BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], OCTOBER 2022

In October 2022, **the total business climate indicator**[4] decreases by 1.7 percentage points compared to September (Annex, Figure 1), which is due to the unfavourable business climate in the industry, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' decreases by 1.3 percentage points (Annex, Figure 2) as a result of the moderate industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry reports a decrease in the orders inflow over the last 3 months, as the forecasts about the export (Annex, Figure 3) and production activity over the next 3 months are reserved. In October in comparison with July, the average capacity utilization decreases by 1.2 percentage points and it reaches 74.3%.

The most serious difficulties for the business development continue to be connected with the uncertain economic environment and shortage of labour pointed out respectively by 62.2% and 31.4% of the enterprises (Annex, Figure 4).

Construction. In October, the composite indicator 'business climate in construction' increases by 1.4 percentage points (Annex, Figure 5), which is due to the favourable construction entrepreneurs' assessments and expectations about the business situation of the enterprises. At the same time, certain improvement in their forecasts about the construction activity over the next 3 months is observed (Annex, Figure 6).

The main obstacle for the activity of the enterprises remains the uncertain economic environment, followed by costs of materials and shortage of labour (Annex, Figure 7).

Retail trade. The composite indicator 'business climate in retail trade' drops by 5.2 percentage points (Annex, Figure 8) as a result of the unfavourable retailers' assessments and expectations about the business situation of the enterprises. Their forecasts about the volume of sales (Annex, Figure 9) and the orders placed with suppliers over the next 3 months are also more reserved.

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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 to questions from the inquiries are presented in a three-option ordinal scale of the following type: 'up', 'unchanged', 'down' or 'above normal', 'normal', and '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, retail trade and service sector. The last indicator of the business climate in the service sector has been included in the total time series since May 2002.

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The most serious problems for the business development continue to be connected with the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 10).

Service sector[1]. In October, the composite indicator 'business climate in service sector' decreases by 2.3 percentage points (Annex, Figure 11), which is due to the worsened managers' assessments about the present business situation of the enterprises. Their opinions about the present demand for services are also reserved, while their expectations over the next 3 months are improved (Annex, Figure 12).

The factor, limiting with the most extend the enterprises' activity remains the uncertain economic environment. In second and third place are the competition in the branch and shortage of labour (Annex, Figure 13).

