

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

In February 2022, **the total business climate indicator**⁴ increases by 1.4 percentage points compared to the previous month (Annex, Figure 1). An improvement of the indicator is observed in industry, retail trade and service sector, and in construction a reduction is registered.

Industry. The composite indicator ‘business climate in industry’ increases by 2.7 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, their forecasts about the production activity over the next 3 months remain favourable (Annex, Figure 3).

The uncertain economic environment continues to be the main factor, limiting the business development pointed out by 56.4% of the enterprises. In the background remain the factors ‘shortage of labour’, ‘others’⁵ and ‘insufficient domestic demand’ (Annex, Figure 4).

According to the last inquiry, the managers’ share who continue to expect the selling prices in industry to increase over the next 3 months is 22.9%.

Construction. In February, the composite indicator ‘business climate in construction’ decreases by 0.6 percentage points (Annex, Figure 5) which is due to the unfavourable construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. As regards the construction activity over the last 3 months, the inquiry registers certain decrease compared to the previous month, as the forecasts over the next 3 months are more moderate (Annex, Figure 6).

The most serious difficulties for the activity of the enterprises remain connected with the uncertain economic environment, costs of materials and shortage of labour, as in the last month strengthening of the negative influence of the first and third factors is reported (Annex, Figure 7).

In comparison with January the construction entrepreneurs’ share who forecast the selling prices in the sector to increase over the next 3 months is raising and its reaches 46.6% (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.



Retail trade. The composite indicator ‘business climate in retail trade’ increases by 1.3 percentage points (Annex, Figure 9) as a result of the improved retailers’ expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the volume of sales over the next 3 months are also optimistic (Annex, Figure 10).

The uncertain economic environment continues to be the main factor limiting the business development, followed by the competition in the branch and insufficient demand (Annex, Figure 11).

The retailers’ assessments about the selling prices in the last month are in the direction of an increase, as 37.6% of the managers foresee them to continue to rise over the next 3 months (Annex, Figure 12).

Service sector¹. In February, the composite indicator ‘business climate in service sector’ increases by 1.1 percentage points (Annex, Figure 13) which is due to the more favourable managers’ expectations about the business situation of the enterprises over the next 6 months. Their opinions about the present and expected demand for services are also positive (Annex, Figure 14).

The most serious obstacles for the activity remain the uncertain economic environment and competition in the branch, as in the last month strengthening of their unfavourable impact is observed (Annex, Figure 15).

As regards the selling prices in the service sector, the managers’ forecasts are them to increase over the next 3 months (Annex, Figure 16).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

