

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, JANUARY 2024

In January 2024, **the total business climate indicator** increases by 3.0 percentage points in comparison with December 2023 (from 19.8% to 22.8%) (Annex, Figure 1), as a growth of the indicator is registered in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator ‘business climate in industry’ increases by 2.6 percentage points (from 20.7% to 23.3%) (Annex, Figure 2), which is due to the improved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. Their forecasts about the production activity over the next 3 months are also favourable (Annex, Figure 3).

In January 2024, the average capacity utilization is by 1.0 percentage point below its October 2023 level and reaches 75.2%, as regards the expected demand over the next months a shortage of capacity is foreseen.

The most serious difficulties for the activity remain the uncertain economic environment and shortage of labour, pointed out respectively by 49.2% and 34.1% of the enterprises (Annex, Figure 4).

As regards the selling prices in the industry, the managers foresee slightly increase over the next 3 months (Annex, Figure 5).

Construction. In January, the composite indicator ‘business climate in construction’ increases by 4.6 percentage points (from 22.4% to 27.0%) (Annex, Figure 6), as a result of the optimistic construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. The production assurance with orders is preserved in comparison with 3 months earlier and it is assessed to be 6.1 months. At the same time, the managers expect an increase of the new orders over the next 6 months, which, according to them, will lead to an increase of the activity in the short-term (Annex, Figure 7).

The uncertain economic environment, costs of materials and shortage of labour continue to be the main factors limiting the business development in the sector, as in the last month a decrease of the negative influence of the first factor is reported (Annex, Figure 8).

According to the last inquiry, the managers’ share who expect the selling prices in construction to increase over the next 3 months is increased and it reaches 26.9% (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 2.9 percentage points (from 21.9% to 24.8%) (Annex, Figure 10), mainly due to the improved retailers’ expectations about the business situation of the enterprises over the next 6 months. However, their forecasts about both the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are worsened.

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

The retailers do not foresee a change in the selling prices over the next 3 months (Annex, Figure 13).

Service sector¹. In January, the composite indicator ‘business climate in service sector’ increases by 2.4 percentage points (from 13.4% to 15.8%) (Annex, Figure 14), as a result of the optimistic managers’

¹ Excl. trade.



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 main problems for the business development continue to be the uncertain economic environment, competition in the branch and shortage of labour (Annex, Figure 16).

Concerning the selling prices in the service sector, the prevailing part of the managers expect preservation of their level over the next 3 months (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

