



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

In August 2014 **the total business climate indicator**⁴ decreases by 1.6 percentage points compared to its July level (Annex, Figure 1) which is due to the more unfavourable business climate in construction, retail trade and service sector.

Industry. The composite indicator “business climate in industry” remains approximately its level from the previous month (Annex, Figure 2). The inquiry registers certain improvement of the production assurance with orders from abroad, which is not accompanied by increased expectations about the activity of the enterprises over the next 3 months (Annex, Figure 3).

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 58.3% and 30.7% of the industrial entrepreneurs (Annex, Figure 4).

As regards the selling prices the managers expect them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In August the composite indicator “business climate in construction” decreases by 2.2 percentage points (Annex, Figure 6) due to the more reserved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). At the same time their expectations about the construction activity over the next 3 months are also more unfavourable.

The main factor limiting the activity in the branch continues to be the uncertain economic environment, followed by the competition in the branch and financial problems (Annex, Figure 8).

Concerning the selling prices in construction the prevailing managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator “business climate in retail trade” decreases by 0.9 percentage points compared to the previous month (Annex, Figure 10) which is due to the more unfavourable retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 11). Concerning the volume of sales and orders placed with suppliers their expectations over the next 3 months are also more reserved.

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.



The most serious factor limiting the activity in the branch continues to be the uncertain economic environment, though in the last month a decrease of its negative influence is observed. In second and third place are the factors “insufficient demand” and “competition in the branch” (Annex, Figure 12).

As regards the selling prices the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In August the composite indicator “business climate in service sector” drops by 5.3 percentage points (Annex, Figure 14) mainly due to more moderate managers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 15). Their opinions as regards the present demand for services are more reserved as well in their expectations over the next 3 months certain pessimism is observed.

The uncertain economic environment and competition in the branch remain the main factors, pointed out by the enterprises as an obstacle for the business development in the branch (Annex, Figure 16).

Concerning the selling prices in the service sector the majority of the managers expect preservation of their level over next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

