



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1,2,3}, SEPTEMBER 2011

The total business climate indicator⁴ in September 2011 keeps its level from the previous month (Figure 1) as only in construction a decrease of the indicator is recorded.

Industry. In September the composite business climate indicator in industry is by 0.2 percentage points above its August level (Figure 2). The inquiry registers some improvement of the assurance of production with orders from abroad, which is not accompanied by increased expectations for business over the next 3 months. Rather, the effect is a reduction in the level of stocks of finished goods (Figure 3).

The main problems for business development in the sector remain the uncertain economic environment and the insufficient demand, which strengthen in September their negative effects (Figure 4).

Concerning the selling prices in the branch, industrial entrepreneurs do not intend to raise their over the next 3 months (Figure 5).

Construction. The composite business climate indicator in construction decreases by 1.4 percentage points (Figure 6) mainly due to shifting the entrepreneurs' expectations about business situation of enterprises from "better" to preserving the same business situation over the next 6 months (Figure 7). Similar more reserved expectations as regards the construction activity are recorded. With regard to assessments of the current activity of construction companies, the balance value of the indicator, albeit with some fluctuations, rose steadily, reaching its highest point since February 2009 (Figure 8).

In September the inquiry in the construction registers increase of number of clients with delay in payments (Figure 9).

Regarding the main factors limiting the activity in the sector, as the uncertain economic environment, financial problems and insufficient demand, there is a slight decrease in the strength of their negative impact compared to the previous month (Figure 10).

Over the next 3 months an increase of selling prices is not expected in construction sector (Figure 11).

Retail trade. The composite indicator "business climate in retail trade" in September remains at the level of the long-term average for the indicator and little changed from previous month (Figure 12).

¹ In July 2010 the NSI 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 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.

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 is included in the total time series since May 2002.



Although more reserved, expectations for sales and orders to suppliers for the next three months remain optimistic (Figure 13).

The main factor limiting activity in retail trade is the uncertain economic environment. In September strengthen the financial problems of the enterprises, just for one month the share (who showed financial problems) increases from 15.3 to 45.2% (Figure 14).

As regards the selling prices prevailing expectations of managers are to maintain their level over the next 3 months (Figure 15).

Service sector⁵. In September the composite indicator "business climate in service sector" increases by 0.6 percentage points compared to the previous month (Figure 16) due to the slightly better managers' assessments about the present business situation of enterprises. More favorable are also the assessments about present service demand, but the expectations for the next 3 months are more pessimistic (Figure 17). As regards the personnel an increase in the next 3 months is not expected.

The uncertain economic environment and competition in the branch continue to be the main factors limiting the activity in the sector (Figure 18).

Concerning the selling prices inquiries do not register expectations for their increase in the next months.

⁵ Excl. trade.