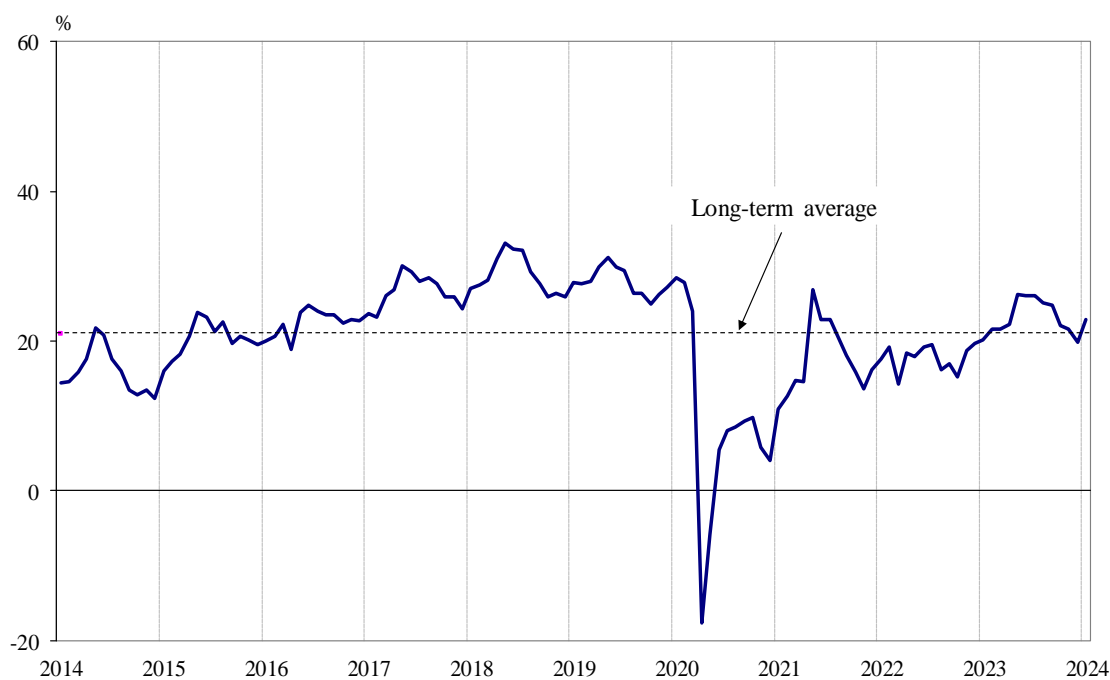


Figure 2. Business climate in industry

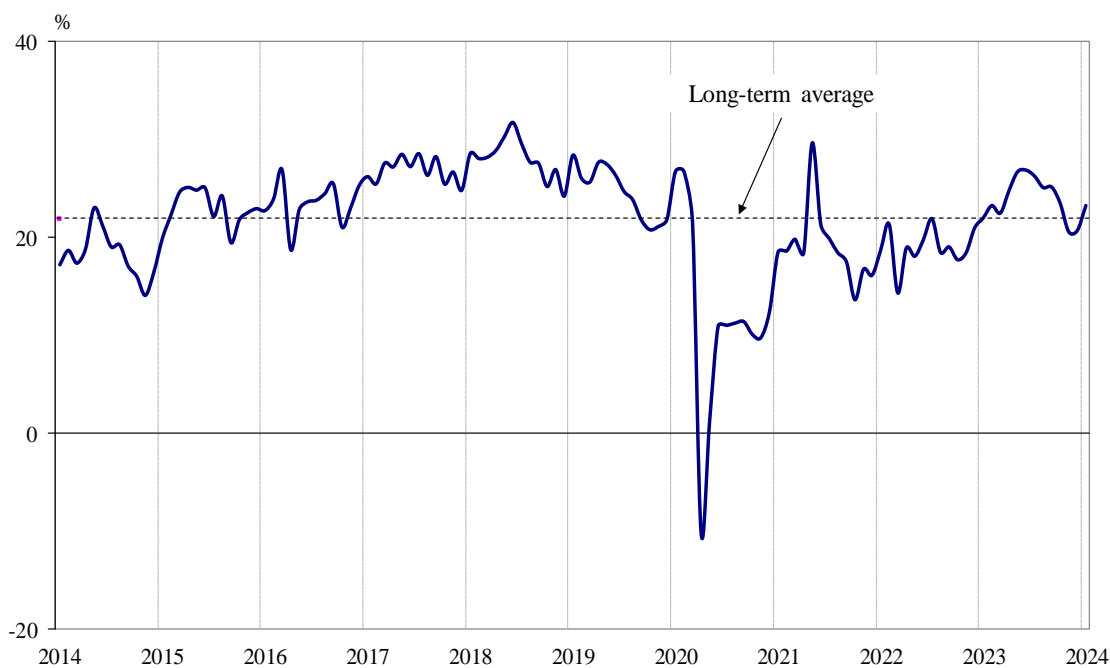


Figure 3. Expected production activity in industry over the next 3 months

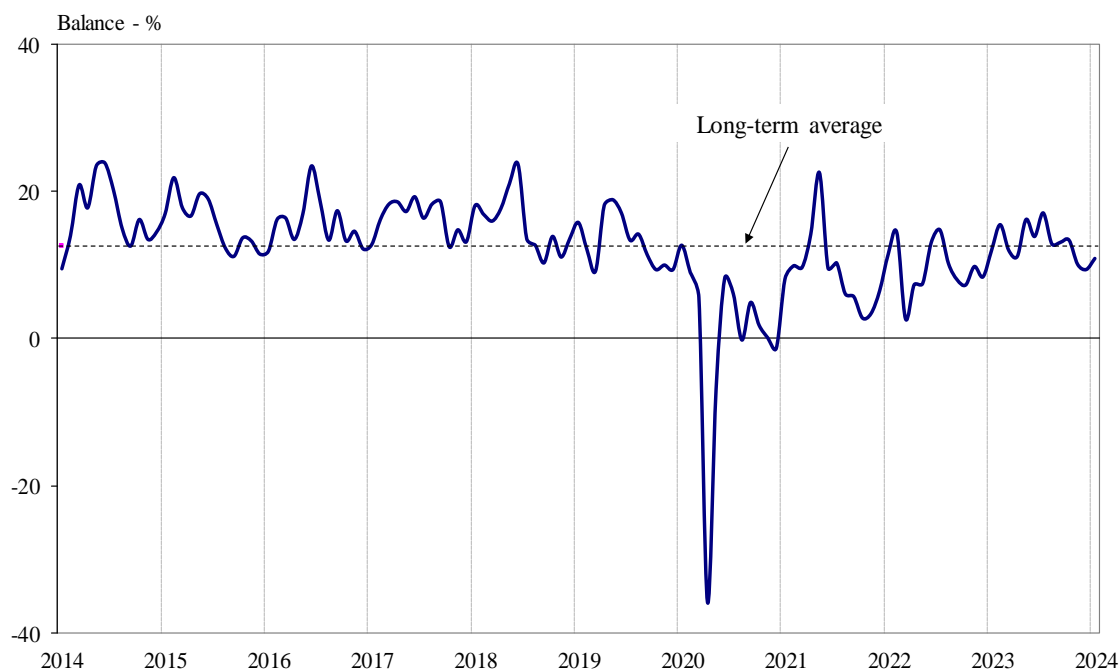


Figure 4. Factors limiting the activity in industry (Relative share of enterprises)

