

BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, APRIL 2023

In April 2023, **the total business climate indicator**⁴ increases by 0.7 percentage points in comparison with the previous month (Annex, Figure 1). An improvement of the indicator is registered in the industry, while in the construction and service sector, a reduction is observed. Only in the retail trade, the indicator preserves its March level.

Industry. The composite indicator ‘business climate in industry’ increases by 2.3 percentage points (Annex, Figure 2) as a result of the improved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. The inquiry registers an increase of the new orders inflow over the last 3 months, as well optimistic expectations about the export over the next 3 months (Annex, Figure 3).

In April, the average capacity utilization is by 0.3 percentage points below its January level and reaches 74.8% as regards the expected demand over the next months a shortage of capacity is foreseen.


The main problems for business development continue to be connected with the uncertain economic environment and shortage of labour. In the last month strengthen the negative impact of the factor ‘insufficient domestic demand’ is reported (Annex, Figure 4).

As regards the selling prices in the industry, the managers foresee preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In April, the composite indicator ‘business climate in construction’ decreases by 0.8 percentage points (Annex, Figure 6), which is due to the shifting of the construction entrepreneurs’ assessments and expectations about the business situation of the enterprises from ‘better’ towards preserving ‘the same’. In their opinion, the present construction activity is slightly improved, and the production is assured with contracts for a longer time period in comparison with 3 months earlier - 6.2 months against 5.9 in January. At the same time, their expectations about the new orders over the next 6 months are optimistic (Annex, Figure 7).

The uncertain economic environment remains the most serious difficulty for the activity of the enterprises, 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 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.

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 34.6%.

Retail trade. The composite indicator 'business climate in retail trade' preserves its March level (Annex, Figure 9). The retailers' expectations about the business development in the sector over the next 6 months are favourable, as their forecasts about the volume of sales over the next 3 months are improved (Annex, Figure 10).

The most serious obstacles for business development continue to be the uncertain economic environment, competition in the branch and insufficient demand, as compared to the previous month increase of the negative influence of the first two factors is observed (Annex, Figure 11).

Concerning the selling prices, the majority of the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 12).

Service sector¹. In April, the composite indicator 'business climate in service sector' decreases by 0.5 percentage points (Annex, Figure 13), which is due to the reserved managers' expectations about the business situation of the enterprises over the next 6 months. At the same time, their forecasts about the demand for services over the next 3 months are unfavourable (Annex, Figure 14).

The uncertain economic environment and competition in the branch remain the main factors, limiting the activity of the enterprises (Annex, Figure 15).

The prevailing part of the managers expect the selling prices in the service sector to remain unchanged over the next 3 months (Annex, Figure 16).

