BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS, OCTOBER 2024

In October 2024, **the total business climate indicator** decreases by 5.6 percentage points in comparison with September (from 22.5% to 16.9%) (Annex, Figure 1), as a reduction of the indicator is registered in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator 'business climate in industry' drops by 5.0 percentage points (from 18.3% to 13.3%) (Annex, Figure 2) as a result of the more negative industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry reports a decrease in the orders inflow over the last 3 months, as the forecasts about the export (Annex, Figure 3) and production activity over the next 3 months are worsened. In October, the average capacity utilization is by 1.2 percentage points below its July level and it reaches 73.2%.

The uncertain economic environment and the shortage of labour continue to be the main problems, limiting the business development (Annex, Figure 4).

The managers' forecasts concerning the selling prices in the industry over the next 3 months are in a direction of an increase (Annex, Figure 5).

Construction. In October, the composite indicator 'business climate in construction' decreases by 2.2 percentage points (from 23.4% to 21.2%) (Annex, Figure 6), which is due to the unfavourable construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. In their opinion, in the next half year, certain decrease of the new orders is expected, which will also lead to contraction of the activity in the short-term (Annex, Figure 7).

The production assurance with orders is preserved compared to April and it is assessed to be 7.5 months.

The most serious problems for the activity of the enterprises remain the uncertain economic environment, shortage of labour and costs of materials as in the last months an increase of the negative influence of the first and third factor is reported (Annex, Figure 8).

Concerning the selling prices, the construction entrepreneurs' expectations 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 11.6 percentage points (from 35.2% to 23.6%) (Annex, Figure 10), as a result of the reserved retailers' assessments and expectations about the business situation of the enterprises. At the same time, their forecasts about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are unfavourable.

The uncertain economic environment, competition in the branch and shortage of labour continue to limit with the most extent the business development (Annex, Figure 12).

The prevailing part of the retailers' expect the selling prices to preserve their level over the next 3 months (Annex, Figure 13).

Service sector[1]. In October, the composite indicator 'business climate in service sector' decreases by 3.8 percentage points (from 17.2% to 13.4%) (Annex, Figure 14), which is due to the moderate managers' assessments and expectations about the business situation of the enterprises. Their opinions about the present demand for services are favourable (Annex, Figure 15), while their forecasts over the next 3 months are more reserved.

The main factor limiting the activity remains the uncertain economic environment, pointed out by 52.1% of the enterprises. In second and third place are the shortage of labour and competition in the branch (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.

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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

