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

In June 2016 **the total business climate indicator**[4] increases by 0.9 percentage points compared to May (Annex, Figure 1) as a result of the improved business climate in industry, retail trade and service sector.

Industry. The composite indicator ‘business climate in industry’ increases by 0.8 percentage points in comparison with the previous month (Annex, Figure 2) which is due to the optimistic industrial entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 3). However, their opinions about the present production activity are more reserved, while in their expectations about the activity over the next 3 months an improvement is observed.

The uncertain economic environment remains the main problem for the business development pointed out by 49.7% of the enterprises (Annex, Figure 4).

As regards the selling prices in industry the managers foresee preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In June the composite indicator ‘business climate in construction’ decreases by 1.8 percentage points (Annex, Figure 6) as a result of the more reserved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). In their opinion the present construction activity is slightly decrease in comparison with the previous month, as their forecasts about the activity over the next 3 months are also more unfavourable (Annex, Figure 8).

The main factors limiting the enterprises continue to be the uncertain economic environment and competition in the branch (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’ increases by 0.9 percentage points compared to May (Annex, Figure 11) which is due to the improved retailers’ assessment about the present

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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.

business situation of the enterprises. However, their expectations about the volume of sales and orders placed with suppliers over the next 3 months are more reserved.

The competition in the branch, uncertain economic environment and insufficient demand remain the main obstacles for the development of the enterprises activity (Annex, Figure 12).

As regards the selling prices the retailers foresee preservation of their level over the next 3 months (Annex, Figure 13).

Service sector[1]. In June the composite indicator 'business climate in service sector' increases by 3.9 percentage points (Annex, Figure 14) mainly due to the more optimistic managers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 15). Their opinions about the demand for services over the next 3 months remain also favourable, though more reserved in comparison with the previous month.

The main factors limiting the business development in the sector continue to be connected with the uncertain economic environment and the competition in the branch. At the same time in the last month the inquiry registered strengthen of the negative influence of the factor 'weakness in economic legislation' (Annex, Figure 16).

Concerning the selling prices, the managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

