

BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS ^{1,2}, JUNE 2009

In June 2009 the business inquiries of NSI register a decrease of **the total business climate indicator**³ of 1.1 percentage points in comparison with May (Figure 1). The business climate indicator decreases in all the branches with the exception of the service sector.

Industry. In June the composite business climate indicator in industry decreased by 2.7 percentage points in comparison with the previous month (Figure 2). The opinions of the entrepreneurs' about the present business situation and the expectations about the next 6 months were more pessimistic. The production activity and the orders for domestic market and for export continued decreasing (Figure 3). At the same time the expectations about the production activity over the next three months were also more pessimistic.

The managers continued to point out the uncertain economic environment and the insufficient demand as the main factors limiting the activity in the branch (Figure 4).

With regard to the selling prices, the managers who expected a decrease of the price level were more than those that expected an increase over the next three months. As a result the balance indicator was negative (-2.9%) (Figure 5).

Construction. In June 2009 because of slightly increased managers' pessimism about the business situation in enterprises over the next 6 months the composite indicator of business climate dropped by 0.9 percentage points in comparison with May (Figure 6). The present construction activity was assessed as decreased and the production assurance with orders – as insufficient. The data of the business enquiry pointed out that a substantial boost in the construction activity over the next 3 months can not be expected (Figure 7) which was accompanied by pessimistic expectations regarding the personnel.

The uncertain economic environment and financial difficulties remained the main problems for construction enterprises (Figure 8) and in the last months also was reported to have an increase in the number of clients with delay in payments (Figure 9).

With regard to the selling prices in construction, there still are expectations about a reduction in their level over the next 3 months (Figure 10).

Retail trade. The composite indicator of business climate in retail trade is 0.7 percentage points lower than it was in May (Figure 11) which is due entirely to the more moderate expectations of the managers about the business situation over the next 6 months. The entrepreneurs consider that the volume of sales over the last 3 months decreased and the expectations about the sales and the orders placed with suppliers over the next 3 months are for the preservation of their current level (Figure 12).

In June the managers point out the uncertain economic environment and the insufficient demand as the major factors limiting the activity of the enterprises (Figure 13).

The expectations about the selling prices in retail trade about the next 3 months are for the preservation of their present level (Figure 14).

Service sector⁴. In June the composite business climate indicator in the service sector increased by 1.5 percentage points compared to the previous month due to the slightly improved managers' assessments and expectations about the business situation of enterprises (Figure 15). At the same time the demand of services was assessed as decreased during the last months. The expectations about the next 3 months were less optimistic in comparison with May. According to the entrepreneurs there was a discharge of employees over the last 3 months but the prevailing expectations about the next 3 months are for the preservation of



the current personnel. However there are still some managers (about 15%) that expect a decrease.

The greatest weight among the reasons limiting the activity continued to have the uncertain economic environment and the competition in the branch (Figure 16).

With regard to the selling prices, the expectations about a reduction in their level over the next 3 months are preserved (Figure 17).

