



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2016

In May 2016 the **total business climate indicator**⁴ increases by 5.0 percentage points in comparison with the previous month (Annex, Figure 1) which is due to the improved business climate in all observed sectors - industry, construction, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' increases by 4.1 percentage points compared to April (Annex, Figure 2) as a result of the more favourable industrial entrepreneurs' assessments and expectations about the business situation of the enterprises. Concerning the present production activity, the inquiry registers slight decrease, while the expectations about the activity over the next 3 months are more optimistic (Annex, Figure 3).

The uncertain economic environment continues to be the main factor limiting the business development followed by the insufficient domestic demand (Annex, Figure 4).

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

Construction. In May the composite indicator 'business climate in construction' increases by 6.7 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 7). Their forecasts with regard to the construction activity over the next 3 months are also more optimistic (Annex, Figure 8). However, the inquiry reports an increase in the number of the clients with delay in payments.

The main obstacles for the business development remain the uncertain economic environment and competition in the branch, pointed respectively by 63.7% and 40.1% of the entrepreneurs (Annex, Figure 9).

As regards the selling prices in construction the managers foresee 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, 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’ increases by 7.3 percentage points in comparison with the previous month (Annex, Figure 11) as a result of the optimistic retailers’ assessment and expectations about the business situation of the enterprises. Their expectations about the volume of sales and orders placed with suppliers (Annex, Figure 12) over the next 3 months are also more favourable.

The main factors limiting the activity continue to be the uncertain economic environment, competition in the branch and insufficient demand, as the last inquiry registered strengthen of their negative influence (Annex, Figure 13).

Concerning the selling prices, the majority of the retailers expect them to remain unchanged over the next 3 months (Annex, Figure 14).

Service sector¹. In May the composite indicator ‘business climate in service sector’ increases by 2.4 percentage points (Annex, Figure 15) which is due to the improved managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 16). However, their opinions about the present demand for services are more unfavourable, while their expectations over the next 3 months are improved.

The uncertain economic environment and the competition in the branch remain the main problems for the business development, although in the last month a decrease of their negative impact is observed (Annex, Figure 17).

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

¹ Excl. trade.



