

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, MARCH 2023

In March 2023, **the total business climate indicator**<sup>4</sup> preserves its level from February (Annex, Figure 1). A reduction of the indicator is registered in industry, retail trade and service sector, and in construction, an increase is observed.

**Industry.** The composite indicator ‘business climate in industry’ decreases by 0.8 percentage points (Annex, Figure 2), which is due to the worsened industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. At the same time, their forecasts about the production activity over the next 3 months are reserved (Annex, Figure 3).

The uncertain economic environment and shortage of labour remain the most serious obstacles for the activity of the enterprises, although in the last month a decrease of their negative influence is reported (Annex, Figure 4).

Concerning the selling prices in industry, 14.0% of the managers foresee them to increase over the next 3 months.


**Construction.** In March, the composite indicator ‘business climate in construction’ increases by 4.0 percentage points (Annex, Figure 5) as a result of the improved construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. The inquiry registers an increase of the new orders inflow over the last month, as the forecasts about the activity over the next 3 months (Annex, Figure 6) remain optimistic.

The main factor, limiting the business development is the uncertain economic environment pointed out by 74.7% of the enterprises. In the second and third place are the costs of materials and shortage of labour (Annex, Figure 7).

As regards the selling prices in construction, the managers’ share who continue to expect them to increase over the next 3 months is 31.7%.

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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’, 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.

<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 the service sector has been included in the total time series since May 2002.



**Retail trade.** The composite indicator ‘business climate in retail trade’ drops by 1.3 percentage points (Annex, Figure 8), which is due to the shifting of the retailers’ assessments and expectations about the business situation of enterprises from ‘good’ towards ‘satisfactory’ (normal for the season). At the same time, their opinions about the volume of sales over the last 3 months, as well their expectations over the next 3 months (Annex, Figure 9) are positive.

The uncertain economic environment remains the main difficulty for the activity of the enterprises, followed by the competition in the branch and insufficient demand (Annex, Figure 10).

In comparison with the previous month, the retailers’ share who forecast the selling prices to increase over the next 3 months is raising.

**Service sector<sup>1</sup>.** In March, the composite indicator ‘business climate in service sector’ decreases by 1.2 percentage points (Annex, Figure 11) as a result of the more unfavourable managers’ assessments about the present business situation of the enterprises. Their opinions about the present demand for services are also more reserved, while their expectations over the next 3 months are improved (Annex, Figure 12).

The most serious problems for the business development continue to be the uncertain economic environment, competition in the branch and shortage of labour, as in the last month a decrease of their negative impact is observed (Annex, Figure 13).

According to the inquiry, 15.5% of the managers expect the selling prices in the service sector to increase over the next 3 months.

