BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], NOVEMBER 2020

In November 2020, the business conjuncture in the country is assessed as unfavourable. **The total business climate indicator**[4] decreases by 4.1 percentage points compared to its October level (Annex, Figure 1), as a reduce of the indicator is registered in construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ preserves approximately its level from the previous month (Annex, Figure 2). The inquiry reports slightly decrease of the present production activity, as the industry entrepreneurs’ expectations about the activity over the next 3 months are also more moderate (Annex, Figure 3).

The most serious difficulty for the business remains the uncertain economic environment, followed by insufficient domestic demand, factor ‘others’[5] and insufficient foreign demand (Annex, Figure 4).

Concerning the selling prices, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In November, the composite indicator ‘business climate in construction’ drops by 9.9 percentage points (Annex, Figure 6) as a result of the worsened construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. According to them, the new orders inflow over the last month decrease, as their forecasts about the activity over the next 3 months are also more unfavourable (Annex, Figure 7).

The uncertain economic environment continues to be the main problem for the activity in the sector, followed by the shortage of labour. An increase of the negative impact of the factor ‘others’[5] is also registered, which shifts to the fourth place the difficulties connected with the competition in the branch (Annex, Figure 8).

As regards the selling prices in the sector construction entrepreneurs expect them to preserve their level over the next 3 months (Annex, Figure 9).

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[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 of questions from the inquiries are presented in a three-option ordinal scale of the following type: ‘up’, ‘unchanged’, ‘down’ or ‘above normal’, ‘normal’, ‘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, and retail trade and service sector. As the last indicator of the business climate in service sector has been included in the total time series since May 2002.

[5] Respondents are given the opportunity to indicate the answer ‘Other factors’ when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

Retail trade. The composite indicator 'business climate in retail trade' decreases by 9.9 percentage points (Annex, Figure 10) which is due to the more reserved retailers' assessments and expectations about the 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 pessimistic.

The main obstacle for business development remains the uncertain economic environment. In the second and third place are the insufficient demand and competition in the branch (Annex, Figure 12).

Concerning the selling prices, the majority of the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector[1]. In November, the composite indicator 'business climate in service sector' preserves its October level (Annex, Figure 14). The managers' forecasts about the business development in the sector over next 6 months are worsened (Annex, Figure 15), as their expectations about the demand for services over the next 3 months are also pessimistic.

The uncertain economic environment, competition in the branch, insufficient demand and a factor 'others'[2] continue to be the main factors limiting the activity, as in the last month an increase of the negative influence of the first two factors is observed (Annex, Figure 16).

As regards the selling prices in the service sector, the prevailing managers' expectations are them to preserve their level over the next 3 months (Annex, Figure 17).

[1] Excl. trade.
[2] Respondents are given the opportunity to indicate the answer 'Other factors' when, except the factors listed in the questionnaires, they have other difficulties in their activity, without needing to be specified.

