

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2022

In May 2022, **the total business climate indicator**⁴ decreases by 0.7 percentage points in comparison with April (Annex, Figure 1) as a result of the more unfavourable business climate in industry, construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ decreases by 0.8 percentage points (Annex, Figure 2), which is due to the worsened industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). According to them, in the last month there is a certain increase of the production assurance with orders, but that is not accompanied by increased expectations about the production activity over the next 3 months.

The main factor limiting the activity is the uncertain economic environment, pointed out by 61.7% of the enterprises. In the second and the third place remain the shortage of labour and factor ‘others’⁵ (Annex, Figure 4).

According to the last inquiry, the managers’ share who continue to expect the selling prices in the sector to increase over the next 3 months is 35.3%. (Annex, Figure 5).

Construction. In May, the composite indicator ‘business climate in construction’ drops by 3.6 percentage points (Annex, Figure 6) as a result of the more unfavourable construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. Their opinions about the new orders inflow over the last month are also negative, which is accompanied with more pessimistic expectations about the construction activity over the next 3 months (Annex, Figure 7).

The uncertain economic environment, costs of materials and shortage of labour continue to be the main difficulties for the business development, as in May a decrease in the negative impact of the second and third factors is observed (Annex, Figure 8).

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 to 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, retail trade and service sector. 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.



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

Retail trade. The composite indicator 'business climate in retail trade' decreases by 2.2 percentage points (Annex, Figure 10), which is due to the reserved retailers' expectations about the business situation of the enterprises over the next 6 months. At the same time, their expectations about the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are unfavourable.

The most serious obstacle for the activity of the enterprises remains the uncertain economic environment, followed by the competition in the branch and insufficient demand (Annex, Figure 12).

The retailers' forecasts about the selling prices over the next 3 months are in a direction of an increase (Annex, Figure 13).

Service sector¹. In May, the composite indicator 'business climate in service sector' increases by 4.3 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 positive (Annex, Figure 15).

The uncertain economic environment, competition in the branch and the factor 'others'² continue to limit with most extent the business development, as in the last month strengthening of the negative influence of the factor 'shortage of labour' is observed (Annex, Figure 16).

In comparison with April, the managers' share who expect the selling prices in the service sector to increase over the next 3 months is raising and it reaches 31.4% (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

