

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, JULY 2023

In July 2023, the **total business climate indicator** remains to its level from June (+0.1 percentage points to 26.1%) (Annex, Figure 1). An increase of the indicator is observed in the retail trade and service sector, while in the industry, a reduction is registered. Only in the construction, the indicator preserves its level from the previous month.

Industry. The composite indicator ‘business climate in industry’ decreases by 0.6 percentage points (reaches 26.3%) (Annex, Figure 2), which is due to the reserved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. In their opinion in the last month, there is slight increase of the production assurance with orders, as the forecasts about the activity over the next 3 months are also favourable (Annex, Figure 3).

At the same time in July, the average capacity utilization in industry increases (by 0.7 percentage points) in comparison with April and reaches 75.5%.

The uncertain economic environment and shortage of labour are the main obstacles for the activity in the sector, pointed out respectively by 49.4% and 34.7% of the enterprises (Annex, Figure 4).

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

Construction. In July, the composite indicator ‘business climate in construction’ remains to its level from June (-0.3 percentage points to 23.1%) (Annex, Figure 6). According construction entrepreneurs’ opinions certain improvement about the present construction activity is registered, which is also accompanied with positive expectations about the activity over the next 3 months (Annex, Figure 7). However, the last inquiry reports an increase in the number of the clients with delay in payments.

The production assurance with orders is preserved compared to April and it is assessed to be 6.1 months.

The most serious difficulties for the business development continue to be the uncertain economic environment, costs of materials and shortage of labour (Annex, Figure 8).

As regards the selling prices in construction, the managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 0.7 percentage points (reaches 36.9%) (Annex, Figure 10), which is due to the improved retailers’ assessments about the present business situation of the enterprises. However, their expectations about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are negative.

The main problems for the activity of the enterprises remain the uncertain economic environment, competition in the branch and shortage of labour, as compared to the previous month strengthen of the negative impact of the second and third factors is observed (Annex, Figure 12).

The prevailing part of the retailers foresee the selling prices to remain unchanged over the next 3 months (Annex, Figure 13).



Service sector¹. In July, the composite indicator ‘business climate in service sector’ increases by 1.1 percentage points (reaches 17.7%) (Annex, Figure 14) as a result of the favourable managers’ assessments about the present business situation of the enterprises. As regards the demand for services, the present tendency is assessed as improved (Annex, Figure 15), while the expectations over the next 3 months are reserved.

The main factors limiting the business development continue to be connected with the uncertain economic environment and competition in the branch, although the inquiry registers a decrease of their negative influence (Annex, Figure 16).

As regards the selling prices, the majority of the managers forecast preservation of their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



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.

