

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, JULY 2022

In July 2022, **the total business climate indicator**<sup>4</sup> remains approximately to its level from the previous month (Annex, Figure 1). An increase of the indicator is observed in industry and retail trade, in service sector preserves its level from June, and in construction, a reduction is registered.

**Industry.** The composite indicator ‘business climate in industry’ increases by 2.1 percentage points (Annex, Figure 2), which is due to the more favourable 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 positive.

In July, the average capacity utilization is by 0.8 percentage points below its April level and it reaches 75.5% as regards the expected demand over the next months a shortage of capacity is foreseen.

The main difficulties for the activity of the enterprises remain connected with the uncertain economic environment and shortage of labour (Annex, Figure 4).

The managers’ expectations about the selling prices in industry over the next 3 months are in a direction of an increase (Annex, Figure 5).


**Construction.** In July, the composite indicator ‘business climate in construction’ decreases by 2.9 percentage points (Annex, Figure 6) as a result of the worsened construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. In their opinion, in the next half year a decrease of new orders is expected (Annex, Figure 7), which will also lead to certain reduction of the activity in the short term.

The uncertain economic environment, costs of materials and shortage of labour continue to limit with most extend the business development, as in the last month strengthening of their negative influence is reported (Annex, Figure 8).

As regards the selling prices in construction, 49.3% of the managers foresee them to increase over the next 3 months.

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<sup>1</sup> 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.

<sup>2</sup>  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.

<sup>3</sup> The replies to 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.

<sup>4</sup> 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.



**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 0.7 percentage points (Annex, Figure 9), which is due to the more optimistic retailers’ expectations about the business situation of the enterprises over the next 6 months. However, their forecasts about the volume of sales and orders placed with suppliers (Annex, Figure 10) over the next 3 months are more reserved.

The uncertain economic environment is the main obstacle for the activity in the sector, pointed out by 68.7% of the enterprises. In the background remain the factors ‘competition in the branch’ and ‘insufficient demand’ (Annex, Figure 11).

In comparison with June, the retailers’ share who expect the selling prices to increase over the next 3 months is raising (Annex, Figure 12).

**Service sector<sup>1</sup>.** In July, the composite indicator ‘business climate in service sector’ remains approximately to its level from the previous month (Annex, Figure 13). 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 14).

The most serious difficulties for the business development continue to be connected with the uncertain economic environment, competition in the branch and shortage of labour (Annex, Figure 15).

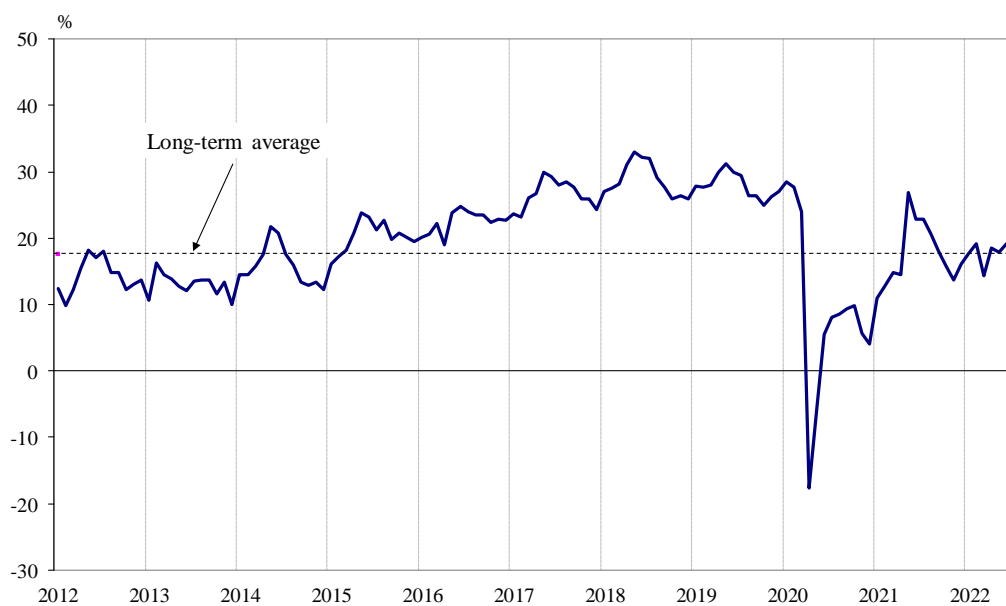
Concerning the selling prices in the service sector, 21.8% of the managers forecast them to increase over the next 3 months.