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<sup>1</sup> Excl. trade

Annex

Figure 1. Business climate - total

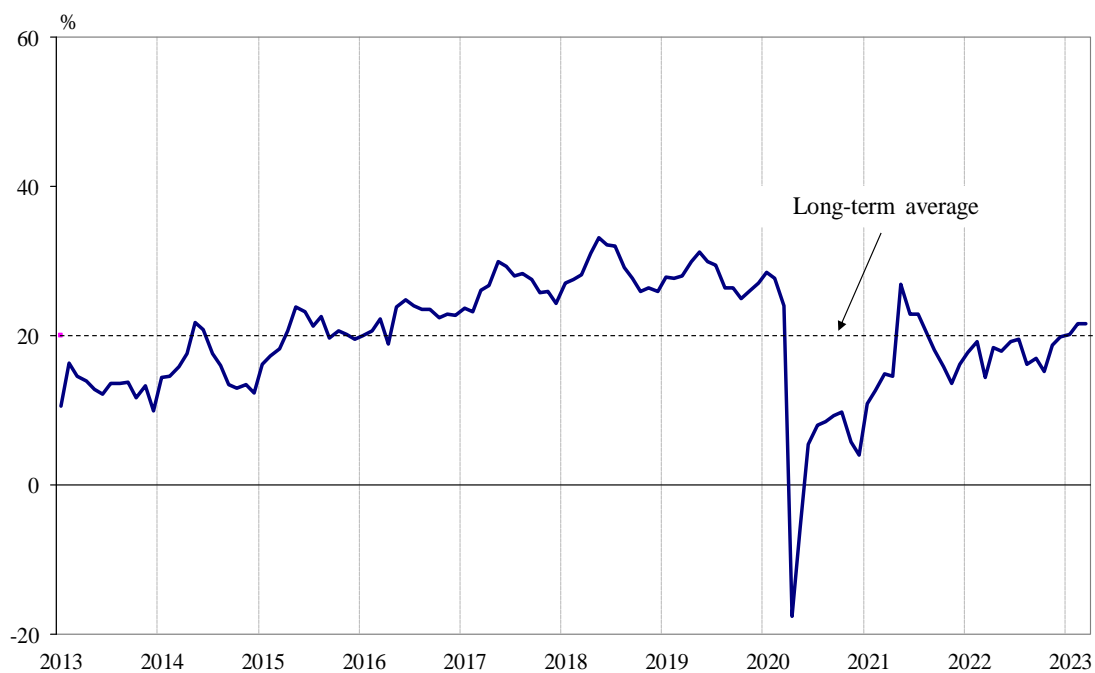
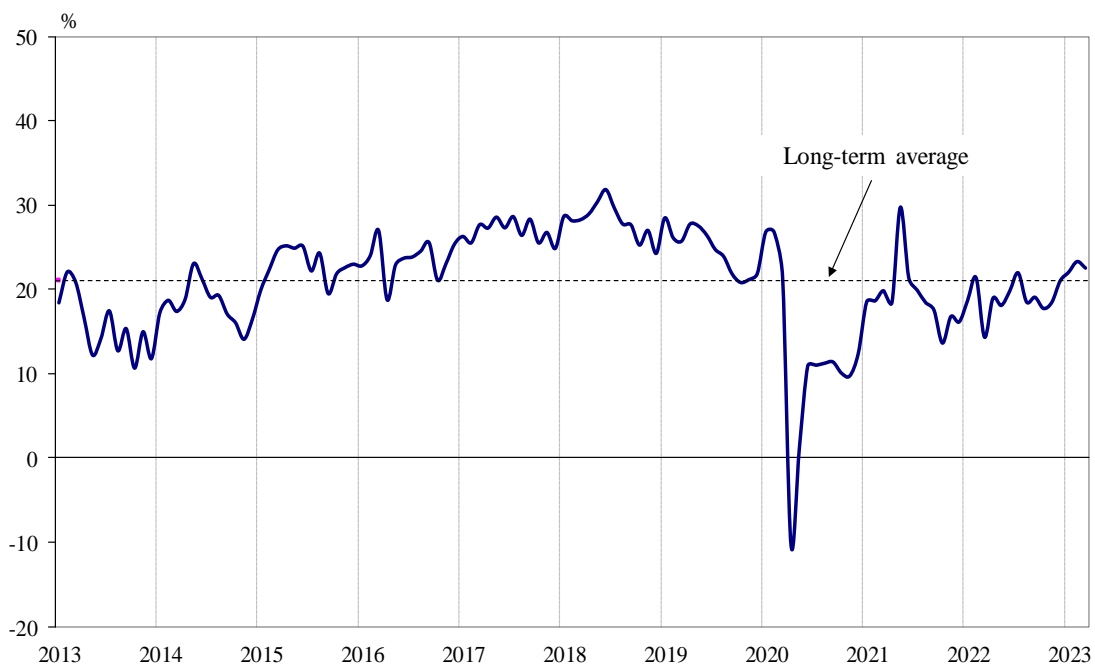
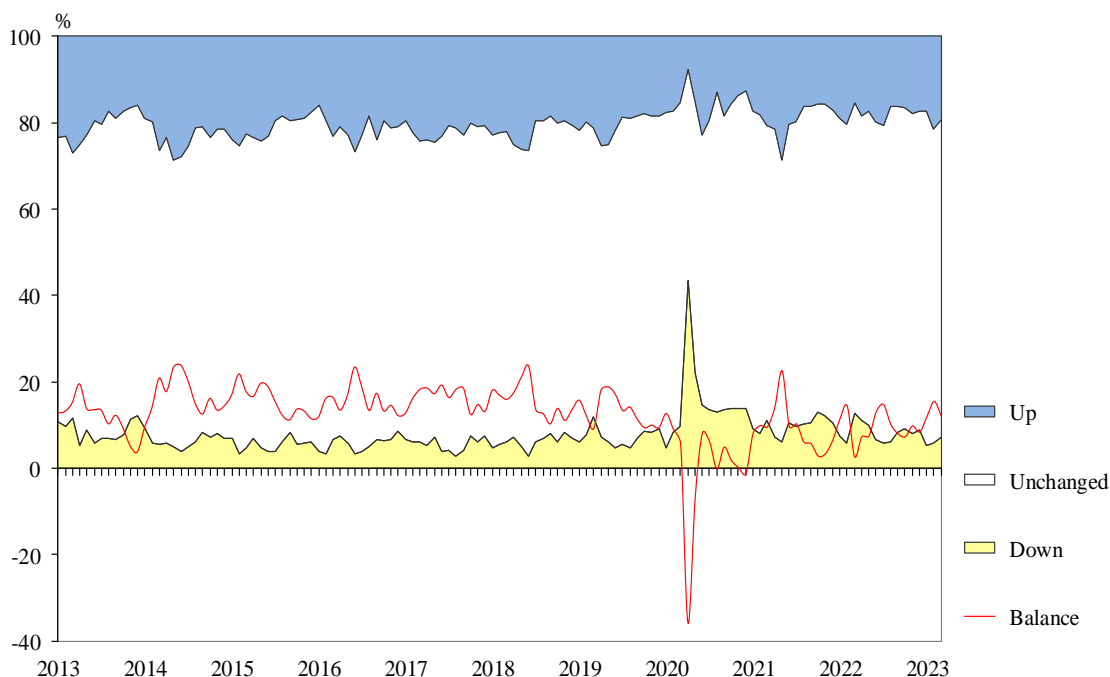


