BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], JANUARY 2021

In January 2021, **the total business climate indicator**[4] increases by 6.9 percentage points compared to December 2020 (Annex, Figure 1) as a growth of the indicator is registered in all observed sectors - industry, construction, retail trade and in services.

Industry. The composite indicator ‘business climate in industry’ increases by 6.1 percentage points (Annex, Figure 2) which is due to the improved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. Their forecasts about the export and production activity (Annex, Figure 3) over the next 3 months are also positive.

In the period from October 2020 to January 2021, the production assurance whit orders (measured in number of months) increases from 4.5 to 4.9, and the average capacity utilization increases by 1.2 percentage points and it reaches 74.0%.

The most serious difficulties for the activity of enterprises remain the uncertain economic environment, insufficient domestic demand, insufficient foreign demand and factor ‘others’[5] (Annex, Figure 4).

Concerning the selling prices in industry, certain expectations for an increase are registered, although the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In January, the composite indicator ‘business climate in construction’ increases by 5.1 percentage points (Annex, Figure 6) as a result of the more favourable construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. As regards the new orders over the next 6 months, their forecasts are also in a direction of an increase, which according to them will lead to increase of the activity in the short term (Annex, Figure 7).

The uncertain economic environment continues to be the main factor limiting the business development as in the last month an increase of its negative influence is observed. In the second and third place remain shortage of labour and factor ‘others’[5] (Annex, Figure 8).

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[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.

The expectations of the prevailing part of the managers are the selling prices in construction to preserve their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 11.2 percentage points (Annex, Figure 10) which is due to the optimistic retailers’ assessments and expectations about the business situation of the enterprises. At the same time, their forecasts about both the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are improved.

The most serious problems for the activity of the enterprises remain uncertain economic environment, insufficient demand and competition in the branch as in the last month strengthen of unfavourable impact of the last two factors is reported (Annex, Figure 12).

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

Service sector[1]. In January, the composite indicator ‘business climate in service sector’ increases by 6.0 percentage points (Annex, Figure 14) mainly due to the more favourable managers’ expectations about the business situation of the enterprises over the next 6 months. The inquiry also registers certain improvement in their forecasts about the demand for services over the next 3 months (Annex, Figure 15).

The main obstacles for the business continue to be connected with the uncertain economic environment, factor ‘others’[2], insufficient demand and competition in the branch (Annex, Figure 16).

As regards the selling prices in the service sector, the expectations of the prevailing part of the managers 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

