BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], APRIL 2016

In April 2016 **the total business climate indicator**[4] decreases by 3.3 percentage points in comparison with the previous month (Annex, Figure 1) as a result of the more unfavourable business climate in industry.

Industry. The composite indicator 'business climate in industry' decreases by 8.1 percentage points compared to March (Annex, Figure 2), which is due to the more reserved industrial entrepreneurs' assessments and expectations about the business situation of the enterprises.

In April the average capacity utilization in industry is by 2.8 percentage points below its January level and it reaches 72.4% (Annex, Figure 3). At the same time the inquiry also registers a decrease of the production assurance with orders, which is accompanied by more unfavourable expectations about the activity over the next 3 months (Annex, Figure 4).

The main factors limiting the business development remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 55.8% and 27.1% of the entrepreneurs (Annex, Figure 5).

As regards the selling prices in industry the managers expect preservation of their level over the next 3 months (Annex, Figure 6).

Construction. In April the composite indicator 'business climate in construction' preserves approximately to its March level (Annex, Figure 7). In the construction entrepreneurs' opinion, the present construction activity is improved in comparison with the previous month, as well their prognoses over the next 3 months remain favourable.

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.5 months against 5.3 in January. At the same time the managers' expectations about new orders over the next 6 months are also improved (Annex, Figure 8).

---

[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 most serious problem limiting the activity of the enterprises continues to be connected with the uncertain economic environment, followed by competition in the branch and insufficient demand (Annex, Figure 9).

Concerning the selling prices in construction the prevailing managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator 'business climate in retail trade' remains approximately to its March level (Annex, Figure 11). The retailers' assessments about the volume of the sales over the last 3 months are improved, as increased optimism in their expectations about both the sales and the orders places with suppliers (Annex, Figure 12) over the next 3 months is registered.

The main factors limiting the business development remain the competition in the branch, uncertain economic environment and insufficient demand, as in the last month the inquiry reports strengthen of the negative impact of the second factor (Annex, Figure 13).

As regards the selling prices the retailers expect them to preserve its level over the next 3 months (Annex, Figure 14).

Service sector[1]. In April the composite indicator 'business climate in service sector' increases by 0.7 percentage points (Annex, Figure 15) mainly due to the favourable managers' expectations about the business situation of the enterprises over the next 6 months. Their opinions about the present and expected demand for services are also improved (Annex, Figure 16).

The uncertain economic environment continues to be the main factor limiting the activity in the sector, although in the last month a decrease of its negative influence is observed. In the second and third place are the factors 'competition in the branch' and 'insufficient demand' (Annex, Figure 17).

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

[1] Excl. trade.

