



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, AUGUST 2019

In August 2019, the business conjuncture in the country is assessed as unfavourable. **The total business climate indicator⁴** decreases by 3.1 percentage points compared to its July level (Annex, Figure 1) as reduction of the indicator is registered in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator 'business climate in industry' decreases by 0.8 percentage points (Annex, Figure 2), which is due to the shifting of the industrial entrepreneurs' assessments about the business situation of the enterprises from 'good' towards 'satisfactory'. However, their forecasts about both the business situation (Annex, Figure 3) and the production activity over the next months are favourable.

In the last month the negative influence of the factor 'uncertain economic environment' is strengthened, which shifts to the second place the difficulties of the enterprises connected with the shortage of labour (Annex, Figure 4).

As regards the selling prices in industry, the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In August the composite indicator 'business climate in construction' drops by 5.1 percentage points (Annex, Figure 6) as a result of the more unfavourable construction entrepreneurs' assessments and expectations about the business situation of the enterprises. Their forecasts about the construction activity over the next 3 months are also reserved (Annex, Figure 7) as the inquiry registers an increase of the number of clients with delay in payments.

The shortage of labour continues to be the most serious obstacle for the business development. In second and third place are the competition in the branch and the uncertain economic environment, as in the last month a decrease of their negative impact is observed (Annex, Figure 8).

Concerning the selling prices in construction, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 9).

¹ Since July 2010, the NSI has started publishing the business surveys data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

² Since May 2002, all business surveys have been co-financed by the NSI and the European Commission according to the agreement signed between these two institutions. NSI has undertaken to conduct the surveys according to the Harmonized EU Programme. Any notice or publication of NSI reflects the author's view and the Commission is not liable for any use that may be made of the information contained therein.

³ The replies of questions from the inquiries are presented in a three-option ordinal scale of the following type: 'up', 'unchanged', 'down' or 'above normal', 'normal', 'below normal'. The balances of assessments are calculated as a difference of the relative shares of extreme variants of answers. **The Business climate indicator** is a geometric mean of balances of assessments of the present business situation and the expected business situation of enterprises in the next 6 months.

⁴ The total Business Climate Indicator is a weighted average of four branch business climate indicators in: industry, construction, and retail trade and service sector. As the last indicator of the business climate in service sector has been included in the total time series since May 2002.



Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 3.5 percentage points (Annex, Figure 10), which is due to the more moderate retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 11). Their forecasts about the volume of sales and orders placed with suppliers over the next 3 months are also more reserved.

The main factors limiting the activity of the enterprises remain the competition in the branch, insufficient demand and uncertain economic environment (Annex, Figure 12).

As regards the selling prices, the retailers foresee certain increase, although the prevailing expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In August the composite indicator ‘business climate in service sector’ decreases by 4.9 percentage points (Annex, Figure 14) as a result of the shifting of the managers’ assessments and expectations about the business situation of the enterprises from ‘better’ towards preserving ‘the same’. Concerning the demand for services, the present tendency is assessed as improved, while the expectations over the next 3 months are more moderate (Annex, Figure 15).

The competition in the branch, uncertain economic environment and shortage of labour continue to be the main obstacles for the business development in the sector, as the inquiry reports strengthening of the negative influence of the first factor (Annex, Figure 16).

The majority of the managers expect the selling prices to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

