

BUSINESS BAROMETER

Monthly Ukrainian Business Survey

Hot Issue:

“What’s the biggest challenge for businesses today?”

June 2024
Issue #9
(Survey June 12-21, 2024)

The results presented solely represent the opinions of the respondents and should not be interpreted as forecasts or evaluations by the Ukrainian Chamber of Commerce and Industry

Issue #9 | June 2024

- In June 2024, the overall Business Barometer Index decreased to **40.5** points, showing a drop of **↓-2.8** points compared to May of this year. The Business Barometer has been recording a gradual increase in negative expectations for the third consecutive month.
- An improvement is forecasted only in the construction sector. The Business Barometer Index stands at **54.0** points with a positive dynamic compared to the previous month – **↑+4.0** points.
- There is a slight deterioration in business expectations in the service sector, where the “arrow” of the Barometer stopped at **46.0** **↓-0.7** points.
- The manufacturing sector is characterized by increasing negative expectations over the past three months (value in June – **37.5** **↓-2.0**).
- The most difficult situation is forecasted in the trade sector – **36.4** **↓-9.3** points.
- Compared to the previous month, an improvement in expectations is observed only among large enterprises (**43.3** **↑+6.2**). Smaller businesses show negative dynamics: micro – **43.8** **↓-3.6**; small – **38.8** **↓-2.9**; medium size – **38.9** **↓-2.2**).
- Exporters' outlook for the future has shifted negatively. The Business Barometer Index has decreased by **↓-6.0** points to **38.6** points.
- Responses to June's hot question indicate that the biggest challenges for businesses today are the increase in electricity tariffs (47%) and the depreciation of the hryvnia (28%). Less concern is caused by the slow pace of reforms (15%). Businesses have largely adapted to challenges related to power outages and mobilization.

A Business Barometer value of 50 indicates no change in expectations. A value above 50 suggests that businesses expect economic conditions to improve compared to the previous month; a value below 50 indicates negative expectations regarding changes compared to the previous month.

Globally, under favorable business conditions, the index value typically reaches 60 or higher.

BUSINESS BAROMETER



	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024
Overall									
Manufacturing									
Services									
Trade									
Construction									
Micro enterprises									
Small enterprises									
Medium enterprises									
Large enterprises									
Exporters									

- the index value is over 55 points
- the index value is from 45 to 55 points (± 10% of 50 points)
- the index value is below 45 points



40,5 ↓-2,8

BUSINESS BAROMETER
OVERALL



MANUFACTURING

37,5 ↓-2,0



CONSTRUCTION

54,0 ↑+4,0



SERVICES

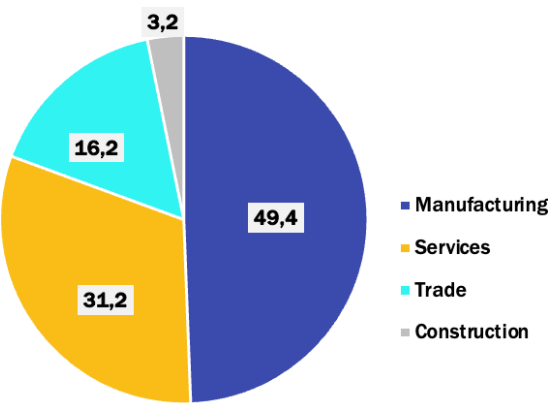
46,0 ↓-0,7



TRADE

36,4 ↓-9,3

Distribution of respondents by sector
Share of respondents, %



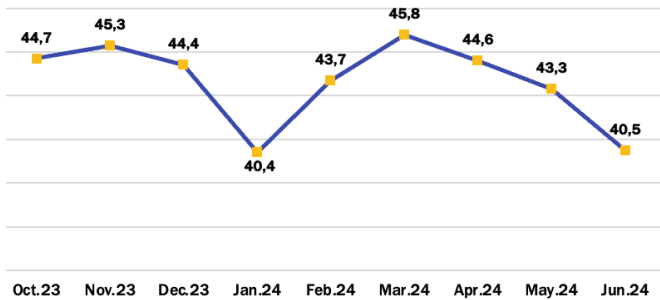


40,5

↓-2,8

BUSINESS BAROMETER OVERALL

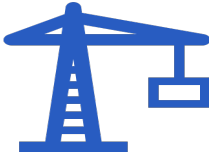
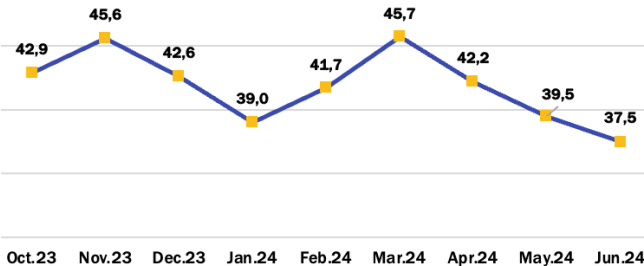
Business Barometer, Composite



