BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], JUNE 2021

In June 2021, **the total business climate indicator**[4] decreases by 4.0 percentage points in comparison with the previous month (Annex, Figure 1), as a reduce of the indicator is registered in industry and construction.

Industry. The composite indicator 'business climate in industry' decreases by 8.4 percentage points (Annex, Figure 2) as a result of the more unfavourable industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. The inquiry reports an improvement of the production assurance with orders (Annex, Figure 3), but that is not accompanied by increased expectations about the production activity over the next 3 months.

The most serious problem for the business development in the sector continue to be the uncertain economic environment, followed by the insufficient domestic demand. In the last month strengthen of the negative impact of the factor 'shortage of labour' is observed, which shifts to the fourth place the difficulties, connected with the insufficient foreign demand (Annex, Figure 4).

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

Construction. In June, the composite indicator 'business climate in construction' decreases by 6.5 percentage points (Annex, Figure 6) which is due to the more reserved construction entrepreneurs' assessments about the present business situation of the enterprises. However, their forecasts about both the business situation of the enterprises over the next 6 months (Annex, Figure 7) and the construction activity over the next 3 months are favourable.

The main factors limiting the activity remain connected with the uncertain economic environment, shortage of labour, competition in the branch and costs of materials, as compared to the previous month, an increase of their negative influence is reported (Annex, Figure 8).

Concerning the selling prices, the share of the managers who expected an increase over the next 3 months is rising (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.

Retail trade. The composite indicator 'business climate in retail trade' preserves approximately its May level (Annex, Figure 10). The retailers' forecasts about the business development over the next 6 month (Annex, Figure 11) are unfavourable, as and their expectations about the volume of sales over the next 3 months are reserved.

The uncertain economic environment continue to be the main obstacle about the activity, as in the last month a reduction of its negative impact is observed. In the second and the third place are insufficient demand and competition in the branch (Annex, Figure 12).

As regards the selling prices, the retailers foresee certain increase over the next 3 months (Annex, Figure 13).

Service sector[1]**.** In June, the composite indicator 'business climate in service sector' increases by 2.7 percentage points (Annex, Figure 14) which is due to the positive managers' assessments about the present business situation of the enterprises. Their opinions about the present and expected demand for services (Annex, Figure 15) are also favourable.

The main difficulties of the enterprises remain connected with the uncertain economic environment, competition in the branch and the factor 'others'[2] (Annex, Figure 16).

The prevailing part of the managers' expect the selling prices in the service sector to remain unchanged 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

