BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], DECEMBER 2015

In December 2015 **the total business climate indicator**[4] decreases by 0.7 percentage points in comparison with November (Annex, Figure 1) which is due to the worsening business climate in construction, retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ remains approximately to its level from the previous month (Annex, Figure 2). The inquiry registers certain improvement of the production activity over the last 3 months. However the production assurance with orders decreases which is accompanied with more reserved expectations about the activity of the enterprises over the next 3 months (Annex, Figure 3).

The main factors limiting the business development in the branch remain the uncertain economic environment and insufficient domestic demand, although as in the last month a decrease of the negative influence of the first factor is observed (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 December the composite indicator ‘business climate in construction’ decreases by 1.2 percentage points (Annex, Figure 6) a result of the worsening construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). In their opinion both the present construction activity and the production assurance with orders are reduced in comparison with the previous month as well their forecasts about the activity over the next 3 months are more pessimistic

The uncertain economic environment, competition in the branch and financial problems continue to be the main obstacles for the development of the activity in the branch (Annex, Figure 8).

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

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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’ decreases by 0.7 percentage points compared to the previous month (Annex, Figure 10), which is due to the worsening retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 11). At the same time the inquiry also registers pessimism in their forecasts about both the volume of sales and the orders placed with suppliers over the next 3 months (Annex, Figure 12).

The main factors limiting the business development in the branch remain the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 13).

As regards the selling prices in the branch the retailer’s expectations are for preservation of their level over the next 3 months (Annex, Figure 14).

Service sector[1]. In December the composite indicator ‘business climate in service sector’ decreases by 2.6 percentage points (Annex, Figure 15) a result of the more pessimistic managers’ assessments about the present business situation of enterprises (Annex, Figure 16). Their opinions with regard to the present demand for services are reserved, while their expectations over the next 3 months are improved.

The uncertain economic environment and competition in the branch continue to be the main obstacles limiting the activity of the enterprises (Annex, Figure 17).

Concerning the selling prices the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 18).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

