



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

In October 2019, the **total business climate indicator**⁴ decreases by 1.4 percentage points compared to the previous month (Annex, Figure 1) as a result of the more unfavourable conjuncture in industry, construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.0 percentage point (Annex, Figure 2), which is due to the more moderate industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. At the same time, the inquiry also reports reduced expectations about the export and production activity over the next 3 months (Annex, Figure 3).

In October the average capacity utilization slightly decreases (by 0.6 percentage points) in comparison with July and it reaches 76.3%.

The main factors, limiting the activity remain the uncertain economic environment and shortage of labour (Annex, Figure 4).

As regards the selling prices in industry, the managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In October the composite indicator ‘business climate in construction’ drops by 3.9 percentage points (Annex, Figure 6) as result of the more unfavourable construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. In the next half year, the managers expect decreased inflow of new orders, which according to them will lead to certain decrease of the activity in the short term (Annex, Figure 7).

The shortage of labour continues to be the most serious obstacle for the business development, followed by the uncertain economic environment and competition in the branch (Annex, Figure 8).

Concerning the selling prices in construction, the prevailing construction entrepreneurs’ expectations are them to remain unchanged 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’ decreases by 2.3 percentage points (Annex, Figure 10), which is due to the more reserved retailers’ assessments and expectations about the business situation of the enterprises. At the same time, their forecasts about both the volume of sales (Annex, Figure 11) and orders placed with suppliers over the next 3 months are also worsened.

The most serious difficulties for the activity remain connected with the competition in the branch, insufficient demand and uncertain economic environment (Annex, Figure 12).

As regards the selling prices, the majority of the retailers expect preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In October the composite indicator ‘business climate in service sector’ increases by 0.9 percentage points (Annex, Figure 14) as a result of the more favourable managers’ assessments about the present business situation of the enterprises. However, their expectations about the demand for services over the next 3 months are more reserved (Annex, Figure 15).

The competition in the branch and uncertain economic environment continue to limit with most extend the activity of the enterprises (Annex, Figure 16).

Concerning the selling prices in the service sector, the managers foresee certain increase, although the prevailing expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

