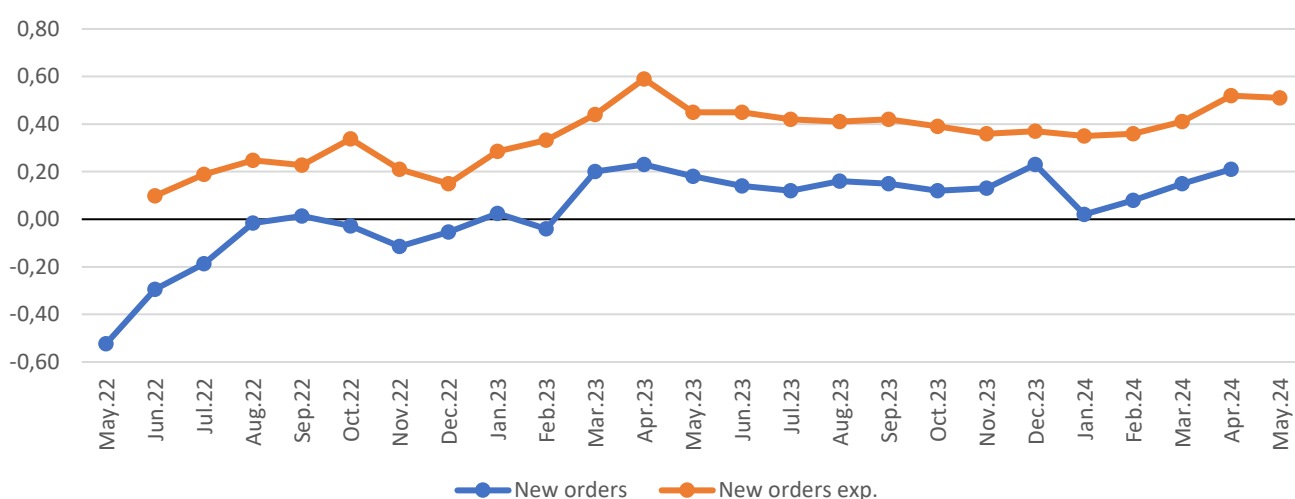
The growth rate of new orders has significantly accelerated. The NEW ORDERS INDEX increased from 0.15 to 0.21 in February. In percentage distribution, the share of those with an increase in the number of new orders increased from 25.6% to 30.9%. At the same time, the share of those who reported a reduction in their number did not change significantly and is 13.0% (it was 13.8%). The share of those who felt no change decreased from 60.6% to 56.0%.

Size. The value of the index is higher and approximately the same for large (0.23), small (0.22), and medium (0.21) enterprises. Microenterprises have the lowest value (-0.16).

Region. The new orders grew the most in Poltava (0.74) and Lviv (0.50) regions, while in Kharkiv (-0.30), Sumy (-0.14), and Chernivtsi (-0.14) regions, the volume of new orders decreased the most.

Sector. The best situation with new orders in the previous month was for the light (0.29) and food (0.25) industries. The printing industry has the lowest index, the value of which is zero.

Fig.19. New orders indices



Expected changes in new orders

In the next three months, entrepreneurs do not expect significant changes in the indicator. The value of the INDEX OF EXPECTED CHANGES IN THE NEW ORDERS is 0.51 (it was 0.52). In percentage distribution, the share of respondents expecting an increase in new orders decreased from 53.5% to 50.8%, and the share of respondents expecting a decrease in the volume of new orders did not change significantly and amounted to 3.0% (it was 4.4%). The share of those who did not expect any changes in the next three months increased from 42.1% to 46.1%.

Size. The indicator of expectations is the highest for large enterprises (0.58). The indicator of medium (0.51) and small (0.43) enterprises is somewhat lower. The indicator of micro-enterprises has the lowest value and is 0.29.

Region. Index values have significant regional differences. In the Lviv, Ternopil, and Ivano-Frankivsk regions (1.00 for each) businesses expect an increase in new orders to a greater extent than in other regions. At the same time, the indicator of the Kharkiv region (-0.15) is the only one with a negative value.

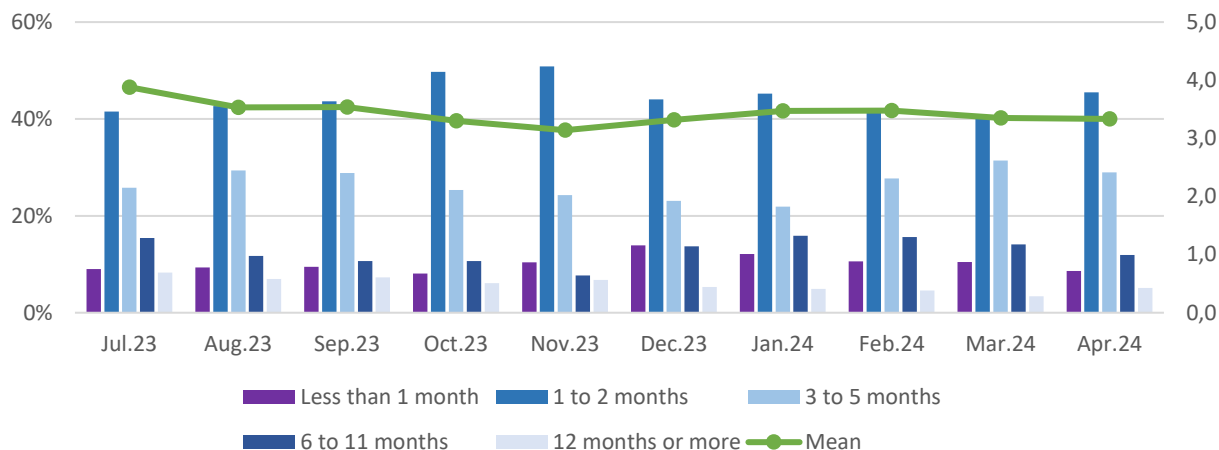
Sector. The food industry (0.61) and printing industry (0.40) have the best expectations for new orders. The construction materials production indicator (0.17) is the lowest.

Availability of orders

In April 2024, the average term of new orders availability for the surveyed enterprises decreased slightly compared to the beginning of the year: it was 3.3 months (average value), which is slightly less than the level of March (3.4 months) and January-February (3.5 months).

The share of enterprises with orders for no more than two months was 54%, which is more than in March and February (51%-52%) but less than in January (57%).

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 two months (median value), while small businesses - for 2.4 months, medium - for 3.6 months, and large - for 4.9 months.

65% of micro-enterprises and 69% of small ones have orders for only up to two months. At the same time, 27% of large enterprises and 20% of medium enterprises have orders for six months or more.

Sector. In April 2024, the relatively longest average terms of new orders were recorded in the chemical industry (3.4 months) and in machine building (3.3 months)¹.

The shortest average term of new orders is observed in the construction materials production industry (1.6 months). 91% of enterprises in this industry reported that they have orders for only up to two months.

Region. There are differences in the orders availability between enterprises in different regions². The average term of orders availability is the longest for enterprises of the Kyiv region, where it was 8.8 months on average. Also, the term of orders is relatively long for enterprises of Poltava, Odesa, Rivne, and Volyn regions (more than 5 months).

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

PURCHASE PRICES

Changes compared to the previous month

The growth rate of prices for raw materials and supplies slowed down. The value of the PURCHASE PRICE INDEX decreased significantly, from 0.29 to 0.19. The share of company managers who indicated an increase in prices in April decreased from 32.3% to 23.2%. The share of those who believe prices have not changed compared to the

¹ Median values are given. This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, as well as enterprises included in the category "Other production."

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

previous month has increased from 65.6% to 74.1%. The share of those who talked about a decrease in prices for raw materials and materials has also not changed significantly and is 2.7% (it was 2.1%).

Size. Depending on the size of the enterprise, managers of micro-enterprises most often talk about an increase in the prices of raw materials and supplies (0.32). The indicator of small (0.24) and large (0.22) enterprises is approximately the same. The value of medium enterprises is the lowest and is 0.13.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava region (0.95), Kyiv city (0.81), and Sumy (0.79) region. The indicators of Vinnytsya (-0.08) and Kharkiv (-0.05) regions are the lowest and have a negative value.

Sector. The value of the PURCHASE PRICE INDEX is the highest for construction materials production and printing (0.03 each). The light (0.19) and food (0.18) industries have the lowest value of the index.

Expected changes in the purchase prices

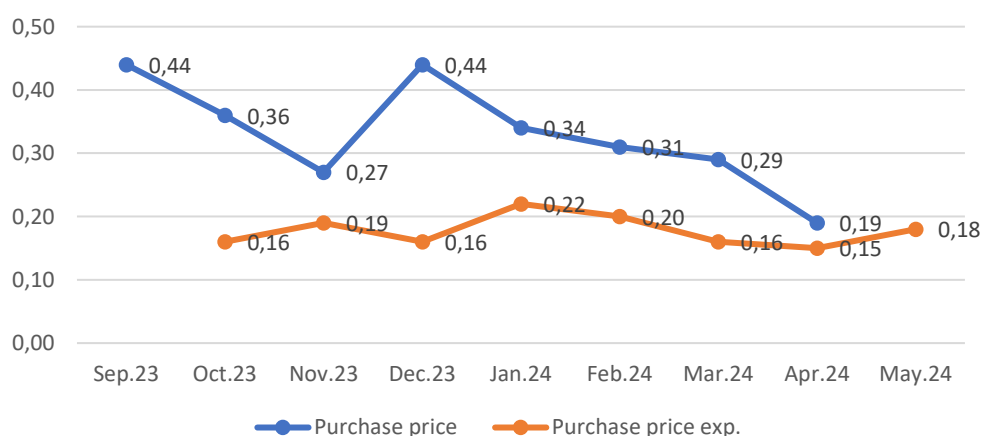
In the next three months, the business expects a slight increase in the indicator. The INDEX OF EXPECTED CHANGES IN THE PURCHASE PRICE, albeit insignificantly, increased from 0.15 to 0.18. Changes in the percentage distribution are insignificant. The share of respondents who believe that there will be no changes has almost not changed and is 78.8% (it was 78.7%). The share of those who expect a price increase has also not changed significantly and is 18.9% (it was 18.1%). The share of those who believe that the prices of raw materials and materials will decrease in the next three months also almost did not change and is 2.3% (it was 3.2%).

Size. Depending on the size, the indicator of large enterprises is the highest and is 0.29. The indicator of medium (0.15), small (0.11), and micro enterprises (0.14) is lower and is in about the same range.

