



BUSINESS CONJUNCTURE

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

In November 2012 **the total business climate indicator**⁴ increases by 0.9 percentage points compared to its October level (Annex, Figure 1). A better business climate is registered in industry and service sector while in construction and retail trade there is certain deterioration of the business conjuncture.

Industry. The composite indicator “business climate in industry” increases by 3.5 percentage points in comparison with the previous month (Annex, Figure 2) mainly due to the optimistic managers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). The inquiry reports an improvement of the production assurance with orders from abroad, which is accompanied by increased expectations about the activity of the enterprises over the next 3 months (Annex, Figure 4).

The main problems for the business development in the branch continue to be the uncertain economic environment and the insufficient domestic demand as in the last month their negative impact is strengthened (Annex, Figure 5).

The majority parts of the industrial entrepreneurs do not intend to increase selling prices in the branch over the next 3 months.

Construction. In November the composite indicator “business climate in construction” drops by 5.3 percentage points (Annex, Figure 6) which is due to the increased pessimism in the managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). As regards the employment in the branch the forecasts are also in a direction of a decrease (Annex, Figure 8).

The factors limiting with the most extent the activity in branch remain the uncertain economic environment and the financial problems, pointed out respectively by 74.3% and 50.9% of the enterprises (Annex, Figure 9).

The construction entrepreneurs’ expectations regarding the selling prices are they remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator “business climate in retail trade” decreases by 1.2 percentage points in comparison with the previous month (Annex, Figure 11) due to the worsening of the managers’

¹ In 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.



assessments and expectations about the business situation of the enterprises (Annex, Figure 12). However in their prognosis about the volume of sales and orders placed with suppliers (Annex, Figure 13) over the next 3 months retailers expressed optimism.

The uncertain economic environment continues to be the main factor limiting the activity of the enterprises, as in the last month a decrease of the negative impact of the factors “competition in the branch” and “demand” respectively by 8.2 and 10.5 percentage points is observed (Annex, Figure 14).

As regards the selling prices the managers foresee certain increase over the next 3 months (Annex, Figure 15).

Service sector¹. In November the composite indicator “business climate in service sector” increases by 3.6 percentage points compared to the previous month (Annex, Figure 16) due to more optimistic managers’ expectations about the business situation of the enterprises over the next 6 months. However their assessments and prognosis as regards the demand for services are more reserved (Annex, Figure 17).

The main factor limiting the development in the sector remains the uncertain economic environment. In the second and third places are “competition in the branch” and “insufficient demand” as their negative influence strengthen in comparison with the previous month (Annex, Figure 18).

Managers in the service sector do not foresee a change in the selling prices over the next 3 months (Annex, Figure 19).

¹ Excl. trade.