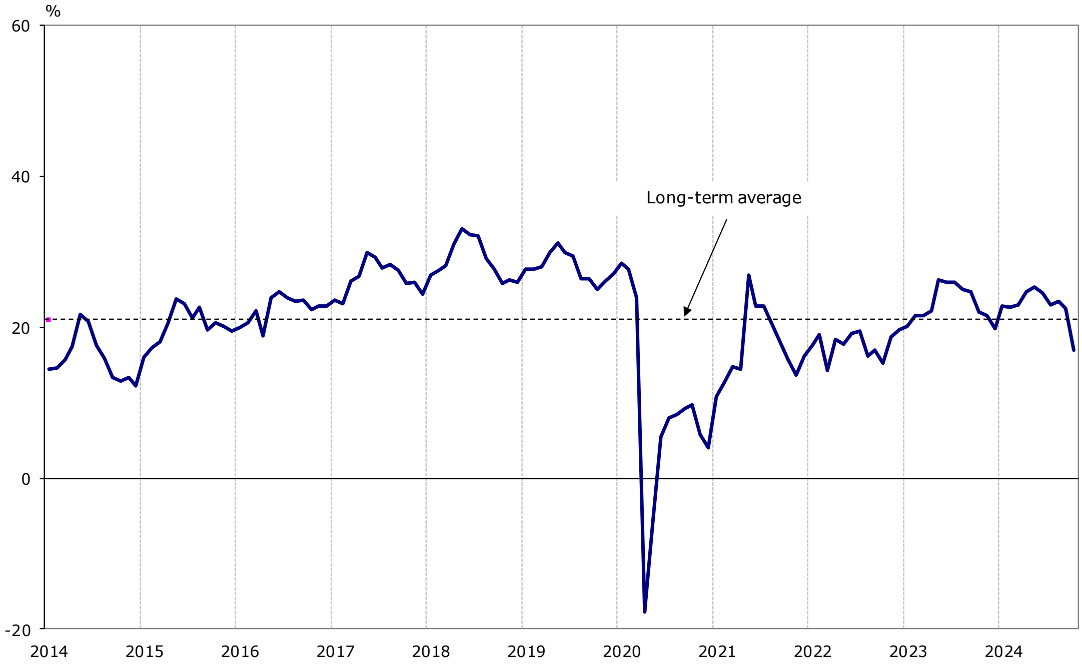

Figure 2. Business climate in industry

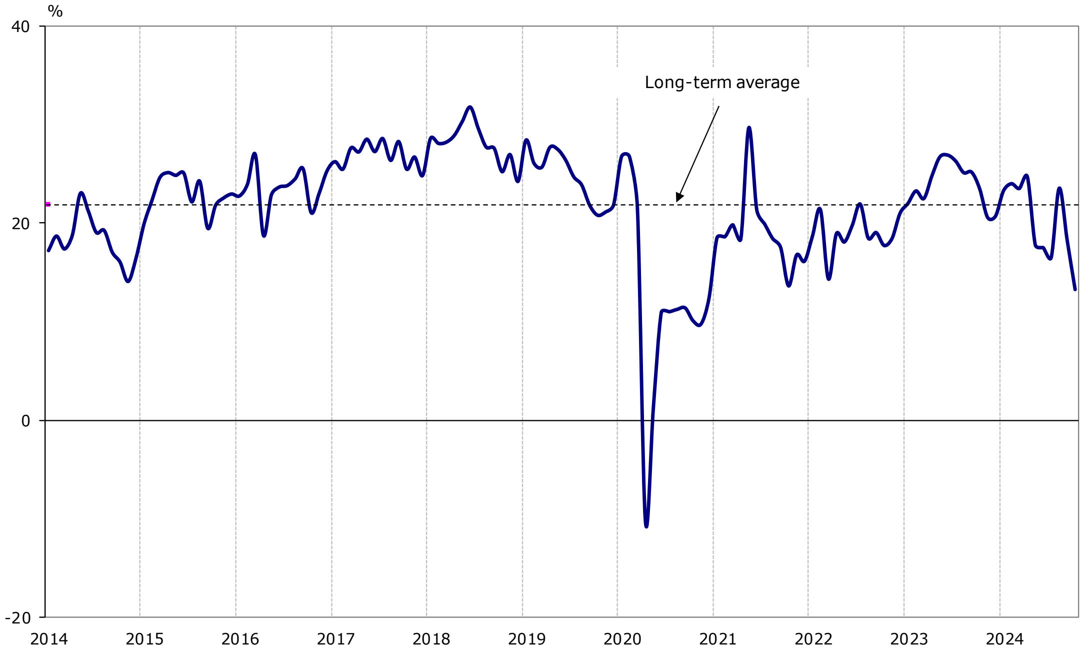

Figure 3. Export expectations in industry over the next 3 months

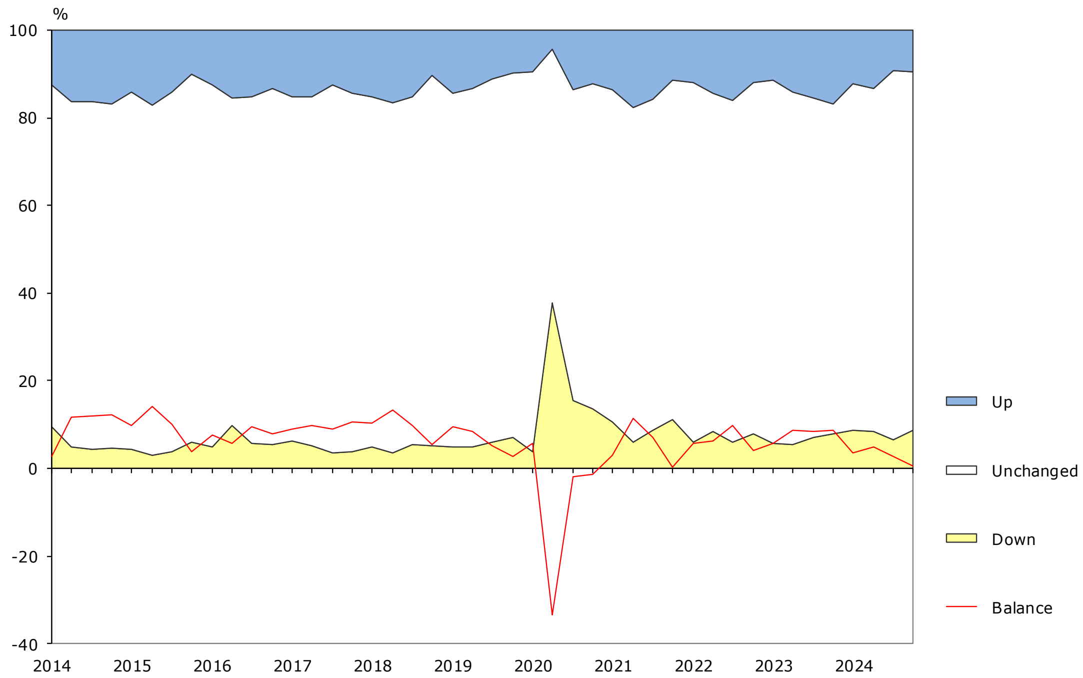

Figure 4. Factors limiting the activity in industry

(Relative share of enterprises)

