

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, JUNE 2020

In June 2020, the **total business climate indicator**<sup>4</sup> increases by 11.4 percentage points in comparison with the previous month (Annex, Figure 1) which is due to more favourable business climate in all observed sectors - industry, construction, retail trade and services.

**Industry.** The composite indicator 'business climate in industry' increases by 9.7 percentage points (Annex, Figure 2) as a result of the optimistic industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. At the same time, the production assurance with orders is assessed as sufficient, which is accompanied by increased expectations about the activity over the next 3 months (Annex, Figure 3).

The uncertain economic environment continues to be the main factor, limiting the activity followed by factor 'other'<sup>5</sup> pointed out respectively by 55.9% and 34.2% of the enterprises (Annex, Figure 4).

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

**Construction.** In June, the composite indicator 'business climate in construction' increases by 14.4 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs' assessments and expectations about the business situation of the enterprises. According to them, the new orders inflow at the last month are increased, and the forecasts about the activity over the next 3 months are optimistic (Annex, Figure 7).

The most serious problems for the business development remain the uncertain economic environment, shortage of labour and factor 'others'<sup>5</sup> (Annex, Figure 8).

Concerning the selling prices in construction, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 9).

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> Respondents are given the opportunity to indicate the answer "Other factors" when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 15.8 percentage points (Annex, Figure 10) as a result of the more favourable retailers’ assessments and expectations about the business situation of the enterprises. Their opinions about the volume of sales over the last 3 months, as well their expectations over the next 3 months are also more positive (Annex, Figure 11).

The main obstacle for the activity in the sector remains the uncertain economic environment followed by the insufficient demand and competition in the branch (Annex, Figure 12).

As regards the selling prices, 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 13).

**Service sector<sup>1</sup>.** In June, the composite indicator ‘business climate in service sector’ increases by 7.0 percentage points (Annex, Figure 14) which is due to the more positive managers’ expectations about the business situation of the enterprises over the next 6 months. At the same time, certain improvement in their expectation about the demand of services over the next 3 months is observed (Annex, Figure 15).

The most serious problems for the business of the enterprises remain connected with the uncertain economic environment, insufficient demand and the factor ‘others’<sup>2</sup> (Annex, Figure 16).

Concerning the selling prices in the sector, the managers’ expectation are them to remain unchanged over the next 3 months (Annex, Figure 17).

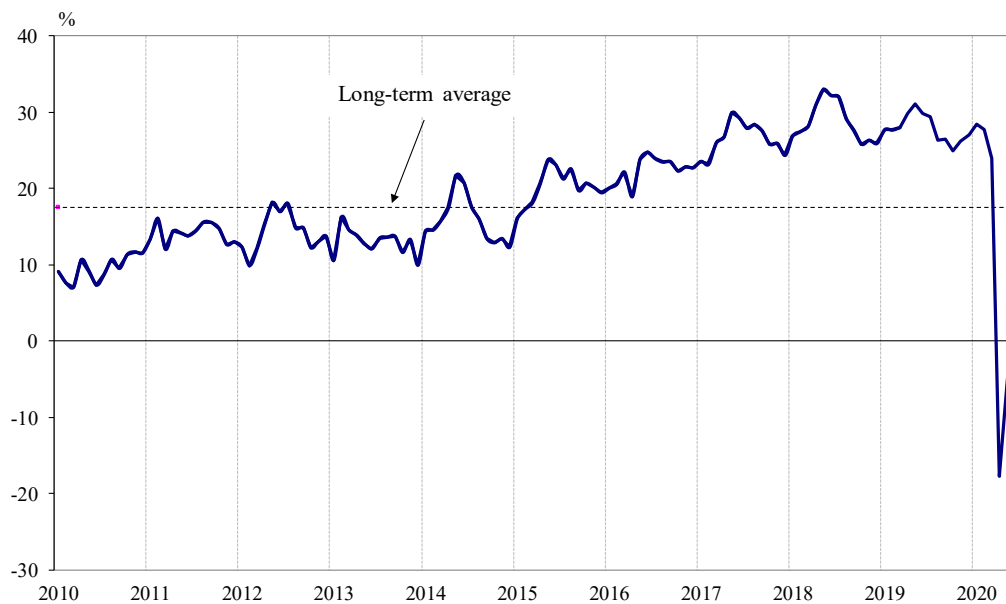
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<sup>1</sup> Excl. trade.

