BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], DECEMBER 2021

In December 2021, **the total business climate indicator**[4] increases by 2.6 percentage points compared to the previous month (Annex, Figure 1). An improvement of the indicator is observed in construction, retail trade and service sector, and in industry is registered a reduction.

Industry. The composite indicator ‘business climate in industry’ decreases by 0.7 percentage points (Annex, Figure 2). The industrial entrepreneurs’ assessments about the present business situation of the enterprises are worsened, as their expectations about the next 6 months are more reserved. At the same time, the inquiry also reports certain decrease of the production assurance with orders (Annex, Figure 3).

The uncertain economic environment and shortage of labour continue to be the main problems for the business development. In the last month the negative influence of the factor ‘others’[5] is strengthen, which shifts to the fourth place difficulties, connected with insufficient domestic demand (Annex, Figure 4).

In comparison with November, the managers’ share who forecast the selling prices in industry to increase over the next 3 months is rising.

Construction. In December, the composite indicator ‘business climate in construction’ increases by 3.3 percentage points (Annex, Figure 5) which is due to the more favourable construction entrepreneurs’ assessments and expectation (Annex, Figure 6) about the business situation of the enterprises. According to them, the present production assurance with orders is preserved, and the forecasts about the construction activity over the next 3 months are shifted to the more moderate opinions.

The most serious difficulties for the activity of the enterprises remain connected with the uncertain economic environment, costs of materials and shortage of labour, pointed out respectively by 63.6%, 50.3% and 40.0% of the enterprises (Annex, Figure 7).

Concerning the selling prices in construction, 34.2% of the managers foresee them to increase over the next 3 months.

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[1] 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.
[2] 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.
[3] The replies of questions from the inquiries are presented in a three-option ordinal scale of the following type: ‘up’, ‘unchanged’, ‘down’ or ‘above normal’, ‘normal’, ‘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.
[4] 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 service sector has been included in the total time series since May 2002.
[5] Respondents are given the opportunity to indicate the answer ‘Other factors’ when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

Retail trade. The composite indicator 'business climate in retail trade' increases by 4.9 percentage points (Annex, Figure 8) as a result of the improved retailers' assessments and expectations about the business situation of the enterprises. Their forecasts about the volume of sales (Annex, Figure 9) and the orders placed with suppliers over the next 3 months are also positive.

The uncertain economic environment continues to be the main obstacle for the business development, as in the last month a decrease of its negative influence is registered. In the second and third place are the insufficient demand and the competition in the branch (Annex, Figure 10).

The retailers' assessments about the selling prices in the last month are in the direction of an increase, as 29.9% of the managers foresee them continue to rise over the next 3 months.

Service sector[1]. In December, the composite indicator 'business climate in service sector' increases by 5.9 percentage points (Annex, Figure 11) which is due to the optimistic managers' assessments and expectations about the business situation of enterprises. Their opinions about the demand for services over the next 3 months are also favourable (Annex, Figure 12).

The uncertain economic environment and competition in the branch remain the main factors limiting with the most extend the activity of the enterprises (Annex, Figure 13).

Concerning the selling prices in the service sector, the managers' expectations are them to increase over the next 3 months.

[1] Excl. trade.

