



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

In August 2017, **the total business climate indicator**<sup>4</sup> increases by 0.5 percentage points compared to the previous month (Annex, Figure 1) as a result of the improved business climate in retail trade and service sector.

**Industry.** The composite indicator ‘business climate in industry’ decreases by 2.2 percentage points in comparison with July (Annex, Figure 2) which is due to the more reserved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. In their opinion, the present production activity is preserved, but their expectations about the activity over the next 3 months are more favourable (Annex, Figure 3).

The uncertain economic environment continues to be the main problem for the business development. In the second place is the factor ‘shortage of labour’ which negative impact strengthens in the last month (Annex, Figure 4).

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

**Construction.** In August, the composite indicator ‘business climate in construction’ preserves approximately its level from the previous month (Annex, Figure 6). The inquiry registers an improvement in the construction entrepreneurs’ assessments about the present business situation of the enterprises, while their expectations over the next 6 months are slight worsened (Annex, Figure 7).

The main factors limiting the enterprises remain the uncertain economic environment and competition in the branch. At the same time in the last month strengthen the unfavourable influence of the factor ‘shortage of labour’ is reported (Annex, Figure 8).

The managers do not foresee a change in the selling prices in construction 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 4.5 percentage points compared to July (Annex, Figure 10) which is due to the improved retailers’ assessments and expectations (Annex, Figure 11) about the business situation of the enterprises. Their forecasts about the orders places whit suppliers from both domestic and foreign market over the next 3 months are also optimistic.

The competition in the branch, uncertain economic environment and insufficient demand continue to be the main obstacles for the development of the activity (Annex, Figure 12).

As regards the selling prices, the majority of the retailers expect them to remain unchanged over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In August the composite indicator ‘business climate in service sector’ increases by 1.9 percentage points (Annex, Figure 14) as result of the improved managers’ assessments and expectations about the business situation of the enterprises. However, their forecasts concerning the demand for services over the next 3 months are more unfavourable (Annex, Figure 15).

The most serious difficulties for the business remain to be connected with the competition in the branch and uncertain economic environment (Annex, Figure 16).

Concerning the selling prices in the sector, managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 17).

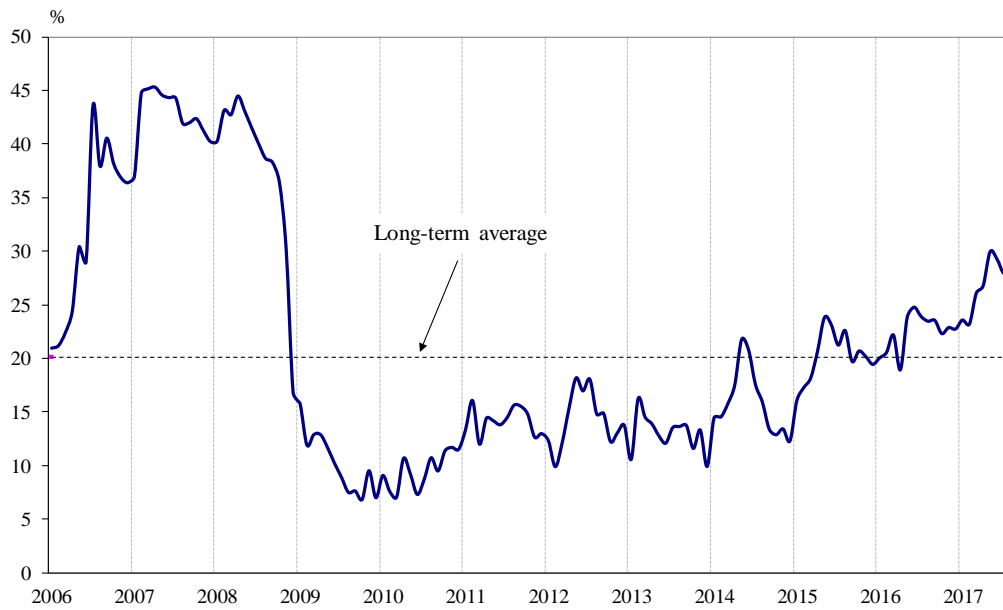
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<sup>1</sup> Excl. trade.

