

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, AUGUST 2020

In August 2020, **the total business climate indicator**<sup>4</sup> increases by 0.5 percentage points in comparison with the previous month (Annex, Figure 1), which is due to the more favourable business climate in service sector.

**Industry.** The composite indicator ‘business climate in industry’ remains to its July level (Annex, Figure 2). The inquiry registers certain improvement 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 continue to be the uncertain economic environment, insufficient foreign demand and insufficient domestic demand, as in the last month a decrease of their negative influence is observed (Annex, Figure 4).

As regards the selling prices in industry, the managers do not foresee an increase over the next 3 months (Annex, Figure 5).

**Construction.** In August, the composite indicator ‘business climate in construction’ preserves approximately its level from the previous month (Annex, Figure 6). According to construction entrepreneurs, the present construction activity is improved, as their forecasts about the activity over the next 3 months are also optimistic (Annex, Figure 7).

The main obstacles for the business development remain connected with the uncertain economic environment, shortage of labour and the factor ‘others’<sup>5</sup> (Annex, Figure 8).

Concerning the selling prices in construction, the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator ‘business climate in retail trade’ decreases by 2.9 percentage points (Annex, Figure 10) as a result of the more unfavorable retailers’ expectations about the business situation

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

of the enterprises over the next 6 months. At the same time their opinions about the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are slightly worsened.

The most serious problem limiting the activity of the enterprises continue to be the uncertain economic environment, followed by competition in the branch and insufficient demand (Annex, Figure 12).

The retailers do not expect an increase of the selling prices over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In August, the composite indicator ‘business climate in service sector’ increases by 4.6 percentage points (Annex, Figure 14), which is due to the more favourable managers’ assessments about the present business situation of the enterprises. Their opinions about the present demand of services are also positive, while the expectations over the next 3 months are worsened (Annex, Figure 15).

The main difficulties for the business development remain connected with the uncertain economic environment, insufficient demand and competition in the branch (Annex, Figure 16).

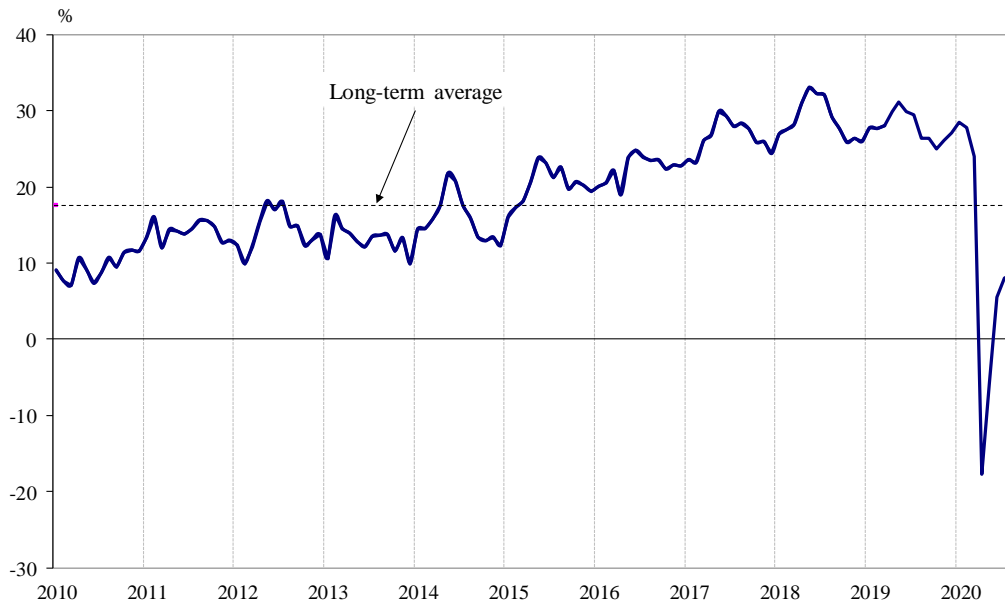
The majority of the managers expect the selling prices in the service sector to remain unchanged over the next 3 months (Annex, Figure 17).

