



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

In July 2018, the **total business climate indicator**⁴ remains approximately to its level from the previous month (Annex, Figure 1). An improvement of the business conjuncture is registered in construction, retail trade and service sector. Only in industry, a reduction is observed.

Industry. The composite indicator ‘business climate in industry’ decreases by 2.2 percentage points (Annex, Figure 2) as a result of the shifting of the industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises from ‘better’ towards preserving ‘the same’. At the same time, the inquiry registers also unfavourable expectations about the export and production activity over the next 3 months (Annex, Figure 3).

The average capacity utilization from April to July increases by 2.3 percentage points and it reaches 76.0%, as regards the expected demand over the next months a surplus of capacity is foreseen.

The main factors, limiting the enterprises continue to be connected with the uncertain economic environment and shortage of labour (Annex, Figure 4).

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

Construction. In July the composite indicator ‘business climate in construction’ increases by 1.6 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). In their opinion, the present production assurance with orders is improved, while their forecasts about the activity over the next 3 months are reserved. At the same time, the expectations about new orders over the next 6 months are more unfavourable (Annex, Figure 8).

The uncertain economic environment, shortage of labour and competition in the branch remain the most serious problems for the activity of the enterprises (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.



As regards the selling prices in construction, the managers foresee preservation of their level over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 0.7 percentage points (Annex, Figure 11) as a result of slightly improved retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 12). Their opinions about the volume of sales over the last 3 months are improved, as their expectations over the next 3 months remain favourable.

The most serious difficulties for the business continue to be connected with the competition in the branch, insufficient demand and uncertain economic environment, as in the last month strengthen of their negative impact is observed (Annex, Figure 13).

Concerning the selling prices, the majority of the retailers do not expect a change over the next 3 months (Annex, Figure 14).

Service sector¹. In July the composite indicator ‘business climate in service sector’ increases by 1.3 percentage points (Annex, Figure 15) which is due to the optimistic managers’ assessments about the present business situation of the enterprises. However, their opinions about the present and expected demand for services (Annex, Figure 16) are more reserved.

The competition in the branch and uncertain economic environment remain the main obstacles for the activity in the sector, as in the last month strengthen of the unfavourable influence of the second factor is reported (Annex, Figure 17).

As regards the selling prices in the service sector, the managers foresee preservation of their level over the next 3 months (Annex, Figure 18).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

