

## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS, AUGUST 2023

In August 2023, **the total business climate indicator** decreases by 1.0 percentage point compared to the previous month (from 26.1% to 25.1%) (Annex, Figure 1), which is due to the unfavourable managers' opinions in the industry, retail trade and service sector.

**Industry.** The composite indicator 'business climate in industry' drops by 1.2 percentage points (from 26.3% to 25.1%) (Annex, Figure 2) as a result of the more reserved industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry reports a decrease of the production assurance with orders, which is also accompanied with worsened expectations about the production activity over the next 3 months (Annex, Figure 3).

The most serious difficulties for the business development continue to be the uncertain economic environment and shortage of labour, as in the last month strengthening of their negative influence is observed (Annex, Figure 4).

As regards the selling prices in the industry, the managers' expectations are for certain increase, although the prevailing part of them foresee preservation of their level over the next 3 months (Annex, Figure 5).

**Construction.** In August, the composite indicator 'business climate in construction' increases by 1.6 percentage points (from 23.1% to 24.7%) (Annex, Figure 6), which is due to the optimistic construction entrepreneurs' assessments about the present business situation of the enterprises. In their opinion, the present construction activity are improved, but their forecast about the activity over the next 3 months are more reserved (Annex, Figure 7).

The uncertain economic environment, shortage of labour and costs of materials remain the main problems for the activity of the enterprises (Annex, Figure 8).

Concerning the selling prices in construction, the managers' forecasts are them to remain unchanged over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator 'business climate in retail trade' decreases by 2.9 percentage points (from 36.9% to 34.0%) (Annex, Figure 10) as a result of the unfavourable retailers' assessments and expectations about the business situation of the enterprises. However, their forecasts about the orders placed with suppliers from both domestic and foreign market over the next 3 months are improved (Annex, Figure 11).

The main factors limiting the business development continue to be the uncertain economic environment and competition in the branch. The last inquiry reports an increase of the negative impact of the factor 'insufficient demand', which shifts to the fourth place the difficulties connected with the shortage of labour (Annex, Figure 12).

In comparison with July, the retailers' share who foresee the selling prices to increase over the next 3 months is raising (Annex, Figure 13).



**Service sector<sup>1</sup>.** In August, the composite indicator ‘business climate in service sector’ decreases by 1.1 percentage points (from 17.7% to 16.6%) (Annex, Figure 14), which is due to the reserved managers’ assessments and expectations about the business situation of the enterprises. Their assessments about the present demand for services are shifting to the more moderate opinions, while their forecasts over the next 3 months are more negative (Annex, Figure 15).

The uncertain economic environment and competition in the branch remain the most serious obstacles for activity, pointed out respectively by 52.7% and 29.8% of the enterprises (Annex, Figure 16).

The prevailing part of the managers forecast the selling prices in the service sector to remain unchanged over the next 3 months (Annex, Figure 17).


---

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



## Methodological notes

The business surveys in industry, construction, retail trade and service sector gather information about the entrepreneurs' opinions about the situation and development of their business.

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.

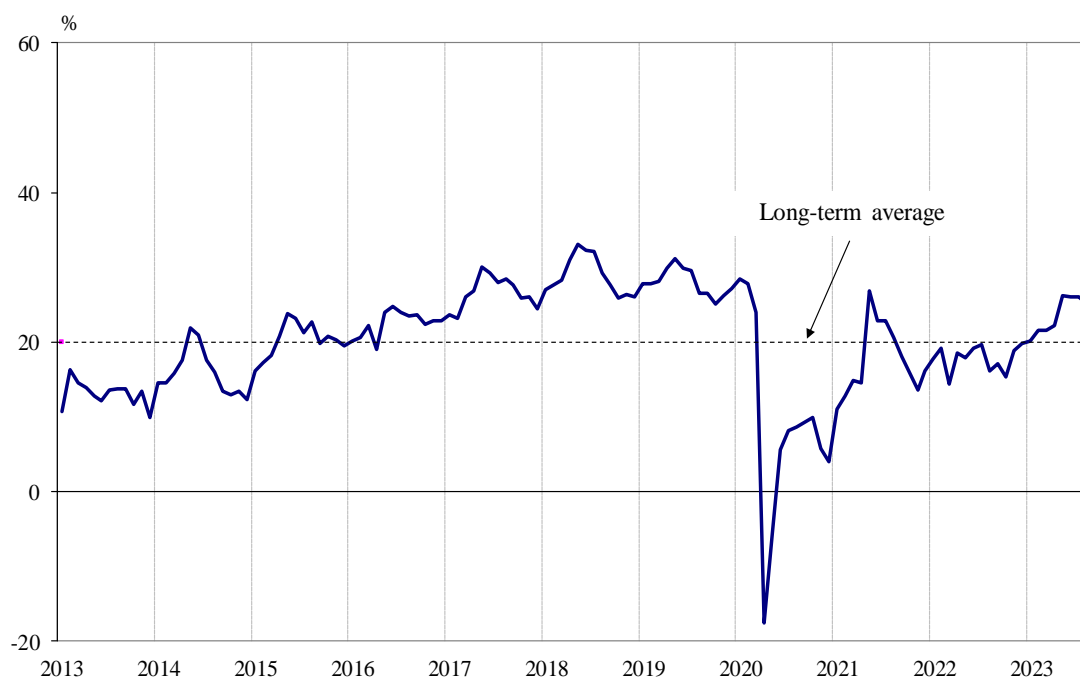
Since July 2010, the NSI has started publishing the business surveys data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

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.