Figure 1. Business climate - total

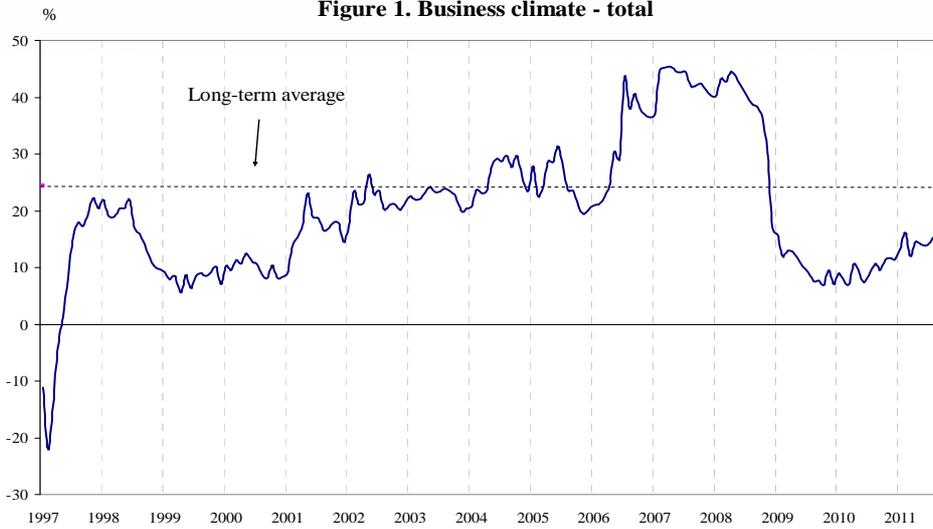


Figure 2. Business climate in industry

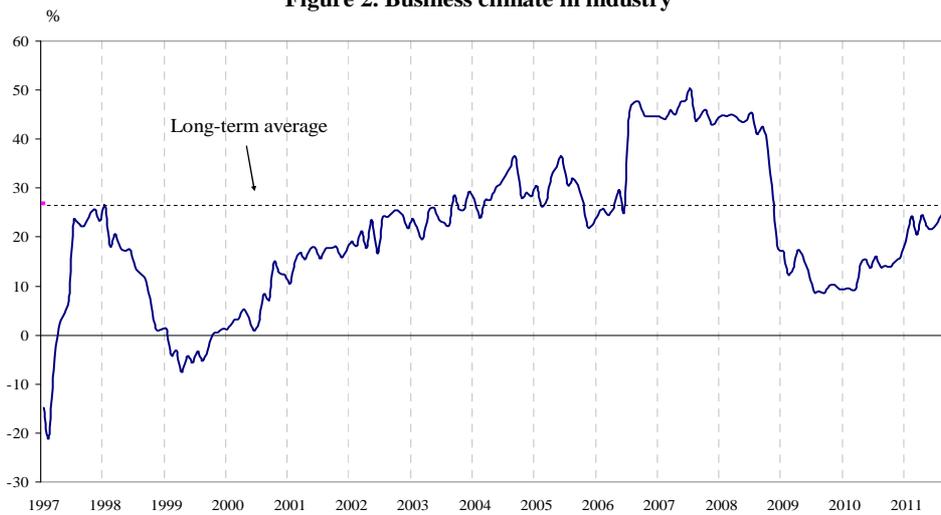
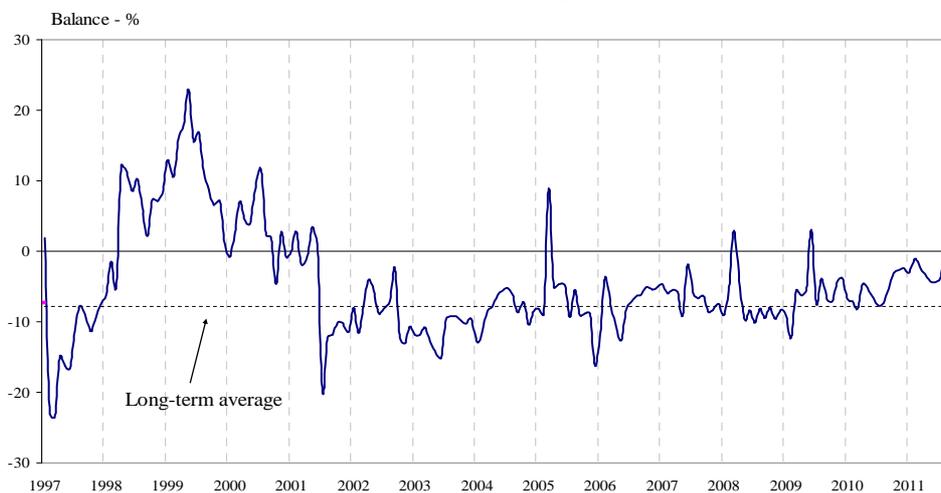
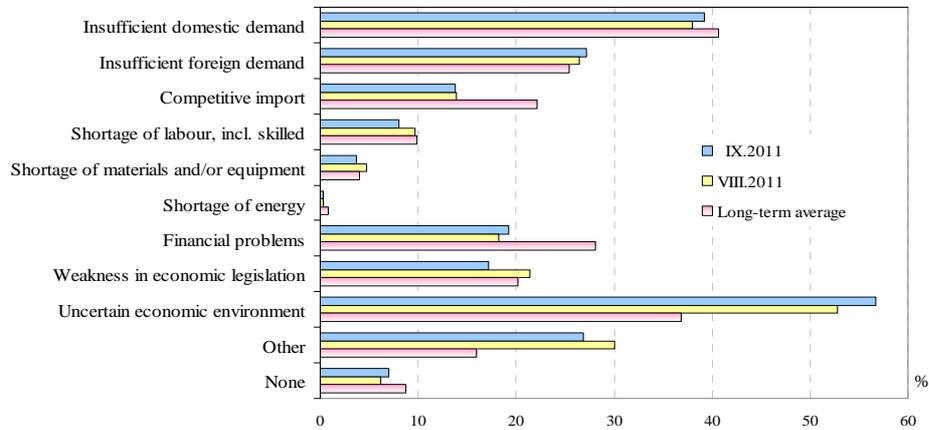


