

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, DECEMBER 2023

In December 2023, **the total business climate indicator** decreases by 1.8 percentage points compared to the previous month (from 21.6% to 19.8%) (Annex, Figure 1), which is due to the unfavourable business climate in the construction, retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ preserves approximately its November level (from 20.6% to 20.7%) (Annex, Figure 2). The industrial entrepreneurs assess the present production activity as favourable, while their expectations about the activity over the next 3 months are slightly worsened (Annex, Figure 3).

The uncertain economic environment and shortage of labour continue to be the most serious obstacles for the business development (Annex, Figure 4).

Concerning the selling prices in the industry, the managers’ forecasts are for certain increase, although the prevailing part of them foresee preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In December, the composite indicator ‘business climate in construction’ decreases by 1.2 percentage points (from 23.6% to 22.4%) (Annex, Figure 6), which is due to the reserved construction entrepreneurs’ assessments about the present business situation of the enterprises. However, their expectations about both the business situation of the enterprises over the next 6 months and the construction activity over the next 3 months are improved (Annex, Figure 7).

The main difficulties for the activity remain the uncertain economic environment, costs of materials and shortage of labour, as compared to November, a decrease of the negative impact of the first and third factors is observed (Annex, Figure 8).

As regards the selling prices in construction, the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ drops by 5.6 percentage points (from 27.5% to 21.9%) (Annex, Figure 10) as a result of the shifting of the retailers’ assessments and expectations about the business situation of enterprises from ‘good’ towards preserving ‘the same’. Their forecasts about the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are also reserved.

The uncertain economic environment and competition in the branch continue to be the most serious problems for the business development. The last inquiry reports an increase of the negative impact of the factor ‘insufficient demand’, which shifts to the fourth place the difficulties connected with the shortage of labour (Annex, Figure 12).

Concerning the selling prices, the retailers’ forecasts are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In December, the composite indicator ‘business climate in service sector’ decreases by 2.5 percentage points (from 15.9% to 13.4%) (Annex, Figure 14), which is due to the unfavourable managers’

¹ Excl. trade.



assessments and expectations about the business situation of the enterprises. However, their expectations about the demand for services over the next 3 months are slightly improved (Annex, Figure 15).


The main factors limiting the activity of the enterprises remain the uncertain economic environment, competition in the branch and shortage of labour, as in the last month a decrease of their negative impact is observed (Annex, Figure 16).

In comparison with November, the managers' share who foresee the selling prices in service sector to increase over the next 3 months is rising (Annex, Figure 17).



Methodological notes

The business surveys in industry, construction, retail trade and service sector gather information about the entrepreneurs' opinions about the situation and development of their business.

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.

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.

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.

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.

