«Steady As She Goes?»

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

Oksana Kuziakiv, Executive Director at the IER
Yevhen Anhel, Senior Research Fellow at the IER
Iryna Fedets, Senior Research Fellow at the IER
Anastasia Gulik, Research Fellow at the IER
Vlad Baskov, Junior Research Fellow at the IER
Daria Shapovalova, Junior Research Fellow at the IER

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Steady as She Goes?

Business Sentiment in Ukraine: Stability Amid Uncertainty

As Ukraine navigates a complex landscape marked by security concerns and economic challenges, businesses are demonstrating cautious resilience. While long-term expectations are improving, short-term uncertainty is creeping upward. Recovery continues at a steady pace, and production indicators show growth — yet risks remain on the horizon.

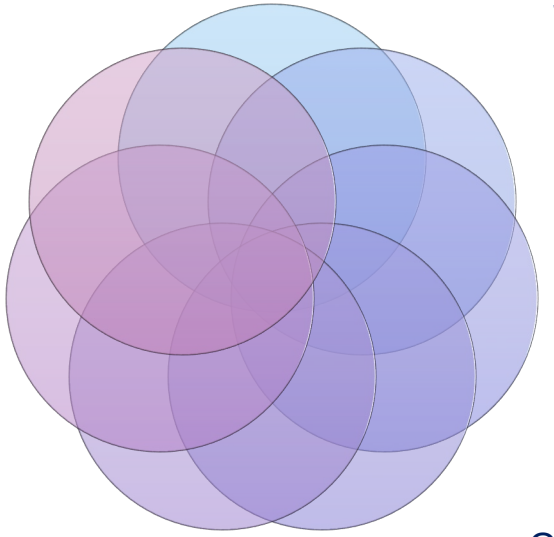
This presentation highlights the key trends from the latest Business Tendency Survey, offering a snapshot of how enterprises perceive and respond to shifting conditions.

ABOUT THE NEW RAPID ENTERPRISES SURVEY #NRES

Monthly survey

The recent data were collected on **17 – 30, April, 2025**

SAMPLE: **478 enterprises were surveyed in April**



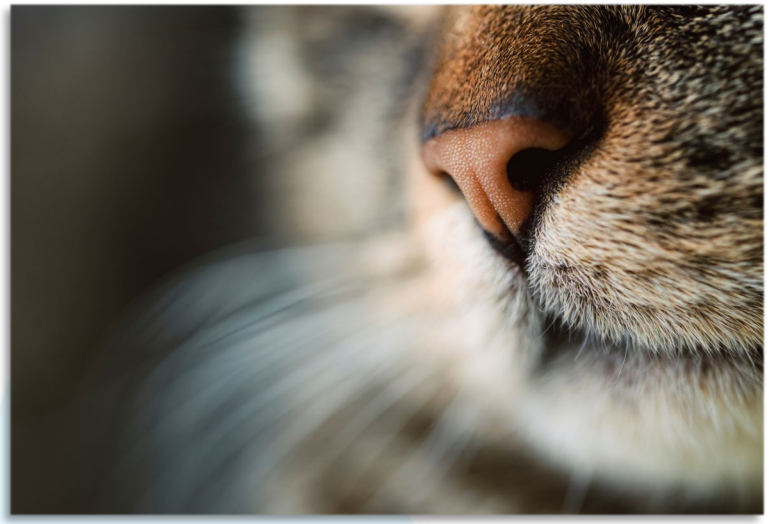
36 surveys have already been conducted (since May 2022)

Enterprises of all sizes

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

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

THE KEY MESSAGES OF APRIL 2025



1. Against the backdrop of talks about a possible ceasefire, **long-term business expectations** have **improved**, while **long-term uncertainty** remains essentially **unchanged.**
2. However, looking **six months ahead, uncertainty** has started to **rise**, and **expectations**, although **still optimistic**, have slightly **worsened**.
3. After regaining momentum last month, **year-on-year recovery** rates have **remained unchanged**.
4. The **production indicators** of enterprises continue to show growth trends, **and short-term expectations** remain **optimistic**, albeit slightly **lower than they** were month ago.
5. **The main obstacles** for businesses remain **labor shortages**, **security concerns**, and **rising prices**, although the importance of the 2nd and 3ed has somewhat decreased.

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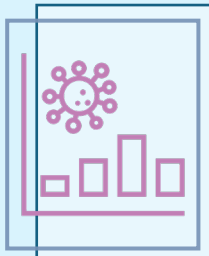
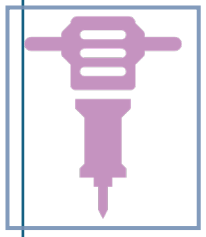
New Monthly Enterprises Survey, #36, (04/2025)

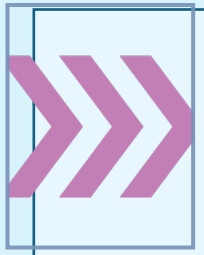
Main results 1.



The Business Activity Recovery Index (BARI)) did not change significantly (0.13 in April vs 0.12 in March)



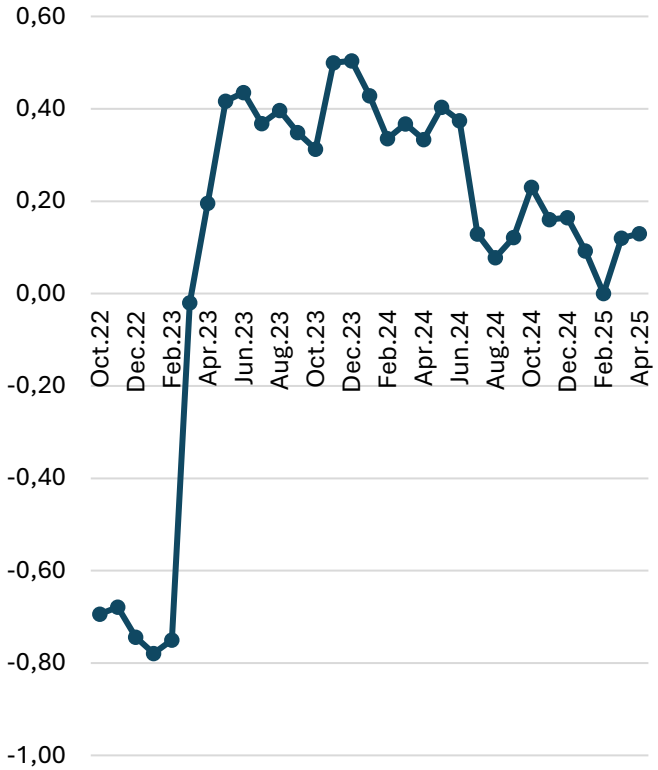
Capacity utilization compared to the "pre-war time" in April compared to March 2025 **does not change significantly**



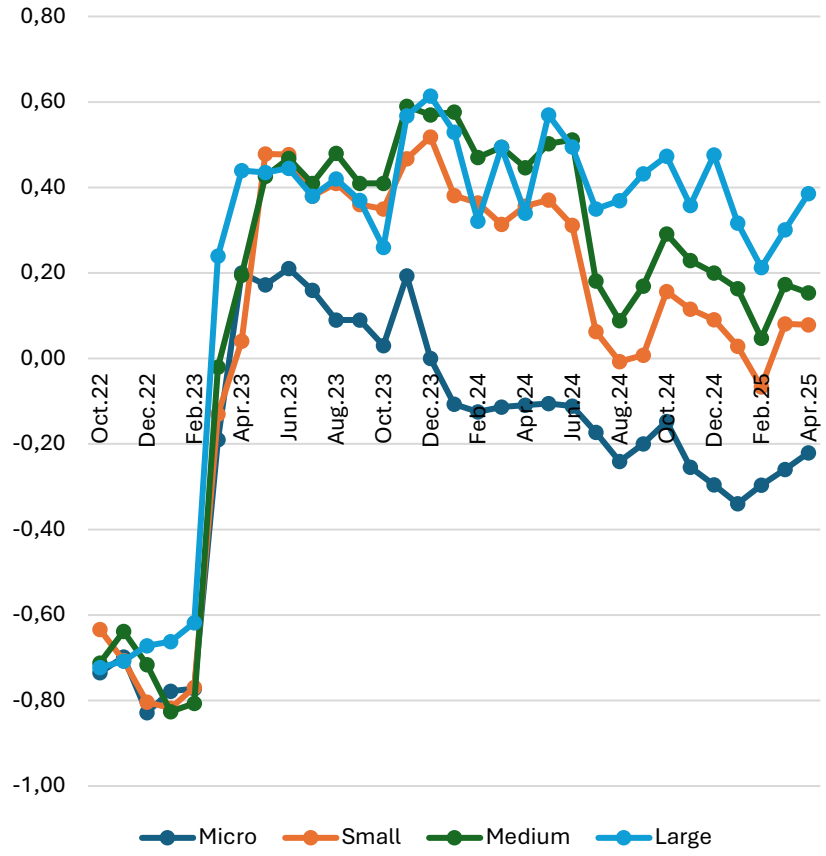
The Industrial Confidence Indicator (ICI)) remained unchanged

The Business Activity Recovery Index* without significant changes

BARI
(Balance between better/worse assessments comparing to the previous year)



BARI (by size)



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

In April 2025, compared to March 2025, **the Business Activity Recovery Index** (BARI) **did not change significantly**, and is 0.13 (was 0.12) (scale from -1 to +1)

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

- % of enterprises that **reported that their business activity is better than last year did not change** (26.9% in April, the same as in March)
- % of enterprises that **reported that their business activity was worse than last year, also without significant changes** (14.7% in March and 13.9% in April)

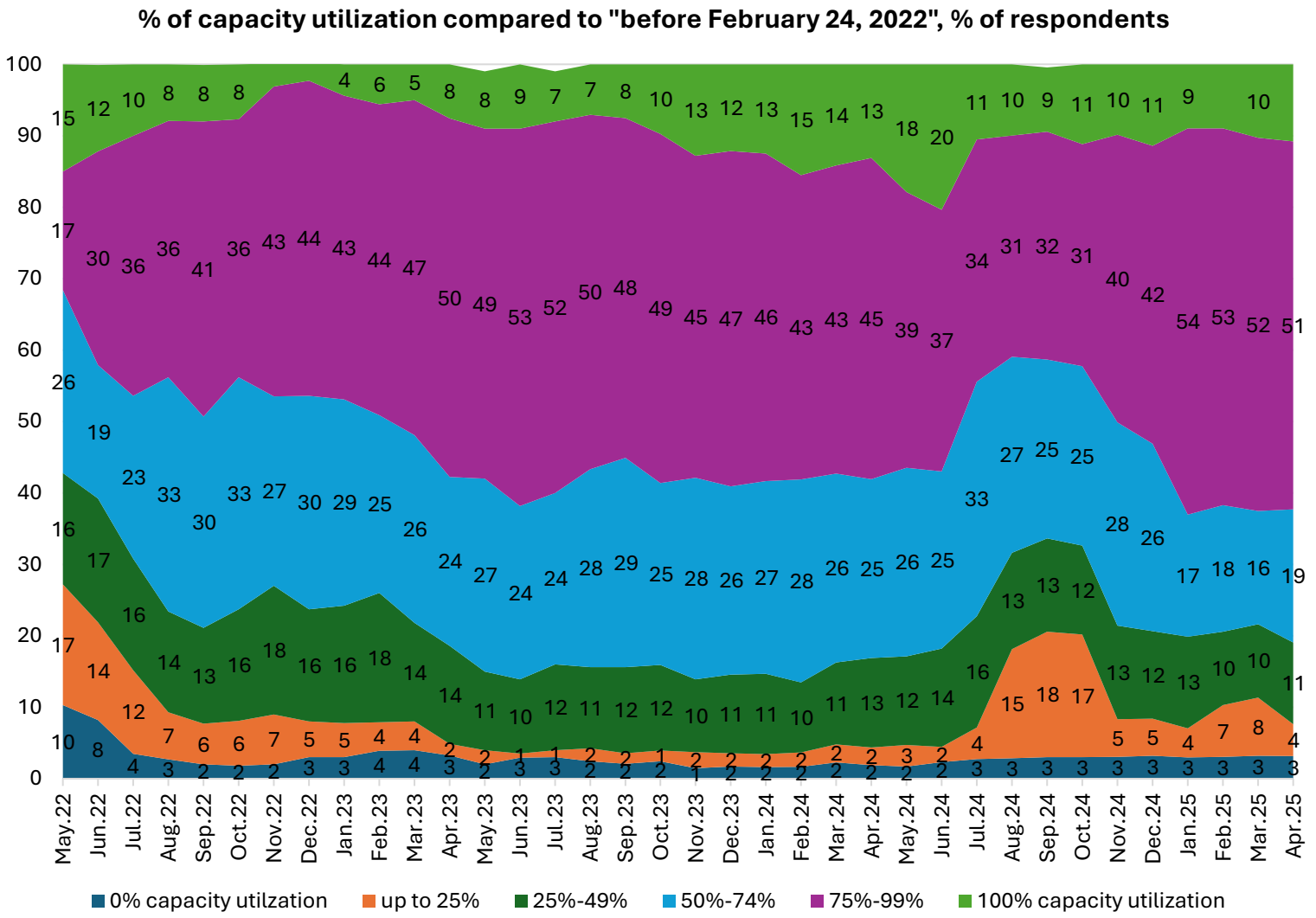
<u>At the same time:</u>

- % of those **who did not feel changes compared to last year also did not change significantly** (58.4% in March and 59.1% in April)

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

The importance of BARI has **increased for large enterprises. The indicator of microenterprises remains the lowest**, although its indicator **gradually increasing for the third month in a row**

“Now” vs. “before February 24”: Capacity utilization remains stable



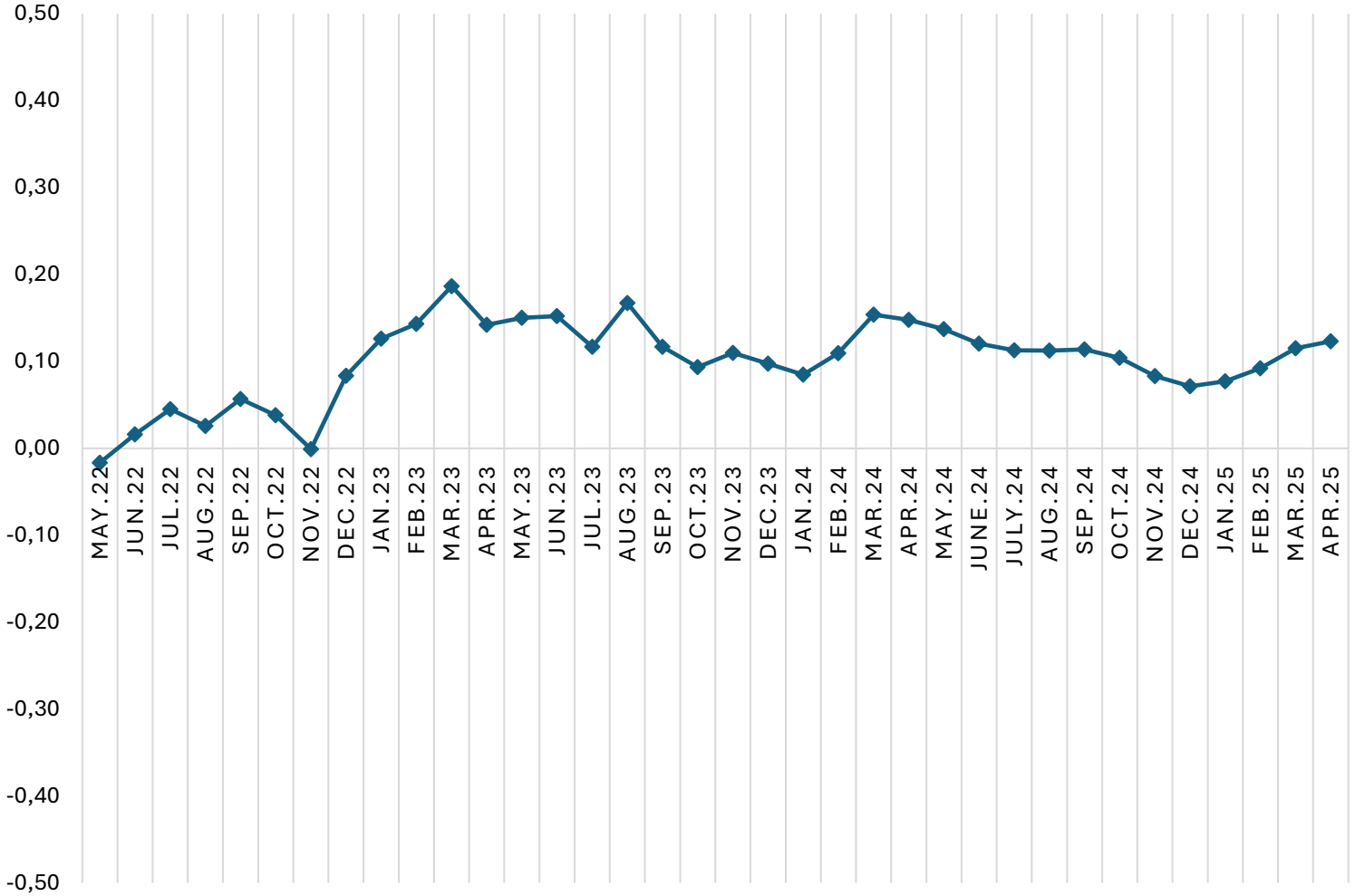
In April, compared to March, there were no significant changes:

