

«Decreased but Resilient (Optimism)»

Main economic trends in November 2024, based on the results of the New Rapid Enterprises Survey, #NRES

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Kyiv, December 11, 2024

ABOUT THE NEW RAPID ENTERPRISES SURVEY

Monthly survey

The recent data were collected on
November 18 – 29, 2024

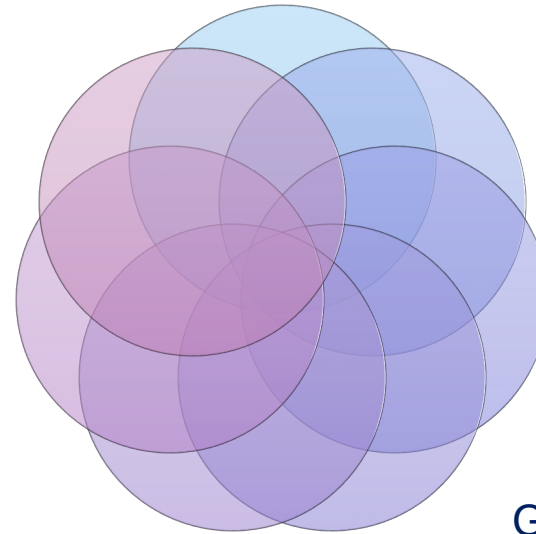
SAMPLE: 468 enterprises were surveyed in November

31 surveys have already been conducted (since May 2022)

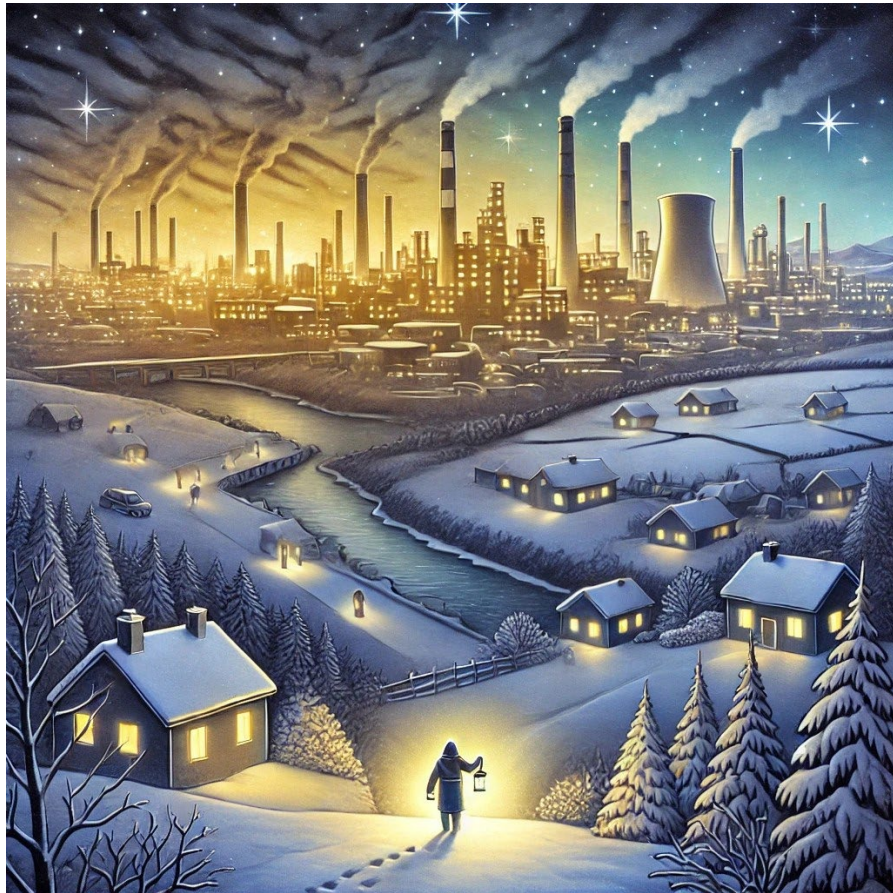
Enterprises of all sizes

Sectors: **Industry+**
(Retail, Agro)

Geography: **21 out of 27 regions** of Ukraine



THE KEY MESSAGE OF NOVEMBER 2024

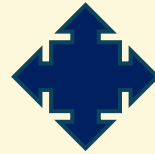


Despite war challenges, including power outages, **optimism persists**. Seasonal factors likely impacted **production, expectations, and speed of recovery**, which decreased in November but **remained positive overall**. Two-year plans **held steady**, while **lack of skilled workers and insecurity due to the war** remain **key challenges** for businesses in Ukraine.

Main results 1.



The Business Activity Recovery Index (BARI) stopped growing, decreasing from 0.23 to 0.16



% of enterprises operating at full capacity without significant changes, % of enterprises operating at less than 25% of capacity decreased significantly



The Industrial Confidence Indicator (ICI) has remained unchanged for several months in a row

The Business Activity Recovery Index (BARI)* worsened

In November 2024, compared to September, the Business Activity Recovery Index (BARI) worsened, decreasing from 0.23 to 0.16 (scale from -1 to +1)

Fluctuations in the percentage distribution of responses are the following:

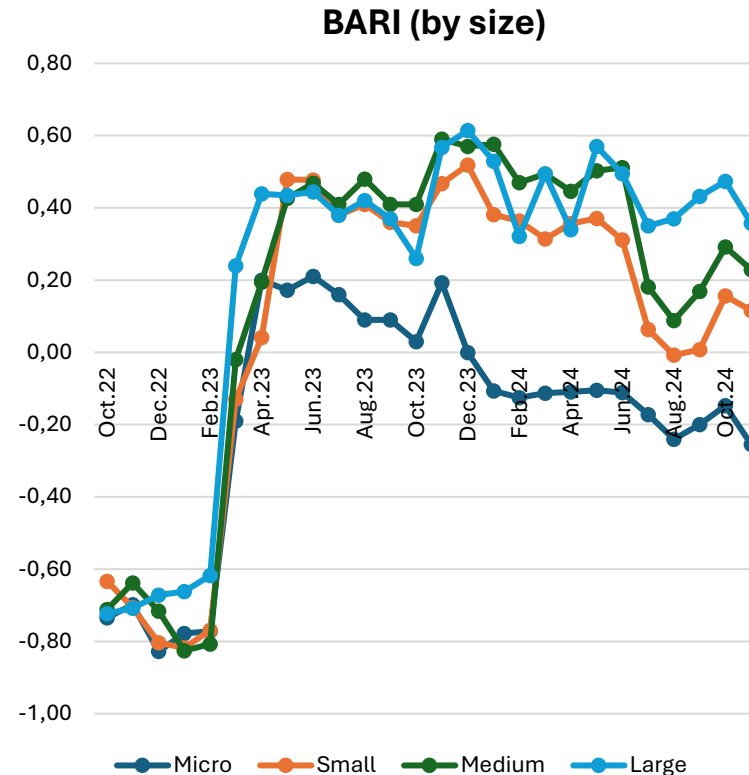
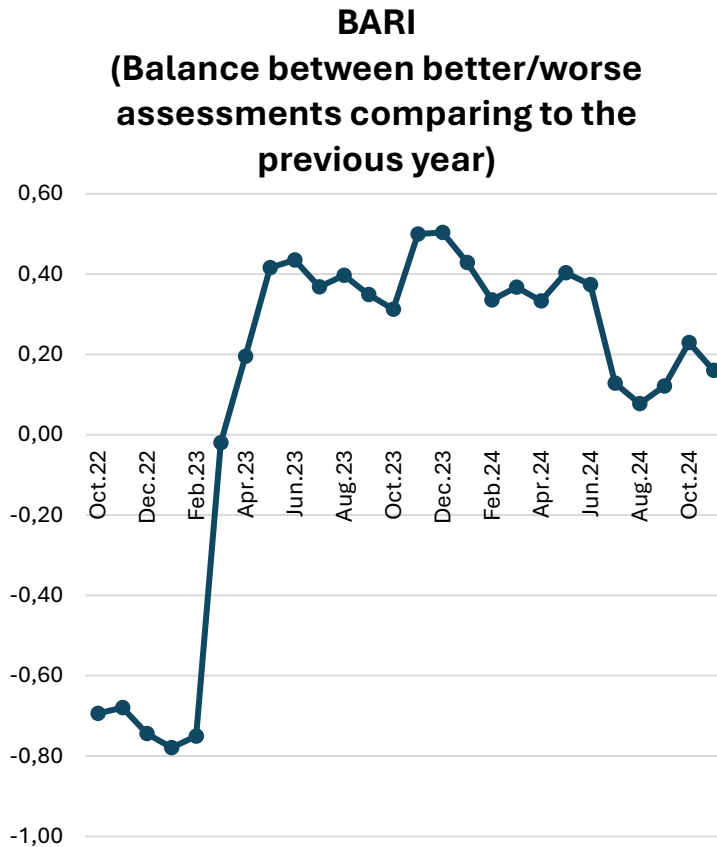
- % of businesses that reported that their business activity is better than was last year decreased, from 38% in October to 34% in November
- % of enterprises that reported that their business activity was worse, compared to last year, slightly increased, from 16% to 19%

At the same time:

- The share of those for whom situation **did not change compared to last year without significant changes** (46% in October and 47% in November)

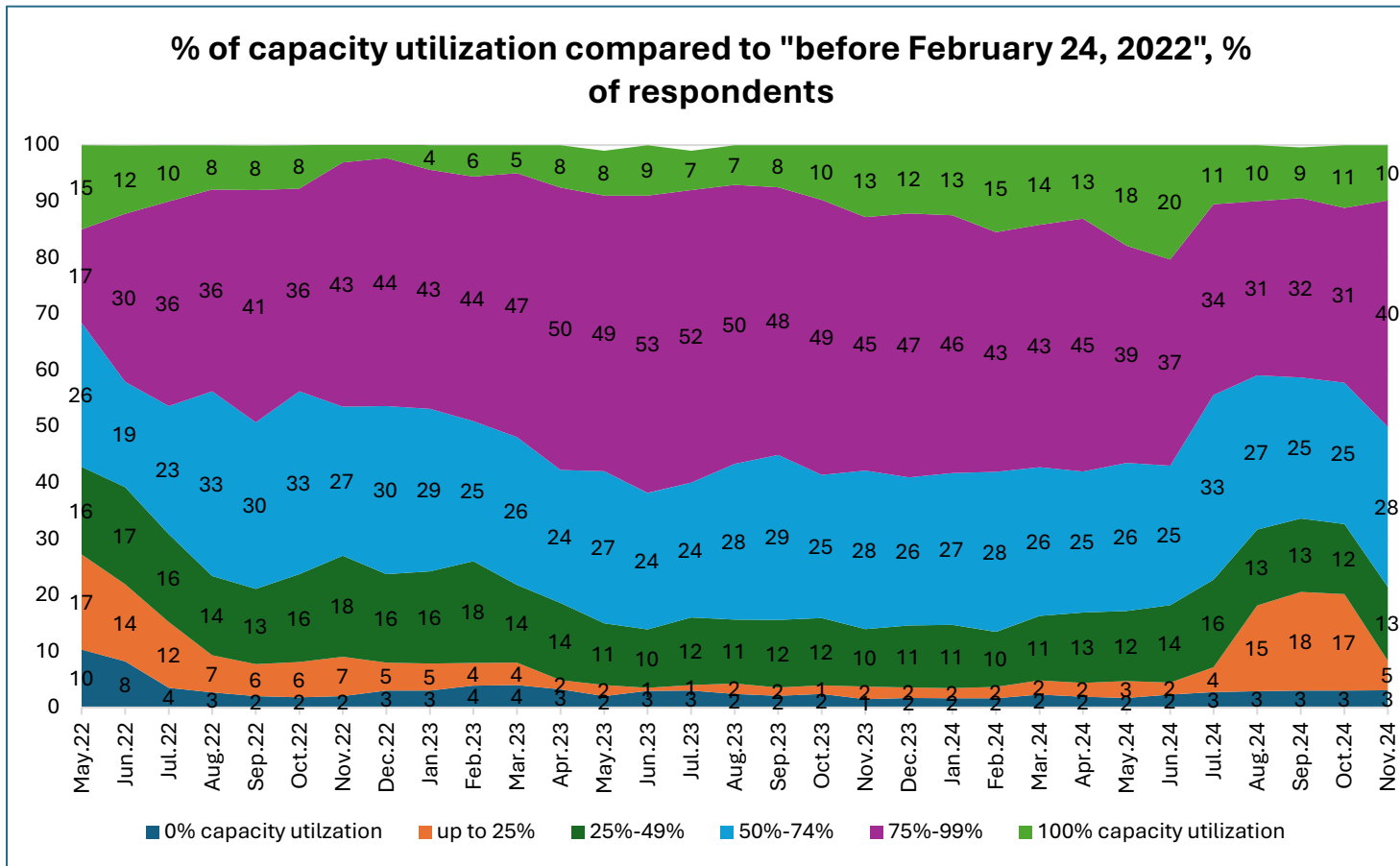
BUT there are significant differences depending on the size of enterprises

The value of BARI **decreased for all enterprises regardless of size**, the indicator of **microenterprises remains the lowest** with a **negative value**, and interrupted the two-month upward trend



BARI is based on question when managers make a comparison of “how it is now” vs. “how it was a year ago”

