BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS[1,2], APRIL 2010

In April 2010 **the total business climate indicator[3]** increases by 4.4 percentage points in comparison with the previous month (Figure 1). The improvement is due to the more favorable opinions of the managers in all of the sectors observed - industry, construction, retail trade and services.

Industry. The composite indicator “business climate in industry” in April goes up by 5.6 percentage points in comparison with March (Figure 2). This is due to the more optimistic managers’ assessments and expectations about the business situation of enterprises. The assessment of the present production activity is improving (the balance indicator rises by 9.6 percentage points) (Figure 3), and the expectations about the activity and the exports over the next 3 months are in the same direction. The competitive positions of the enterprises on the domestic and foreign markets (both inside and outside the European Union) are also assessed more favorably. With regard to the personnel there still are expectations about a decrease among almost 15% of the enterprises.

In April the major problems for the business development in the sector continue to be the uncertain economic environment and the insufficient domestic and foreign demand (Figure 4).

The average capacity utilization in industry in April increases by 4.4 percentage points in comparison with January and it reaches 68.9% (Figure 5). However the production assurance with orders (measured in number of months) is approximately preserved and is assessed to be 4.5 months.

There are slight expectations of a rise of the selling prices in industry over the next 3 months.

Construction. In April the composite indicator of business climate in construction increases by 3.6 percentage points (Figure 6). The inquiry reports that the construction activity is shrinking more slowly than the previous months (Figure 7). In the last month there is also a certain increase of the number of clients with delay in payments. At the same time however the expectations about the activity over the next 3 months are strongly improved (an increase of the balance indicator by 9.7 percentage points). The enterprises also expect an increased inflow of new orders over the next 6 months (Figure 8).

With regard to the factors limiting the activity fewer enterprises have pointed out the financial problems but they are still of the utmost importance. The uncertain economic environment is also a major problem for 58.8% of the enterprises, followed by the difficulties with the insufficient demand, which in April have increased (Figure 9).

At the same time an increase of the selling prices of the construction production over the next 3 months is not expected.

Retail trade. The composite indicator “business climate in retail trade” in April increases by 2.5 percentage points in comparison with the previous month (Figure 10). This is due to the more optimistic managers’ expectations about the business situation of enterprises over the next 6 months. The volume of sales over the last 3 months is assessed as decreased but the expectations about the sales and the orders placed with suppliers are significantly more optimistic. There are slight expectations about a decrease of the personnel over the next 3 months.

The insufficient demand and the uncertain economic environment continue to be the major factors limiting the activity of the enterprises in the sector, and the negative influence of the second factor is weakened in comparison with the previous month (Figure 11).

In the managers' opinion a certain rise of the selling prices over the next 3 months is expected (Figure 12).

Service sector[4]. In April the composite indicator "business climate in service sector" increases by 4.4 percentage points in comparison with March (Figure 13) due to the improved managers' assessments of the present business situation of enterprises and to the more optimistic expectations about the next 6 months (Figure 14). The assessments of the demand for services are relatively more favorable (Figure 15), and so are the assessments of the employment over the last months, or in other words their decrease is by a lower rate. However a positive change regarding both the demand and the personnel is expected over the next 3 months.

The uncertain economic environment continues to be the main factor limiting the activity of the enterprises, followed by the competition in the branch (Figure 16).

In April the prevailing expectations are for the preservation of the prices in the service sector over the next 3 months (Figure 17).

