



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, MAY 2024

In May 2024, **the total business climate indicator** increases by 0.6 percentage points compared to the previous month (from 24.8% to 25.4%) (Annex, Figure 1). An improvement of the indicator is observed in the construction, retail trade and service sector, while in the industry a reduction is registered.

**Industry.** The composite indicator 'business climate in industry' drops by 6.9 percentage points (from 24.7% to 17.8%) (Annex, Figure 2), which is due to the negative industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry reports a decrease of the production insurance with orders, which is also accompanied with worsened expectations about the production activity over the next 3 months (Annex, Figure 3).

The most serious difficulties for the activity in the sector remain the uncertain economic environment and the shortage of labour, pointed out respectively by 50.3% and 30.7% of the enterprises (Annex, Figure 4).

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

**Construction.** In May, the composite indicator 'business climate in construction' increases by 4.8 percentage points (from 26.6% to 31.4%) (Annex, Figure 6) as a result of the positive construction entrepreneurs' assessments and expectations about the business situation of the enterprises. Their forecasts about the construction activity over the next 3 months are also more favourable (Annex, Figure 7). However, the last inquiry registers an increase in the number of clients with delay in payments.

The uncertain economic environment, shortage of labour and costs of materials continue to be the main obstacles to business development. In comparison with April strengthening of the negative impact of the factor 'competition in the branch' is reported (Annex, Figure 8).

Regarding the selling prices in the 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 10.9 percentage points (from 29.7% to 40.6%) (Annex, Figure 10), which is due to the optimistic 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 positive.

In the last month the negative influence of the factor 'competition in the branch' is increased, which shifts to the second place the difficulties of the enterprises connected with the uncertain economic environment. In third and fourth place remain the factors 'insufficient demand' and 'shortage of labour' (Annex, Figure 12).

Concerning the selling prices, the retailers' foresee slight increase over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In May, the composite indicator 'business climate in service sector' increases by 1.3 percentage points (from 18.3% to 19.6%) (Annex, Figure 14) as a result of the more favourable managers' assessments about the present business situation of the enterprises. Their opinions about the present demand for services are also improved (Annex, Figure 15), while the expectations over the next 3 months are shifting to the more moderate opinions.

The most serious problems for the business development continue to be the uncertain economic environment, shortage of labour and competition in the branch, as compared to April strengthening in their negative impact is registered (Annex, Figure 16).

Regarding the selling prices in the service sector, the majority of the managers expect them to preserve their level over the next 3 months (Annex, Figure 17).

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<sup>1</sup> 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 NSI and the European Commission (  ) according to agreements 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, 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.

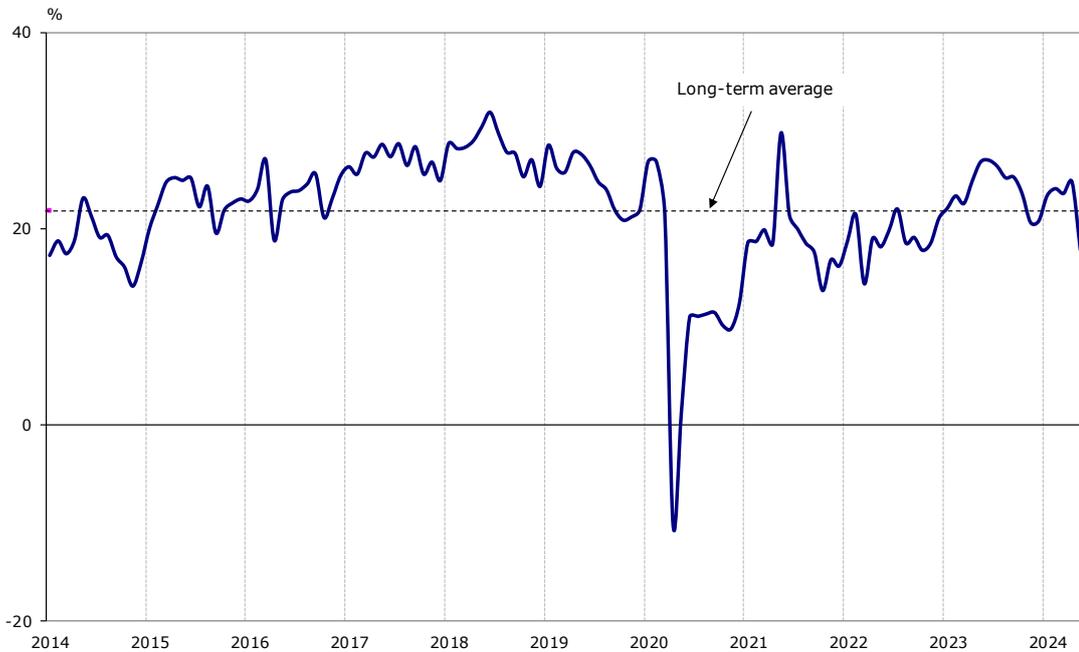
The total business climate indicator is a weighted average of four branch business climate indicators in: industry, construction, retail trade and service sector. The last indicator of the business climate in the service sector has been included in the total time series since May 2002.

