

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

In October 2020, **the total business climate indicator**⁴ increases by 0.5 percentage points in comparison with the previous month (Annex, Figure 1). An improvement of the business conjuncture is registered in construction, retail trade and service sector, while in industry the indicator is decreased.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.3 percentage points compared to September (Annex, Figure 2) as a result of more moderate industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). The inquiry registers an improvement in their opinions for the production assurance with orders over the last 3 months, which is not accompanied by increased expectations about the production activity over the next 3 months.

The average capacity utilization from July to October increases by 2.4 percentage points and it reaches 72.8%, as regards the expected demand over the next months a surplus of capacity is foreseen.

The main factors limiting the enterprises continue to be connected with the uncertain economic environment, insufficient foreign demand and insufficient domestic demand (Annex, Figure 4).

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

Construction. In October the composite indicator ‘business climate in construction’ increases by 0.6 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs’ assessments about the present business situation of the enterprises. The present construction activity is assessed as slight improved and their expectations about the activity over the next 3 months are favourable (Annex, Figure 7). In the last month the inquiry also reports a decrease in the number of clients with delay in payments.

The uncertain economic environment remains the main obstacle for the business development, followed by the shortage of labour and competition in the branch (Annex, Figure 8).

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.

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

Retail trade. The composite indicator 'business climate in retail trade' increases by 1.3 percentage points (Annex, Figure 10) as a result of the optimistic retailers' expectations about the business situation of the enterprises over the next 6 months. Their forecasts about both the volume of sales (Annex, Figure 11) and the orders placed with suppliers over the next 3 months are also improved.

The uncertain economic environment continues to be the main factor, limiting the activity. An increase of the negative influence of the factor 'insufficient demand' is also registered, which shifts to the third place the difficulties, connected with the competition in the branch (Annex, Figure 12).

The retailers expect the selling prices to preserve their level over the next 3 months (Annex, Figure 13).

Service sector¹. In October, the composite indicator 'business climate in service sector' increases by 3.4 percentage points (Annex, Figure 14) which is due to the favourable managers' assessments and expectations about the business situation of the enterprises. At the same time, certain improvement of their expectations as regards the demand for services over the next 3 months (Annex, Figure 15) is observed, but it is not accompanied by additional hiring of personnel.

The most serious difficulties for the business remain the uncertain economic environment, insufficient demand, factor 'others'² and competition in the branch (Annex, Figure 16).

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

¹ Excl. trade.