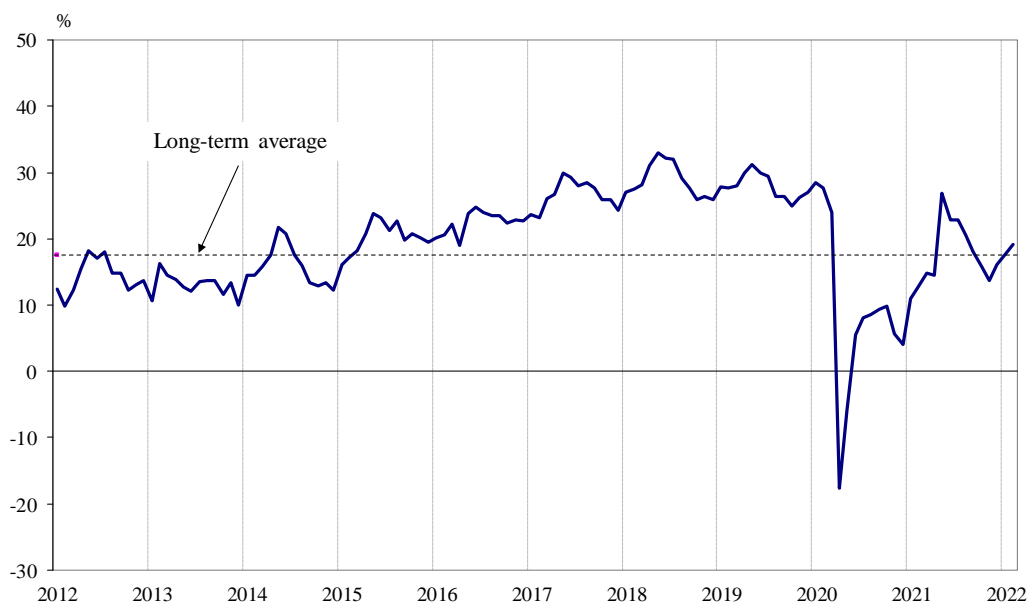


Figure 2. Business climate in industry

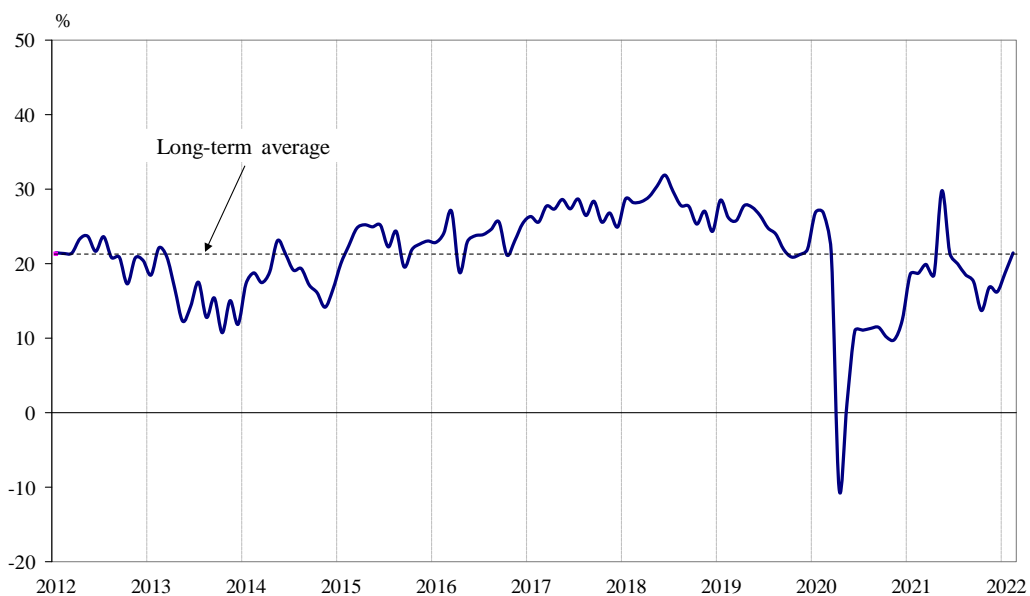


Figure 3. Expected production activity in industry over the next 3 months

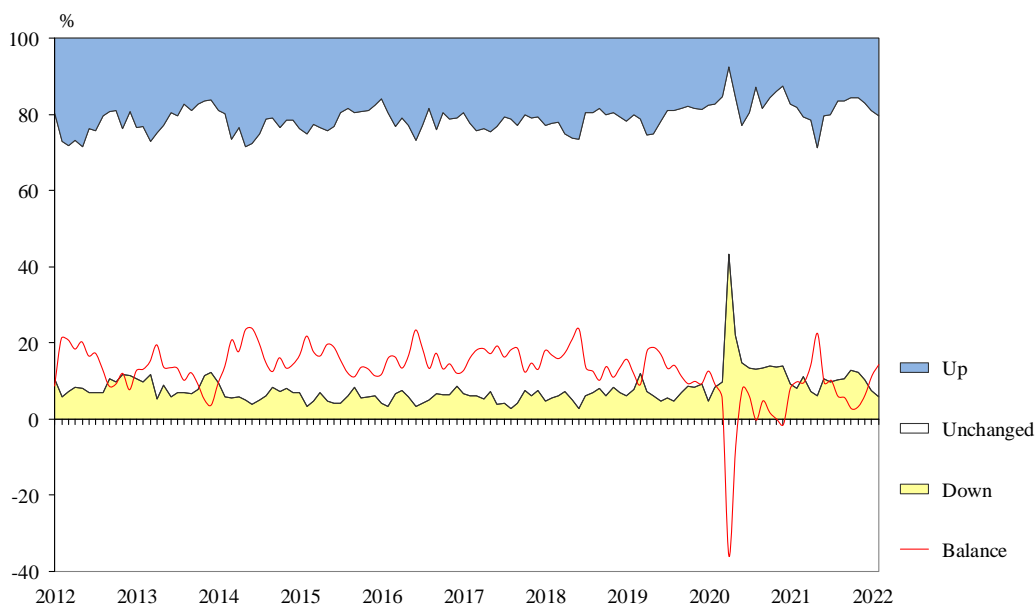


Figure 4. Limits to production in industry (Relative share of enterprises)

