«Rocky Road Ahead»

Main economic trends in May 2025, based on the results of the New Rapid Enterprises Survey, #NRES

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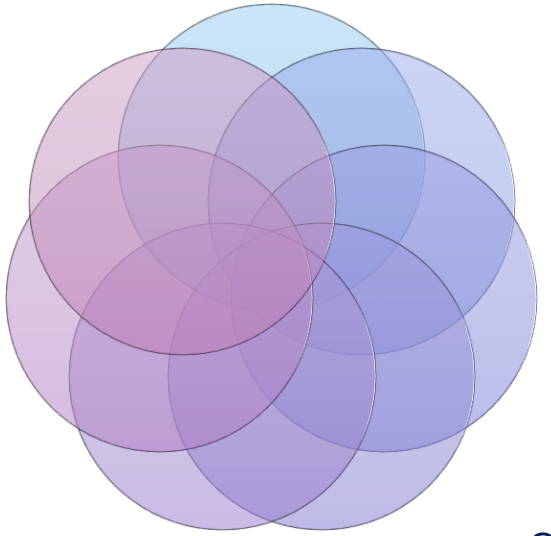
ABOUT THE NEW RAPID ENTERPRISES SURVEY #NRES

Monthly survey

The recent data were collected on **20 – 30 May, 2025**

SAMPLE: **474 enterprises were surveyed in May**



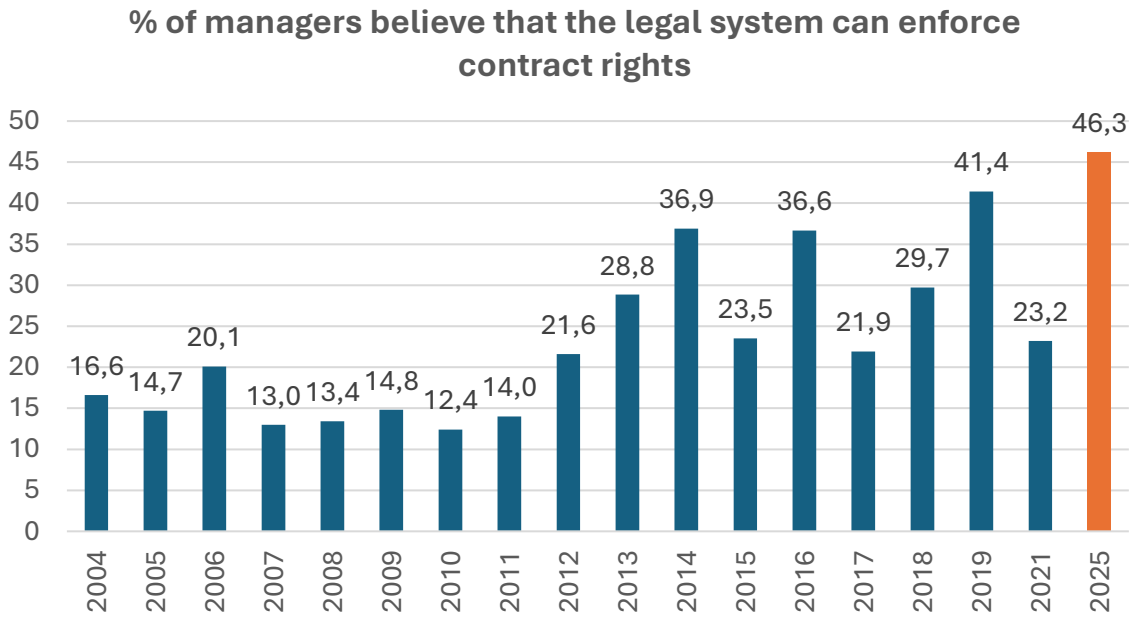
37 surveys have already been conducted (since May 2022))

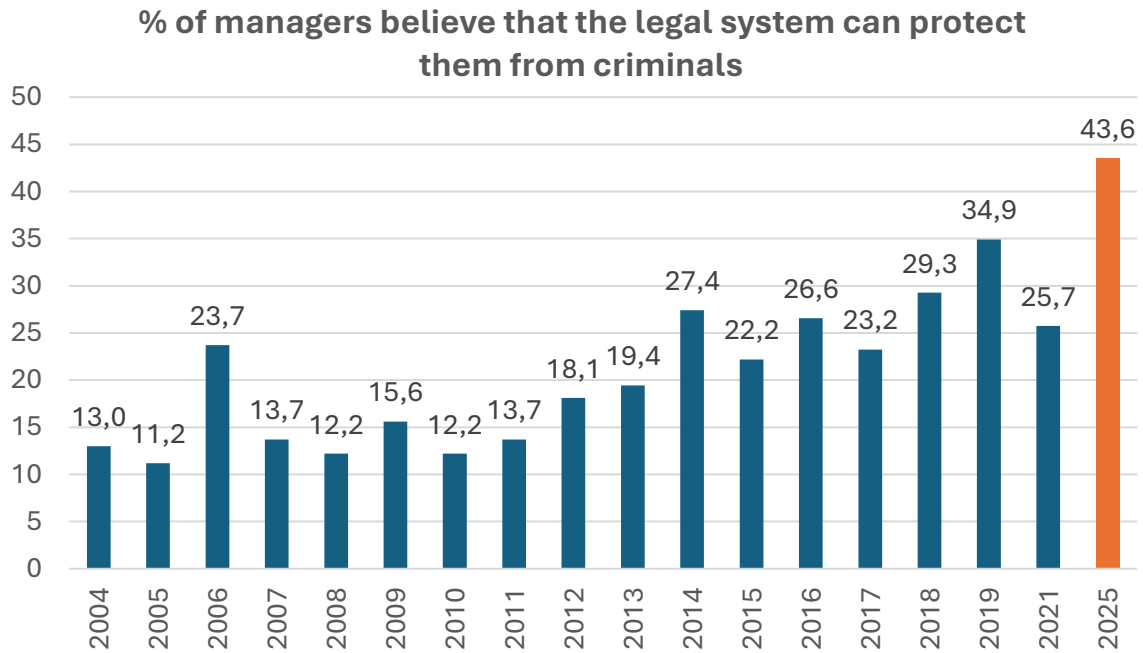
Enterprises of all sizes

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

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

Announce! Regulatory climate 2025 coming soon…





Protection of Property Rights

- A record-high share of enterprise managers believe that the legislative system will protect their property rights (46.3%) and will be able to shield businesses from organized crime (43.6%).
- The progress over 20 years is significant — in 2004, these figures were only 16.6% and 13.0%, respectively.

THE KEY MESSAGE

Despite stable and positive expectations and a slight decrease in uncertainty, business performance indicators have shown a slight deterioration. Key challenges include labor shortages, security concerns, and rising prices.

THE KEY RESULTS OF MAY 2025

1. **Long-term business expectations** have **deteriorated**, while **uncertainty**, although insignificant, **has decreased**.
2. **Uncertainty in the half-year perspective** has also **slightly decreased**, and **expectations** remain optimistic and **do not change significantly**.
3. **The pace of recovery** from year to year, for the third month in a row, **does not change significantly.**
4. **Production indicators** of enterprises **deteriorated significantly** after growth in April, returning to March values, while **expectations remain unchanged**
5. **The main impediments for businesses remain lack of personnel, safety and rising prices**, albeit with some changes in the percentage distribution

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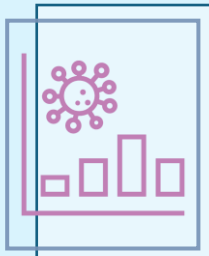
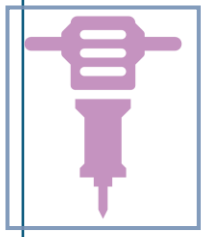
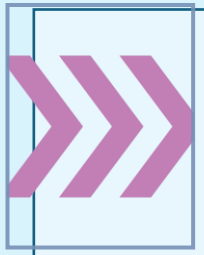
Main results 1.



The Business Activity Recovery Index (BARI)) unchanged (0.13, as in April)

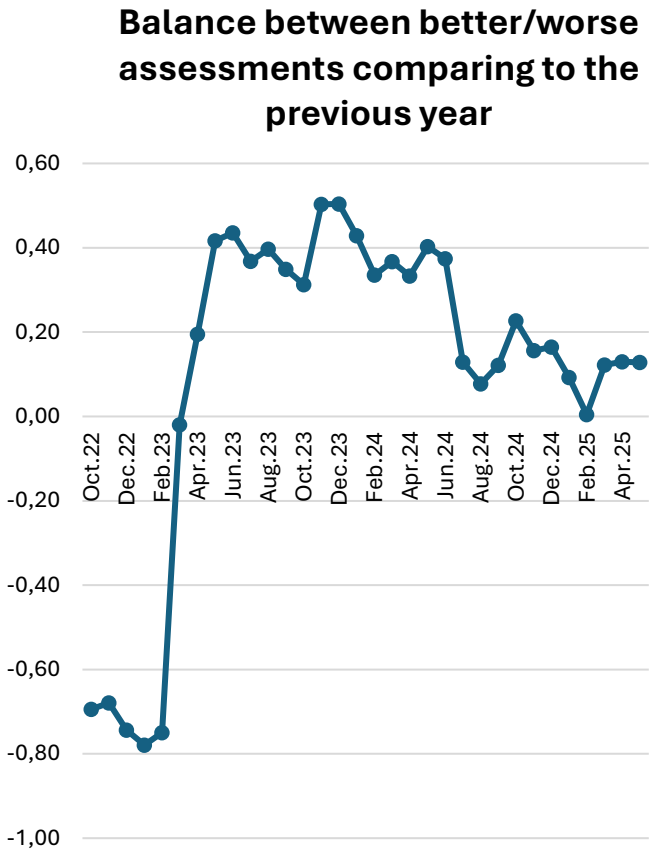


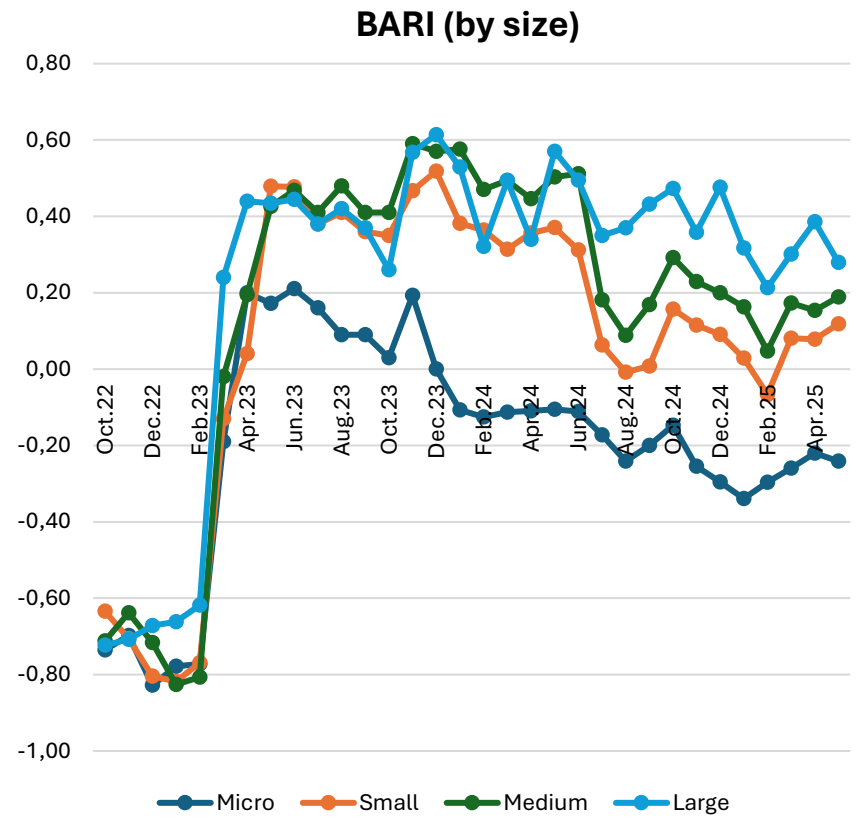
Capacity utilization in May compared to April **does not change significantly**



The Industrial Confidence Indicator (ICI)) does not change significantly

The Business Activity Recovery Index* remains unchanged





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

In May 2025, compared to April, the Business Activity Recovery Index (BARI) **remained unchanged** and is 0.13 (the same as last month) (scale from -1 to +1)

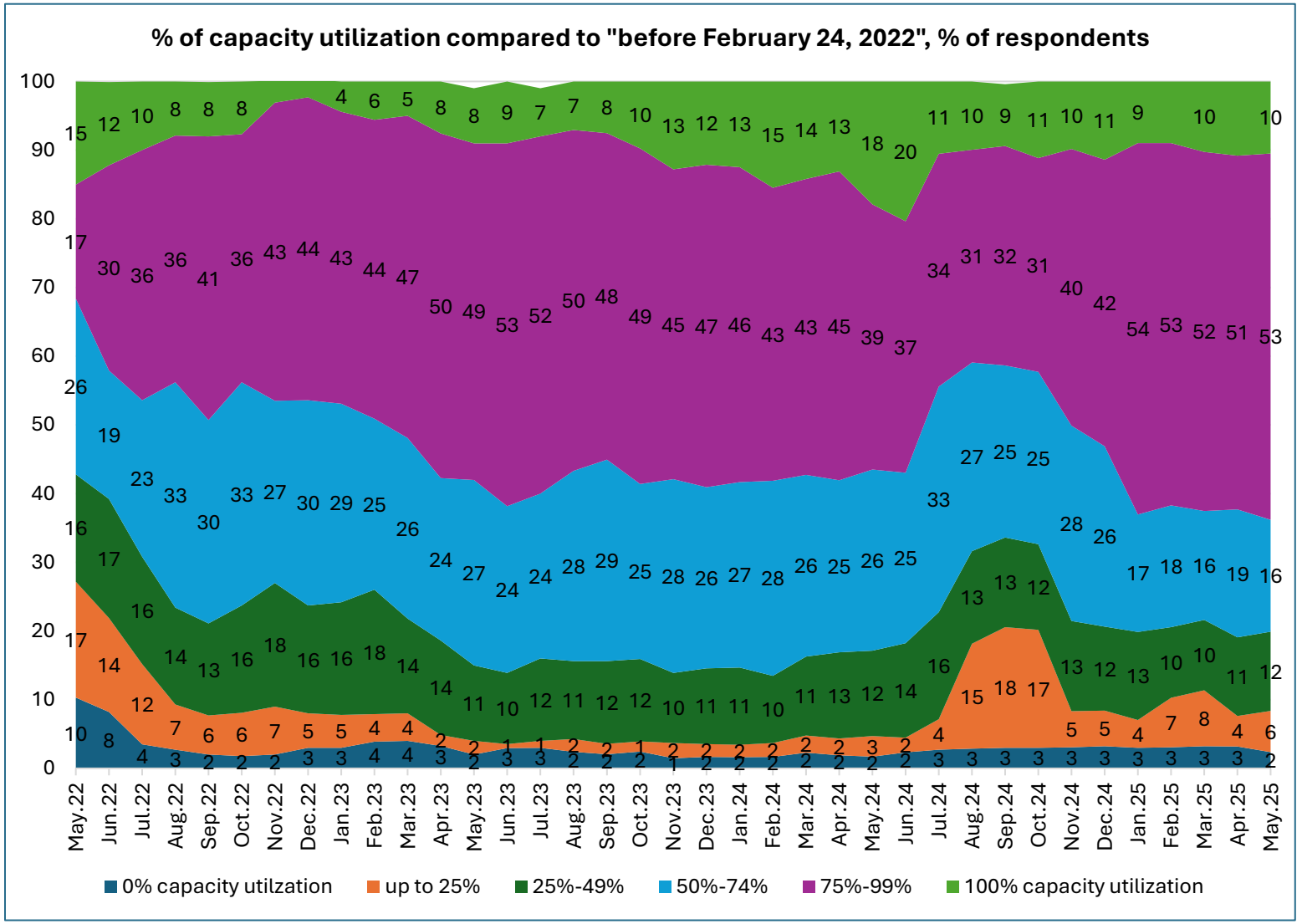
<u>The fluctuations in the percentage distribution of answers are the following:</u>

