



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1, 2, 3}, JULY 2013

In July 2013 **the total business climate indicator**⁴ increases by 1.4 percentage points compared to its level from the previous month (Annex, Figure 1) due to the improved business climate in industry and retail trade.

Industry. The composite indicator “business climate in industry” increases by 3.2 percentage points in comparison with June (Annex, Figure 2) which is due to the more favourable managers’ assessments and expectations about the business situation of the enterprises. In their opinion the present production activity is improved, but their prognoses over the next 3 months are more reserved.

The average capacity utilization in July increases by 1.5 percentage points compared to April and it reaches 69.5% (Annex, Figure 3) as the enterprises report a surplus of capacity with regard to the expected demand over the next months.

The uncertain economic environment and insufficient domestic demand continue to be the main factors limiting the business development in the branch as in the last month strengthen of their unfavourable influence is observed (Annex, Figure 4).

As regards the selling prices the expectations of majority of the managers are they to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In July the composite indicator “business climate in construction” decreases by 1.8 percentage points (Annex, Figure 6) due to the worsening construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). According to their assessments the present construction activity in comparison with the previous month is decreased and their expectations over the next 3 months are more reserved.

In July the production assurance with orders is preserved and it is assessed to be 4.9 months. At the same time the managers’ expectations about new orders over the next 6 months are more unfavourable (Annex, Figure 8).

The main factor limiting the activity in the branch remains the uncertain economic environment followed by the financial problems and insufficient demand (Annex, Figure 9).

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.



Concerning the selling prices in construction the expectations are for preservation of their level over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator “business climate in retail trade” increases by 5.2 percentage points in comparison with the previous month (Annex, Figure 11) which is due to the improved retailers’ assessments and expectations (Annex, Figure 12) about the business situation of the enterprises. However their forecasts as regards the sales (Annex, Figure 13) and orders placed with suppliers over the next 3 months are more reserved.

The main obstacle for the business development in the branch continues to be the uncertain economic environment. In the last month the inquiry registers strengthen of the negative impact of the factor “competition in the branch” by 3.0 percentage points which shifts to the third place the factor “demand” (Annex, Figure 14).

The managers’ expectations about the selling prices in the retail trade are they to remain unchanged over the next 3 months (Annex, Figure 15).

Service sector¹. In July the composite indicator “business climate in service sector” decreases by 2.8 percentage points compared to June (Annex, Figure 16) due to the more unfavourable managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 17). However as regards the present and expected demand for services their opinions are improved.

The most serious factor, limiting the activity of the enterprises, continues to be the uncertain economic environment, which negative influence strengthens in the last month. In the second and third places are the “competition in the branch” and “insufficient demand” (Annex, Figure 18).

Concerning the selling prices in the service sector the managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 19).

¹ Excl. trade.



