



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

In October 2016 the **total business climate indicator**⁴ decreases by 1.3 percentage points in comparison with the previous month (Annex, Figure 1). More unfavourable business climate is registered in industry and retail trade, while in construction preserves approximately to its September level. Only in service sector the business conjuncture is improved.

Industry. The composite indicator ‘business climate in industry’ drops by 4.4 percentage points in comparison with the previous month (Annex, Figure 2) which is due to the more reserved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. The inquiry also reports more unfavourable forecasts about the export (Annex, Figure 3) and the production activity over the next 3 months.

The uncertain economic environment continues to be the main problem limiting the activity, pointed out by 46.1% of the enterprises (Annex, Figure 4).

As regards the selling prices in industry the managers foresee preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In October the composite indicator ‘business climate in construction’ preserves approximately to its September level (Annex, Figure 6). According to the construction entrepreneurs the present construction activity is improved in comparison with the previous month, but their forecasts over the next 3 months are more reserved (Annex, Figure 7). At the same time their expectations about the new orders over the next 6 months are also slightly worsened.

The main obstacles for the business development remain the uncertain economic environment and competition in the branch, although the inquiry registers a decrease of their negative impact (Annex, Figure 8).

Concerning the selling prices in the construction the prevailing managers’ expectations are them to remain unchanged over the next 3 months (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.



Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 2.1 percentage points compared to the previous month (Annex, Figure 10) as a result of the shifting of the retailers’ assessments and expectations about the business situation of enterprises from ‘better’ towards preserving ‘the same’ (Annex, Figure 11). Their forecasts about the volume of sales and orders placed with suppliers over the next 3 months are also more moderate.

The competition in the branch, uncertain economic environment and insufficient demand continue to be the main factors limiting the activity (Annex, Figure 12).

As regards the selling prices the retailers foresee preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In October the composite indicator ‘business climate in service sector’ increases by 4.4 percentage points (Annex, Figure 14) which is due to the improved managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 15). However, their opinions about the present demand for services are worsened, while their expectations over the next 3 months are improved.

The main problems for the business development remain connected with the uncertain economic environment and competition in the branch (Annex, Figure 16).

Concerning the selling prices in the sector managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