² 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

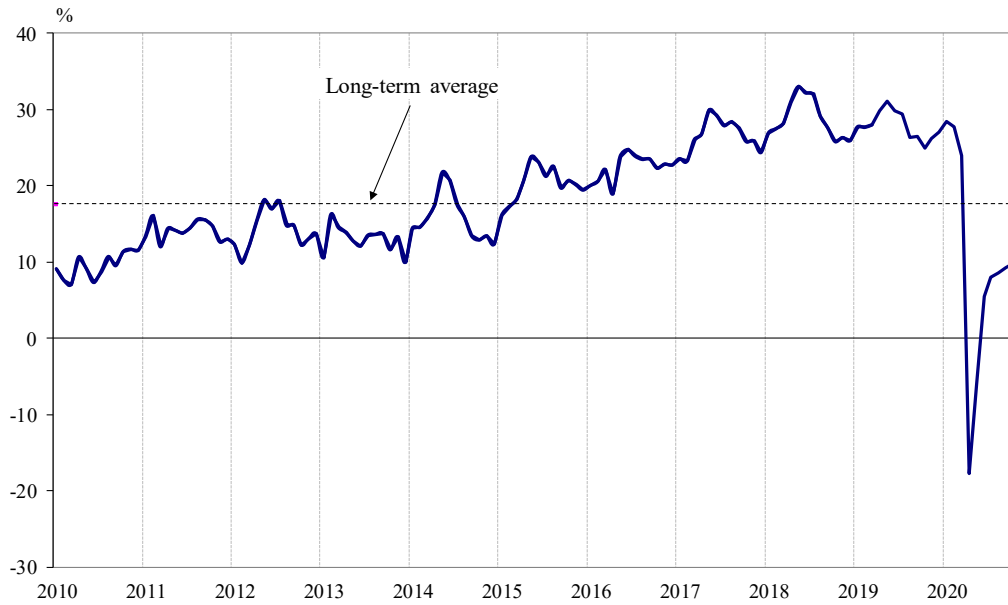


Figure 2. Business climate in industry

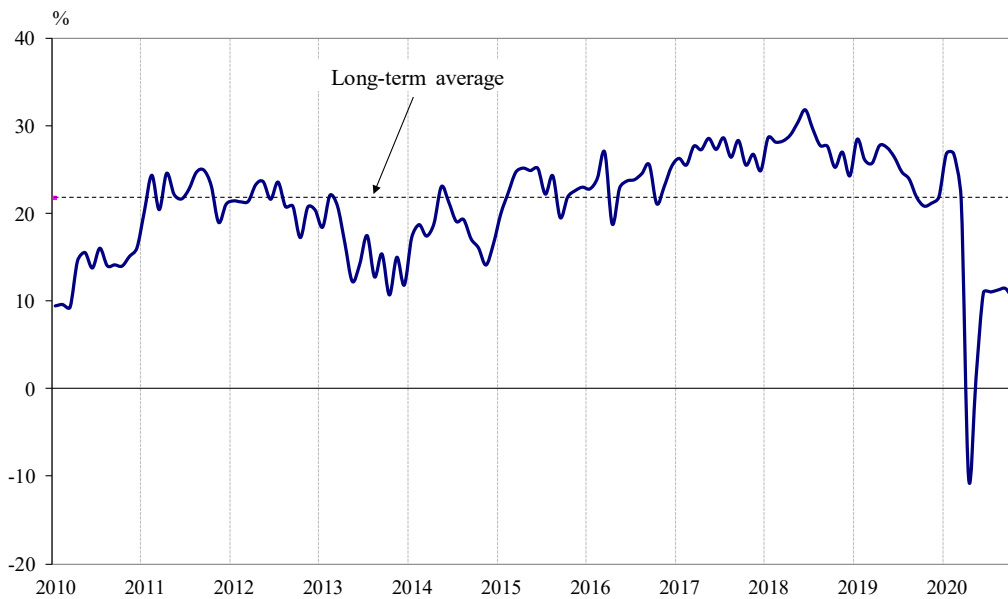


Figure 3. Expected business situation in industry over the next 6 months

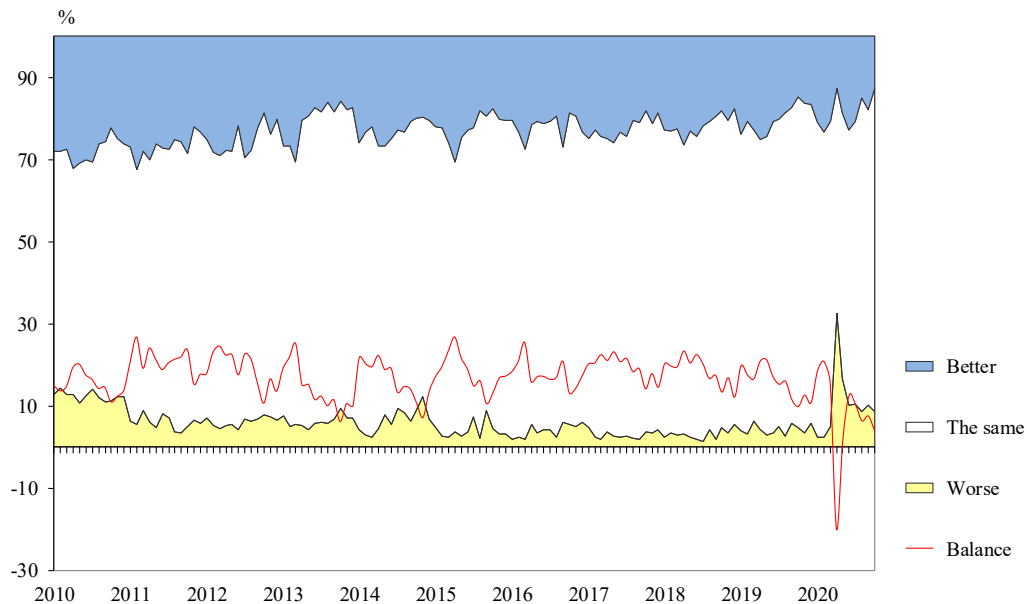


Figure 4. Limits to production in industry (Relative share of enterprises)

