



BUSINESS CONJUNCTURE

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

In February 2011 **the total business climate indicator**⁴ increases by 2.7 percentage points in comparison with the previous month (Figure 1) and it is pulling away from its lowest value registered over the last 2 years by 9.3 percentage points, but there are still 8.3 percentage points left for it to reach its long-term average value.

Industry. The composite indicator of business climate in industry increases by 4.1 percentage points in comparison with January (Figure 2) and it is only 2.5 percentage points below its long-term average value. The inquiry registers increased managers' optimism about the expected business situation of enterprises over the next 6 months and more favourable neutral opinions about the assessment of the present business situation.

However in February the production activity is still assessed as decreased and the production assurance with orders is preserved at its level from the preceding months (Figure 3). In the short term the managers continue to have positive expectations about the activity (Figure 4).

The major problems for the business in industry continue to be the uncertain economic environment and the insufficient demand, as the uncertain economic environment is still above the usual-for-the-last-10-years average value (Figure 5). In February the enterprises' difficulties related to the competitive import increase to a certain extent.

The inquiry also reports on an increase of the expectations about a rise of prices in industry over the next 3 months (Figure 6).

Construction. In February the composite business climate indicator increases by 5.1 percentage points in comparison with the preceding month (Figure 7), mostly due to the more optimistic managers' expectations about the business situation of enterprises over the next 6 months (the balance indicator increases by 9.9 percentage points) (Figure 8). In their assessments the present construction activity is decreased as compared to the previous month, but the expectations about the next 3 months are favourable (the balance indicator goes up by 11.5 percentage points) (Figure 9) due to a shifting of opinions from "preservation of activity" towards "increase of the activity". The inquiry also registers a decrease of the number of clients with delay in payments (Figure 10).

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.



The uncertain economic environment and the financial problems continue to be the main factors limiting the activity in the sector, as the negative influence of both factors is still above the long-term average values (Figure 11).

The expectations of the construction entrepreneurs regarding the selling prices are for the preservation of their level over the next 3 months (Figure 12).

Retail trade. The composite indicator “business climate in retail trade” in February drops by 1.1 percentage points in comparison with January (Figure 13), which is due to a shifting of the opinions about the present business situation from “good” towards “satisfactory”. The managers report that the sales over the last months have decreased, but the inquiry registers some recovering of the positive expectations about the sales over the next 3 months (Figure 14).

The uncertain economic environment and the financial problems continue to be the major factors limiting the activity of the enterprises, thus pushing aside the common problems such as the insufficient demand and the competition in the branch (Figure 15).

With regard to the selling prices in retail trade the inquiry does not register expectations about an increase over the next 3 months (Figure 16).

Service sector⁵. In February the composite indicator of business climate increases by 1.2 percentage points in comparison with the previous month (Figure 17) due to the more favorable managers’ assessments and expectations about the business situation of enterprises (Figure 18). The opinions about the present and expected demand for services are also improved (Figure 19). An increase of personnel over the next 3 months is not expected.

The uncertain economic environment and the competition in the branch are the main factors limiting the activity of the enterprises, and their negative influence is still stronger than the long-term average (Figure 20).

With regard to the selling prices there are still certain expectations about a decrease over the next 3 months (Figure 21).

⁵ Excl. trade.