¹ Excl. trade

Annex

Figure 1. Business climate - total

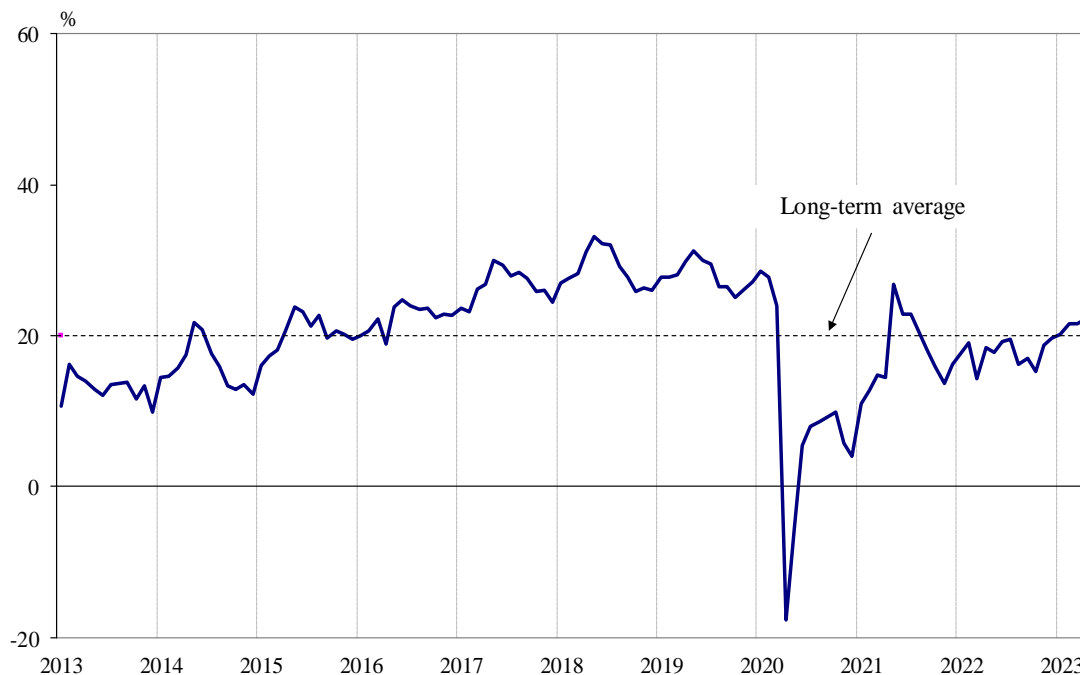


Figure 2. Business climate in industry

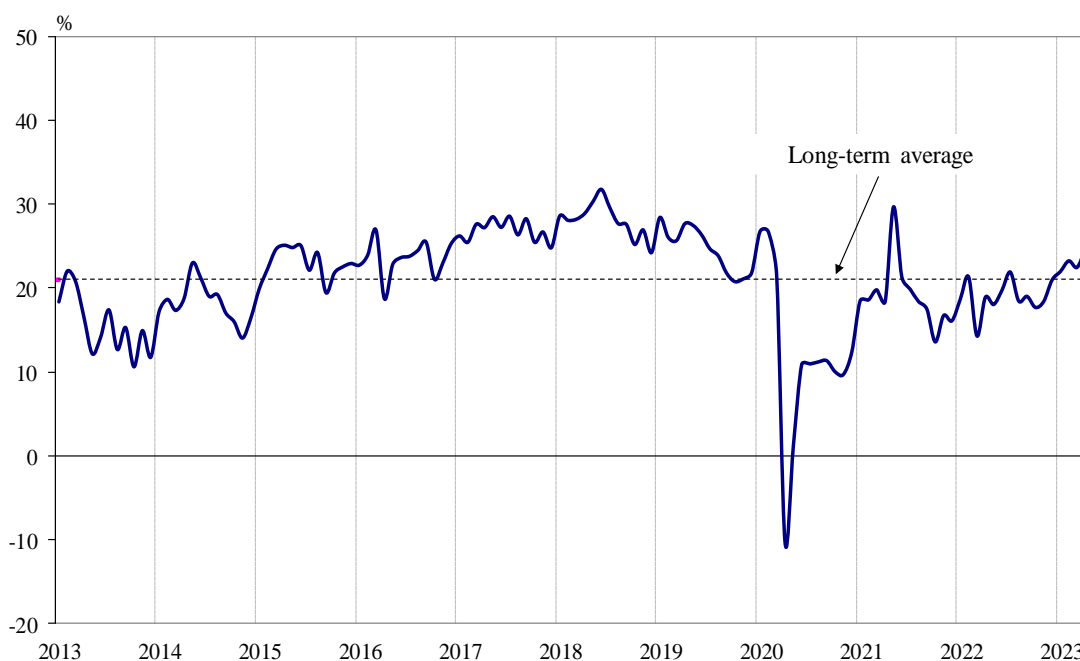


Figure 3. Export expectations in industry over the next 3 months

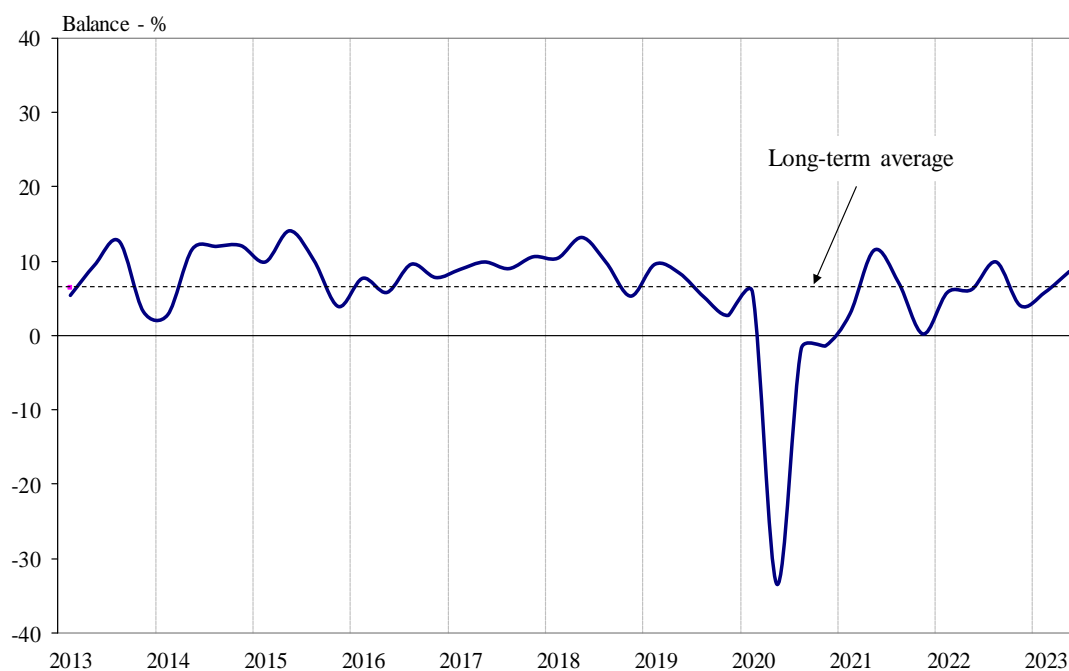


Figure 4. Limits to production in industry (Relative share of enterprises)

