



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, AUGUST 2024

In August 2024, **the total business climate indicator** increases by 0.5 percentage points in comparison with July (from 23.0% to 23.5%) (Annex, Figure 1), as a growth of the indicator is observed only in the industry.

Industry. The composite indicator 'business climate in industry' increases by 7.0 percentage points (from 16.5% to 23.5%) (Annex, Figure 2) as a result of the optimistic industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. According to them, the present production activity is improved (Annex, Figure 3), as and their forecasts over the next 3 months remain favourable, although more moderate compared to the previous inquiry.

The uncertain economic environment continues to be the main obstacle limiting the business development, pointed out by 53.9% of the enterprises. In the last month an increase of the negative influence of the factor 'insufficient domestic demand' is registered, which shifts to the third place the difficulties connected with the shortage of labour (Annex, Figure 4).

Regarding 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 August, the composite indicator 'business climate in construction' decreases by 2.6 percentage points (from 25.9% to 23.3%) (Annex, Figure 6), which is due to the worsened construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the construction activity over the next 3 months are also more reserved (Annex, Figure 7).

The main problems for the activity of the enterprises remain connected with the uncertain economic environment, shortage of labour and costs of materials. At the same time, the inquiry reports an increase of the negative impact of the factor 'competition in the branch' (Annex, Figure 8).

The construction entrepreneurs' expectations about the selling prices over the next 3 months are in the direction of an increase (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' drops by 6.8 percentage points (from 37.3% to 30.5%) (Annex, Figure 10) as a result of the reserved 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 more moderate.

The competition in the branch, uncertain economic environment, insufficient demand and shortage of labour continue to be the most serious difficulties for the business development (Annex, Figure 12).

Regarding the selling prices, the retailers foresee them to preserve their level over the next 3 months (Annex, Figure 13).

Service sector¹. In August, the composite indicator 'business climate in service sector' decreases by 1.8 percentage points (from 18.6% to 16.8%) (Annex, Figure 14), which is due to the more unfavourable managers' assessments and expectations for the business situation of the enterprises. At the same time, their opinions about the present and expected demand for services (Annex, Figure 15) are slightly worsened.


The main factors limiting the activity remain the uncertain economic environment, shortage of labour and competition in the branch (Annex, Figure 16).

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

¹ Excl. trade.

Methodological notes

The business surveys in the 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

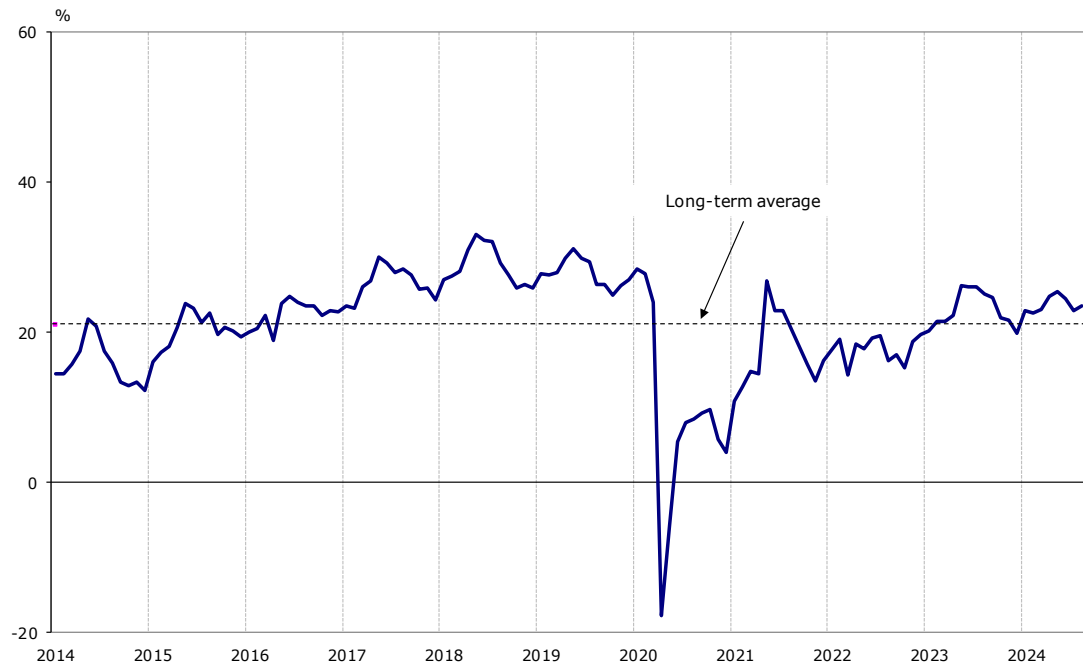
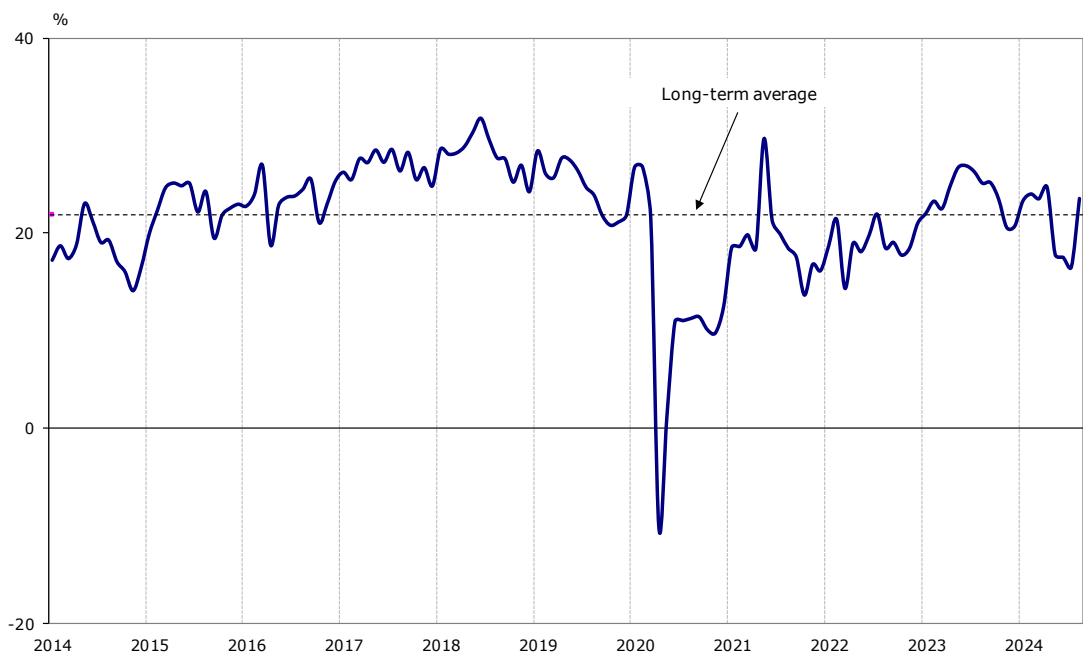