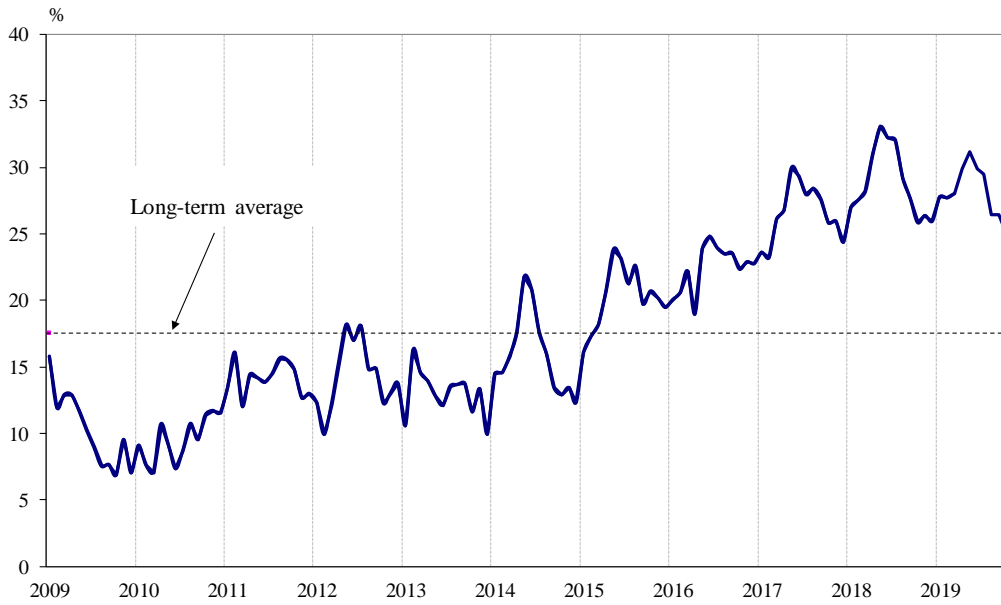


Figure 2. Business climate in industry

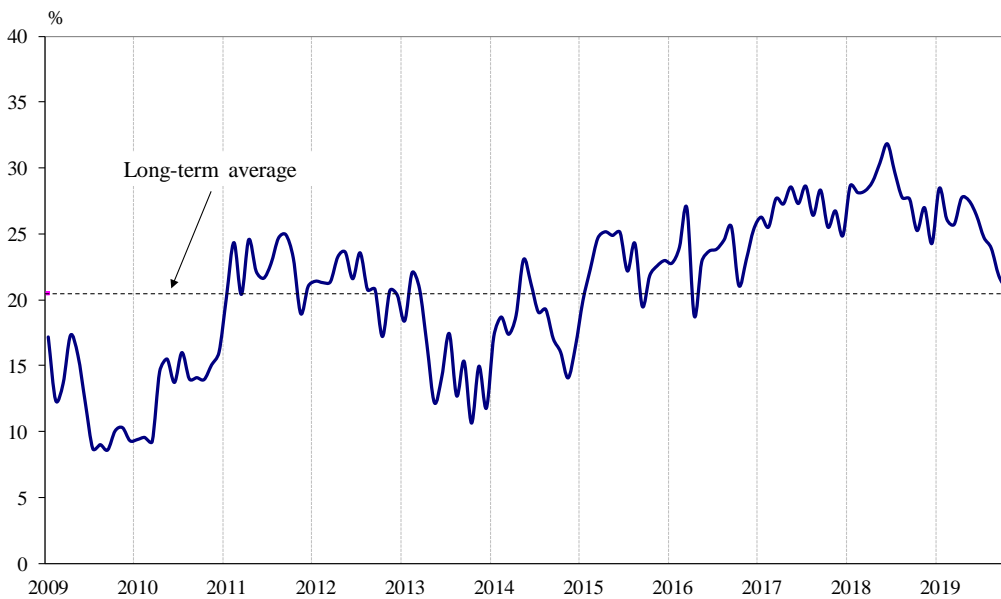




Figure 3. Expected production activity in industry over the next 3 months

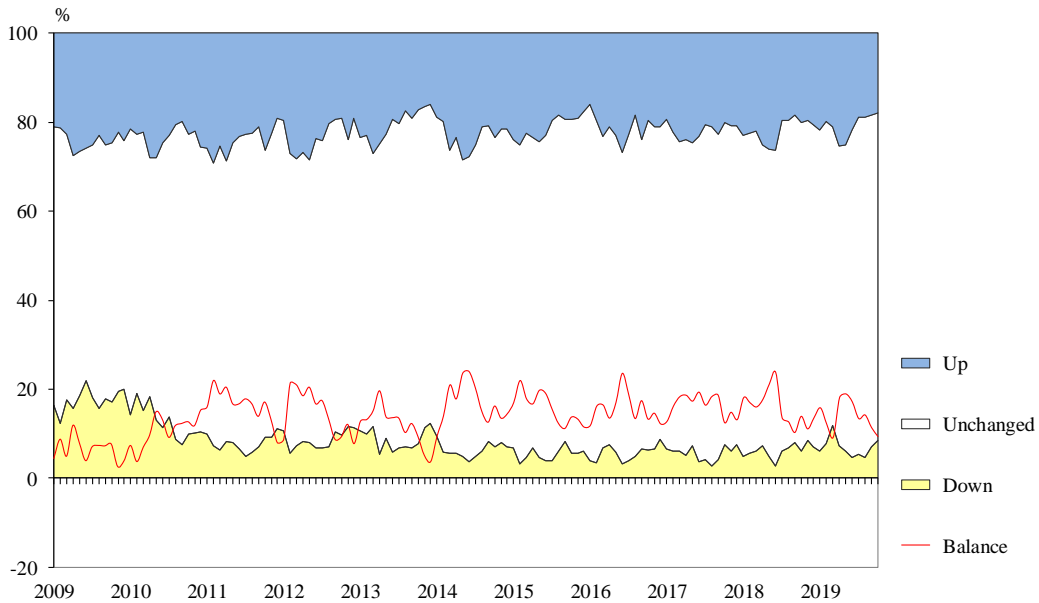


Figure 4. Limits to production in industry (Relative share of enterprises)