- % of businesses **reported that their business activity was better than last year is 25.9%** (was 26.9% in April and March)
- % of businesses **reported that their business activity was worse than last year, also without significant changes** (13.9% in April and 13% in May)
- % of those who **did not feel any changes** compared to last year **also did not change significantly** (59.1% in April and 61.1% in May)

BUT there are significant differences depending on the size of the enterprises

The value of BARI **decreased for large enterprises and increased for small and medium-sized enterprises**. The indicator of microenterprises remains the lowest, but its value decreased slightly after three months of growth

“Now” vs. “before February 24”: capacity utilization does not change significantly



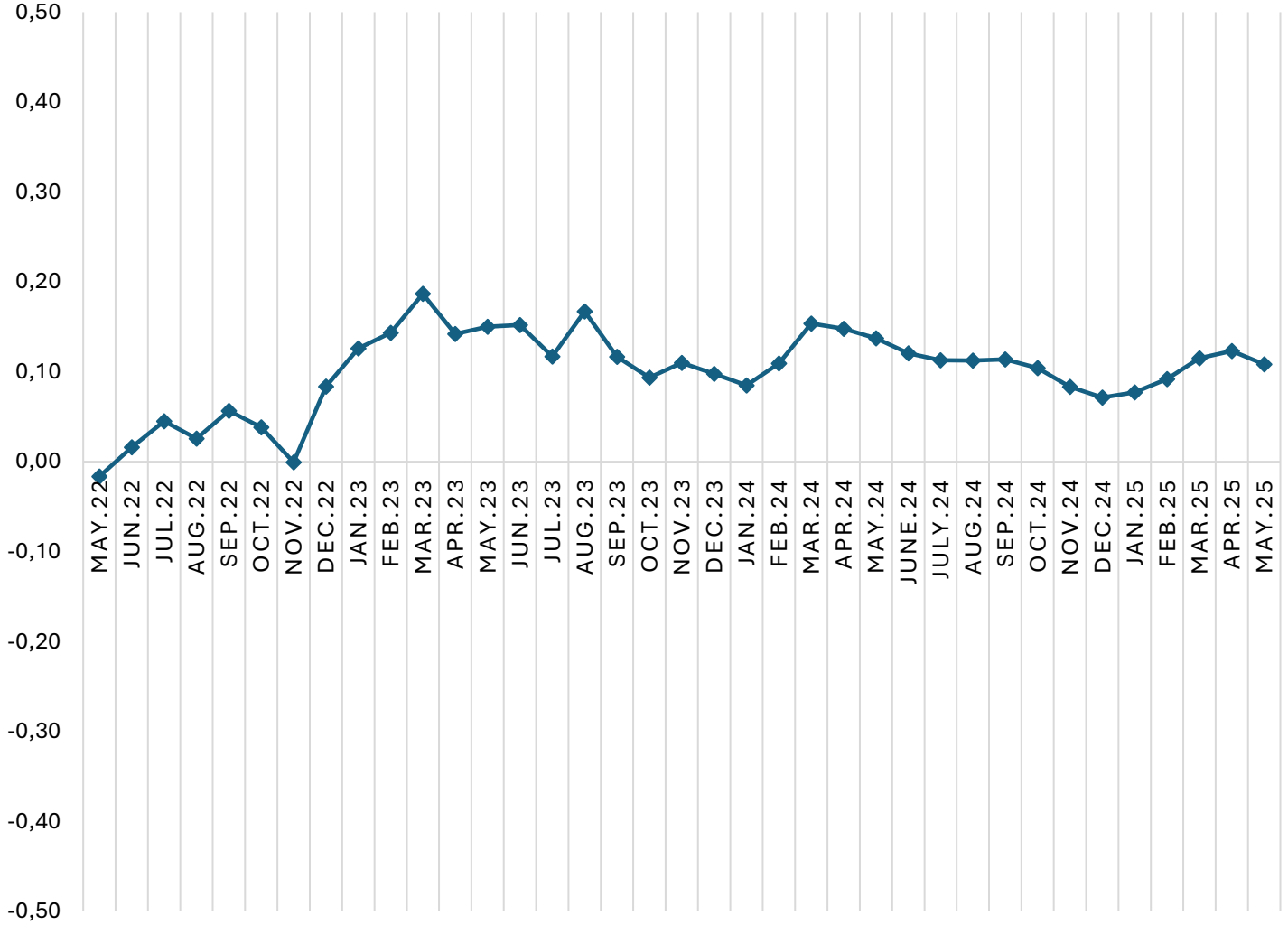
In May, compared to April, there were no significant changes:

- % of enterprises **operating almost at full capacity increased slightly** (from 51% in April to 53% in May)
- % of enterprises **operating at 100% capacity has not changed significantly for several months in a row** (11% in April and 10% in May)

<u>At the same time:</u>

- % of enterprises **operating at 50-74% capacity decreased slightly** (from 19% in April to 16% in May)
- % of enterprises **operating up to 25% capacity increased slightly** (from 4% in April to 6% in May)
- % of businesses that **do not operate at all is 2%** (was 3% for several months in a row)

Industrial Confidence Indicator (ICI)*



ICI remained without significant changes and in May the indicator is 0.11 (was 0.12 in March and April

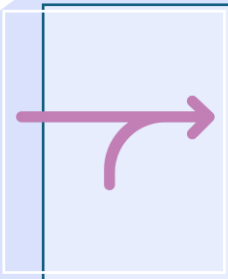
In April, compared to March, the fluctuations of the components of ICI are the following:

- **Production expectations** (PE) **did not change** significantly (0.41 in May vs 0.40 in April)
- The component **stocks of finished goods** (SFG) **also did not change significantly** (-0.02 in May and -0.01 in April)
- The component **volume of new orders**(VNO) **decreased** from -0.04 to -0.10

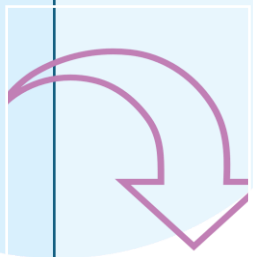
**ICI= PE+VNO+(-SFG)/3*

Main results 2. Uncertainty

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



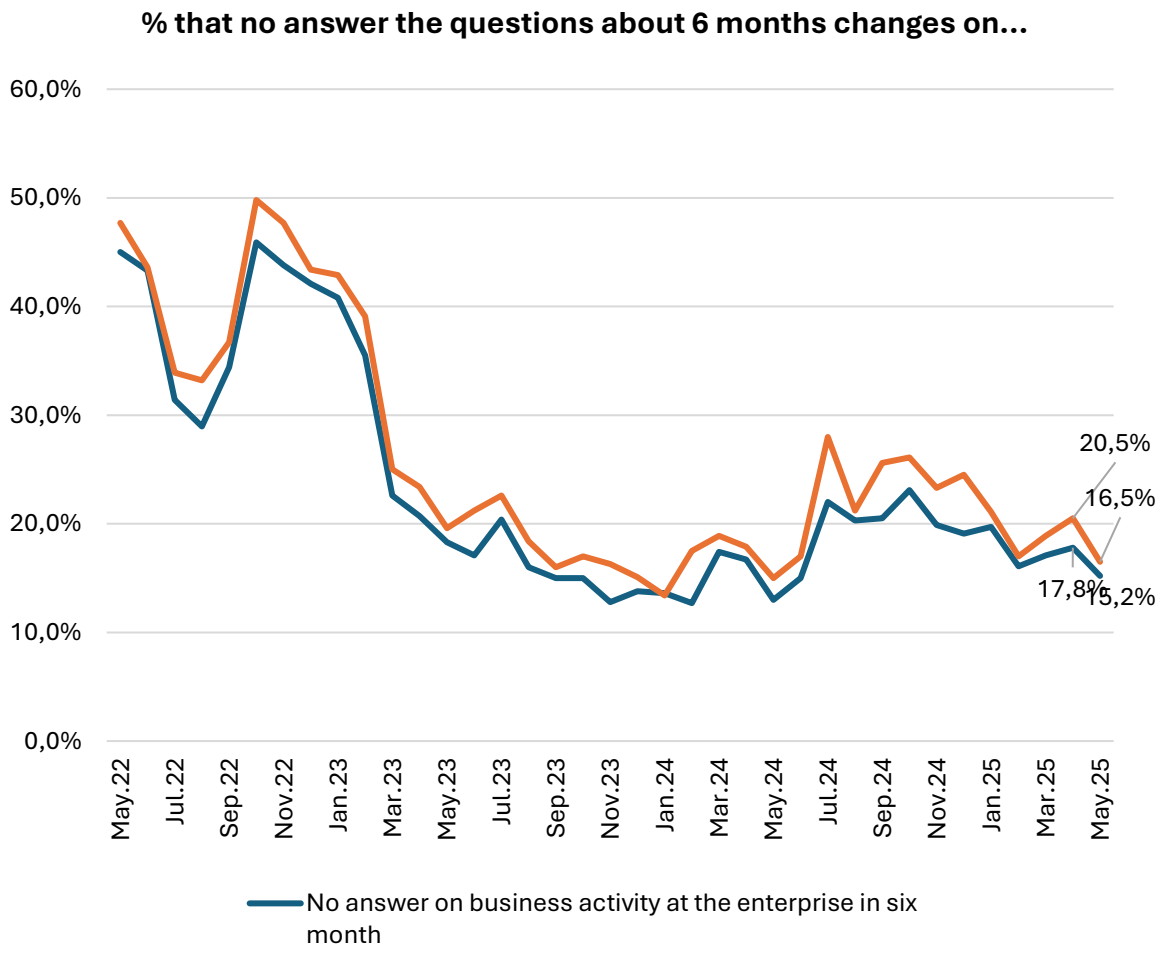
Uncertainty in the perspective of 3 months did not change significantly for most production indicators



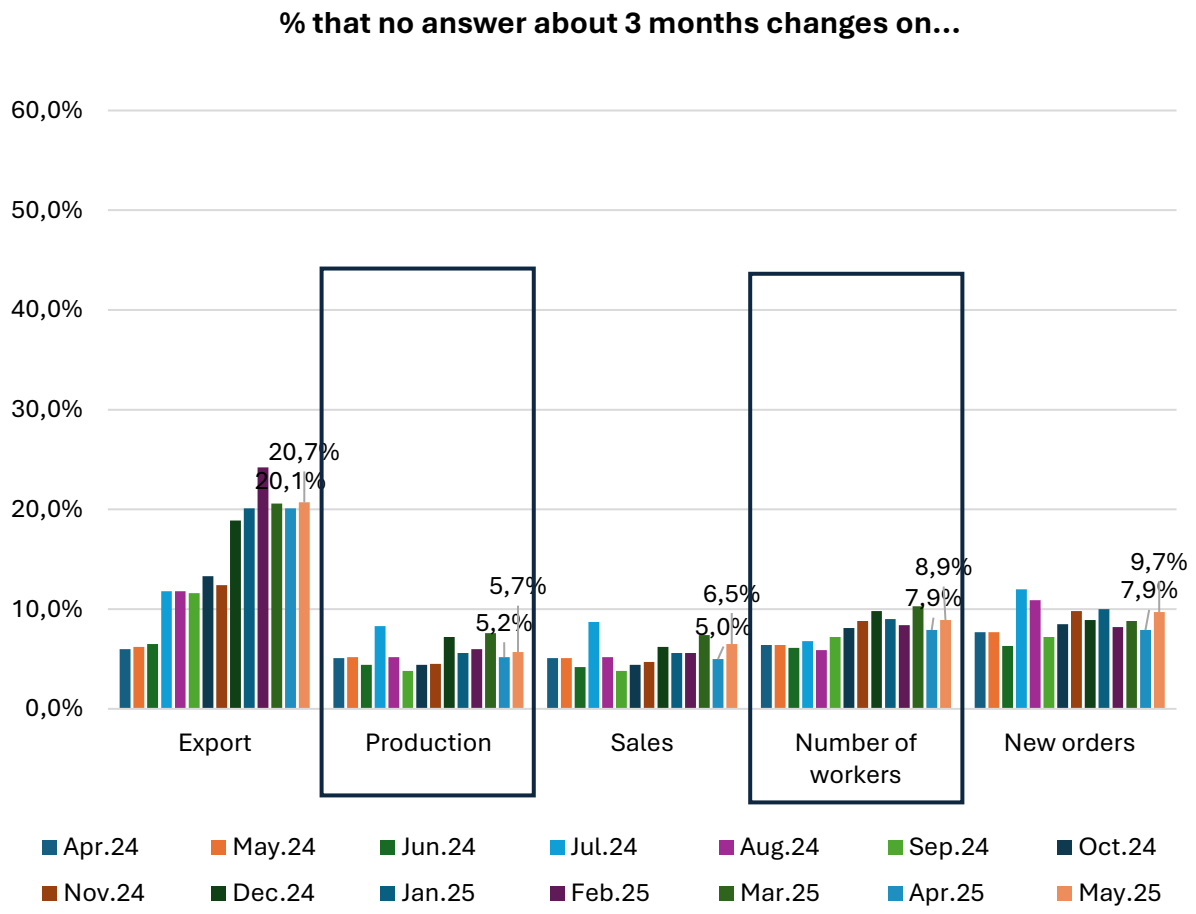
Uncertainty in the perspective of 3 months did not change significantly for most production indicators

Uncertainty decreased in the half-year perspective and without significant changes for production indicators

Half-year horizon:

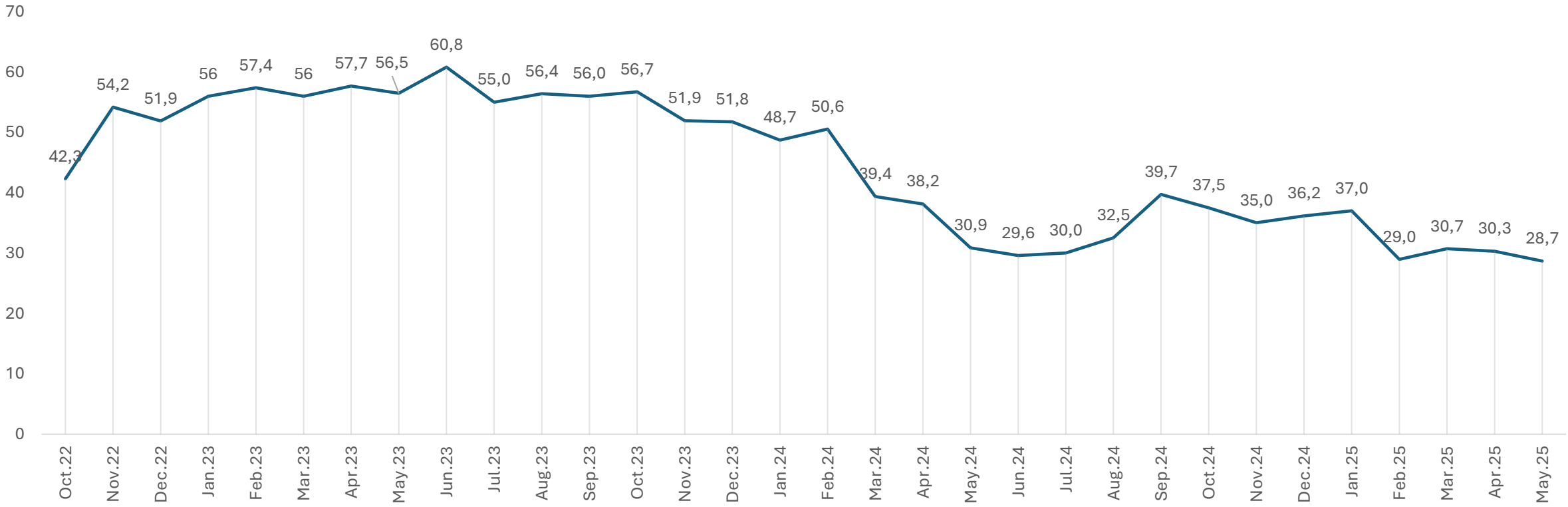


Three-month horizon :