Annex

Figure 1. Business climate - total

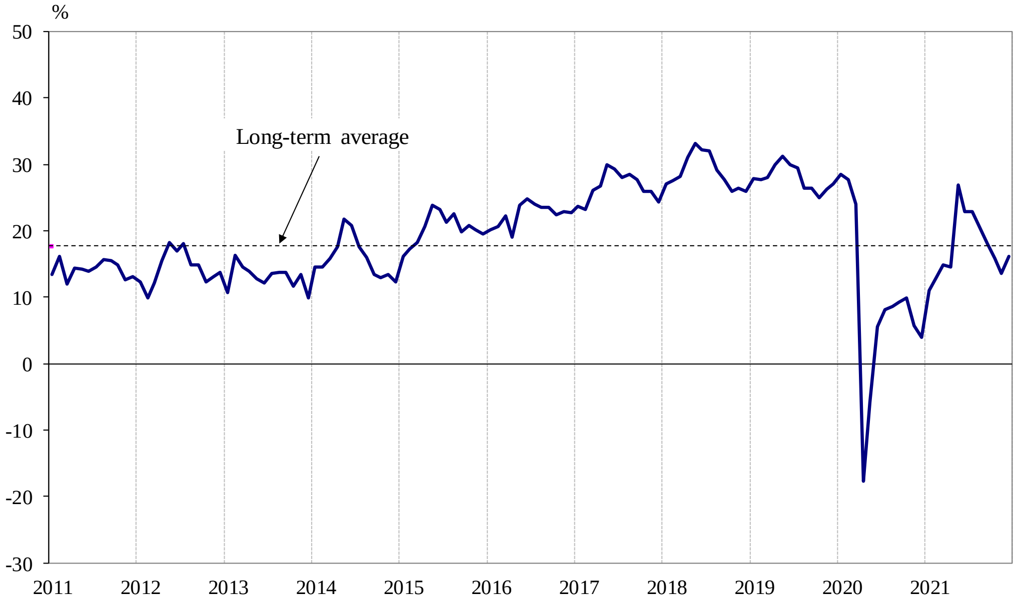

Figure 2. Business climate in industry

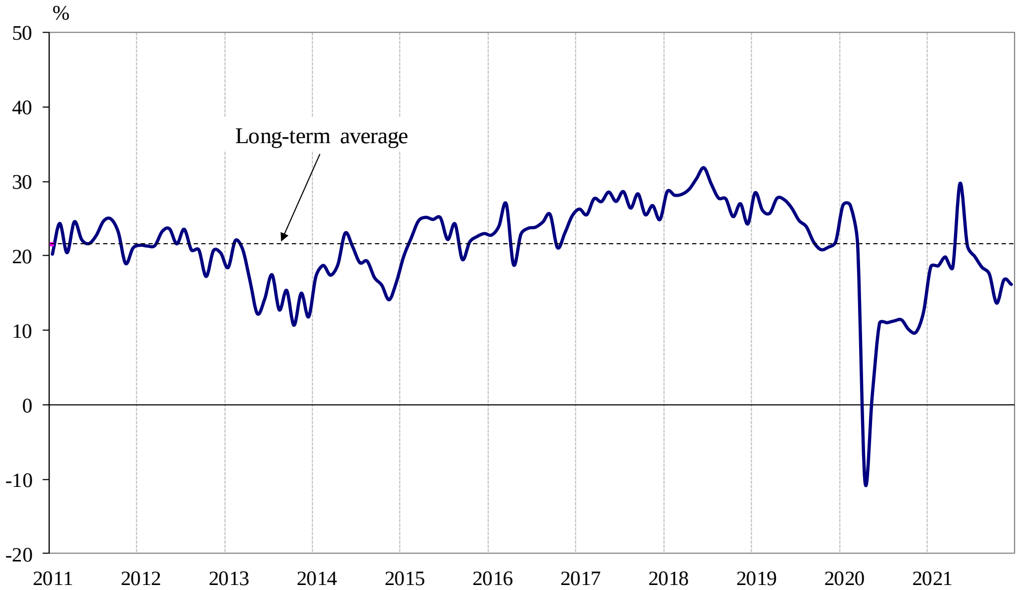

