

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MARCH 2021

In March 2021, **the total business climate indicator**⁴ increases by 2.1 percentage points compared to February (Annex, Figure 1) as a result of the increased indicator in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator 'business climate in industry' increases by 1.2 percentage points (Annex, Figure 2) which is due to the more favourable industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. According to them, at the last month there is certain increase of the production assurance with orders (Annex, Figure 3), which is not accompanied by increased expectations about the production activity over the next 3 months.

The main difficulties for the activity remain connected with the uncertain economic environment, insufficient domestic demand, insufficient foreign demand and the factor 'others'⁵, as the inquiry registers a reduction of their negative impact (Annex, Figure 4).

Concerning the selling prices in industry, the managers do not expect an increase over the next 3 months (Annex, Figure 5).

Construction. In March, the composite indicator 'business climate in construction' increases by 3.8 percentage points (Annex, Figure 6) as a result of the more optimistic construction entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry registers an increase of the new orders inflow over the last month, as the forecasts about the activity over the next 3 months are also favourable (Annex, Figure 7).

The uncertain economic environment, shortage of labour, competition in the branch and the factor 'others'⁵ continue to be the main problems for the business development, as in the last month a decrease of their negative influence is reported (Annex, Figure 8).

As regards the selling prices in construction, the managers' forecasts are for preservation of their level 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.

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.

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 1.7 percentage points (Annex, Figure 10) which is due to the favourable retailers’ assessments about the present business situation of the enterprises. Their opinions about the volume of sales over the last 3 months, as well their expectations over the next 3 months (Annex, Figure 11) are positive.

The main obstacle for the activity remains the uncertain economic environment, pointed out by 64.3% of the retailers. An increase of the unfavourable impact of the factor ‘competition in the branch’ is registered which shifts to the third place the difficulties, connected with insufficient demand (Annex, Figure 12).

Concerning the selling prices, certain expectations for an increase are registered, although the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In March, the composite indicator ‘business climate in service sector’ increases by 2.7 percentage points (Annex, Figure 14) as a result of the more favourable managers’ assessments and expectations about the business situation of the enterprises. Their opinions about the demand for services over the next 3 months are also improved (Annex, Figure 15).

The uncertain economic environment, the factor ‘others’², insufficient demand and competition in the branch continue to be the main problems limiting the business, as the inquiry reported an increase of the negative influence of the last two factors (Annex, Figure 16).

The managers in the service sector expect the selling prices 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

