

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, OCTOBER 2023

In October 2023, **the total business climate indicator** decreases by 2.7 percentage points compared to the previous month (from 24.7% to 22.0%) (Annex, Figure 1). A reduction of the indicator is observed in the industry, construction and retail trade, while in the service sector, an increase is registered.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.7 percentage points (from 25.2% to 23.5%) (Annex, Figure 2) as a result of the unfavourable industrial entrepreneurs’ assessments about the present business situation of the enterprises.

At the same time, in the period July - October 2023, the production assurance with orders (measured in number of months) increases from 5.3 to 5.6. The average capacity utilization increases by 0.7 percentage points and it reaches 76.2%, as regards the expected demand over the next months, a shortage of capacity is foreseen (Annex, Figure 3).

The main obstacles for business development continue to be the uncertain economic environment and shortage of labour. The last inquiry reports strengthening of the negative influence of the factors ‘insufficient domestic demand’ and ‘insufficient foreign demand’ (Annex, Figure 4).

The majority of the managers foresee the selling prices in the industry to preserve their level over the next 3 months (Annex, Figure 5).

Construction. In October, the composite indicator ‘business climate in construction’ decreases by 4.6 percentage points (from 24.7% to 20.1%) (Annex, Figure 6), which is due to the reserved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. In their opinion, in the next half year, a decrease of the new orders is expected, which will also lead to certain reduction of the activity in the short term (Annex, Figure 7).

The main factors limiting the activity of the enterprises remain the uncertain economic environment, costs of materials and shortage of labour, as the last month an increase of their negative impact is observed (Annex, Figure 8).

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

Retail trade. The composite indicator ‘business climate in retail trade’ drops by 7.5 percentage points (from 35.2% to 27.7%) (Annex, Figure 10) 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 11) and orders placed with suppliers over the next 3 months are also reserved.

The most serious difficulty for the business development continues to be the uncertain economic environment, pointed out by 62.1% of the enterprises. In second and third place are the competition in the branch and shortage of labour (Annex, Figure 12).

As regards the selling prices, 24.8% of the retailers forecast them to increase over the next 3 months (Annex, Figure 13).



Service sector¹. In October, the composite indicator ‘business climate in service sector’ increases by 1.8 percentage points (from 13.3% to 15.1%) (Annex, Figure 14), which is due to the positive managers’ expectations about the business situation of the enterprises over the next 6 months. However, their opinions about the present and expected demand for services (Annex, Figure 15) are unfavourable.

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 September strengthening of their negative influence is observed (Annex, Figure 16).

Concerning the selling prices in the service sector, the managers foresee certain increase 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

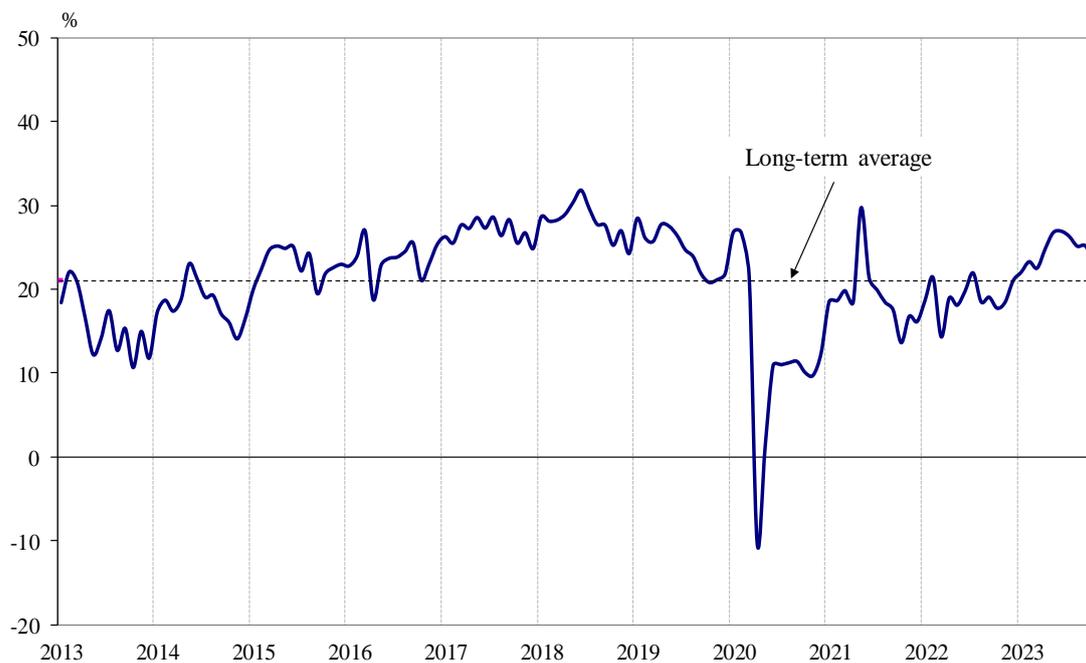


Figure 3. Current production capacity in industry with regard to the expected demand over the next months