Annex

Figure 1. Business climate - total

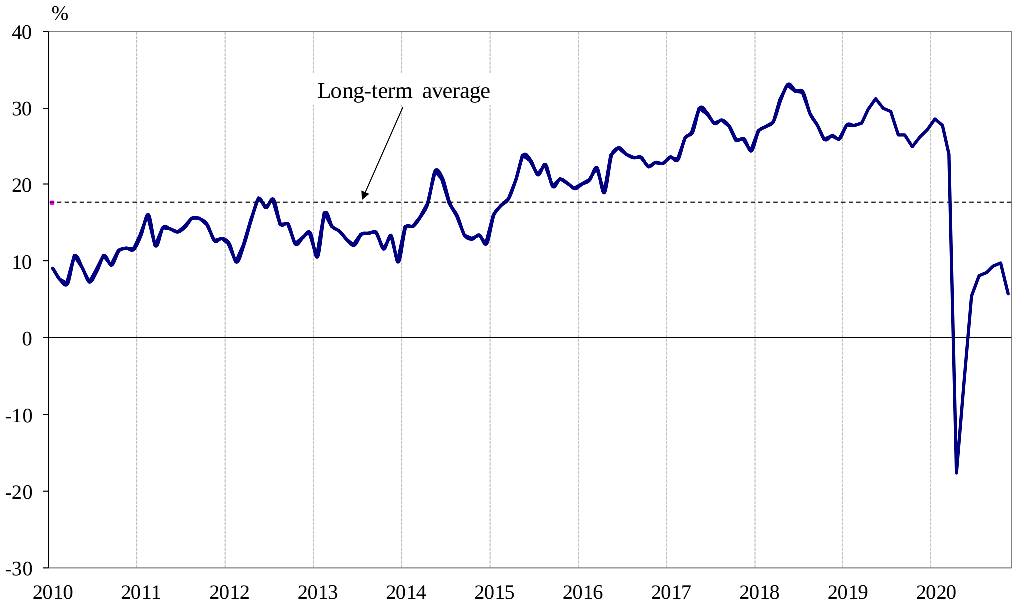

Figure 2. Business climate in industry

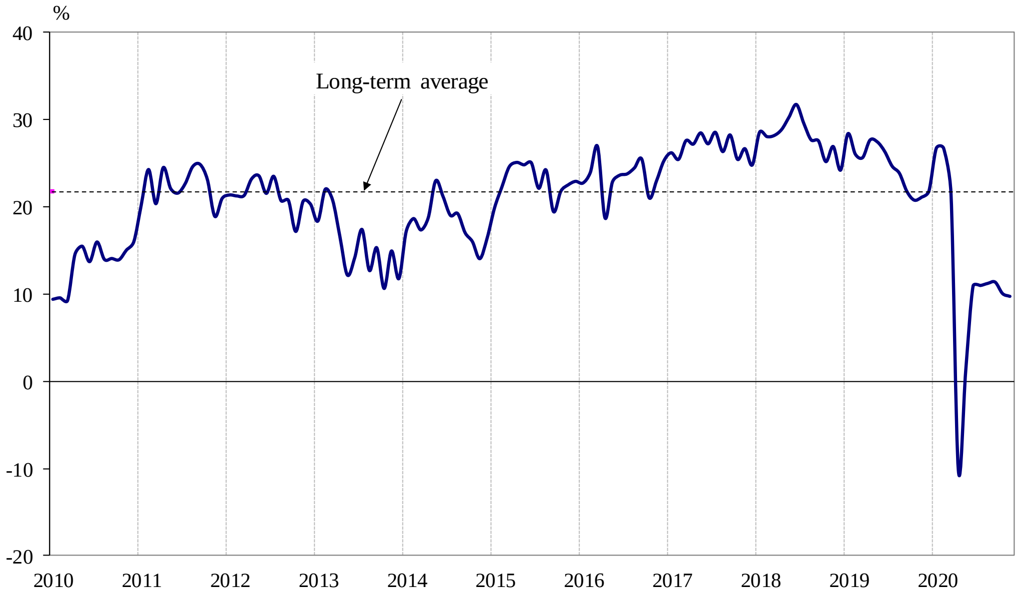

Figure 3. Expected production activity in industry over the next 3 months

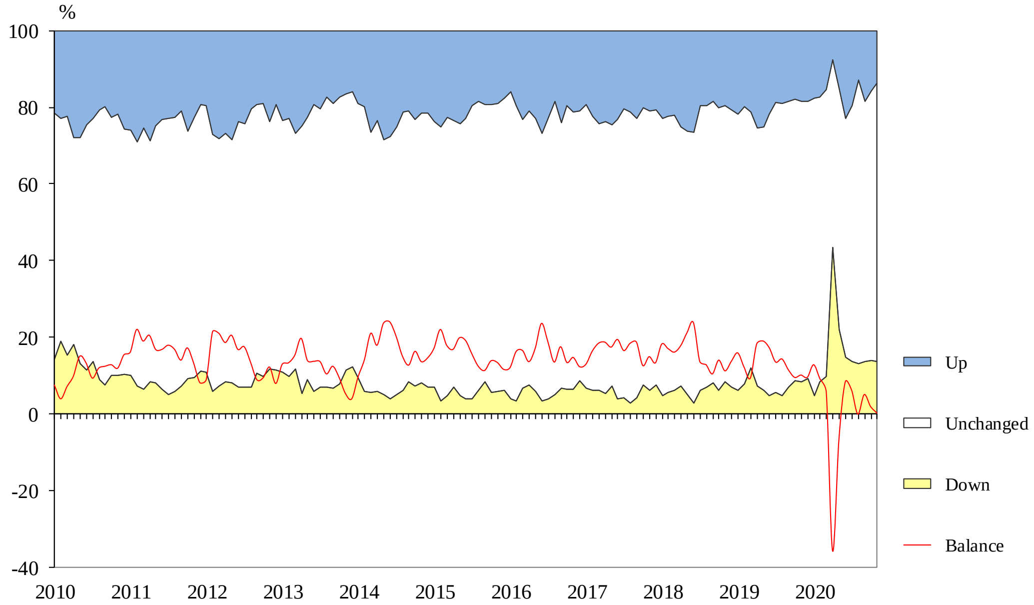

Figure 4. Limits to production in industry (Relative share of enterprises)

