BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], SEPTEMBER 2017

In September 2017, **the total business climate indicator**[4] decreases by 0.8 percentage points in comparison with August (Annex, Figure 1) which is due to the more unfavourable business climate in construction, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' increases by 1.9 percentage points compared to the previous month (Annex, Figure 2) as a result of the more optimistic industrial entrepreneurs' assessments (Annex, Figure 3) and expectations about the business situation of the enterprises. The present production activity is assed as slight improved, as the expectations about the activity over the next 3 months remain favourable.

The main factors, limiting the enterprises continue to be connected with the uncertain economic environment and shortage of labour, although in the last month a decrease of the negative impact of the first factor is observed (Annex, Figure 4).

Concerning the selling prices in industry, the managers do no foresee a change over the next 3 months (Annex, Figure 5).

Construction. In September the composite indicator 'business climate in construction' decreases by 1.8 percentage points (Annex, Figure 6) which is entirely due to the more reserved construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. In their opinion there is some increase in the new orders inflow at the last month, but their expectations about the construction activity over the next 3 months are worsened (Annex, Figure 7).

The uncertain economic environment, competition in the branch and shortage of labour remain the main problems for the business development (Annex, Figure 8).

As regards the selling prices in the sector, the managers' expectations are for preserving of their level over the next 3 months (Annex, Figure 9).

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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.

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 3.5 percentage points (Annex, Figure 10) as result of the shifting of the retailers’ assessments and expectations about the business situation of the enterprises from ‘good’ towards ‘satisfactory’ (normal for the season). Their forecasts about the volume of sales (Annex, Figure 11) and order places whit suppliers over the next 3 months are also more reserved.

The most serious problem limiting the activity of the enterprises remains the competition in the branch, followed by the uncertain economic environment and the insufficient demand (Annex, Figure 12).

Concerning the selling prices, the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector[1]. In September the composite indicator ‘business climate in service sector’ decreases by 2.5 percentage points (Annex, Figure 14) which is due to the more unfavourable managers’ assessments and expectations (Annex, Figure 15) about the business situation of the enterprises. At the same time in their forecasts about the demand for services over the next 3 months, certain pessimism is observed.

The main obstacles for the business development continue to be connected with the competition in the branch and uncertain economic environment, as in the last month their negative influence is strengthened (Annex, Figure 16).

As regards the selling prices in the sector, the prevailing managers’ expectations are to preservation of their level over the next 3 months (Annex, Figure 17).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

