



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JULY 2015

In July 2015 the **total business climate indicator**⁴ decreases by 1.8 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the more unfavourable business climate in industry, retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ decreases by 2.9 percentage points in comparison with June (Annex, Figure 2) mainly due to the worsening managers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). At the same time the inquiry also registers more unfavourable forecasts about the export (Annex, Figure 4) and the production activity over next 3 months.

The average capacity utilization in July remains to its April level (74.3%), as regards the expected demand over the next months is foreseen a surplus of capacity.

The main obstacles for the business development in the branch continue to be the uncertain economic environment and insufficient domestic demand pointed out respectively by 56.3% and 25.3% of the industrial entrepreneurs (Annex, Figure 5).

As regards the selling prices in industry the prevailing managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 6).

Construction. In July the composite indicator ‘business climate in construction’ increases by 0.6 percentage points (Annex, Figure 7) which is due to the improved construction entrepreneurs’ assessments about the present business situation of the enterprises. In their opinion the present construction activity is improved in comparison with the previous month (Annex, Figure 8), but their forecasts over the next 3 months are more reserved.

The production is assurance with contracts for 5.2 months as a decrease of 0.2 months compared to the assessment from April is registered. At the same time the expectations about new orders over the next 6 months are also more unfavourable (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, and 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 uncertain economic environment, competition in the branch and financial problems remain the main factors limiting the activity in the branch (Annex, Figure 10).

Concerning the selling prices in construction the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 11).

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 0.6 percentage points in comparison with June (Annex, Figure 12), which is due to the more moderate retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 13). However their forecasts concerning the volume of sales and orders placed with suppliers over the next 3 months remain optimistic, though more reserved compared to the previous month.

The main factors limiting the business development in the branch continue to be connected with the uncertain economic environment, competition the branch and insufficient demand, as in the last month a decrease of their negative impact is reported (Annex, Figure 14).

As regards the selling prices in the branch the retailers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 15).

Service sector¹. In July the composite indicator ‘business climate in service sector’ decreases by 3.6 percentage points (Annex, Figure 16) which is due to the shifting of the managers’ expectations about the business situation of the enterprises over the next 6 months from ‘better’ towards preserving ‘the same’ (Annex, Figure 17). With regard to the demand for services the present tendency is assessed as slight improved, while in the expectations over the next 3 months certain pessimism is observed.

The most serious difficulties for the activity in the sector remain the uncertain economic environment and competition in the branch (Annex, Figure 18).

Concerning the selling prices the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 19).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

