

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JANUARY 2022

In January 2022, **the total business climate indicator**⁴ increases by 1.5 percentage points in comparison with December 2021 (Annex, Figure 1) as a growth of the indicator is registered in industry, construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ increases by 2.6 percentage points (Annex, Figure 2) which is due to the reduced negativity in the industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. Their forecasts about the export and production activity (Annex, Figure 3) over the next 3 months are also favourable.

In the period October 2021 - January 2022, the production assurance with orders (measured in number of months) increases from 4.8 to 5.0, and the average capacity utilization increases by 0.8 percentage points and it reaches 75.0%.

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

Concerning the selling prices in industry, 28.6% of the managers continue to expect them to increase over the next 3 months.

Construction. In January, the composite indicator ‘business climate in construction’ increases by 1.2 percentage points (Annex, Figure 5) as a result of the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 6).

The production assurance with orders is preserved compared to October 2021 and it is assessed to be 5.7 months. At the same time, the managers expect increased inflow of new orders over the next 6 months, which, according to them, will lead to an increase of the activity in the short-term (Annex, Figure 7).

The uncertain economic environment continues to be the main problem for the business development, followed by costs of materials and shortage of labour (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, retail trade and service sector. 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.



As regards the selling prices, the construction entrepreneurs' expectations are them to continue to increase over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' increases by 1.8 percentage points (Annex, Figure 10) which is due to the favourable retailers' expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the orders placed with suppliers from both domestic and foreign market over the next 3 months remain positive (Annex, Figure 11).

The most serious obstacle limiting the activity remains the uncertain economic environment pointed out by 61.0% of the enterprises. In the last month, strengthening of the negative influence of the factor 'competition in the branch' is registered, which shifts to the third place the difficulties connected with the insufficient demand (Annex, Figure 12).

Concerning the selling prices, 30.5% of the retailers forecast them to increase over the next 3 months.

Service sector¹. In January, the composite indicator 'business climate in service sector' decreases by 0.6 percentage points (Annex, Figure 13) as a result of the shifting of the managers' expectations about the business situation of the enterprises over the next 6 months from 'better' towards preserving 'the same' (Annex, Figure 14). As regards the demand for services the present tendency is assessed as improved, while the expectations over the next 3 months are reserved (Annex, Figure 15).

The factors 'uncertain economic environment' and 'competition in the branch' continue to limit with most extent the business development in the sector (Annex, Figure 16).

In comparison with December 2021, the managers' share who foresee the selling prices to increase over the next 3 months is growing (Annex, Figure 17).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