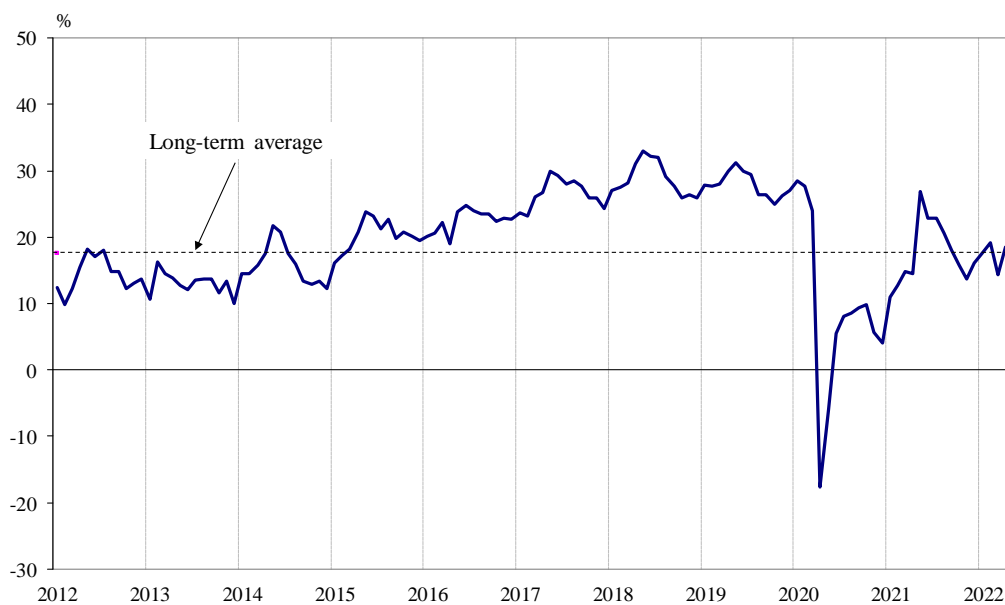


Figure 2. Business climate in industry

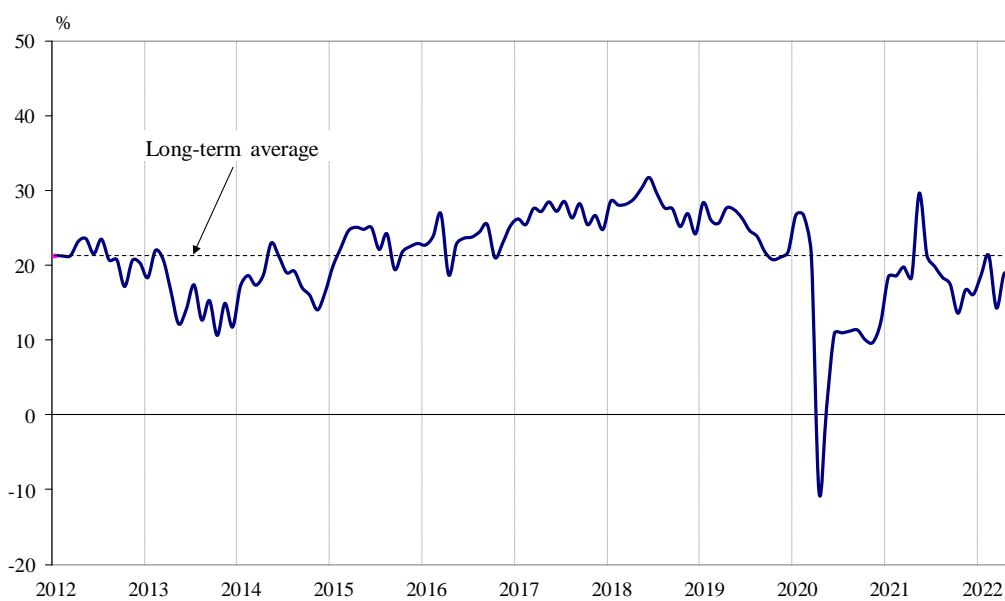


Figure 3. Expected business situation in industry over the next 6 months

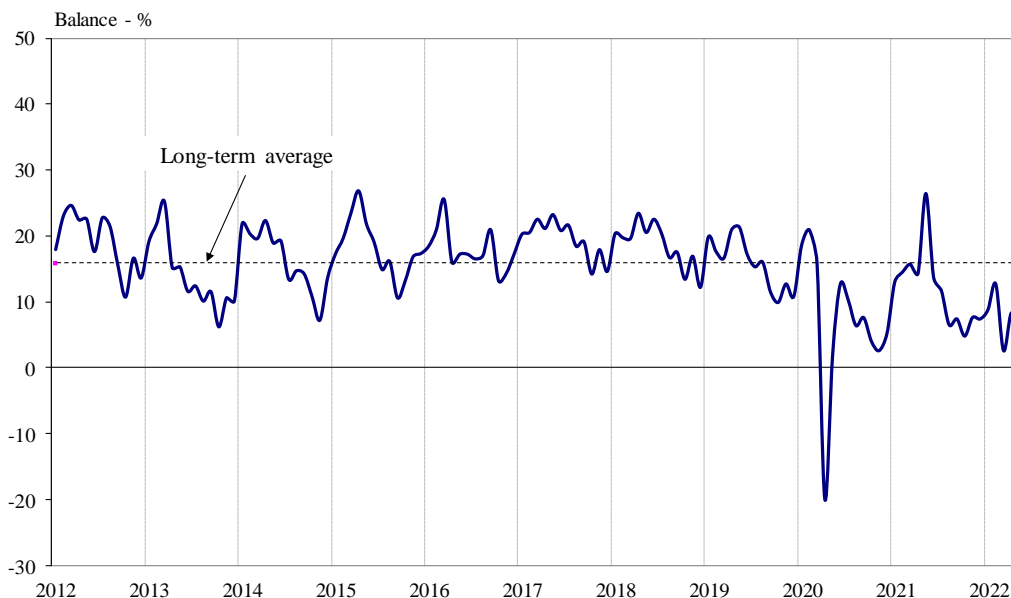


Figure 4. Limits to production in industry (Relative share of enterprises)

