



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

In April 2019, the **total business climate indicator**⁴ increases by 1.9 percentage points compared to March (Annex, Figure 1). An improvement of the business conjuncture is registered in industry, construction and service sector, while in retail trade the indicator preserves approximately its level from the previous month.

Industry. The composite indicator ‘business climate in industry’ increases by 2.0 percentage points (Annex, Figure 2) as a result of the more optimistic industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. Their forecasts concerning the production activity over the next 3 months are also improved (Annex, Figure 3), which is not accompanied by increased expectations about the export over the next 3 months.

At the same time in April, the average capacity utilization in industry decreases (by 1.8 percentage points) in comparison with January and it reaches 75.7%.

The uncertain economic environment and shortage of labour remain the main obstacles for the business development pointed out respectively by 38.3% and 33.0% of the enterprises (Annex, Figure 4).

As regards the selling prices in industry, 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 1.3 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs’ assessments about the present business situation of the enterprises. Their prognoses about the construction activity over the next 3 months also remain favourable, though more reserved in comparison with March (Annex, Figure 7).

The production is assurance with contracts for 5.1 months as a decrease of 0.5 months compared to the assessment from January is registered. The managers’ expectations about the new orders over the next 6 months are also more unfavourable.

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.



The factors ‘uncertain economic environment’, ‘shortage of labour’ and ‘competition in the branch’ continue to be the main problems for business development (Annex, Figure 8).

Concerning the selling prices in construction, the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ remains approximately at its March level (Annex, Figure 10). The retailers’ assessments about the present business situation of the enterprises and their forecasts about the development of their business over the next six months remain 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 are improved.

The most serious difficulties for the business remain related to the competition in the branch, insufficient demand and uncertain economic environment, as in the last month a decrease of their negative impact is observed (Annex, Figure 12).

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

Service sector¹. In April, the composite indicator ‘business climate in service sector’ increases by 3.4 percentage points (Annex, Figure 14) as a result of the improved managers’ assessments about the present business situation of the enterprises. Their opinions about the present and expected demand for services are also more optimistic (Annex, Figure 15).

The competition in the branch and the uncertain economic environment continue to limit with most extent the activity of the enterprises, as the inquiry reports strengthening of the unfavourable impact of the second factor (Annex, Figure 16).

Concerning the selling prices in the service sector, the majority of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

