

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

In September 2020, **the total business climate indicator**⁴ increases by 0.8 percentage points compared to August (Annex, Figure 1) as a result of the improved managers' opinions in the retail trade.

Industry. The composite indicator 'business climate in industry' preserves approximately its level from the previous month (Annex, Figure 2). The industrial entrepreneurs assess the present production activity as favourable, as their forecasts about the activity over the next 3 months are also improved (Annex, Figure 3).

The uncertain economic environment remains the main obstacle for the business development. In the second and third place are the insufficient domestic demand and insufficient foreign demand (Annex, Figure 4).

Concerning the selling prices in industry, the managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In September, the composite indicator 'business climate in construction' decreases by 1.0 percentage point (Annex, Figure 6) as a result of the more unfavourable construction entrepreneurs' assessments and expectation about the business situation of the enterprises. In their opinion, there is a decrease in the new orders inflow at the last month, which is accompanied by worsened expectations about the construction activity over the next 3 months (Annex, Figure 7).

The most serious difficulties for the activity continue to be the uncertain economic environment, shortage of labour and competition of the branch, although in the last month a decrease of their negative influence is reported (Annex, Figure 8).

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

Retail trade. The composite indicator 'business climate in retail trade' increases by 4.2 percentage points (Annex, Figure 10) which is due to the improved retailers' assessments and expectations about the business

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.

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situation of the enterprises. Their expectations about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are also more favourable.

The uncertain economic environment, competition in the branch and insufficient demand remain the main problems for the business development, as the inquiry registers an increase of the negative impact of the first two factors (Annex, Figure 12).

Concerning the selling prices, the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In September, the composite indicator ‘business climate in service sector’ remains to its August level (Annex, Figure 14). The managers’ assessments and expectations about the present and expected demand for services (Annex, Figure 15) are shifting to the more moderate opinions.

The main factor limiting the activity of the enterprises continues to be the uncertain economic environment, followed by the insufficient demand and competition in the branch (Annex, Figure 16).

As regards the selling prices in the service sector, the managers’ expectations are them to preserve their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

