

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JULY 2021

In July 2021, the **total business climate indicator**⁴ remains at its June level (Annex, Figure 1). An improvement of the indicator is observed in construction and retail trade, in service sector preserves approximately its level from the previous month, and in industry is registered a reduction.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.4 percentage points (Annex, Figure 2) which is due to the more reserved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 3). The inquiry registers an improvement in their opinions about the new orders inflow over the last 3 months, but that is not accompanied by increased expectations about the production activity over the next 3 months.

The average capacity utilization from April to July increases by 1.0 percentage point and it reaches 74.2%, as regards the expected demand over the next months a surplus of capacity is foreseen.

The main obstacles for the activity of the enterprises remain the uncertain economic environment, shortage of labour, insufficient domestic demand and the factor ‘others’⁵ (Annex, Figure 4).

As regards the selling prices in industry, 15.5% of the managers forecast them to increase over the next 3 months (Annex, Figure 5).

Construction. In July, the composite indicator ‘business climate in construction’ increases by 1.0 percentage point (Annex, Figure 6) as a result of the optimistic construction entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 7).

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 6.9 months against 5.9 in April. At the same time, their expectations about the new orders over the next 6 months are improved.

The uncertain economic environment continues to be the main problem for the business development, followed by the shortage of labour. An increase of the negative influence of the factor ‘costs of materials’

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.

⁵ 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.

is registered, which shifts to the fourth place the difficulties, connected with the competition in the branch (Annex, Figure 8).

Concerning the selling prices, the managers continue to have certain intentions to increase over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 1.2 percentage points (Annex, Figure 10) which is due to the more positive retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 11). However, their forecasts about the volume of sales and orders placed with suppliers over the next 3 months remain reserved.

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

As regards the selling prices, growing of the retailers’ share who forecast them to increase over the next 3 months is reported (Annex, Figure 13).

Service sector¹. In July, the composite indicator ‘business climate in service sector’ preserves approximately its level from the previous month (Annex, Figure 14). The managers’ assessments about the present demand for services are favourable, while their expectations over the next 3 months are shifting to the more moderate opinions (Annex, Figure 15).

The uncertain economic environment, competition in the branch, the factor ‘others’² and insufficient demand continue to be the main obstacles for the activity (Annex, Figure 16).

The managers’ expectations about the selling prices in the service sector are for certain increase, although the majority of them foresee preservation of their level 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

