BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], JANUARY 2014

In January 2014 **the total business climate indicator**[4] increases by 4.6 percentage points in comparison with 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 5.4 percentage points compared to December 2013 (Annex, Figure 2) which is due to the more optimistic industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). At the same time their prognoses concerning the production activity over the next 3 months are also improved, which is not accompanied by increased expectations about export over the next 3 months.

The average capacity utilization in January is by 1.0 percentage point over its October 2013 level and it reaches 70.8% (Annex, Figure 4), as regards the expected demand over the next months a surplus of capacity is foreseen.

The uncertain economic environment and insufficient domestic demand remain the main obstacles for the business development in the branch, pointed out by 52.5% and 45.1% of the managers respectively (Annex, Figure 5).

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

Construction. In January the composite indicator "business climate in construction" increases by 6.6 percentage points (Annex, Figure 7) mainly due to the improved construction entrepreneurs' expectations about the business situation of the enterprises (Annex, Figure 8). In the next half year managers expect increased inflow of new orders in construction (Annex, Figure 9) which according to them will lead to a certain increase of the activity in the short term.

The main factor limiting the activity in the branch remains the uncertain economic environment, followed by the financial problems and competition in the branch (Annex, Figure 10).

As regards the selling prices in the branch, the prevailing managers' expectations are they to remain unchanged over the next 3 months (Annex, Figure 11).

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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 1.4 percentage points in comparison with the previous month (Annex, Figure 12) which is due to the more optimistic retailers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 13). The inquiry also registers more favourable expectations with regard to the orders placed with suppliers over the next 3 months.

The uncertain economic environment, insufficient demand and competition in the branch continue to be the main obstacles for the activity development in the branch (Annex, Figure 14).

The retailers' expectations concerning the selling prices are for preservation of their level over the next 3 months (Annex, Figure 15).

Service sector[1]. In January the composite indicator "business climate in service sector" increases by 3.7 percentage points (Annex, Figure 16) due to the improved managers' assessments and expectations about the business situation of the enterprises (Annex, Figure 17). As regards the present and expected demand for services their opinions are also more favourable.

The most serious difficulties for the activity in the service sector continue to be connected with the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 18).

With regard to the selling prices the managers foresee they to remain unchanged over the next 3 months (Annex, Figure 19).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