Annex

Figure 1. Business climate - total

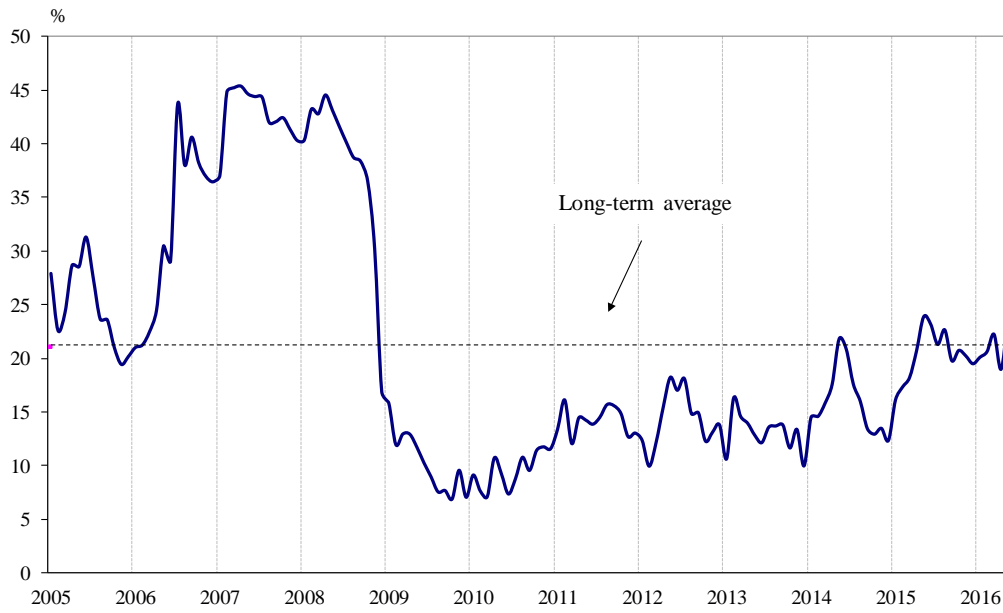


Figure 2. Business climate in industry

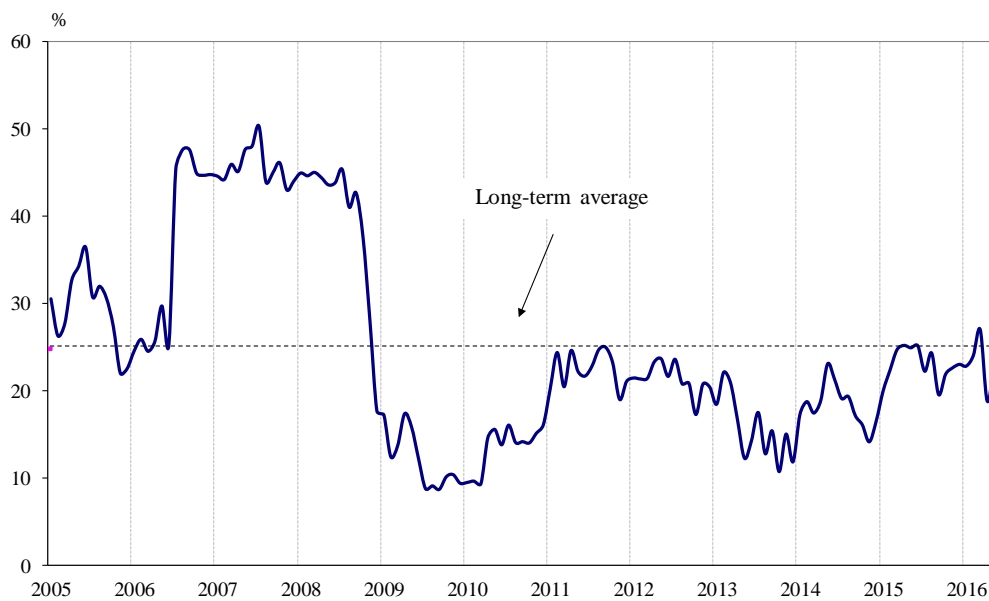




Figure 3. Expected production activity in industry over the next 3 months

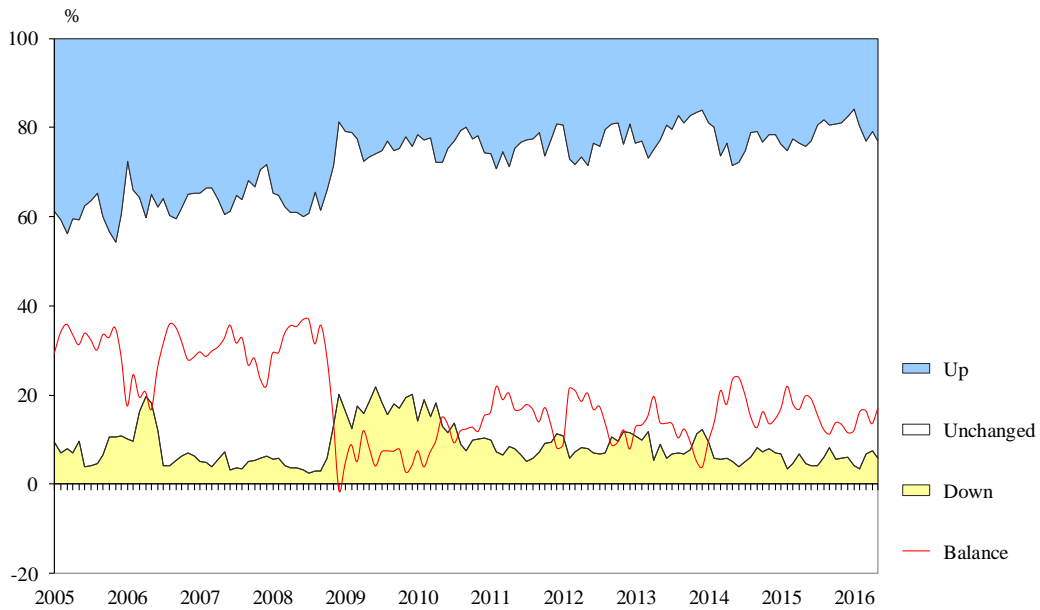


Figure 4. Limits to production in industry (Relative share of enterprises)

