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

In November 2021, **the total business climate indicator**[4] decreases by 2.2 percentage points in comparison with its October level (Annex, Figure 1) as a result of the worsened business climate in construction, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' increases by 3.2 percentage points (Annex, Figure 2), which is due to the more favourable industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. At the same time, the present production activity is assessed as slight decrease, as the forecasts about the activity over the next 3 months are more moderate (Annex, Figure 3).

The most serious difficulty for the activity of the enterprises remain the uncertain economic environment, followed by the shortage of labour and insufficient domestic demand (Annex, Figure 4).

Concerning the selling prices in industry, 22.4% of the managers foresee them to increase over the next 3 months.

Construction. In November, the composite indicator 'business climate in construction' decreases by 4.1 percentage points (Annex, Figure 5) as a result of the worsened construction entrepreneurs' assessments and expectation about the business situation of the enterprises. In their opinion, both the present construction activity and the production assurance with orders have reduced compared to October, and their forecasts about the activity over the next 3 months (Annex, Figure 6) are more pessimistic.

The main problems for the business development continue to be connected with the uncertain economic environment, costs of materials and shortage of labour, as the last inquiry reports an increase of their negative influence (Annex, Figure 7).

In comparison with the previous month, the managers' share who forecast the selling prices in construction to increase over the next 3 months is rising.

Retail trade. The composite indicator 'business climate in retail trade' drops by 8.4 percentage points (Annex, Figure 8), which is due to the more reserved 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 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, retail trade and service sector. The last indicator of the business climate in service sector has been included in the total time series since May 2002.

business situation of the enterprises. Their forecasts about the volume of sales (Annex, Figure 9) and the orders placed with suppliers over the next 3 months are also pessimistic.

The most serious factor, limiting the activity, continues to be the uncertain economic environment, pointed out by 75.6% of the enterprises. In the background remain the difficulties connected with the insufficient demand and competition in the branch (Annex, Figure 10).

The retailers' expectations about the selling prices over the next 3 months continue to be in the direction of an increase.

Service sector[1]. In November, the composite indicator 'business climate in service sector' decreases by 4.7 percentage points (Annex, Figure 11) as a result of the more pessimistic managers' assessments and expectations about the business situation of enterprises. Their opinions about the present and expected demand for services are also negative (Annex, Figure 12).

The main obstacles for the business development continue to be uncertain economic environment and competition in the branch, as in the last month a strengthening of their negative impact is observed (Annex, Figure 13).

In comparison with October, the managers' share who foresee the selling prices in the sector increase over the next 3 months is growing.

[1] Excl. trade.

