



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, DECEMBER 2019

In December 2019, **the total business climate indicator**⁴ increases by 0.9 percentage points compared to the previous month (Annex, Figure 1) as a result of the indicators' improvement in industry, construction and service sector.

Industry. The composite indicator 'business climate in industry' increases by 0.7 percentage point (Annex, Figure 2), which is due to the favourable managers' assessments about the present business situation of the enterprises. The inquiry also reports certain increase of the production assurance with orders (Annex, Figure 3), which is not accompanied by increased expectations about the production activity over the next 3 months.

The main factors limiting the activity of the enterprises remain connected with the shortage of labour and uncertain economic environment (Annex, Figure 4).

As regards the selling prices in industry, the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In December the composite indicator 'business climate in construction' increases by 2.6 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs' assessments about the present business situation of the enterprises. In their opinion, the new orders inflow over the last month is preserved, but the forecasts about the activity over the next 3 months are worsened (Annex, Figure 7).

The shortage of labour, uncertain economic environment and competition in the branch continue to be the main problems limiting the business in the sector (Annex, Figure 8).

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

Retail trade. The composite indicator 'business climate in retail trade' preserves approximately its level from the previous month (Annex, Figure 10). The retailers' forecasts about both the volume of sales

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, and retail trade and service sector. As the last indicator of the business climate in service sector has been included in the total time series since May 2002.



(Annex, Figure 11) and orders placed with suppliers from foreign market over the next 3 months are favourable.

The most serious difficulties for the activity of the enterprises remain the competition in the branch, insufficient demand and uncertain economic environment (Annex, Figure 12).

As regards the selling prices, the prevailing retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In December the composite indicator 'business climate in service sector' increases by 0.9 percentage points (Annex, Figure 14) as a result of the more favourable managers' assessments and expectations about the business situation of the enterprises. Their opinions about the demand for services over the next 3 months are also more optimistic (Annex, Figure 15).

The competition in the branch, uncertain economic environment and shortage of labour continue to be the main obstacles for the business development (Annex, Figure 16).

Concerning the selling prices in the sector, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