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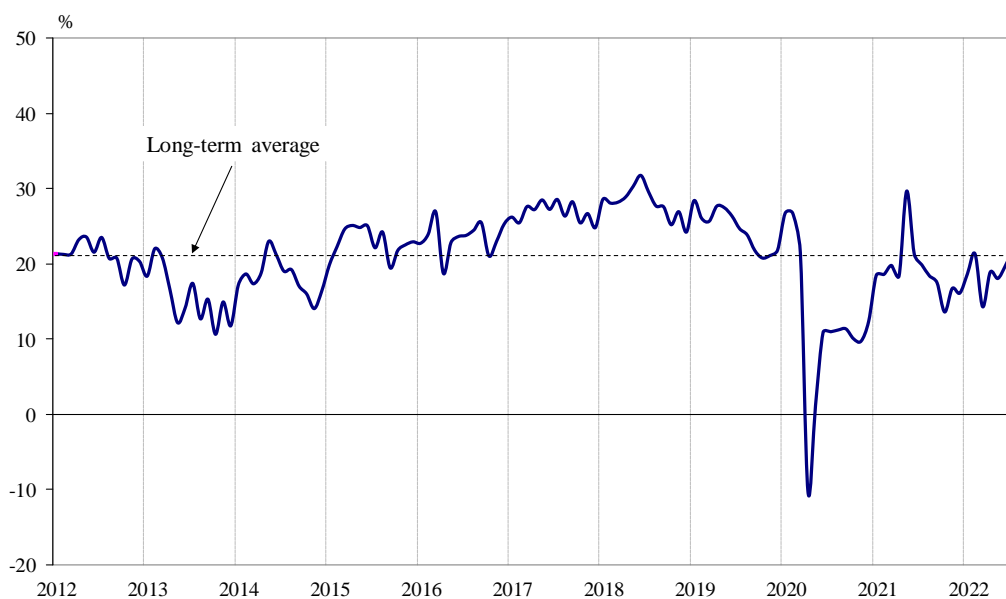
<sup>1</sup> Excl. trade.