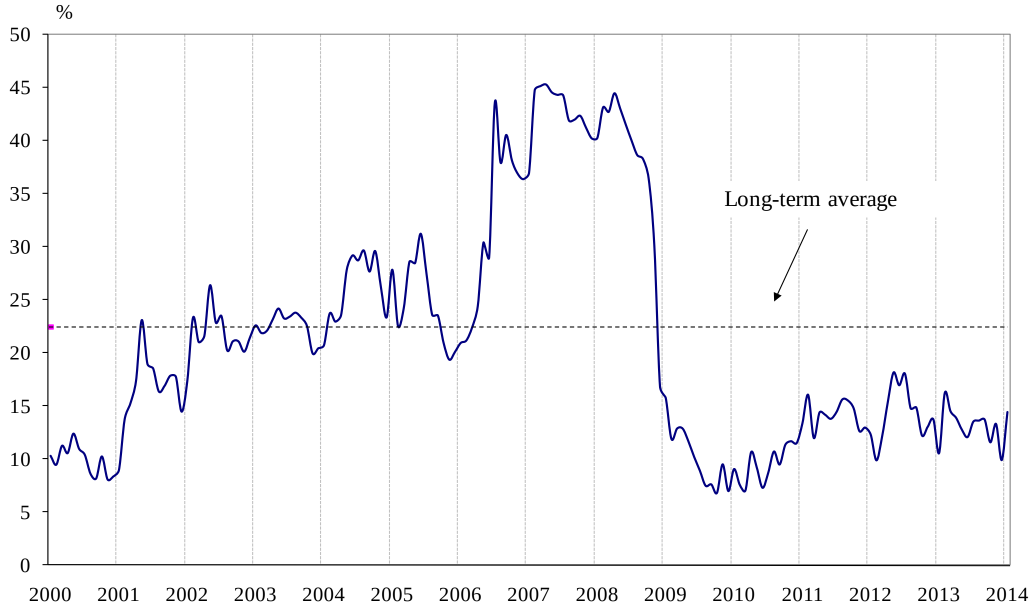

Figure 2. Business climate in industry

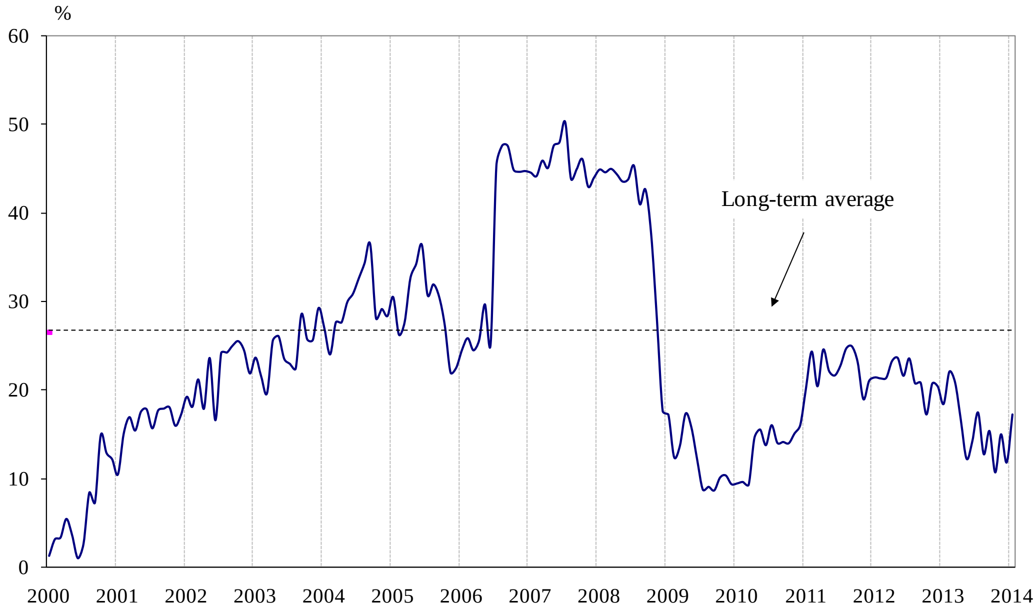

Figure 3. Expected business situation in industry over the next 6 months