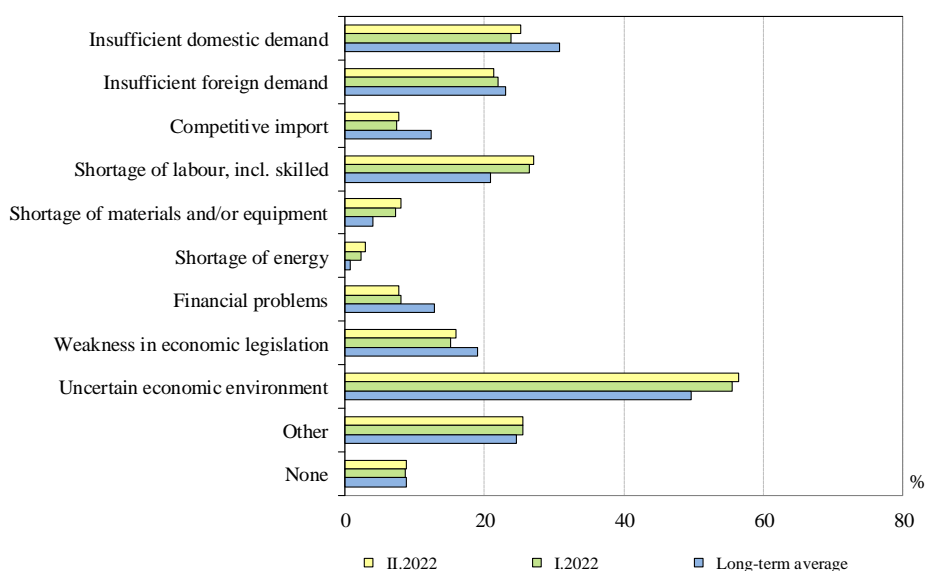


Figure 5. Business climate in construction