Region. Poltava (1.00) and Sumy (0.58) regions speak most about a possible increase in prices for raw materials. The indicator of the Rivne region (-0.04) is the lowest and has the only negative value.

Sector. The light industry has the highest value of the index (0.31). The construction materials production has the lowest indicator (-0.13).

Fig.21. Purchase prices indices



DOMESTIC SALES PRICES

Changes compared to the previous month

The growth rate of prices for finished goods slowed down. The value of the DOMESTIC SALES PRICE INDEX decreased from 0.27 to 0.19. The share of enterprise managers who indicated a price increase in April decreased from 29.0% to 22.1%. The share of those who believe prices did not change compared to the previous month increased from

69.1% to 75.5%. The share of respondents who talk about price reductions has not changed significantly and is 2.5% (it was 1.9%).

Size. Most often, small (0.25), large (0.21) and micro-enterprises (0.20) talk about an increase in prices for finished goods. The indicator of medium enterprises (0.14) is significantly lower.

Region. Significant regional differences were recorded. The value of the index is higher for Poltava (1.00) and Sumy (0.84) regions. The indicator of Vinnytsya (-0.04) and Kharkiv (-0.05) regions is the lowest and has negative values.

Sector. The value of the DOMESTIC SALES PRICE INDEX is the highest for the construction materials production (0.37) and the woodworking (0.25) industry. Metalworking and machine building have the lowest value of the index (0.17 for each branch).

Expected changes in the domestic sales prices

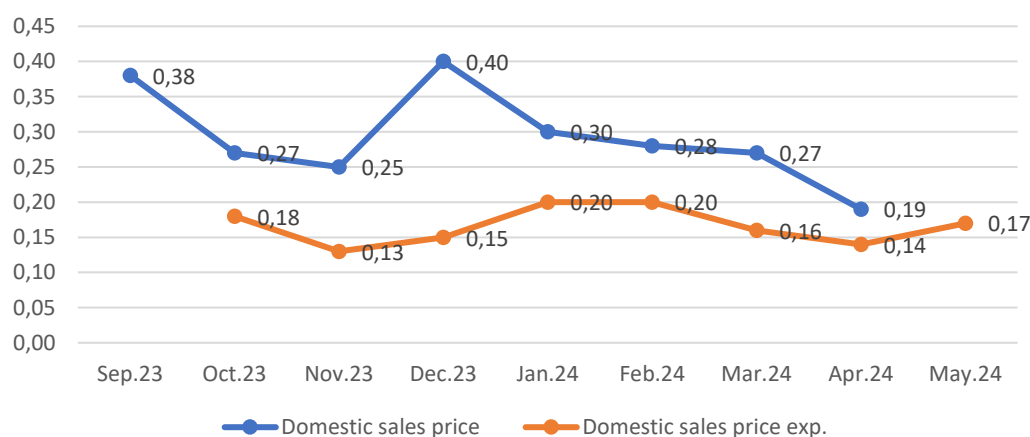
For the next three months, the heads of enterprises expect growth in the indicator. The INDEX OF EXPECTED CHANGES IN DOMESTIC SALES PRICES increased from 0.14 to 0.17. The share of respondents who do not plan to change has hardly changed and amounts to 79.4% (it was 80.5%). The share of respondents planning to raise prices in the next three months increased slightly, from 16.1% to 18.1%. The share of those who believe that the prices of raw materials and materials will decrease in the next three months has also not changed significantly and is 2.5% (it was 3.4%).

Size. The indicator of large enterprises (0.28) is the highest. The indicator of medium-sized (0.14), micro-enterprises (0.13), and small (0.10) enterprises is significantly lower and approximately the same.

Region. Most talk about a possible increase in domestic sales prices is in the Poltava (1.00) and Sumy (0.69) regions. The indicator of the Rivne region (-0.04) has the lowest and only negative value.

Sector. The light and chemical industries (0.28 each) have the highest value of the index. The lowest indicator of expectations with a single negative value is in the construction materials production (-0.12).

Fig.22. Domestic sales prices indices



ACCOUNT RECEIVABLES

Changes compared to the previous month

The indicator of receivables has deteriorated significantly. The value of the ACCOUNT RECEIVABLES INDEX almost doubled in April, from -0.23 to -0.13. The share of those who reported debt reduction significantly decreased, from 32.9% to 24.0%. The share of those with accumulated debt increased slightly, from 7.2% to 10.0%. The share of respondents for whom nothing has changed increased from 59.9% to 66.0%.

Size. The situation with receivables is better for small enterprises (-0.21). The indicator of medium (-0.15) and micro-enterprises (-0.13) is approximately the same. The worst situation is in large enterprises, the value of which is positive and is 0.01.

Region. Significant regional differences in the values of this indicator were recorded. The positive value of the indicator was recorded in Kyiv city (0.48), Zakarpattia (0.17), Vinnytsya (0.16), Kyiv (0.15), and Khmelnytskyi (0.04) regions. At the same time, in the Sumy (-0.71), Zhytomyr (-0.70), and Dnipropetrovsk (-0.68) regions, the indicator of receivables decreased the most.

Sector. The highest indicator of receivables is in the chemical industry (0.14), and the indicator of the printing industry is zero. The lowest indicator is in the construction materials production (-0.27) and the food industry (-0.21).

Expected changes in account receivables

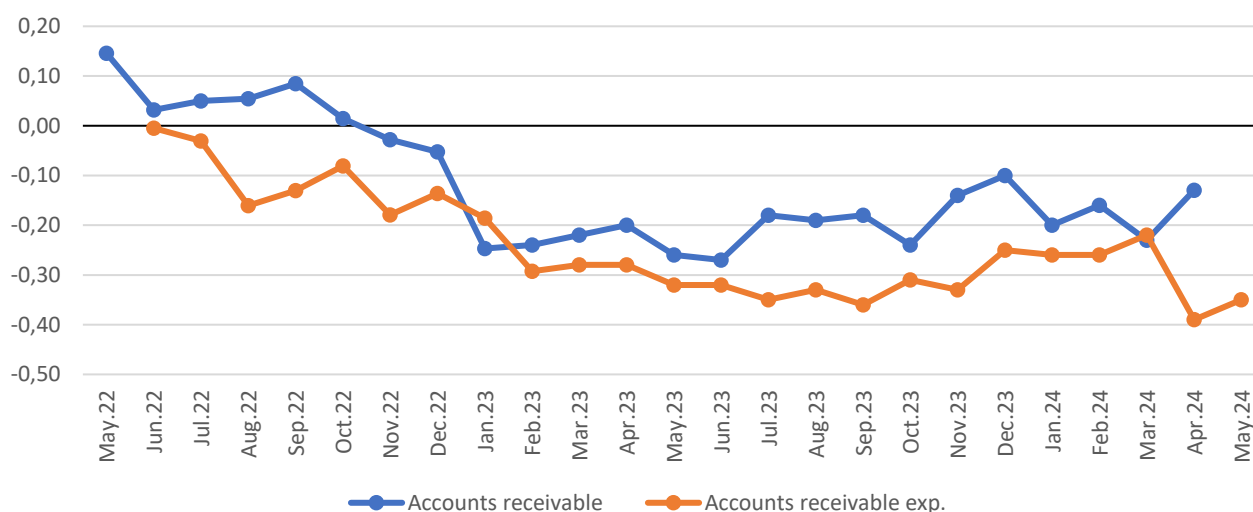
In three months, entrepreneurs expect a further, albeit insignificant, accumulation of debt. The INDEX OF EXPECTED CHANGES IN ACCOUNTS RECEIVABLE increased slightly, from -0.39 to -0.35. The share of respondents who expect the accumulation of debt has not changed significantly and is 3.4% (it was 4.5%), while the share of those who expect its reduction has decreased from 43.7% to 39.6%. The share of those who believe that nothing will change has increased from 51.8% to 57.0%.

Size. The small (-0.44) and medium (-0.38) enterprises have the best value of the indicator. The indicator of expectations for micro-enterprises is -0.30. Large enterprises have the worst expectations for changes in receivables (-0.20).

Region. Kyiv city (0.29), Kirovohrad (0.11), and Vinnytsya (0.06) regions have the largest values above zero. The lowest is the indicator of Sumy (-1.00) and Ternopil (-0.95) regions.

Sector. The highest is the indicator of expectations regarding the accumulation of receivables for metalworking, the value of which is -0.07. The food (-0.44), chemical (-0.430), and construction materials production industries have the lowest indicator (-0.41).

Fig.23. Account receivables indices



ACCOUNT PAYABLES

Changes compared to the previous month

In April, the indicator of payables worsened. The ACCOUNT PAYABLES INDEX increased from -0.26 to -0.16. The share of respondents who reported accumulating debt increased slightly, from 5.7% to 7.2%, while the share of those for

whom account payables decreased significantly decreased, from 33.6% to 24.6%. The share of those for whom nothing has changed over the past month increased from 60.7% to 68.2%.

Size. The indicator of payables for small enterprises (-0.25) is the lowest. The indicator of medium (-0.18) and micro-enterprises (-0.15) is approximately the same. The worst indicator of the accumulation of payables is for large enterprises (-0.03).

Region. Significant regional differences were recorded. The situation with the accumulation of payables is the worst in Vinnytsya (0.24) region, Kyiv city (0.19), and Chernihiv (0.13) region. The best situation is in Sumy (-0.93) region.

Sector. The highest payables indicator is for the chemical and woodworking industries, which is zero. The lowest indicator is in the construction materials production (-0.39) and the food industry (-0.20).