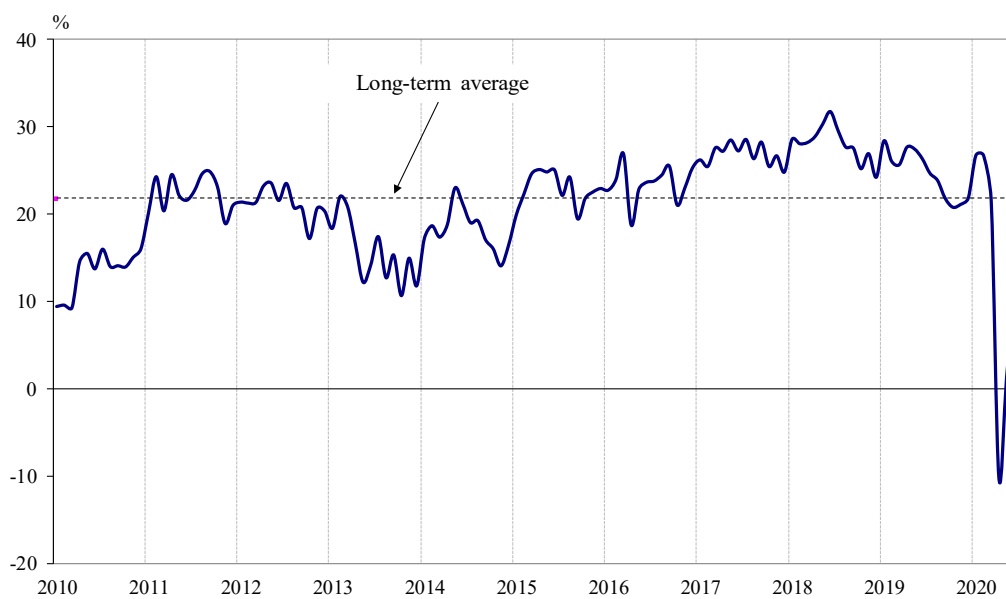
<sup>2</sup> Respondents are given the opportunity to indicate the answer "Other factors" when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