Annex 1

Figure 1. Business climate - total

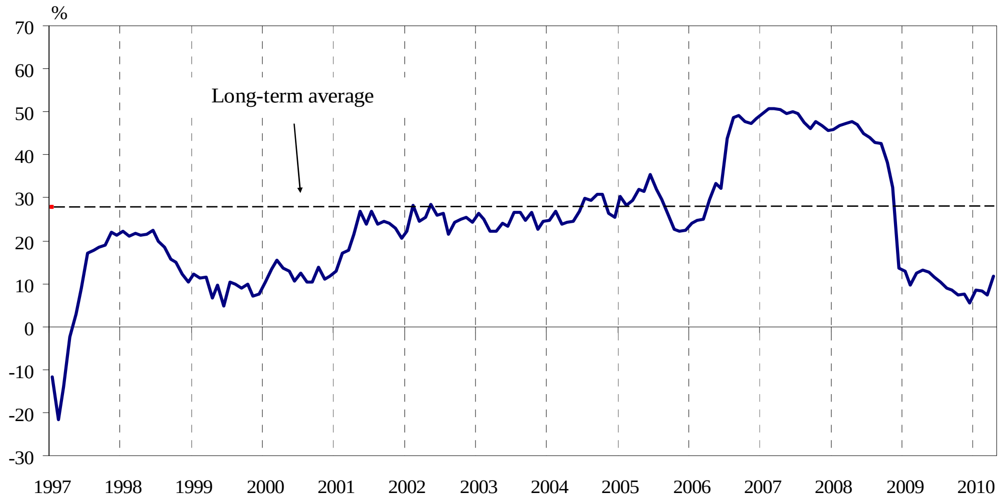


Figure 2. Business climate in industry

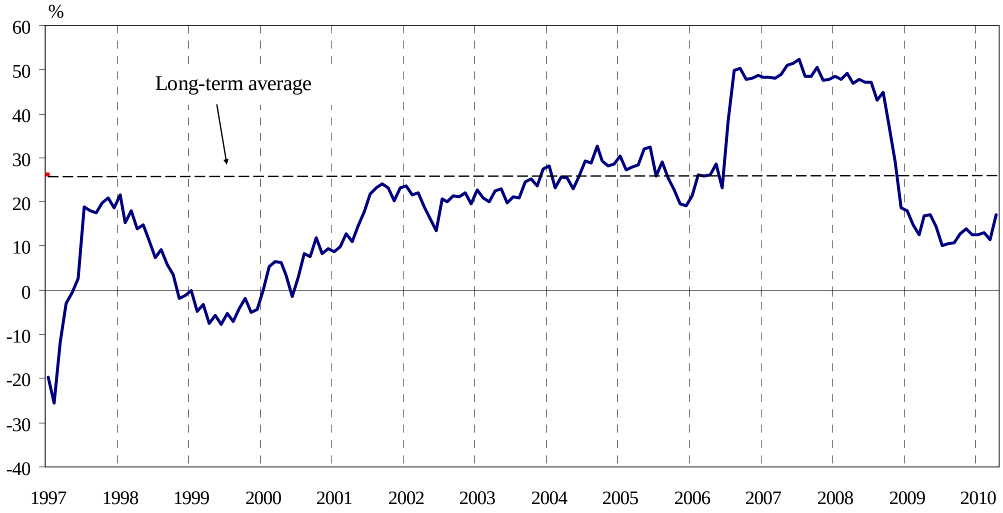


Figure 3. Present production activity in industry

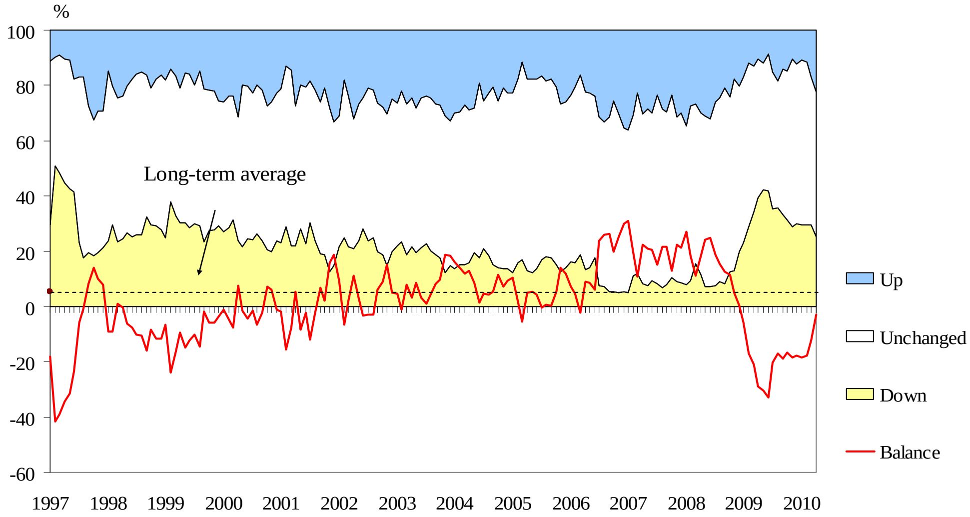


Figure 4. Limits to production in industry (Relative share of enterprises - %)

