

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JULY 2020

In July 2020, **the total business climate indicator**⁴ increases by 2.5 percentage points compared to the previous month (Annex, Figure 1). An increase of the indicator is observed in retail trade and in service sector, in industry preserves its level from the June 2020, and in construction, a reduction is registered.

Industry. The composite indicator ‘business climate in industry’ remains its June level (Annex, Figure 2). In industrial entrepreneurs’ opinion, the present production activity is improved (the balance indicator increases by 6.8 percentage points) (Annex, Figure 3), but their expectations about the activity over the next 3 months are more moderate. In July in comparison with April, an increase of the average capacity utilization (by 2.5 percentage points) is observed and which reached 70.4%.

The most serious difficulties for the business remain the uncertain economic environment, followed by insufficient foreign demand and insufficient domestic demand (Annex, Figure 4).

Concerning the selling prices the inquiry registers intentions for certain increase, although the prevailing of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In July the composite indicator ‘business climate in construction’ decreases by 1.8 percentage points (Annex, Figure 6) as a result of 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), as the inquiry also shows an increase of the number of clients with delay in payments.

The uncertain economic environment, shortage of labour and the factor ‘others’⁵ continue to be the most serious obstacles for the activity in the sector, as in the last month the negative influence of the first factor strengthen (Annex, Figure 8).

As regards the selling prices in construction, the managers expect preservation of their level over the next 3 months (Annex, Figure 9).

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.

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 6.4 percentage points (Annex, Figure 10) which is mainly due to the improved retailers’ assessments about the present business situation of the enterprises. Their expectations about the volume of sales and orders placed with suppliers over the next 3 months are also more favourable (Annex, Figure 11).

The factors ‘uncertain economic environment’, ‘insufficient demand’ and ‘competition in the branch’ continue to limit with most extend the activity of the enterprises (Annex, Figure 12).

The majority of the retailers expect the selling prices to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In July, the composite indicator ‘business climate in service sector’ increases by 8.2 percentage points (Annex, Figure 14) as a result of the more positive managers’ assessments and expectations about the business situation of the enterprises. Concerning the demand for services, the present tendency is slightly improves, as their expectations over the next 3 months remain favourable although more reserved compared to the previous month (Annex, Figure 15).

The uncertain economic environment continues to be the main obstacle for the activity of the enterprises, as in the last month strengthen of its negative impact is observed. In second and third place are the insufficient demand and the factor ‘others’² (Annex, Figure 16).

As regards the selling prices in the service sector, the prevailing managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.

² 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.