Figure 1. Business climate - total

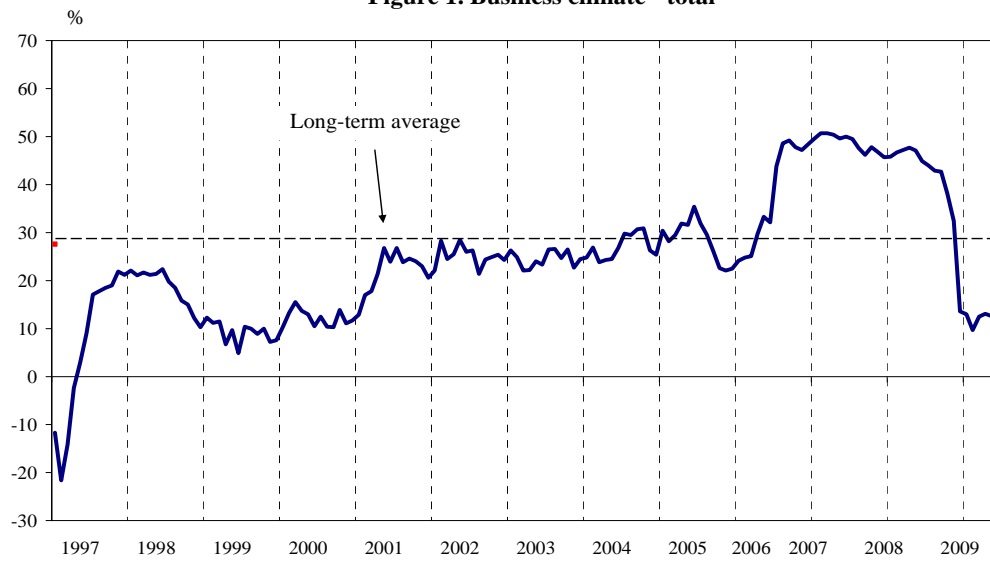


Figure 2. Business climate in industry

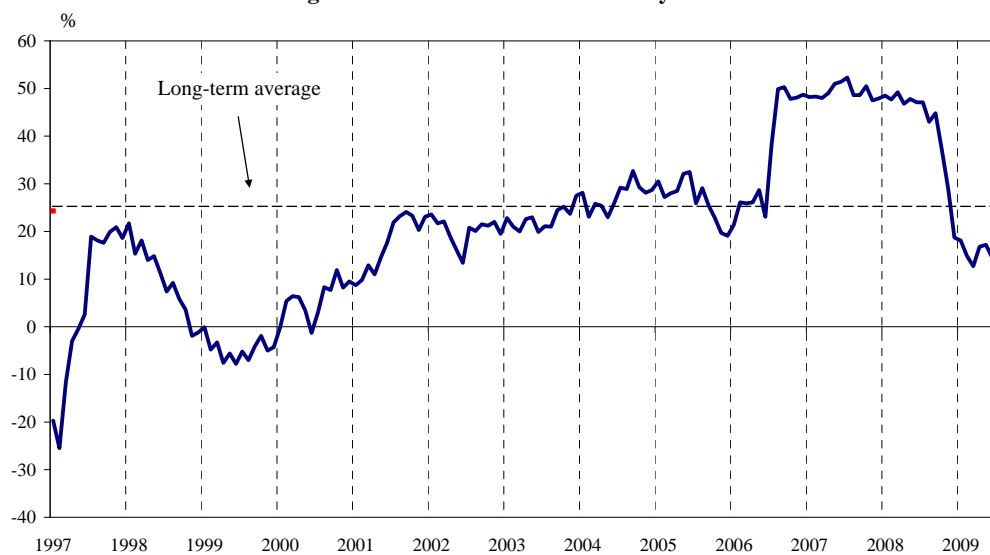


Figure 3. Balances of opinions in industry

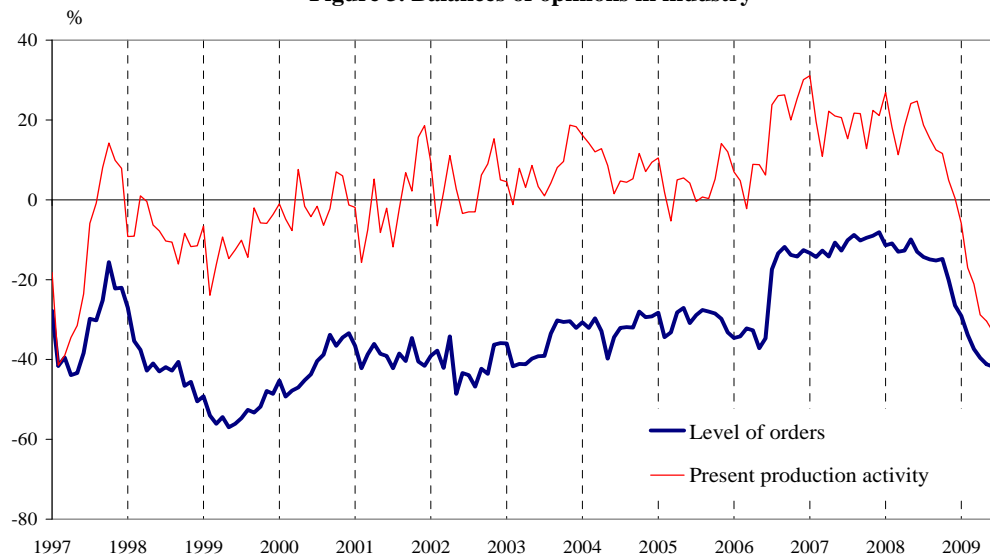


Figure 4. Limits to production in industry
(Relative share of enterprises - %)