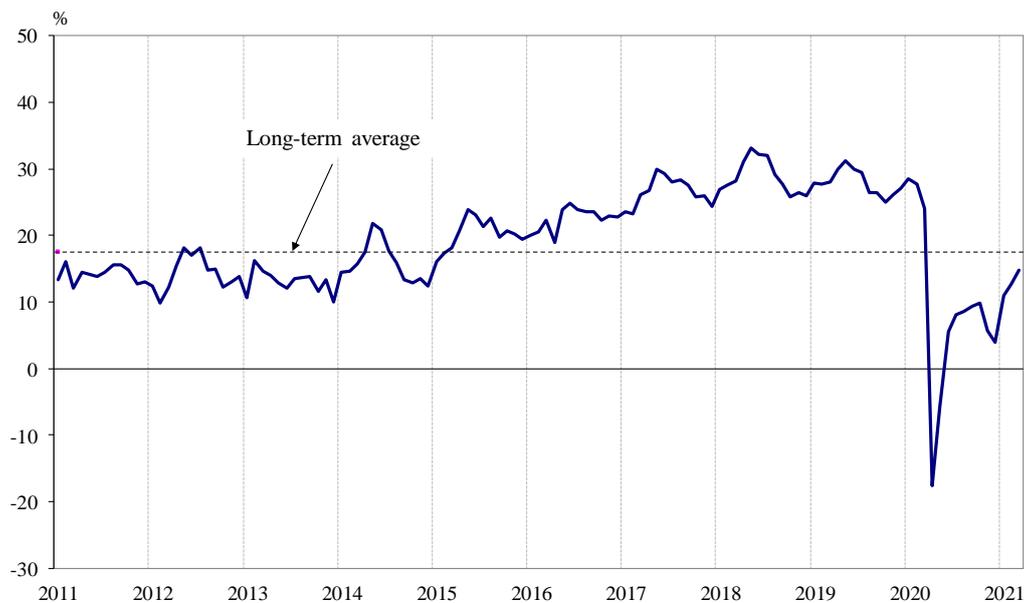


Figure 2. Business climate in industry

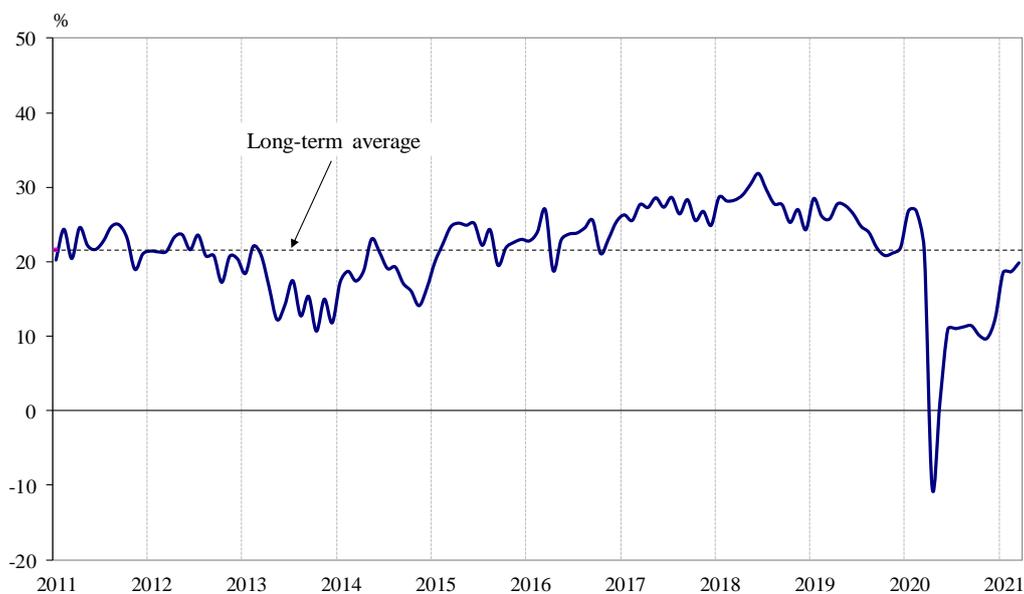
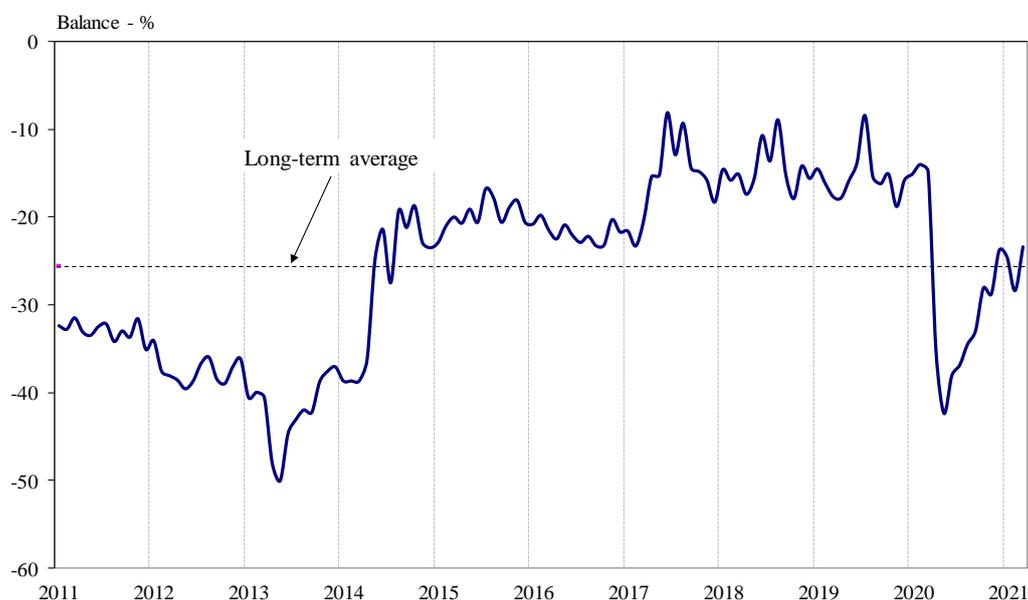


