



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, FEBRUARY 2019

In February 2019, **the total business climate indicator**⁴ remains to its level from the previous month (Annex, Figure 1). An improvement of the business conjuncture is observed in construction and service sector, while in retail trade preserves approximately its January level. Only in industry, the indicator is reduced.

Industry. The composite indicator ‘business climate in industry’ decreases by 2.3 percentage points (Annex, Figure 2), which is due to the more unfavourable industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. At the same time, the inquiry registers certain worsening of the production assurance with orders, which is accompanied by reduced expectations about the activity over the next 3 months (Annex, Figure 3).

The uncertain economic environment and shortage of labour remain the main obstacles for the business development pointed out respectively by 35.3% and 33.9% of the enterprises (Annex, Figure 4).

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

Construction. In February, the composite indicator ‘business climate in construction’ increases by 1.3 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. The inquiry registers an increase of the new orders inflow over the last month, as their forecasts about the activity over the next 3 months are optimistic (Annex, Figure 7).

The main factors limiting the enterprises in the sector remain the uncertain economic environment, shortage of labour and competition in the branch (Annex, Figure 8).

Concerning the selling prices in construction, the majority of the managers foresee 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’ preserves approximately its January level (Annex, Figure 10). The retailers’ forecasts about the business situation of the enterprises are more favourable. At the same time, their expectations about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months remain optimistic.

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

As regards the selling prices, the retailers expect certain increase, although the prevailing opinions are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In February, the composite indicator ‘business climate in service sector’ increases by 3.4 percentage points (Annex, Figure 14) which is due to the favourable assessments and expectations of the managers about the business situation of the enterprises. Concerning the expected demand for services over the next 3 months their forecasts continue to improve (Annex, Figure 15), which according to them that will lead to additional hiring of personnel.

The most serious problems for the enterprises’ activity remain the competition in the branch and uncertain economic environment (Annex, Figure 16).

The managers in the service sector foresee the selling prices to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