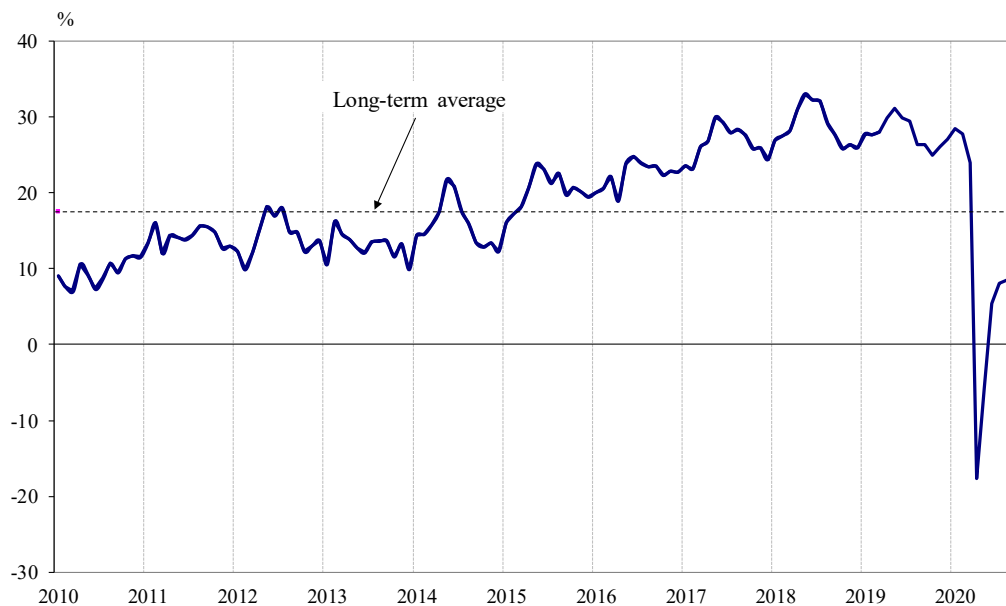


Figure 2. Business climate in industry

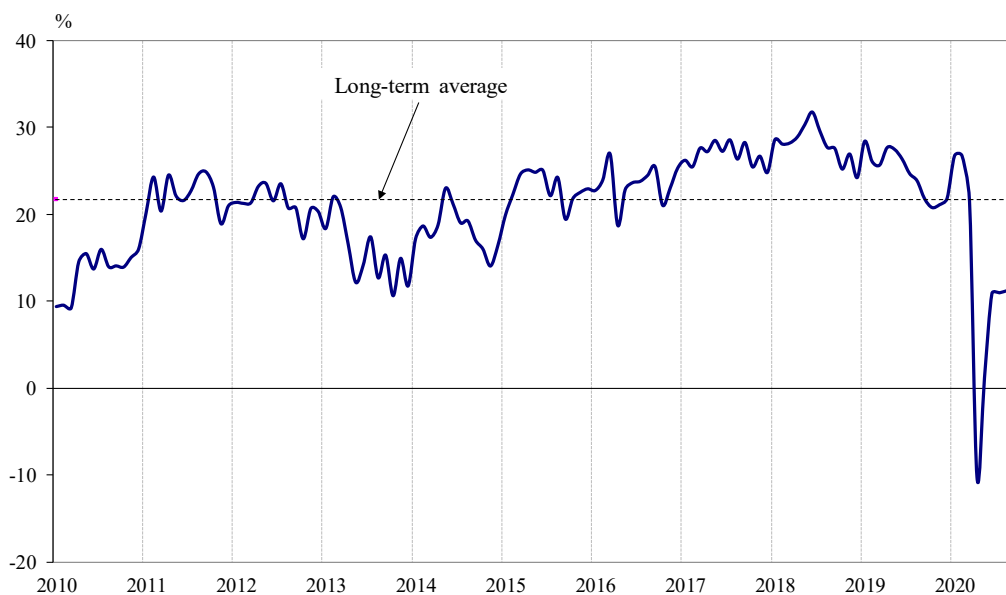


Figure 3. Expected production activity in industry over the next 3 months

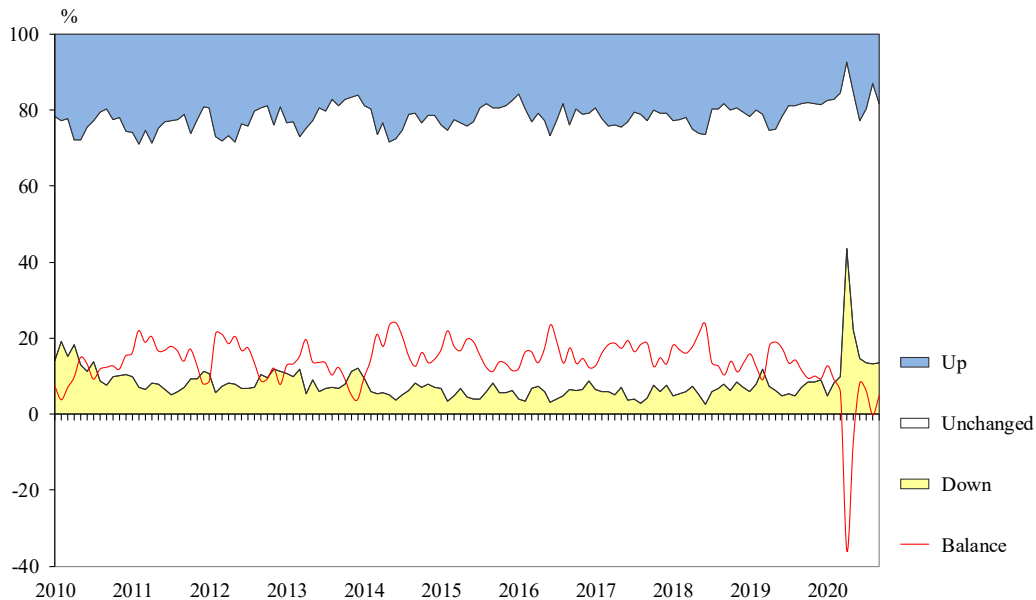


Figure 4. Limits to production in industry (Relative share of enterprises)

