



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1, 2, 3</sup>, FEBRUARY 2013

In February 2013 **the total business climate indicator**<sup>4</sup> increases by 5.7 percentage points compared to the previous month (Annex, Figure 1) due to the more favourable managers' opinions from all observed sectors - industry, construction, retail trade and service sector.

**Industry.** The composite indicator "business climate in industry" increases by 3.6 percentage points in comparison with its January level (Annex, Figure 2) due to the improved managers' assessments about the present business situation of the enterprises (Annex, Figure 3). The present production activity is assessed as decreased, while in the expectations about the business situation and the activity in the branch over the next months some optimism has been observed but it is more moderate compared to the previous inquiry.

The uncertain economic environment and the insufficient domestic demand remain the main factors limiting respectively 54.1% and 44.5% of the industrial enterprises in the branch (Annex, Figure 4).

Concerning the selling prices the expectation are to preserve their level over the next 3 months (Annex, Figure 5).

**Construction.** In February 2013 the composite indicator "business climate in construction" increases by 4.1 percentage points (Annex, Figure 6) which is due to the more optimistic construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). Their expectations about the construction activity over the next 3 months are also more favourable which is accompanied by intention of additional hiring of personnel.

The main obstacles for the development of the business in the branch continue to be connected with the uncertain economic environment and financial problems. However in the last month the inquiry reports strengthen the negative impact of the factor "insufficient demand" which shifts from the third place the factor "competition in the branch" (Annex, Figure 8).

As regards selling prices in construction the prevailing expectations are they to remain unchanged over the next 3 months (Annex, Figure 9).

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<sup>1</sup> 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.

<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.



**Retail trade.** The composite indicator “business climate in retail trade” increases by 11.7 percentage points compared to January 2013 (Annex, Figure 10) due to the improved managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 11). The raised optimism in retailers’ forecasts as regards both the volume of sales and the orders placed with suppliers over the next 3 months are registered (Annex, Figure 12).

The main factor limiting the activity in the branch remains the uncertain economic environment as in the last month an increase of its negative impact is observed. On second place is insufficient demand which negative impact decreases by 14.4 percentage points compared to January (Annex, Figure 13).

The expectations about price movements in retail trade over the next 3 months are for an increase (Annex, Figure 14).

**Service sector<sup>1</sup>.** In February 2013 the composite indicator “business climate in service sector” increases by 5.3 percentage points (Annex, Figure 15) which is due to the more optimistic managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 16). Their expectations about the demand for services over the next 3 months are more favourable but it is not accompanied by intentions of additional hiring of personnel.

The main problems for the business development in the branch continue to be the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 17).

The prevailing managers’ expectations regarding the selling prices in the service sector are for preservation of their level over the next 3 months (Annex, Figure 18).

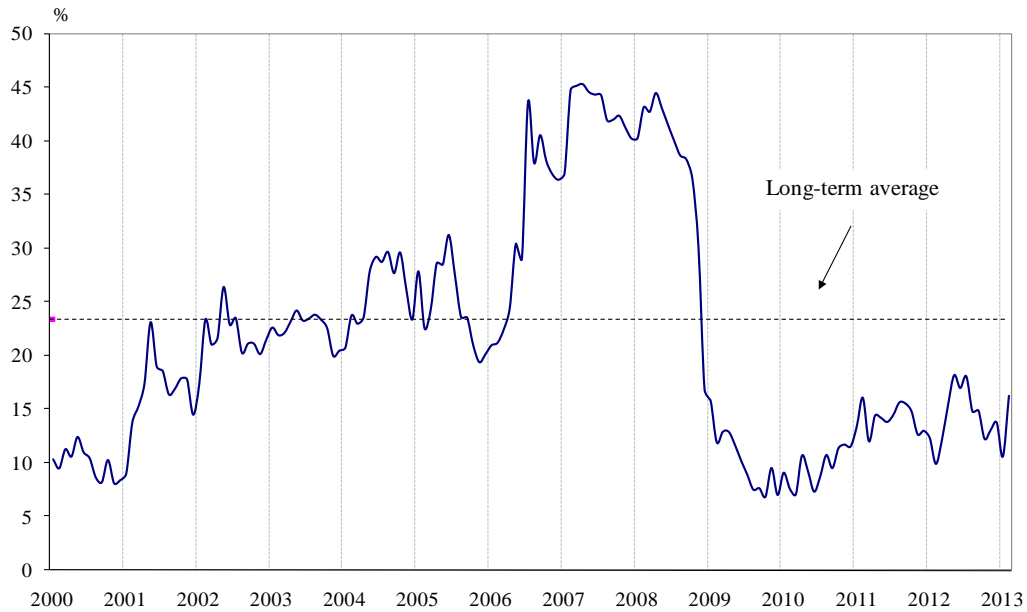
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<sup>1</sup> Excl. trade.

