



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, SEPTEMBER 2019

In September 2019, the **total business climate indicator**⁴ preserves its level from the previous month (Annex, Figure 1). An improvement of the indicator is observed in construction, retail trade and service sector, as only in industry a reduction is reported.

Industry. The composite indicator ‘business climate in industry’ drops by 2.1 percentage points (Annex, Figure 2) as a result of the worsened industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. The inquiry registers certain decrease of the production assurance with orders, which is also accompanied by reduced expectations about the activity over the next 3 months (Annex, Figure 3).

The uncertain economic environment and shortage of labour continue to be the main problems for the business development pointed out respectively by 33.5% and 32.0% of the enterprises (Annex, Figure 4).

Concerning the selling prices in industry, the managers do not foresee a change over the next 3 months (Annex, Figure 5).

Construction. In September the composite indicator ‘business climate in construction’ increases by 0.8 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs’ assessments about the present business situation of the enterprises. However, their expectations both about the business situation of the enterprises over the next 6 months and the construction activity over the next 3 months (Annex, Figure 7) are more reserved.

The main factors limiting the business remain connected with the shortage of labour, competition in the branch and uncertain economic environment, as in the last month strengthen of their unfavourable influence is observed (Annex, Figure 8).

As regards the selling prices in construction, certain expectations for an increase are registered, although the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 9).

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 of 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, and retail trade and service sector. As the last indicator of the business climate in service sector has been included in the total time series since May 2002.



Retail trade. The composite indicator ‘business climate in retail trade’ increases by 1.8 percentage points (Annex, Figure 10) as a result of the optimistic retailers’ assessments and expectations about the business situation of the enterprises. Their forecasts about the volume of sales and orders placed with suppliers (from both domestic and foreign market) (Annex, Figure 11) over the next 3 months are also improved.

The competition in the branch continues to be the most serious problem, limiting the business development, followed by the insufficient demand and uncertain economic environment (Annex, Figure 12).

The retailers expected the selling prices to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In September the composite indicator ‘business climate in service sector’ increases by 1.7 percentage points (Annex, Figure 14) which is mainly due to the improved managers’ assessments about the present business situation of the enterprises. However, their opinions about the present and expected demand for services (Annex, Figure 15) are more reserved.

The most serious difficulties for the activity remain the competition in the branch, uncertain economic environment and shortage of labour, as in the last month strengthen of their negative impact is reported (Annex, Figure 16).

As regards the selling prices in the service sector, the managers do not foresee an increase over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