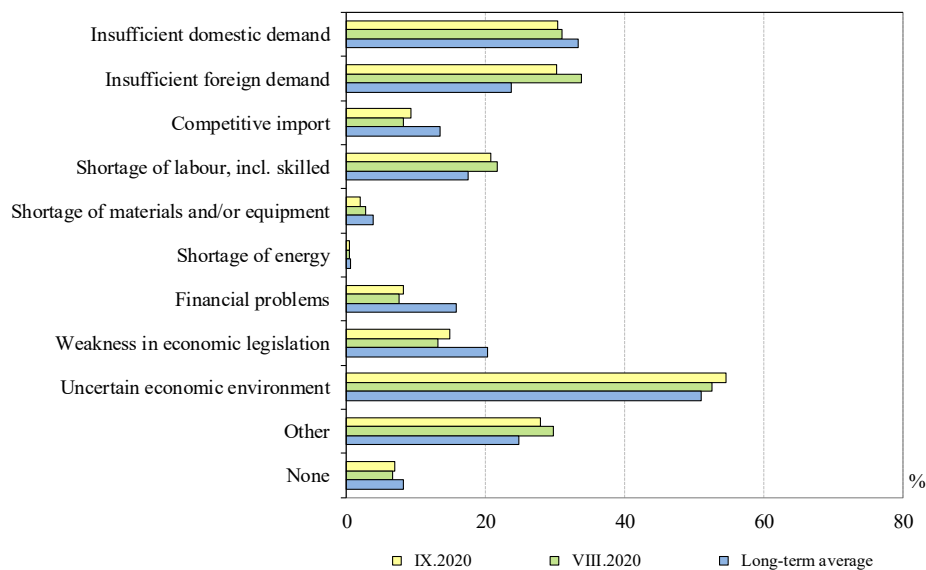


Figure 5. Selling prices expectations in industry over the next 3 months

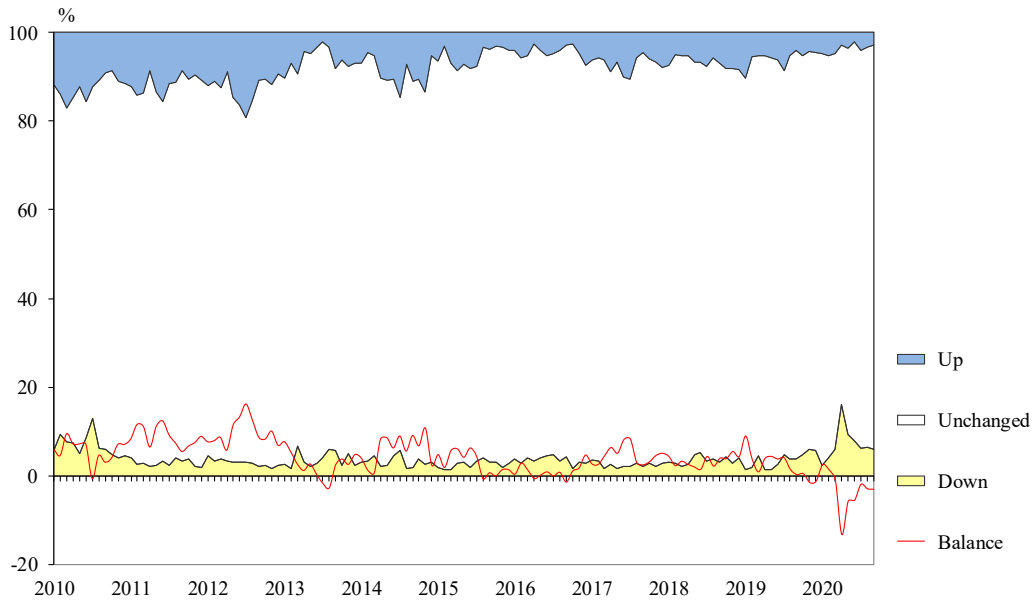


Figure 6. Business climate in construction

