

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

In March 2022, **the total business climate indicator**⁴ decreases by 4.8 percentage points in comparison with February (Annex, Figure 1) as a result of the unfavourable business climate in industry, retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ drops by 7.1 percentage points (Annex, Figure 2). The industrial entrepreneurs’ assessments about the present business situation of the enterprises are reserved, as their expectations over the next 3 months are also worsened. At the same time, their forecasts about the production activity over the next 3 months are pessimistic (Annex, Figure 3).

The main obstacles for the activity of the enterprises remain connected with the uncertain economic environment, shortage of labour, factor ‘others’⁵ and insufficient domestic demand, as the inquiry reports an increase of the negative influence of the first factor (Annex, Figure 4).

In comparison with previous month, the managers’ share who forecast the selling prices in the industry to increase over the next 3 months is raising and its reaches 29.4%.

Construction. In March, the composite indicator ‘business climate in construction’ preserves its level from the previous month (Annex, Figure 5). The construction entrepreneurs’ expectations about both the business situation of the enterprises over the next 6 months (Annex, Figure 6) and their activity over the next 3 months are favourable. However, the last inquiry reports an increase in the number of clients with delay in payments.

The uncertain economic environment, costs of materials and shortage of labour continue to be the main factors limiting business development, as in the last month, strengthening of the negative impact of the first two factors is observed (Annex, Figure 7).

As regards the selling prices in construction, 53.2% of the managers foresee them to increase over the next 3 months (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’ decreases by 7.8 percentage points (Annex, Figure 9), which is due to the reserved retailers’ expectations about the business situation of the enterprises over the next 6 months. Their assessments about the volume of sales over the last 3 months, as well their expectations over the next 3 months, are also more moderate (Annex, Figure 10).

The most serious obstacle, hindering the activity, continues to be the uncertain economic environment, pointed out by 70.7% of the enterprises. In the background remain the difficulties connected with the competition in the branch and insufficient demand (Annex, Figure 11).

The retailers’ expectations about the selling prices over the next 3 months are in a direction of an increase (Annex, Figure 12).

Service sector¹. In March, the composite indicator ‘business climate in service sector’ decreases by 2.1 percentage points (Annex, Figure 13) as a result of the unfavourable 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 more moderate (Annex, Figure 14).

The main problems for business development continue to be connected with the uncertain economic environment and competition in the branch (Annex, Figure 15).

As regards the selling prices in the sector, 23.6% of the managers expect them to increase over the next 3 months.

¹ Excl. trade.