Annex

Figure 1. Business climate – total

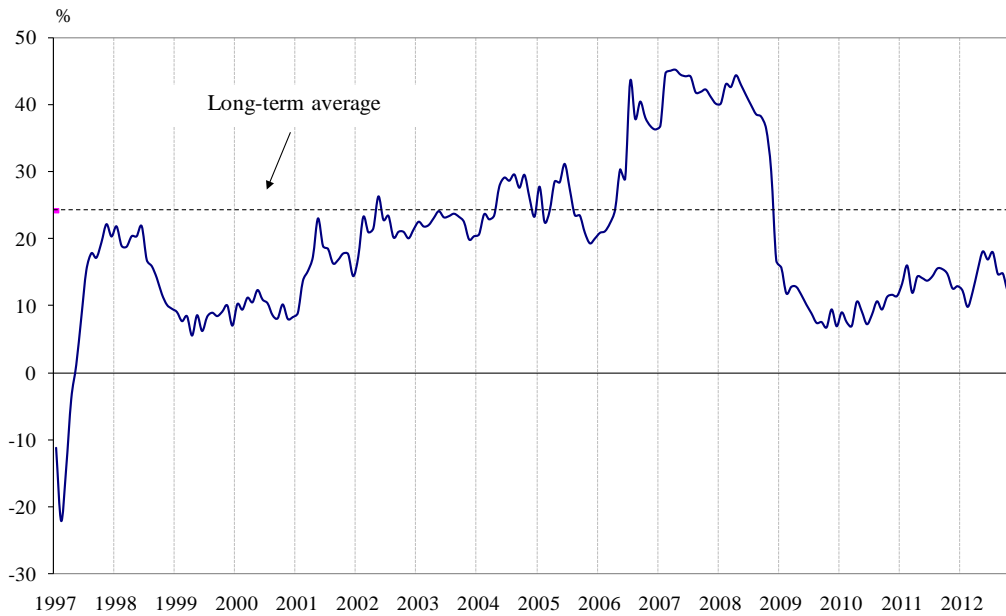


Figure 2. Business climate in industry

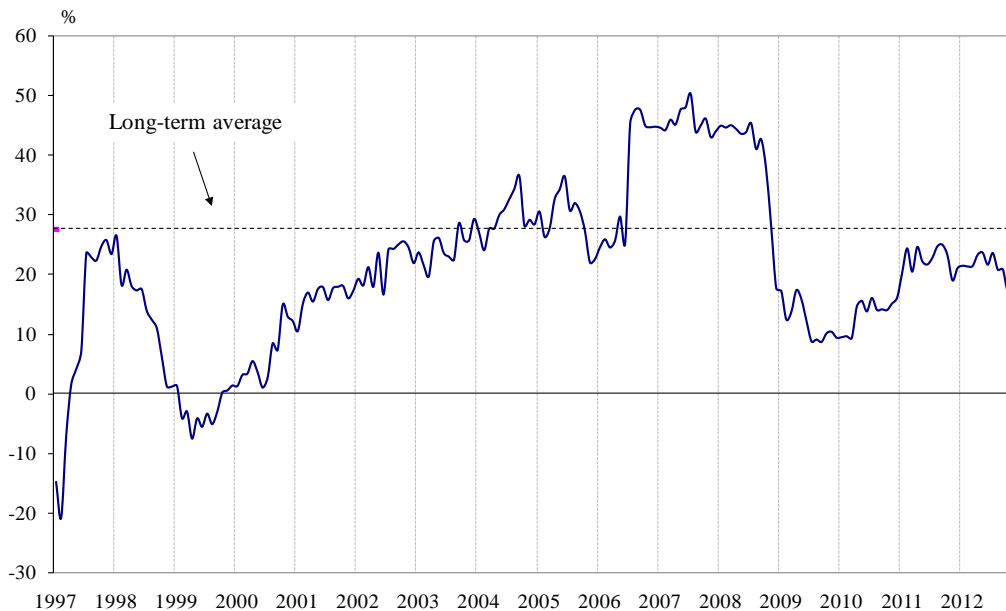