## Annex

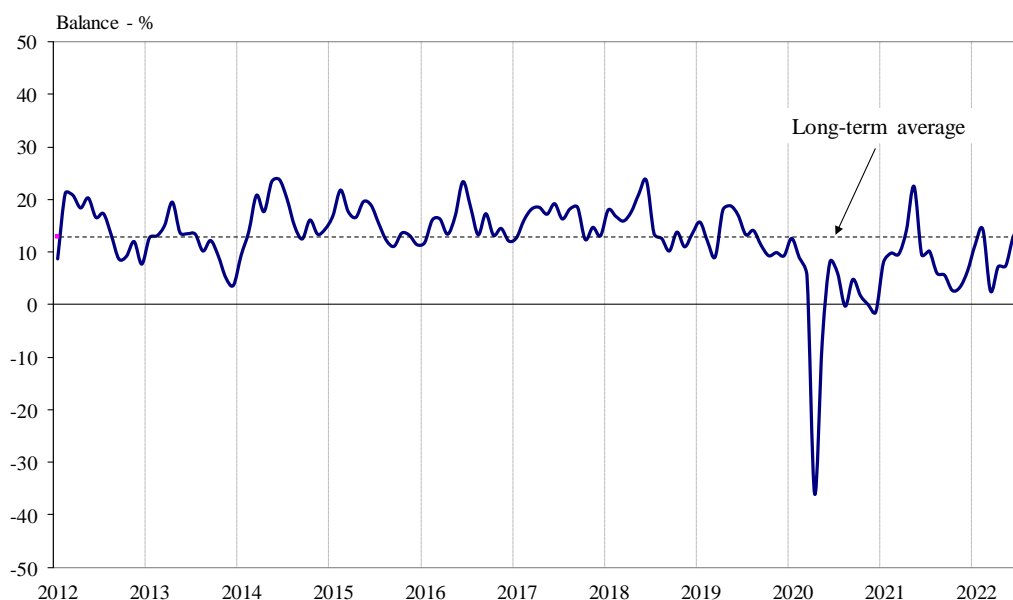
### Figure 1. Business climate - total



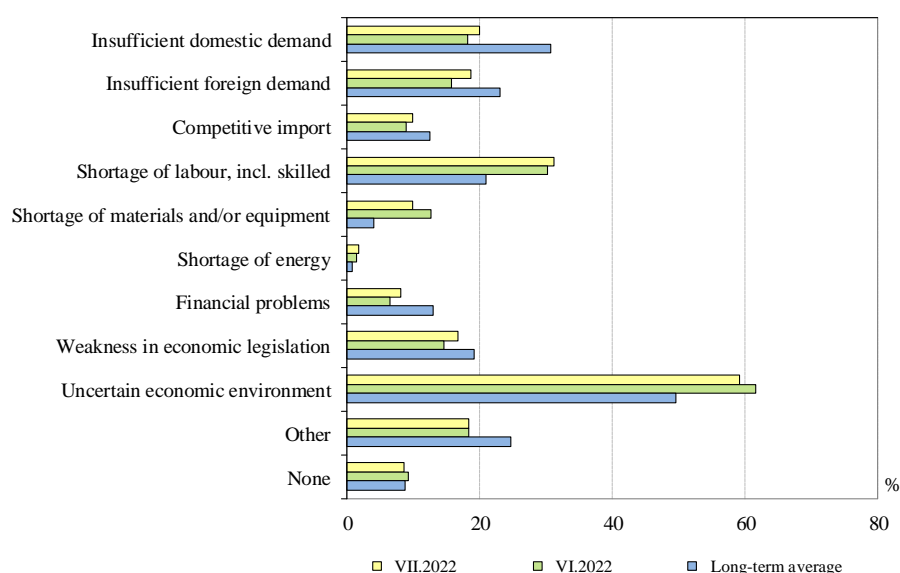
### Figure 2. Business climate in industry



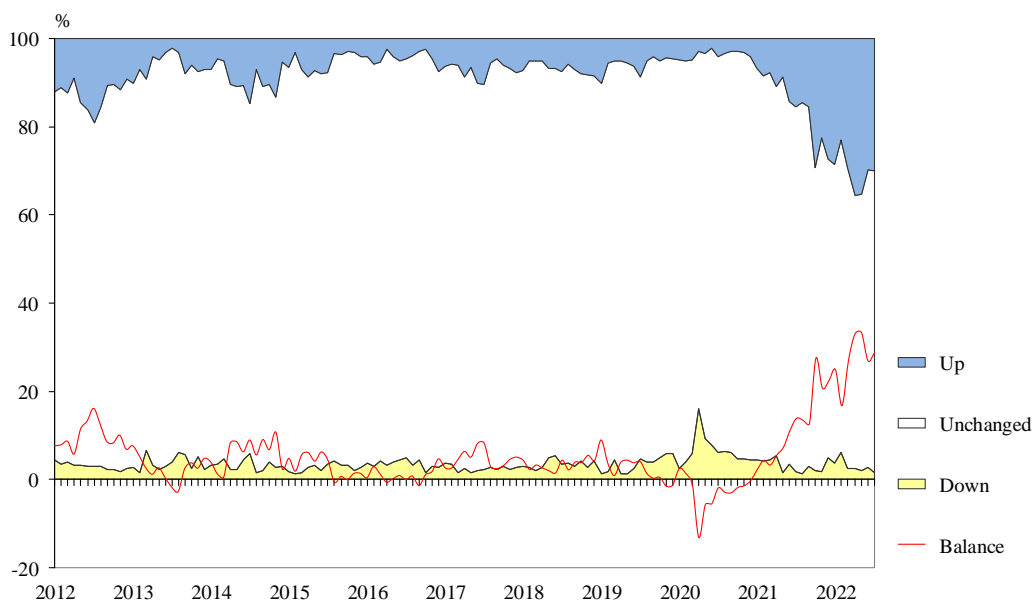
**Figure 3. Expected production activity in industry over the next 3 months**