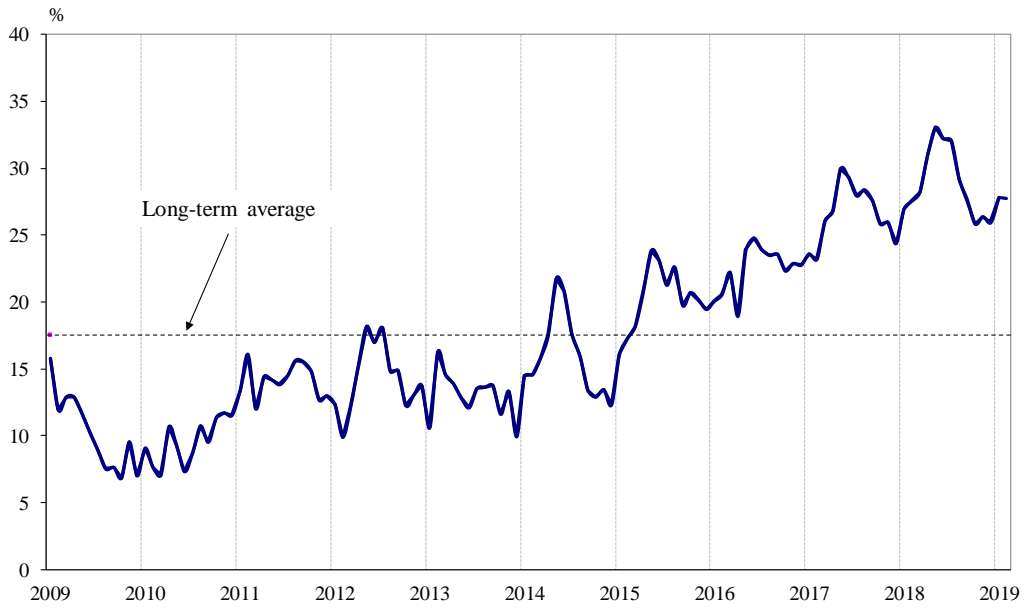


Figure 2. Business climate in industry

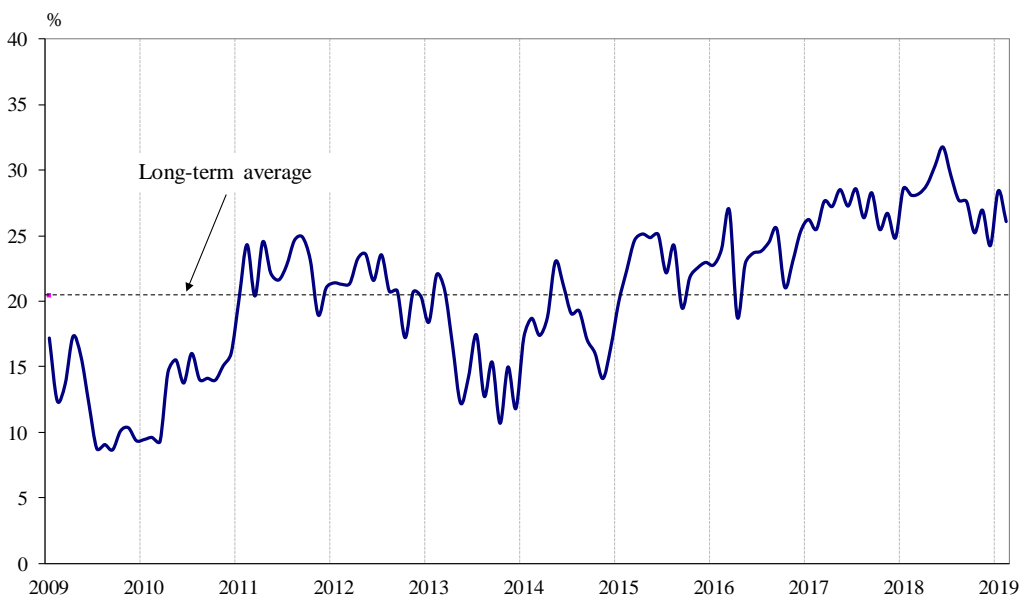




Figure 3. Expected production activity in industry over the next 3 months

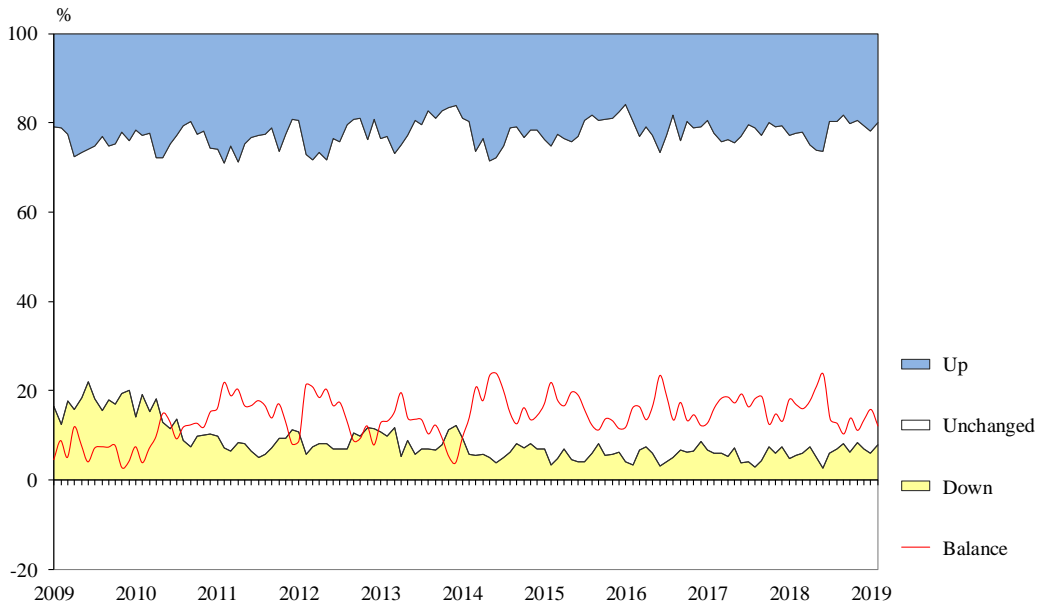


Figure 4. Limits to production in industry (Relative share of enterprises)