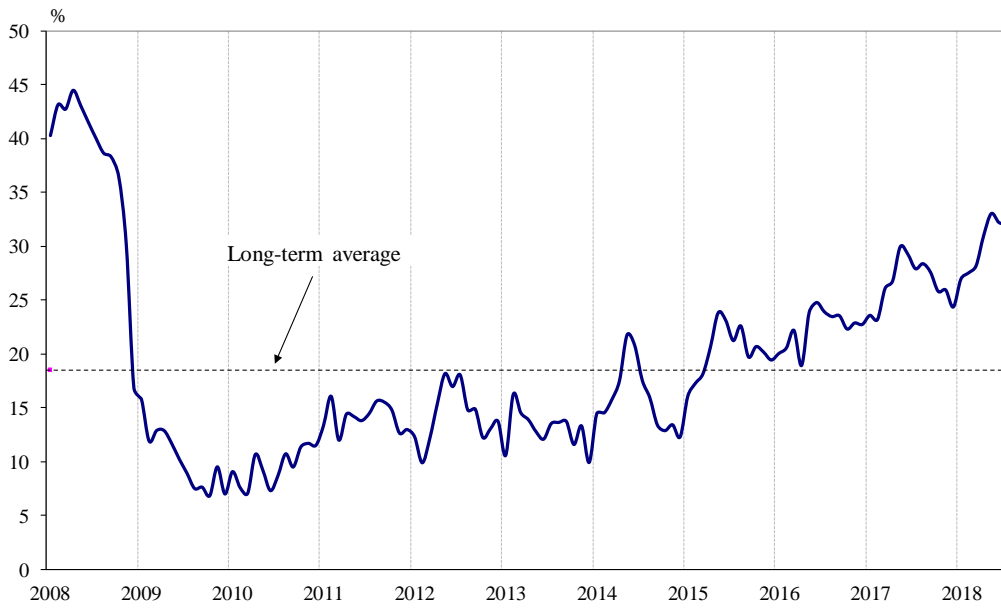


Figure 2. Business climate in industry

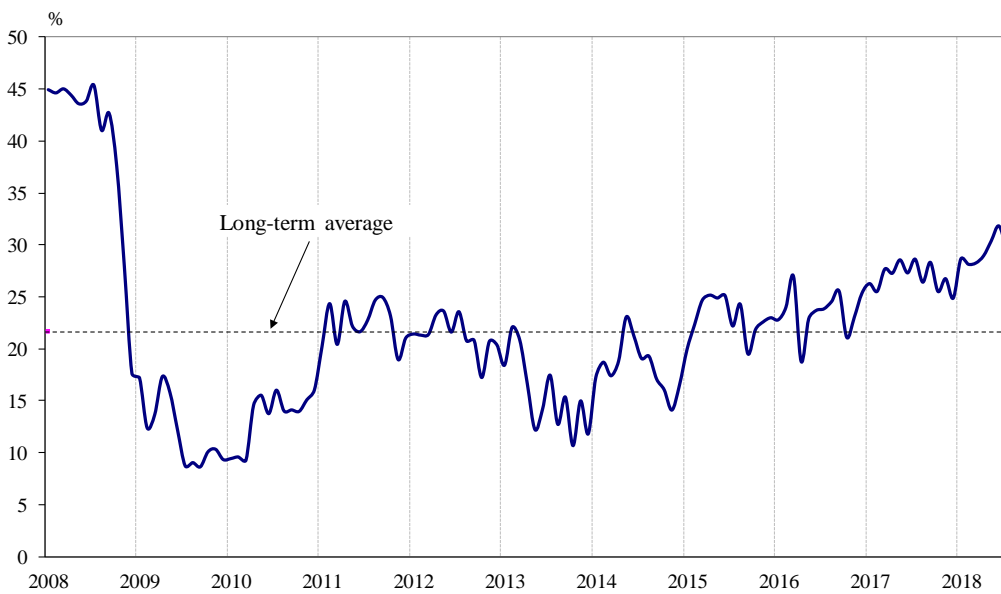




Figure 3. Expected production activity in industry over the next 3 months

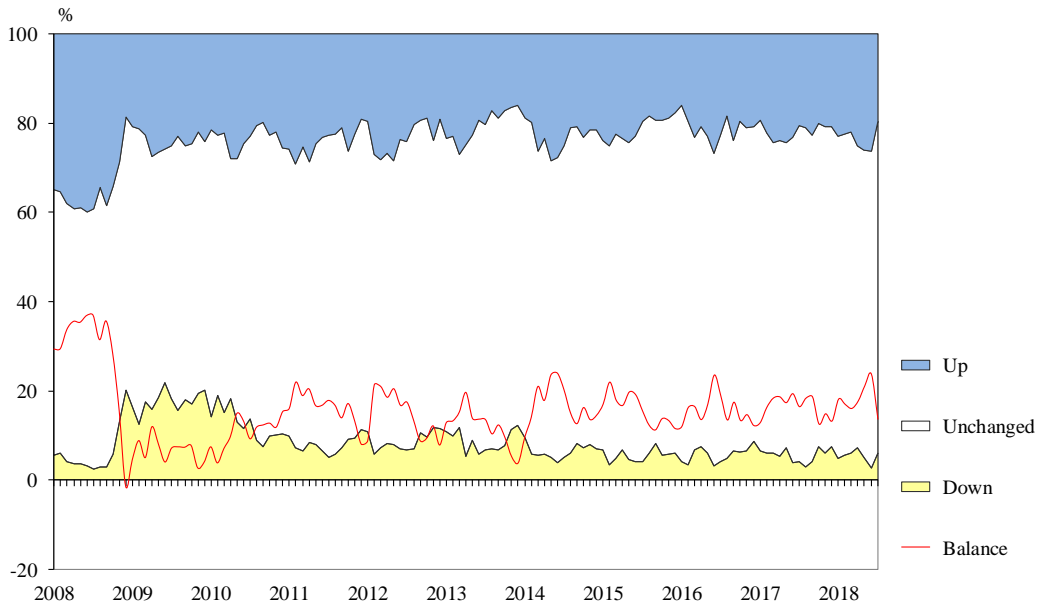


Figure 4. Limits to production in industry (Relative share of enterprises)