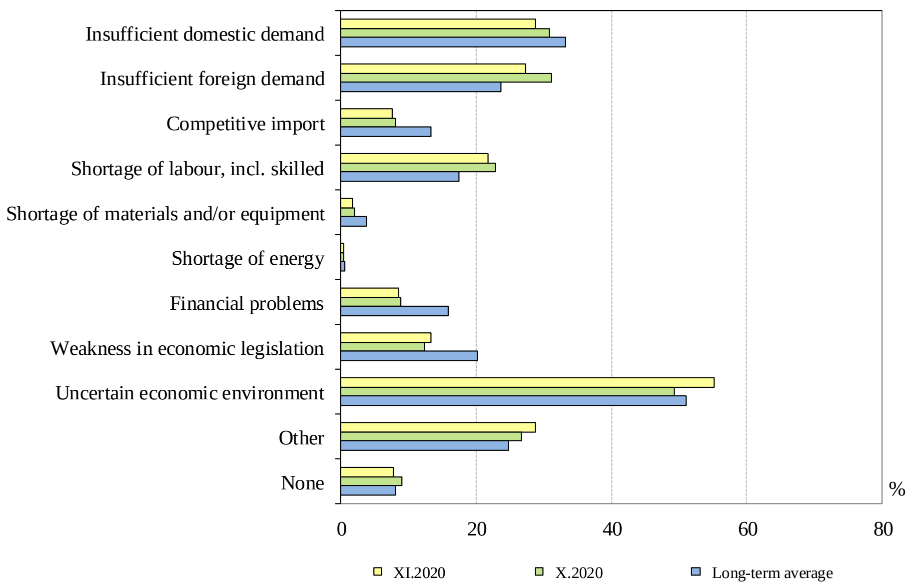

Figure 5. Selling prices expectations in industry over the next 3 months

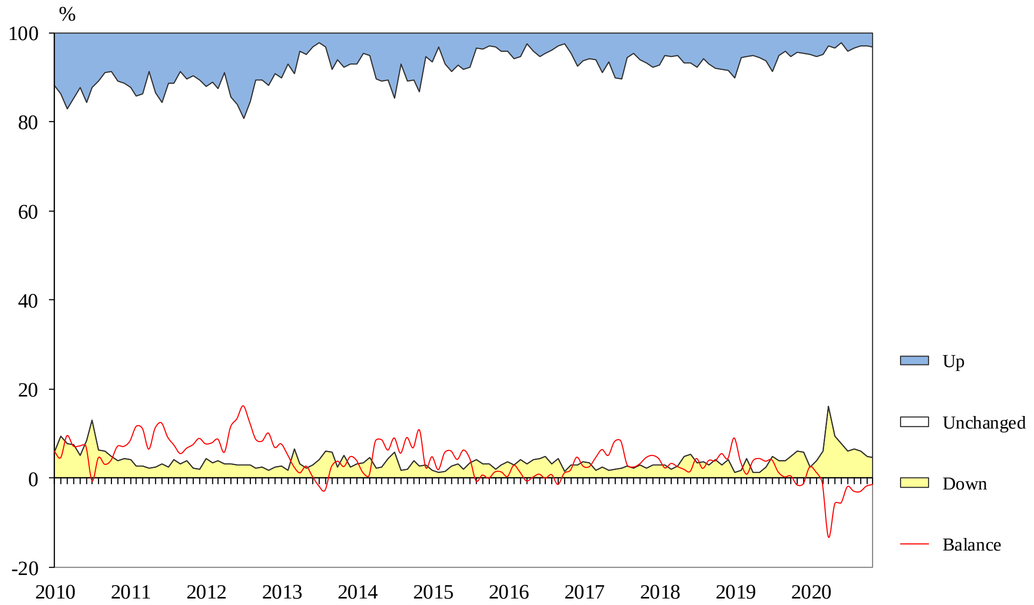

Figure 6. Business climate in construction

