



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

In October 2014 **the total business climate indicator**⁴ decreases by 0.5 percentage points compared to the previous month (Annex, Figure 1) due to the more unfavourable business climate in industry and retail trade.

Industry. The composite indicator “business climate in industry” decreases by 1.1 percentage points in comparison with September (Annex, Figure 2) which is due to the worsening industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). However their assessments about the orders inflow over the last 3 months are more favourable which is accompanied by improved expectations about the production activity over the next 3 months.

In October the average capacity utilization in industry reaches 73.4% (Annex, Figure 4), as regards the expected demand over the next months the enterprises report a surplus of capacity.

The main problems for the business’ development in the branch continue to be the uncertain economic environment and insufficient domestic demand pointed out respectively by 59.2% and 29.2% of the entrepreneurs (Annex, Figure 5).

As regards the selling prices the prevailing managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 6).

Construction. In October the composite indicator “business climate in construction” increases by 2.1 percentage points (Annex, Figure 7) due to the more favourable construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 8). However the inquiry reported a decrease regarding the present construction activity compared to the previous month, as well the prognoses about the next 3 months are more reserved.

The most serious factor limiting the activity of the enterprises in the branch remains the uncertain economic environment, followed by the competition in the branch and financial problems, as in the last month strengthening of their negative impact is registered (Annex, Figure 9).

Concerning the selling prices in construction the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 10).

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.



Retail trade. The composite indicator “business climate in retail trade” decreases by 2.9 percentage points compared to the previous month (Annex, Figure 11) which is due to the more unfavourable retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 12). Their forecasts concerning the volume of sales and orders placed with suppliers over the next 3 months are also more reserved.

The main obstacles for the business’ development in the branch continue to be the uncertain economic environment, insufficient demand and competition in the branch, though in the last month a decrease of their negative influence is observed (Annex, Figure 13).

As regards the selling prices the prevailing retailers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 14).

Service sector¹. In October the composite indicator “business climate in service sector” remains approximately to its September level (Annex, Figure 15). The managers’ prognoses as regards the business’ developments in the sector over the next 6 months are more optimistic as well their expectations about the demand for services over the next 3 months are improved (Annex, Figure 16).

The most serious factor limiting the activity in the branch continues to be connected with the uncertain economic environment, followed by the competition in the branch (Annex, Figure 17).

Concerning the selling prices in the service sector the managers foresee preservation of their level over the next 3 months (Annex, Figure 18).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

