



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, JULY 2024

In July 2024, **the total business climate indicator** decreases by 1.5 percentage points compared to the previous month (from 24.5% to 23.0%) (Annex, Figure 1). A reduction of the indicator is observed in industry, construction and retail trade, and in service sector preserves approximately its June level.

**Industry.** The composite indicator 'business climate in industry' decreases by 1.0 percentage point (from 17.5% to 16.5%) (Annex, Figure 2), mainly due to the worsened managers' expectations about the business situation of the enterprises over the next 6 months. In their opinion, in the last month, there is a slight increase of the production assurance with orders, as at the same time the forecasts about the activity over the next 3 months remain favourable (Annex, Figure 3).

In July, the average capacity utilization is 74.4%, which is by 0.5 percentage points below its April level and as regards the expected demand over the next months a shortage of capacity is foreseen.

The most serious difficulties for the activity remain connected with the uncertain economic environment and shortage of labour, pointed out respectively by 54.3% and 31.3% of the enterprises (Annex, Figure 4).

Concerning the selling prices in the industry, the managers' forecasts are for preservation of their level over the next 3 months (Annex, Figure 5).

**Construction.** In July, the composite indicator 'business climate in construction' drops by 5.1 percentage points (from 31.0% to 25.9%) (Annex, Figure 6) as a result of the negative construction entrepreneurs' assessments and expectations about the business situation of the enterprises. According to them, the present construction activity is decrease compared to June, as their forecasts over the next 3 months remain reserved (Annex, Figure 7). At the same time, their expectations about the new orders over the next 6 months have slightly worsened.

The uncertain economic environment, shortage of labour and costs of materials continue to be the main factors limiting the business development (Annex, Figure 8).

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

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**Retail trade.** The composite indicator 'business climate in retail trade' decrease by 1.0 percentage point (from 38.3% to 37.3%) (Annex, Figure 10), which is due to the unfavourable retailers' assessments and expectations about the business situation of the enterprises. However, their forecasts about the orders placed with suppliers (from both domestic and foreign market) over the next 3 months are positive (Annex, Figure 11).

The main problems for the activity of the enterprises remains connected with the uncertain economic environment, competition in the branch, insufficient demand and shortage of labour, as in the last month a decrease of the negative impact of the competition is observed (Annex, Figure 12).

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

**Service sector<sup>1</sup>.** In July, the composite indicator 'business climate in service sector' preserves approximately its level from the previous month (from 18.4% to 18.6%) (Annex, Figure 14). The managers' forecasts for the business development in the sector over the next 6 months are favourable and their expectations about the demand for services over the next 3 months are for improvement (Annex, Figure 15).

The uncertain economic environment, shortage of labour and competition in the branch continue to be the most serious obstacles for the business development, although compared to June a decrease of the negative influence of the last two factors is reported (Annex, Figure 16).


Regarding the selling prices in the service sector, the majority of the managers foresee them to preserve their level over the next 3 months (Annex, Figure 17).

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<sup>1</sup> Excl. trade.

### **Methodological notes**

The business surveys in the 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 NSI and the European Commission (  ) according to agreements 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.

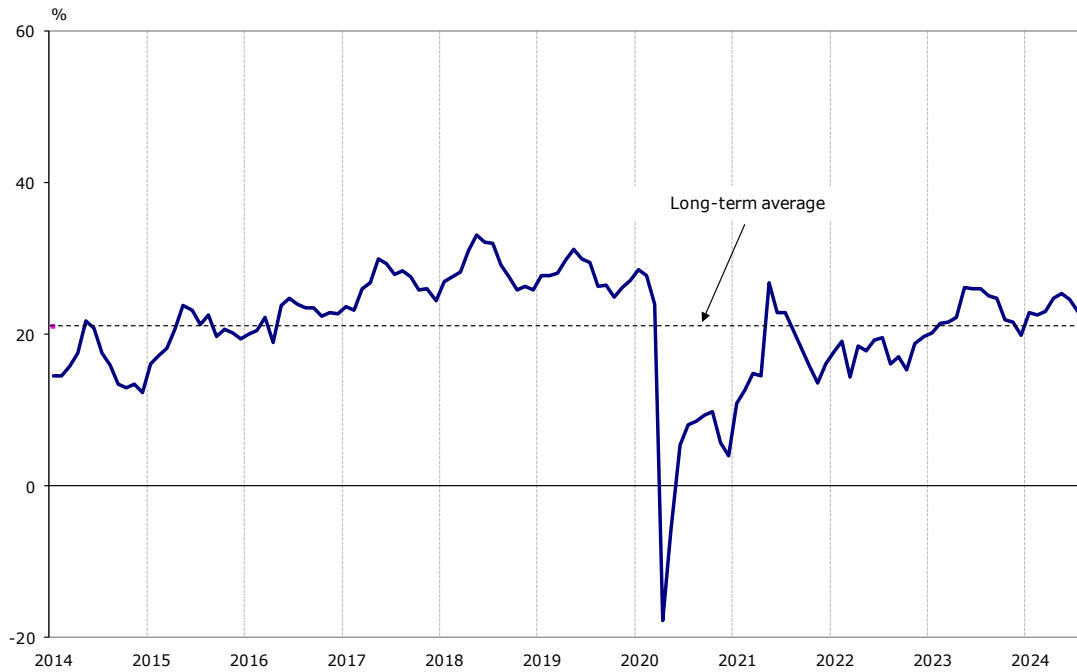
Since July 2010, NSI has started publishing the business surveys data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

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.

