



## BUSINESS CONJUNCTURE

### NSI BUSINESS SURVEYS<sup>1,2,3</sup>, MARCH 2012

In March 2012 the business conjuncture in the country has slightly improved. **The total business climate indicator<sup>4</sup>** increases by 2.3 percentage points in comparison with its February level (Figure 1) due to the more favourable business climate in retail trade and in service sector.

**Industry.** The composite indicator “business climate in industry” preserves its level from the previous months (Figure 2). The inquiry registers a certain managers’ optimism as regards the business situation of the enterprises over the next 6 months (Figure 3) although as regards the present business situation their opinions are reserved. At the same time in March the production activity and orders from abroad are shrinking.

The main problems for the development of the business in the sector continue to be the uncertain economic environment and the insufficient domestic demand (Figure 4).

The majority of the industrial entrepreneurs do not intend to increase selling prices in the branch over the next 3 months.

**Construction.** In March 2012 the composite indicator “business climate in construction” approximately remains its level from February (Figure 5). The present business situation of the enterprises is assessed as satisfactory or bad and construction activity - as shrunk. The uncertain economic environment, financial problems and insufficient demand remain the main factors limiting the activity in the branch as in March their negative influence is increasing (Figure 6).

However expectations of construction entrepreneurs about business situation of the enterprises over the next 6 months (Figure 7) and for construction activity are optimistic. At the same time the inquiry reports a decrease of the number of clients with delay in payments (Figure 8).

With regard to the selling prices in the construction there are no expectations about an increase over the next 3 months.

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<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, retail trade and service sector. As the last indicator of the business climate has been service sector is included in the total time series since May 2002.



**Retail trade.** In March the composite indicator “business climate in retail trade” increases by 2.4 percentage points compared to the previous month (Figure 9) due to the slight improved assessments and more optimistic expectations about the business situation of the enterprises (Figure 10). The raised optimism in retailer’s forecasts as regards both the volume of sales and the orders placed with suppliers over the next 3 months are registered (Figure 11).

The main obstacle to the business development in the sector continues to be the uncertain economic environment. However in the last month the negative impact of the factor “competition in the branch” is strengthened by 11.5 percentage points and shifting on third place the factor “demand” (Figure 12).

With regard to the selling prices the retailers do not expect an increase over the next 3 months.

**Service sector<sup>5</sup>.** In March the composite indicator “business climate in the service sector” increases by 9.2 percentage points in comparison with February (Figure 13) due to the shifting of manager’s assessments and expectations about the business situation of enterprises from “worse” to keeping “the same” situation (Figure 14). With regard to the demand for services over the next 3 months their expectation are optimistic (Figure 15) which refrain them from forecasts to laying off the personnel.

The uncertain economic environment continues to be the most serious factor limiting the activity of enterprises, followed by the factors “competition in the branch” and “financial problems” (Figure 16).

Prevailing manager’s expectations with regard to the selling prices in the service sector are for preservation of their level over the next 3 months (Figure 17).

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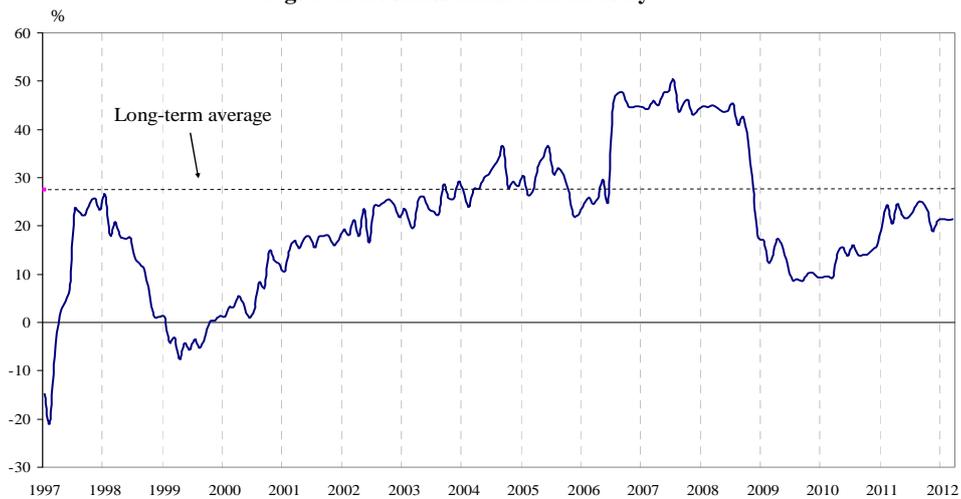
<sup>5</sup> Excl. trade.