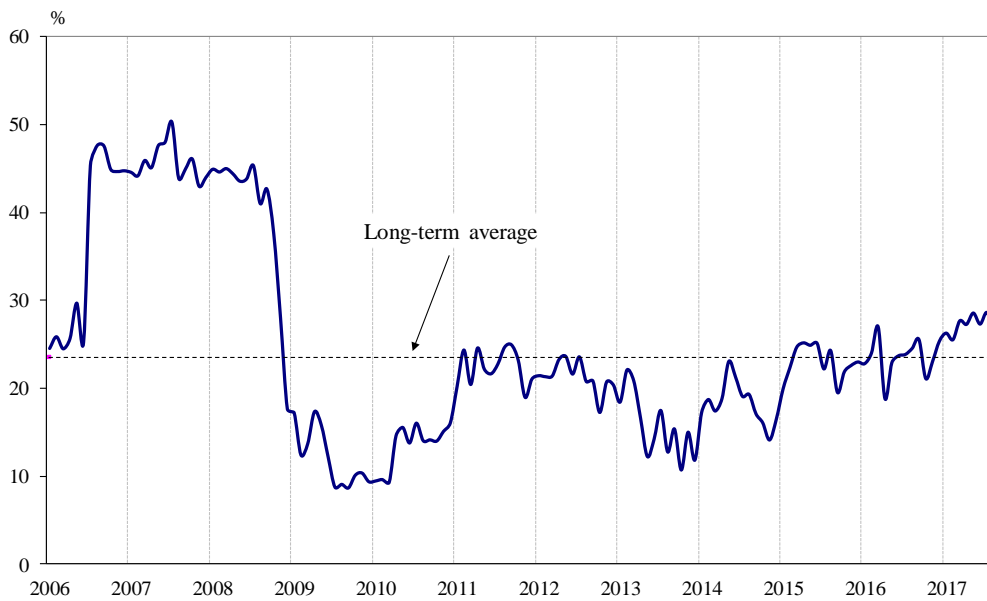


**Annex**

**Figure 1. Business climate - total**

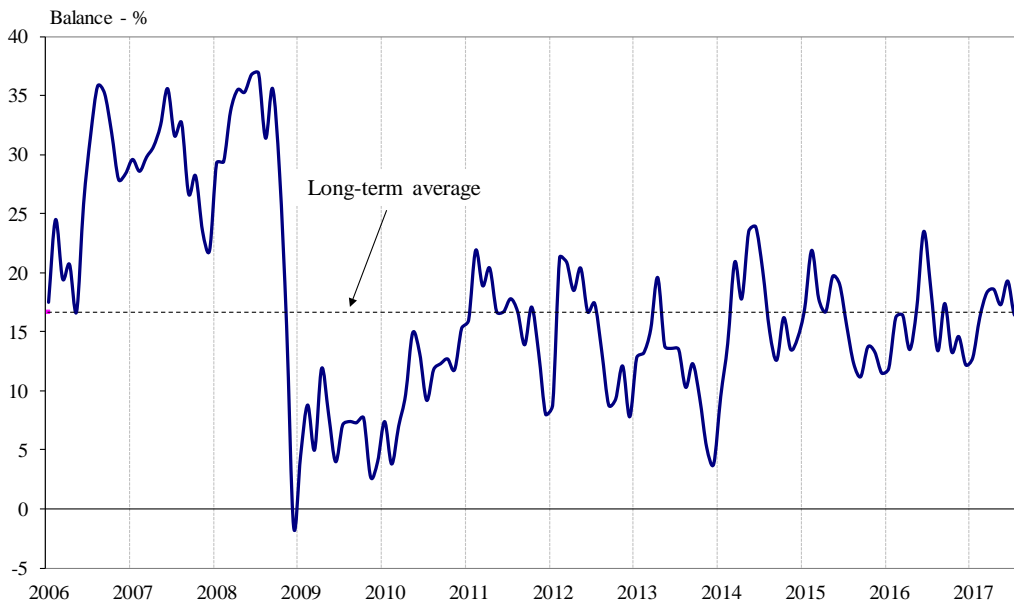


**Figure 2. Business climate in industry**

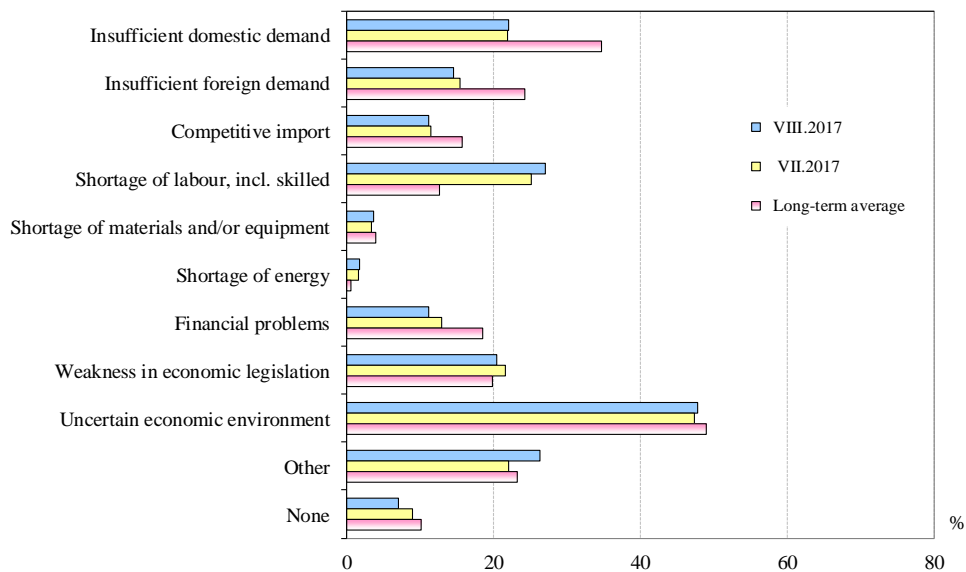