Figure 3. Production assurance with orders in industry



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

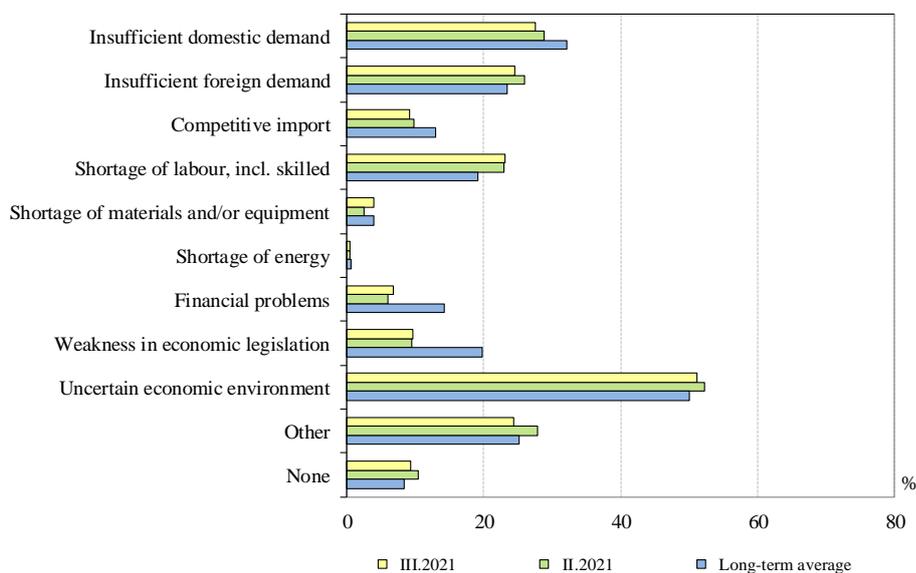


Figure 5. Selling prices expectations in industry over the next 3 months

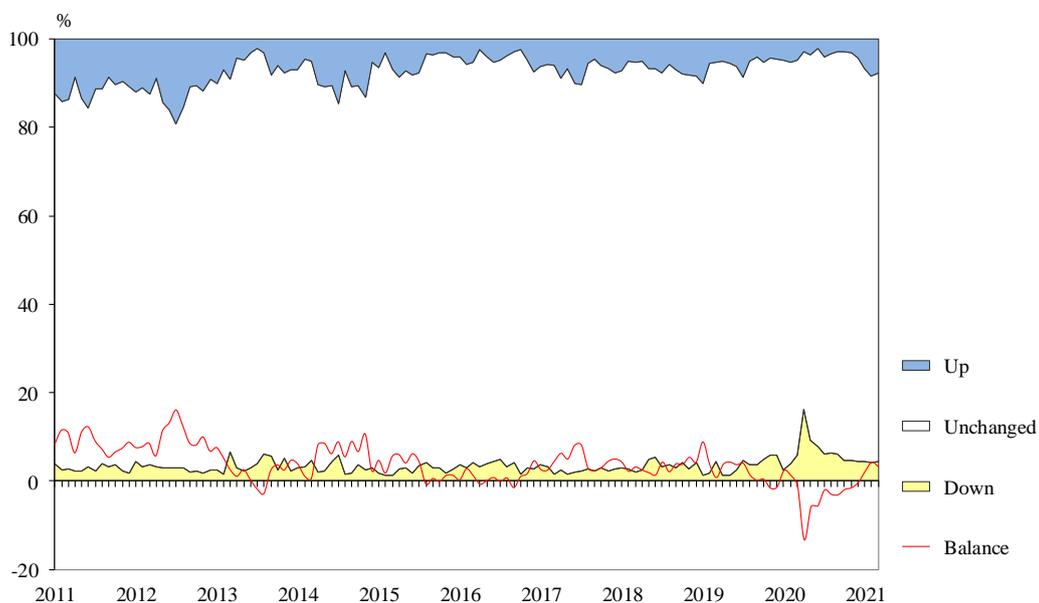


