



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, JANUARY 2019

In January 2019, the **total business climate indicator**<sup>4</sup> increases by 1.9 percentage points in comparison with December 2018 (Annex, Figure 1) which is due to the improved business climate in industry, construction and service sector.

**Industry.** The composite indicator ‘business climate in industry’ increases by 4.1 percentage points (Annex, Figure 2) mainly due to the more optimistic industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 month. At the same time, their forecasts about the export and the production activity (Annex, Figure 3) over the next 3 months are improved.

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

Concerning the selling prices in industry, the inquiry registers certain expectations for increase, although the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 5).

**Construction.** In January the composite indicator ‘business climate in construction’ increases by 1.2 percentage points (Annex, Figure 6), which is due to the more favourable construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.6 months against 5.3 in October 2018.

In the next half year, the managers expect increased inflow of new orders in construction (Annex, Figure 7) which according to them will lead to an increase of the activity in the short term.

The uncertain economic environment, competition in the branch and shortage of labour remain the most serious obstacles for the business development (Annex, Figure 8).

As regards the selling prices in construction, the managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 9).

---

<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’ decreases by 1.7 percentage points (Annex, Figure 10) as a result of the more unfavourable retailers’ assessments and expectations about the business situation of the enterprises. Their opinions about the volume of the sales and orders places with suppliers (Annex, Figure 11) from both domestic and foreign market over the next 3 months are also more reserved.

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

The retailers do not foresee an increase of the selling prices over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In January, the composite indicator ‘business climate in service sector’ increases by 1.2 percentage points (Annex, Figure 14) mainly due to the improved managers’ expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the demand of services over the next 3 months are also 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 (Annex, Figure 16).

Concerning the selling prices in the service sector, the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 17).