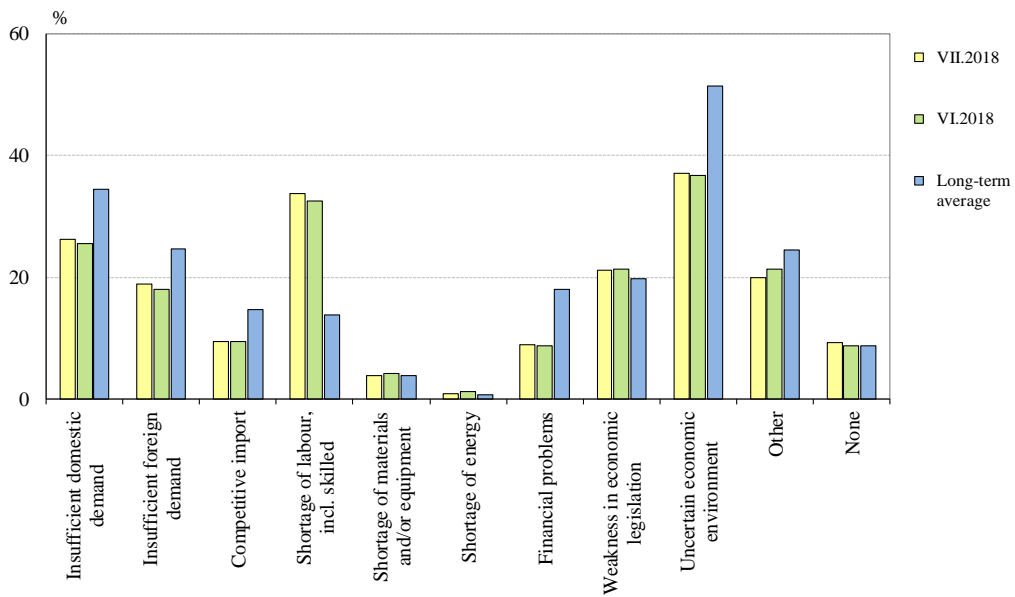




Figure 5. Selling prices expectations in industry over the next 3 months

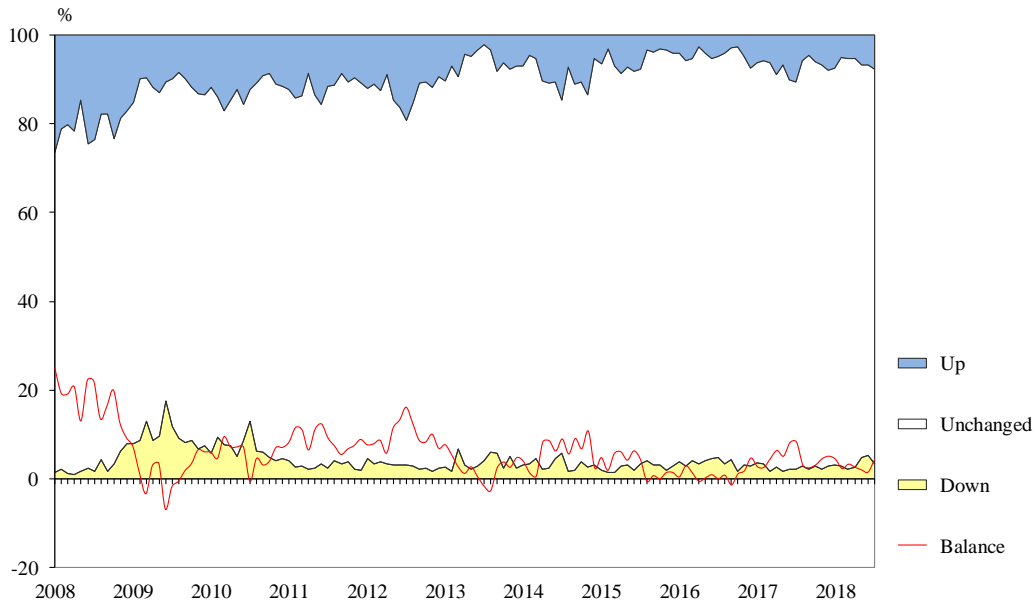


Figure 6. Business climate in construction