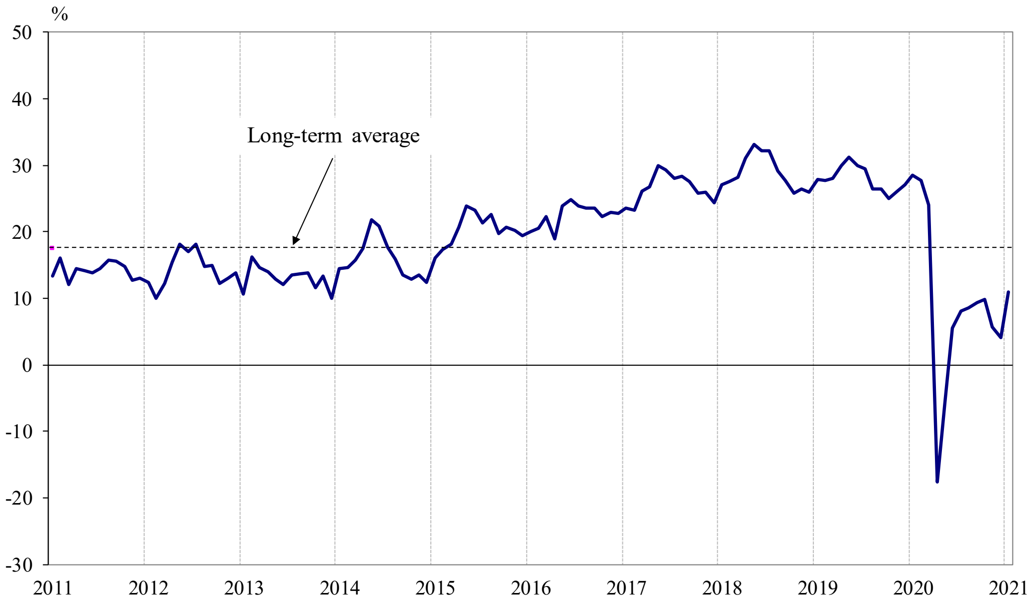

Figure 2. Business climate in industry

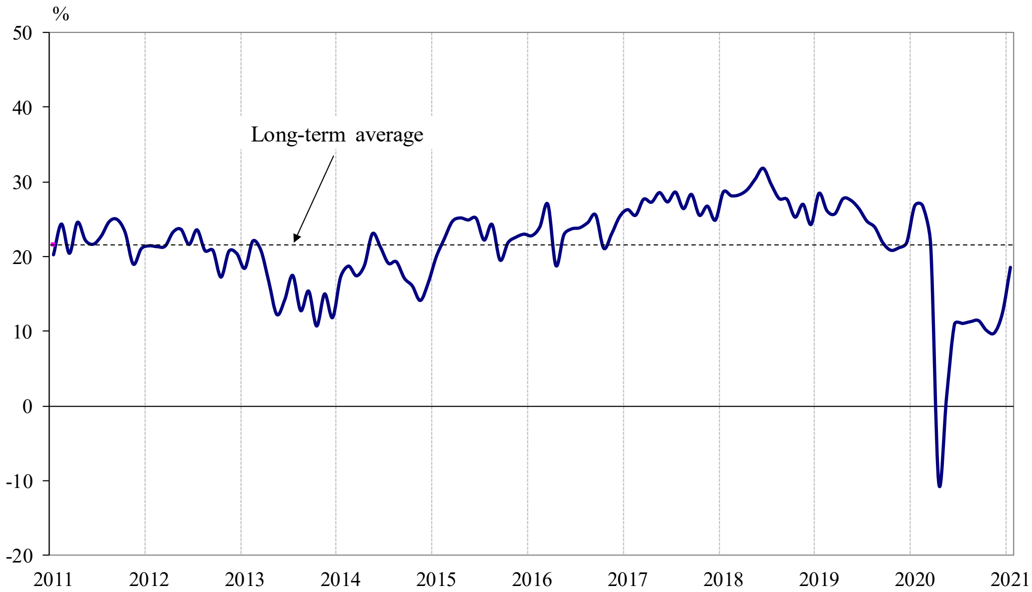

Figure 3. Expected production activity in industry over the next 3 months

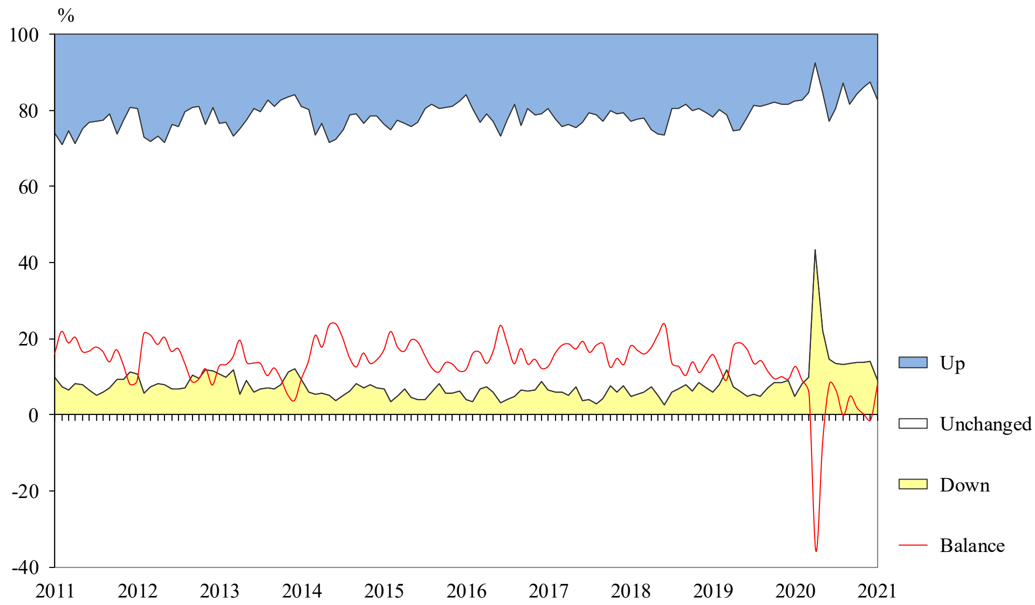

Figure 4. Limits to production in industry (Relative share of enterprises)