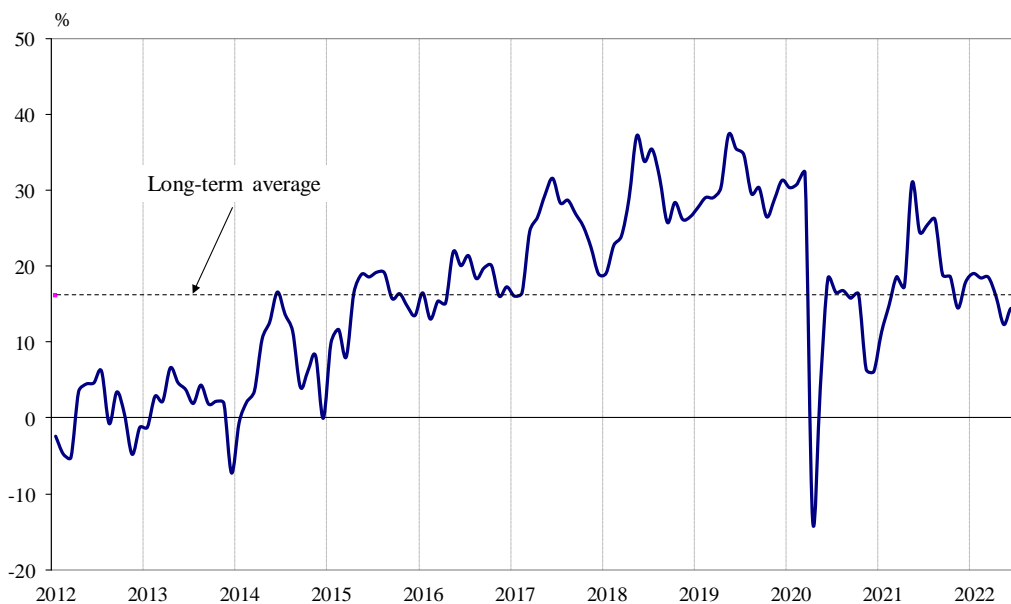
**Figure 4. Limits to production in industry (Relative share of enterprises)**