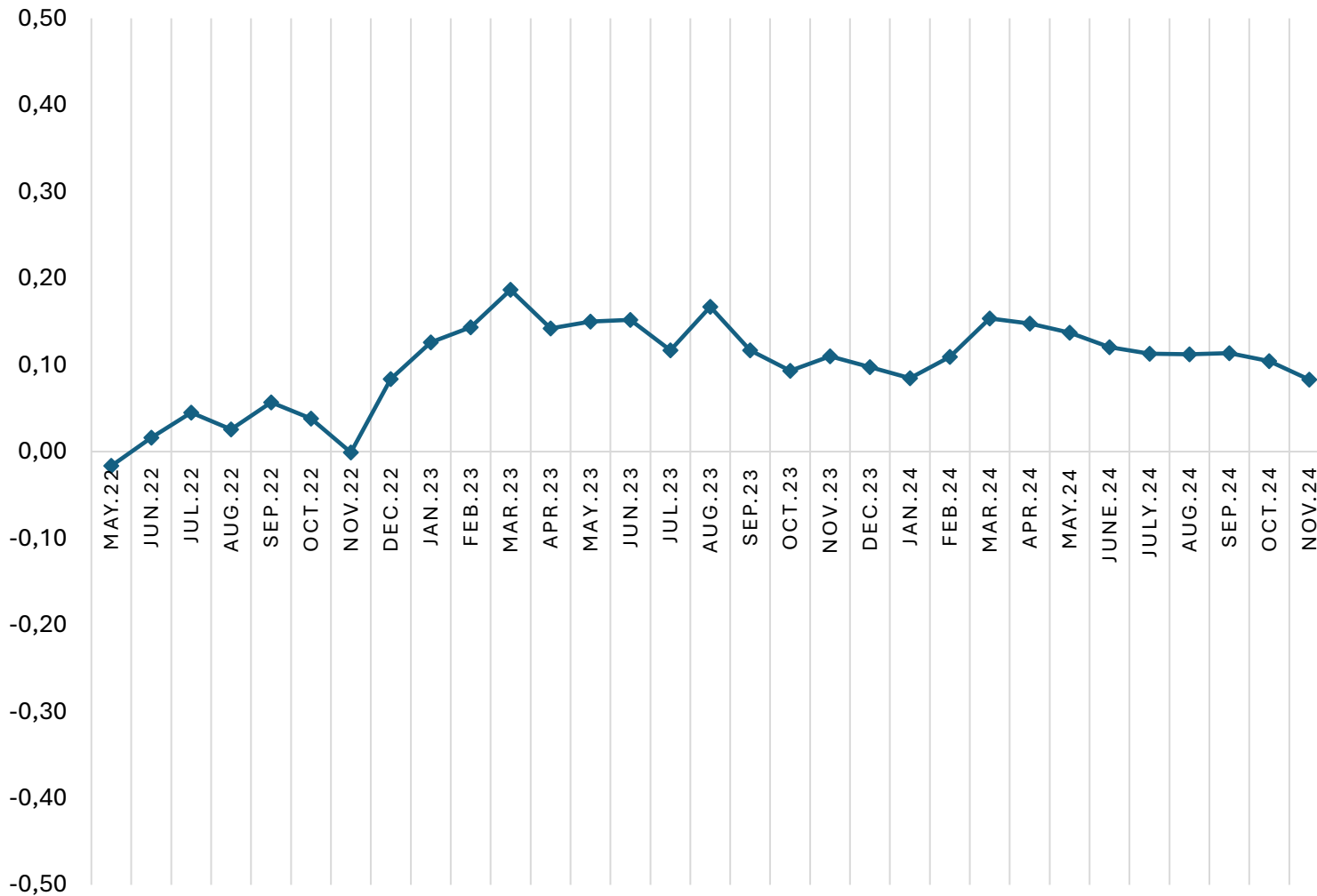
“Now” vs. “before February 24”: restoration of stability?



There were some changes in the results:

- The share of enterprises **operating at 100% capacity** in November compared to October **without significant changes** (10% in November vs 11% in October)
- The share of enterprises **operating at almost full capacity increased significantly** (from 31% in October to 40% in November)
- The share of enterprises **operating at up to 25% capacity decreased sharply** (from 17% in October to 5% in November)
- % of enterprises, **which do not work at all, has not changed significantly** for the fifth month in a row

Industrial Confidence Indicator (ICI)*



The ICI did not change in November (0.08) compared to October (0.10), although there is a gradual trend towards deterioration of the indicator

In November 2024 compared to October, the fluctuations of the components of the ICI are the following:

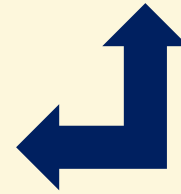
- **Production expectations (PE) decreased**, and in November the indicator is 0.30 (was 0.38 in October and September)
- The component **Stock of finished goods (SFG) did not change significantly** and is - 0.05 (was -0.03 in October)
- The component **Volume of new orders (VNO) without significant changes** and is - 0.10 in November (was -0.09 in October)

*ICI= PE+VNO+(-SFG)/3

Main results 2. Uncertainty



Uncertainty in the 6-month perspective for the business activity at the enterprise and for the overall economic environment in the country **has decreased**



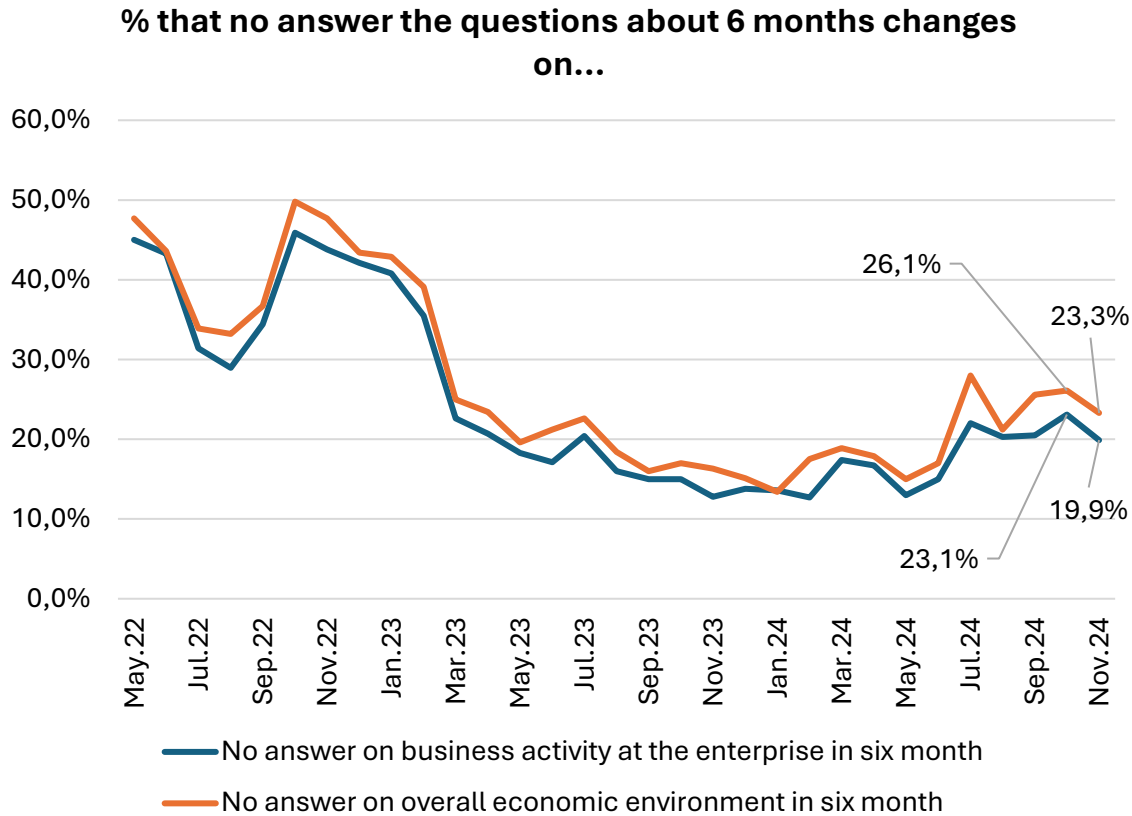
Uncertainty in the 3-months perspective without significant changes



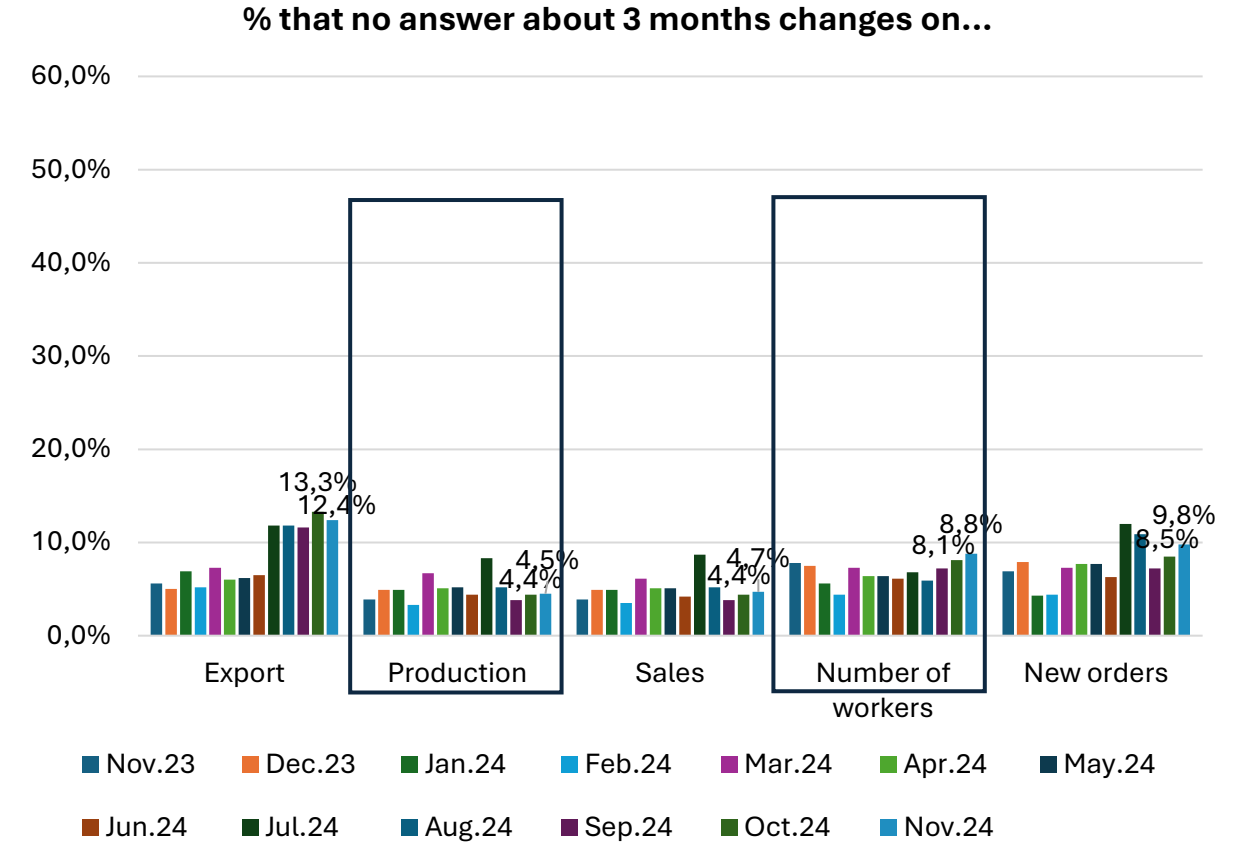
Uncertainty in the 2-year perspective maintains a downward trend

Uncertainty decreased the 6-month perspective and without significant change for production indicators

Half-year horizon

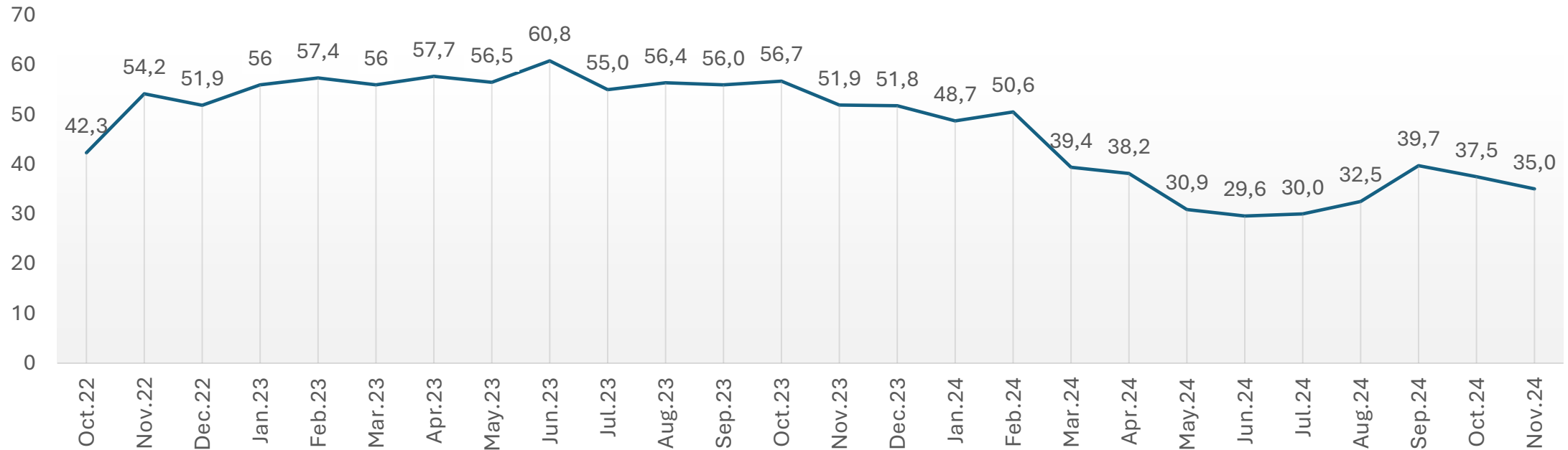


Three-month horizon



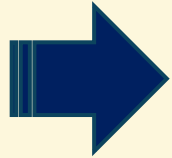
Long-term uncertainty decreased

"It is hard to predict what will be with the activities of our enterprise in 2 years", % of answers