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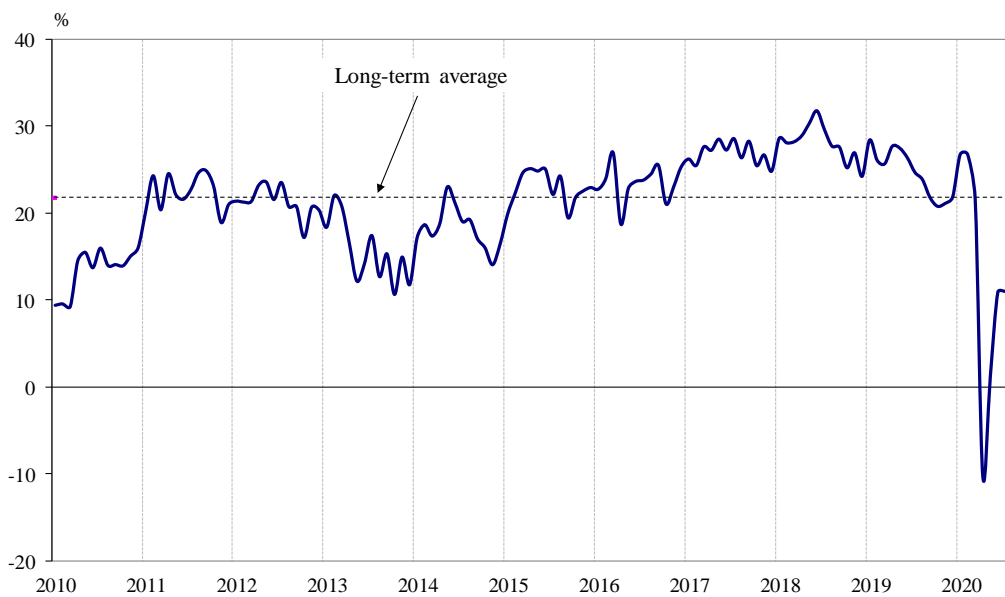
<sup>1</sup> Excl. trade.

