BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], MAY, 2013

In May 2013 **the total business climate indicator**[4] decreases by 1.1 percentage points compared to its level from the previous month (Annex, Figure 1) due to the more unfavourable business climate in industry and construction.

Industry. The composite indicator "business climate in industry" decreases by 4.4 percentage points in comparison with April (Annex, Figure 2) which is due to the worsening managers' assessments about the present business situation of the enterprises. The inquiry also registers a decrease of production assurance with orders which is accompanied by reduced expectations about the activity of enterprises over the next 3 months (Annex, Figure 3).

The uncertain economic environment and insufficient domestic demand continue to be the main factors pointed out of the industrial entrepreneurs as an obstacle for the business' development in the branch (Annex, Figure 4).

As regards the selling prices the managers forecast preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In May the composite indicator "business climate in construction" decreases by 1.9 percentage points (Annex, Figure 6) due to the shifting of the construction entrepreneurs' assessments about the business situation of the enterprises from "good" towards "satisfactory" (normal for the season) (Annex, Figure 7). In their opinion the present construction activity in comparison with the previous month is improved, as their expectations about the next 3 months are the activity to keep the same level (Annex, Figure 8).

The most serious factor limiting the activity in the branch continues to be the uncertain economic environment whose negative influence increases by 4.0 percentage points. In the background remain the difficulties related to the financial problems, insufficient demand and competition in the branch (Annex, Figure 9).

Concerning the selling prices in the branch managers' expectations are they remain unchanged over the next 3 months (Annex, Figure 10).

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[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.

Retail trade. The composite indicator “business climate in retail trade” increases by 3.4 percentage points compared to the previous month (Annex, Figure 11) which is due to the improved retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 12). The inquiry registers also increased optimism in retailers’ forecasts with regard to the sales and orders placed with suppliers (Annex, Figure 13) over the next 3 months.

The main factors limiting the activity in the branch continue to be the uncertain economic environment and insufficient demand, as in the last month strengthen the negative influence of the factor “competition in the branch” is reported (by 6.1 percentage points) (Annex, Figure 14).

As regards the prices in the retail trade the expectations are for preservation of their level over the next 3 months (Annex, Figure 15).

Service sector[1]. In May the composite indicator “business climate in service sector” increases by 1.9 percentage points compared to April (Annex, Figure 16) due to the shifting of the managers’ assessments and expectations about the business situation of the enterprises from “worse” towards preserving “the same” (Annex, Figure 17). As regards the demand for services the present tendency is estimated as improved, but the expectations over the next 3 months are more reserved.

The uncertain economic environment, competition in the branch and insufficient demand remain the main obstacles for the business development in the sector although in May a decrease of their negative impact is observed (Annex, Figure 18).

Concerning the selling prices in the service sector the majority of the managers’ expectations are they to remain unchanged over the next 3 months (Annex, Figure 19).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