Annex

Figure 1. Business climate - total

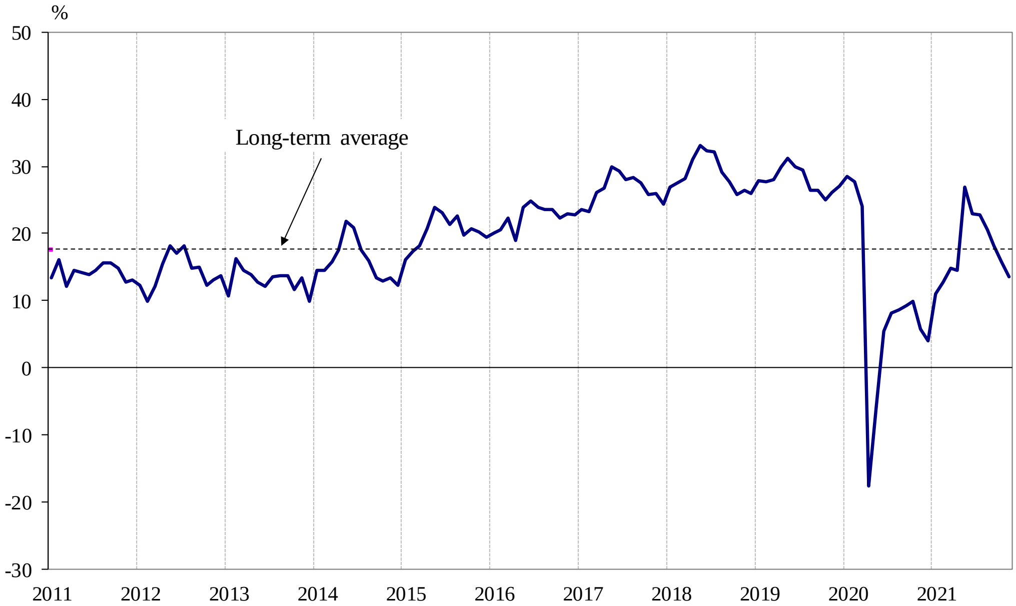

Figure 2. Business climate in industry

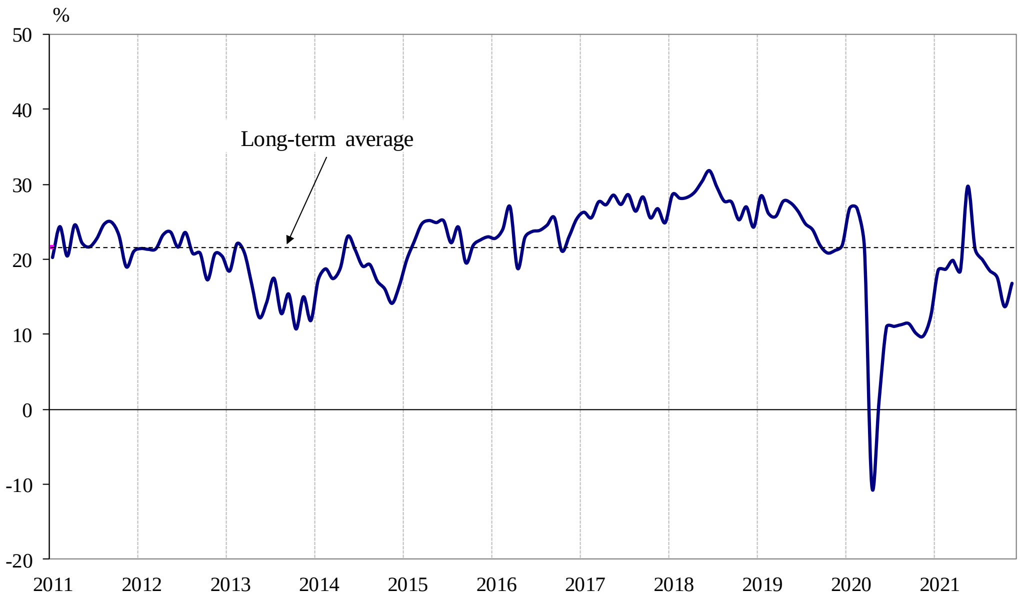

