BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], AUGUST 2022

In August 2022, **the total business climate indicator**[4] decreases by 3.4 percentage points compared to the previous month (Annex, Figure 1). More unfavourable business climate is registered in industry, retail trade and service sector, and in construction the indicator preserves its level from July.

Industry. The composite indicator 'business climate in industry' decreases by 3.4 percentage points (Annex, Figure 2). The industrial entrepreneurs' assessments about the present business situation of the enterprises are reserved, as their expectations over the next 6 months are worsened. At the same time, the inquiry reports a decrease of the production assurance with orders, which is accompanied with unfavourable expectations about the production activity over the next 3 months (Annex, Figure 3).

The most serious problems for the business development in the sector continue to be the uncertain economic environment and storage of labour pointed out respectively by 59.8% and 30.6% of the enterprises (Annex, Figure 4).

Construction. In August, the composite indicator 'business climate in construction' preserves its level from July (Annex, Figure 5). In the construction entrepreneurs' opinion, the present construction activity is assessed as favourable, as their forecasts about the activity over the next 3 months are improved (Annex, Figure 6).

The uncertain economic environment, costs of materials and shortage of labour remain the main factors limiting the activity in the sector (Annex, Figure 7).

Retail trade. The composite indicator 'business climate in retail trade' drops by 9.0 percentage points (Annex, Figure 8) as a result of the reserved retailers' assessments and expectations about the business situation of the enterprises. Their forecasts about the volume of sales (Annex, Figure 9) and orders placed with suppliers over the next 3 months are also unfavourable.

The most serious difficulty for the business development continues to be the uncertain economic environment. In the second and third place are the competition in the branch and insufficient demand, as in the last month strengthen of their negative influence is reported (Annex, Figure 10).

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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 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.

Service sector[1]. In August, the composite indicator 'business climate in service sector' decreases by 1.0 percentage point (Annex, Figure 11), which is due to the unfavourable managers' expectations about the business situation of the enterprises over the next 6 months. Their opinions about the present and expected demand for services are also more reserved (Annex, Figure 12).

The uncertain economic environment, competition in the branch and shortage of labour remain the main obstacles for the activity of the enterprises, as compared to July an increase of negative impact of the first and second factors is observed (Annex, Figure 13).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

