

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

In April 2022, **the total business climate indicator**⁴ increases by 4.2 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 4.6 percentage points (Annex, Figure 2) as a result of the reduced negativity in the industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. The inquiry reports certain improvement in the orders inflow over the last 3 months, as the forecasts about the production activity over the next 3 months are favourable (Annex, Figure 3). In April in comparison with January, the average capacity utilization increases by 1.3 percentage points and it reaches 76.3%.

The uncertain economic environment, shortage of labour and factor ‘others’⁵ continue to be the main problems limiting the business development (Annex, Figure 4).

Concerning the selling prices the managers’ expectations are them to continue to increase over the next 3 months (Annex, Figure 5).

Construction. In April, the composite indicator ‘business climate in construction’ decreases by 2.6 percentage points (Annex, Figure 6), which is due to the reserved construction entrepreneurs’ assessments and expectations (Annex, Figure 7) about the business situation of the enterprises. The production is assured with contracts for 5.5 months as a decrease of 0.2 months compared to the assessment from January is registered. At the same time, the expectations about new orders over the next 6 months are more unfavourable.

The most serious obstacle limiting the activity in the sector remains the uncertain economic environment, followed by the 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.

According to the last inquiry, the construction entrepreneurs' share who continue to expect the selling prices in construction to increase over the next 3 months is 51.8% (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' increases by 10.6 percentage points (Annex, Figure 10) as a result of the optimistic retailers' assessments and expectations about the business situation of the enterprises. Their forecasts about both the volume of sales and the order placed with suppliers (Annex, Figure 11) over the next 3 months are also improved.

The main factor, limiting the business development is the uncertain economic environment pointed out by 70.5% of the enterprises. In the last month, strengthening of the negative influence of the factor 'insufficient demand' is registered which shifts to the third place the difficulties connected with the competition in the branch (Annex, Figure 12).

As regards the selling prices, 37.1% of the retailers expect them to increase over the next 3 months (Annex, Figure 13).

Service sector¹. In April, the composite indicator 'business climate in service sector' increases by 3.5 percentage points (Annex, Figure 14), which is due to the positive 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 favourable (Annex, Figure 15).

The uncertain economic environment continues to be the main obstacle for the activity of the enterprises, as compared to March an increase of its negative impact is observed. In the second and third place are competition in the branch and the factor 'others'² (Annex, Figure 16).

Concerning the selling prices in service sector 19.8% of the managers, foresee them to increase over the next 3 months.