Annex

Figure 1. Business climate - total

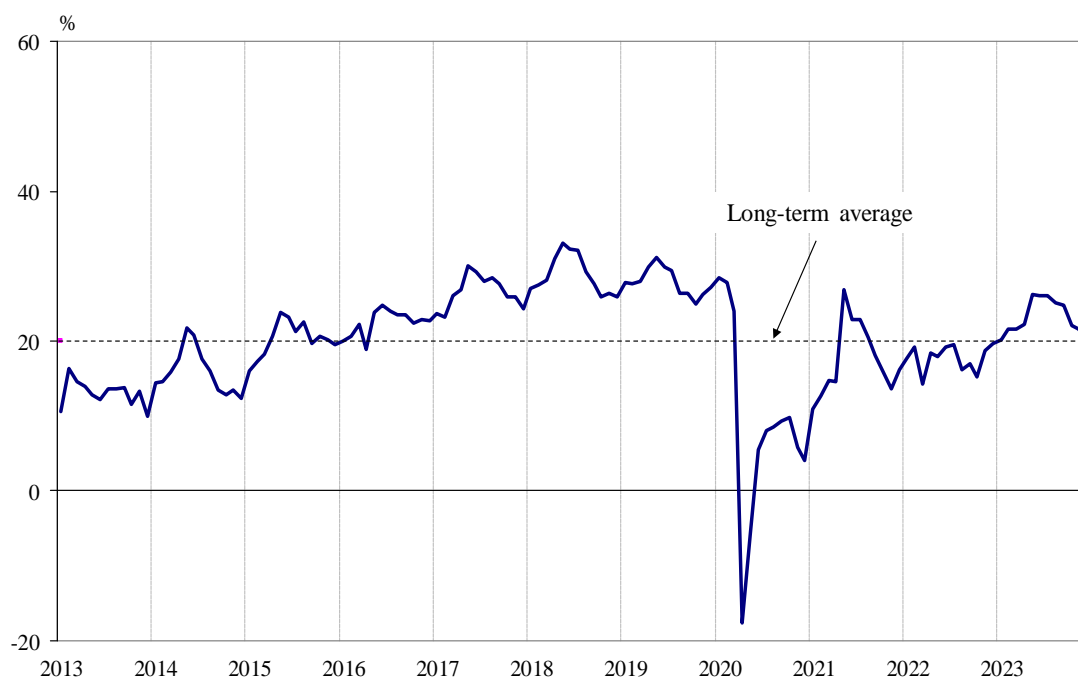


Figure 2. Business climate in industry

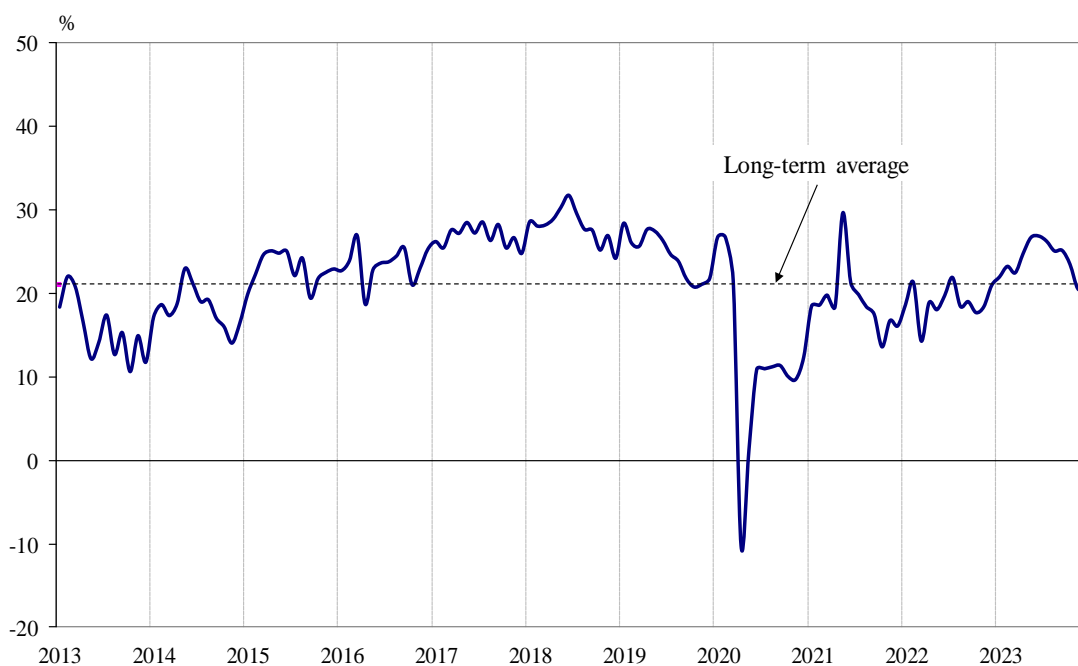


Figure 3. Expected production activity in industry over the next 3 months

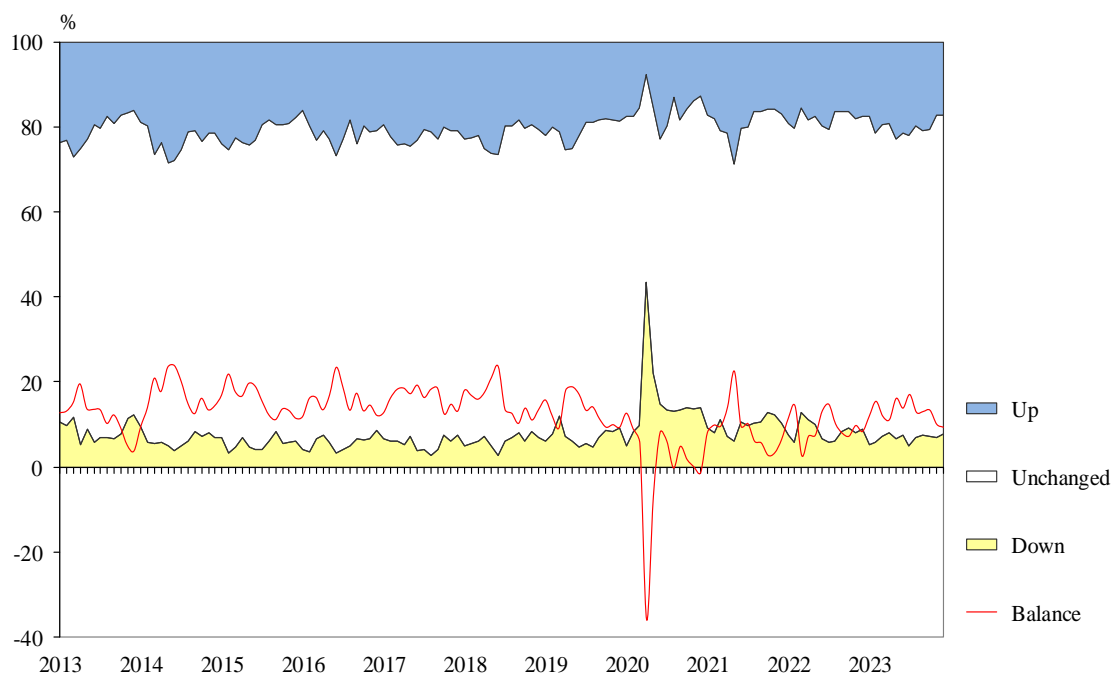


Figure 4. Limits to production in industry (Relative share of enterprises)

