

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

In February 2020, **the total business climate indicator**⁴ decreases by 0.8 percentage points compared to the previous month (Annex, Figure 1) as a result of the more unfavourable business climate in retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ preserves its January level (Annex, Figure 2). The industrial entrepreneurs assess the present production activity as slight reduced, as their expectations about the activity over the next 3 months are also worsened (Annex, Figure 3).

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

As regards the selling prices in industry, the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In February the composite indicator ‘business climate in construction’ increases by 0.5 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). At the same time, their forecast about the construction activity over the next 3 months are more favourable, which according to them will lead to the additional hiring of personnel.

The shortage of labour, uncertain economic environment and competition in the branch continue to be the most serious obstacles for the business, as in the last month strengthen of the negative influence of the second factor is reported (Annex, Figure 8).

Concerning the selling prices the inquiry registers intentions for certain increase, although the prevailing of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 0.6 percentage points (Annex, Figure 10) which is due to the shifting of the retailers’ assessments about the present business situation of enterprises from ‘good’ towards ‘satisfactory’ (normal for the season). However, their forecasts

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.

about the business situation over the next 6 months are more favourable, as in their expectations about the volume of sales over the next 3 months an improvement is registered (Annex, Figure 11).

The main difficulties for the development of 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 retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In February the composite indicator 'business climate in service sector' drops by 3.6 percentage points (Annex, Figure 14) as a result of the more unfavourable managers' assessments and expectations about the business situation of the enterprises. Their opinions about the present and expected demand for services are more reserved (Annex, Figure 15).

The competition in the branch continues to be the most serious problem for the business. In the second and third place are the factors 'uncertain economic environment' and 'shortage of labour' (Annex, Figure 16).

The majority of the managers foresee the selling prices in the service sector to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