Figure 3. Expected business situation in industry over the next 6 months

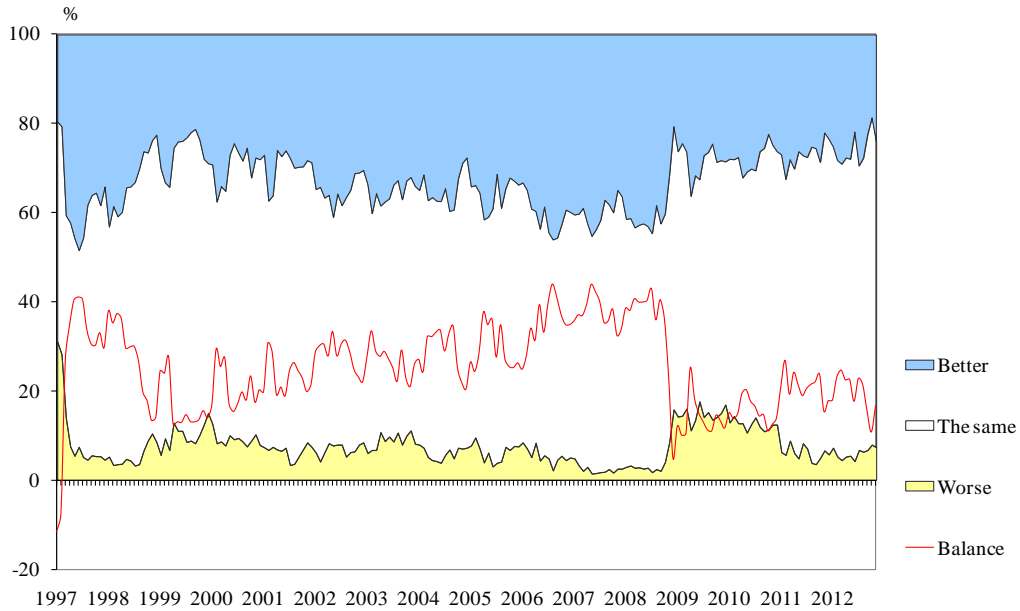
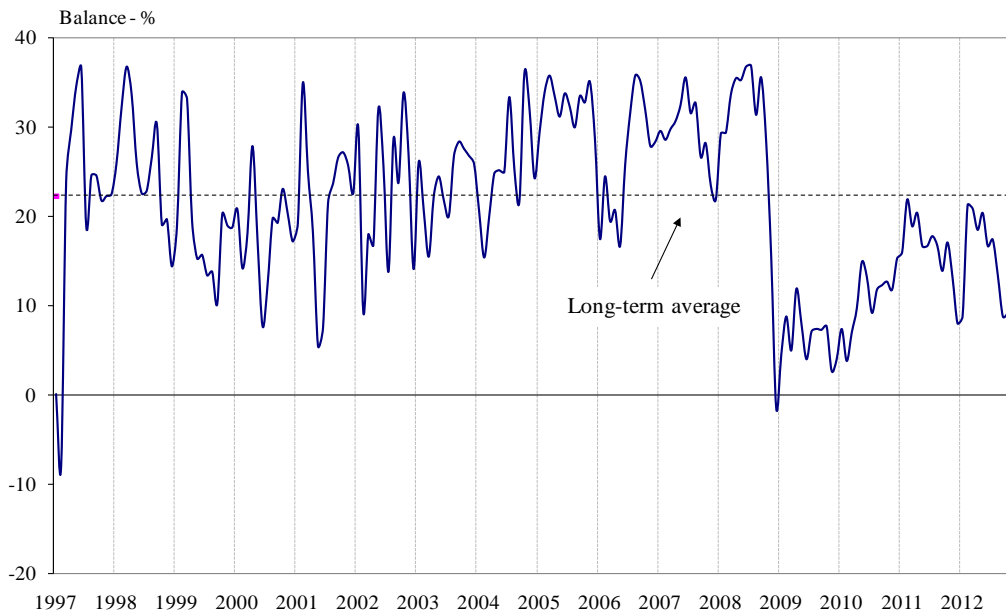


