



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1, 2, 3}, MAY 2012

In May 2012 **the total business climate indicator**⁴ increases by 2.8 percentage points in comparison with the previous month (Figure 1) which is due to the improved business climate in construction, retail trade and service sector.

Industry. The composite indicator “business climate in industry” in May keeps approximately its level from the previous month (Figure 2). The inquiry registers a slight improvement of the manager’s assessments as regards the production activity of the enterprises as their expectations over next 3 months are also for an increase (Figure 3). However the production assurance with orders decreases due to the lower orders from abroad. An increase of stocks of finished goods is also recorded.

The uncertain economic environment and the insufficient domestic demand remain the factors limiting with the most extent the activity of the enterprises in the branch (Figure 4).

According to expressed by industrial entrepreneurs opinions the selling prices will be increase over next 3 months (Figure 5).

Construction. In May the composite indicator “business climate in construction” increases by 1.0 percentage points (Figure 6) due the shifting of the assessments about the present business situation from “good” and “bad” to “satisfactory” (normal for the season) (Figure 7). The present construction activity improves (contraction of the activity continues to slow) as an increase of received new orders is also registered (the balance indicator increases by 14.6 percentage points) (Figure 8).

The inquiry registers a strengthening of the negative impact of the main factors limiting the activity in the branch - uncertain economic environment, financial problems, insufficient demand and competition in the branch (Figure 9).

With regard to the selling prices the construction entrepreneurs expect certain decrease over the next 3 months (Figure 10).

Retail trade. The composite indicator “business climate in retail trade” increases by 10.3 percentage points (Figure 11) which is due to the improved manager’s assessments and expectations about the business situation of the enterprises (Figure 12). Increased optimism in regard to the sales expectations (Figure 13) and orders placed with suppliers over the next 3 months is observed.

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, as the last indicator of the business climate in service sector has been included in the total time series since May 2002.



The major factors limiting the activity in the branch continue to be the uncertain economic environment, the insufficient demand and the competition in the branch as in May the negative impact of the last factor is strengthened (by 9.6 percentage points) (Figure 14).

The expectations about price movements in the retail trade over next 3 months are for an increase (Figure 15).

Service sector⁵. In May the composite indicator “business climate in service sector” increases by 1.8 percentage points in comparison with April (Figure 16) due to the improved business manager’ assessments about the present business situation of the enterprises (Figure 17). With regard to the demand for services the present tendency is positive (Figure 18) but the inquiry registers some fluctuations in the expectations for the next 3 months.

The factors limiting with the most extent activity of the enterprises remain the uncertain economic environment, competition in the branch and insufficient demand (Figure 19).

With regard to the selling prices in the service sector the prevailing expectations are for preservation of their level over the next 3 months.

⁵ Excl. trade.

