BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], AUGUST 2013

In August 2013 **the total business climate indicator**[4] preserves its level from the previous month (Annex, Figure 1) as a reduction of the indicator is observed only in industry.

Industry. The composite indicator "business climate in industry" decreases by 4.7 percentage points in comparison with July (Annex, Figure 2) due to the more moderate managers' assessments and expectations about the business situation of the enterprises (Annex, Figure 3). At the same time the present production activity assessed as slight improved, but the expectations about the activity over the next 3 months are more reserved.

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 57.2% and 45.1% of the industrial entrepreneurs (Annex, Figure 4).

Concerning the selling prices in the branch the most of the managers forecast preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In August the composite indicator "business climate in construction" increases by 2.4 percentage points (Annex, Figure 6) which is due to the more optimistic construction entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity is improved, as their prognoses over the next 3 months remain favourable. The inquiry also registers a decrease in the number of the clients with delay in payments (Annex, Figure 8).

The main factor limiting the activity in the branch continues to be the uncertain economic environment. In the background remain the financial problems, competition in the branch and insufficient demand (Annex, Figure 9).

As regards the selling prices in the branch the prevailing managers' expectations are they to remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator "business climate in retail trade" increases by 1.0 percentage point compared to the previous month (Annex, Figure 11) due to the improved retailers' assessments about the present business situation of the enterprises. The opinions about the volume of sales over the last 3 months

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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, 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.

are improved as well the expectations over the next 3 months are more favourable. The inquiry registers also increased optimism in the retailers' forecasts as regards the orders placed with suppliers (Annex, Figure 12).

The most serious problem for the business development in the branch continues to be the uncertain economic environment followed by the insufficient demand as in August a decrease of the negative impact of the third most important factor "competition in the branch" is observed (by 10.6 percentage points) (Annex, Figure 13).

The managers' expectations about the selling prices in the retail trade are for preservation of their level over the next 3 months (Annex, Figure 14).

Service sector[1]. In August the composite indicator "business climate in service sector" increases by 6.6 percentage points (Annex, Figure 15) which is due to the more optimistic managers' assessments about the present business situation of the enterprises (Annex, Figure 16). As regards the demand for services the present tendency is estimated as improved, but the expectations over the next 3 months are more unfavourable.

The factor, limiting with the most extent activity of the enterprises in the sector, remains the uncertain economic environment. However in the last month the inquiry registers strengthen the unfavourable influence of the factors "competition in the branch" and "insufficient demand" (Annex, Figure 17).

Concerning the selling prices in the service sector the managers' expectations are they to remain unchanged over the next 3 months (Annex, Figure 18).

[1] Excl. trade.