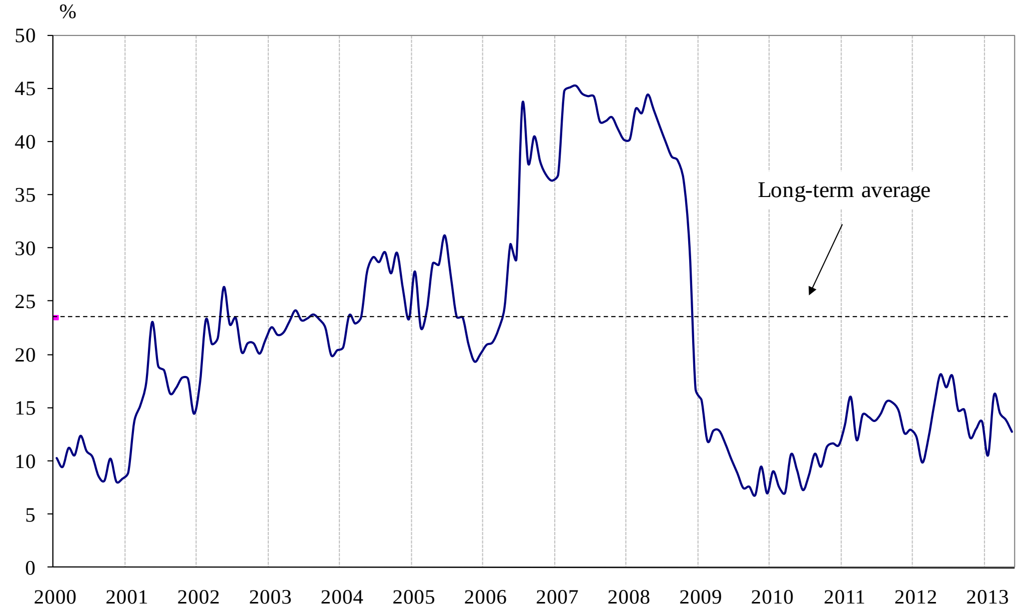

Figure 2. Business climate in industry

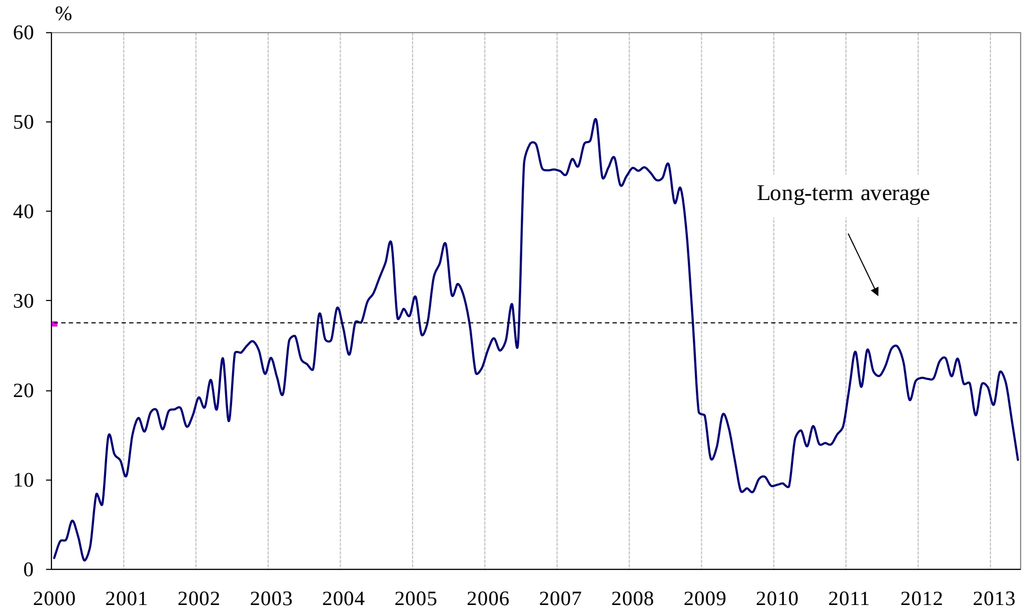

Figure 3. Expected production activity in industry over the next 3 months

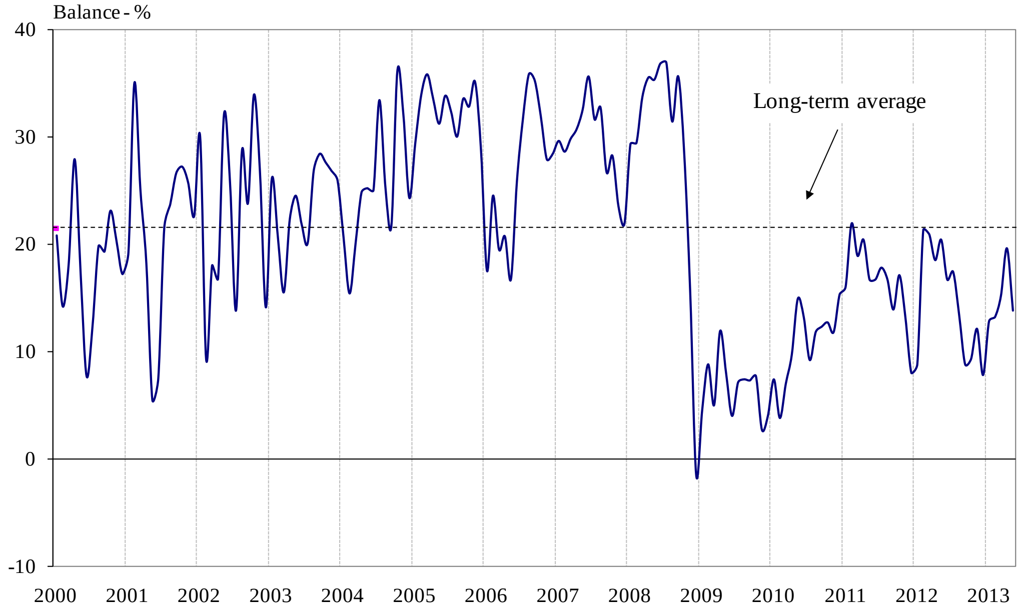

Figure 4. Limits to production in industry (Relative share of enterprises)