Annex

Figure 1. Business climate – total

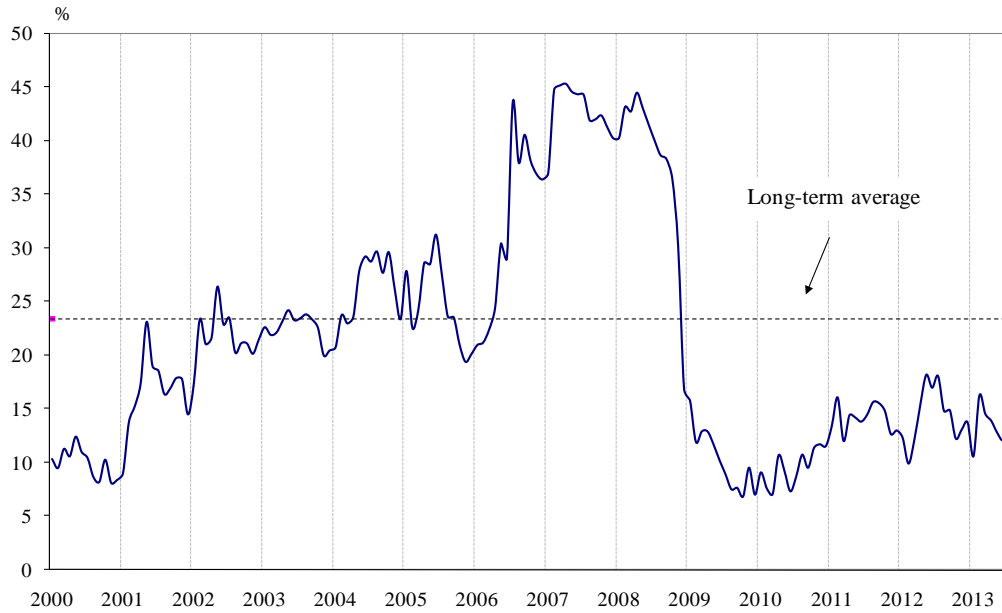


Figure 2. Business climate in industry

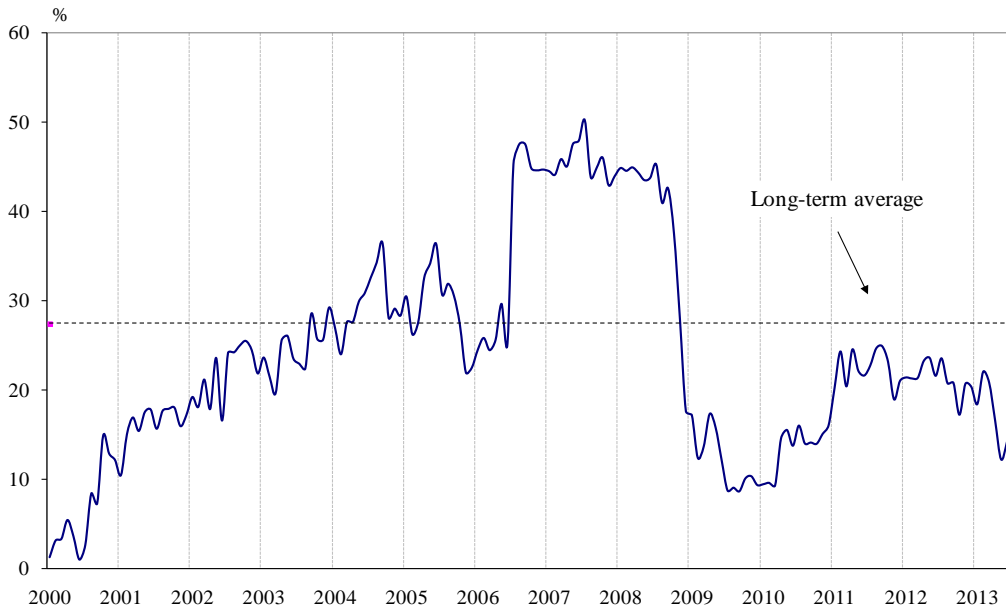
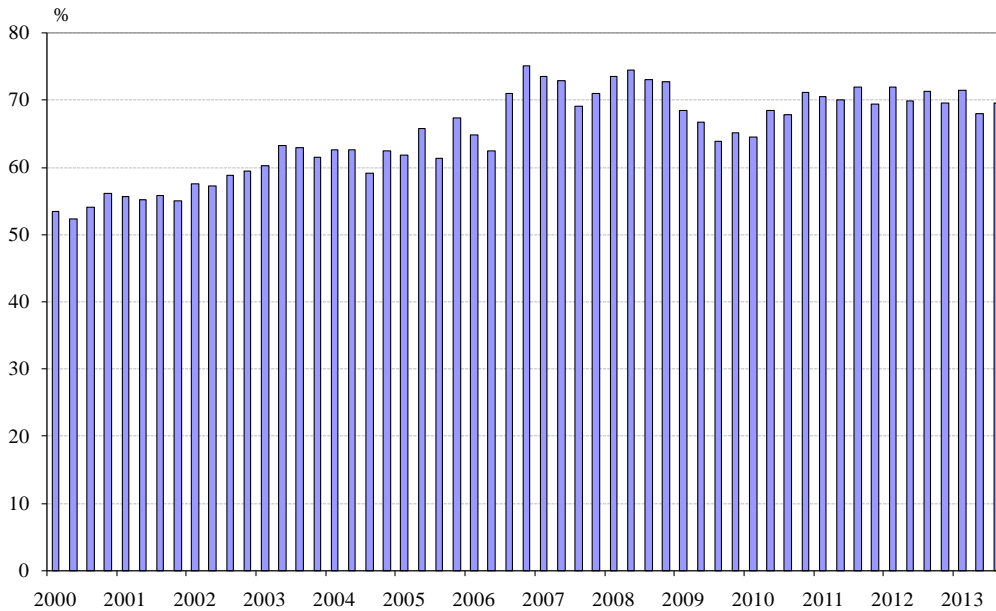