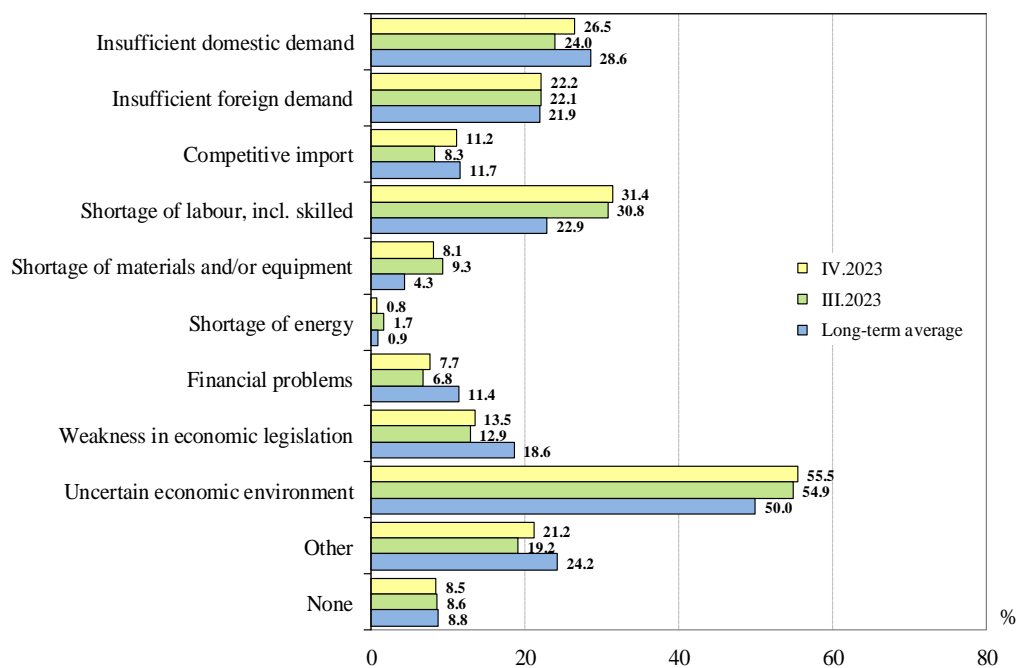


Figure 5. Selling prices expectations in industry over the next 3 months

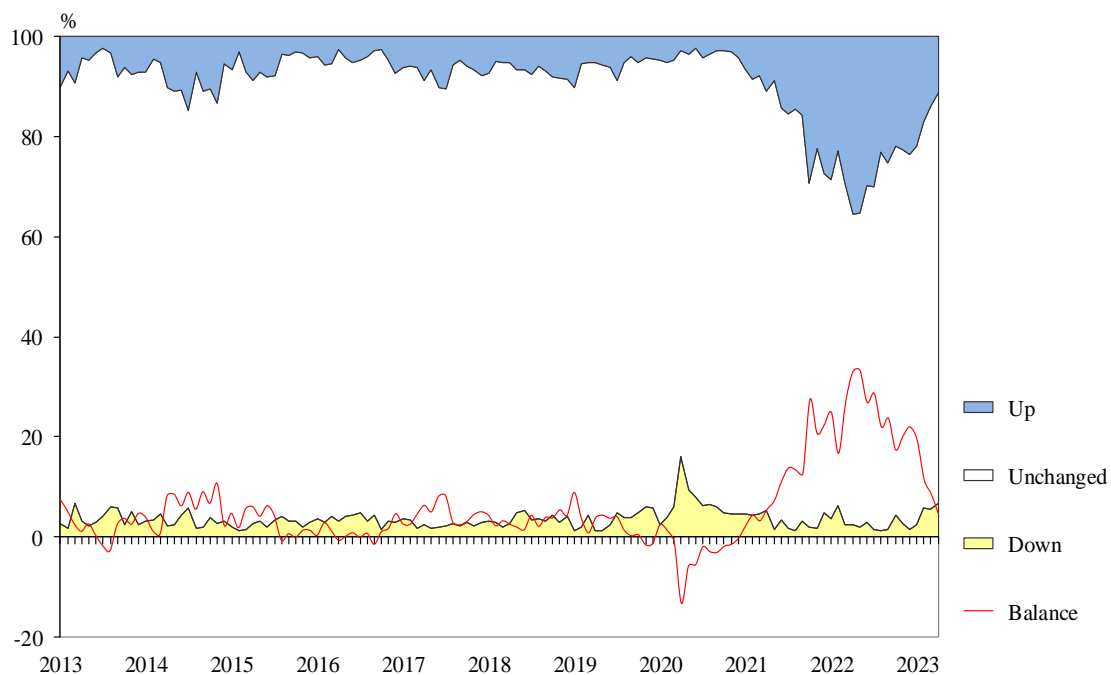


Figure 6. Business climate in construction