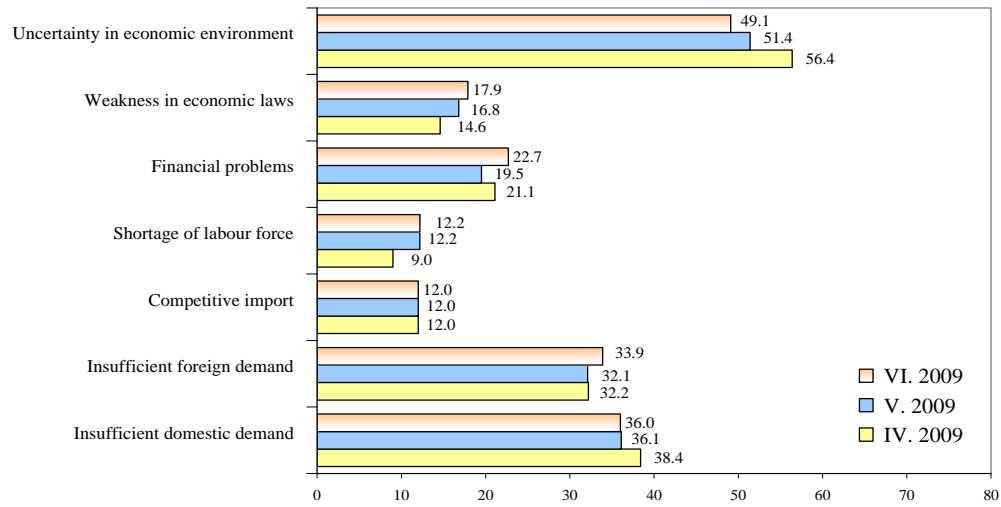


Figure 5. Selling price expectations in industry over the next 3 months

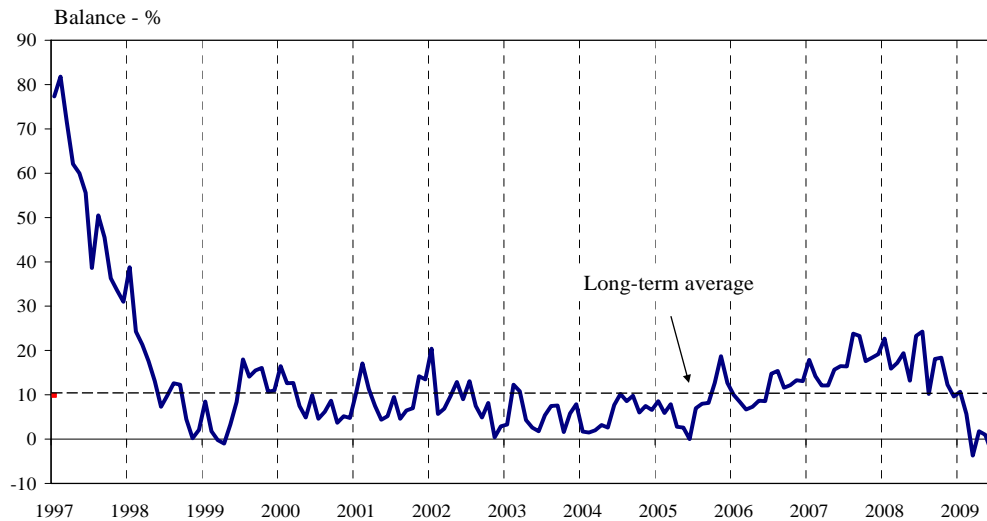


Figure 6. Business climate in construction

