



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1, 2, 3</sup>, DECEMBER 2012

In December 2012 **the total business climate indicator**<sup>4</sup> increases by 0.7 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the improved business conjuncture in construction and retail trade.

**Industry.** The composite indicator “business climate in industry” remains approximately its November level (Annex, Figure 2). The inquiry registers certain managers’ optimism about the present business situation of the enterprises and present production activity, but their expectations over the next 3 months are more moderate (Annex, Figure 3 and 4).

The main factors limiting the development of the business in the branch are uncertain economic environment and insufficient domestic demand pointed out by 55.2% and 42.8% of the industrial enterprises respectively (Annex, Figure 5).

As regards selling prices the expectations are for preservation of their level over the next 3 months (Annex, Figure 6).

**Construction.** In December the composite indicator “business climate in construction” increases by 3.6 percentage points (Annex, Figure 7) mainly due to the more optimistic construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 8). However with regard to the number of clients with delay in payments the assessments are for an increase (Annex, Figure 9).

The uncertain economic environment remain the factor limiting with the most extend the activity in the branch as the last inquiry reported also strengthening the negative influence of the factors “financial problems” and “competition in the branch” (Annex, Figure 10).

The majority of construction entrepreneurs’ expectations are the selling prices remain unchanged over the next 3 months (Annex, Figure 11).

**Retail trade.** The composite indicator “business climate in retail trade” increases by 6.4 percentage points in comparison with the previous month (Annex, Figure 12) which is due to the improved managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 13). However

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.



with regard to the sales and orders placed with suppliers over the next 3 months the retailers' expectations are more reserved.

The main factors limiting the activity of the enterprises remain the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 14).

As regards selling prices the managers do not foresee an increase over the next 3 months (Annex, Figure 15).

**Service sector<sup>1</sup>.** In December the composite indicator “business climate in service sector” decreases by 5.9 percentage points (Annex, Figure 16). Managers' assessments and expectations about the business situation of the enterprises are worsened. Their prognoses about the demand for services over the next 3 months are also more unfavourable. (Annex, Figure 17).

The uncertain economic environment is the most serious factor limiting the activity in the sector, followed by the competition in the branch and the insufficient demand. At the same time in the last month the negative influence of the factor “weakness in economic legislation” is increased (by 6.3 percentage points) (Annex, Figure 18).

Concerning the selling prices in the service sector the inquiry registers certain expectations for an increase over the next 3 months (Annex, Figure 19).

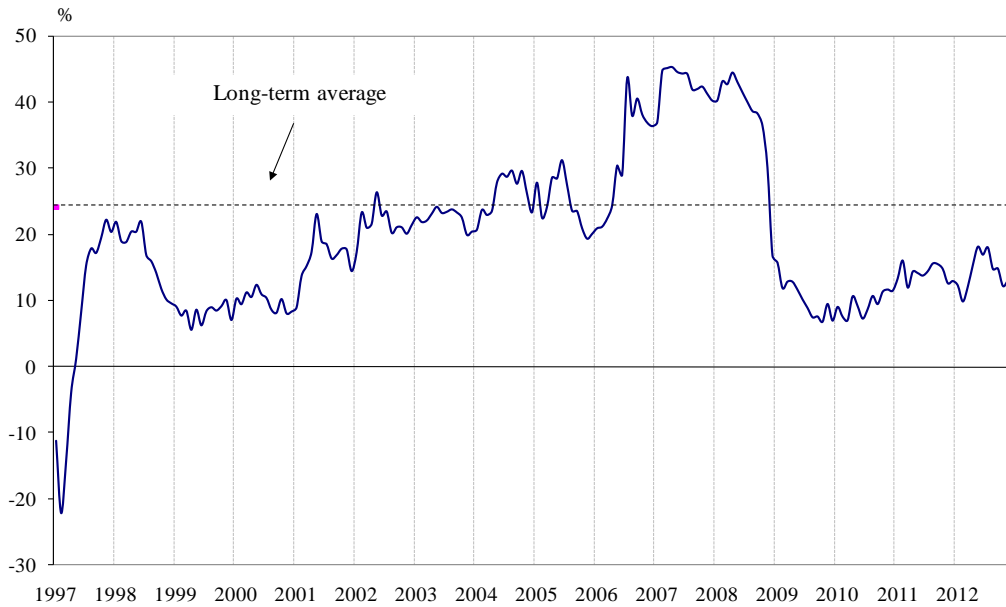
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<sup>1</sup> Excl. trade.