## Annex

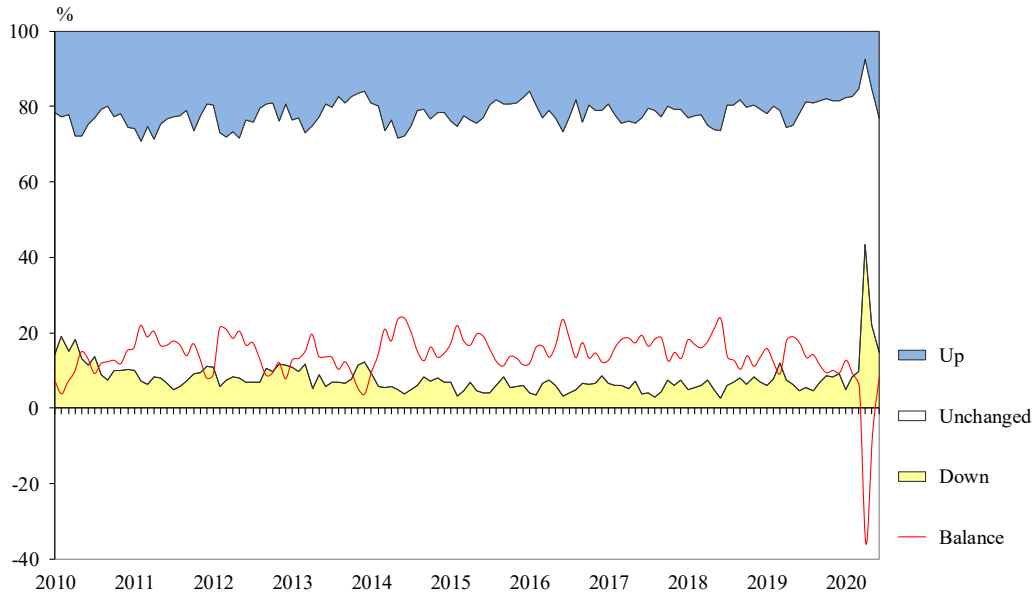
**Figure 1. Business climate - total**



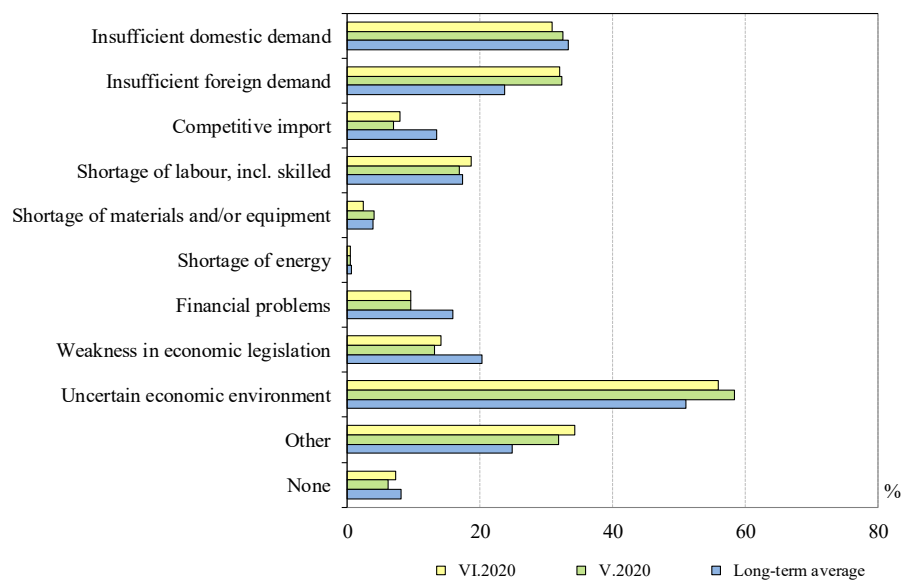
**Figure 2. Business climate in industry**



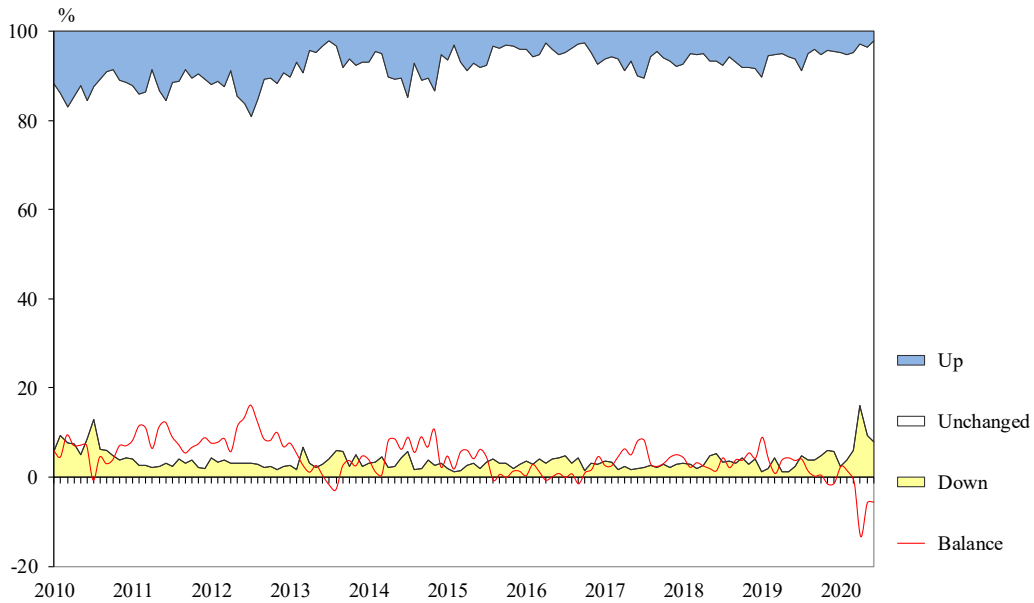
**Figure 3. Expected production activity in industry over the next 3 months**