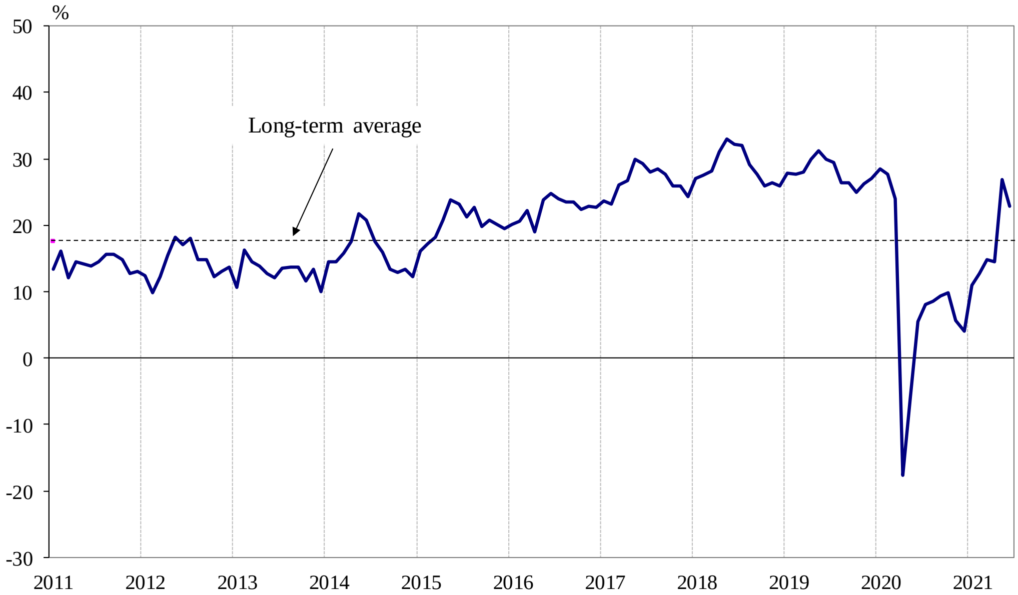

Figure 2. Business climate in industry

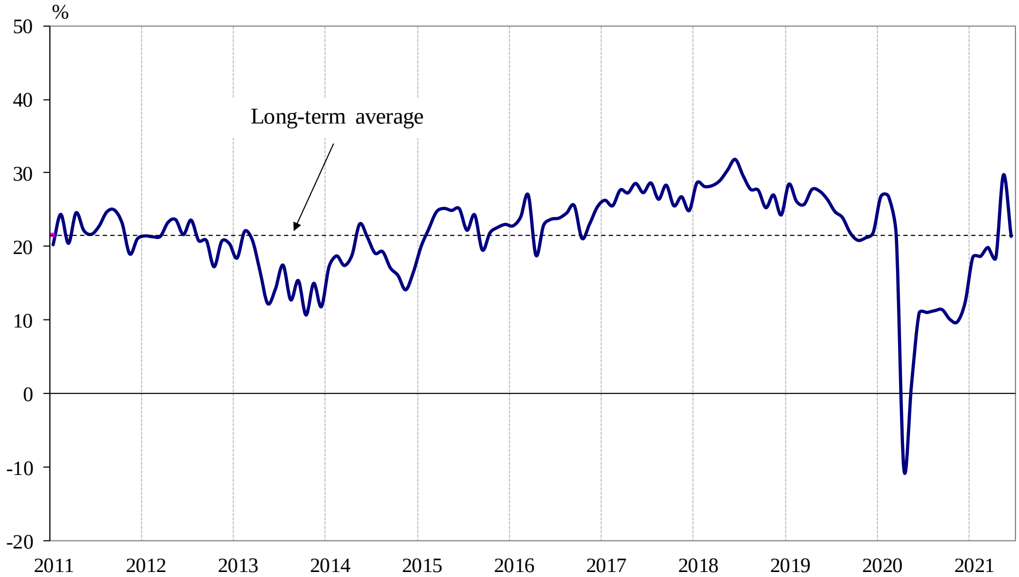

Figure 3. Production assurance with orders in industry

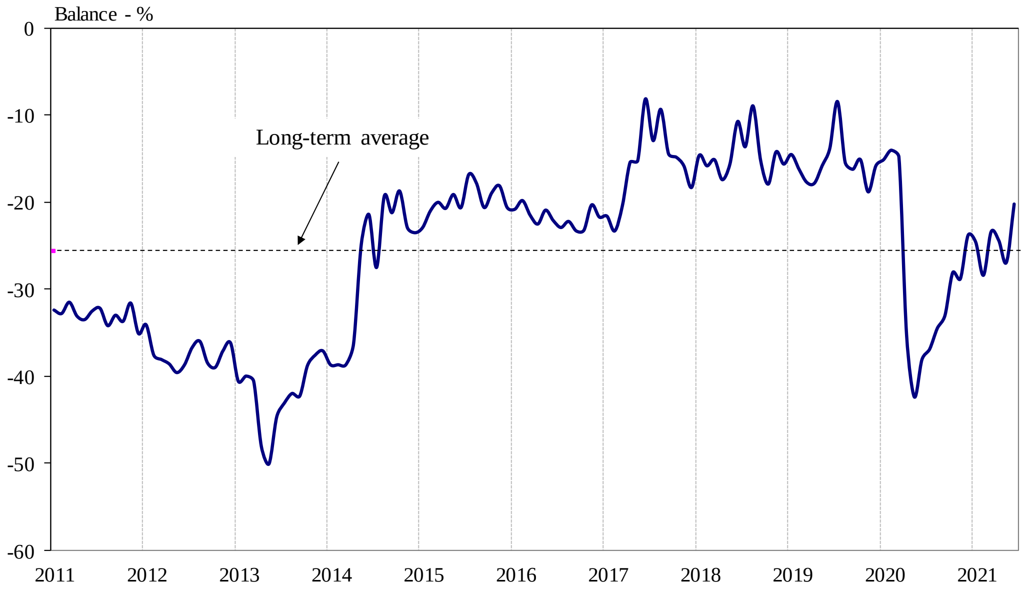

Figure 4. Limits to production in industry
(Relative share of enterprises)

