



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1, 2, 3}, AUGUST 2012

In August 2012 **the total business climate indicator**⁴ decreases by 3.3 percentage points compared to its July level (Annex, Figure 1) due to the more unfavourable business climate in the all observed sectors - industry, construction, retail trade and service sector.

Industry. The composite indicator “business climate in industry” decreases by 2.8 percentage points in comparison with the previous month (Annex, Figure 2), which is due to the worsening managers’ assessments about present business situation of the enterprises. The inquiry also registers a decrease of production assurance with orders from abroad which is associated with reduced expectations about the activity of enterprises over the next 3 months (Annex, Figure 3).

The uncertain economic environment and insufficient domestic demand continue to be the main factors pointed out of the industrial entrepreneurs as an obstacle for the development of their business (Annex, Figure 4).

Concerning selling prices the expectations are to preserve their level over the next 3 months (Annex, Figure 5).

Construction. In comparison with July the composite indicator “business climate in construction” drops by 6.9 percentage points (Annex, Figure 6) mainly due to the increased pessimism in the construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7), as well as their expectations about construction activity over the next 3 months are more unfavourable. As regards the employment in the branch the forecasts are also in a direction of decrease (Annex, Figure 8).

The uncertain economic environment and financial problems remain the main factors limiting the activity of the enterprises in the branch, as in August the negative influence of the factor “insufficient demand” is strengthened (Annex, Figure 9).

As regards the selling prices in the branch the prevailing managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 10).

¹ From 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, 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 in comparison with the previous month (Annex, Figure 11) which is due to the more moderate retailers’ assessments about the business situation of the enterprises (Annex, Figure 12). However their expectations for the next 6 months are more favourable. A slight optimism in prognosis with regard to the orders placed with suppliers and the volume of sales is also registered (Annex, Figure 13).

The factors limiting with the most extent the activity of the enterprises continue to be the uncertain economic environment, the insufficient demand and the competition in the branch (Annex, Figure 14).

As regard to the selling prices the managers do not expect an increase over the next 3 months (Annex, Figure 15).

Service sector¹. In August the composite indicator “business climate in service sector” decreases by 2.0 percentage points in comparison with July (Annex, Figure 16) due to shifting of the managers’ expectations about the business situation of the enterprises over next 6 months from “better” towards preserving “the same” (Annex, Figure 17). However their expectations as regards the demand for services over the next 3 months are more favourable but this not be accompanied with additional hiring of personnel.

The uncertain economic environment and competition in the branch remain the main factors limiting the development of business in the branch (Annex, Figure 18).

Concerning selling prices in the service sector the inquiry do not registers expectations for an increase over the next 3 months (Annex, Figure 19).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

