

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2021

In May 2021, **the total business climate indicator**⁴ increases by 12.4 percentage points compared to April (Annex, Figure 1) as a result of the positive managers' opinions in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator 'business climate in industry' increases by 11.3 percentage points (Annex, Figure 2) which is due to the optimistic industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. According to them, the present production activity is improved, as their expectations over the next 3 months are also for an increase of the activity (Annex, Figure 3).

The uncertain economic environment, insufficient foreign demand, insufficient domestic demand and the factor 'others'⁵ remain the main obstacles for the activity in the sector (Annex, Figure 4).

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

Construction. In May, the composite indicator 'business climate in construction' increases by 13.6 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry also reports an increase of the new orders inflow over the last month, which is accompanied with more optimistic expectations about the activity over the next 3 months (Annex, Figure 7).

The most serious problems for the business development in the sector continue to be the uncertain economic environment, shortage of labour and competition in the branch. At the same time, an increase of the negative influence of the factor 'costs of materials' by 11.0 points is registered (Annex, Figure 8).

The managers foresee certain increase of the selling prices, although the prevailing part of them expect them to preserve 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 15.6 percentage points (Annex, Figure 10) which is due to the positive retailers’ assessments and expectations about the business situation of the enterprises. Their forecasts about both the volume of sales (Annex, Figure 11) and the orders placed with suppliers over the next 3 months are also improved.

The main factors limiting the activity of the enterprises remain the uncertain economic environment, insufficient demand and competition in the branch, although in the last month a decrease of their negative impact is reported (Annex, Figure 12).

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

Service sector¹. In May, the composite indicator ‘business climate in service sector’ increases by 10.0 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 present and expected demand for services are also improved (Annex, Figure 15).

The main problems for the business development continue to be the uncertain economic environment, competition in the branch and the factor ‘others’² (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.