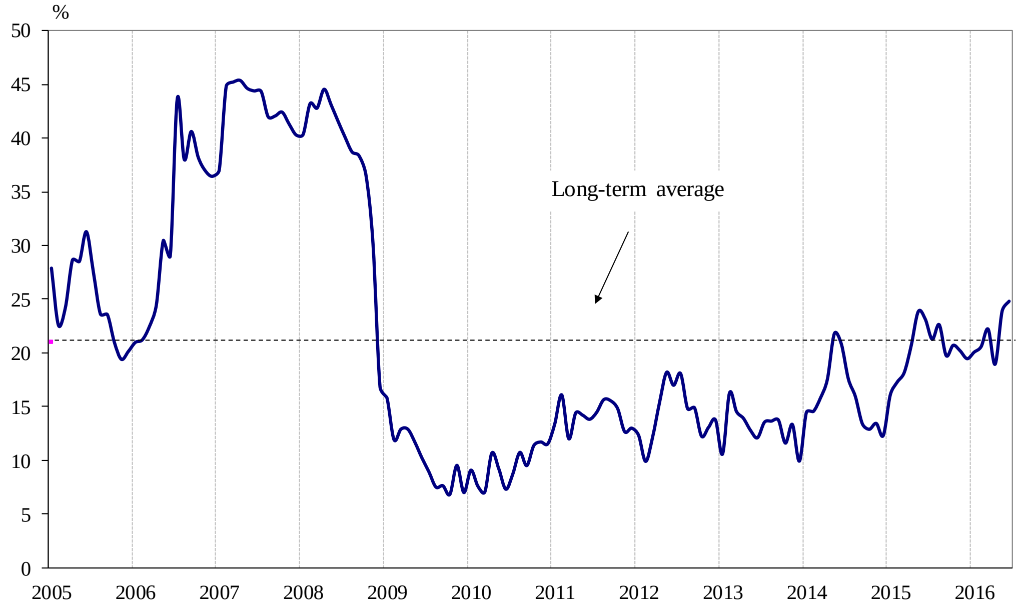

Figure 2. Business climate in industry

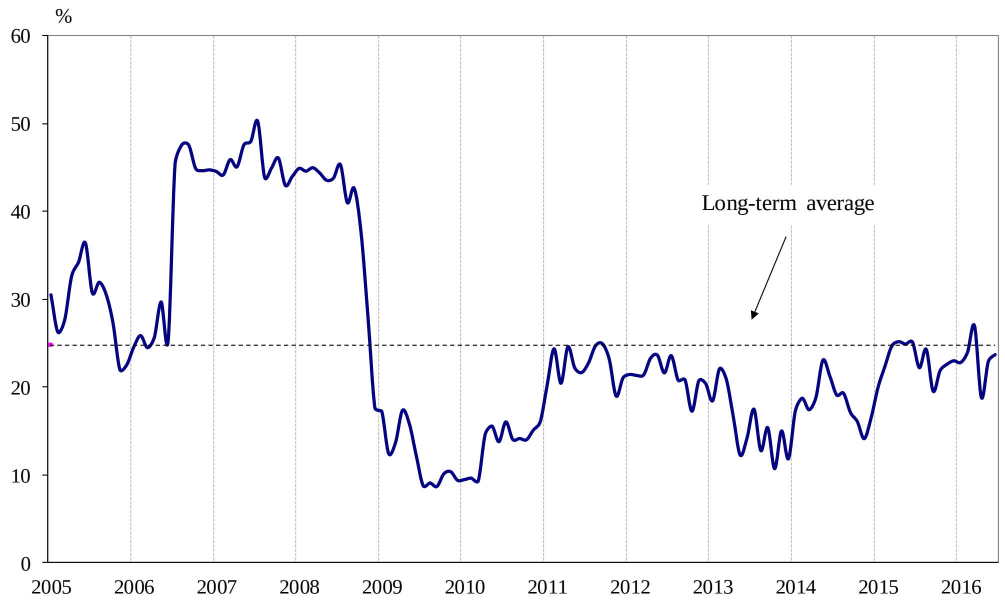

Figure 3. Present business situation in industry

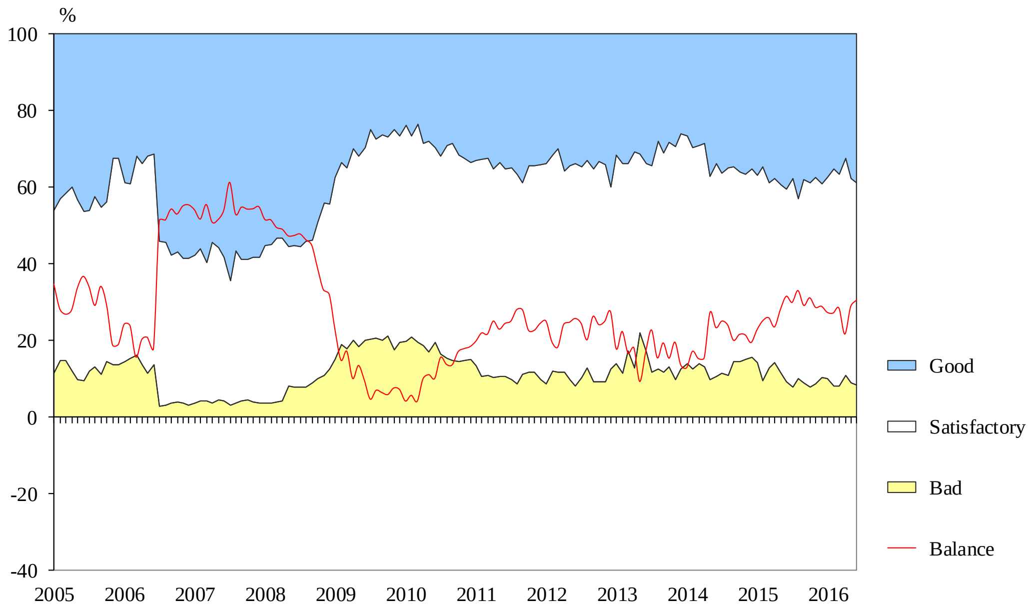

Figure 4. Limits to production in industry (Relative share of enterprises)