Annex

Figure 1. Business climate – total

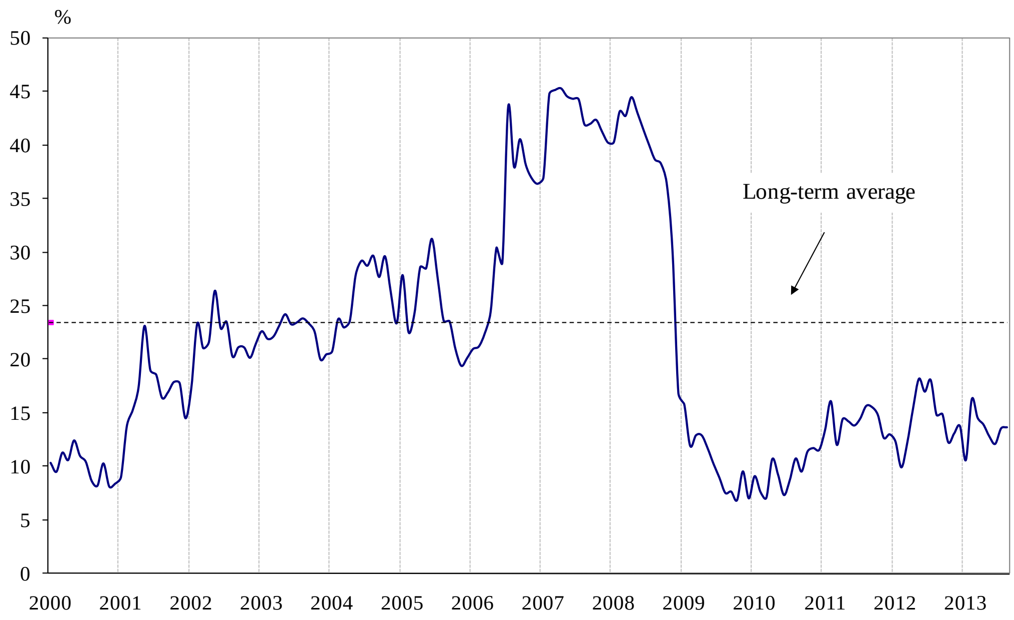

Figure 2. Business climate in industry

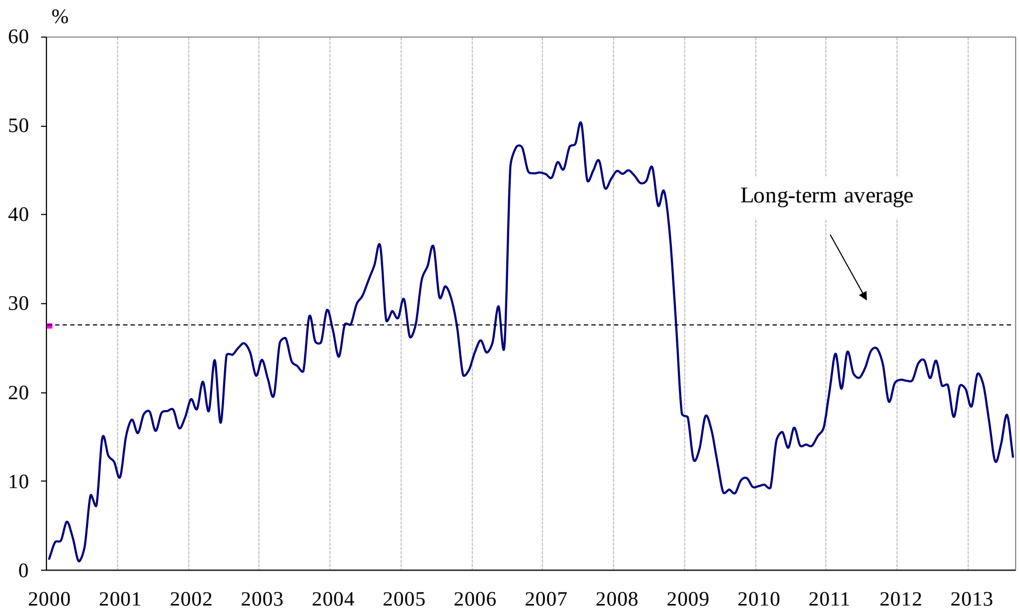

Figure 3. Expected business situation in industry over the next 6 months

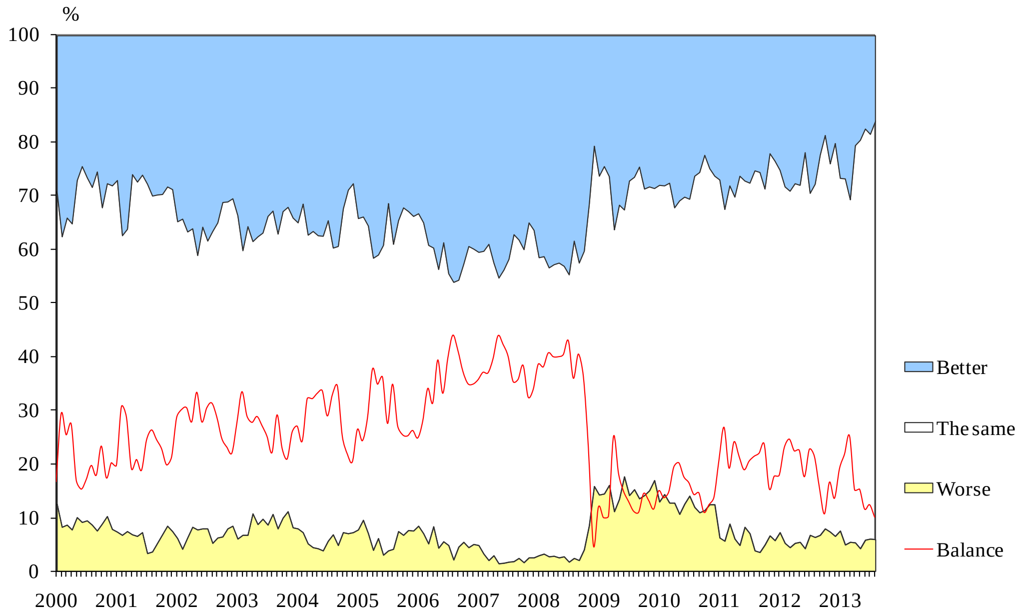

Figure 4. Limits to production in industry (Relative share of enterprises)