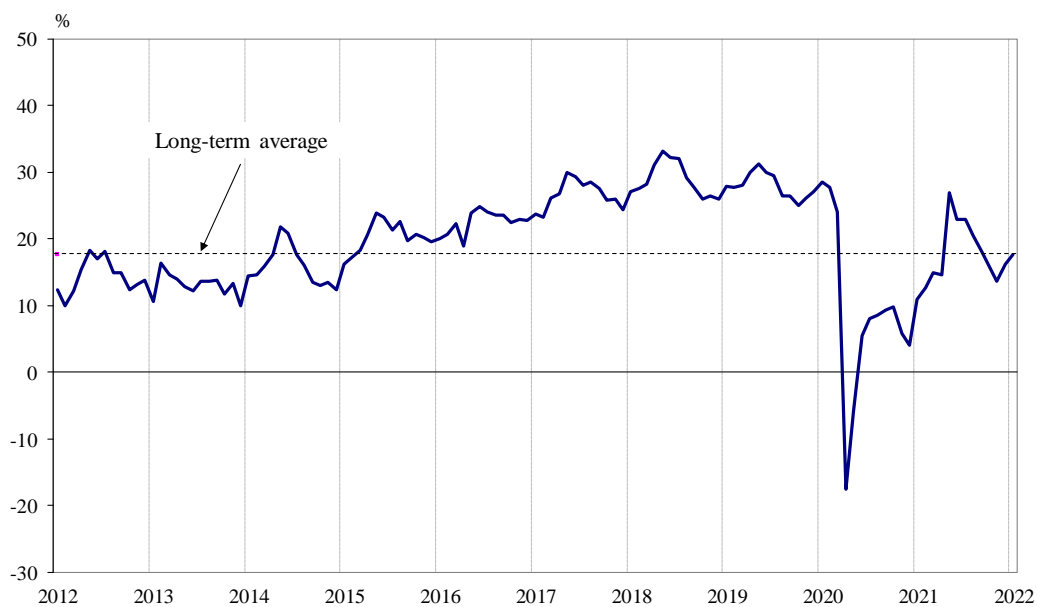


Figure 2. Business climate in industry

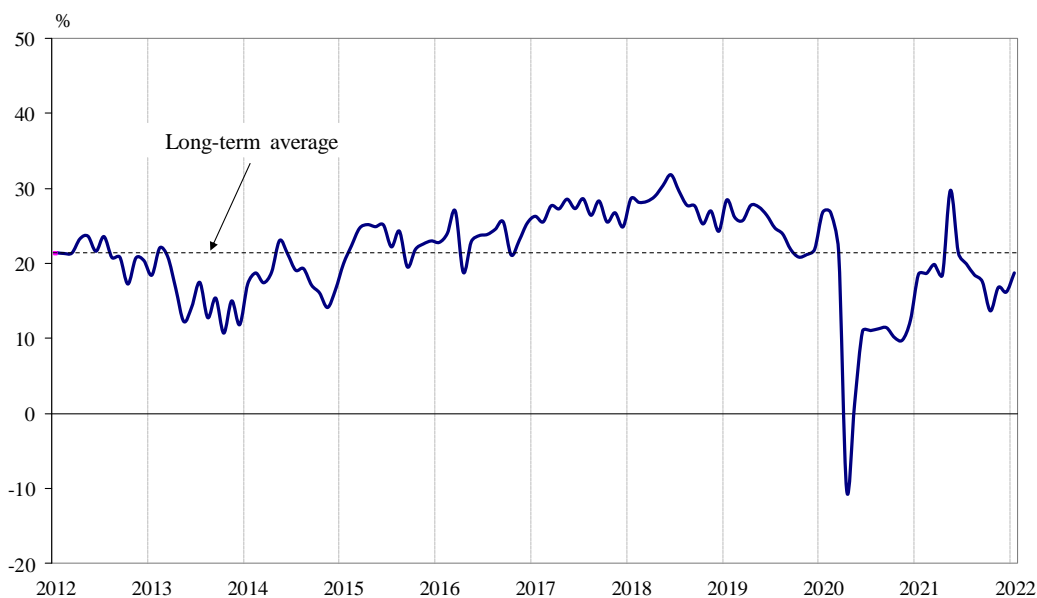


Figure 3. Expected production activity in industry over the next 3 months

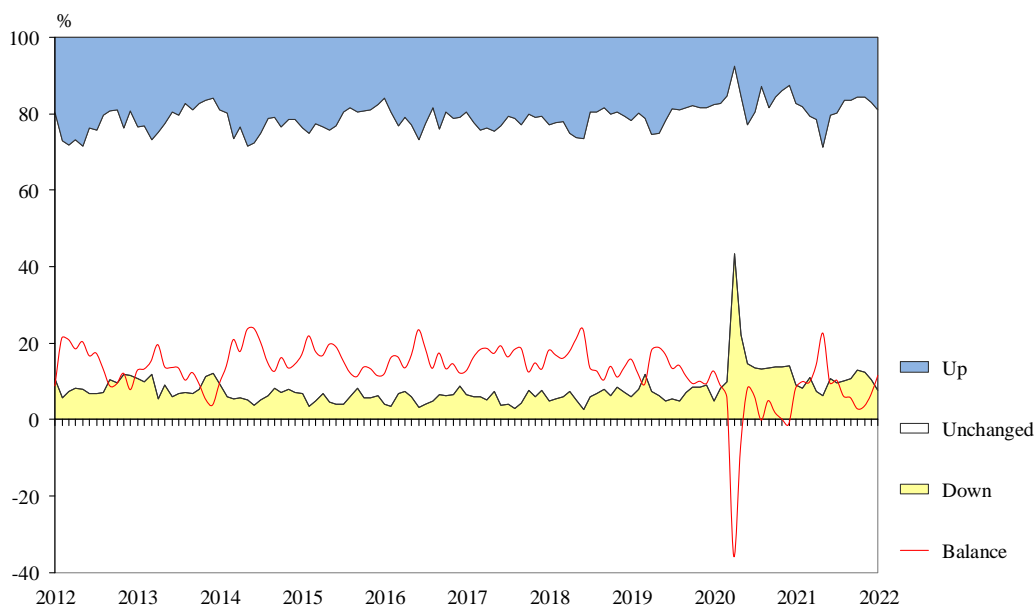


Figure 4. Limits to production in industry (Relative share of enterprises)