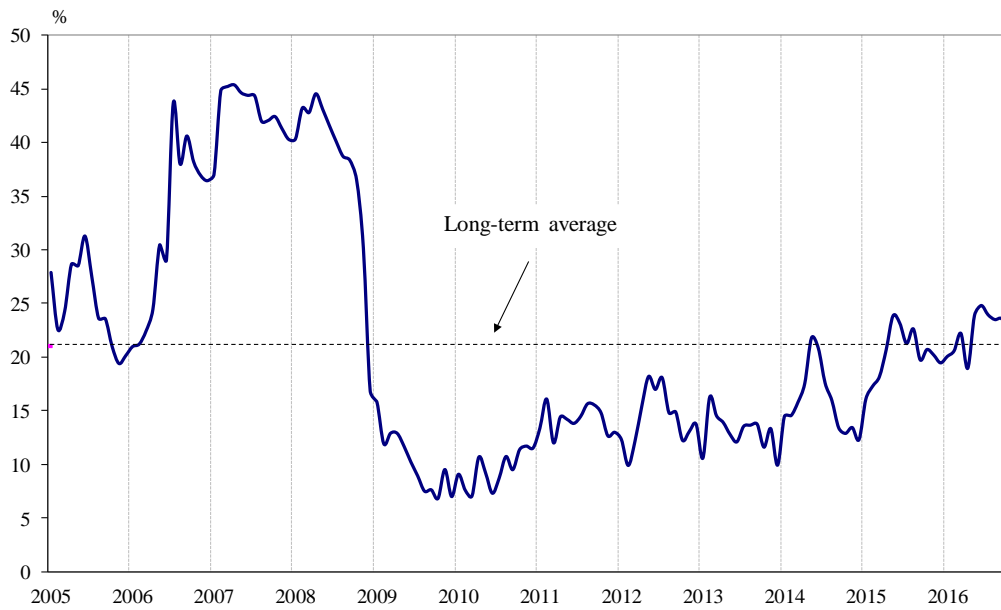


Figure 2. Business climate in industry

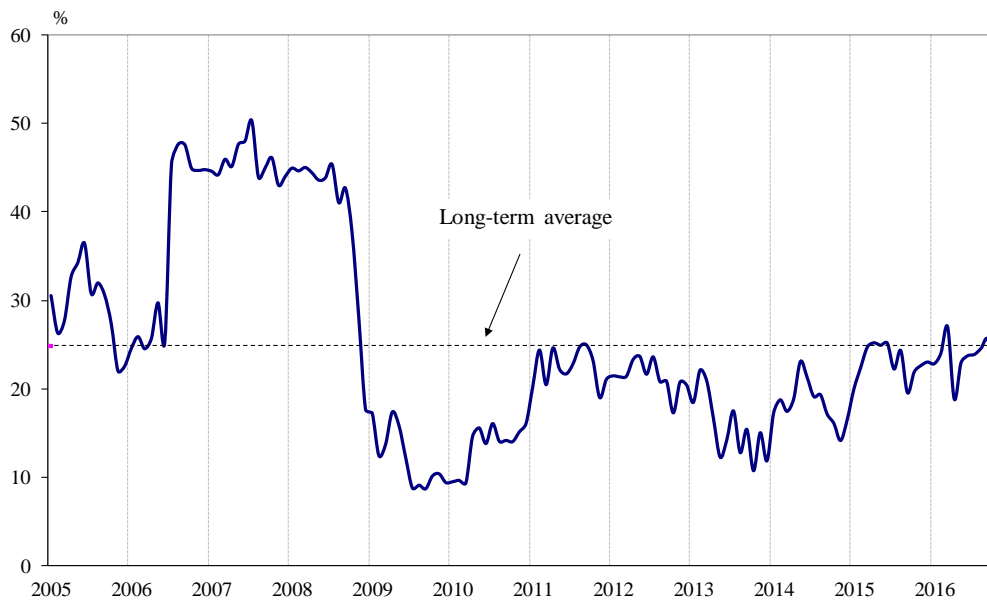




Figure 3. Export expectations in industry over the next 3 months

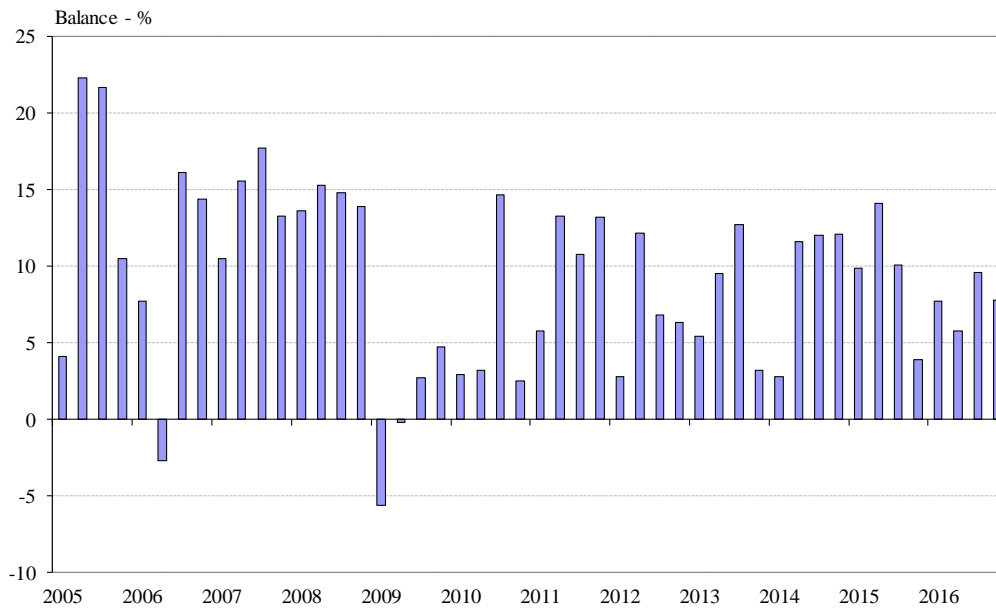


Figure 4. Limits to production in industry (Relative share of enterprises)