Figure 4. Expected production activity in industry over the next 3 months





**Figure 5. Limits to production in industry
(Relative share of enterprises)**

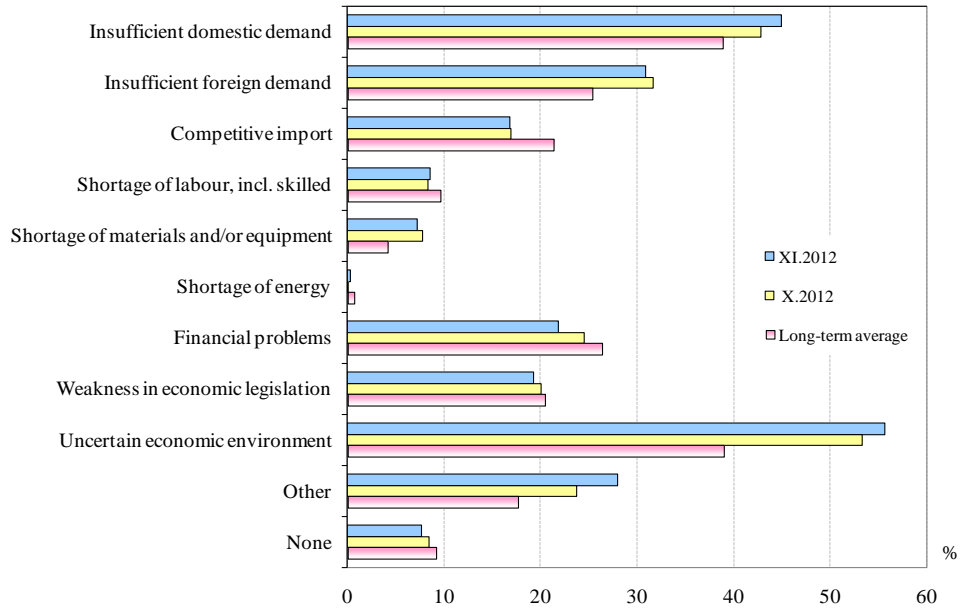


Figure 6. Business climate in construction

