

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, APRIL 2021

In April 2021, **the total business climate indicator**<sup>4</sup> remains approximately to its level from the previous month (Annex, Figure 1). A reduction of the indicator is observed in industry and construction, in retail trade preserves its level from March, and in service sector, an increase is registered.

**Industry.** The composite indicator ‘business climate in industry’ decreases by 1.4 percentage points (Annex, Figure 2) as a result of the more reserved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. However, their forecasts about the export and production activity (Annex, Figure 3) over the next 3 months are favourable.

In April, the average capacity utilization is by 0.8 percentage points below its January level and it reaches 73.2%, as regards the expected demand over the next months a shortage of capacity is foreseen.

The uncertain economic environment continues to be the main factor, limiting with the most extent the business development pointed out by 51.0% of the enterprises. In the background remain the factors ‘insufficient domestic demand’, ‘insufficient foreign demand’ and ‘others’<sup>5</sup> (Annex, Figure 4).

As regards the selling prices in industry, the managers’ forecasts are for certain increase, although the prevailing part of them expect them to preserve their level over the next 3 months (Annex, Figure 5).

**Construction.** In April, the composite indicator ‘business climate in construction’ decreases by 1.3 percentage points (Annex, Figure 6) mainly due to the worsened construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months.

In their opinion, the production assurance with orders is preserved compared to January and it is assessed to be 5.9 months. At the same time, their expectations about the construction activity over the next 3 months are more favourable (Annex, Figure 7).

The main obstacle for the activity remains the uncertain economic environment, followed by a shortage of labour, competition in the branch and the factor ‘others’<sup>5</sup> (Annex, Figure 8).

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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.

The construction entrepreneurs foresee slight increase of the selling prices in the sector although the majority of them expect them to remain unchanged over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator ‘business climate in retail trade’ preserves its March level (Annex, Figure 10). The retailers’ forecasts about the business development in the sector over the next 6 month (Annex, Figure 11) are optimistic, as and their expectations about the volume of sales over the next 3 months remain favourable.

The most serious problems of the enterprises continue to be connected with the uncertain economic environment, insufficient demand and competition in the branch (Annex, Figure 12).

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

**Service sector<sup>1</sup>.** In April, the composite indicator ‘business climate in service sector’ increases by 2.3 percentage points (Annex, Figure 14) which is due to the improved managers’ expectations about the business situation of the enterprises over the next 6 months. Their opinions about the demand for services over the next 3 months are also more optimistic (Annex, Figure 15).

The most serious difficulties for the activity remain the uncertain economic environment, the factor ‘others’<sup>2</sup>, insufficient demand and competition in the branch, as in the last month the negative impact of the first factor strengthen (Annex, Figure 16).

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

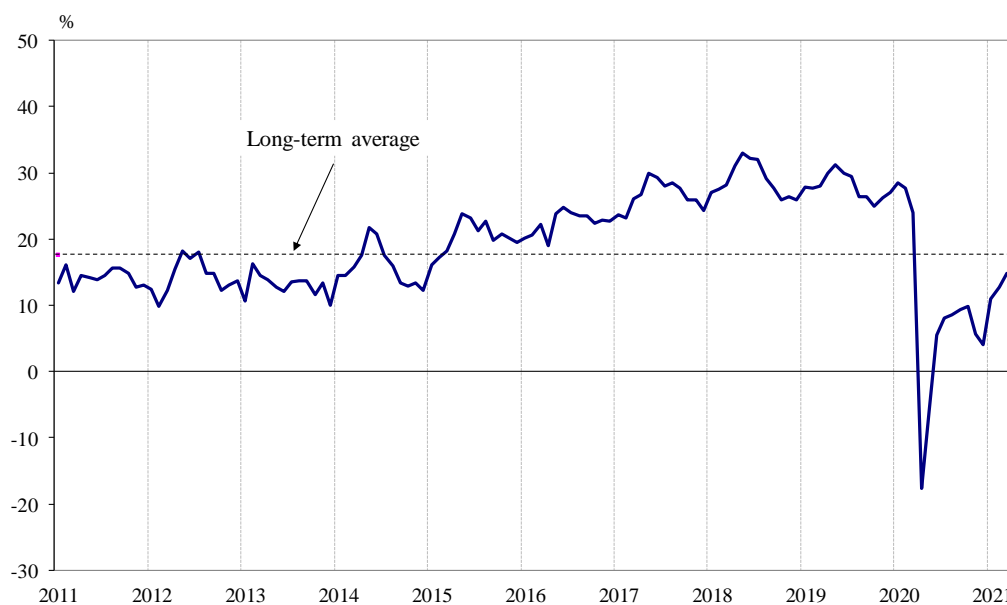
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<sup>1</sup> Excl. trade.