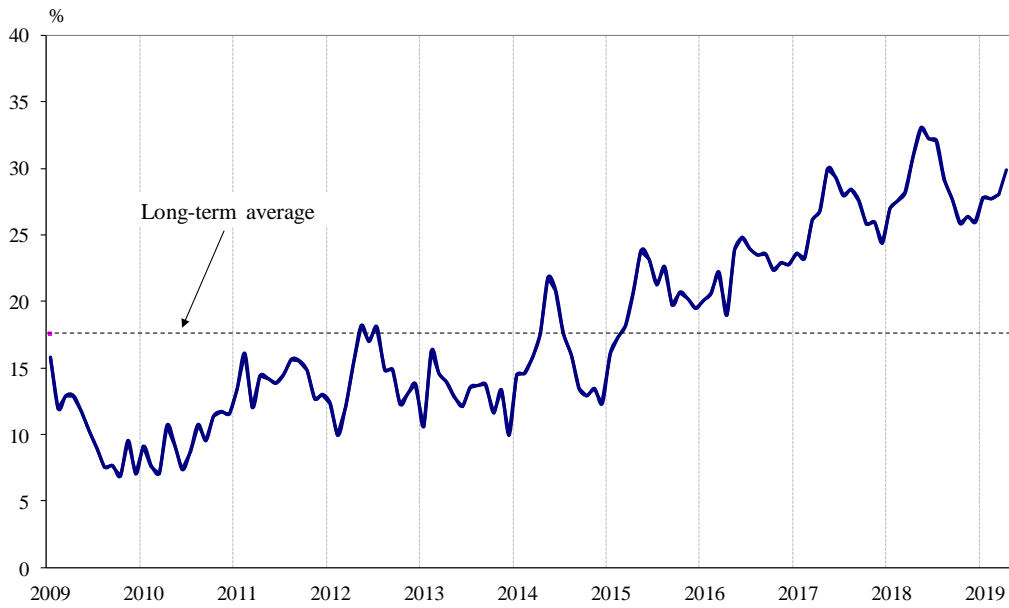


Figure 2. Business climate in industry

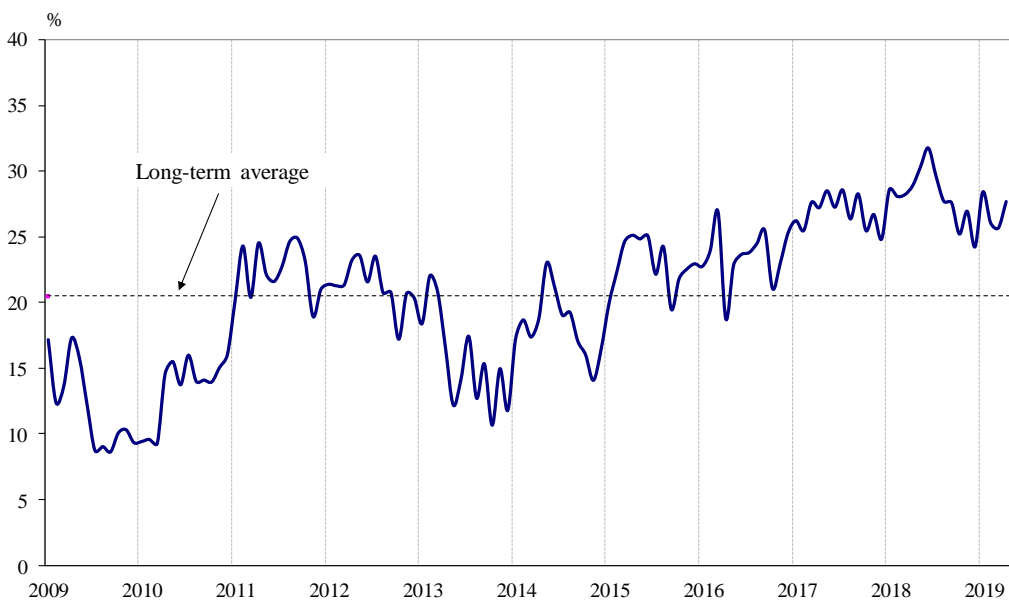




Figure 3. Expected production activity in industry over the next 3 months

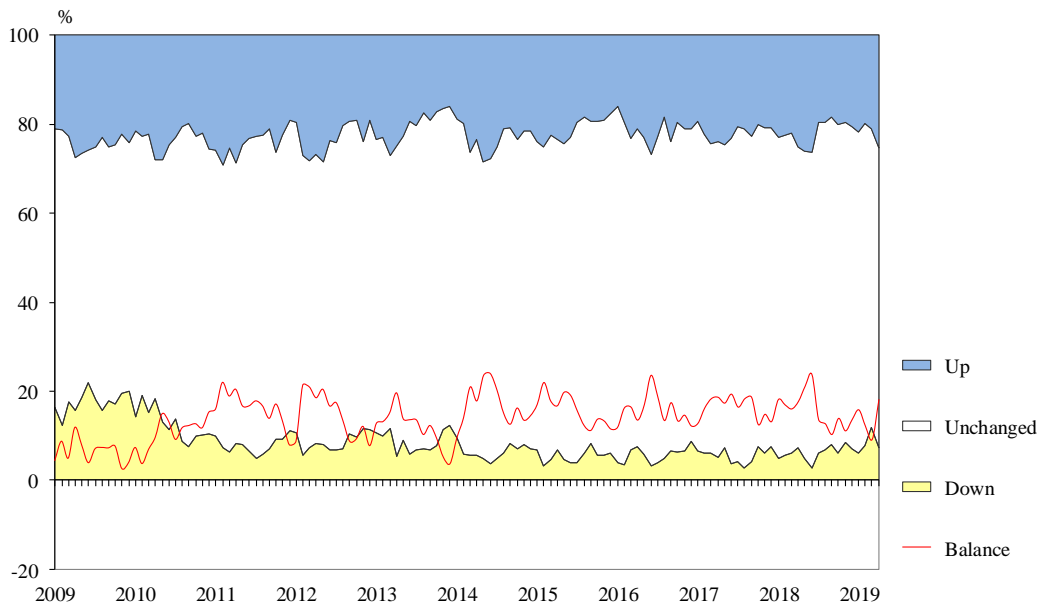


Figure 4. Limits to production in industry (Relative share of enterprises)