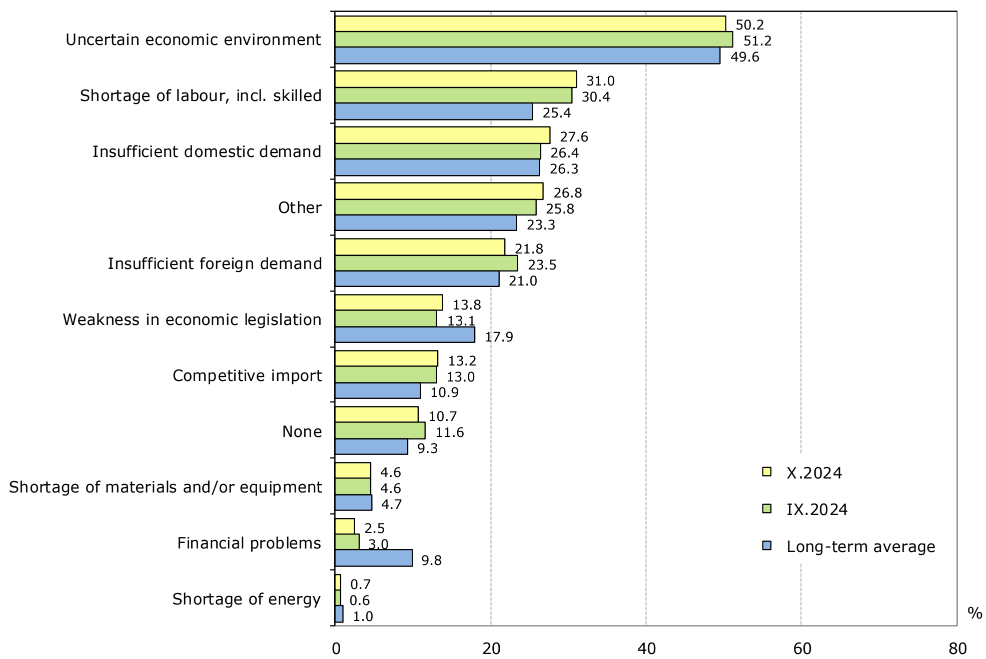

Figure 5. Selling prices expectations in industry over the next 3 months

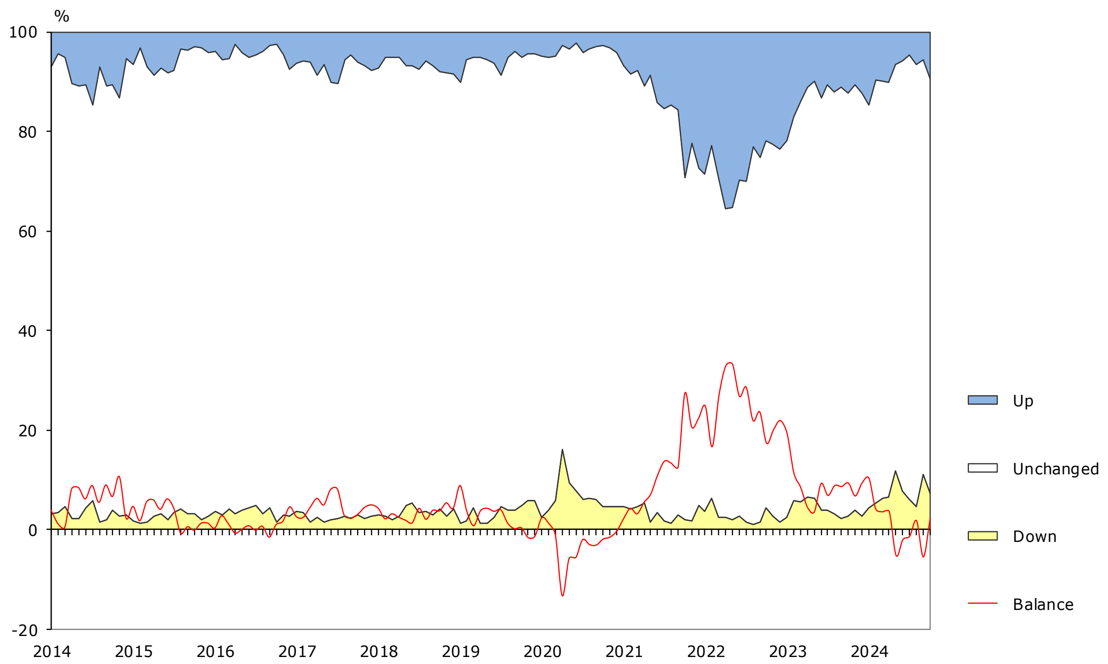

Figure 6. Business climate in construction