Annex

Figure 1. Business climate - total

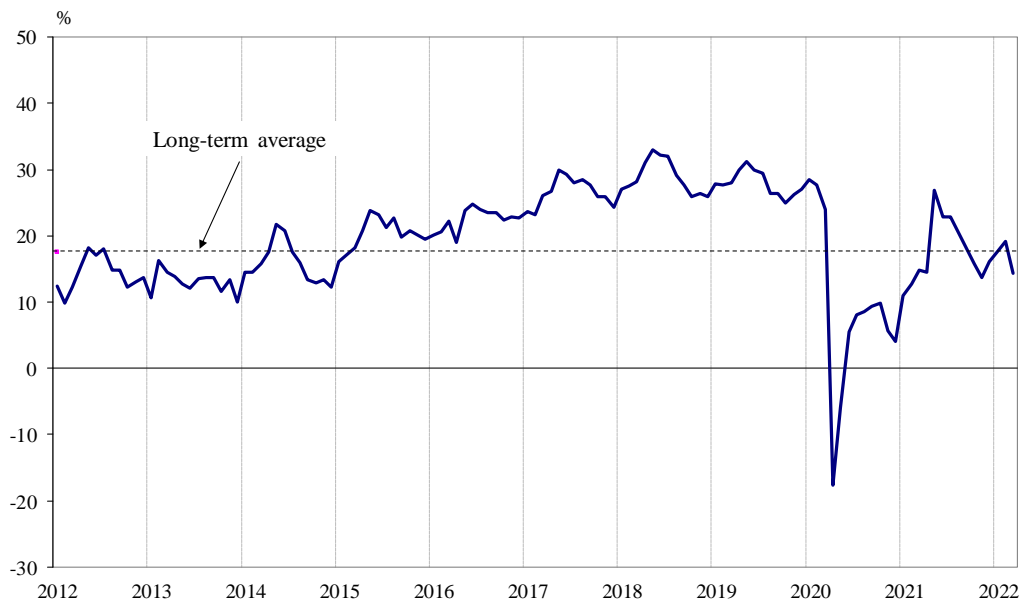


Figure 2. Business climate in industry

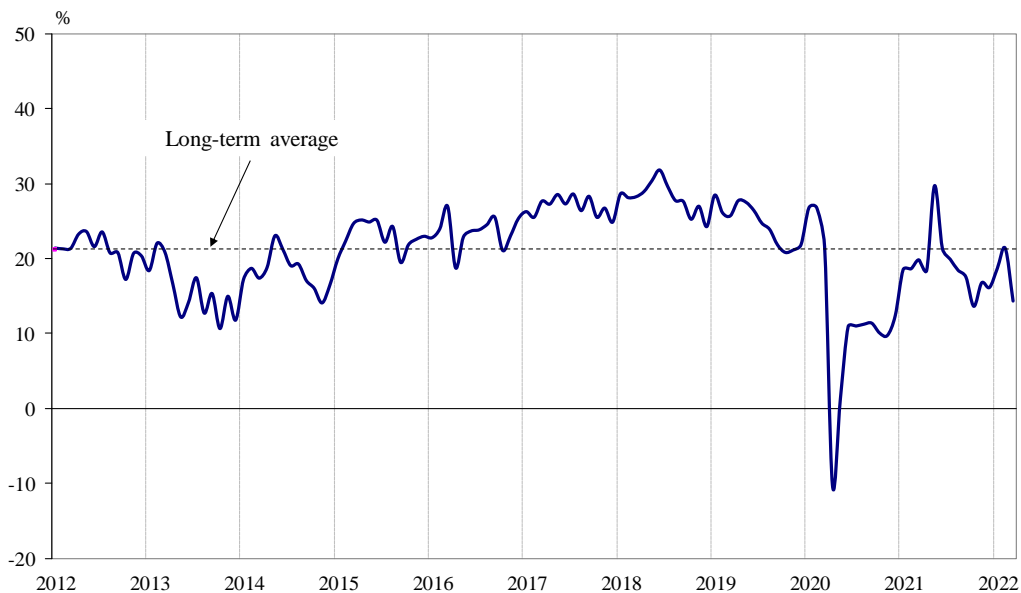


Figure 3. Expected production activity in industry over the next 3 months

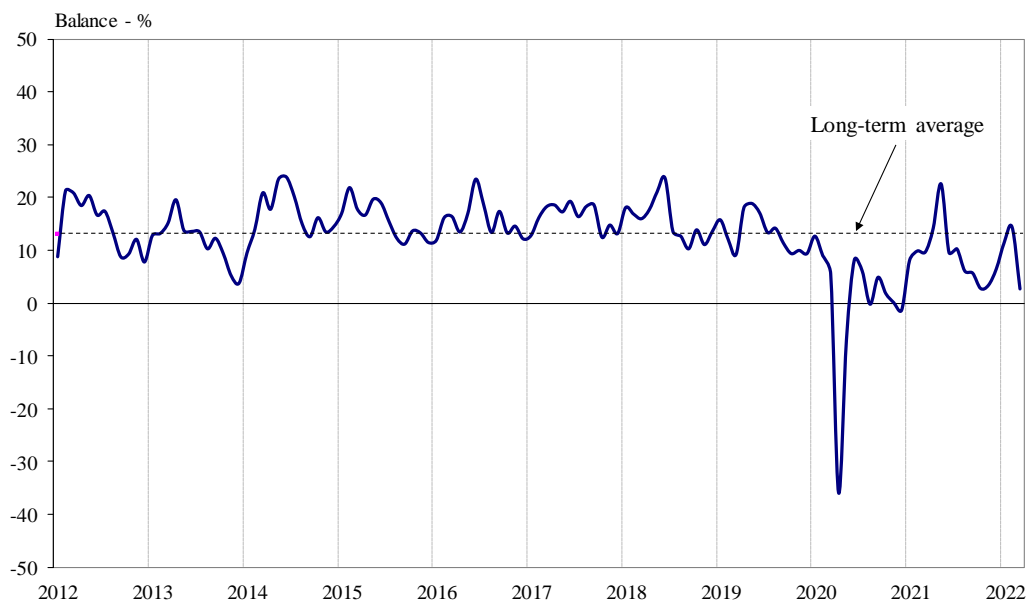


Figure 4. Limits to production in industry (Relative share of enterprises)