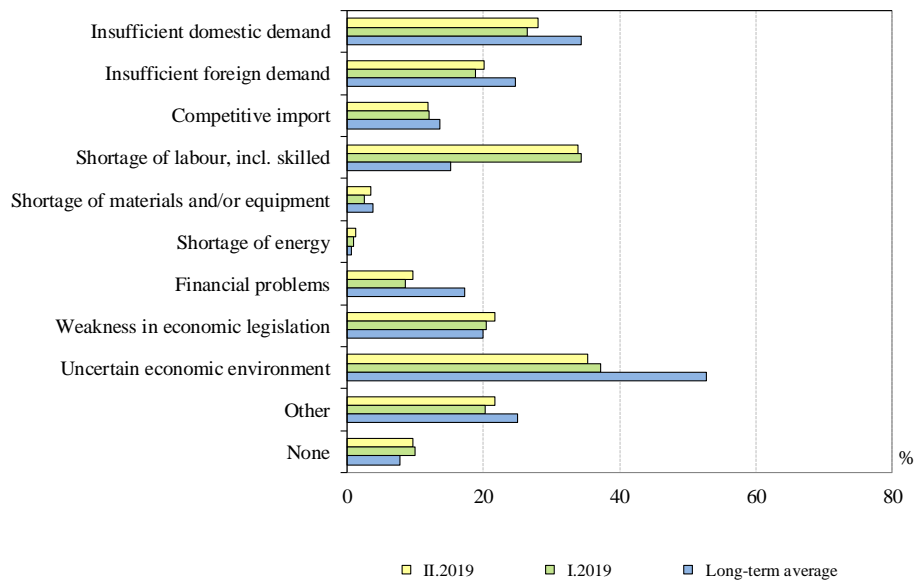




Figure 5. Selling prices expectations in industry over the next 3 months

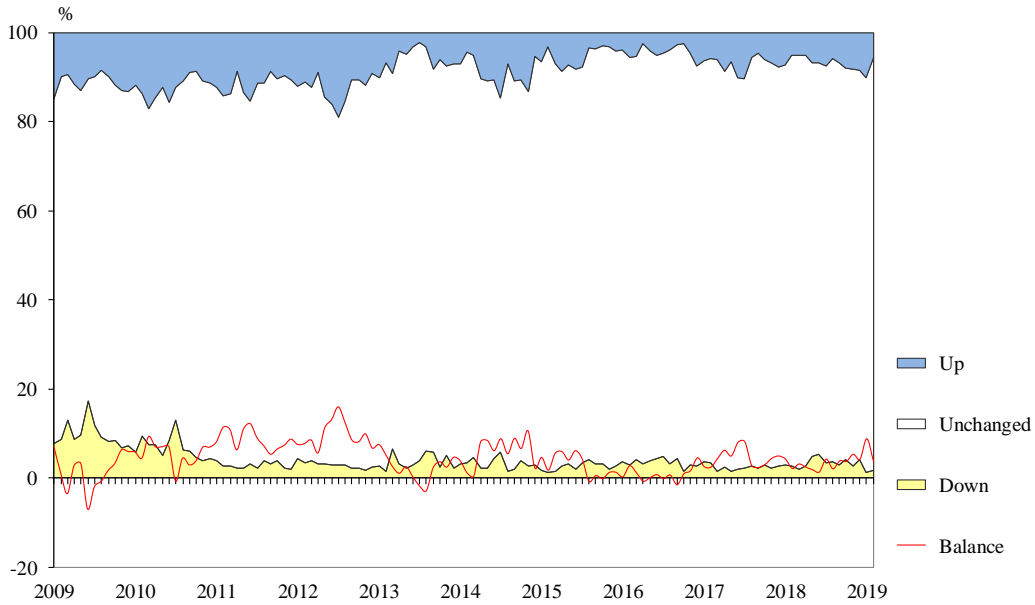


Figure 6. Business climate in construction