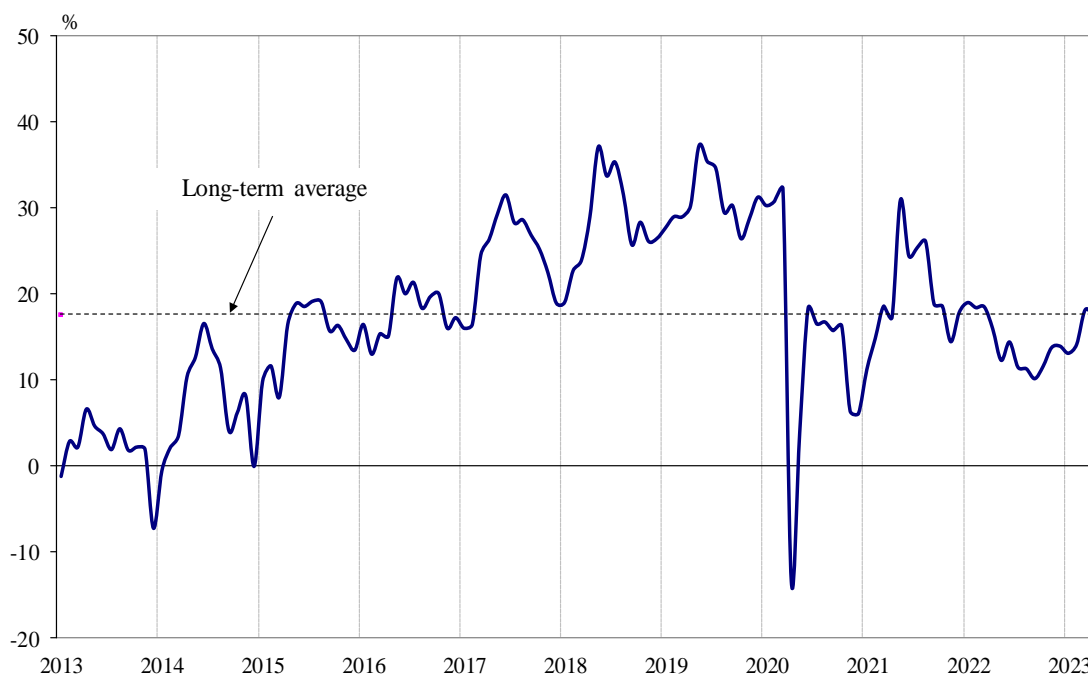


Figure 7. New orders expectations in construction over the next 6 months

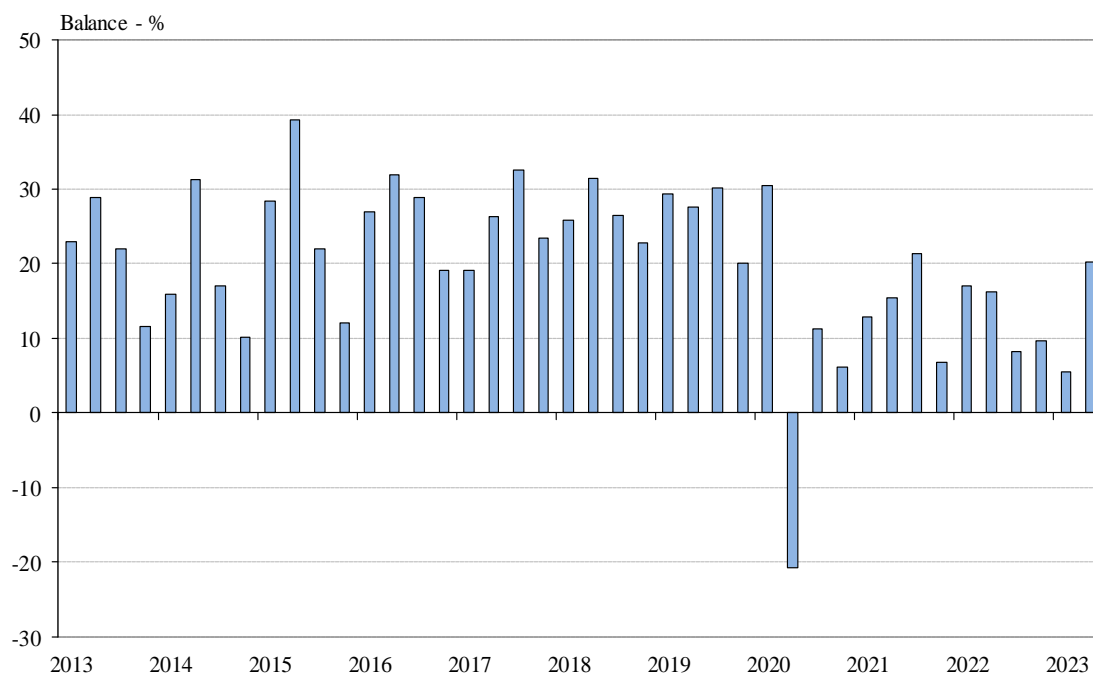


Figure 8. Limits to construction activity (Relative share of enterprises)