Figure 6. Business climate in construction

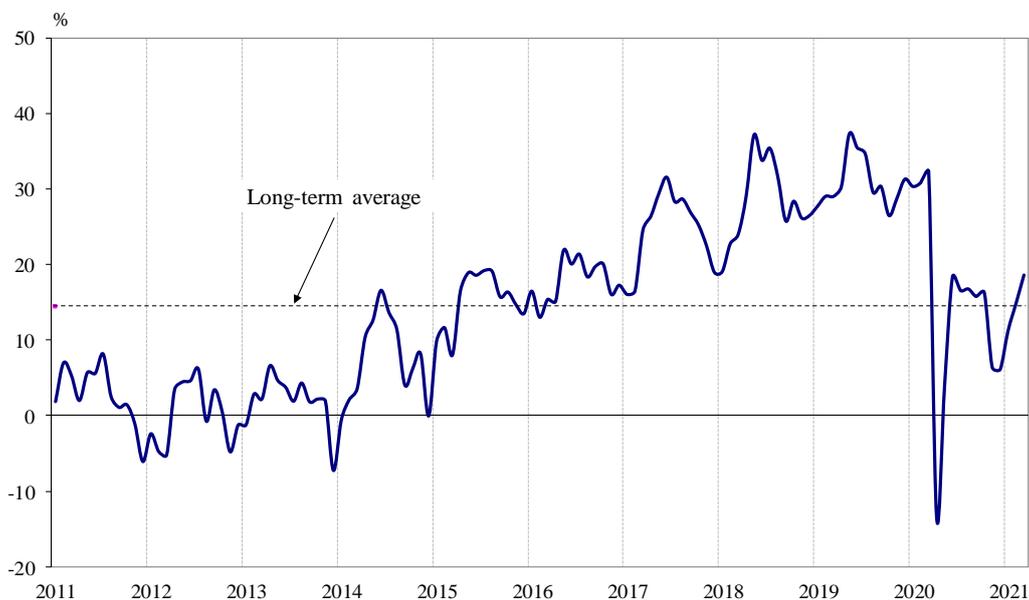


Figure 7. Expected construction activity over the next 3 months

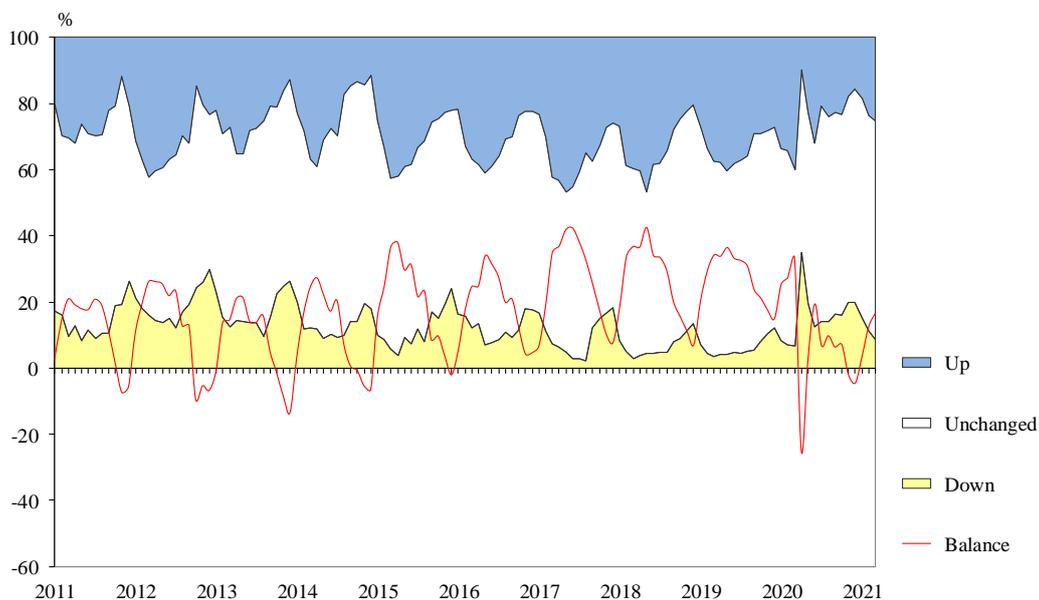


Figure 8. Limits to construction activity (Relative share of enterprises)

