



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS ^{1, 2, 3}, MARCH 2014

In March 2014 **the total business climate indicator**⁴ increases by 1.2 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the improved business climate in construction and retail trade.

Industry. The composite indicator “business climate in industry” decreases by 1.3 percentage points in comparison with February (Annex, Figure 2) due to the more unfavourable managers’ assessments about the present business situation of the enterprises (Annex, Figure 3). However, the inquiry reports a slight improvement of their assessments as regards the production activity and the expectations over the next 3 months are also for an increase of the activity.

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

Concerning the selling prices in industry the prevailing managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In March the composite indicator “business climate in construction” increases by 1.5 percentage points (Annex, Figure 6), which is due to the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). Their forecasts regarding the construction activity over the next 3 months are also favourable as a result of shifting the opinions from “preservation of activity” towards “increase of the activity”.

The main obstacles for the business development in the branch remain connected with the uncertain economic environment, financial problems and competition in the branch as the last inquiry registers an increase of their negative impact (Annex, Figure 8).

As regards the selling prices in construction the managers expect them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator “business climate in retail trade” increases by 7.0 percentage points compared to the previous month (Annex, Figure 10) due to the more optimistic retailers’ expectations about the business situation of the enterprises over the next 6 months. The raised optimism in their

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.



forecasts as regards both the volume of sales and the orders placed with suppliers over the next 3 months are registered (Annex, Figure 11).

The uncertain economic environment, insufficient demand and competition in the branch continue to be the main factors limiting the activity in the branch, as in the last month strengthen of the negative impact of the first two factors is observed (Annex, Figure 12).

The majority of the retailers expect the selling prices to preserve over the next 3 months (Annex, Figure 13).

Service sector¹. In March the composite indicator “business climate in service sector” remains approximately its level from February (Annex, Figure 14). As regards the demand for services the present tendency is estimated as slightly reduced, while the expectations over the next 3 months are more optimistic (Annex, Figure 15).

The most serious factor, limiting the development of the activity in the branch remains the uncertain economic environment, followed by the competition in the branch and insufficient demand, as the last inquiry reports strengthen of their unfavourable influence (Annex, Figure 16).

Concerning the selling prices the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

