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THE UKRAINIAN CHAMBER  
OF COMMERCE AND INDUSTRY



# BUSINESS BAROMETER

MONTHLY UKRAINIAN BUSINESS SURVEY

Hot Issue:

**«What tax increase would be fair  
for boosting the budget?»**

**October 2024**

**Issue #12**

**(survey October 10-18, 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 #13 | October 2024

- In October 2024, the overall Business Barometer Index dropped to **40.3** points, showing a decline of **↓-2.2** points compared to the previous month. This is the lowest value recorded since the beginning of regular observations in October 2023.
- Improvement is forecasted only in the construction sector, where the Business Barometer Index stands at **55.0** points, though the number of optimistic entrepreneurs continues to decline for the second consecutive month (**↓-2.3**).
- A notable increase in negative expectations was recorded in the trade sector (**40.4↓-4.4**), although the situation is perceived by businesses as slightly better than in the manufacturing and services sectors.
- The services sector remains in the zone of negative expectations, with a slight intensification (**40.3↓-0.5**).
- In the manufacturing sector, businesses exhibit the most cautious outlook, and the number of skeptics is increasing (**38.6↓-1.8**).
- Negative expectations dominate across businesses of all sizes. The most significant rise in pessimism is observed among large businesses (**45.0↓-12.5**). Micro, small, and medium-sized enterprises hold an even more cautious view of the future than large businesses (Barometer values below 43 points), with medium-sized businesses showing the lowest Barometer value (**37.6↓-3.9**).
- Exporters' outlook on the future follows the general trend in the business sector, marked by an increase in pessimistic expectations (**37.5↓-3.9**).
- According to the survey results on "What tax increase would be fair for boosting the budget?", the majority of respondents are against raising taxes, while a notable portion supports an increase in VAT. Specifically, 48% of respondents believe that none of the taxes should be raised, while 26% think that VAT can be increased.

**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	Aug	Sep	Oct
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