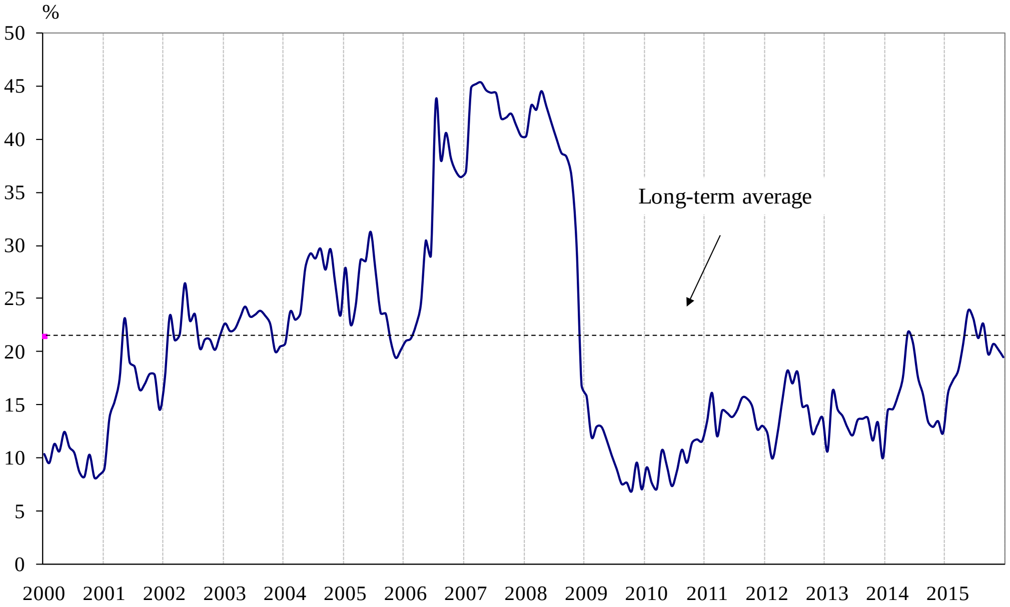

Figure 2. Business climate in industry

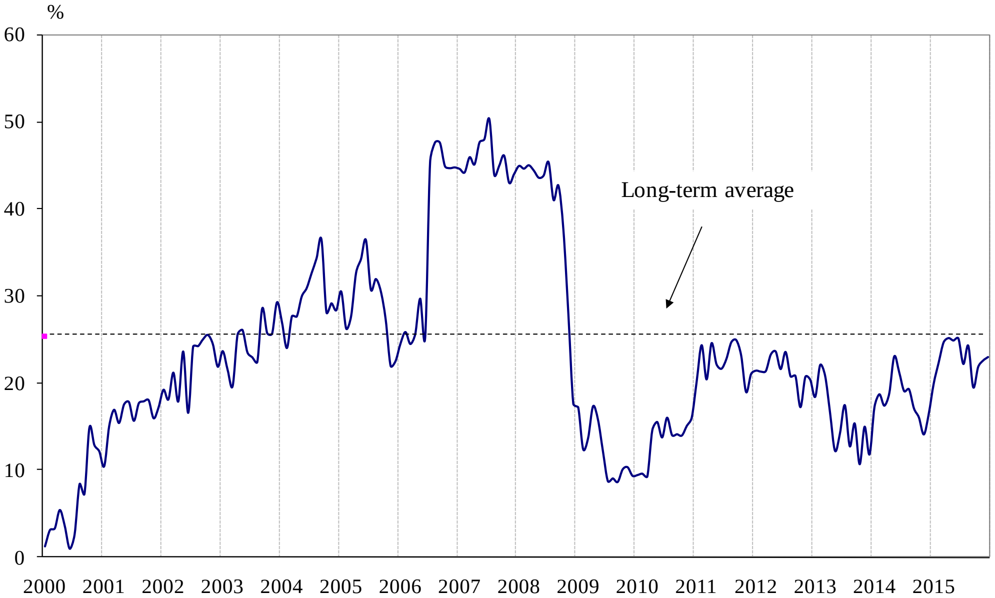

Figure 3. Expected production activity in industry over the next 3 months

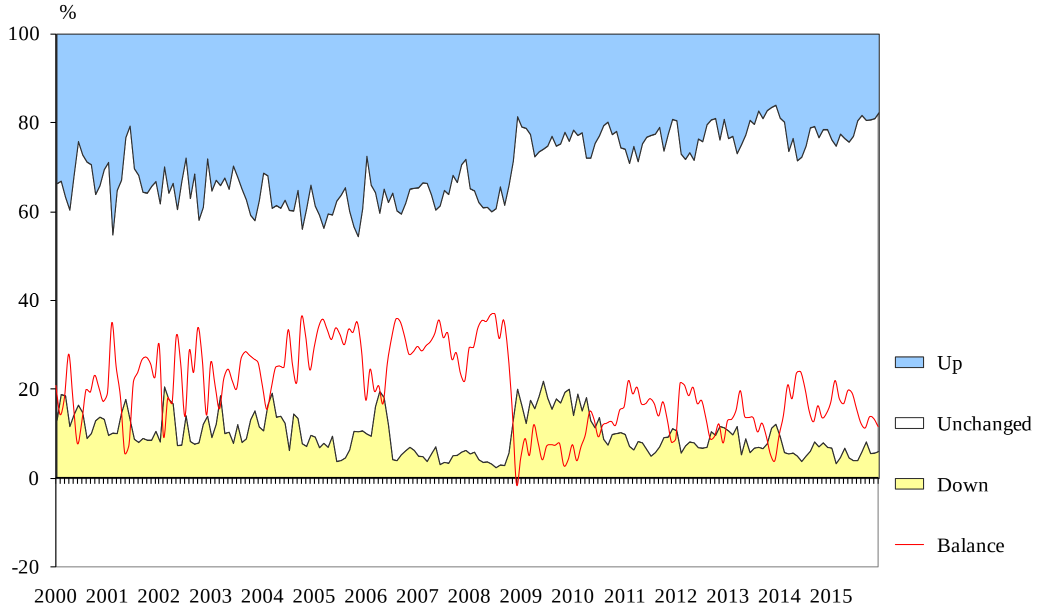

Figure 4. Limits to production in industry (Relative share of enterprises)