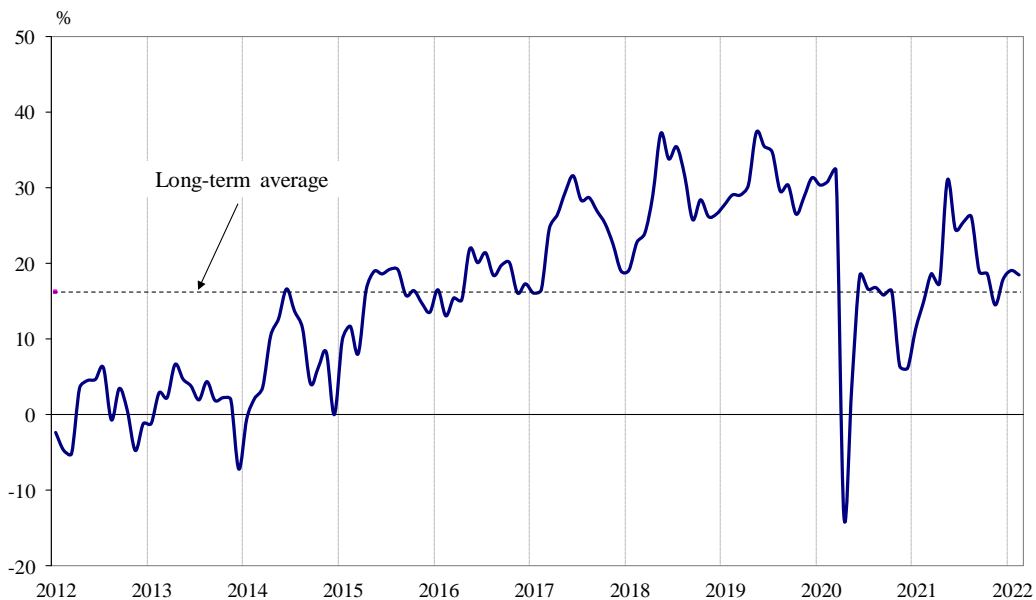
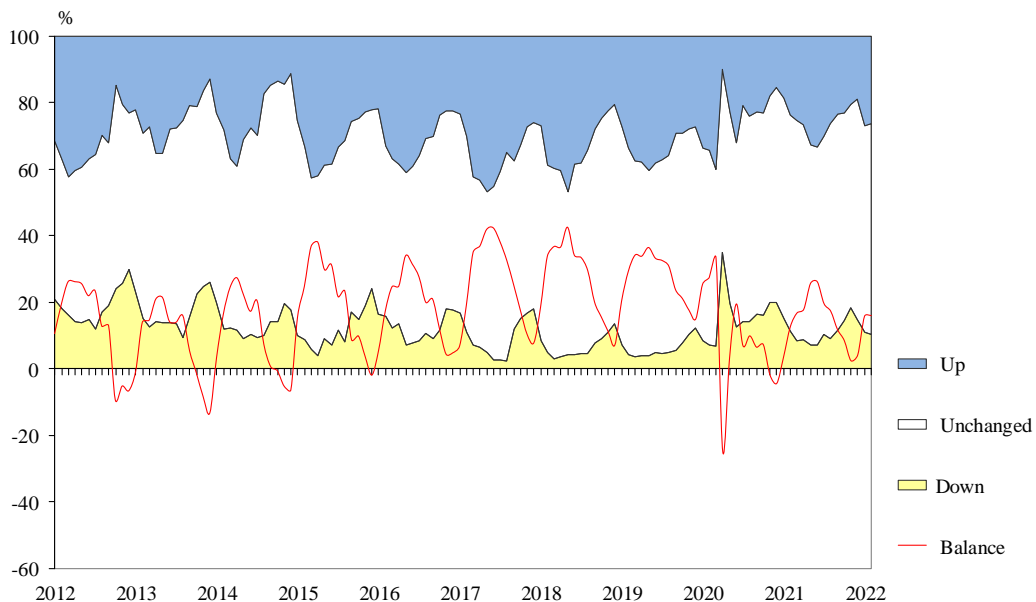
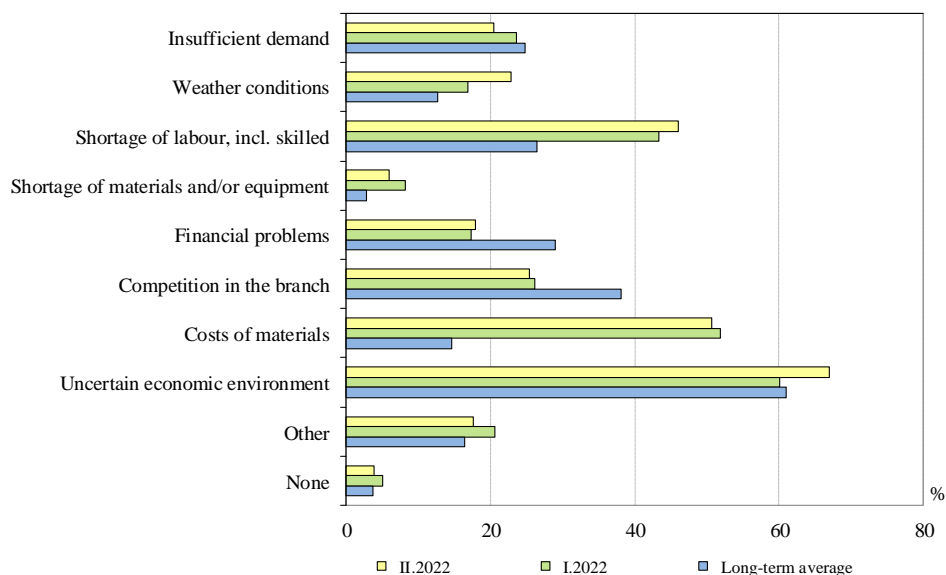