**Annex**

**Figure 1. Business climate - total**

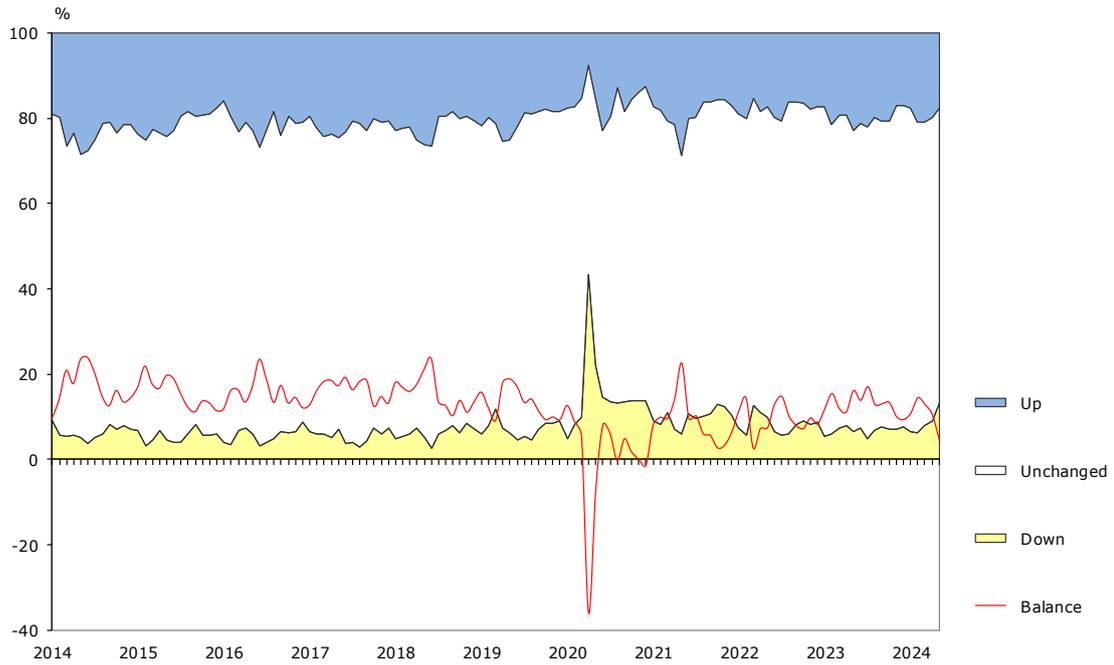


**Figure 2. Business climate in industry**

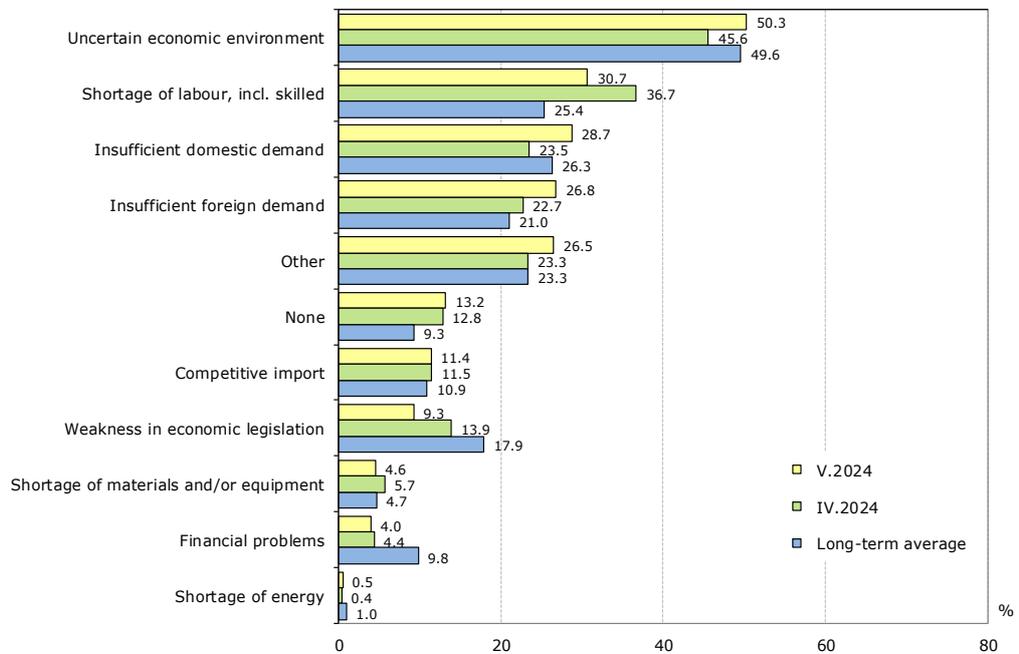


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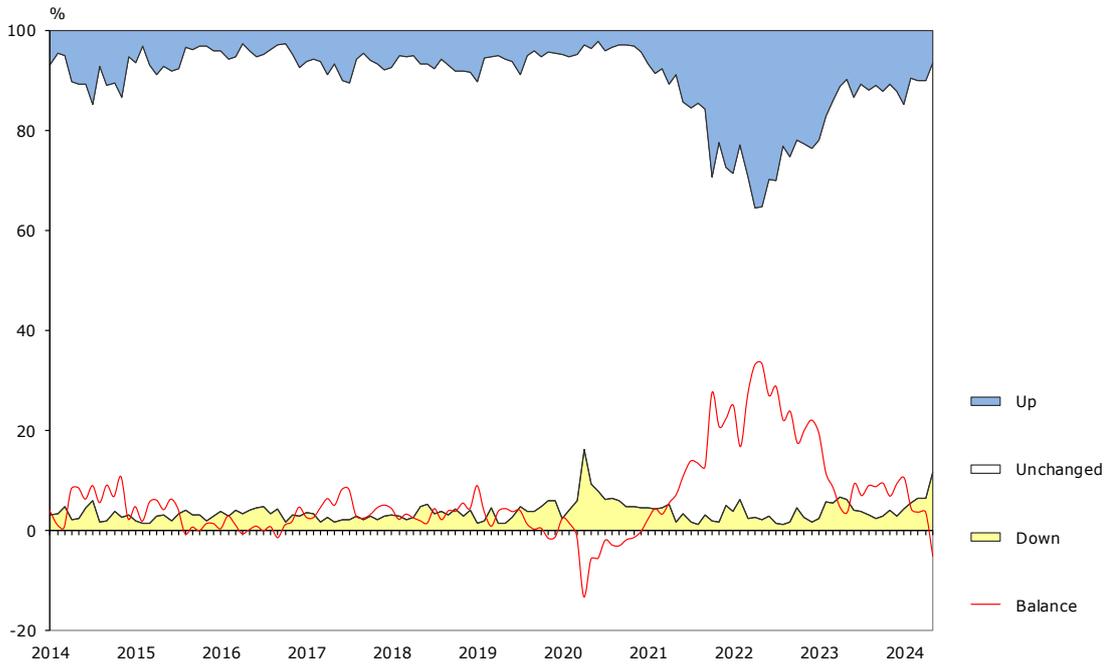