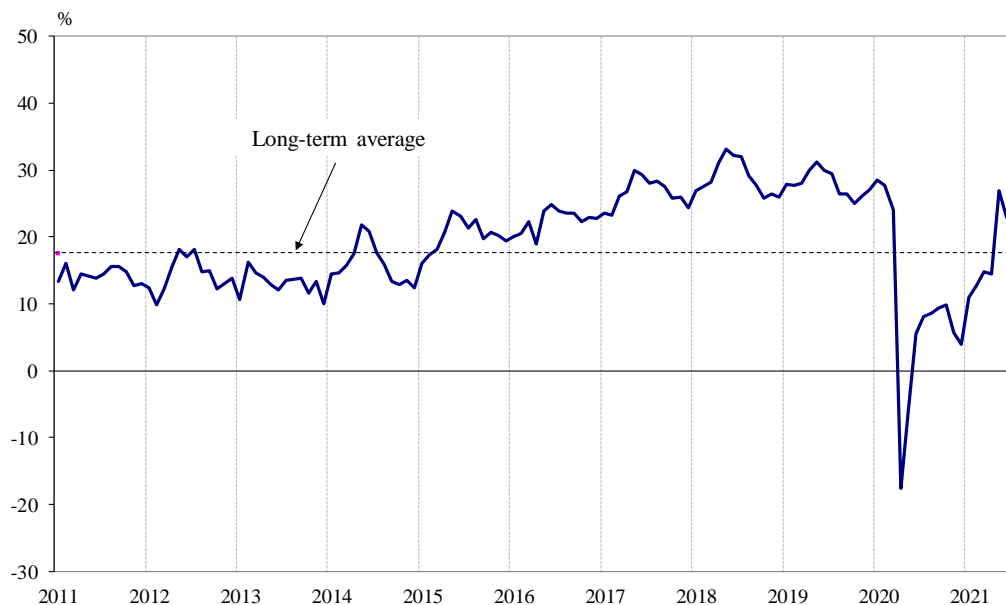


Figure 2. Business climate in industry

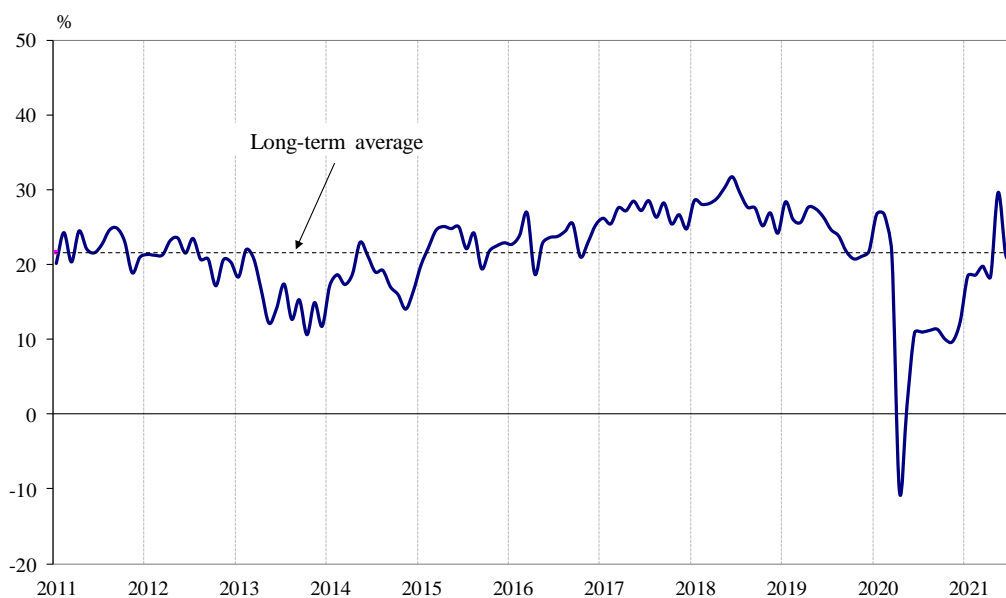


Figure 3. Expected business situation in industry over the next 6 months

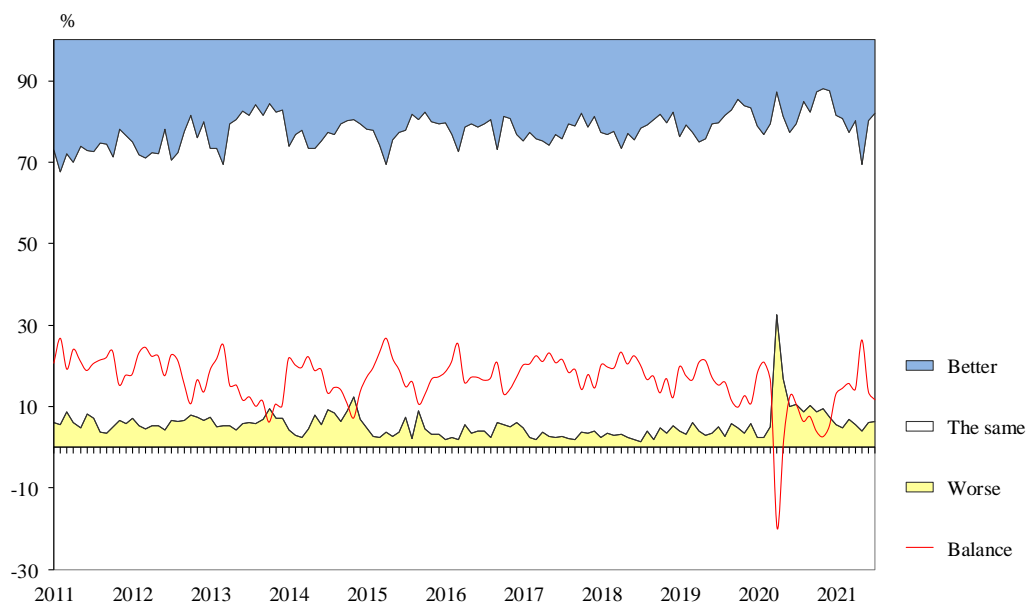


Figure 4. Limits to production in industry (Relative share of enterprises)