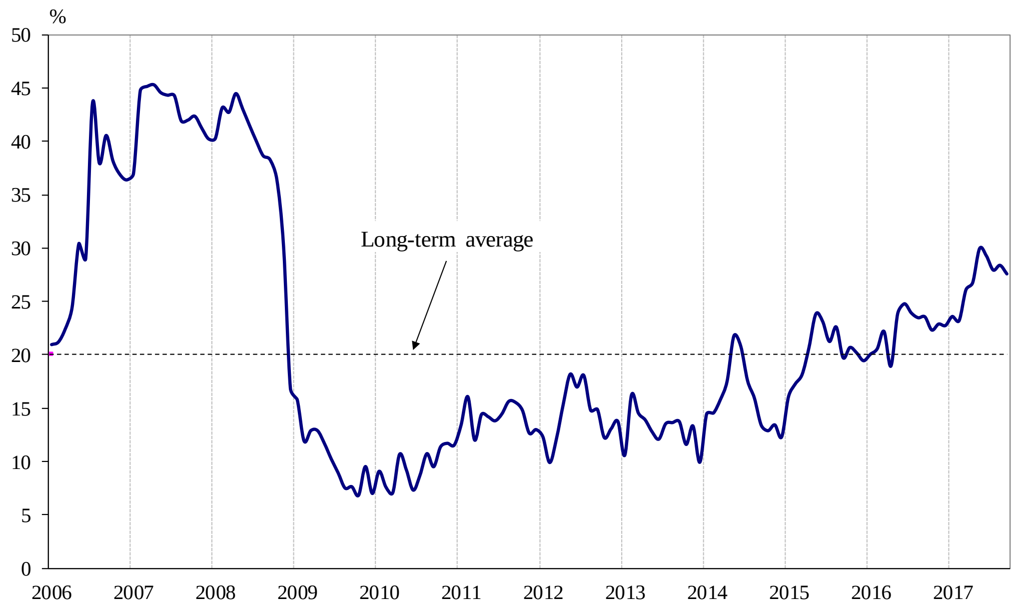

Figure 2. Business climate in industry

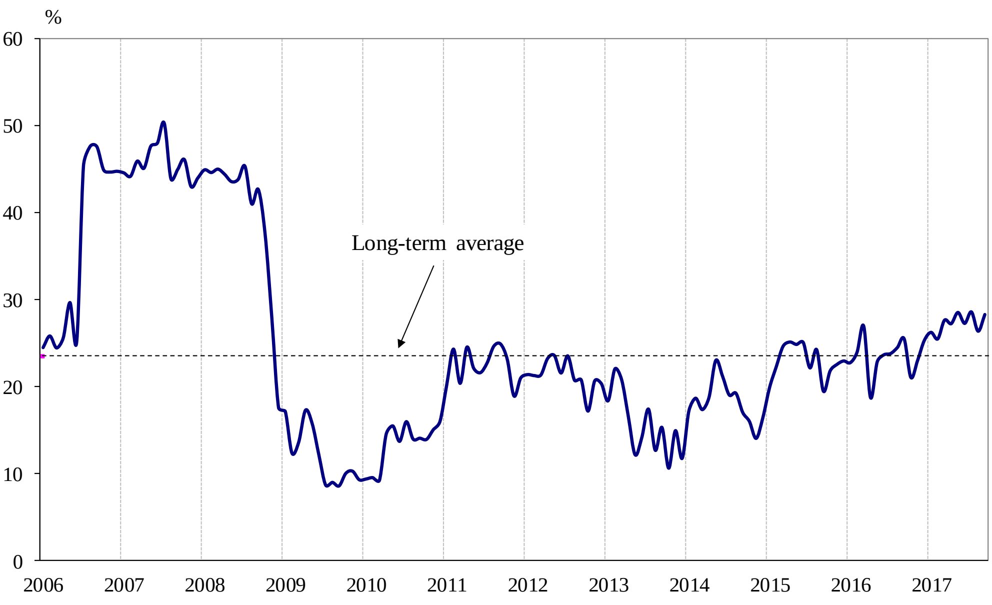

Figure 3. Present business situation in industry

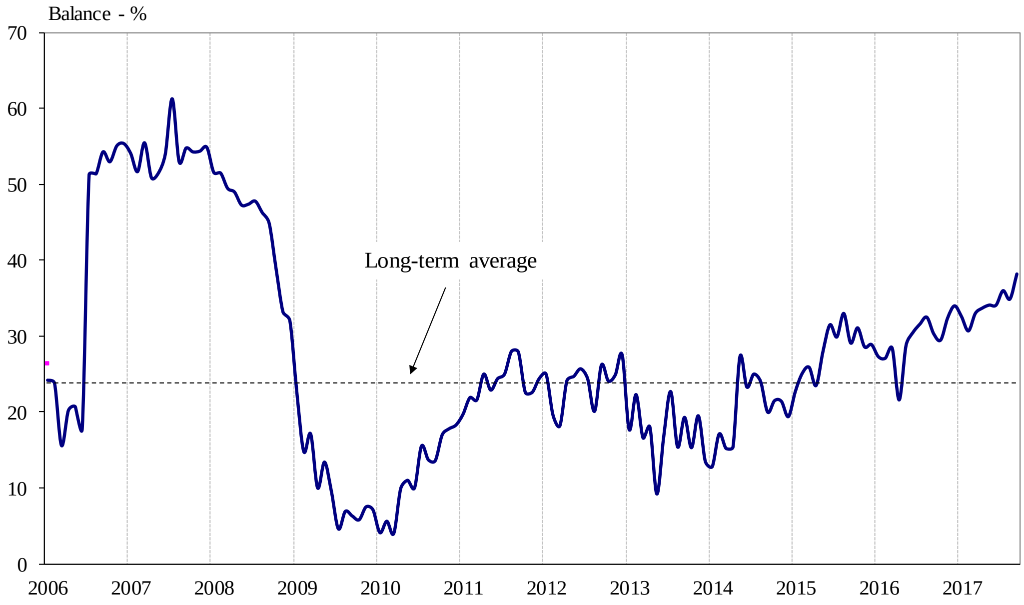

Figure 4. Limits to production in industry (Relative share of enterprises)