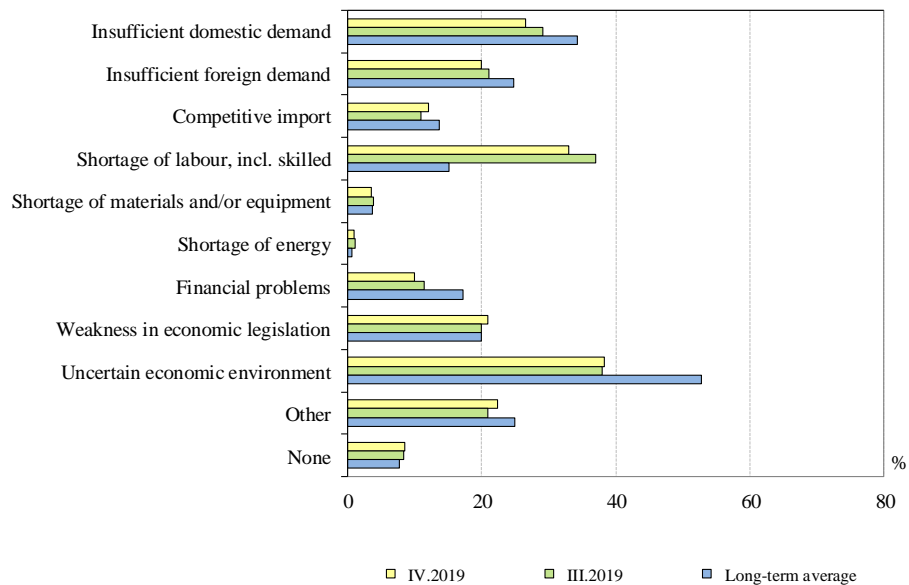




Figure 5. Selling prices expectations in industry over the next 3 months

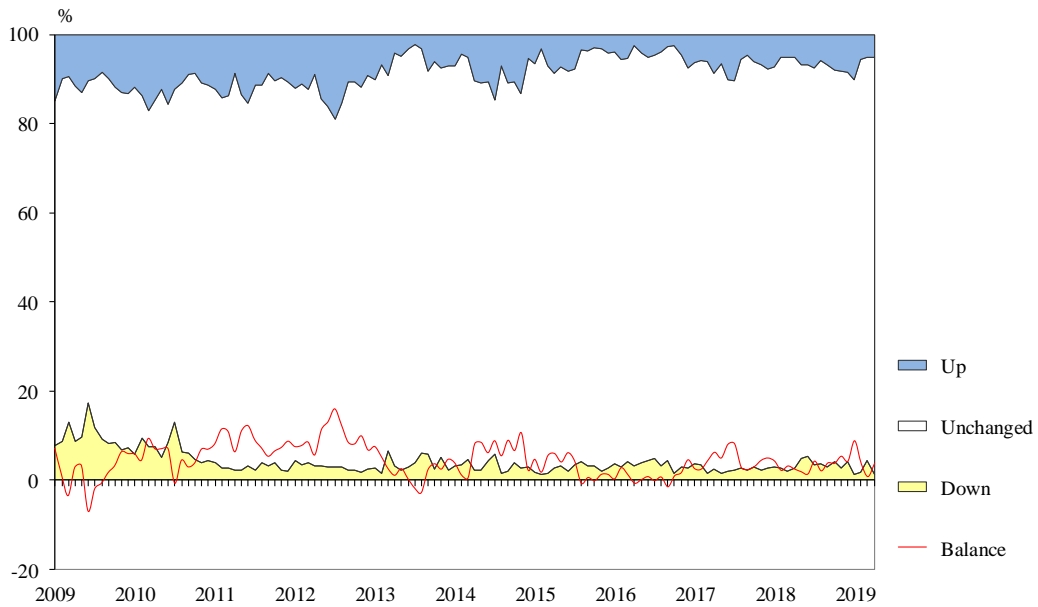


Figure 6. Business climate in construction