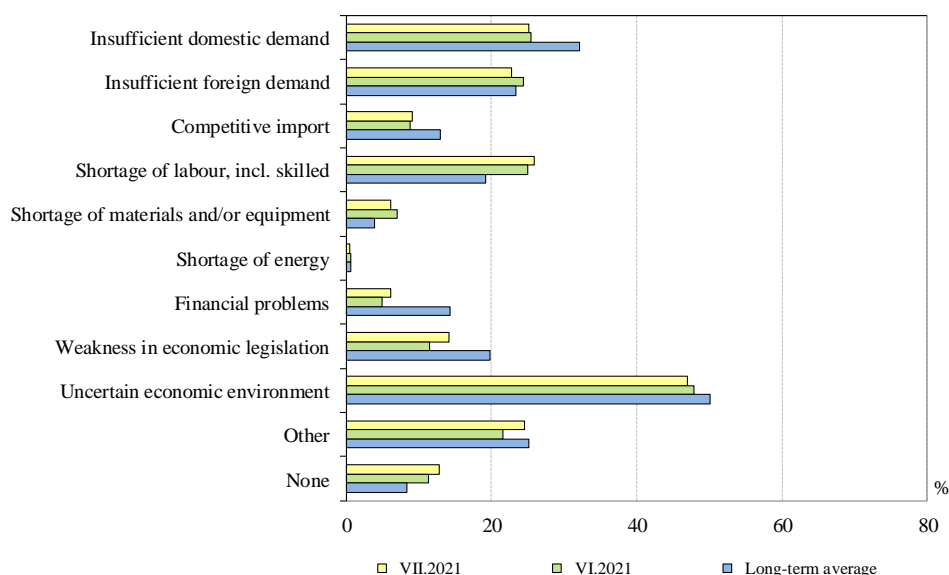


Figure 5. Selling prices expectations in industry over the next 3 months

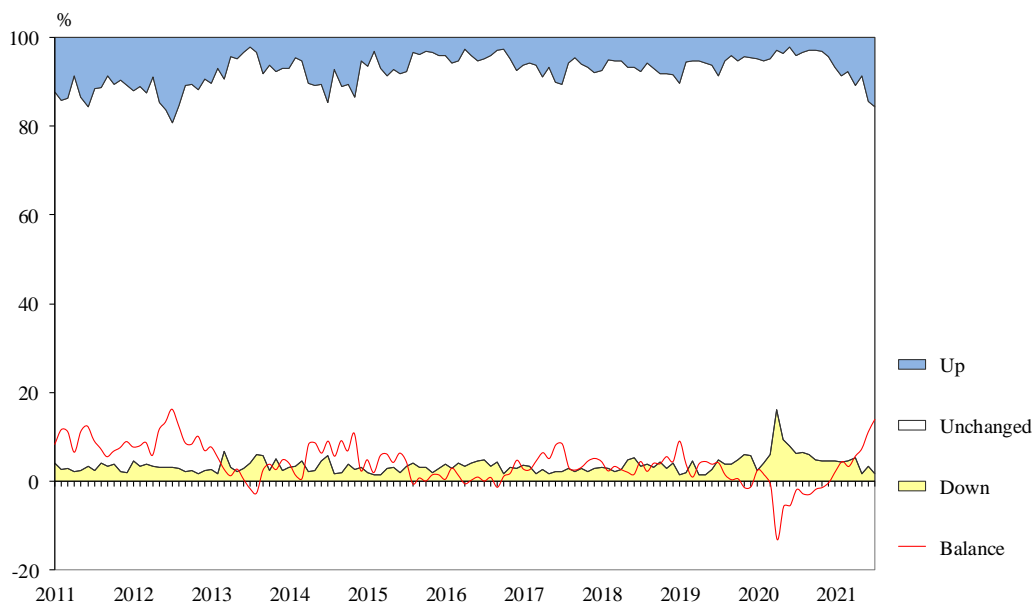


Figure 6. Business climate in construction