**Figure 3. Expected production activity in industry over the next 3 months**

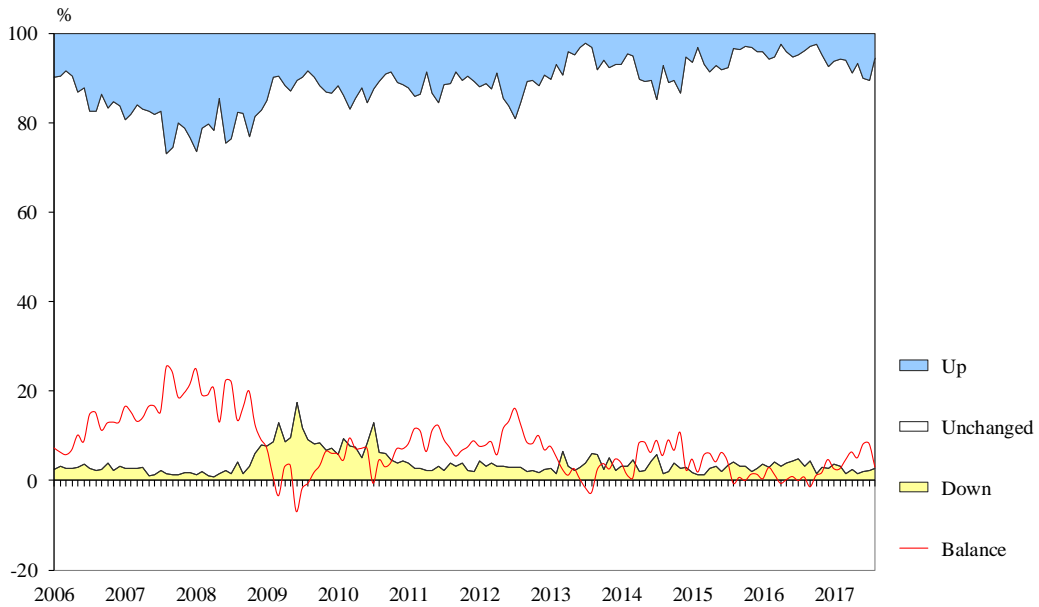


**Figure 4. Limits to production in industry (Relative share of enterprises)**

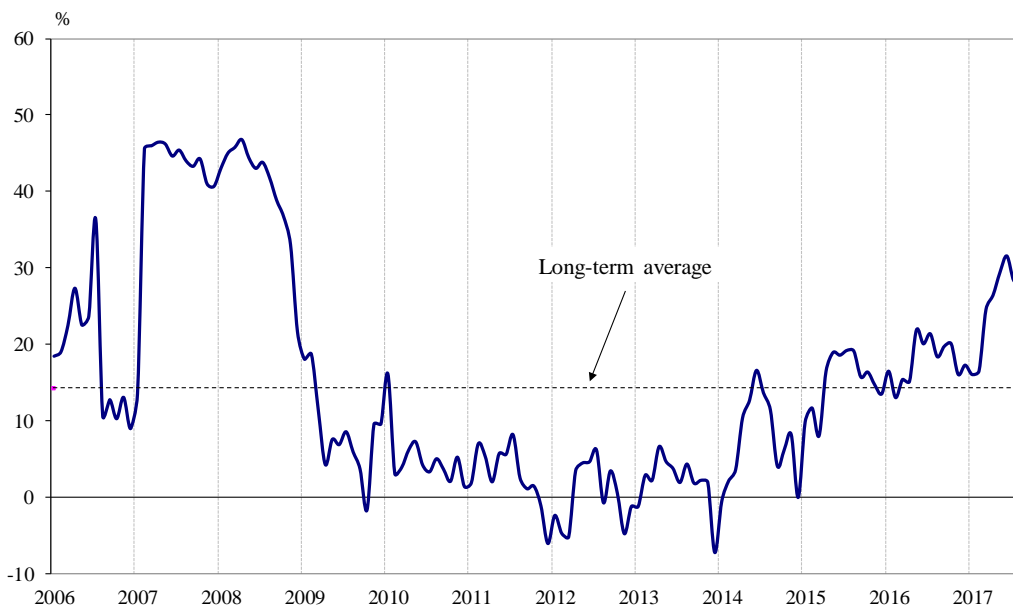