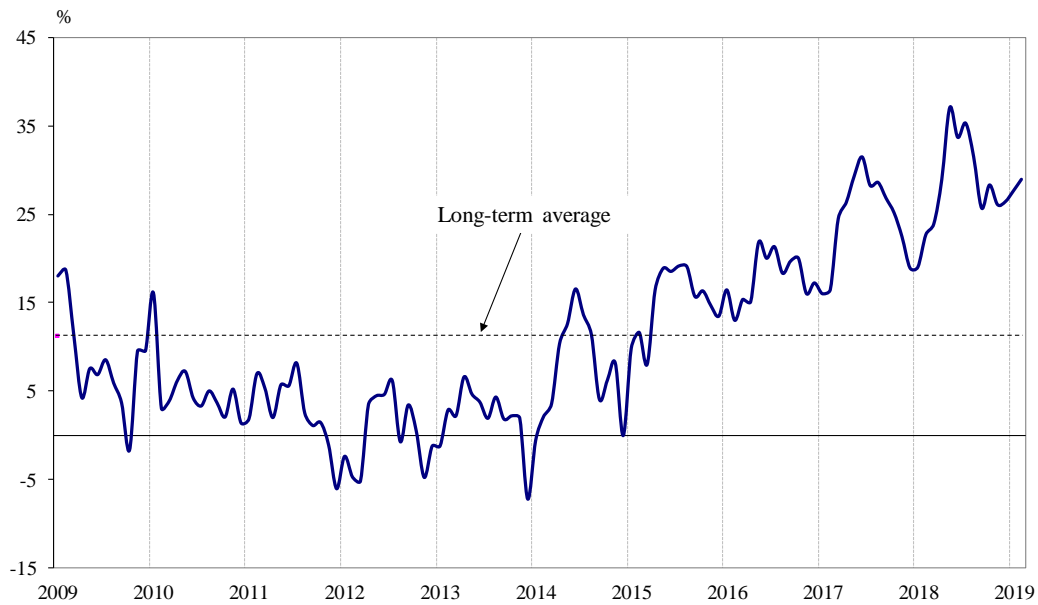




Figure 7. Expected construction activity over the next 3 months

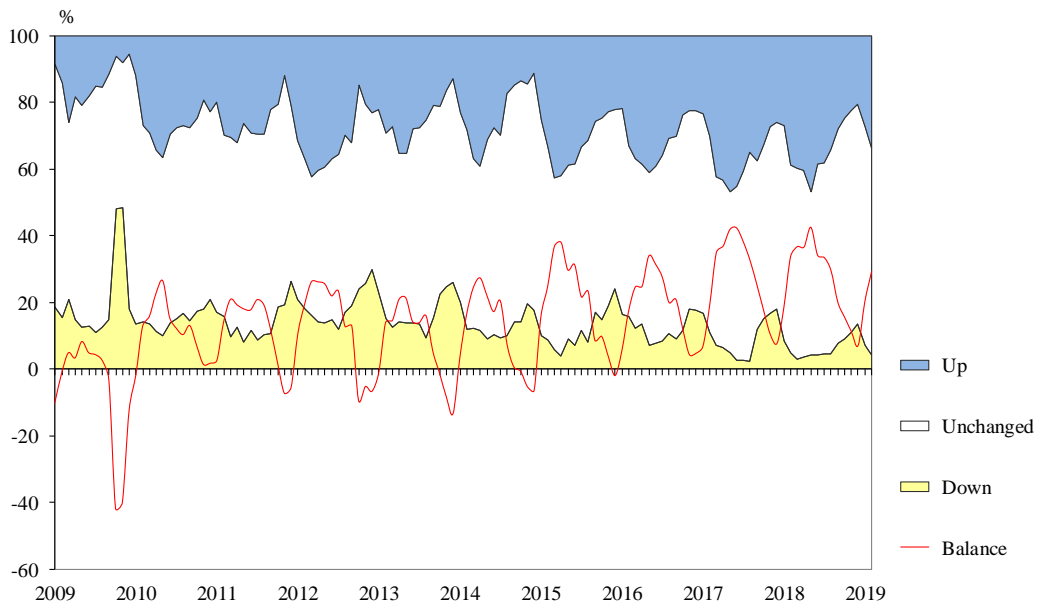


Figure 8. Limits to construction activity (Relative share of enterprises)