40,3 ↓-2,2

BUSINESS BAROMETER  
OVERALL



MANUFACTURING

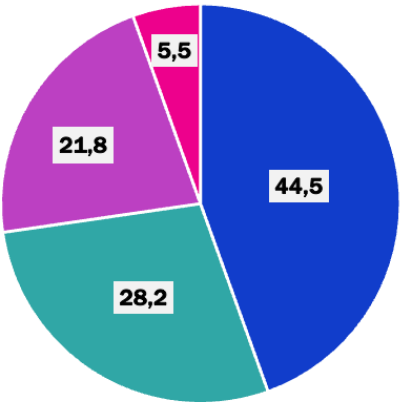
38,6 ↓-1,8



CONSTRUCTION

55,0 ↓-2,3

Distribution of respondents by sector  
Share of respondents, %



- Manufacturing
- Services
- Trade
- Construction



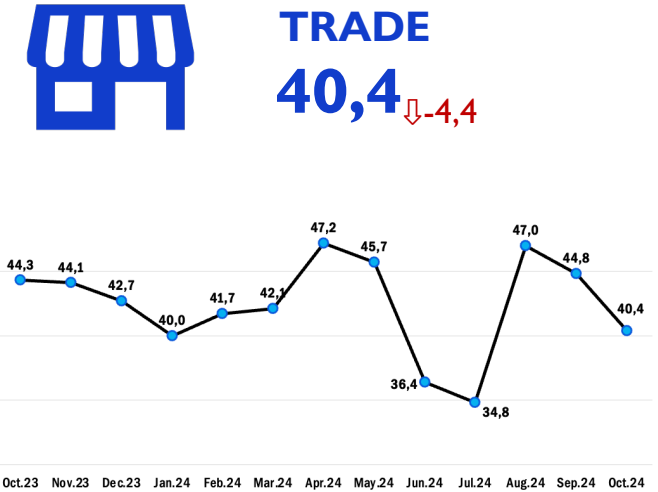
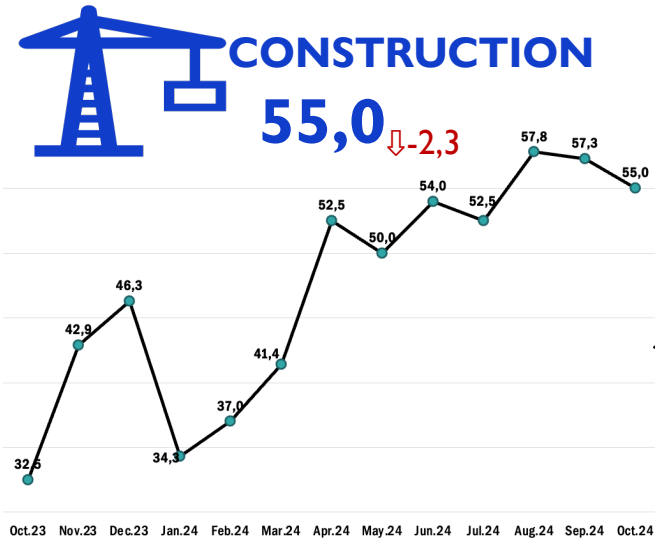
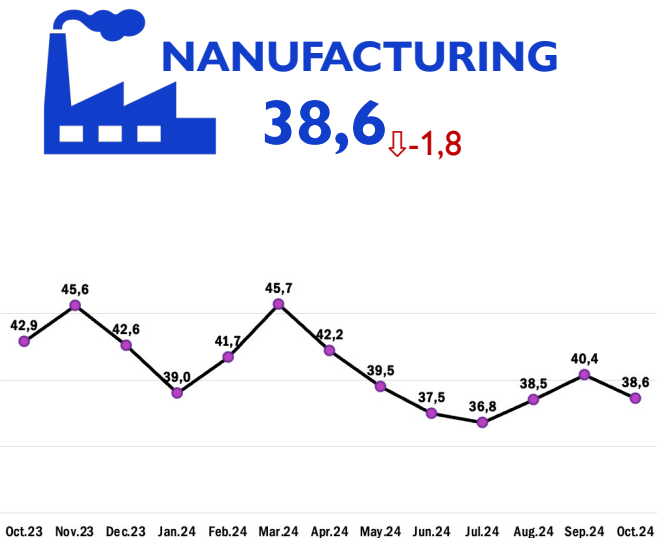
SERVICES

40,3 ↓-0,5



TRADE

40,4 ↓-4,4

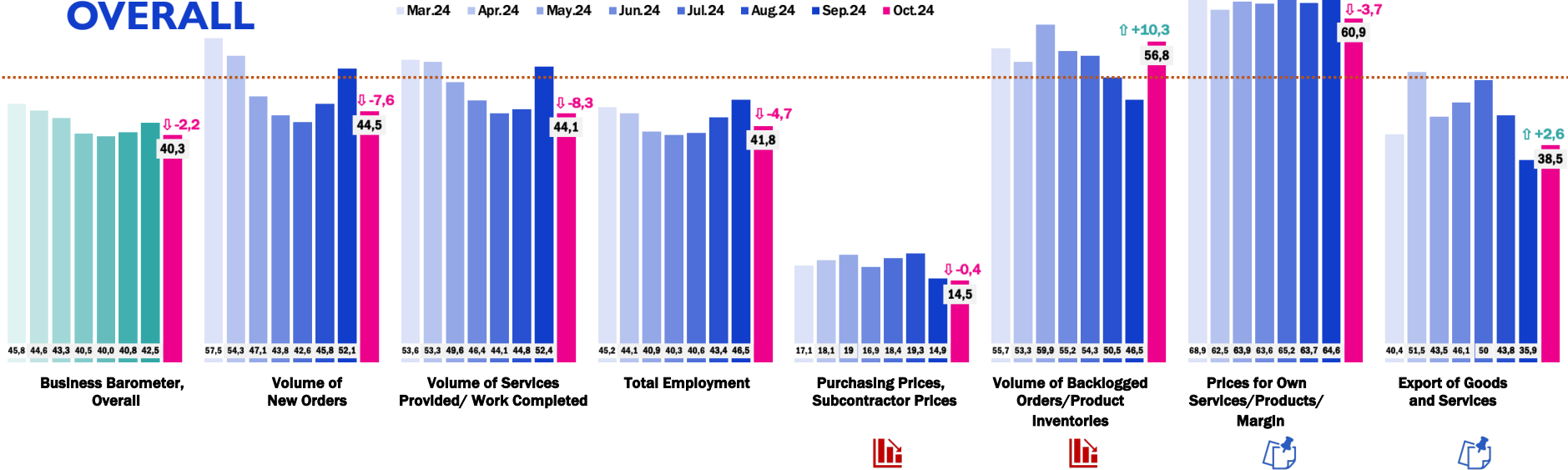


# 40,3

↓-2,2

## BUSINESS BAROMETER OVERALL

### Comparison of Business Barometer Indices by Indicator for October 2024 compared to September 2024




In October 2024, the overall Business Barometer Index decreased by 2.2 points, settling at 40.3.


