



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JANUARY 2023

In January 2023, the **total business climate indicator**⁴ preserves approximately its December 2022 level (Annex, Figure 1). An increase of the indicator is registered in industry and retail trade, while in construction and service sector is observed a reduction.

Industry. The composite indicator ‘business climate in industry’ increases by 1.0 percentage point (Annex, Figure 2) which is due to the favourable industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. At the same time, their forecasts about the export (Annex, Figure 3) and production activity over the next 3 months are moderate.

In January 2023, the average capacity utilization is by 0.8 percentage points above its October 2022 level and it reaches 75.1%, as regards the expected demand over the next months a shortage of capacity is foreseen.


The uncertain economic environment and shortage of labour remain the main problems for the activity of the enterprises, although in the last month, a decrease in the negative influence of the first factor is reported (Annex, Figure 4).

Concerning the selling prices in the industry, 21.8% of the managers foresee them to increase over the next 3 months.

Construction. In January, the composite indicator ‘business climate in construction’ decreases by 0.8 percentage points (Annex, Figure 5) as a result of the more reserved construction entrepreneurs’ assessments about the present business situation of the enterprises. Their opinions about the construction activity over the last 3 months are also negative, while their expectations about the activity over the next 3 months are slightly improved (Annex, Figure 6).

The most serious difficulties for the business continue to be the uncertain economic environment, costs of materials and shortage of labour (Annex, Figure 7).

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 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.

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 the service sector has been included in the total time series since May 2002.



As regards the selling prices in construction over the next 3 months, the managers' forecasts are in a direction of an increase (Annex, Figure 8).

Retail trade. The composite indicator 'business climate in retail trade' increases by 1.9 percentage points (Annex, Figure 9) which is due to the optimistic retailers' expectations about the business situation of the enterprises over the next 6 months. However, their forecasts about the volume of sales (Annex, Figure 10) and orders placed with suppliers over the next 3 months are more unfavourable.

The uncertain economic environment, competition in the branch and insufficient demand remains the main obstacles for the activity of the enterprises (Annex, Figure 11).

In comparison with the previous month, the retailers' share who foresee the selling prices to increase over the next 3 months is raising (Annex, Figure 12).

Service sector¹. In January, the composite indicator 'business climate in service sector' decreases by 1.1 percentage points (Annex, Figure 13) as a result of the shifting of the managers' assessments and expectations about the business situation of the enterprises from 'better' towards preserving 'the same'. However, their opinions about the demand for services over the next 3 months are improved (Annex, Figure 14).

The main factors, limiting the business development continue to be connected with the uncertain economic environment, competition in the branch and shortage of labour (Annex, Figure 15).

According to the inquiry, 18.2% of the managers expect the selling prices in the service sector to increase over the next 3 months.

¹ Excl. trade.