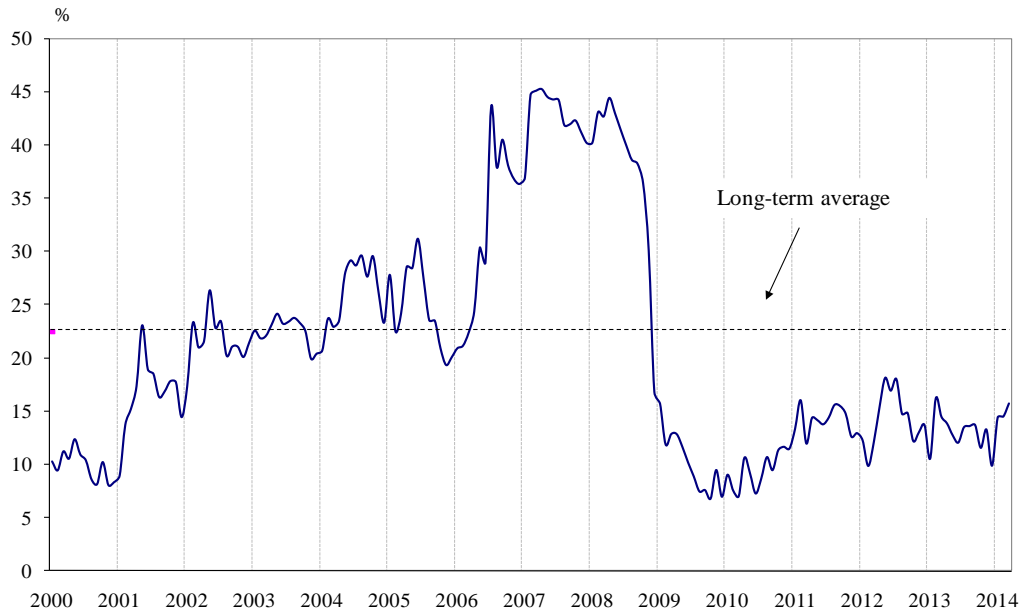


Figure 2. Business climate in industry

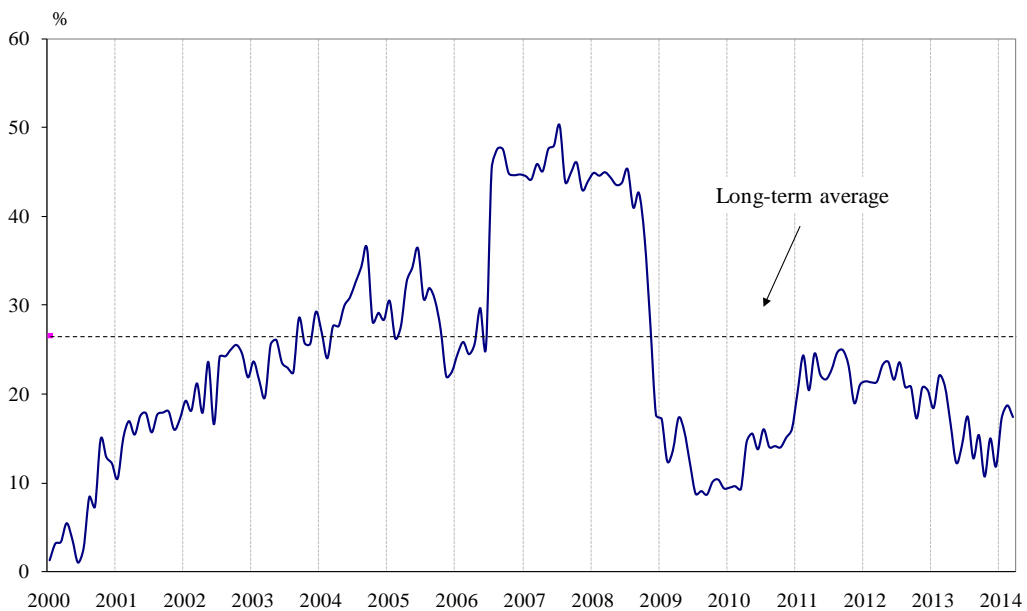
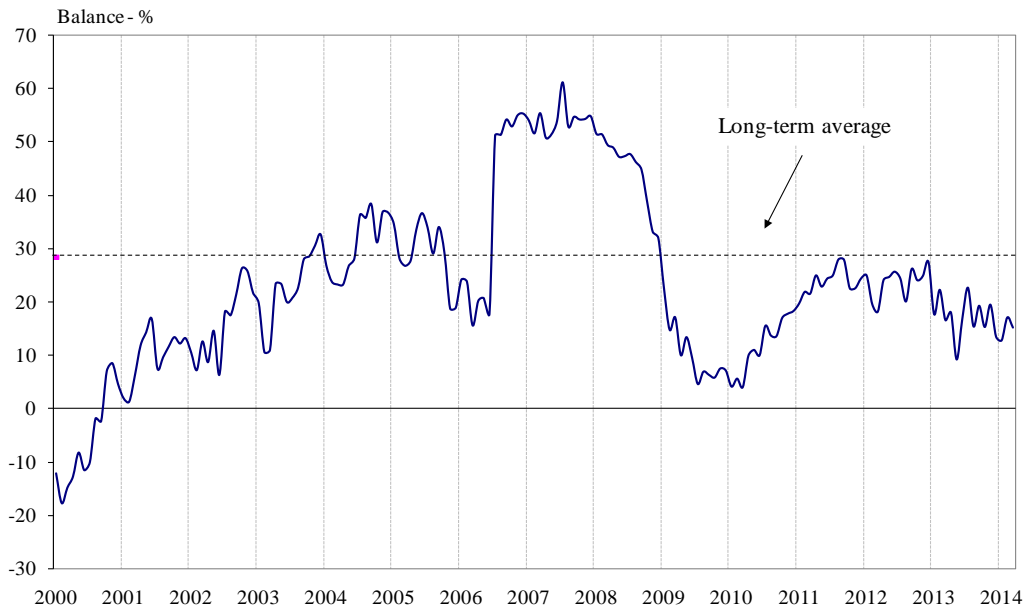