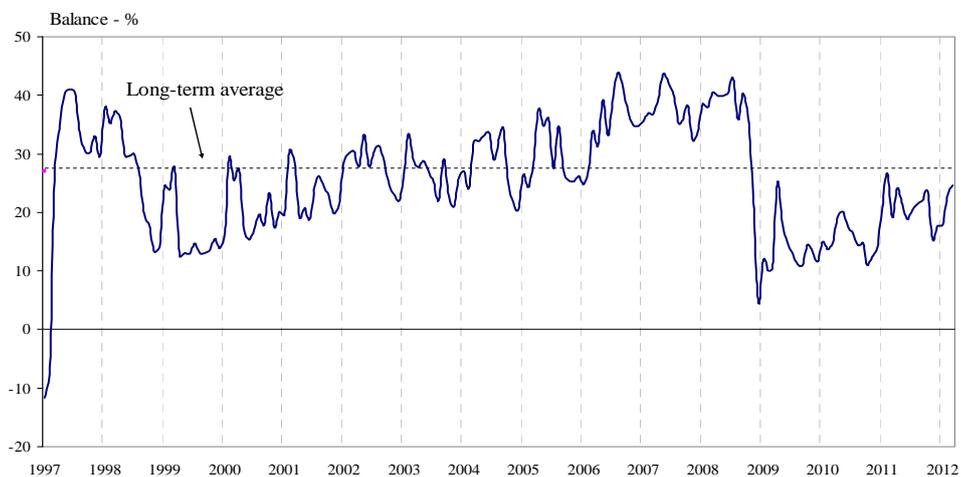
**Figure 1. Business climate - total**



**Figure 2. Business climate in industry**

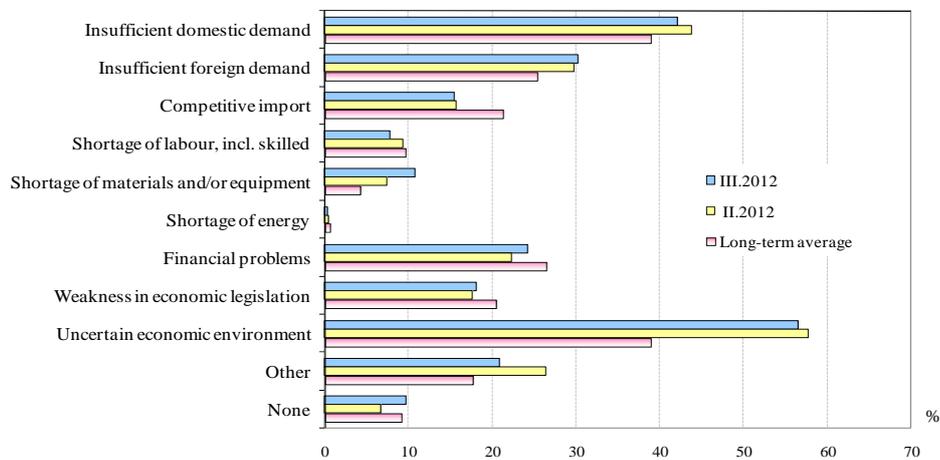


**Figure 3. Expected business situation