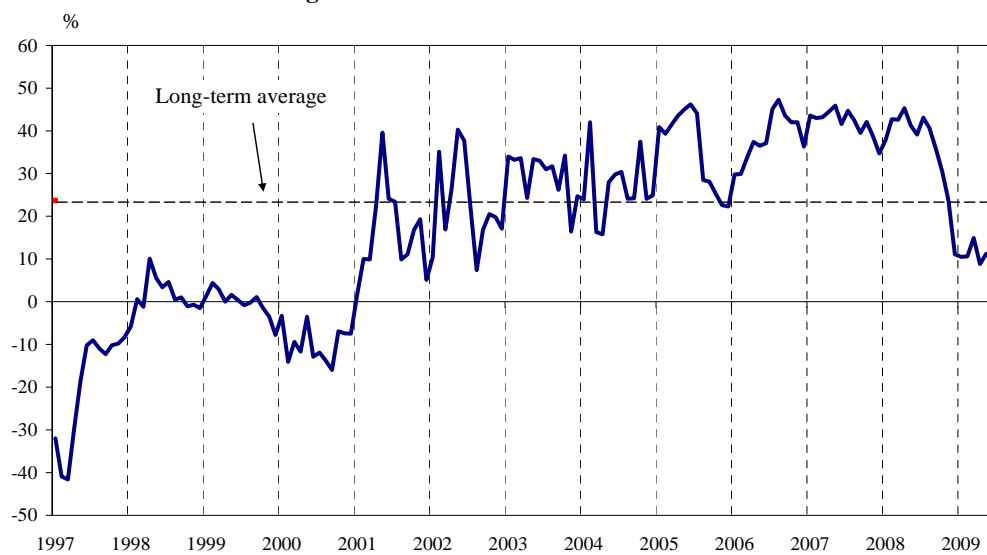


Figure 7. Expected construction activity over the next 3 months

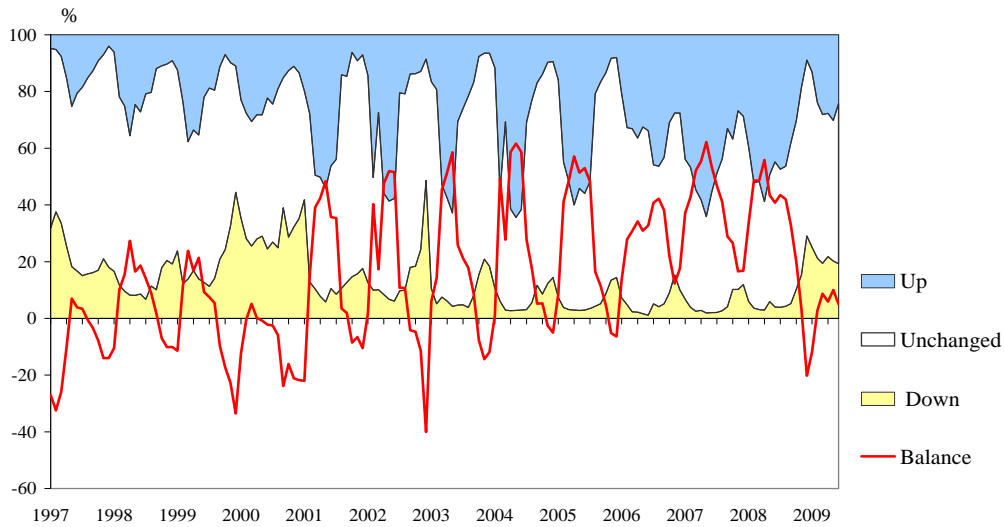


Figure 8. Limits to construction activity (Relative share of enterprises - %)