Annex

Figure 1. Business climate - total

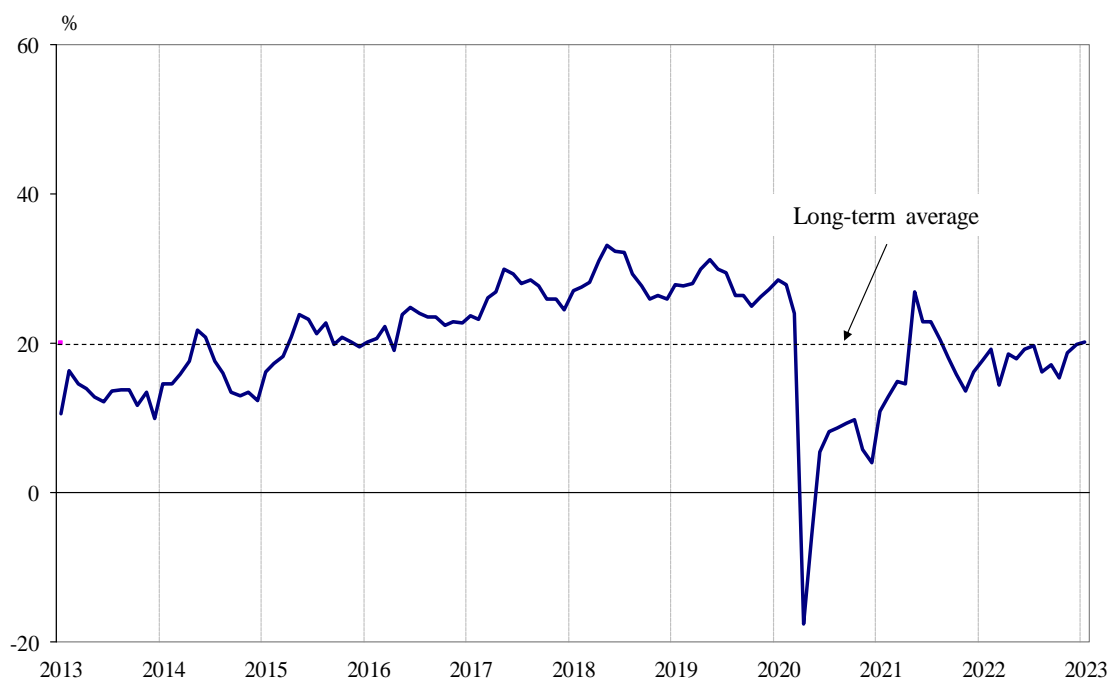


Figure 2. Business climate in industry

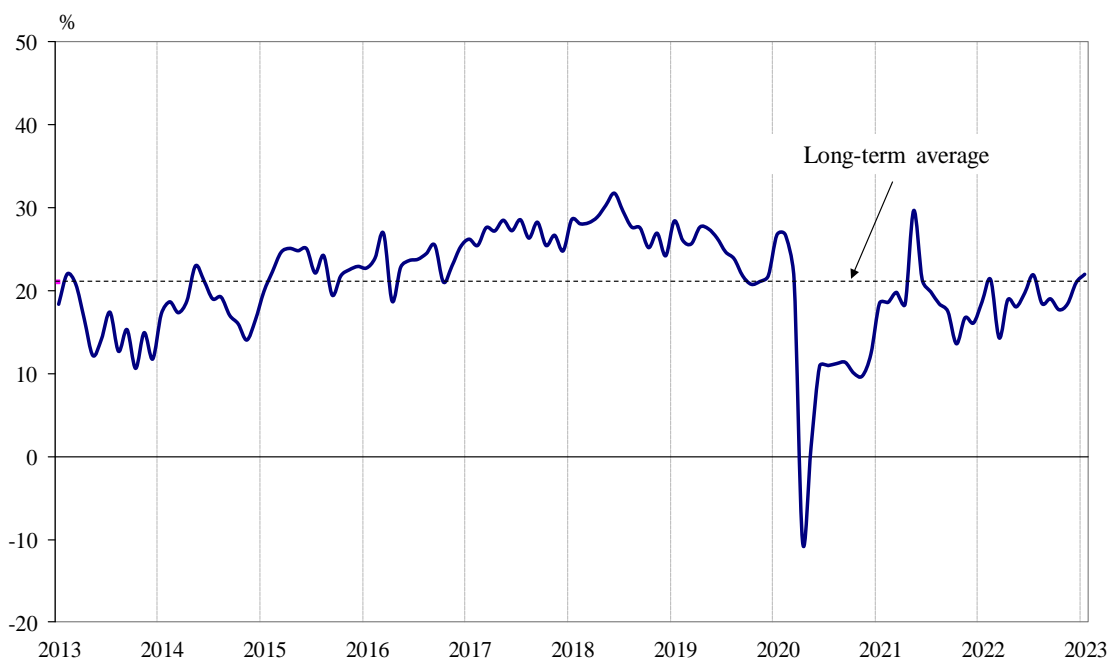


Figure 3. Export expectations in industry over the next 3 months

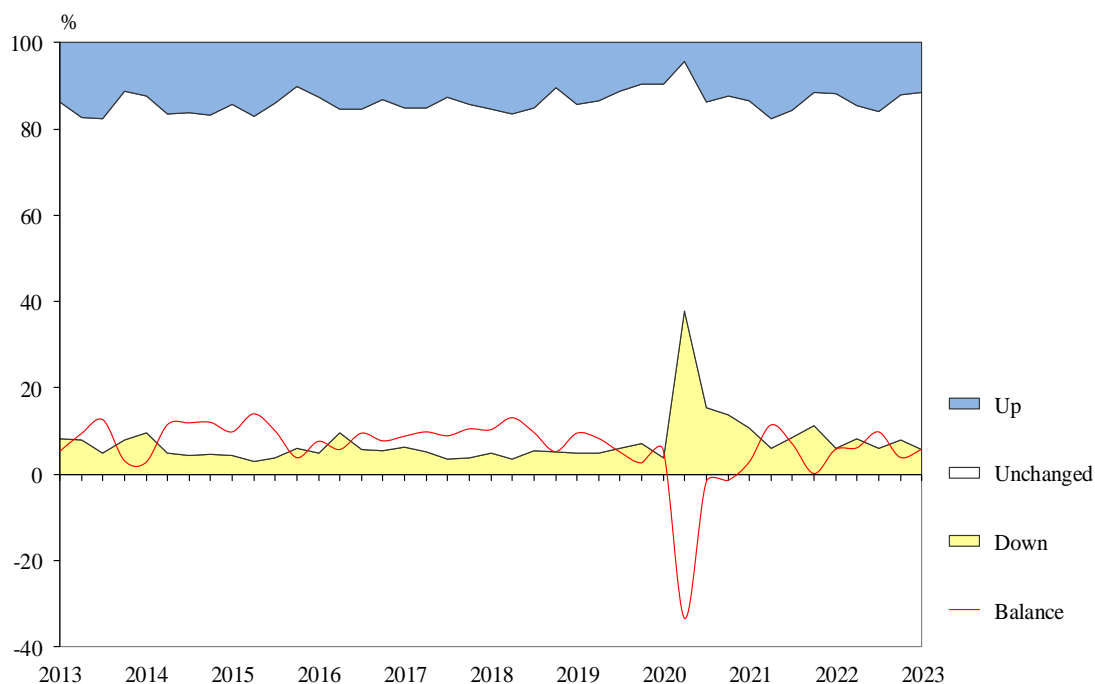


Figure 4. Limits to production in industry (Relative share of enterprises)

