



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, APRIL 2018

In April 2018, the **total business climate indicator**⁴ increases by 2.8 percentage points in comparison with the previous month (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 0.7 percentage points (Annex, Figure 2) which is due to the optimistic industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. At the same time, their forecasts about the export and the production activity over the next 3 months are more favourable (Annex, Figure 3).

In period January - April 2018 the surplus power is increased, and the average capacity in industry is assessed to 73.7%, which is by 3.1 percentage points below its January level.

The uncertain economic environment and the shortage of labour remain the main problems for the business development as the last inquiry registered strengthen of their negative influence (Annex, Figure 4).

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

Construction. In April the composite indicator 'business climate in construction' increases by 5.1 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 7). In their opinion, the present construction activity is increased, as their forecasts about the next 3 months remain favourable.

The production assurance with orders is preserved compared to January and it is assessed to be 7.0 months. At the same time, the expectations about the new orders over the next 6 months are improved. (Annex, Figure 8).

The main factors, limiting the activity in the sector continue to be connected with the uncertain economic environment, competition in the branch and shortage of labour (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.



Concerning the selling prices in construction, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 0.5 percentage points (Annex, Figure 11) which is due to the improved retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 12). Their forecasts about the orders places with suppliers from both domestic and foreign market over the next 3 months are also more favourable.

The most serious difficulties for the business remain the insufficient demand, competition in the branch and uncertain economic environment, as in the last month a decrease of the negative influence of the first two factors is observed (Annex, Figure 13).

As regards the selling prices, the prevailing retailers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 14).

Service sector¹. In April the composite indicator ‘business climate in service sector’ increases by 7.1 percentage points (Annex, Figure 15) as a result of the optimistic managers’ assessments and expectations about the business situation of the enterprises. Their opinions about the present and expected demand for services are also improved (Annex, Figure 16).

The competition in the branch and uncertain economic environment continue to be the main obstacles for the activity in the sector (Annex, Figure 17).

Concerning the selling prices, the managers do not expect a change over the next 3 months (Annex, Figure 18).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