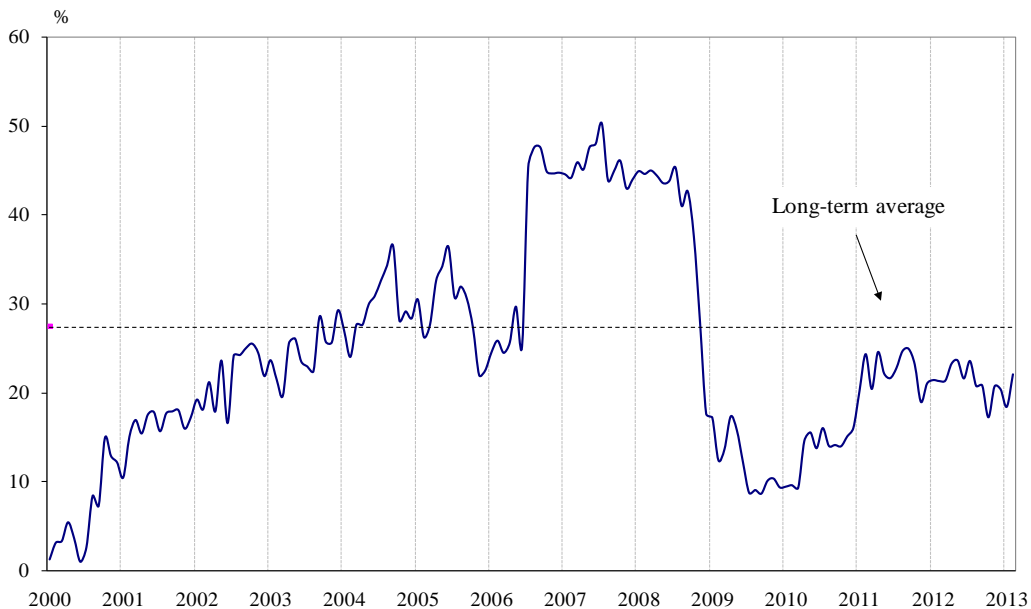


**Annex**

**Figure 1. Business climate - total**

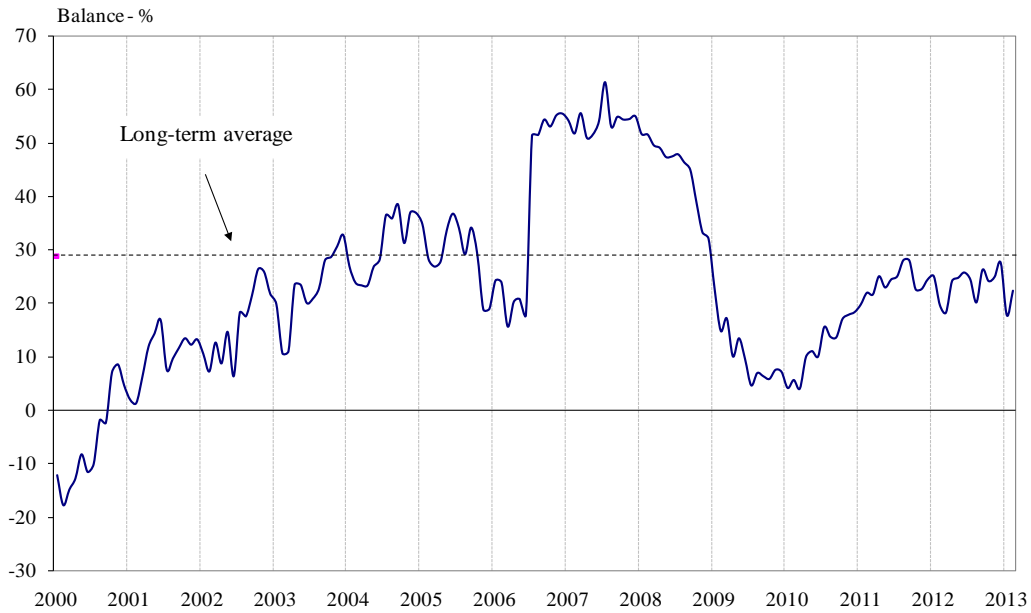


**Figure 2. Business climate in industry**

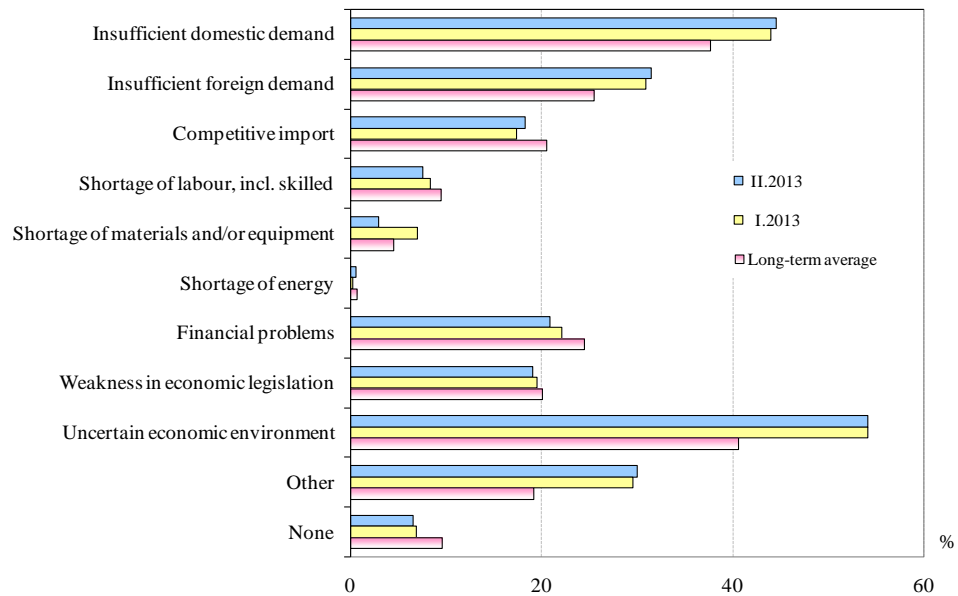