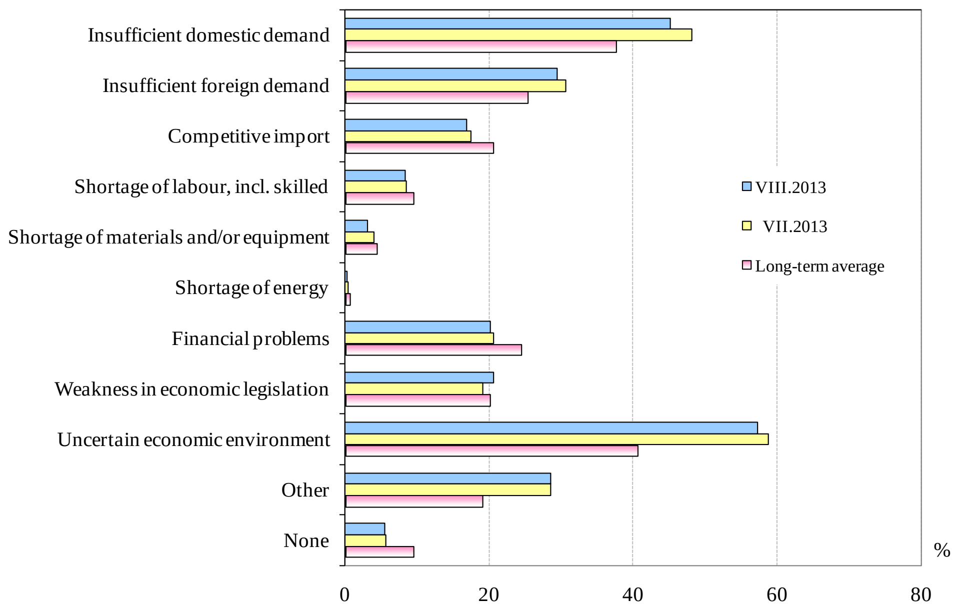

Figure 5. Selling prices expectations in industry over the next 3 months

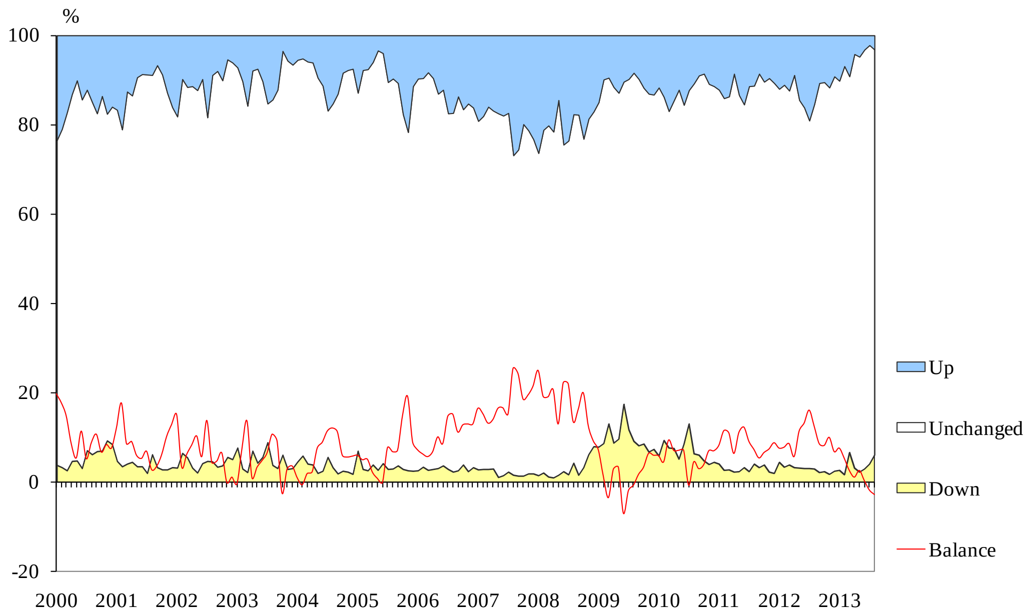

Figure 6. Business climate in construction

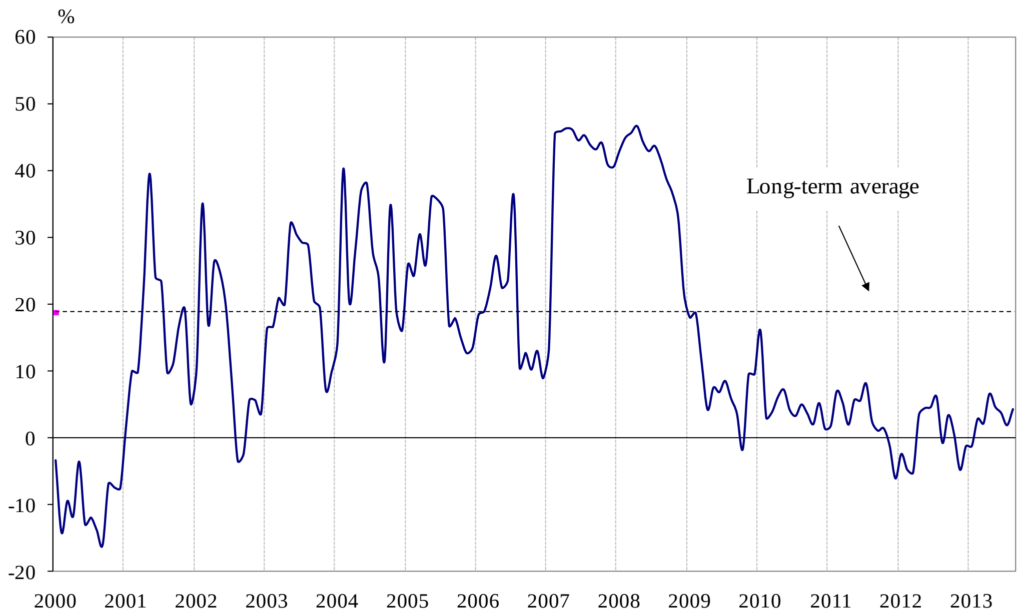