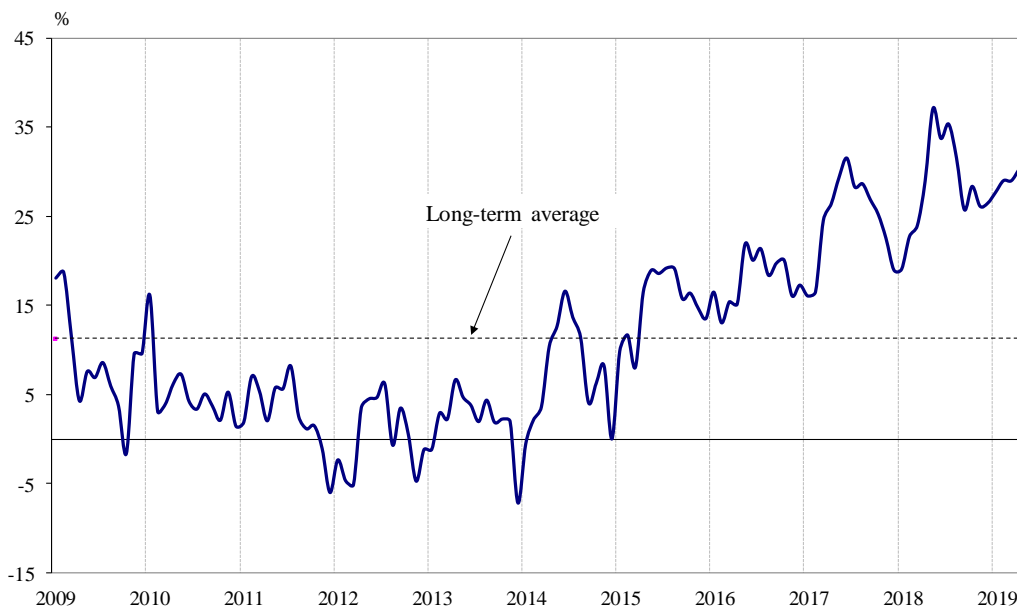




Figure 7. Expected construction activity over the next 3 months

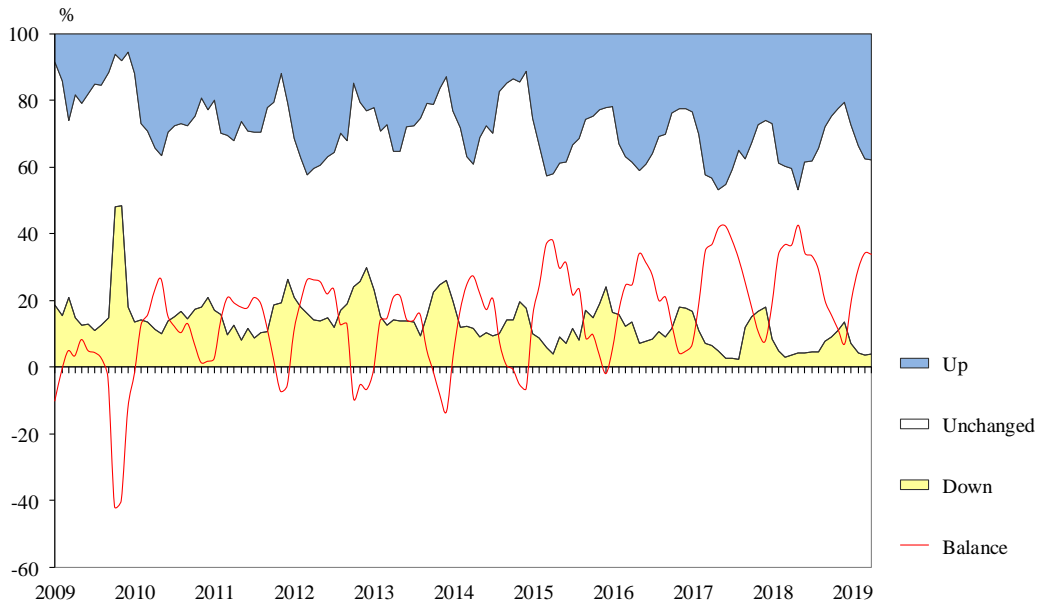


Figure 8. Limits to construction activity (Relative share of enterprises)