Figure 3. Average capacity utilization in industry



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

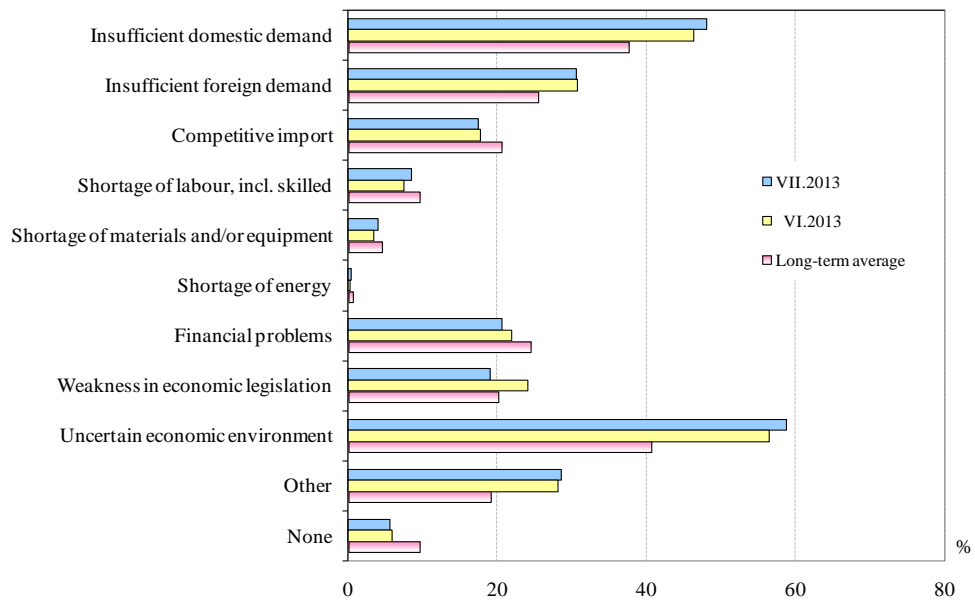




Figure 5. Selling prices expectations in industry over the next 3 months

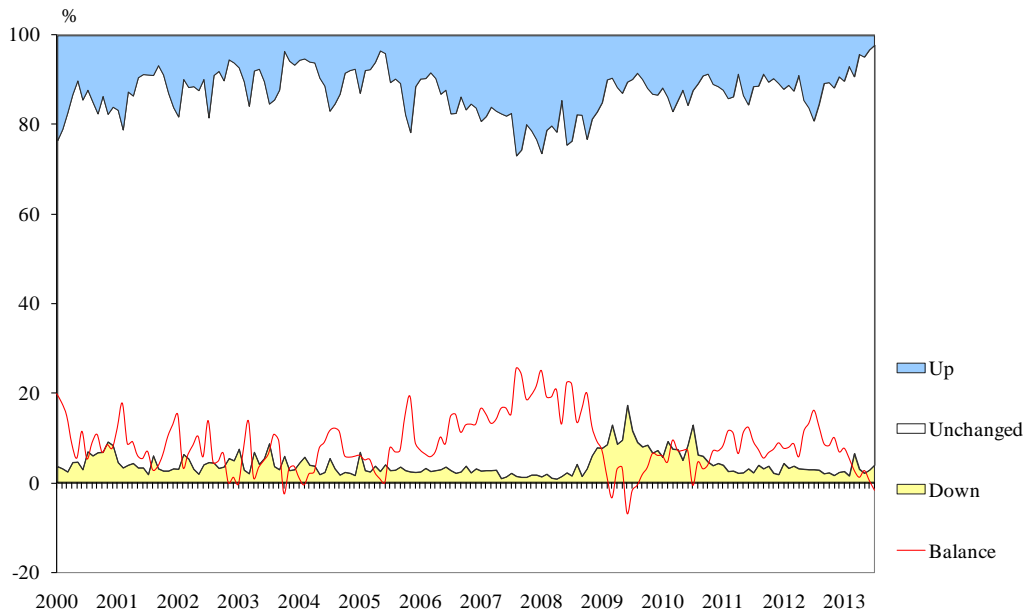