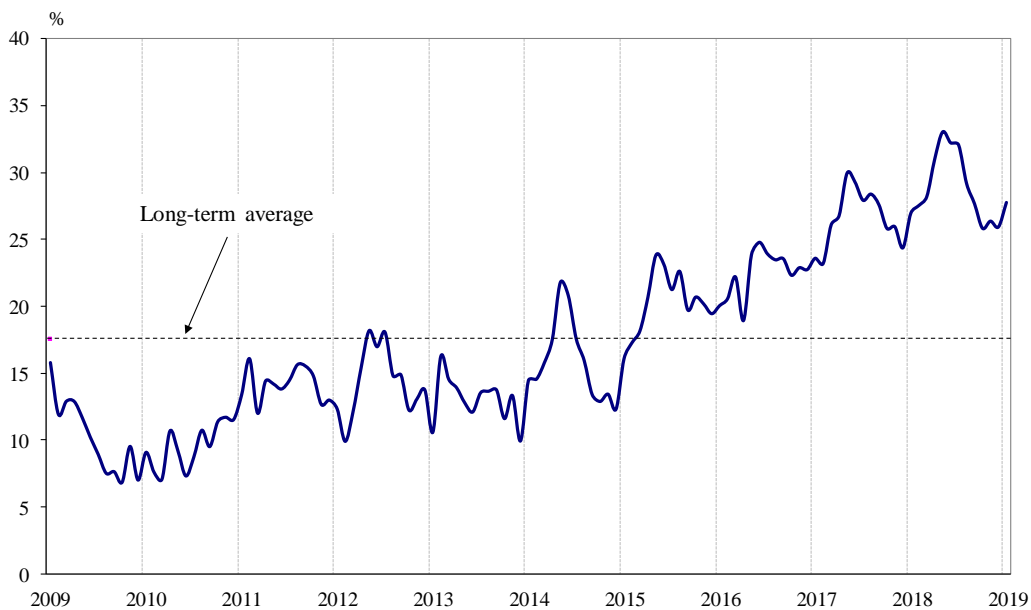
---

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

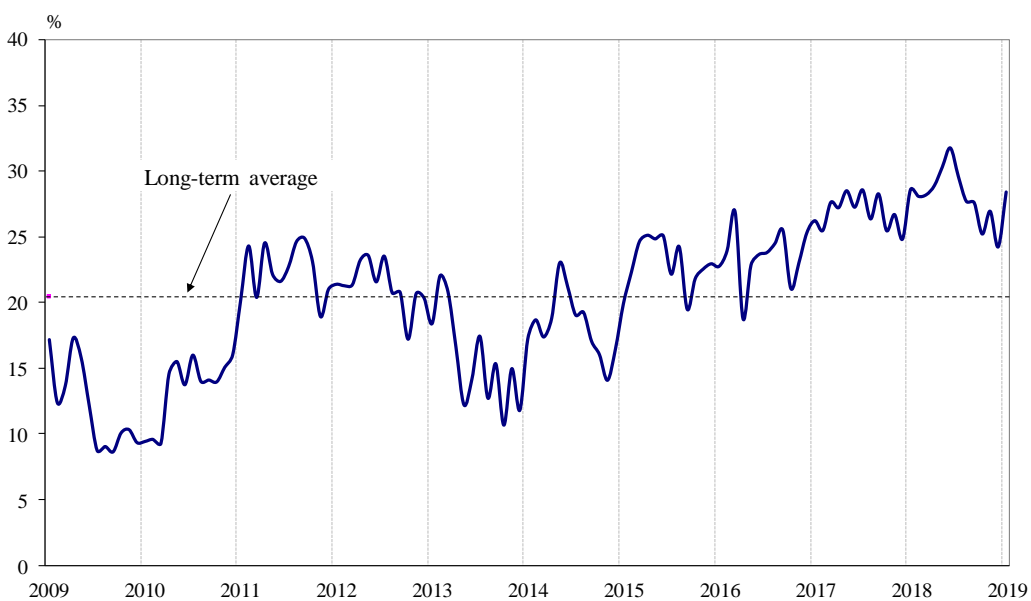


**Annex**

**Figure 1. Business climate - total**

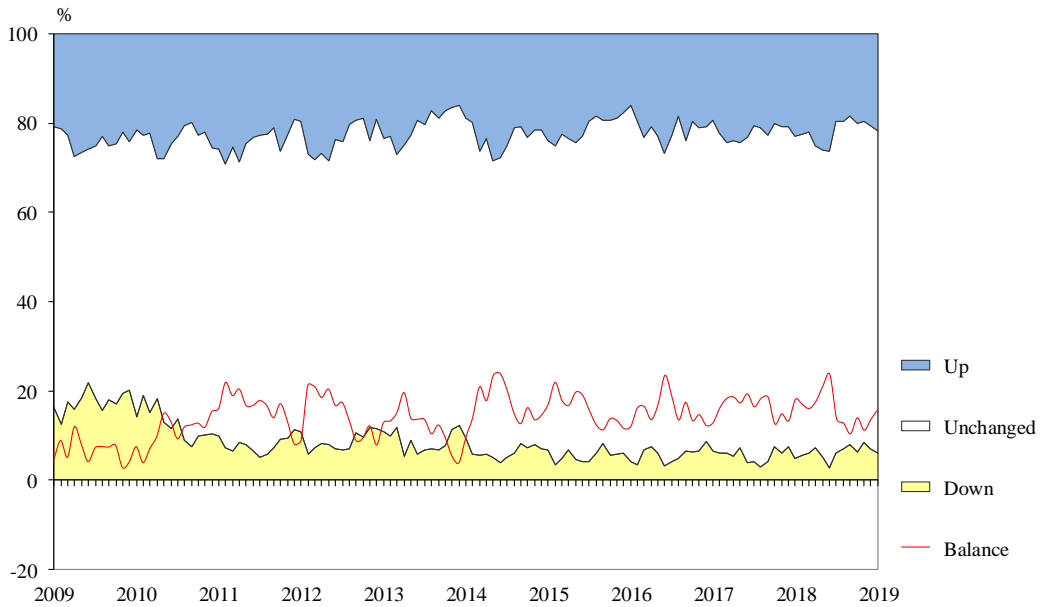