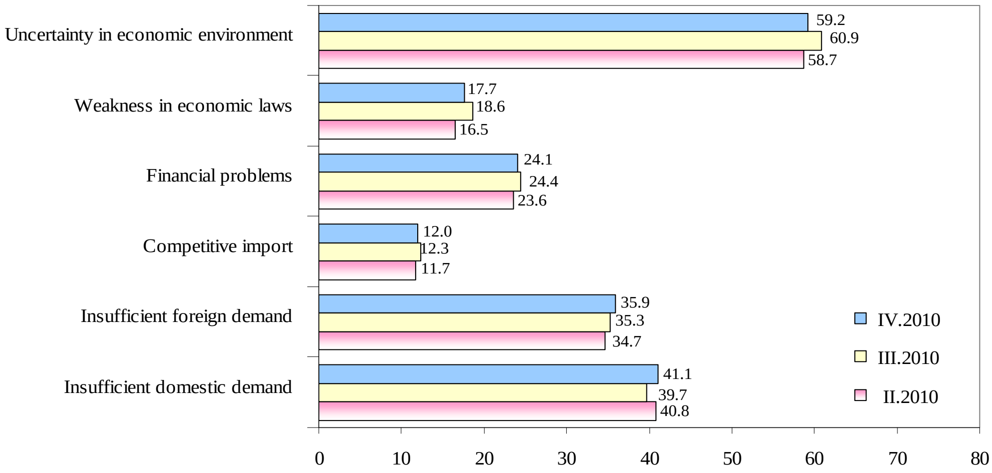


Figure 5. Average capacity utilization in industry

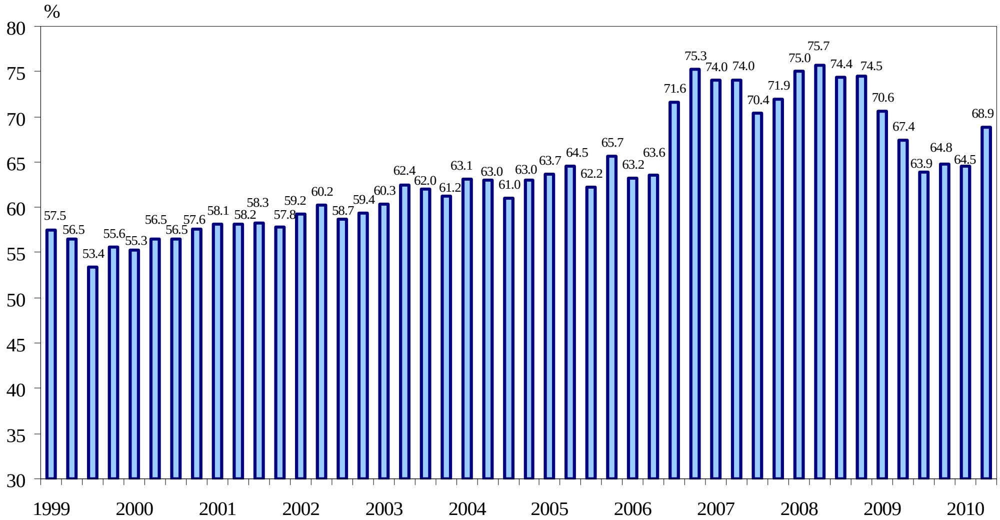


Figure 6. Business climate in construction

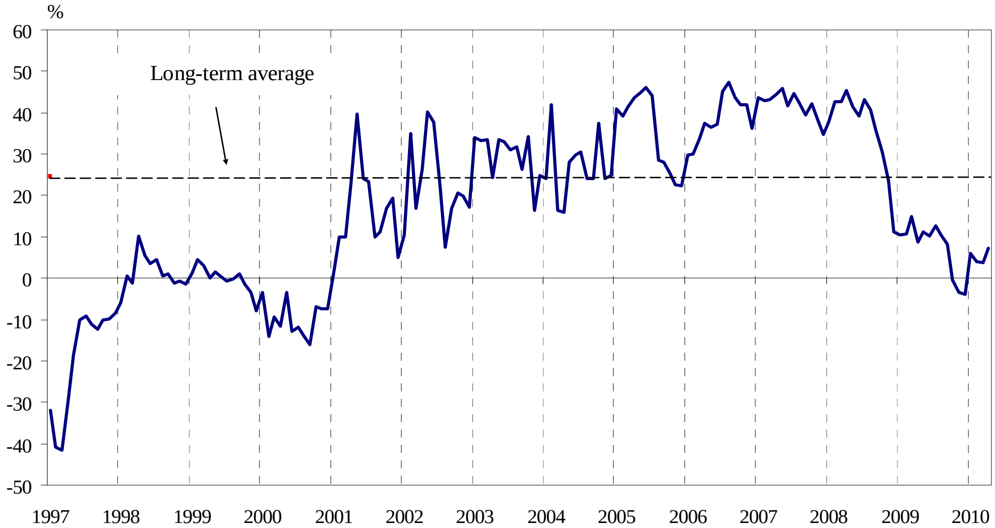


