

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2020

In May 2020, the business conjuncture in the country marks a positive change in comparison with the last three months. **The total business climate indicator**⁴ increases by 11.8 percentage points compared to April (Annex, Figure 1) as a result of the positive managers' opinions in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator 'business climate in industry' increases by 11.4 percentage points (Annex, Figure 2) which is due to the more favourable industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. At the same time, the present production activity is assessed as a decreased, while the forecasts about the activity over the next 3 months are more positive (Annex, Figure 3).

The most serious difficulties for the business remain the uncertain economic environment, insufficient domestic demand, insufficient foreign demand and the factor 'other'⁵ (Annex, Figure 4).

Concerning the selling prices in industry, the most of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In May, the composite indicator 'business climate in construction' increases by 17.3 percentage points (Annex, Figure 6) mainly due to the optimistic construction entrepreneurs' expectations about the business situation of the enterprises over next 6 months. In their opinion, the present construction activity remains reduced, while their forecasts over the next 3 months are more favourable (Annex, Figure 7).

The main obstacle for the development of the activity in the sector continues to be the uncertain economic environment, pointed out by 70.1% of the enterprises. In the second and third place remain the difficulties connected with the shortage of labour and factor 'others'⁵ (Annex, Figure 8).

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.

⁵ Respondents are given the opportunity to indicate the answer "Other factors" when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

The construction entrepreneurs foresee certain increase of the selling prices in the sector although the majority of them expect them to preserve their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 16.2 percentage points (Annex, Figure 10) as a result of the improved retailers’ forecasts about the business situation of the enterprises over the next 6 months. The inquiry also registers increased expectations as regards the volume of sales (Annex, Figure 11) and orders placed with suppliers (from both domestic and foreign market) over the next 3 months.

The uncertain economic environment continues to be the main problem for the business development. An increase of the negative influence of the factor ‘insufficient demand’ is registered, which shifts to the third place the difficulties, connected with the competition in the branch (Annex, Figure 12).

Concerning the selling prices, the retailers expect them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In May, the composite indicator ‘business climate in service sector’ increases by 2.5 percentage points (Annex, Figure 14) which is due to the more favourable managers’ expectations about the business situation of the enterprises over the next 6 months. As regards the demand of services the present tendency is assessed as reduced, while the expectations over the next 3 months are slightly improved (Annex, Figure 15).

The factors ‘uncertain economic environment’, ‘insufficient demand’ and ‘others’² continue to difficult with most extent the activity of the enterprises (Annex, Figure 16).

As regards the selling prices in the service sector, the managers foresee them to preserve their level over the next 3 months (Annex, Figure 17).

1 Excl. trade.

2 Respondents are given the opportunity to indicate the answer "Other factors" when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

