

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, FEBRUARY 2023

In February 2023, **the total business climate indicator**⁴ increases by 1.4 percentage points compared to the previous month (Annex, Figure 1). An improvement of the indicator is observed in industry, construction and service sector, and in retail trade preserves its level from January.

Industry. The composite indicator ‘business climate in industry’ increases by 1.3 percentage points (Annex, Figure 2) as a result of the improved industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. According to them, in the last month there is a certain increase of the production assurance with orders, which is also accompanied by increased expectations about the production activity over the next 3 months (Annex, Figure 3).

The main factors limiting the business development continue to be connected with the uncertain economic environment and shortage of labour pointed out respectively by 56.4% and 31.4% of the enterprises (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 17.1%.

Construction. In February, the composite indicator ‘business climate in construction’ increases by 1.0 percentage point (Annex, Figure 5), which is due to the more favourable construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. At the same time, their forecasts about the construction activity over the next 3 months are optimistic (Annex, Figure 6).

The uncertain economic environment, costs of materials and shortage of labour remain the most serious obstacles for the activity of the enterprises, as compared to January strengthen of the negative influence of the first and third factors is reported (Annex, Figure 7).

Concerning the selling prices in construction, 31.9% of the managers foresee them to increase over the next 3 months.

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’, and ‘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 the service sector has been included in the total time series since May 2002.



Retail trade. The composite indicator ‘business climate in retail trade’ preserves its level from the previous month (Annex, Figure 8). The retailers’ expectations about the business situation over the next 6 months remain optimistic. Their forecasts about both the volume of sales and the order placed with suppliers (Annex, Figure 9) over the next 3 months are improved.

The main problems for the business continue to be connected with the uncertain economic environment, competition in the branch and insufficient demand, although in the last month a decrease of their negative impact is registered (Annex, Figure 10).

According to the inquiry, 30.2% of the retailers expect the selling prices to increase over the next 3 months.

Service sector¹. In February, the composite indicator ‘business climate in service sector’ increases by 3.1 percentage points (Annex, Figure 11). The managers’ assessments about the present business situation of the enterprises are favourable, as their expectations over the next 6 months are optimistic. Their forecasts about the demand for services over the next 3 months are also positive (Annex, Figure 12).

The uncertain economic environment remains the main difficulty for the activity of the enterprises, as in comparison with the previous month a decrease of its negative influence is reported. In the second and third place are the competition in the branch and shortage of labour (Annex, Figure 13).

Concerning the selling prices in the sector, 20.5% of the managers forecast them to increase over the next 3 months.

¹ Excl. trade.

