



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

In August 2018, the business conjuncture in the country is assessed as unfavourable. **The total business climate indicator⁴** decreases by 2.9 percentage points compared to its July level (Annex, Figure 1) as a reduced of the indicator is registered in all observed sectors - industry, construction, retail trade and services.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.9 percentage points (Annex, Figure 2), which is due to the worsened industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. The inquiry registers an improvement of the production assurance with orders (Annex, Figure 3), but that is not accompanied by increased expectations about the production activity over the next 3 months.

The uncertain economic environment and shortage of labour remain the main obstacles for the business development pointed out respectively by 37.7% and 33.7% of the enterprises (Annex, Figure 4).

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

Construction. In August the composite indicator ‘business climate in construction’ drops by 3.8 percentage points (Annex, Figure 6) as a result of the more reserved construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). Their opinions about the present construction activity are improved in comparison with the last month, while their forecasts about the next 3 months are the activity to keep the same level.

In August the inquiry reports strengthen of the negative impact of the factors ‘shortage of labour’ and ‘competition in the branch’, which shift to the third place the difficulties of the enterprises, connected with the uncertain economic environment (Annex, Figure 8).

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



Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 4.0 percentage points (Annex, Figure 10), which is due to the shifting of the retailers’ assessments and expectations about the business situation of the enterprises from ‘better’ towards preserving ‘the same’ (Annex, Figure 11). Their opinions about the volume of sales over the last 3 months, as well as their expectations over the next 3 months are more unfavourable.

The most serious problem limiting the activity of the enterprises remains the competition in the branch, followed by uncertain economic environment and the insufficient demand (Annex, Figure 12).

As regards the selling prices the majority of the retailers foresee preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In August the composite indicator ‘business climate in service sector’ decreases by 2.8 percentage points (Annex, Figure 14) as a result of the more unfavourable managers’ expectations about the business situation of the enterprises over the next 6 months. However, their opinions about the present end expected demand for services are more optimistic (Annex, Figure 15).

The main obstacles for the business continue to be connected with the competition in the branch and uncertain economic environment, as in the last month a decrease of the negative impact of the second factor is observed (Annex, Figure 16).

The managers’ expectations concerning the selling prices in service sector are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

