

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JANUARY 2020

In January 2020, **the total business climate indicator**⁴ increases by 1.4 percentage points in comparison with December 2019 (Annex, Figure 1), which is due to the improved business conjuncture in industry.

Industry. The composite indicator ‘business climate in industry’ increases by 5.0 percentage points (Annex, Figure 2) as a result of the more optimistic industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 3). Their forecasts about the export and production activity over the next 3 months are also favourable.

The average capacity utilization increases by 1.7 percentage points in comparison with 3 months earlier and it reaches 78.0% (Annex, Figure 4), as regards the expected demand over the next months a surplus of capacity is foreseen.

The shortage of labour and uncertain economic environment continue to be the main obstacles for the business development pointed out respectively by 32.8% and 32.3% of the enterprises (Annex, Figure 5).

Concerning the selling prices in industry, the prevailing managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 6).

Construction. In January the composite indicator ‘business climate in construction’ decreases by 1.0 percentage points (Annex, Figure 7), which is due to the more unfavourable construction entrepreneurs’ assessments about the present business situation of the enterprises.

The production assurance with orders is preserved compared to October 2019 and it is assessed to be 8.5 months. At the same time the managers expect increased inflow of new orders over the next 6 months, which according to them will lead to improvement of the activity in the short term (Annex, Figure 8). In the last month the inquiry also reports a decrease in the number of clients with delay in payments (Annex, Figure 9).

The most serious difficulties for the activity in the sector remain the shortage of labour, uncertain economic environment and competition in the branch (Annex, Figure 10).

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.

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 11).

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 1.9 percentage points (Annex, Figure 12) as a result of the more reserved retailers’ assessments about the present business situation of the enterprises. Their forecasts about the business situation development over the next 6 months are preserved (Annex, Figure 13), as their expectations about orders placed with suppliers from domestic market over the next 3 months are also favourable.

The competition in the branch continues to be the main factor limiting the business development, followed by the insufficient demand and uncertain economic environment (Annex, Figure 14).

Concerning the selling prices, the retailers foresee certain increase over the next 3 months (Annex, Figure 15).

Service sector¹. In January the composite indicator ‘business climate in service sector’ preserves its level from December 2019 (Annex, Figure 16). The managers’ assessments and expectations about the business situation of enterprises are shifting to the more moderate opinions. At the same time, their forecasts about the demand for services over the next 3 months are more unfavourable (Annex, Figure 17).

The main problems for the activity continue to be connected with the competition in the branch, uncertain economic environment and shortage of labour, although in the last month a decrease of their negative influence is reported (Annex, Figure 18).

As regards the selling prices in service sector, the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 19).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