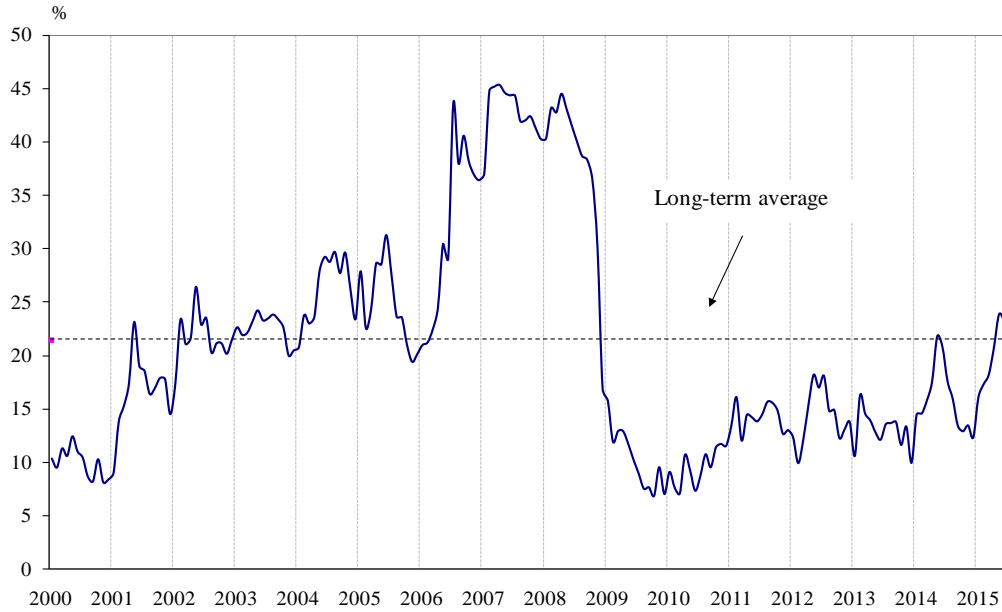


Figure 2. Business climate in industry

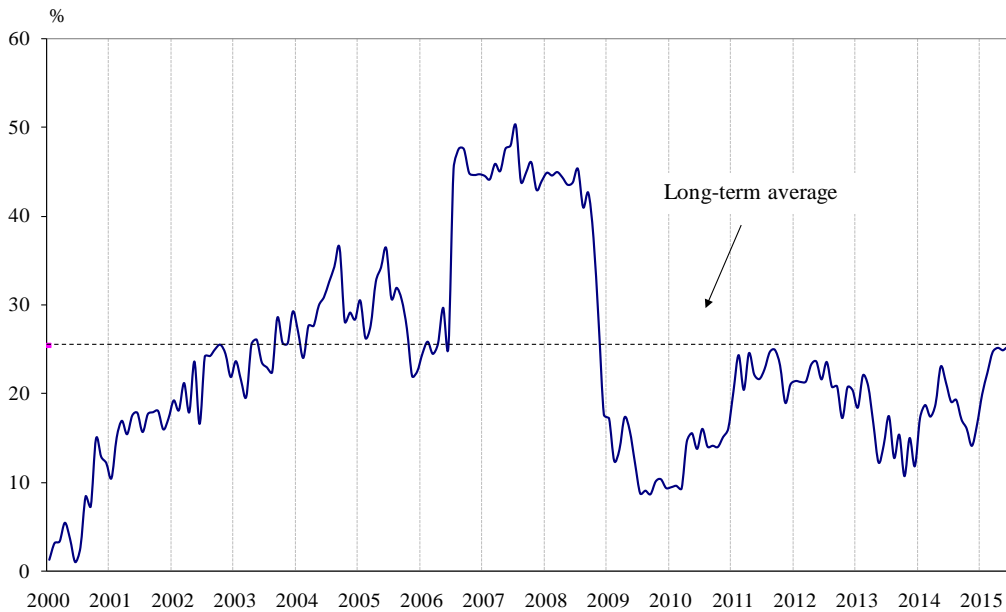




Figure 3. Expected business situation