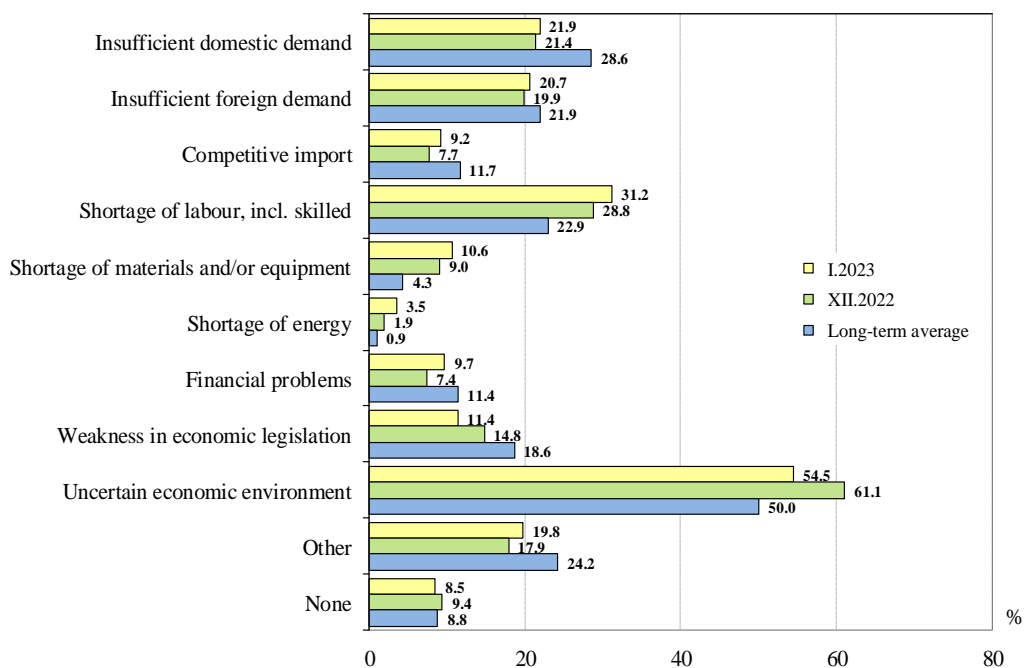


Figure 5. Business climate in construction