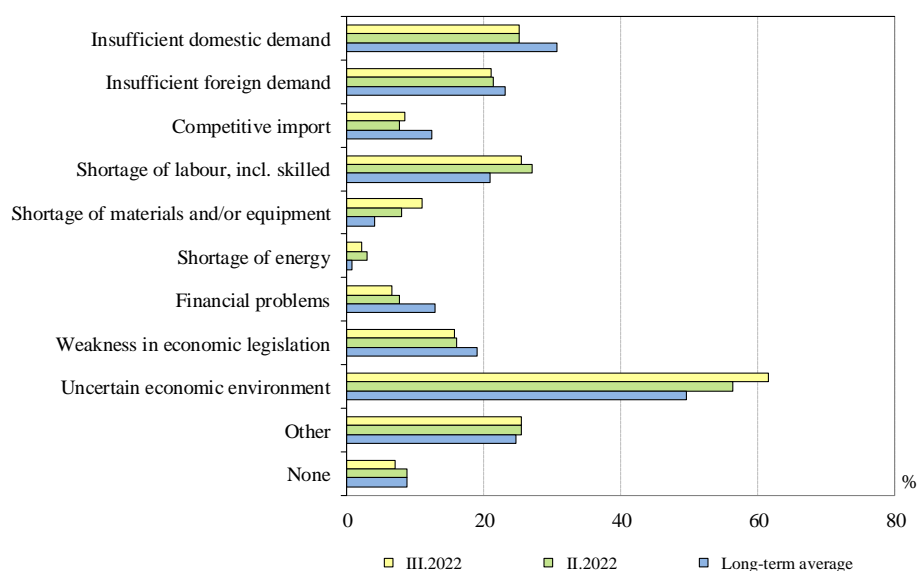


Figure 5. Business climate in construction

