



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1,2,3}, NOVEMBER 2014

In November 2014 **the total business climate indicator**⁴ increases by 0.5 percentage points compared to the previous month (Annex, Figure 1) which is due to the more favourable business climate in construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ decreases by 1.9 percentage points in comparison with October (Annex, Figure 2) due to the more pessimistic industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). The inquiry registers a decrease of the assurance of production with orders which is also accompanied by more unfavourable expectations about the enterprises’ activity over the next 3 months.

The uncertain economic environment and insufficient domestic demand remain the main factors limiting the activity in the branch (Annex, Figure 4).

Concerning the selling prices the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In November the composite indicator ‘business climate in construction’ increases by 2.0 percentage points (Annex, Figure 6) which is due to the more favourable construction entrepreneurs’ assessments about the present business situation of the enterprises. However their expectations both about the business situation over the next 6 months and the construction activity over the next 3 months (Annex, Figure 7) are more pessimistic. The last inquiry reports also an increase in the number of clients with delay in payments.

The main obstacle for the business development in the branch continues to be connected with the uncertain economic environment, followed by the competition in the branch and financial problems (Annex, Figure 8).

As regards the selling prices in construction the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 7.5 percentage points compared to the previous month (Annex, Figure 10) due to the improved retailers’ assessments and expectations about the business situation of the enterprises. The raised optimism in their forecast

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.



as regards the both the volume of sales (Annex, Figure 11) and the orders placed with suppliers over the next 3 months are also registered.

The most serious factors limiting the activity in the branch remain the uncertain economic environment, insufficient demand and competition in the branch, as in the last month strengthen the negative impact of the first two factors is observed (Annex, Figure 12).

Concerning the selling prices the retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In November the composite indicator 'business climate in service sector' decreases by 2.8 percentage points (Annex, Figure 14) due to the more unfavourable managers' assessments and expectations about the business situation of the enterprises (Annex, Figure 15). However as regards the present and expected demand for services their opinions are improved.

The uncertain economic environment continues to be the main obstacle for business development in the branch, followed by the competition in the branch. At the same time in the last month the negative impact of the factor 'weakness in economic legislation' is also increased (Annex, Figure 16).

The majority of the managers expect the selling prices to preserve over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