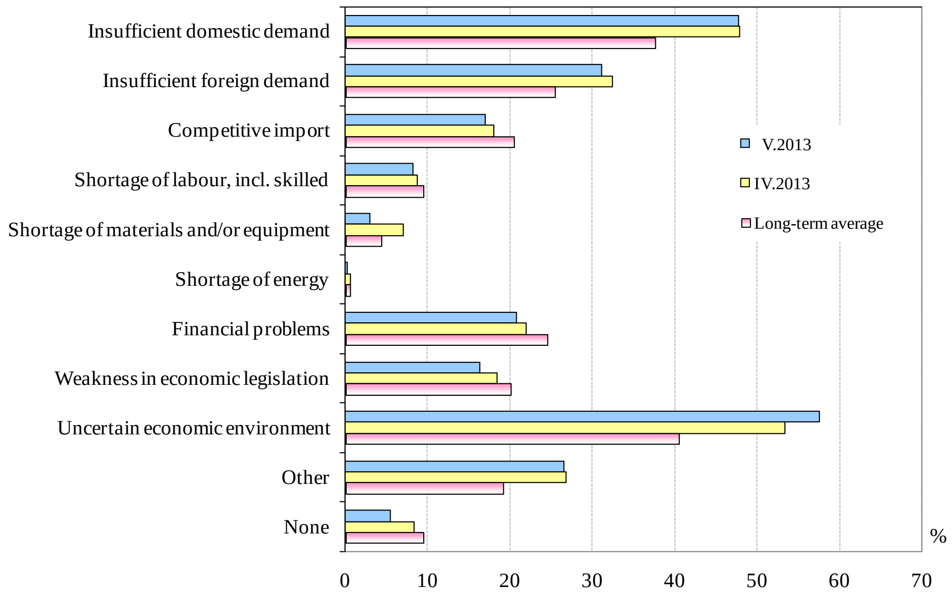

Figure 5. Selling prices expectations in industry over the next 3 months

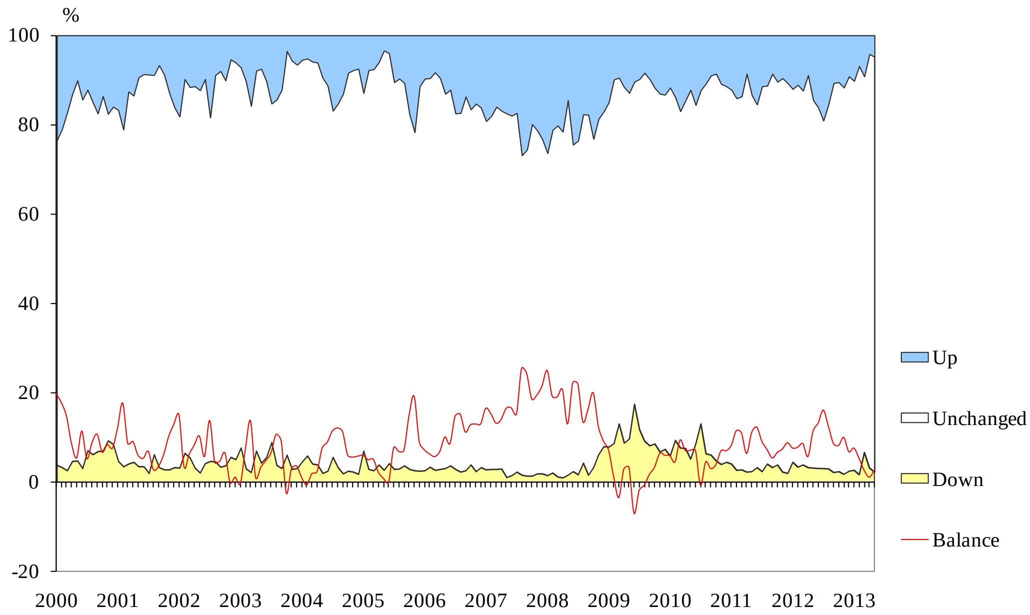

Figure 6. Business climate in construction

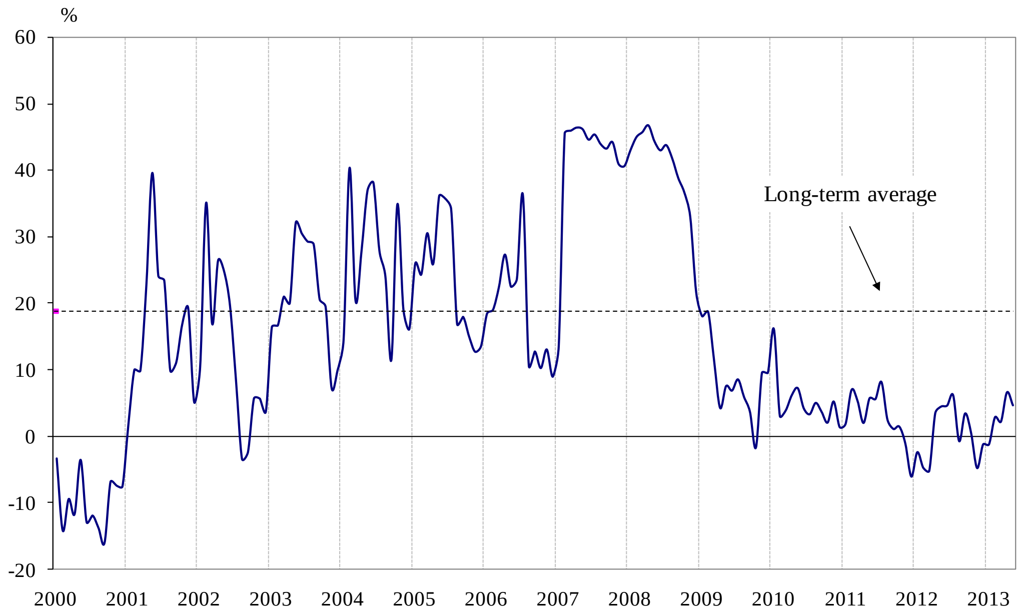