Figure 7. Present business situation in construction

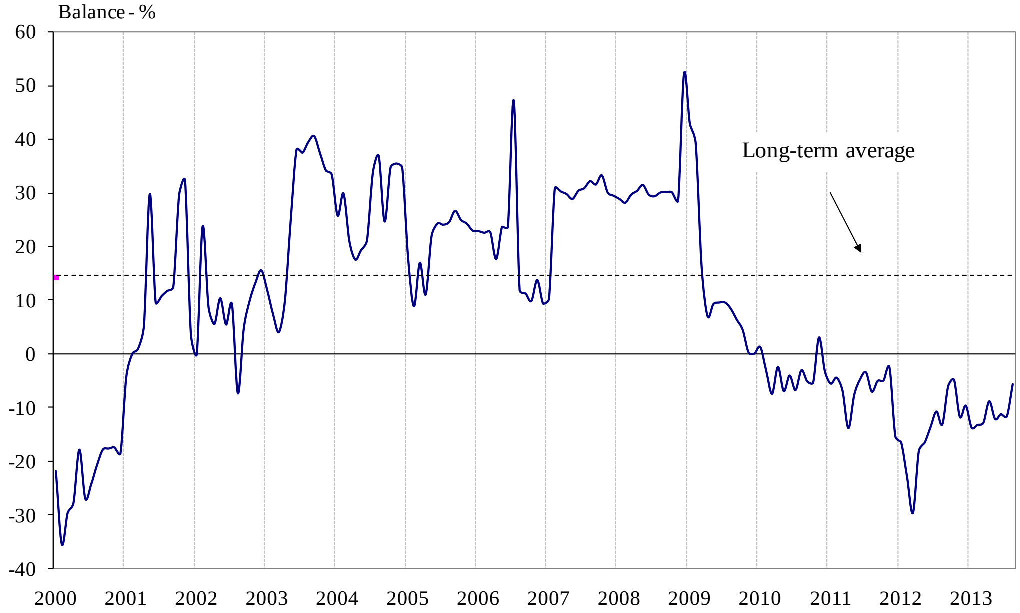

Figure 8. Clients with delay in payments in construction

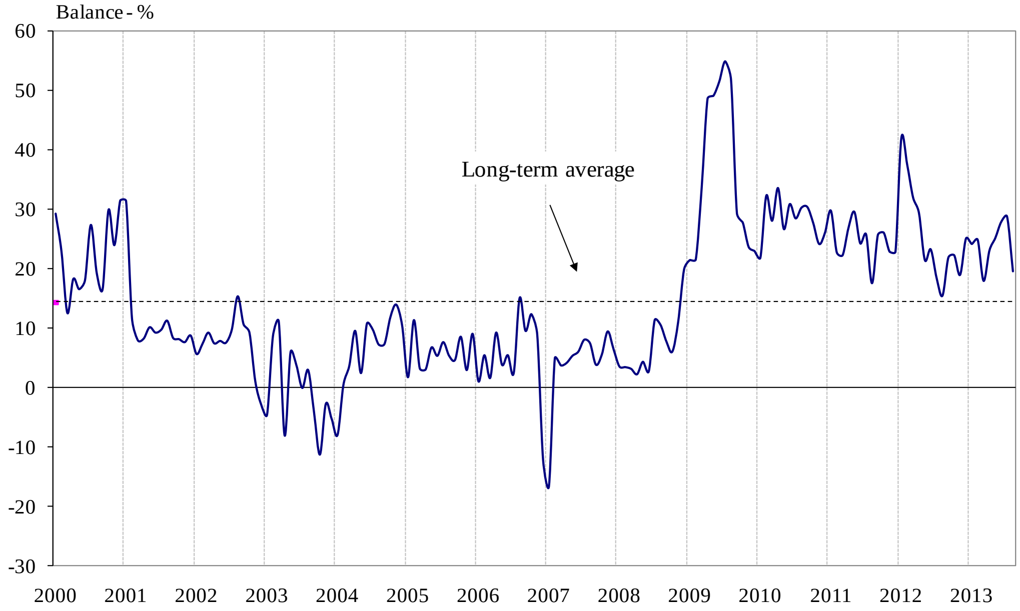

Figure 9. Limits to construction activity (Relative share of enterprises)