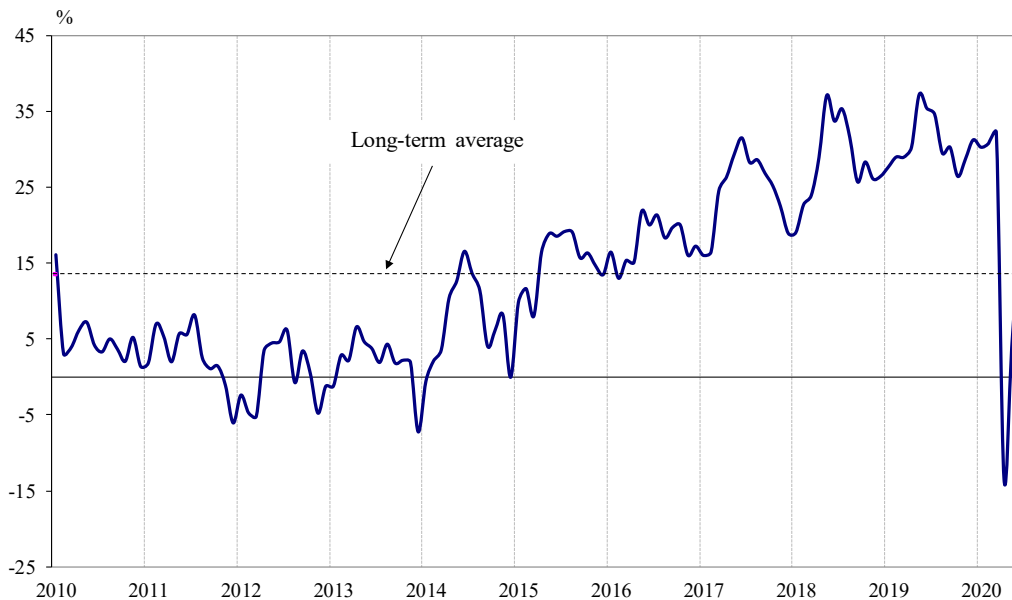
**Figure 4. Limits to production in industry (Relative share of enterprises)**



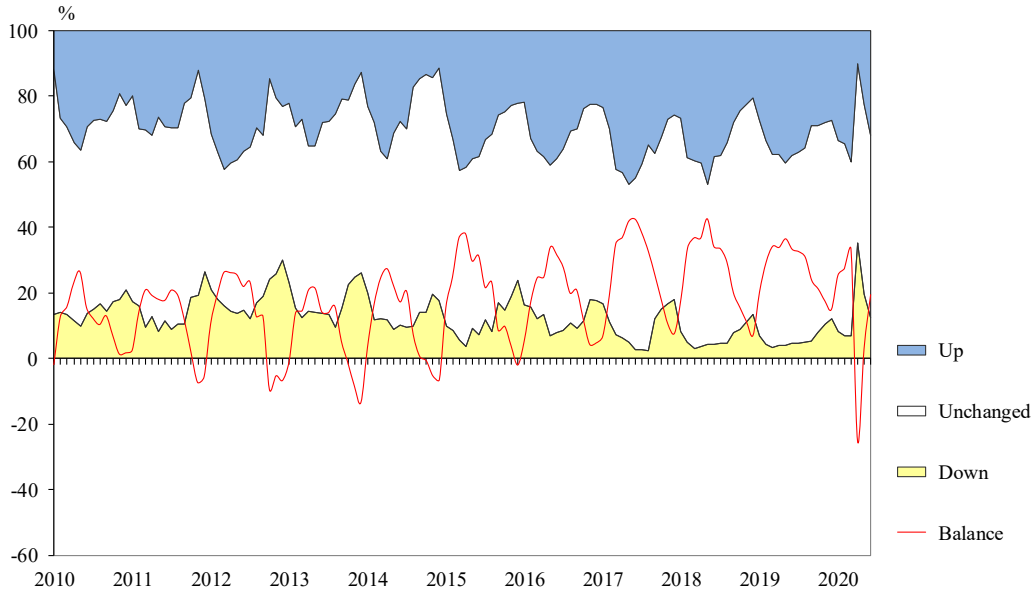
**Figure 5. Selling prices expectations in industry over the next 3 months**