1 Excl. trade.

Annex

Figure 1. Business climate - total

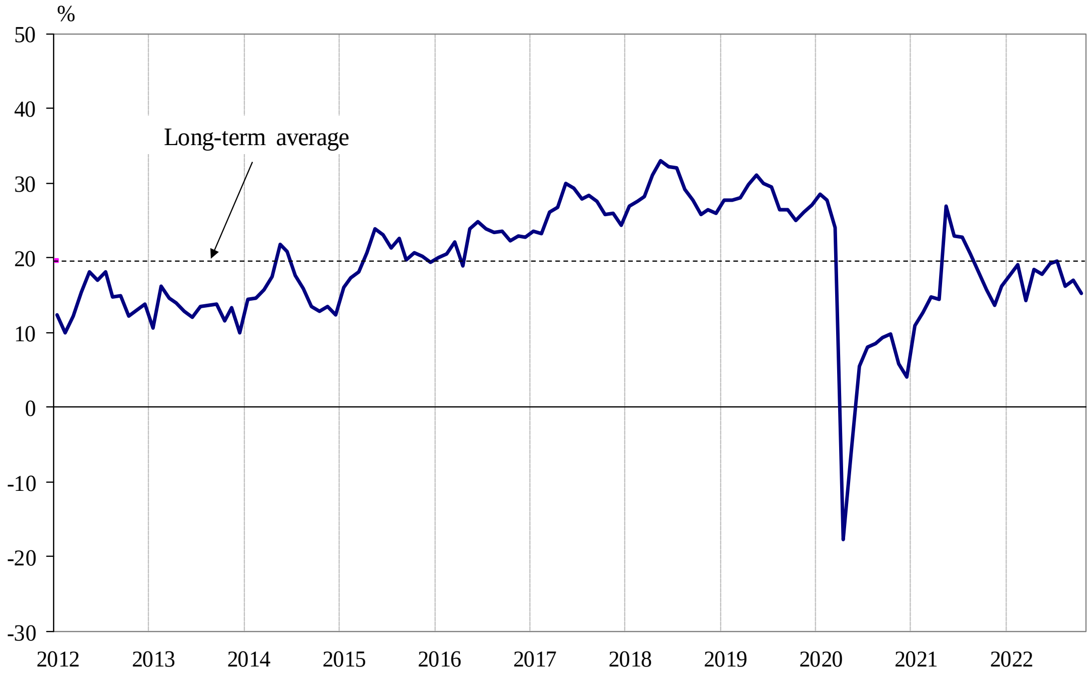

Figure 2. Business climate in industry

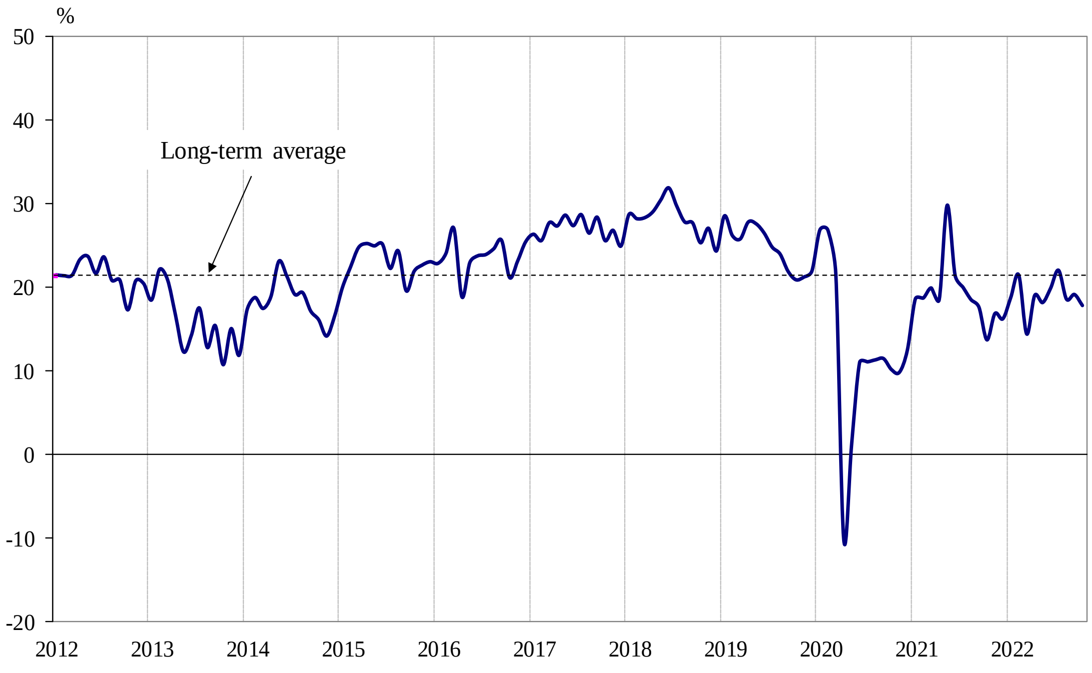