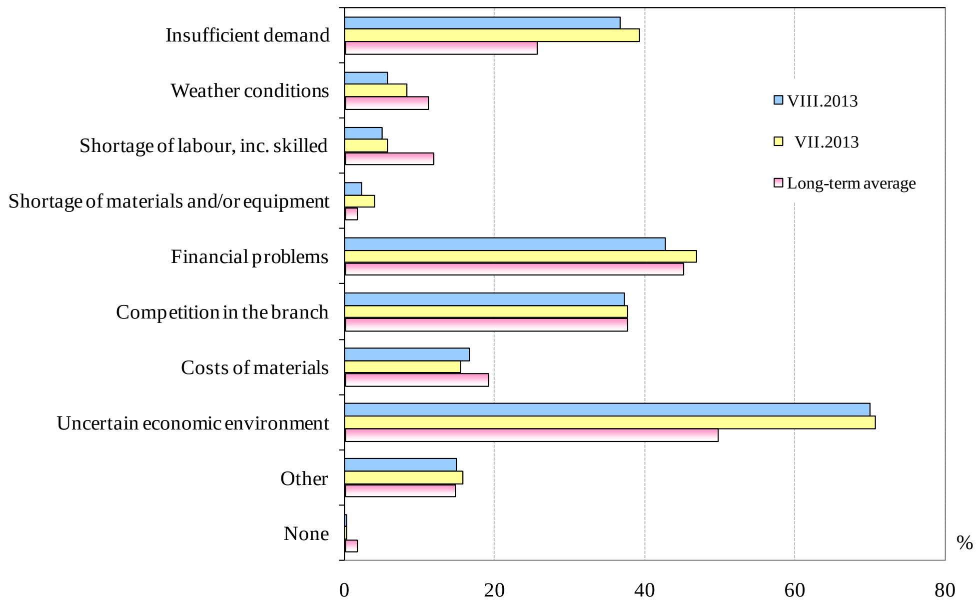

Figure 10. Selling prices expectations in construction over the next 3 months

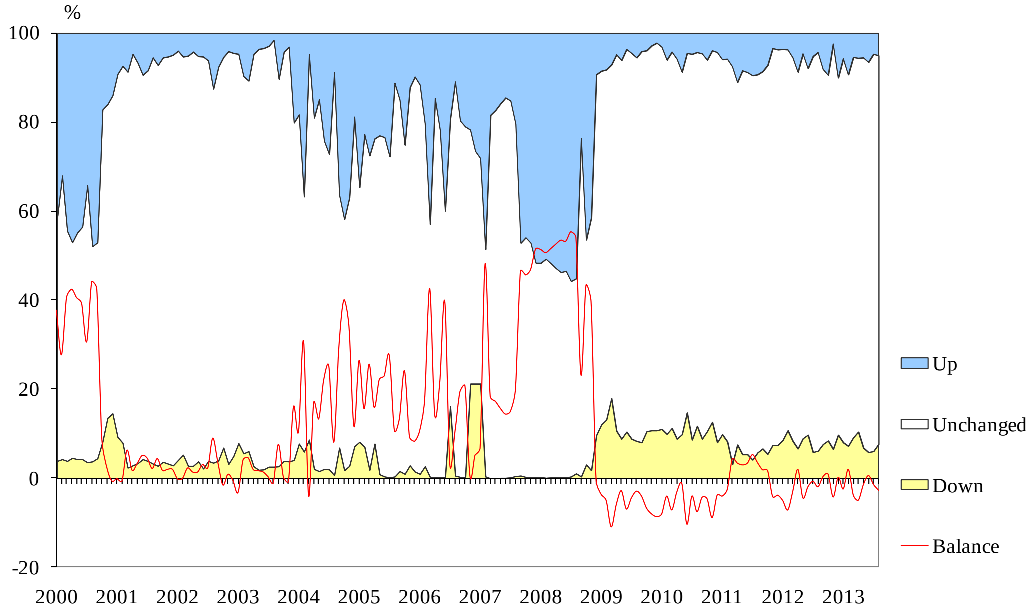

Figure 11. Business climate in retail trade

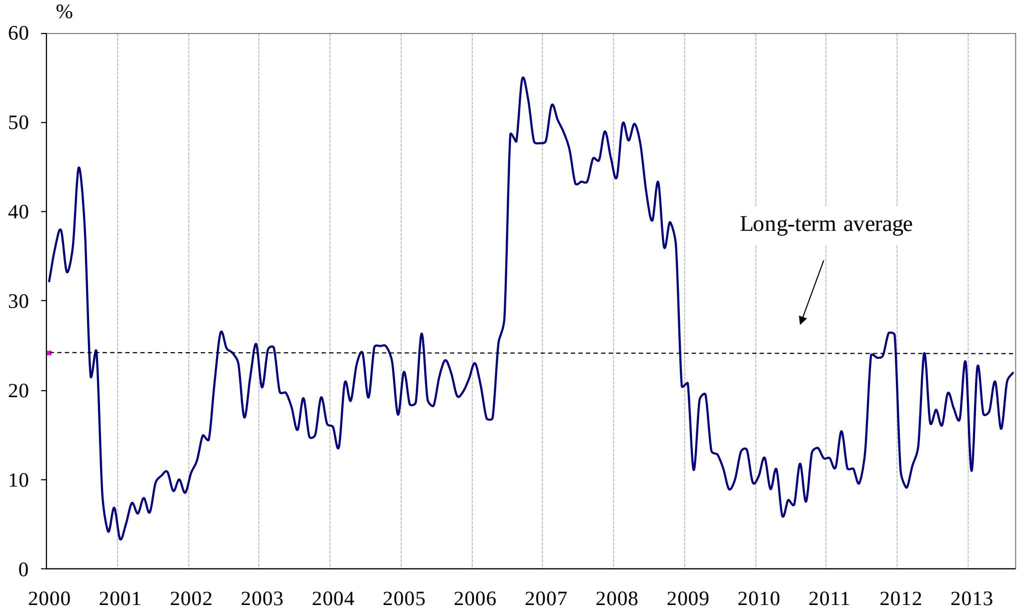

Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

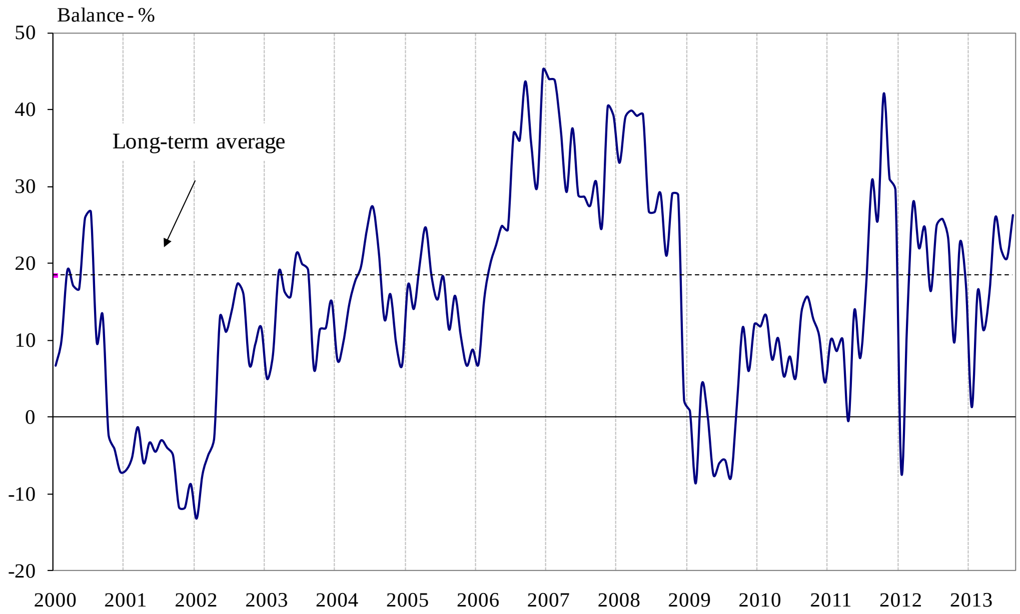

Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

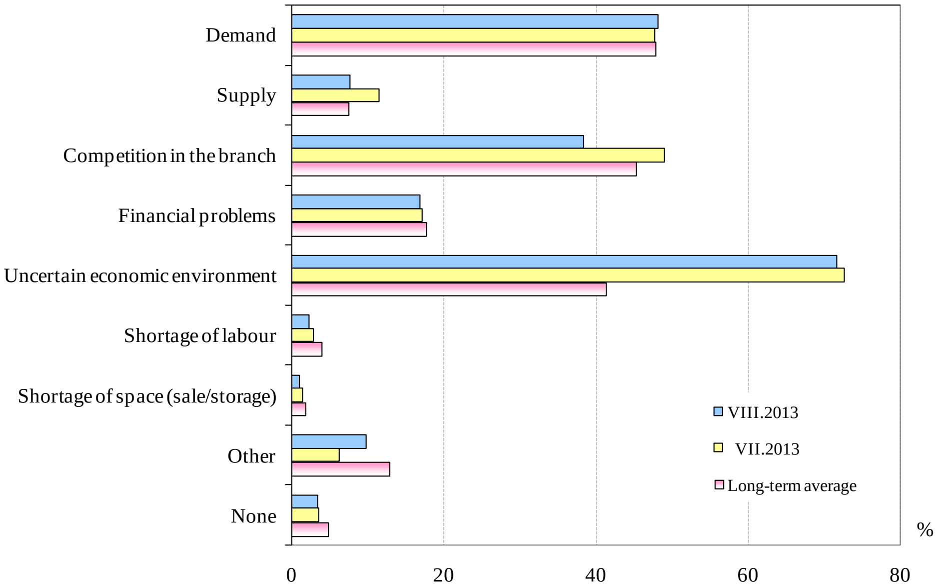

Figure 14. Selling prices expectations