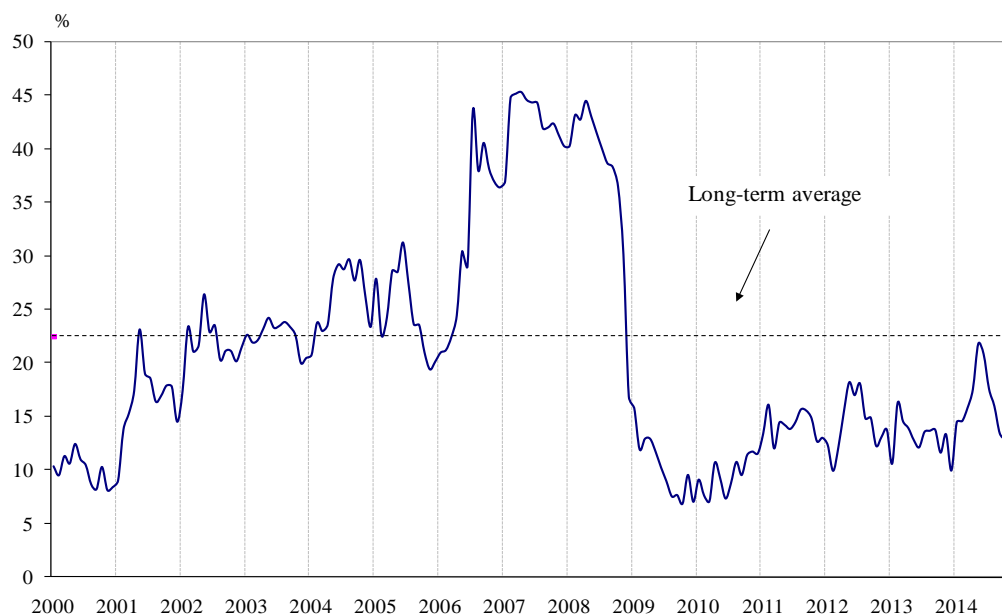


Figure 2. Business climate in industry

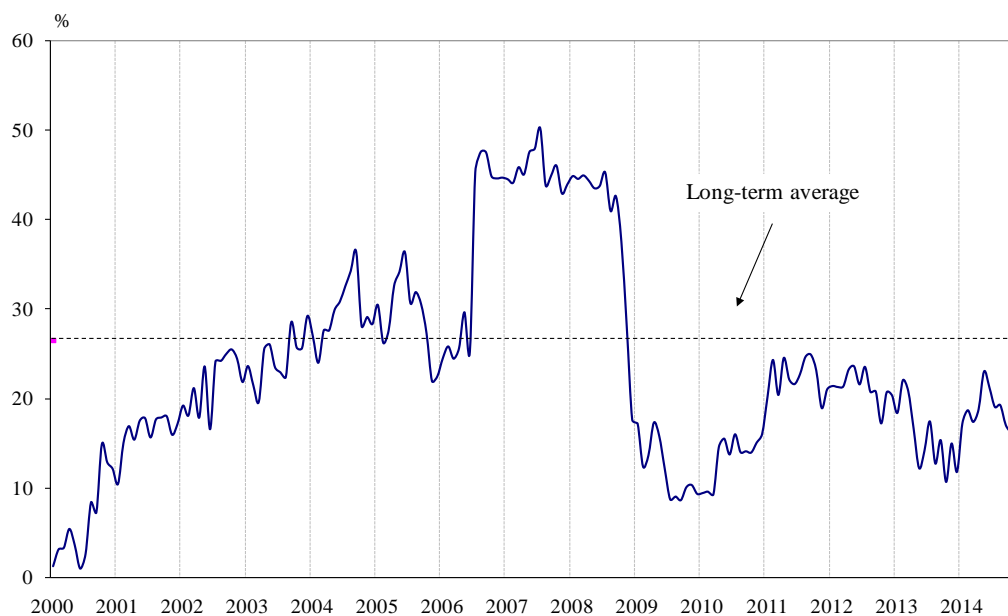




Figure 3. Expected business situation in industry over the next 6 months

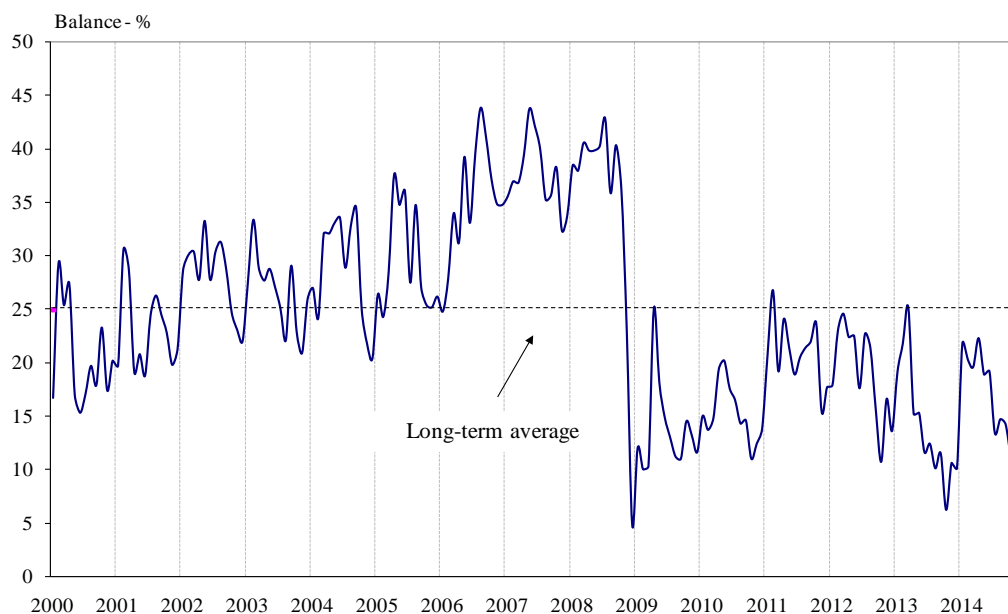


Figure 4. Limits to production in industry (Relative share of enterprises)