Annex

Figure 1. Business climate - total



Figure 2. Business climate in industry

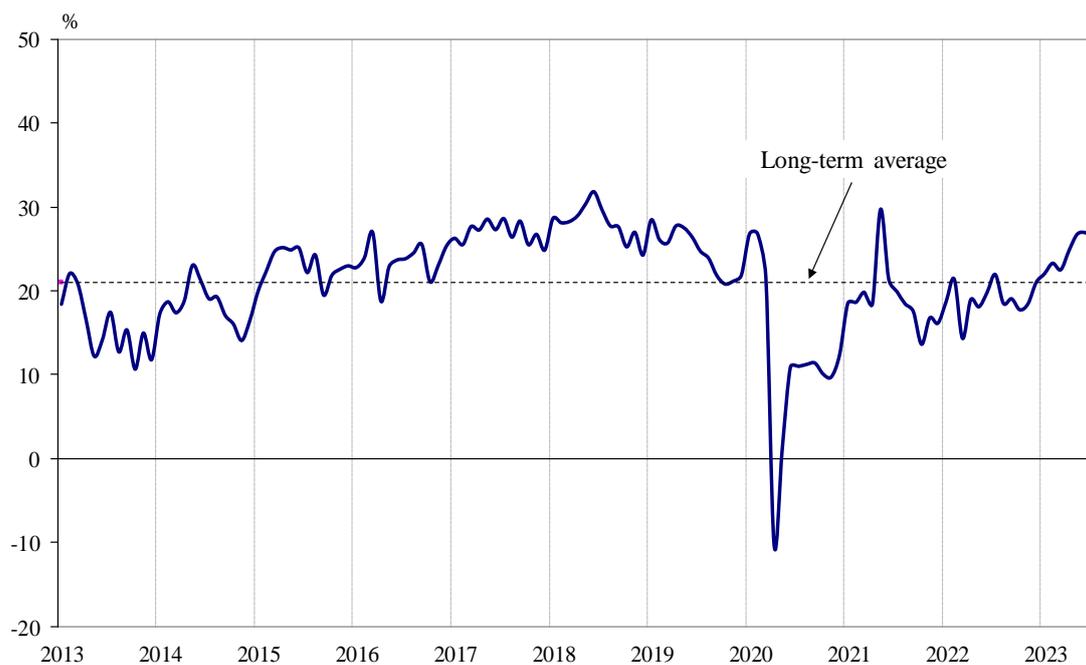


Figure 3. Expected production activity in industry over the next 3 months

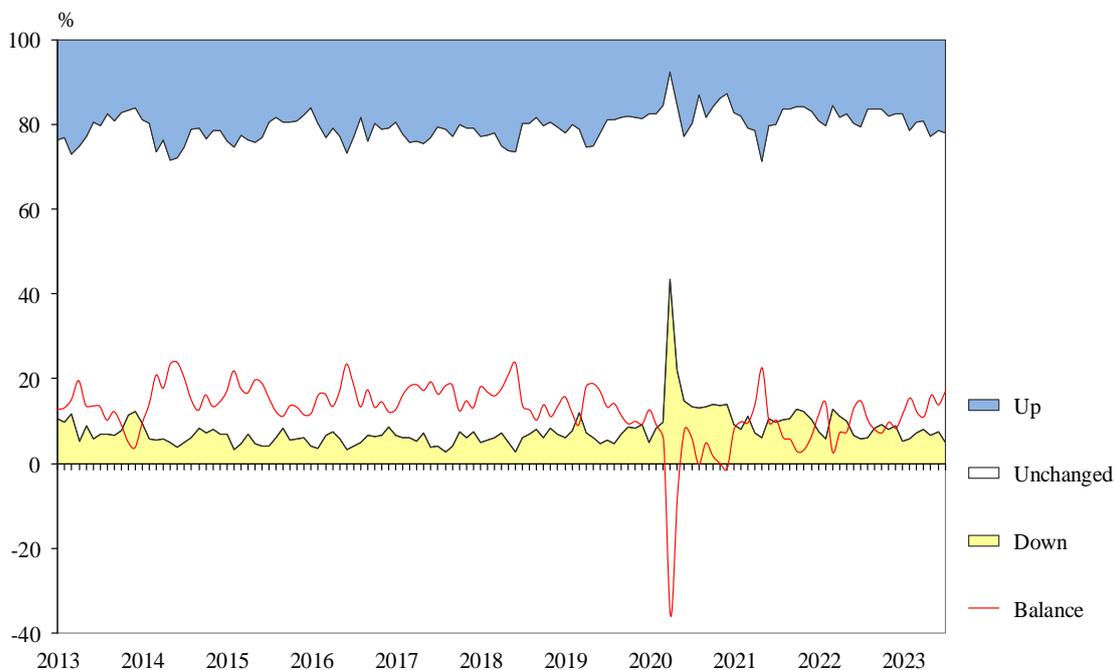


Figure 4. Limits to production in industry (Relative share of enterprises)