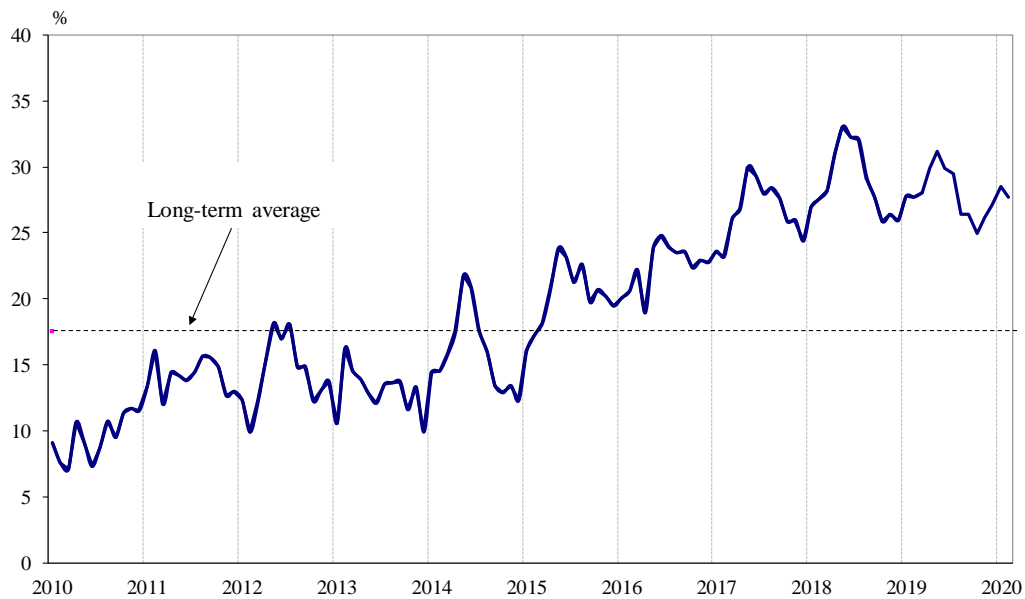


Figure 2. Business climate in industry

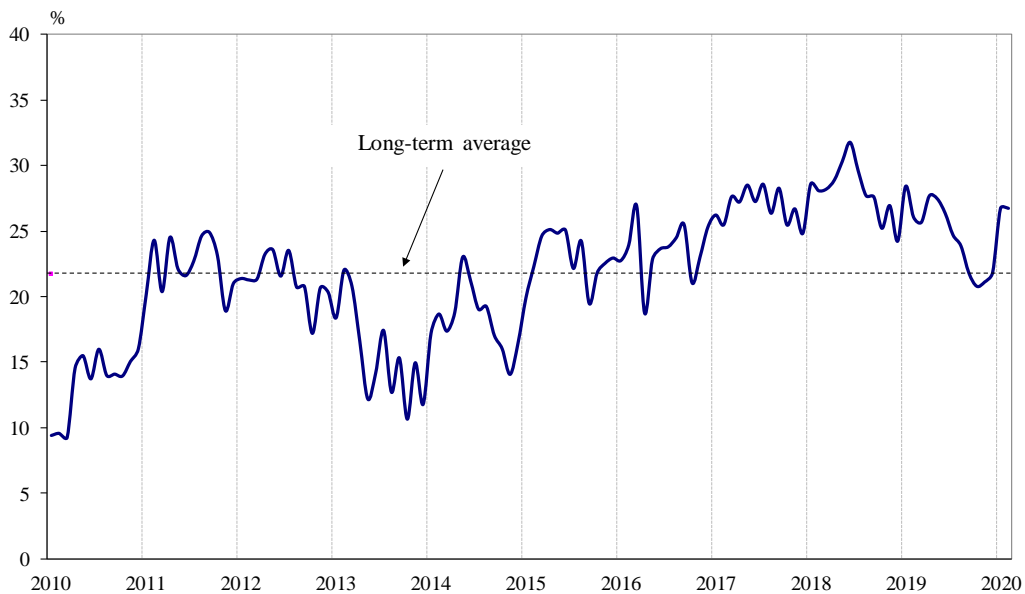


Figure 3. Expected production activity in industry over the next 3 months

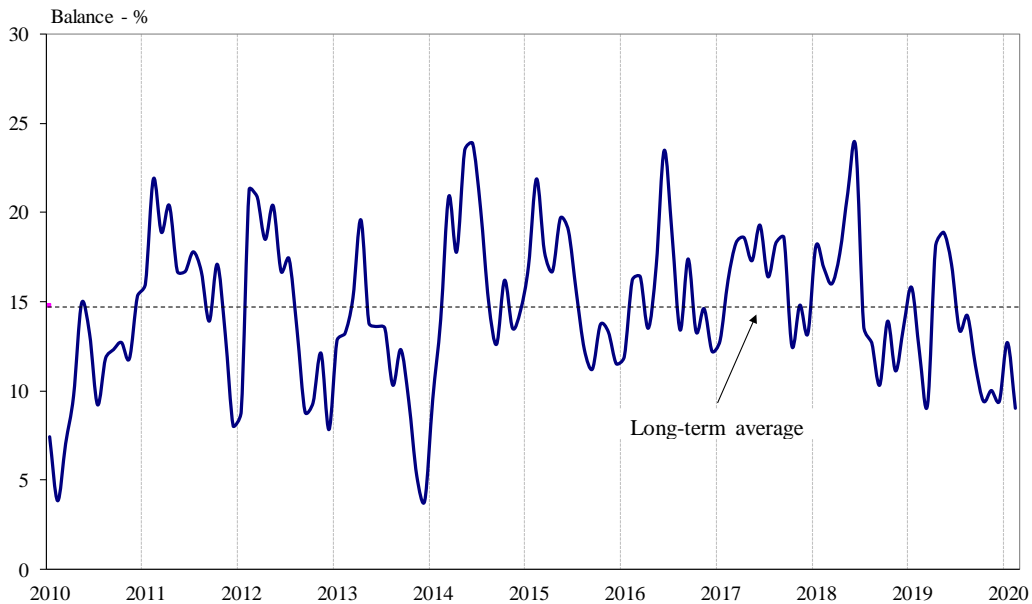


Figure 4. Limits to production in industry (Relative share of enterprises)