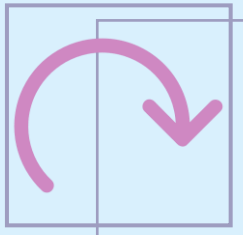
Uncertainty in the long term decreased slightly

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

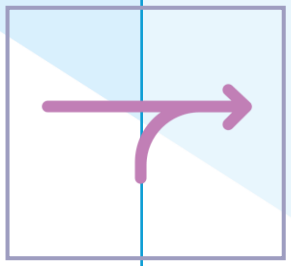


The % of enterprises that **have no idea about their plans for 2 years has slightly decreased** and is 28.7% (was 30.3% in April and 30.7% in March)

Main results 3. Long-term expectations



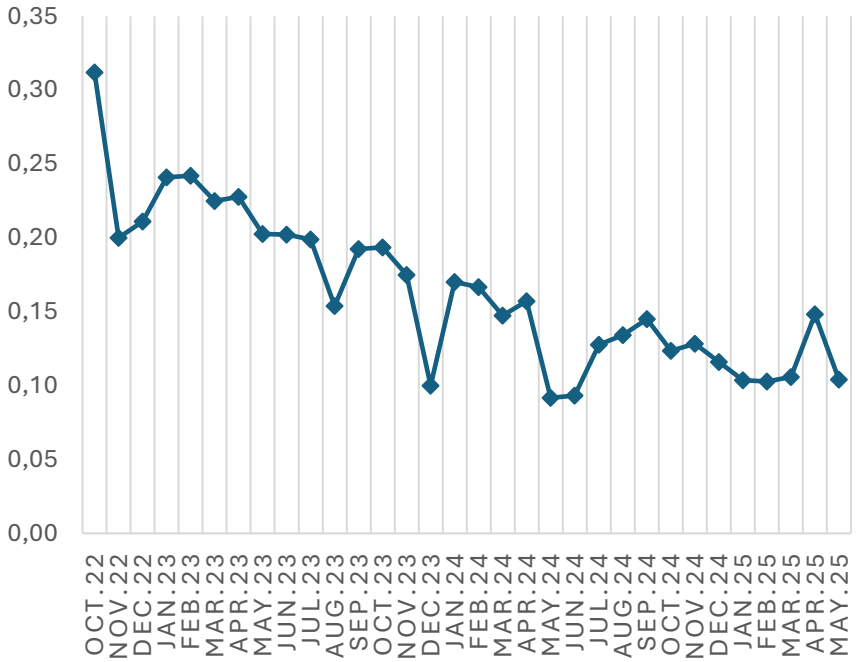
Expectations for the two-year perspective have deteriorated slightly



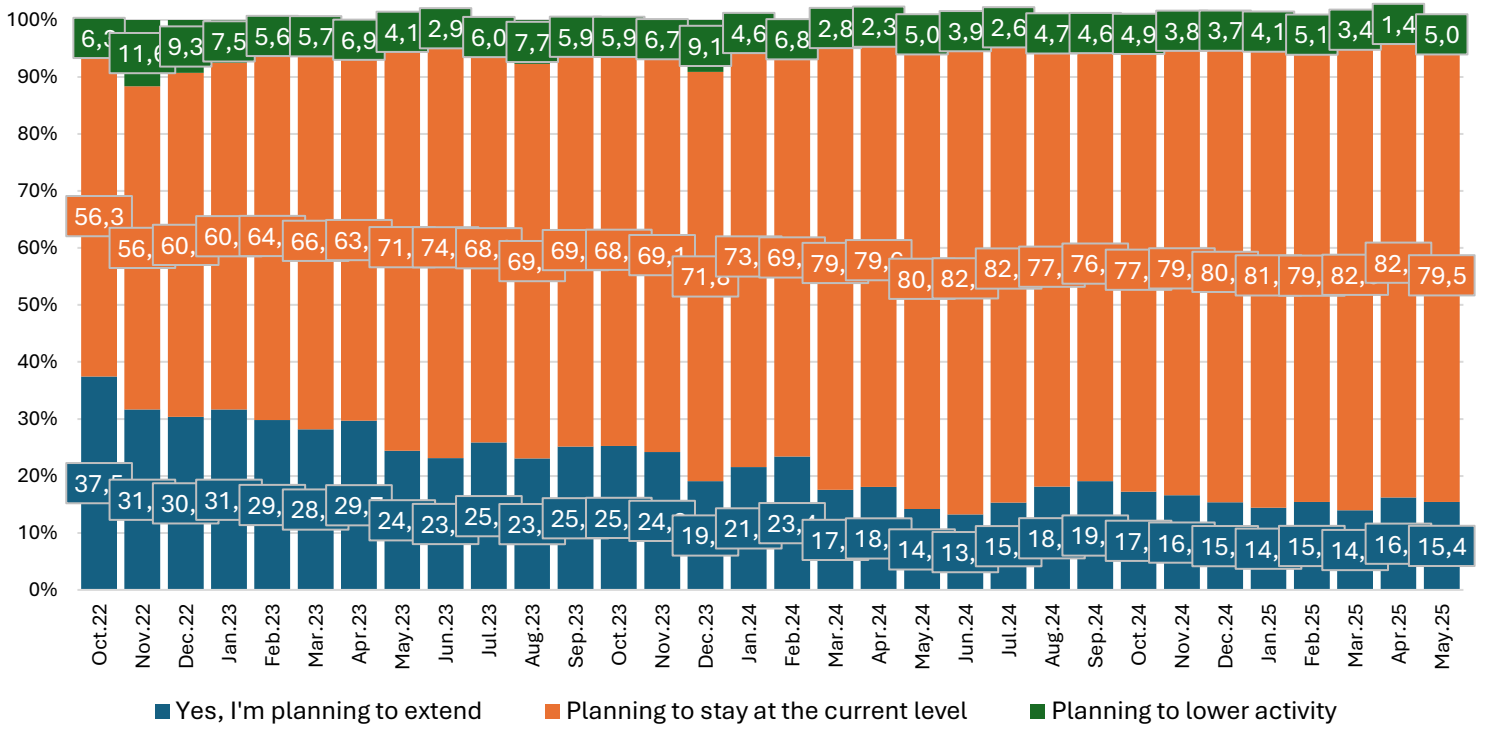
6-month expectations regarding the business activity at the enterprise and for the overall economic environment **without significant changes**

Long-term expectations have worsened

Index of expected changes in business activity (2 years)



Expectations in the two-year perspective



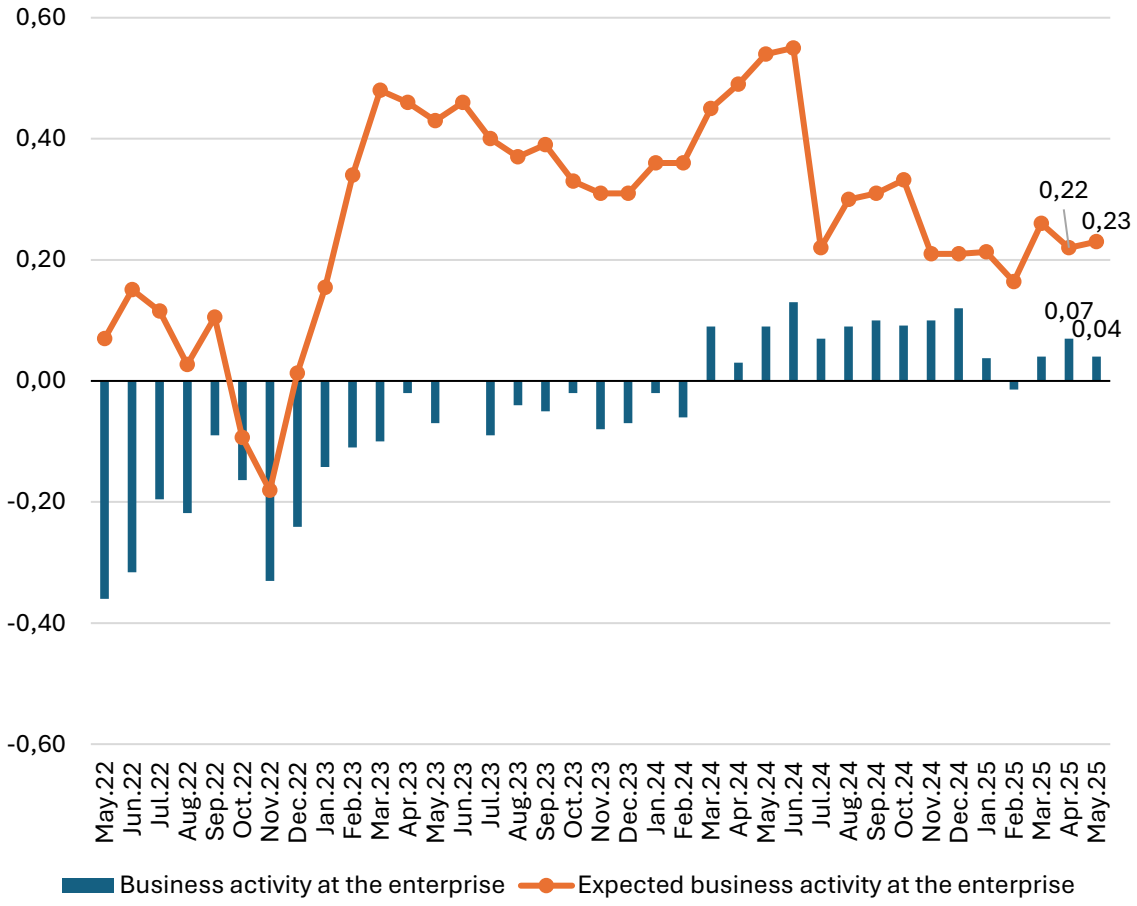
- **The index of expectations for 2 years deteriorated slightly,** decreasing from 0.15 to 0.10
- Scale from -1 (bad) to +1 (good)

<u>There have been some changes in the percentage distribution</u>

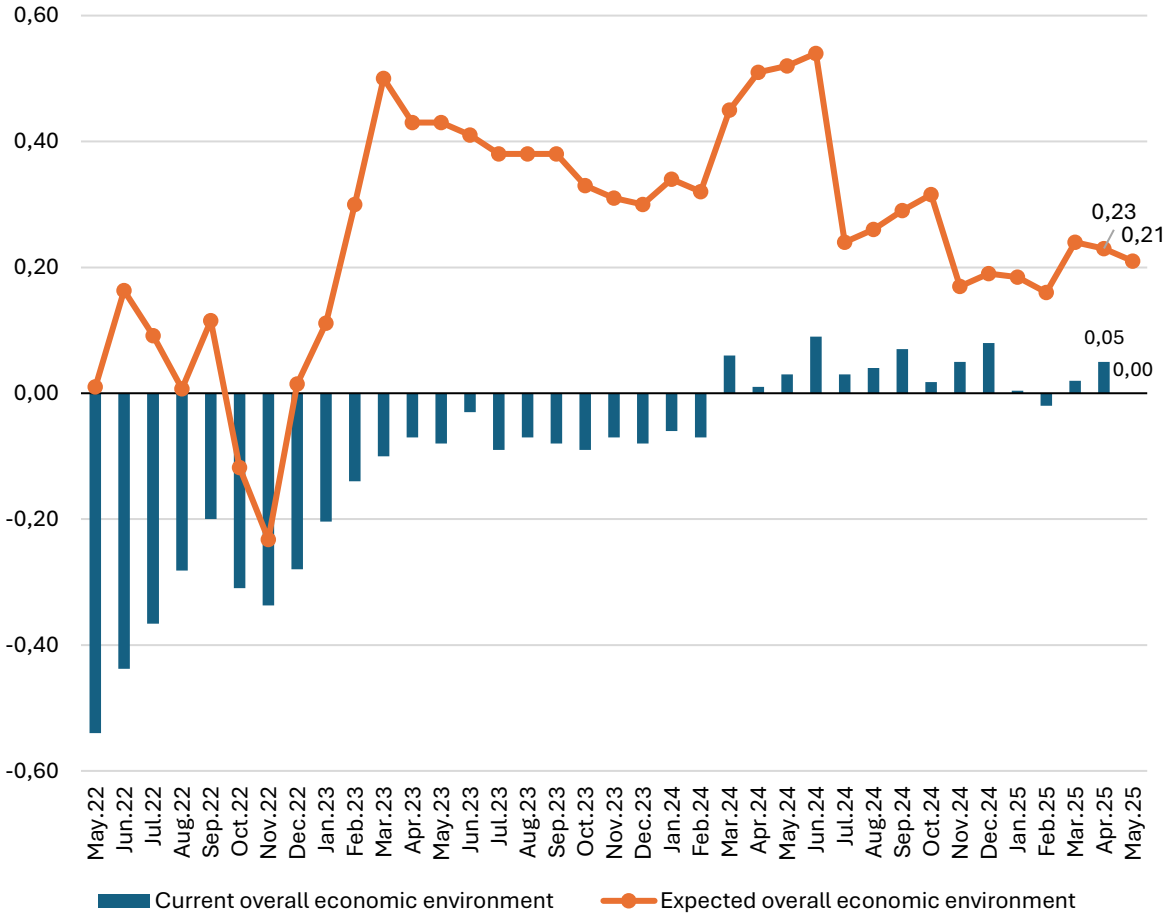
- The share of those **who plan to narrow their activities has increased** (from 1.4% in April to 5% in May)
- The share of those **who plan to extend activity did not change significantly** (16.2% in April and 15.4% in May)

6-month perspective: expectations have not changed significantly

Business activity at the enterprise



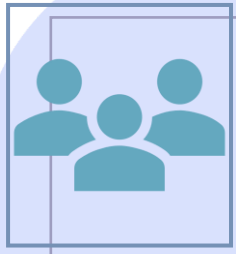
Overall economic environment in the country



Main results 4. May vs April and short-term expectations

Production indicators interrupted the upward trend, while **expectations** for the next 3 months **do not change significantly**

Changes in export decreased significantly compared to last month**, expectations did not change significantly**



Expectations for employment and the **number of workers on forced leave remain without significant changes**

Expectations for both purchase **prices** and domestic sales prices **interrupted the downward trend**

Production: deterioration of results, expectations without change

Results (May to April)

- **% of enterprises that increased production decreased** (from 26.2% in April to 19.5% in May)
- **% of enterprises that reduced production volumes slightly increased** (from 10% in April to 13.5% in May)

