BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS[1,2], MARCH 2010

In March 2010 the NSI business surveys register a decrease in the level of **the total business climate indicator**[3] of 0.9 percentage points in comparison with February (Figure 1). The indicator decreases in all of the sectors with the exception of the service sector, as the highest drop is recorded in retail trade.

Industry. The composite indicator "business climate in industry" in March decreases by 1.6 percentage points in comparison with the previous month (Figure 2). This is due to the worsened managers' assessments of the present business situation of industrial enterprises. There is a slightly increased optimism in the expectations about the business situation of enterprises over the next 6 months and about the production activity over the next 3 months, which is accompanied however by expectations about a reduction of employment in the sector. The business inquiry also registers a certain slowing down of the production activity drop (Figure 3).

The uncertain economic environment is the factor mostly limiting the activity in the sector since in March it has been pointed out by about 61% of the enterprises (Figure 4).

The last inquiry registers a certain increase of the expectations about a rise of the selling prices in industry (Figure 5).

Construction. The composite indicator of business climate in construction decreases by 0.4 percentage points in comparison with the previous month due to the lower assessments of the construction entrepreneurs about the present business situation in enterprises (Figure 6). Over the last month the production assurance with orders has been worsened and the construction activity has been reduced (Figure 7), as the managers' expectations about the construction activity over the next 3 months are more optimistic (Figure 8). The last business inquiry reports on a certain decrease of the number of clients with delay in payments. With regard to the personnel a decrease is expected, but with a lower rate in comparison with the previous months.

For the fourth consecutive month the financial problems are the primary factor limiting increasingly the activity of the enterprises, as the uncertain economic environment is on the second place and its influence is also strengthened in comparison with the previous month (Figure 9).

With regard to the selling prices the managers expecting a decrease continue to be more than those that consider that their prices will increase, but the greater share of entrepreneurs (82.5%) believe that the prices will preserve their level over the next 3 months.

Retail trade. In March the composite indicator "business climate in retail trade" decreases by 3.2 percentage points in comparison with the previous month (Figure 10) due to the worsened managers' assessments and expectations about the business situation in enterprises. At the same time the expectations about the sales and the orders placed with suppliers over the next 3 months are also more pessimistic (Figure 11).

The uncertain economic environment and the insufficient demand continue to be the main factors limiting the activity of the enterprises, as in March the negative influence of the uncertain economic environment is strengthened in comparison with February (Figure 12).

With regard to the selling prices in retail trade the share of managers expecting a rise over the next 3 months increases (Figure 13).

Service sector[4]. In March the composite indicator of business climate in service sector increases by 2.2 percentage points (Figure 14). This is due to the improved managers' assessments and expectations about the business situation in enterprises. The present demand for services is assessed unfavorably, but the expectations about the next 3 months are optimistic (the balance indicator goes up by 8.1 percentage points) (Figure 15). The managers also expect an increase of the employment in the sector over the next 3 months (Figure 16).

The uncertain economic environment and the competition in the branch continue to be the most serious factors limiting the activity of the enterprises, but their negative influence decreases in comparison with the previous month (Figure 17).

In March the prevailing expectations are for the preservation of the prices in the sector over the next 3 months (Figure 18).