Figure 6. Business climate in construction

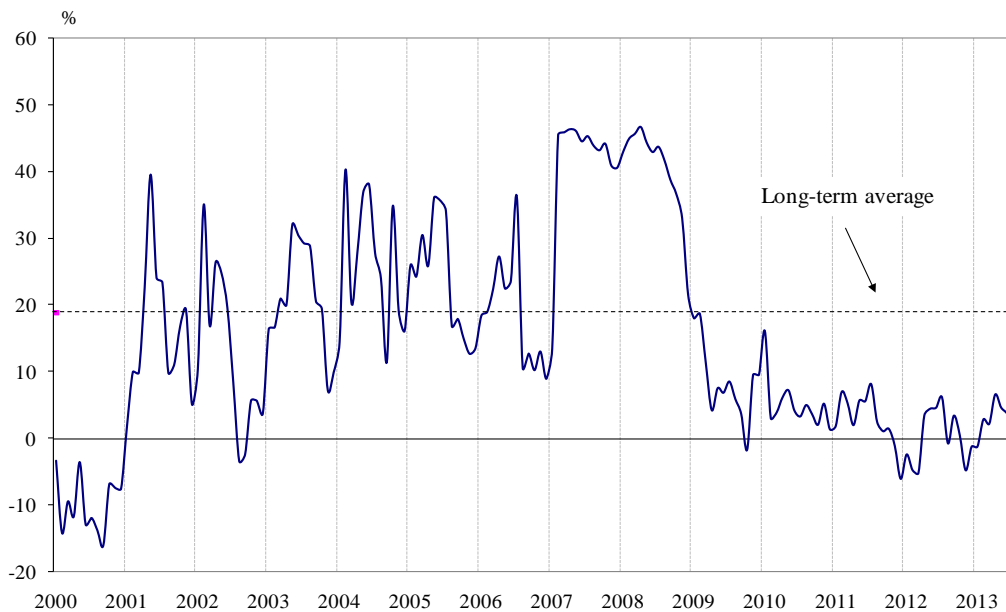




Figure 7. Expected business situation in construction over the next 6 months

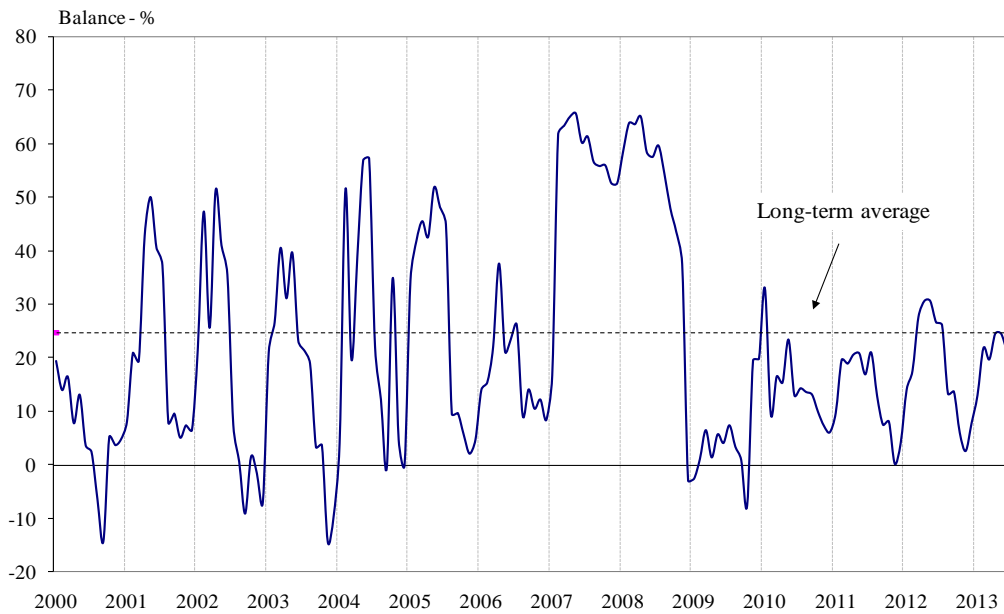
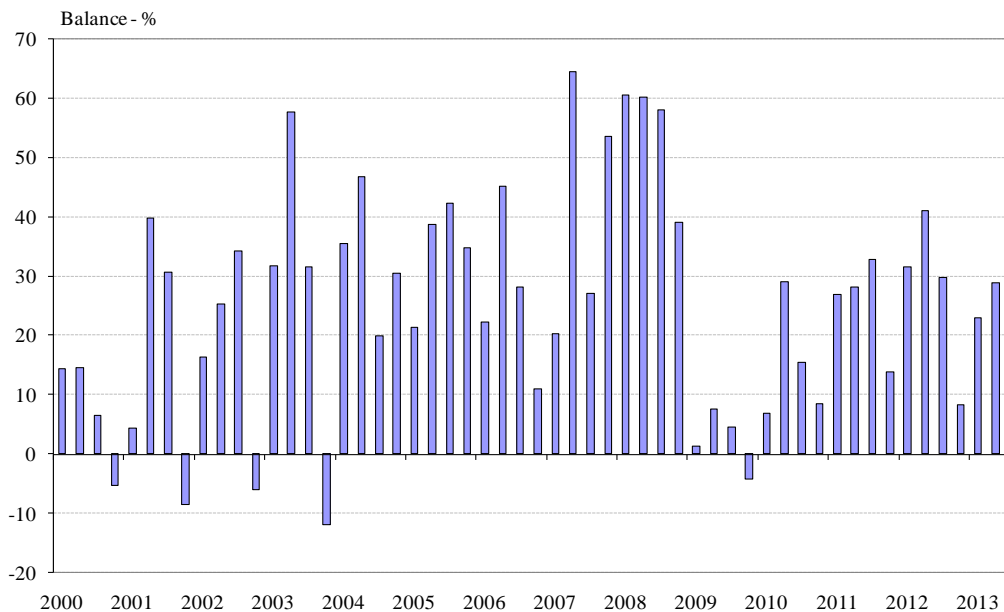
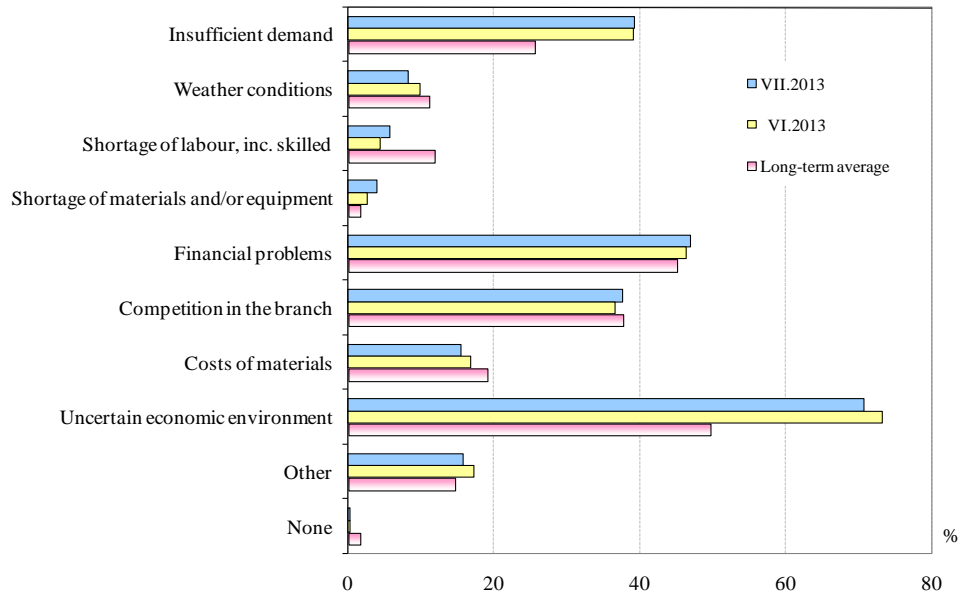