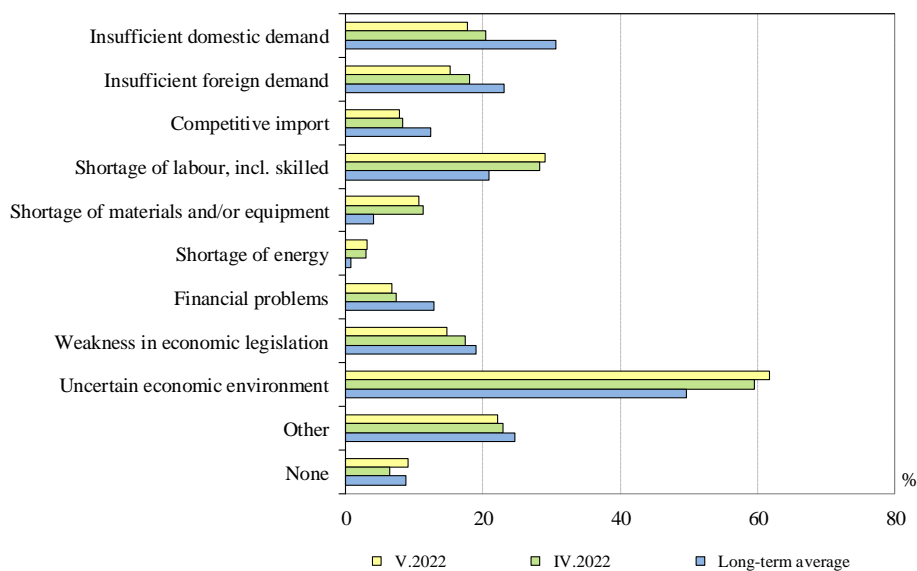


Figure 5. Selling prices expectations in industry over the next 3 months

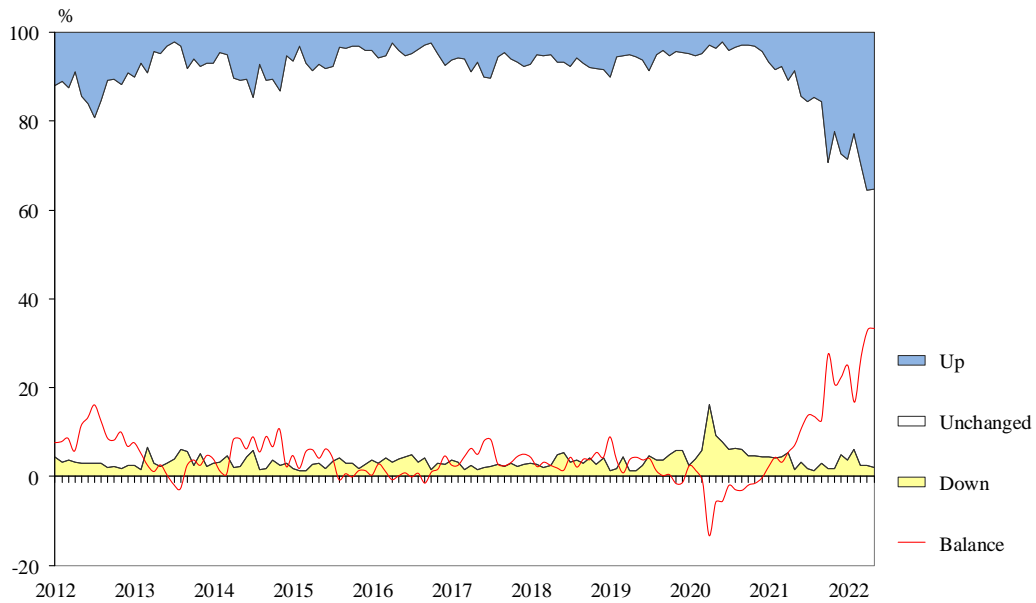


Figure 6. Business climate in construction