Figure 3. Expected production activity in industry over the next 3 months

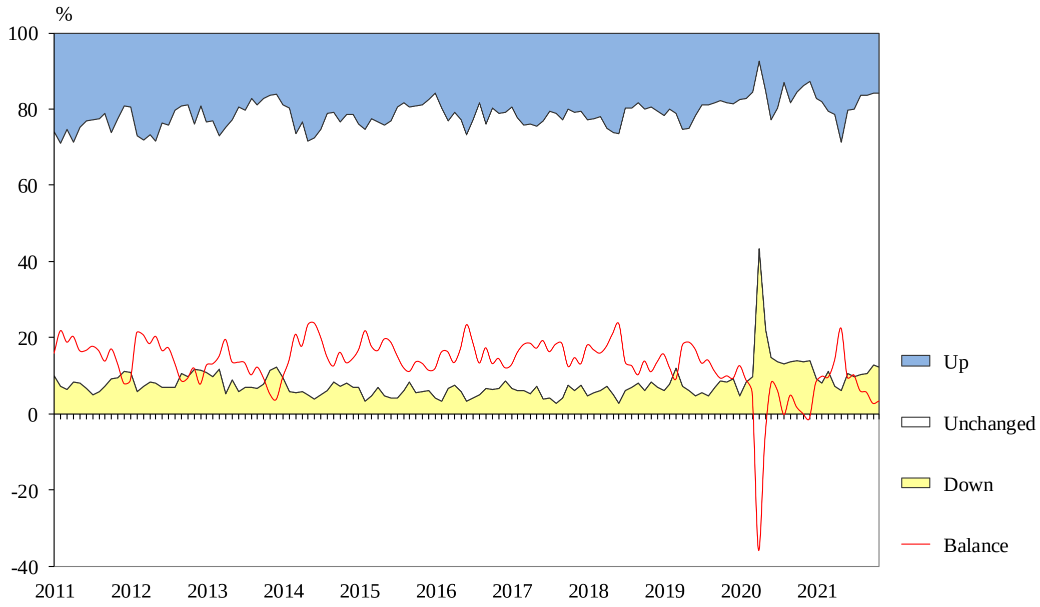

Figure 4. Limits to production in industry (Relative share of enterprises)