Annex

Figure 1. Business climate - total

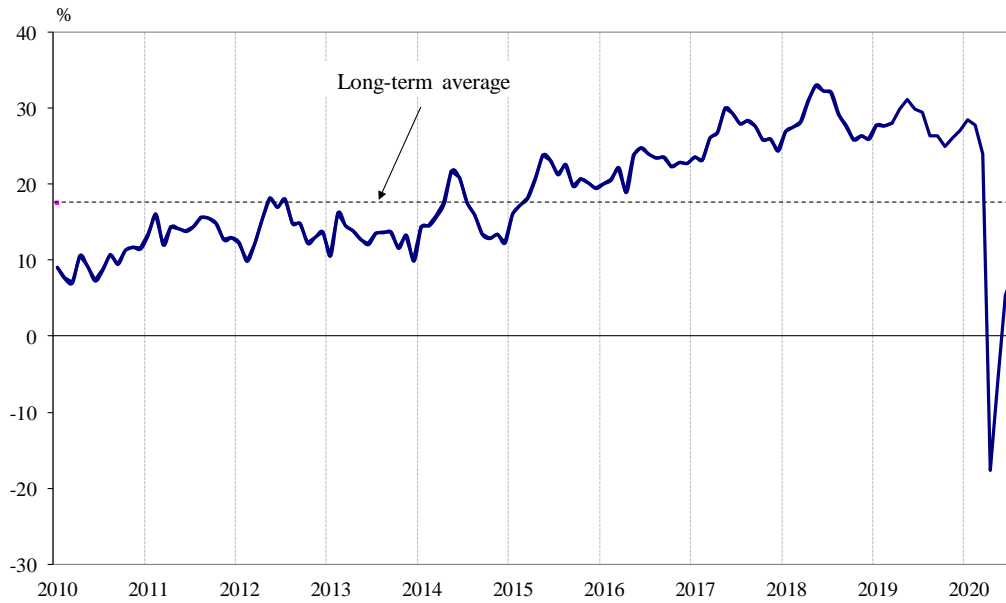


Figure 2. Business climate in industry

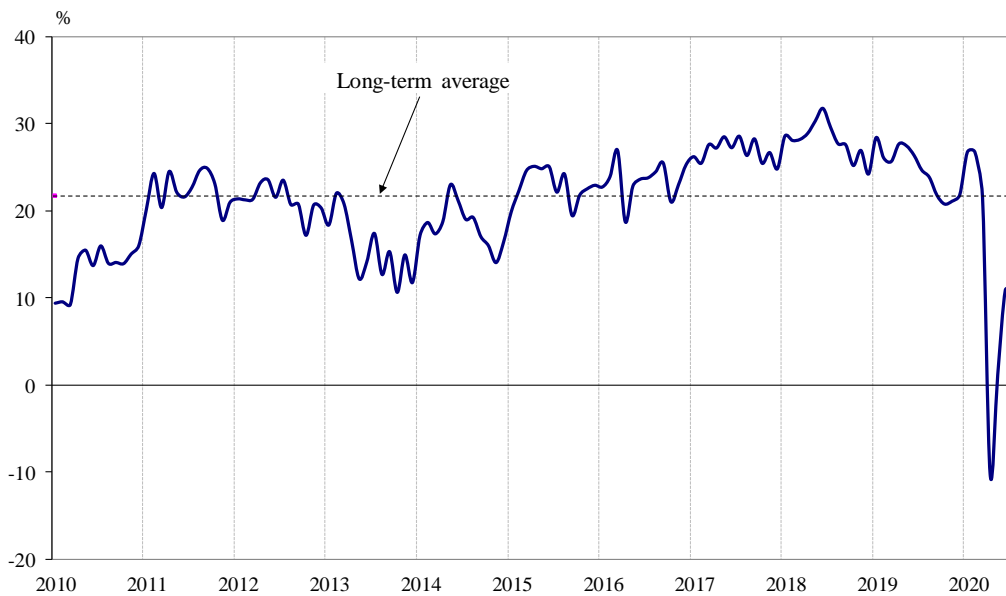
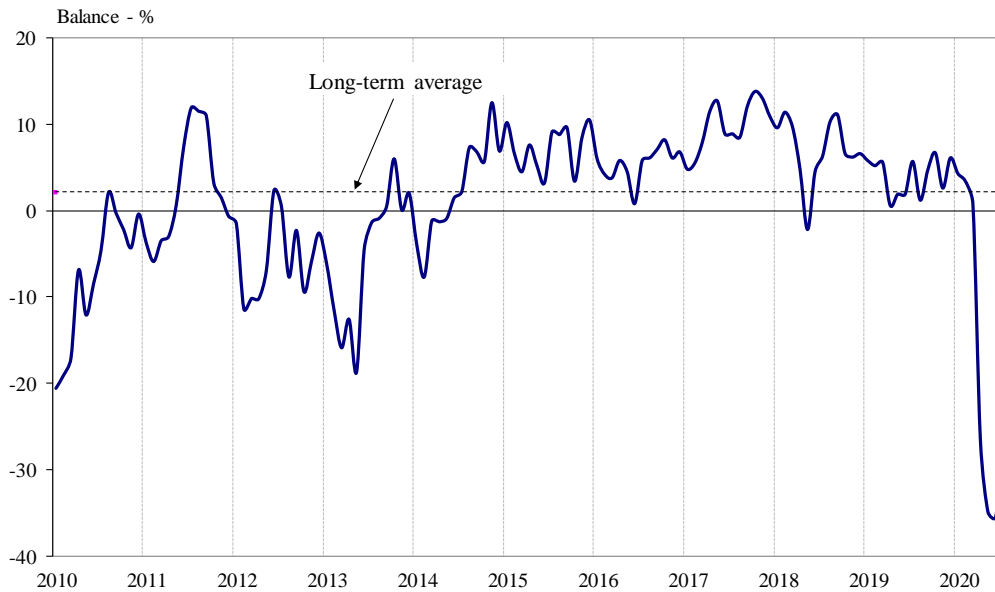