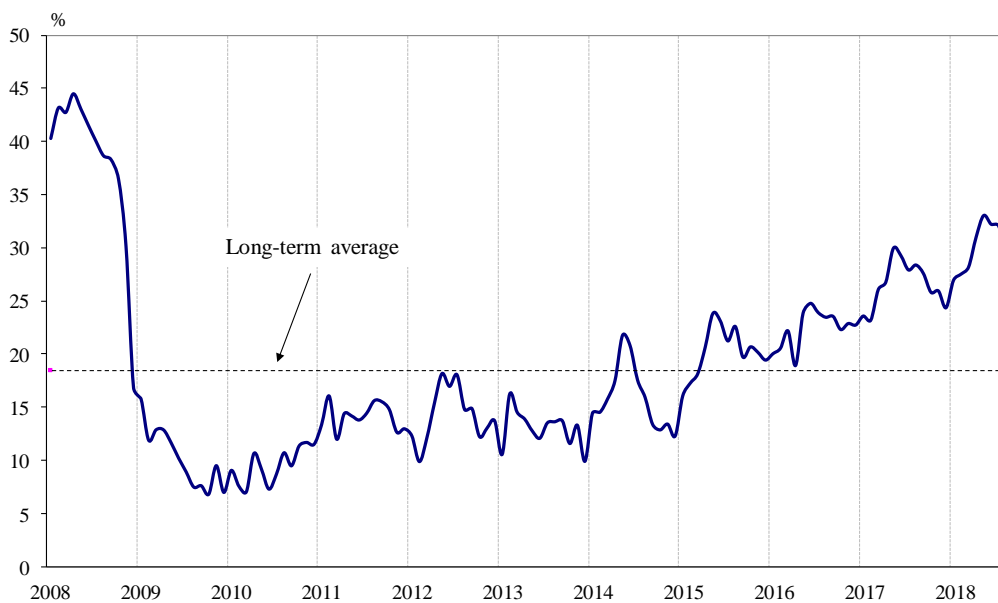


Figure 2. Business climate in industry

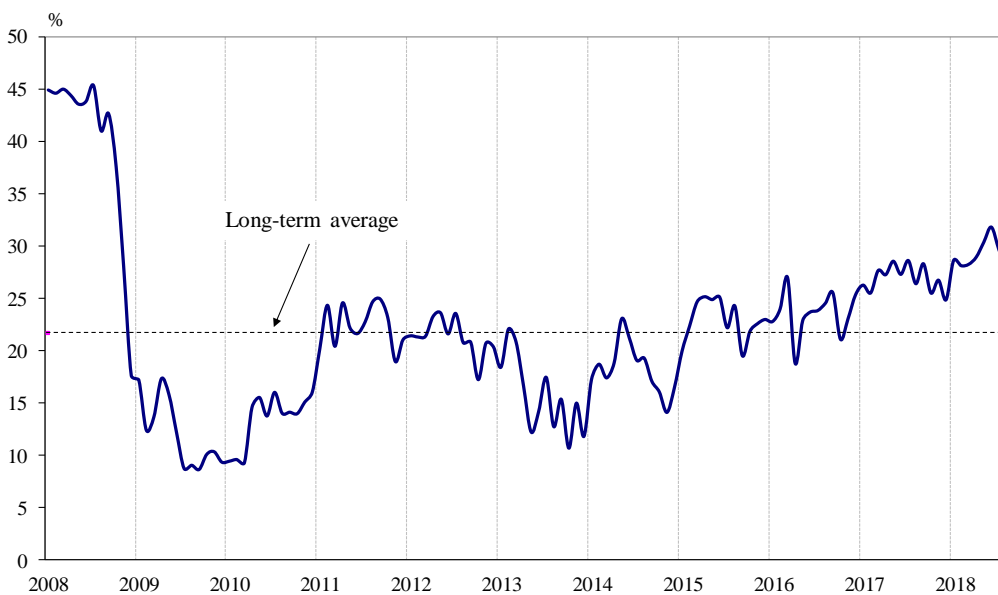




Figure 3. Production assurance with orders in industry

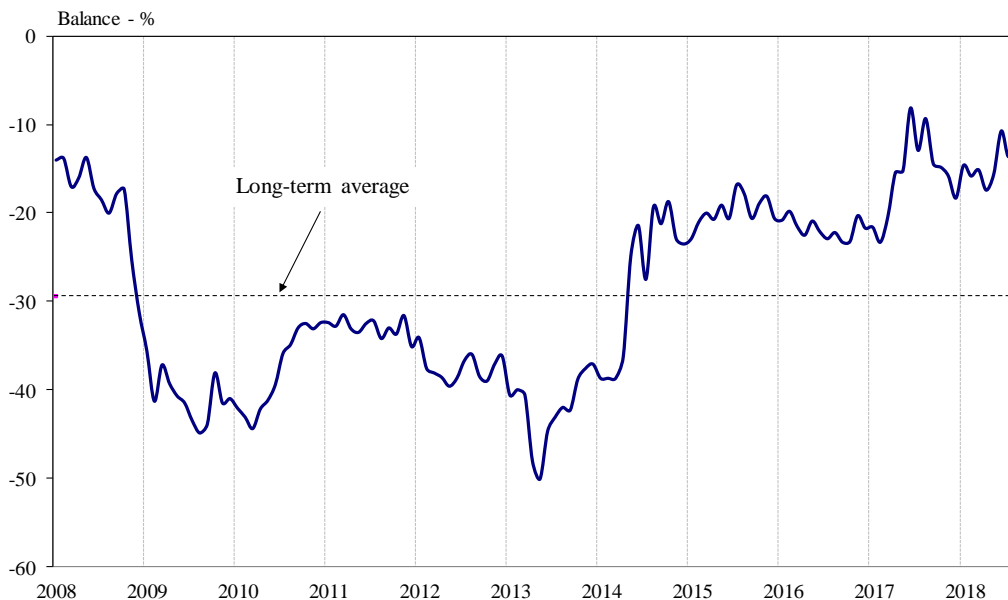


Figure 4. Limits to production in industry (Relative share of enterprises)