Figure 6. Expected construction activity over the next 3 months



**Figure 7. Limits to construction activity
(Relative share of enterprises)**



**Figure 8. Selling prices expectations in construction
over the next 3 months**

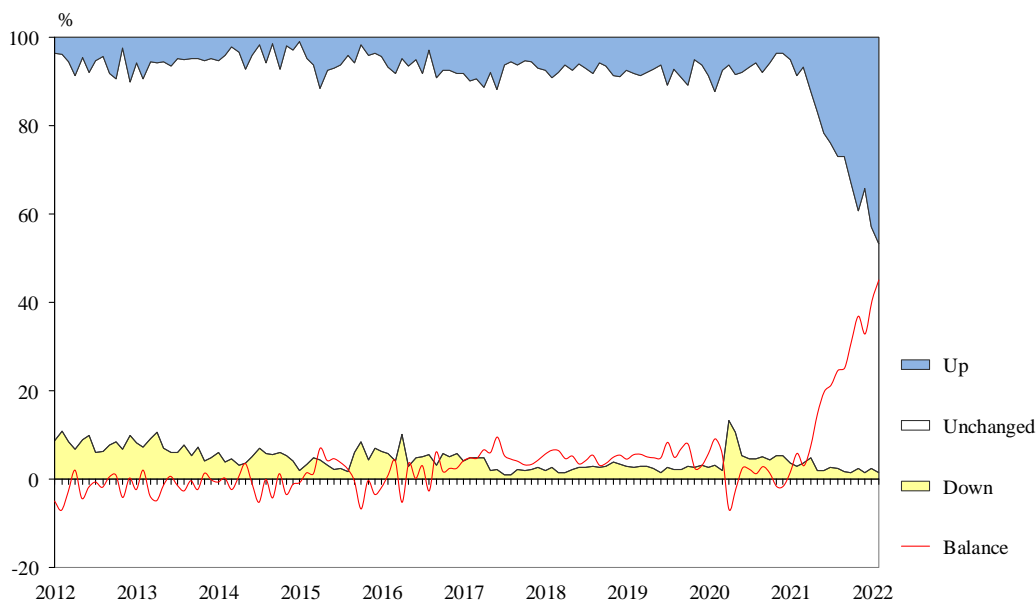