Annex

Figure 1. Business climate - total

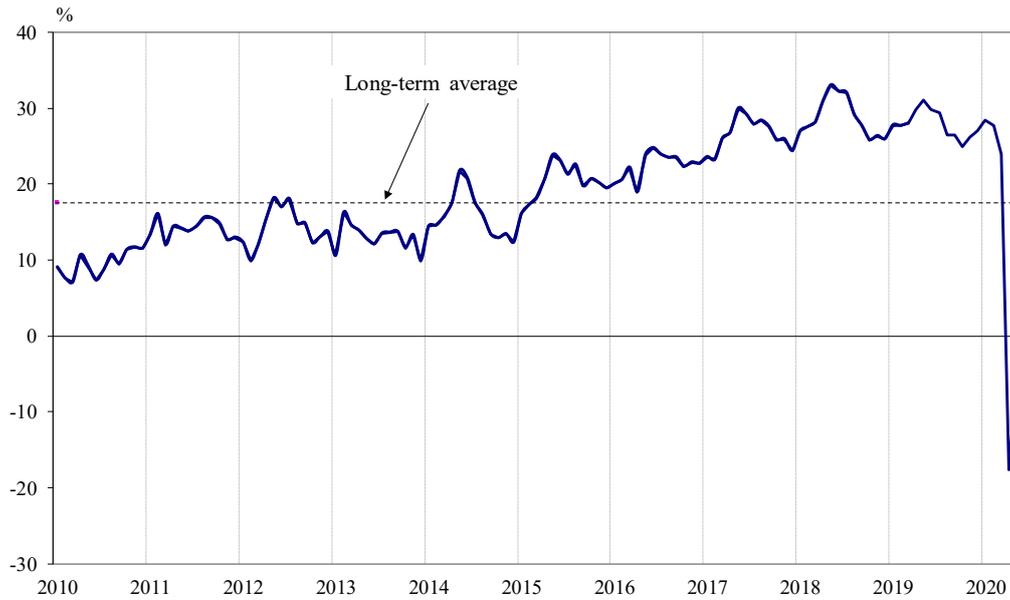


Figure 2. Business climate in industry

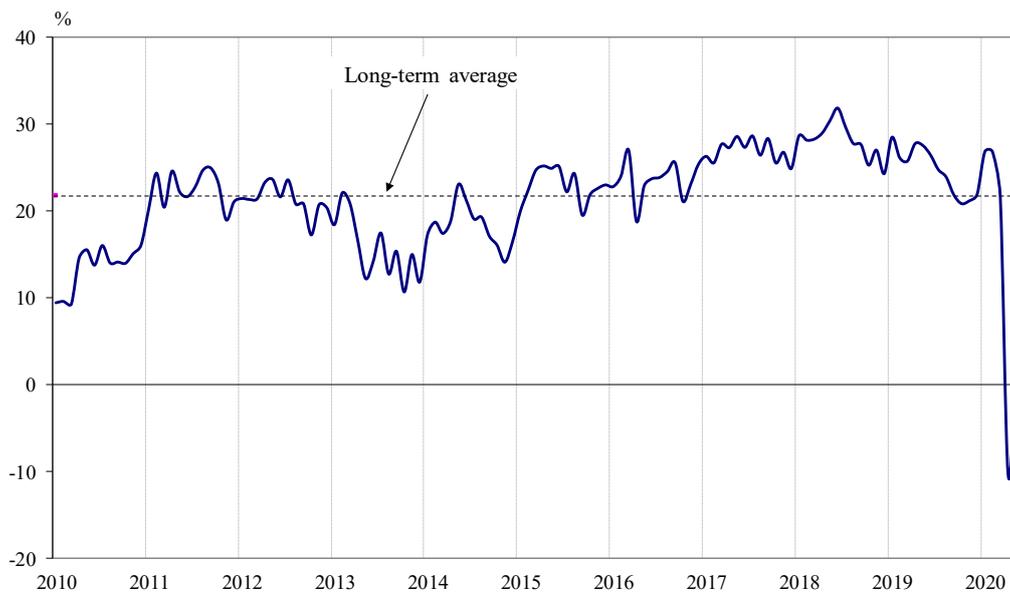


Figure 3. Expected production activity in industry over the next 3 months

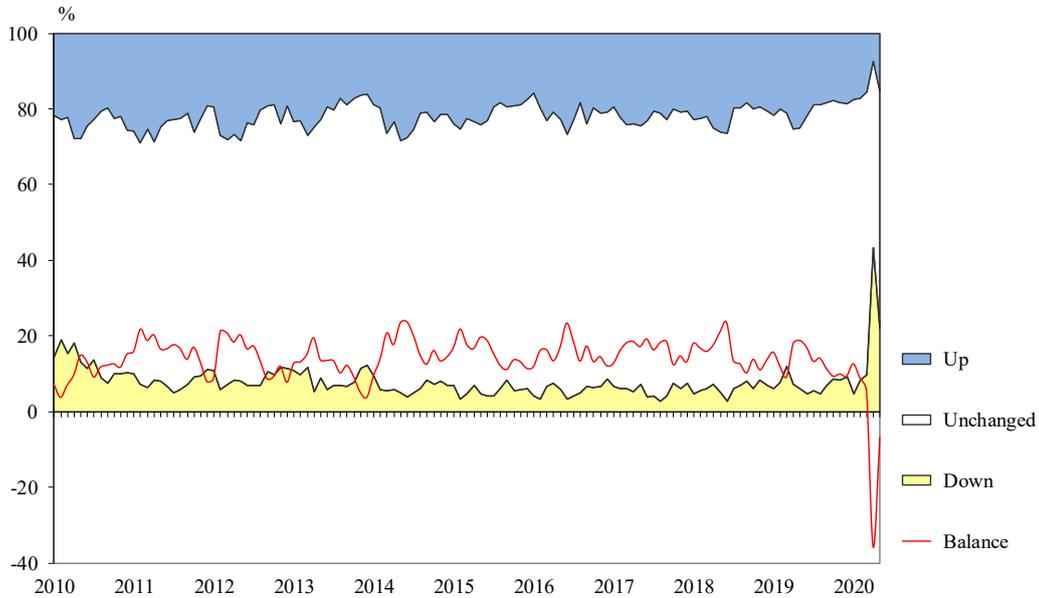


Figure 4. Limits to production in industry (Relative share of enterprises)