Figure 8. New orders expectations in construction over the next 6 months





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



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

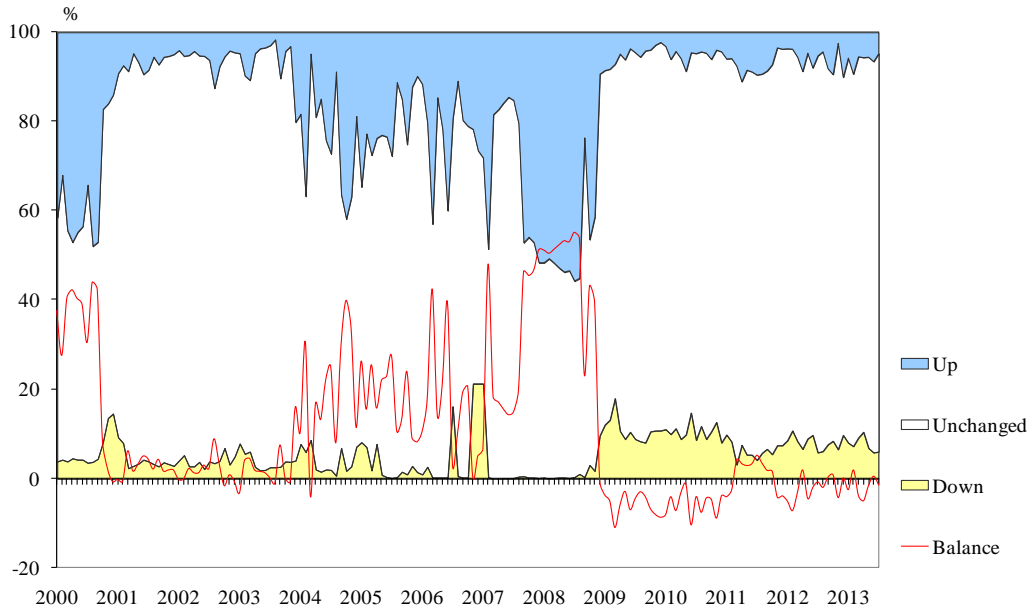




Figure 11. Business climate in retail trade