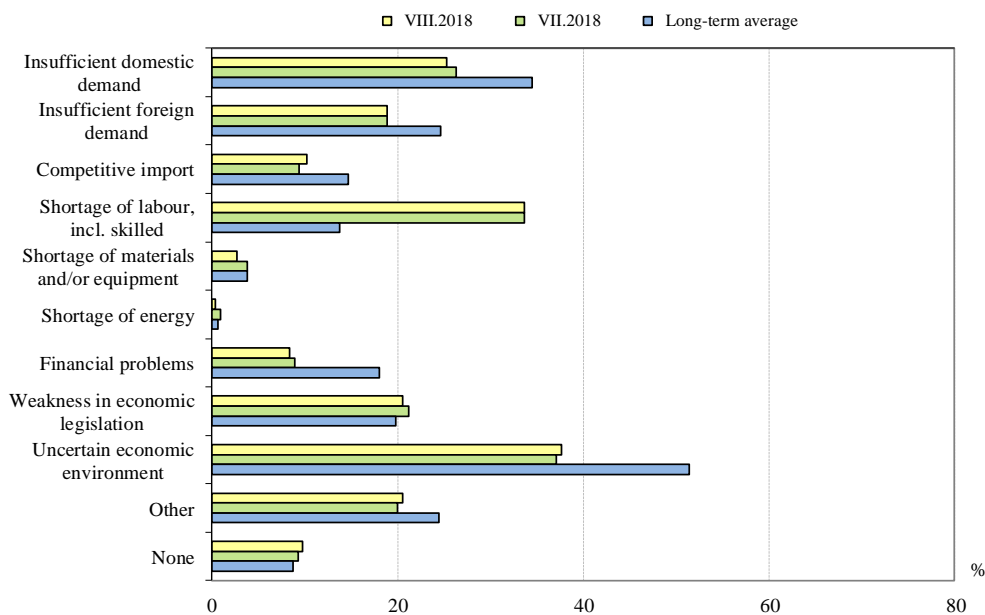




Figure 5. Selling prices expectations in industry over the next 3 months

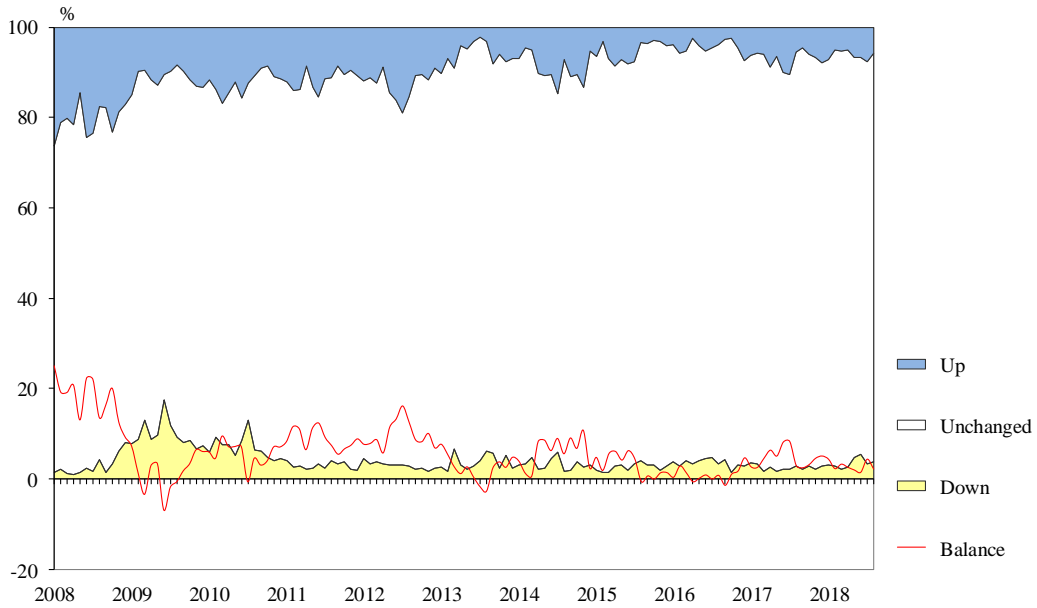


Figure 6. Business climate in construction