**Figure 3. Expected production activity in industry over the next 3 months**



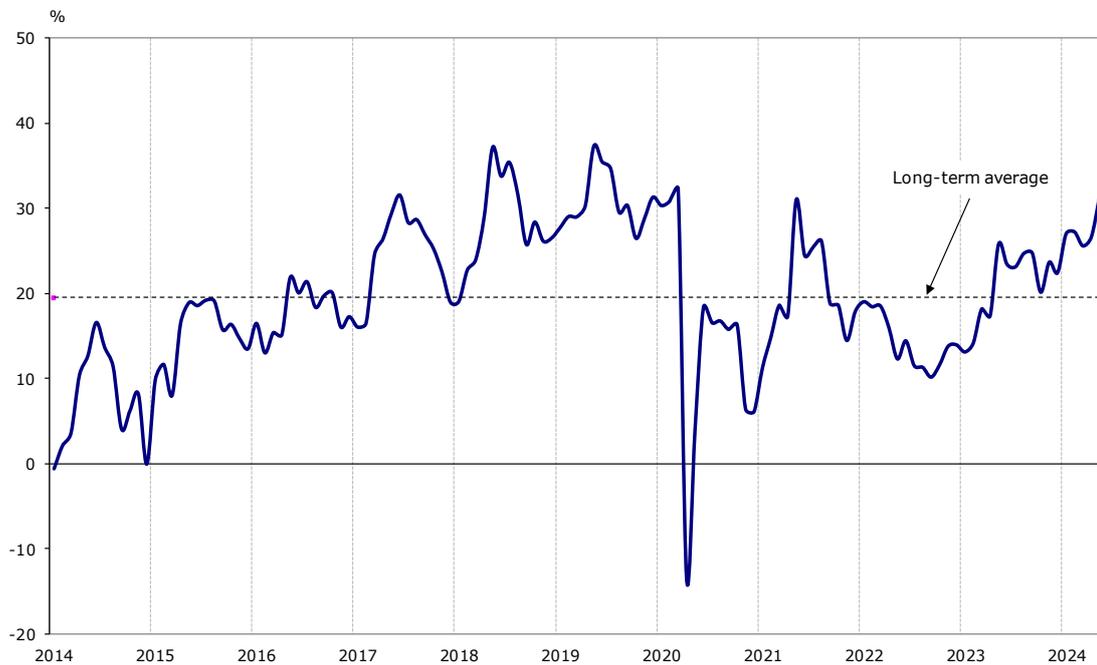
**Figure 4. Factors limiting the activity in industry  
(Relative share of enterprises)**