Figure 1. Business climate - total

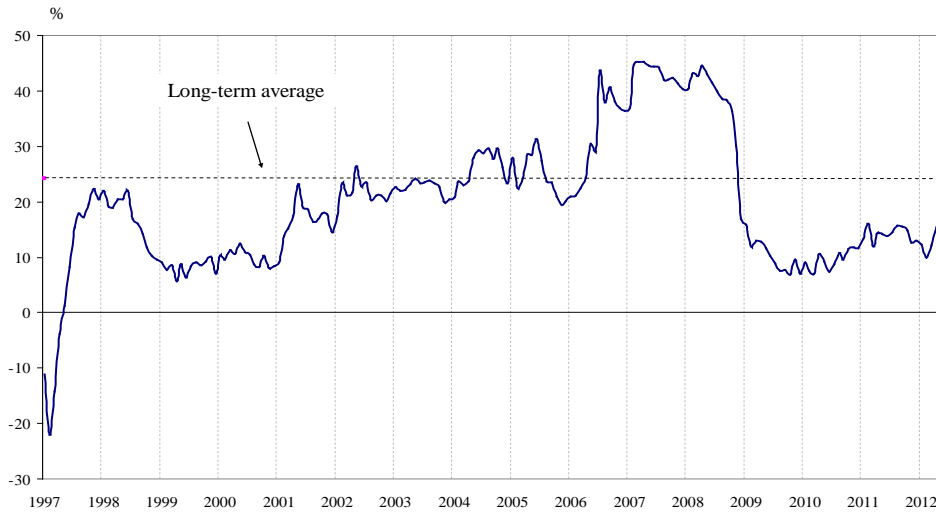


Figure 2. Business climate in industry

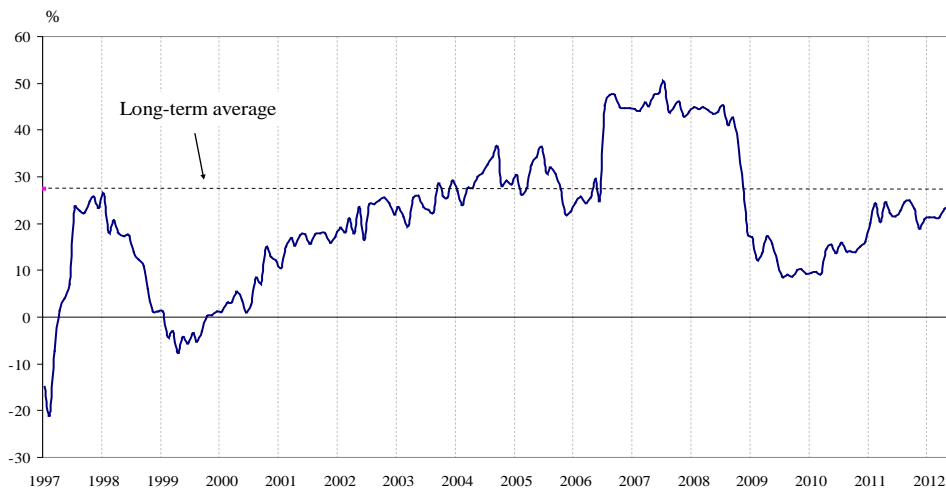
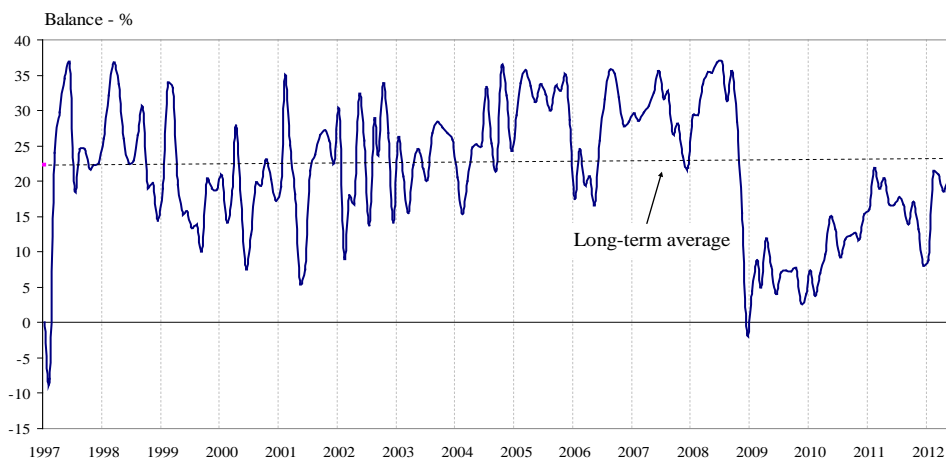
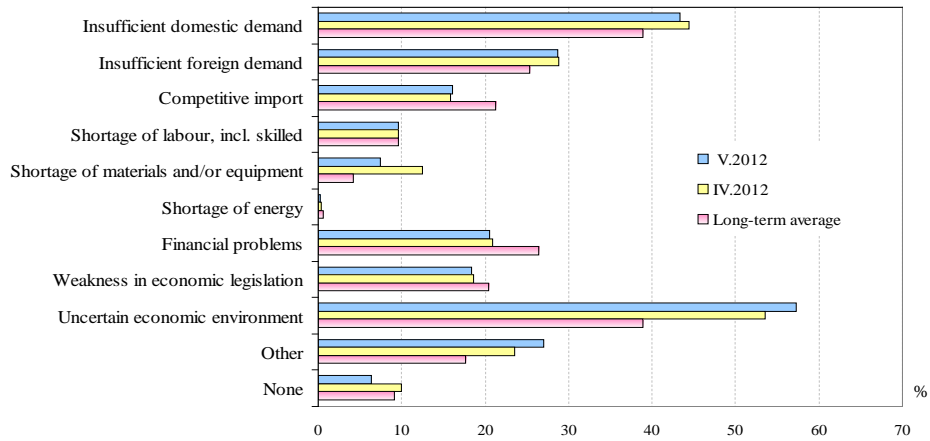


