# BUSINESS CONJUNCTURE
# NSI BUSINESS SURVEYS[1,2,3], AUGUST 2021

In August 2021, **the total business climate indicator**[4] decreases by 2.3 percentage points compared to the previous month (Annex, Figure 1), which is due to the worsened business climate in industry, retail trade and service sector.

**Industry.** The composite indicator 'business climate in industry' drops by 1.5 percentage points (Annex, Figure 2) as a result of the unfavourable industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. At the same time, their forecast about the production activity over the next 3 months are reserved (Annex, Figure 3).

The uncertain economic environment continues to be the factor, limiting with the most extent the business development, followed by the shortage of labour and insufficient domestic demand (Annex, Figure 4).

**Construction.** In August, the composite indicator 'business climate in construction' increases by 0.7 percentage point (Annex, Figure 5) which is due to the improved construction entrepreneurs' assessments about the present business situation of the enterprises. However, their forecasts about both the business situation over the next 6 months and the construction activity over the next 3 months (Annex, Figure 6) are more unfavourable.

The main obstacles for the activity of the enterprises remain the uncertain economic environment, shortage of labour, costs of materials and competition in the branch (Annex, Figure 7).

**Retail trade.** The composite indicator 'business climate in retail trade' decreases by 5.7 percentage points (Annex, Figure 8) as a result of the more reserved retailers' expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the volume of sales (Annex, Figure 9) and the orders placed with suppliers over the next 3 months are also unfavourable.

The uncertain economic environment, competition in the branch and insufficient demand continue to be the main problems for the business development, as in the last month the inquiry reports strengthening of their negative influence (Annex, Figure 10).

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[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.

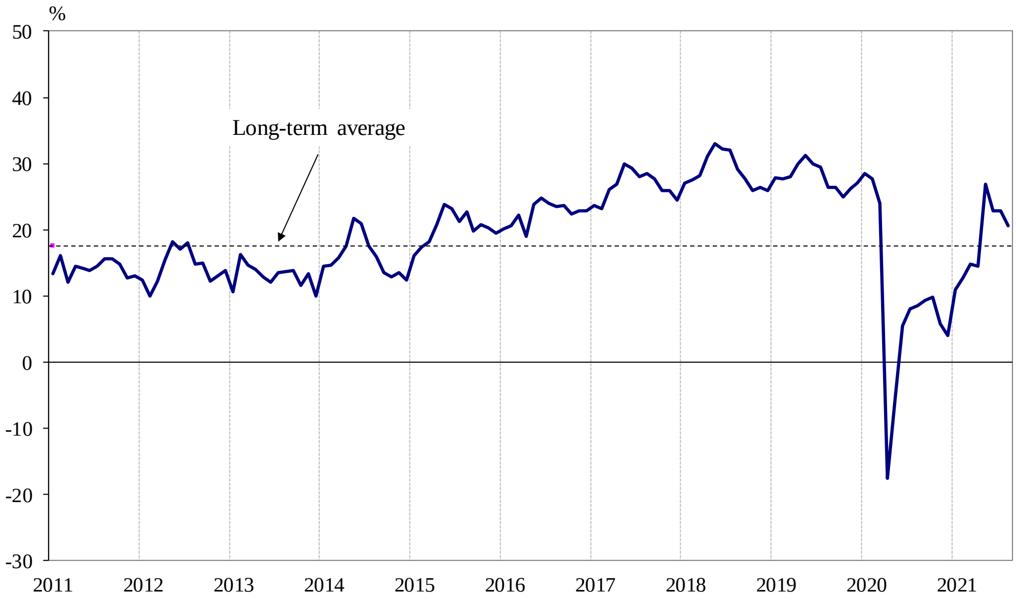
**Service sector[1].** In August, the composite indicator 'business climate in service sector' decreases by 3.7 percentage points (Annex, Figure 11) which is due to the unfavourable managers' expectations about the business situation of the enterprises over the next 6 months. Their opinions about the present and expected demand for services (Annex, Figure 12) are also more reserved.

The most serious difficulties for the activity remain connected with the uncertain economic environment and competition in the branch (Annex, Figure 13).