Figure 1. Business climate - total

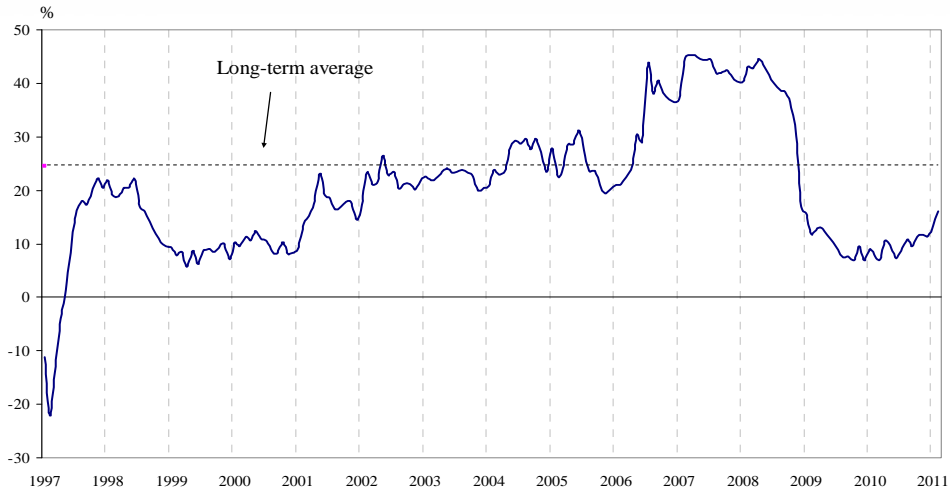


Figure 2. Business climate in industry

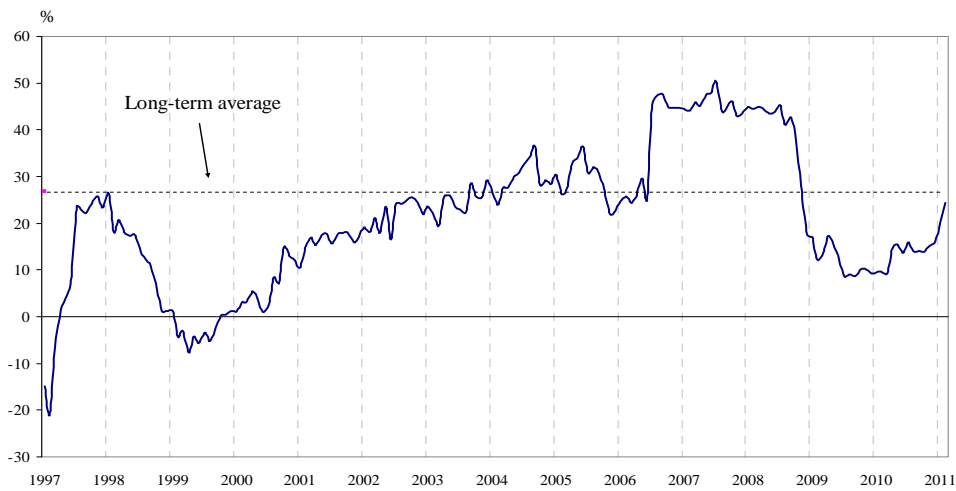


Figure 3. Production assurance with orders in industry

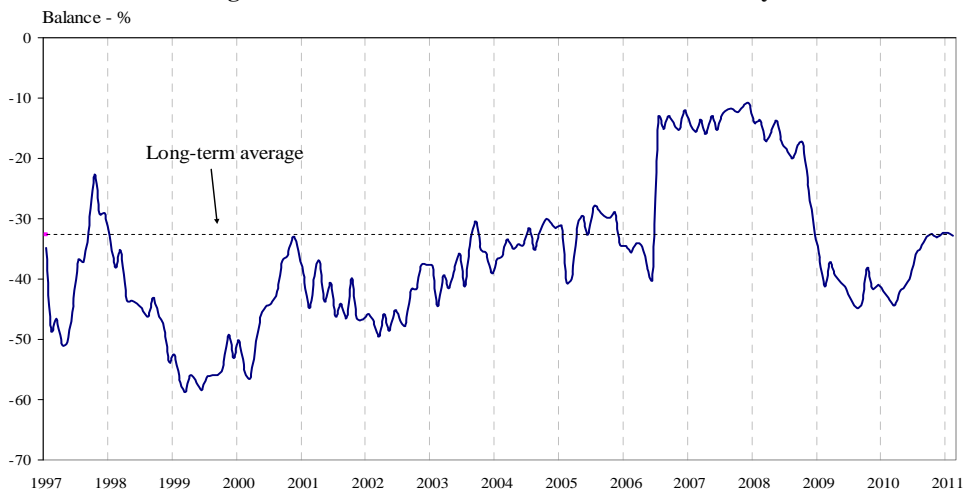




Figure 4. Expected production activity in industry over the next 3 months

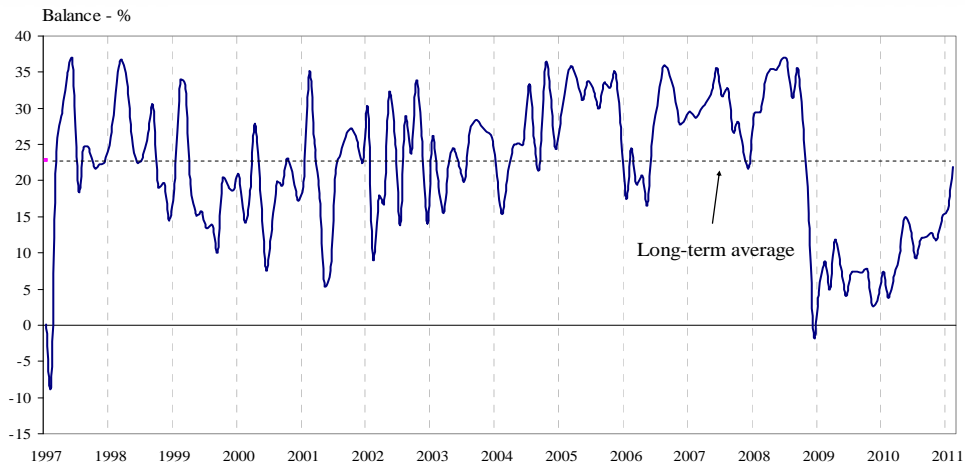


Figure 5. Limits to production in industry (Relative share of enterprises)