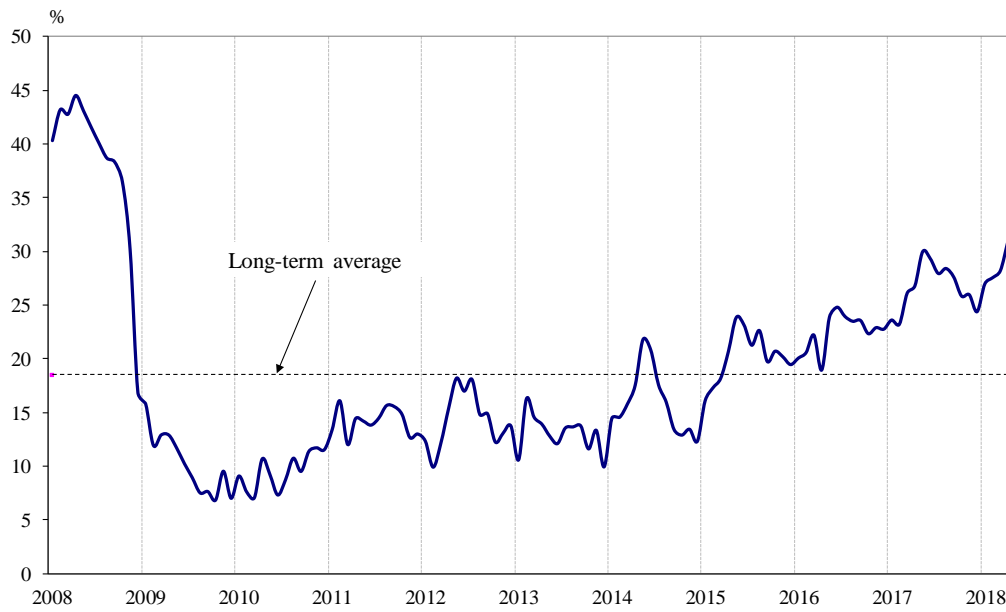


Figure 2. Business climate in industry

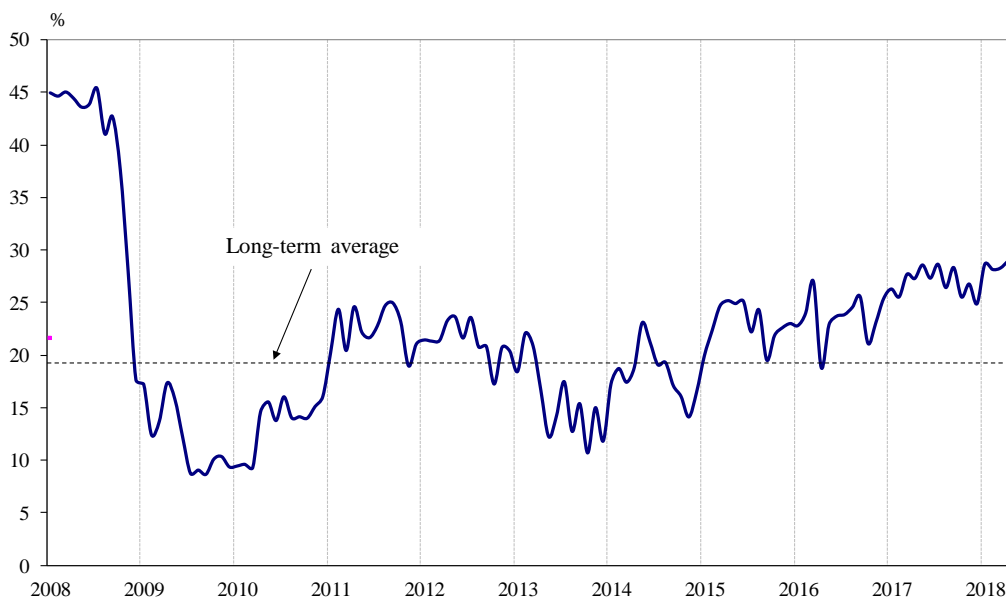




Figure 3. Expected production activity in industry over the next 3 months

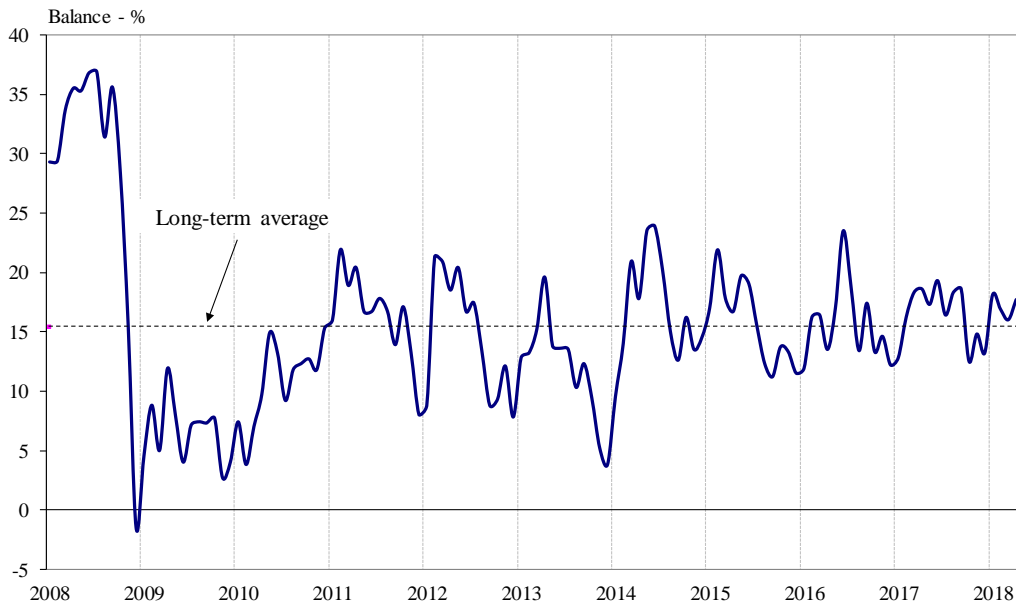


Figure 4. Limits to production in industry (Relative share of enterprises)