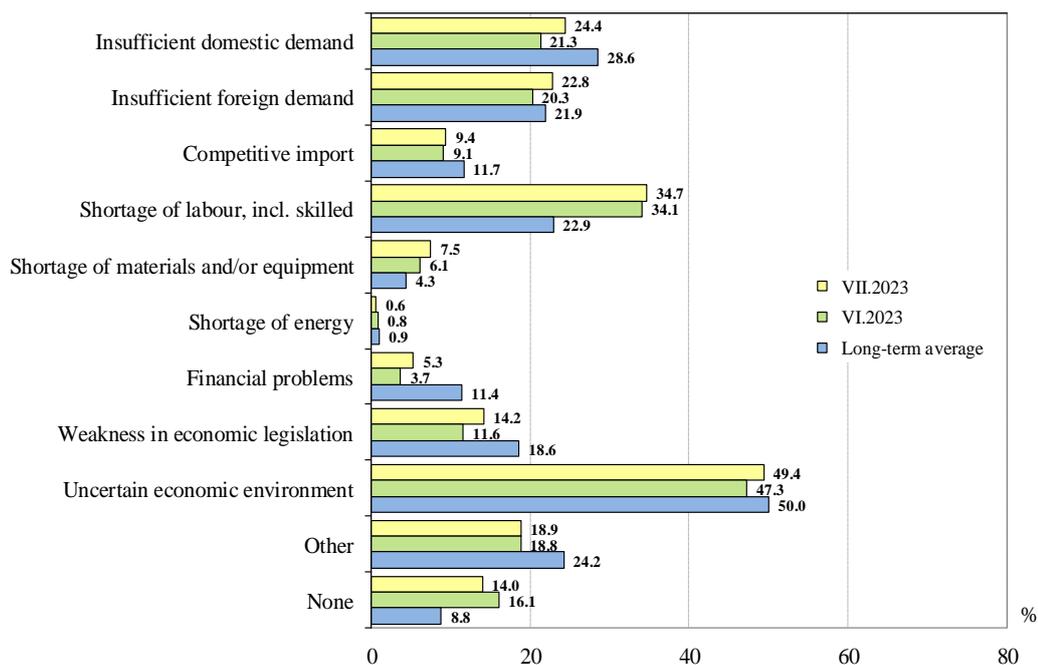


Figure 5. Selling prices expectations in industry over the next 3 months

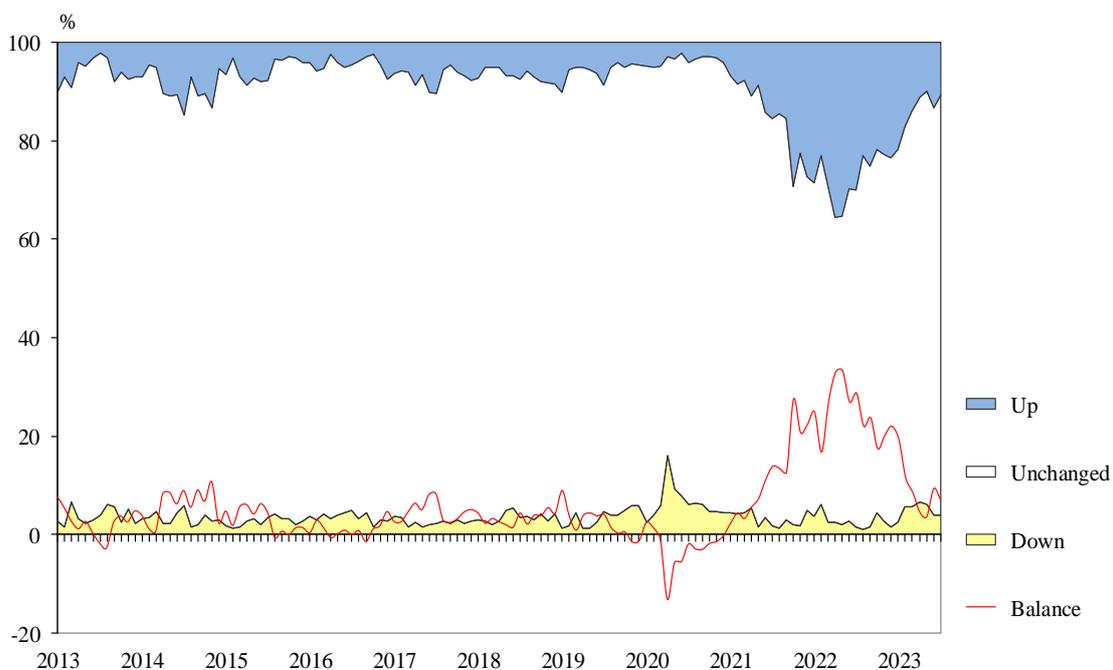


Figure 6. Business climate in construction