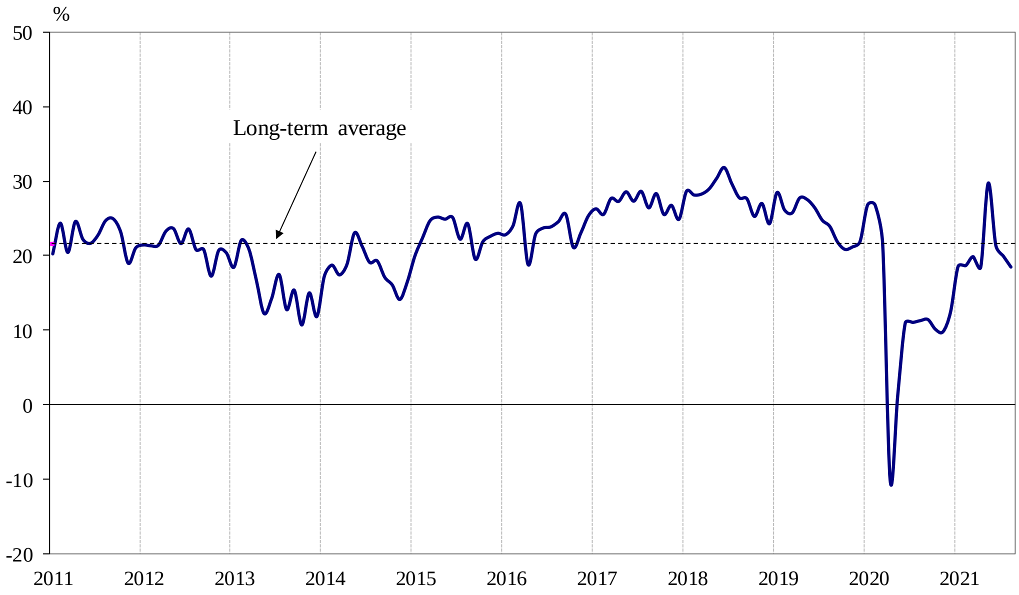
[1] Excl. trade.