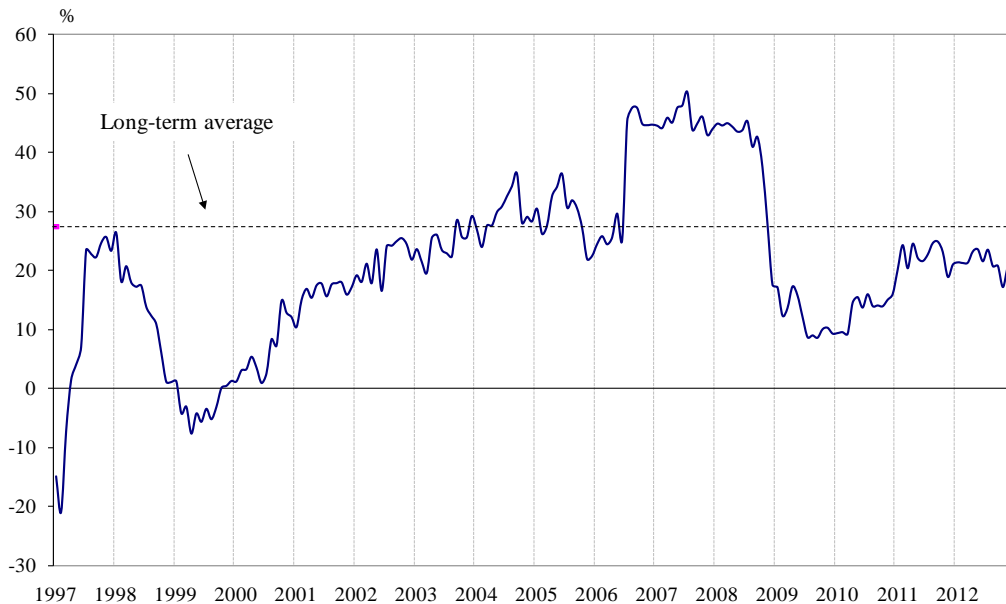


**Annex**

**Figure 1. Business climate – total**

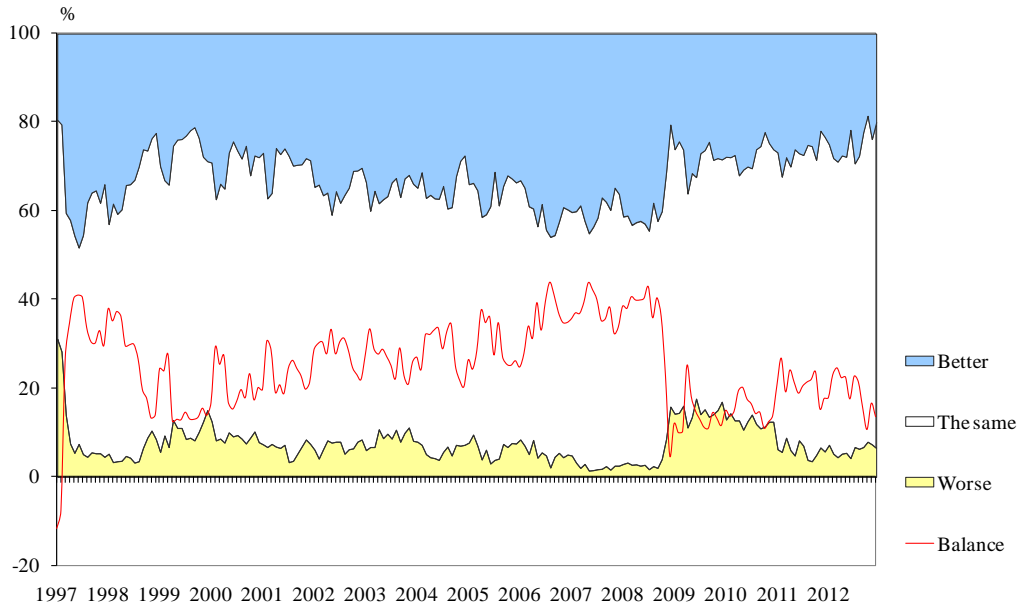


**Figure 2. Business climate in industry**

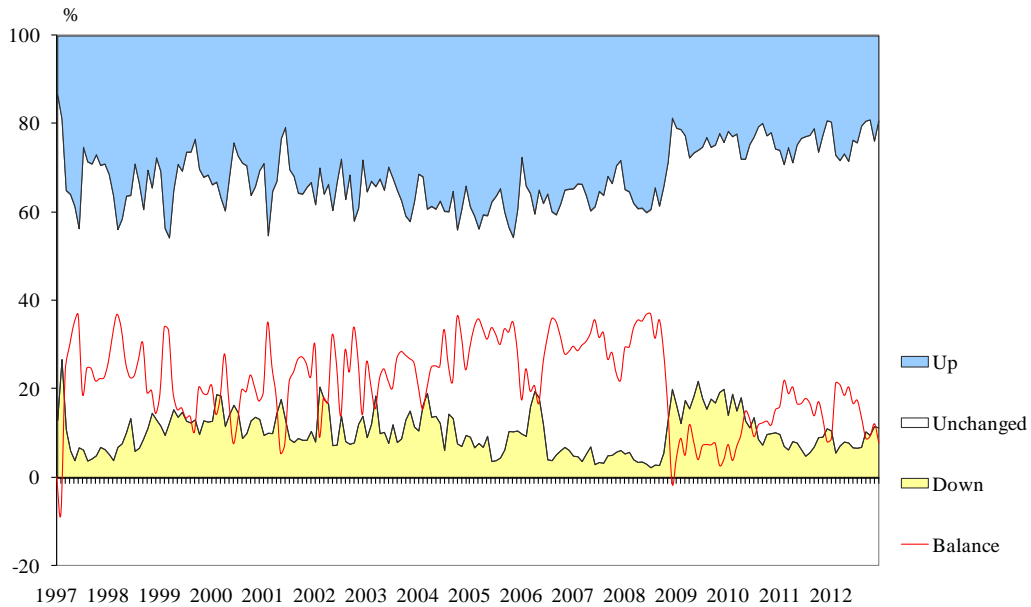




**Figure 3. Expected business situation in