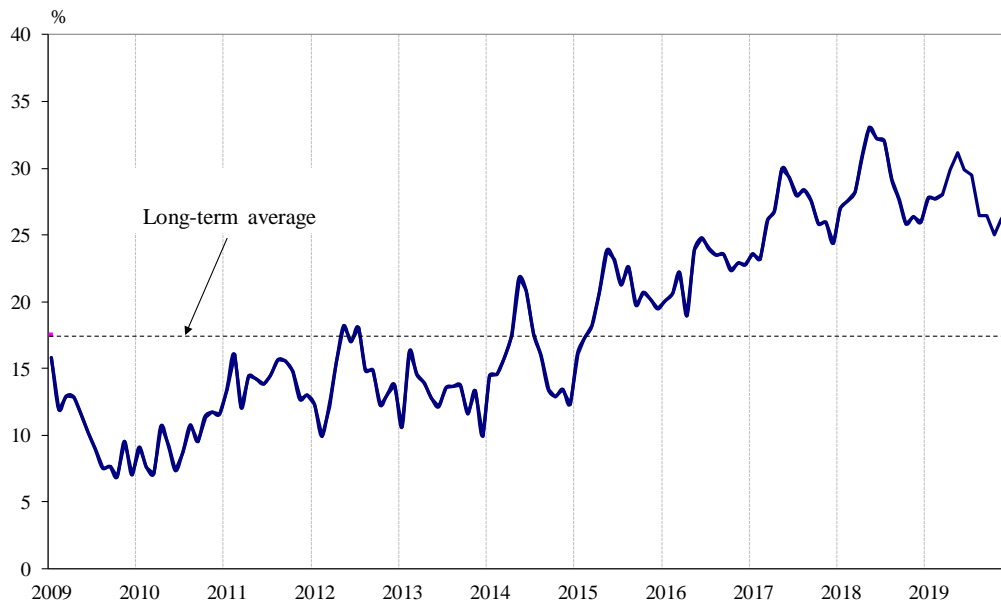


Figure 2. Business climate in industry

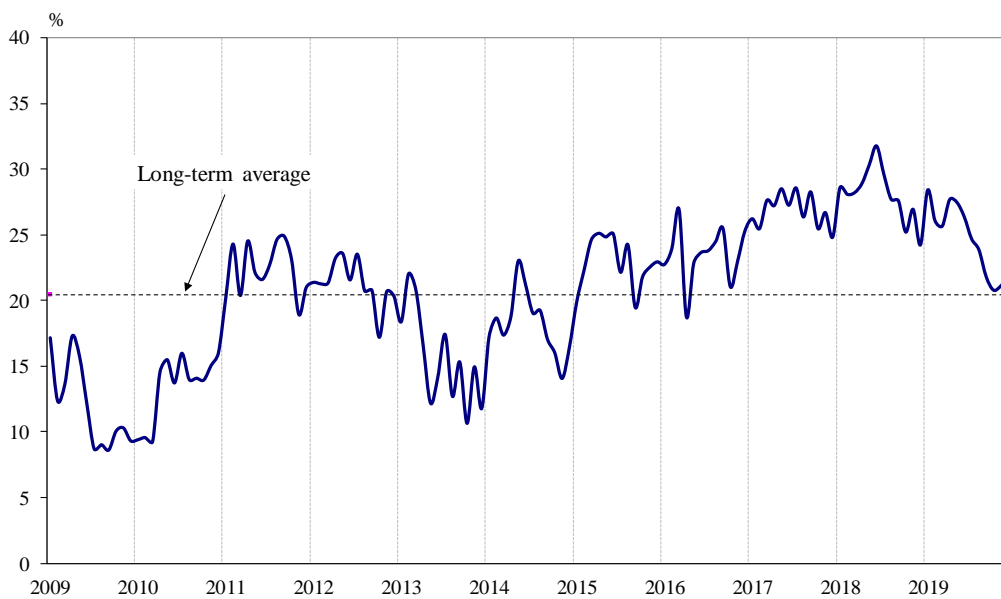




Figure 3. Production assurance with orders in industry

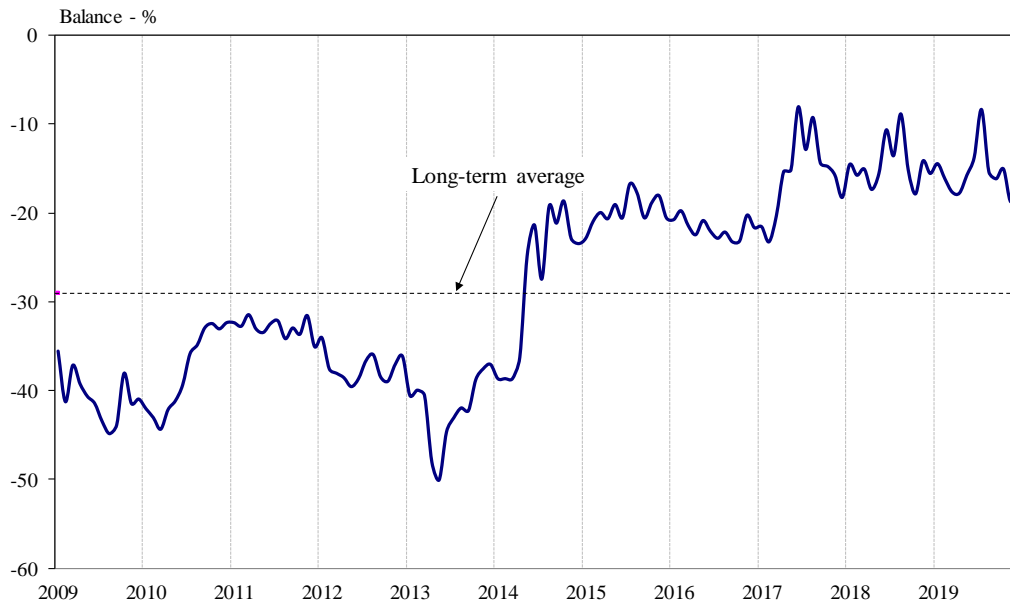


Figure 4. Limits to production in industry (Relative share of enterprises)