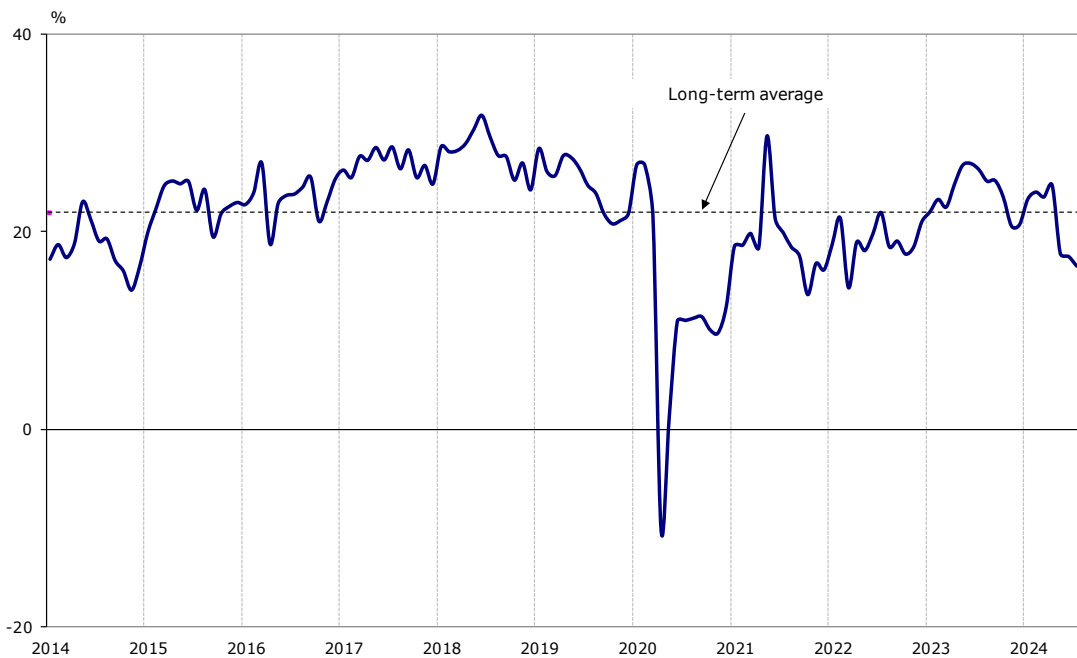
The total business climate indicator is a weighted average of four branch business climate indicators in: industry, construction, retail trade and in the service sector. The last indicator of the business climate in the service sector has been included in the total time series since May 2002.