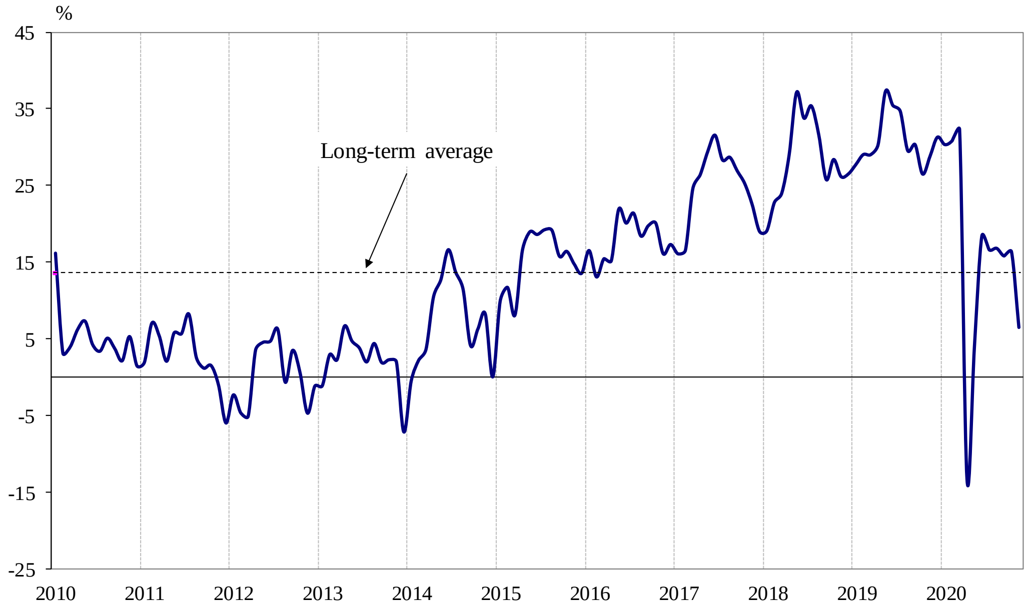

Figure 7. Expected construction activity over the next 3 months

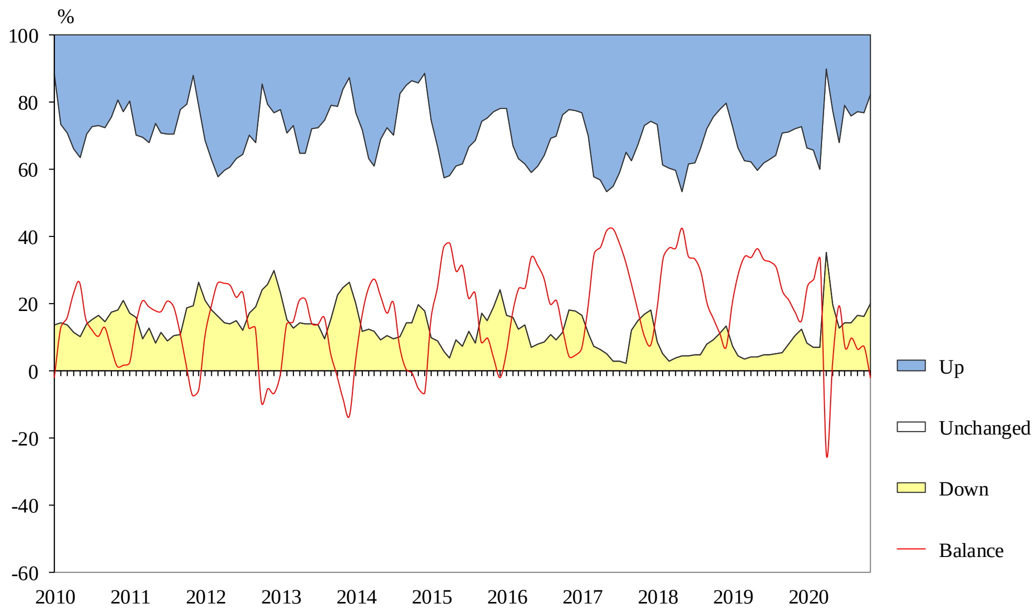

Figure 8. Limits to construction activity (Relative share of enterprises)