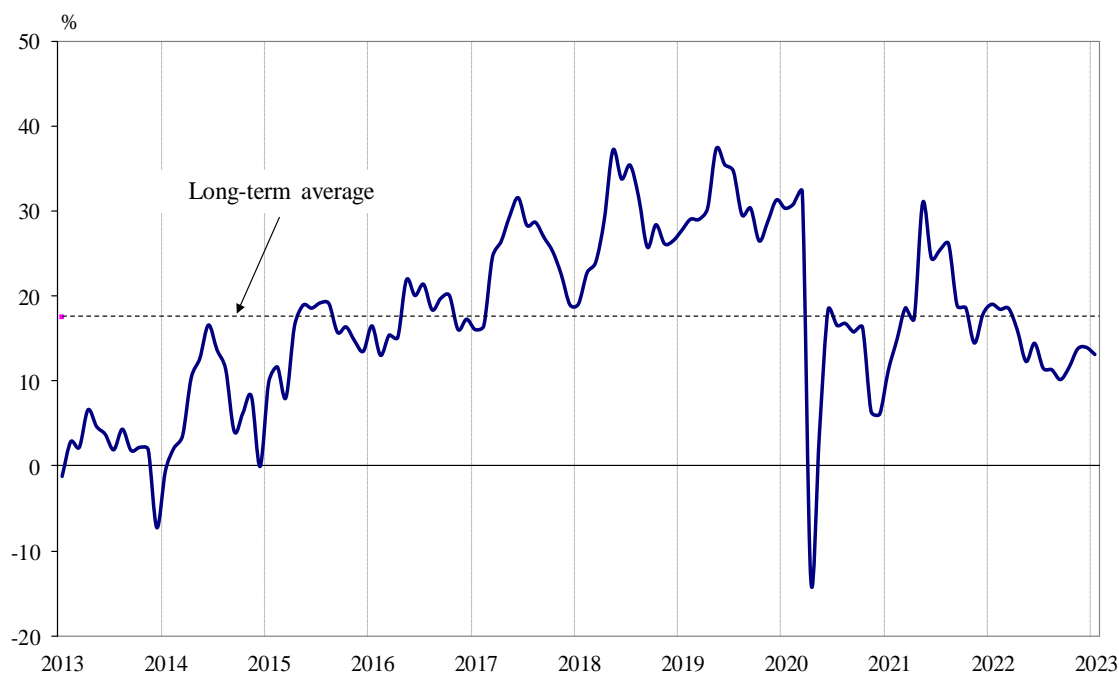
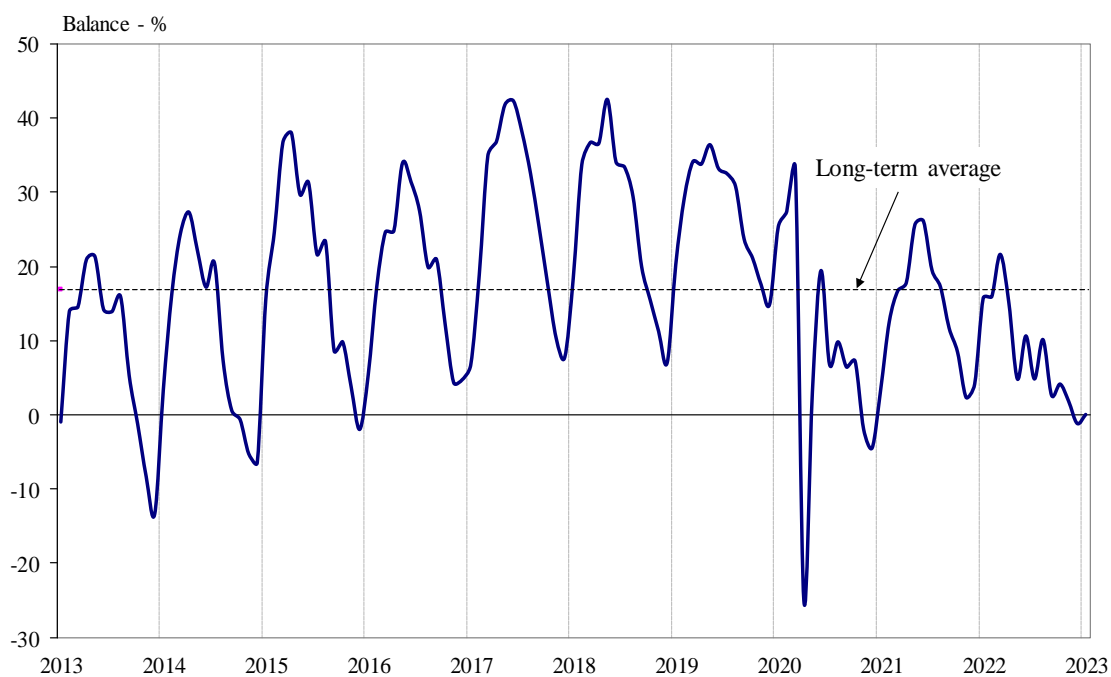
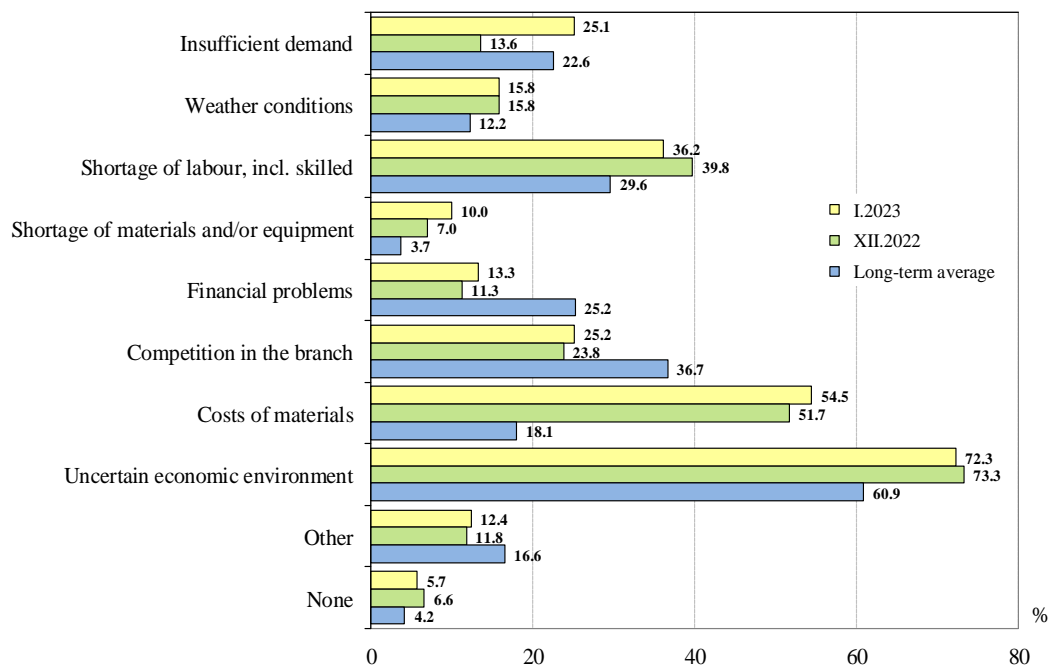