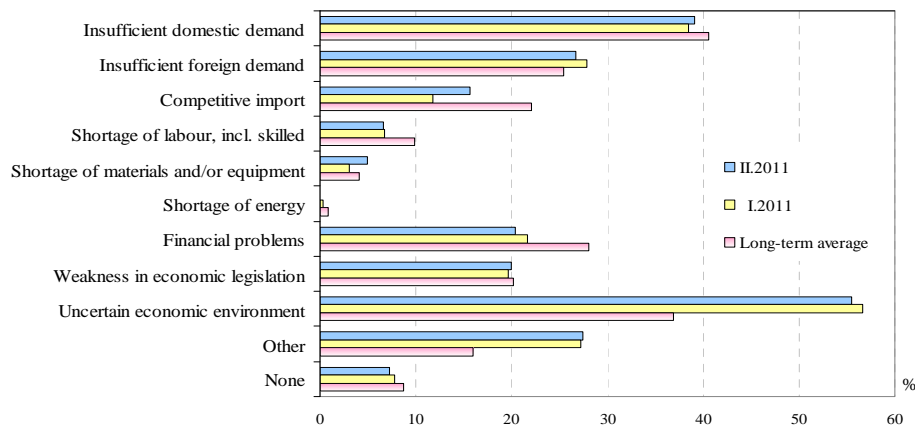


Figure 6. Selling prices expectations in industry over the next 3 months

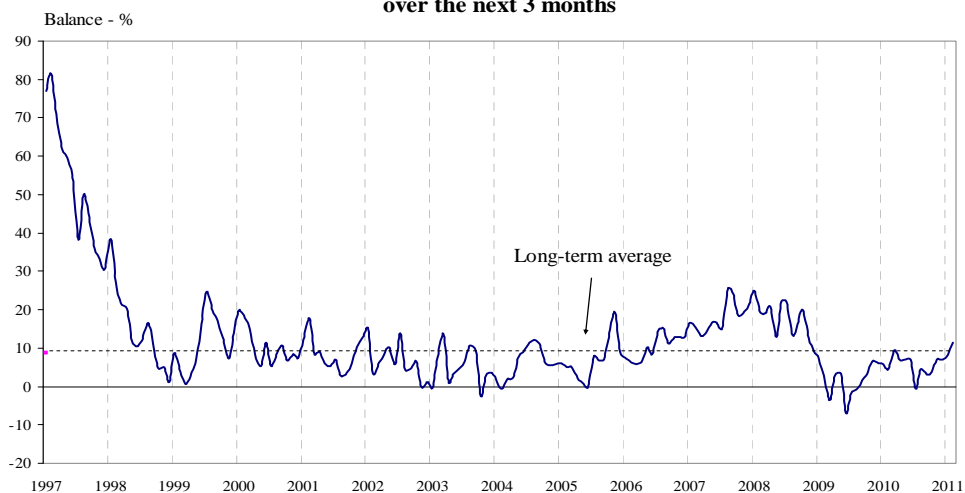




Figure 7. Business climate in construction

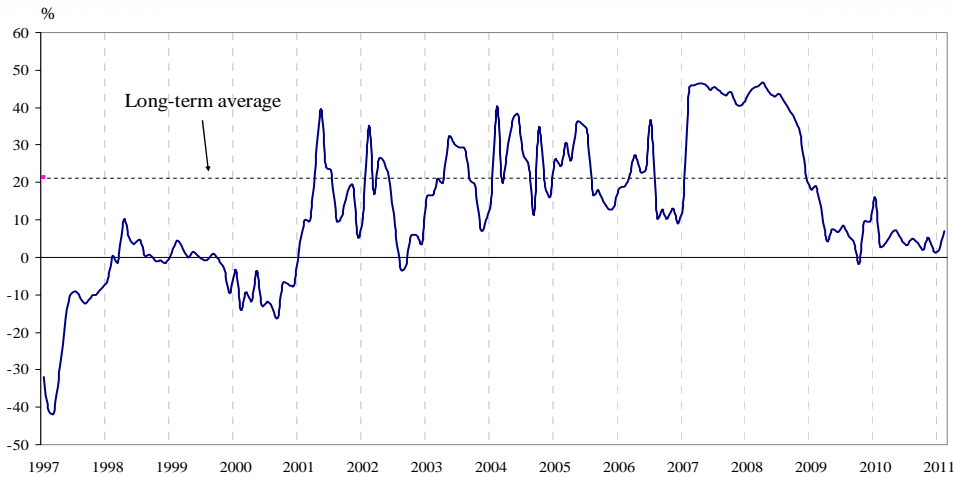


Figure 8. Expected business situation in construction over the next 6 months