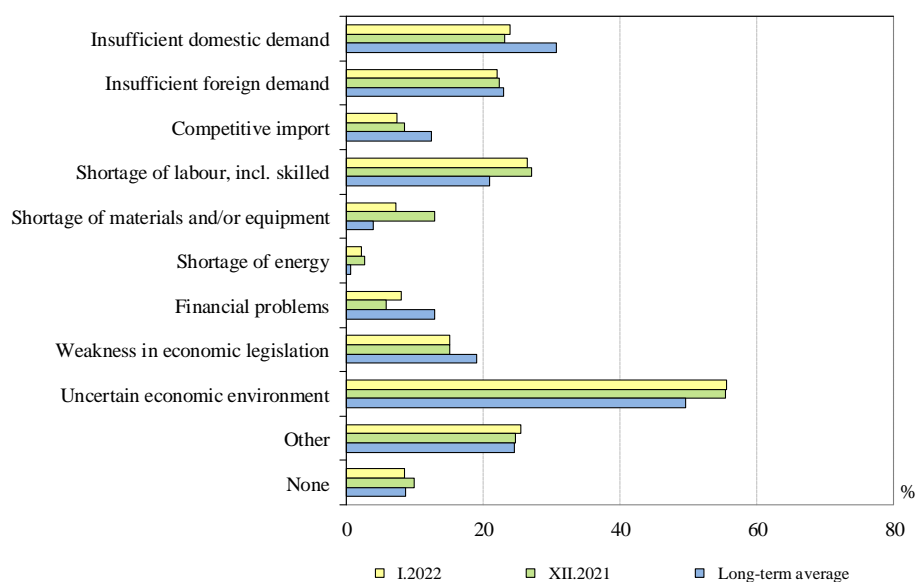


Figure 5. Business climate in construction

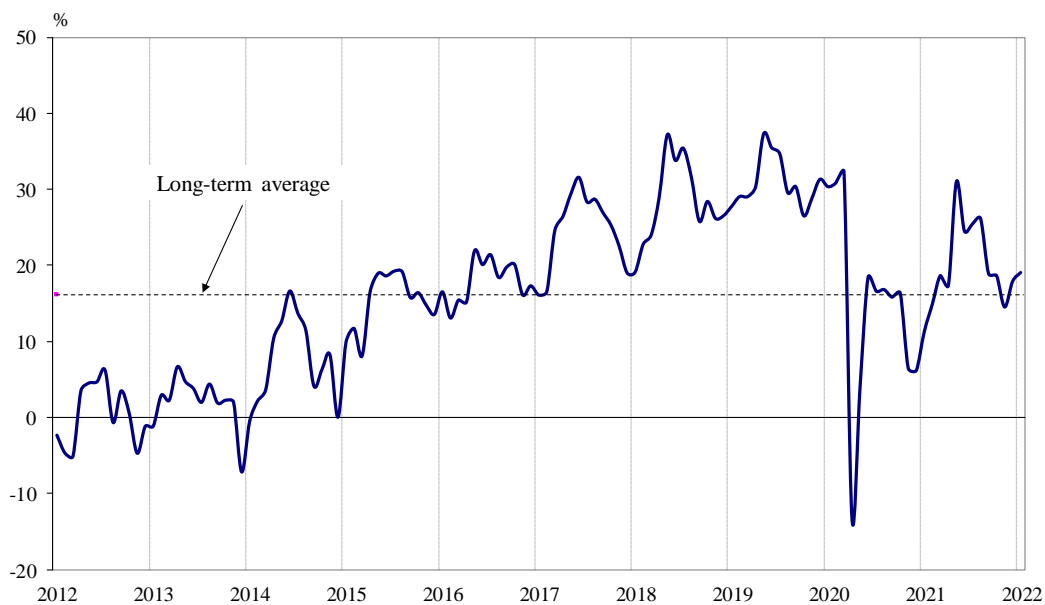


Figure 6. Expected business situation in construction over the next 6 months