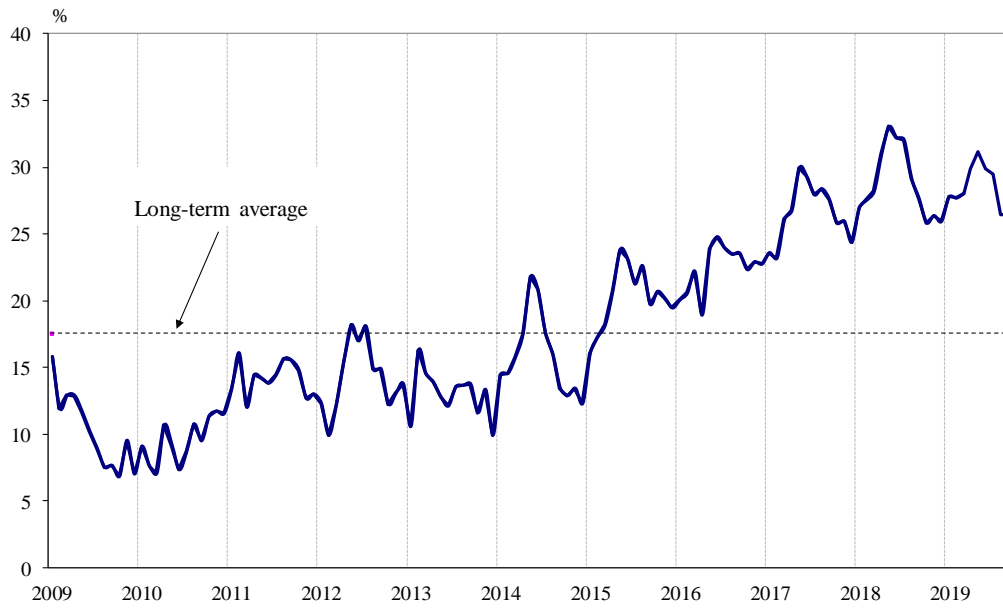


Figure 2. Business climate in industry

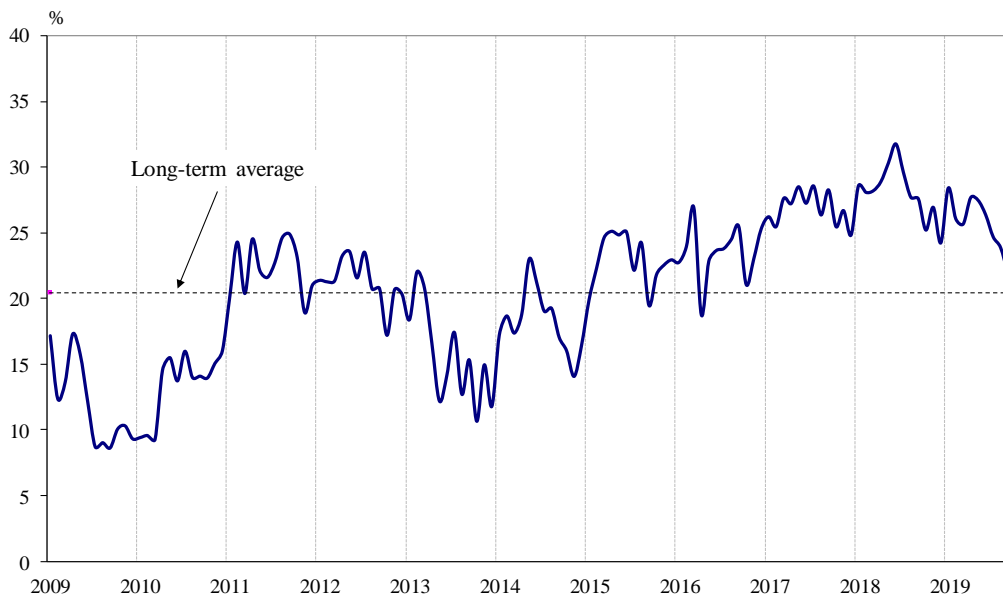




Figure 3. Expected production activity in industry over the next 3 months

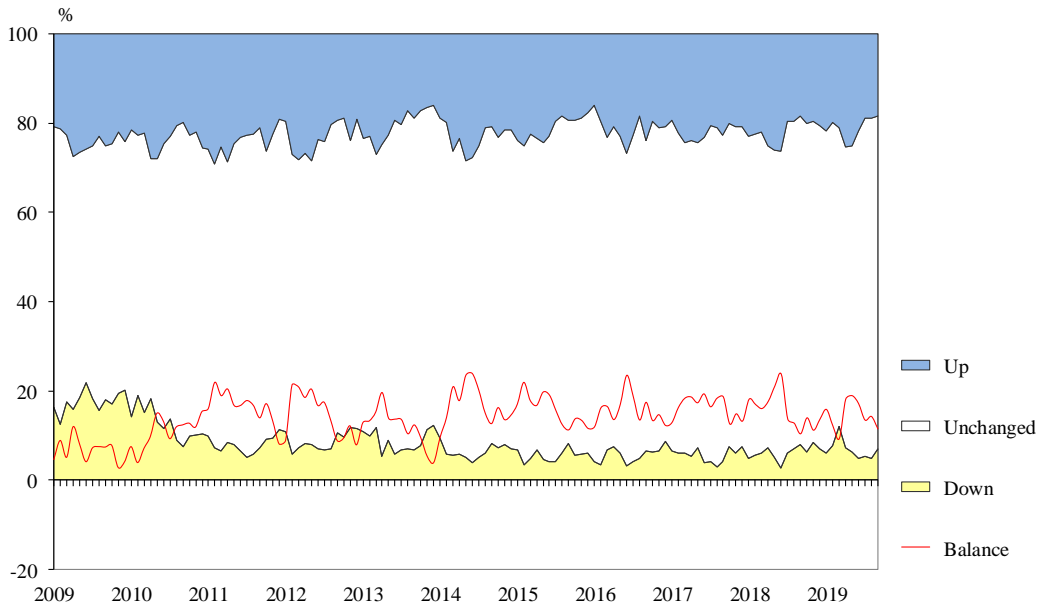


Figure 4. Limits to production in industry (Relative share of enterprises)