MANUFACTURING

37,5

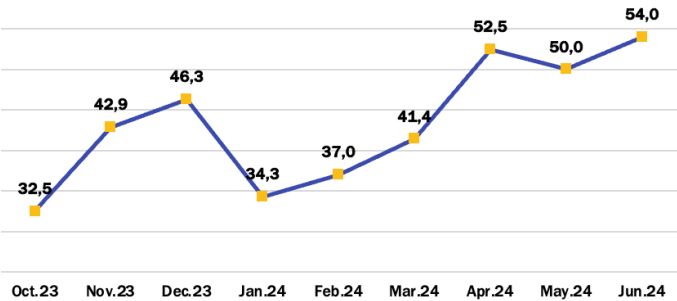
↓-2,0



CONSTRUCTION

54,0

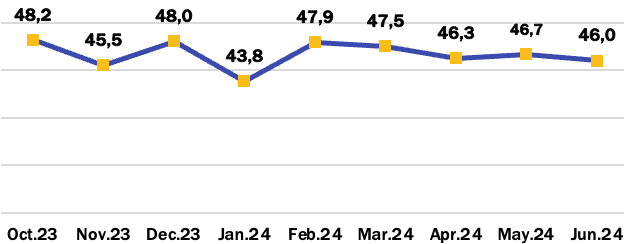
↑+4,0



SERVICES

46,0

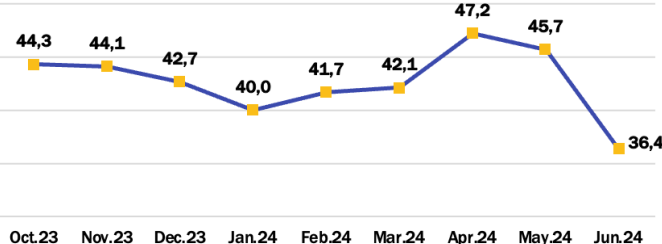
↓-0,7



TRADE

36,4

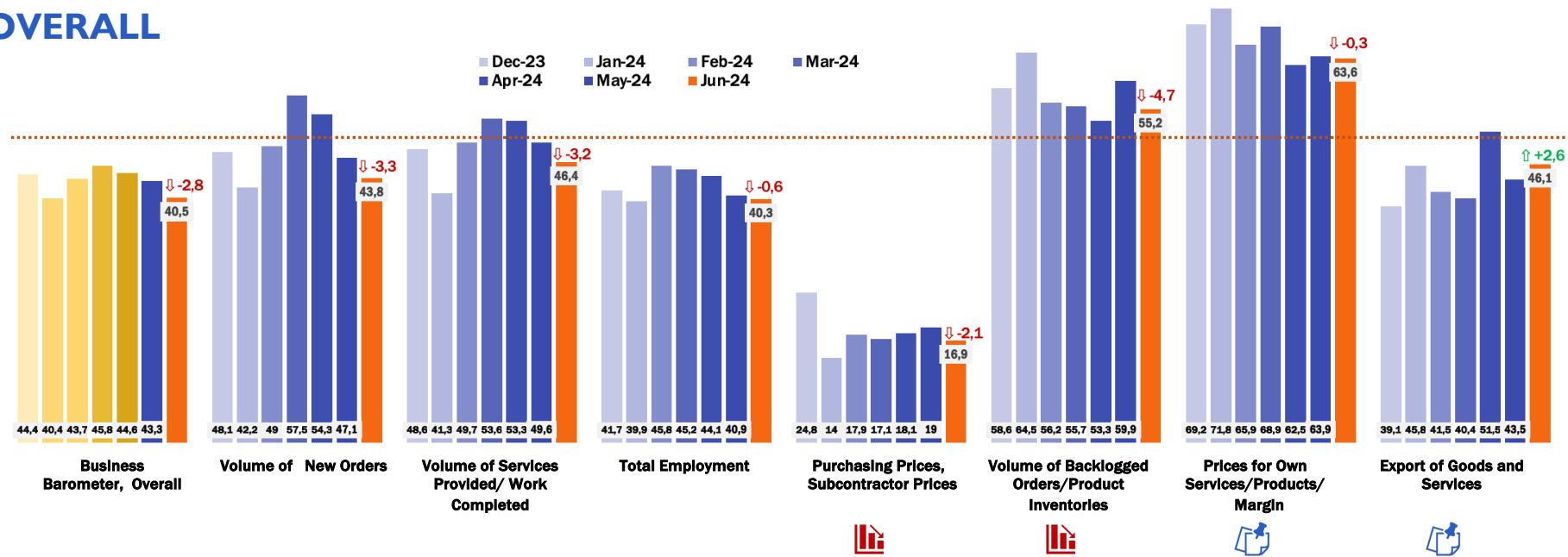
↓-9,3




40,5↓-2,8


BUSINESS BAROMETER OVERALL

Comparison of Business Barometer Indices by Indicator for June 2024 compared to May 2024