- % of enterprises operating **almost at full capacity has not changed significantly for four months in a row** (52% in March and 51% in April)
- % of enterprises operating **at 100% capacity, without significant changes** (10% in March and 11% in April)

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

- % of enterprises **operating at 50-74% capacity has slightly increased** (from 16% in March to 19% in April)
- % of enterprises **operating up to 25% capacity** decreased (from 8% in March to 4% in April)
- % of enterprises that **do not operate at all has not changed** since the summer of 2022

Industrial Confidence Indicator (ICI)*



The ICI remained unchanged. The indicator is 0.12, as in March

<u>In April, compared to March, the fluctuations of the components of the ICI are the following:</u>

- **Production Expectations** (PE) **doesn't change significantly** (0.41 in March vs 0.40 in April)
- The component **Stocks of finished goods** (SFG) **increased slightly**, from -0.05 to -0.01
- The component **Volume of new orders** (VNO) **also increased**, from -0.11 to -0.04

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

Main results 2. Uncertainty

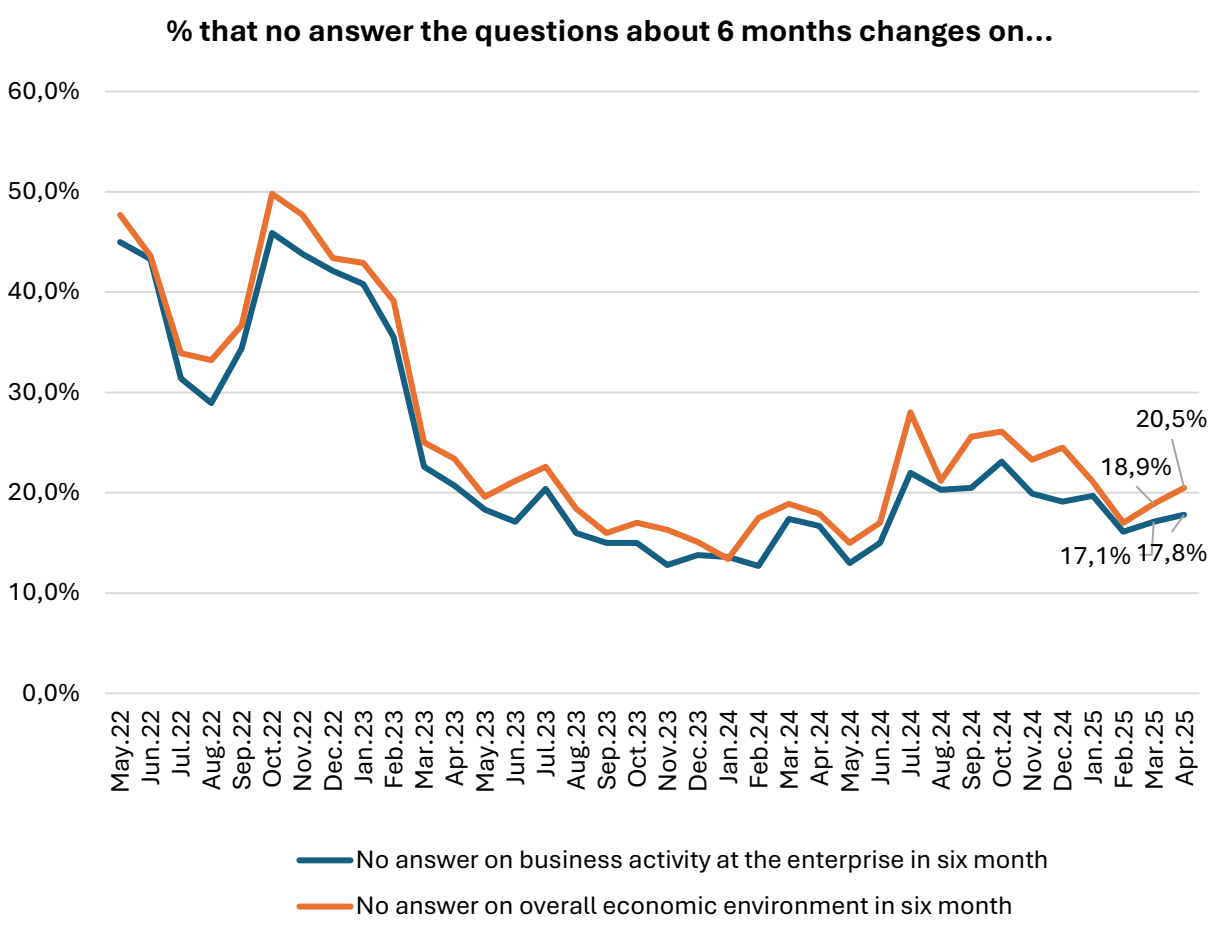
The **uncertainty** in the **6-month perspective** for the business activity at the enterprise **has not changed significantly**, at the same time it has **slightly increased** for the overall economic environment in the country

Uncertainty in the 3-months perspective has slightly decreased for most production indicators

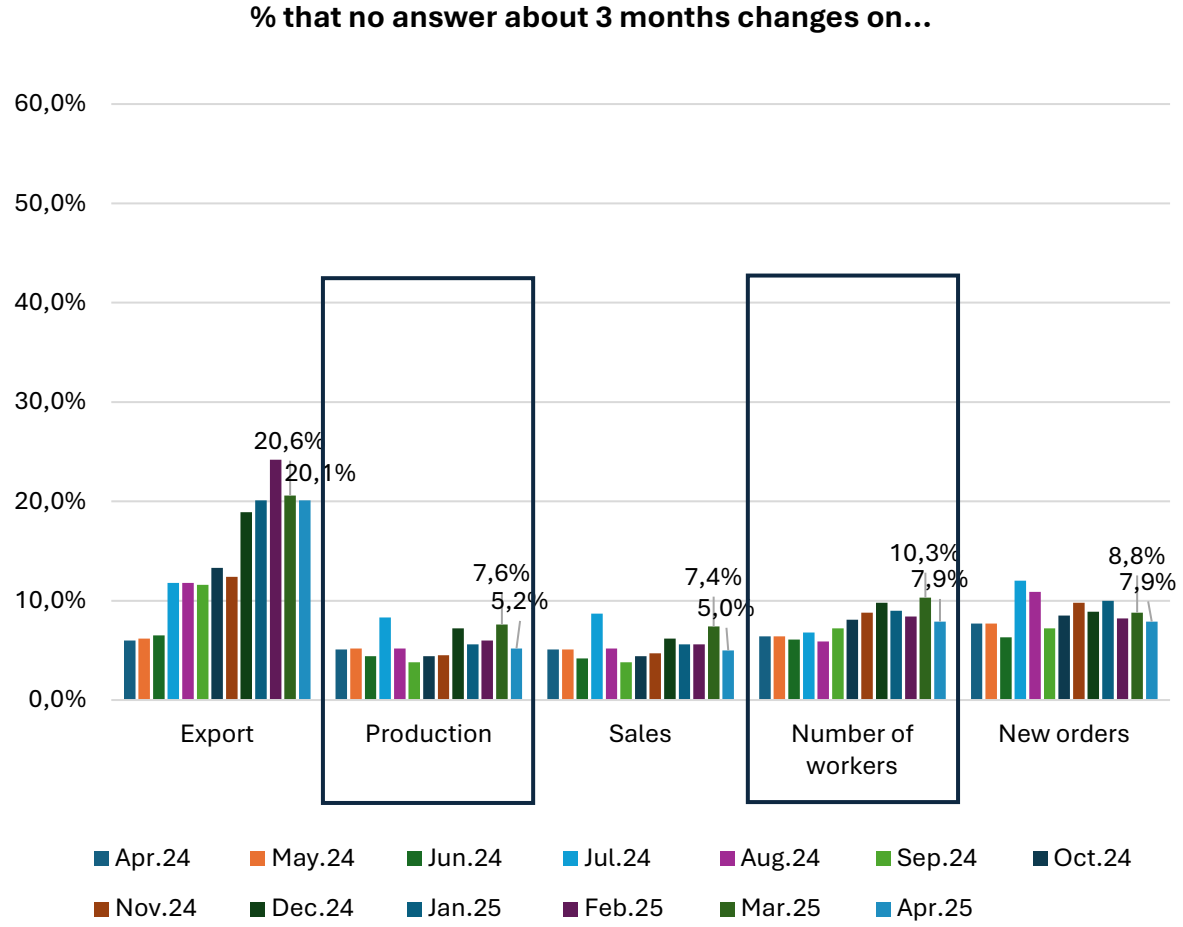
Uncertainty in the 2-year perspective for the third month in a row **does not change significantly**

Uncertainty increased slightly for the overall economic environment and decreased for production indicators

Half-year horizon:

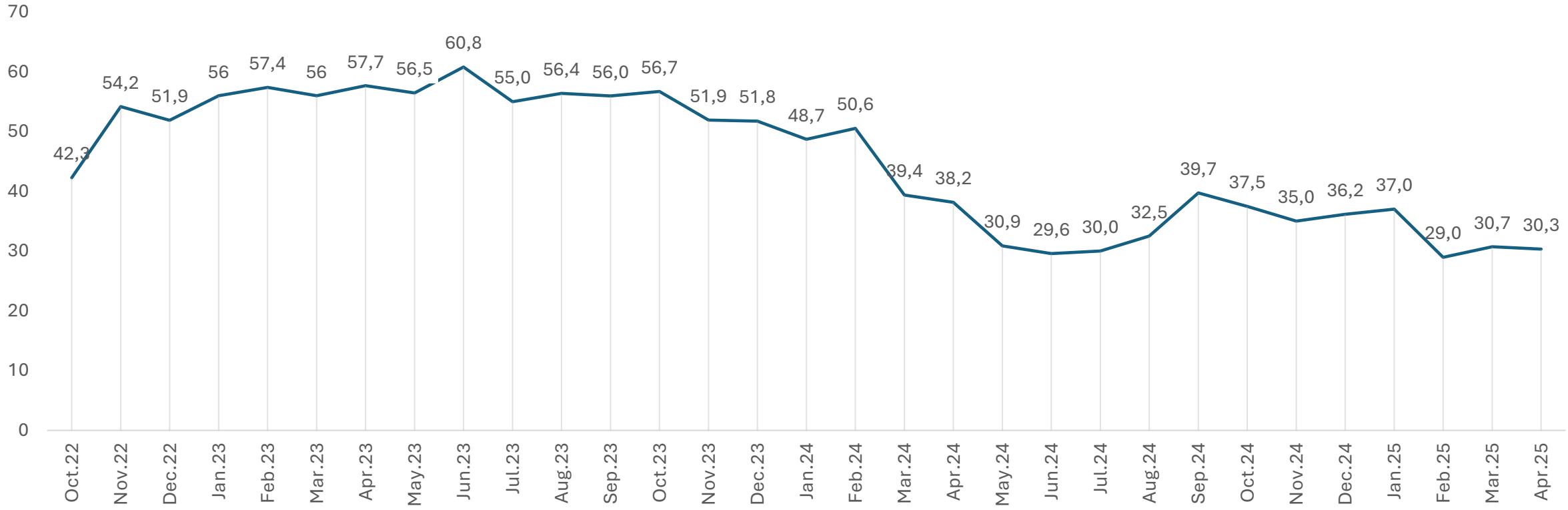


Three-month horizon :



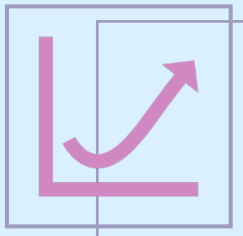
Uncertainty in the long term does not change significantly

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

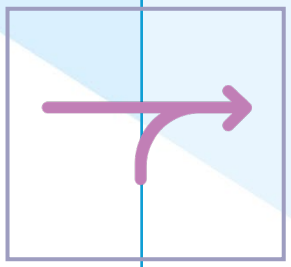


The % of enterprises that **have no idea about their plans for 2 years has not changed significantly** for the third month in a row (29% in February, 30.7% in March and 30.3% in April)

Main results 3. Long-term expectations



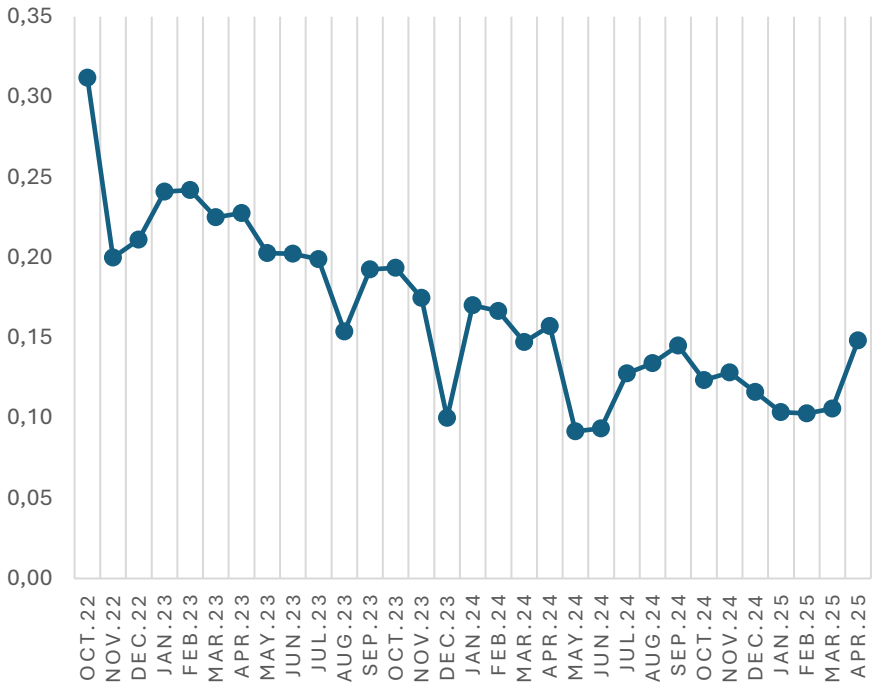
Expectations for the two-year perspective have improved