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

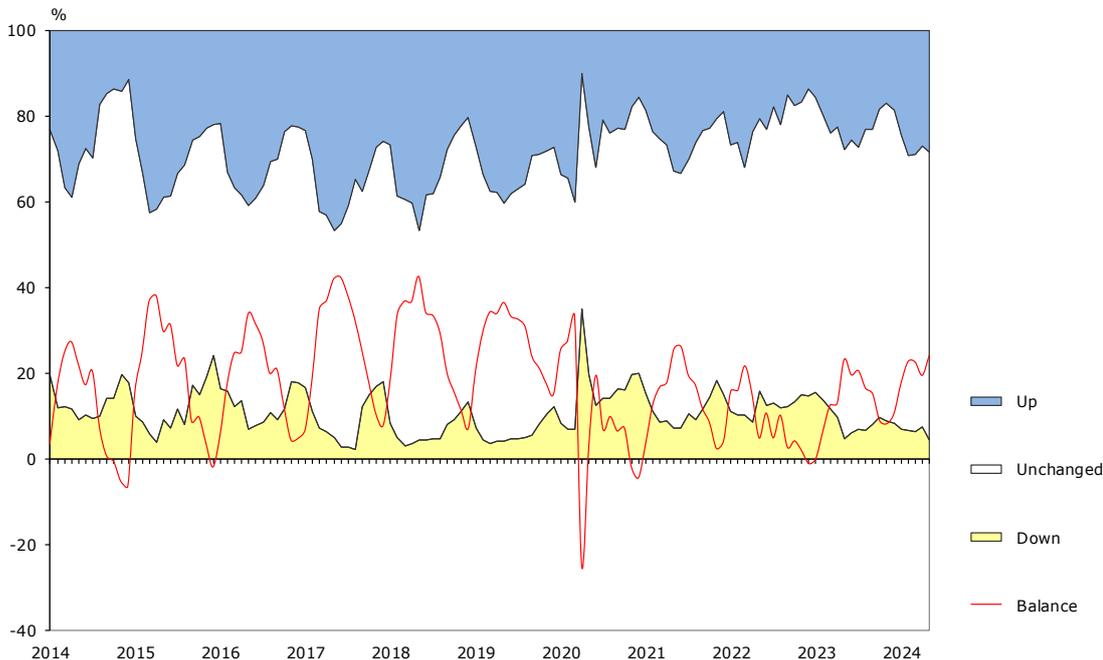


**Figure 6. Business climate in construction**

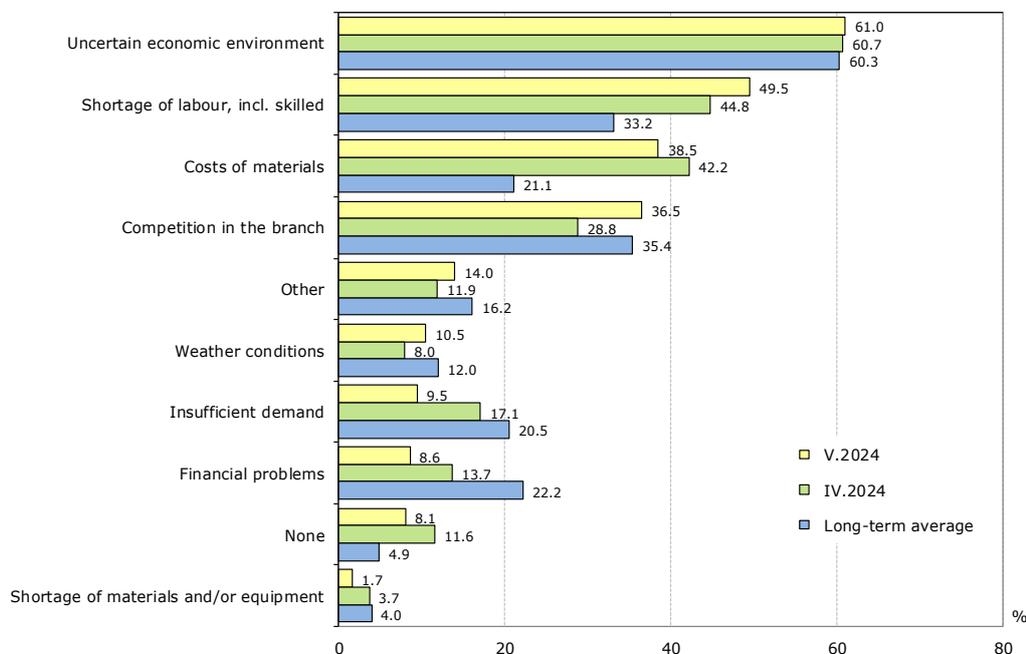


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**Figure 7. Expected construction activity over the next 3 months**