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

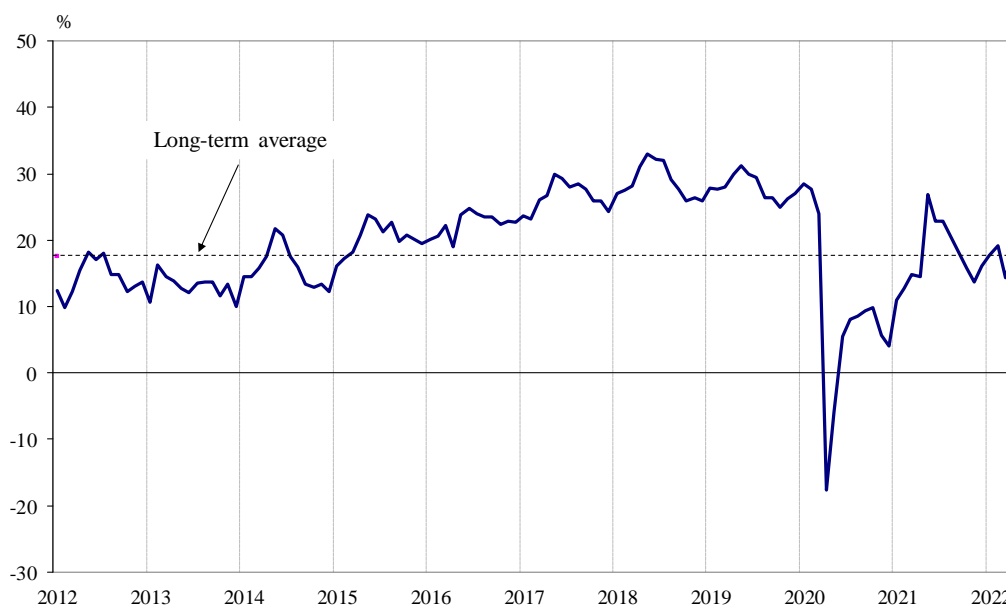


Figure 2. Business climate in industry

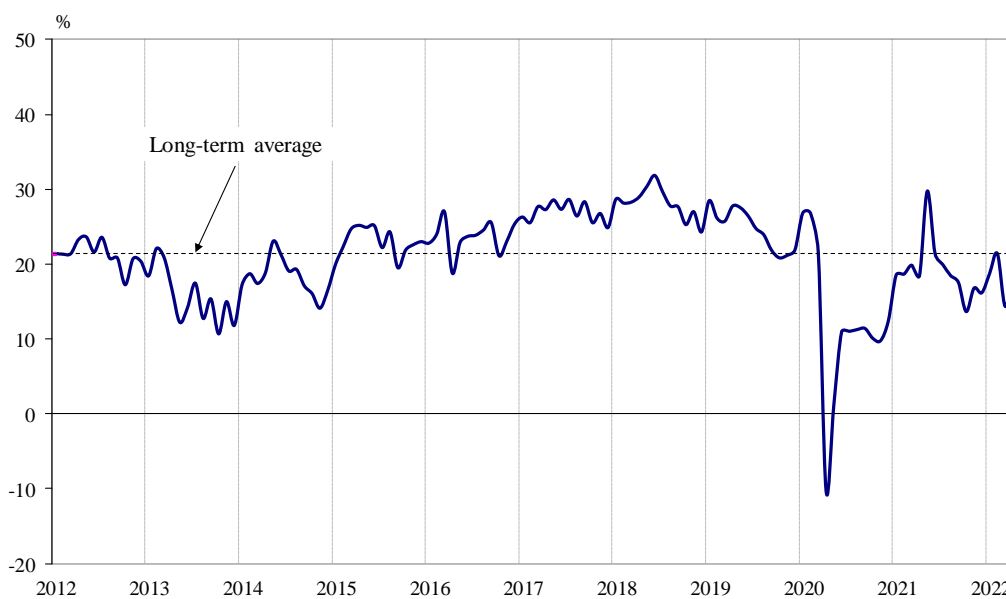


Figure 3. Expected production activity in industry over the next 3 months

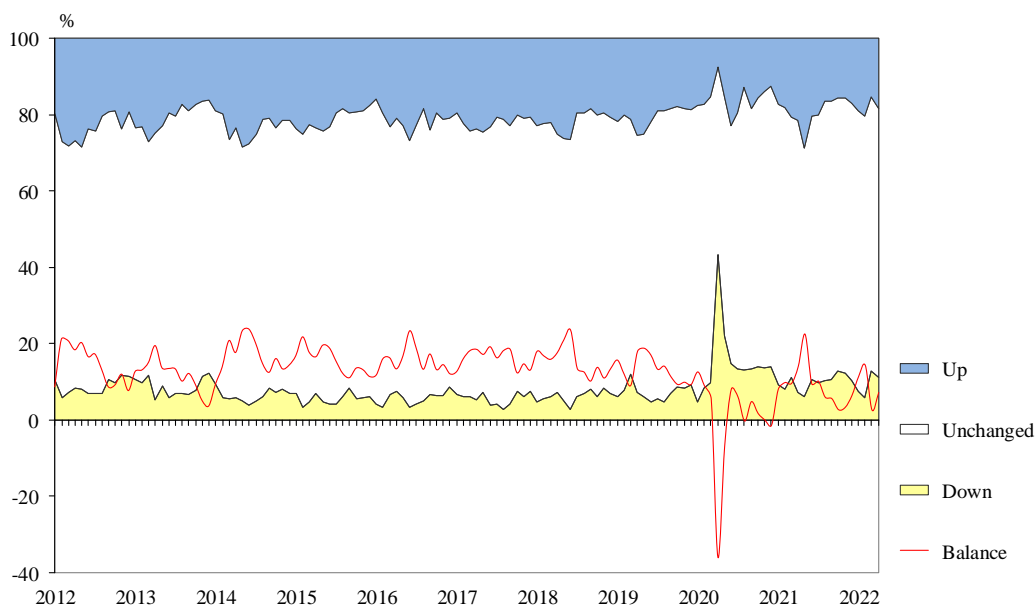


Figure 4. Limits to production in industry (Relative share of enterprises)