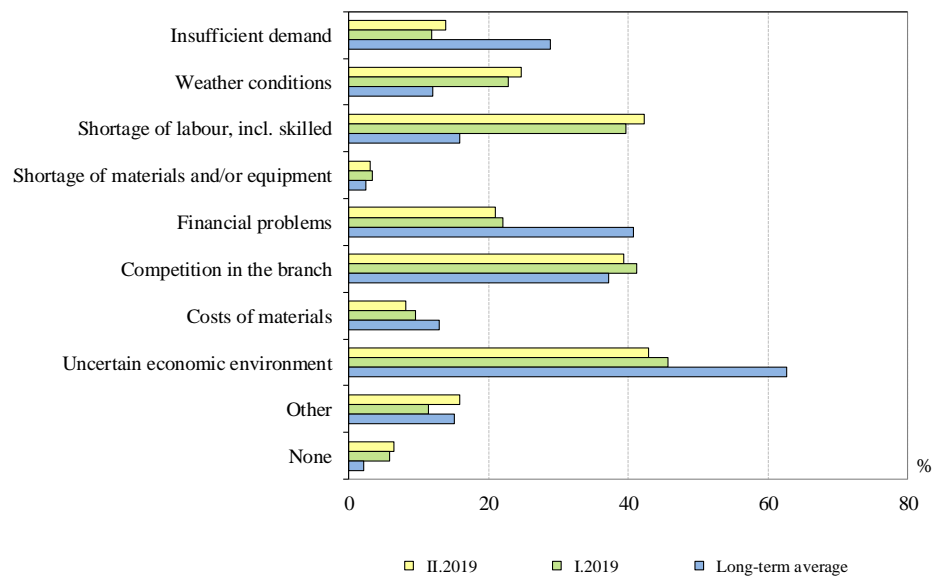




Figure 9. Selling prices expectations in construction over the next 3 months

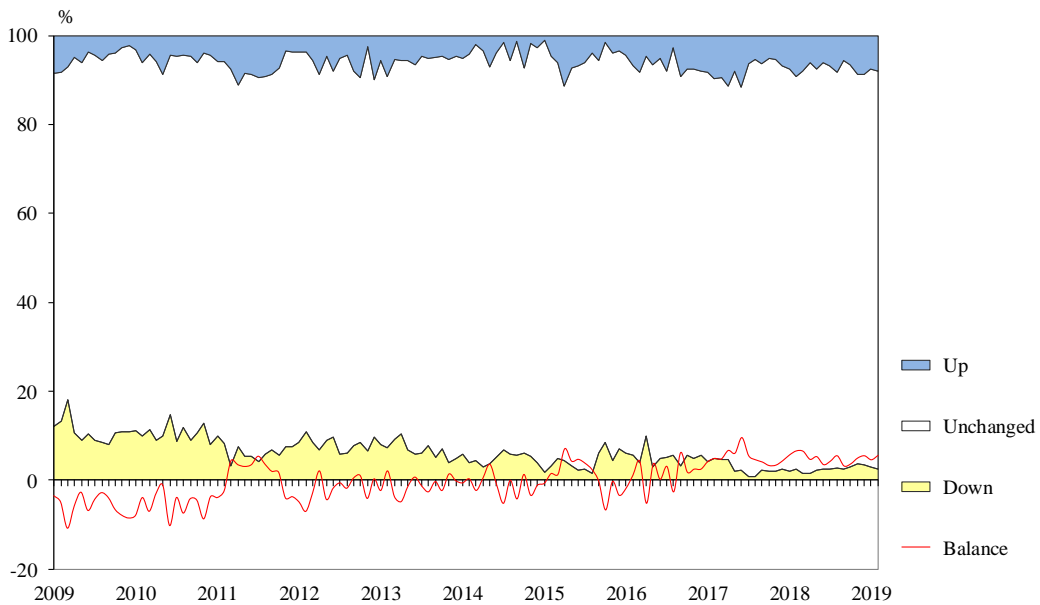


Figure 10. Business climate in retail trade

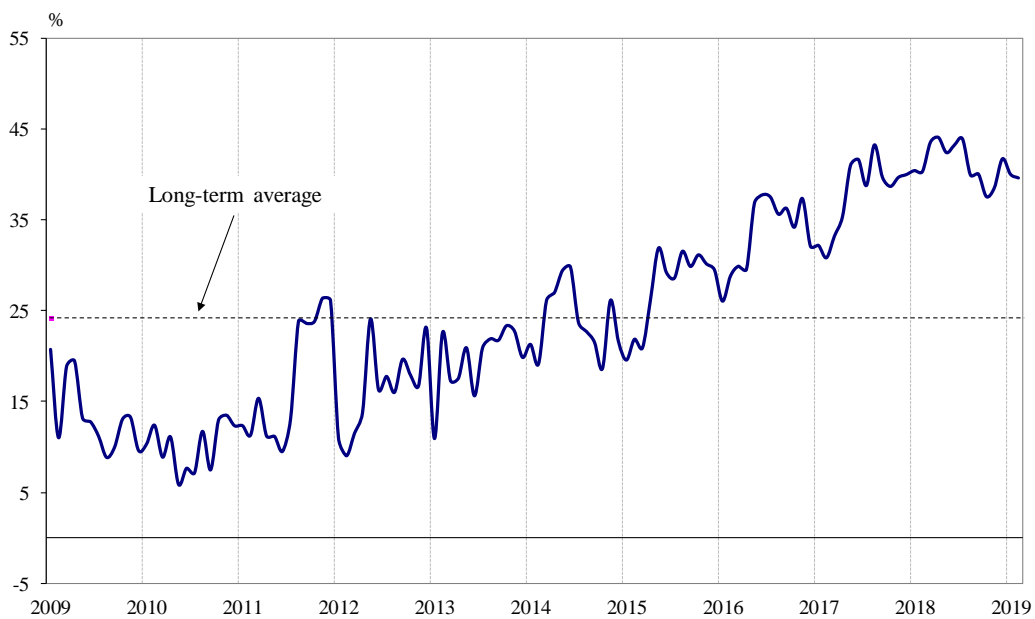