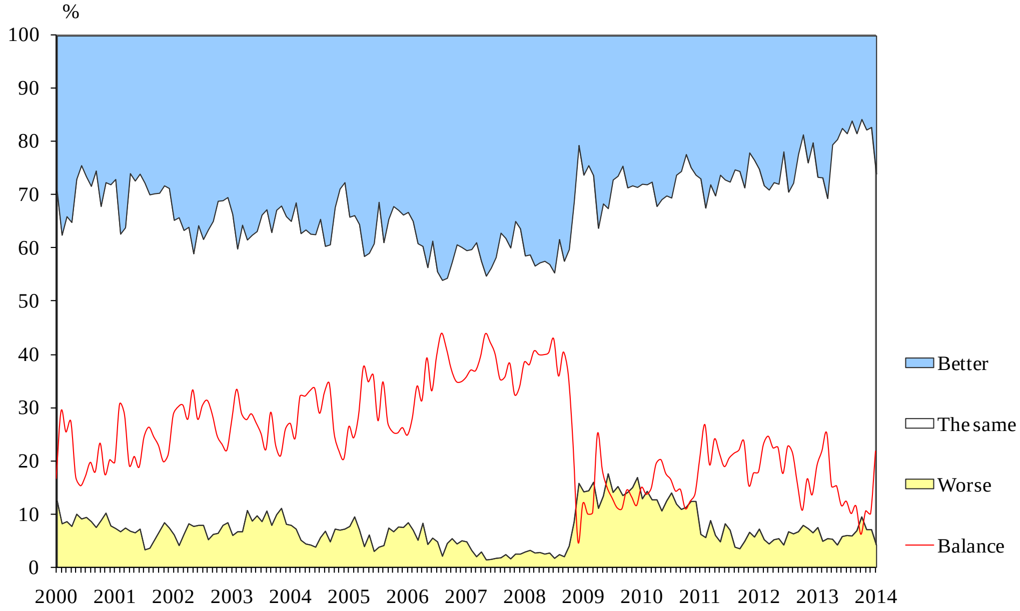

Figure 4. Average capacity utilization in industry

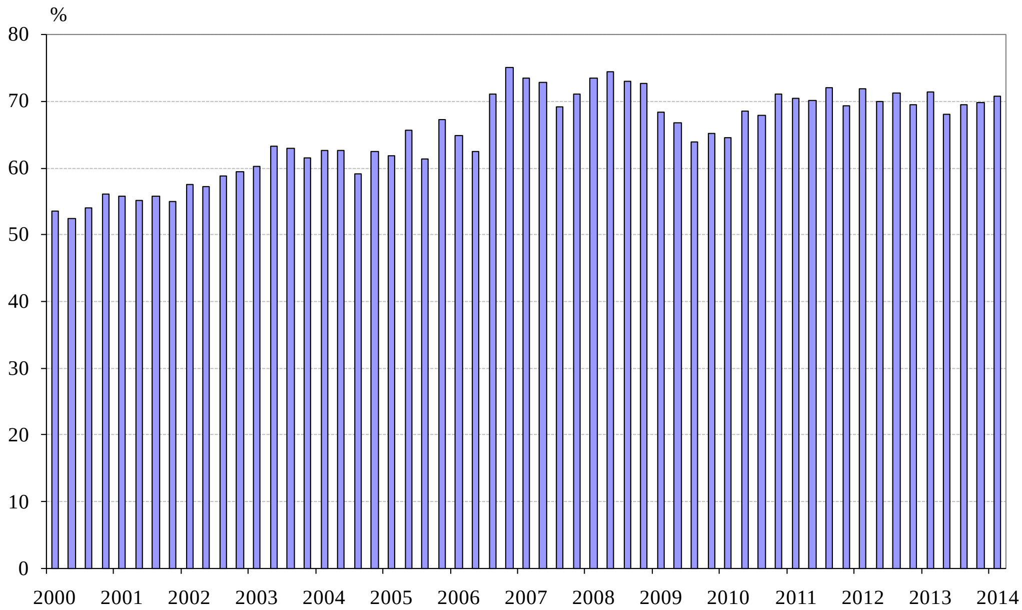

Figure 5. Limits to production in industry
(Relative share of enterprises)