Figure 3. Export expectations in industry over the next 3 months

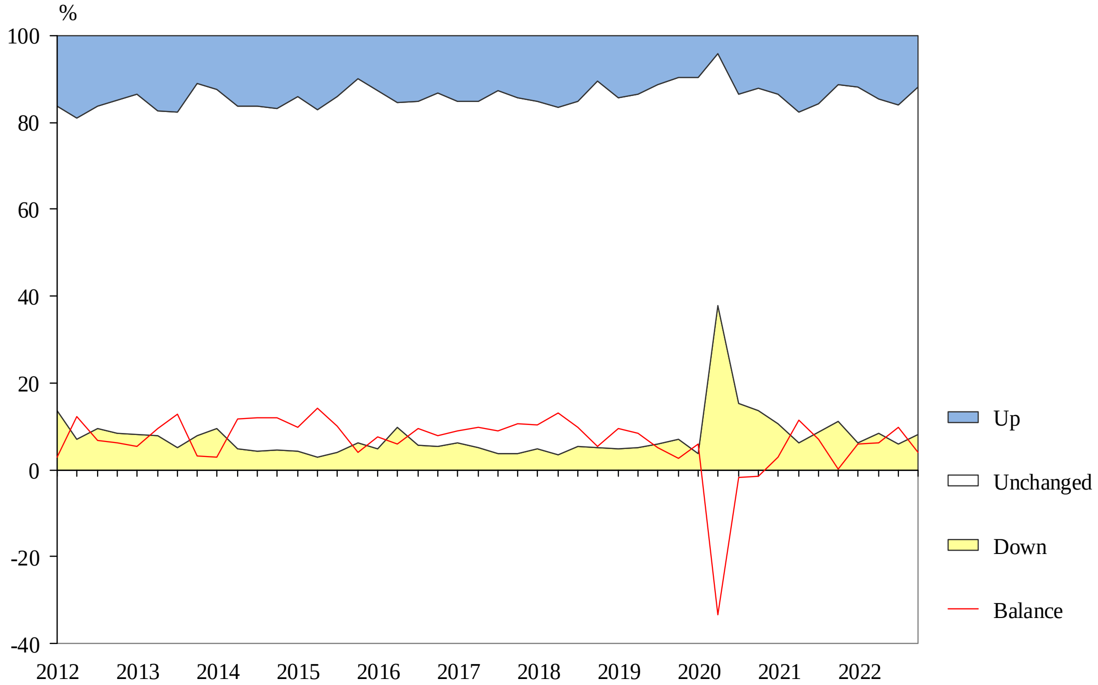

Figure 4. Limits to production in industry (Relative share of enterprises)