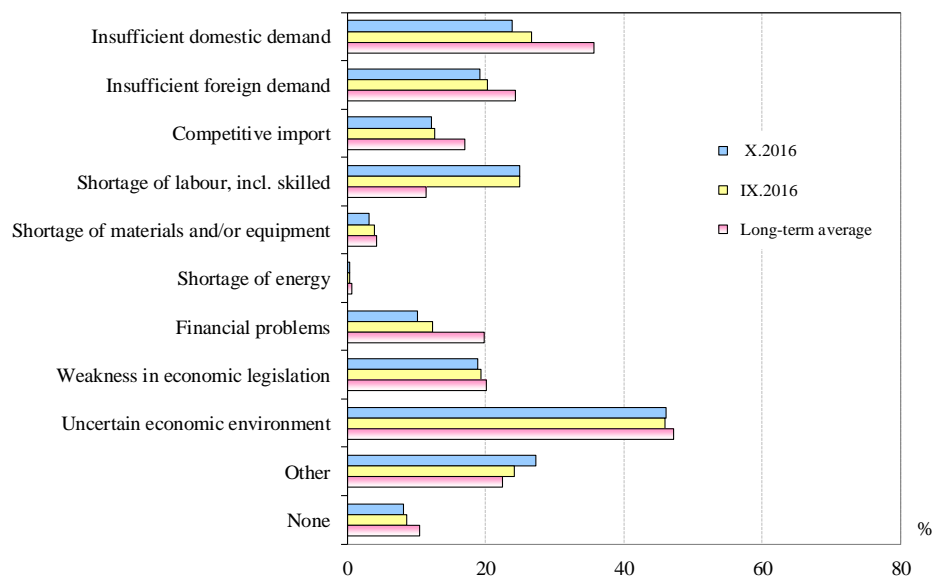




Figure 5. Selling prices expectations in industry over the next 3 months

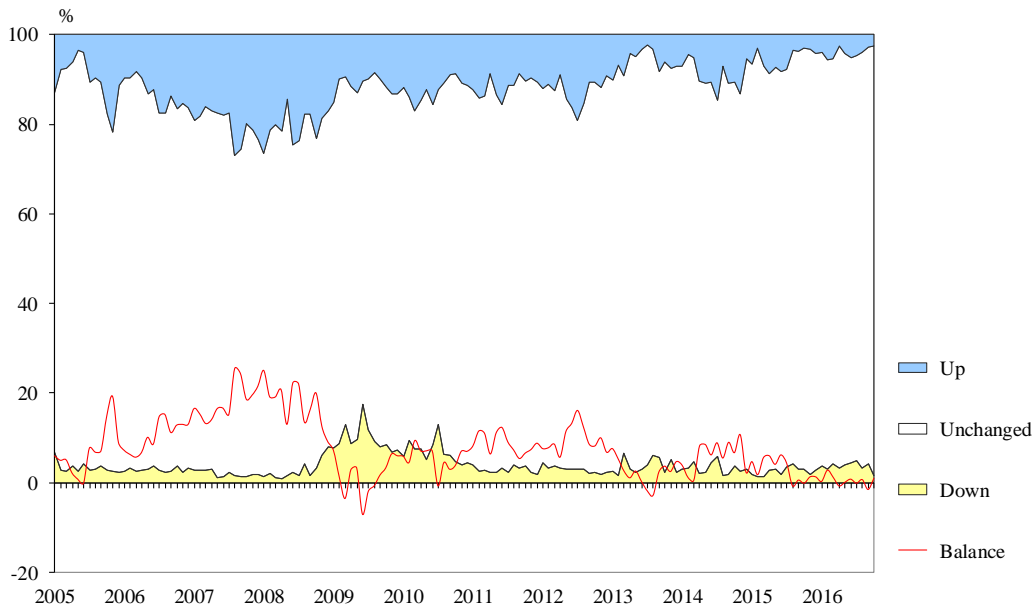


Figure 6. Business climate in construction