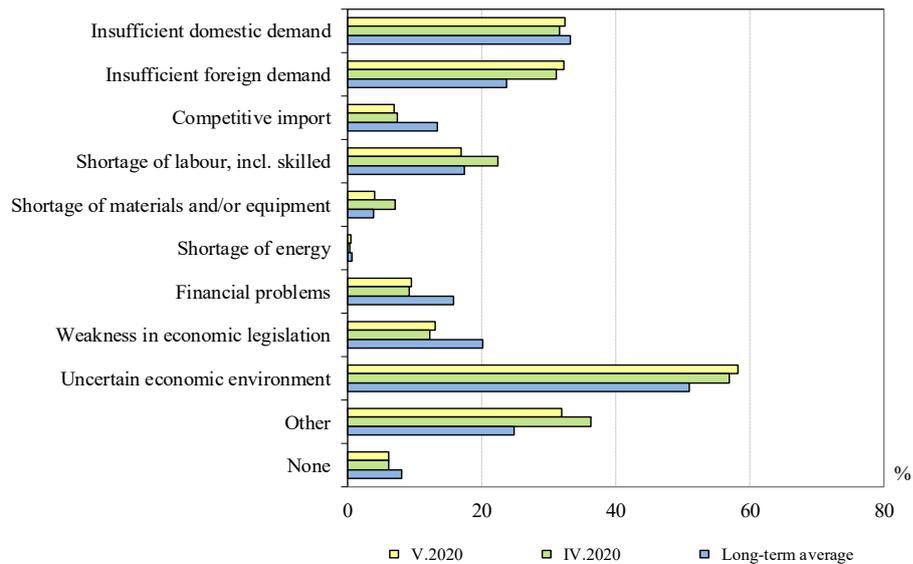


Figure 5. Selling prices expectations in industry over the next 3 months

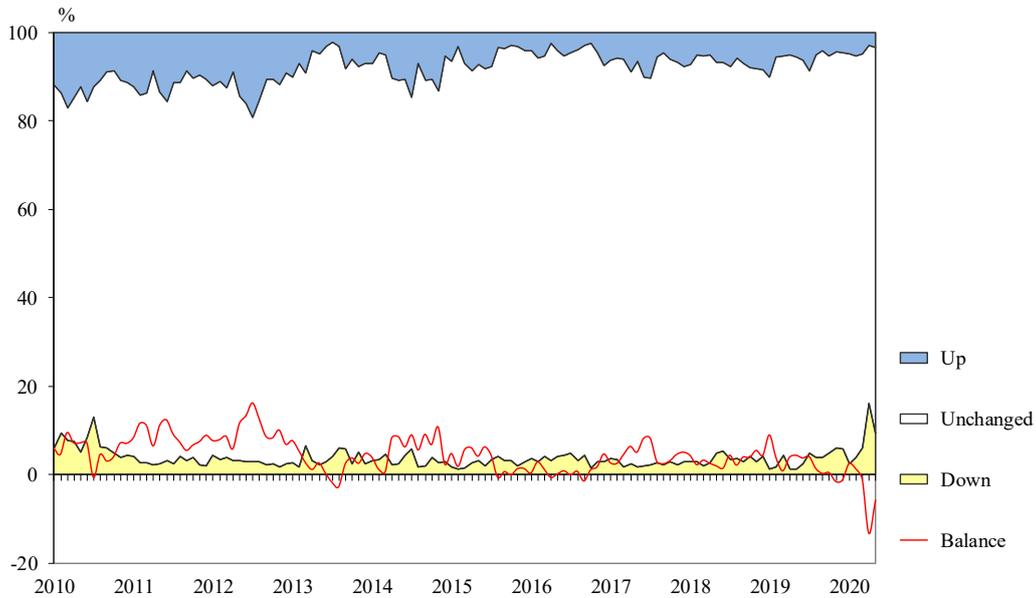


Figure 6. Business climate in construction