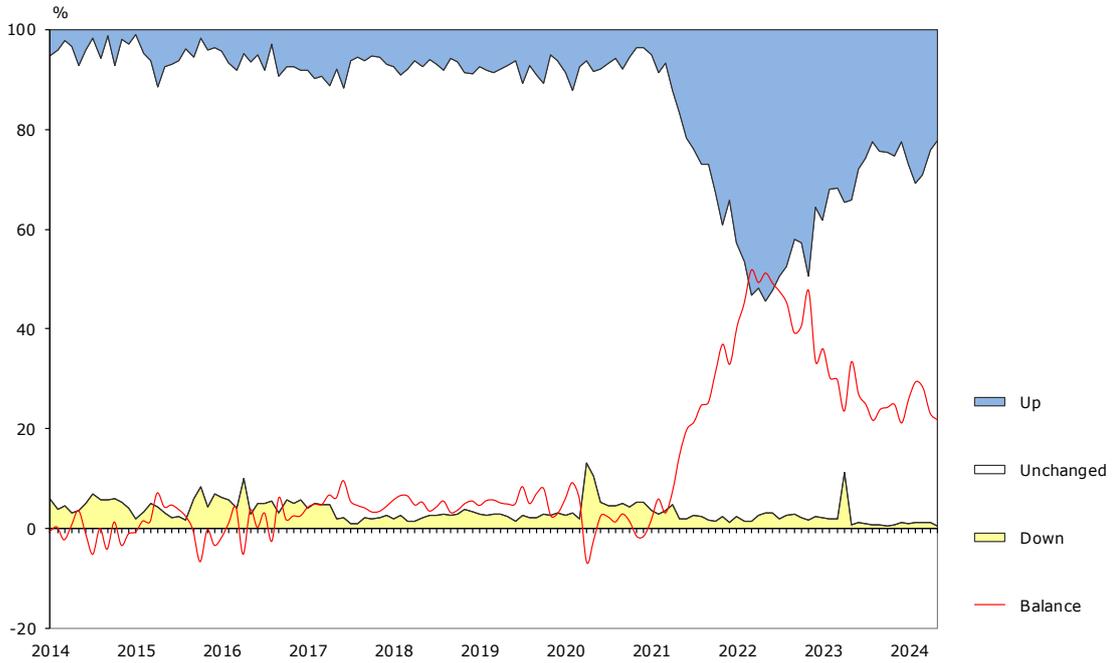


**Figure 8. Factors limiting the activity in construction**  
**(Relative share of enterprises)**

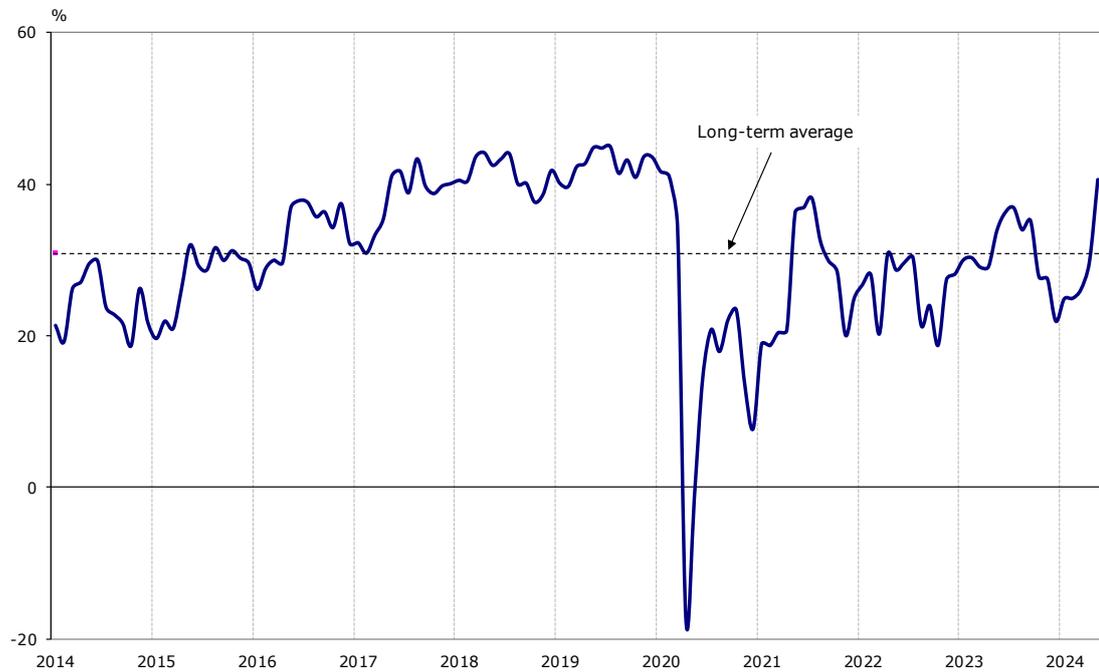


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**Figure 9. Selling prices expectations in construction over the next 3 months**