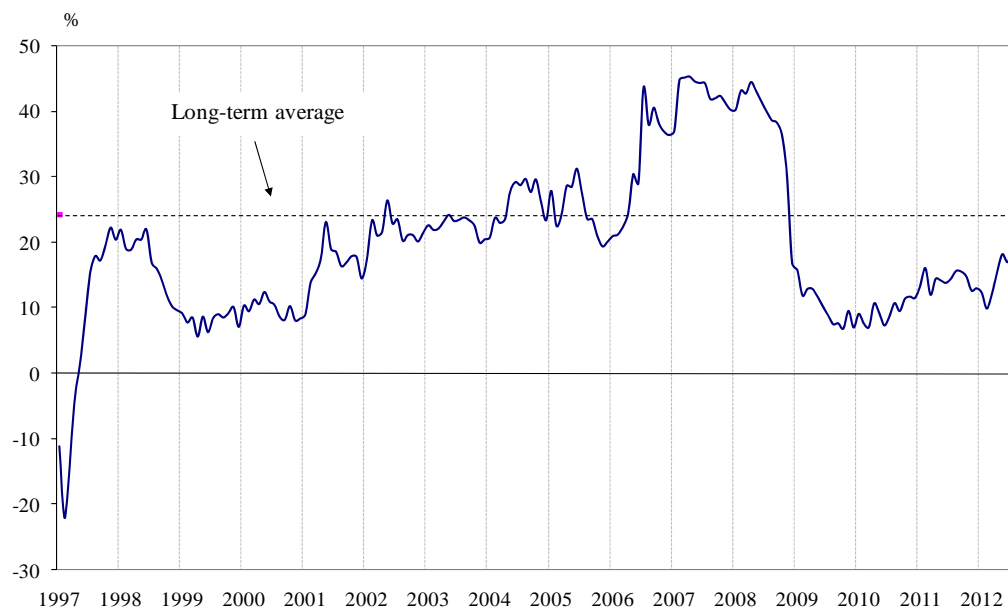
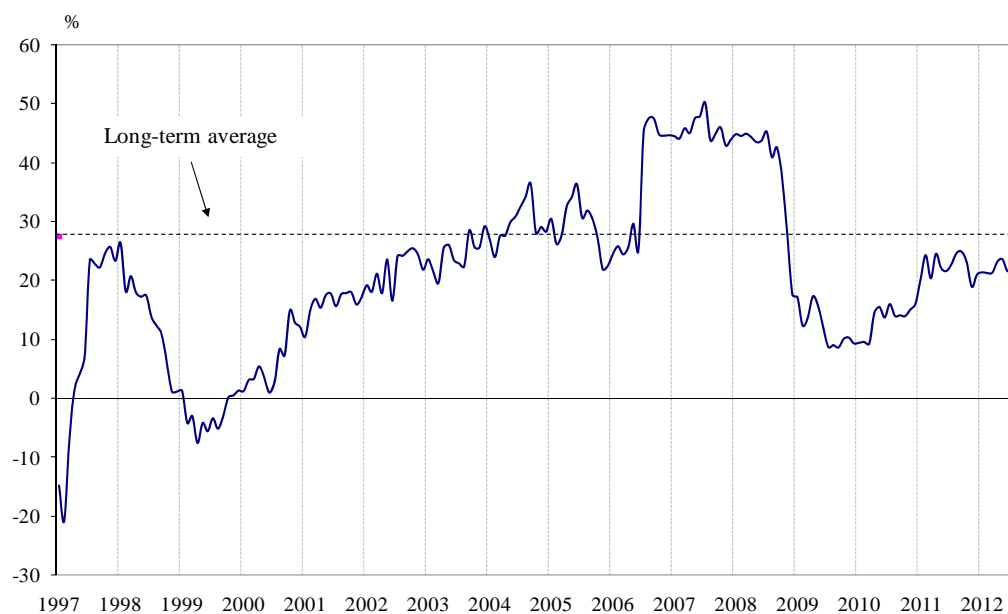
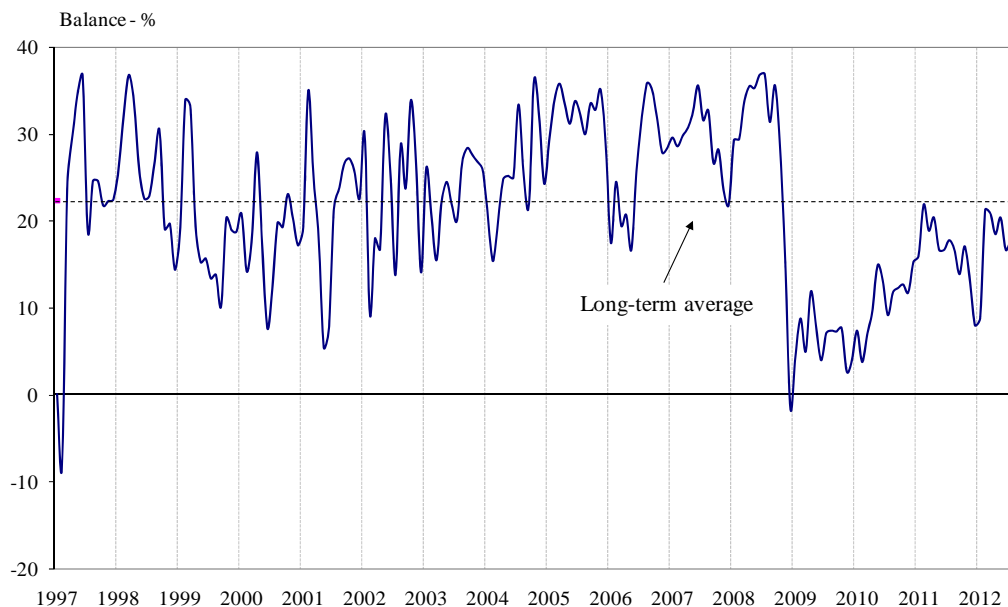