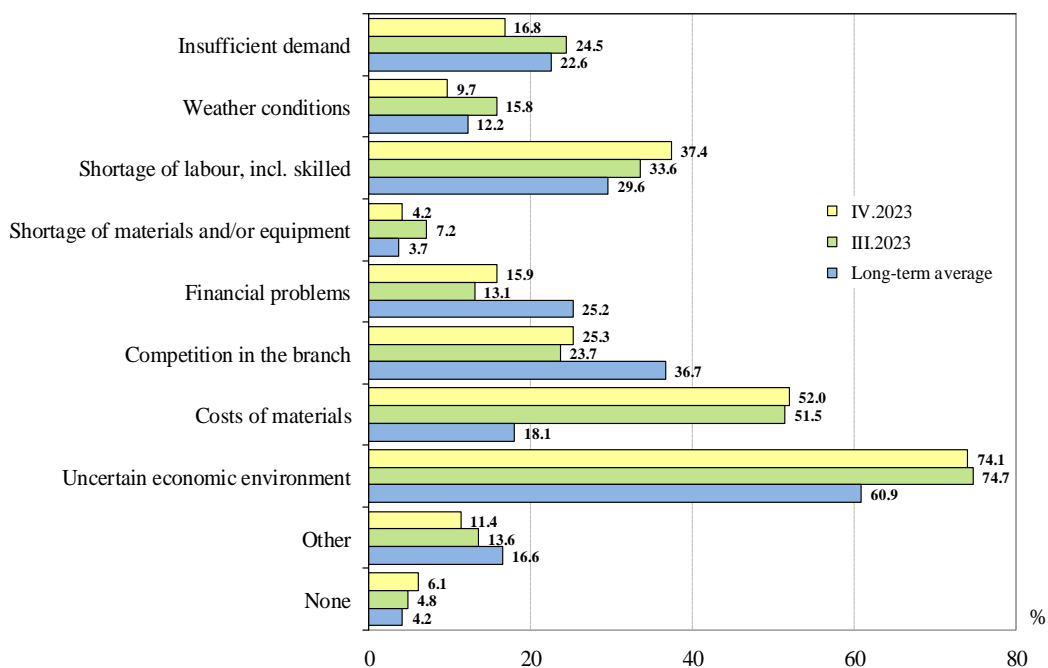


Figure 9. Business climate in retail trade

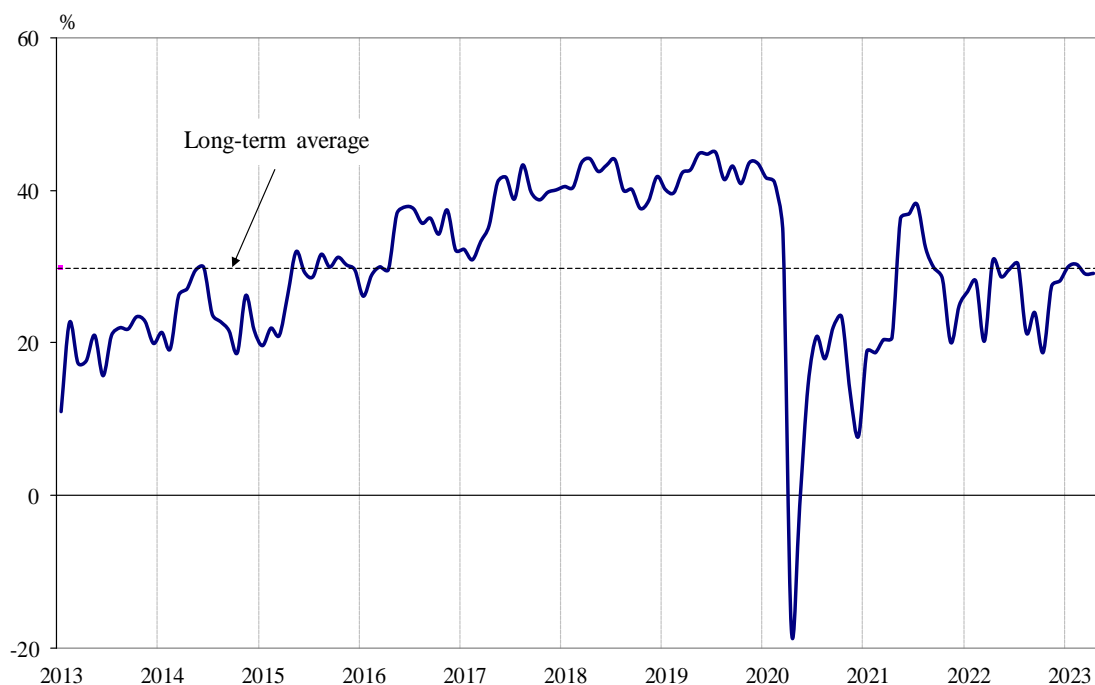


Figure 10. Sales expectations in retail trade over the next 3 months