industry over the next 6 months**

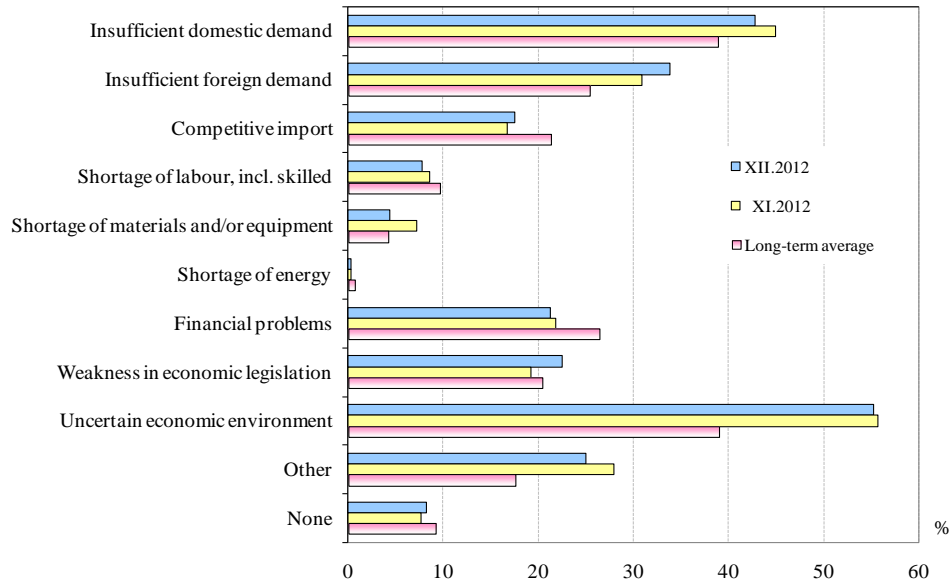


**Figure 4. Expected production activity in industry over the next 3 months**

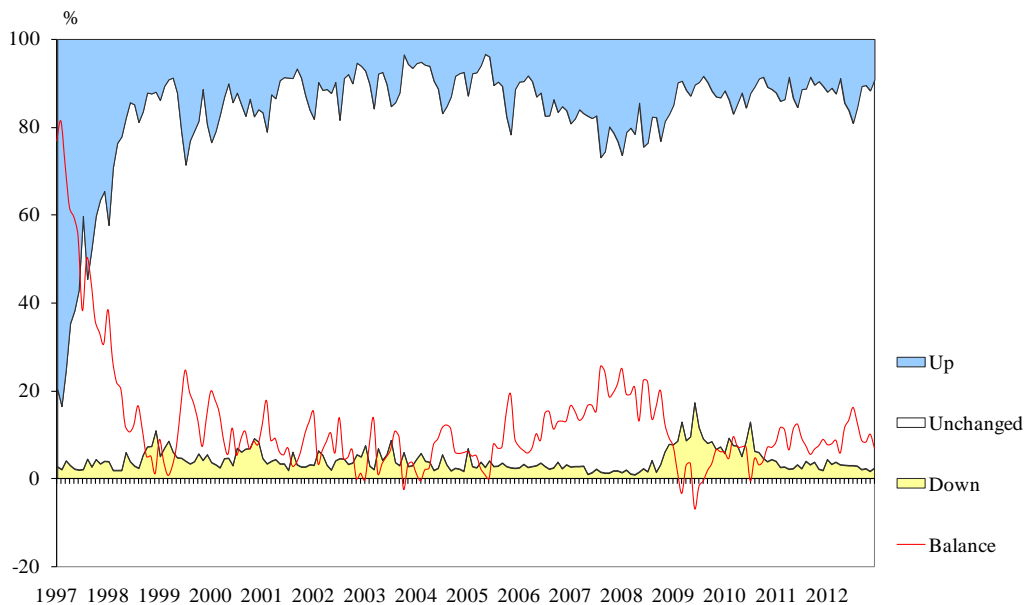




**Figure 5. Limits to production in industry  
(Relative share of enterprises)**

