BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], NOVEMBER 2015

In November 2015 **the total business climate indicator**[4] decreases by 0.5 percentage points in comparison with the previous month (Annex, Figure 1) a result of the more unfavourable business climate in construction, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' increases by 0.8 percentage points compared to October (Annex, Figure 2) which is due to the more optimistic industry entrepreneurs' expectations about the business situation of the enterprises over the 6 months. In their opinion the present production activity is also improved (Annex, Figure 3) as their forecasts over the next 3 months remain favourable.

The uncertain economic environment and insufficient domestic demand continue to be the main obstacles for the business development in the branch pointed out respectively by 55.0% and 24.1% of the enterprises (Annex, Figure 4).

Concerning the selling prices in industry the managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In November the composite indicator 'business climate in construction' decreases by 1.6 percentage points (Annex, Figure 6) a result of the more unfavourable construction entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 7). At the same time their expectations regarding the construction activity are also more pessimistic which according to them will lead to personnel reduction over the next 3 months.

The main factor limiting the activity of the enterprises remains the uncertain economic environment. In the second and third place are the competition in the branch and financial problems thought in the last month a decrease of their unfavourable influence is observed (Annex, Figure 8).

The majority of the managers expect the selling prices in construction to preserve their level over the next 3 months (Annex, Figure 9).

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[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.

Retail trade. The composite indicator 'business climate in retail trade' decreases by 1.0 percentage point in comparison with October (Annex, Figure 10) which is due to the more reserved retailers' assessments and expectations about the business situation of the enterprises (Annex, Figure 11). However their forecasts about the volume of sales (Annex, Figure 12) and the orders placed with suppliers over the next 3 months are more favourable.

The uncertain economic environment, competition the branch and insufficient demand continue to be the main obstacles for the business development in the branch (Annex, Figure 13).

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

Service sector[1]. In November the composite indicator 'business climate in service sector' decreases by 1.4 percentage points (Annex, Figure 15) mainly due to the more moderate managers' assessments about the present business situation of enterprises (Annex, Figure 16). With regard to the demand for services the present tendency is assessed as decreased, as the expectations over the next 3 months are also more reserved.

The main factors limiting the activity in the branch remain the uncertain economic environment and competition in the branch (Annex, Figure 17).

As regards the selling prices the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 18).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