Figure 7. Present business situation in construction

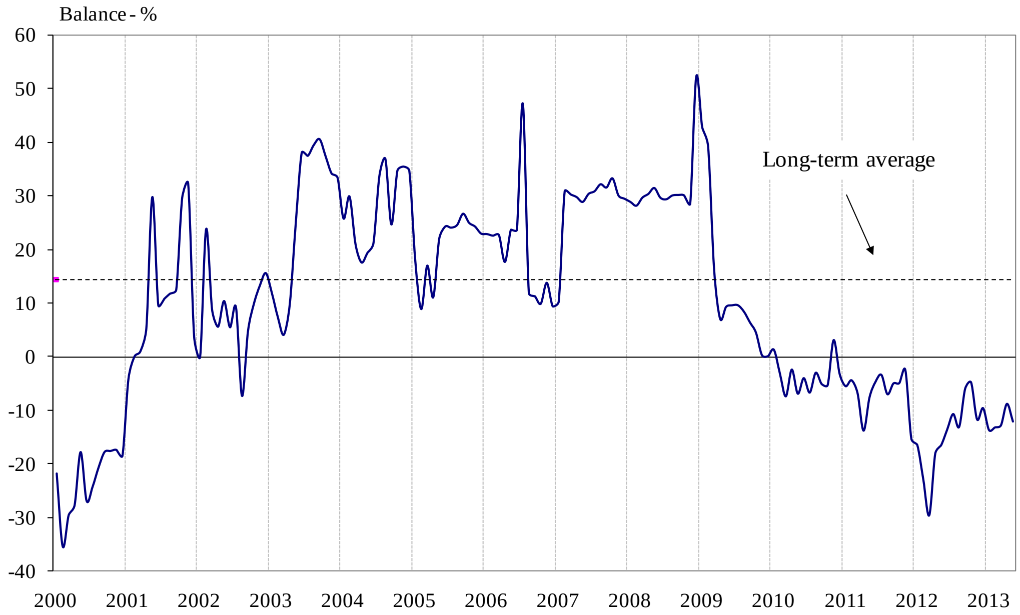

Figure 8. Expected construction activity over the next 3 months

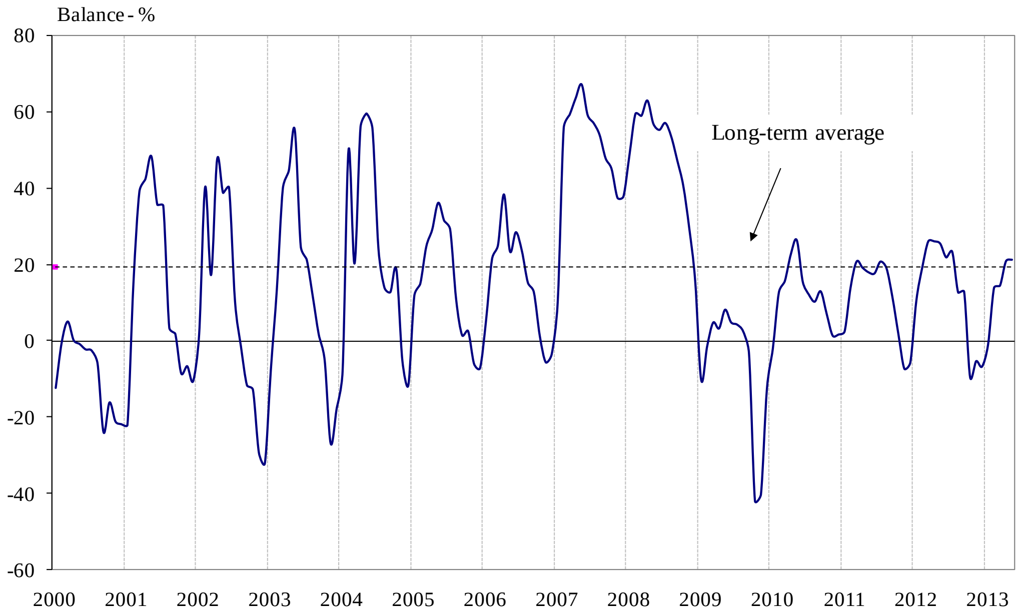

Figure 9. Limits to construction activity
(Relative share of enterprises)