Positive business expectations relate to the reduction in unfulfilled orders (56.8↑+10.3), as well as the potential for increasing prices for their own services or products (60.9↓-3.7).

Other indicators remain in the zone of negative expectations (Barometer values below 50 points). Among business representatives, the prevailing view is a reduction in new orders (44.5↓-7.6), the volume of services provided, or work completed (44.1↓-8.3), and total employment (41.8↓-4.7).

The most problematic area for businesses, as usual, remains the rise in procurement and contractor prices (14.5↓-0.4).

Despite a slight easing of negative expectations, the export of goods and services is forecasted at 38.5 points, with a modest increase of ↑+2.6.

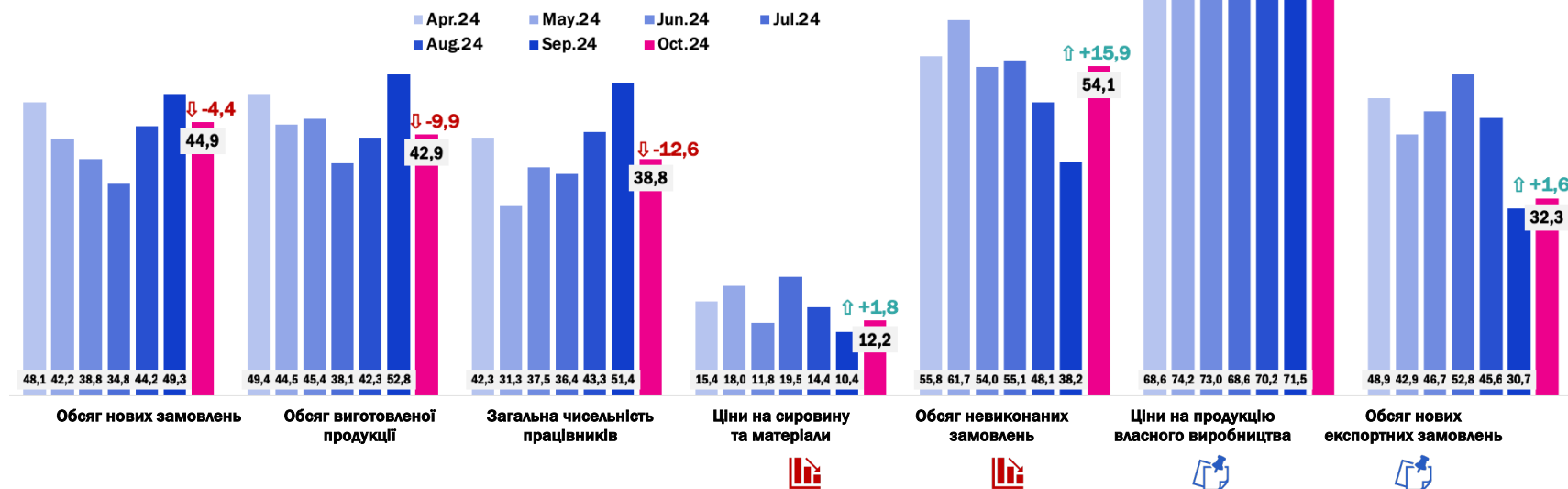
 Deterrent indicators are considered in the opposite sense when calculating the Business Barometer indices.

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

MANUFACTURING



Manufacturing Sector Business Expectations  
in October 2024 compared to September 2024