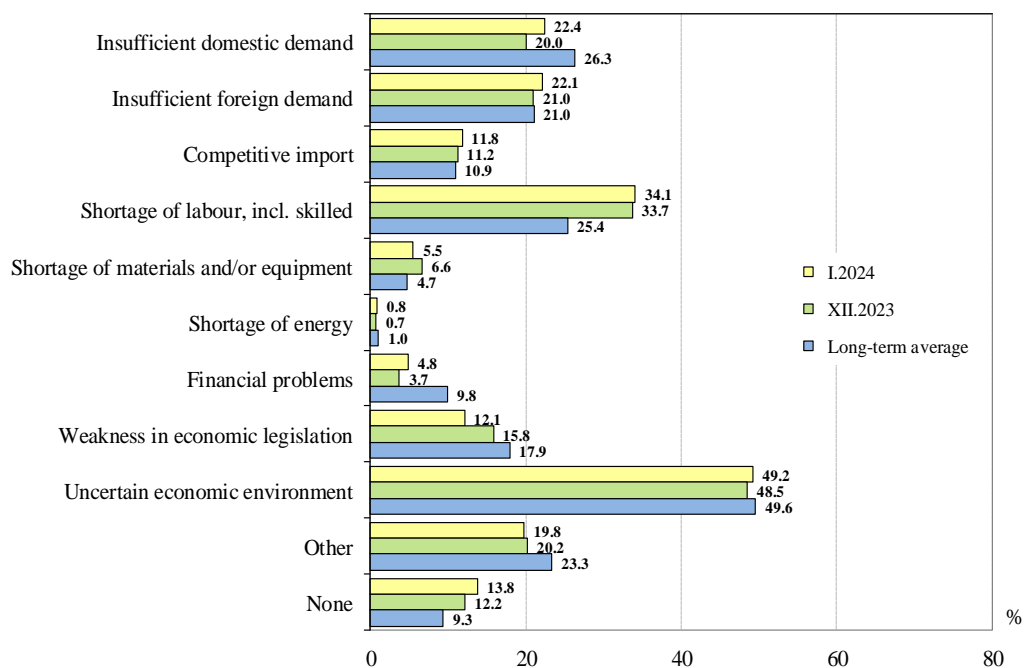


Figure 5. Selling prices expectations in industry over the next 3 months

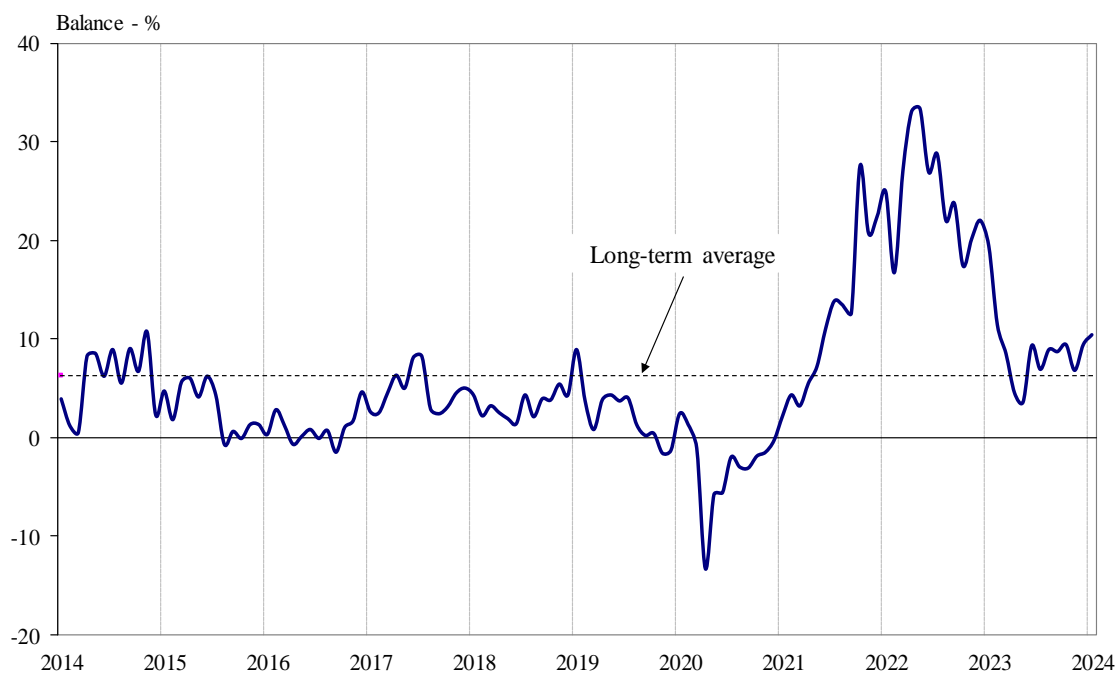


Figure 6. Business climate in construction

