



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, MAY 2017

In May 2017, **the total business climate indicator**<sup>4</sup> increases by 3.2 percentage points in comparison with April (Annex, Figure 1) as a growth of the indicator is registered in all observed sectors - industry, construction, retail trade and services.

**Industry.** The composite indicator 'business climate in industry' increases by 1.3 percentage points compared to the previous month (Annex, Figure 2) mainly due to the optimistic industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. At the same time the present production activity is assessed as a slight improved (Annex, Figure 3), while their forecasts over the next 3 months are more reserved.

The main factor limiting the activity remains the uncertain economic environment, followed by the shortage of labour (Annex, Figure 4).

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

**Construction.** In May, the composite indicator 'business climate in construction' increases by 2.9 percentage points (Annex, Figure 6), which is due to the more favourable construction entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 7). Their opinions about the present construction activity, as well their expectation for the activity over the next 3 month are more optimistic. However, the last inquiry reports an increase in the number of the clients with delay in payments.

The uncertain economic environment, competition in the branch and shortage of labour continue to be the main problems for the business development (Annex, Figure 8).

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

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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.



**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 5.6 percentage points (Annex, Figure 10) as a result of the improved retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 11). At the same time, increased optimism in their forecasts about the volume of sales and the orders placed with suppliers (from both domestic and foreign market) over the next 3 months is also registered.

The main obstacles for the business development remain connected with the competition in the branch, insufficient demand and uncertain economic environment (Annex, Figure 12).

Concerning 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 May, the composite indicator ‘business climate in service sector’ increases by 4.7 percentage points (Annex, Figure 14), which is due to the improved managers’ assessments and expectations about the business situation of enterprises (Annex, Figure 15). Their opinions about the present and expected demand for services are also more favourable.

The most serious difficulties for the activity in the sector continue to be the competition in the branch and uncertain economic environment, although in the last month a decrease of the negative impact of the second factor is observed (Annex, Figure 16).

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

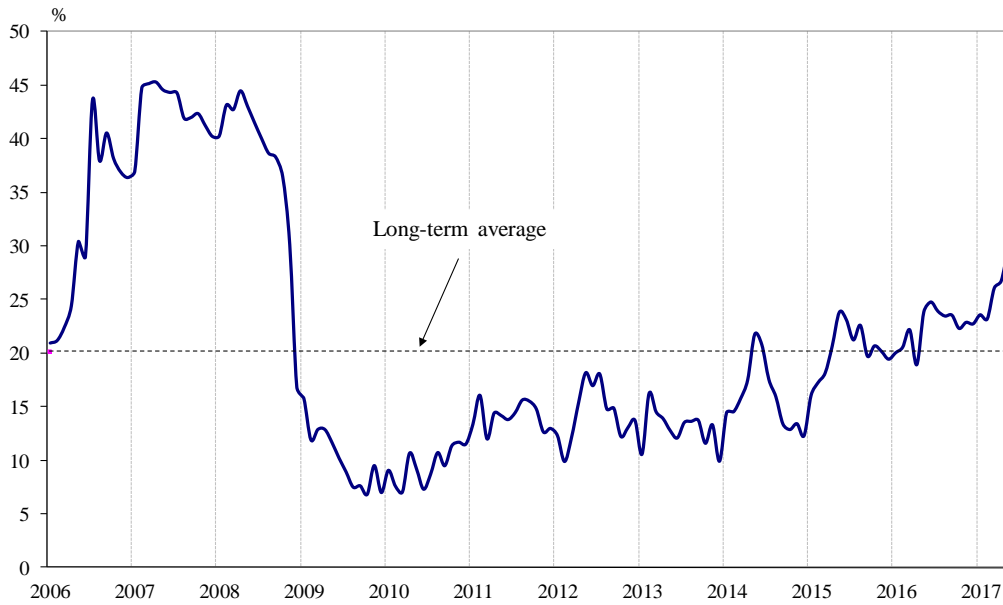
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<sup>1</sup> Excl. trade.