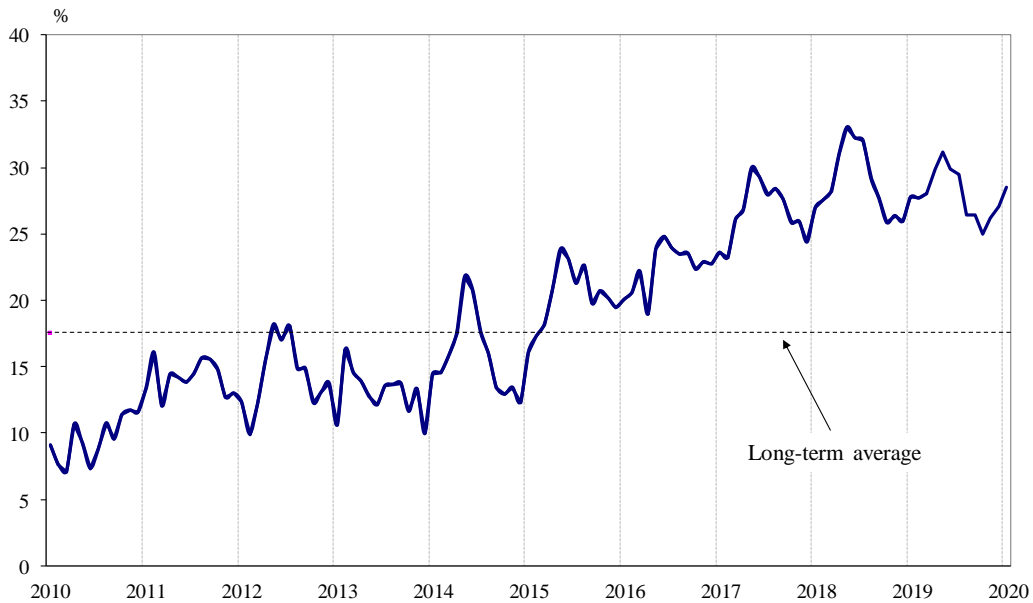


Figure 2. Business climate in industry

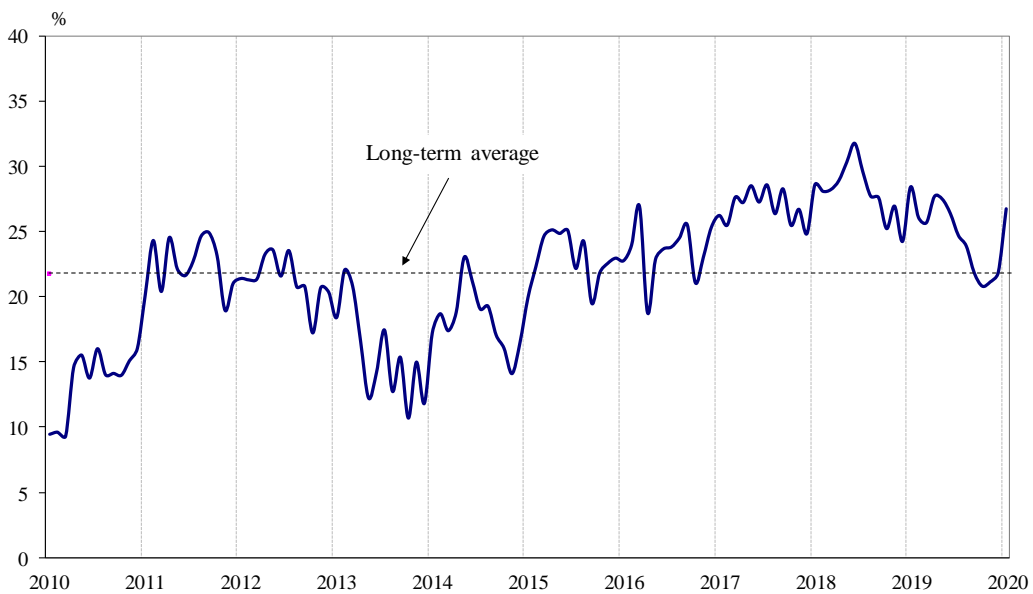


Figure 3. Expected business situation