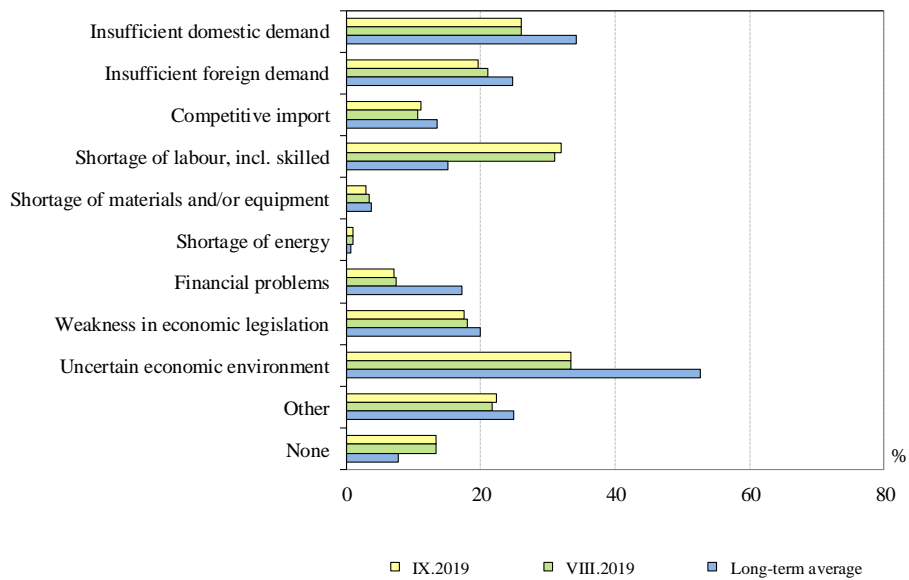




Figure 5. Selling prices expectations in industry over the next 3 months

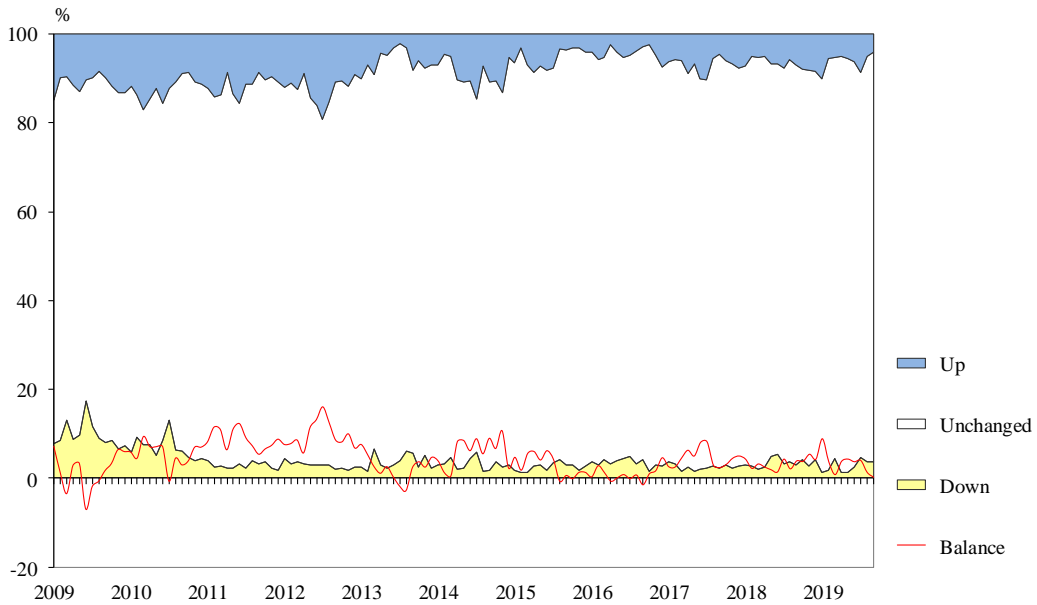


Figure 6. Business climate in construction