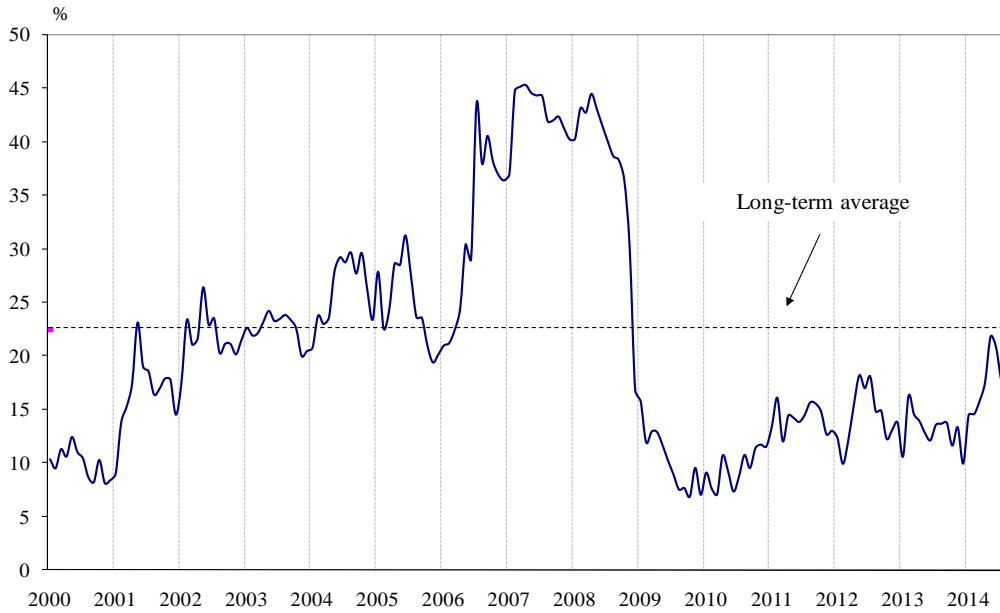


Figure 2. Business climate in industry

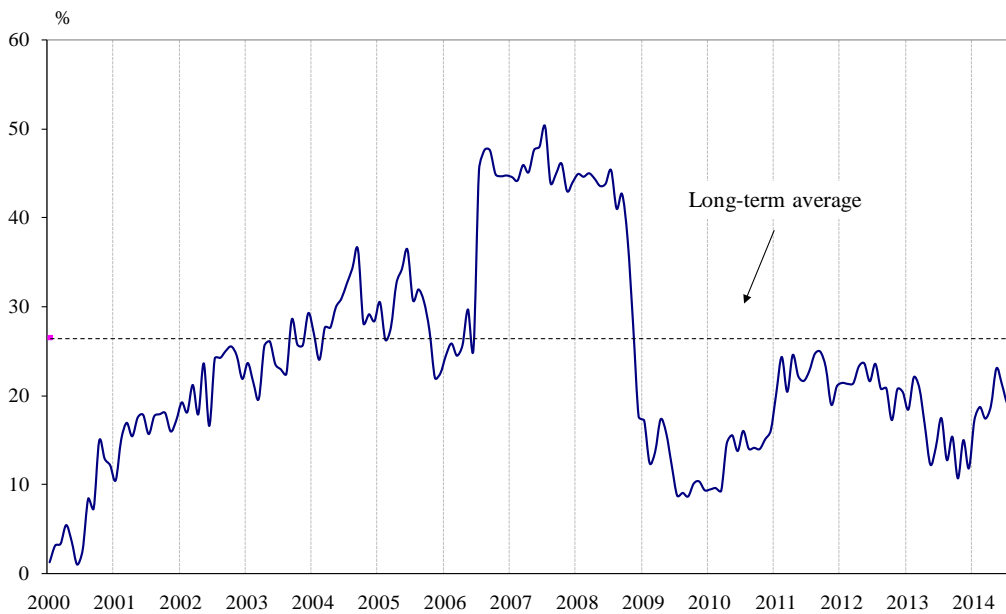




Figure 3. Expected production activity in industry over the next 3 months

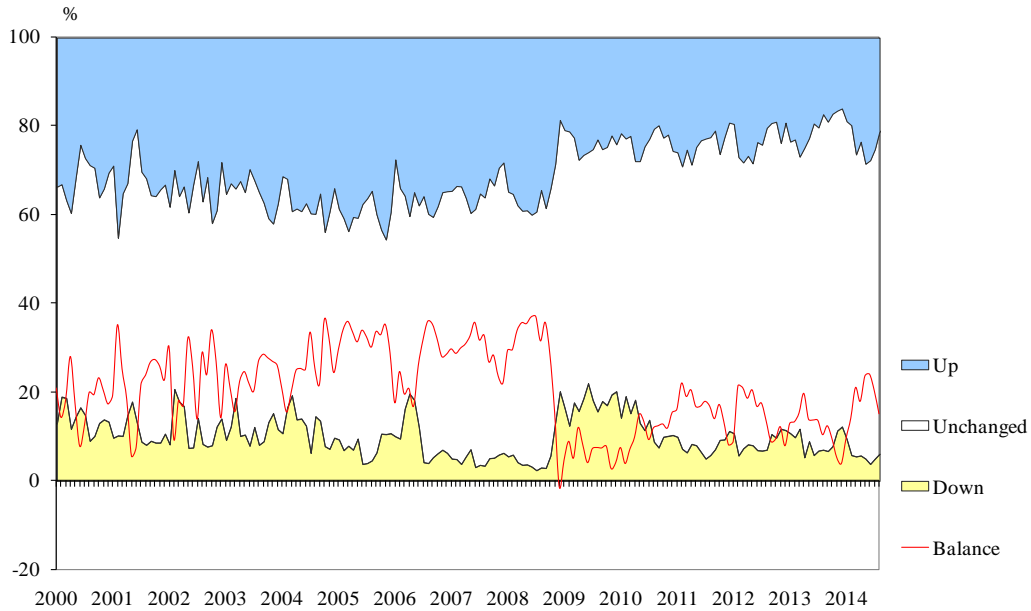


Figure 4. Limits to production in industry (Relative share of enterprises)