Figure 9. Business climate in retail trade

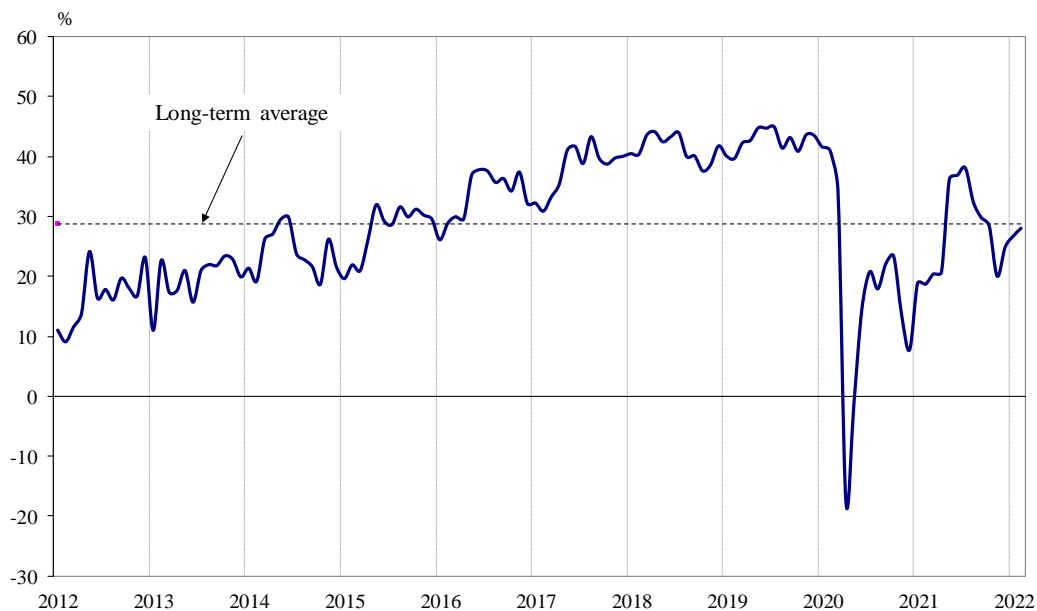


Figure 10. Sales expectations in retail trade over the next 3 months

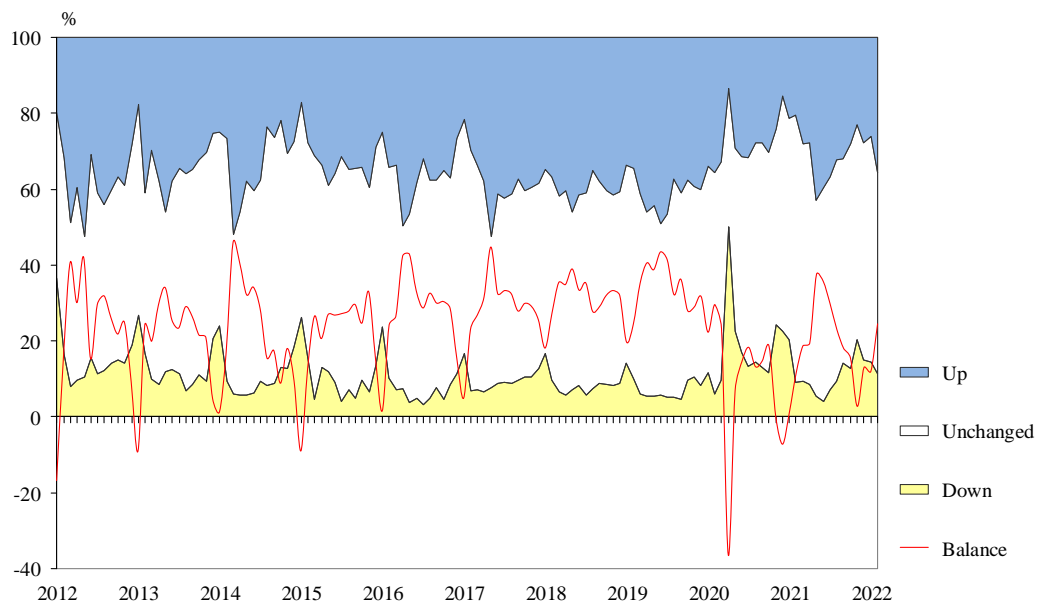


Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

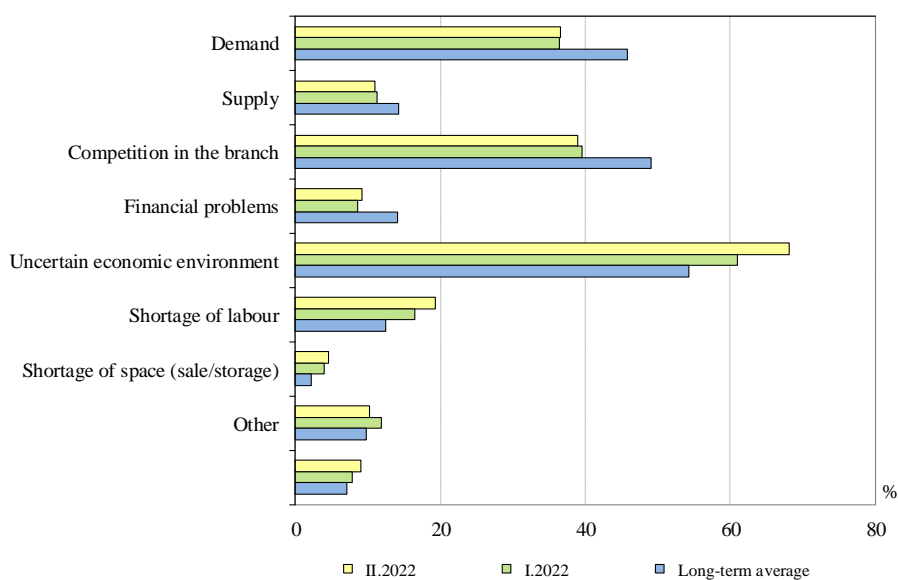