Figure 3. Stocks of finished goods in industry





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



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

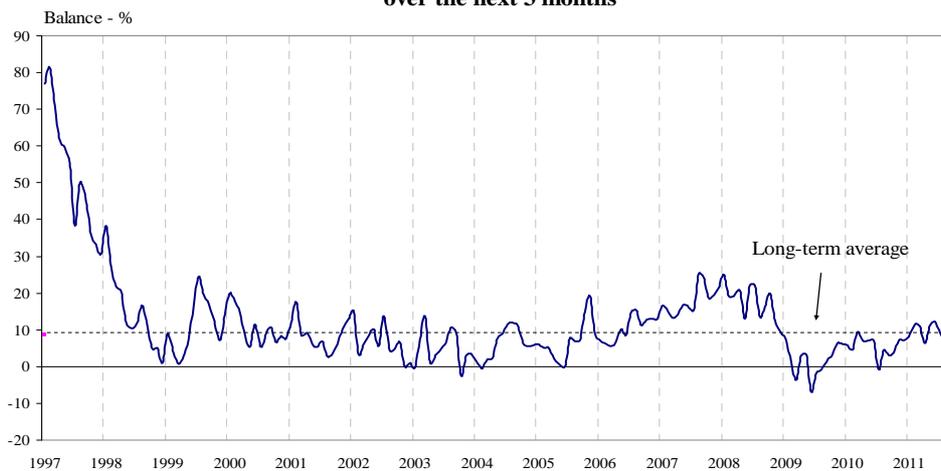


Figure 6. Business climate in construction

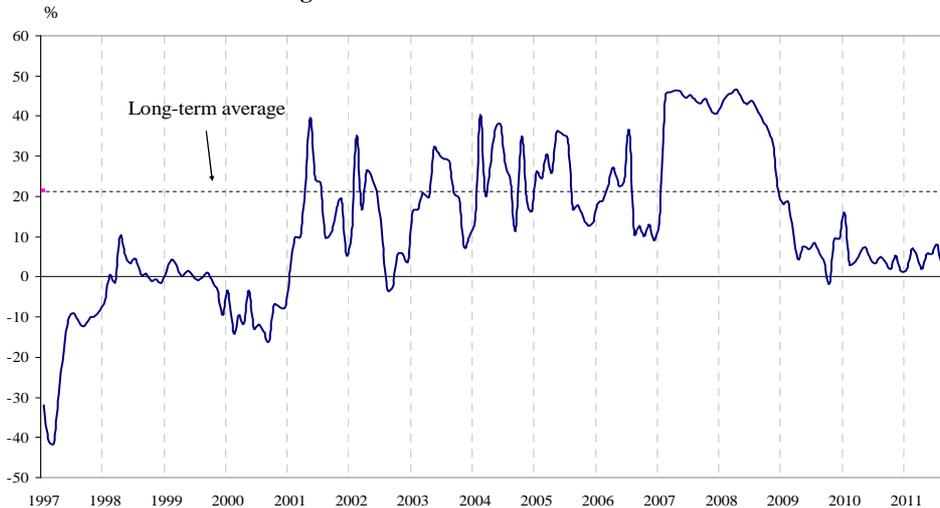