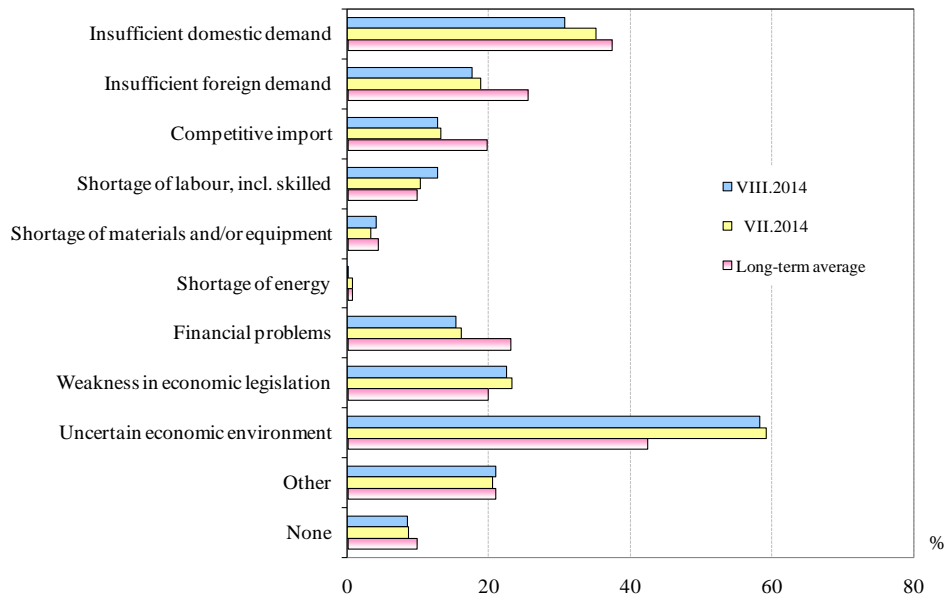




Figure 5. Selling prices expectations in industry over the next 3 months

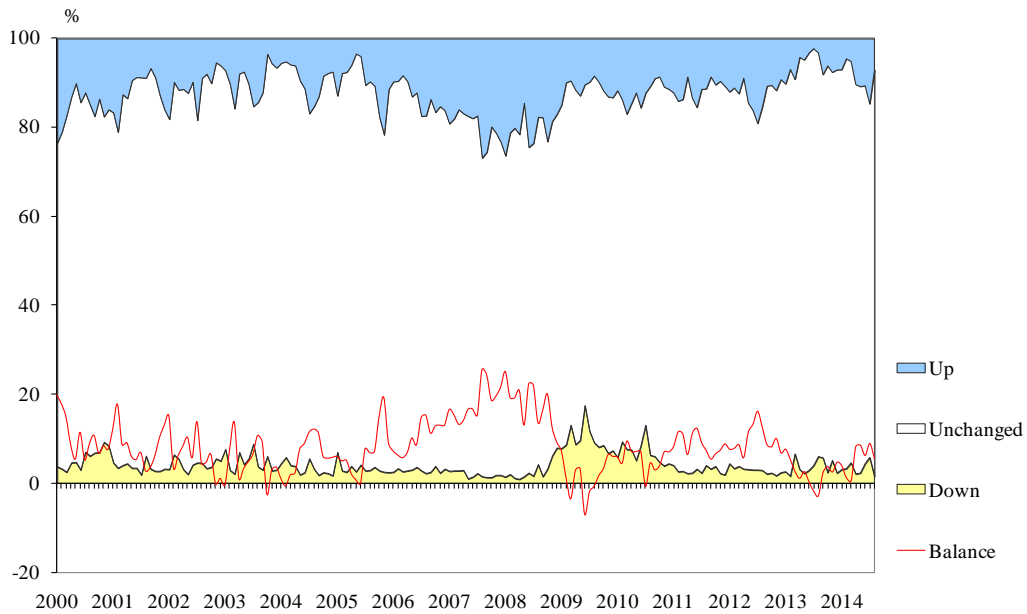


Figure 6. Business climate in construction