Figure 12. Selling prices expectations in retail trade over the next 3 months

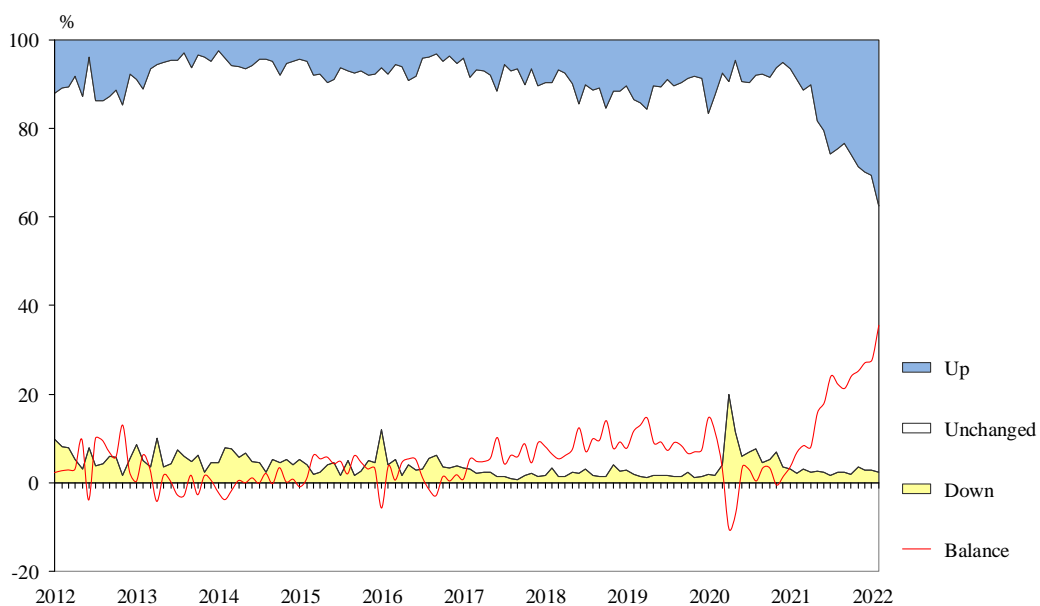


Figure 13. Business climate in service sector

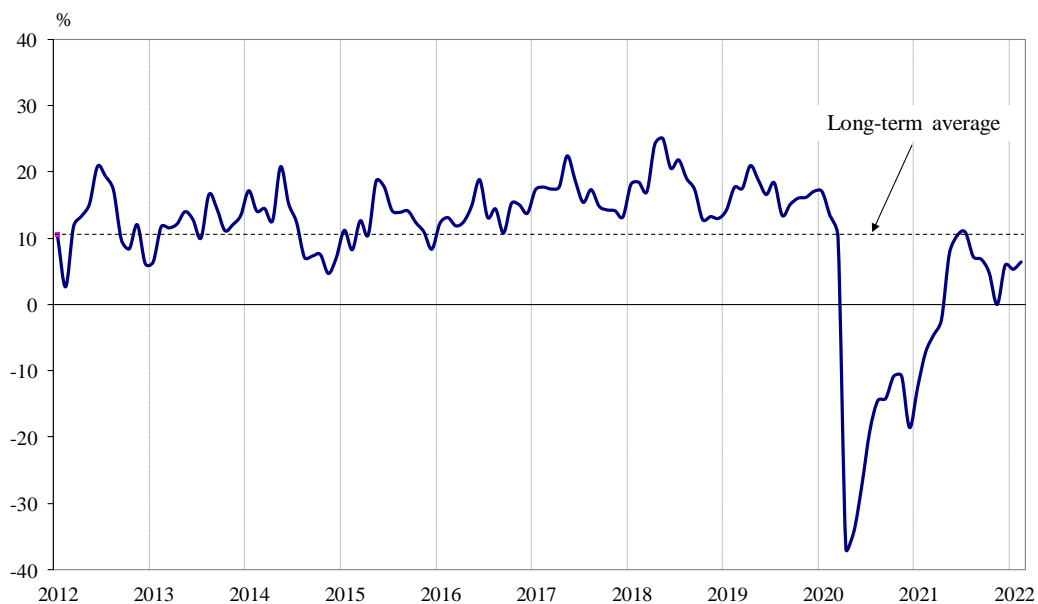
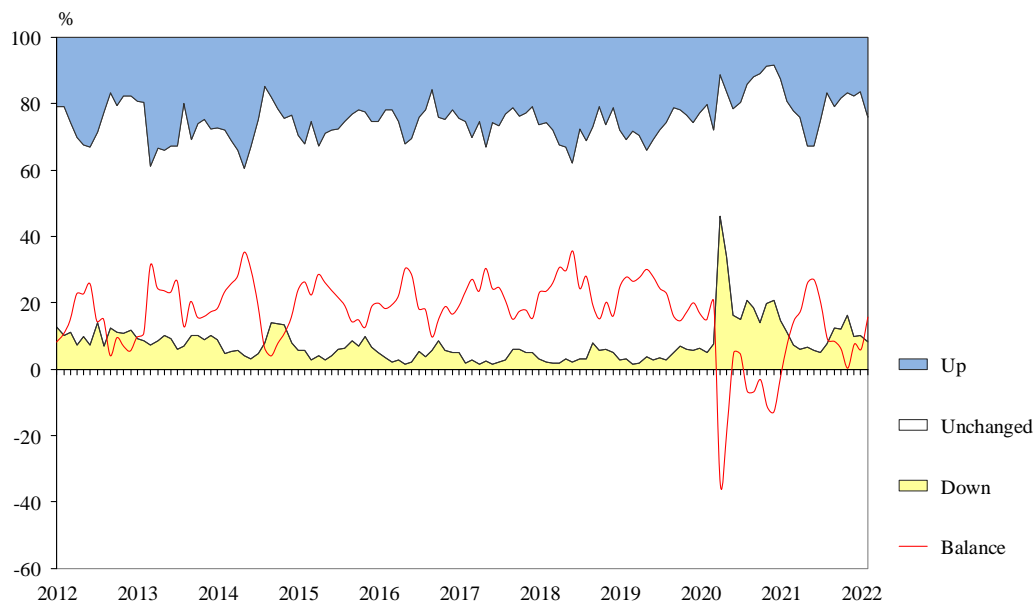