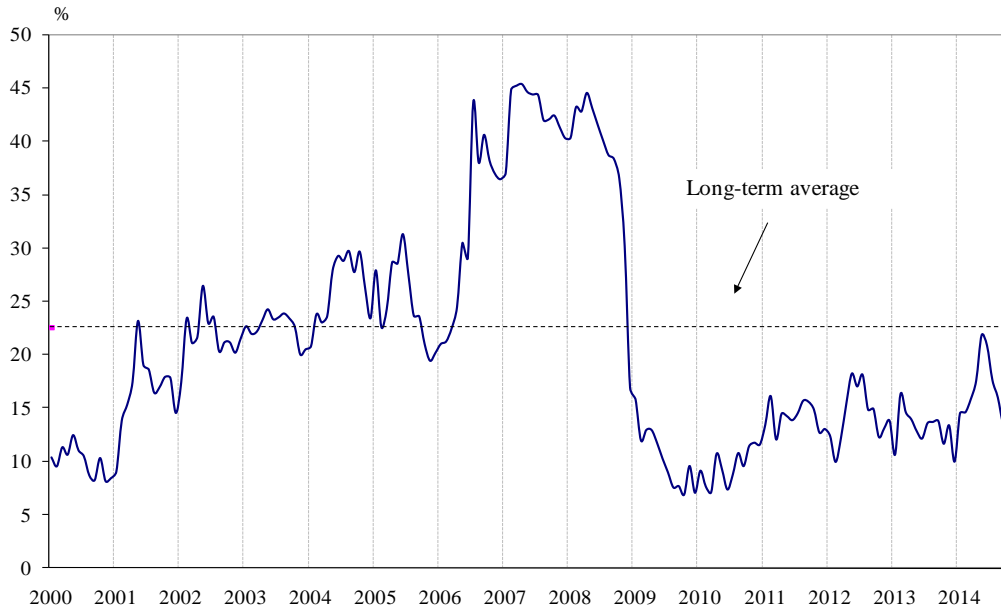


Figure 2. Business climate in industry

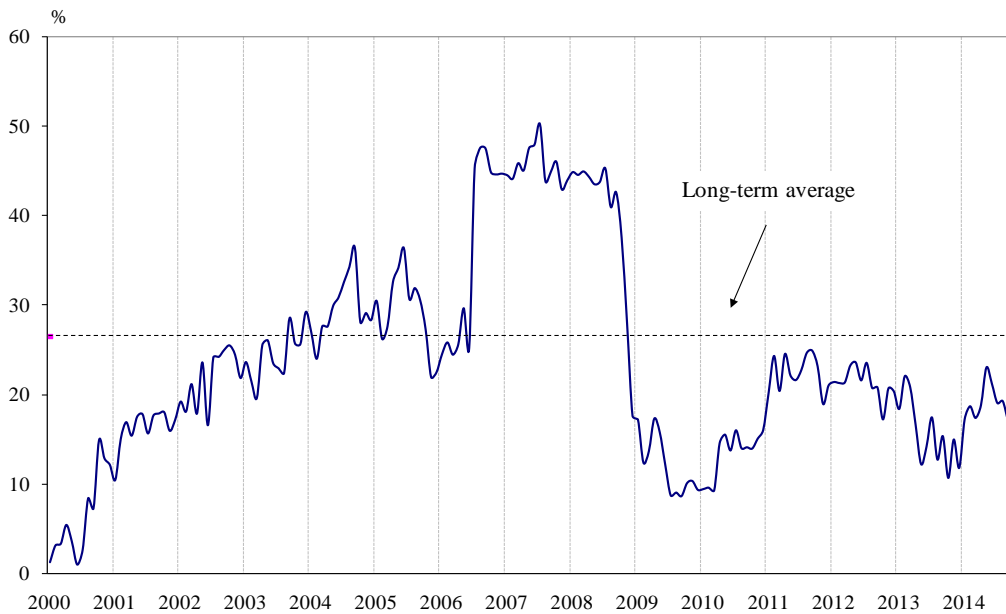




Figure 3. Expected business situation