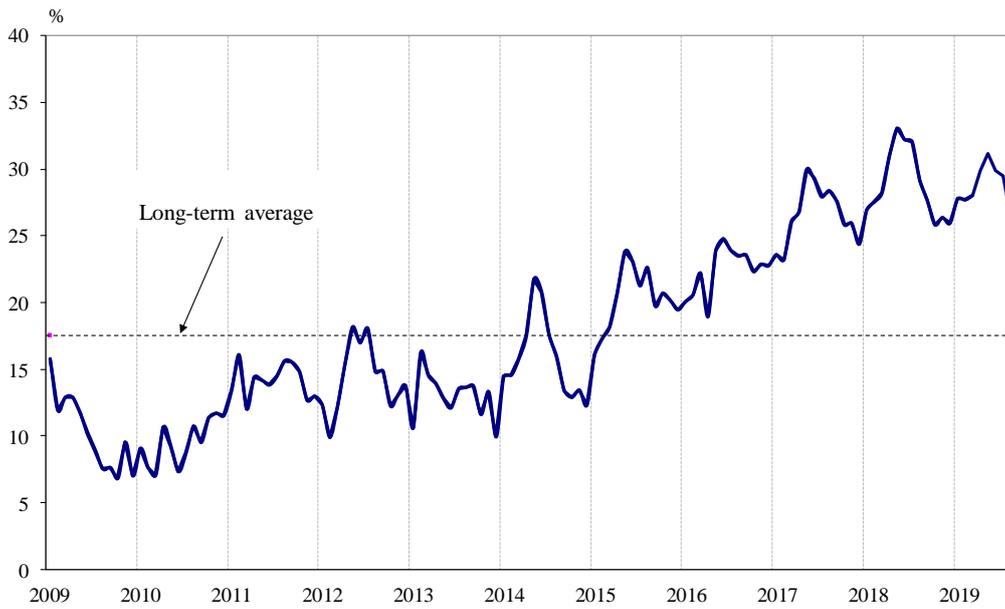


Figure 2. Business climate in industry

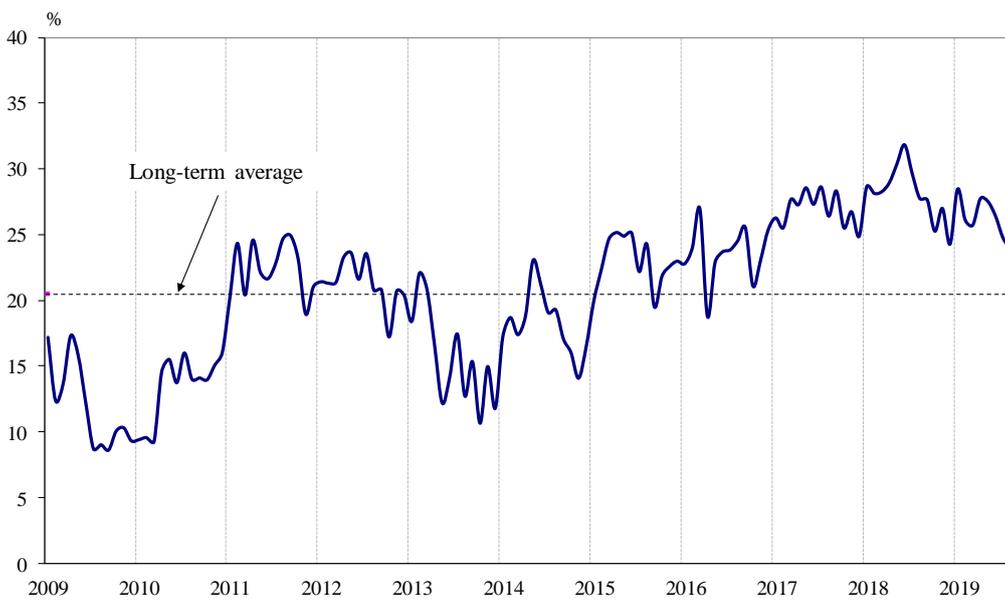




Figure 3. Expected business situation in industry over the next 6 months

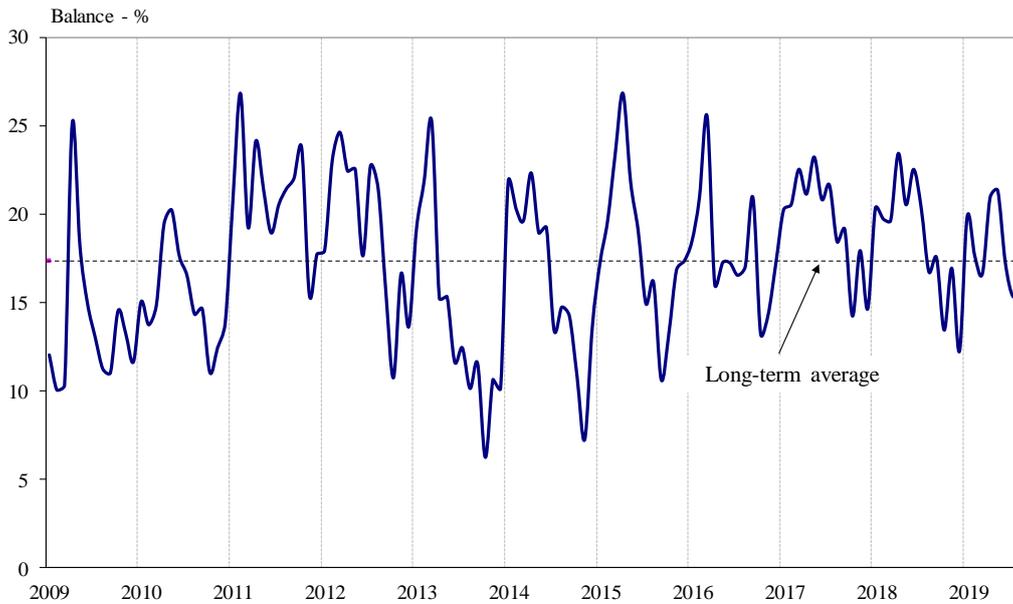


Figure 4. Limits to production in industry (Relative share of enterprises)