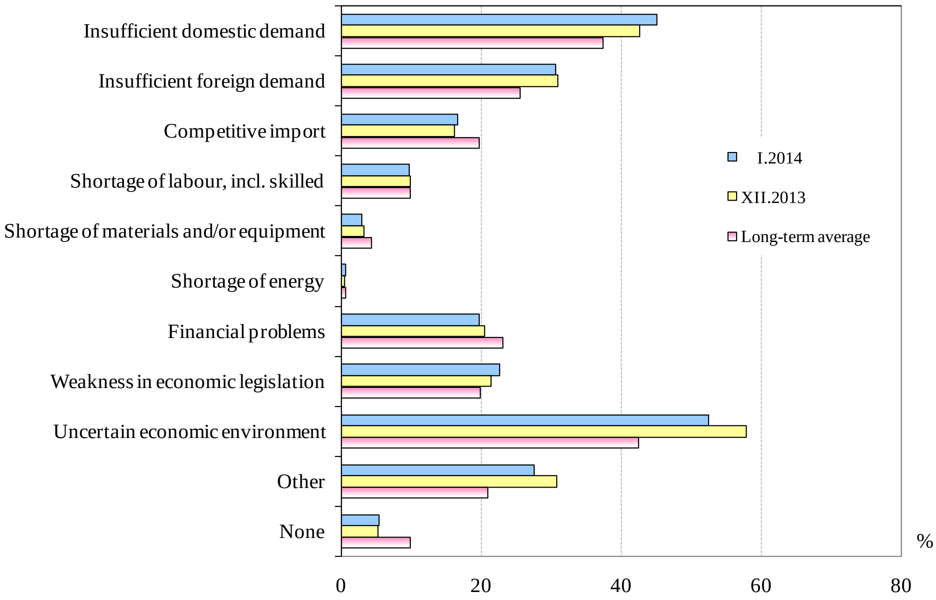

Figure 6. Selling prices expectations in industry
over the next 3 months

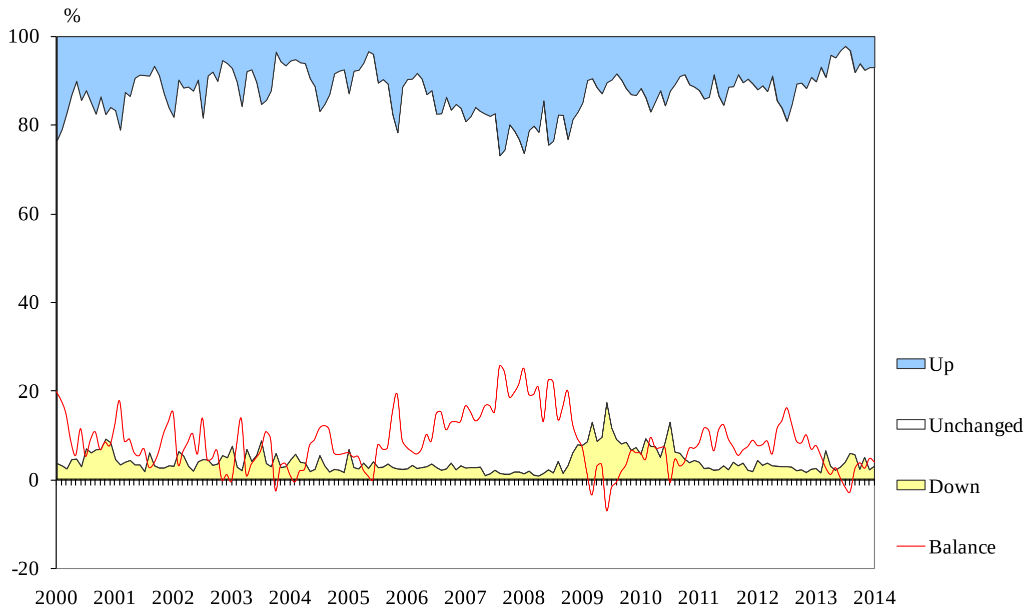

Figure 7.Business climate in construction

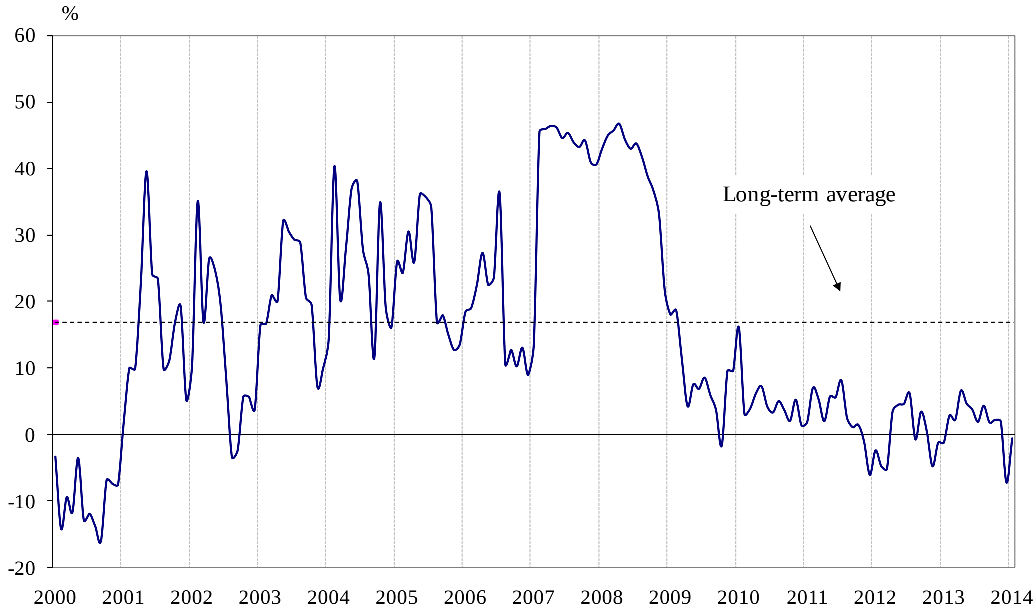