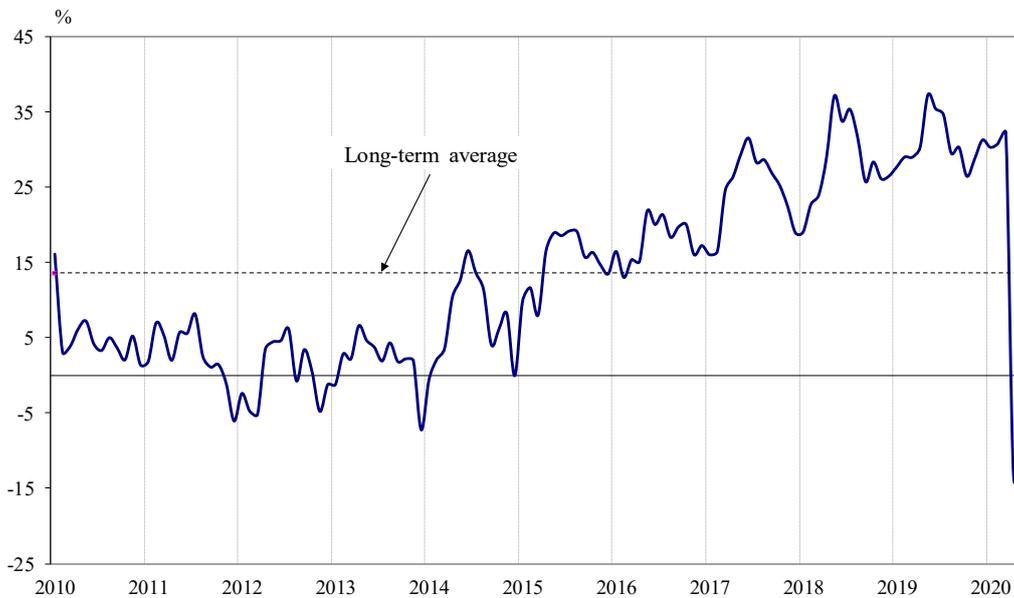


Figure 7. Expected construction activity over the next 3 months

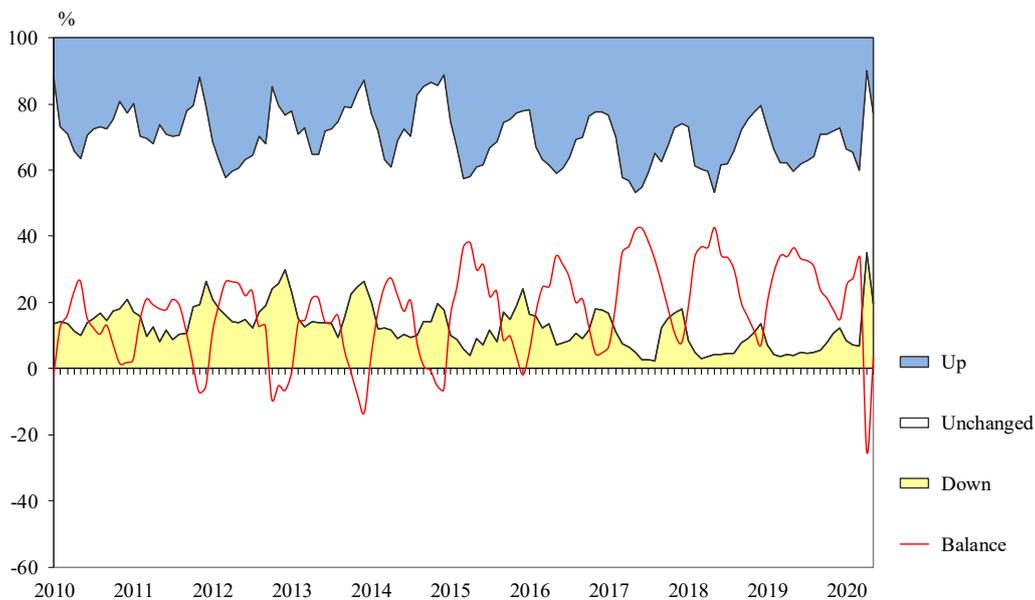


Figure 8. Limits to construction activity (Relative share of enterprises)