Figure 7. Present construction activity

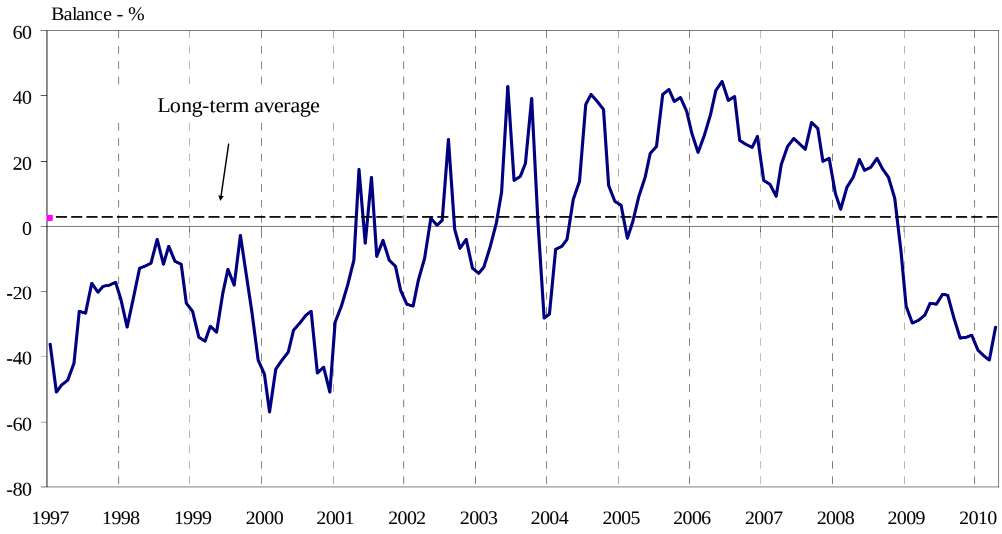


Figure 8. Orders expectations in construction over the next 6 months

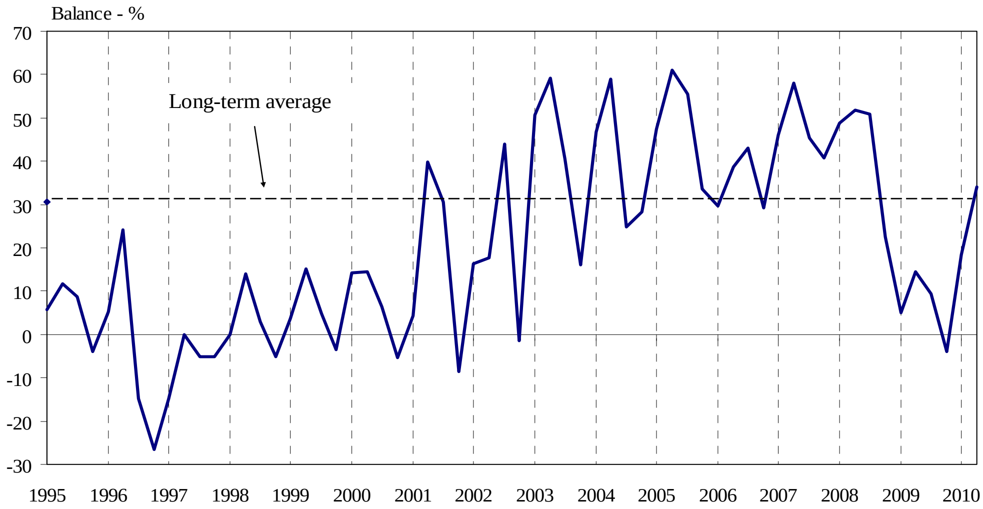


Figure 9. Limits to construction activity (Relative share of enterprises - %)

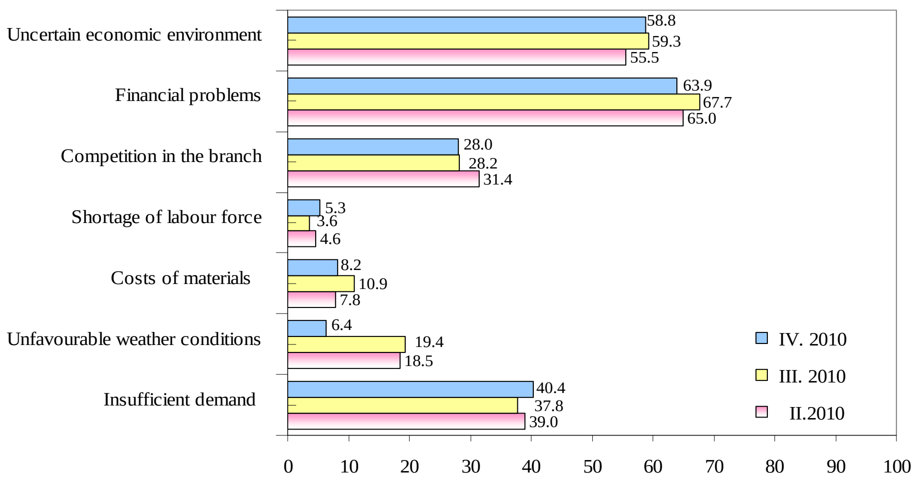


Figure 10. Business climate in retail trade

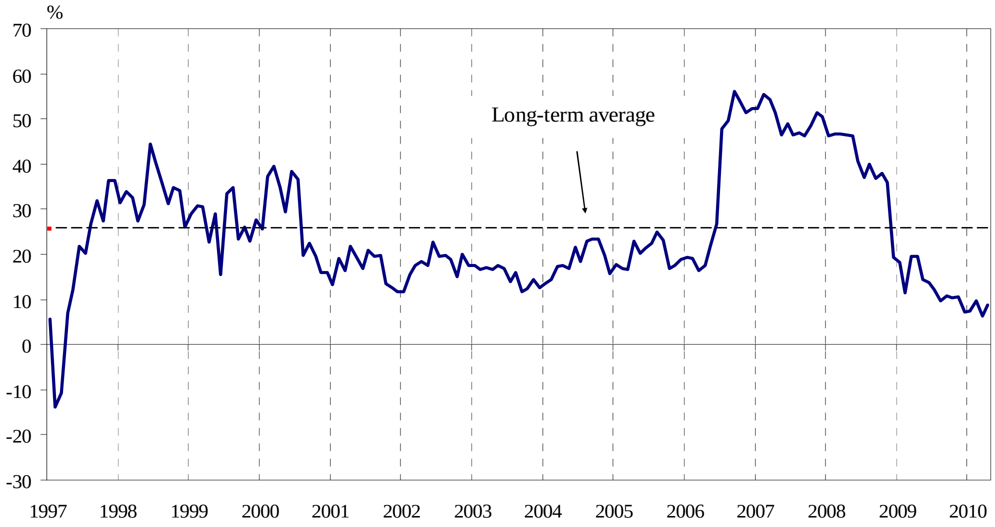


Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises - %)