Figure 3. Expected production activity in industry over the next 3 months





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



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

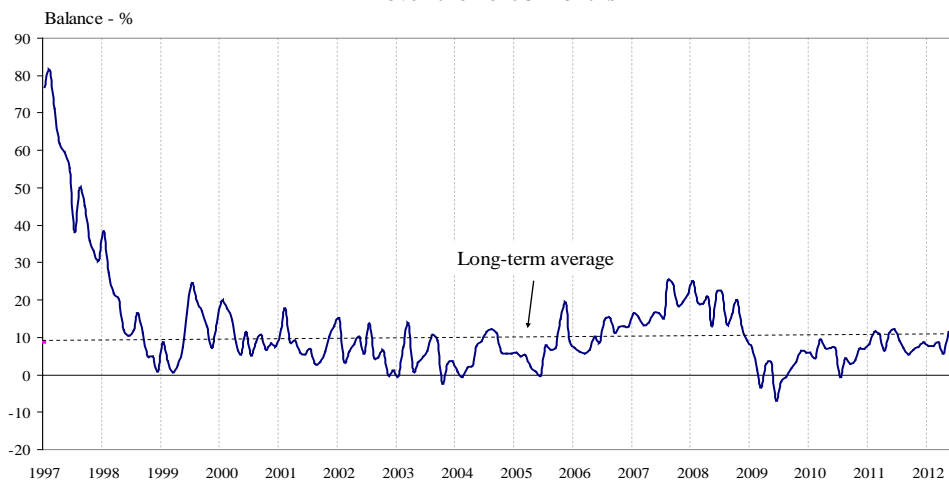


Figure 6. Business climate in construction

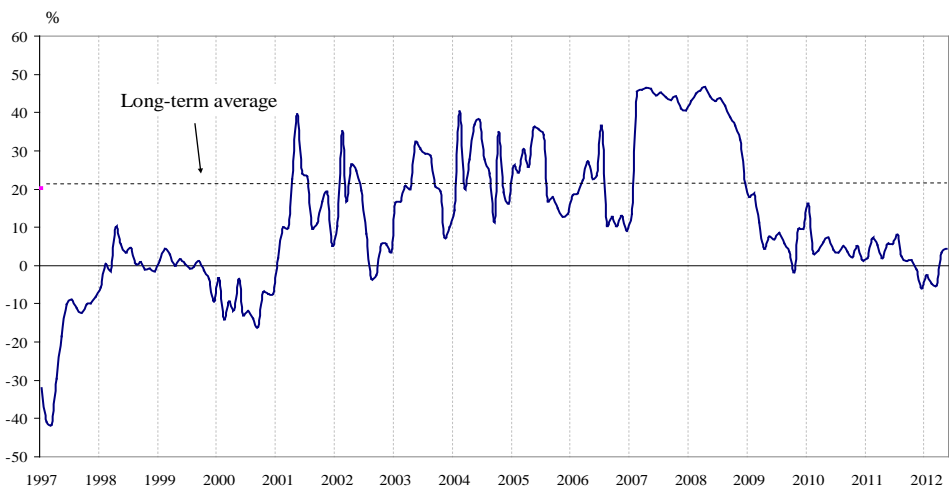




Figure 7. Present business situation in construction

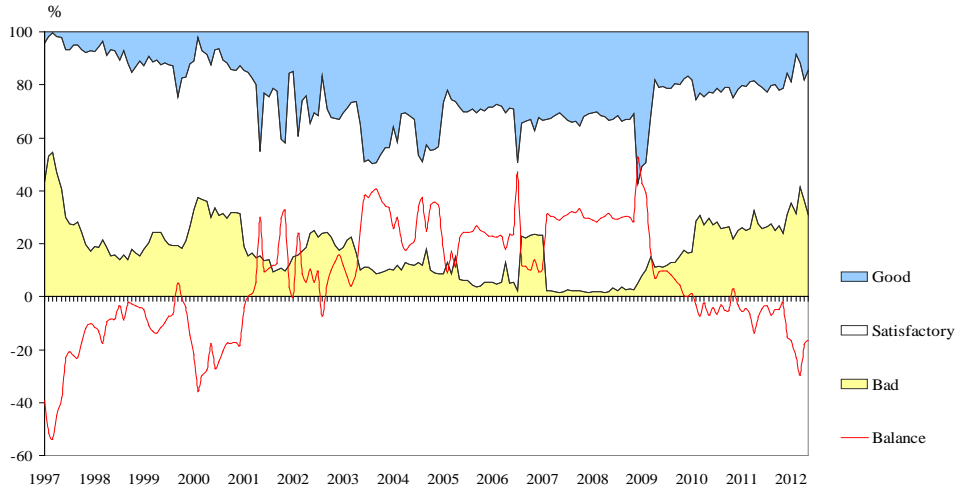
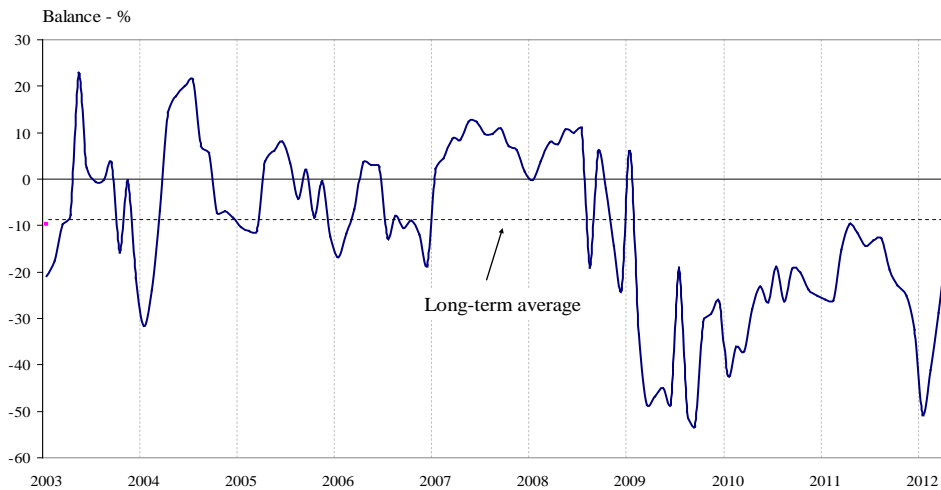