Expected changes in account payables

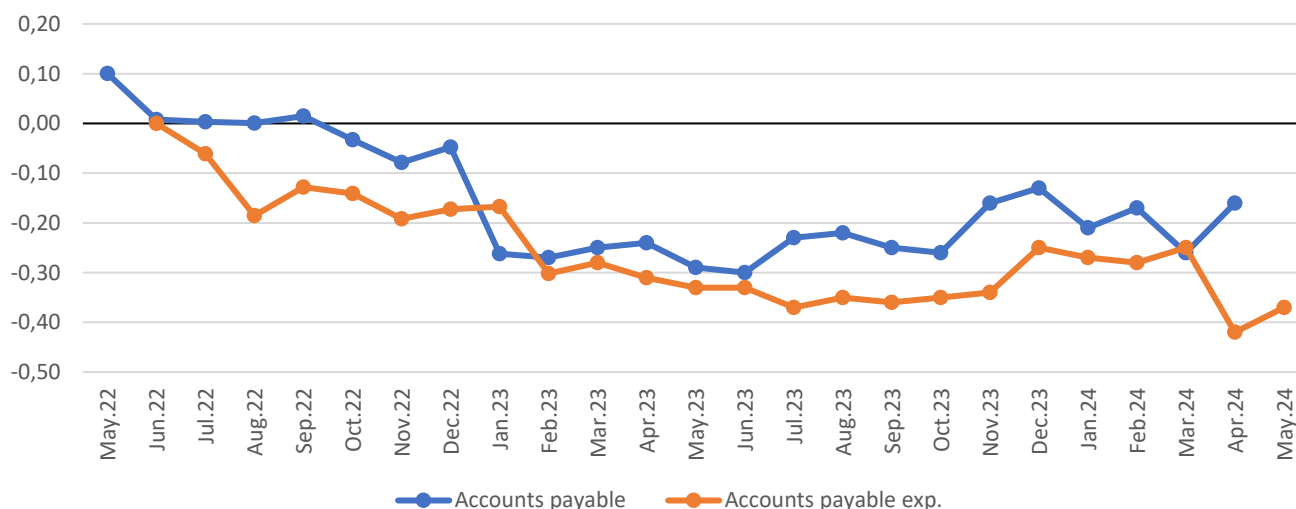
For the next three months, entrepreneurs expect further deterioration of the indicator. The INDEX OF THE EXPECTED CHANGES IN ACCOUNT PAYABLES increased from -0.42 to -0.37. The share of those who expected a reduction in accounts payable decreased from 43.7% to 38.9%. The share of respondents expecting to accumulate it has not changed significantly and is 1.3% (it was 2.7%). The share of respondents who believe nothing will change has increased from 53.6% to 59.8%.

Size. The indicator of expectations of small enterprises (-0.49) is the best. The indicator of medium-sized enterprises is -0.39. The debt indicator of large and micro enterprises is the highest and the same and is -0.26.

Region. The indicator of expectations regarding changes in payables is positive for the Vinnytsya region (0.06). The indicator of the Zakarpattia, Poltava, and Kirovohrad regions is zero. The lowest is the indicator of expectations for Sumy (-1.00) and Ivano-Frankivsk (-0.95) regions.

Sector. The highest is the index of printing (-0.25) and machine building (-0.27). The construction materials production (-0.48) and the food industry (-0.46) have the lowest values.

Fig.24. Account payables indices



TAX ARREARS

Changes compared to the previous month

The tax arrears indicator increased after falling for two months in a row. The TAX ARREARS INDEX increased from -0.29 to -0.20 in April. The share of enterprises that reported a reduction in tax arrears for the past month decreased

from 32.6% to 22.6%. In April, the share of respondents who indicated an increase in tax arrears slightly decreased, from 2.1% to 0.9%. The share of those who believe no changes have taken place has increased from 65.3% to 76.5%.

Size. The tax arrears indicators are better and approximately the same for small enterprises (-0.31). The indicator of medium (-0.18) and micro-enterprises (-0.22) is approximately the same. The highest value of the indicator is for large enterprises (-0.10).

Region. There are significant differences in the value of this indicator by region. The indicator of Kyiv, Chernihiv, Kirovohrad, Poltava, and Zakarpattya regions is zero. The lowest is the indicator of the Sumy region (-1.00) and the city of Kyiv (-0.50).

Sector. The woodworking industry (-0.07) has the highest rate of tax arrears. The value for construction materials production (-0.43) is the lowest.

Expected changes in tax arrears

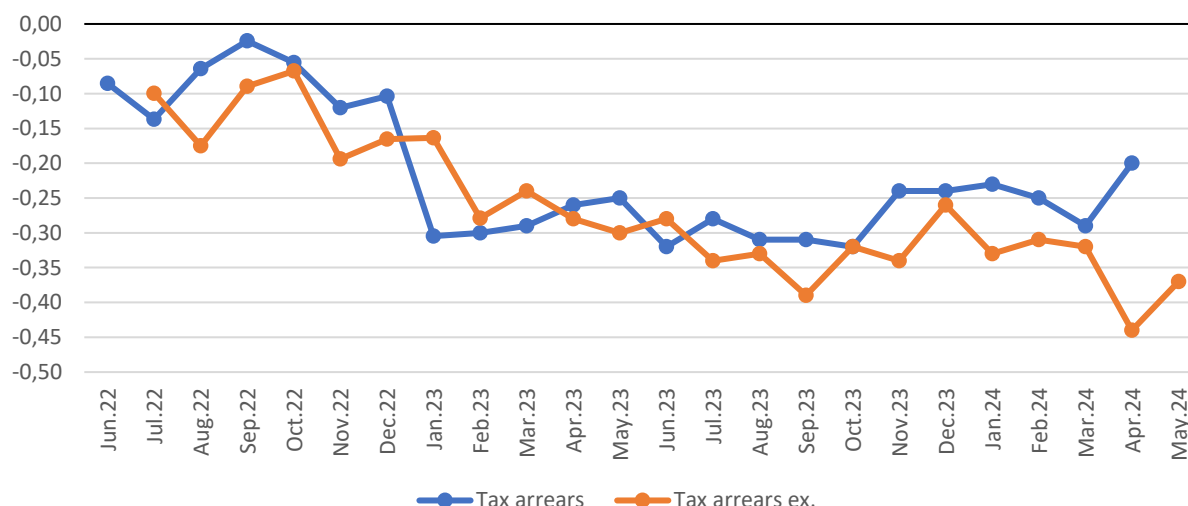
For the next three months, entrepreneurs expect further accumulation of debt. The INDEX OF THE EXPECTED CHANGES IN TAX ARREARS increased from -0.44 to -0.37. The share of those who predicted a reduction in tax arrears decreased from 44.2% to 37.9%, while the share of those who expected it to increase did not change significantly and is 0.6% (it was 1.8%). The share of those who do not expect changes increased from 54.0% to 61.5%.

Size. Indicators of tax arrears expectations are better and approximately the same for small (-0.48) and medium (-0.40) enterprises. The indicator of large enterprises is -0.25. Microenterprises have the worst indicator of expectations (-0.16).

Region. The indicator of expectations regarding the accumulation of tax arrears is positive for the Vinnytsya (0.08) and Poltava (0.05) regions. The indicator of Sumy (-1.00) and Ternopil (-0.95) regions is the lowest.

Sector. The highest indicator of tax arrears expectations is for the chemical industry (-0.20). The lowest indicator is for the construction materials industry (-0.48).

Fig.25. Tax arrears indices



NUMBER OF WORKERS

Changes compared to the previous month

The trend to reduce the number of workers involved in all enterprise operations is maintained. The NUMBER OF WORKERS INDEX in April compared to March changed slightly and is -0.07 (it was -0.05). It means insignificant changes in the percentage distribution of answers. The share of respondents reporting a reduction in the number of workers

has not changed significantly and is 9.3% (was 8.5%), as well as the share of those who indicated an increase, which is 2.3% (it was 3.5%). The share of those for whom nothing has changed has almost not changed and is 88.4% (it was 88.0%).

Size. The rate of reduction in the number of workers depending on the size is approximately in the same range. Micro-enterprises say the least about reducing the number of employees (-0.11). The indicator of medium-sized enterprises is -0.08 and of large enterprises - -0.06. The value of small enterprises is the highest and is -0.05.

Region. The index value for Poltava (0.05) and Khmelnytsky (0.04) regions is higher than zero. The Dnipropetrovsk (-0.37) and Zhytomyr (-0.36) regions have the lowest values.

Sector. The indicator of the printing and woodworking industry is the highest and is equal to zero. The lowest is the indicator of construction materials production (-0.29).

Expected changes in the number of workers

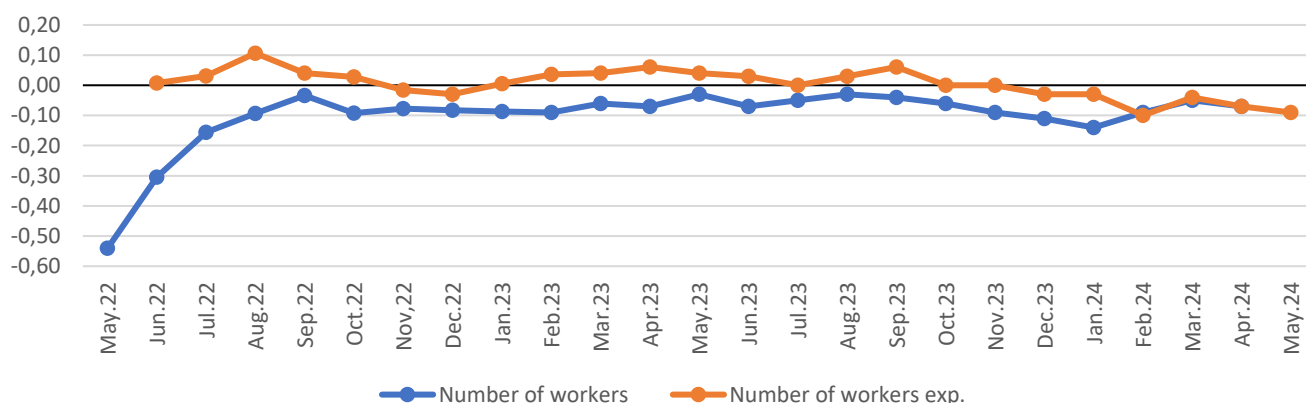
In the next three months, the surveyed heads of enterprises expect a further, albeit slight, acceleration of the rate of reduction in the number of workers: the INDEX OF THE EXPECTED CHANGES IN THE NUMBER OF WORKERS decreased from -0.07 to -0.09. The share of respondents who plan to increase the number of employees is 3.4%, the same as last month, while the share of those who expect to reduce the number of workers increased slightly, from 8.3% to 10.2%. The share of those who do not plan to change decreased slightly from 88.4% to 86.4%.

Size. Depending on the size of the enterprise, the indicator of medium enterprises (-0.11) is the lowest. The indicator of large (-0.08) and small (-0.05) enterprises is approximately the same. Microenterprises have the highest value of the indicator, the indicator of which is positive and is 0.06.

Region. The value of the index of expected changes in the number of workers significantly depends on the region where the enterprise is located. Khmelnytsky and Sumy (0.19 for each), Volyn (0.08), Chernihiv (0.06), and Poltava (0.05) regions have a positive value of the indicator. Zhytomyr (-0.86) and Dnipropetrovsk (-0.79) regions have the lowest values of the indicator).

