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 **THE UKRAINIAN CHAMBER
OF COMMERCE AND INDUSTRY**



BUSINESS BAROMETER

Monthly Ukrainian Business Survey

Hot Issue:

“Assessment of the Impact of the U.S. Election Campaign on the Ukrainian Economy“

July 2024

Issue #10

(Survey July 17-21, 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 #10 | July 2024

- In July 2024, the overall Business Barometer Index experienced a slight decrease to **40.0** points, marking a drop of **↓-0.5** points compared to June. This represents the fourth consecutive month of progressively strengthening negative expectations, with a total decline of **↓- 5.8** points since March.
- An improvement is only anticipated in the construction sector, where the Business Barometer Index stands at **52.5** points, although the number of optimistically inclined entrepreneurs is decreasing (**↓-1.5** points).
- There is a slight worsening in business expectations within the service sector (**46.2** points), but the trend is positive (**↑+0.2** points).
- The manufacturing sector is characterized by a gradual intensification of negative expectations (**36.8** points, down **↓-0.7** points).
- The most challenging situation is expected, as last month, in the trade sector – **34.8** points, down **↓-1.6** points.
- A relative improvement in expectations is observed only among representatives of large enterprises (**47.5** points, up **↑+4.2** points). Medium-sized business representatives view the future most negatively, with their forecasts worsening significantly (**32.7** points, down **↓-6.2** points).
- Exporters' outlook for the future is marked by further strengthening of pessimistic expectations (**37.3** points, down **↓- 1.3** points).
- A survey regarding **the impact of the U.S. election campaign on Ukraine's economy** revealed the following: a majority of respondents (**63%**) predict a deterioration of the economic situation, while **30%** believe that the election campaign will not have a significant impact. Only **7%** expect an improvement in the economic climate, indicating a high level of pessimism among domestic businesses concerning the consequences of political changes in the U.S.

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



Business Barometer	2023			2024						
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
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