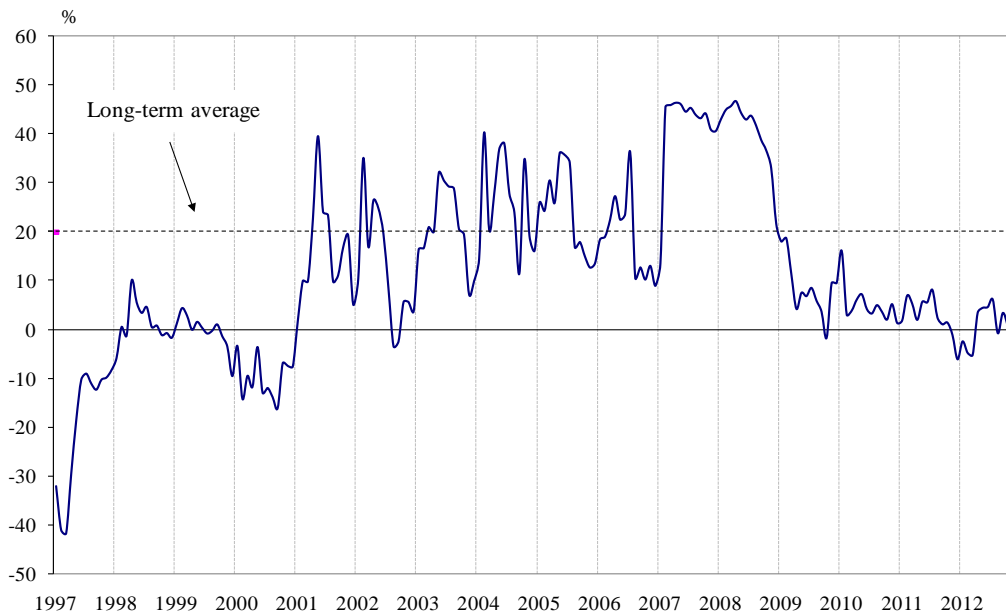




Figure 7. Expected business situation in construction over the next 6 months

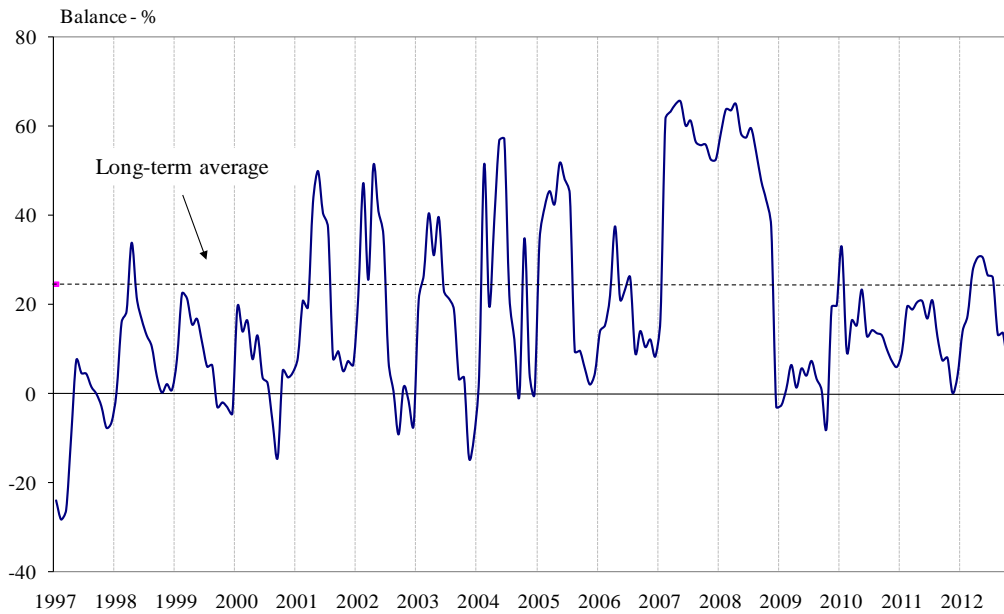
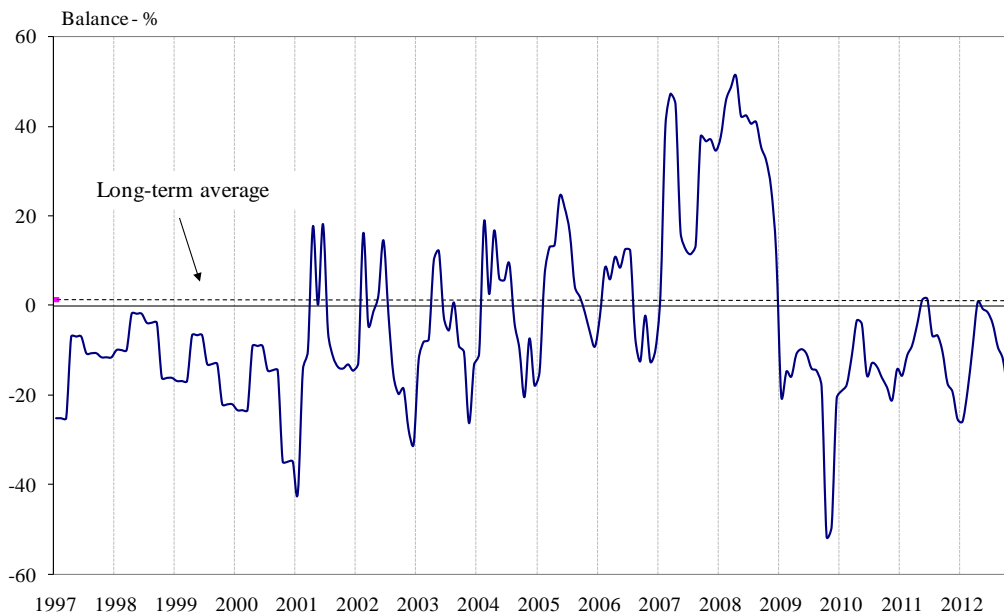
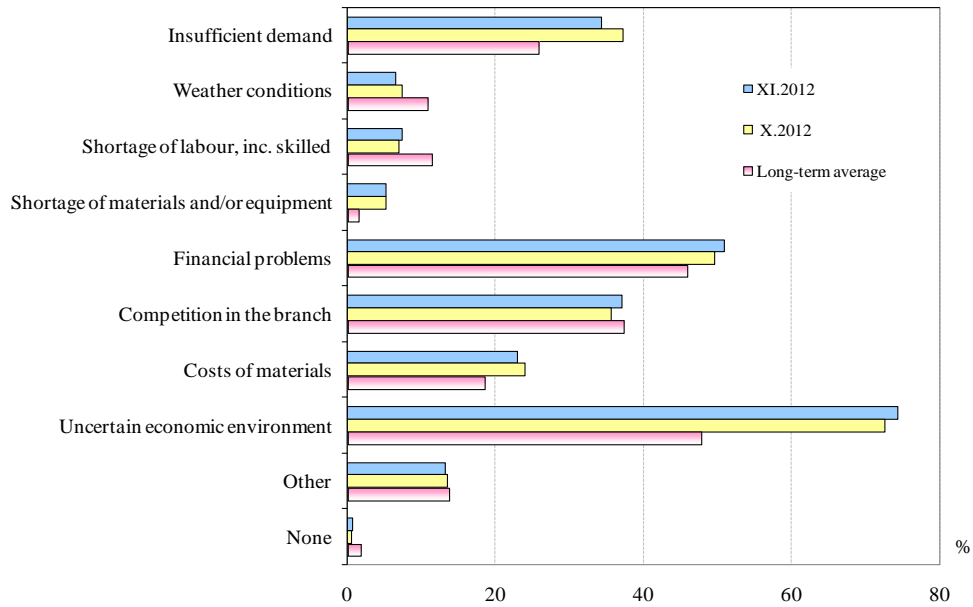


