BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS, JUNE 2023

In June 2023, **the total business climate indicator** preserves approximately its level from the previous month (Annex, Figure 1 and Table 1) as an improvement is registered only in the retail trade.

Industry. The composite indicator 'business climate in industry' remains its May level (Annex, Figure 2 and Table 2). According to the industrial entrepreneurs there is certain decrease of the production assurance with orders (Annex, Figure 3), which is accompanied by more unfavourable expectations about the activity of the enterprises over the next 3 months.

The main difficulties for the enterprises continue to be connected with the uncertain economic environment and shortage of labour, as in the last month a decrease of the negative impact of the first factor is observed (Annex, Figure 4).

As regards the selling prices in the industry, the managers' forecasts are for slight increase, although the prevailing part of them foresee them to preserve their level over the next 3 months (Annex, Figure 5).

Construction. In June, the composite indicator 'business climate in construction' decreases by 2.3 percentage points (Annex, Figure 6 and Table 3), which is due of the unfavourable construction entrepreneurs' assessments and expectations about the business situation of the enterprises. Their opinions about the present and expected construction activity are reserved (Annex, Figure 7).

The main problem for the activity in the sector remains the uncertain economic environment pointed out by 66.3% of the enterprises. In the second and third place are the costs of materials and shortage of labour (Annex, Figure 8).

The majority of the managers expect the selling prices in construction to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' increases by 2.4 percentage points (Annex, Figure 10 and Table 4) as a result of the optimistic retailers' assessments about the present business situation of the enterprises (Annex, Figure 11). Their expectations about the orders placed with suppliers (from both domestic and foreign market) over the next 3 months are positive.

The main factors, limiting the business development continue to be connected with the uncertain economic environment, competition in the branch and shortage of labour, although the inquiry registers a decrease of their negative influence (Annex, Figure 12).

As regards the selling prices, the retailers' forecasts are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector[1]. In June, the composite indicator 'business climate in service sector' decreases by 1.6 percentage points (Annex, Figure 14 and Table 5), which is due of the negative managers' assessments and expectations about the business situation of the enterprises. However, their opinions about the present and expected demand for services are improved (Annex, Figure 15).

[1] Excl. trade.

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The uncertain economic environment and competition in the branch remain the main obstacles for the activity in the sector, pointed out respectively by 55.7% and 33.6% of the enterprises (Annex, Figure 16).

Concerning the selling prices, the managers expect them to remain unchanged over the next 3 months (Annex, Figure 17).

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Methodological notes

The business surveys in industry, construction, retail trade and service sector gather information about the entrepreneurs' opinions about the situation and development of their business.

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.

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.

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.

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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Annex