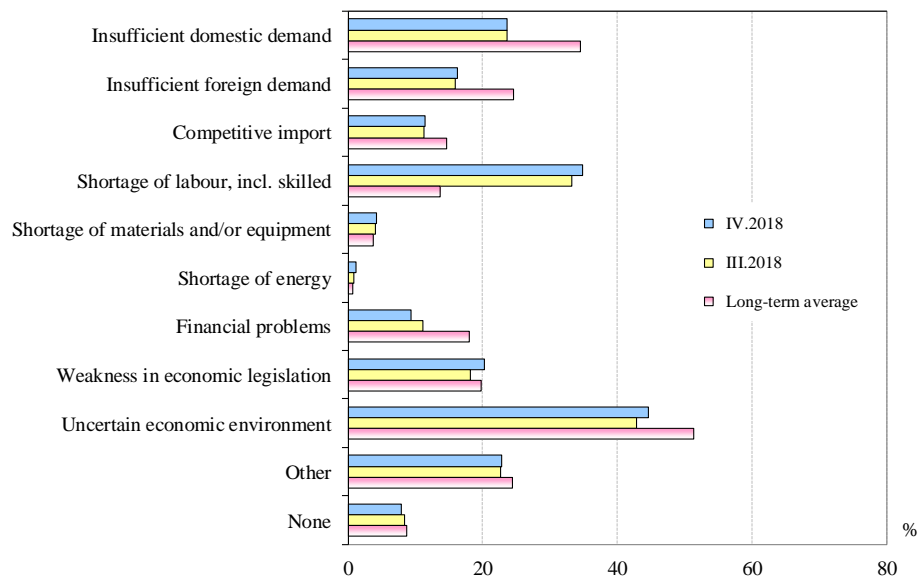




Figure 5. Selling prices expectations in industry over the next 3 months

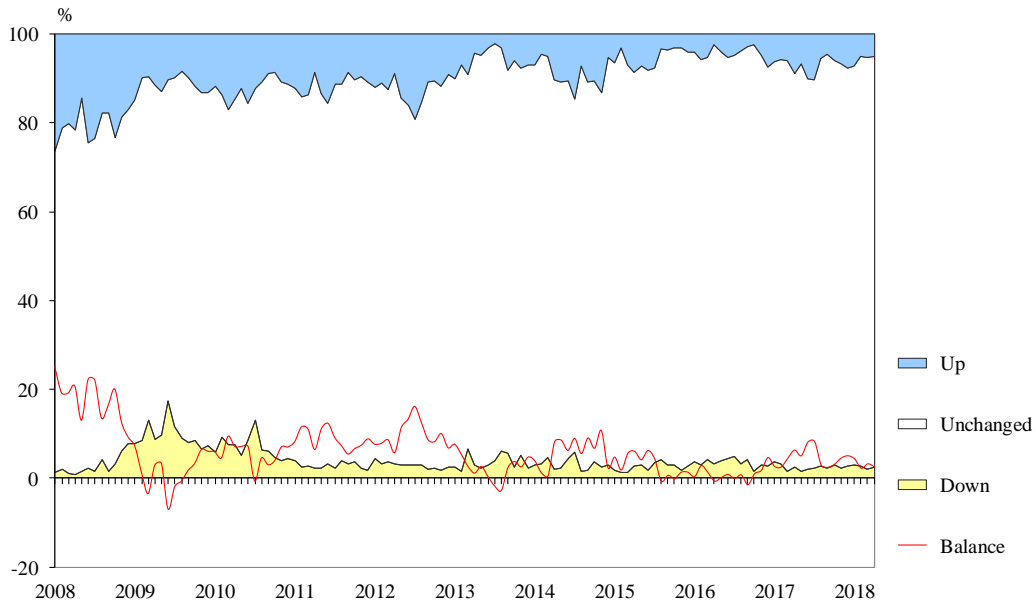