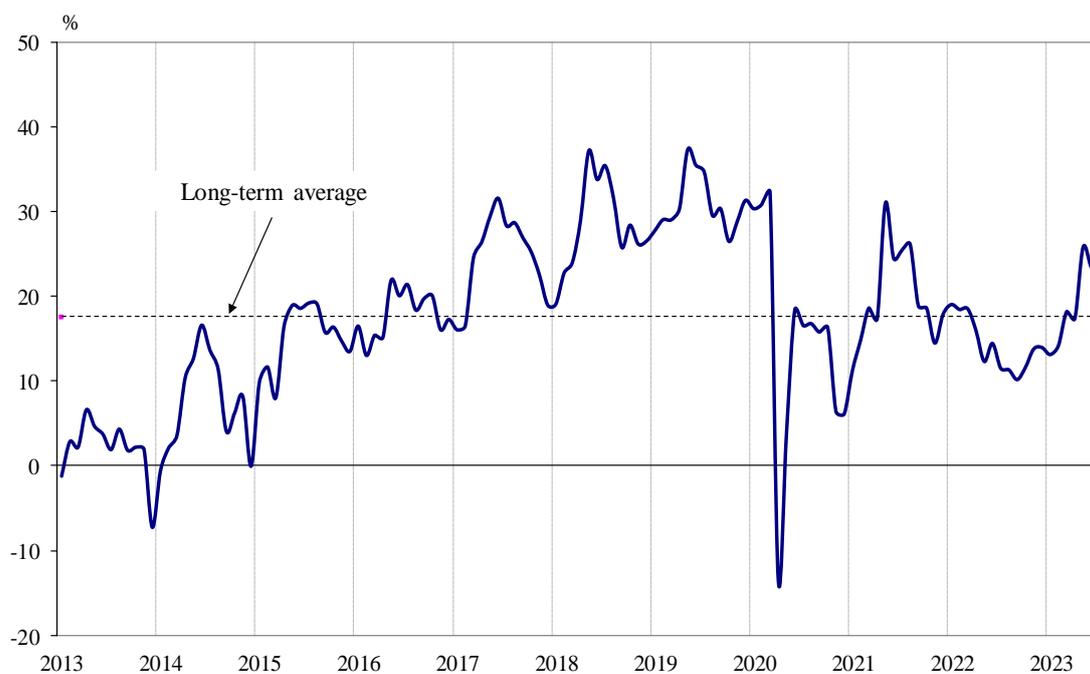


Figure 7. Expected construction activity over the next 3 months

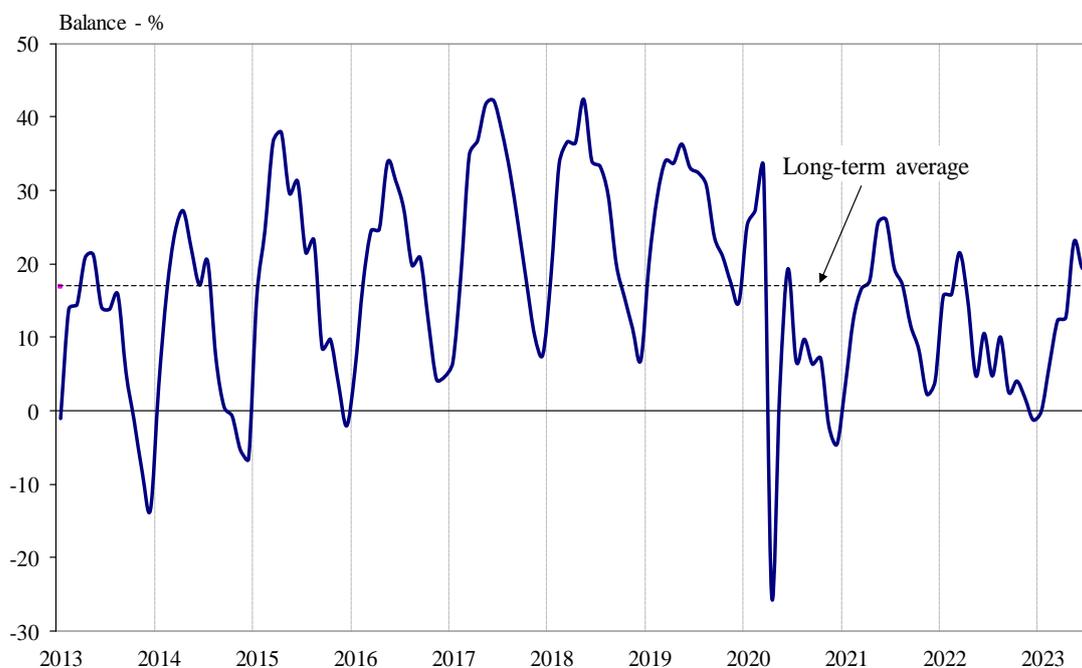


Figure 8. Limits to construction activity (Relative share of enterprises)