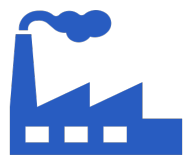


In June 2024, the overall Business Barometer Index decreased by 2.8 points to 40.5 points. Positive business expectations only relate to the reduction in the volume of unfulfilled orders (55.2↓-4.7 points) and the increase in the price of their own services or goods (63.3↓-0.3 points). However, both indicators showed a weakening of these expectations. All other indicators are in the zone of negative expectations (below 50 points) and almost all have negative dynamics except for the export of goods and services (46.1↑+2.6). The most problematic area traditionally remains the expectations regarding the increase in purchase prices and contractor prices, standing at 16.9↓-2.1 points.

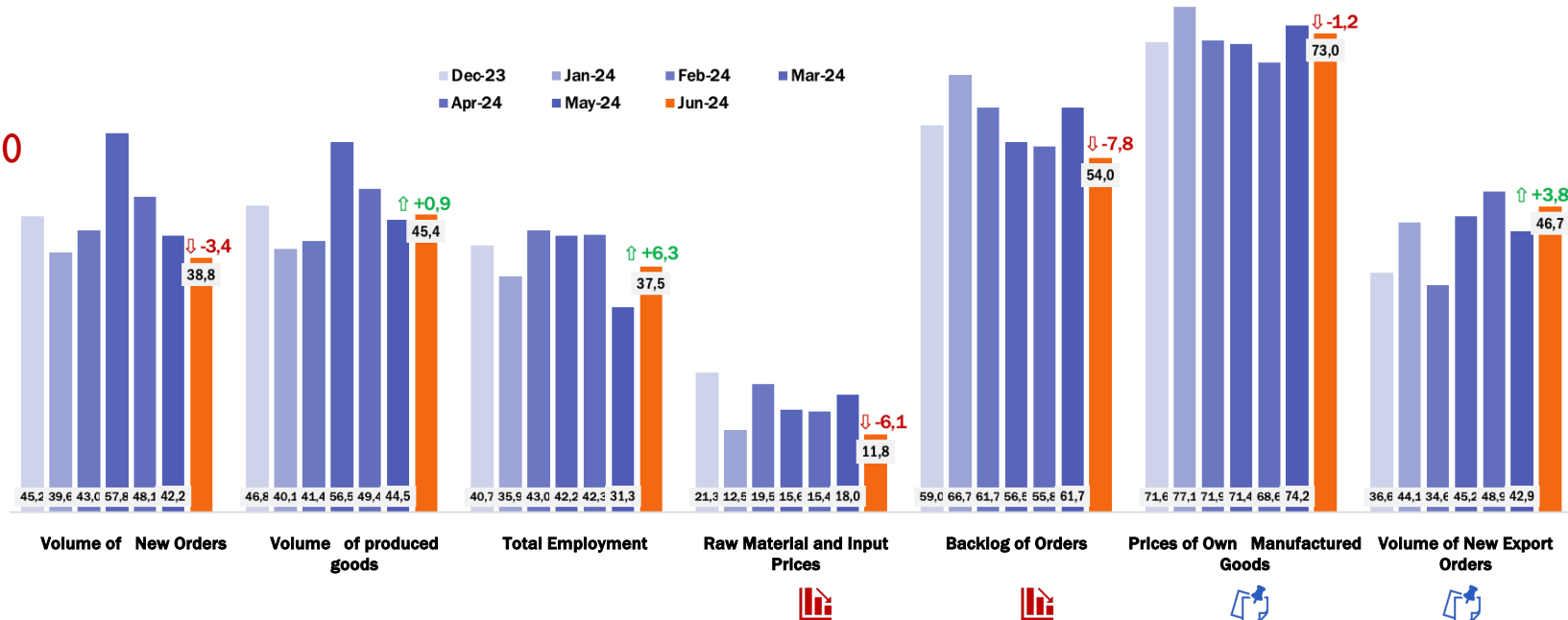
 Deterrent indicators are considered in the opposite sense when calculating the Business Barometer indices.

 These indicators provide additional insight into market conditions and are not considered in the calculation of the Business Barometer.

MANUFACTURING



37,5 ↓-2,0

Manufacturing Sector Business Expectations in June 2024
compared to May 2024

In June 2024, manufacturing enterprises are showing further strengthening of a pessimistic outlook regarding the future (37.5↓-2.0 points). Positive business expectations only concern the reduction in the volume of unfulfilled orders (54.0↓-7.8 points) and the increase in the price of their own manufactured products (73.0↓-1.2 points). However, both indicators show a weakening of positive sentiments. All other indicators are in the zone of negative expectations, although 3 out of 5 have positive dynamics (total number of employees ↑+6.3; volume of new export orders ↑+3.8; volume of manufactured products ↑+0.9).