Figure 6. Business climate in construction

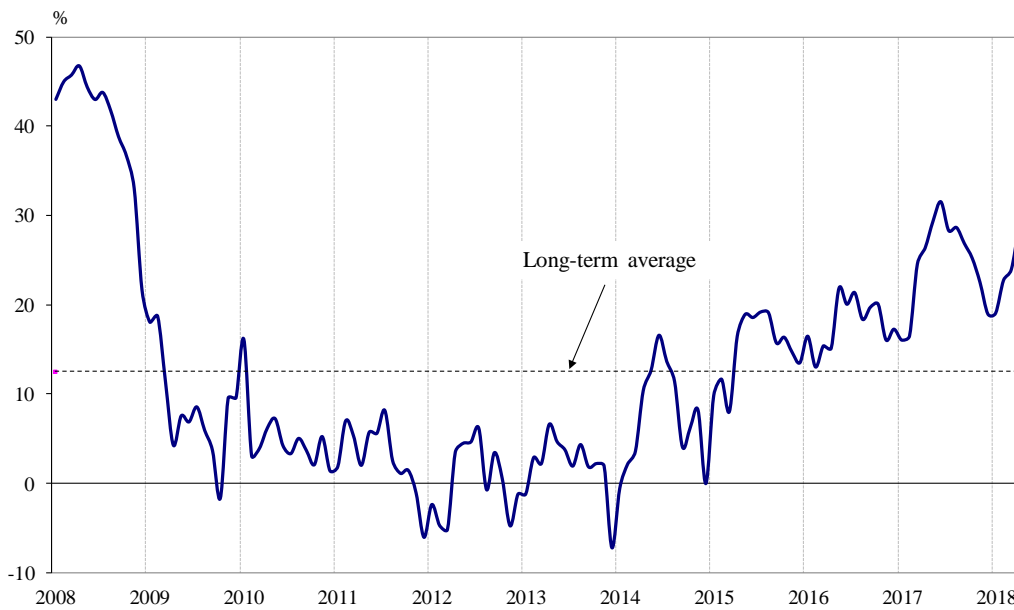




Figure 7. Expected business situation in construction