Figure 3. Production assurance with orders in industry

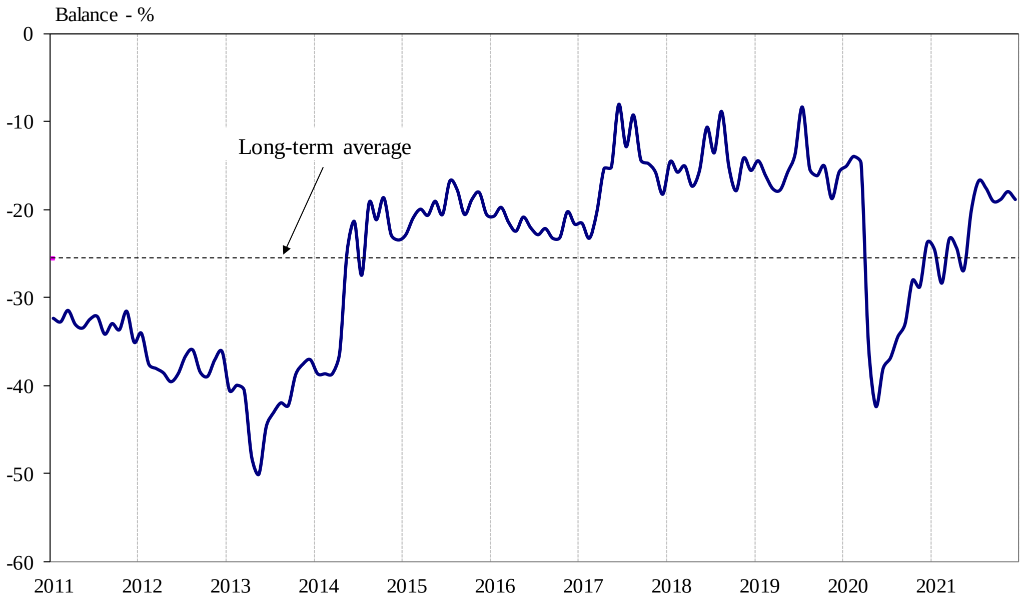

Figure 4. Limits to production in industry
(Relative share of enterprises)