**Annex**

**Figure 1. Business climate - total**

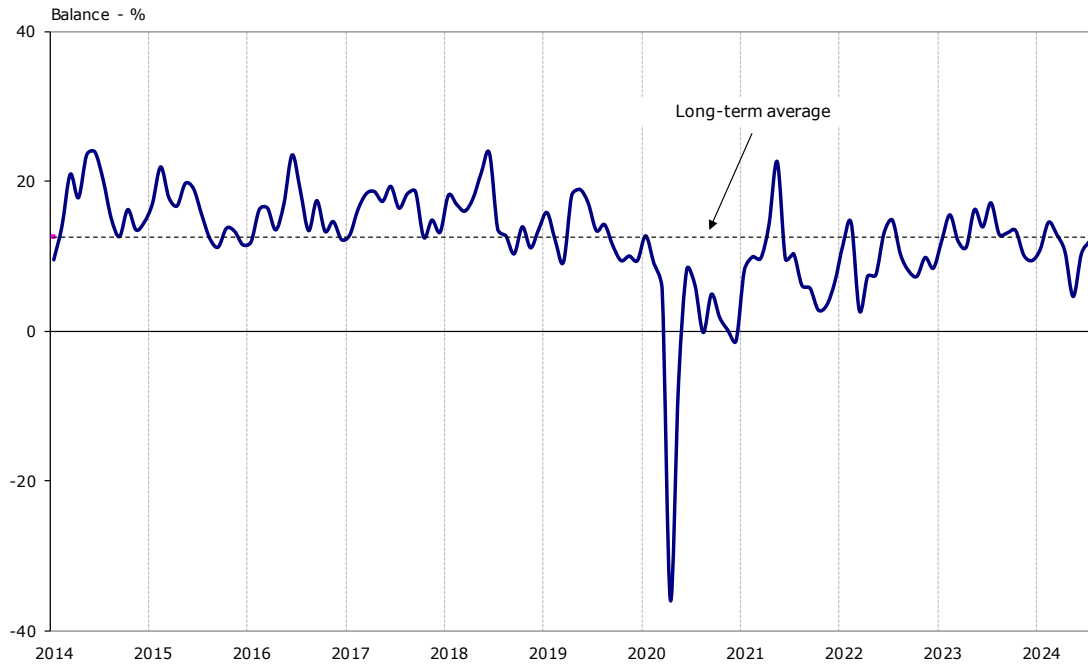


**Figure 2. Business climate in industry**

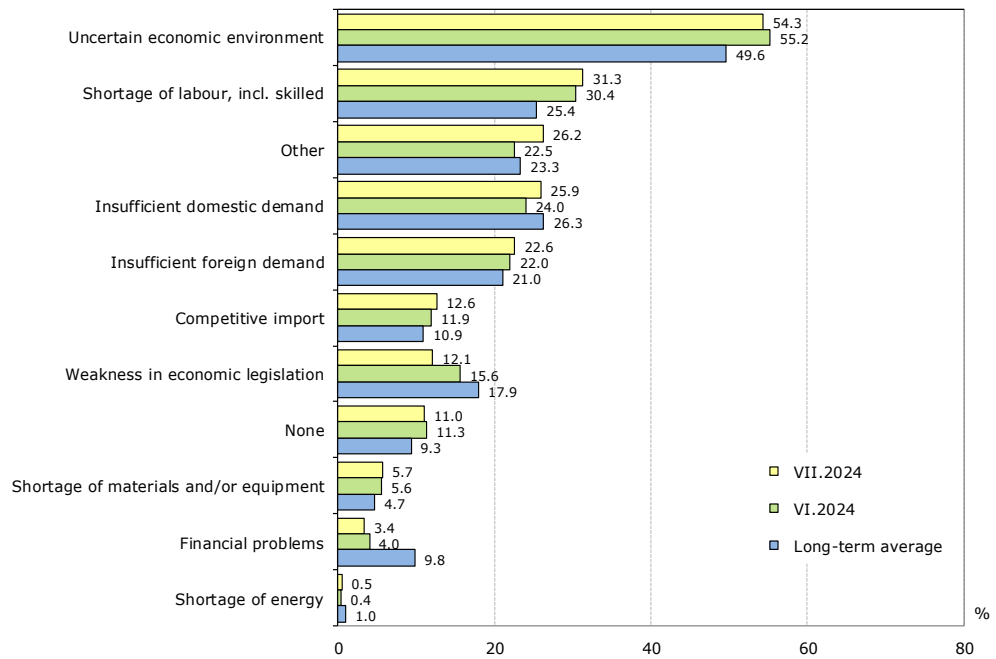


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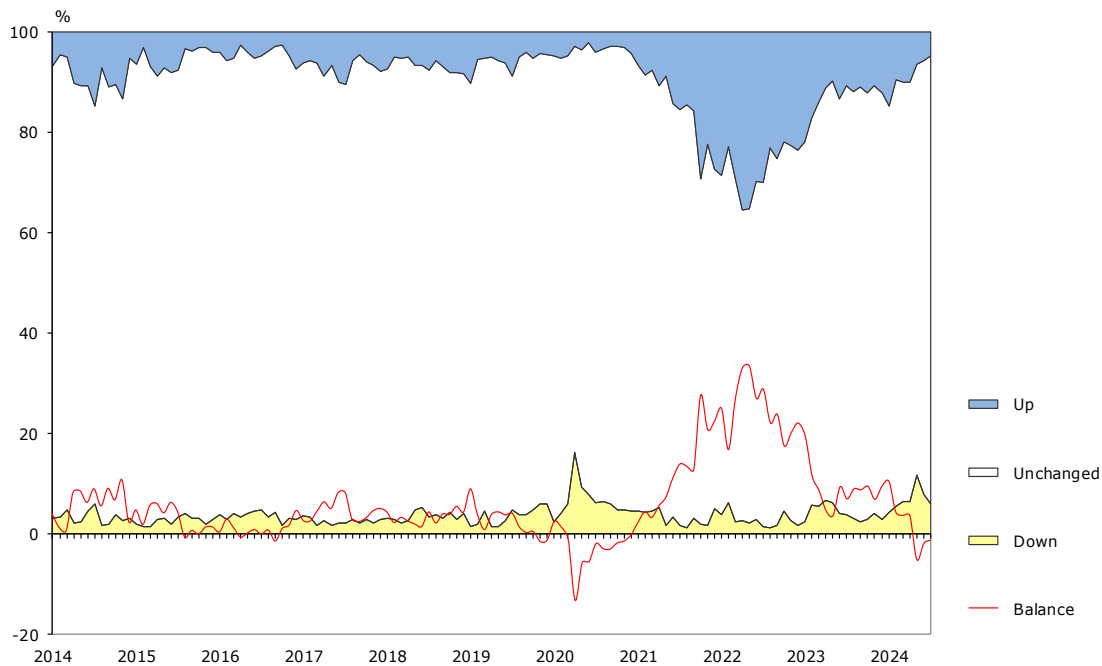
**Figure 3. Expected production activity in industry over the next 3 months**