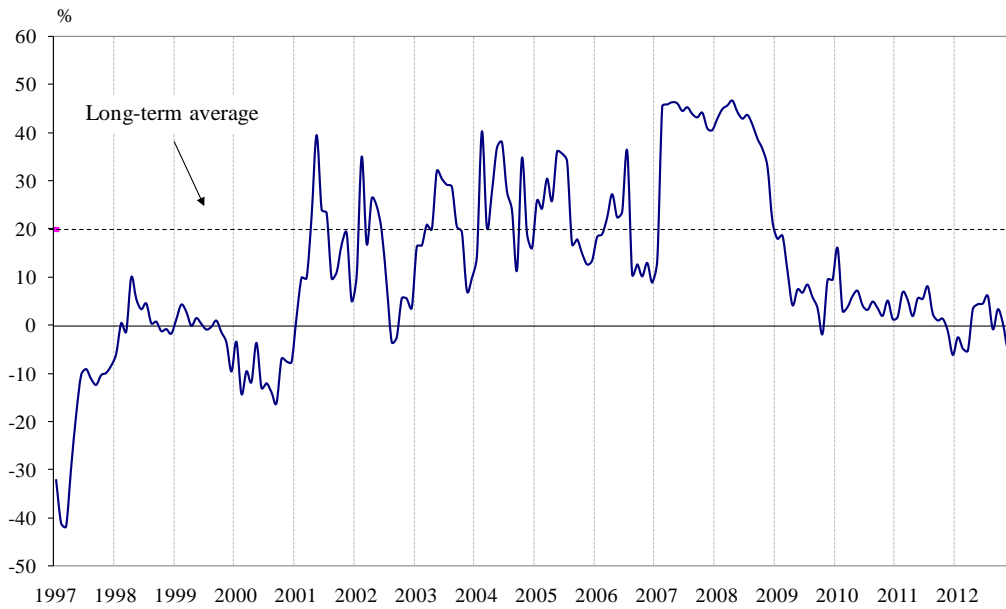


**Figure 6. Selling prices expectations in industry  
over the next 3 months**

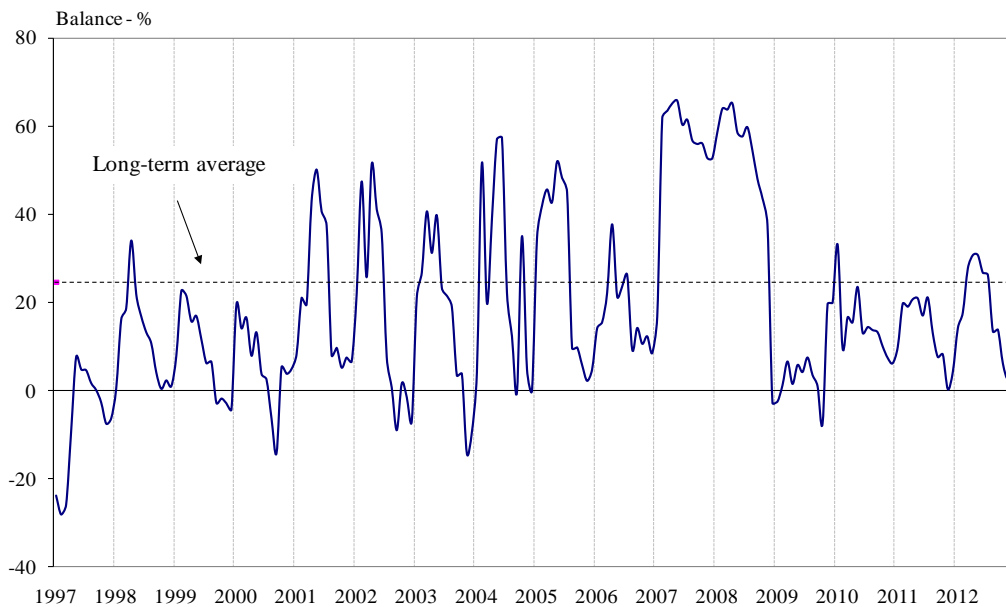




**Figure 7. Business climate in construction**

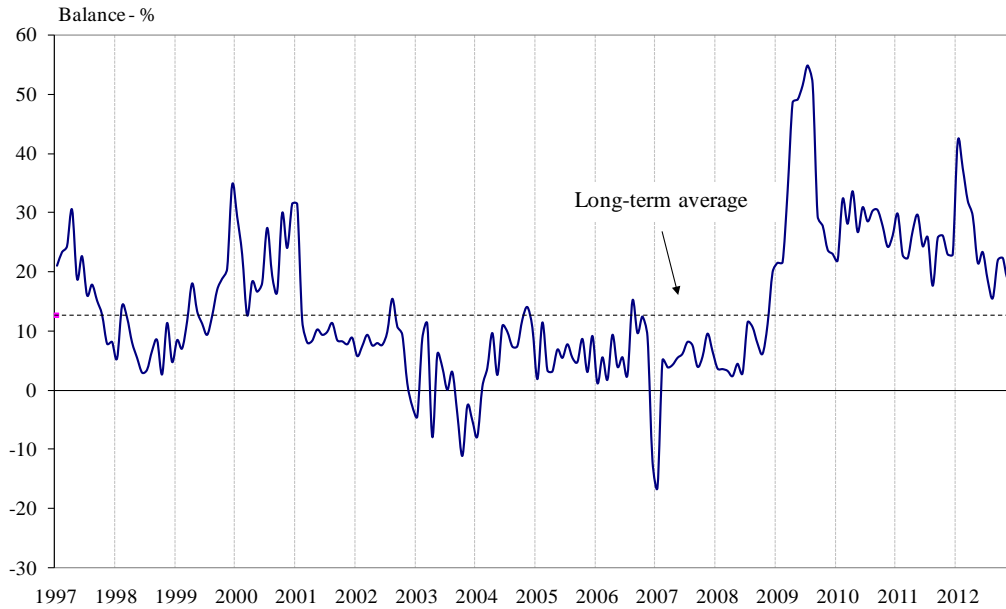