in industry over the next 6 months

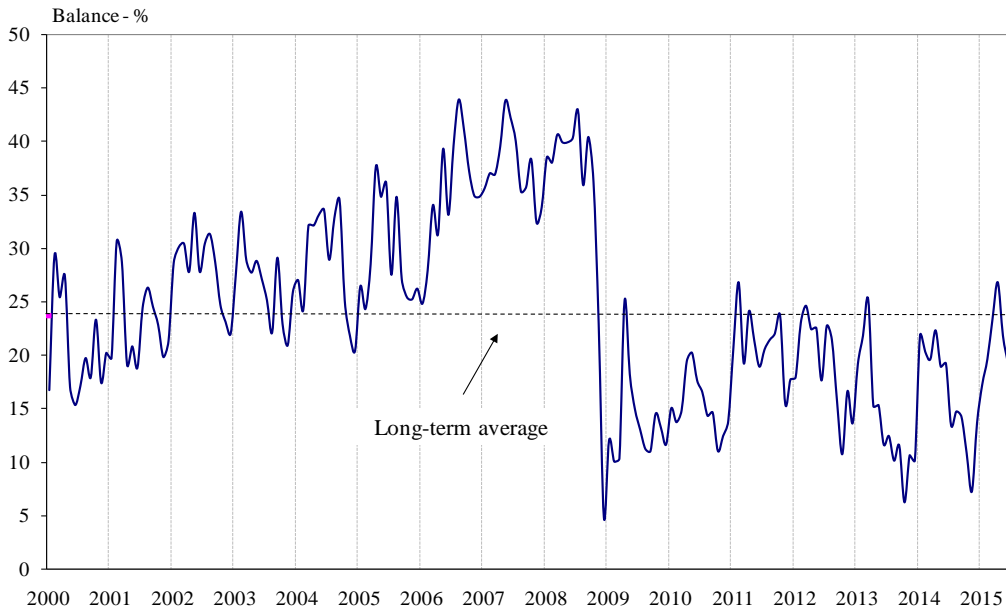
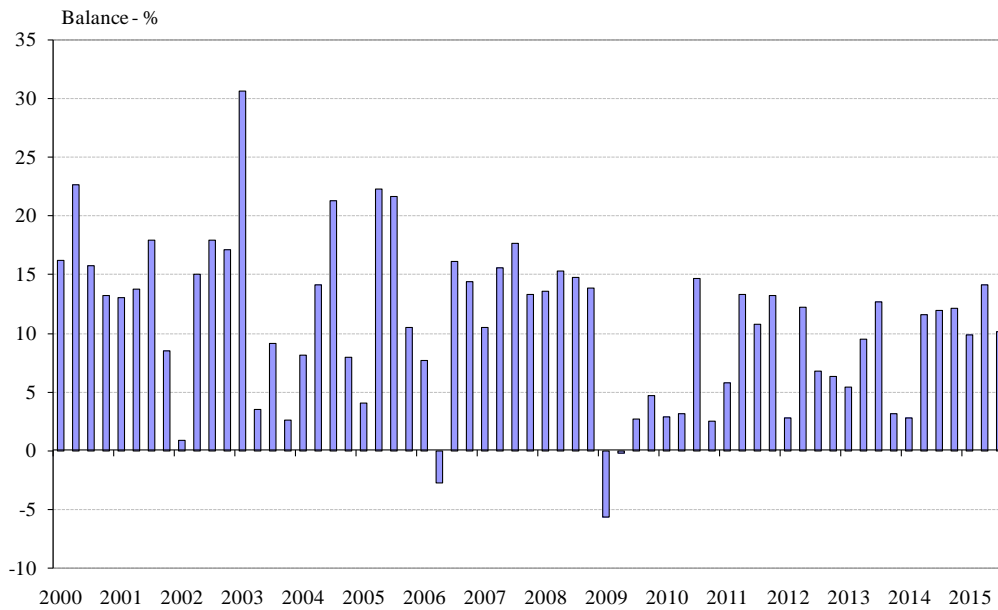
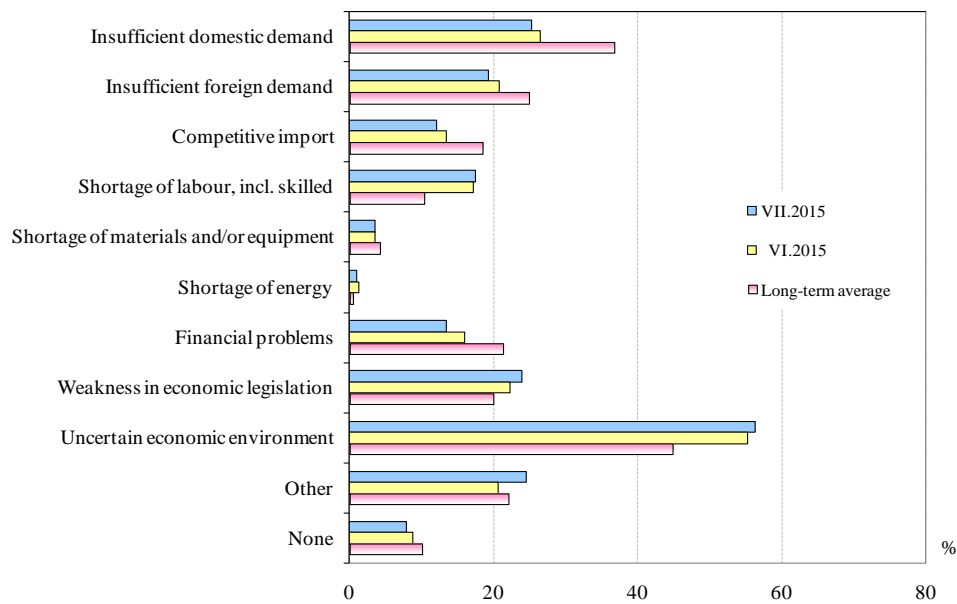


