BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS, JUNE 2024

In June 2024, **the total business climate indicator** decreases by 0.9 percentage points in comparison with May (from 25.4% to 24.5%) (Annex, Figure 1), which is due to the unfavourable business climate in the retail trade and in the service sector.

Industry. The composite indicator 'business climate in industry' remains to its level from the previous month (from 17.8% to 17.5%) (Annex, Figure 2). The industrial entrepreneurs assess the present production activity as reduced, while their expectations about the activity over the next 3 months are favourable (Annex, Figure 3).

The uncertain economic environment and shortage of labour continue to be the main problems for the business development, as in the last month strengthening of the negative influence of the first factor is observed (Annex, Figure 4).

Regarding the selling prices in the industry, the managers do not expect a change over the next 3 months (Annex, Figure 5).

Construction. In June, the composite indicator 'business climate in construction' preserves approximately its May level (from 31.4% to 31.0%) (Annex, Figure 6). In the construction entrepreneurs' opinion, the present construction activity is improved, while their expectations about the activity over the next 3 months are more reserved (Annex, Figure 7).

The most serious difficulties for the activity remain the uncertain economic environment, shortage of labour, costs of materials and competition in the branch, as compared to the previous month a decrease of their negative impact is reported (Annex, Figure 8).

Concerning the selling prices in the construction, the majority of the managers' forecasts are them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' drops by 2.3 percentage points (from 40.6% to 38.3%) (Annex, Figure 10) as a result of the more moderate 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 competition in the branch, uncertain economic environment, insufficient demand and shortage of labour continue to be the main obstacles for the business development (Annex, Figure 12).

Regarding the selling prices, the retailers' expectations 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 1.2 percentage points (from 19.6% to 18.4%) (Annex, Figure 14), which is due to the unfavourable managers' expectations about the business situation of the enterprises over the next 6 months. Regarding the demand for services, the present tendency is assessed as favourable, while the expectations over the next 3 months are more negative (Annex, Figure 15).

The main factor limiting the activity remains the uncertain economic environment, pointed out by 45.1% of the enterprises. In second and third place are the competition in the branch and shortage of labour (Annex, Figure 16).

Concerning the selling prices in the service sector, the managers foresee them to remain unchanged 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 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 in the 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