40,0 ↓-0,5

**BUSINESS BAROMETER
OVERALL**



MANUFACTURING

36,8 ↓-0,7



CONSTRUCTION

52,5 ↓-1,5



SERVICES

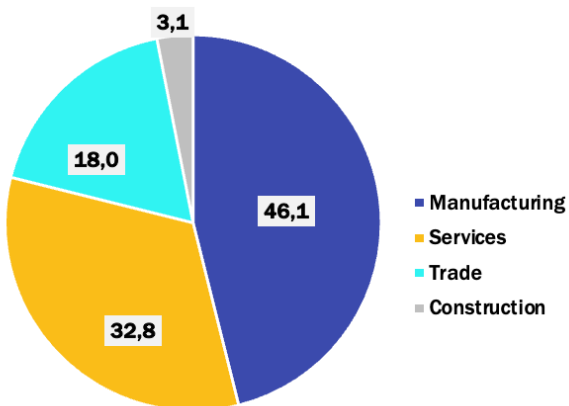
46,2 ↑+0,2



TRADE

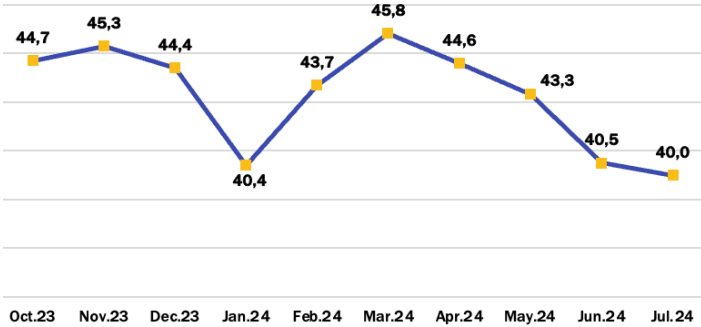
34,8 ↓-1,6

Distribution of respondents by sector
Share of respondents, %



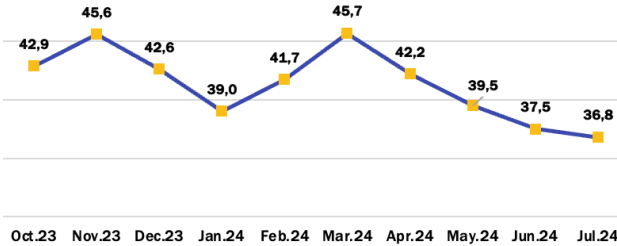
40,0 ↓-0,5

BUSINESS BAROMETER OVERALL



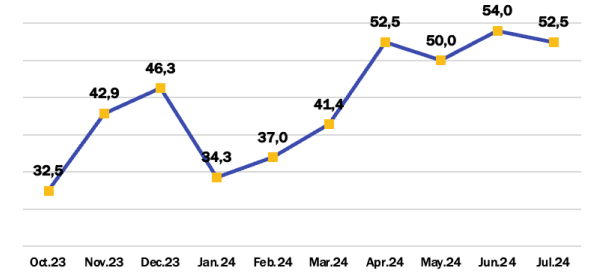
MANUFACTURING

36,8 ↓-0,7



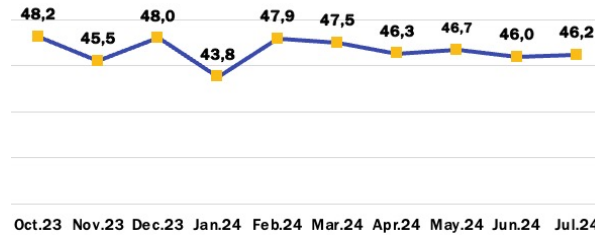
CONSTRUCTION

52,5 ↓-1,5



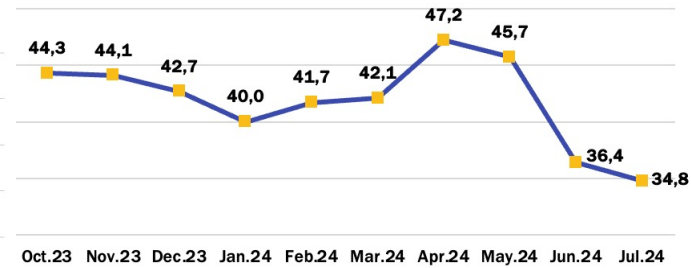
SERVICES

46,2 ↑+0,2



TRADE

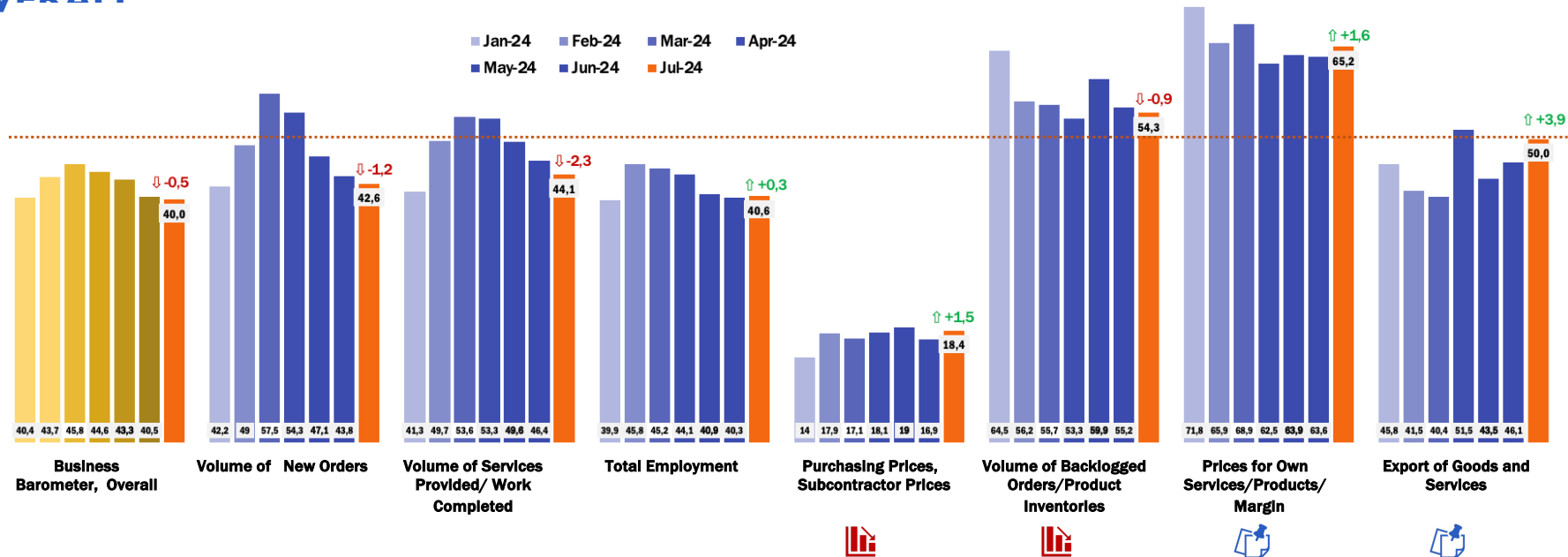
34,8 ↓-1,6



40,0 ↓-0,5

BUSINESS BAROMETER OVERALL

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





In July 2024, the overall Business Barometer Index decreased by 0.5 points and settled at 40.0 points.

Business expectations are positive regarding a reduction in the volume of unfulfilled orders, although the trend is negative (54.3 points, down 0.9 points). Additionally, entrepreneurs predict that there is still potential for increasing prices for their own services or products (65.2 points, up 1.6 points).

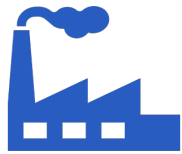
Almost all other indicators remain in the zone of negative expectations (below 50 points). The dynamics are mixed, with minor changes (up to 2 points). Only the export of goods and services will remain unchanged (50.0 points, up 3.9).

The most problematic area for businesses traditionally remains the rise in purchasing prices and contractor prices, though the dynamics are moderately positive (18.4 points, up 1.5).