## Annex

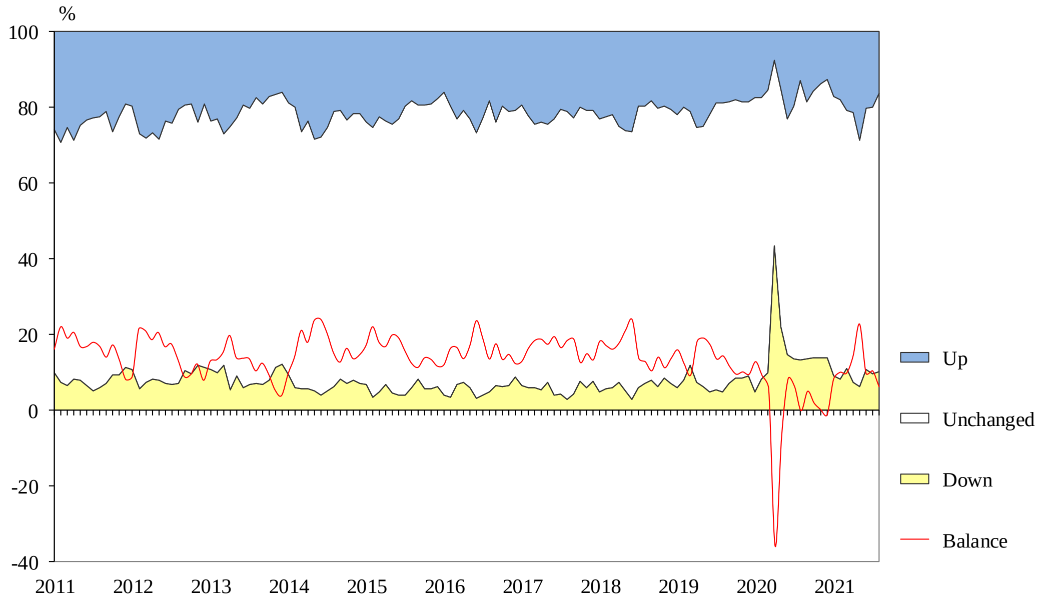
### Figure 1. Business climate - total




### 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)

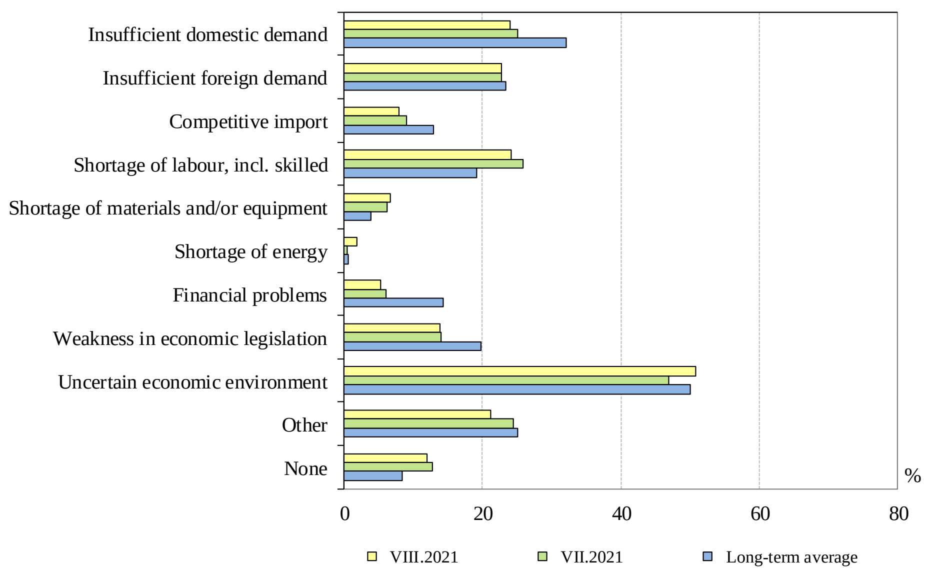


**Figure 5. Business climate in construction**

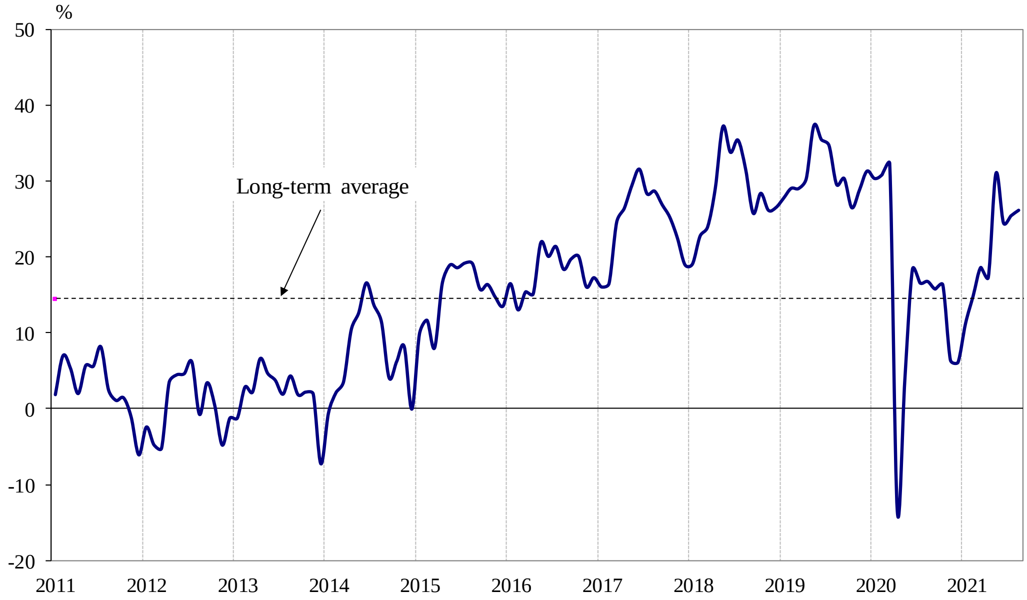