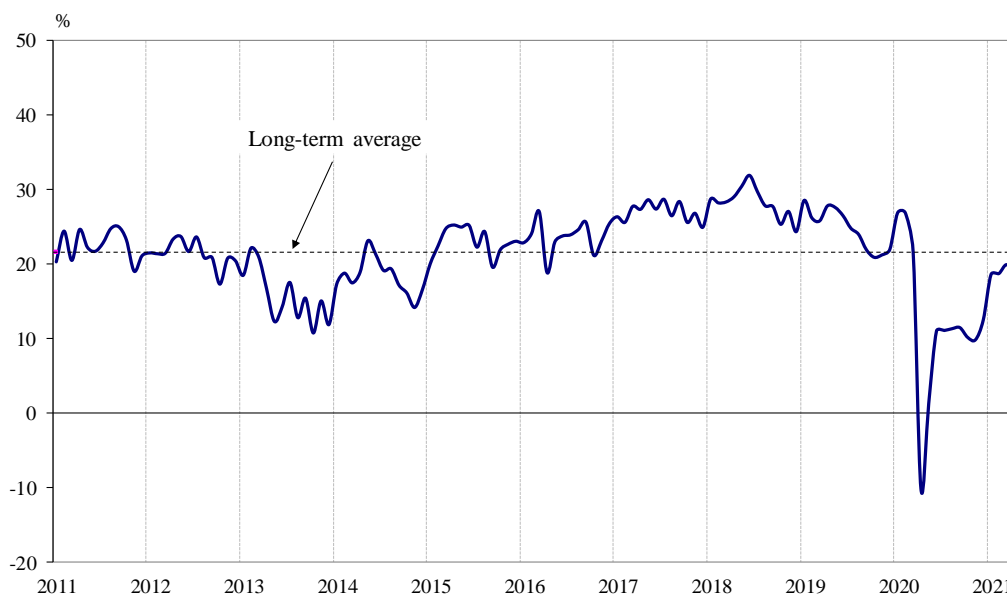
<sup>2</sup> Respondents are given the opportunity to indicate the answer ‘Other factors’ when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