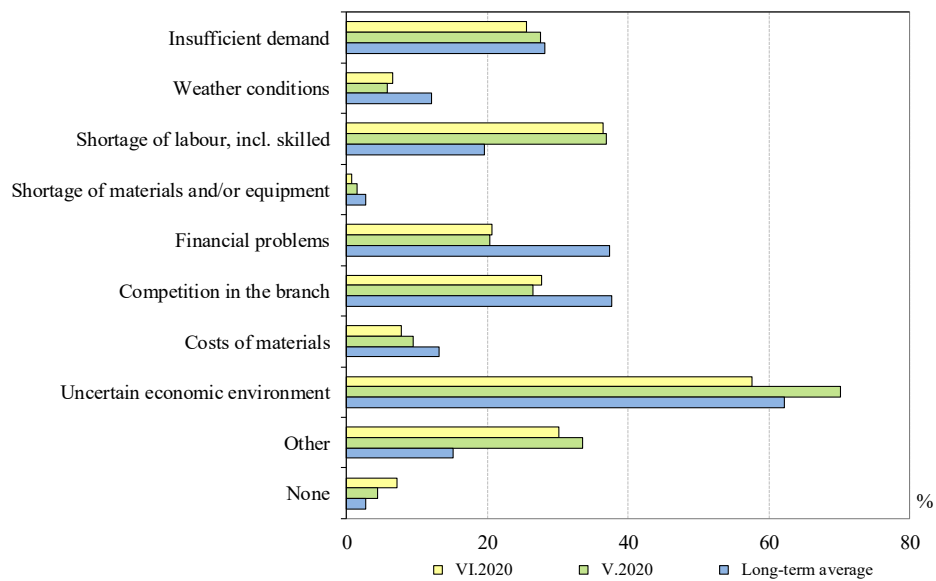
**Figure 6. Business climate in construction**



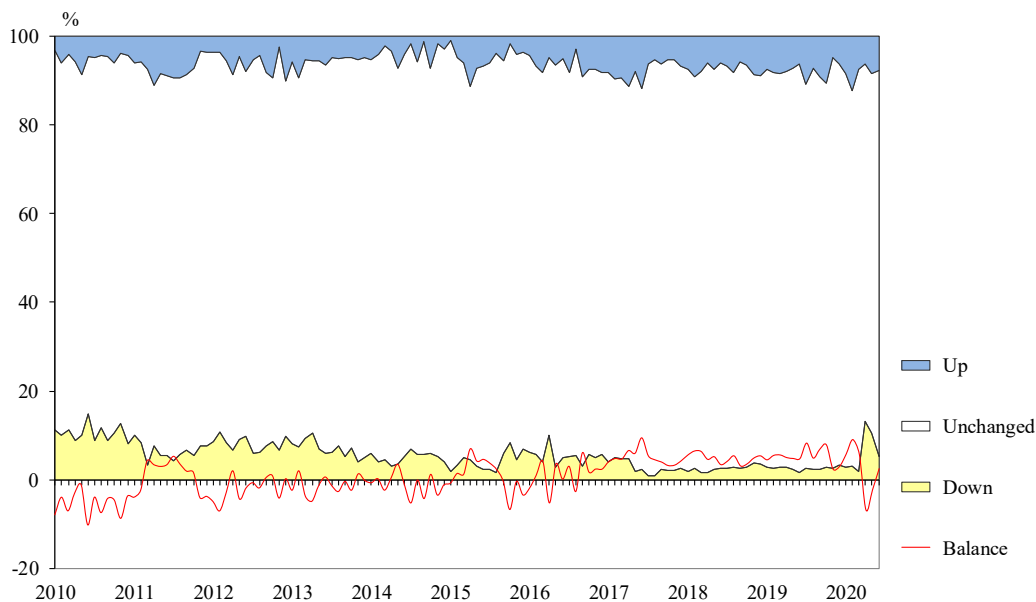
**Figure 7. Expected construction activity over the next 3 months**