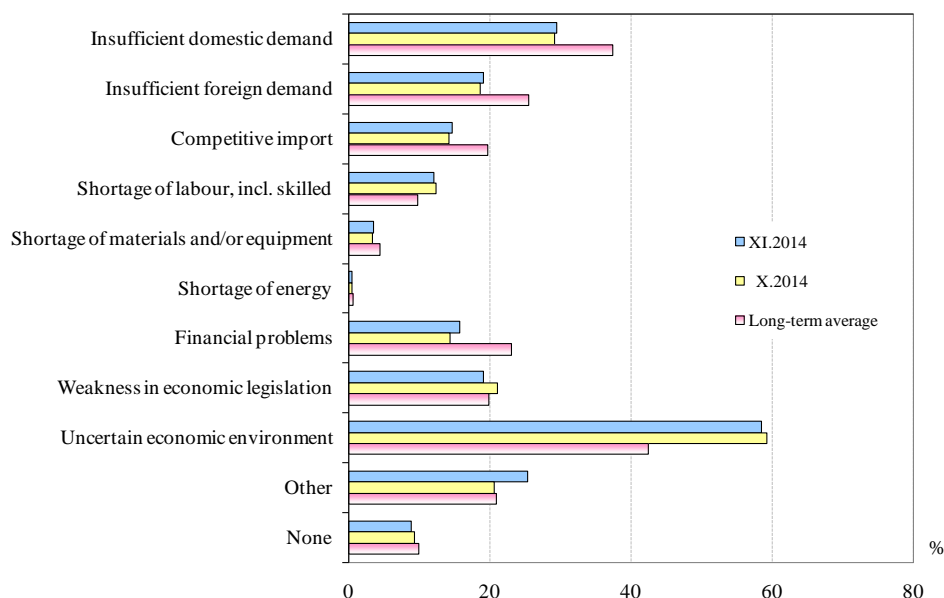




Figure 5. Selling prices expectations in industry over the next 3 months

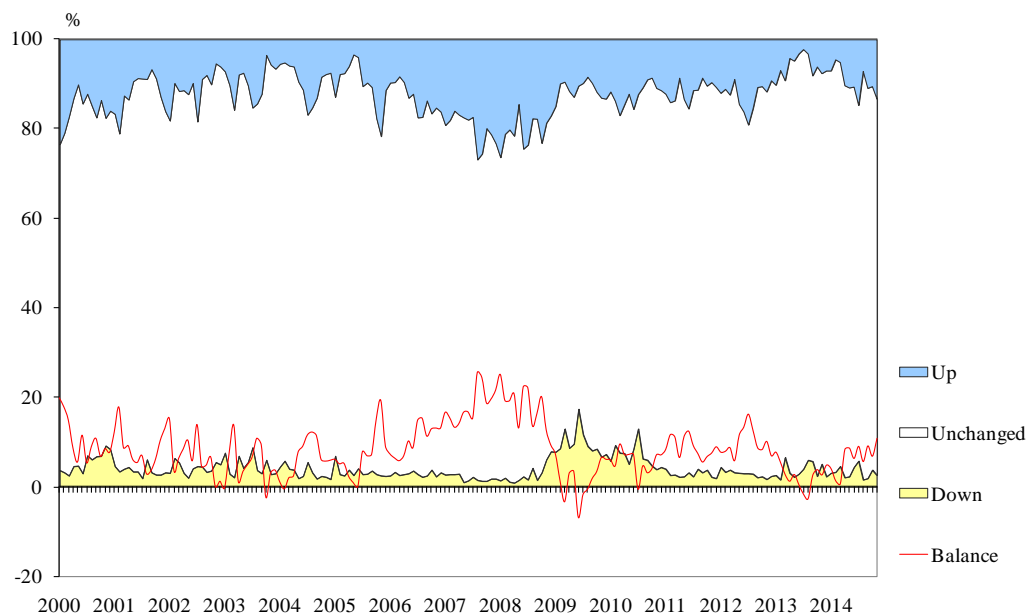


Figure 6. Business climate in construction