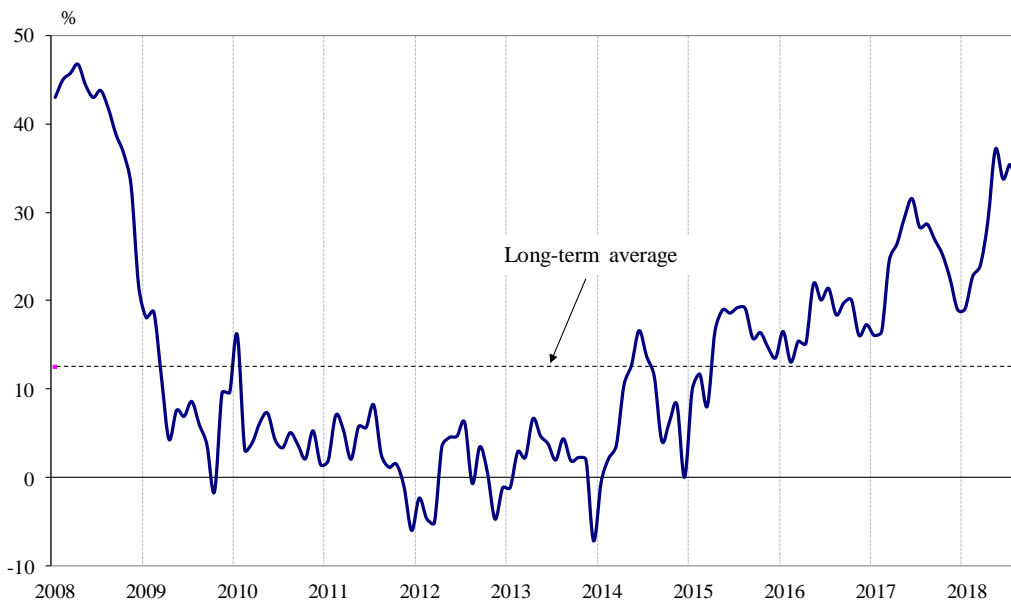




Figure 7. Expected business situation in construction over the next 6 months

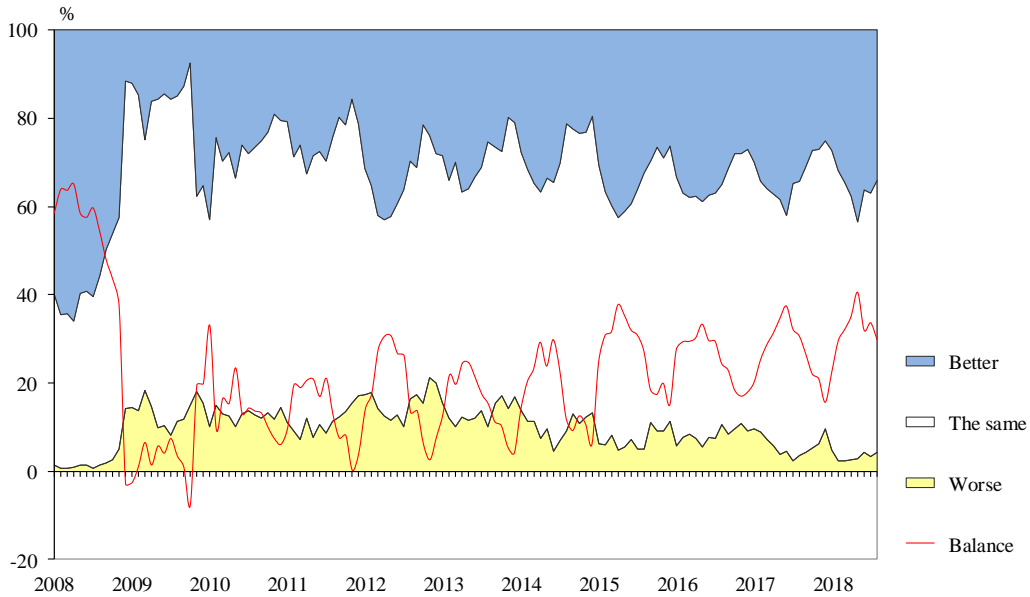


Figure 8. Limits to construction activity (Relative share of enterprises)