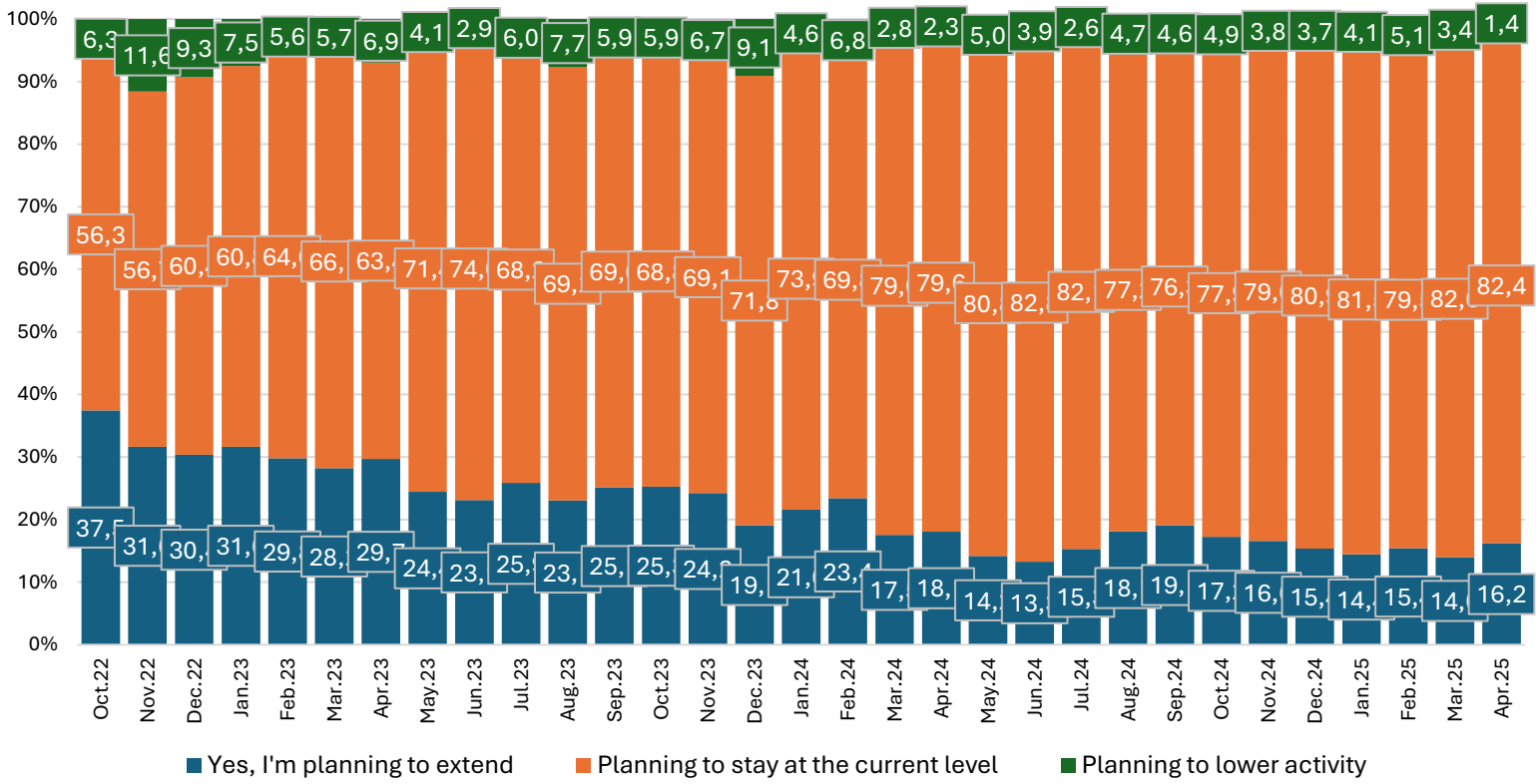
6-month expectations regarding business activity at the enterprise **insignificantly decrease**, and for the overall economic environment **without significant changes**

Expectations in the long term have increased slightly

Index of expected changes in business activity (2 years)



Expectations in the two-year perspective



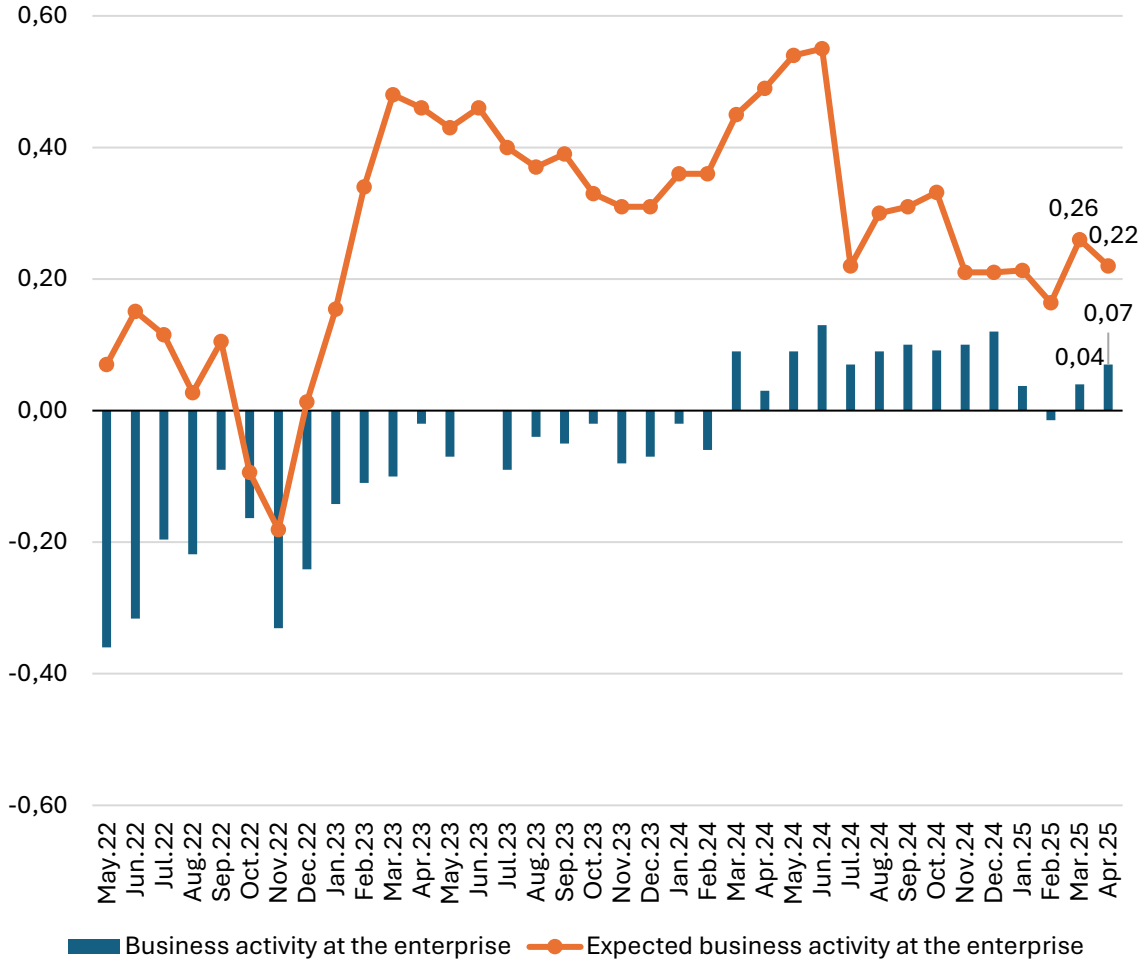
- The **index of expected changes in the perspective for 2 years improved slightly,** increasing from 0.11 to 0.15
- Scale from -1 (bad) to +1 (good)

There have been minor changes in the percentage distribution

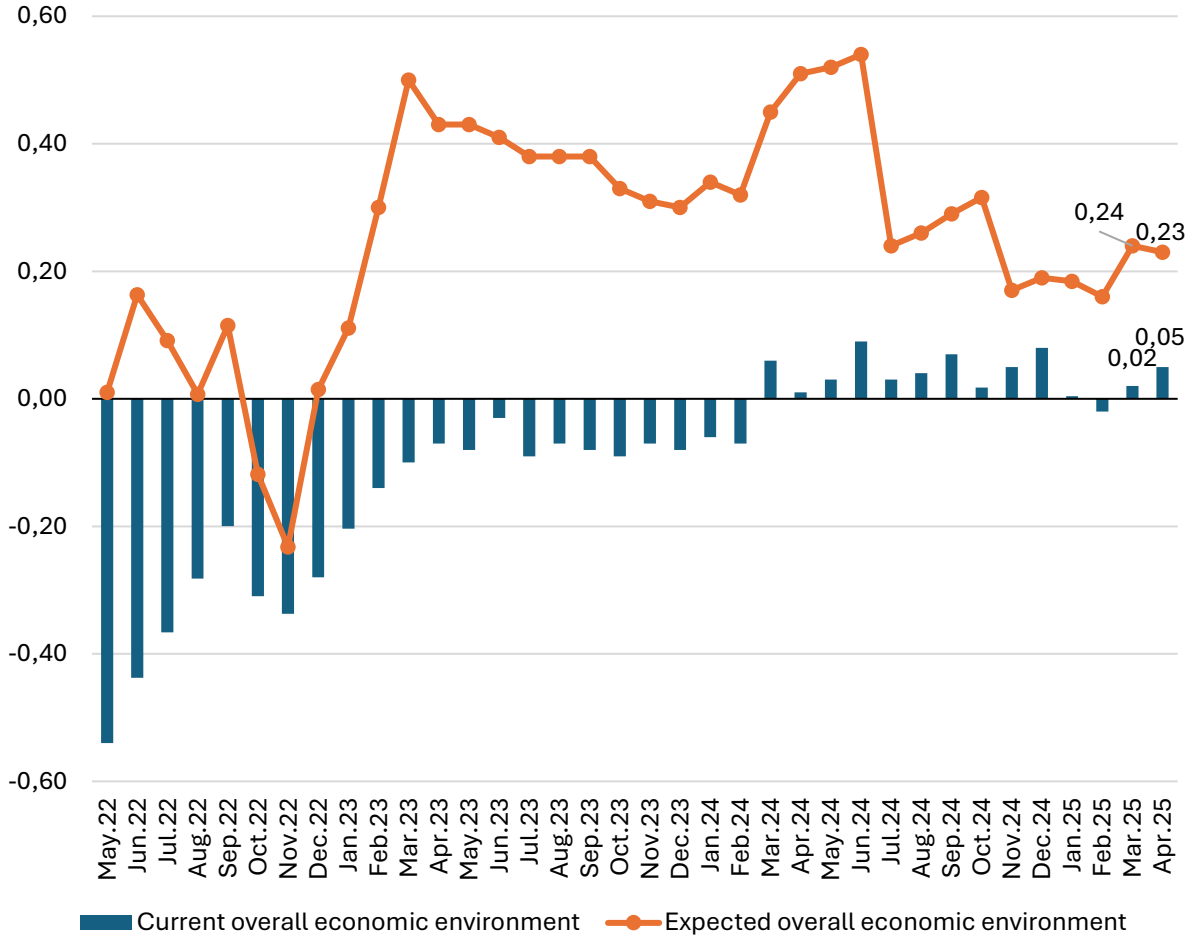
- **% of those who are planning to lover their activities is gradually decreasing** (5.1% in February, 3.4% in March and 1.4% in April)
- % of those **who are planning to extend activity has increased slightly** (from 14% to 16.2%)

6-month perspectives: expectations remain optimistic

Business activity at the enterprise



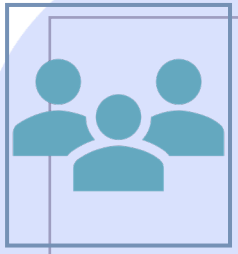
Overall economic environment in the country



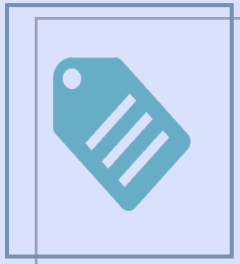
Main results 4. April vs March and short-term expectations

Production indicators continue to **increase**, and **expectations** for the next 3 months **have not changed significantly**

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



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



Expectations of increasing in both for **purchase prices** and for **domestic sales prices** continue to **decline**

Production: improving results, expectations without significant changes

Results (April vs March)

- % of enterprises that **increased production increased** (from 20.1% in March to 26.2% in April)
- % of enterprises that **reduced production volumes slightly decreased** (from 12.2% in March to 10% in April)

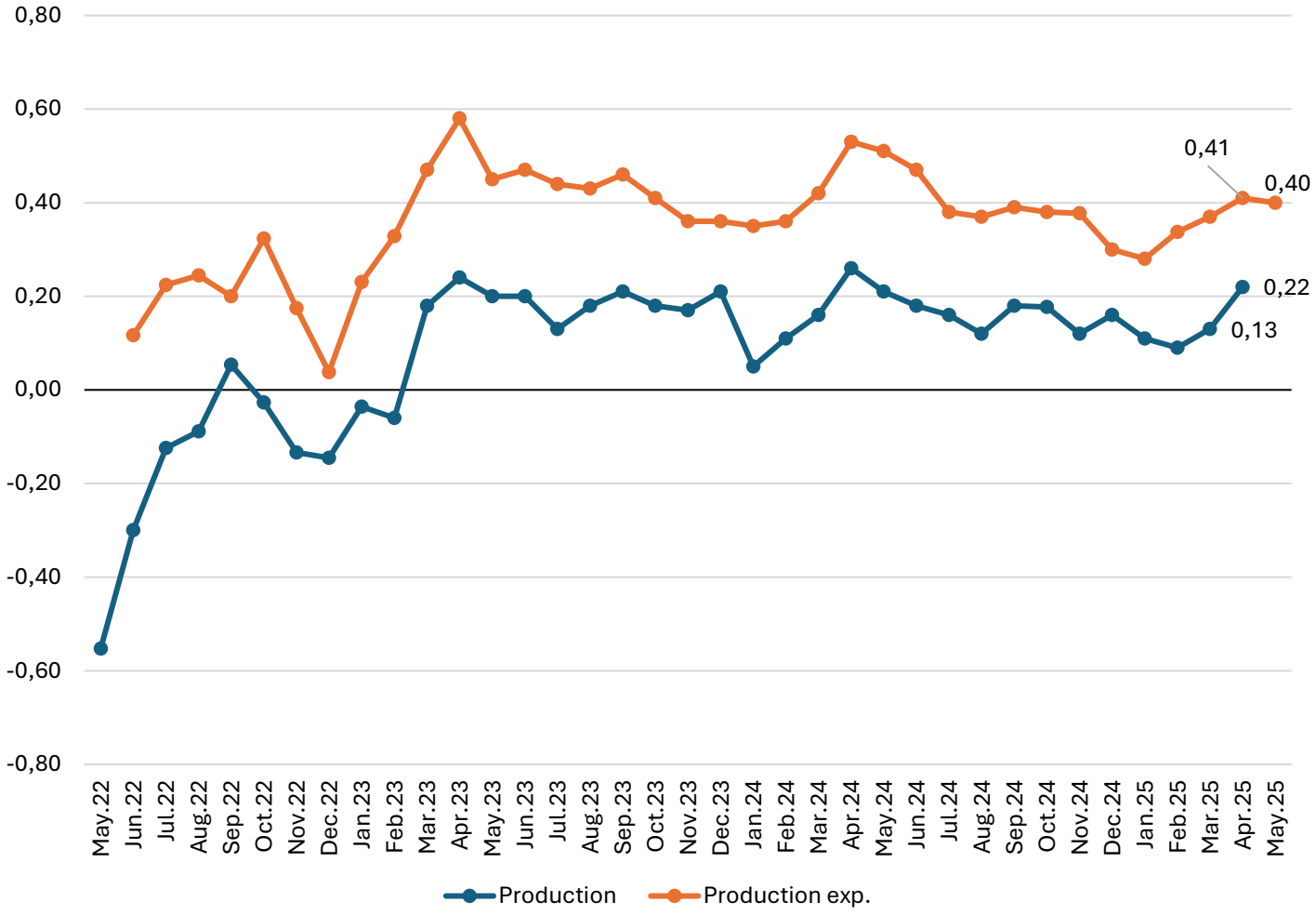
The index of changes increased, from 0.13 to 0.22

