



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1, 2, 3}, JANUARY 2013

In January 2013 **the total business climate indicator**⁴ decreases by 3.2 percentage points compared to its December 2012 level (Annex, Figure 1) due to the more unfavourable business climate in industry and retail trade.

Industry. The composite indicator “business climate in industry” decreases by 1.9 percentage points in comparison with the previous month (Annex, Figure 2) which is due to the more moderate manager’s assessments about the present business situation of the enterprises. The inquiry registers a decrease of the production activity and production assurance with orders (Annex, Figure 3). The average capacity utilization in January reached 71.4% (Annex, Figure 4), as regards the expected demand over the next months is foreseen a surplus of capacity.

In the expectations about the next 3 to 6 months the managers still keep some optimism about the development of the business despite their difficulties related to the uncertain economic environment and the insufficient domestic demand (Annex, Figure 5).

As regards selling prices the prevailing industry entrepreneurs’ expectations are for preservation of their level over the next 3 months (Annex, Figure 6).

Construction. In January the composite indicator “business climate in construction” preserves its December 2012 level (Annex, Figure 7). According to the managers’ assessments the present construction activity is decreased as compared to the previous month (Annex, Figure 8), but their forecast about the next 3 months are more favourable as a result of shifting of the opinions about the activity from decrease to keep the same.

In January the production assurance with orders is reserves and it is assessed to be 4.8 months. At the same time the expectations about new orders over the next 6 months are improved - the balance indicator increases by 14.8 percentage points (Annex, Figure 9).

The uncertain economic environment continues to be the main obstacles for the development of the business in the branch, followed by financial problems and competition in the branch (Annex, Figure 10).

¹ In 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.



The construction entrepreneurs do not expect an increase of the selling prices over the next 3 months (Annex, Figure 11).

Retail trade. The composite indicator “business climate in retail trade” drops by 12.2 percentage points compared to the previous month (Annex, Figure 12) due to the shifting of the managers’ assessments and expectations about the business situation of the enterprises from “better” towards preserving “the same” (Annex, Figure 13). Concerning the sales and orders placed with suppliers over next 3 months the expectations are more reserved (Annex, Figure 14).

The main factors limiting the activity in the branch continue to be the uncertain economic environment and insufficient demand, as in the last month strengthen the negative impact of the second factor by 16.3 percentage points is registered (Annex, Figure 15).

The retailers expect the selling prices remain unchanged over the next 3 months (Annex, Figure 16).

Service sector¹. In January the composite indicator “business climate in service sector” remains approximately its December 2012 level (Annex, Figure 17). The balance indicator of the present business situation of the enterprises drops by 3.9 percentage points due to a shifting of the managers’ assessments to more moderate opinions. However they remain optimistic in prognoses about the development of the business (Annex, Figure 18) as their expectations about the demand for services over next 3 months are improved (Annex, Figure 19).

The uncertain economic environment continues to be the most serious factor limiting the activity of the enterprises in the sector followed by the competition in the branch and insufficient demand. In the last month the enterprises also have more financial problems (Annex, Figure 20).

As regards the selling prices in the service sector most of the managers forecast preservation of their level over the next 3 months (Annex, Figure 21).

¹ Excl. trade.