**Annex**

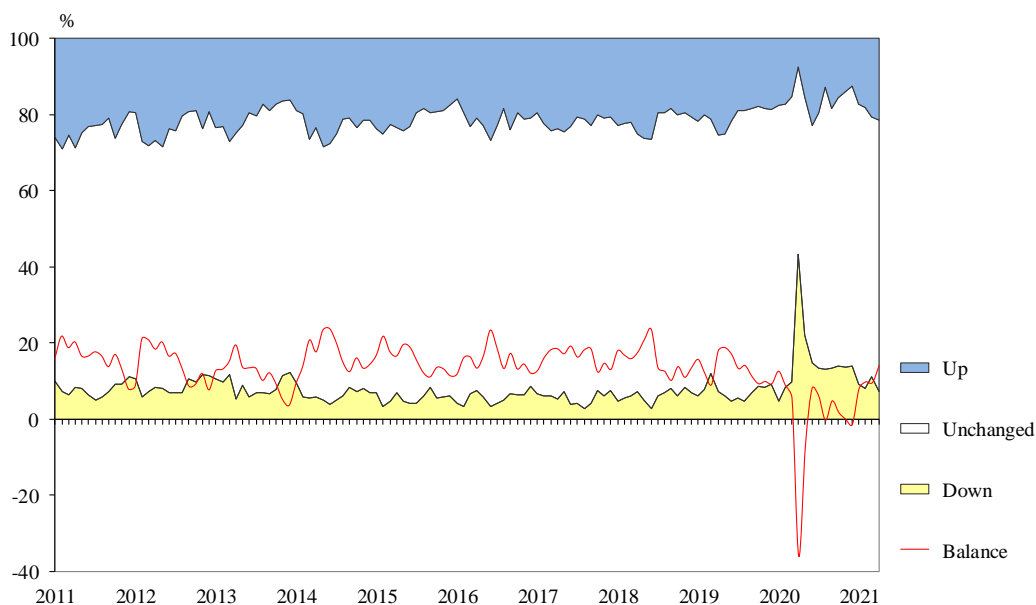
**Figure 1. Business climate - total**



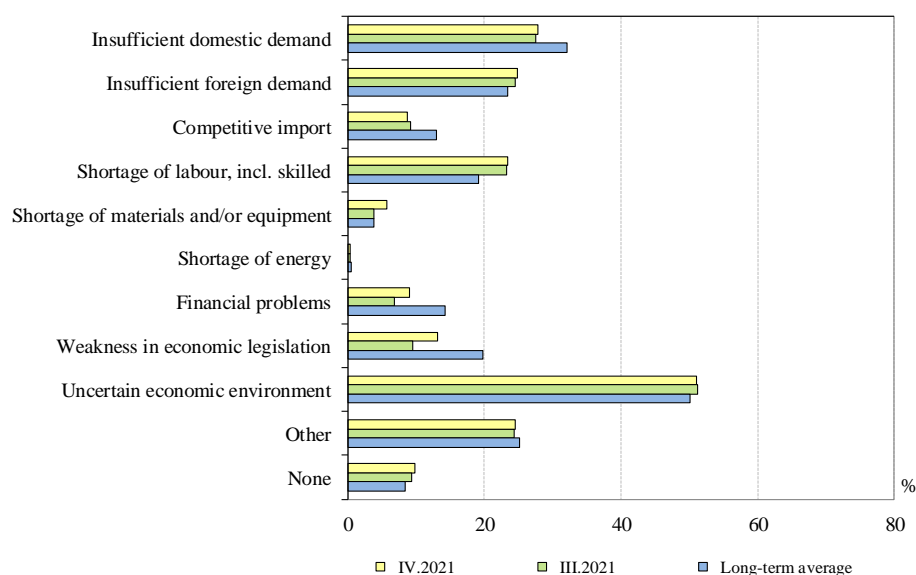
**Figure 2. Business climate in industry**



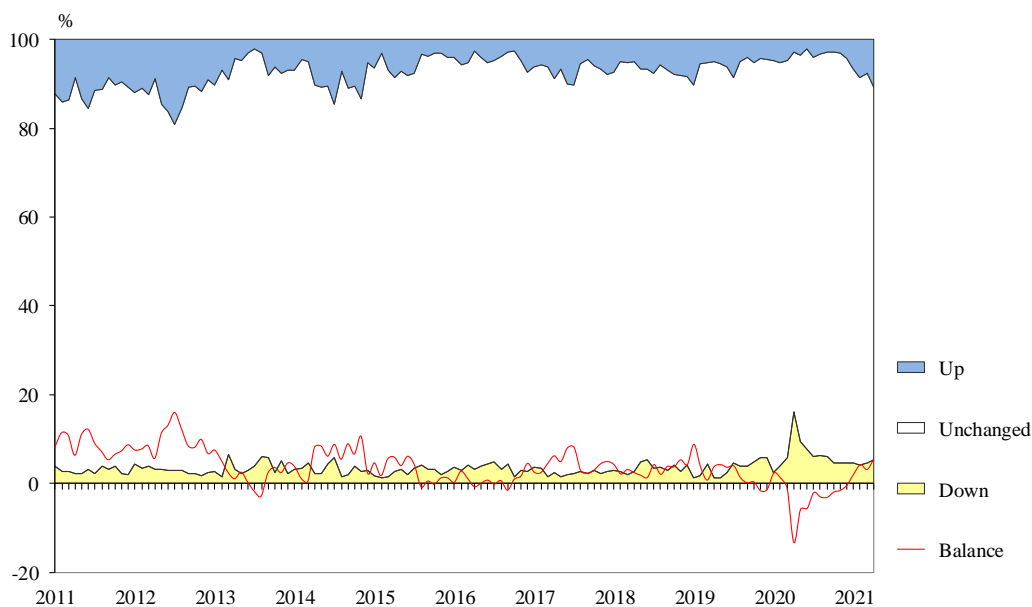
**Figure 3. Expected production activity in industry over the next 3 months**



