



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, DECEMBER 2016

In December 2016 the **total business climate indicator**<sup>4</sup> remains to its level from the previous month (Annex, Figure 1). An improvement of the business conjuncture is registered in industry and construction, while in retail trade and service sector a decrease is reported.

**Industry.** The composite indicator ‘business climate in industry’ increases by 2.3 percentage points in comparison with November (Annex, Figure 2) which is due to the improved industrial entrepreneurs’ assessments and expectations (Annex, Figure 3) about the business situation of the enterprises. However, the production assurance with orders is assessed as slight decrease, which is accompanied with decreased expectations about the production activity over the next 3 months.

The uncertain economic environment continues to be the most serious problem limiting the activity of 46.4% of the enterprises (Annex, Figure 4).

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

**Construction.** In December the composite indicator ‘business climate in construction’ increases by 1.2 percentage points (Annex, Figure 6) as a result of the favourable construction entrepreneurs’ assessments and expectations (Annex, Figure 7) about the business situation of the enterprises. Their opinions about the present construction activity, as well as their forecasts over the next 3 months are also more moderate.

The main obstacles for the business development remain connected with the uncertain economic environment and the competition in the branch (Annex, Figure 8).

Concerning the selling prices in construction the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator ‘business climate in retail trade’ drops by 5.2 percentage points compared to the previous month (Annex, Figure 10) which is due to the worsened retailers’ assessment and

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.



expectations about the business situation of the enterprises. Their forecasts about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are also more reserved.

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

As regards the selling prices the prevailing retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In December the composite indicator 'business climate in service sector' decreased by 1.3 percentage points (Annex, Figure 14) mainly due to the more unfavourable managers' expectations about the business situation of the enterprises over the next 6 months. Their opinions about both the present and expected demand for services are also more reserved.

The main obstacles for business development remain connected with the uncertain economic environment and the competition in the branch, although in the last month the inquiry registers a decrease of their negative impact (Annex, Figure 15).

Concerning the selling prices in the service sector the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 16).

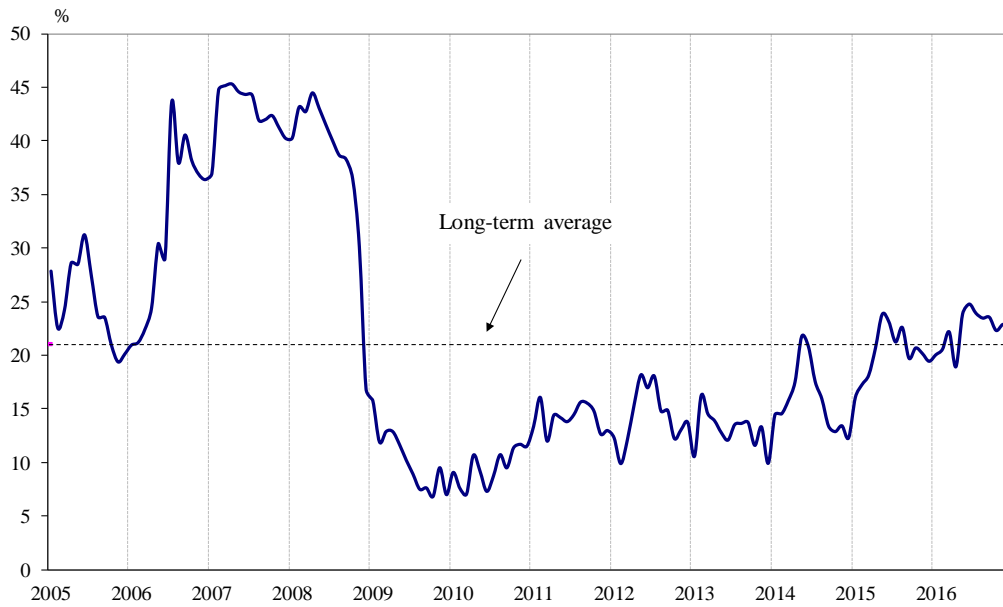
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<sup>1</sup> Excl. trade.