Figure 7. Expected business situation in construction over the next 6 months

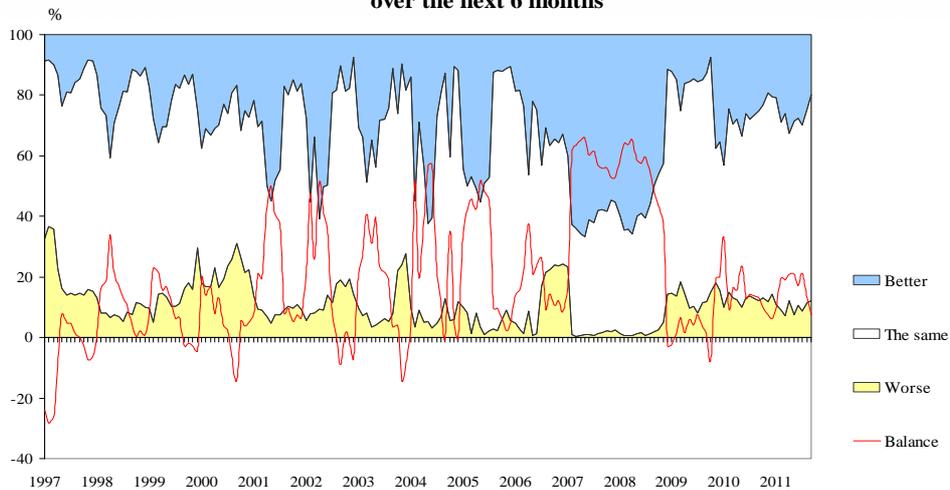


Figure 8. Present construction activity

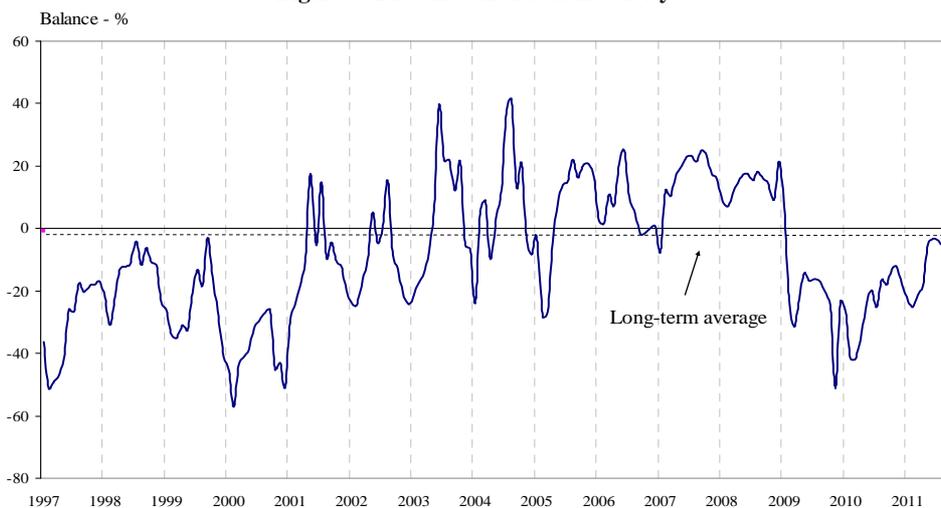
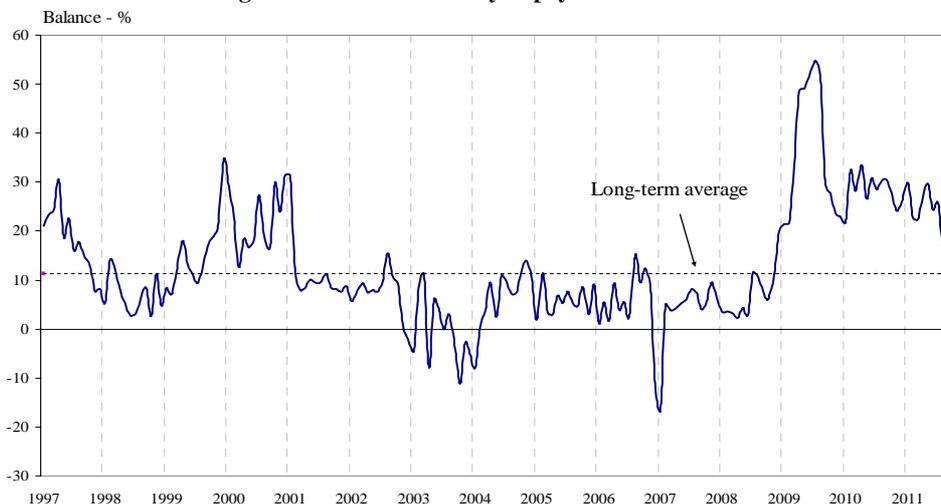
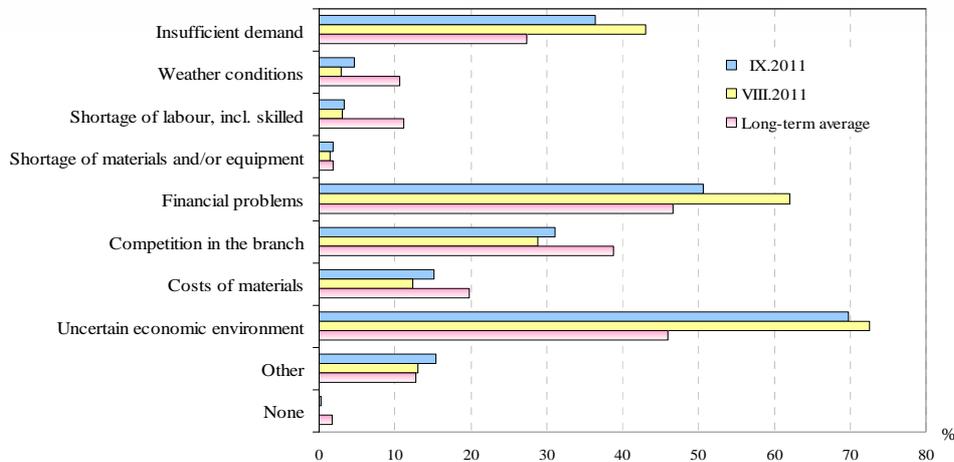