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

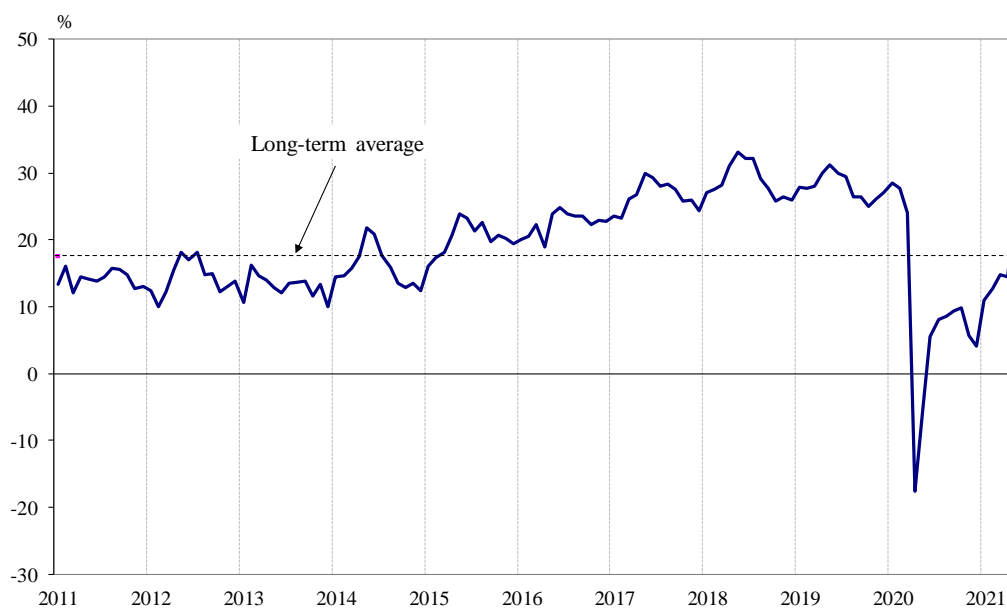


Figure 2. Business climate in industry

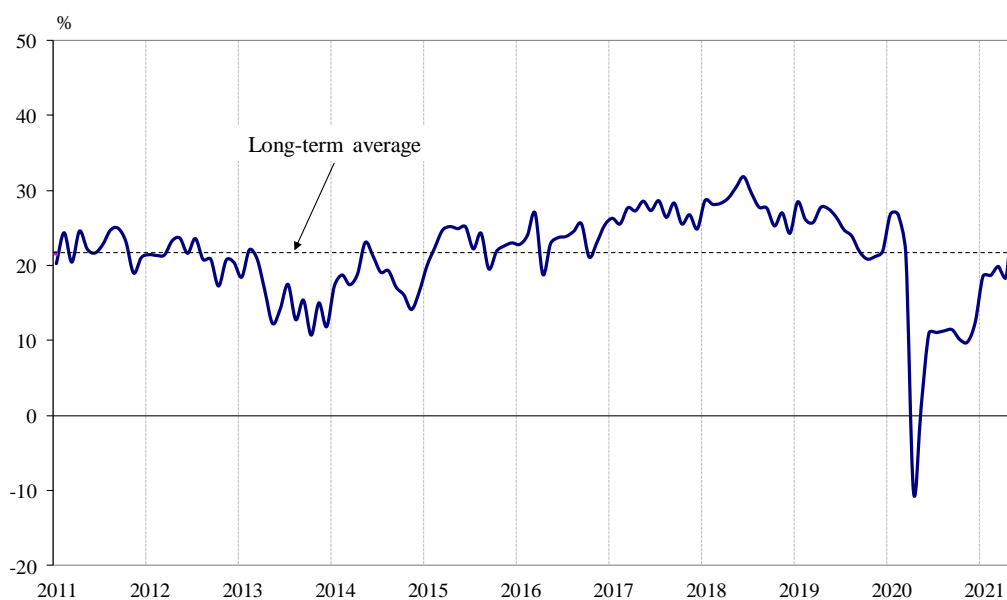


Figure 3. Expected production activity in industry over the next 3 months

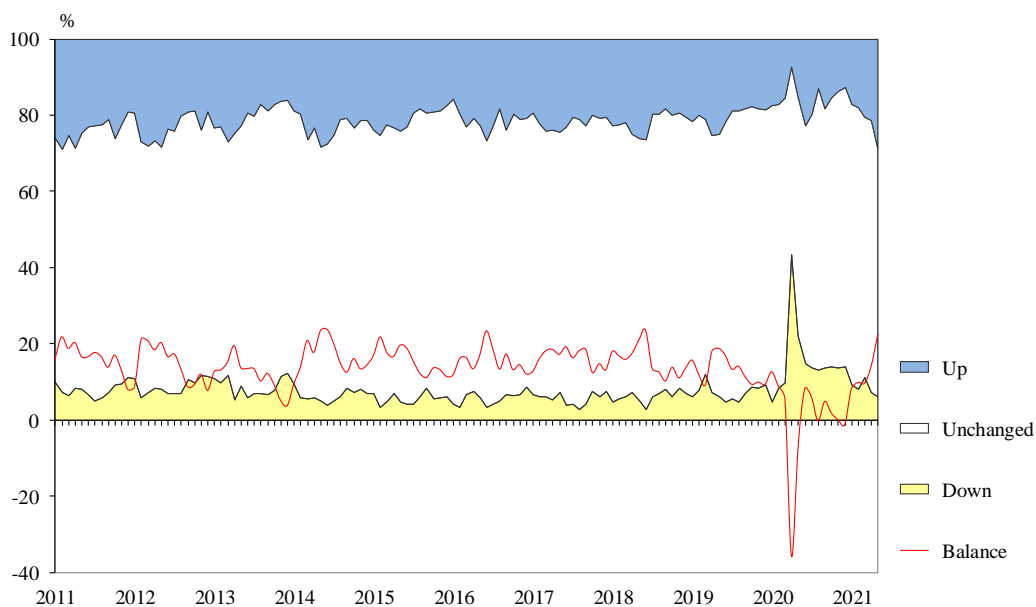


Figure 4. Limits to production in industry (Relative share of enterprises)