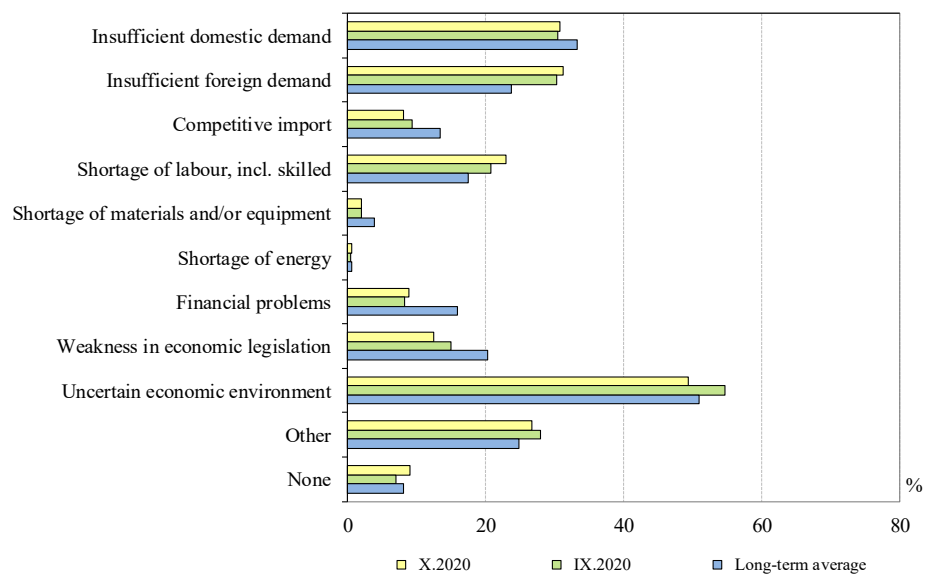


Figure 5. Selling prices expectations in industry over the next 3 months

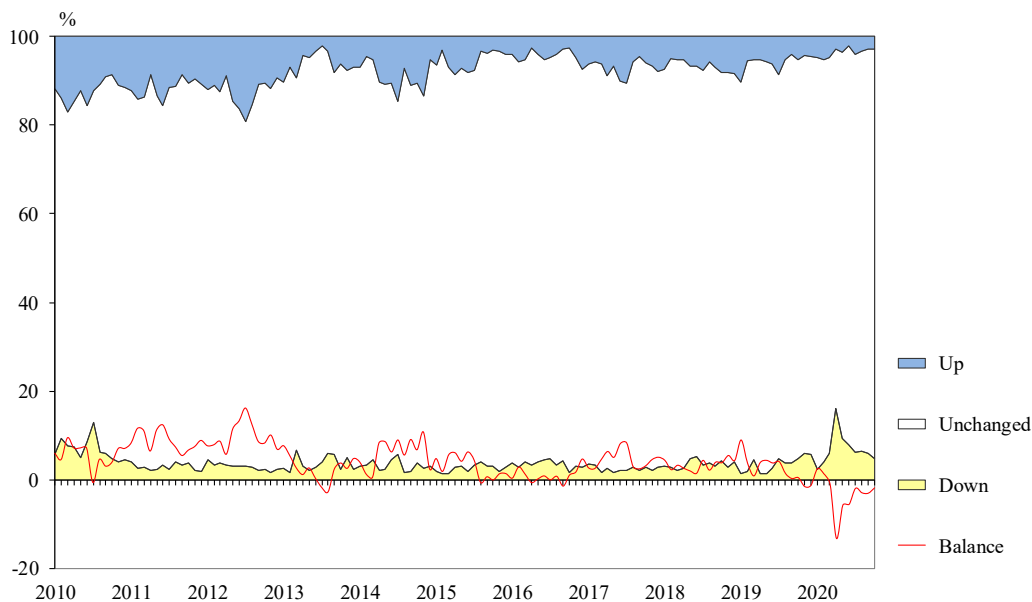


Figure 6. Business climate in construction