Figure 1. Business climate - total

Figure 2. Business climate in industry

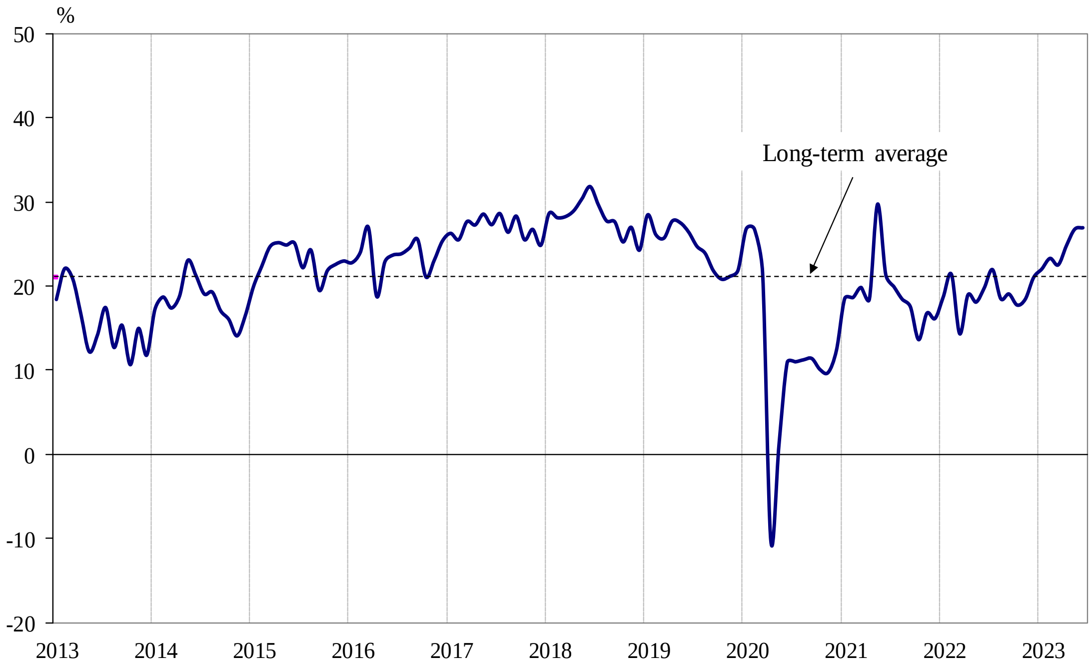

Figure 3. Production assurance with orders in industry

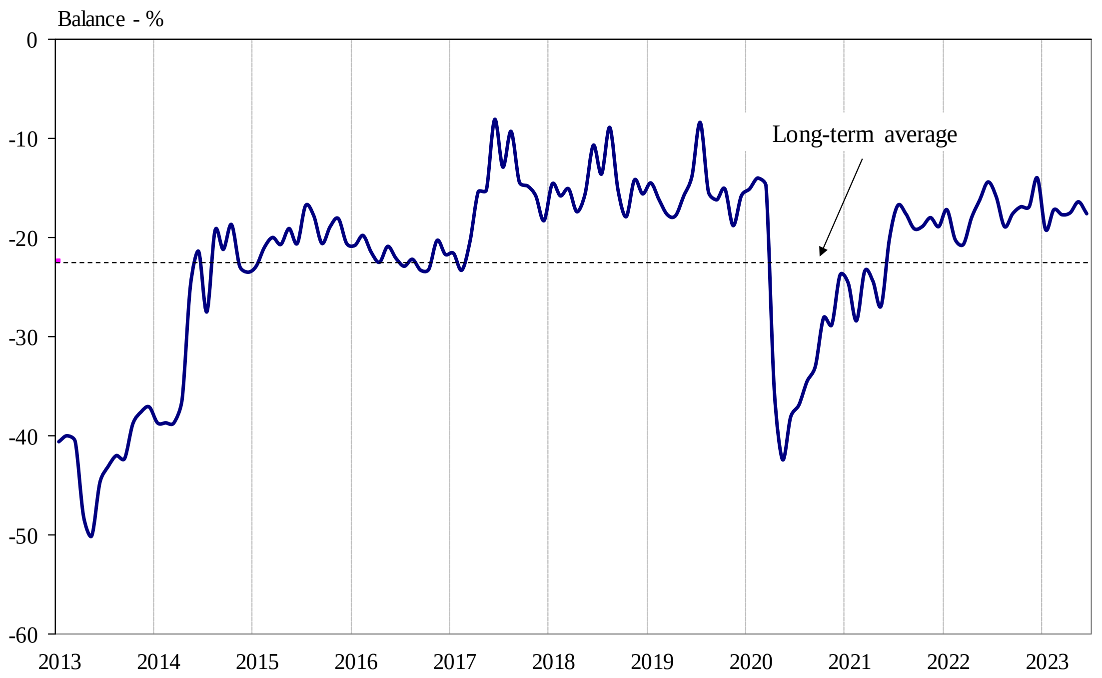

Figure 4. Limits to production in industry
(Relative share of enterprises)