Figure 3. Present production activity in industry



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

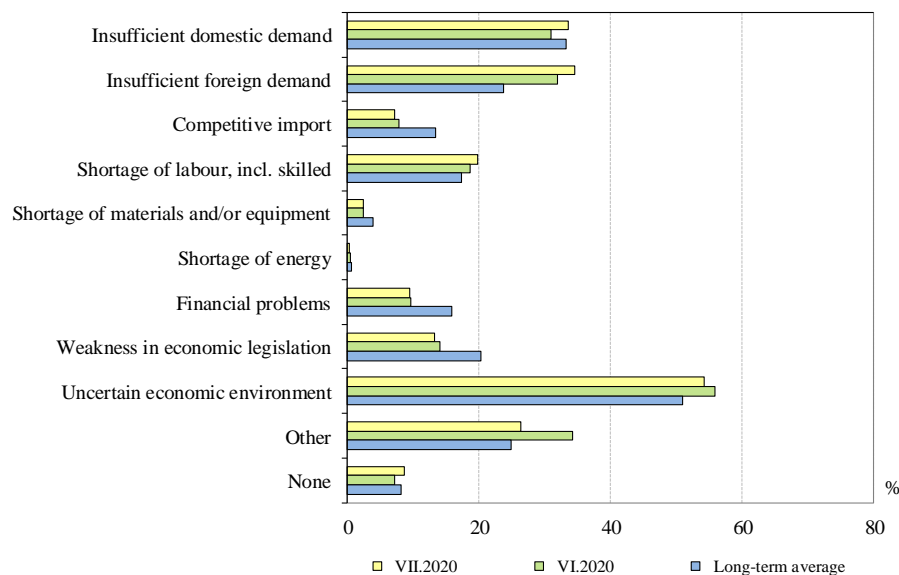


Figure 5. Selling prices expectations in industry over the next 3 months

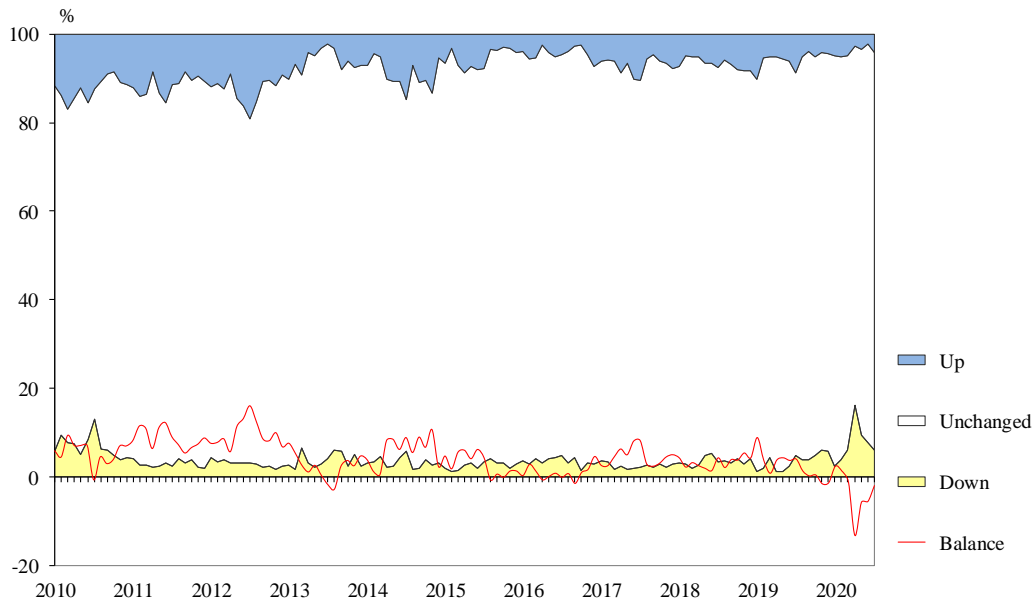