Figure 2. Business climate in industry





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



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

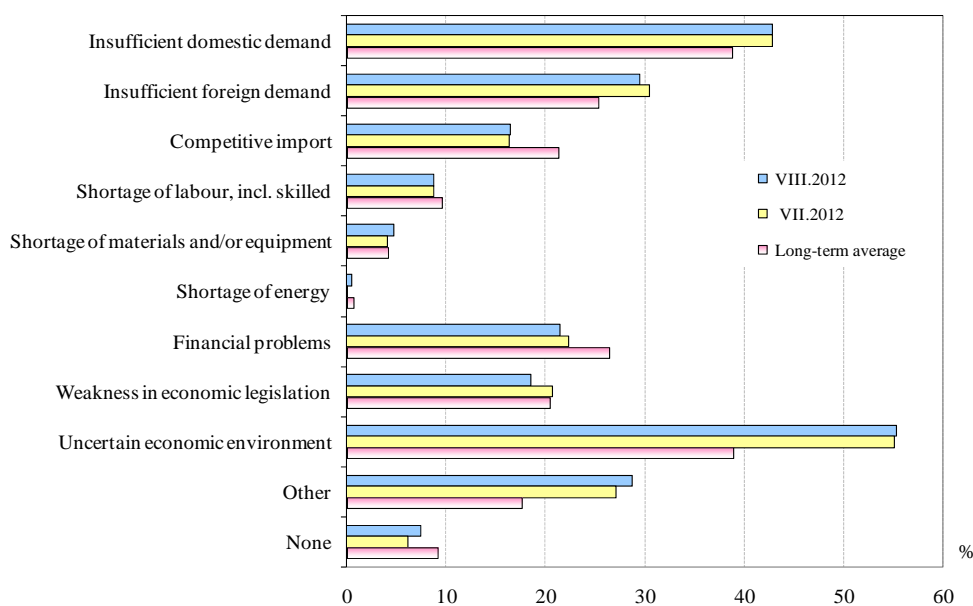