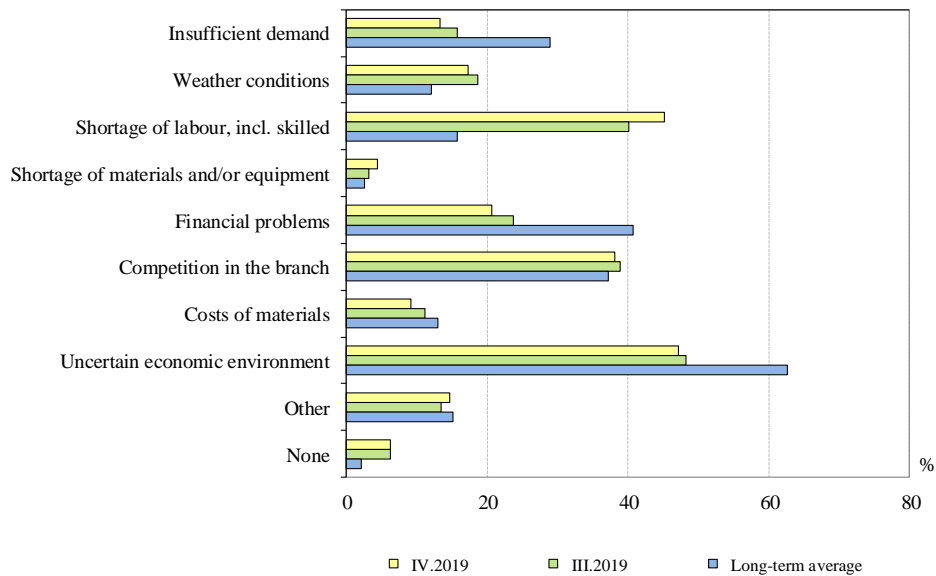




Figure 9. Selling prices expectations in construction over the next 3 months

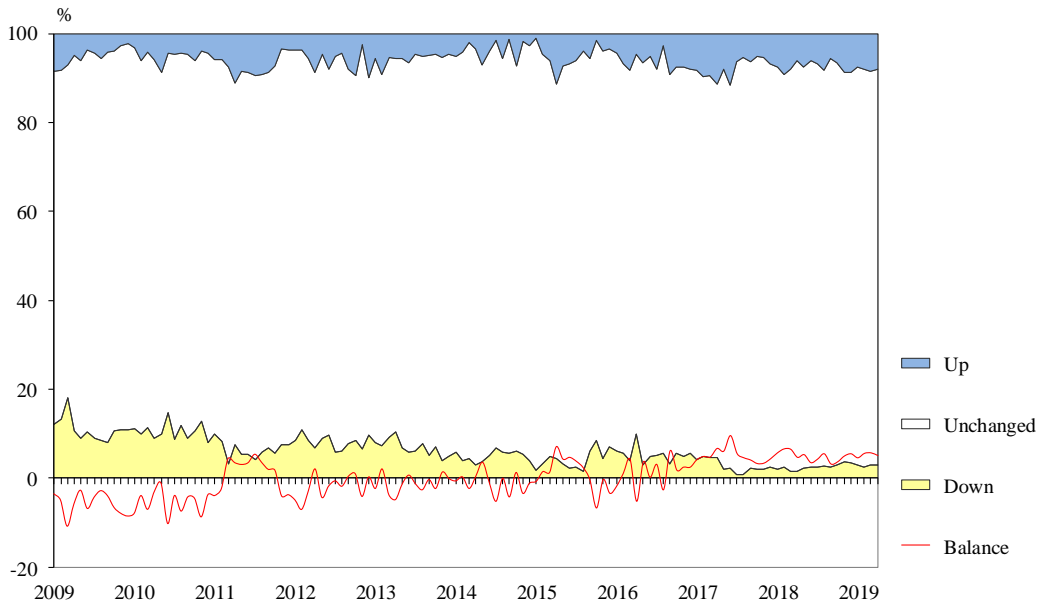


Figure 10. Business climate in retail trade

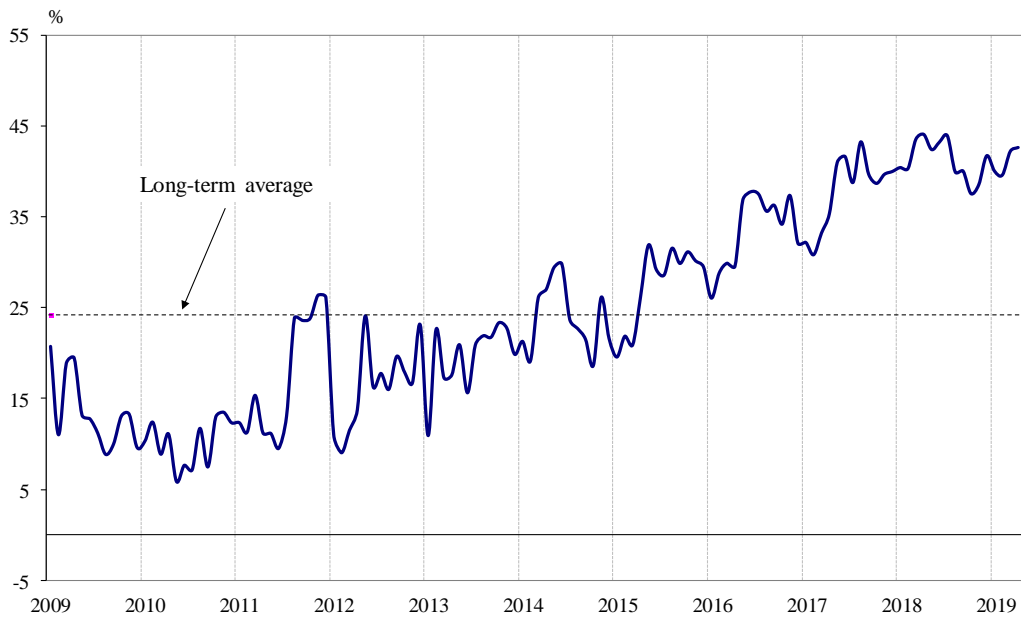