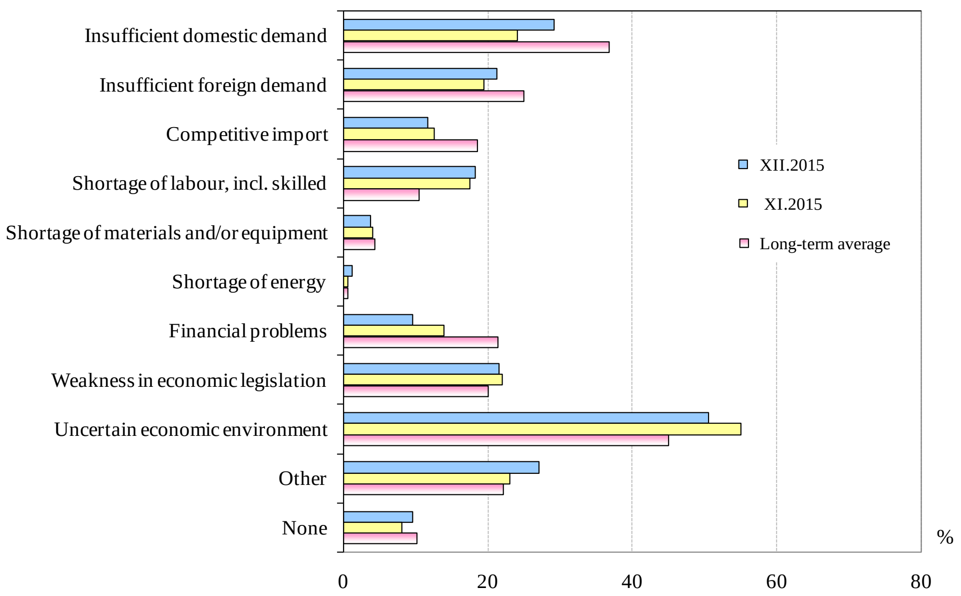

Figure 5. Selling prices expectations in industry over the next 3 months

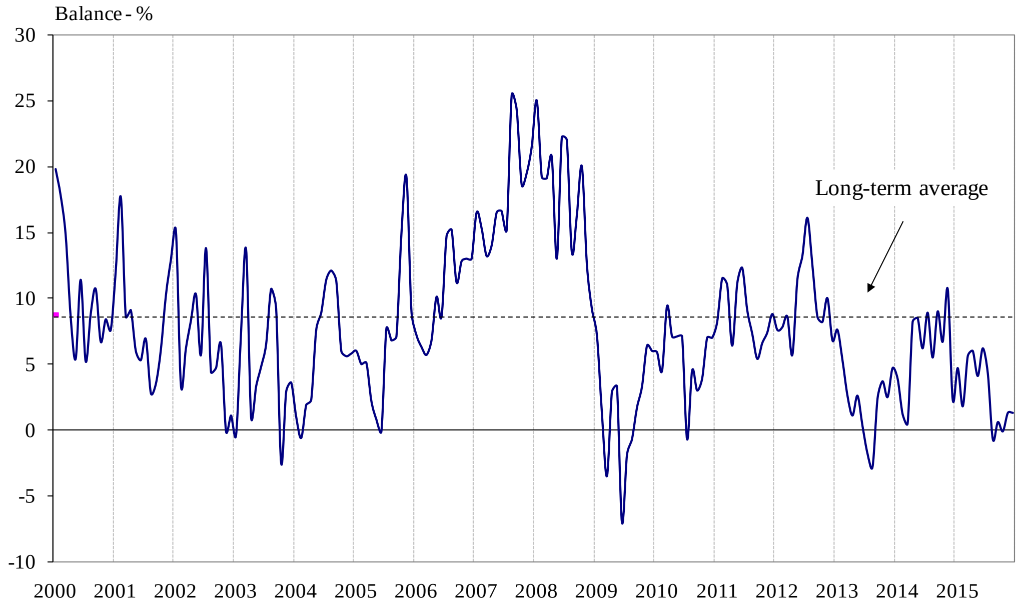

Figure 6. Business climate in construction