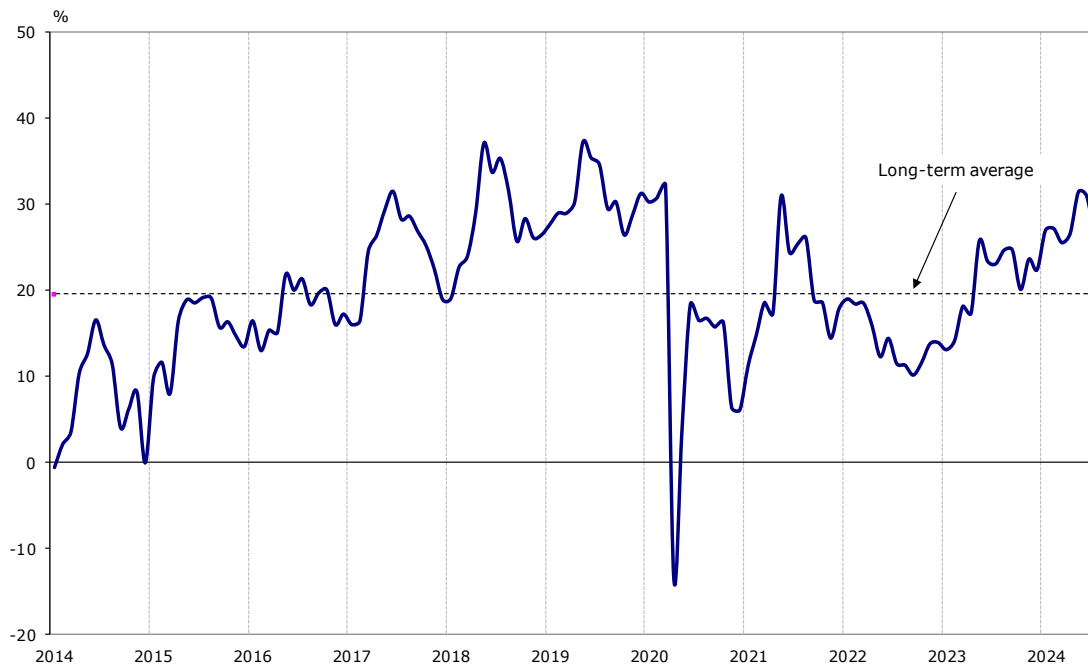
**Figure 4. Factors limiting the activity in industry**  
**(Relative share of enterprises)**