The most problematic area, traditionally, as in other sectors for all observation periods, remains the increase in purchase prices for raw materials and supplies (11.8↓-6.1 points).

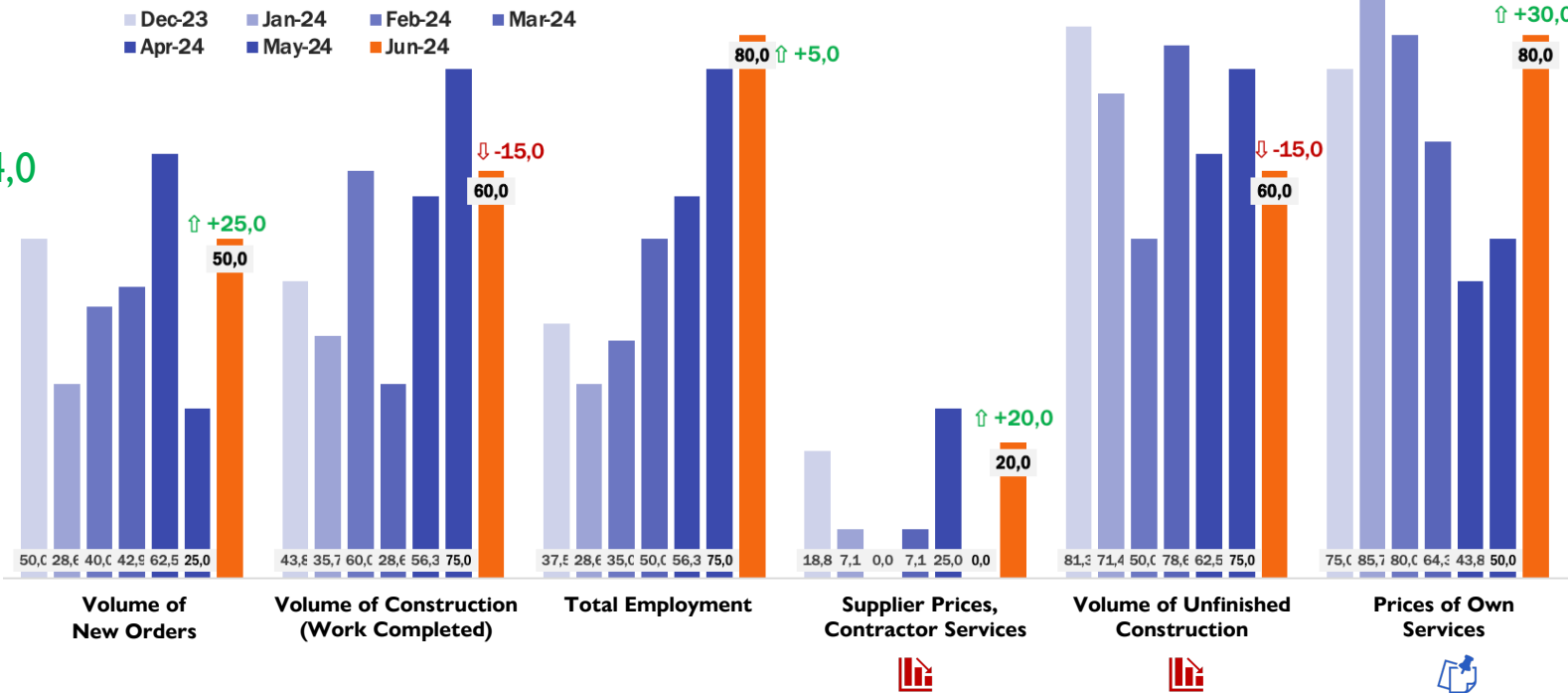


CONSTRUCTION



54,0 ↑+4,0

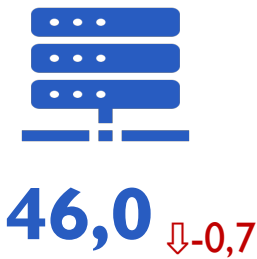
Construction Sector Business Expectations in June 2024 compared to May 2024