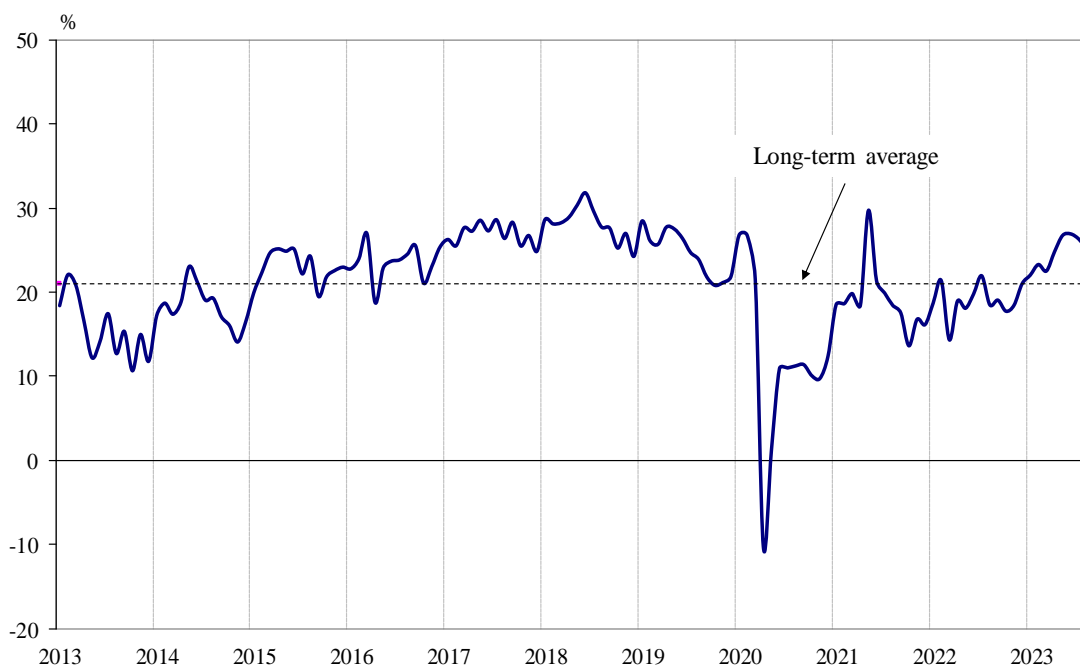
The total business climate indicator is a weighted average of four branch business climate indicators in: industry, construction, retail trade and service sector. The last indicator of the business climate in the service sector has been included in the total time series since May 2002.