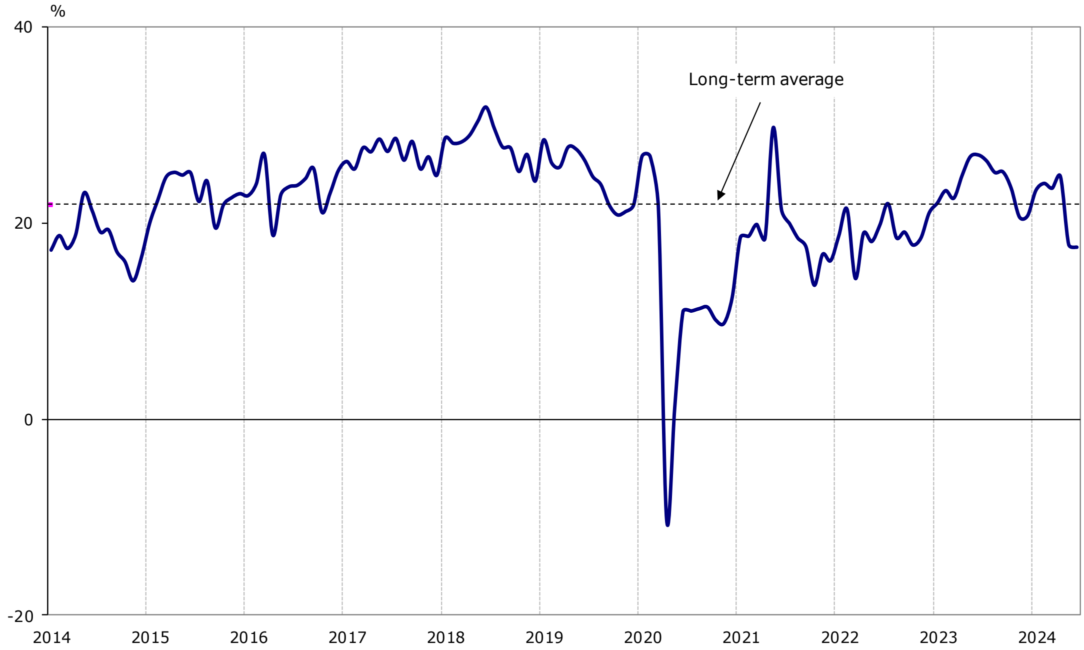

Figure 3. Expected production activity in industry over the next 3 months

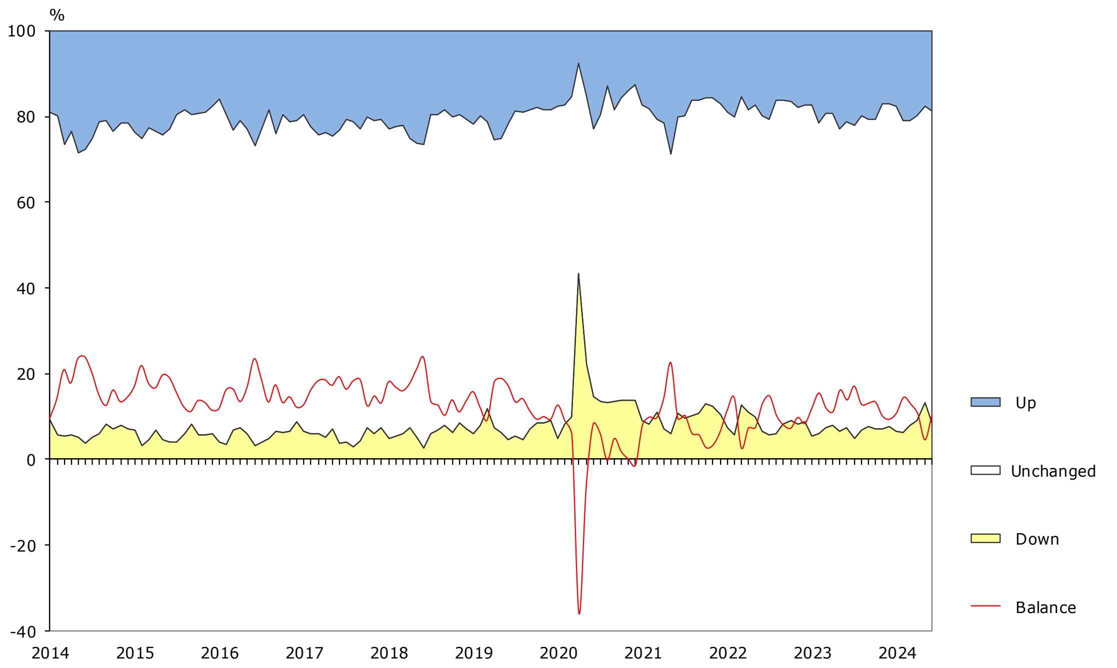

Figure 4. Factors limiting the activity in industry

(Relative share of enterprises)