**Figure 2. Business climate in industry**

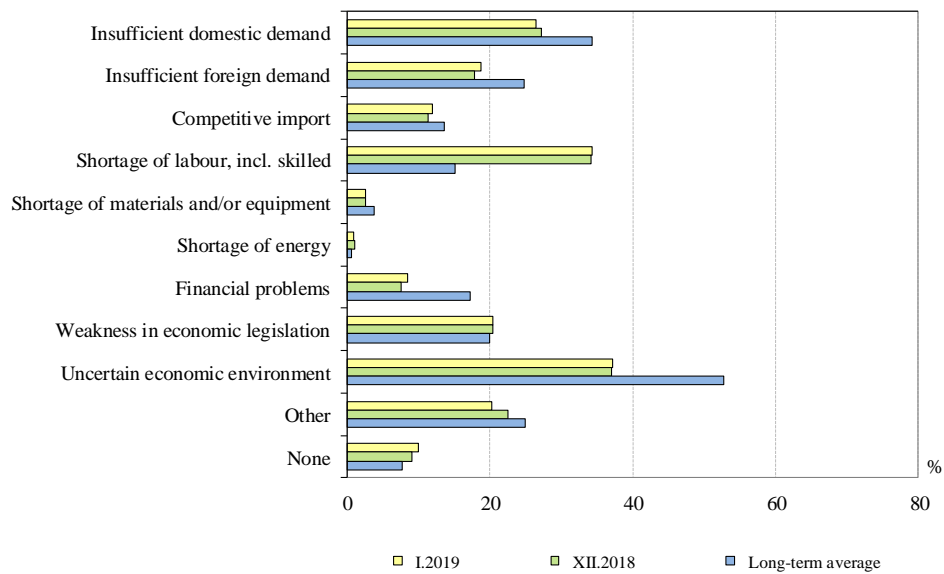




**Figure 3. Expected production activity in industry over the next 3 months**

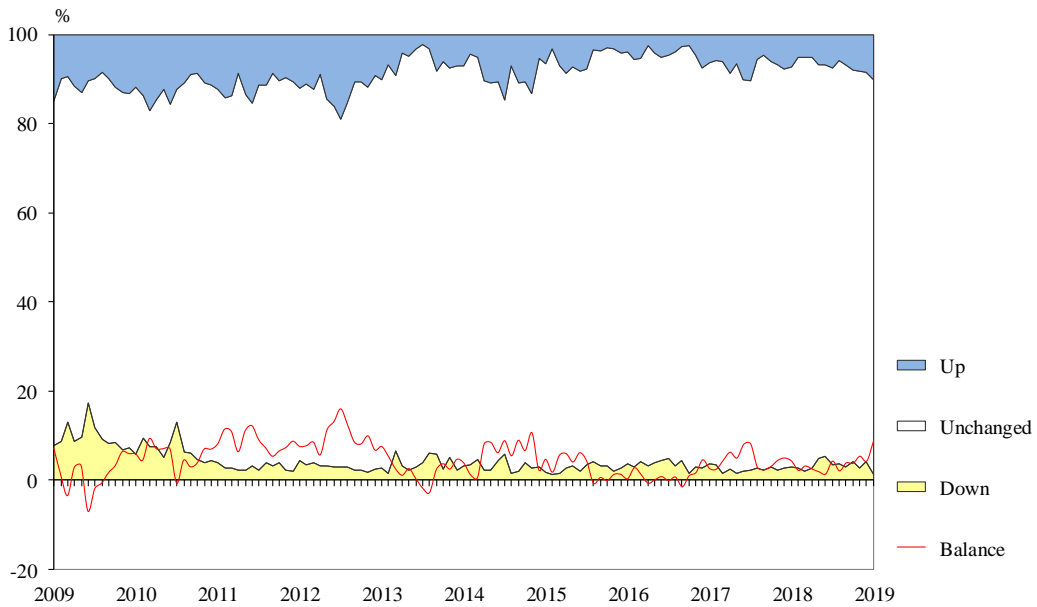