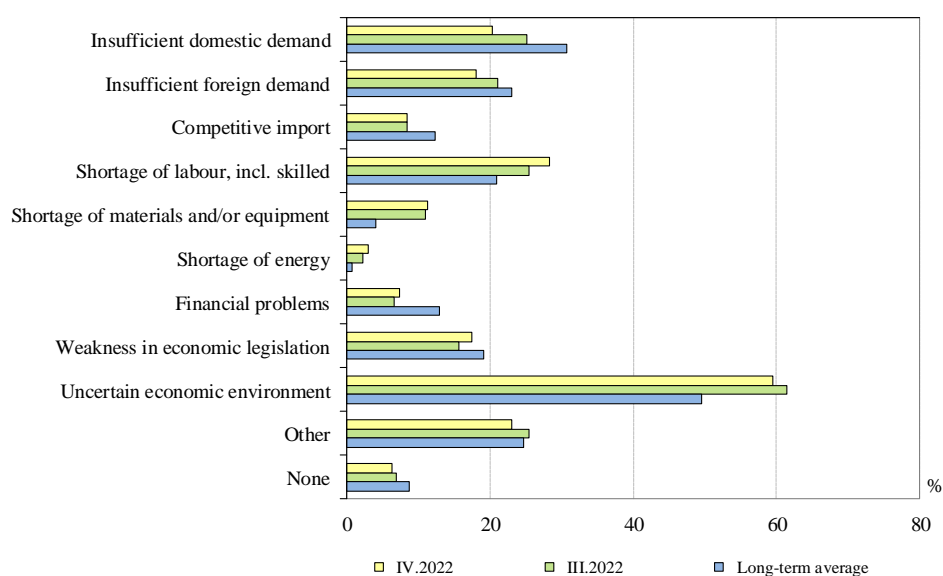


Figure 5. Selling prices expectations in industry over the next 3 months

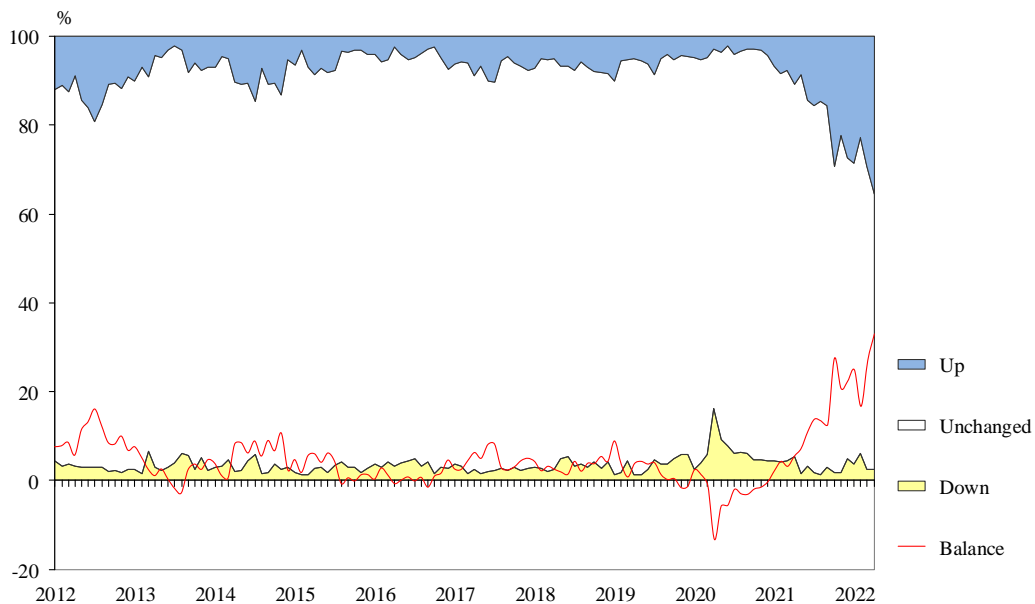


Figure 6. Business climate in construction