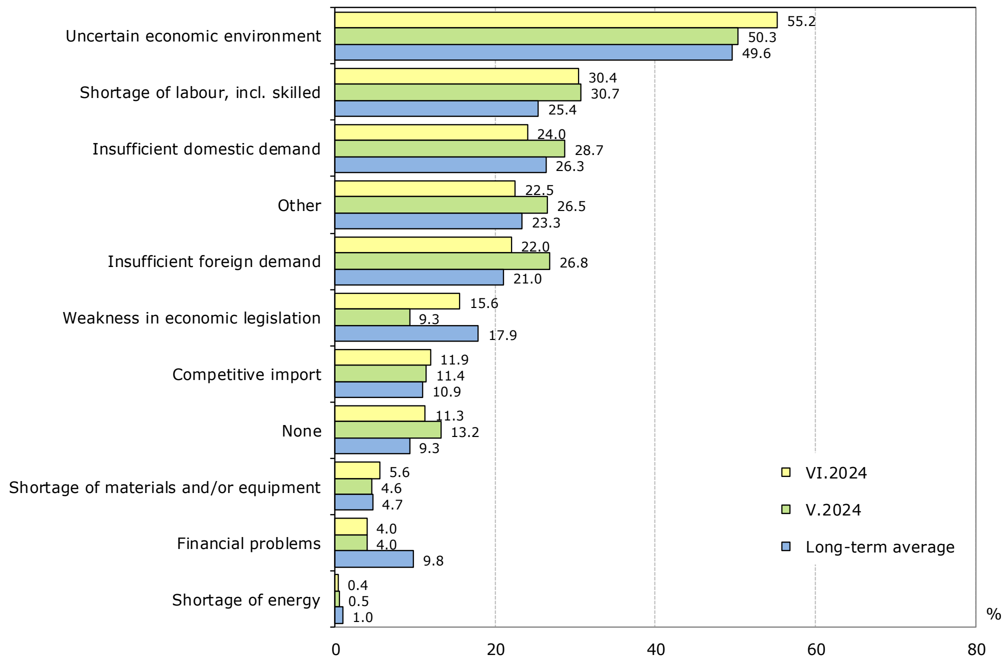

Figure 5. Selling prices expectations in industry over the next 3 months

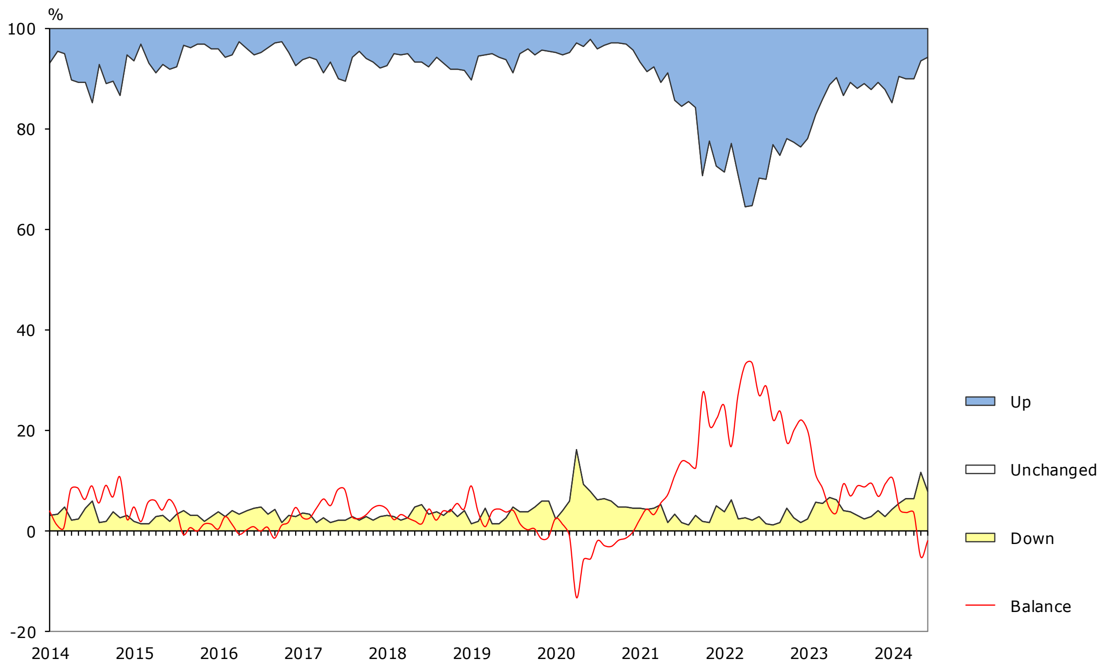

Figure 6. Business climate in construction