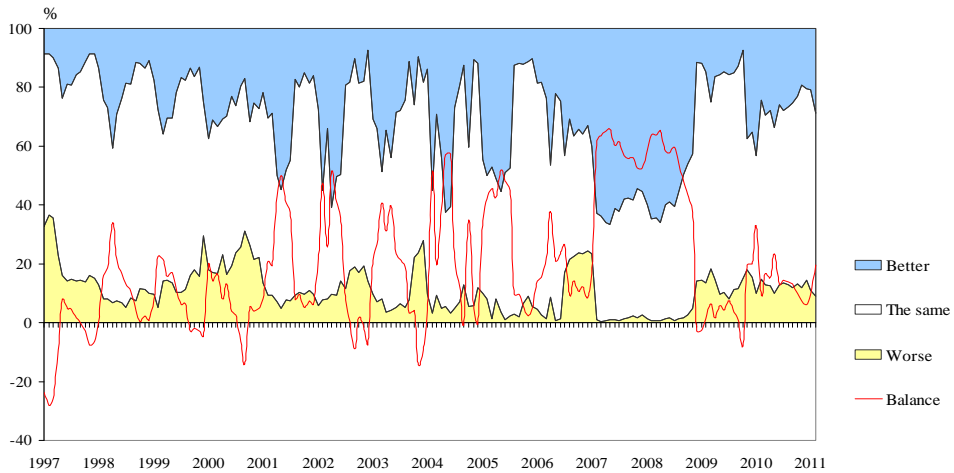


Figure 9. Expected construction activity over the next 3 months

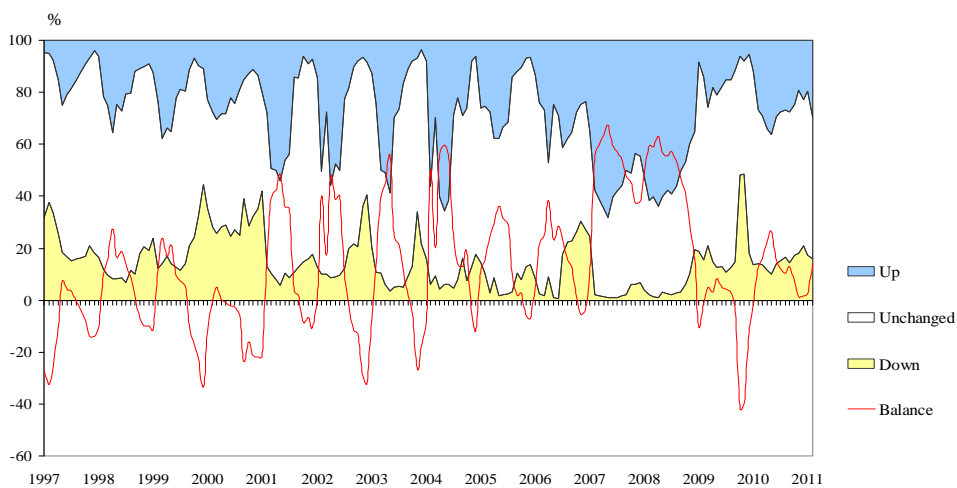




Figure 10. Clients with delay in payments in construction

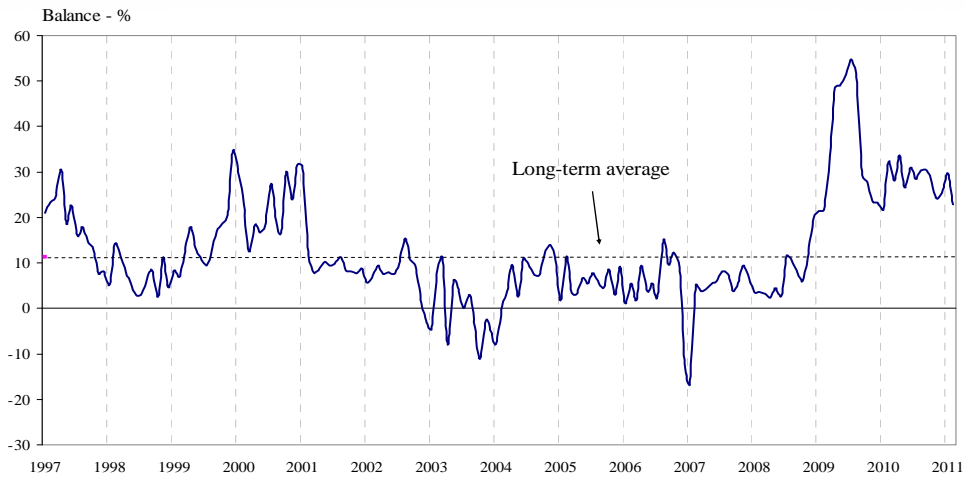


Figure 11. Limits to construction activity (Relative share of enterprises)