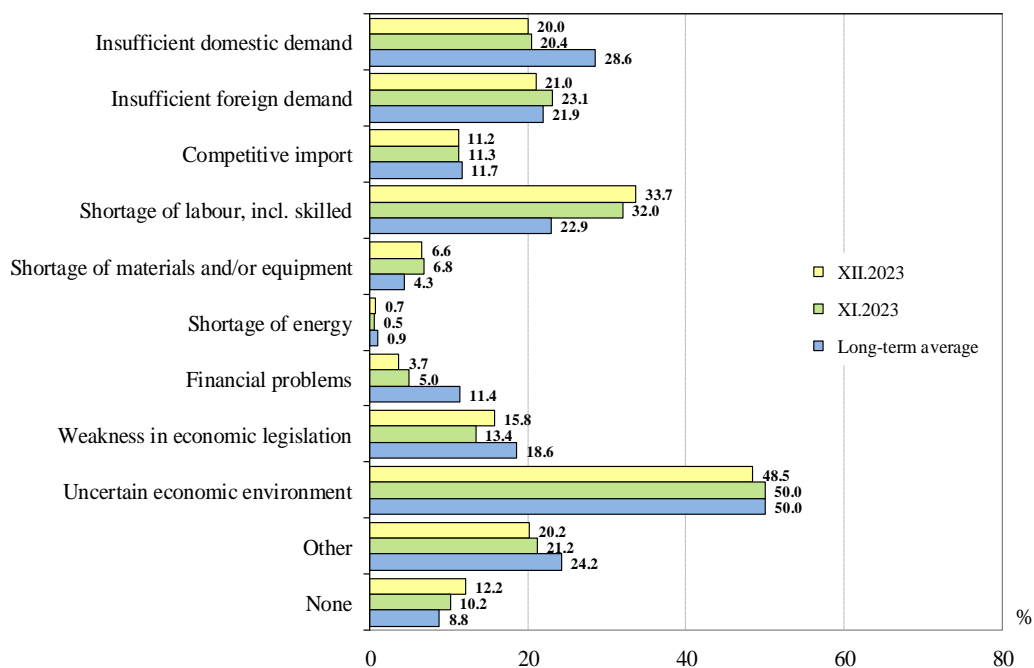


Figure 5. Selling prices expectations in industry over the next 3 months

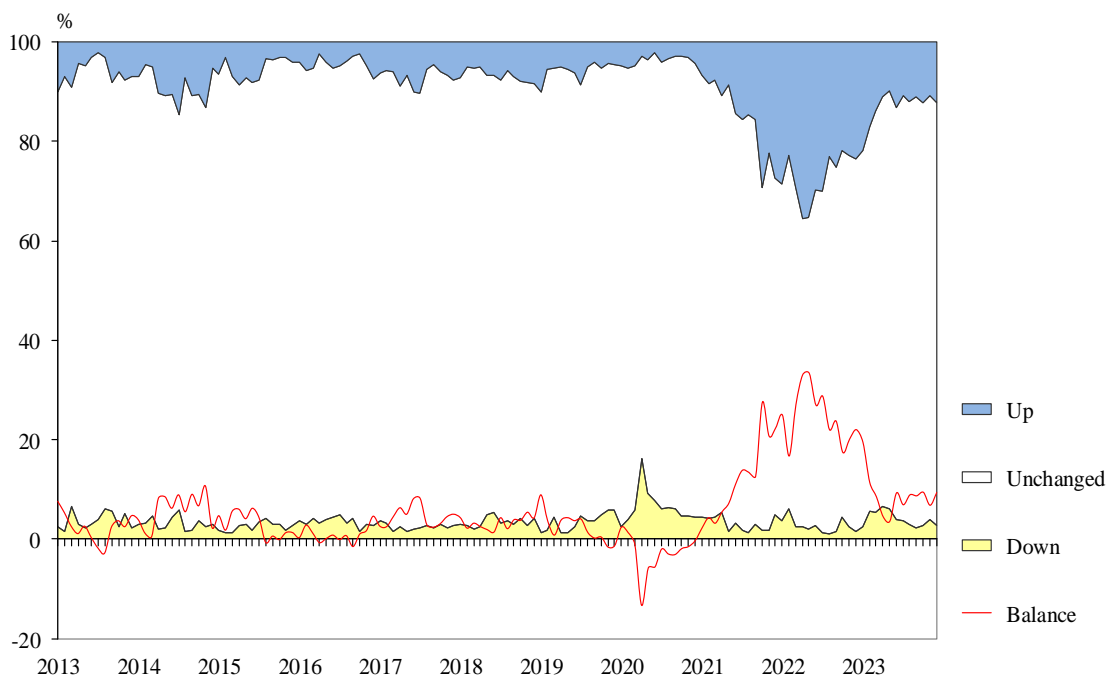


Figure 6. Business climate in construction