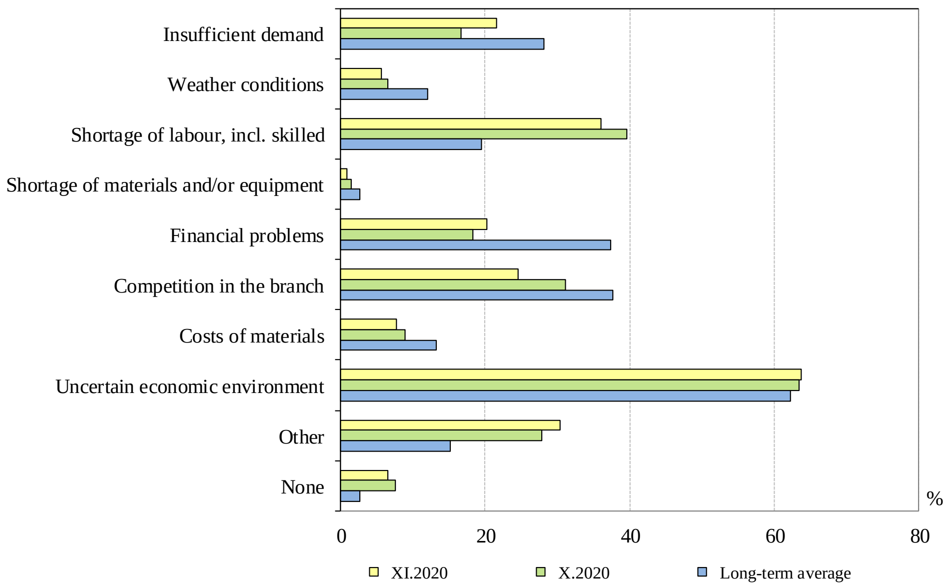

Figure 9. Selling prices expectations in construction over the next 3 months

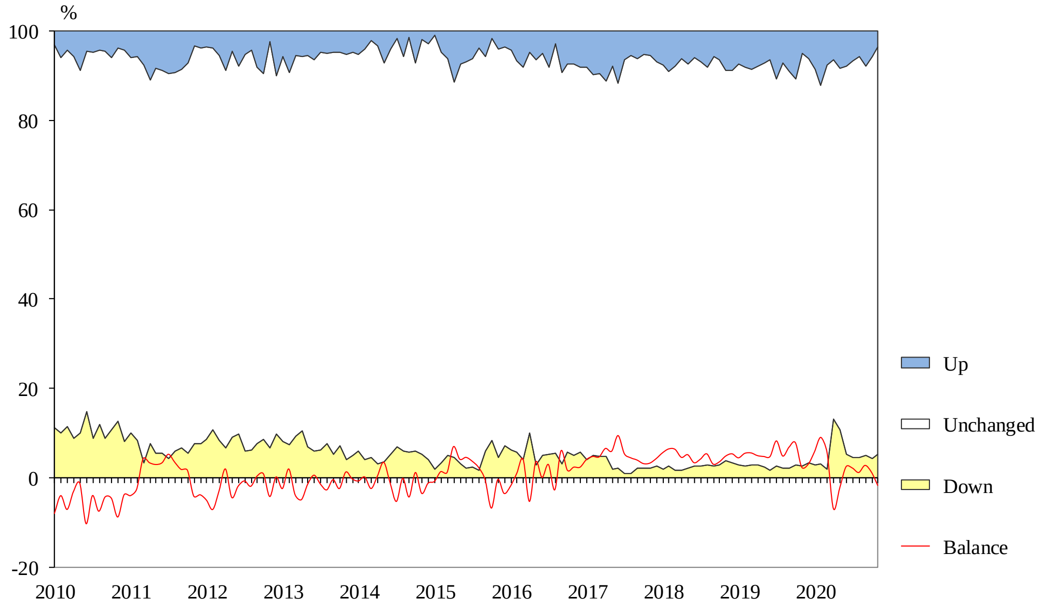

Figure 10. Business climate in retail trade

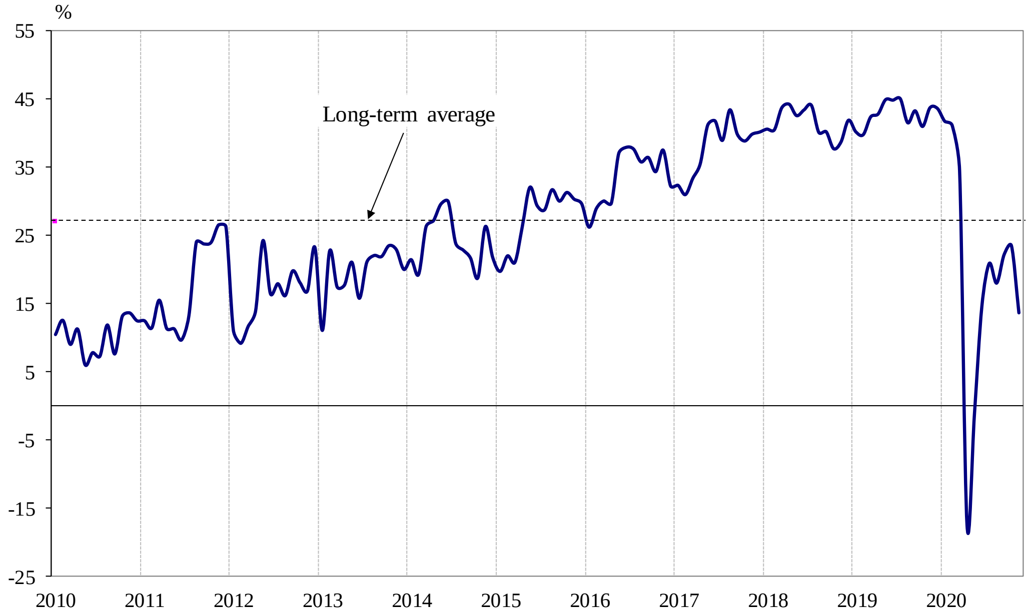