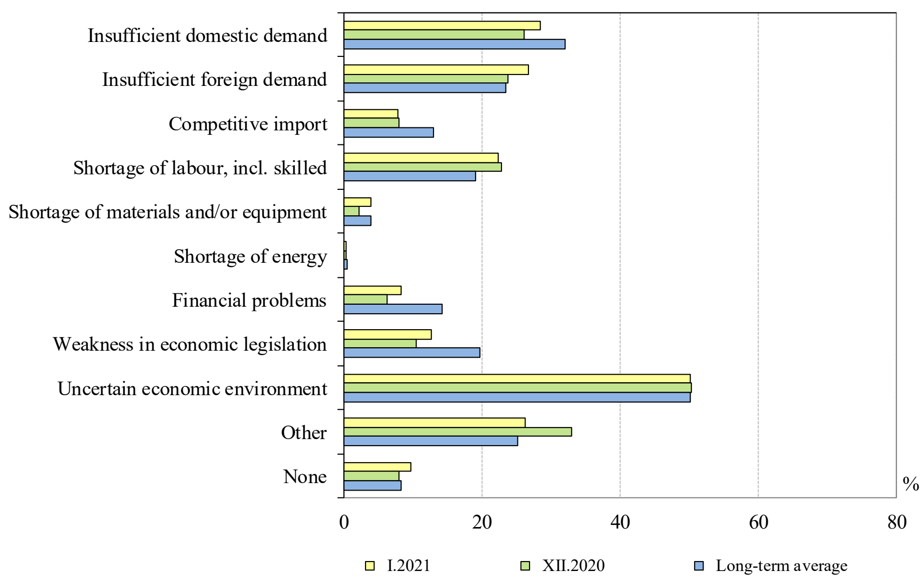

Figure 5. Selling prices expectations in industry over the next 3 months

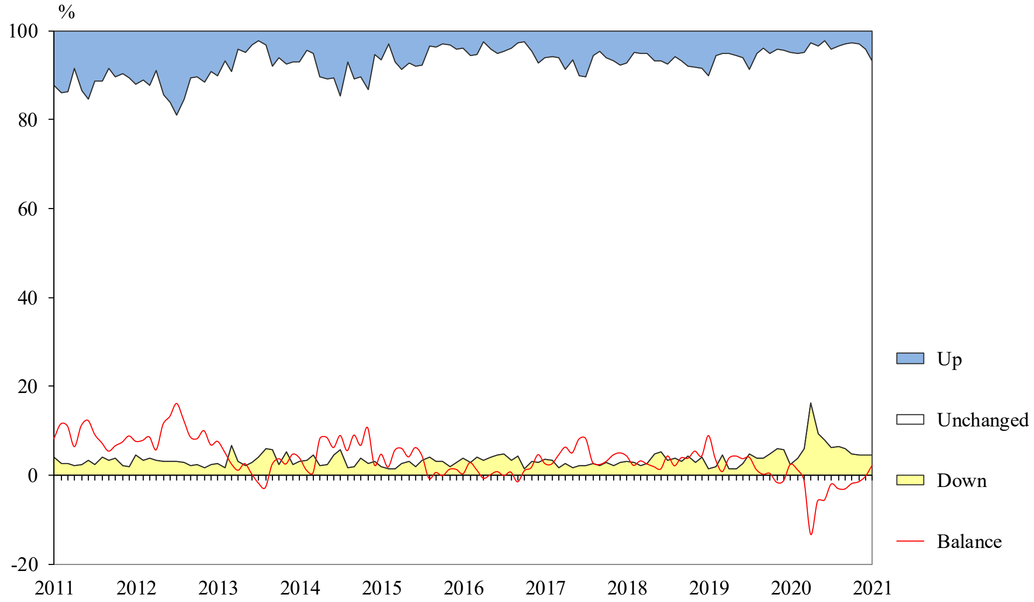

Figure 6. Business climate in construction