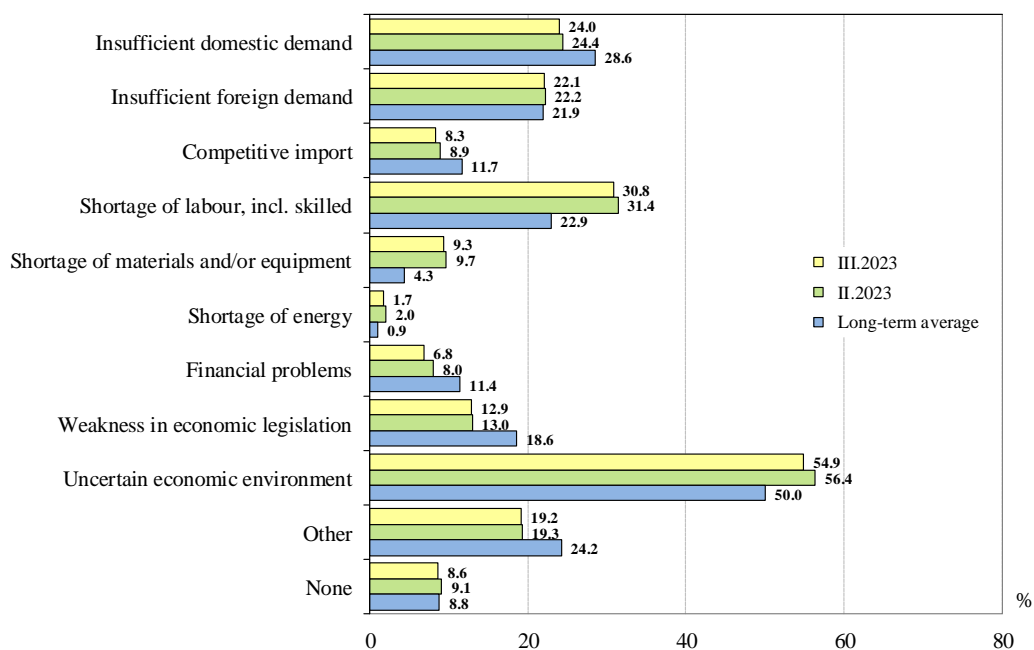
Figure 2. Business climate in industry



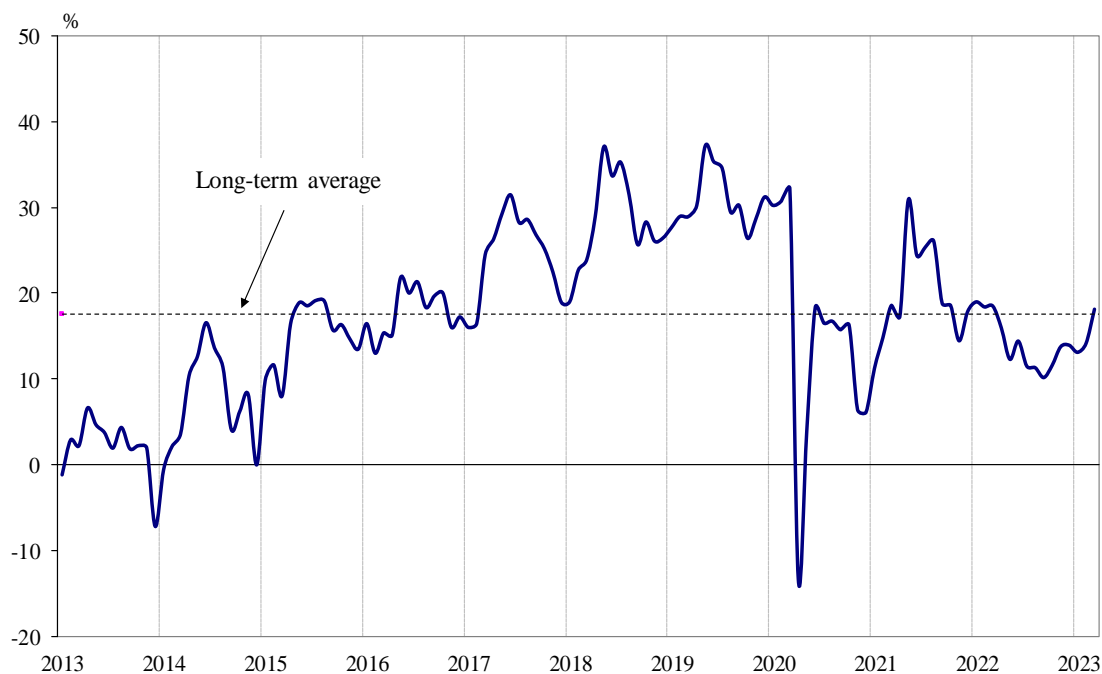
**Figure 3. Expected production activity in industry over the next 3 months**