Figure 8. New orders inflow in construction



**Figure 9. Limits to construction activity
(Relative share of enterprises)**

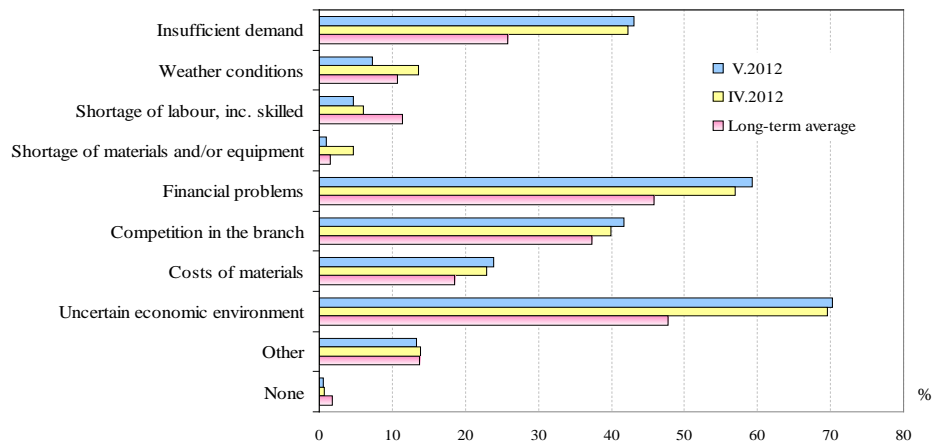




Figure 10. Selling prices expectations in construction over the next 3 months

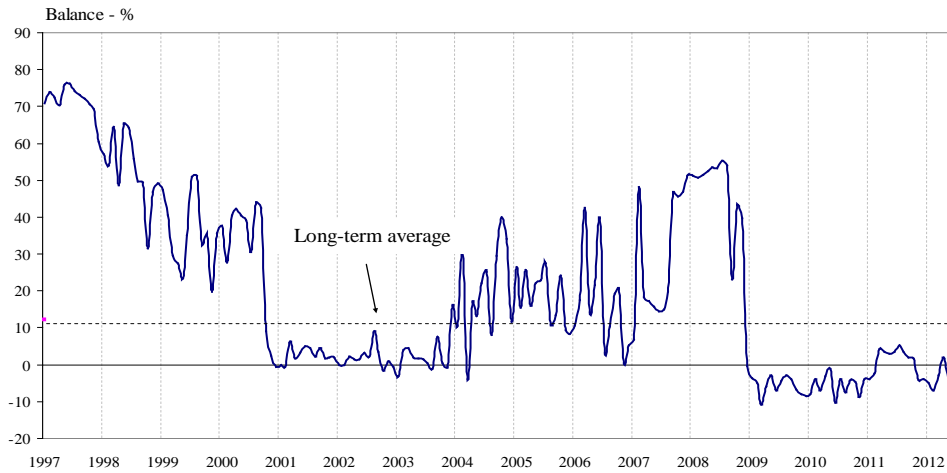