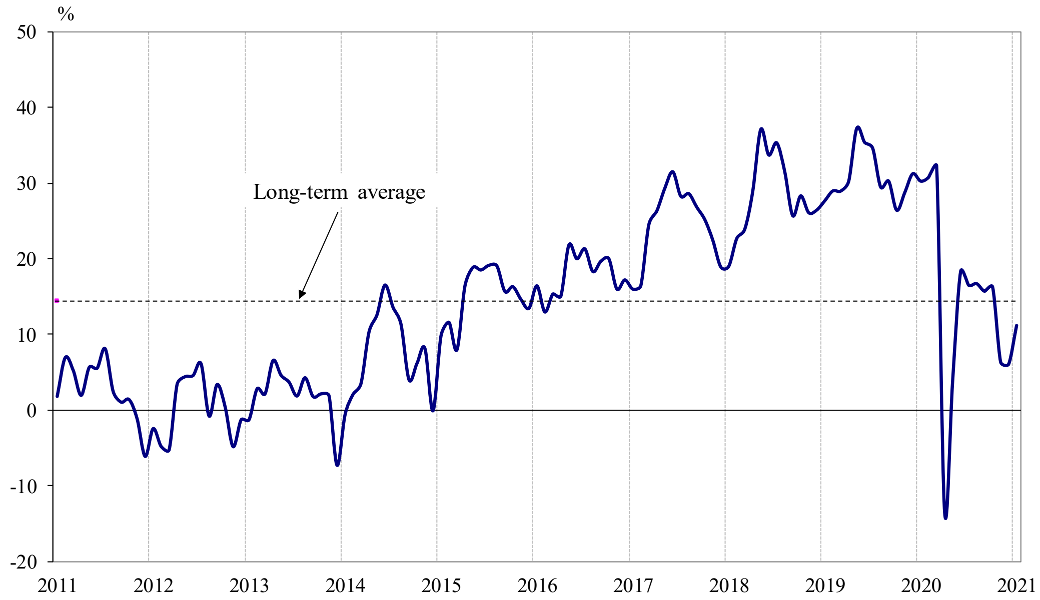

Figure 7. Expected construction activity over the next 3 months

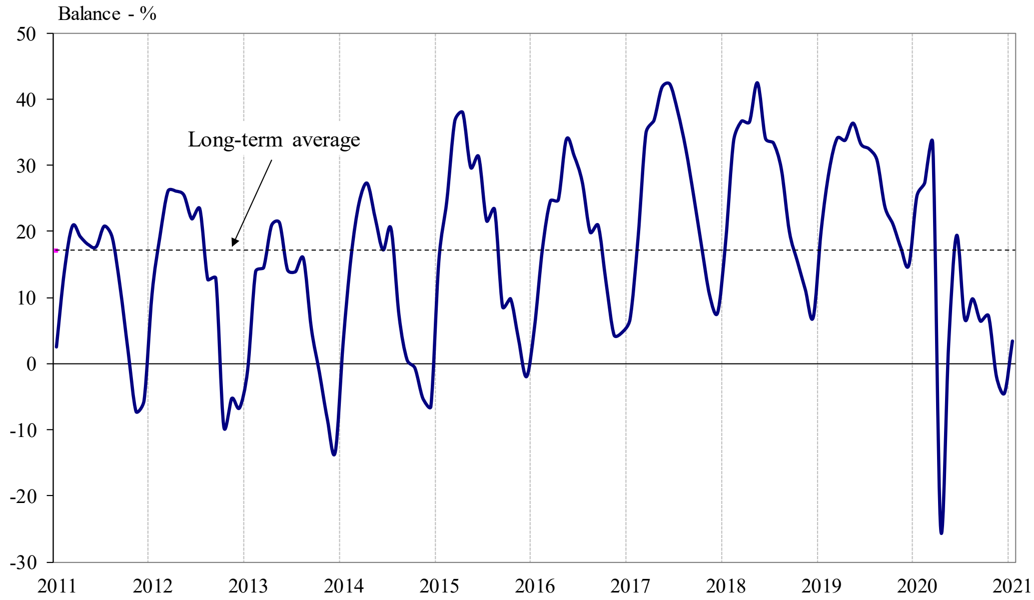

Figure 8. Limits to construction activity (Relative share of enterprises)