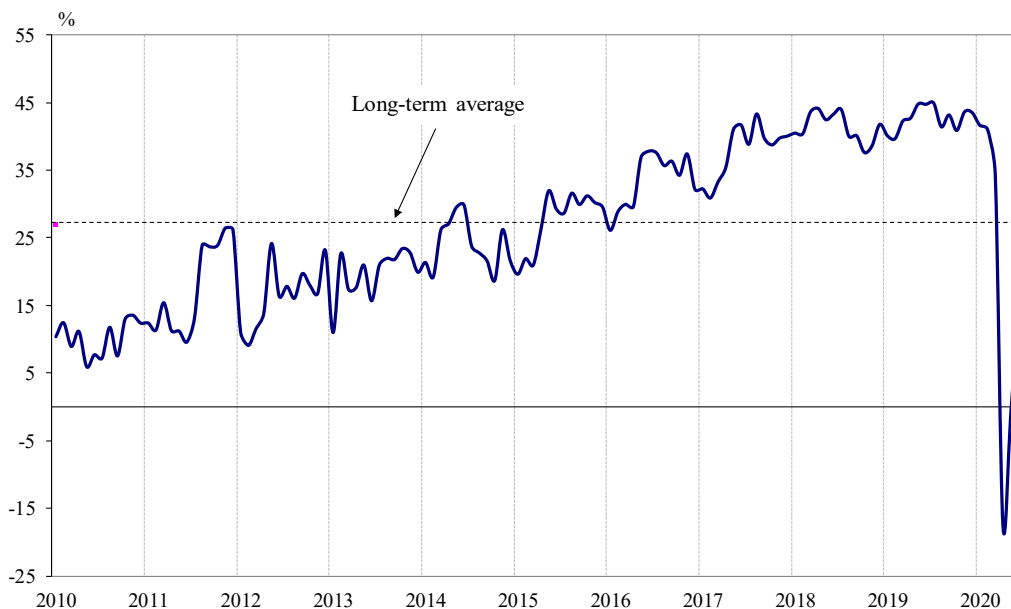
**Figure 8. Limits to construction activity (Relative share of enterprises)**



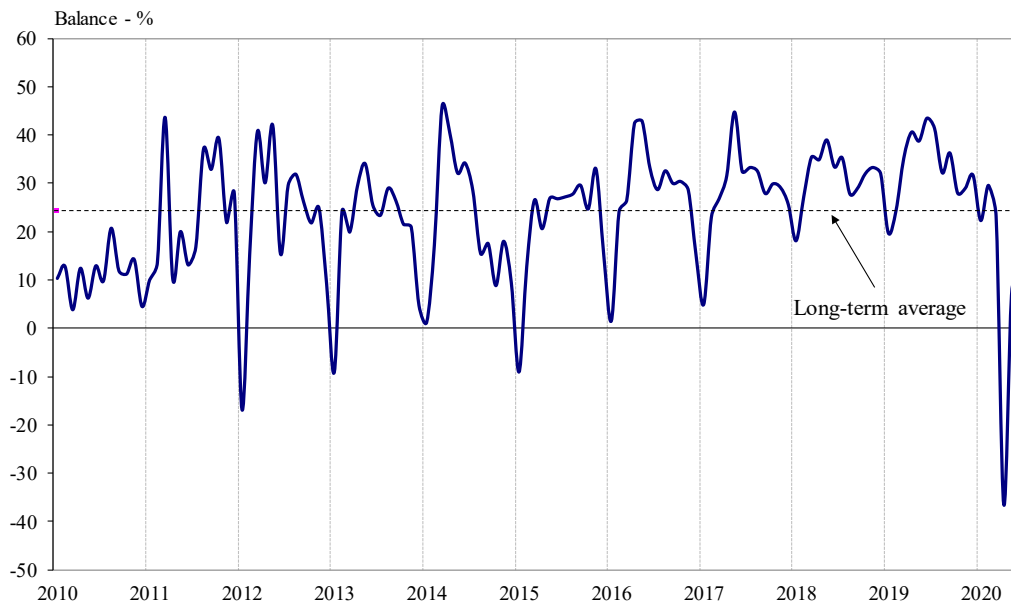
**Figure 9. Selling prices expectations in construction over the next 3 months**



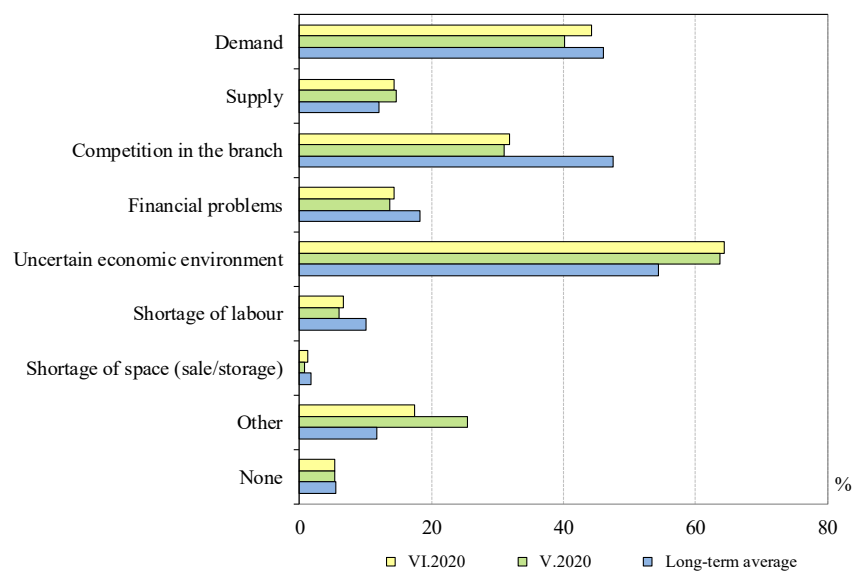
**Figure 10. Business climate in retail trade**