Figure 5. Selling prices expectations in industry over the next 3 months

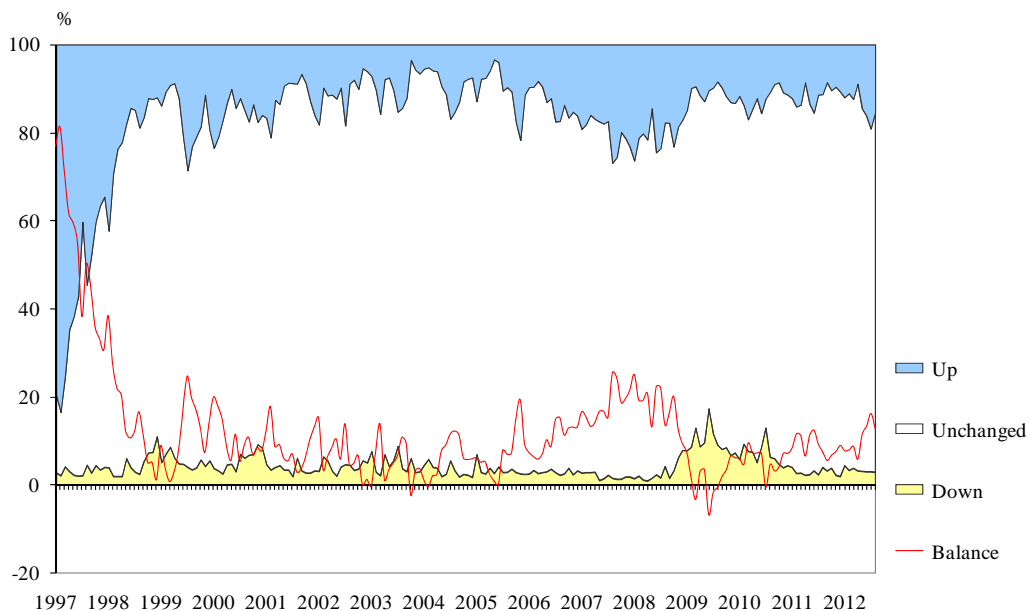
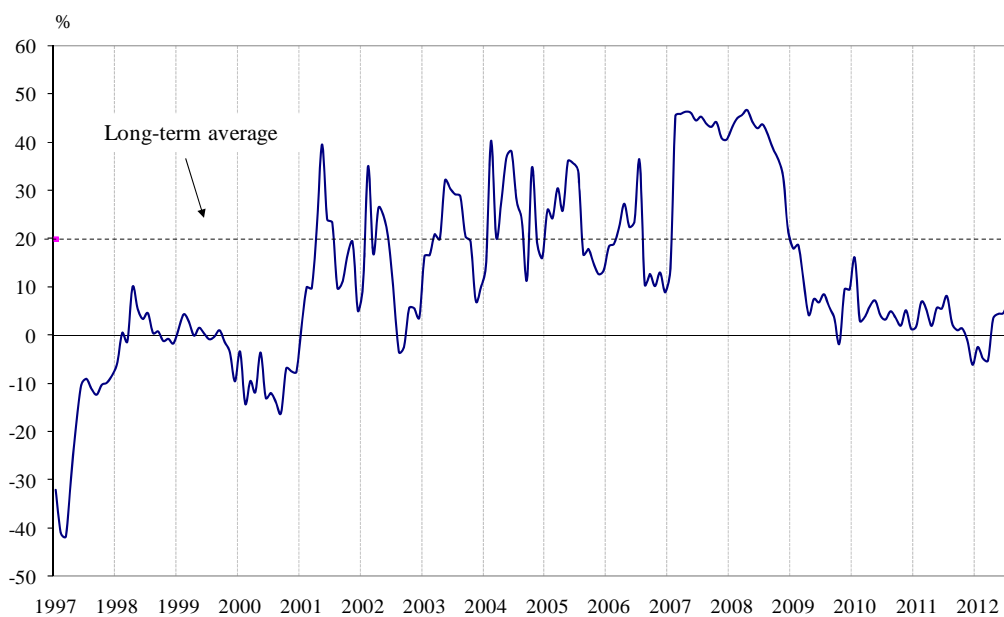
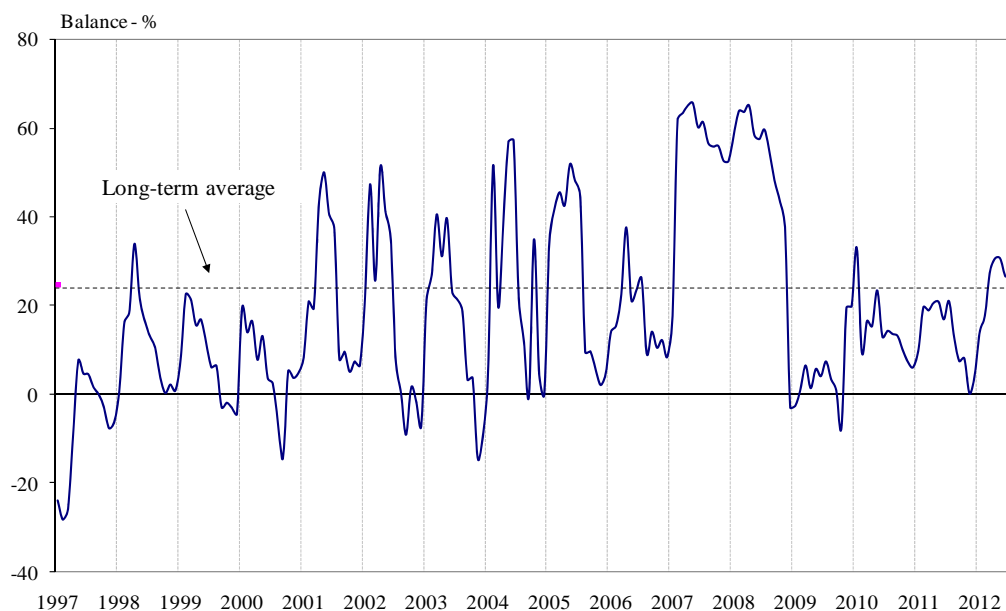