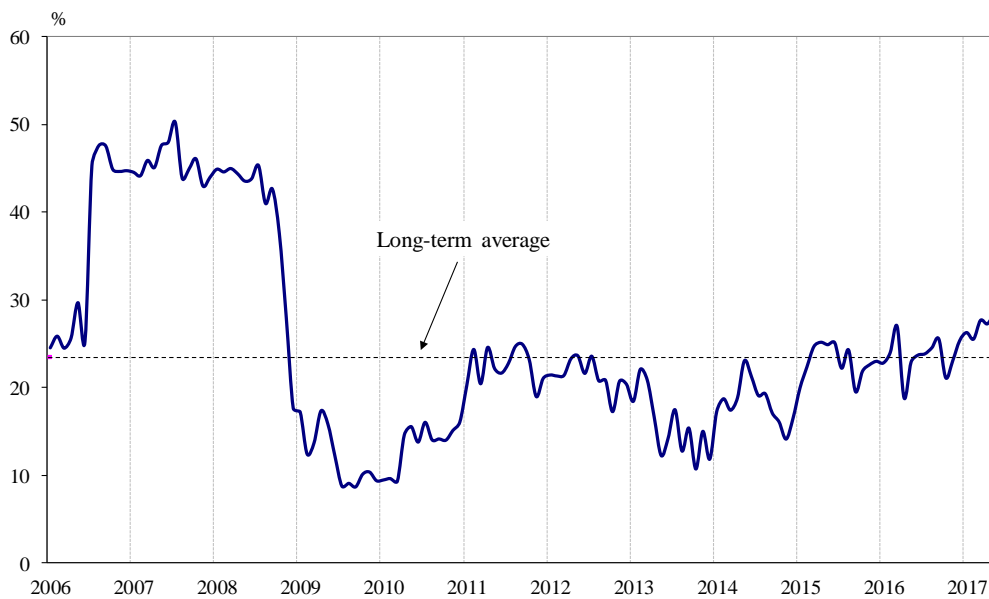


Annex

**Figure 1. Business climate - total**

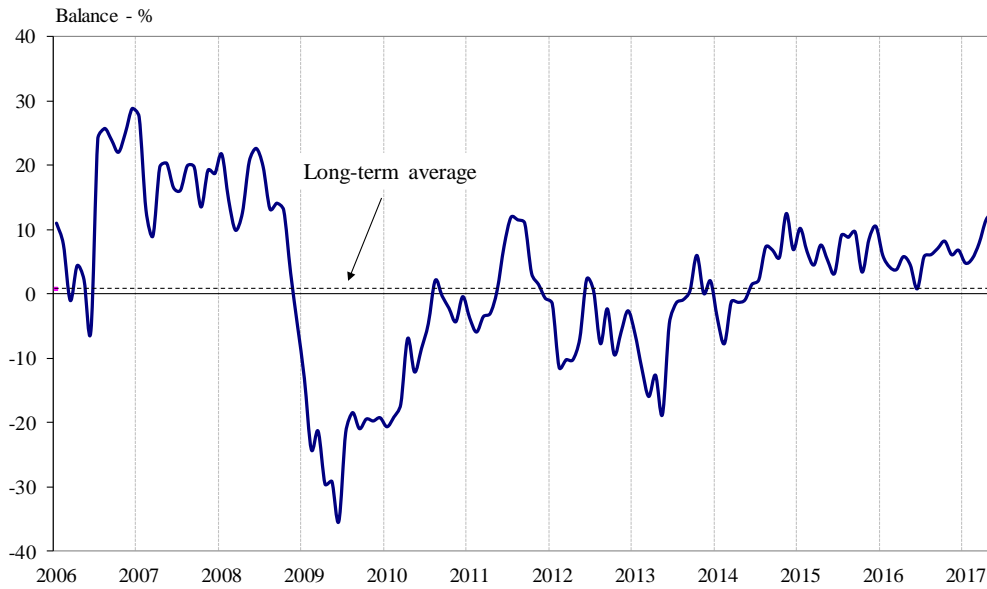


**Figure 2. Business climate in industry**

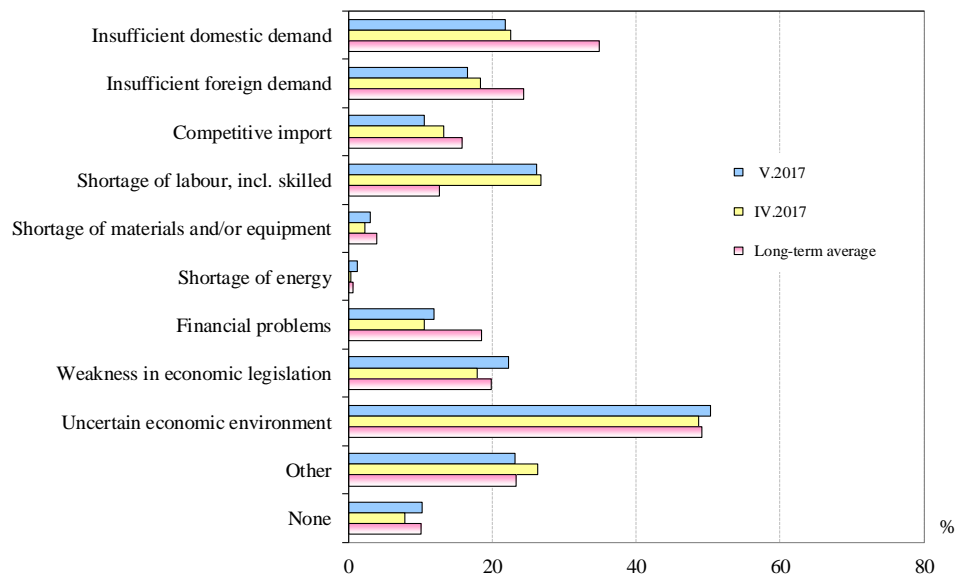