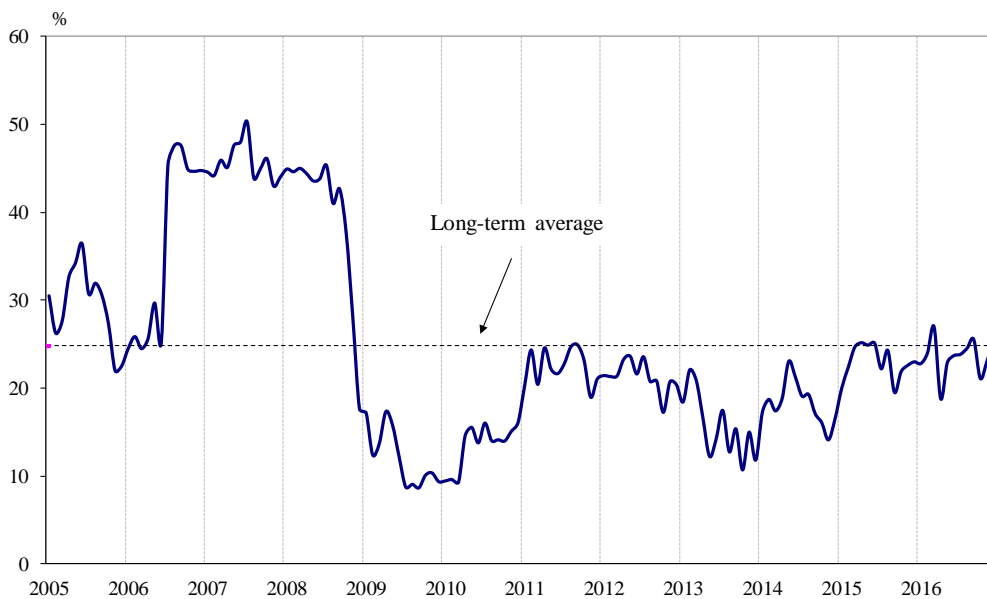


## Annex

### Figure 1. Business climate - total

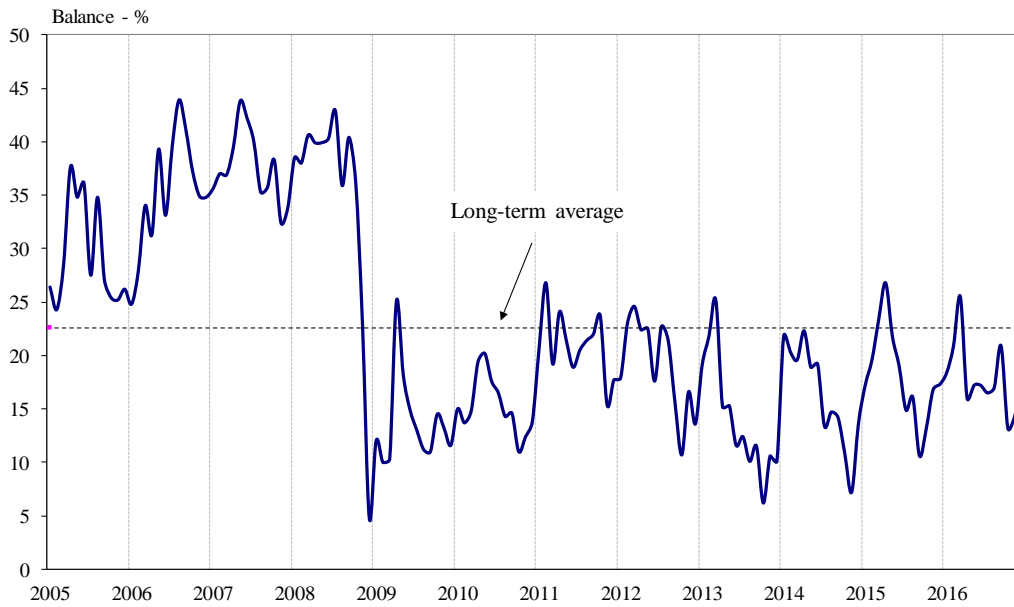


### Figure 2. Business climate in industry

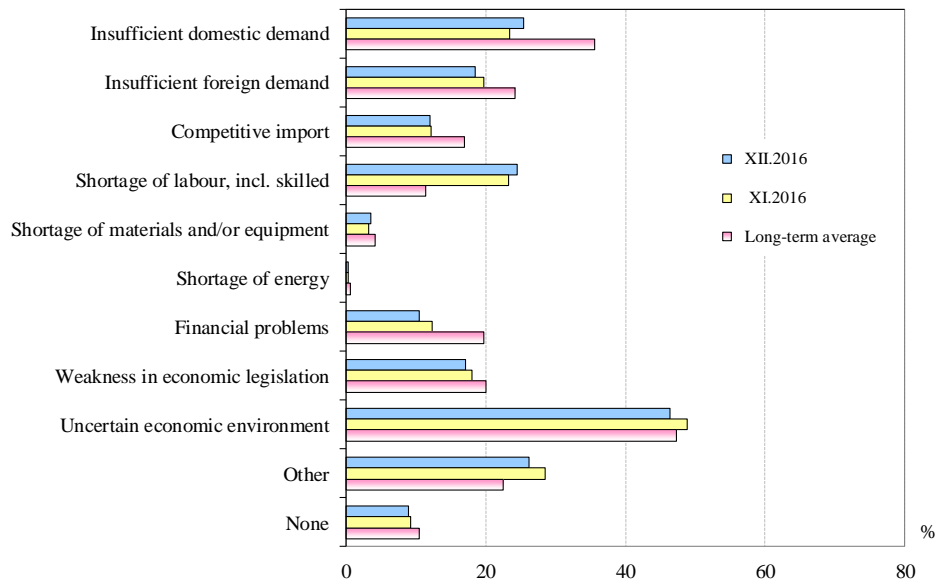