## Annex

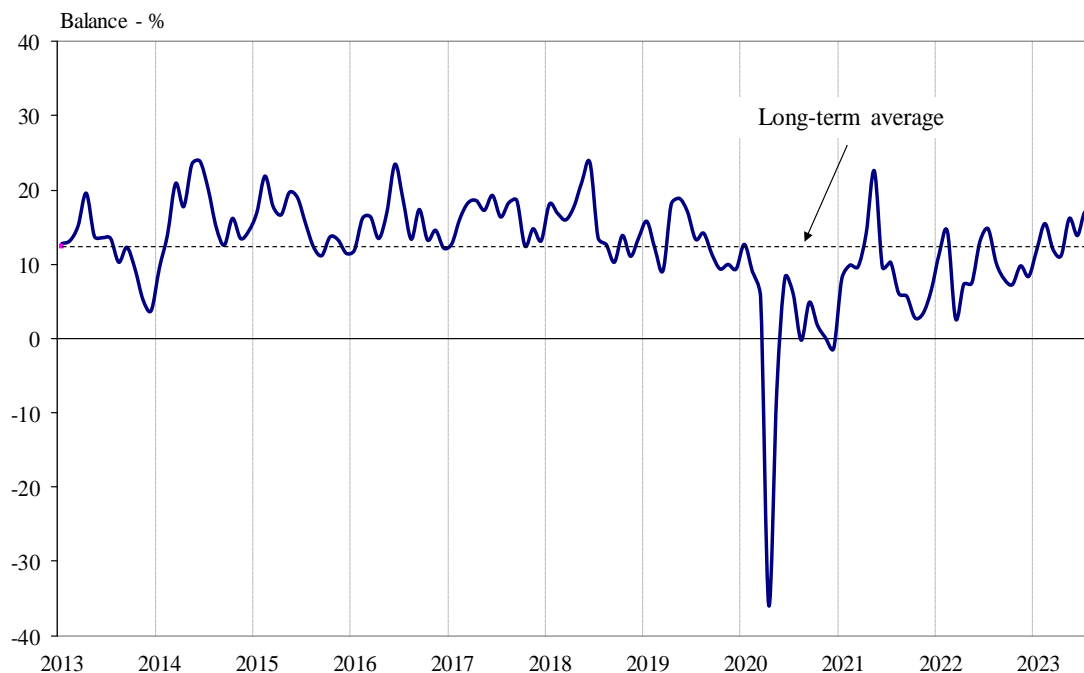
**Figure 1. Business climate - total**



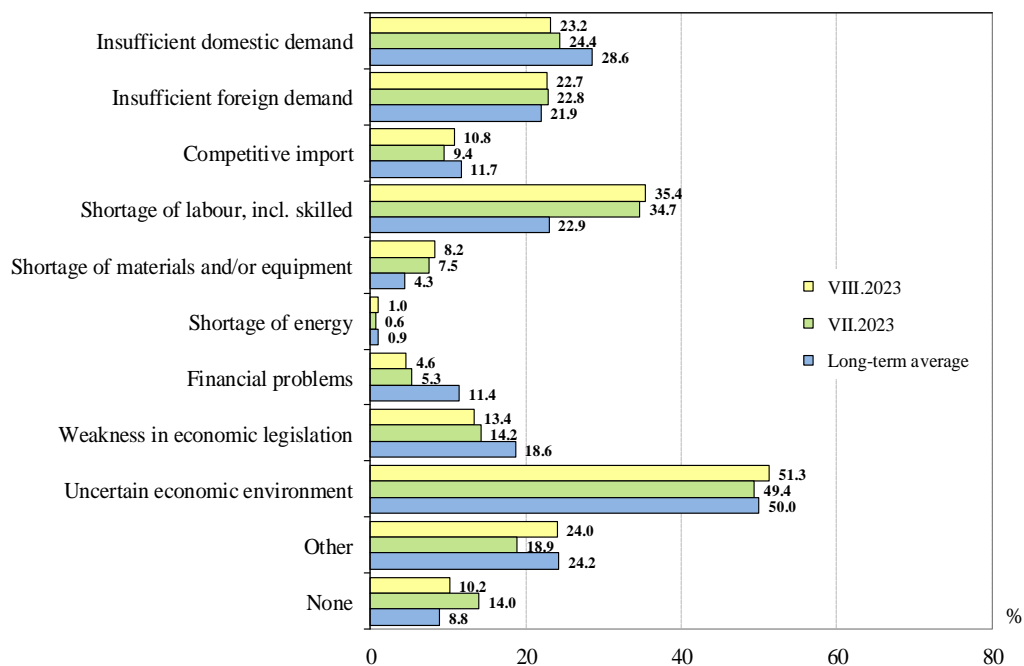
**Figure 2. Business climate in industry**



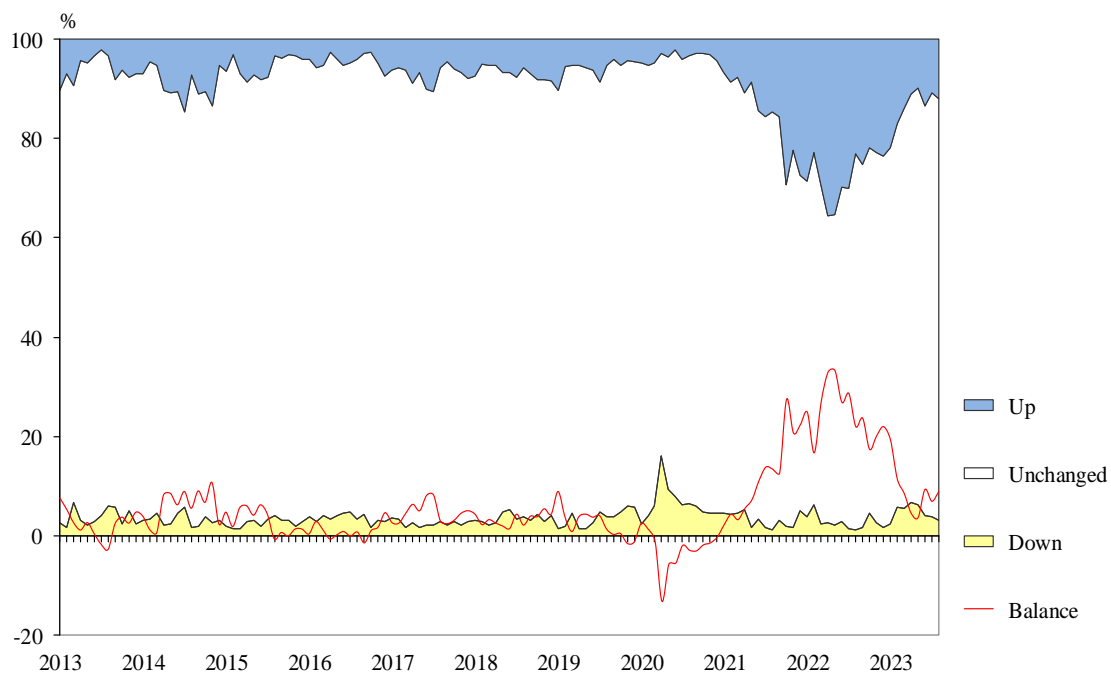
**Figure 3. Expected production activity in industry over the next 3 months**