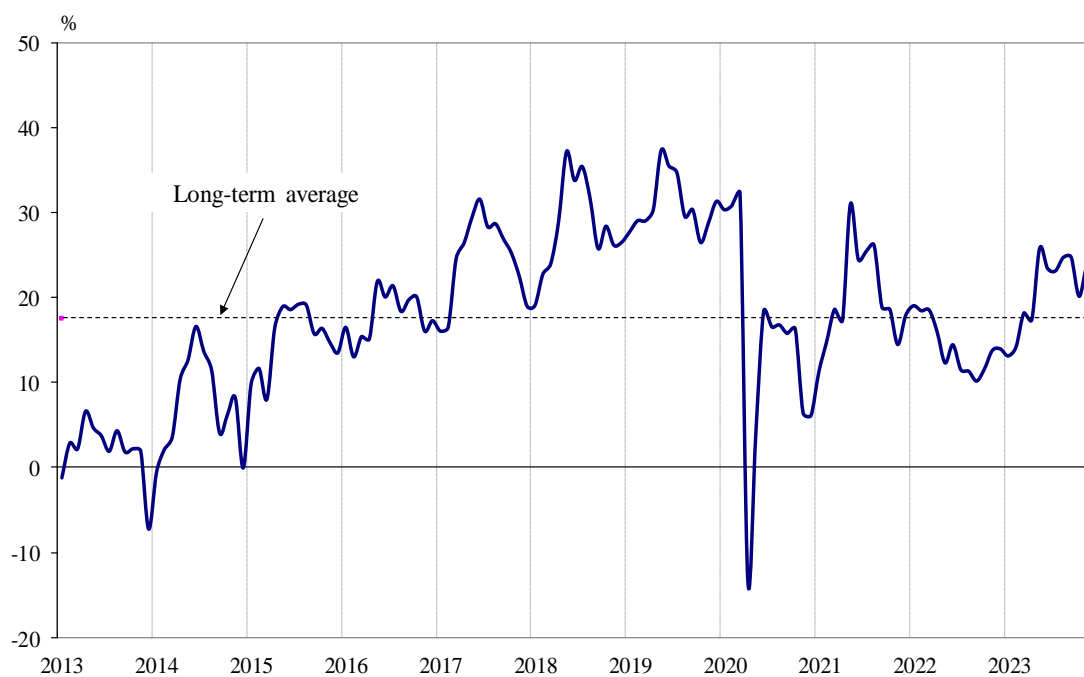


Figure 7. Expected construction activity over the next 3 months

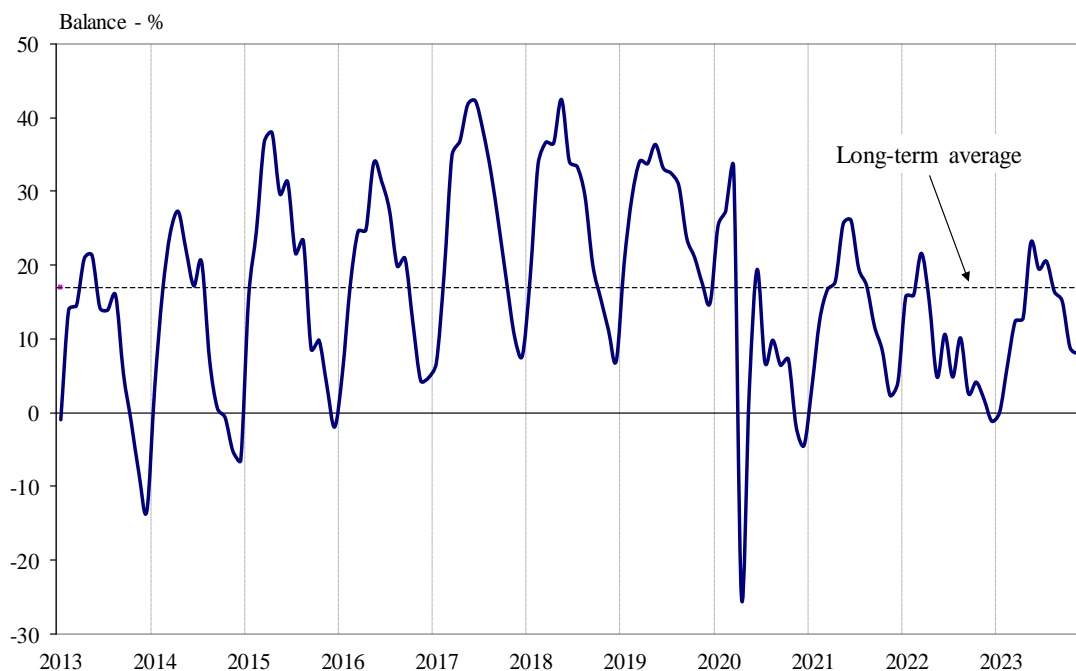


Figure 8. Limits to construction activity (Relative share of enterprises)