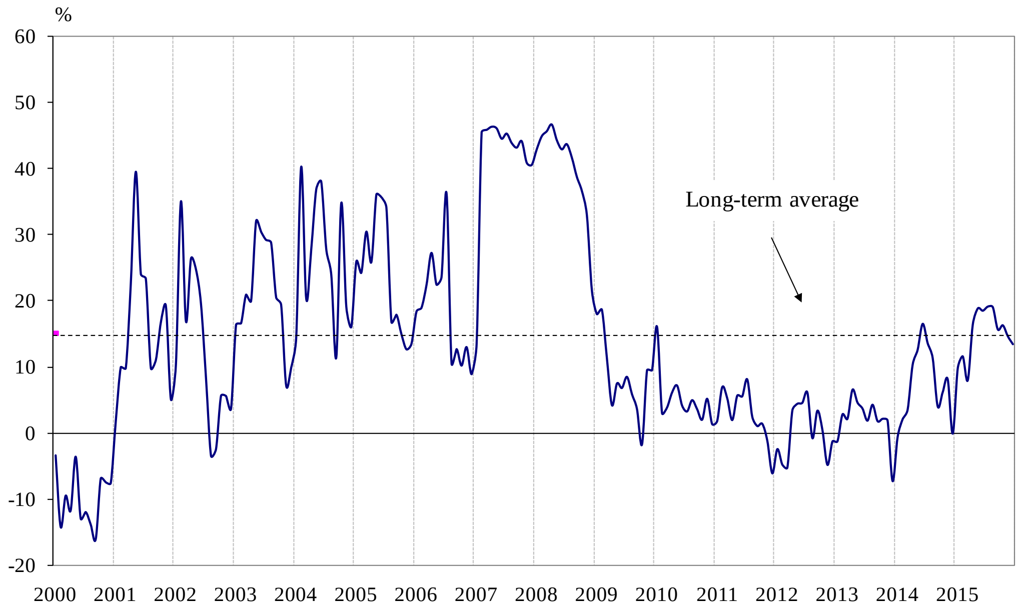

Figure 7. Expected business situation in construction over the next 6 months

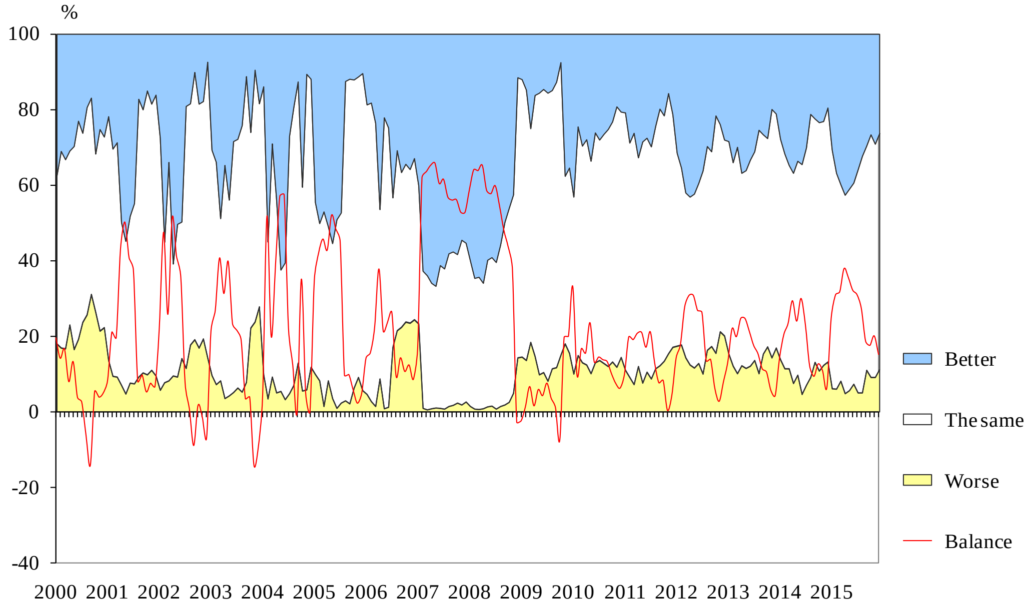

Figure 8. Limits to construction activity (Relative share of enterprises)