Figure 6. Business climate in construction

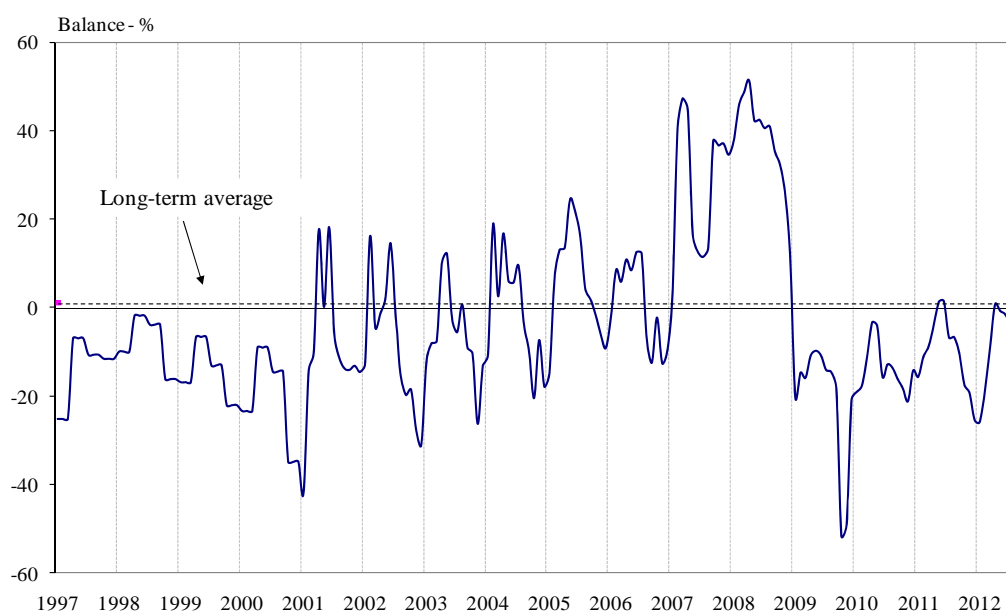




**Figure 7. Expected business situation in construction
over the next 6 months**

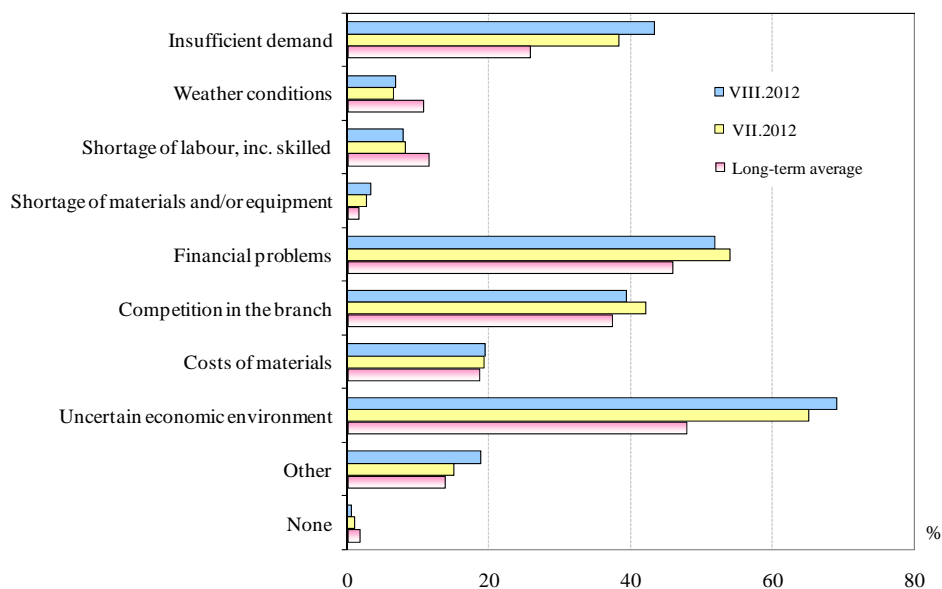


**Figure 8. Employment expectations in construction
over the next 3 months**





**Figure 9. Limits to construction activity
(Relative share of enterprises)**