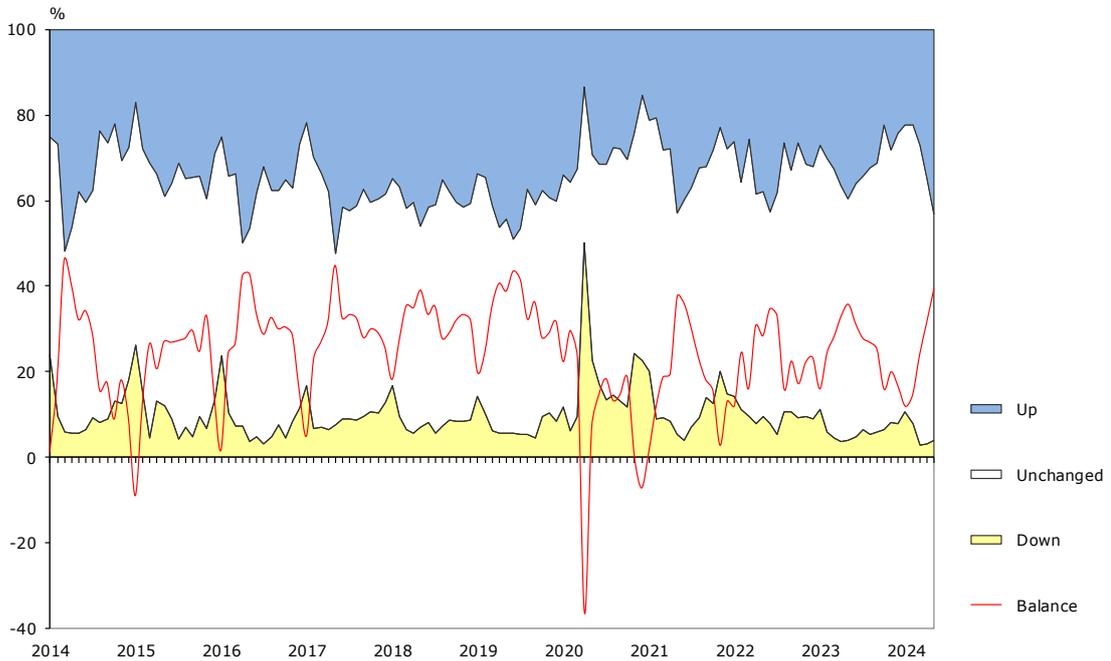


**Figure 10. Business climate in retail trade**

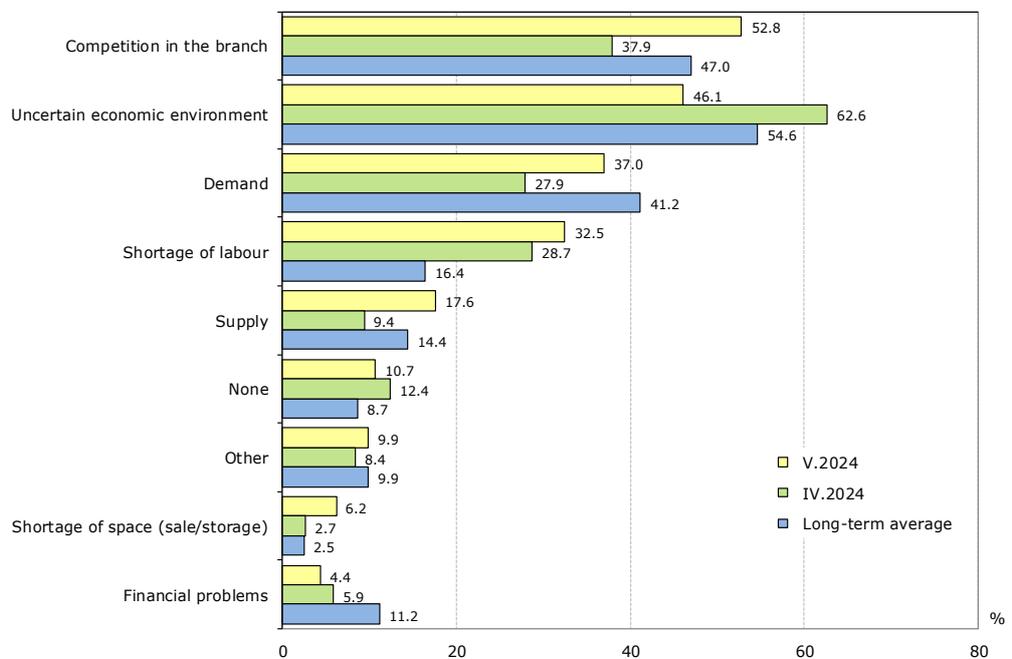


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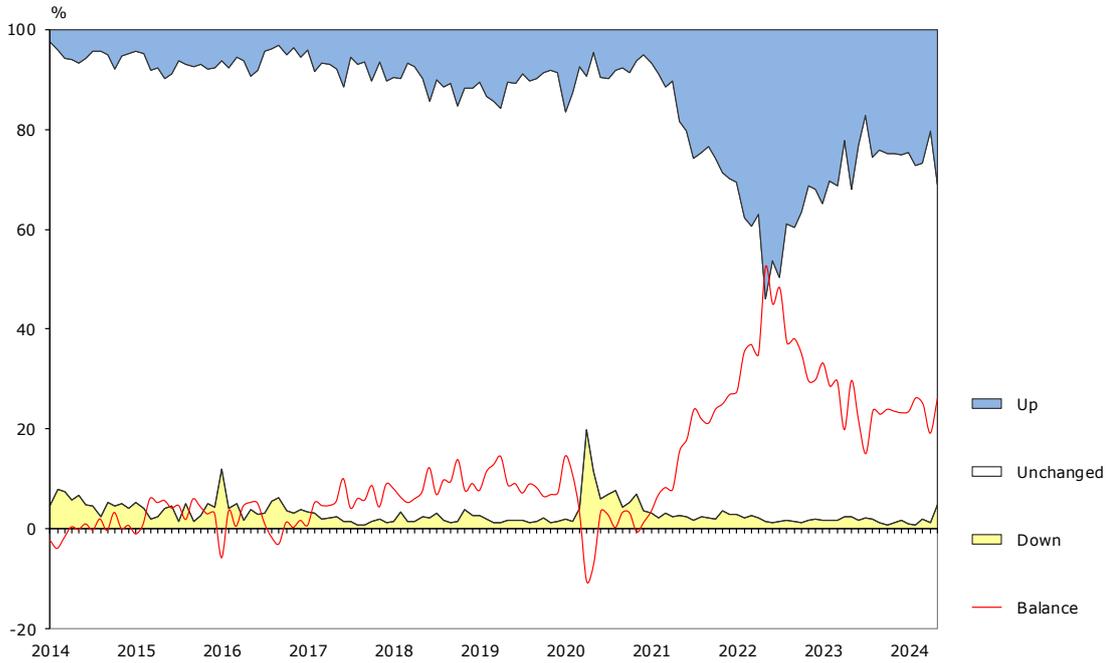
