



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

In May 2023, **the total business climate indicator**⁴ increases by 4.0 percentage points compared to April (Annex, Figure 1) as a growth of the indicator is registered in all observed sectors - industry, construction, retail trade and in services.

Industry. The composite indicator ‘business climate in industry’ increases by 1.9 percentage points (Annex, Figure 2), which is due to the positive industrial entrepreneurs’ assessments about the present business situation of the enterprises. Their forecasts about the production activity over the next 3 months are also improved (Annex, Figure 3).

The main factors, limiting the activity in the sector remain the uncertain economic environment and shortage of labour pointed out respectively by 51.8% and 33.4% of the enterprises (Annex, Figure 4).

Concerning the selling prices in the industry, the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).


Construction. In May, the composite indicator ‘business climate in construction’ increases by 8.4 percentage points (Annex, Figure 6) as a result of the more optimistic construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. Their opinions about the construction activity over the last 3 months, as well their expectations over the next 3 months are also positive (Annex, Figure 7).

The main obstacles for the business development continue to be connected with the uncertain economic environment, costs of materials and shortage of labour, as in the last month a decrease of the negative influence of the first two factors is observed (Annex, Figure 8).

As regards the selling prices, the managers foresee the preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 4.7 percentage points (Annex, Figure 10), which is due to the improved retailers’ assessments and expectations about the

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.



business situation of the enterprises. Their forecasts about both the volume of sales (Annex, Figure 11) and the orders placed with suppliers over the next 3 months are also more positive.

The uncertain economic environment and competition in the branch remain the main problems for the activity of the enterprises. In the last month, the negative impact of the factor ‘shortage of labour’ increases, which shifts to the fourth place the difficulties, connected with the insufficient demand (Annex, Figure 12).

The retailers’ expectations about the selling prices over the next 3 months are in the direction of an increase (Annex, Figure 13).

Service sector¹. In May, the composite indicator ‘business climate in service sector’ increases by 3.2 percentage points (Annex, Figure 14) as a result of the favourable managers’ assessments and expectations about the business situation of the enterprises. As regards the demand for services, the present tendency is assessed as slightly improved, as the expectations over the next 3 months are optimistic (Annex, Figure 15).

The most serious difficulties for the business development continue to be the uncertain economic environment and competition in the branch (Annex, Figure 16).

In comparison with April, the managers’ share who foresee the selling prices in the sector to increase over the next 3 months is rising (Annex, Figure 17).

¹ Excl. trade.