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

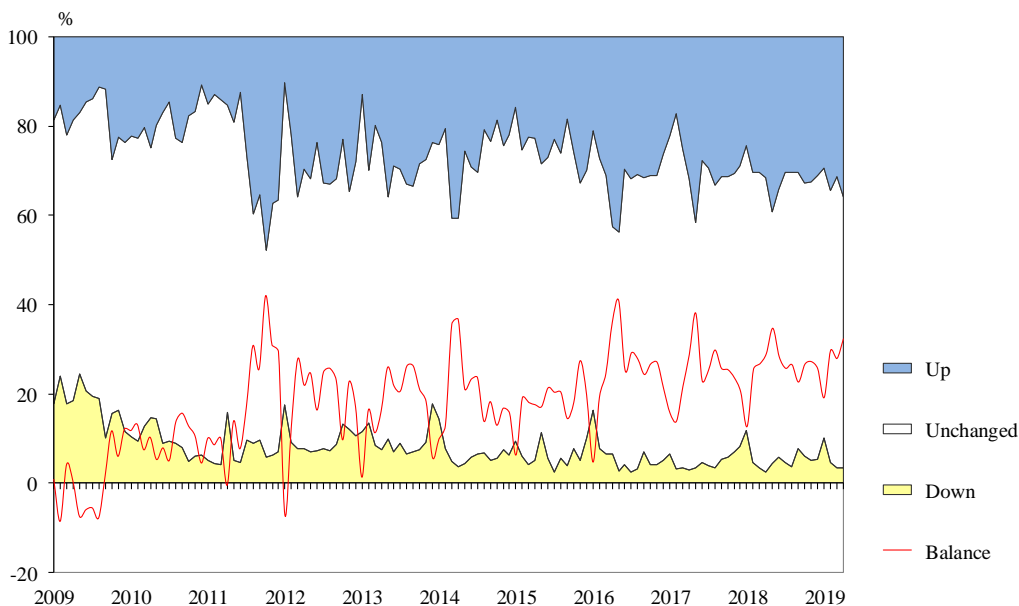


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

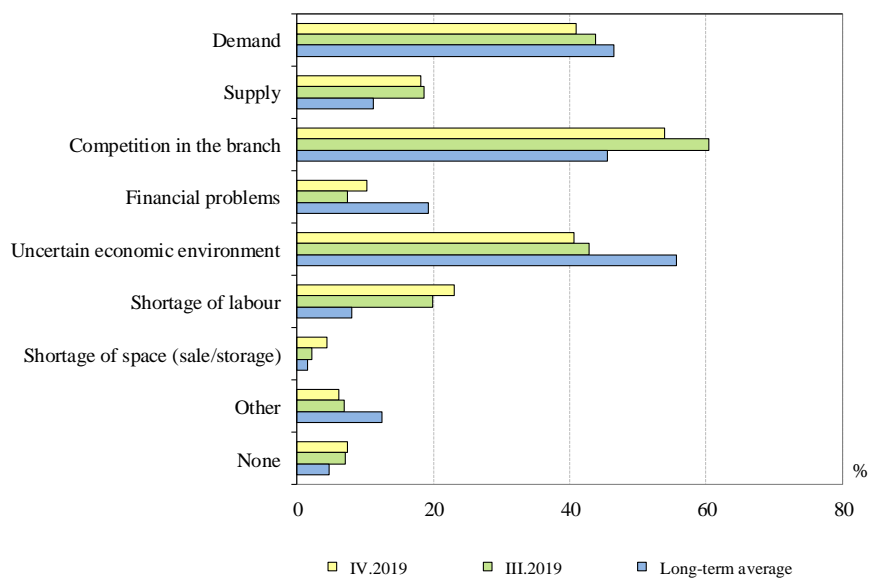




