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

In September 2021, **the total business climate indicator**[4] decreases by 2.4 percentage points in comparison with August (Annex, Figure 1). A reduction of the indicator is observed in industry, construction and retail trade, and in service sector preserves approximately its level from the previous month.

Industry. The composite indicator 'business climate in industry' decreases by 0.9 percentage points (Annex, Figure 2) which is due to the more reserved industrial entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 3). According to them, the present production activity is slightly reduced, as their forecasts about the activity over the next 3 months are also unfavourable.

The most serious difficulties for the activity remain connected with the uncertain economic environment, shortage of labour and insufficient domestic demand pointed out respectively by 51.3%, 24.9% and 24.0% of the enterprises (Annex, Figure 4).

Concerning the selling prices in industry, 15.6% of the managers continue to expect them to increase over the next 3 months.

Construction. In September, the composite indicator 'business climate in construction' drops by 7.3 percentage points (Annex, Figure 5) as a result of the more pessimistic construction entrepreneurs' assessments and expectation about the business situation of the enterprises. Their opinions about the new orders inflow over the last month are also negative, which is accompanied with slight worsened expectations about the construction activity over the next 3 months (Annex, Figure 6).

The main problem for the business development continues to be the uncertain economic environment, followed by the shortage of labour and costs of materials (Annex, Figure 7).

In comparison with August, the share of the managers who forecast the selling prices to increase over the next 3 months is preserved (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.

Retail trade. The composite indicator 'business climate in retail trade' decreases by 2.6 percentage points (Annex, Figure 8) which is due to the more unfavourable retailers' assessments and expectations about the business situation of the enterprises. The inquiry also registers a pessimism in their opinions about both the volume of sales (Annex, Figure 9) and the orders placed with suppliers over the next 3 months.

The most serious difficulty for the activity of the enterprises remain the uncertain economic environment, as in the last month an increase of its negative influence is observed. In the second and third place are the insufficient demand and competition in the branch (Annex, Figure 10).

The retailers' assessments about the selling prices in the last month are in the direction of increase, as 23.4% of the managers foresee them continue to rise over the next 3 months.

Service sector[1]. In September, the composite indicator 'business climate in service sector' preserves approximately its August level (Annex, Figure 11). The managers' assessments about the present demand for services are shifting to the more moderate opinions (Annex, Figure 12), as their expectations over the next 3 months are unfavourable.

The uncertain economic environment and competition in the branch continue to limit with most extent the business development, as compared to the previous month a strengthening of the negative impact of the factor 'others'[2] is registered (Annex, Figure 13).

Concerning the selling prices in the service sector, the inquiry reports certain expectation for an increase over the next 3 months.