Annex

Figure 1. Business climate - total

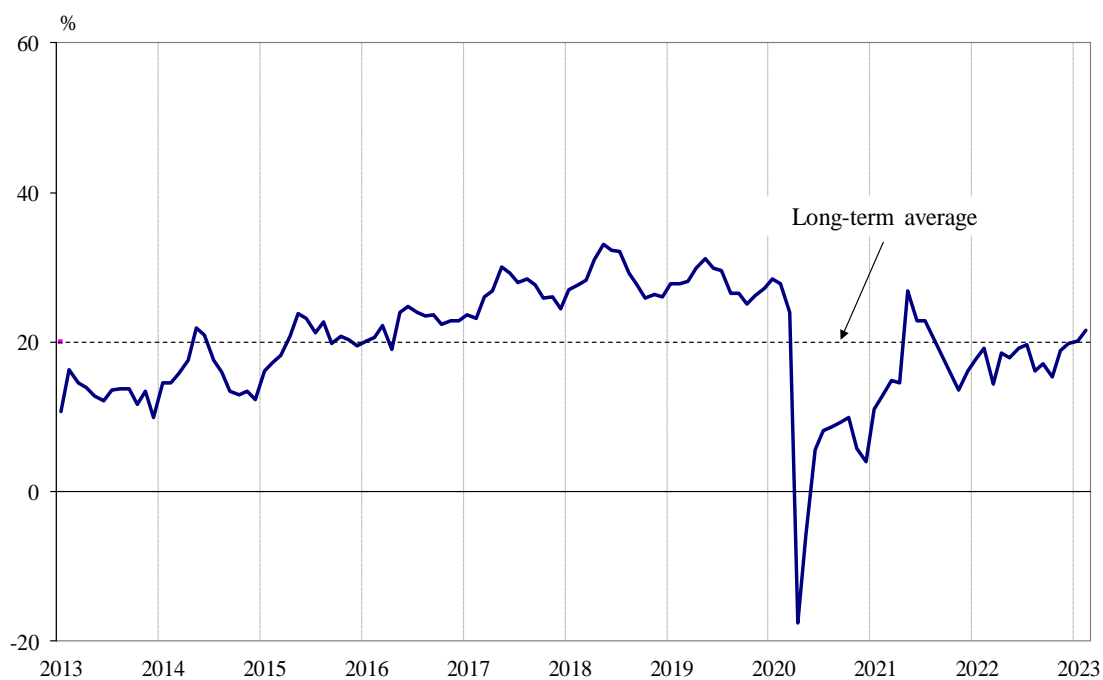


Figure 2. Business climate in industry

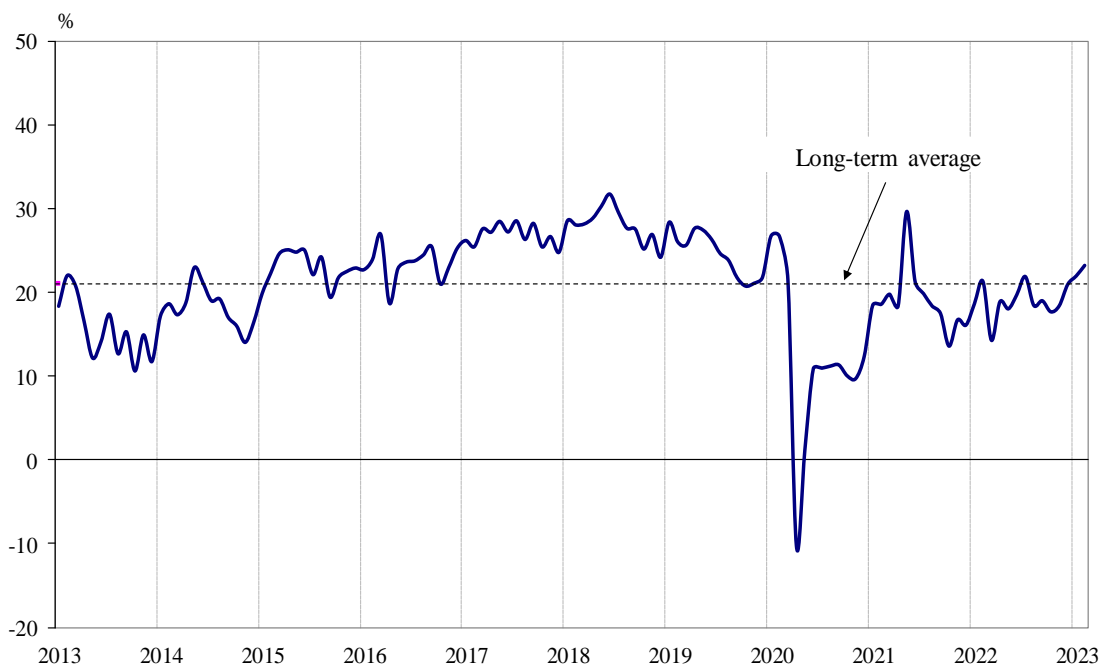