**Figure 3. Present business situation in industry**

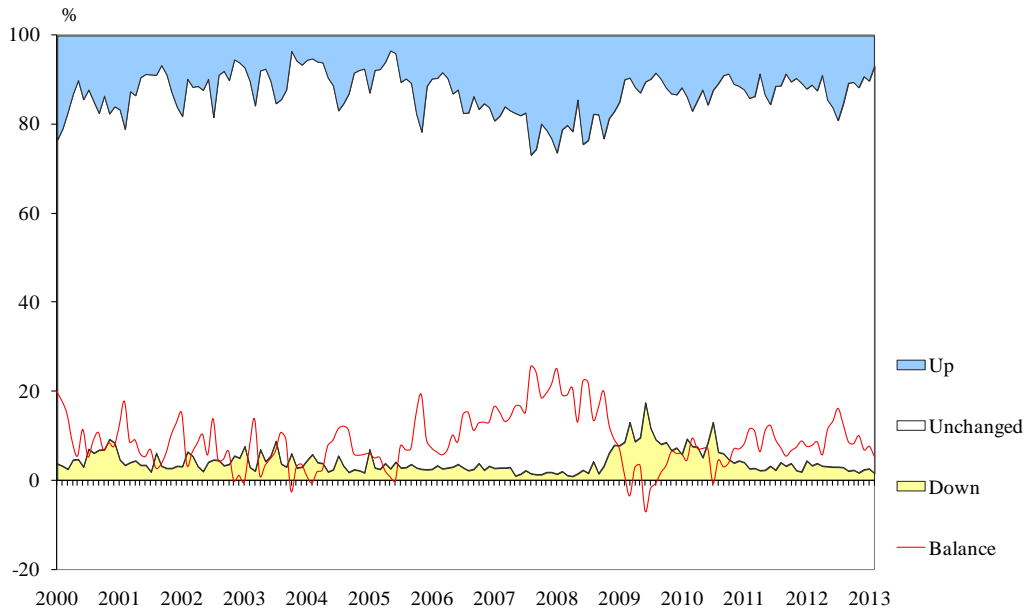


**Figure 4. Limits to production in industry  
(Relative share of enterprises)**

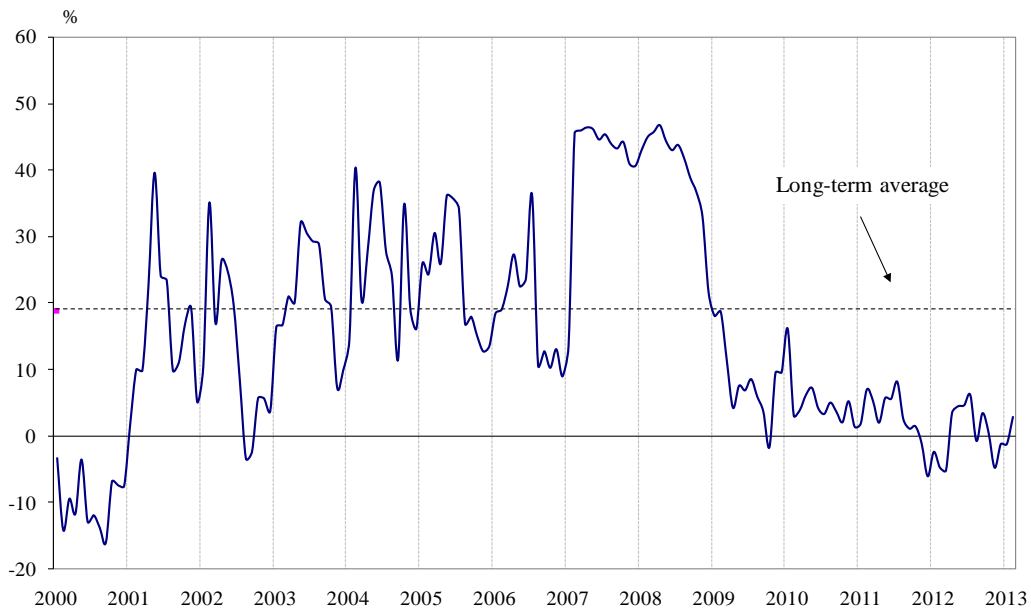




**Figure 5. Selling prices expectations in industry over the next 3 months**