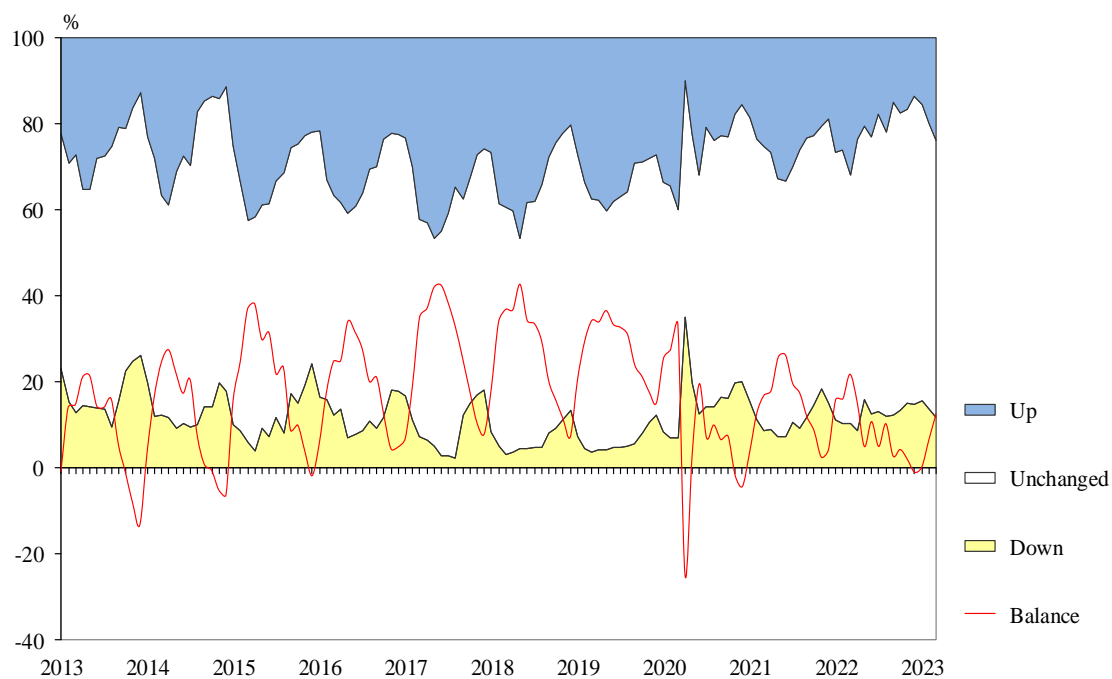
**Figure 4. Limits to production in industry (Relative share of enterprises)**



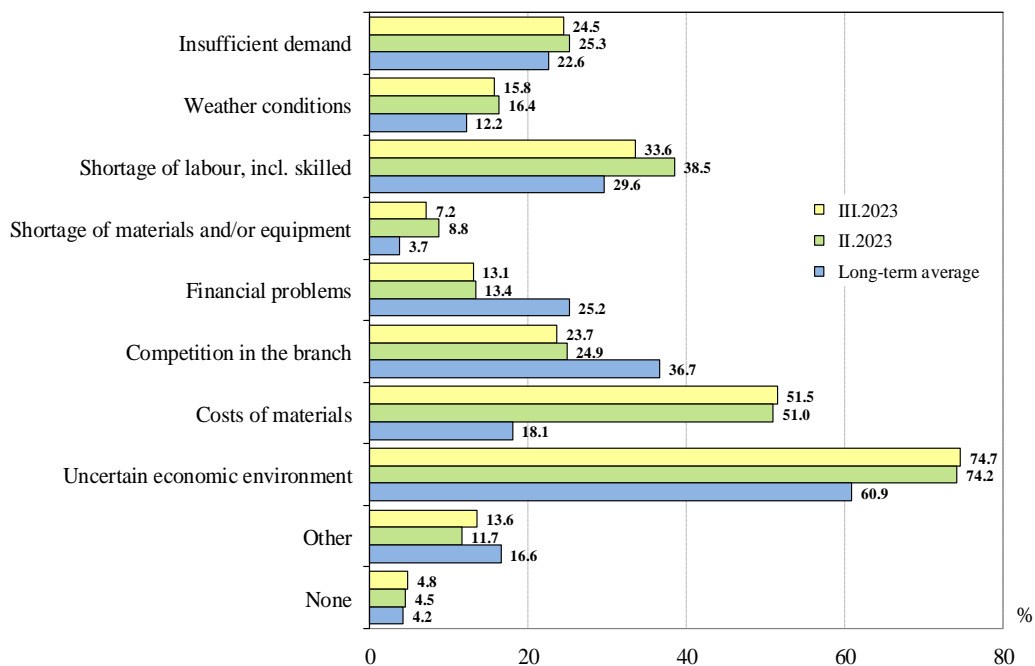
**Figure 5. Business climate in construction**