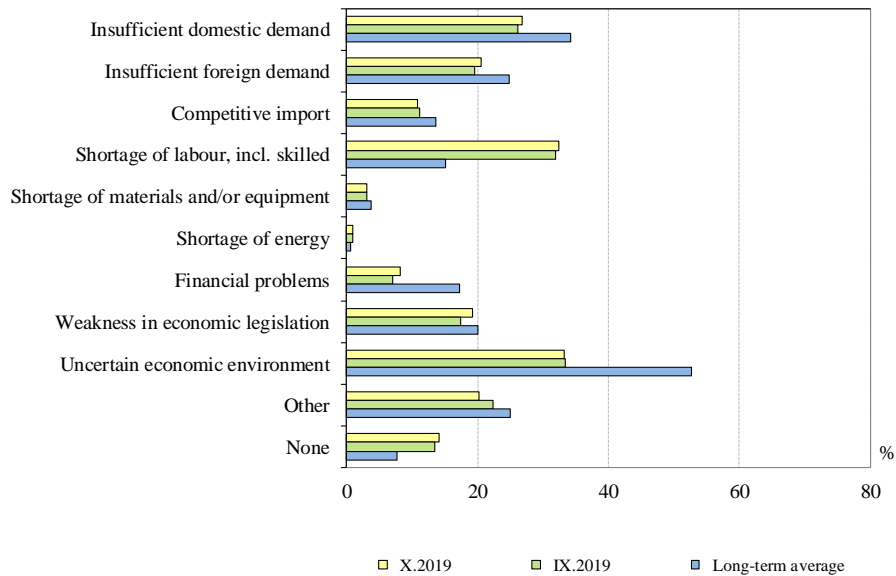




Figure 5. Selling prices expectations in industry over the next 3 months

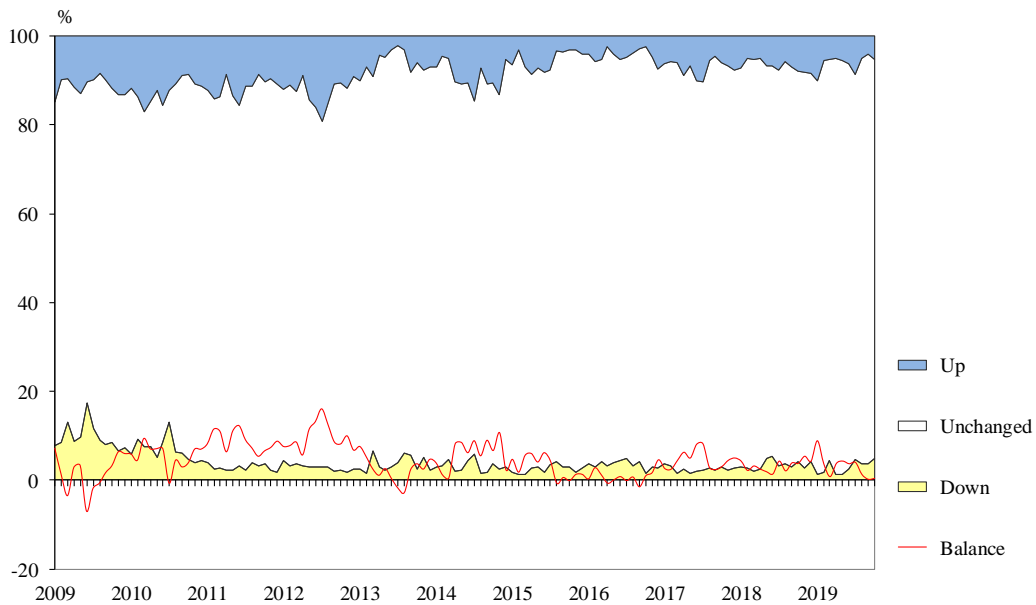


Figure 6. Business climate in construction