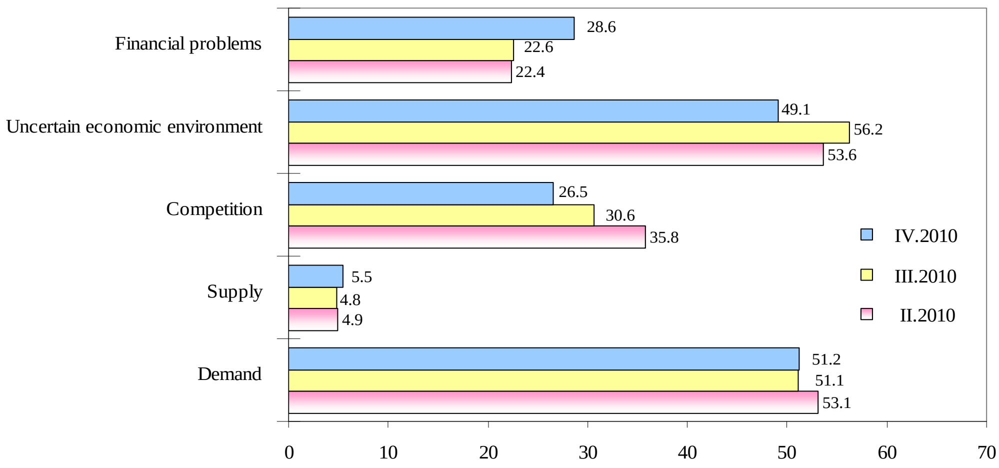


Figure 12. Selling price expectations in retail trade over the next 3 months

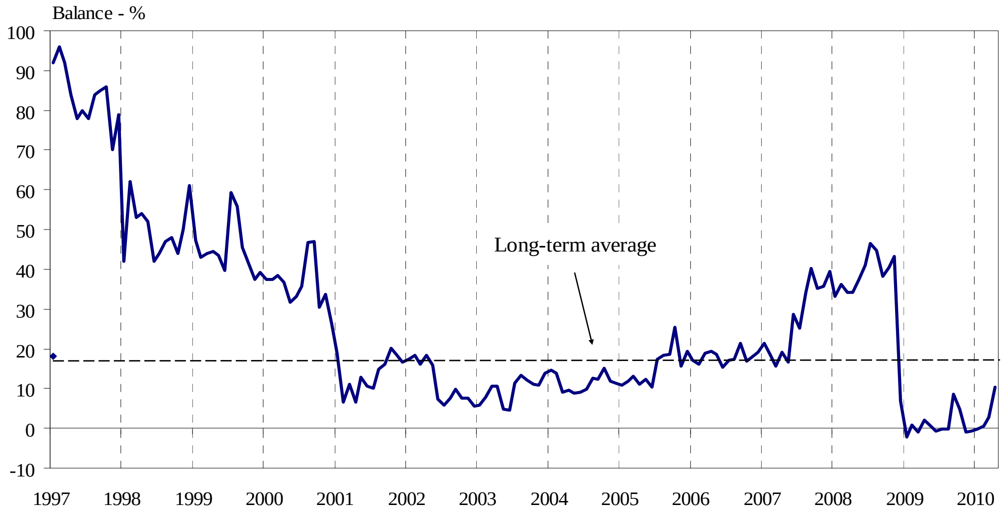


Figure 13. Business climate in service sector

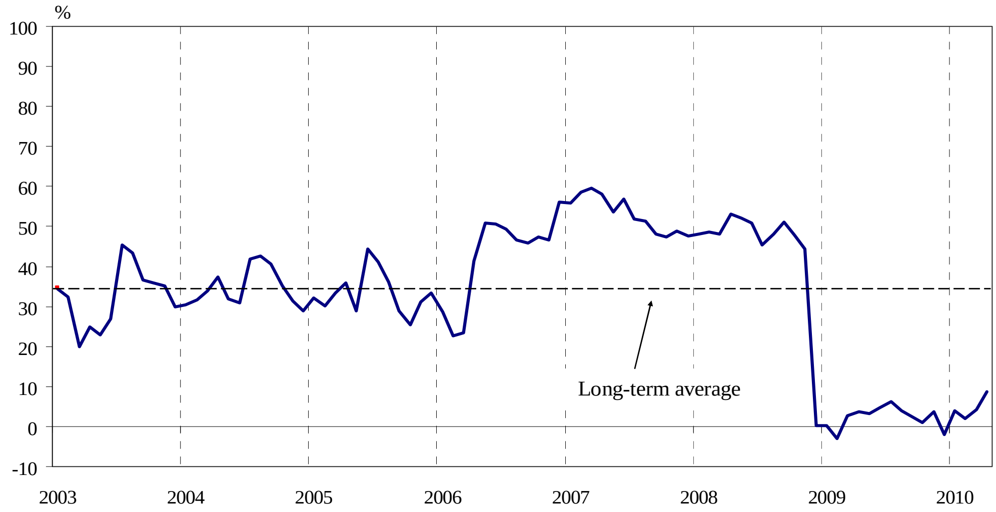


Figure 14. Expected business situation of enterprises in service sector over the next 6 months