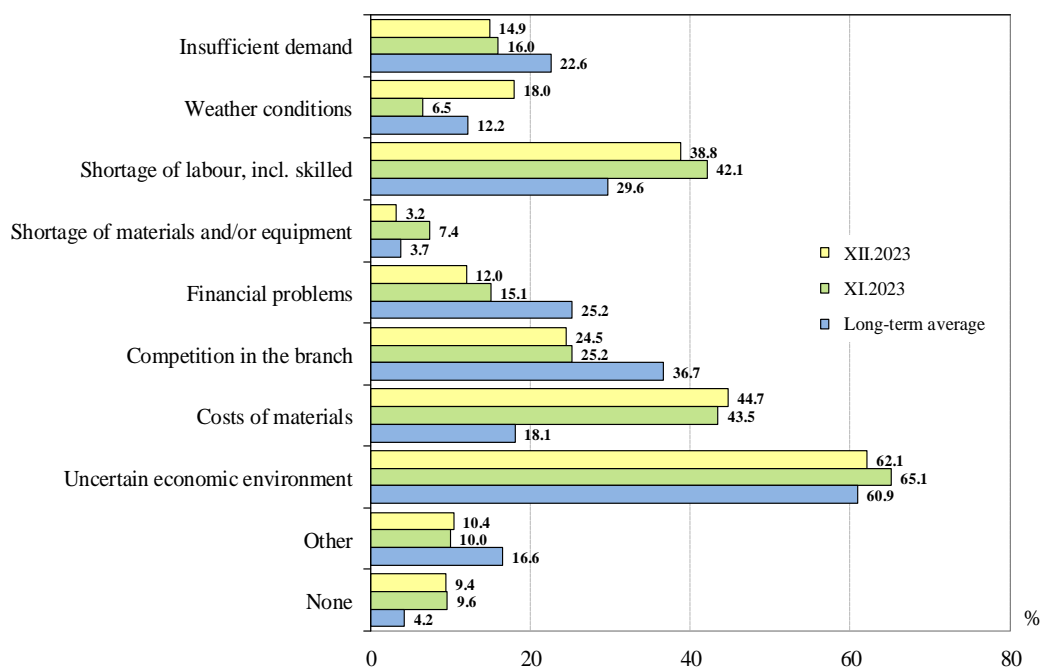


Figure 9. Selling prices expectations in construction over the next 3 months

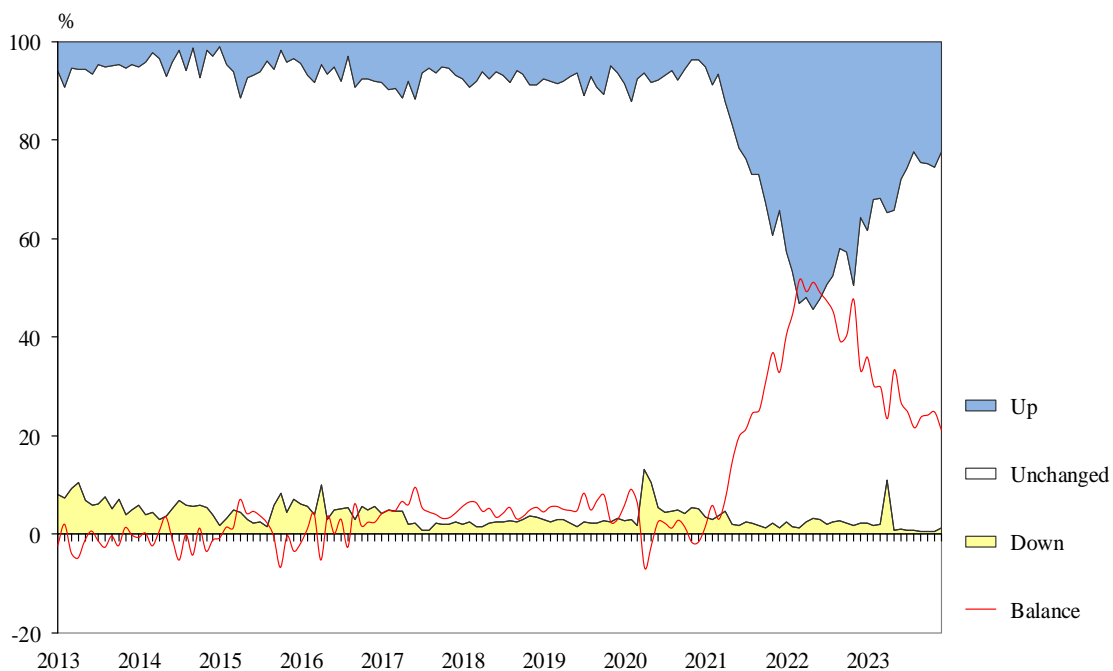


Figure 10. Business climate in retail trade

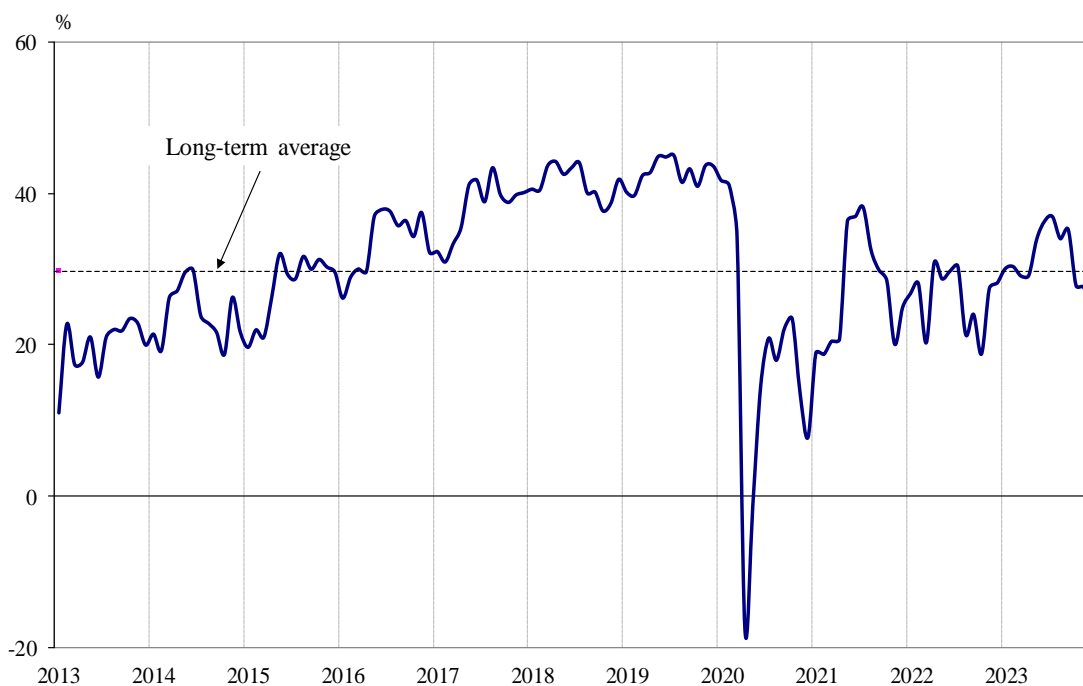