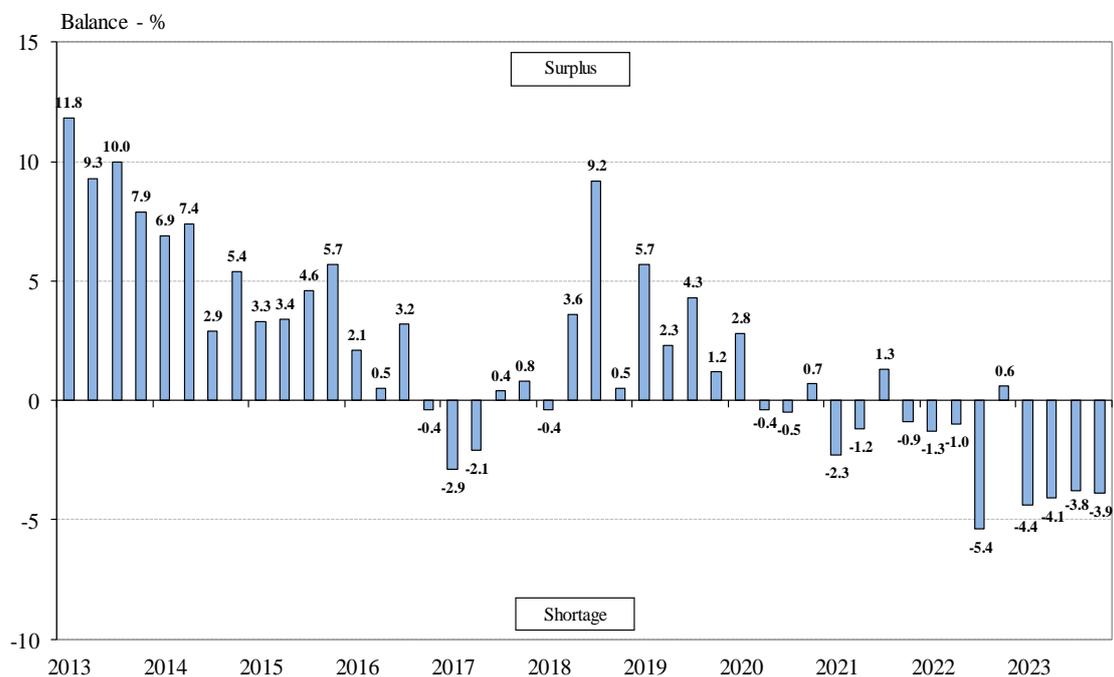


Figure 4. Limits to production in industry (Relative share of enterprises)