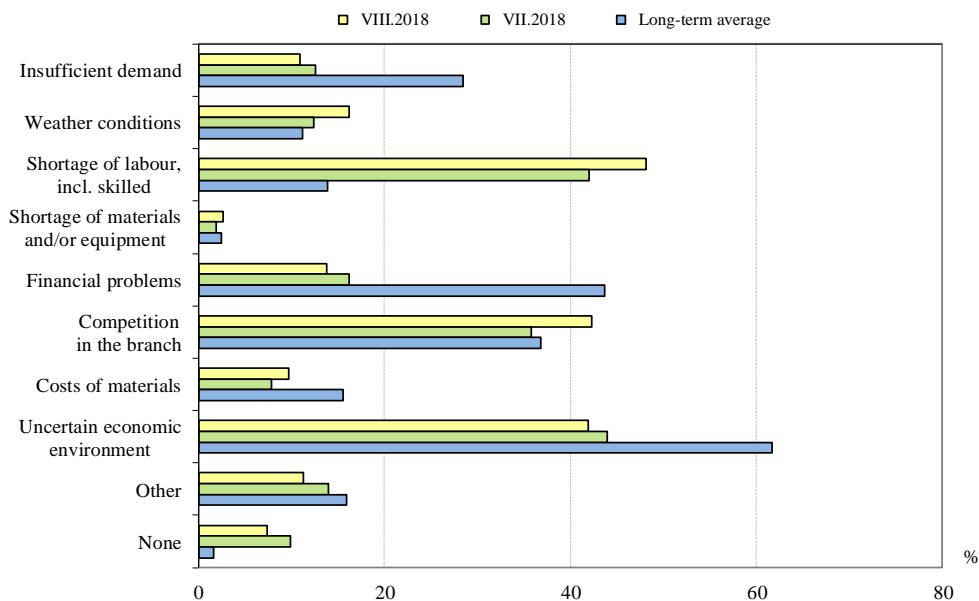




Figure 9. Selling prices expectations in construction over the next 3 months

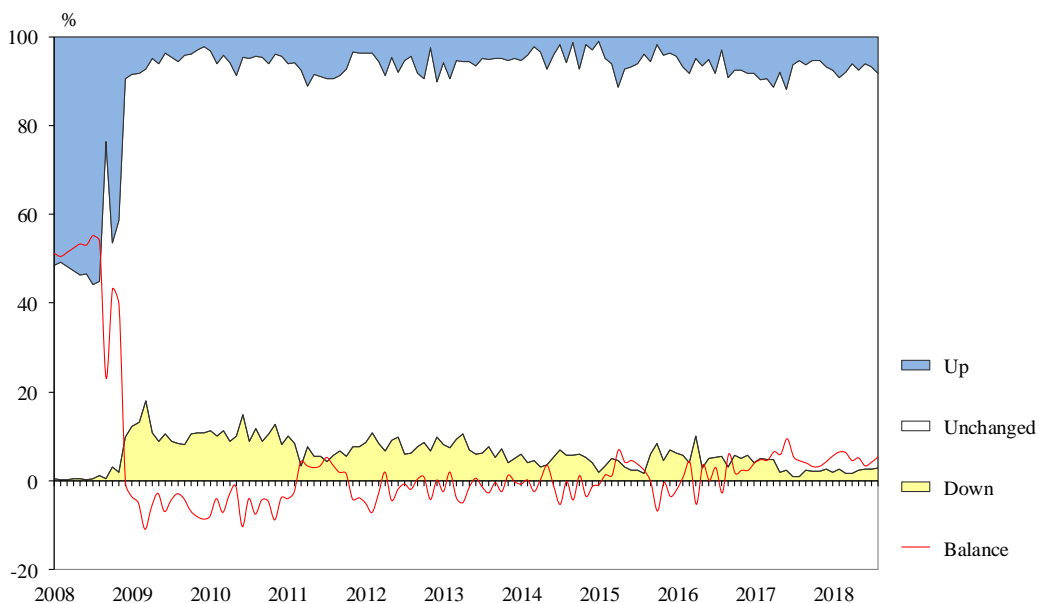


Figure 10. Business climate in retail trade

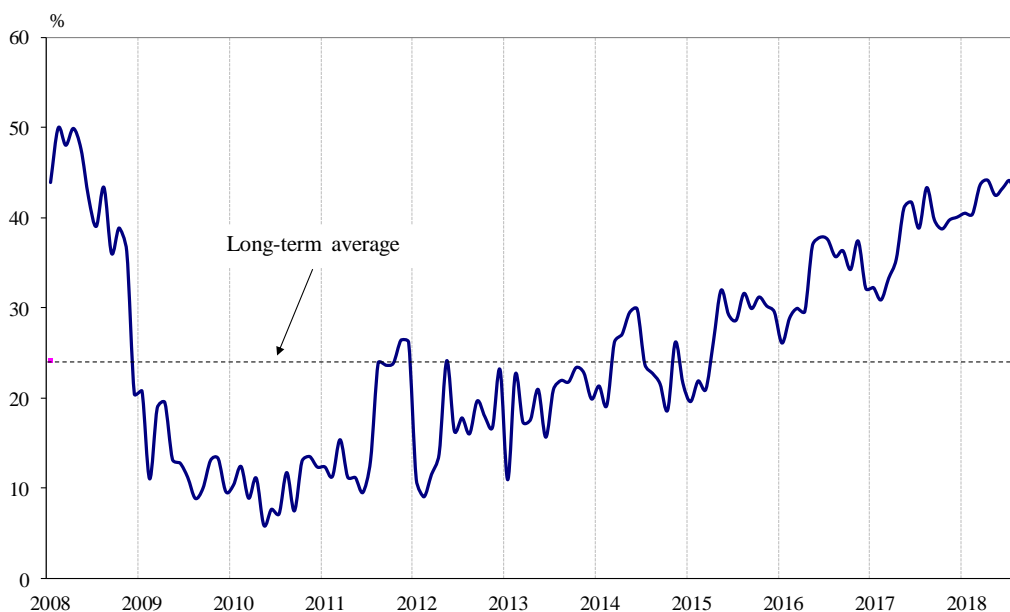