in retail trade over the next 3 months

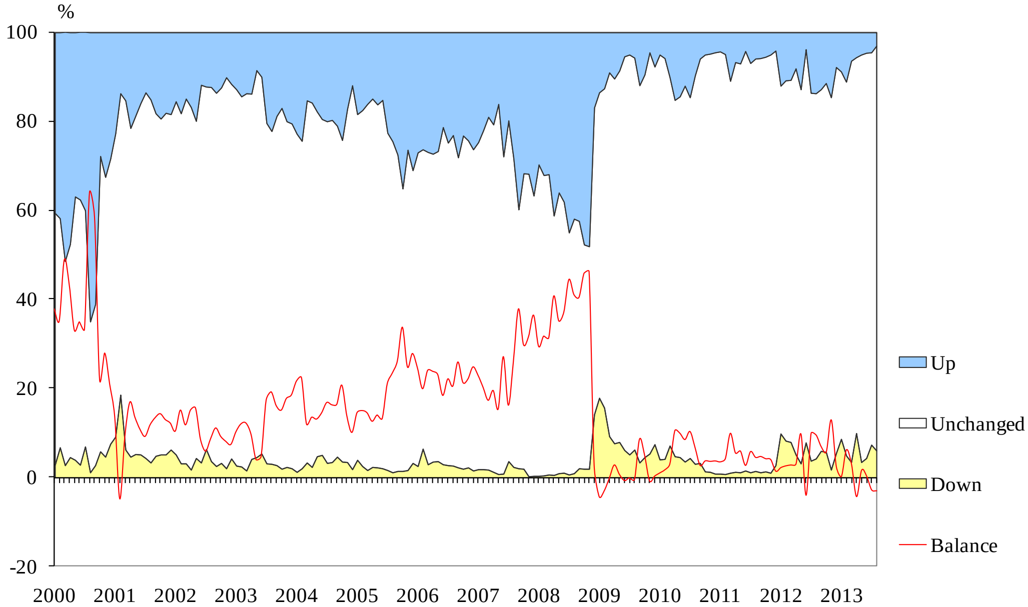

Figure 15. Business climate in service sector

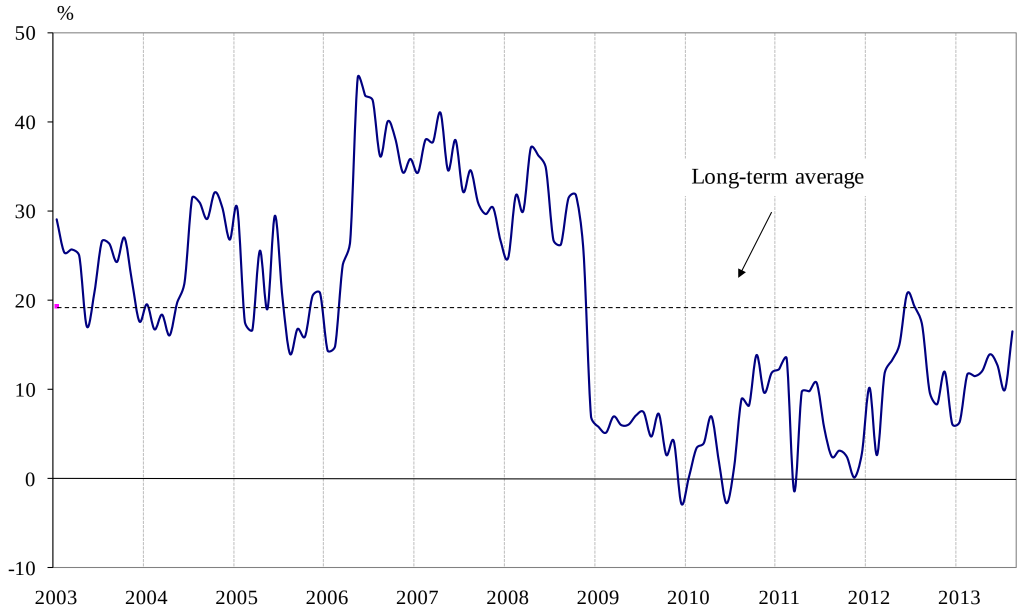

Figure 16. Present business situation in service sector