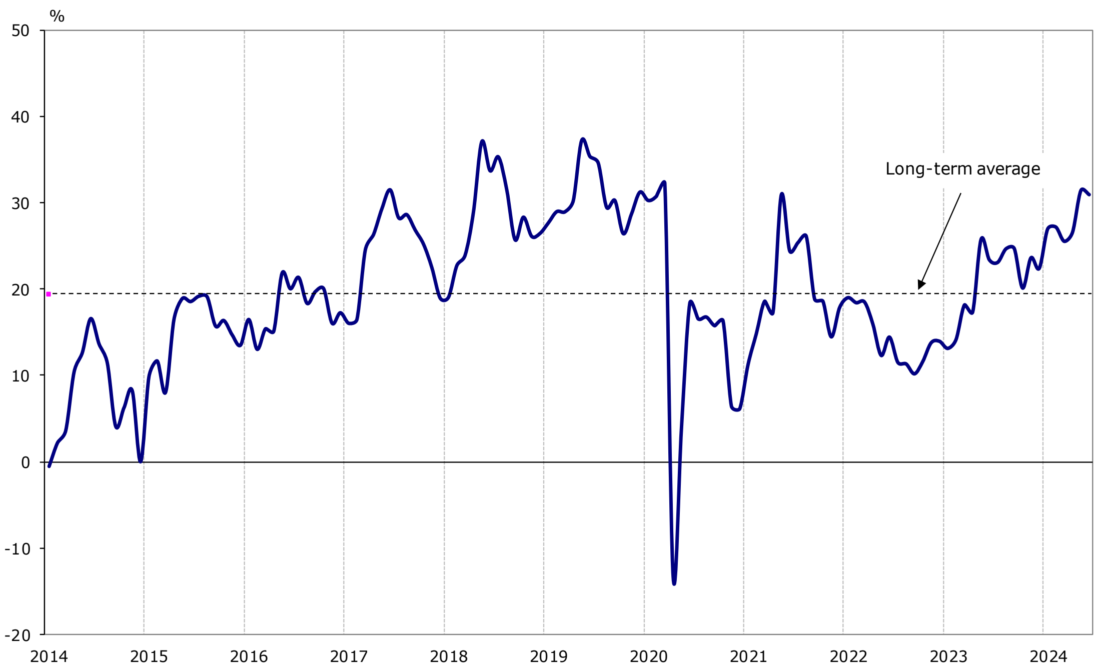

Figure 7. Expected construction activity over the next 3 months

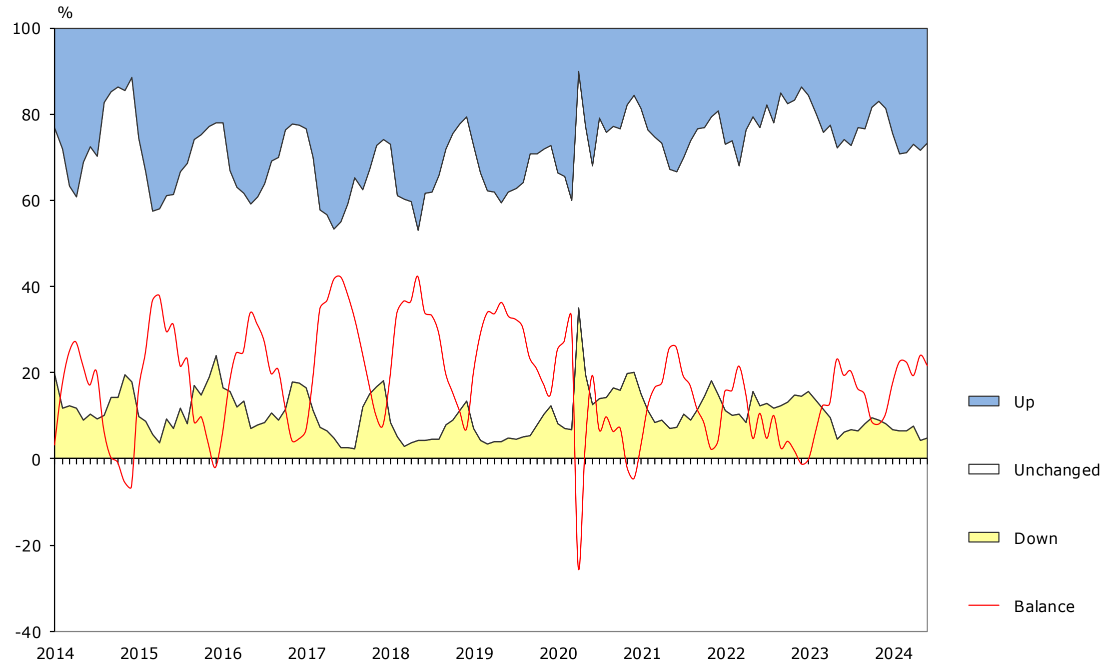

Figure 8. Factors limiting the activity in construction

(Relative share of enterprises)