**Figure 10. Selling prices expectations in construction
over the next 3 months**

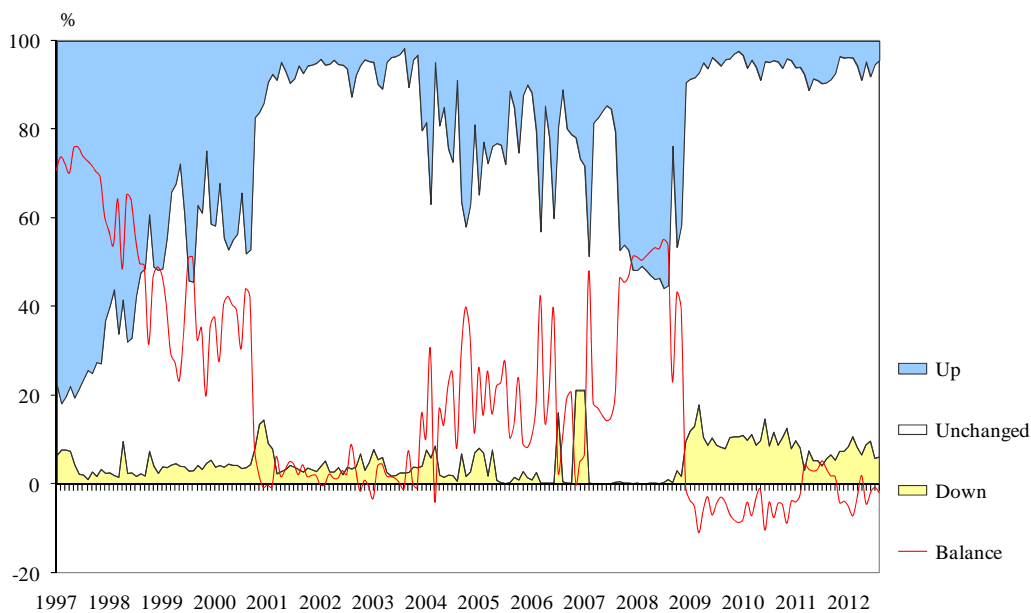




Figure 11. Business climate in retail trade

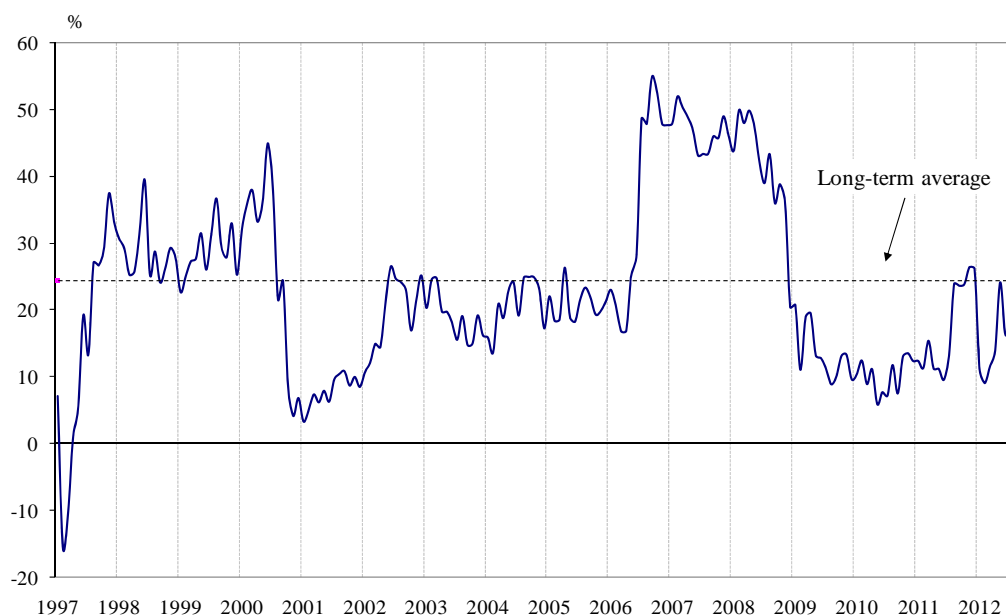


Figure 12. Present business situation in retail trade

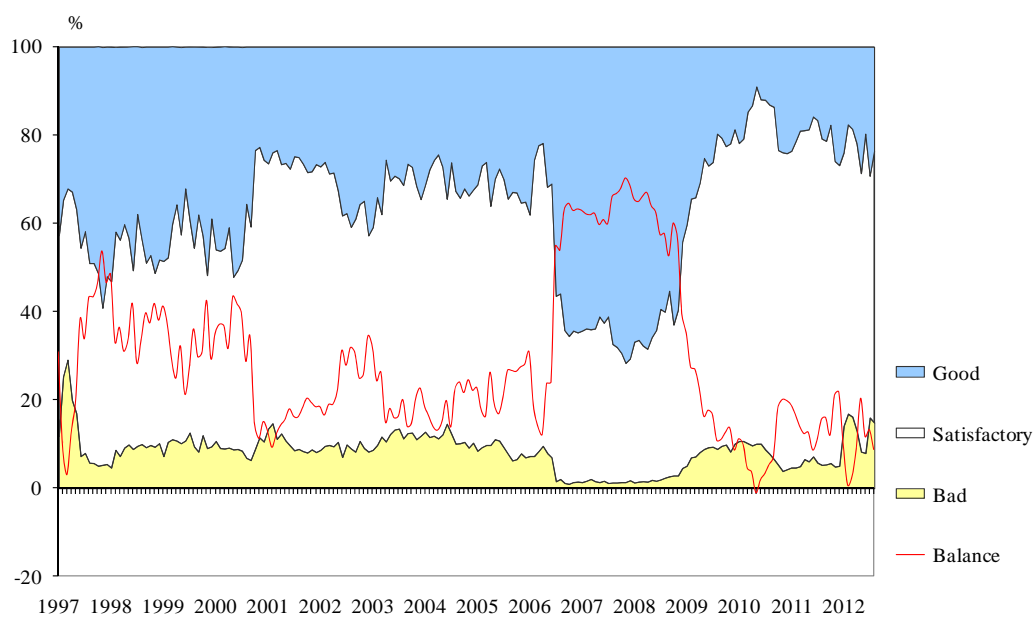