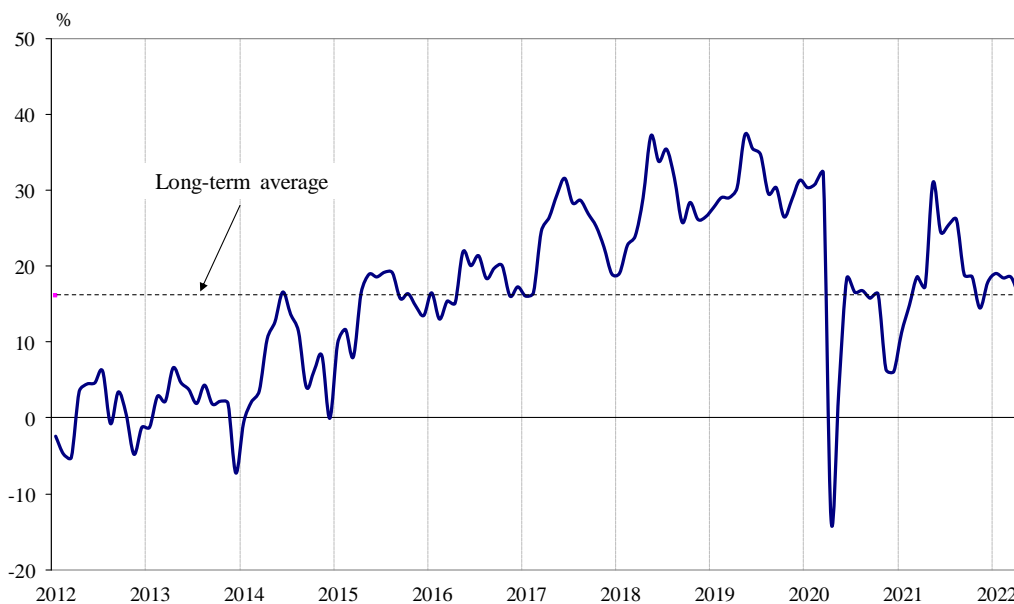


Figure 7. Expected business situation in construction over the next 6 months

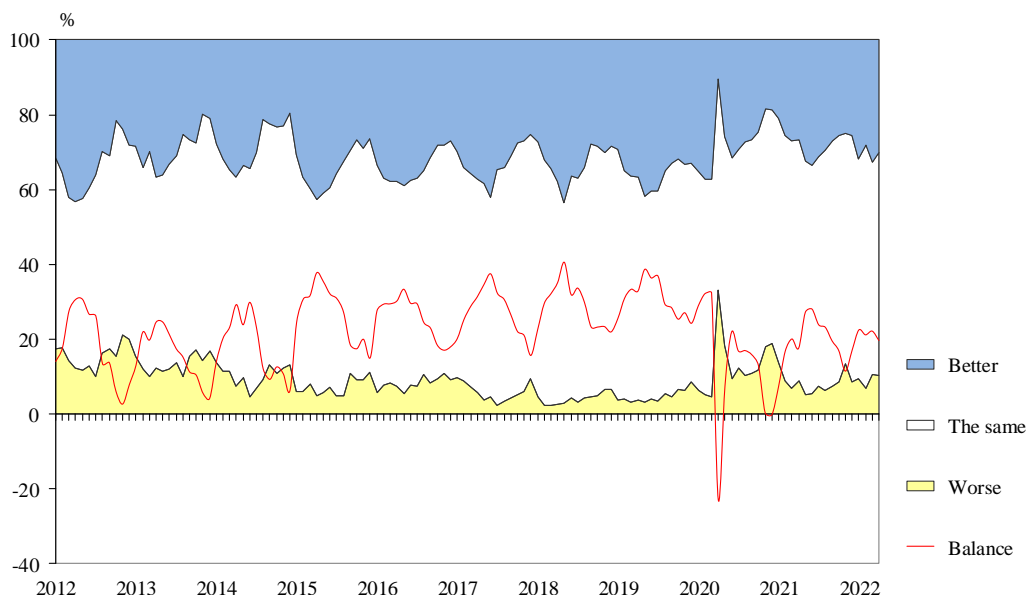


Figure 8. Limits to construction activity (Relative share of enterprises)