**Figure 3. Expected business situation in industry over the next 6 months**

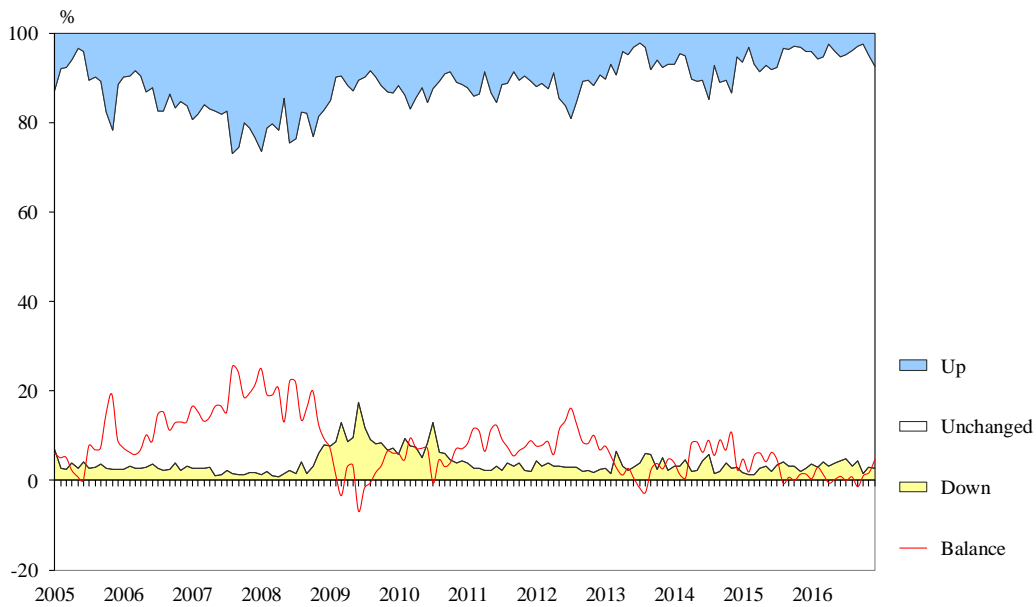


**Figure 4. Limits to production in industry (Relative share of enterprises)**

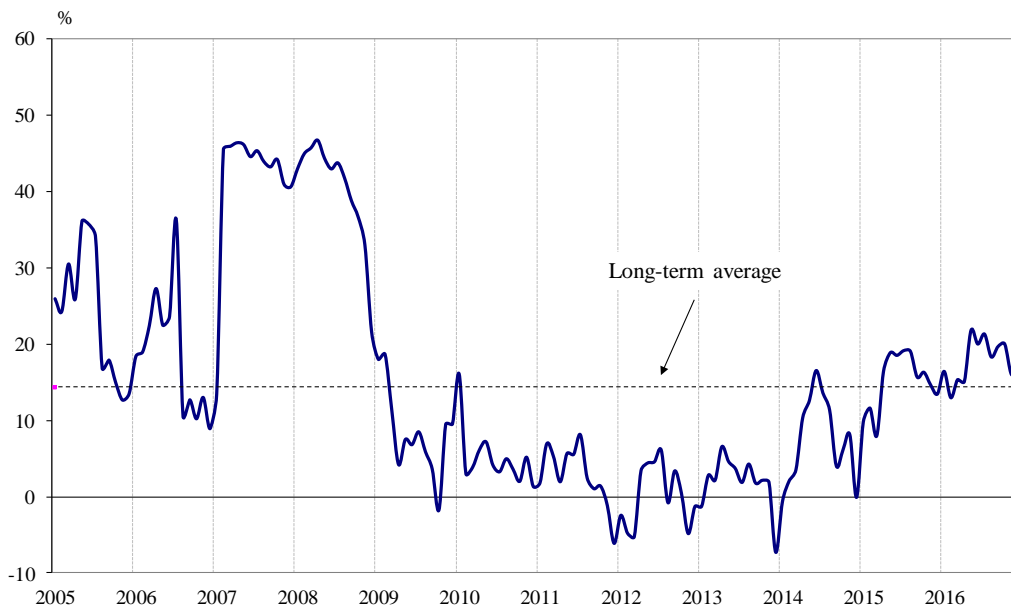