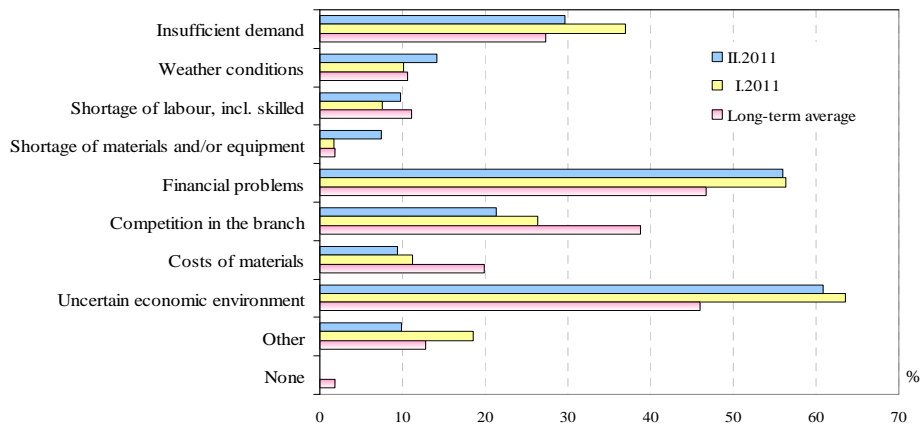


Figure 12. Selling prices expectations in construction over the next 3 months

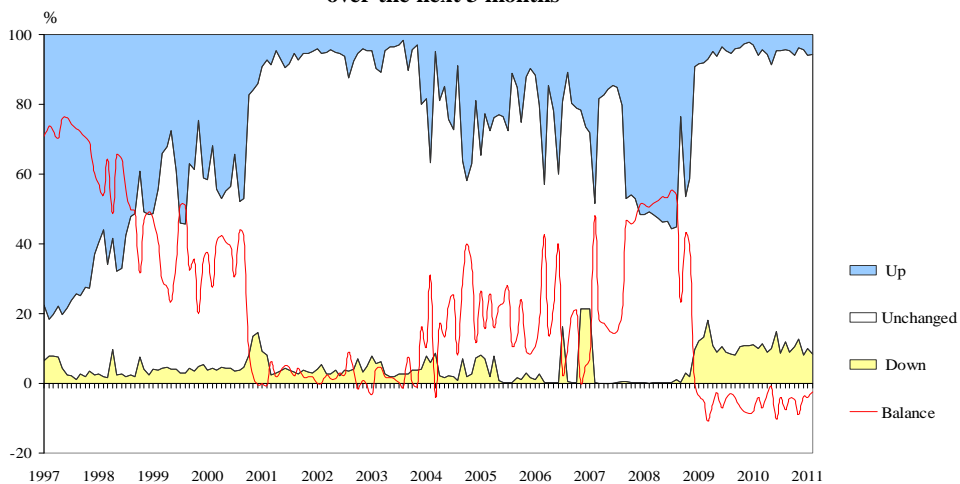




Figure 13. Business climate in retail trade

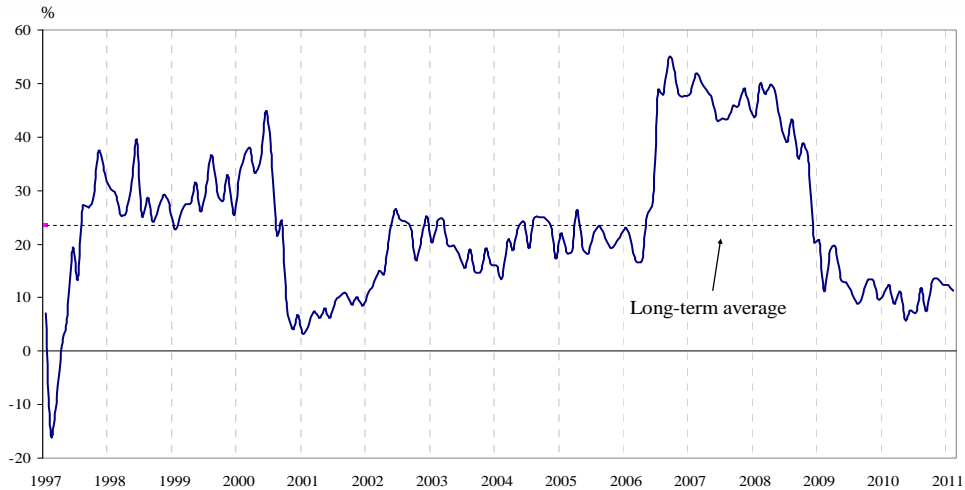