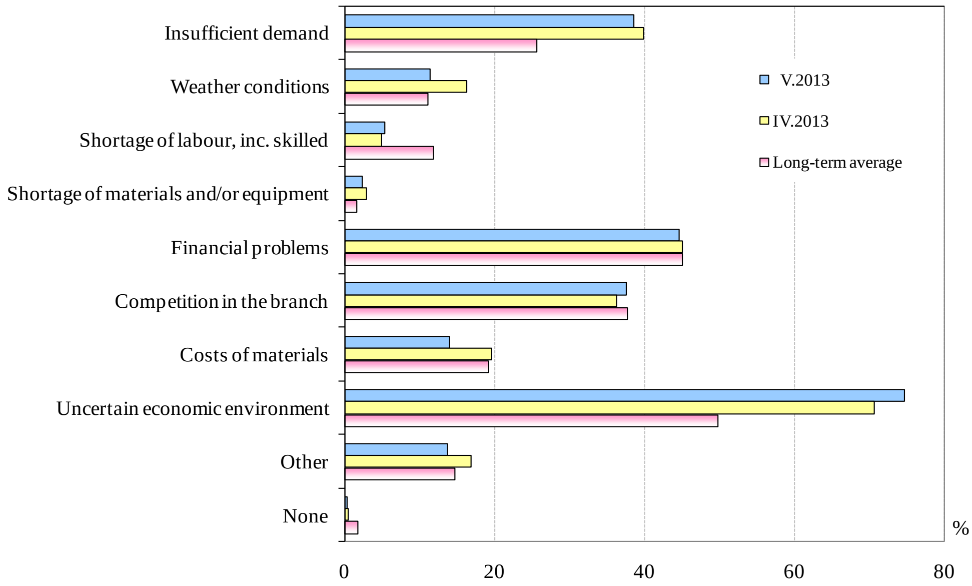

Figure 10. Selling prices expectations in construction
over the next 3 months

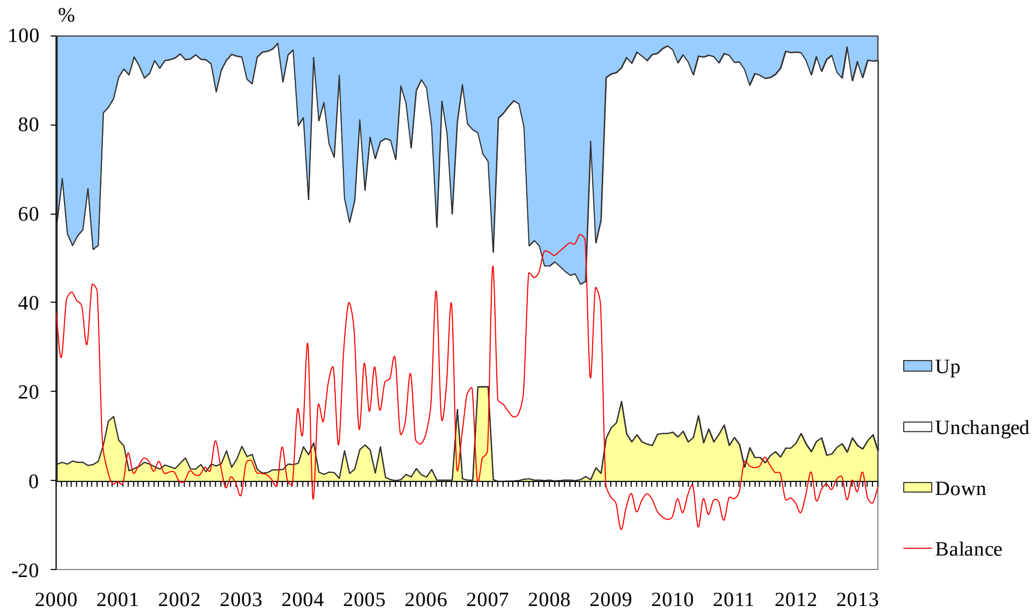

Figure 11. Business climate in retail trade

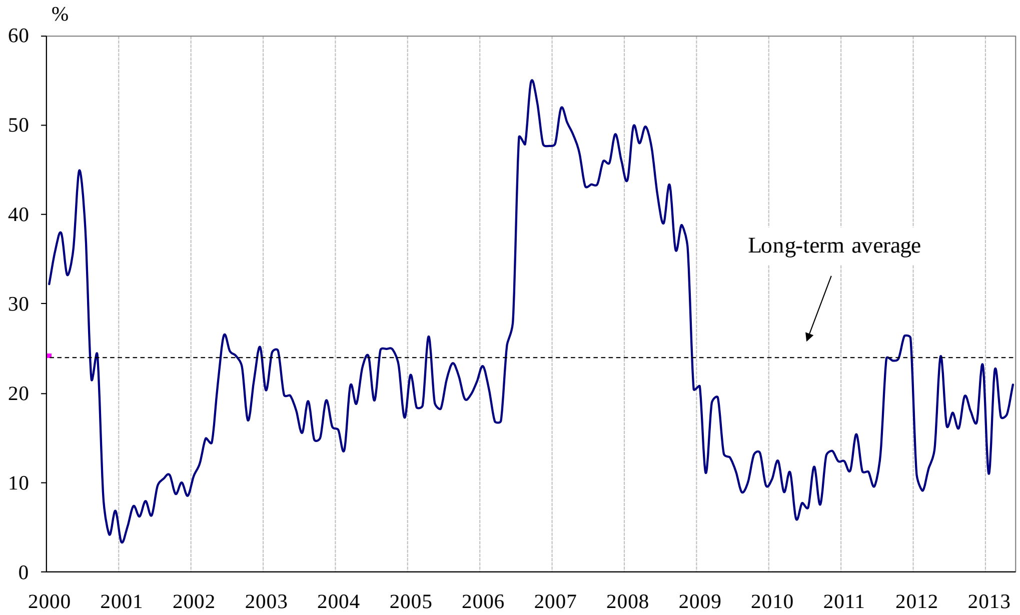