Annex 1

Figure 1. Business climate - total

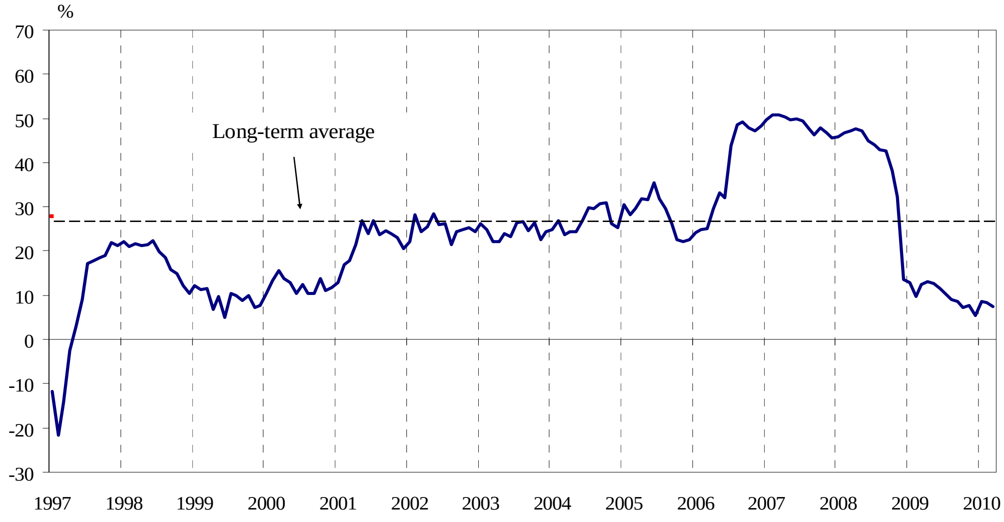


Figure 2. Business climate in industry

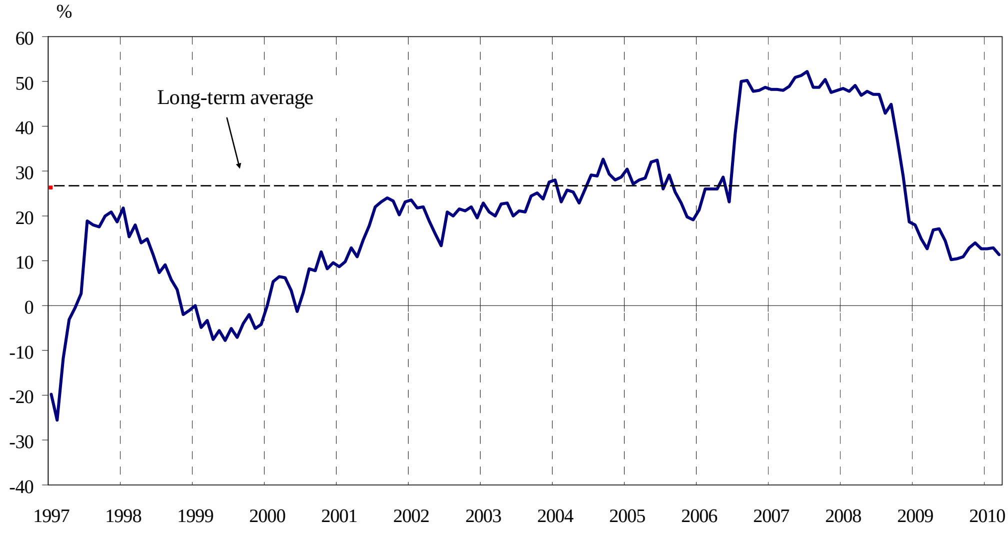


Figure 3. Present production activity in industry

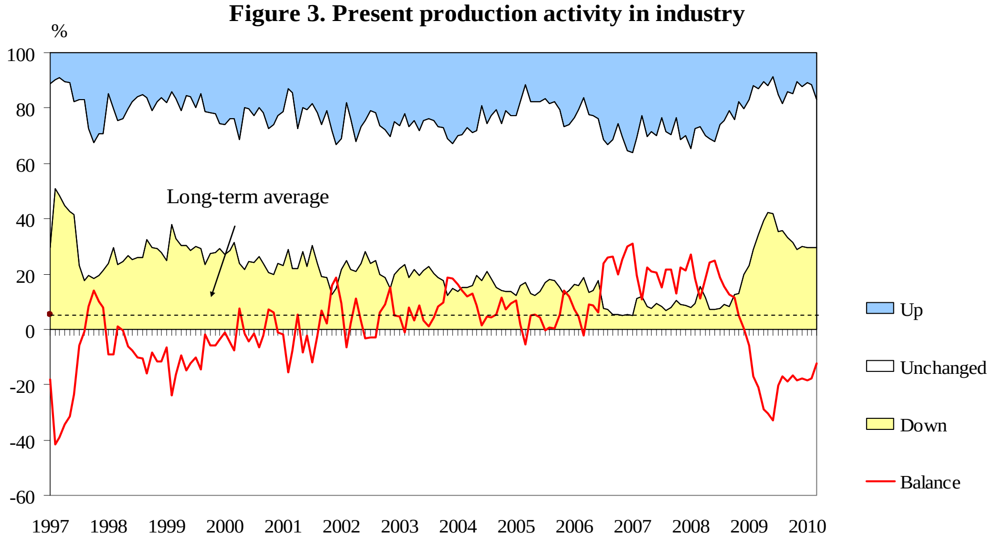


Figure 4. Limits to production in industry (Relative share of enterprises - %)