Figure 6. Expected construction activity over the next 3 months



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



**Figure 8. Selling prices expectations in construction
over the next 3 months**

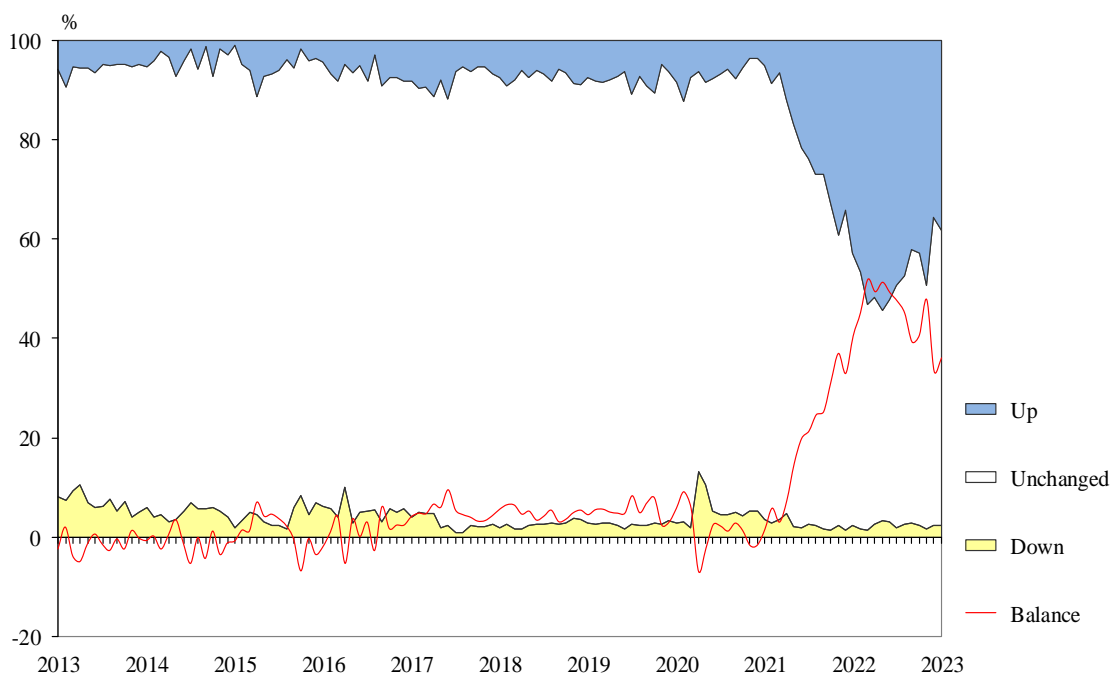