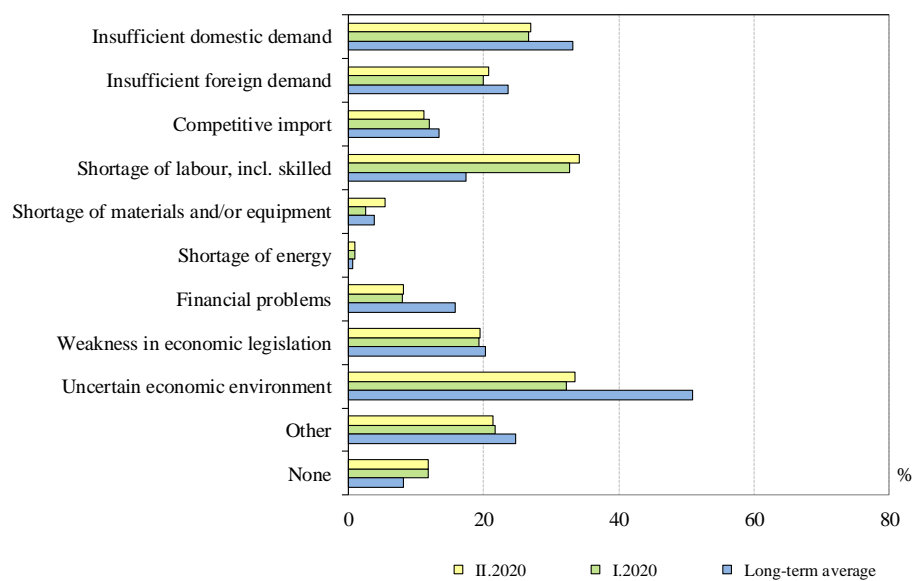


Figure 5. Selling prices expectations in industry over the next 3 months

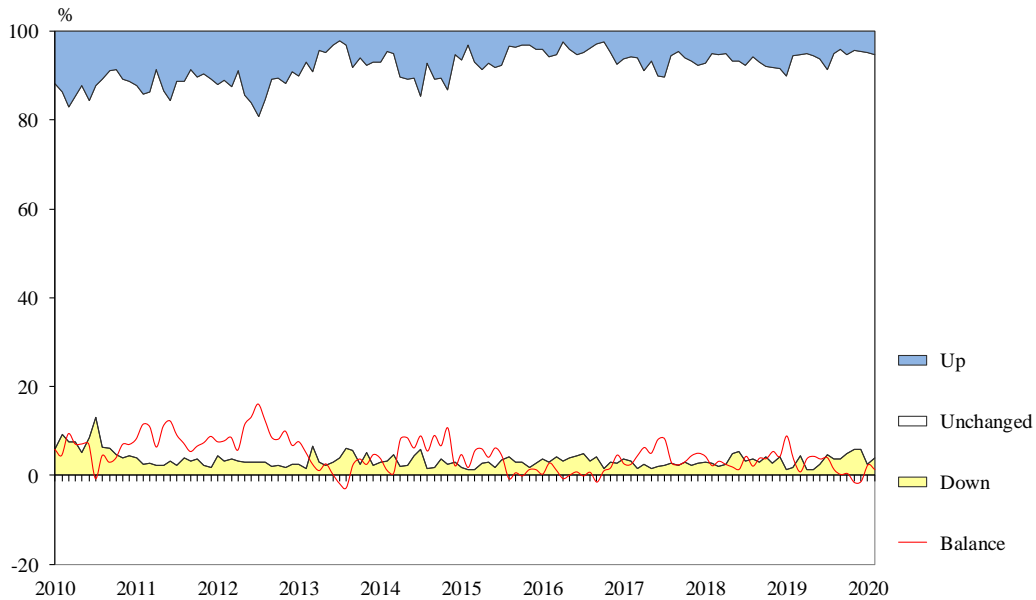


Figure 6. Business climate in construction