**Figure 3. Present production activity in industry**

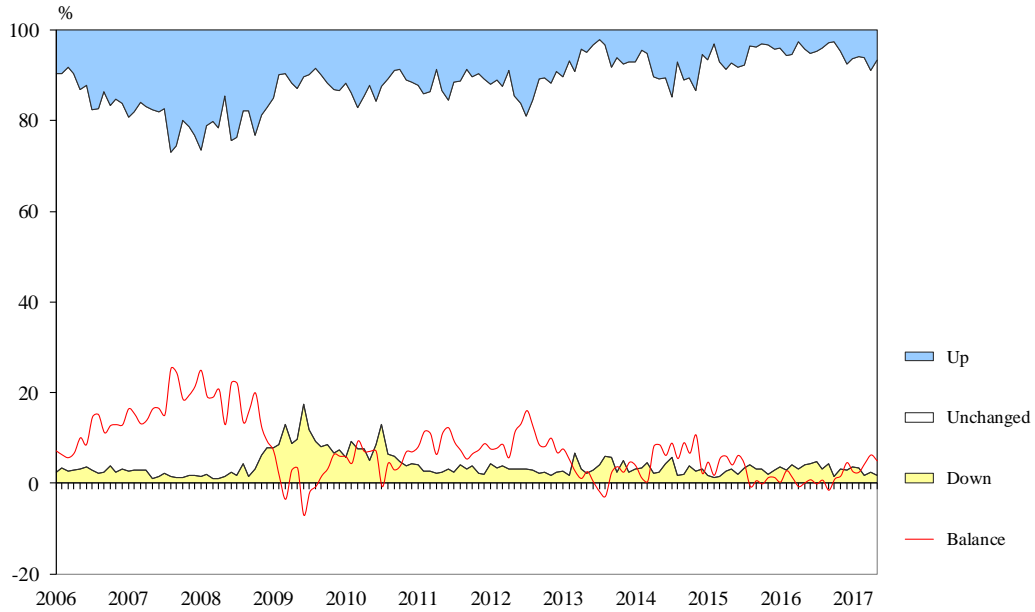


**Figure 4. Limits to production in industry  
(Relative share of enterprises)**

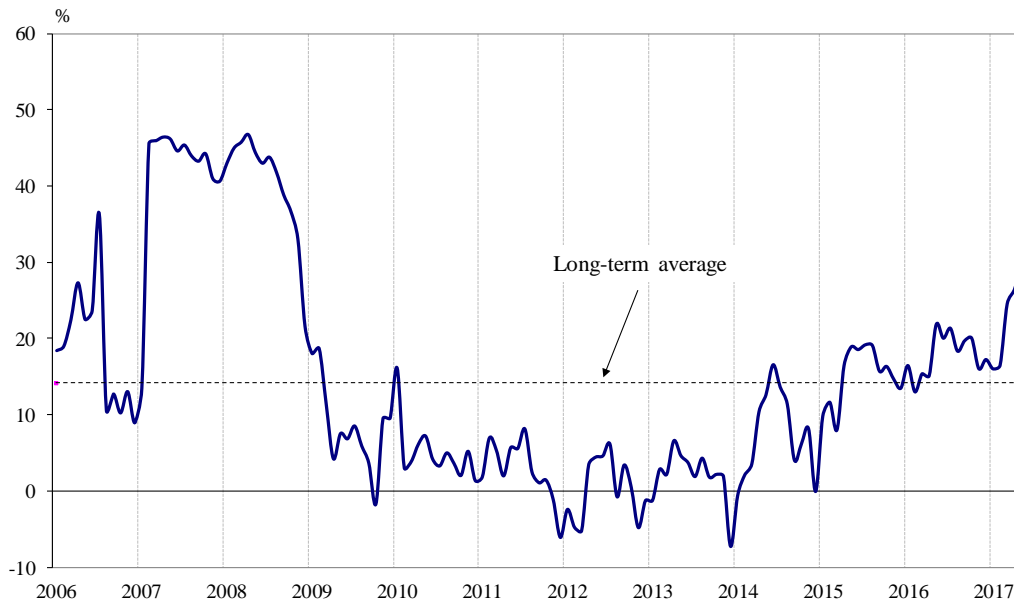