Annex

Figure 1. Business climate - total

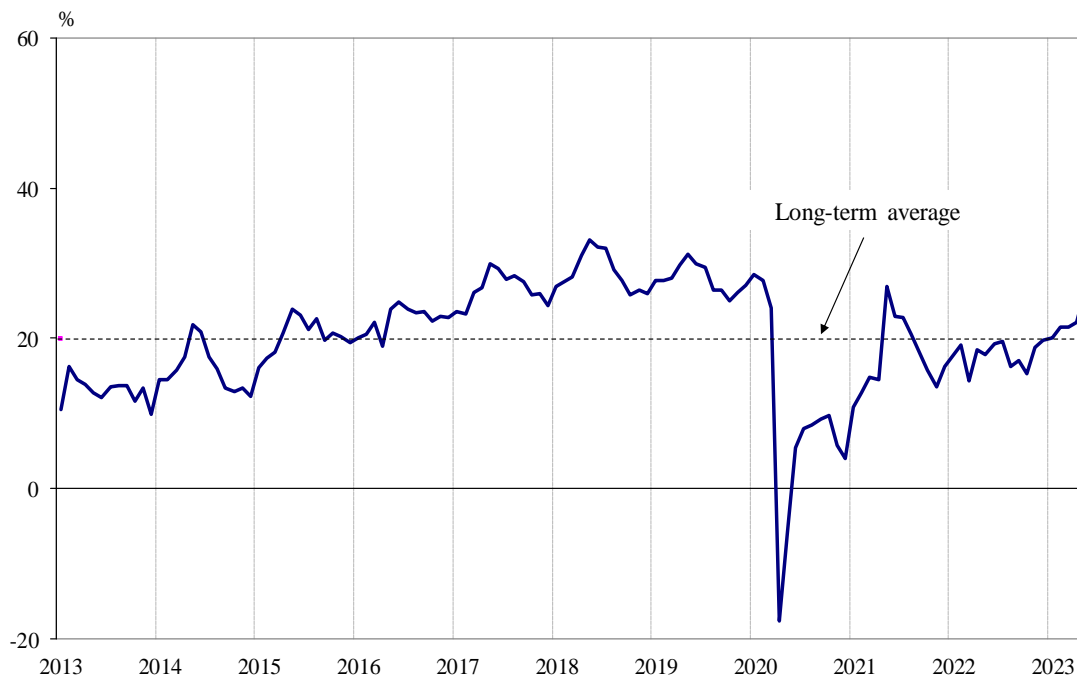


Figure 2. Business climate in industry

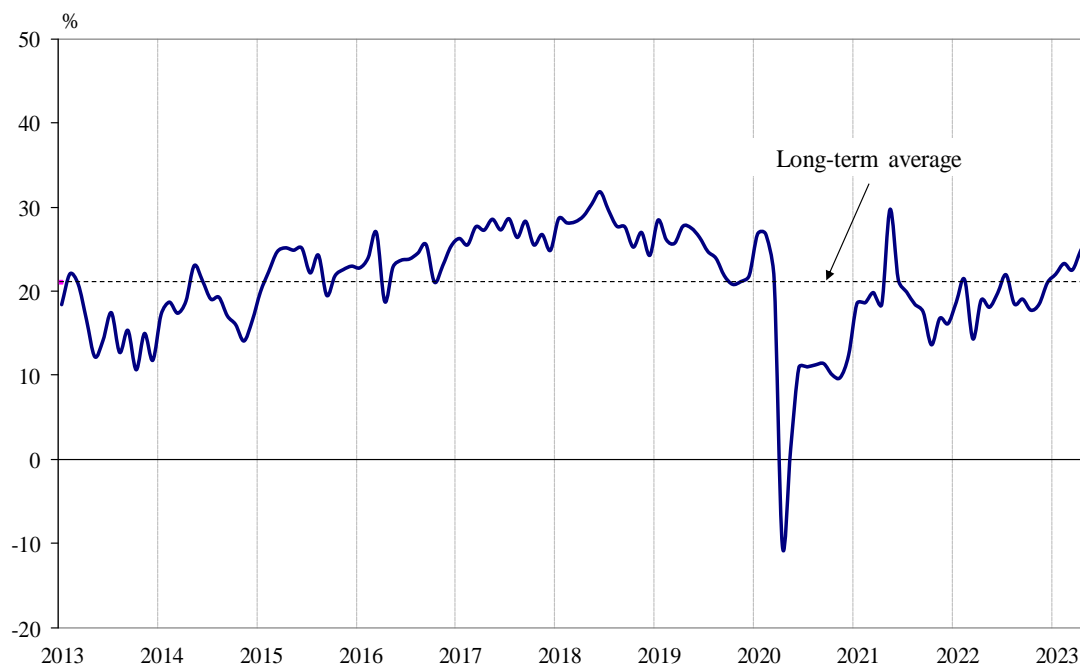


Figure 3. Expected production activity in industry over the next 3 months

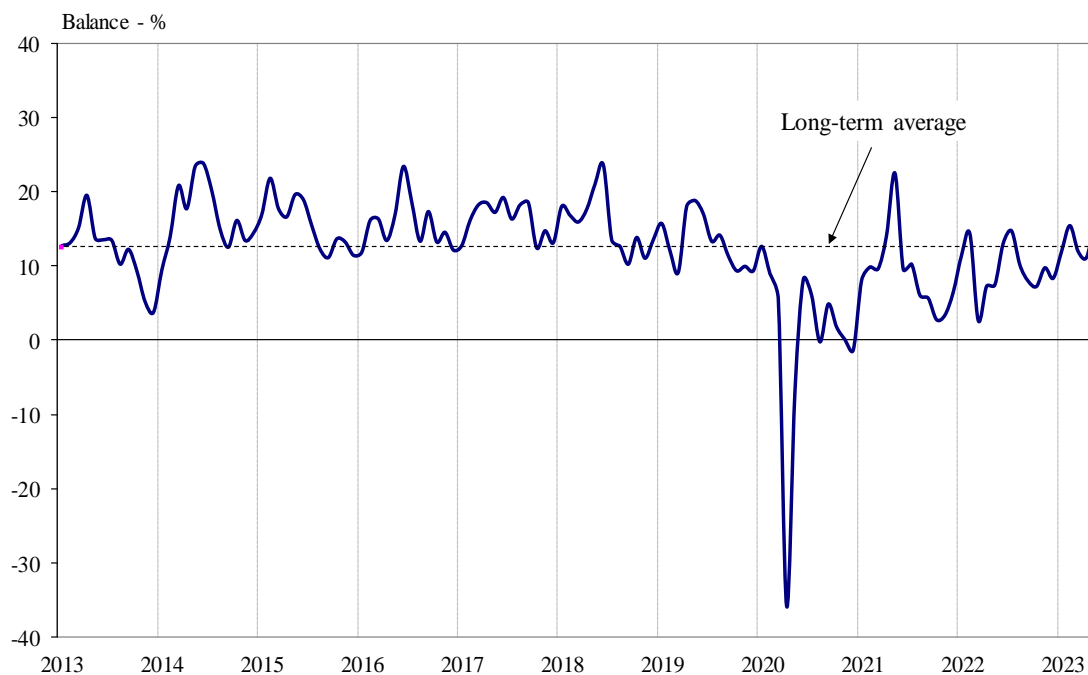


Figure 4. Limits to production in industry (Relative share of enterprises)