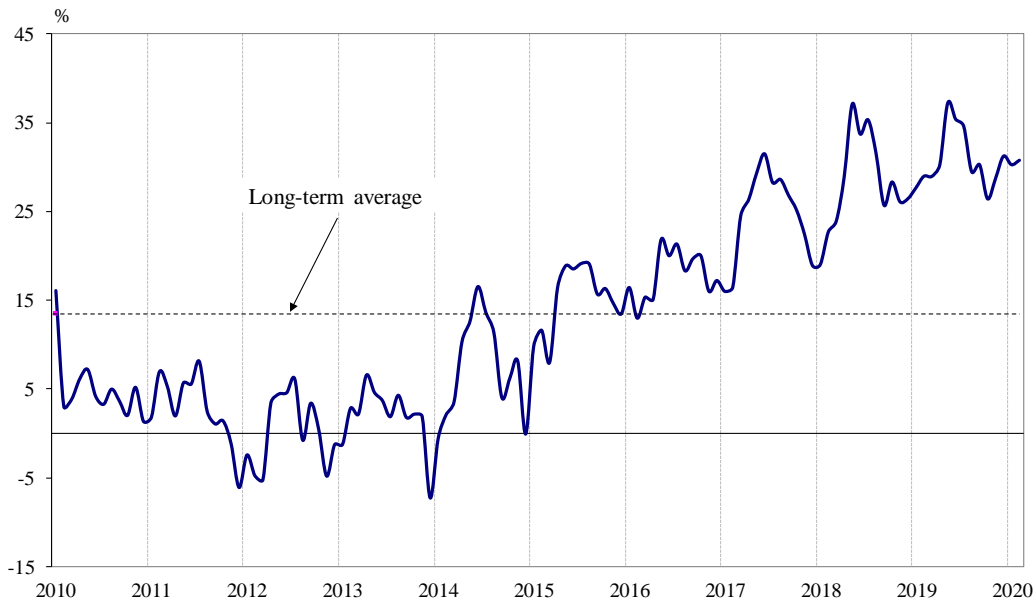


Figure 7. Expected business situation in construction over the next 6 months

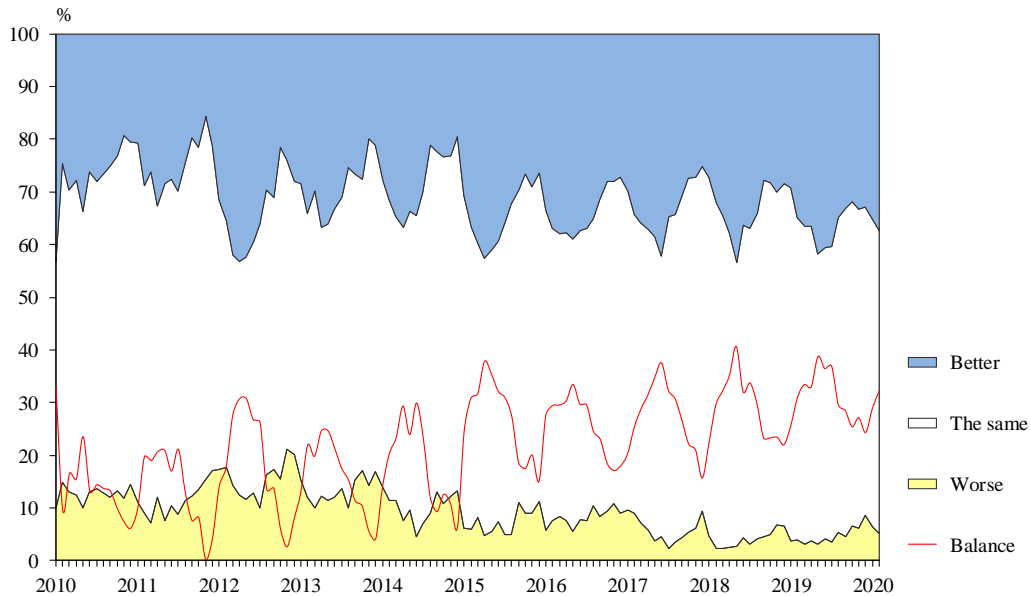


Figure 8. Limits to construction activity (Relative share of enterprises)