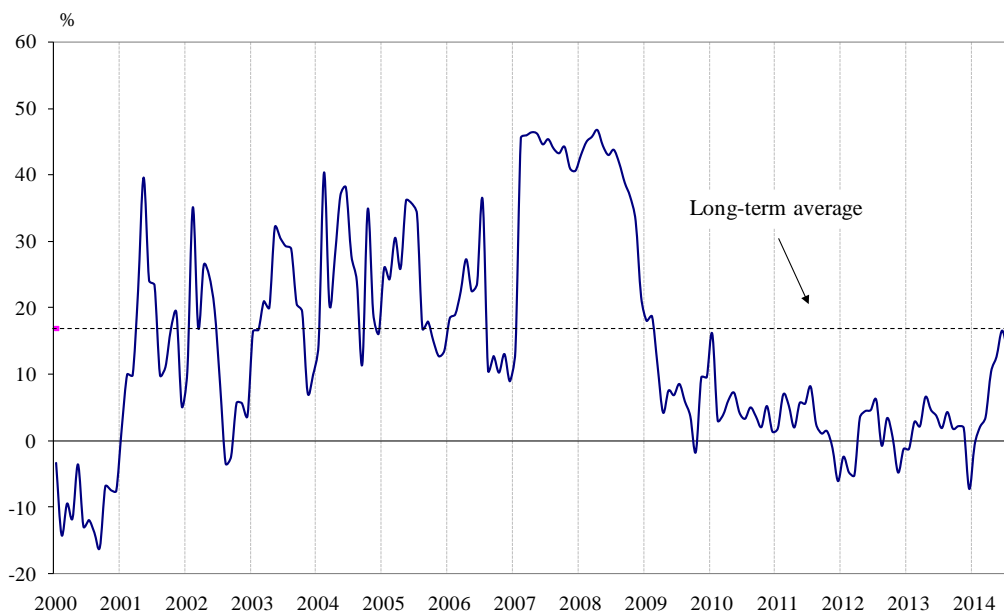




Figure 7. Expected business situation in construction over the next 6 months

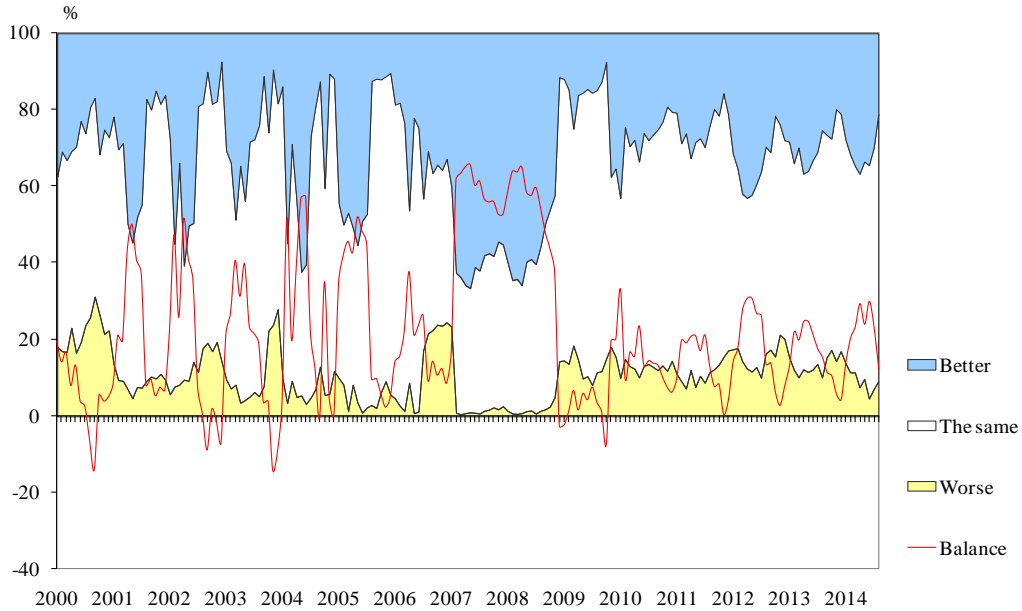


Figure 8. Limits to construction activity (Relative share of enterprises)