Figure 3. Expected production activity in industry over the next 3 months

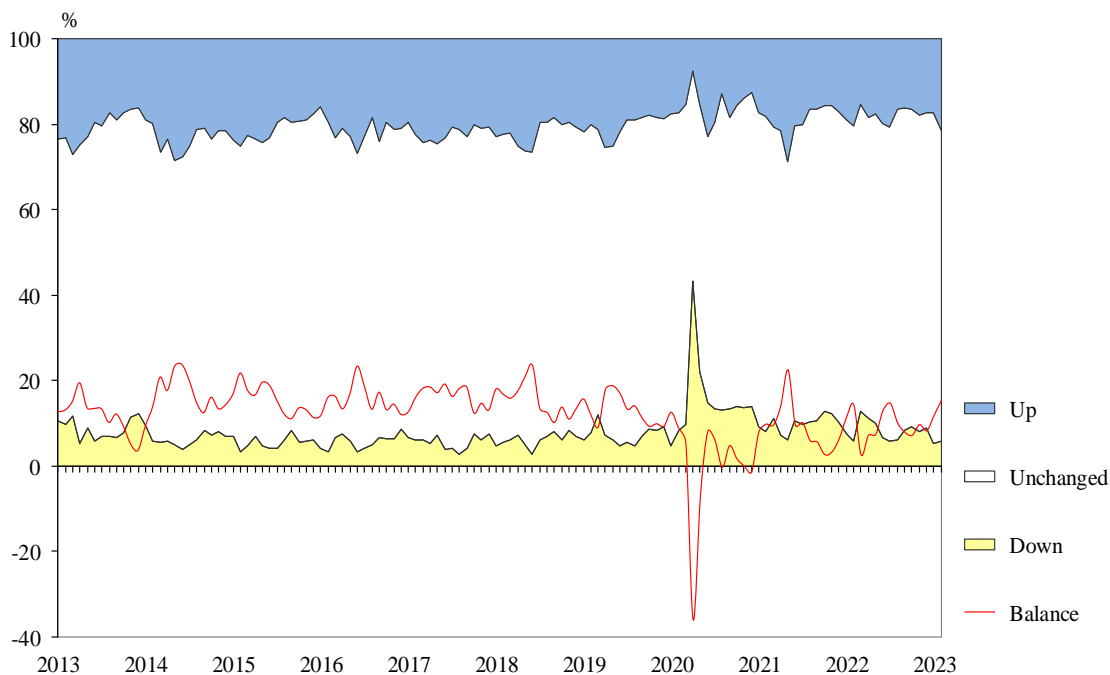


Figure 4. Limits to production in industry (Relative share of enterprises)