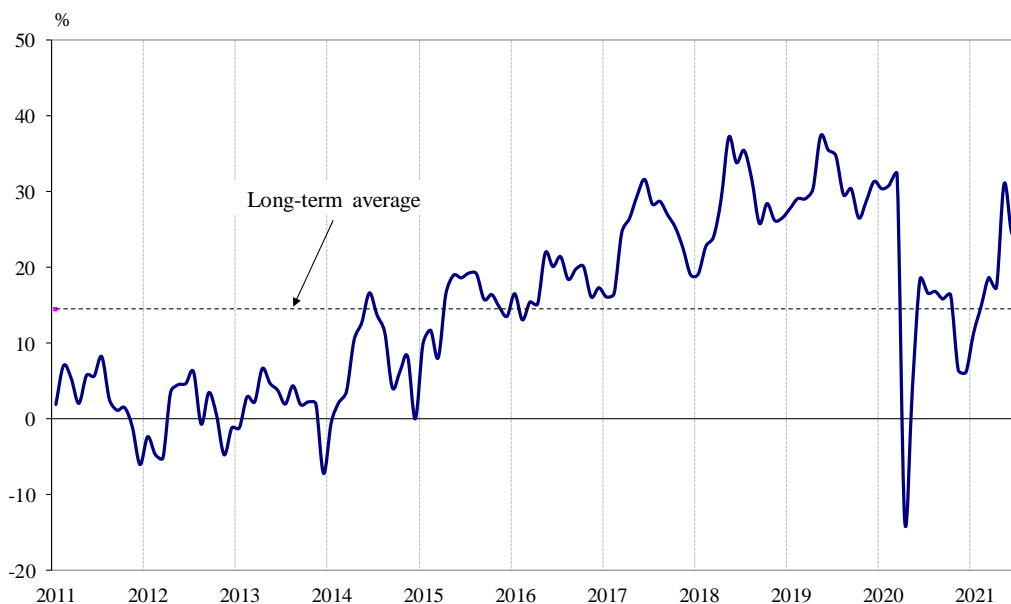


Figure 7. Present business situation in construction

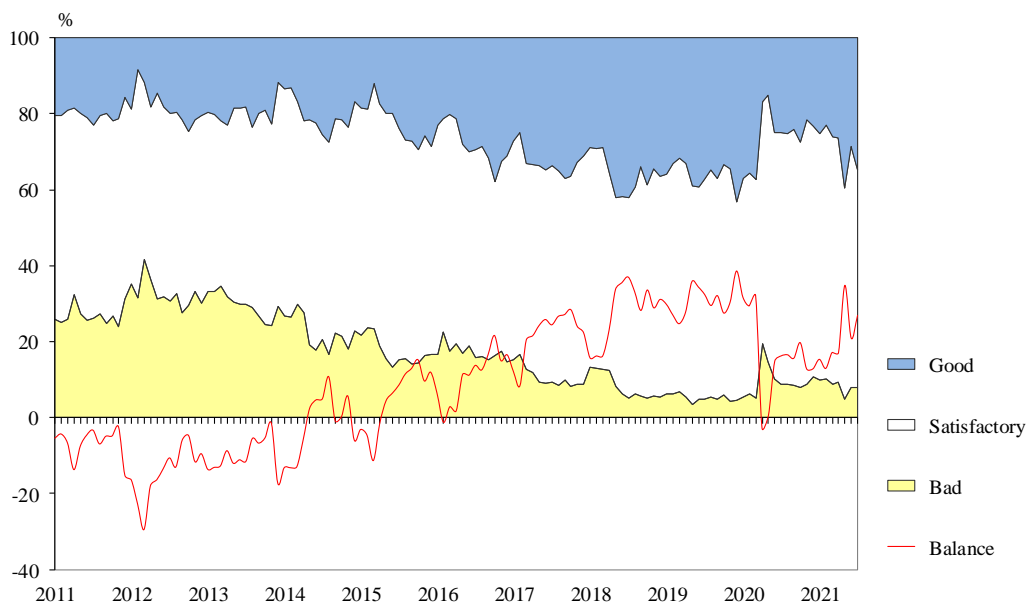


Figure 8. Limits to construction activity (Relative share of enterprises)