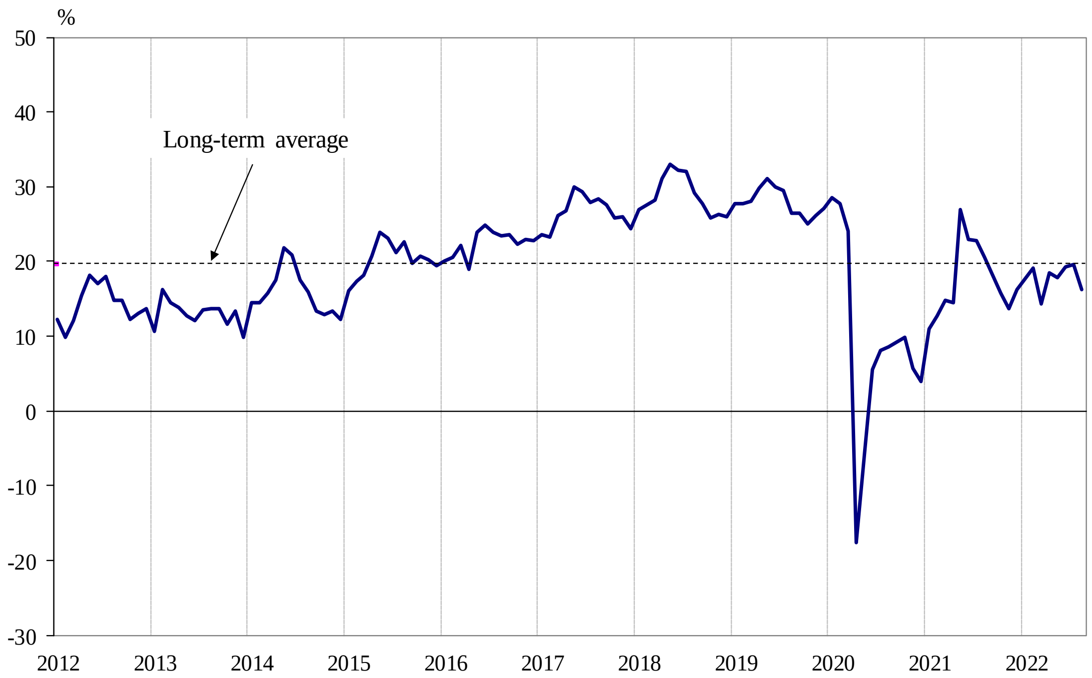

Figure 2. Business climate in industry

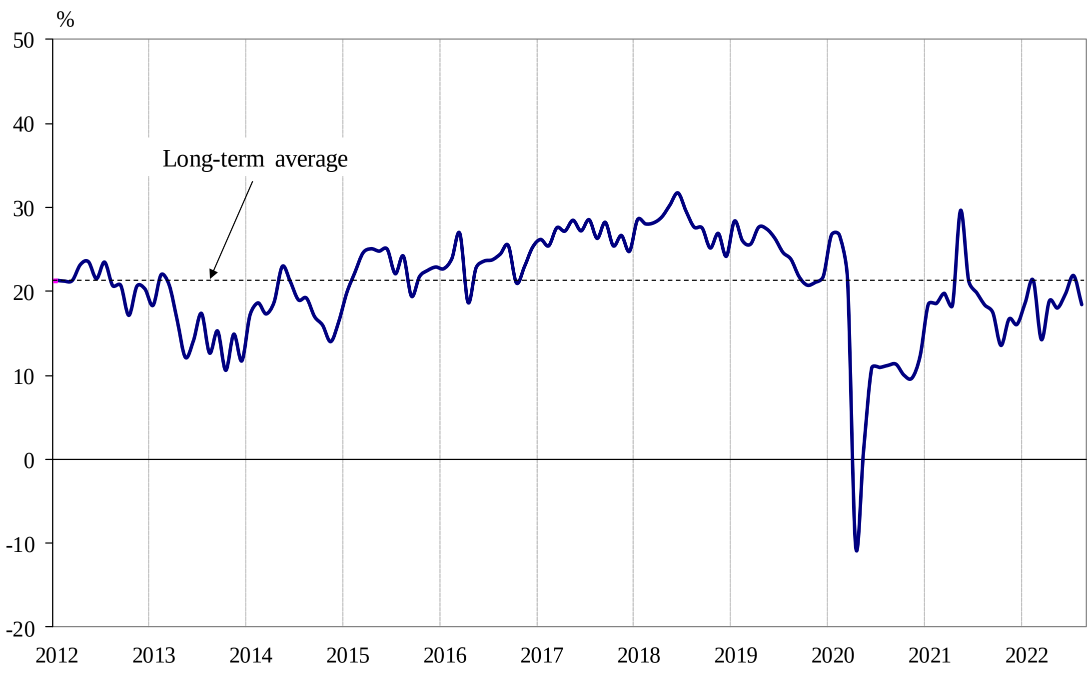

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Figure 3. Expected production activity in industry over the next 3 months