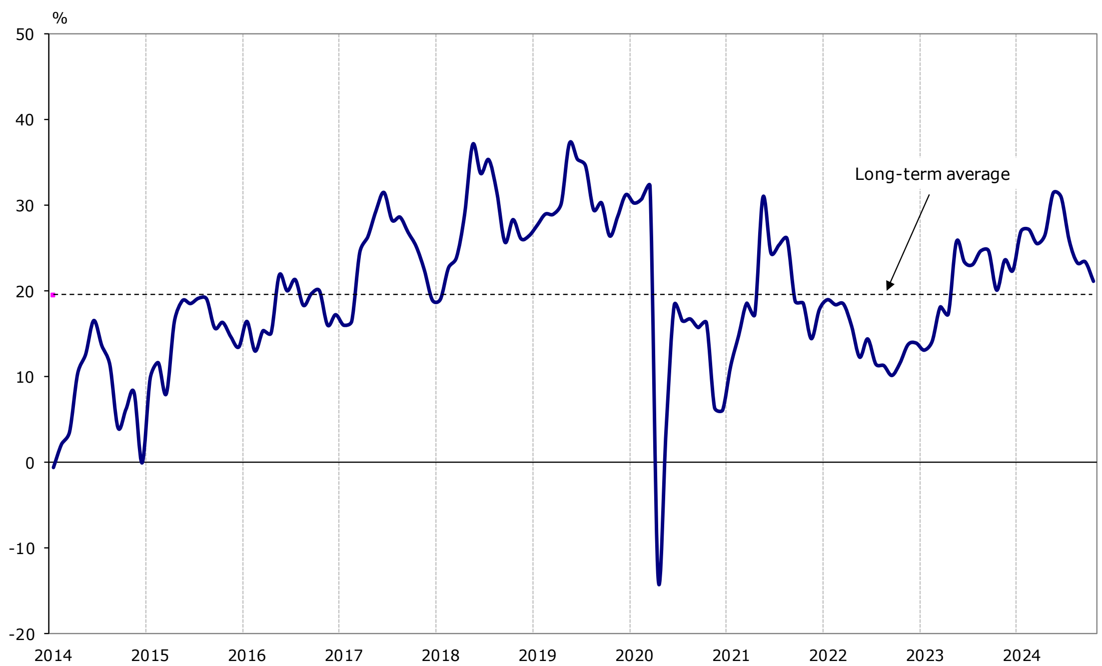

Figure 7. Expected construction activity over the next 3 months

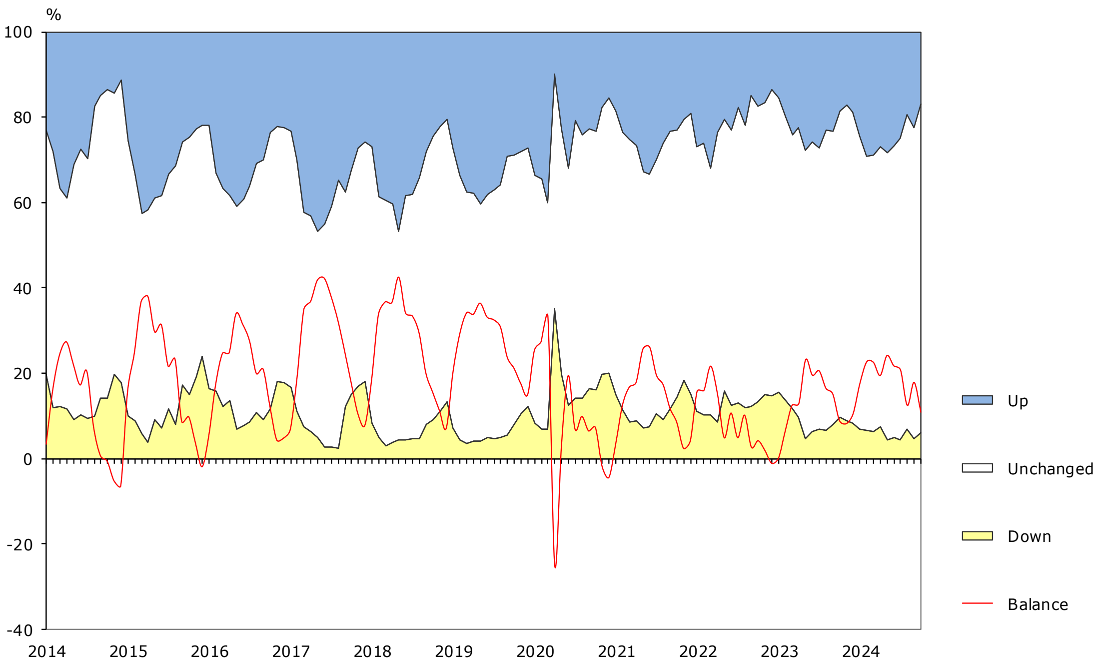

Figure 8. Factors limiting the activity in construction

(Relative share of enterprises)