Annex

Figure 1. Business climate – total

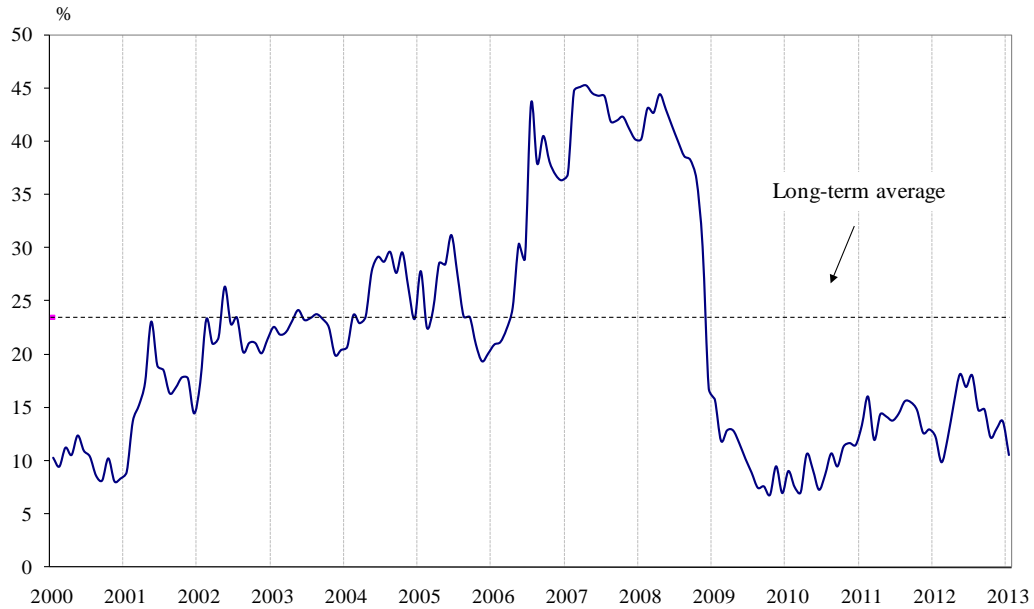


Figure 2. Business climate in industry

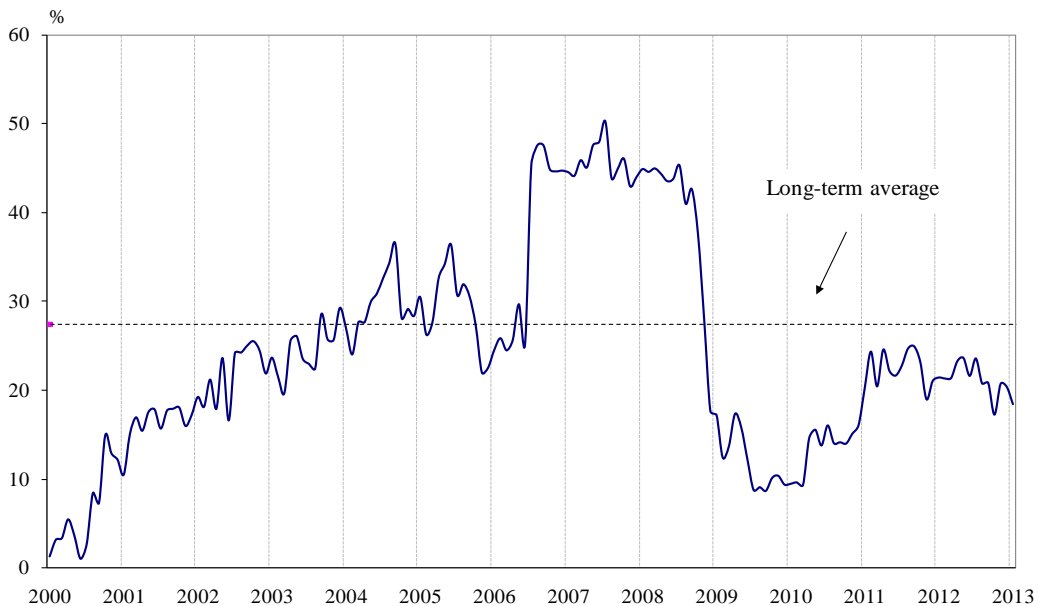