in industry over the next 6 months**

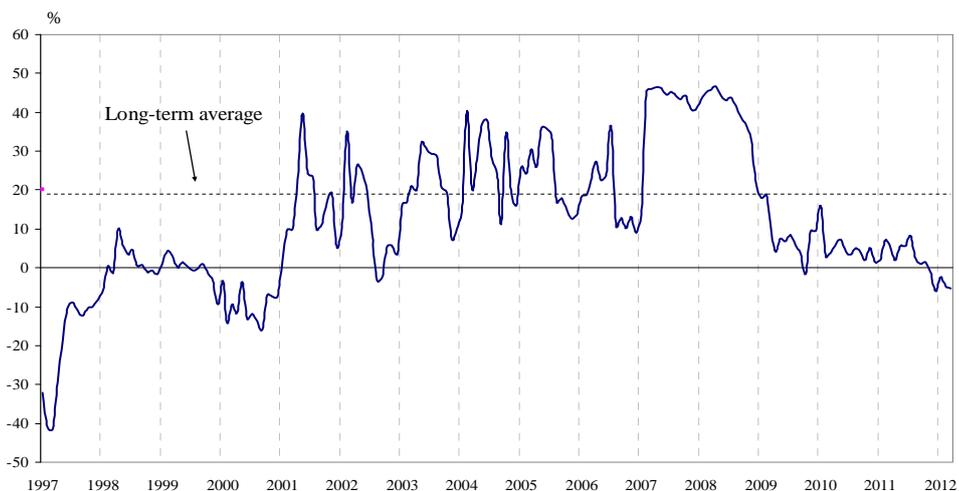




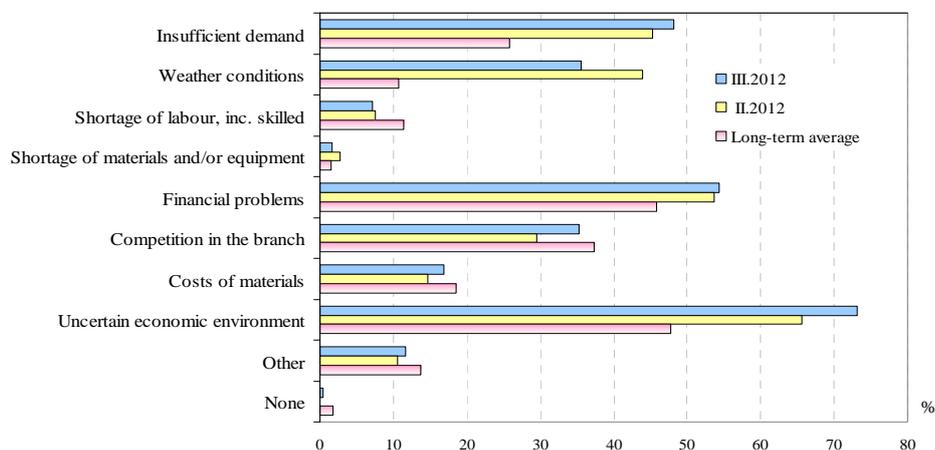
**Figure 4. Limits to production in industry  
(Relative share of enterprises)**