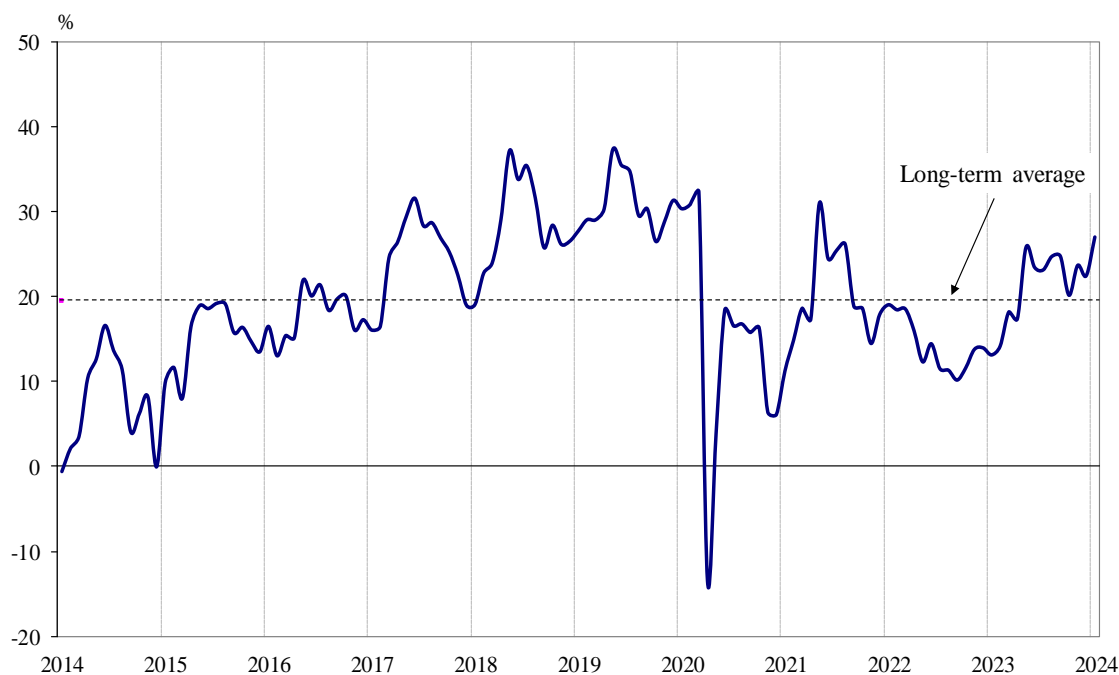


Figure 7. Expected construction activity over the next 3 months

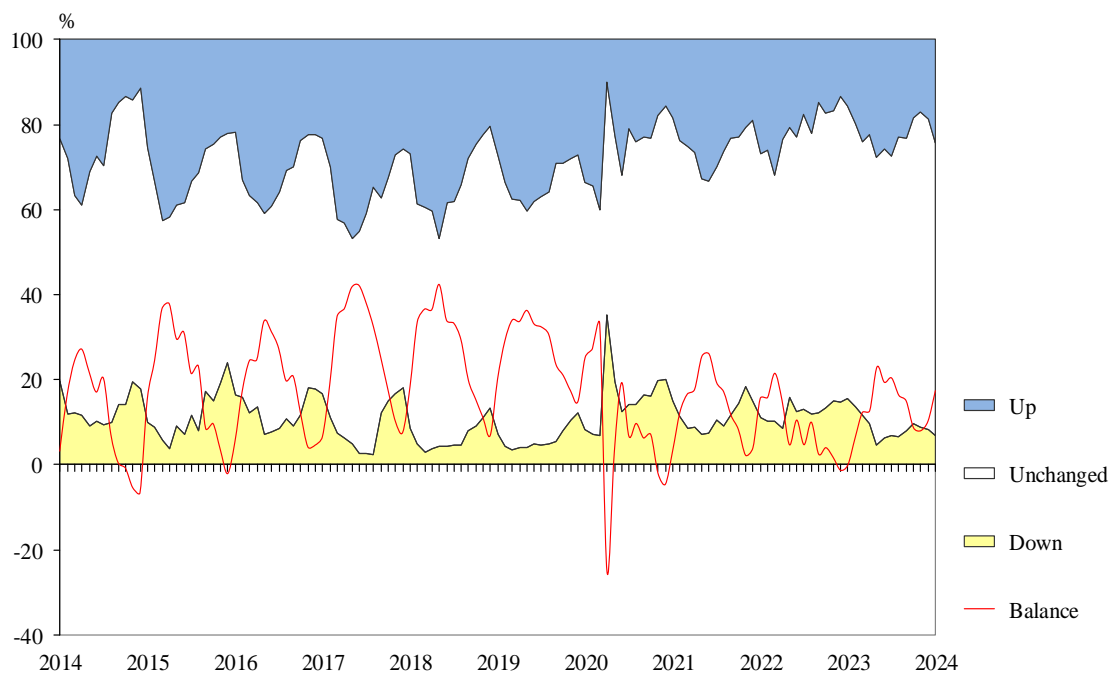


Figure 8. Factors limiting the activity in construction (Relative share of enterprises)