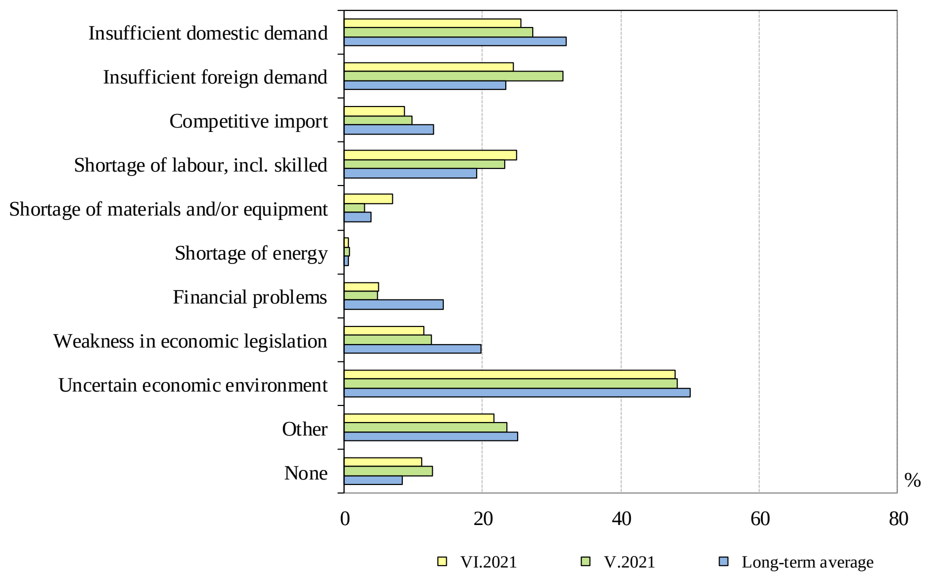

Figure 5. Selling prices expectations in industry over the next 3 months

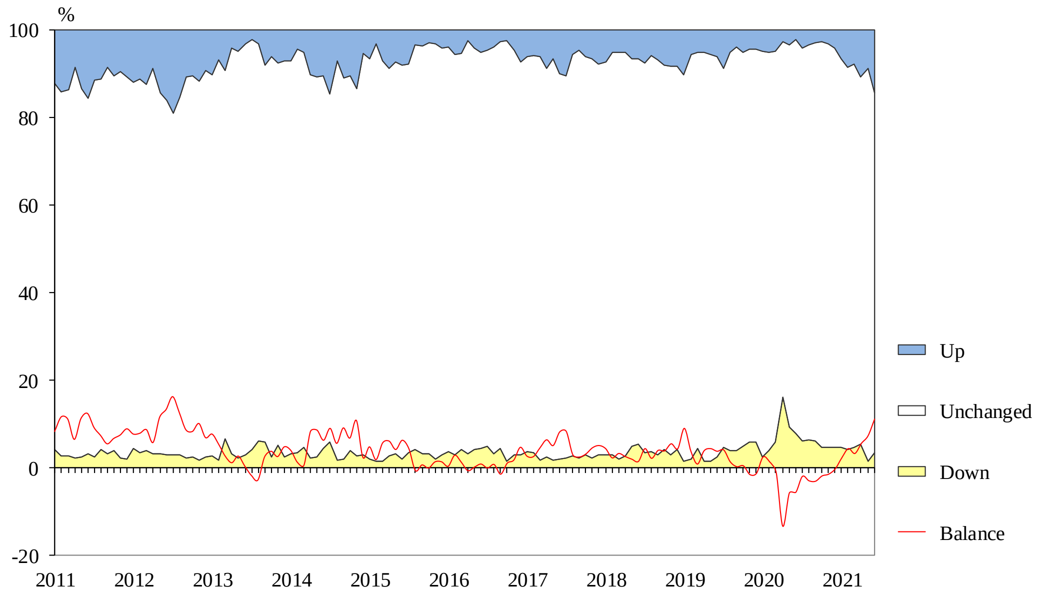

Figure 6. Business climate in construction

