

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

In December 2022, **the total business climate indicator**⁴ increases by 1.0 percentage point, compared to November (Annex, Figure 1). An increase of the indicator is observed in industry and retail trade, in construction preserves its level, and in service sector, a reduction is registered.

Industry. The composite indicator ‘business climate in industry’ increases by 2.5 percentage points (Annex, Figure 2) as a result of the more positive industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. According to them, in the last month there is a certain increase of the production assurance with orders (Annex, Figure 3), but that is not accompanied by increased expectations about the production activity over the next 3 months.

The most serious difficulties for the business development continue to be the uncertain economic environment and shortage of labour pointed out respectively by 61.1% and 28.8% of the enterprises (Annex, Figure 4).


As regards the selling prices in the industry, the managers’ forecasts are for an increase over the next 3 months (Annex, Figure 5).

Construction. In December, the composite indicator ‘business climate in construction’ preserves its level from the previous month (Annex, Figure 6). The construction entrepreneurs’ expectations about both the business situation of the enterprises over the next 6 months and their activity over the next 3 months (Annex, Figure 7) are reserved.

The uncertain economic environment, costs of materials and shortage of labour remain the main factors limiting the activity, as compared to the November a decrease of negative impact of the first two factors is observed (Annex, Figure 8).

According to the last inquiry, the managers’ share who continue to expect the selling prices in construction to increase over the next 3 months is 35.6%.

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 to questions from the inquiries are presented in a three-option ordinal scale of the following type: ‘up’, ‘unchanged’, ‘down’ or ‘above normal’, ‘normal’, and ‘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 the 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 mainly due to the improved retailers’ assessments about the present business situation of the enterprises. Their opinions about the volume of sales over the last 3 months, as well their expectations over the next 3 months are also favourable (Annex, Figure 10).

The uncertain economic environment, competition in the branch and insufficient demand continue to be the most serious problems for the business, although in the last month a decrease of the negative influence of the last factor is reported (Annex, Figure 11).

As regards the selling prices the retailers’ forecasts are for certain increase over the next 3 months (Annex, Figure 12).

Service sector¹. In December, the composite indicator ‘business climate in service sector’ decreases by 1.1 percentage points (Annex, Figure 13) as a result of the more unfavourable managers’ assessments and expectations about the business situation of the enterprises. Their opinions about the present and expected demand for services are also more moderate (Annex, Figure 14).

The uncertain economic environment remains the main obstacle for the activity of the enterprises, followed by the competition in the branch and shortage of labour (Annex, Figure 15).

Concerning the selling prices in service sector, 22.2% of the managers foresee them to increase over the next 3 months.

¹ Excl. trade.