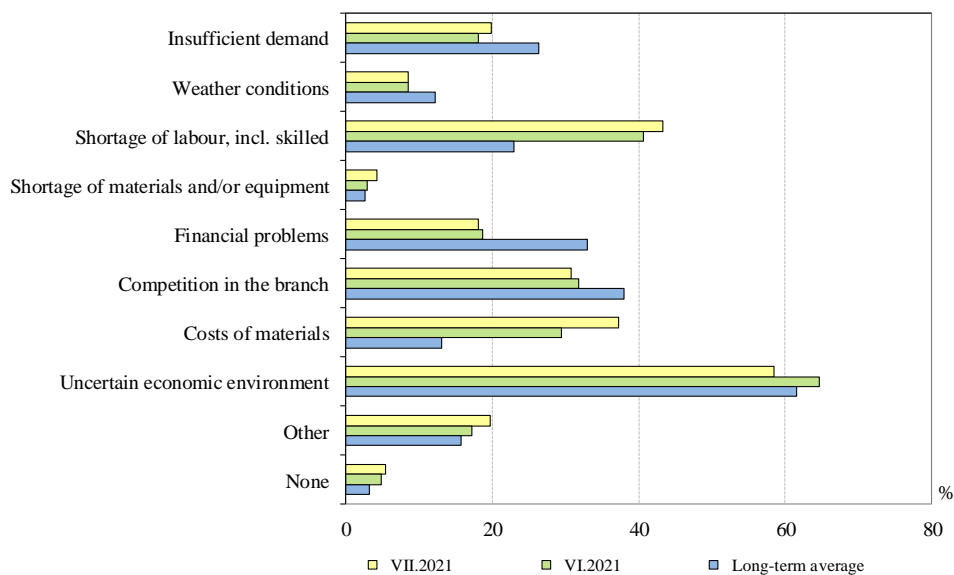


Figure 9. Selling prices expectations in construction over the next 3 months

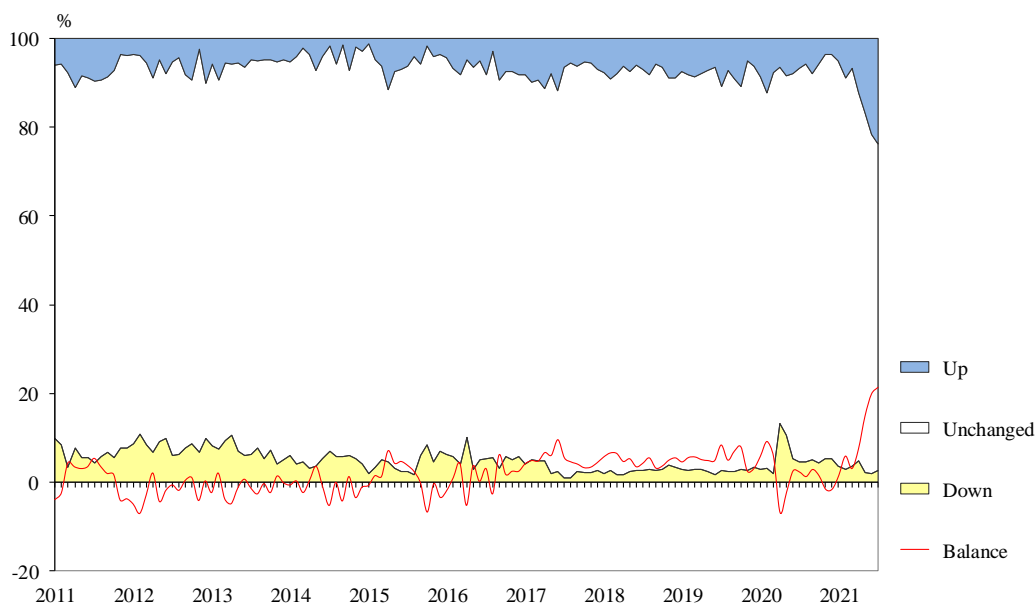


Figure 10. Business climate in retail trade

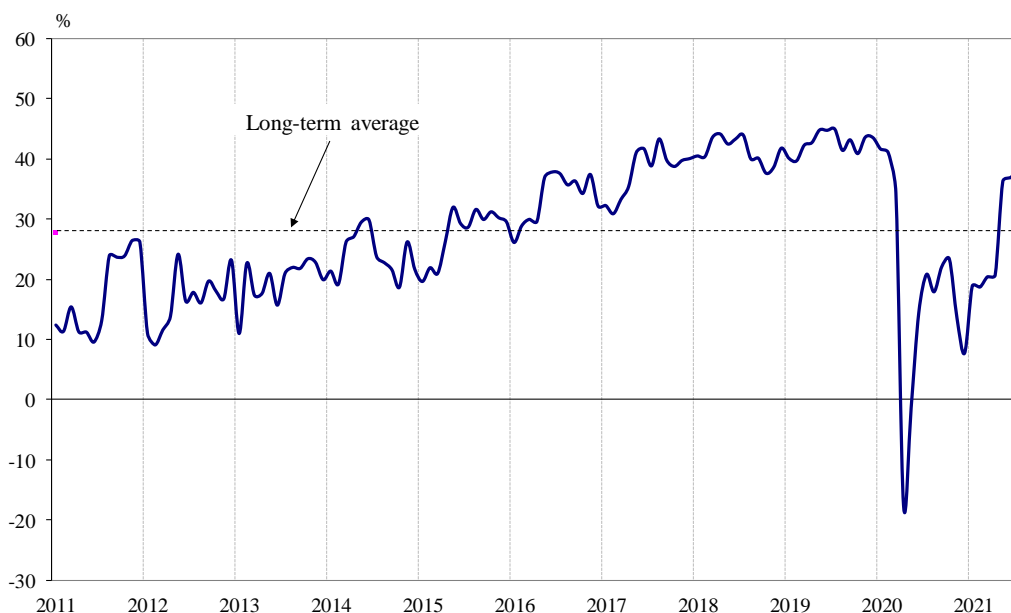