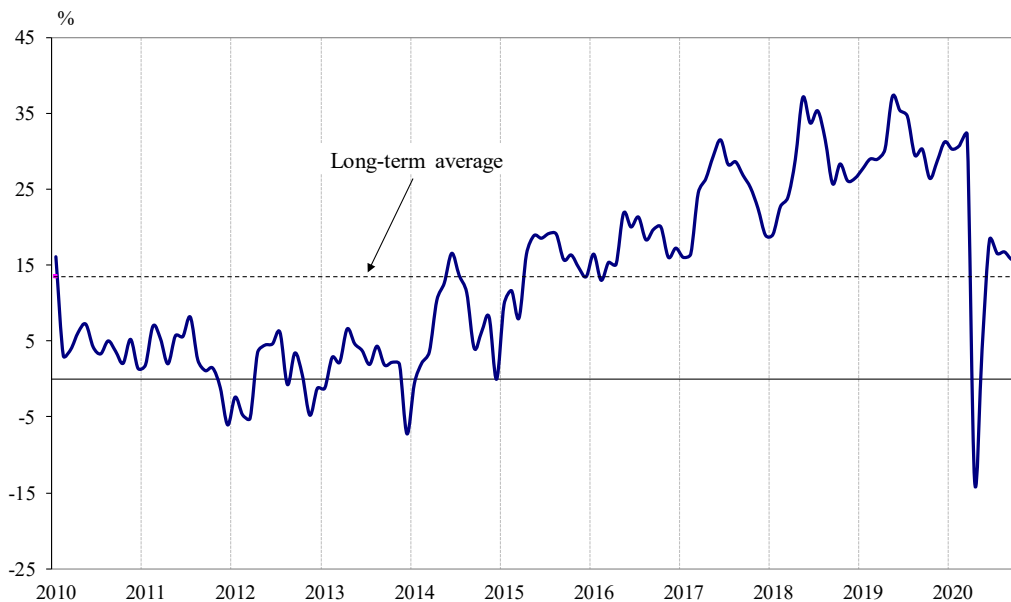


Figure 7. Expected construction activity over the next 3 months

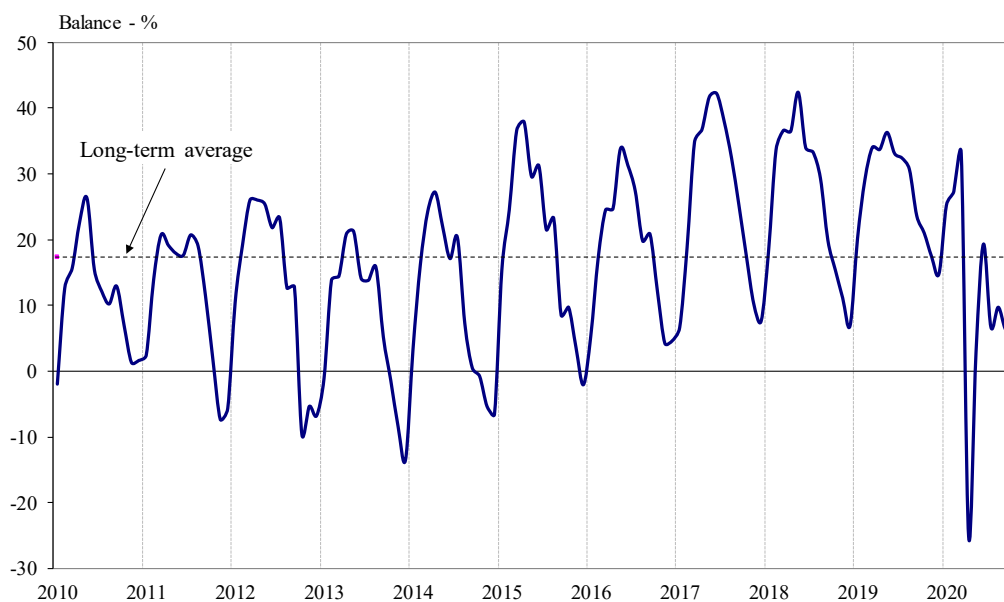


Figure 8. Limits to construction activity (Relative share of enterprises)