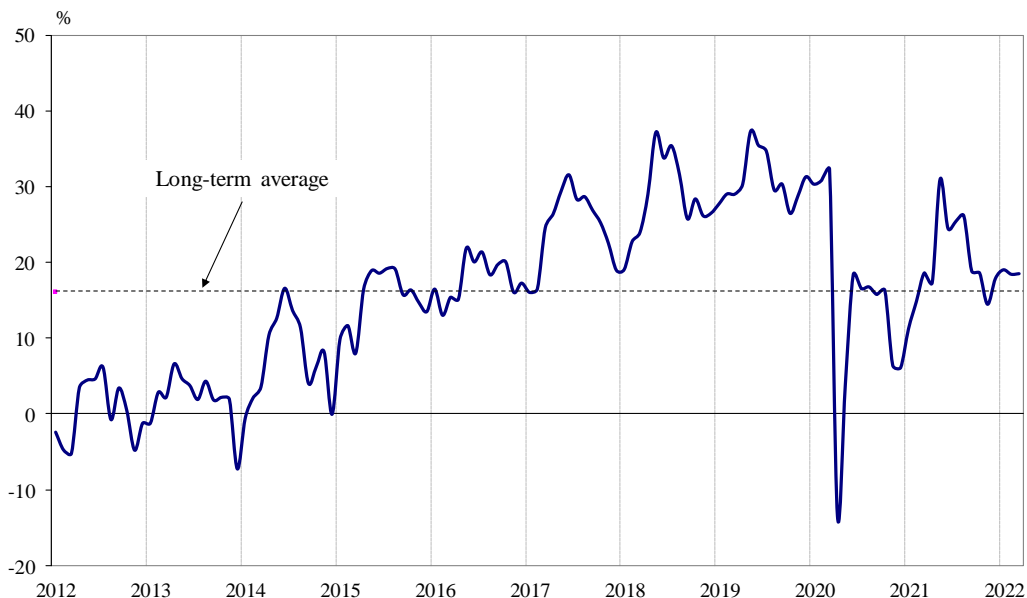
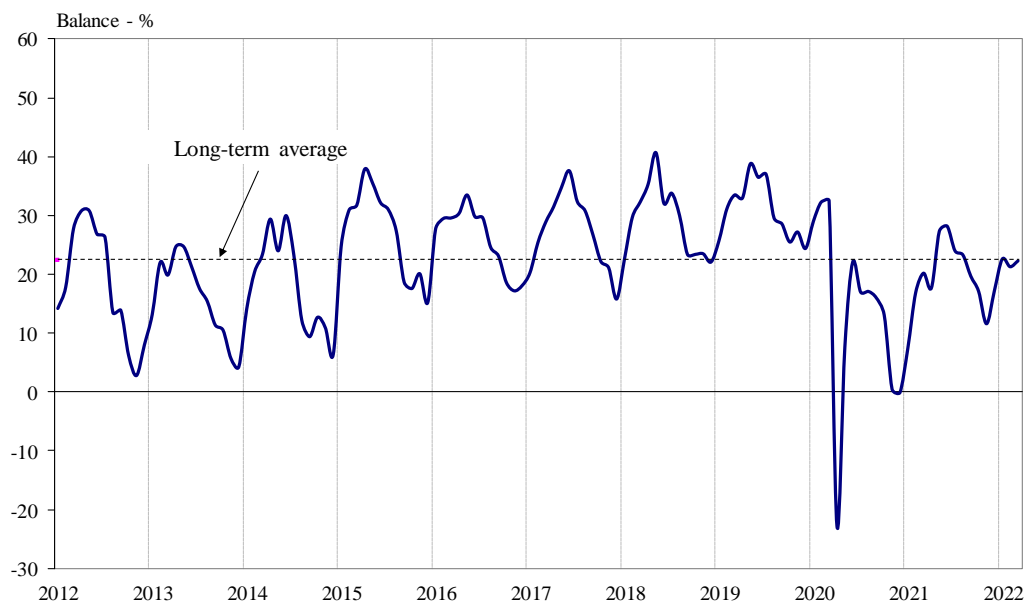
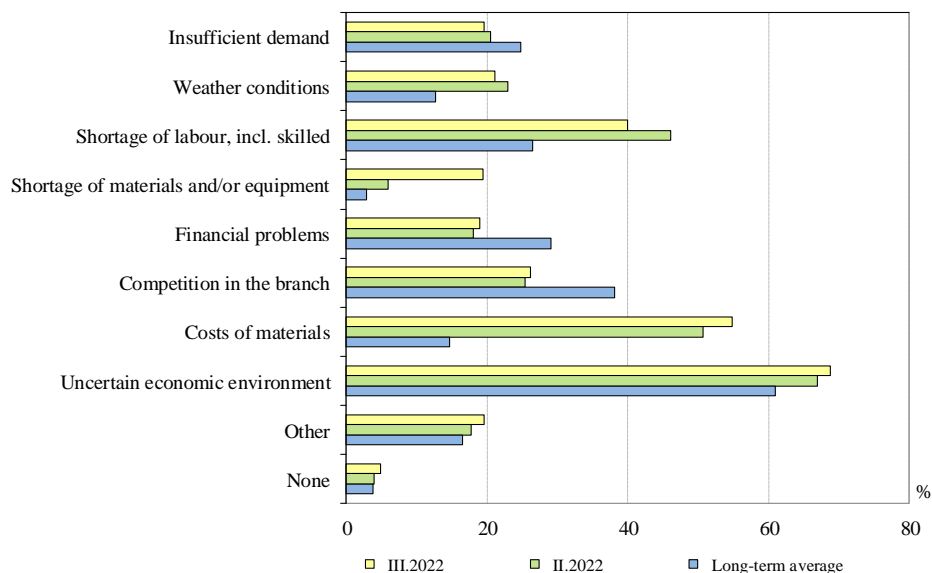