[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

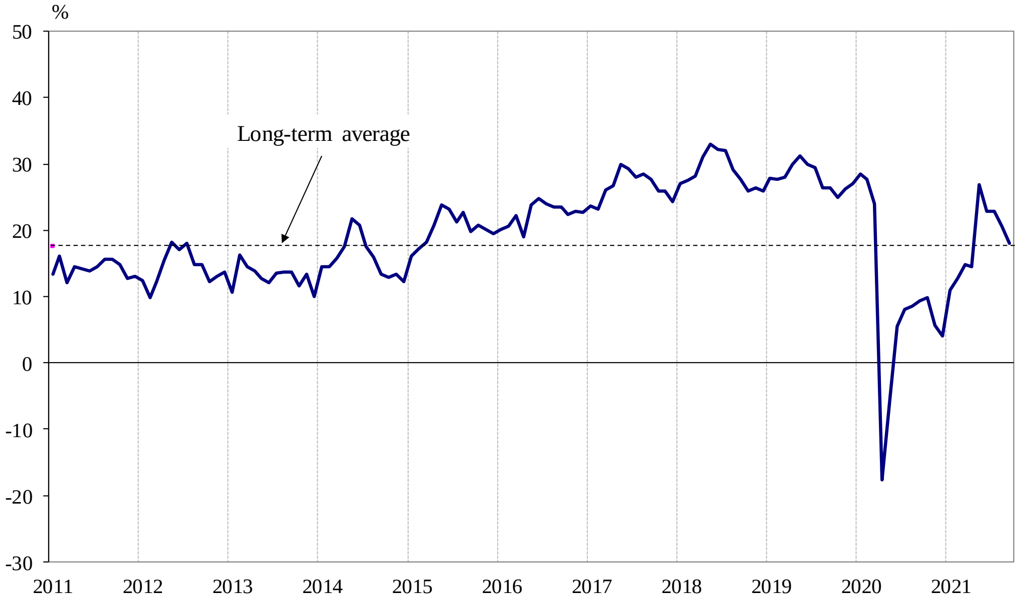

Figure 2. Business climate in industry

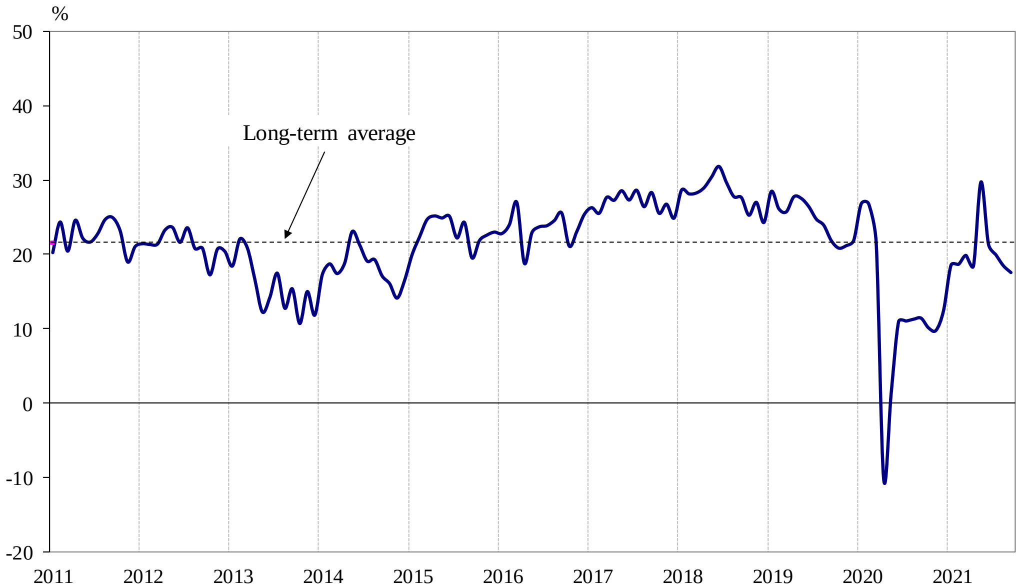

Figure 3. Present business situation in industry