Figure 11. Sales expectations in retail trade over the next 3 months

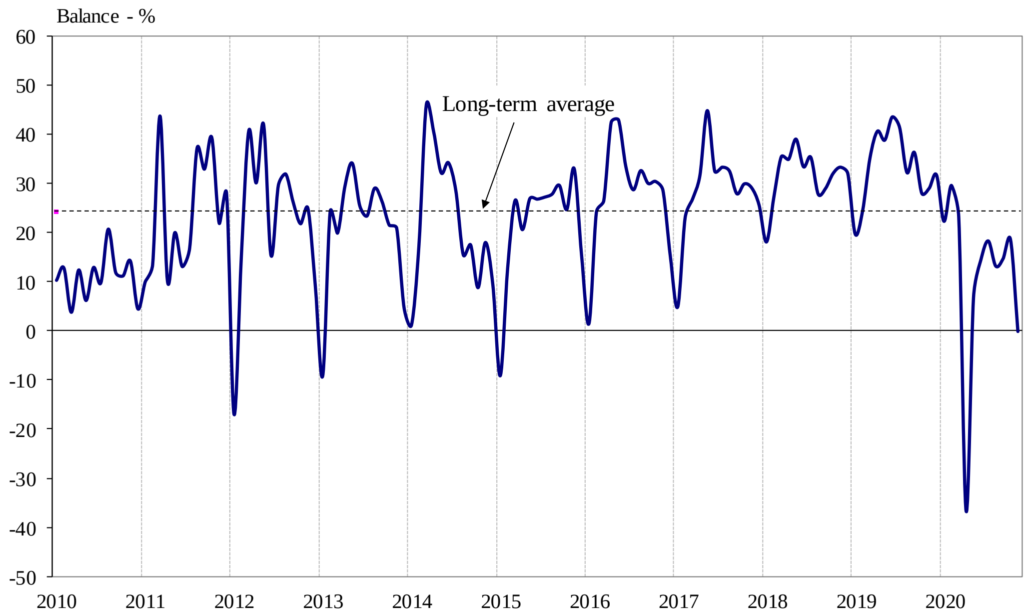

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

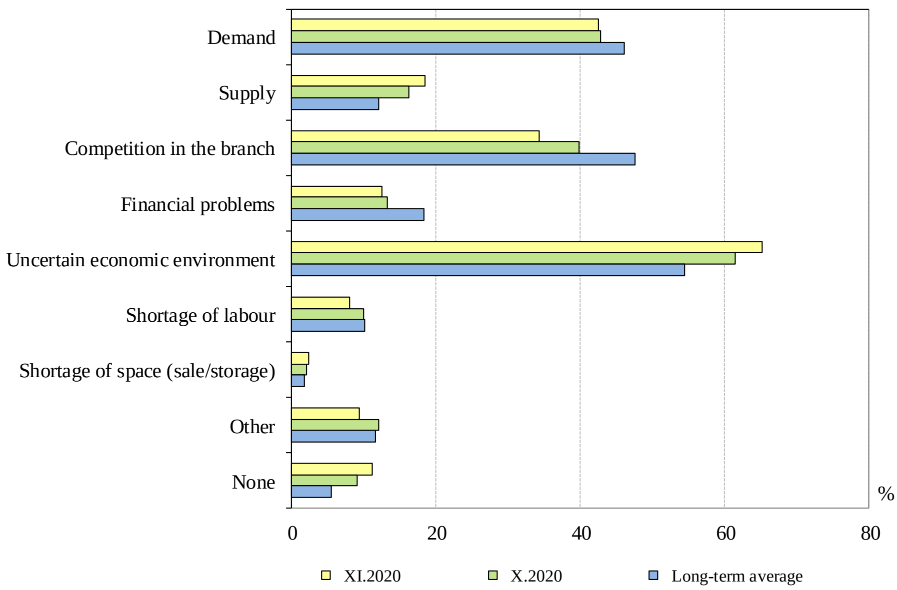