The % of enterprises that **have no idea about their plans for 2 years** has been decreasing for the second month in a row (from 37.5% in October to 35% in November)

Main results 3. Long-term expectations



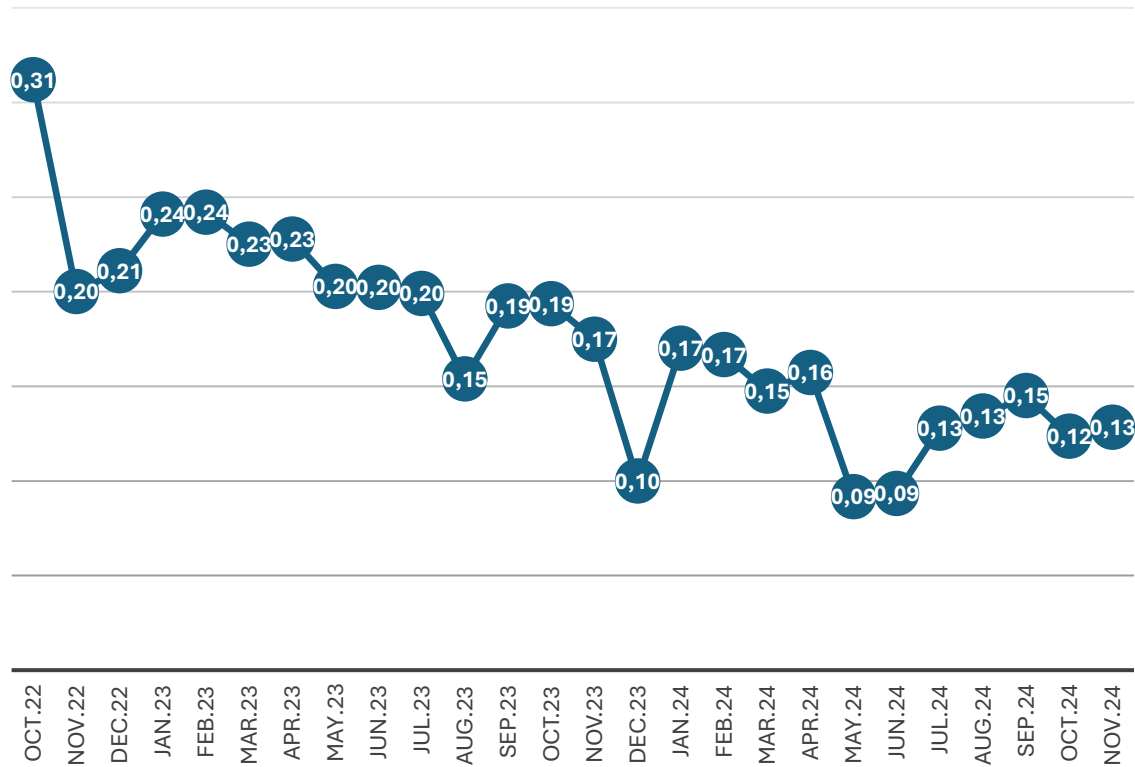
Expectations for a two-year perspective without significant changes



6-month expectations for the business activity at the enterprise and for the overall economic environment have deteriorated

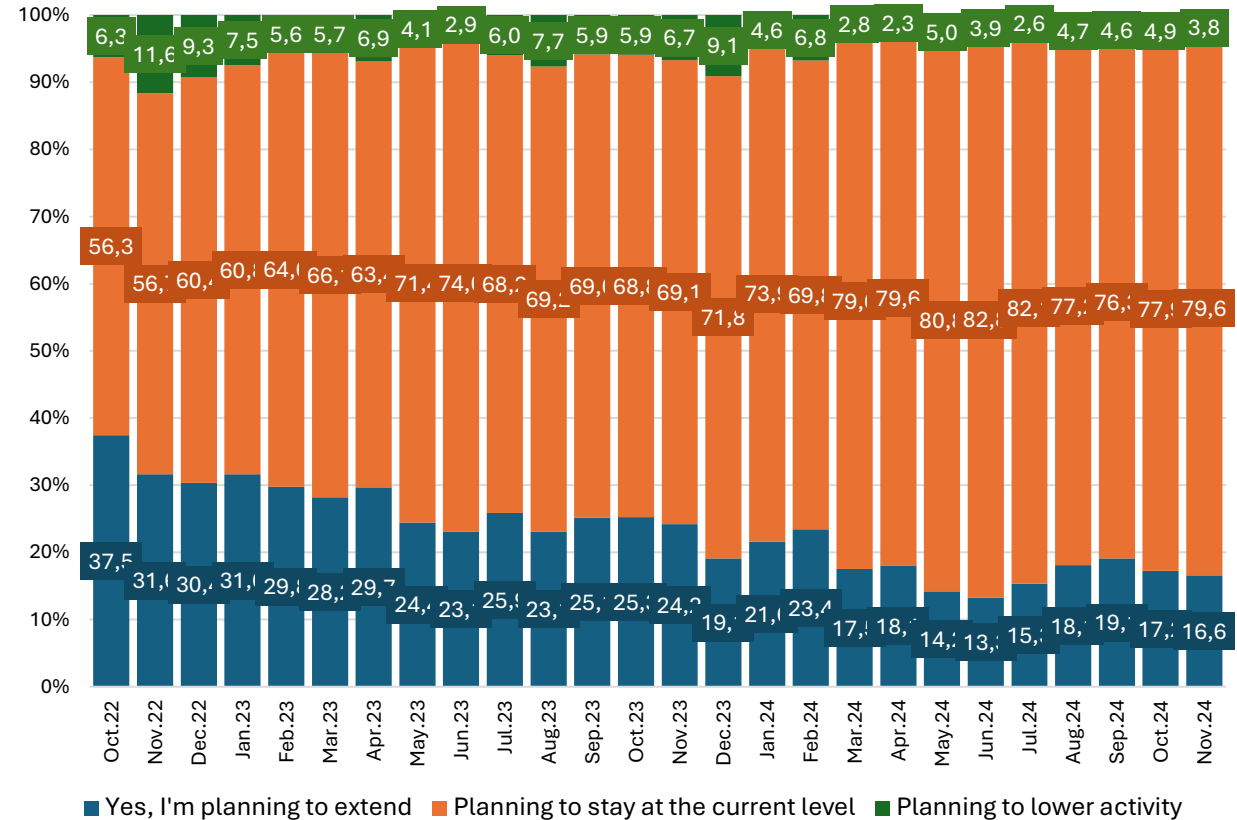
Long-term expectations have not changed significantly

Index of expected changes in business activity (2 years)



The index of expected changes in the perspective for 2 years remained without significant changes (0.13 in November vs 0.12 in October), Scale from -1 (bad) to +1 (good)

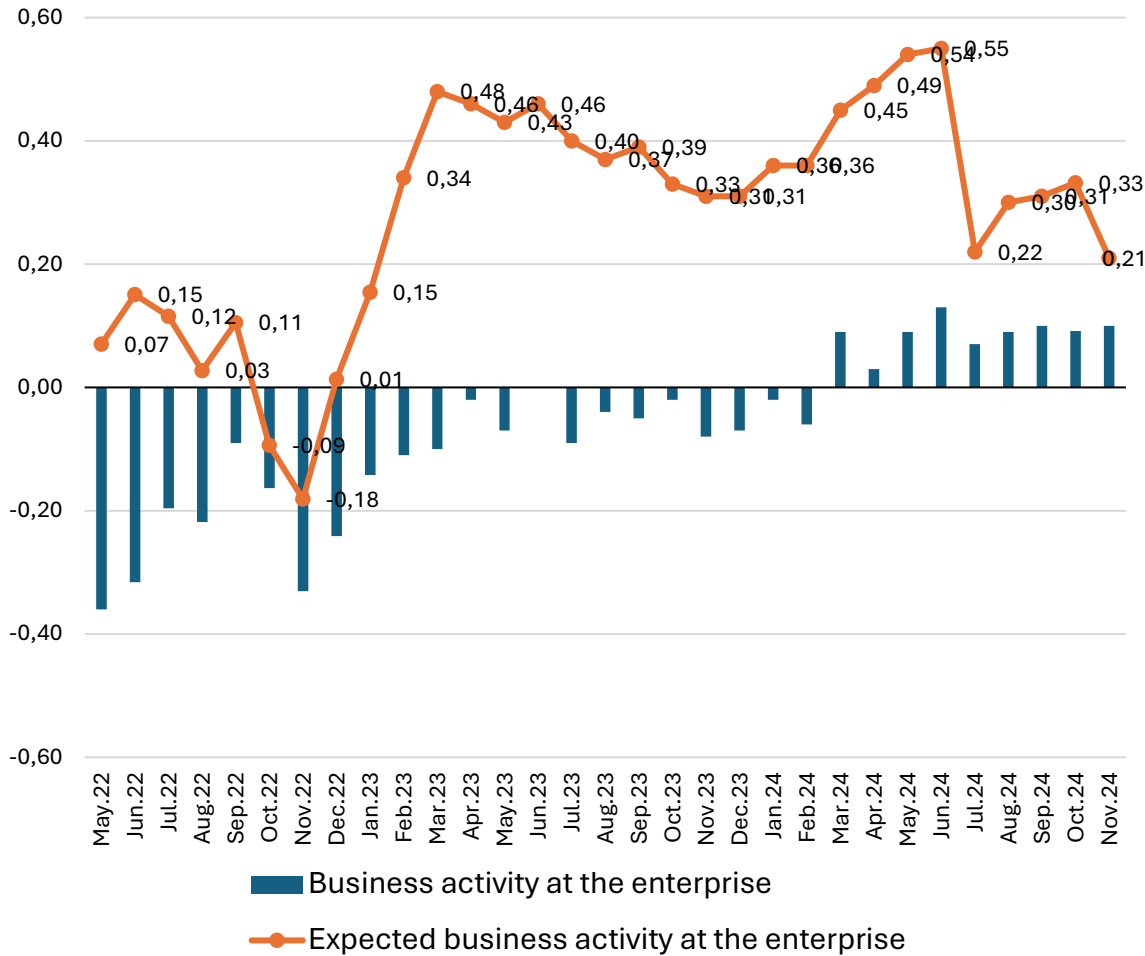
Expectations in the two-year perspective



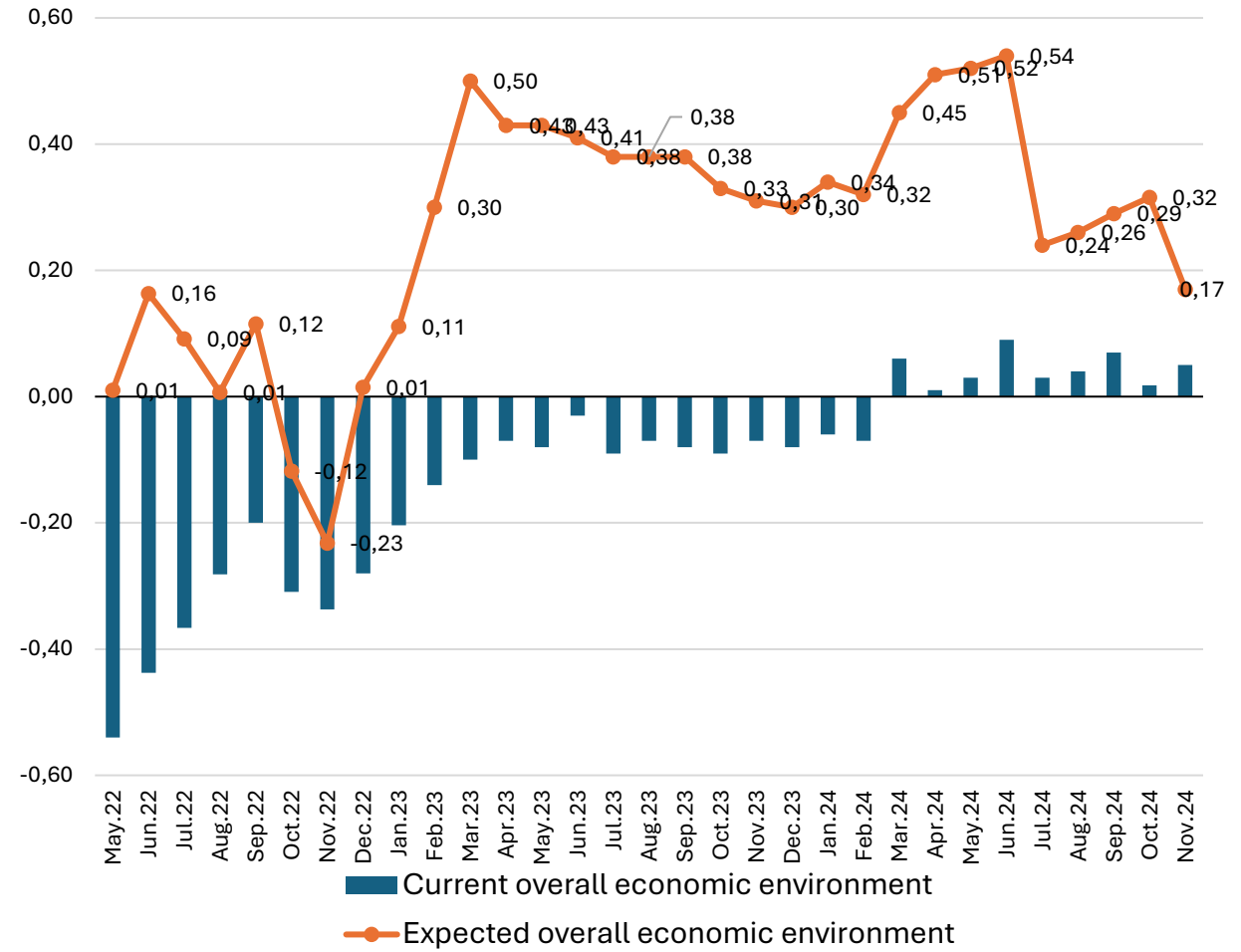
There were no significant changes in the percentage distribution in November compared to October.