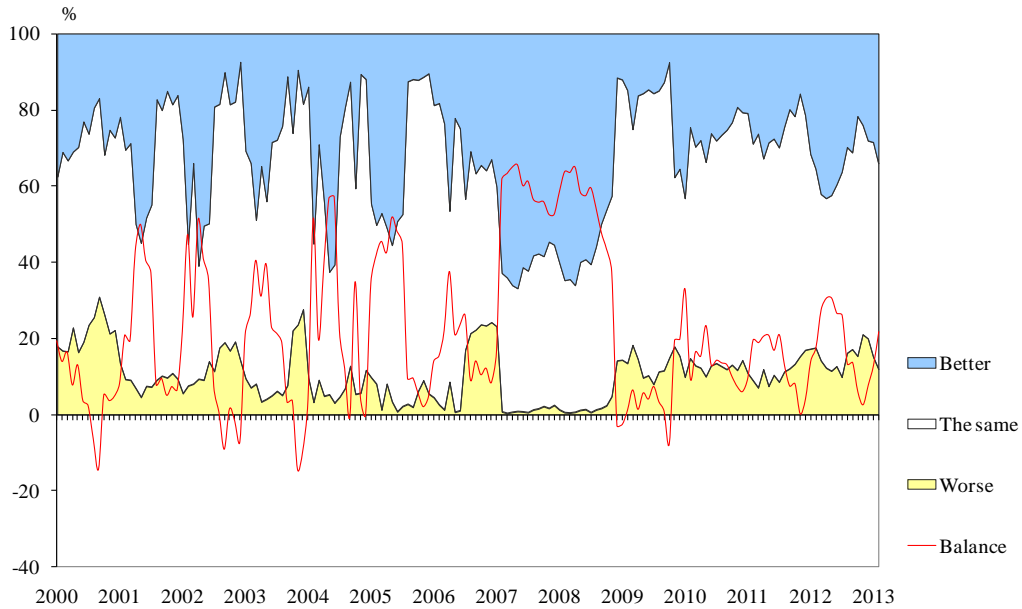


**Figure 6. Business climate in construction**

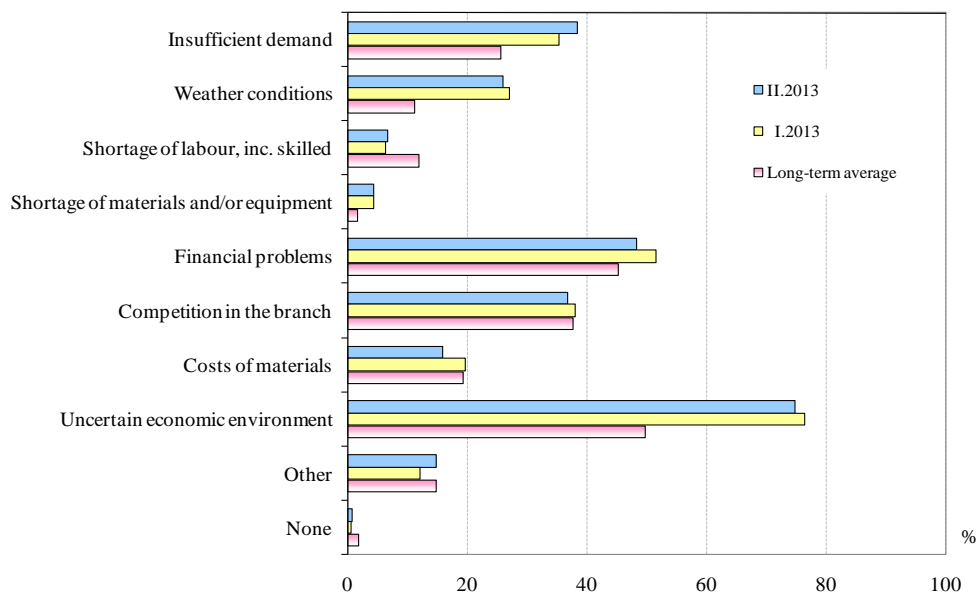




**Figure 7. Expected business situation in construction over the next 6 months**

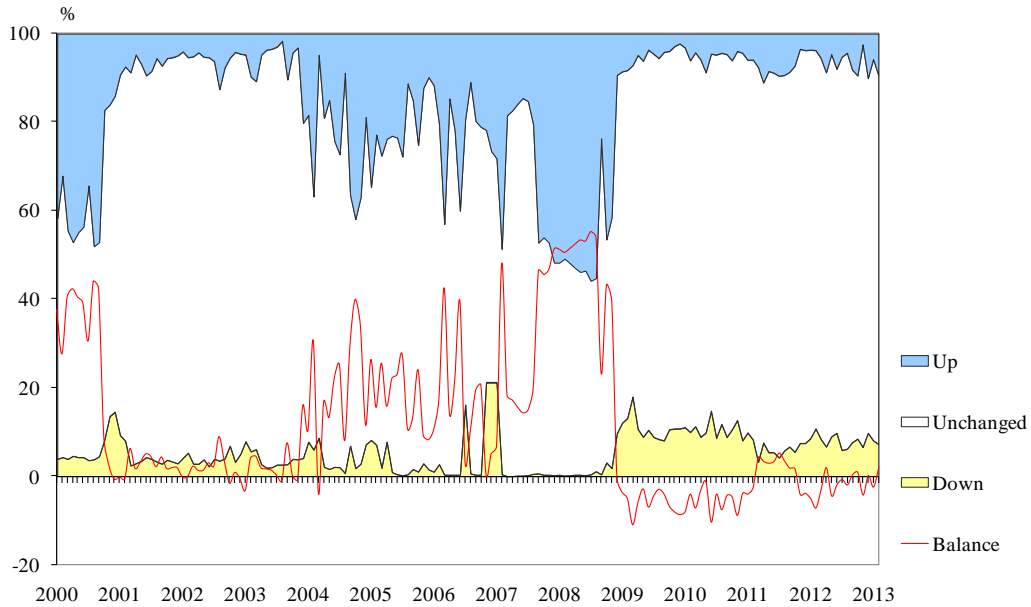