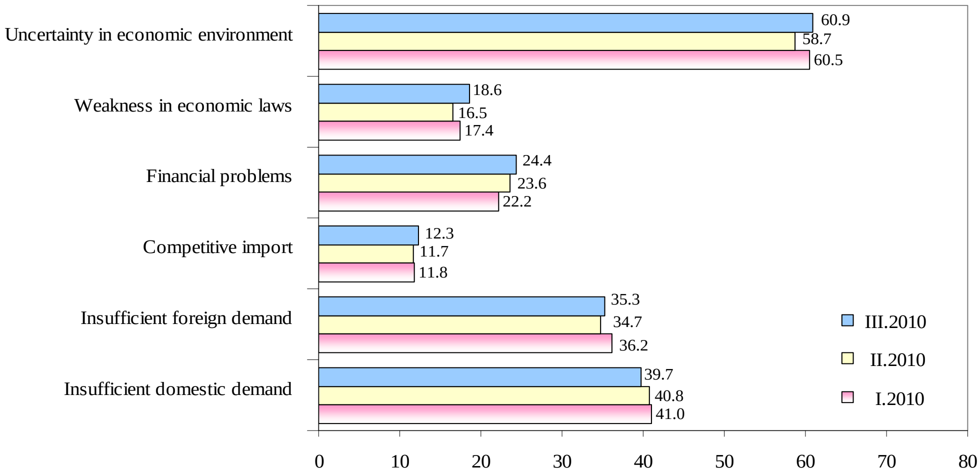


Figure 5. Selling price expectations in industry over the next 3 months

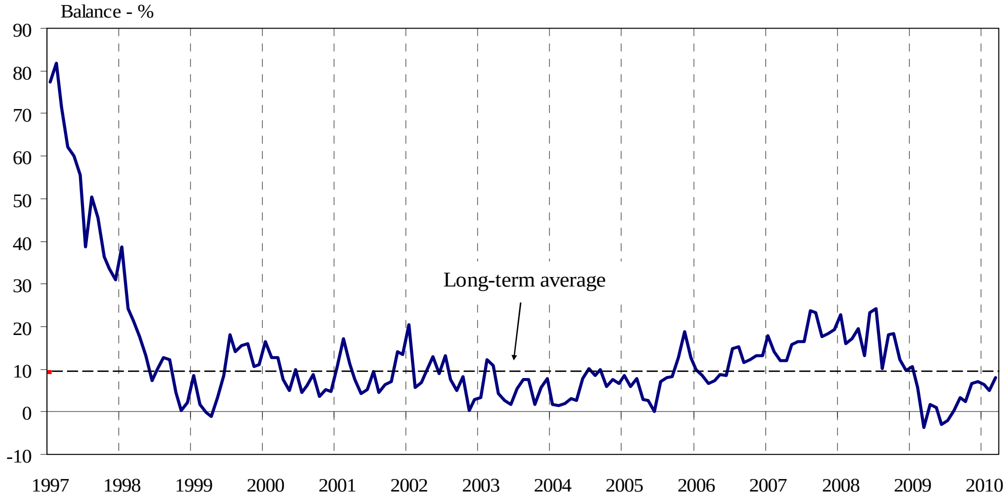


Figure 6. Business climate in construction

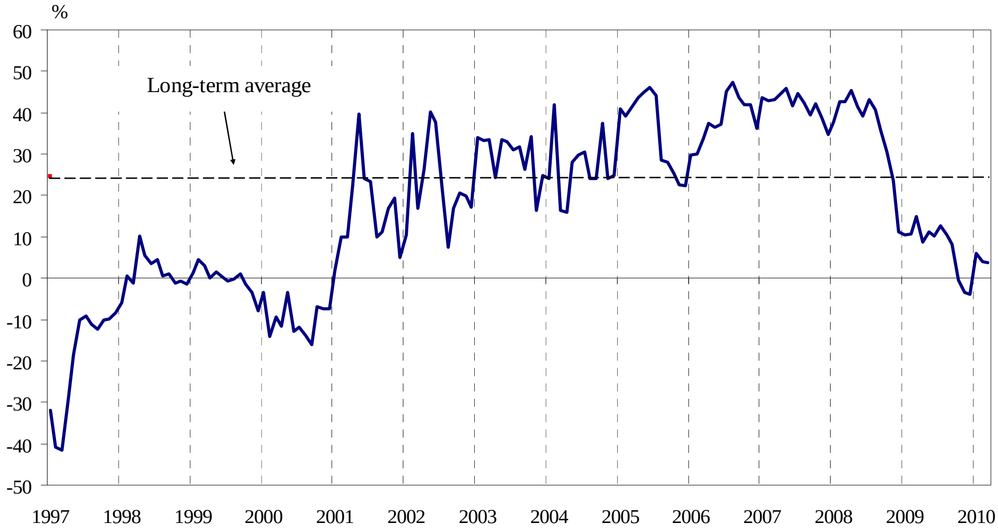