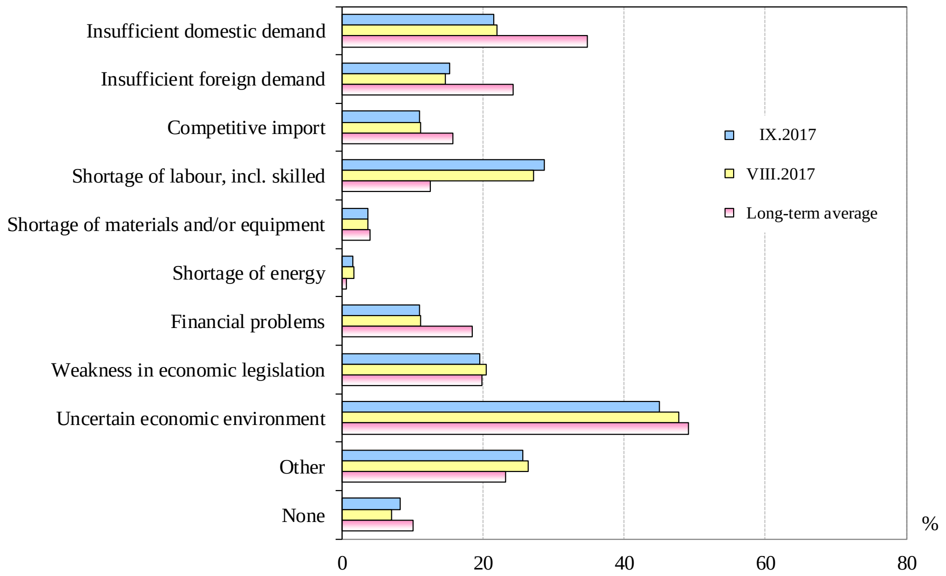

Figure 5. Selling prices expectations in industry over the next 3 months

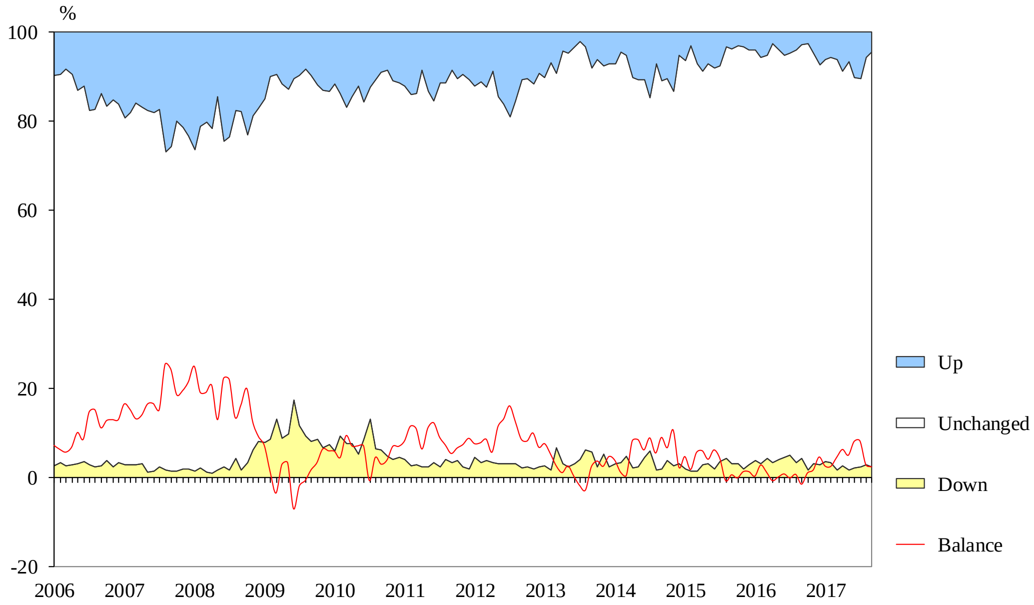

Figure 6. Business climate in construction