in industry over the next 6 months

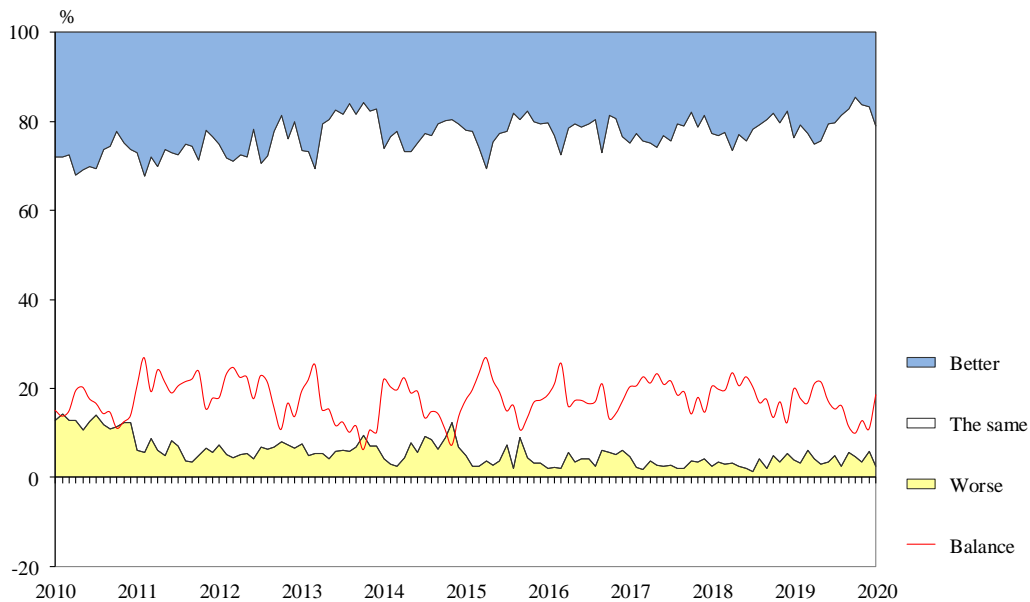
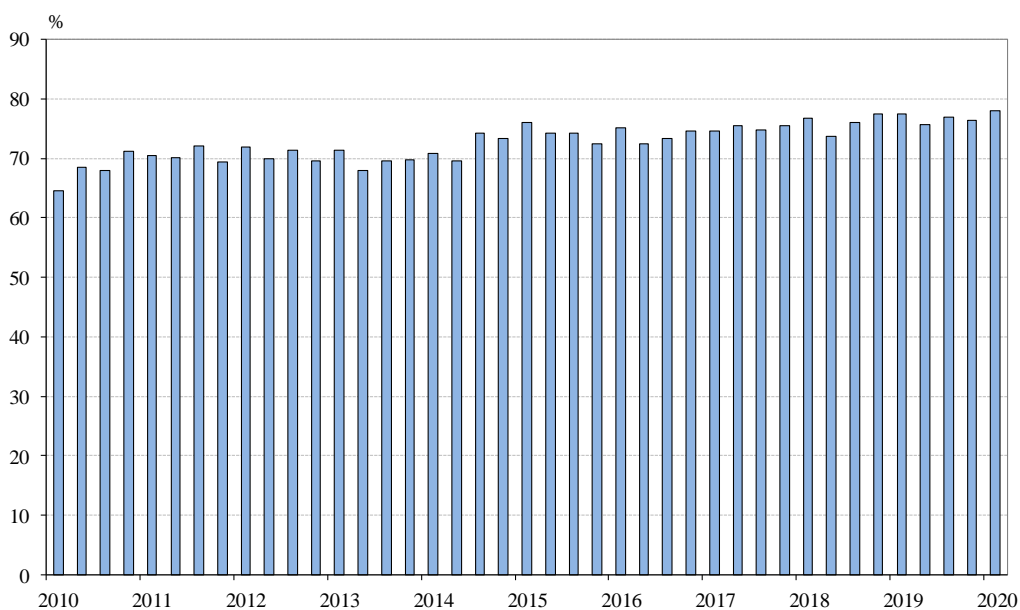
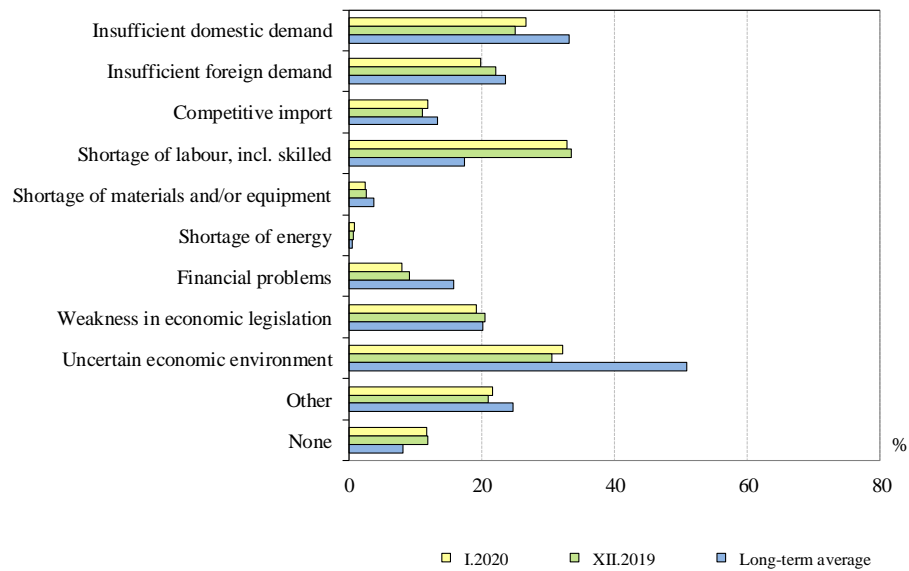