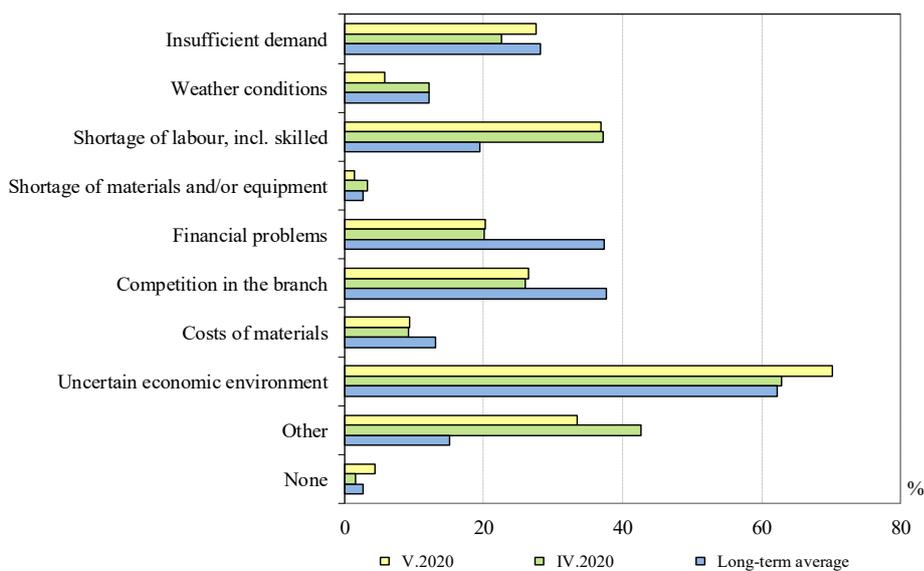


Figure 9. Selling prices expectations in construction over the next 3 months

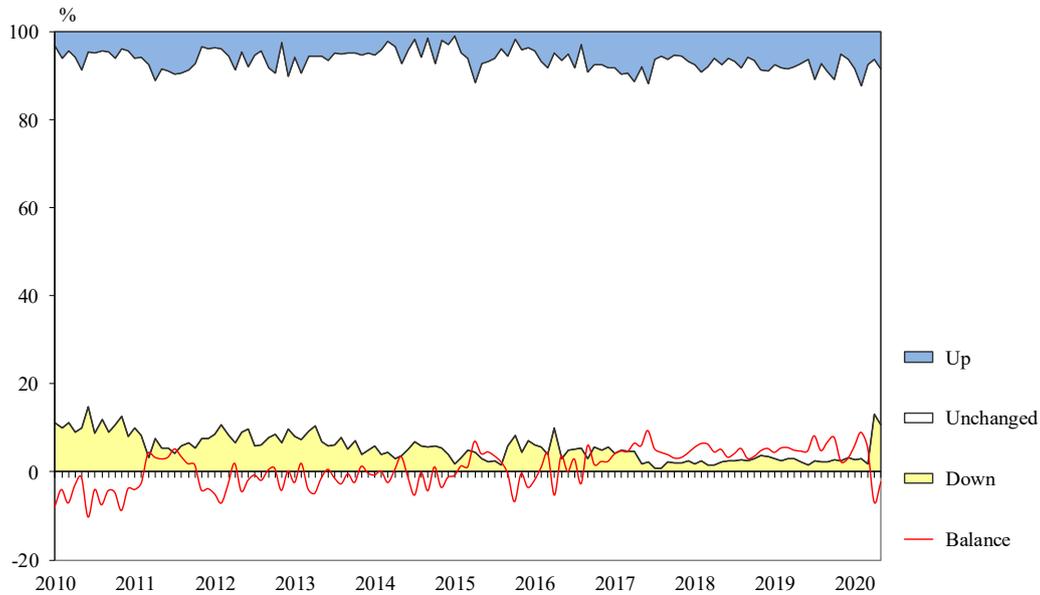


Figure 10. Business climate in retail trade

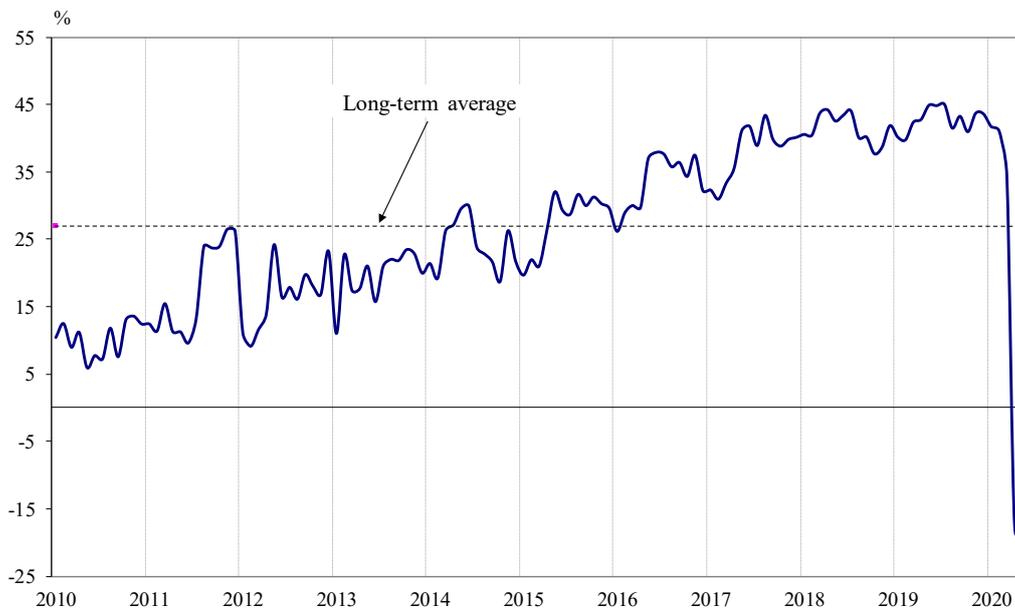