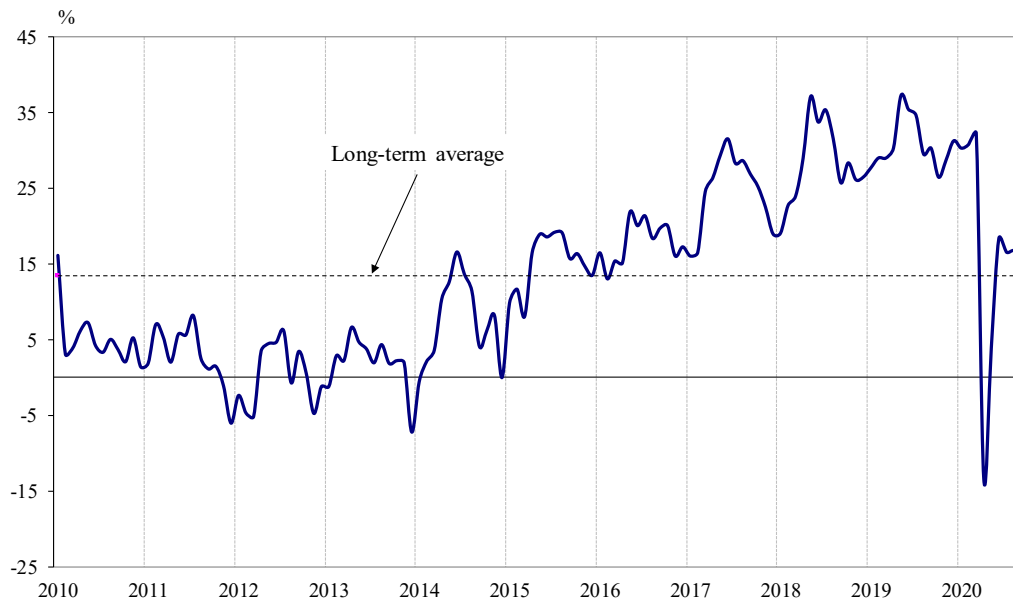


Figure 7. Expected construction activity over the next 3 months

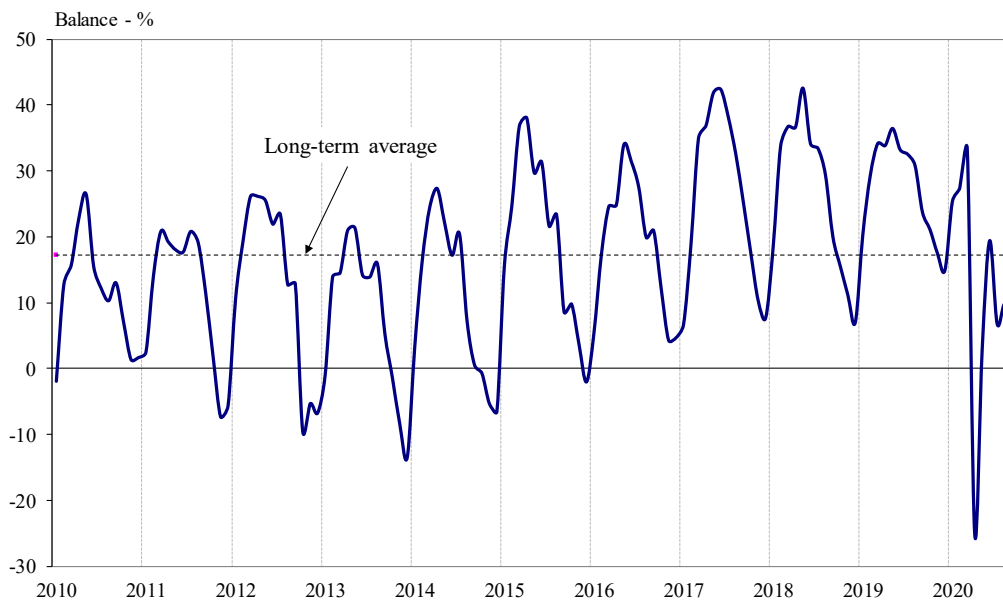


Figure 8. Limits to construction activity (Relative share of enterprises)