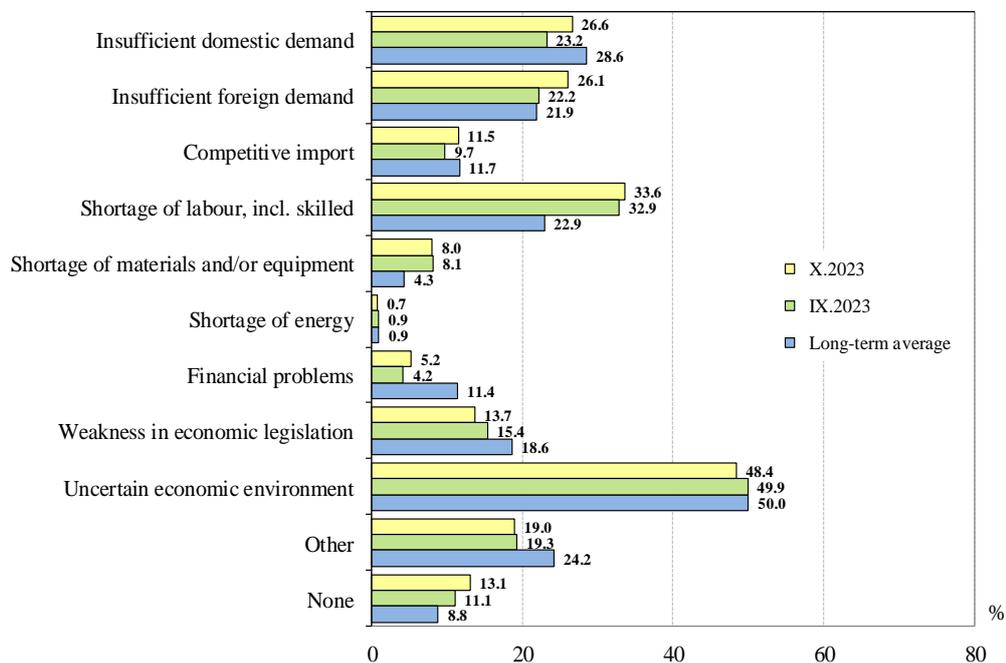


Figure 5. Selling prices expectations in industry over the next 3 months

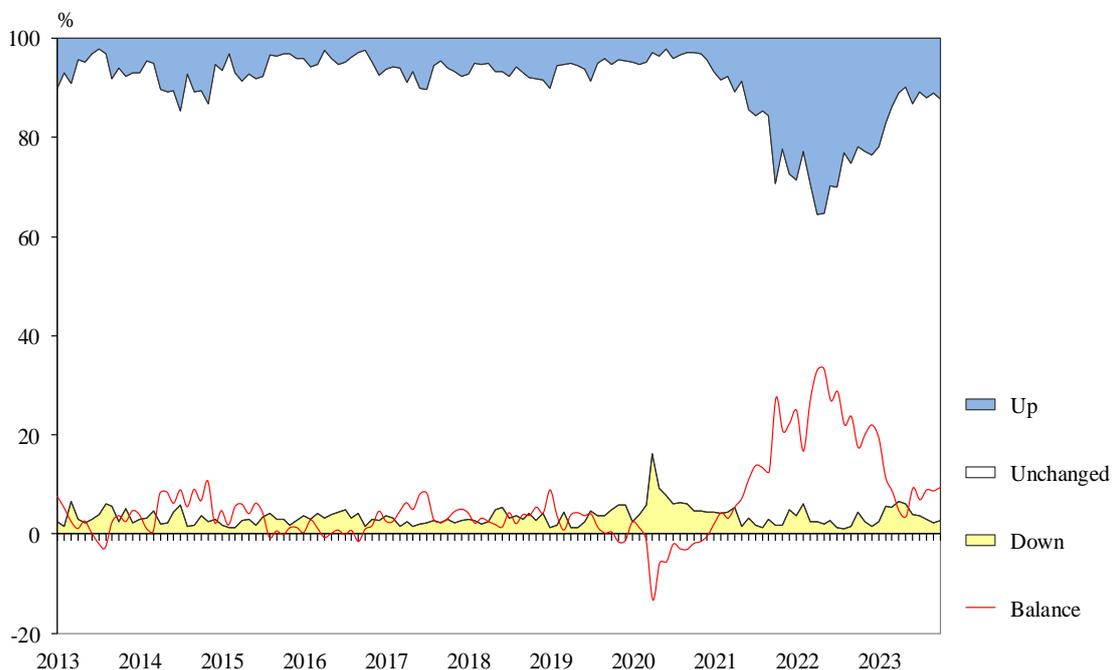


Figure 6. Business climate in construction