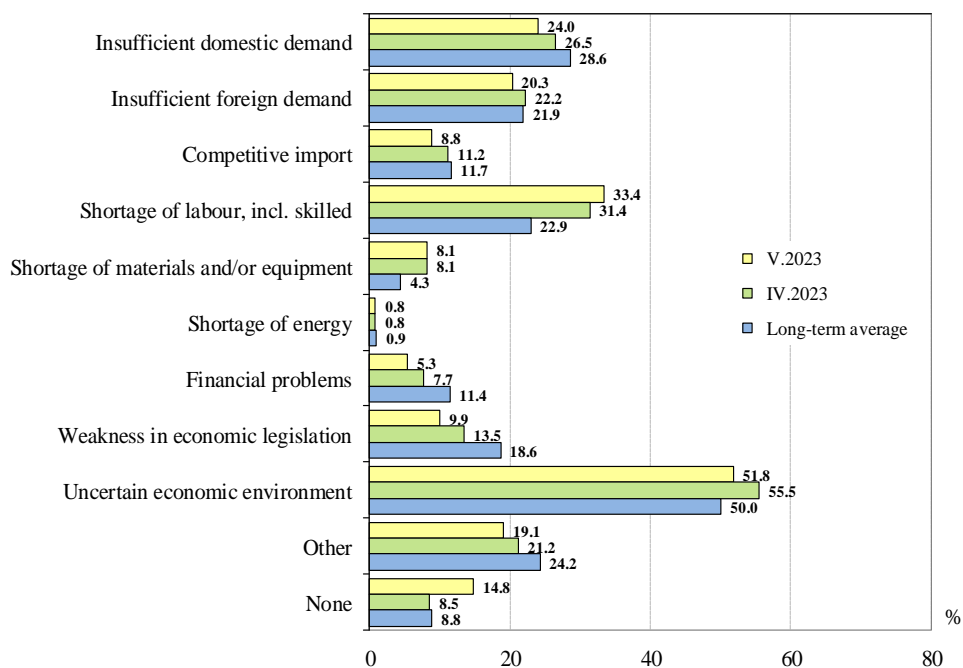


Figure 5. Selling prices expectations in industry over the next 3 months

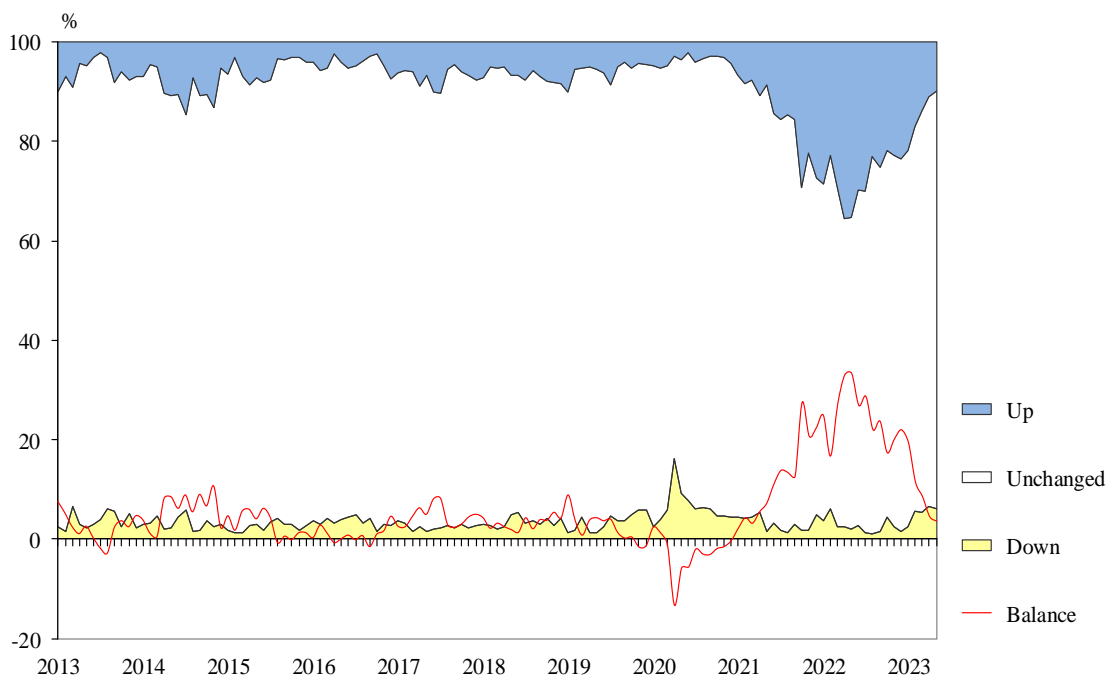


Figure 6. Business climate in construction