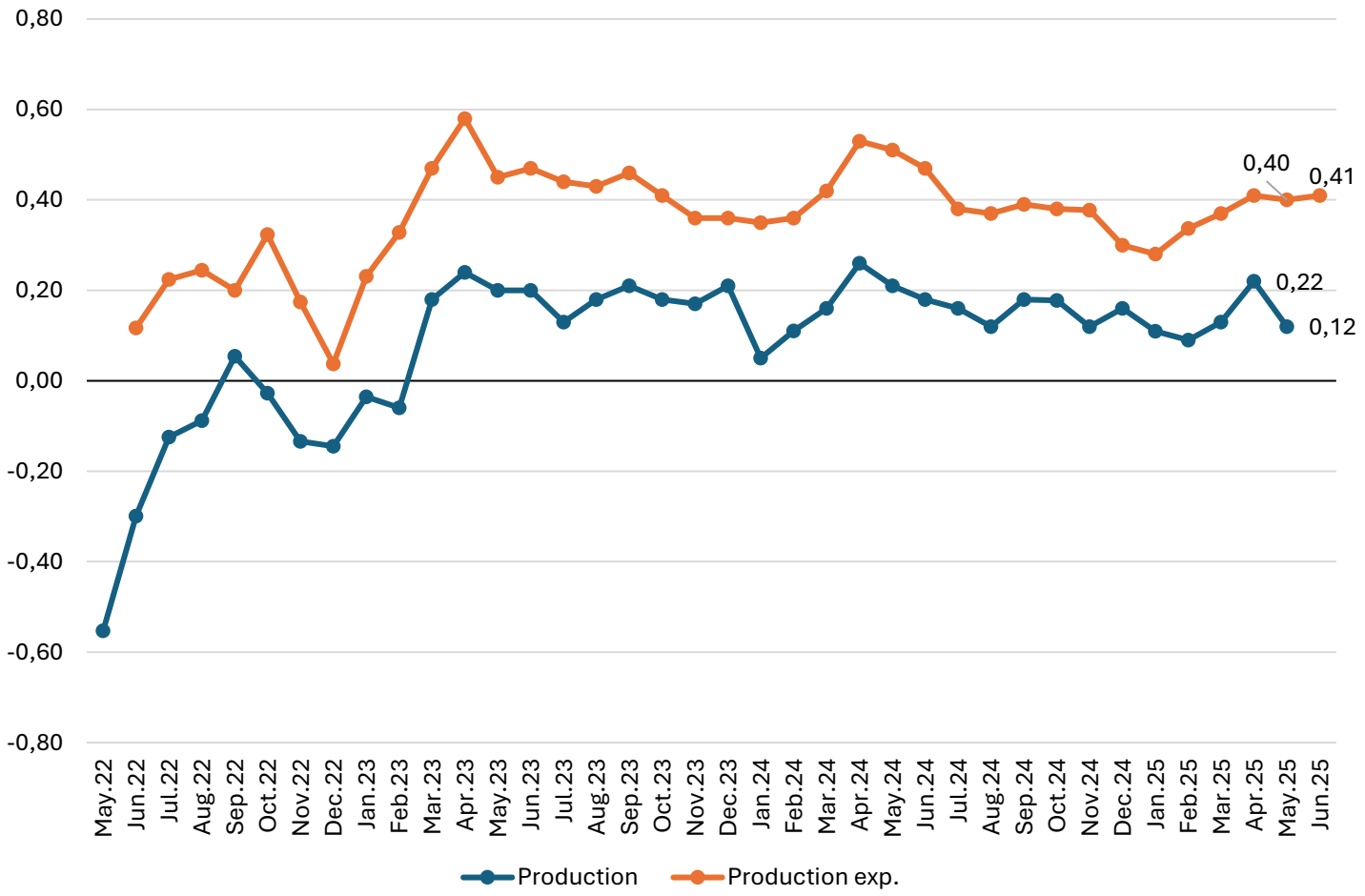
The index of changes decreased, from 0.22 to 0.12

Expectations for 3 months

- **% of enterprises planning to increase production volumes** in the next 3-4 months **did not change significantly** (40.8% in April and 39.9%)
- **% of enterprises expecting a reduction in production volumes decreased slightly** (from 4.4% in April to 2.5% in May)

The index of expected changes in production did not change significantly and is 0.41 (was 0.40)

Production, balance indicators



Exports: results have deteriorated significantly

Results (May to April)

- **% of enterprises reporting export growth decreased** (from 25.4% in April to 19.8% in May)
- **% of enterprises reporting a decrease in exports increased** (from 8.7% in April to 13%)

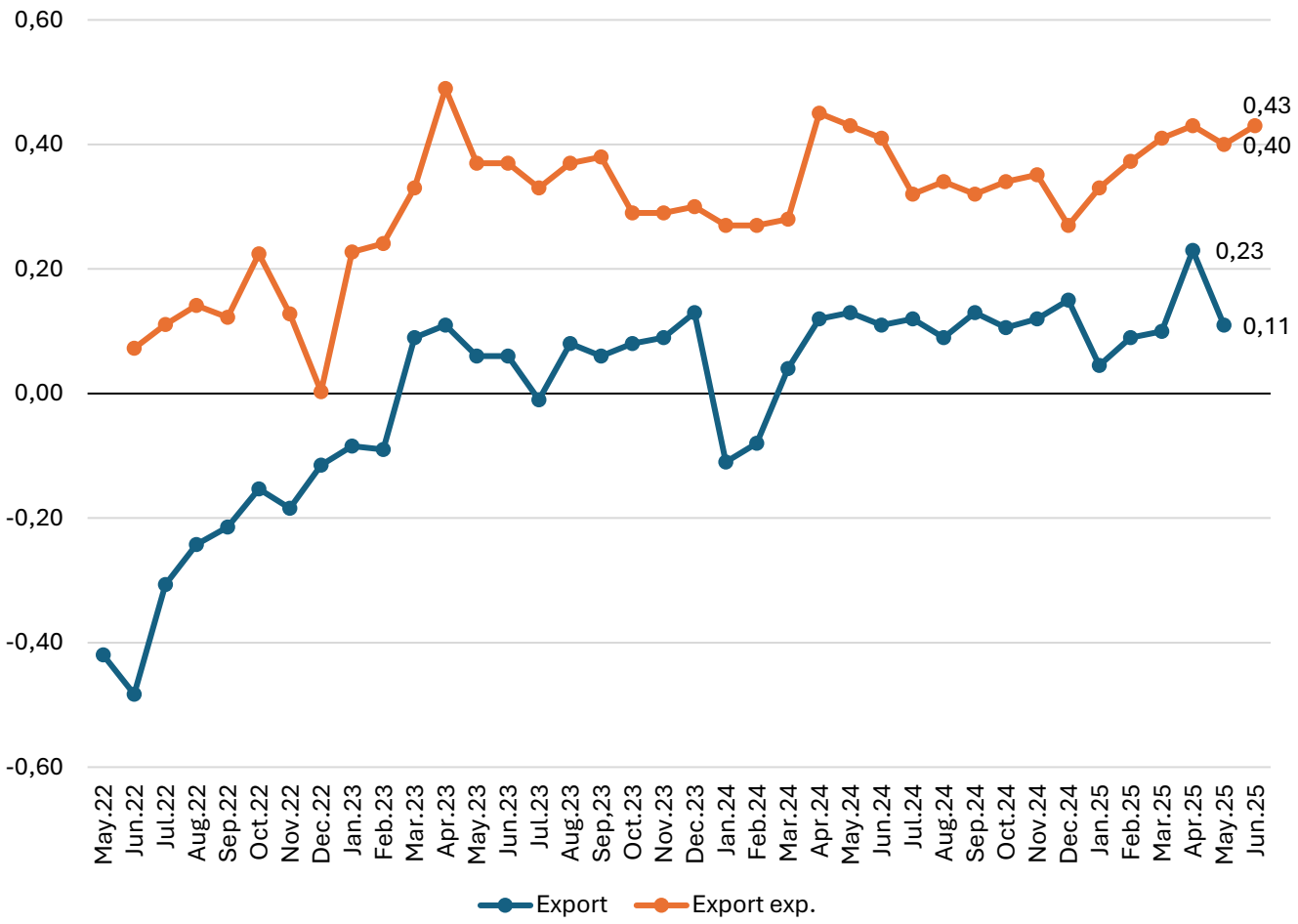
The index of changes decreased significantly (from 0.23 to 0.11)

Expectations for 3 months

- **% of enterprises expecting export growth increased** (from 42% in April to 47.9% in May)
- **% of enterprises planning to reduce exports did not change** (6%, as in April)

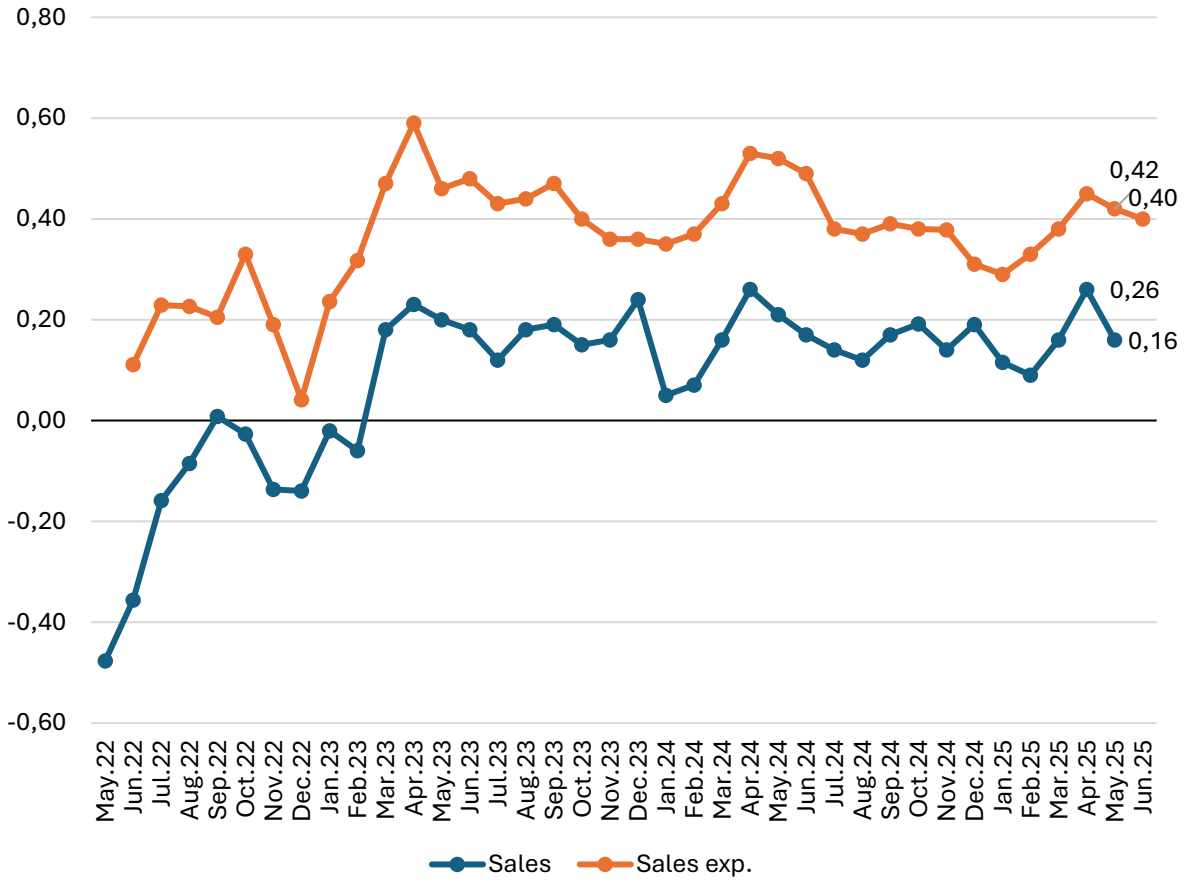
The index of expected changes in exports increased insignificantly, from 0.40 to 0.43

Export, balance indicators

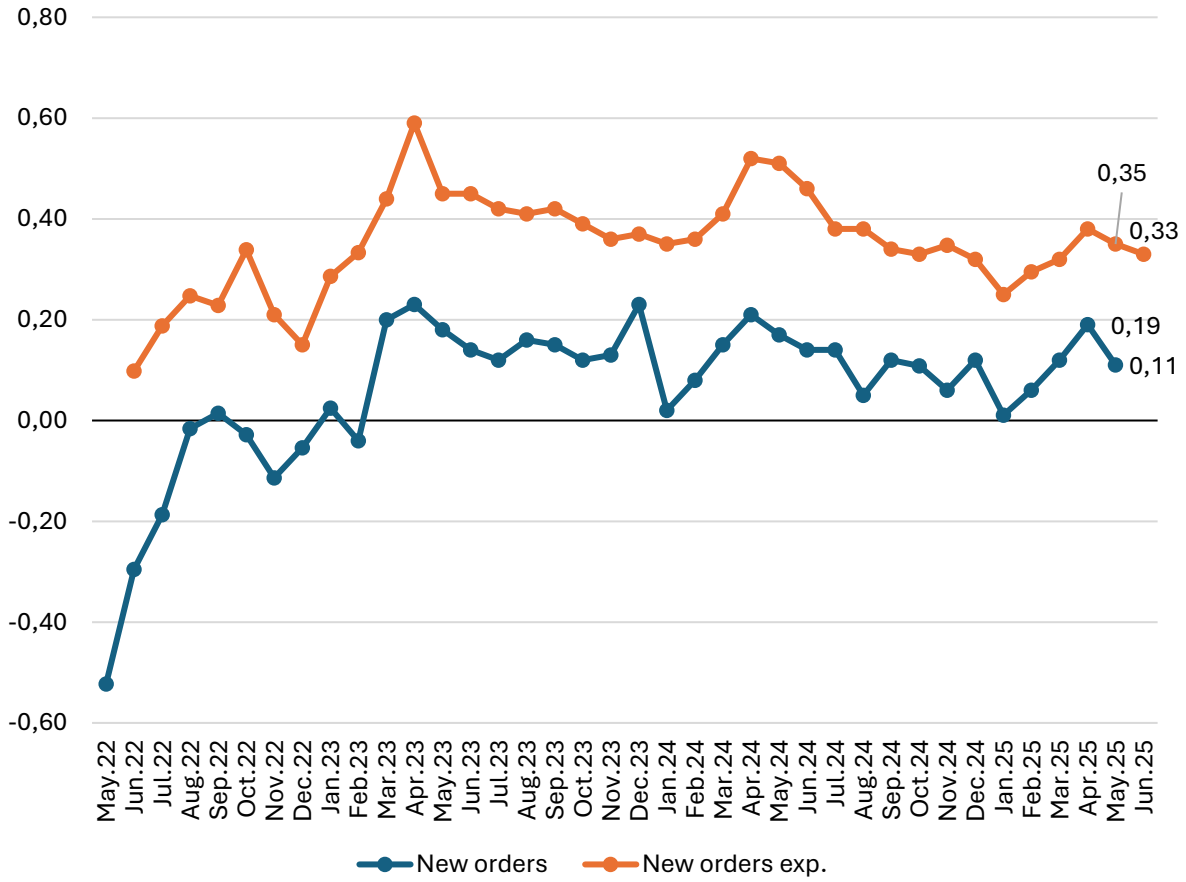


Sales and new orders: deterioration of results, gradual deterioration of expectations