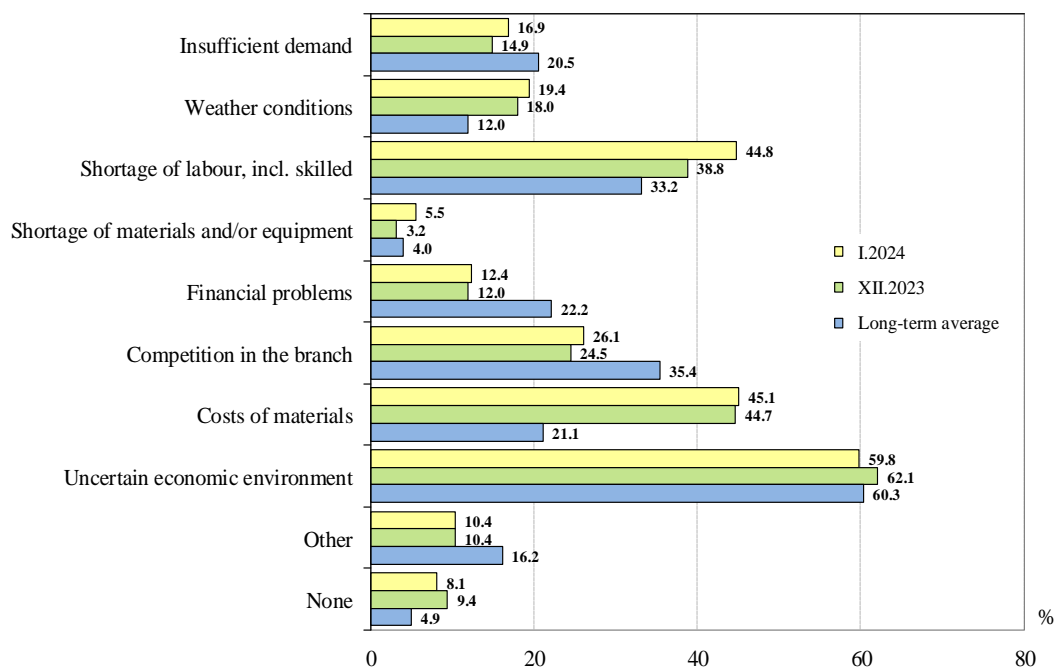


Figure 9. Selling prices expectations in construction over the next 3 months

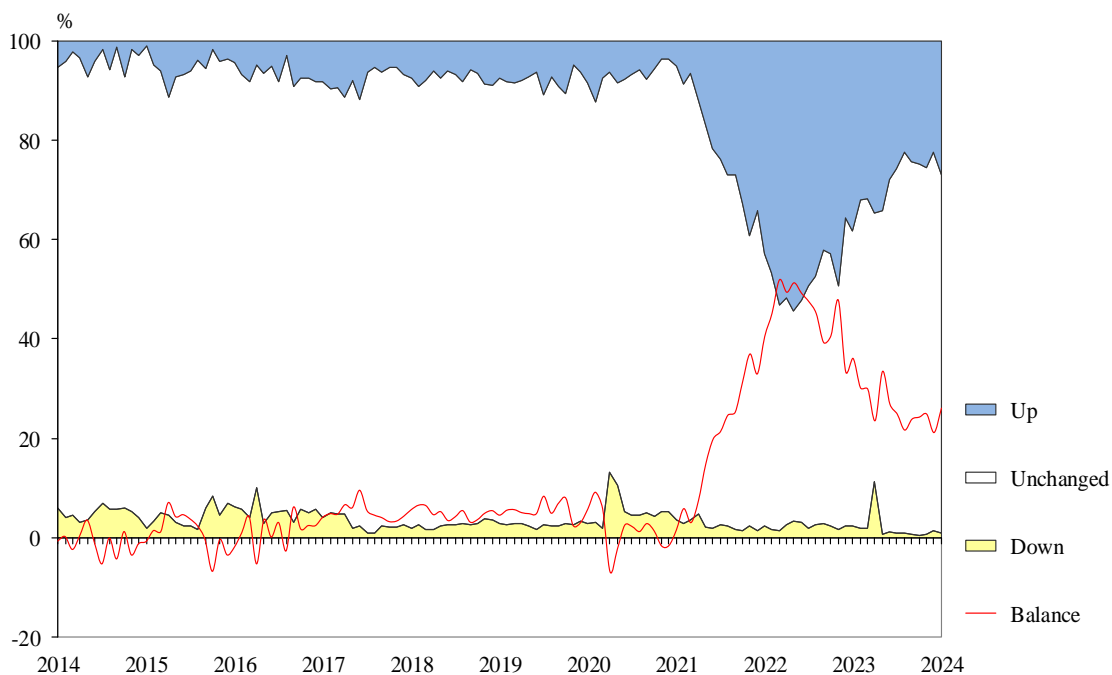


Figure 10. Business climate in retail trade