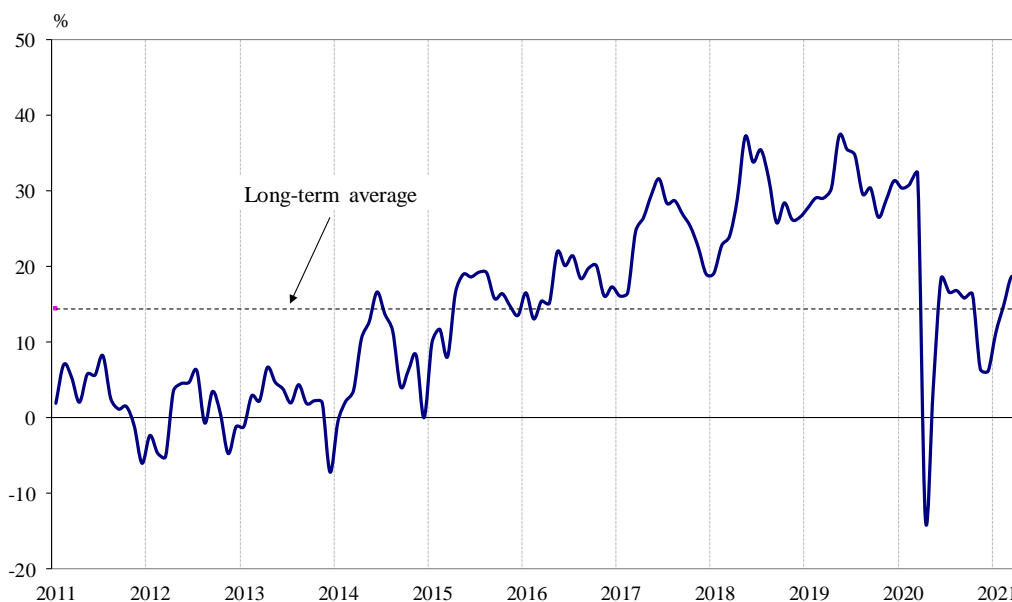
**Figure 4. Limits to production in industry (Relative share of enterprises)**



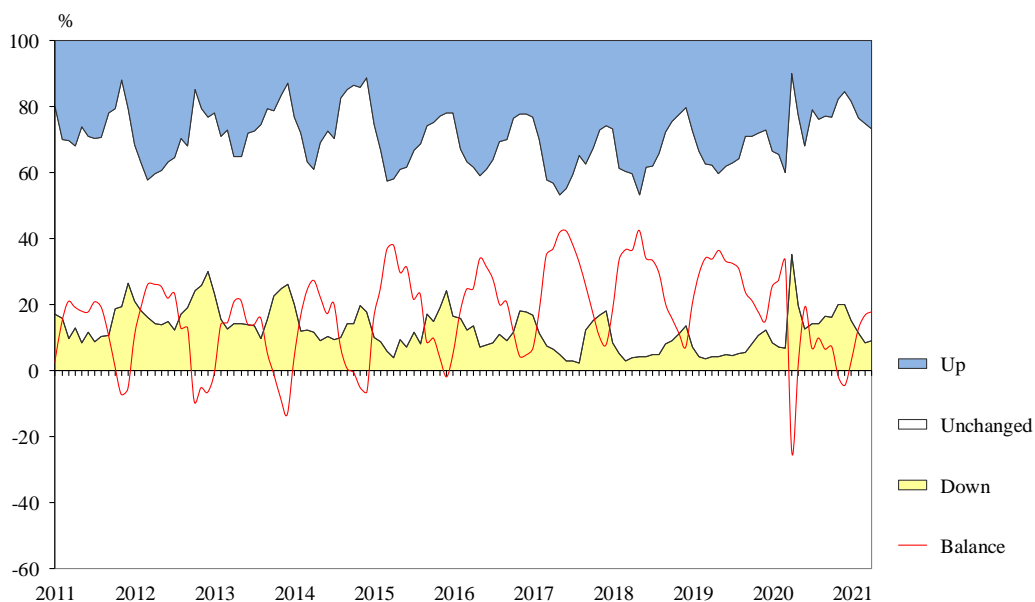
**Figure 5. Selling prices expectations in industry over the next 3 months**