**Figure 5. Selling prices expectations in industry over the next 3 months**

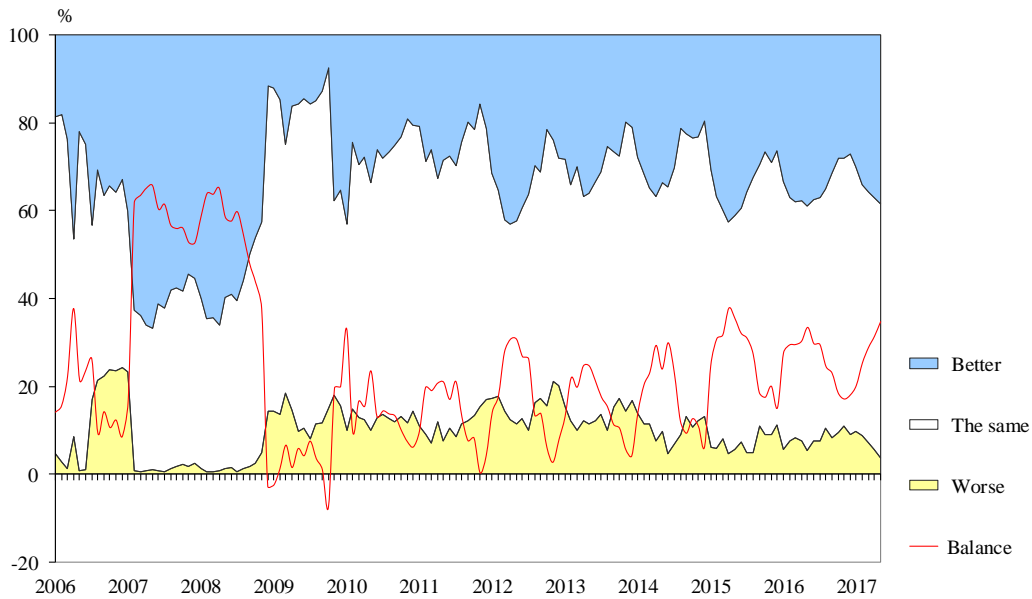


**Figure 6. Business climate in construction**

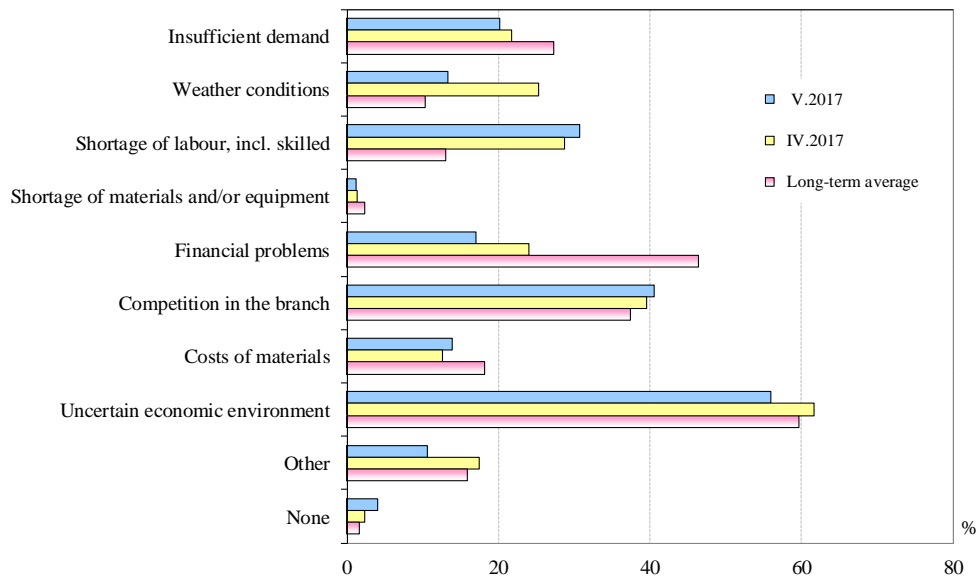