Annex

Figure 1. Business climate - total

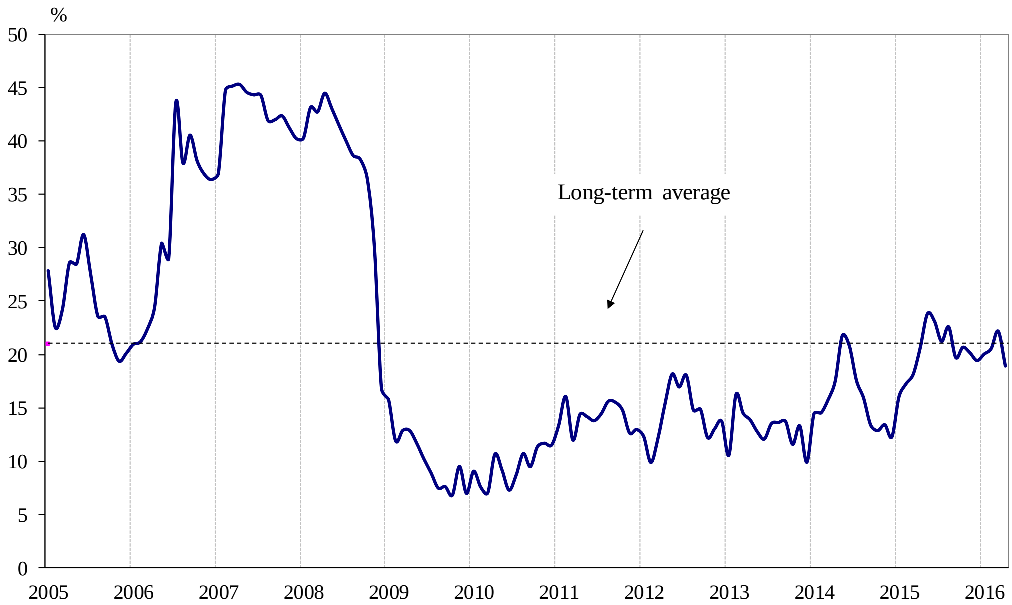

Figure 2. Business climate in industry

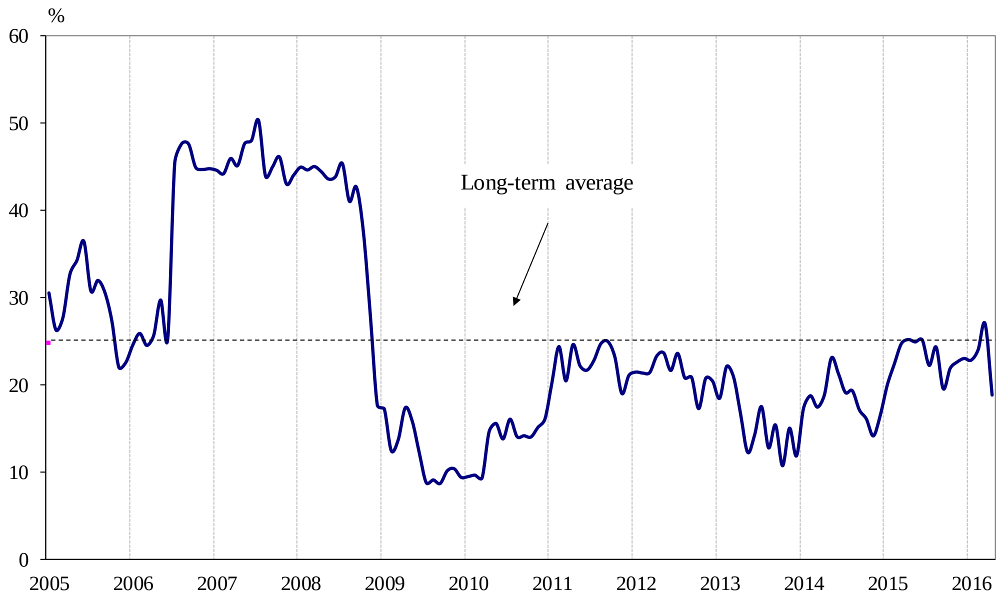

Figure 3. Average capacity utilization in industry