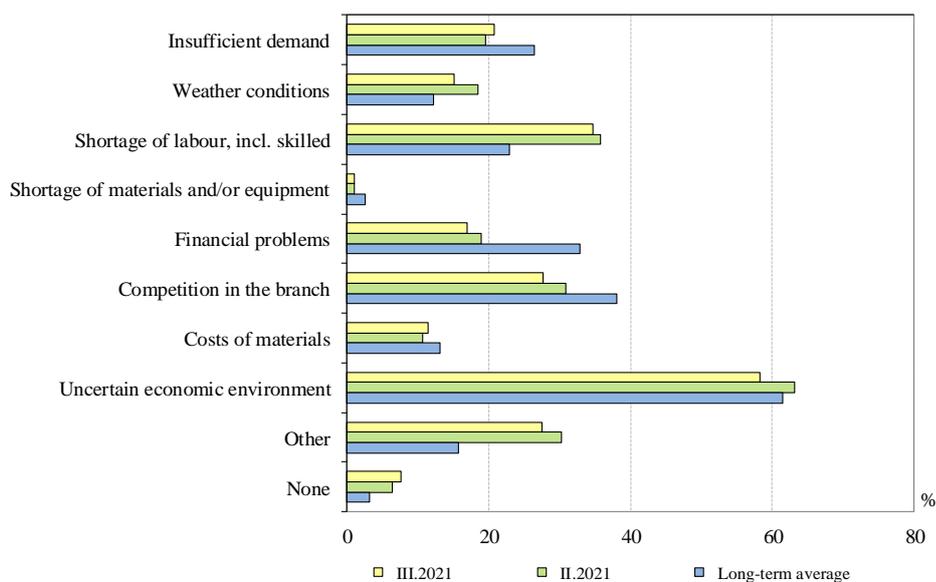


Figure 9. Selling prices expectations in construction over the next 3 months

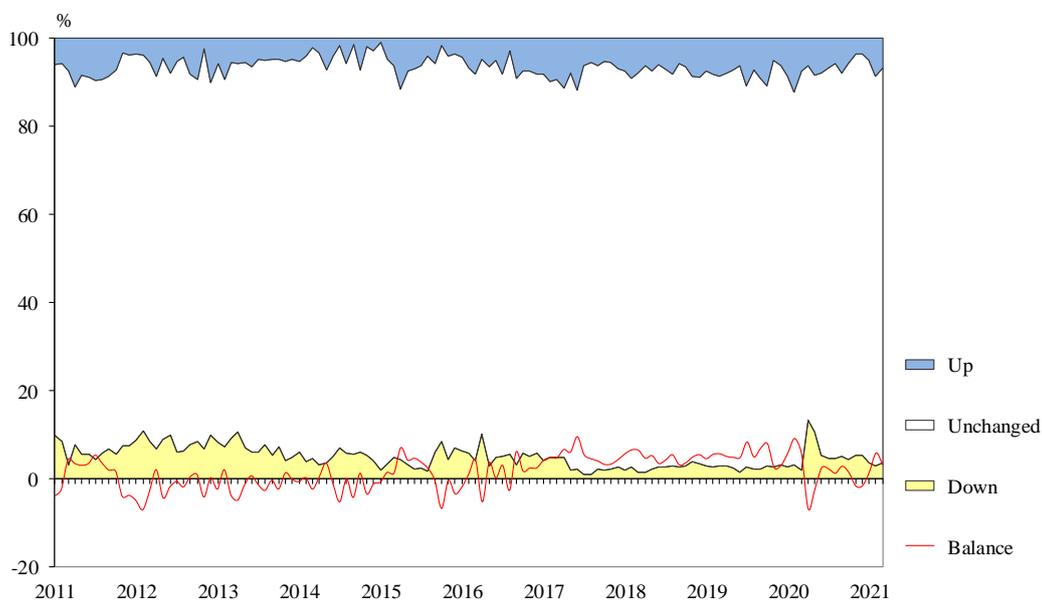


Figure 10. Business climate in retail trade

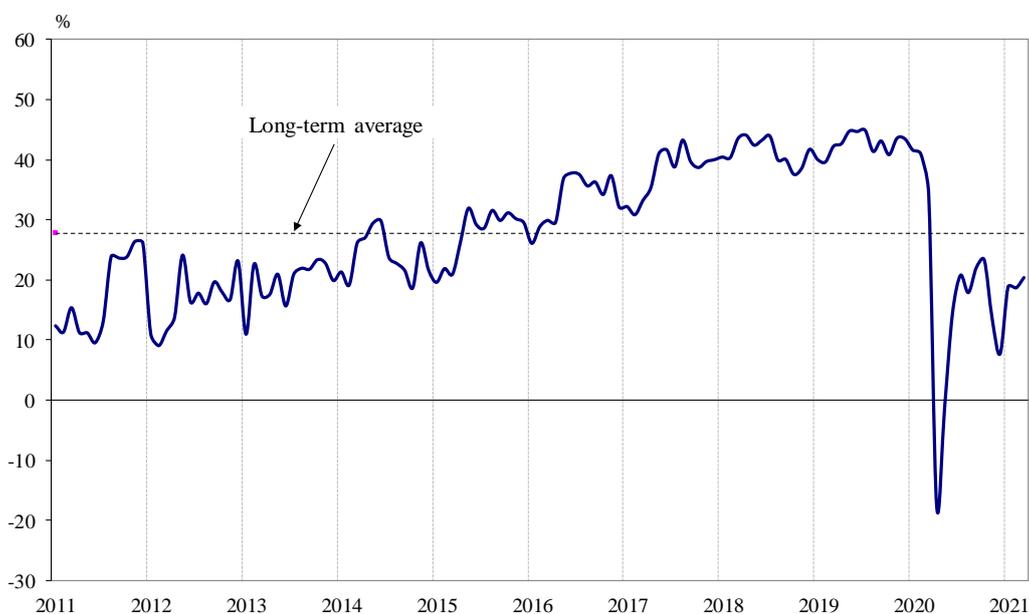