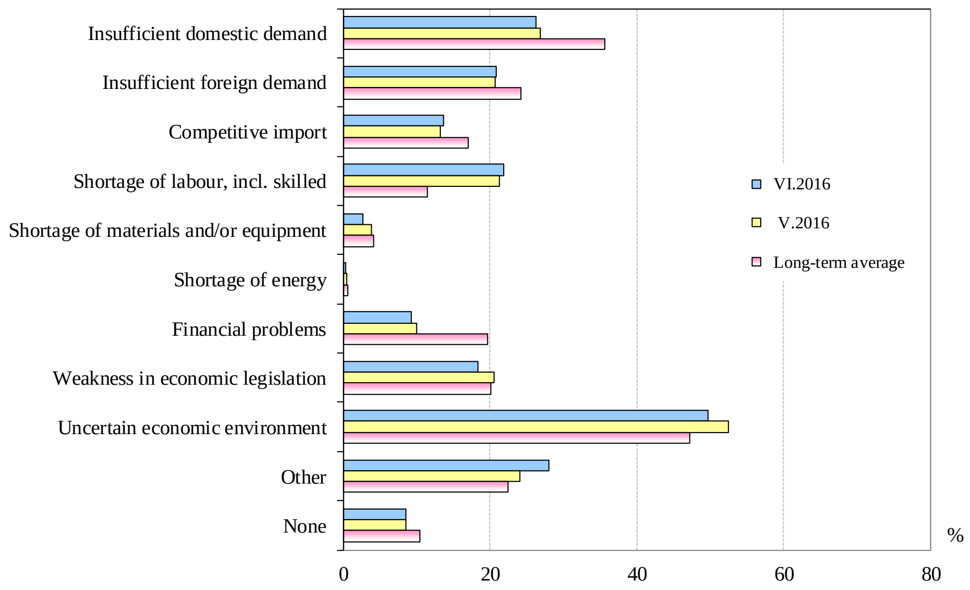

Figure 5. Selling prices expectations in industry over the next 3 months

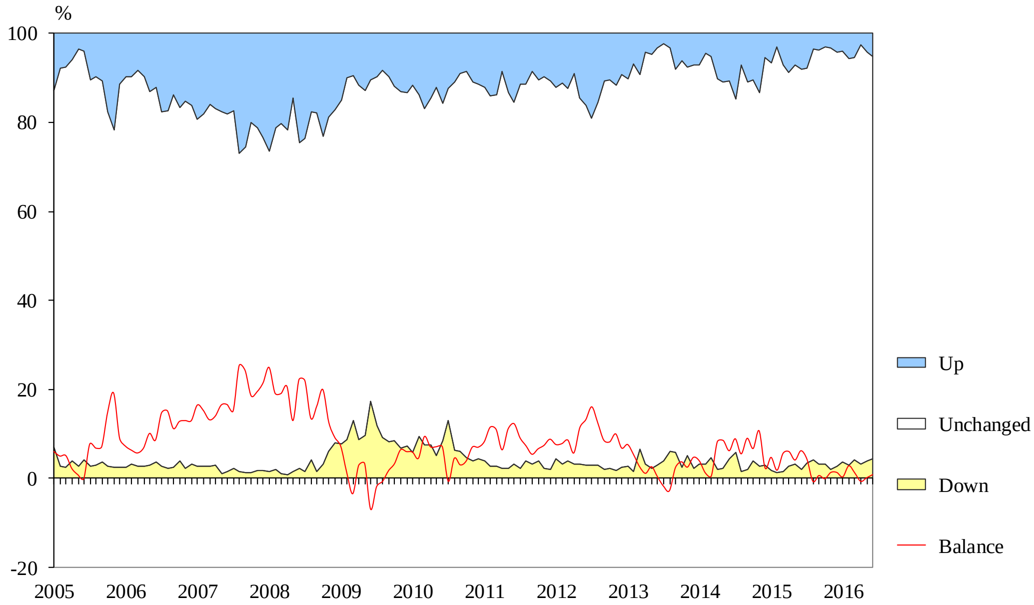

Figure 6. Business climate in construction

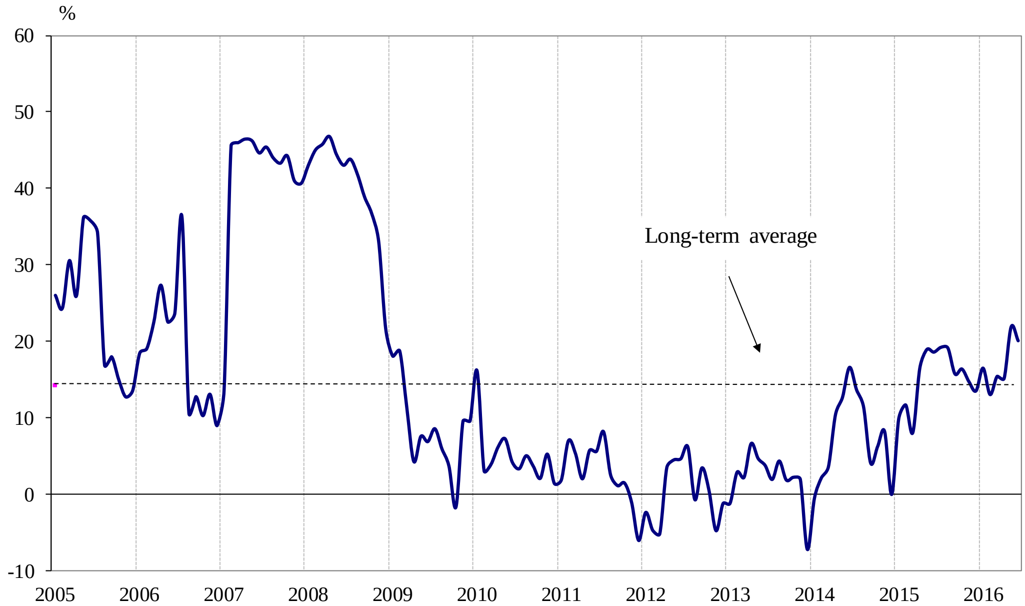