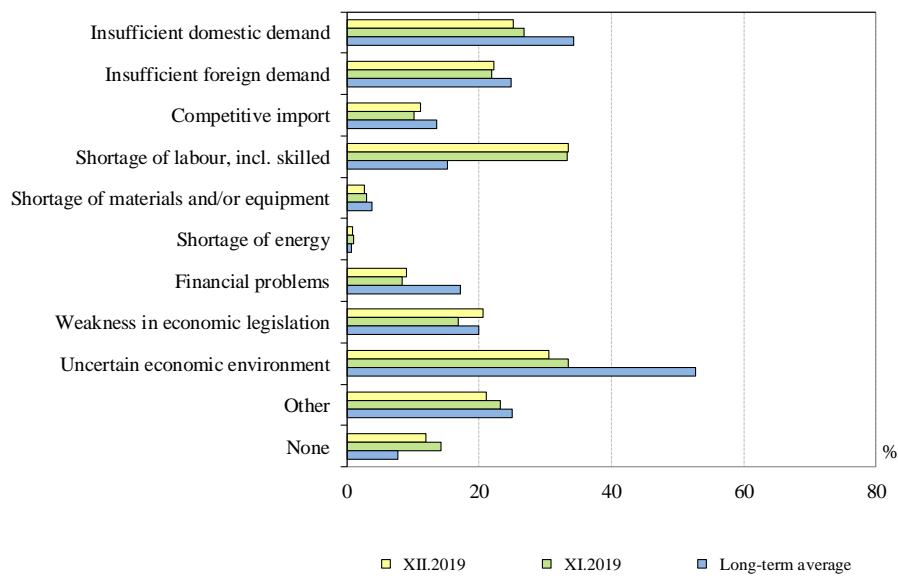




Figure 5. Selling prices expectations in industry over the next 3 months

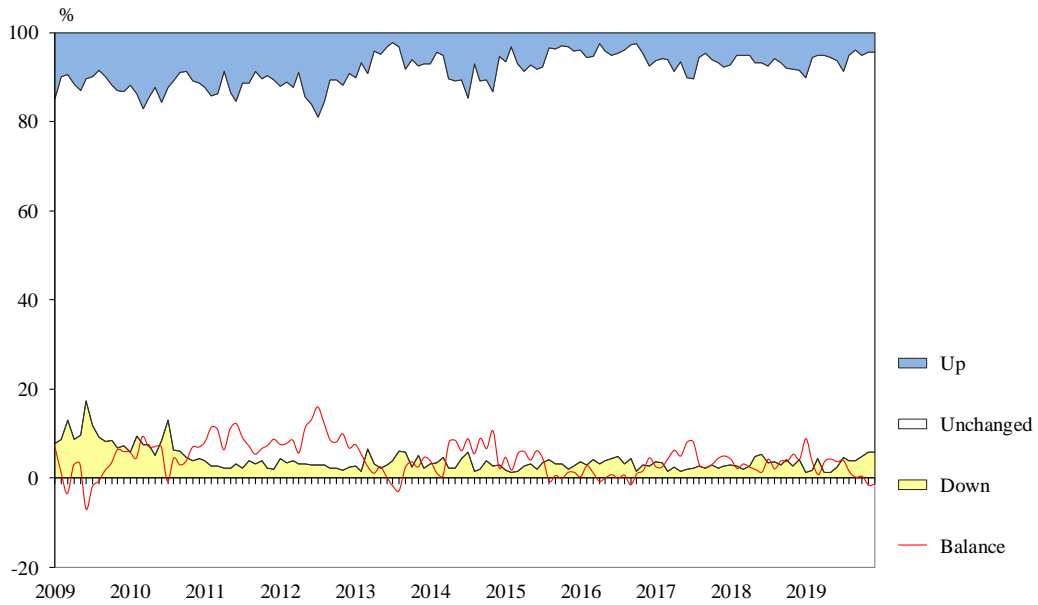


Figure 6. Business climate in construction