**Figure 4. Limits to production in industry (Relative share of enterprises)**

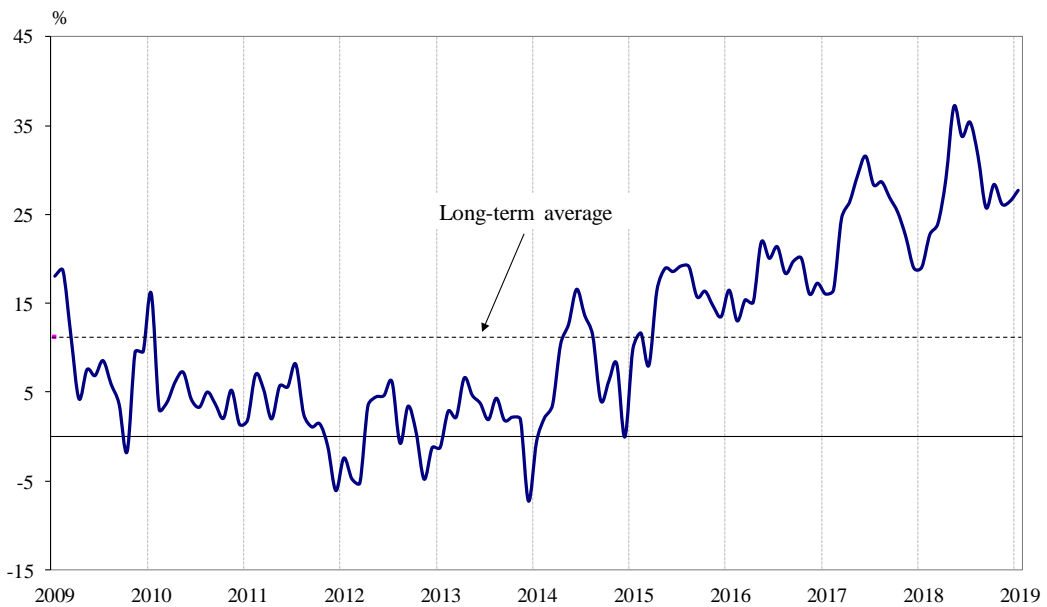




**Figure 5. Selling prices expectations in industry over the next 3 months**

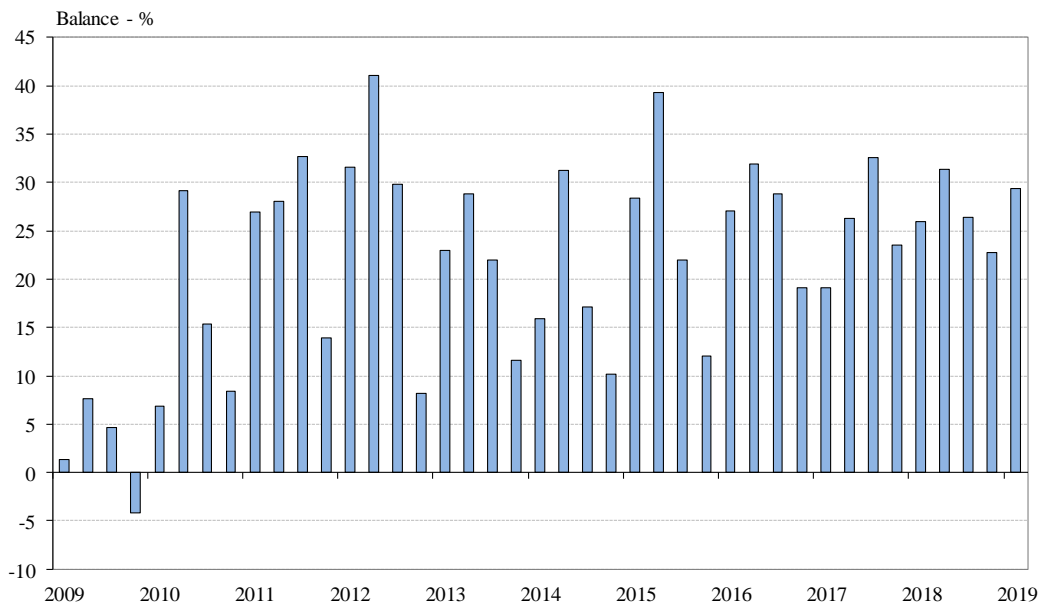