Figure 12. Expected business situation in retail trade over the next 6 months

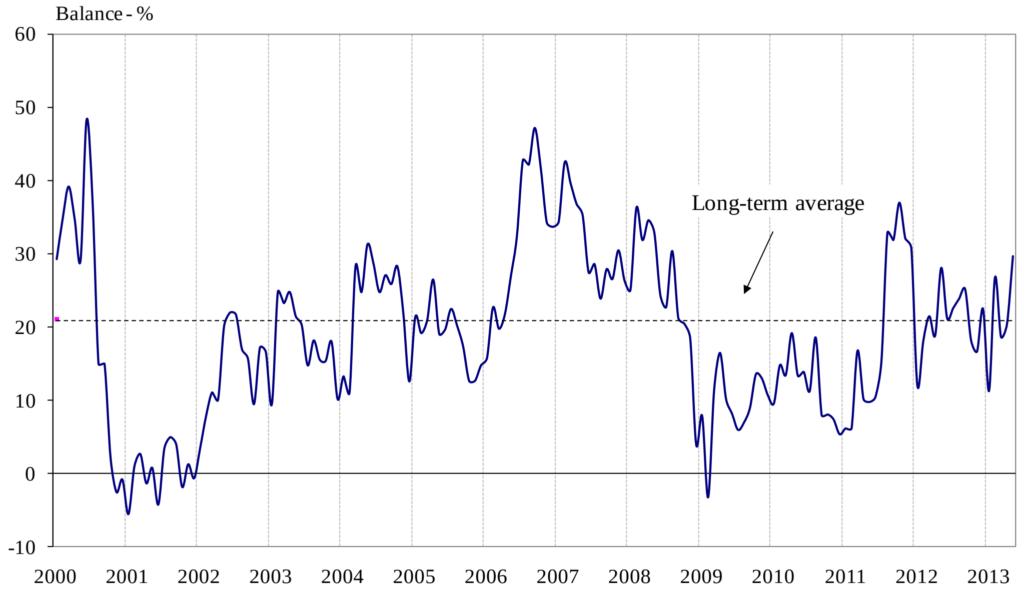

Figure 13. Expectations about orders placed with suppliers in retail trade over the next 3 months