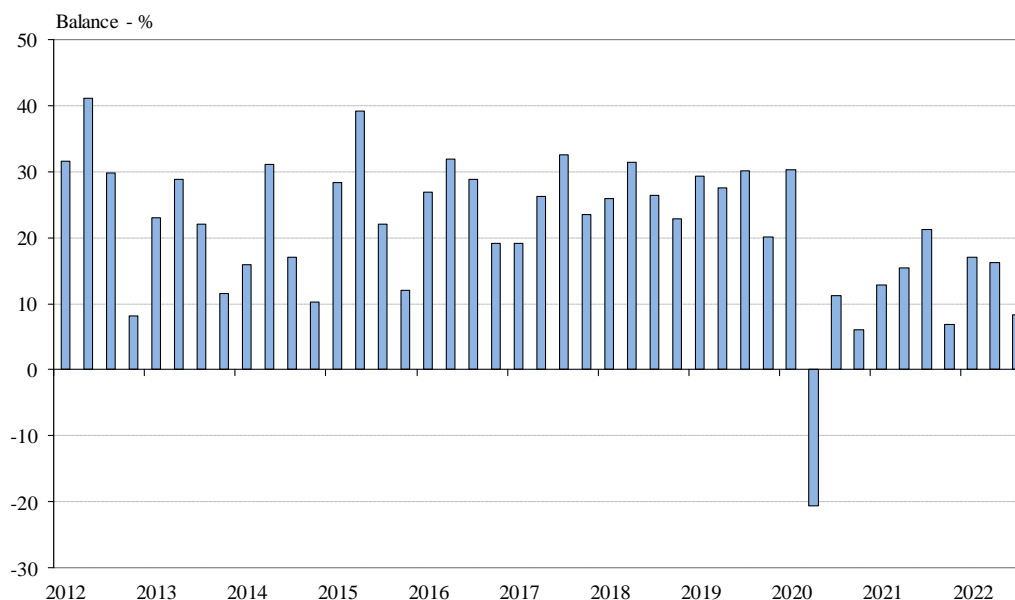
**Figure 5. Selling prices expectations in industry over the next 3 months**



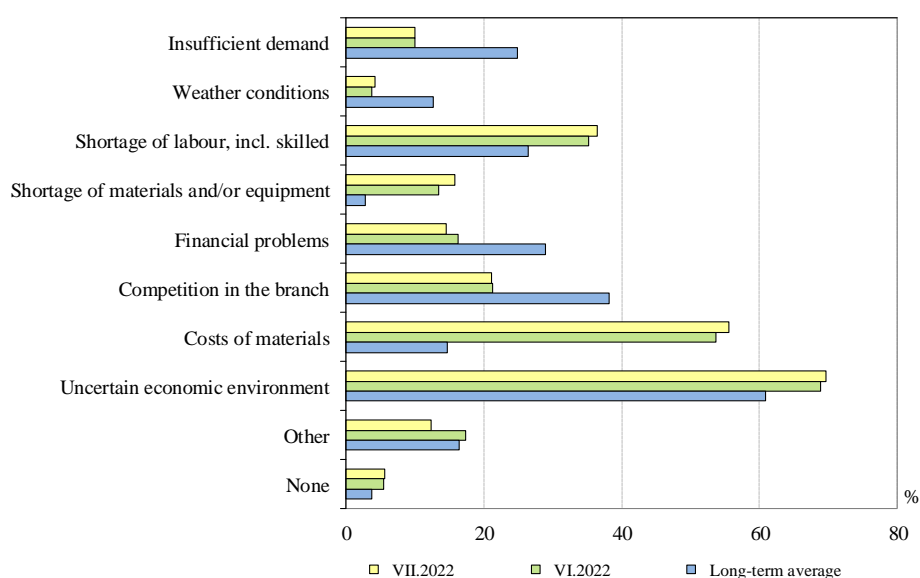
**Figure 6. Business climate in construction**