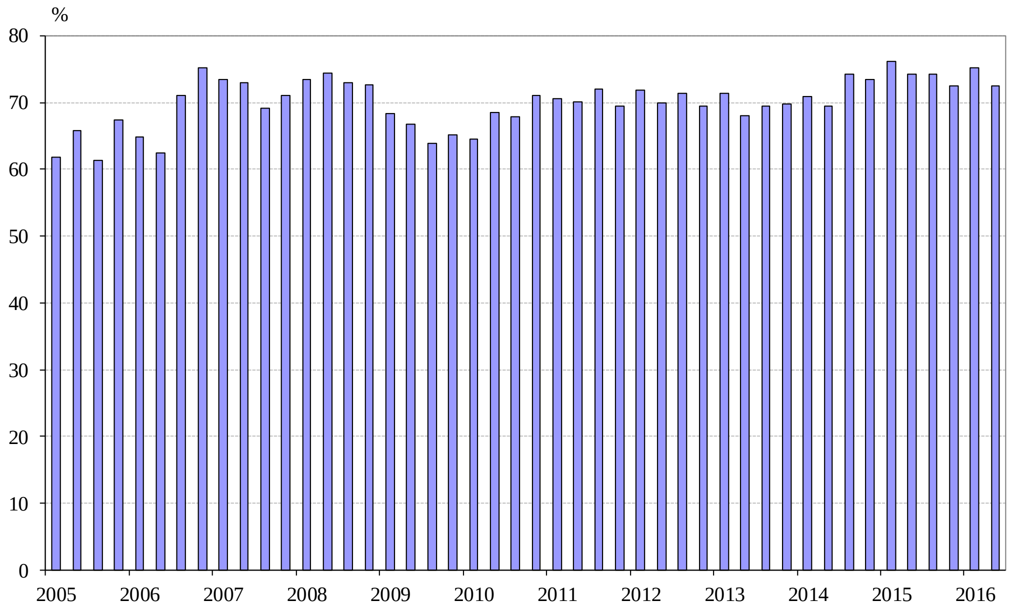

Figure 4. Expected production activity in industry over the next 3 months

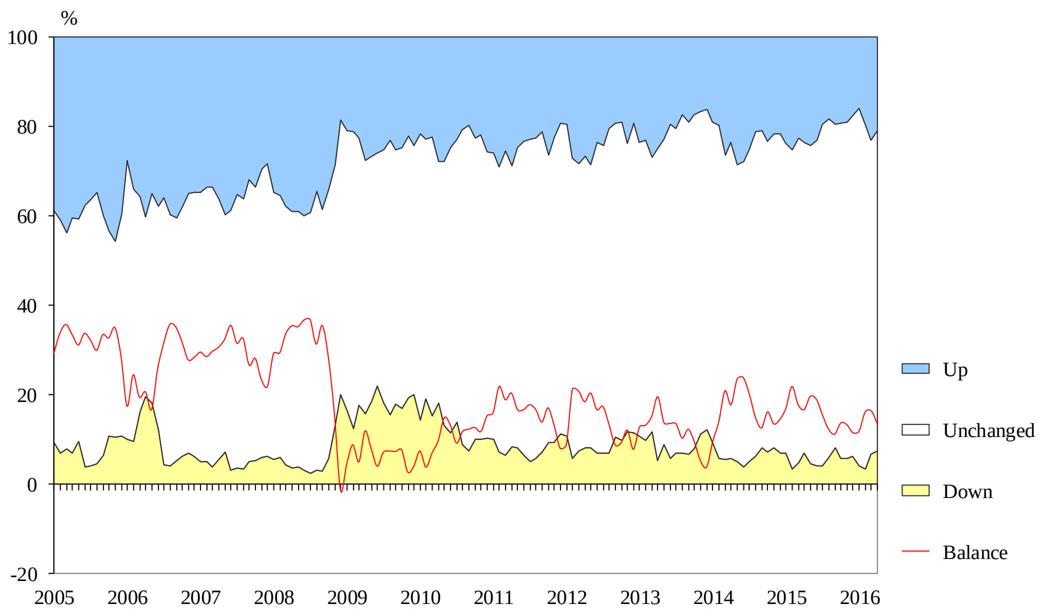

Figure 5. Limits to production in industry
(Relative share of enterprises)