**Figure 11. Sales expectations in retail trade over the next 3 months**



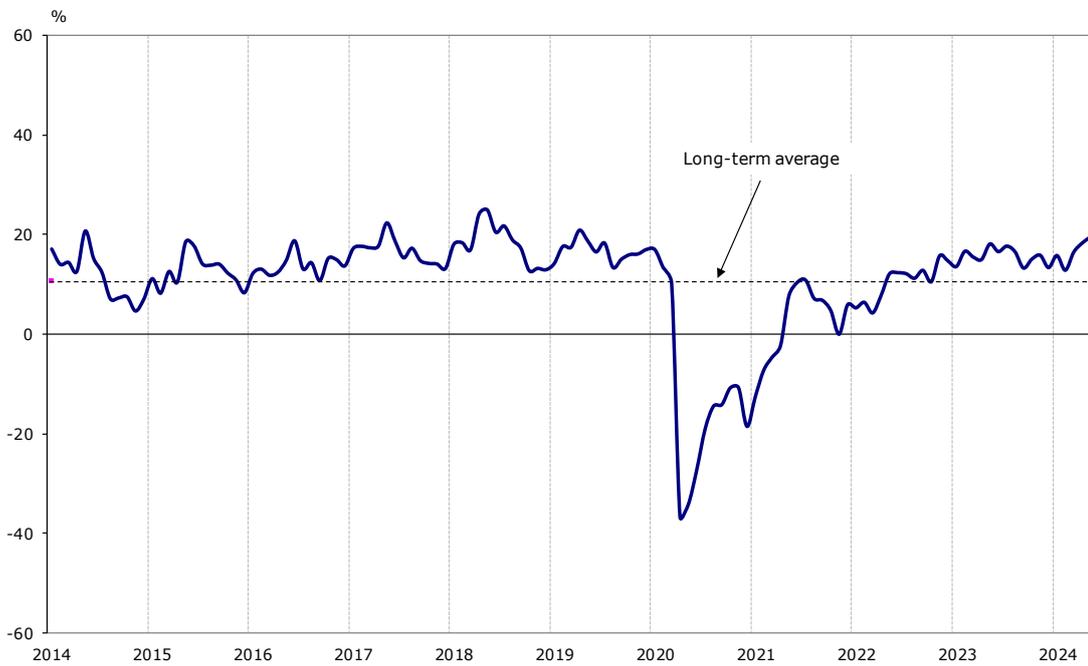
**Figure 12. Factors limiting the activity in retail trade  
(Relative share of enterprises)**