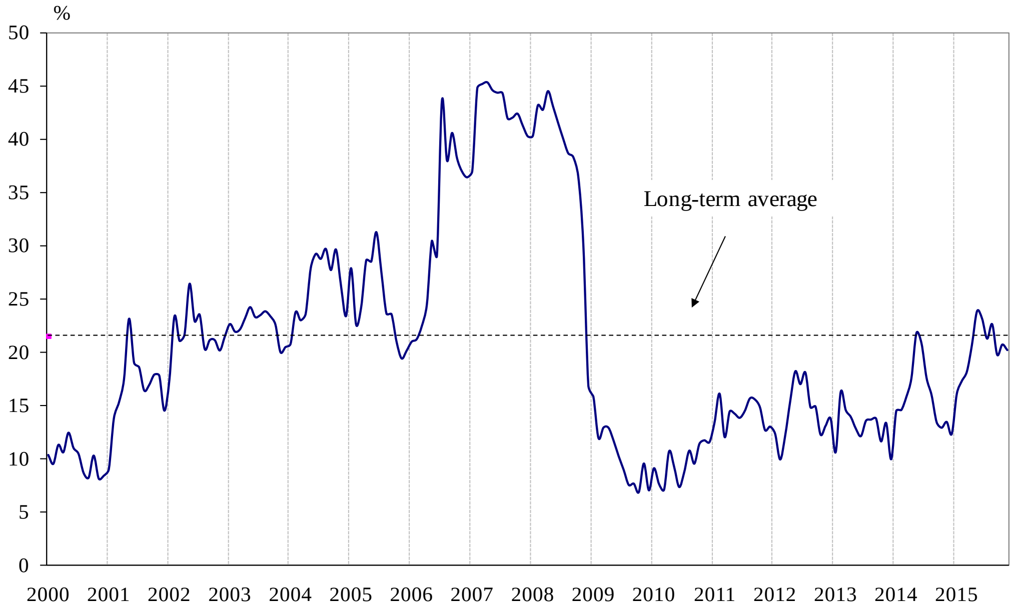

Figure 2. Business climate in industry

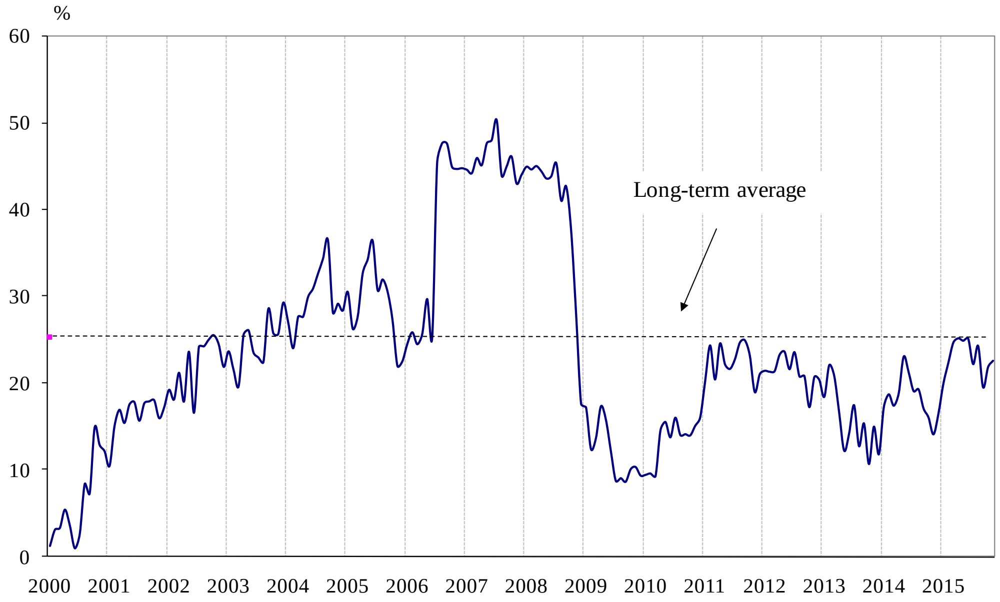

Figure 3. Present production activity in industry

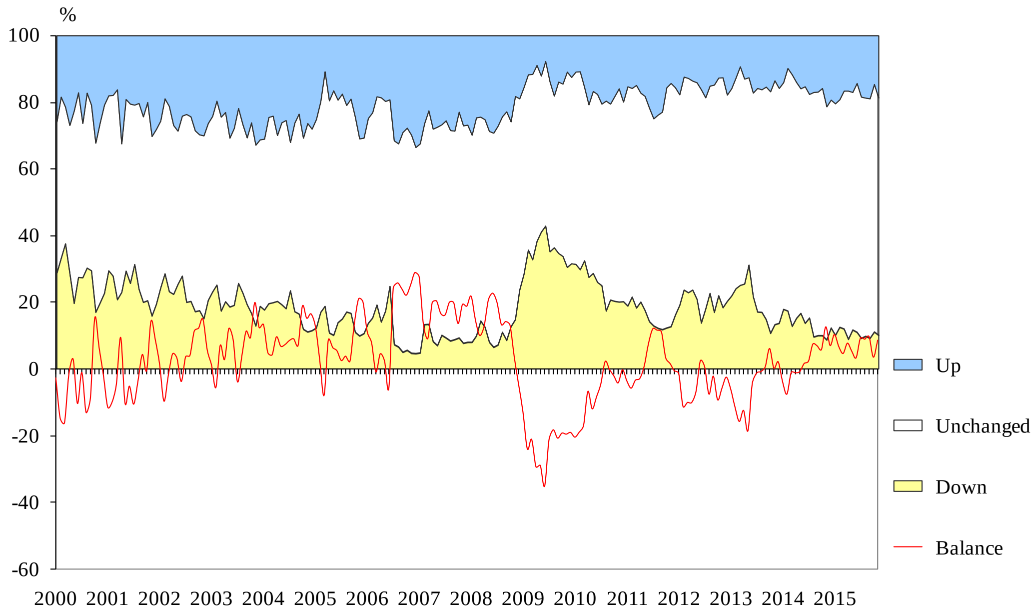

Figure 4. Limits to production in industry (Relative share of enterprises)