Annex

Figure 1. Business climate - total

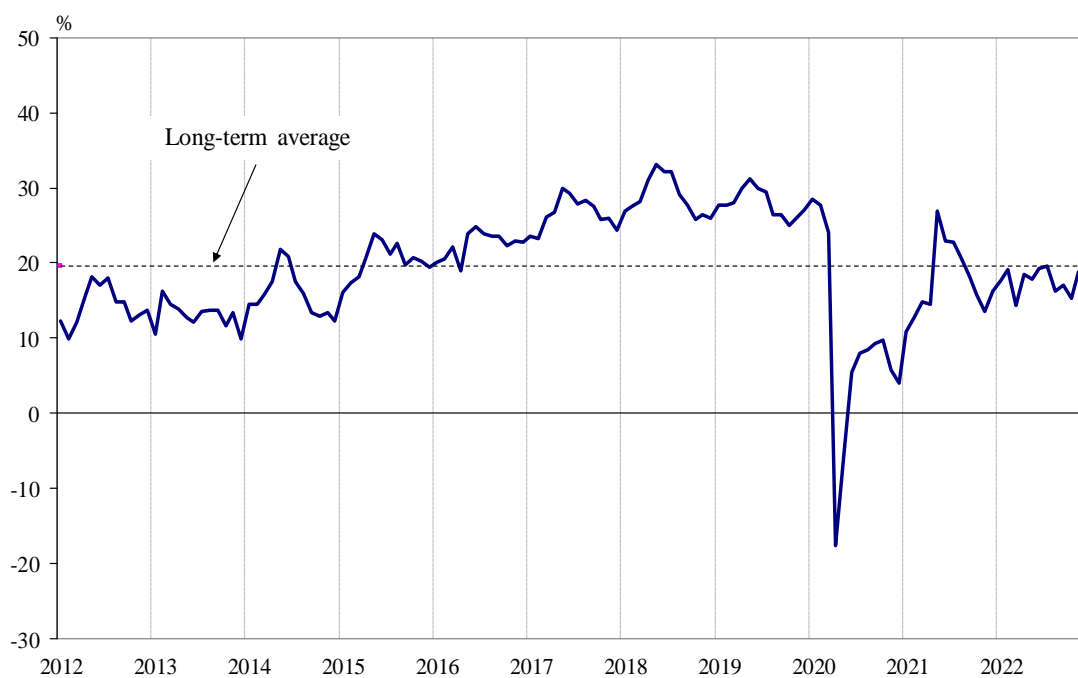


Figure 2. Business climate in industry

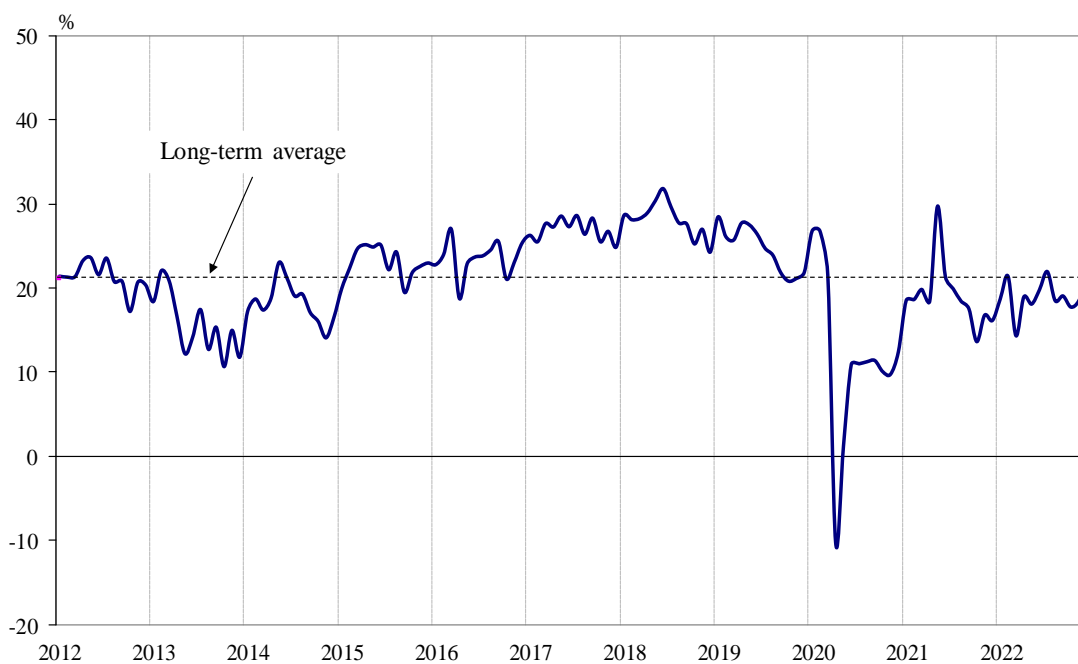
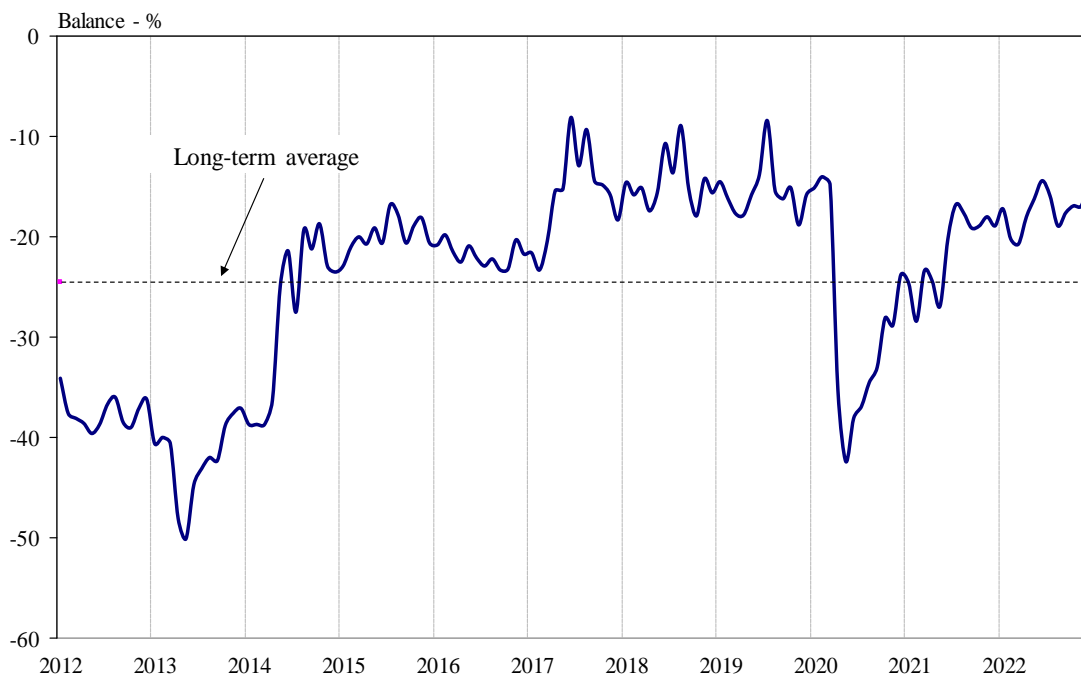