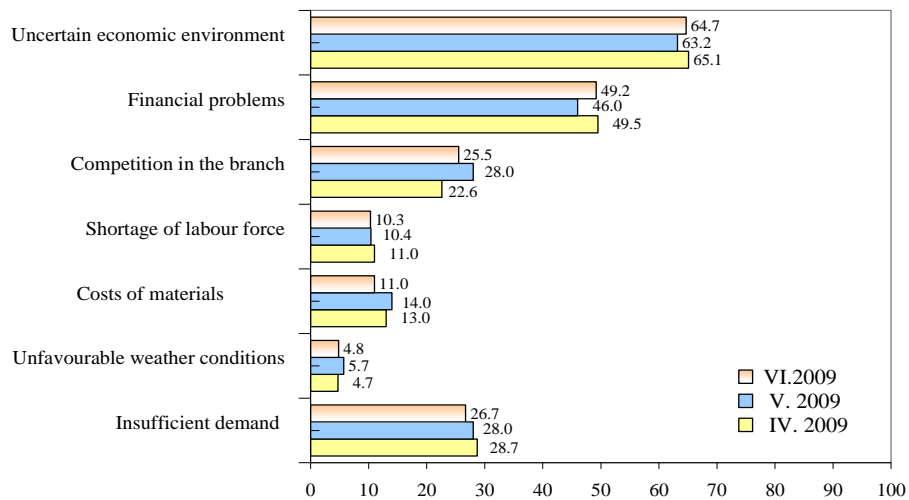


Figure 9. Clients with delay in payments in construction

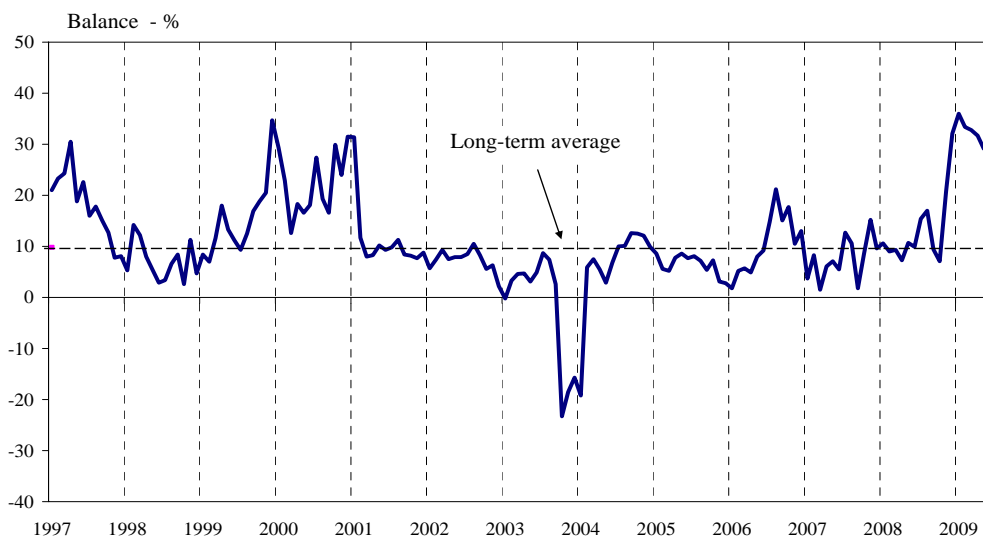


Figure 10. Selling price expectations in construction over the next 3 months