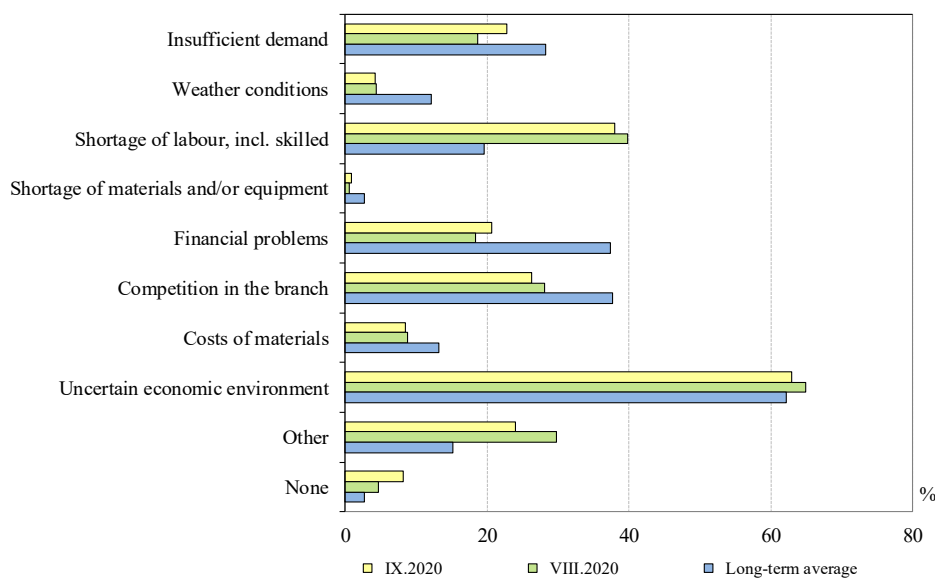


Figure 9. Selling prices expectations in construction over the next 3 months

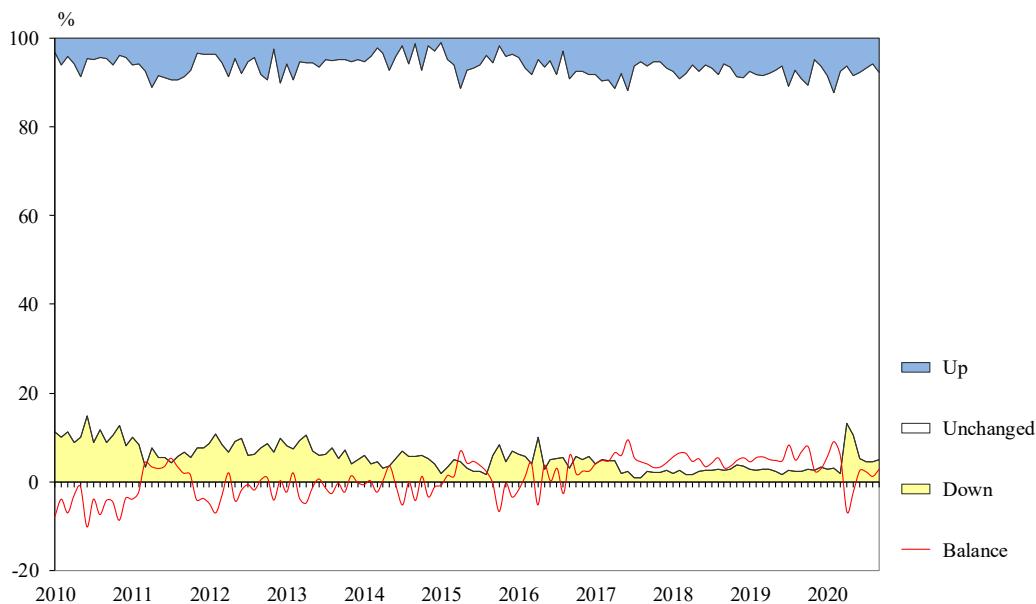


Figure 10. Business climate in retail trade

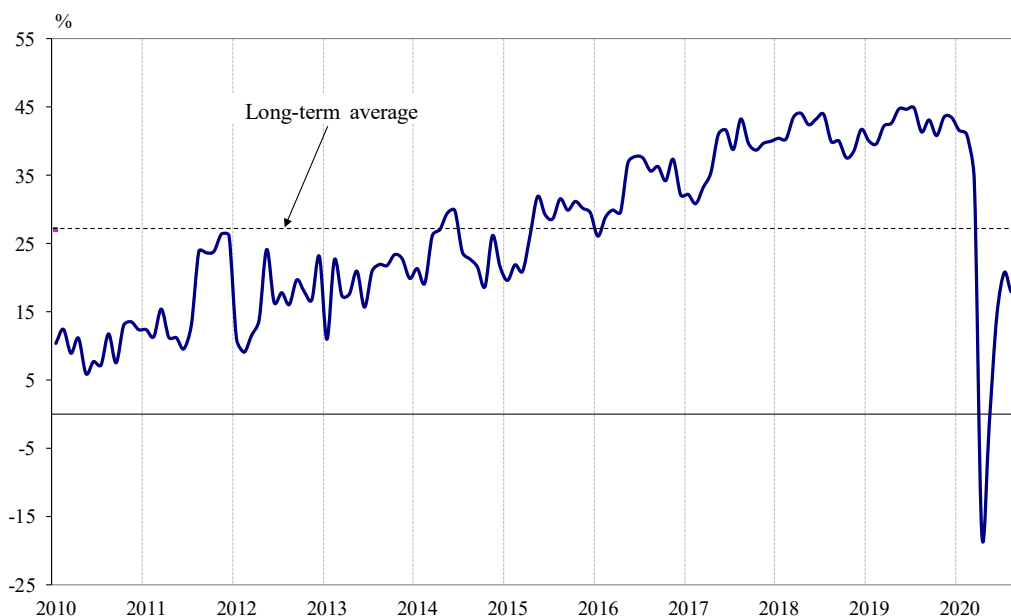


Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

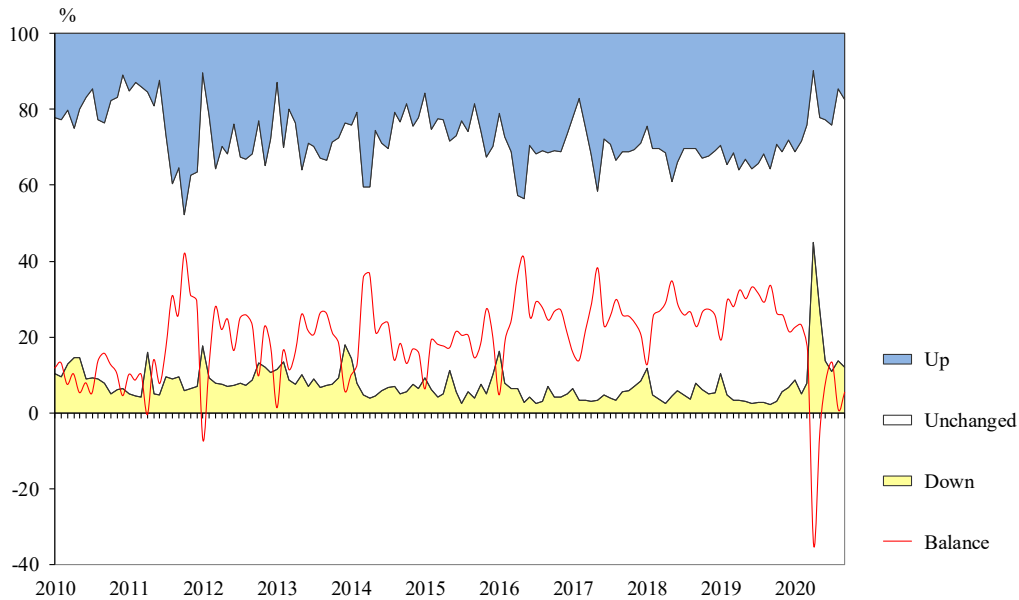


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

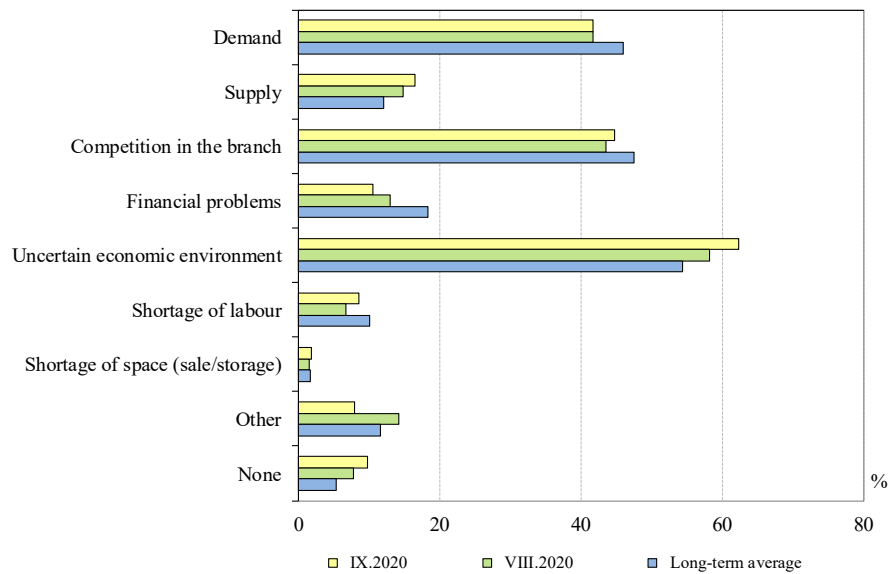