Figure 13. Selling prices expectations in retail trade over the next 3 months

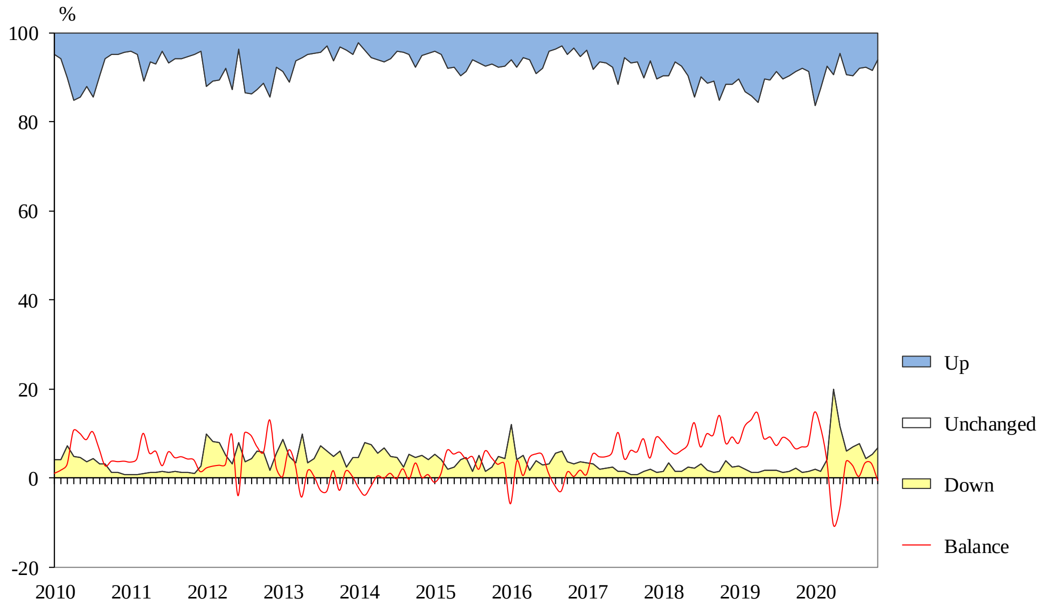

Figure 14. Business climate in service sector

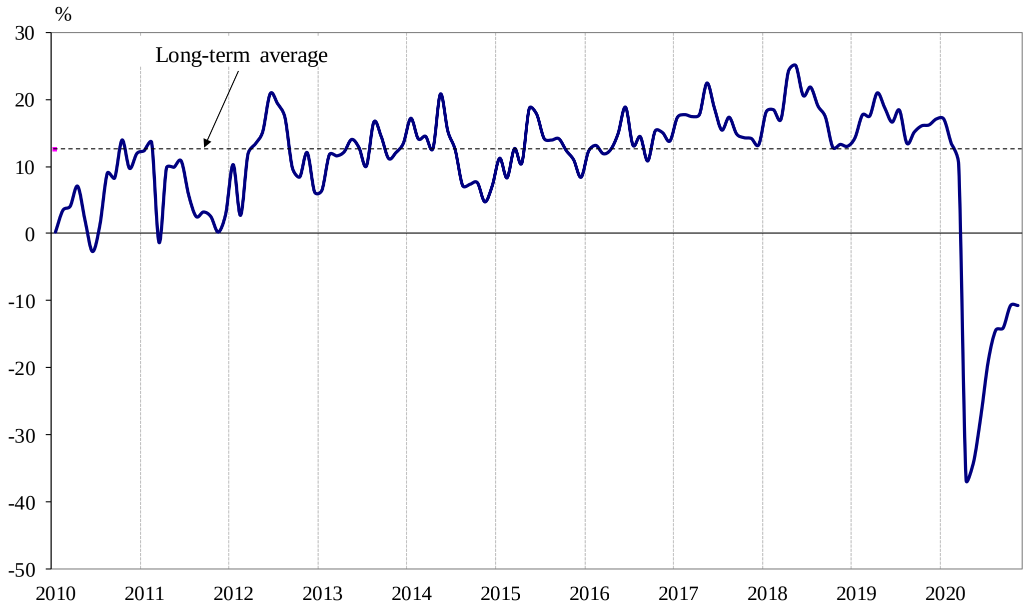

Figure 15. Expected business situation in service sector over the next 6 months