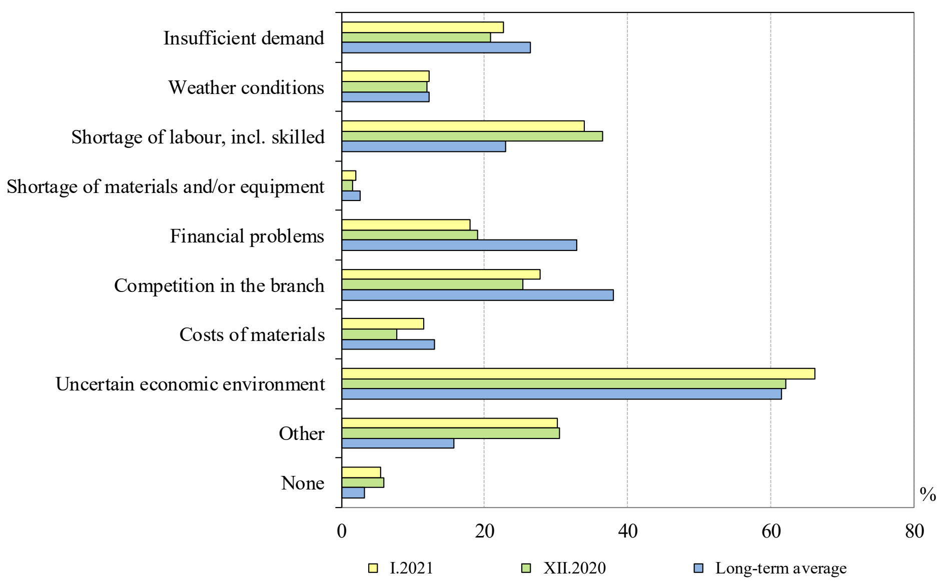

Figure 9. Selling prices expectations in construction over the next 3 months

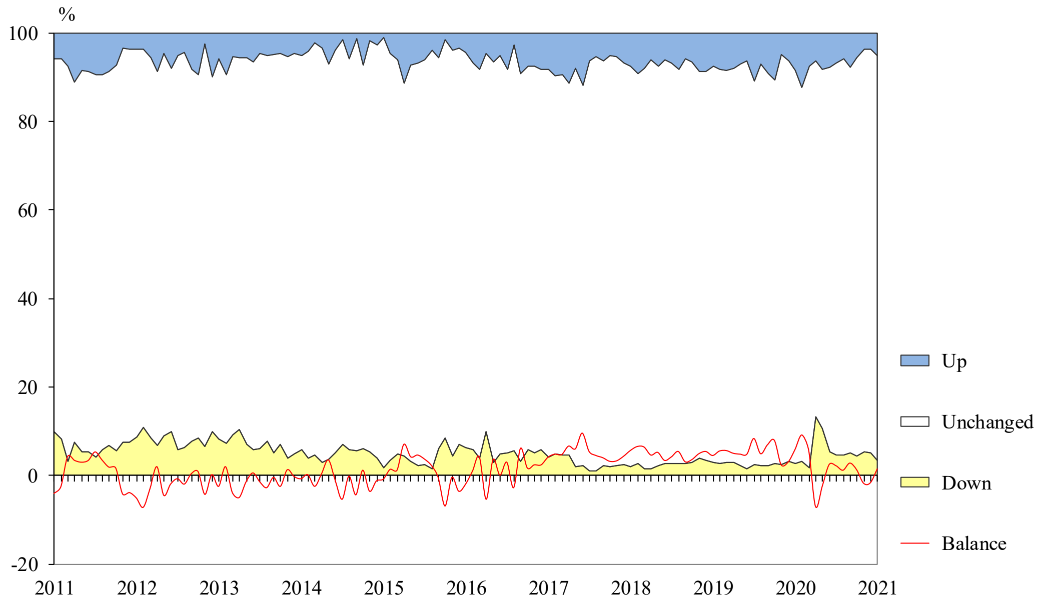

Figure 10. Business climate in retail trade

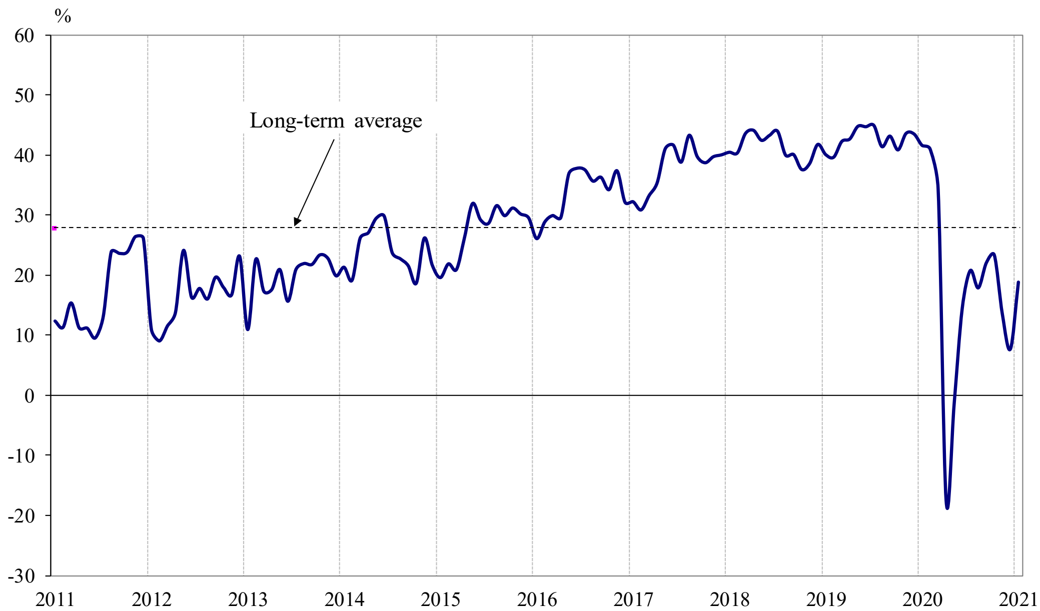