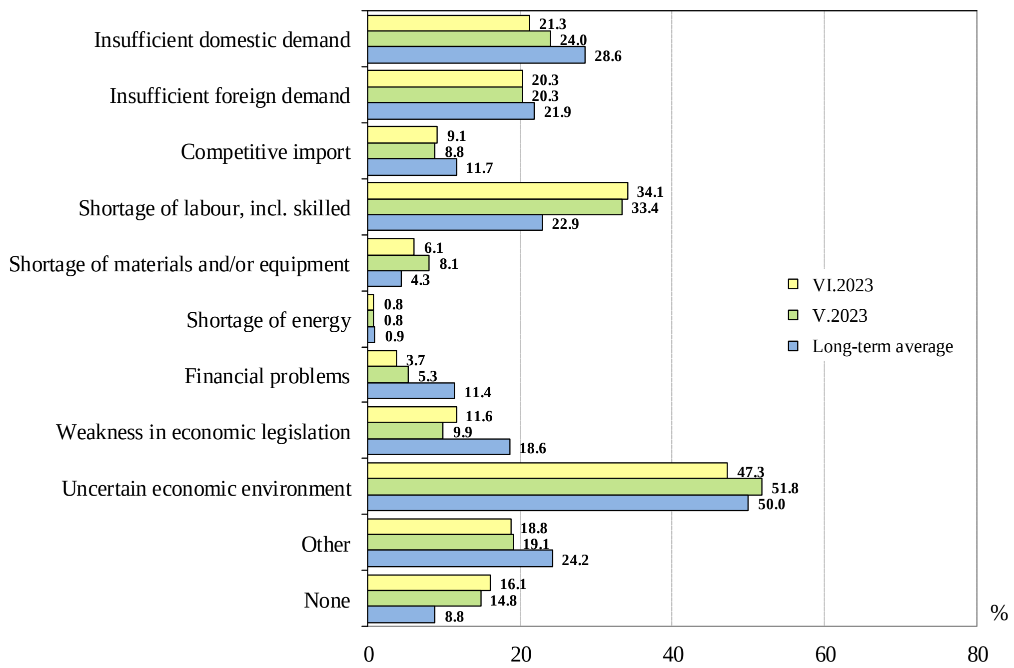

Figure 5. Selling prices expectations in industry over the next 3 months

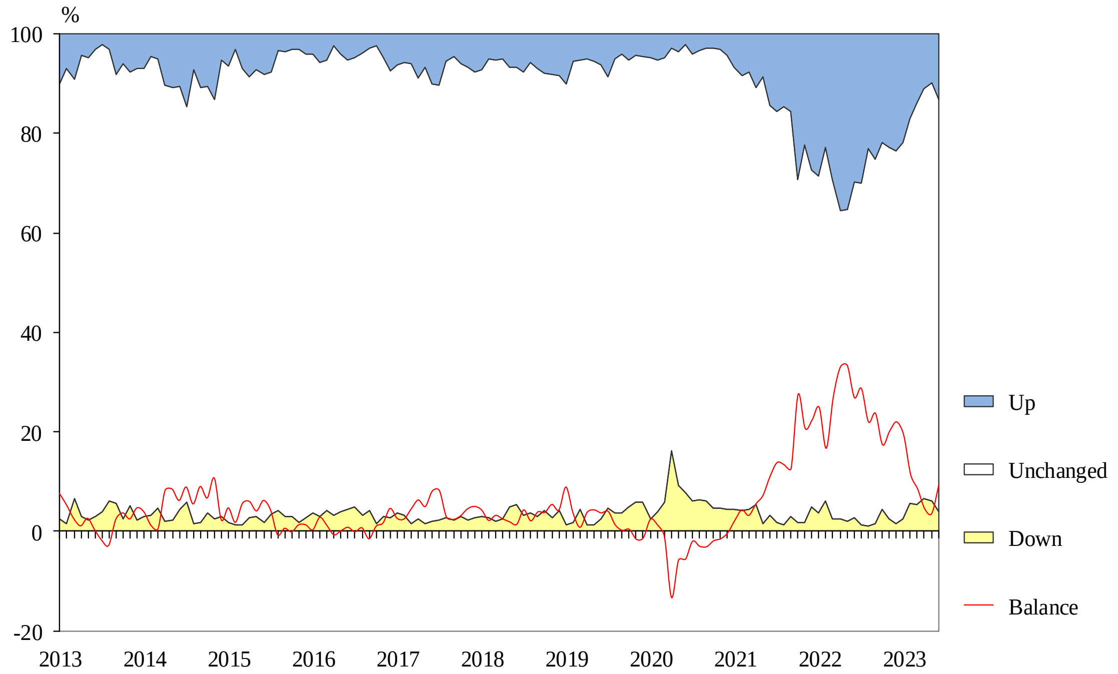

Figure 6. Business climate in construction

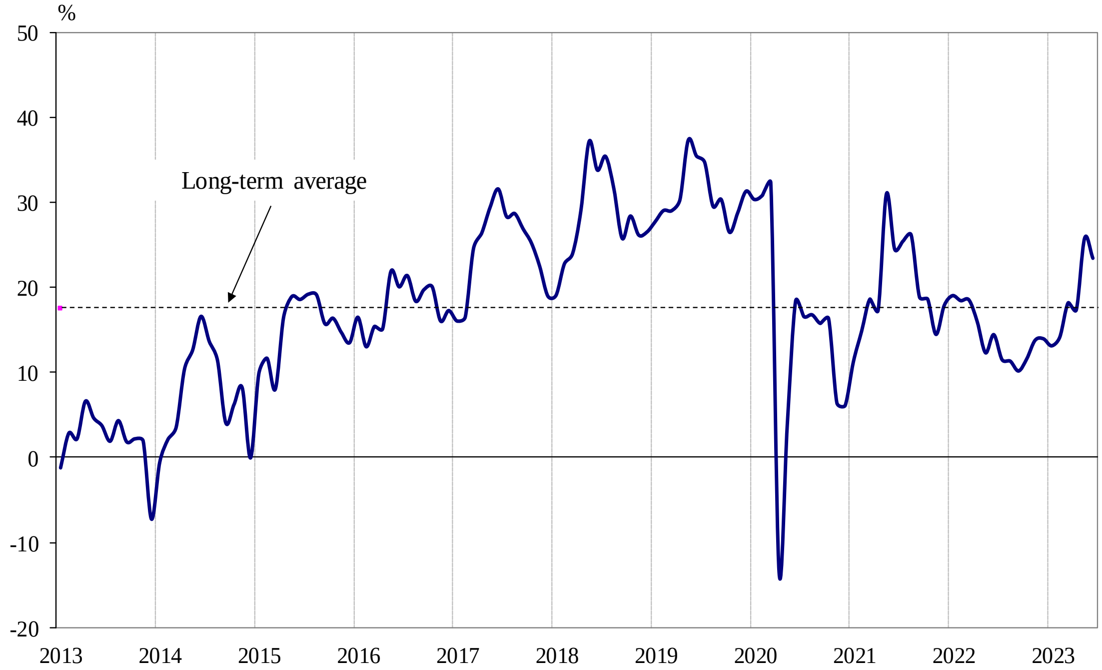

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Figure 7. Expected construction activity over the next 3 months

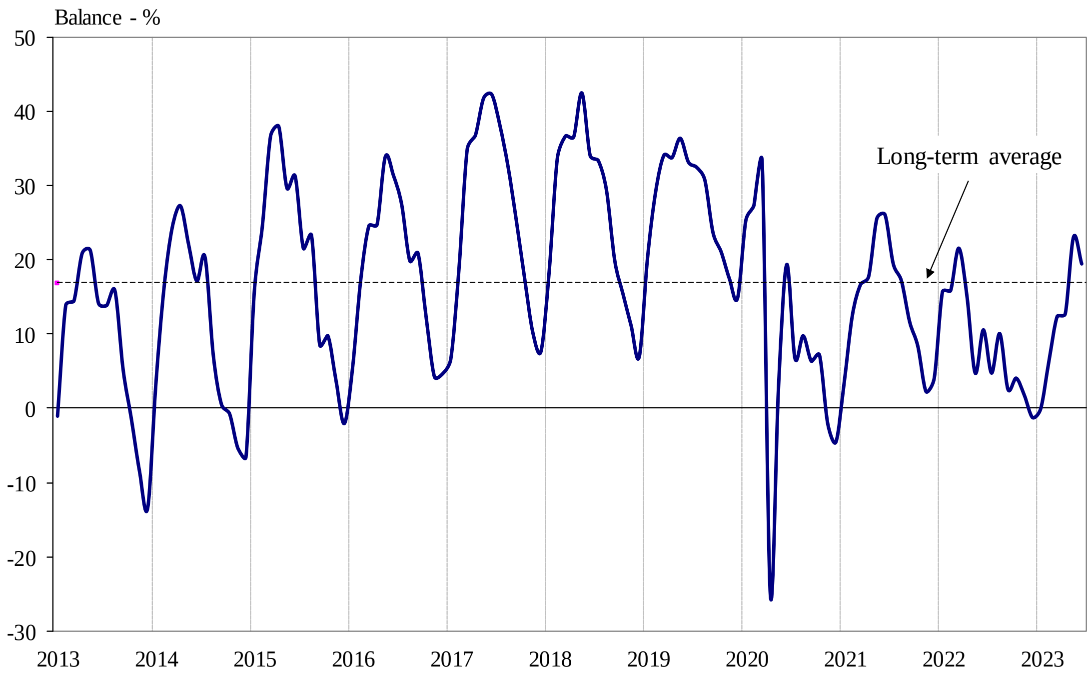

Figure 8. Limits to construction activity (Relative share of enterprises)