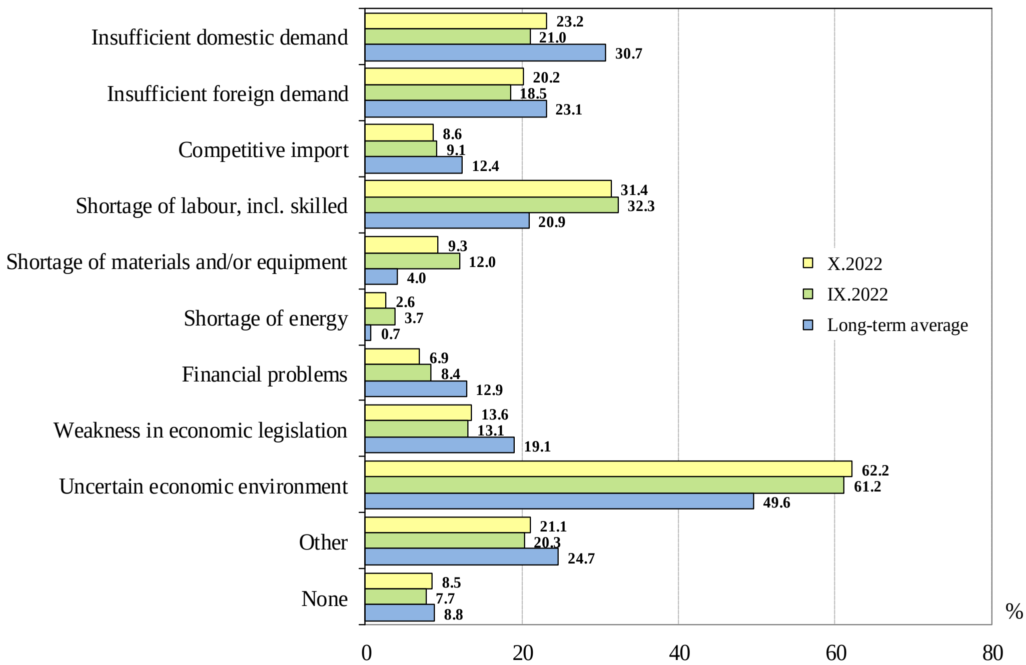

Figure 5. Business climate in construction

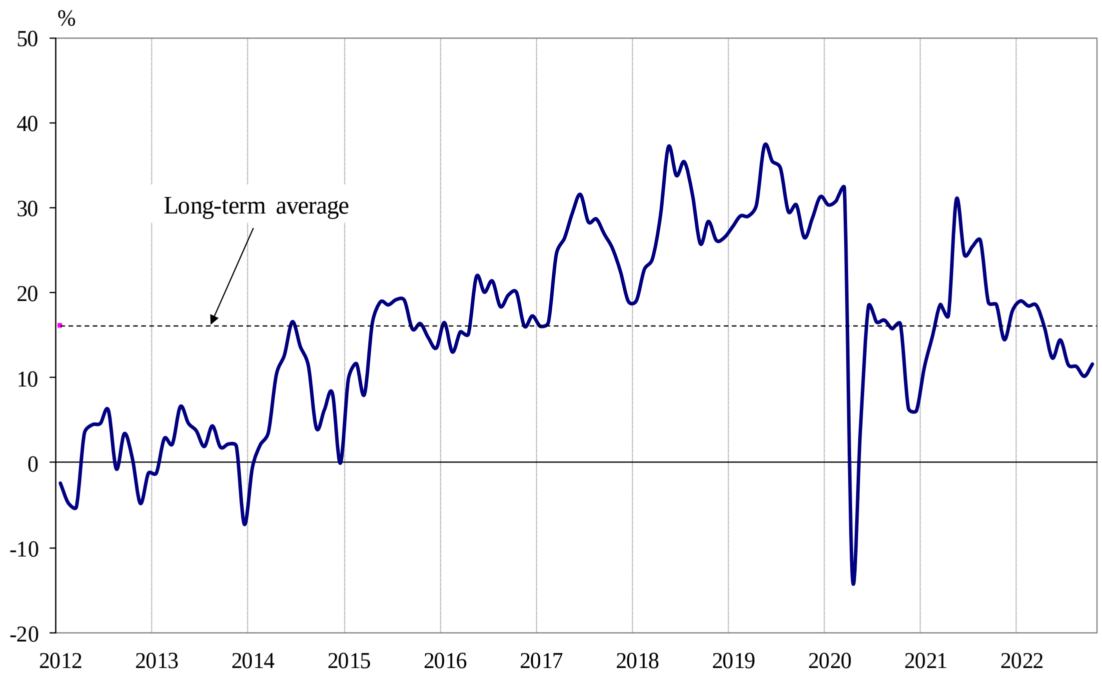

Figure 6. Expected construction activity over the next 3 months