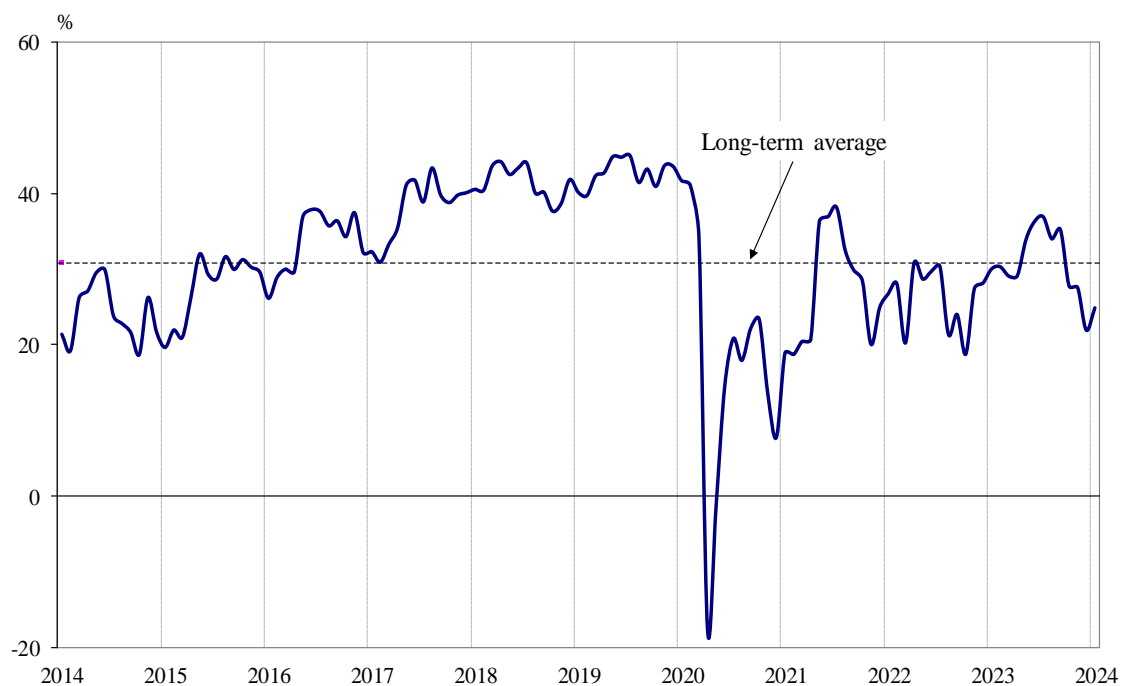


Figure 11. Sales expectations in retail trade over the next 3 months

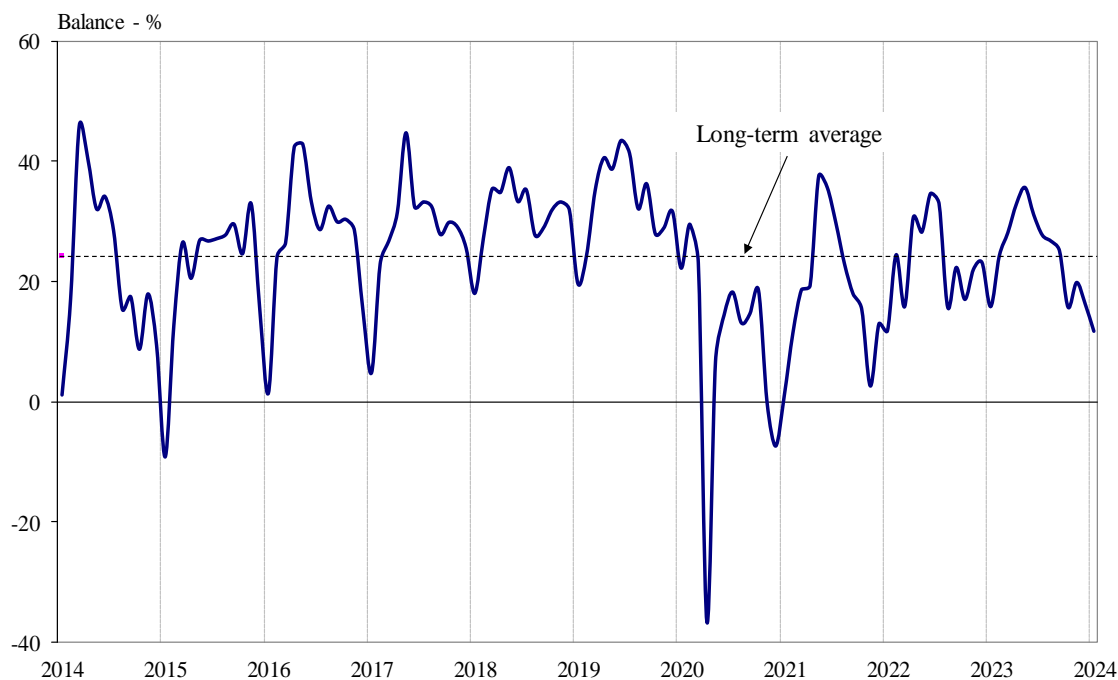


Figure 12. Factors limiting the activity in retail trade (Relative share of enterprises)