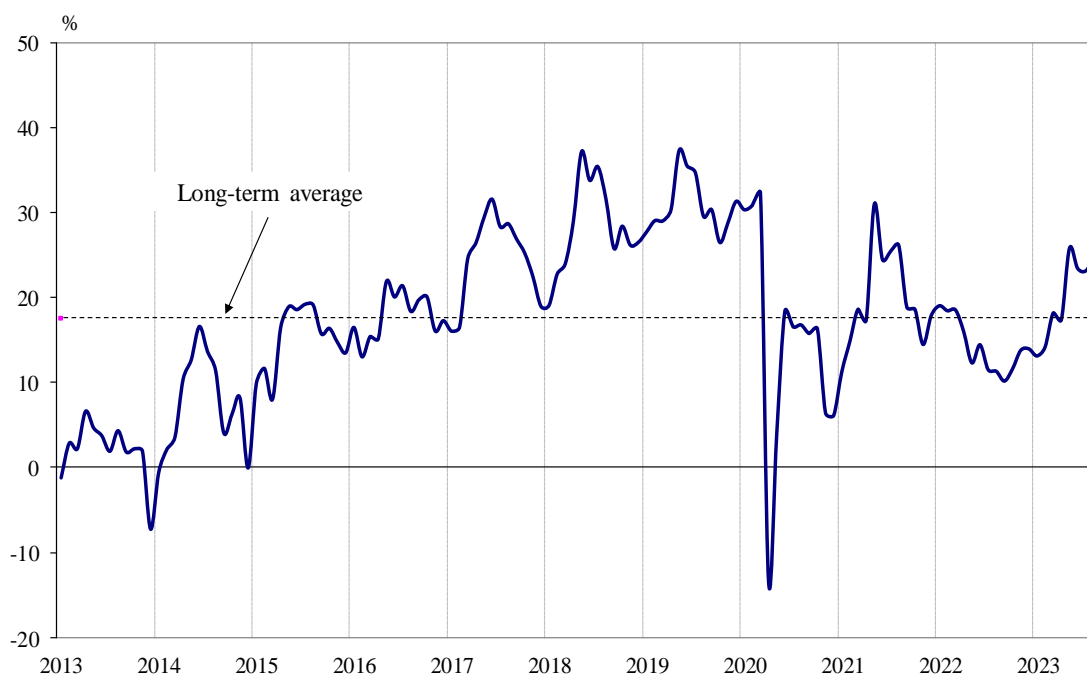
**Figure 4. Limits to production in industry (Relative share of enterprises)**



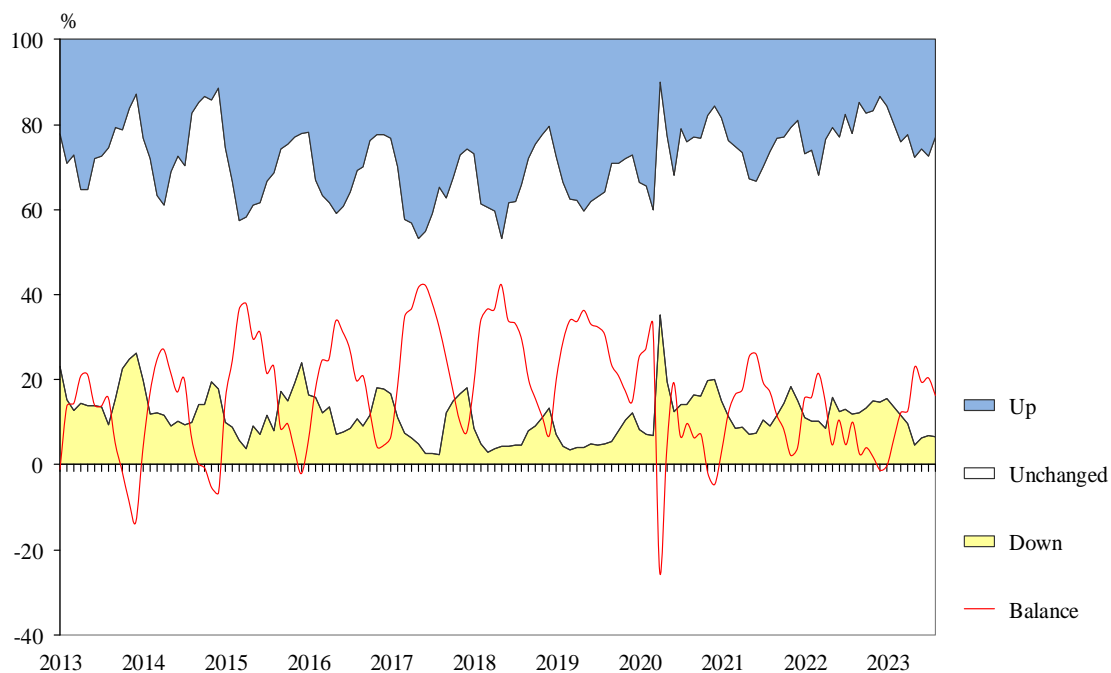
**Figure 5. Selling prices expectations in industry over the next 3 months**