Figure 6. Expected business situation in construction over the next 6 months



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



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

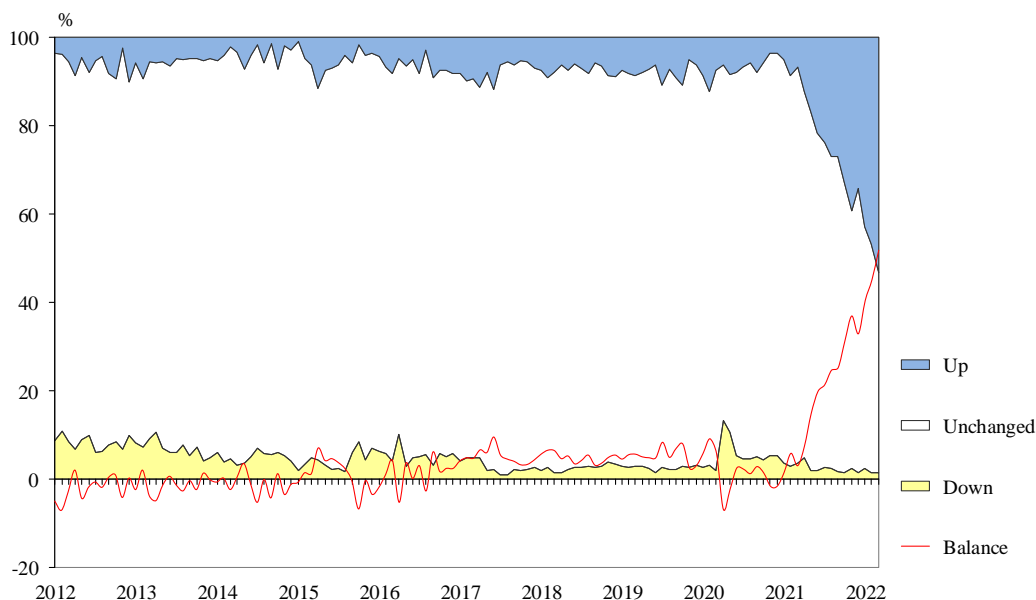