Figure 8. Employment expectations in construction over the next 3 months





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



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

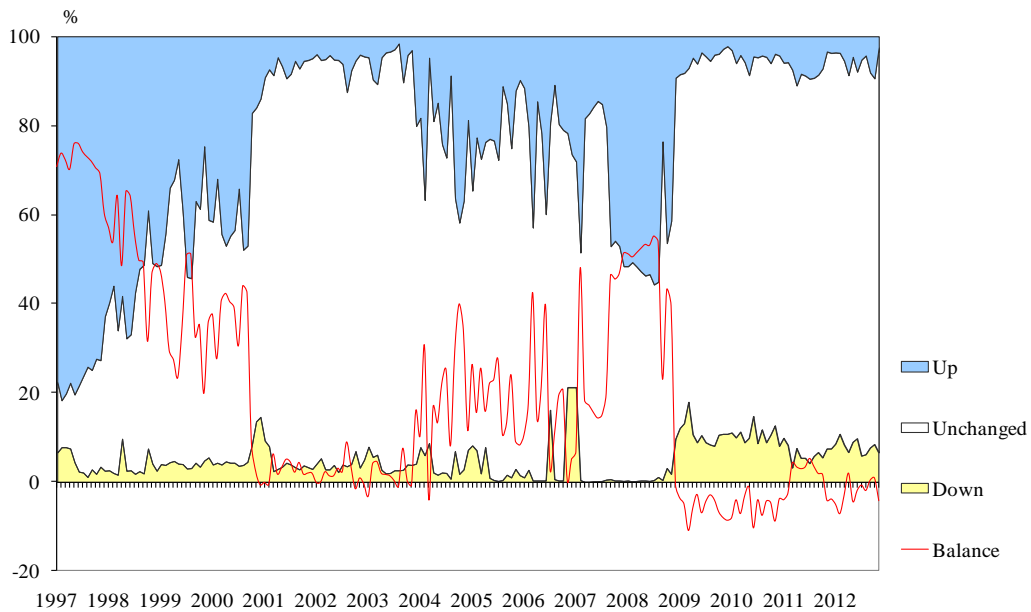




Figure 11. Business climate in retail trade

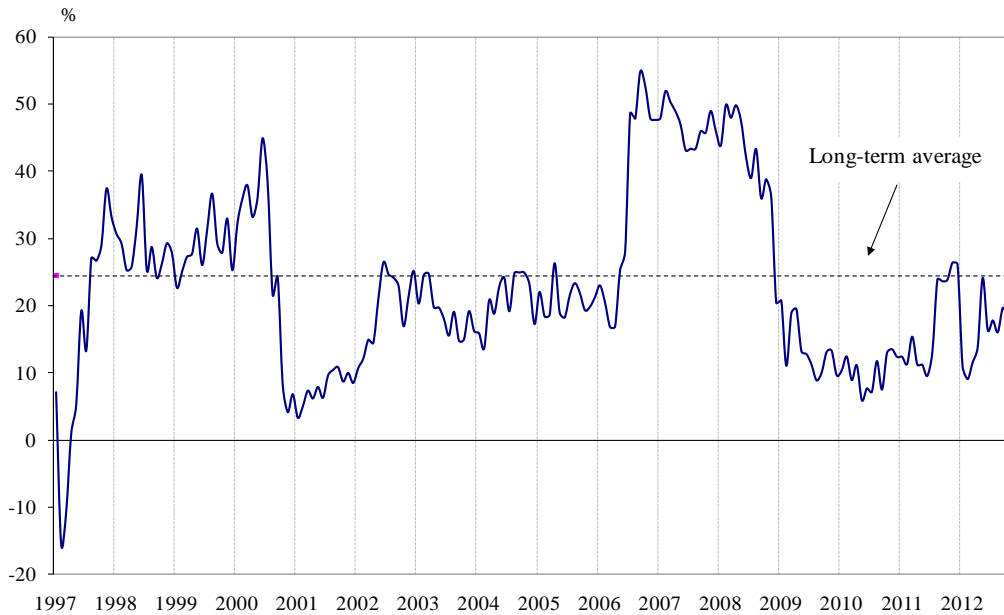


Figure 12. Expected business situation in retail trade over the next 6 months

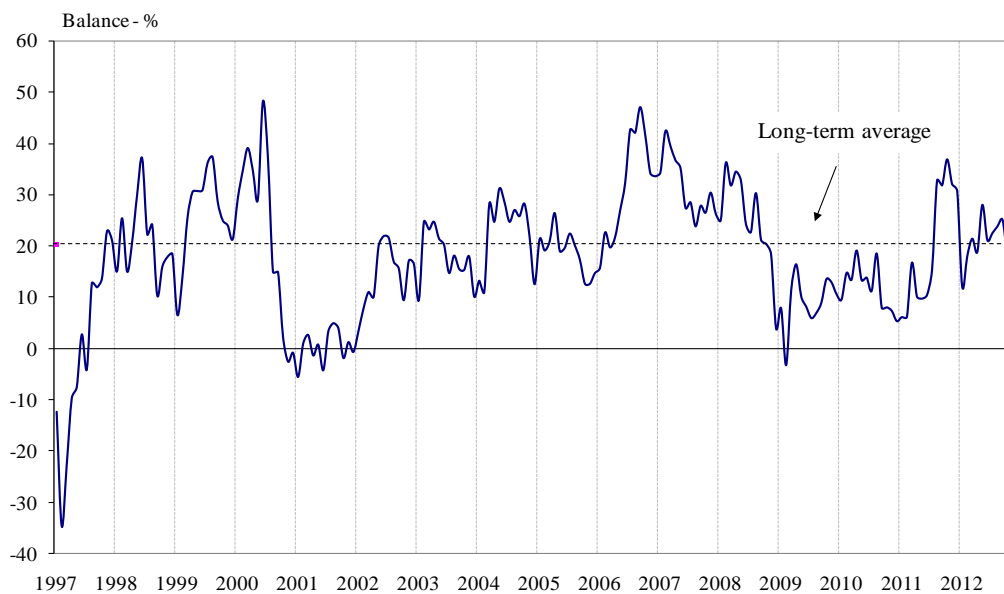




Figure 13. Expectations about orders placed with suppliers in retail trade over the next 3 months