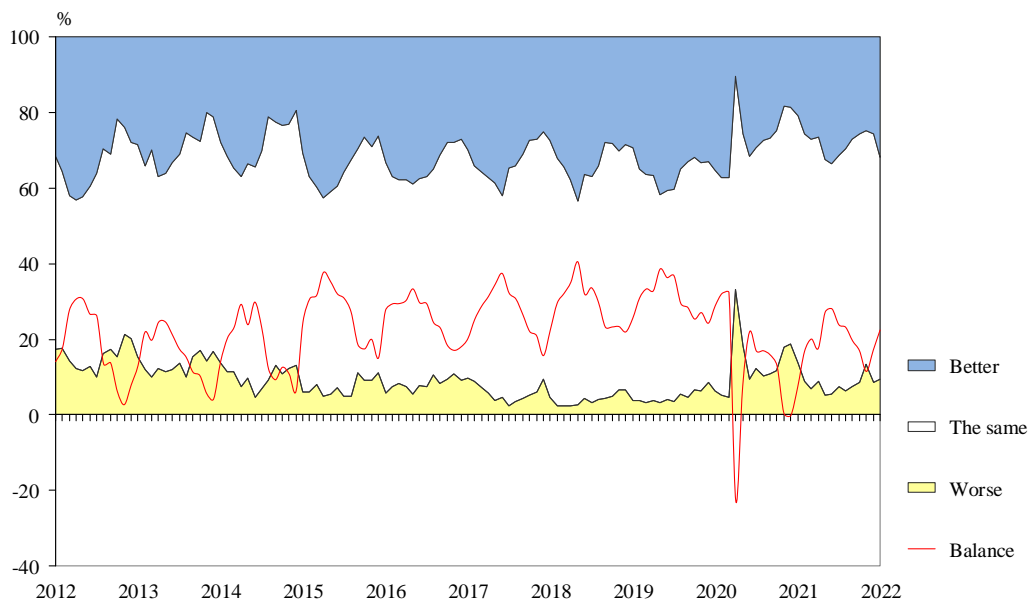


Figure 7. Expected construction activity over the next 3 months

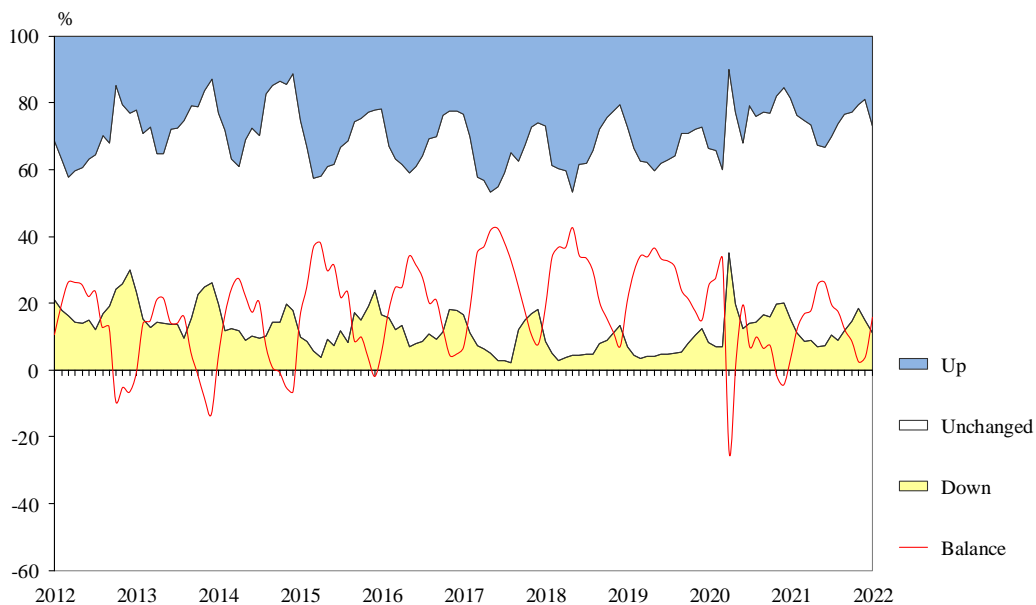


Figure 8. Limits to construction activity (Relative share of enterprises)