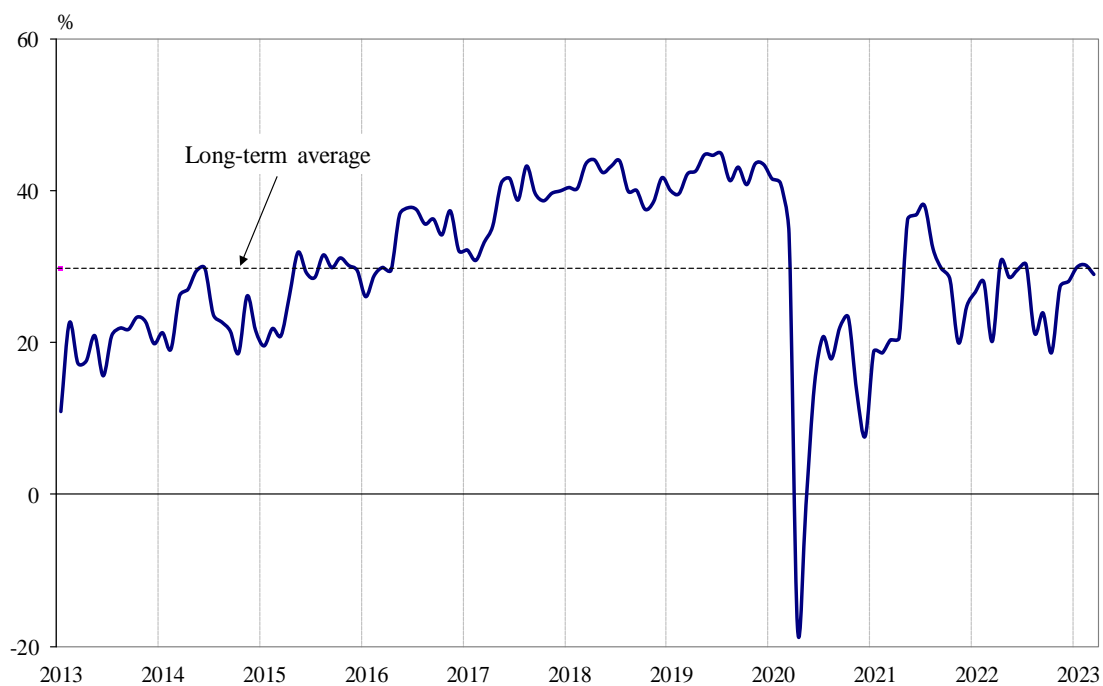
**Figure 6. Expected construction activity over the next 3 months**



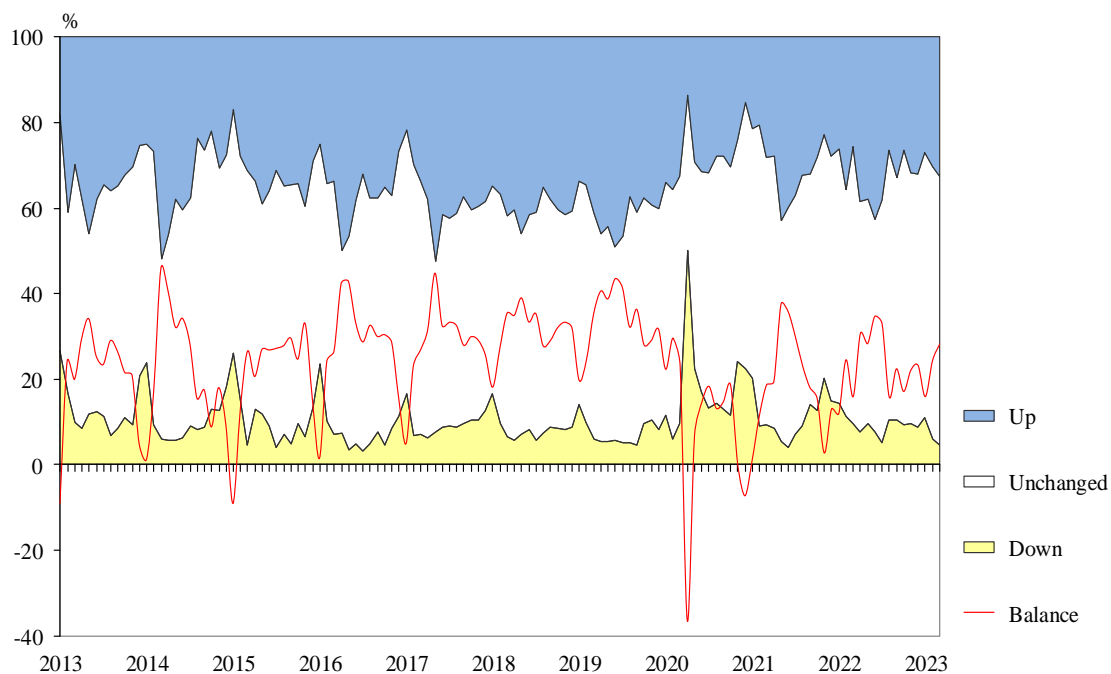
**Figure 7. Limits to construction activity  
(Relative share of enterprises)**