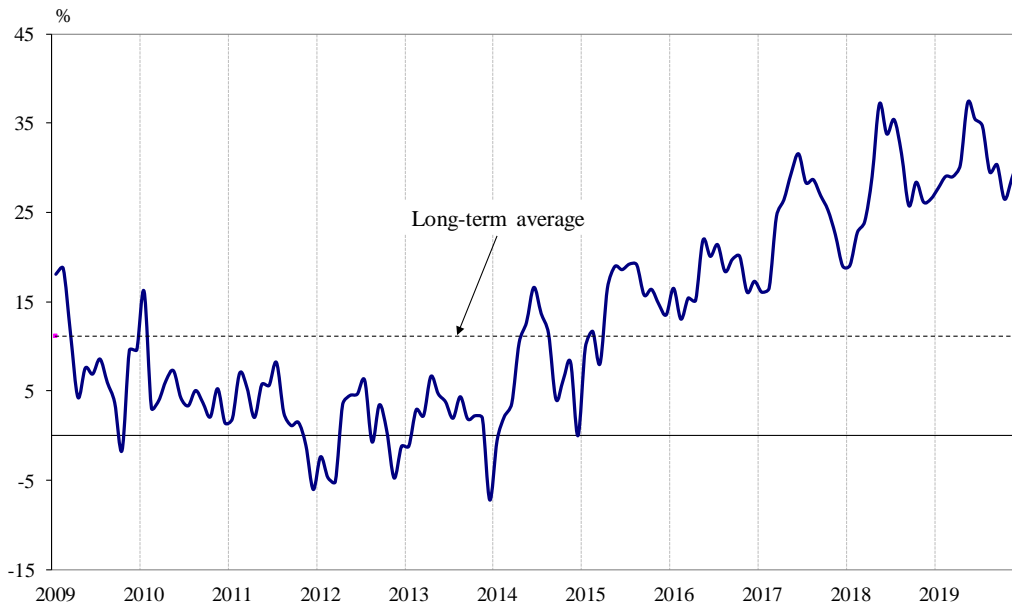




Figure 7. Expected construction activity over the next 3 months

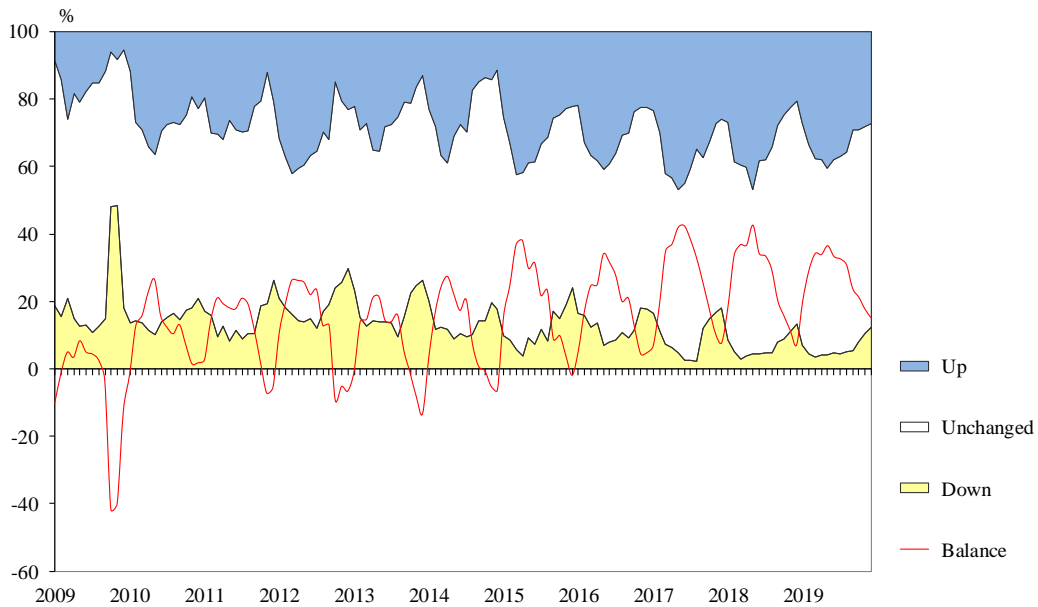


Figure 8. Limits to construction activity (Relative share of enterprises)