Figure 3. Production assurance with orders in industry

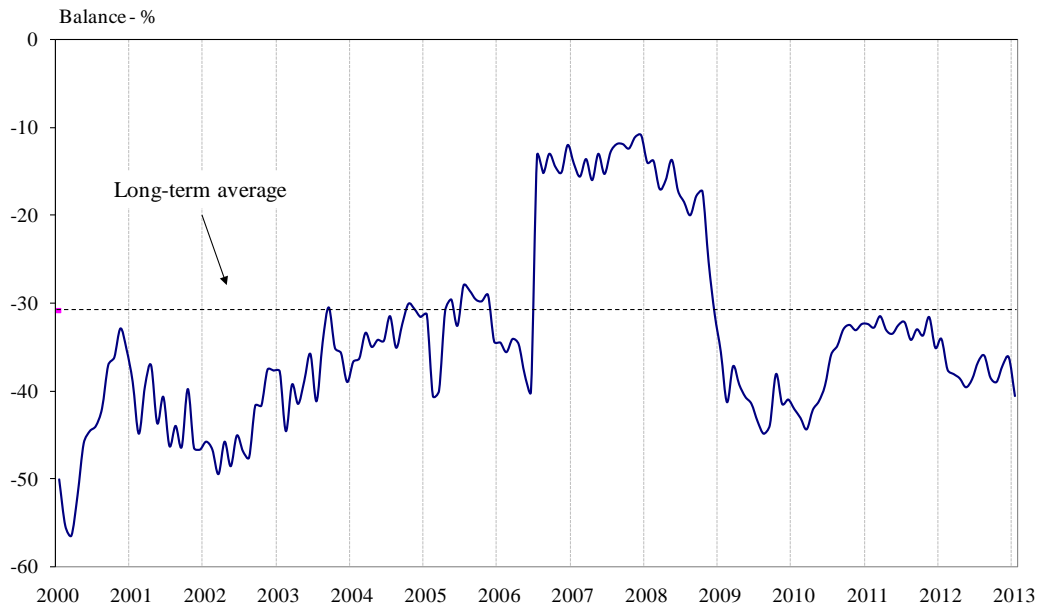
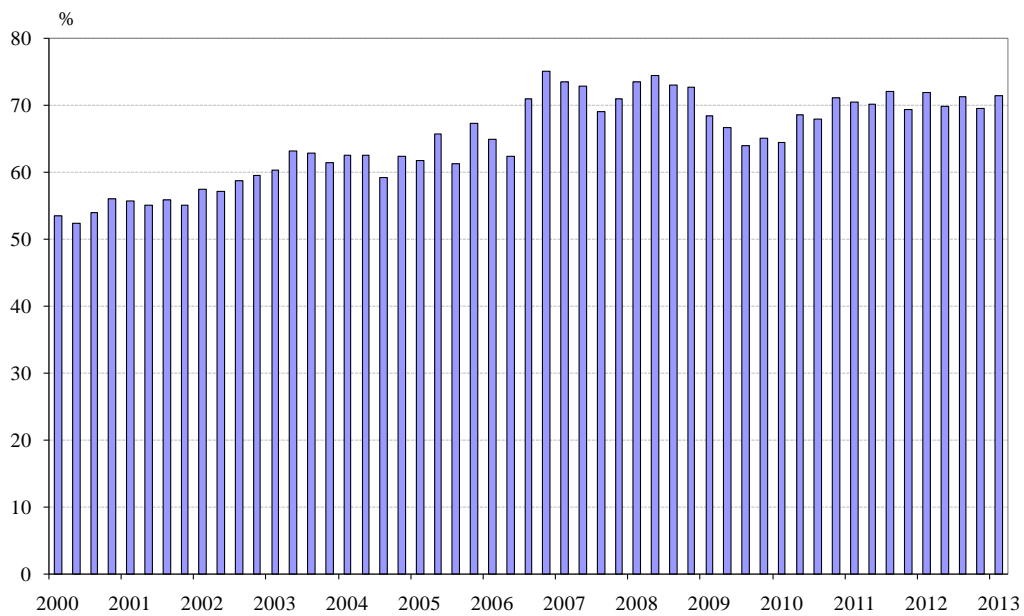
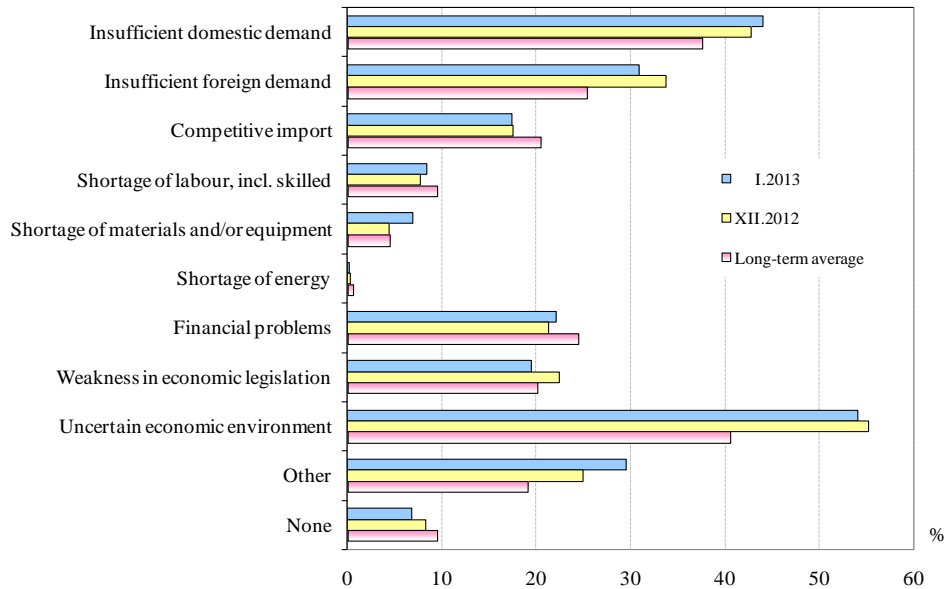