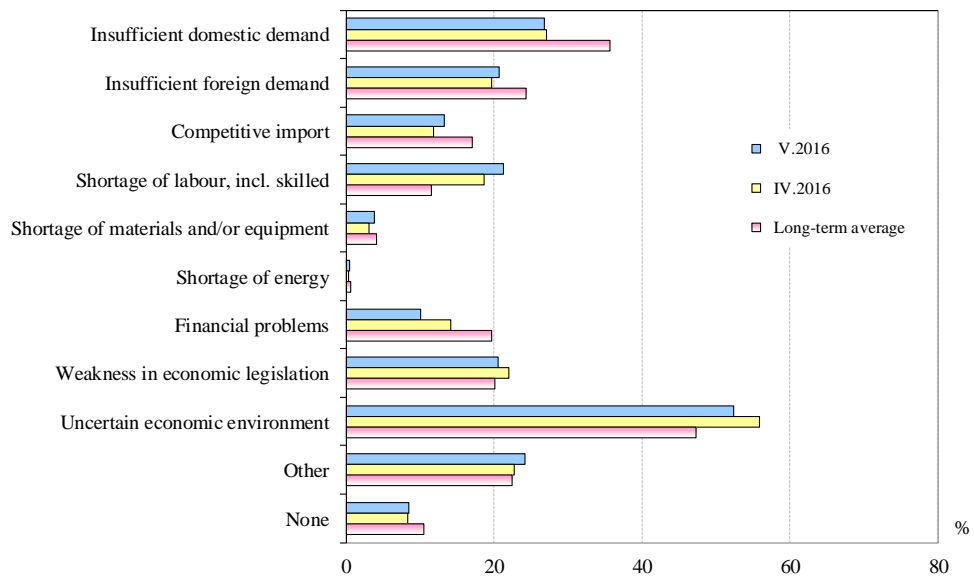




Figure 5. Selling prices expectations in industry over the next 3 months

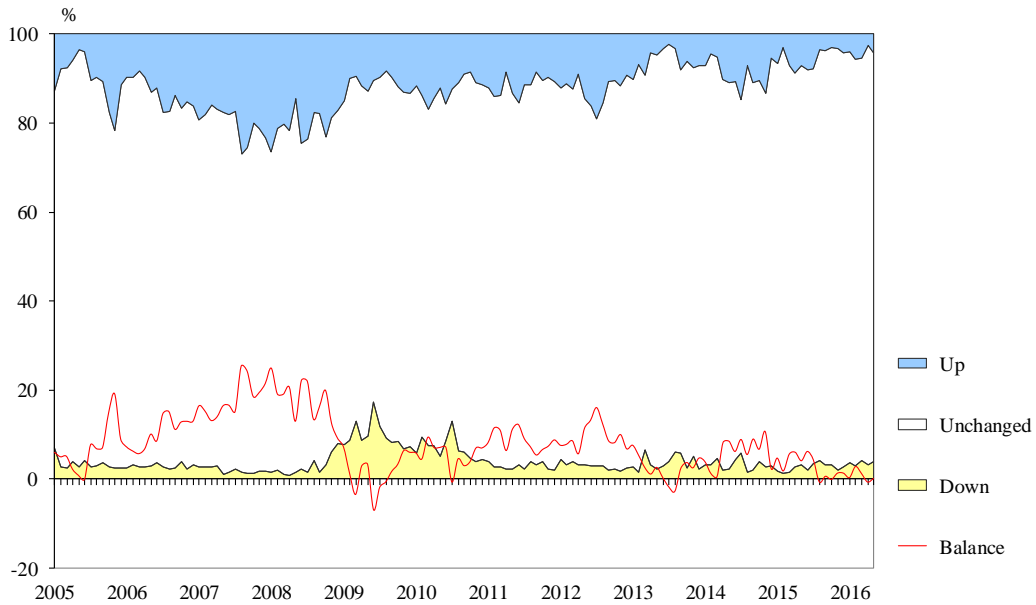