Figure 9. Clients with delay in payments in construction



**Figure 10. Limits to construction activity
(Relative share of enterprises)**



**Figure 11. Selling prices expectations in construction
over the next 3 months**

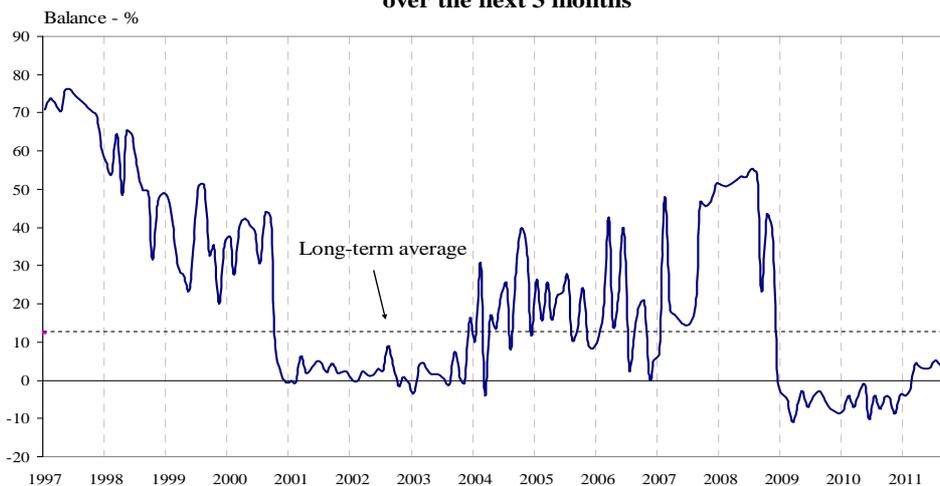


Figure 12. Business climate in retail trade

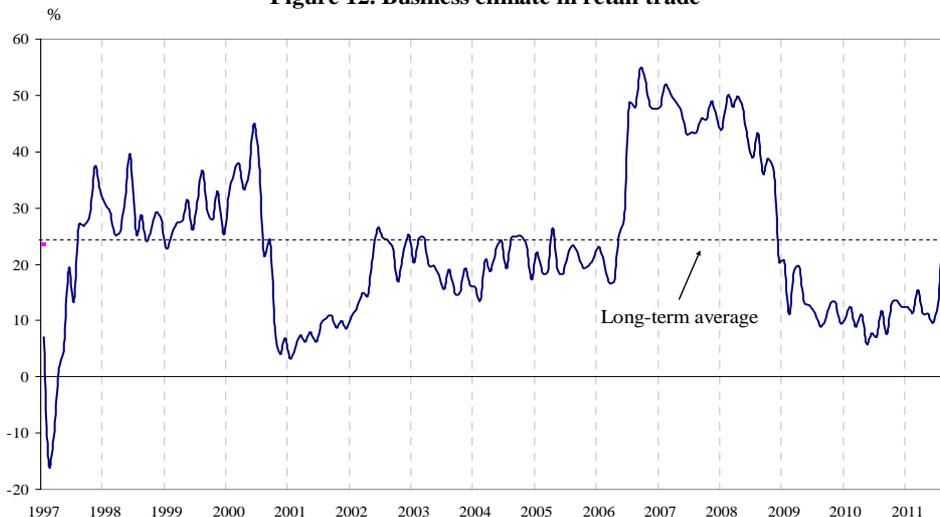




Figure 13. Expectations about orders placed with suppliers in retail trade over the next 3 months