**Figure 8. Expected business situation in construction over the next 6 months**

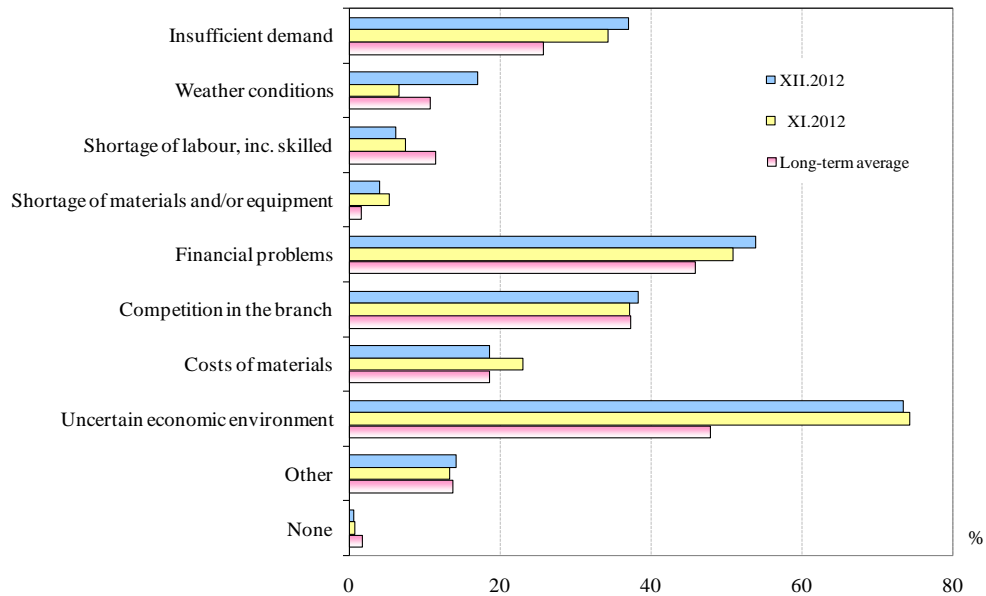




**Figure 9. Clients with delay in payments in construction**

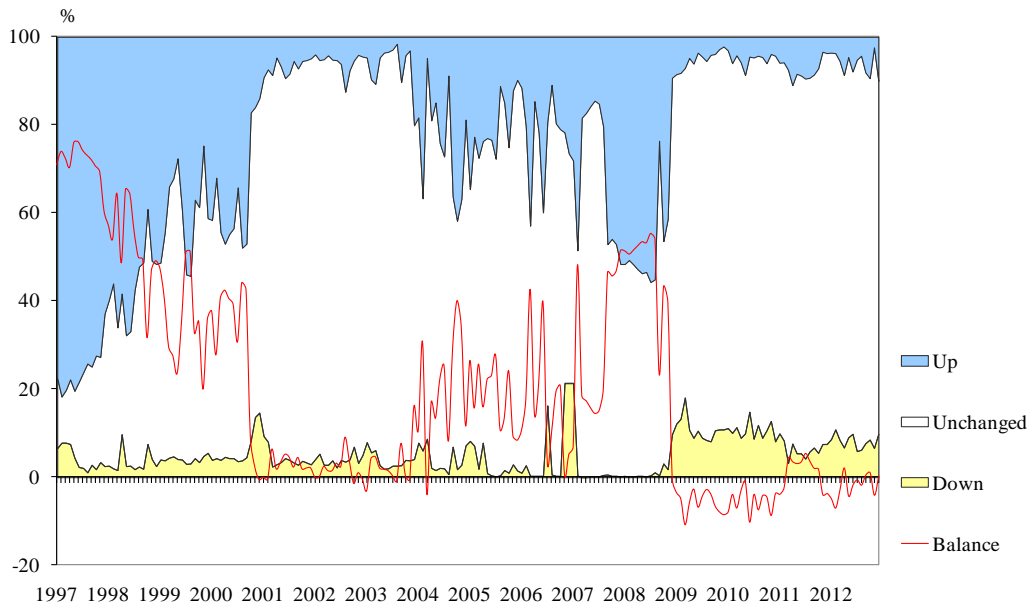