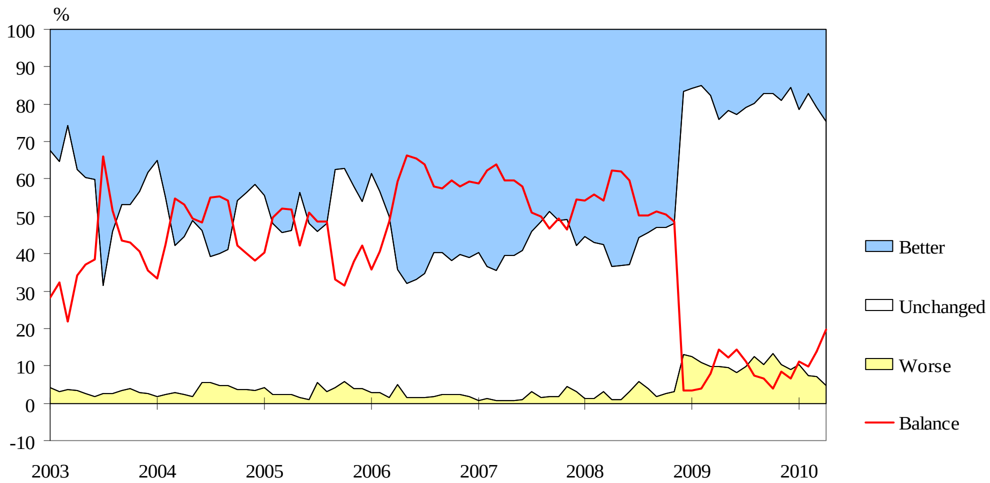


Figure 15. Demand for services over the last 3 months

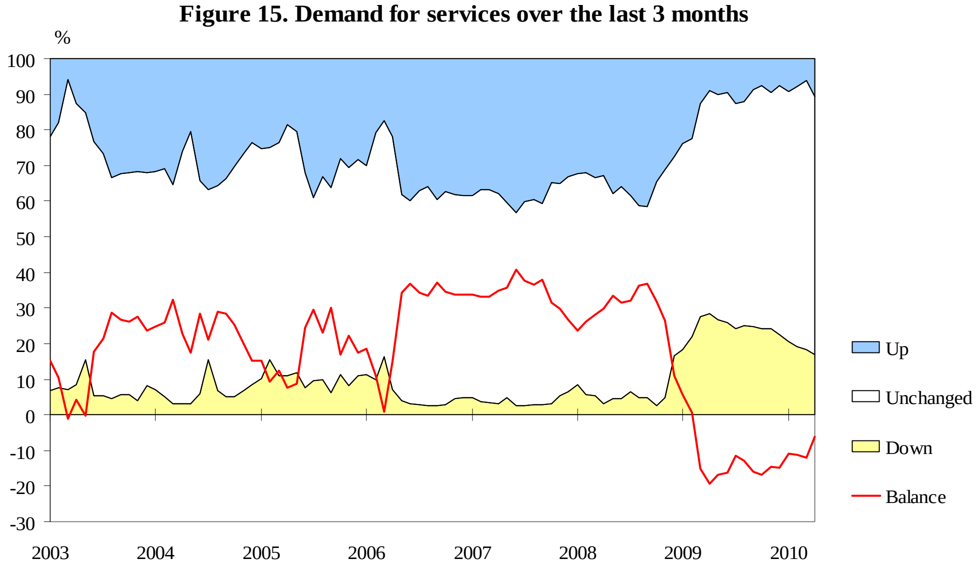


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises - %)

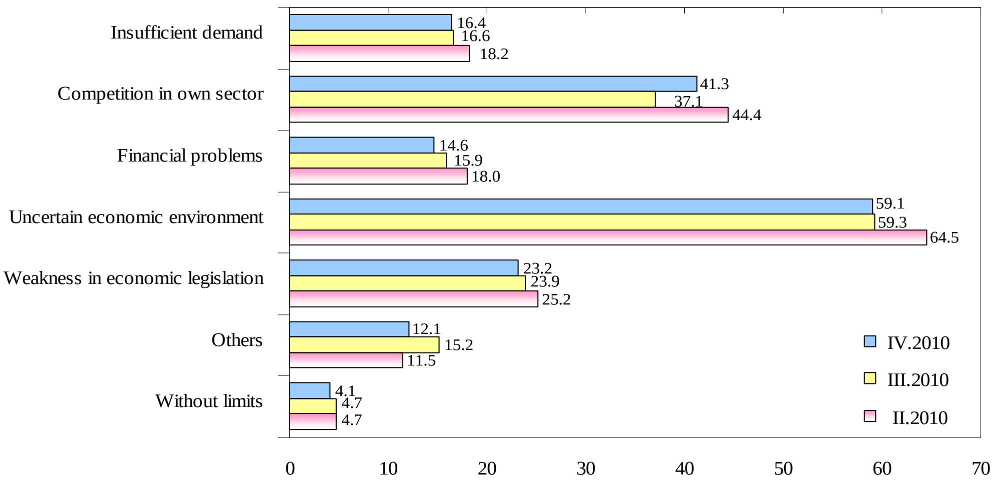
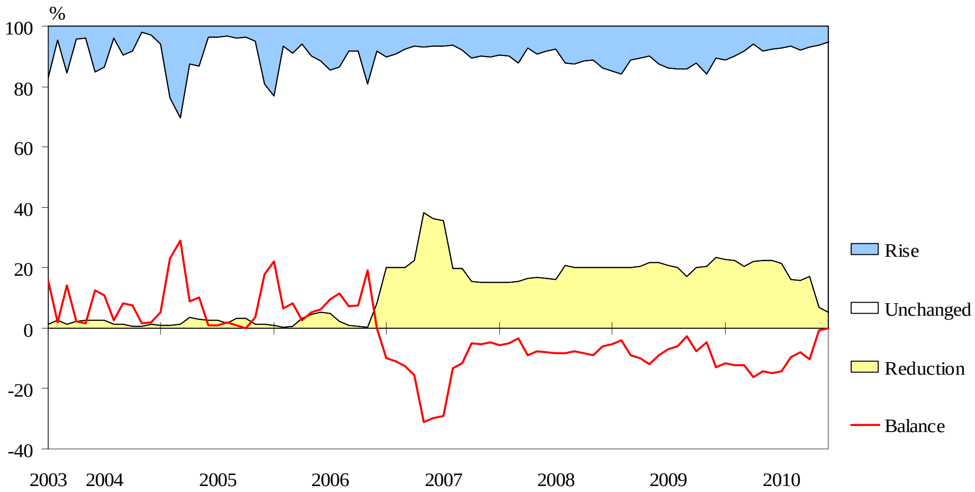


Figure 17. Price expectations in service sector over the next 3 months



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[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-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.

[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.