Figure 6. Business climate in construction

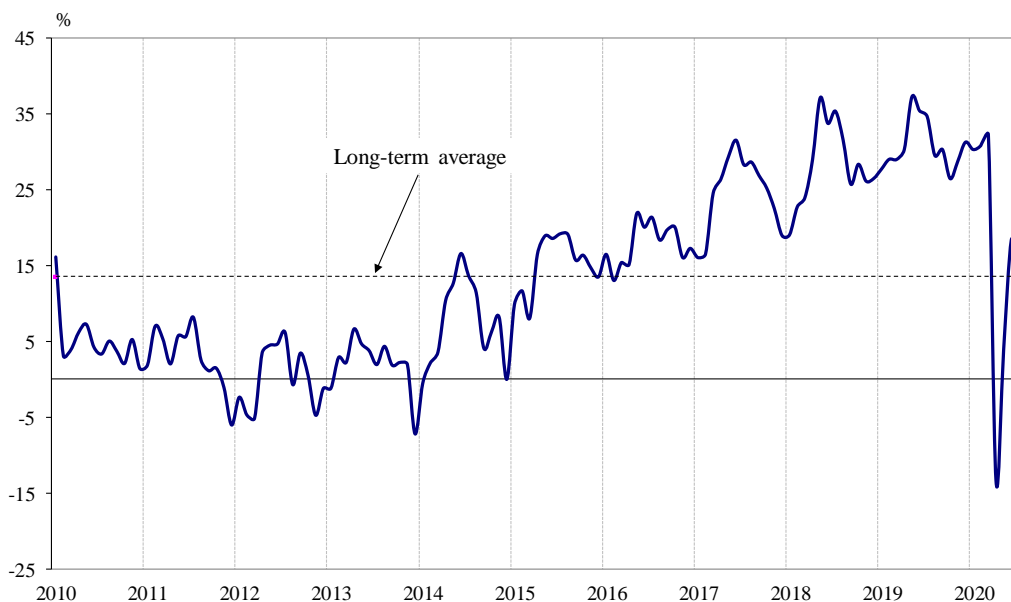


Figure 7. Expected construction activity over the next 3 months

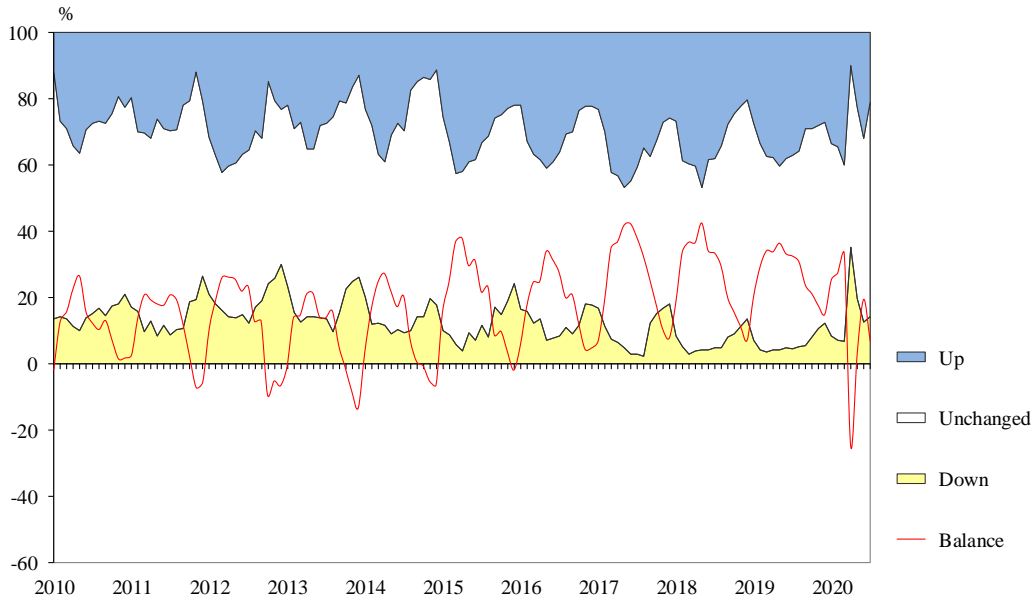


Figure 8. Limits to construction activity (Relative share of enterprises)