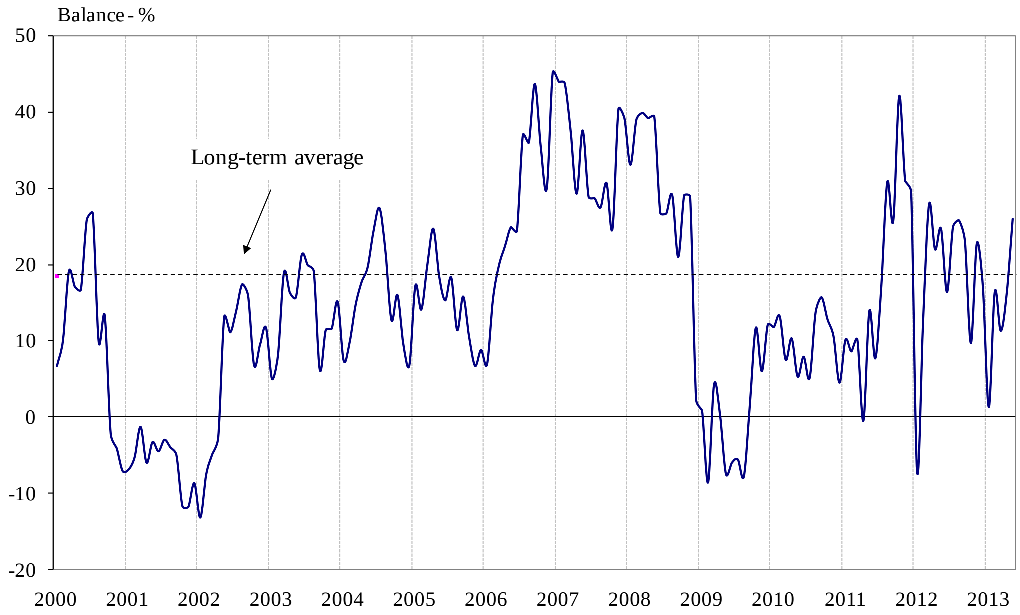

Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

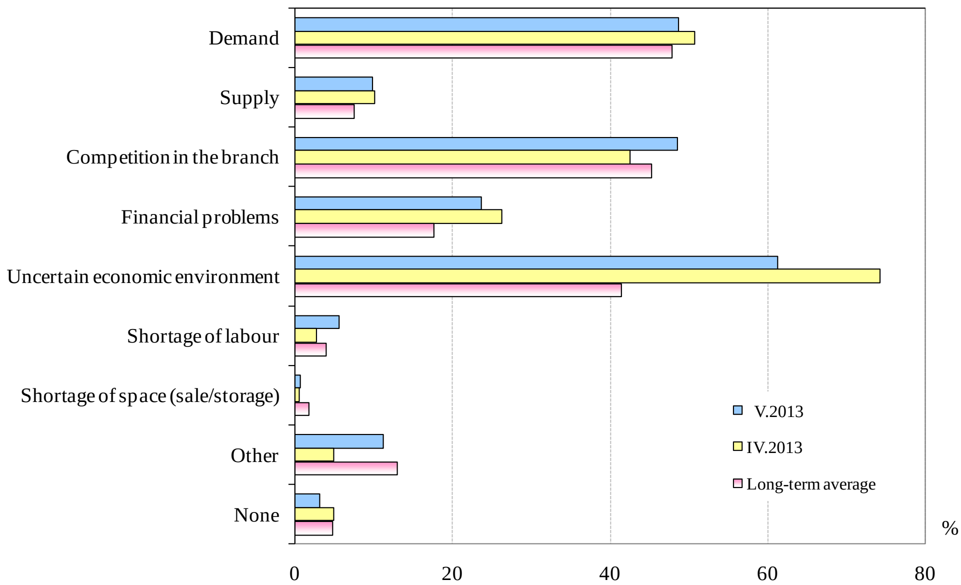

Figure 15. Selling prices expectations in retail trade over the next 3 months

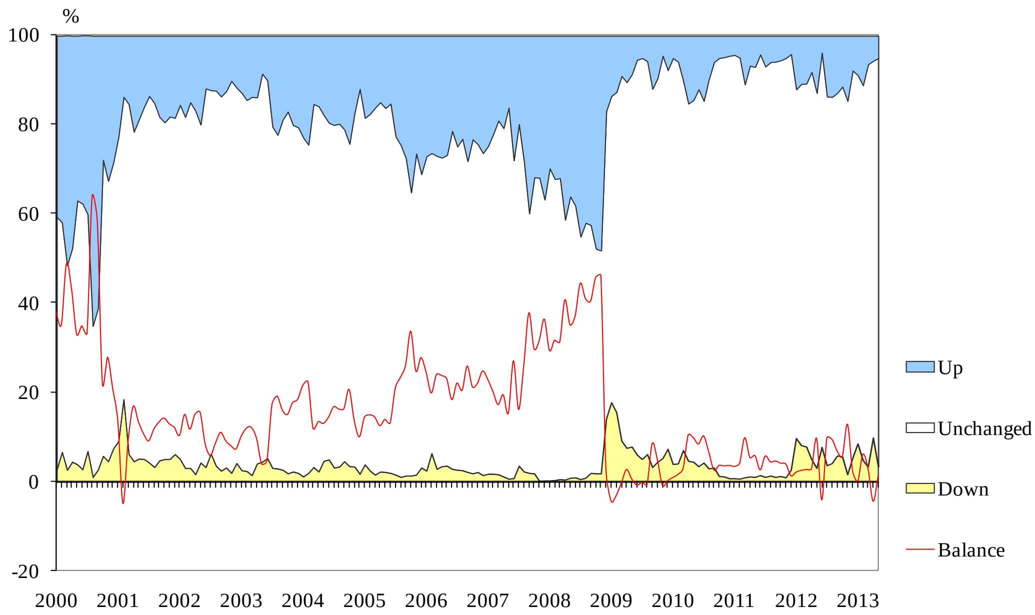

Figure 16. Business climate in service sector