Figure 3. Production assurance with orders in industry



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

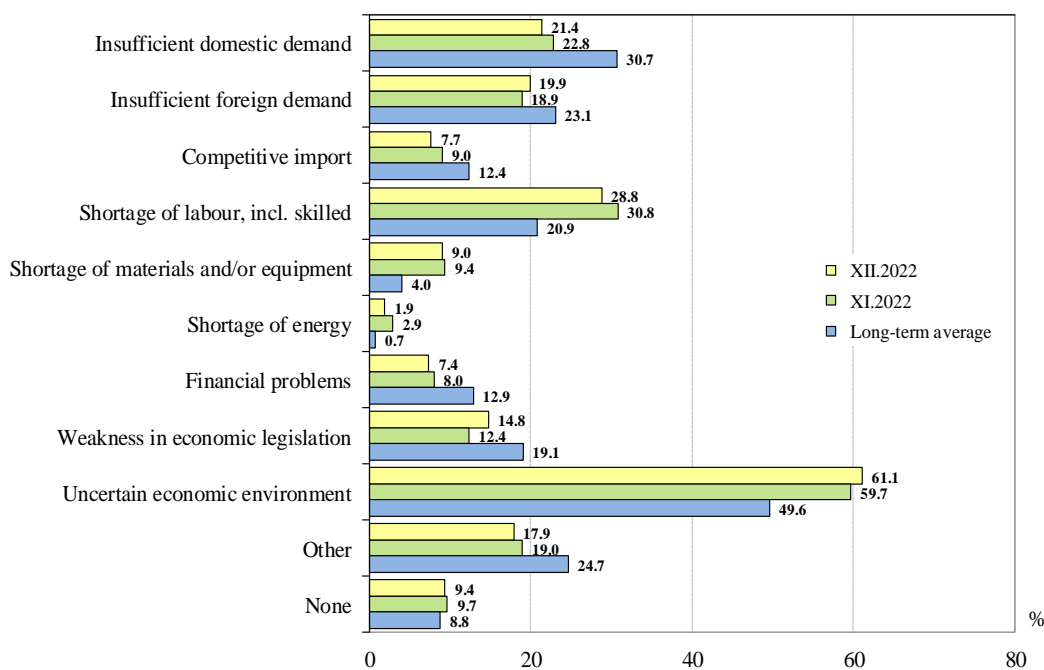


Figure 5. Selling prices expectations in industry over the next 3 months

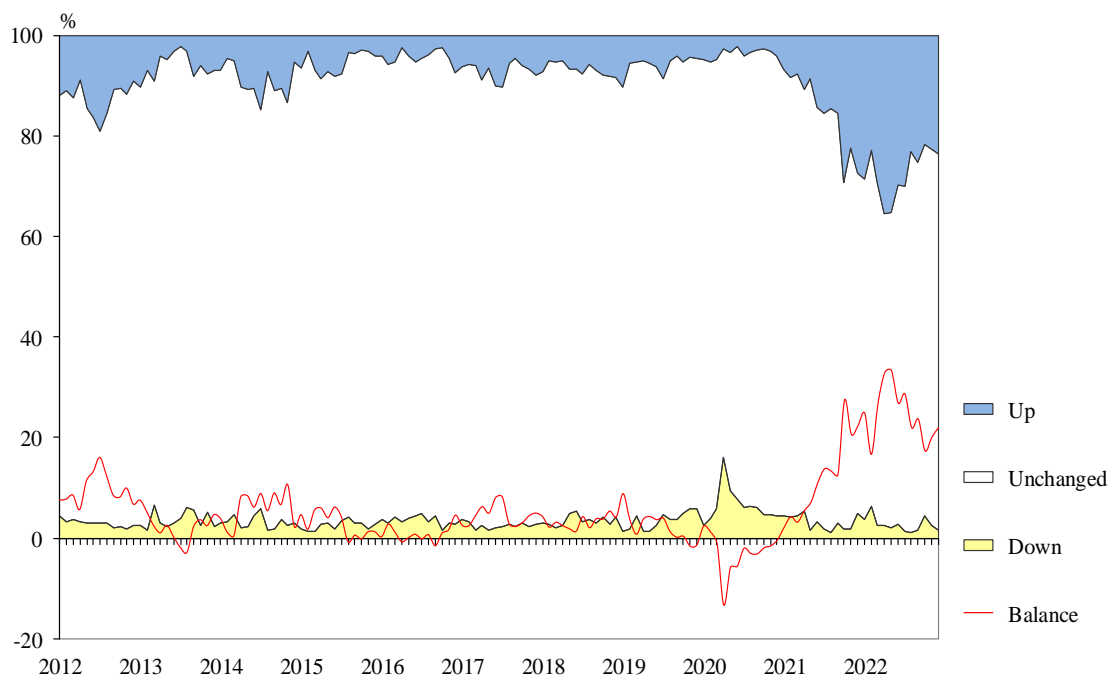