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

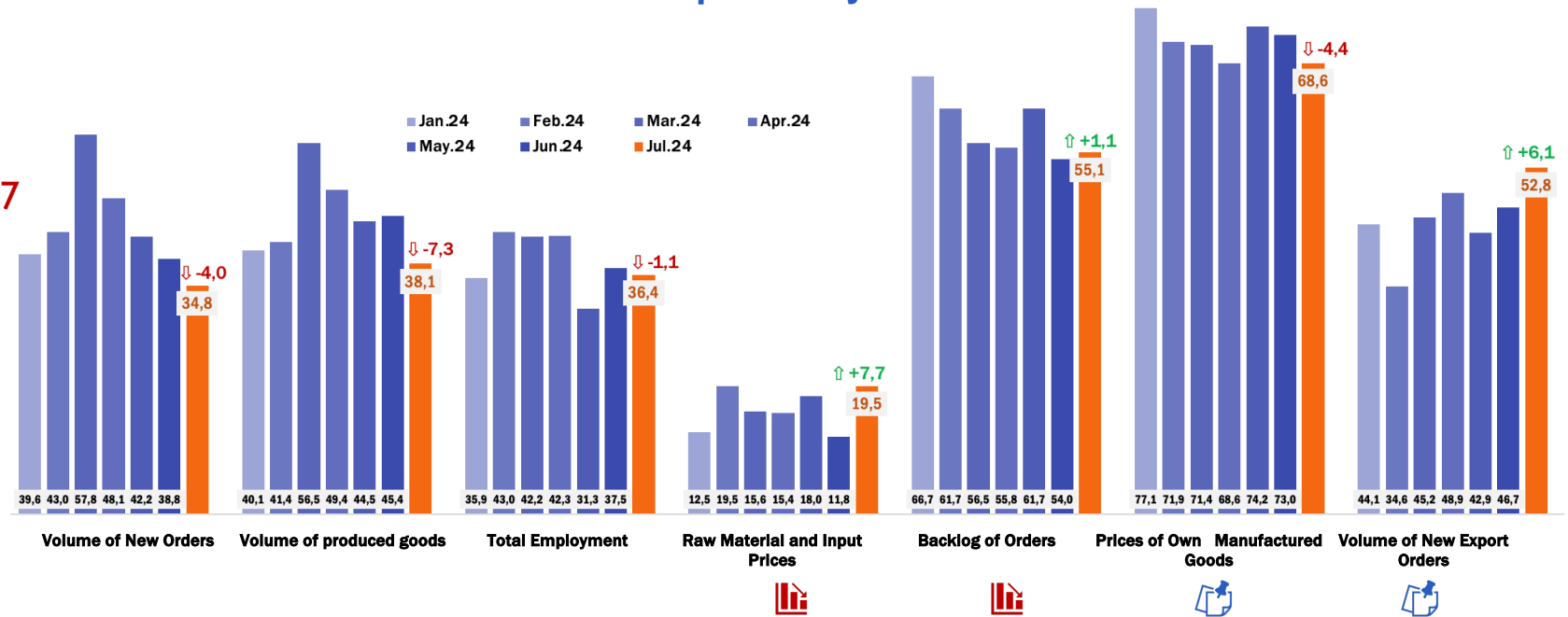
 These indicators provide additional insight into market conditions and are not considered in the calculation of the Business Barometer.

MANUFACTURING



36,8 ↓-0,7

Manufacturing Sector Business Expectations in July 2024 compared to June 2024



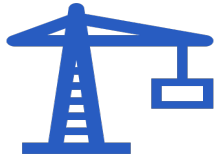
In July 2024, manufacturing enterprises demonstrate further strengthening of their pessimistic outlook on the future (36.8 points, down 0.7 points).

Positive business expectations relate only to a reduction in the volume of unfulfilled orders (55.1 points, up 1.1 points), an increase in the price of own production (68.6 points, down 4.4 points), and an increase in the volume of export orders (52.8 points, up 6.1 points).

Other indicators are in the zone of heightened pessimistic expectations (Barometer values below 40 points) with a predominance of negative dynamics (volume of new orders down 4.0 points; volume of produced goods down 7.3 points; total employment down 1.1 points).