Figure 11. Sales expectations in retail trade over the next 3 months

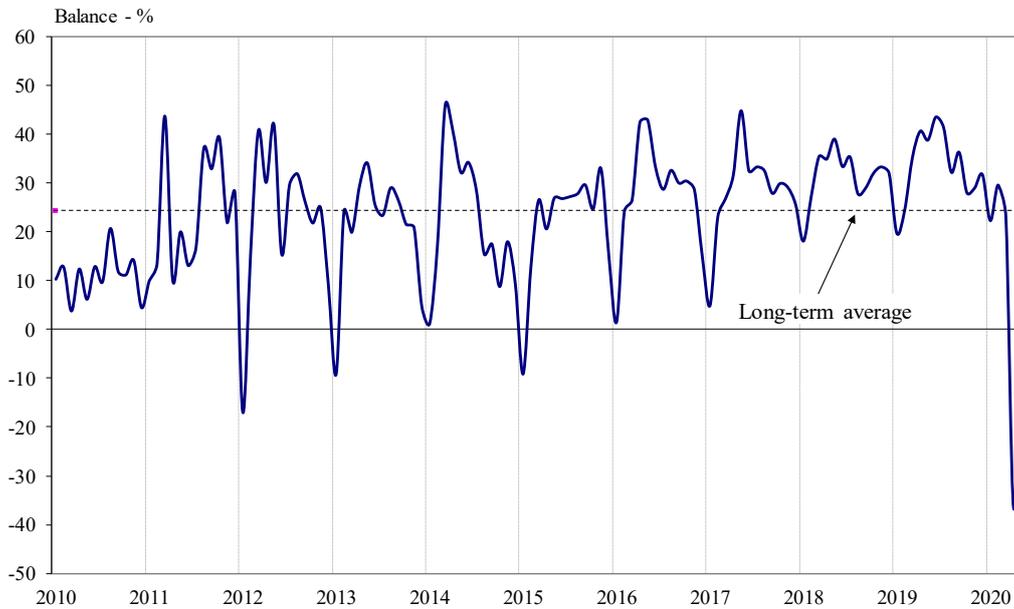


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

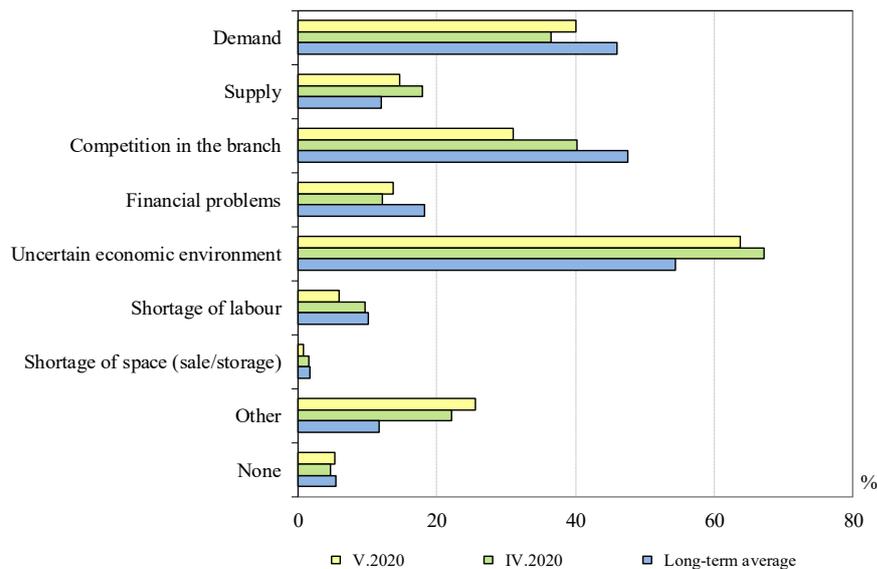