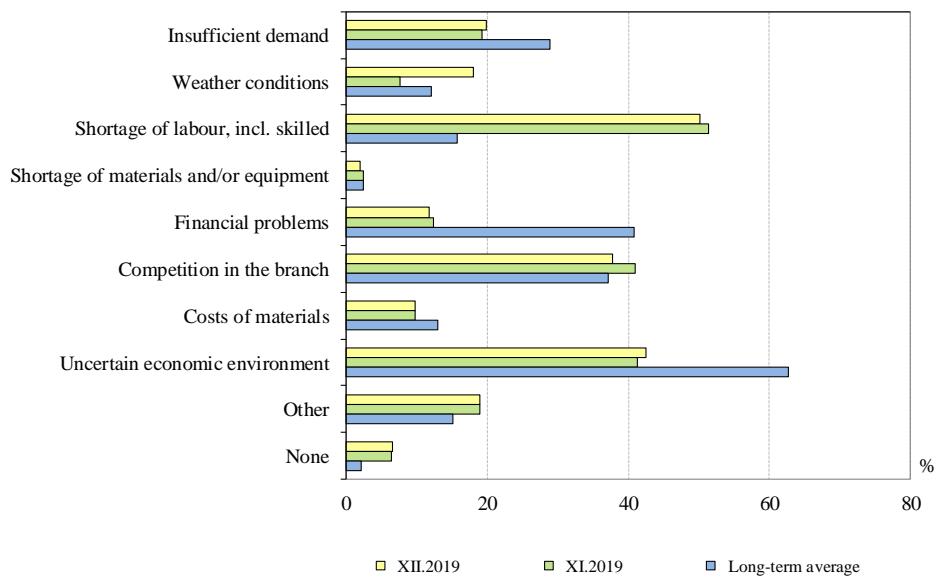




Figure 9. Selling prices expectations in construction over the next 3 months

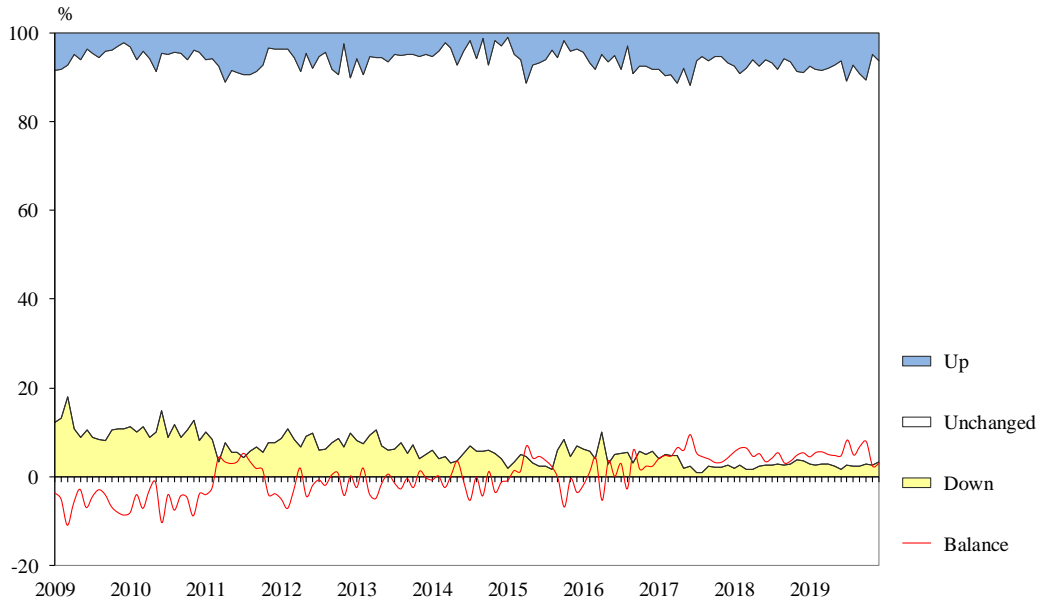


Figure 10. Business climate in retail trade

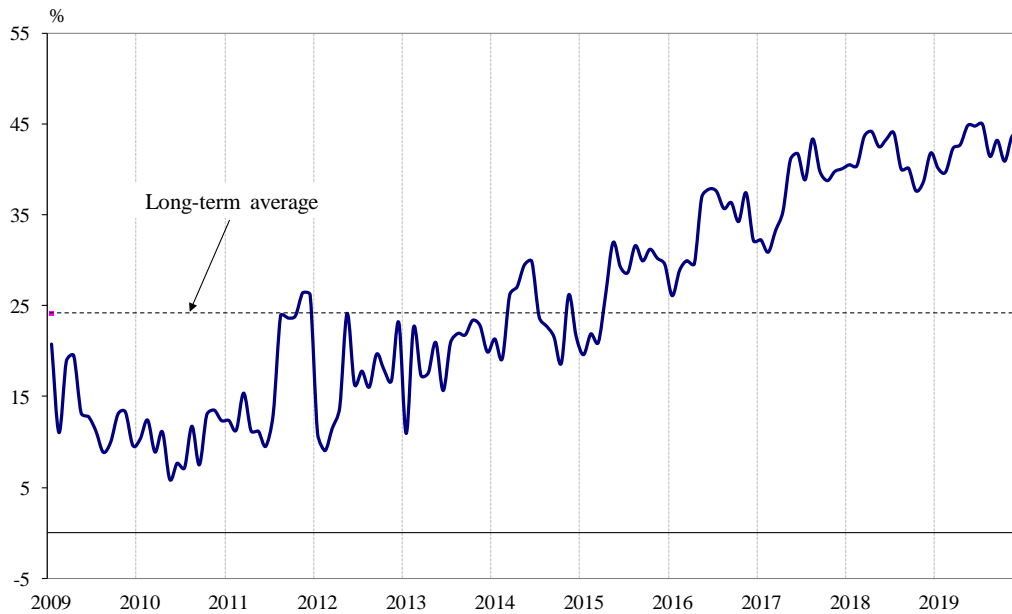