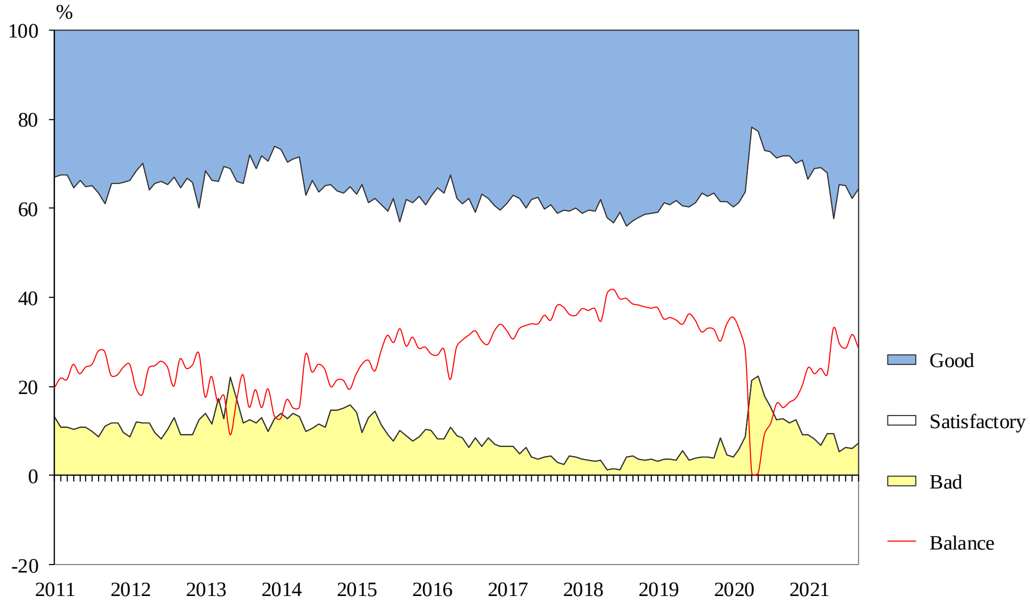

**Figure 4. Limits to production in industry
(Relative share of enterprises)**

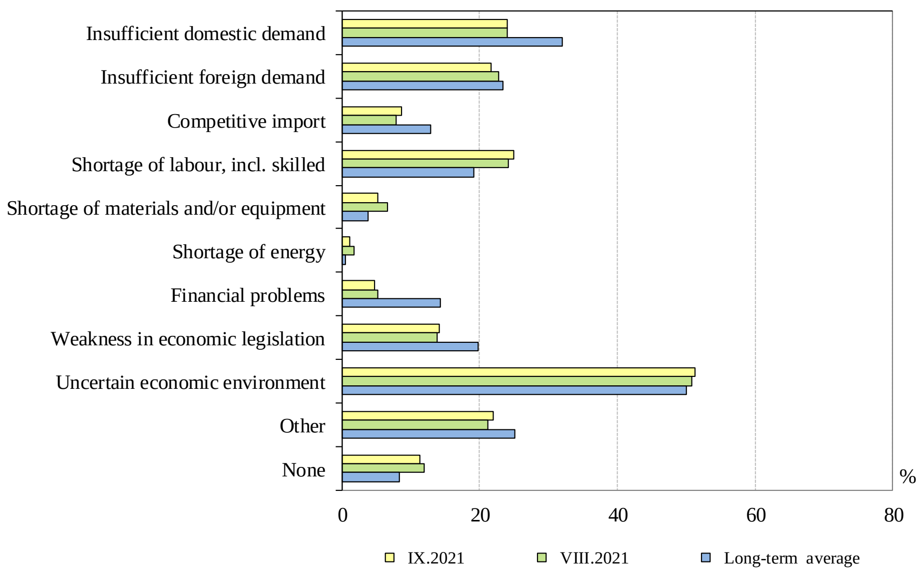

Figure 5. Business climate in construction