Figure 6. Business climate in construction

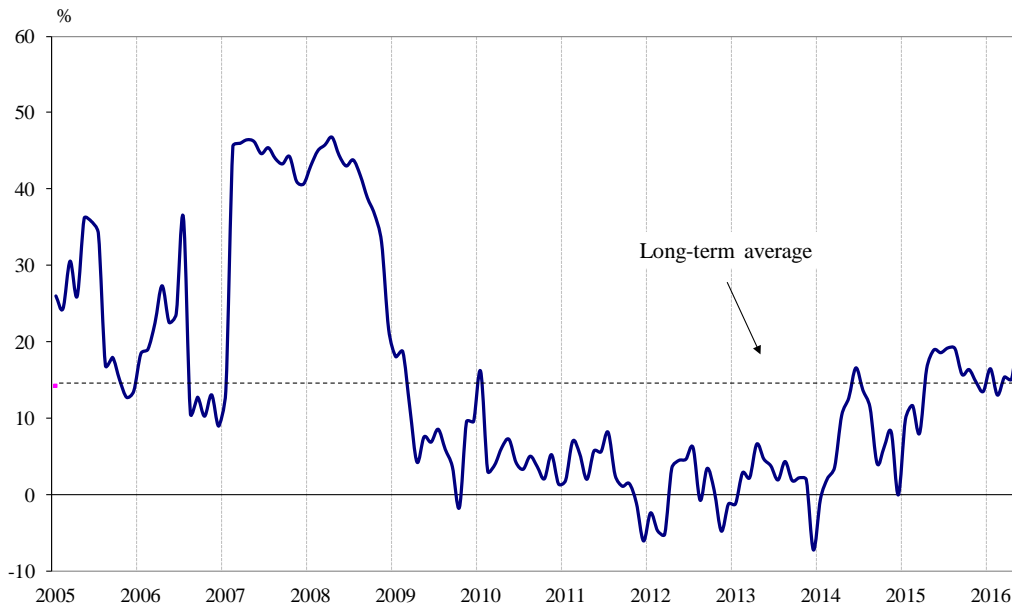




Figure 7. Expected business situation in construction