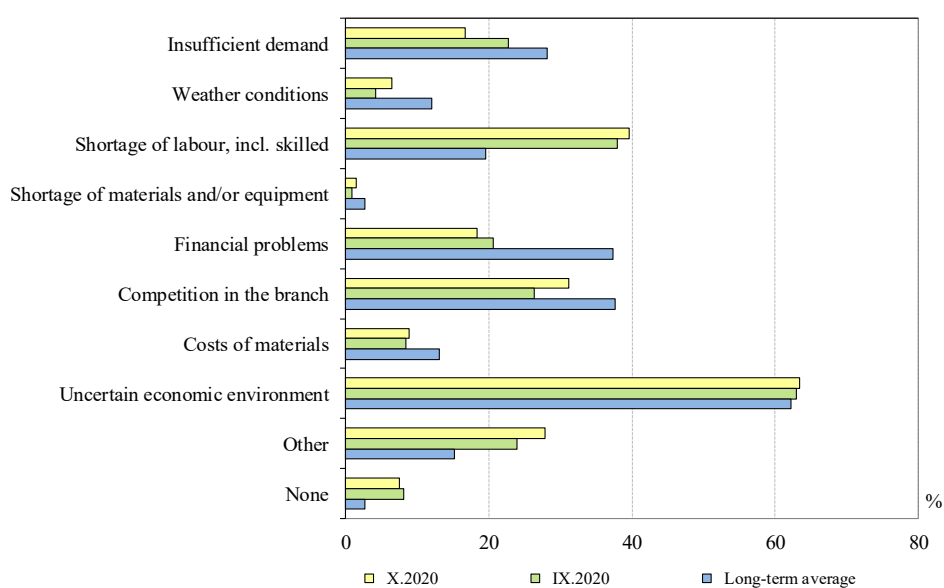


Figure 9. Selling prices expectations in construction over the next 3 months

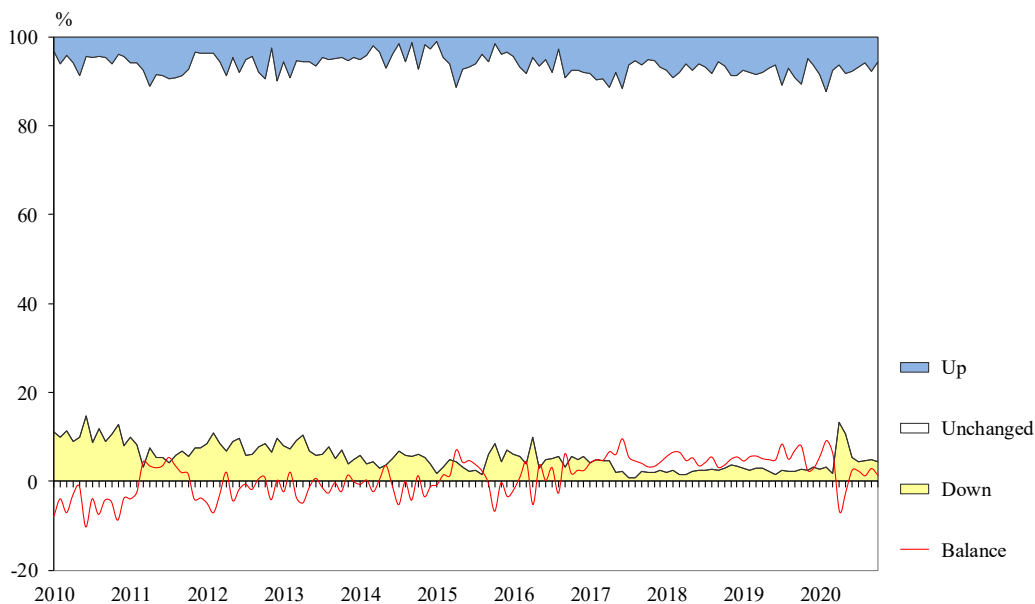


Figure 10. Business climate in retail trade

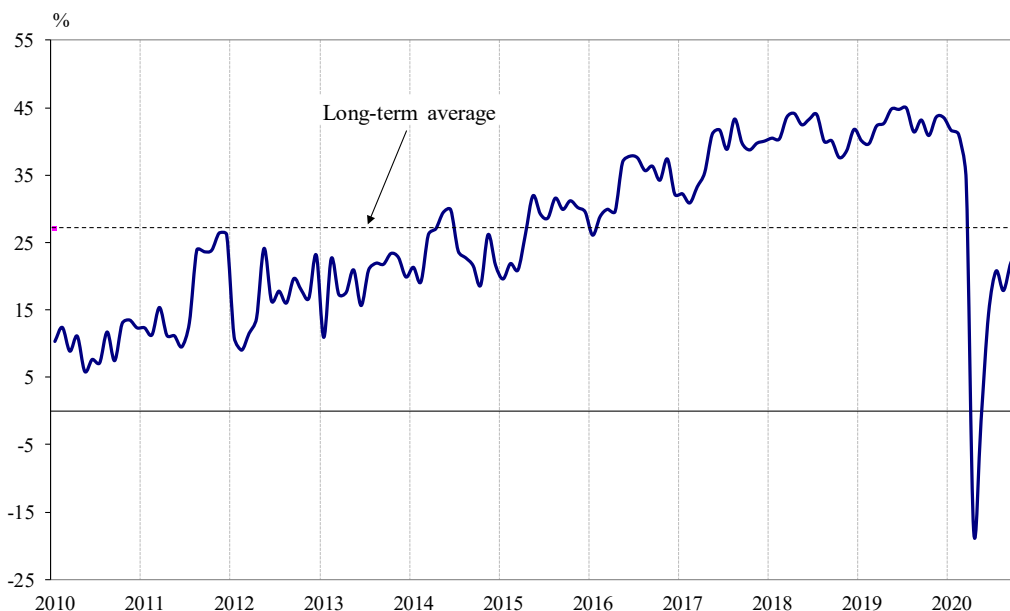