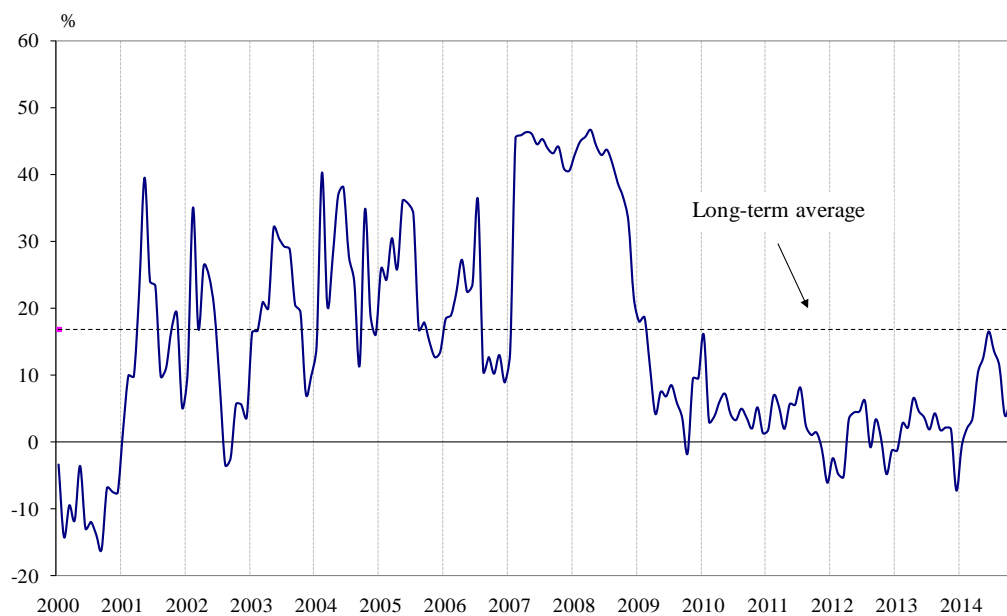




Figure 7. Expected construction activity over the next 3 months

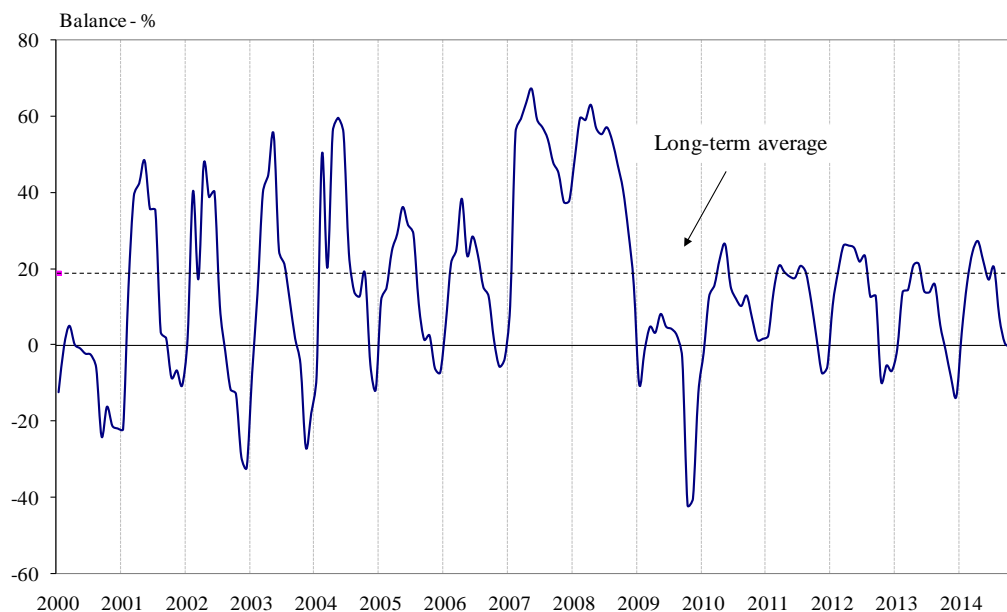


Figure 8. Limits to construction activity (Relative share of enterprises)