Figure 13. Selling prices expectations in retail trade over the next 3 months

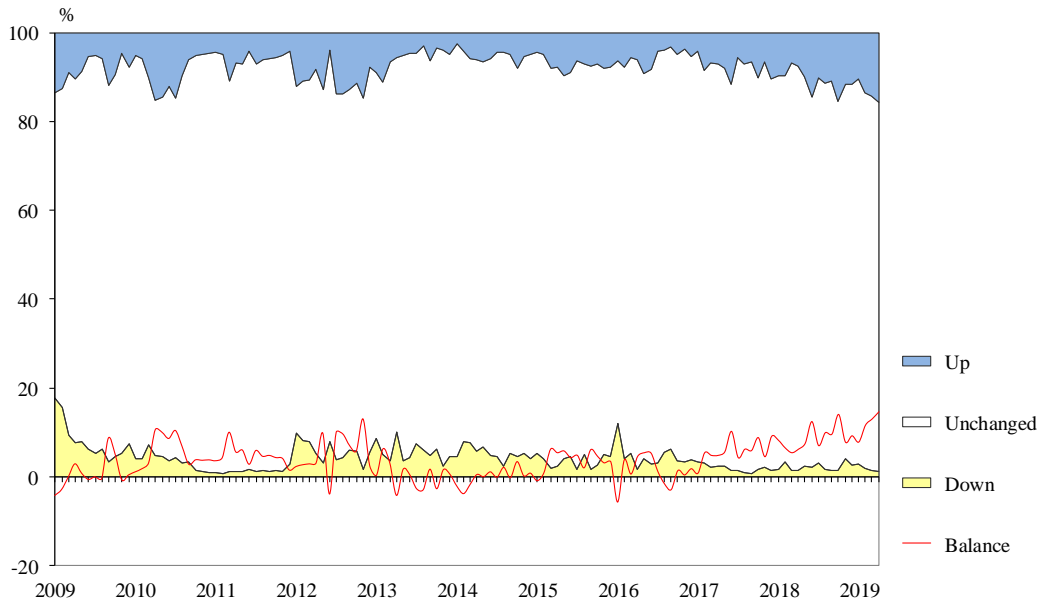


Figure 14. Business climate in service sector

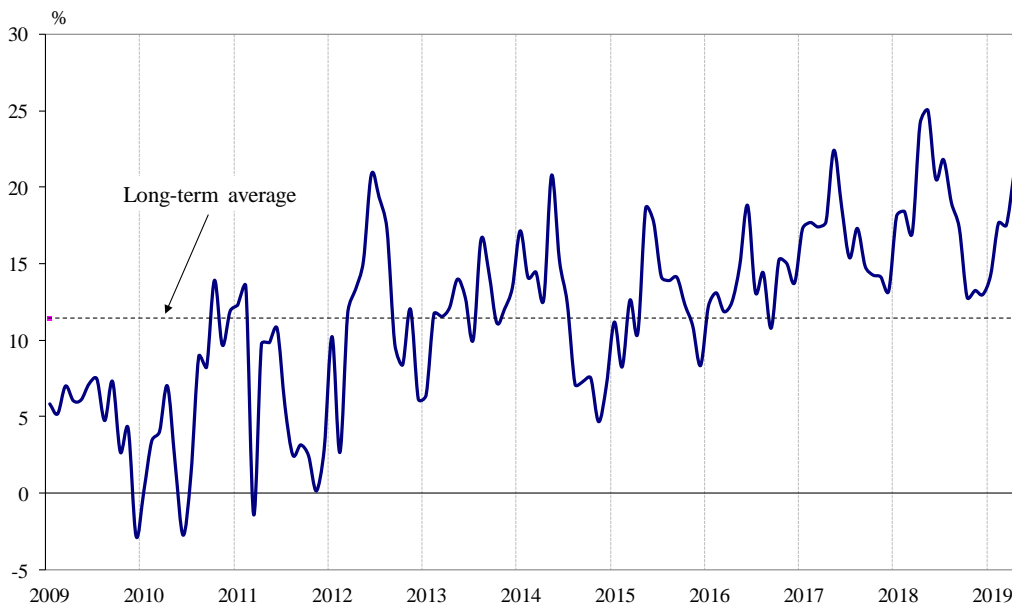




Figure 15. Expected demand in service sector over the next 3 months