Figure 13. Selling prices expectations in retail trade over the next 3 months

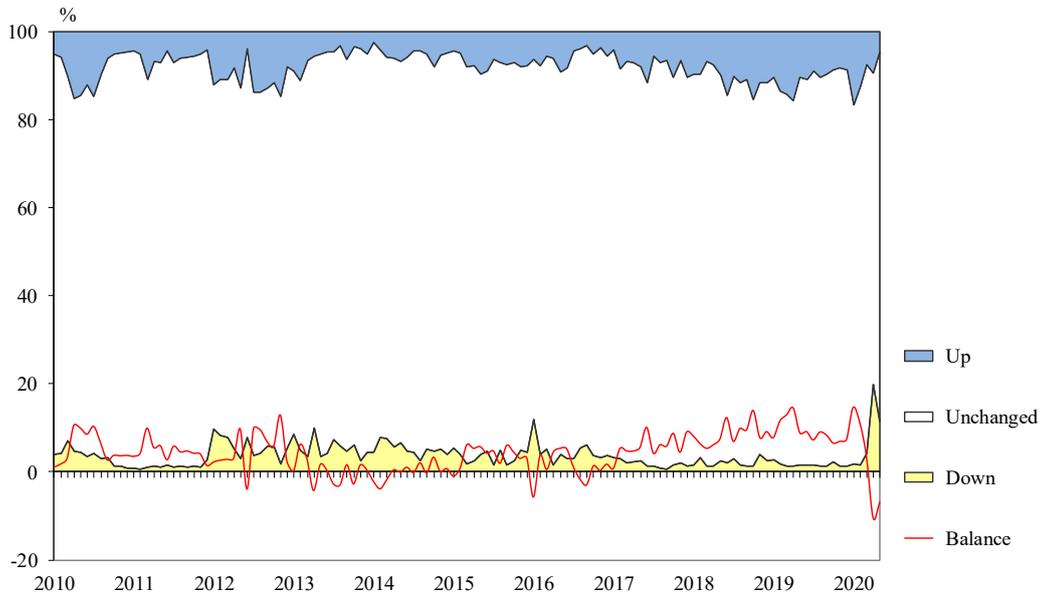


Figure 14. Business climate in service sector

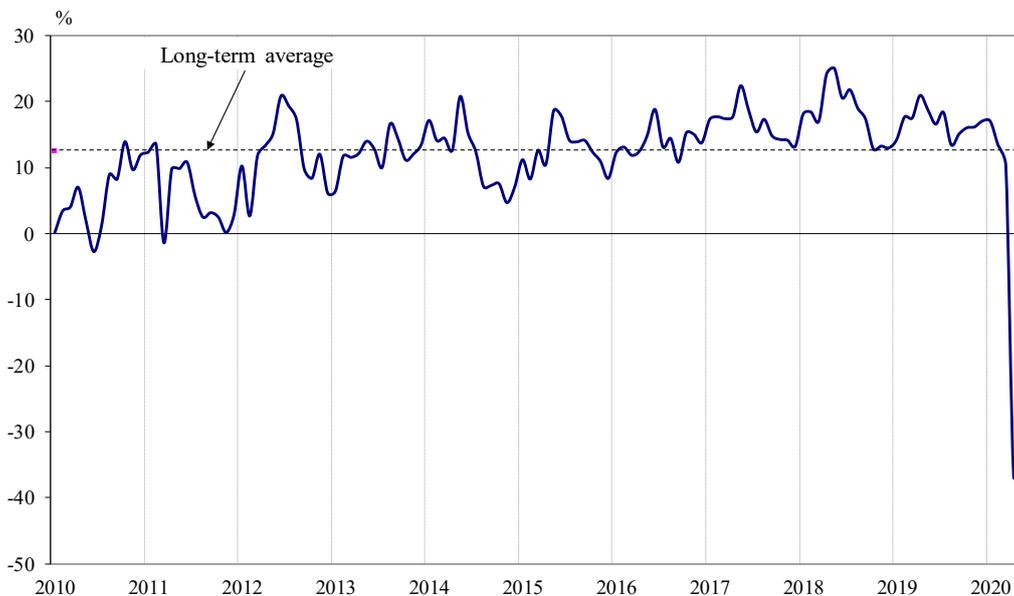


Figure 15. Expected demand in service sector over the next 3 months