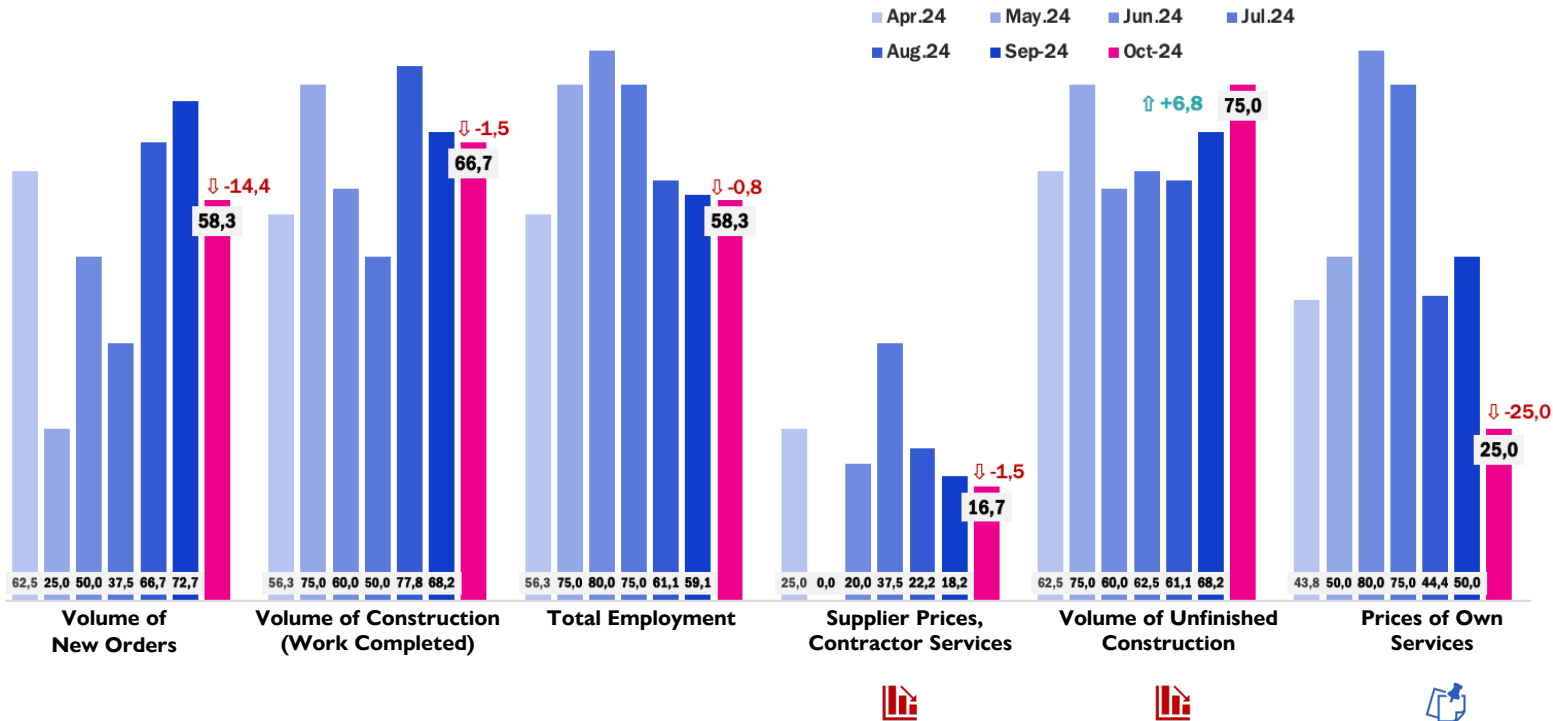
In October 2024, the manufacturing sector is showing an intensification of pessimistic outlooks for the future (38.6↓-1.8). Positive business expectations outweigh negative ones regarding the reduction of unfulfilled orders (54.1↑+15.9) and the potential for further increases in prices for their own manufactured products (78.6↑+7.1). All other indicators remain in the zone of negative expectations. Manufacturing sector representatives are forecasting a decline in the volume of new orders (44.9↓-4.4), the volume of production (42.9↓-9.9), and total employment (38.8↓-12.6). The most problematic area for businesses remains the rising procurement prices for raw materials and supplies (12.2↓+1.8). Despite an easing of negative expectations, a reduction in the volume of new export orders is still forecasted (32.3↑+1.6).

CONSTRUCTION



55,0  
↓-2,3

Construction Sector Business Expectations  
in October 2024 compared to September 2024



In October 2024, the Construction Sector Barometer indicates a dominance of positive expectations, though with a moderate weakening trend (55.0↓-2.3).

Most indicators reflect an optimistic business outlook for the future. A reduction in the volume of unfinished construction is expected (75.0↑+6.8). Despite the weakening of positive expectations, further growth in the volume of new orders (58.3↓-14.4), construction volume (66.7↓-1.5), and total employment (58.3↓-0.8) is still forecasted.

According to entrepreneurs in the construction sector, an increase in supplier prices is expected (16.7↓-1.5), while prices for their own services are anticipated to decrease (25.0↓-25.0).