Figure 4. Average capacity utilization in industry



**Figure 5. Limits to production in industry
(Relative share of enterprises)**



**Figure 6. Selling prices expectations in industry
over the next 3 months**

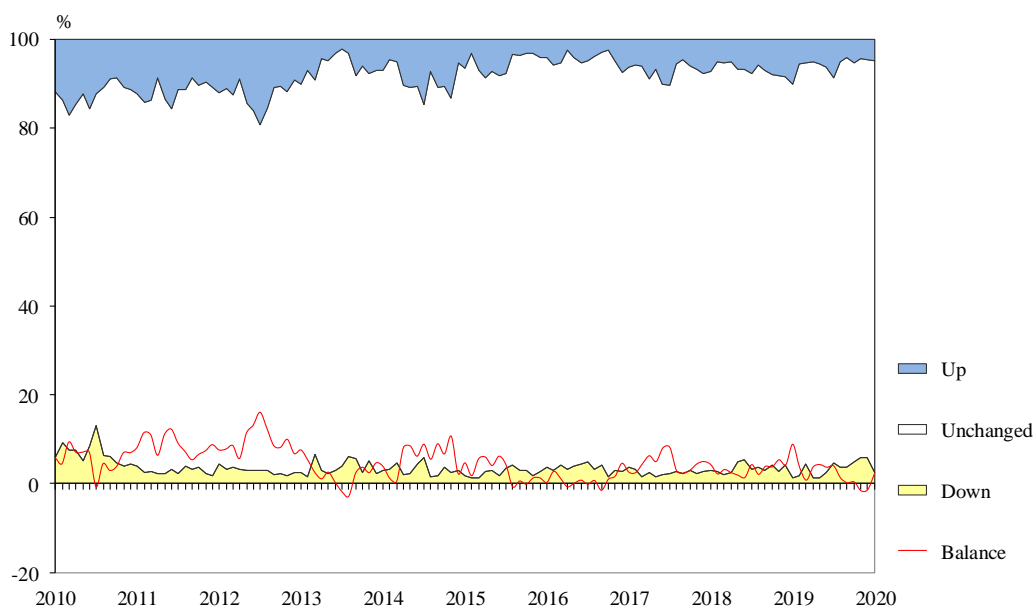


Figure 7. Business climate in construction