Figure 7. Present construction activity

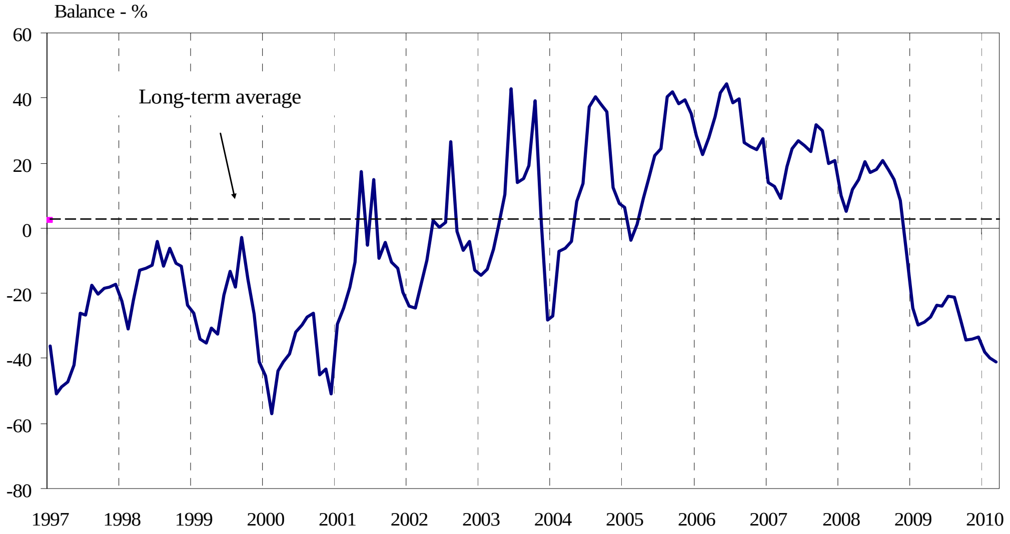


Figure 8. Expected construction activity

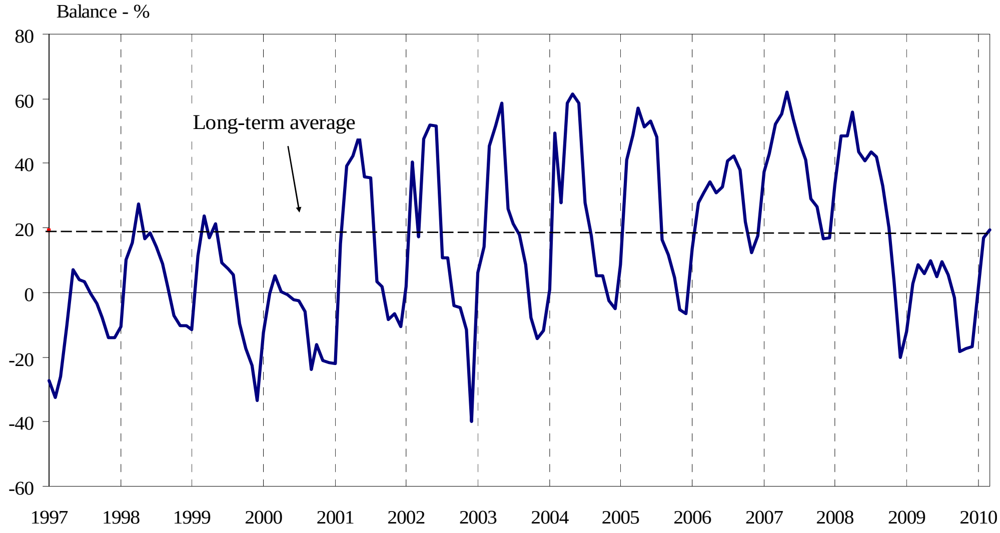


Figure 9. Limits to construction activity (Relative share of enterprises - %)