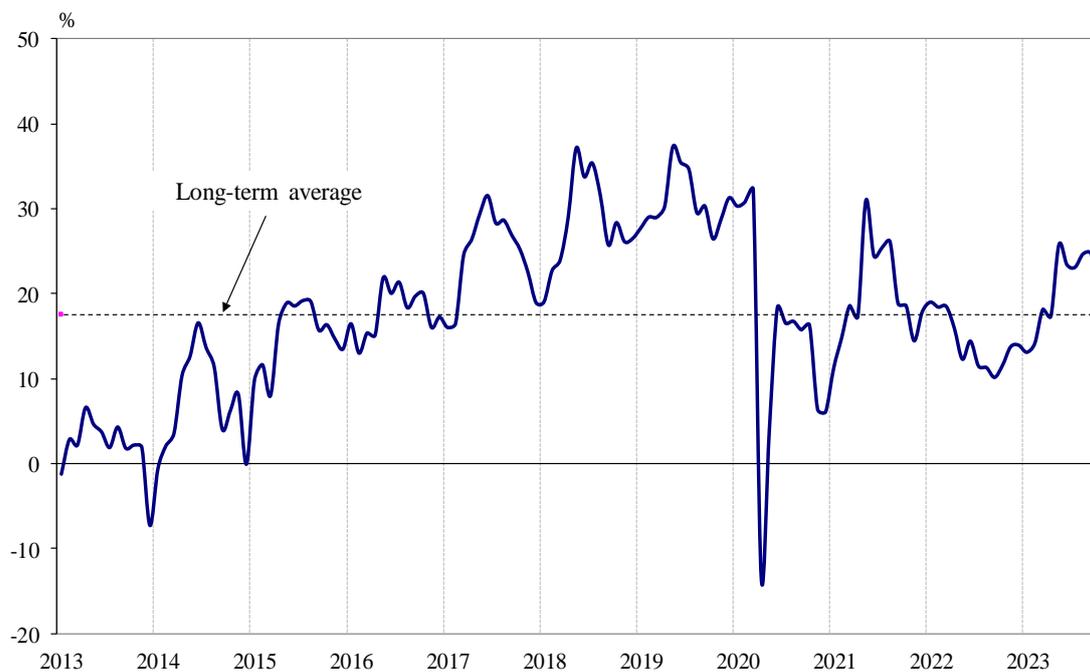


Figure 7. Expected construction activity over the next 3 months

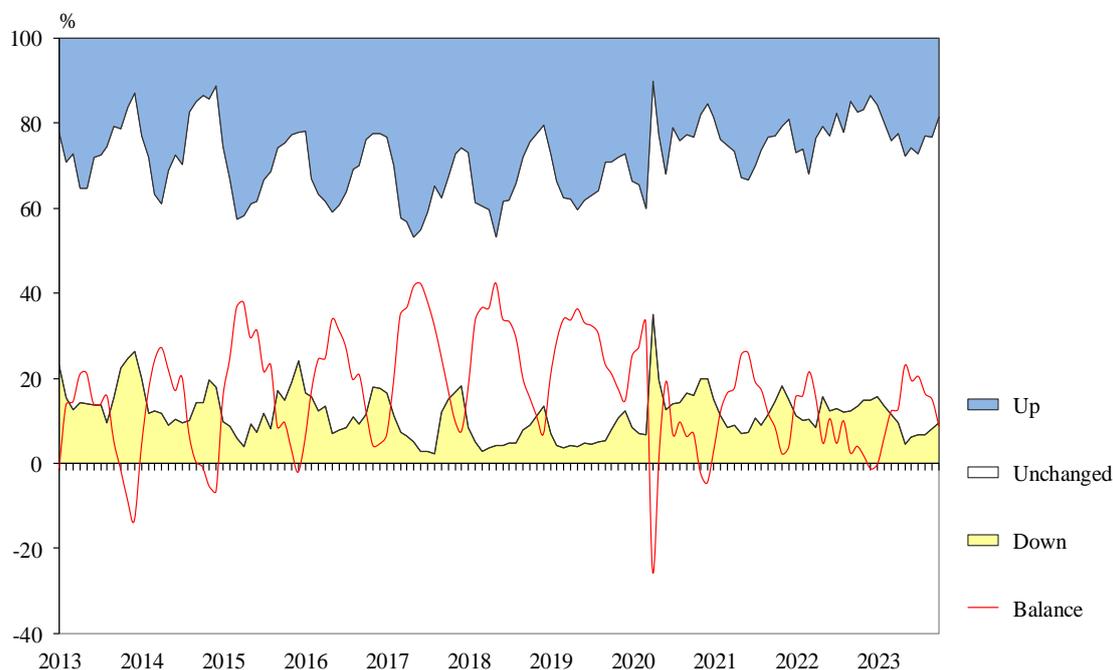


Figure 8. Limits to construction activity (Relative share of enterprises)