**Figure 6. Business climate in construction**

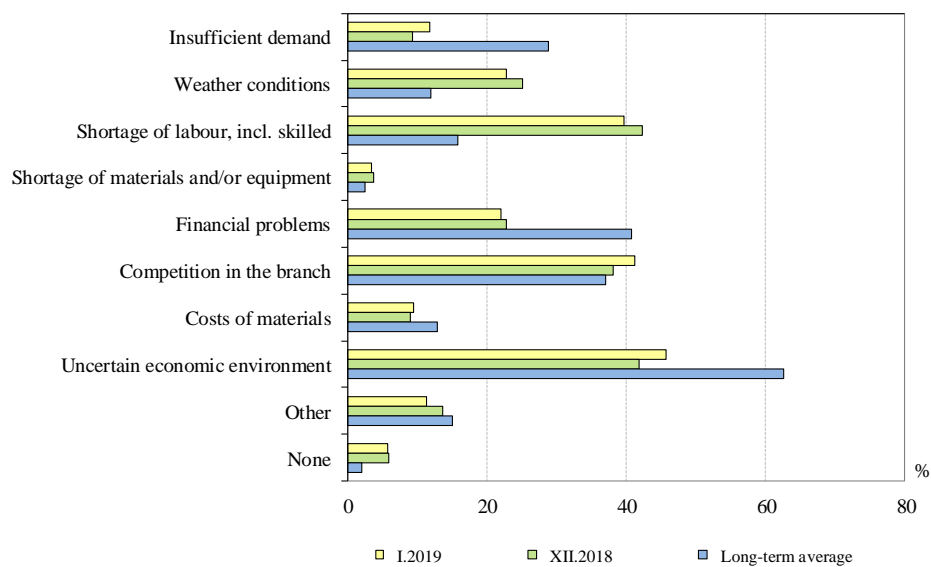




**Figure 7. New orders expectations in construction over the next 6 months**

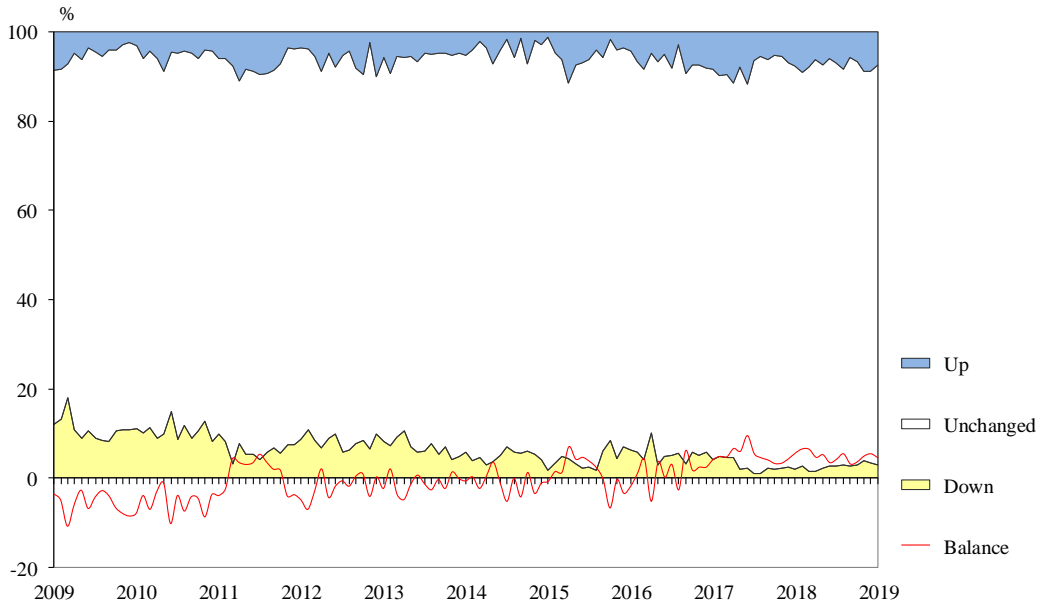


**Figure 8. Limits to construction