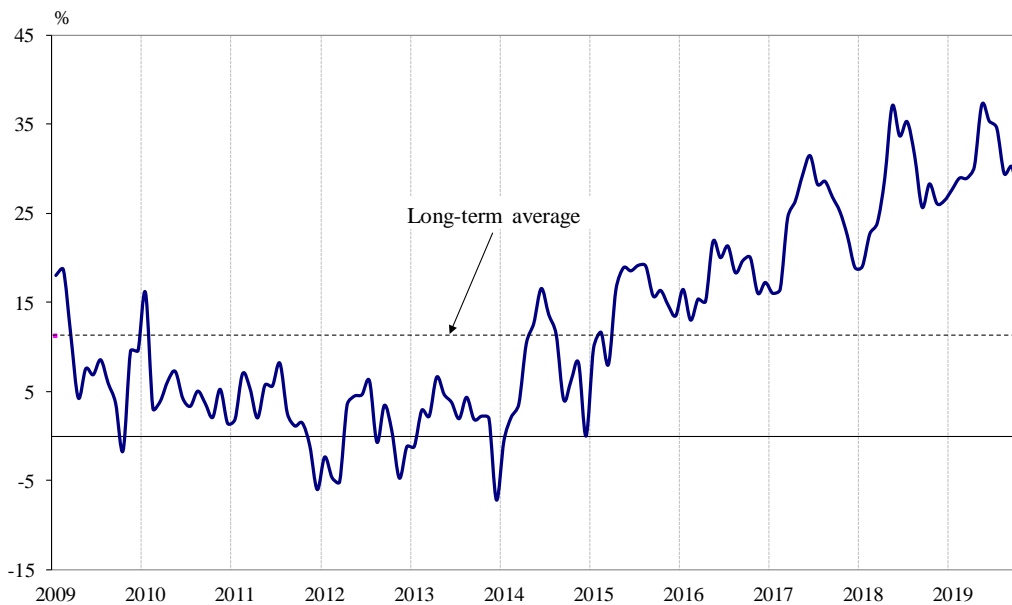




Figure 7. Expected construction activity over the next 3 months

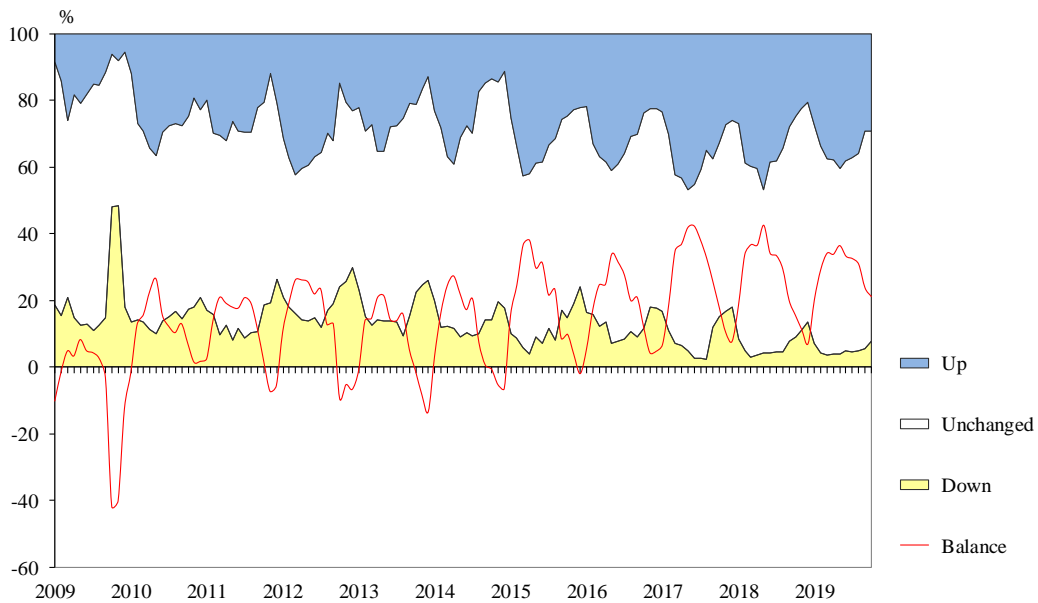


Figure 8. Limits to construction activity (Relative share of enterprises)