Figure 2. Business climate in industry



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Figure 3. Present production activity in industry

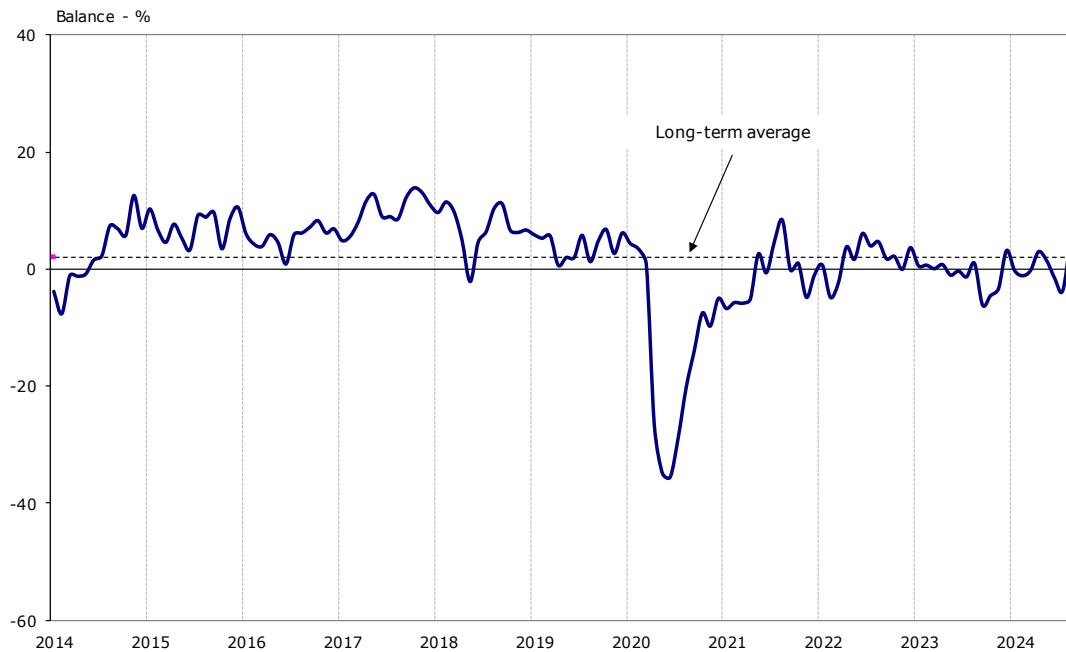


Figure 4. Factors limiting the activity in industry

(Relative share of enterprises)