Figure 11. Business climate in retail trade

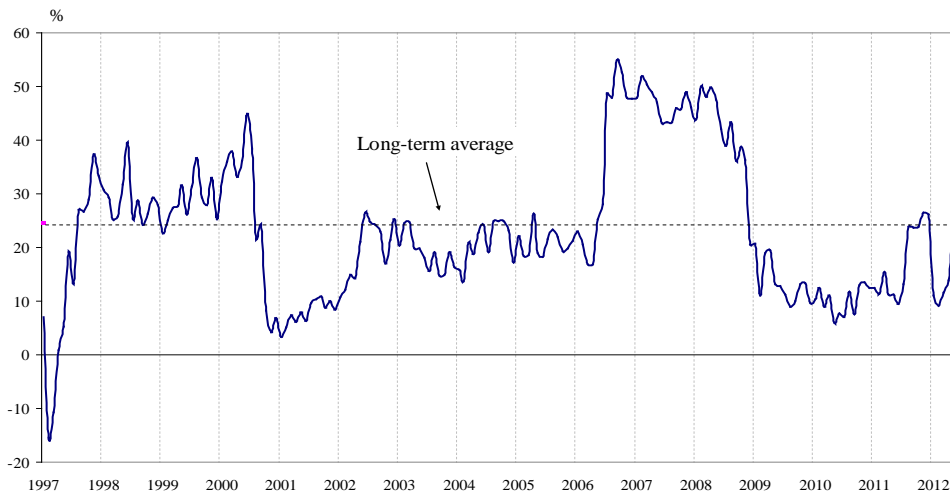


Figure 12. Expected business situation in retail trade over the next 6 months

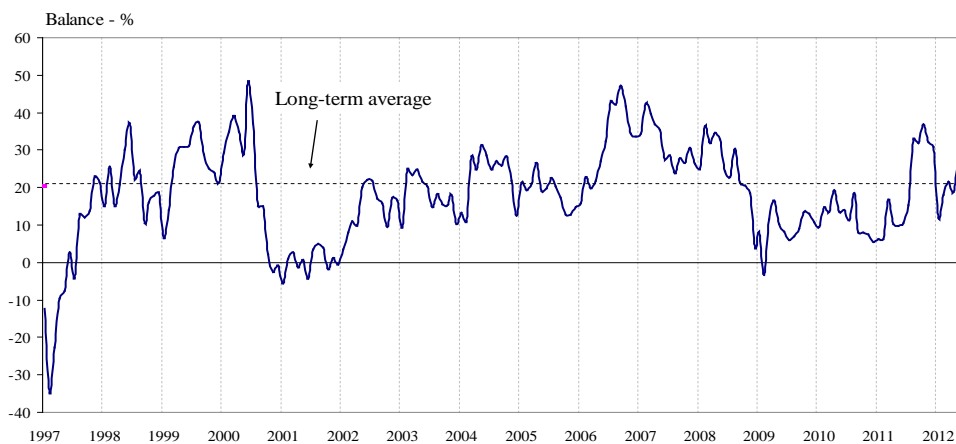




Figure 13. Sales expectations in retail trade over the next 3 months

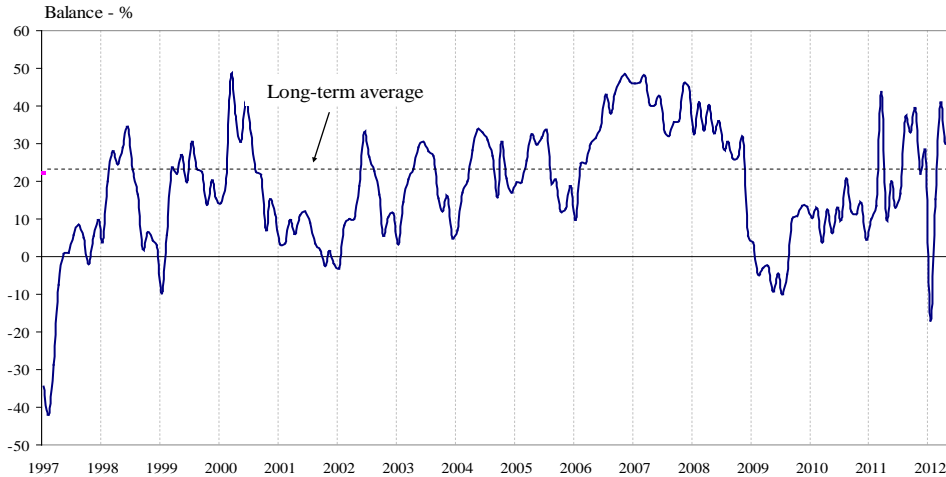