**Figure 10. Limits to construction activity  
(Relative share of enterprises)**

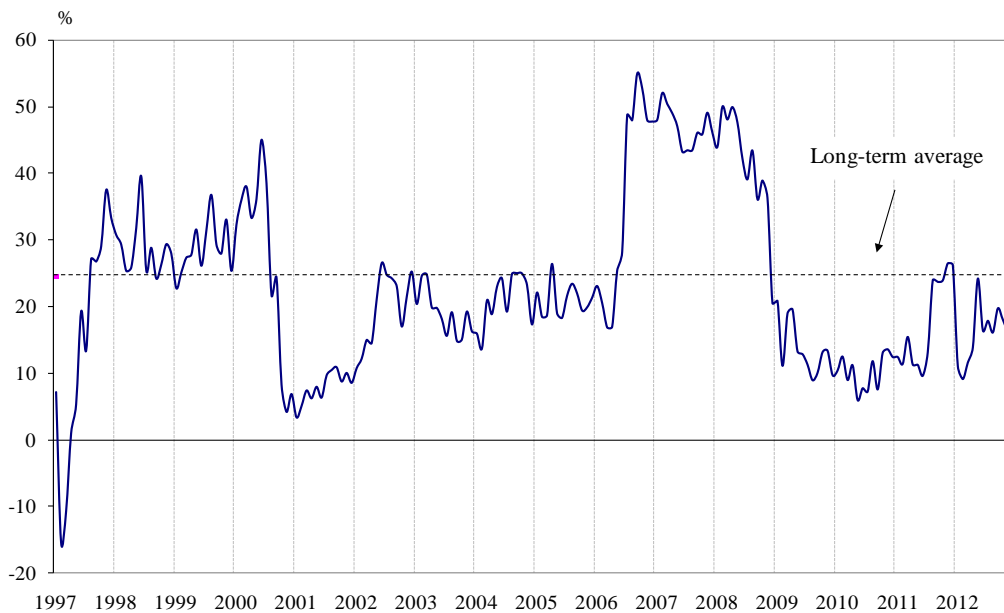




**Figure 11. Selling prices expectations in construction over the next 3 months**



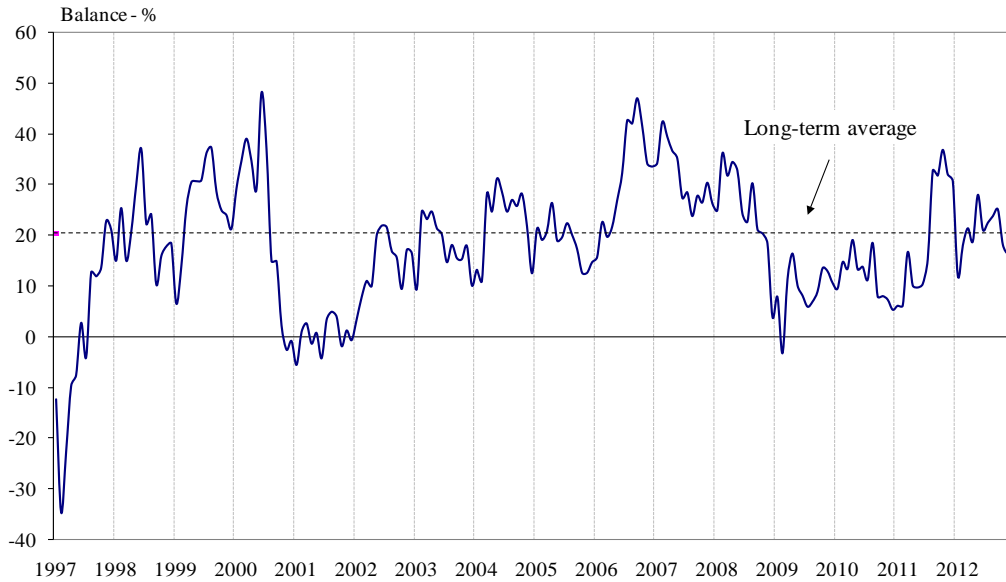
**Figure 12. Business climate in retail trade**