**Figure 5. Selling prices expectations in industry over the next 3 months**

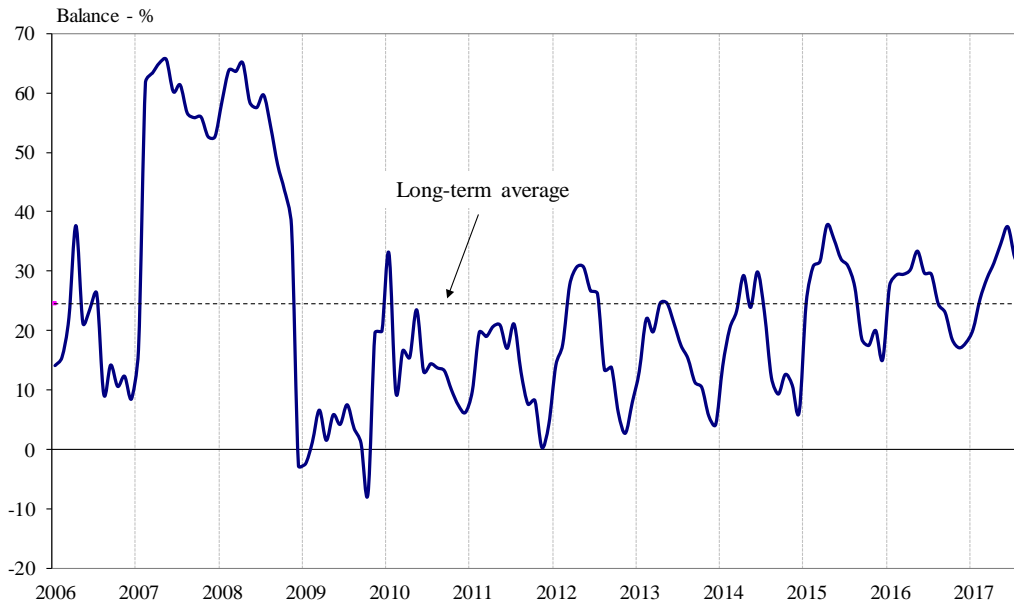


**Figure 6. Business climate in construction**

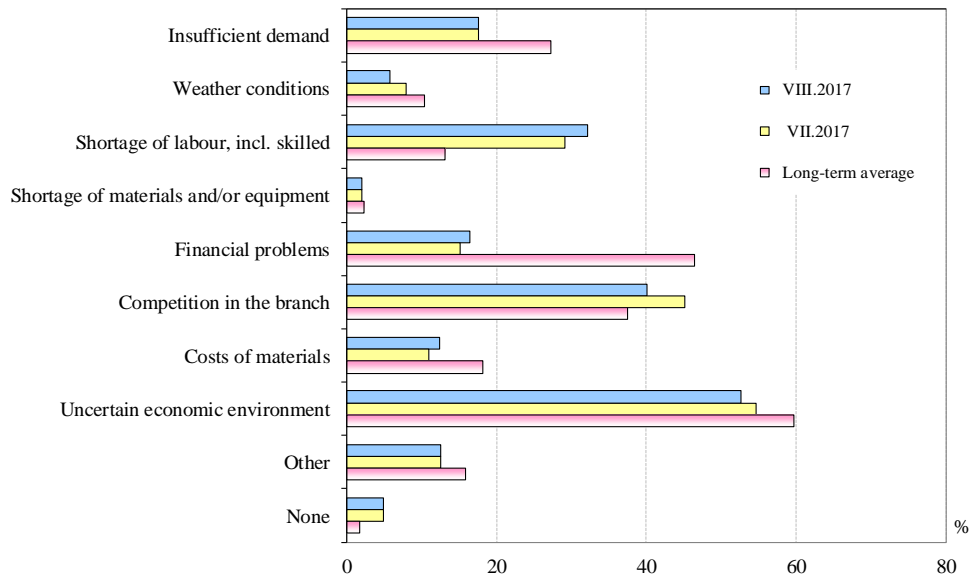