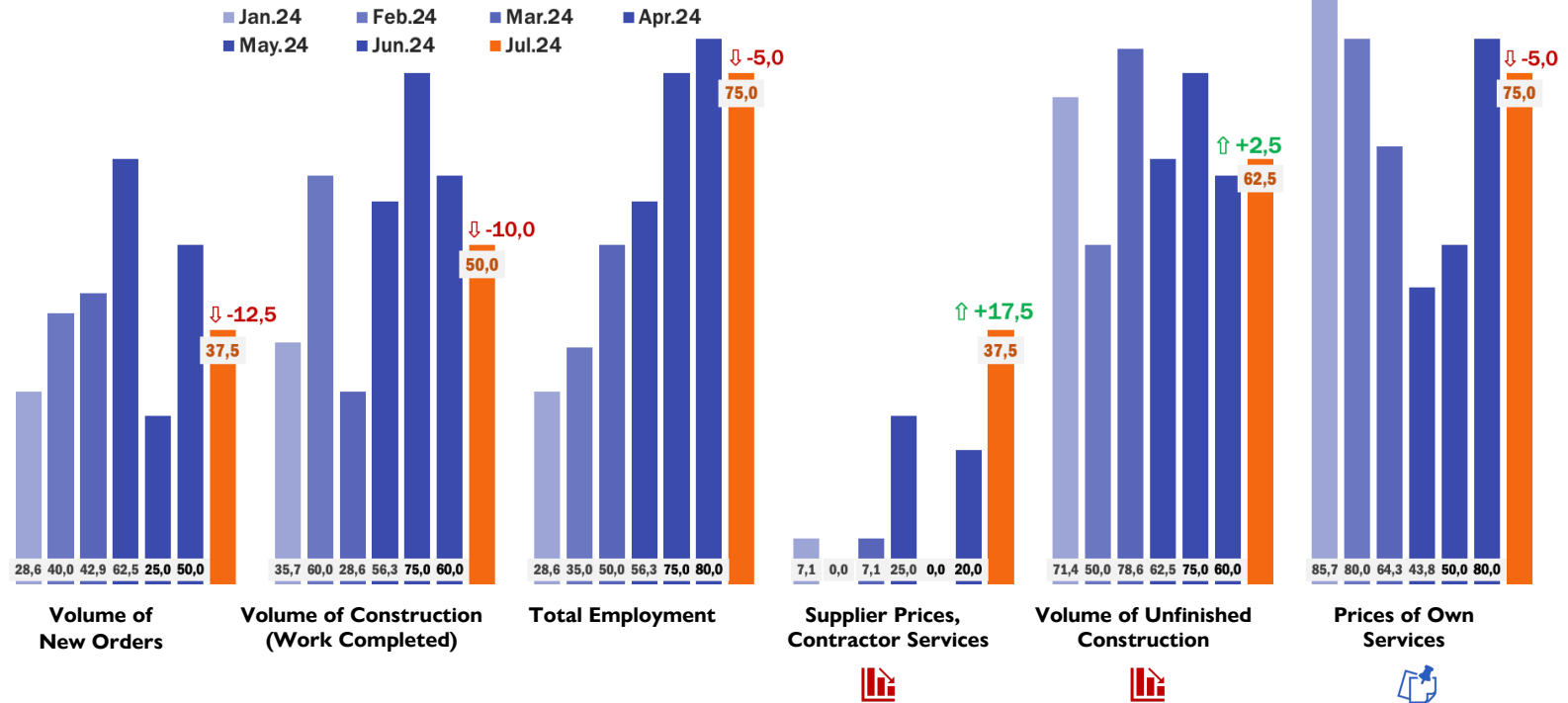
The most problematic area, as in other sectors throughout all periods of observation, despite positive dynamics, remains the rise in purchasing prices for raw materials and materials (19.5 points, up 7.7 points).

CONSTRUCTION



52,5 ↓-1,5

Construction Sector Business Expectations in July 2024 compared to June 2024



In July 2024, the Construction Sector Barometer shows a slight dominance of positive expectations, though the number of optimists has somewhat decreased (52.5 points, down 1.5 points).

For the fourth consecutive month, expectations of an increase in total employment prevail, with a certain correction from the exceptionally high values in June of 80 points (75.0 points, down 5.0 points). Further reduction in the volumes of unfinished construction is also forecasted (62.5 points, up 2.5 points) along with an increase in the price of own services (75.0 points, down 5.0 points).

The volume of construction or completed works will remain unchanged (50.0 points, down 10.0 points).