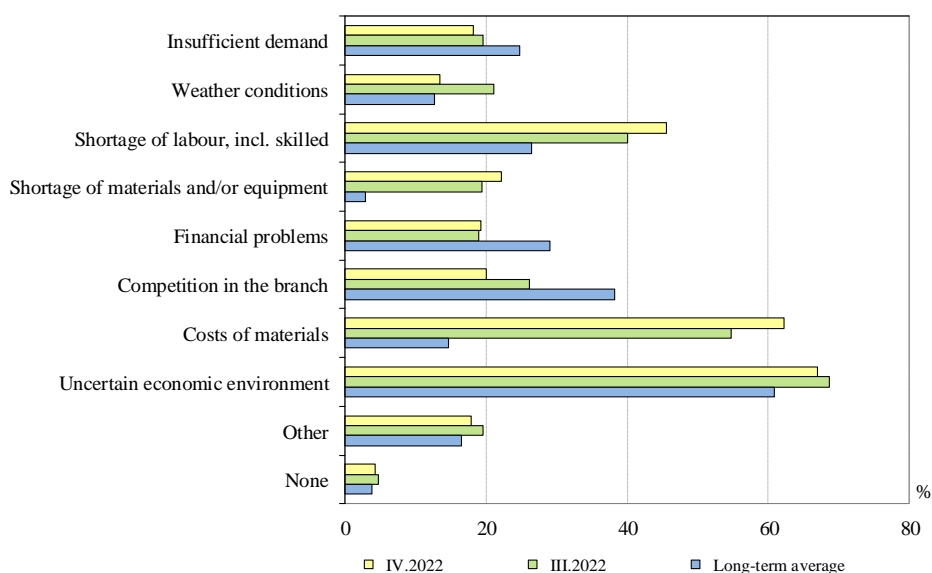


Figure 9. Selling prices expectations in construction over the next 3 months

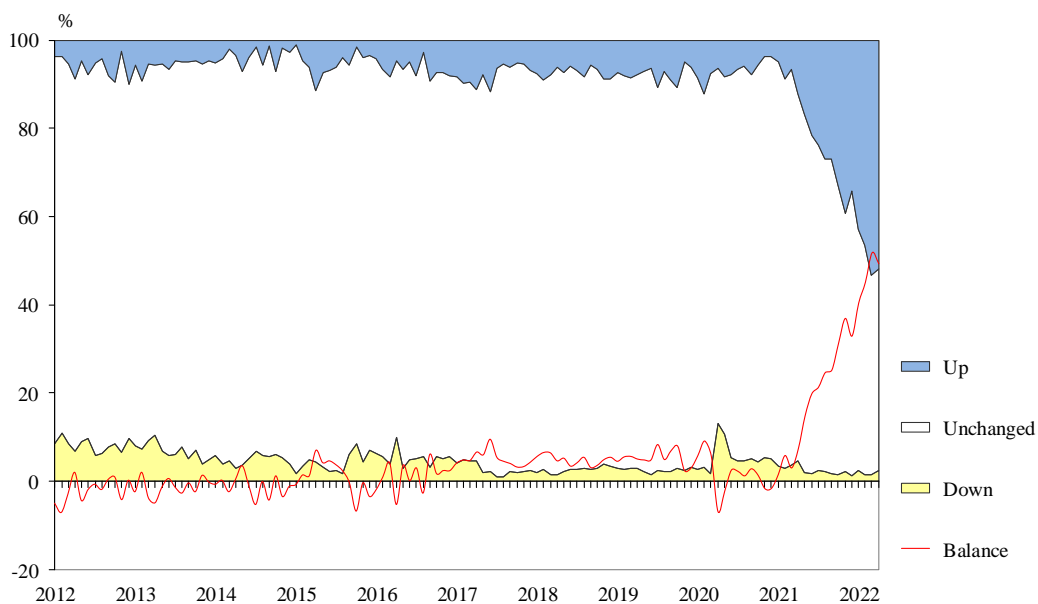


Figure 10. Business climate in retail trade