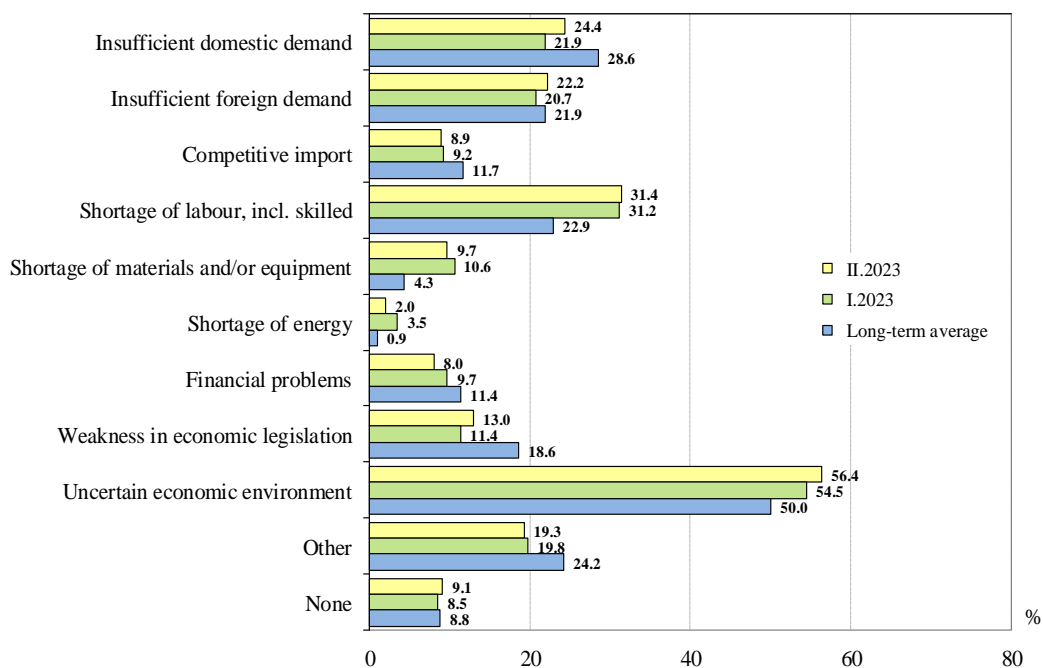


Figure 5. Business climate in construction