Figure 4. Average capacity utilization in industry





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



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

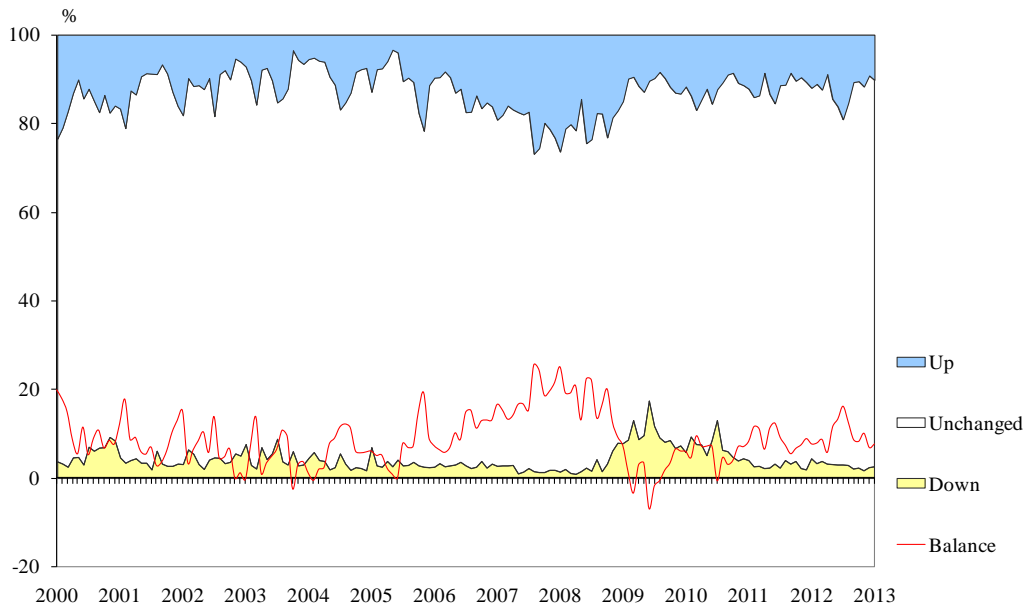




Figure 7. Business climate in construction

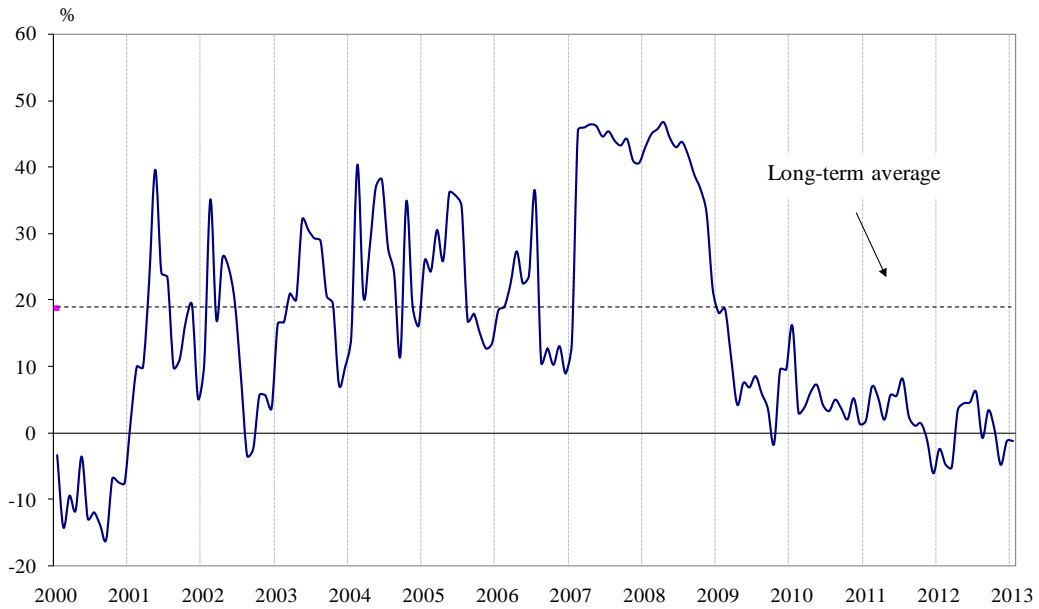