Figure 11. Expected business situation in retail trade over the next 6 months

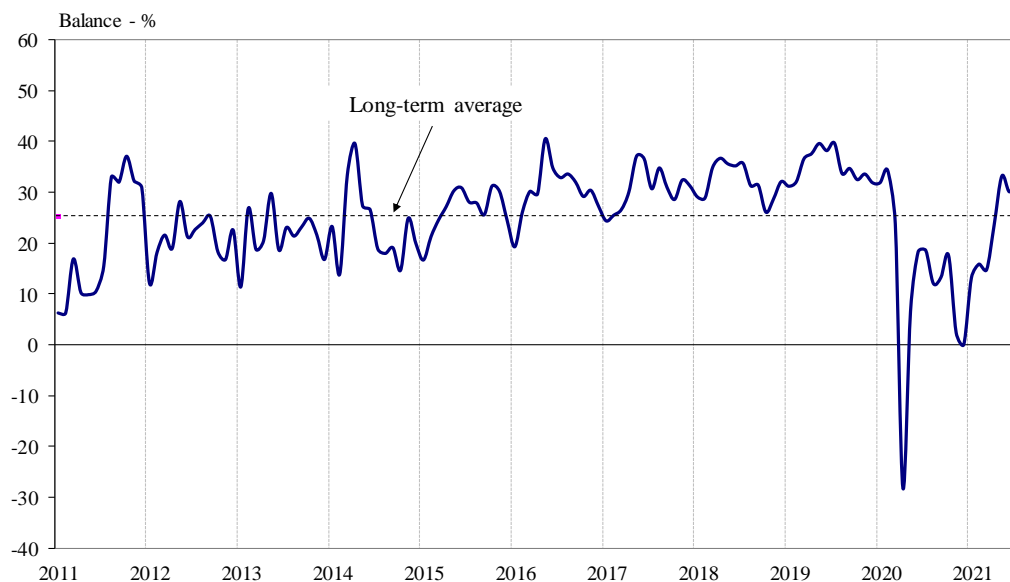


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

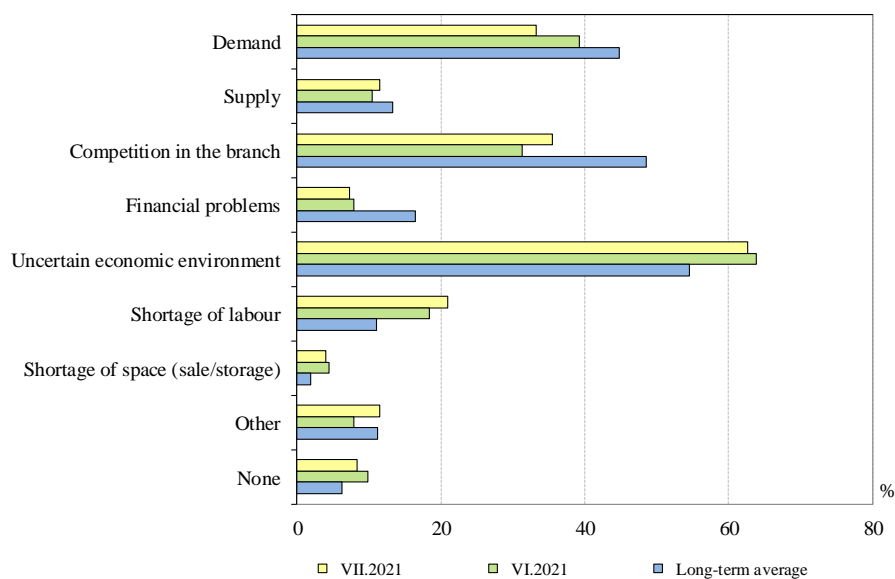