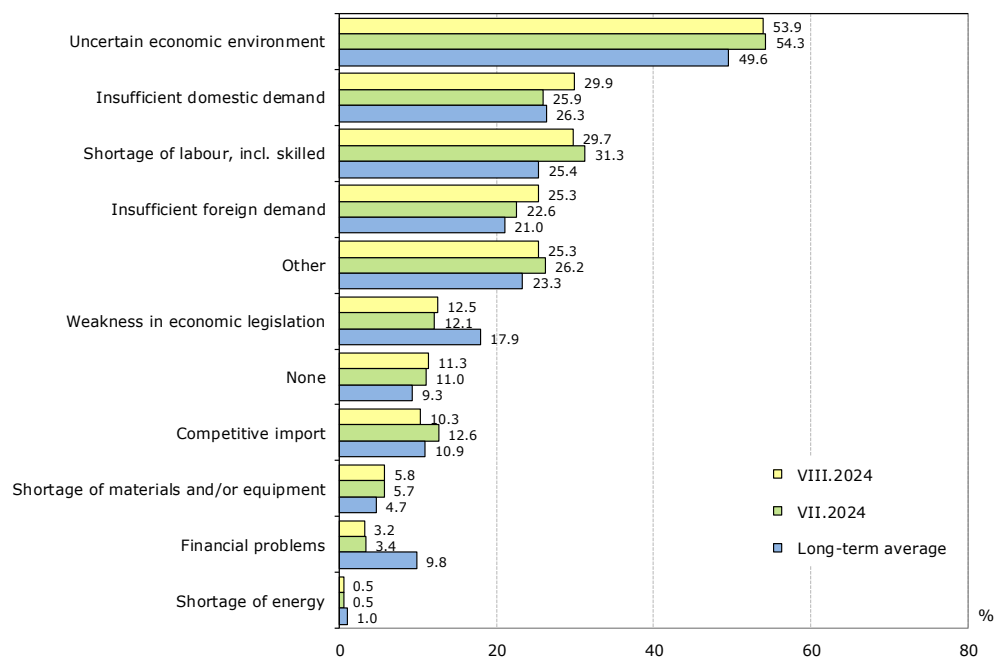


Figure 5. Selling prices expectations in industry over the next 3 months

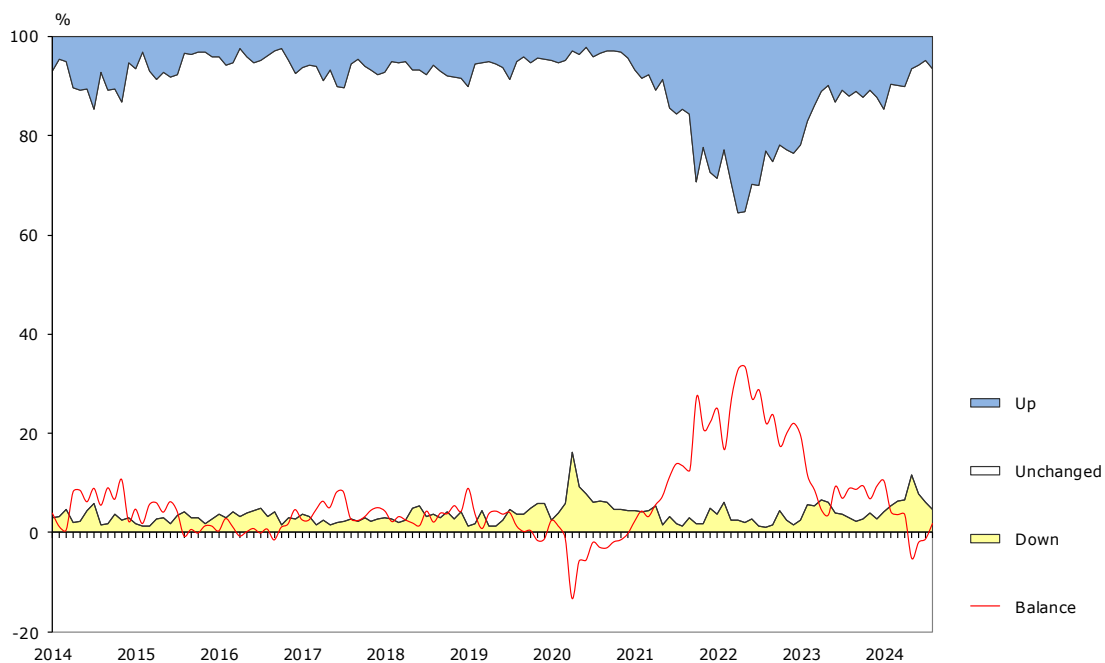
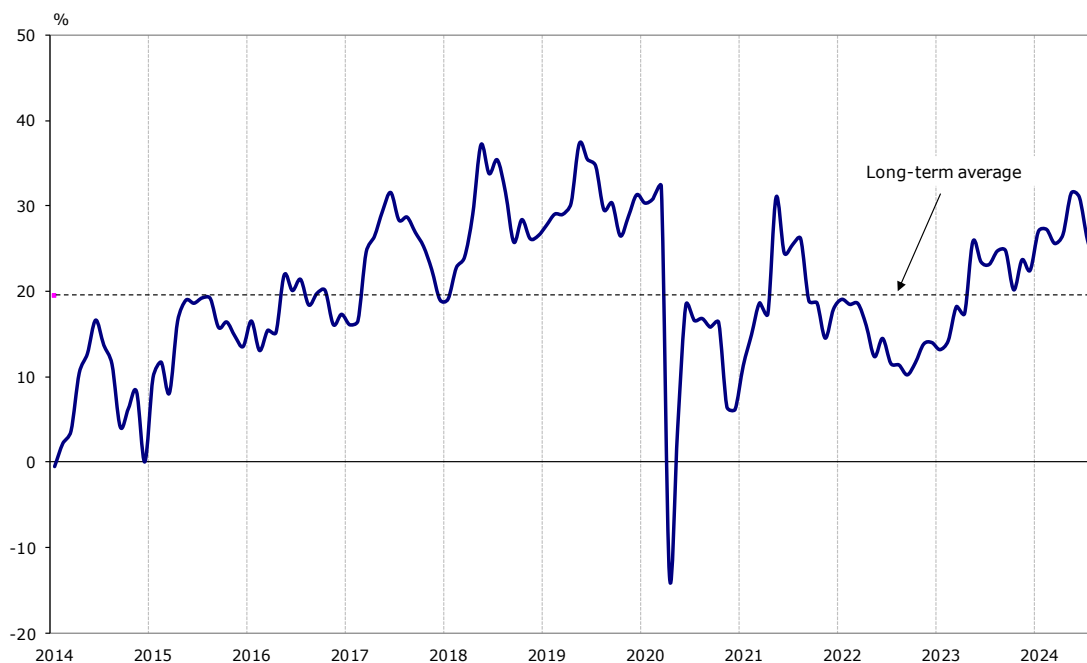