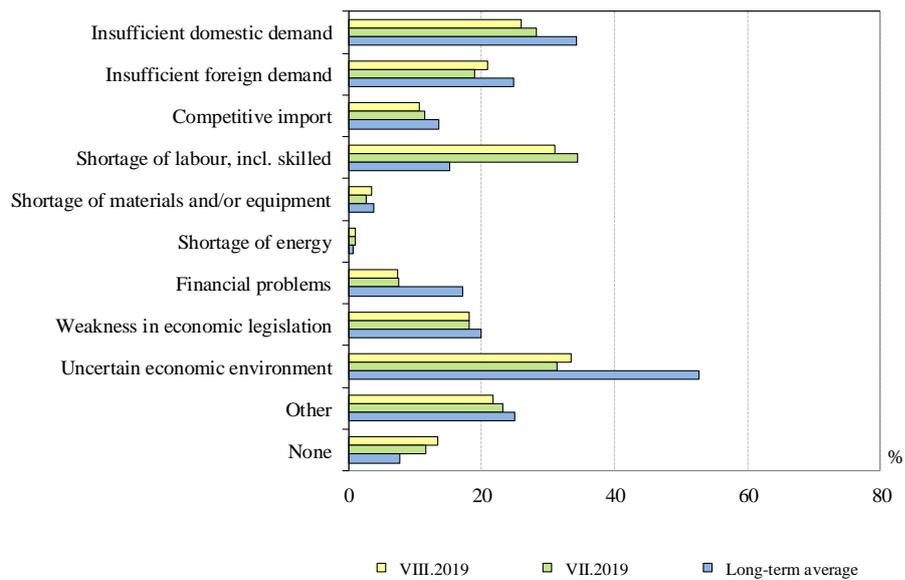




Figure 5. Selling prices expectations in industry over the next 3 months

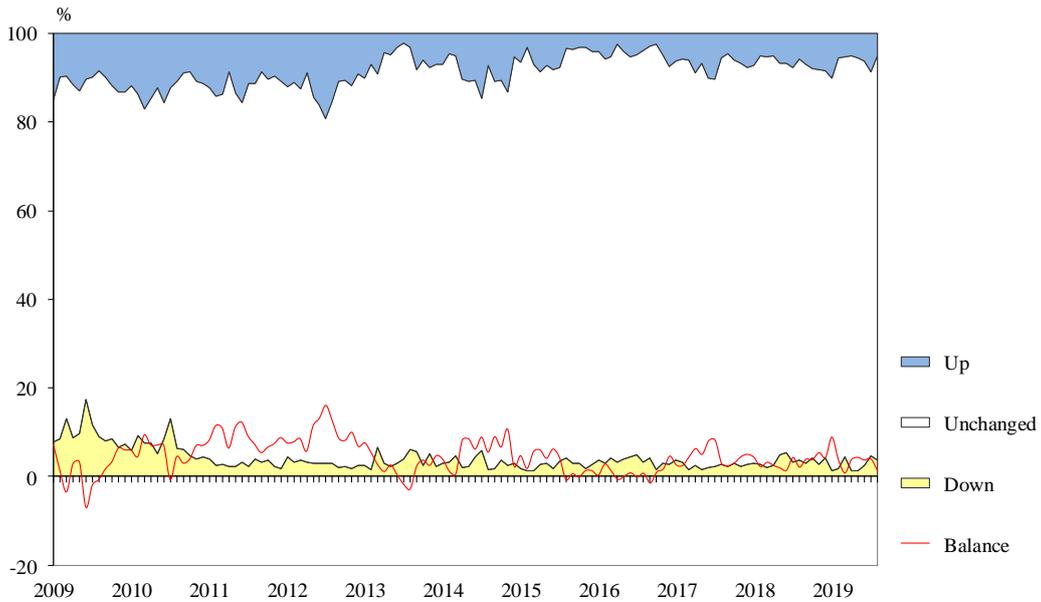


Figure 6. Business climate in construction