## Annex

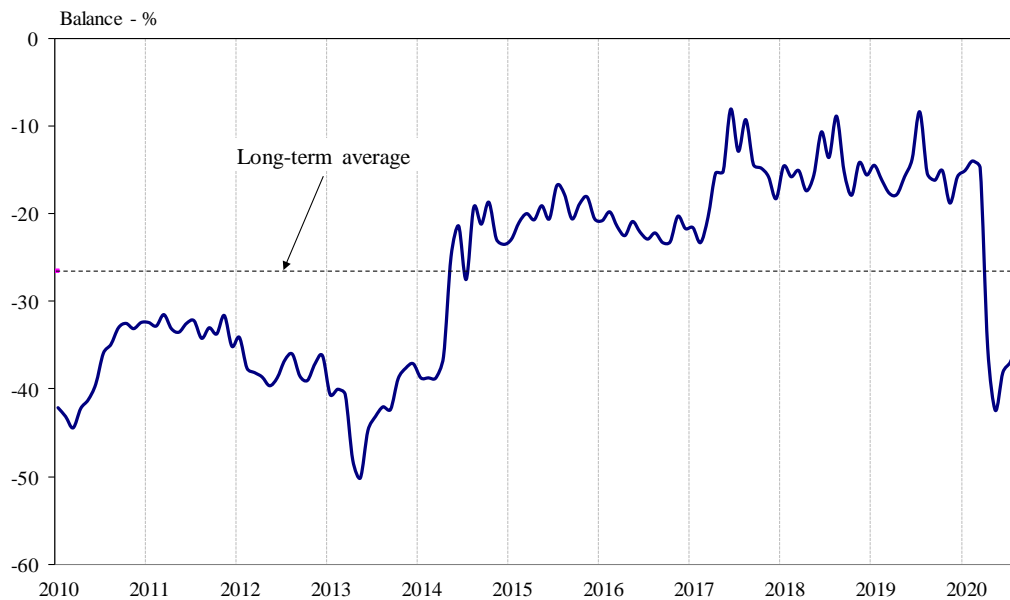
**Figure 1. Business climate - total**



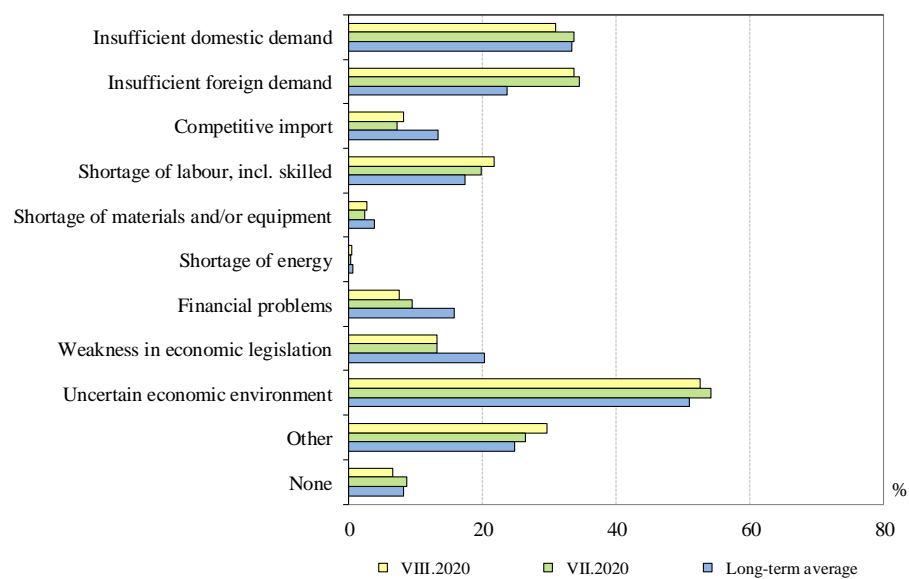
**Figure 2. Business climate in industry**



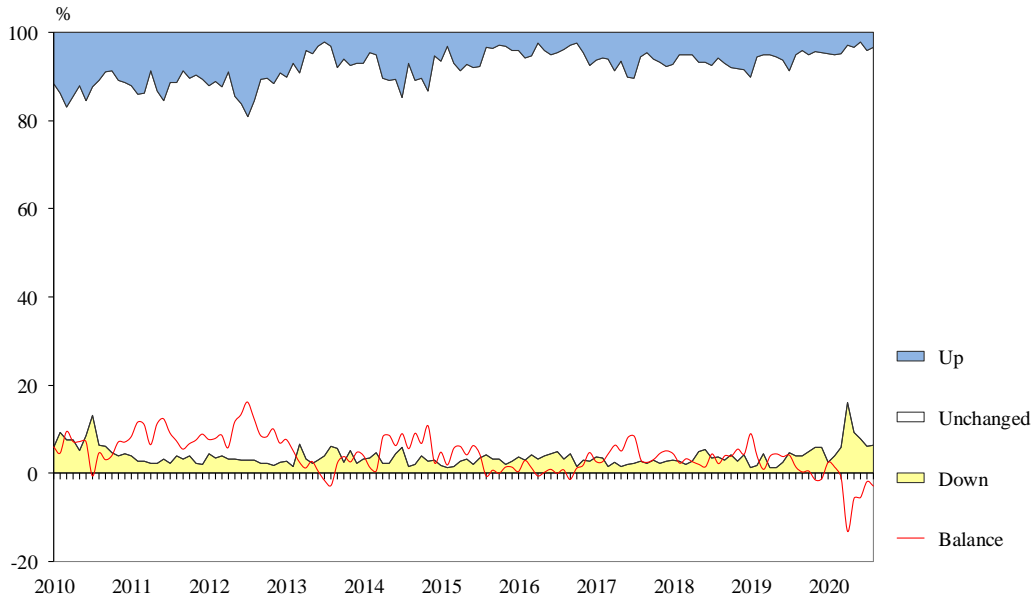
**Figure 3. Production assurance with orders in industry**