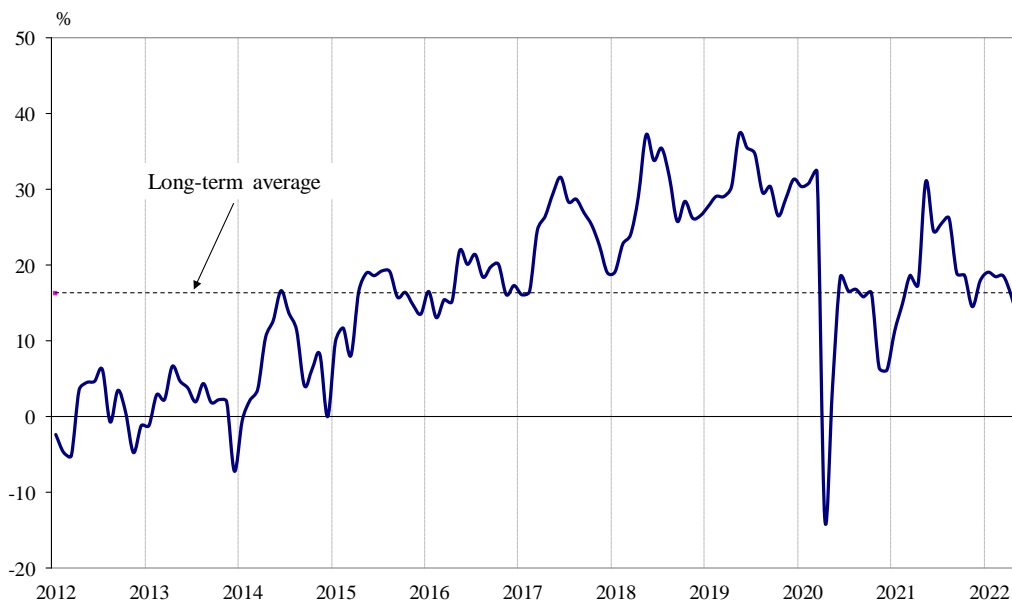


Figure 7. Expected construction activity over the next 3 months

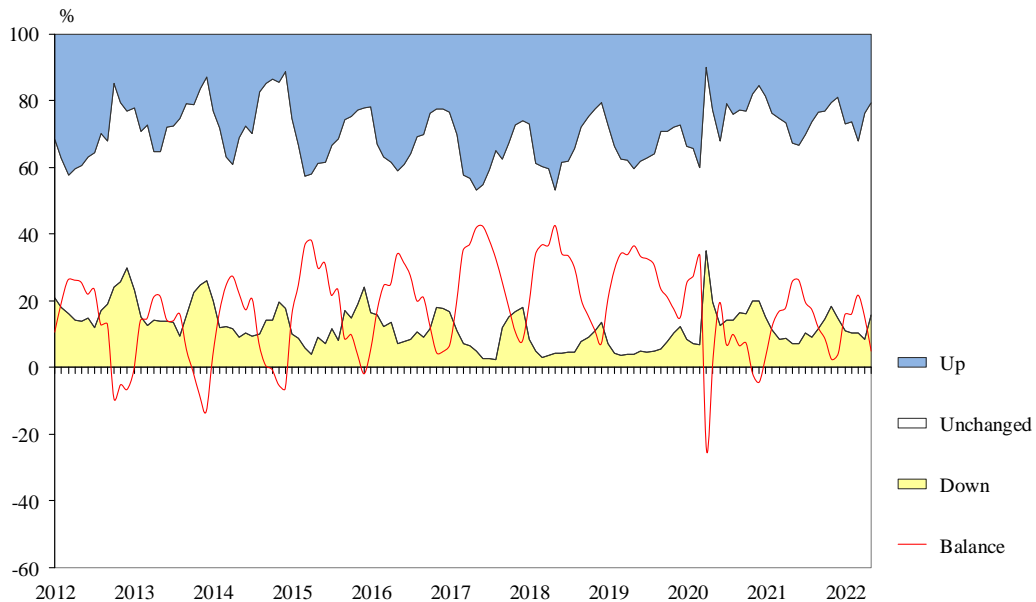


Figure 8. Limits to construction activity (Relative share of enterprises)