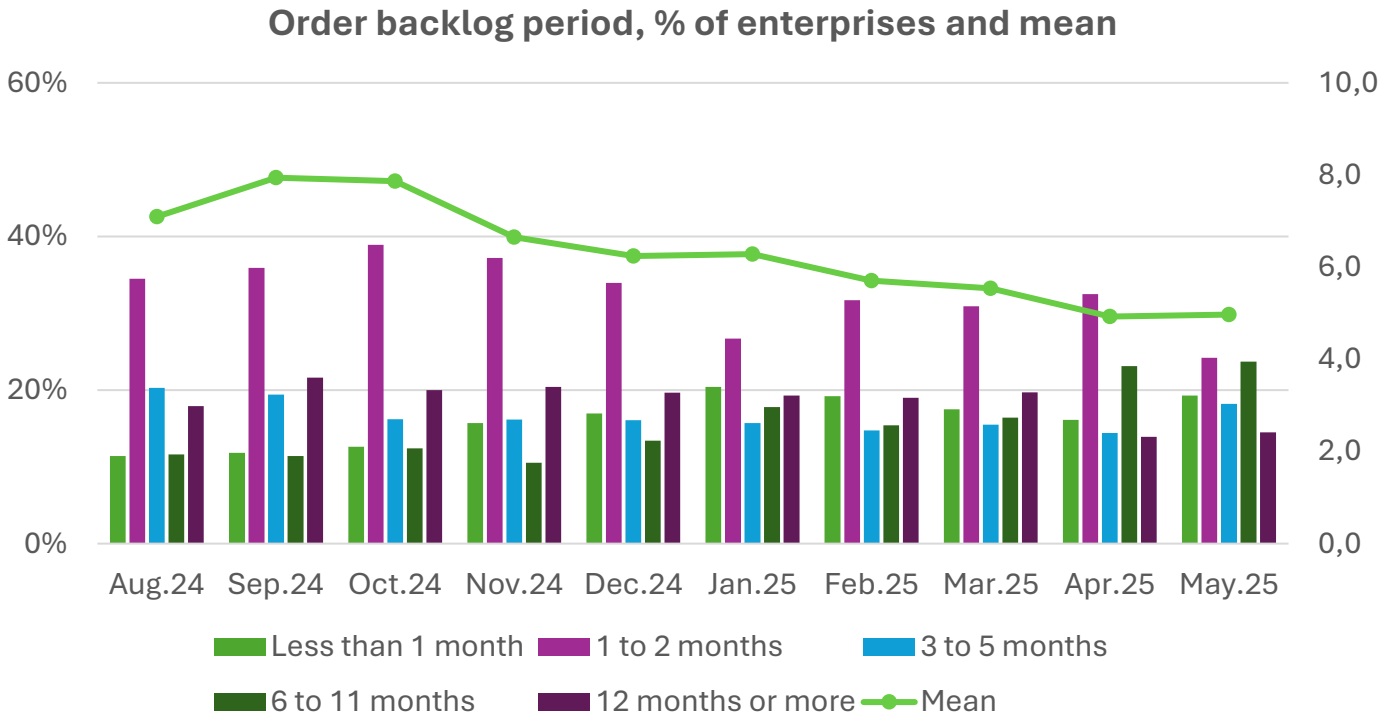
Sales

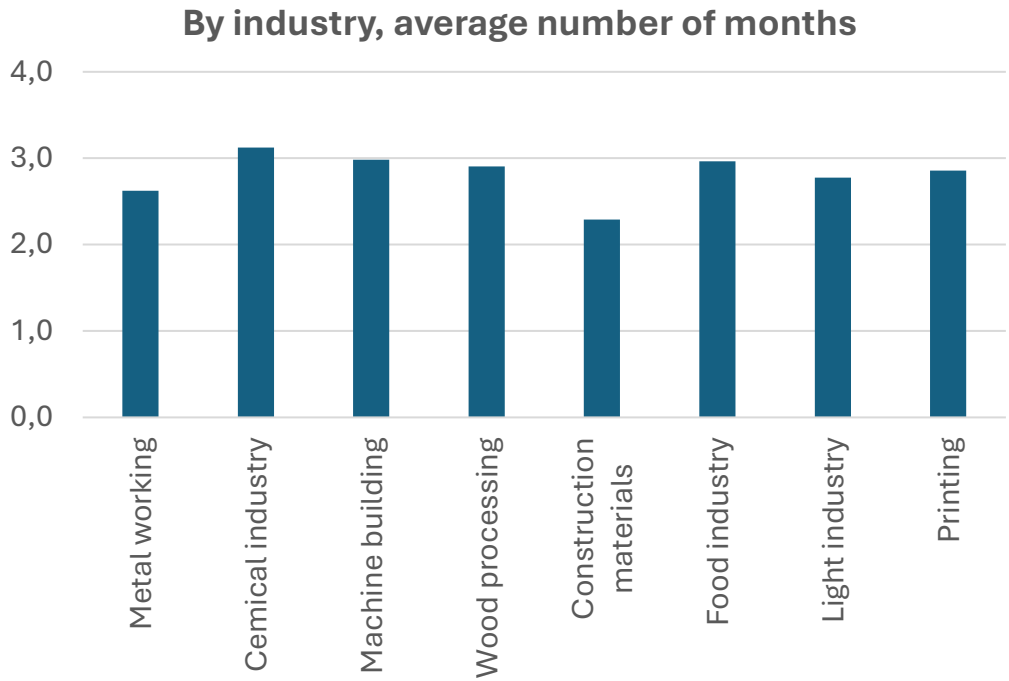


New orders



New orders portfolio





In May 2025, **the portfolio of orders among the surveyed enterprises did not change significantly** compared to April

The average term of new orders was 5 months, while in April this figure was 4.9

The share of enterprises with an order portfolio from a year or more in advance also did not change significantly and is 15% (was 14% in May)

Purchase prices: is expecting a price increasing

Results (May to April)

- **% of businesses reporting price increasing increased** (from 24.5% in April to 33.4% in May)
- **% of enterprises said that purchase price have decreased – without significant changes** (1.5% in April to 1.3% in May)

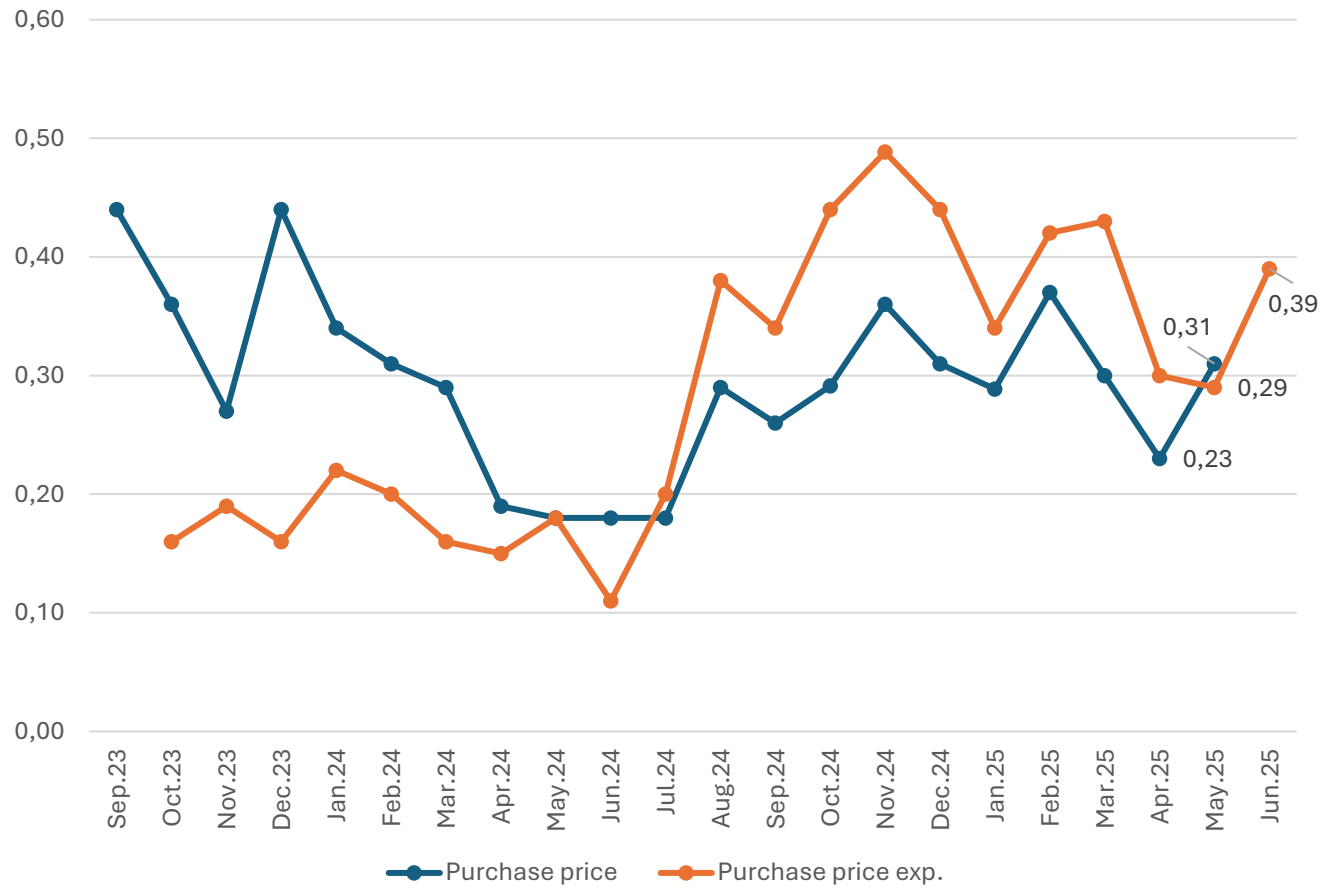
The index of changes in purchase price increased, from 0.23 to 0.31

Expectations for 3 months

- **% of businesses expecting price increasing increased** (31.3% in April to 39.9% in May)
- **% of enterprises expecting a price reduction is absent** (was 1.2% in April)

The index of expected changes in purchase price increased from 0.29 to 0.39

Purchase price, balance indicators



Domestic sales prices : Price increases are expected

Results (May to April)

- **% of enterprises reported about price increasing increased** (from 26.7% to 37%)
- **% of enterprises said that domestic sales prices have decreased, without significant changes** (1.9% in April and 1.3% in May)

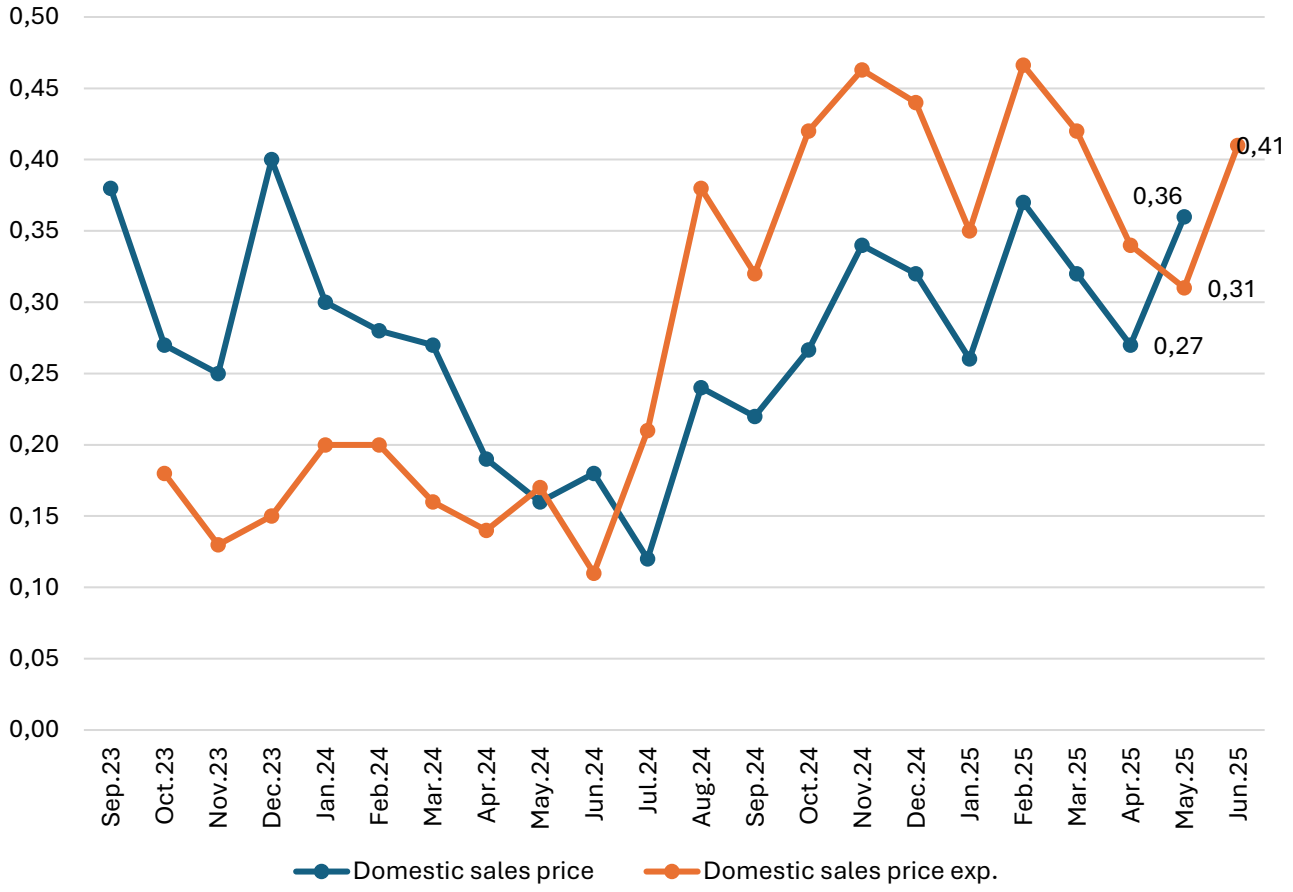
The index of changes in domestic sales prices increased, from 0.27 to 0.36

Expectations for 3 months

- **% of enterprises expecting price increasing has increased significantly** (from 32% to 41%)
- **% of enterprises expecting price reduction is absent** (was 0.5% in April)

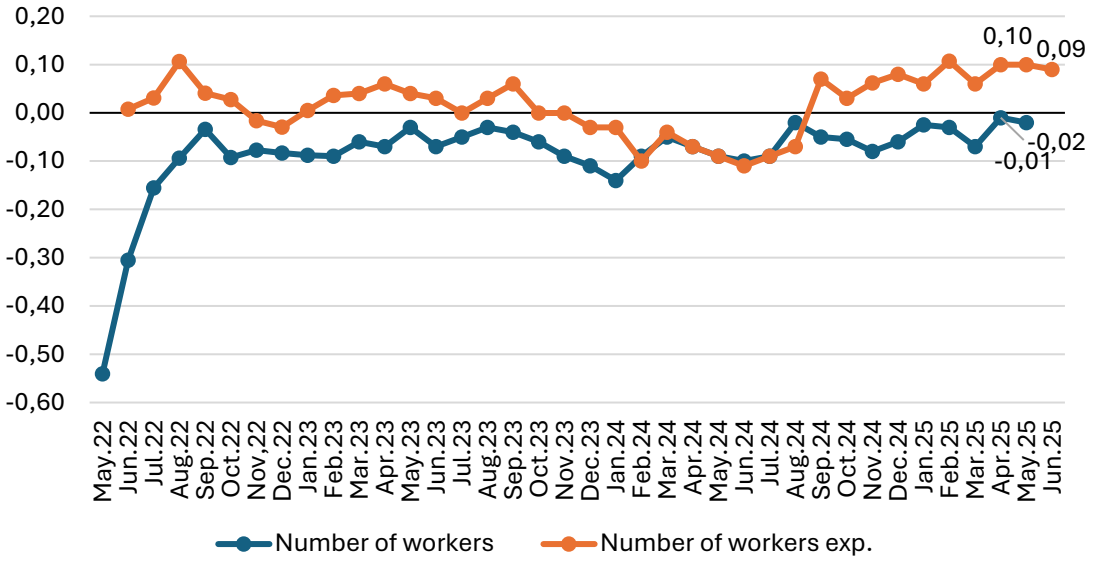
The index of expected changes in domestic sales price increased significantly, from 0.31 to 0.41

Domestic sales price, balance indicators

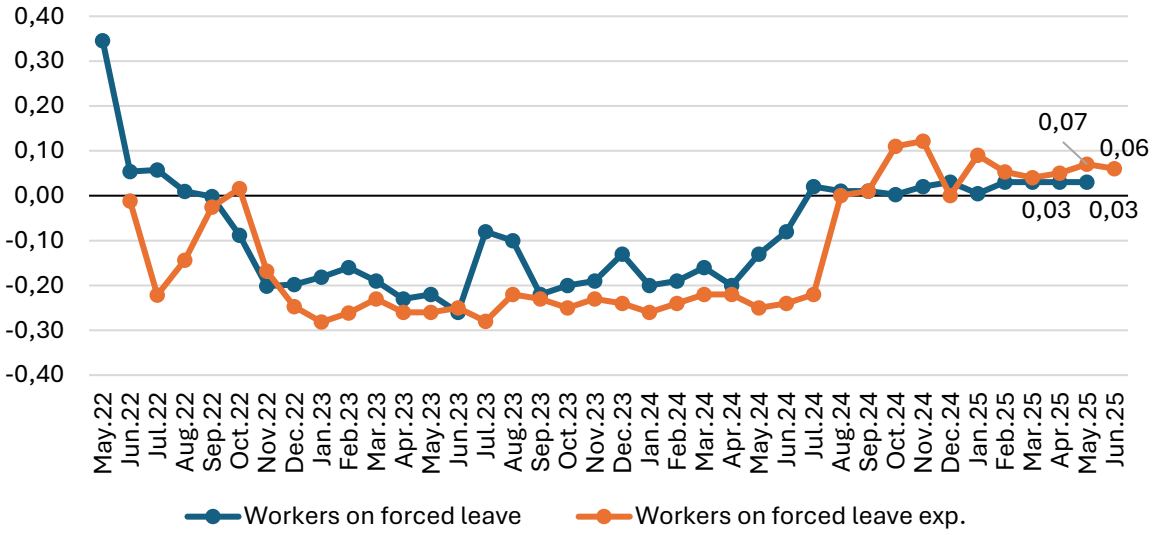


Employment: expectations for the number of employees without significant changes

Number of workers



Number of workers on forced leave



Expectations for 3 months

- **% of enterprises planning employment growth** in the next 3-4 months, **did not change significantly** (13.9% in April and 14.2% in May)
- **% of enterprises that intend to reduce the number of workers without significant changes** (4.5% in April and 5.3% in May)