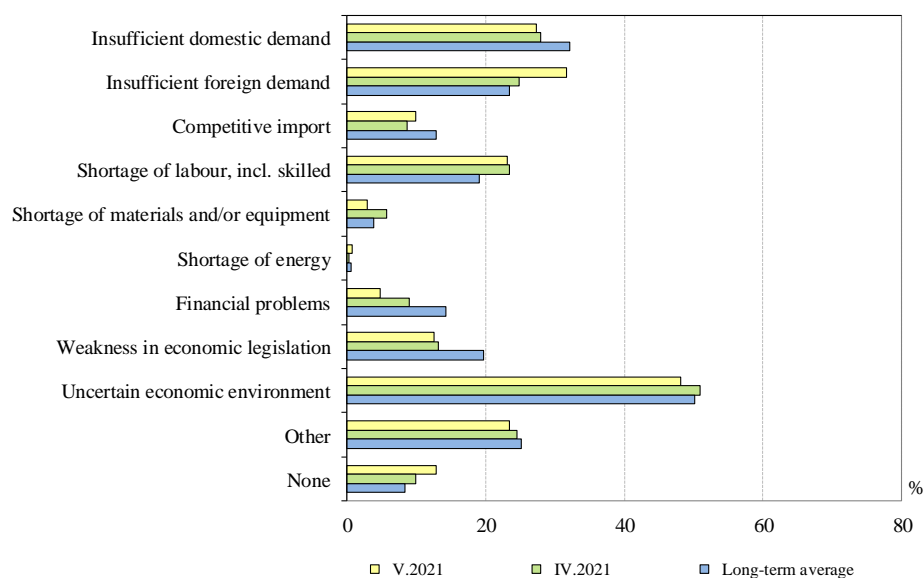


Figure 5. Selling prices expectations in industry over the next 3 months

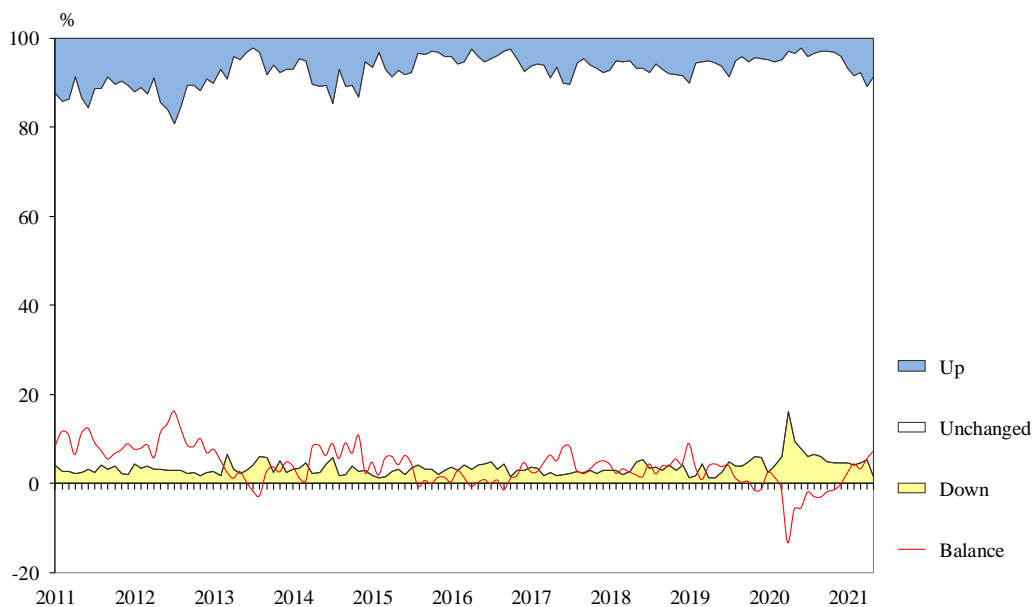


Figure 6. Business climate in construction