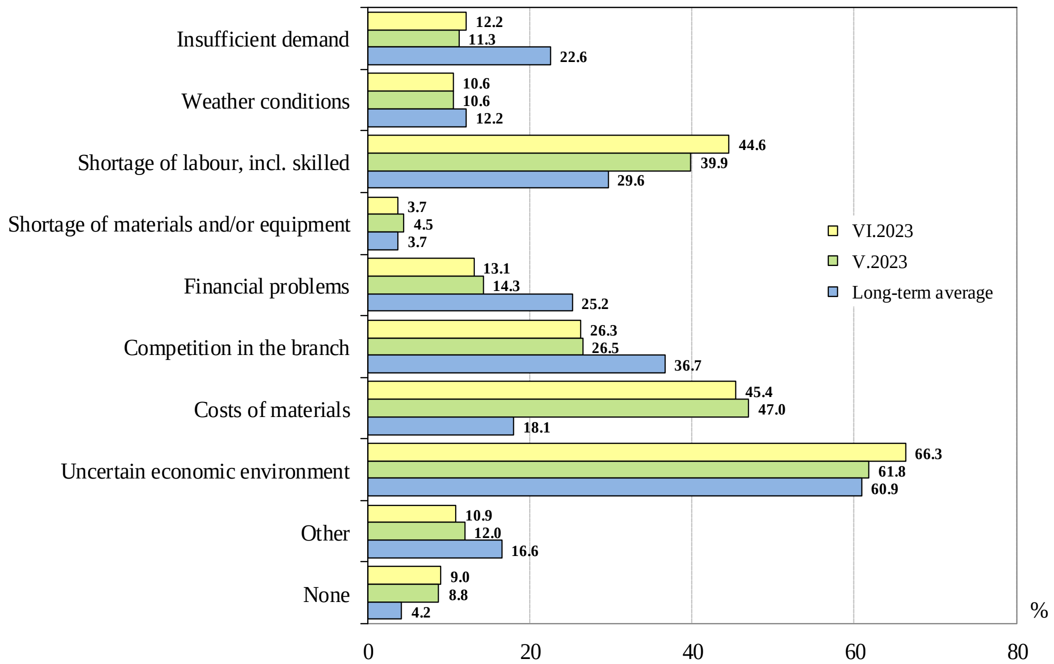

Figure 9. Selling prices expectations in construction over the next 3 months

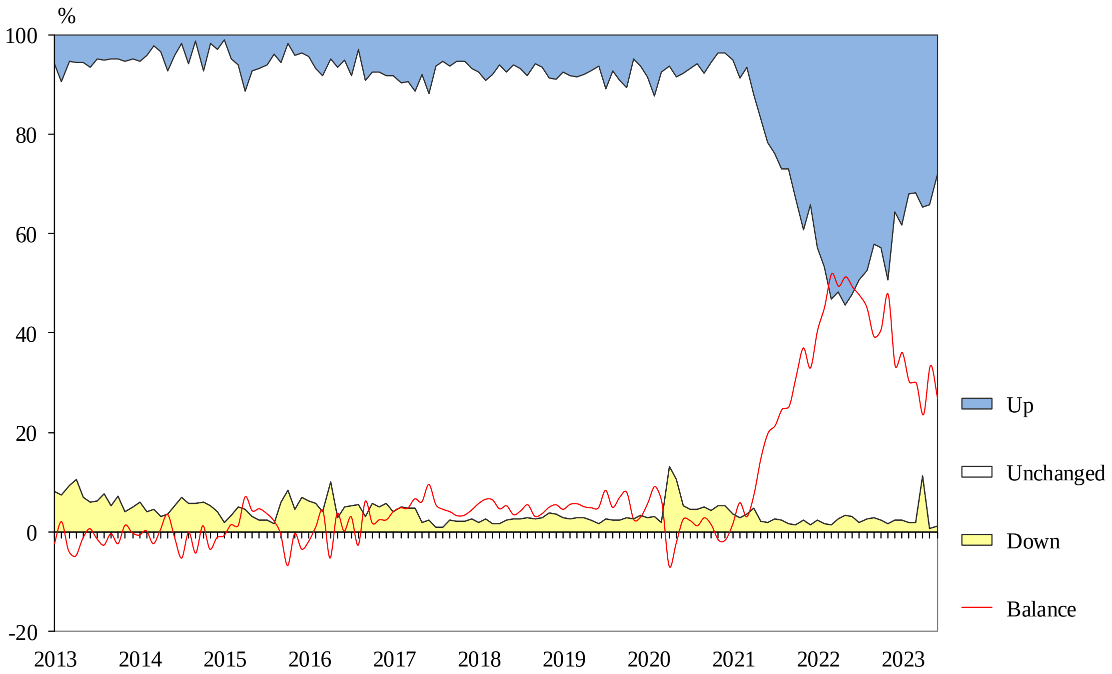

Figure 10. Business climate in retail trade

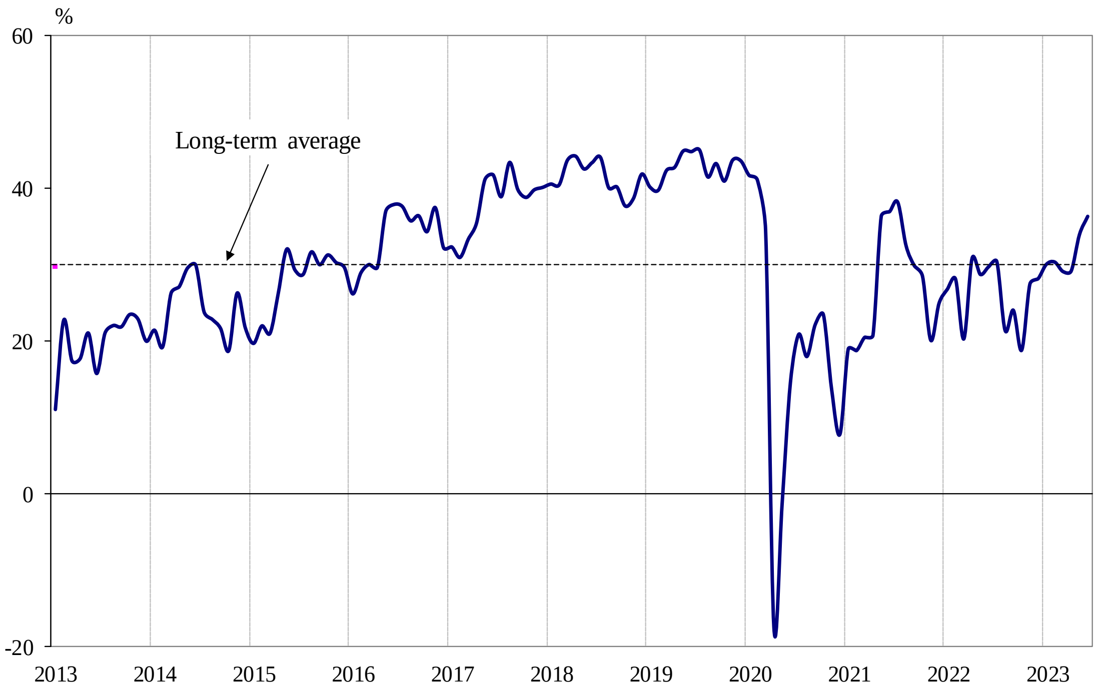