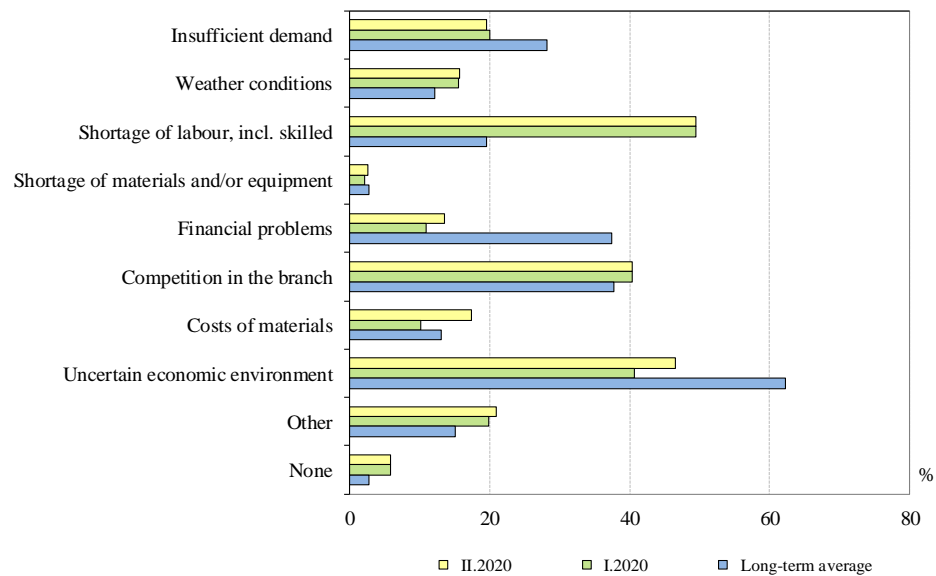


Figure 9. Selling prices expectations in construction over the next 3 months

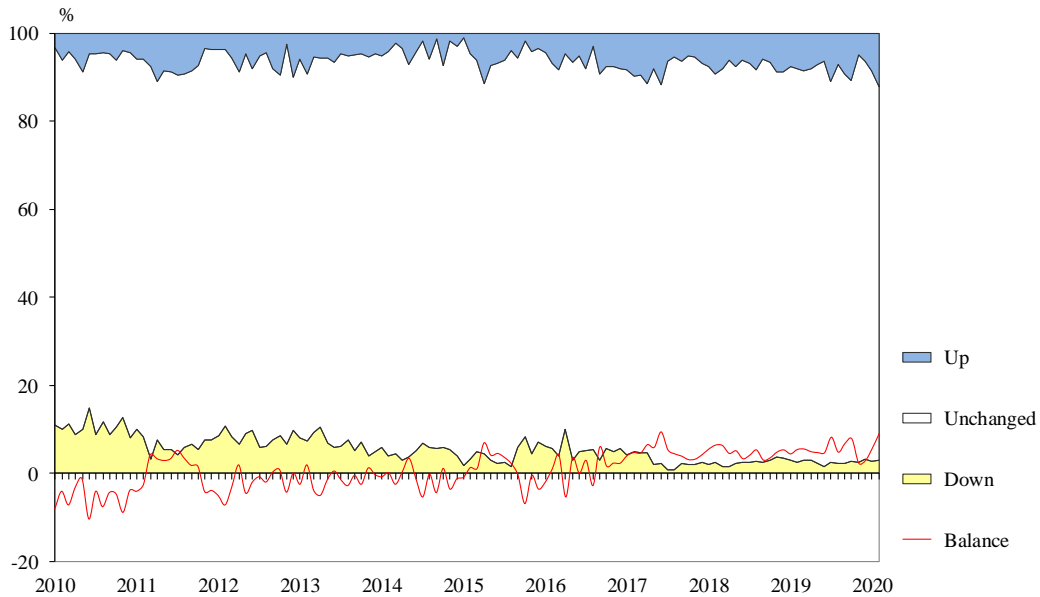


Figure 10. Business climate in retail trade

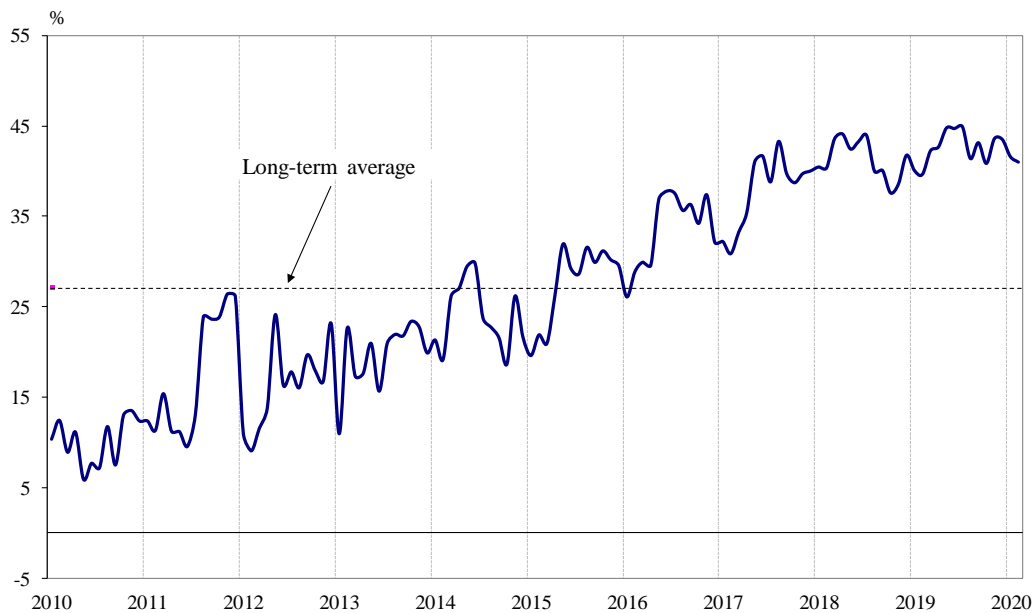