**Figure 7. Expected business situation in construction over the next 6 months**

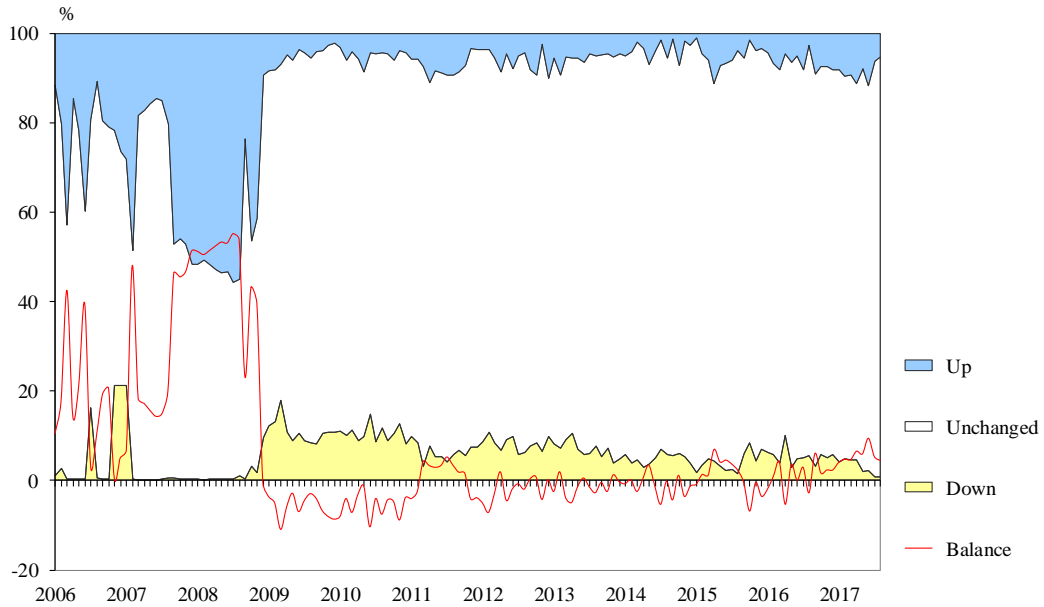


**Figure 8. Limits to construction activity (Relative share of enterprises)**