Figure 11. Sales expectations in retail trade over the next 3 months

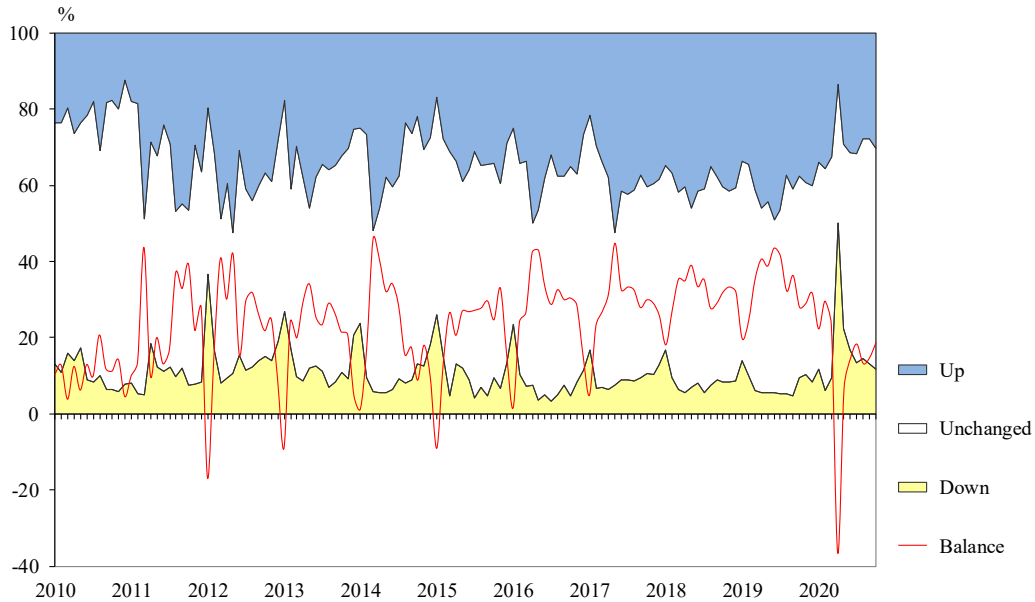


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

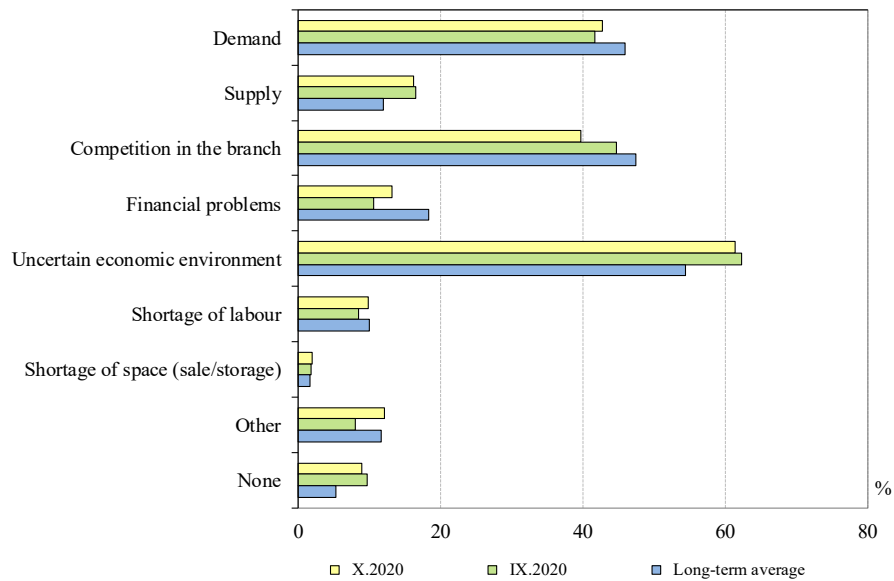