6-month perspective: have optimism limits run out?

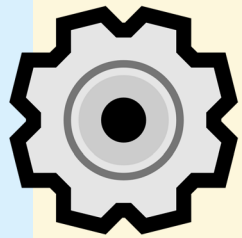
Business activity at the enterprise



Overall economic environment in the country



Main results 4. November vs October and short-term expectations



For **production results and expectations deteriorated**



Employment expectations are gradually improved (the number of workers has increased, and forced leave has decreased).



Index of changes in exports without significant changes, and expectations **worsened** in the three-month perspective



Expectations for both **purchase prices and domestic sales prices** halted the upward trend.

Production: deterioration of results and expectations

Results (November vs October)

- % of enterprises that **increased production decreased** (from 25.6% in October to 20.9% in November)
- % of enterprises that **reduced production slightly increased** (from 14.6% in October to 16.7% in November)

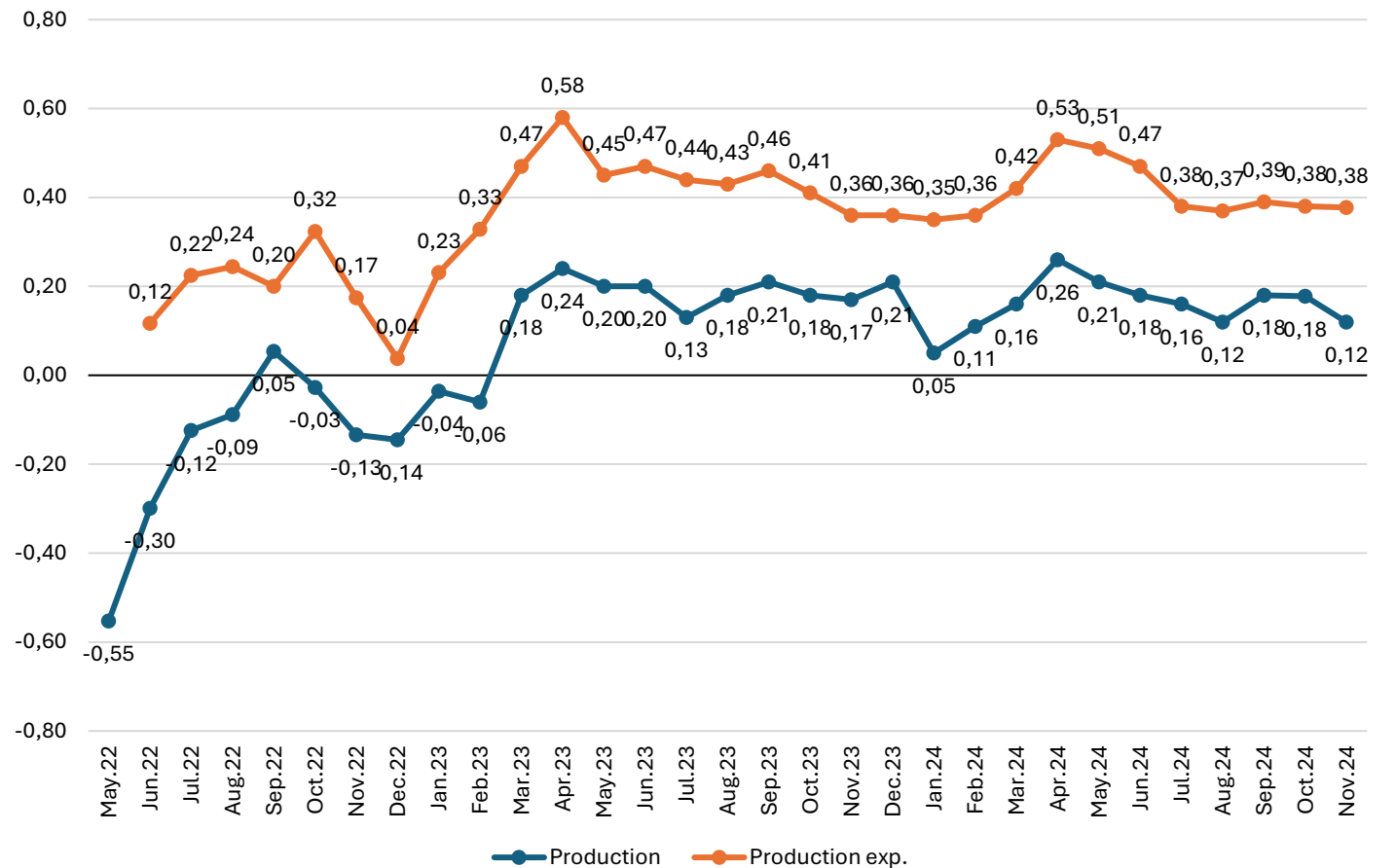
The index of changes decreased from 0.18 to 0.12

Expectations for 3 months

- % of enterprises **planning to increase production in the next 3-4 months decreased** (from 40.8% to 33.3%)
- % of enterprises **expecting a reduction in production volumes without significant changes** (7.3% in October vs 8.1% in November)

The index of expected changes in production decreased from 0.38 to 0.30

Production, balance indicators



Exports: unchanged results, deterioration of expectations

Results (November vs October)

- % of enterprises **reported about export growth increased slightly** (from 19.9% in October to 21.5% in November)
- % of enterprises **reported about decrease in exports almost unchanged** (15% in October vs 15.8% in November)

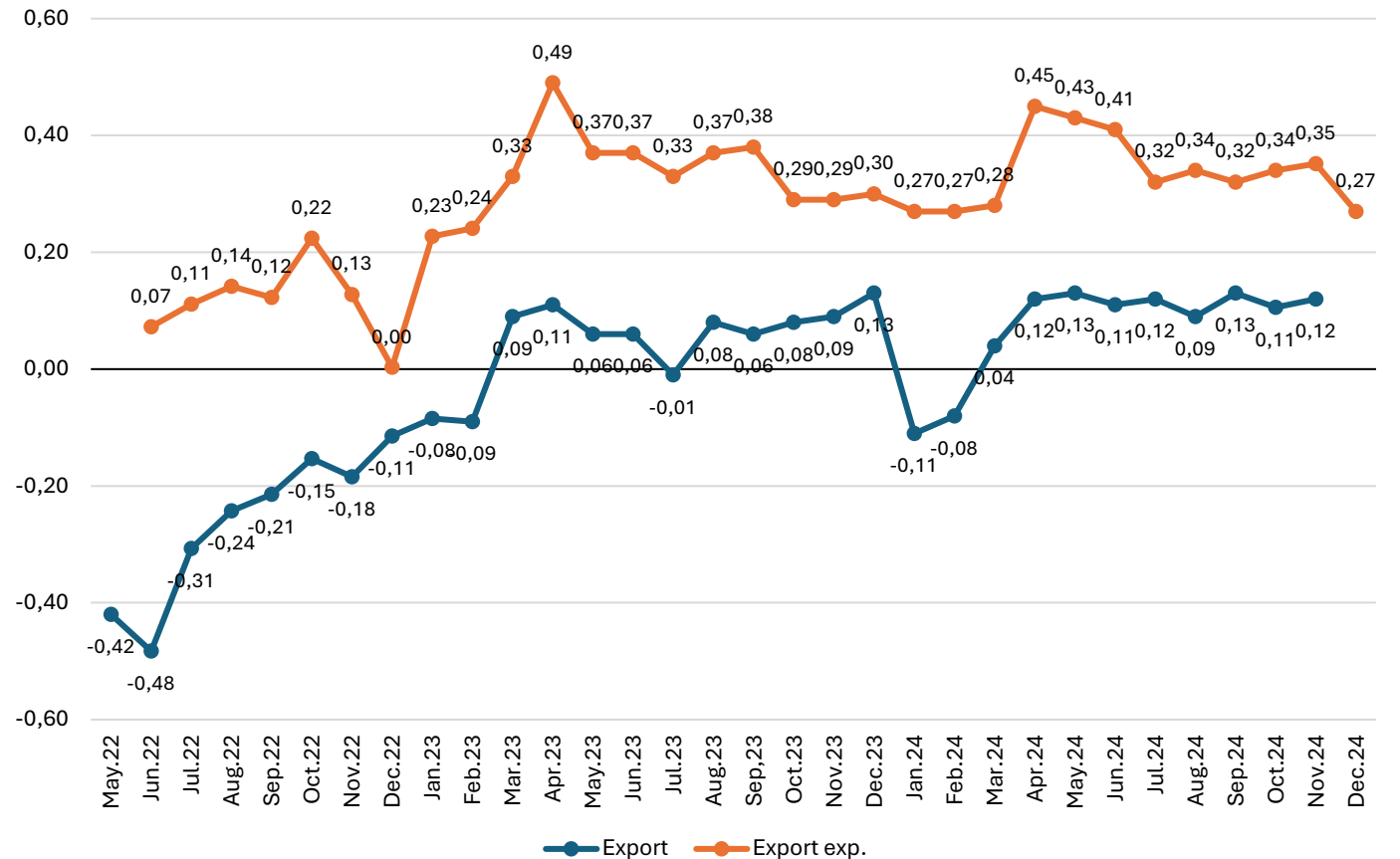
The index of changes without significant changes: 0.12 in November and 0.11 in October

Expectations for 3 months

- % of enterprises **expecting export growth decreased** (from 36.6% in October to 30.6% in November)
- % of enterprises **planning to reduce export slightly increased** (from 6.8% in October to 9% in November)

The index of expected changes in exports decreased from 0.35 to 0.27

Export, balance indicators



Purchase price: expectations stopped growing

Results (November vs October)

- % of enterprises **reported about price growing increased** (from 31.3% in October to 38.5% in November)
- % of enterprises **said that purchaser prices decreased did not change significantly** (2.4% in October and 3.5% in November)

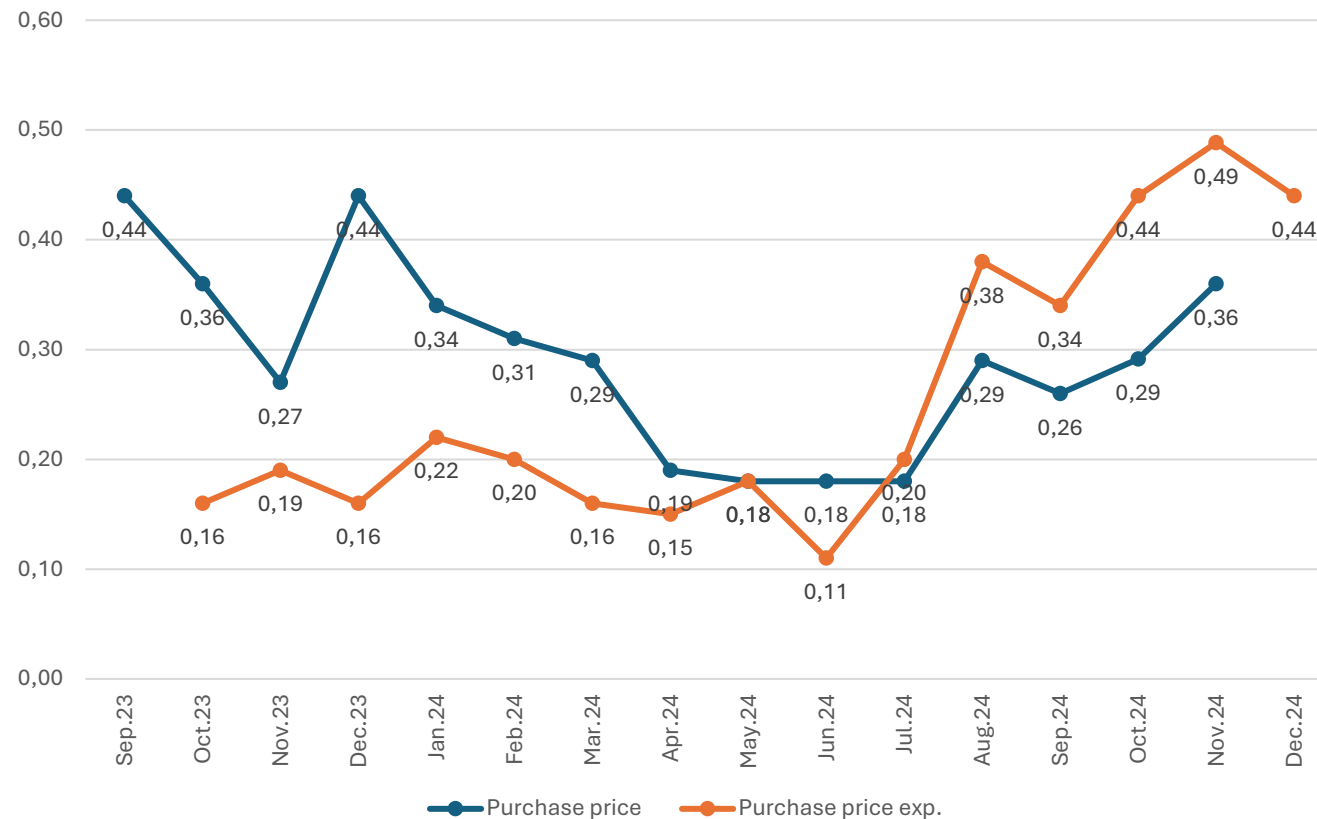
The index of changes in purchase prices increased, from 0.29 to 0.36

Expectations for 3 months

- % of enterprises **expecting price growth decreased** (from 46.9% to 42.1%)
- % of enterprises **expecting a decrease in prices did not change significantly** (1.9% in October and 2.1% in November)

The index of expected changes in purchase prices decreased from 0.49 to 0.44

The purchase price, balance indicators



Domestic sales price: expectations stopped growing

Results (November vs October)