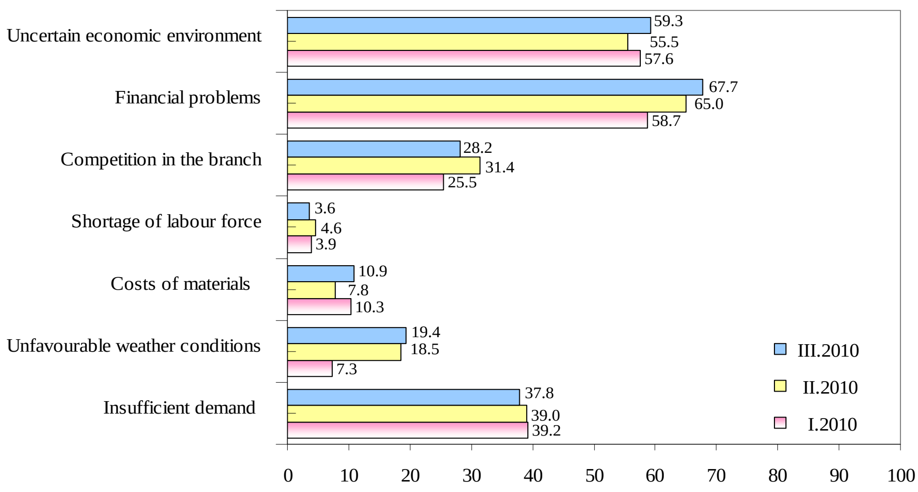


Figure 10. Business climate in retail trade

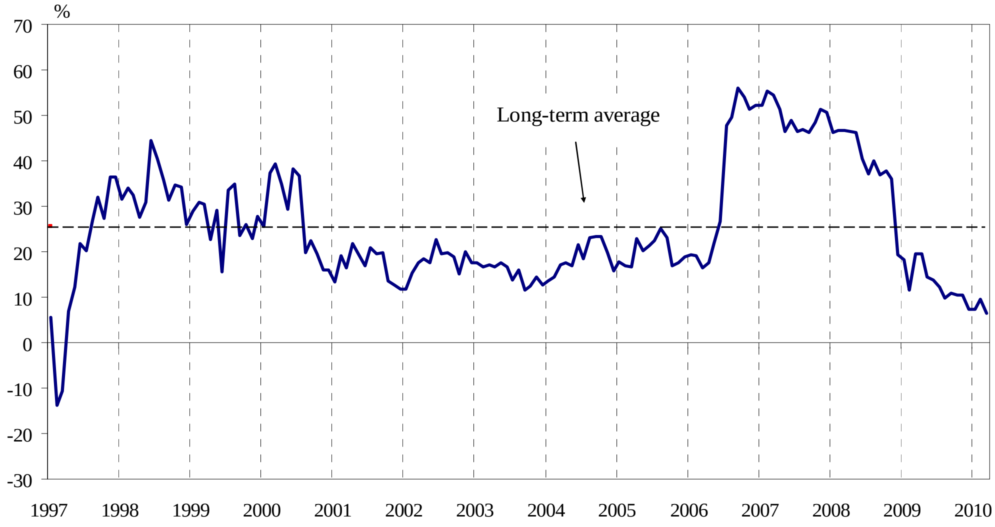


Figure 11. Sales expectations in retail trade over the next 3 months

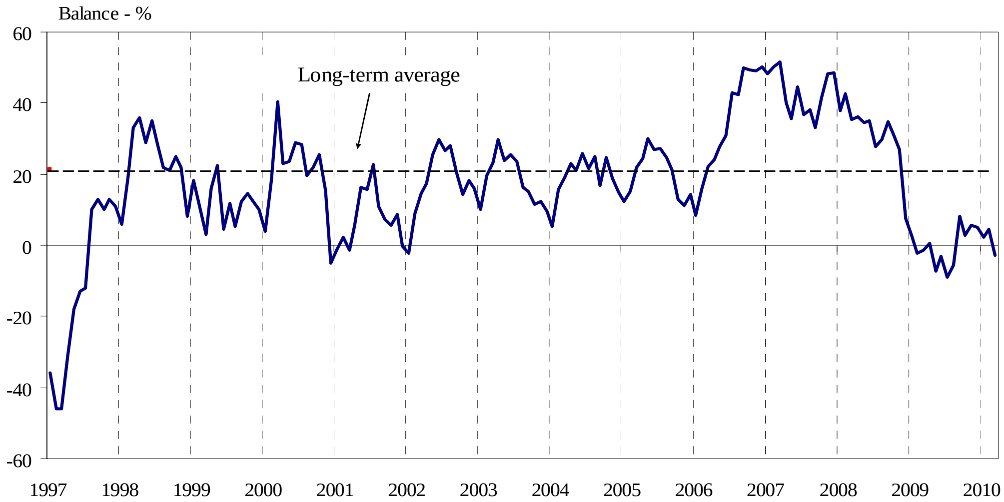


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises - %)