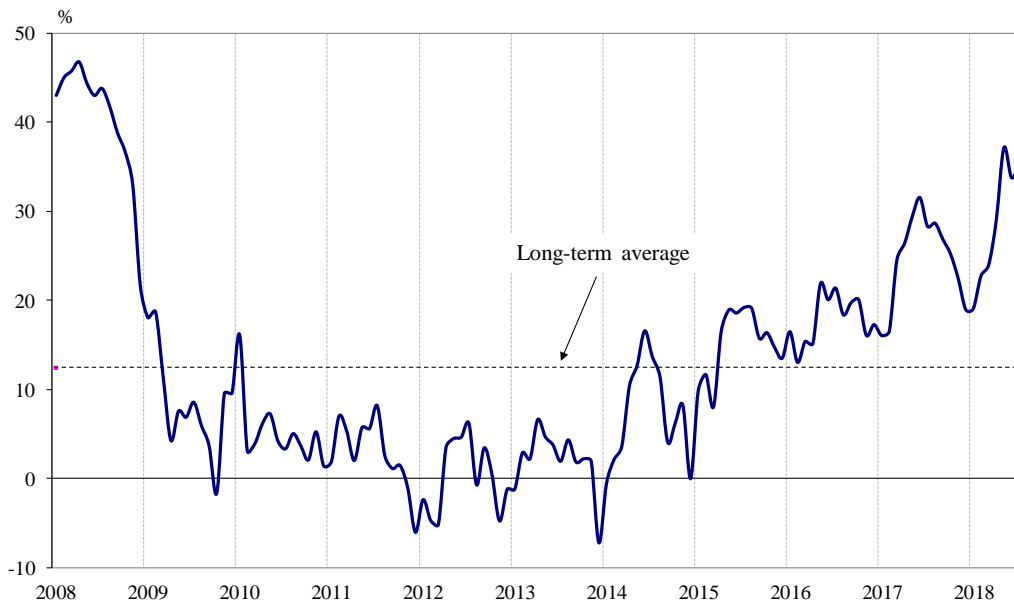




Figure 7. Expected business situation in construction over the next 6 months

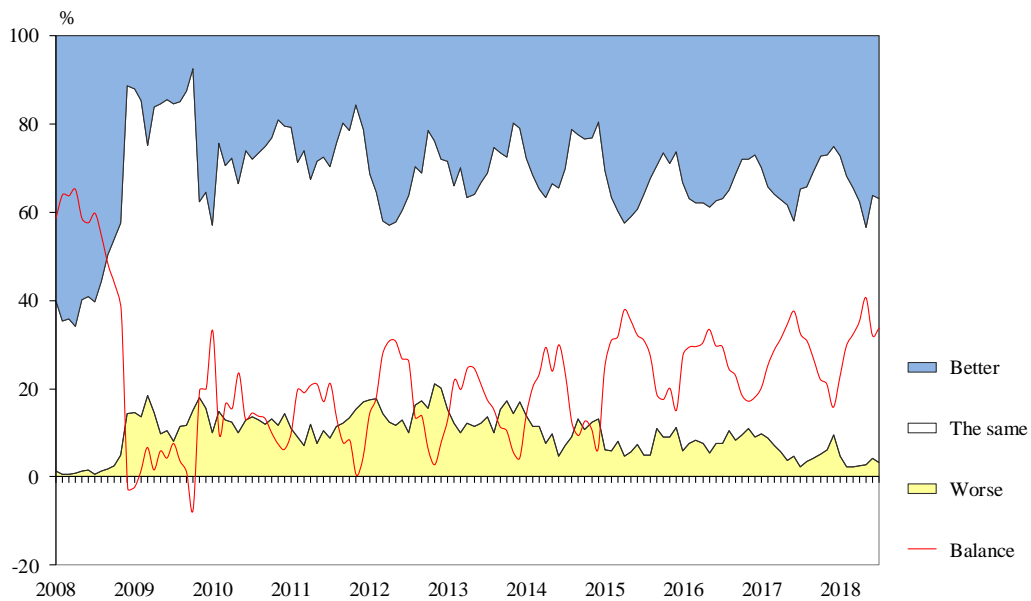
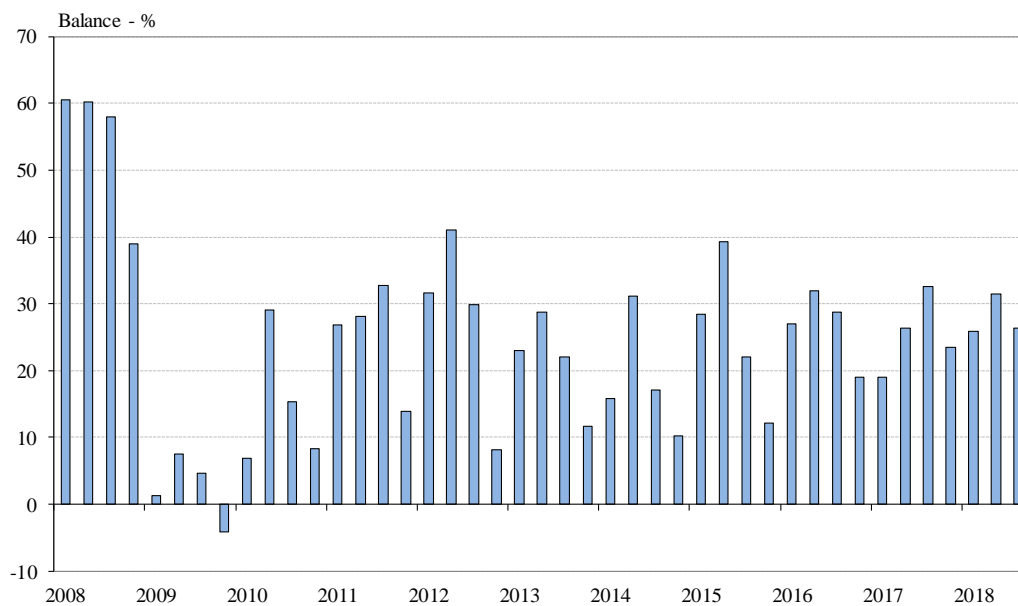