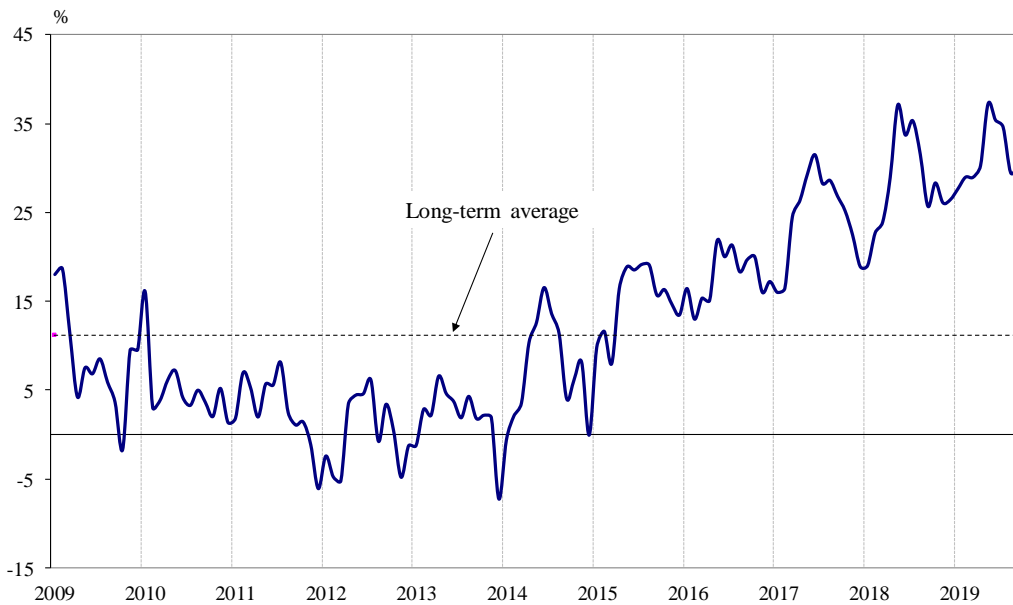




Figure 7. Expected construction activity over the next 3 months

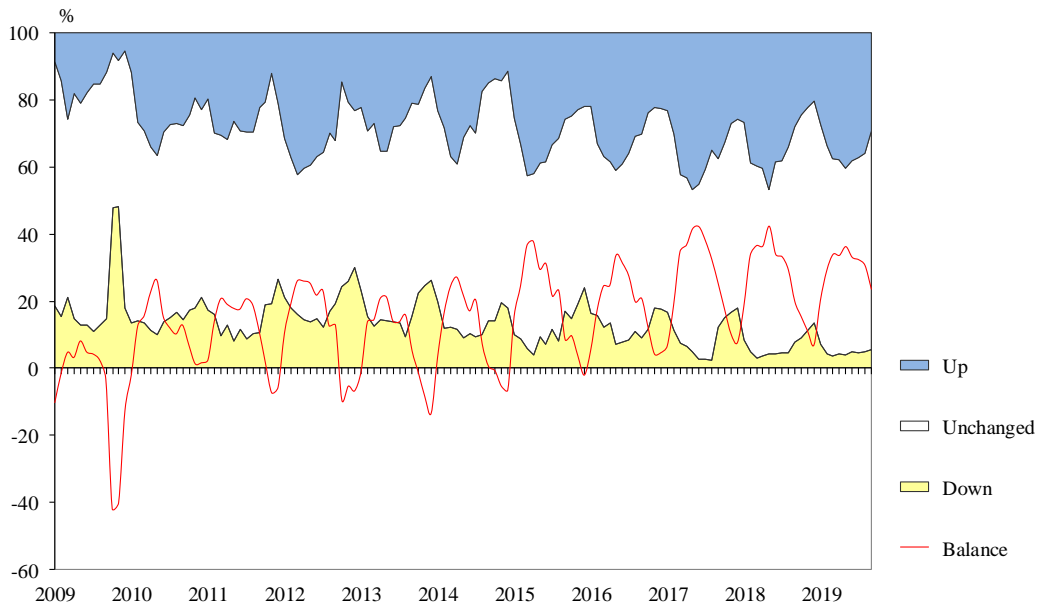


Figure 8. Limits to construction activity (Relative share of enterprises)