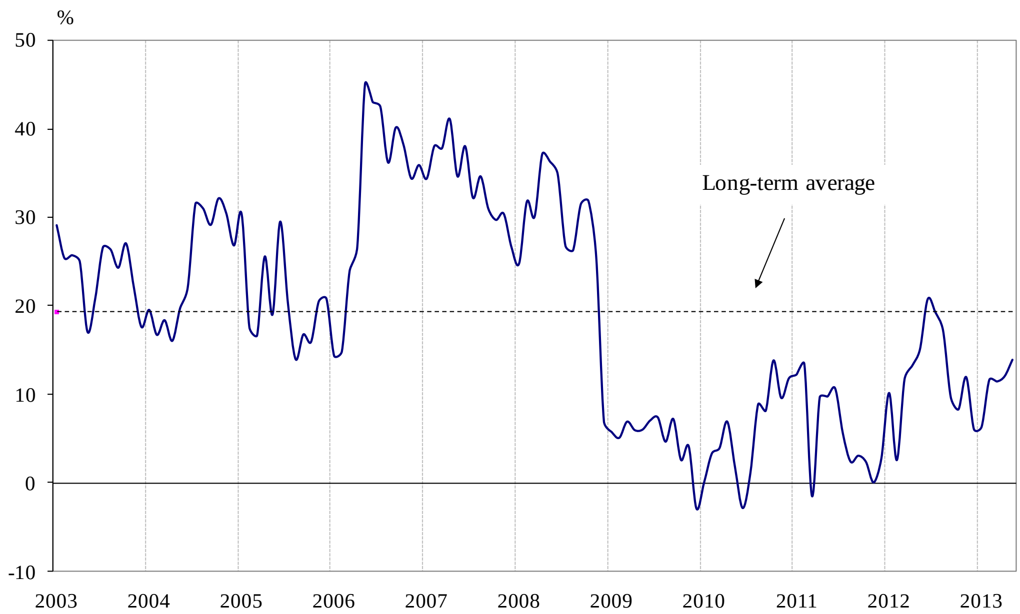

Figure 17. Expected business situation in service sector over the next 6 months

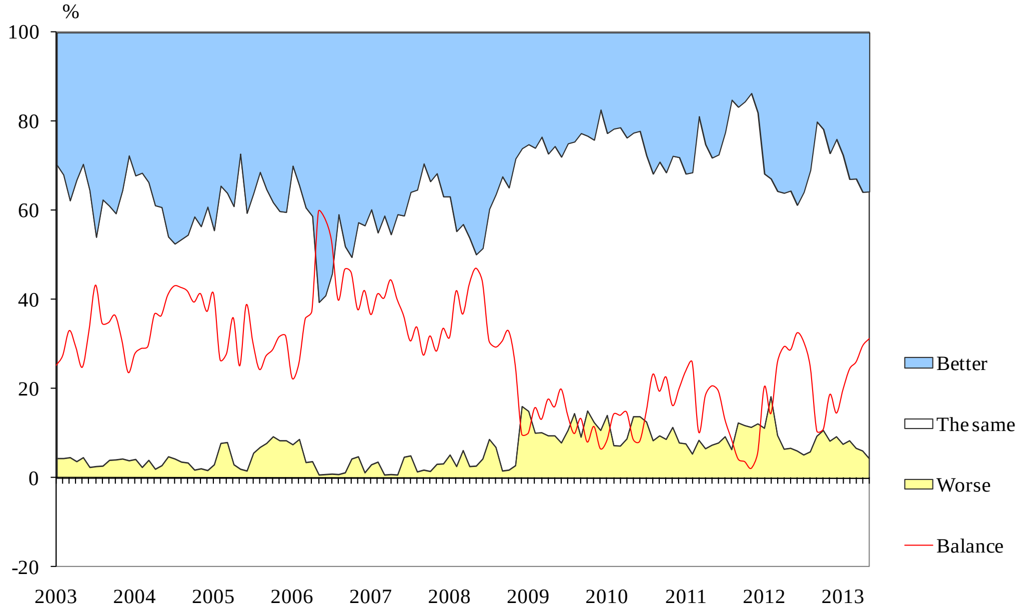

Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

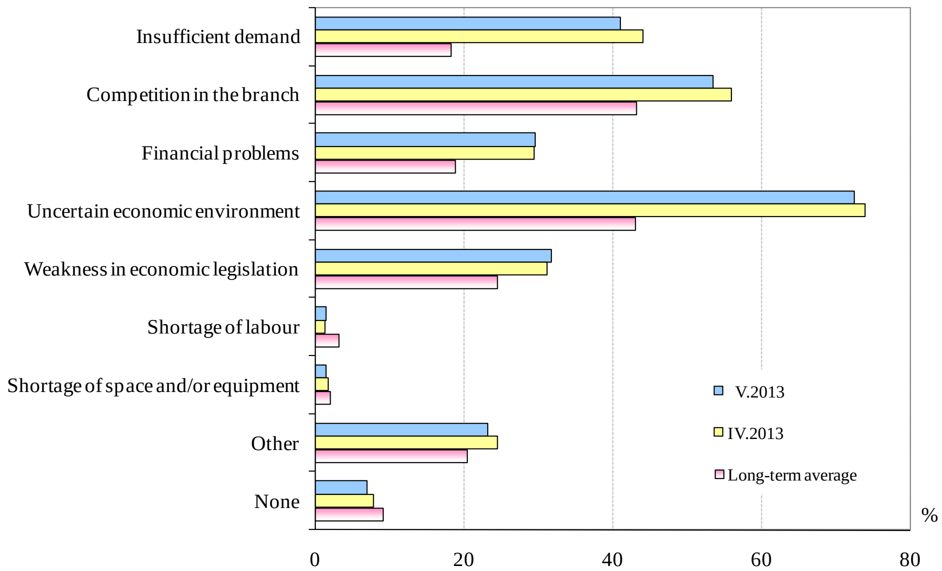

Figure 19. Selling prices expectations in service sector over the next 3 months