Figure 7. Expected business situation in construction over the next 6 months

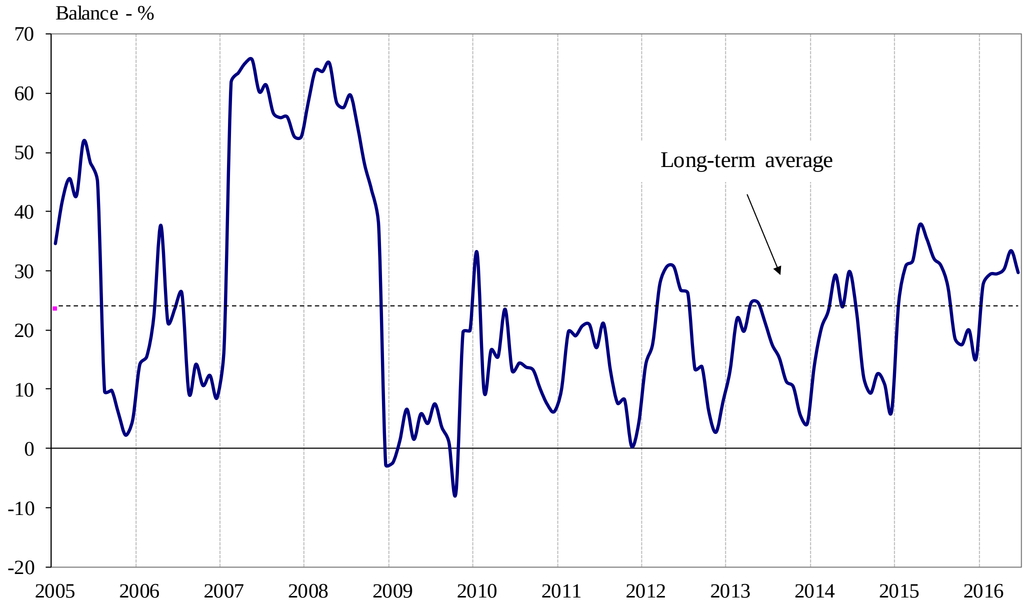

Figure 8. Expected construction activity over the next 3 months

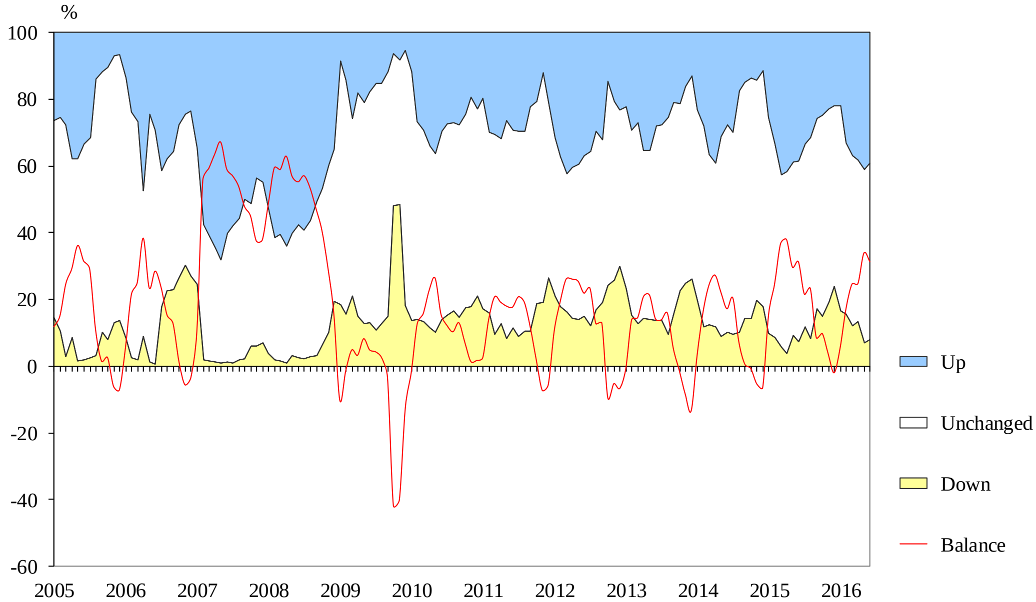