Figure 9. Business climate in retail trade

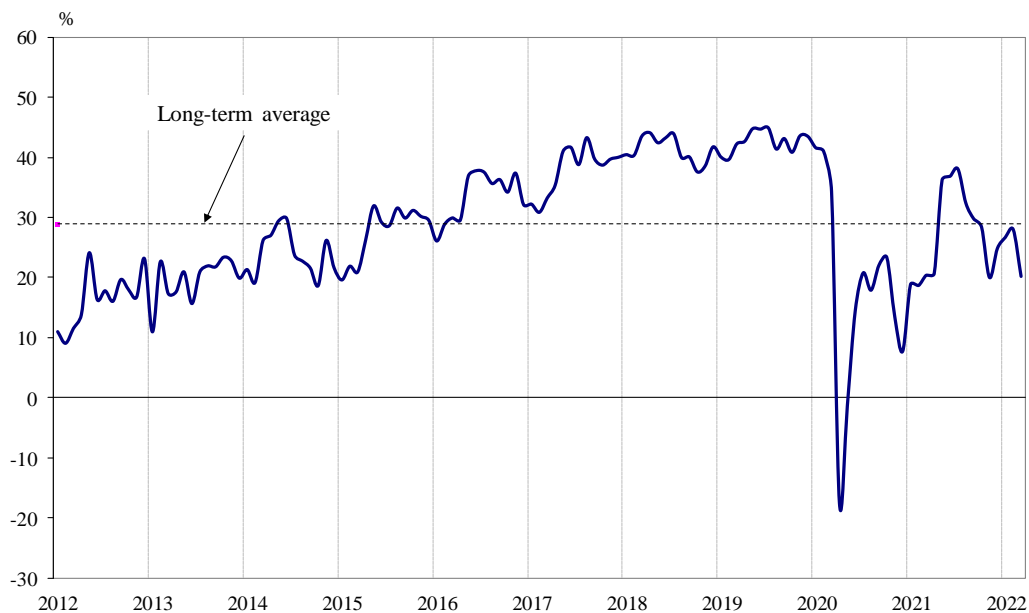


Figure 10. Sales expectations in retail trade over the next 3 months

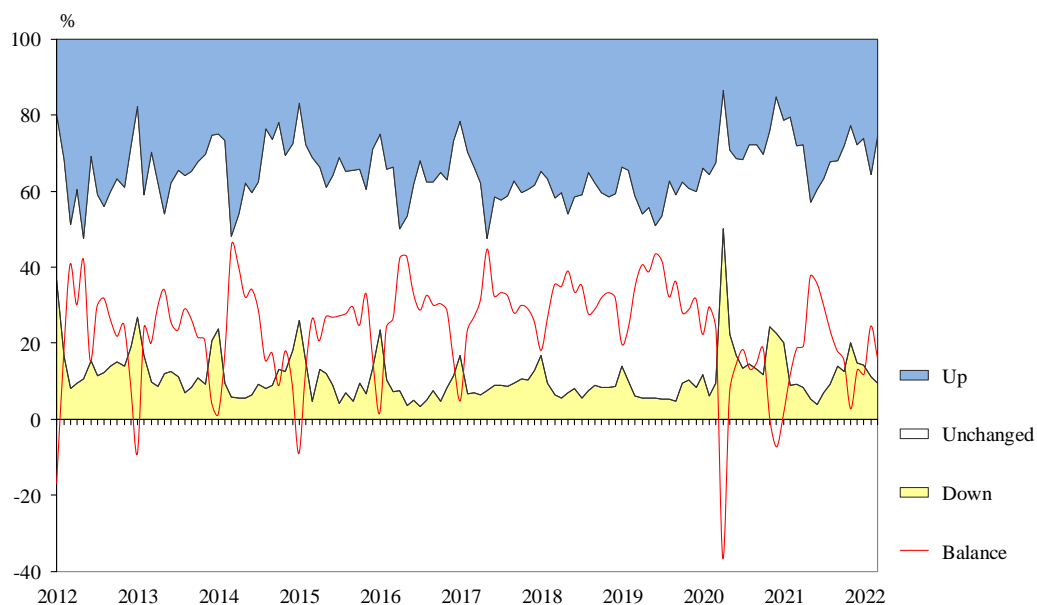


Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

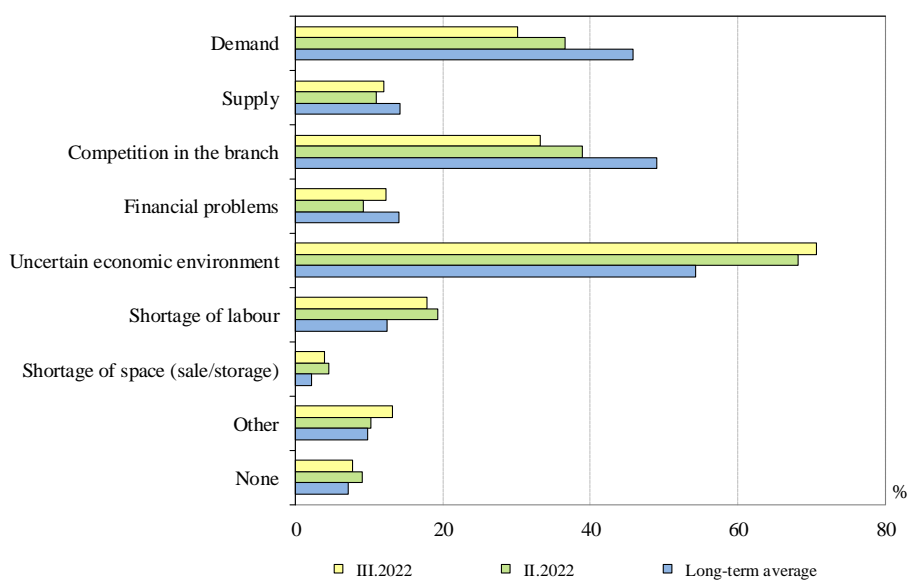


Figure 12. Selling prices expectations in retail trade over the next 3 months

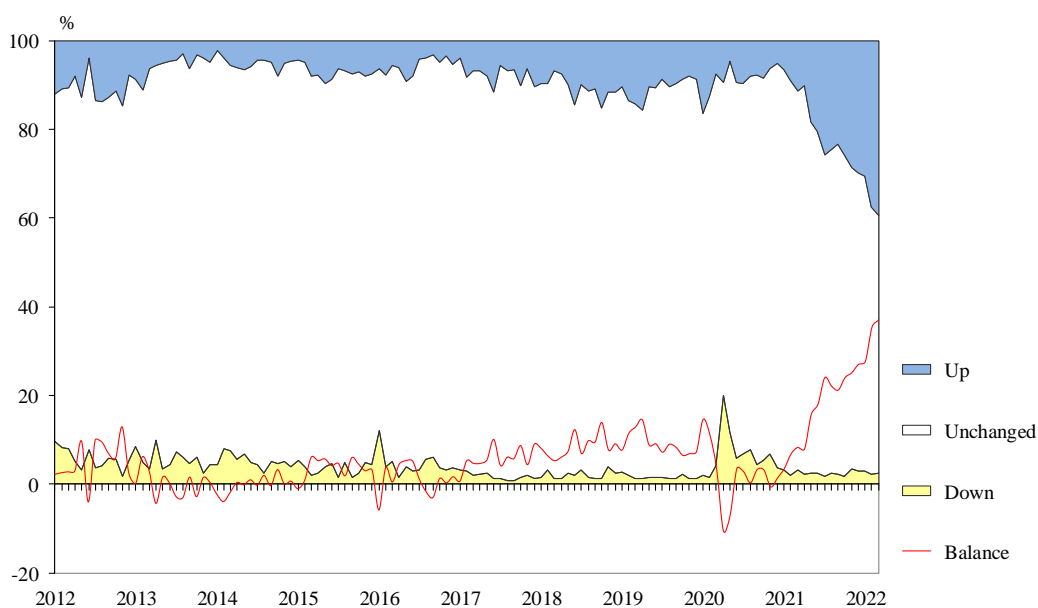


Figure 13. Business climate in service sector