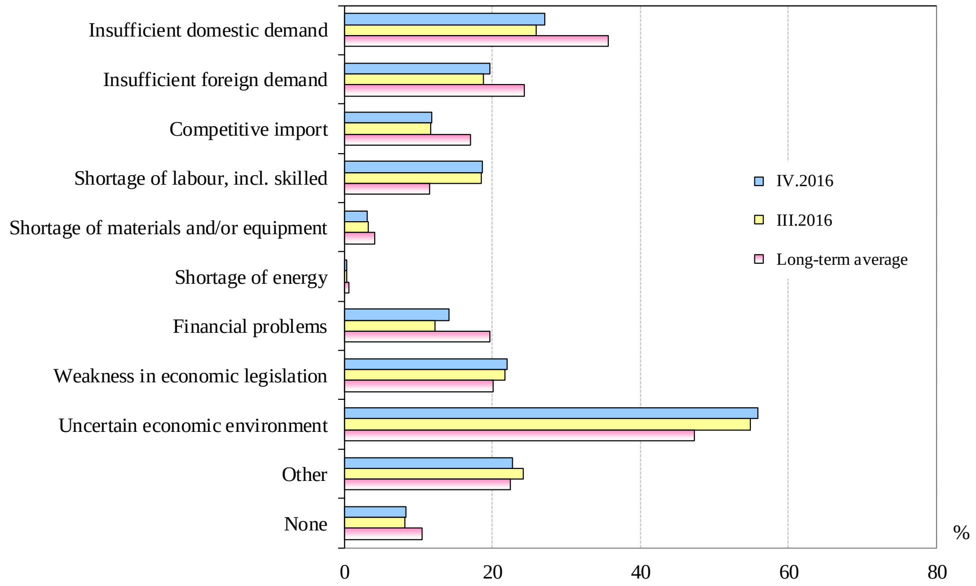

Figure 6. Selling prices expectations in industry
over the next 3 months

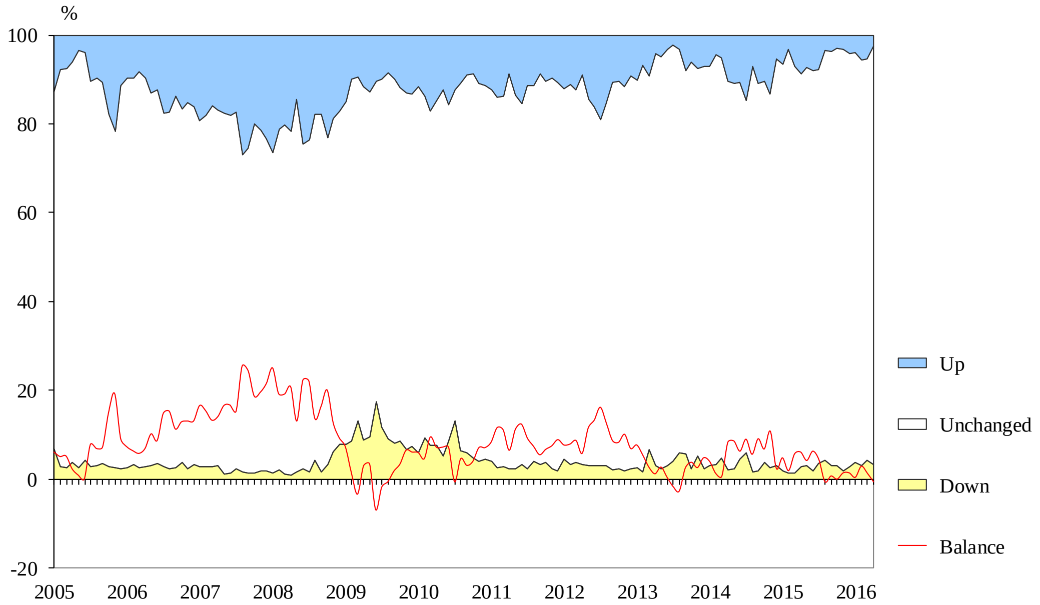

Figure 7. Business climate in construction

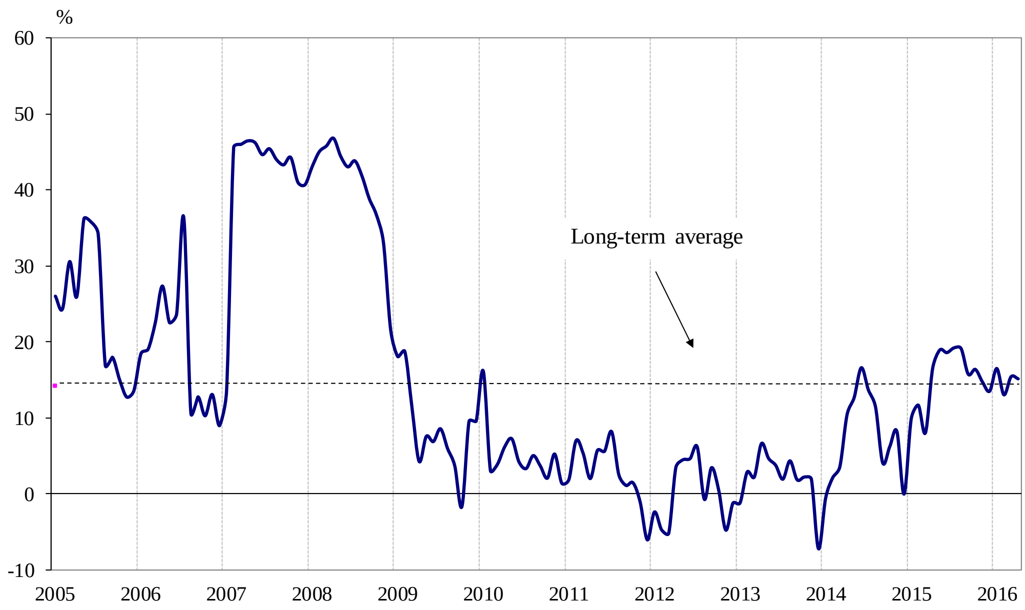

Figure 8. New orders expectations in construction over the next 6 months

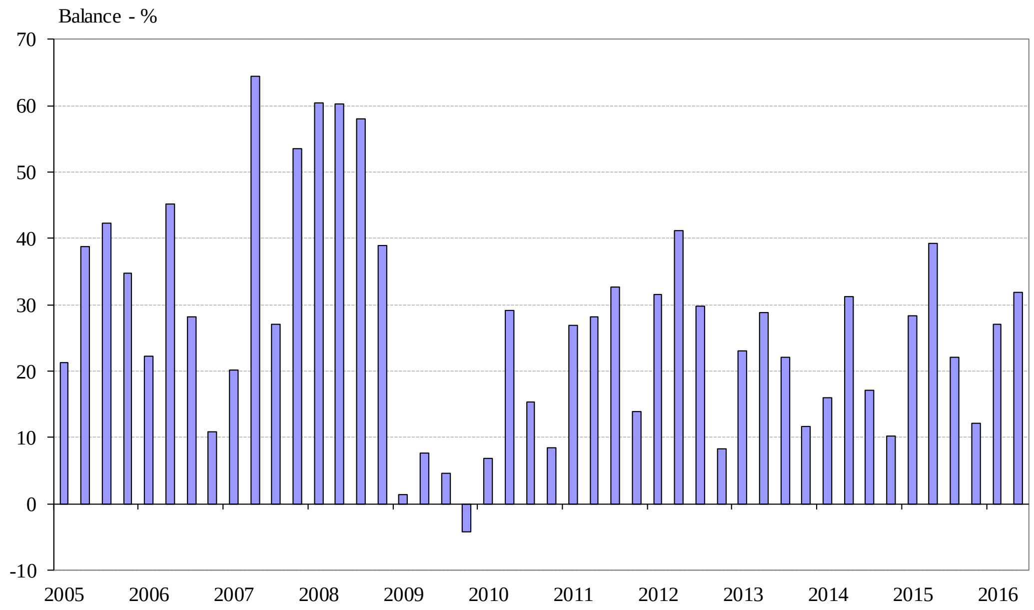

Figure 9. Limits to construction activity
(Relative share of enterprises)