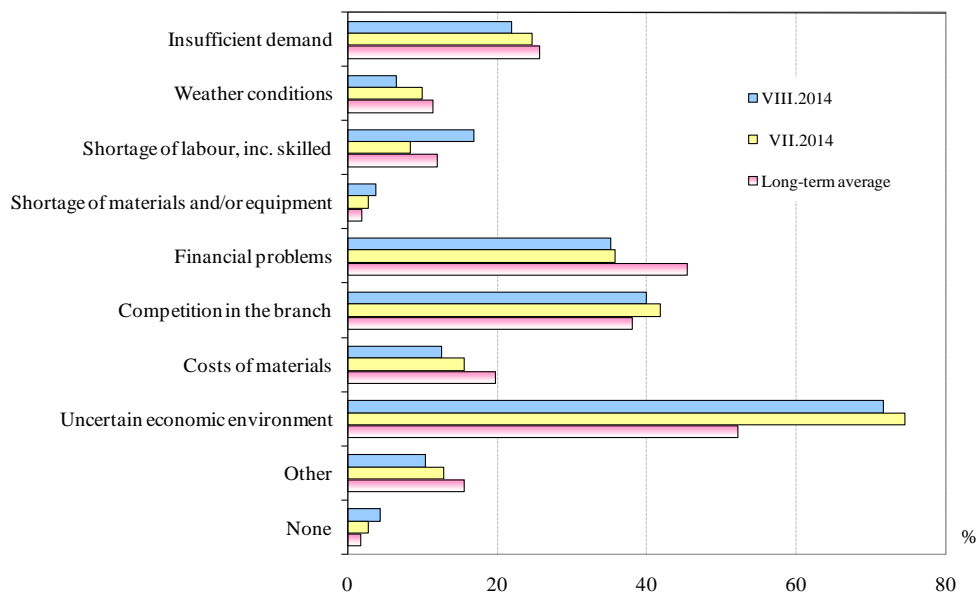




Figure 9. Selling prices expectations in construction over the next 3 months

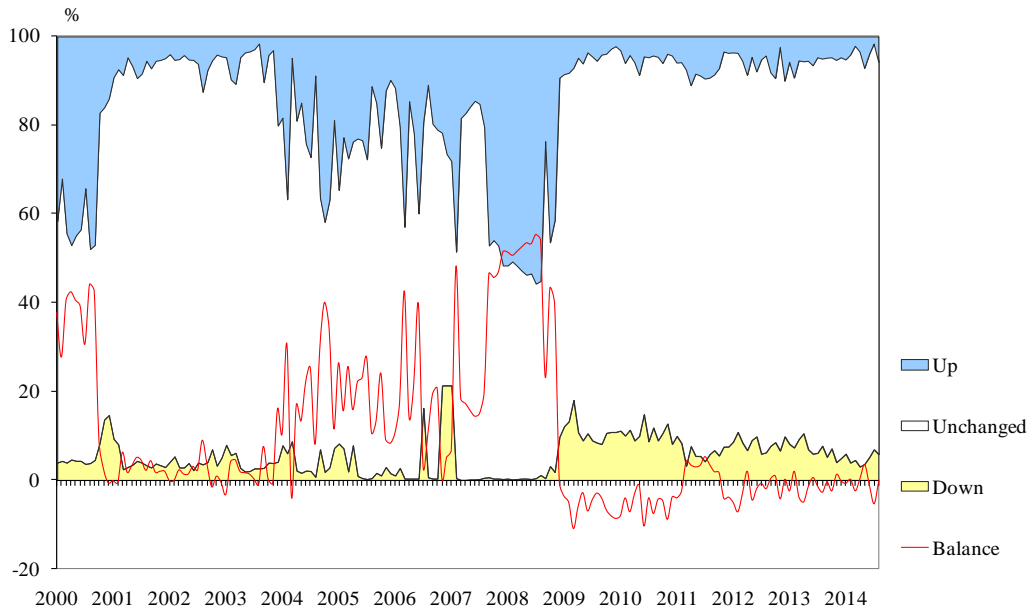


Figure 10. Business climate in retail trade

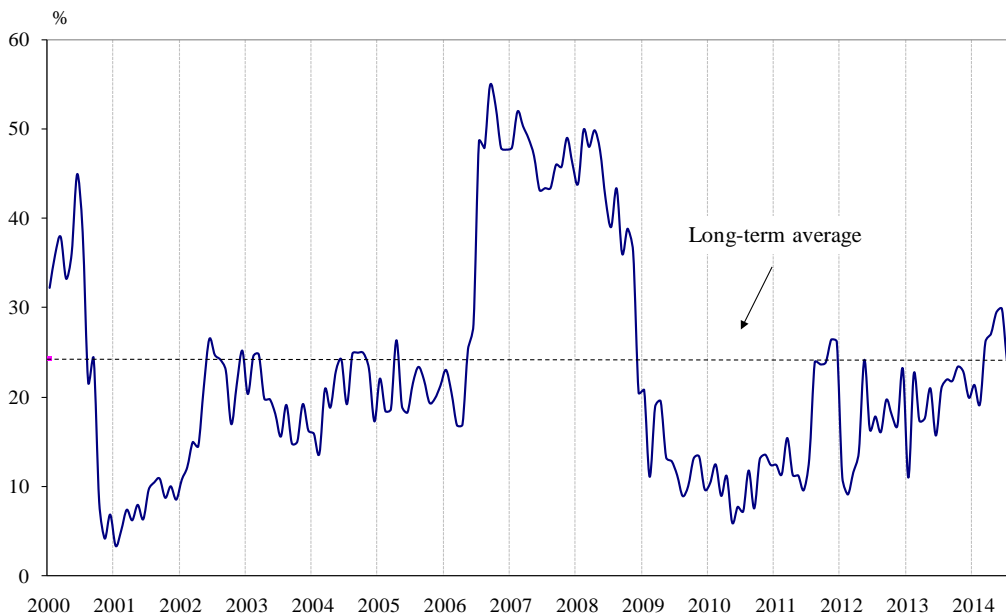