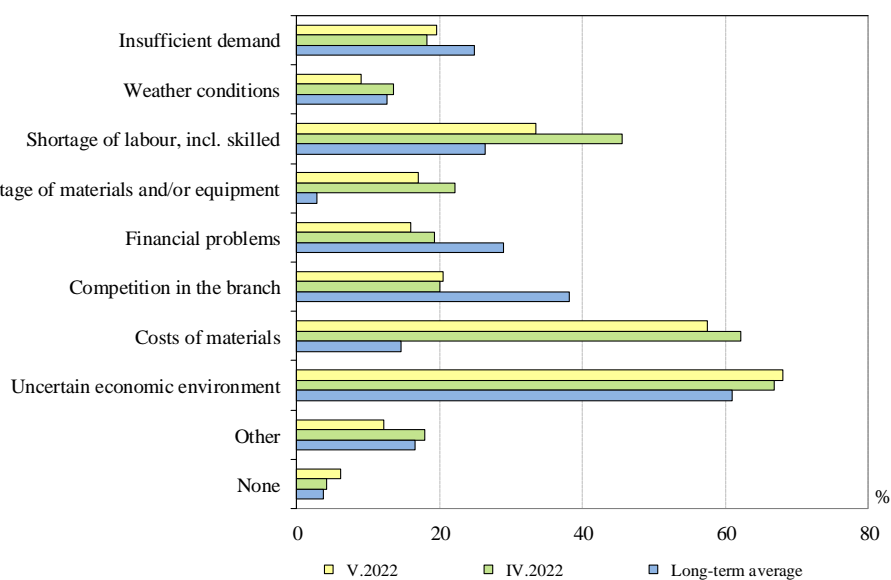


Figure 9. Selling prices expectations in construction over the next 3 months

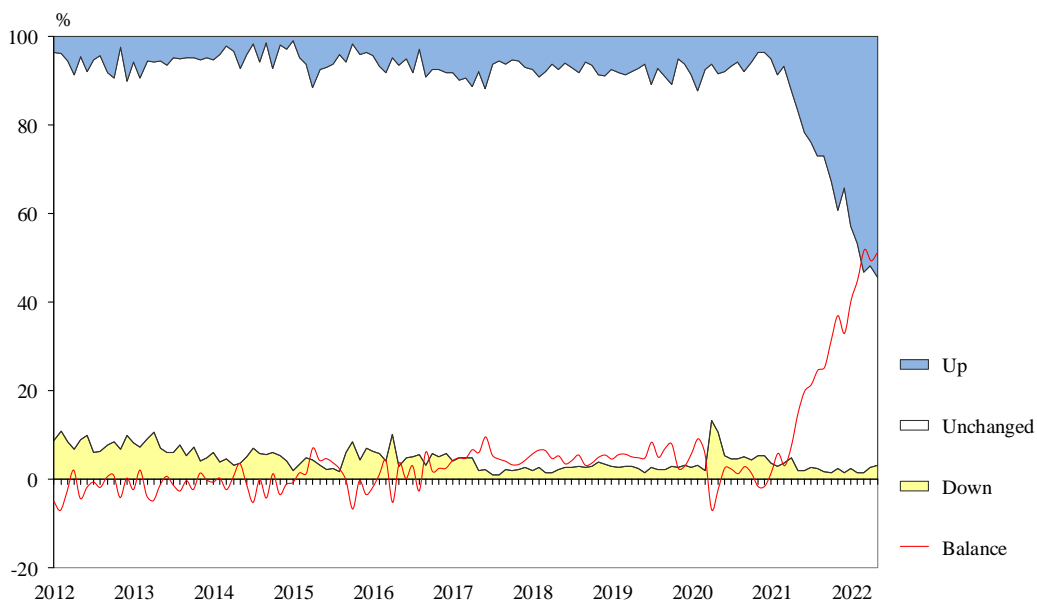


Figure 10. Business climate in retail trade

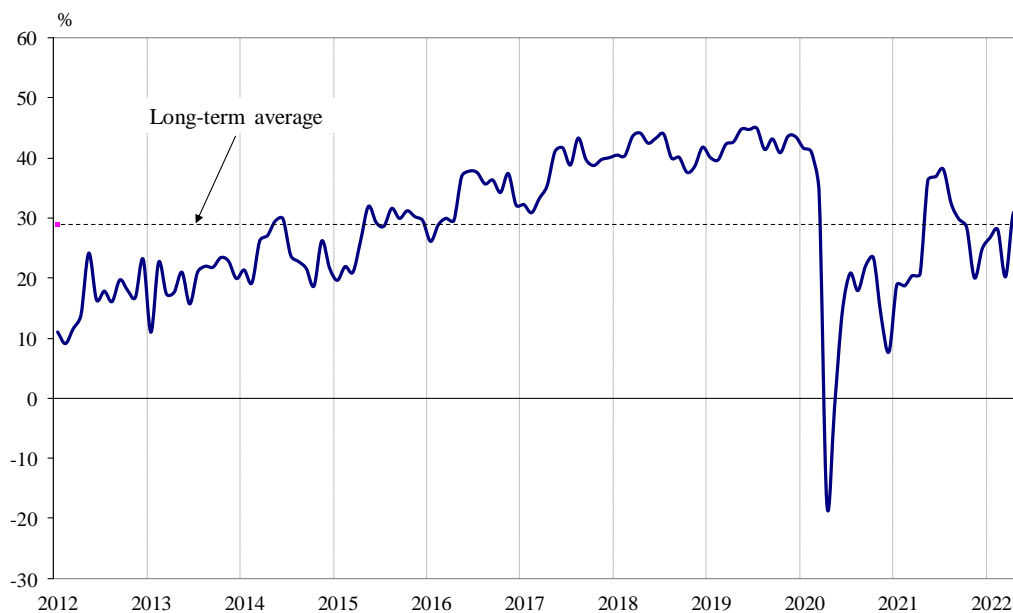