Figure 13. Selling prices expectations in retail trade over the next 3 months

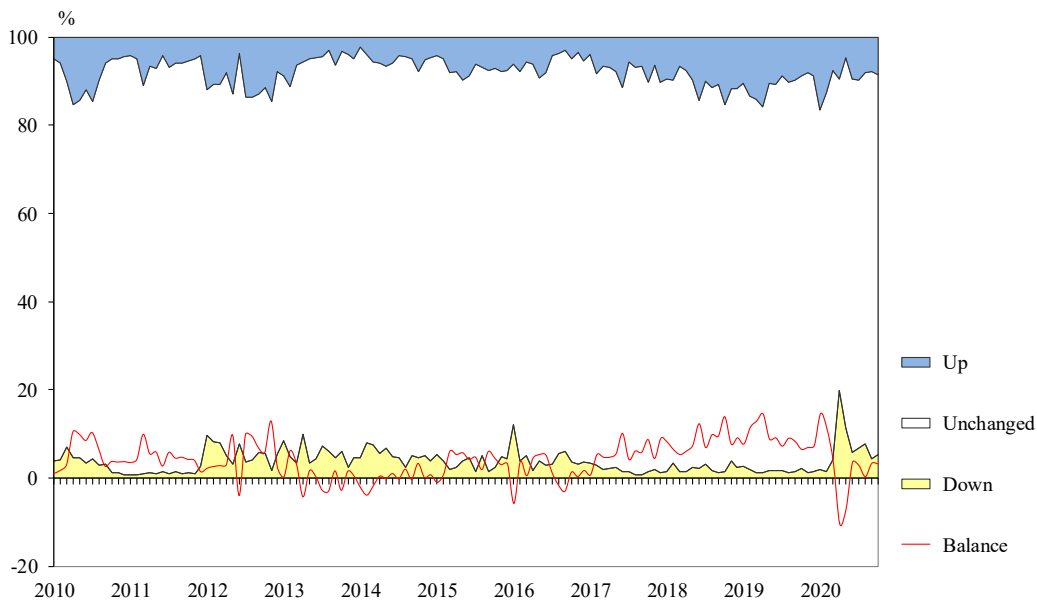


Figure 14. Business climate in service sector

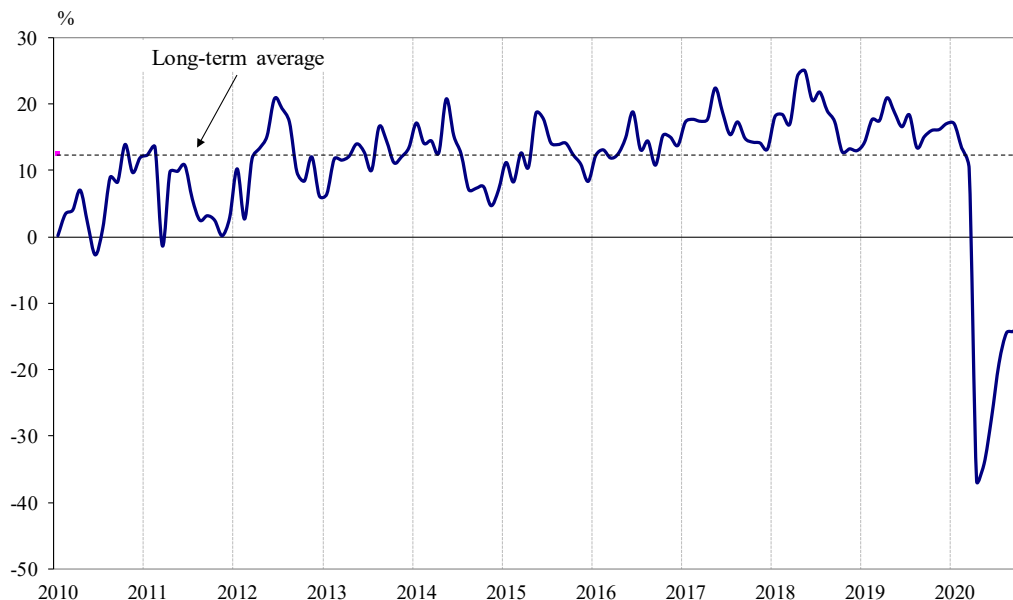


Figure 15. Expected demand in service sector over the next 3 months