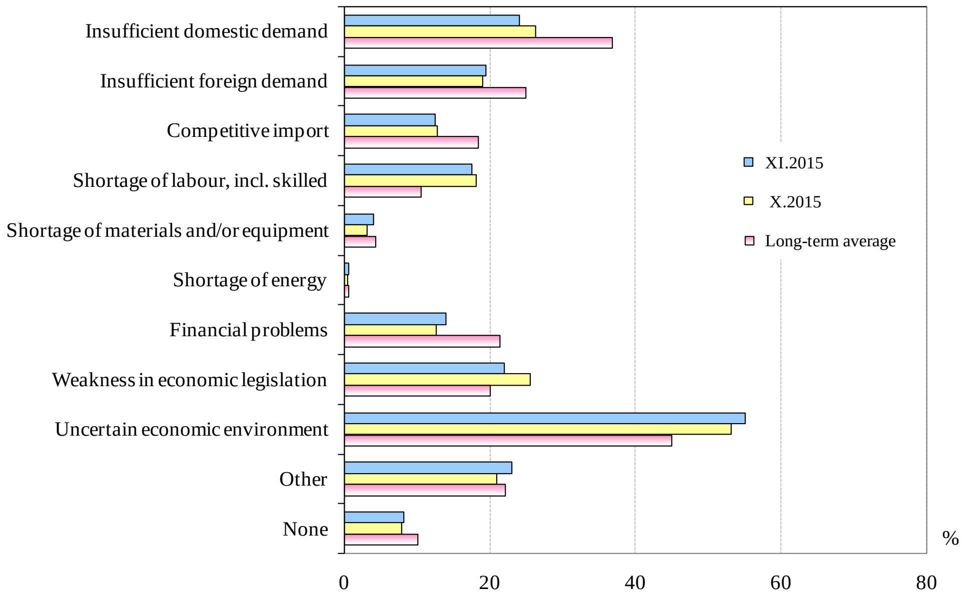

Figure 5. Selling prices expectations in industry over the next 3 months

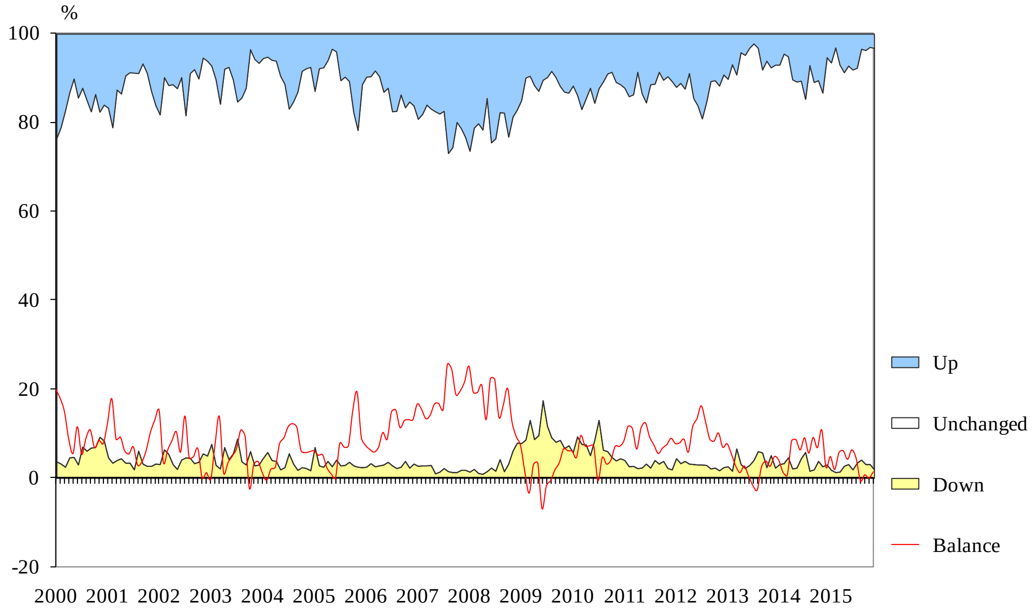

Figure 6. Business climate in construction