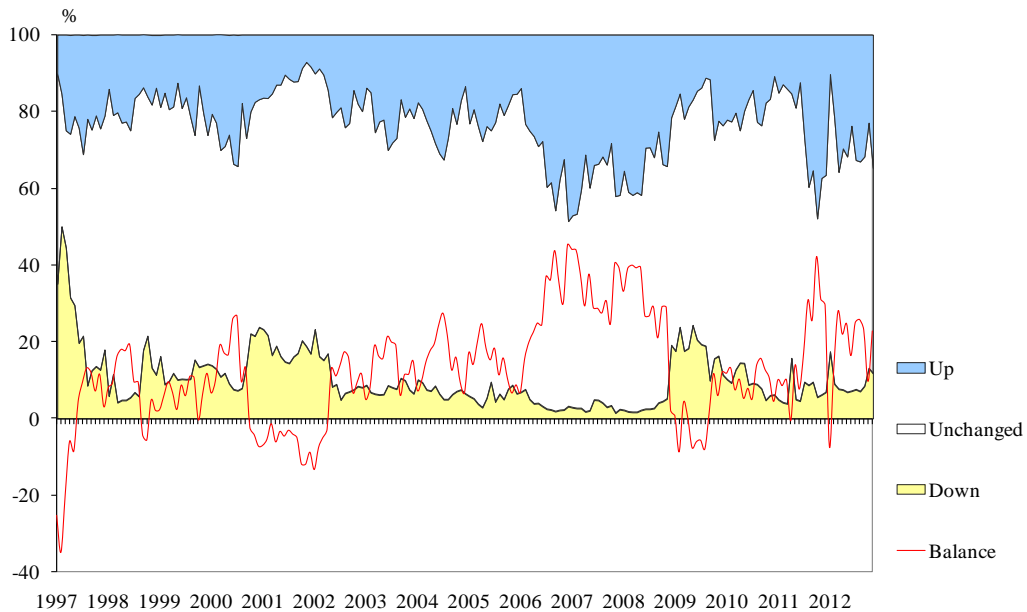


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

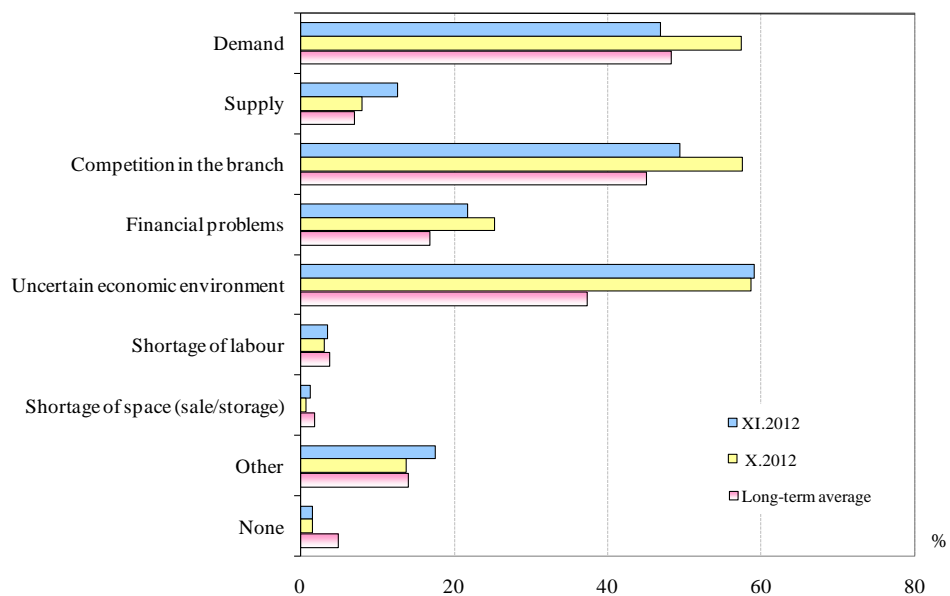




Figure 15. Selling prices expectations in retail trade over the next 3 months

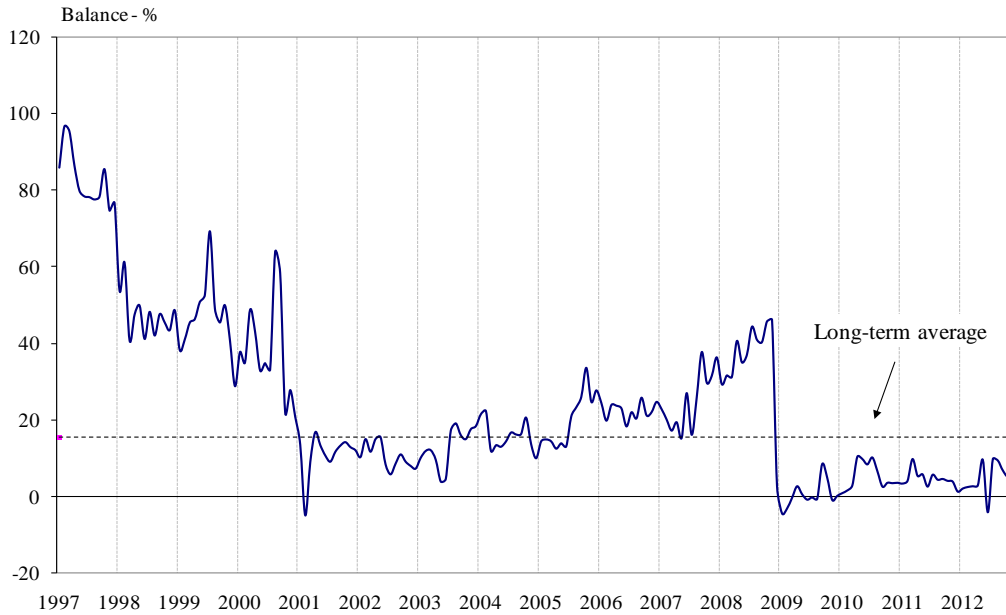


Figure 16. Business climate in service sector