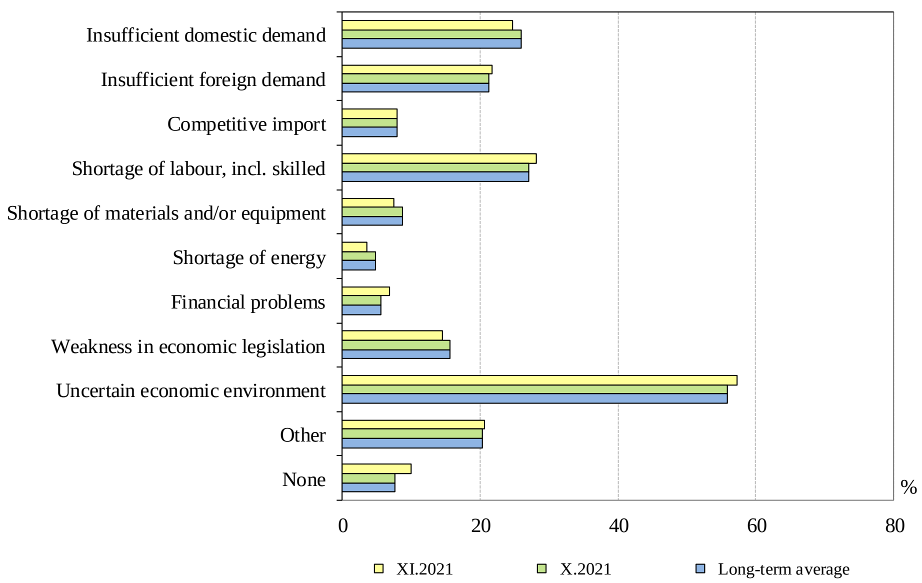

Figure 5. Business climate in construction

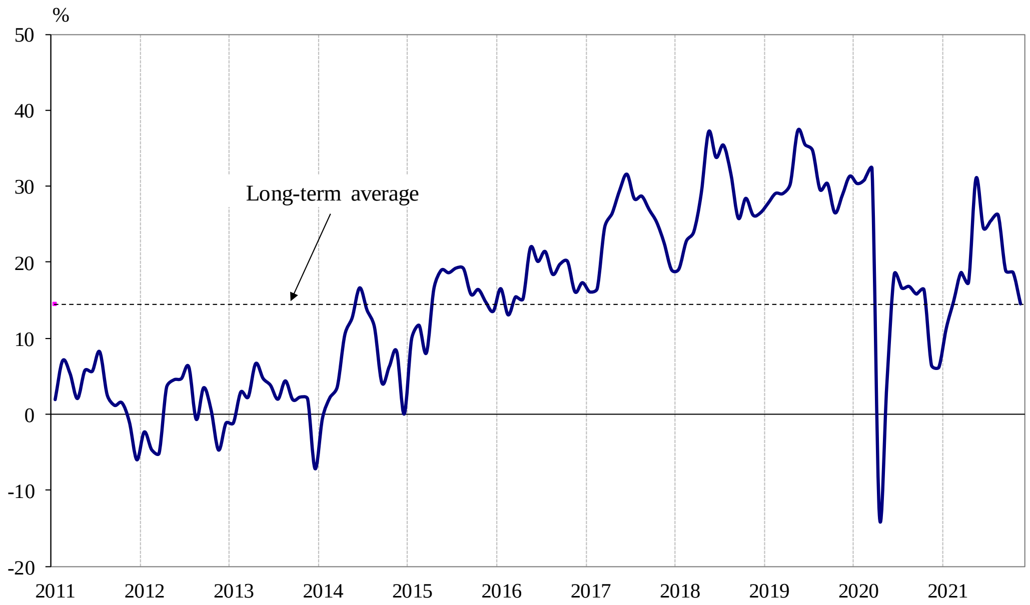

Figure 6. Expected construction activity over the next 3 months

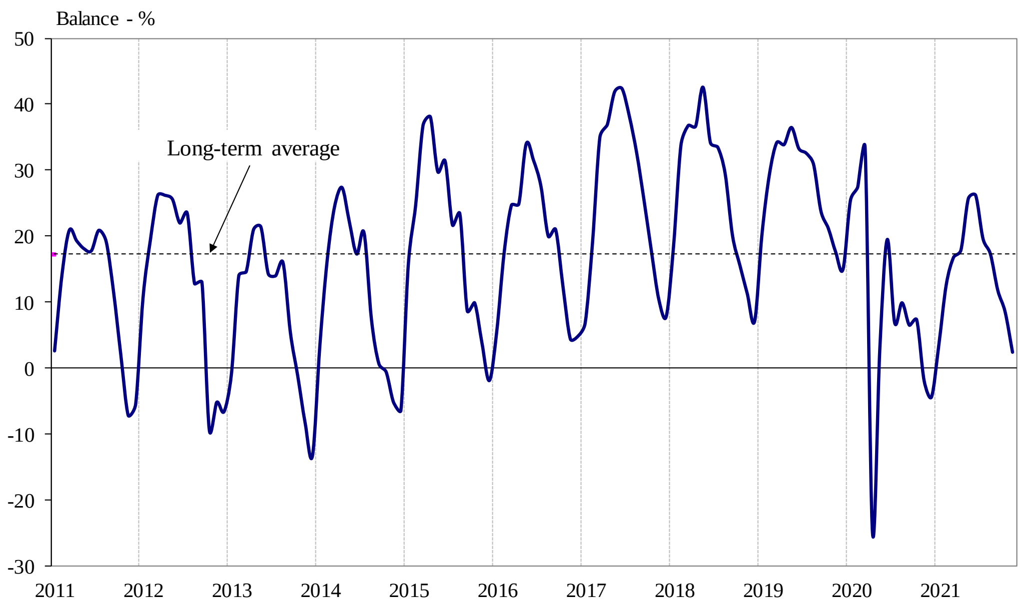

Figure 7. Limits to construction activity
(Relative share of enterprises)