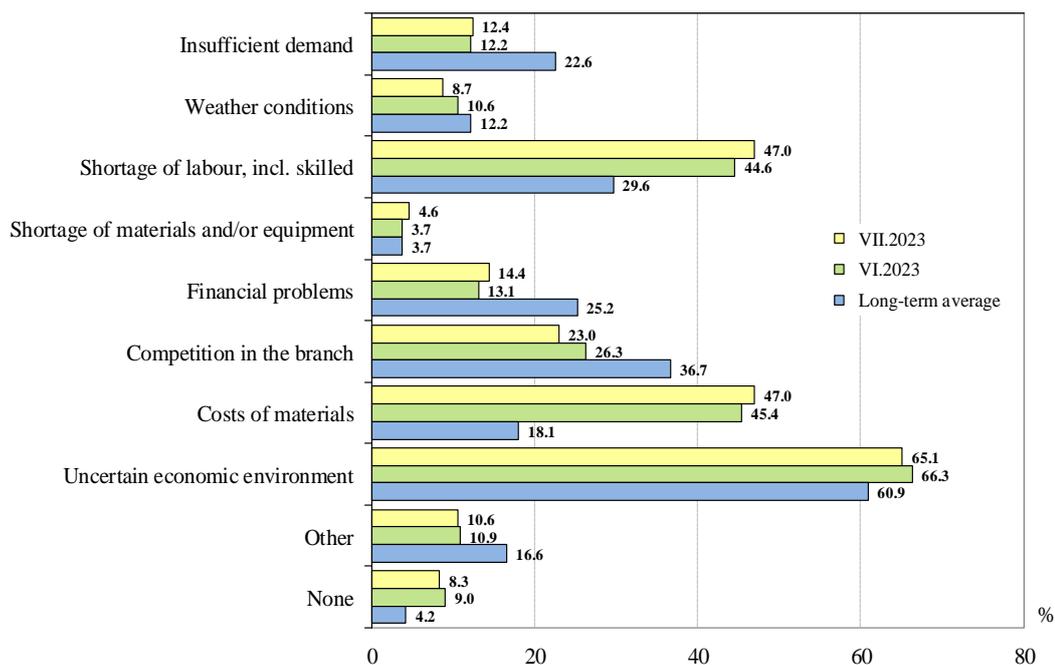


Figure 9. Selling prices expectations in construction over the next 3 months

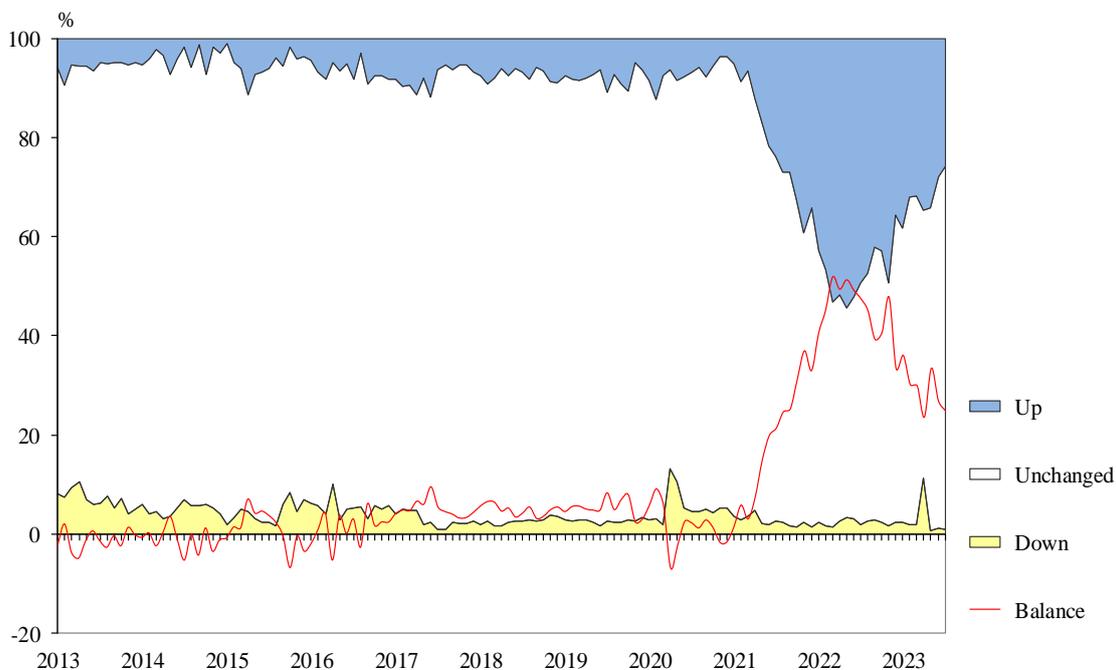


Figure 10. Business climate in retail trade

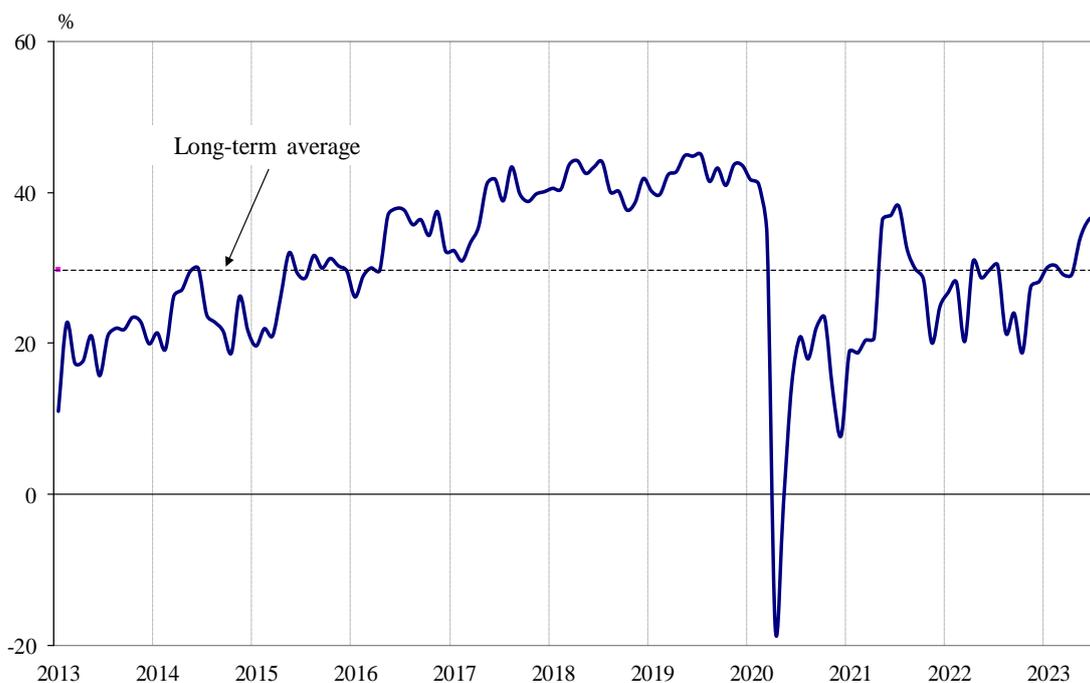


Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

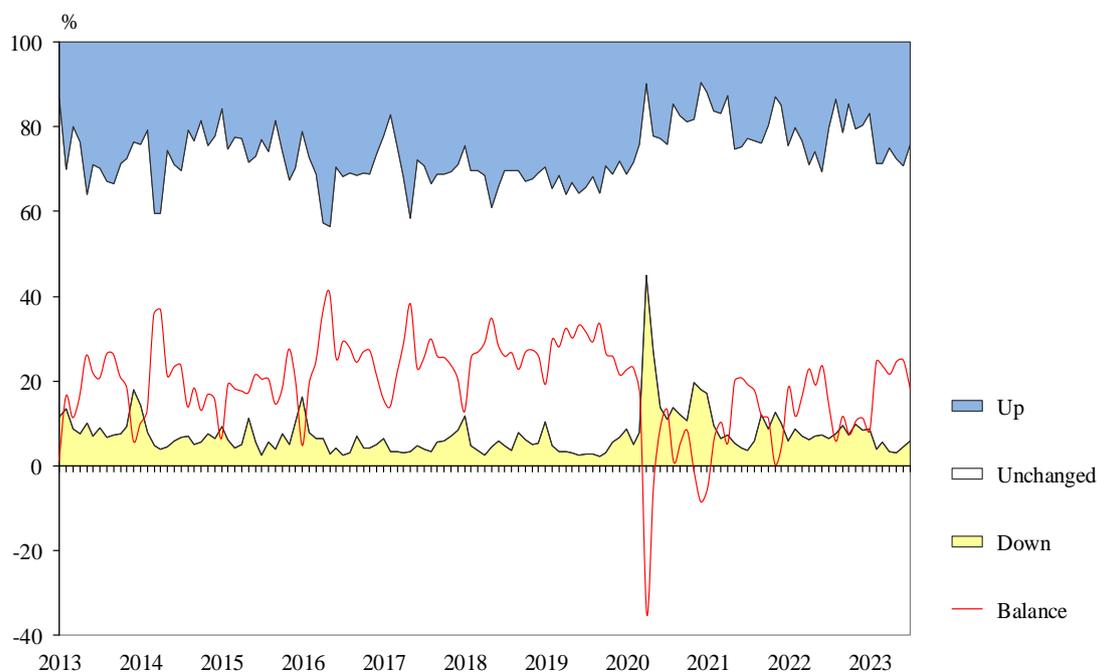


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

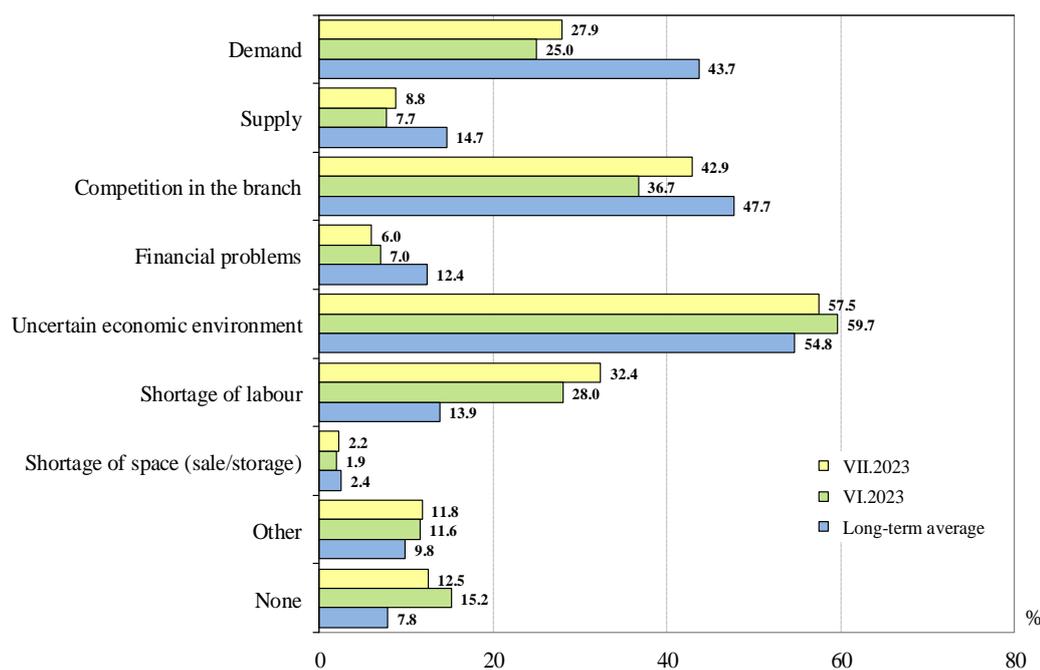