Figure 11. Sales expectations in retail trade over the next 3 months

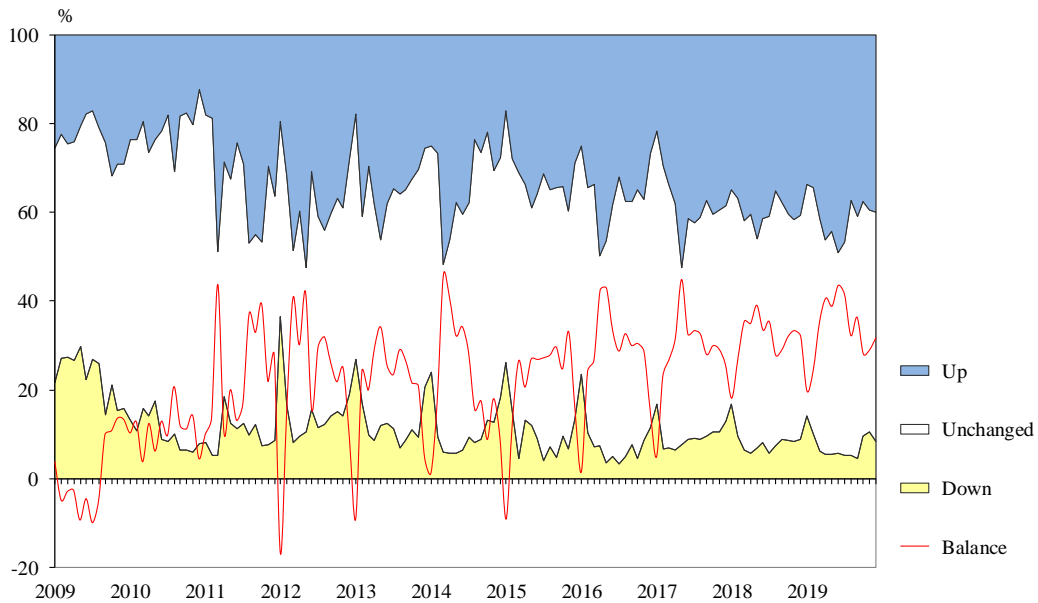


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

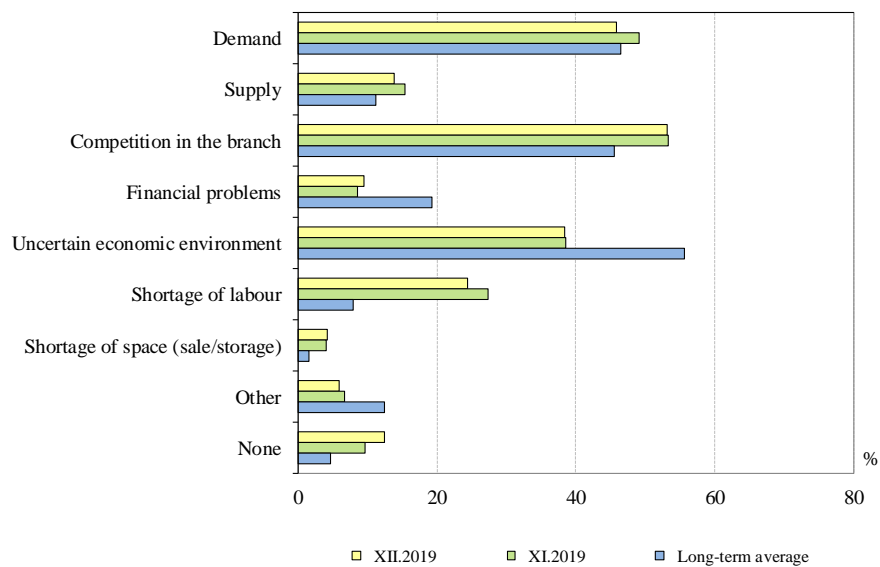