Figure 11. Sales expectations in retail trade over the next 3 months

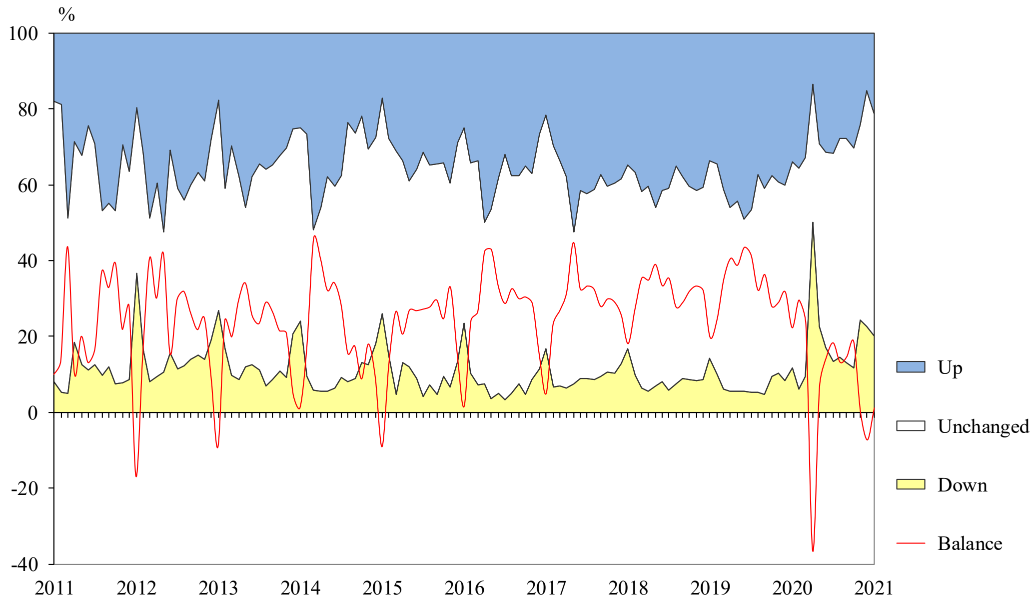

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

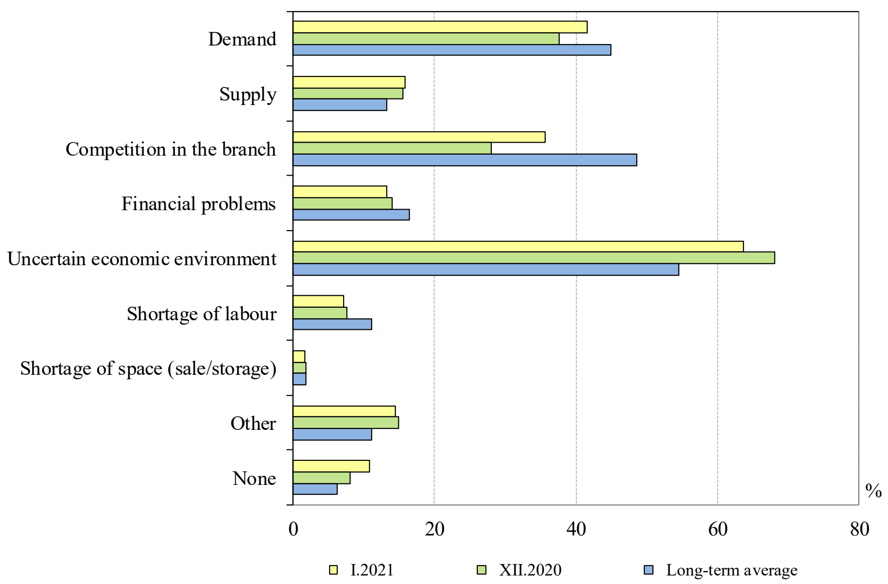