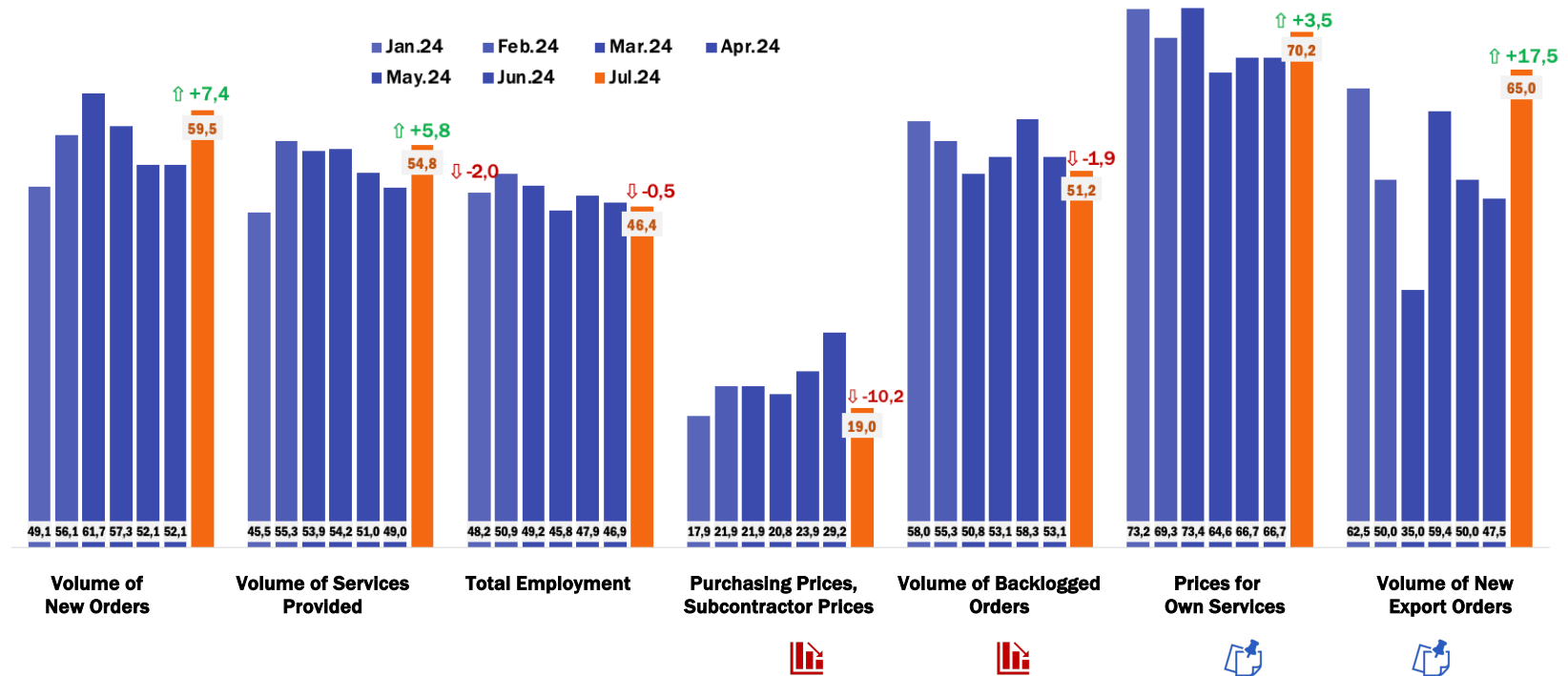
Significant reductions in the volumes of new orders are expected (37.5 points, down 12.5 points) amidst further increases in supplier prices and contractor services (37.5 points, up 12.5 points).

SERVICES



46,2 $\uparrow +0,2$

Service Sector Business Expectations in July 2024 compared to June 2024



In July 2024, service sector enterprises show a slight easing of their cautious outlook on the future (46.2 points, up 0.2 points). The majority of representatives in this sector predict an increase in the volume of new orders (59.5 points, up 7.4 points) and in the volume of services provided (54.8 points, up 5.8 points). There is also an expected increase in the volume of new export orders (65.0 points, up 17.5 points) and a rise in the price of their own services (70.2 points, up 3.5 points). The total number of employees in this sector will slightly decrease (46.4 points, down 0.5 points). The lowest Barometer value, as in other sectors, relates to expectations of rising purchasing prices (19.0 points, down 10.2 points).