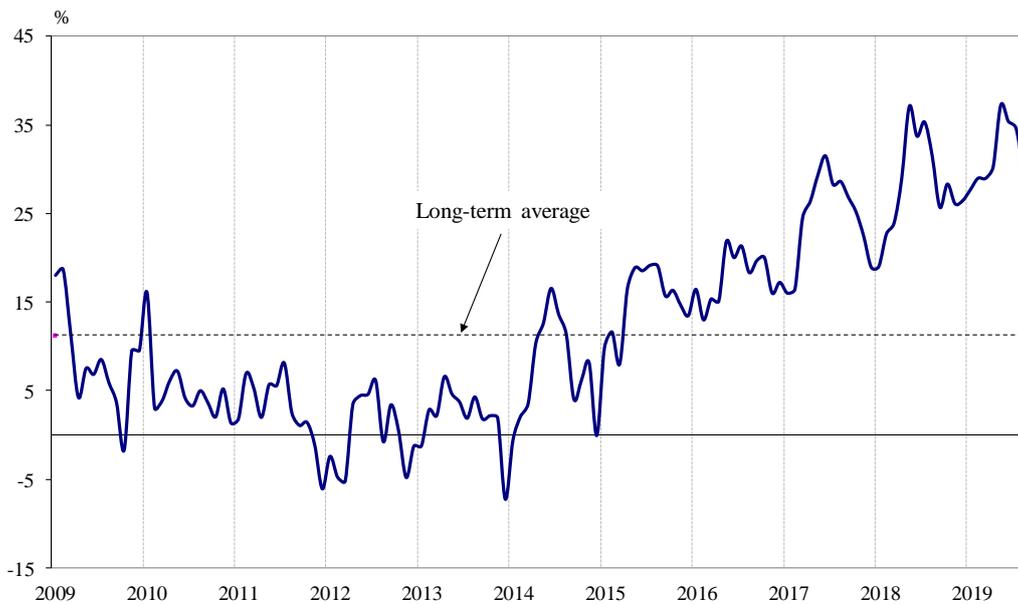




Figure 7. Expected construction activity over the next 3 months

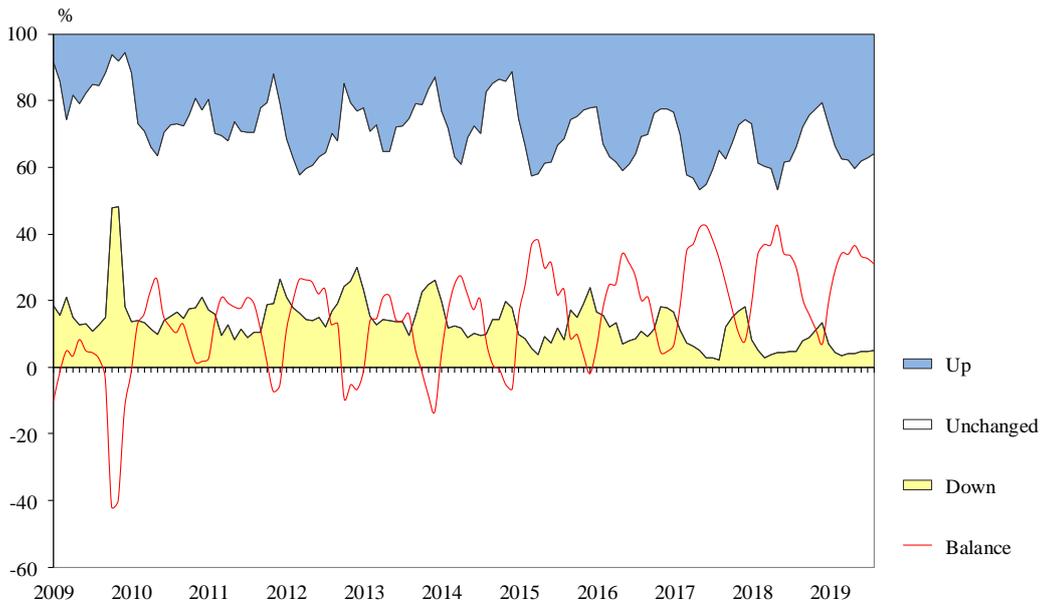


Figure 8. Limits to construction activity (Relative share of enterprises)