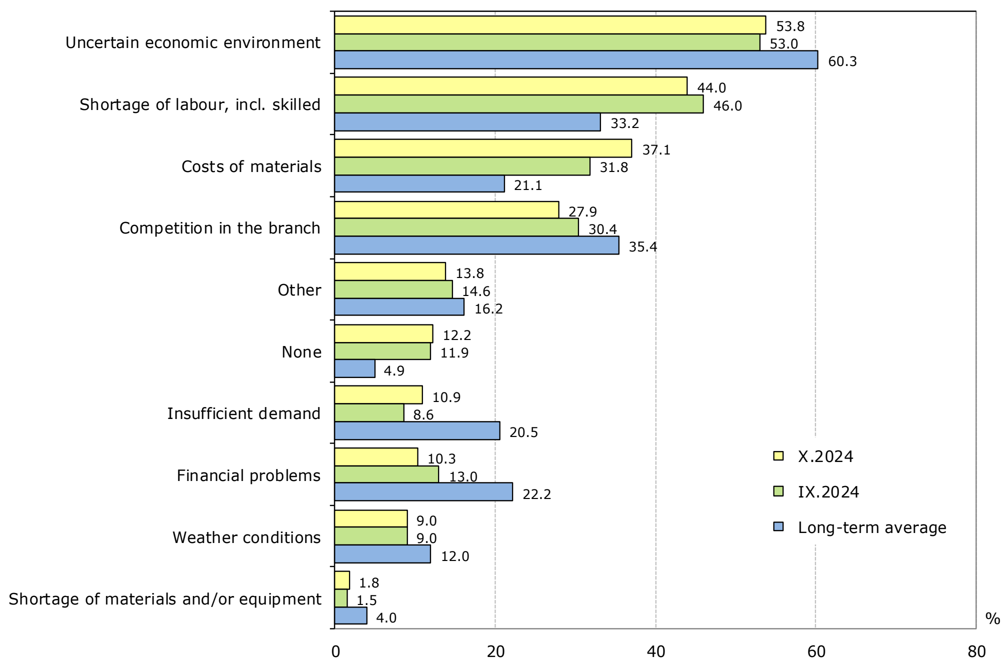

Figure 9. Selling prices expectations in construction over the next 3 months

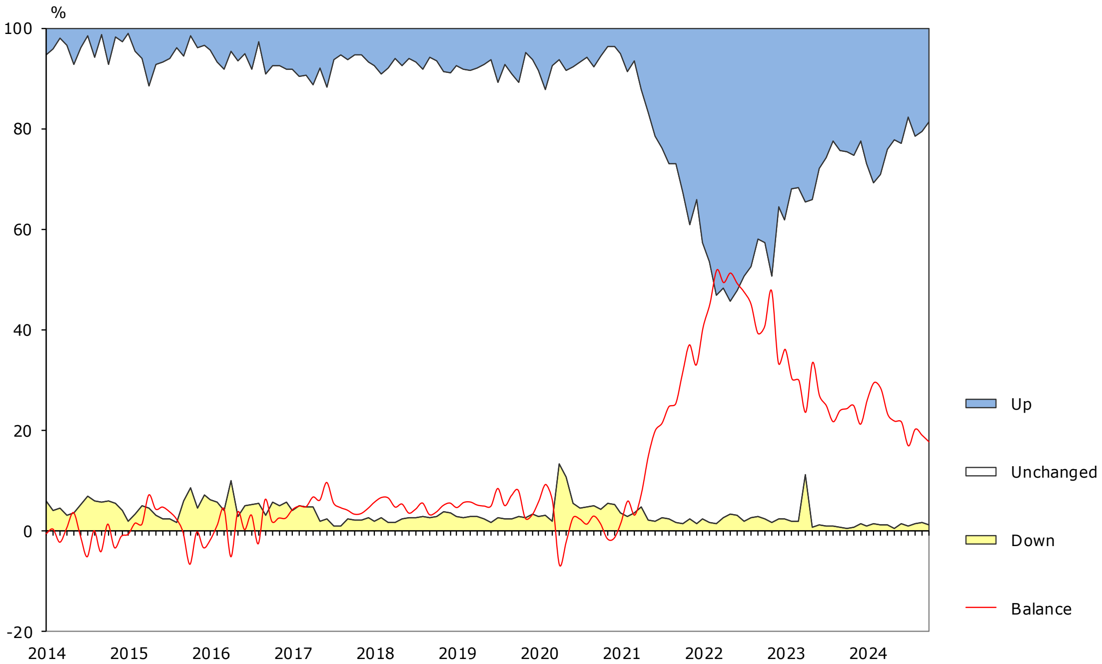

Figure 10. Business climate in retail trade