Figure 6. Business climate in construction

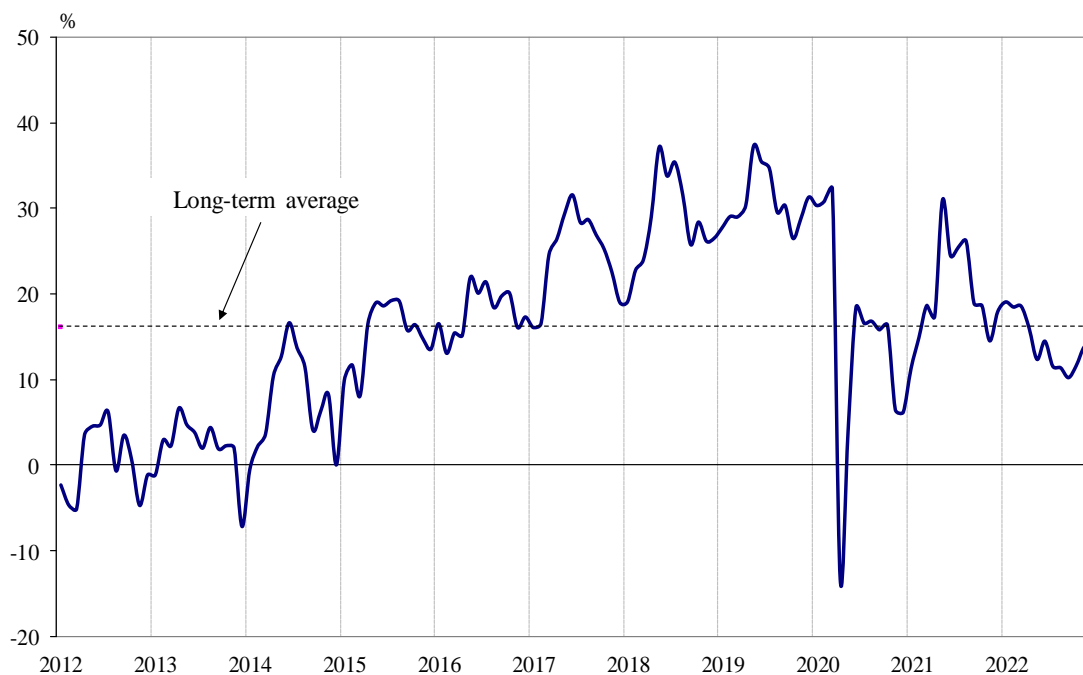


Figure 7. Expected construction activity over the next 3 months

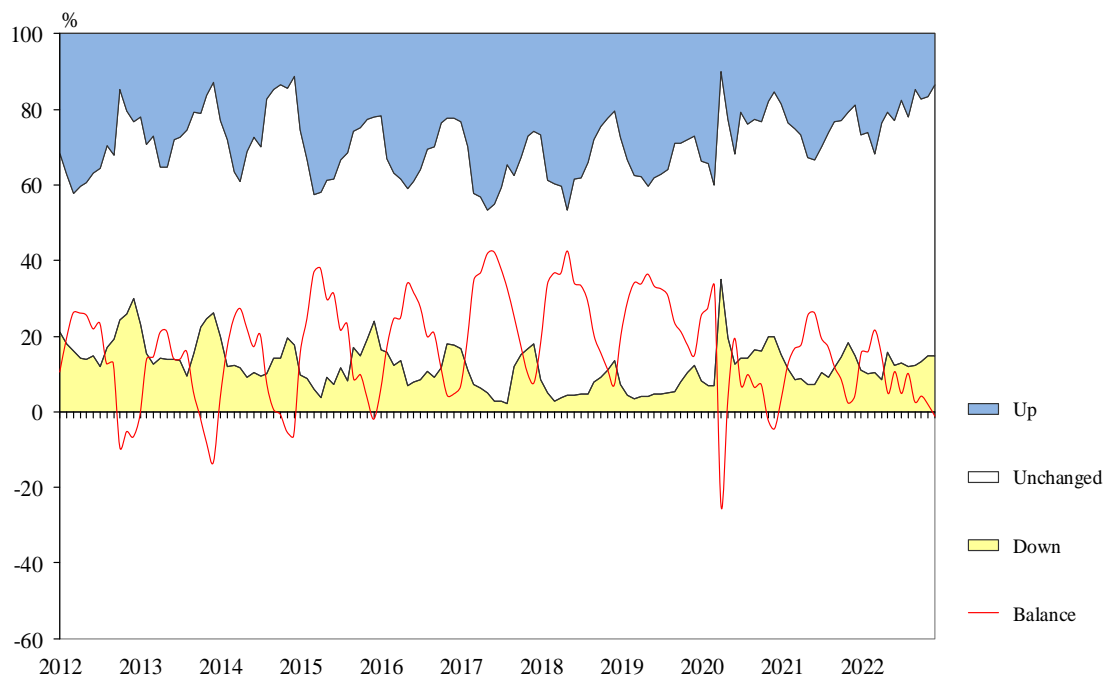


Figure 8. Limits to construction activity (Relative share of enterprises)