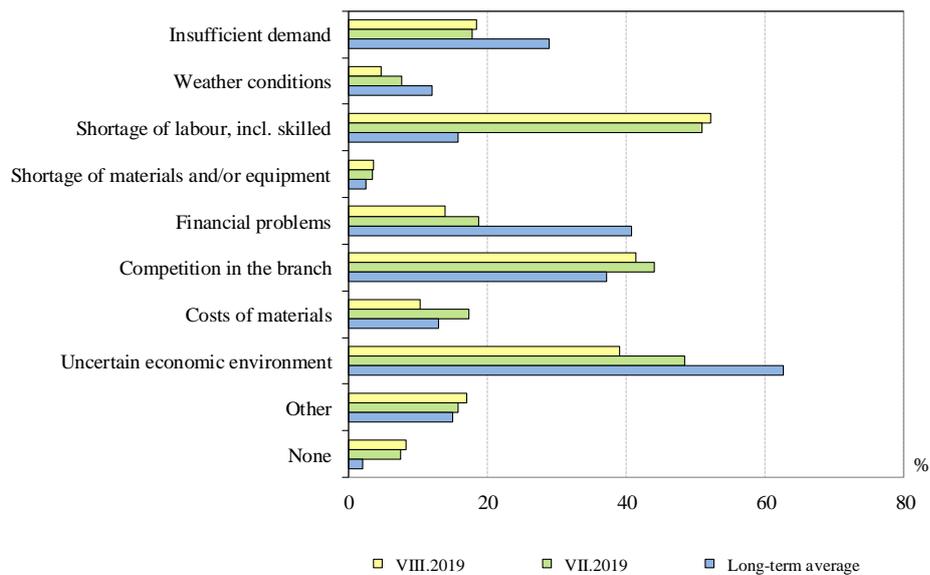




Figure 9. Selling prices expectations in construction over the next 3 months

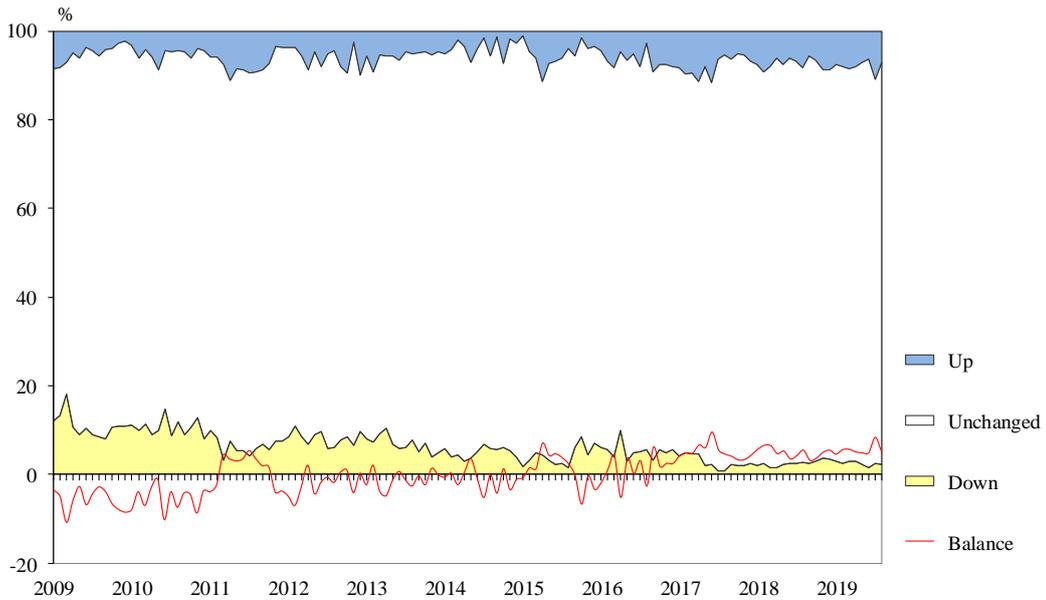


Figure 10. Business climate in retail trade

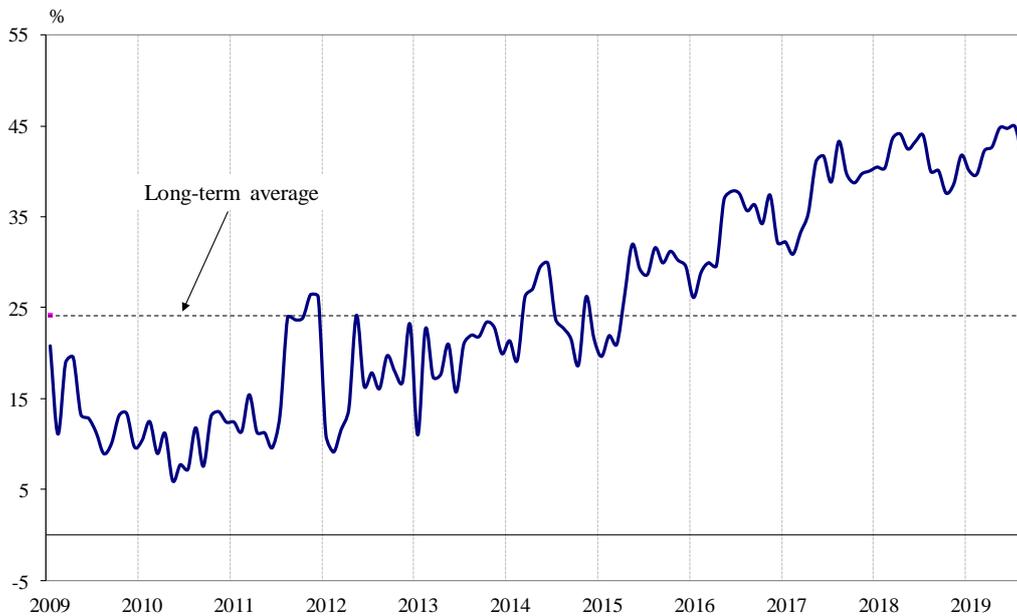