Figure 13. Selling prices expectations in retail trade over the next 3 months

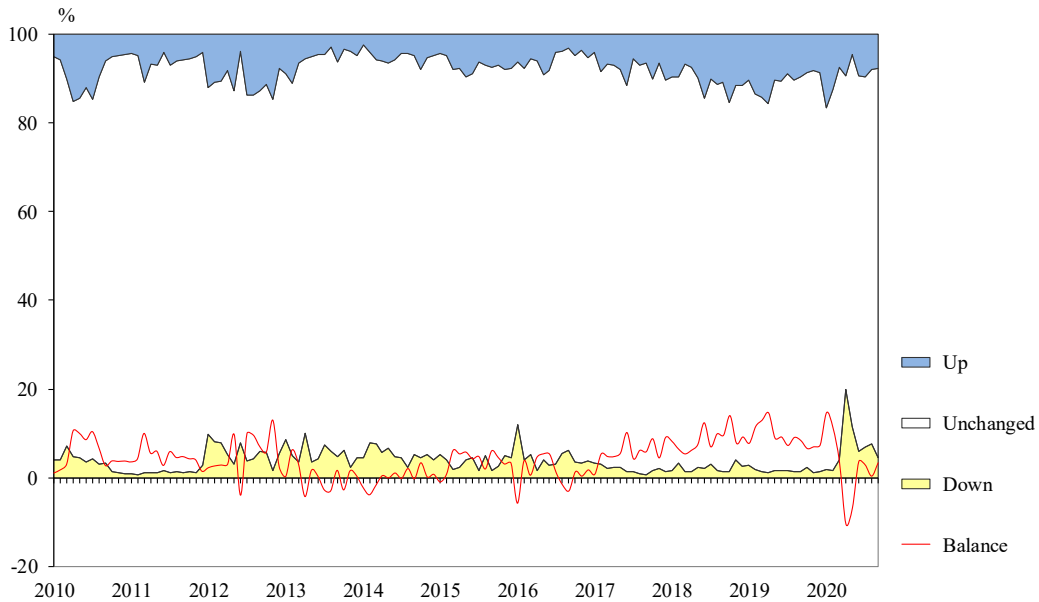


Figure 14. Business climate in service sector

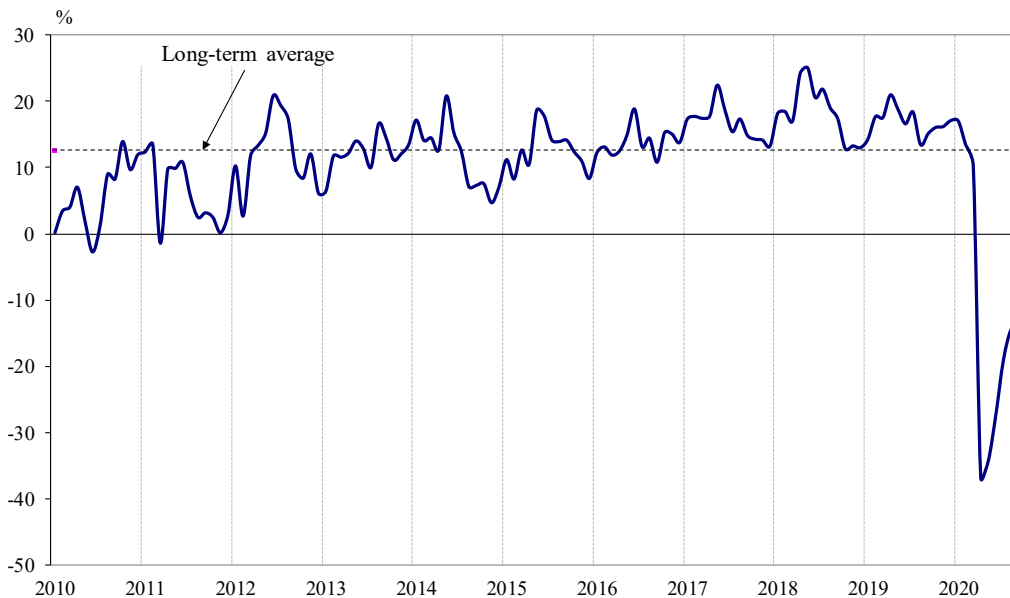


Figure 15. Expected demand in service sector over the next 3 months