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

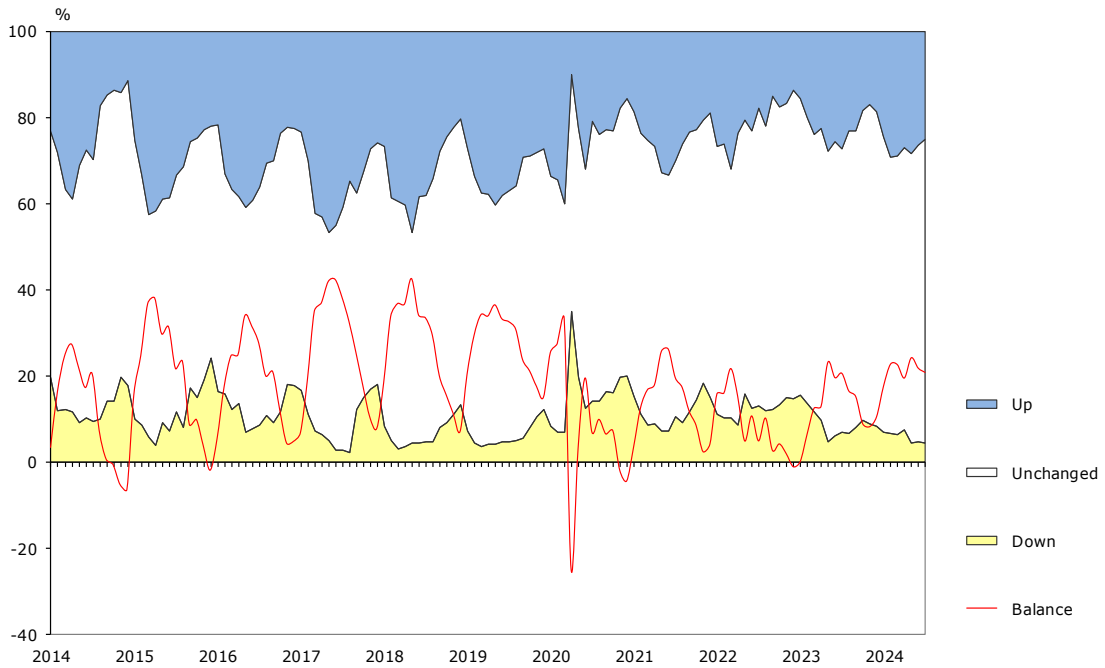


**Figure 6. Business climate in construction**

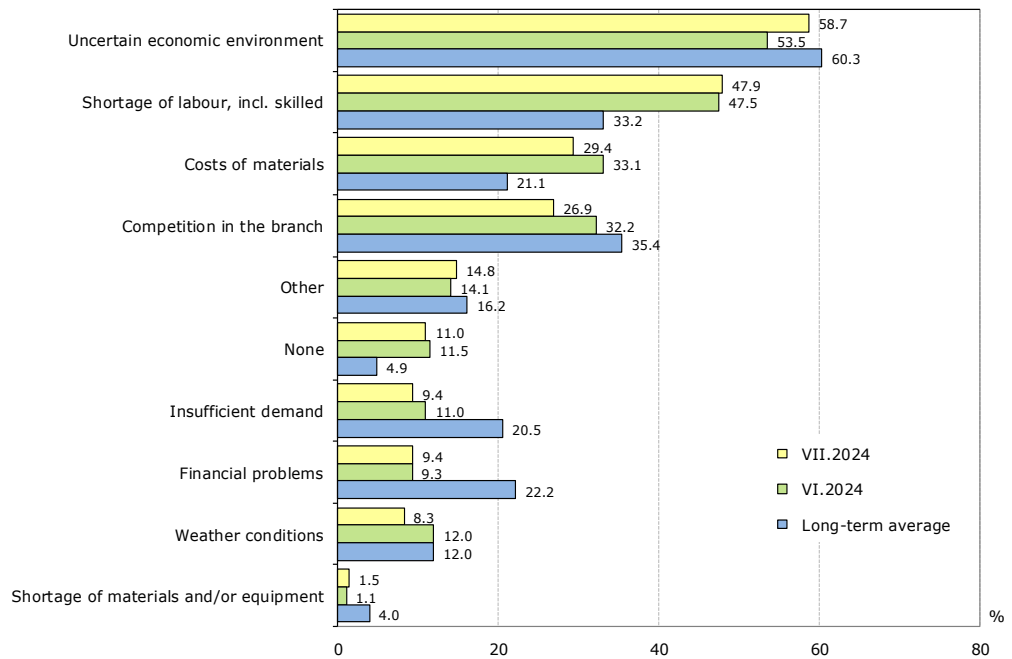


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**Figure 7. Expected construction activity over the next 3 months**