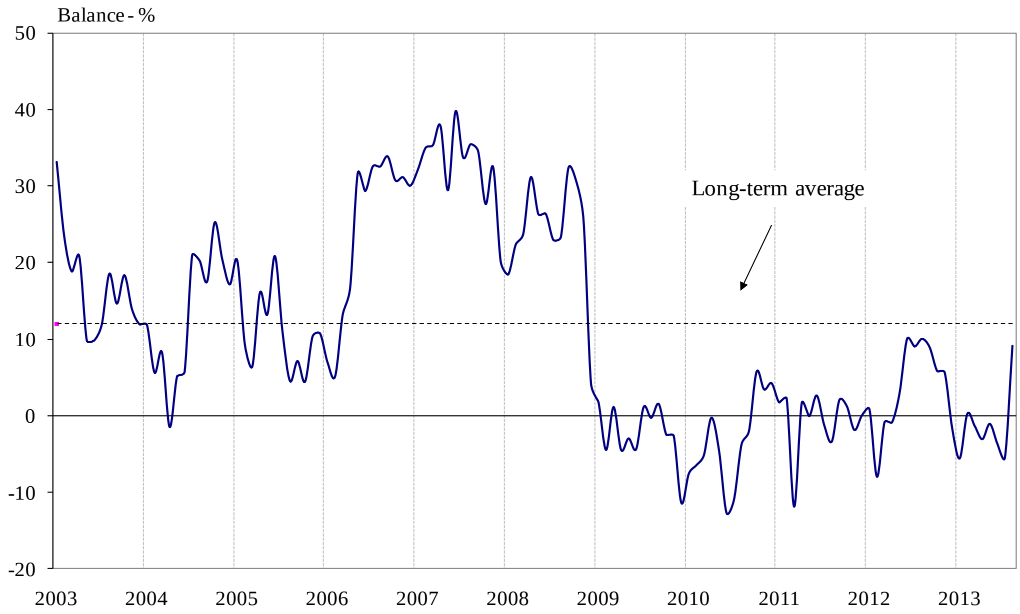

Figure 17. Factors limiting the activity in service sector
(Relative share of enterprises)

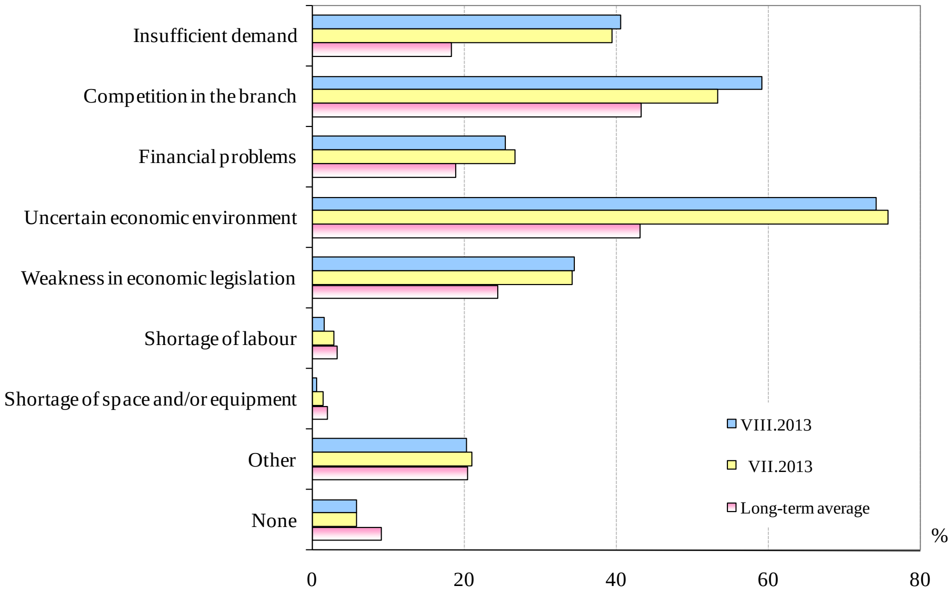

Figure 18. Selling prices expectations in service sector
over the next 3 months