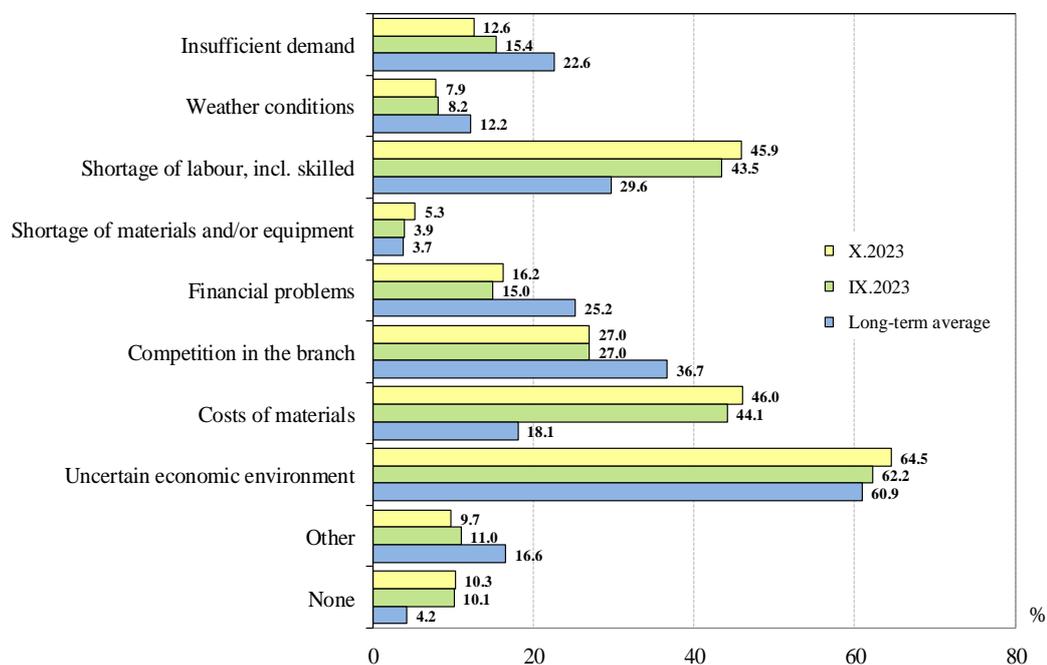


Figure 9. Selling prices expectations in construction over the next 3 months

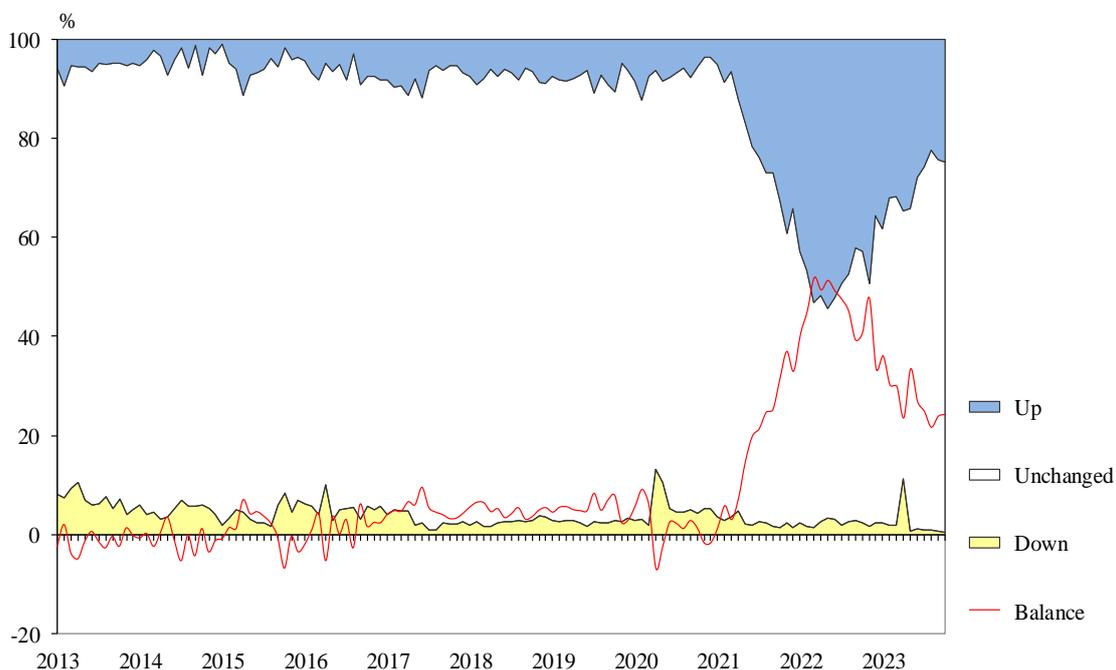


Figure 10. Business climate in retail trade

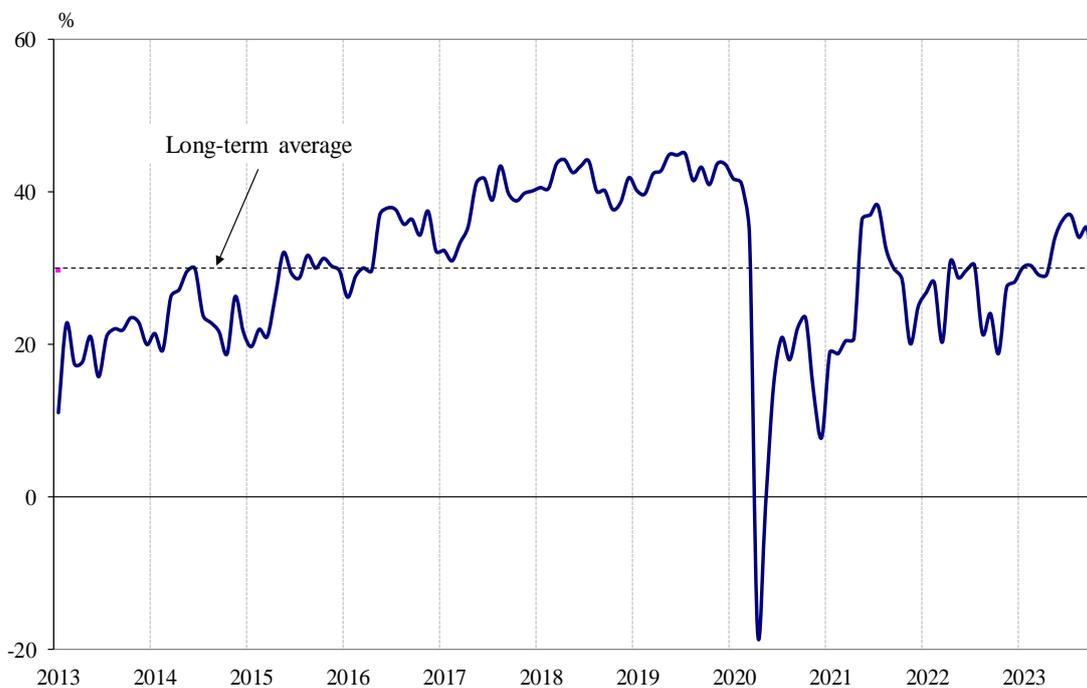