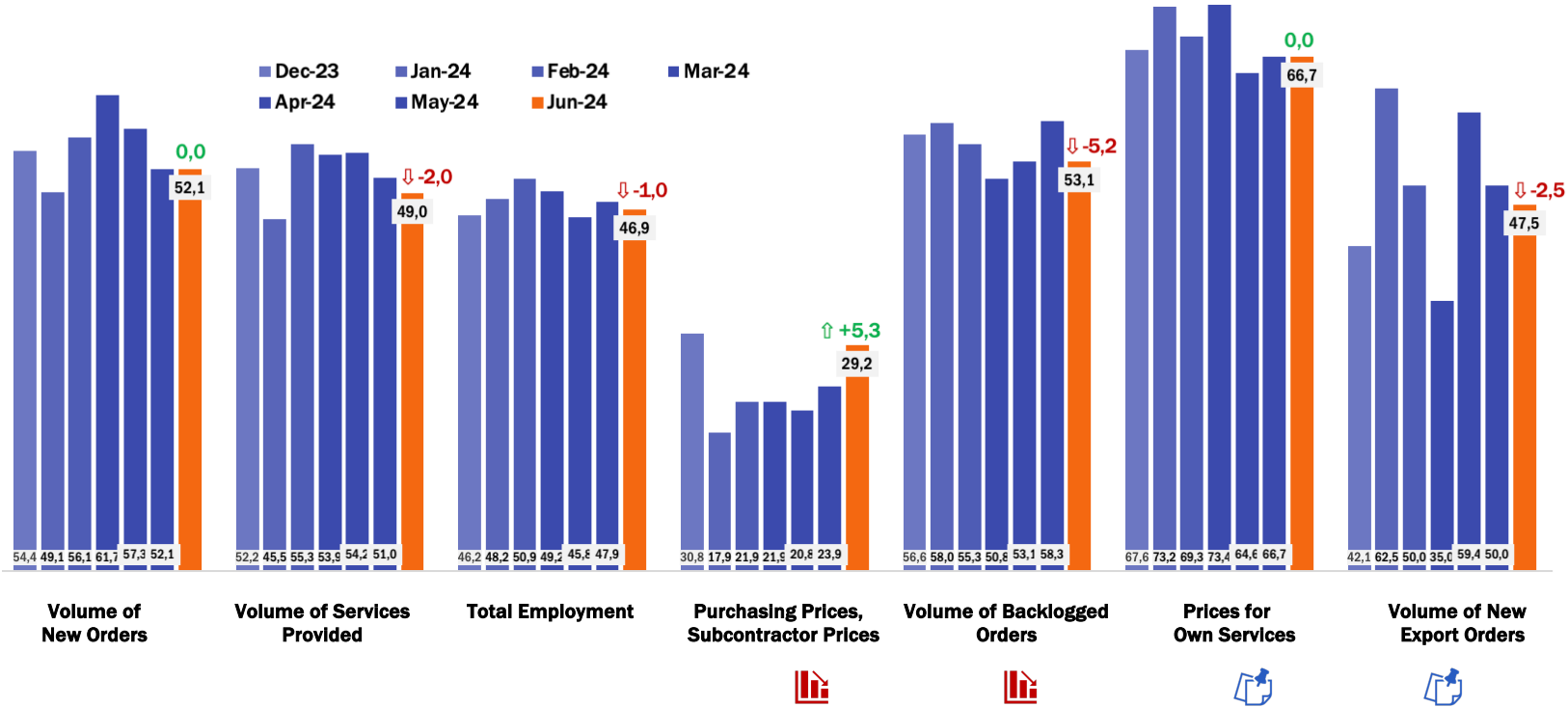
In June 2024, the Construction Sector Barometer shows an improvement in business sentiment, standing at 54.0↑+4.0 points. For the fifth consecutive month, the trend of increasing the total number of employees continues (80.0↑+5.0 points). An increase in the volume of completed works and a reduction in the volume of unfinished construction is also expected, although the number of representatives sharing this view is decreasing (60.0↓-15.0 points). The volume of new orders will remain unchanged (50.0↑+25.0 points). Despite the significant relative improvement in sentiment (+20.0 points), the majority of representatives in the construction sector expect an increase in supplier prices, as indicated by the Barometer value of only 20.0 points.



SERVICES



Service Sector Business Expectations in June 2024 compared to May 2024



In June 2024, enterprises in the service sector show a slight increase in pessimistic outlook towards the future (6.0 ↓-0.7). Many indicators show slight deviations from last month's values.

Most representatives in this sector predict an increase in the volume of new orders (52.1↑↓0.0). The volume of unfulfilled orders is also expected to decrease, although fewer entrepreneurs share this view compared to the previous month (53.1↓-5.2). There remains the potential to increase prices for their own services (66.7↑↓0.0).

The volume of provided services will almost remain unchanged (49.0↓-2.0), and the total number of employees in this sector will slightly decrease (46.9↓-1.0 points), as will the volume of new export orders (47.5↓-2.5 points).

Despite relatively positive dynamics for the second consecutive month, the lowest barometer value, as in other sectors, pertains to expectations of rising purchase prices (29.2↑+5.3 points).