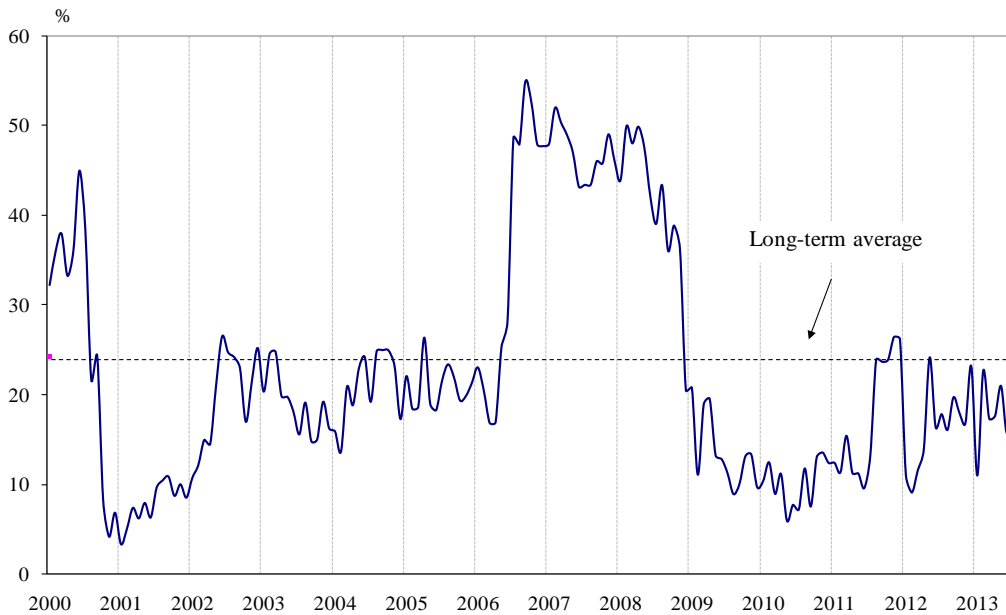


Figure 12. Expected business situation in retail trade over the next 6 months

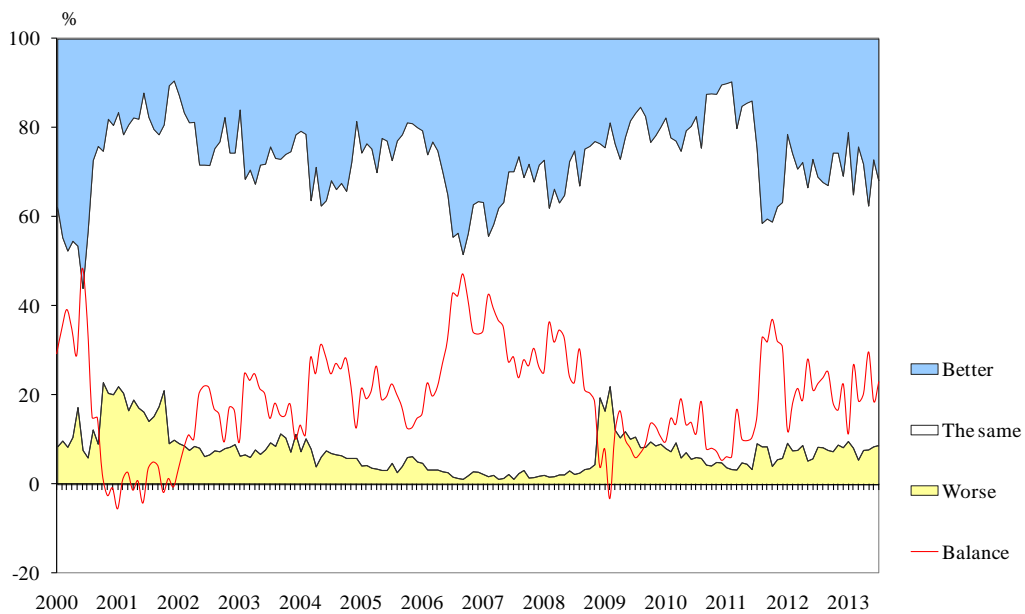




Figure 13. Sales expectations in retail trade over the next 3 months

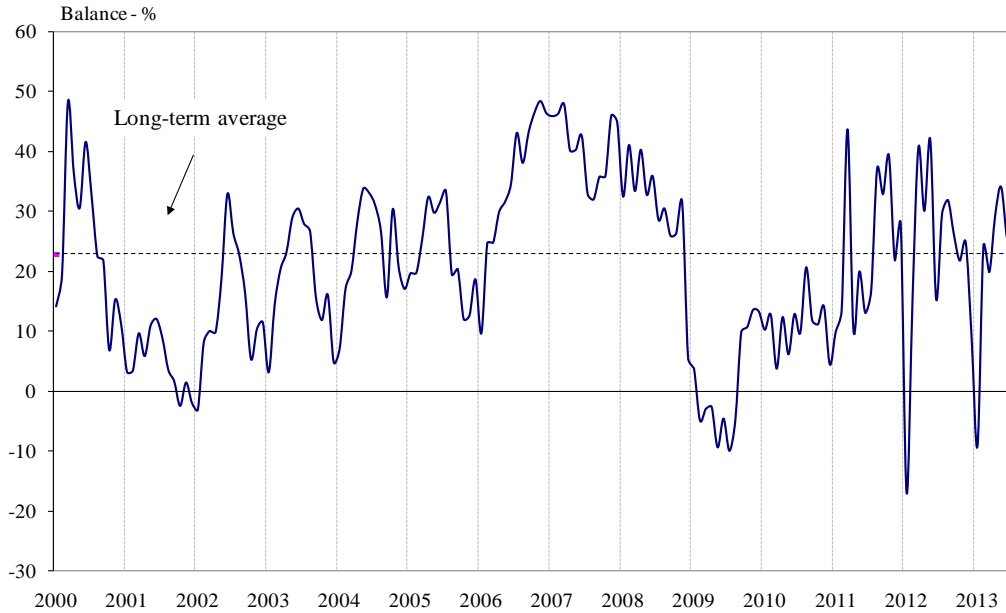


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