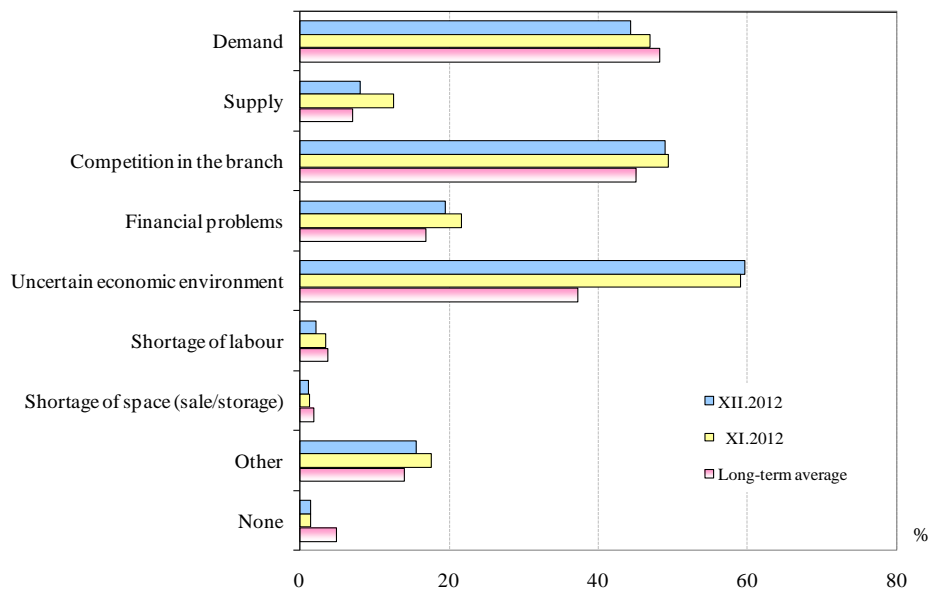




**Figure 13. Expected business situation in retail trade over the next 6 months**

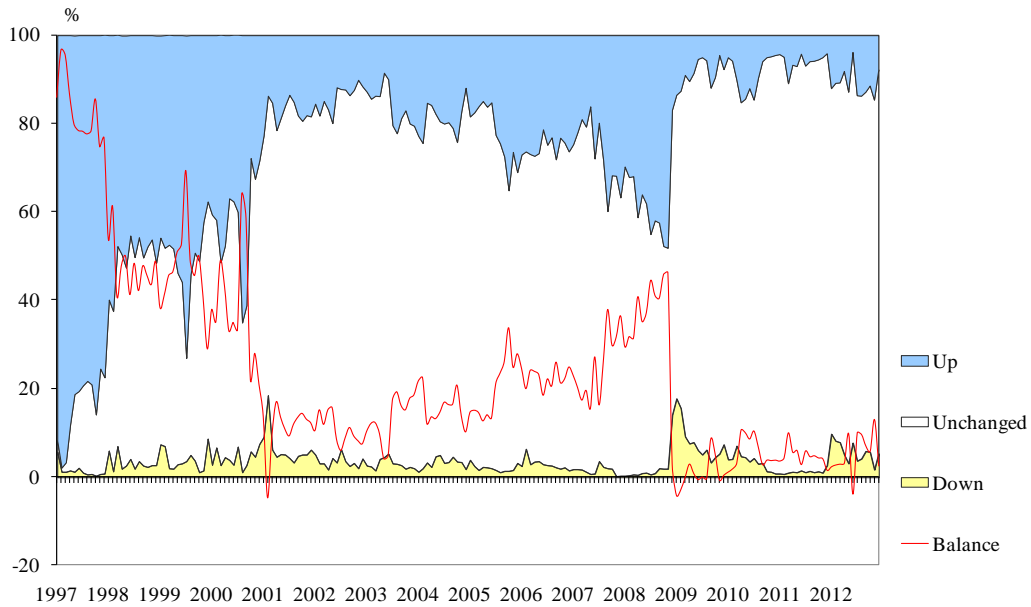


**Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

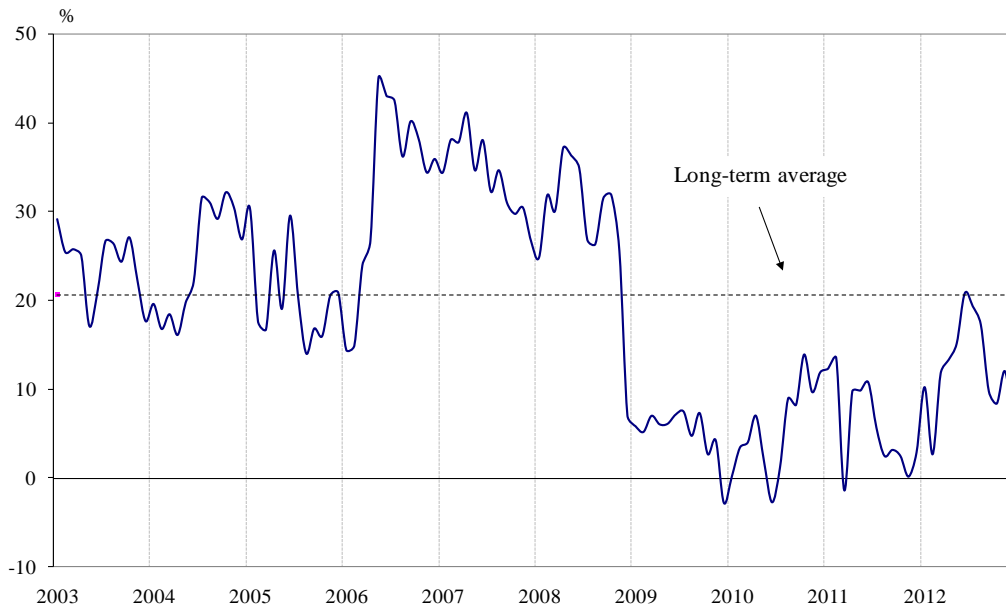