**Figure 8. Limits to construction activity (Relative share of enterprises)**

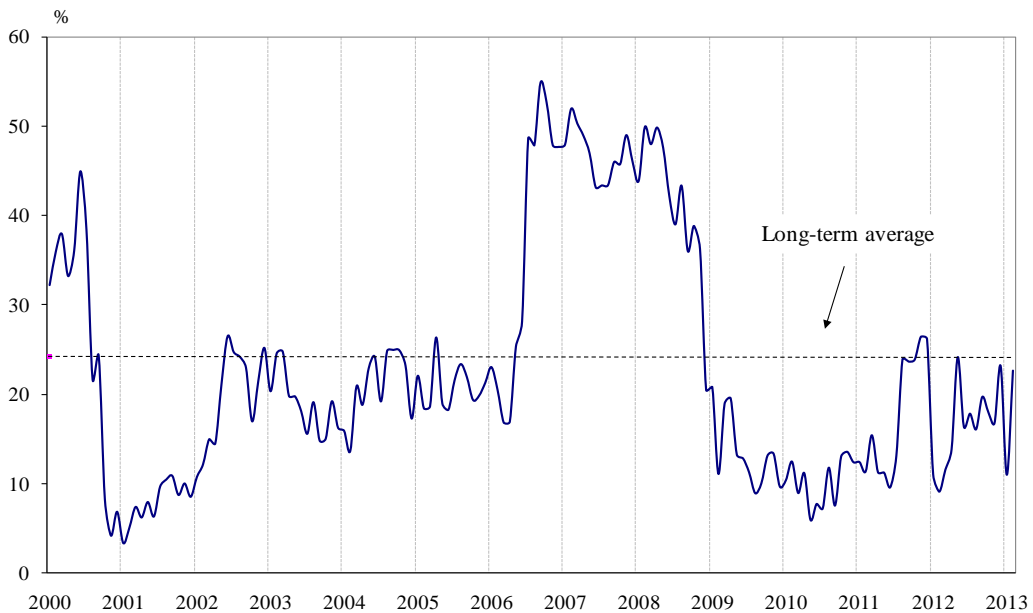




**Figure 9. Selling prices expectations in construction over the next 3 months**

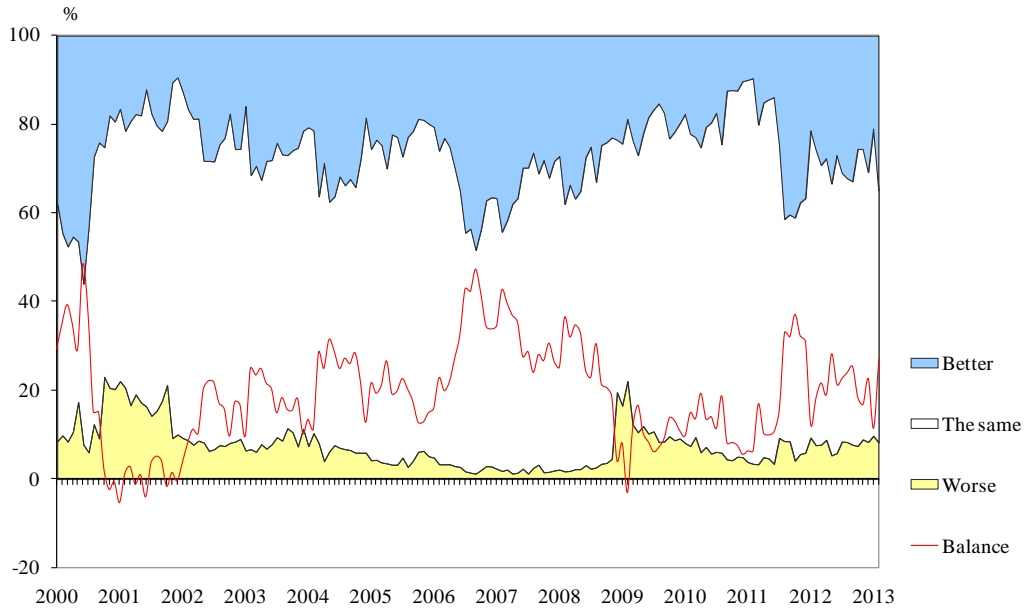