activity (Relative share of enterprises)**

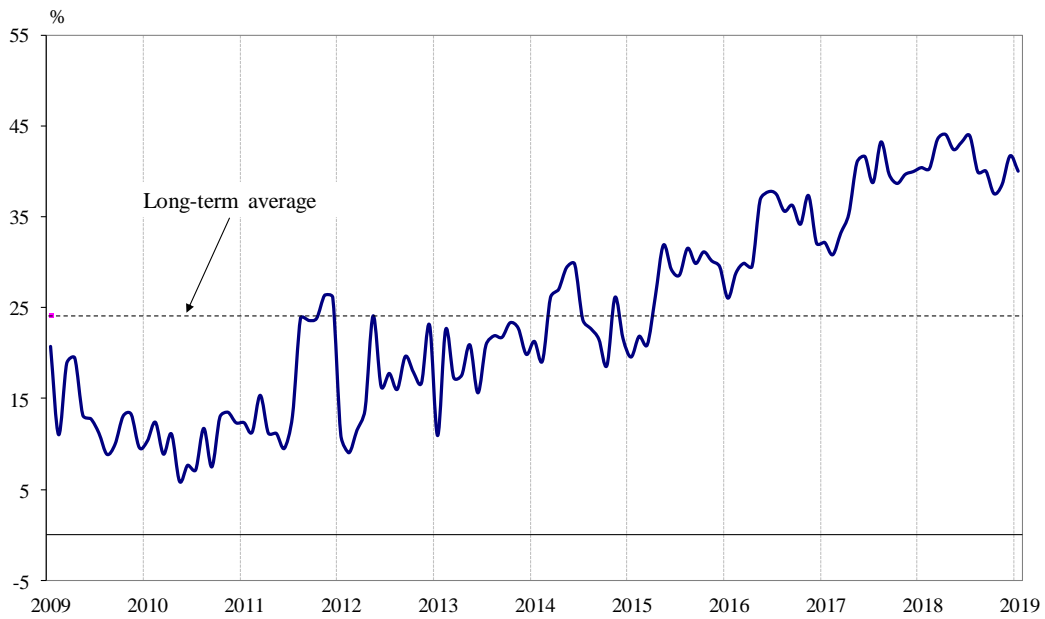




**Figure 9. Selling prices expectations in construction over the next 3 months**

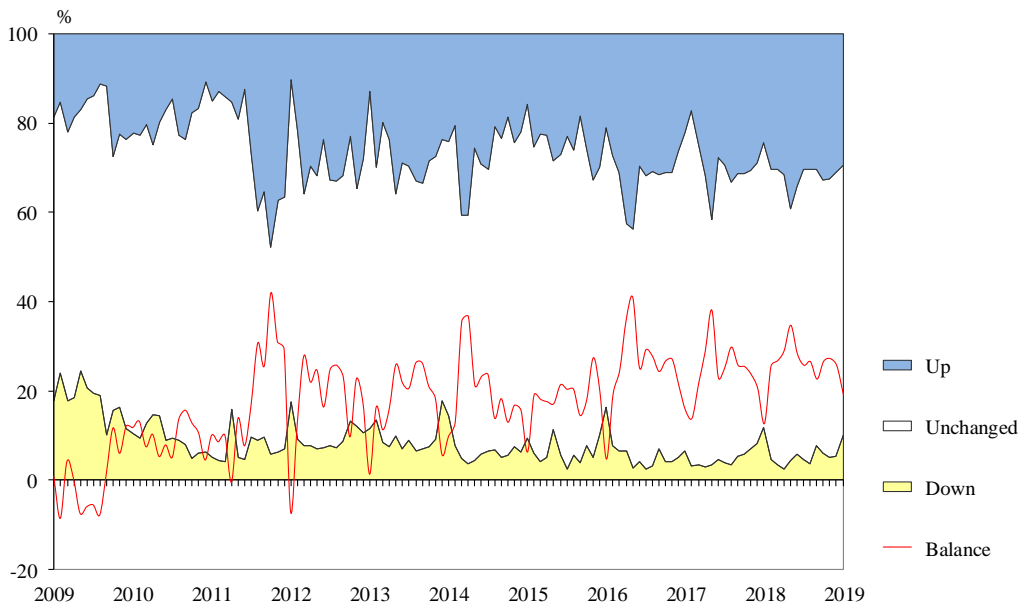