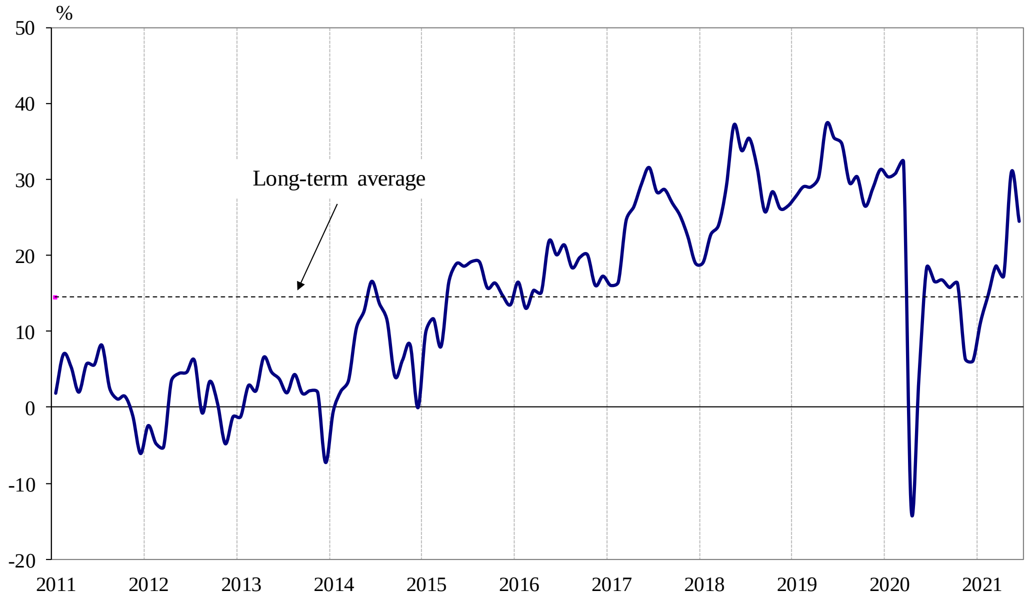

Figure 7. Expected business situation in construction over the next 6 months

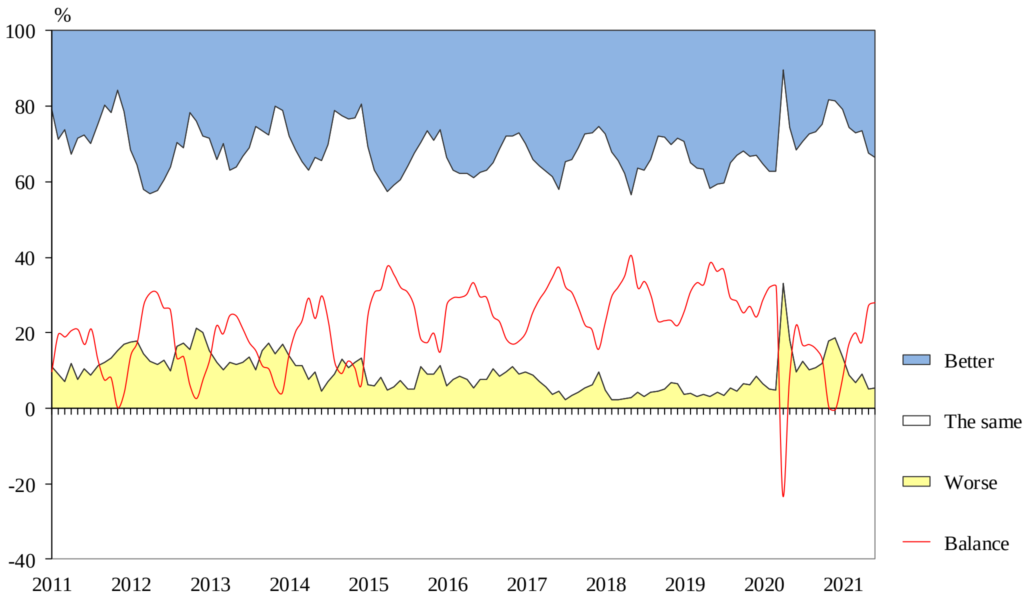

Figure 8. Limits to construction activity (Relative share of enterprises)