Figure 11. Sales expectations in retail trade over the next 3 months

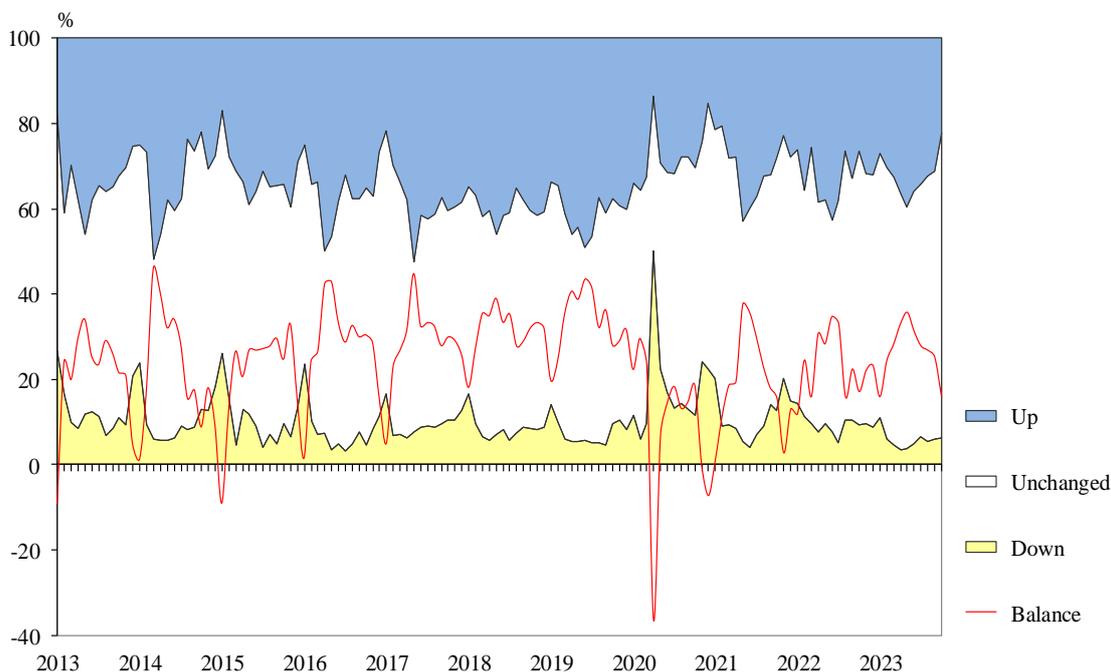


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

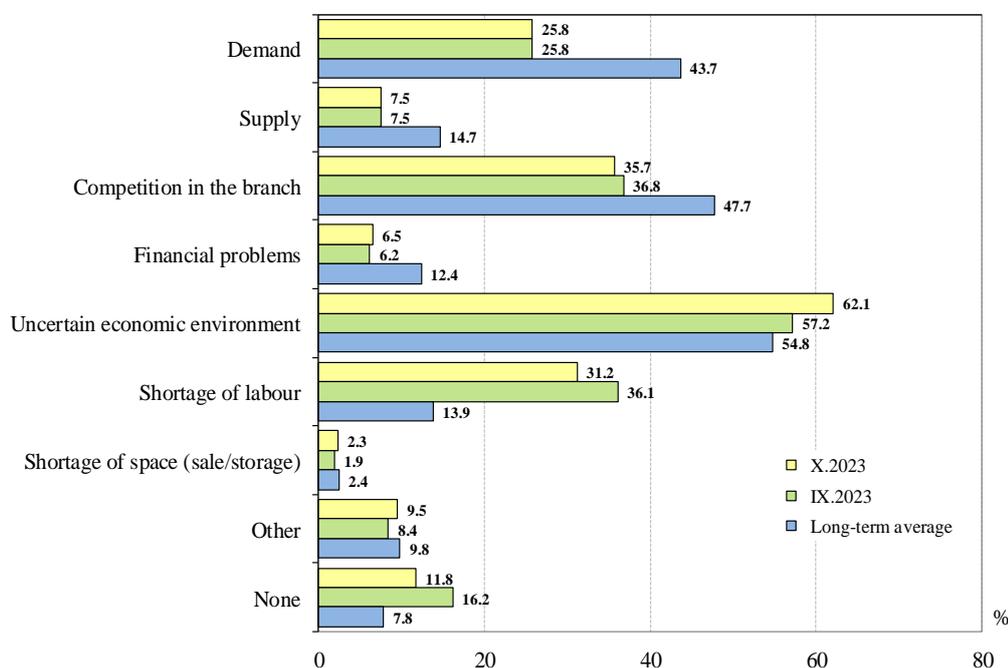