Figure 11. Expected business situation in retail trade over the next 6 months

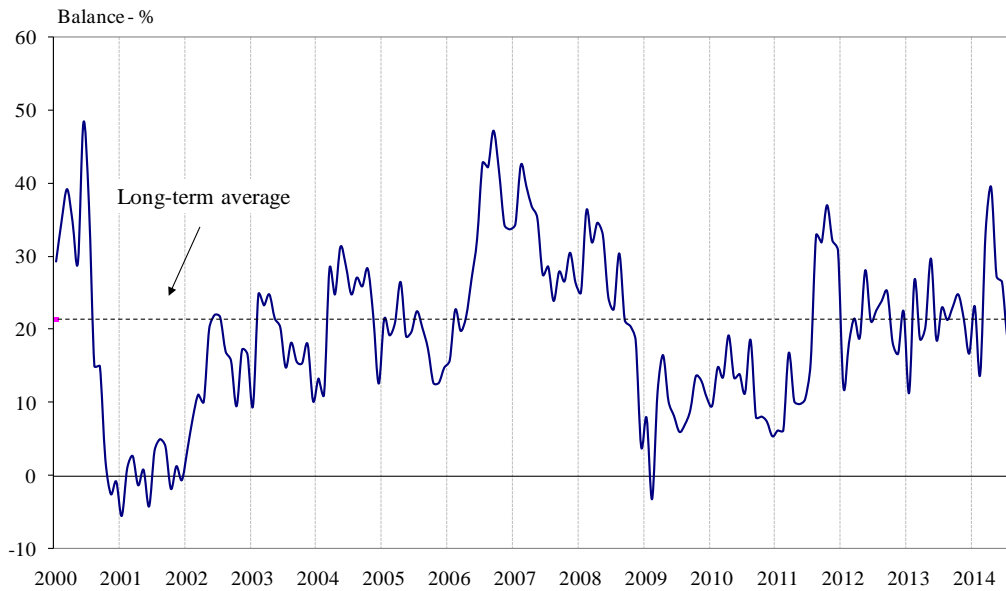


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

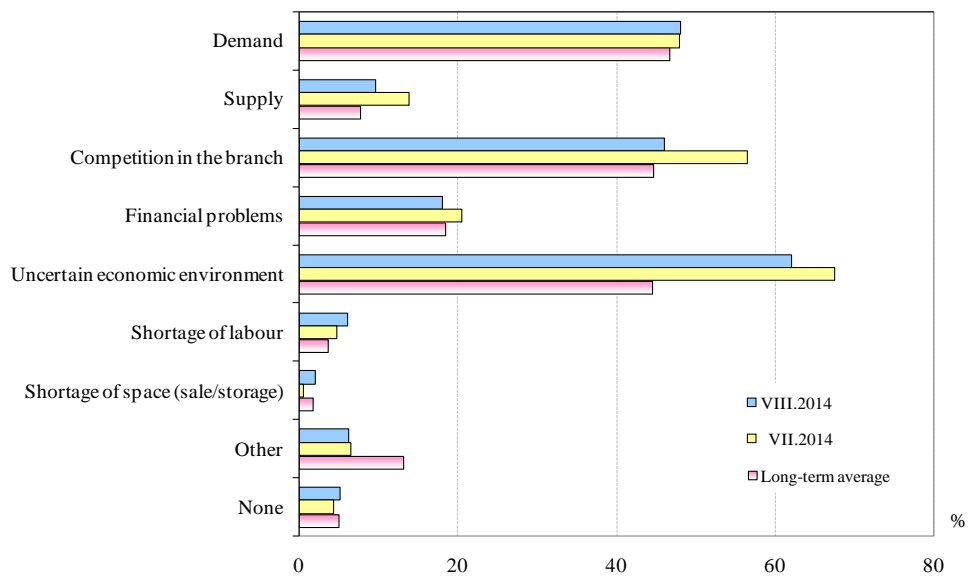