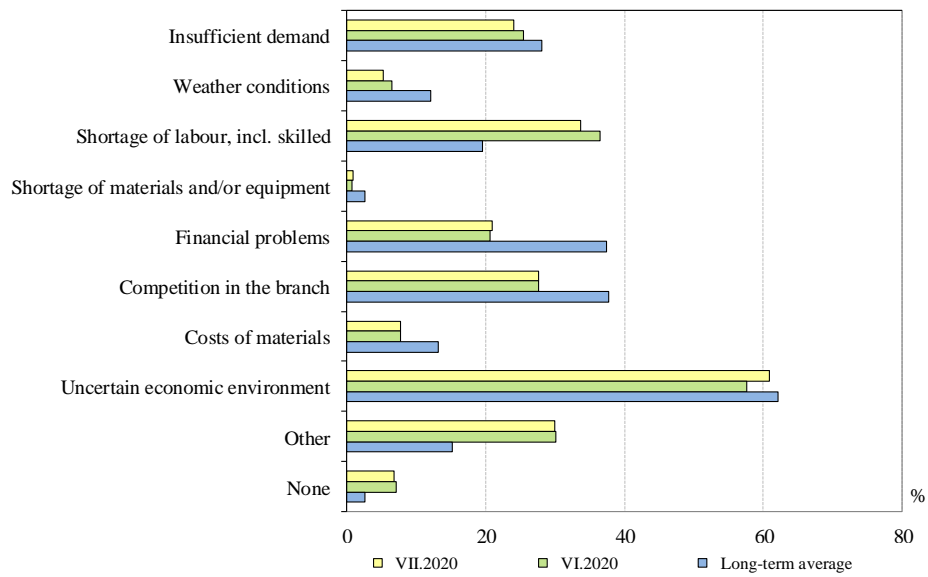


Figure 9. Selling prices expectations in construction over the next 3 months

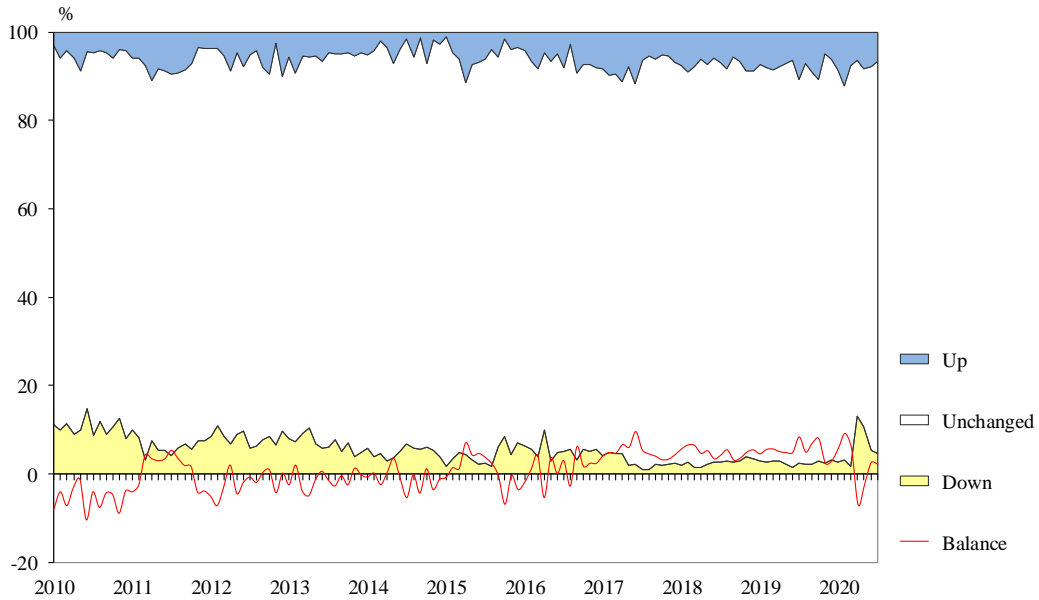


Figure 10. Business climate in retail trade

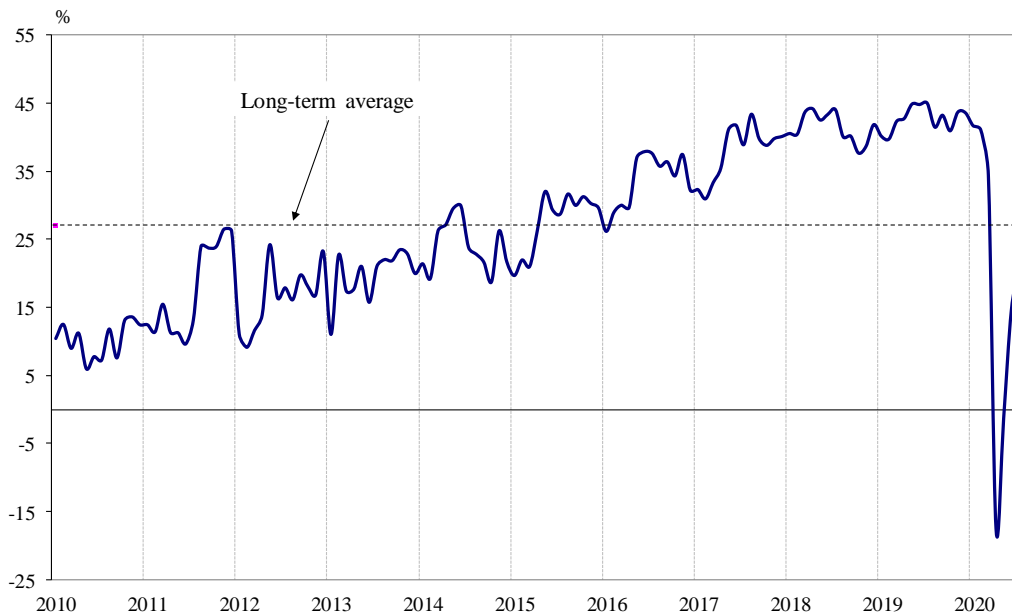


Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

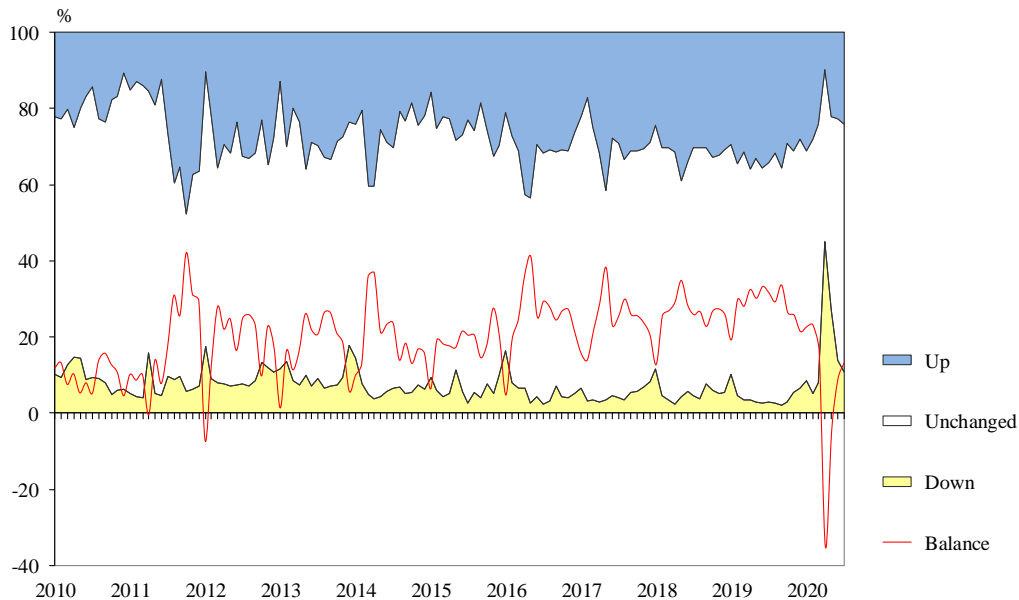


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

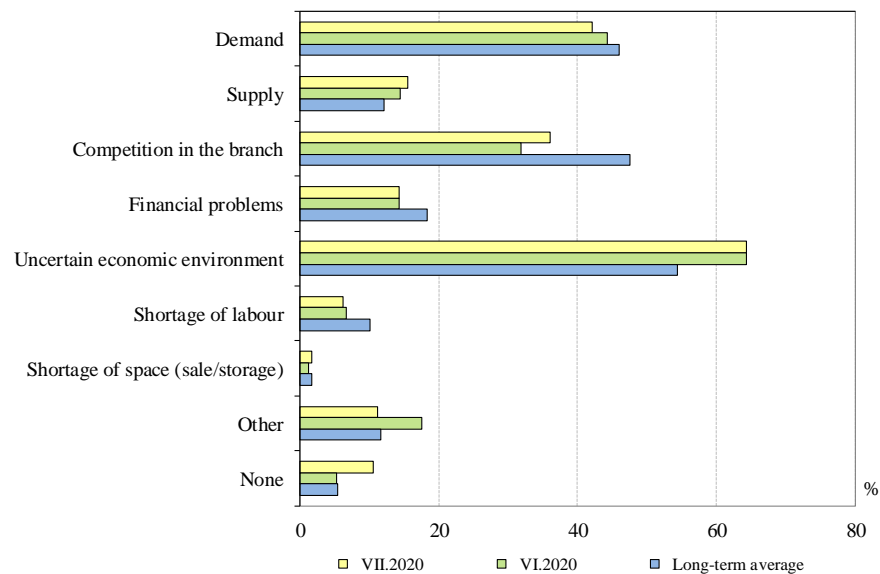