Figure 4. Export expectations in industry over the next 3 months





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



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

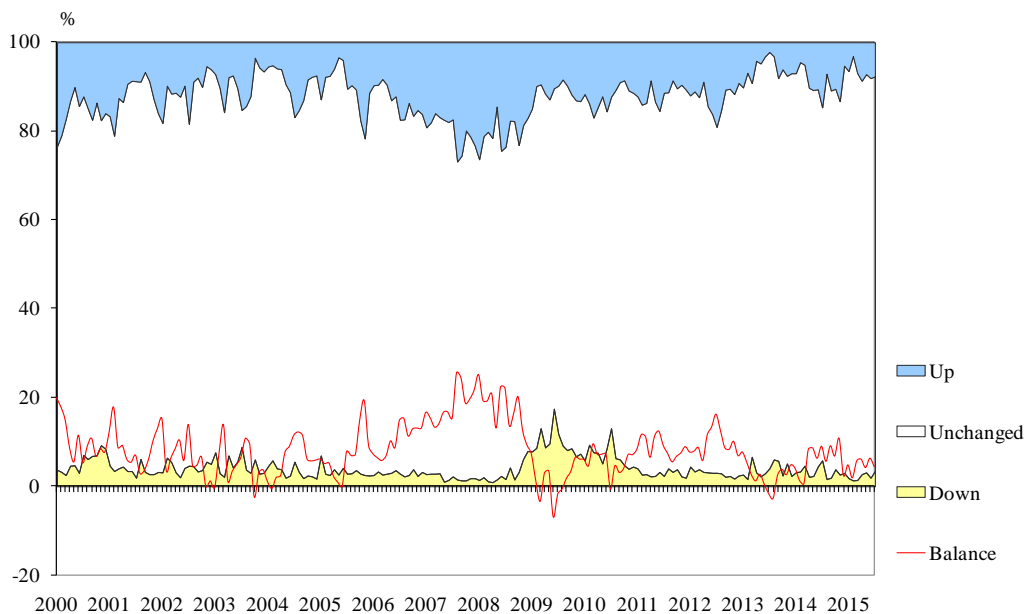




Figure 7. Business climate in construction

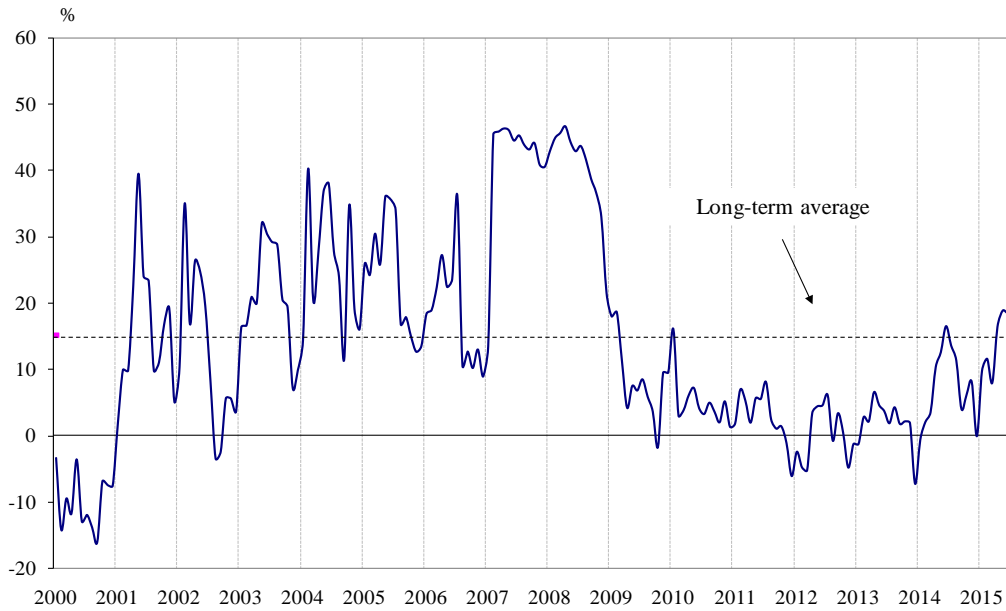


Figure 8. Present construction activity

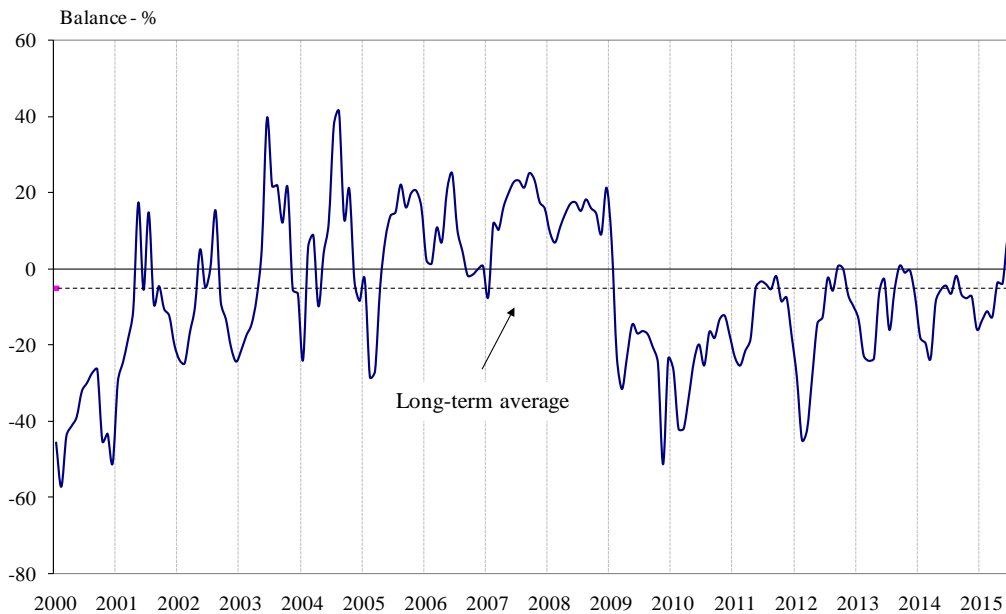




Figure 9. New orders expectations in construction over the next 6 months

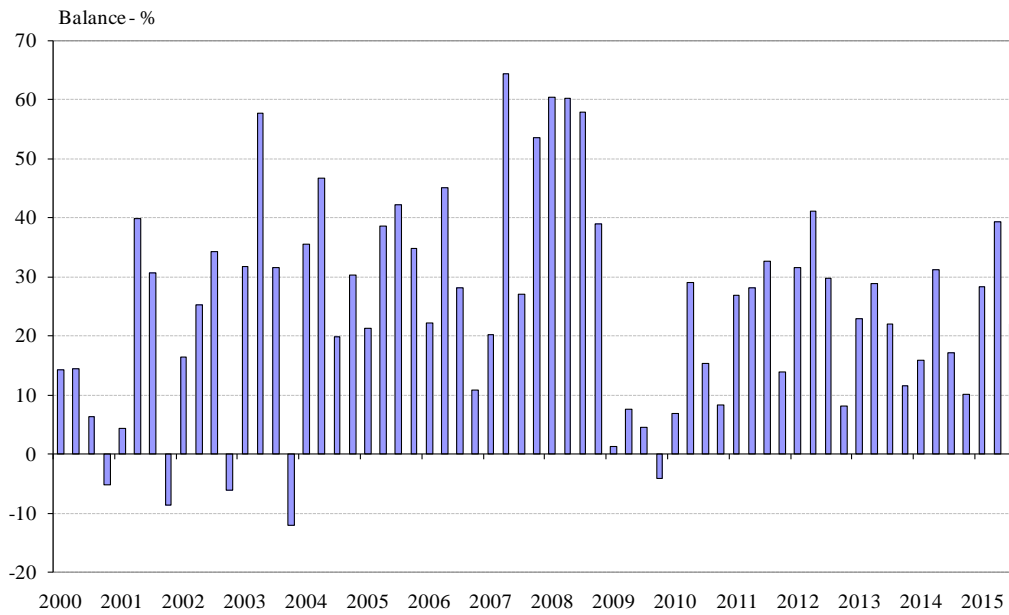


Figure 10. Limits to construction activity (Relative share of enterprises)