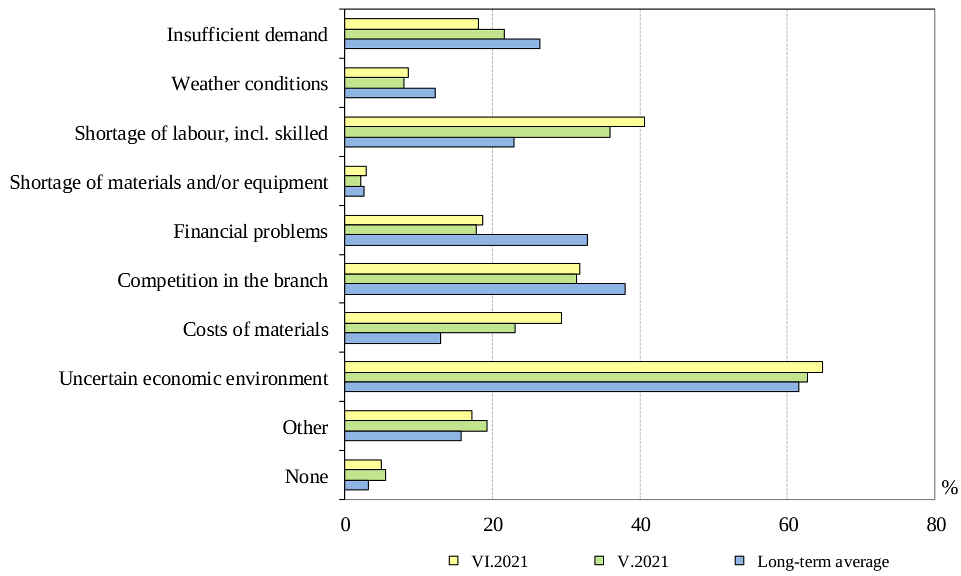

Figure 9. Selling prices expectations in construction over the next 3 months

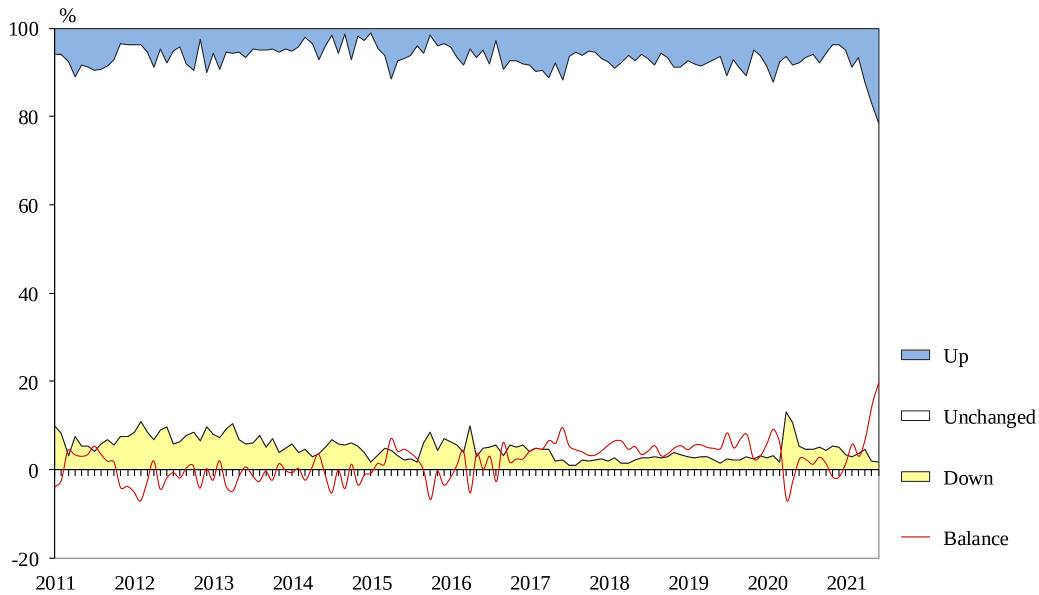

Figure 10. Business climate in retail trade

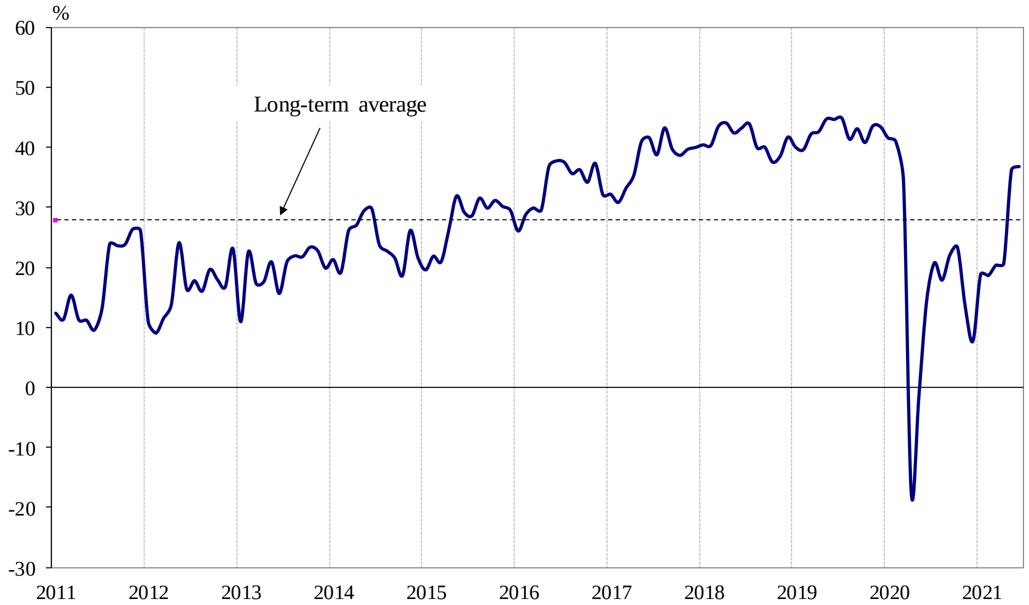