Figure 13. Selling prices expectations in retail trade over the next 3 months

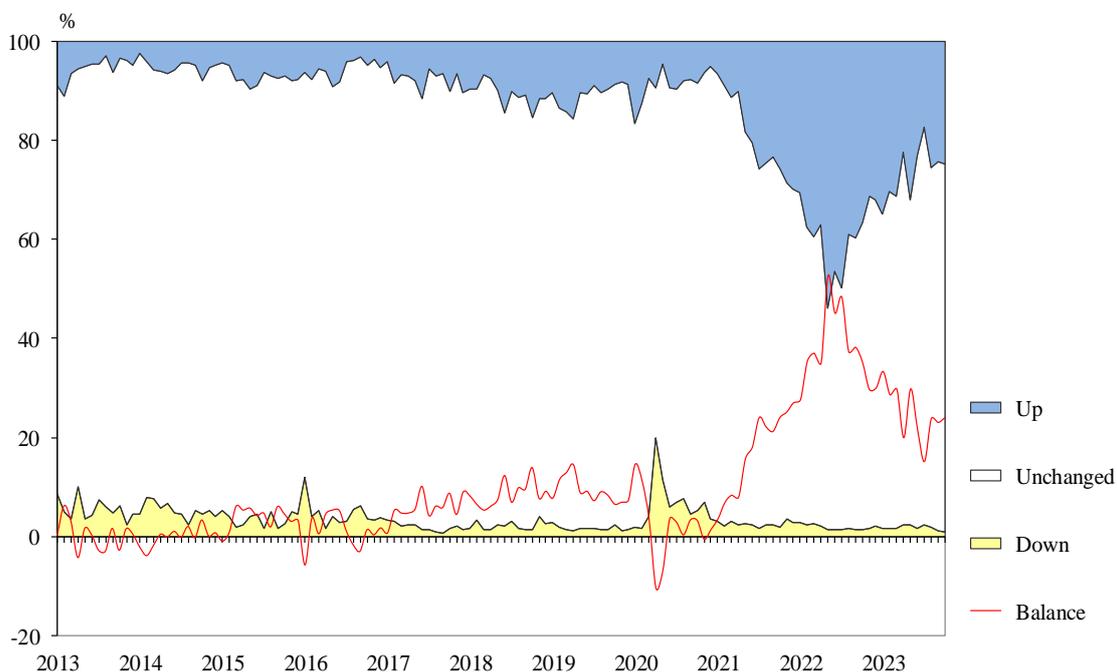


Figure 14. Business climate in service sector

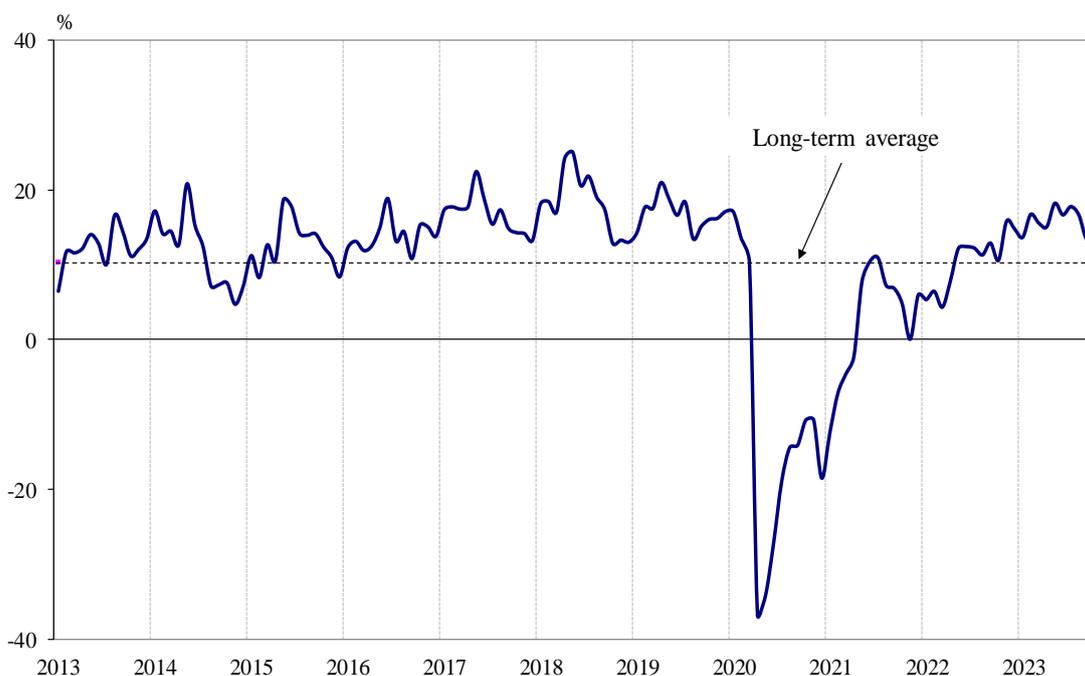


Figure 15. Expected demand in service sector over the next 3 months