Figure 11. Expected business situation in retail trade over the next 6 months

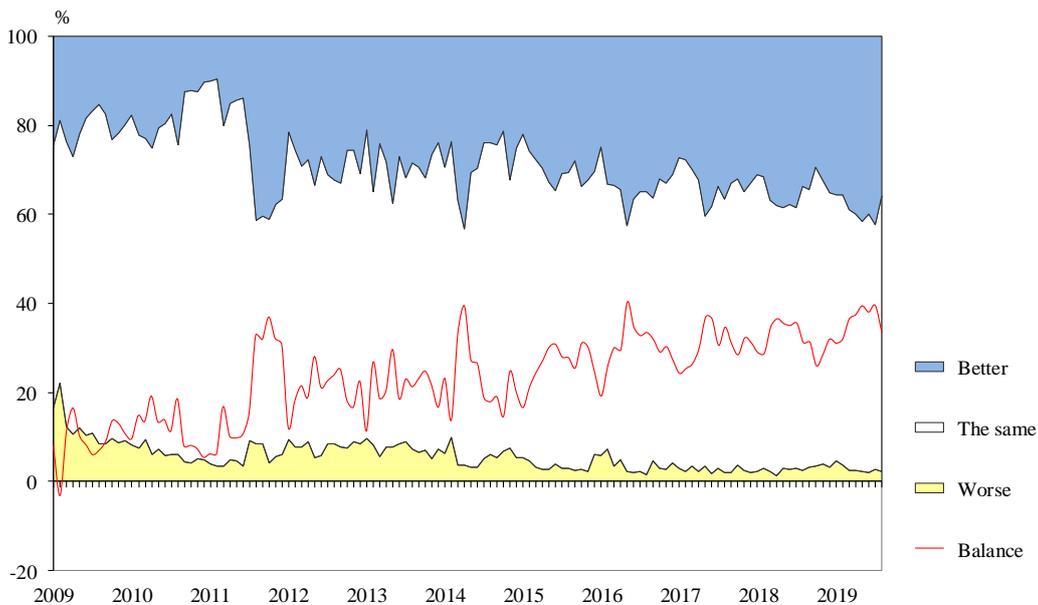


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

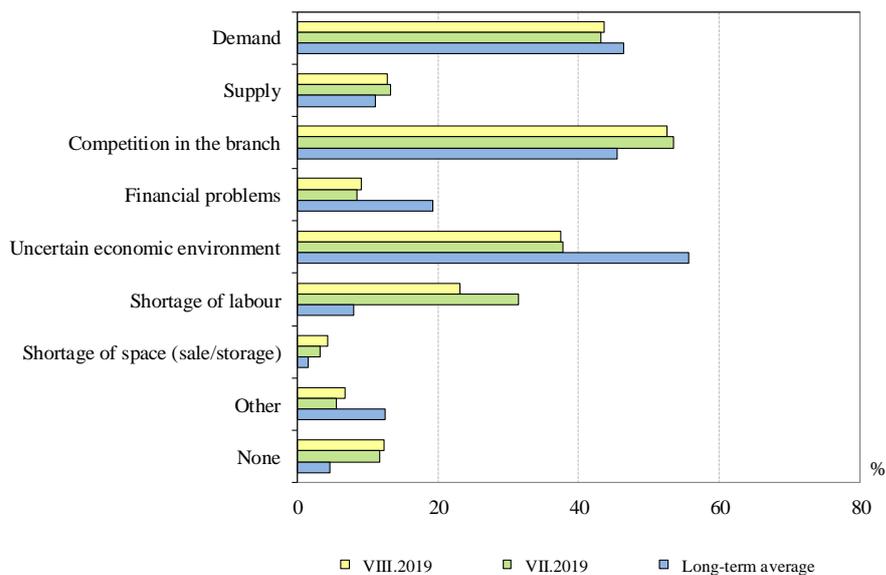