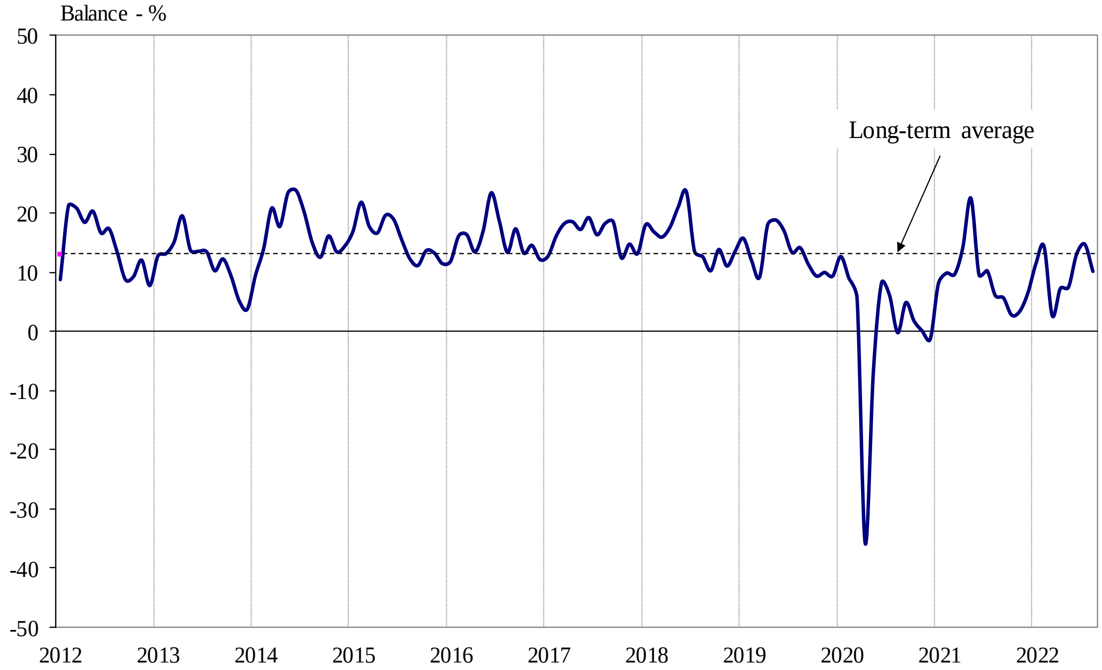

Figure 4. Limits to production in industry (Relative share of enterprises)