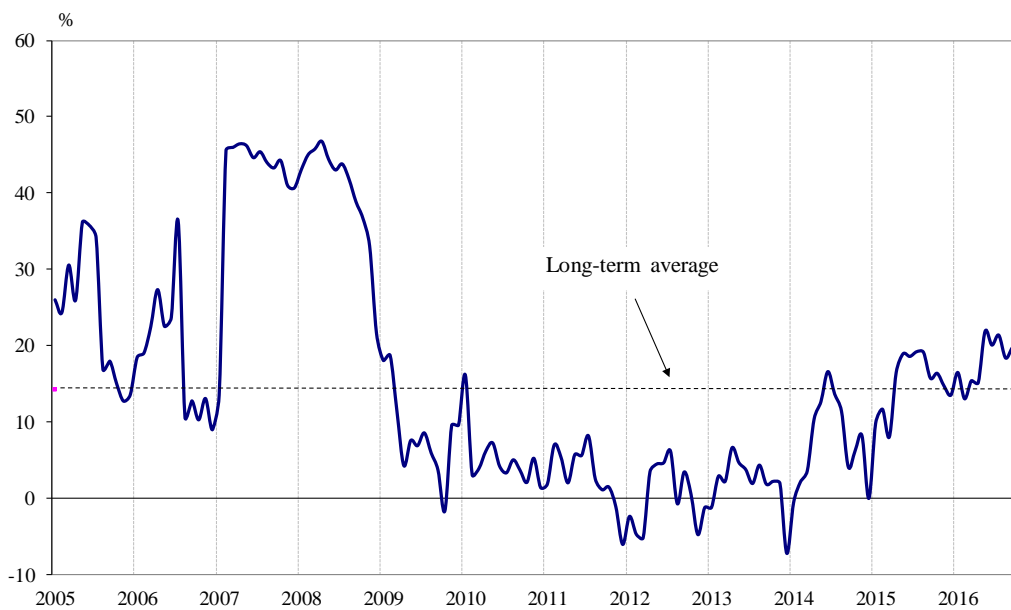




Figure 7. Expected construction activity over the next 3 months

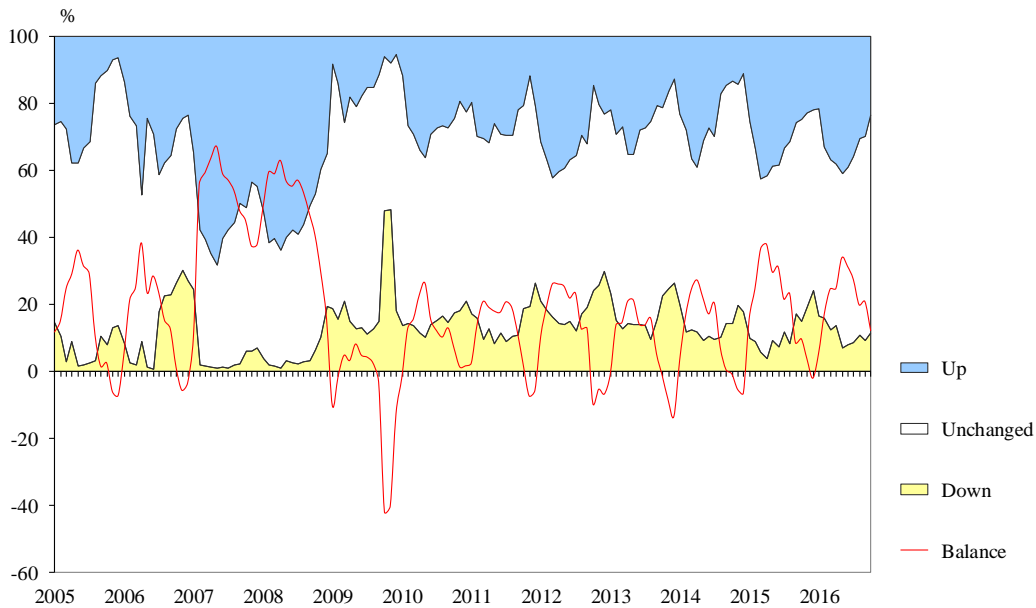


Figure 8. Limits to construction activity (Relative share of enterprises)