Figure 11. Sales expectations in retail trade over the next 3 months

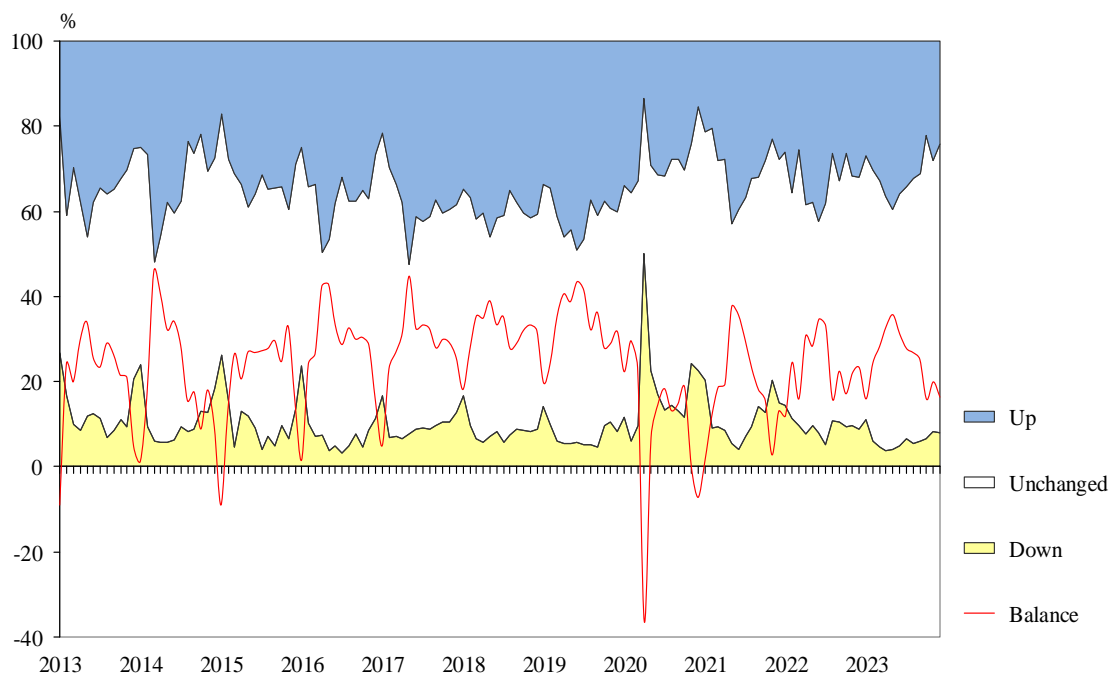


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

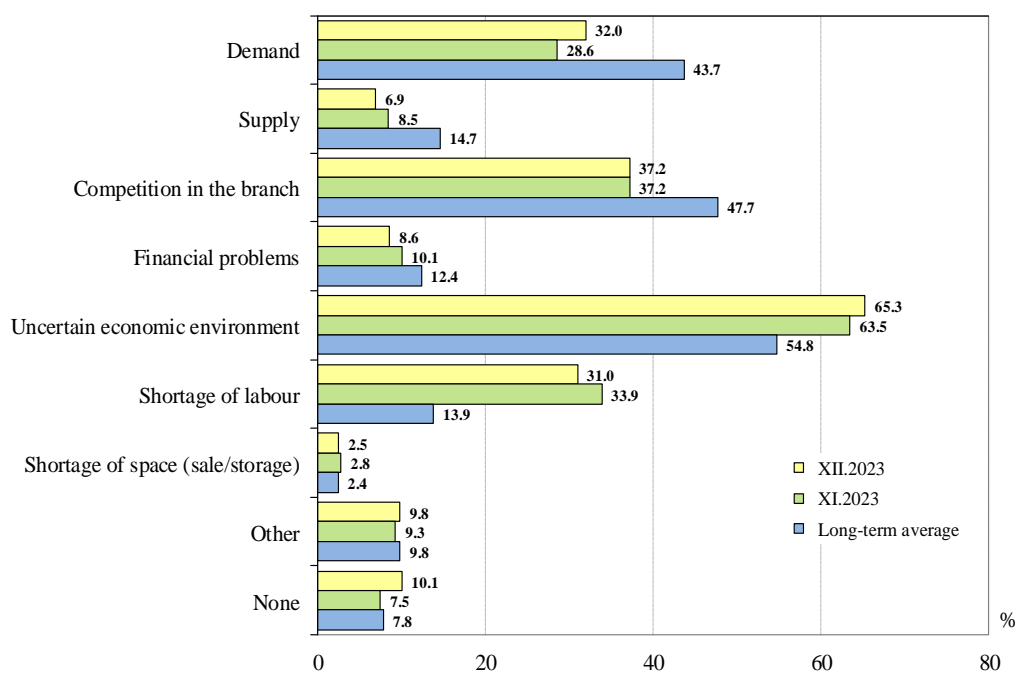