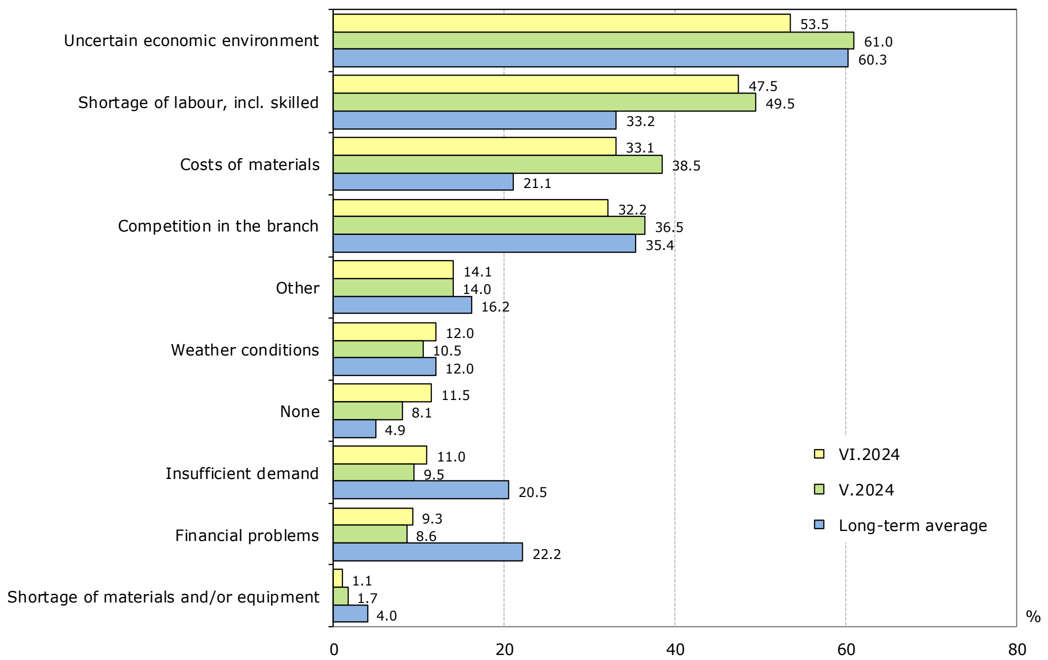

Figure 9. Selling prices expectations in construction over the next 3 months

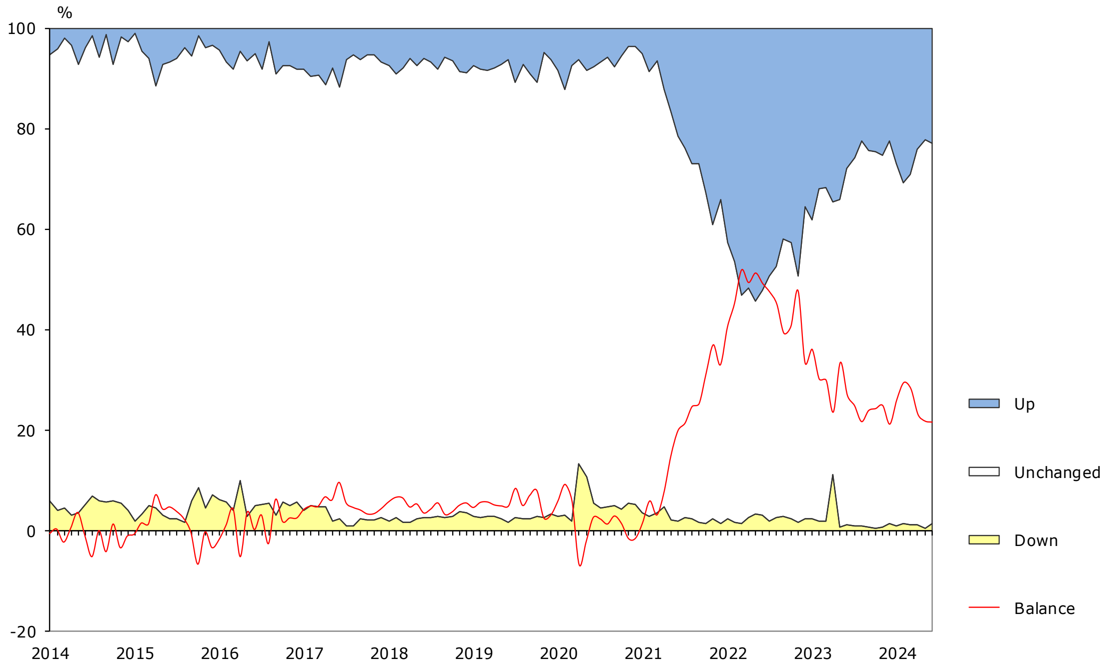

Figure 10. Business climate in retail trade