Sector. The highest index of expectations is in the printing and woodworking industry, the value of which is zero. The indicator for the construction materials production (-0.23) is the lowest.

Fig.26. Number of workers indices



WORKERS ON FORCED LEAVE

Changes compared to the previous month

The rate of reduction in the number of workers on forced leave has accelerated again. The NUMBER OF WORKERS ON THE FORCED LEAVE INDEX decreased slightly, from -0.16 to -0.20. The share of those who reported an increase in such workers remained almost unchanged at 3.5% (it was 3.9%). The share of those who indicated their reduction

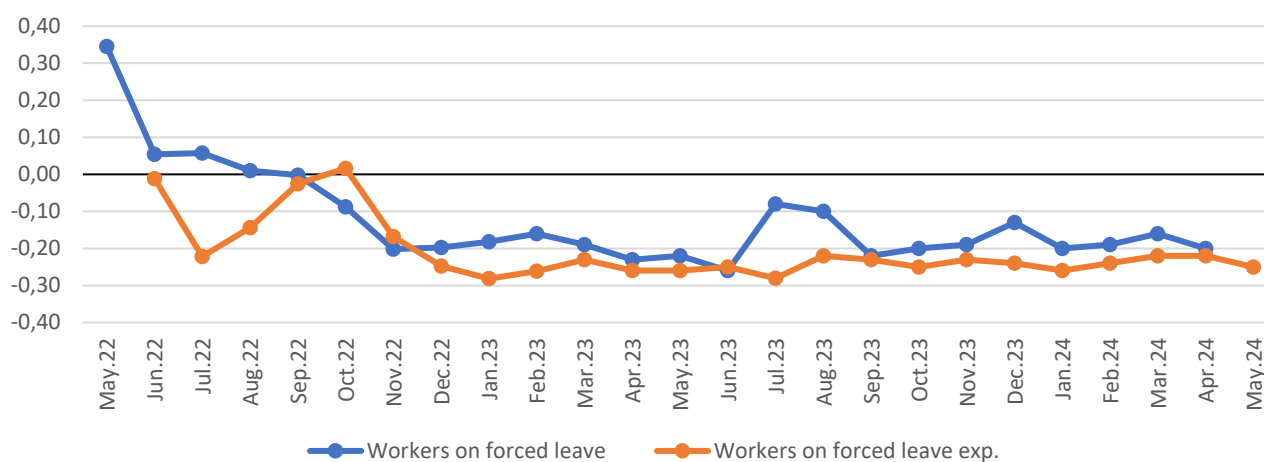
increased from 19.6% to 23.7%. The share of those for whom nothing has changed over the past month decreased from 76.5% to 72.8%.

Size. The indicator of small (-0.27) and medium-sized (-0.23) enterprises is lower and approximately the same. The indicator of large enterprises is -0.11. Microenterprises have the highest indicator, the value of which is -0.08.

Region. The highest increase in the indicator is observed among enterprises in Poltava (0.05), Vinnytsya (0.04), and Kirovohrad (0.02) regions, and most often, the decrease in the number of workers on forced leave is reported in Dnipropetrovsk (-1.00), and Ternopil (-0.85) regions.

Sector. The printing industry and the woodworking industry have higher indicators regarding the number of workers on forced leave, the value of which is equal to zero. The food industry (-0.29), construction materials production (-0.23), and light (-0.22) industry have the lowest values.

Fig.27. Number of workers on forced leave indices



Expected changes in the number of workers on forced leave

Enterprises having workers on forced leave expect a further slight reduction in the indicator in the next three months. The INDEX OF EXPECTED CHANGES IN THE NUMBER OF WORKERS ON FORCED LEAVE is 0.25 (two months in a row, it was -0.22). The share of enterprises at which an increase in the number of workers on forced vacations is expected has not changed significantly and is 1.2% (it was 1.4%). The share of those who believe that the number of such workers at their company will decrease slightly increased from 23.9% to 26.1%. The share of those who believe there will be no changes has decreased from 74.7% to 72.7%.

Size. The indicator of micro-enterprises is -0.03 and is the highest. The value is somewhat lower for large enterprises (-0.12). Indicators of medium (-0.30) and small (-0.34) enterprises are significantly lower and approximately the same.

Region. Indicators of expectations are higher for the Kirovohrad (0.06), Poltava, and Vinnytsya (0.05 each) regions. The indicators of Ivano-Frankivsk, Lviv, and Ternopil regions (-1.00 each) are the lowest.

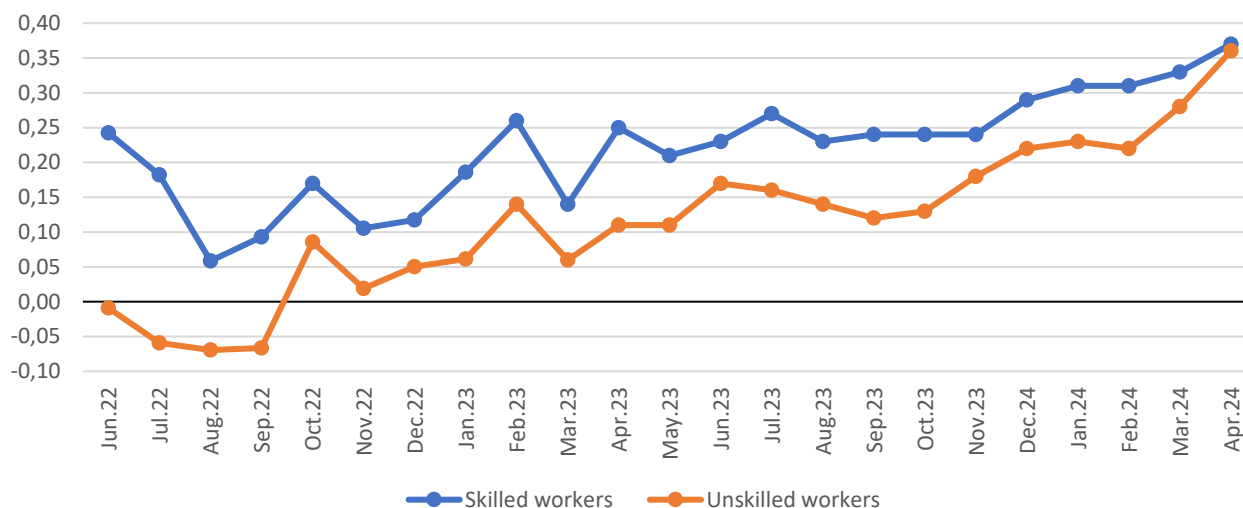
Sector. The highest is the expected number of workers on forced leave for machine building, which has a value of zero. The food industry (-0.35) and construction materials production (-0.32) have the lowest indicator.

SKILLED AND UNSKILLED WORKERS

In April 2024, difficulties in finding workers with appropriate qualifications continued to grow. The value of the INDEX OF FINDING SKILLED WORKERS increased from 0.33 to 0.37. The INDEX OF FINDING UNSKILLED WORKERS increased more significantly, from 0.28 to 0.36.

The share of company managers who indicated that skilled workers are more difficult to find increased from 38.9% to 43.0%. The share of those who find it more difficult to find unskilled workers also increased, from 31.7% to 36.6%. The percentage of those who find it easier to find skilled workers has not changed significantly and is 5.2% (it was 4.2%). The share of those who find it easier to find unskilled workers has not changed significantly for several months in a row and is 3.2% (it was 4.2%). The share of those who do not feel any changes in the search for skilled workers decreased from 56.9% to 51.8%, and for unskilled workers, this percentage decreased from 64.1% to 59.9%.

Fig.28. Skilled and unskilled workers indices



Skilled workers

Size. Depending on the size of the enterprise, the indicator is the highest for micro-enterprises, for which the value is 0.59. The indicator of small (0.39) and large (0.38) enterprises is approximately the same. It is the easiest for medium-sized enterprises (0.32) to find skilled workers.

Region. Significant regional differences in the labor market were recorded. It is most difficult to find skilled workers in Chernihiv, Dnipropetrovsk, Poltava, and Zhytomyr regions (1.00 for each). It is easiest to find skilled workers in Odesa (-0.40), Rivne (-0.28), and Kyiv (-0.10) regions.

Sector. The food (0.35) and chemical (0.34) industries have fewer difficulties finding skilled workers. It is more difficult to find skilled workers for metalworking (0.65).

Unskilled workers

Size. It is more difficult to find unskilled workers for large enterprises, whose indicator is 0.45. The indicator of medium (0.35) and micro enterprises (0.33) is approximately the same. It is easier to find such workers for small enterprises, whose indicator is 0.22.

Region. It is most difficult to find unskilled workers in Chernihiv, Dnipropetrovsk, Poltava, and Zhytomyr regions (1.00 for each). Sumy (-0.71) and Rivne (-0.05) regions have the lowest and negative values of the indicator.

Sector. The worst indicators for finding unskilled workers are observed in metalworking (0.58) and construction materials production (0.47). Printing (0.25) and woodworking (0.27) industries have the lowest values.

SPECIAL PART OF THE SURVEY

THE IMPACT OF WAR ON ENTERPRISES

Challenges for businesses in wartime

The **work hazards** caused by a full-scale Russian invasion topped the list of impediments in April. The share of enterprises that reported this problem increased from the level of 45%-46% at which it was at the beginning of 2024 to 55%. It happened against the background of the advance of Russian troops in the Donetsk region and increased shelling by Russia of Sumy, Kharkiv, Kherson, and other regions. Also, this indicator became the highest during the entire period of this survey. Before that, the highest share of enterprises that talked about work hazards was recorded in December 2023.

51% of surveyed enterprises reported **rising prices for raw materials and supplies** in April. This share remained almost unchanged compared to March when 53% of respondents reported this problem. But unlike the three previous months, when rising prices topped the ranking of business impediments, in April, this impediment came in second place in this ranking, giving way to work hazards. It is one of the highest values of this impediment in the last six months.

In April, 43% of businesses reported **a lack of labor force due to conscription or migration of workers**, making this the third-highest impediment. The share of enterprises facing this problem decreased compared to March when 50% said they were understaffed, which was the highest share for the entire time of the survey.

On the other hand, in April, the urgency of the problem of **decreasing demand for products or services of enterprises** increased for business. 37% of surveyed enterprises complained about it, which is more than in March when there were 32%. In the rating of impediments in April, this problem was in fourth place.