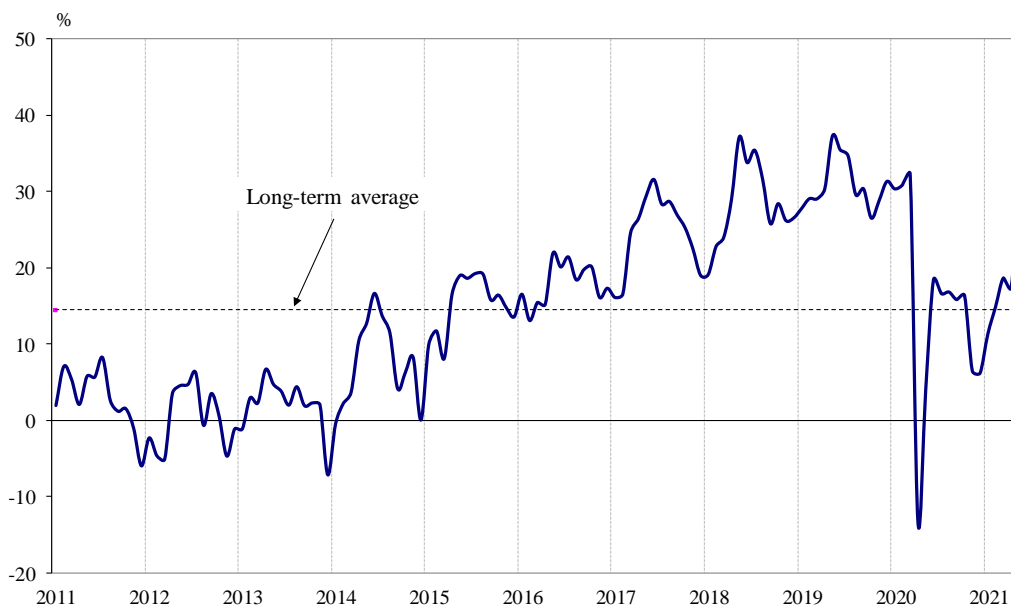


Figure 7. Expected construction activity over the next 3 months

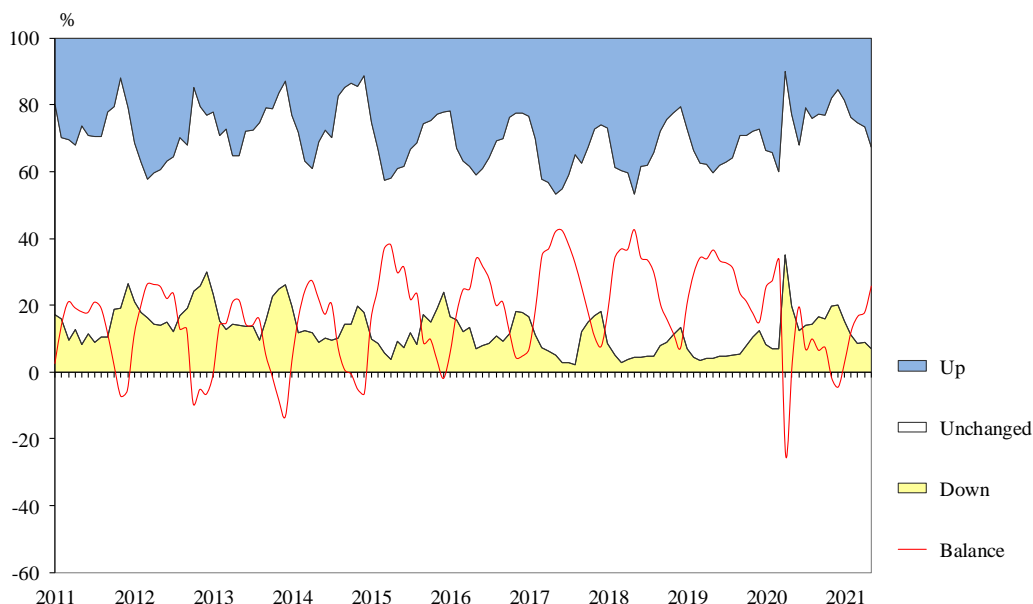


Figure 8. Limits to construction activity (Relative share of enterprises)