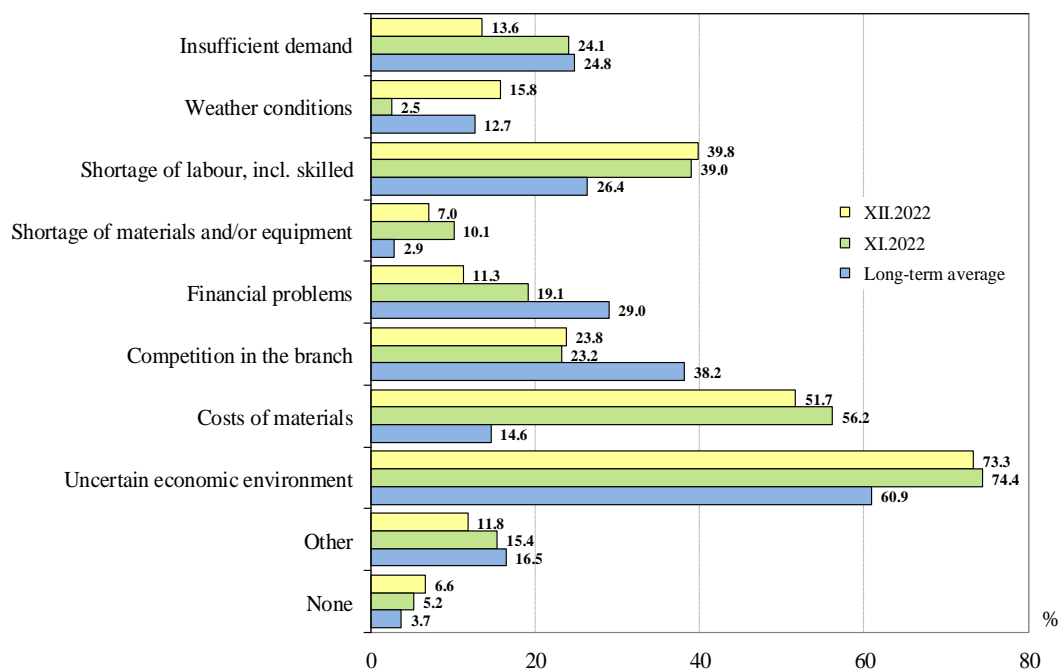


Figure 9. Business climate in retail trade

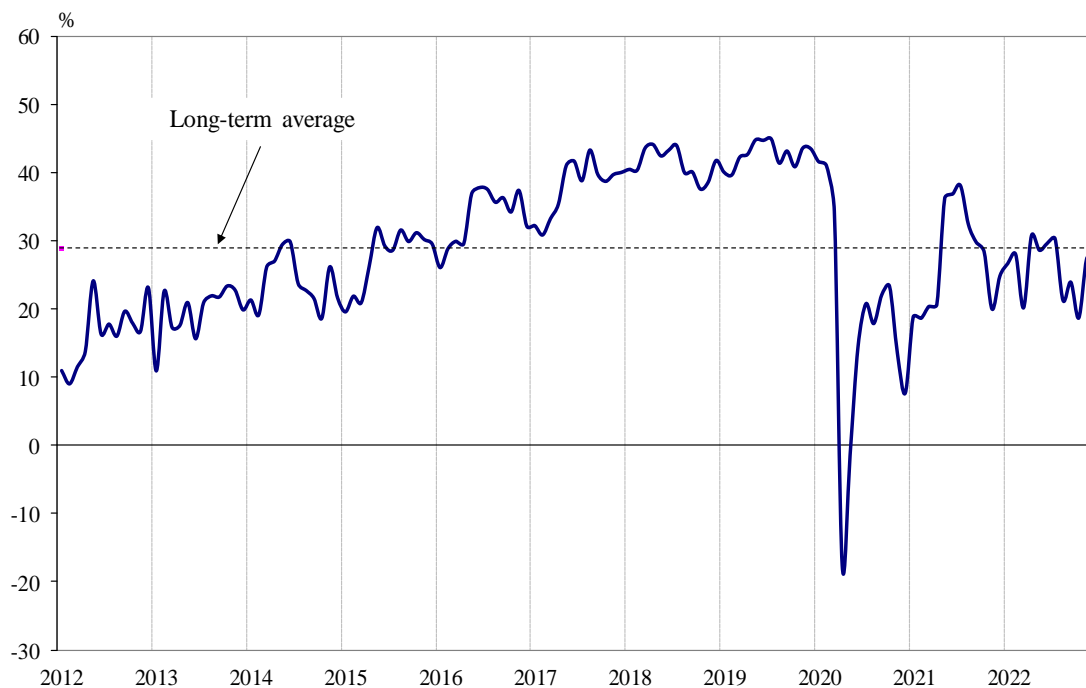


Figure 10. Sales expectations in retail trade over the next 3 months