in industry over the next 6 months

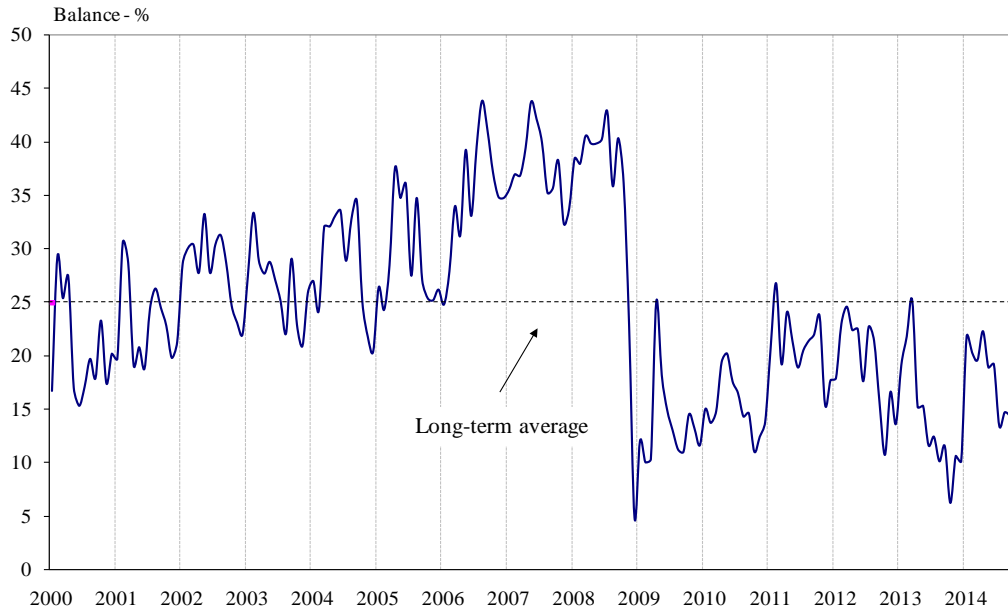
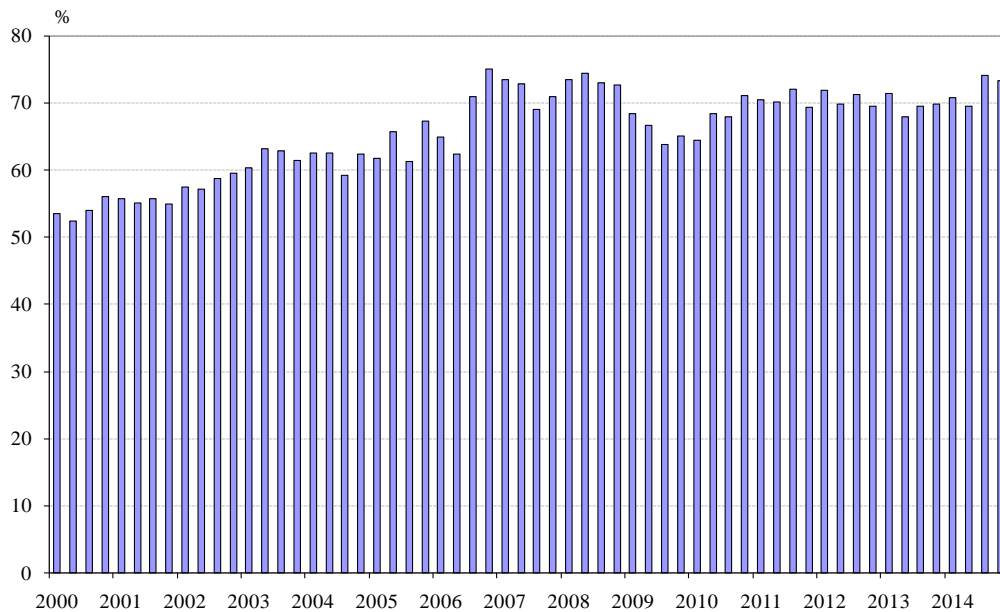
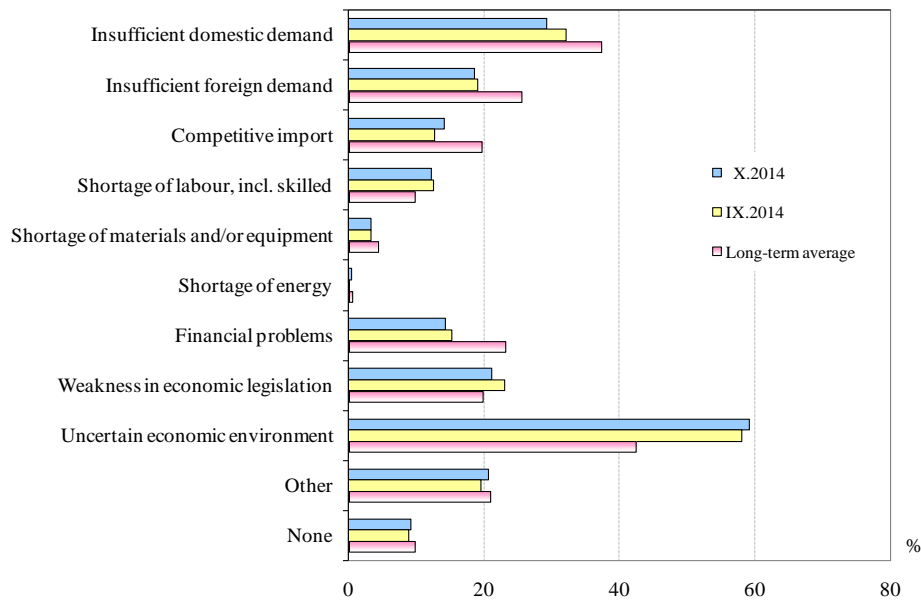