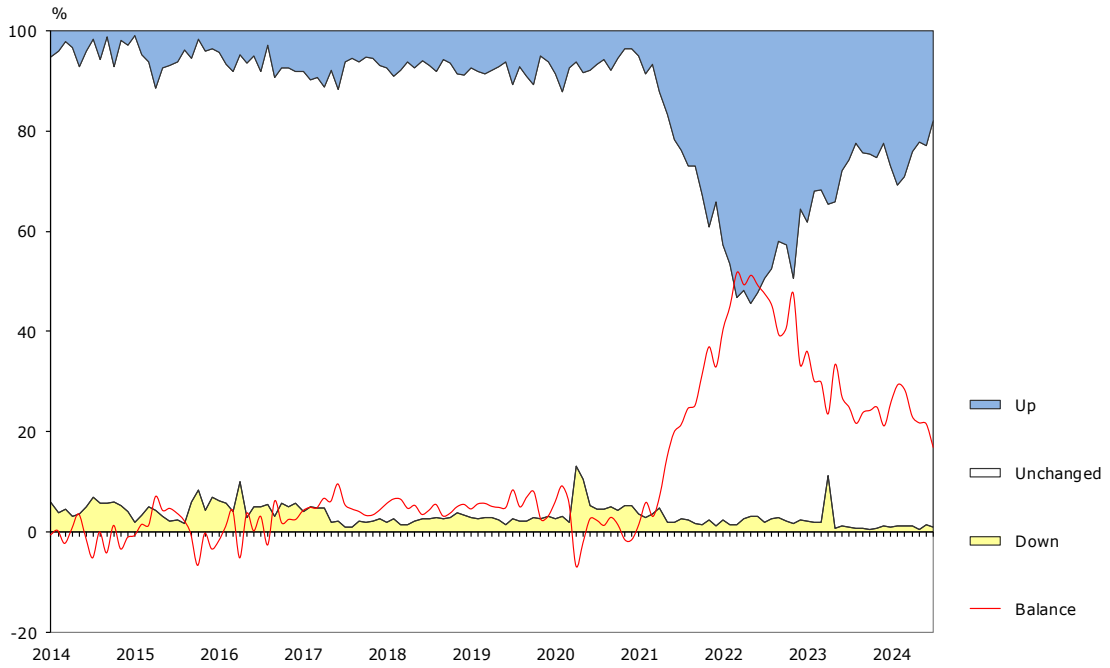


**Figure 8. Factors limiting the activity in construction**  
**(Relative share of enterprises)**

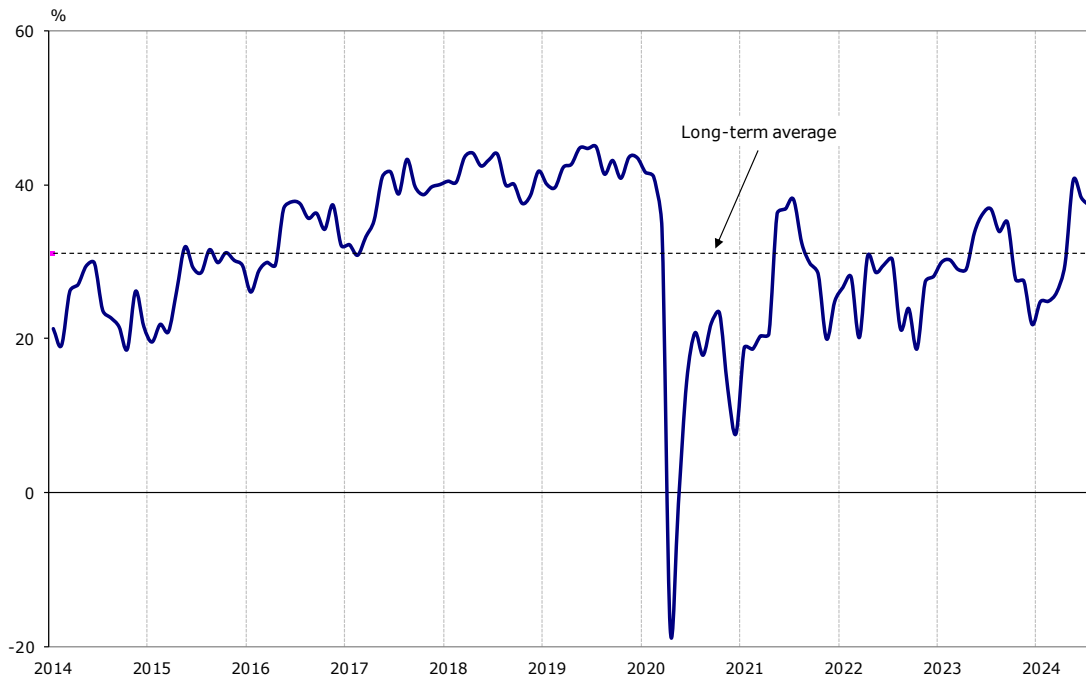


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**Figure 9. Selling prices expectations in construction over the next 3 months**



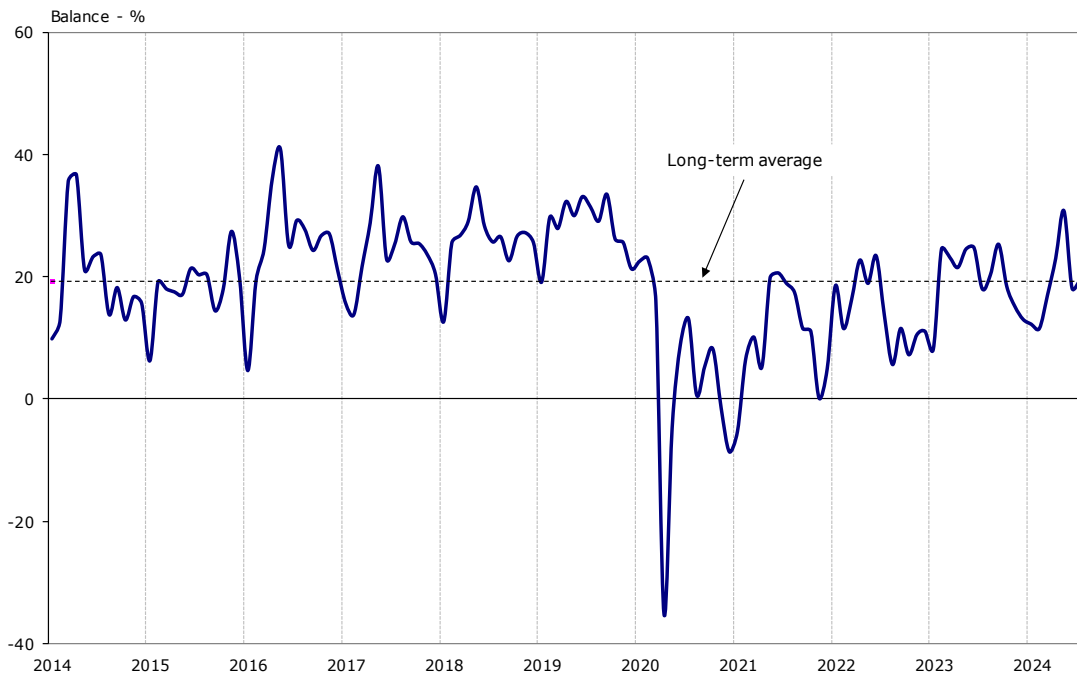
**Figure 10. Business climate in retail trade**



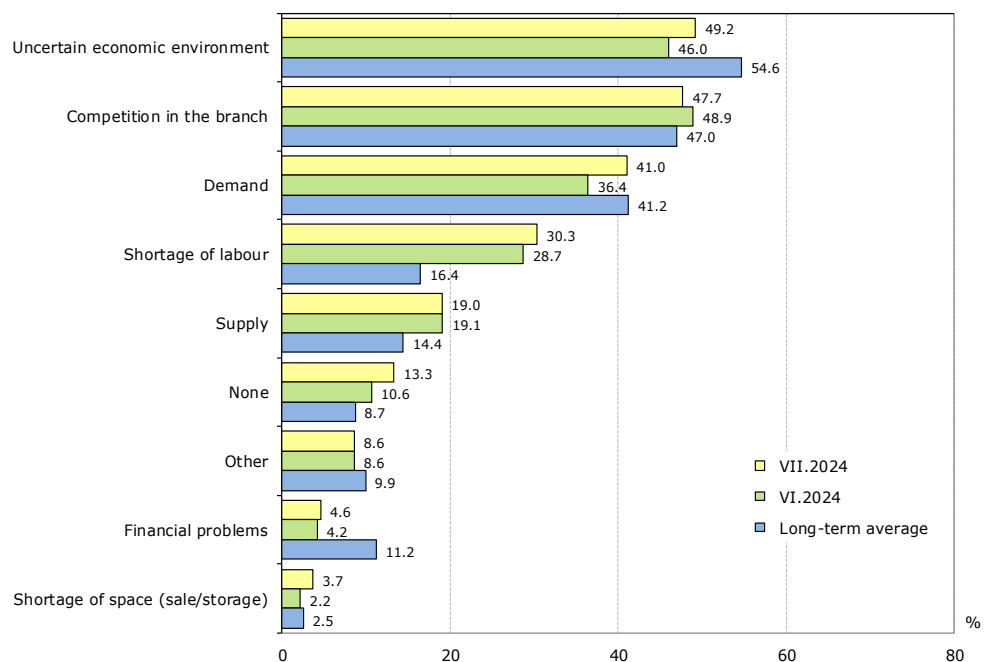


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**Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months**