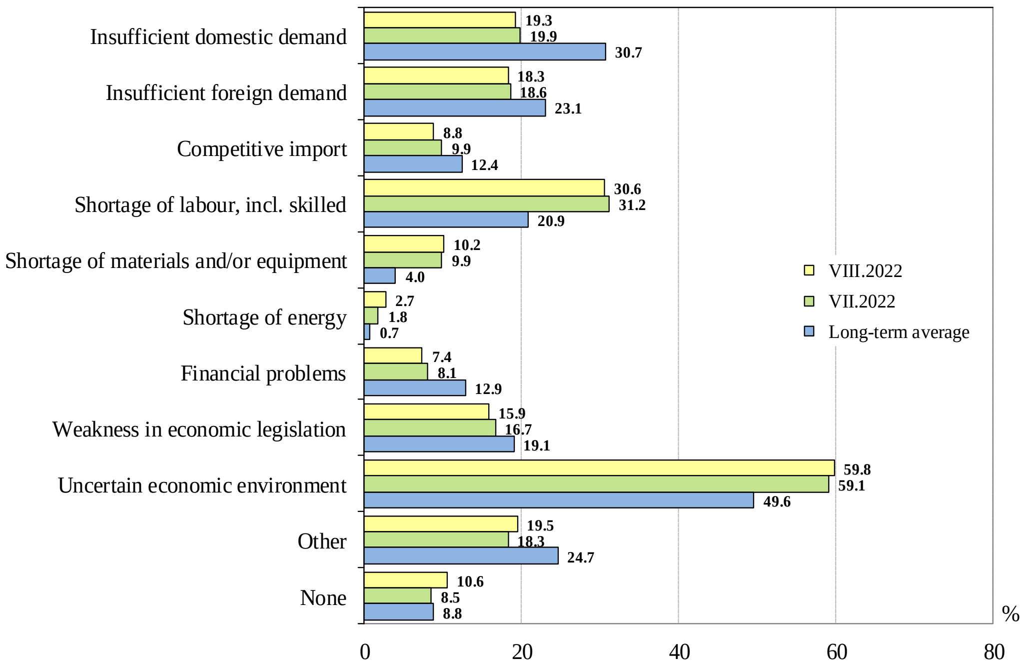

Figure 5. Business climate in construction

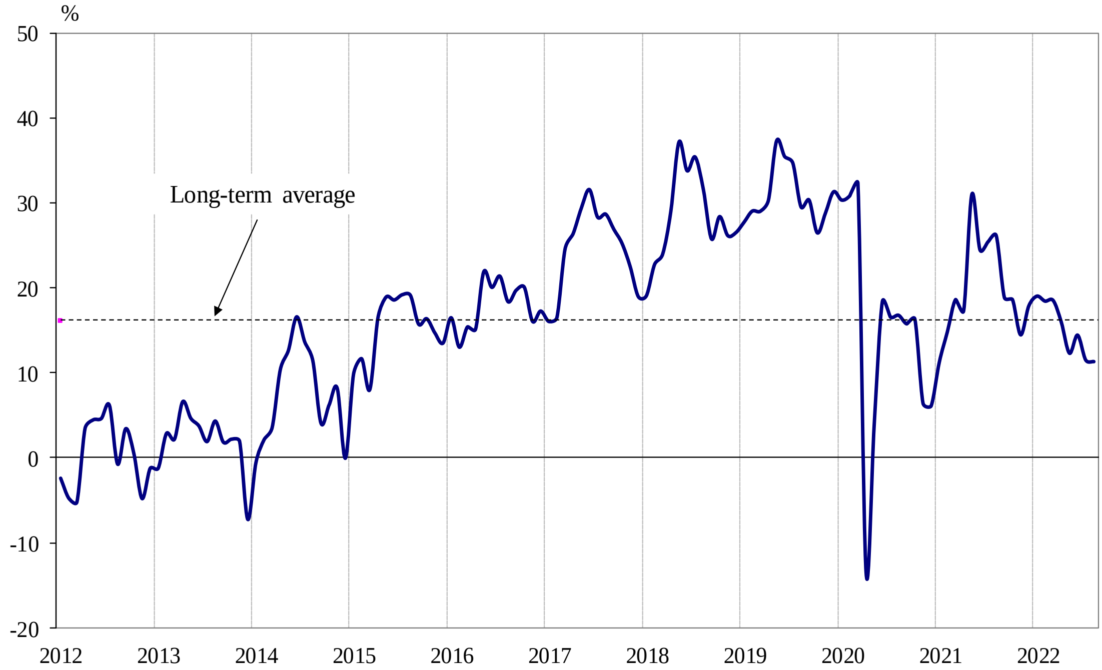

Figure 6. Expected construction