Figure 4. Average capacity utilization in industry





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



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

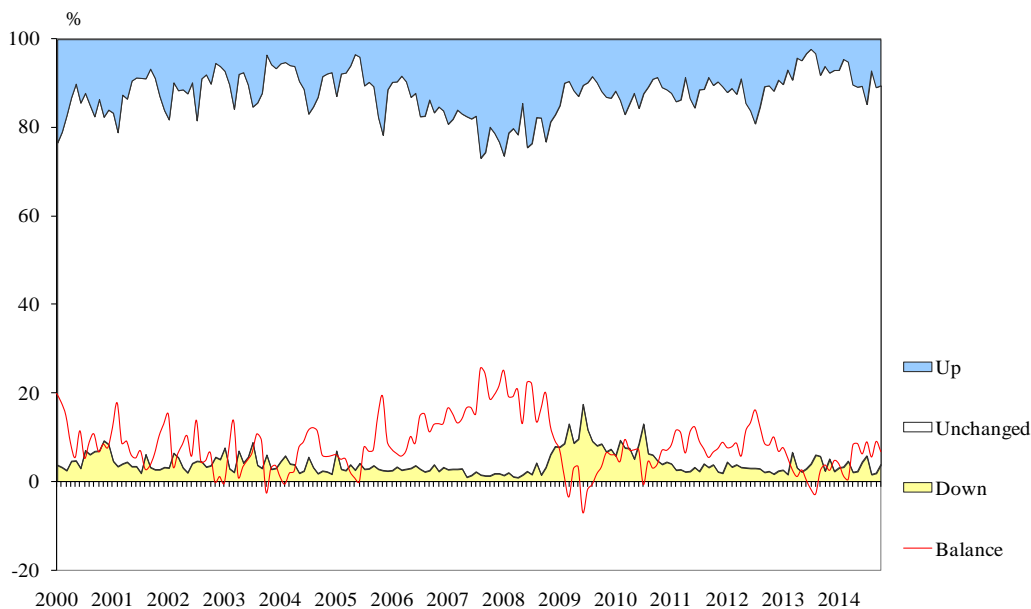