**Figure 5. Business climate in construction**

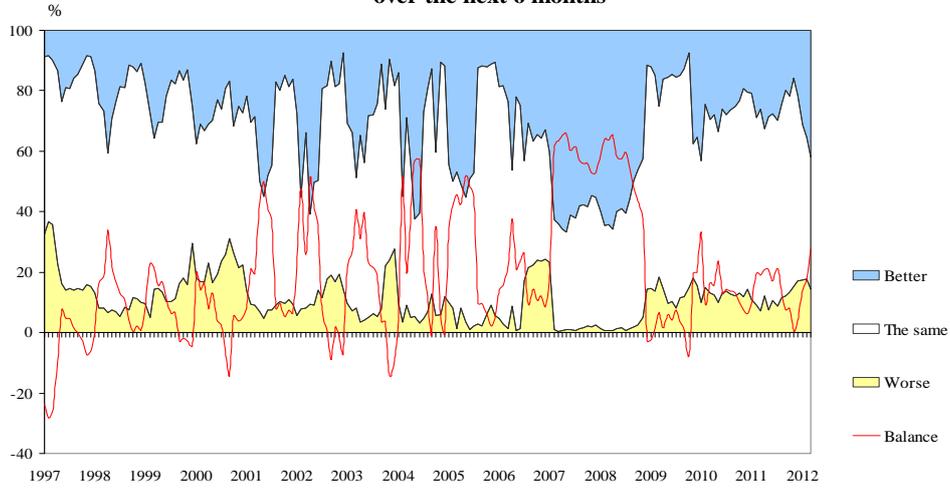


**Figure 6. Limits to construction activity  
(Relative share of enterprises)**

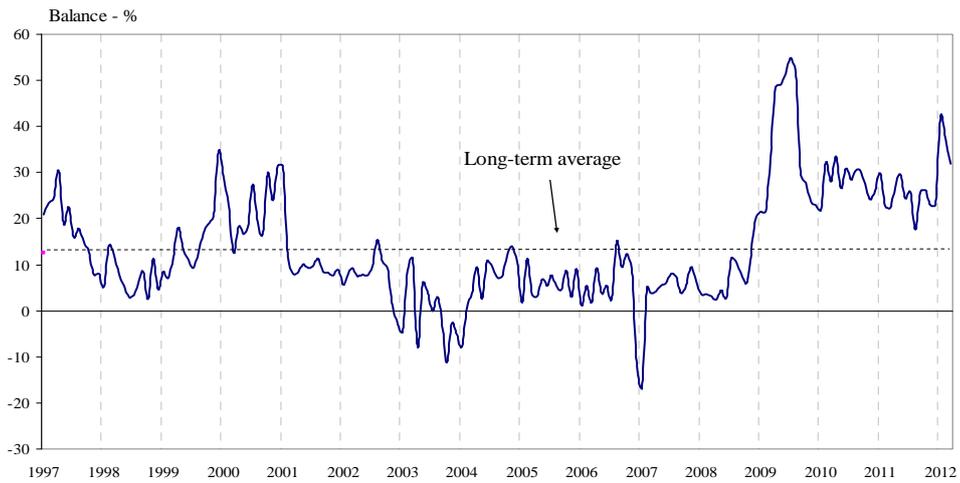




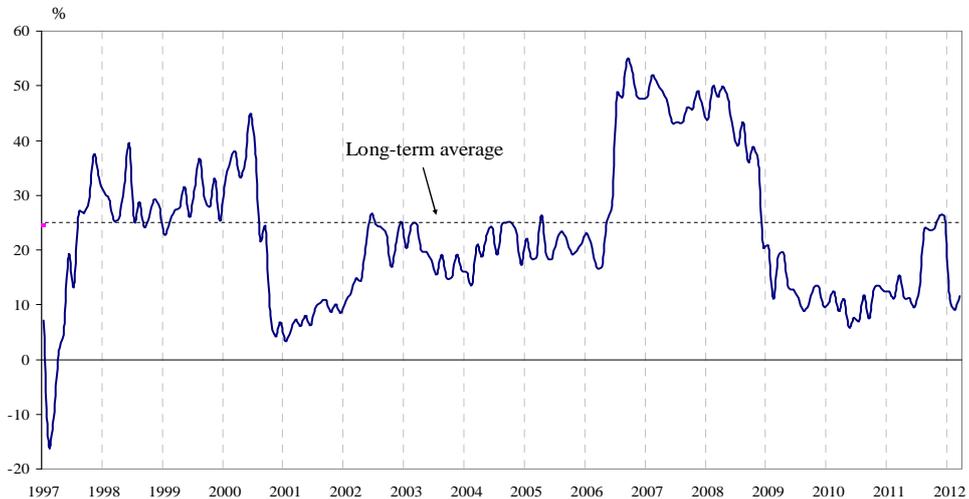
**Figure 7. Expected business situation in construction over the next 6 months**