**Figure 10. Business climate in retail trade**

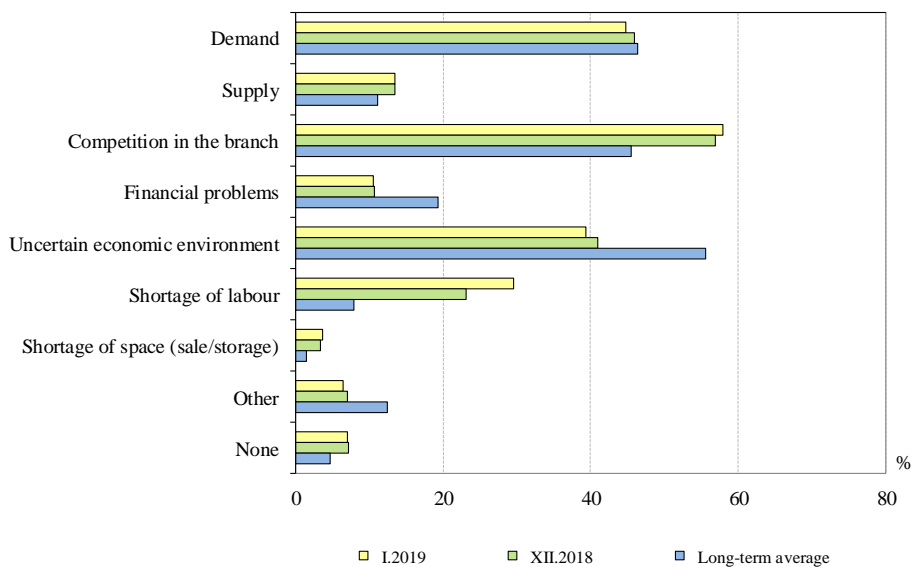




**Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months**



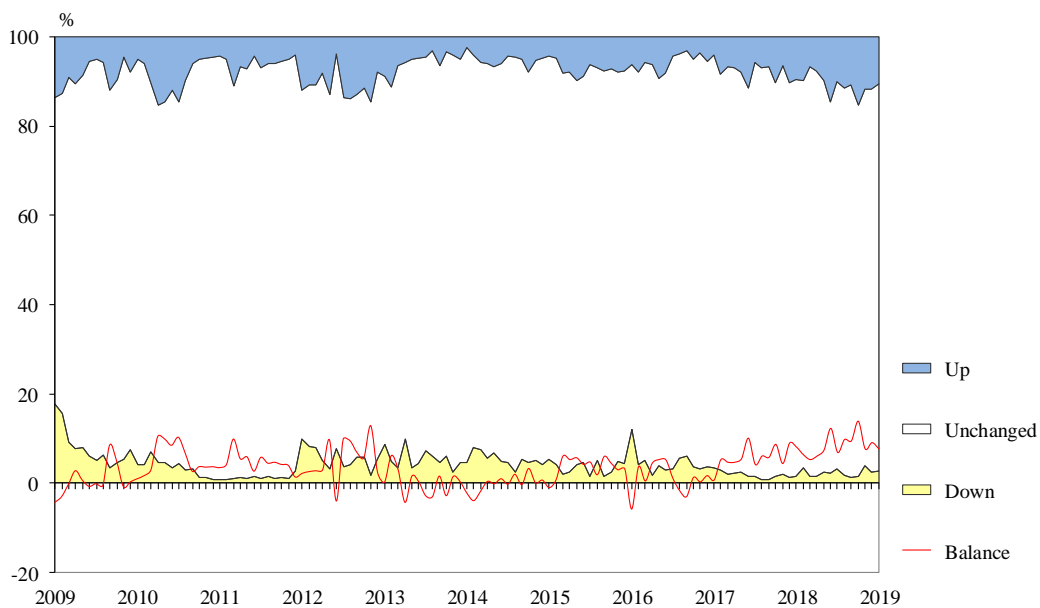
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