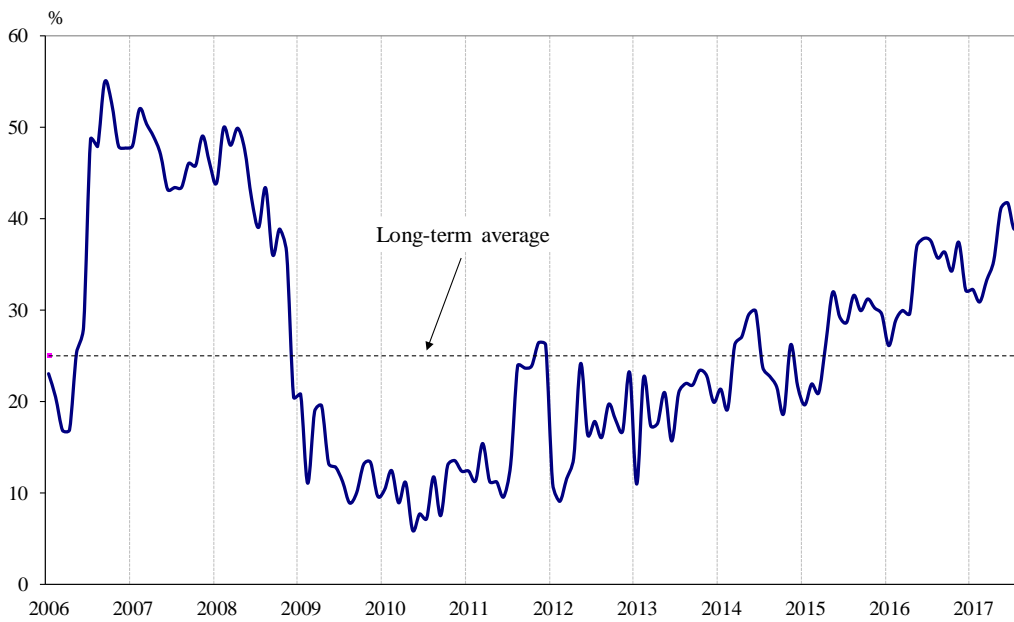




**Figure 9. Selling prices expectations in construction over the next 3 months**

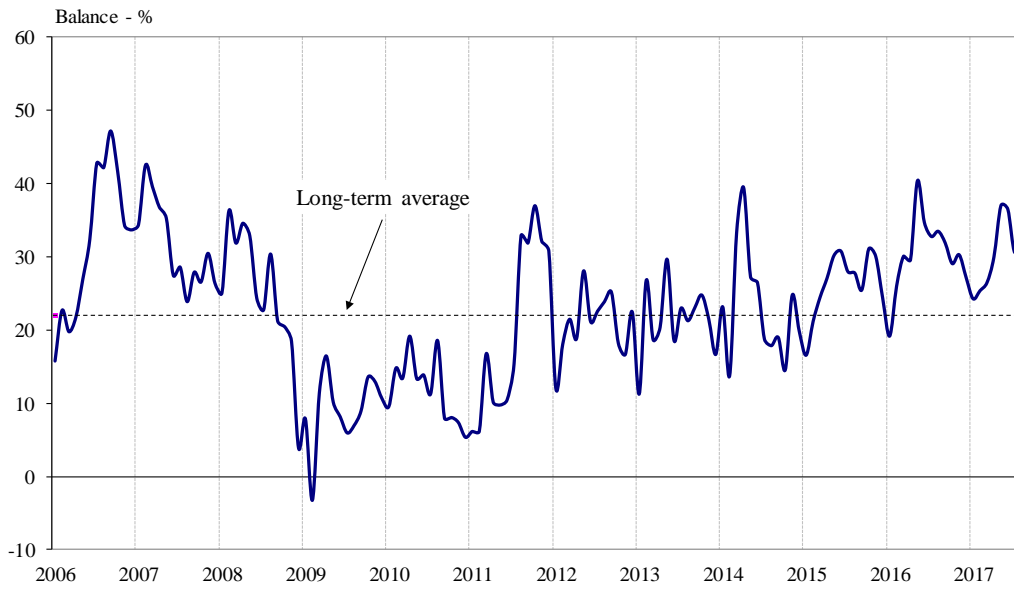


**Figure 10. Business climate in retail trade**