Figure 11. Sales expectations in retail trade over the next 3 months

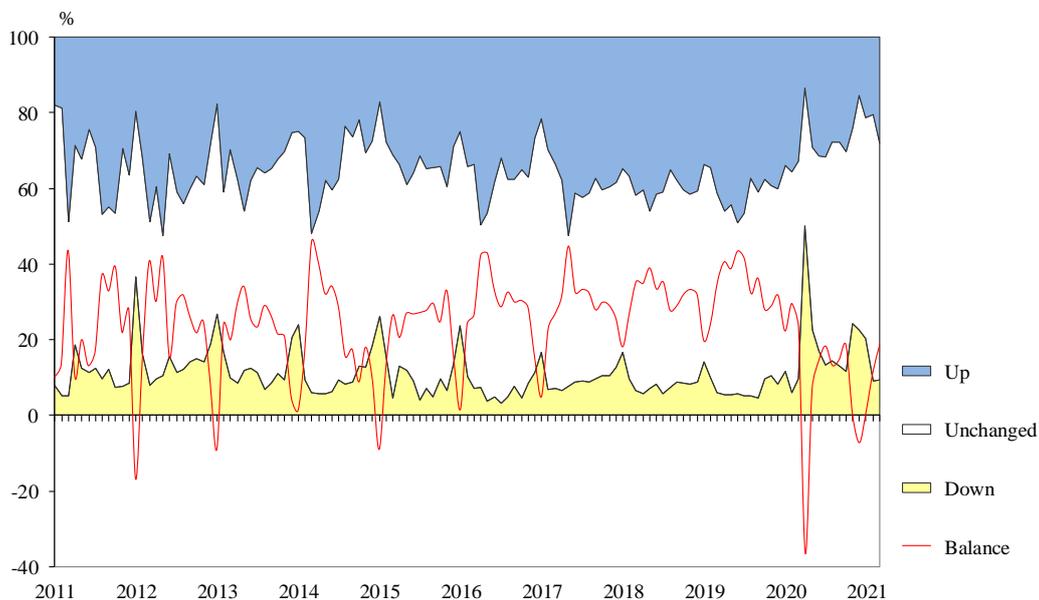


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

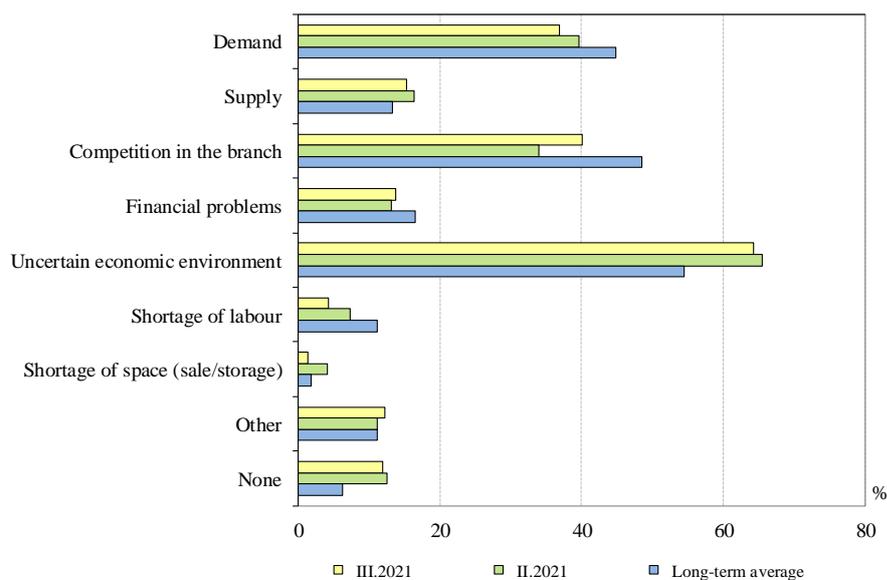