over the next 6 months

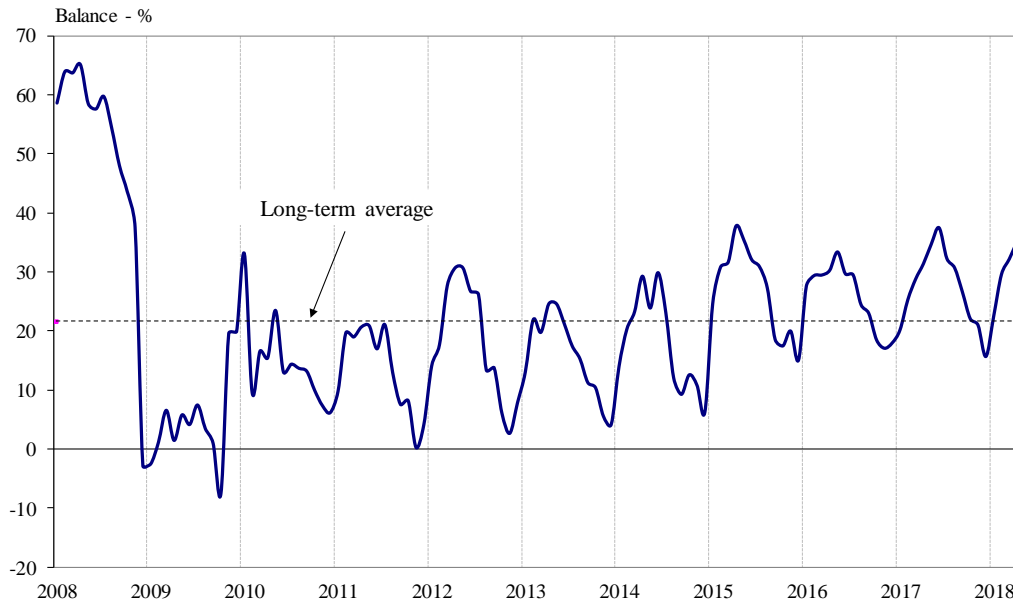
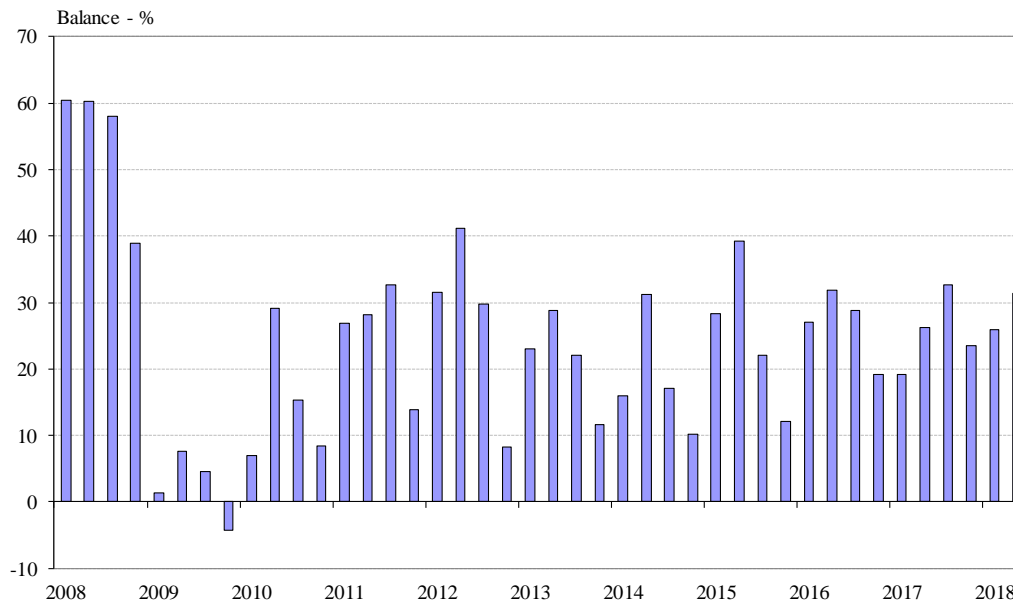
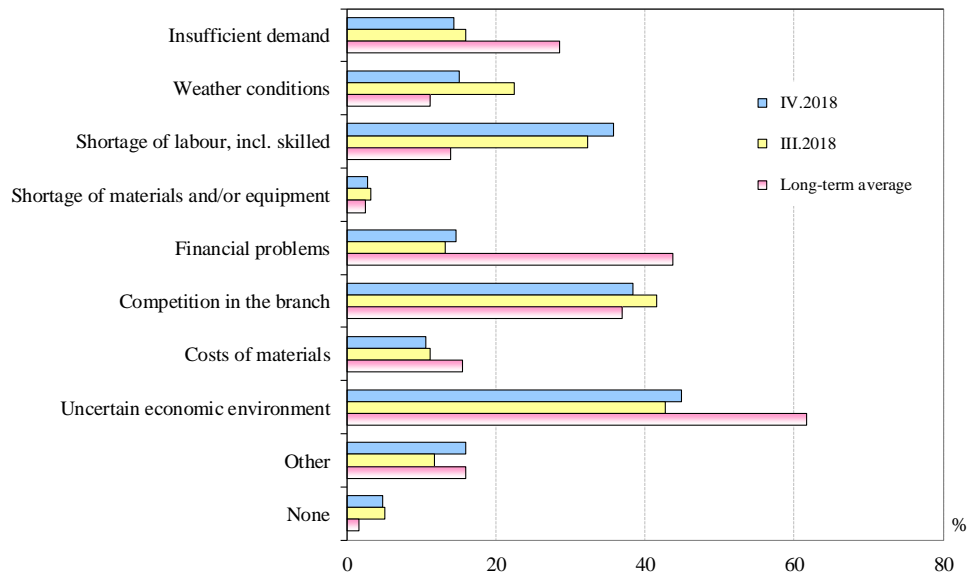