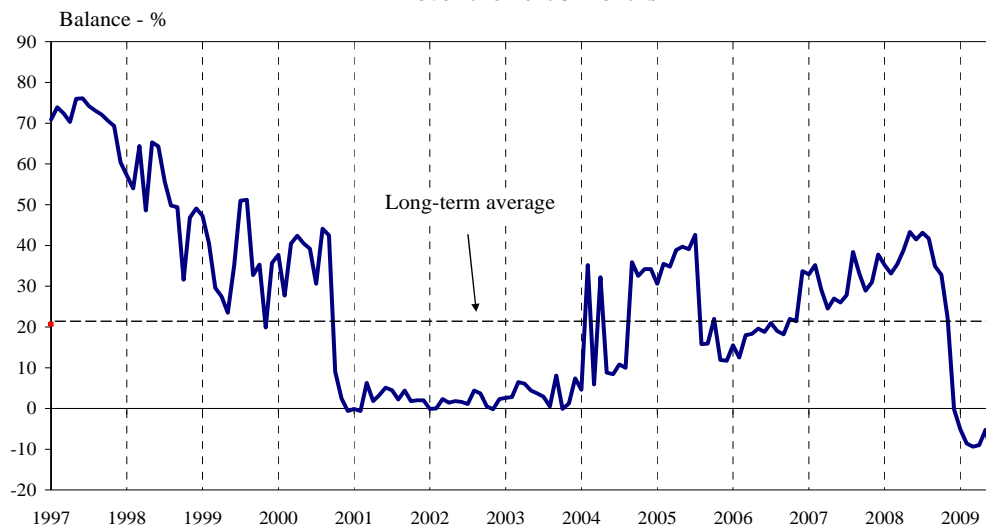


Figure 11. Business climate in retail trade

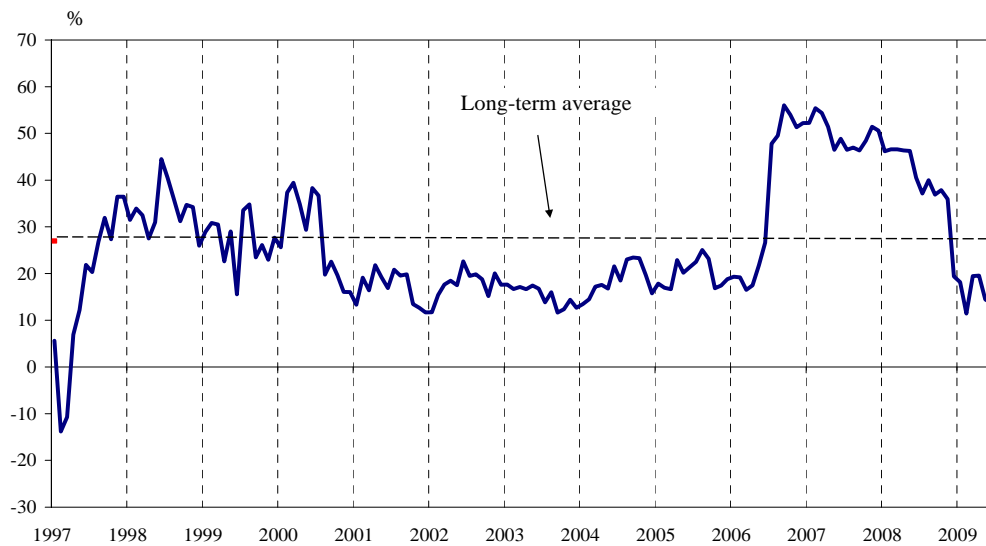


Figure 12. Sales expectations in retail trade over the next 3 months