Figure 14. Sales expectations in retail trade over the next 3 months

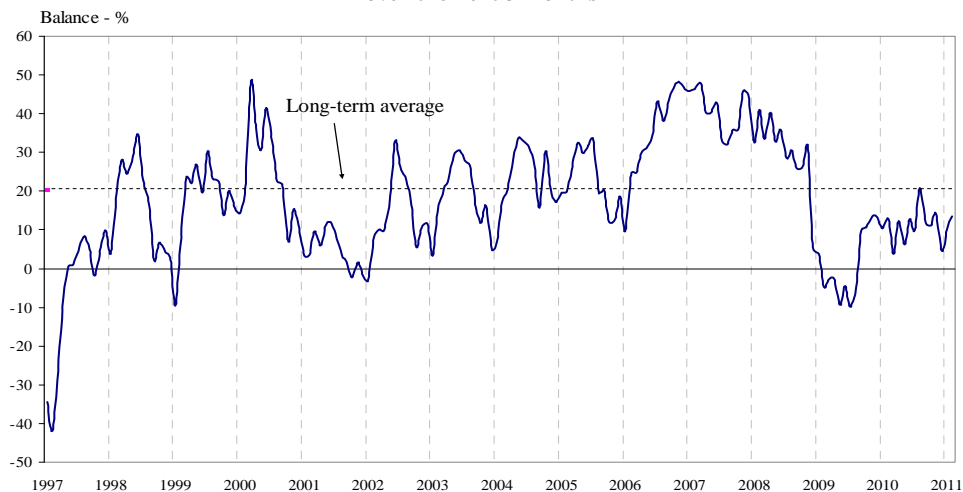


Figure 15. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

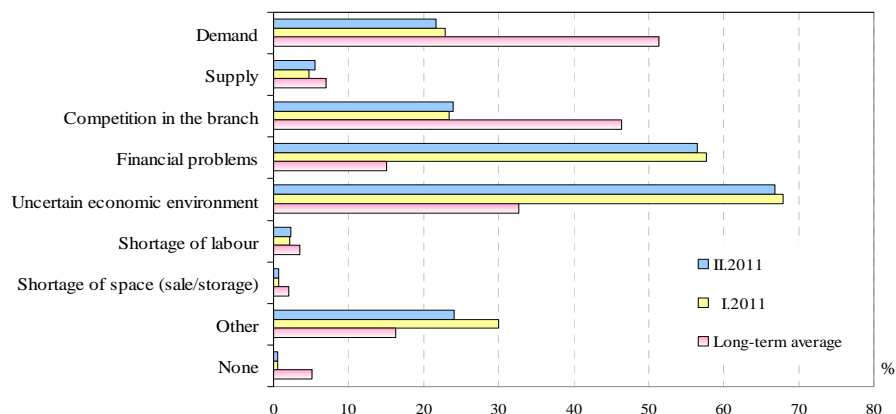




Figure 16. Selling prices expectations in retail trade over the next 3 months