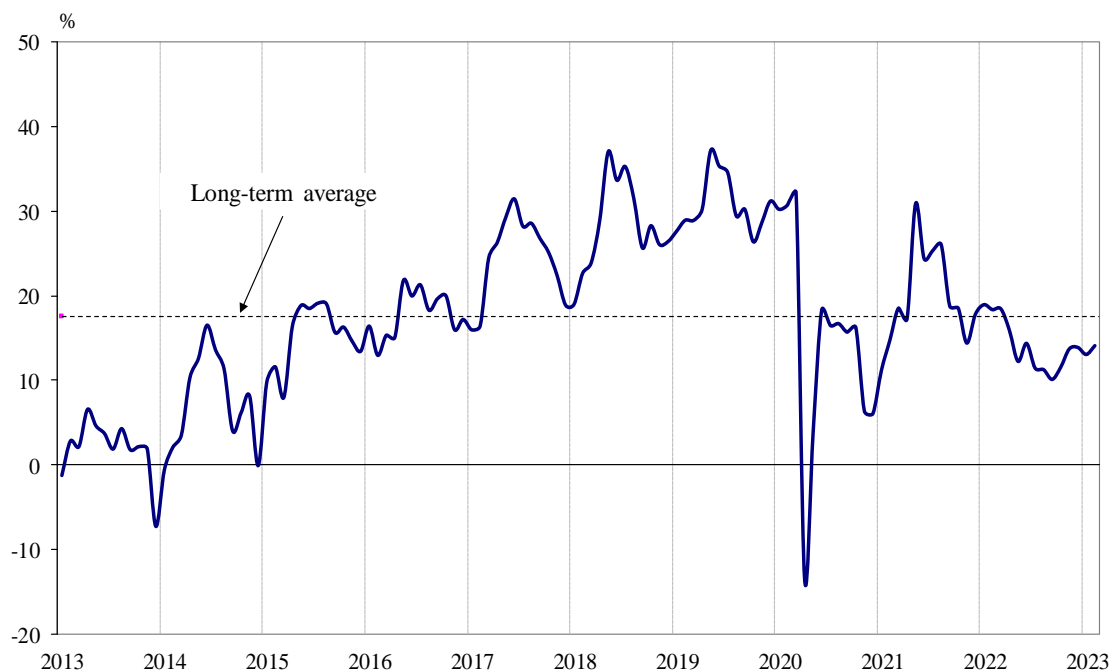
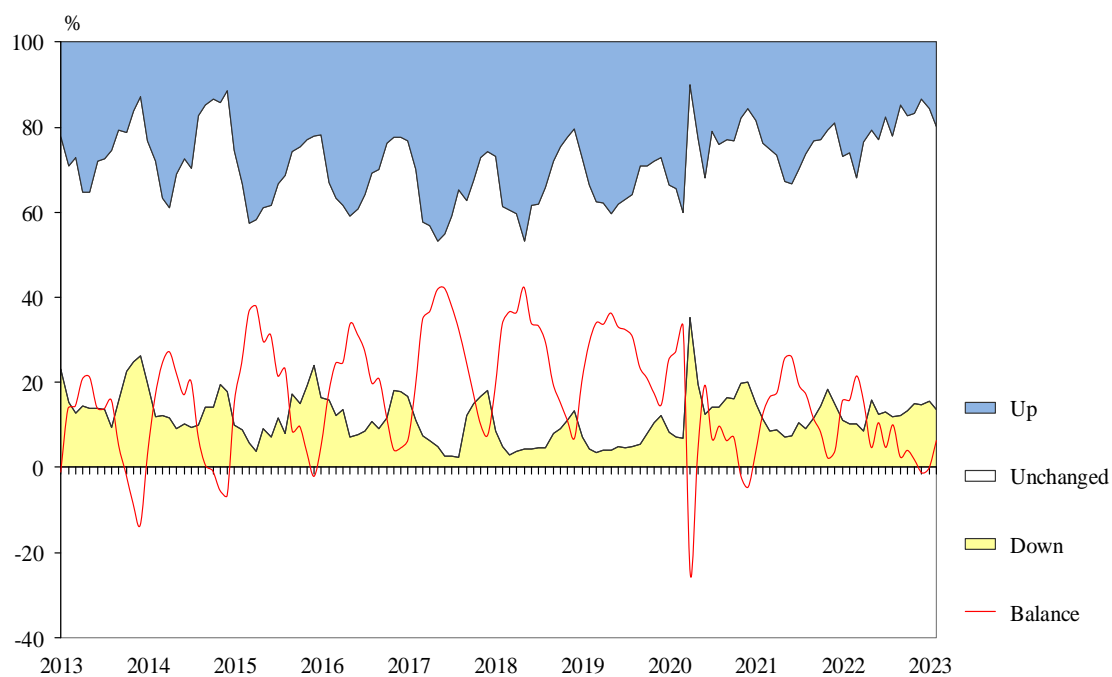