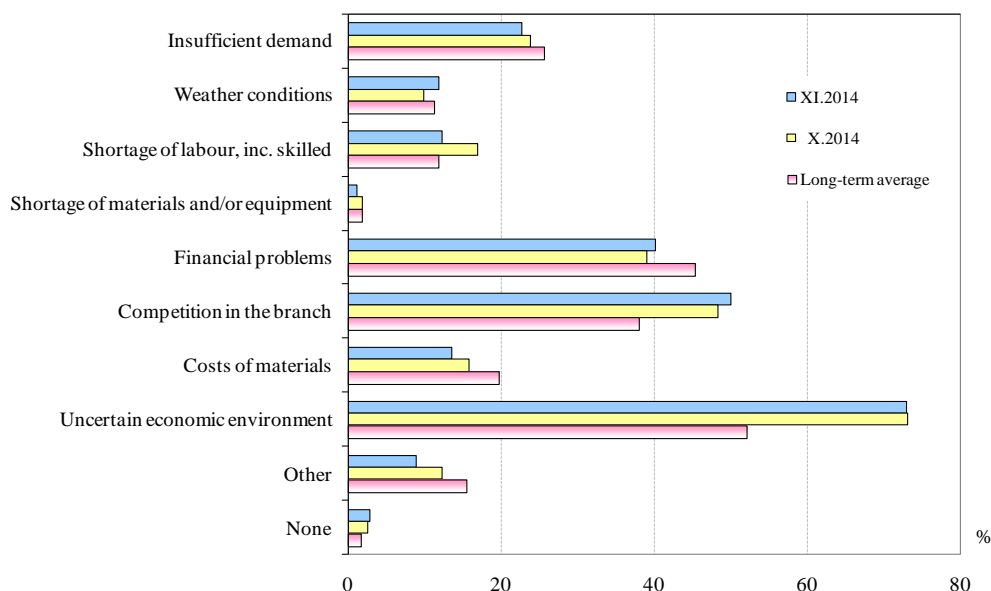




Figure 9. Selling prices expectations in construction over the next 3 months

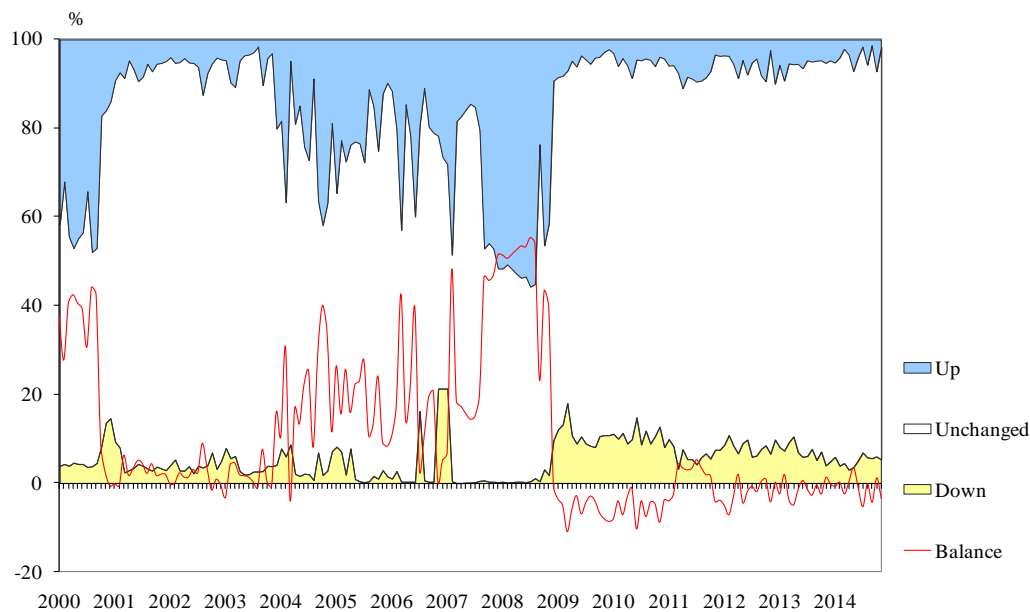


Figure 10. Business climate in retail trade

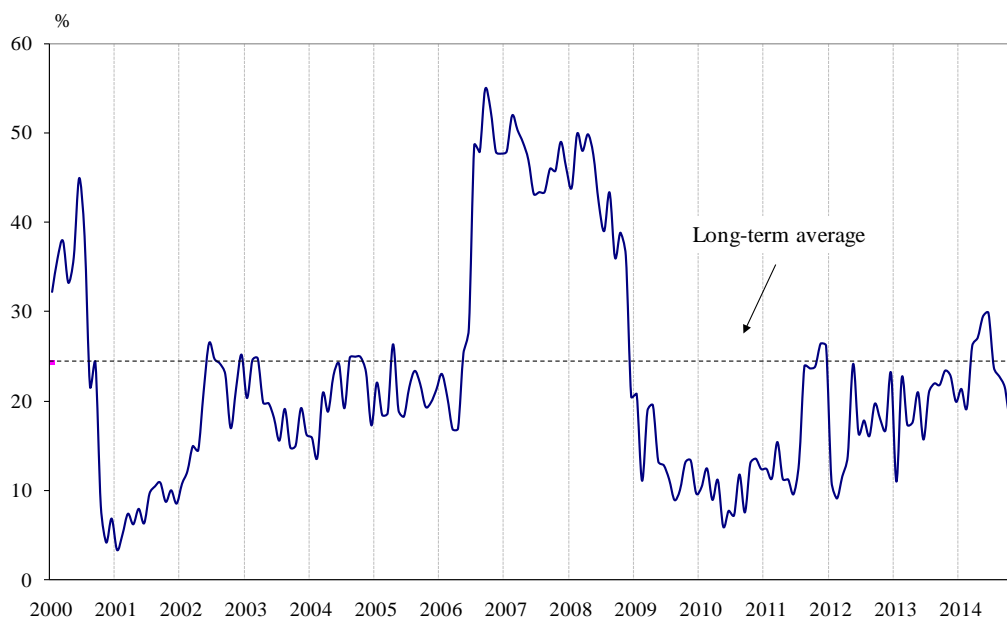