The index of expected changes did not change significantly and is 0.09 (was 0.10)

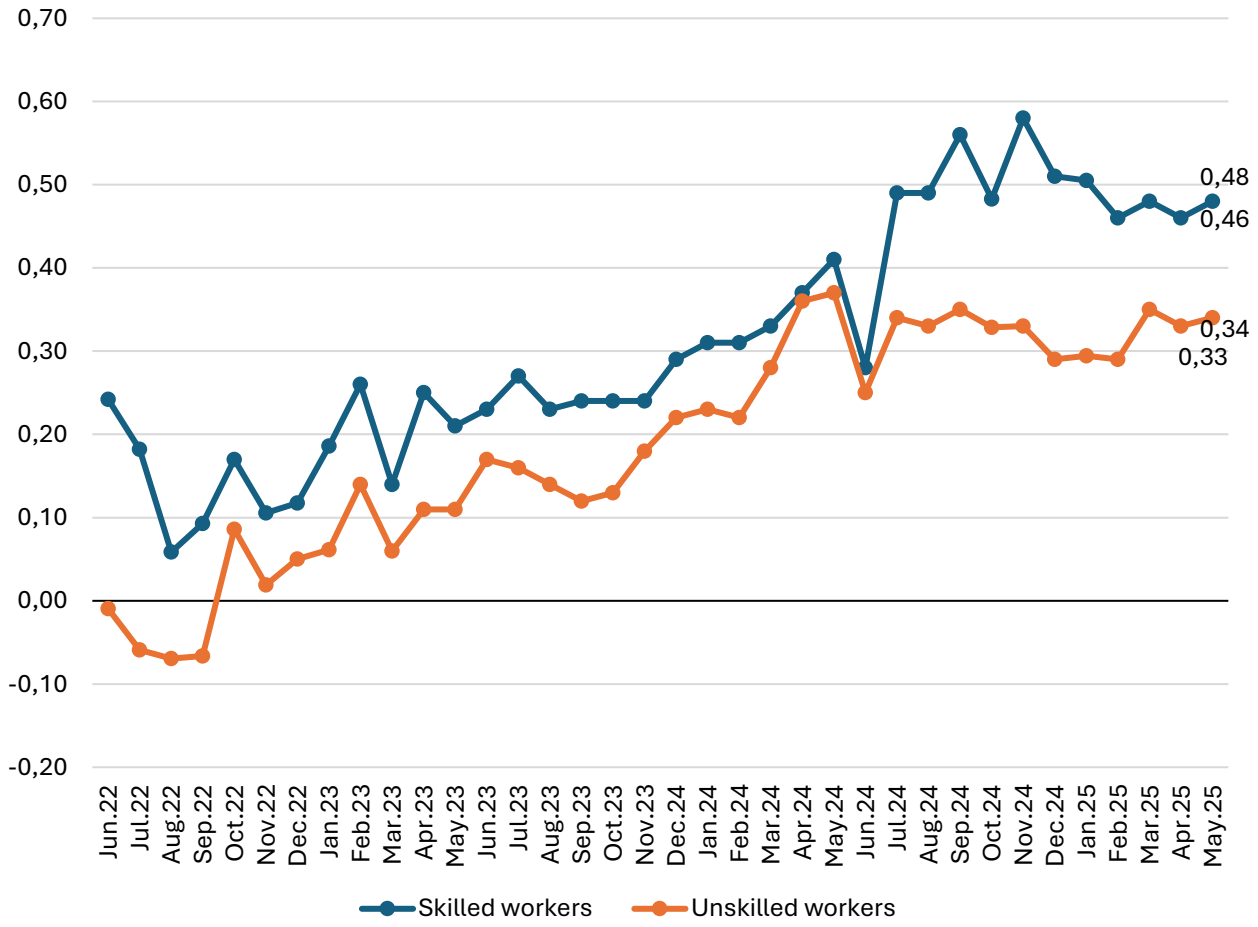
Expectations for 3 months

- **% of enterprises planning to increase the number of workers on forced leave did not change significantly** (8.6% in April and 7.8% in May)
- **% of enterprises that plan to reduce workers on forced vacations, without significant changes** (1.4% in April and 0.3% in May)

The index of expected changes did not change significantly and is 0.06 (was 0.07)

Problems with finding employees do not change significantly

Problems with finding workers



In May, difficulties in finding employees with appropriate qualifications remain without significant changes

Skilled workers:

- **The % of those who reported that it was more difficult to find such workers increased slightly** (from 47.8% in April to 49.8% in May)
- **% of those who said that skilled workers were easier to find, without significant changes** (1.1% in April and 1.3% in May)

The index of difficulties is 0.48 (was 0.46)

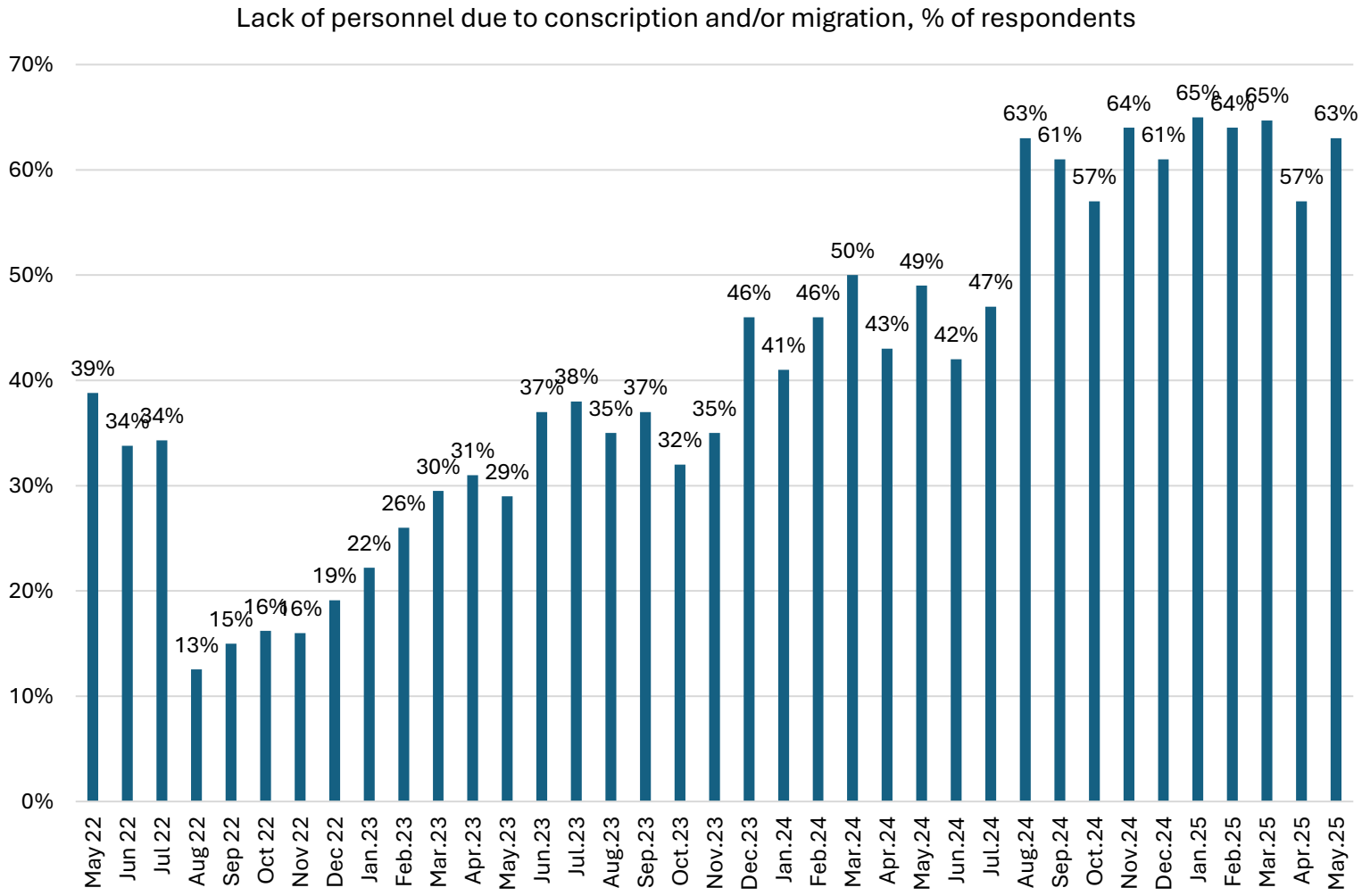
Unskilled workers:

- **% of those who find it more difficult to search for them without significant changes** (36.3% in April and 36.7% in May)
- **% of those who reported it was easier to find them, without significant changes** (4.1% in April and 3.8% in May)

The index of difficulties is 0.33 (was 0.34)

“Lack of personnel” has increased the relevance and remains the leader in the list of impediments

- **Share of enterprises**, who pointed to **“Lack of personnel” as an impediment to activity increased** (from 57% to 63%)
- In the list of impediments, the “lack of personnel” **retains the leading position**



Main results 5: Impediments

“Lack of personnel” maintains leadership in the list of obstacles, with increasing value

“It is dangerous to work" with a significant decrease in the value, **remains in the second position in the rating of impediments**

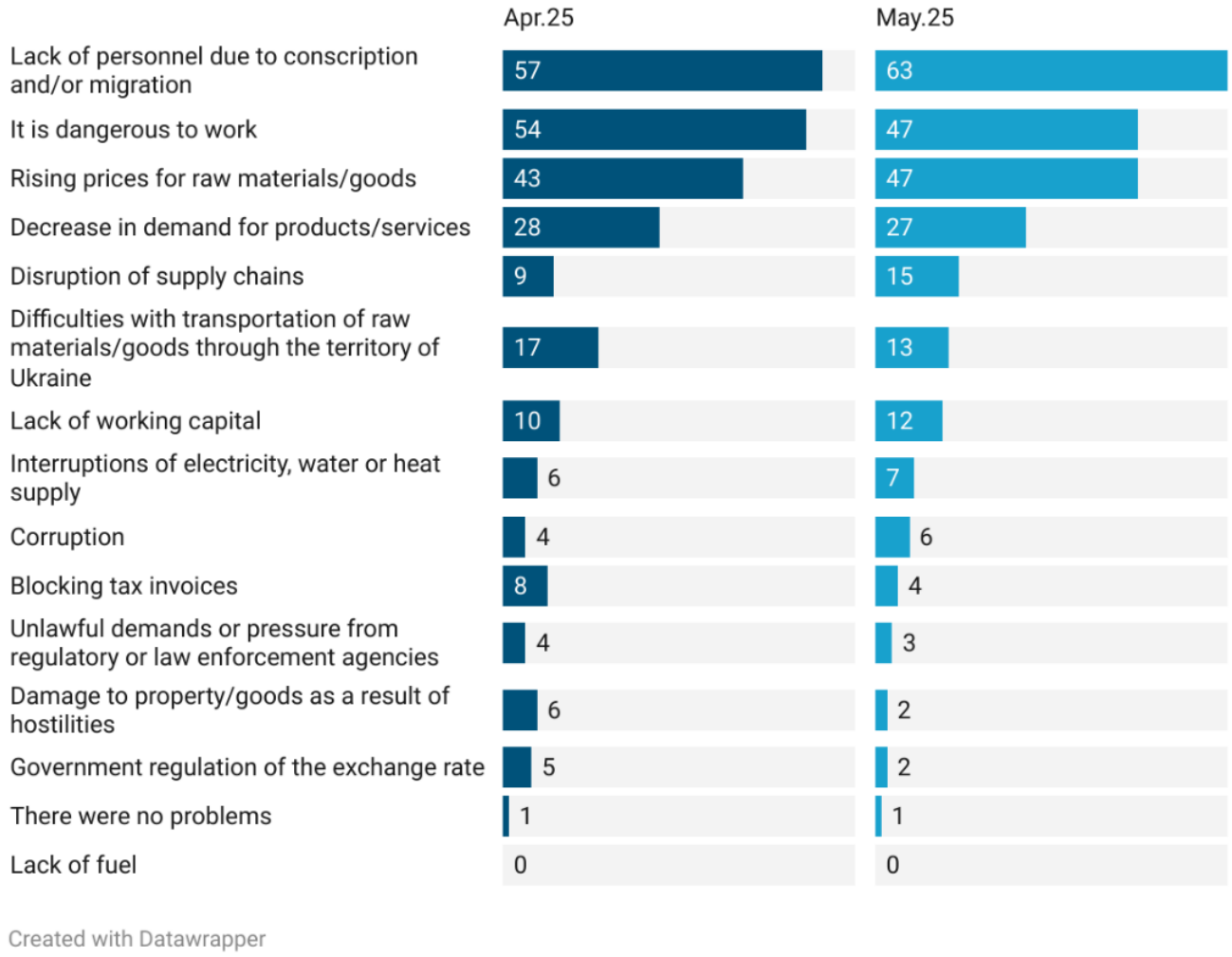
“Rising prices” rises from the 3rd to the 2nd place of the rating with increasing importance, sharing it with “it is dangerous to work"

“Interruptions with electricity” with almost unchanged values **rise from the 9th to the 8th place**