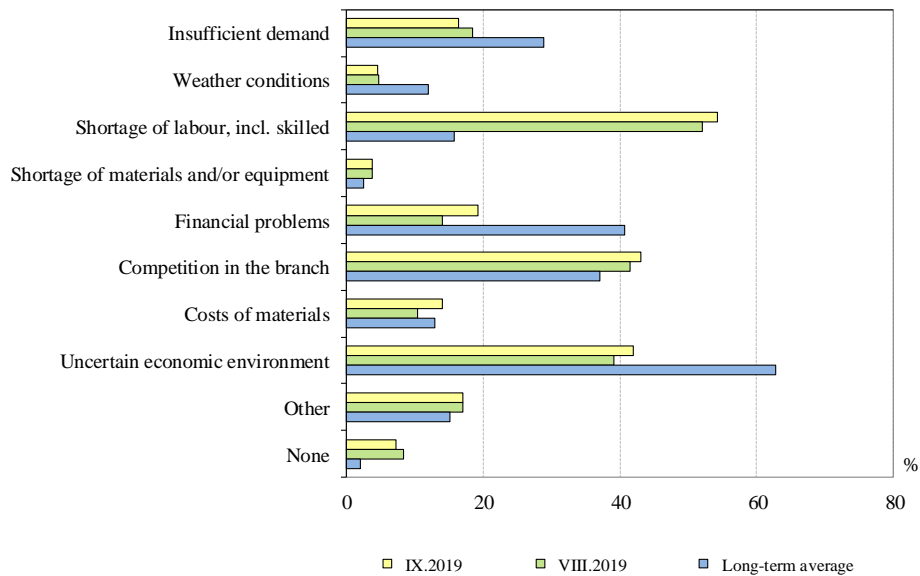




Figure 9. Selling prices expectations in construction over the next 3 months

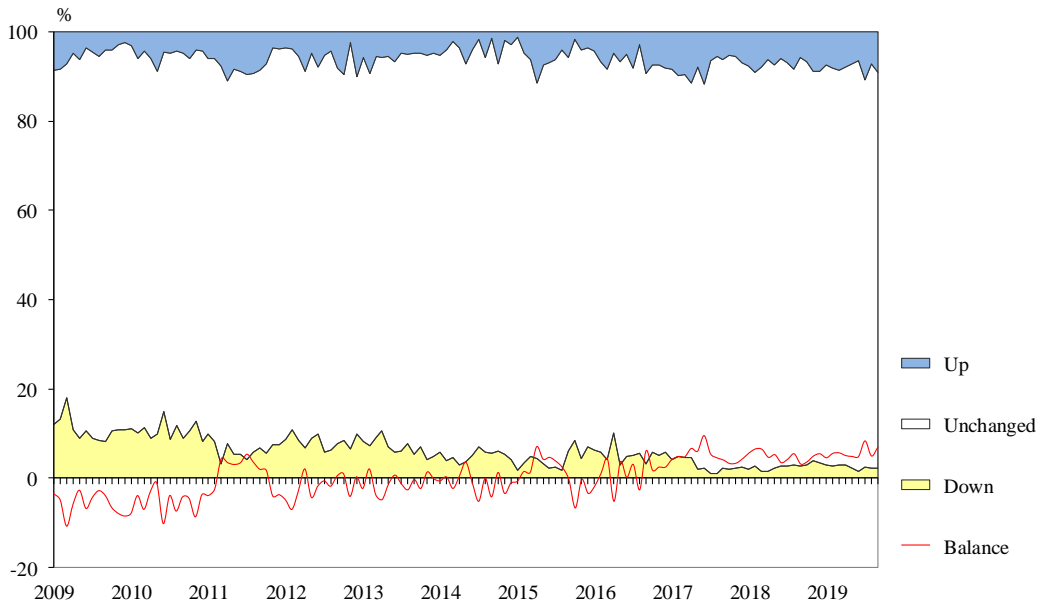


Figure 10. Business climate in retail trade

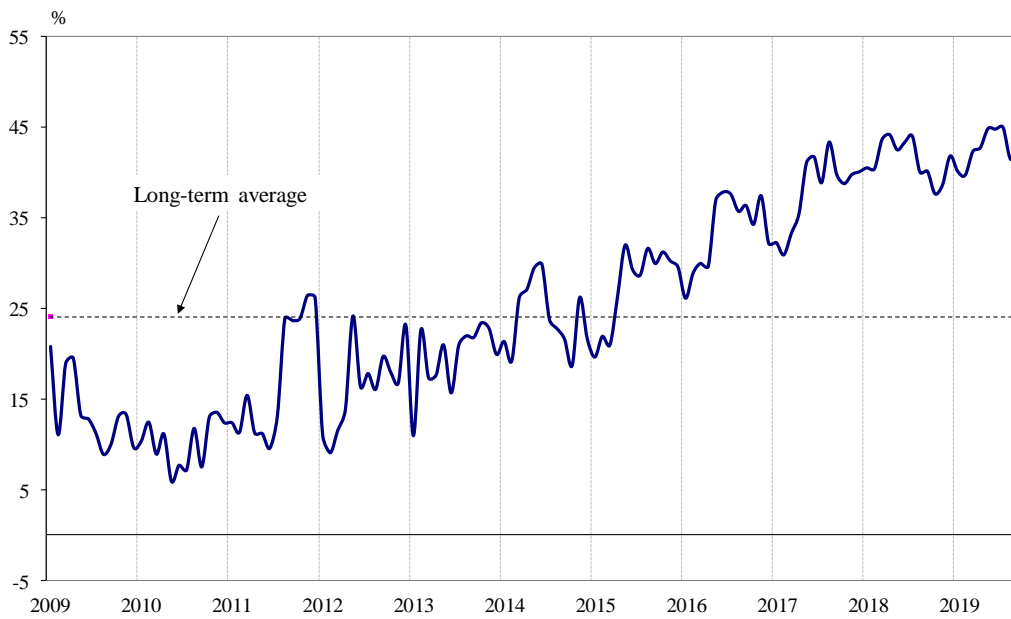