Figure 8. Expected business situation in construction over the next 6 months

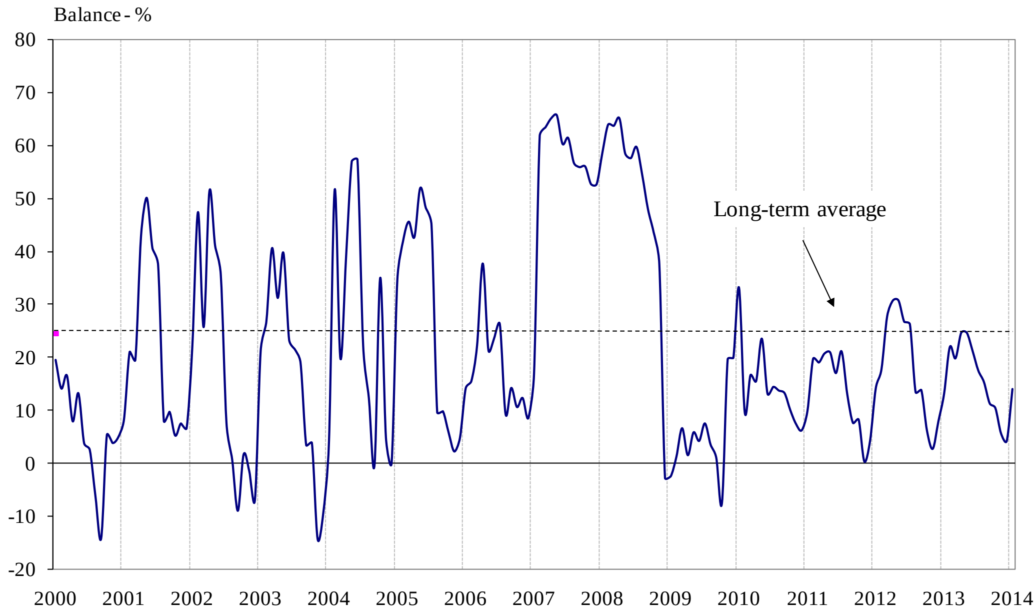

Figure 9. New orders expectations in construction over the next 6 months

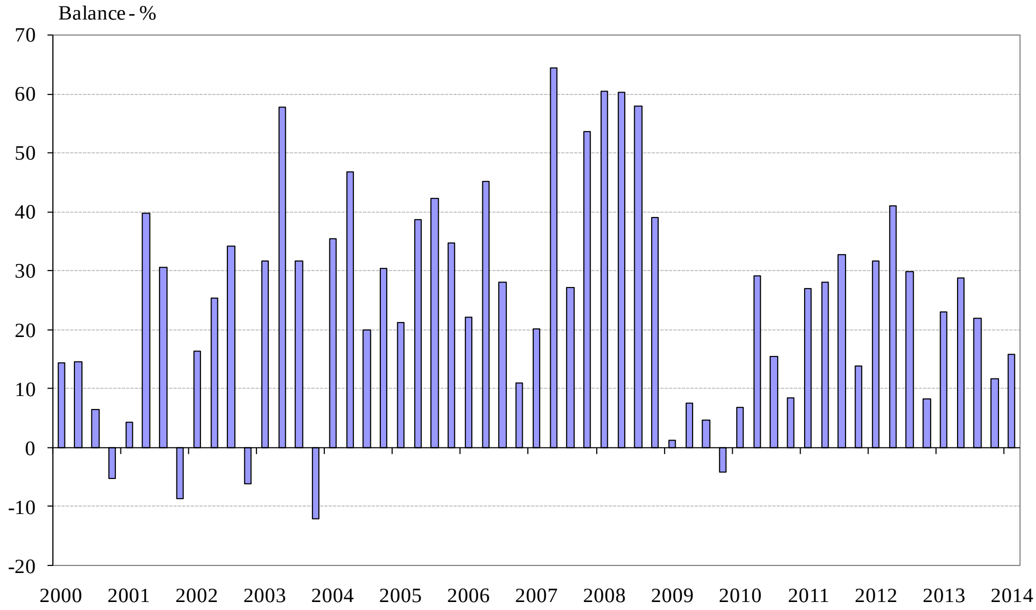

Figure 10. Limits to construction activity (Relative share of enterprises)