Figure 6. Business climate in construction



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Figure 7. Expected construction activity over the next 3 months

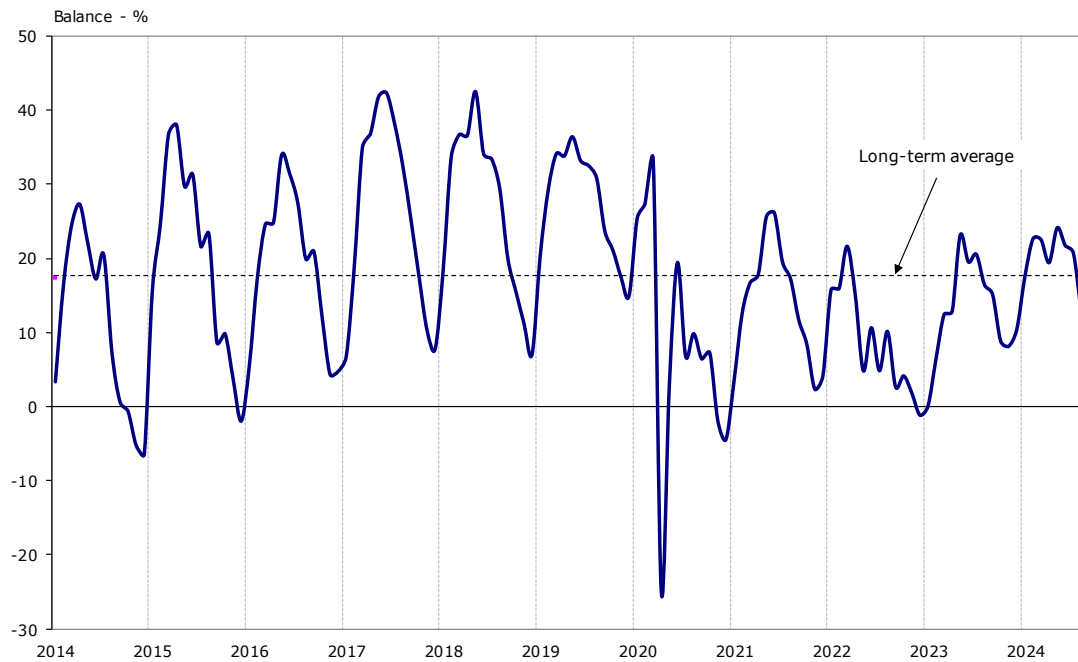


Figure 8. Factors limiting the activity in construction

(Relative share of enterprises)