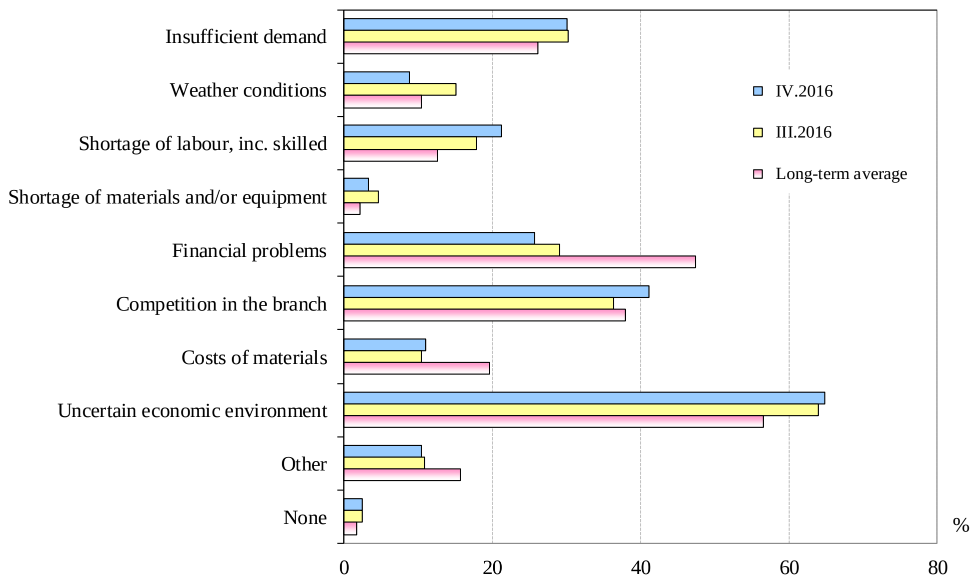

Figure 10. Selling prices expectations in construction over the next 3 months

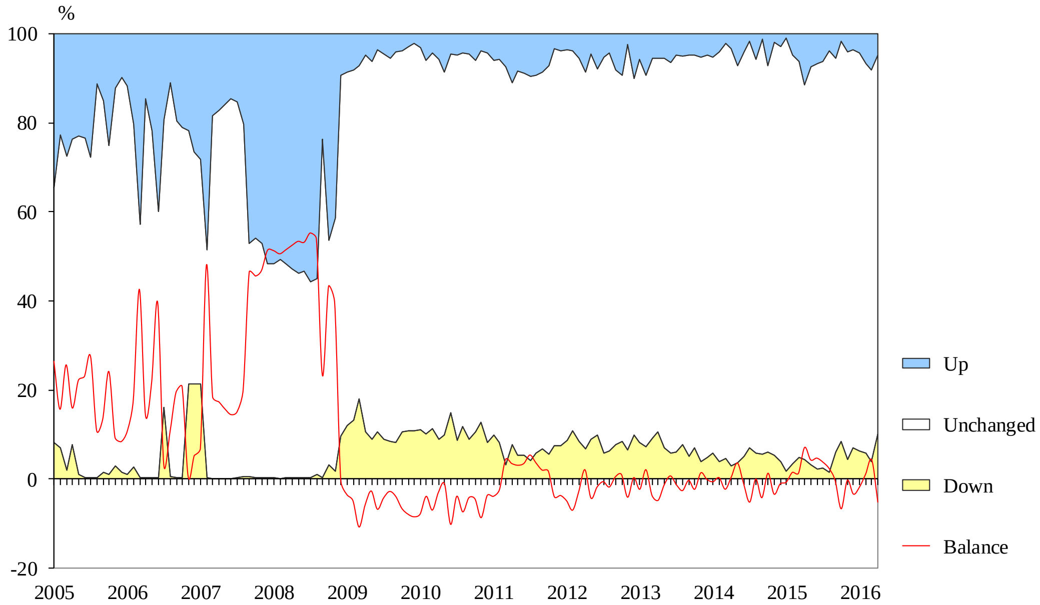

Figure 11. Business climate in retail trade

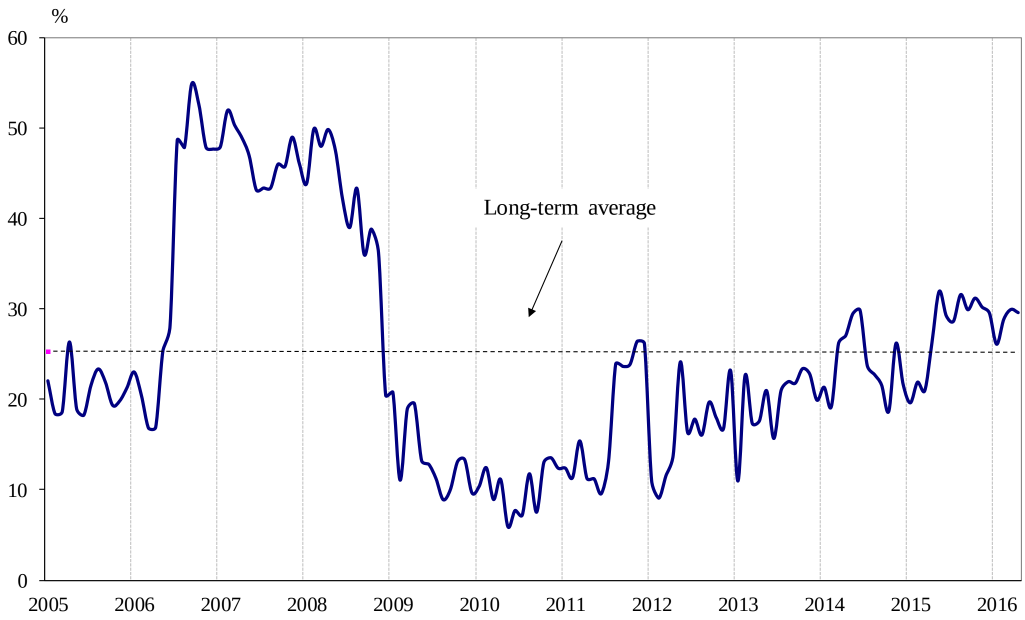

Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

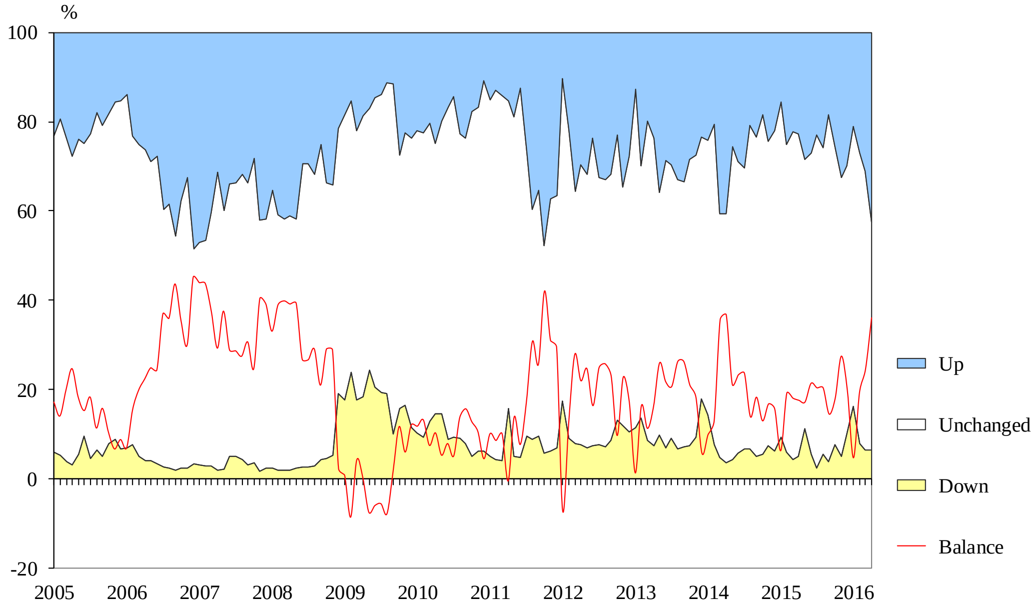

Figure 13. Factors limiting the improvement of the business situation in retail trade
(Relative share of enterprises)