The fifth place in this rating was taken by such an impediment as the **disruption of supply chains**. The share of enterprises that reported it did not change compared to March and again amounted to 24%.

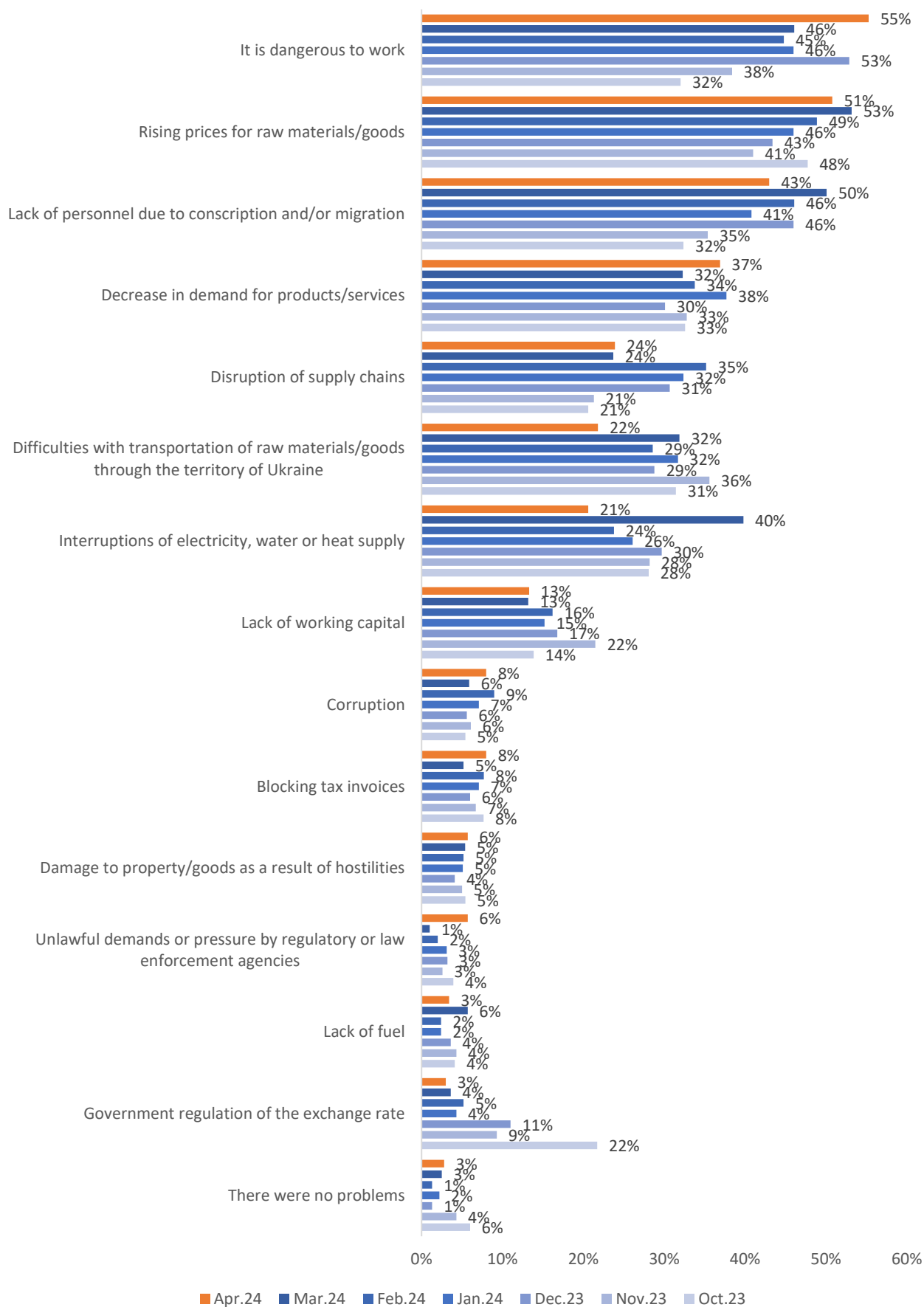
Difficulties transporting raw materials or goods through the territory of Ukraine took the next place in the ranking of impediments in April. 22% of enterprises indicated them. It is significantly lower than in March 2024, when the corresponding share was equal to 32%, and also marked the lowest level of reports of this problem during the entire period of this survey, which has been running since May 2022.

In April 2024, most of the regions of Ukraine have not yet experienced power outages. 21% of surveyed enterprises spoke of **electricity, water, or heat supply cuts** as an impediment to business, and this problem took the seventh place in the ranking of impediments. Additionally, electricity, water, or heat supply outages were reported much less often in April than in the previous month, when the share of enterprises that faced this problem amounted to 40%, and it was at one of the highest levels for the previous year (since spring 2023).

The problem of **lack of working capital** became the eighth most important impediment for business in April. 13% of respondents encountered it, and this share was the same in March. The ninth place in this rating was shared by **corruption** and **blocking of tax invoices**; each of these problems was reported by 8% of respondents.

6% or less of enterprises reported such impediments as **damage to property or goods as a result of military actions, unlawful demands or pressure from regulatory or law enforcement agencies, lack of fuel, and state regulation of the exchange rate**. Additionally, 3% of businesses surveyed in April 2024 said they had not faced any impediments.

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



Challenges for businesses by size. The larger the size of the businesses, the more likely they are to report work hazards associated with a full-scale Russian invasion. This proportion increases from 37% of micro-enterprises to 50% of small and 55% of medium-sized enterprises and is particularly high among large enterprises: 74% said it is unsafe to work.

Also, large enterprises often complain about the labor shortage due to conscription or migration of workers. This problem affected 51% of these enterprises, while among other groups by size, up to 43% of respondents spoke about a lack of personnel.

However, large enterprises felt the increase in price in April to a lesser extent than smaller enterprises. Among them, the corresponding share of respondents was 38%, while among smaller enterprises, it was from 53% to 56%.

Challenges for businesses by sector. Businesses operating in the metallurgy and printing sectors (70% of enterprises each) and machine building (68%) said it was unsafe to work in April.³

Manufacturers of construction materials particularly often reported an increase in price for raw materials and supplies (80%). Representatives of this industry, as well as the woodworking industry and metallurgy, acutely felt the lack of labor force due to the conscription or migration of workers (64%, 60%, and 58%, respectively).

In addition, manufacturers of textile, clothing, or footwear, and metallurgical enterprises, to a greater extent than other industrial enterprises, faced a decrease in demand for their products (47% and 46%, respectively).

Challenges for businesses by sector. In April, enterprises in Dnipropetrovsk, Zhytomyr, Zaporizhzhya, Kyiv, Odesa, Poltava, Kharkiv, and Cherkasy regions (more than 80%) said that it is unsafe to work⁴.

The highest shares of businesses that reported an increase in price for raw materials and supplies were recorded in the Sumy region, Kyiv city (90% each), and Ivano-Frankivsk region (88%).

The surveyed enterprises of the Dnipropetrovsk, Zhytomyr, Poltava, Kharkiv, and Chernivtsi regions most often complain about the lack of labor due to the full-scale war (70% or more).

The decrease in demand worries the surveyed enterprises in the Vinnytsia, Poltava, and Chernivtsi regions the most (more than 60%).

Impediments to production growth

Before the full-scale Russian invasion, the Institute for Economic Research and Policy Consulting conducted quarterly surveys of industrial enterprises as part of the project "Business Opinion Survey: Industry"⁵. It was quarterly monitoring of the assessments and expectations of the managers of industrial enterprises regarding changes in the business environment and the performance indicators of enterprises, which also included their assessment of impediments to production growth. Every quarter, enterprises were asked to choose impediments that were the most relevant to them from a defined impediment list.

This survey was last conducted in February 2022, before the full-scale Russian invasion, with results for Q4 2021, expectations for Q1 2022, and estimates for February 2022 (before February 24). At that time, the main problem for the surveyed business was the restrictions related to the coronavirus epidemic.

In April 2024, for the fifth time since the start of the full-scale Russian invasion, we asked businesses to name impediments from this list to compare how much they have changed for Ukrainian industry during a full-scale war. Here, we present the results of the April 2024 survey and compare them to the results of the two previous waves when this question was asked: October 2023 and January 2024.

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.

⁵ See more about the "Business Opinion Survey: Industry" project and read survey reports on the IER website: http://www.ier.com.ua/ua/publications/regular_products/business_idea_industry

According to the survey results in April, the biggest impediment in this rating was the **war and the unfavorable security situation**. It was indicated by 77% of enterprises, which is less than at the beginning of the year (then this indicator increased to 85%), but more than in autumn 2023, when 72% of surveyed enterprises spoke about the impact of the war⁶.

Low demand ranked second among these impediments in April: it was named as an impediment by 40% of respondents. This share does not practically change over the previous six months: in October 2023, there were 39% of such respondents, and in January 2024 - 41%.

The impact of the **unfavorable political situation** was reported by 36% of respondents, which is why this problem took third place in the rating of impediments. After a significant decrease to 24% at the beginning of 2024, this share again returned to the level of more than 30%, where it was in the second half of 2023.

The negative impact of the lack of personnel on the production growth production continues to increase. In April, 36% of enterprises reported that they **did not have enough skilled workers**, which is more than in January 2024 (29%) and in October 2023 (23%). According to the results of the April survey, this problem was ranked fourth in the ranking of impediments to production growth.

Unfavorable regulatory climate took the fifth place in the ranking of impediments. It is a composite indicator calculated as the proportion of those who chose at least one of the three impediments, such as **high regulatory pressure, frequent changes in economic legislation, and corruption**.

In April, 23% of enterprises reported an unfavorable regulatory climate: that is slightly less than in January, when this share was 25%, and significantly less than in autumn 2023 (when it was 30%). Among the components of this indicator, only the value of frequent changes in economic legislation changed over the previous three months: they were reported somewhat less (4%) than in the previous survey (7%).

Complaints about **excessive taxation** also decreased: in October 2023, this problem was relevant for 38% of surveyed enterprises. In January 2024, it was reported by 23% and 16% in April 2024.