Figure 11. Sales expectations in retail trade over the next 3 months

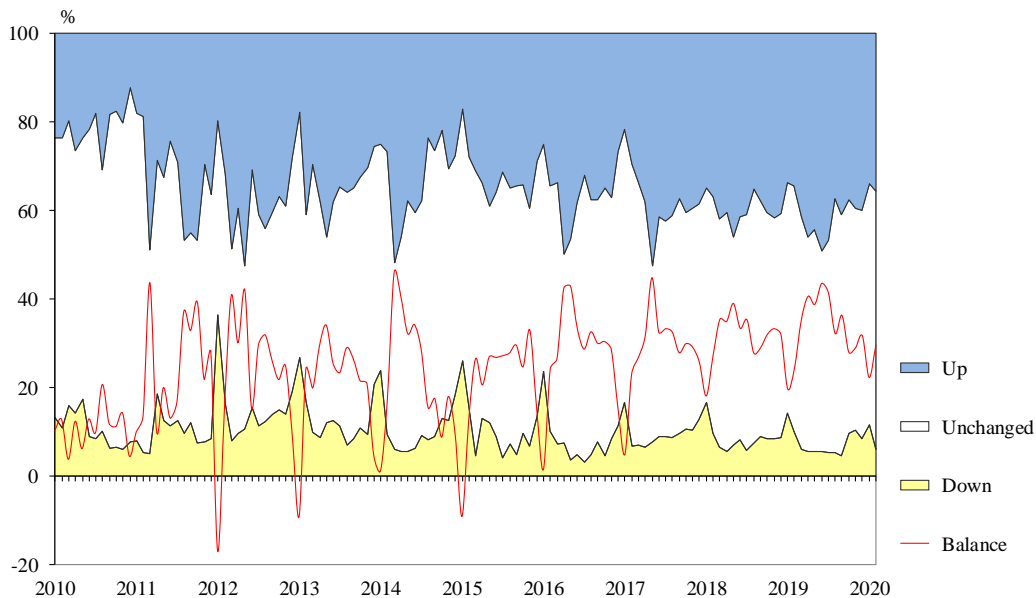


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

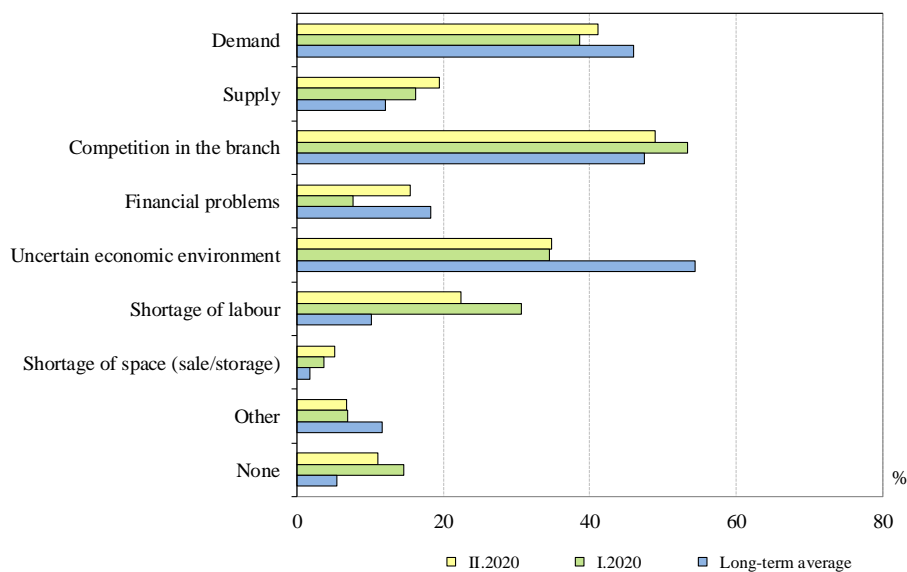