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

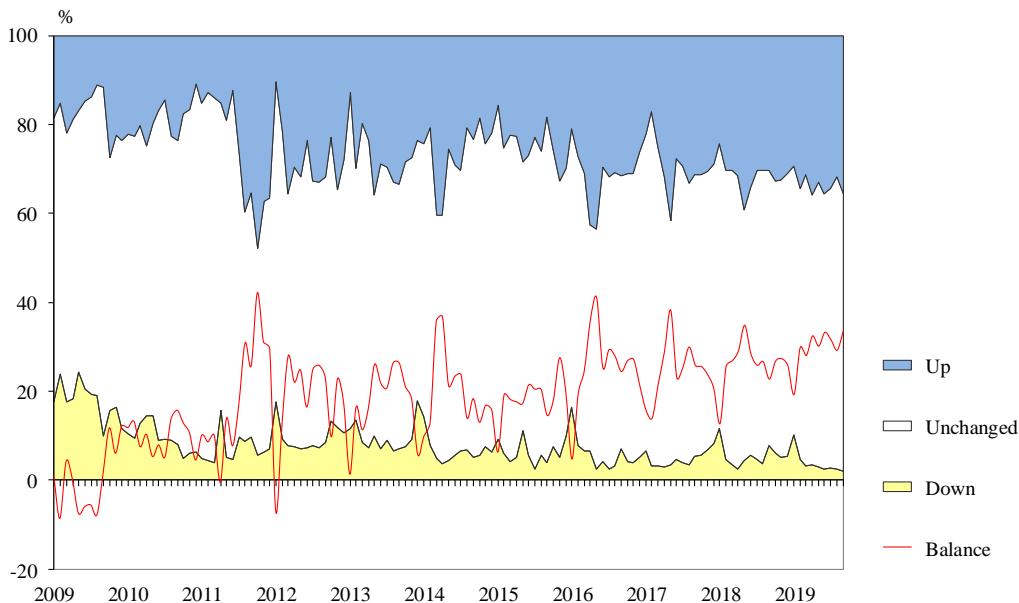


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

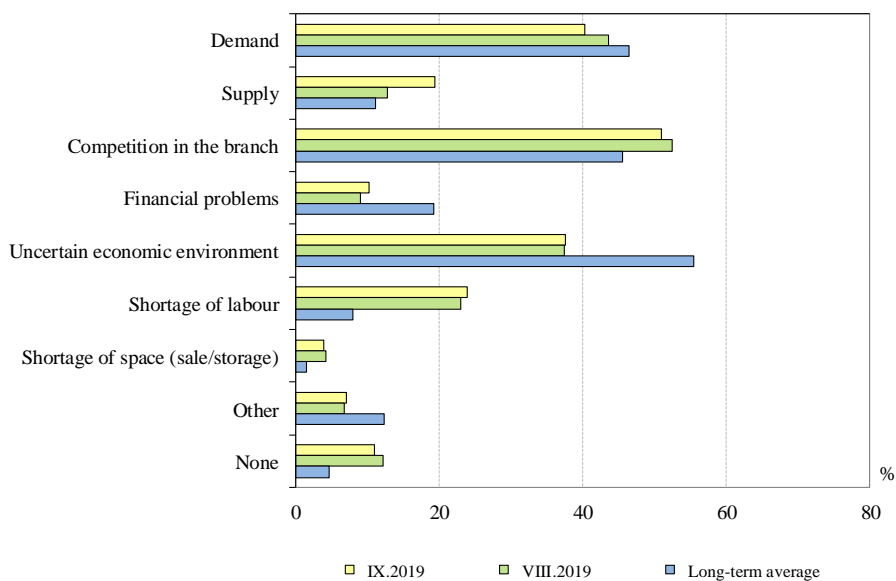