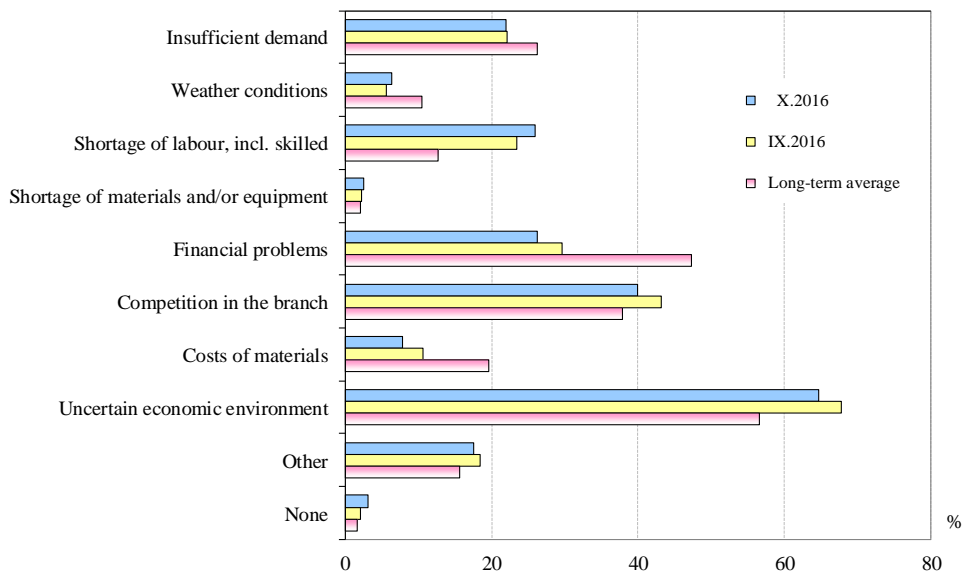




Figure 9. Selling prices expectations in construction over the next 3 months

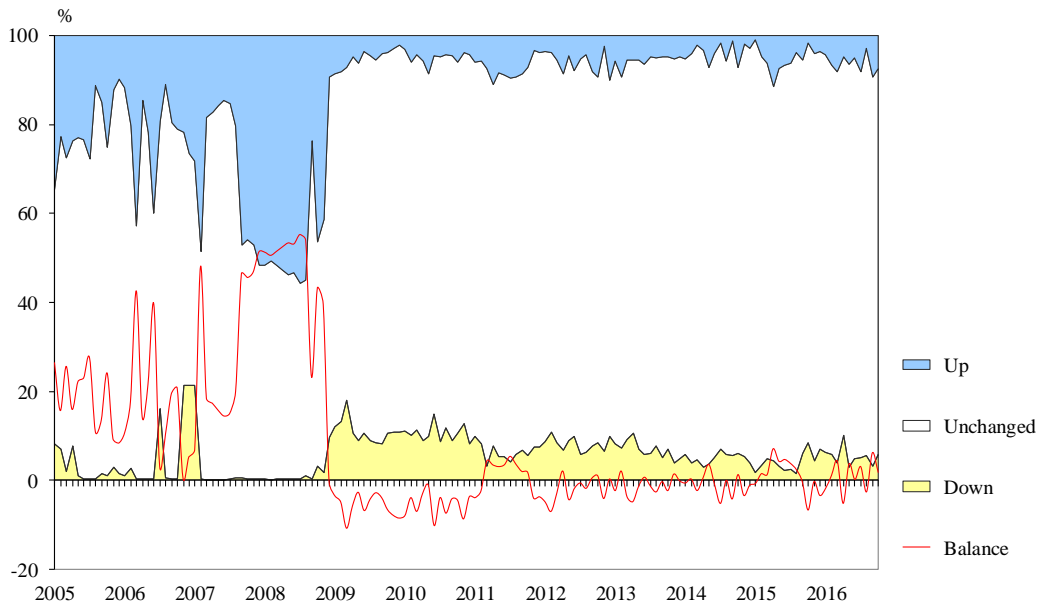


Figure 10. Business climate in retail trade

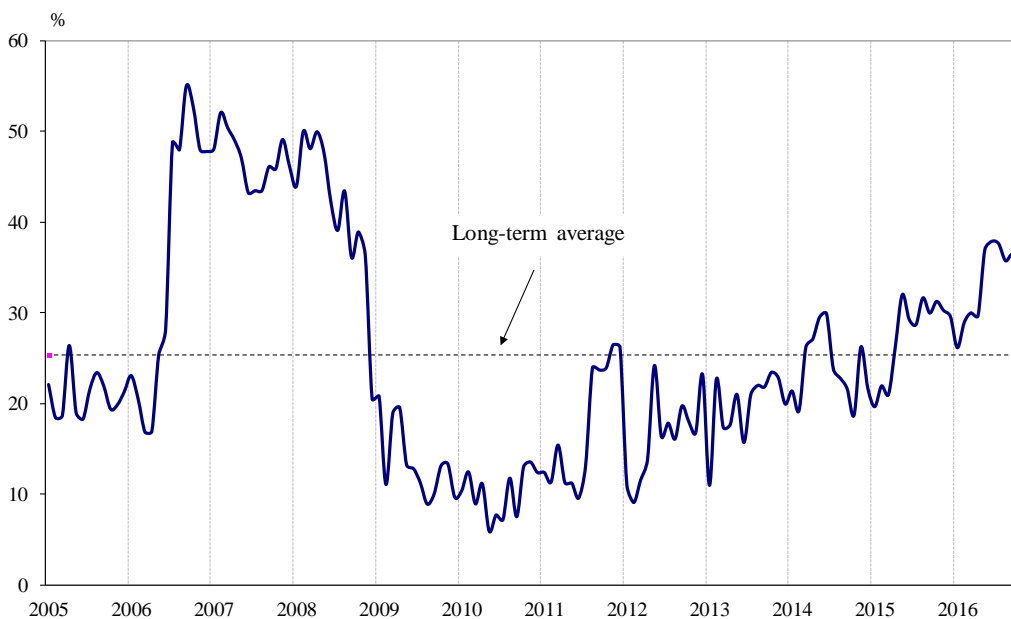