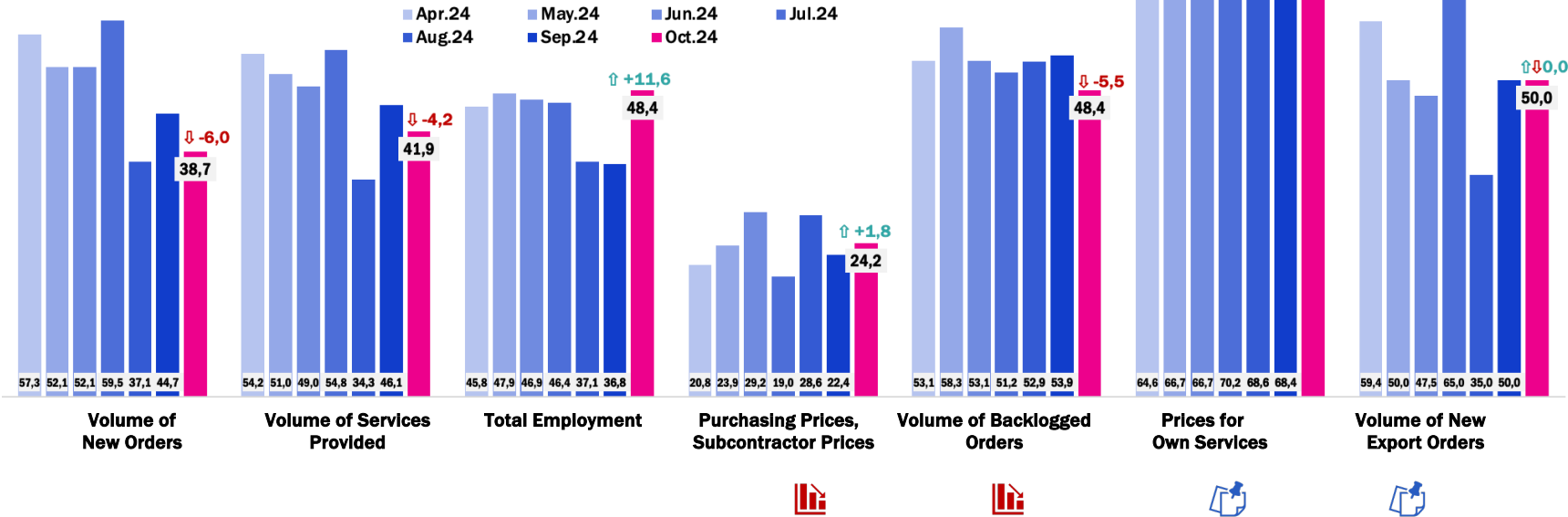


SERVICES



40,3↓-0,5

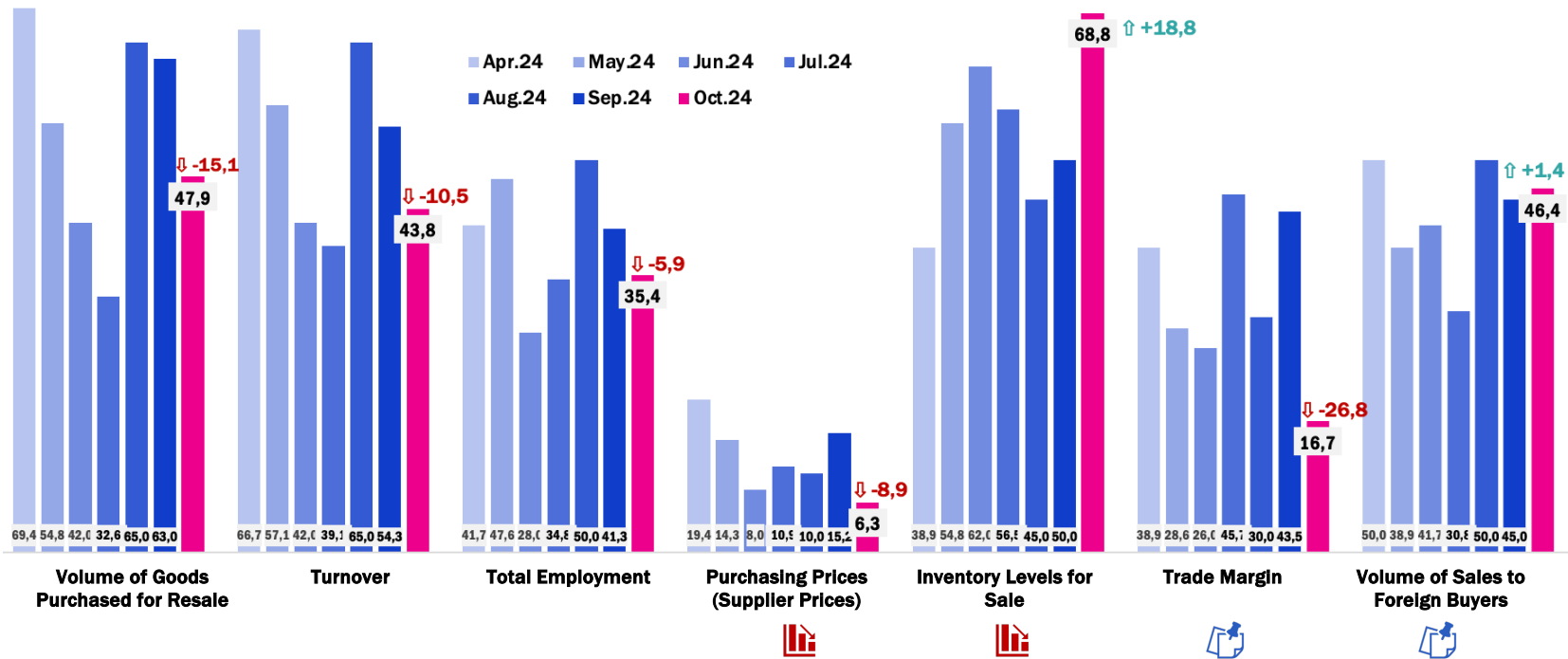
Service Sector Business Expectations  
in October 2024 compared to September 2024