activity over the next 3 months

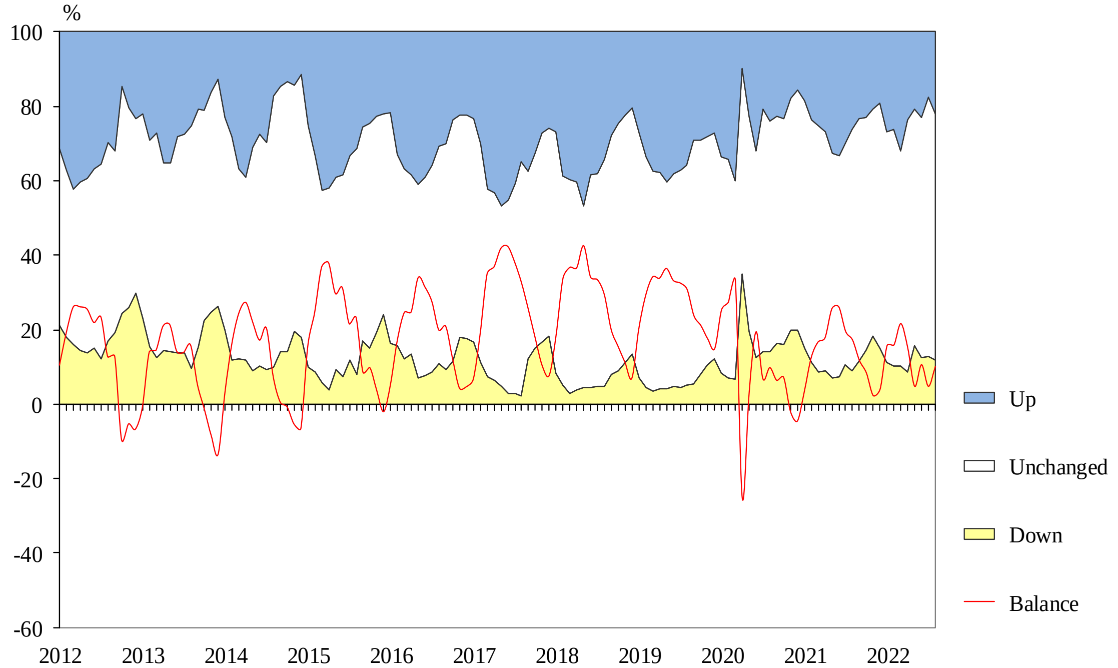

Figure 7. Limits to construction activity
(Relative share of enterprises)