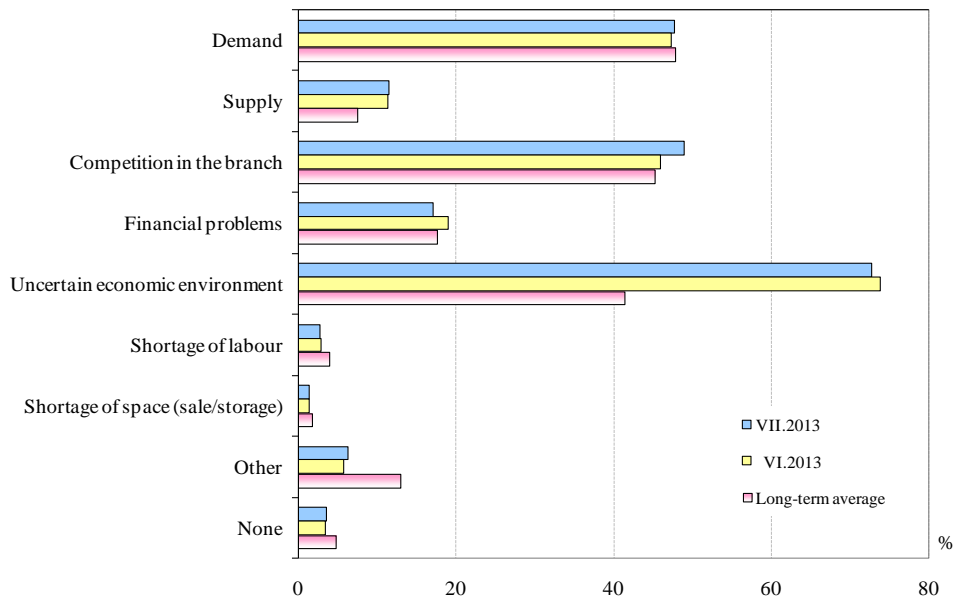




Figure 15. Selling prices expectations in retail trade over the next 3 months

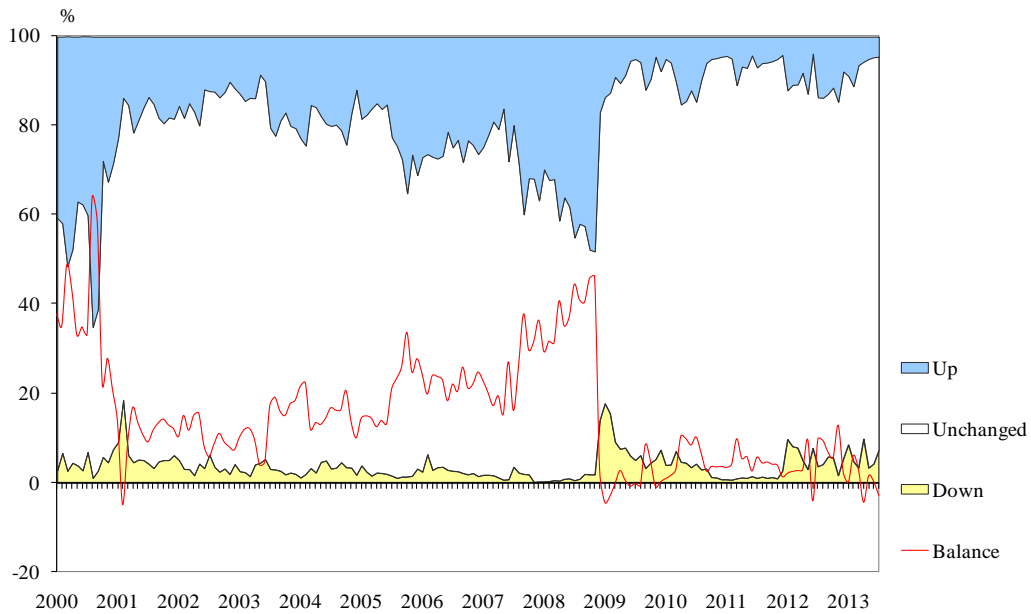


Figure 16. Business climate in service sector

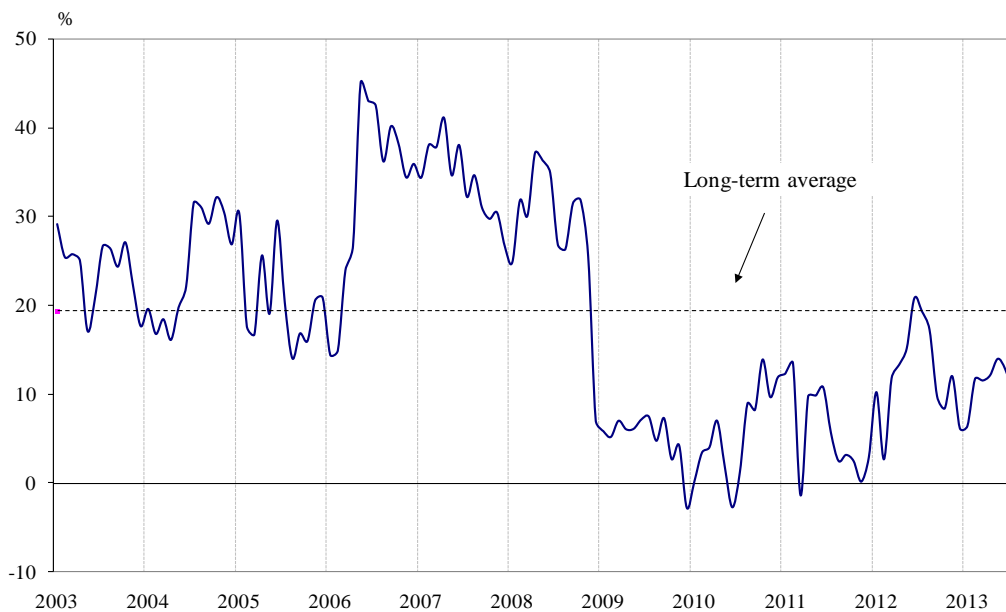