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

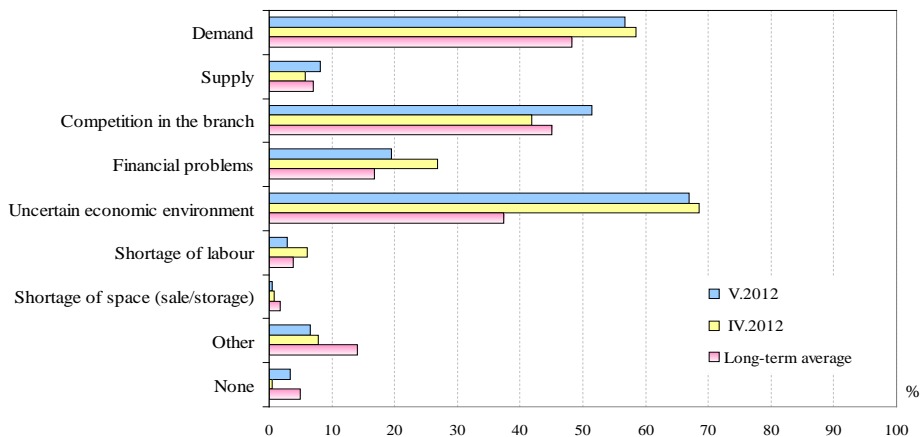


Figure 15. Selling prices expectations in retail trade over the next 3 months

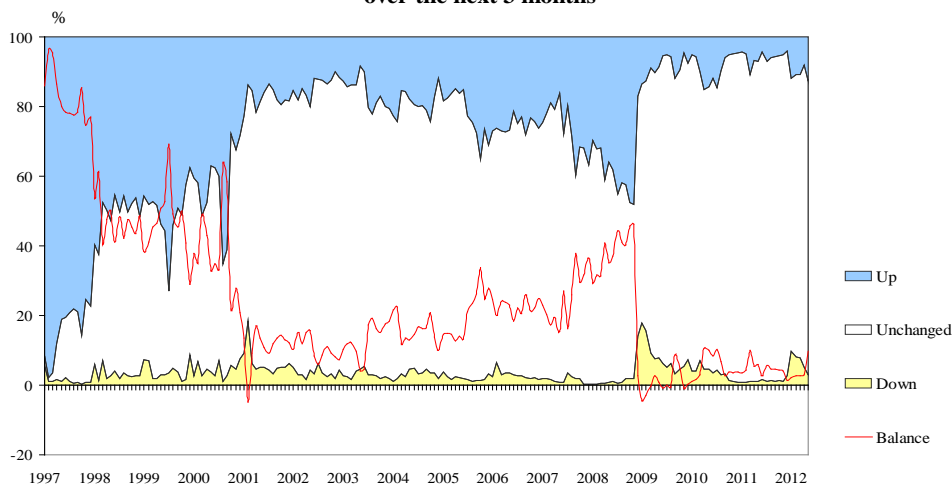




Figure 16. Business climate in service sector

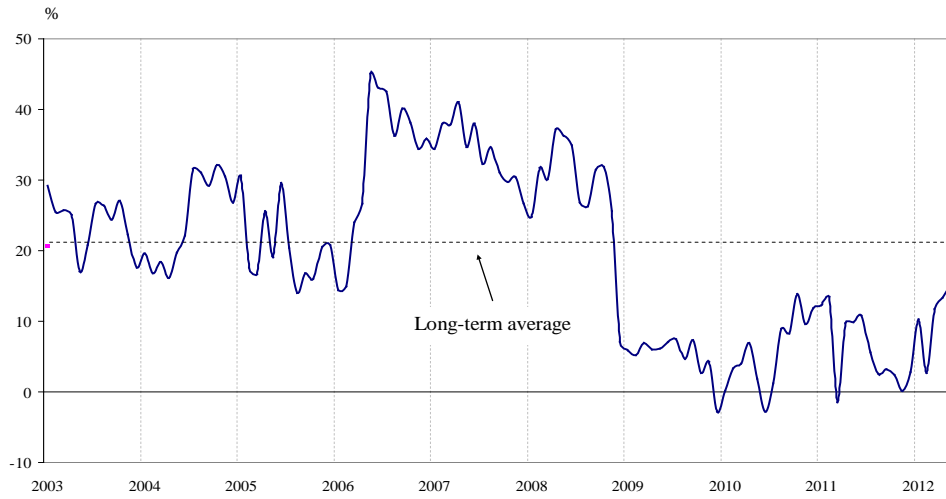