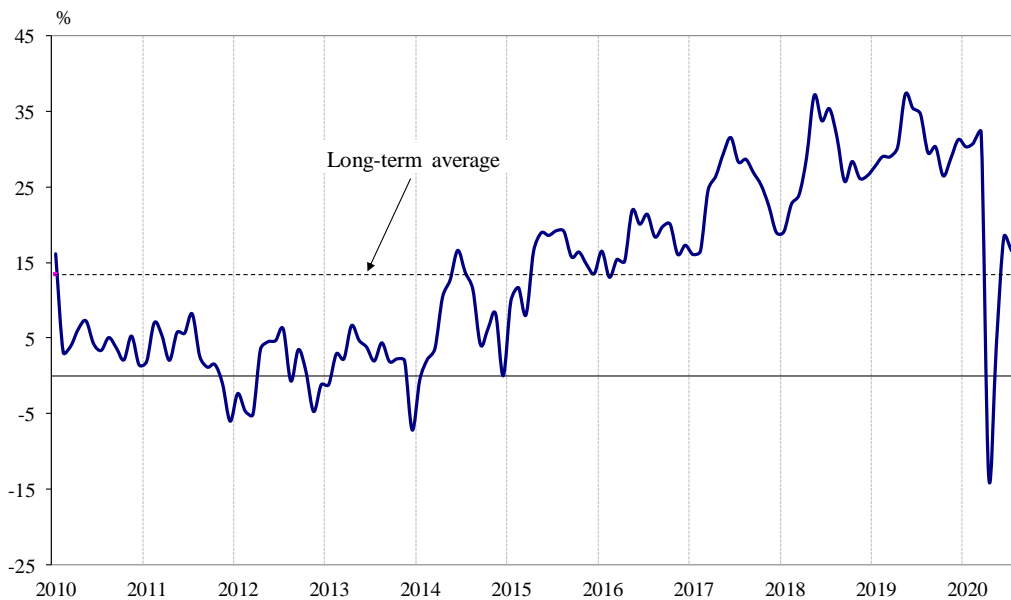
**Figure 4. Limits to production in industry (Relative share of enterprises)**



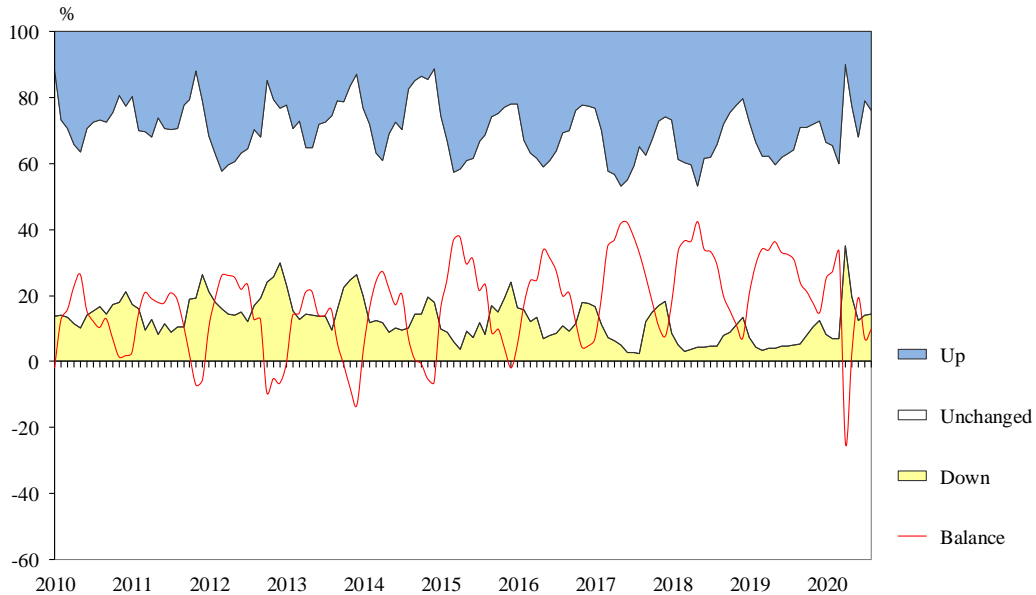
**Figure 5. Selling prices expectations in industry over the next 3 months**