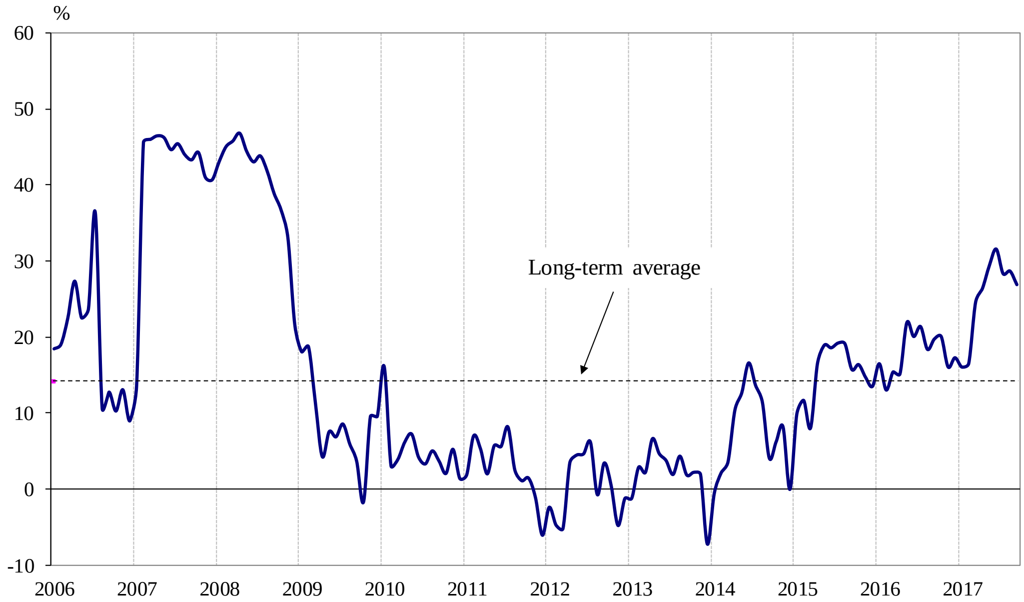

Figure 7. Expected construction activity over the next 3 months

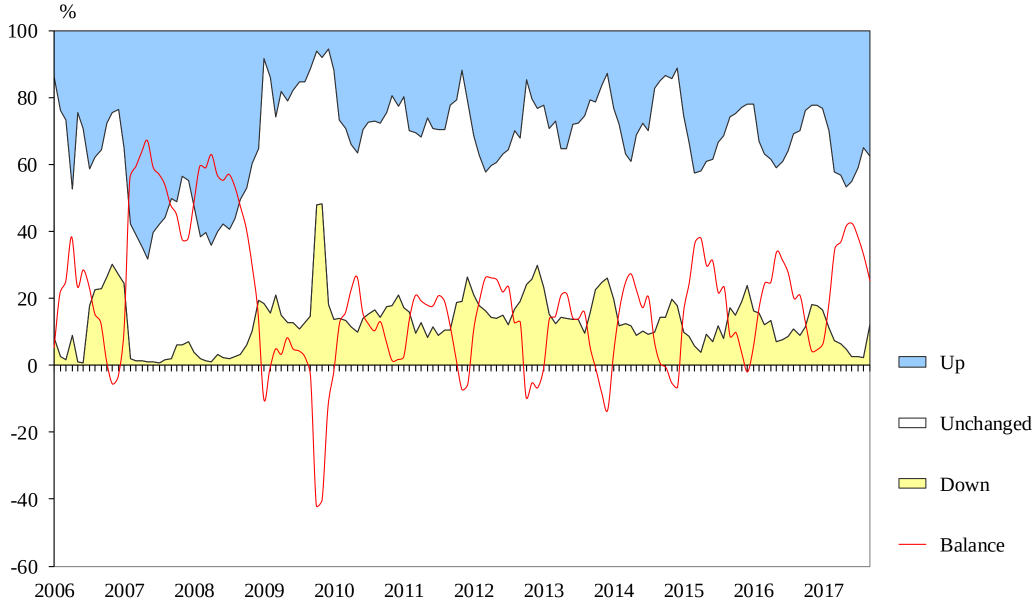

Figure 8. Limits to construction activity (Relative share of enterprises)