**Figure 7. Expected business situation in construction over the next 6 months**

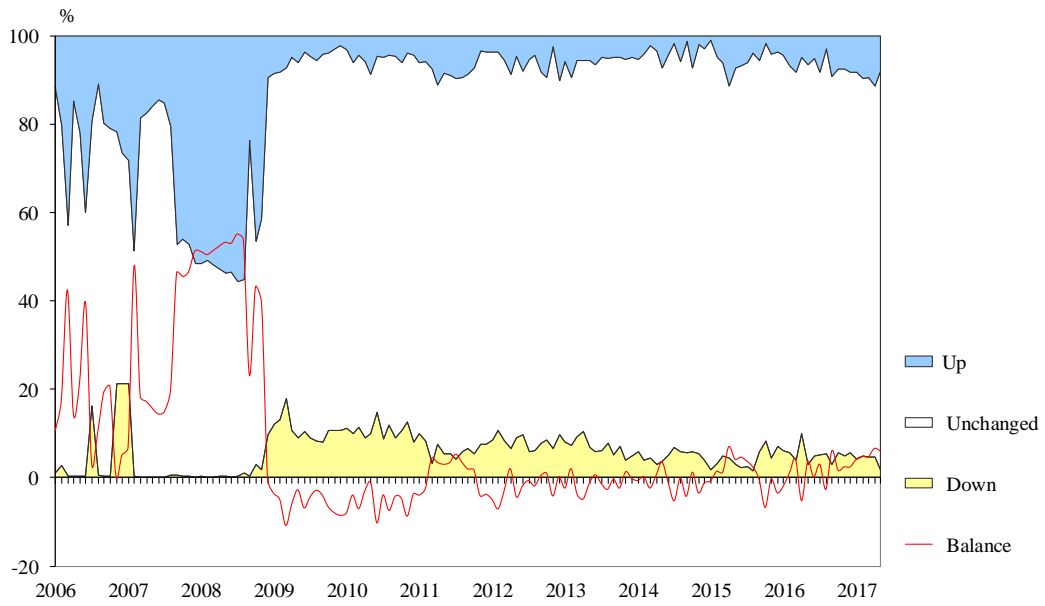


**Figure 8. Limits to construction activity (Relative share of enterprises)**