Figure 11. Expected business situation in retail trade over the next 6 months

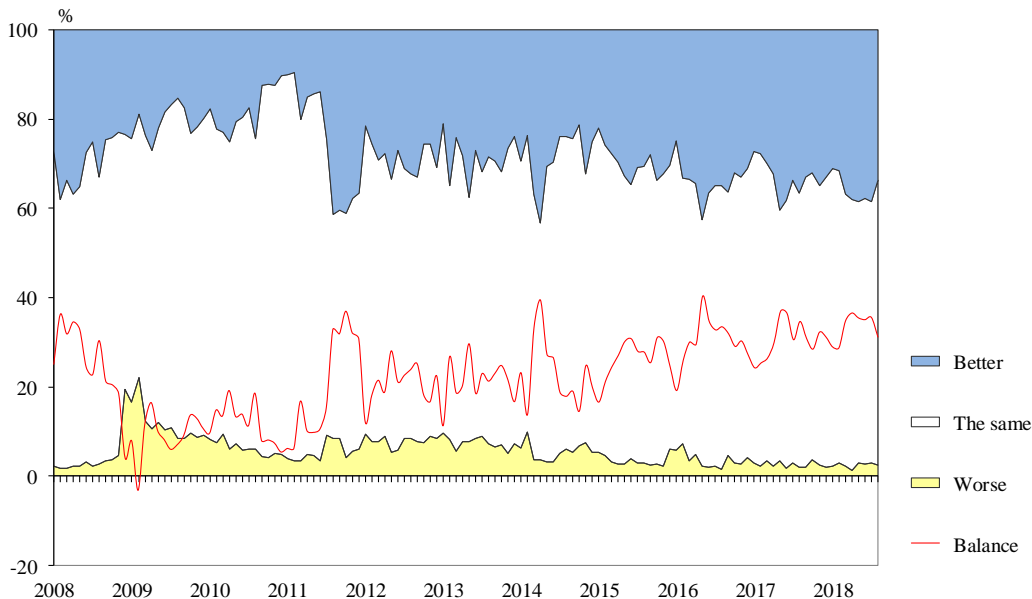


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

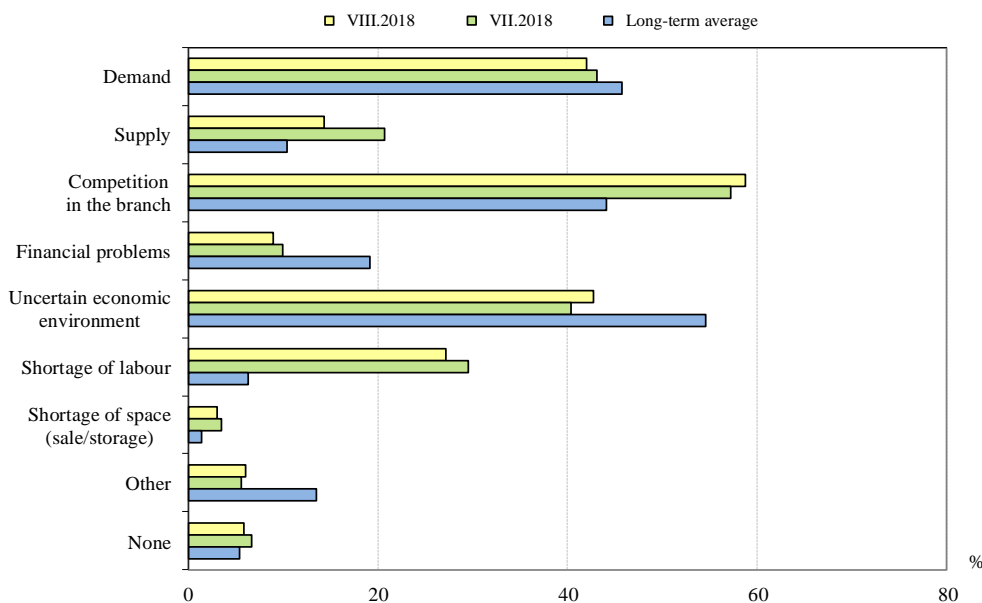