Figure 13. Selling prices expectations in retail trade over the next 3 months

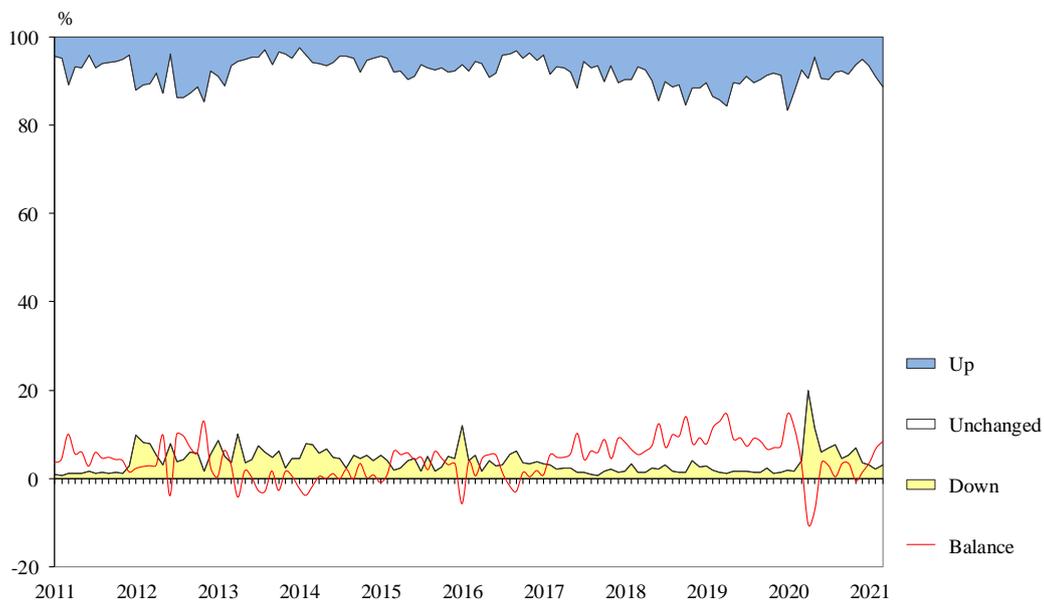


Figure 14. Business climate in service sector

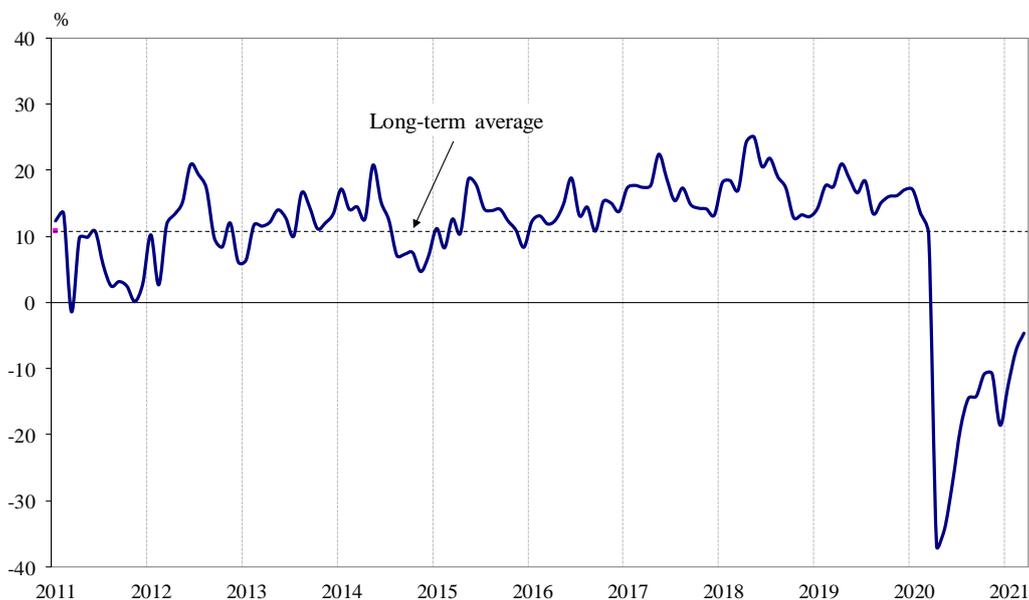


Figure 15. Expected demand in service sector over the next 3 months