Figure 9. Business climate in retail trade

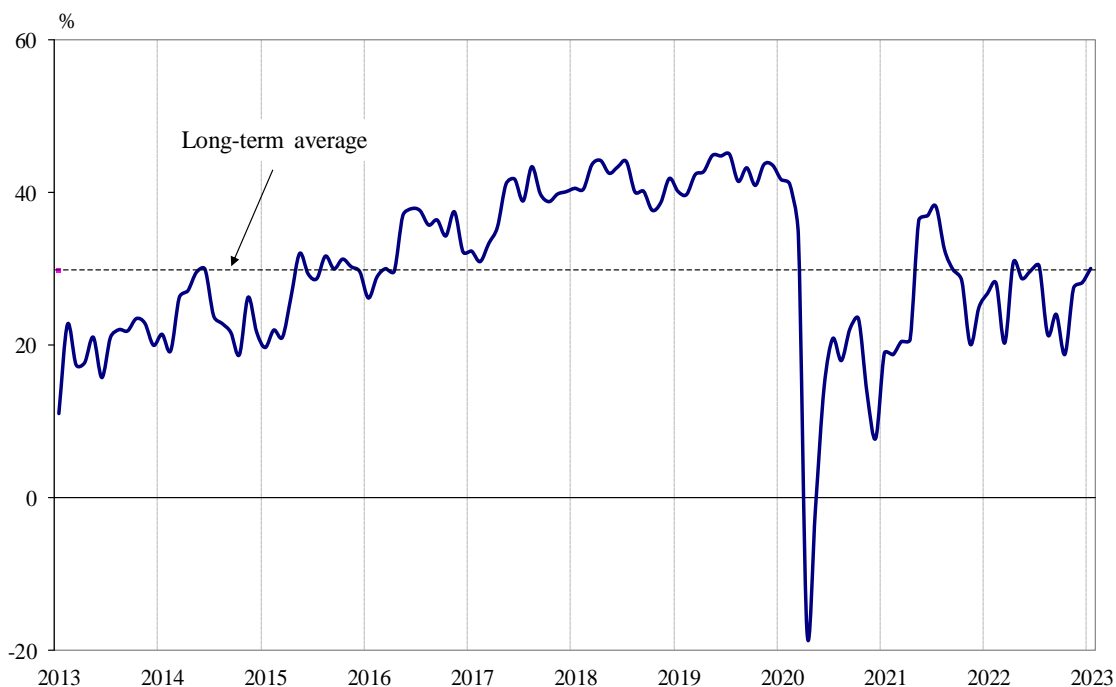


Figure 10. Sales expectations in retail trade over the next 3 months

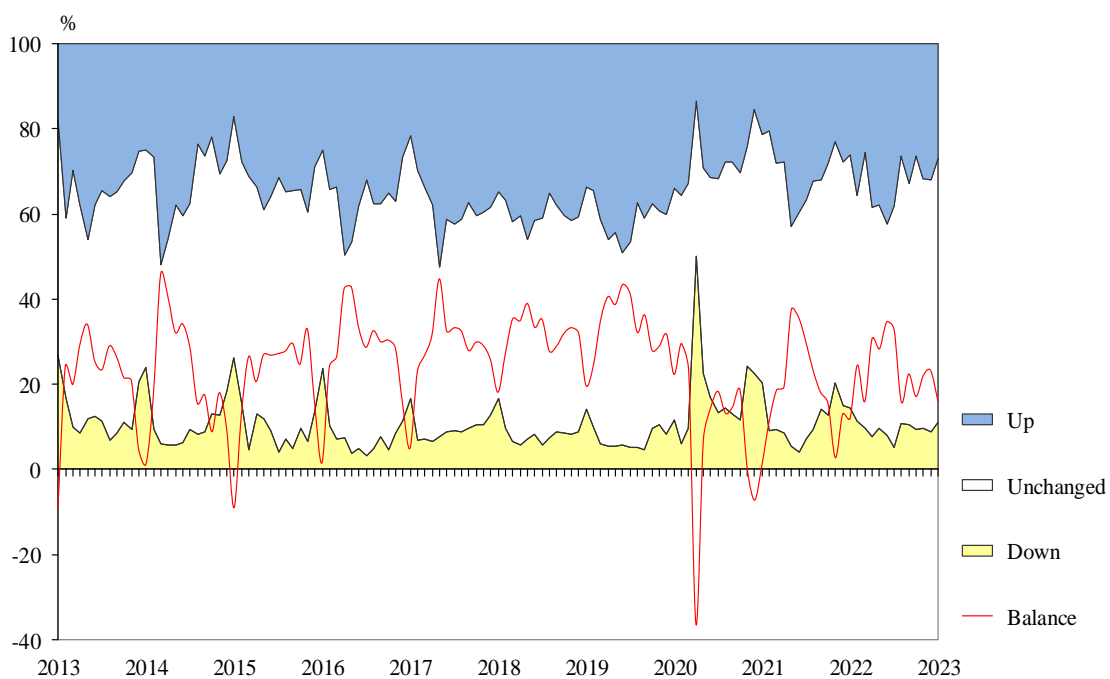


Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