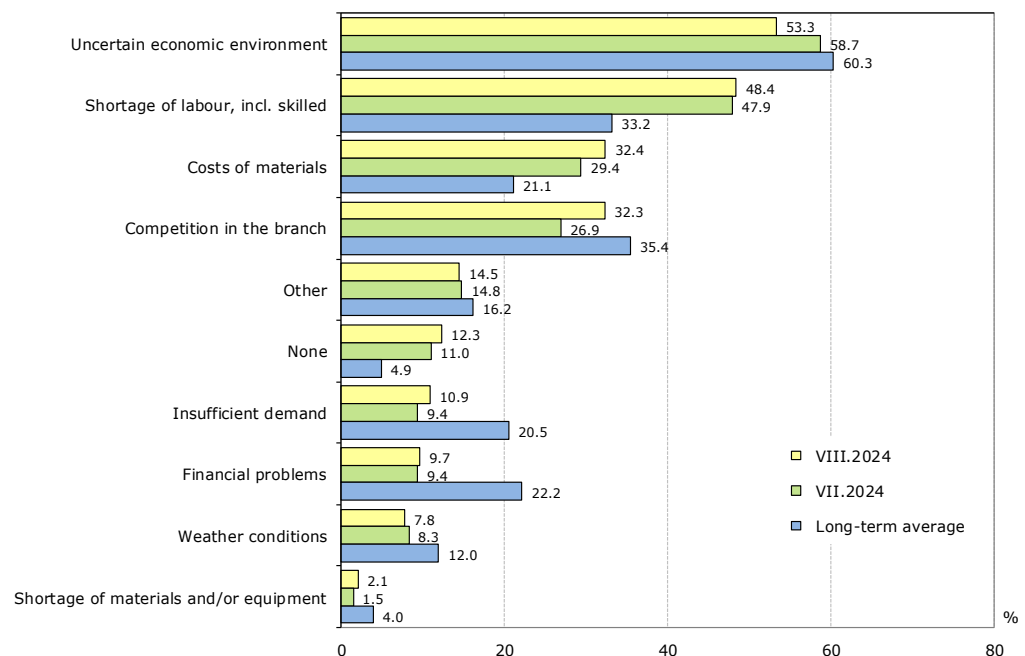


Figure 9. Selling prices expectations in construction over the next 3 months

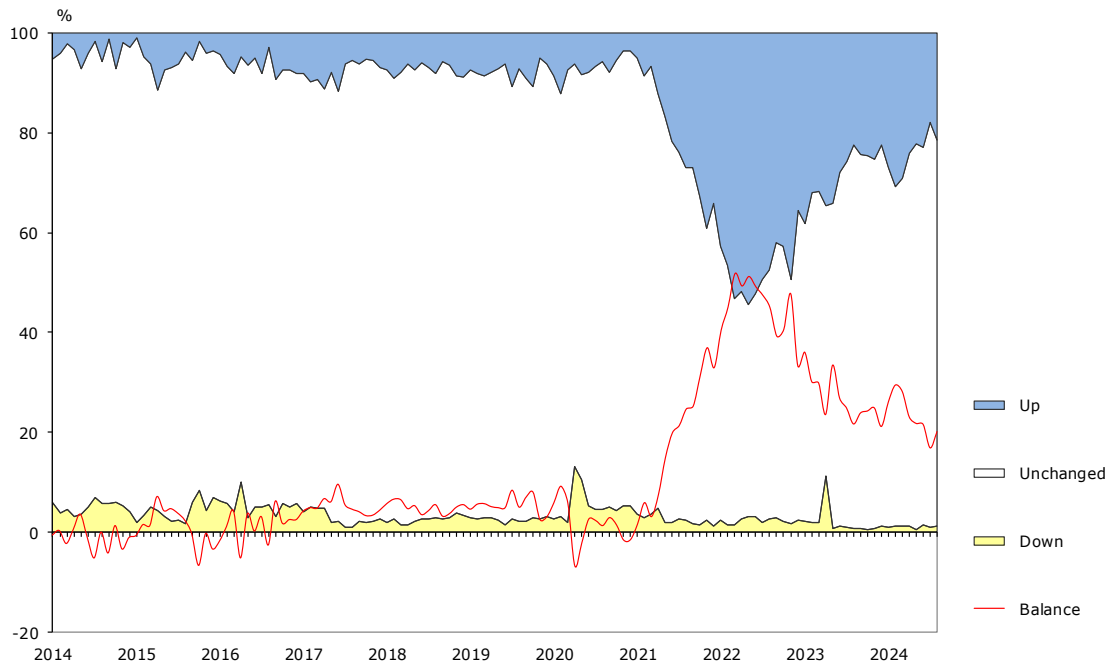


Figure 10. Business climate in retail trade