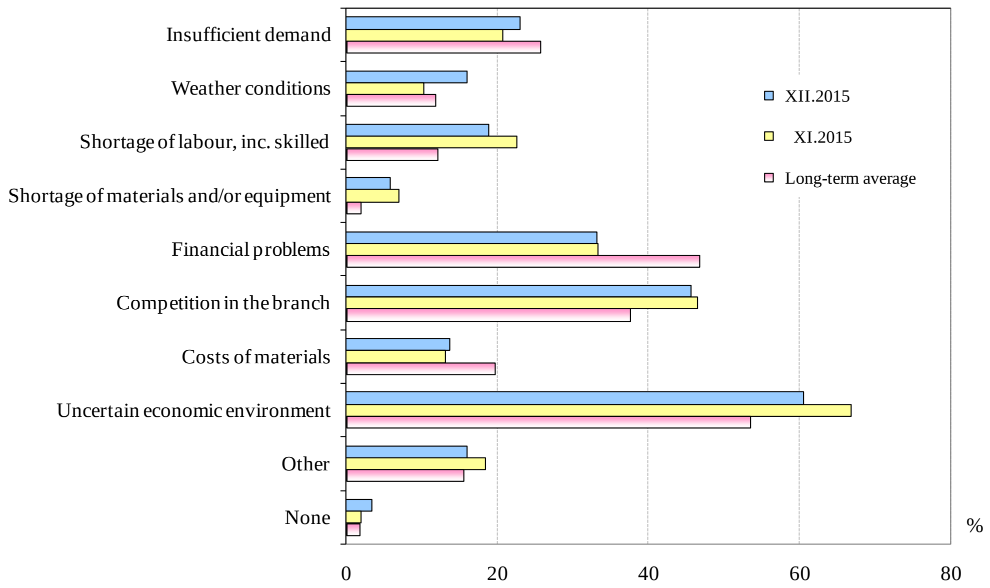

Figure 9. Selling prices expectations in construction over the next 3 months

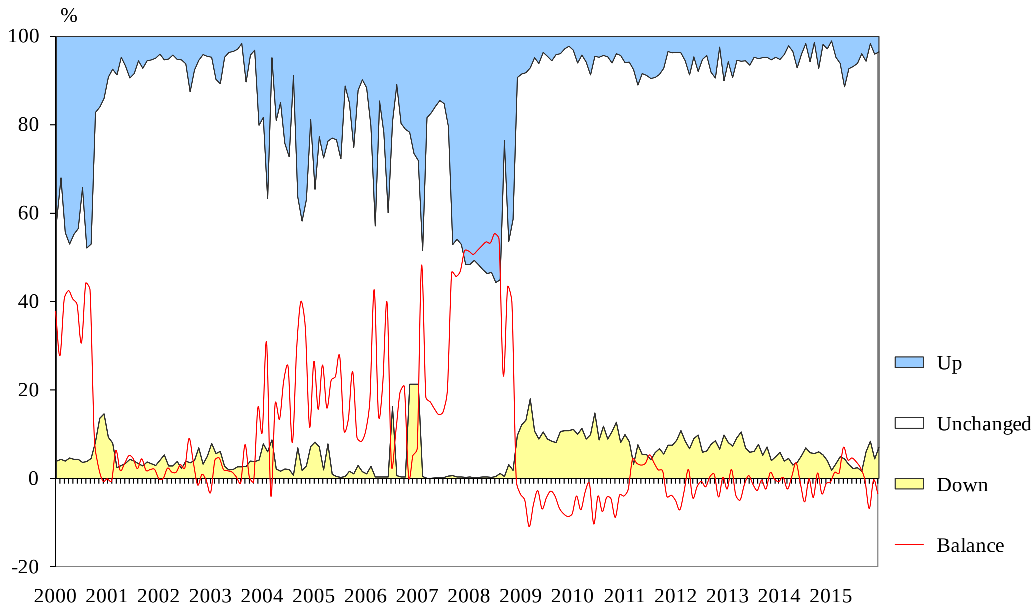

Figure 10. Business climate in retail trade

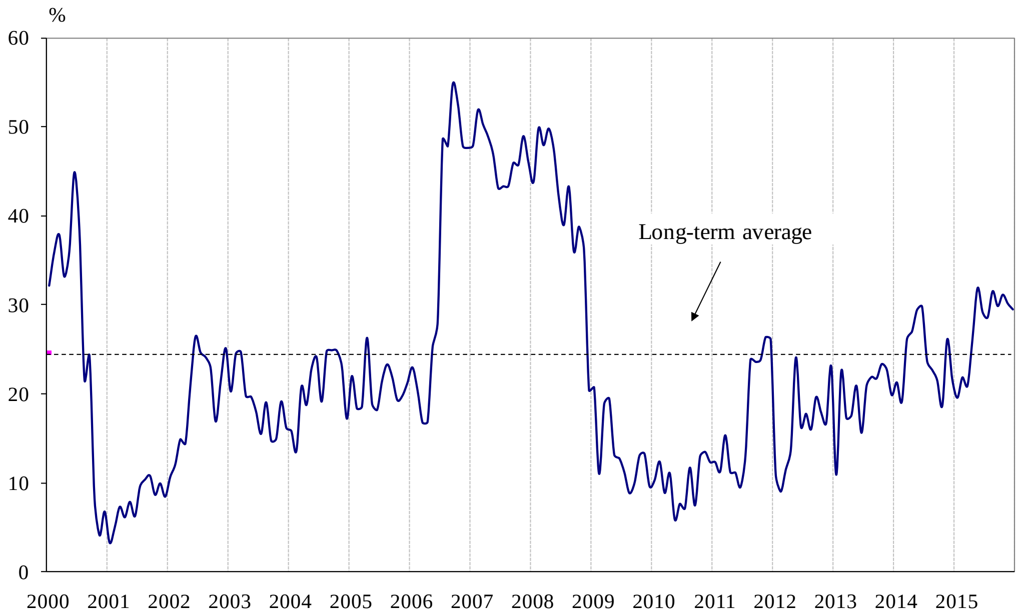