Expectations for 3 months

- % of enterprises that **plan to increase production volumes** in the next 3-4 months **did not change significantly** (40.5% in March vs 40.8% in April)
- % of enterprises **expecting a reduction in production volumes increased slightly** (from 2.5% in March to 4.4% in April)

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

Production, balance indicators



Exports: results continue to grow

Results (April vs March)

- % of enterprises **reported about export growth increased** (from 19.9% in March to 25.4% in April)
- % of enterprises **reported about decrease in exports decreased** (from 13.4% in March to 8.7% in April)

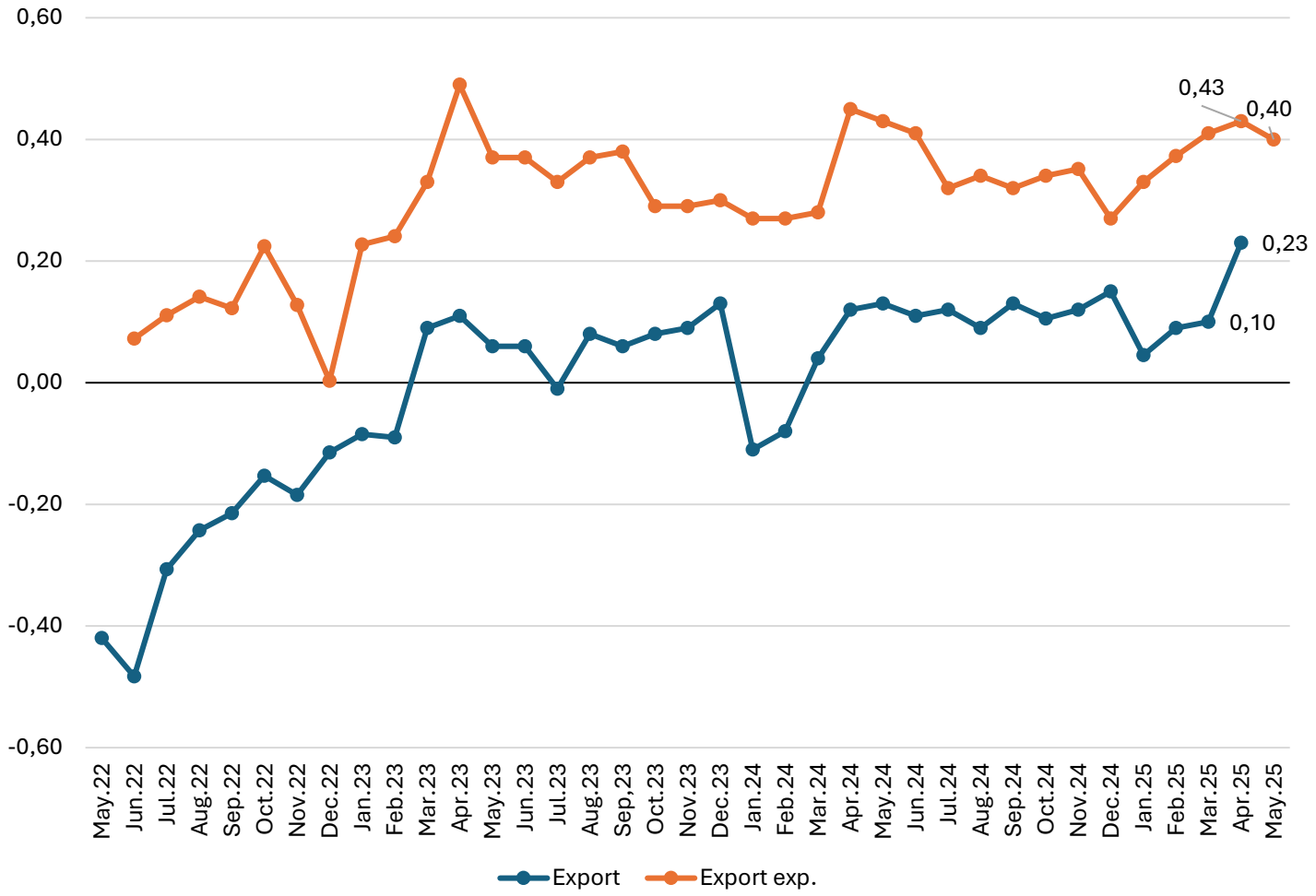
The index of changes increased significantly (from 0.10 to 0.23)

Expectations for 3 months

- % of enterprises **expecting export growth decreased slightly** (from 44.5% in March to 42% in April)
- % of enterprises **planning to reduce export did not change significantly** (5.5% in March and 6% in April)

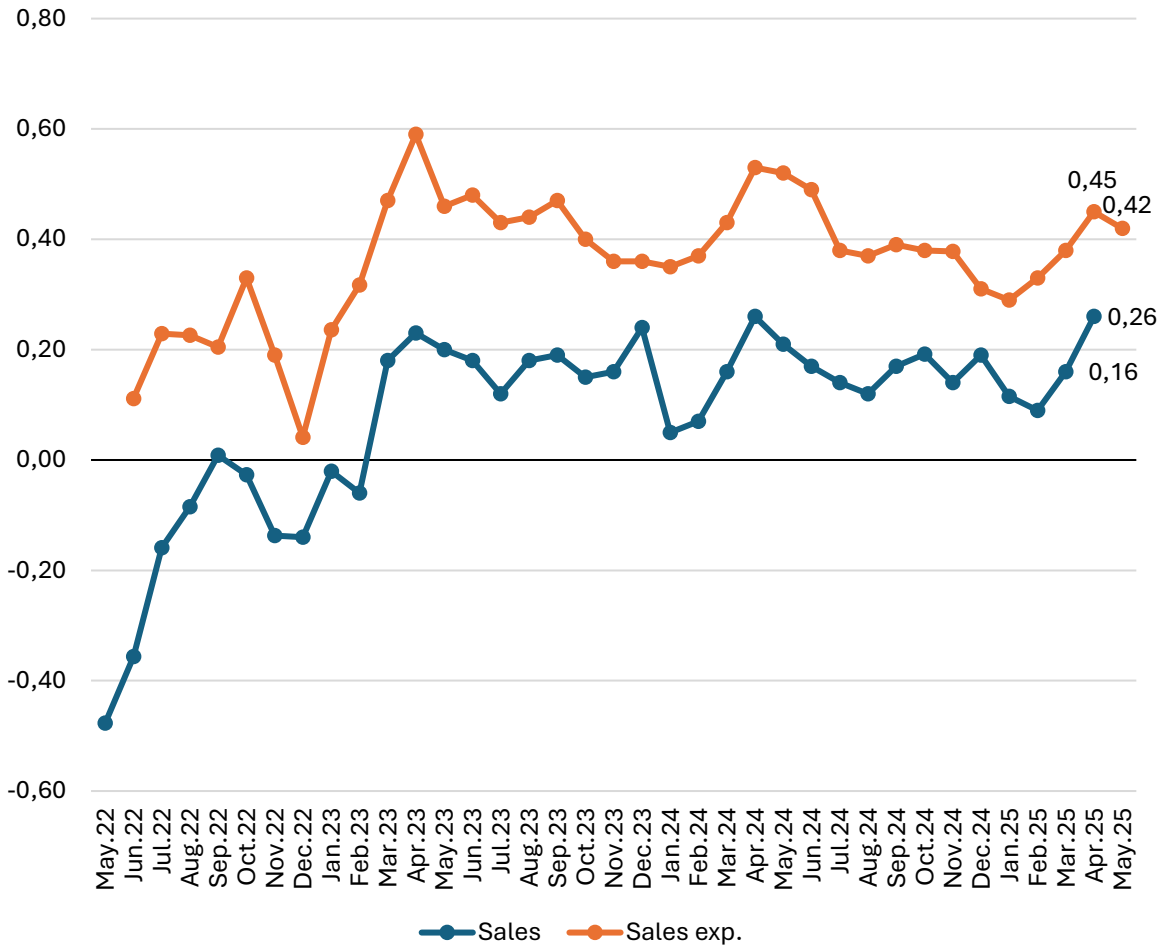
The index of expected changes in exports decreased slightly, from 0.43 to 0.40, at the same time the indicator **interrupted the upward trend**

Export, balance indicators

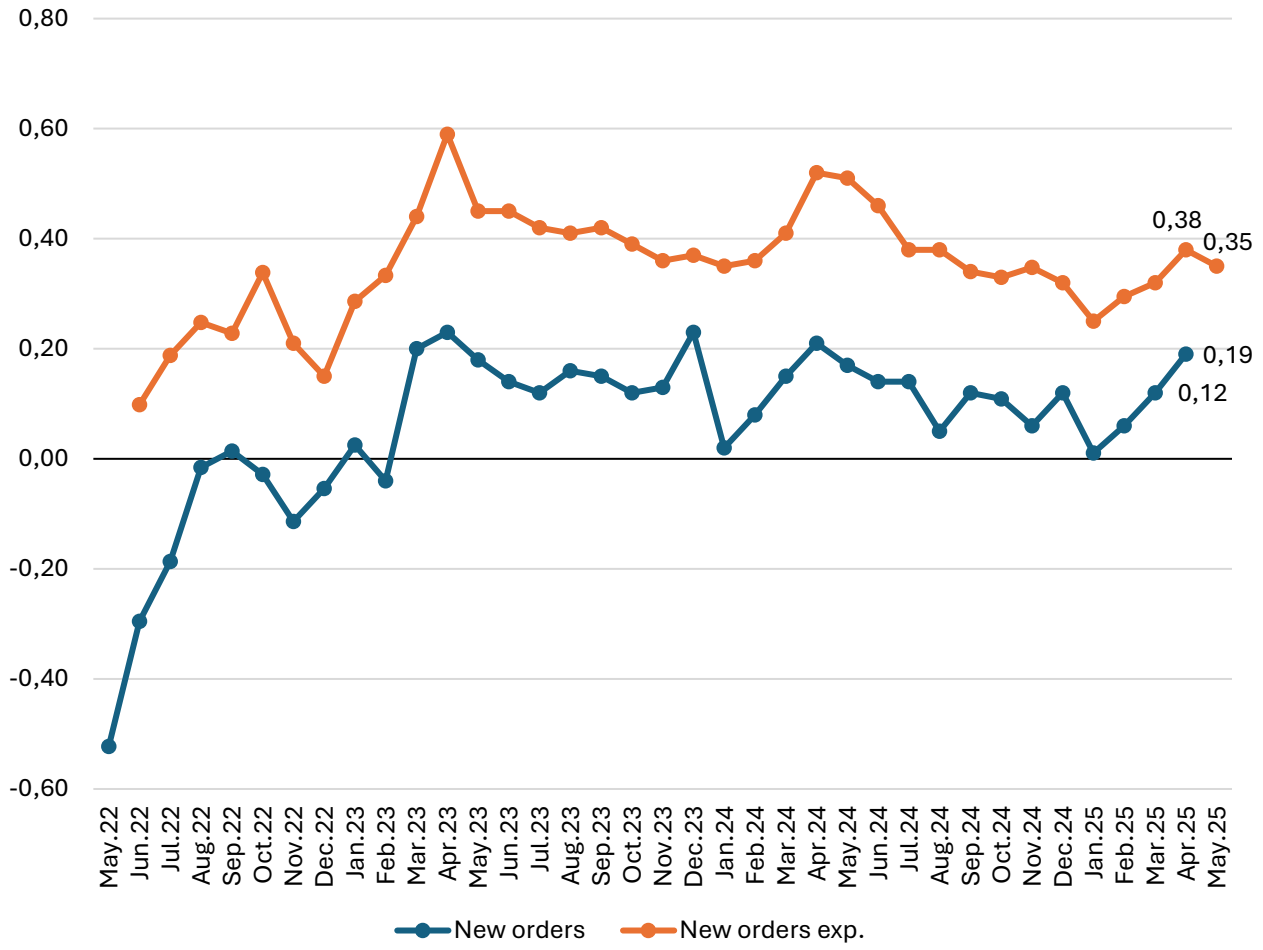


Sales and new orders: maintaining the trend of improving results

Sales

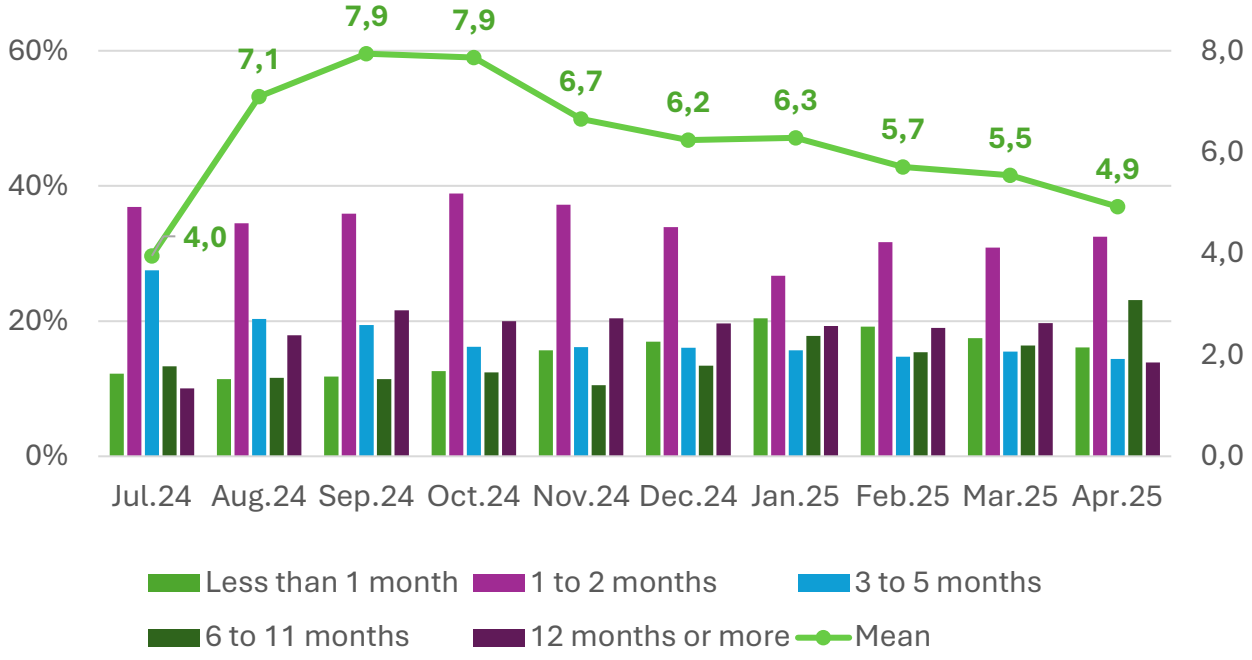


New orders

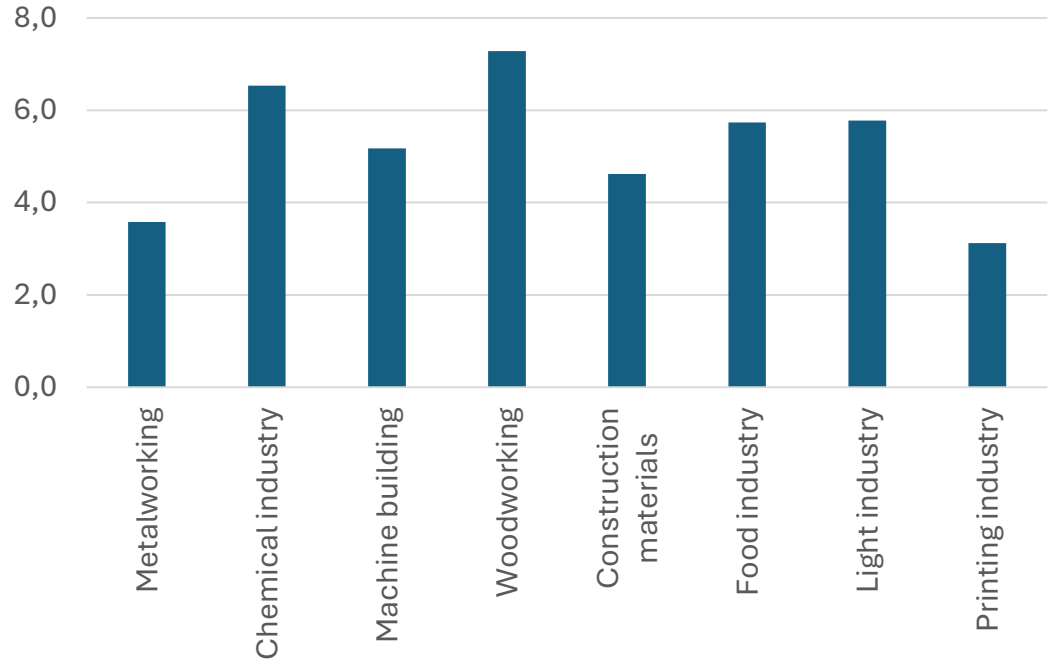


New orders portfolio

Order backlog period, % of enterprises and average



By industry, average number of months



In April 2025, the order portfolio among the surveyed enterprises decreased compared to March