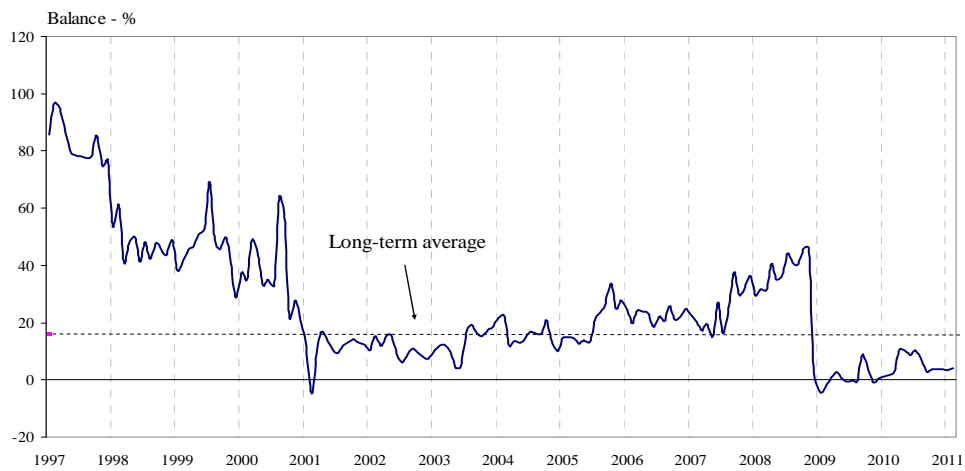


Figure 17. Business climate in service sector

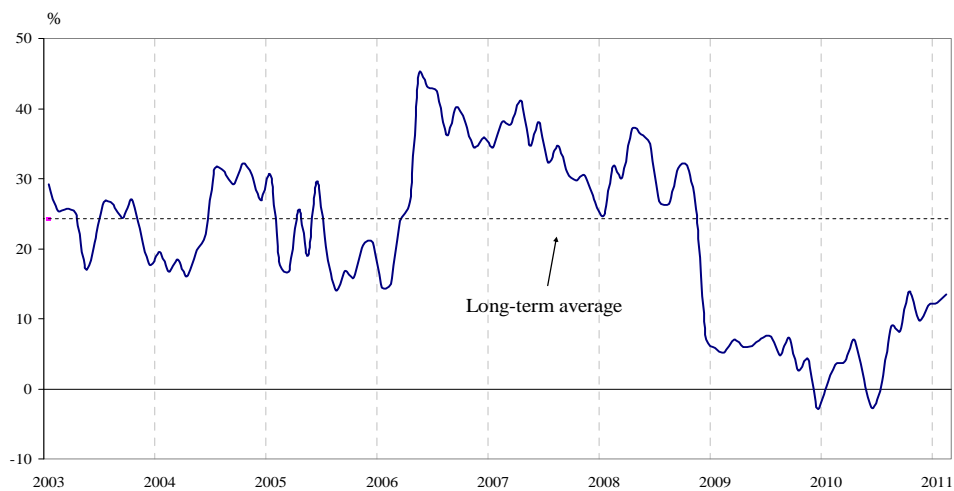


Figure 18. Expected business situation in service sector over the next 6 months

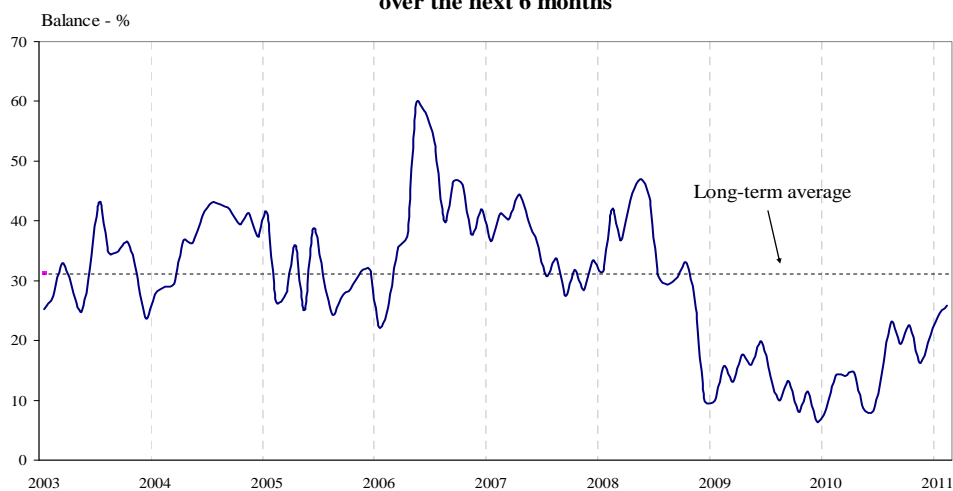




Figure 19. Expected demand in service sector over the next 3 months