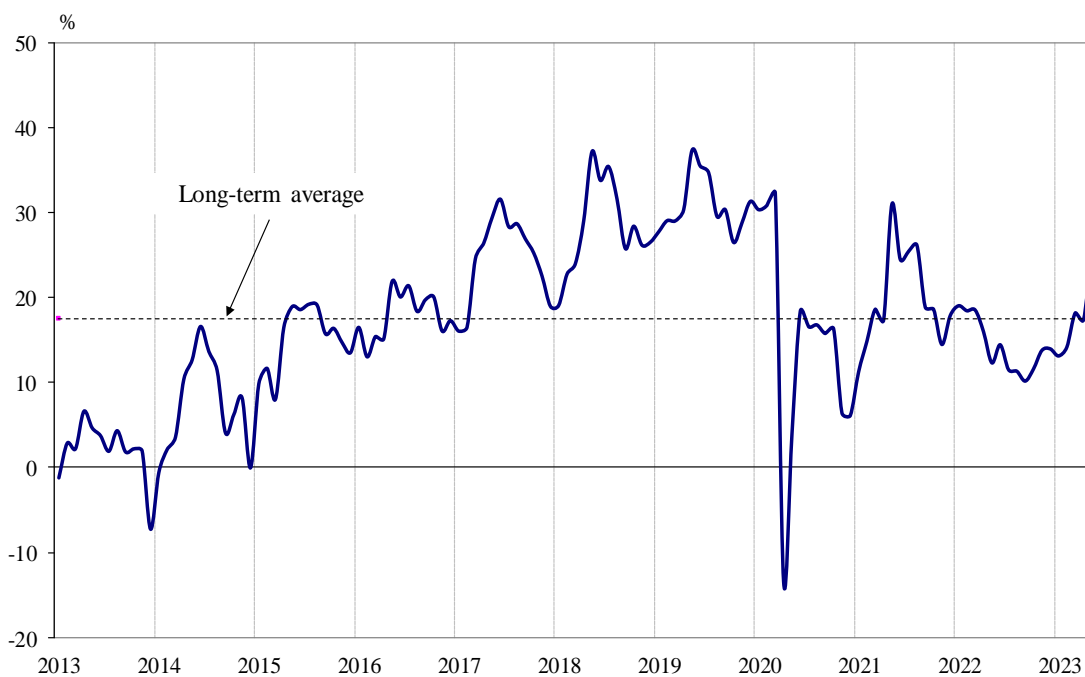


Figure 7. Expected construction activity over the next 3 months

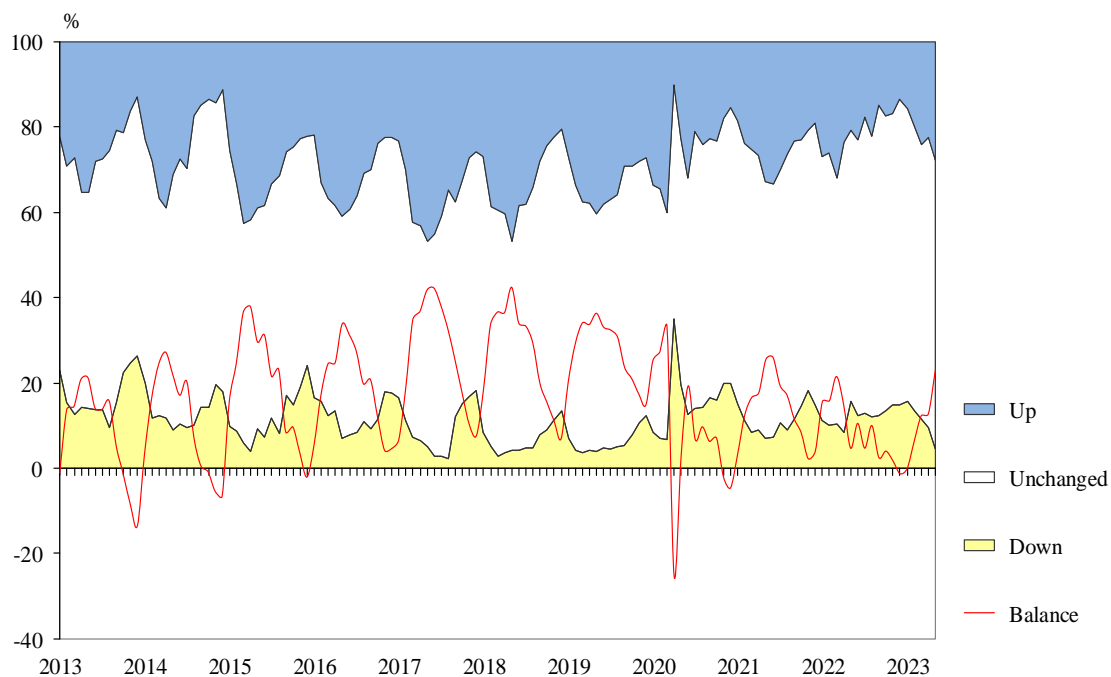


Figure 8. Limits to construction activity (Relative share of enterprises)