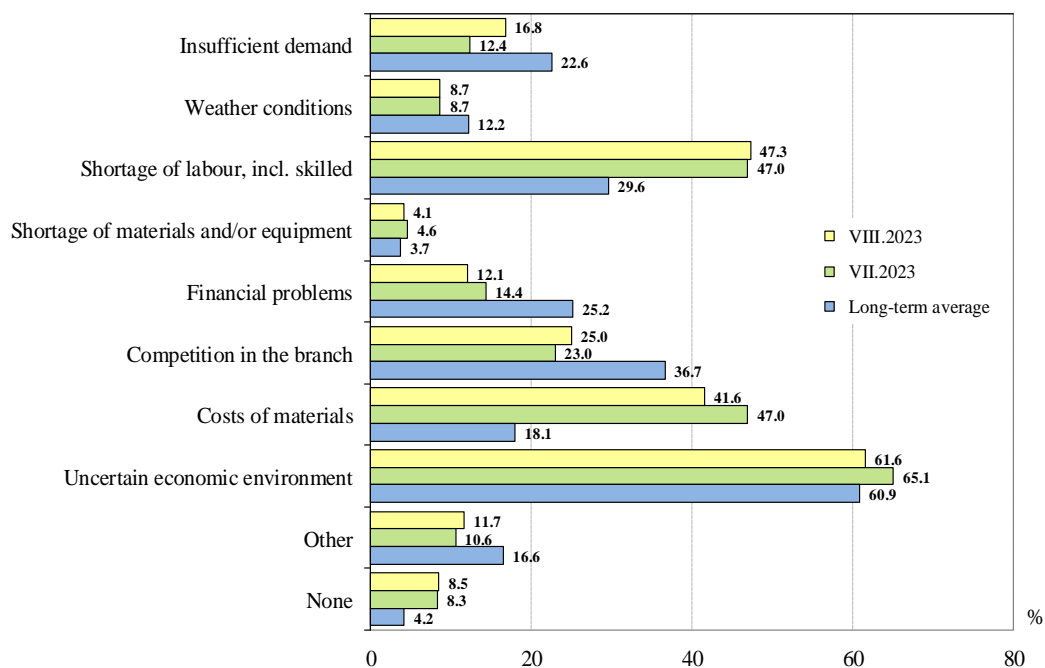
**Figure 6. Business climate in construction**



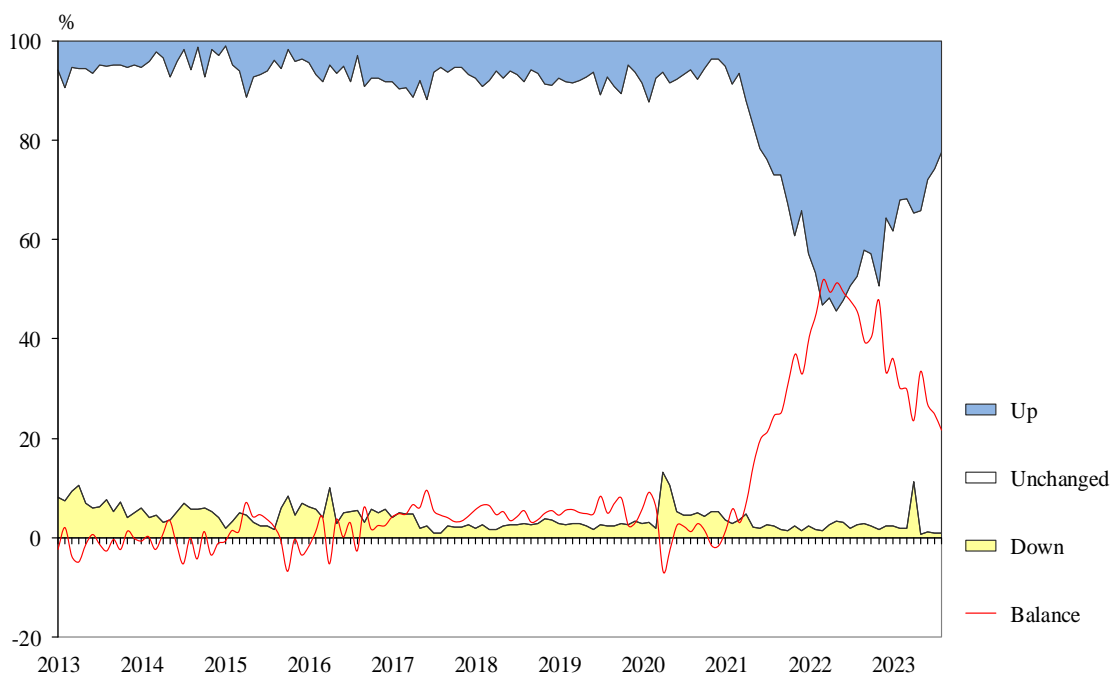
**Figure 7. Expected construction activity over the next 3 months**