**Figure 5. Selling prices expectations in industry over the next 3 months**

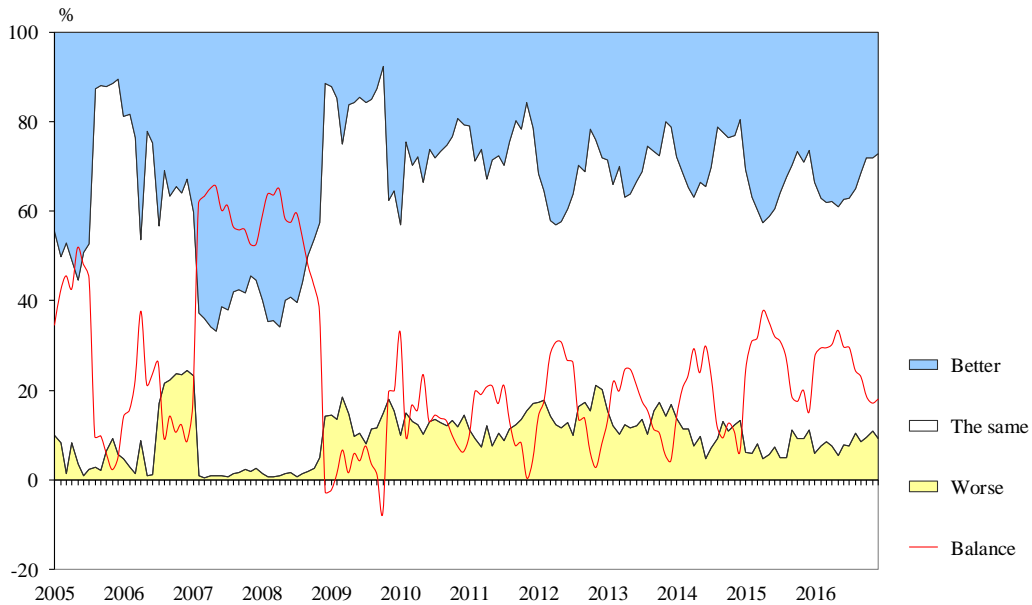


**Figure 6. Business climate in construction**

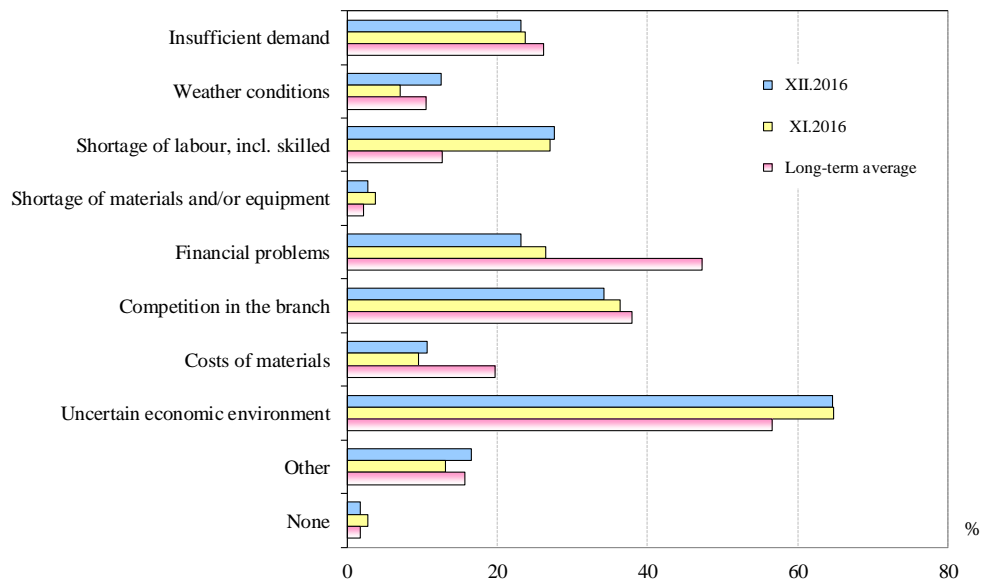