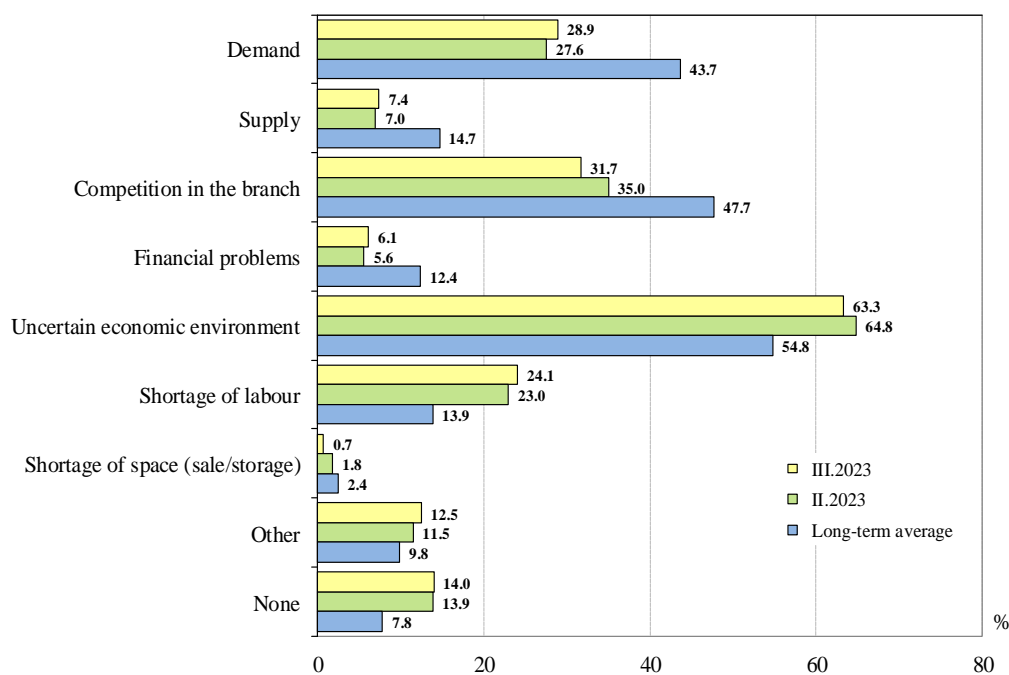
**Figure 8. Business climate in retail trade**