- % of enterprises reported about increase in domestic sales price increased significantly (from 27.1% in October to 35.4% in November)
- % of enterprises said that prices for finished products decreased changed slightly (increasing from 1.9% to 3.2%)

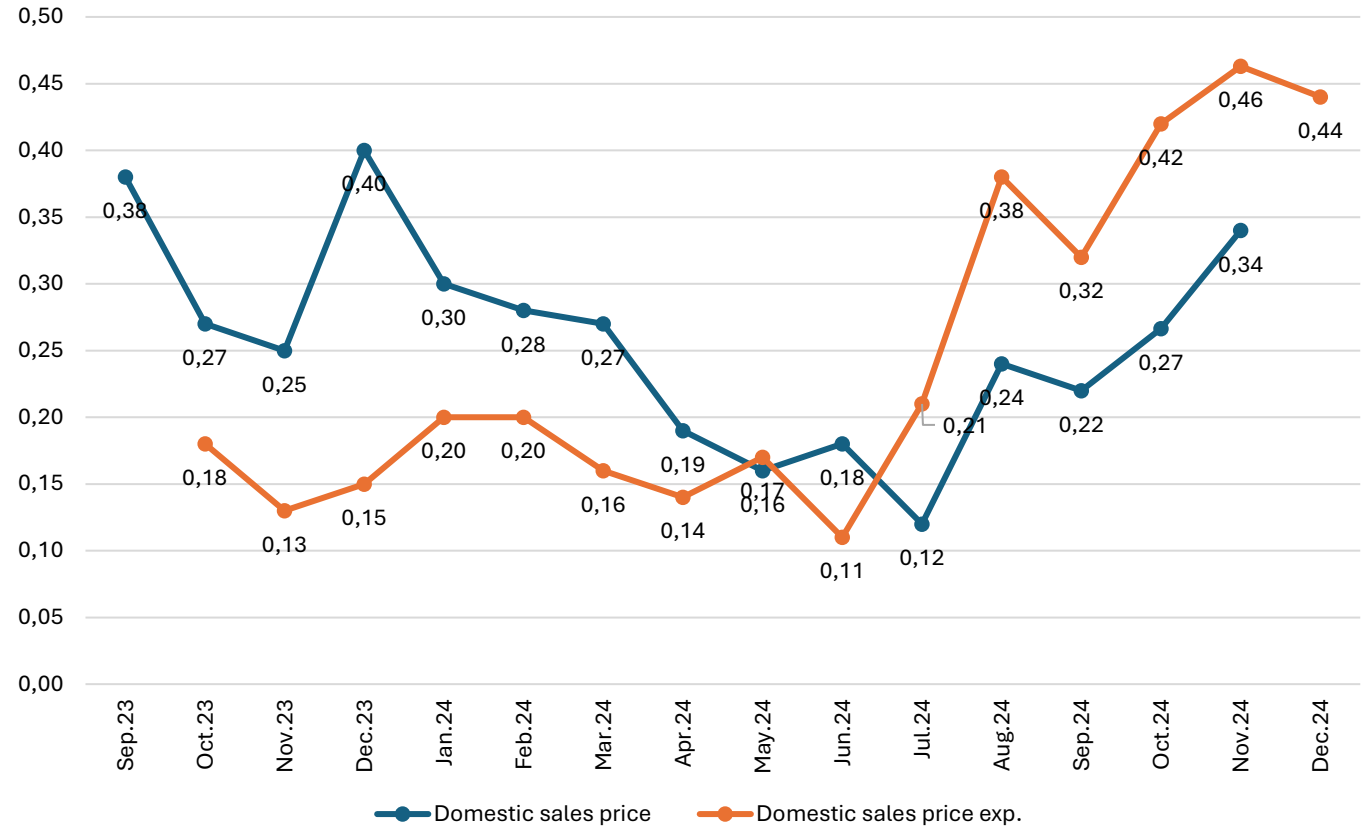
The index of changes in domestic sales prices increased, from 0.27 to 0.34

Expectations for 3 months

- % of enterprises expecting price growth decreased (from 45% to 41.7%)
- % of enterprises expecting a decrease in prices without significant changes (1.9% in October and 2.3% in November)

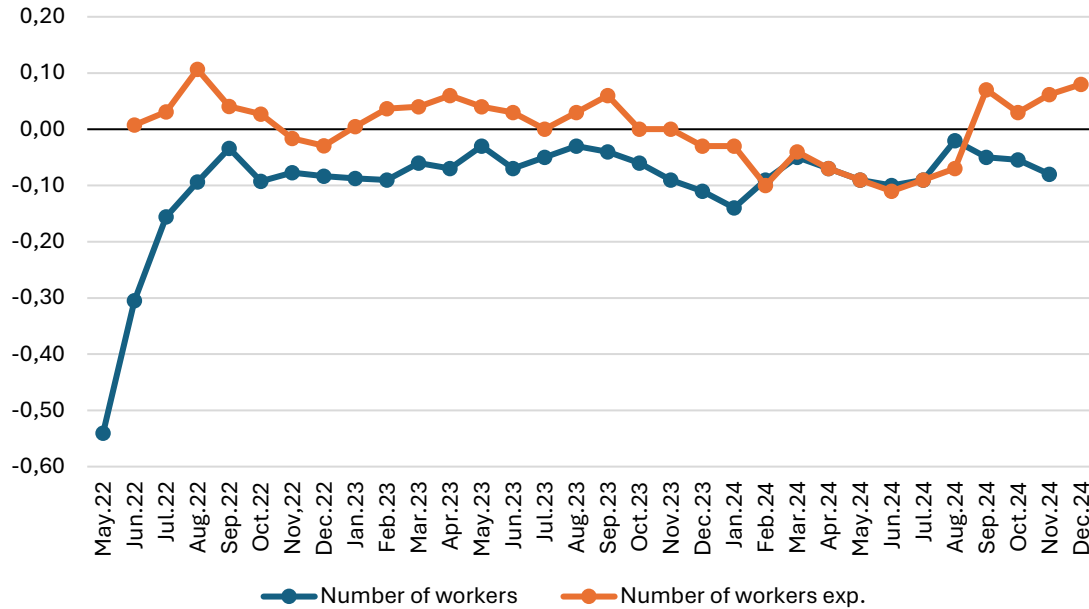
The index of expected changes in domestic sales prices decreased slightly, from 0.46 to 0.44

Domestic sales price, balance indicators

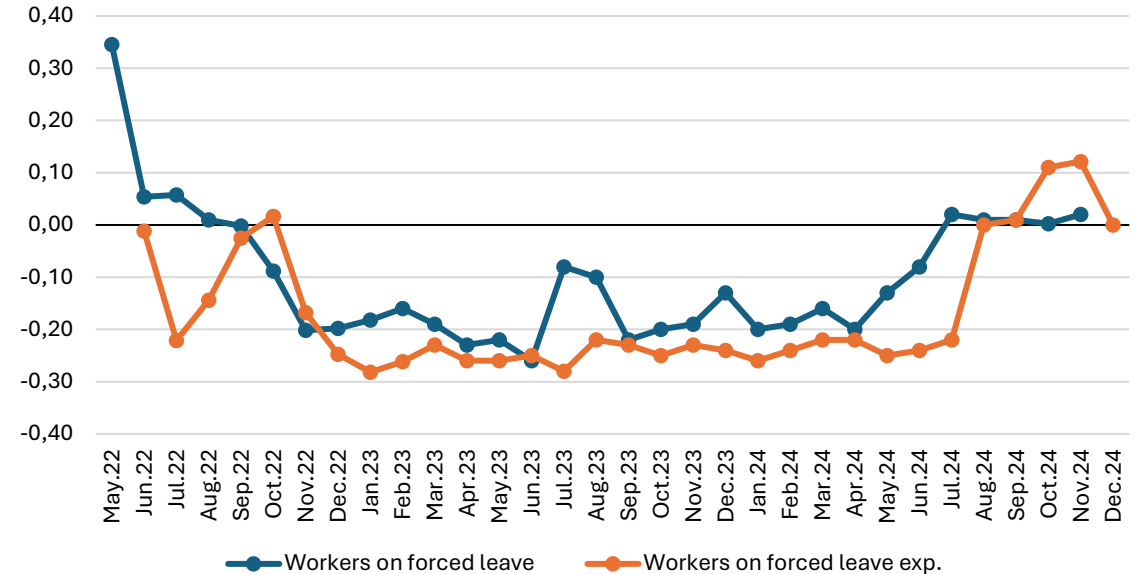


Employment: decrease in the number of workers on forced leave expected

Number of workers



Number of workers on forced leave



Expectations for 3 months

- % of enterprises **planning employment growth in the next 3-4 months, without significant changes** (13.8% in October and 14.1% in November)
- % of enterprises **intending to reduce the number of workers, also without significant changes** (6.9% in October and 6.8% in November)

The index of expected changes is gradually increasing and in November increased from 0.06 to 0.08

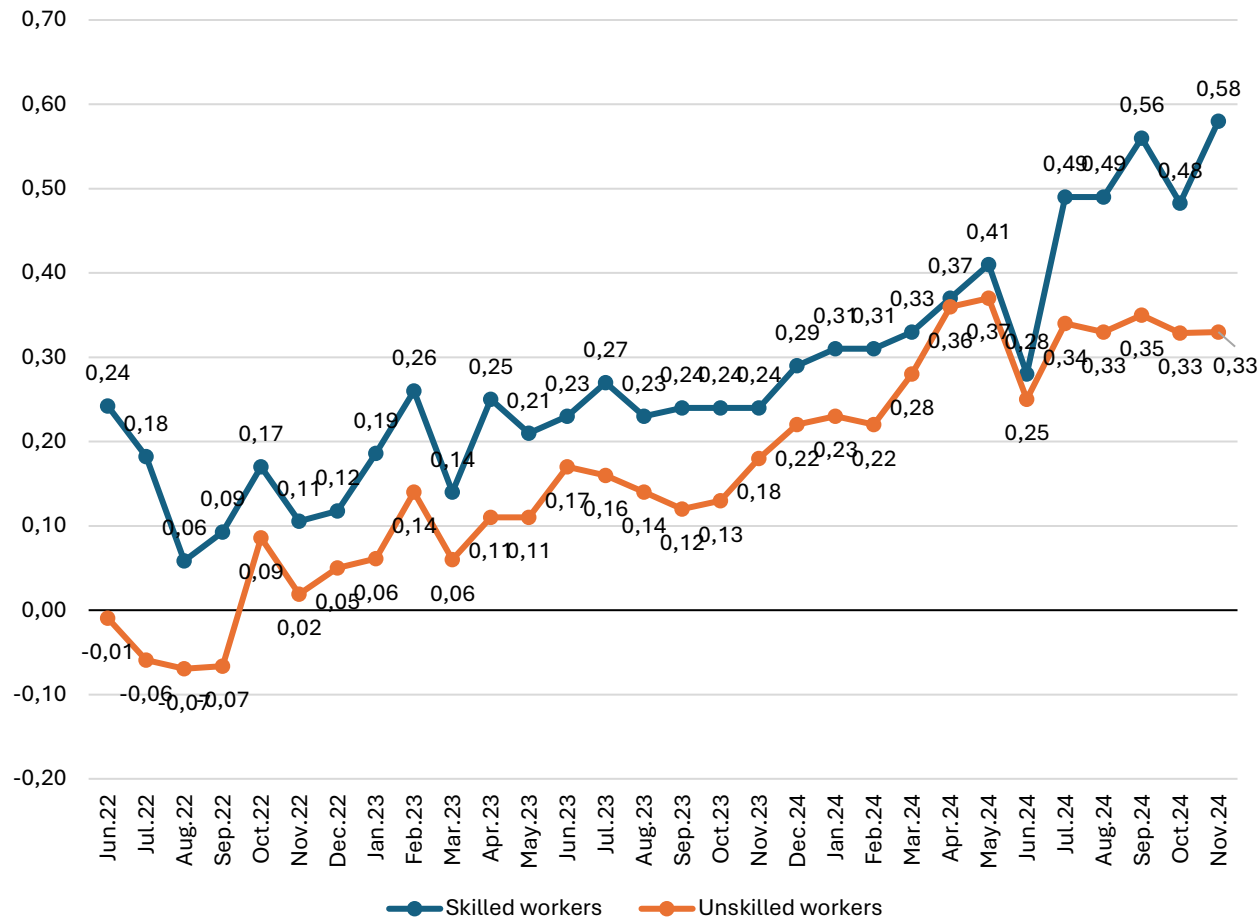
Expectations for 3 months

- % of enterprises **planning to increase the number of workers on forced leave decreased** (from 14.4% in October to 4.2% in November)
- % of enterprises **planning to reduce workers on forced leave increased slightly** (from 3% to 5%)

The index of expected changes decreased from 0.12 to 0.00

Problems in finding skilled workers have increased again

Problems with finding workers



In November, difficulties in finding skilled workers increased again

Skilled workers:

- % of those who reported **that it was more difficult to find such workers increased slightly** (from 51.9% to 55.5%)
- % of those who **said that it has become easier to find skilled workers decreased** (from 3.7% to zero)

The index of difficulties increased from 0.48 to 0.58

Unskilled workers:

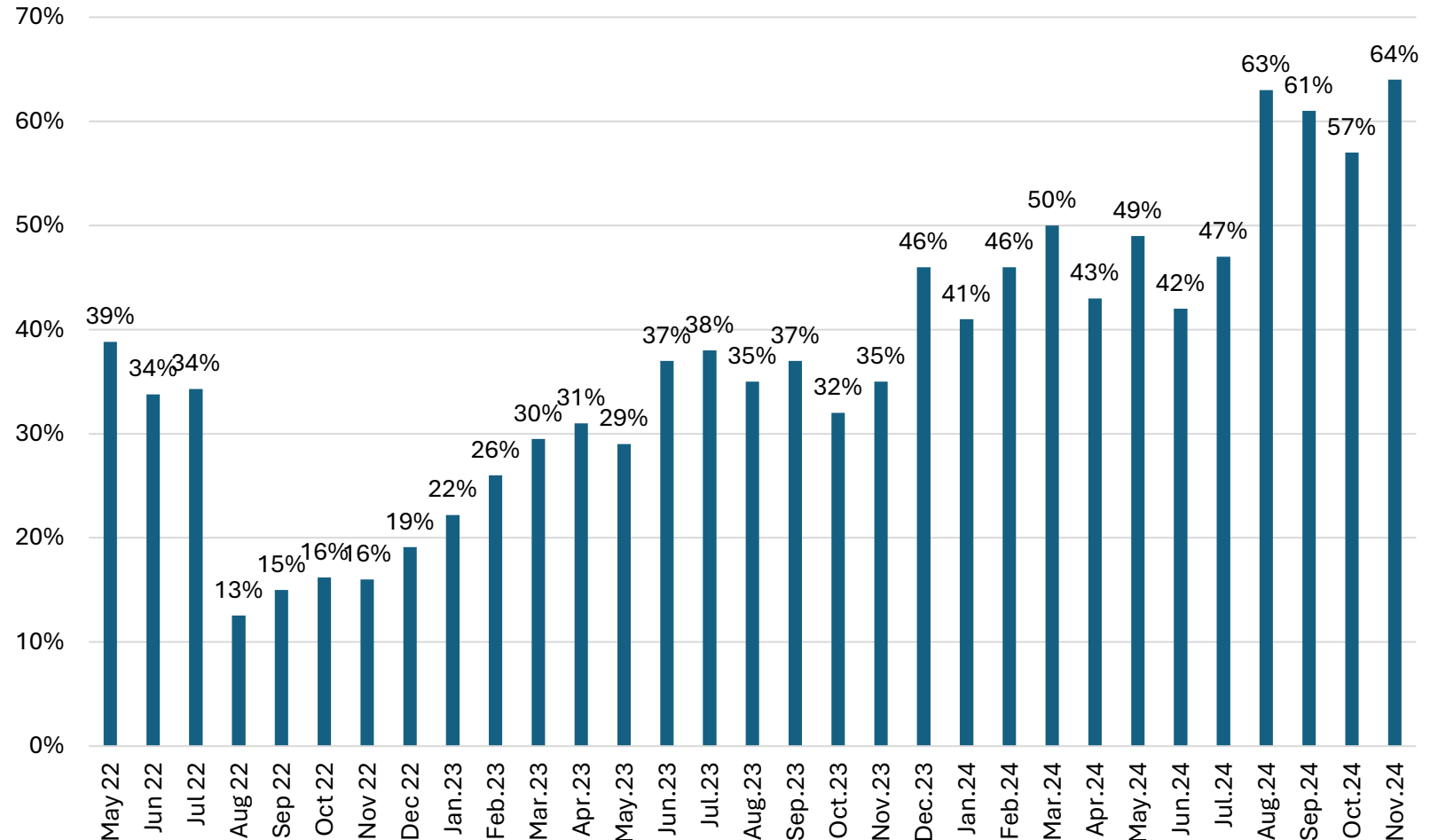
- % of those **who find it more difficult to find them increased slightly** (from 34.8% in October to 38.9% in November)
- % of those **who reported that they were easy to find also increased slightly** (from 4.3% in October to 9.2% in November)

The index of difficulties remained unchanged at 0.33, the same as last month

“Lack of personnel” has increased again

- The share of enterprises that pointed to the “**lack of personnel**” as an impediment increased from 57% to 64%
- At the same time, in the list of impediments, the “**lack of personnel**” rose from 2nd to 1st place

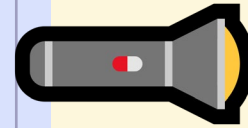
Lack of personnel due to conscription and/or migration, % of respondents



Main results 5: Impediments, economic policy



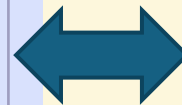
“It is dangerous to work” with a decrease in the value removed **from 1st to 2nd position** in the list of impediments



“Interruptions with electricity”, having significantly increased in value, **rose from 5th to 4th place**



“Lack of personnel” rises from **2nd to 1st place**

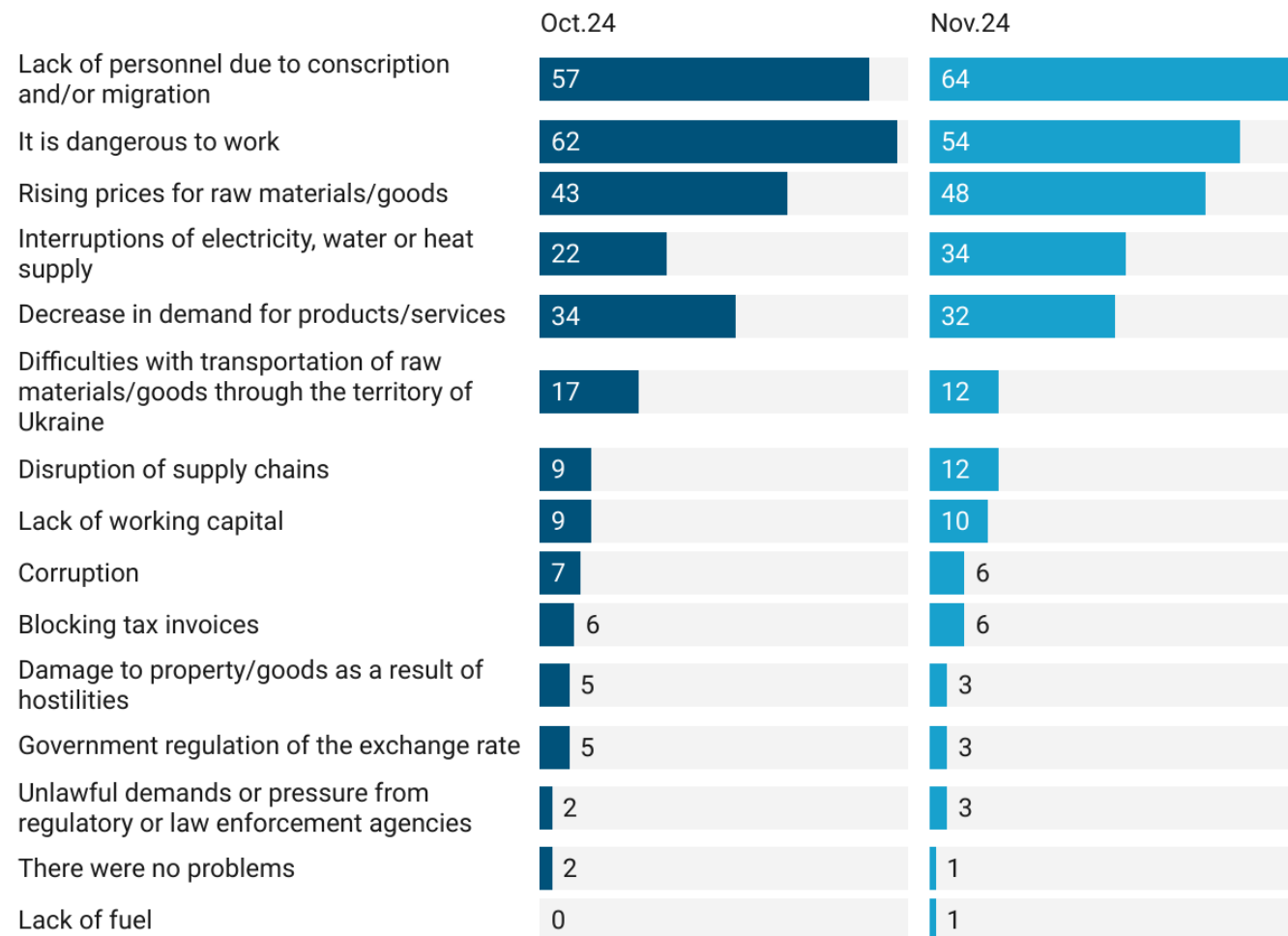


Assessments of the Government's economic policy are mostly neutral

The main impediments to doing business in wartime, % respondents

In November 2024, there was again some reshuffles in the top three impediments in the list

- **“It is dangerous to work”** with a decrease in value (from 62% to 54%) **lowered from the 1st to the 2nd place**
- **“Lack of personnel”** interrupted the trend of a gradual decrease in value, and with an increase in the share from 57% to 64%, **again tops the list of impediments**
- The impediment **“rising prices for raw materials and goods”** with an increase in value (from 43% to 48%) **remains on the 3rd place**
- **“Interruptions of electricity”** with a significant increase in value (from 22% to 34%) **rose from the 5th to the 4th place in the list of impediments**
- **Corruption and pressure from law enforcement agencies are still not significant problems**

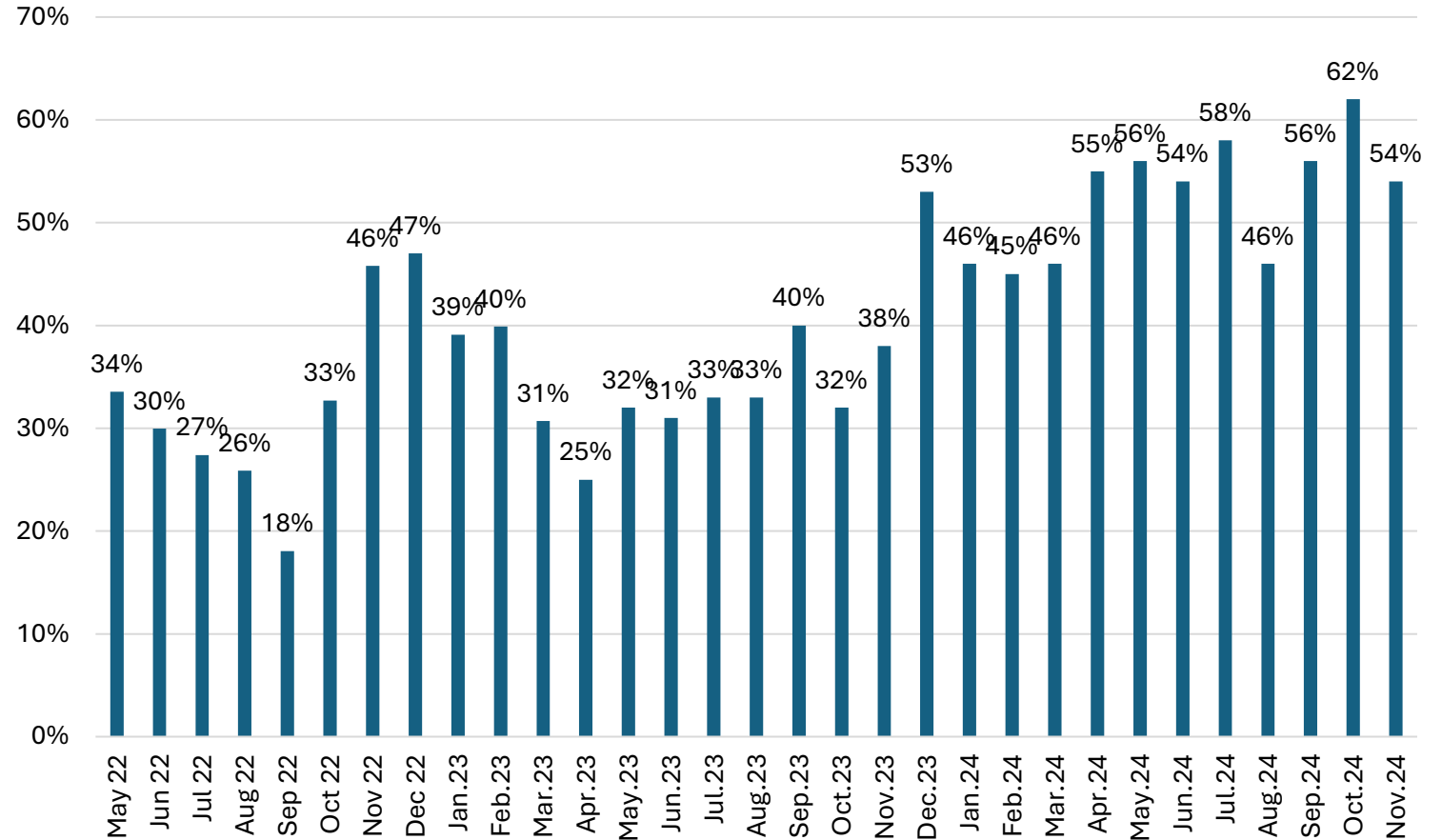


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“It is dangerous to work” is in the second position in the ranking of impediments