Figure 13. Selling prices expectations in retail trade over the next 3 months

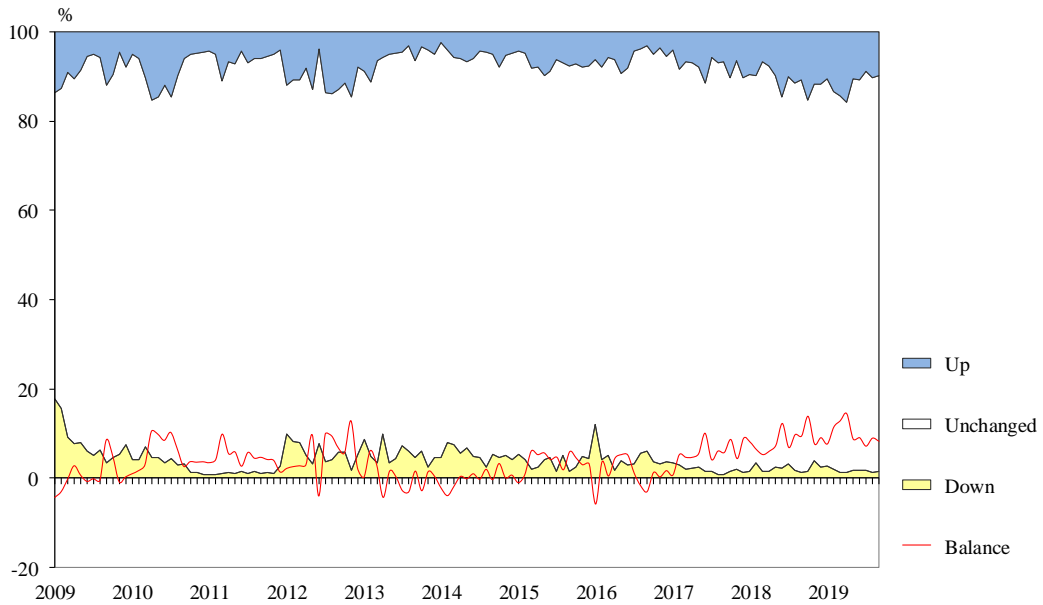


Figure 14. Business climate in service sector

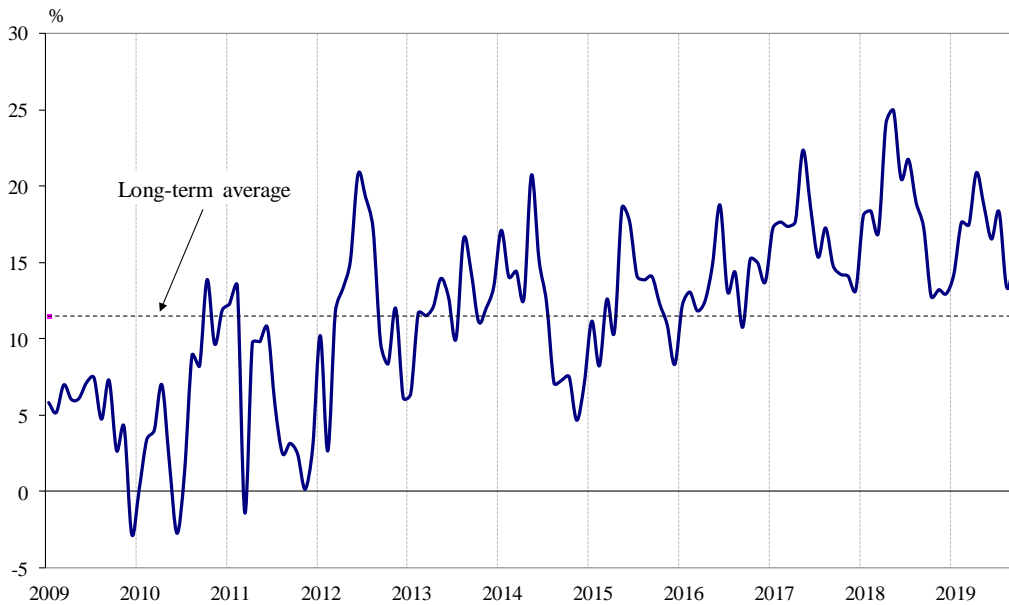




Figure 15. Expected demand in service sector over the next 3 months