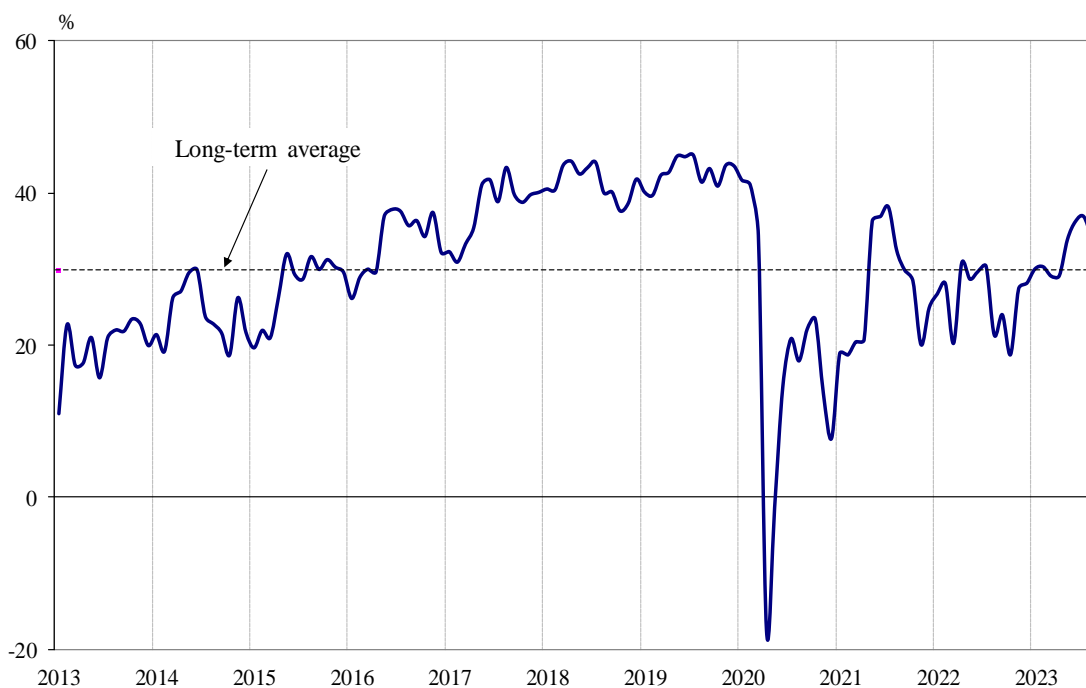
**Figure 8. Limits to construction activity (Relative share of enterprises)**