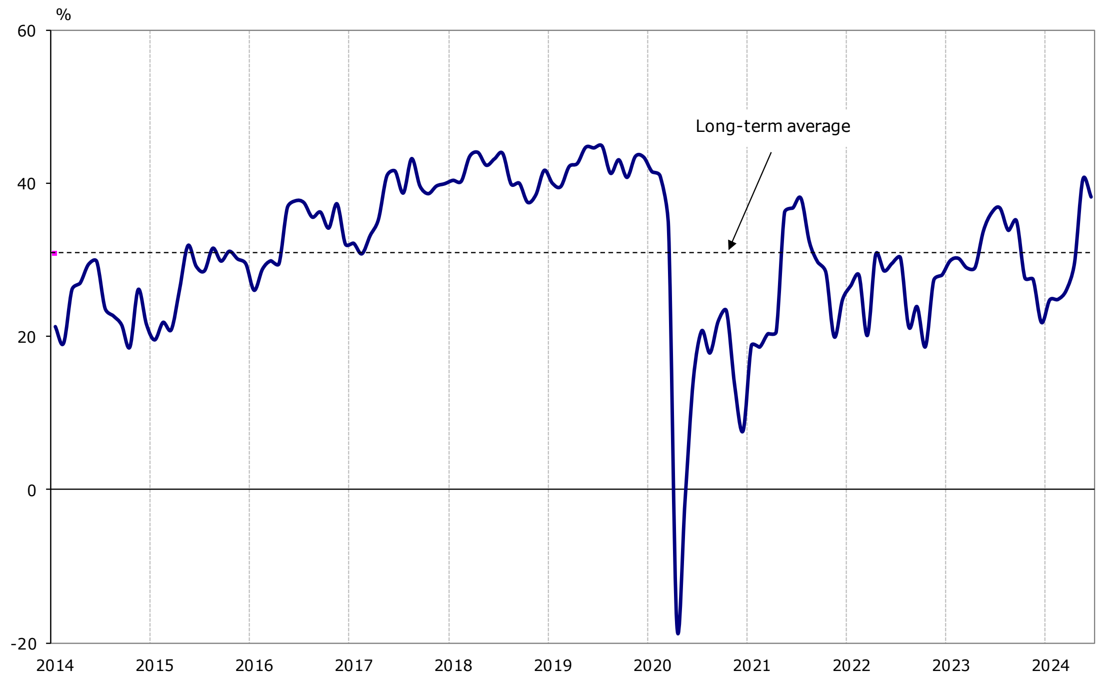

Figure 11. Sales expectations in retail trade over the next 3 months

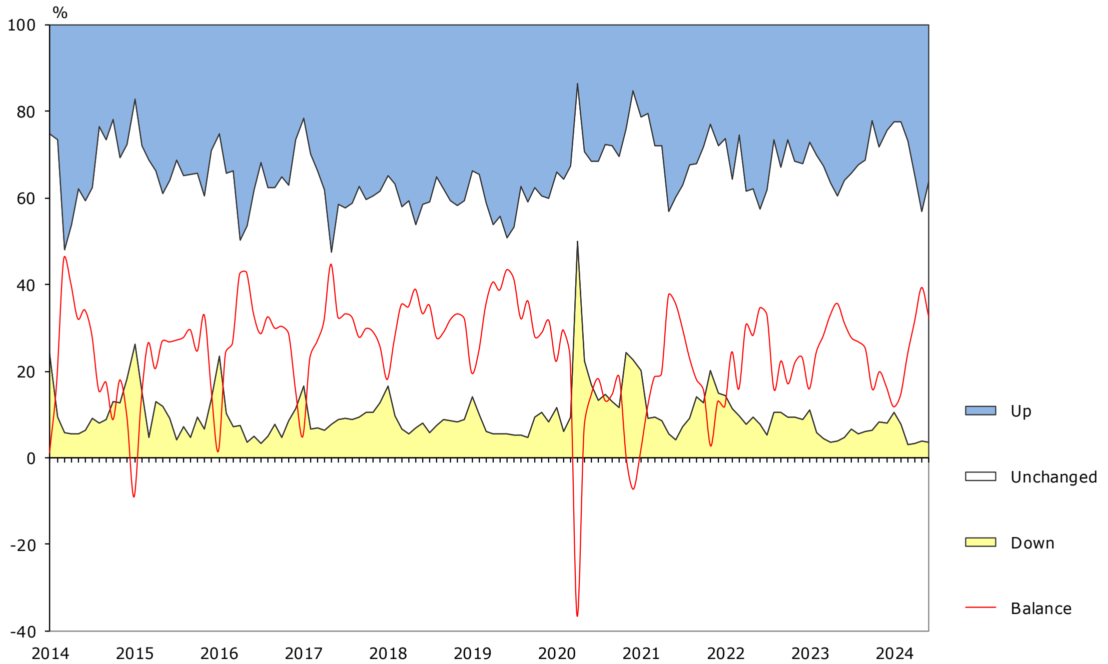

Figure 12. Factors limiting the activity in retail trade

(Relative share of enterprises)