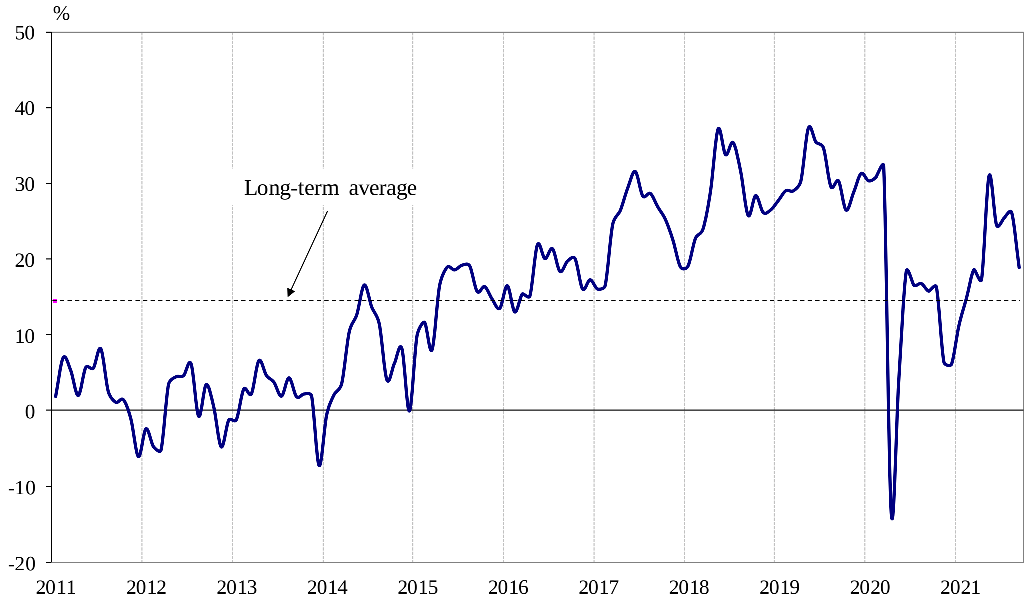

Figure 6. Expected construction activity over the next 3 months

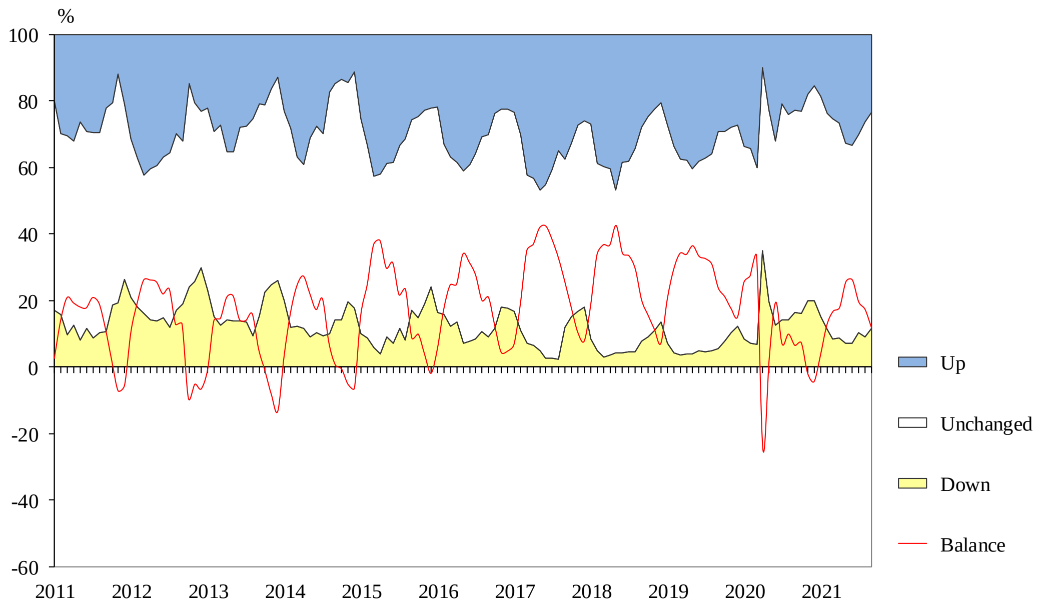

**Figure 7. Limits to construction activity
(Relative share of enterprises)**