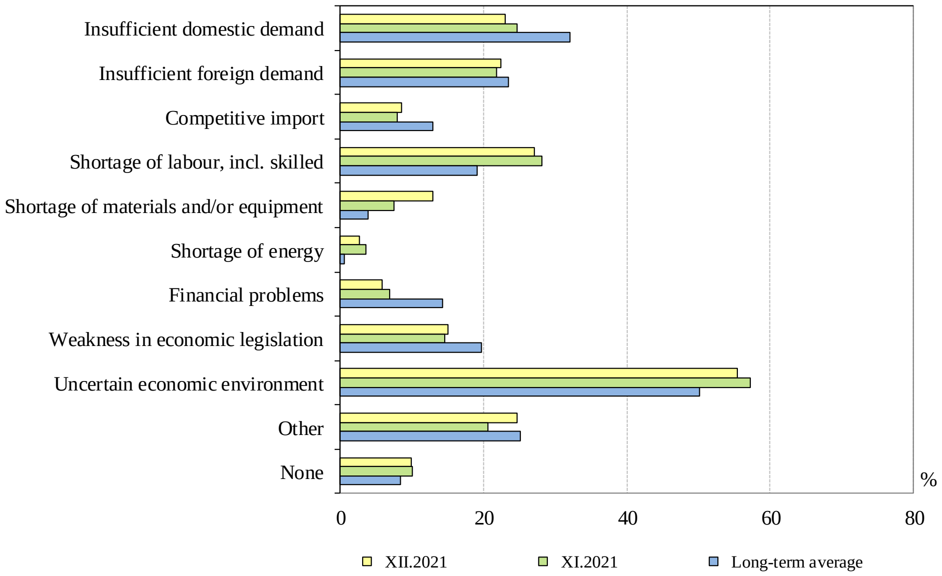

Figure 5. Business climate in construction

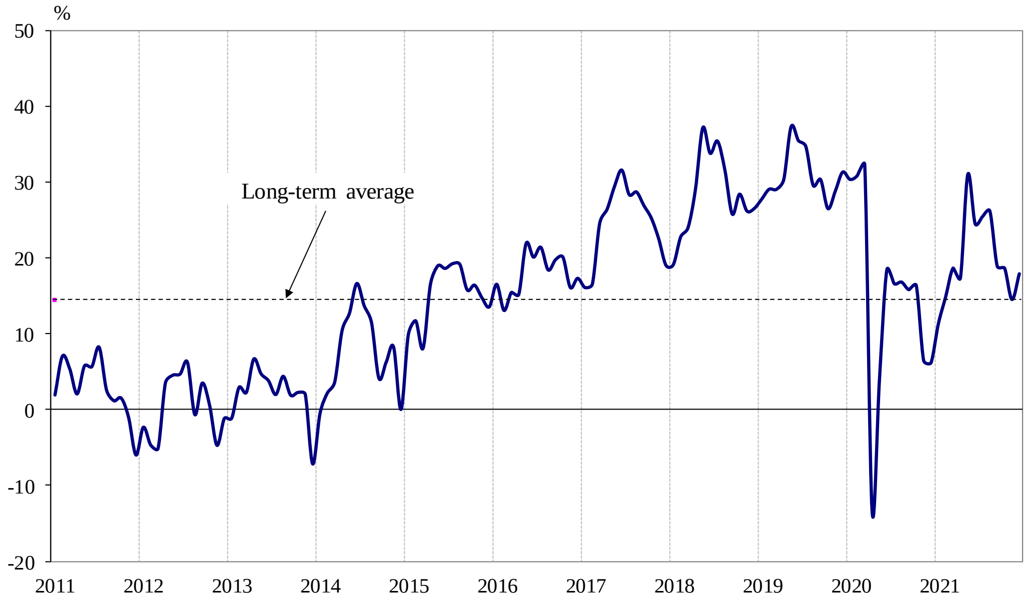

Figure 6. Expected business situation in construction over the next 6 months

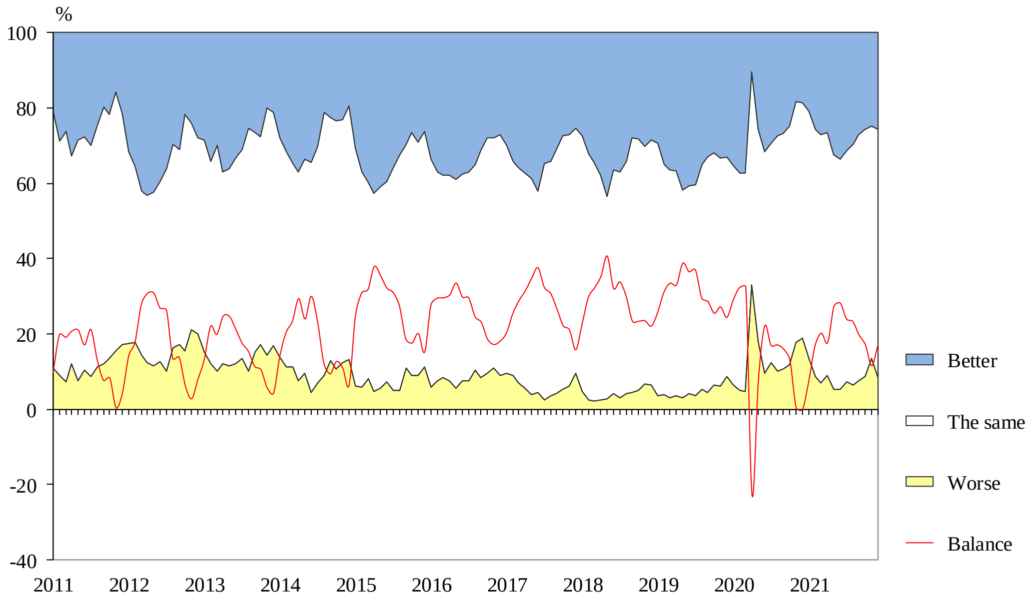

Figure 7. Limits to construction activity
(Relative share of enterprises)