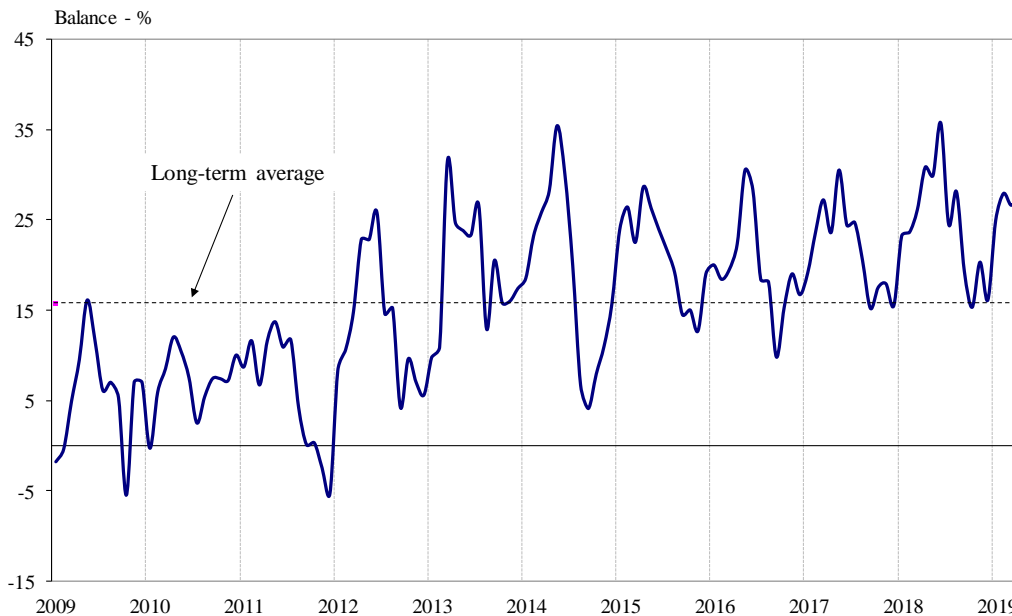


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

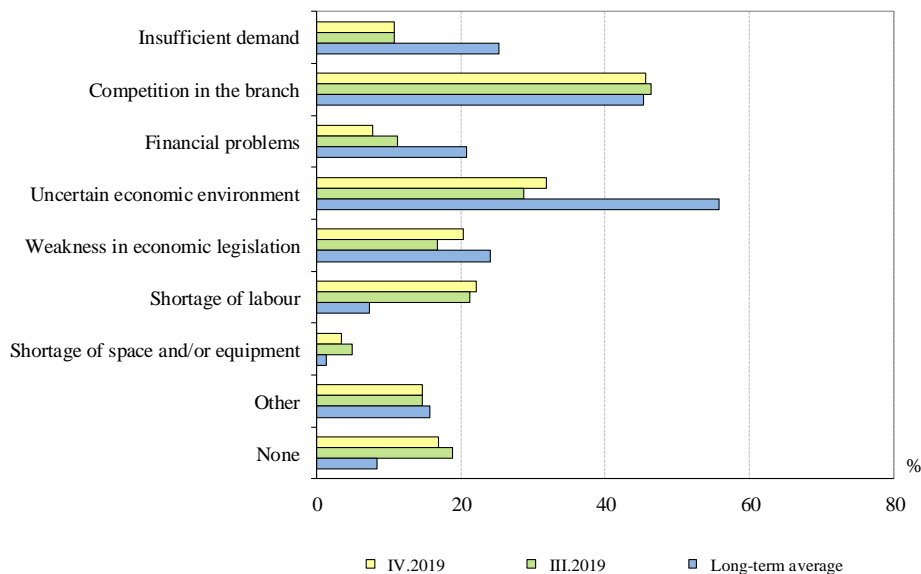




Figure 17. Selling prices expectations in service sector over the next 3 months