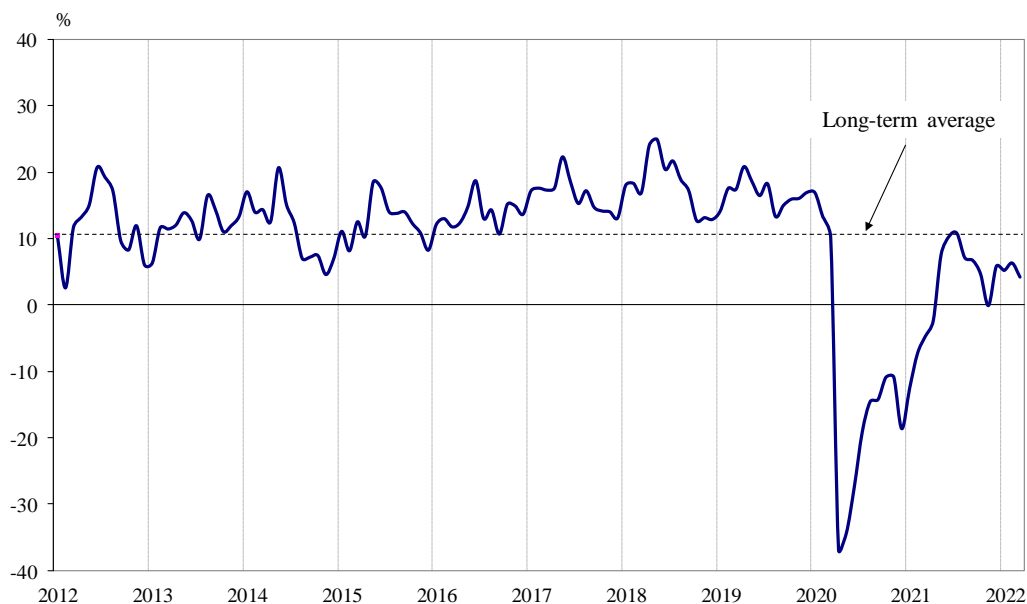
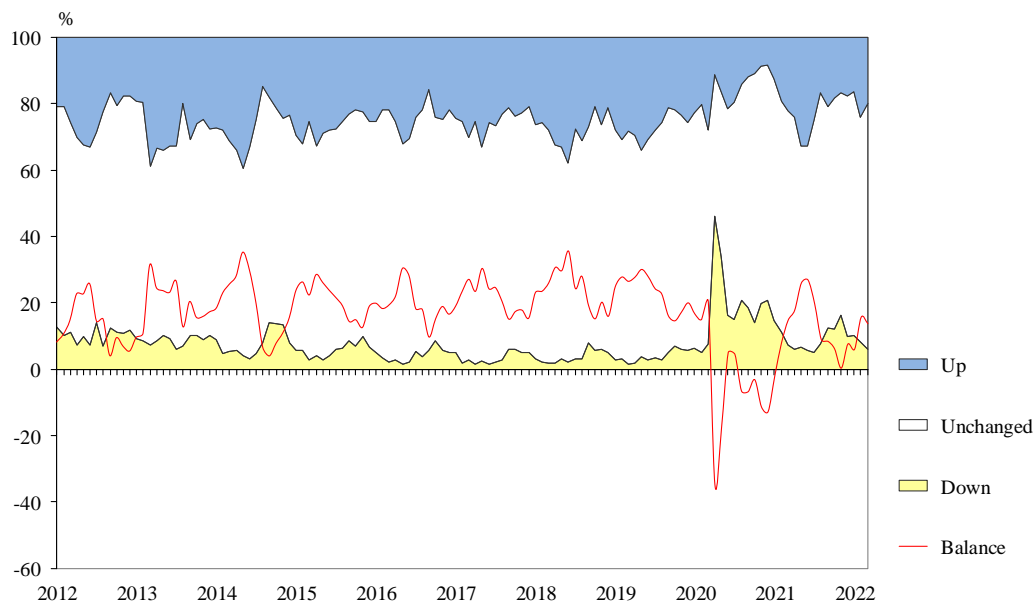


Figure 14. Expected demand in service sector over the next 3 months



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