**Figure 9. Limits to construction activity
(Relative share of enterprises)**

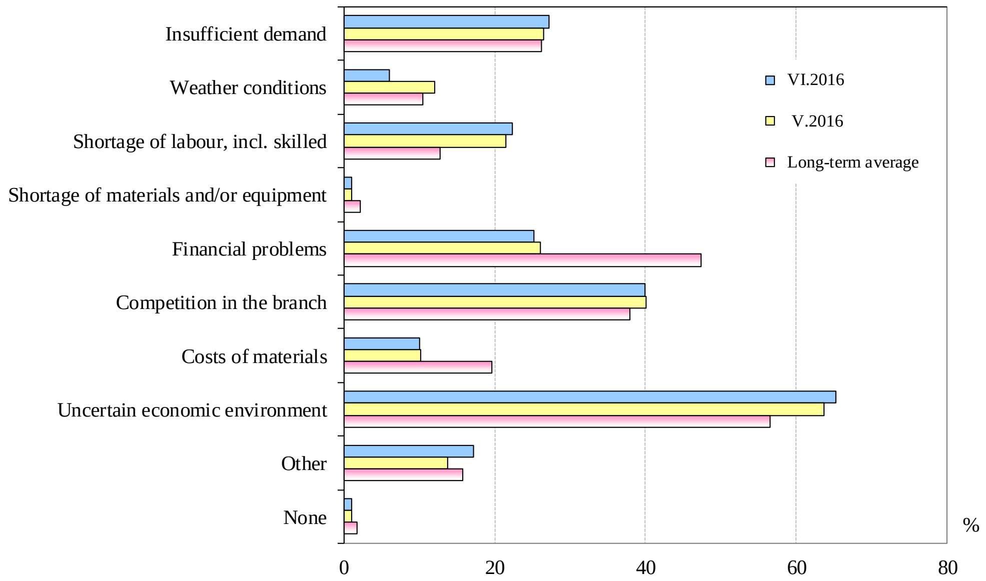

**Figure 10. Selling prices expectations in construction
over the next 3 months**

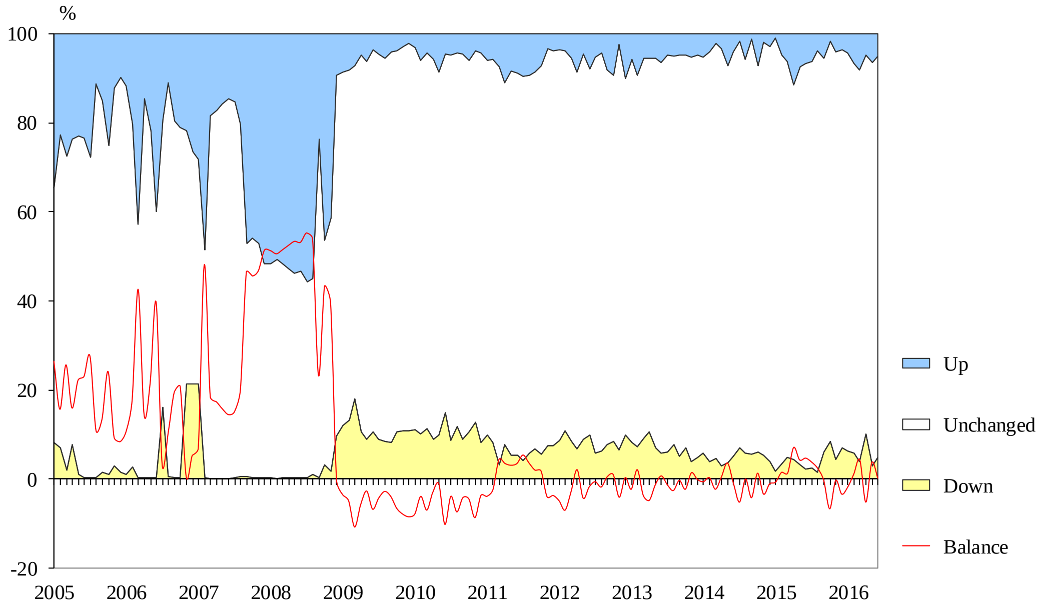