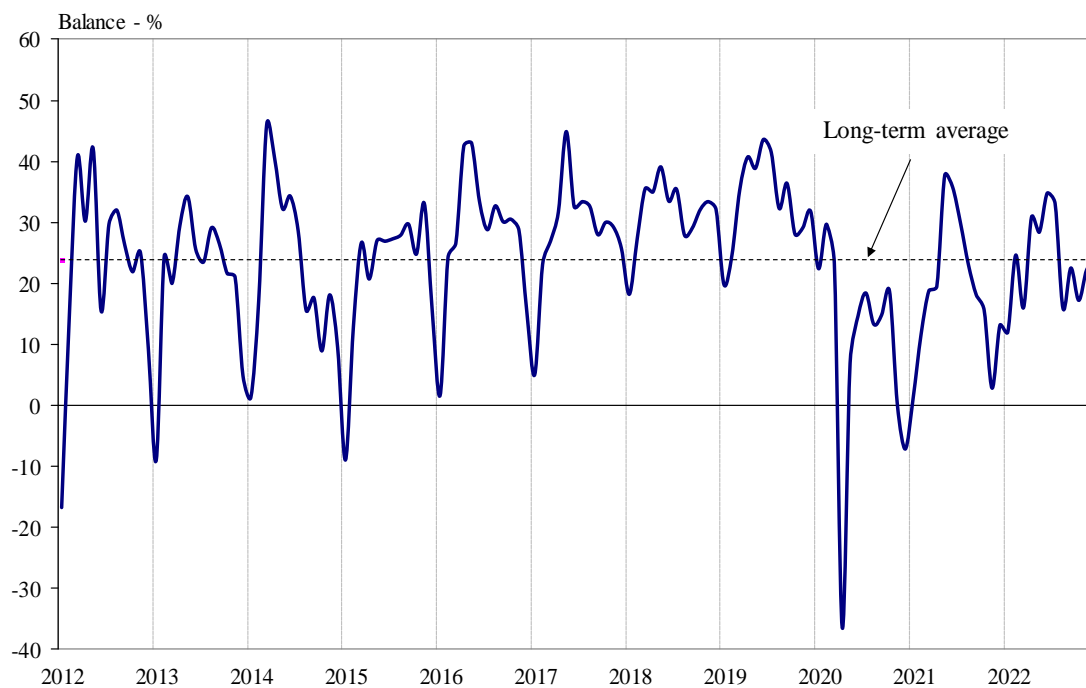


Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

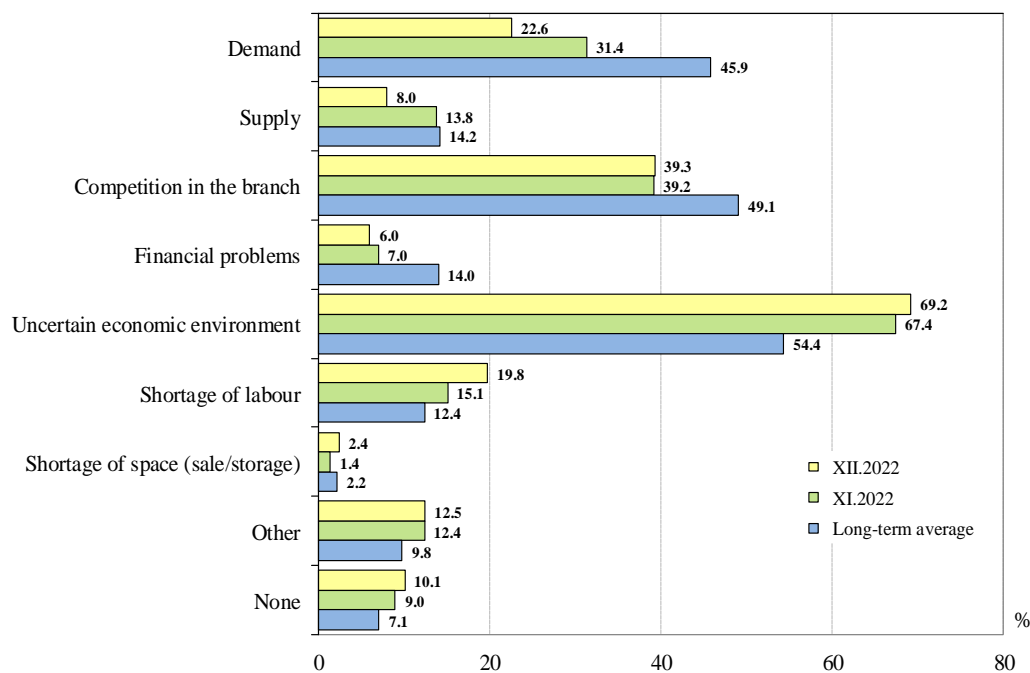