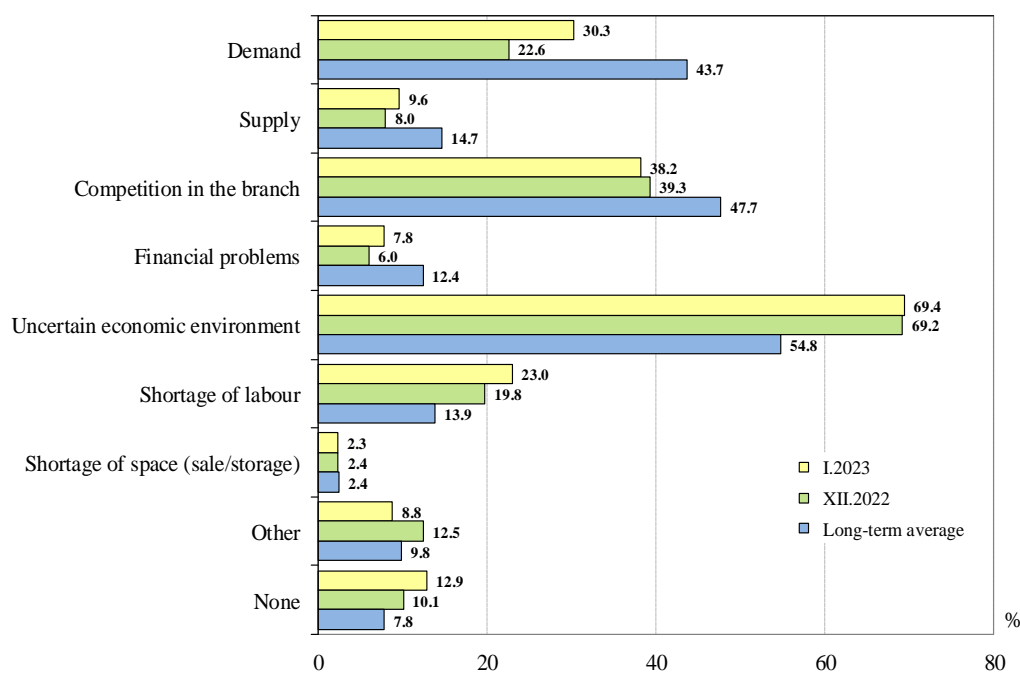


Figure 12. Selling prices expectations in retail trade over the next 3 months

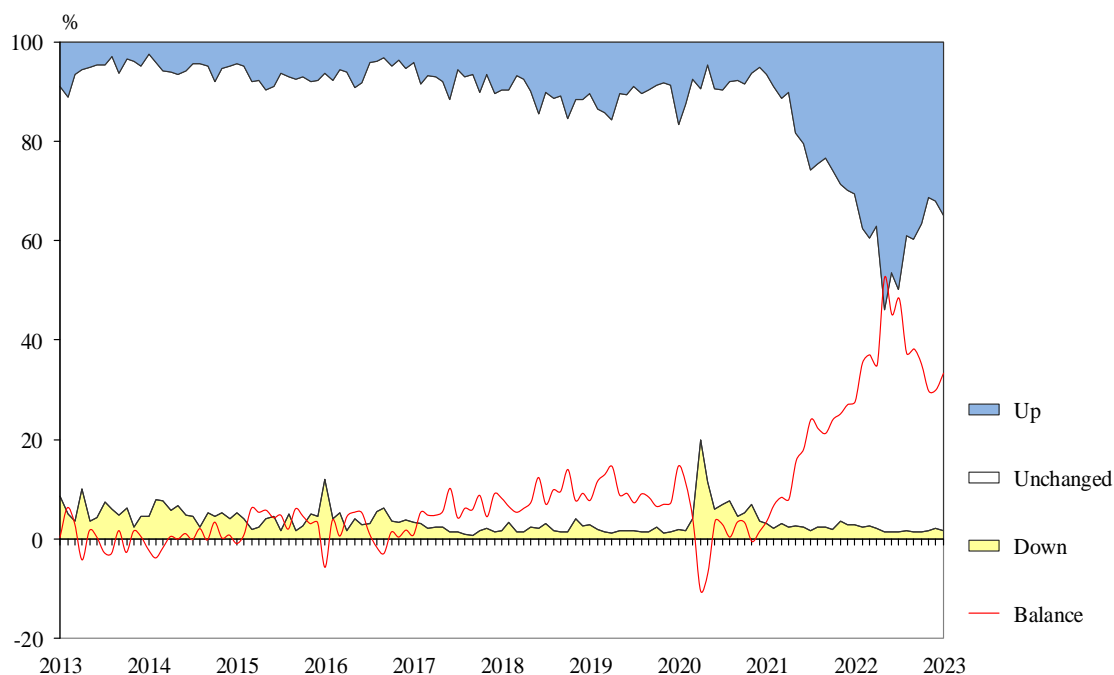


Figure 13. Business climate in service sector