Figure 8. New orders expectations in construction over the next 6 months





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

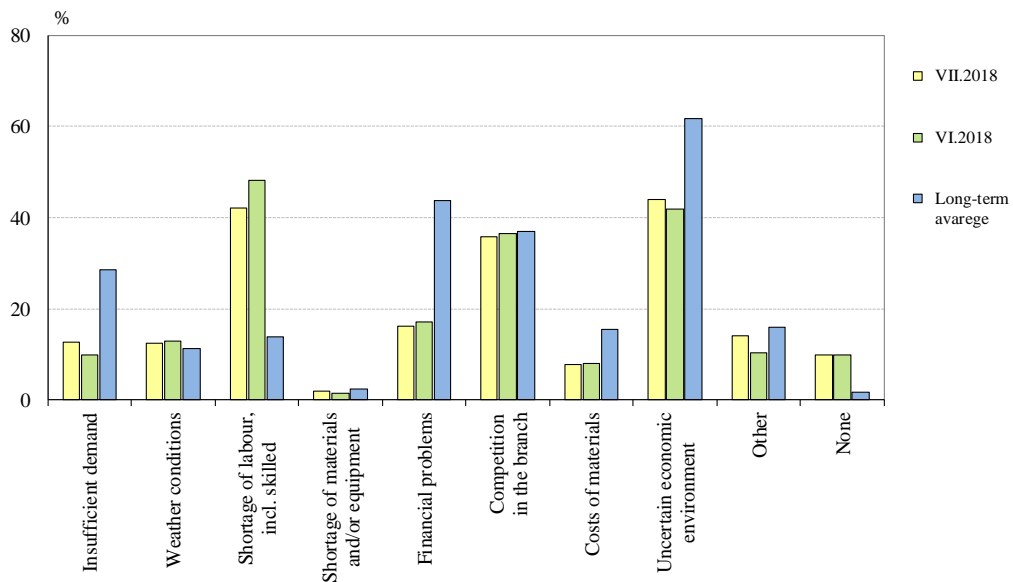


Figure 10. Selling prices expectations in construction over the next 3 months