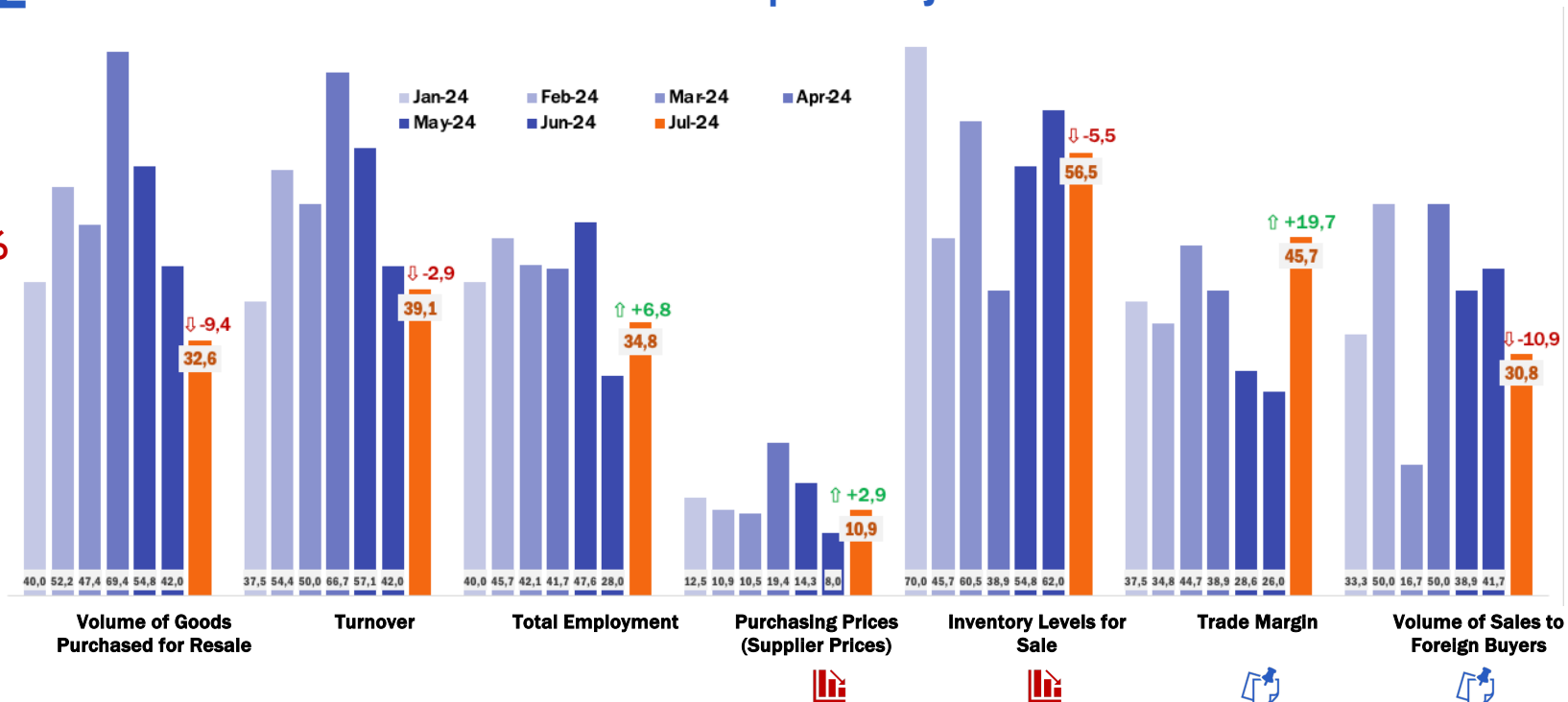


TRADE



34,8 ↓-1,6

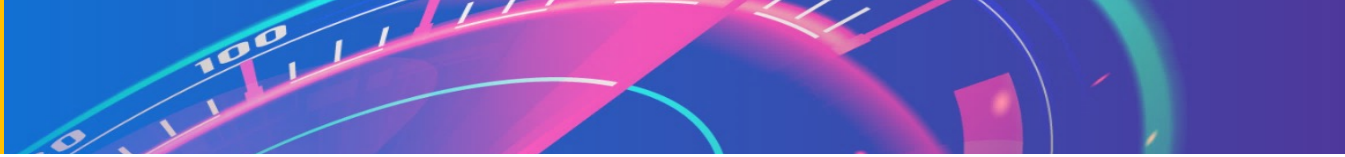
Trade Sector Business Expectations in July 2024 compared to June 2024



In July 2024, the Trade Sector Barometer Index continued to decline, reaching a historically low level for the entire observation period (34.8 points, down 1.6 points). Positive business forecasts in the trade sector are only observed regarding the reduction of inventory levels for sale, although the number of optimists has decreased over the month (56.5 points, down 5.5 points).

Other indicators are in the zone of negative expectations. A reduction in the volumes of goods purchased for sale is anticipated amid strengthening skeptical sentiments (32.6 points, down 9.4 points). Compared to April of this year, there is a notable drop, more than doubling from 69.4 to 32.6 points. A reduction in turnover and sales volumes to foreign buyers is also expected due to negative dynamics (39.1 points, down 2.9 points and 30.8 points, down 10.9 points, respectively). At the same time, a decrease in the total number of employees and trading margin is forecasted amidst positive dynamics (34.6 points, up 6.8 points and 45.7 points, up 19.7 points, respectively).

Despite some easing of pessimistic expectations, the majority of businesses anticipate a rise in purchasing prices (10.9 points, a change of +6.8 points).



40,0 ↓-0,5

**BUSINESS BAROMETER
OVERALL**

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

43,6 ↓-0,2

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

40,8 ↑+2,0



EXPORTERS

37,3 ↓-1,3

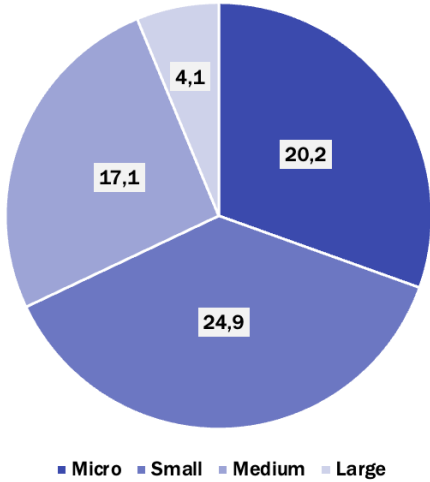
**Medium
enterprises**
(10-249 persons employed)