Figure 11. Present business situation in retail trade

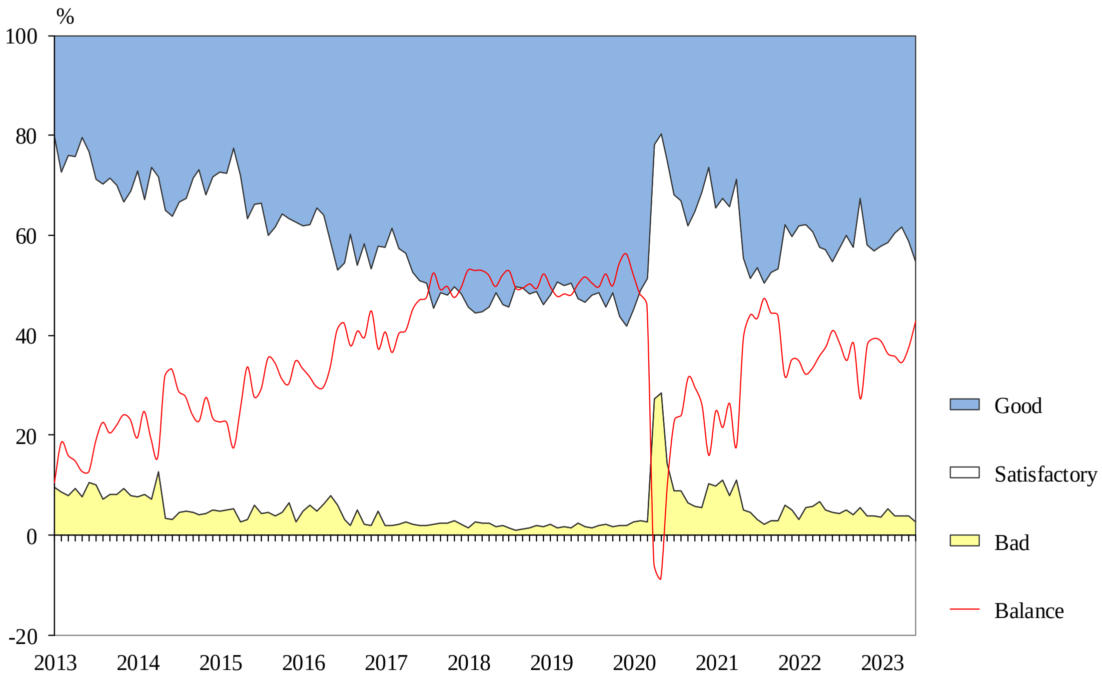

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

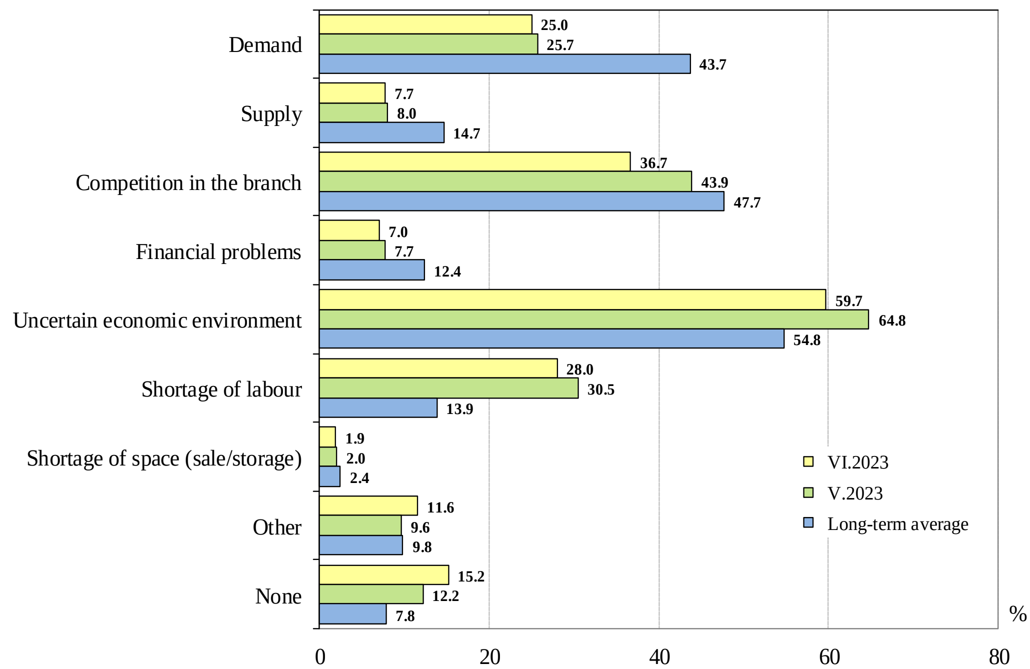

Figure 13. Selling prices expectations in retail trade over the next 3 months