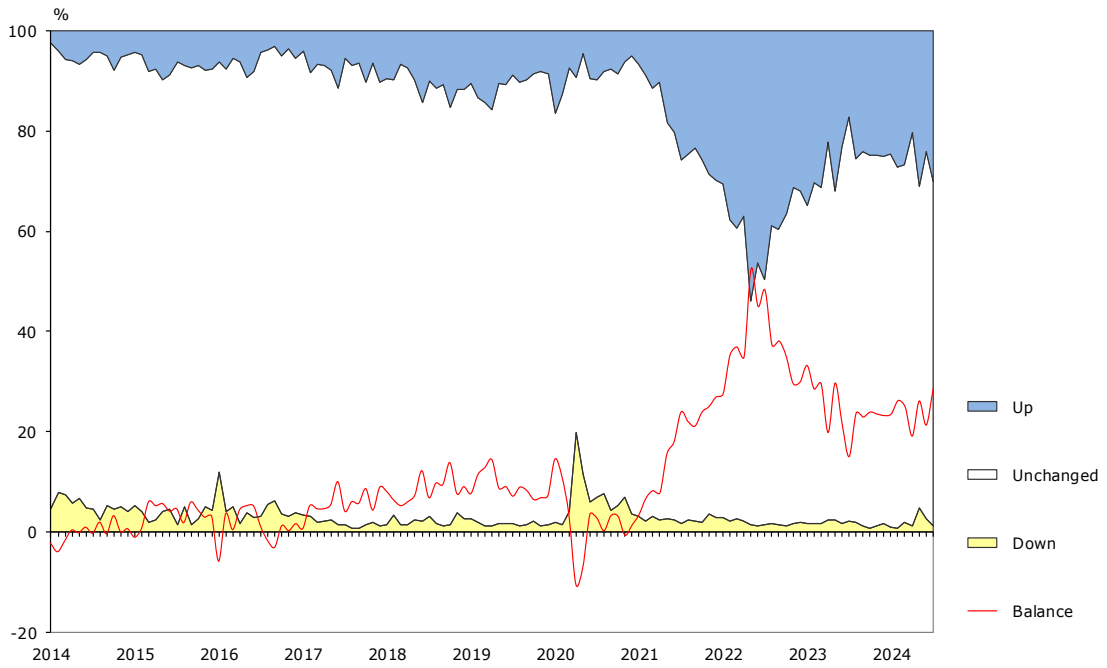


**Figure 12. Factors limiting the activity in retail trade  
(Relative share of enterprises)**

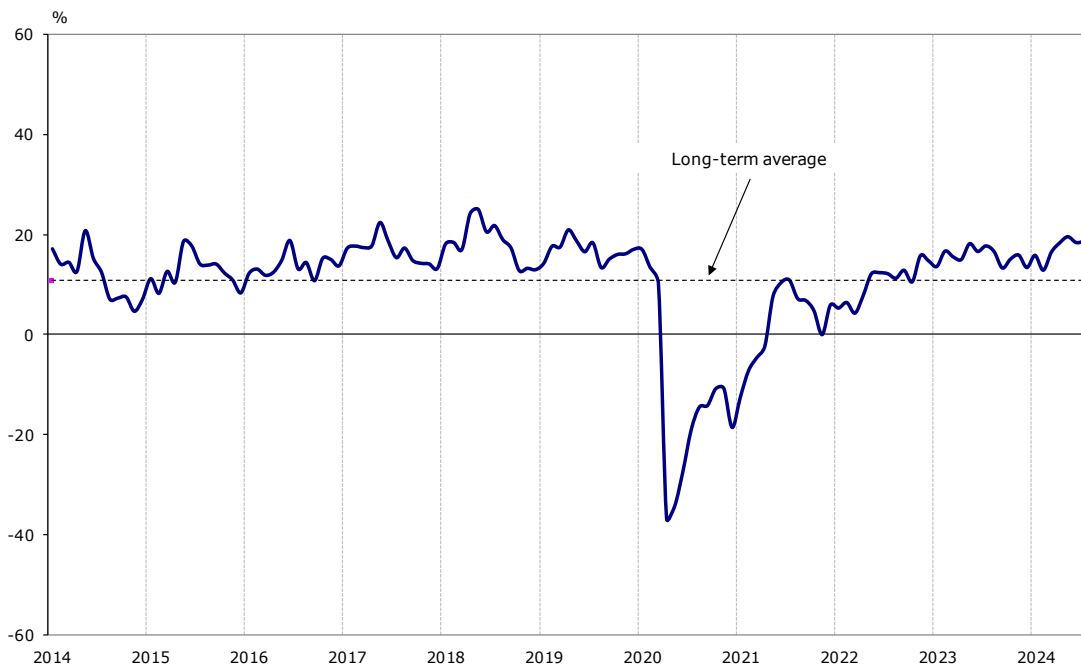


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**Figure 13. Selling prices expectations in retail trade over the next 3 months**