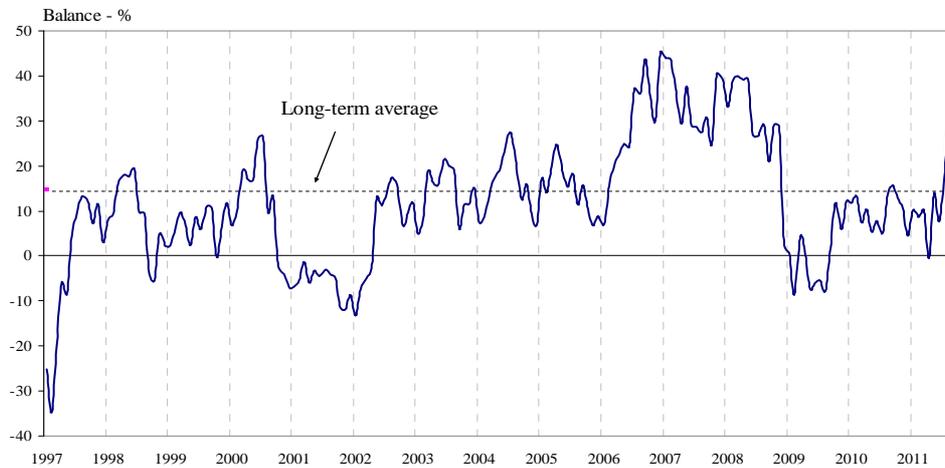


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

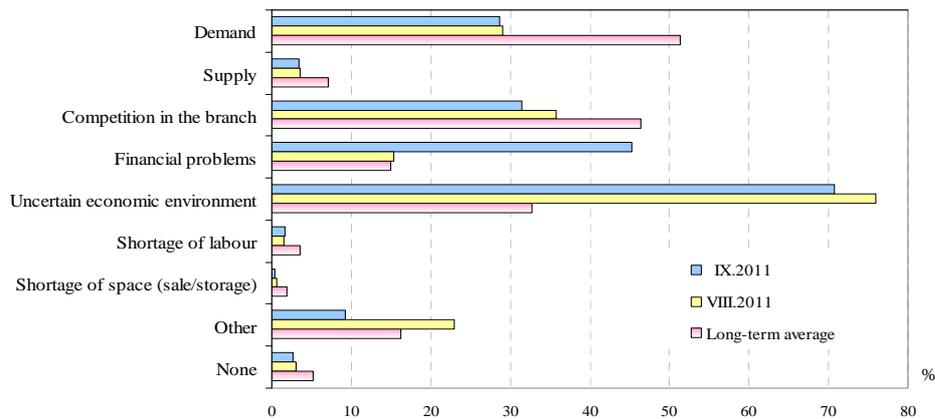


Figure 15. Selling prices expectations in retail trade over the next 3 months

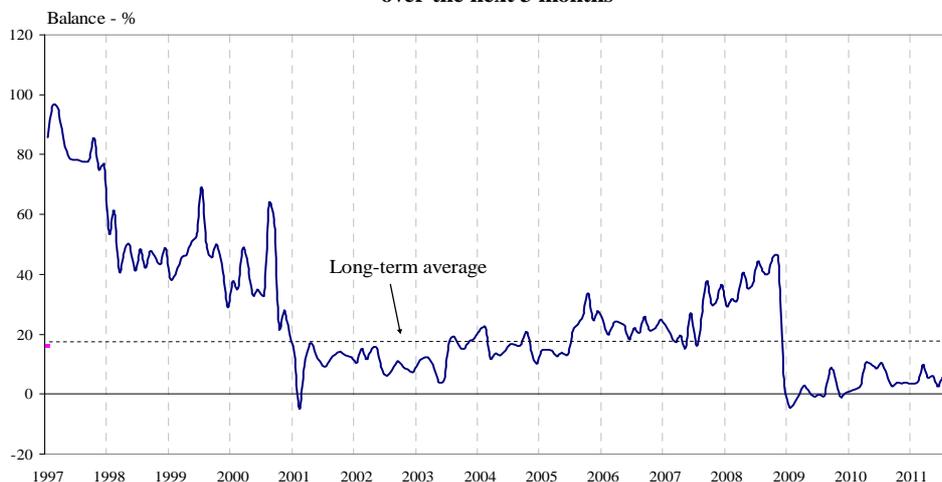