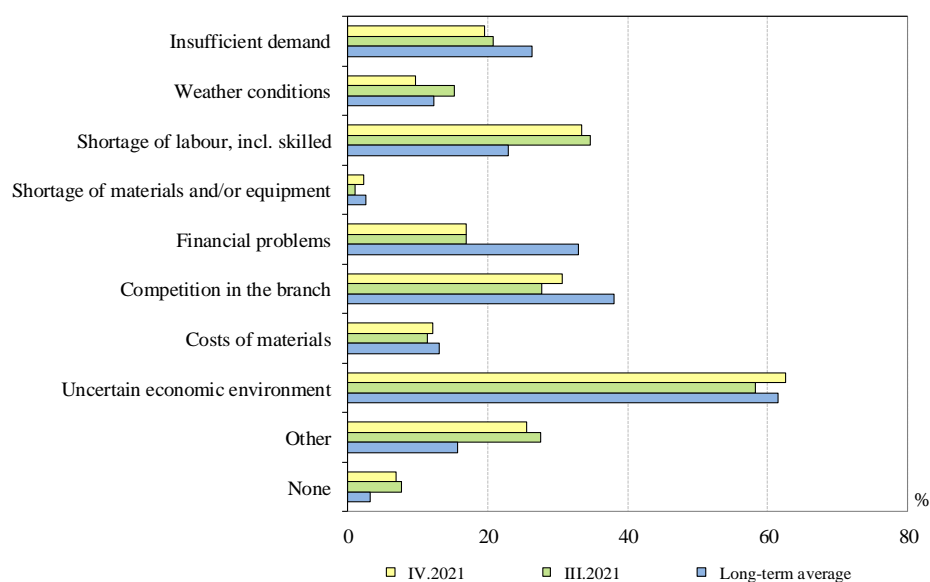
**Figure 6. Business climate in construction**



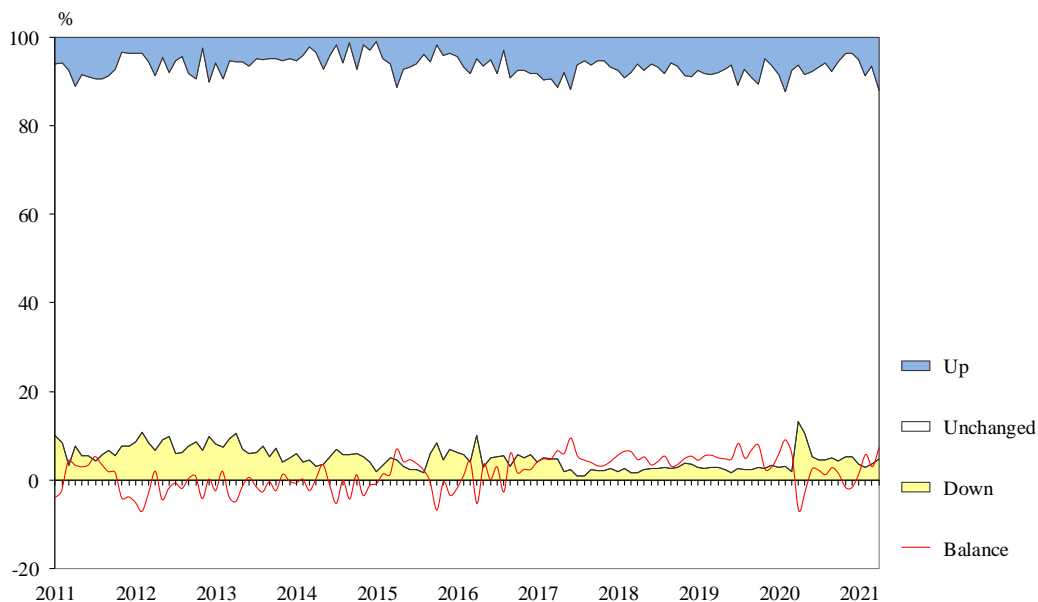
**Figure 7. Expected construction activity over the next 3 months**