Figure 13. Selling prices expectations in retail trade over the next 3 months

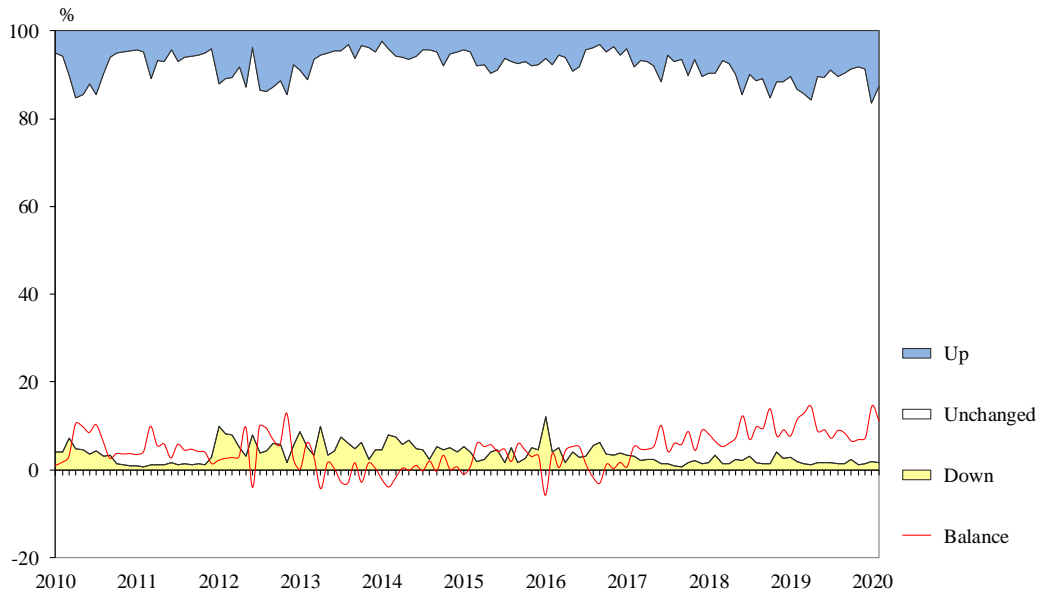


Figure 14. Business climate in service sector

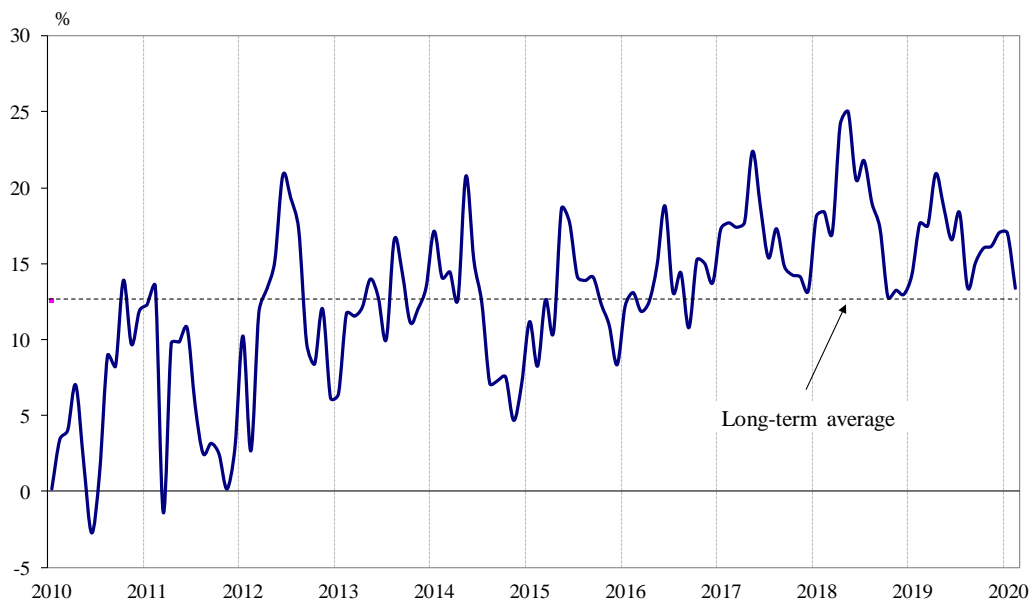


Figure 15. Expected demand in service sector over the next 3 months