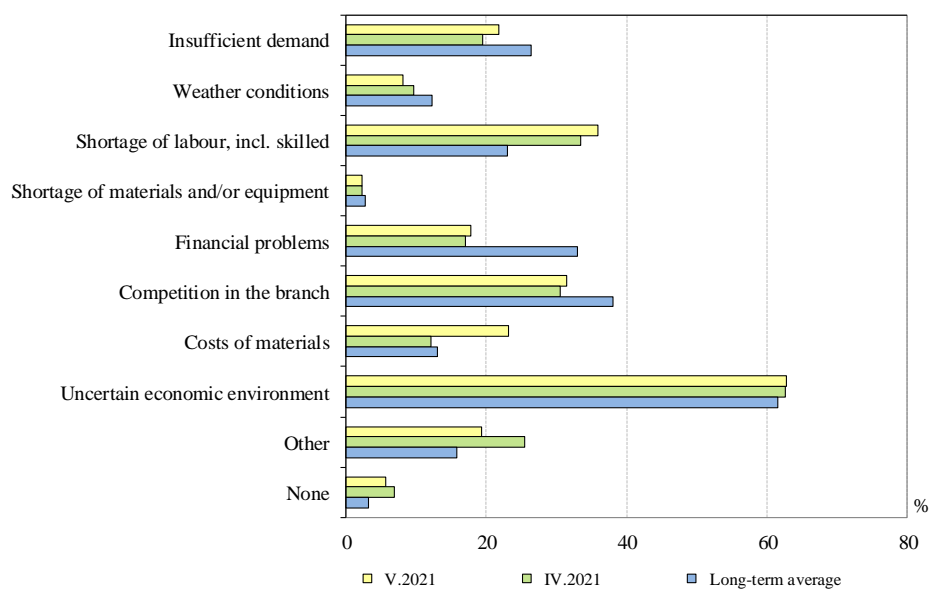


Figure 9. Selling prices expectations in construction over the next 3 months

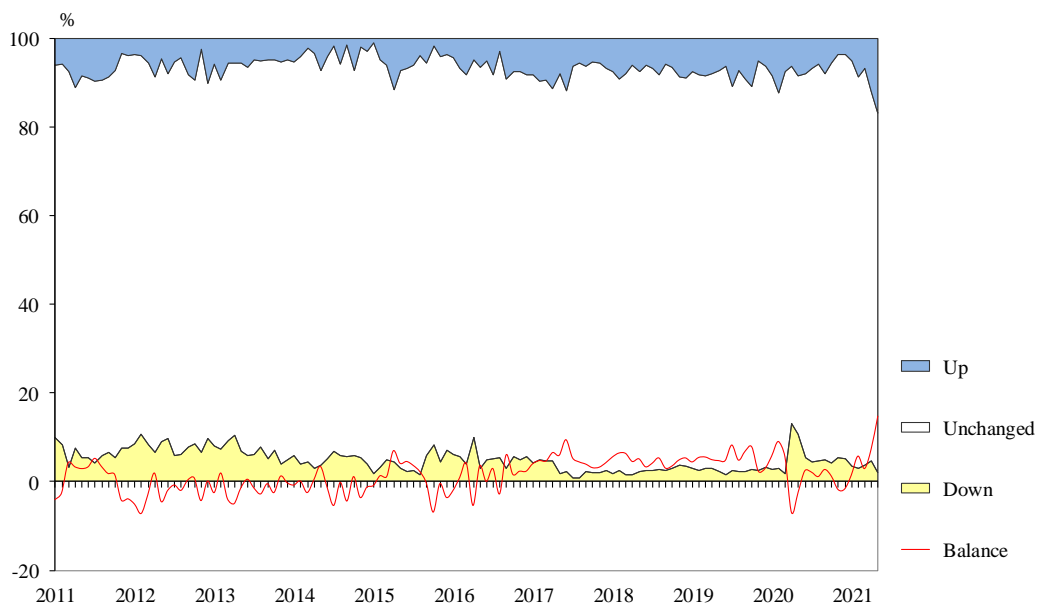


Figure 10. Business climate in retail trade

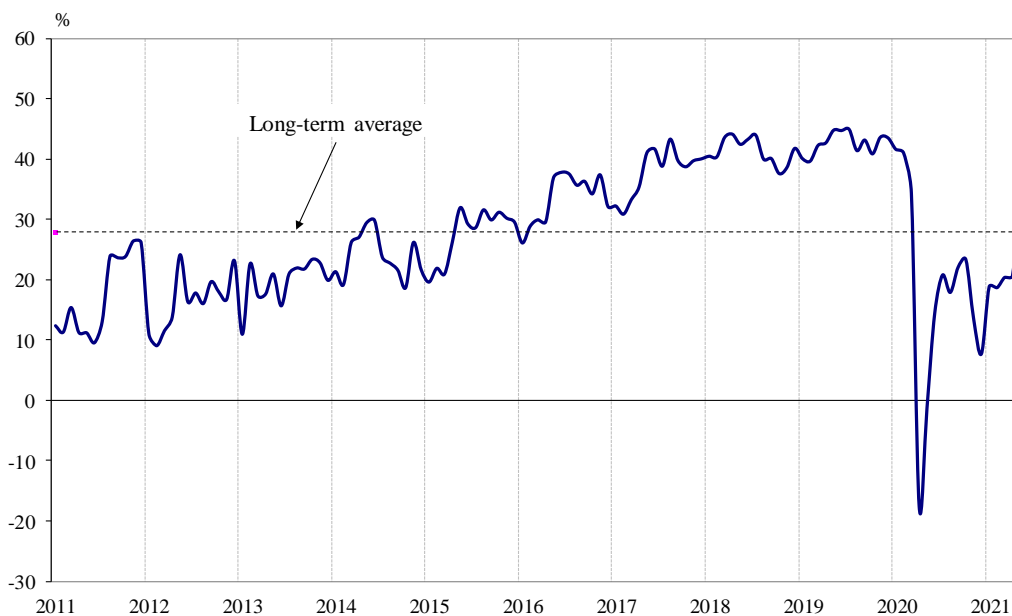