Figure 13. Selling prices expectations in retail trade over the next 3 months

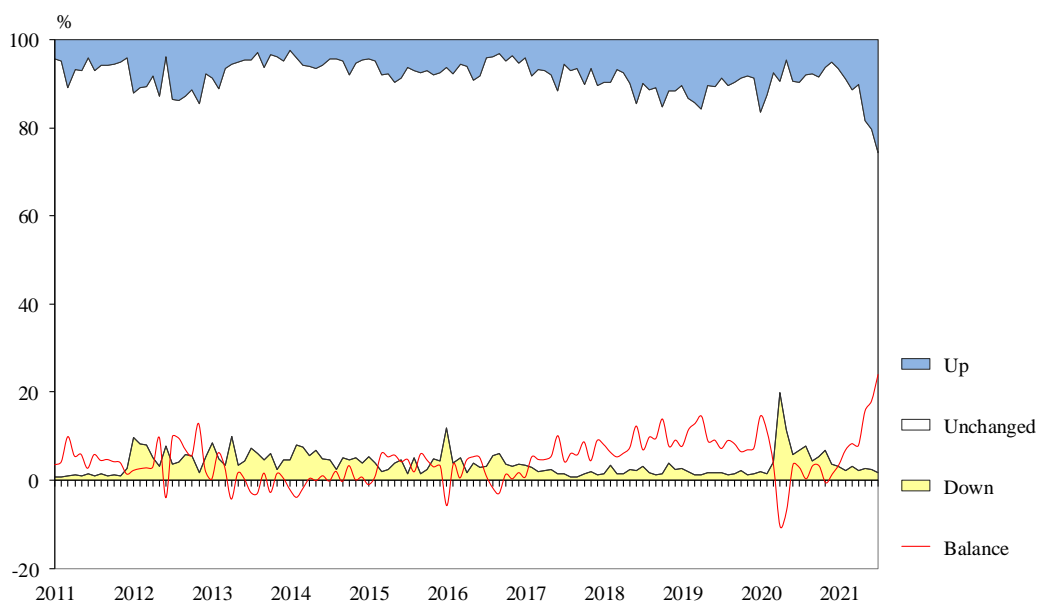


Figure 14. Business climate in service sector

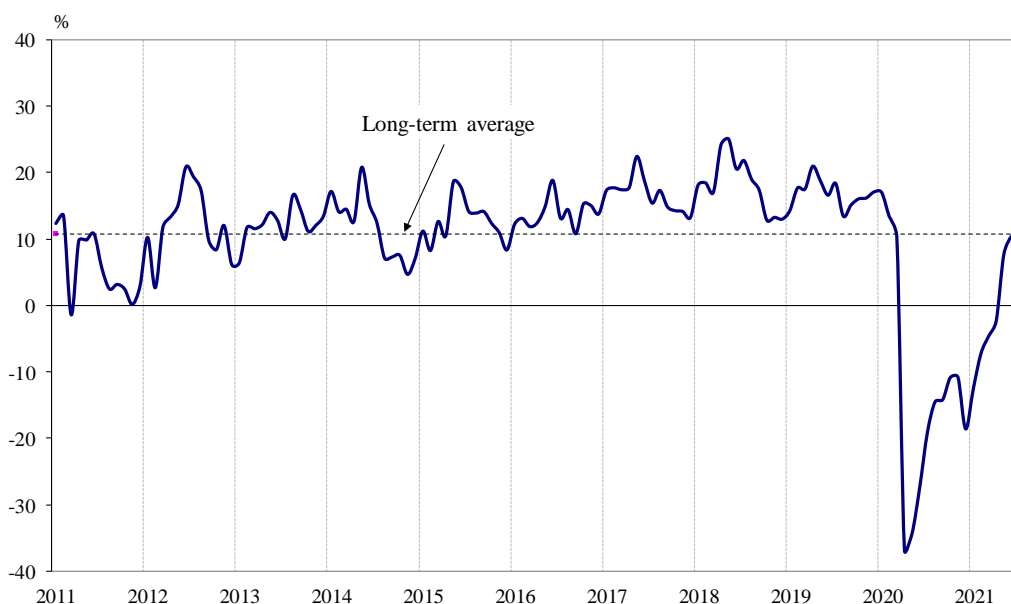


Figure 15. Expected demand in service sector over the next 3 months