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

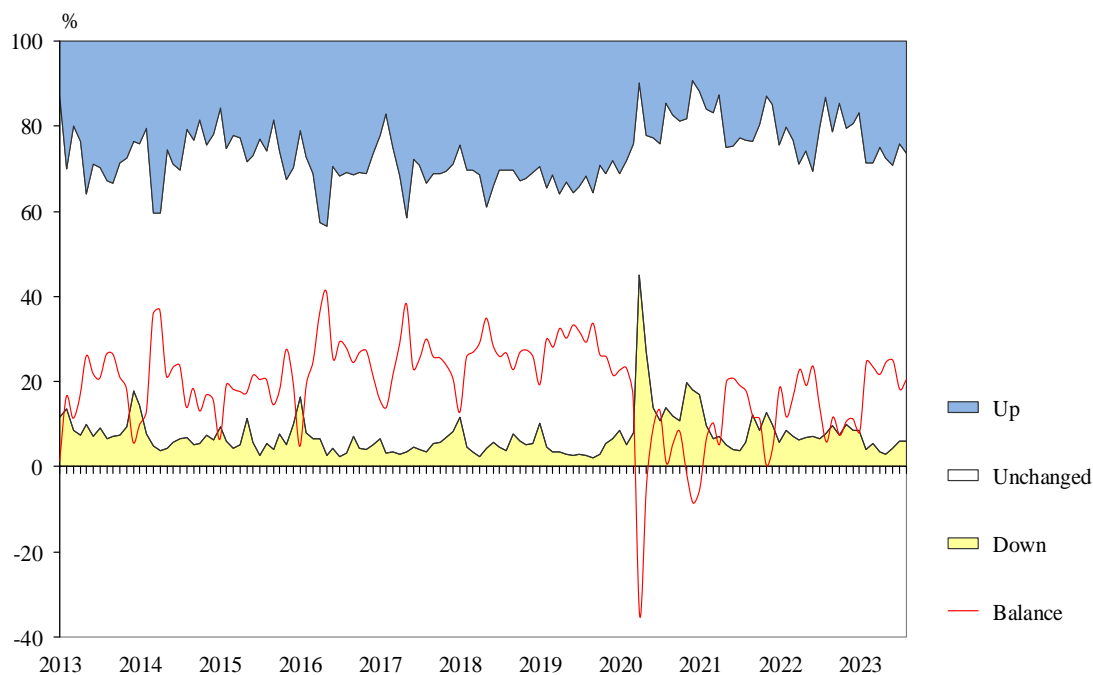


**Figure 10. Business climate in retail trade**

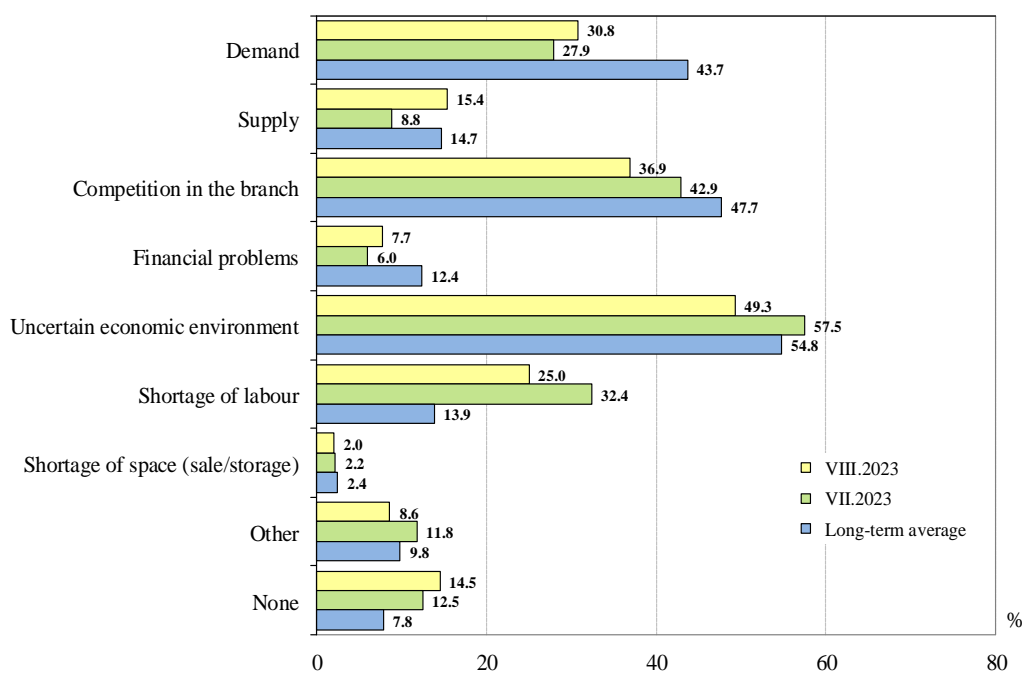




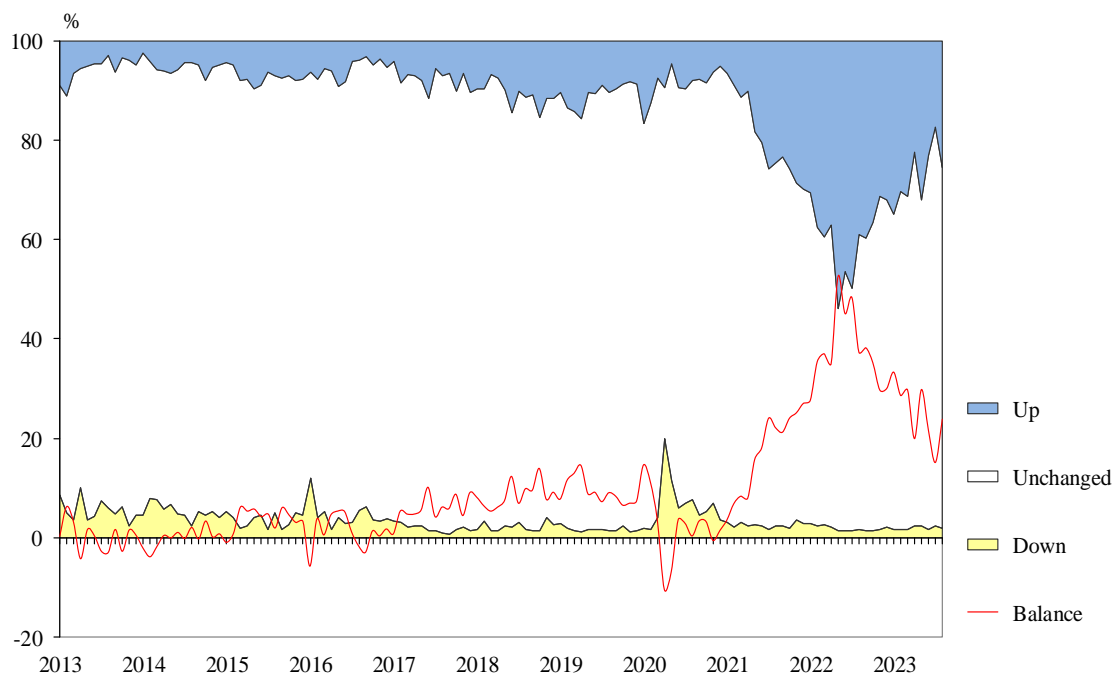
**Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months**



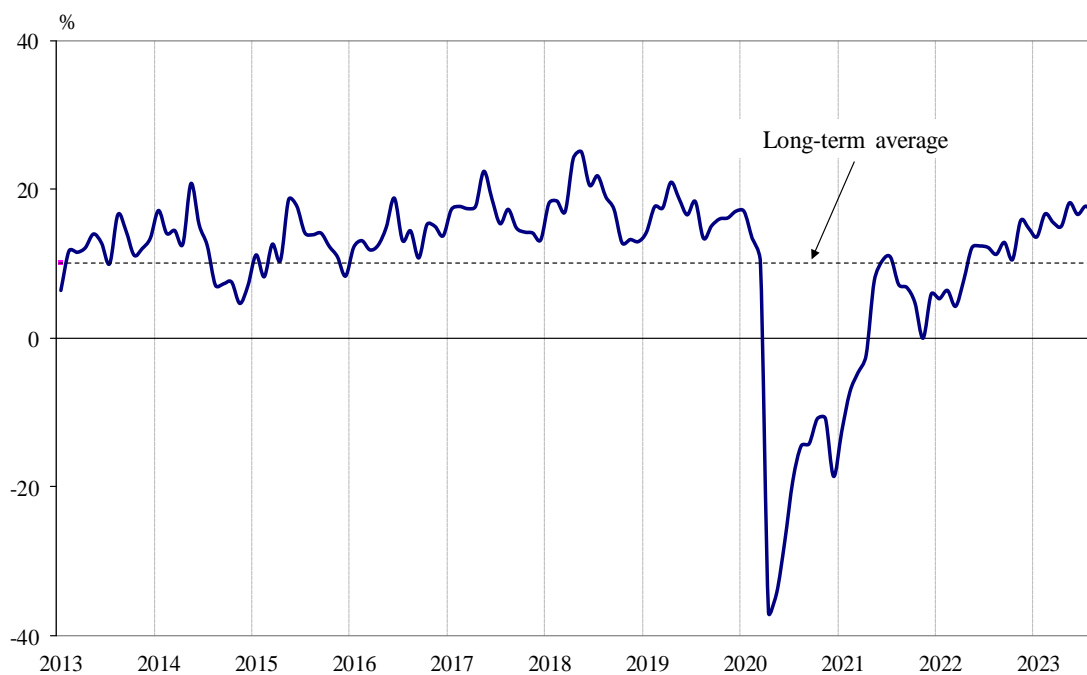
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