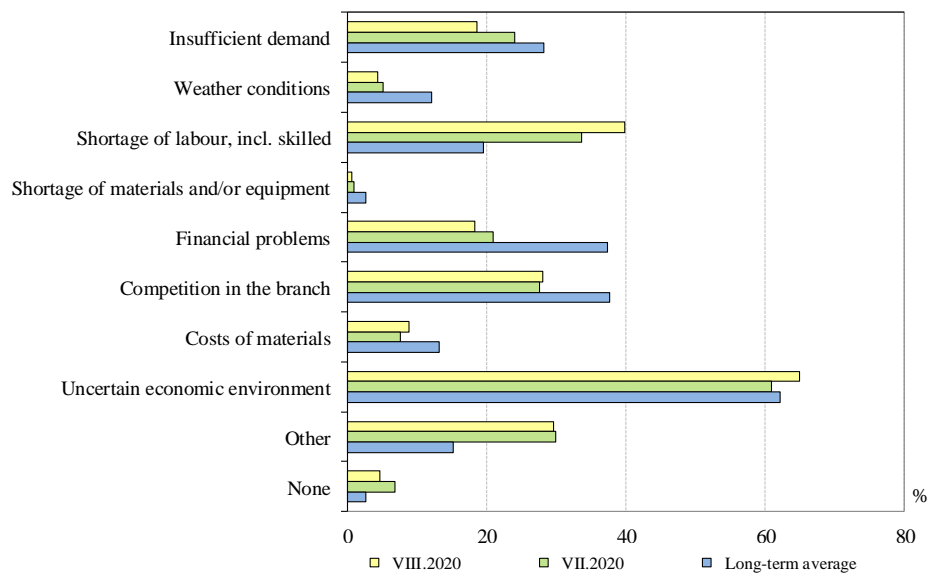
**Figure 6. Business climate in construction**



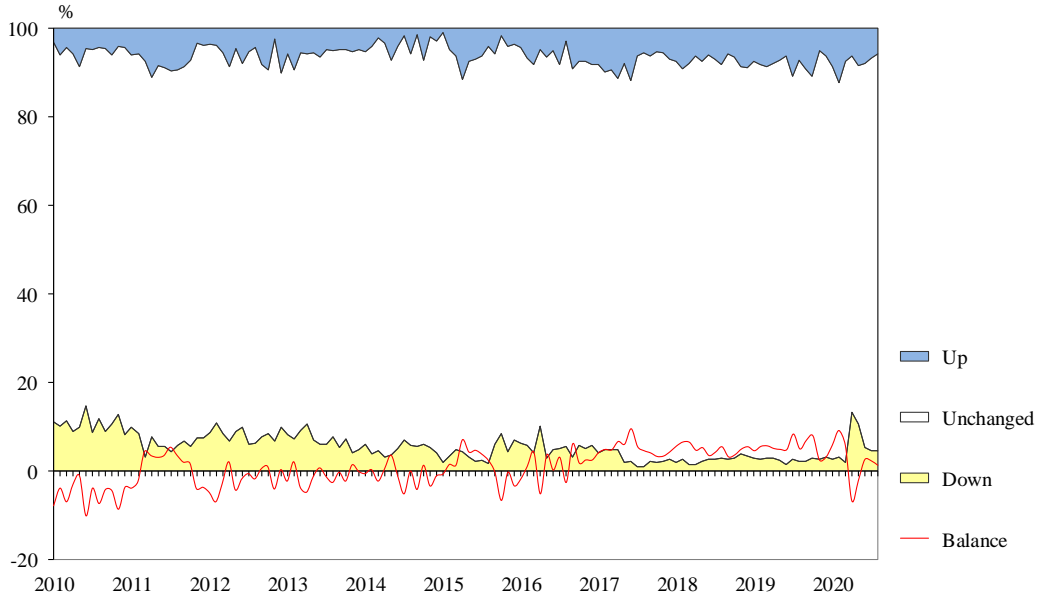
**Figure 7. Expected construction activity over the next 3 months**



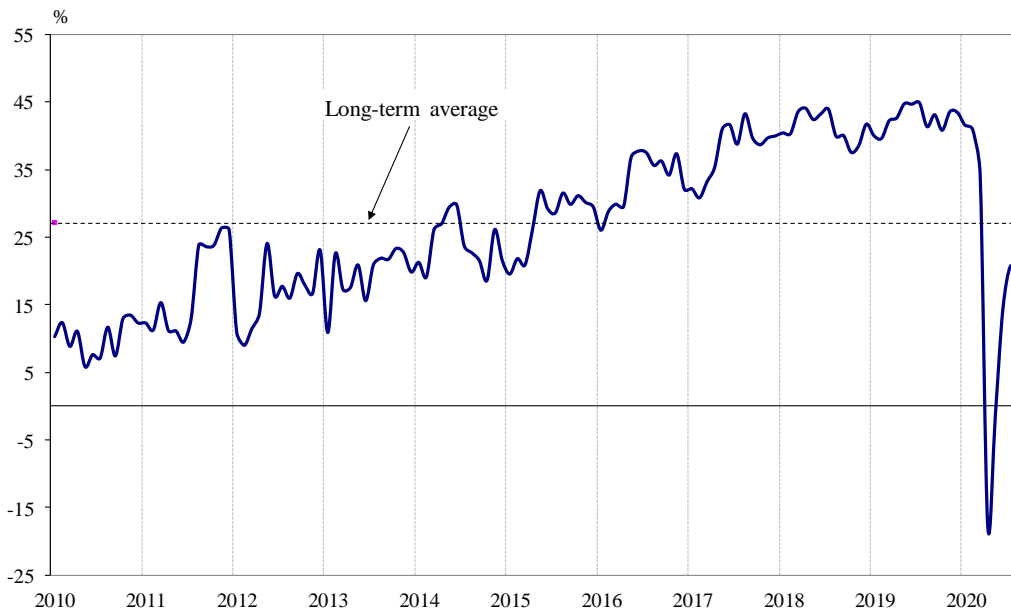
**Figure 8. Limits to construction activity (Relative share of enterprises)**