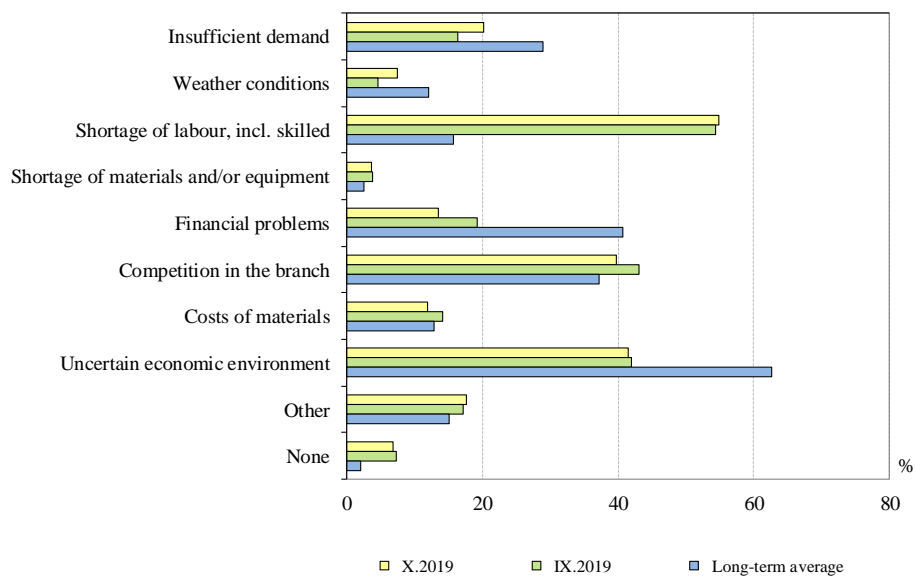




Figure 9. Selling prices expectations in construction over the next 3 months

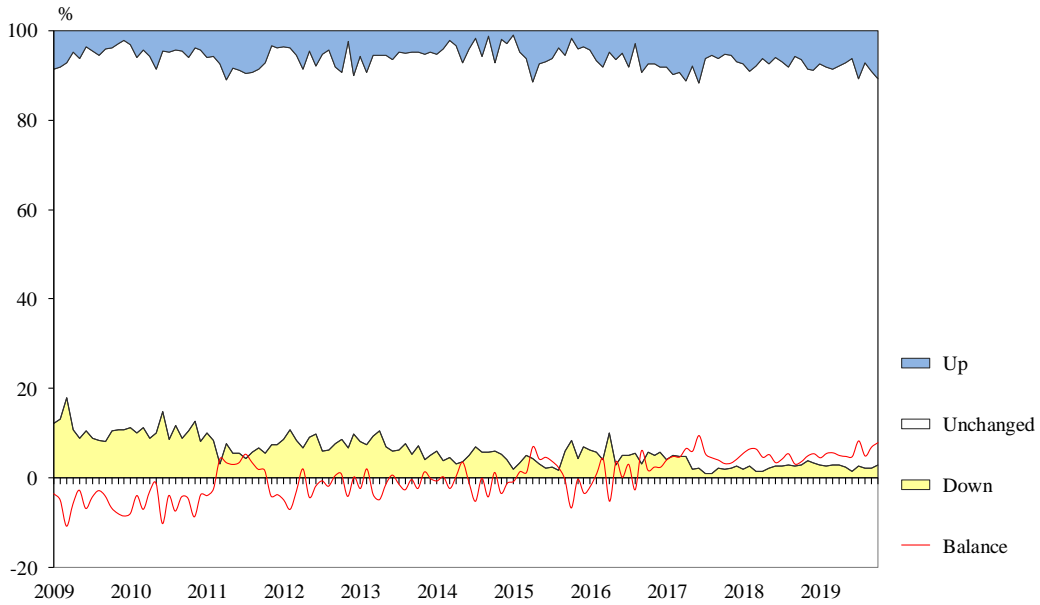


Figure 10. Business climate in retail trade

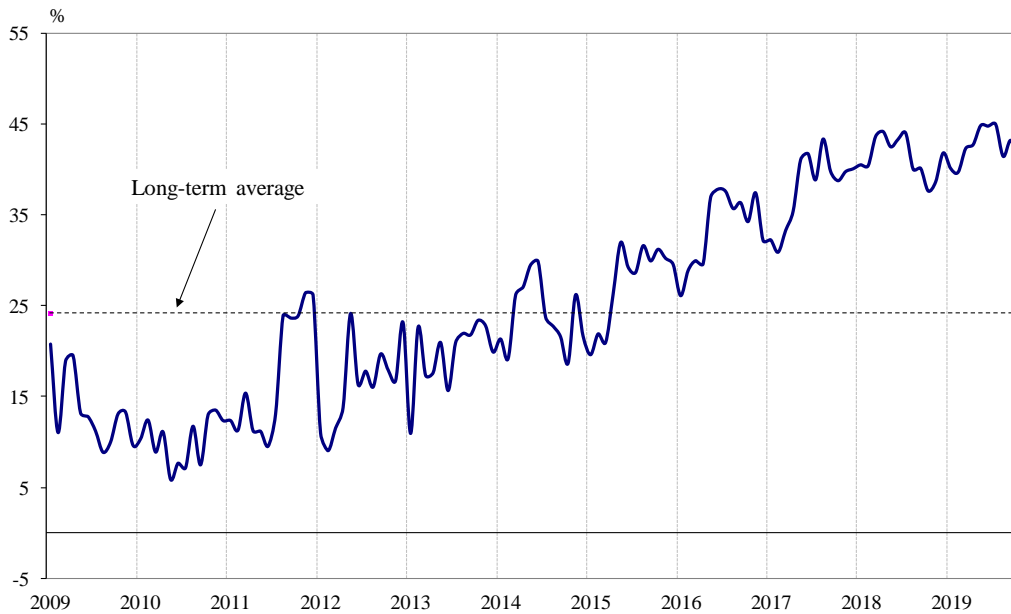