Figure 11. Sales expectations in retail trade over the next 3 months

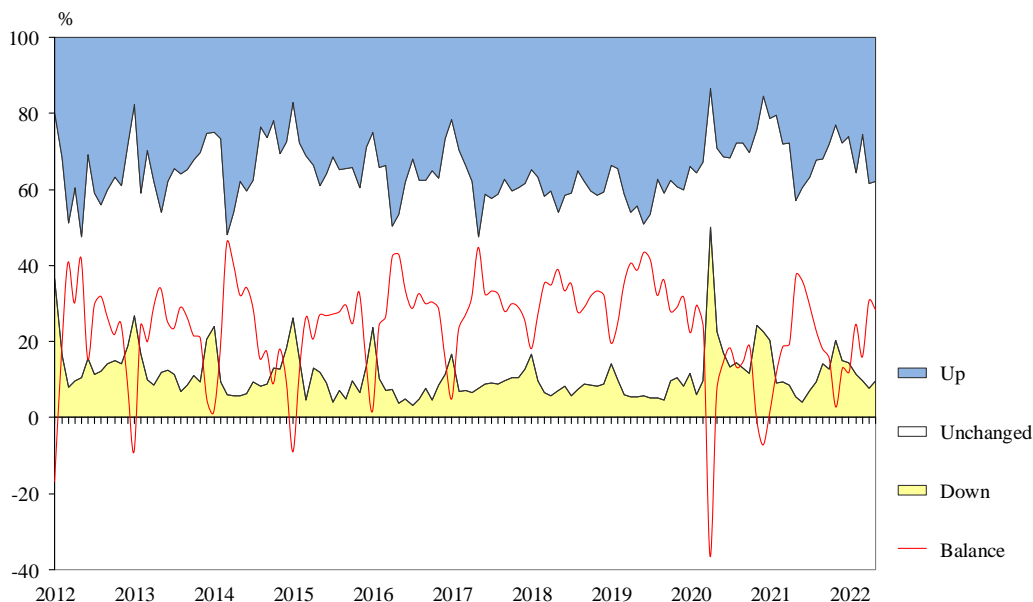


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

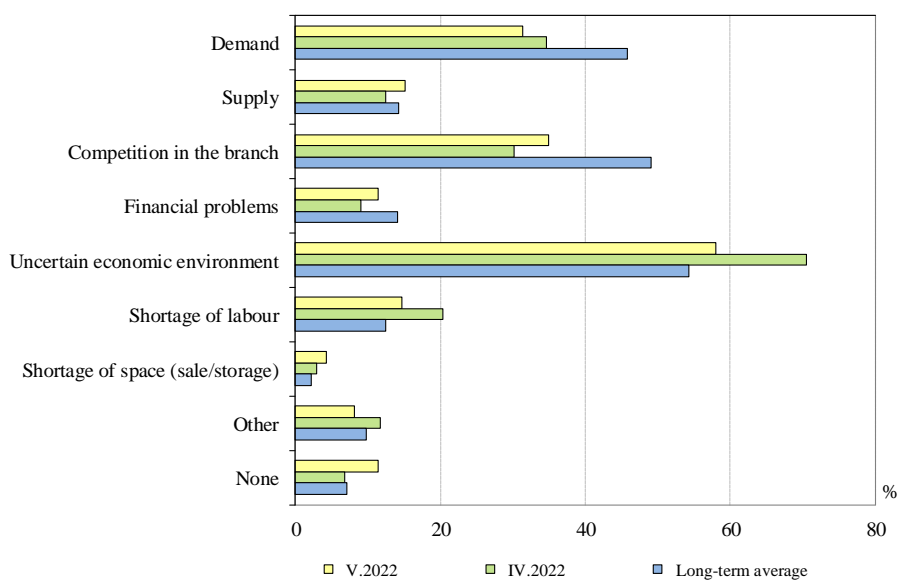