Figure 3. Present business situation in industry



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

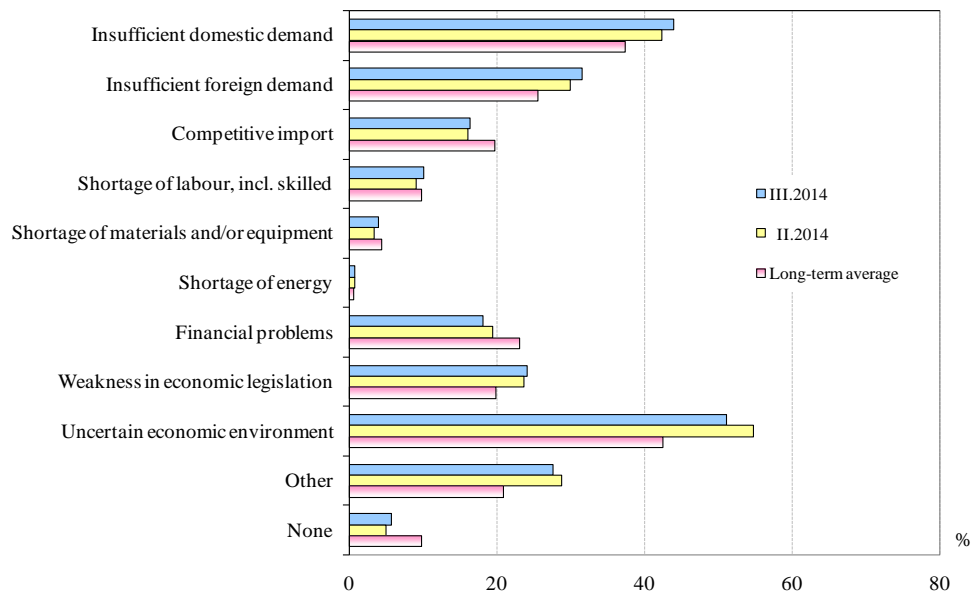




Figure 5. Selling prices expectations in industry over the next 3 months

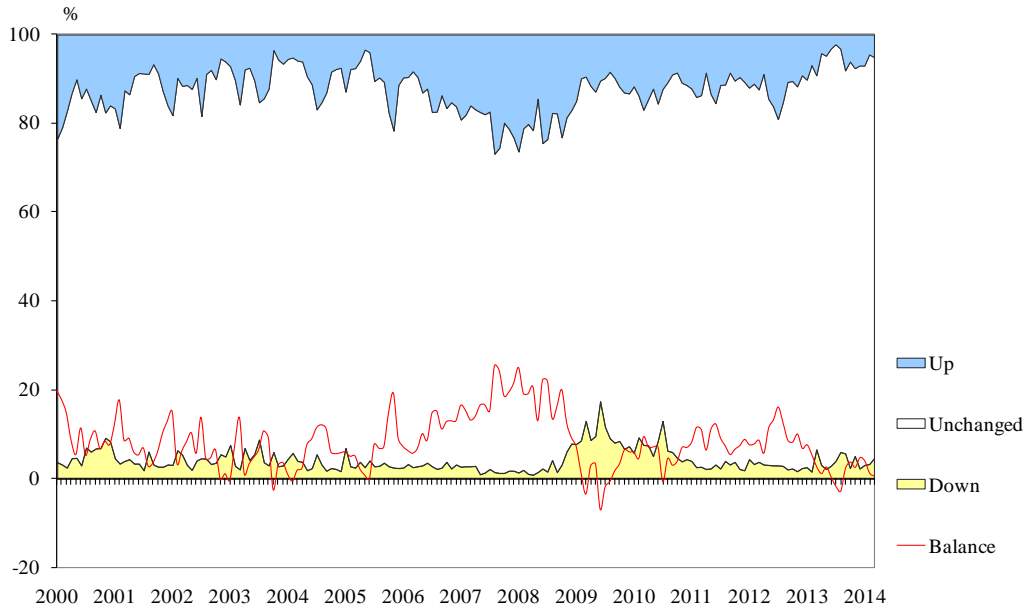