Figure 13. Selling prices expectations in retail trade over the next 3 months

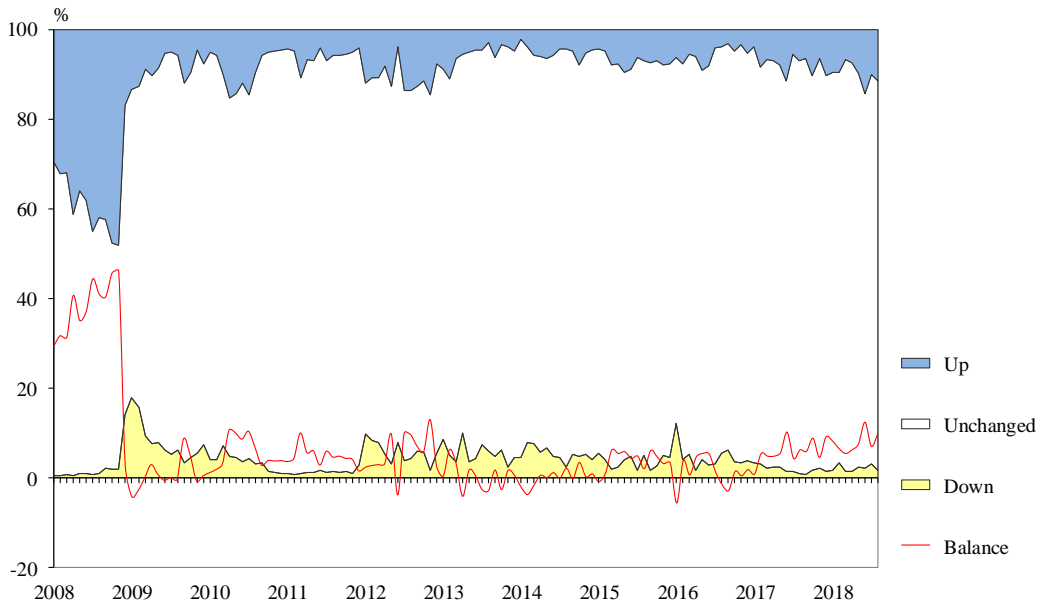


Figure 14. Business climate in service sector

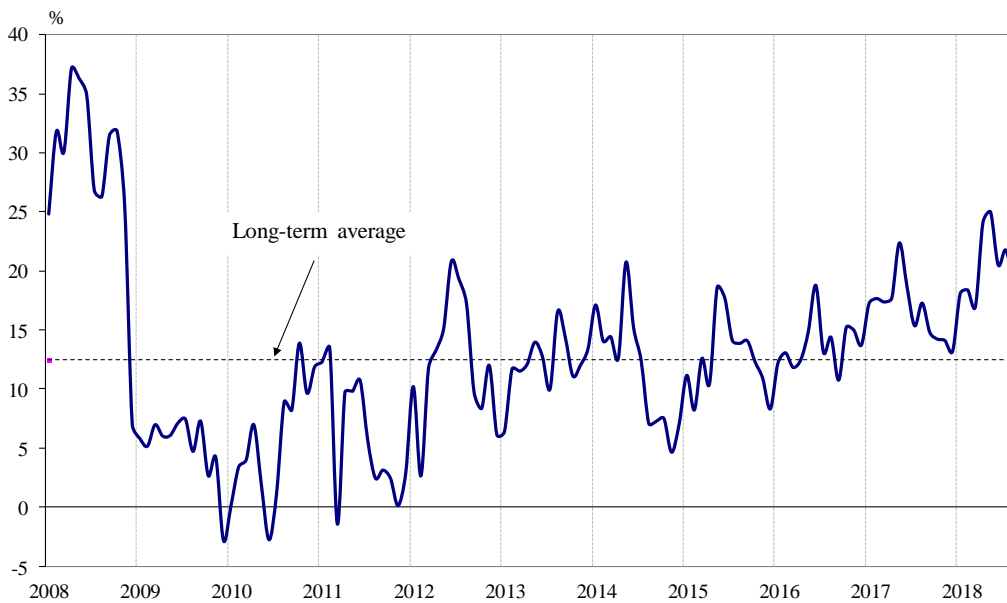




Figure 15. Expected demand in service sector over the next 3 months