Figure 13. Sales expectations in retail trade over the next 3 months

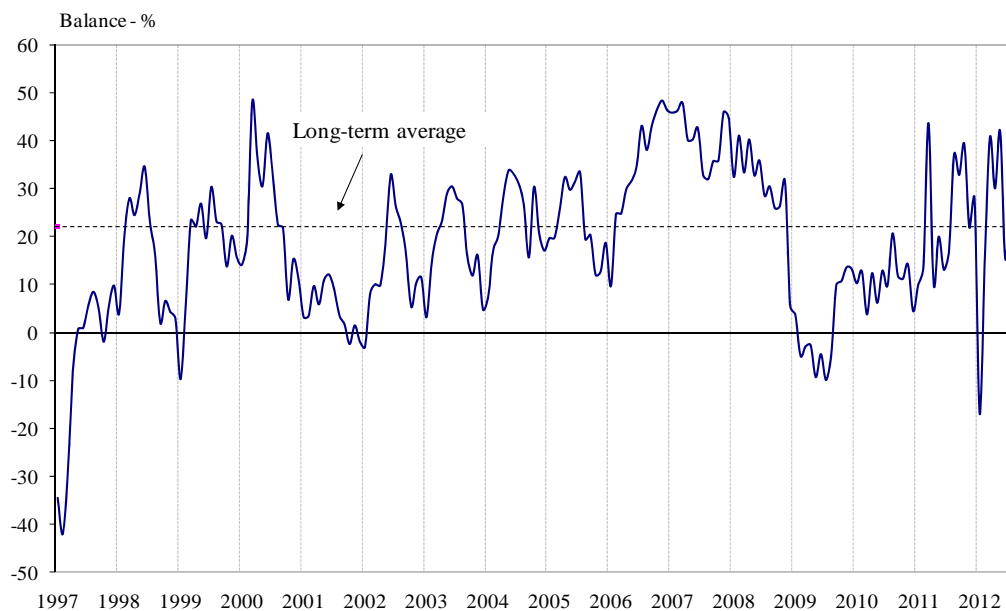


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

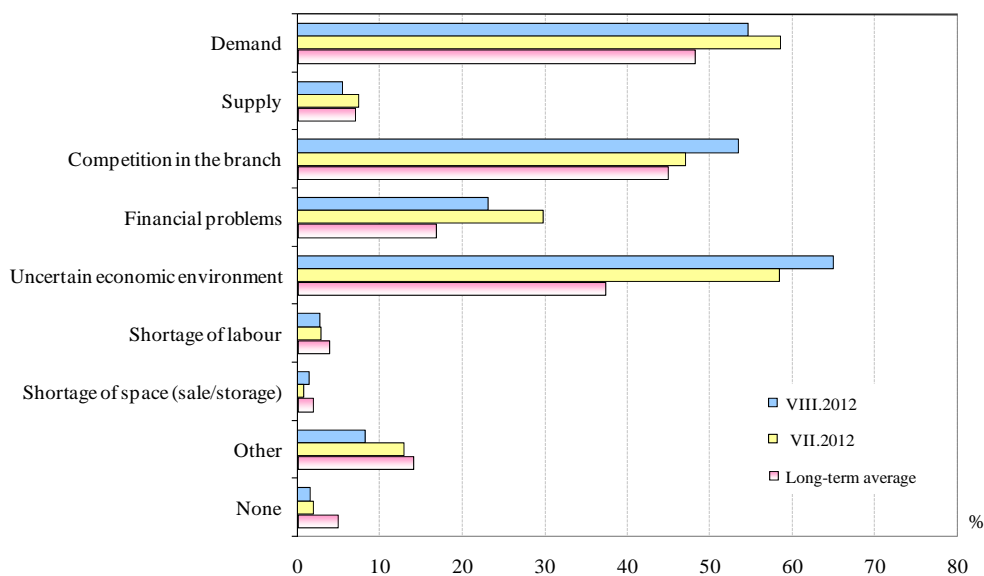




Figure 15. Selling prices expectations in retail trade over the next 3 months

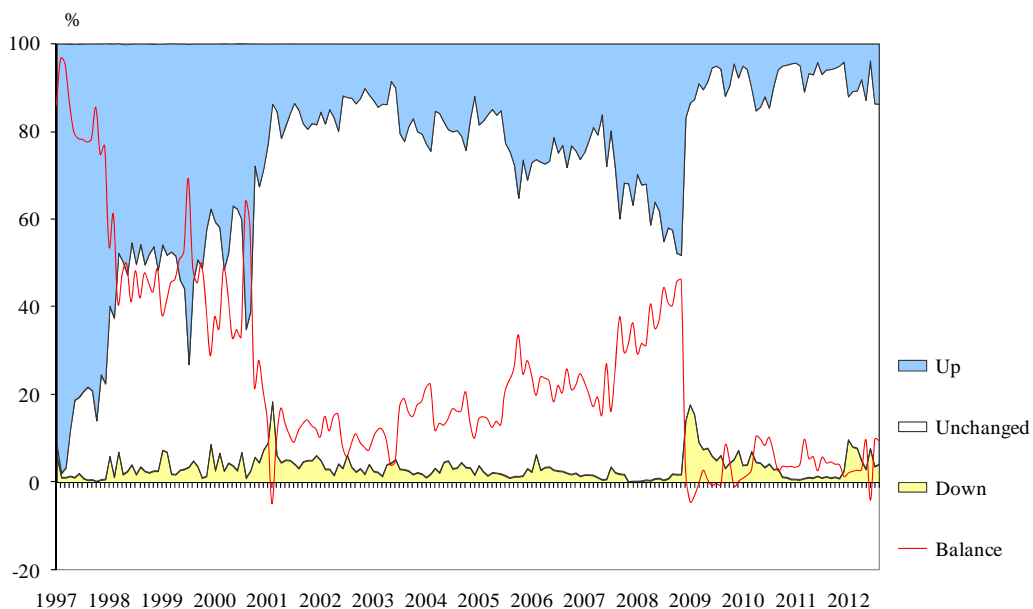


Figure 16. Business climate in service sector