**Figure 15. Selling prices expectations in retail trade over the next 3 months**

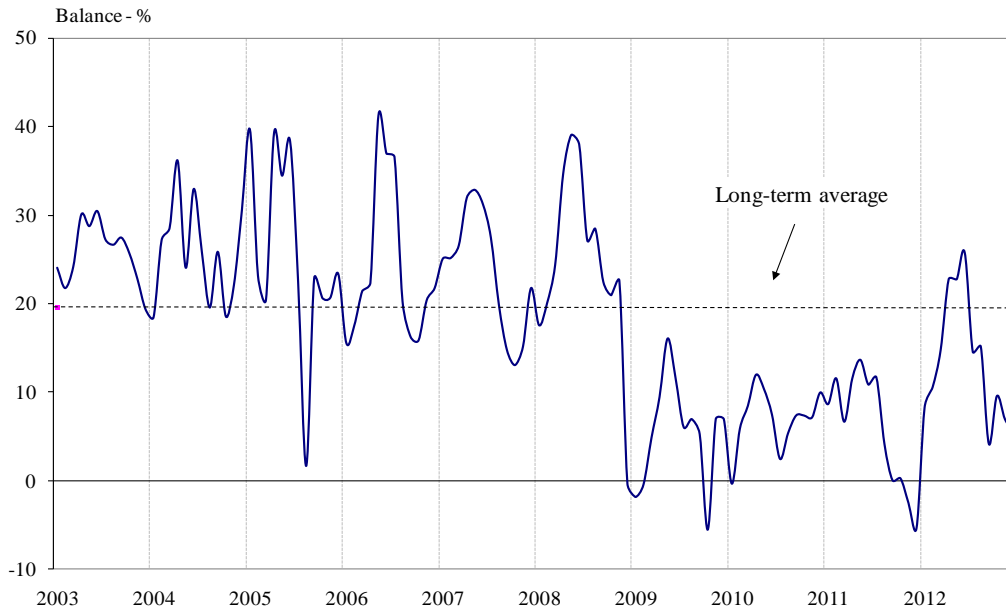


**Figure 16. Business climate in service sector**

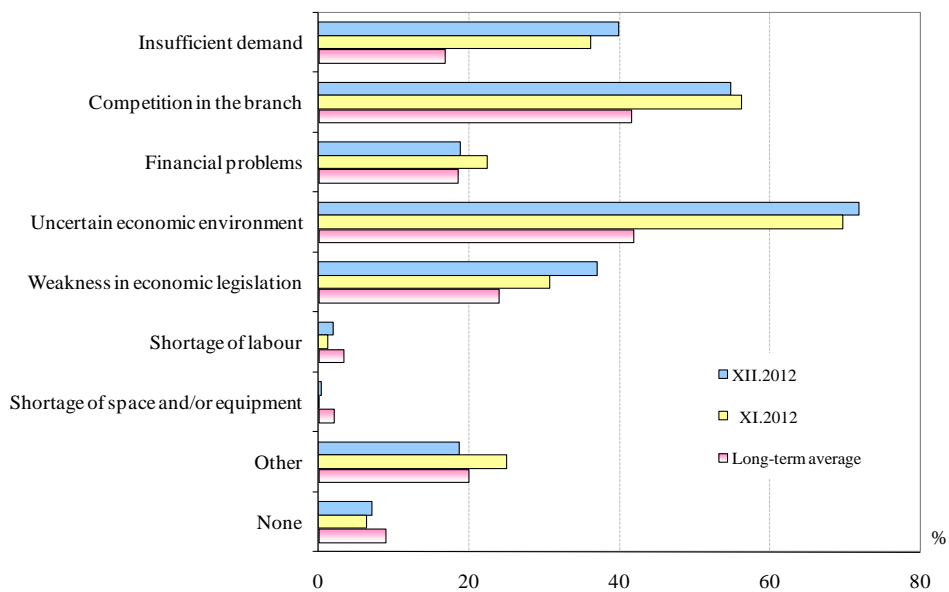




**Figure 17. Expected demand in service sector over the next 3 months**



**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**