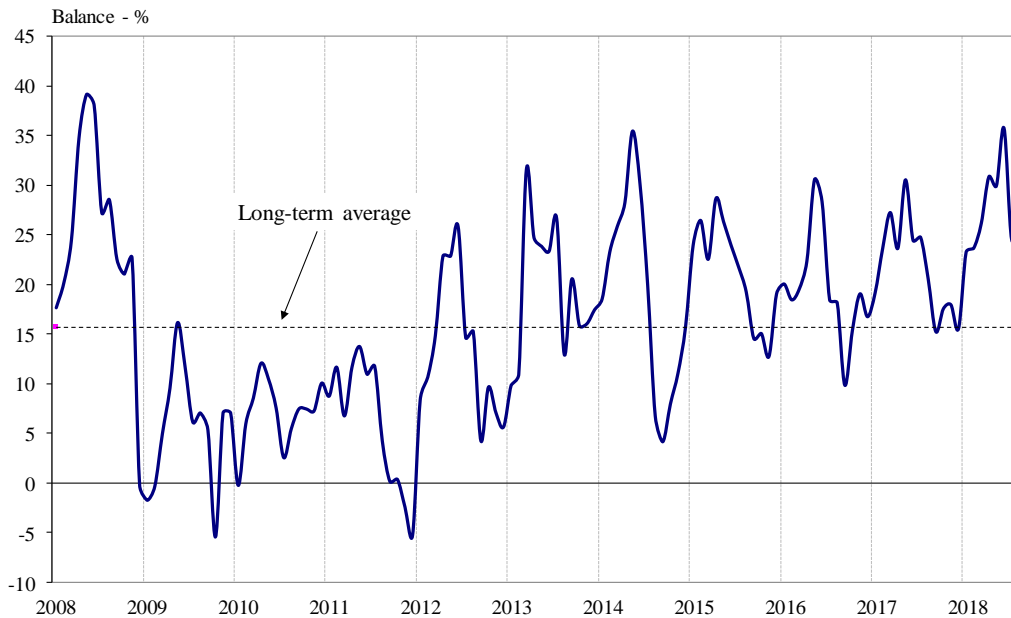


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

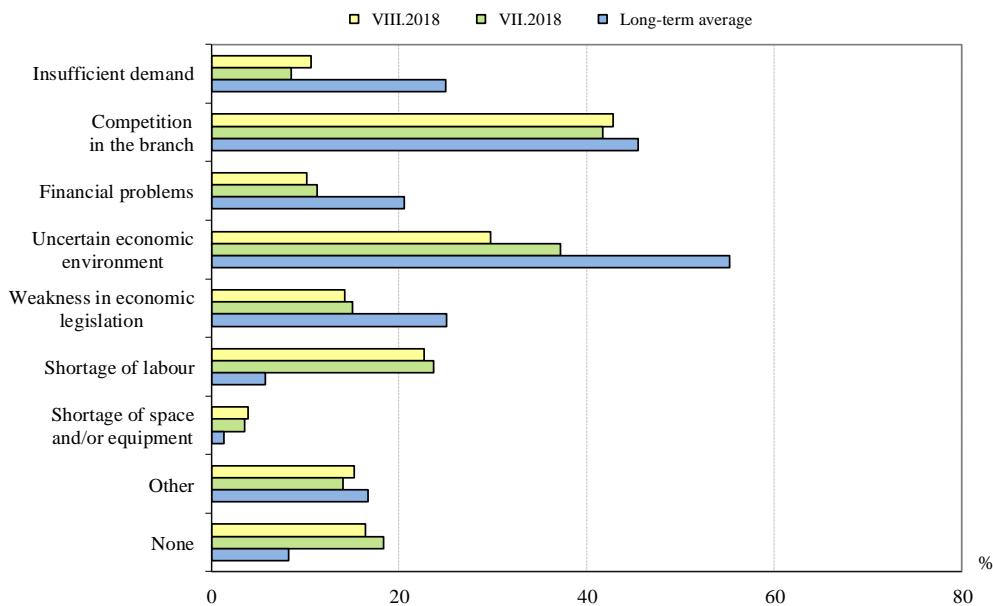




Figure 17. Selling prices expectations in service sector over the next 3 months