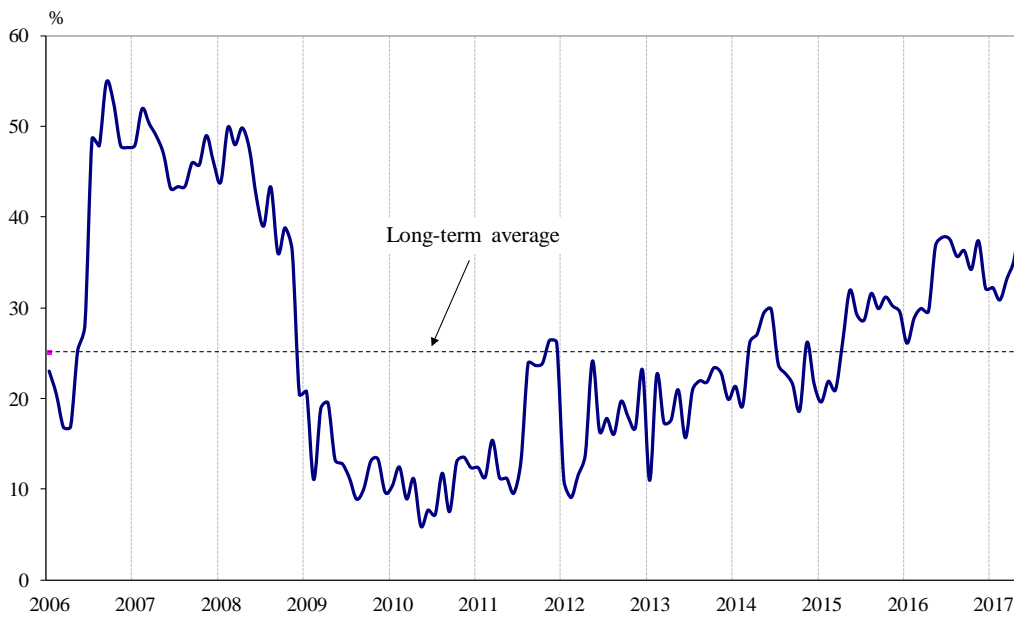




**Figure 9. Selling prices expectations in construction over the next 3 months**

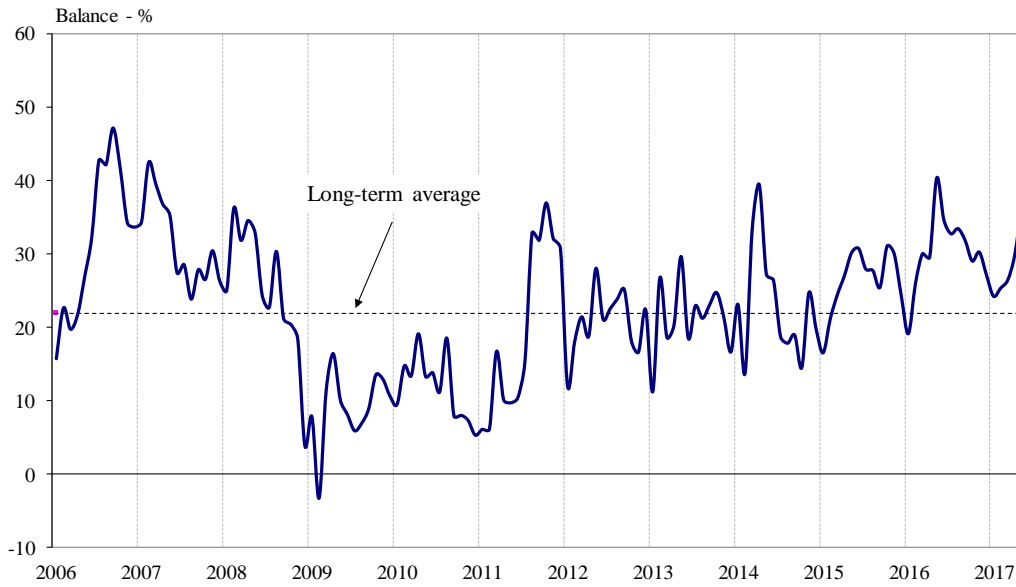


**Figure 10. Business climate in retail trade**