Figure 8. New orders expectations in construction over the next 6 months





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



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

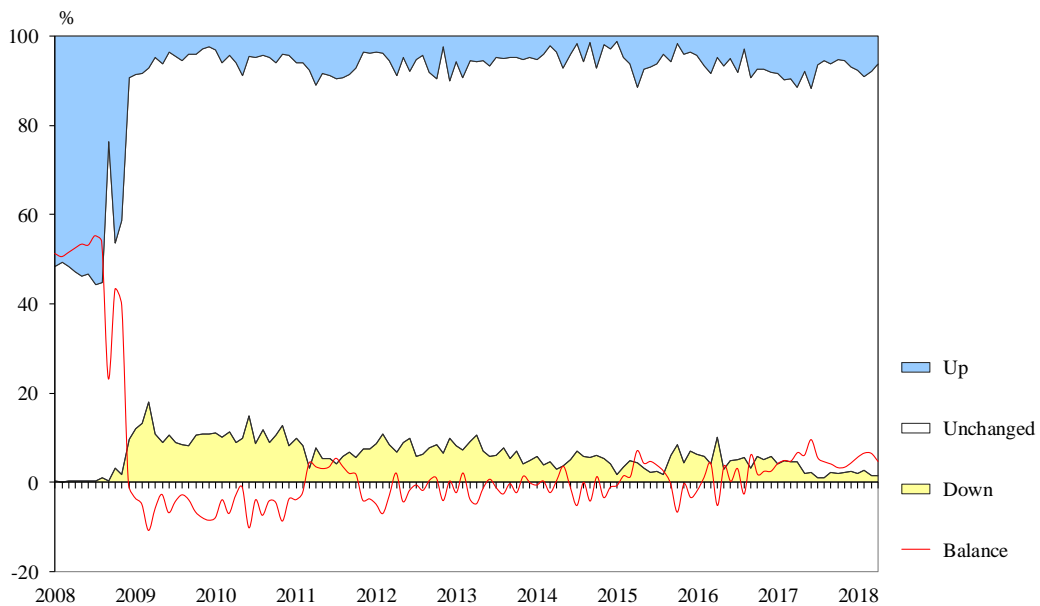




Figure 11. Business climate in retail trade

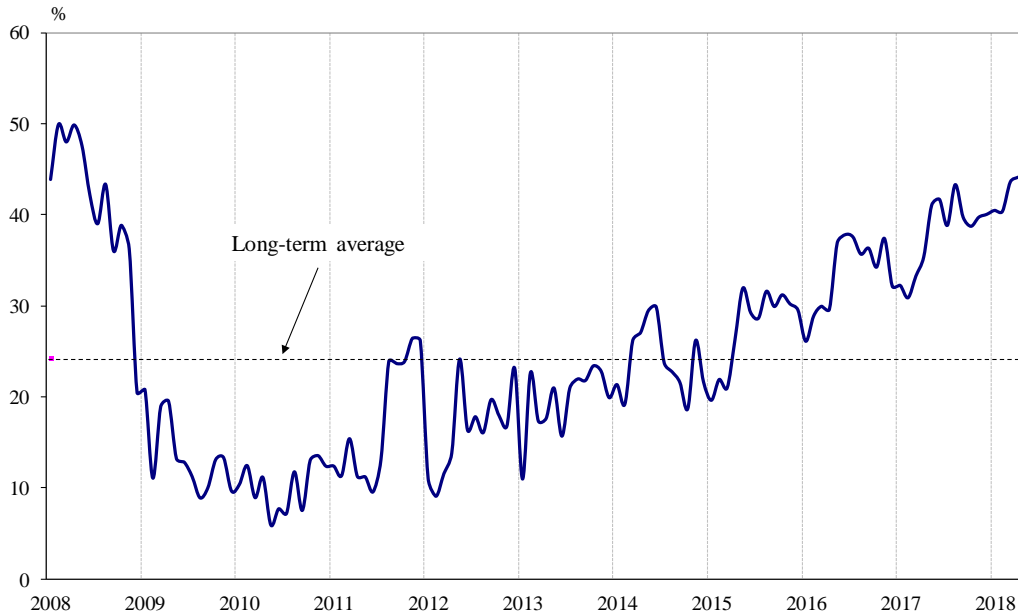