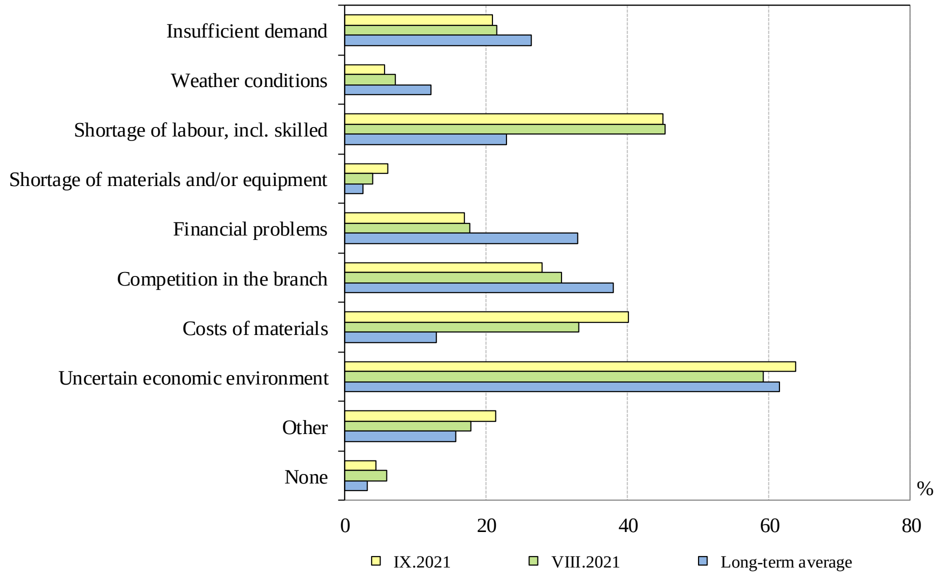

Figure 8. Business climate in retail trade

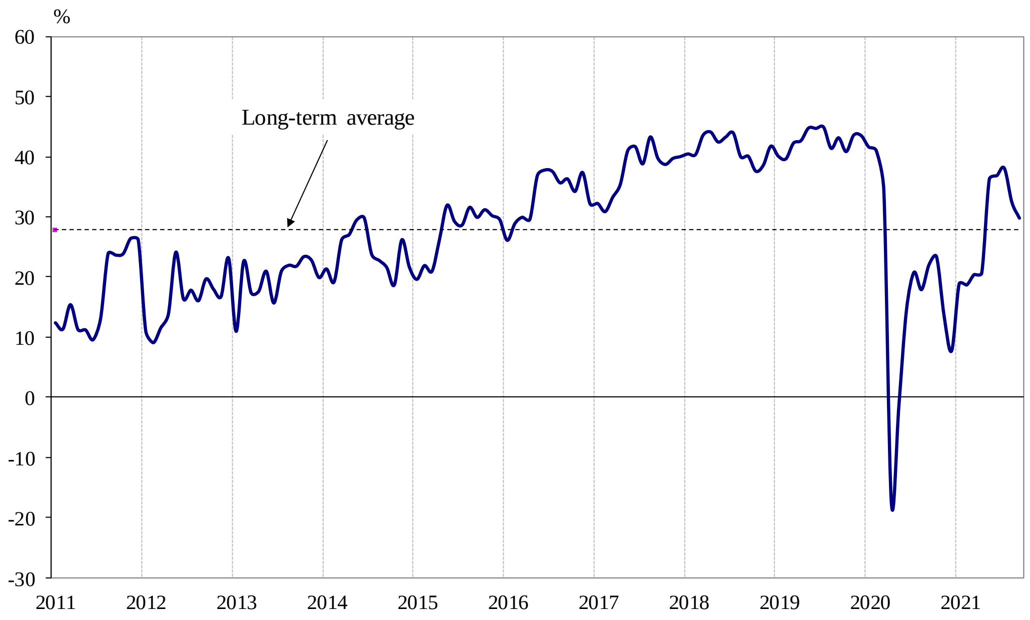

Figure 9. Sales expectations in retail trade over the next 3 months