Figure 11. Expected business situation in retail trade over the next 6 months

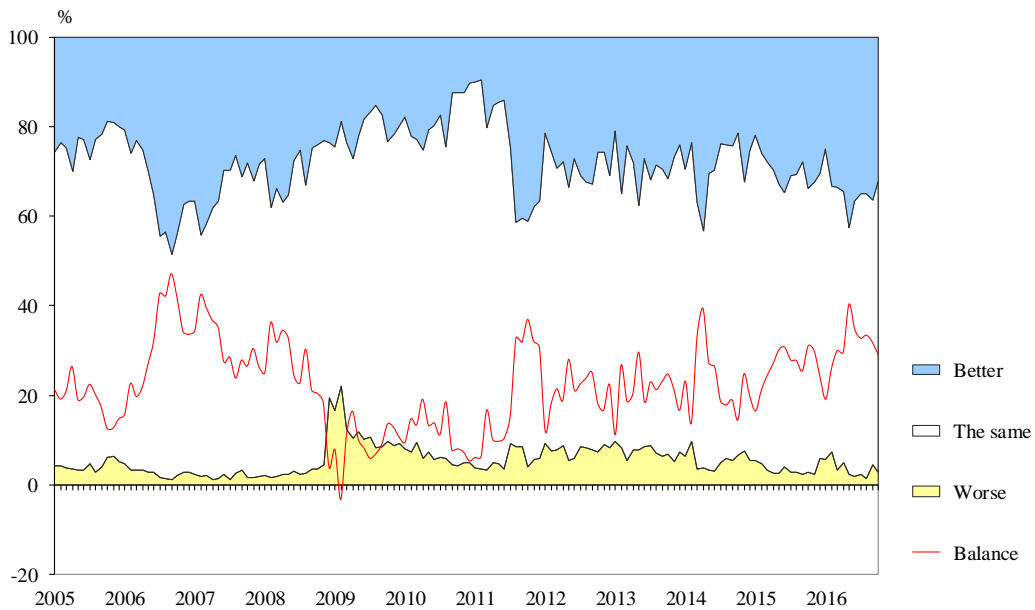


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

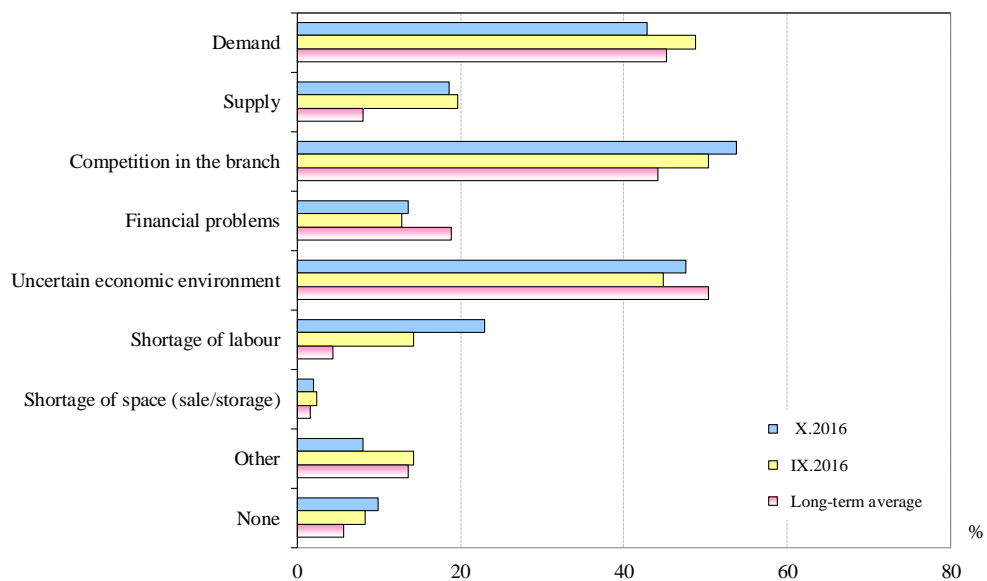