Figure 6. Business climate in construction

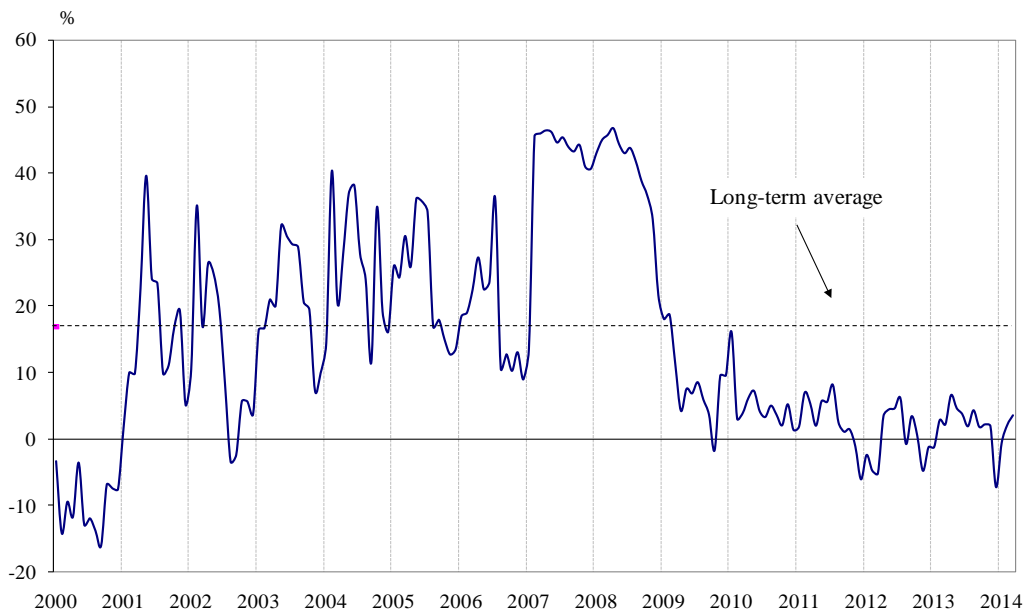




Figure 7. Expected business situation in construction over the next 6 months

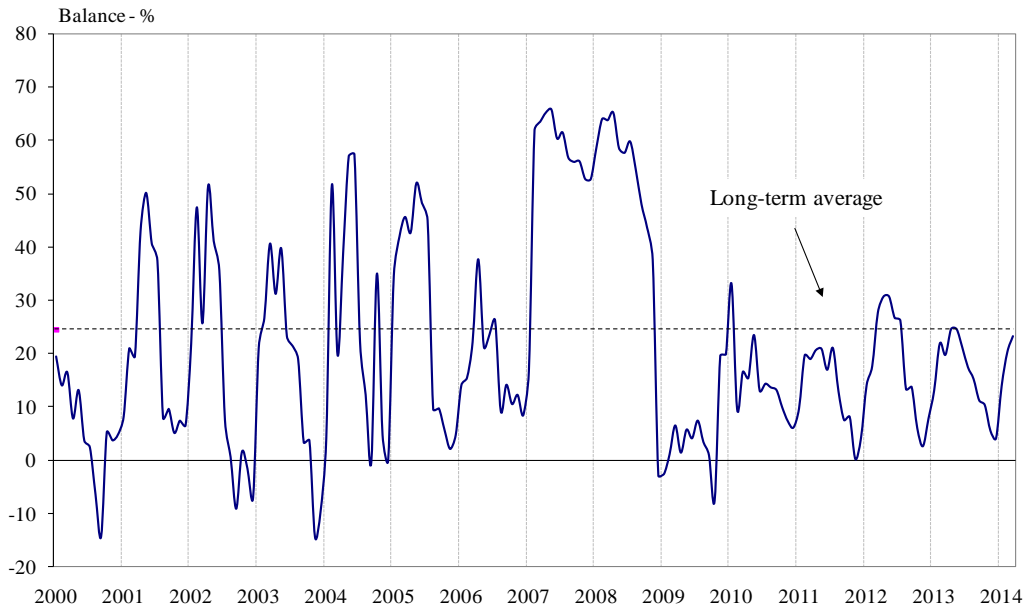


Figure 8. Limits to construction activity (Relative share of enterprises)