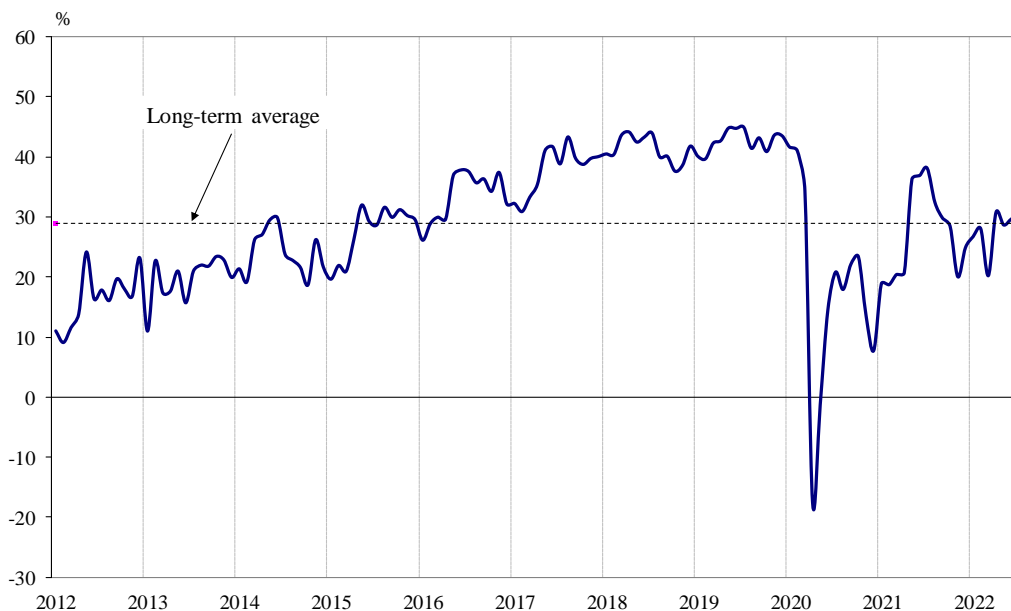
**Figure 7. New orders expectations in construction over the next 6 months**



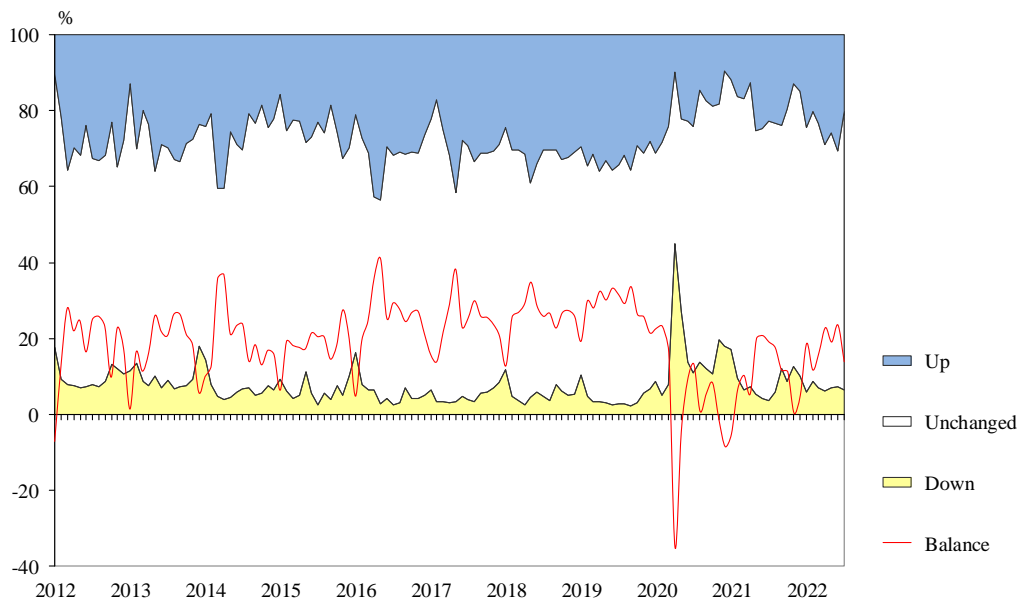
**Figure 8. Limits to construction activity (Relative share of enterprises)**