Figure 13. Selling prices expectations in retail trade over the next 3 months

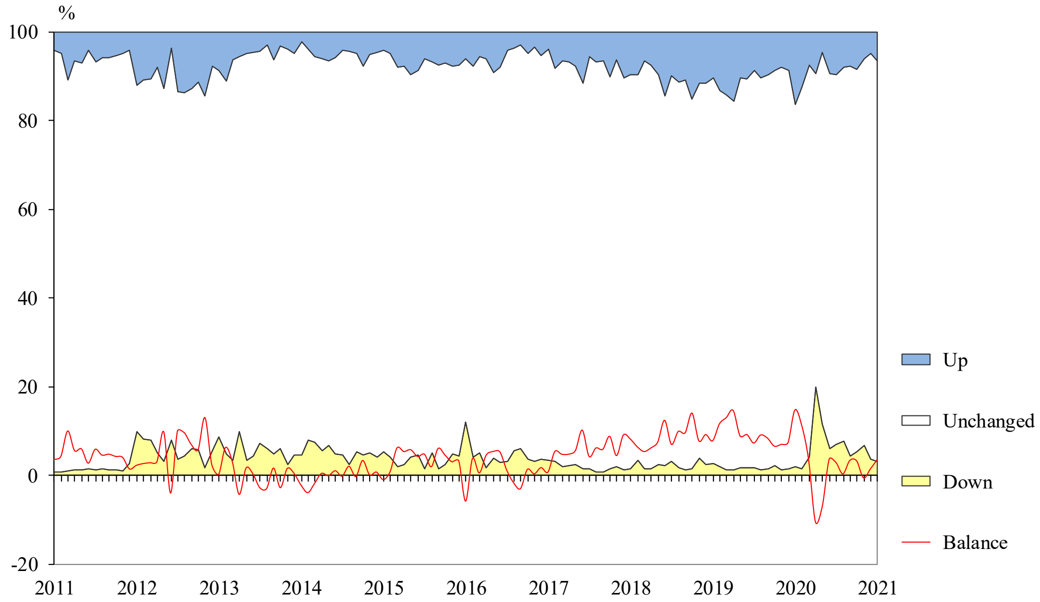

Figure 14. Business climate in service sector

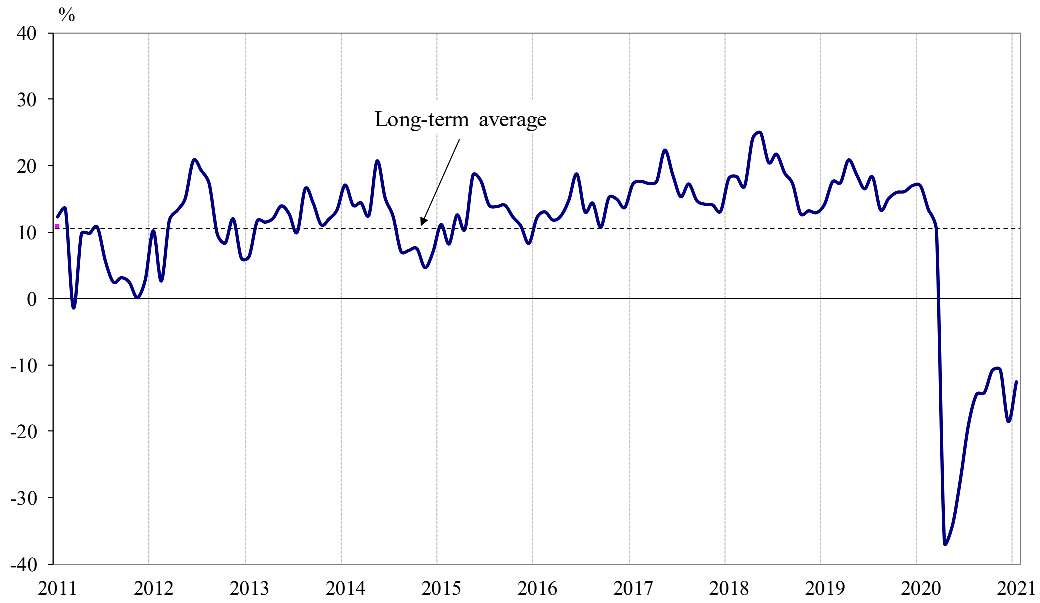

Figure 15. Expected demand in service sector over the next 3 months