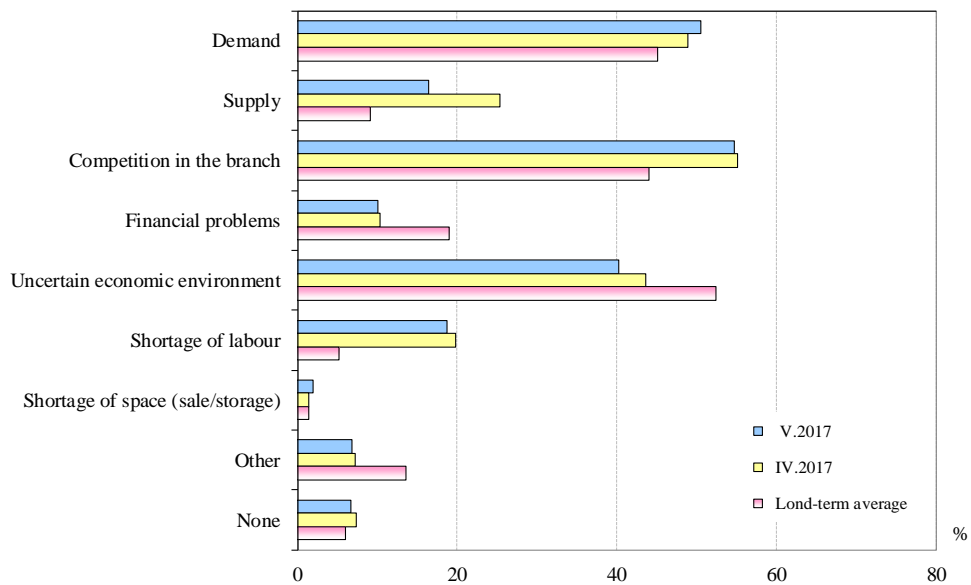




**Figure 11. Expected business situation in retail trade over the next 6 months**



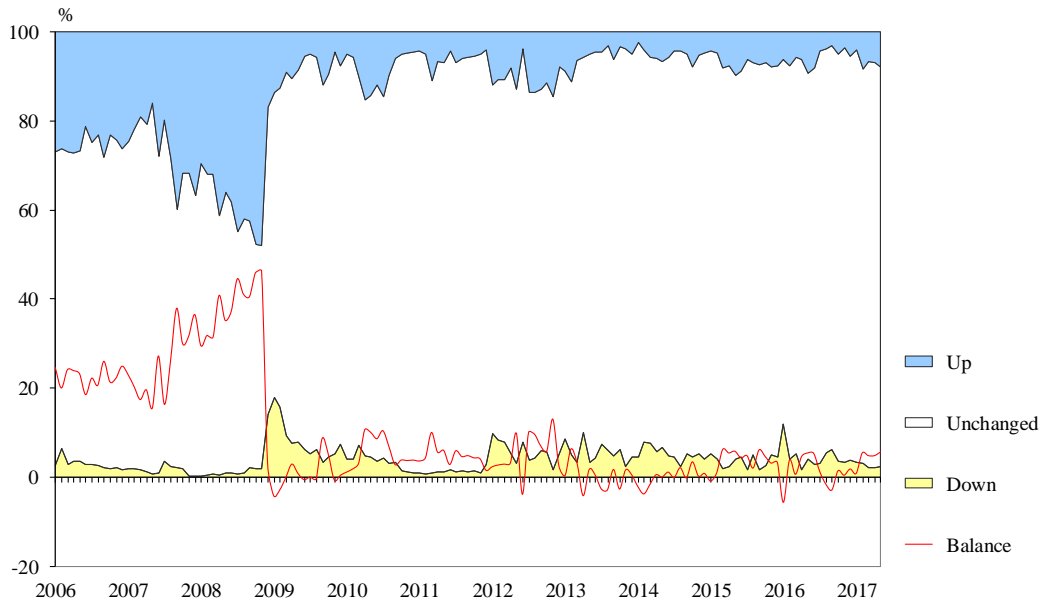
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