Figure 11. Sales expectations in retail trade over the next 3 months

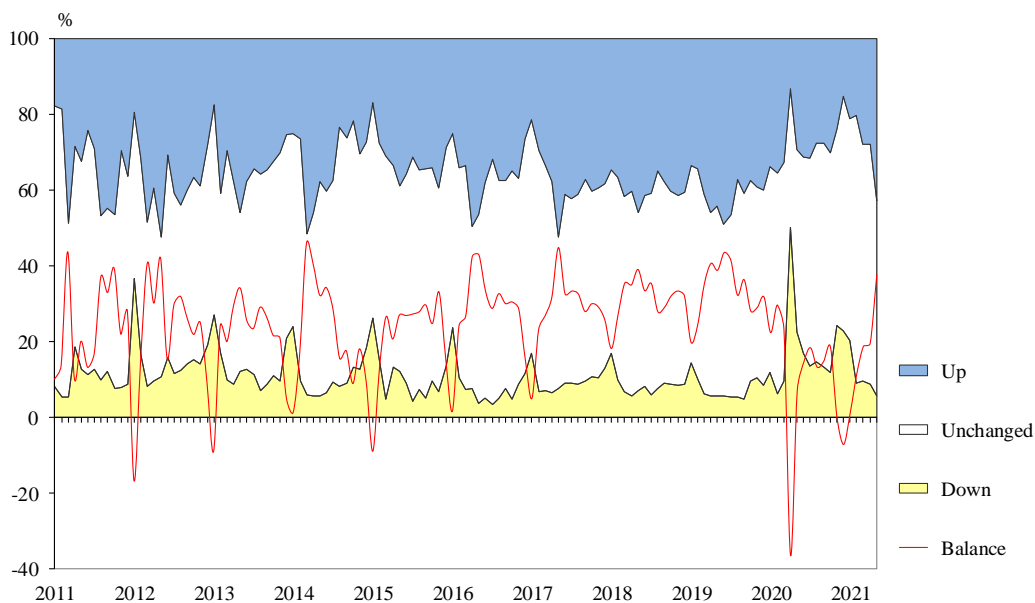


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

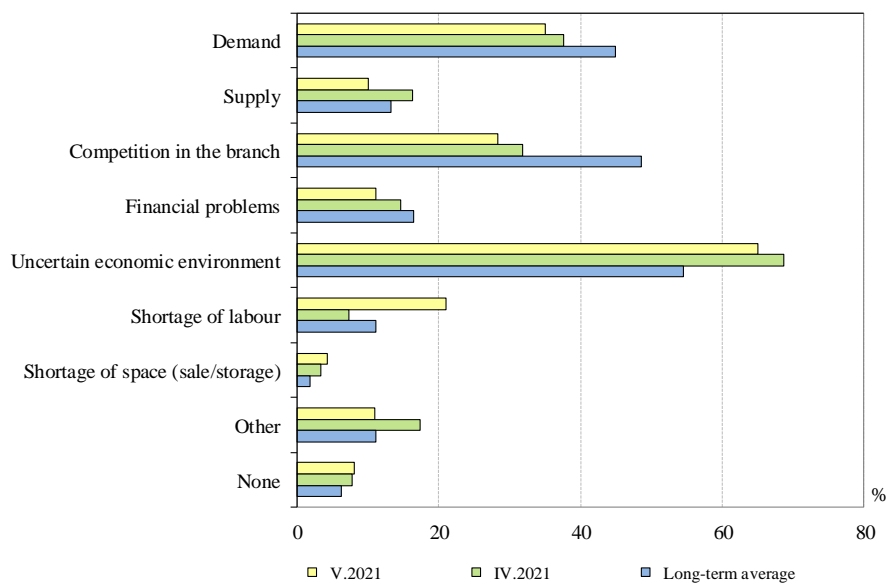