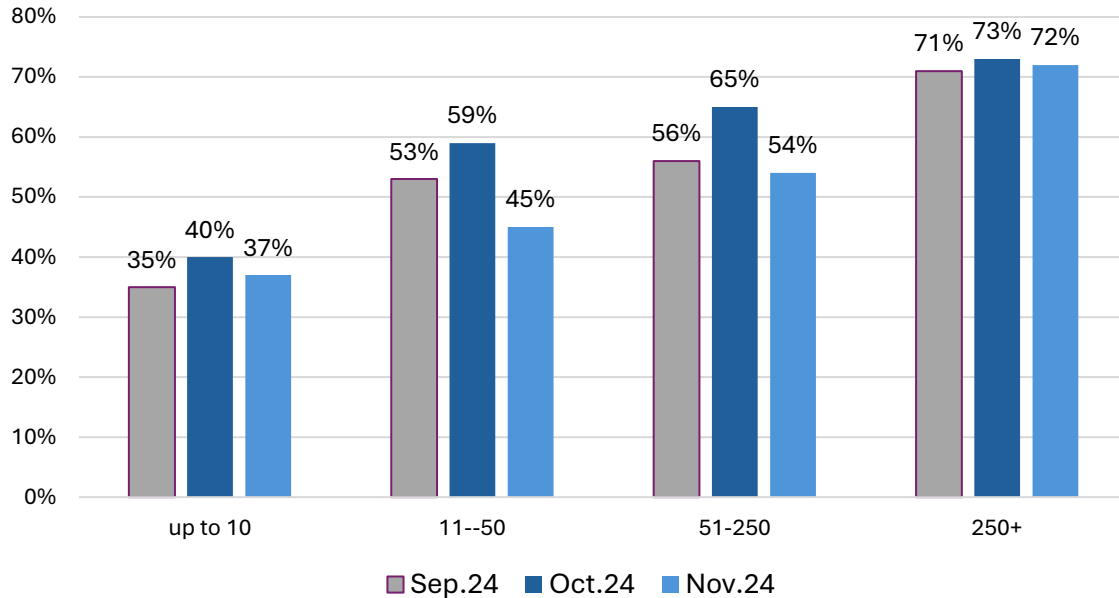
- The share of enterprises that reported that it is dangerous to work interrupted the upward trend, and in November compared to October decreased from 62% to 54%
- In the list of impediments, “it is dangerous to work” lowered from the 1st to the 2nd place

"It is dangerous to work", % of respondents



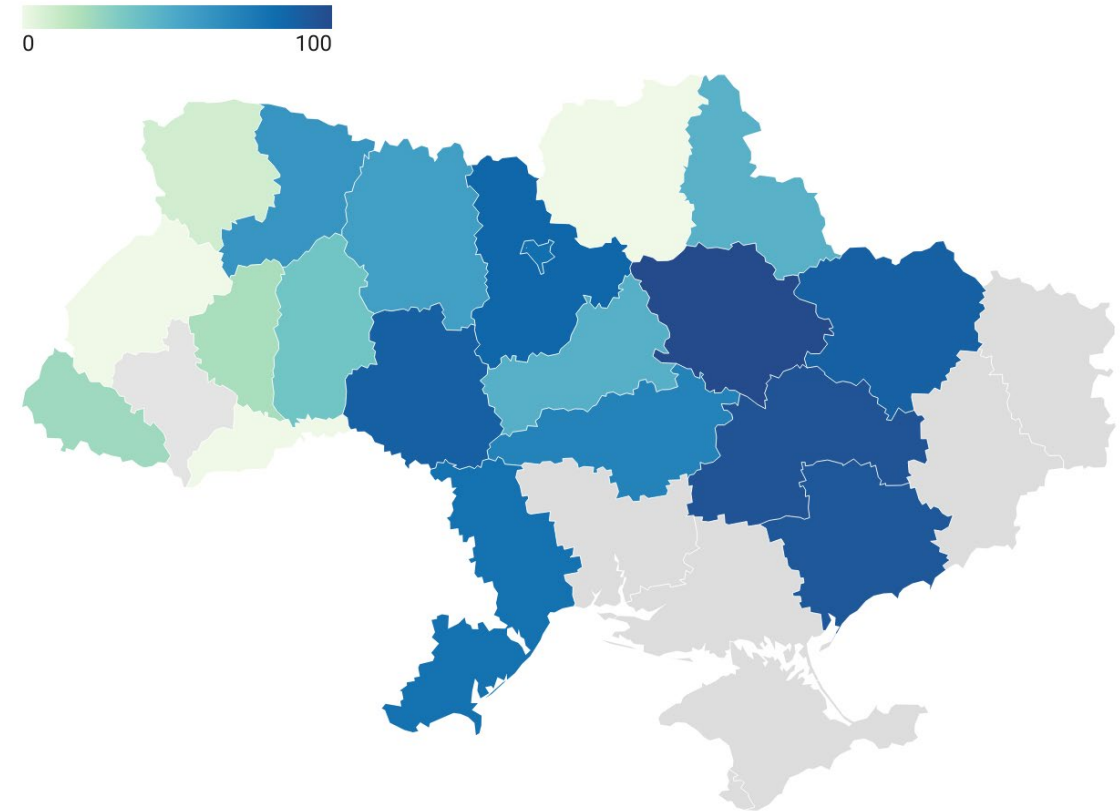
“It is dangerous to work” in different dimensions

“It is dangerous to work” by the size groups, % respondents



- The % of enterprises that chose “it is dangerous to work” **decreased for micro, small and medium-sized enterprises** and **without significant changes for large enterprises**
- 80+% of respondents in Kyiv, Kyiv, Kharkiv, Vinnytsia, Zaporizhzhia, Dnipropetrovsk and Poltava regions consider dangerous conditions an obstacle to doing business

“It is dangerous to work” by oblast, % of respondents



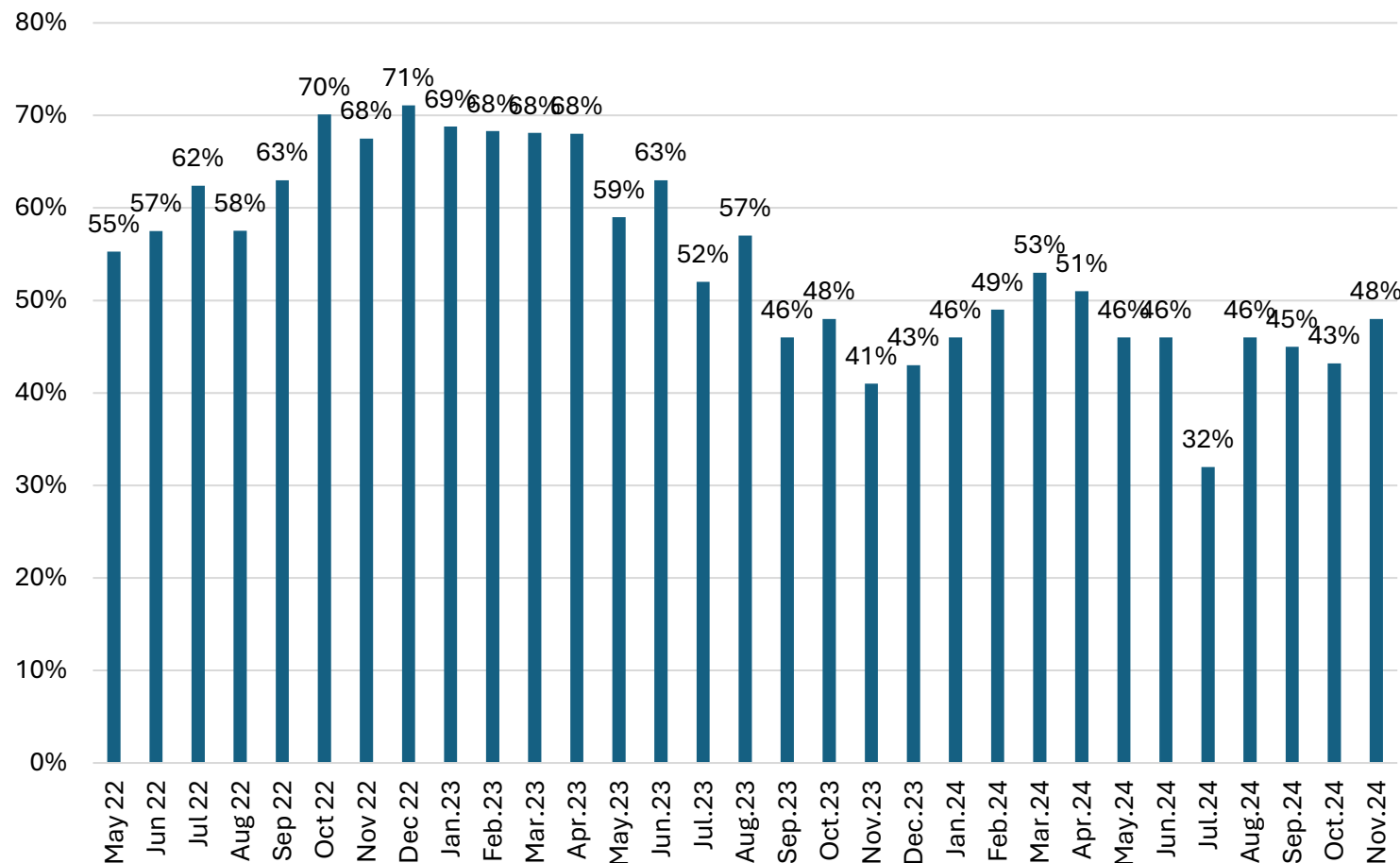
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Note. The number of respondents in Ivano-Frankivsk region was insufficient to analyze this particular question

“Rising prices” for the fourth month in a row closes the top three impediments to doing business

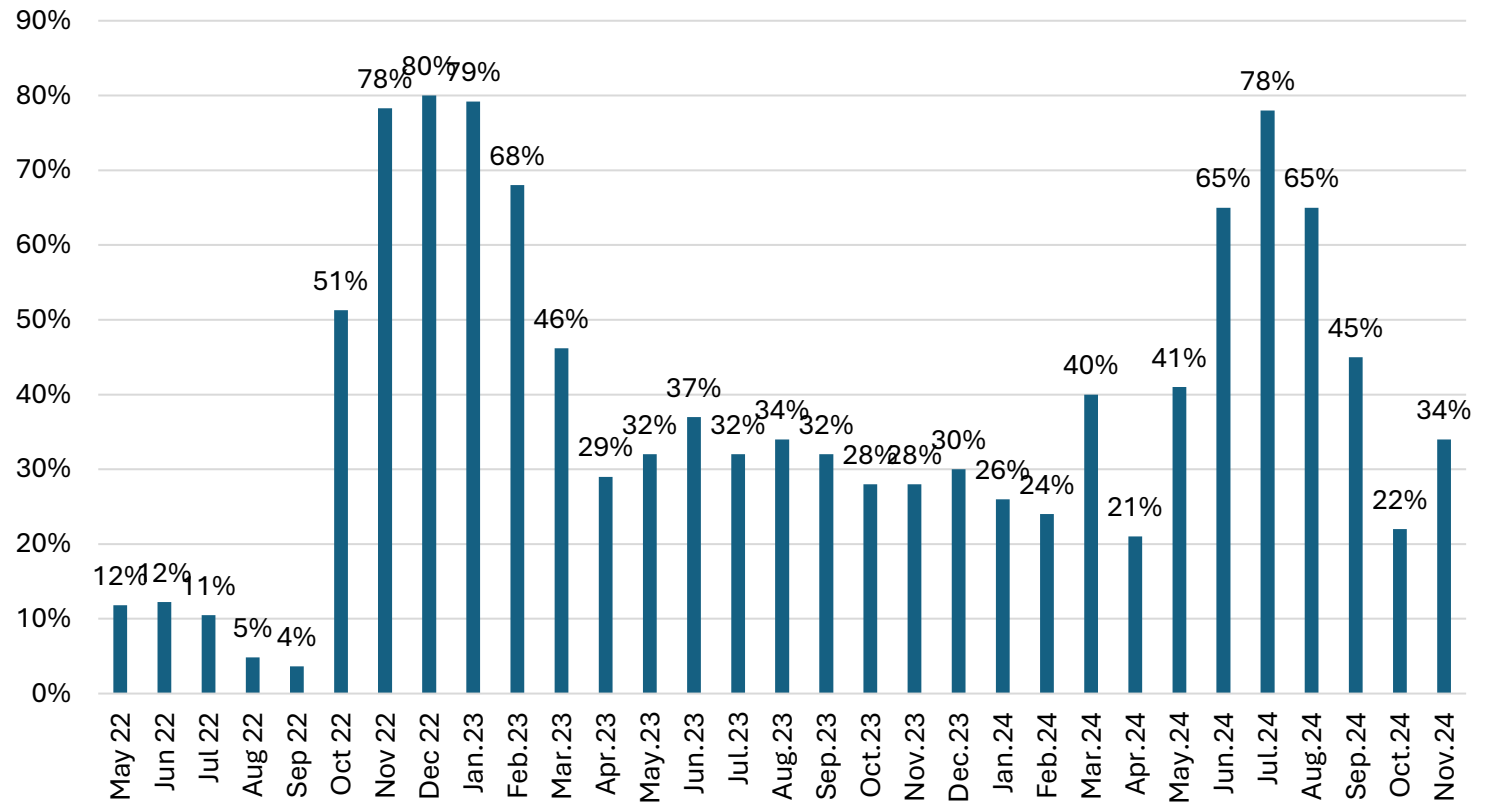
- **The share of enterprises** for which “rising prices for raw materials and materials” **has increased in value** (from 43% in October to 48% in November)
- In the list of impediments, “rising price” **remains in 3rd place**

Rising prices for raw materials/goods, % of respondents



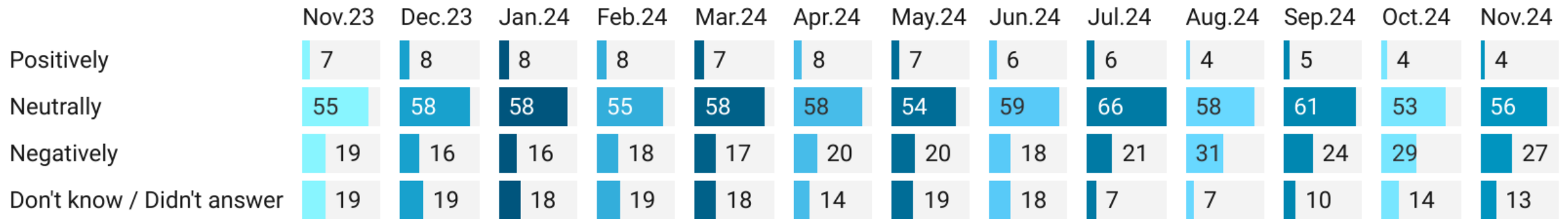
“Interruptions with electricity” are relevant again

Interruptions with electricity as impediment for doing bussiness, % of repondents



- **The share of companies** for which “interruptions with electricity” is an impediment **has increased significantly** (from 22% in October to 34% in November)
- **In the list of impediments,** “interruptions with electricity” **have risen from 5th to 4th place**

Assessments of the Government's economic policy are mostly neutral



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- **The share of positive assessments** of the Government's policy on business support **has not changed** and is 4%, the same as in October
- **The share of neutral assessments** of the Government's policy on business support **increased slightly in November** (from 53% to 56%)
- **The share of negative assessments decreased slightly** again (from 29% to 27%)
- **The share of those who have not decided on the answer, is without significant changes** (13% in November vs 14% in October)

Power outages



Main results 6: Interruptions with electricity



“Interruptions of electricity” have risen from 5th to 4th place (from 22% in October to 34% in November)



39% of businesses had to **temporarily suspend operations** due to power outages in October 2024



In **October 2024**, due to power outages, **businesses lost 6%** of their total **working time**



Micro suffer **more losses**. Among the industries, the highest time losses are in **the chemical industry and metal processing**.