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

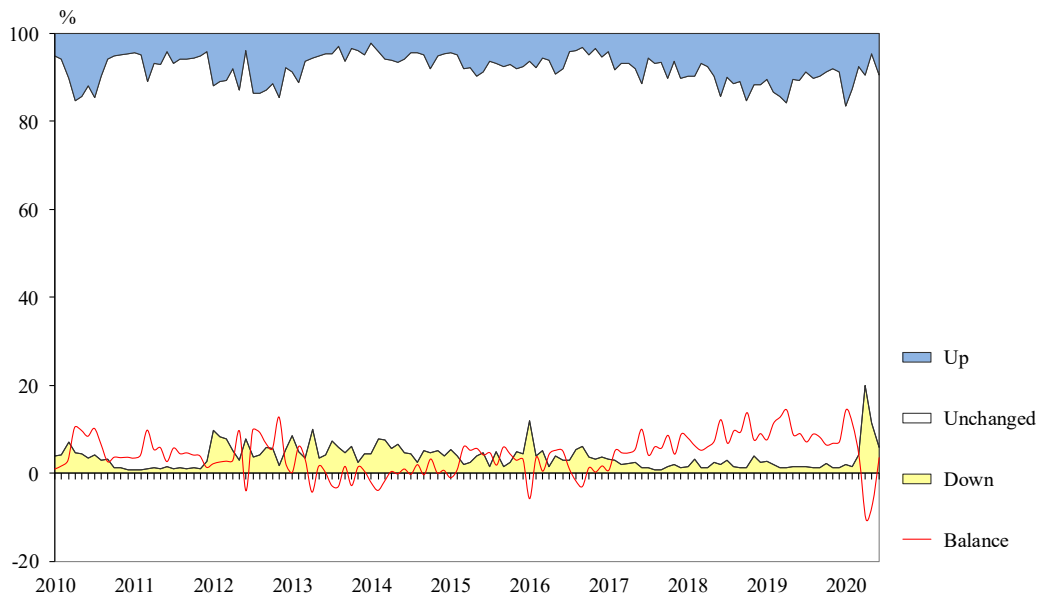


**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

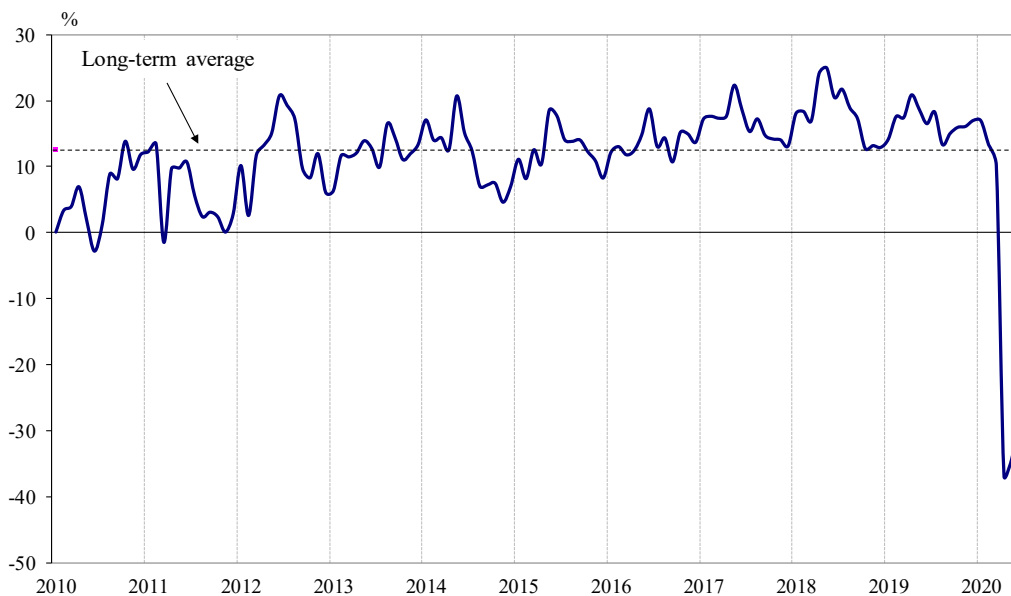




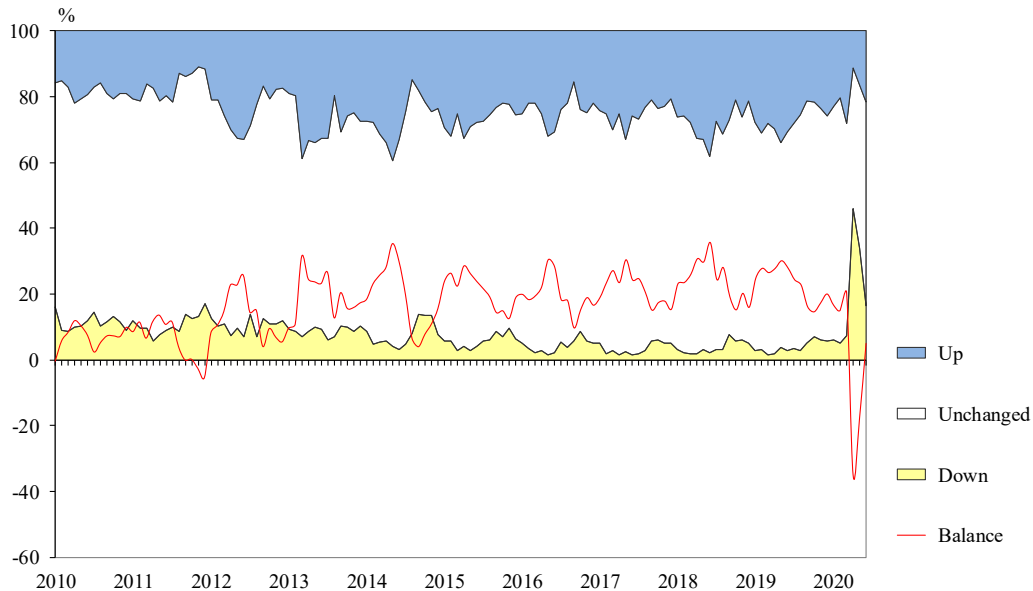