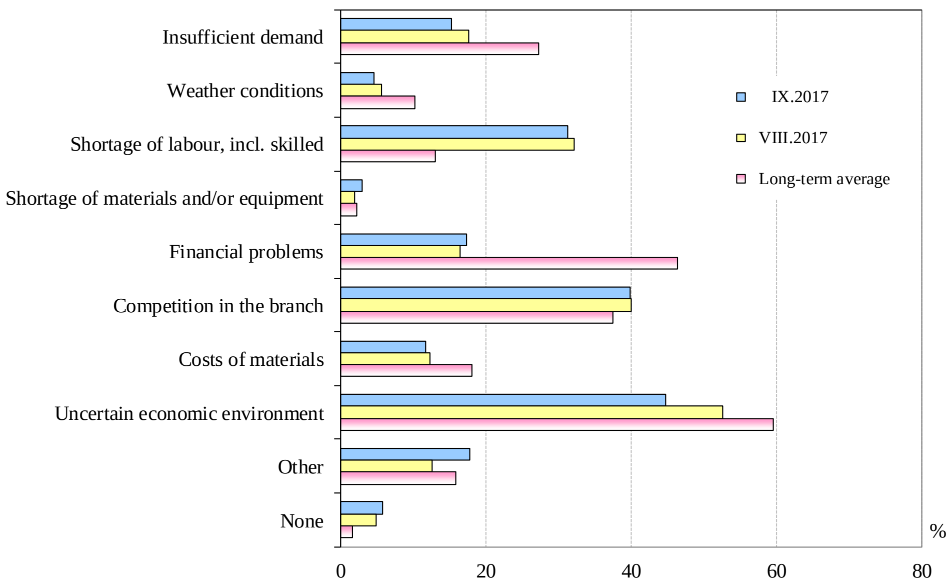

Figure 9. Selling prices expectations in construction over the next 3 months

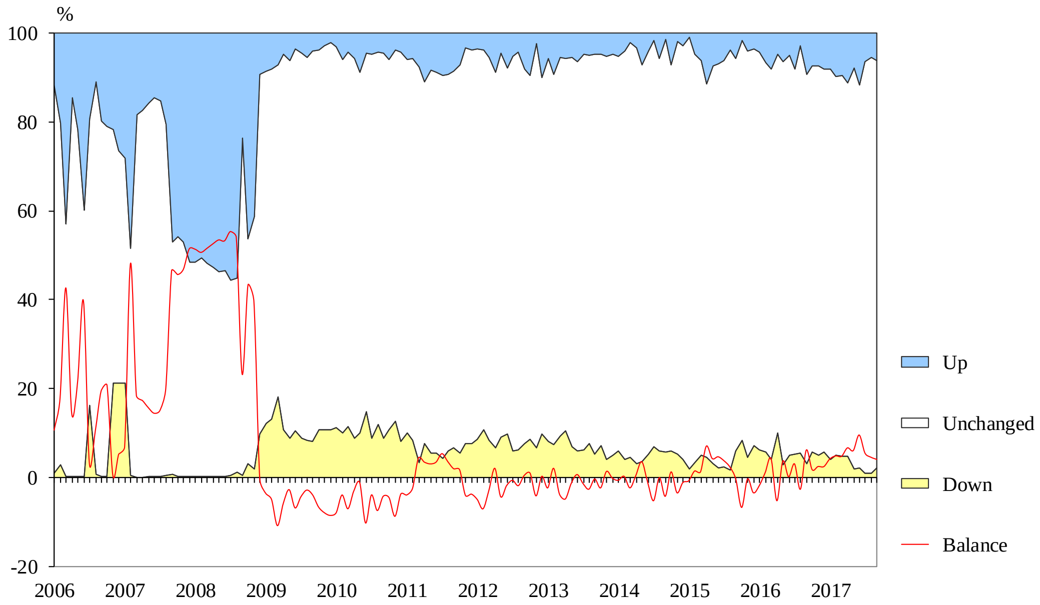

Figure 10. Business climate in retail trade

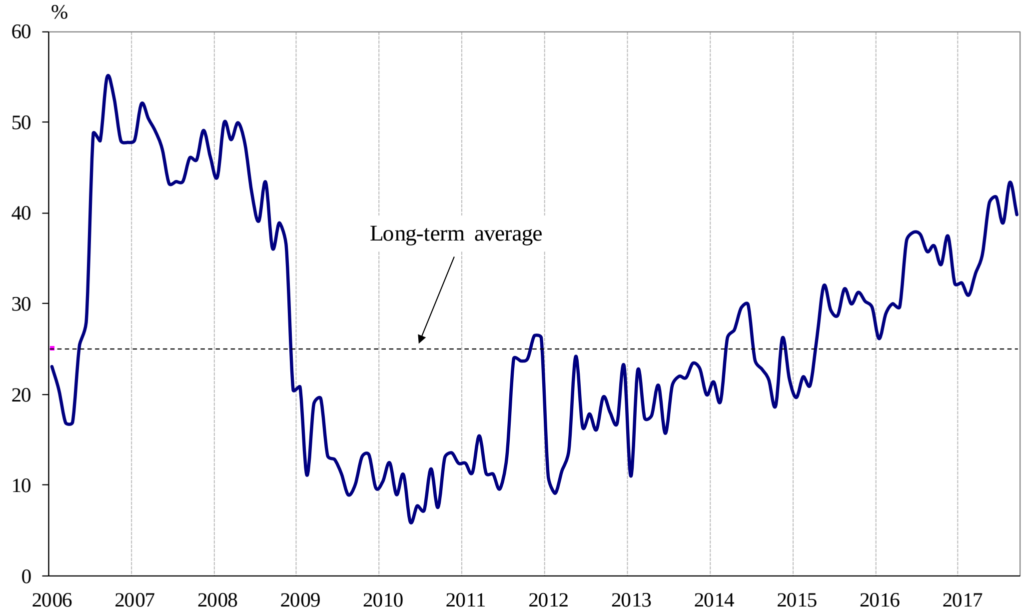