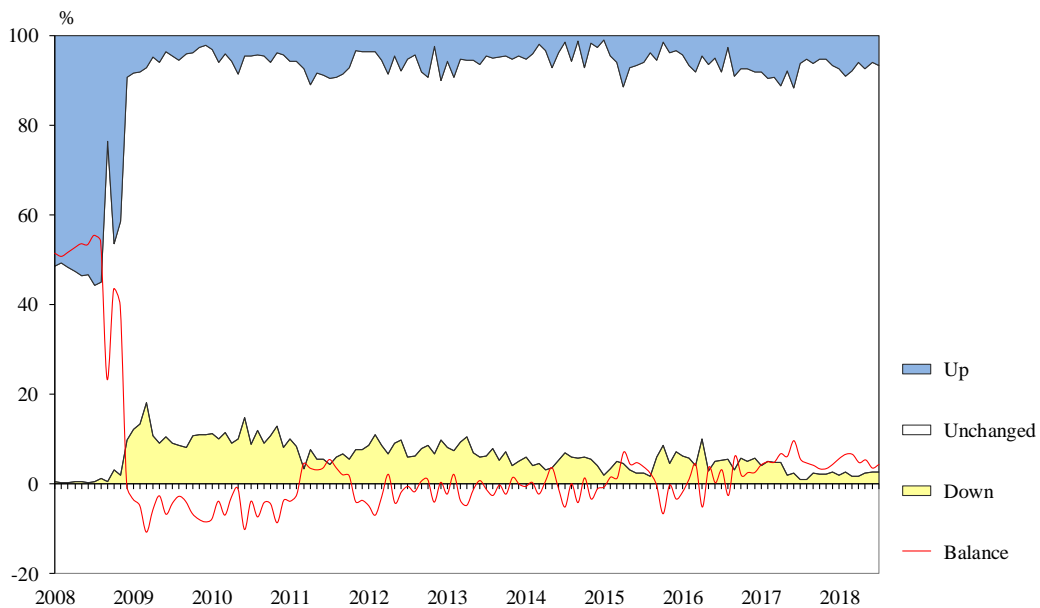




Figure 11. Business climate in retail trade

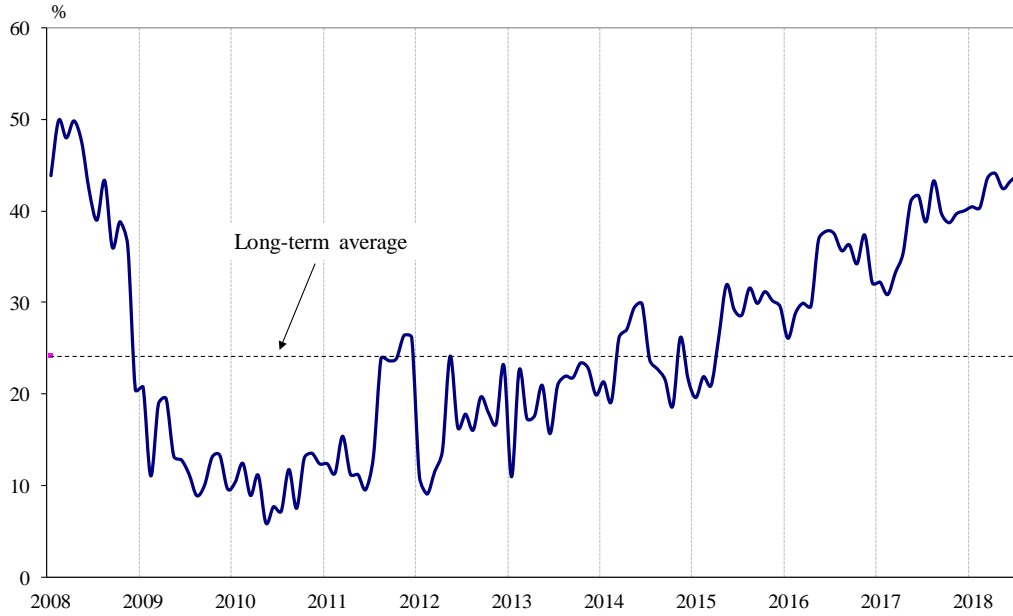


Figure 12. Expected business situation in retail trade over the next 6 months

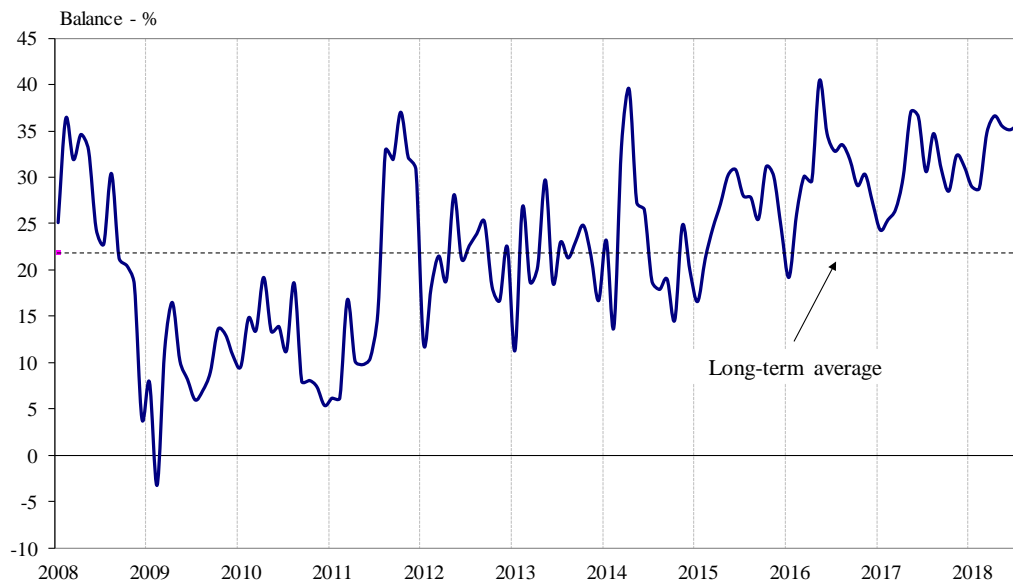