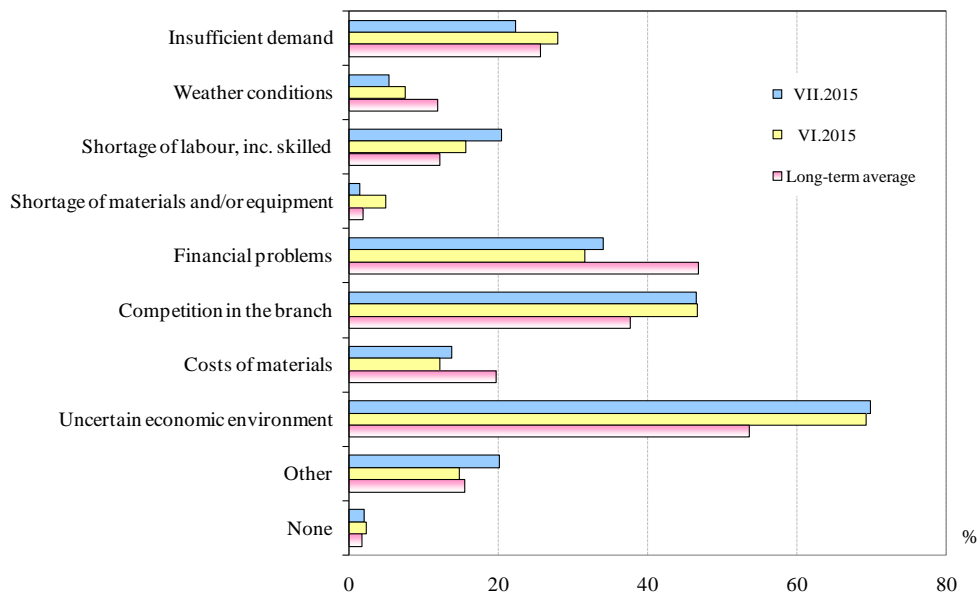




Figure 11. Selling prices expectations in construction over the next 3 months

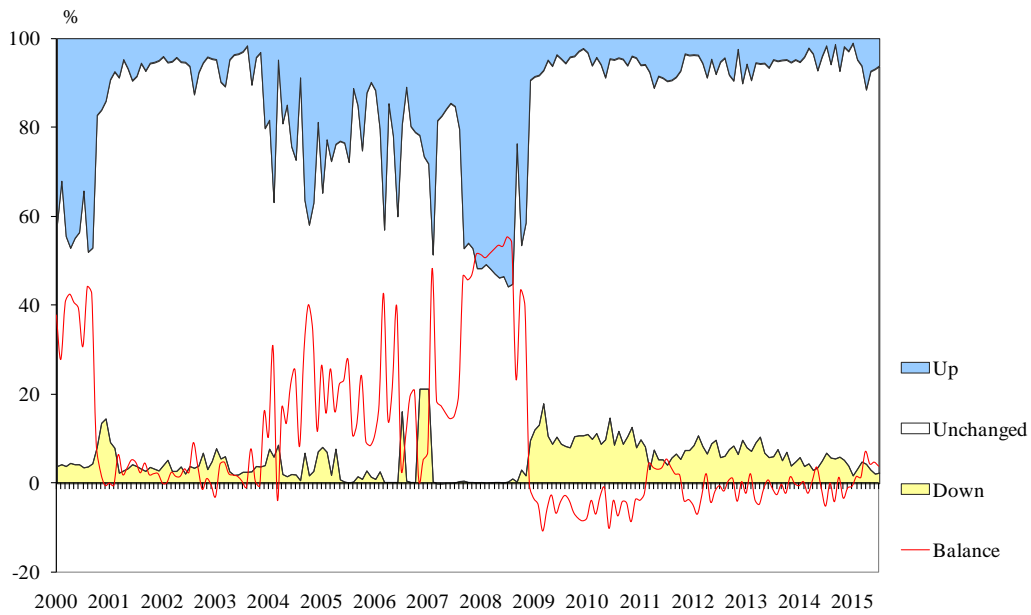


Figure 12. Business climate in retail trade

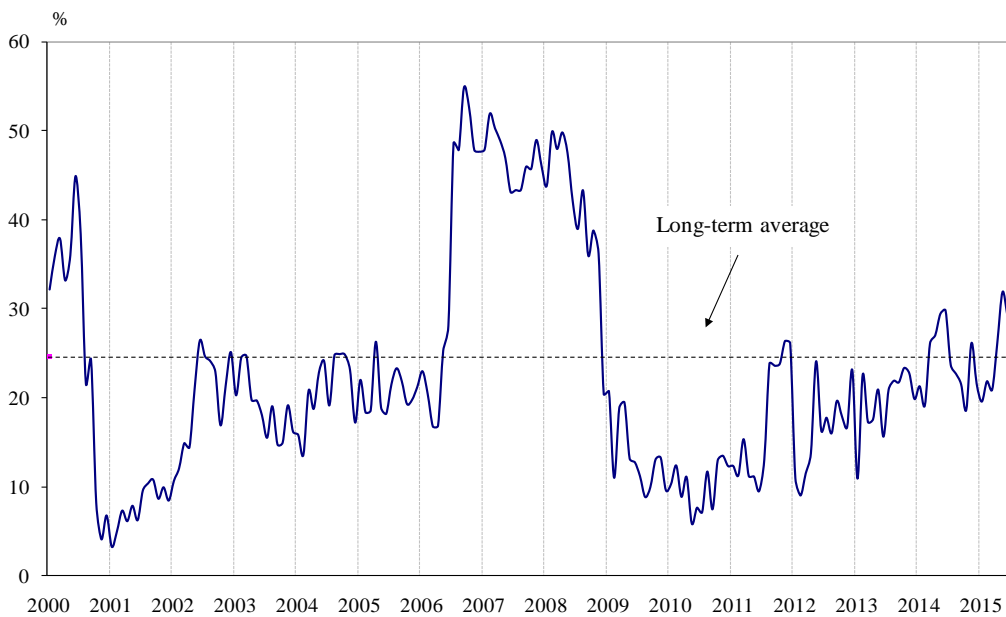