In October 2024, enterprises in the services sector show a slight intensification of negative expectations, which remain dominant (40.3↓-0.3). Optimism is observed regarding the potential for increasing prices (tariffs) for their own services (74.2↑+5.8). The volume of new export orders is expected to remain unchanged (50.0↑↓0.0). For other indicators, business expectations are negative. Despite a notable rise in positive expectations, a moderate reduction in total employment is forecasted (48.4↑+11.6). The strengthening of pessimistic business sentiment concerns the reduction in new orders (38.7↓-6.0), the volume of services provided (41.9↓-4.2), and the accumulation of unfulfilled orders (48.4↓-5.5). Further increases in procurement prices or contractor prices are traditionally expected (24.2↑+1.8).



Trade Sector Business Expectations  
in October 2024 compared to September 2024



In October 2024, the Trade Sector Barometer Index showed a decline and remained in the zone of negative expectations (40.4↓-4.4).

Positive business expectations are limited to a forecasted reduction in inventory or stock for sale (68.8↑+18.8).

Other indicators, to varying degrees, remain in the zone of negative business expectations with predominantly negative dynamics. A reduction in the volume of goods purchased for sale (47.9↓-15.1), turnover (43.8↓-10.5), and total employment (35.4↓-5.9) is expected.

Amid rising procurement prices (6.3↓-8.9), the trade margin is projected to shrink (16.7↓-26.8).

The volume of sales to foreign buyers is expected to decrease slightly (46.4↑+1.4).