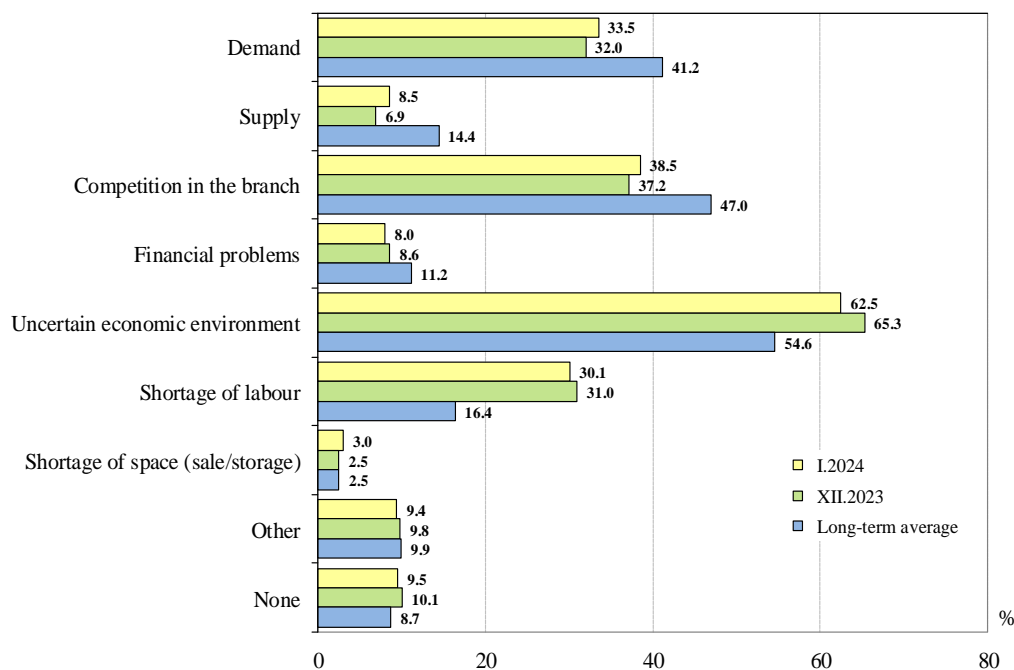


Figure 13. Selling prices expectations in retail trade over the next 3 months

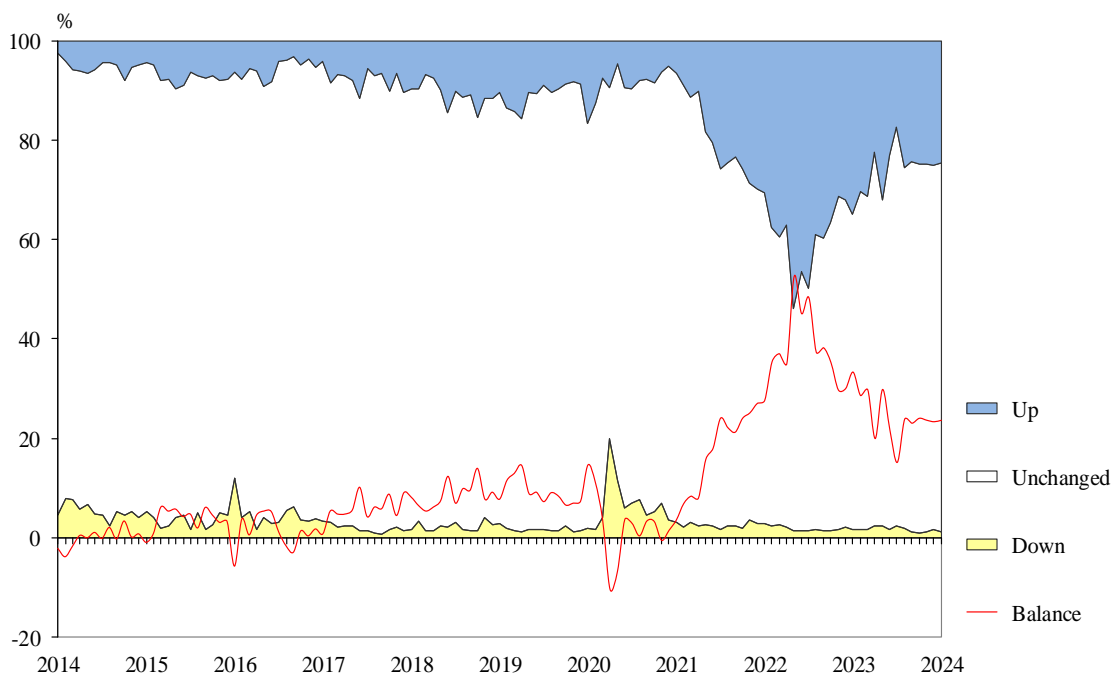


Figure 14. Business climate in service sector

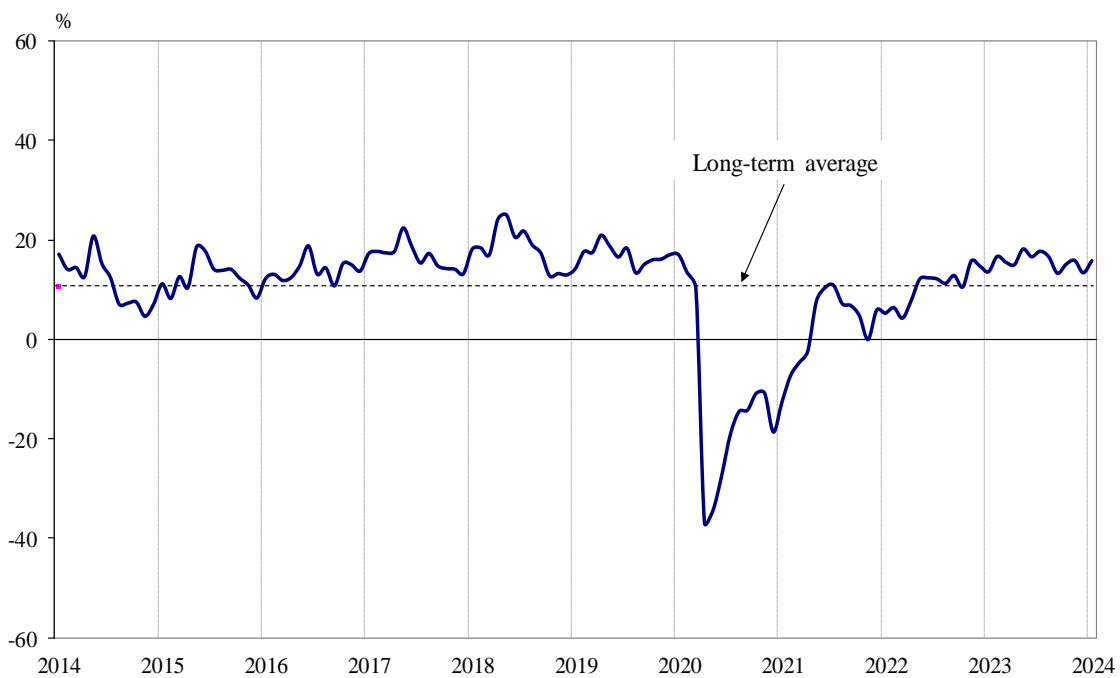