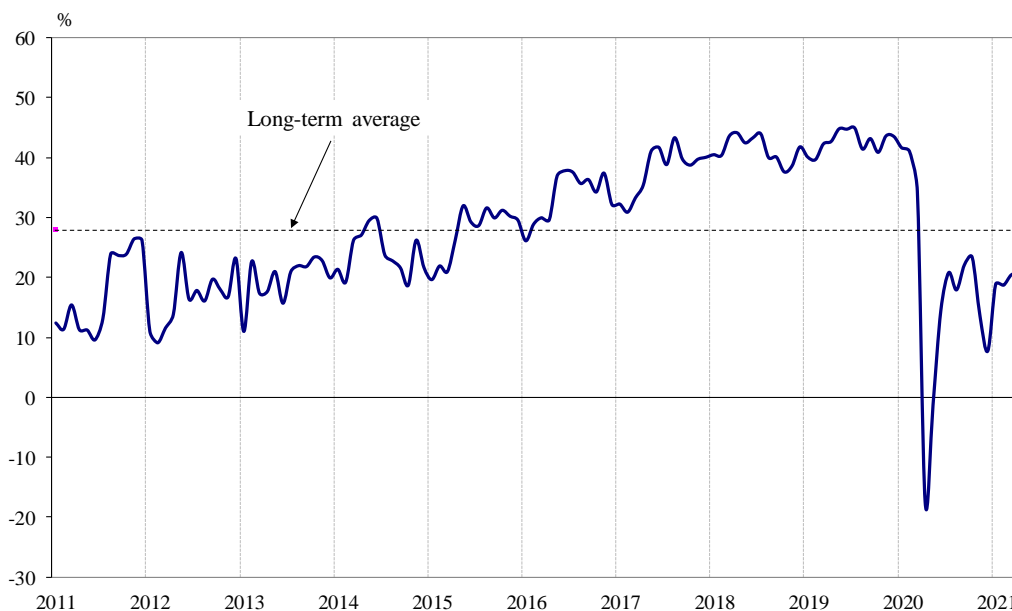
**Figure 8. Limits to construction activity (Relative share of enterprises)**



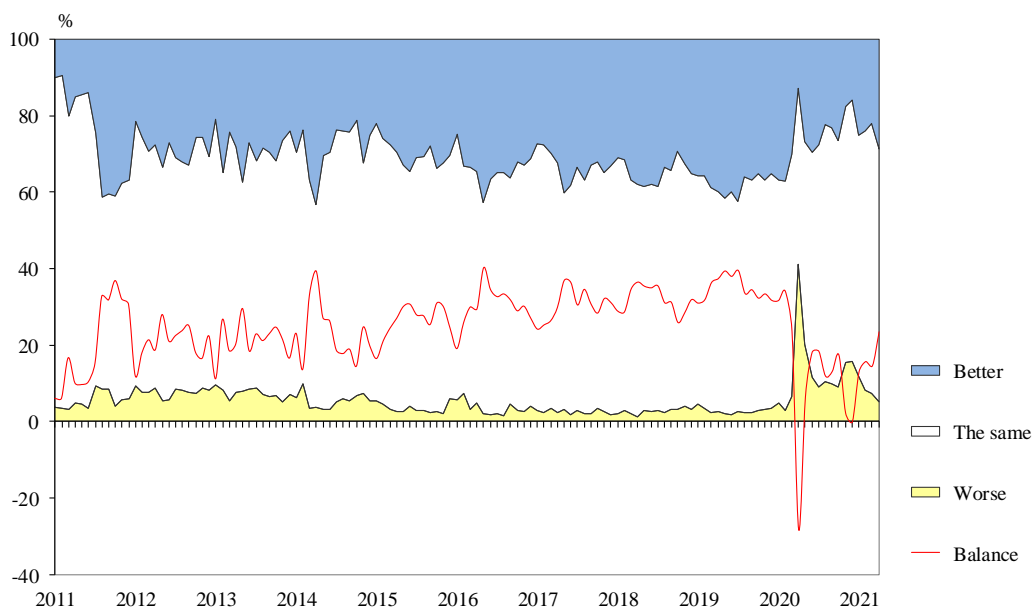
**Figure 9. Selling prices expectations in construction over the next 3 months**



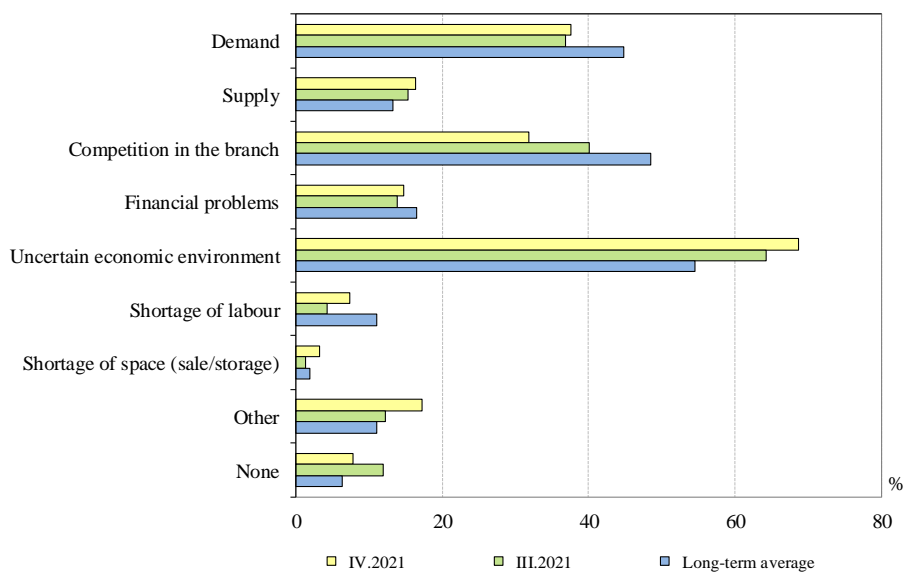
**Figure 10. Business climate in retail trade**