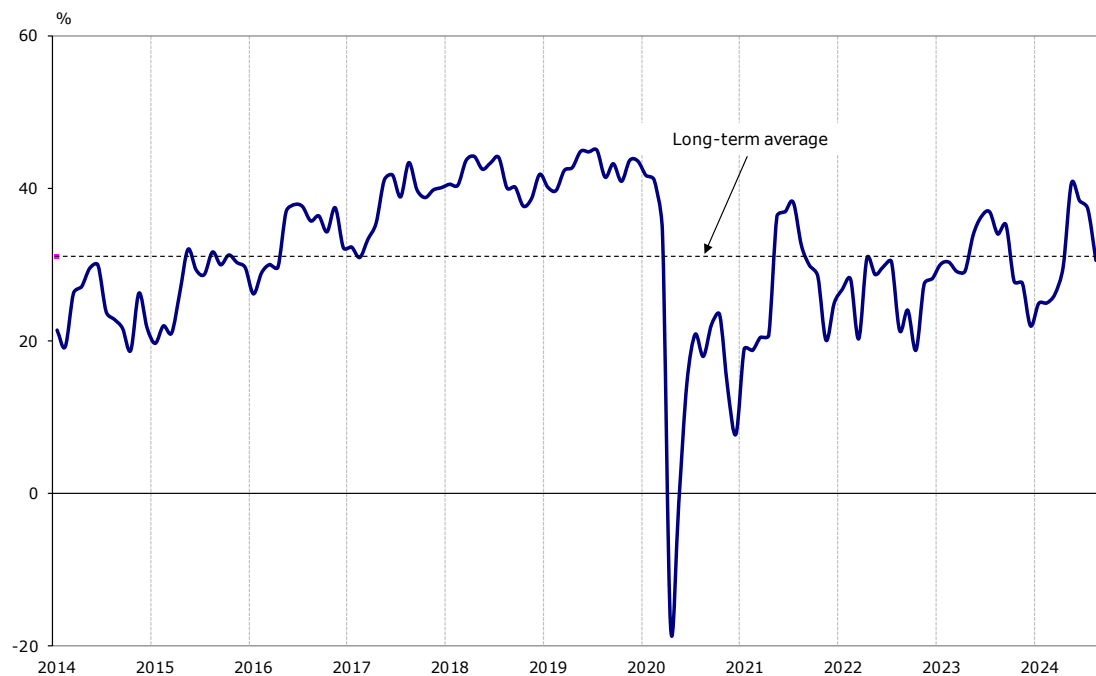


Figure 11. Sales expectations in retail trade over the next 3 months

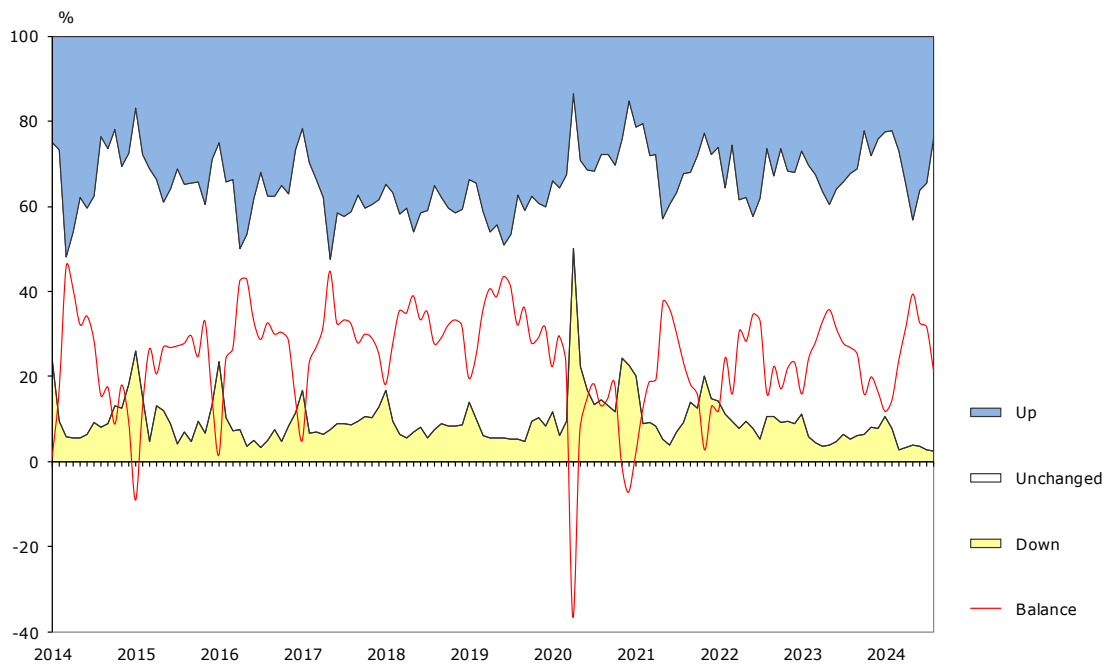


Figure 12. Factors limiting the activity in retail trade

(Relative share of enterprises)