Figure 6. Expected construction activity over the next 3 months



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

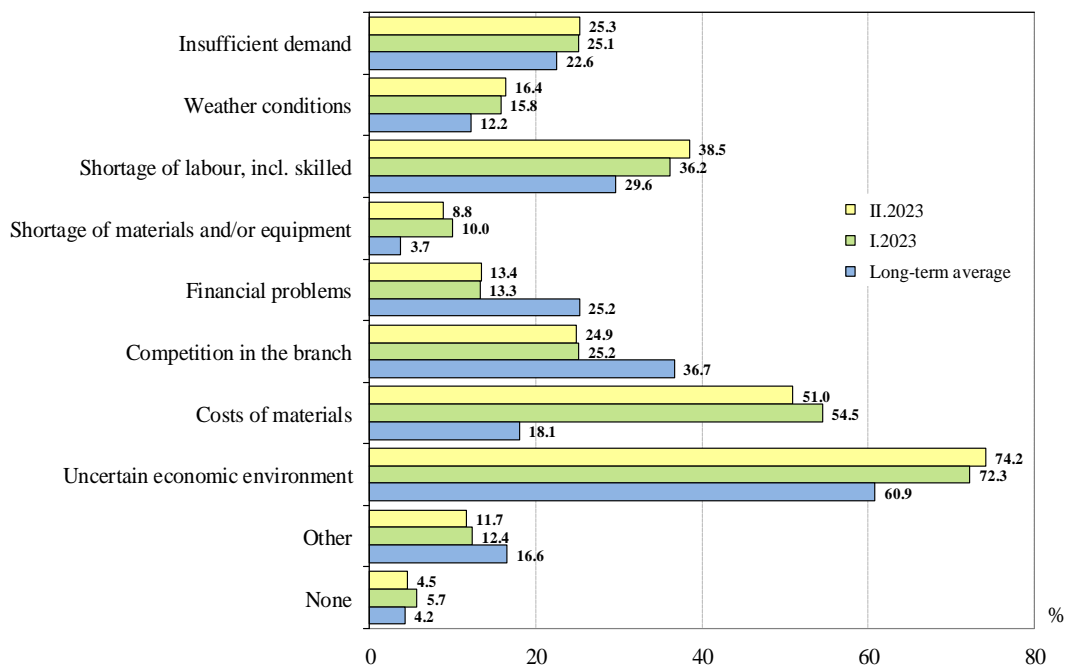


Figure 8. Business climate in retail trade

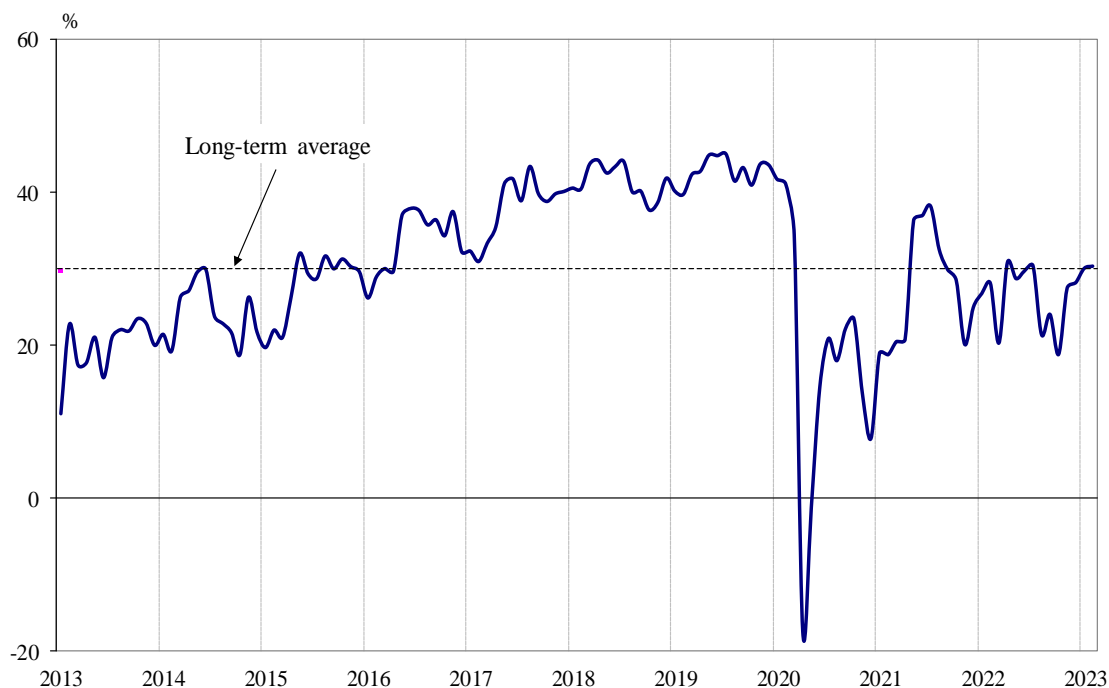


Figure 9. Expectations about orders placed with suppliers in retail trade over the next 3 months