**Figure 7. Expected business situation in construction over the next 6 months**

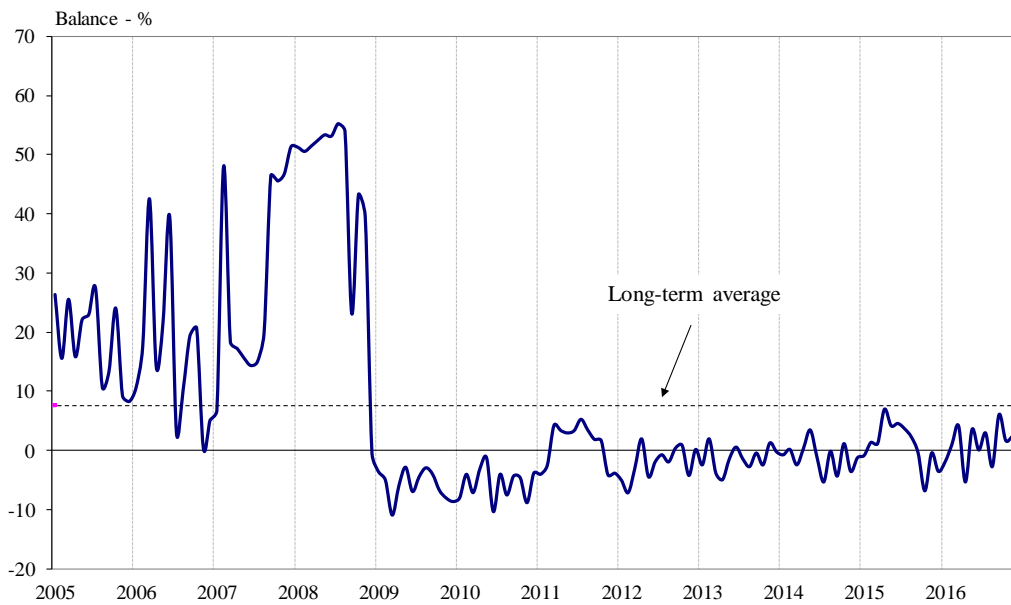


**Figure 8. Limits to construction activity (Relative share of