Figure 11. Expected business situation in retail trade over the next 6 months

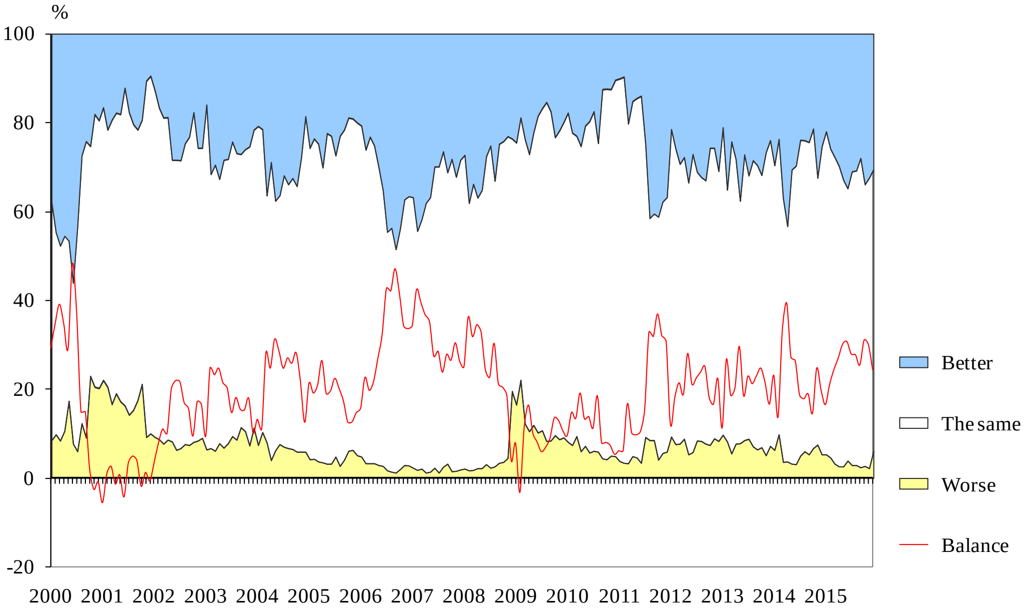

Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

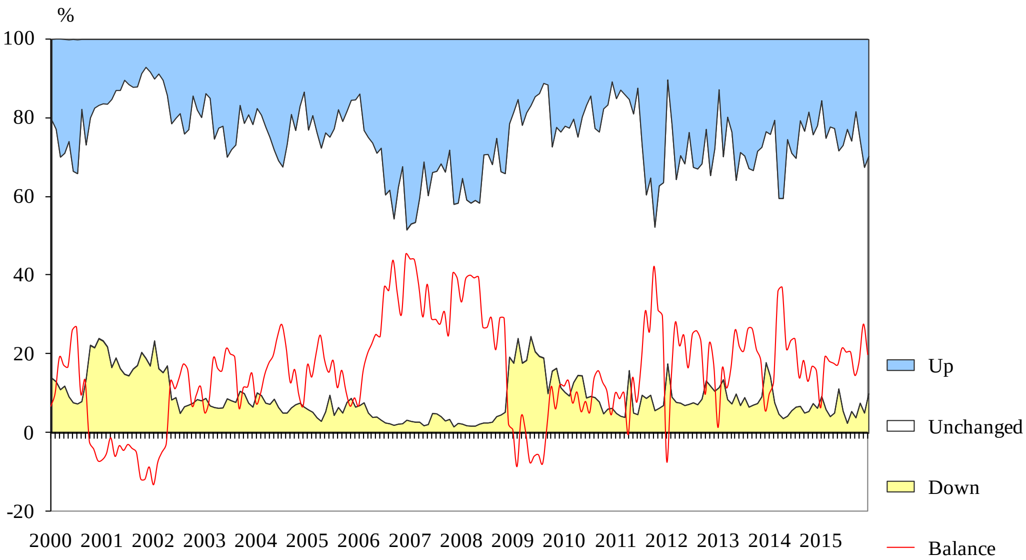

Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