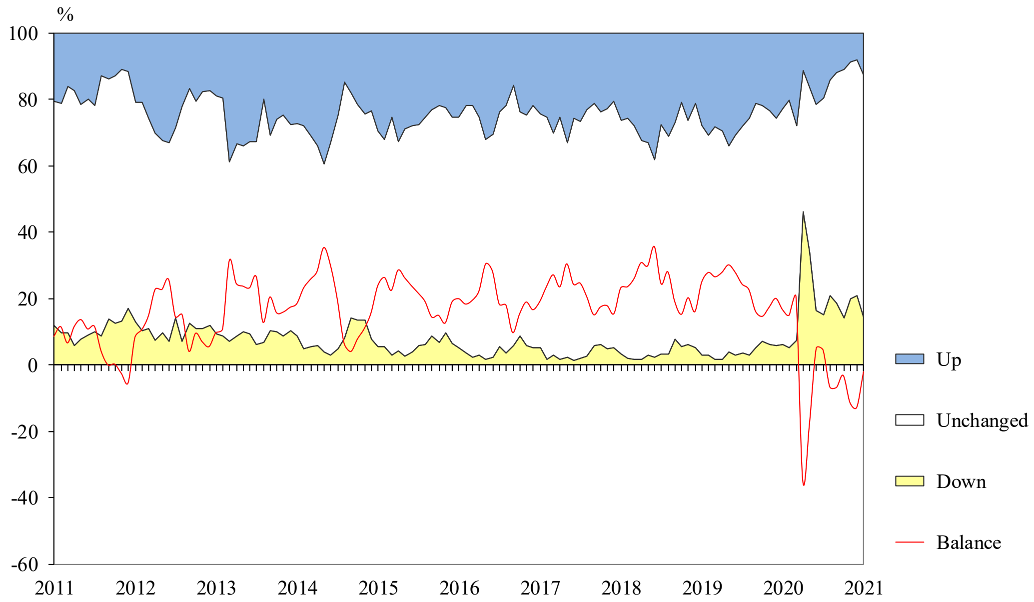

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

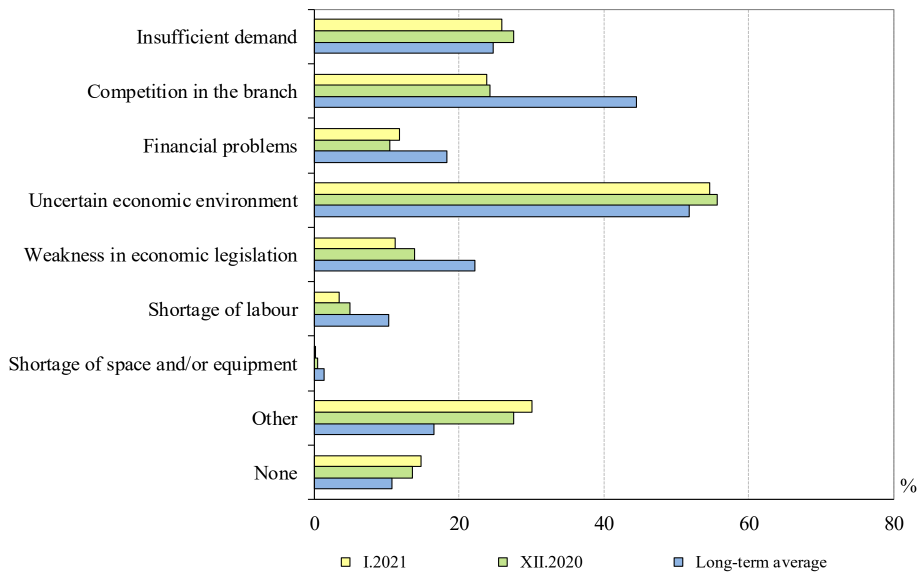

Figure 17. Selling prices expectations in service sector over the next 3 months