**Figure 8. Clients with delay in payments in construction**

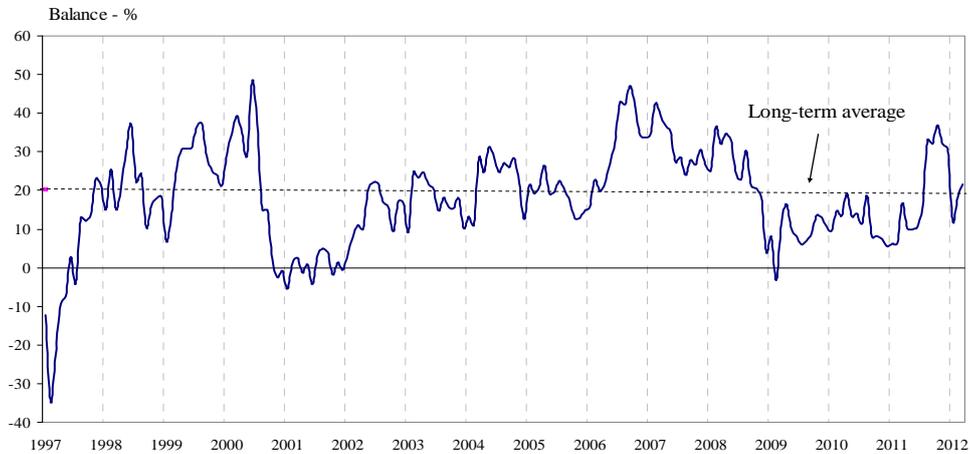


**Figure 9. Business climate in retail trade**

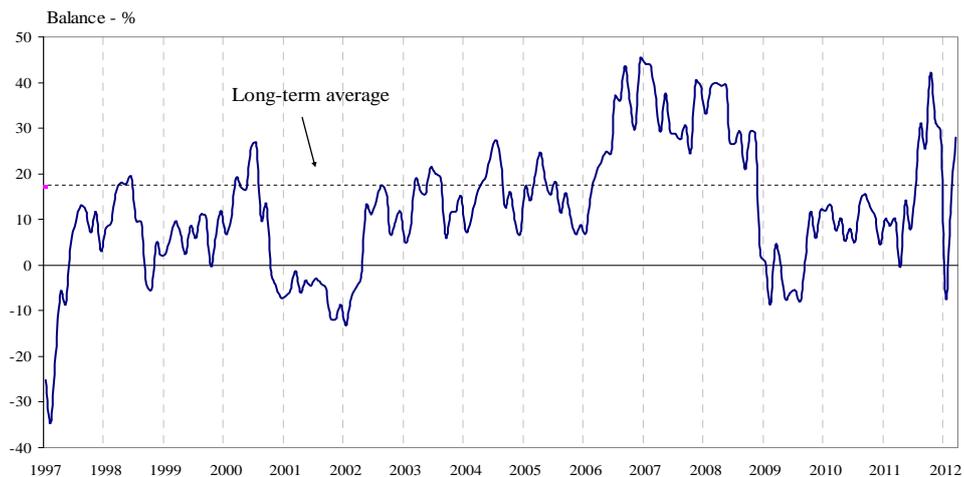




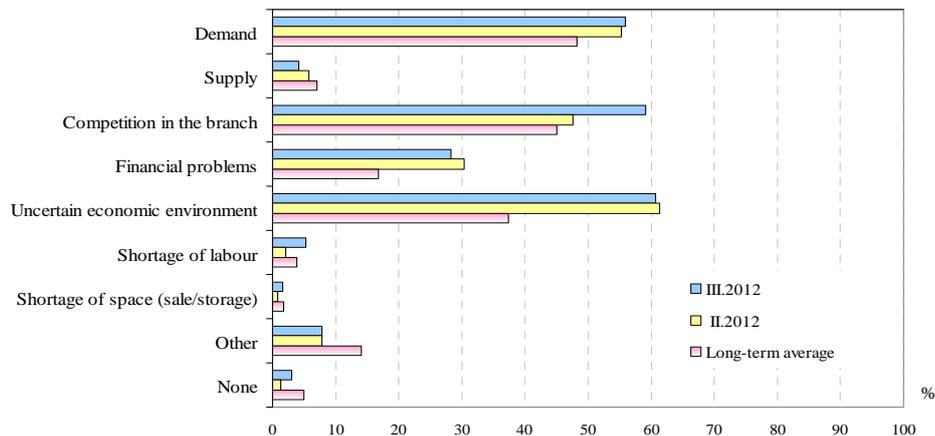
**Figure 10. Expected business situation in retail trade over the next 6 months**