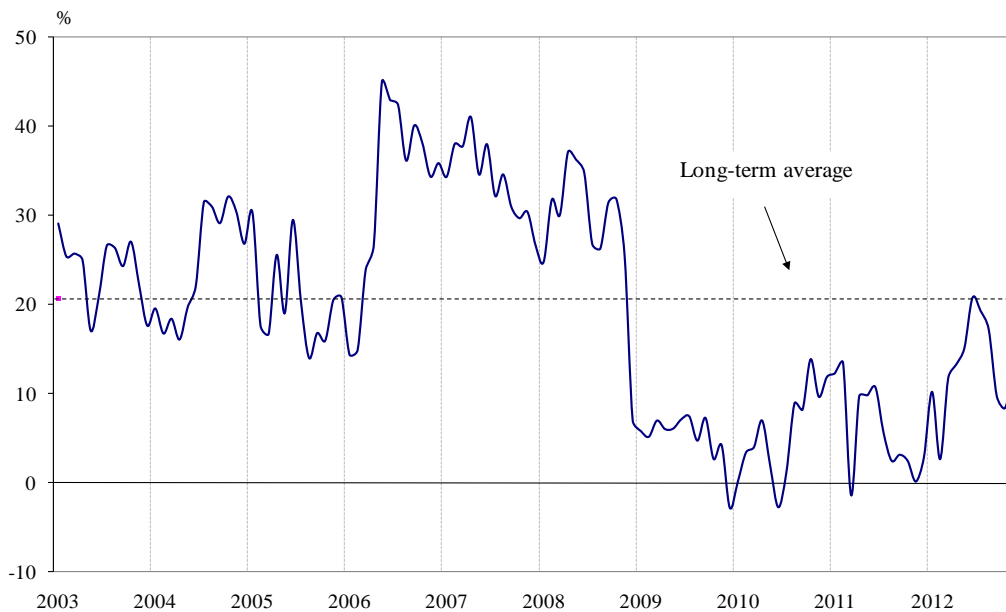




Figure 17. Expected demand in service sector over the next 3 months

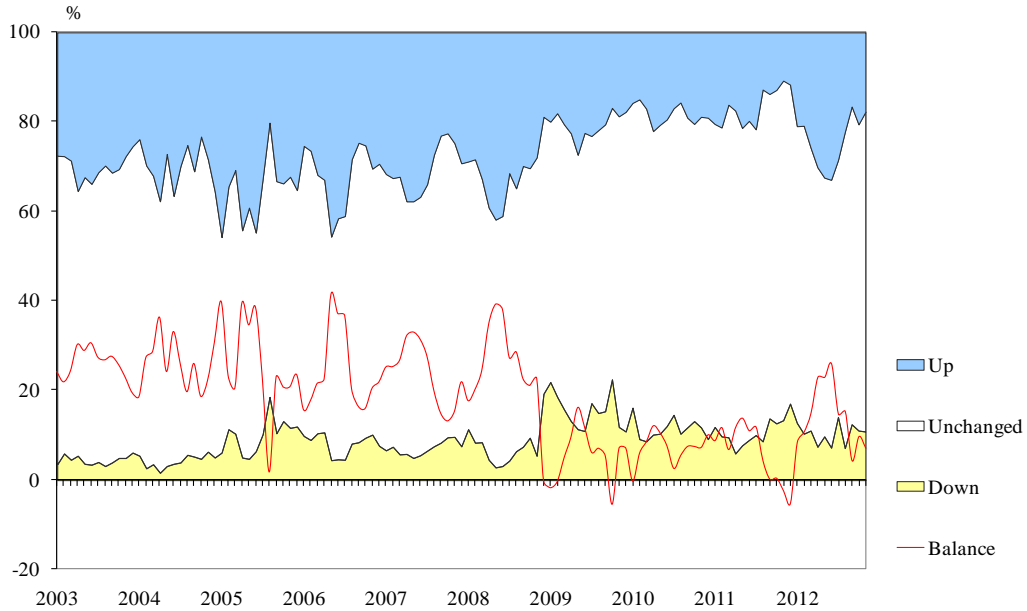


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

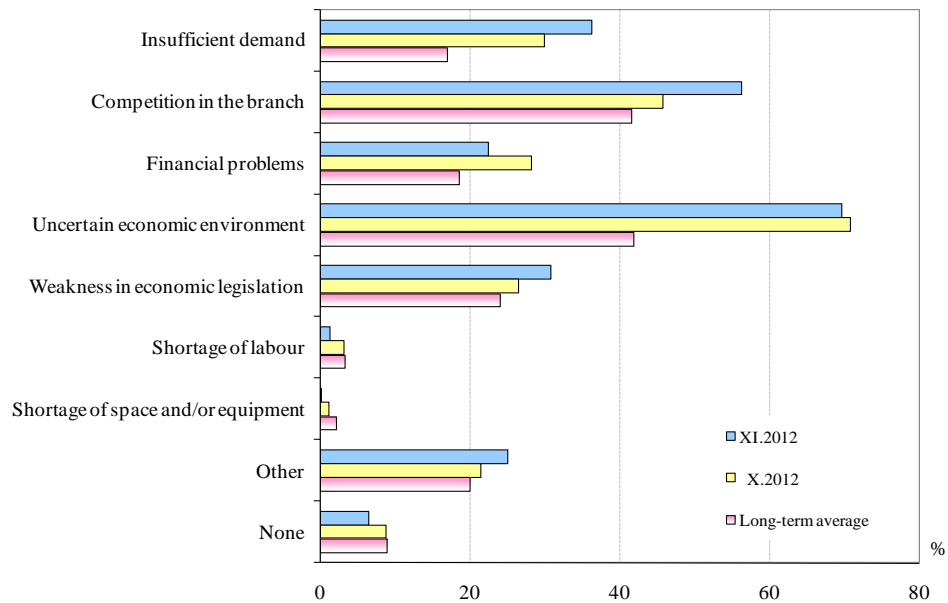




Figure 19. Selling prices expectations in service sector over the next 3 months