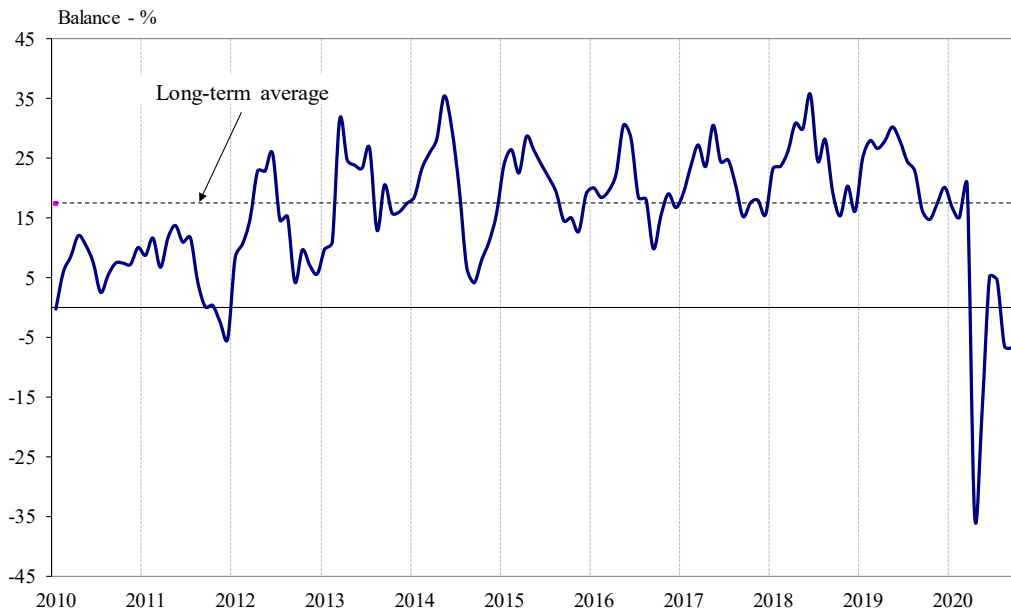


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

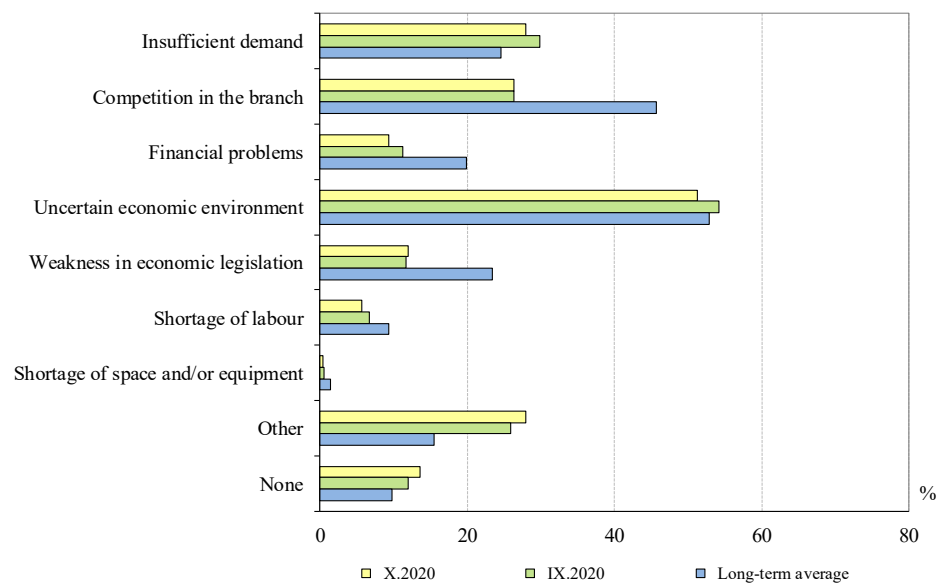


Figure 17. Selling prices expectations in service sector over the next 3 months