The main impediments to doing business in wartime, % respondents

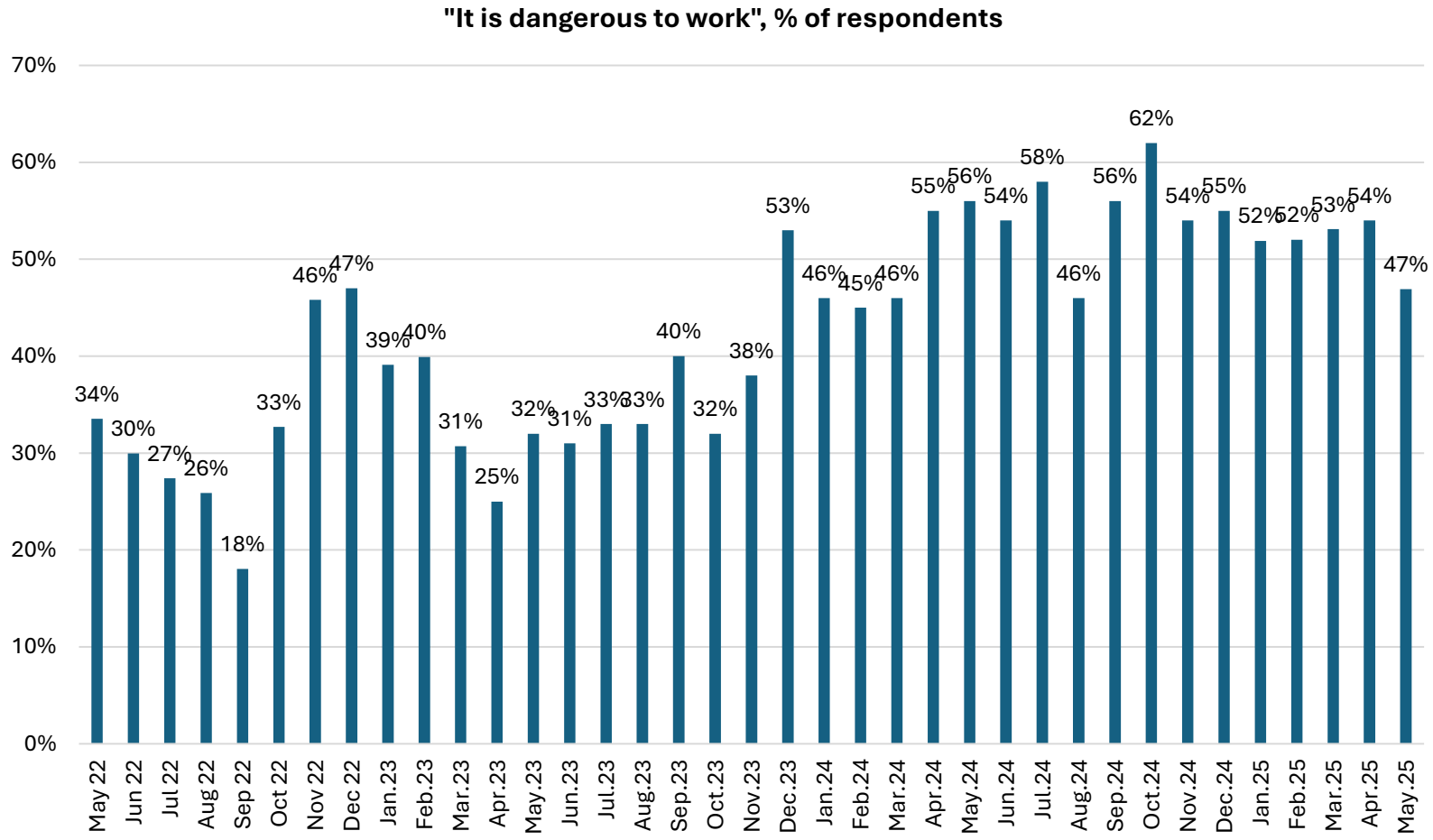
In May 2025, the top three impediments to doing business did not change, although there were **some changes in the percentage distribution**

- **"Lack of personnel" increasing in value** (from 57% in April to 63% in May) **retains its leading position**
- **"It is dangerous to work"**, despite a significant decrease in the value (from 54% in April to 47% in May), **still retains the 2nd place**
- The impediment **"rising prices for raw materials and goods"** with a slight increase in value (from 43% to 47%), **rises from the 3rd place and shares the position with "it is dangerous to work"**
- **"Decrease in demand"** with almost unchanged value (28% in April and 27% in May) **remains in the 4th place**
- **"Interruptions with electricity"** with almost unchanged value (6% in May and 7% in April) **rises from the 9th to the 8th place**
- **Corruption and pressure from law enforcement agencies are still not significant problems**



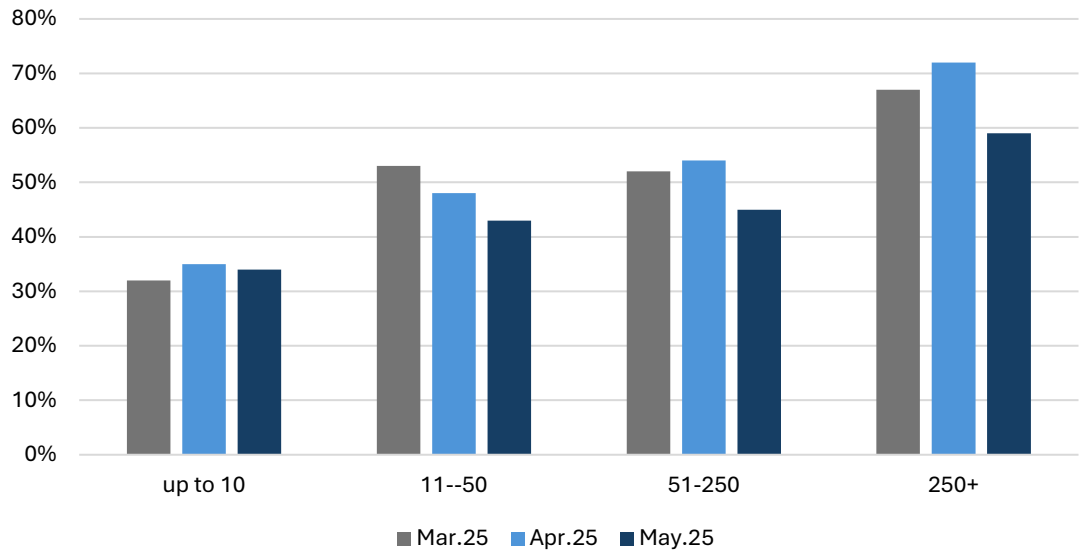
“It is dangerous to work” retains the second position in the ranking

- **The share of enterprises that chose “it is dangerous to work”** as an impediment **decreased significantly** (from 54% to 47%)
- At the same time, in the list of impediment, “it is dangerous to work” **remains in the 2nd place**



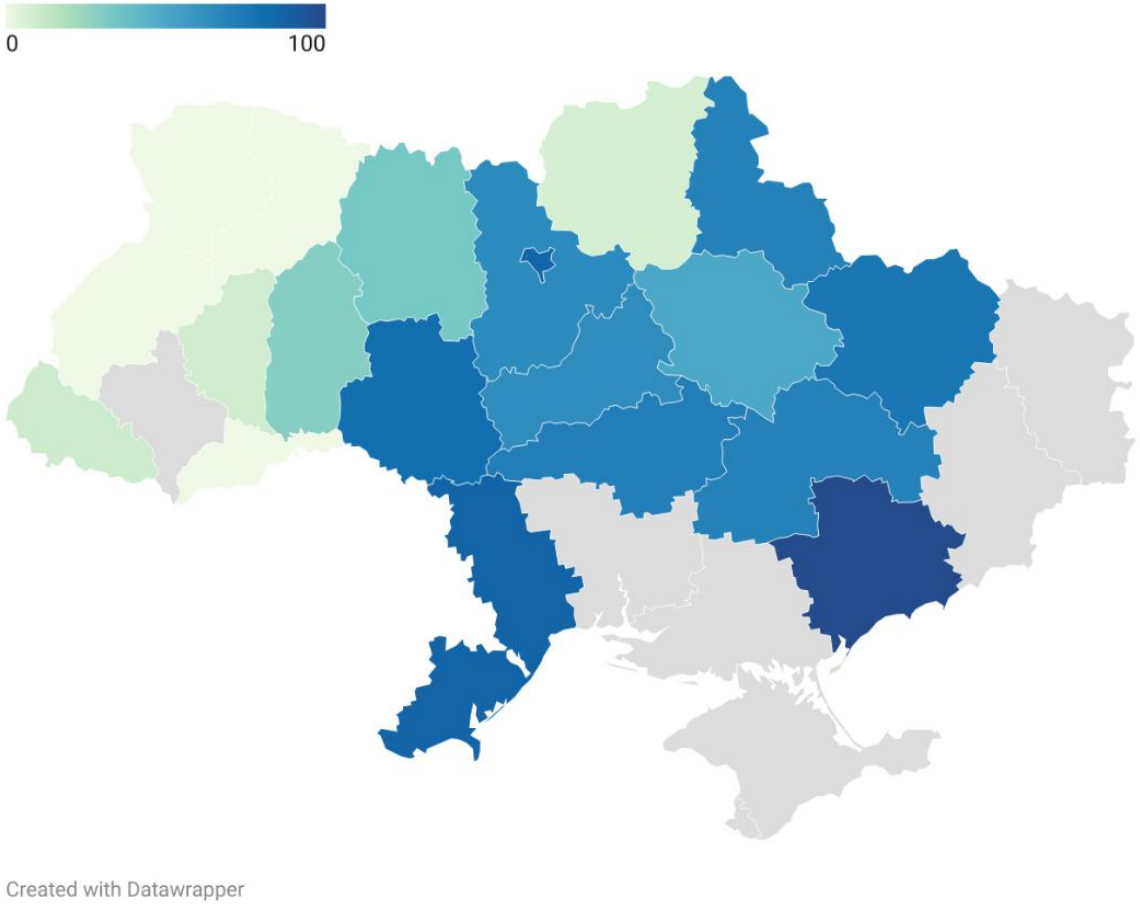
“It is dangerous to work” in different dimensions

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



- The % of enterprises that chose “it is dangerous to work” as an impediment **did not change significantly for microenterprises and decreased for enterprises of other size groups**. At the same time, the value for microenterprises remains the lowest
- **80+% of respondents in Vinnytsia region, as well as in Kyiv city, and Odesa and Zaporizhzhia regions** consider dangerous conditions an impediment to doing business

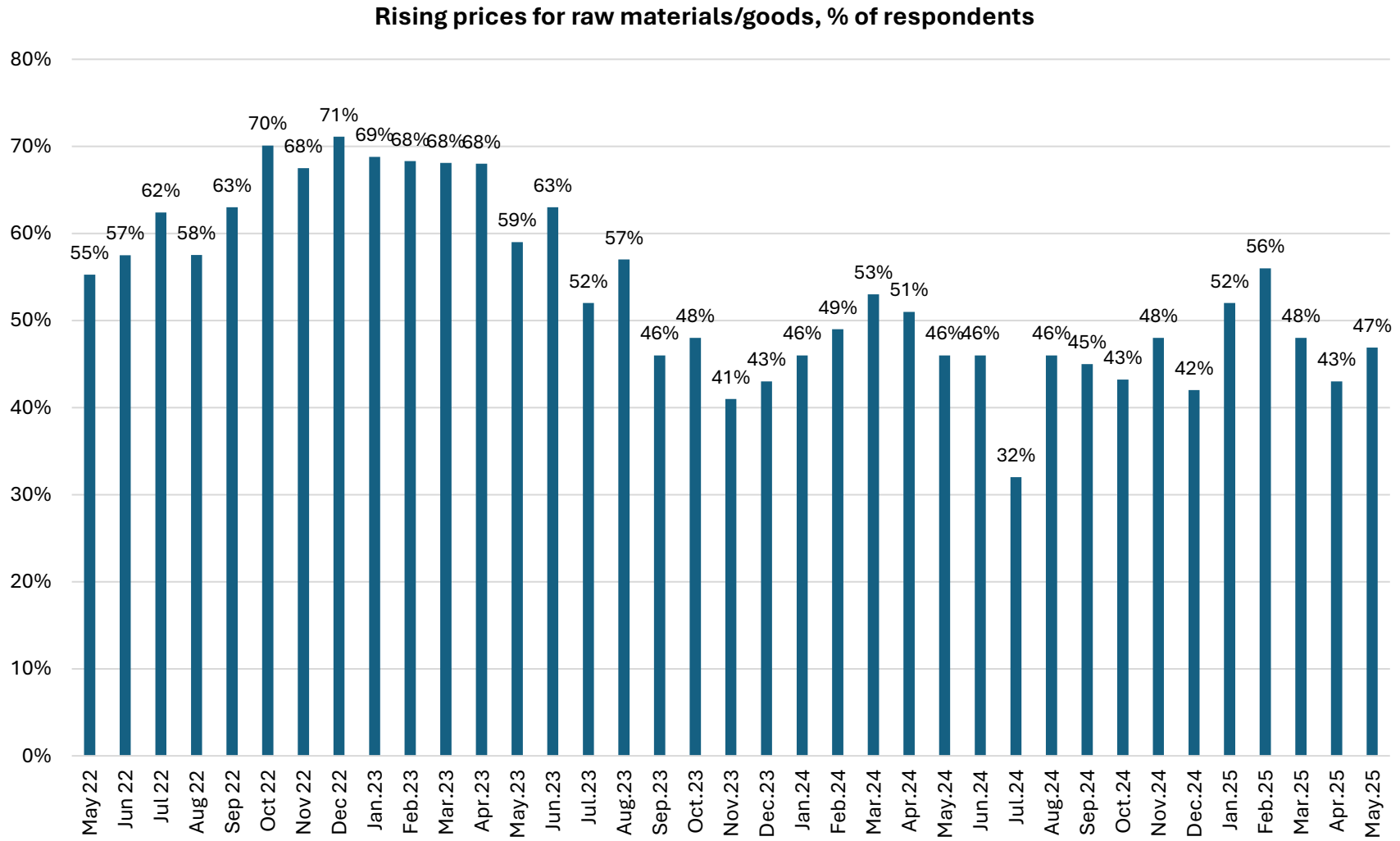
“It is dangerous to work” by oblast, % of respondents



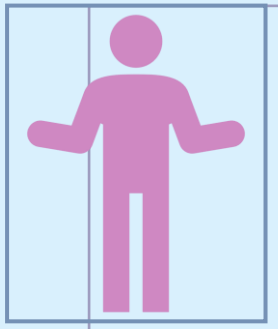
Note: The number of respondents in Ivano-Frankivsk region was insufficient to analyze this issue

“Rising prices” increases in value

- **The share of enterprises for which "rising prices for raw materials and materials" is an impediment is gro**wing, and in May compared to April the value increased from 43% to 47%
- In the list of impediment, “rising prices" **shares the second position with "dangerous to work", having risen from 3rd place**



Main results 6. Economic policy



Assessments of the government's economic policy remain mostly neutral, and the percentage distribution does not change significantly

Assessments of the Government's economic policy remain without significant changes

	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24	Nov.24	Dec.24	Jan.25	Feb.25	Mar.25	Apr.25	May.25
Positively	7	6	6	4	5	4	4	4	4	3	2	4	4
Neutrally	54	59	66	58	61	53	56	61	63	66	65	63	64
Negatively	20	18	21	31	24	29	27	25	23	21	23	24	24
Don't know / Didn't answer	19	18	7	7	10	14	13	10	10	9	9	9	8

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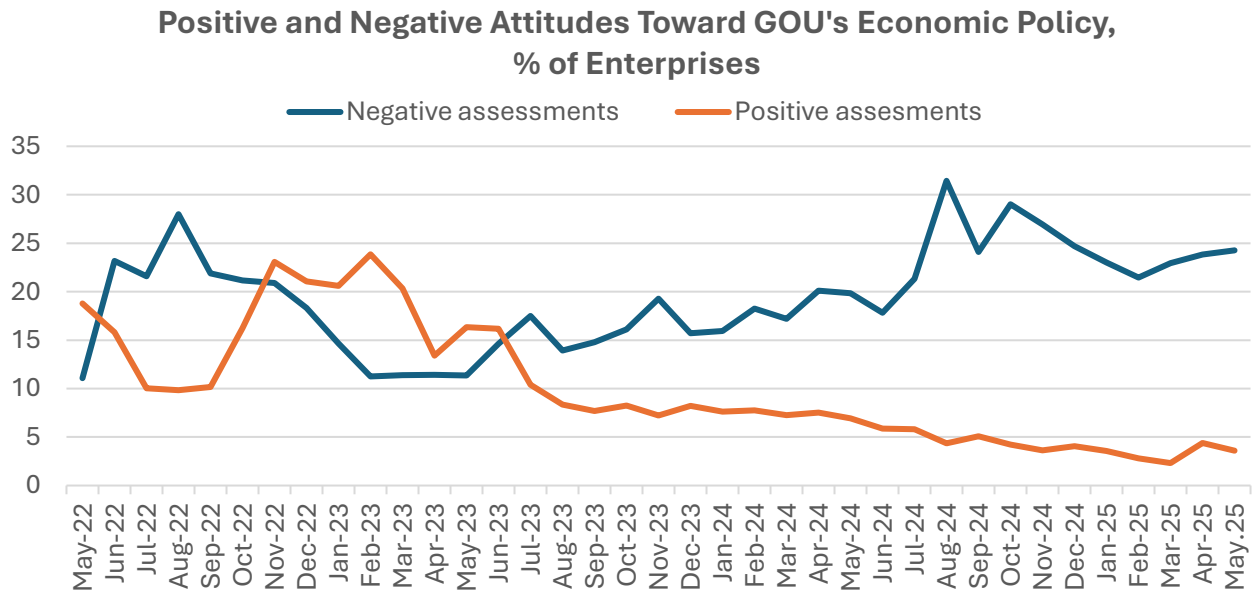
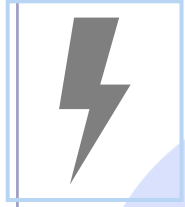