Table 1. Impediments to production growth

	Q3 2023	Q4 2023	Q1 2024
War, unfavorable security situation	72%	85%	77%
Law demand	39%	41%	40%
Unfavorable political situation	35%	24%	36%
Lack of skilled workers	23%	29%	36%
Unfavorable regulatory climate	30%	25%	23%
<i>High regulatory pressure</i>	23%	14%	14%
<i>Corruption</i>	10%	11%	11%
<i>Changes in economic legislation</i>	7%	7%	4%
Excessive taxation	38%	23%	16%
Liquidity problems	20%	18%	16%
Lack of raw materials	20%	22%	13%
Problems with power supply	2%	3%	8%
High competitive pressure	15%	14%	8%
High loan rates	11%	12%	6%
High loan rates	10%	10%	5%
Outdated technologies	2%	2%	2%
Loans availability	8%	7%	1%

⁶ The April survey did not separate the war as a separate impediment.

Size. Large businesses are more likely to mention the war and the unfavorable security situation as an impediment to business growth than smaller businesses. 84% of them indicated this impediment, while among micro, small, and medium-sized enterprises, the corresponding shares were between 72% and 77%.

Micro businesses are more likely than larger businesses to report low demand (58% compared to less than 45% of larger businesses). On the other hand, these companies are less likely than others to cite the unfavorable political situation as an impediment to growth. This impediment was indicated by 21% of micro-enterprises, while among small, medium, and large-sized businesses, the respective shares amounted to more than 30%.

It is also worth noting that large enterprises, more often than smaller businesses, talk about the lack of qualified employees (40%), while micro-enterprises, to a lesser extent than larger enterprises, complain about an unfavorable regulatory climate (14%).

Sector. Surveyed enterprises of all industries name the war and the unfavorable security situation as the main impediment to production growth⁷. However, in the woodworking industry, the first place among the impediments to the growth of production is shared by the problem of the lack of qualified workers: each of them was indicated by 50% in this industry.

The second most important problem - low demand - is most often cited as such an impediment by representatives of the machine building industry (53%). In construction materials production and printing, the highest shares of enterprises that pointed to an unfavorable political situation (50% or more) were recorded, and in metallurgy - those hindered by a lack of qualified workers (63%).

An unfavorable regulatory climate is most perceived as an impediment by manufacturers of construction materials, with 32% of these companies reporting any factor among those shaping this indicator. In this industry, as well as in the woodworking industry, 20% of surveyed enterprises report high regulatory pressure.

Region. More than 80% of surveyed businesses in such regions as Vinnytsya, Dnipropetrovsk, Zhytomyr, Zaporizhzhya, Kirovohrad, Odesa, Poltava, Sumy, Kharkiv, Cherkasy, Chernivtsi, as well as in the city of Kyiv called the war and the unfavorable security situation an impediment to growth. This is more than in the rest of the regions covered by this survey⁸.

Low demand as an impediment to growth is most often reported in the Poltava and Kharkiv regions (90% or more of respondents), as well as in Zaporizhzhya and Sumy regions (more than 70%). Business representatives in the Vinnytsya, Zakarpattia, Zaporizhzhya, and Ivano-Frankivsk regions (80% or more), as well as in the Lviv and Ternopil regions (more than 70%) complain about the unfavorable political situation.

All surveyed businesses in the Kharkiv region (100%) complain about the lack of workers. In addition, the problem of personnel shortage is also particularly acute for surveyed enterprises of Poltava (95%) and Zhytomyr (91%) regions. The highest number of enterprises hindered by the unfavorable regulatory climate are in the Ivano-Frankivsk (77%) and Ternopil (55%) regions.

The war impact on capacity/production volumes

In April 2024, 13% of businesses reported operating at full capacity (100% or more), slightly lower than the previous month (14%). However, this is one of the highest figures for all waves of the survey. At the same time, the share of enterprises operating at almost full capacity (75% - 99%) was 45% (43% in March). As a result, **the total share of enterprises operating at almost full and full capacity was 58%** (58% in February and 57% in March). For comparison, the corresponding indicator was the highest for all waves of the survey in June 2023 - 62%. **Thus, in**

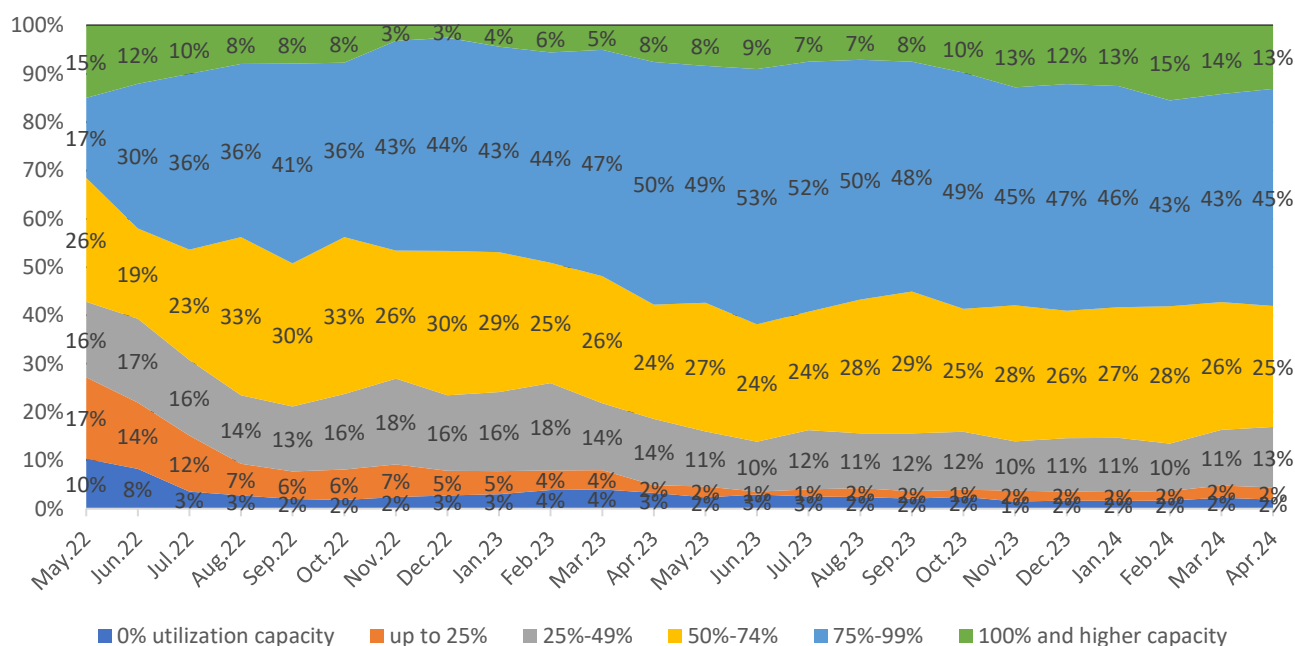
⁷ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

⁸ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

total, the situation is almost at the level of previous months, which may indicate a "frozen" recovery among a significant part of the business.

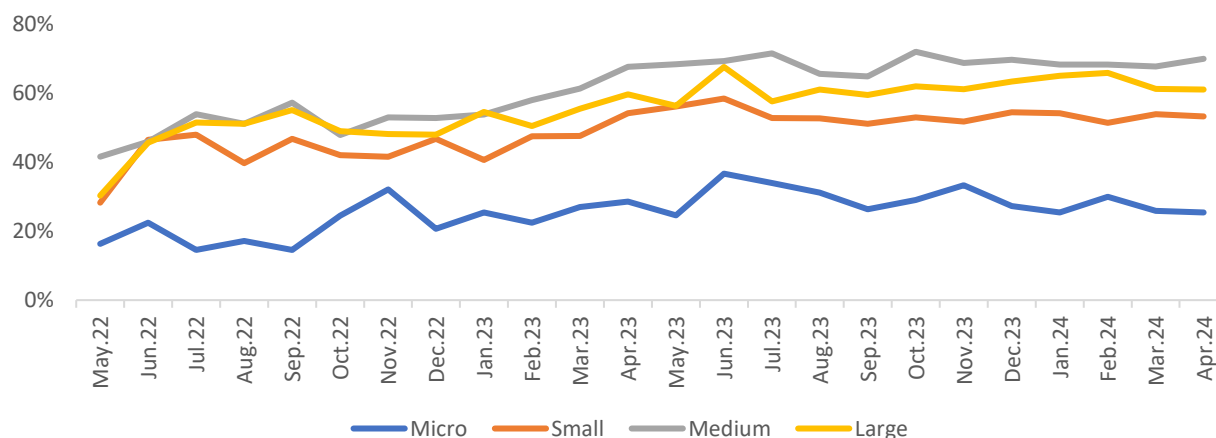
In April, 2% of surveyed enterprises reported they stopped their activities during the war. This indicator remains low since July 2022, in the 2% - 4% range. Also, the share of enterprises operating at less than 25% of pre-war production capacity remains low, only 2% in April (2% in March). Additionally, 13% of enterprises worked in April at 25% - 49% of pre-war production capacities (11% in March). **As a result, in April, only 17% of enterprises worked at less than half their capacity or did not work compared to pre-war times.**

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



Results for businesses by size. Medium-sized businesses continue to show the best production recovery rate. Compared to the pre-war period, 70% of medium-sized enterprises were working at almost full and full capacity in April, which is slightly higher than in several previous months (68% in January - March 2024). At the same time, the corresponding indicator remained at the same level for large businesses - 61% in April 2024 (61% in March). The share of small businesses operating at near full or full capacity remained almost unchanged at 54% in April versus 54% in March. For micro-businesses, the indicator remains at a low level - 25%. At the same time, the indicator of micro-enterprises decreased compared to the previous month.

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



As of April 2024, 11% of microbusiness representatives were unemployed, which is higher than in March (10%). By comparison, large and medium-sized businesses have fully resumed work. Among small enterprises, 2% of respondents did not resume work. 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 April 2024, 70% of food industry enterprises were operating at almost full and full capacity (71% in March). The light industry is on the second rung on capacity utilization, which traditionally remains in the top three. At the same time, the capacity level of the light industry dropped from 67% in March to 61% in April. The machine-building industry is on the third rung - 46% of respondents were working almost at full and full capacity in April (50% in March). The construction materials production rose from the last rung to the third, where the corresponding indicator increased from 26% in March to 46% in April. Metallurgy and metalworking are on the last rung - only 29% of surveyed enterprises were working at full or almost full capacity.