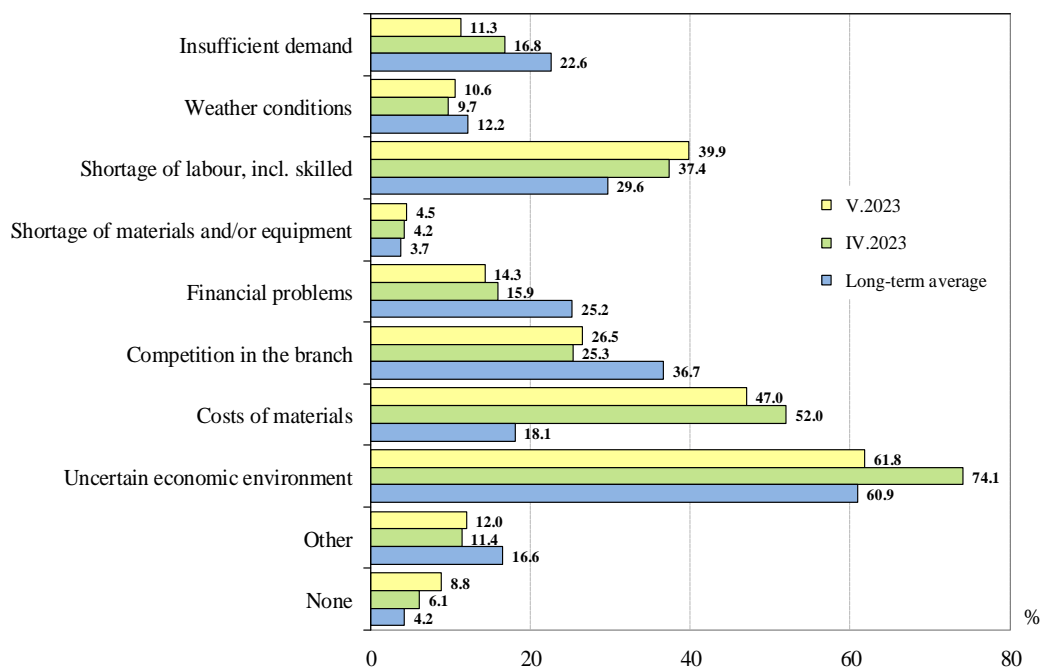


Figure 9. Selling prices expectations in construction over the next 3 months

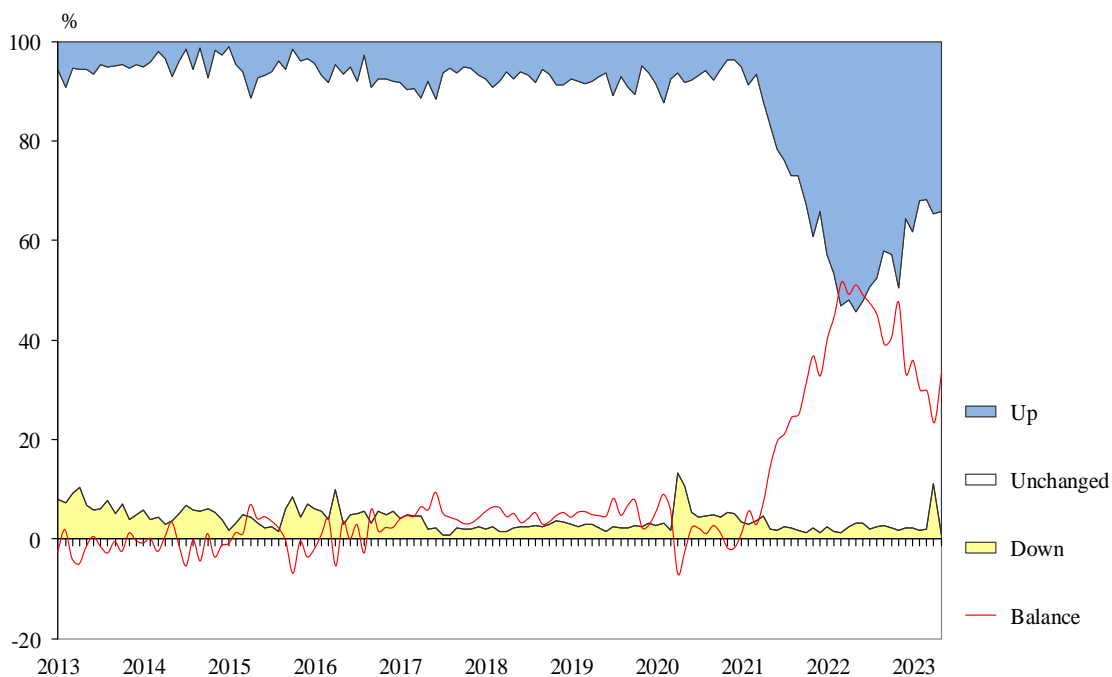


Figure 10. Business climate in retail trade

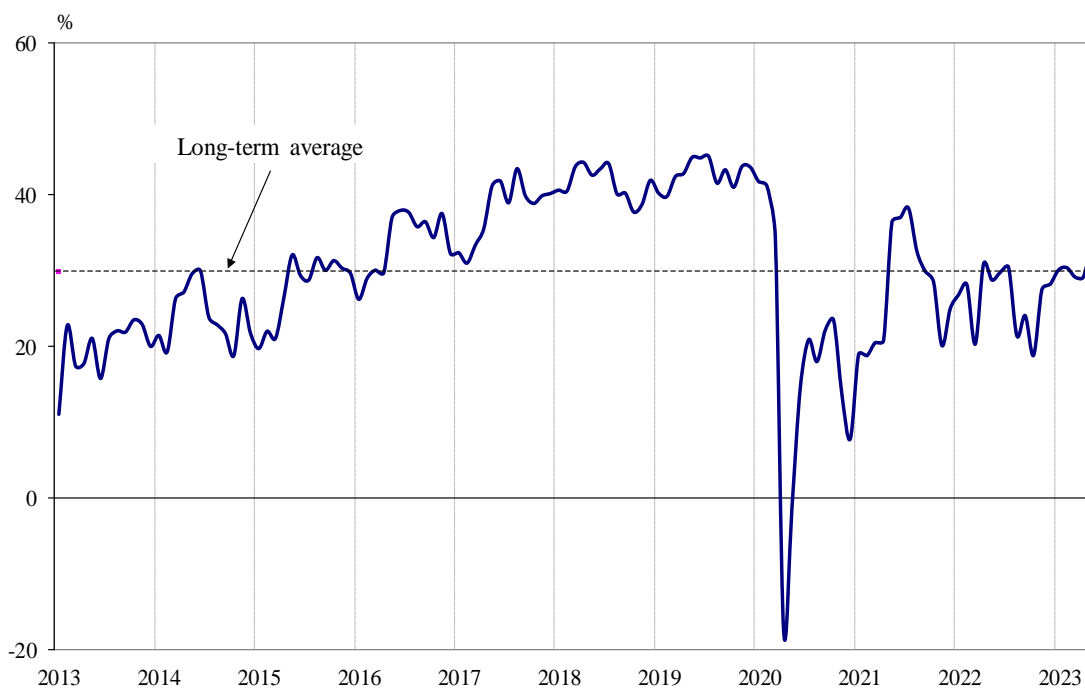