Figure 13. Selling prices expectations in retail trade over the next 3 months

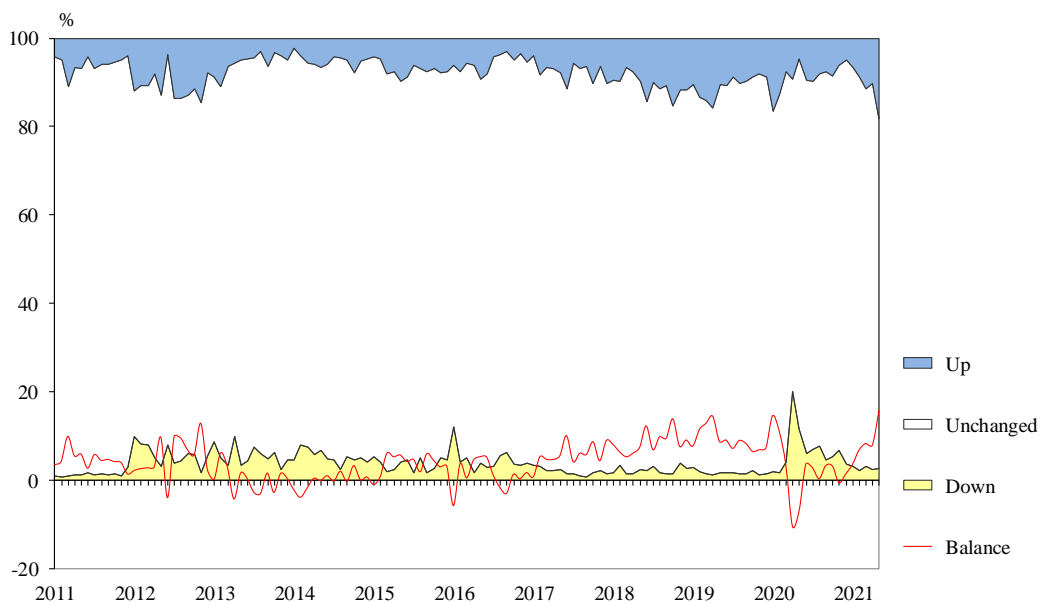


Figure 14. Business climate in service sector

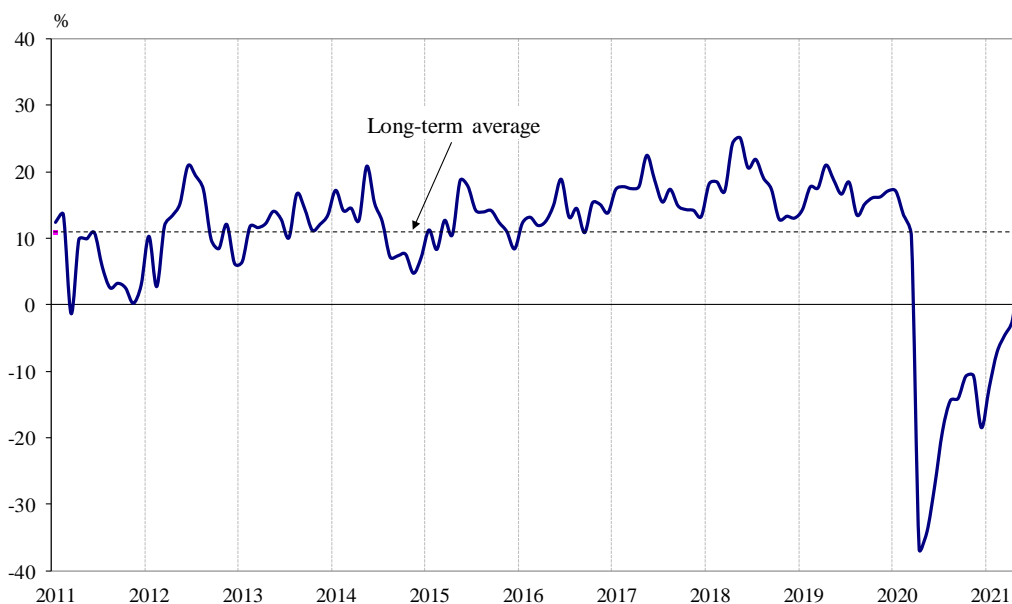


Figure 15. Expected demand in service sector over the next 3 months