Figure 11. Expected business situation in retail trade over the next 6 months

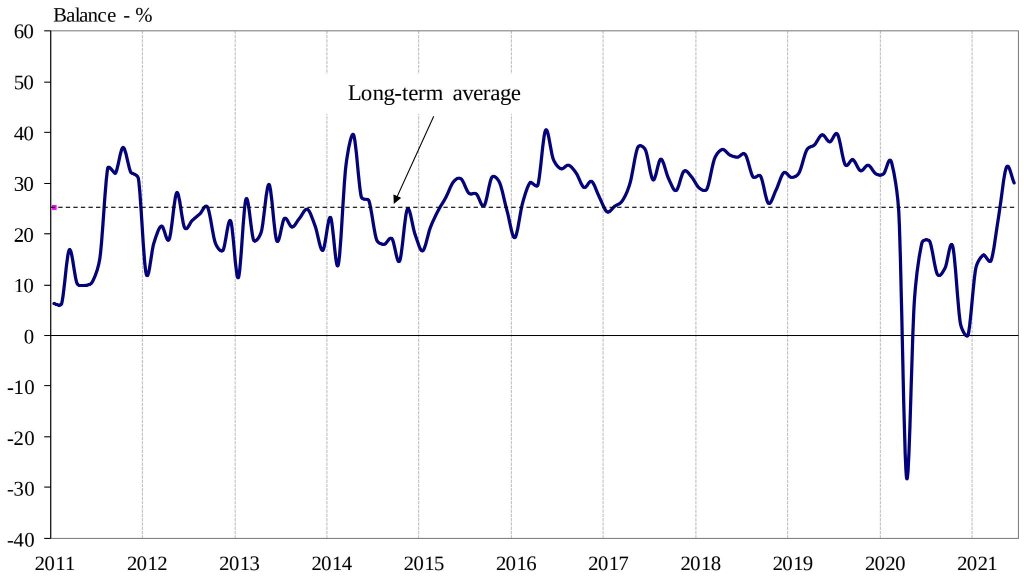

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

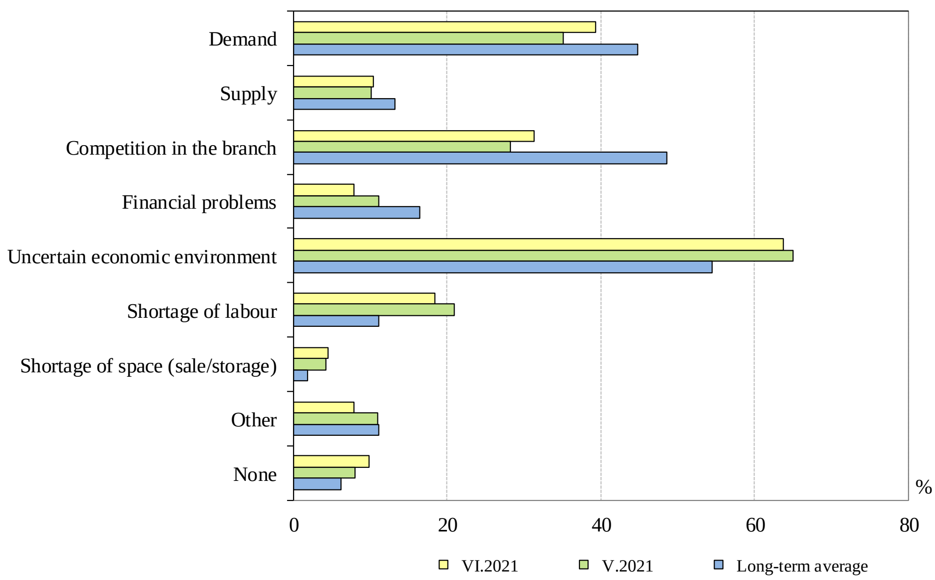