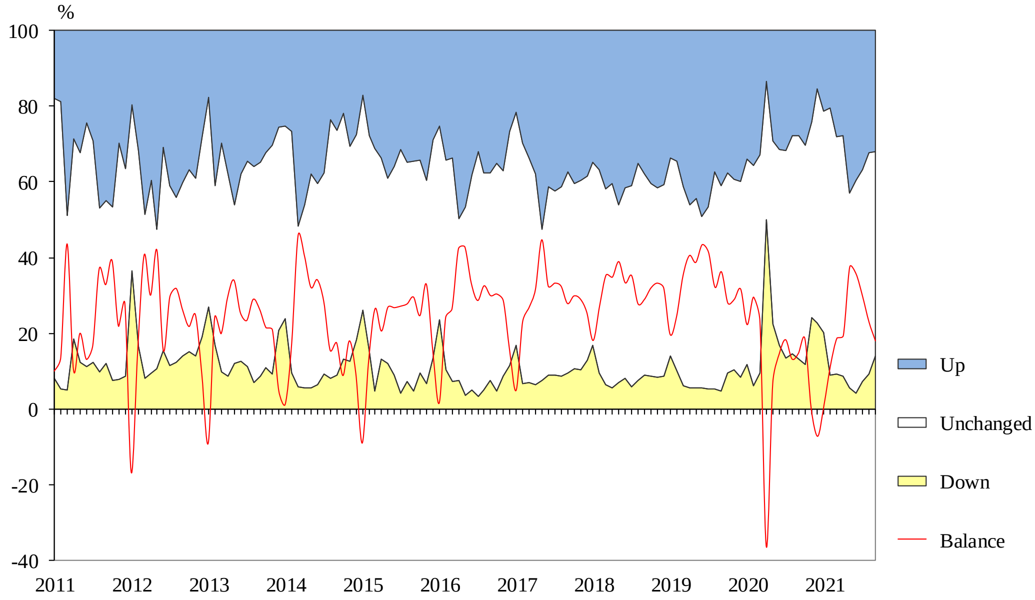

Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

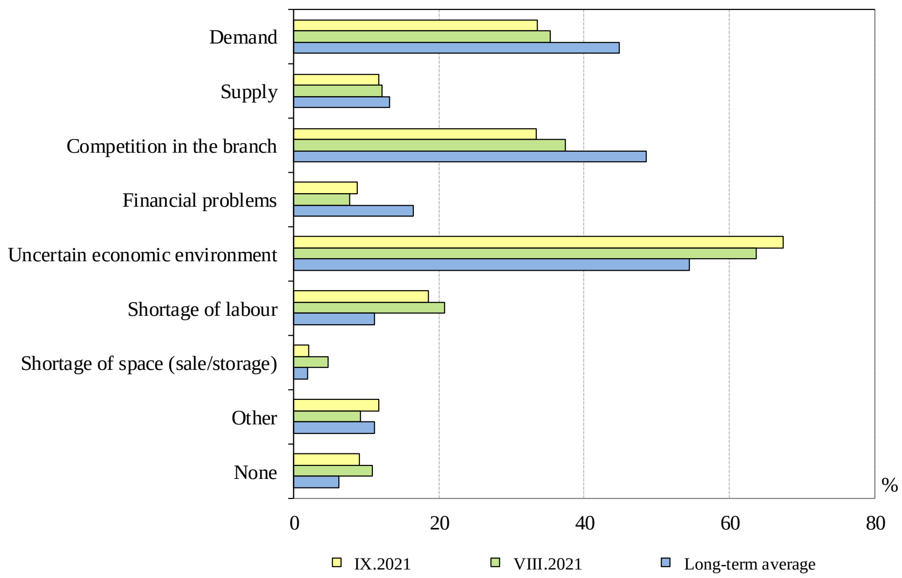

Figure 11. Business climate in service sector