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

	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24
Food industry	73	73	78	72	72	73	76	72	73	73	73	71	70
Light industry	65	55	69	66	64	61	57	60	62	61	61	67	61
Construction materials	30	38	38	44	41	31	27	31	28	31	28	26	46
Machine building	43	30	47	38	39	32	43	52	44	46	48	50	46
Chemical industry	42	42	36	35	43	35	39	39	38	43	41	42	45
Woodprocessing	42	33	36	38	30	26	36	29	41	38	39	45	42
Printing industry	62	60	71	64	57	43	62	46	46	57	54	45	40
Metalworking	20	29	27	26	10	10	16	32	28	24	27	35	29

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

At the same time, the situation remains the most difficult in the front-line Zaporizhzhya and Kharkiv regions, in which, respectively, only 3% and 10% of enterprises worked at a high level of capacity utilization. The capacity level is also low at the enterprises of Kirovohrad (35% at almost full and full capacity), Sumy (35%), Cherkasy (37%), Khmelnytskyi (34%) regions, and Kyiv city (19%). Thus, recovery challenges depend not only on a business's geographic location and proximity to the front lines but also on logistical, energy, and other challenges that vary somewhat by region.

THE WAR IMPACT ON THE ENTERPRISES' EXPORT ACTIVITIES

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

As of April 2024, among exporters, **84% of respondents indicated that they exported before the war and continued to export during the last 12 months.** Another 0.3% 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, in April 2024, the share of active exporters is slightly higher than in

March, although the overall situation remains similar. Ukrainian businesses reached a certain level of export activity recovery because part of the business cannot overcome new challenges for export recovery.

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



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Results for business by size. According to the results of April 2024, a regularity was again recorded regarding the state of export activity depending on the size of the enterprise. Among micro-businesses, 39% of enterprises exported before the war but had no export activity during the last 12 months. At the same time, the situation among micro-businesses worsened compared to March (then it was 33%). There is also a high share of enterprises that cannot resume exports among small businesses - 27%. The situation is somewhat better among medium-sized exporters - 13% of respondents did not export in the last 12 months. The best situation is among large businesses where the corresponding figure was only 8%. Thus, large business is traditionally the leader in the export activity recovery.

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



Created with Datawrapper

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. 58% of the industry's enterprises exported before the war but had no exports during the last 12 months. However, the situation has improved compared to March (it was 73%). The situation is also difficult in metallurgy (the corresponding indicator is 40%) and machine building (20%). In contrast, the best situation is in the woodworking industry, where all enterprises had exports during the last 12 months, although they exported before the war. In the food industry, which is the leader of the recovery, 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)

	Apr.23	May.23	Jun.23	Jul.23	Aug.23	Sep.23	Oct.23	Nov.23	Dec.23	Jan.24	Feb.24	Mar.24	Apr.24
Construction materials	50	46	56	50	73	67	55	64	57	58	60	73	58
Metallurgy and metalworking	33	26	35	33	40	33	33	28	36	33	29	39	40
Machine building	21	26	26	20	19	23	29	31	22	24	23	21	20
Food industry	16	21	14	16	17	16	16	15	17	15	16	16	17
Light industry	9	23	17	14	11	4	12	11	11	10	13	11	14
Chemical industry	11	0	6	0	0	0	12	10	11	9	10	14	13
Woodworking	5	12	13	17	7	7	17	8	7	14	14	8	0

Results by region. Throughout all waves of the monthly survey, the available data do not allow us to conclude clear regional patterns due to insufficient subsamples in certain regions. However, in some regions, all enterprises (among those who were able to respond) resumed exports, in particular in the Vinnytsya, Ivano-Frankivsk, Kyiv, Lviv, Odesa, Poltava, Rivne, Ternopil, and Chernihiv regions. The situation remains the most difficult in the Dnipropetrovsk and Zhytomyr regions, where 71% and 60%, respectively, had no exports during the last 12 months, although they had them before the war.

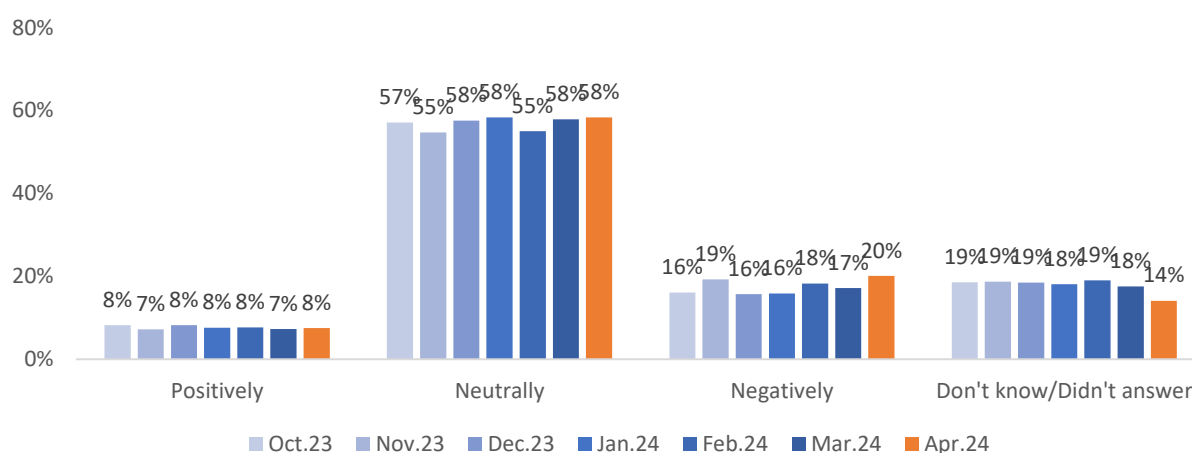
GOVERNMENT POLICY

Assessment of government policy to support business

In April 2024, the share of positive assessments of the government's business support policy amounted to 8%, which is practically the same as the corresponding share in March (7%). The level of positive assessments of this policy has remained at the level of 7%-8% for more than half a year in a row, which is the lowest indicator for the entire period of this survey, the first wave of which was conducted in May 2022.

The share of negative assessments of this policy has slightly increased (from 17% to 20%), while the share of neutrals has not changed and is 58%, as in March. The share of respondents who could not rate the state business support policy amounted to 14%, which is less than during the previous six months when it was in the range of 18%-19%.

Fig.36. Assessment of government policy to support business



Assessment of government policy to support business by business size. Against the background of a low level of positive assessments of state policy on business support in general, representatives of micro, small, and medium-

sized enterprises noted a lower share of such assessments (5-7% each) than representatives of large (14%) businesses.

In addition, respondents from a number of small and medium-sized enterprises more often negatively assess the state policy on business support than representatives of other groups of enterprises by size. Among the representatives of small and medium-sized businesses, 27% and 23% of respondents, respectively, rated this policy negatively, while respondents representing micro and large businesses gave 12% and 10%, respectively.

Assessment of government policy to support business by sector. Representatives of the machine building industry (14%), as well as the woodworking and printing industries (10% each), give positive assessments to the state policy on business support⁹.

On the other hand, the highest share of negative assessments of this policy was recorded among manufacturers of construction materials (39%). At the same time, the woodworking and printing industries also recorded some of the highest levels of negative assessments of state business support policy (30% each).

Assessment of government policy to support business by region. The highest level of positive assessments of state business support policy in April 2024 was recorded in Kirovohrad (23% of respondents) and Kyiv (20%) regions. The businesses of Cherkasy (17%), Odesa (15%), Zaporizhzhya (14%), and Chernihiv (13%) regions are also characterized by relatively more frequent positive assessments¹⁰.

At the same time, the largest shares of negative assessments are among businesses in Vinnytsya, Dnipropetrovsk, Zhytomyr, Ivano-Frankivsk, Rivne, Sumy, and Ternopil regions, as well as Kyiv city (more than 30%).

⁹ This analysis does not consider enterprises in the sectors of agriculture, construction, trade, and services, and enterprises included in the category "Other production."

¹⁰ Regions in which no enterprises were surveyed are not included in the comparison. For more details, see the "Sample" section.

Survey methodology

This report presents the results of the 24th 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 April 15 to 30, 2024.

SAMPLE

A total of 532 enterprises were surveyed in the 24th wave. They are located in Vinnytsya, Volyn, Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Zhytomyr, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytskyi, Cherkasy, Chernivtsi and Chernihiv regions and in Kyiv city. In each of these regions, from 16 to 43 enterprises were surveyed¹¹.

The majority of the sample consisted of industrial enterprises – 487 enterprises or 92% of the sample. Among them, the food industry and light industry, prevail. Six enterprises belong to the agricultural sector (1.1 % of the sample) and 23 to trade (4% of the sample). 13 enterprises, or 2.4% 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) – 58 or 11% of the sample, small (from 11 to 50 workers) – 170 or 32% of the sample, medium-sized (from 51 to 250 workers) – 190 or 36% of the sample, and large (more than 250 workers) – 114 or 21% of the sample.

¹¹ The survey indicated the region in which the enterprise was located at the time of the survey.

APPENDIX 1. Survey results in figures

Sample

Enterprises' size

	Number	Share of sample
Micro-	58	11%
Small	170	32%
Middle	190	36%
Large	114	21%
TOTAL	532	100%

Sector/ industry

	Number	Share of sample
Agriculture	6	1,1%
Metal production and metalworking	24	5%
Chemical industry	29	6%
Machine building	37	7%
Woodworking industry	20	4%
Construction materials production	28	5%
Food industry	177	33%
Light industry	49	9%
Printing industry	10	1,9%
Other industries	113	21%
Construction	3	0,6%
Trade	23	4%
Services	13	2,4%
TOTAL	532	100%

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

	Total	Micro	Small	Middle	Large
Production	0,26	-0,19	0,23	0,27	0,32
Expected changes in production	0,51	0,25	0,44	0,49	0,60
Sales	0,26	-0,21	0,22	0,26	0,35
Expected sales changes	0,52	0,26	0,47	0,51	0,59
Export	0,12	-0,21	-0,13	0,18	0,17
Expected changes in exports	0,43	0,10	0,20	0,43	0,53
Account receivables	-0,13	-0,13	-0,21	-0,15	0,01
Expected changes in account receivables	-0,35	-0,30	-0,44	-0,38	-0,20
Account payables	-0,16	-0,15	-0,25	-0,18	-0,03
Expected changes in accounts payable	-0,37	-0,26	-0,45	-0,39	-0,26
Tax arrears	-0,20	-0,22	-0,31	-0,18	-0,10
Expected changes in tax arrears	-0,37	-0,16	-0,48	-0,40	-0,25
Stocks of raw materials	0,14	0,00	0,13	0,11	0,21
Expected changes in stocks of raw material	0,35	0,19	0,22	0,37	0,44
Stocks of finished goods	-0,21	-0,02	-0,29	-0,31	-0,06
Expected changes in stocks of finished goods	-0,22	-0,27	-0,30	-0,34	-0,03
New orders	0,21	-0,16	0,22	0,21	0,23