Figure 7. Business climate in construction

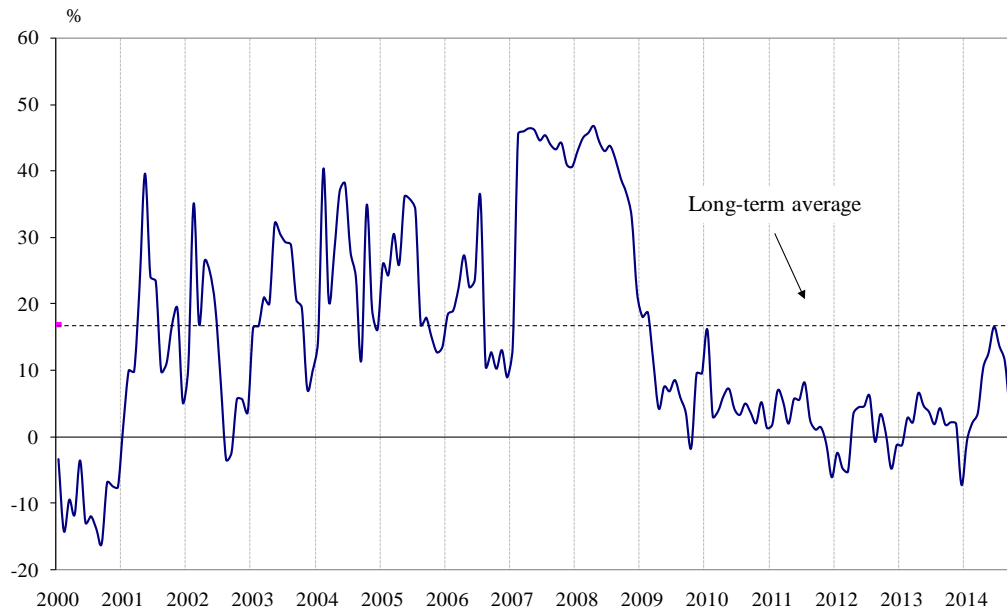
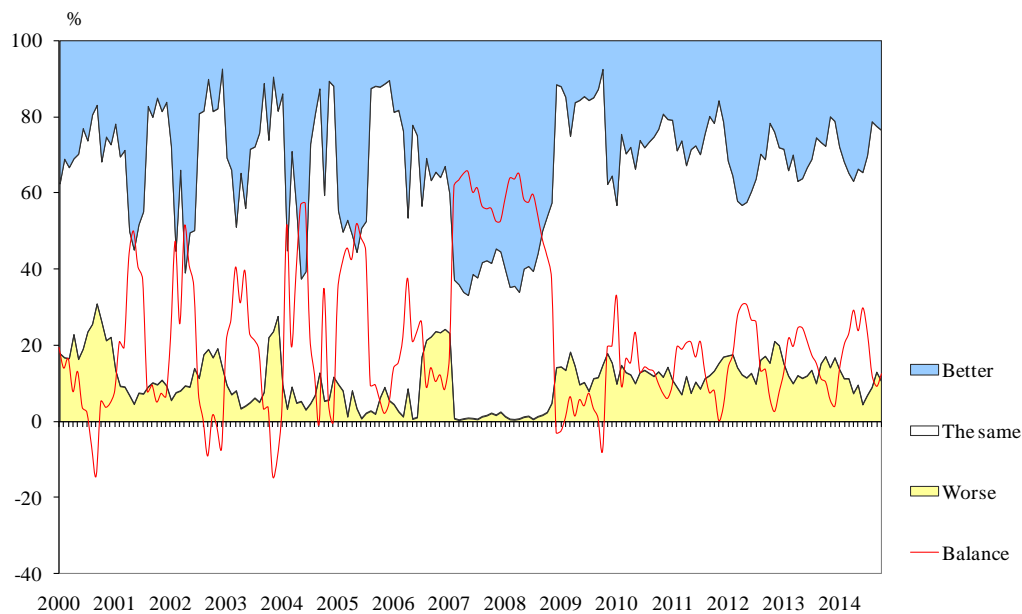
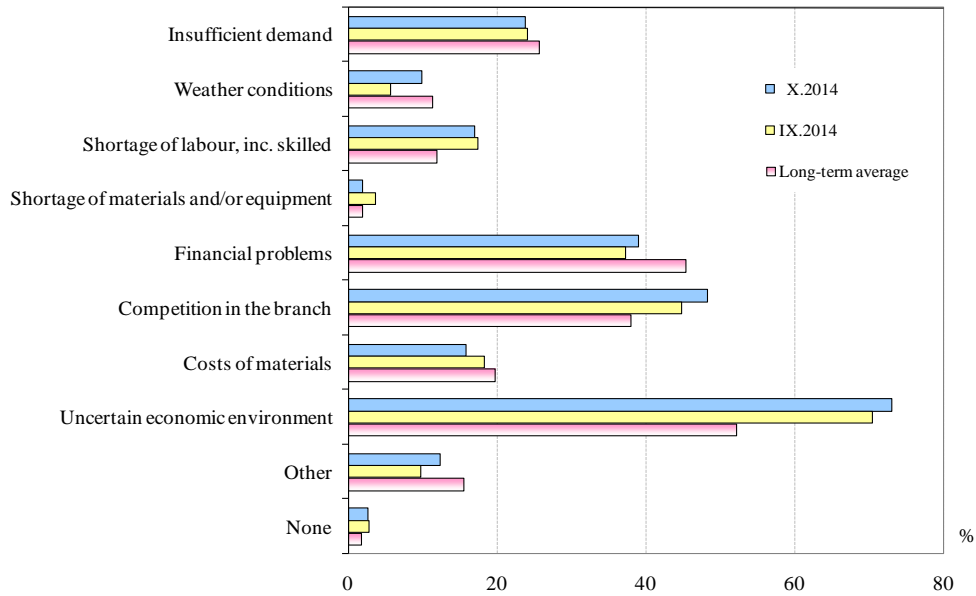