**Figure 11. Expected business situation in retail trade over the next 6 months**

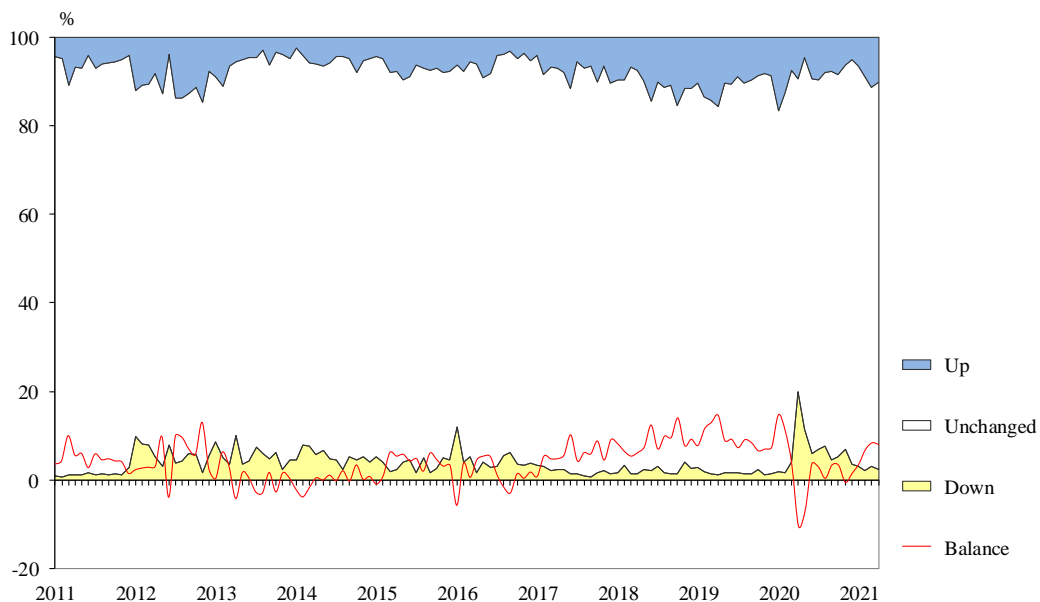


**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

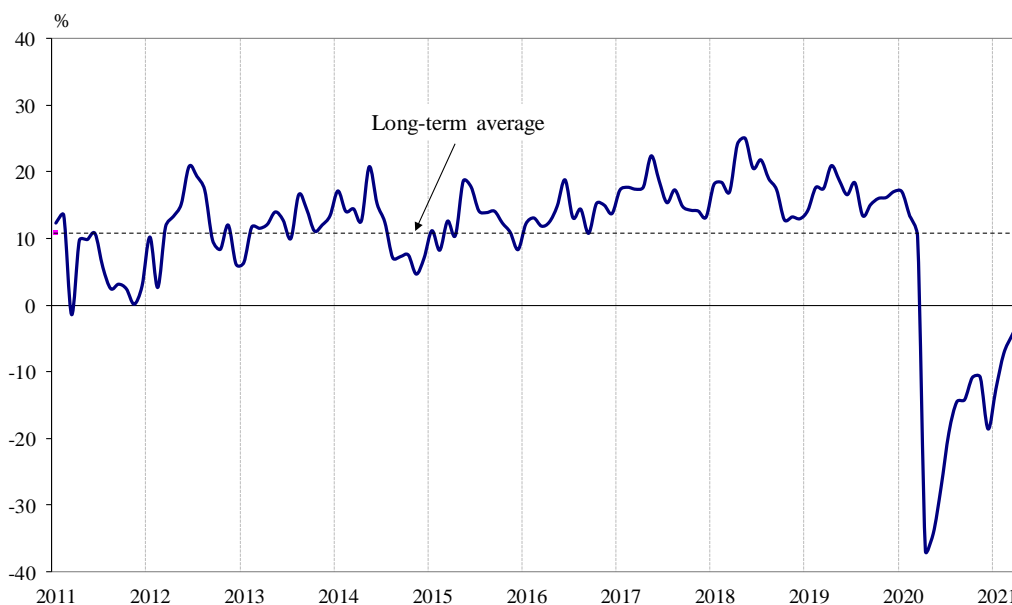




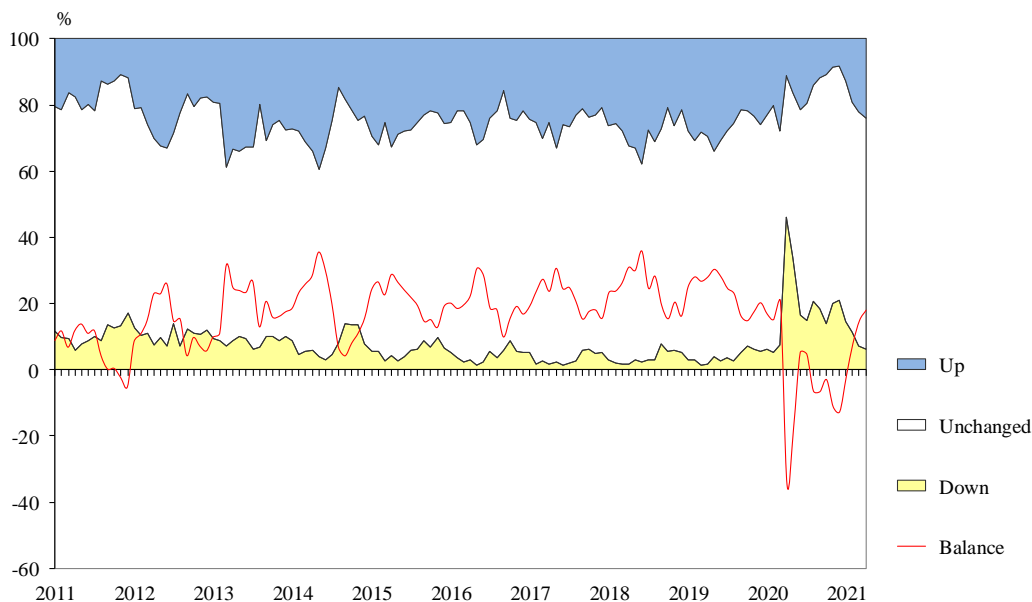