Figure 11. Sales expectations in retail trade over the next 3 months

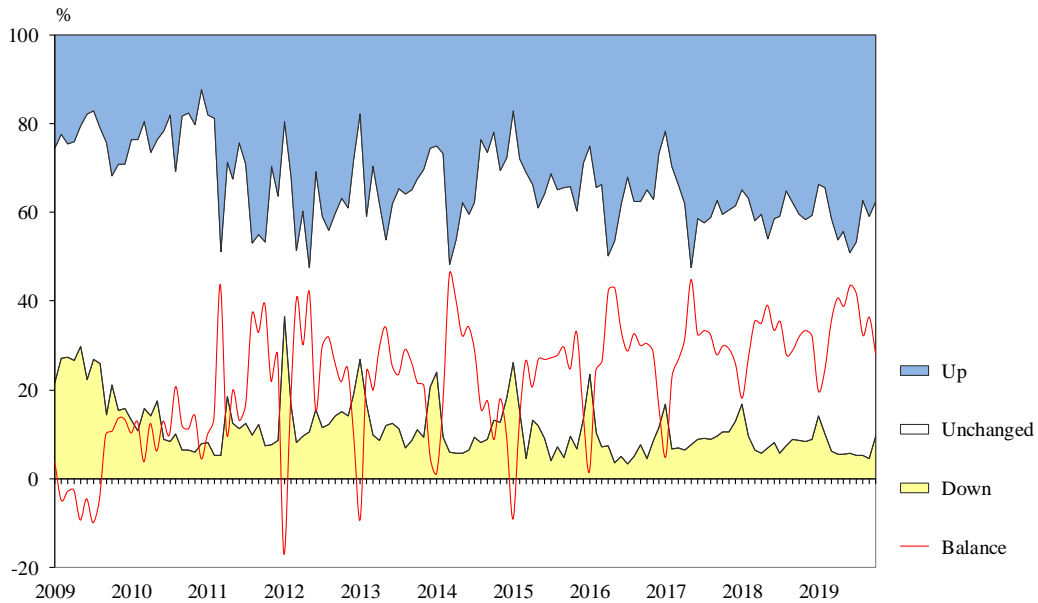


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

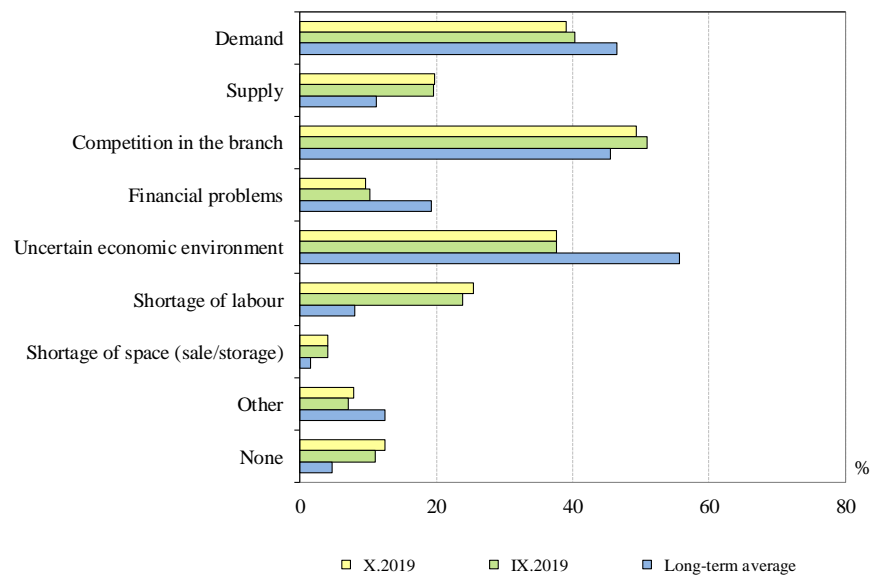