Figure 12. Selling prices expectations in retail trade over the next 3 months

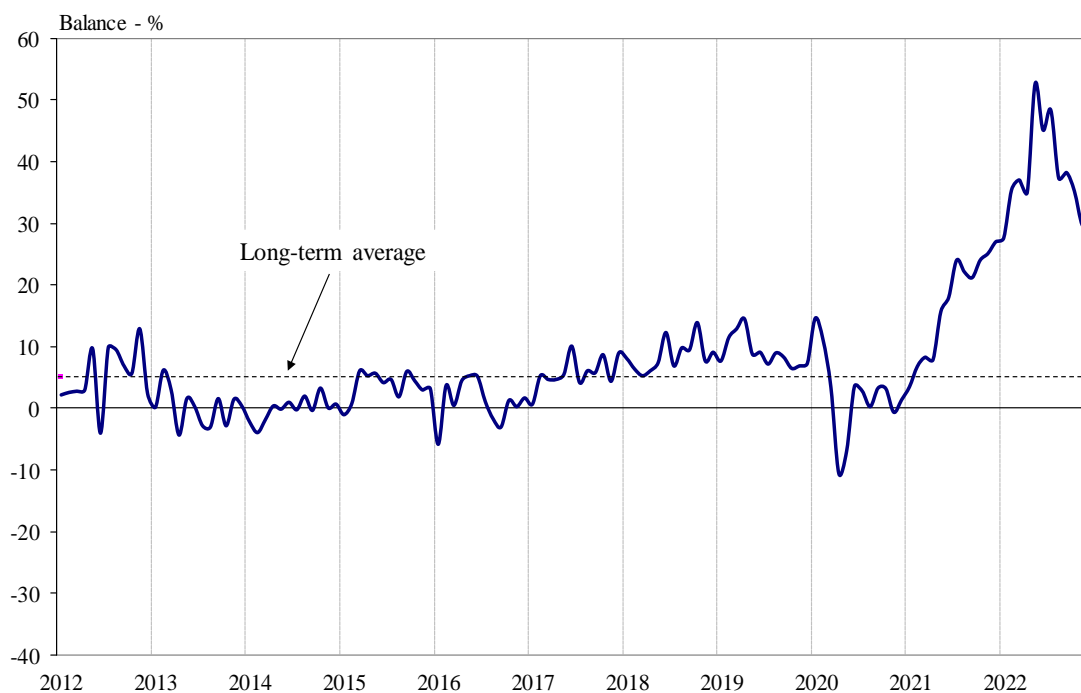


Figure 13. Business climate in service sector

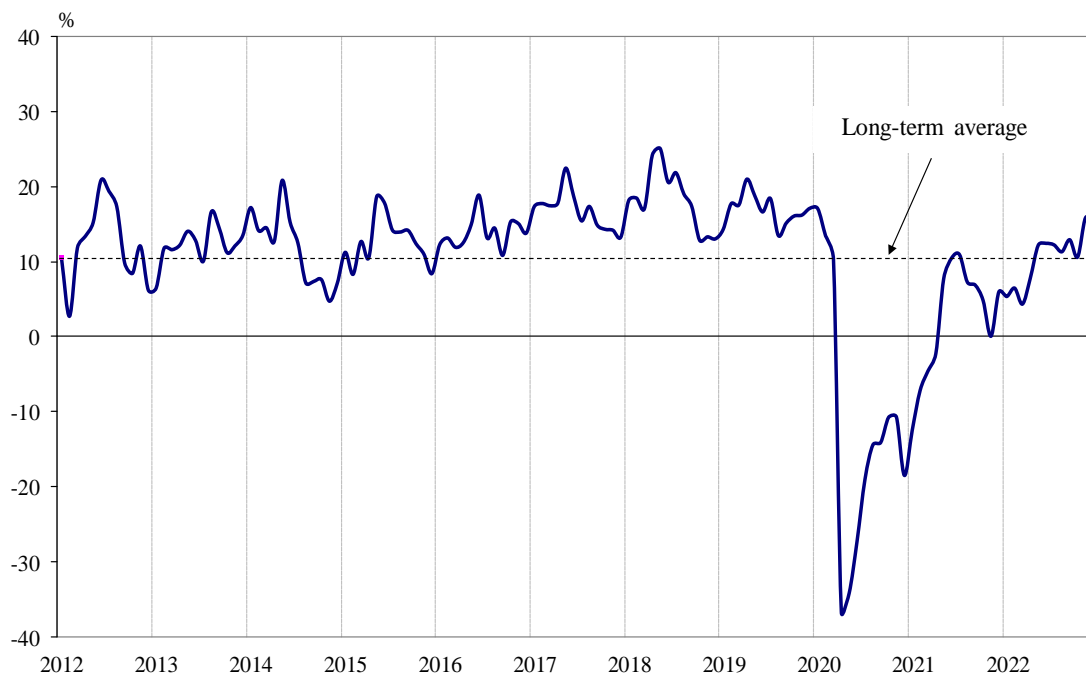