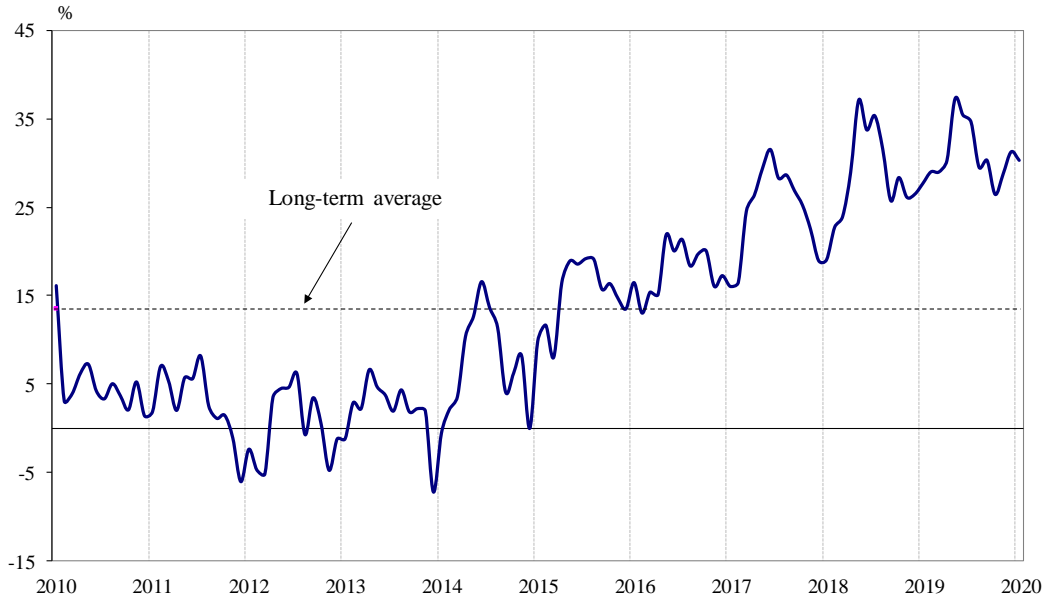


Figure 8. Expected construction activity over the next 3 months

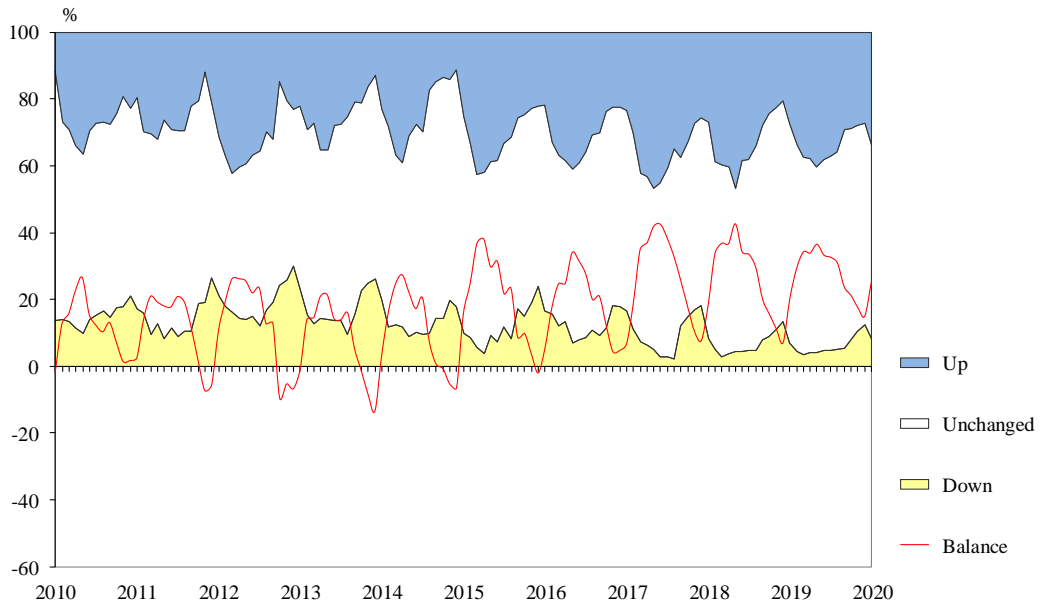


Figure 9. Clients with delay in payments in construction

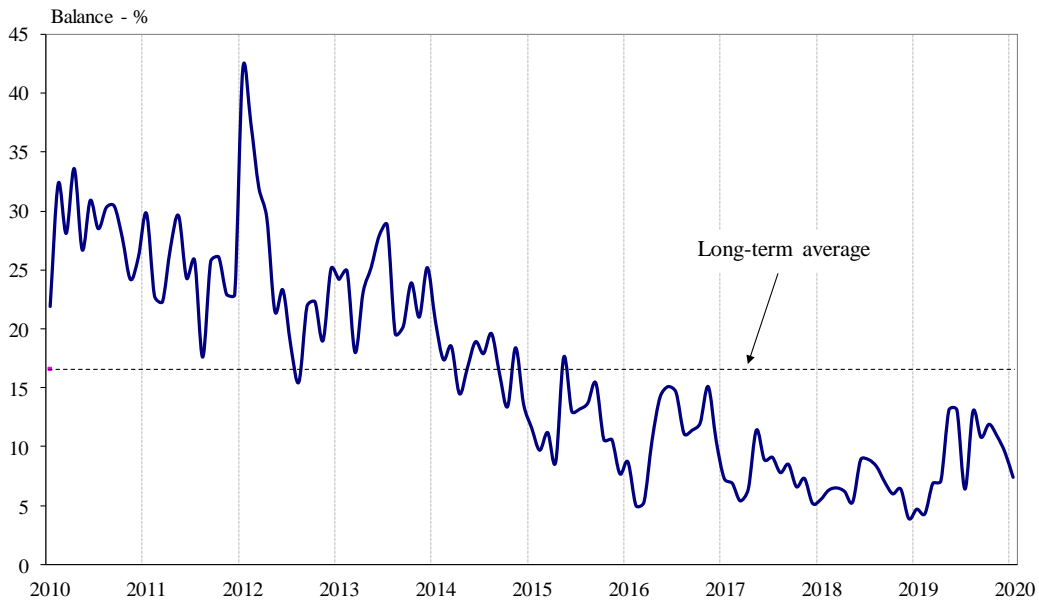


Figure 10. Limits to construction activity (Relative share of enterprises)