Figure 13. Selling prices expectations in retail trade over the next 3 months

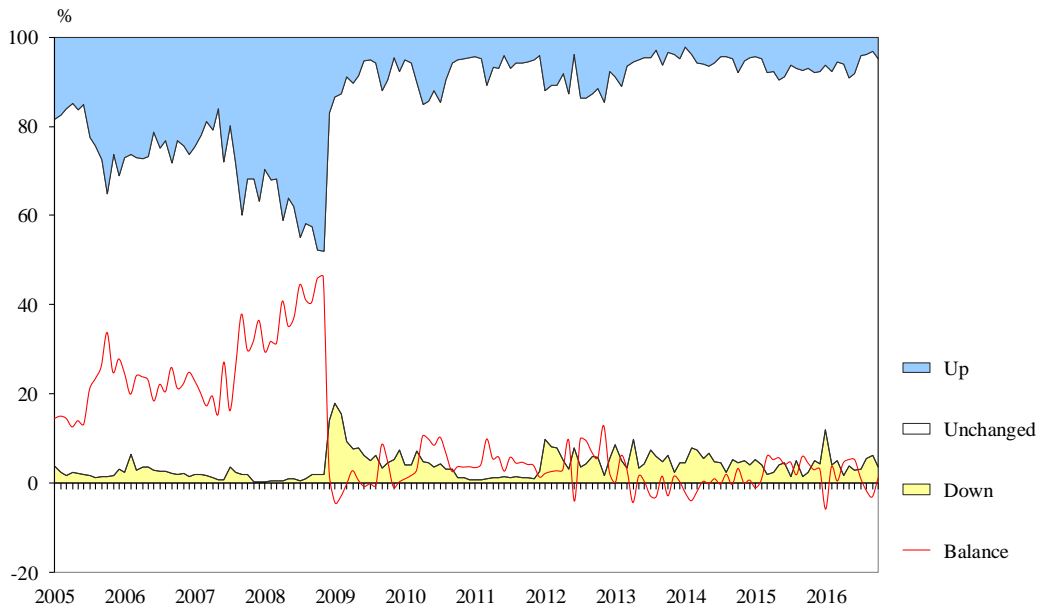


Figure 14. Business climate in service sector

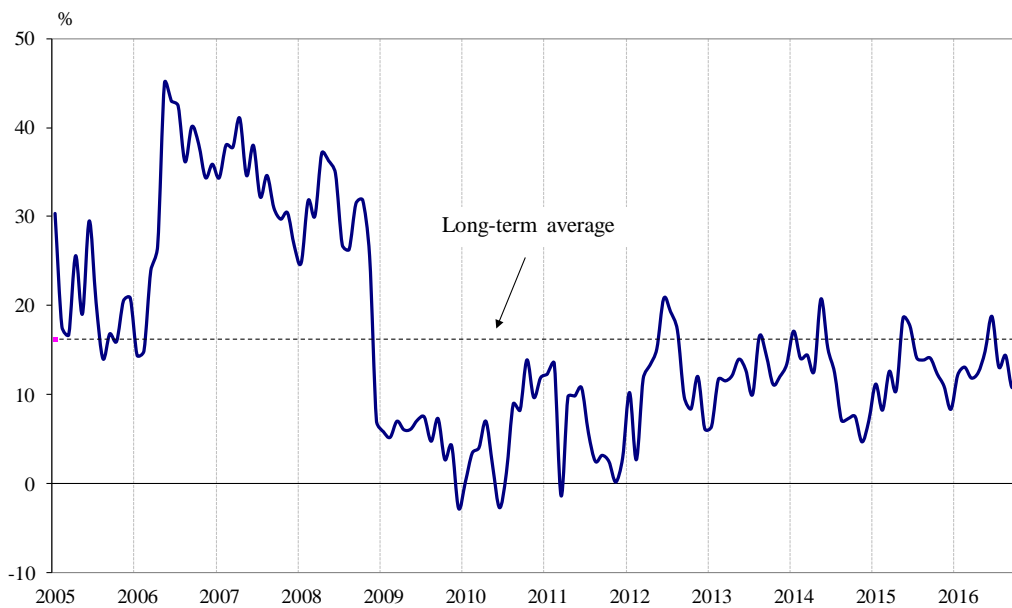




Figure 15. Expected business situation in service sector over the next 6 months