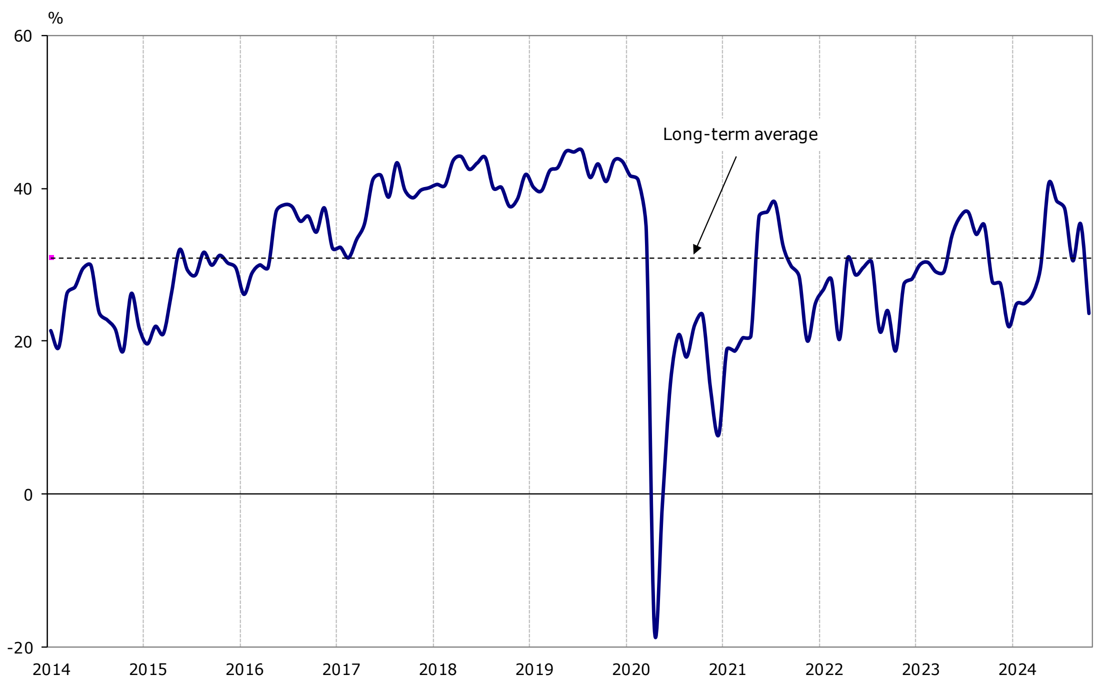

Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

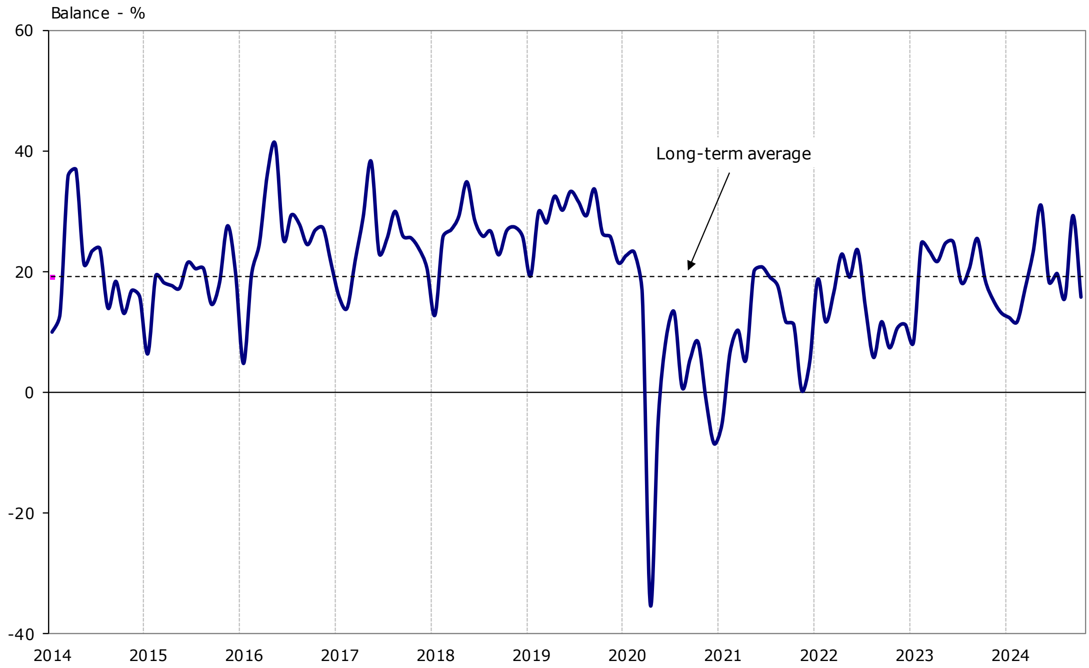

Figure 12. Factors limiting the activity in retail trade

(Relative share of enterprises)