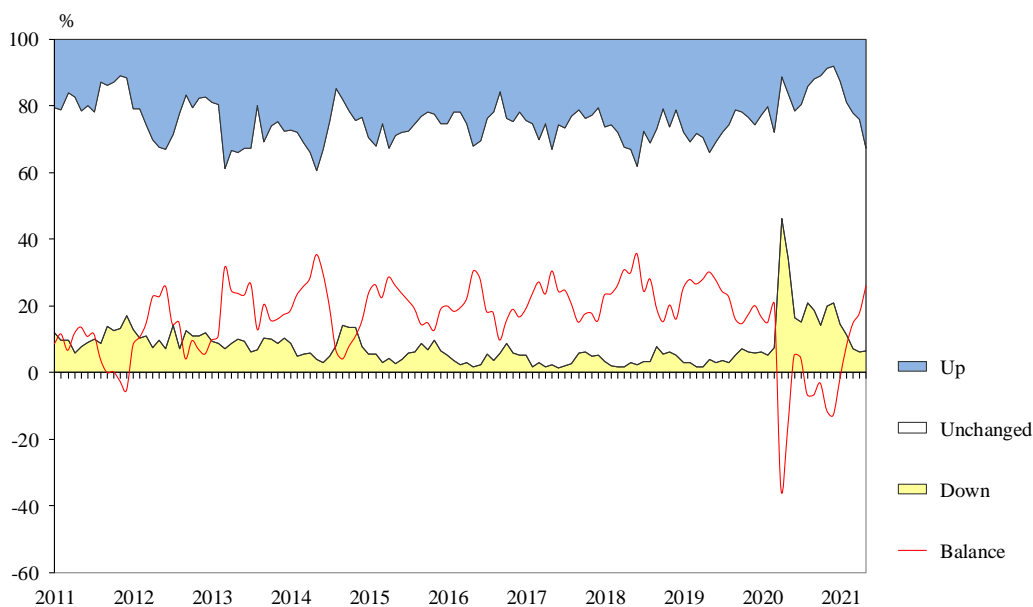


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

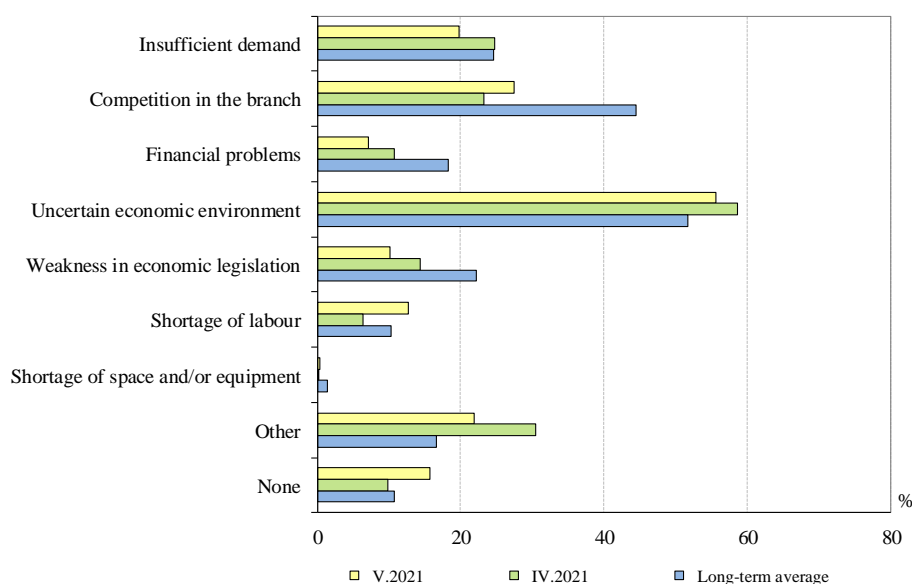


Figure 17. Selling prices expectations in service sector over the next 3 months