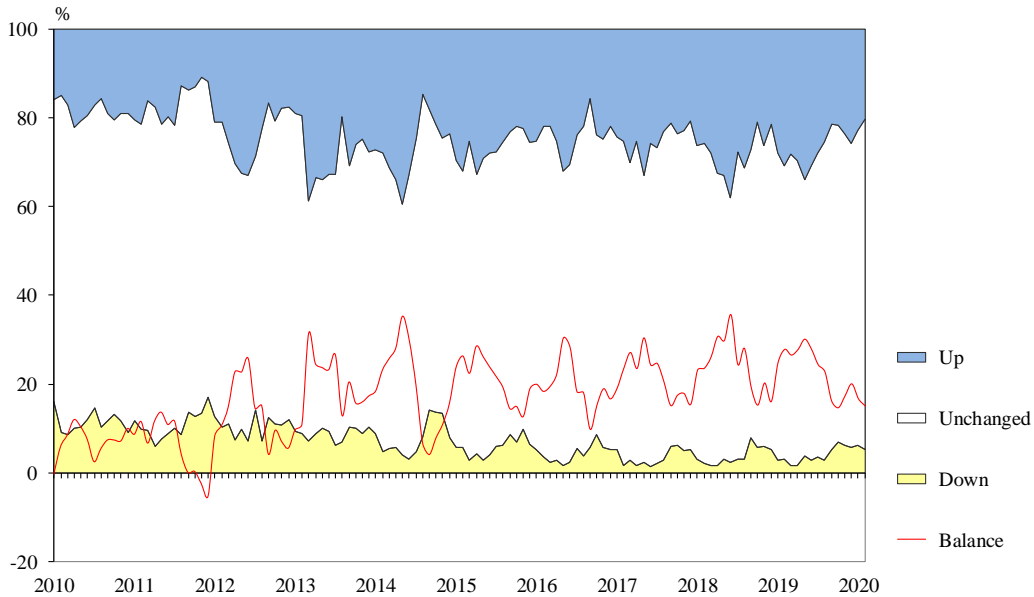


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

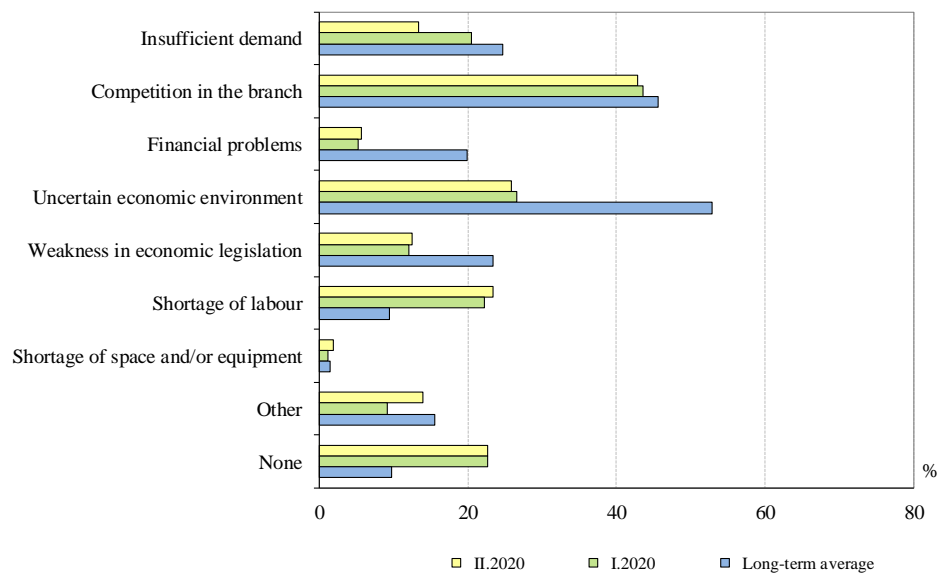


Figure 17. Selling prices expectations in service sector over the next 3 months