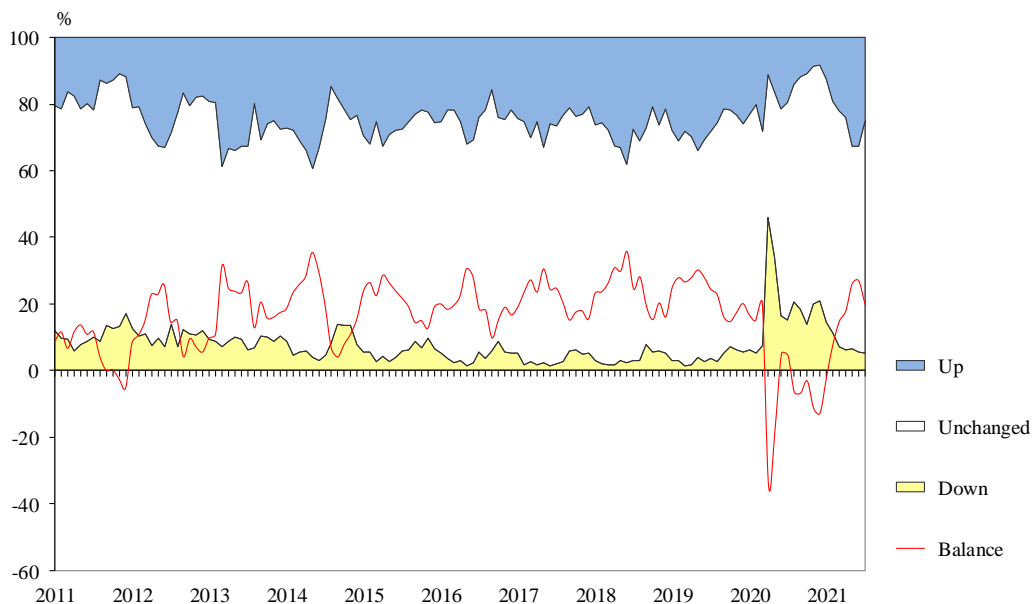


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

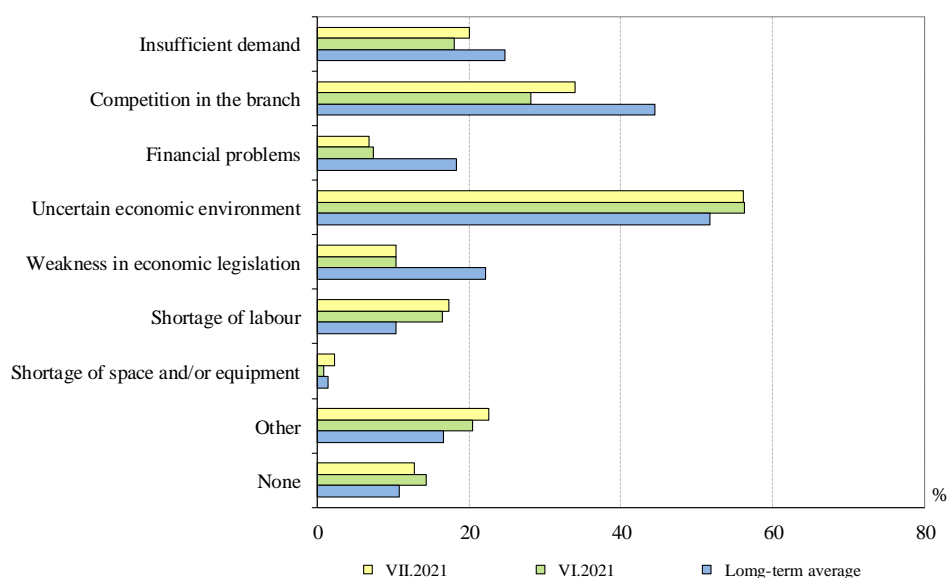


Figure 17. Selling prices expectations in service sector over the next 3 months