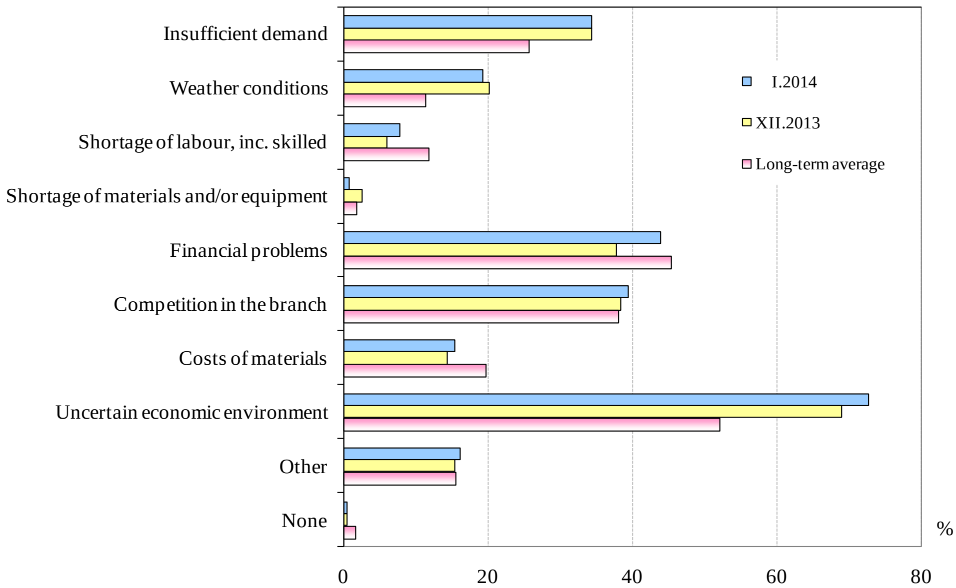

Figure 11. Selling prices expectations in construction over the next 3 months

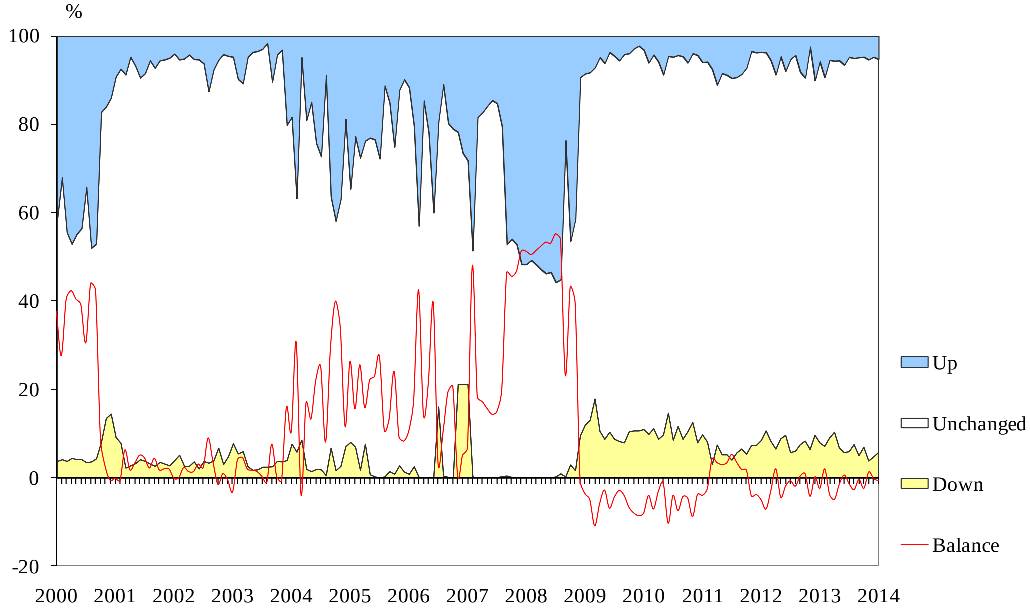

Figure 12. Business climate in retail trade

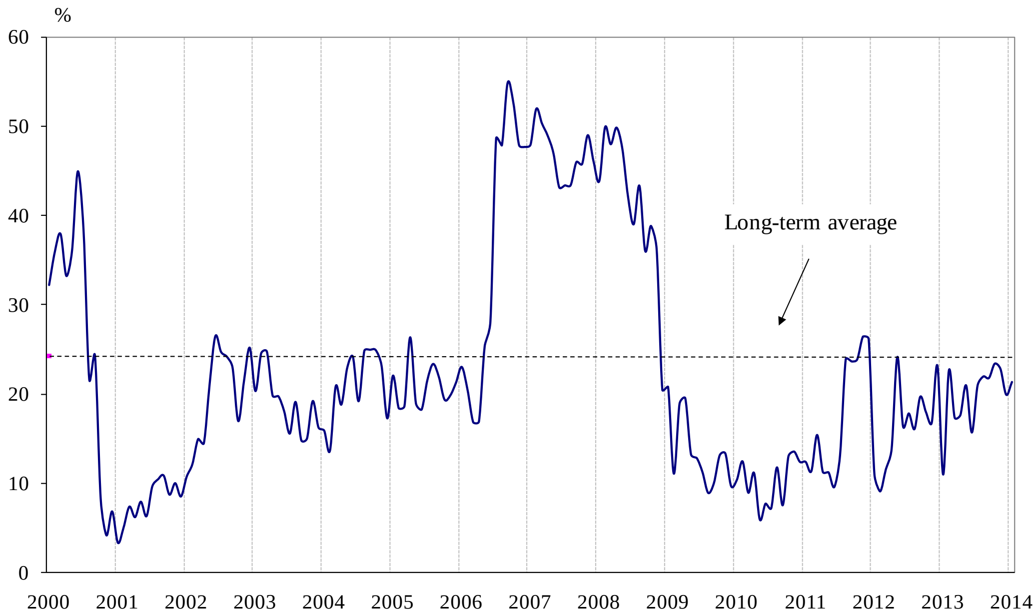

Figure 13. Expected business situation in retail trade over the next 6 months