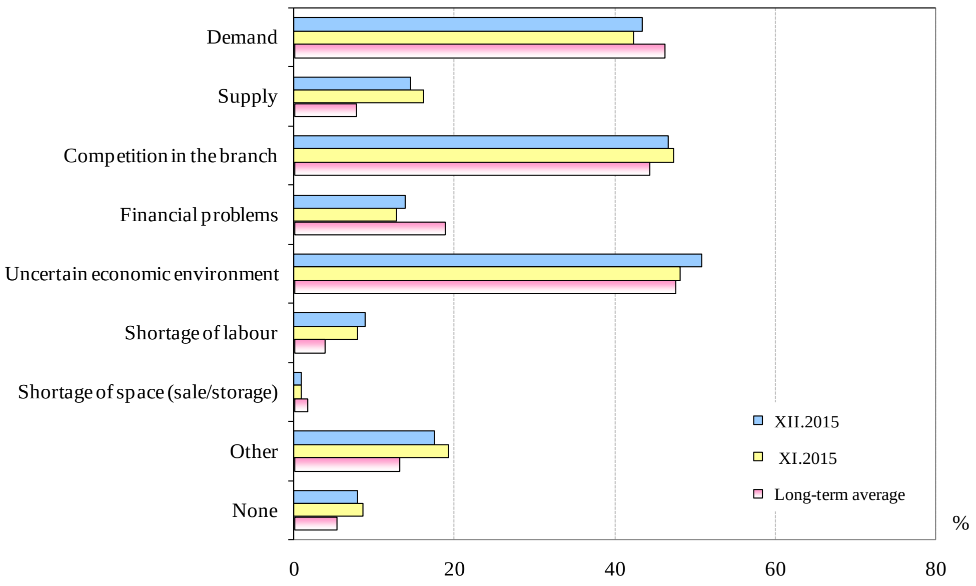

Figure 14. Selling prices expectations in retail trade over the next 3 months

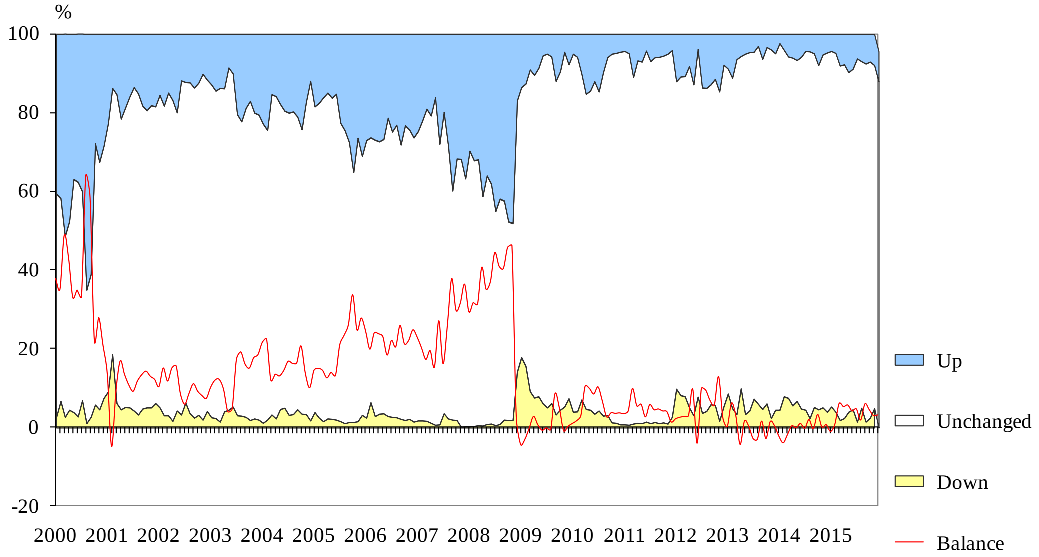

Figure 15. Business climate in service sector

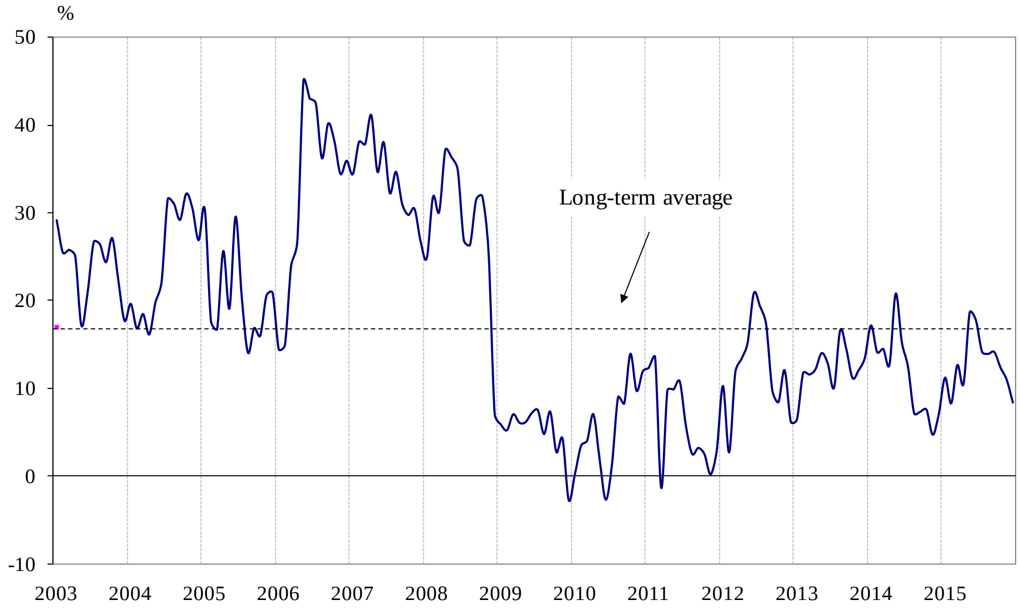

Figure 16. Present business situation in service sector