Figure 13. Expected business situation in retail trade over the next 6 months

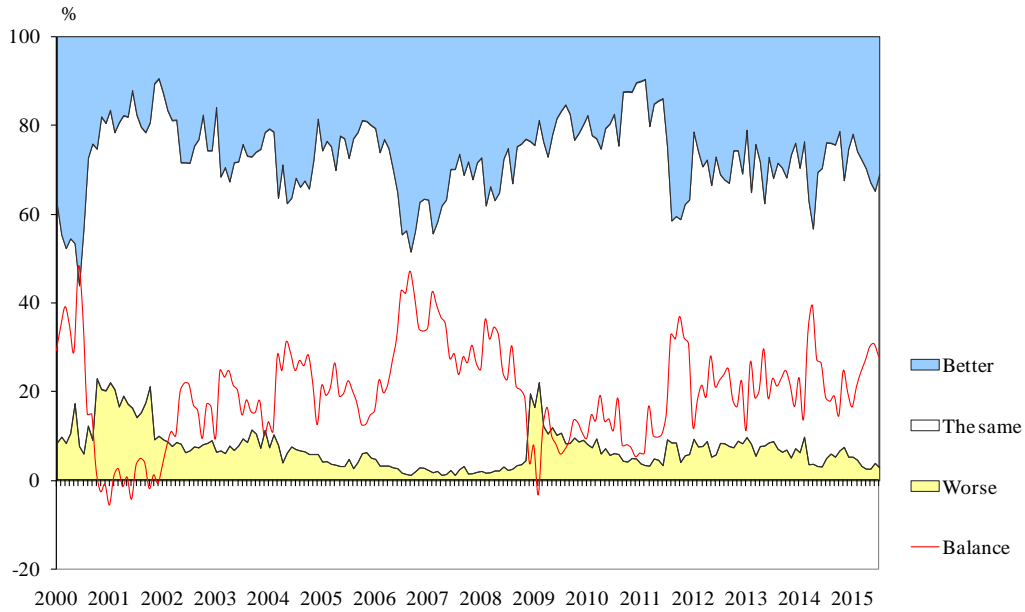


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

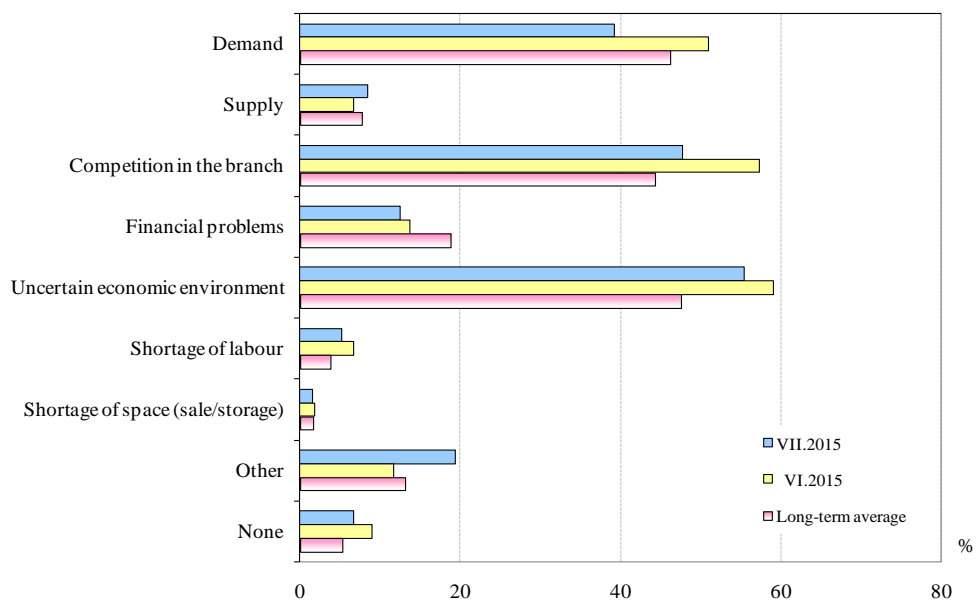