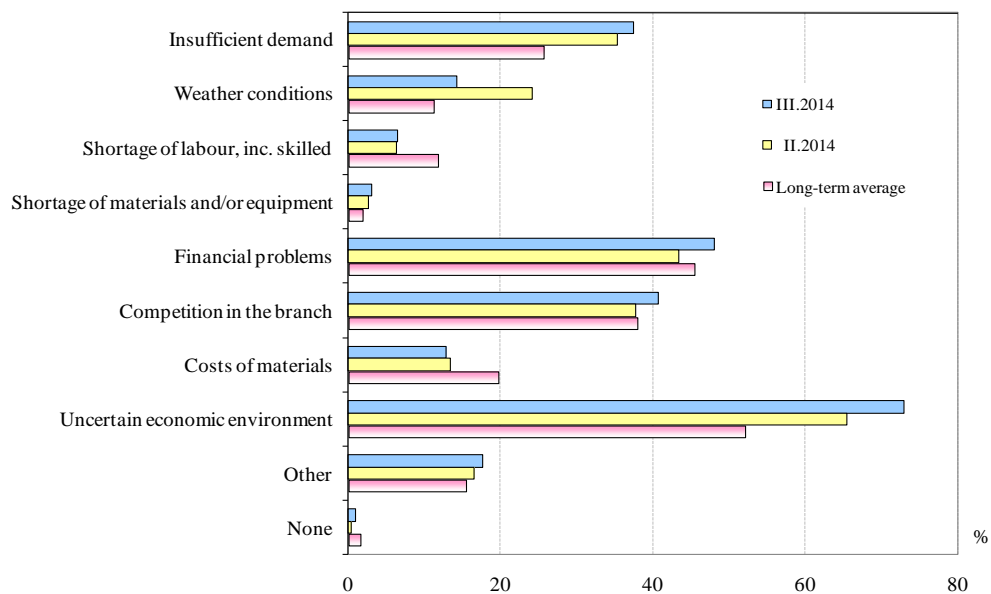




Figure 9. Selling prices expectations in construction over the next 3 months

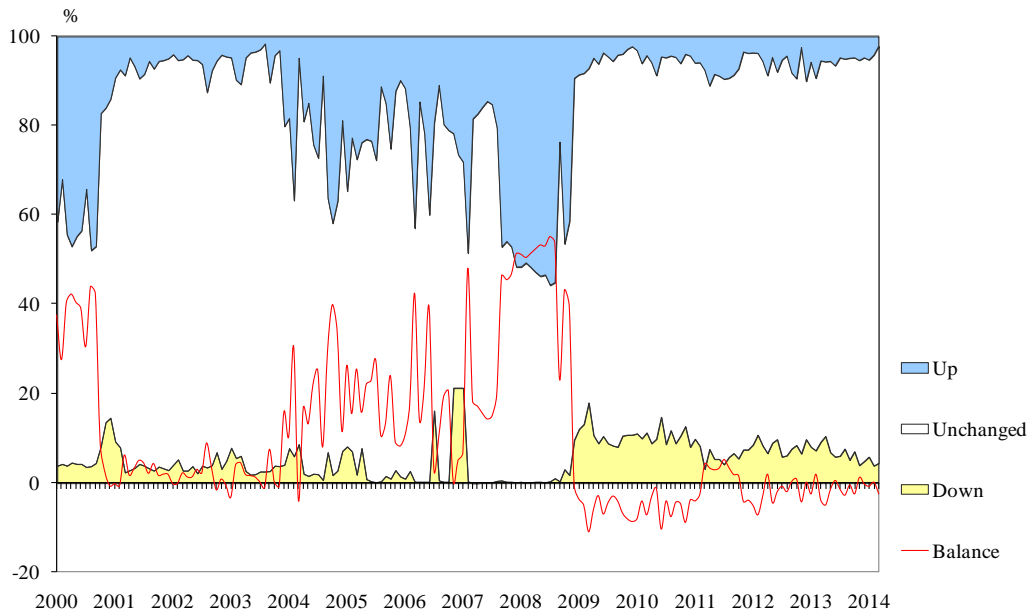


Figure 10. Business climate in retail trade

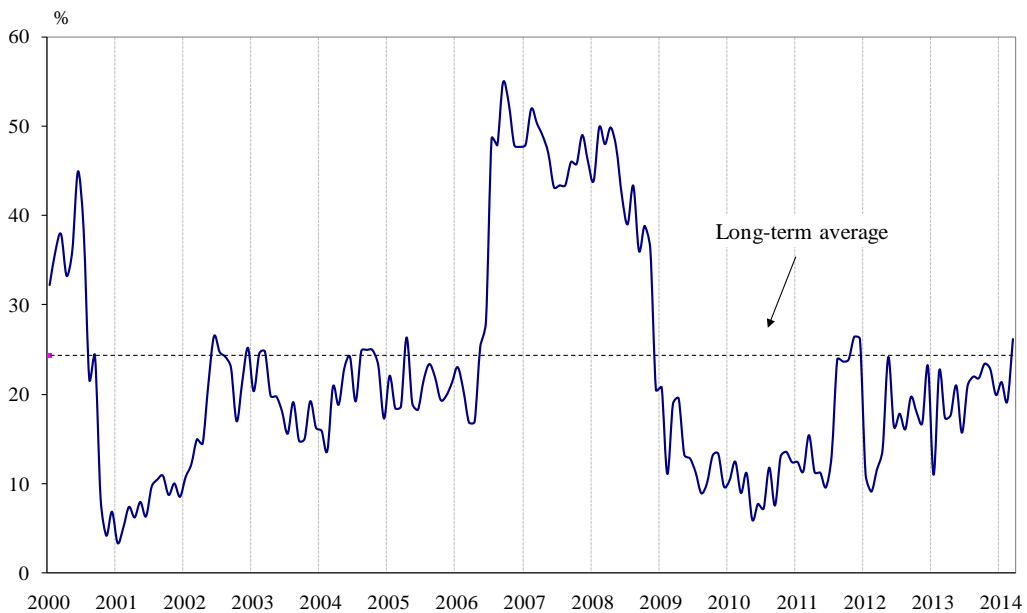