**40,3** ↓-2,2  
**BUSINESS BAROMETER  
OVERALL**

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

**42,2** ↓-0,7

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

**40,6** ↓-0,1



**EXPORTERS**

**37,5** ↓-3,9

**Medium  
enterprises**  
(50-249 persons employed)

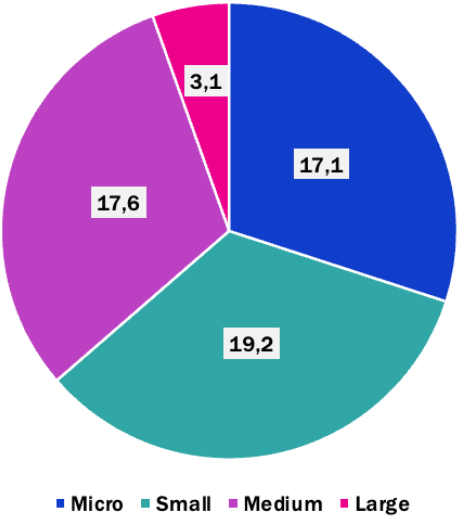
**37,6** ↓-3,9

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

**45,0** ↓-12,5



Distribution of enterprises - respondents  
by company size, %

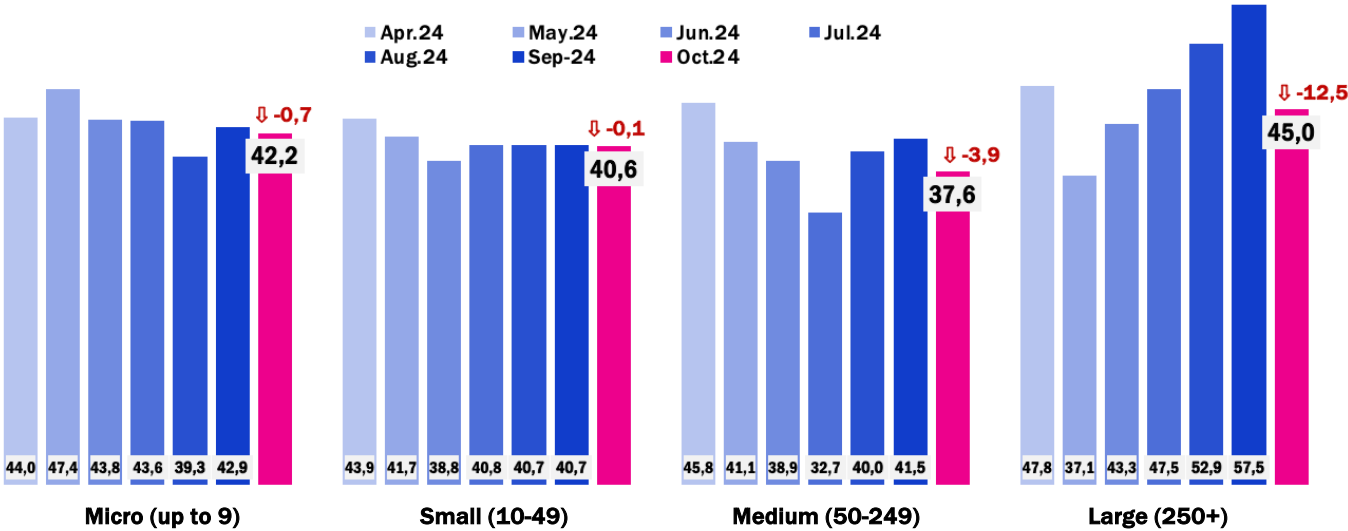


In October 2024, negative expectations dominate across businesses of all sizes.

The most significant increase in pessimism is observed among large businesses (45.0↓-12.5).

Micro, small, and medium-sized enterprises are even more cautious about the future compared to large businesses. Among them, medium-sized businesses have the lowest Barometer reading (37.6↓-3.9).

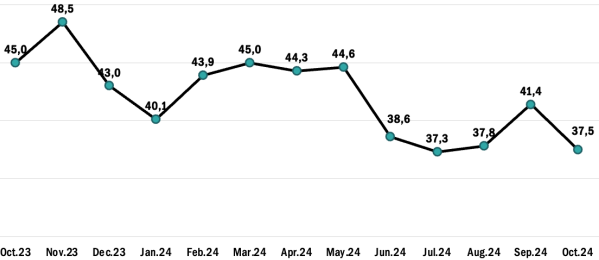
Business and Entrepreneur Expectations by Company Size  
in October 2024 compared to September 2024