**Figure 6. Expected construction activity over the next 3 months**

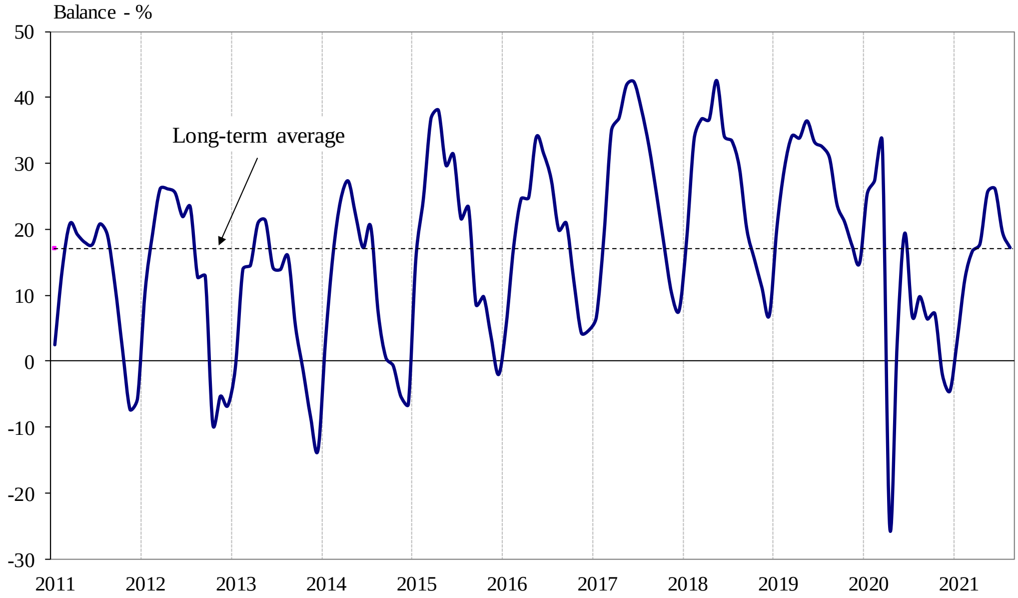


**Figure 7. Limits to construction activity**
**(Relative share of enterprises)**

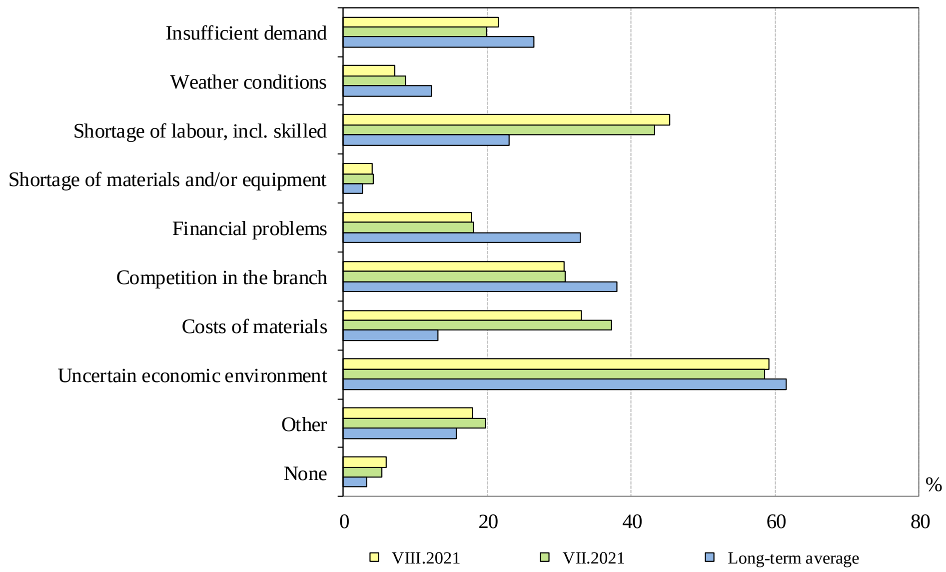



**Figure 8. Business climate in retail trade**