Figure 13. Selling prices expectations in retail trade over the next 3 months

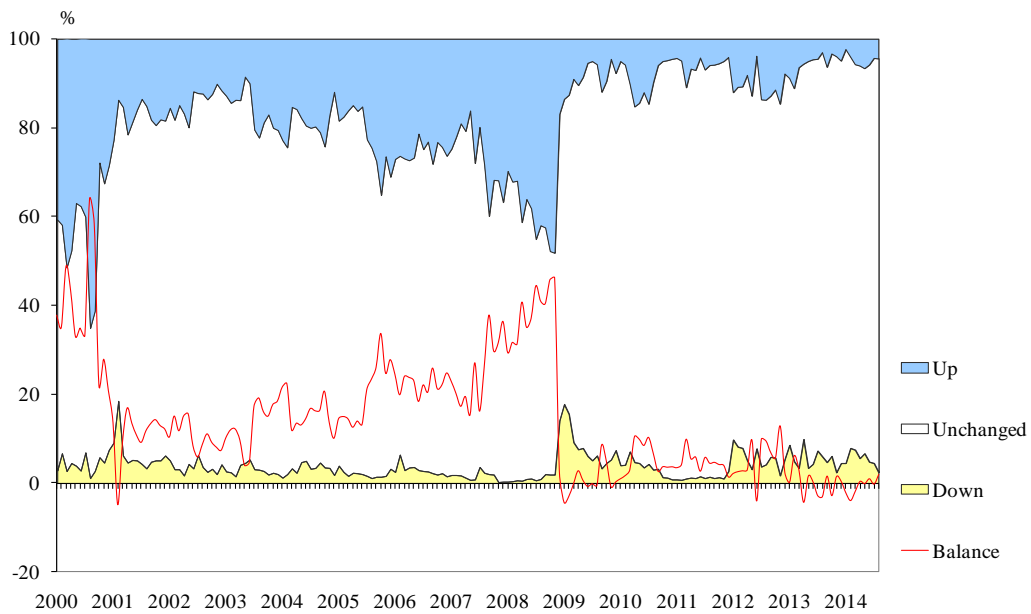


Figure 14. Business climate in service sector

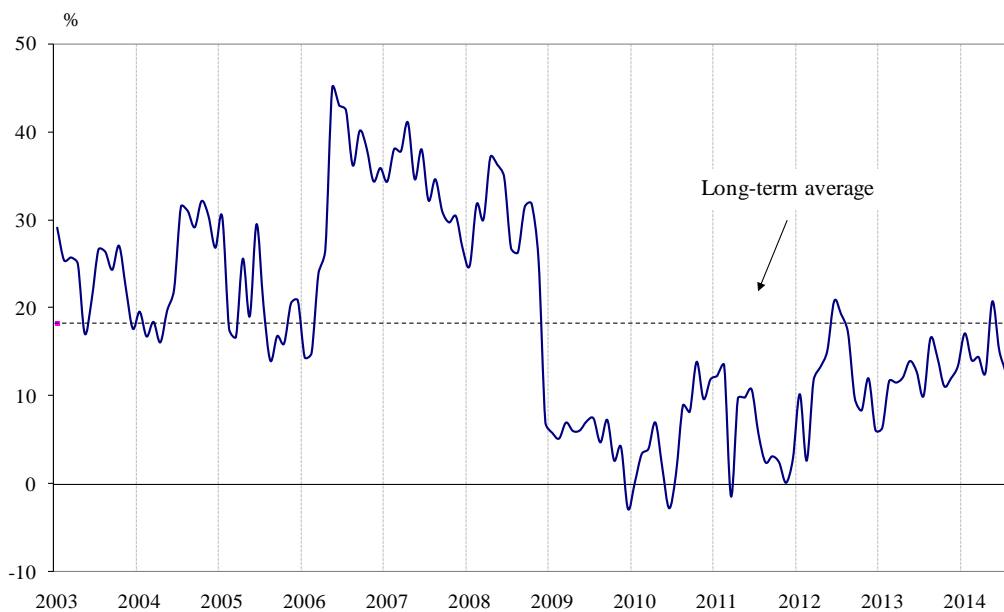




Figure 15. Expected business situation in service sector over the next 6 months