- The average backlog of new orders was 4.9 months, down from 5.5 months in March
- The share of enterprises with an order horizon of one year or more declined to 16% from 20% in March

Purchase prices: the trend of slowing down the rate of price growth continues

Results (April vs March)

- % of enterprises **reported about price growth decreased** (from 31.5% in March to 24.5% in April)
- % of enterprises **said that purchase have decreased – without significant changes** (1.1% in March and 1.5% in April)

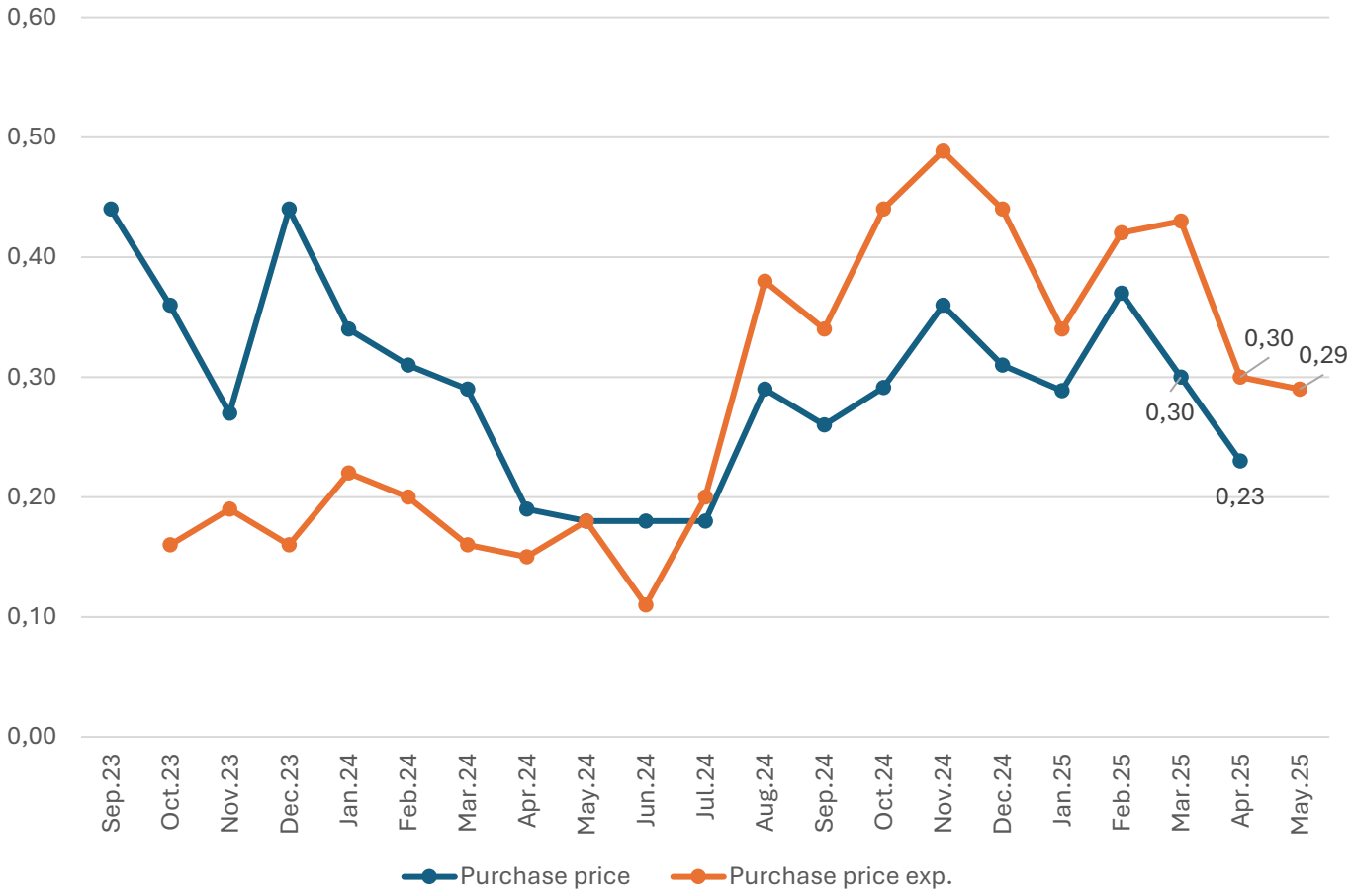
The index of changes in purchase prices decreased, from 0.30 to 0.23

Expectations for 3 months

- % of enterprises **expecting price increasing remained without significant changes** (32.8% in March and 31.3% in April)
- % of enterprises **expecting price reduction did not change significantly** (0.9% in March and 1.2% in April)

The index of expected changes in purchase price did not change significantly and is 0.29 (was 0.30)

Purchase price, balance indicators



Domestic sales prices: the trend towards a slowdown in the rate of price growth continues

Results (April vs March)

- % of enterprises **reported about an increase in domestic sales prices decreased** (from 32.5% to 26.7%)
- % of enterprises **said that domestic sales prices have decreased, without significant changes** (0.9% in March and 1.9% in April)

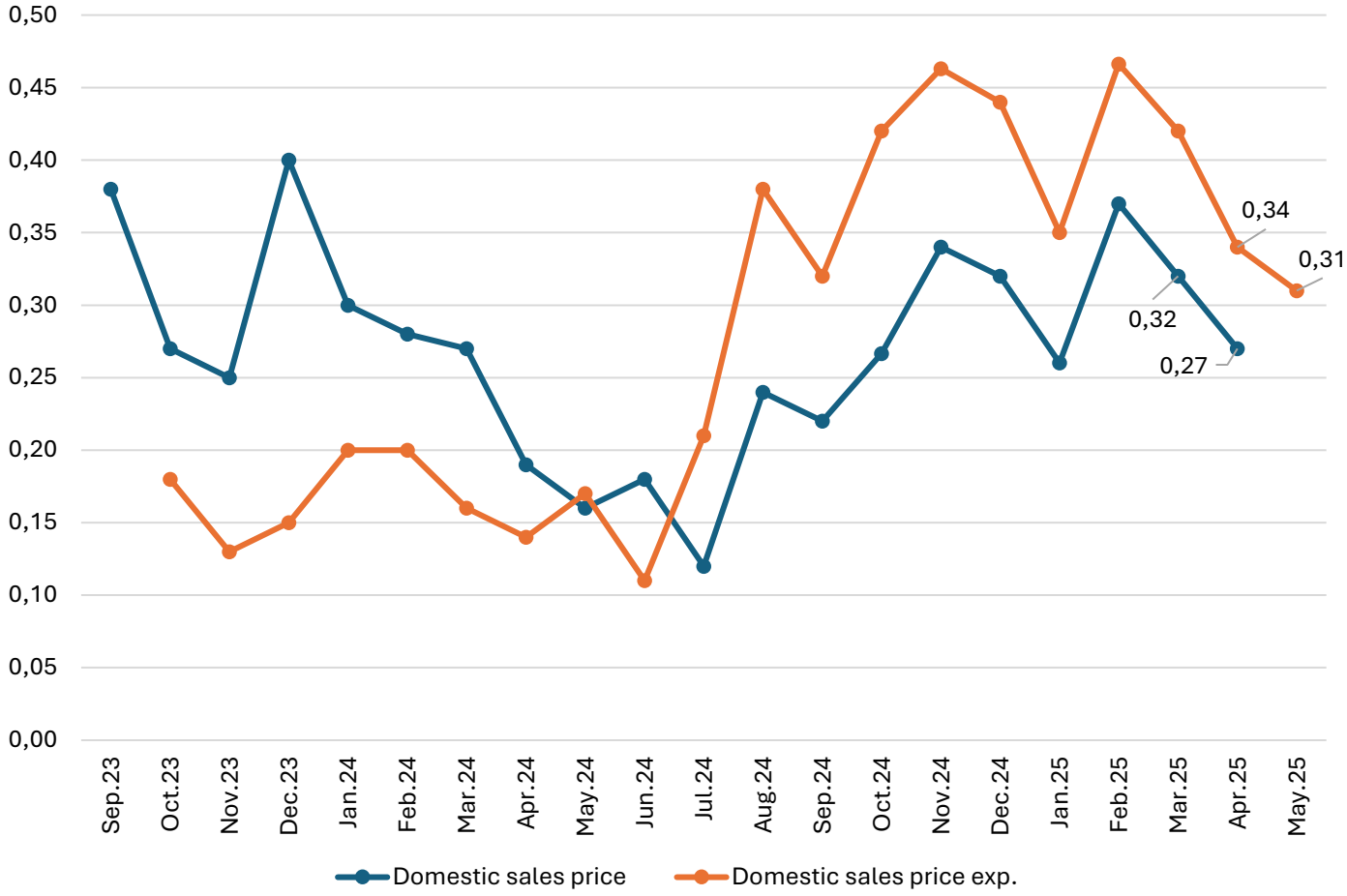
The index of changes in domestic sales prices decreased, from 0.32 to 0.27

Expectations for 3 months

- % of enterprises **expecting price growth decreased slightly** (from 35.8% to 32%)
- % of enterprises **expecting price reduction did not change significantly** (0.7% in March and 0.5% in February)

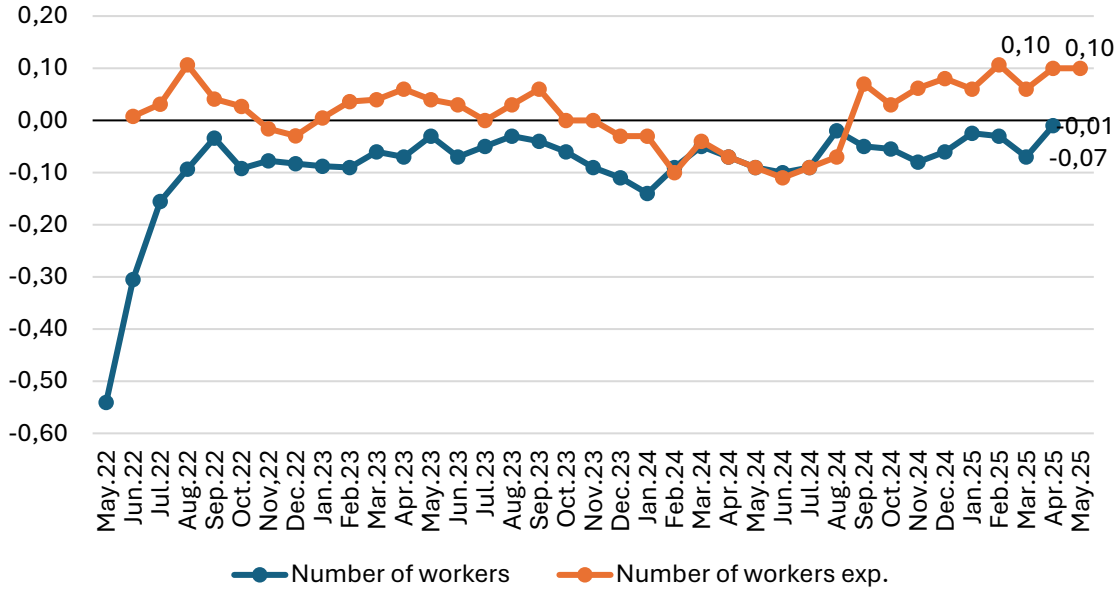
The index of expected changes in domestic sales prices decreased insignificantly, from 0.34 to 0.31

Domestic sales price, balance indicators

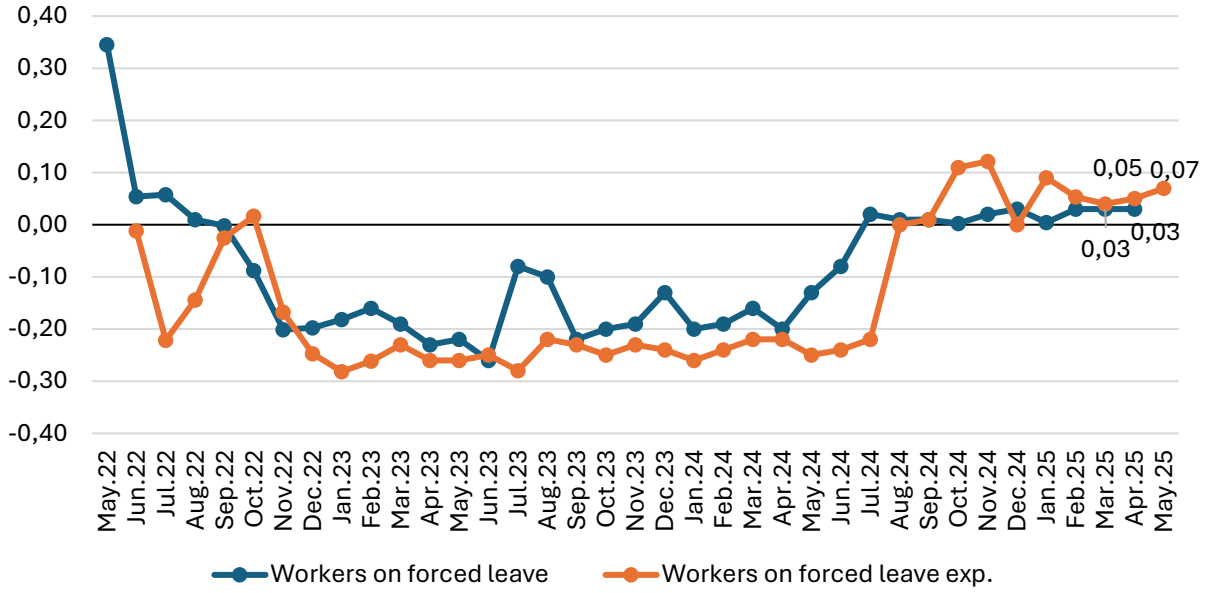


Employment: expectations about the number of workers did not change significantly

Number of workers



Number of workers on forced leave



Expectations for 3 months

- % of enterprises **planning employment growth** in the next 3-4 months, **decreased slightly** (from 16.4% in March to 13.9% in April)
- % of enterprises that **intend to reduce the number of workers without significant changes** (5.1% in March and 4.5% in April)