Figure 11. Sales expectations in retail trade over the next 3 months

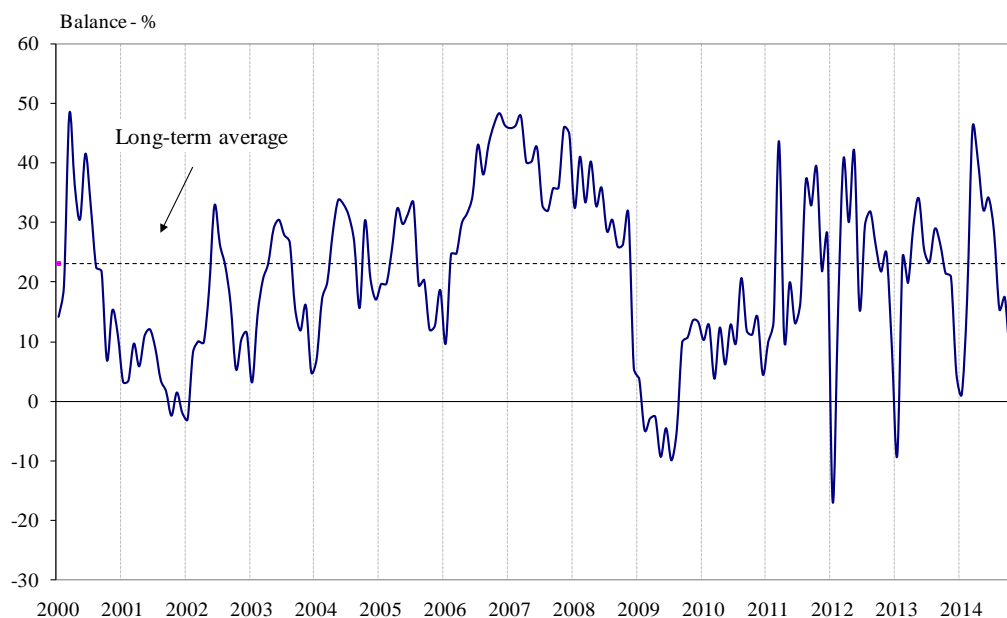


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

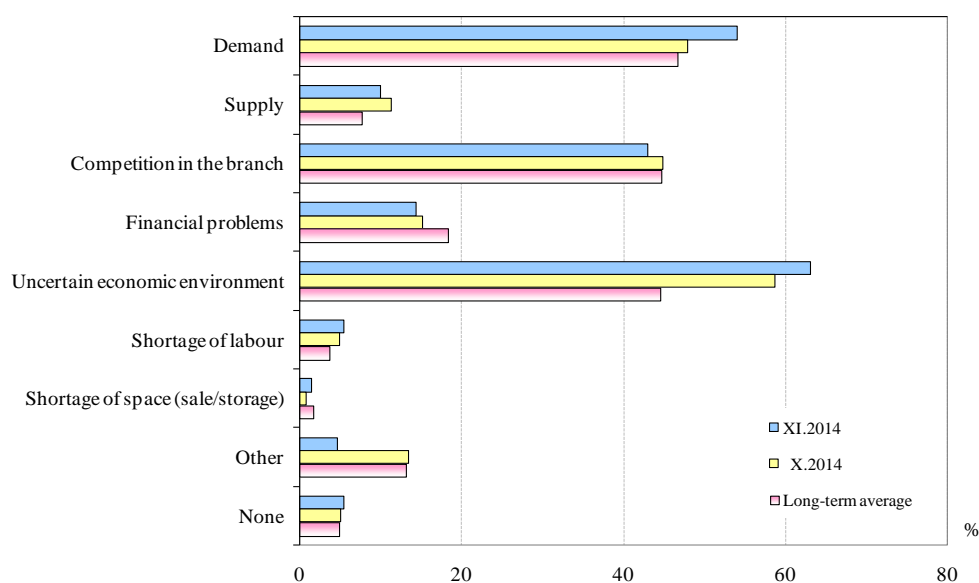