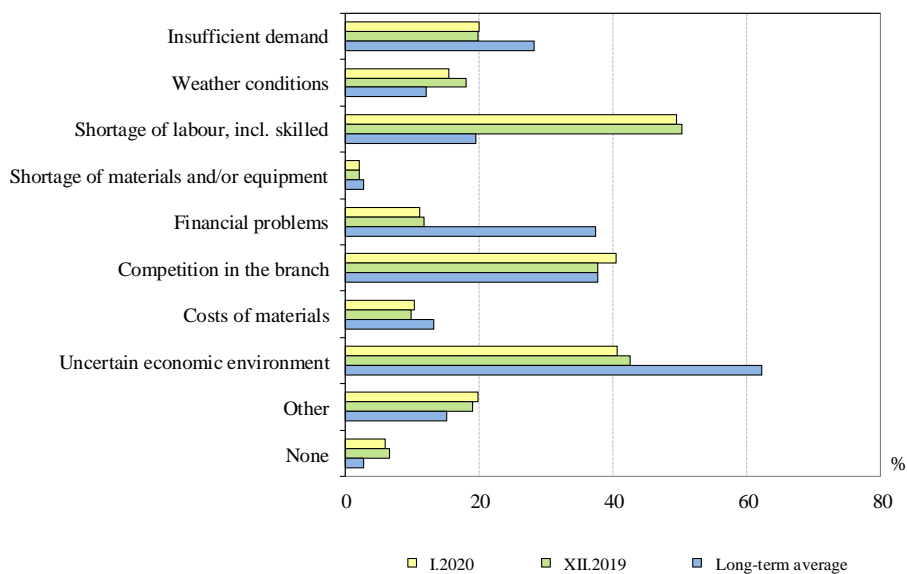


Figure 11. Selling prices expectations in construction over the next 3 months

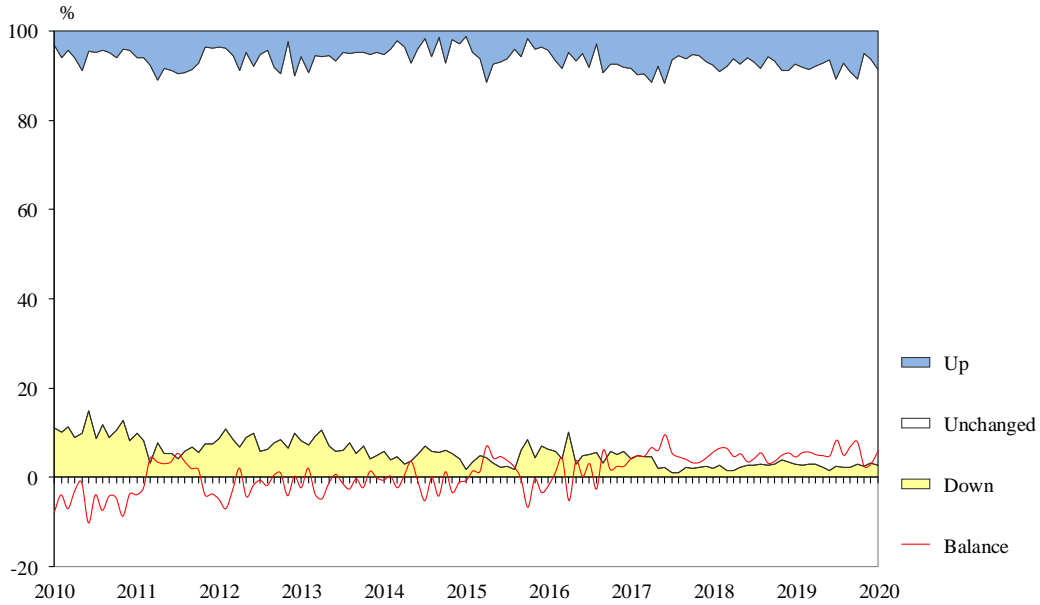


Figure 12. Business climate in retail trade

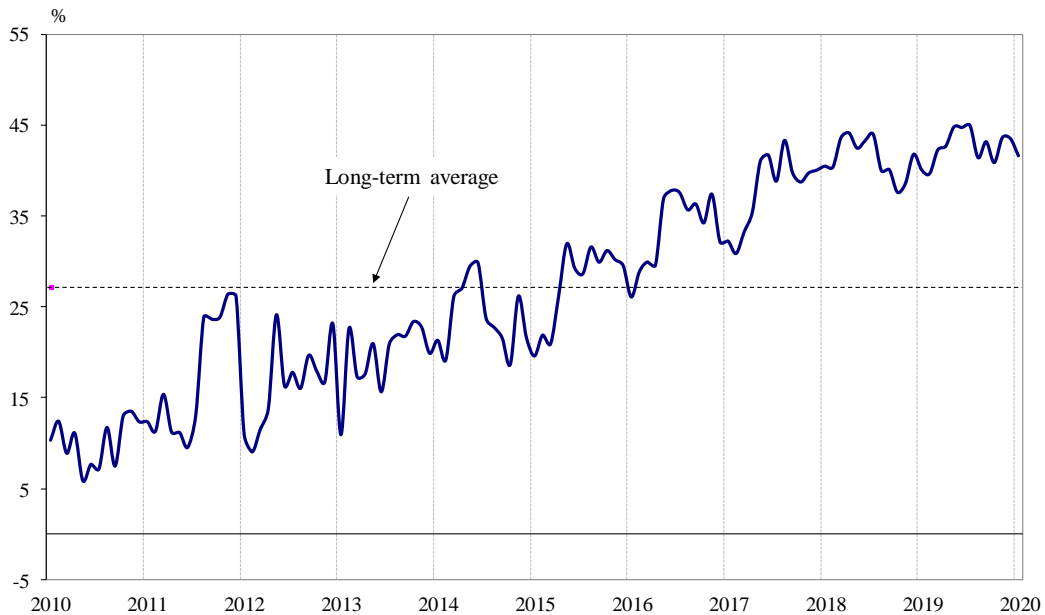


Figure 13. Expected business situation in retail trade over the next 6 months