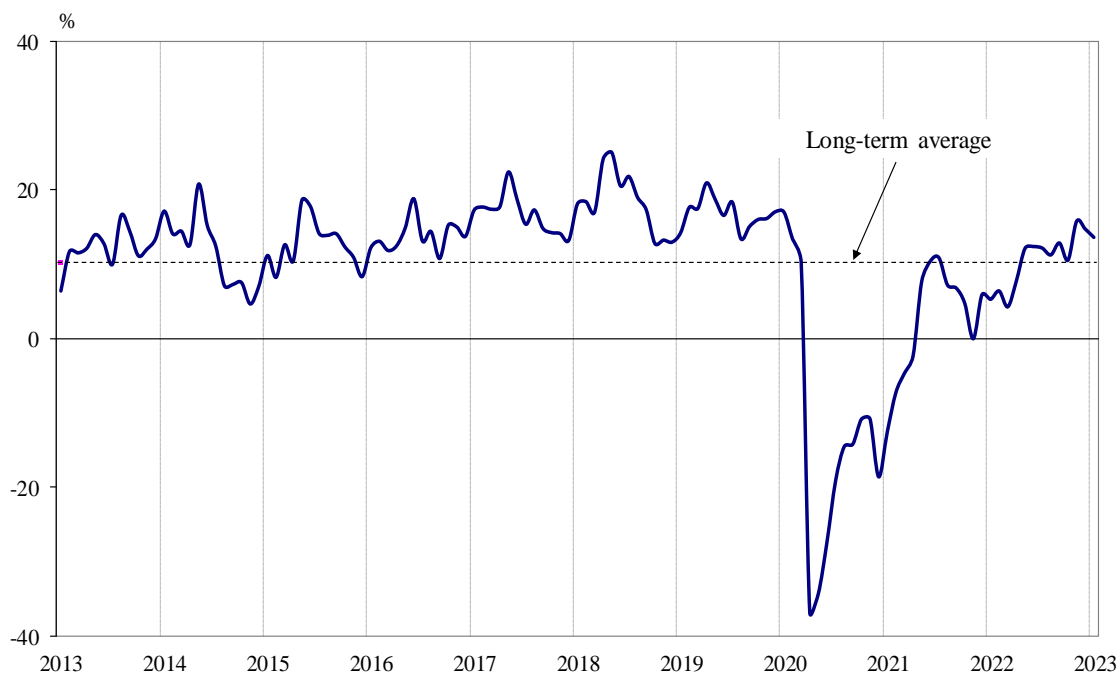
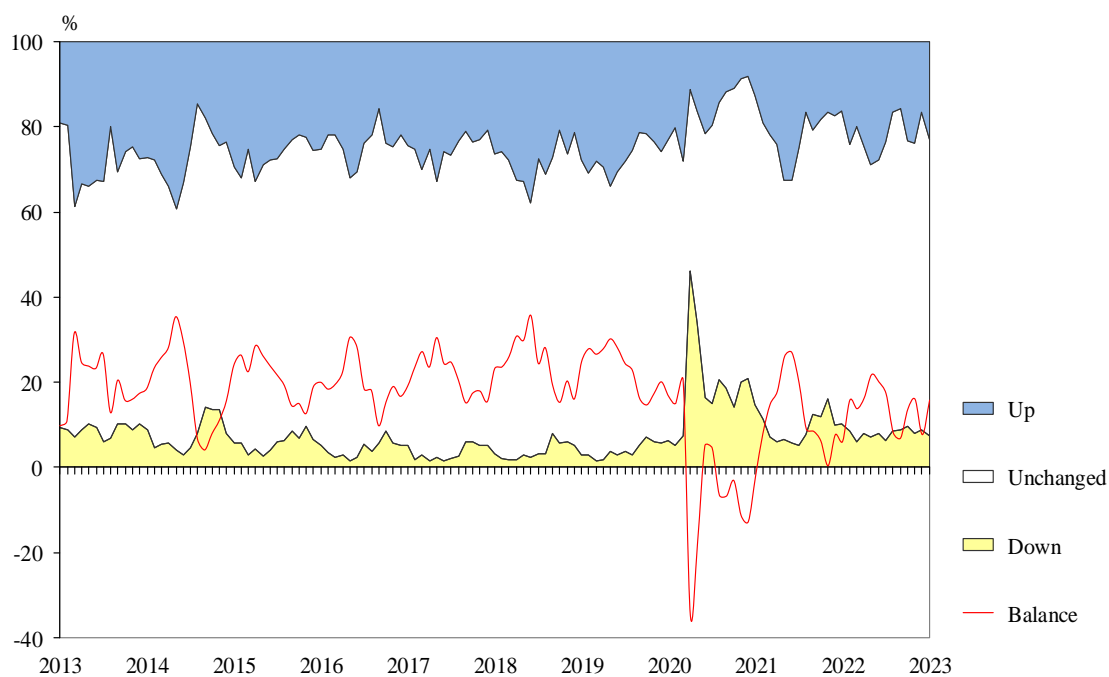


Figure 14. Expected demand in service sector over the next 3 months



**Figure 15. Factors limiting the activity in service sector
(Relative share of enterprises)**