- **The share of positive assessments of the Government's policy on business support did not change** (4%, the same as in April)
- **The share of neutral assessments of the Government's policy on business support did not change significantly** (63% in April and 64% in May)
- **The share of negative assessments did not change** (24%, the same as in April)
- **The share of those who have not decided on the answer also did not change significantly** and is 8% (for three months in a row it was 9%)

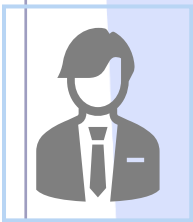
MAIN RESULTS 7: INTERRUPTIONS WITH ELECTRICITY

The share of companies for which “interruptions with electricity" is an obstacle did not change significantly **in May compared to April**



15% of enterprises were forced to temporarily suspend work due to power outages in April 2025

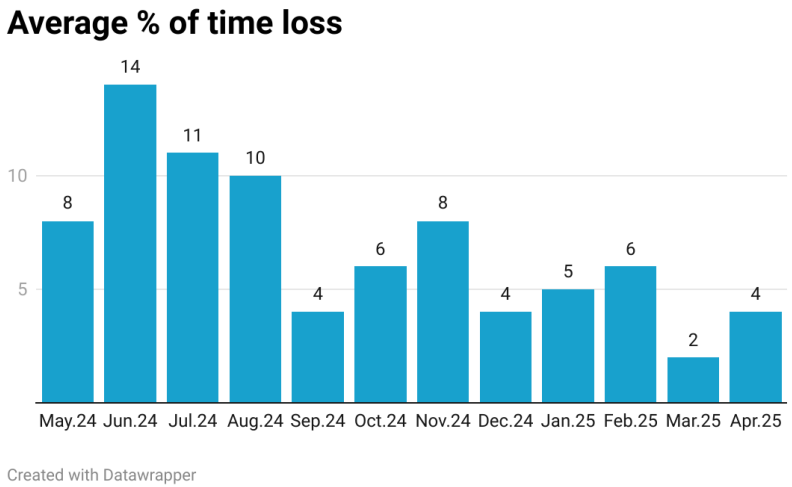
In April 2025, due to power outages, businesses lost 4% of their total working hours

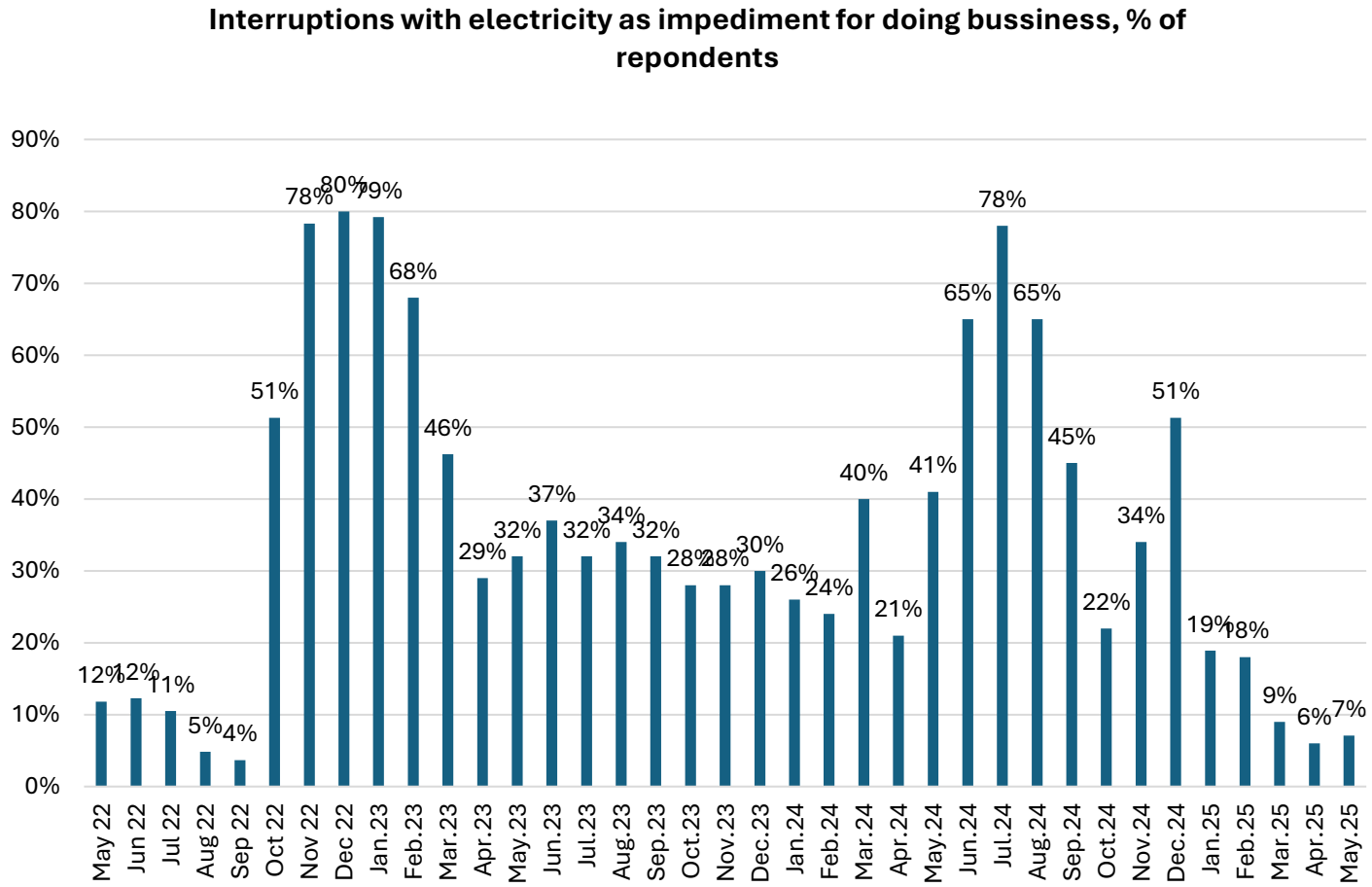


The losses of working time of **enterprises of different sizes** were **equalized**. Among the industries, the **greatest time losses** are observed in the **manufacture of building materials**

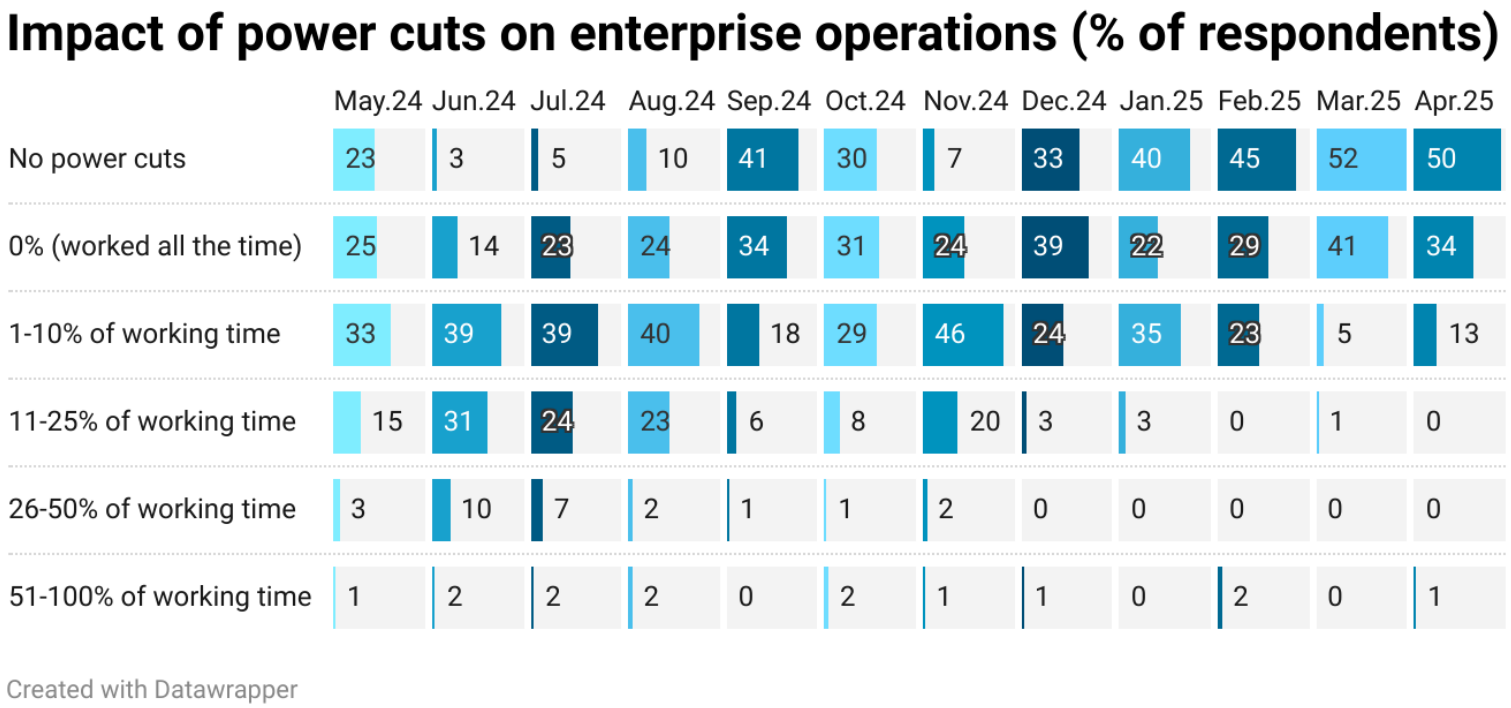
"Power outages" are no longer a problem for business

- The **share of companies** for which "**power outages**" are an obstacle **did not change** significantly (6% in April and 7% in May)
- **“Interruptions with electricity” rose** from **9th to 8th place** among the listed obstacles.





Slightly ore enterprises stopped working due to power outages

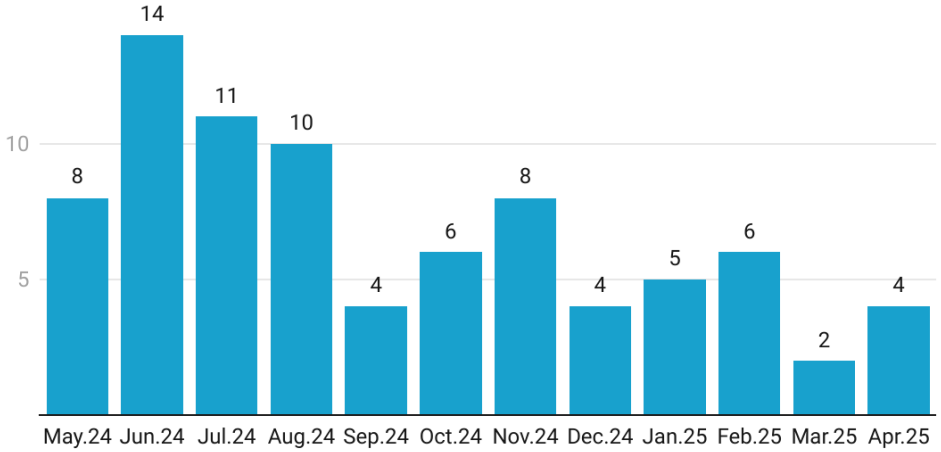


- **Only 15%** of businesses temporarily **suspended work** due to power outages in April 2025 (7% in March):
- **13%** of enterprises stopped working only for **1-10% of working hours**
- **Only 1**% did not work **more than half** the working time
- At the same time, **34%** of businesses **worked continuously**, despite power outages
- **50%** of businesses **did not have power outages**

Втрата робочого часу через перебої з електроенергією

- In April 2025, due to power outages, **enterprises lost 4%** of their **total working hours**
- **Differences** between **industries** and **regions** were recorded
- The **largest loss** of time due to power outages was felt by enterprises in the Zhytomyr region

Average % of time loss



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% of working time loss, by regions

	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24	Nov.24	Dec.24	Jan.25	Feb.25	Mar.25	Apr.25
Zhytomyr	0	18	6	3	0	6	6	0	6	6	0	23
Rivne	4	2	2	0		9	10	0				10
Dnipro	0	25	6	6	2	15	18	4	6	6	1	6
Kharkiv	11	22	8	15	10	13	4	0	2	26		3
Odesa	9	6	5	5	0	2	3	2	2	0		2
Poltava	8	5	5	9	2	6	5	4	5	2	1	2
Khmelnytskyi	14	23	19	14	2	11	19	6	6	7	6	1
Kyiv	4	7	4	3	2	0	5	1	2	2	0	1
Cherkasy	0	8	20	18		2	9	6	6	6	2	0
Kyiv City	10	10	14	6		1	10	2		2	0	0
Zakarpattia	0	6	8	6		2	4	5	4	0	0	0
Volyn	9	11	9	9	10	9	9	2	3			0
Sumy	24	22	17	21	9	15	14	9	11	4	10	
Chernivtsi	3	19	12	12	1	6	3	0		37		
Kirovohrad	5	18	16	8	2	7	5	1	3			
Lviv	8	22	11	1	8	1	3		0			
Ternopil	4		14	9	8			0				
Zaporizhzhia	14	18	24	14	4	0	13					
Chernihiv	15	18	6	9		0	11					
Vinnytsia	3	3	1			25	0					
Ivano-Frankivsk	3					0						

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Differences in working time losses among enterprises of different sizes are leveling out

- **Loss** of working time have almost **equalized** for **enterprises of different sizes**
- Among the industries, the **largest loss** of time falls on the **manufacture** of **building materials**

% of working time loss, by enterprise size

	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24	Nov.24	Dec.24	Jan.25	Feb.25	Mar.25	Apr.25
Micro	14	21	16	15	7	7	12	3	5	12	8	2
Small	10	15	12	10	6	7	8	7	5	7	2	4
Medium	6	12	10	7	4	6	7	3	5	3	1	4
Large	7	11	10	9	2	6	8	2	4	6	0	3

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% of working time loss, by industry

	May.24	Jun.24	Jul.24	Aug.24	Sep.24	Oct.24	Nov.24	Dec.24	Jan.25	Feb.25	Mar.25	Apr.25
Construction materials	19	21	16	6	2	7	6	2	4	2	10	12
Woodworking	20	20	18	13	10	9	6	2	2	2	0	8
Metalworking	16	20	13	7	4	10	11	8	7	4	3	4
Food industry	5	11	10	7	3	6	7	3	6	6	1	3
Machine building	9	15	12	11	4	4	6	7	4	4	1	3
Chemical industry	8	14	12	14	7	13	9	3	3	3	1	2
Light industry	7	16	15	8	3	6	9	7	5	12	1	2

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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, Zakarpattya, Zaporizhzhia, Ivano-Frankivsk, Kyiv, Kirovohrad, Lviv, Odesa, Poltava, Rivne, Sumy, Ternopil, Kharkiv, Khmelnytskyy, Cherkasy, Chernivtsi and Chernihiv regions and the Kyiv city.

The field stage of the 37-th wave lasted from May 20 - 30, 2025. The enterprise managers compared the work results in May 2025 with April, assessed the indicators at the time of the survey (May 2025), 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. Since August 2024 to February 2025, the publication became possible thanks to the support of the European Union and the International Renaissance Foundation as a part of the joint initiative "European Renaissance of Ukraine".

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