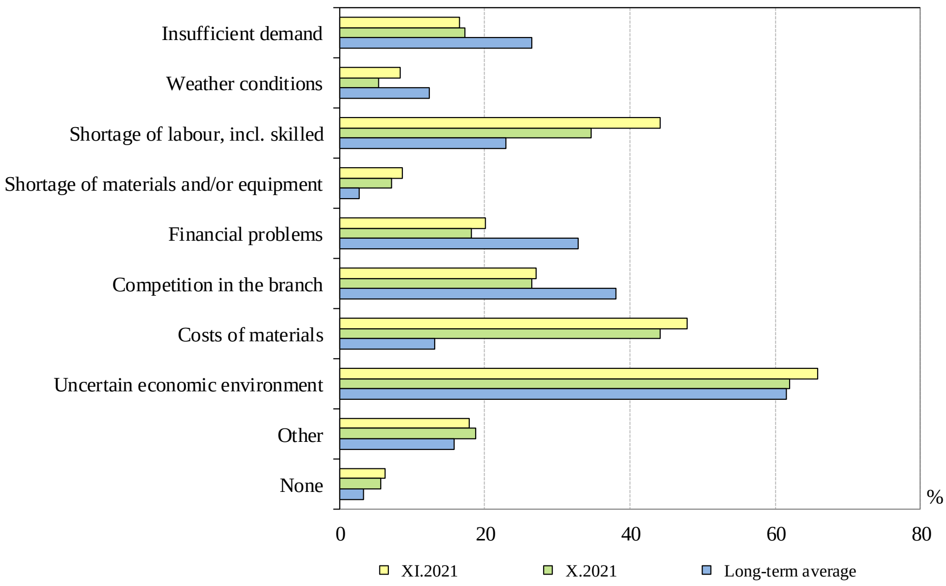

Figure 8. Business climate in retail trade

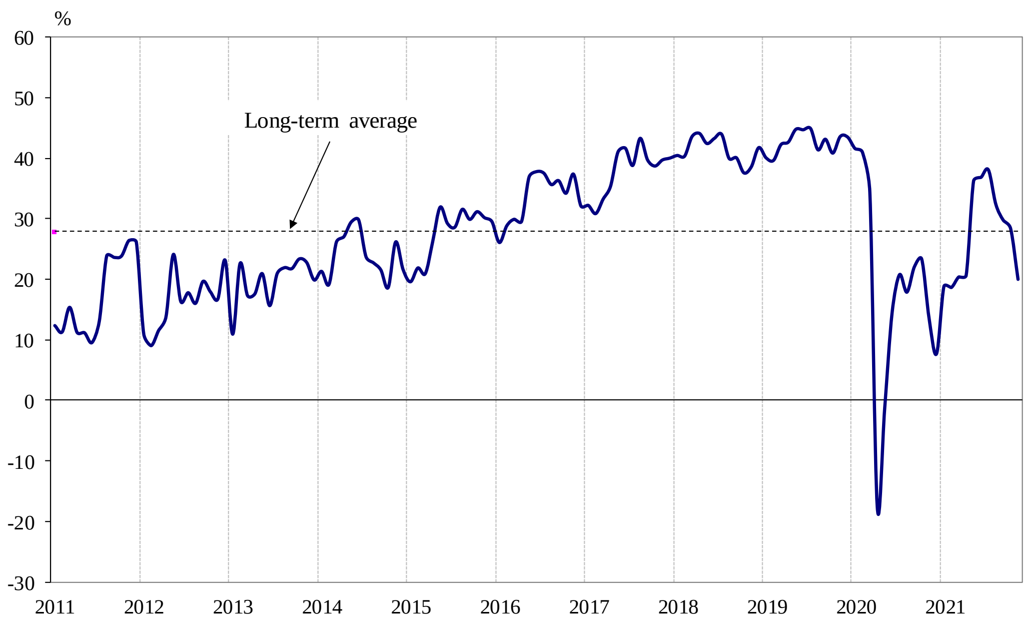

Figure 9. Sales expectations in retail trade over the next 3 months