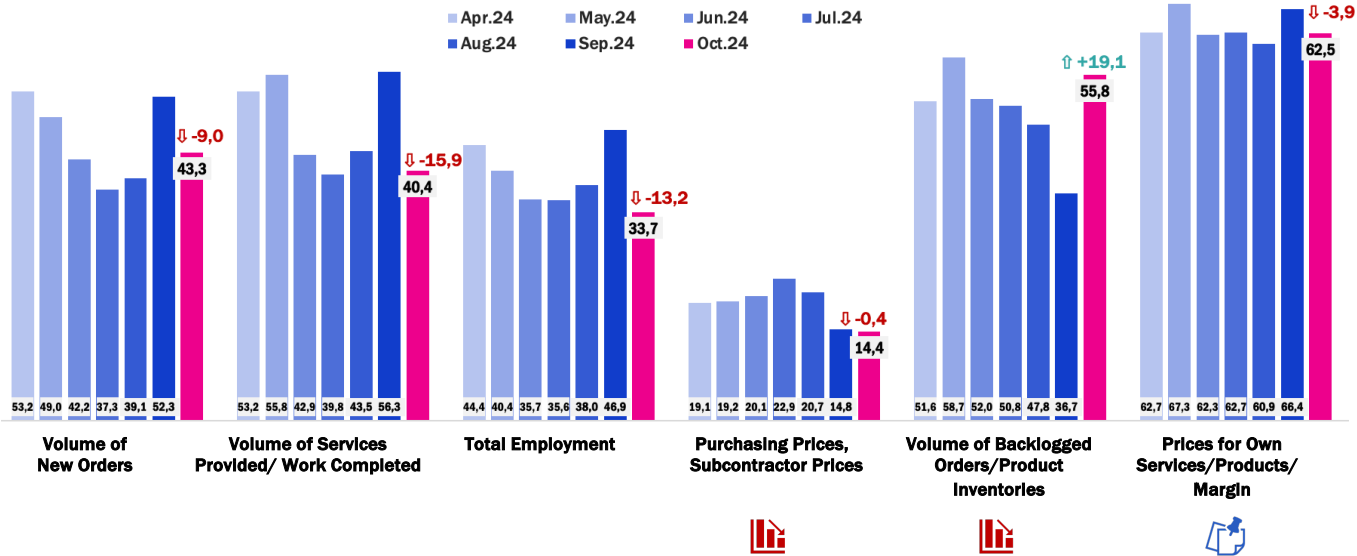
37,5 ↓-3,9

**EXPORTERS**  
47,3% respondents



## October 2024 Exporters' Expectations Across All Sectors Compared to September 2024

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

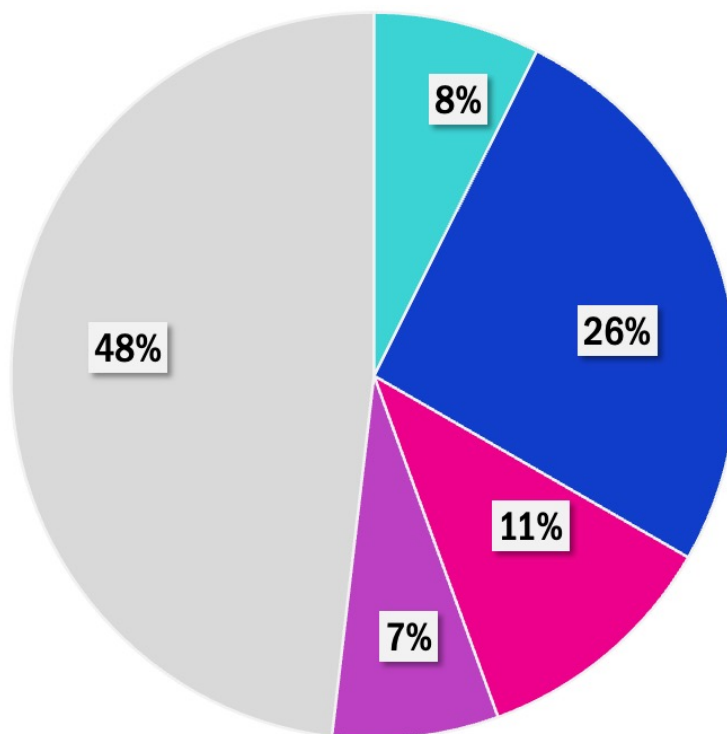


In October 2024, exporters showed an increase in negative expectations (37.5 $\downarrow$ -3.9).

A reduction is forecasted in the volume of new orders (43.3 $\downarrow$ -9.0), the volume of services provided or work completed (40.4 $\downarrow$ -15.9), and total employment (33.7 $\downarrow$ -13.2).

Amid rising procurement prices (14.4 $\downarrow$ -0.4), a decrease in unfulfilled orders (55.8 $\uparrow$ +19.1) and an increase in prices for their own services (62.5 $\downarrow$ -3.9) are expected.

## FOR OCTOBER 2024: HOT ISSUE SURVEY RESULTS



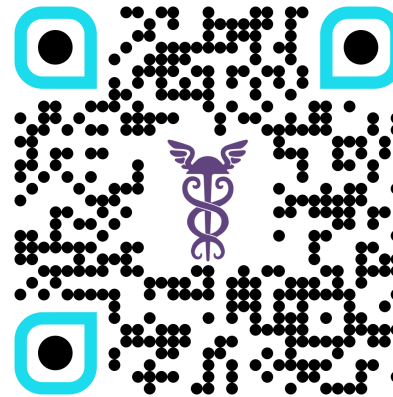
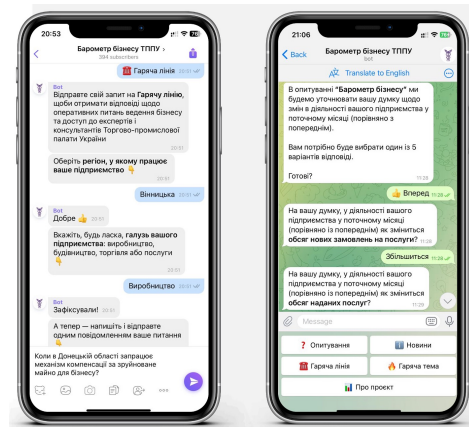
What tax increase would be fair for boosting the budget?

- Increase in military tax
- Increase in VAT
- Raise excise taxes and excisable goods
- All tax options
- None of the options

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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