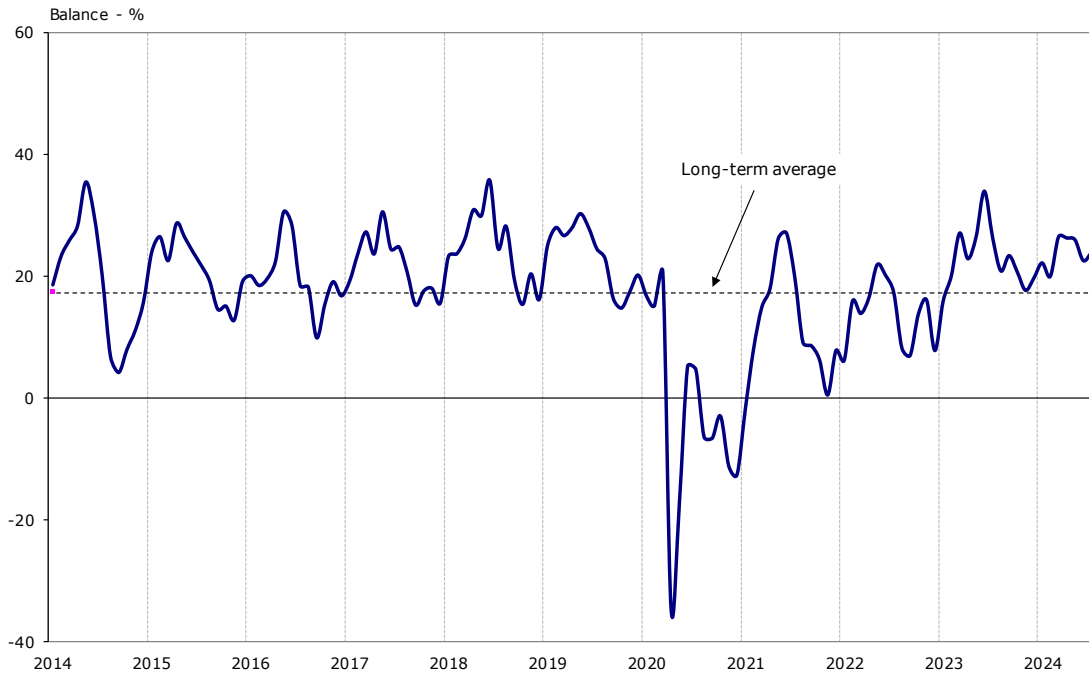


**Figure 14. Business climate in service sector**

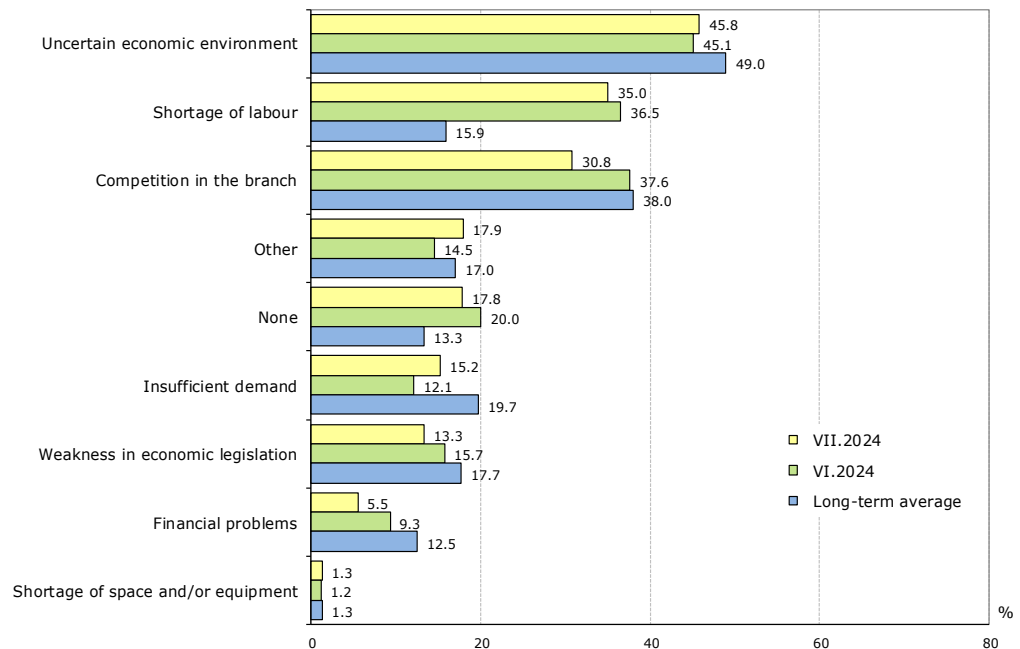


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**Figure 15. Expected demand in service sector over the next 3 months**



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



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