Figure 17. Expected business situation in service sector over the next 6 months

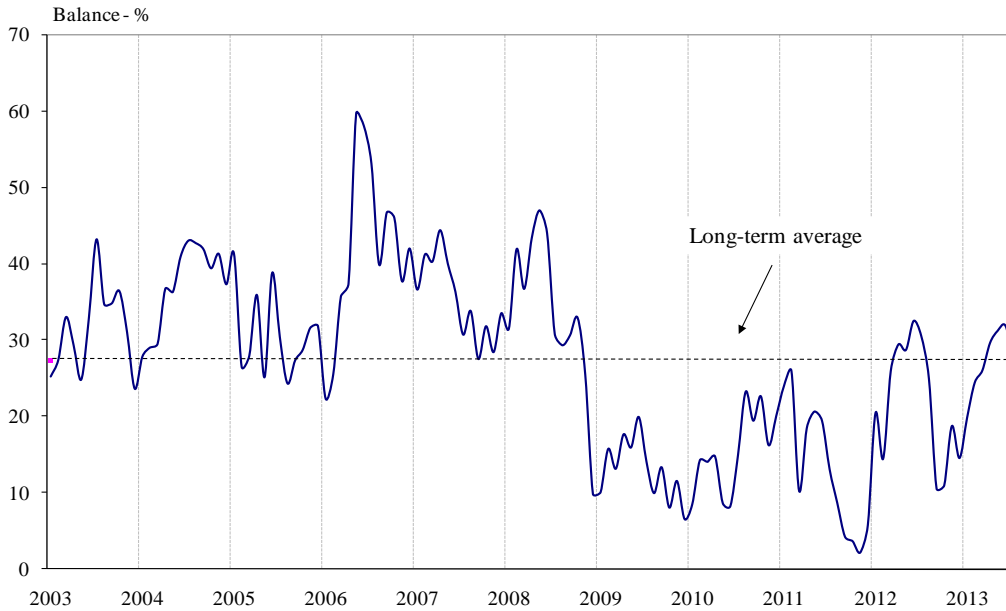


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

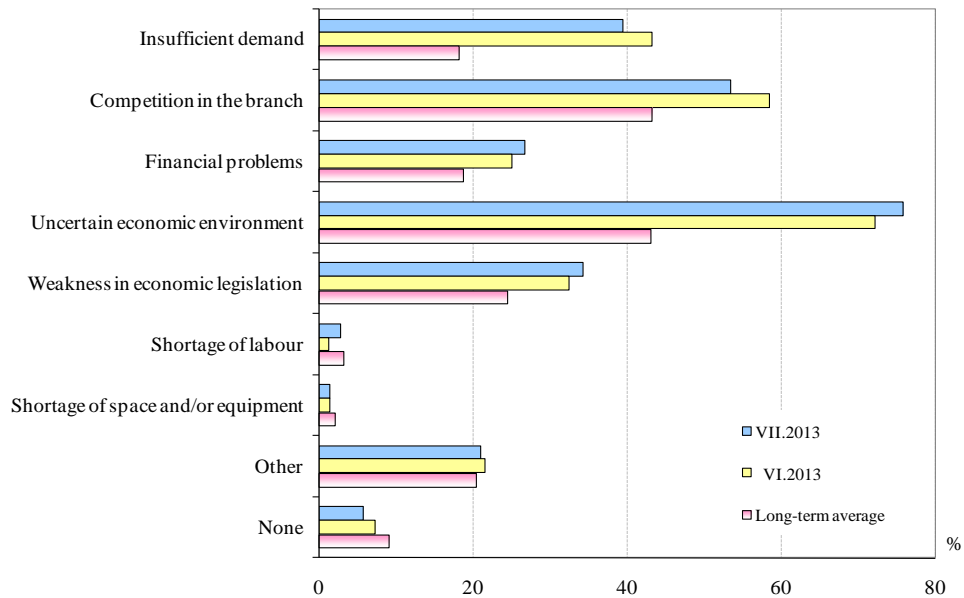




Figure 19. Selling prices expectations in service sector over the next 3 months