**Figure 10. Business climate in retail trade**

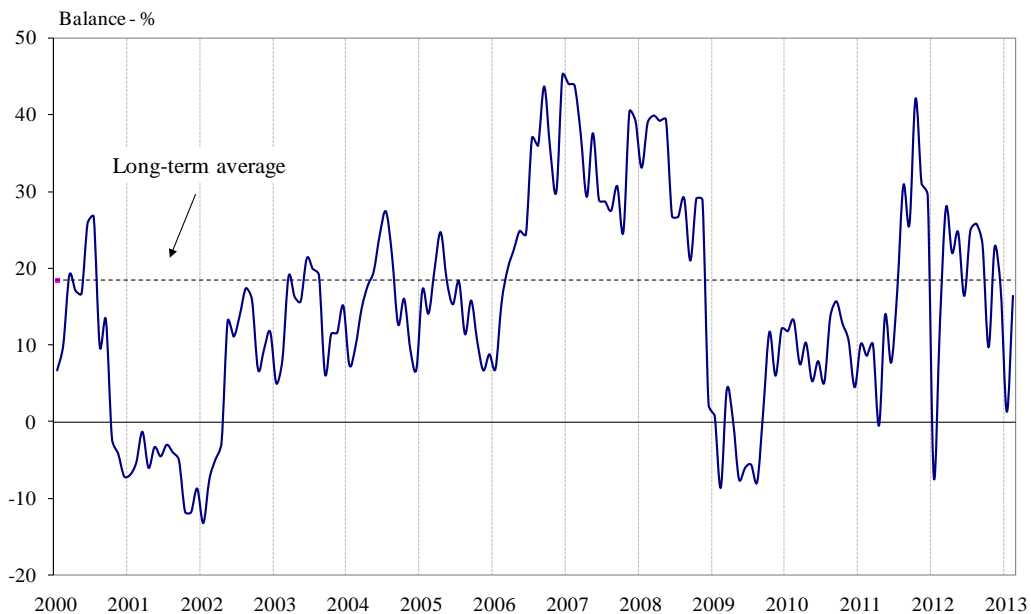




**Figure 11. Expected business situation in retail trade over the next 6 months**



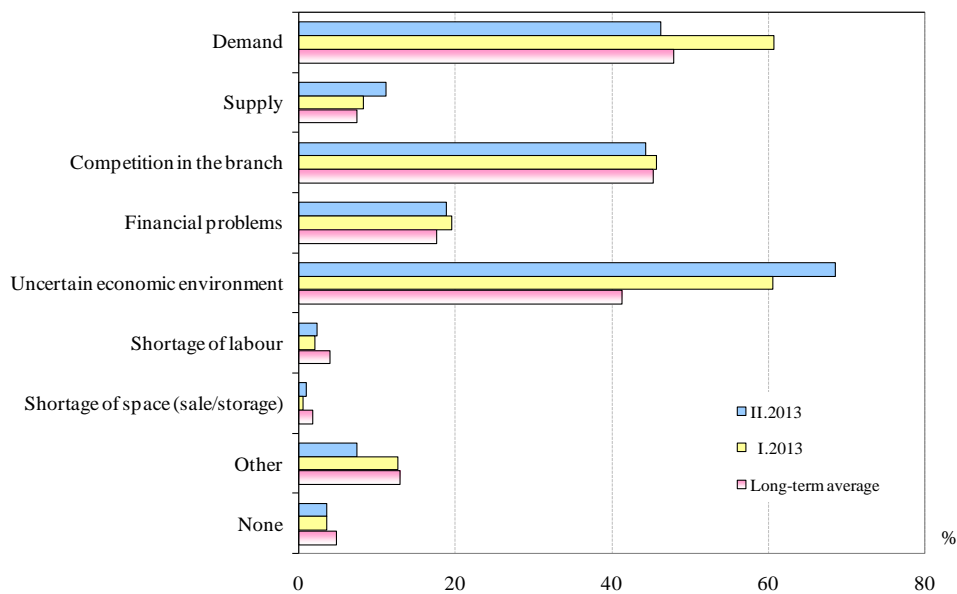
**Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months**