Index of expected changes remained unchanged, 0.10

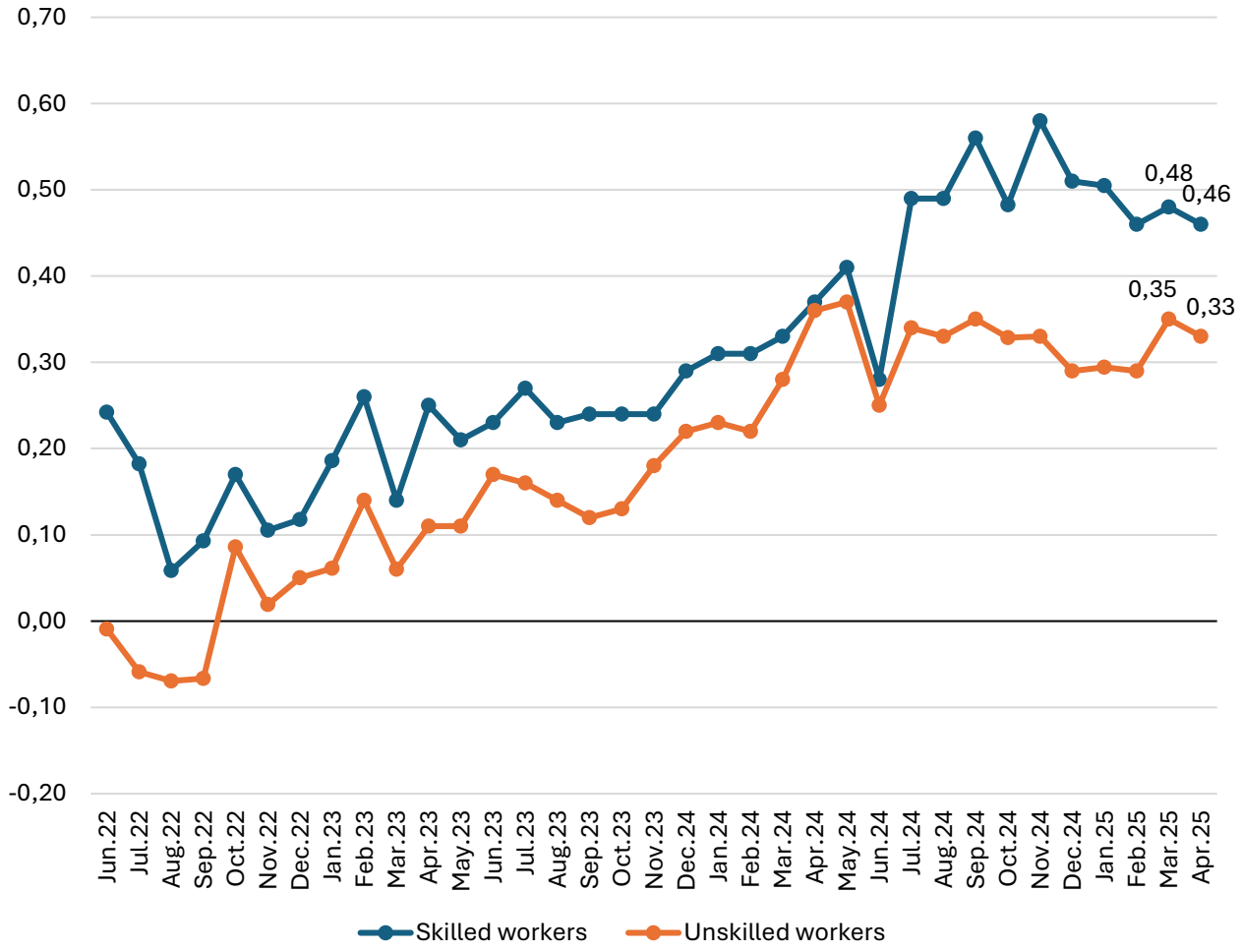
Expectations for 3 months

- % of enterprises **planning to increase the number of workers on forced leave did not change significantly** (6.6% in March and 8.6% in April)
- % of enterprises **planning to reduce workers on forced leave, unchanged** (1.4%, as in March)

The index of expected changes did not change significantly and is 0.07 (was 0.05)

Problems with finding employees did not change significantly

Problems with finding workers



In April, difficulties in finding workers with appropriate qualifications remain without significant changes

Skilled workers:

- % of those who **reported that it was more difficult to find such workers did not change significantly** (46% in March and 47.8% in April)
- % of those who **said that skilled workers have become easier to find, without significant changes** (0.2% in March and 1.1% in April)

The index of difficulties is 0.46 (was 0.48)

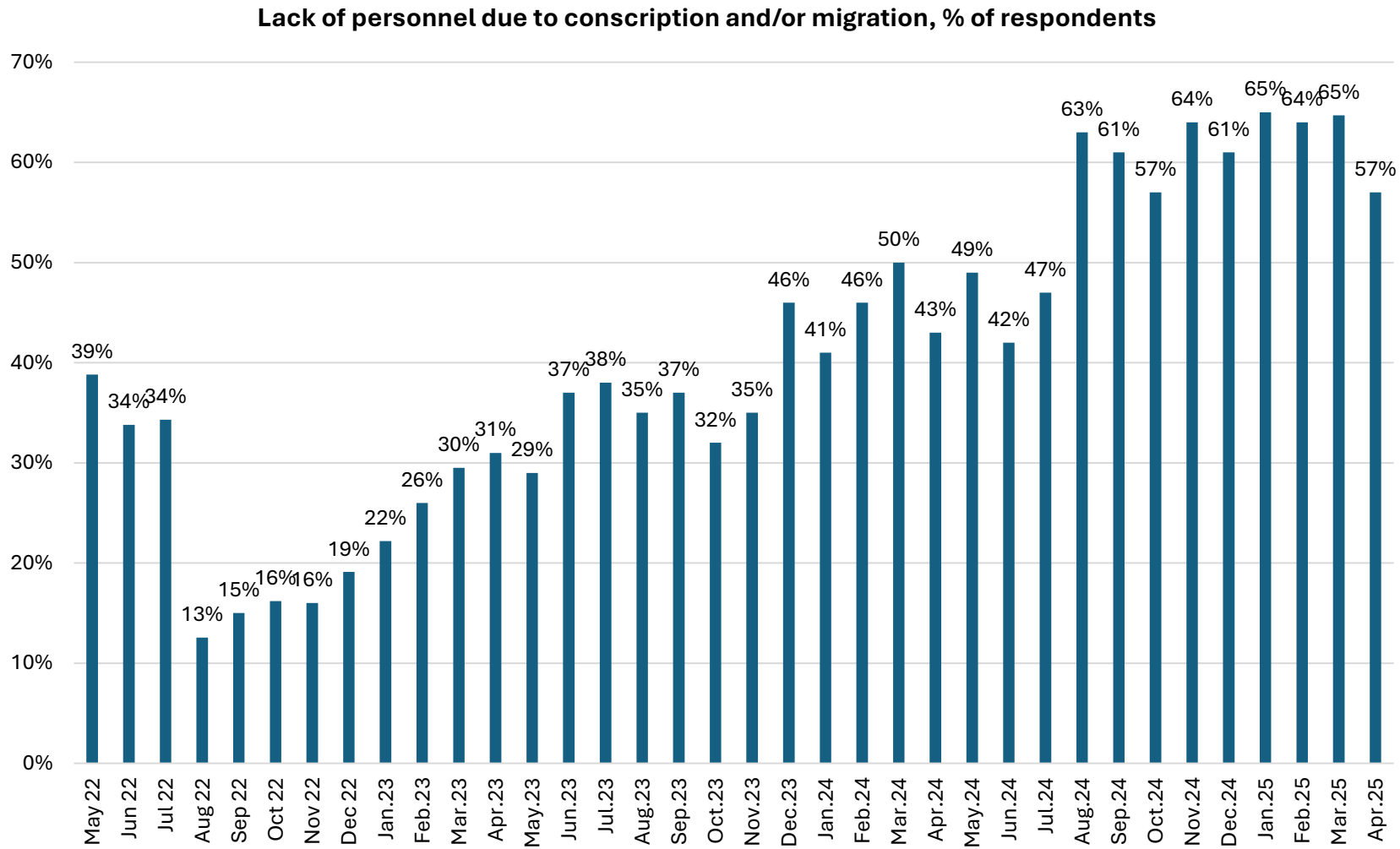
Unskilled workers:

- % of those who **find it more difficult to look for them without significant changes** (36.1% in March and 36.3% in April)
- % of those who reported that they **were easy to find, without significant changes** (3.4% in March and 4.1% in April)

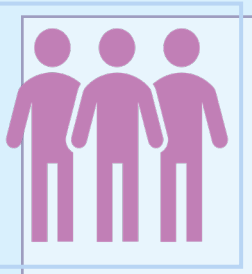
The index of difficulties is 0.33 (was 0.35)

“Lack of personnel” slightly reduced in value relevance, although it stays at the top of the list of impediments

- **% of enterprises, who point “lack of personnel” decreased significantly** (from 65% to 57%)
- At the same time, in the list of impediments, the “lack of personnel” **retains its leading position**



Main results 5: Impediments



“Lack of personnel” maintains its leadership in the list of impediments, despite a significant decrease in the percentage distribution

“It is dangerous to work” with an almost unchanged value **remains in second position in the list of impediments**

“Price increasing”, despite the decrease in value**, retains the 3rd place** in the list of impediments to doing business

“Interruptions with electricity” continue to lose their relevance and the **impediment moved from the 8th to the 9th position**

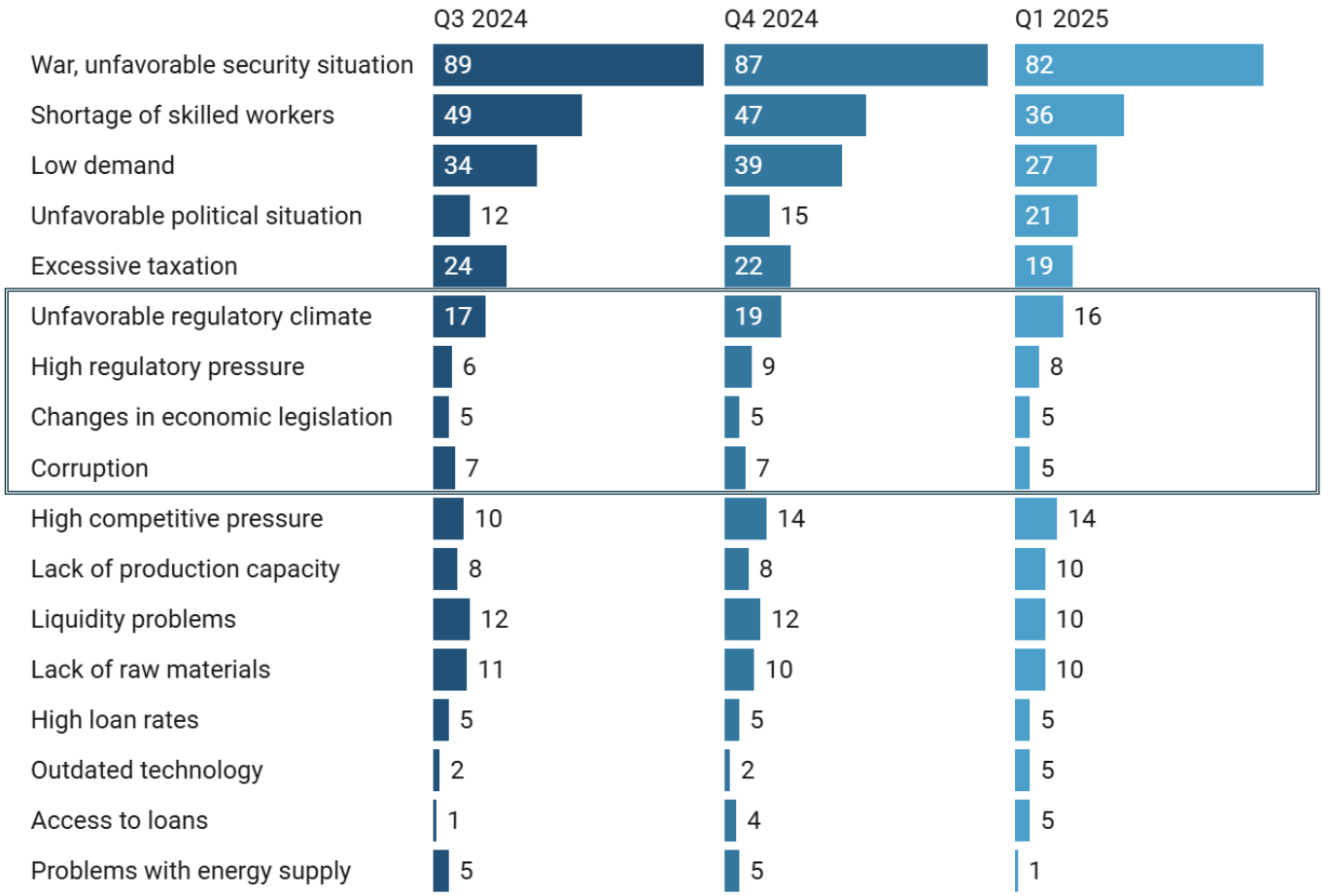
Impediments to production growth: the pre-war context

Quarterly, we use the list of impediments to production growth from the long-term *Business Tendency Survey**

- In April 2025, **the war and unfavorable security situation** was mentioned most often among the impediments to production growth
- The 2nd, 3rd, and the 4th positions were taken by **shortage of skilled workers**, **low demand** (both decreased in April), and **unfavorable political situation** (increased in April)
- **Unfavorable regulatory climate**** occupies the 6th position in this ranking having slightly decreased compared to Q4'2024 due to a marginal decrease in the reports of corruption

* The last wave of the Business Tendency Survey of Enterprises before the full-scale russian invasion was conducted in February 2022

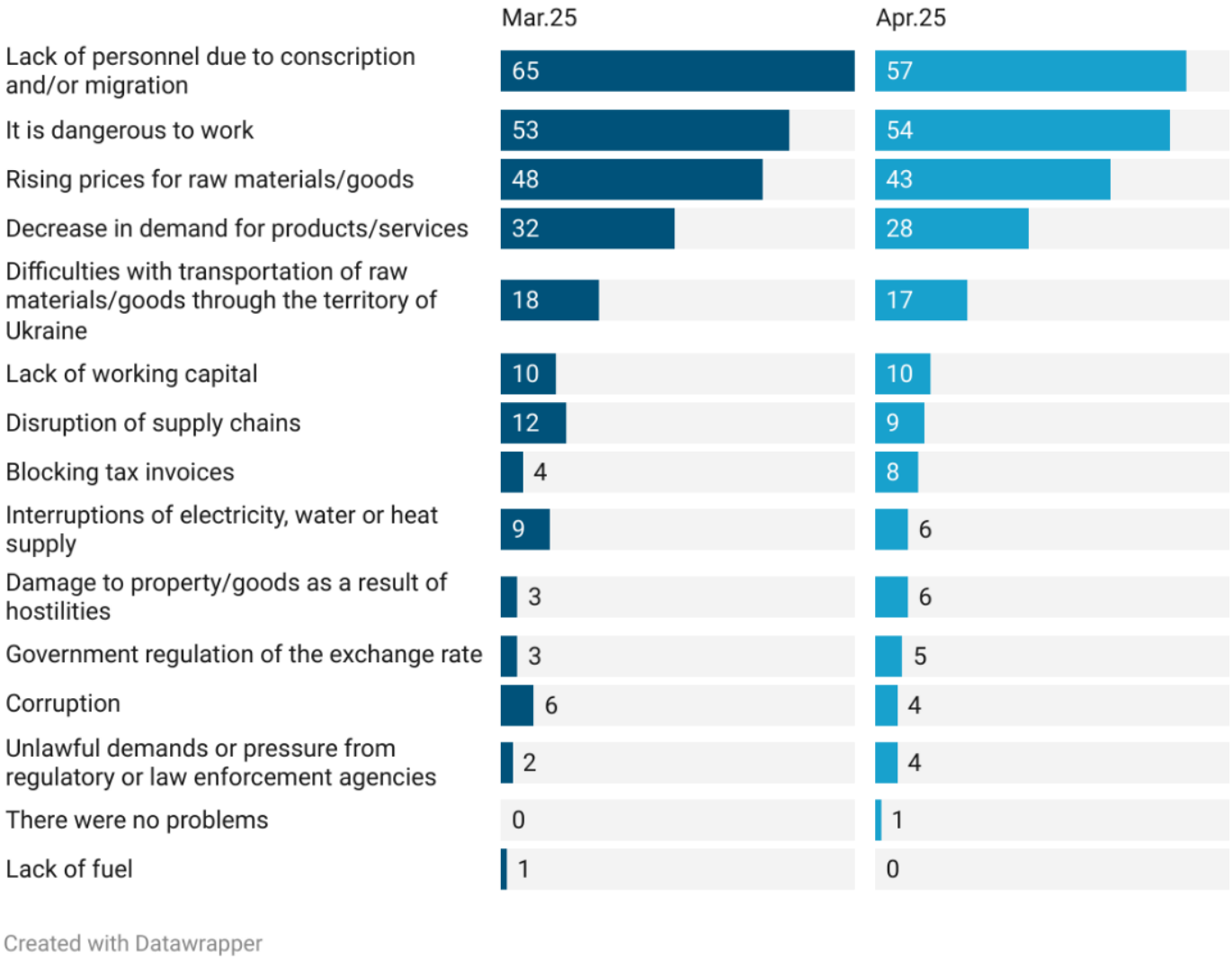
** Regulatory climate is a combined indicator consisting of "high regulatory pressure", "changes in legislation", and "corruption"