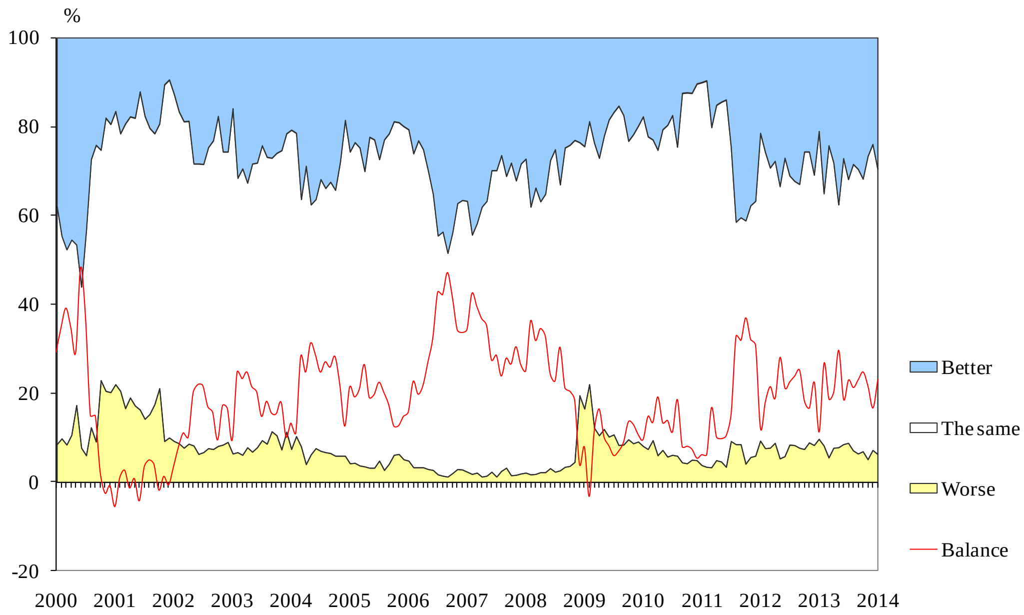

Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

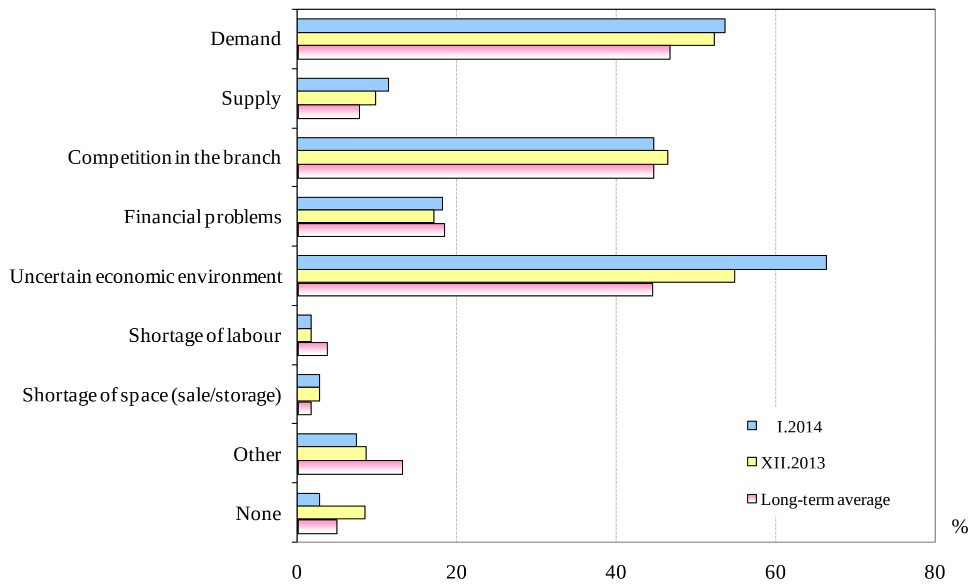

Figure 15. Selling prices expectations in retail trade over the next 3 months

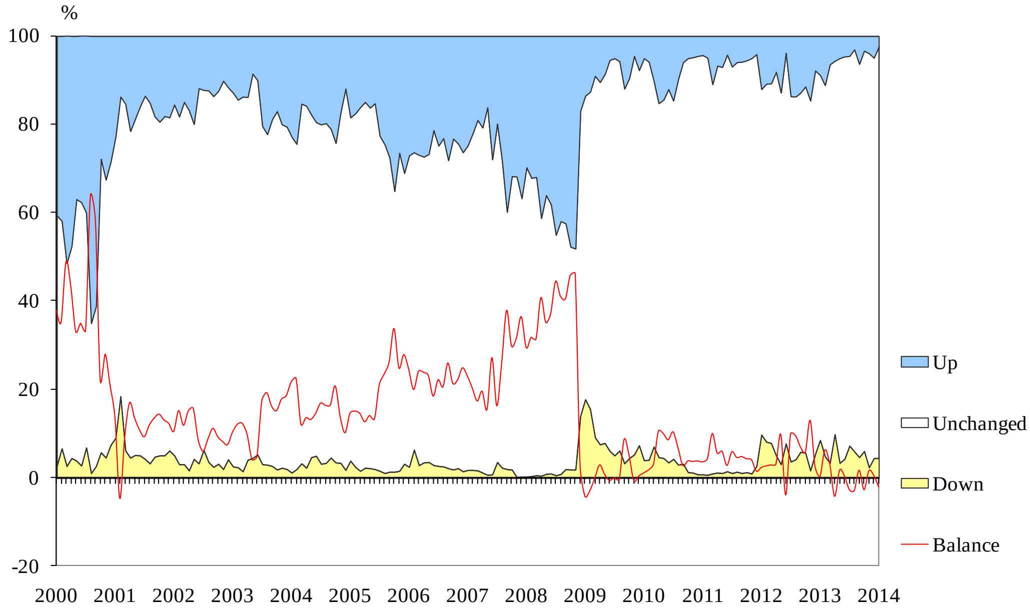

Figure 16. Business climate in service sector