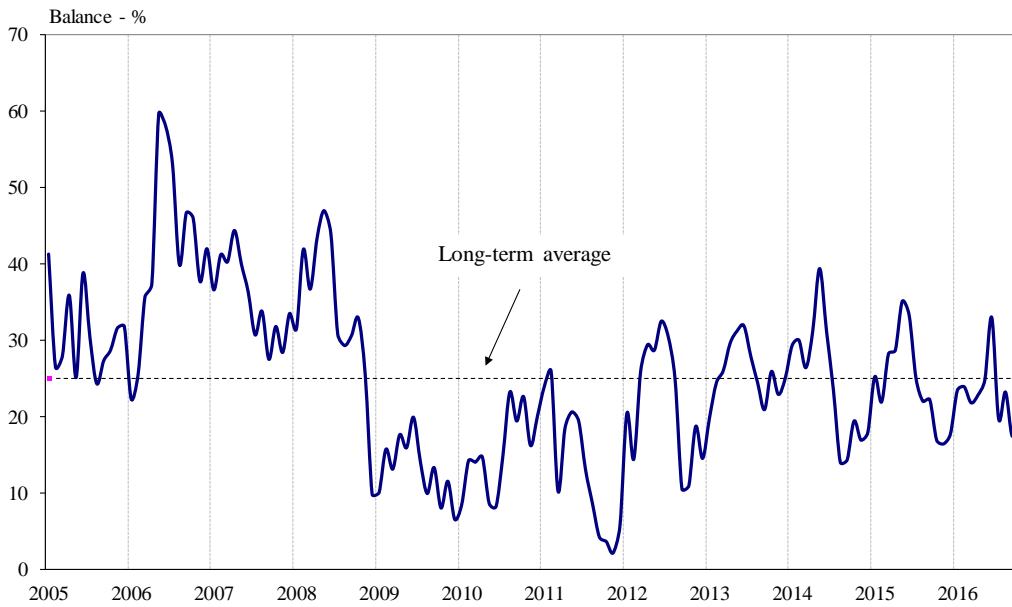


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

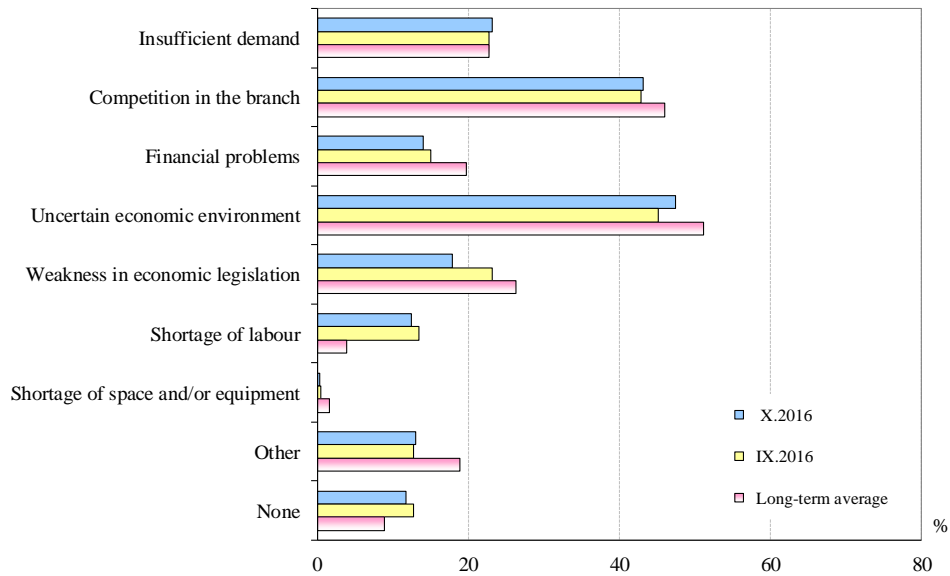




Figure 17. Selling prices expectations in service sector over the next 3 months