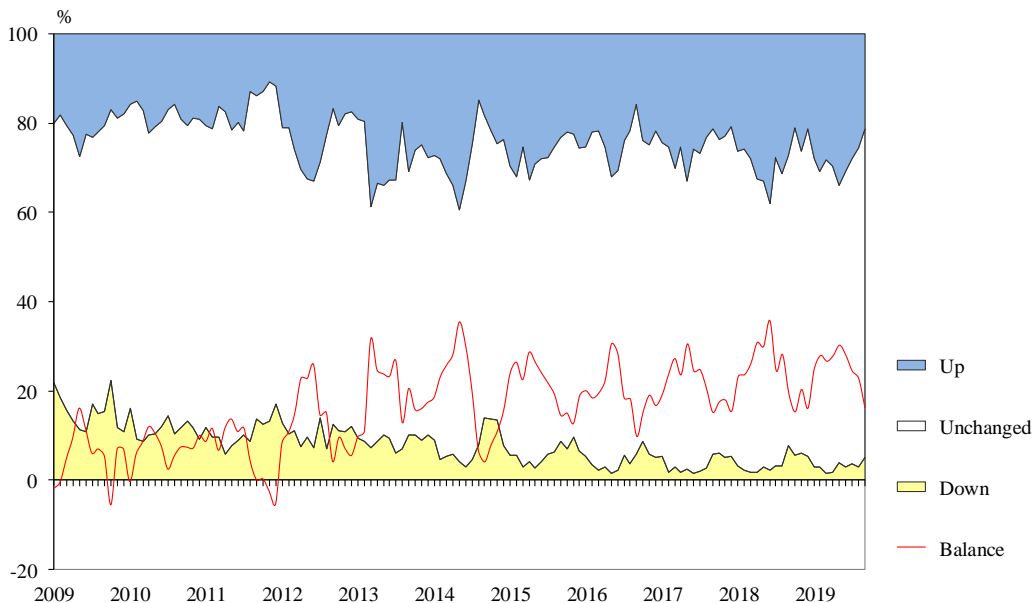


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

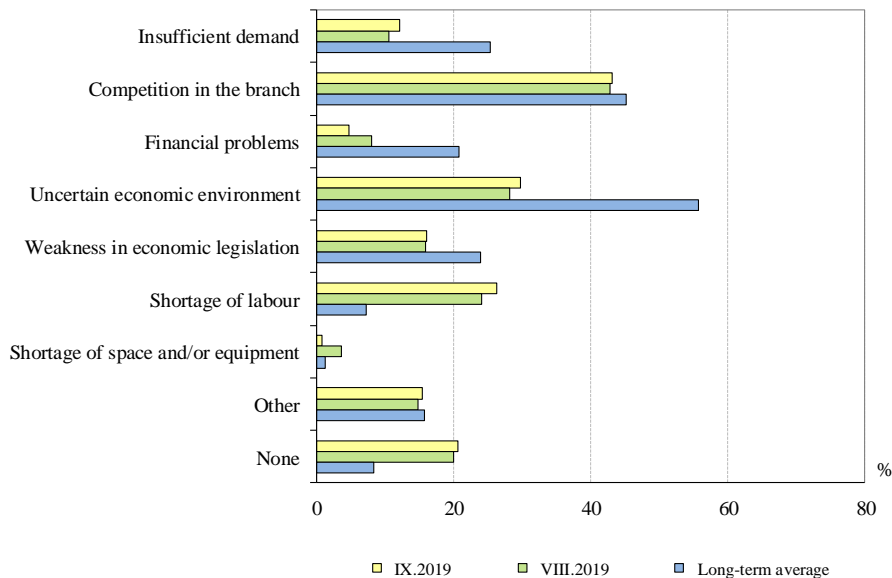




Figure 17. Selling prices expectations in service sector over the next 3 months