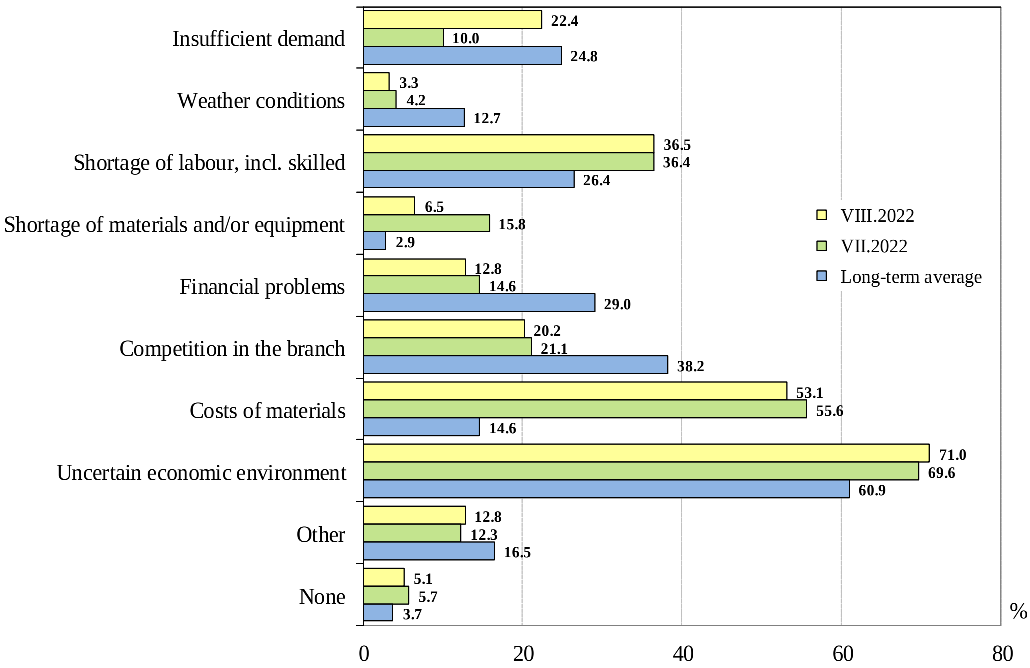

Figure 8. Business climate in retail trade

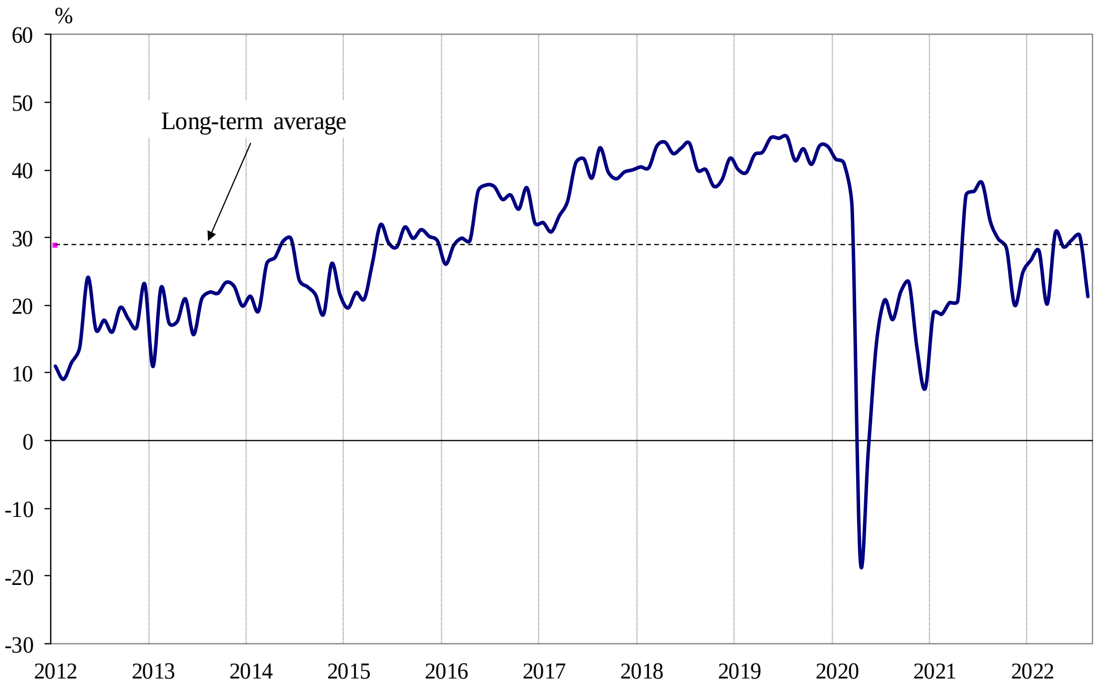

Figure 9. Sales expectations in retail trade over the next 3 months

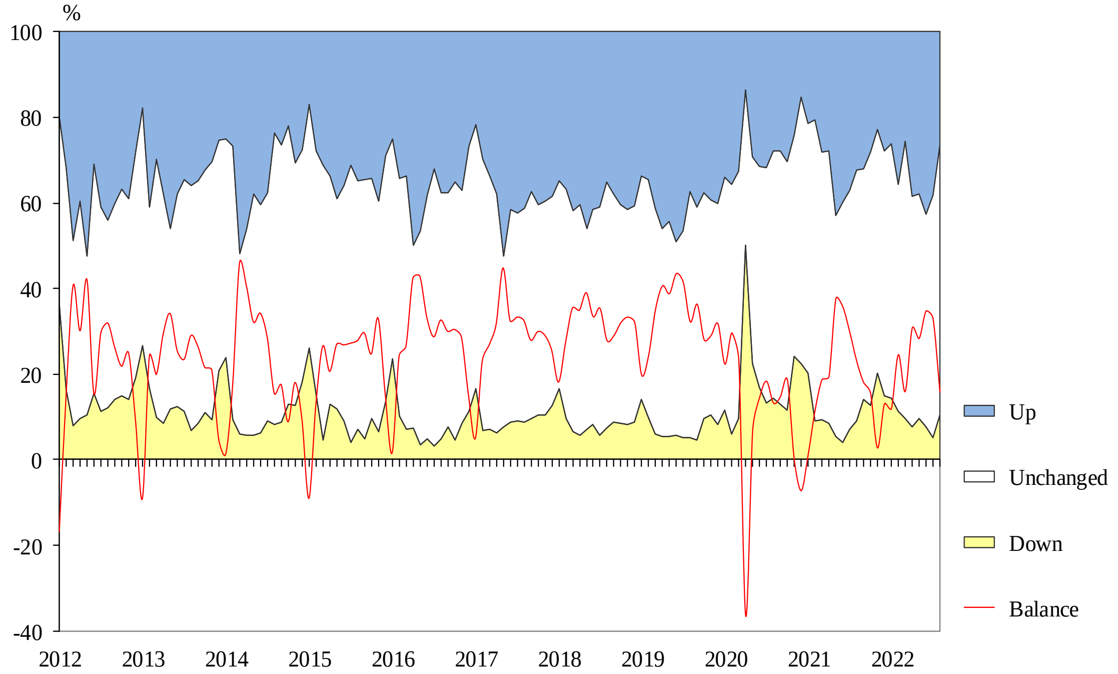

Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

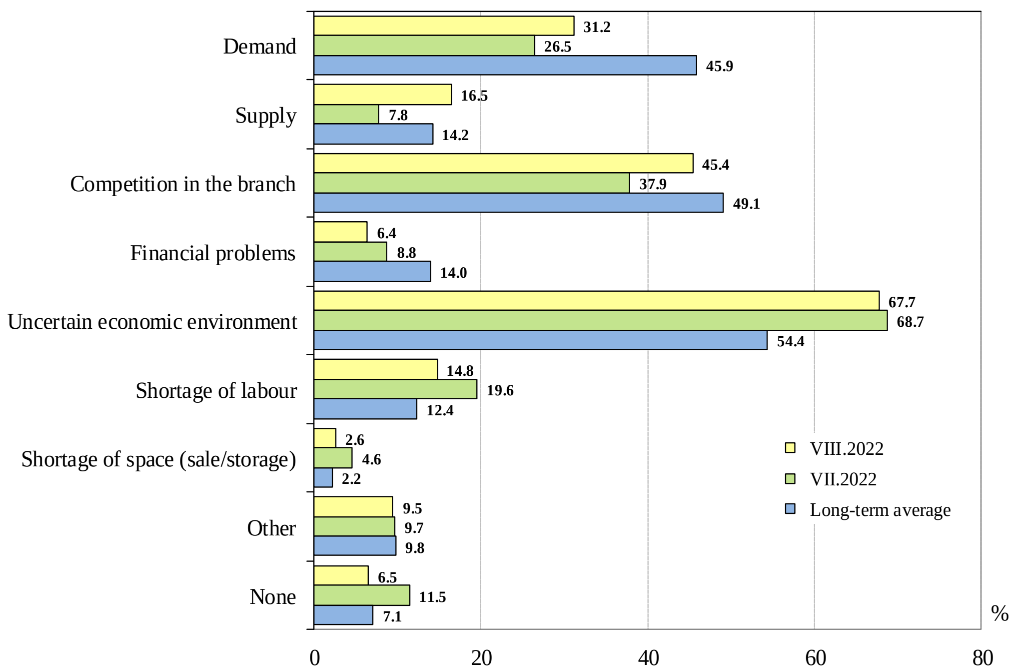

Figure 11. Business climate in service sector

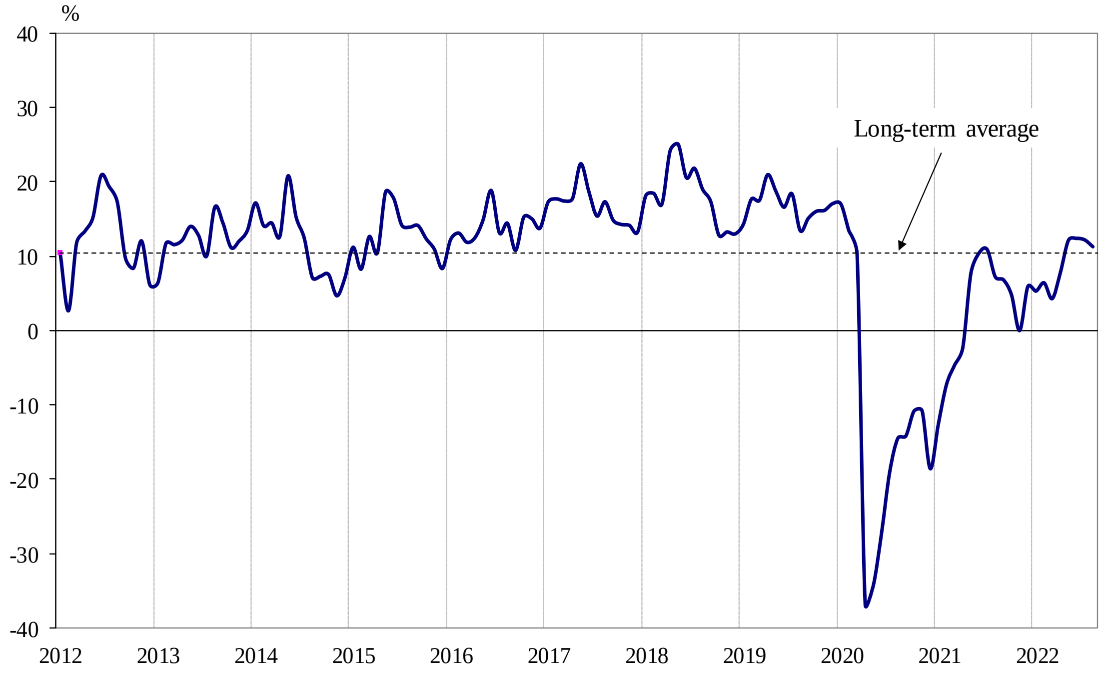