Figure 15. Selling prices expectations in retail trade over the next 3 months

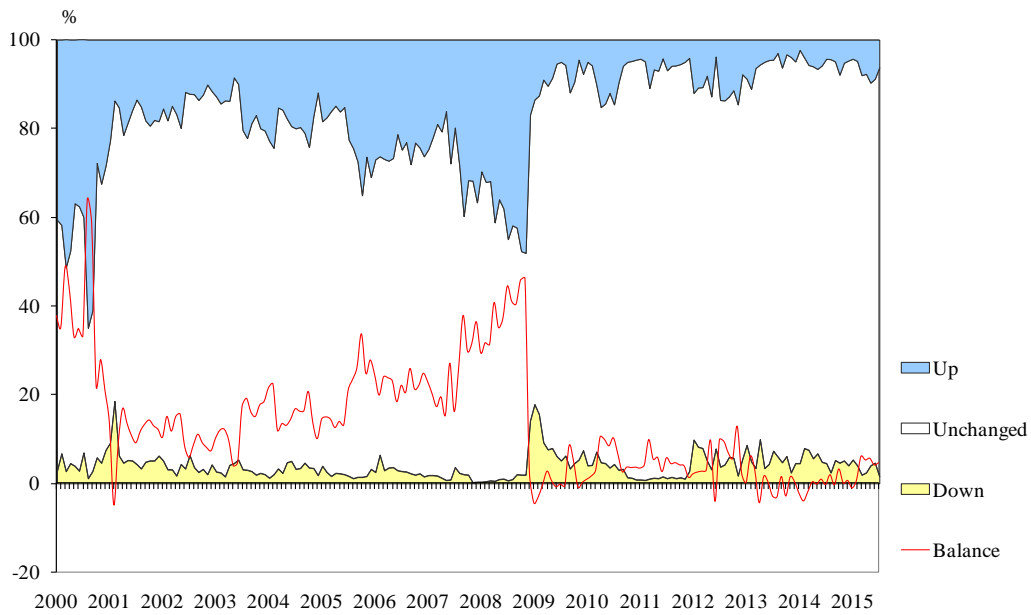


Figure 16. Business climate in service sector

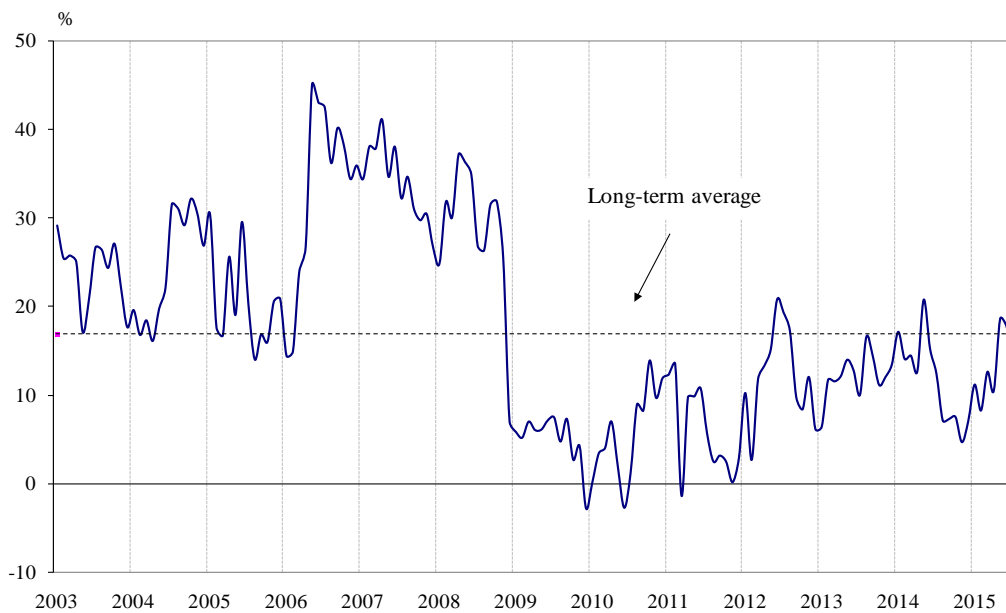




Figure 17. Expected business situation in service sector over the next 6 months