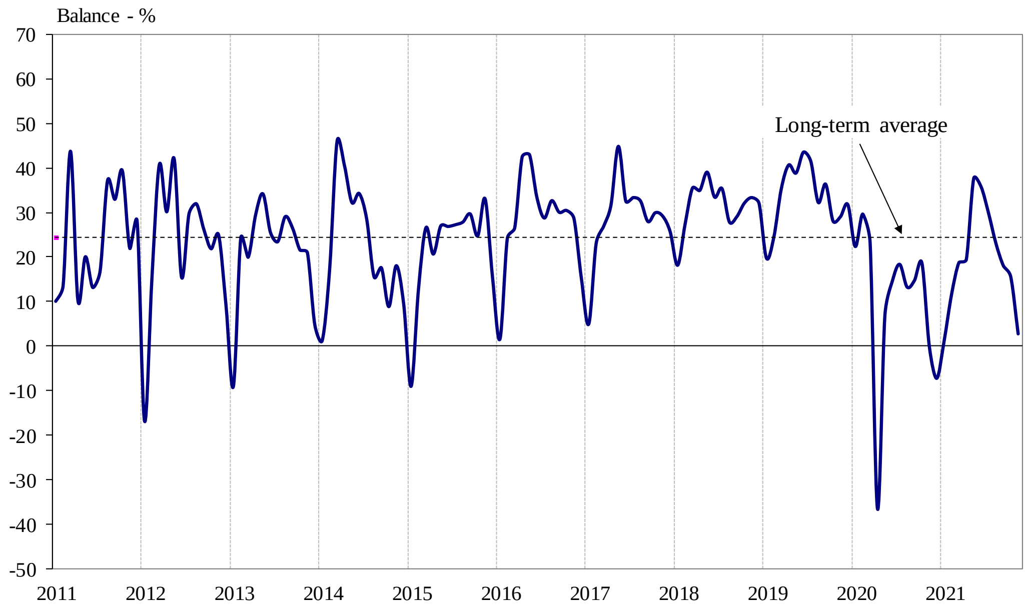

Figure 10. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

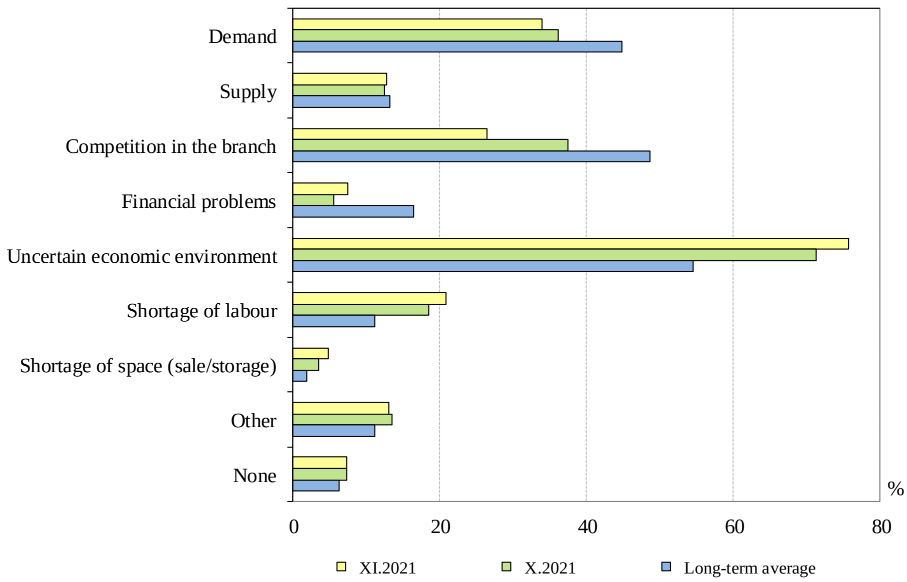

Figure 11. Business climate in service sector

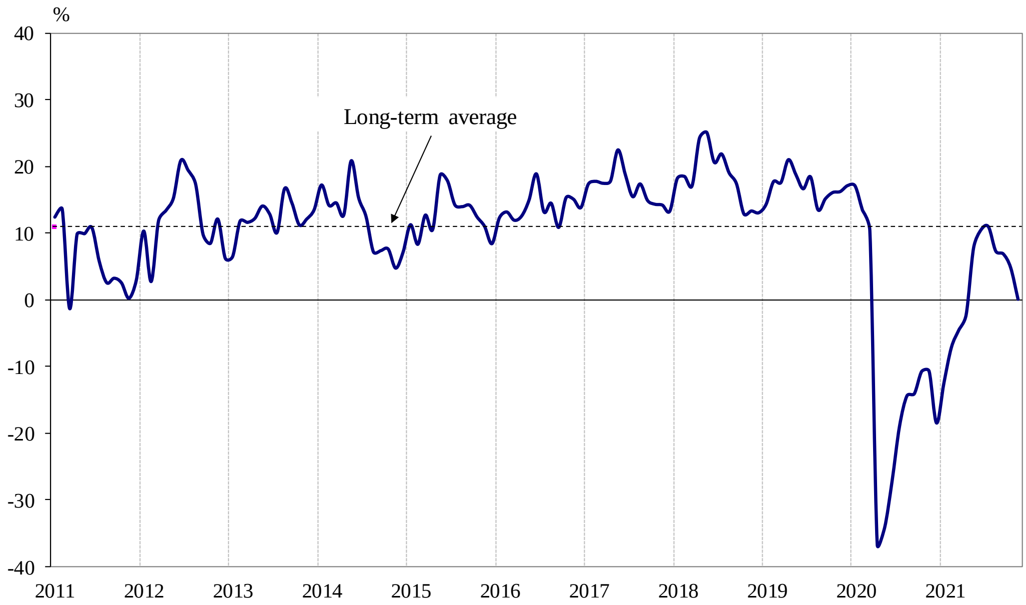