**Figure 13. Selling prices expectations in retail trade over the next 3 months**



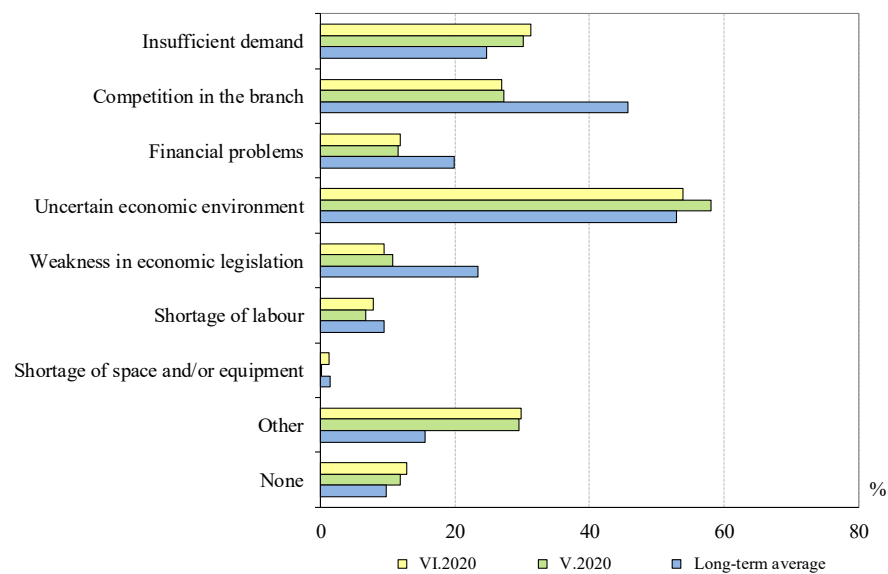
**Figure 14. Business climate in service sector**



**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**