Figure 13. Selling prices expectations in retail trade over the next 3 months

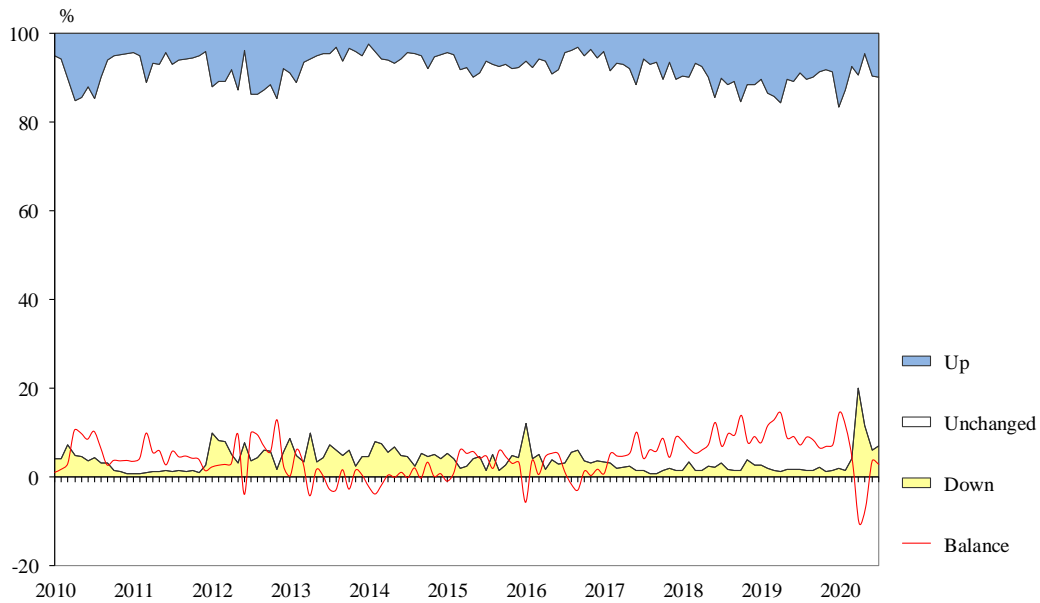


Figure 14. Business climate in service sector

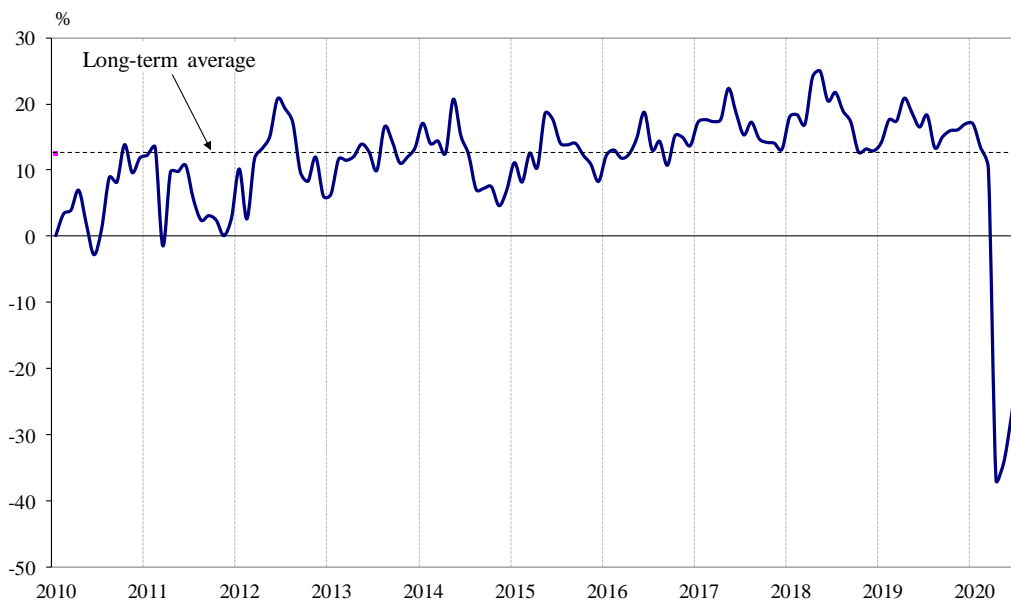


Figure 15. Expected demand in service sector over the next 3 months