Figure 13. Selling prices expectations in retail trade over the next 3 months

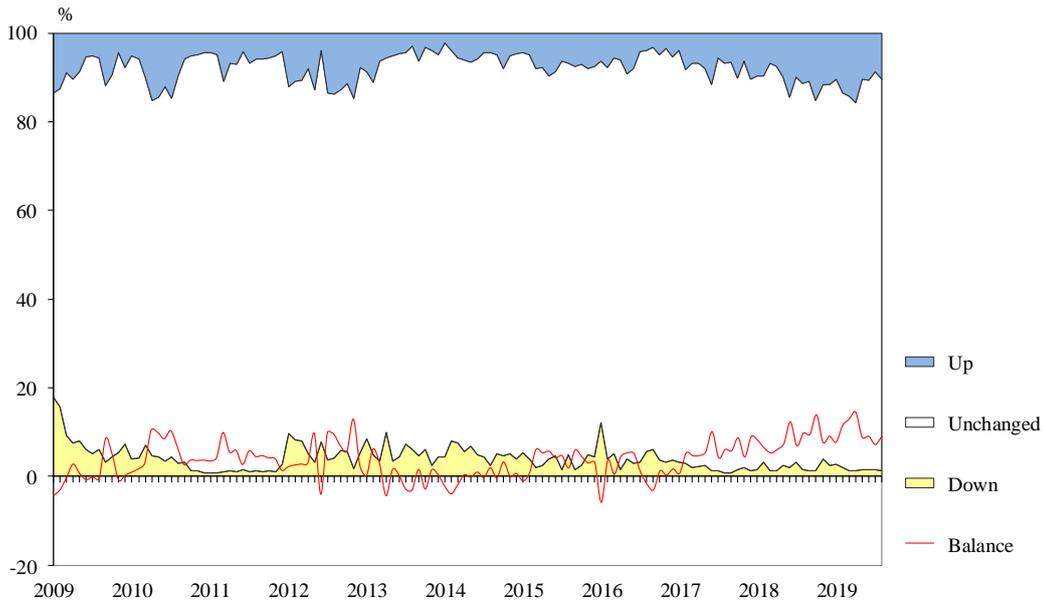


Figure 14. Business climate in service sector

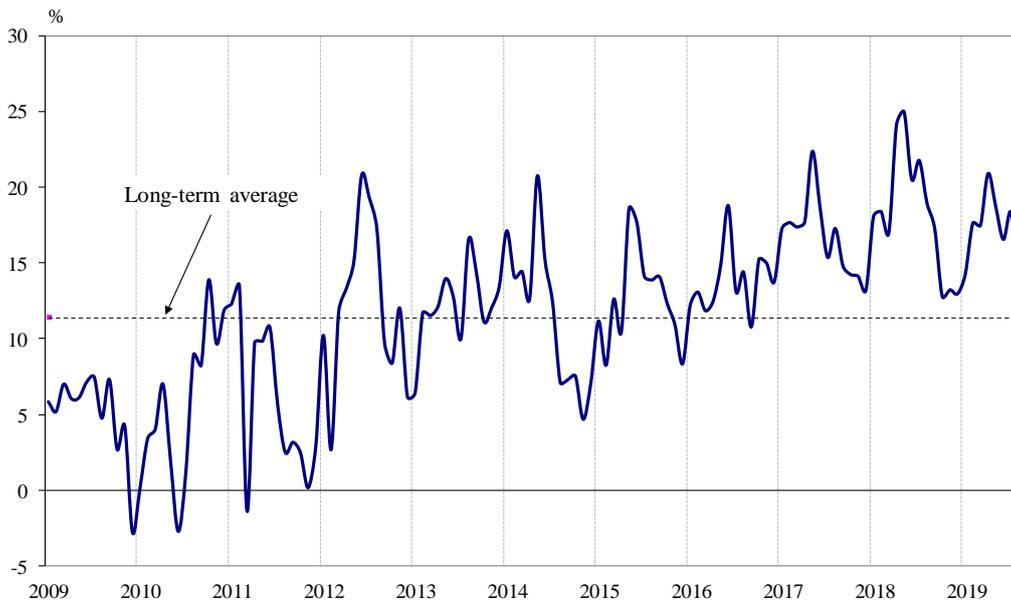




Figure 15. Expected demand in service sector over the next 3 months