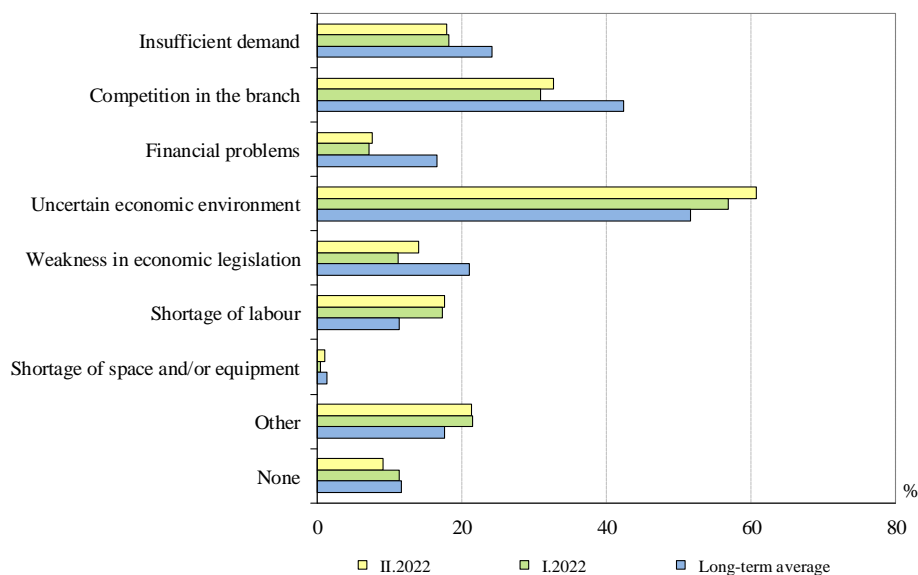


Figure 14. Expected demand in service sector over the next 3 months



**Figure 15. Factors limiting the activity in service sector
(Relative share of enterprises)**



**Figure 16. Selling prices expectations in service sector
over the next 3 months**