Figure 13. Selling prices expectations in retail trade over the next 3 months

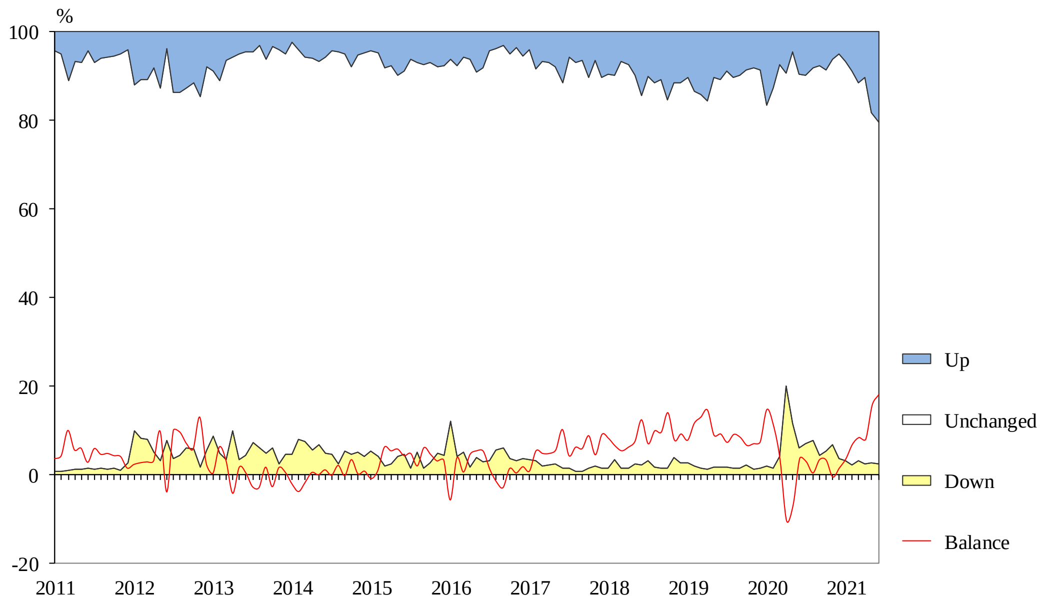

Figure 14. Business climate in service sector

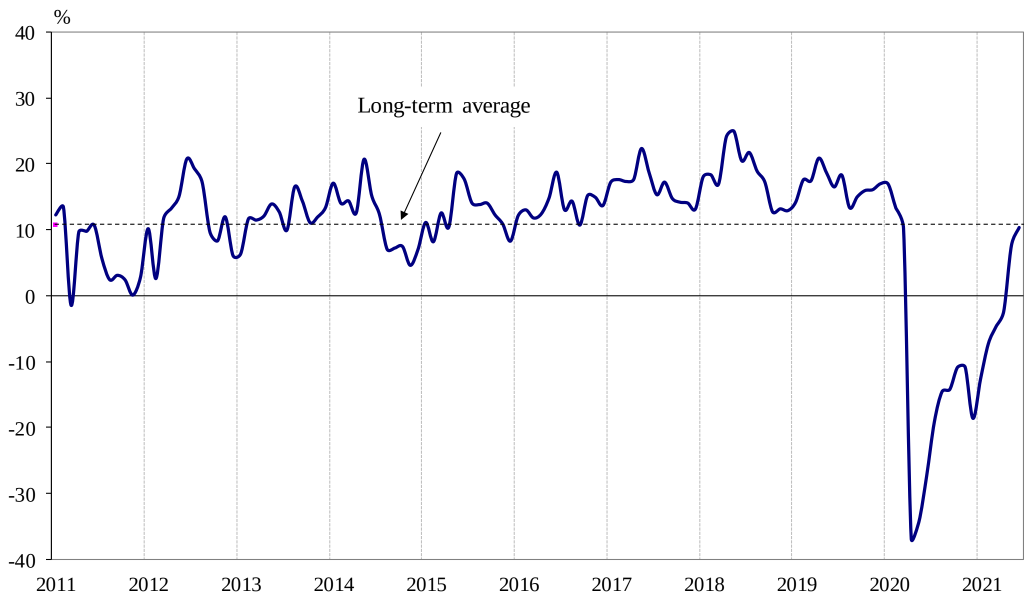

Figure 15. Expected demand in service sector over the next 3 months