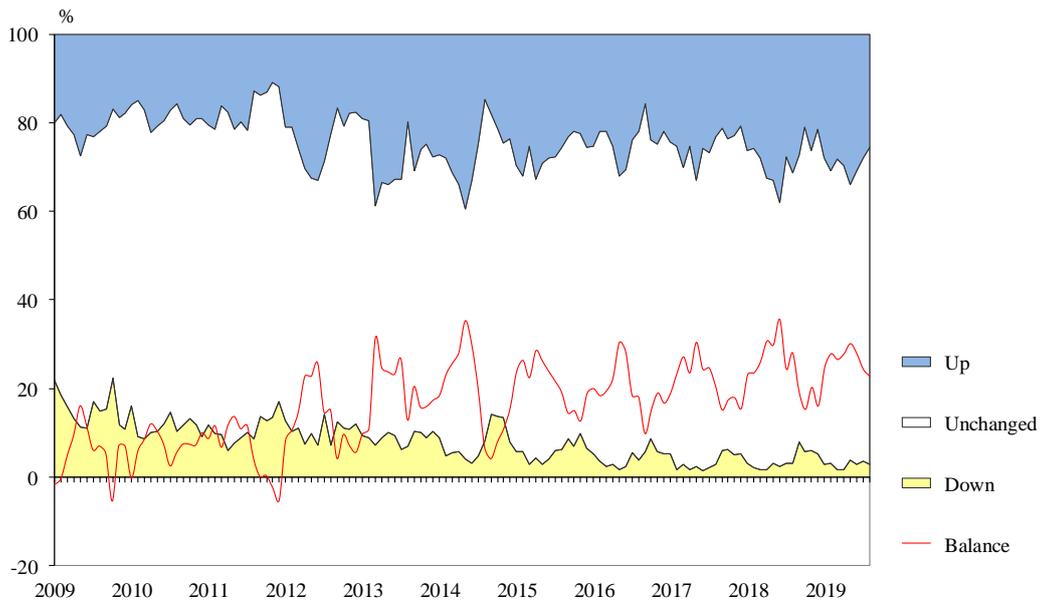


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

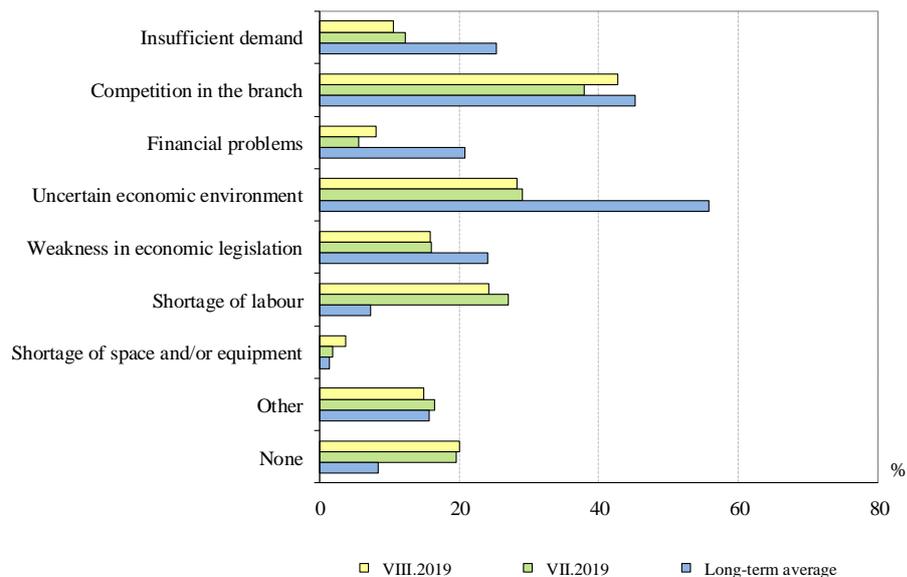




Figure 17. Selling prices expectations in service sector over the next 3 months