Figure 12. Expected demand in service sector over the next 3 months

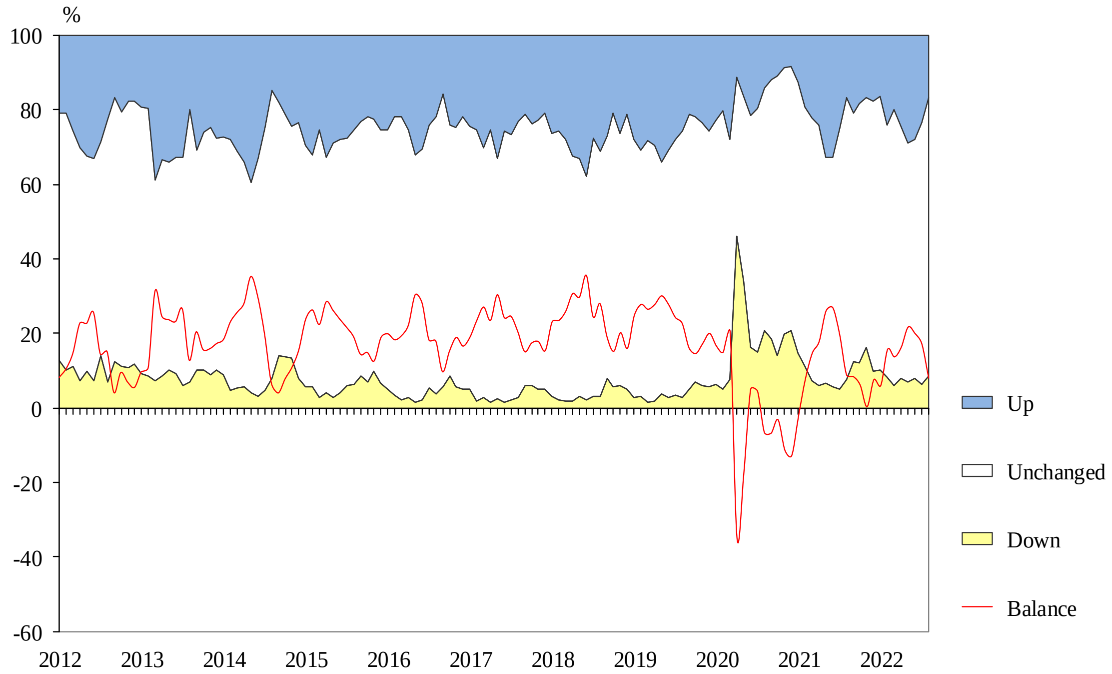

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Figure 13. Factors limiting the activity in service sector
(Relative share of enterprises)