Figure 13. Selling prices expectations in retail trade over the next 3 months

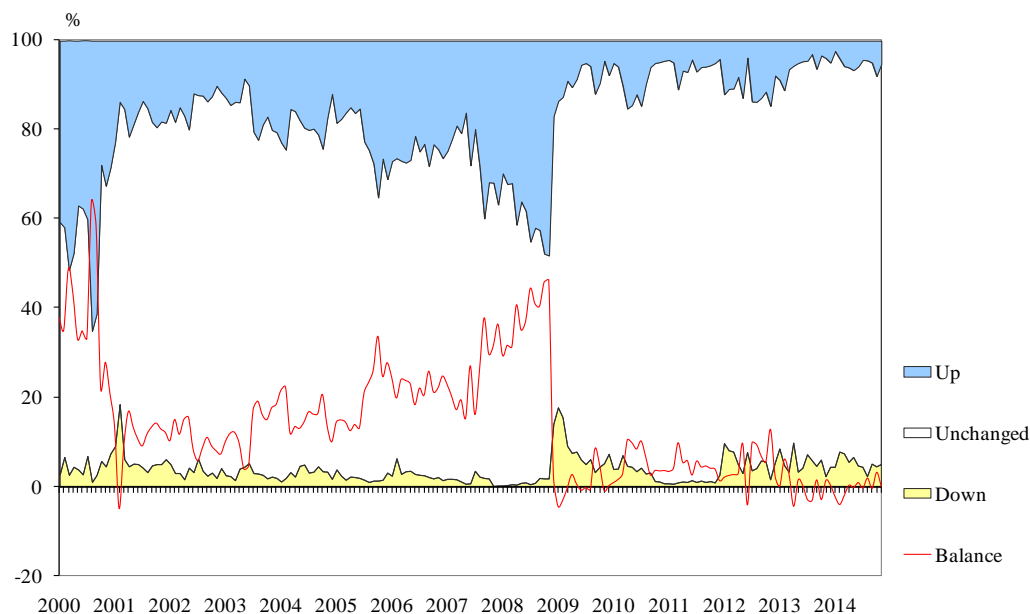


Figure 15. Business climate in service sector

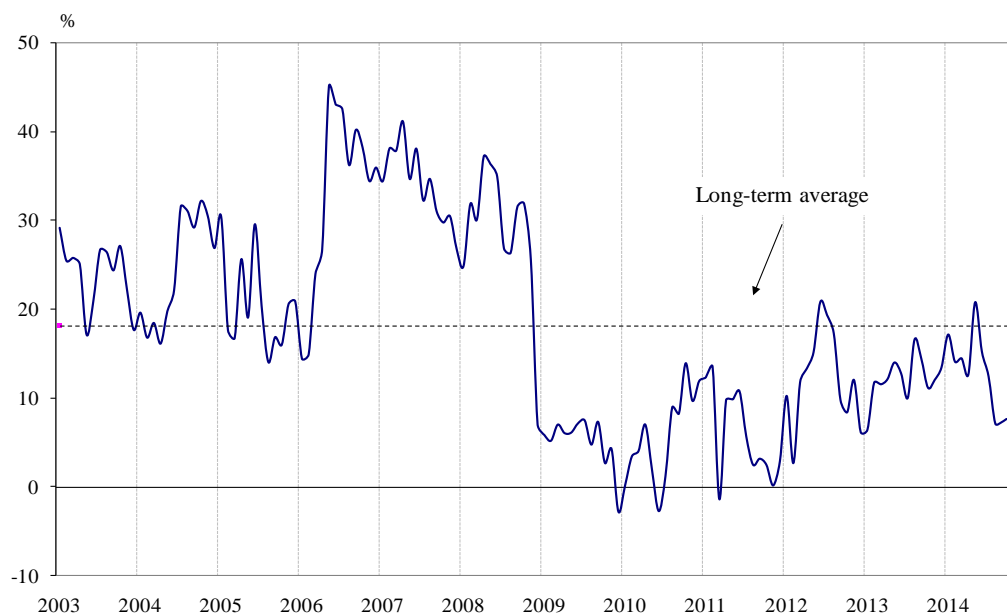




Figure 15. Expected business situation in service sector over the next 6 months