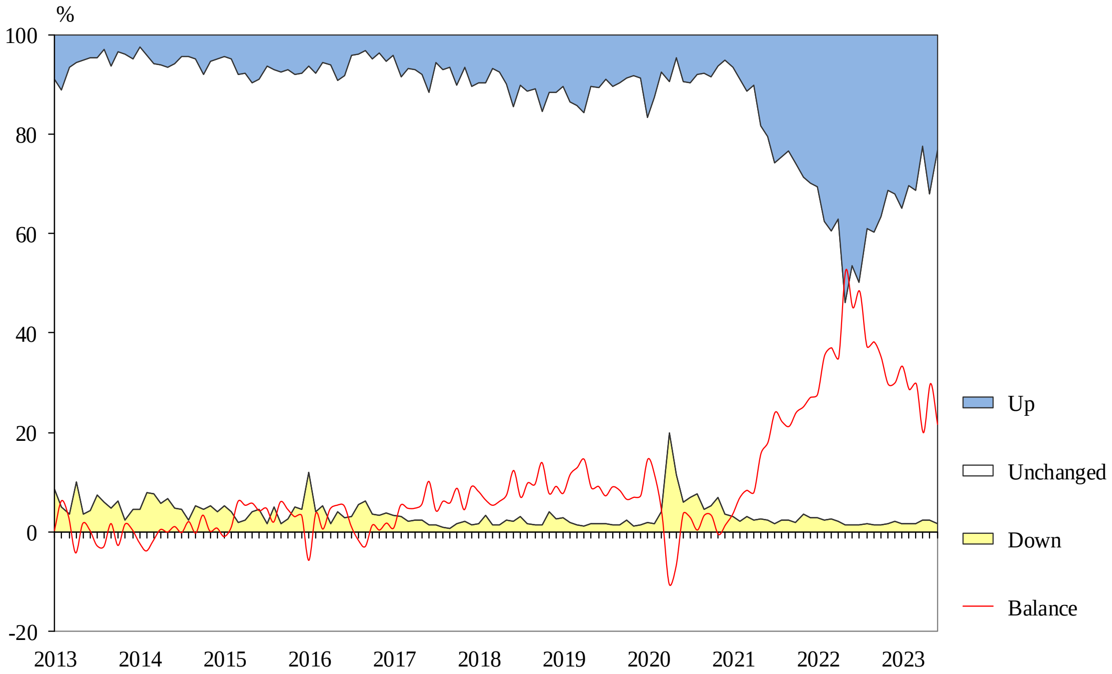

Figure 14. Business climate in service sector

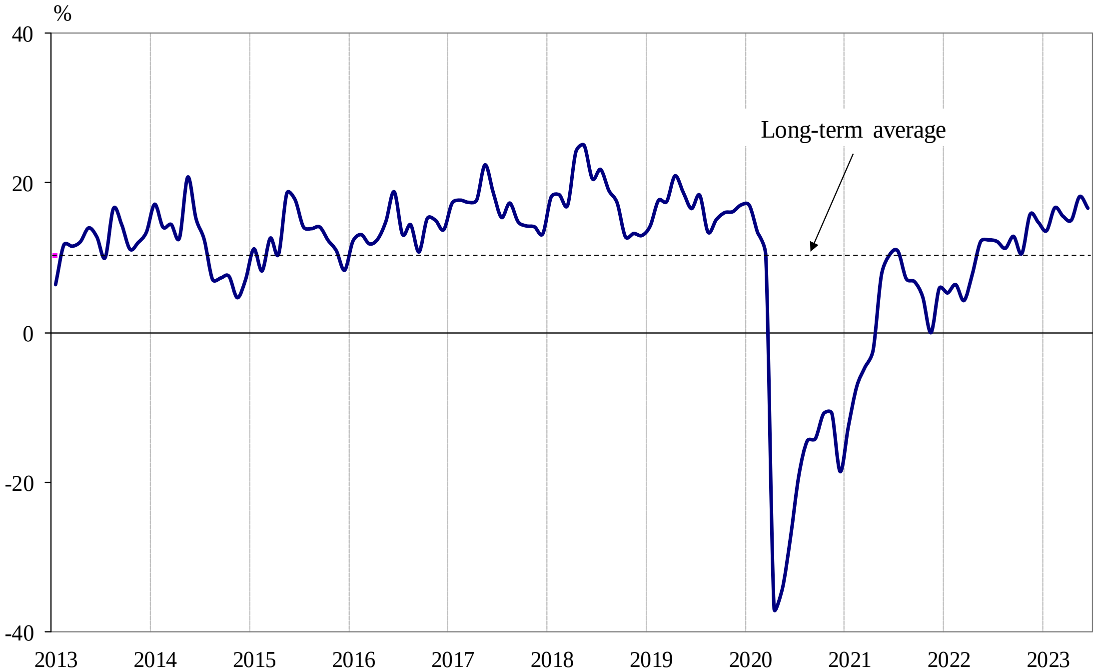

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Figure 15. Expected demand in service sector over the next 3 months