Figure 11. Sales expectations in retail trade over the next 3 months

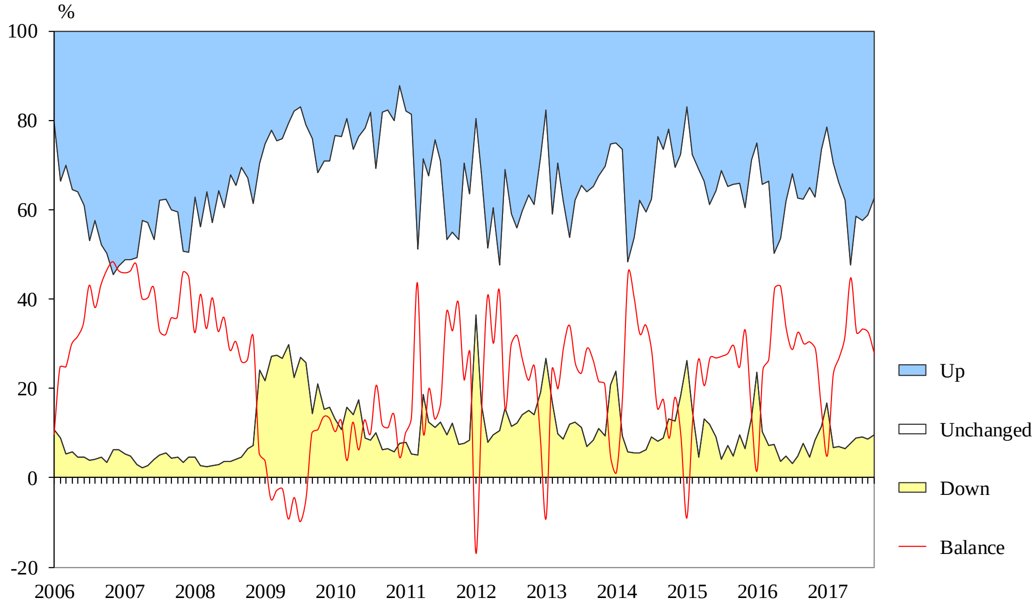

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

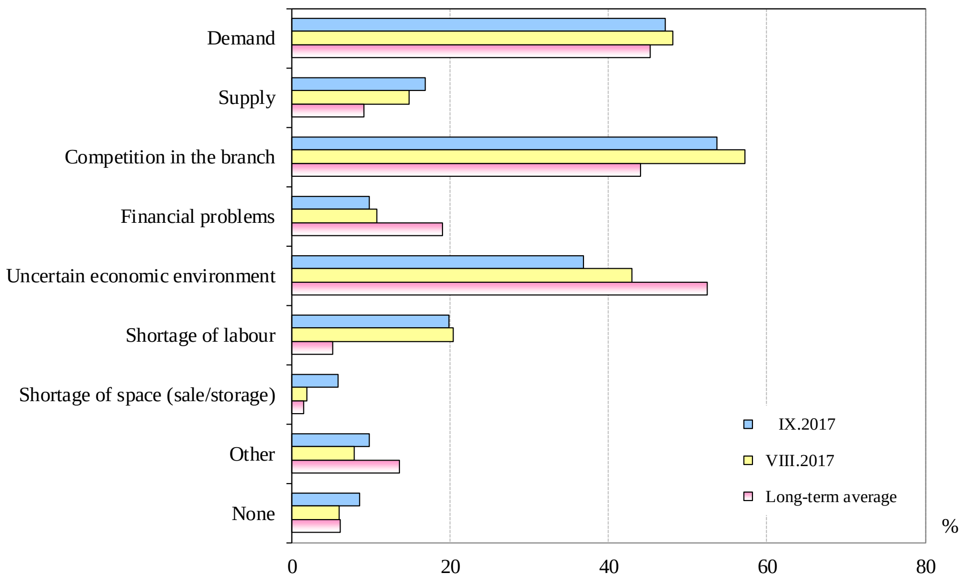