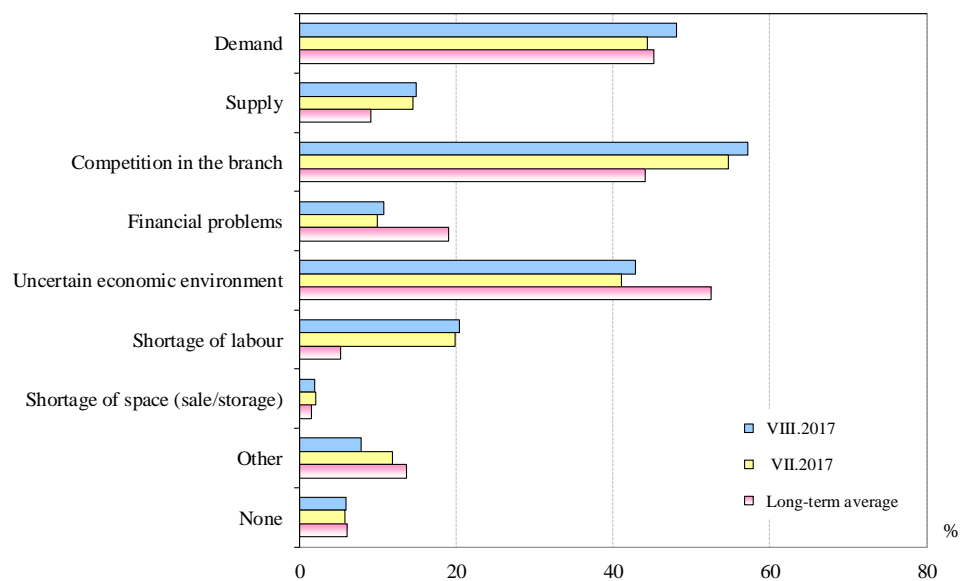




**Figure 11. Expected business situation in retail trade over the next 6 months**



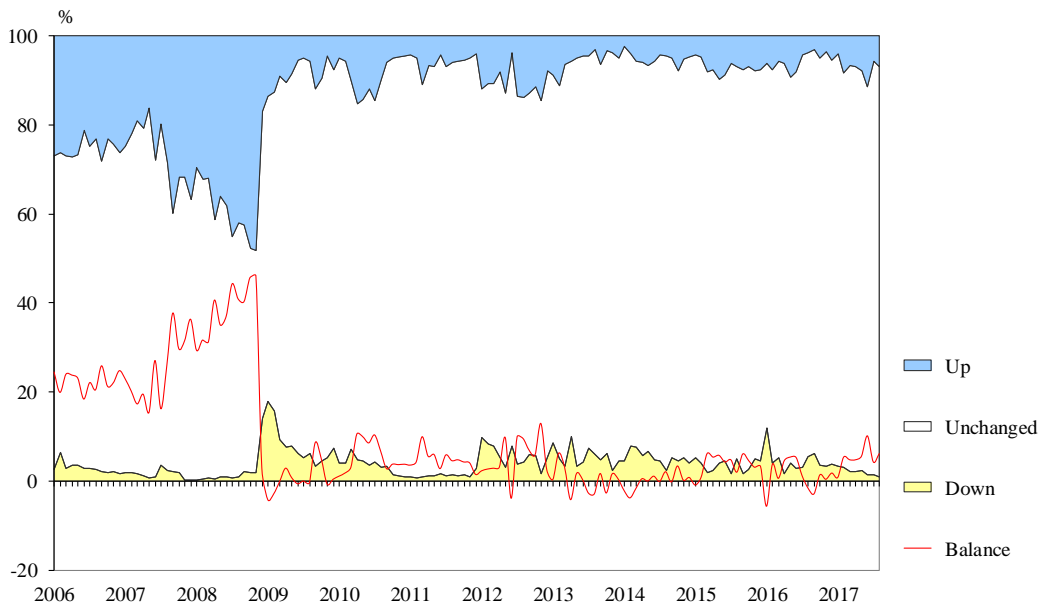
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