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

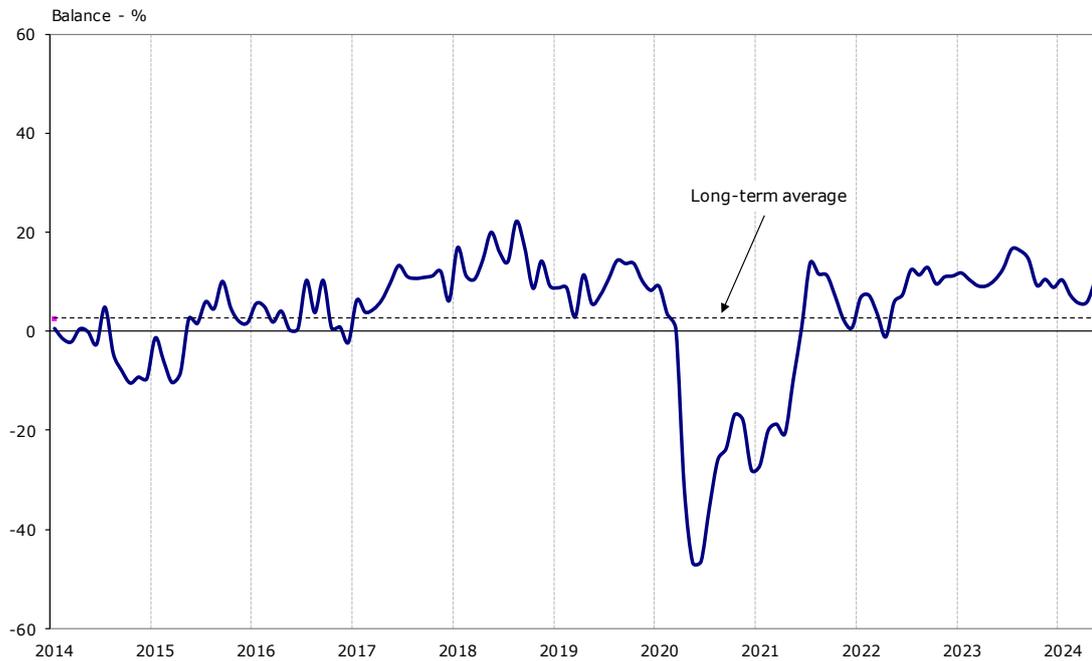


**Figure 14. Business climate in service sector**

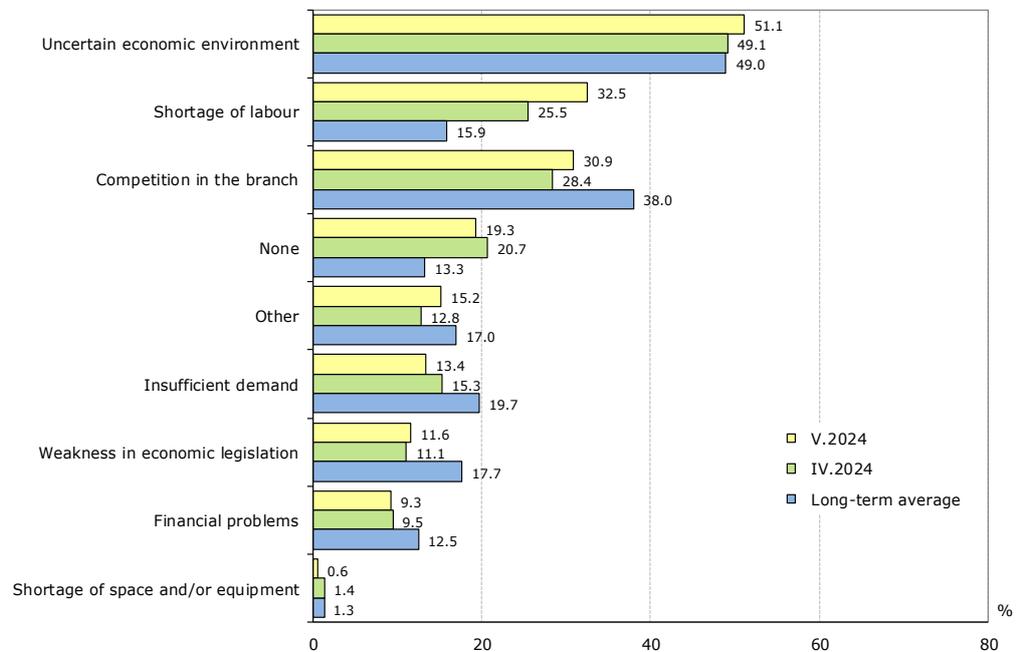


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**Figure 15. Demand in service sector over the last 3 months**



**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**