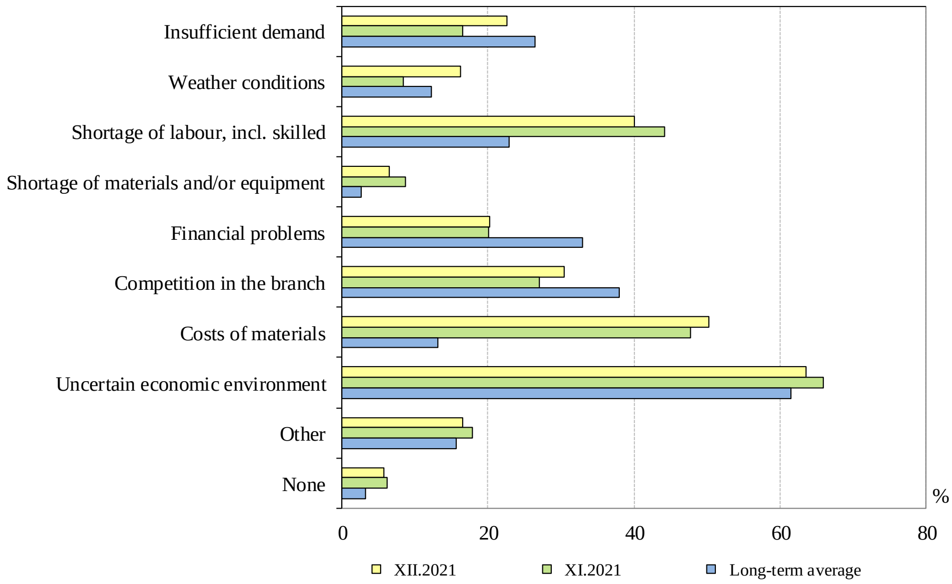

Figure 8. Business climate in retail trade

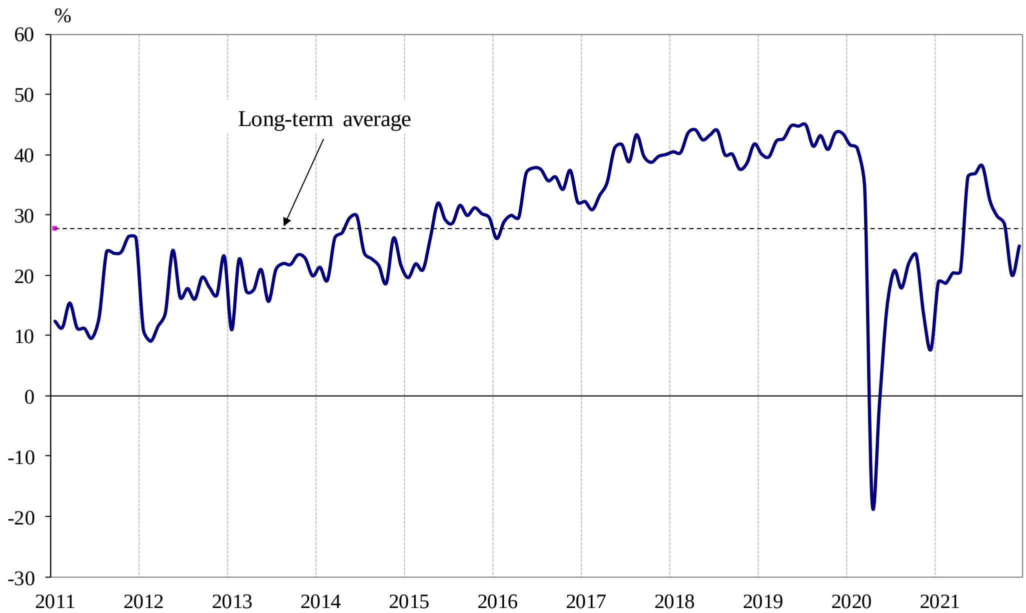

Figure 9. Sales expectations in retail trade over the next 3 months