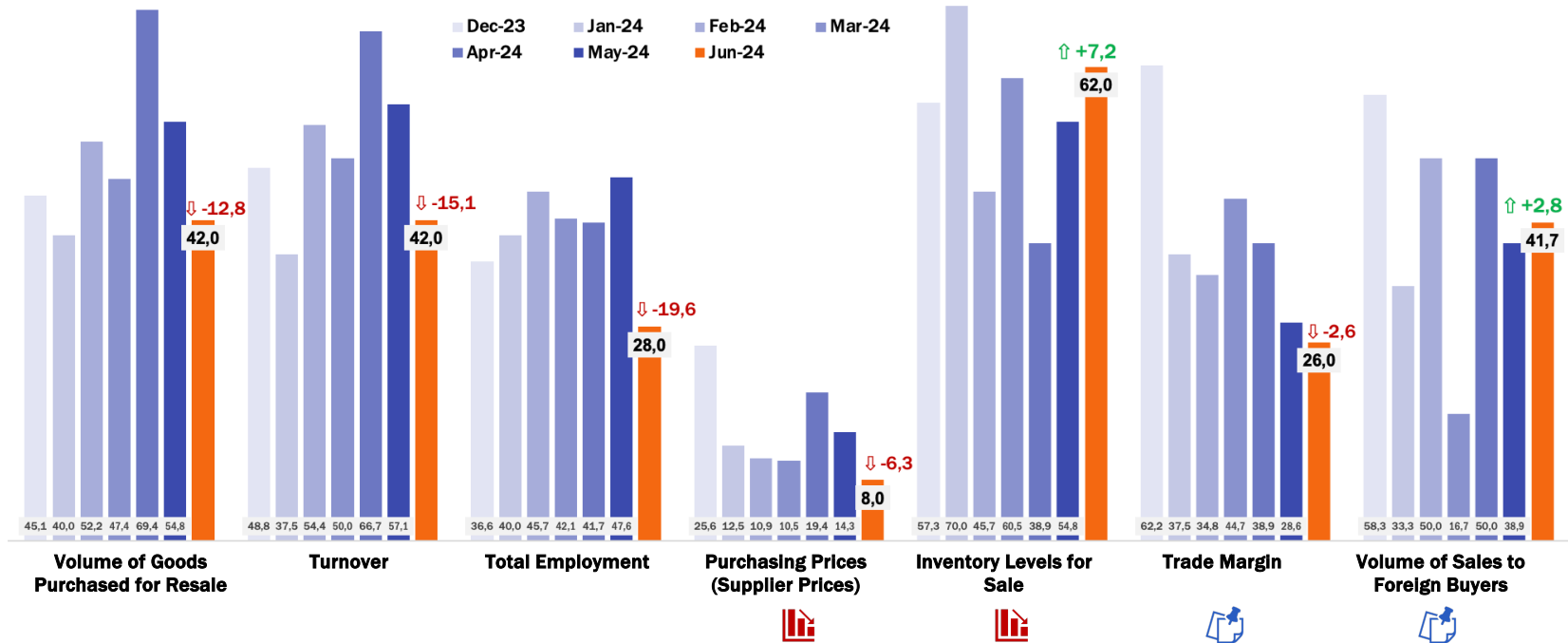


TRADE



36,4↓-9,3

Trade Sector Business Expectations in June 2024 compared to May 2024



The Trade Sector Barometer Index shows a significant decline in June 2024, reflecting a substantial increase in negative expectations (36.4↓-9.3 points). Positive business forecasts in the trade sector are observed in only 1 out of 5 indicators considered in the index calculations. The positive aspect for businesses is the reduction in inventory levels for sale (62.0↑+7.2 points).

However, there is an expected simultaneous decrease in the purchase of goods for sale (42.0↓-12.8 points), turnover (42.0↓-15.1 points), total number of employees (28.0↓-19.6 points), and trading margin (26.0↓-2.6 points) amid rising purchase prices (8.0↓-6.3 points).

Sales to foreign buyers will show a decline despite a relative improvement in expectations compared to the previous month (41.7↑+2.8 points).