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

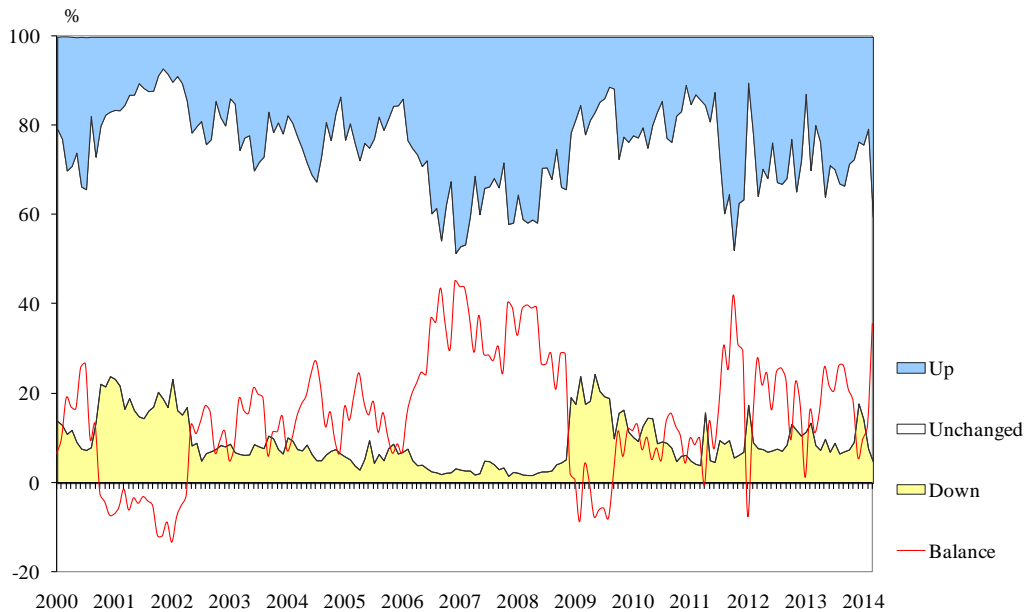


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

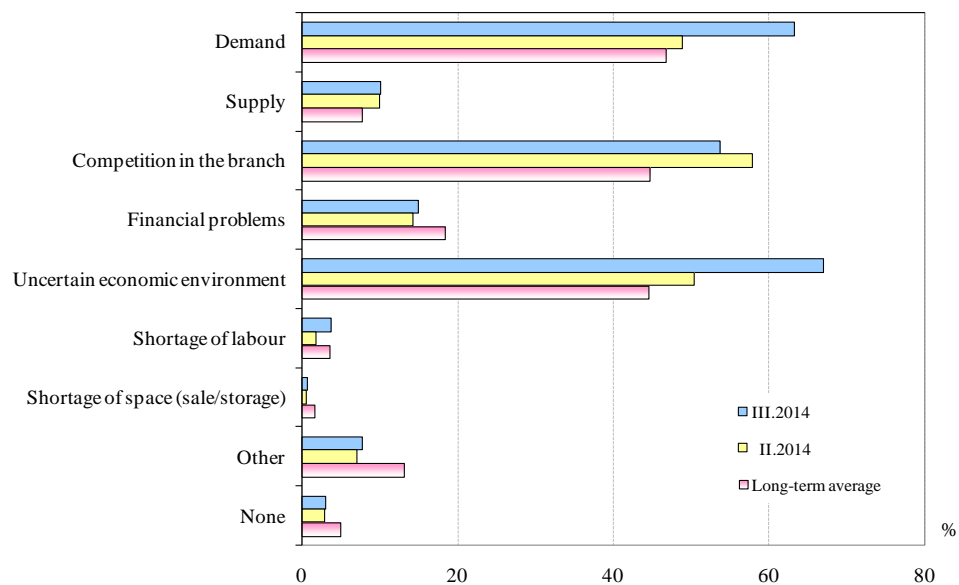