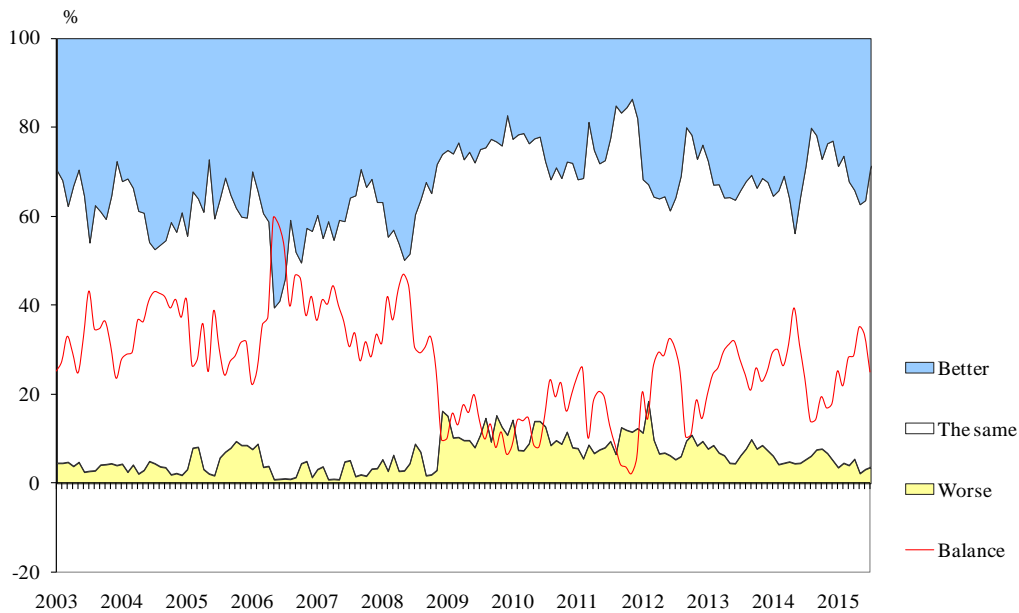


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

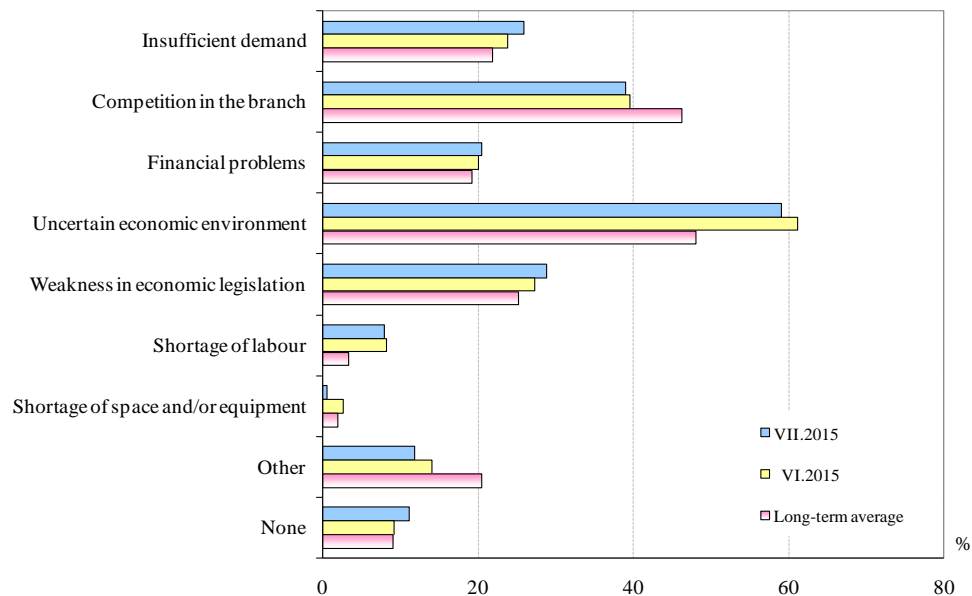




Figure 19. Selling prices expectations in service sector over the next 3 months