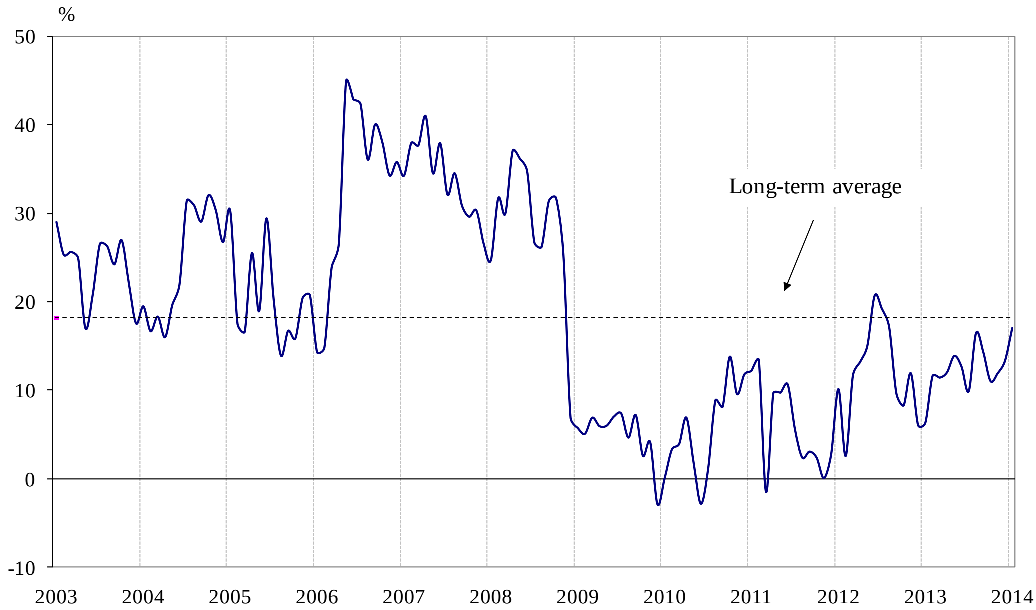

Figure 17. Expected business situation in service sector over the next 6 months

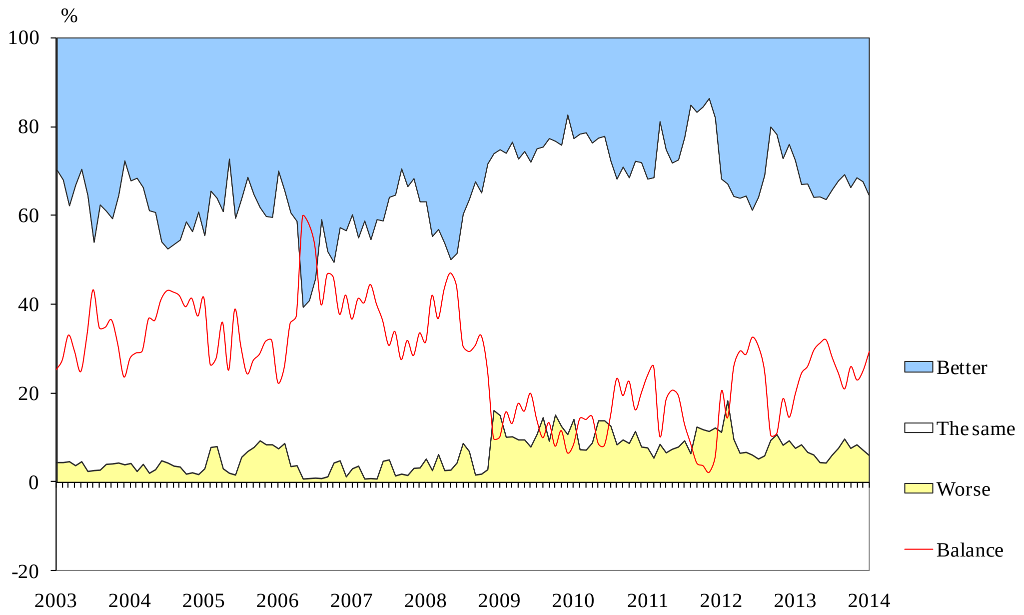

Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

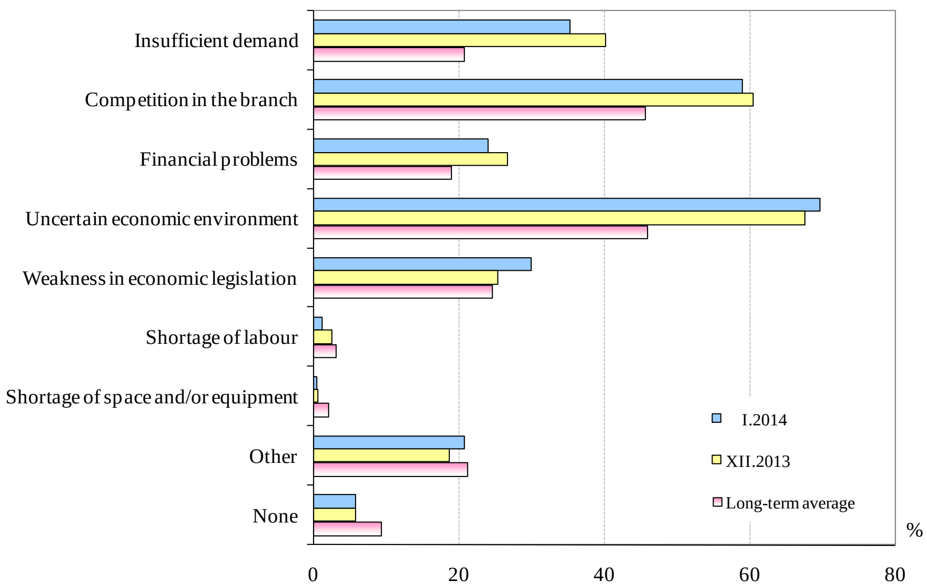

Figure 19. Prices expectations in service sector over the next 3 months