Figure 13. Selling prices expectations in retail trade over the next 3 months

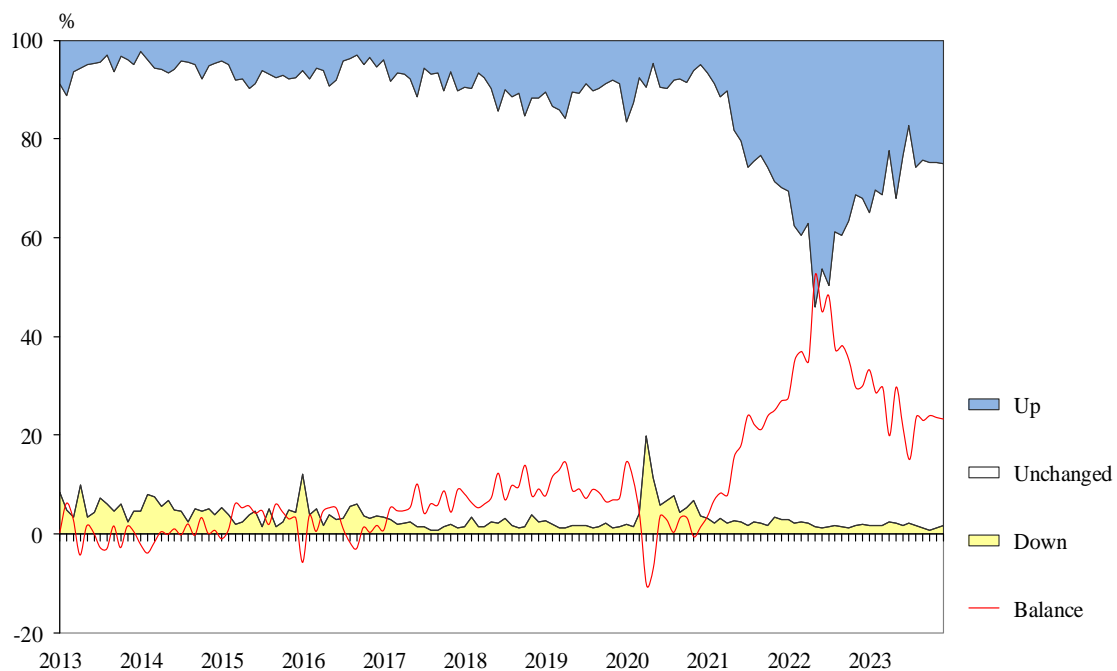


Figure 14. Business climate in service sector

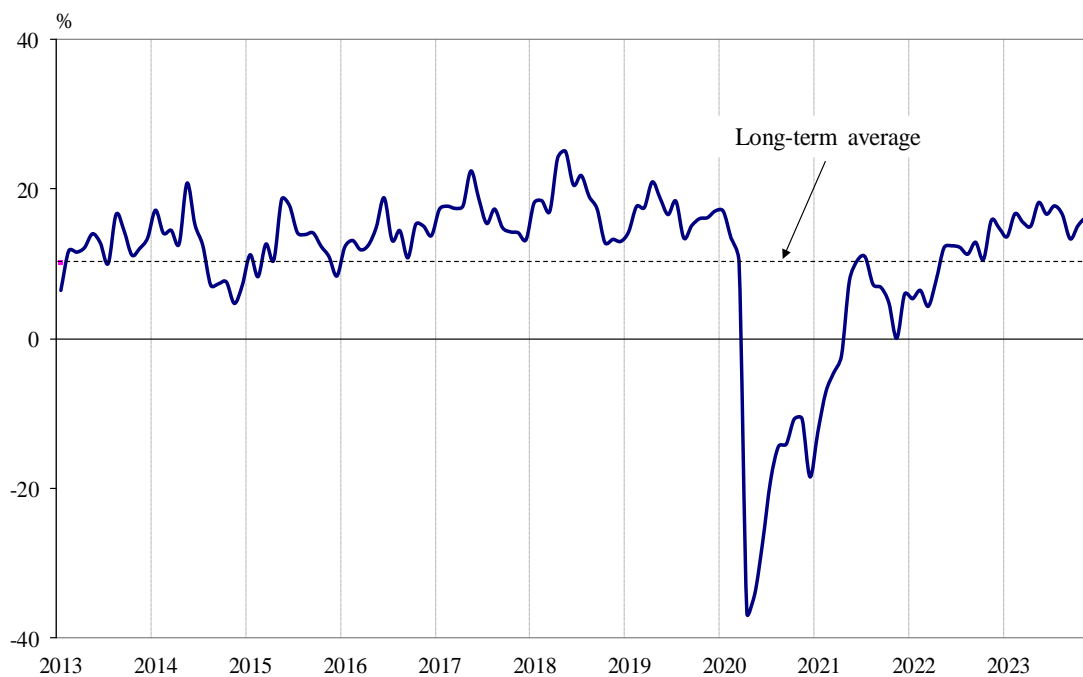