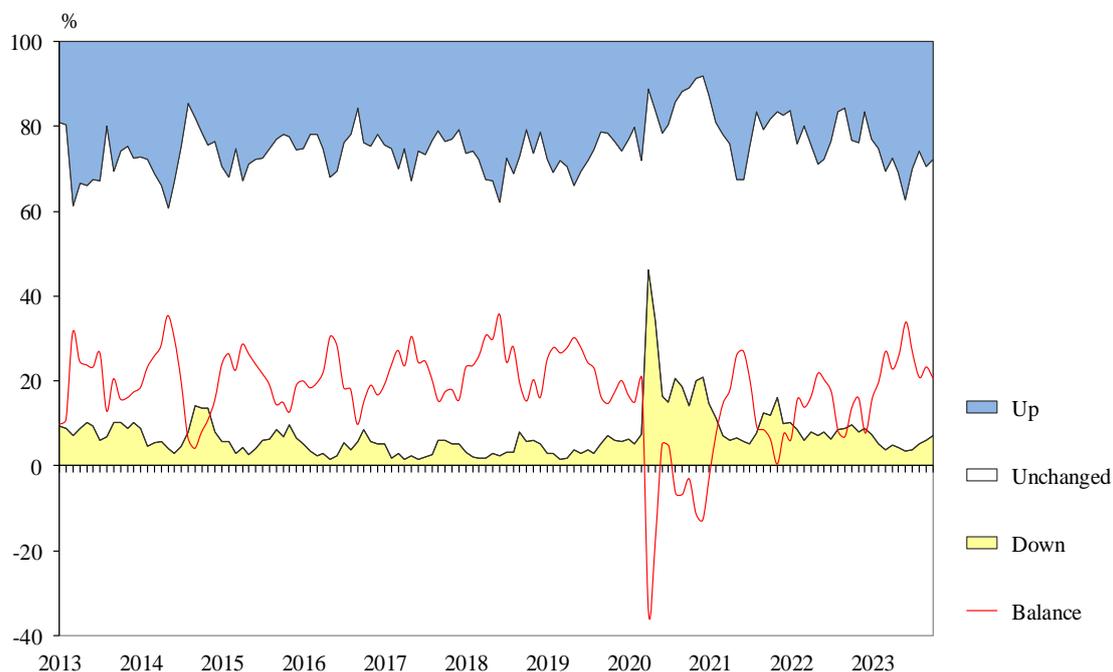


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

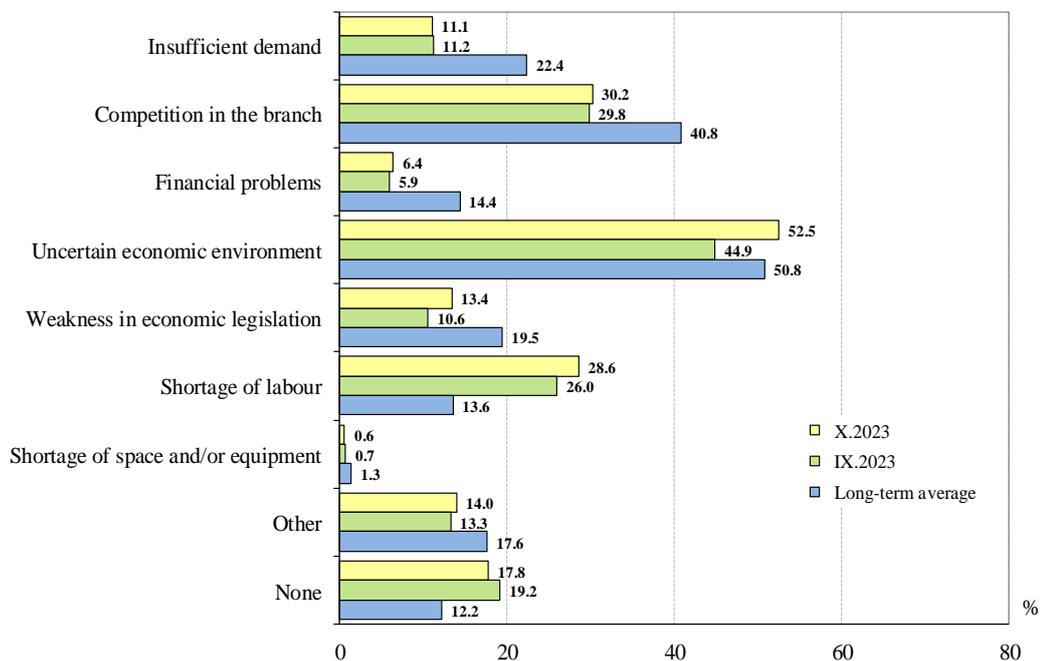


Figure 17. Selling prices expectations in service sector over the next 3 months