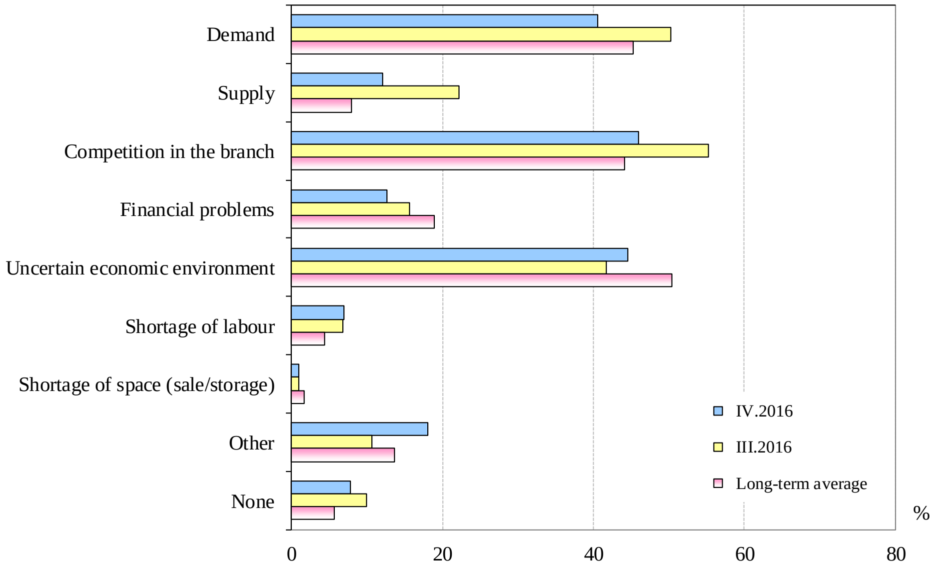

Figure 14. Selling prices expectations in retail trade over the next 3 months

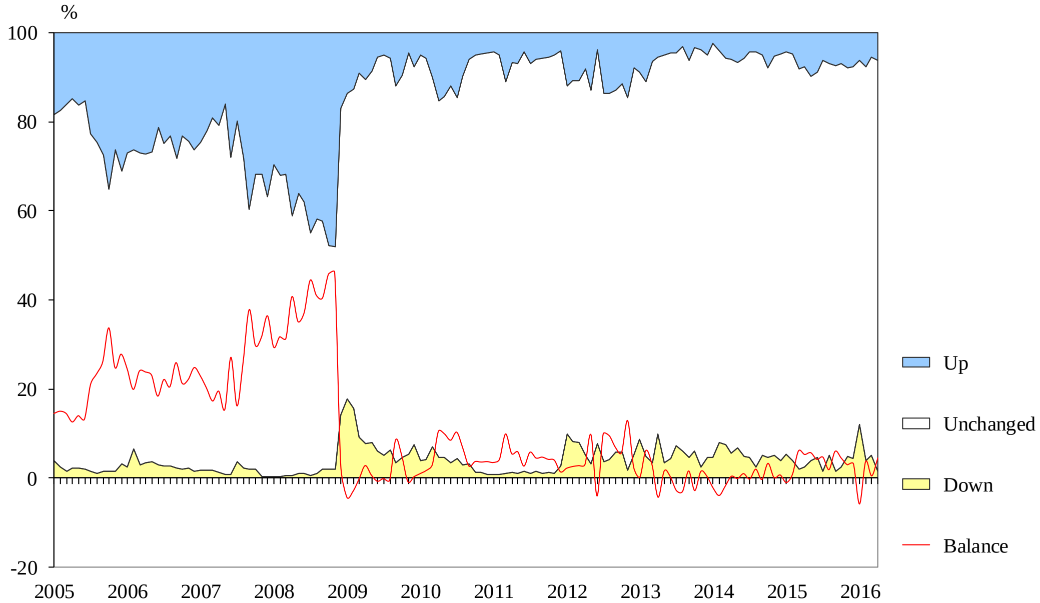

Figure 15. Business climate in service sector

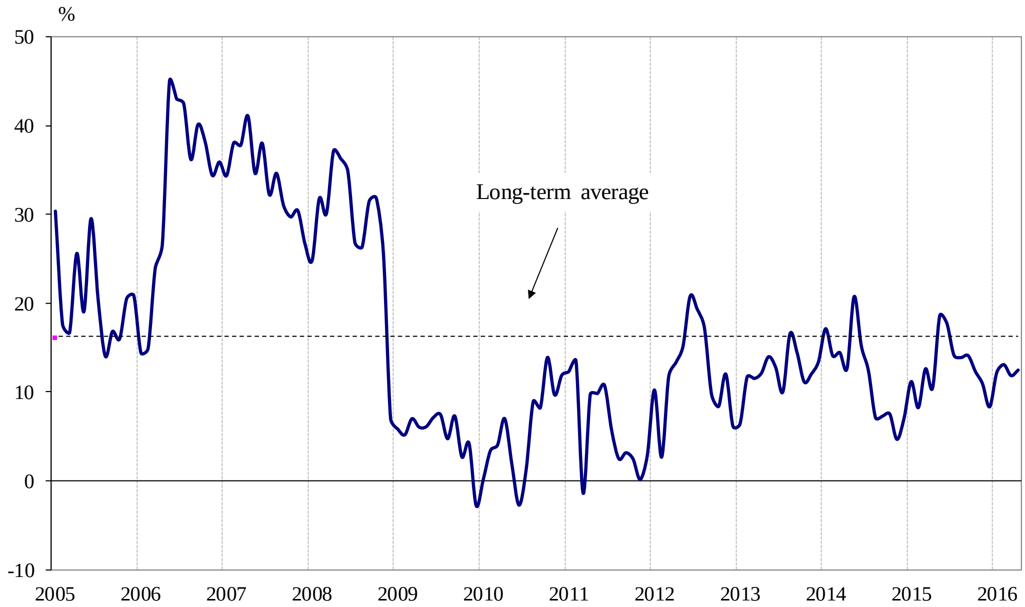

Figure 16. Expected demand in service sector over the next 3 months