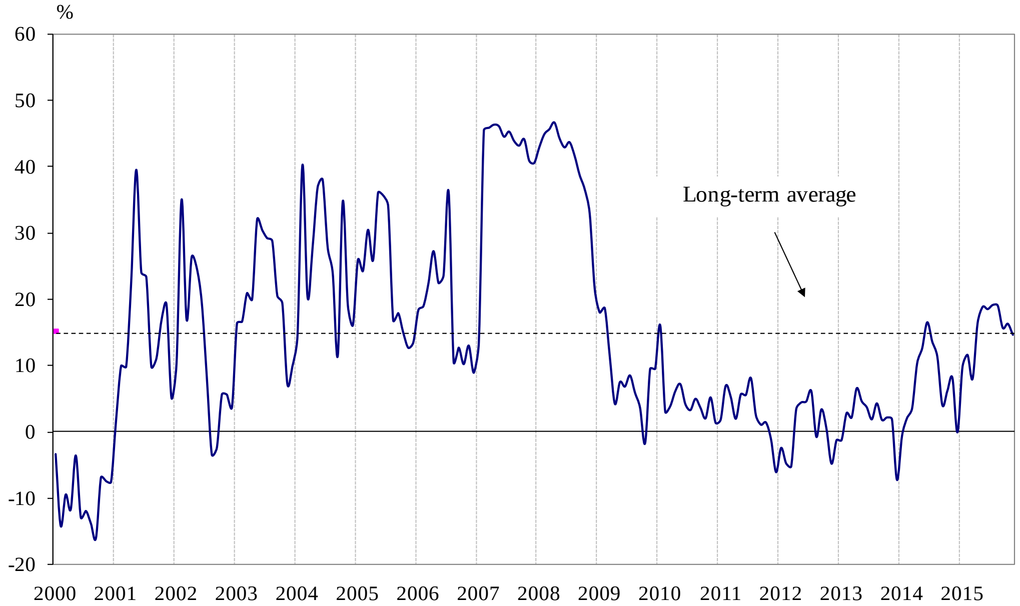

Figure 7. Present business situation in construction

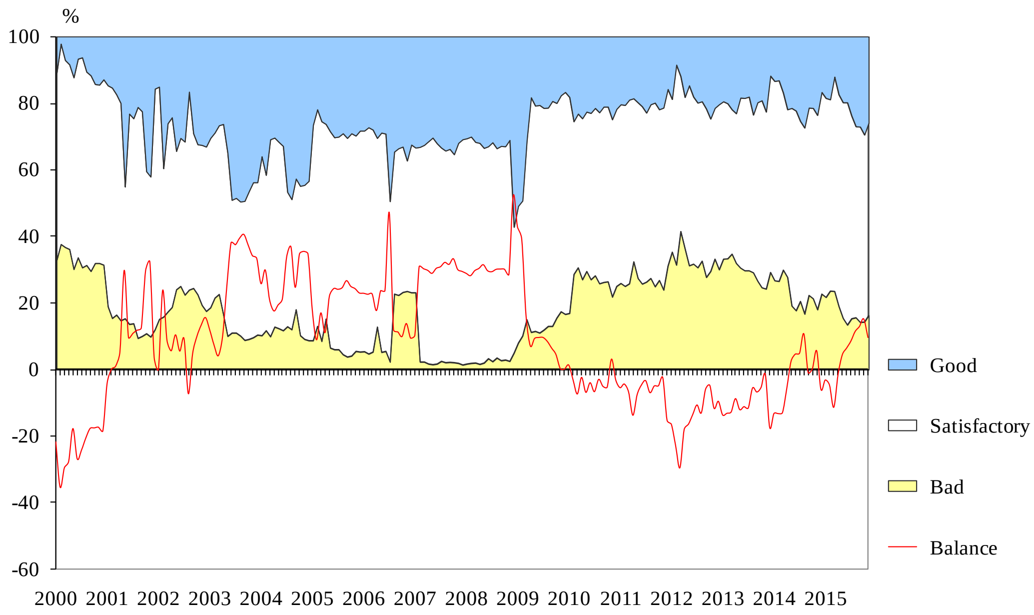

Figure 8. Limits to construction activity (Relative share of enterprises)