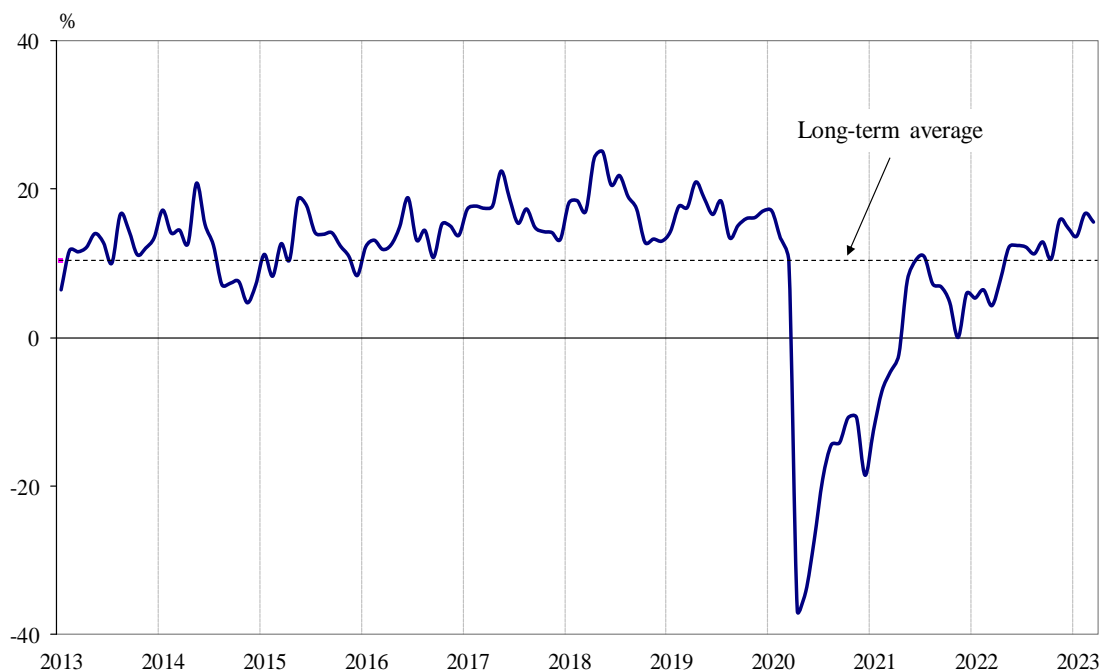
**Figure 9. Sales expectations in retail trade over the next 3 months**



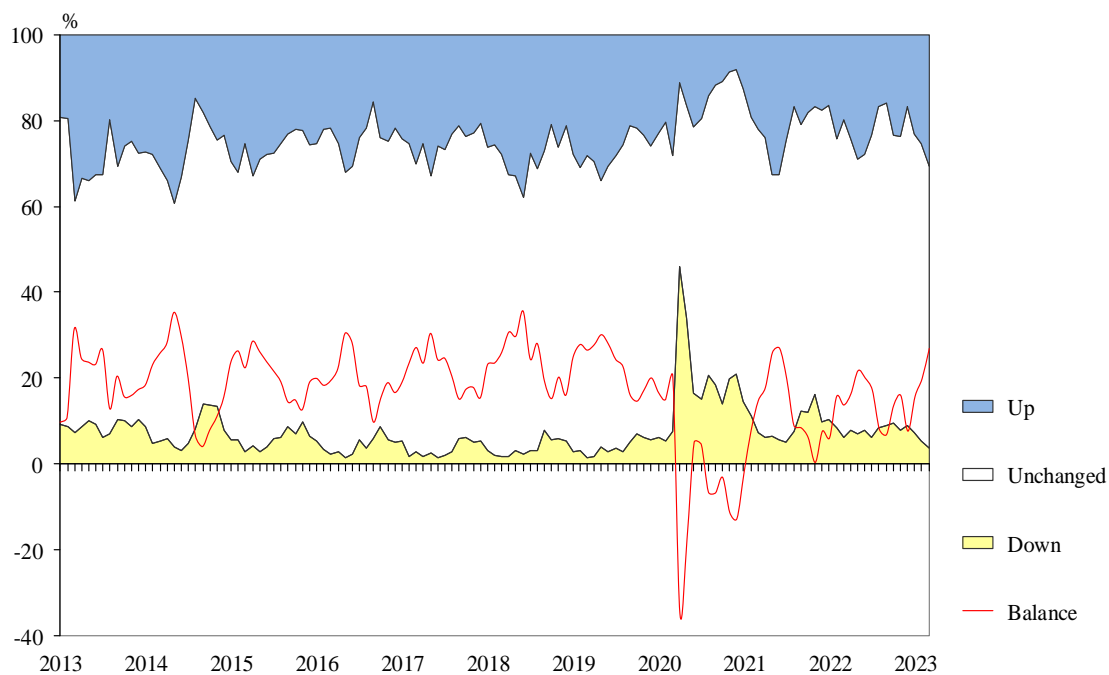
**Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



**Figure 11. Business climate in service sector**



**Figure 12. Expected demand in service sector over the next 3 months**





**Figure 13. Factors limiting the activity in service sector  
(Relative share of enterprises)**