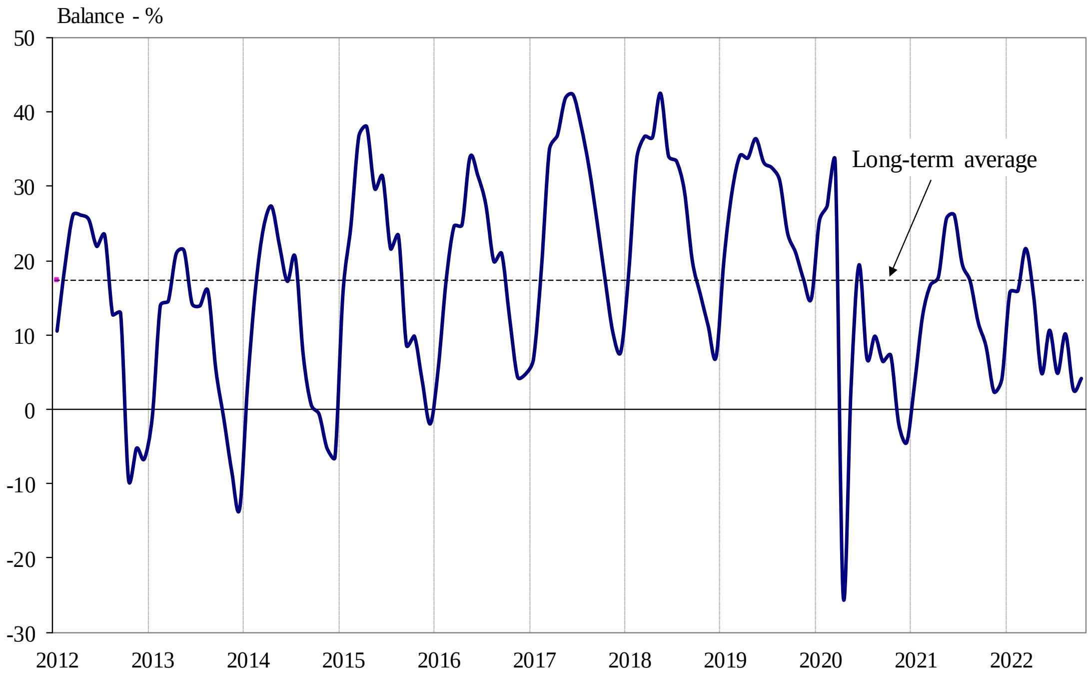

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Figure 7. Limits to construction activity (Relative share of enterprises)