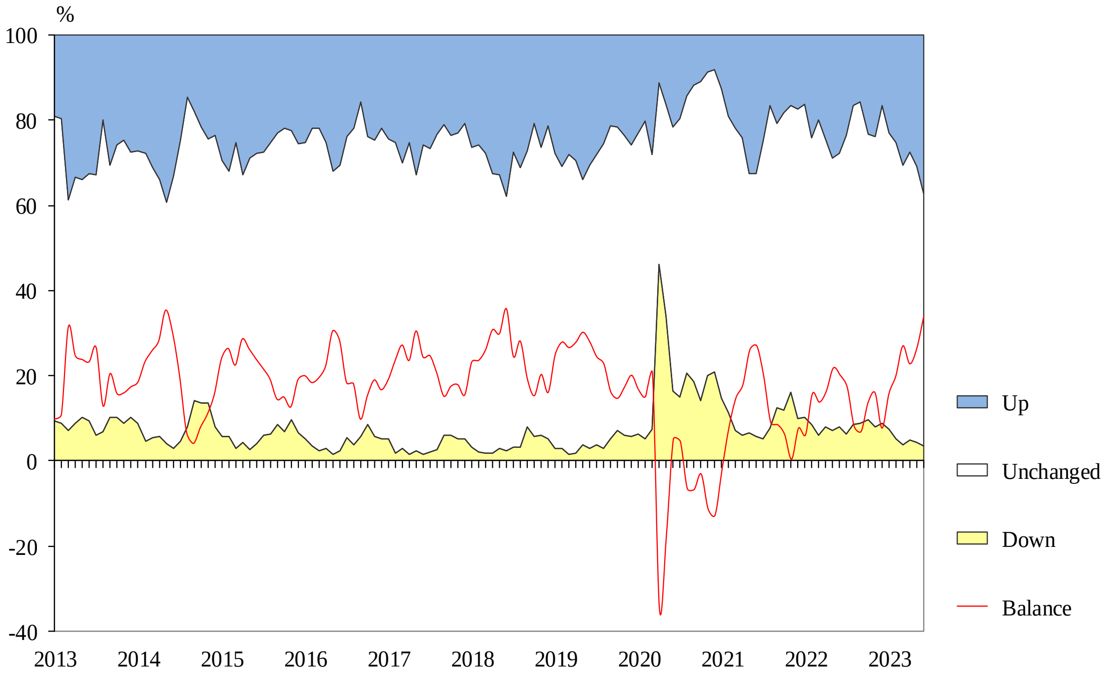

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

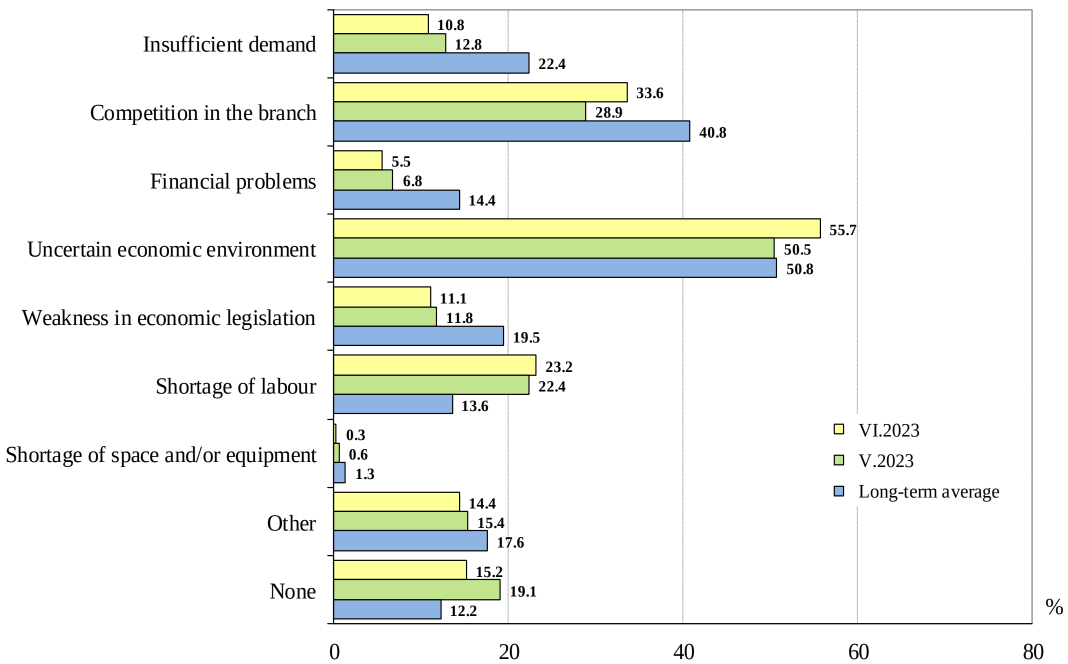

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Figure 17. Selling prices expectations in service sector over the next 3 months