Figure 13. Selling prices expectations in retail trade over the next 3 months

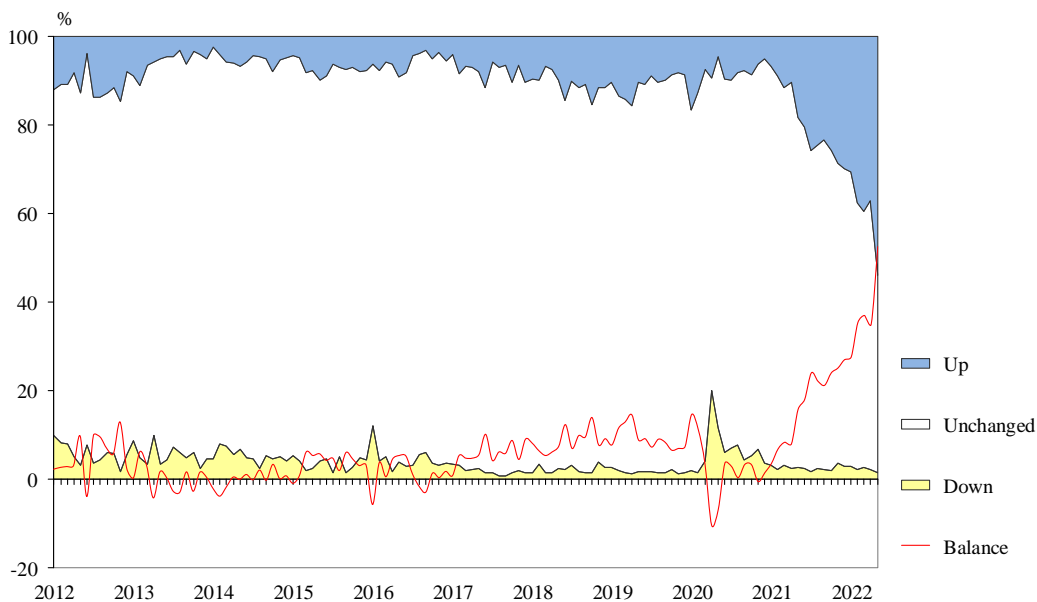


Figure 14. Business climate in service sector

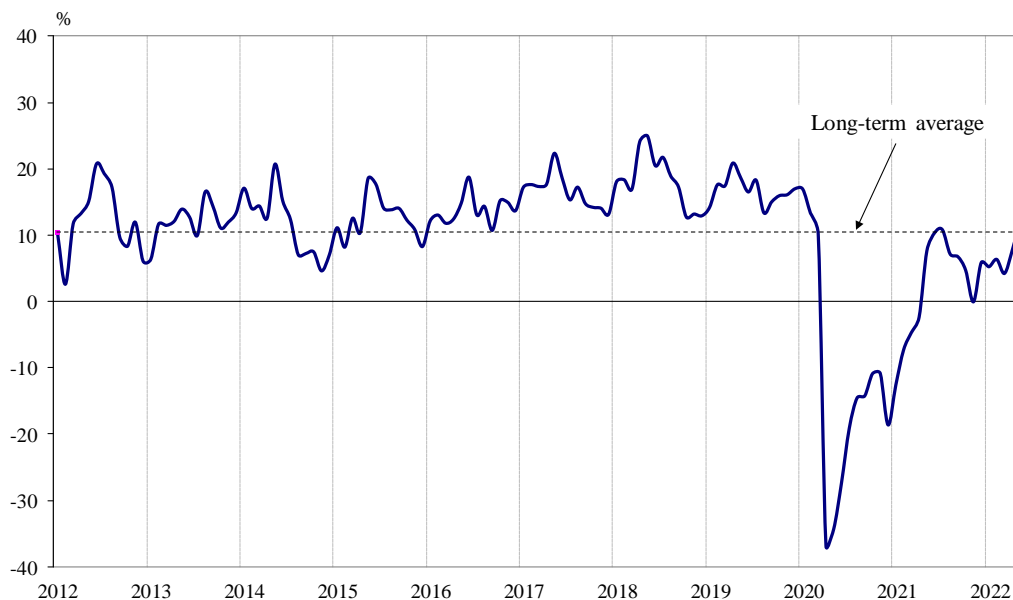


Figure 15. Expected demand in service sector over the next 3 months