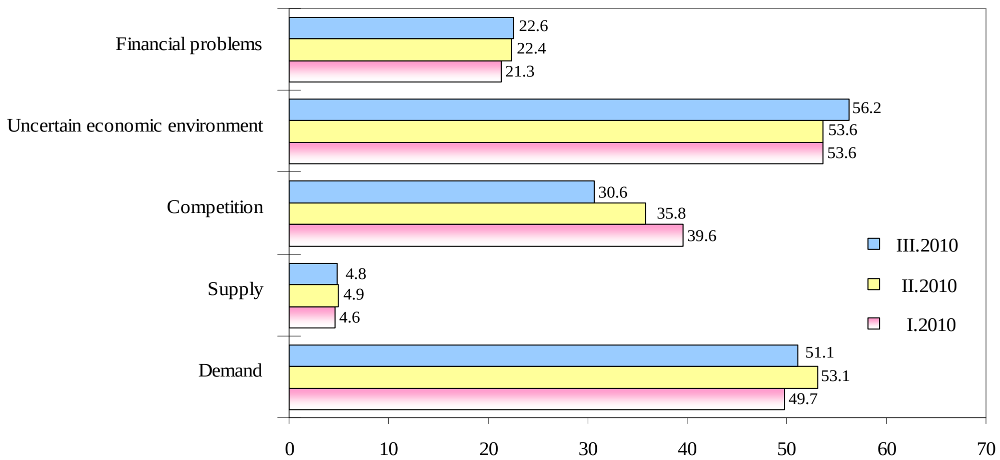


Figure 13. Selling price expectations in retail trade over the next 3 months

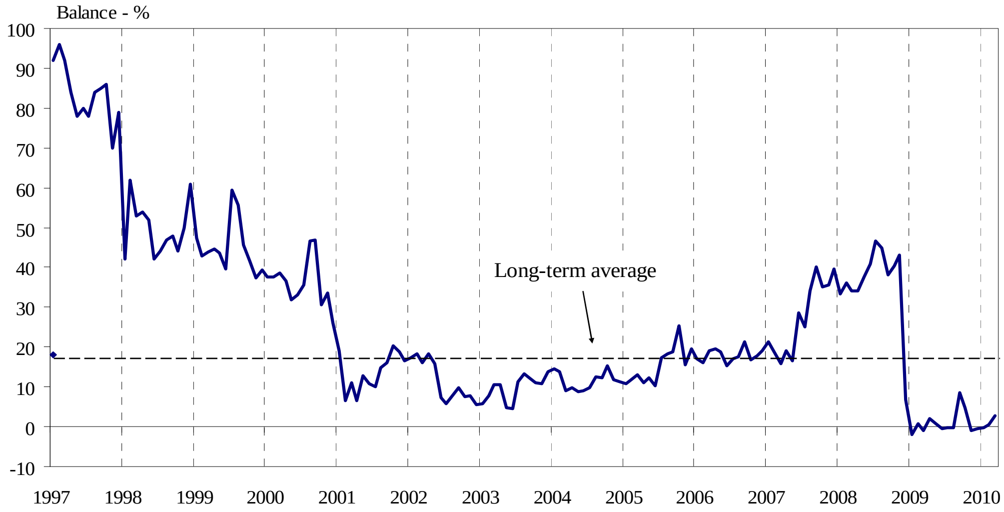


Figure 14. Business climate in service sector

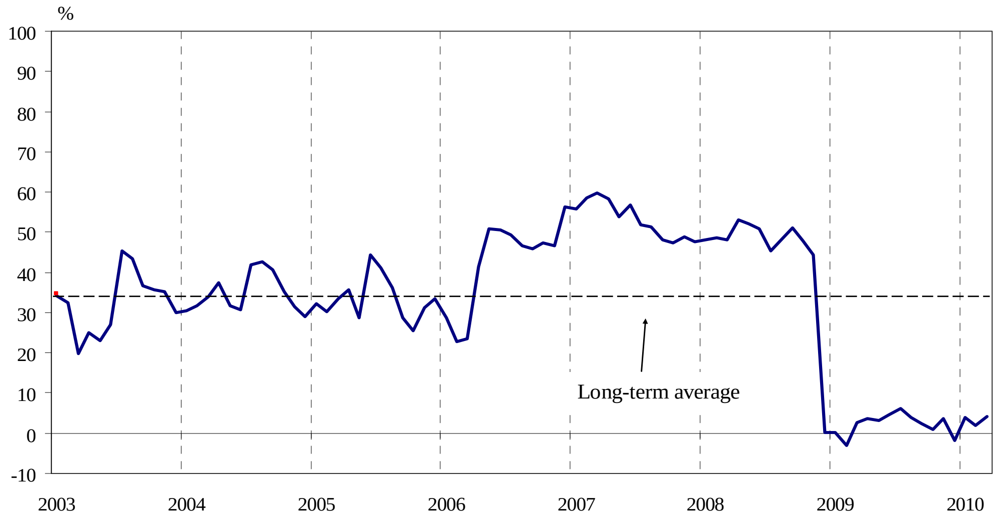


Figure 15. Expectations about the demand for services over the next 3 months

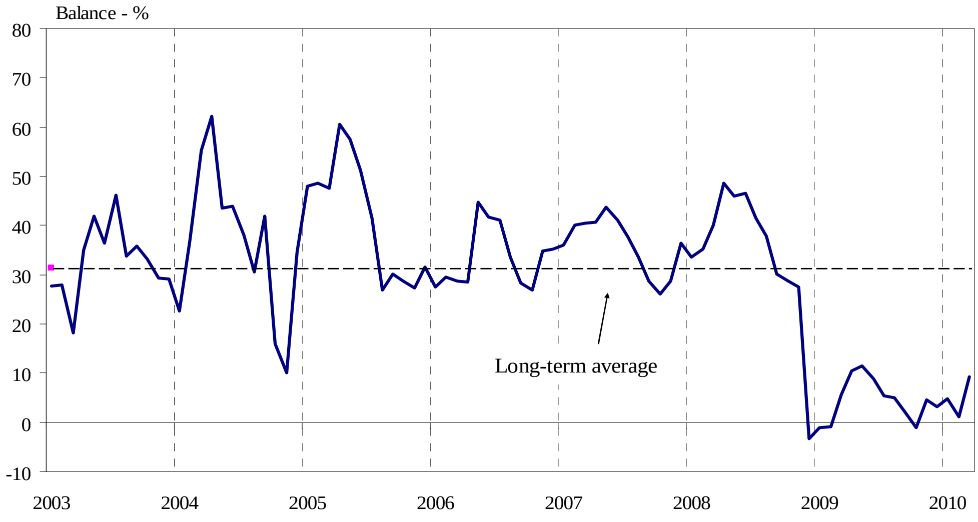