Figure 17. Present business situation in service sector

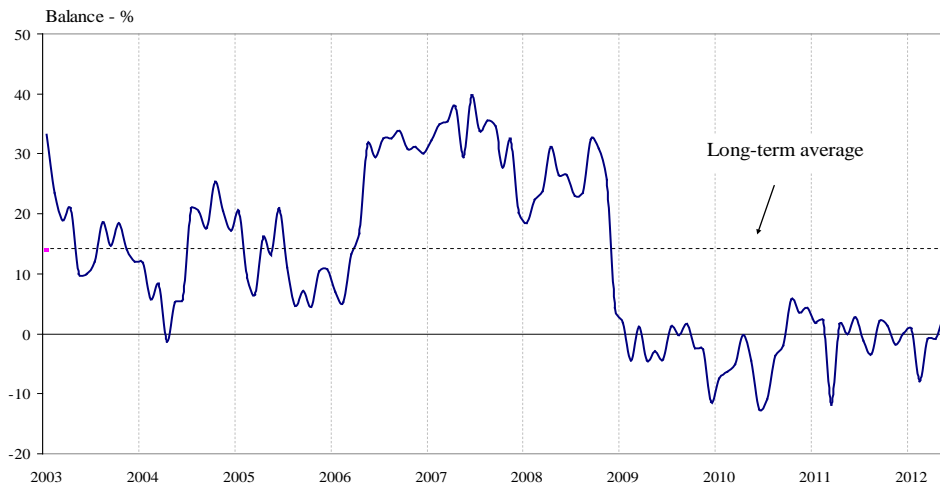
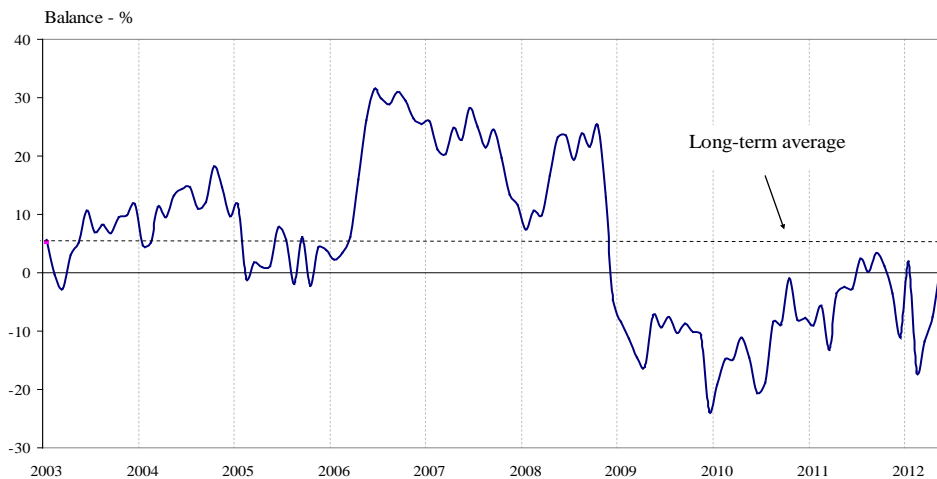


Figure 18. Demand in service sector over the last 3 months





**Figure 19. Factors limiting the activity in service sector
(Relative share of enterprises)**