**Figure 13. Selling prices expectations in retail trade over the next 3 months**



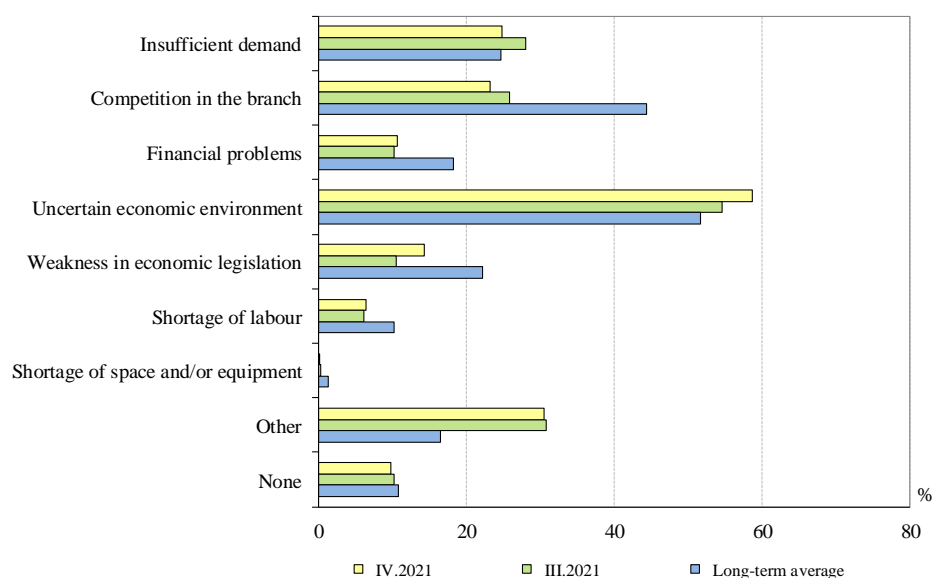
**Figure 14. Business climate in service sector**



**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**