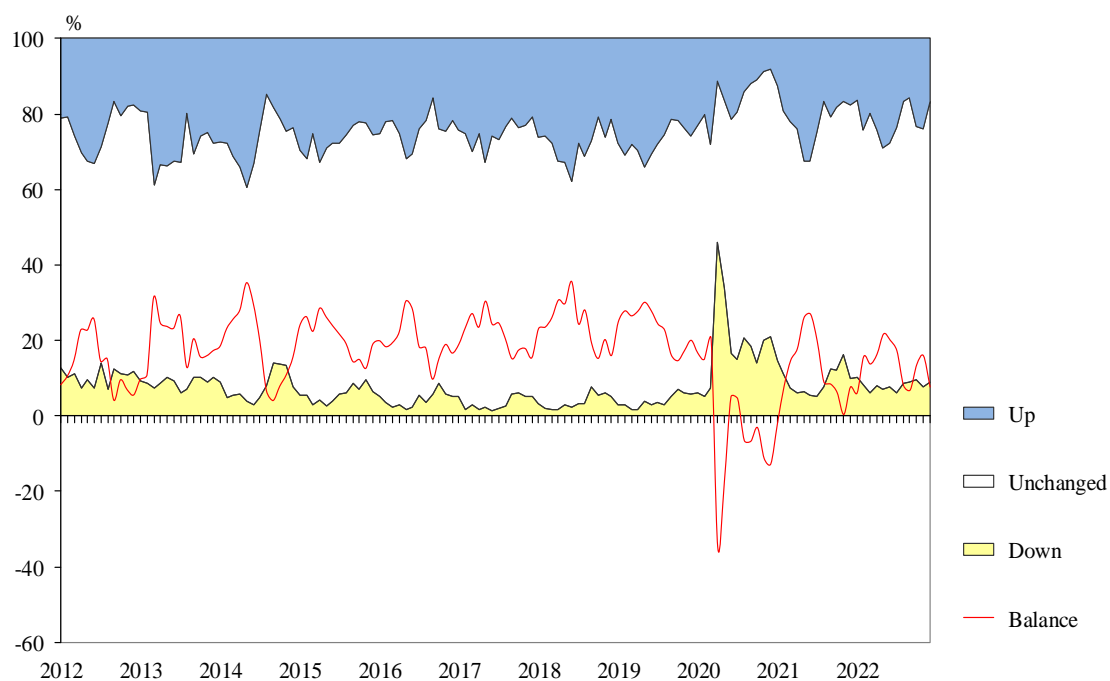


Figure 14. Expected demand in service sector over the next 3 months



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