Figure 15. Expected demand in service sector over the next 3 months

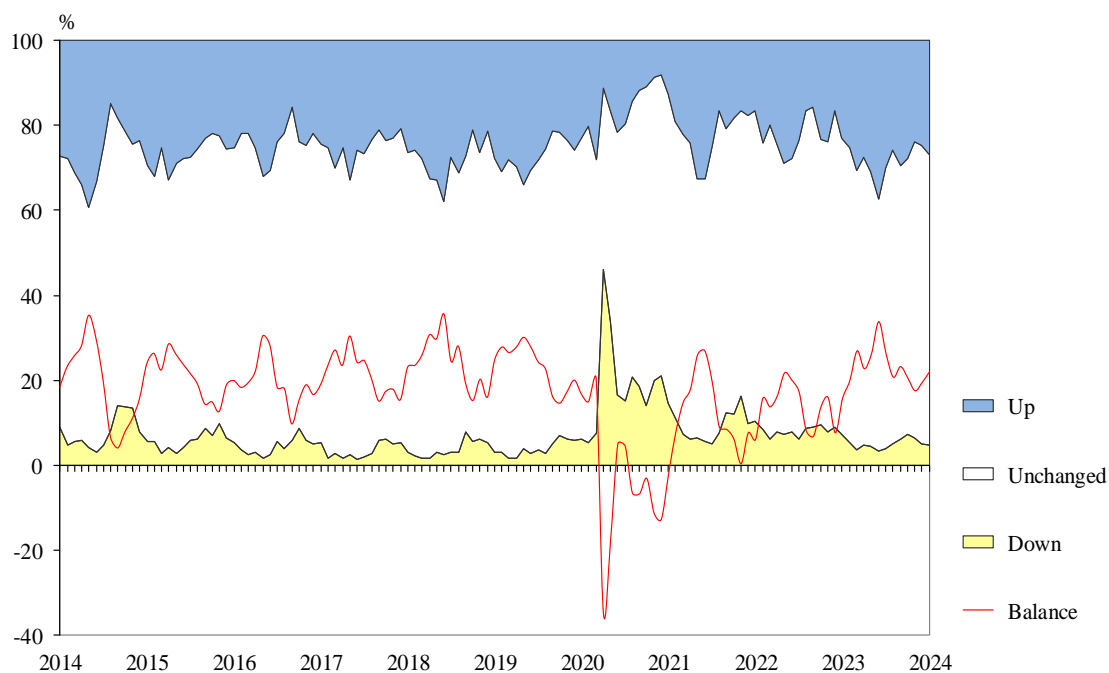


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

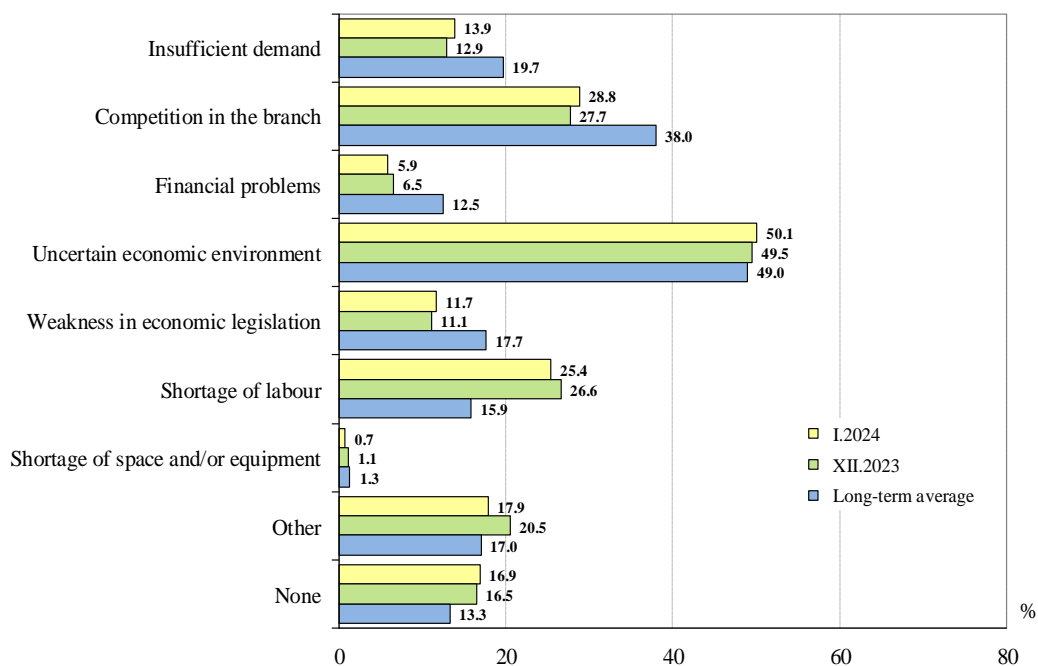


Figure 17. Selling prices expectations in service sector over the next 3 months