Figure 15. Expected demand in service sector over the next 3 months

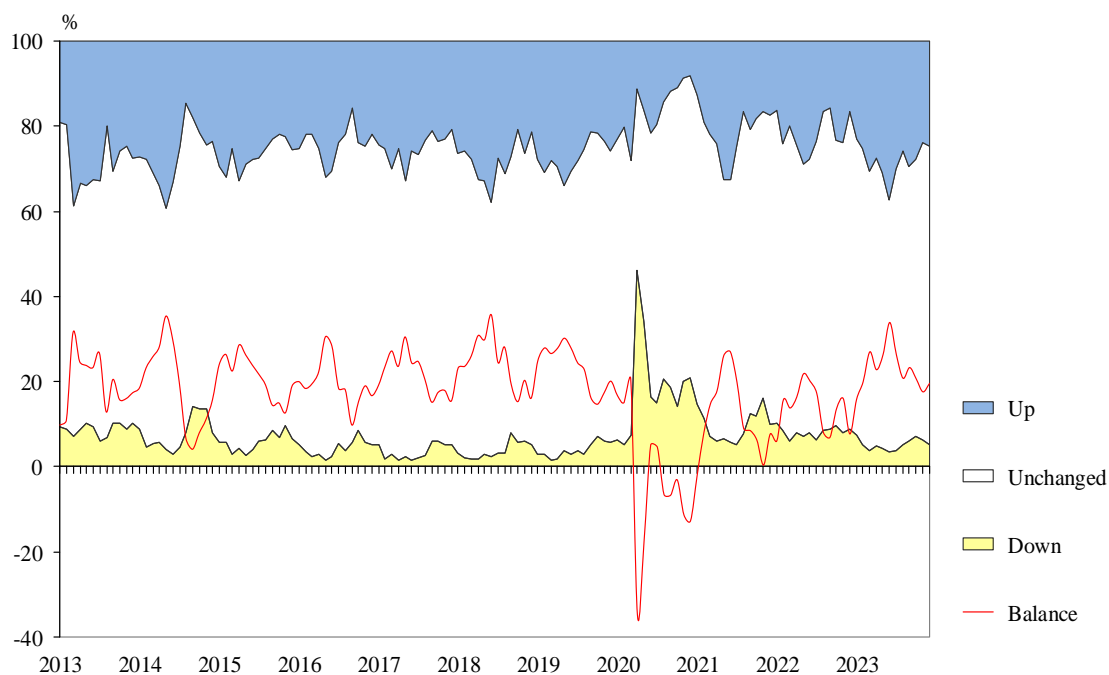
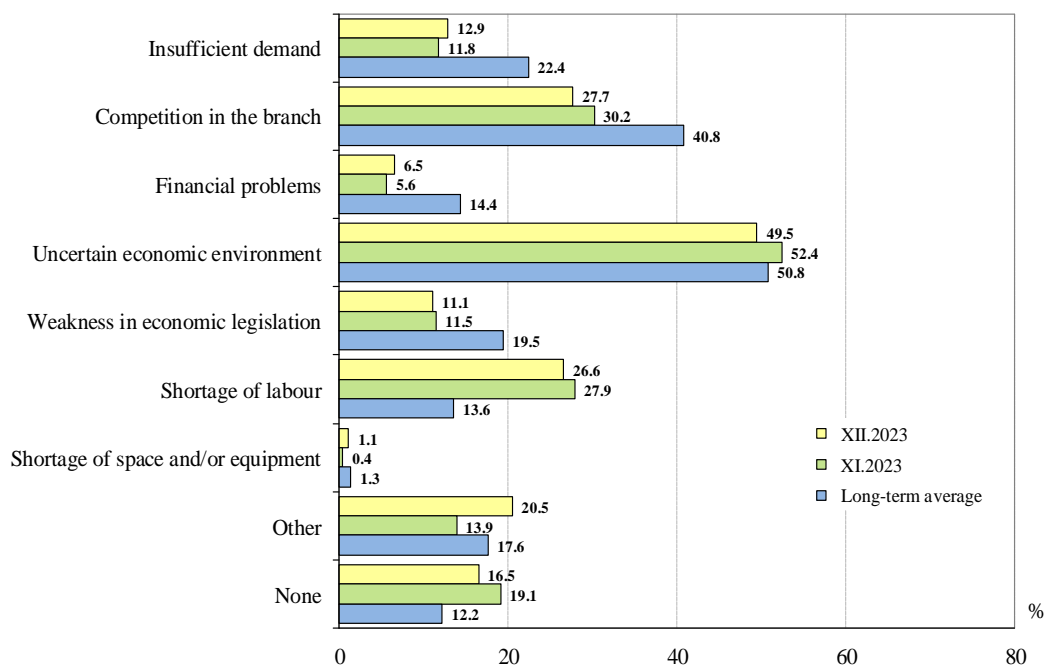


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)



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