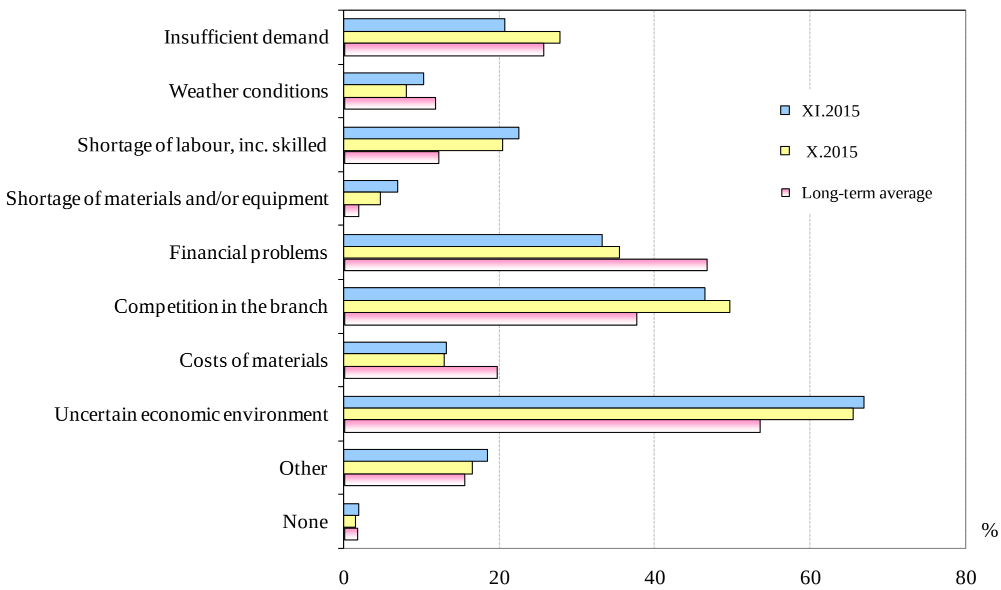

Figure 9. Selling prices expectations in construction over the next 3 months

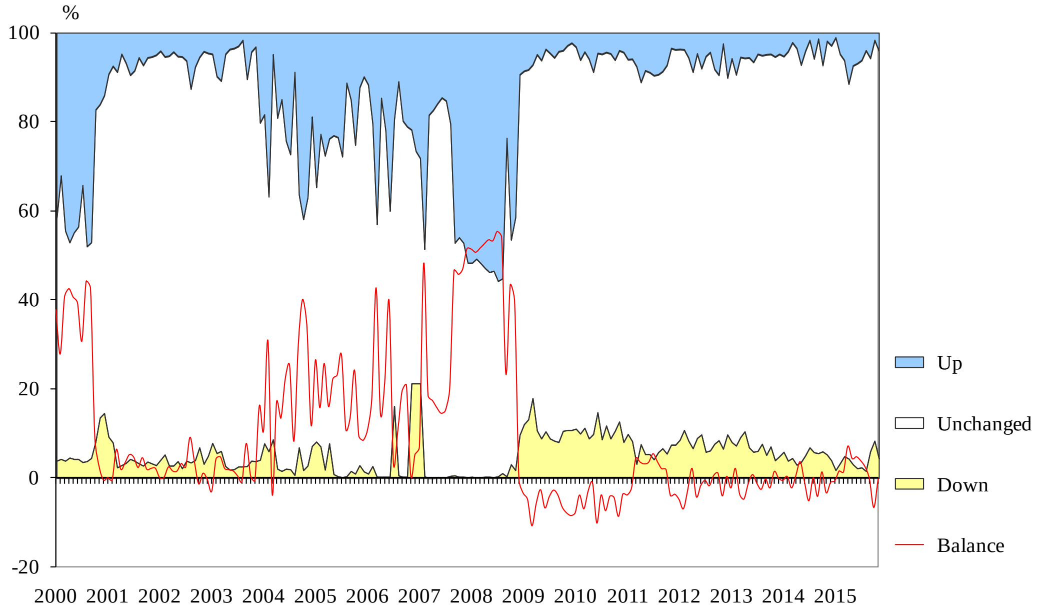

Figure 10. Business climate in retail trade

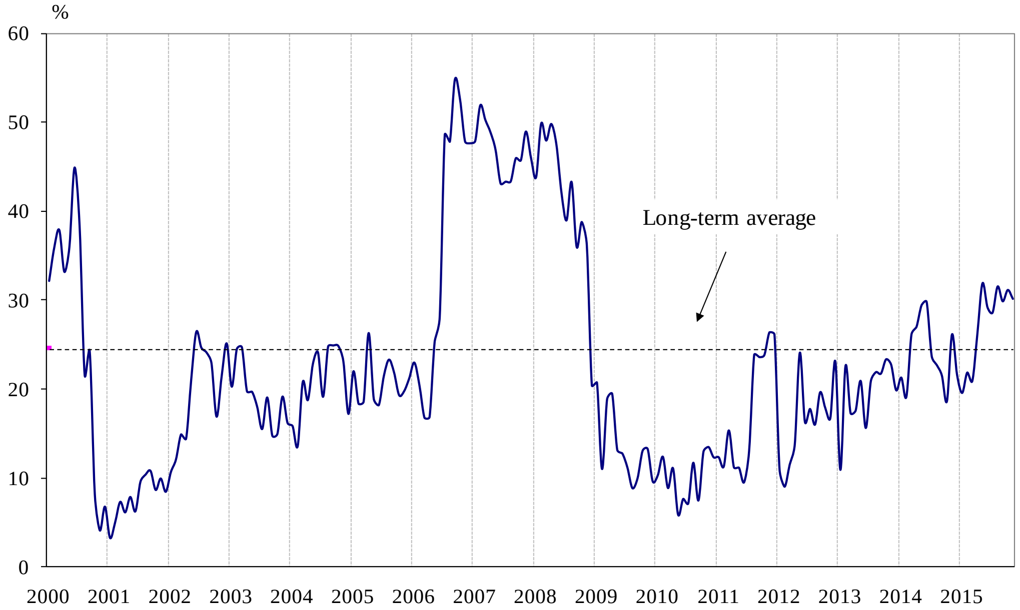