Figure 12. Expected demand in service sector over the next 3 months

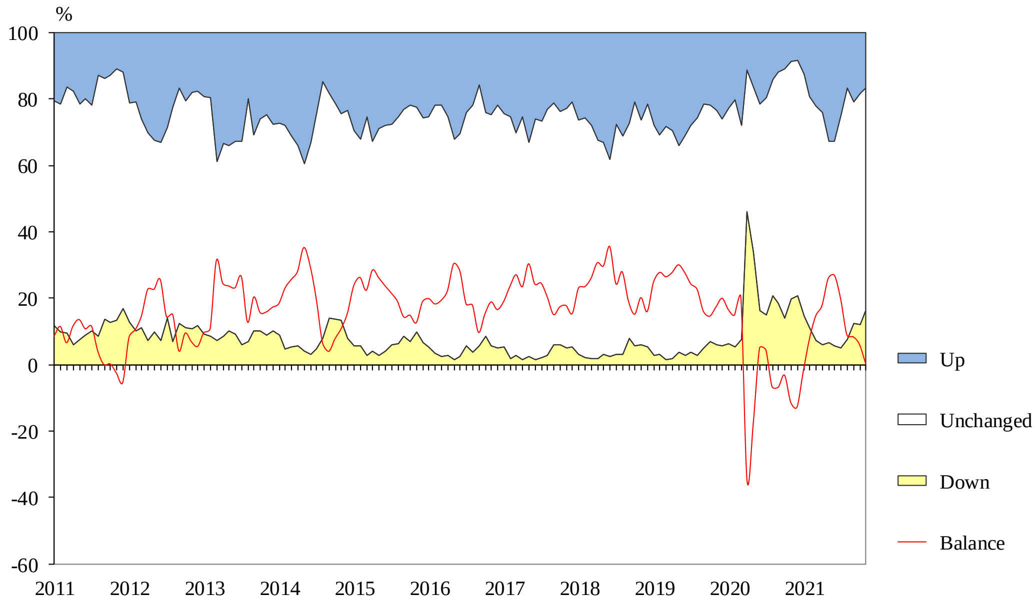

Figure 13. Factors limiting the activity in service sector
(Relative share of enterprises)