Figure 11. Business climate in retail trade

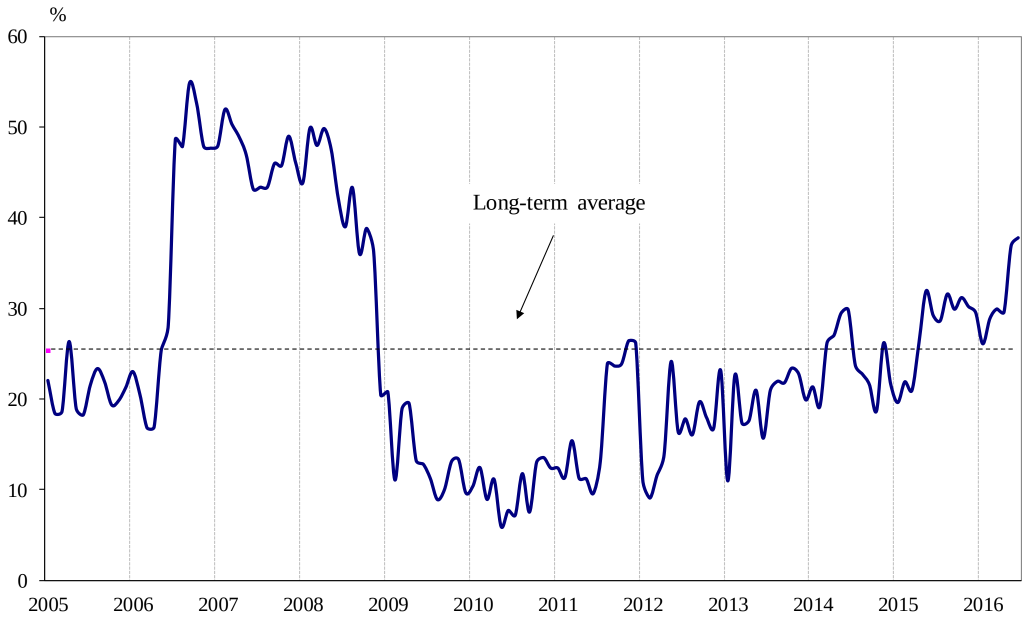

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

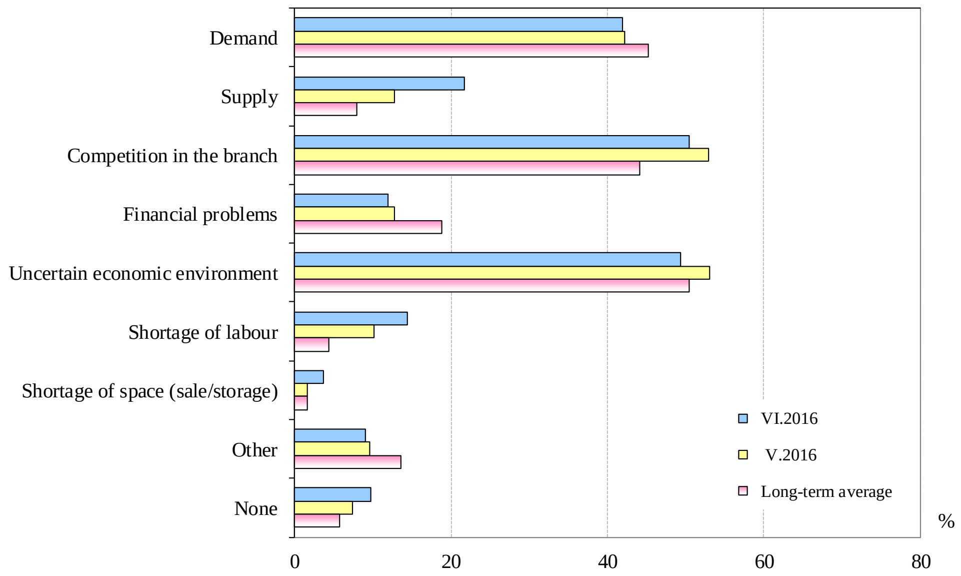

Figure 13. Selling prices expectations