Figure 11. Sales expectations in retail trade over the next 3 months

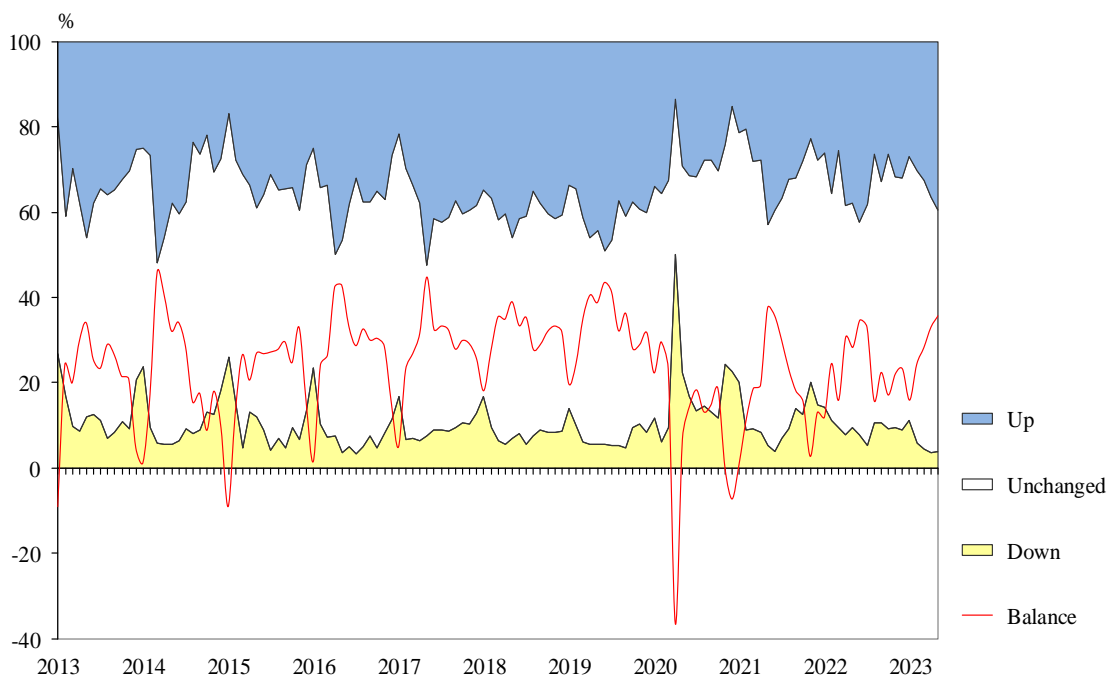


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

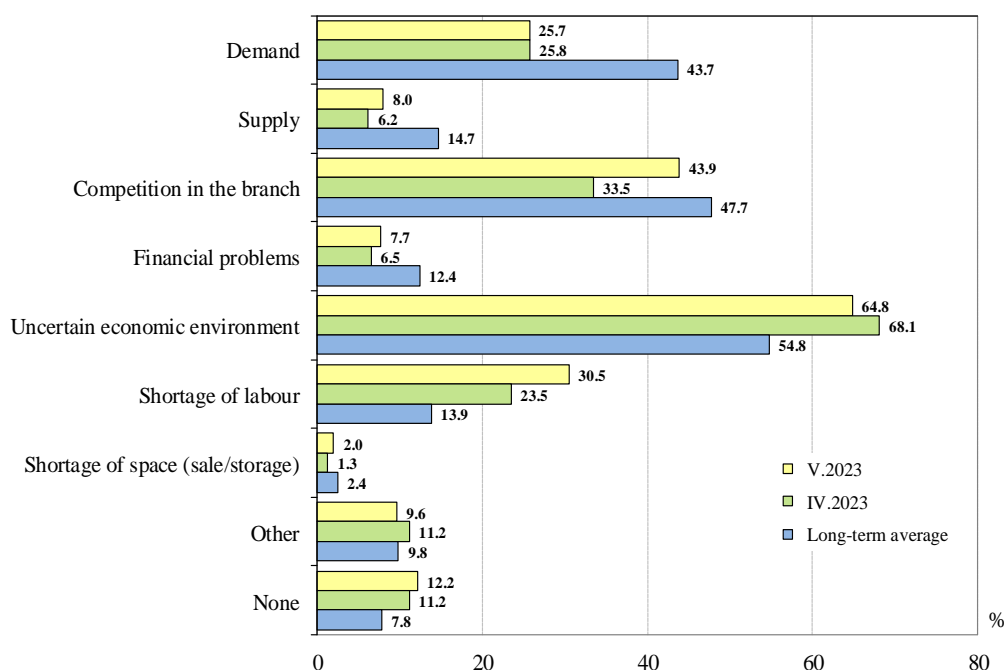