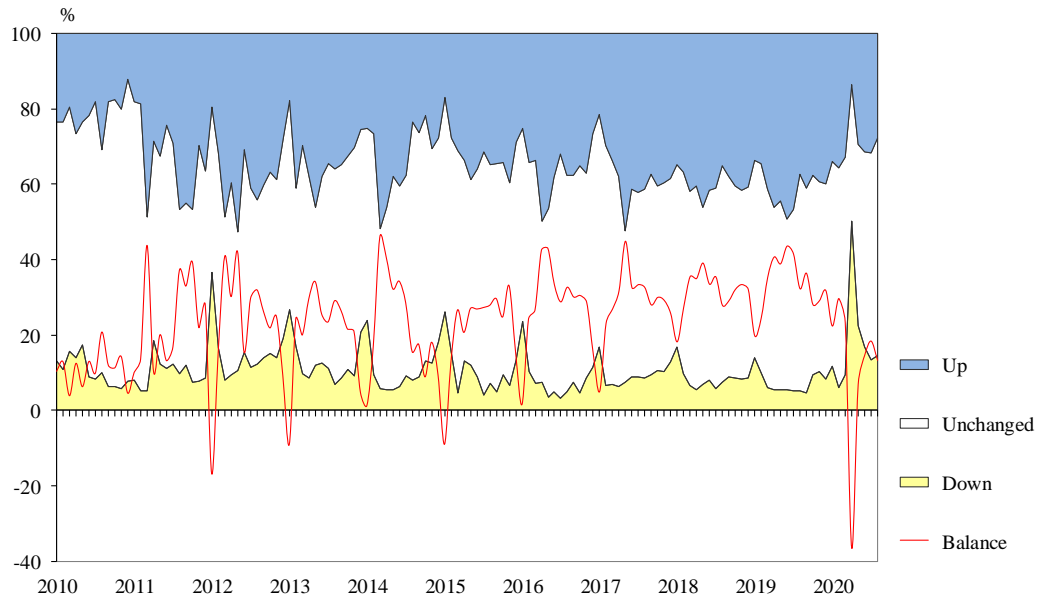
**Figure 9. Selling prices expectations in construction over the next 3 months**



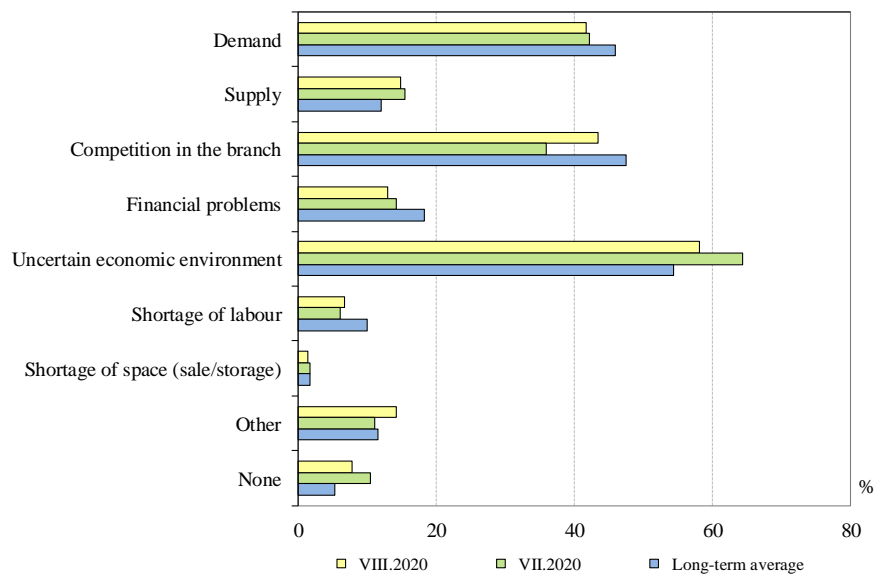
**Figure 10. Business climate in retail trade**