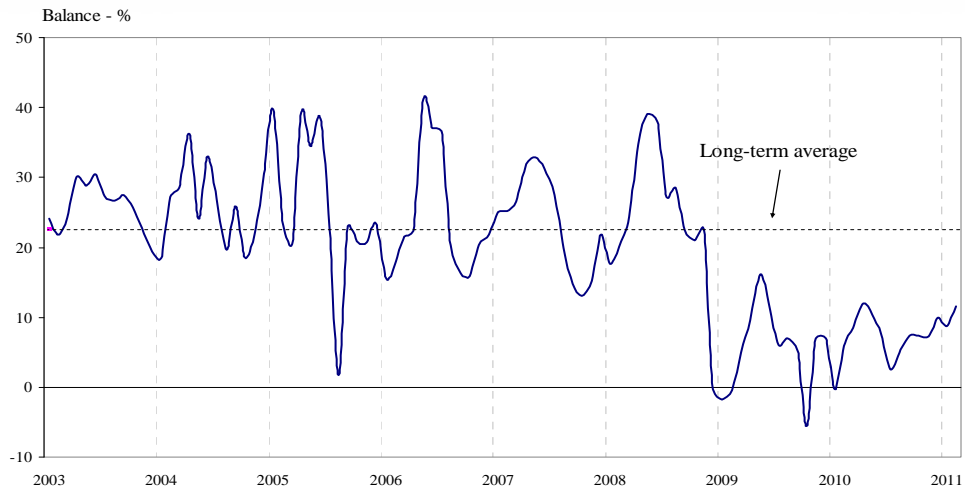


Figure 20. Factors limiting the activity in service sector (Relative share of enterprises)

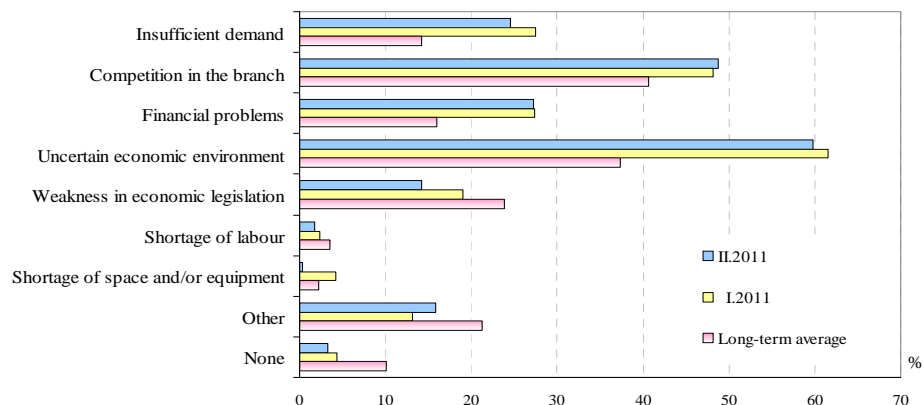


Figure 21. Selling prices expectations in service sector over the next 3 months