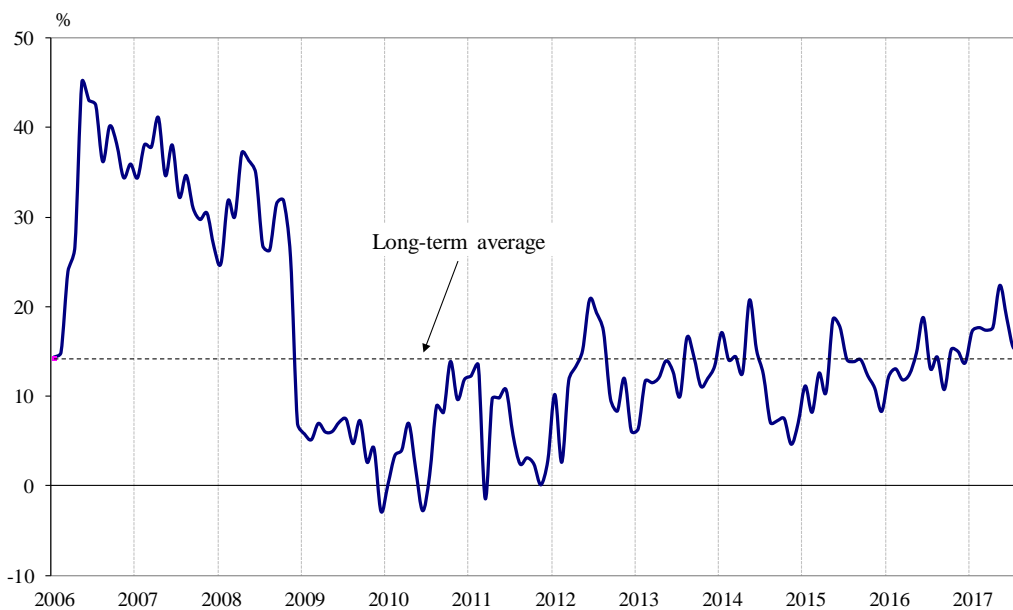




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

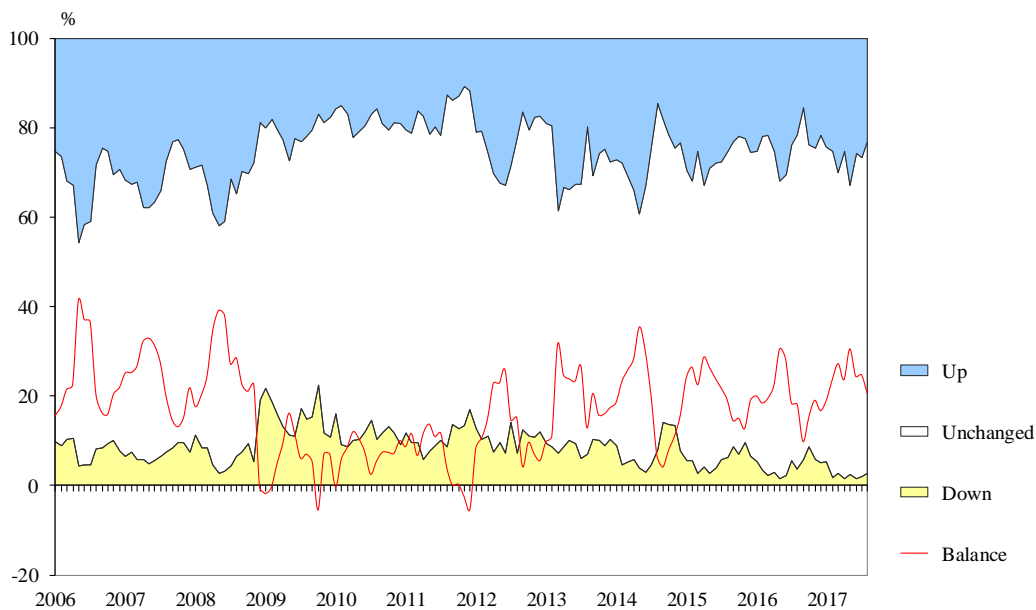


**Figure 14. Business climate in service sector**

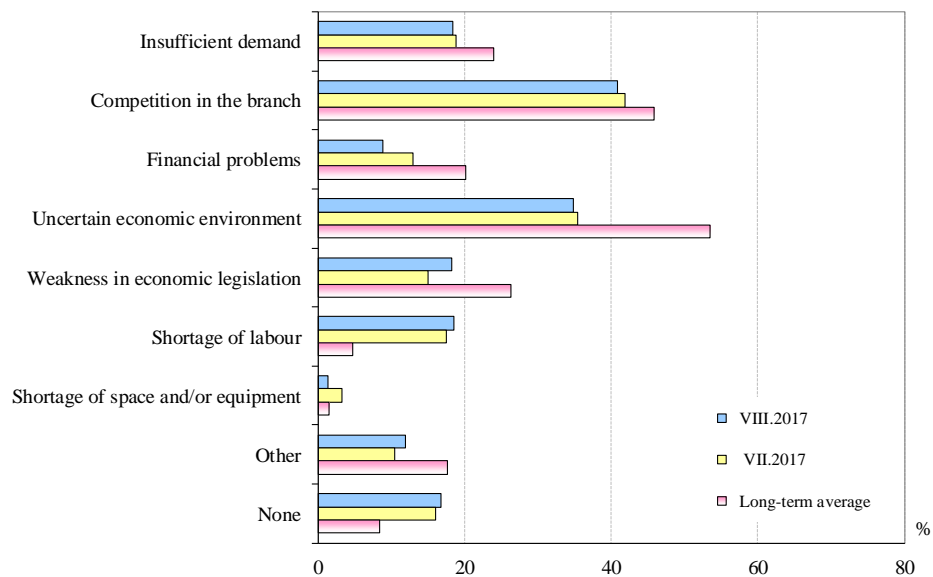




**Figure 15. Expected demand in service sector over the next 3 months**



**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**