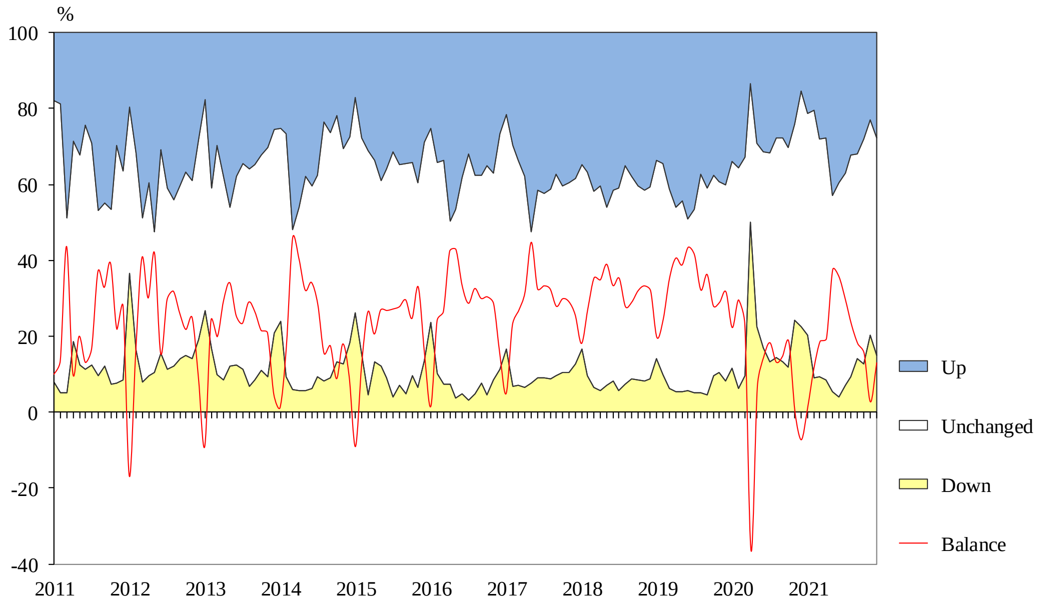

Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

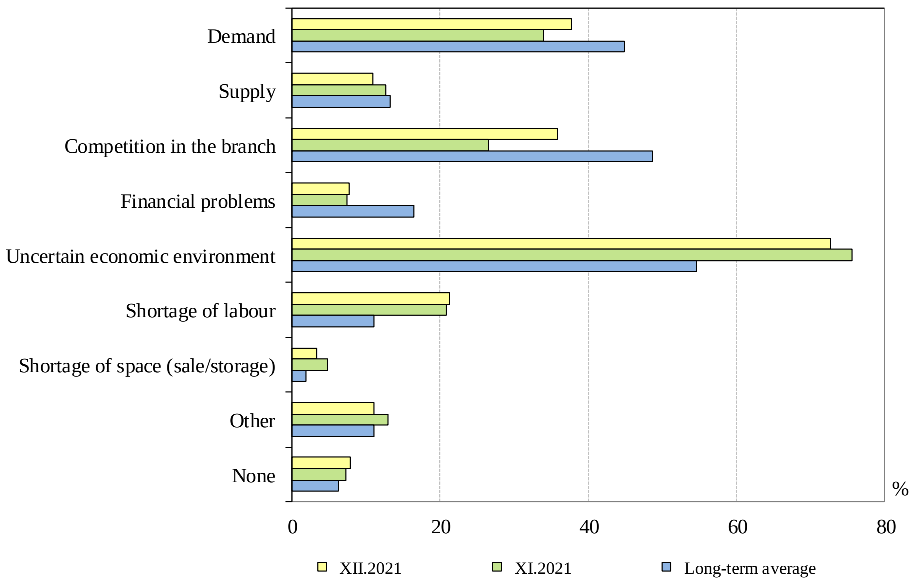

Figure 11. Business climate in service sector

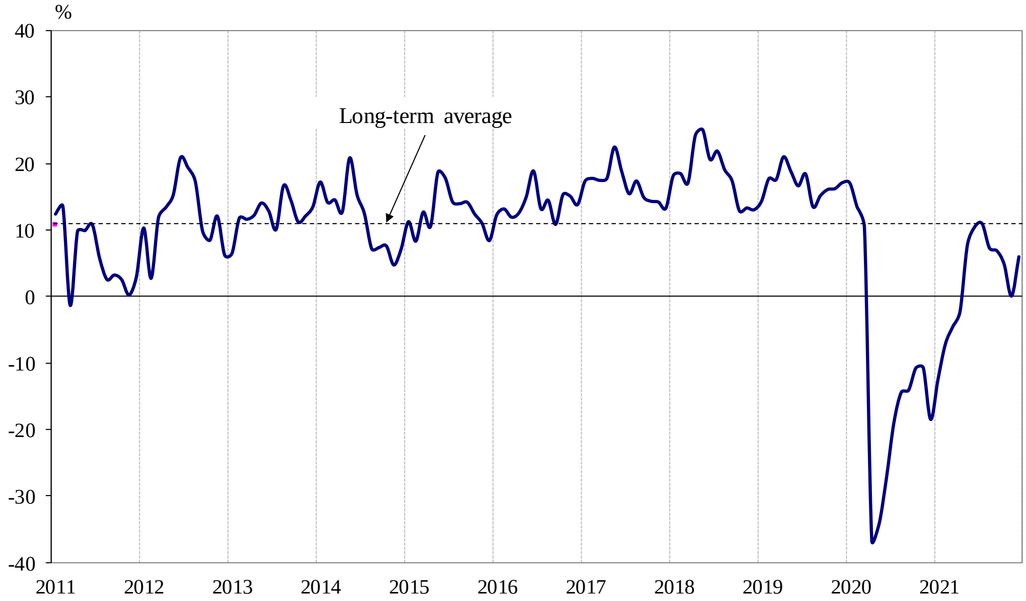