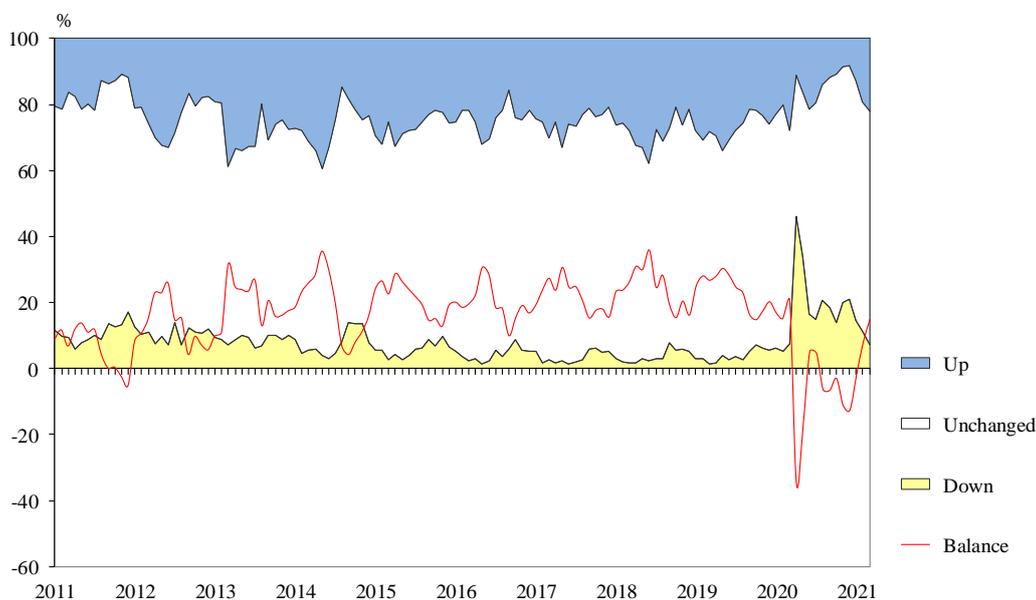


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

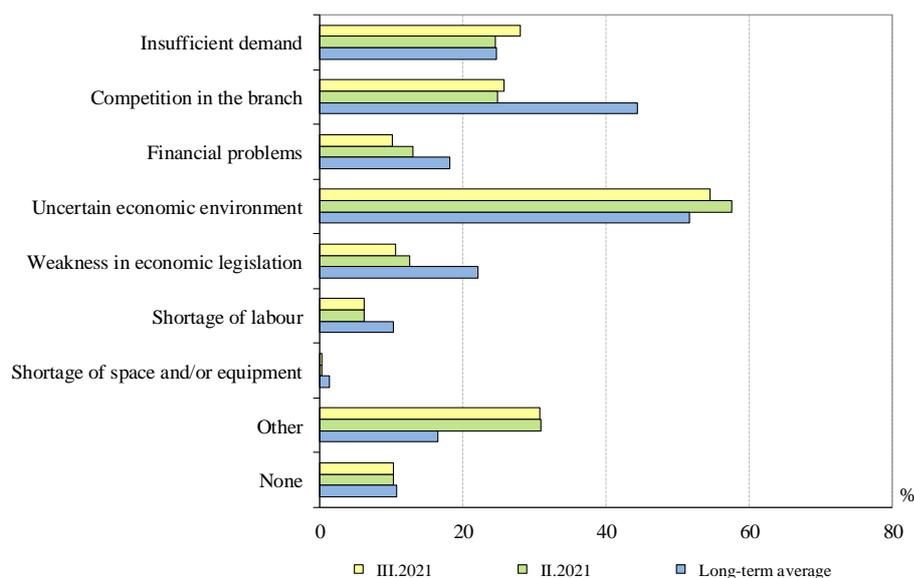


Figure 17. Selling prices expectations in service sector over the next 3 months