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

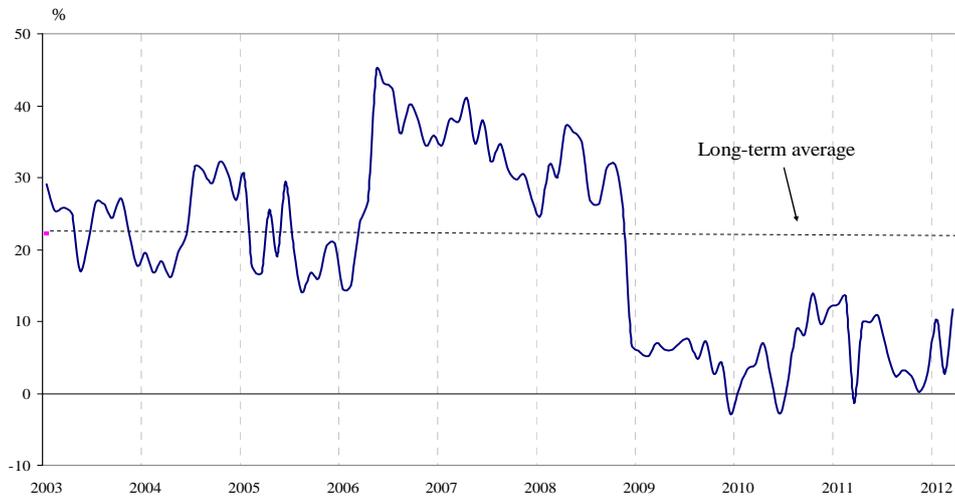


**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

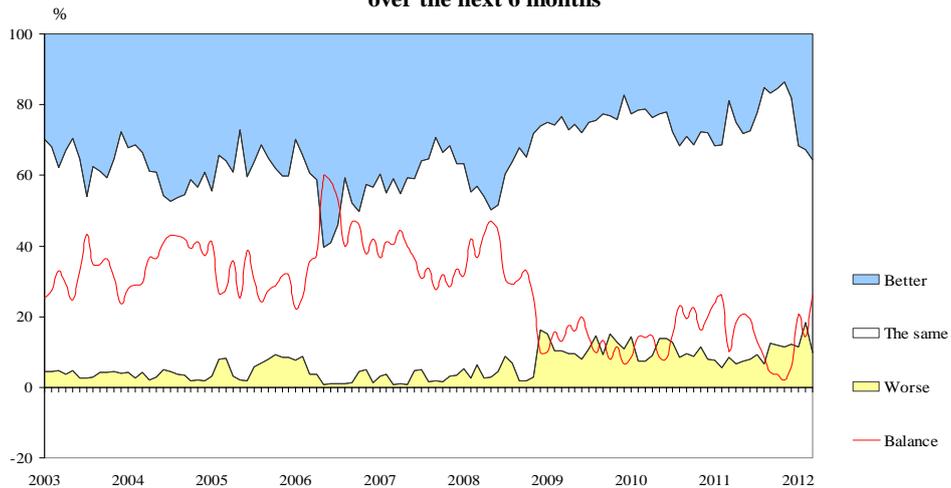




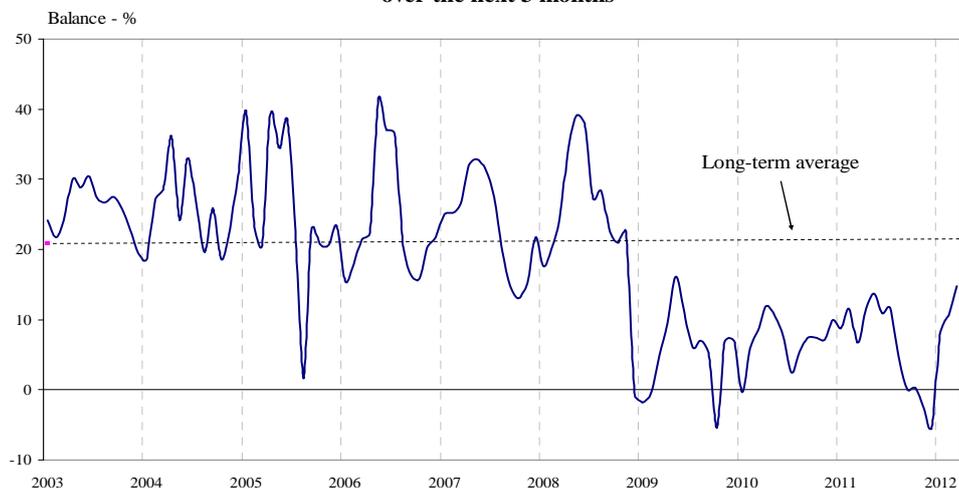
**Figure 13. Business climate in service sector**



**Figure 14. Expected business situation in service sector over the next 6 months**

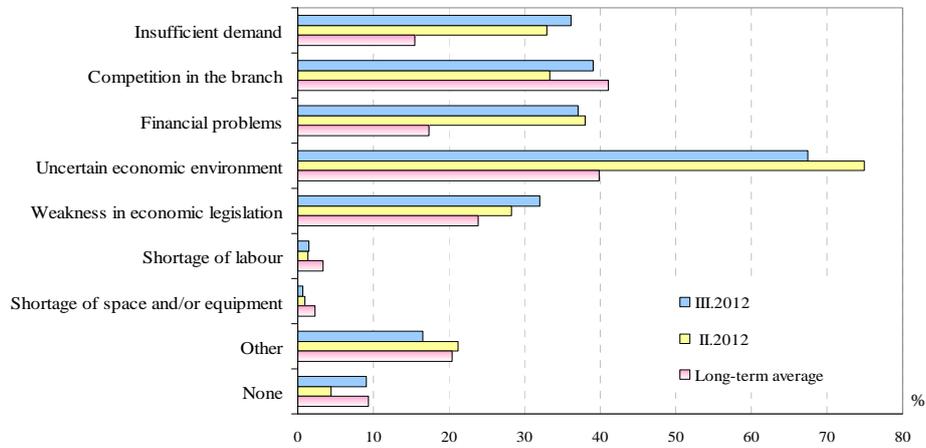


**Figure 15. Expected demand in service sector over the next 3 months**





**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**