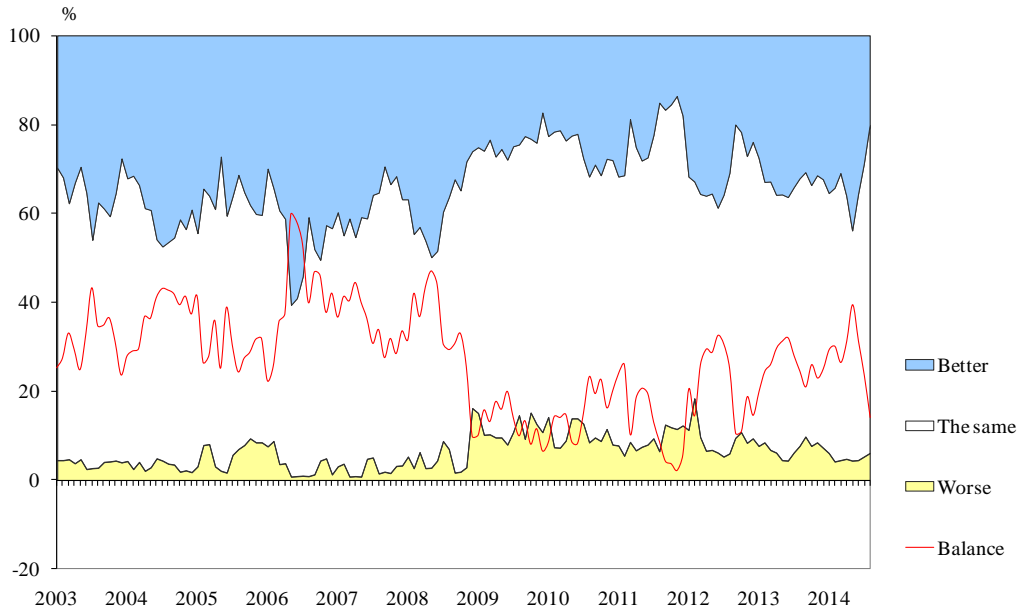


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

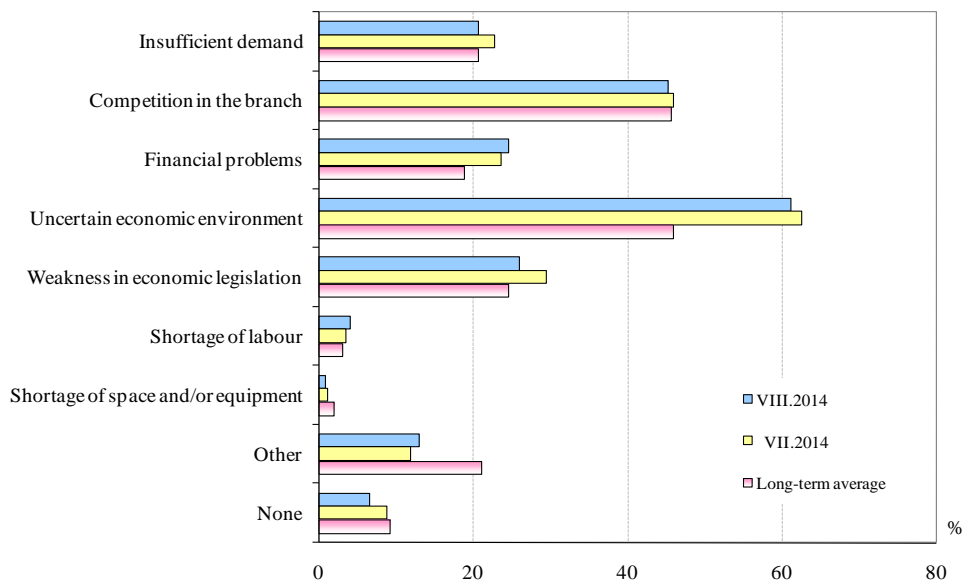




Figure 17. Selling prices expectations in service sector over the next 3 months