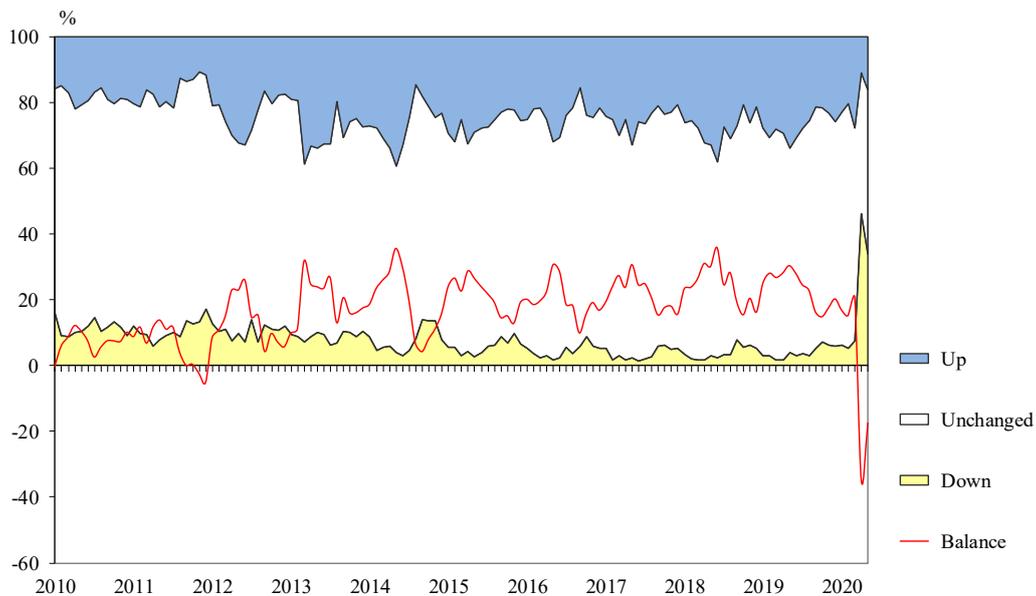


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

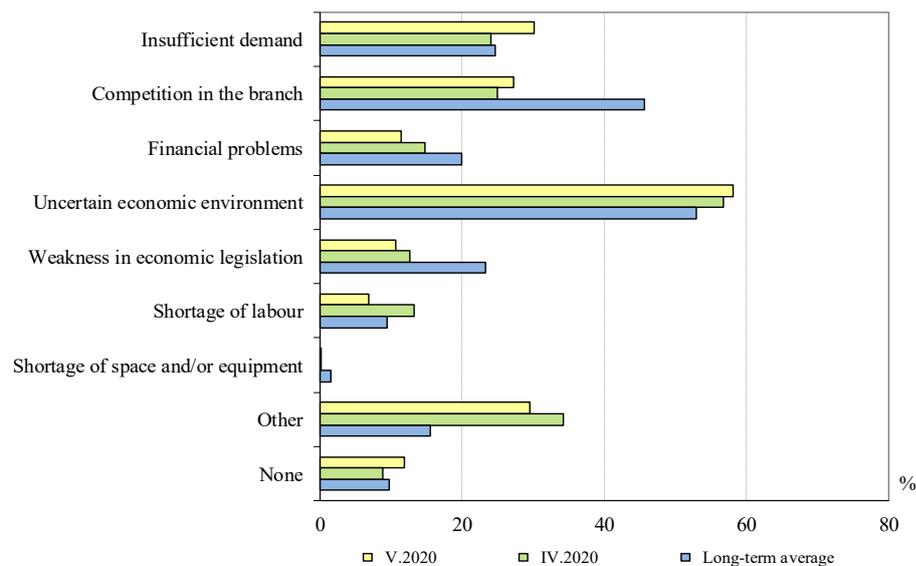


Figure 17. Selling prices expectations in service sector over the next 3 months