Figure 8. Expected business situation in construction over the next 6 months





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



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

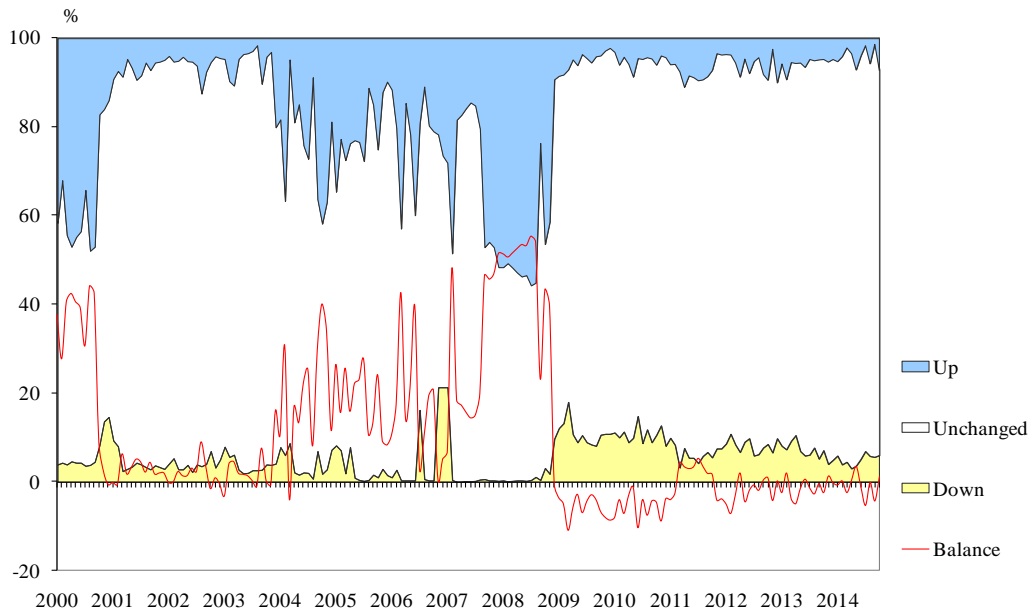




Figure 11. Business climate in retail trade

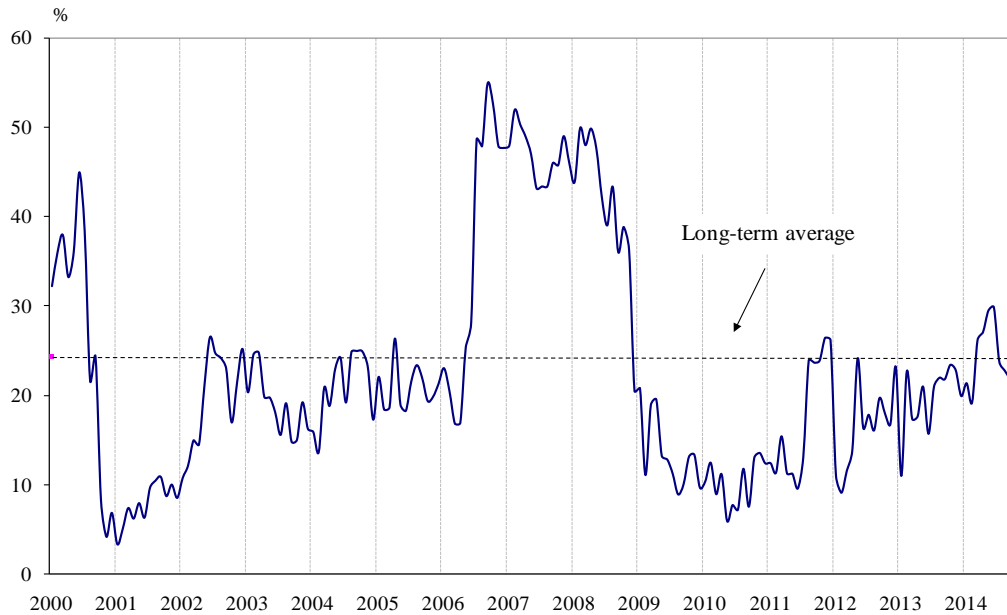


Figure 12. Expected business situation in retail trade over the next 6 months