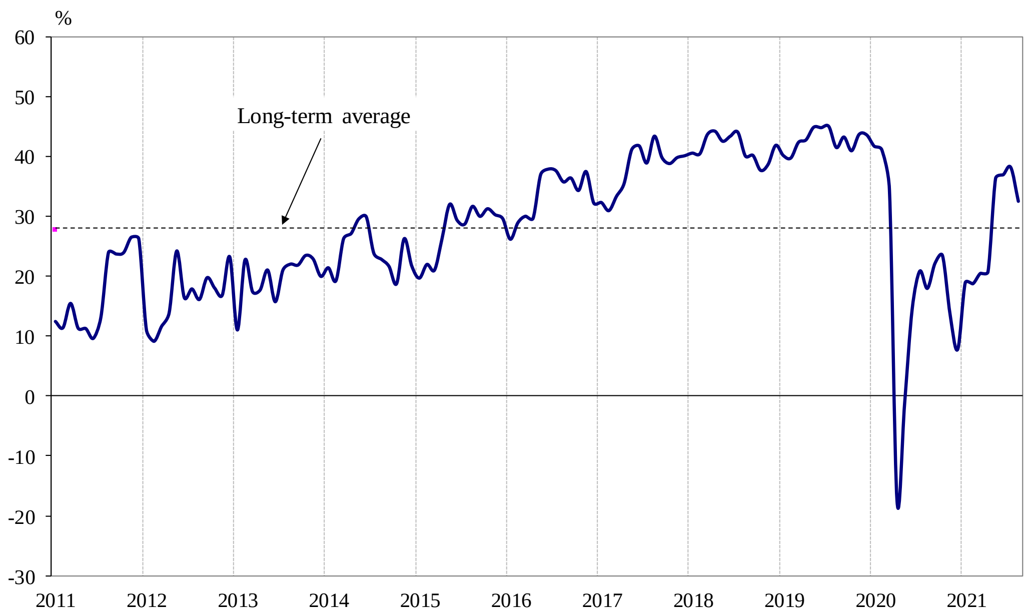


**Figure 9. Sales expectations in retail trade over the next 3 months**

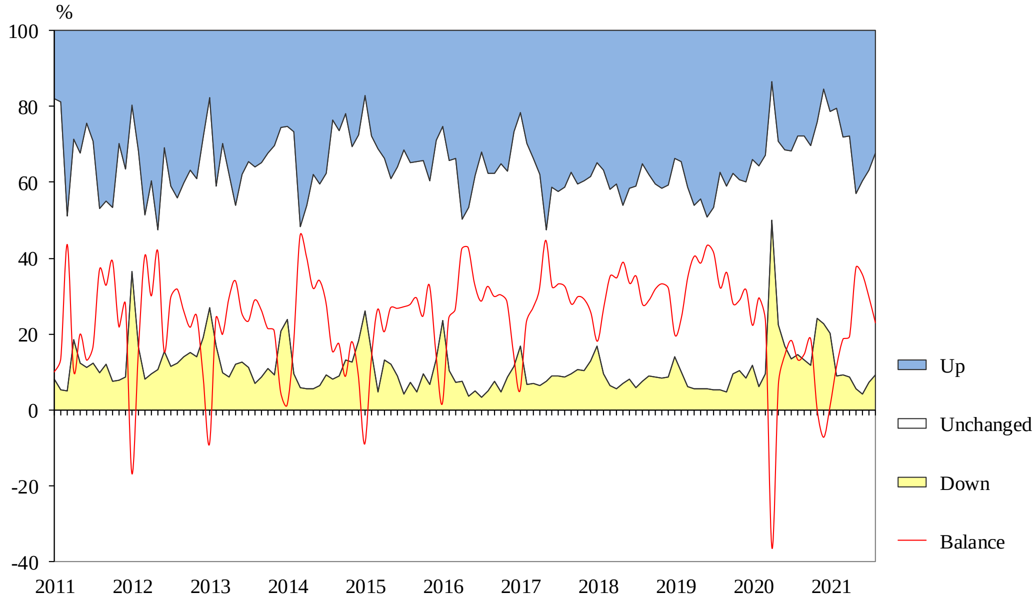



**Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

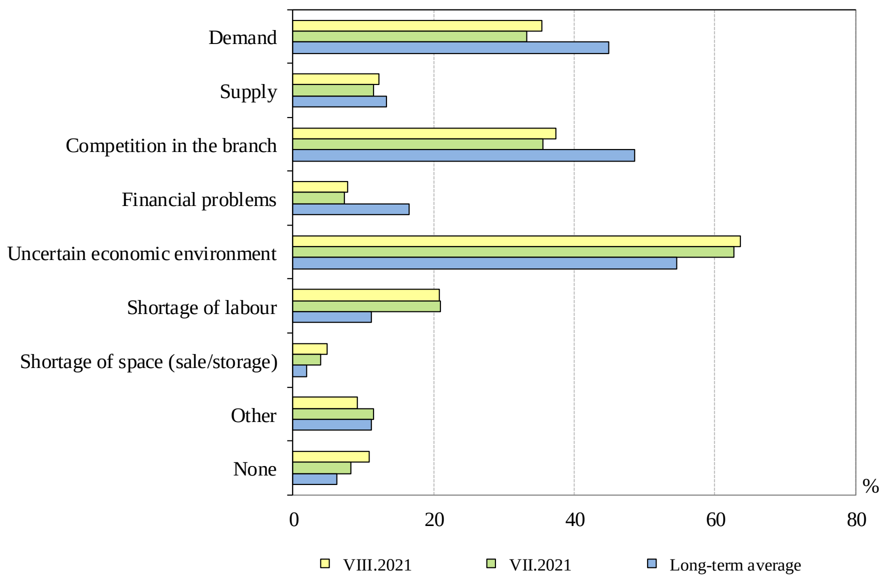