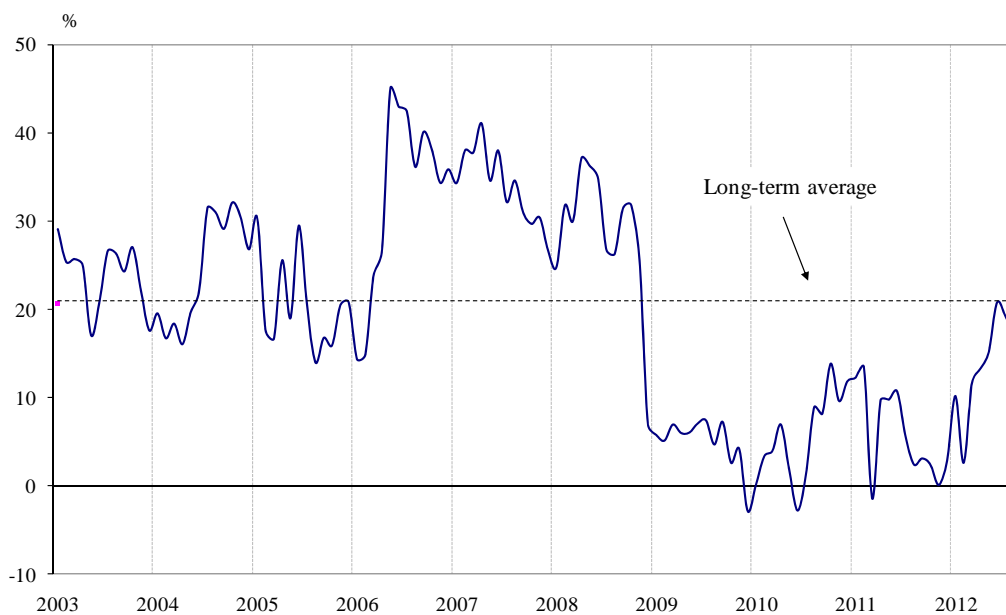




Figure 17. Expected business situation in service sector over the next 6 months

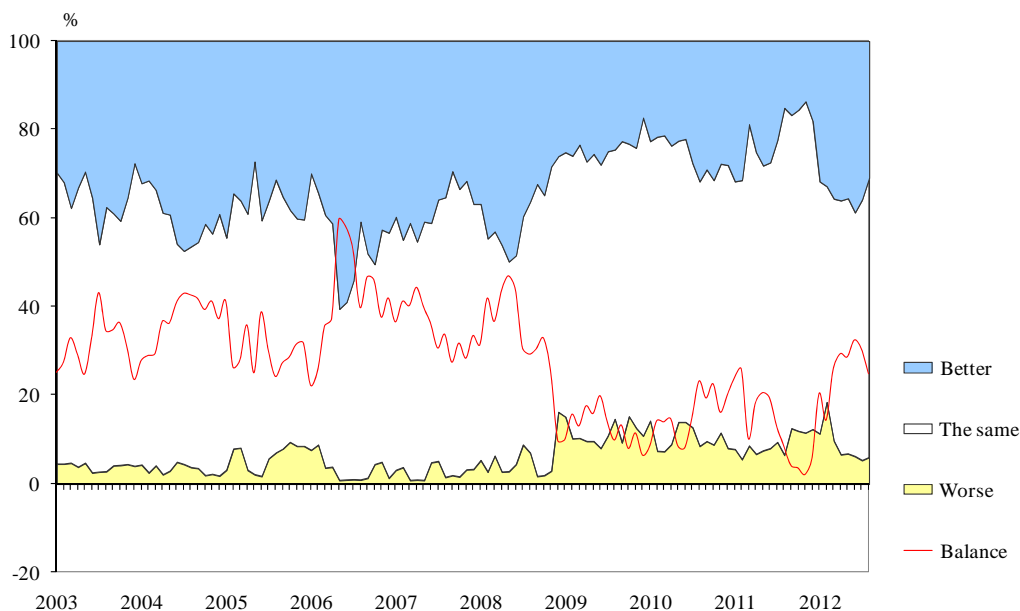


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

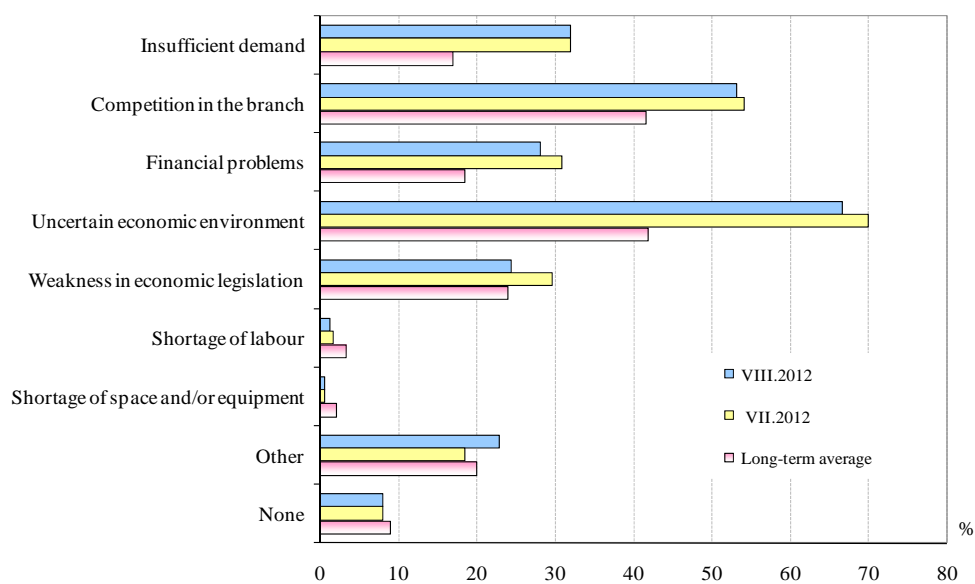




Figure 19. Selling prices expectations in service sector over the next 3 months