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

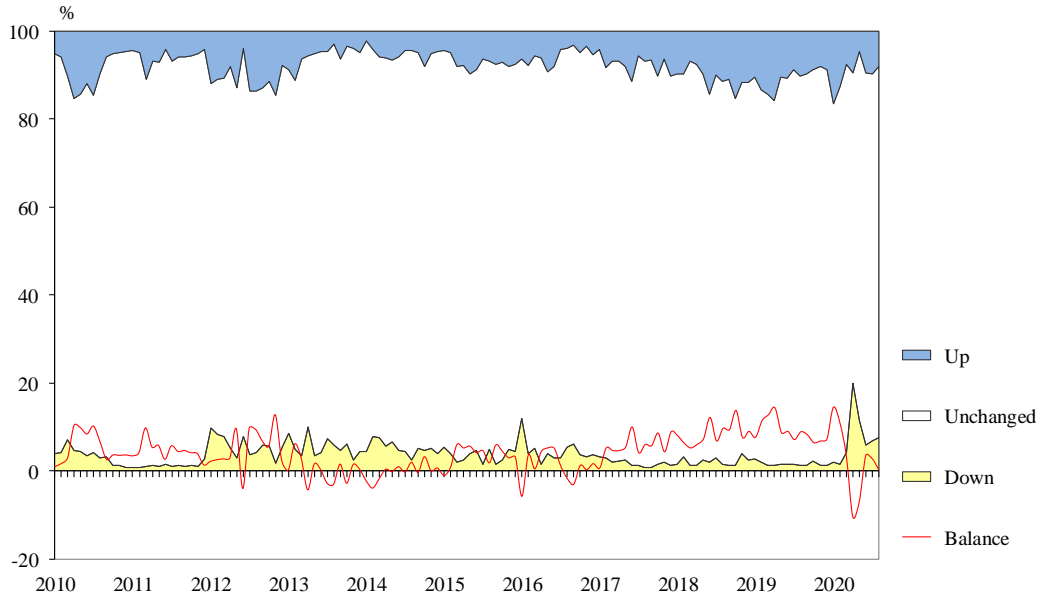


**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

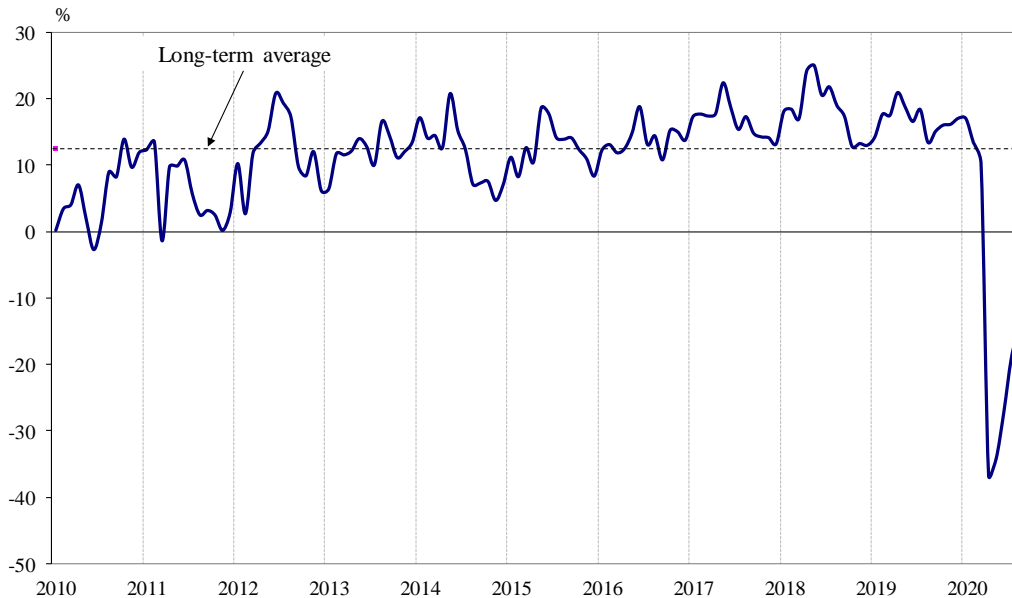




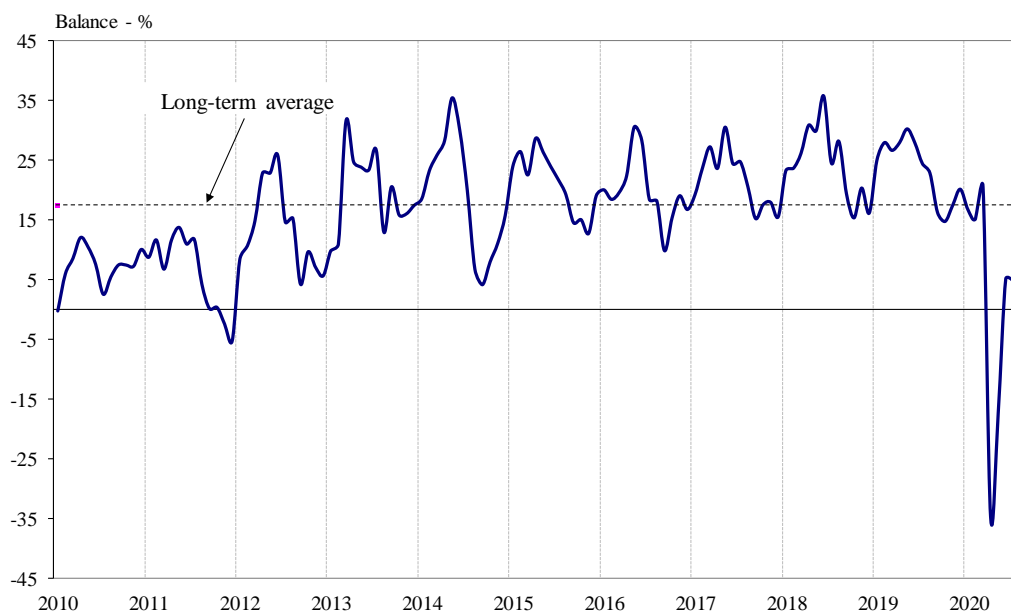