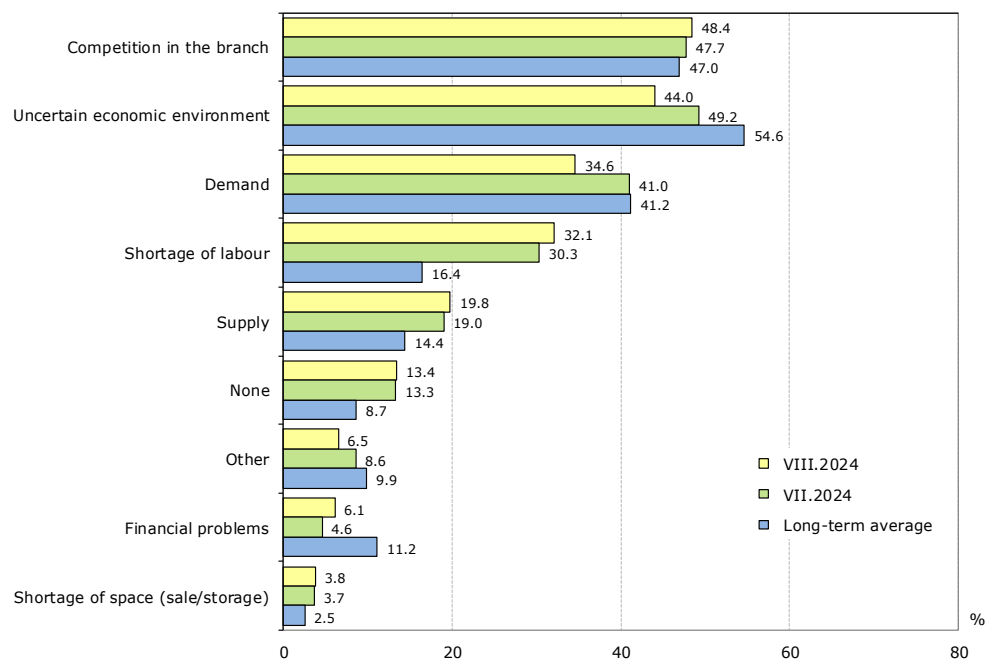


Figure 13. Selling prices expectations in retail trade over the next 3 months

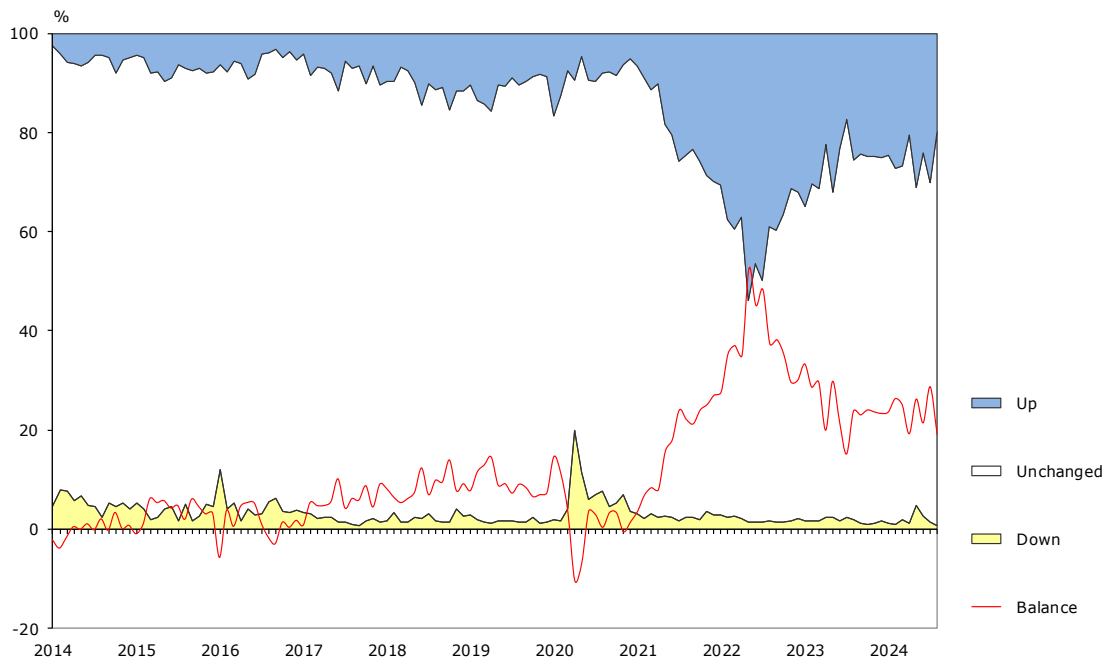


Figure 14. Business climate in service sector

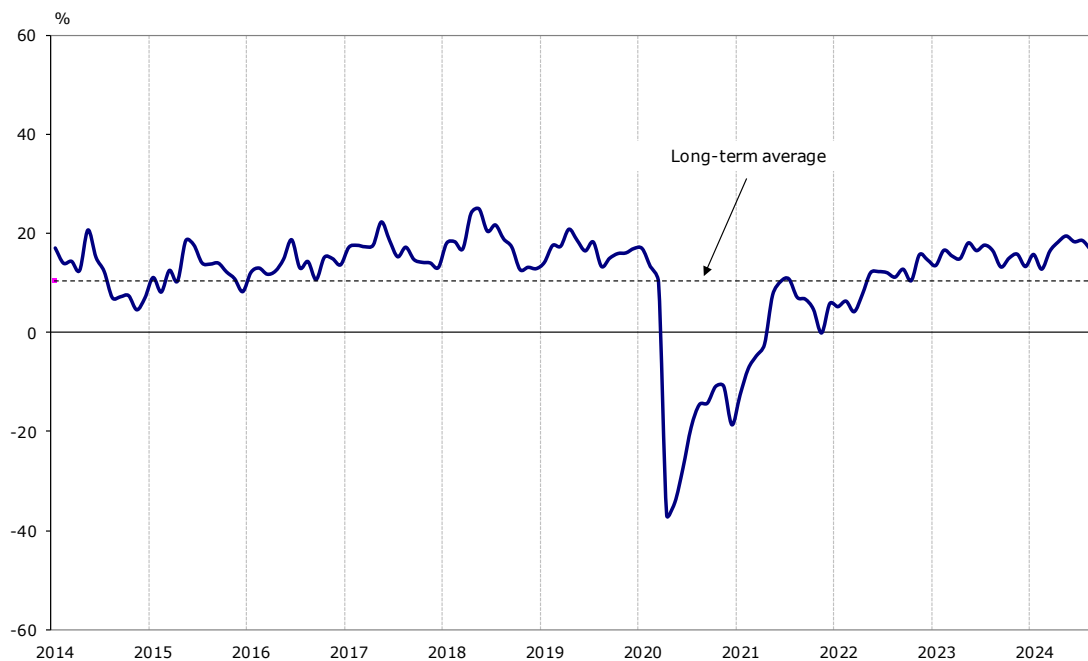