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

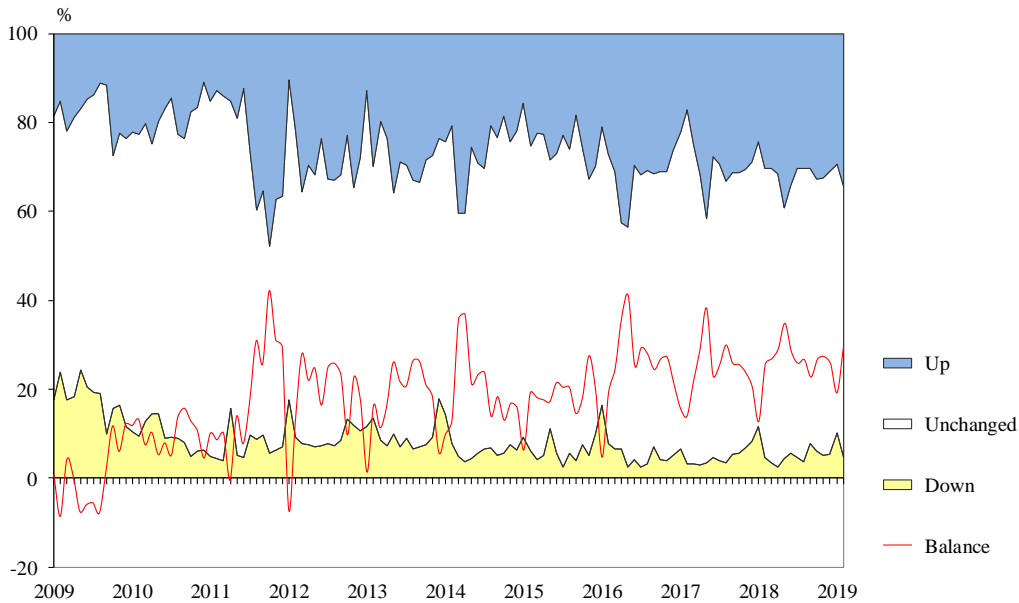


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

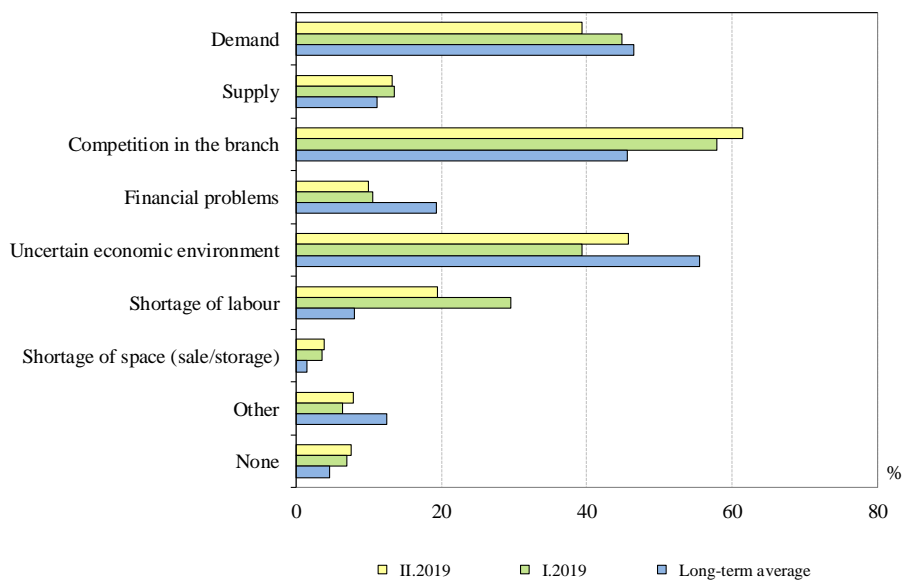