Figure 16. Business climate in service sector

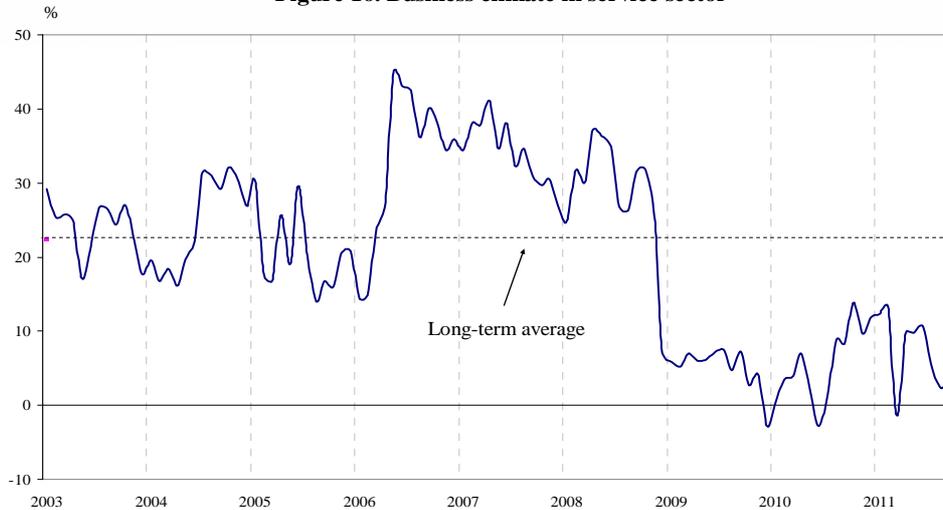


Figure 17. Expected demand in service sector over the next 3 months

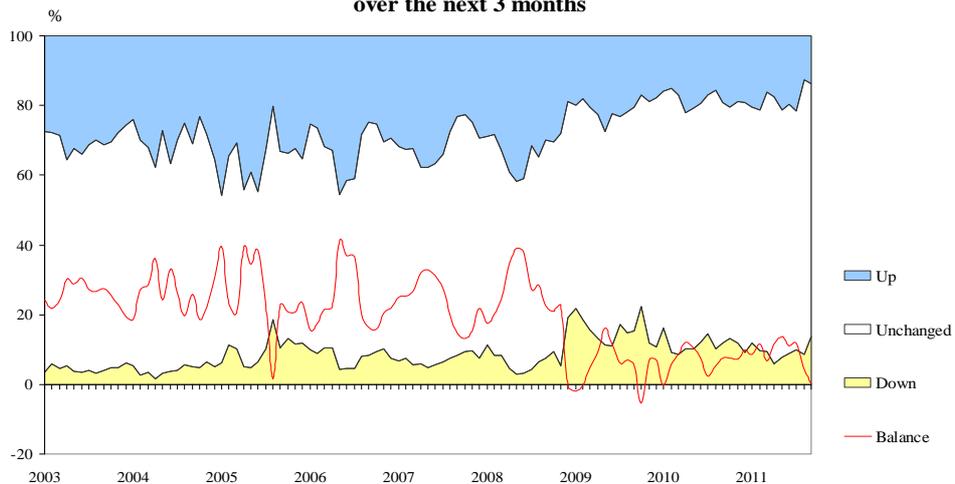


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