over the next 6 months

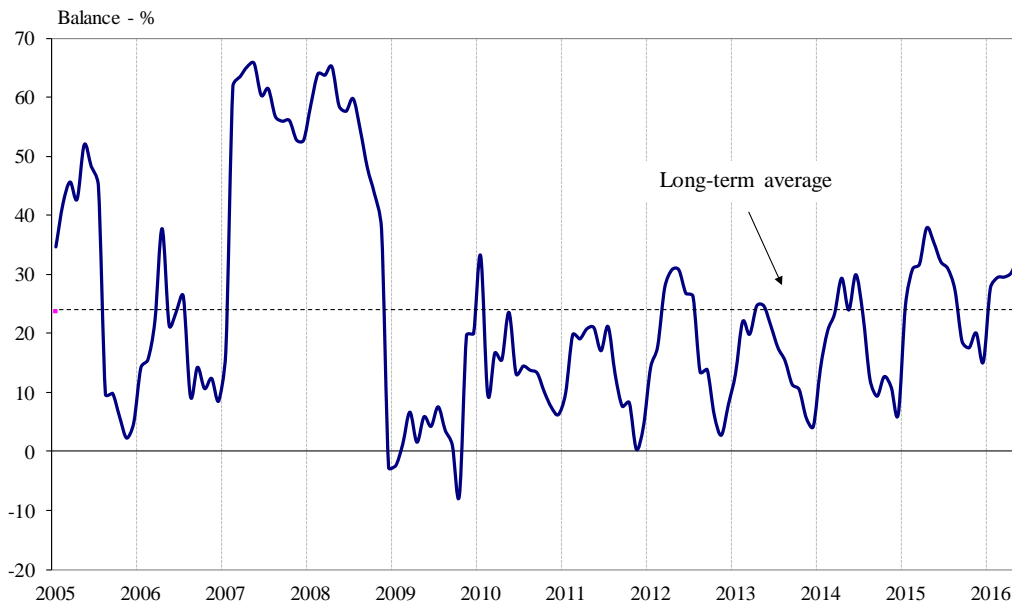
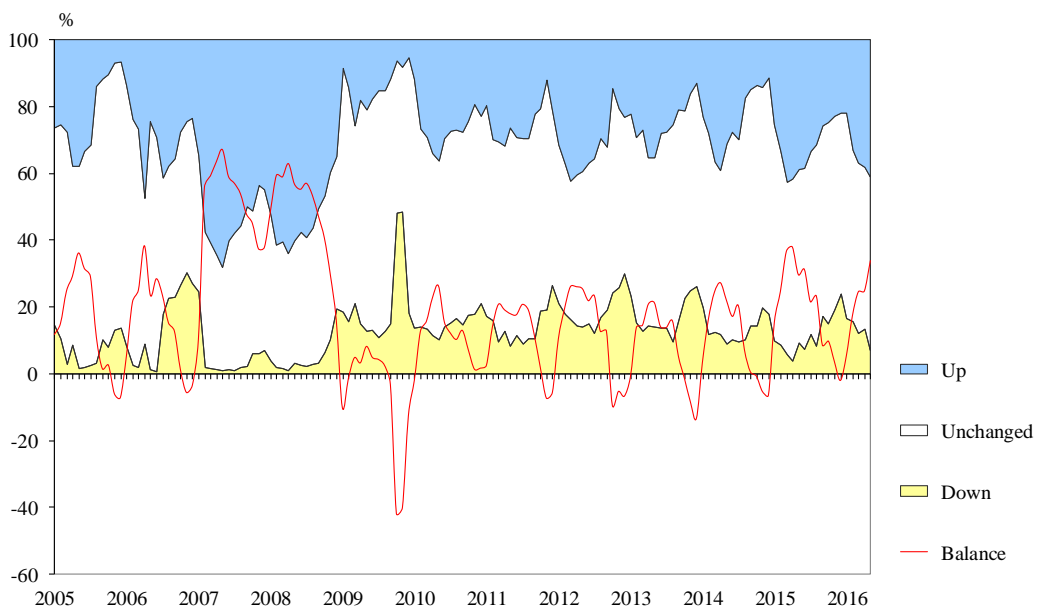
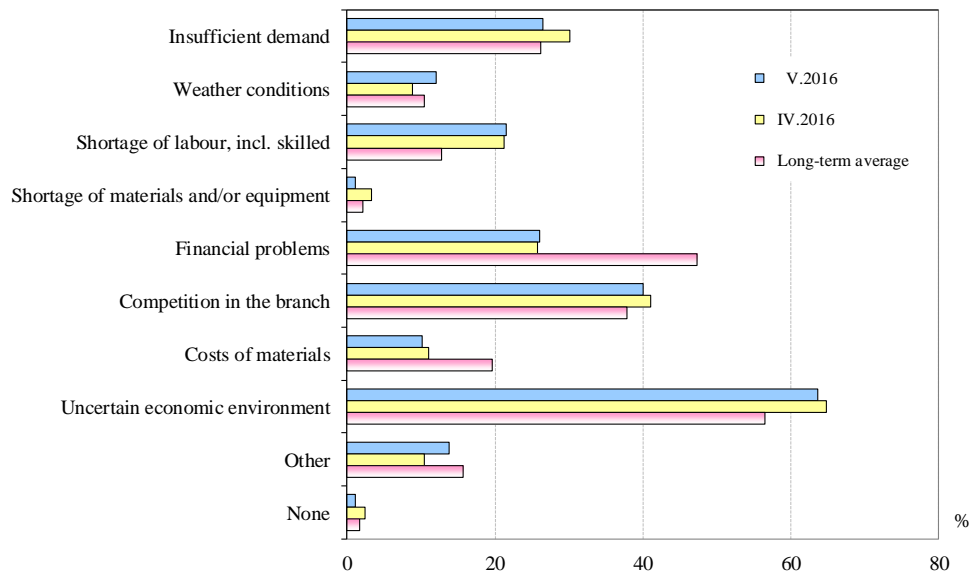