in retail trade over the next 3 months

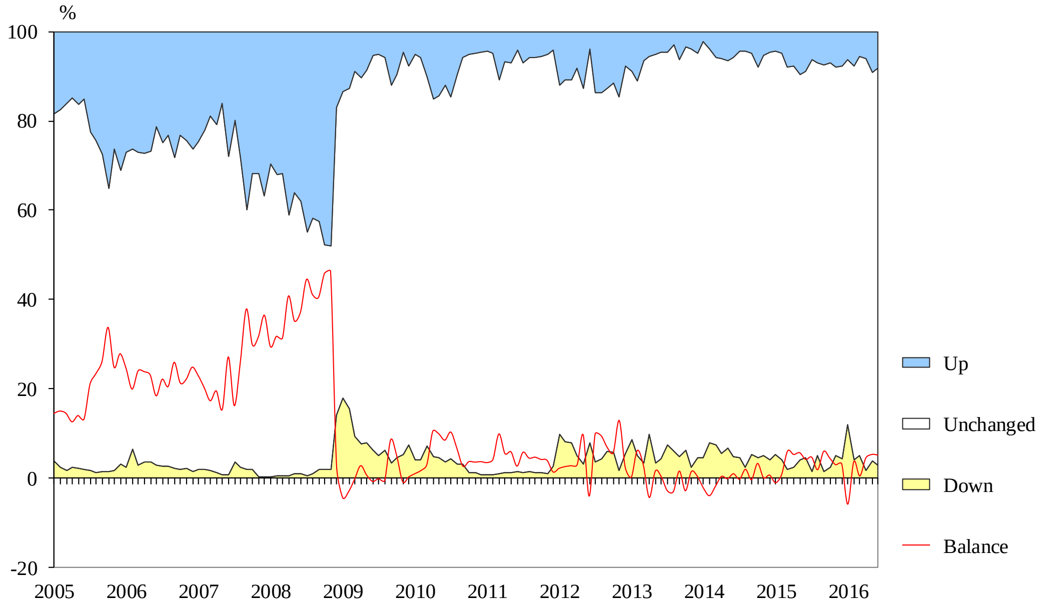

Figure 14. Business climate in service sector

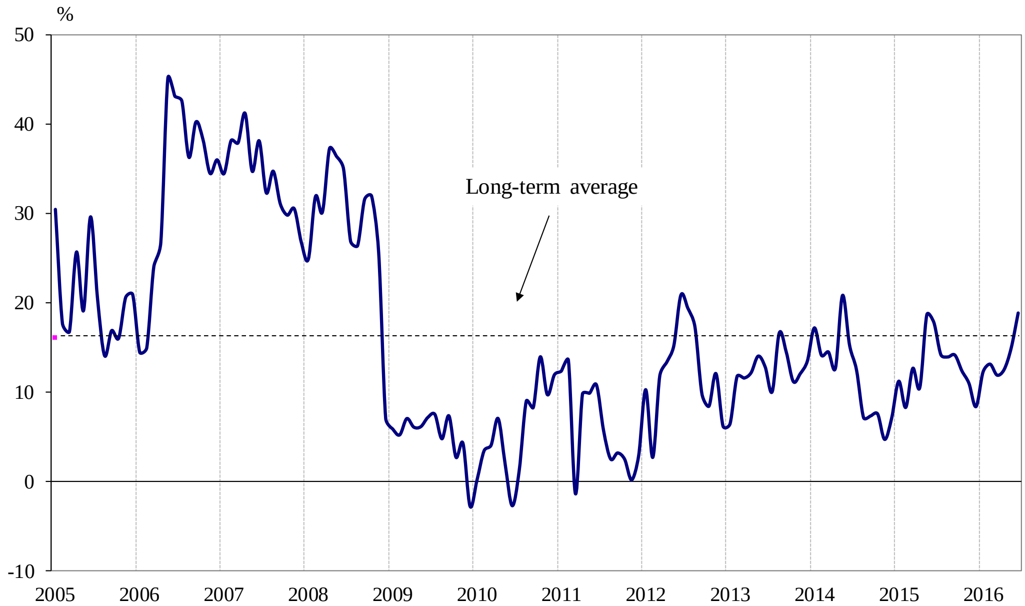

Figure 15. Expected business situation in service sector over the next 6 months