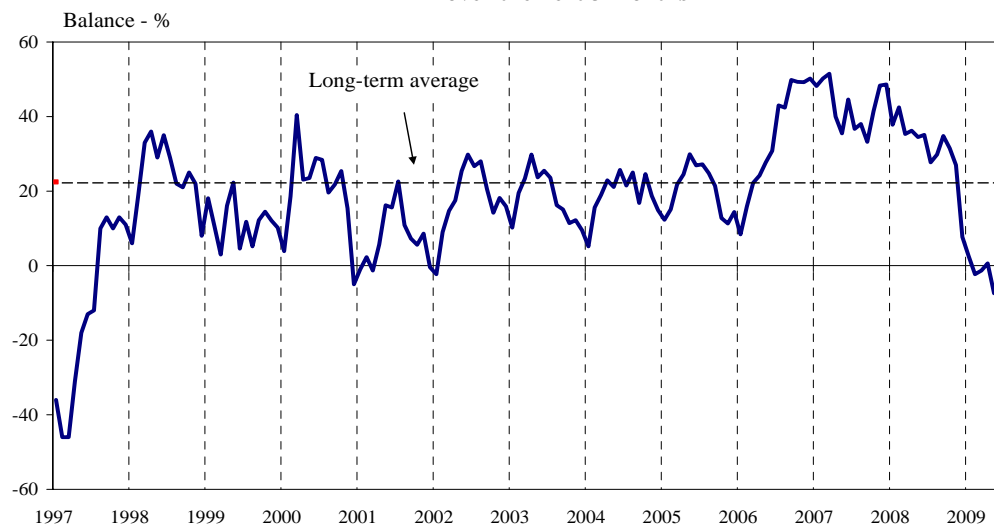


Figure 13. Factors limiting the improvement of the business situation in retail trade - % of enterprises

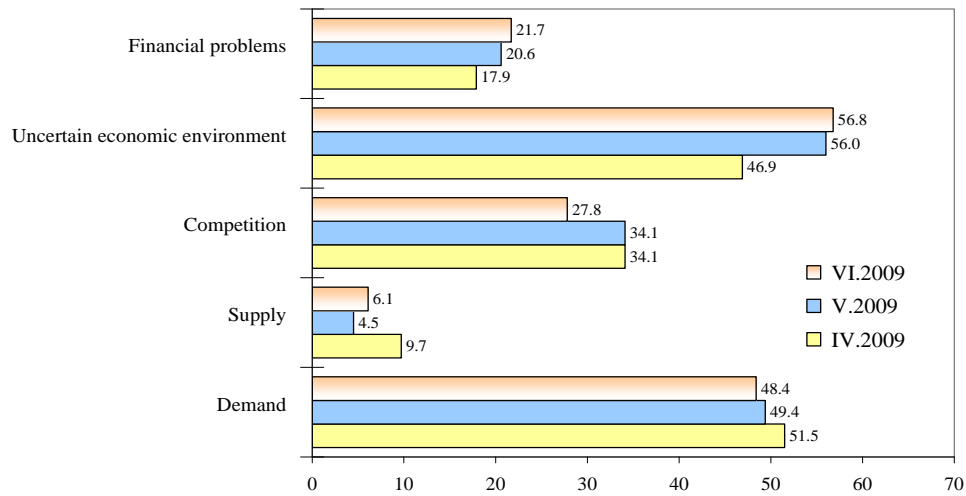
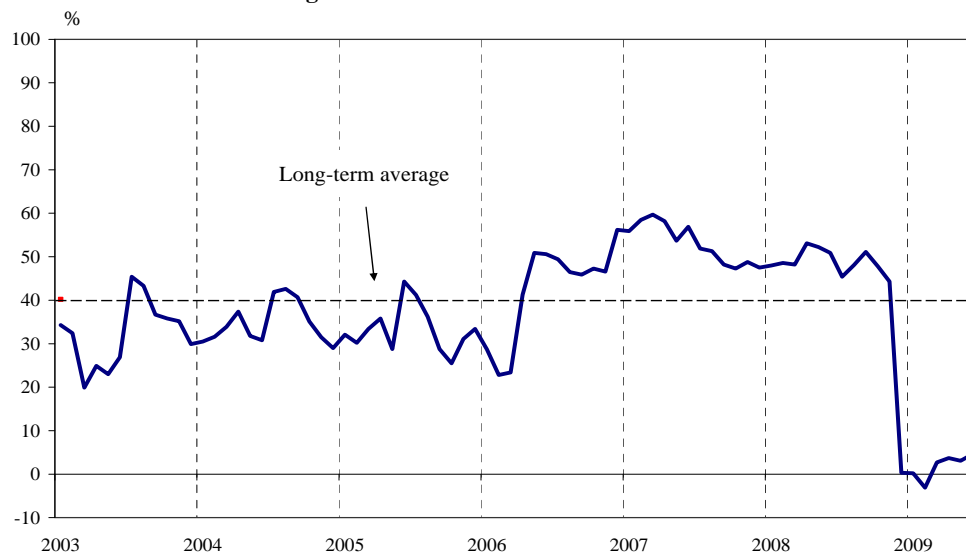