enterprises)**

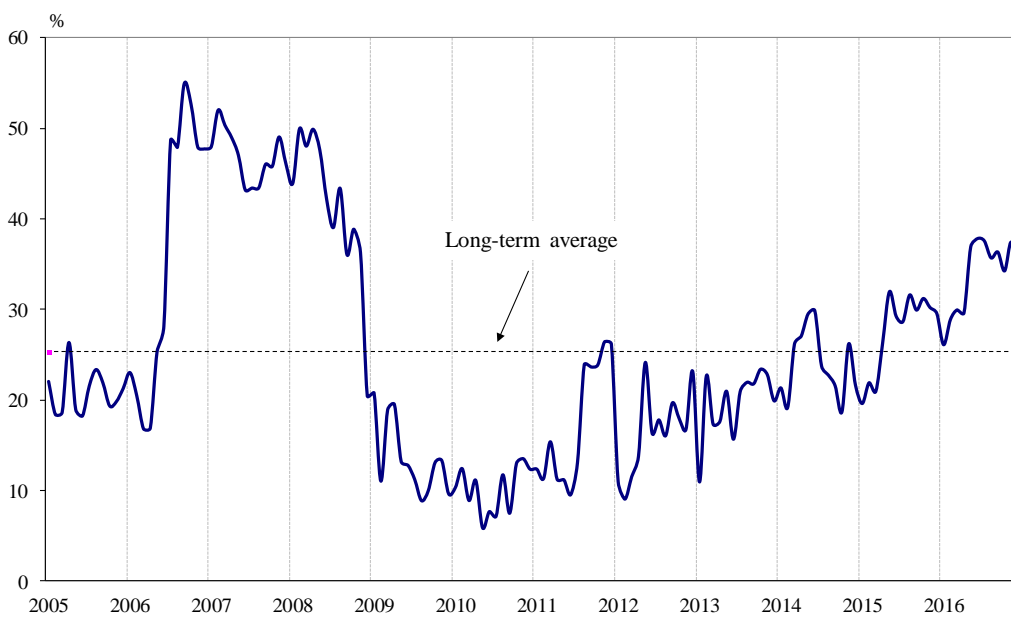




**Figure 9. Selling prices expectations in construction over the next 3 months**

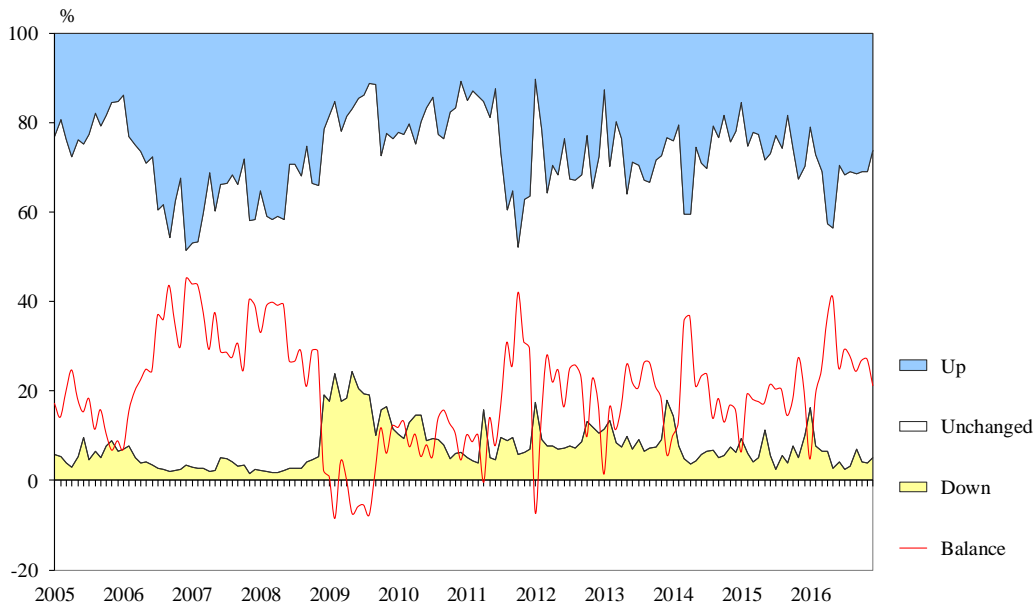


**Figure 10. Business climate in retail