Figure 13. Selling prices expectations in retail trade over the next 3 months

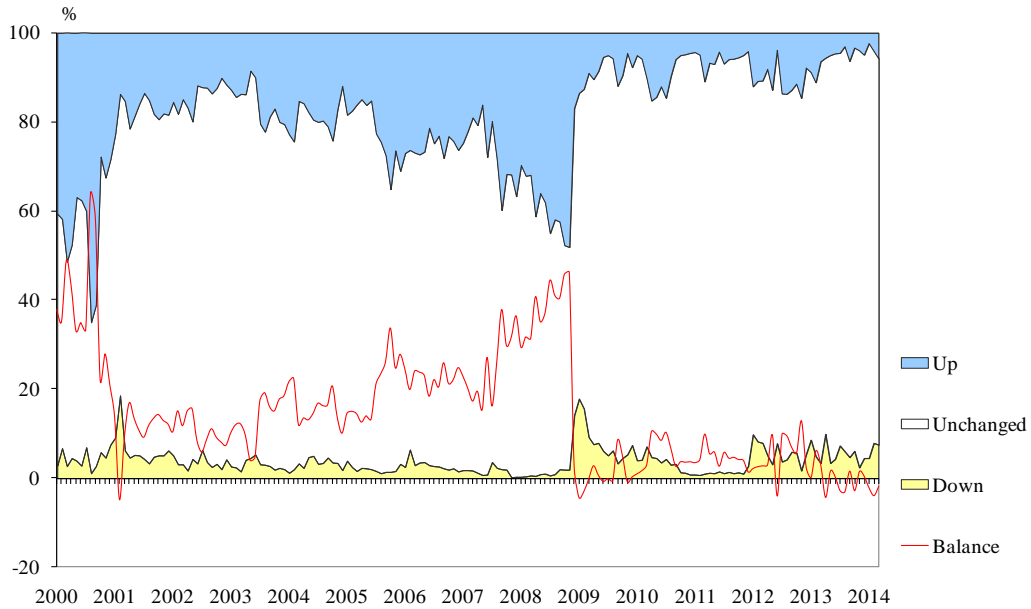


Figure 14. Business climate in service sector

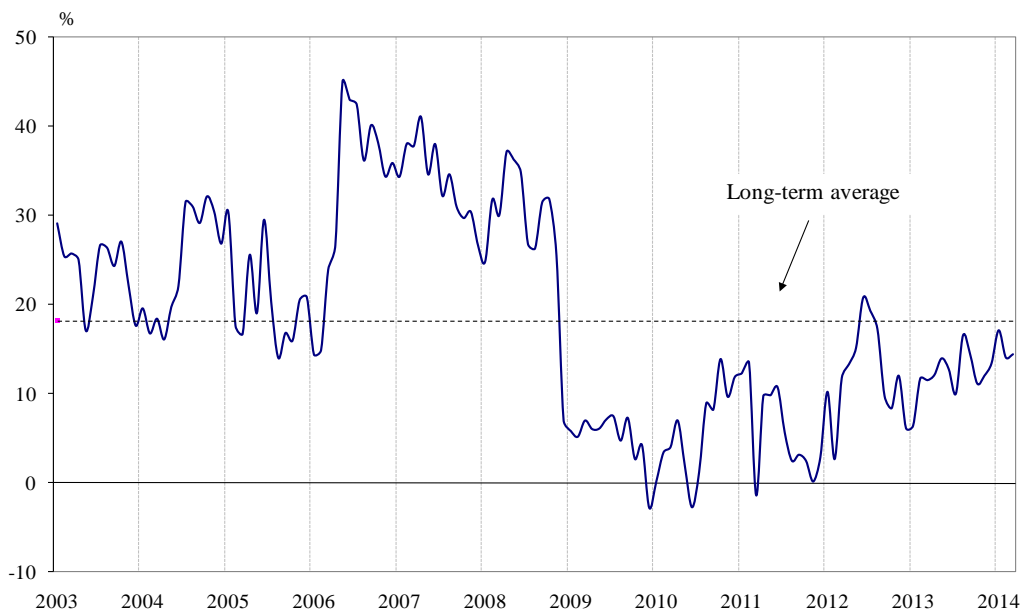




Figure 15. Expected demand in service sector over the next 3 months