The main impediments to doing business in wartime, % respondents

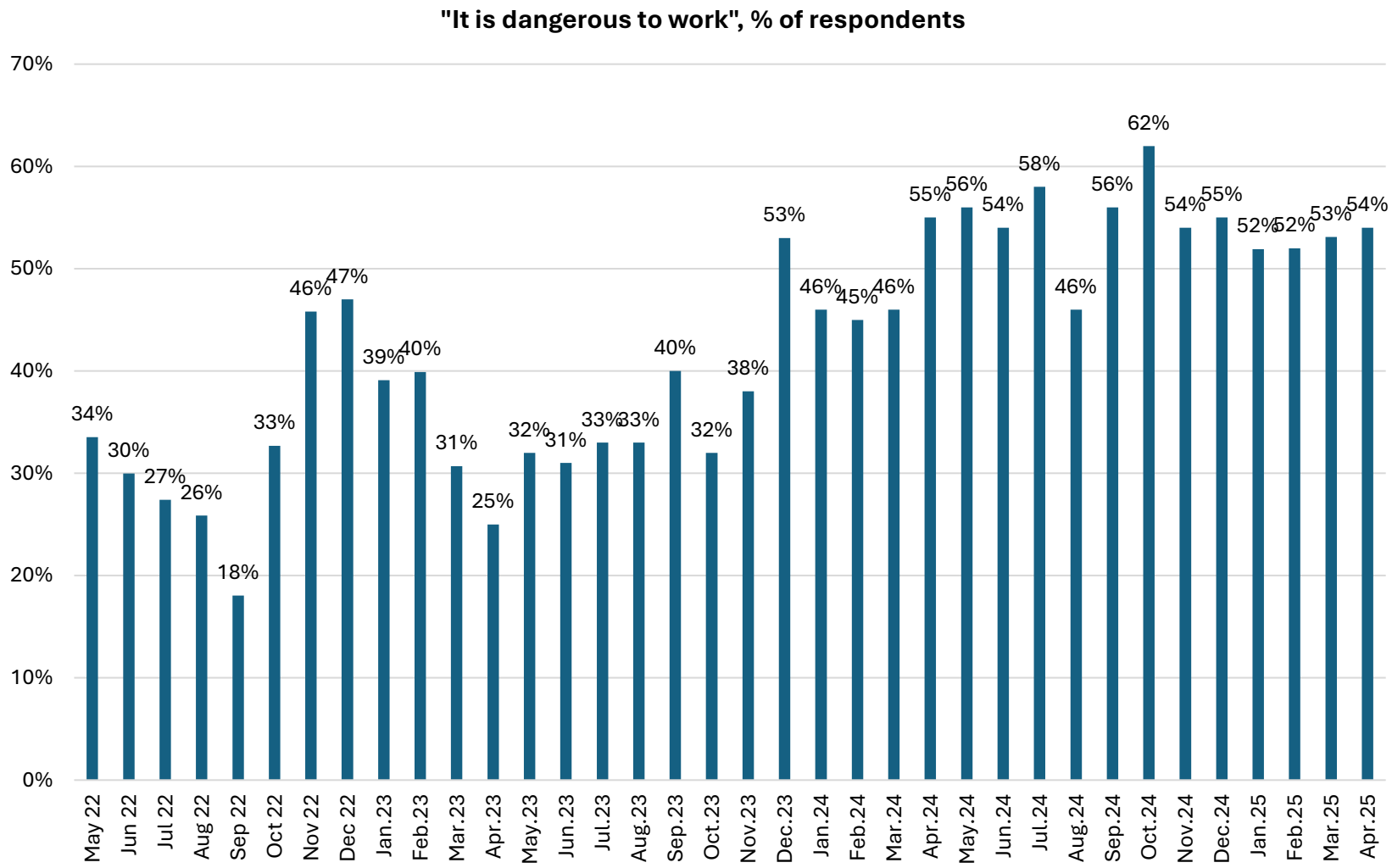
In April 2025, the **top three impediments to doing business remained unchanged**, albeit **with some changes in the percentage distribution**

- Despite **a significant decrease in value** (from 65% in March to 57% in April) **“lack of personnel” remains in the first position**
- **“It is dangerous to work” with almost the same value** (53% in March and 54% in April) **remains at the 2nd place**
- The impediment **“price increasing” with a slight decrease in value** (from 48% to 43%), as in March, **closes the top three impediments**
- **"Decrease in demand”, despite the decrease in value** (from 32% to 28%), **remains in the 4th place**
- **“Interruptions with electricity” with a decrease in value** (from 9% to 6%) **move from 8th to 9th place**
- **Corruption and pressure from law enforcement agencies are not significant problems**



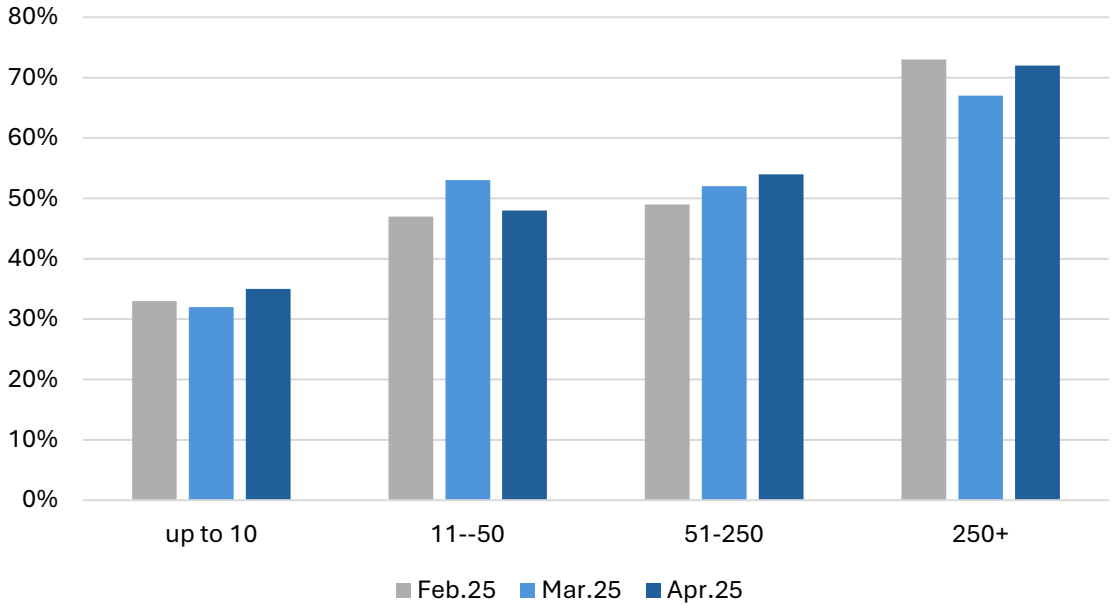
“It is dangerous to work” remains an important impediment to doing business

- **% of enterprises** that have chosen **“it is dangerous to work”** as an impediment has not changed **significantly for several months in a row** (54% in April, 53% in March, and 52% in February and January)
- At the same time, in the list of impediments, “it is dangerous to work” **remains in the 2nd place**

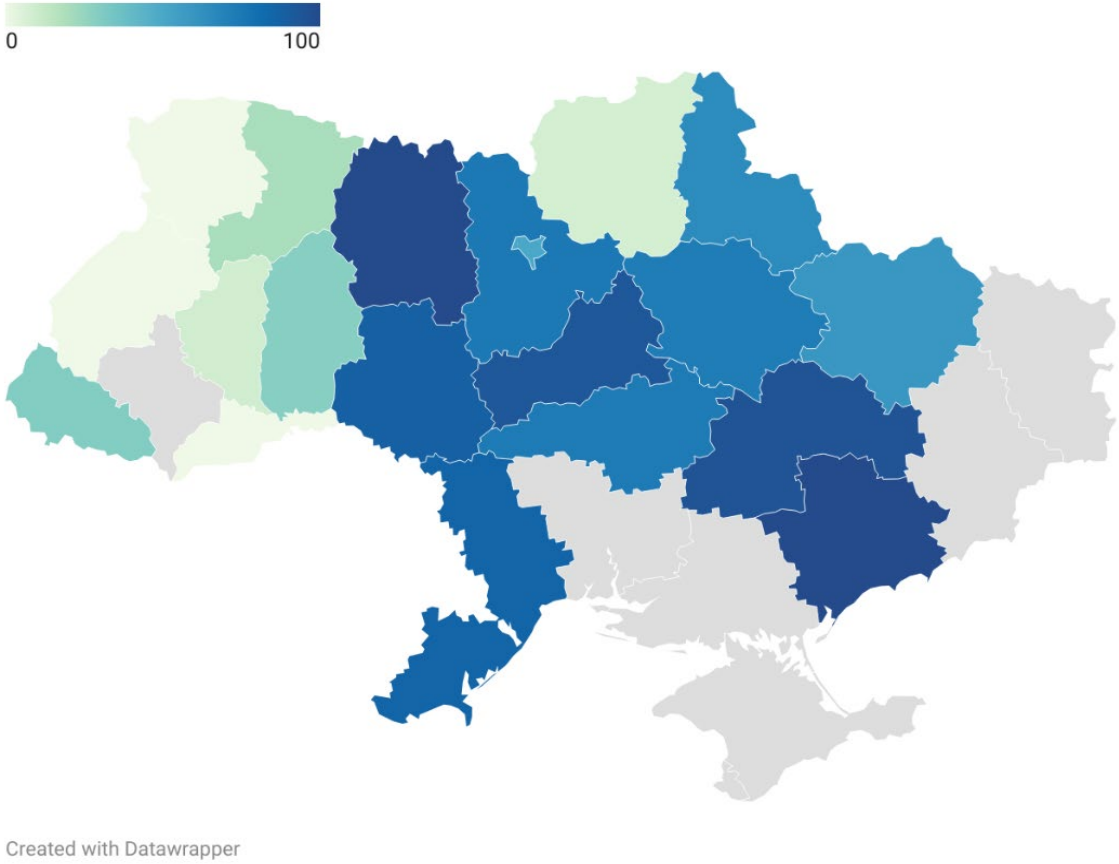


“It is dangerous to work” in different dimensions

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



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

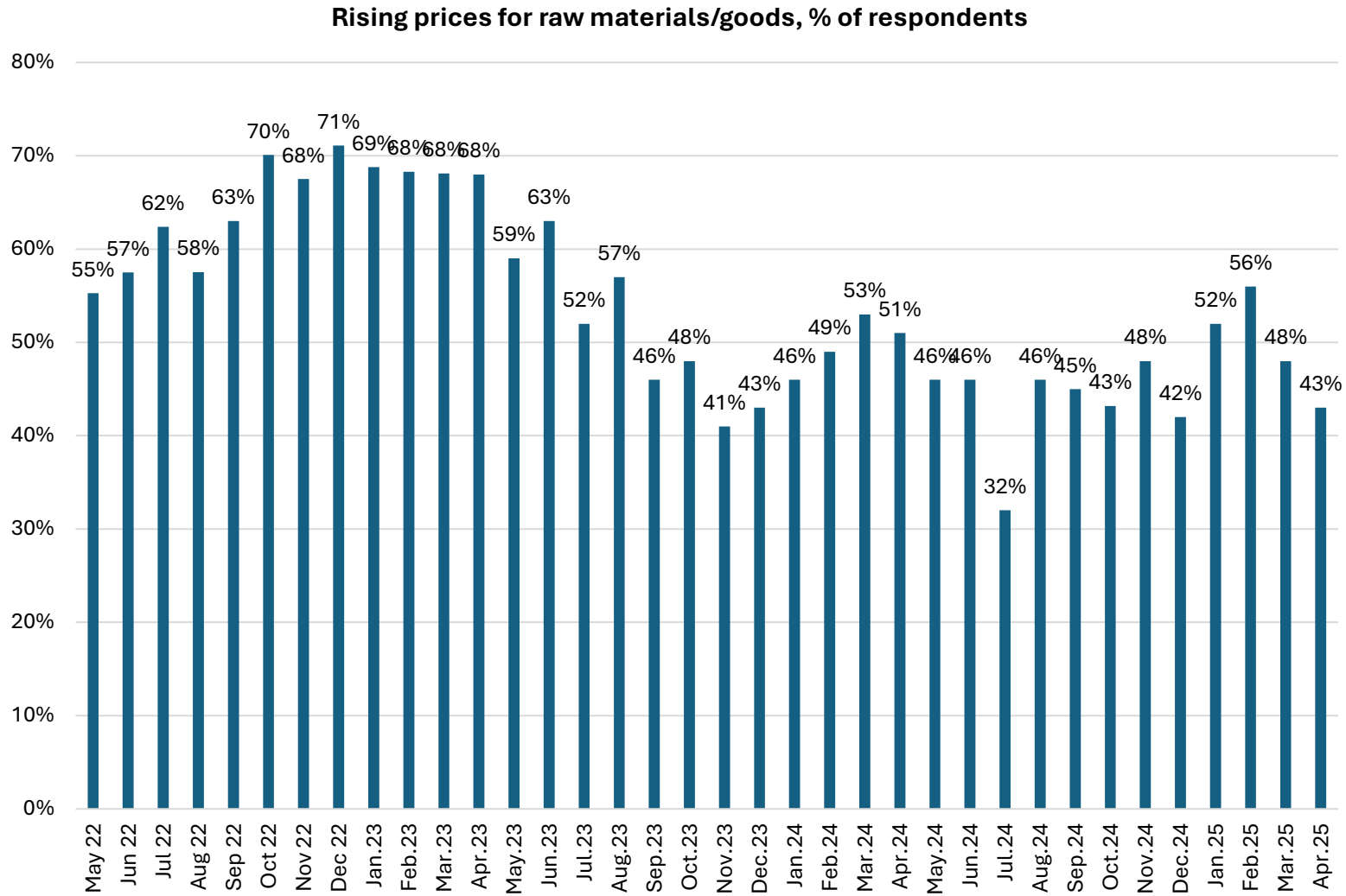


- % of enterprises, increased for micro, medium and large enterprises and decreased for small. At the same time, the indicator remains the lowest for micro-enterprises
- 80+% of respondents in Odesa, Vinnytsia, Cherkasy, Dnipropetrovsk, Zhytomyr and Zaporizhzhia regions consider dangerous conditions an obstacle to doing business