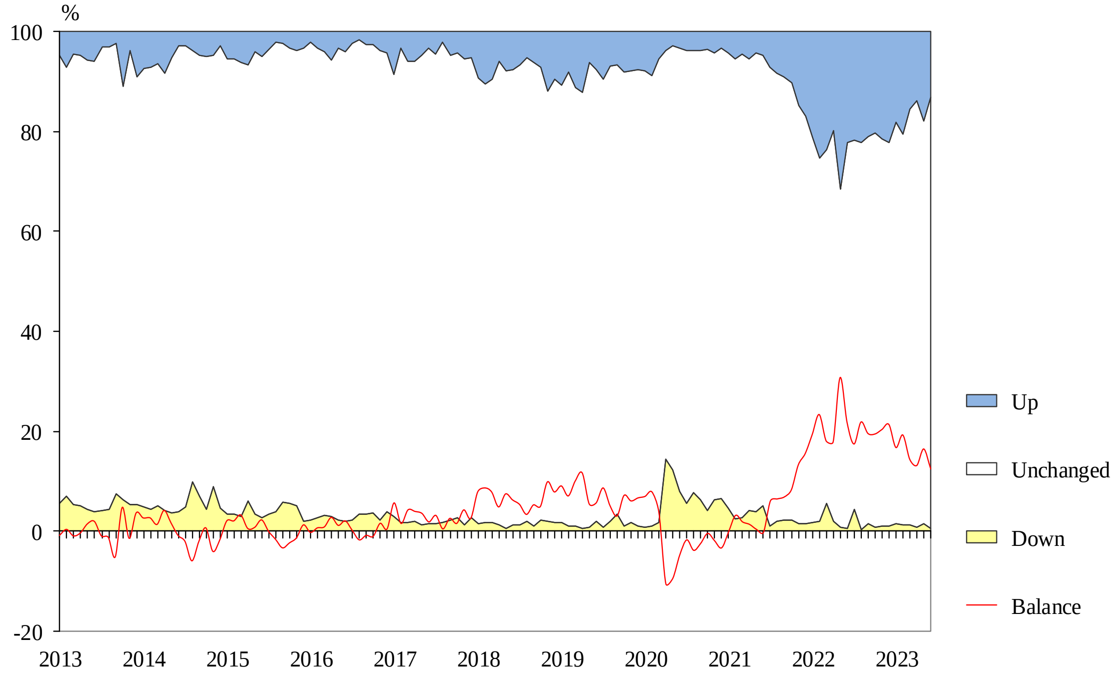

Table 1

Total business climate indicator

Indicator	Unit	May 2023	June 2023
Total business climate indicator	%	26.2	26.0

Table 2

Business survey in industry

Indicators	Units	May 2023	June 2023
Business climate in industry	%	26.7	26.9
Present business situation	balance	41.0	36.5
Present production activity	balance	-1.1	-0.4
Level of orders	balance	-16.4	-17.6
Level of export orders	balance	-21.9	-22.6
Level of stocks of finished goods	balance	-3.2	-1.3
Expected business situation over the next 6 months	balance	13.9	18.0
Expected production activity over the next 3 months	balance	16.2	13.9
Selling prices expectations over the next 3 months	balance	3.6	9.3
Employment expectations over the next 3 months	balance	8.6	6.6

Table 3

Business survey in construction

Indicators	Units	May 2023	June 2023
Business climate in construction	%	25.7	23.4
Present business situation	balance	25.5	24.1
Present construction activity	balance	2.1	0.0
Level of orders	balance	-17.5	-15.8
Number of clients with delay in payments over the last months	balance	11.4	13.8
Expected business situation over the next 6 months	balance	26.0	22.7
Expected construction activity over the next 3 months	balance	23.1	19.5
Selling prices expectations over the next 3 months	balance	33.4	26.8
Employment expectations over the next 3 months	balance	17.1	13.6

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Table 4

Business survey in retail trade

Indicators	Units	May 2023	June 2023
Business climate in retail trade	%	33.8	36.2
Present business situation	balance	37.6	42.8
Volume of sales over the last 3 months	balance	21.2	16.9
Competition in the branch over the last 3 months	balance	11.7	10.9
Level of stocks	balance	2.8	3.5
Present tendency in selling prices	balance	37.3	28.9
Expected business situation over the next 6 months	balance	30.2	30.0
Expectations about the orders placed with suppliers over the next 3 months	balance	24.6	24.8
Sales expectations over the next 3 months	balance	35.7	31.2
Selling prices expectations over the next 3 months	balance	29.8	21.6
Employment expectations over the next 3 months	balance	16.7	17.3

Table 5

Business survey in service sector

Indicators	Units	May 2023	June 2023
Business climate in service sector	%	18.2	16.6
Present business situation	balance	10.1	8.0
Expected business situation over the next 6 months	balance	26.8	25.9
Present demand for services	balance	10.3	12.6
Expectations about the demand for services over the next 3 months	balance	26.4	33.9
Employment assessment over the last 3 months	balance	11.7	17.0
Employment expectations over the next 3 months	balance	18.2	19.6
Selling prices expectations over the next 3 months	balance	16.4	12.4