Figure 11. Expected business situation in retail trade over the next 6 months

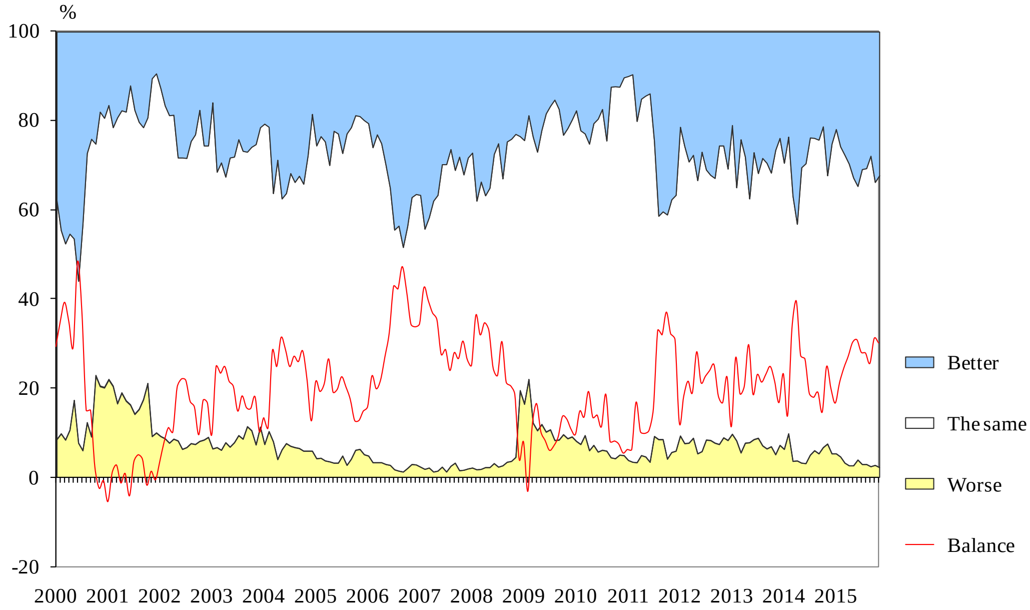

Figure 12. Sales expectations in retail trade over the next 3 months

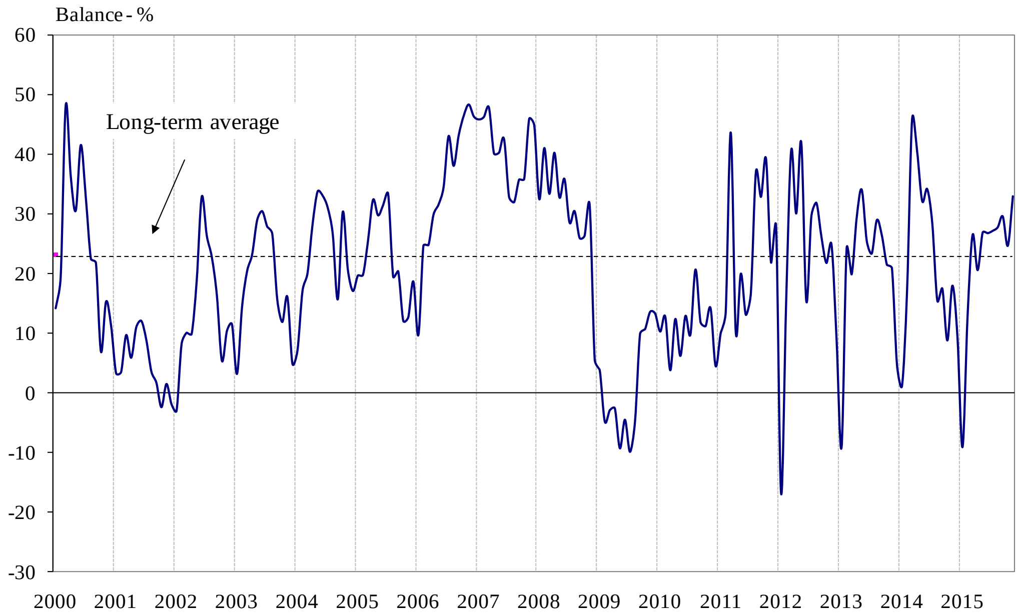

Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