Figure 12. Expected business situation in retail trade over the next 6 months

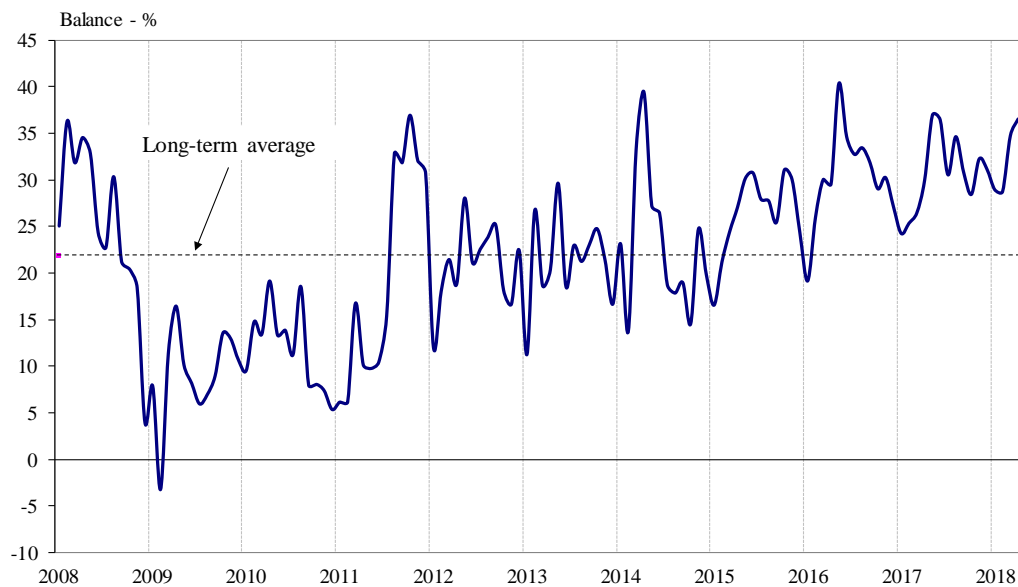




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

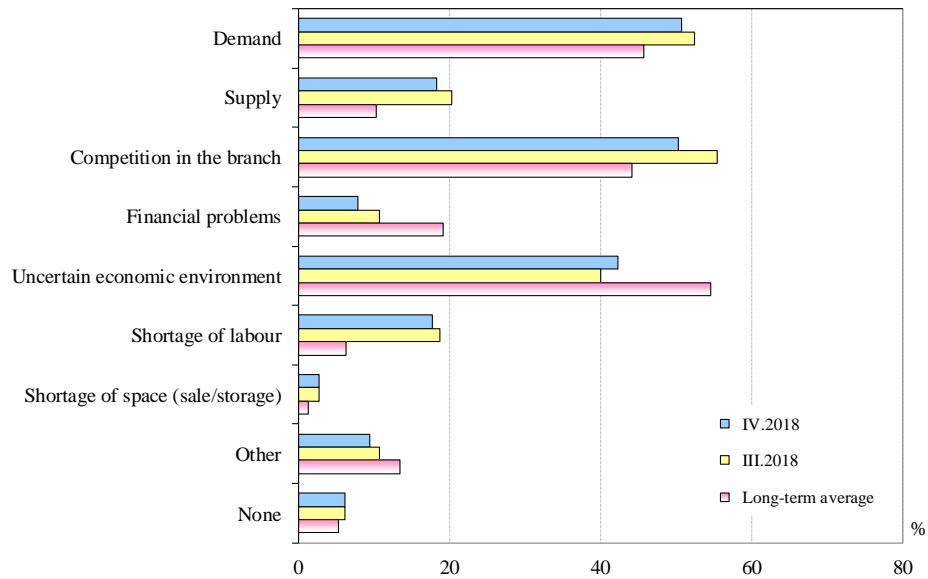


Figure 14. Selling prices expectations in retail trade over the next 3 months

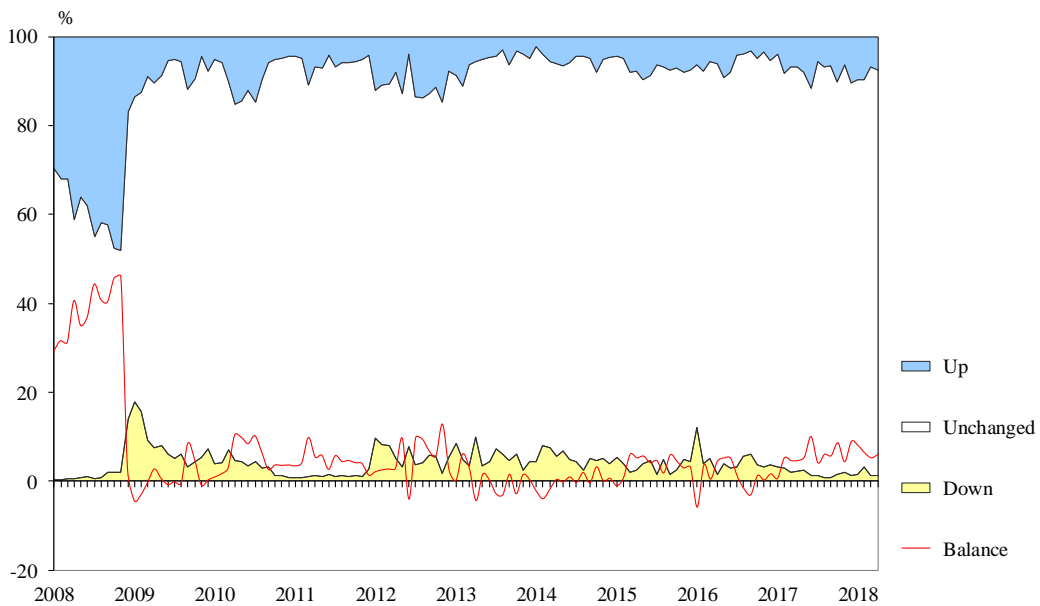