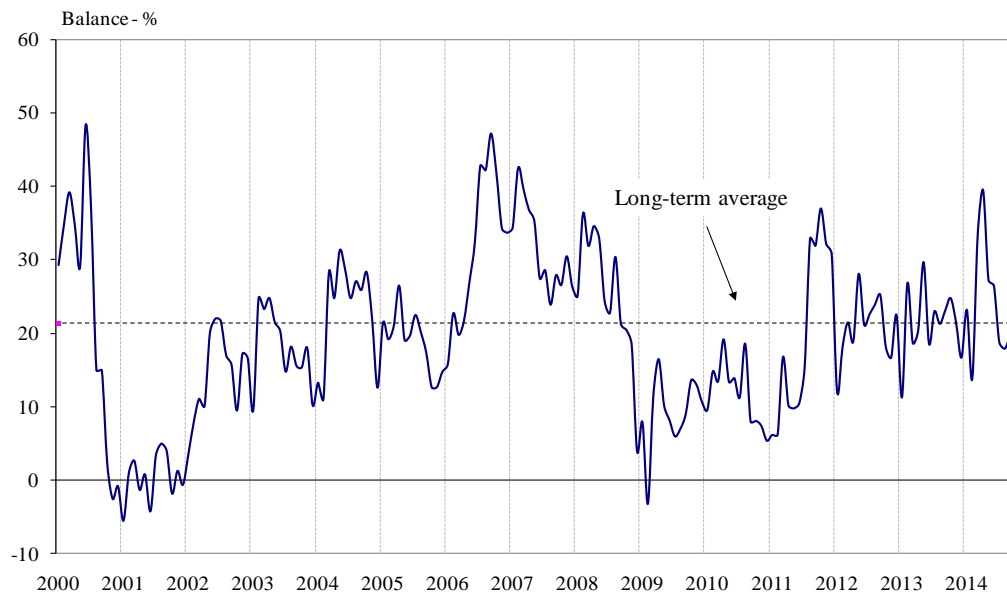




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

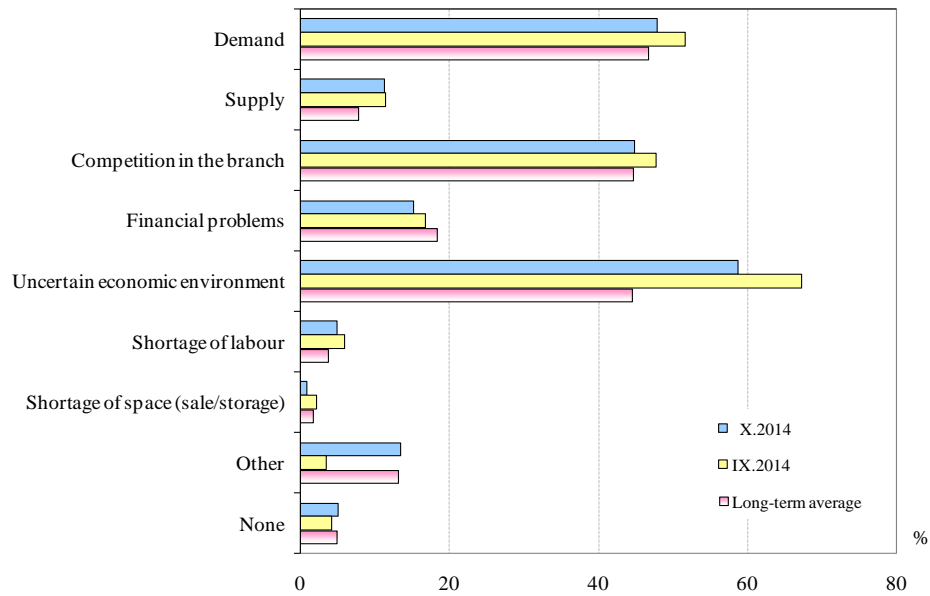


Figure 14. Selling prices expectations in retail trade over the next 3 months

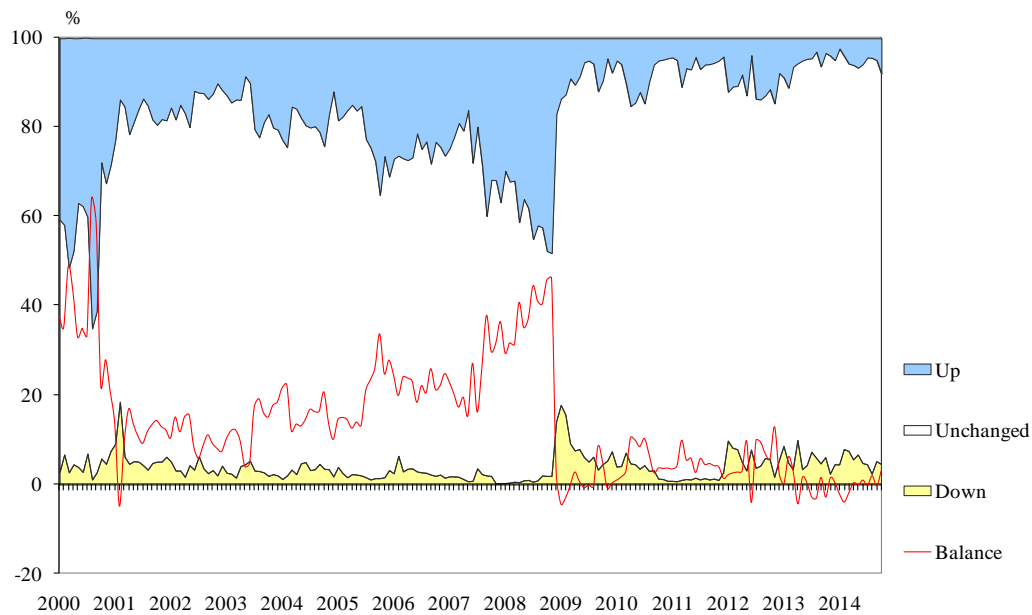




Figure 15. Business climate in service sector