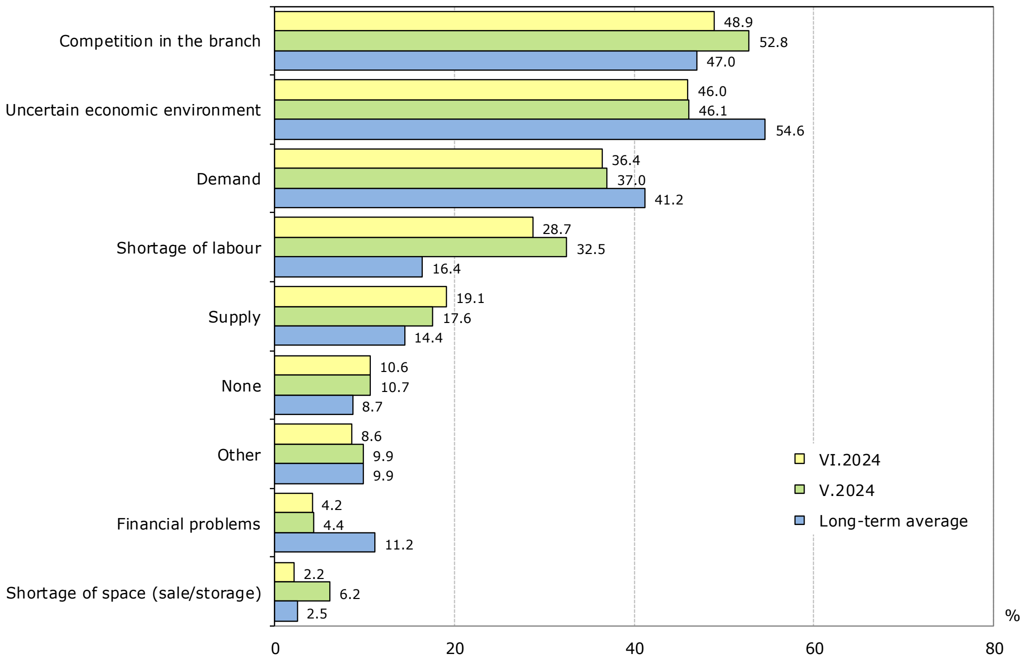

Figure 13. Selling prices expectations in retail trade over the next 3 months

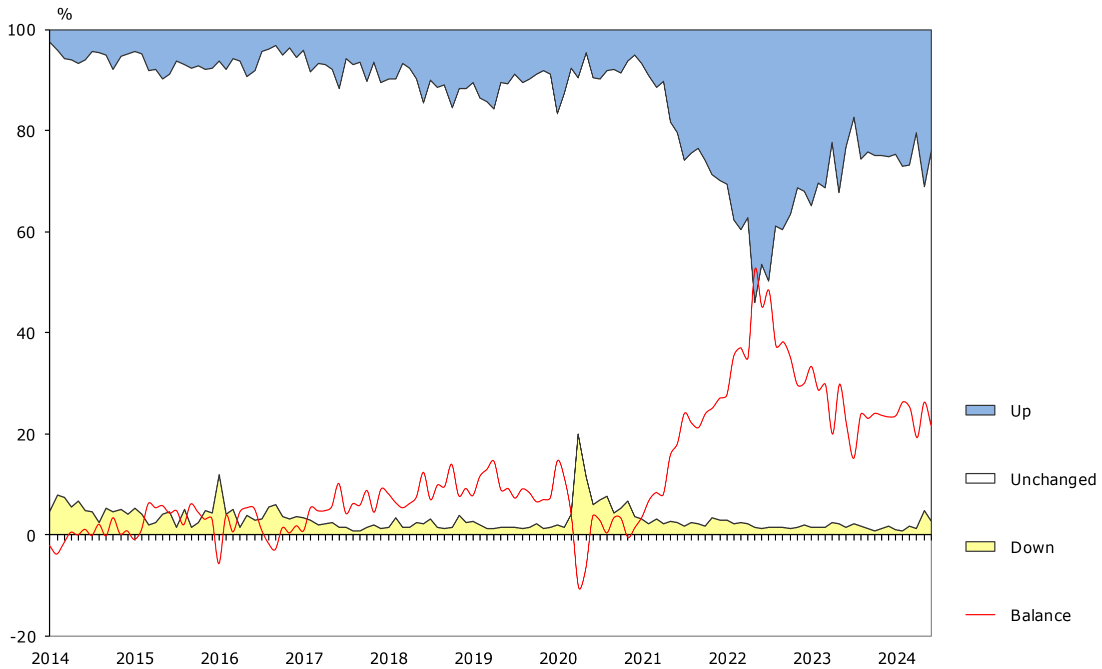

Figure 14. Business climate in service sector

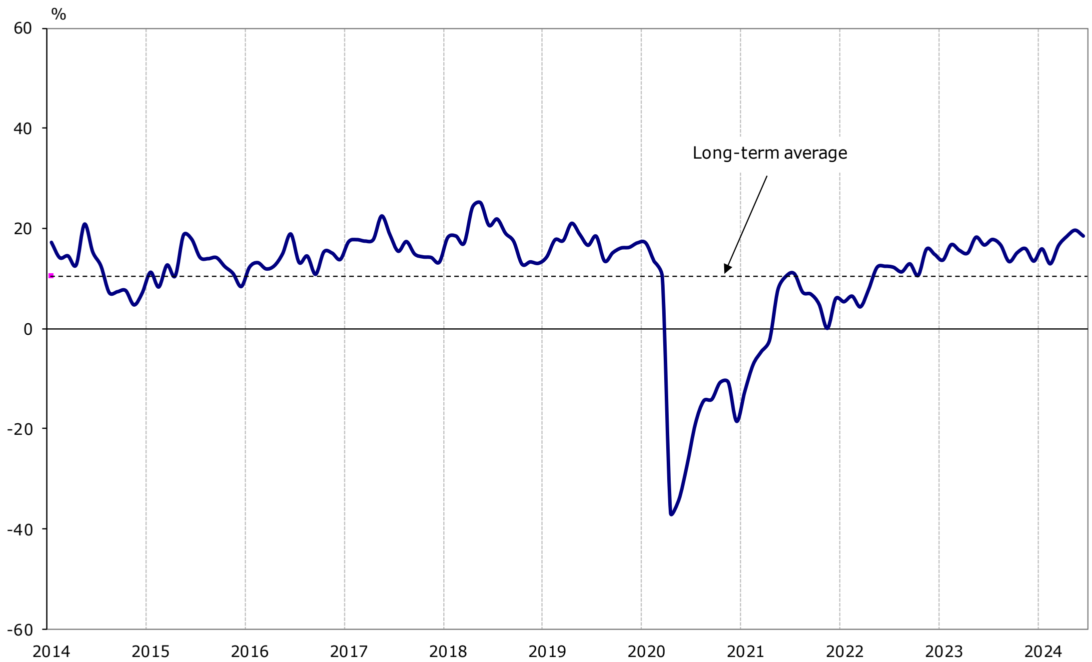

Figure 15. . Expected demand in service sector over the next 3 months