Figure 15. Business climate in service sector

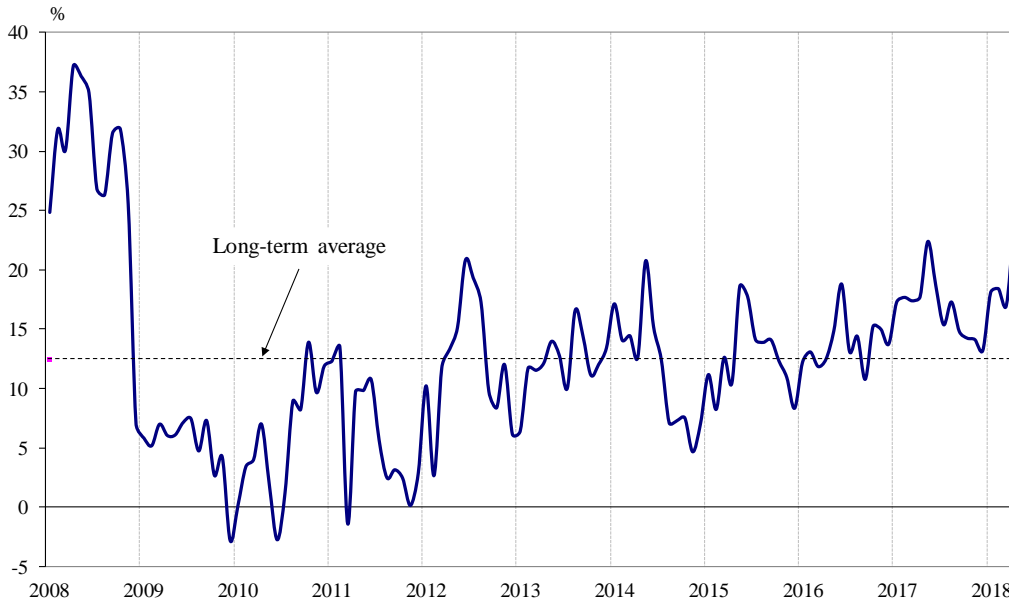
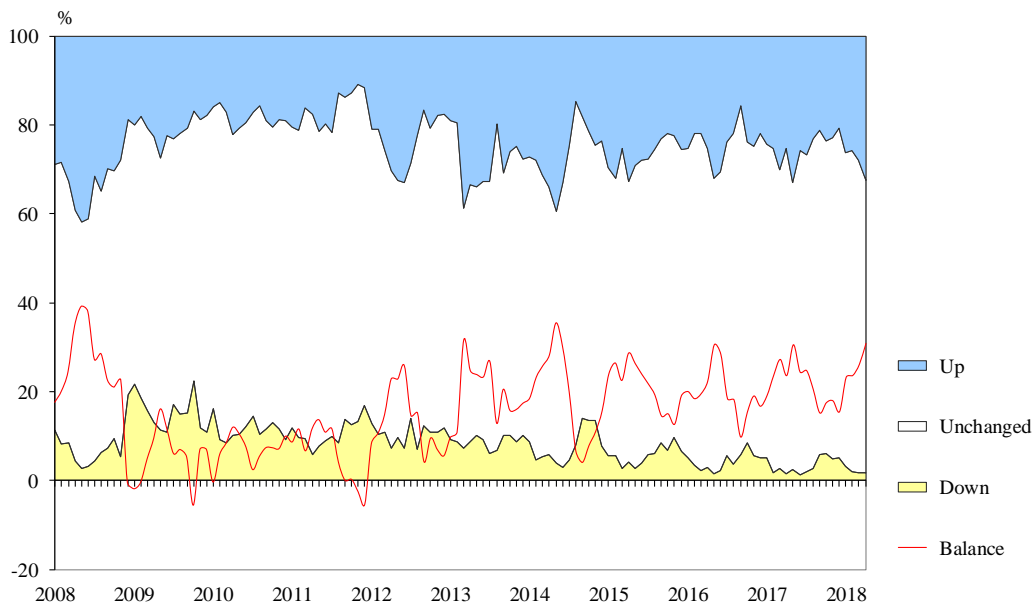
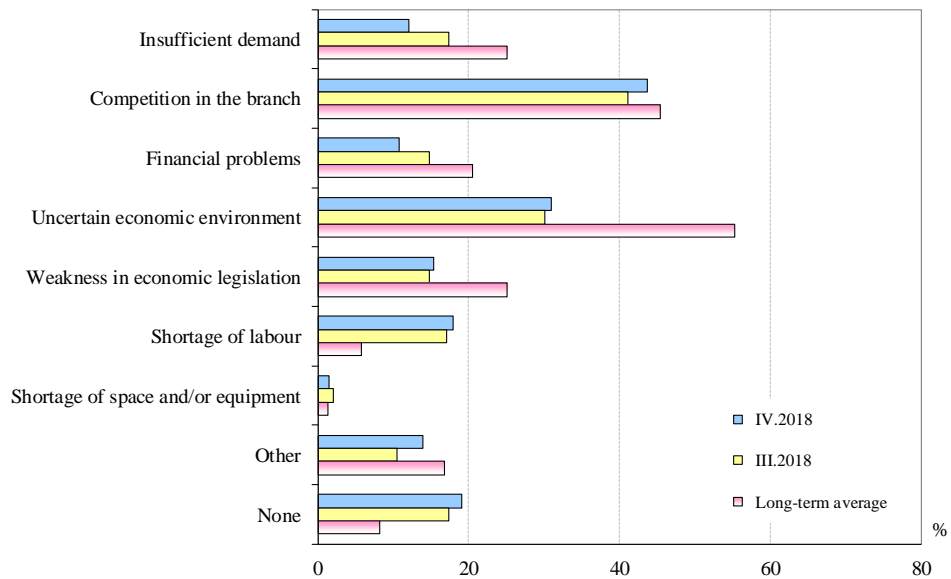


Figure 16. Expected demand in service sector over the next 3 months





**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**