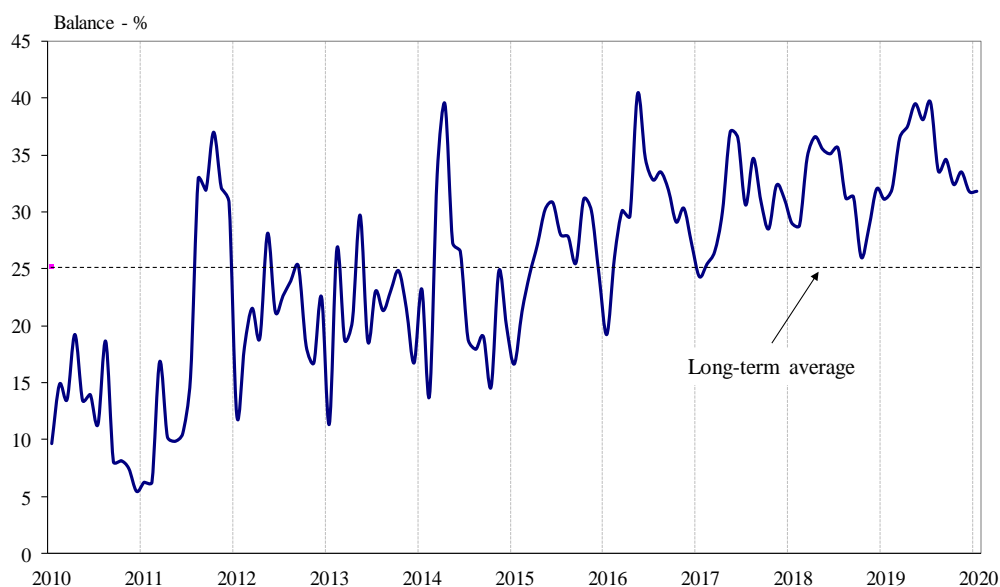


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

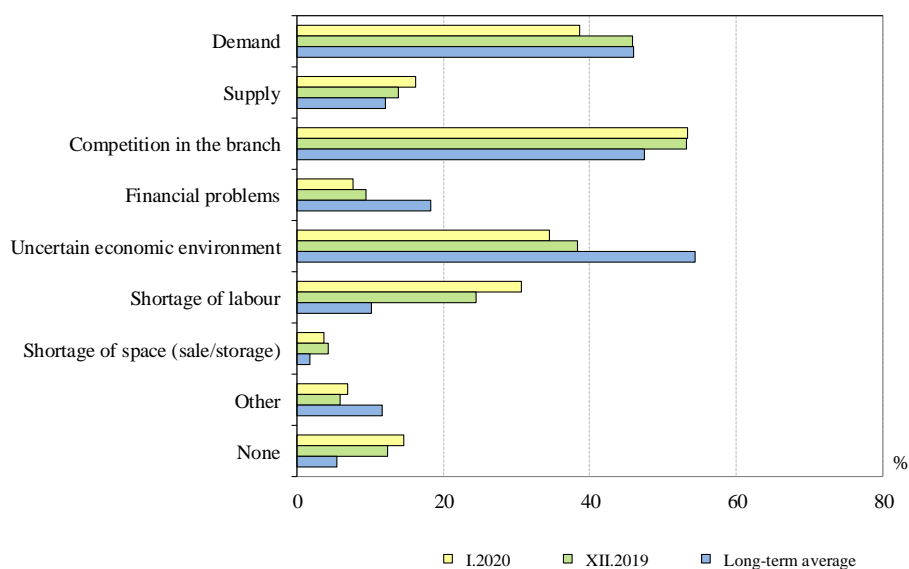


Figure 15. Selling prices expectations in retail trade over the next 3 months

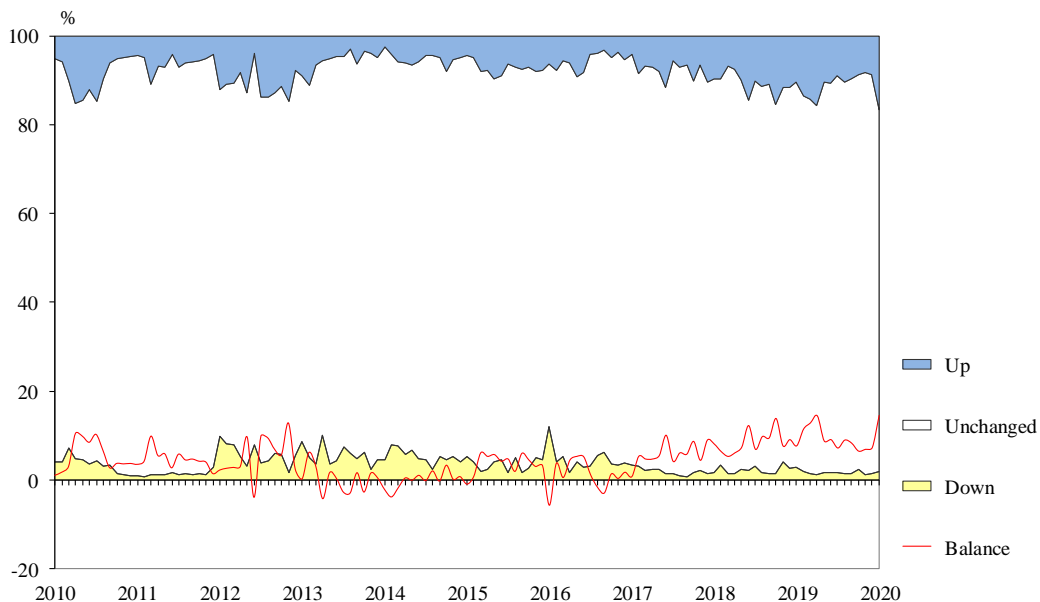


Figure 16. Business climate in service sector