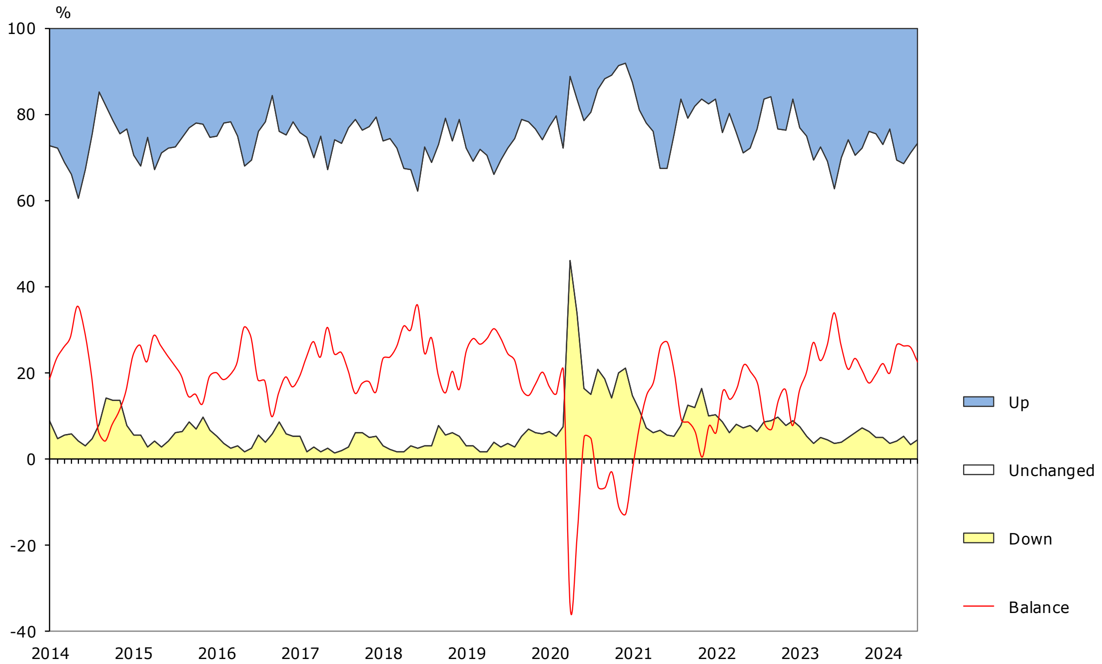

Figure 16. Factors limiting the activity in service sector

(Relative share of enterprises)

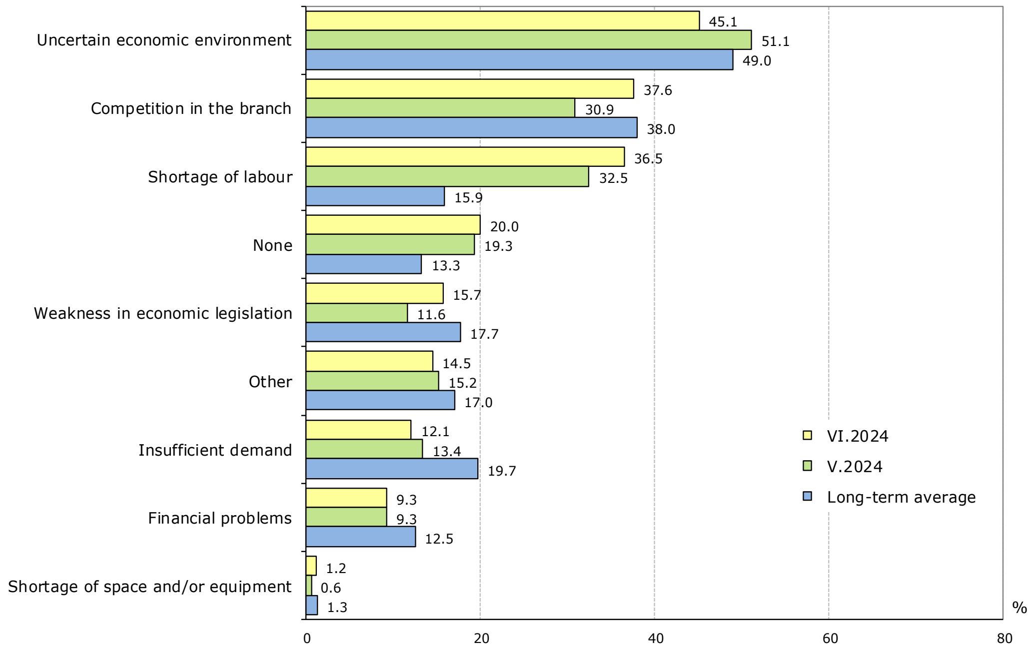

Figure 17. Selling prices expectations in service sector over the next 3 months