trade**

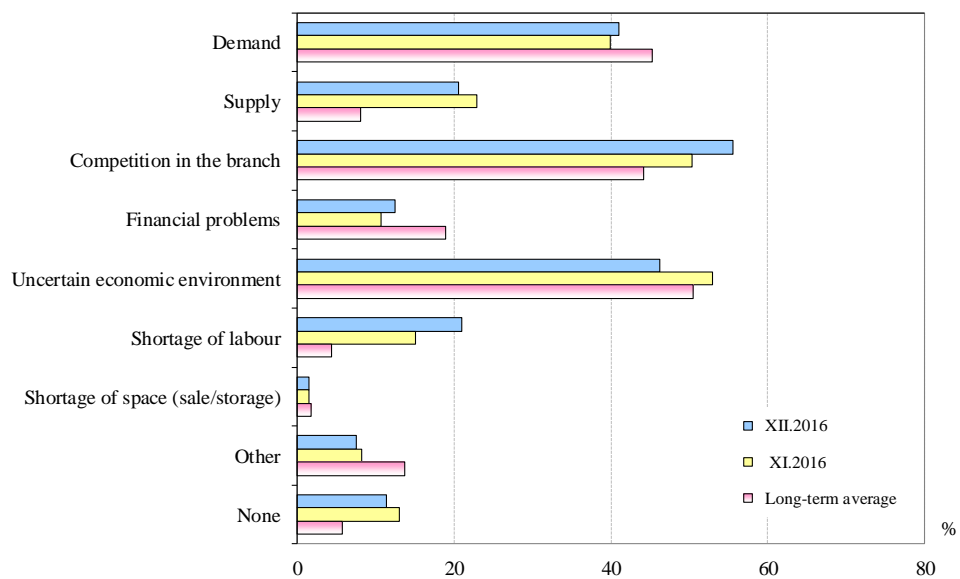




**Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months**



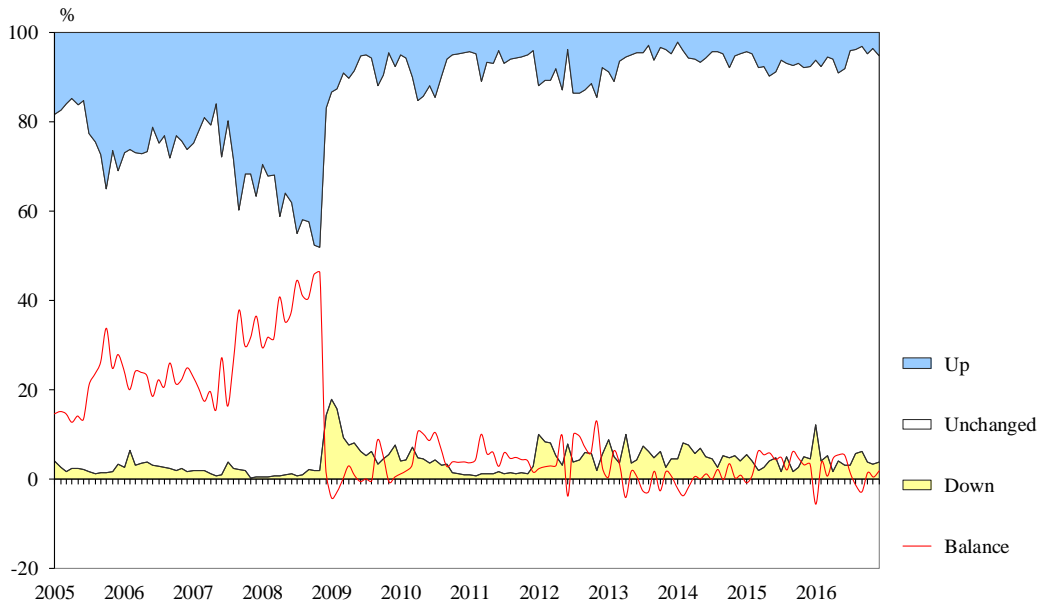
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