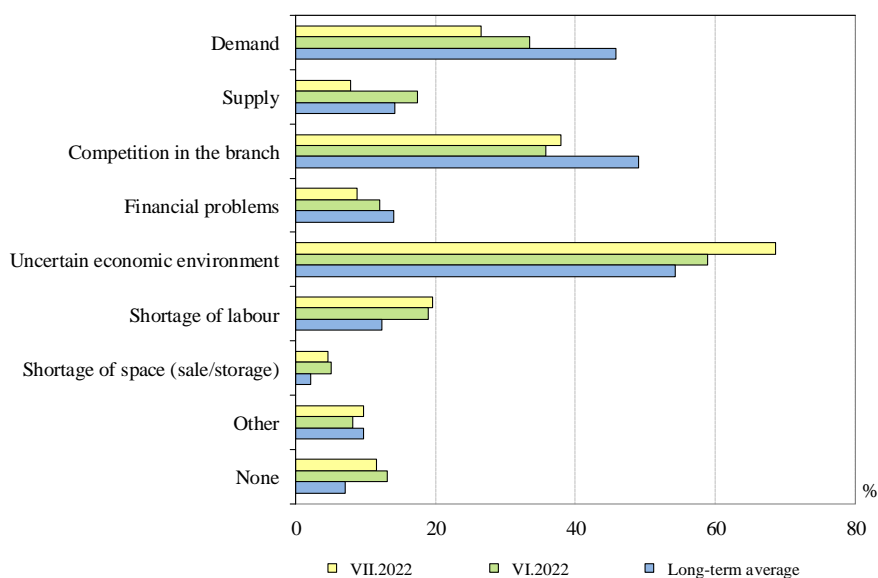
**Figure 9. Business climate in retail trade**



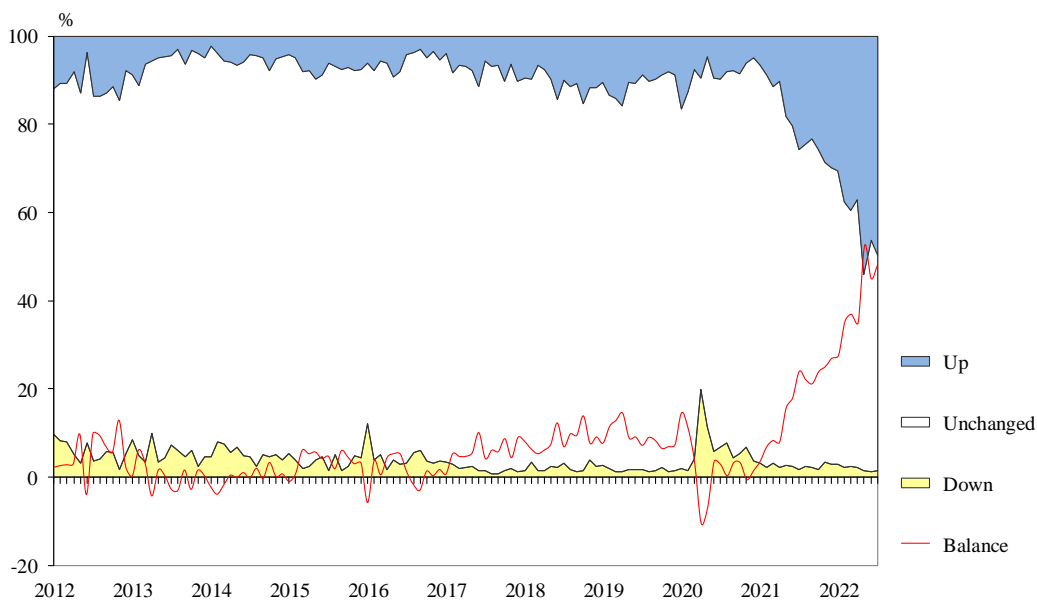
**Figure 10. Expectations about orders placed with suppliers in retail trade over the next 3 months**