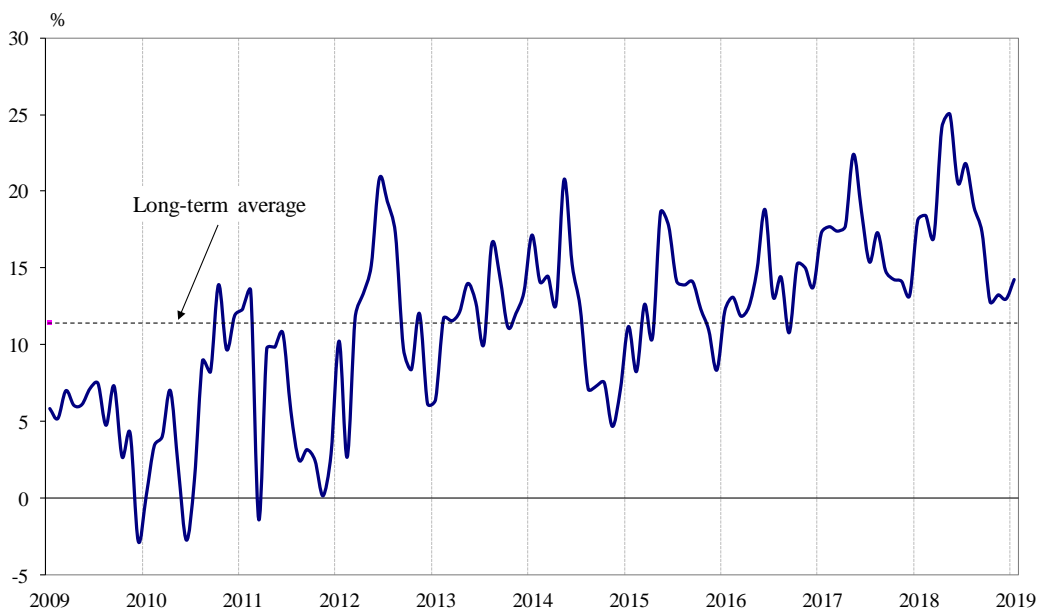




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

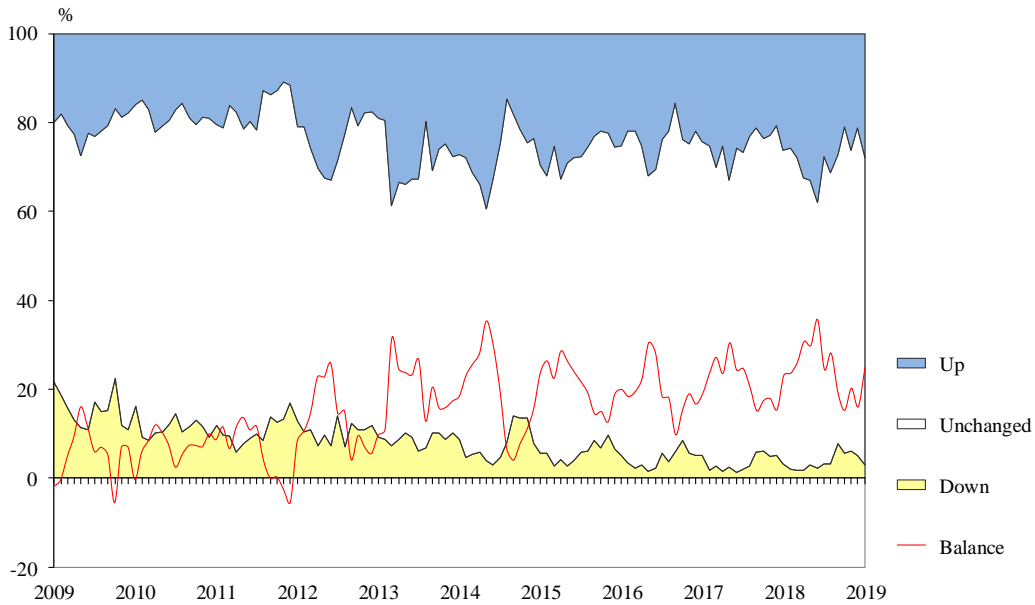


**Figure 14. Business climate in service sector**

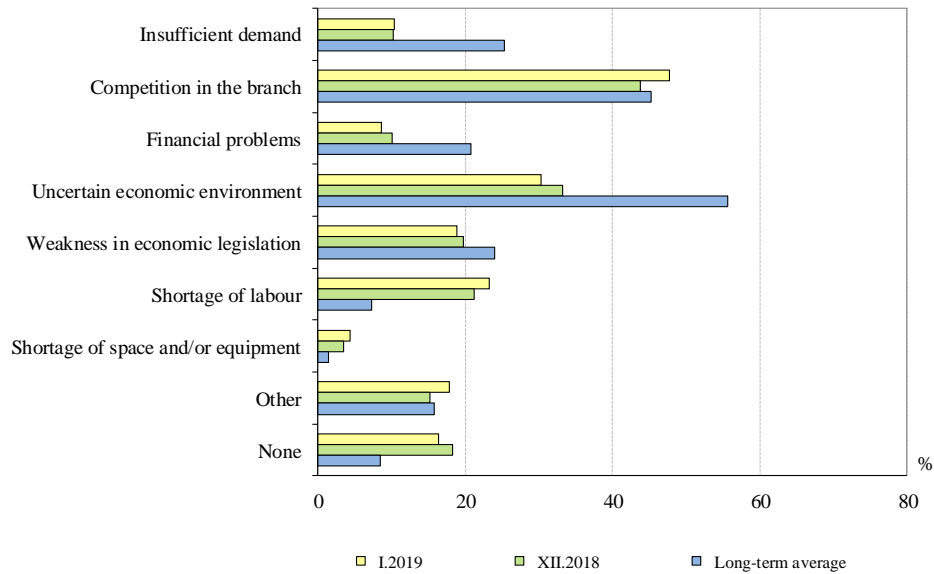




**Figure 15. Expected demand in service sector over the next 3 months**



**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**