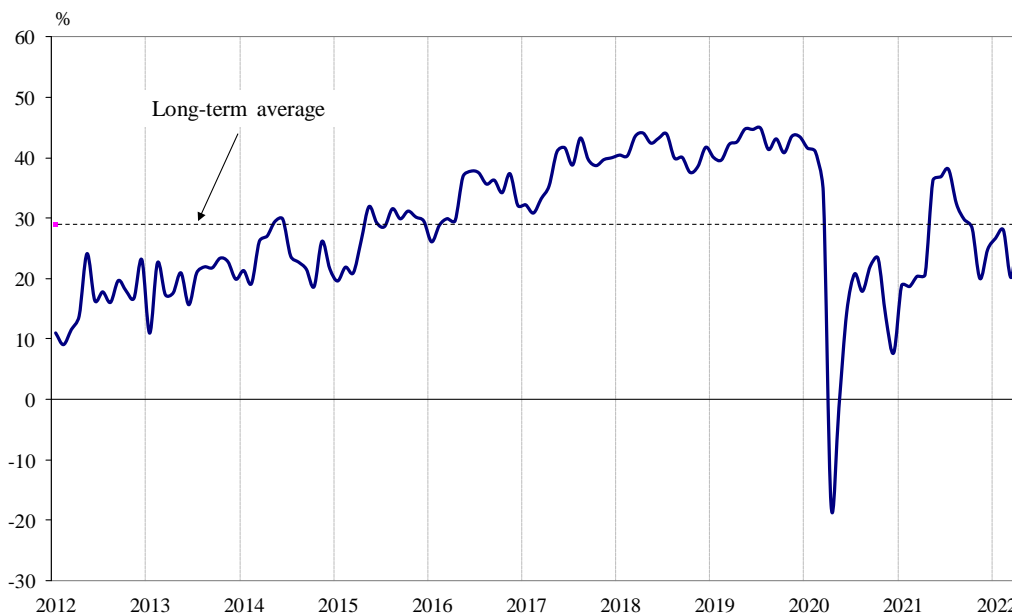


Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

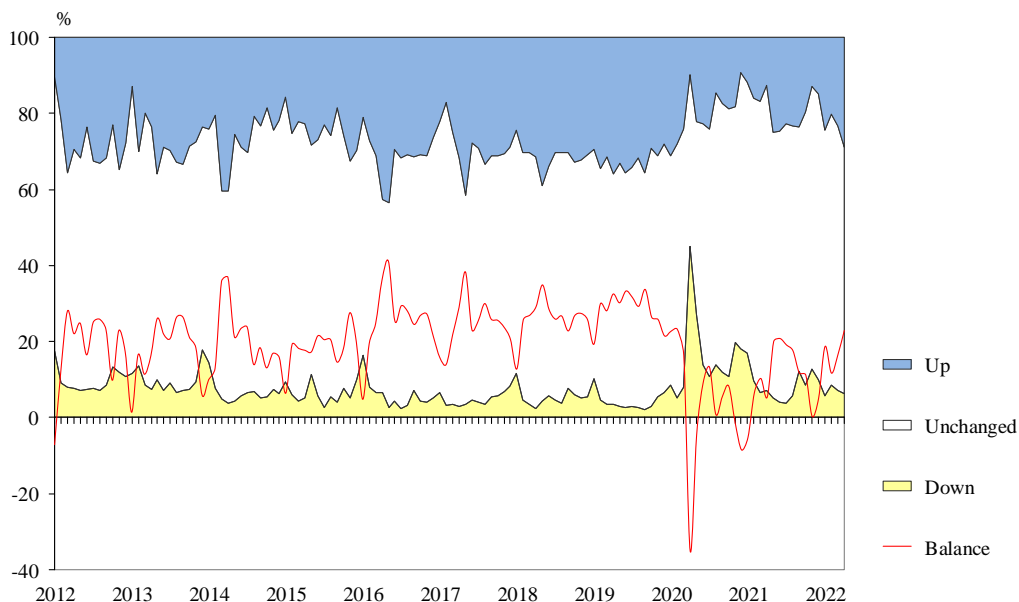


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