Figure 13. Selling prices expectations in retail trade over the next 3 months

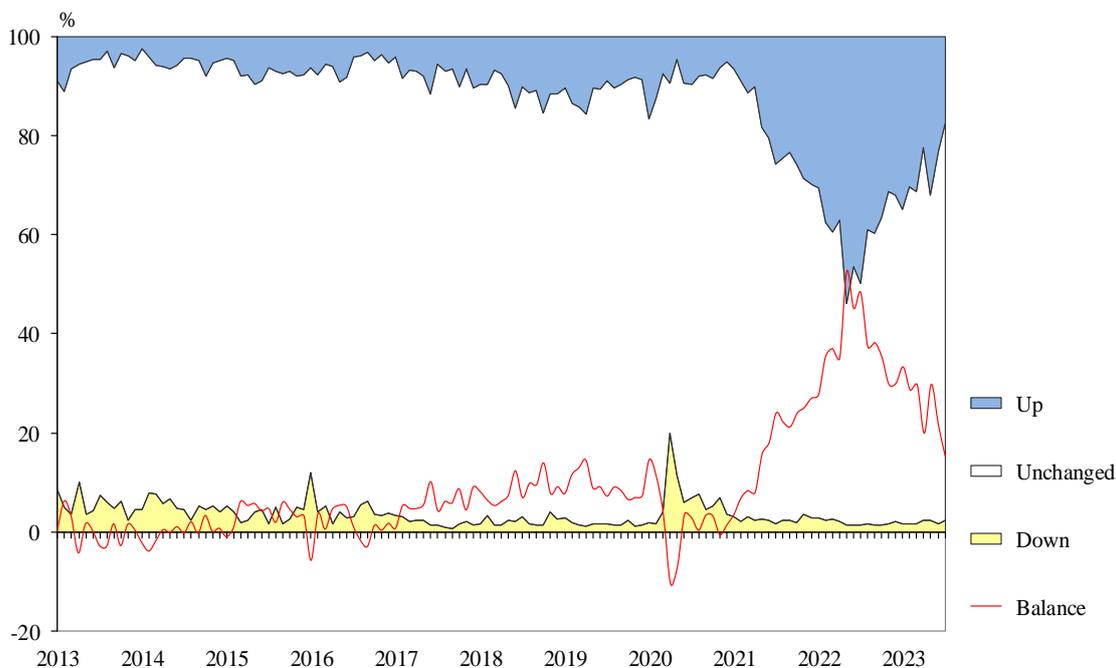


Figure 14. Business climate in service sector

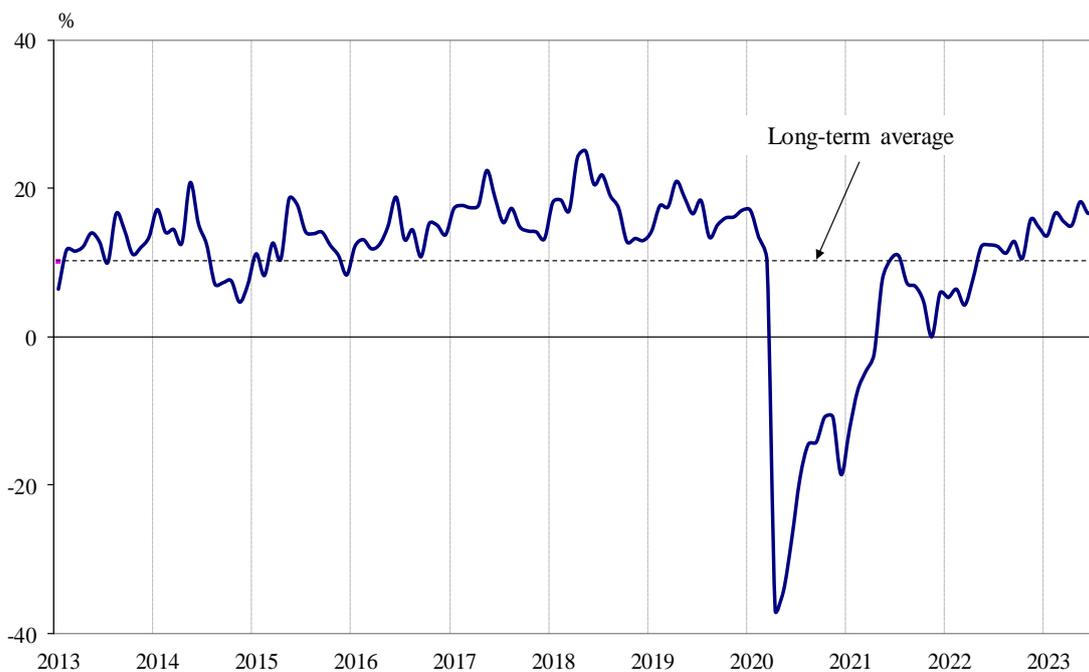


Figure 15. Demand in service sector over the last 3 months