40,5 ↓-2,8

**BUSINESS BAROMETER
OVERALL**

**Micro-
enterprises**
(0-9 persons employed)

43,8 ↓-3,6

**Small
enterprises**
(up to 50 persons employed)

38,8 ↓-2,9



EXPORTERS

38,6 ↓-6,0

**Medium
enterprises**
(10-249 persons employed)

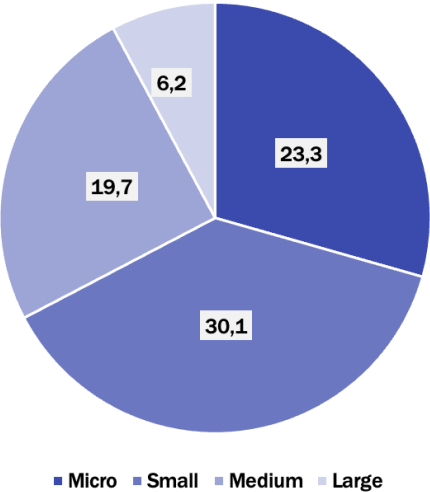
38,9 ↓-2,2

**Large
enterprises**
(250 or more persons)

43,3 ↑+6,2



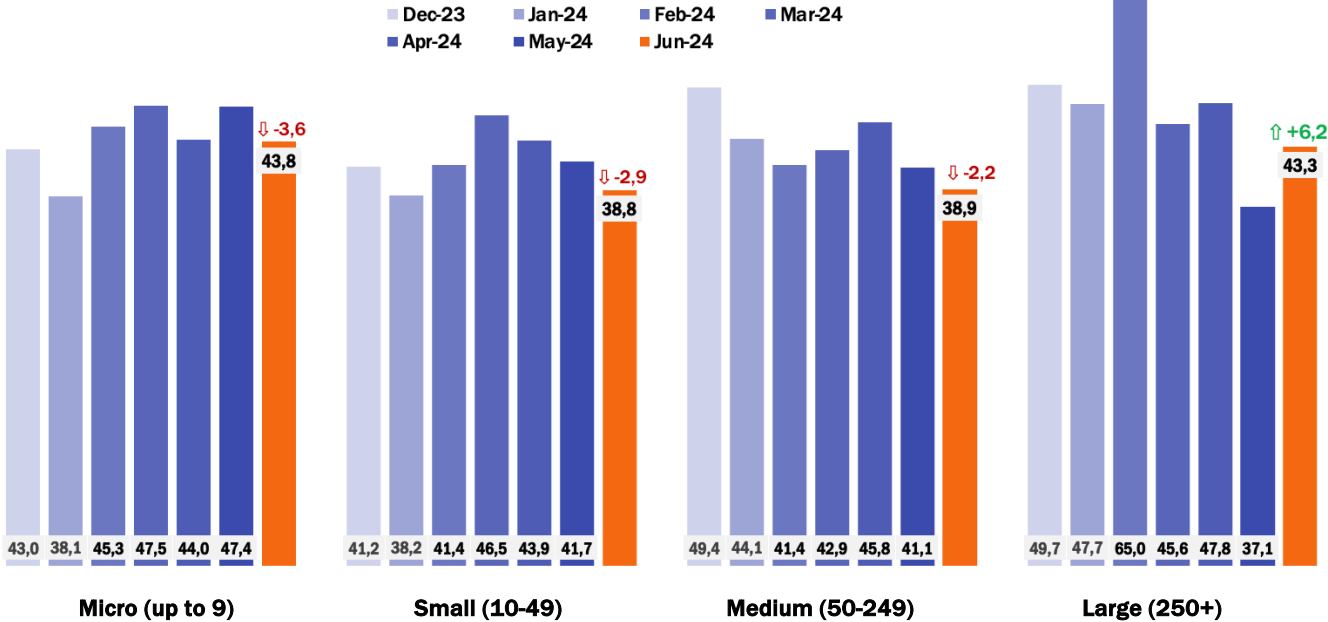
Distribution of enterprises - respondents by company size, %



Even though negative expectations dominate across all businesses regardless of size, the dynamics vary somewhat. Compared to the previous month, an improvement in expectations is observed only among representatives of large enterprises (43.3 ↑+6.2).

All other businesses show negative dynamics (micro – 43.8 ↓-3.6; small – 38.8 ↓-2.9; medium – 38.9 ↓-2.2).

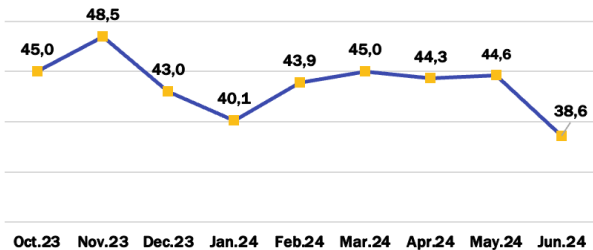
Business and Entrepreneur Expectations by Company Size in June 2024 Compared to May 2024





38,6 ↓-6,0

EXPORTERS
50% respondents



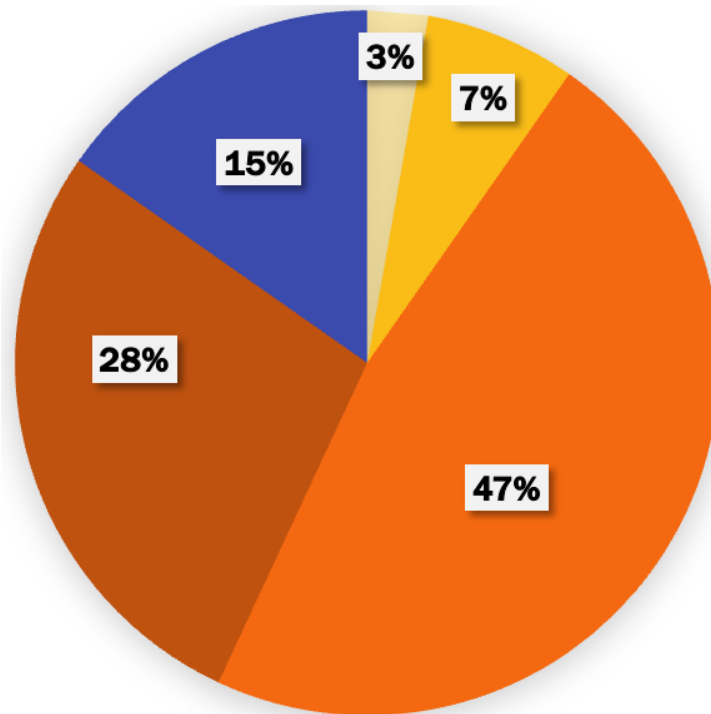
June 2024 Exporters' Expectations Across All Sectors
Compared to May 2024