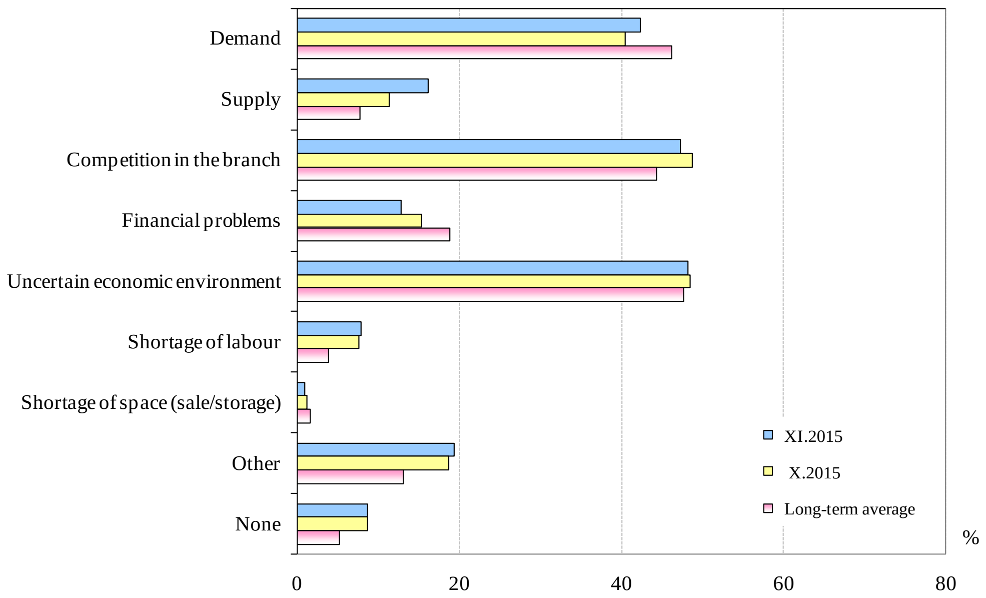

Figure 14. Selling prices expectations in retail trade over the next 3 months

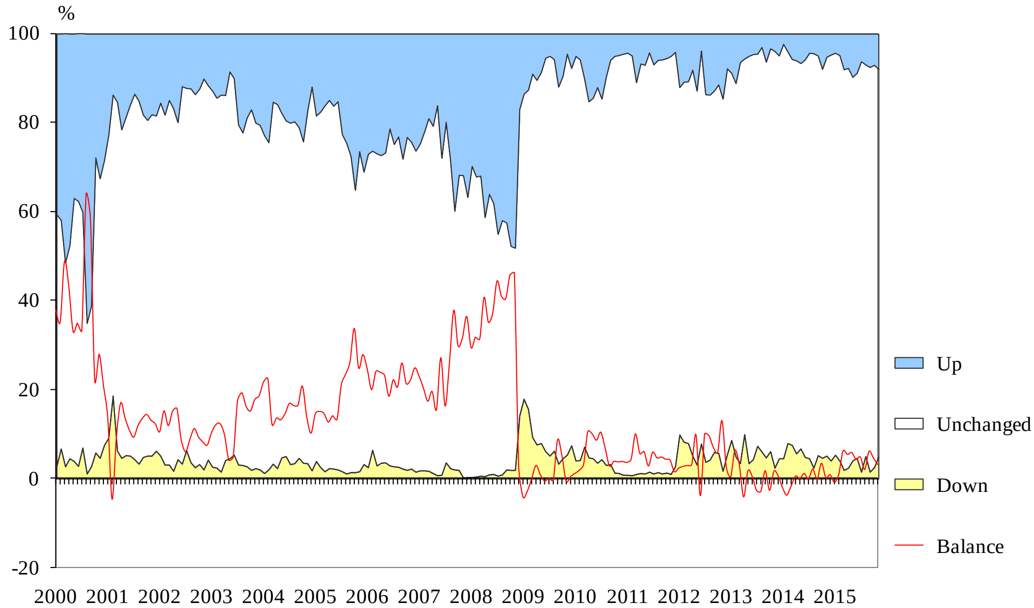

Figure 15. Business climate in service sector

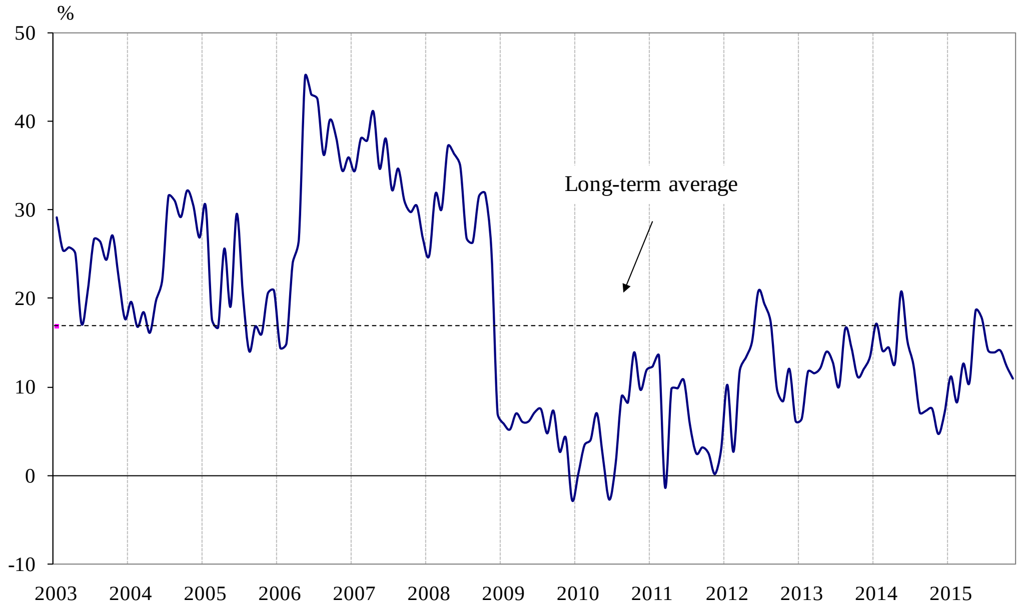

Figure 16. Present business situation in service sector