Figure 13. Selling prices expectations in retail trade over the next 3 months

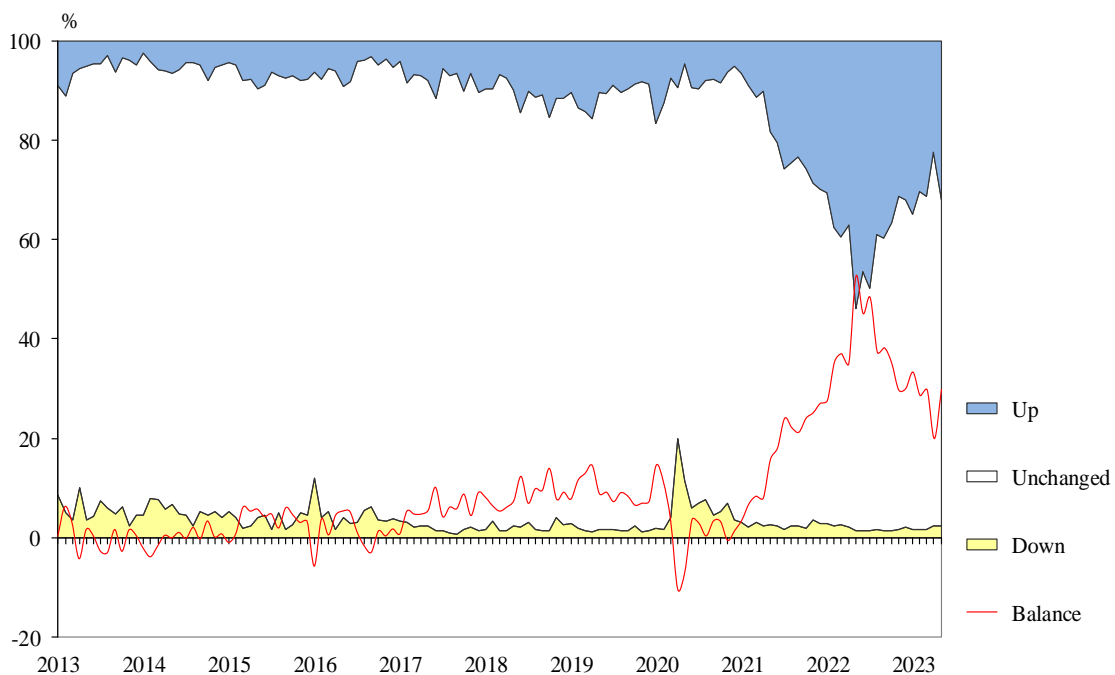


Figure 14. Business climate in service sector

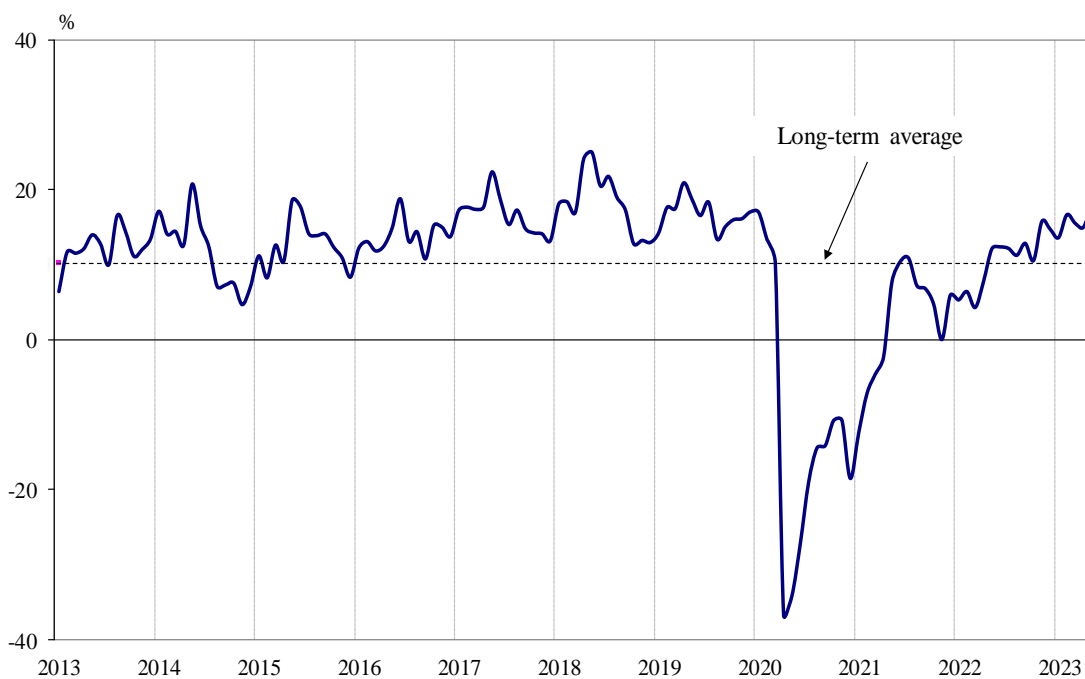


Figure 15. Expected demand in service sector over the next 3 months