**Figure 11. Business climate in service sector**

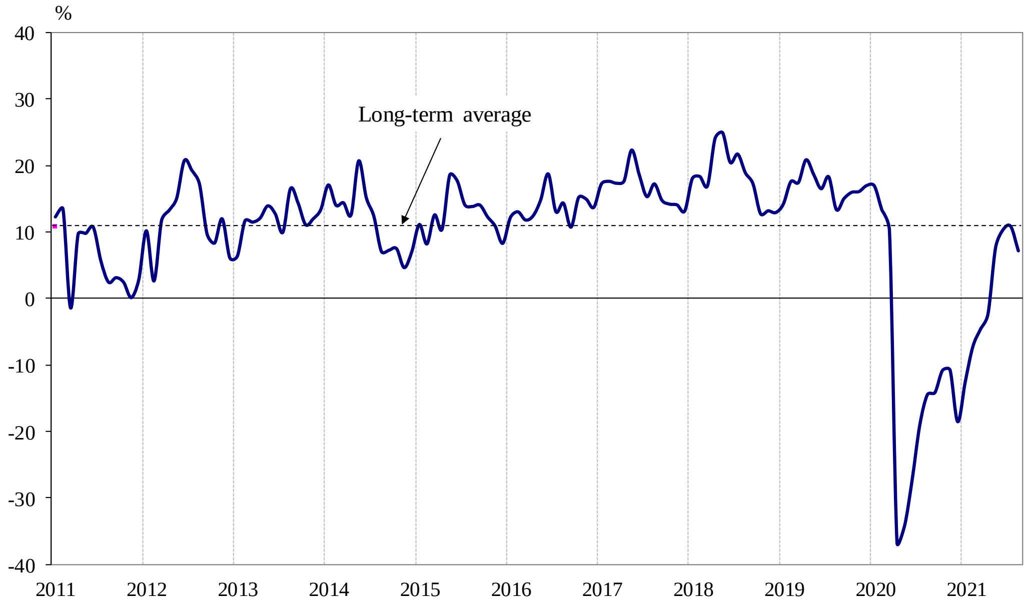



**Figure 12. Expected demand in service sector over the next 3 months**

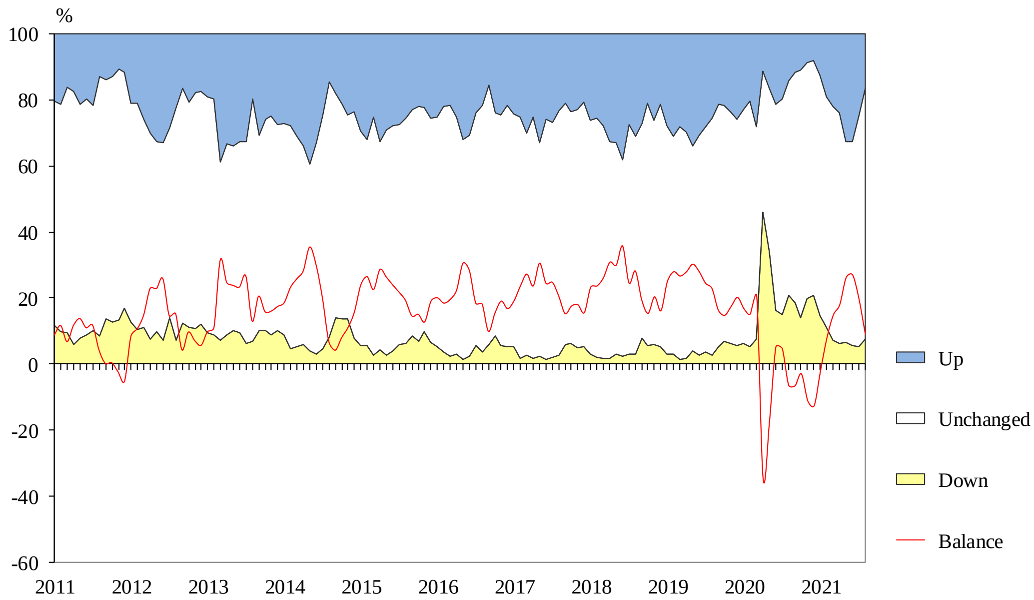


**Figure 13. Factors limiting the activity in service sector**
**(Relative share of enterprises)**