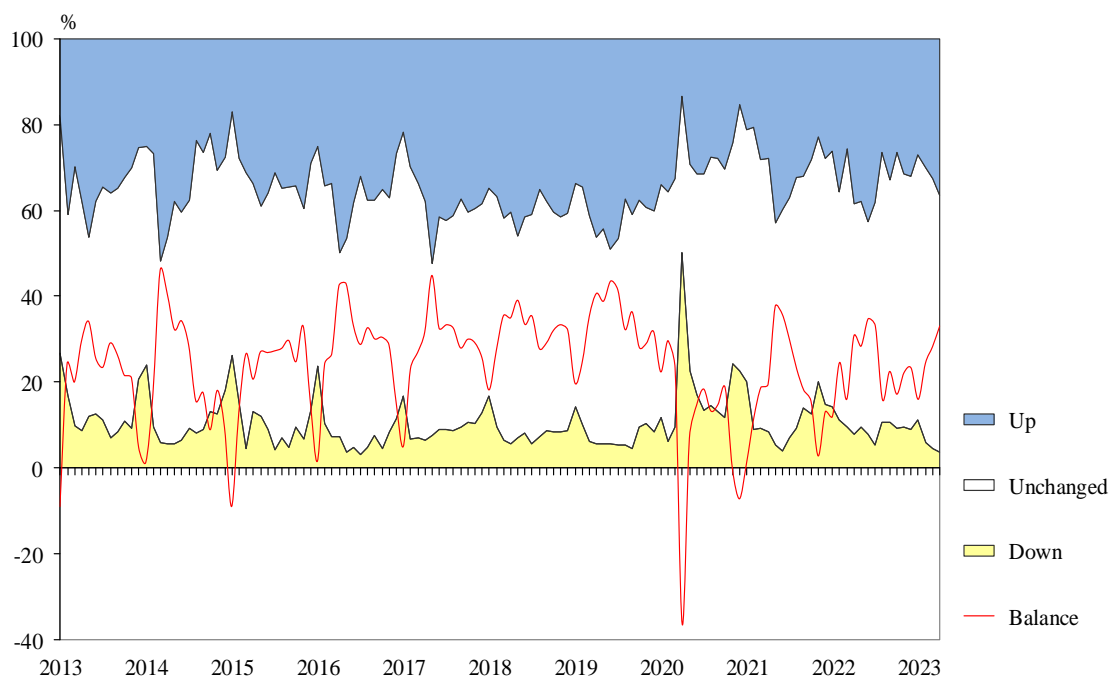


Figure 11. Factors limiting the improvement of the business situation in retail trade
(Relative share of enterprises)