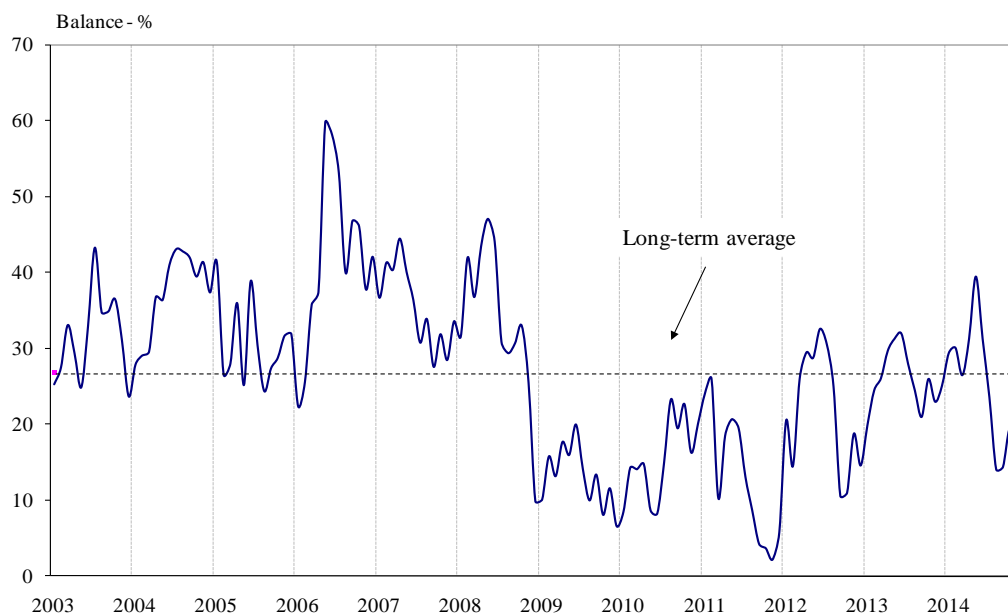


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

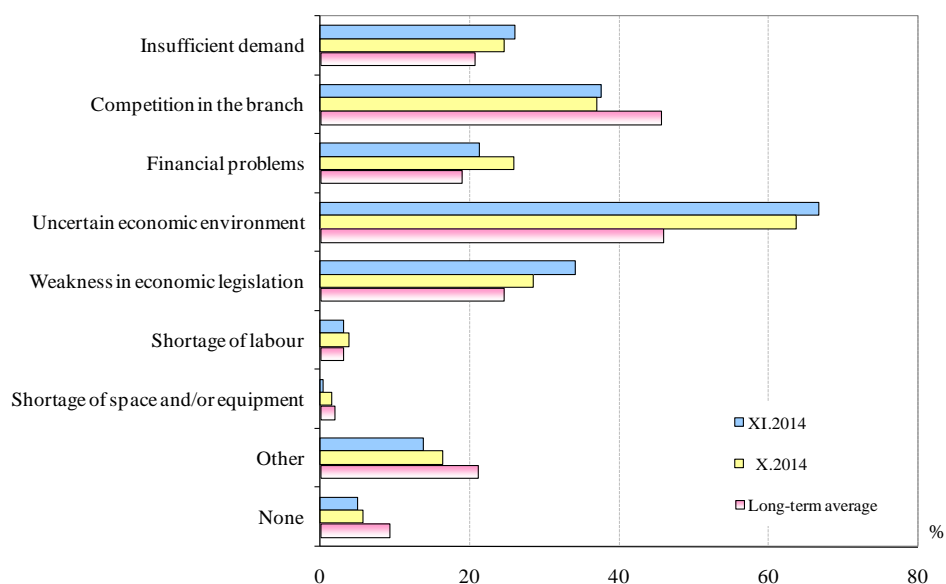




Figure 17. Selling prices expectations in service sector over the next 3 months