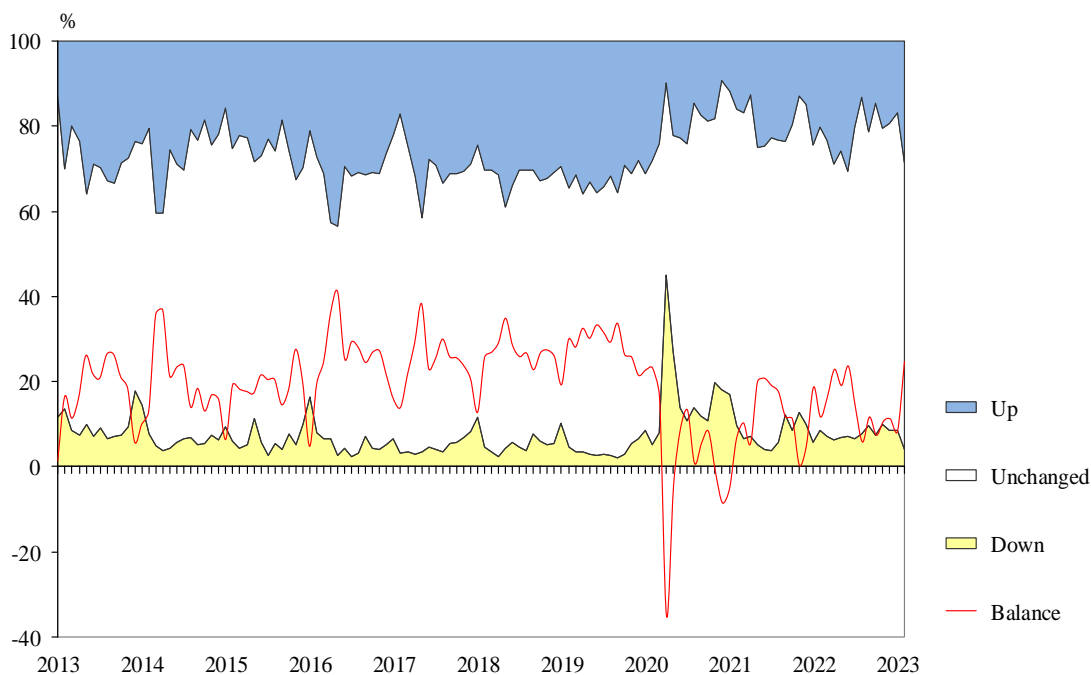


Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

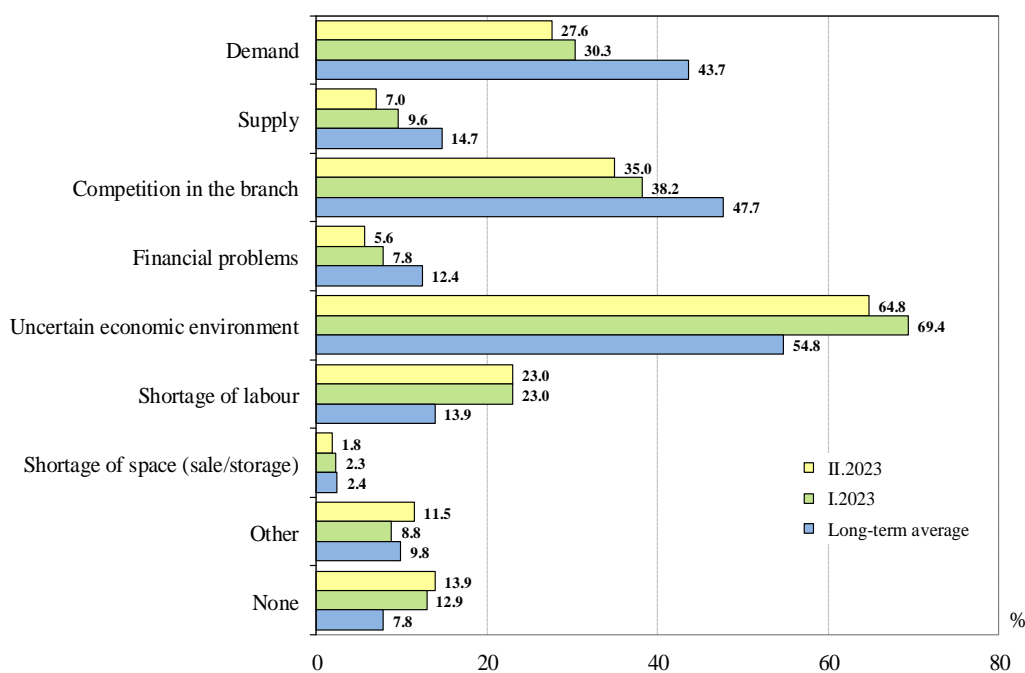


Figure 11. Business climate in service sector