Figure 16. Employment expectations in service sector over the next 3 months

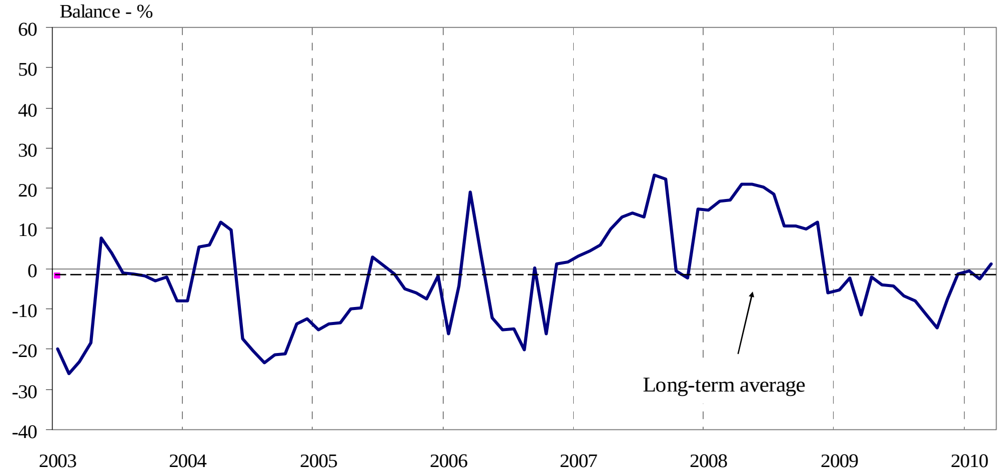


Figure 17. Factors limiting the activity in service sector (Relative share of enterprises - %)

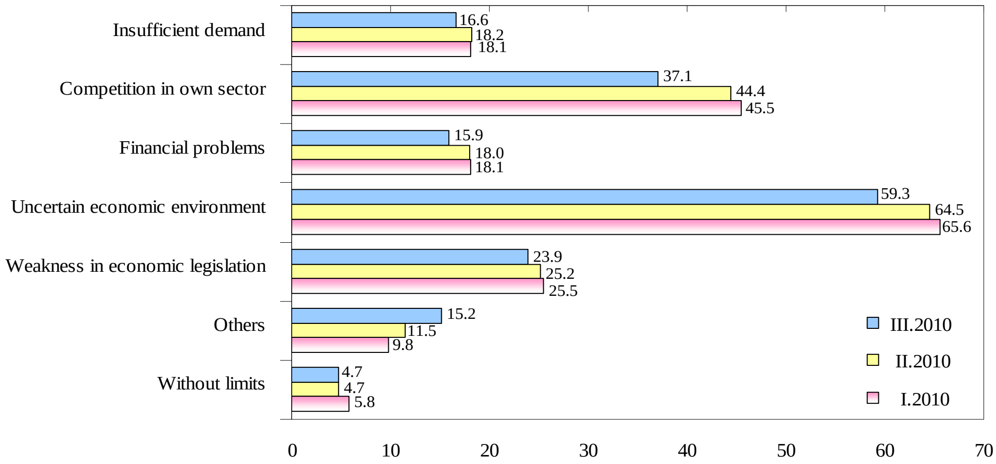
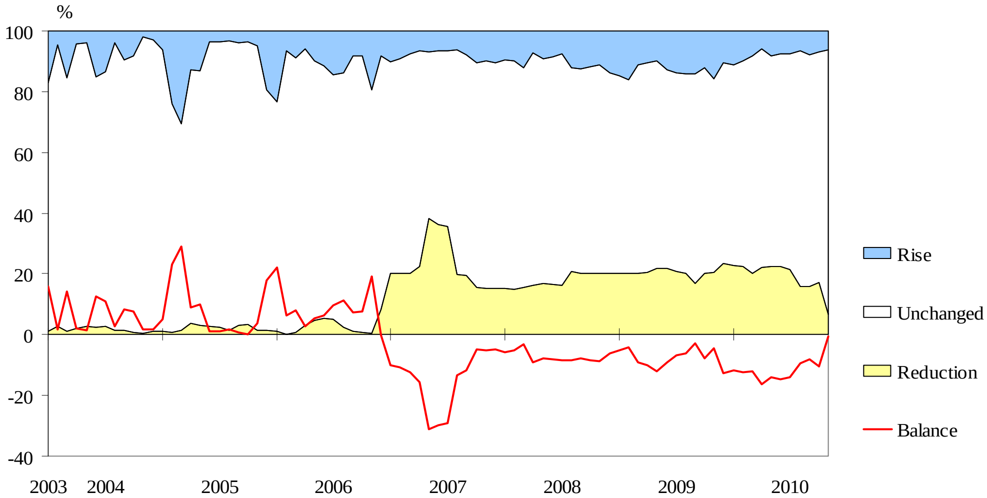


Figure 18. Price expectations in service sector over the next 3 months



[1] Since May 2002 all business surveys are 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.

[2] The replies of questions from the inquiries are presented in a three-fold 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.

[3] 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 is included in the total time series since May 2002.

[4] Excl. trade.