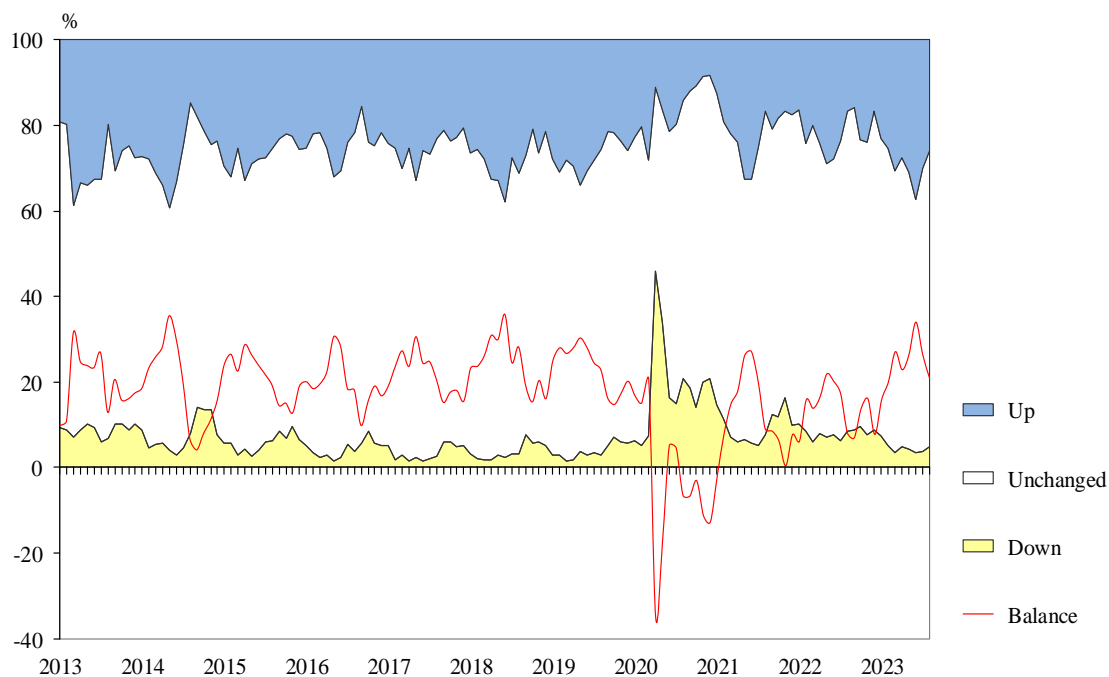
**Figure 13. Selling prices expectations in retail trade over the next 3 months**



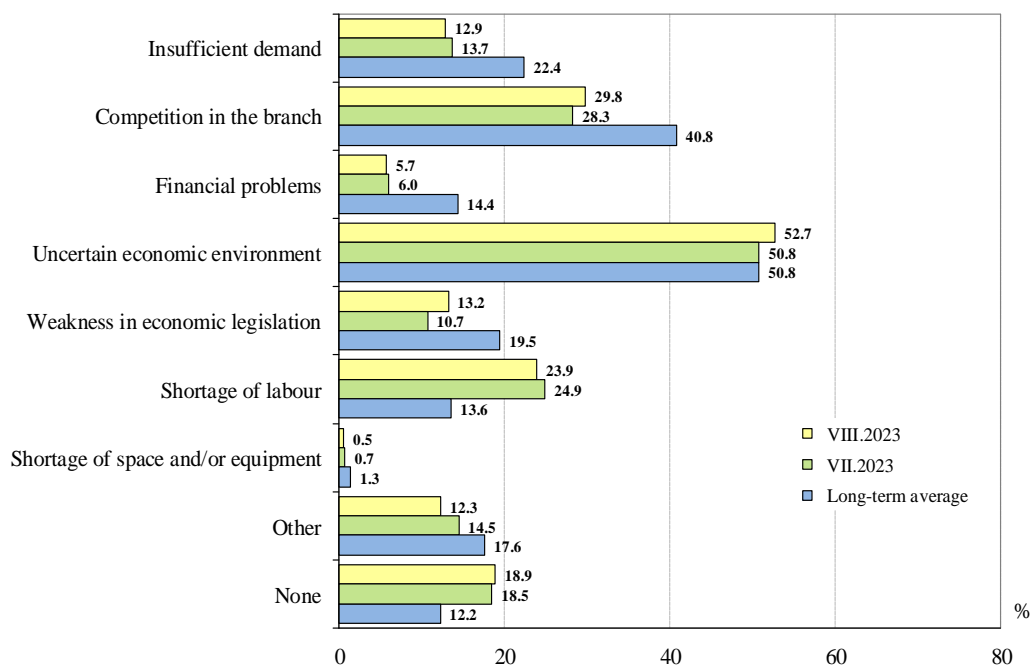
**Figure 14. Business climate in service sector**



**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**