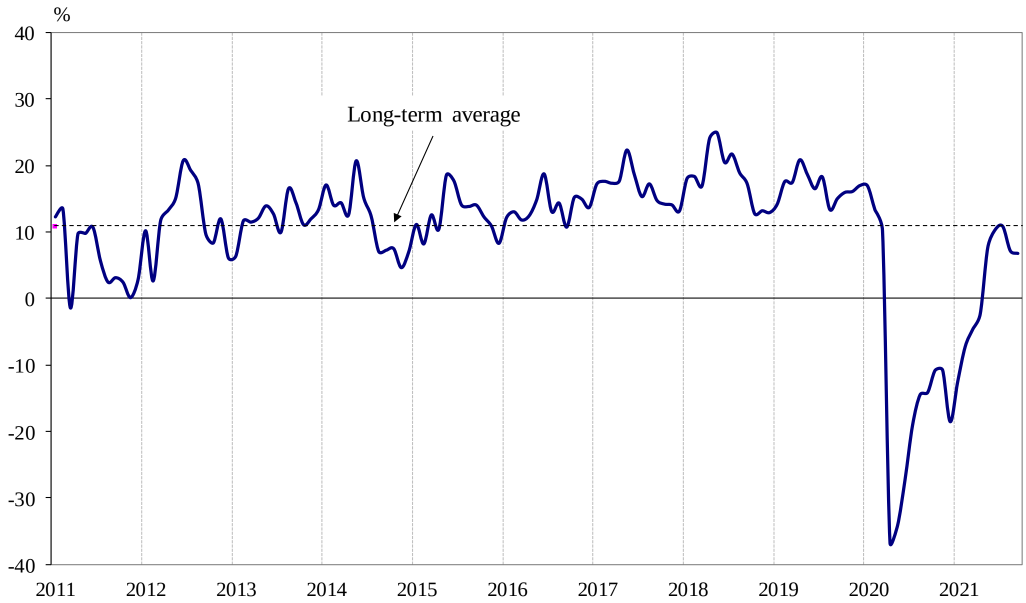

Figure 12. Demand in service sector over the last 3 months

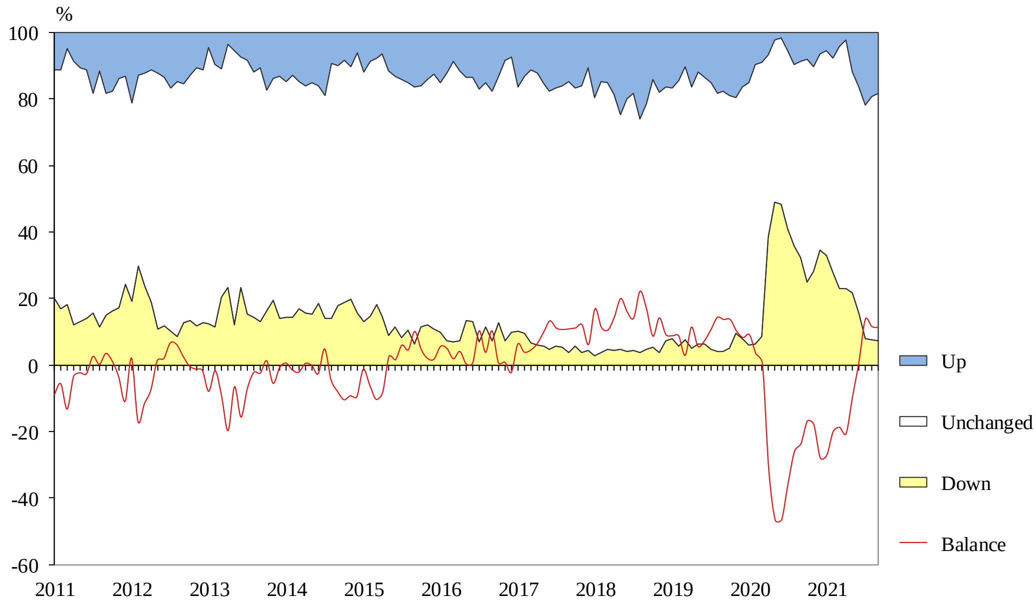

Figure 13. Factors limiting the activity in service sector
(Relative share of enterprises)