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

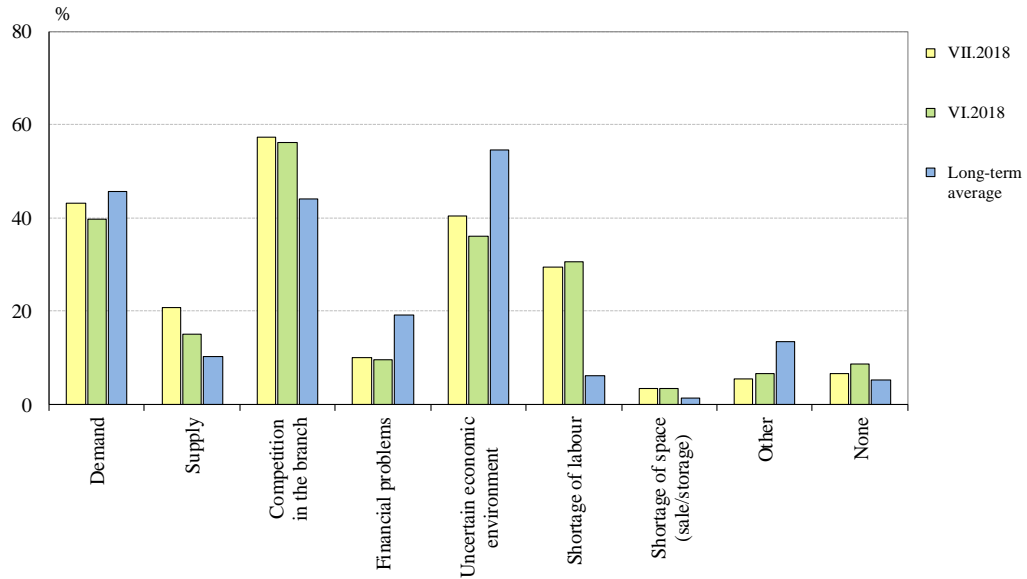


Figure 14. Selling prices expectations in retail trade over the next 3 months

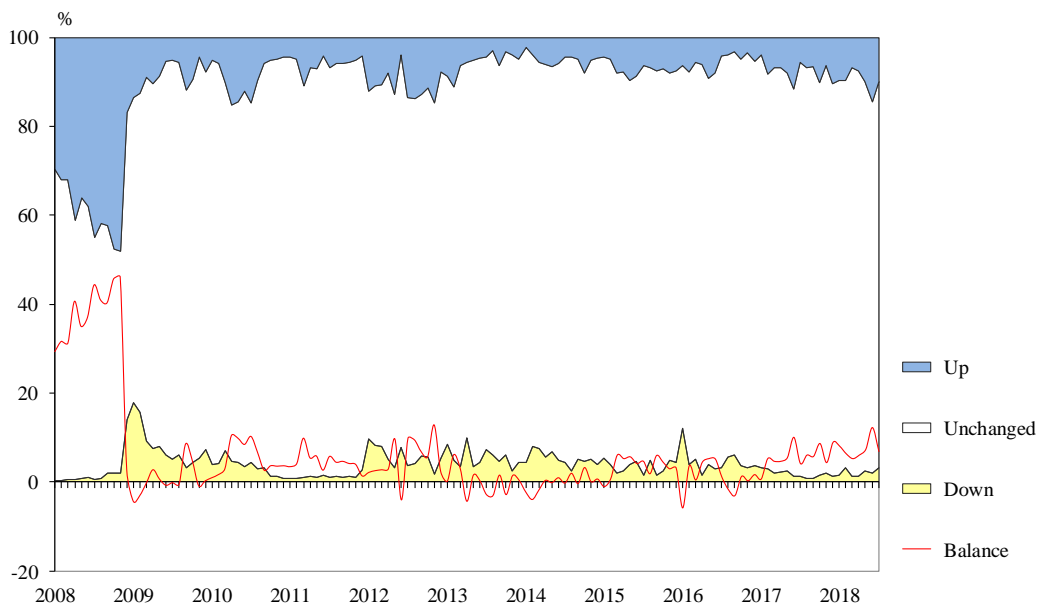




Figure 15. Business climate in service sector