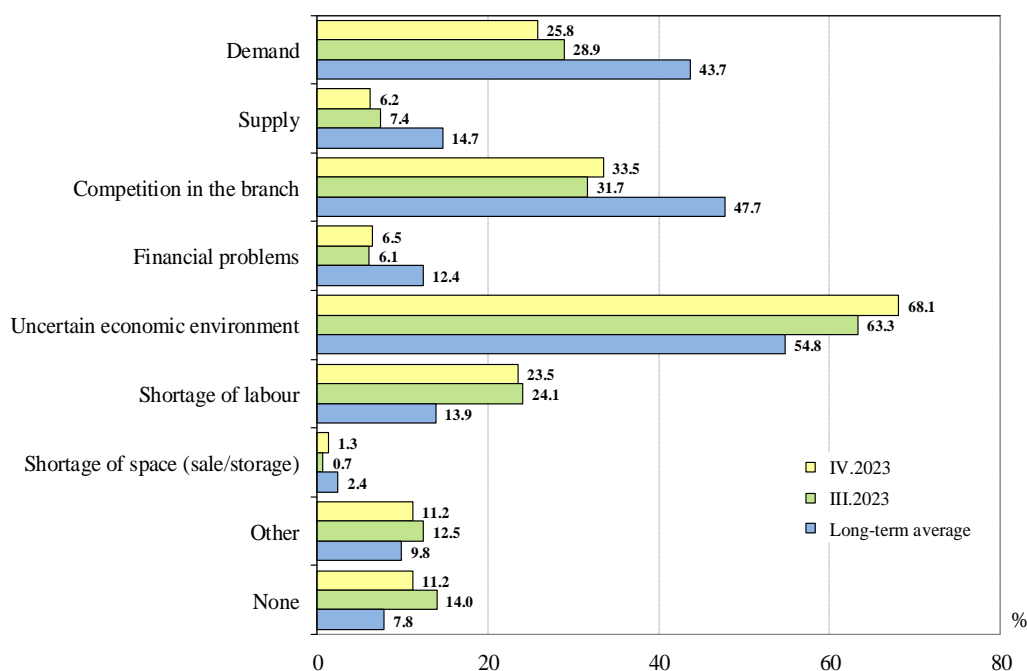


Figure 12. Selling prices expectations in retail trade over the next 3 months

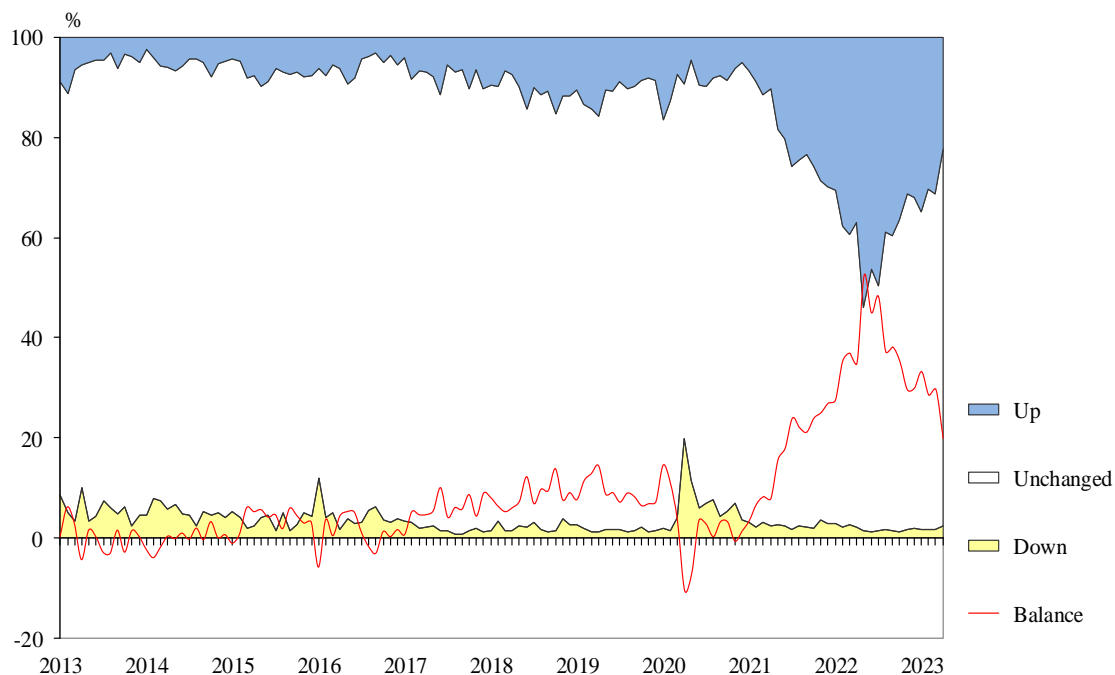


Figure 13. Business climate in service sector

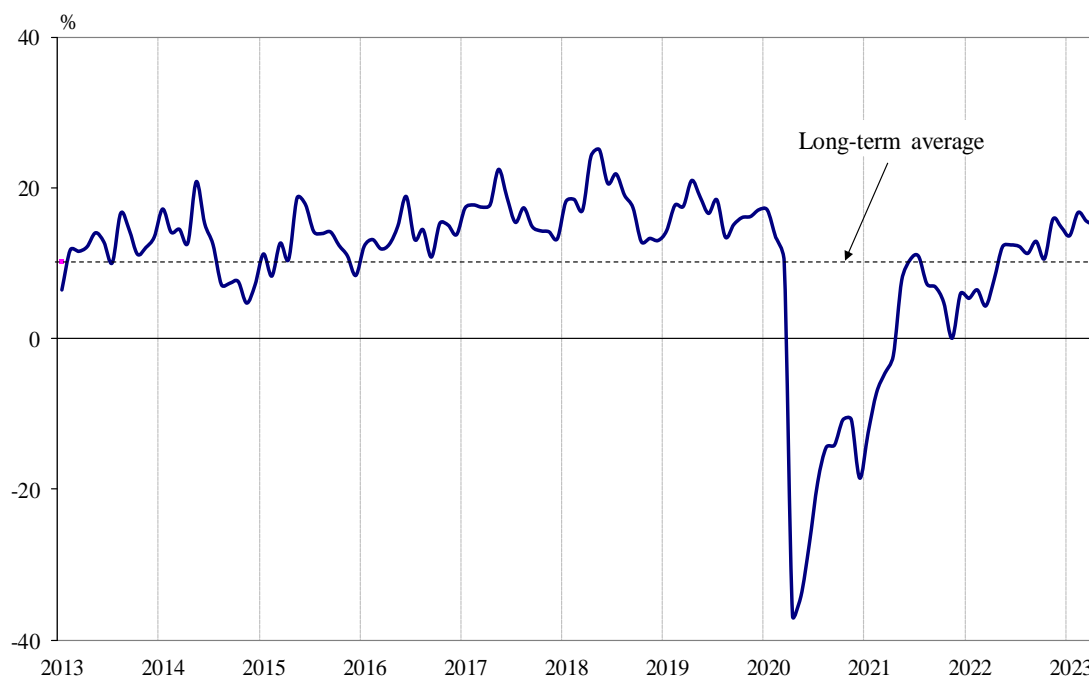
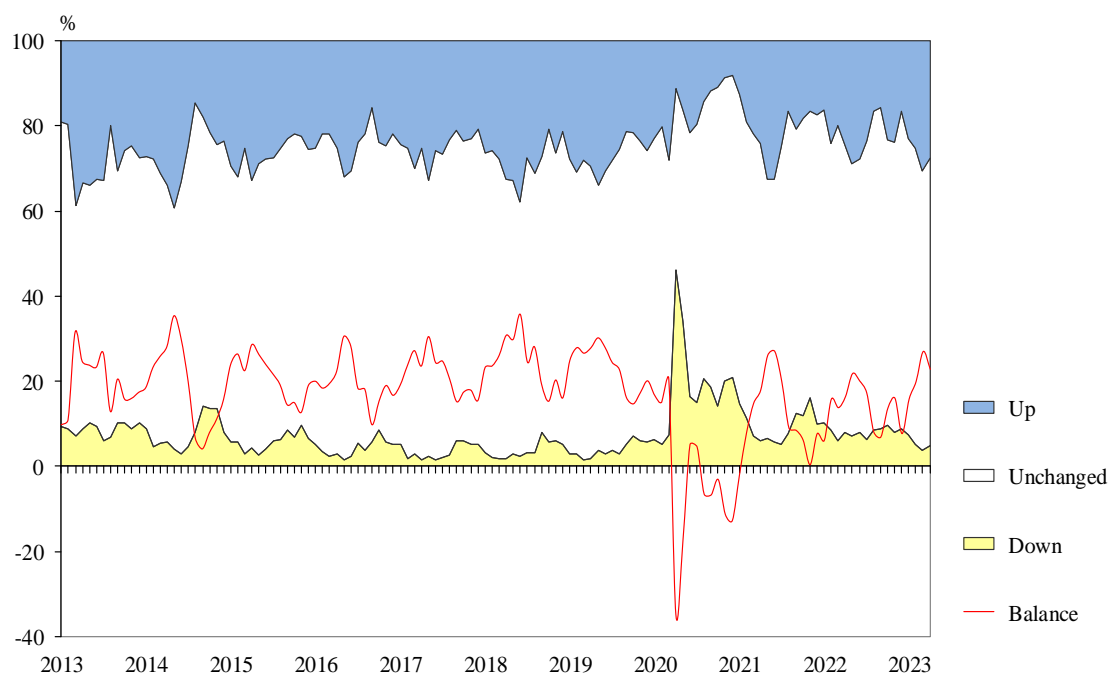