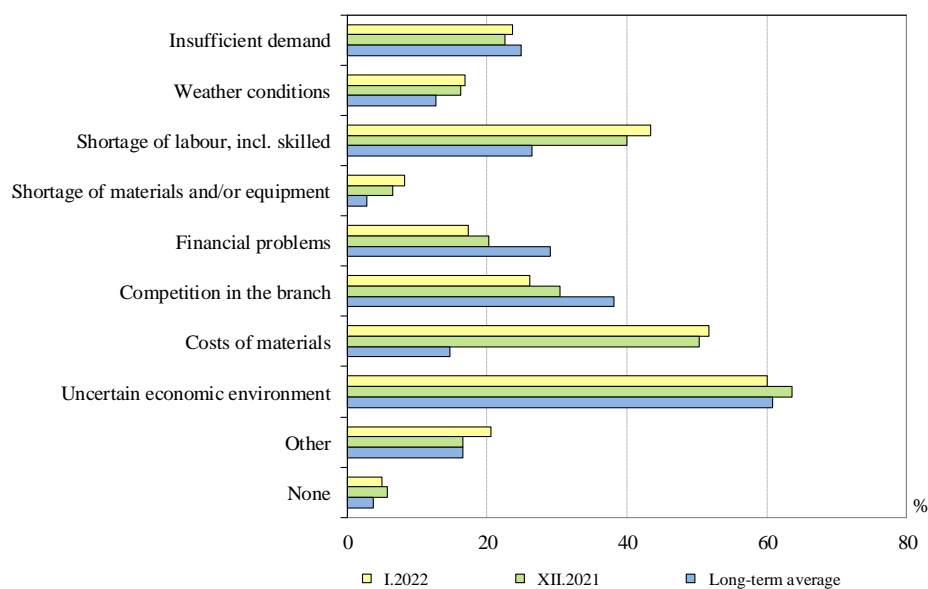


Figure 9. Selling prices expectations in construction over the next 3 months

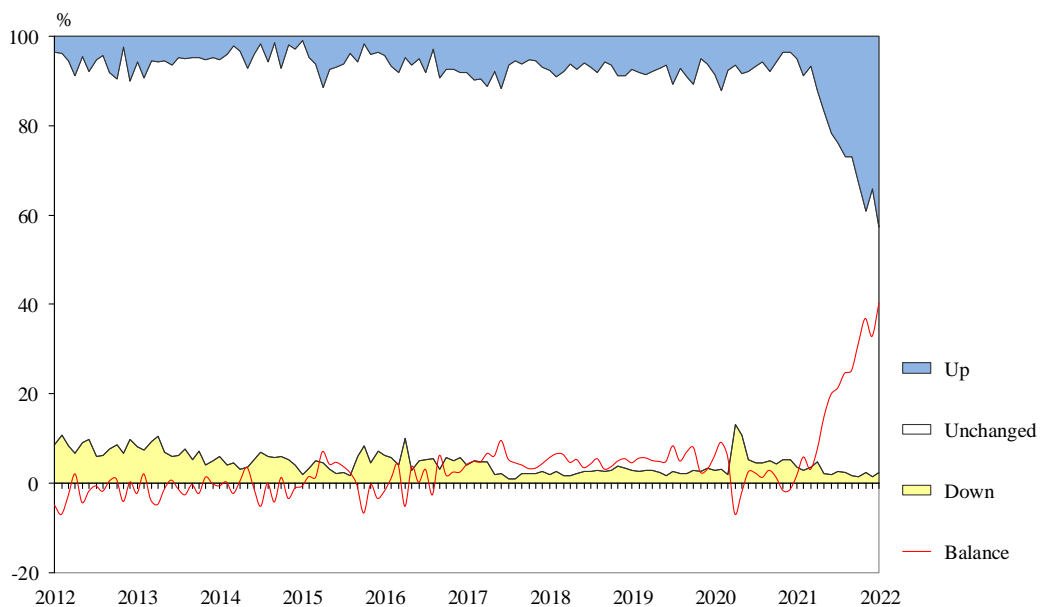


Figure 10. Business climate in retail trade

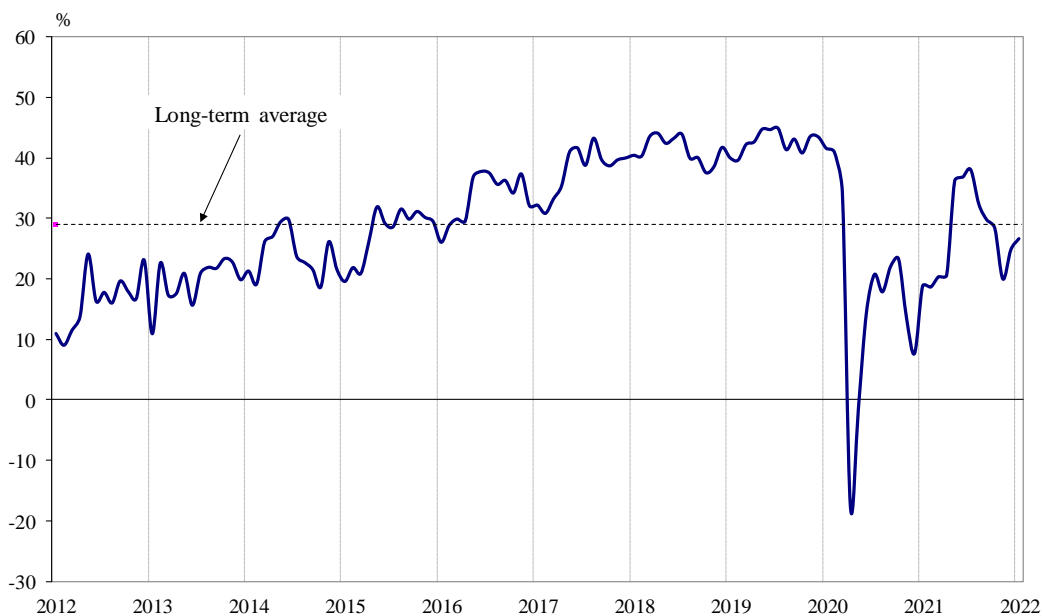


Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

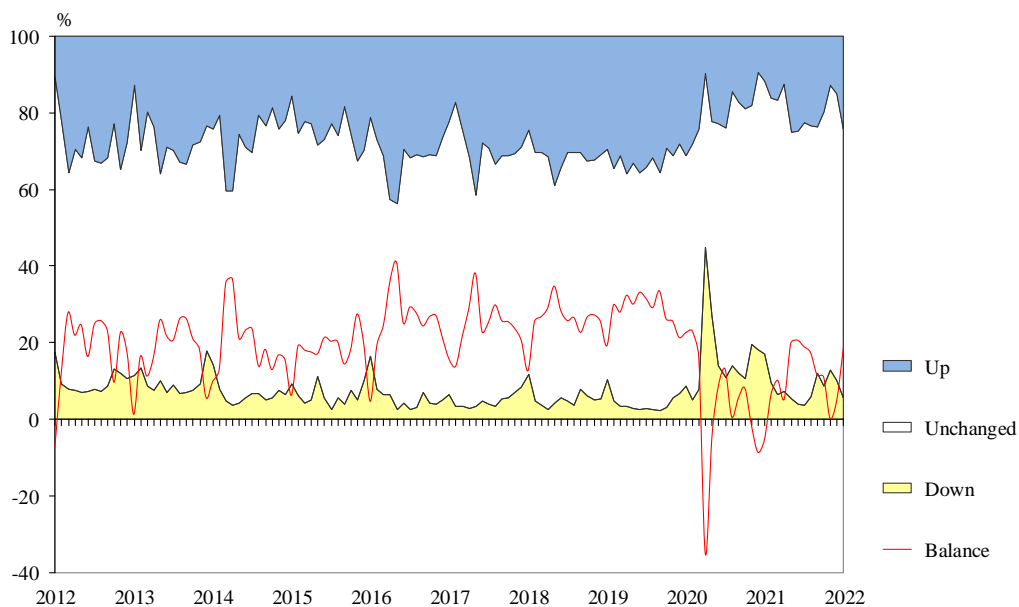


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

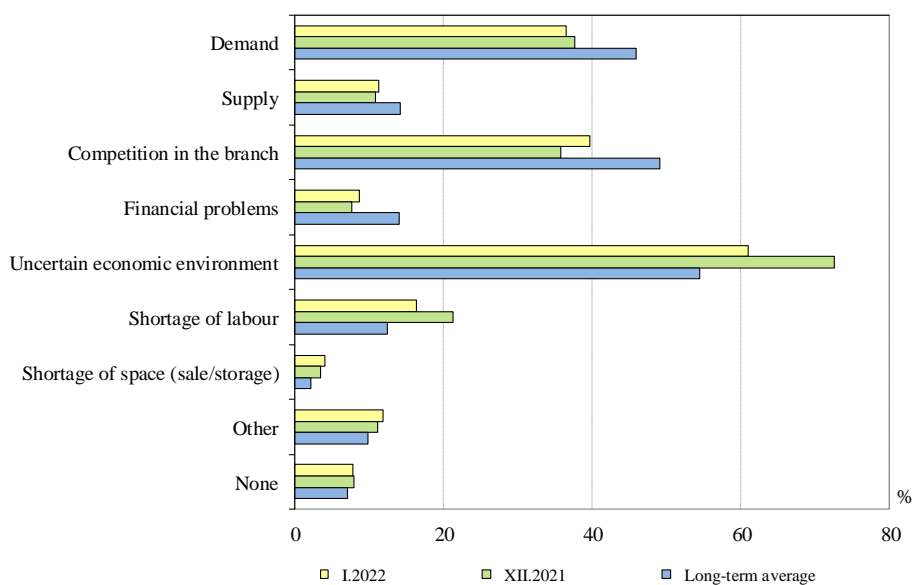


Figure 13. Business climate in service sector