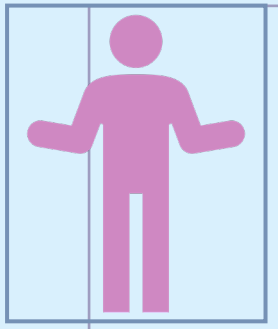
Note. The number of respondents in Ivano-Frankivsk region was insufficient to analyze this issue

“Rising prices” closes the top three places among the impediments

- % of enterprises for which **"rising prices for raw materials and materials" is an impediment has been decreasing for the second month in a row**, and in April compared to March the value decreased from 48% to 43%
- In the list of impediment, “rising prices”, as in last month, **remains in the 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 mostly neutral

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

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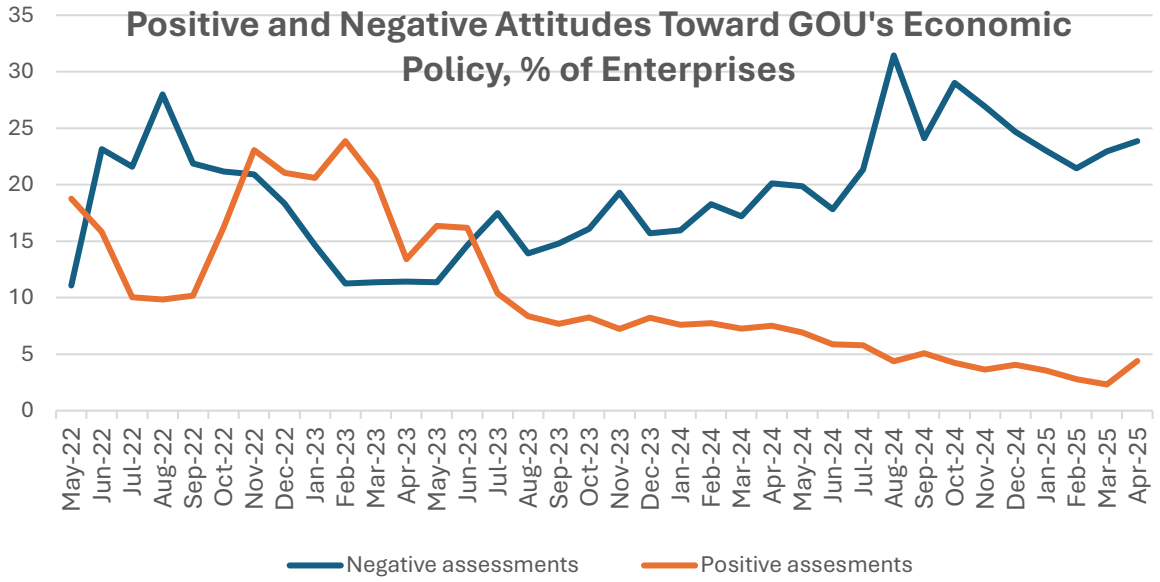


- **The share of positive assessments** of the Government's business support policy **increased slightly** (from 2% to 4% in April)
- **The share of neutral assessments** of the Government's policy on business support **decreased slightly** (from 65% to 63%)
- **Share of negative assessments without significant changes** (23% in March and 24% in April)
- The share of those **who have not decided on the answer has not changed for three months in a row** and is 9%

MAIN RESULTS 7: INTERRUPTIONS WITH ELECTRICITY

The share of companies for which "interruptions with electricity" is an impediment continues to decrease (19% in January, 18% in February, 9% in March, and only 6% in April)

7% of enterprises were forced to **temporarily suspend work** due to power outages in March 2025

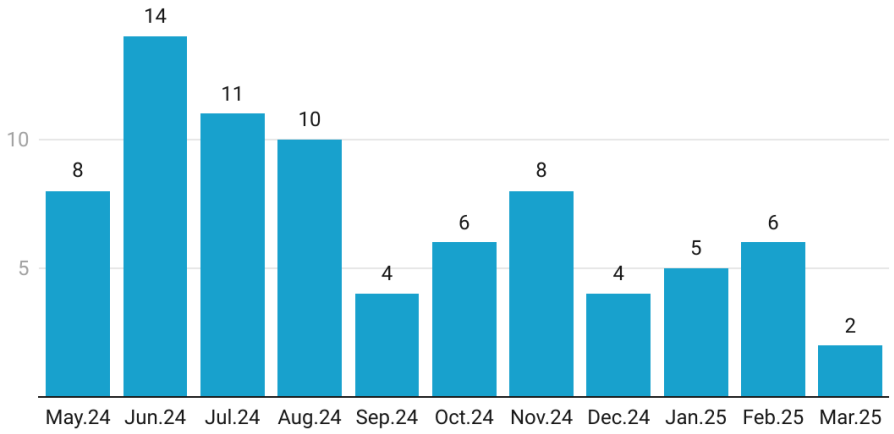
In March 2025, due to power outages, **businesses lost 2%** of their total **working time**

Microenterprises suffered the highest **level of losses**. Among the industries, the largest time losses are in **manufacture of building materials**

“Interruptions with electricity" are no longer a problem for doing business

- **% of companies for which “interruptions with electricity” is an impediment continues to decrease in value** (19% in January, 18% in February, 9% in March, and only 6% in April)
- In the list of impediments, “interruptions with electricity” **moved from the 8th to the 9th place**

Average % of time loss



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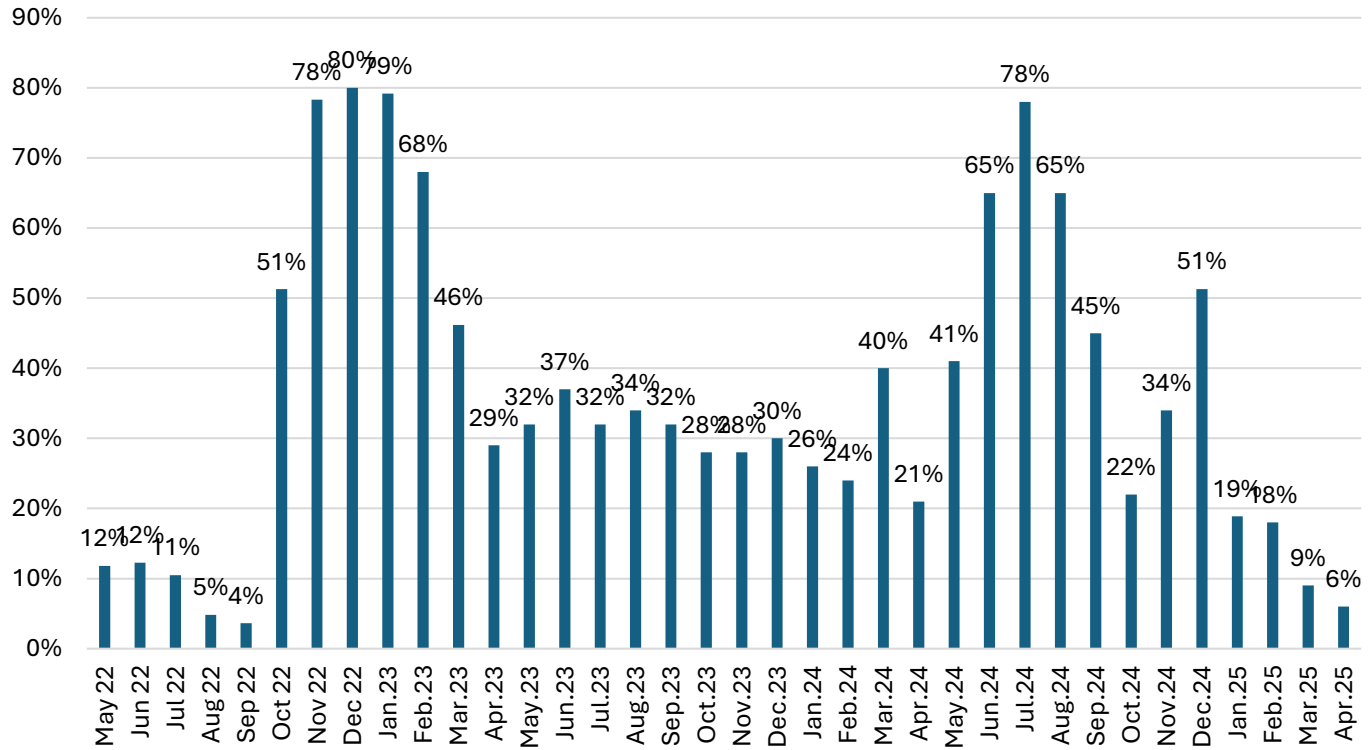
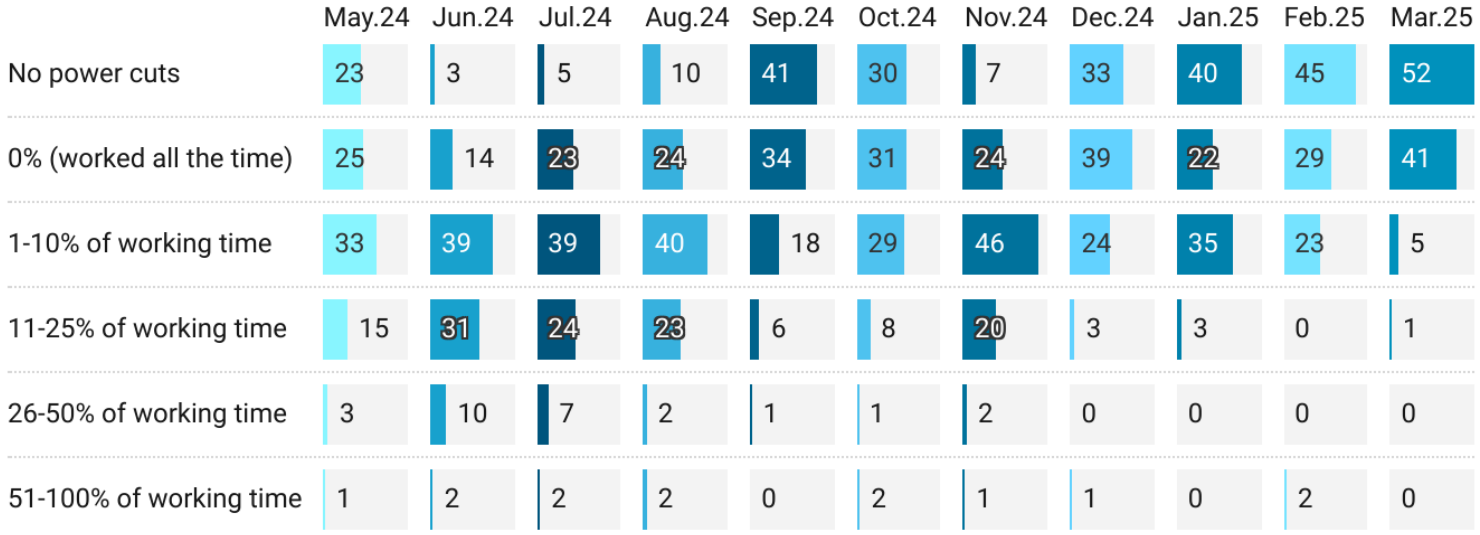
Interruptions with electricity as impediment for doing bussiness, % of repondents



Fewer enterprises stopped work due to power outages

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



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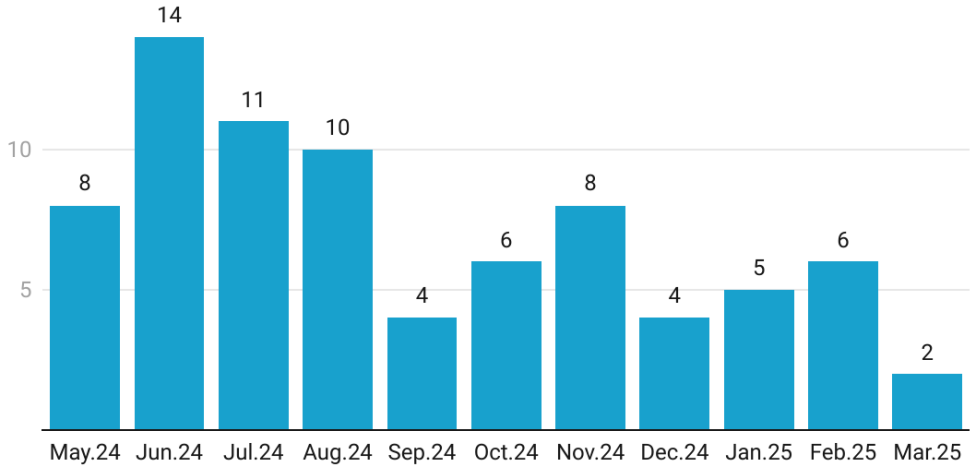
- **Only 7%** of businesses **temporarily suspended work** due to power outages in March 2025 (38% in January, 26% in February):
- **5%** of enterprises stopped working only for **1-10%** of **working hours**
- There are almost **no respondents** who **did not work** more than half of the working time (only 1 respondent)
- At the same time, **41%** of businesses **worked continuously**, **despite** power **outages**
- **52%** of businesses **did not have power cuts**

Loss of working hours due to power outages

- In **March 2025**, due to power outages, businesses **lost 2%** 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 **Sumy 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
Sumy	24	22	17	21	9	15	14	9	11	4	10
Khmelnytskyi	14	23	19	14	2	11	19	6	6	7	6
Cherkasy	0	8	20	18		2	9	6	6	6	2
Dnipro	0	25	6	6	2	15	18	4	6	6	1
Poltava	8	5	5	9	2	6	5	4	5	2	1
Zhytomyr	0	18	6	3	0	6	6	0	6	6	0
Kyiv City	10	10	14	6		1	10	2		2	0
Kyiv	4	7	4	3	2	0	5	1	2	2	0
Zakarpattia	0	6	8	6		2	4	5	4	0	0
Chernivtsi	3	19	12	12	1	6	3	0		37	
Kharkiv	11	22	8	15	10	13	4	0	2	26	
Odesa	9	6	5	5	0	2	3	2	2	0	
Kirovohrad	5	18	16	8	2	7	5	1	3		
Volyn	9	11	9	9	10	9	9	2	3		
Lviv	8	22	11	1	8	1	3		0		
Rivne	4	2	2	0		9	10	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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Microenterprises suffered the highest level of losses

- **Microenterprises** suffered the **highest losses**
- Among the industries, the **largest loss** of time is in 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
Micro	14	21	16	15	7	7	12	3	5	12	8
Small	10	15	12	10	6	7	8	7	5	7	2
Medium	6	12	10	7	4	6	7	3	5	3	1
Large	7	11	10	9	2	6	8	2	4	6	0

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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
Construction materials	19	21	16	6	2	7	6	2	4	2	10
Metalworking	16	20	13	7	4	10	11	8	7	4	3
Machine building	9	15	12	11	4	4	6	7	4	4	1
Chemical industry	8	14	12	14	7	13	9	3	3	3	1
Light industry	7	16	15	8	3	6	9	7	5	12	1
Food industry	5	11	10	7	3	6	7	3	6	6	1
Woodworking	20	20	18	13	10	9	6	2	2	2	0

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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 36-th wave lasted from April 17 - 30, 2025. The enterprise managers compared the work results in April 2025 with March, assessed the indicators at the time of the survey (April 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".

Our contacts

Website: ier.com.ua

Email: rubanik@ier.kyiv.ua, kuziakiv@ier.kyiv.ua

Instagram https://www.instagram.com/ier_kyiv/

Facebook: https://www.facebook.com/IER.Kyiv/

Telegram: https://t.me/ukreconomic

Twitter: https://x.com/IER_Kyiv