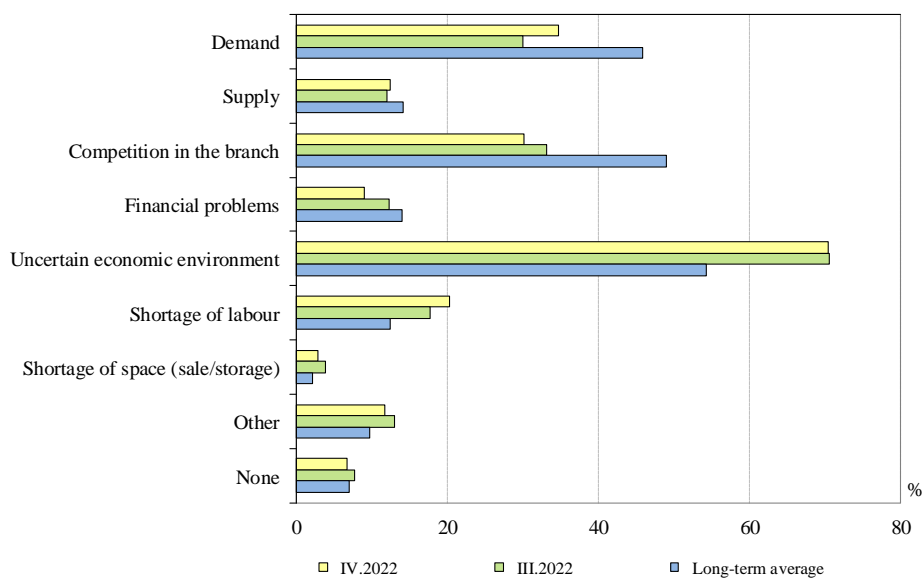


Figure 13. Selling prices expectations in retail trade over the next 3 months

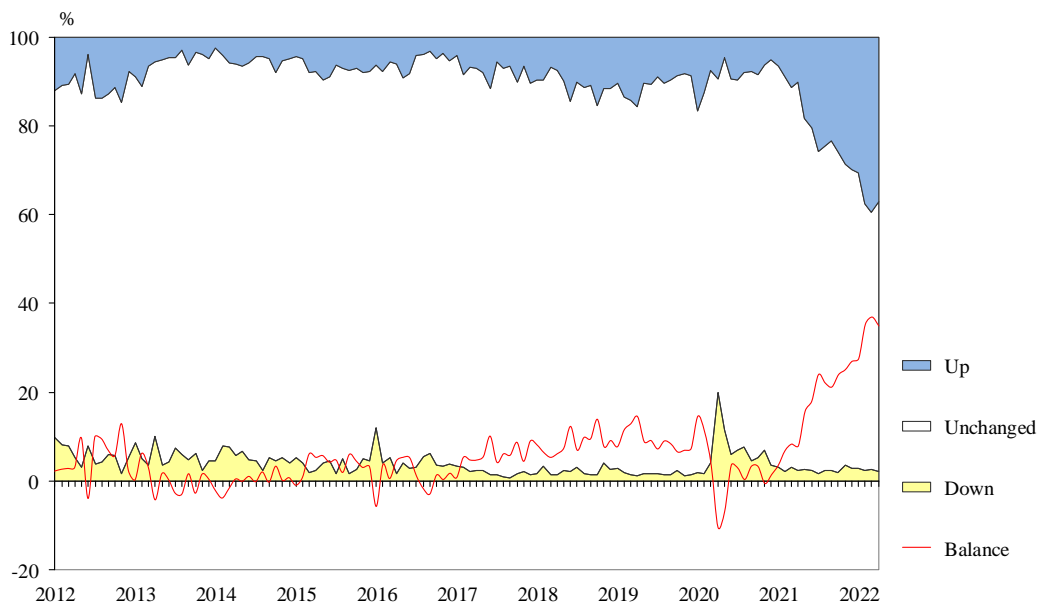


Figure 14. Business climate in service sector