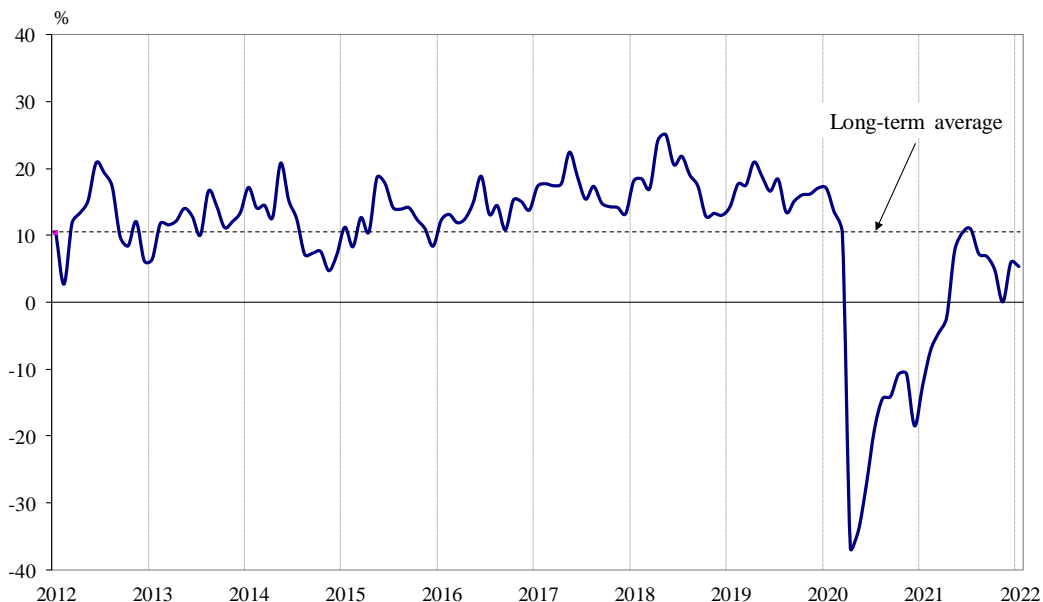


Figure 14. Expected business situation in service sector over the next 6 months

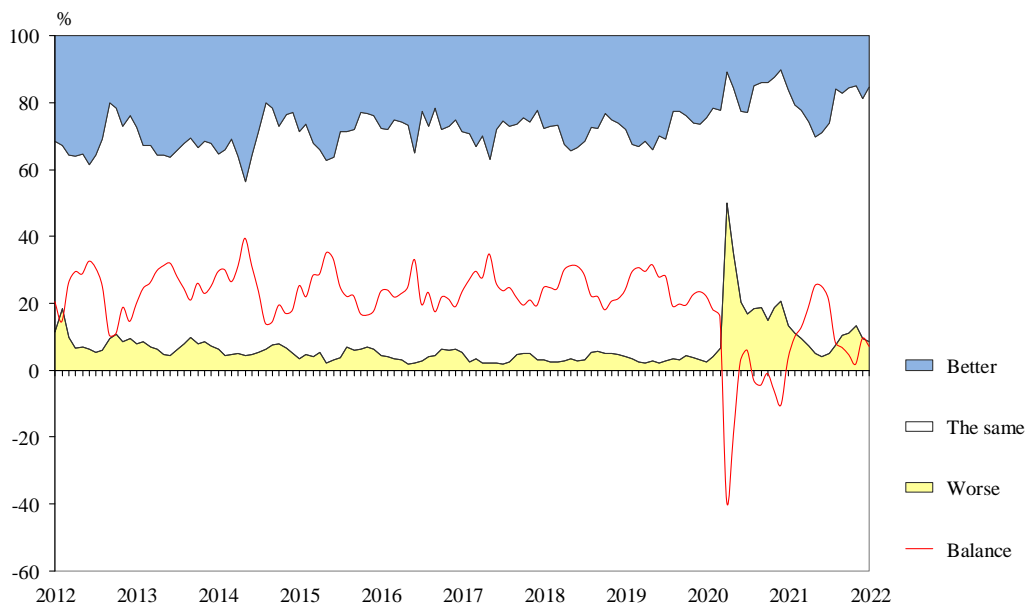


Figure 15. Expected demand in service sector over the next 3 months