More businesses stopped to work due to power outages

Impact of power cuts on enterprise operations (% of respondents)

	Nov.22	Dec.22	Jan.23	Feb.23	Mar.23	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24
No power cuts	14	5	14	39	65	23	3	5	10	41	30
0% (worked all the time)	4	6	14	33	30	25	14	23	24	34	31
1-10% of working time	31	30	38	18	4	33	39	39	40	18	29
11-25% of working time	26	30	23	7	1	15	31	24	23	6	8
26-50% of working time	19	19	6	2	0	3	10	7	2	1	1
51-100% of working time	6	11	5	0	1	1	2	2	2	0	2

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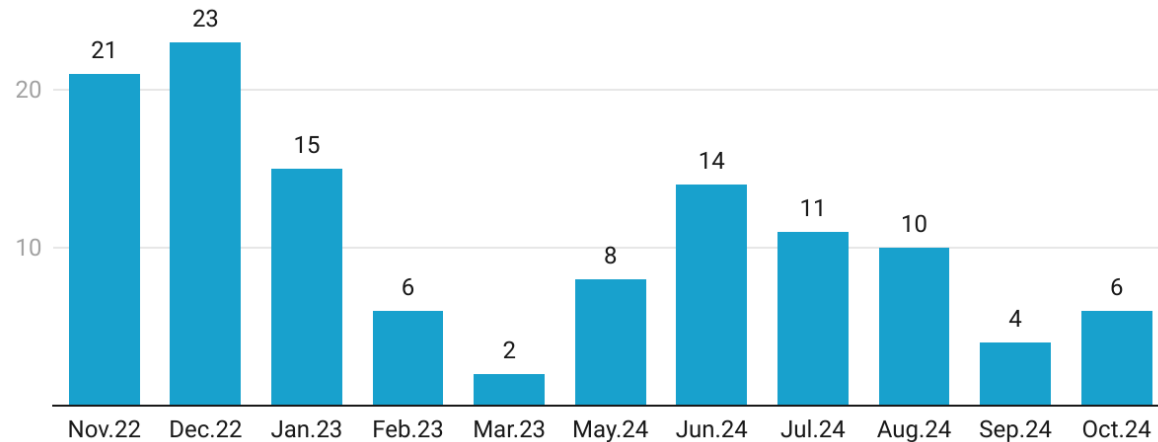
39% of businesses temporarily suspended operations due to power outages in October 2024 (25% in September):

- 29% of enterprises stopped operations at only 1-10% of working hours, and 8% stopped at 11-25% of working hours
- Only 2% of enterprises did not work more than half of the working time (51-100%)
- However, 31% of businesses were operating continuously despite the power cuts
- 30% of businesses did not have power cuts

Loss of working time from outages

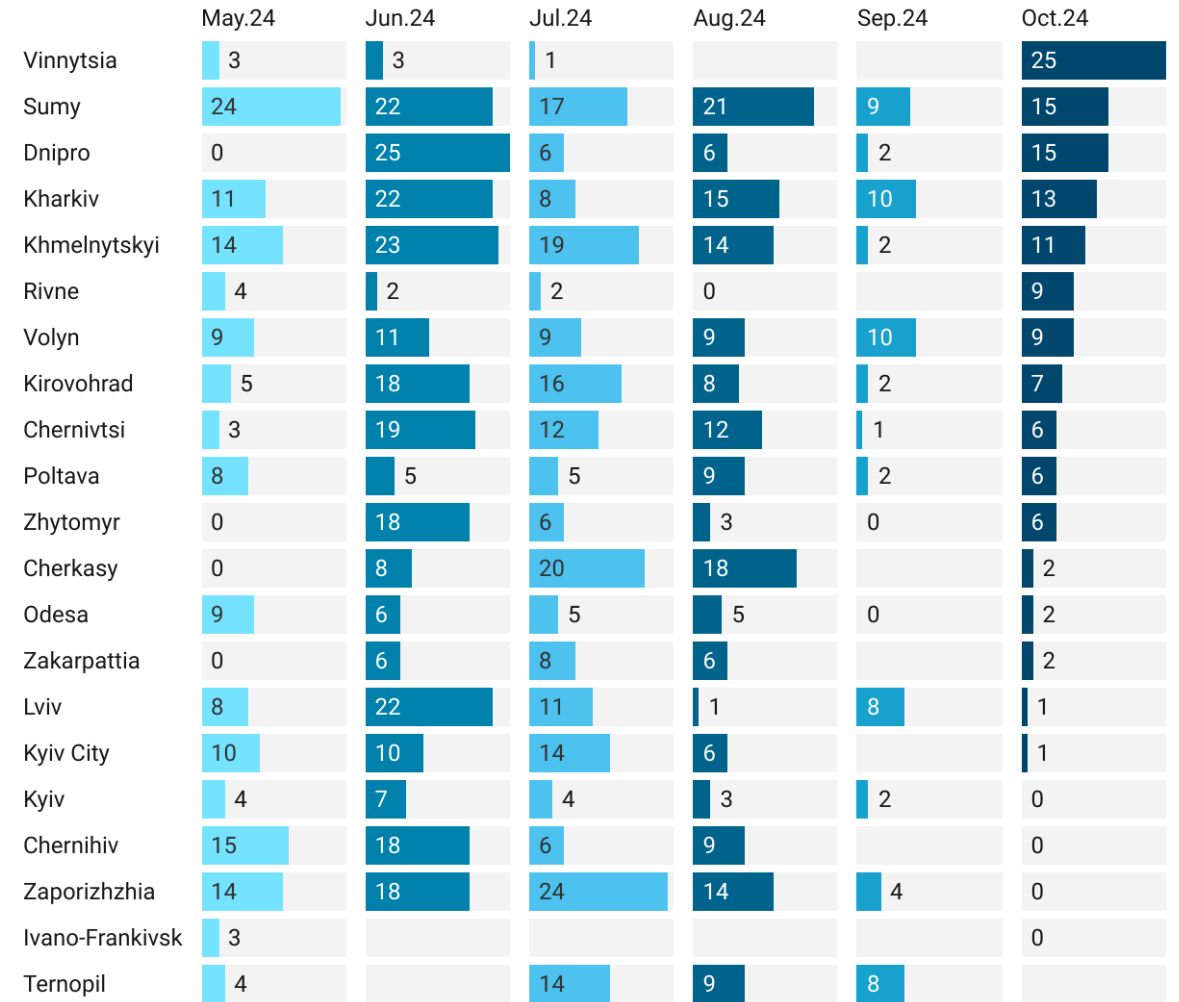
- In October 2024, due to power outages, **businesses lost 6% of their total working time**
- Differences between industries and regions have been recorded
- The **greatest loss** of time due to power outages was experienced by enterprises in **Vinnytsia, Sumy, and Dnipro regions**

Average % of time loss



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% of working time loss, by regions

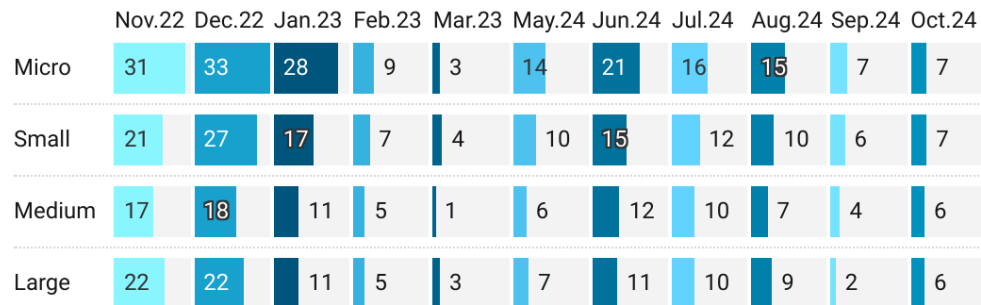


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Microbusinesses suffer the most from blackouts

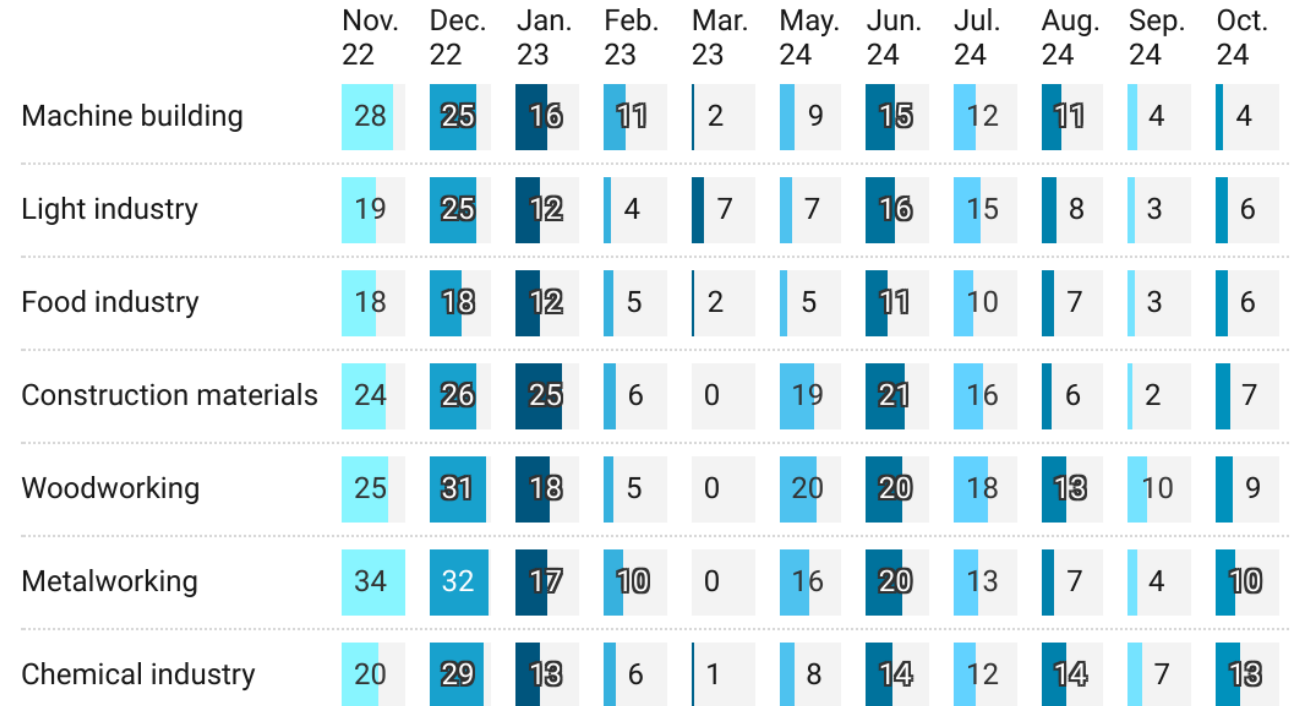
- **Micro enterprises** are suffering significantly **more losses**
- Among the industries, the **greatest losses** of time are in **chemical industry and metalworking**

% of working time loss, by enterprise size



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% of working time loss, by industry



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New monthly enterprise survey. Methodology

The need for comprehensive information on the economic situation is crucial for economic policy in wartime. The Institute for Economic Research and Policy Consulting conducts a monthly enterprise survey using the Business Tendency Survey approach to quickly collect information on the current economic state at the enterprise level. The methodology is designed to assess the situation from the “base level”: the judgments and expectations of key economic agents such as entrepreneurs and business managers

The monthly survey consists of two parts: the regular one and the special one. Respondents will regularly answer questions on the changes in key activity indicators and short-term forecasts for future changes in the same indicators: output (production), sales, exports, debt, new orders, employment, etc. We will also focus on estimates and expectations of the changes in the business climate and business activity at the enterprise in the next six months

The special part of the Monthly survey provides information on specific topics. A special part examines the enterprises' problems, the war's impact on production volumes, export activity, basic business needs, and the assessment of government policy.

This survey uses a panel sample that includes 500+ enterprises located in 21 of 27 regions of Ukraine, including Vinnytsya, Volyn, Dnipropetrovsk, Zhytomyr, Zakarpattia, Zaporizhzhia, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, Chernivtsi and Chernihiv regions and the Kyiv city.

The field stage of the 31-th wave lasted from November 18-29, 2024. The enterprise managers compared the work results in November 2024 with October, assessed the indicators at the time of the survey (November 2024), and gave forecasts for the next two, three, or six months, depending on the question. In certain issues (where indicated), the work results were compared with the pre-war period (before February 24, 2022).

The research was made possible due to changes of the project "For Fair and Transparent Customs," which was funded by the European Union and co-funded by the International Renaissance Foundation and the ATLAS Network charitable foundation (USA). This took place under the auspices of this project from May 2022 to December 2023. From January to April 2024, the research was conducted within the framework of the project "Emergency Support to Civil Society and Media in Response to the War in Ukraine," which was implemented with the financial support of the European Union.

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