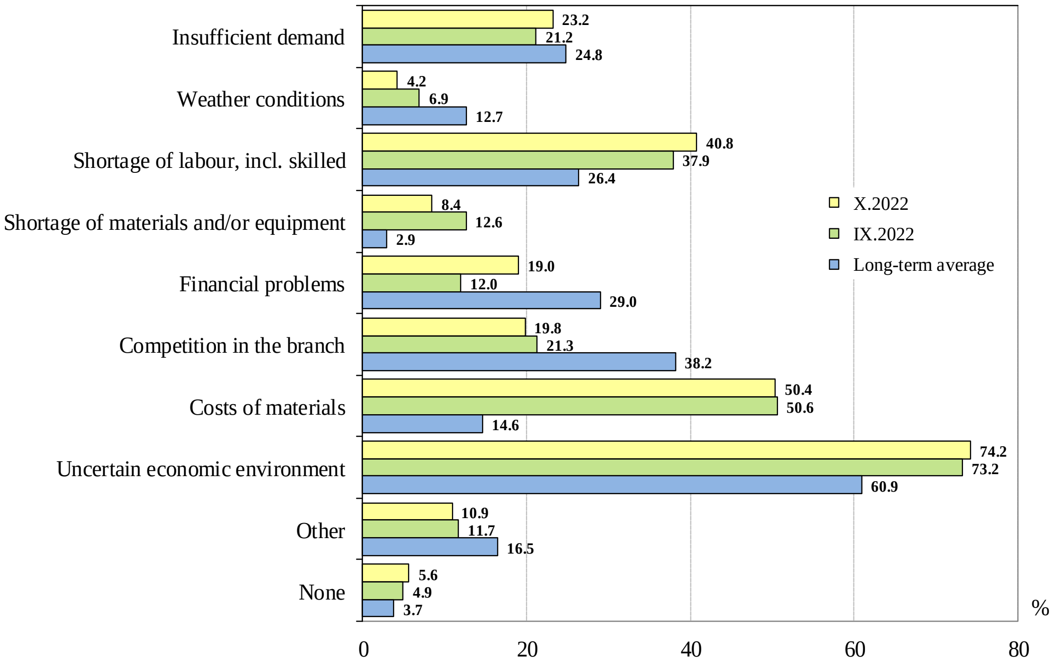

Figure 8. Business climate in retail trade

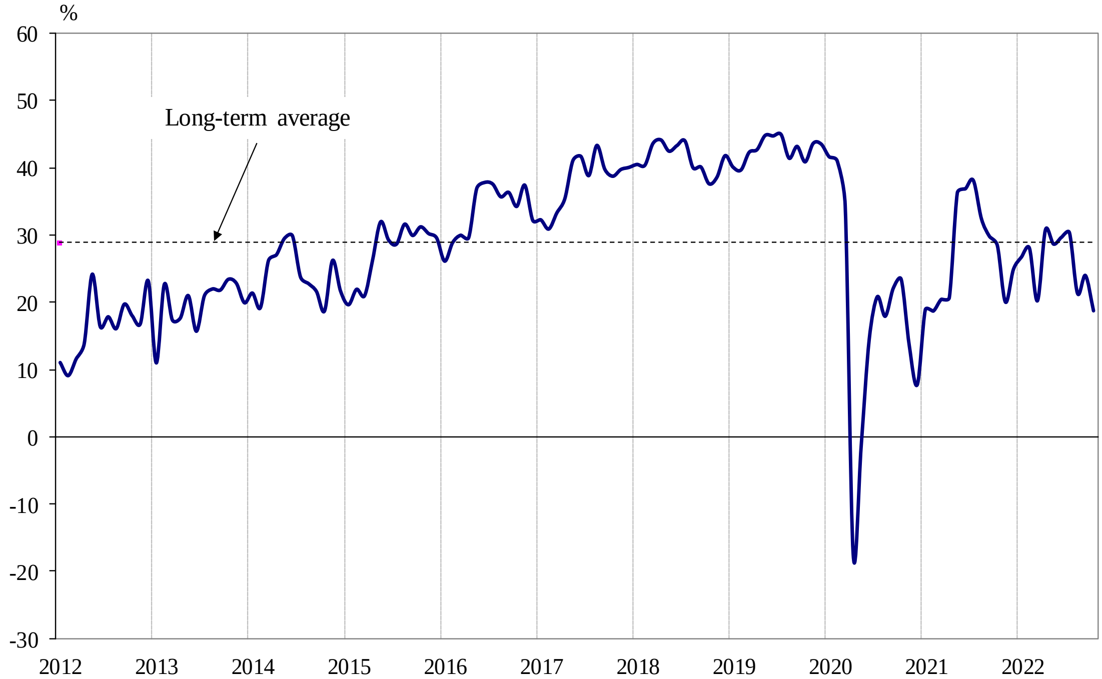

Figure 9. Sales expectations in retail trade over the next 3 months

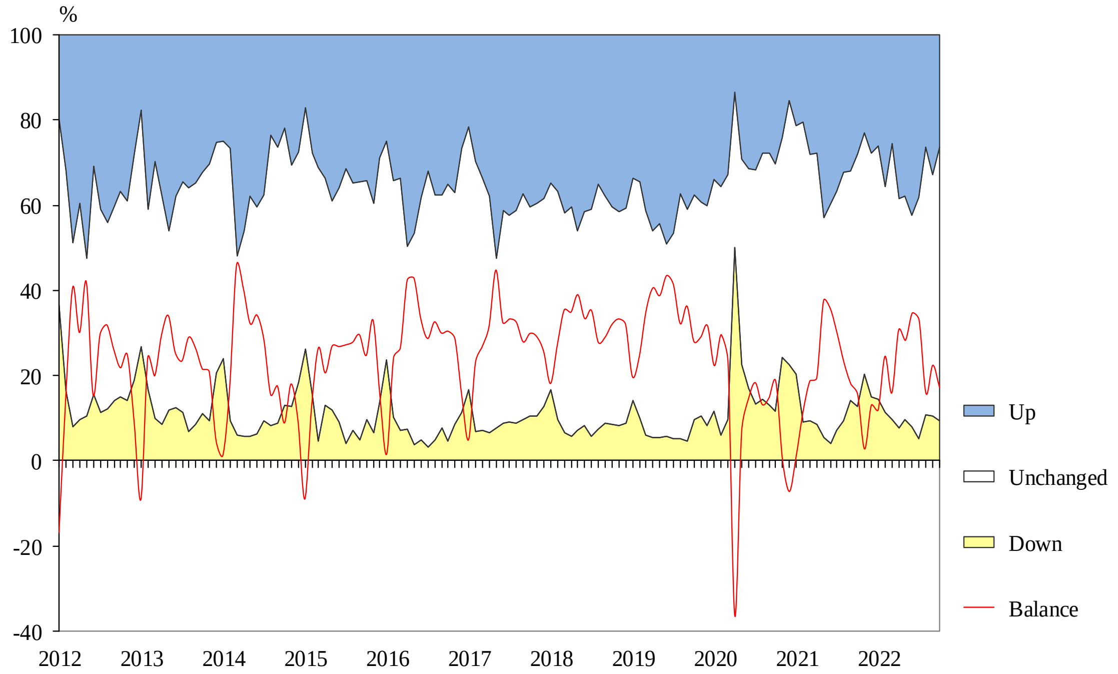

Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

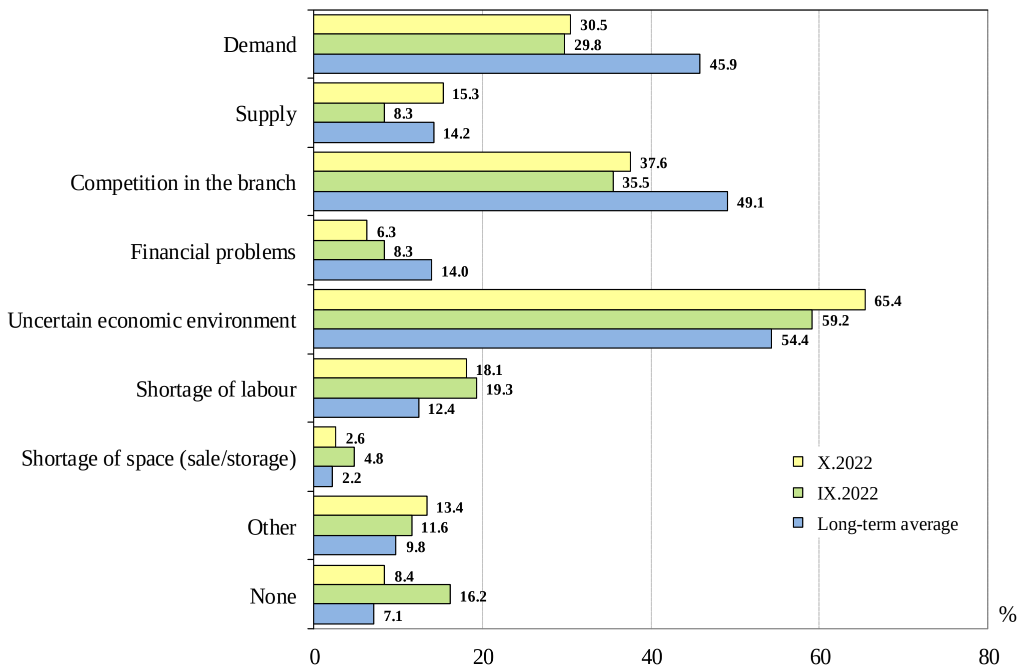

Figure 11. Business climate in service sector

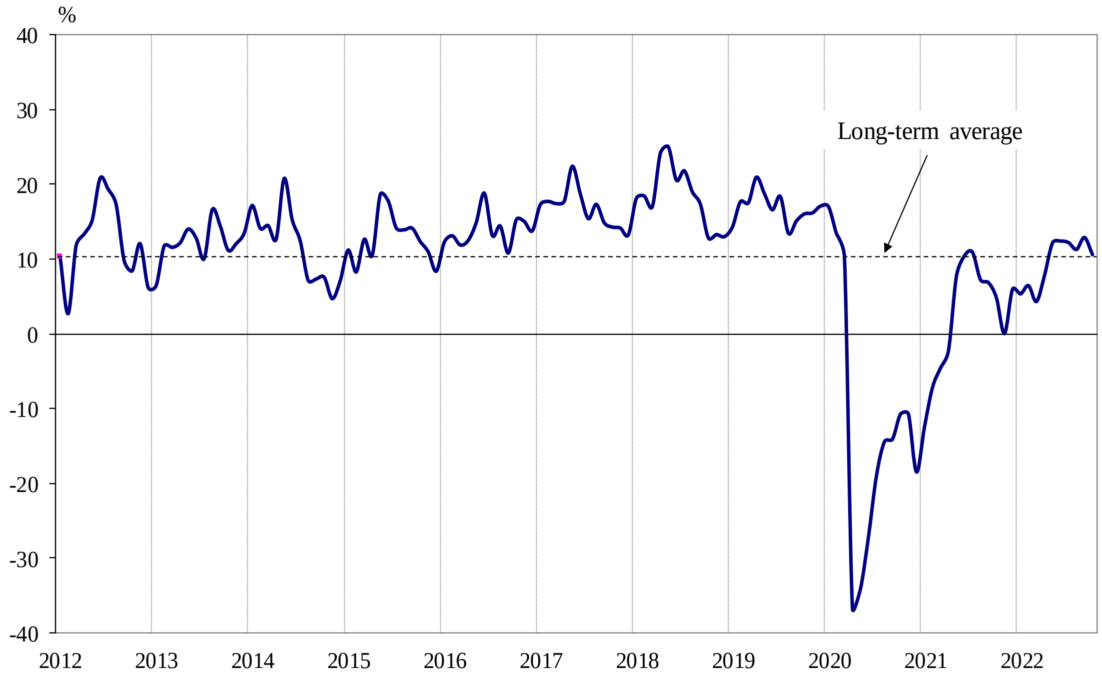