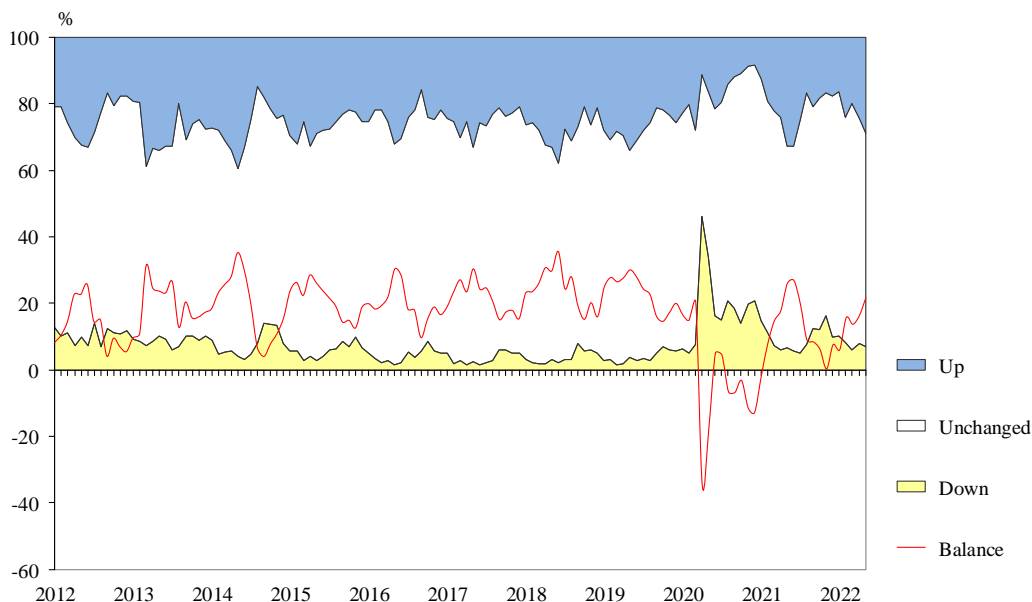


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

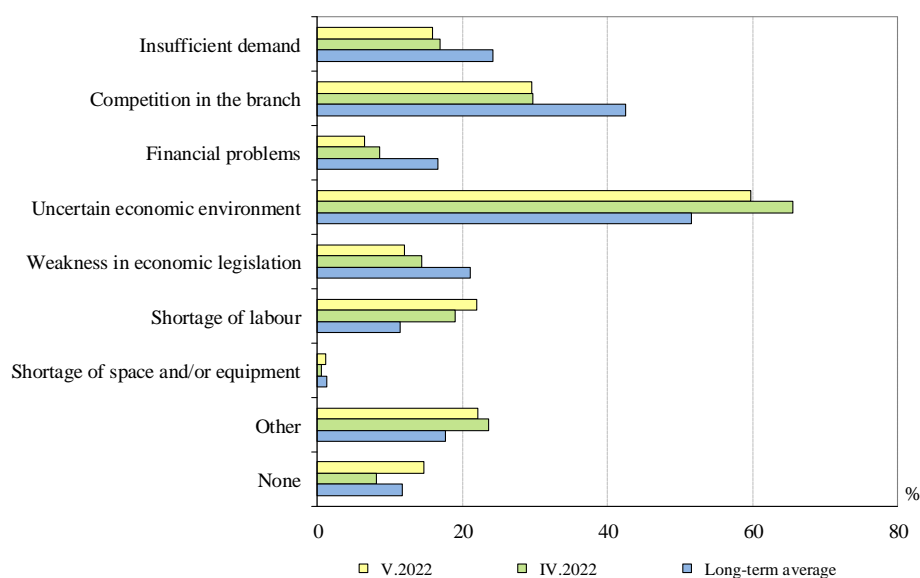


Figure 17. Selling prices expectations in service sector over the next 3 months