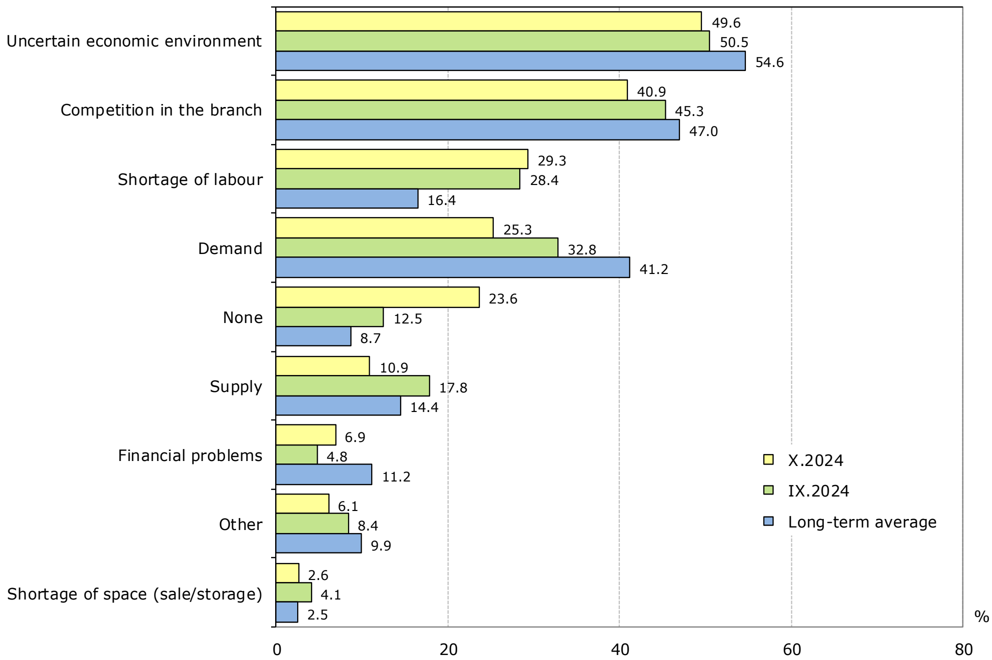

Figure 13. Selling prices expectations in retail trade over the next 3 months

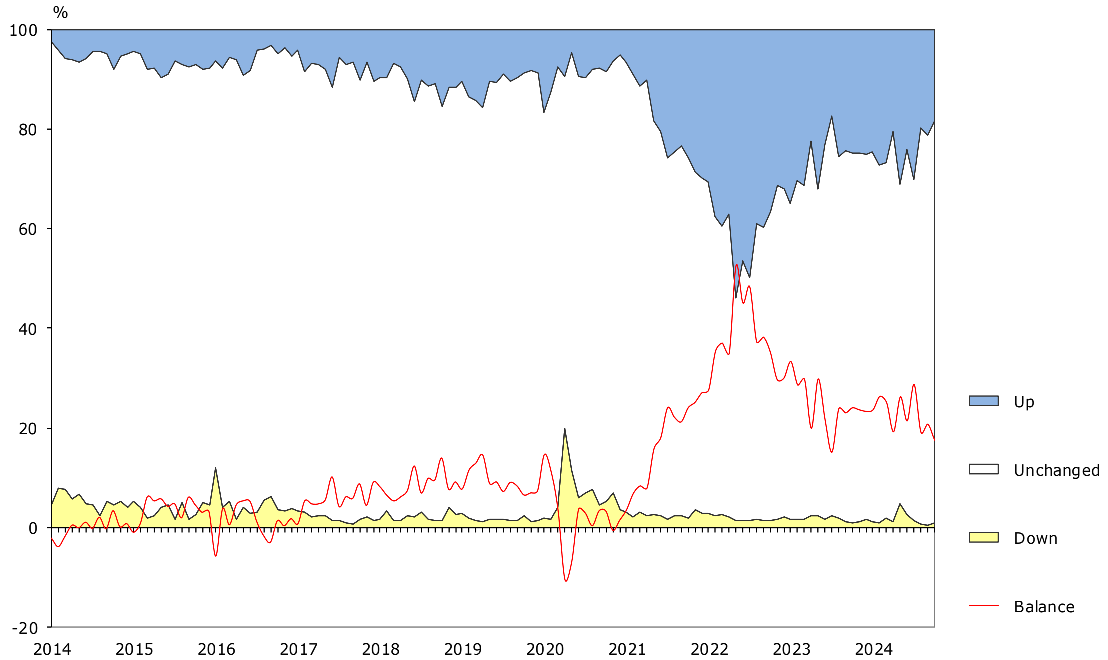

Figure 14. Business climate in service sector

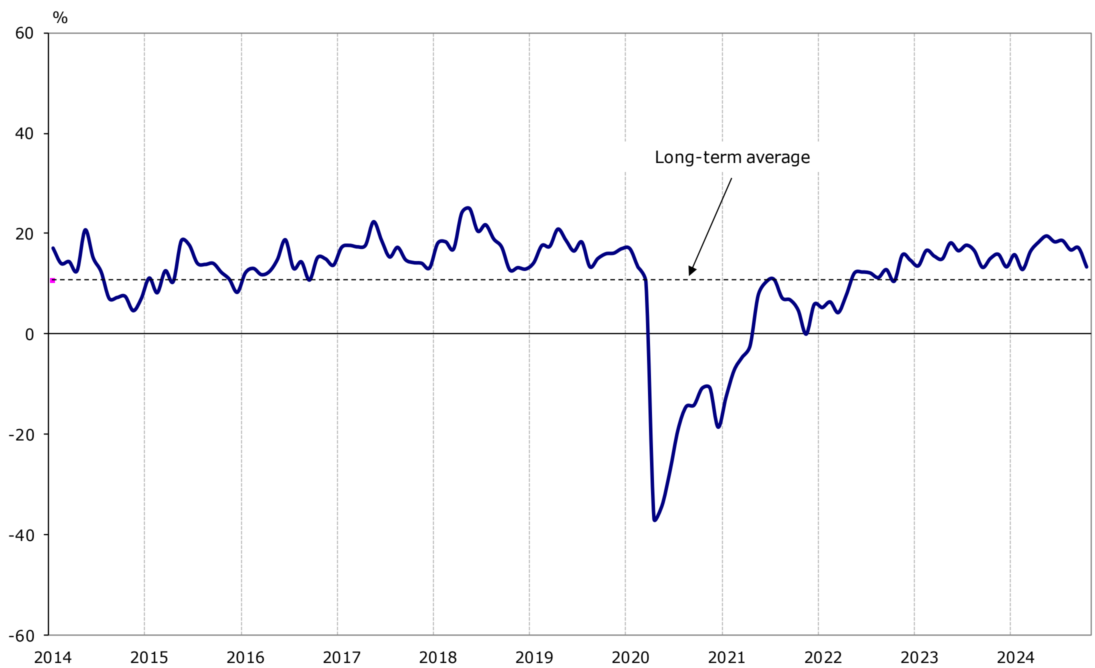

Figure 15. Demand in service sector over the last 3 months