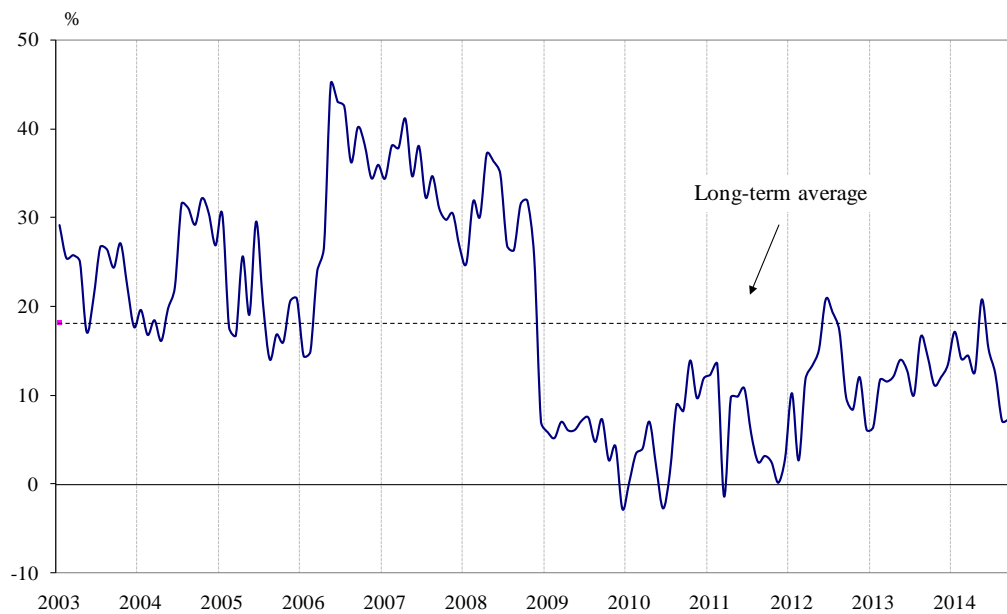
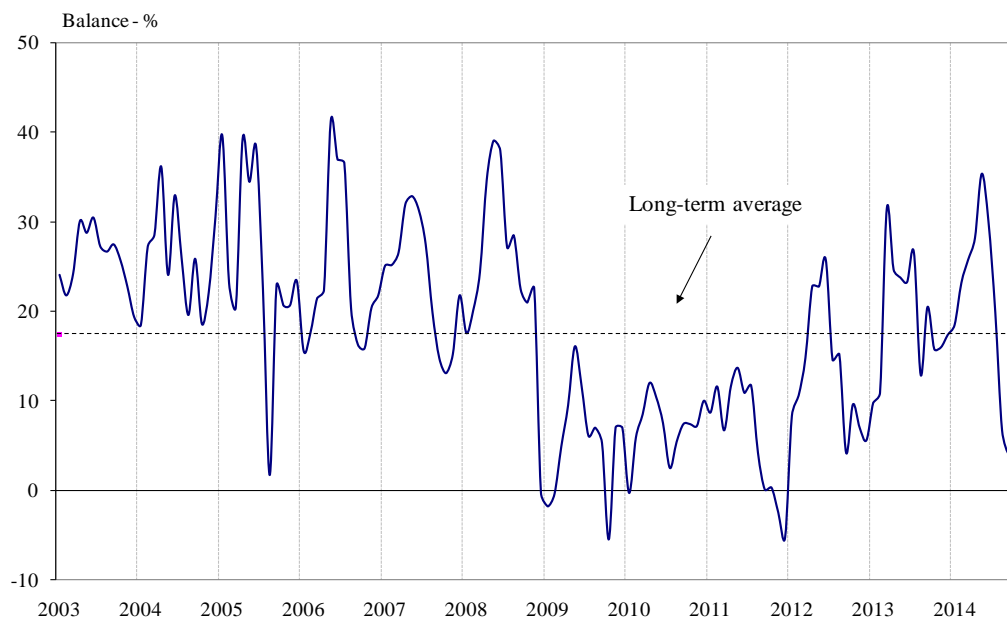
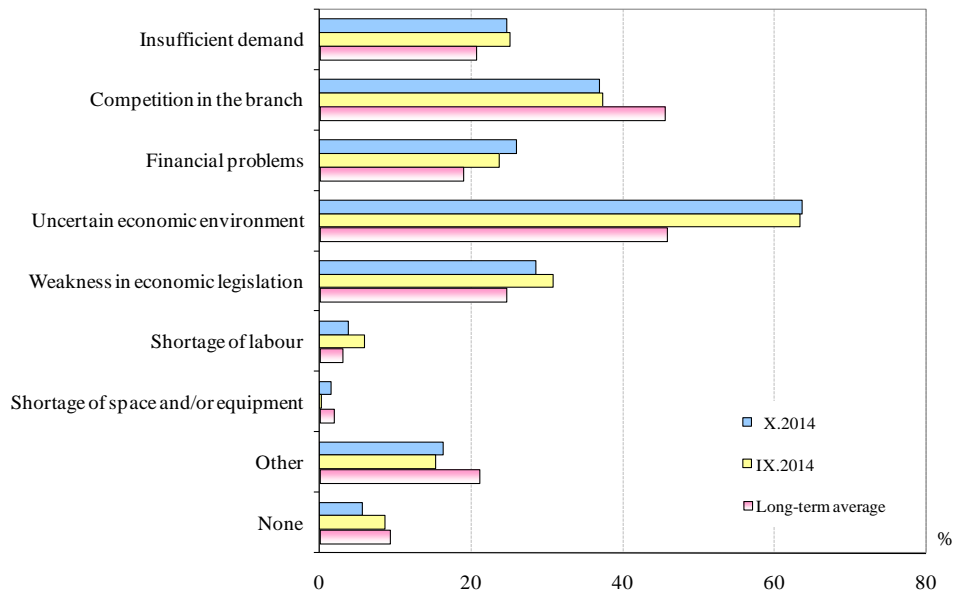


Figure 16. Expected demand in service sector over the next 3 months





**Figure 17. Factors limiting the activity in service sector
(Relative share of enterprises)**



**Figure 18. Selling prices expectations in service sector
over the next 3 months**