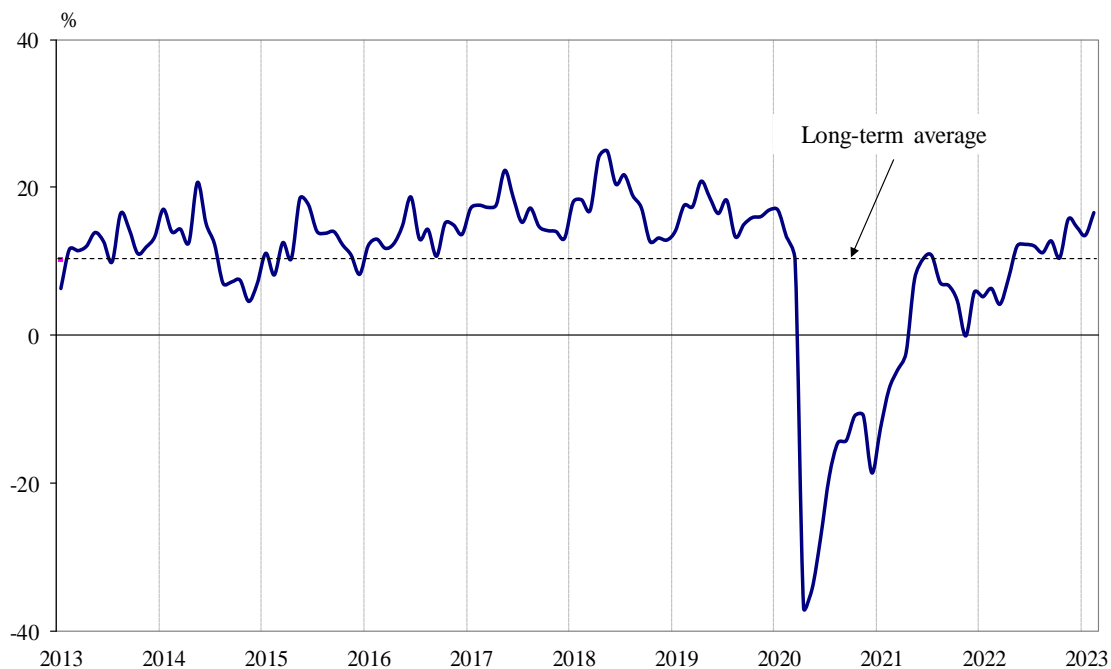
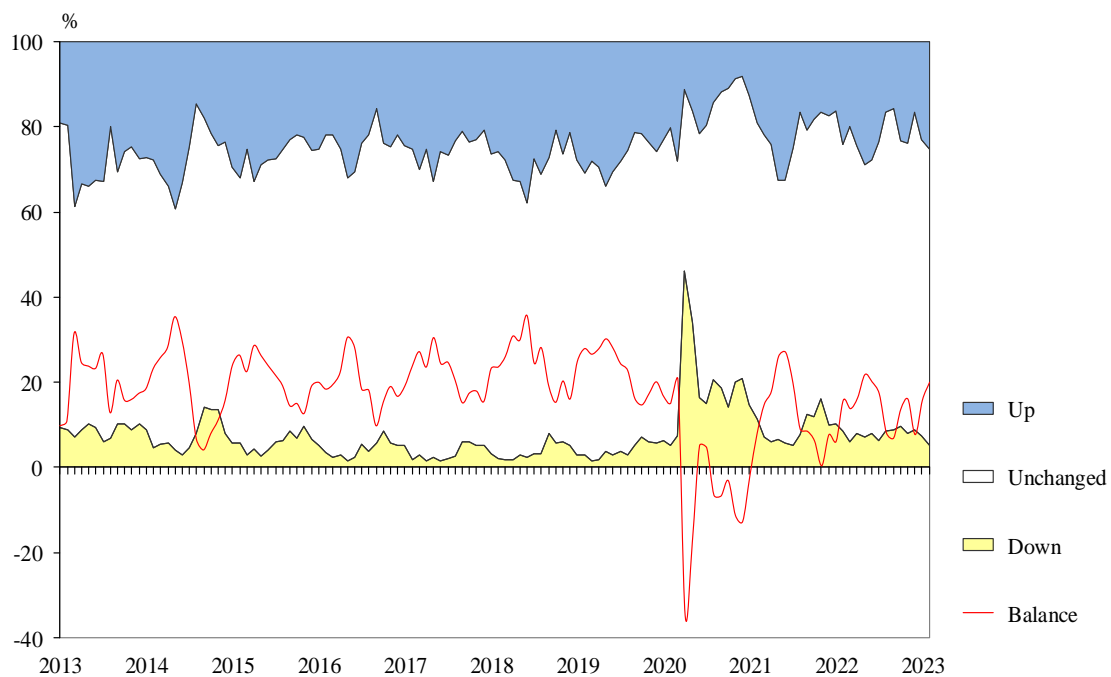


Figure 12. Expected demand in service sector over the next 3 months



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