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

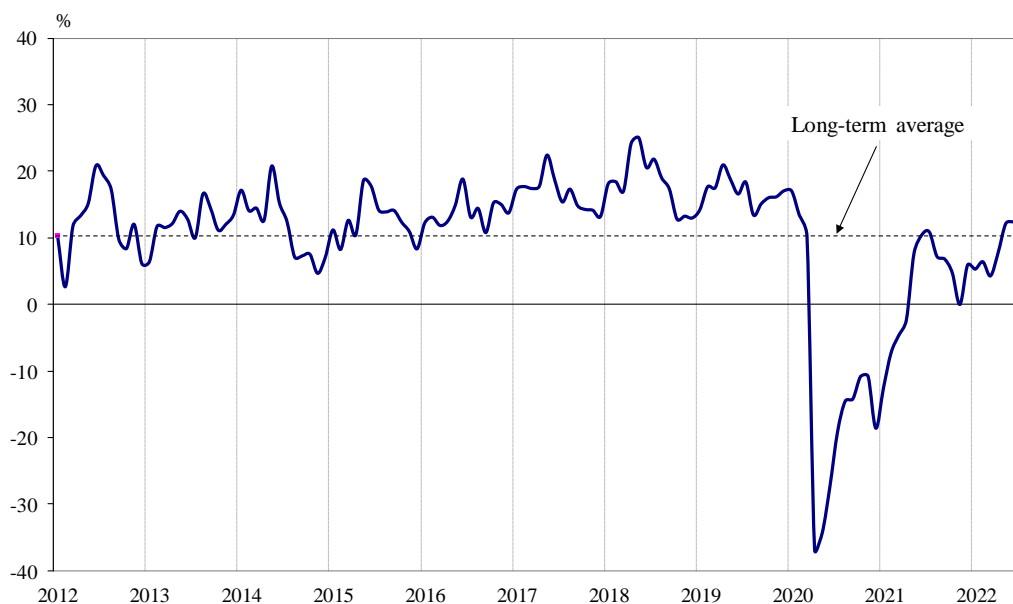


**Figure 12. Selling prices expectations in retail trade over the next 3 months**

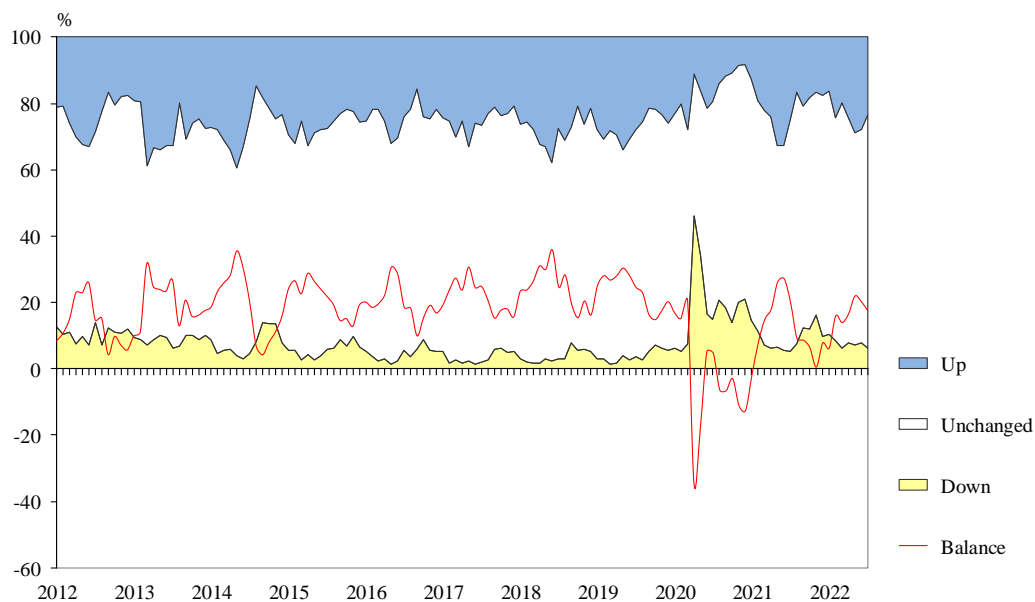




**Figure 13. Business climate in service sector**



**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)**