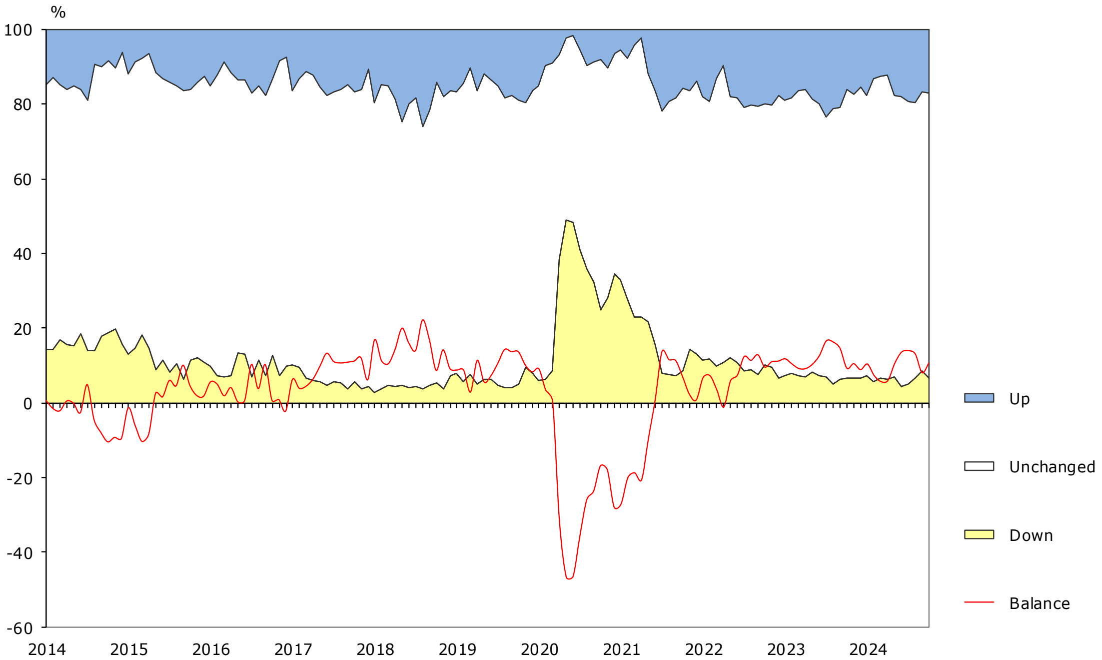

Figure 16. Factors limiting the activity in service sector

(Relative share of enterprises)

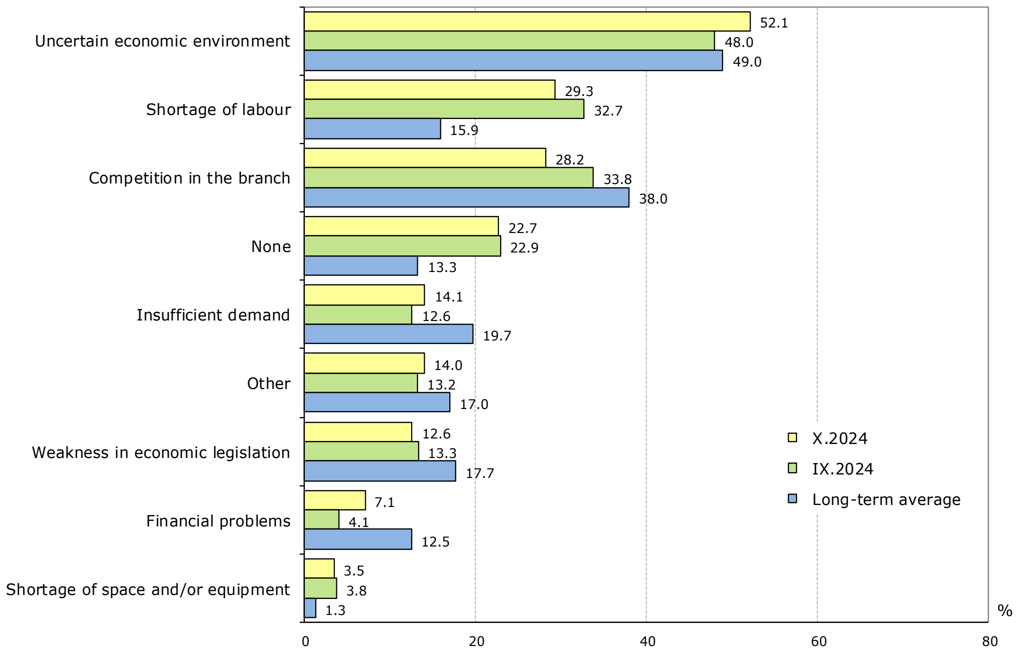

Figure 17. Selling prices expectations in service sector over the next 3 months