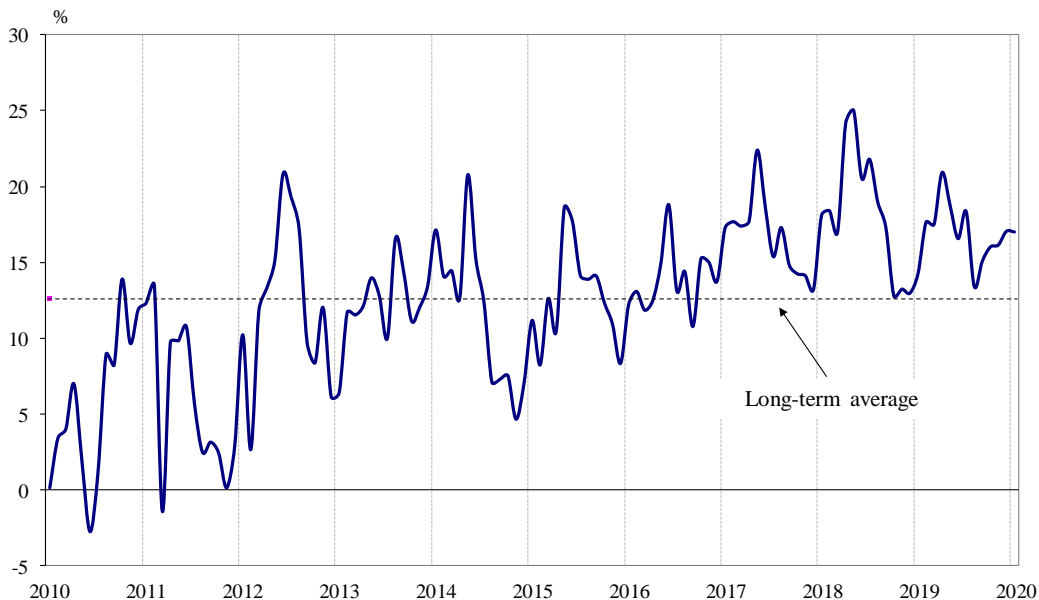


Figure 17. Expected demand in service sector over the next 3 months

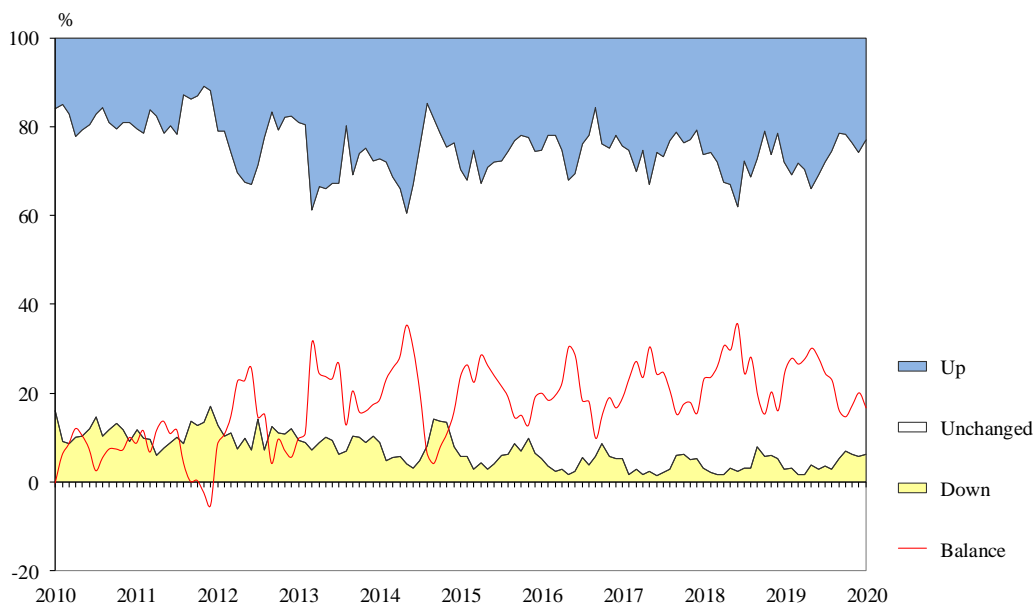


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

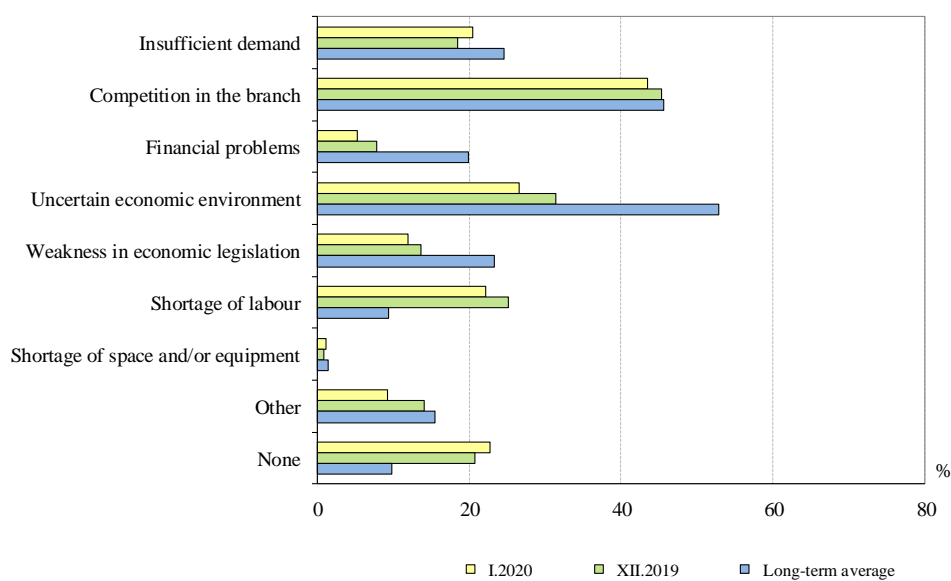


Figure 19. Selling prices expectations in service sector over the next 3 months