Figure 13. Selling prices expectations in retail trade over the next 3 months

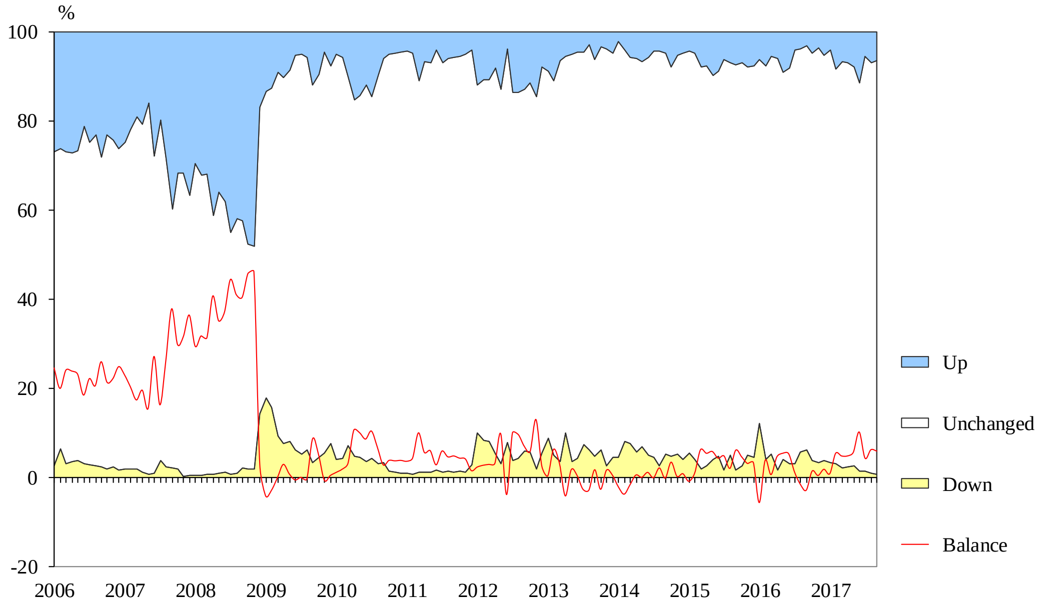

Figure 14. Business climate in service sector

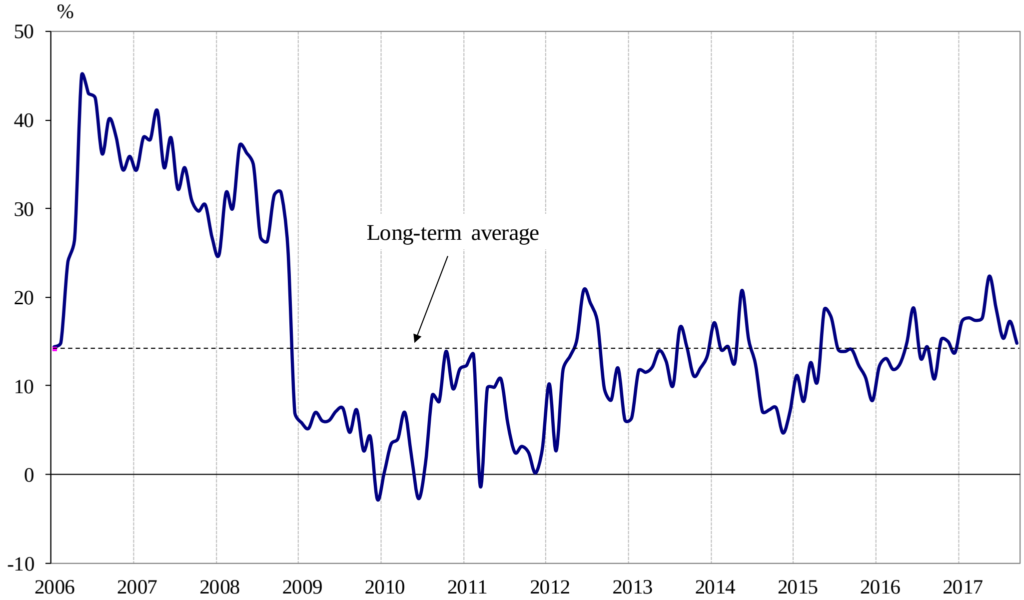

Figure 15. Expected business situation in service sector over the next 6 months