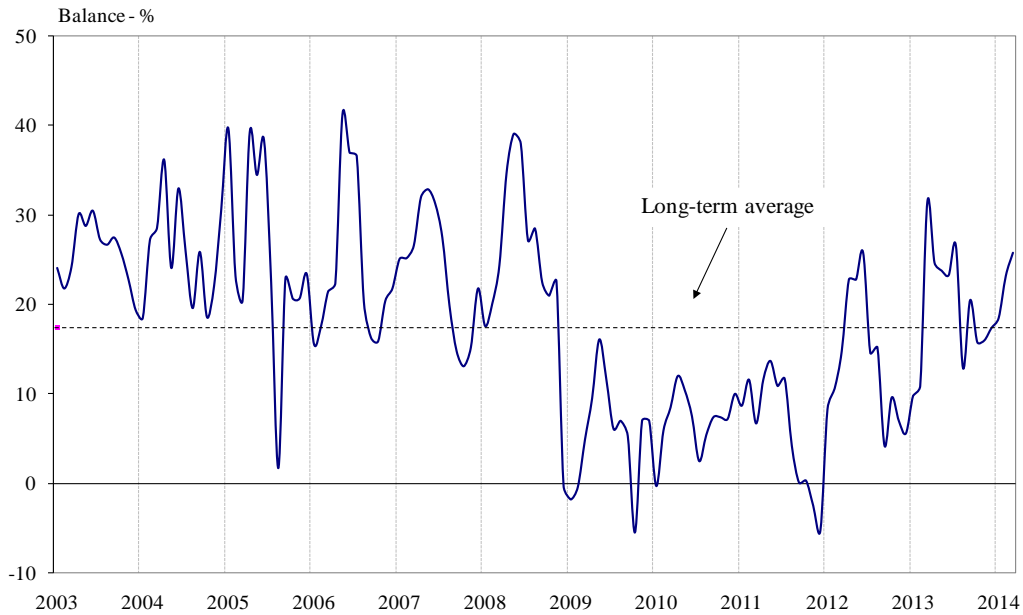


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

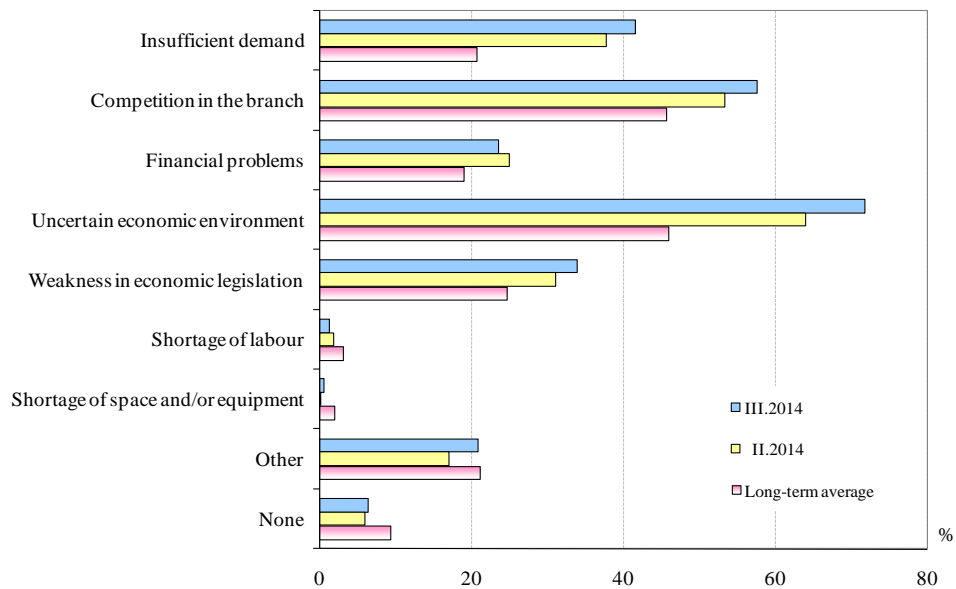




Figure 17. Prices expectations in service sector over the next 3 months