Figure 12. Expected demand in service sector over the next 3 months

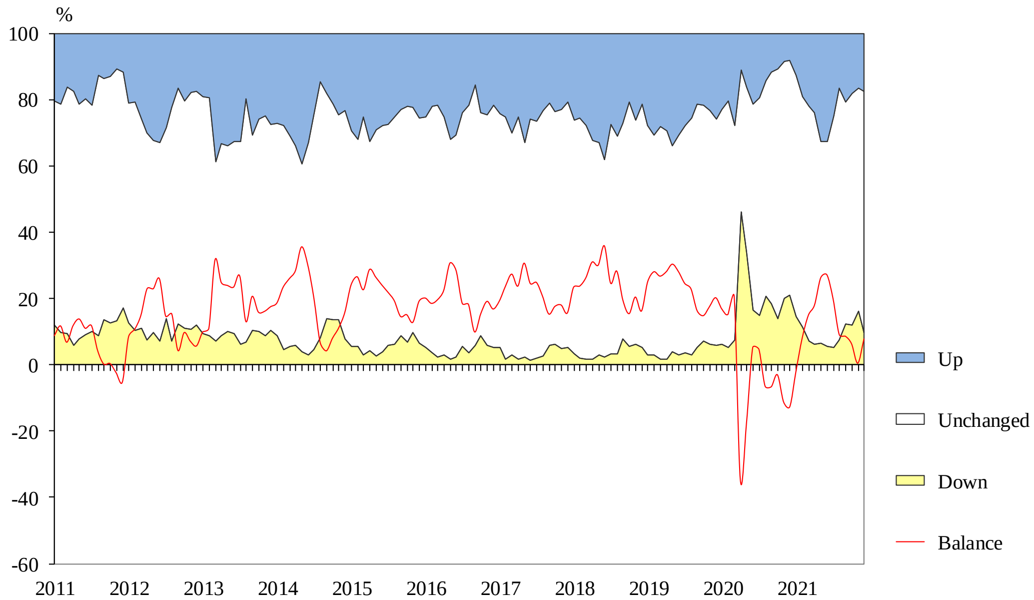

Figure 13. Factors limiting the activity in service sector
(Relative share of enterprises)