Figure 8. Expected construction activity over the next 3 months





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



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

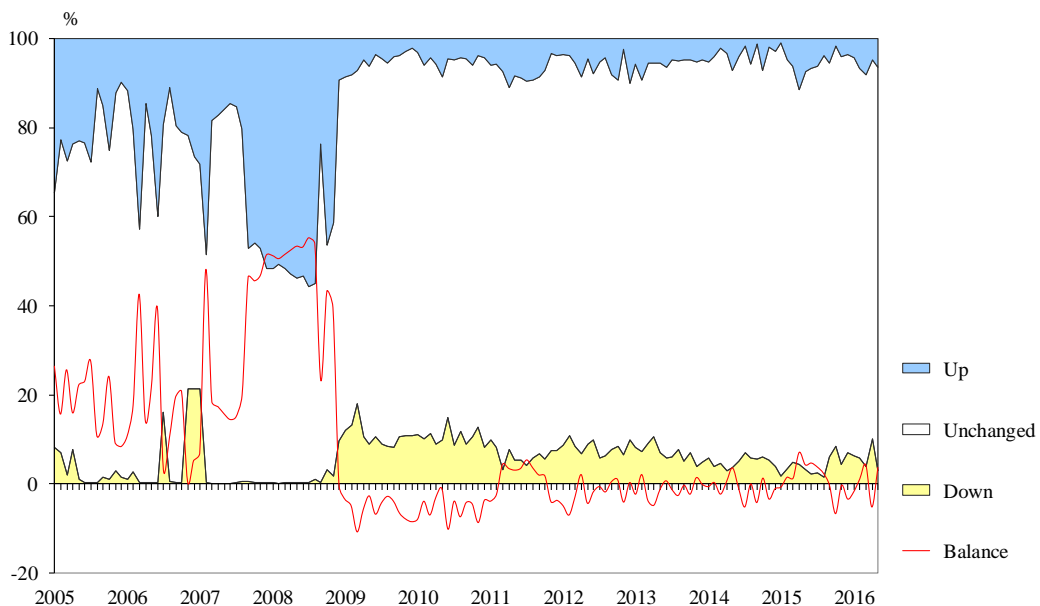




Figure 11. Business climate in retail trade

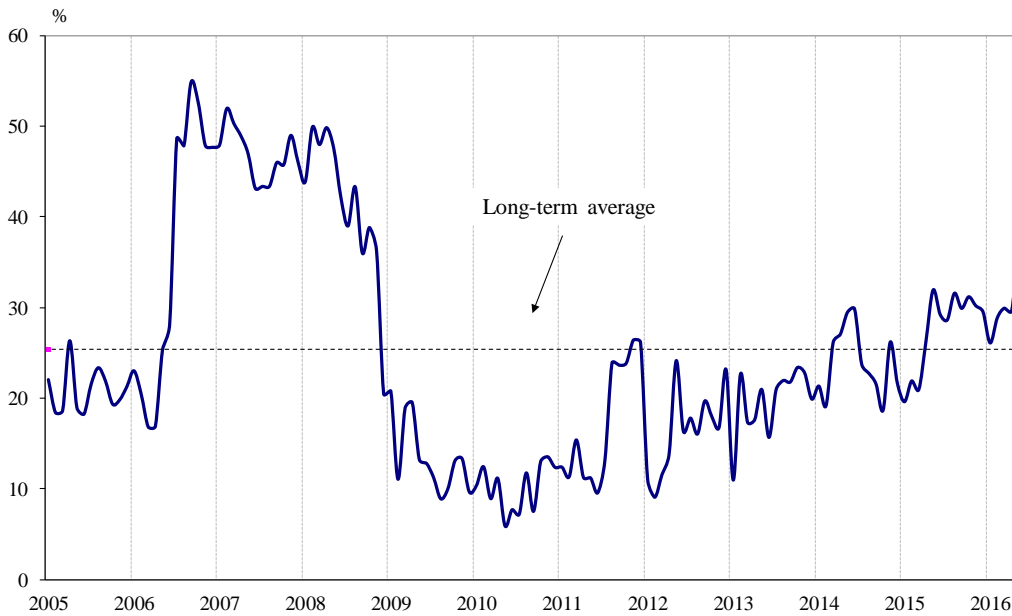


Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

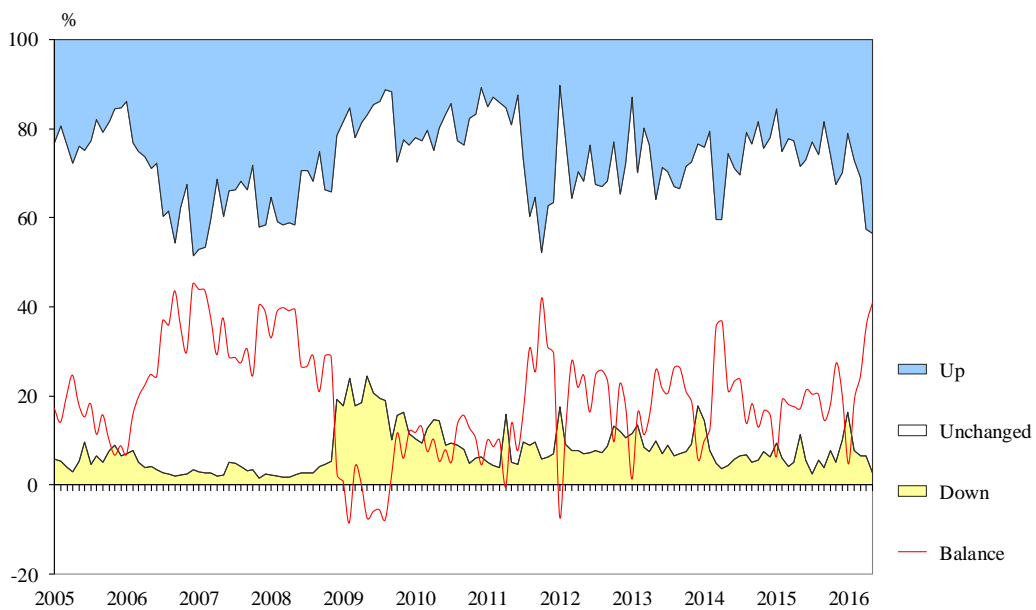




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

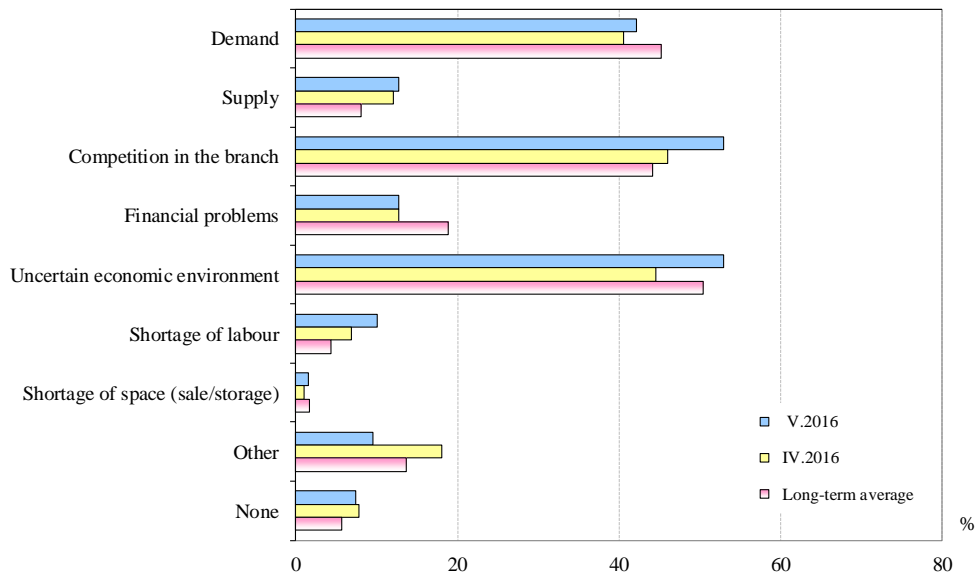


Figure 14. Selling prices expectations in retail trade over the next 3 months

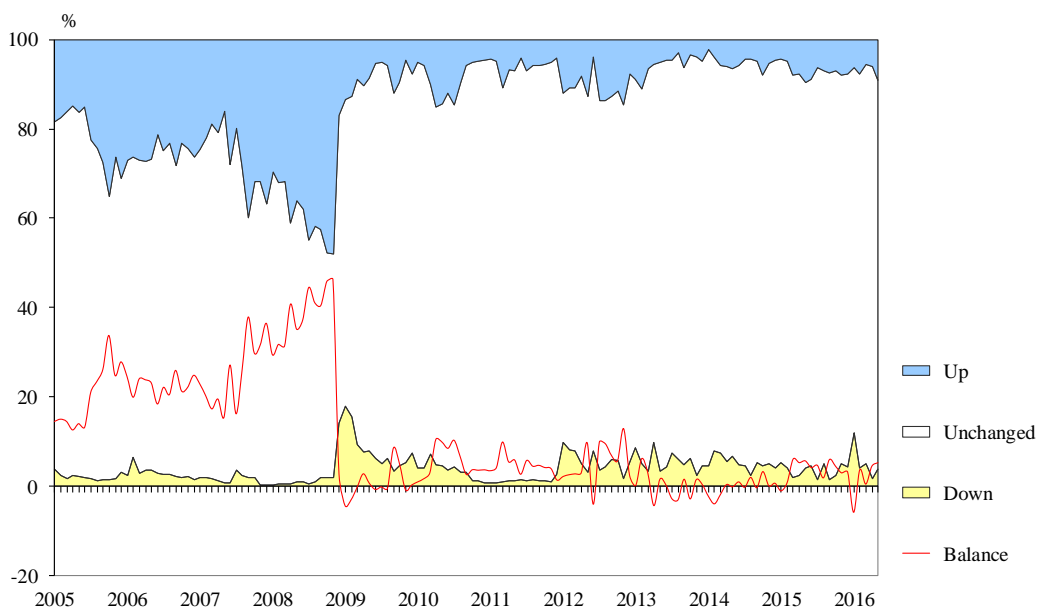