Figure 12. Expected demand in service sector over the next 3 months

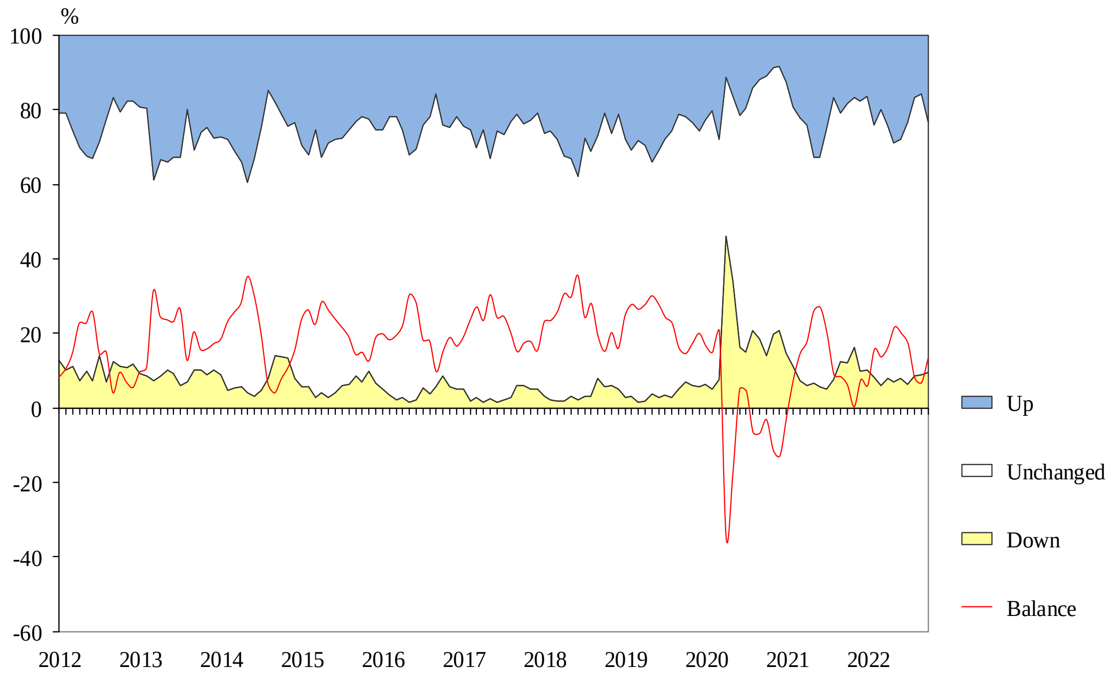

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**Figure 13. Factors limiting the activity in service sector
(Relative share of enterprises)**