Figure 13. Selling prices expectations in retail trade over the next 3 months

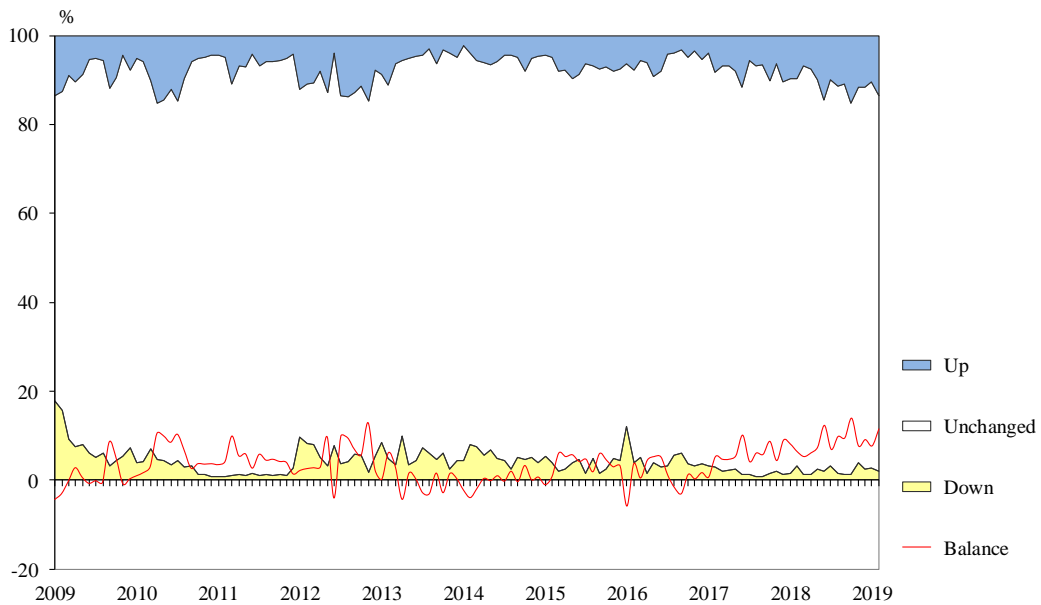


Figure 14. Business climate in service sector

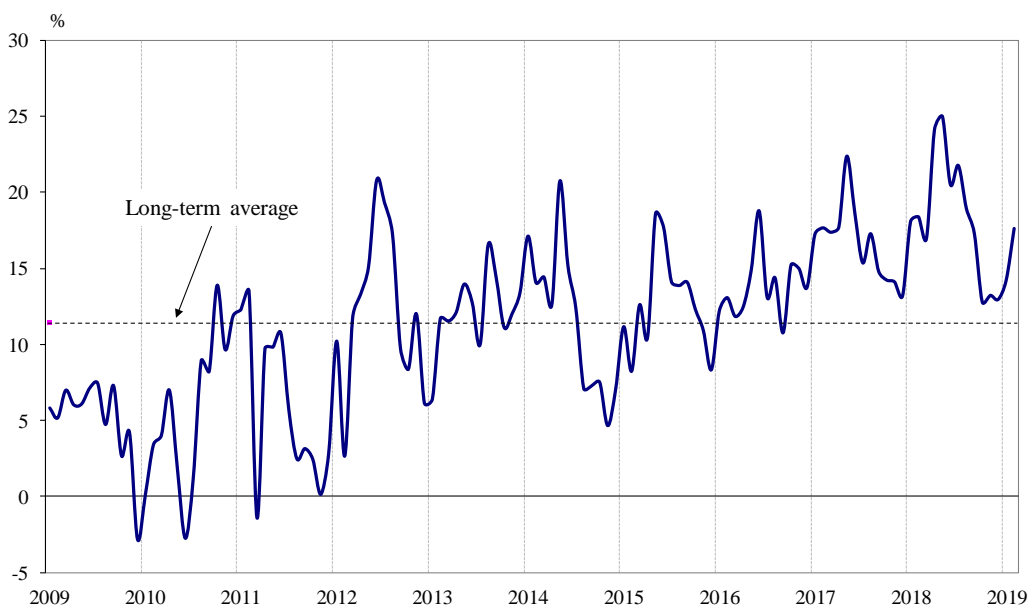




Figure 15. Expected demand in service sector over the next 3 months