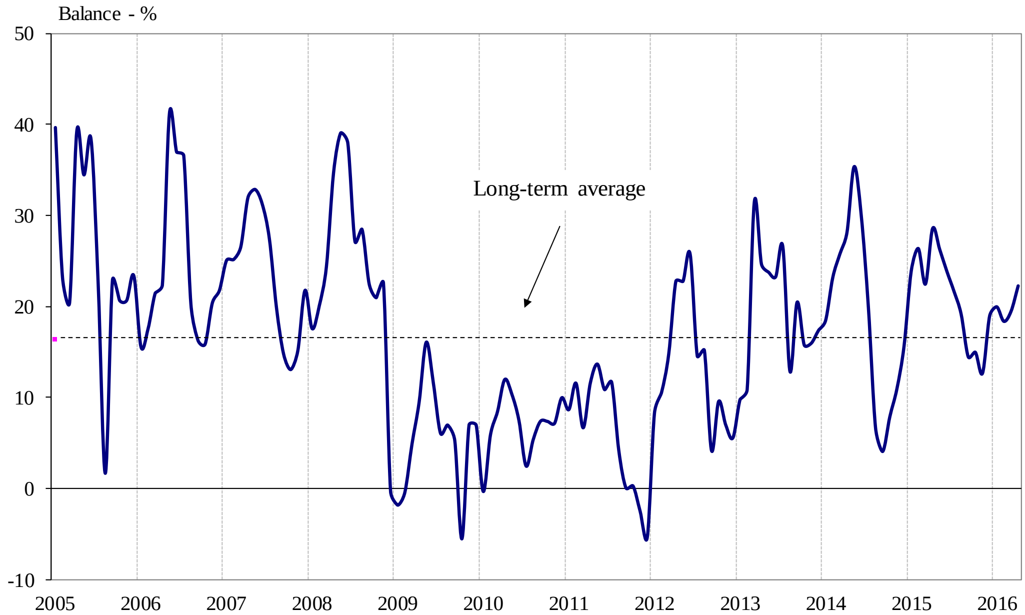

Figure 17. Factors limiting the activity in service sector (Relative share of enterprises)

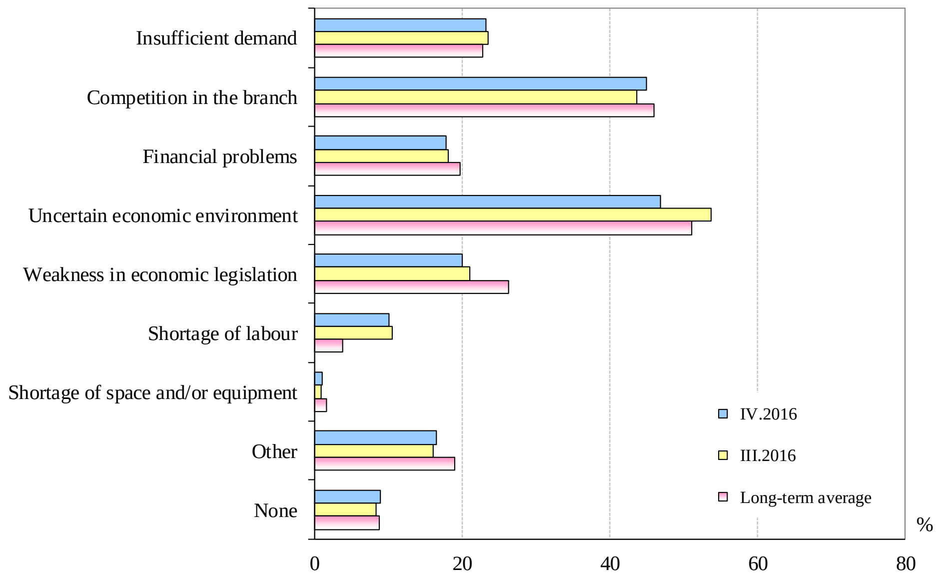

Figure 18. Selling prices expectations in service sector over the next 3 months