Figure 13. Selling prices expectations in retail trade over the next 3 months

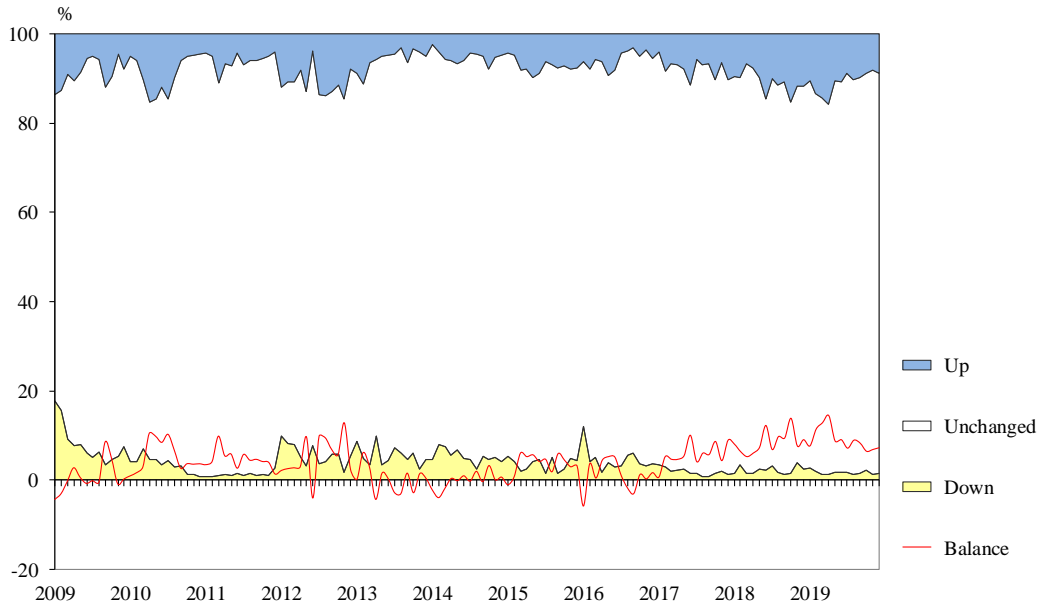


Figure 14. Business climate in service sector

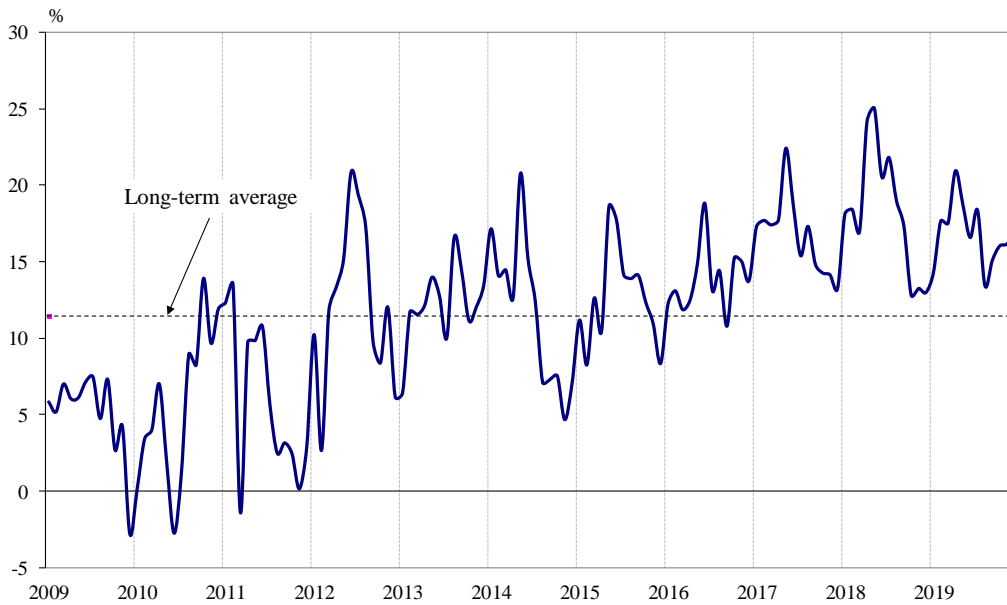




Figure 15. Expected demand in service sector over the next 3 months