**Figure 13. Selling prices expectations in retail trade over the next 3 months**



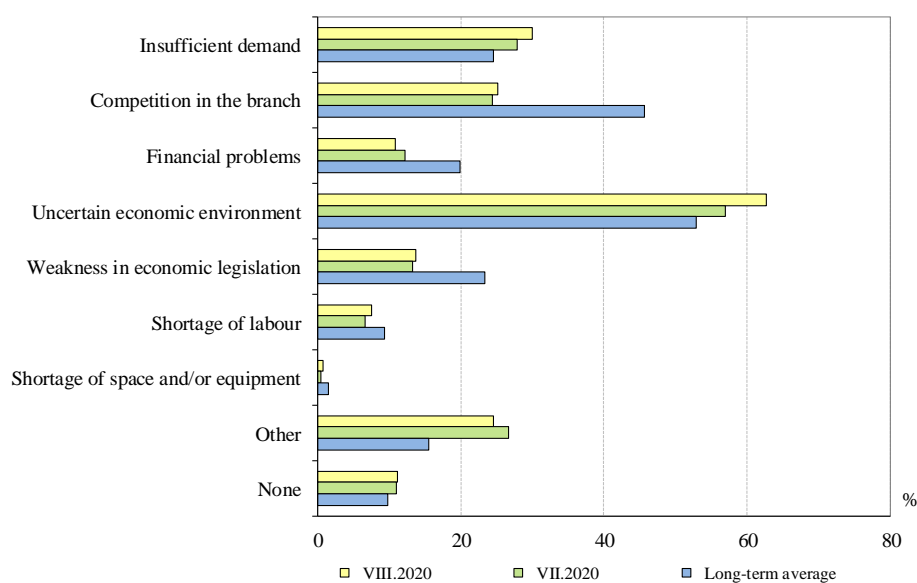
**Figure 14. Business climate in service sector**



**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**