Figure 13. Selling prices expectations in retail trade over the next 3 months

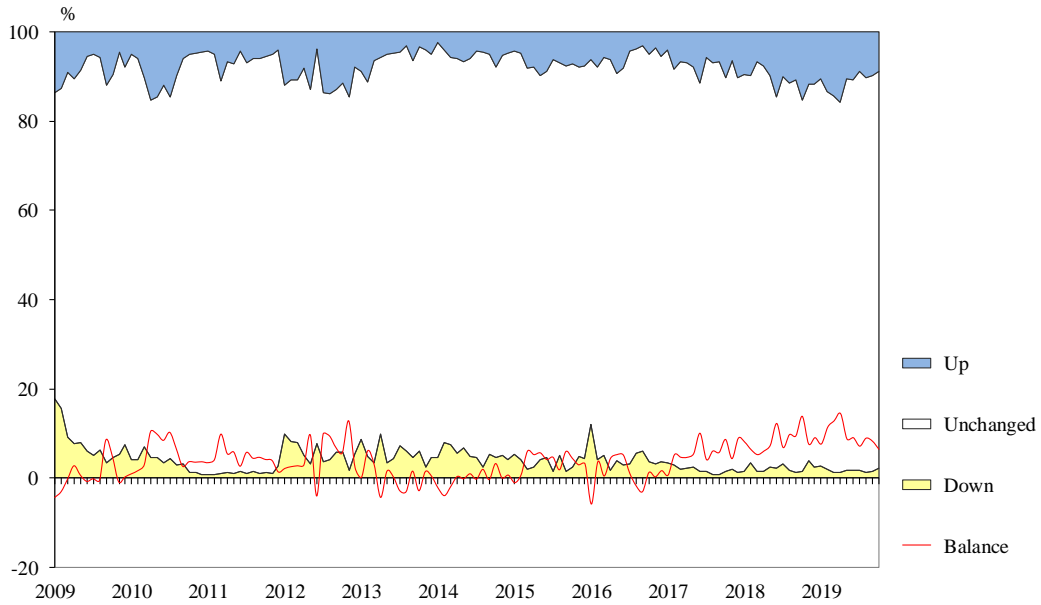


Figure 14. Business climate in service sector

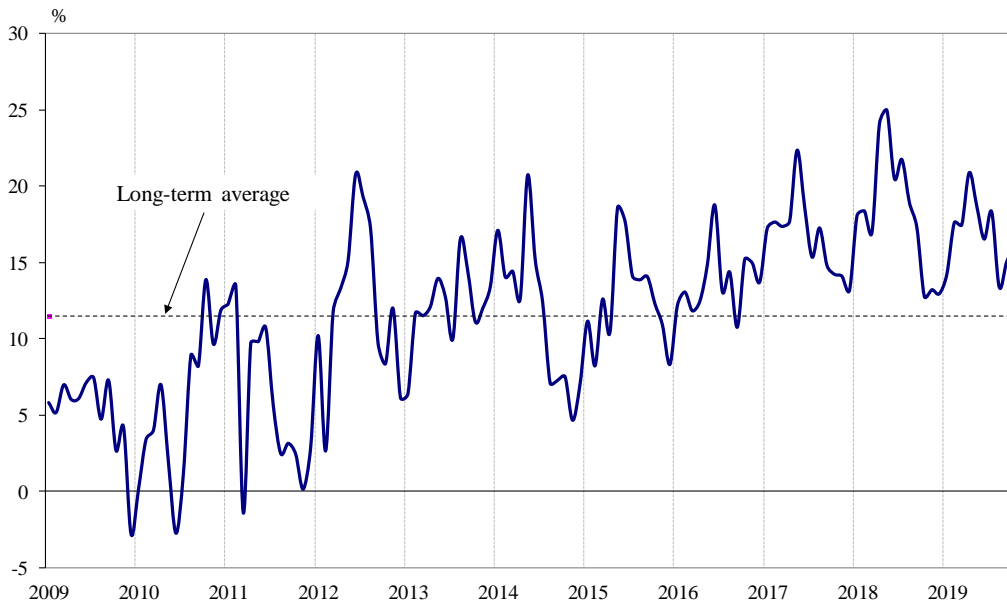




Figure 15. Expected demand in service sector over the next 3 months