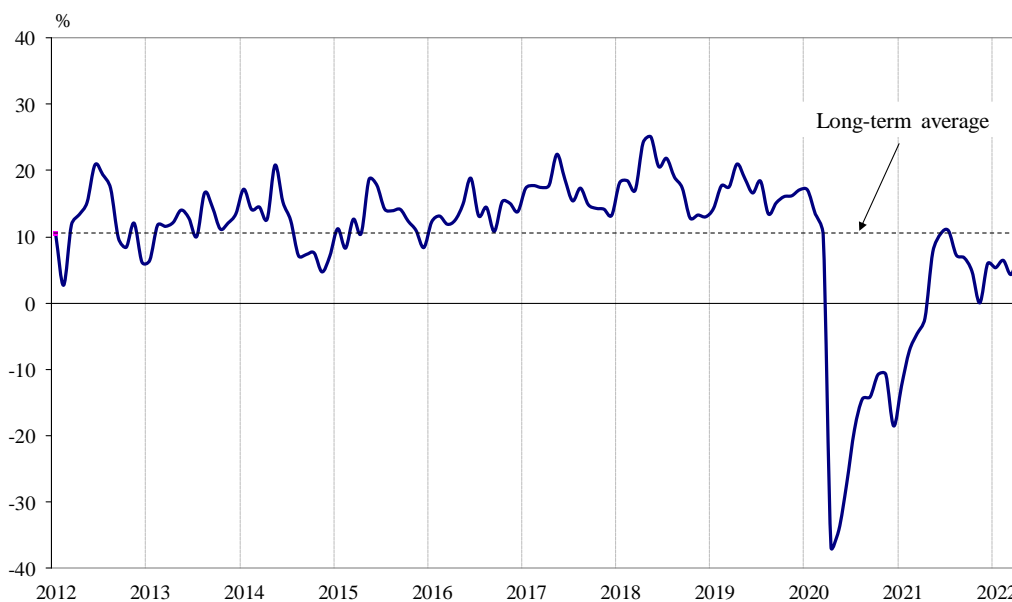


Figure 15. Expected demand in service sector over the next 3 months

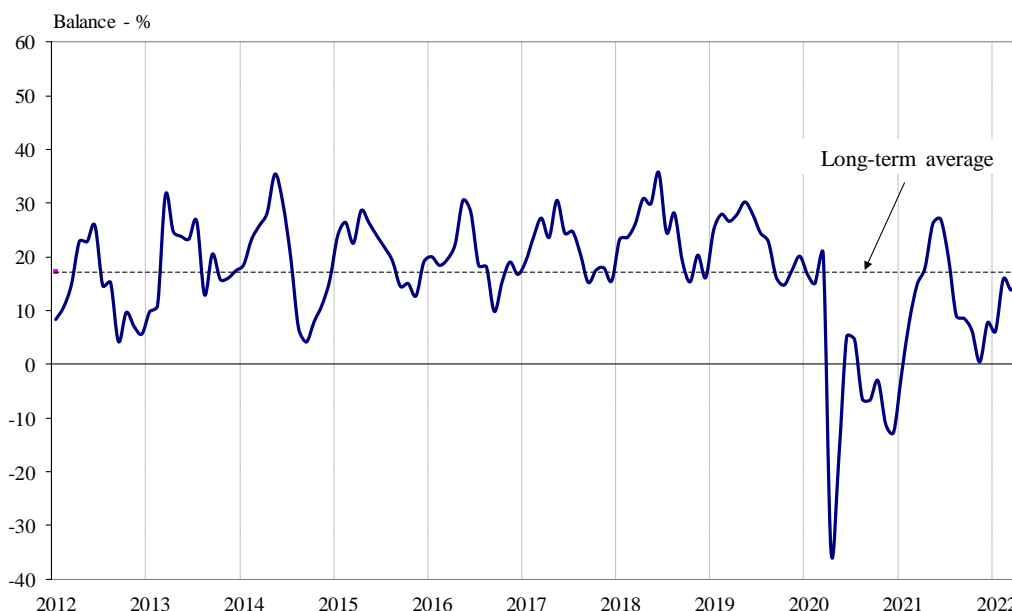


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