	Total	Micro	Small	Middle	Large
Expected changes in new orders	0,51	0,29	0,43	0,51	0,58
Purchase prices	0,19	0,32	0,24	0,13	0,22
Expected changes in purchase prices	0,18	0,14	0,11	0,15	0,29
Domestic sales prices	0,19	0,20	0,25	0,14	0,21
Changes in the domestic sales prices	0,17	0,13	0,10	0,14	0,28
Number of workers	-0,07	-0,11	-0,05	-0,08	-0,06
Expected changes in the number of workers	-0,09	0,06	-0,05	-0,11	-0,08
Number of workers on forced leave	-0,20	-0,08	-0,27	-0,23	-0,11
Expected changes in the number of workers on forced leave	-0,25	-0,03	-0,34	-0,30	-0,12
Skilled workers	0,37	0,59	0,39	0,32	0,38
Unskilled workers	0,36	0,33	0,22	0,35	0,45
Business activity assessment	0,03	-0,23	-0,05	0,05	0,10
Expected changes in business activity	0,49	0,36	0,48	0,46	0,53
Assessment of the business environment	0,01	-0,21	-0,16	0,04	0,11
Expected changes in the business environment	0,51	0,22	0,47	0,51	0,55
Do you plan to expand your company's activities in the next two years	0,14	0,34	0,14	0,09	0,18
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,38	-0,11	0,36	0,45	0,34

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

	Total	Metal product ion and metalw orking	Chemical Industry	Machine building	Woodwo rking industry
Production	0,26	0,22	0,34	0,08	0,15
Expected changes in production	0,51	0,23	0,39	0,31	0,39
Sales	0,26	0,22	0,31	0,05	0,20
Expected sales changes	0,52	0,24	0,46	0,27	0,39
Export	0,12	0,27	0,29	-0,07	0,08
Expected changes in exports	0,43	0,30	0,38	0,17	0,27
Account receivables	-0,13	-0,20	0,14	-0,08	-0,06
Expected changes in account receivables	-0,35	-0,07	-0,43	-0,22	-0,27
Account payables	-0,16	-0,47	0,00	-0,12	0,00
Expected changes in accounts payable	-0,37	-0,20	-0,38	-0,27	-0,31
Tax arrears	-0,20	-0,21	-0,13	-0,35	-0,07
Expected changes in tax arrears	-0,37	-0,29	-0,20	-0,40	-0,29
Stocks of raw materials	0,14	0,17	0,22	0,03	-0,05
Expected changes in stocks of raw material	0,35	0,14	0,29	0,06	0,05
Stocks of finished goods	-0,21	-0,09	-0,12	0,03	-0,24
Expected changes in stocks of finished goods	-0,22	0,00	-0,11	0,07	-0,18
New orders	0,21	0,22	0,18	0,05	0,15
Expected changes in new orders	0,51	0,26	0,37	0,35	0,26
Purchase prices	0,19	0,22	0,24	0,25	0,25
Expected changes in purchase prices	0,18	0,21	0,29	0,23	0,00

	Total	Metal product ion and metalw orking	Chemical Industry	Machine building	Woodwo rking industry
Domestic sales prices	0,19	0,17	0,21	0,17	0,25
Changes in the domestic sales prices	0,17	0,21	0,28	0,23	0,00
Number of workers	-0,07	-0,17	-0,03	-0,22	0,00
Expected changes in the number of workers	-0,09	-0,14	-0,11	-0,15	0,00
Number of workers on forced leave	-0,20	-0,12	-0,04	-0,03	0,00
Expected changes in the number of workers on forced leave	-0,25	-0,07	-0,17	0,00	-0,12
Skilled workers	0,37	0,65	0,34	0,48	0,40
Unskilled workers	0,36	0,58	0,31	0,39	0,27
Business activity assessment	0,03	-0,26	0,10	0,00	-0,05
Expected changes in business activity	0,49	0,27	0,52	0,18	0,39
Assessment of the business environment	0,01	-0,21	0,03	-0,06	-0,05
Expected changes in the business environment	0,51	0,22	0,42	0,33	0,42
Do you plan to expand your company's activities in the next two years	0,14	0,33	0,13	0,04	0,20
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,38	-0,05	0,52	0,11	0,00

	Total	Constru ction material s producti ons	Food Industry	Light industry	Printing industry
Production	0,26	0,18	0,26	0,31	-0,10
Expected changes in production	0,51	0,16	0,57	0,38	0,30
Sales	0,26	0,18	0,28	0,31	0,00
Expected sales changes	0,52	0,16	0,58	0,42	0,30
Export	0,12	-0,33	0,14	0,37	-0,50
Expected changes in exports	0,43	-0,22	0,48	0,31	0,00
Account receivables	-0,13	-0,27	-0,21	-0,13	0,00
Expected changes in account receivables	-0,35	-0,41	-0,44	-0,33	-0,25
Account payables	-0,16	-0,39	-0,20	-0,19	-0,13
Expected changes in accounts payable	-0,37	-0,48	-0,46	-0,30	-0,25
Tax arrears	-0,20	-0,43	-0,22	-0,20	-0,17
Expected changes in tax arrears	-0,37	-0,48	-0,43	-0,31	-0,33
Stocks of raw materials	0,14	0,11	0,18	0,12	-0,33
Expected changes in stocks of raw material	0,35	0,16	0,48	0,18	0,11
Stocks of finished goods	-0,21	-0,27	-0,36	-0,22	-0,17
Expected changes in stocks of finished goods	-0,22	-0,20	-0,38	-0,38	-0,43
New orders	0,21	0,11	0,25	0,29	0,00
Expected changes in new orders	0,51	0,17	0,61	0,38	0,40
Purchase prices	0,19	0,30	0,18	0,19	0,30

	Total	Construction materials productions	Food Industry	Light industry	Printing industry
Expected changes in purchase prices	0,18	-0,13	0,17	0,31	0,20
Domestic sales prices	0,19	0,37	0,18	0,23	0,20
Changes in the domestic sales prices	0,17	-0,12	0,18	0,28	0,10
Number of workers	-0,07	-0,29	-0,06	-0,08	0,00
Expected changes in the number of workers	-0,09	-0,23	-0,11	-0,05	0,00
Number of workers on forced leave	-0,20	-0,23	-0,29	-0,22	0,00
Expected changes in the number of workers on forced leave	-0,25	-0,32	-0,35	-0,19	-0,22
Skilled workers	0,37	0,57	0,35	0,58	0,43
Unskilled workers	0,36	0,47	0,34	0,37	0,25
Business activity assessment	0,03	-0,12	0,07	0,00	0,00
Expected changes in business activity	0,49	0,43	0,57	0,33	0,30
Assessment of the business environment	0,01	-0,19	0,04	-0,06	-0,10
Expected changes in the business environment	0,51	0,25	0,61	0,34	0,44
Do you plan to expand your company's activities in the next two years	0,14	0,00	0,10	0,27	0,14
How do you assess your company's business activity in the current month, compared to the same period last year in 2023?	0,38	0,12	0,47	0,21	0,50

The impact of war

Challenges faced by business in wartime

Challenges faced by the business during wartime, by business size

	Total	Micro	Small	Middle	Large
Unsafe to work	55%	37%	50%	55%	74%
Rising prices for raw materials/supplies/goods	51%	54%	56%	53%	38%
Labor shortage due to conscription and/or migration	43%	40%	39%	43%	51%
Decrease in demand for products/services	37%	47%	38%	33%	37%
Disruption of supply chains	24%	11%	28%	28%	18%
Difficulties transporting raw materials/goods through the territory of Ukraine	22%	26%	21%	19%	25%

Challenges facing business in wartime, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Unsafe to work	71%	55%	68%	30%
Rising prices for raw materials/supplies/goods	54%	38%	30%	55%

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Labor shortage due to conscription and/or migration	58%	52%	35%	60%
Decrease in demand for products/services	46%	38%	38%	30%
Disruption of supply chains	8%	34%	22%	15%
Difficulties transporting raw materials/goods through the territory of Ukraine	50%	28%	22%	30%

Challenges facing business in wartime, by sector(continued)

	Construction materials production	Food industry	Light industry	Printing industry
Unsafe to work	44%	58%	39%	70%
Rising prices for raw materials/supplies/goods	80%	58%	59%	40%
Labor shortage due to conscription and/or migration	64%	38%	51%	0%
Decrease in demand for products/services	28%	29%	47%	10%
Disruption of supply chains	20%	28%	29%	20%
Difficulties transporting raw materials/goods through the territory of Ukraine	20%	18%	24%	20%

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%	5%	7%	5%	14%
Neutral	58%	66%	51%	57%	68%
Negative	20%	12%	27%	23%	10%
Don't know / Didn't answer	14%	17%	16%	15%	8%

Assessment of the government policy on business support, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Positive	8%	7%	14%	10%
Neutral	63%	69%	62%	40%
Negative	21%	14%	19%	30%
Don't know / Didn't answer	8%	10%	5%	20%

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

	Construction materials production	Food industry	Light industry	Printing industry
Positive	7%	7%	4%	10%
Neutral	50%	53%	69%	50%
Negative	39%	22%	12%	30%
Don't know / Didn't answer	4%	18%	14%	10%

Availability of orders

Availability of orders, by business size

	Total	Micro	Small	Middle	Large
Less than 1 month	9%	28%	11%	5%	2%
1-2 months	46%	37%	58%	46%	31%
3-5 months	29%	28%	22%	29%	40%
6-11 months	12%	6%	7%	16%	16%
12 months or more	5%	2%	2%	5%	11%

Availability of orders, by sector

	Metal production and metalworking	Chemical Industry	Machine building	Woodworking industry
Less than 1 month	9%	0%	6%	11%
1-2 months	65%	39%	35%	47%
3-5 months	13%	43%	38%	32%
6-11 months	9%	18%	21%	5%
12 months or more	4%	0%	0%	5%

Availability of orders, by sector (continued)

	Construction materials production	Food industry	Light industry	Printing industry
Less than 1 month	13%	10%	13%	0%
1-2 months	78%	47%	54%	30%
3-5 months	9%	31%	27%	70%
6-11 months	0%	9%	6%	0%
12 months or more	0%	4%	0%	0%