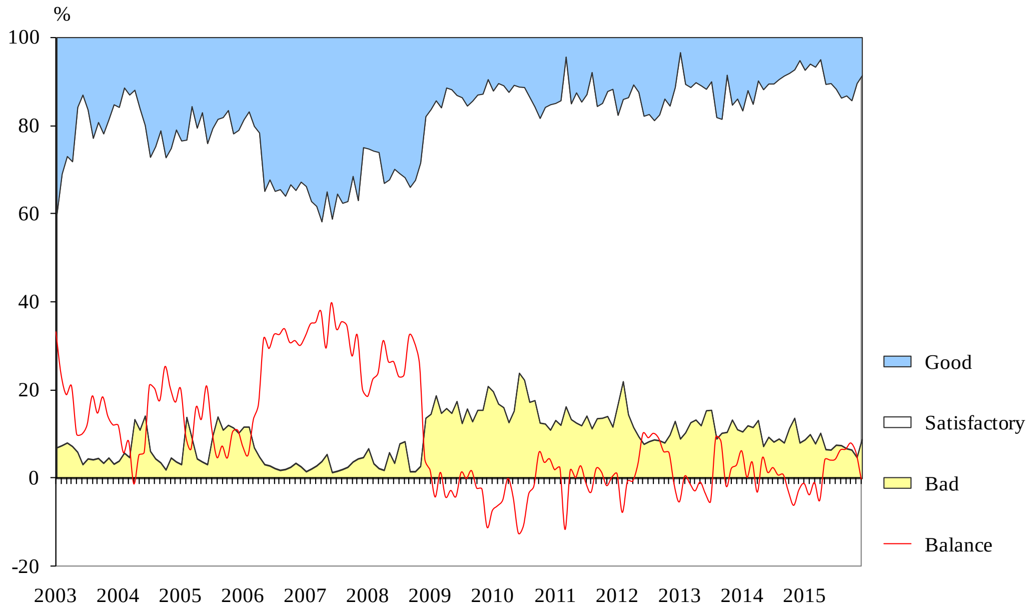

Figure 17. Factors limiting the activity in service sector (Relative share of enterprises)

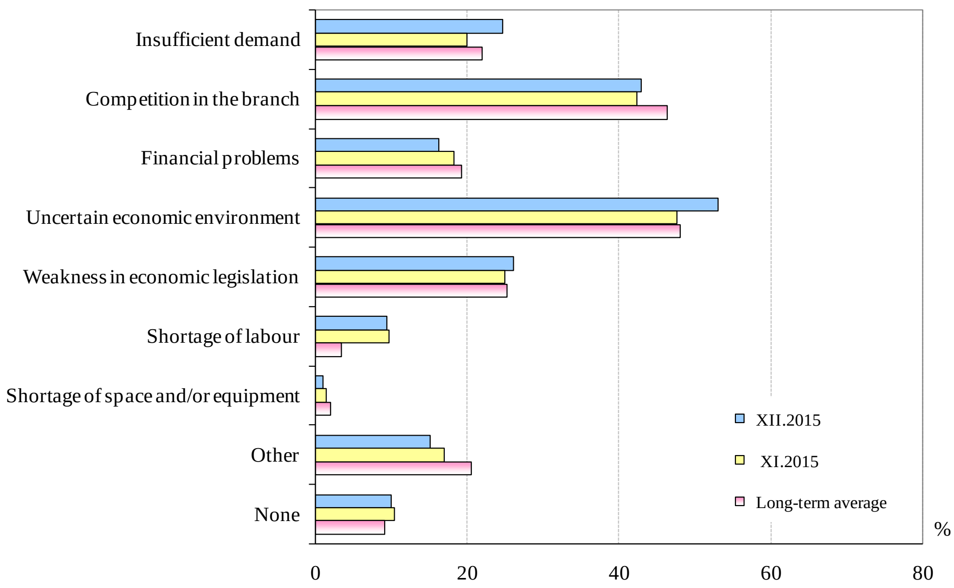

Figure 18. Selling prices expectations in service sector over the next 3 months