32,7 ↓-6,2

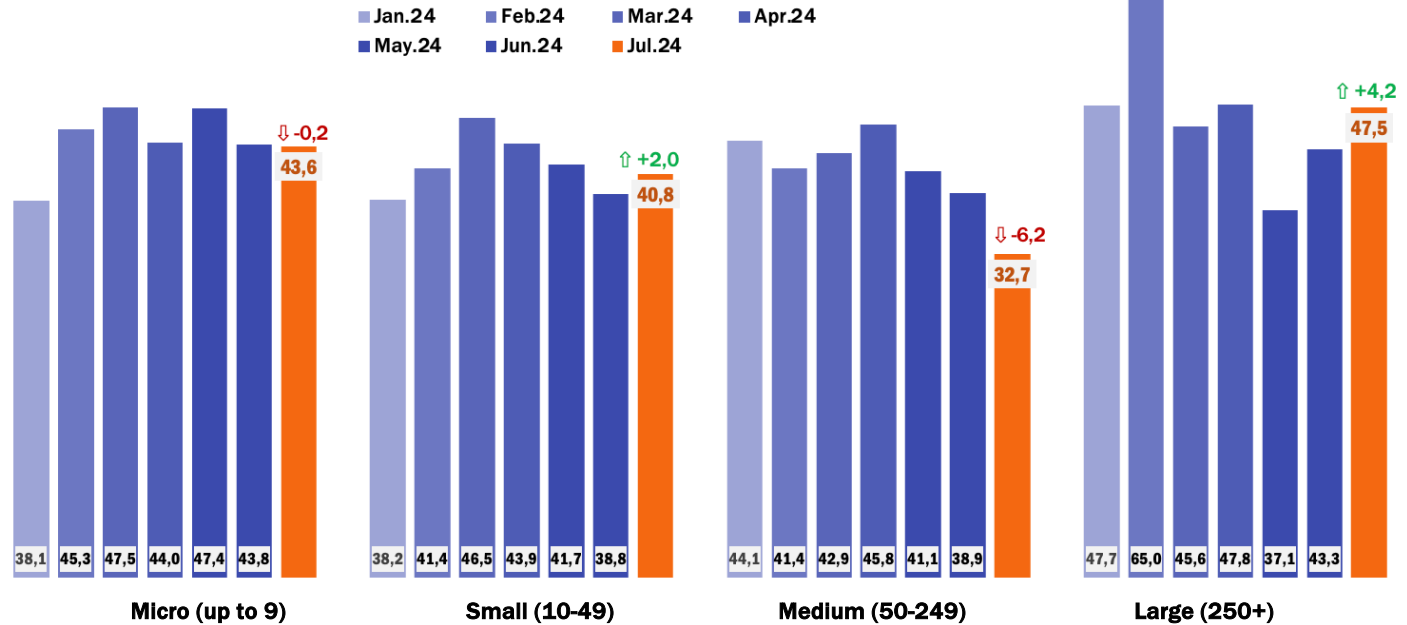
**Large
enterprises**
(250 or more persons)

47,5 ↑+4,2

Distribution of enterprises - respondents by company size, %



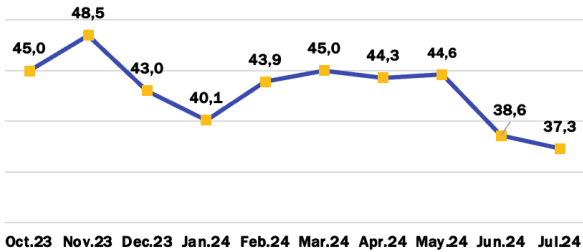
Business and Entrepreneur Expectations by Company Size in July 2024 Compared to June 2024



In July 2024, negative expectations outweigh positive ones across all business representatives regardless of size (Barometer index values below 50 points). However, the dynamics and relative values have certain distinct characteristics. Representatives of large businesses view the future more confidently relative to others (47.5 points, up 4.2 points). Representatives of medium-sized businesses are distinguished by a pessimism that has been intensifying for the third consecutive month (32.7 points, down 6.2 points).