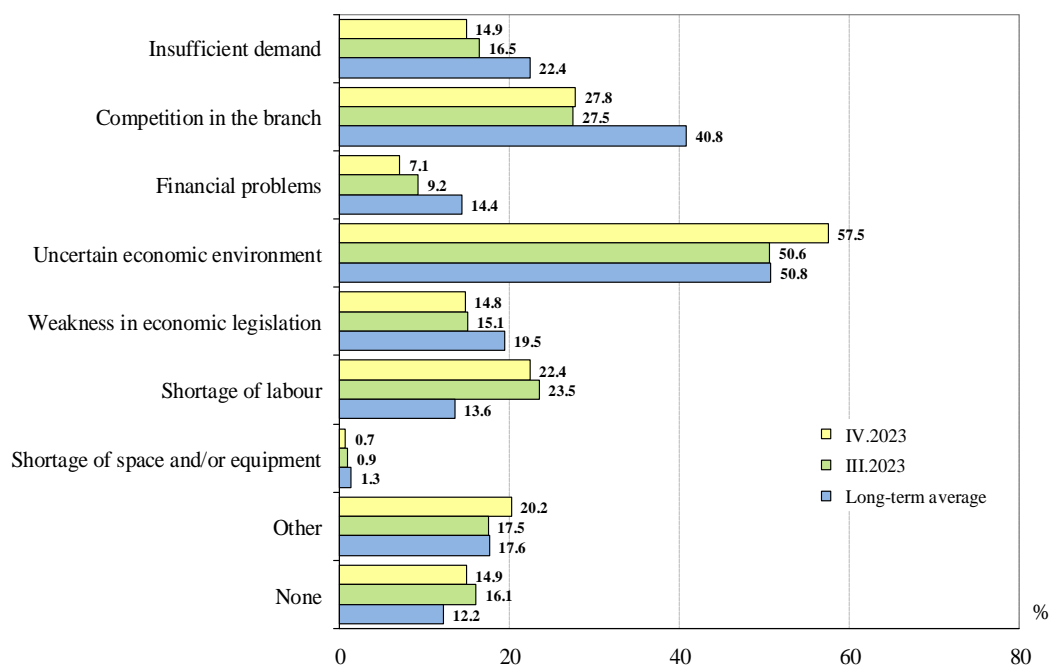


Figure 14. Expected demand in service sector over the next 3 months



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



**Figure 16. Selling prices expectations in service sector
over the next 3 months**