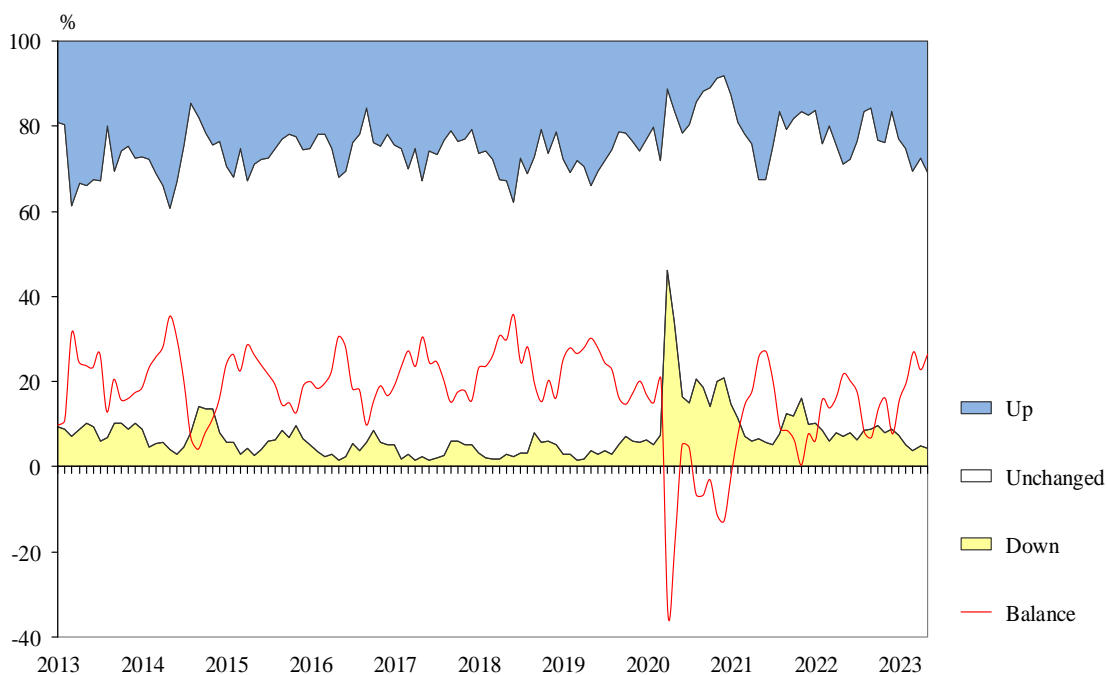


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

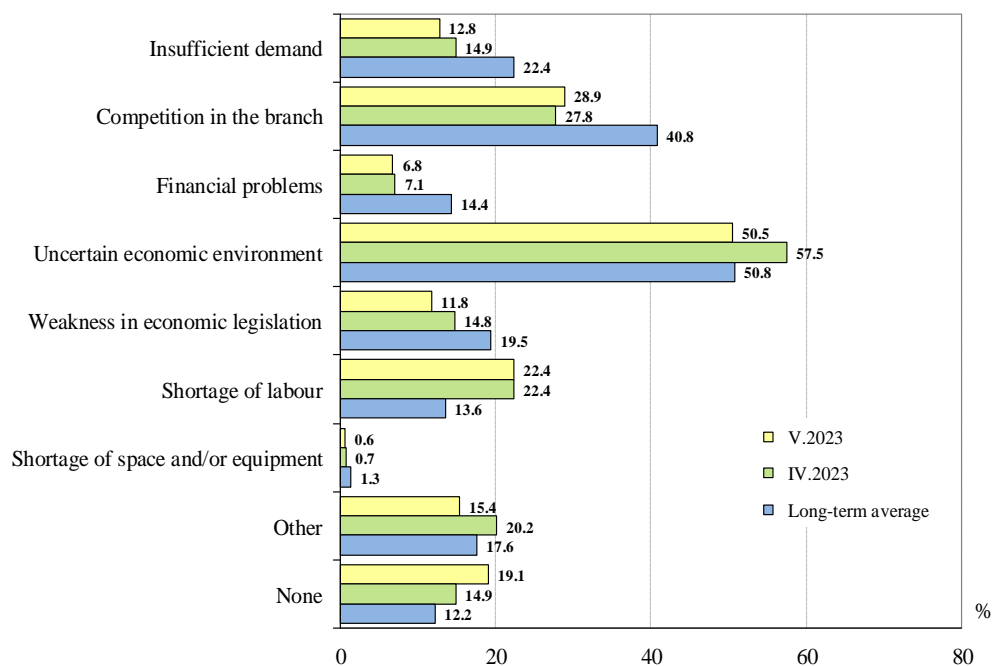


Figure 17. Selling prices expectations in service sector over the next 3 months