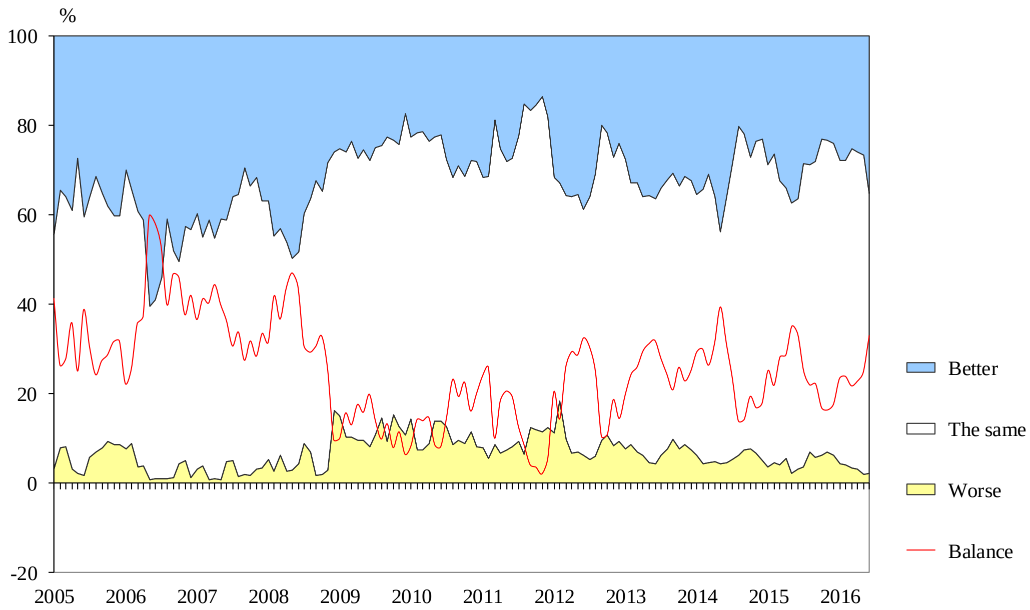

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

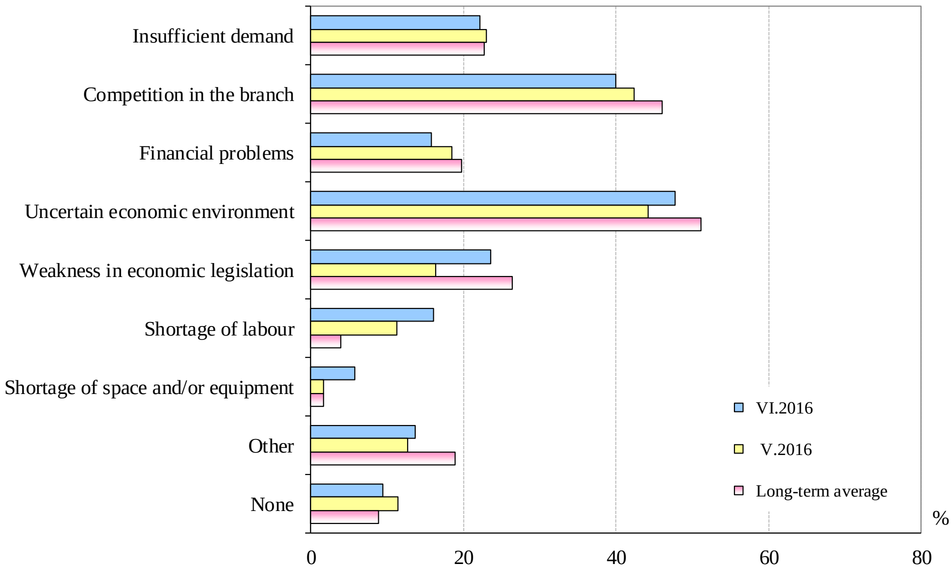

Figure 17. Selling prices expectations in service sector over the next 3 months