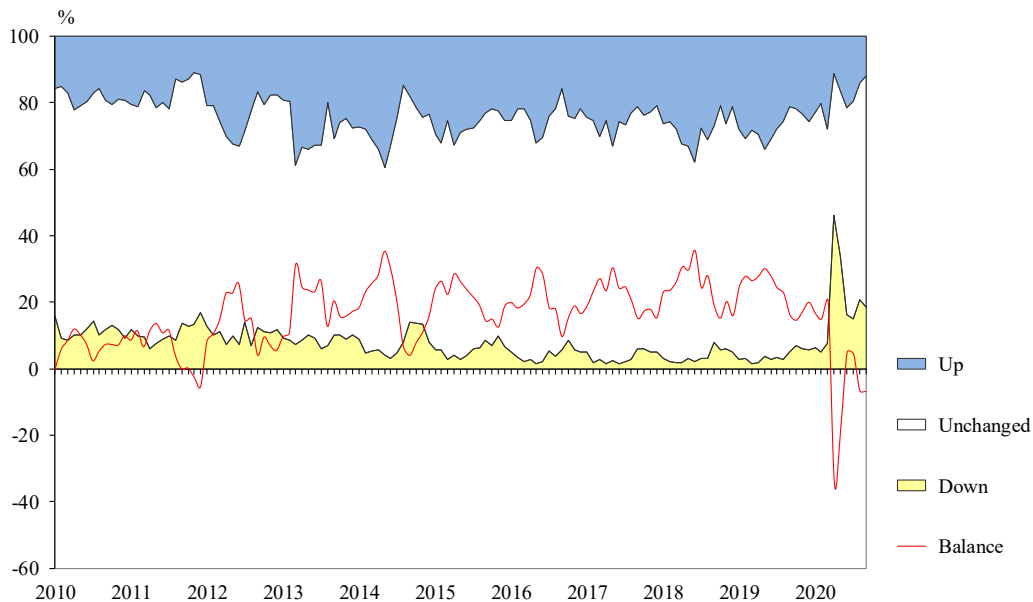


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

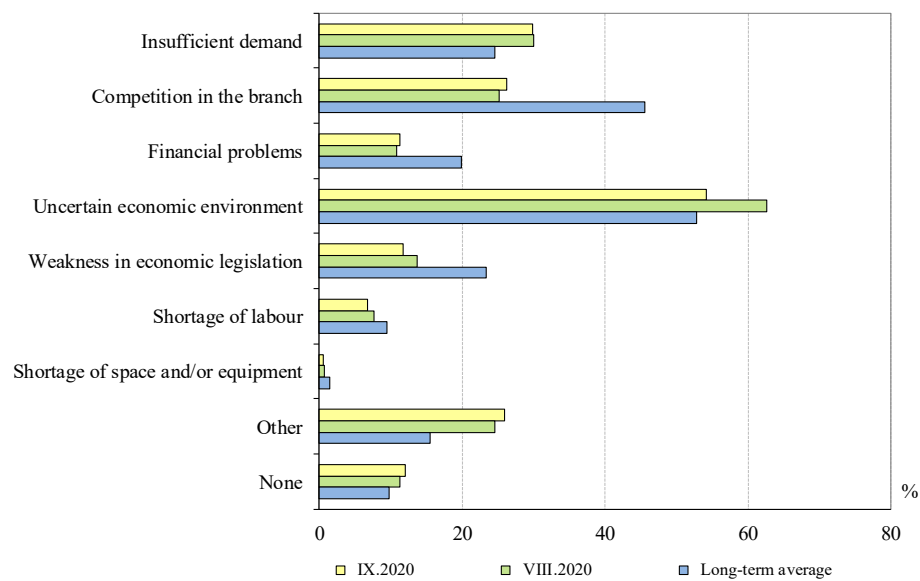


Figure 17. Selling prices expectations in service sector over the next 3 months