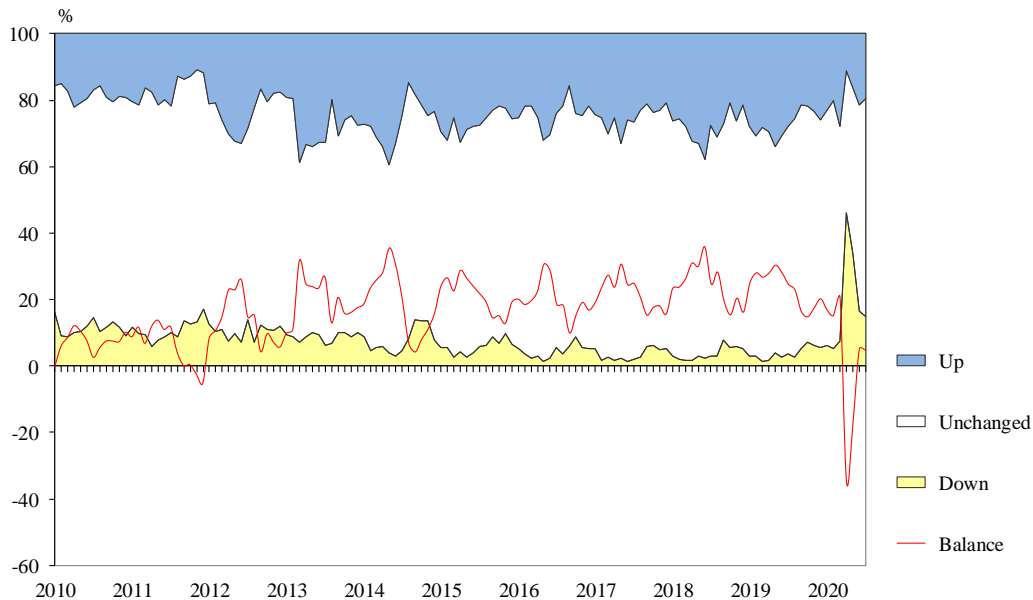


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

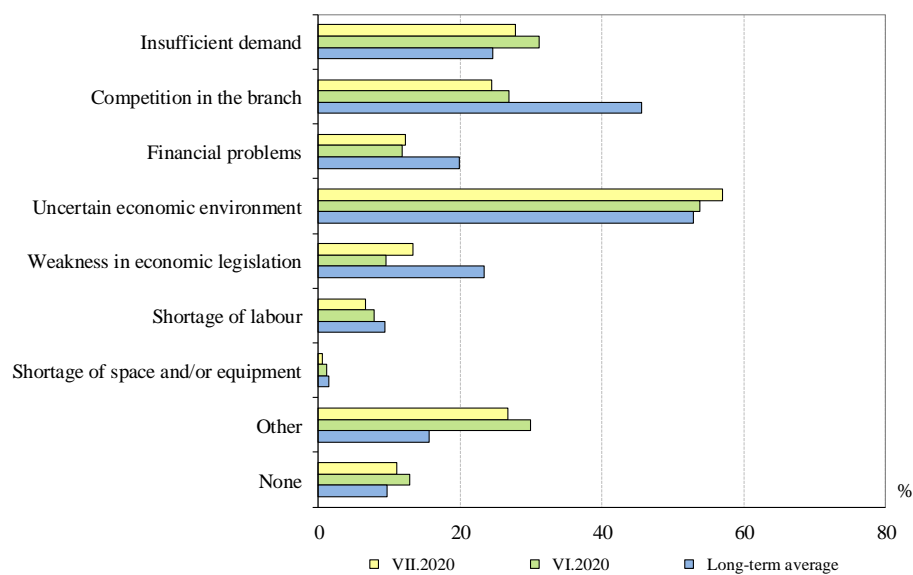


Figure 17. Selling prices expectations in service sector over the next 3 months