Figure 15. Expected demand in service sector over the next 3 months

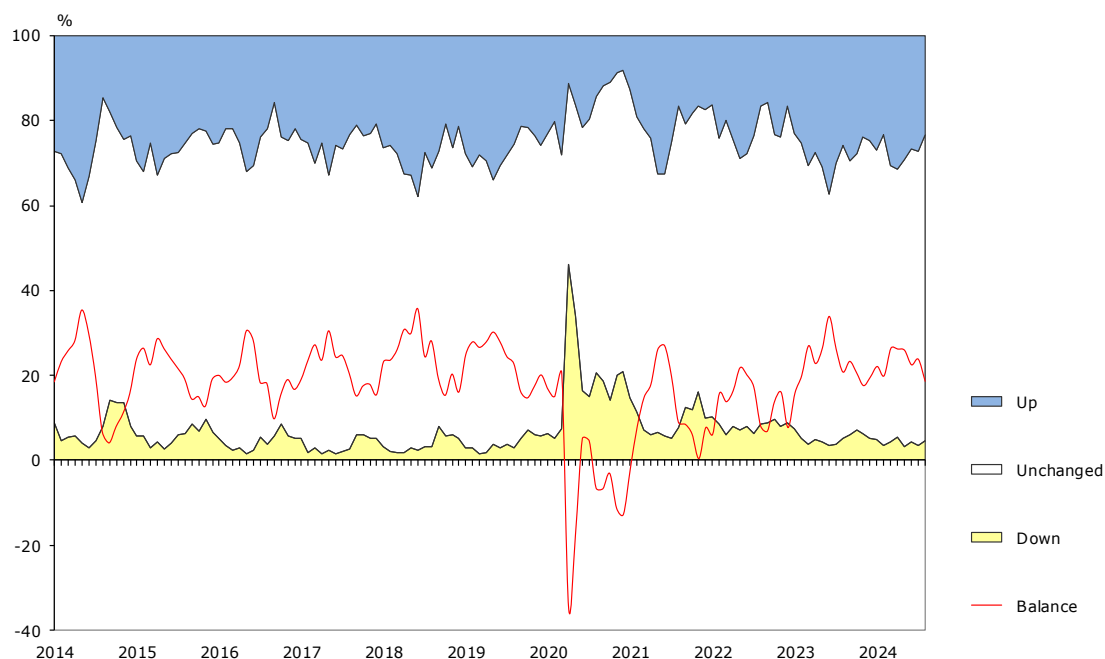
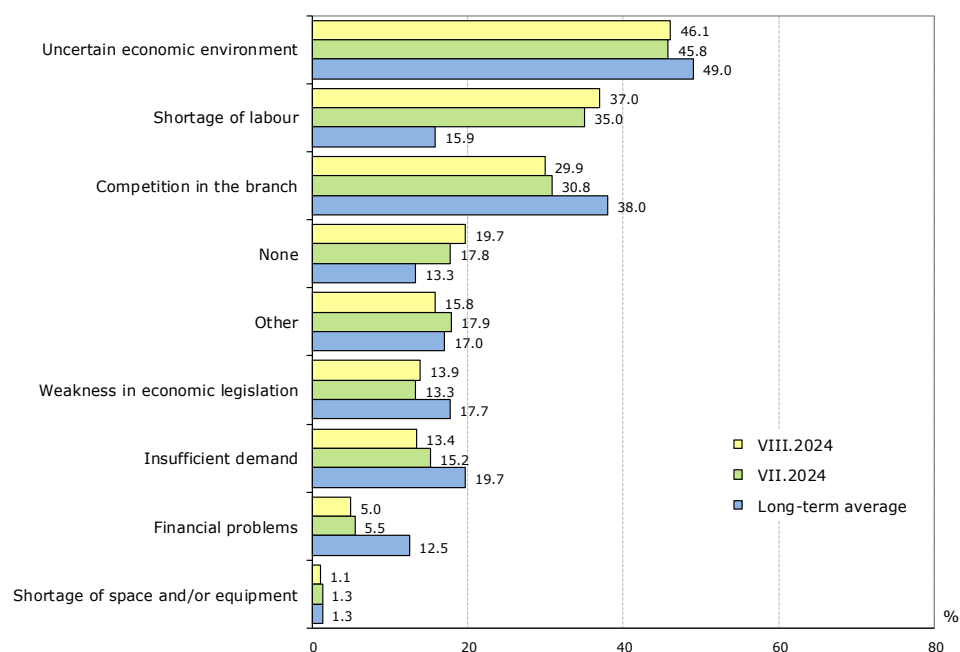


Figure 16. Factors limiting the activity in service sector
(Relative share of enterprises)



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