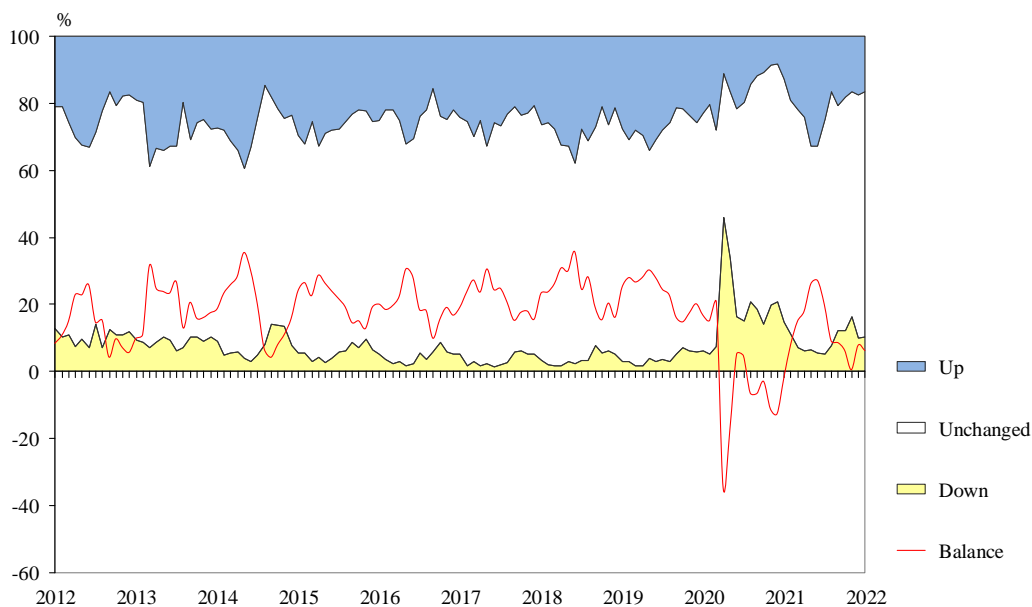


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

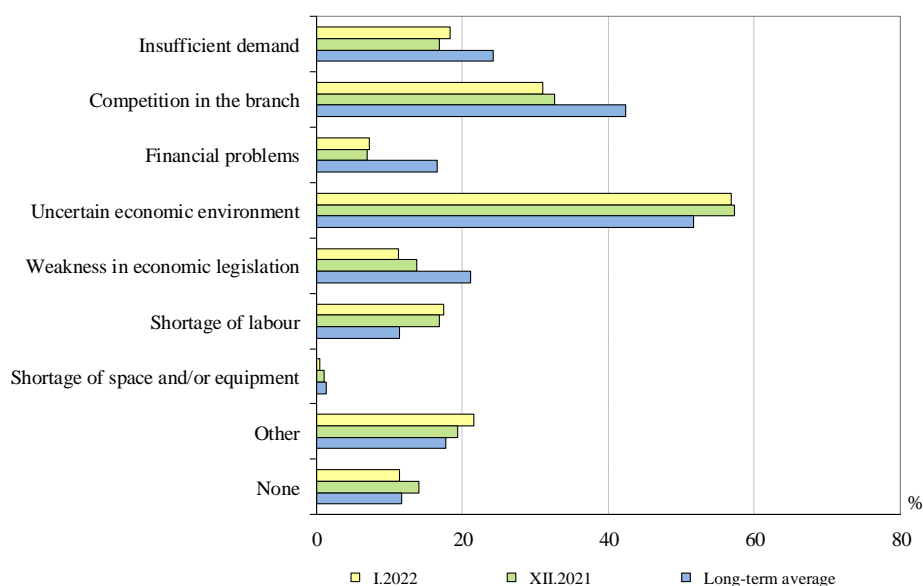


Figure 17. Selling prices expectations in service sector over the next 3 months