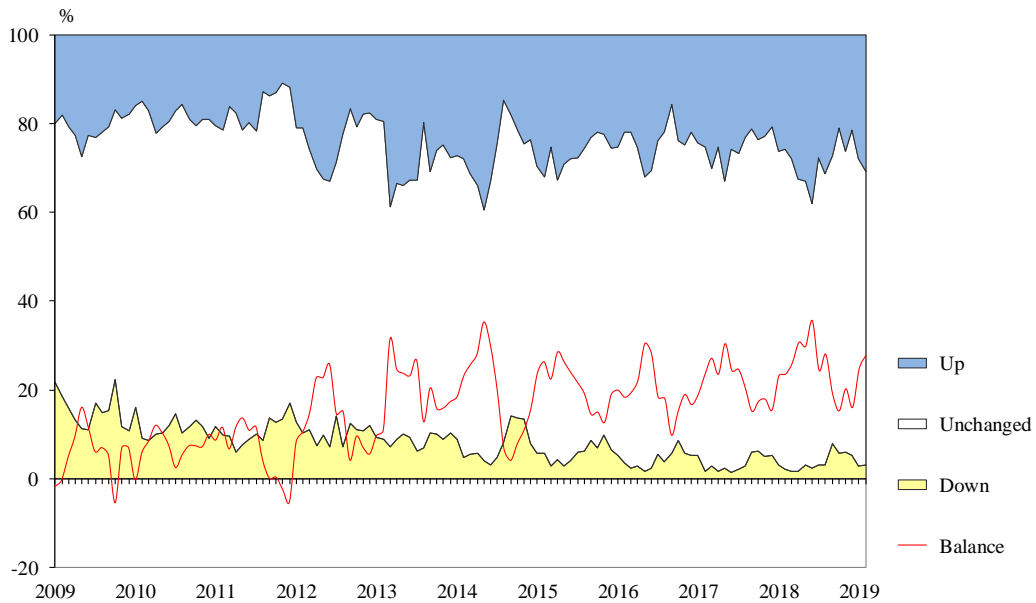


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

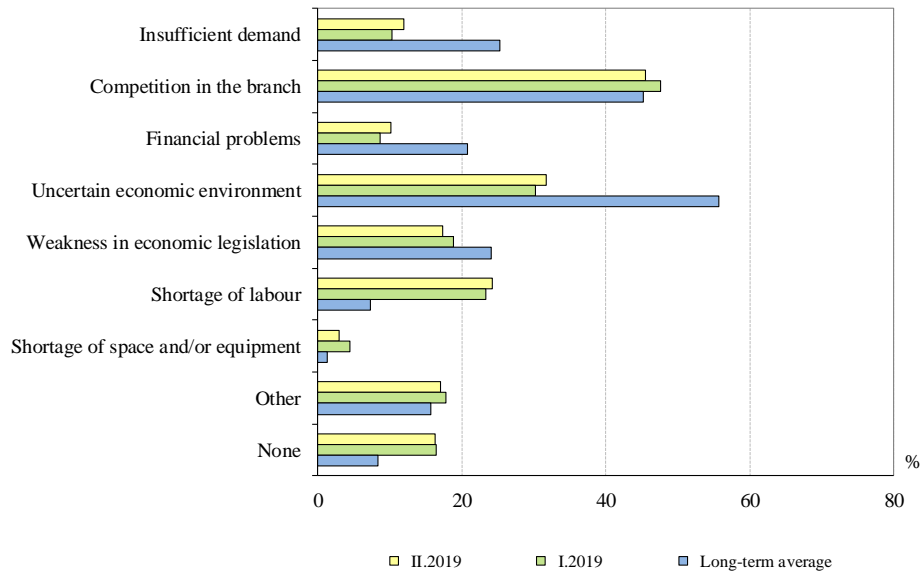




Figure 17. Selling prices expectations in service sector over the next 3 months