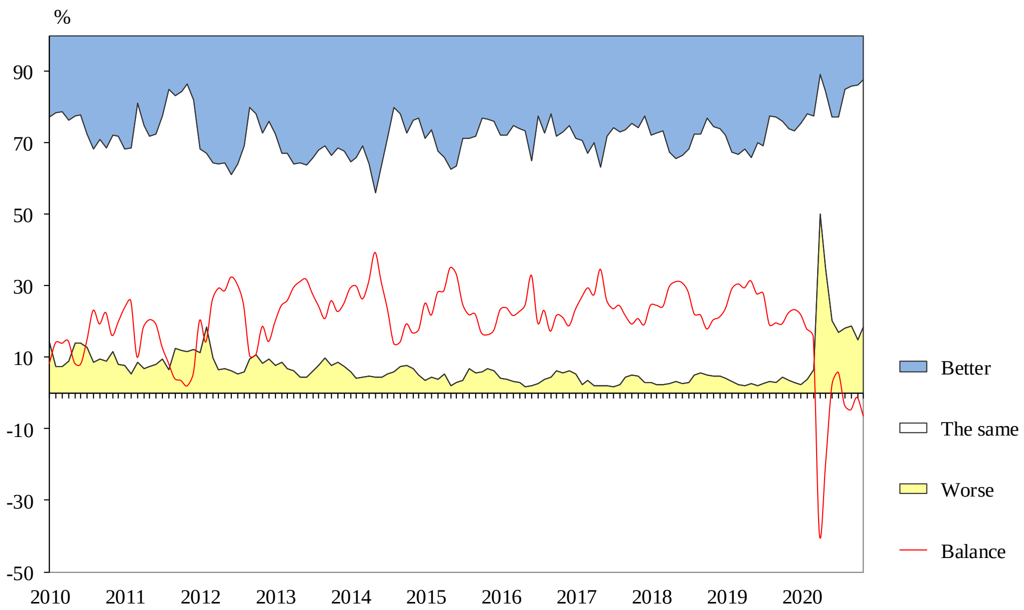

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

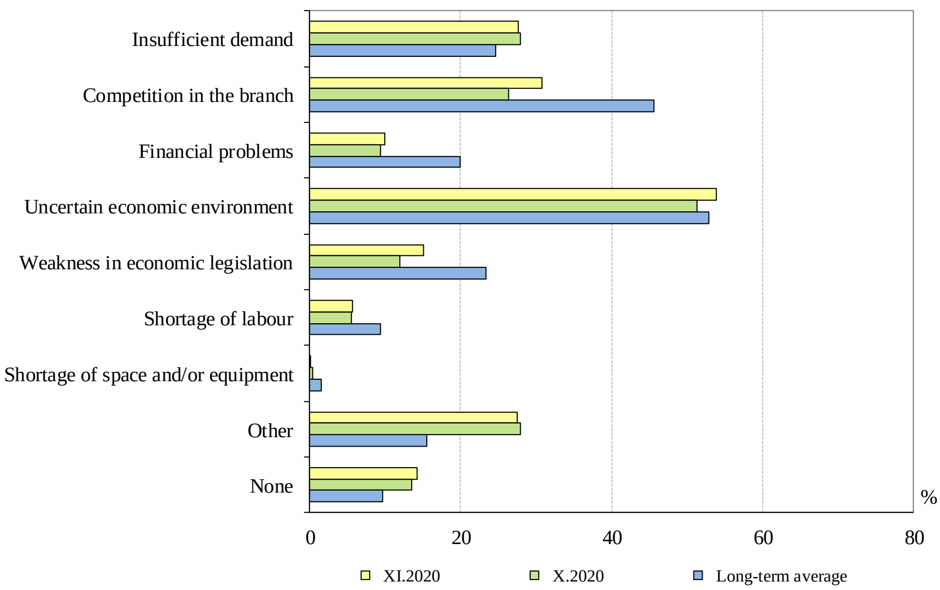

Figure 17. Selling prices expectations in service sector over the next 3 months