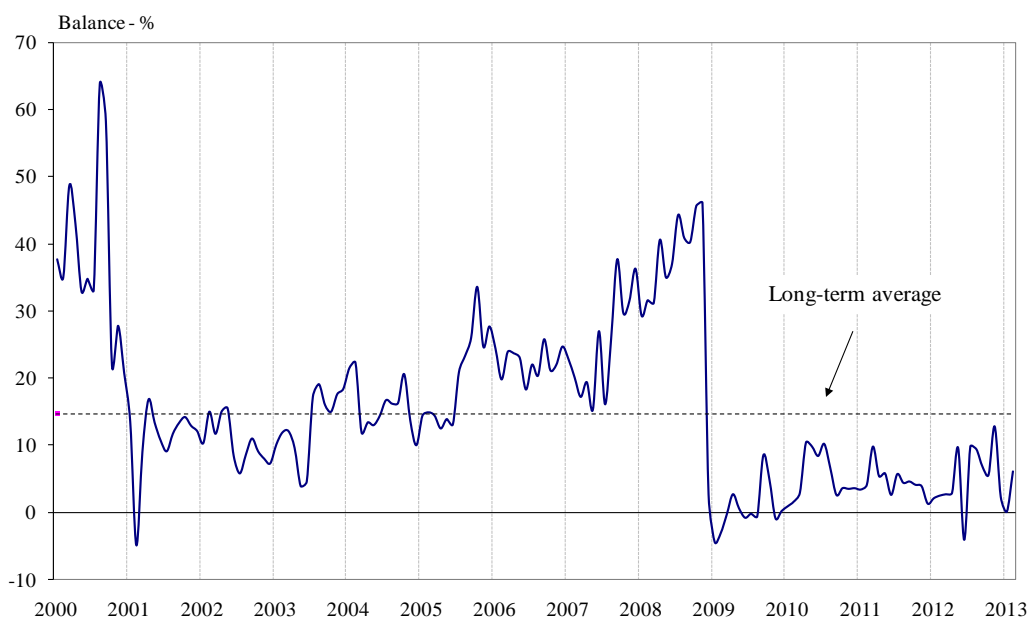




**Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

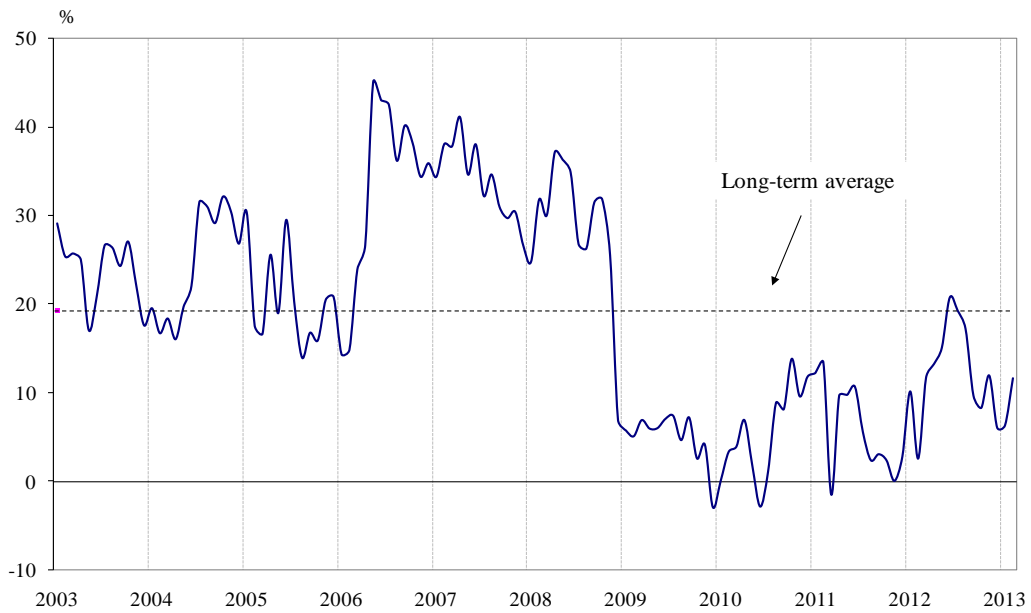


**Figure 14. Selling prices expectations in retail trade over the next 3 months**

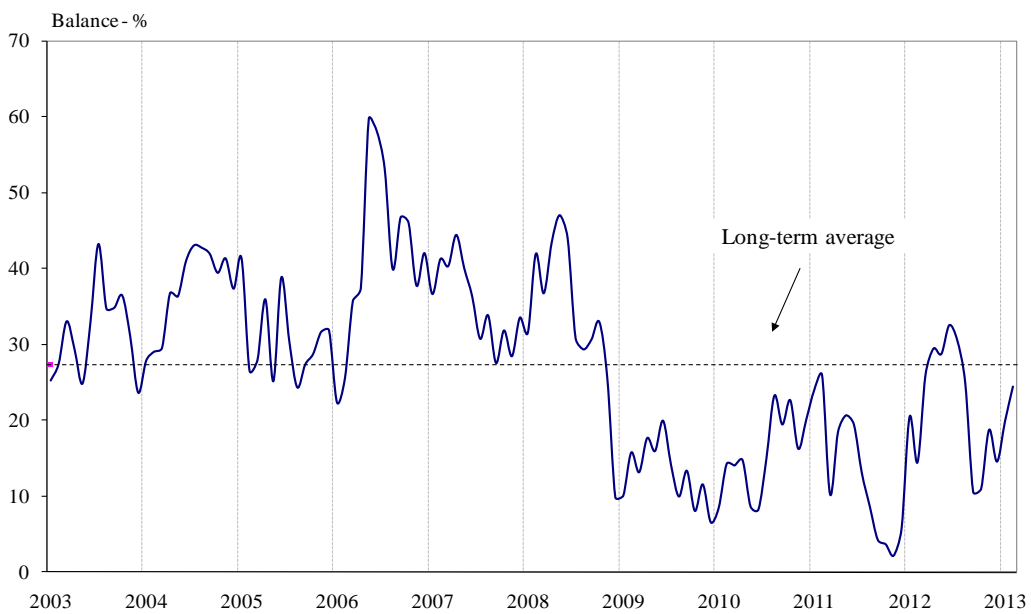




**Figure 15. Business climate in service sector**

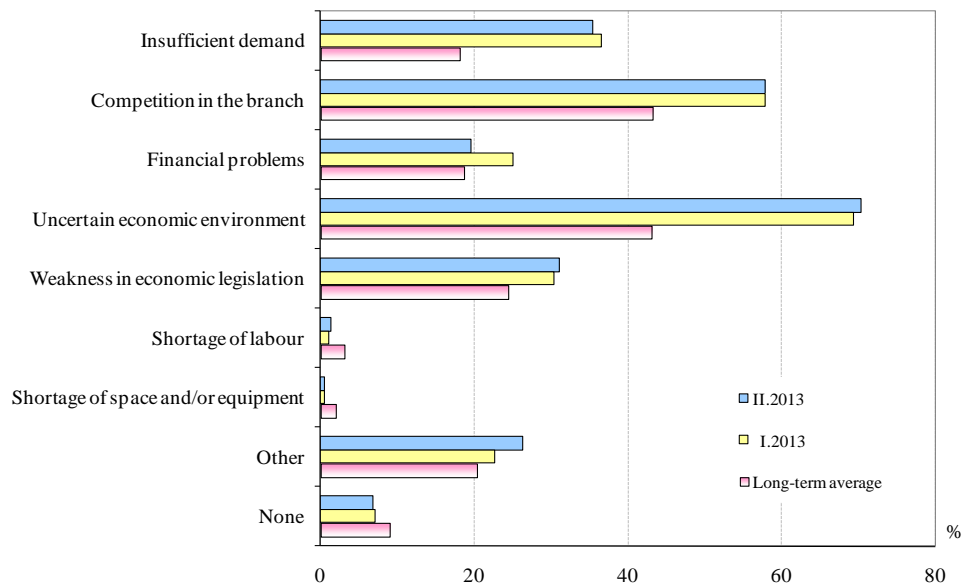


**Figure 16. Expected business situation in service sector over the next 6 months**





**Figure 17. Factors limiting the activity in service sector  
(Relative share of enterprises)**



**Figure 18. Selling prices expectations in service sector  
over the next 3 months**