Figure 15. Business climate in service sector

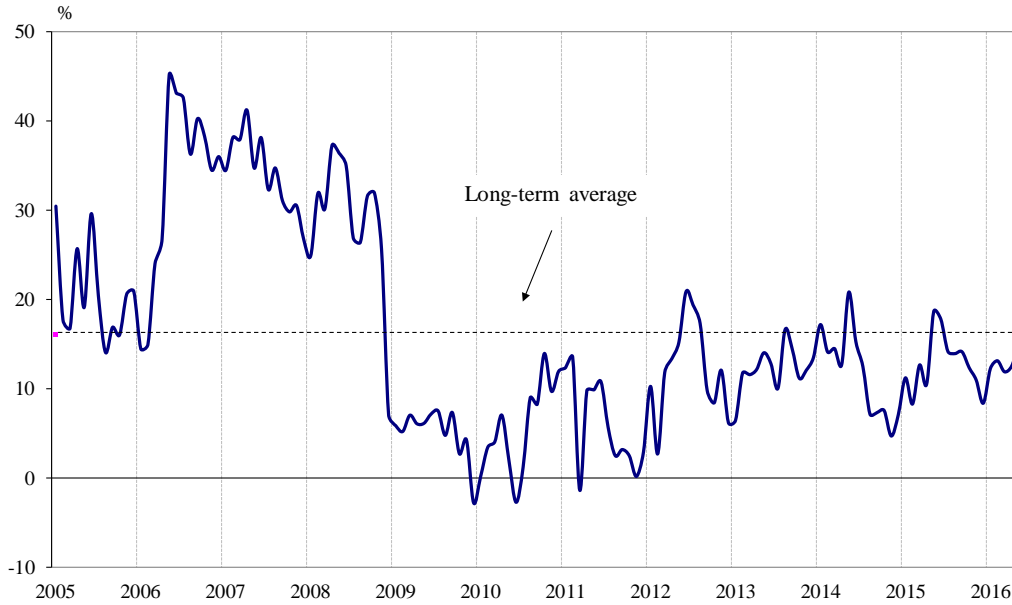
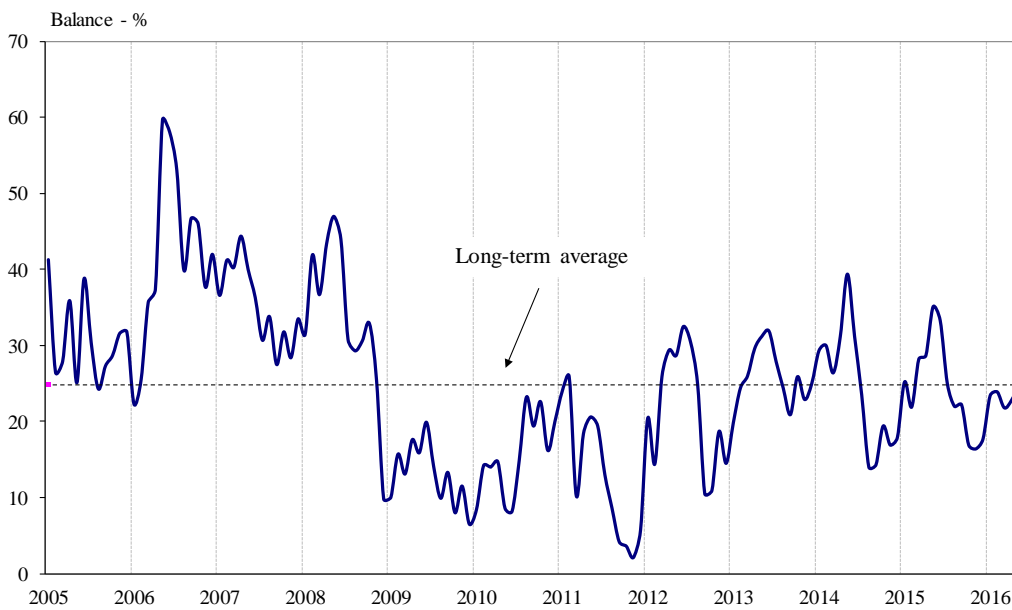
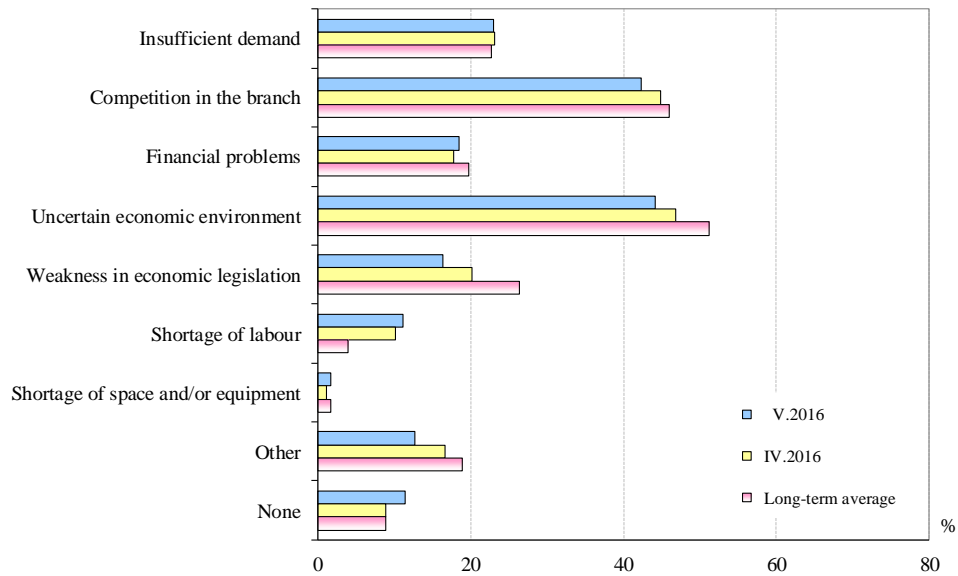


Figure 16. Expected business situation in service sector over the next 6 months





**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**