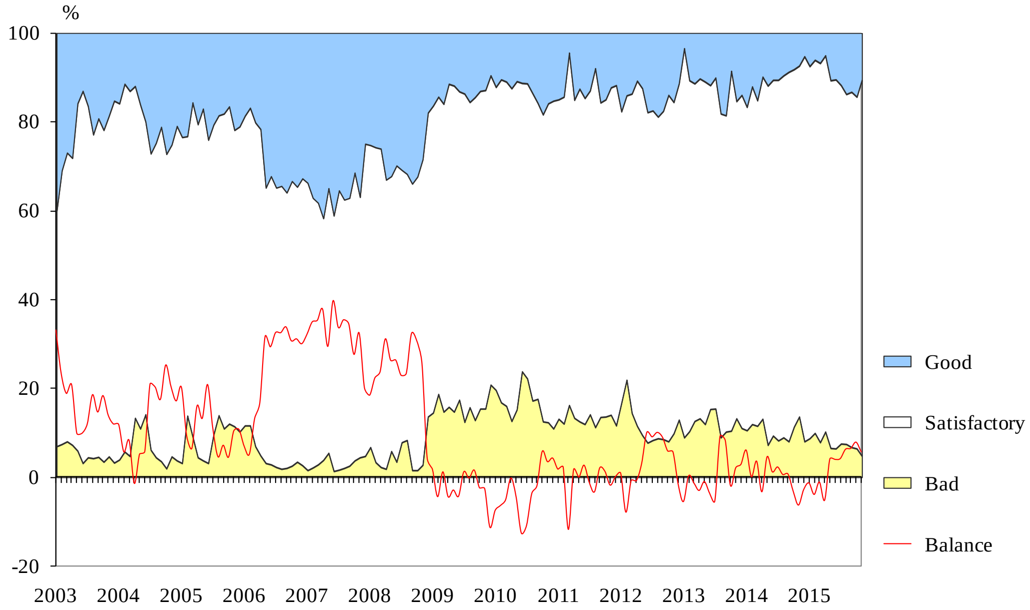

Figure 17. Factors limiting the activity in service sector (Relative share of enterprises)

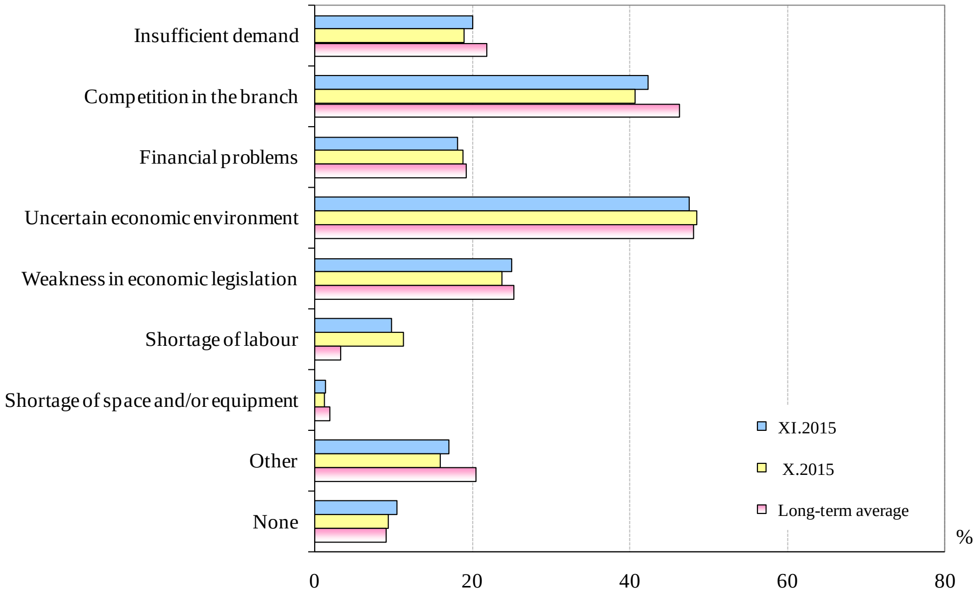

Figure 18. Selling prices expectations in service sector over the next 3 months