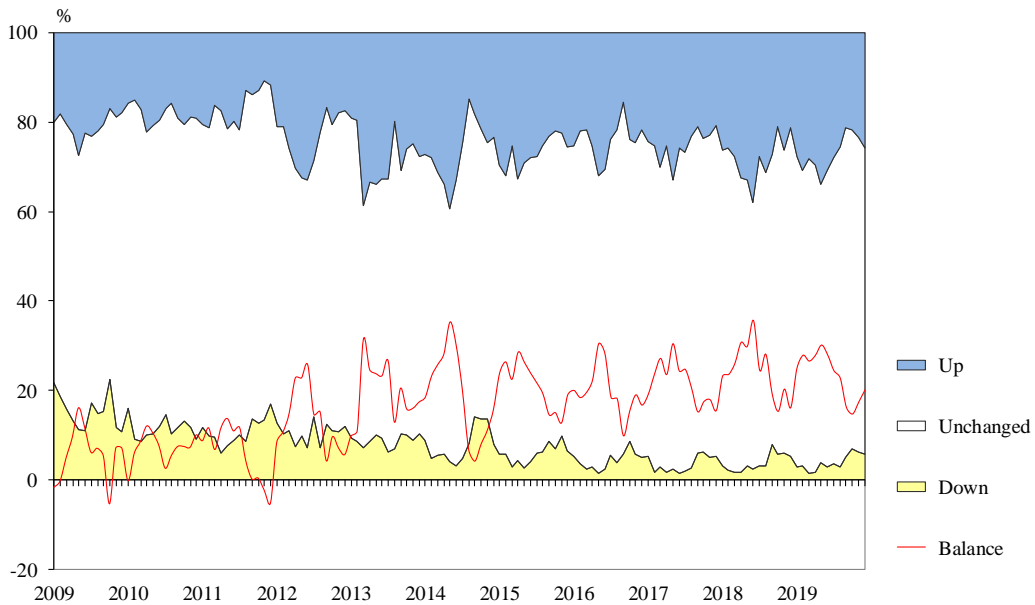


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

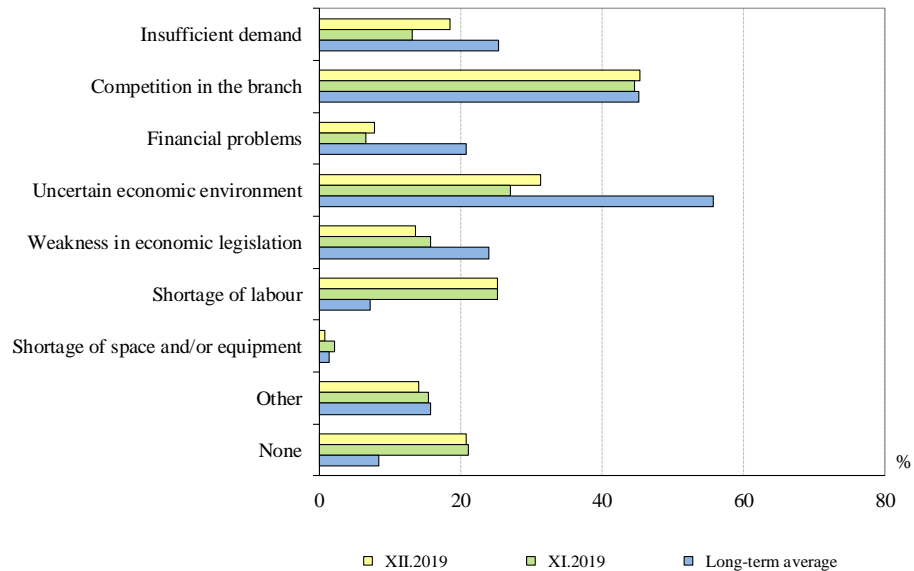




Figure 17. Selling prices expectations in service sector over the next 3 months