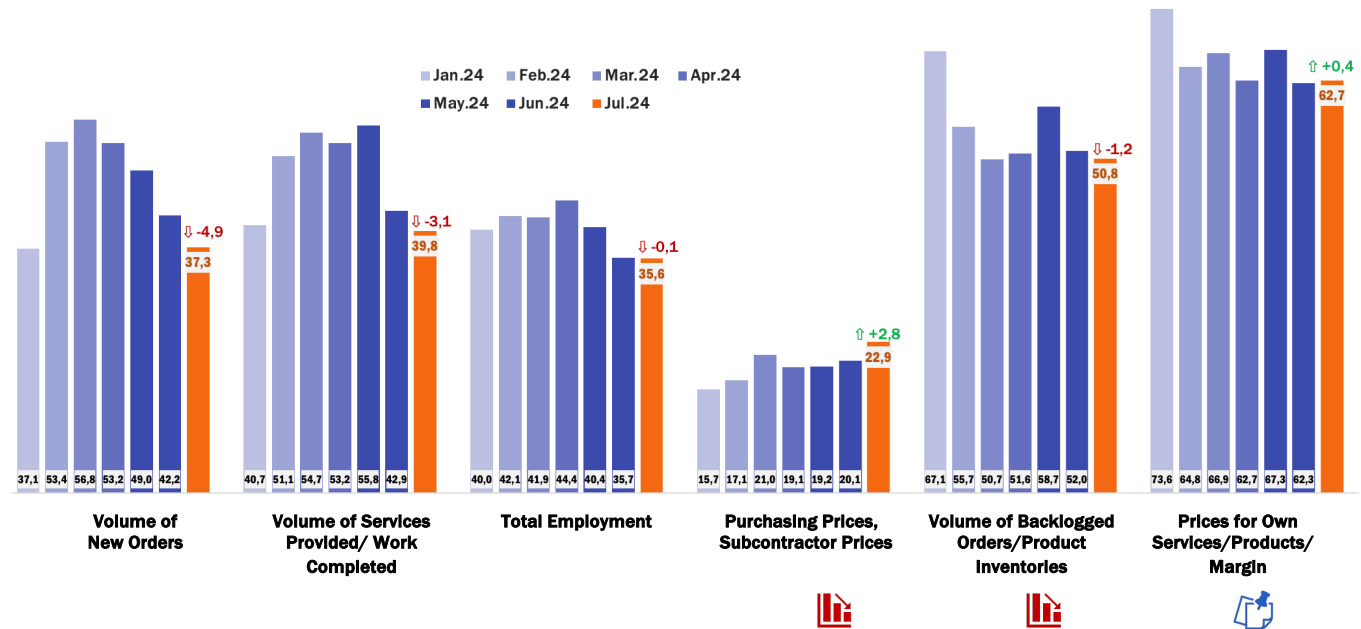


EXPORTERS
46% respondents



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

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

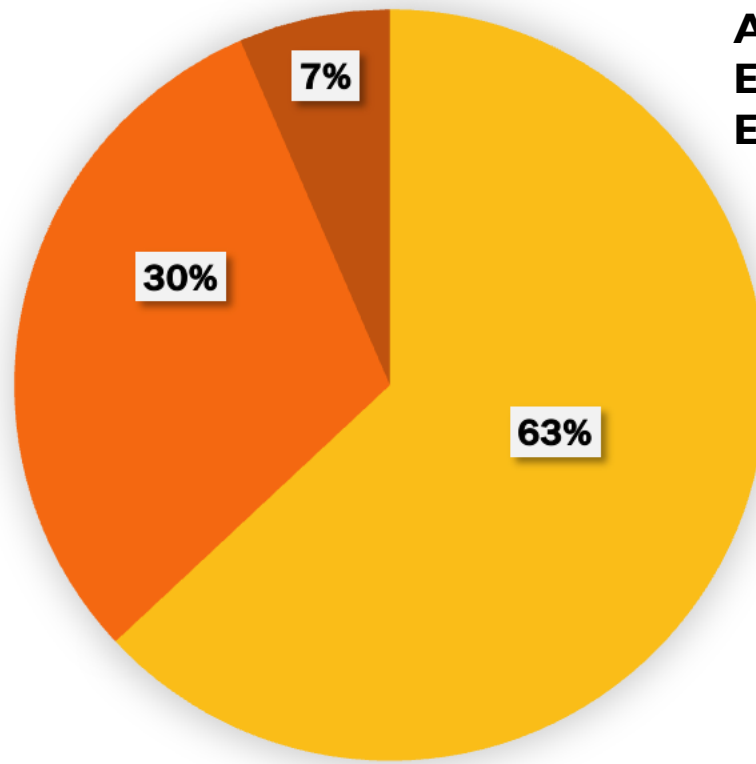


In July 2024, exporters intensified their negative expectations (37.3 points, down 1.3 points).

Despite the negative trend compared to the previous month, exporters anticipate slight positive changes in reducing the volume of unfulfilled orders or inventory levels (50.8 points, down 1.2 points) and a modest increase in margins or prices for their own services (62.7 points, up 0.4 points).

Exporters' negative forecasts include a decrease in the volume of new orders (37.3 points, down 4.9 points), the volume of provided services and completed works (39.8 points, down 3.1 points), and the total number of employees (35.6 points, down 0.1 points) amidst rising purchasing prices (22.9 points, up 2.8 points).

FOR JULY 2024: HOT ISSUE SURVEY RESULTS

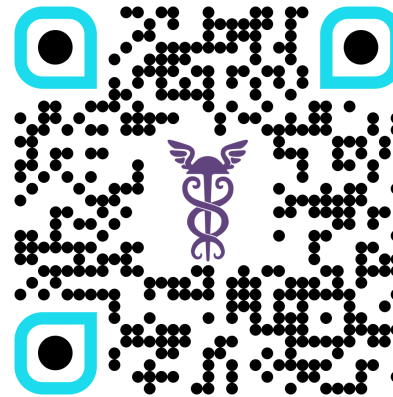
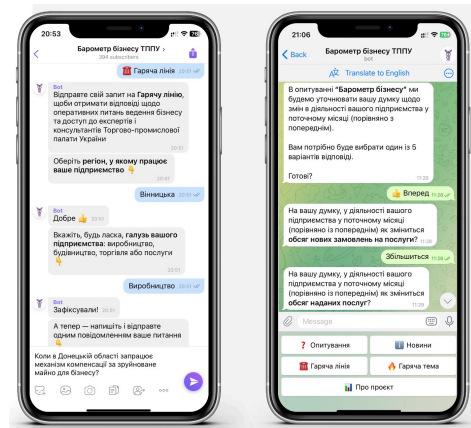


Assessment of the Impact of the U.S. Election Campaign on the Ukrainian Economy

- Significant deterioration
- Deterioration
- No change
- Improvement
- Significant improvement

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):

$$PMI = (P1 * 1) + (P2 * 0,5) + (P3 * 0)$$

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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