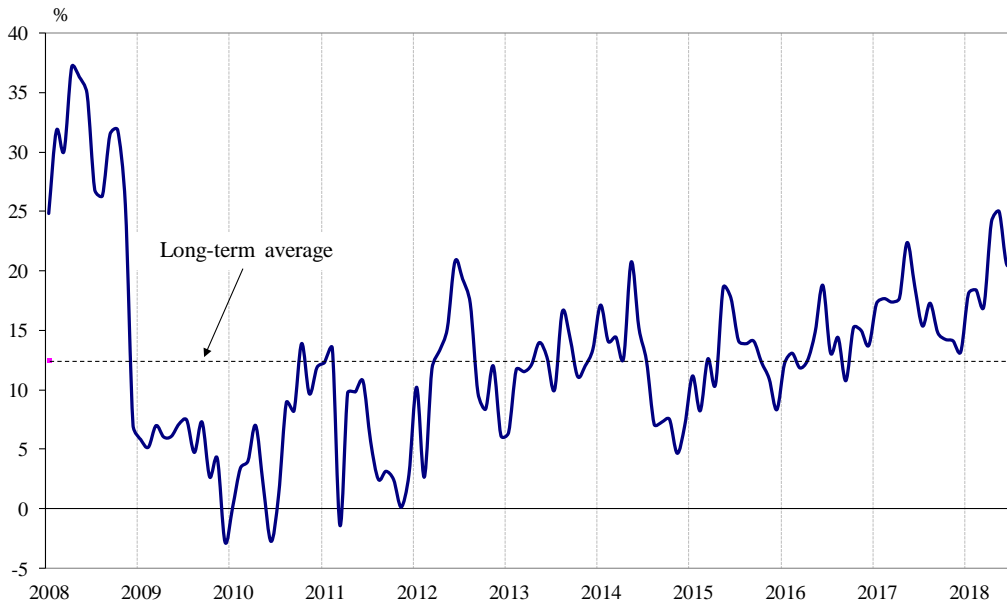
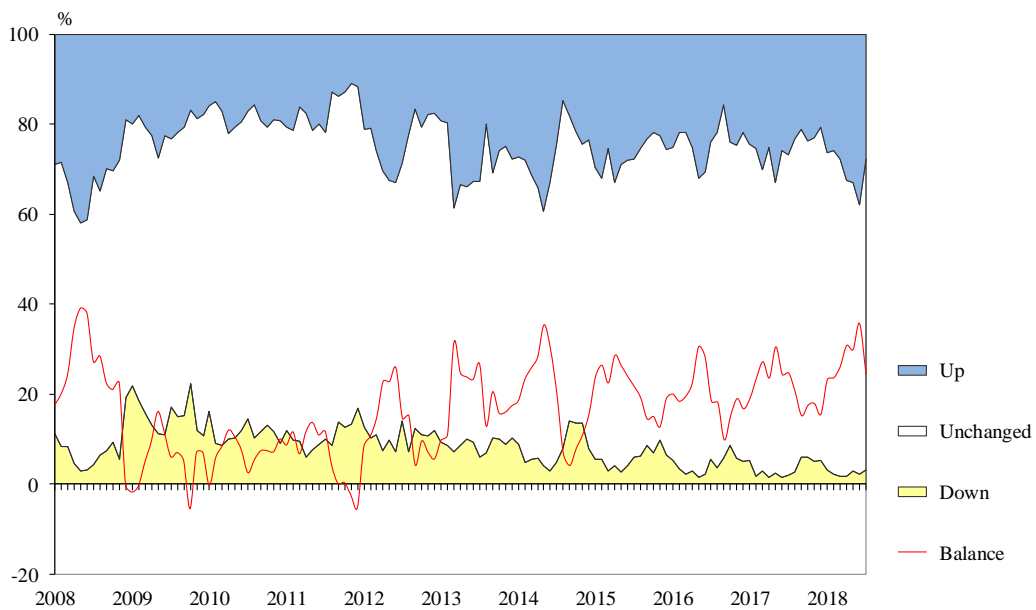
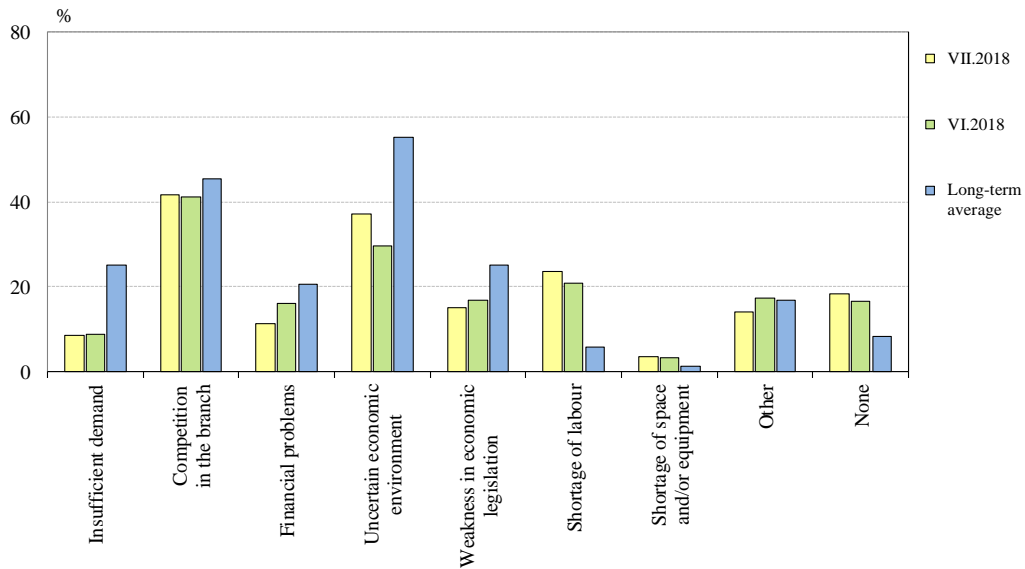


Figure 16. Expected demand in service sector over the next 3 months





**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**