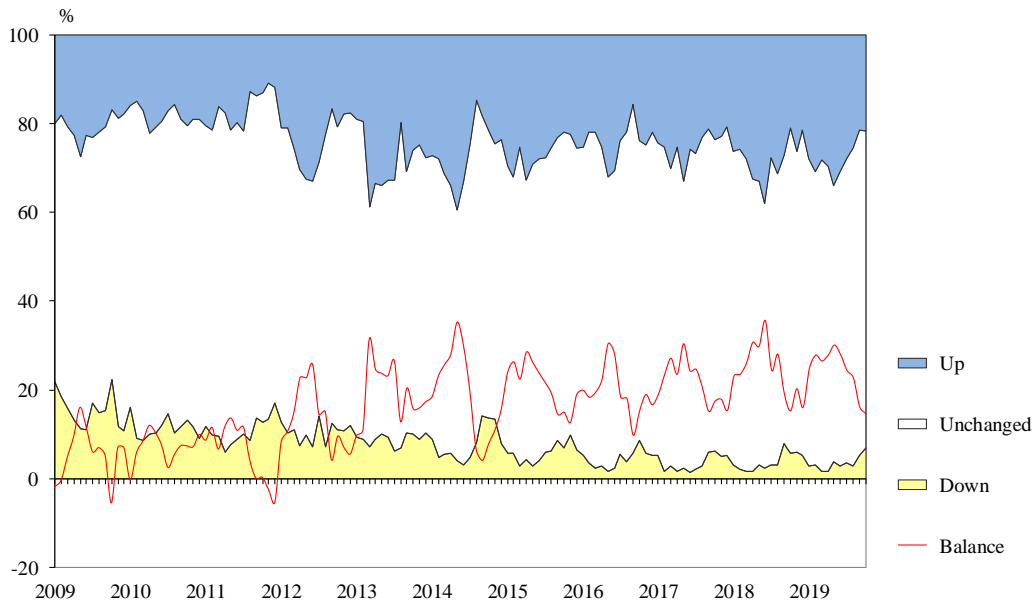


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

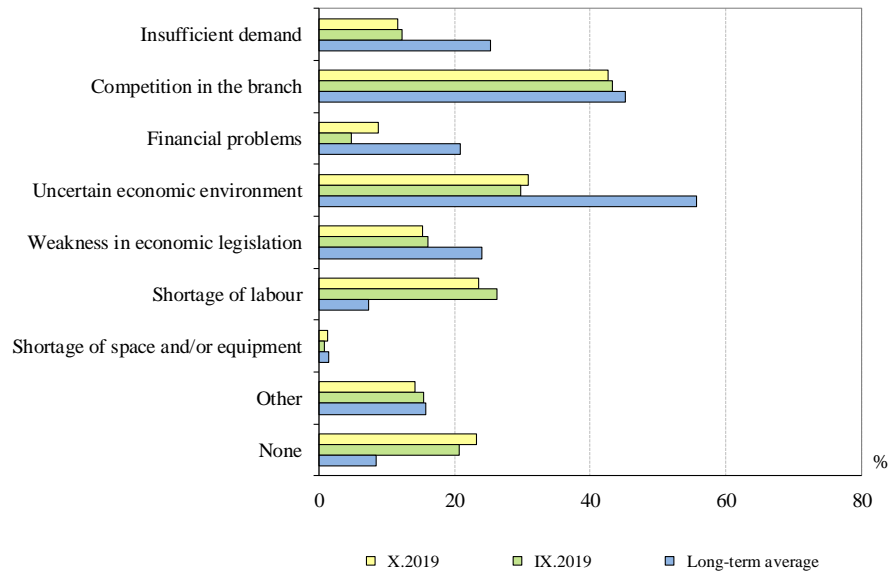




Figure 17. Selling prices expectations in service sector over the next 3 months