Provides an additional assessment of market conditions,
not included in the Business Barometer



In June 2024, exporters intensified their negative expectations (38.6↓-6.0 points). Despite the negative trend compared to the previous month, exporters anticipate positive changes, such as a reduction in the volume of unfulfilled orders or inventory (52.0↓-6.8 points) and an increase in margins or prices for their own services (62.3↓-5.0). Exporters' negative forecasts are observed regarding the decrease in the volume of new orders (42.2↓-6.8 points), the volume of services provided, and work performed (42.9↓-12.9 points), as well as the total number of employees (35.7↓-4.7 points) amid rising purchase prices (20.1↑+0.9 points).

FOR JUNE 2024: HOT ISSUE SURVEY RESULTS



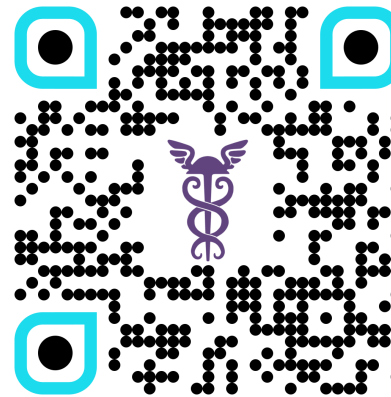
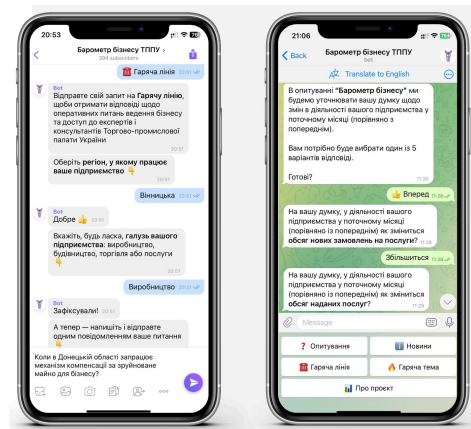
What's the biggest challenge for businesses today?

- Mobilization and reservation
- Power outages
- Electricity tariffs
- Currency appreciation
- Slow reforms

TAKE THE SURVEY

Chatbots VIBER & TELEGRAM

- Monthly regular survey
- The "hot" issue of the month
- "Hotline" of the Ukrainian CCI system



The Business Barometer from the Ukrainian Chamber of Commerce and Industry (UCCI) represents the perspectives of enterprises and entrepreneurs who are members and partners of the UCCI. It reflects expectations for changes in the business environment in the coming month compared to the previous one.

Based on a survey that considers the status of indicators (or "sub-indices") of the respondents' activities across four sectors (manufacturing, construction, trade, services), the Business Barometer is tailored to meet the needs of the members and partners of the Ukrainian Chamber of Commerce and Industry. A distinctive feature of the Business Barometer is the inclusion of specialized industry questions and an analysis of export conditions, which provides additional insights into market conditions.

The survey covers questions regarding:

- Volume of new orders/purchase of goods;
- Production volumes/turnover;
- Total employment;
- Purchasing prices/contractor prices;
- Unfulfilled order volume/inventory levels;
- Prices of own production/trade margin*;
- Exports*

* *Extra questions that are not considered in the calculation of the Business Barometer.*

METHODOLOGY



The Business Barometer is calculated using the PMI methodology (Purchasing Manager Index):

$$\text{PMI} = (\text{P1} * 1) + (\text{P2} * 0,5) + (\text{P3} * 0)$$

where:

P1 = % of responses indicating an improvement

P2 = % of responses indicating no change

P3 = % of responses indicating a deterioration

- A value **above 50** signifies growth or expansion in the economic sector compared to the previous month.
- A value **below 50** indicates a contraction.
- A value of **50** indicates that there is no change compared to the previous month.



Attention! The indicators "**Purchasing Prices**" and "**Unfulfilled Order Volume/Inventory Levels**" are considered deterrents and are interpreted inversely in the calculation.

To detail the provided responses, a 5-point scale is used (will decrease – likely to decrease – no change – likely to increase – will increase).

For calculating the Business Barometer indicator, a 3-point scale is applied, and responses are summed up as follows:

- will decrease and likely to decrease;
- no change;
- likely to increase and will increase.

FOR the SUPPORT



Implemented by:



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