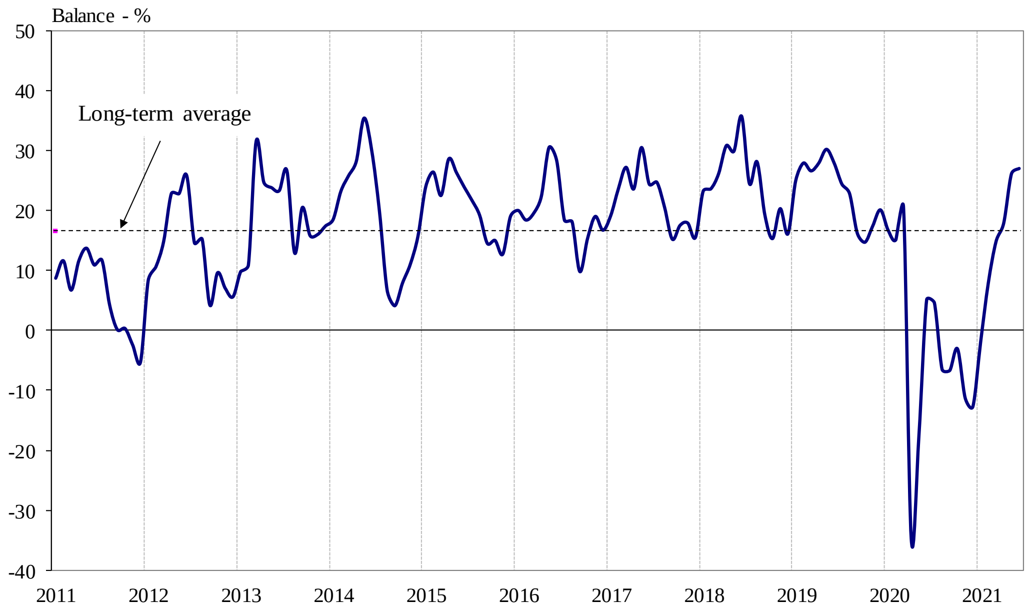

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

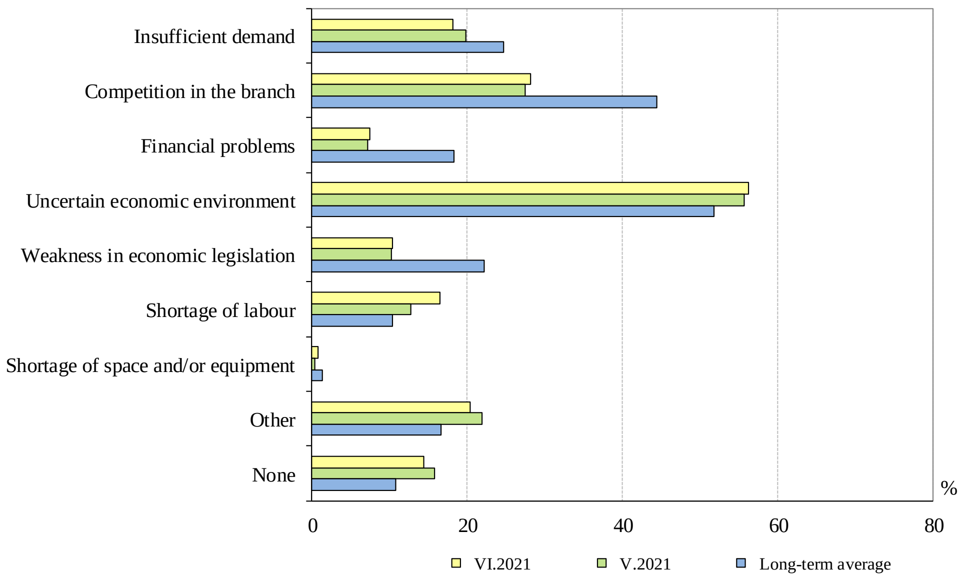

Figure 17. Selling prices expectations in service sector over the next 3 months