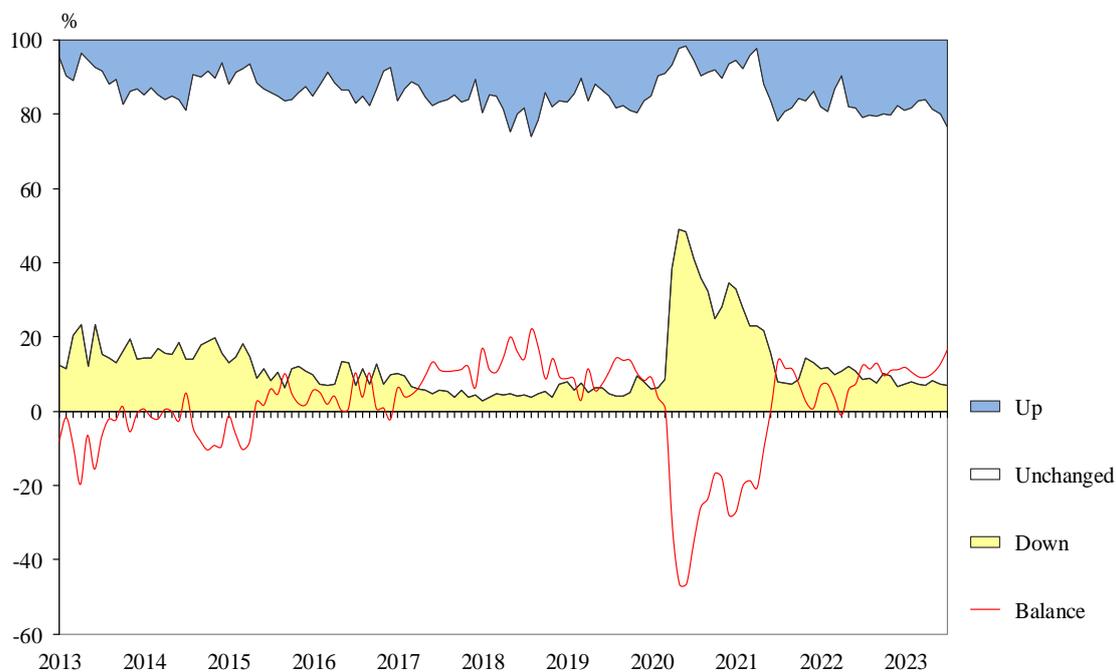


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

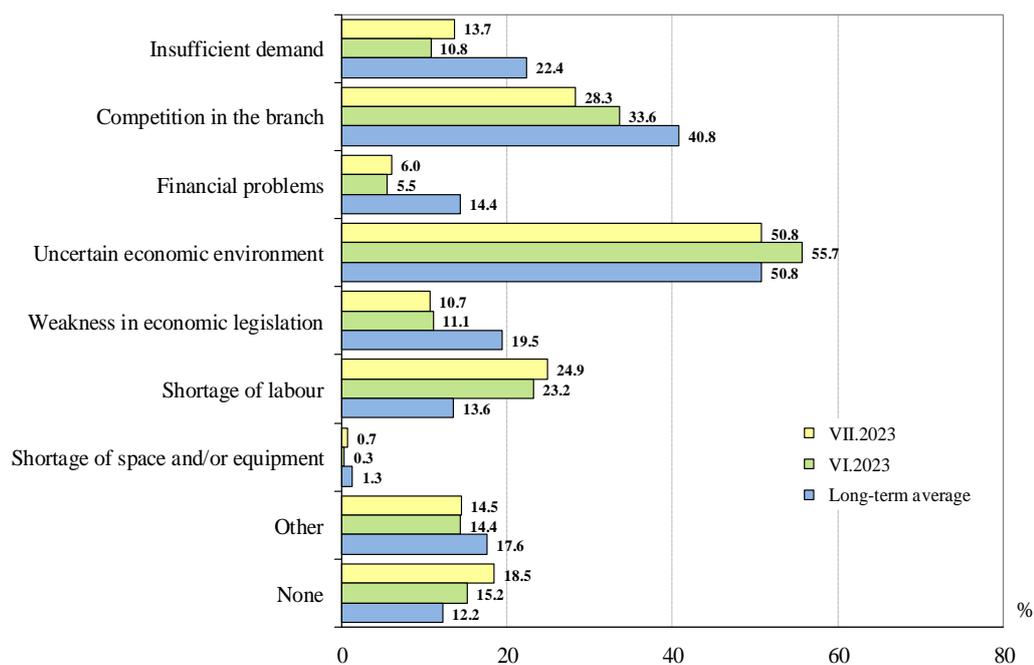


Figure 17. Selling prices expectations in service sector over the next 3 months