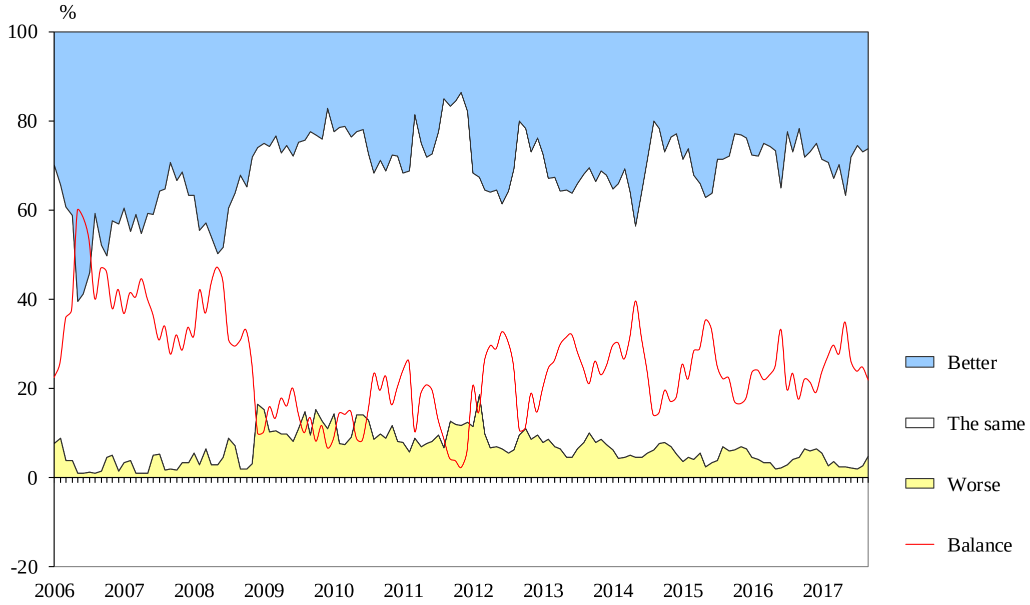

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

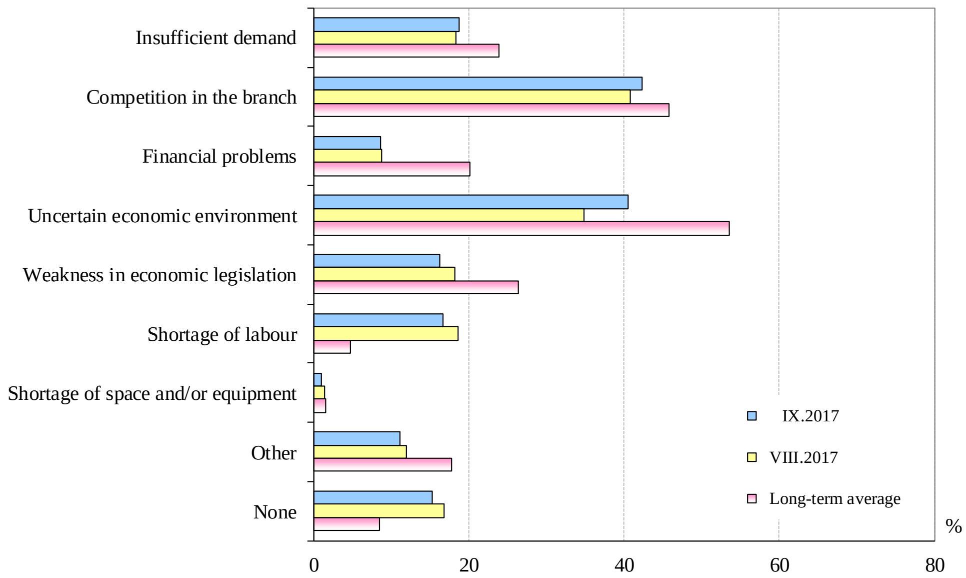

Figure 17. Selling prices expectations in service sector over the next 3 months