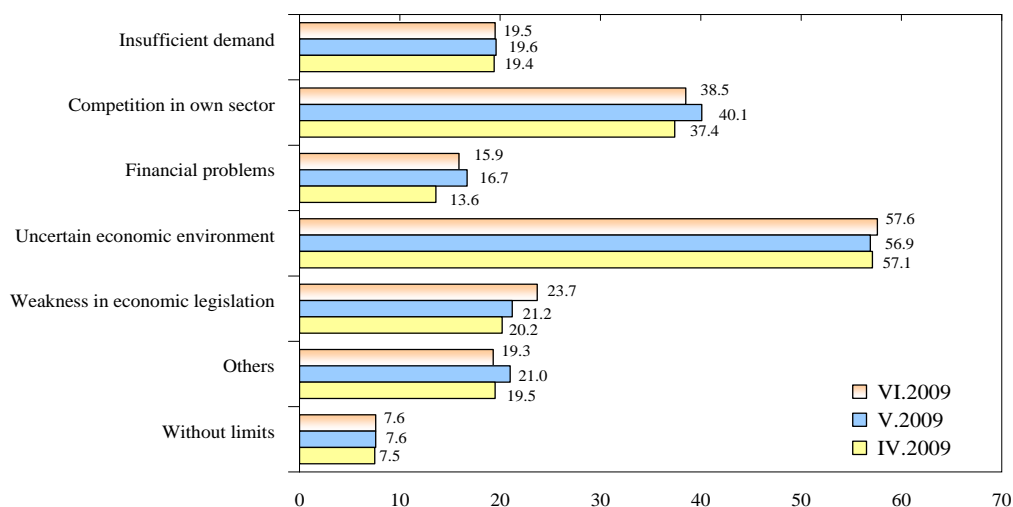
Figure 14. Selling price expectations in retail trade over the next 3 months



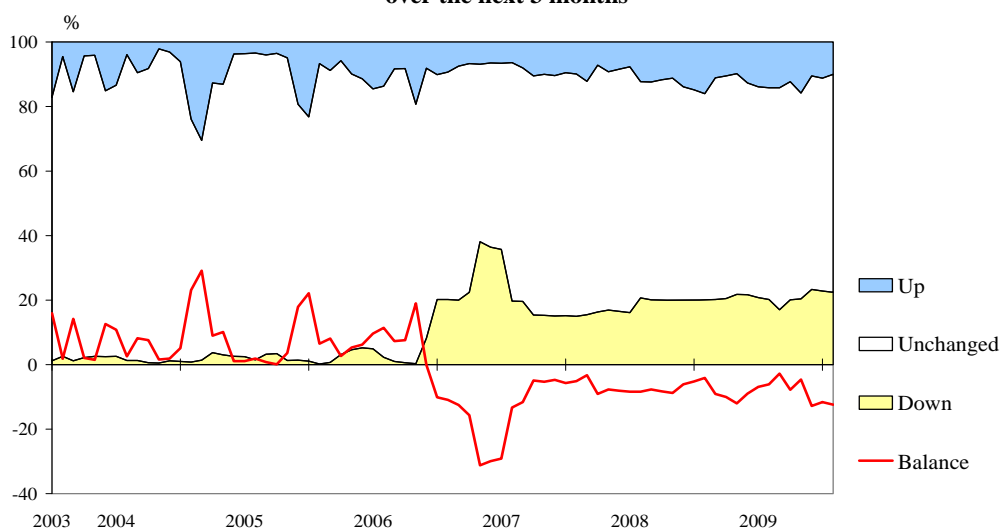
Figure 15. Business climate in service sector



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



**Figure 17. Price expectations in service sector
over the next 3 months**



¹ Since May 2002 all business surveys are co-financed by the NSI and the European Commission according to the agreement signed between these two institutions. NSI has the 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.

² The replies of questions from the inquiries are presented in a three-fold 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.

³ The total Business Climate Indicator is a weighed average of four branch business climate indicators: in industry, construction, retail trade and service sector, as the last indicator of the business climate in service sector is included in the total time series since May 2002.

⁴ Excl. trade.