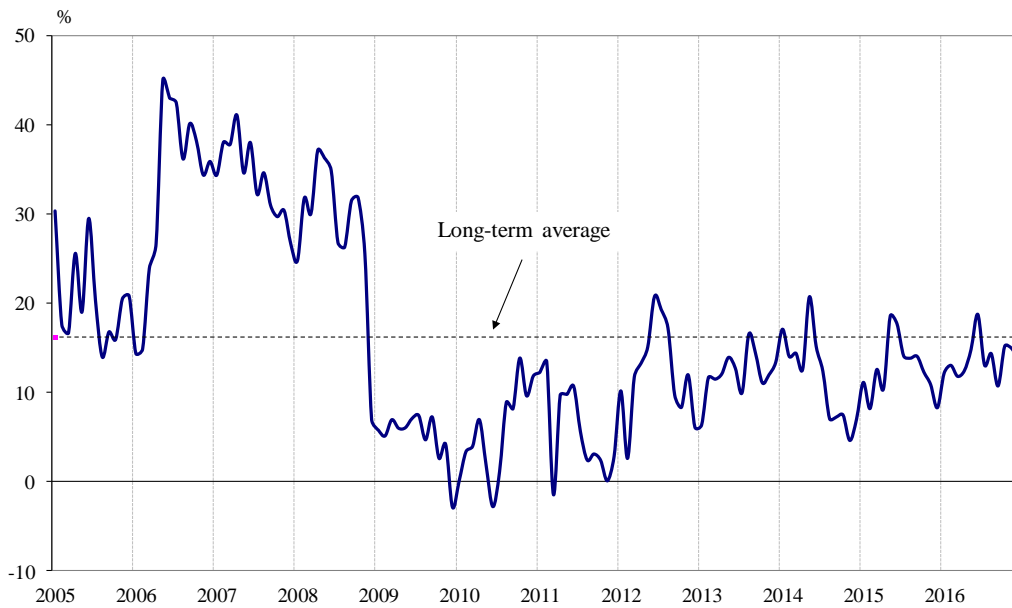




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

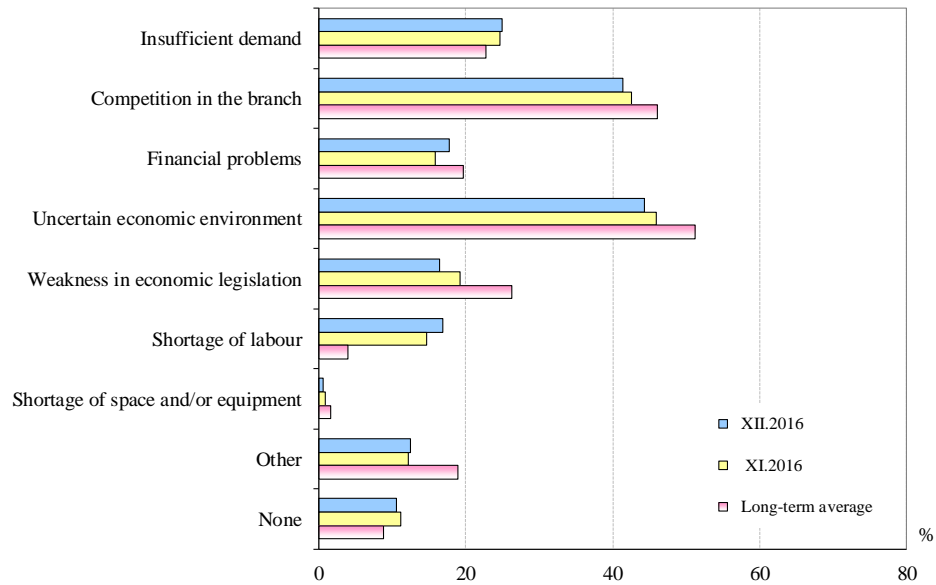


**Figure 14. Business climate in service sector**





**Figure 15. Factors limiting the activity in service sector  
(Relative share of enterprises)**



**Figure 16. Selling prices expectations in service sector  
over the next 3 months**