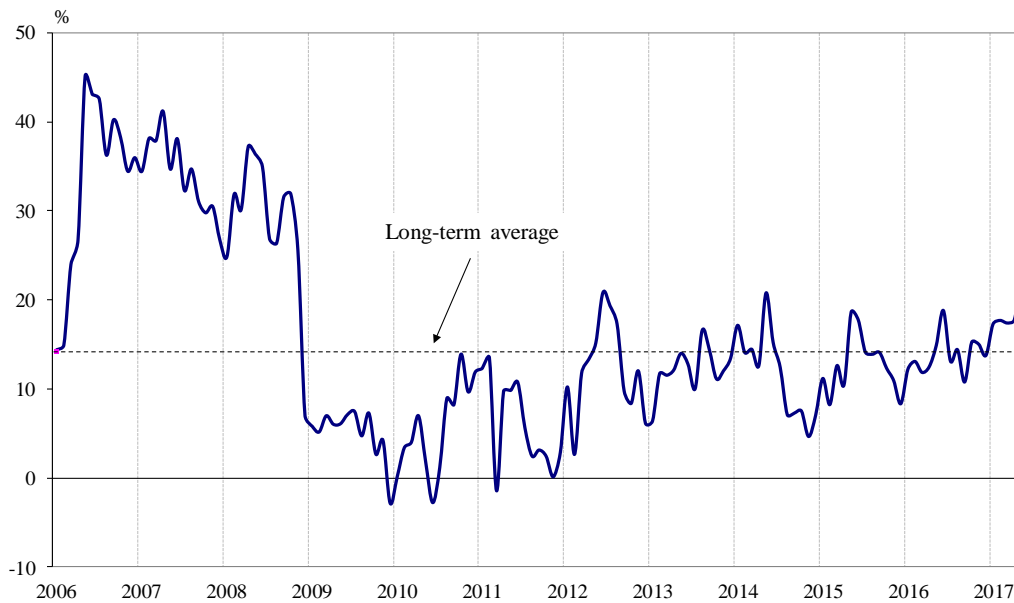




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

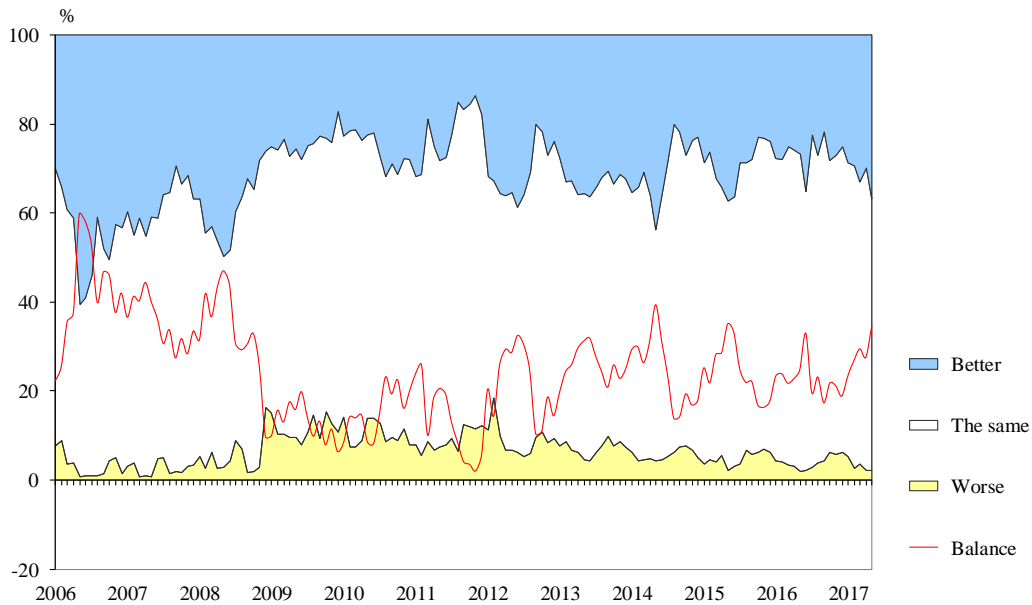


**Figure 14. Business climate in service sector**

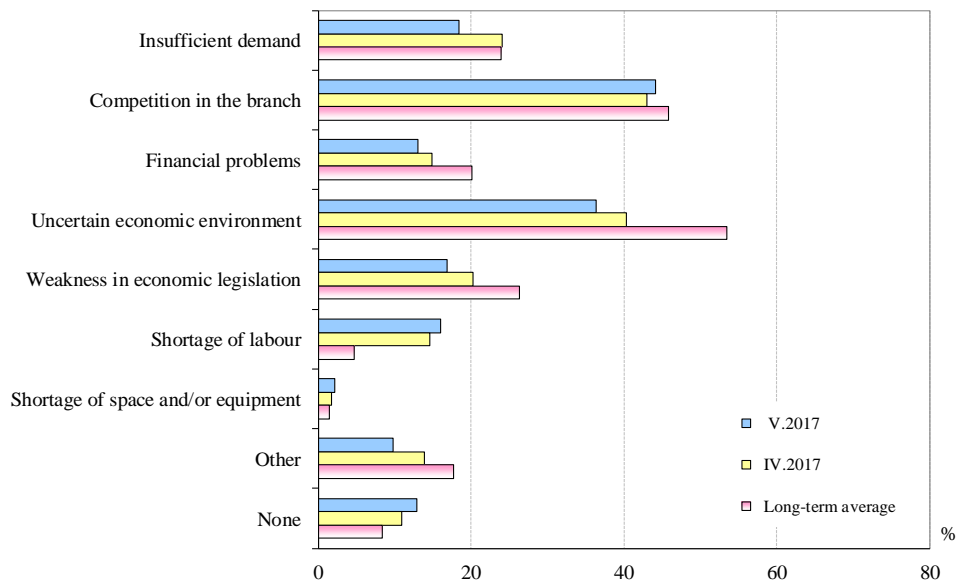




**Figure 15. Expected business situation in service sector over the next 6 months**



**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**