Figure 8. Present construction activity

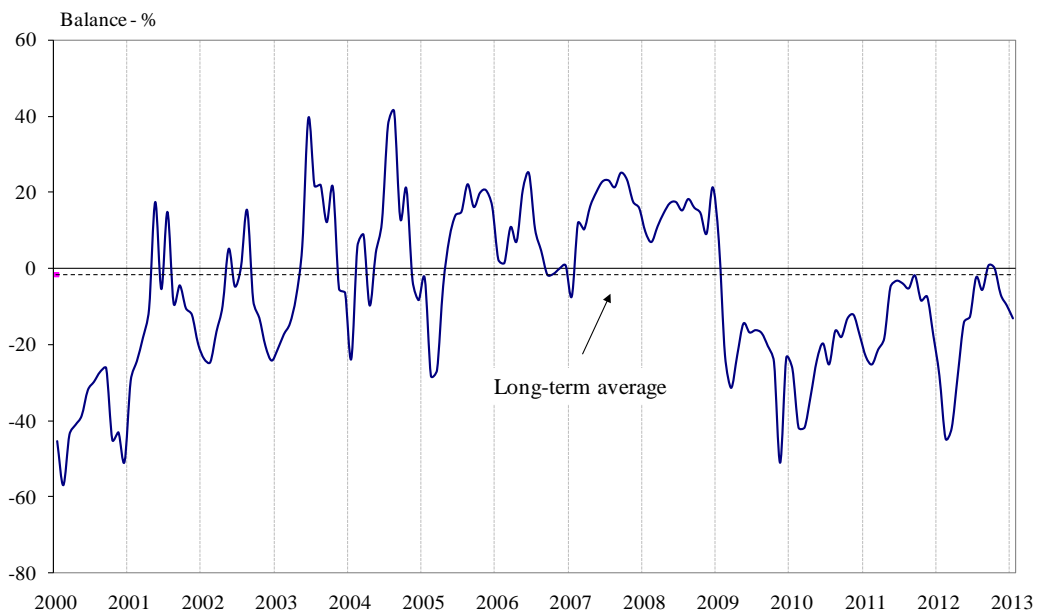




Figure 9. New orders expectations in construction over the next 6 months

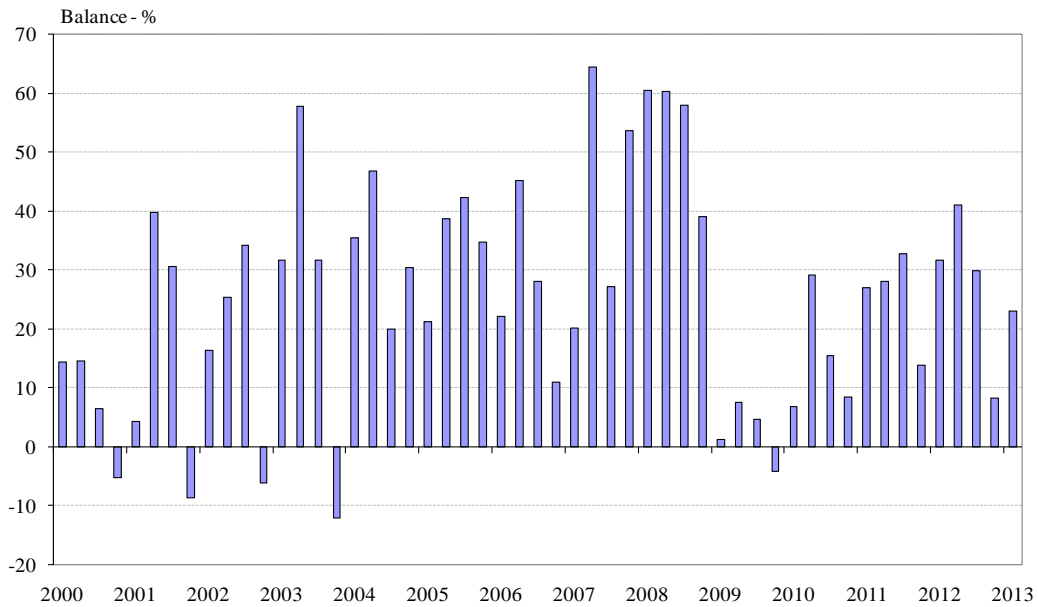


Figure 10. Limits to construction activity (Relative share of enterprises)

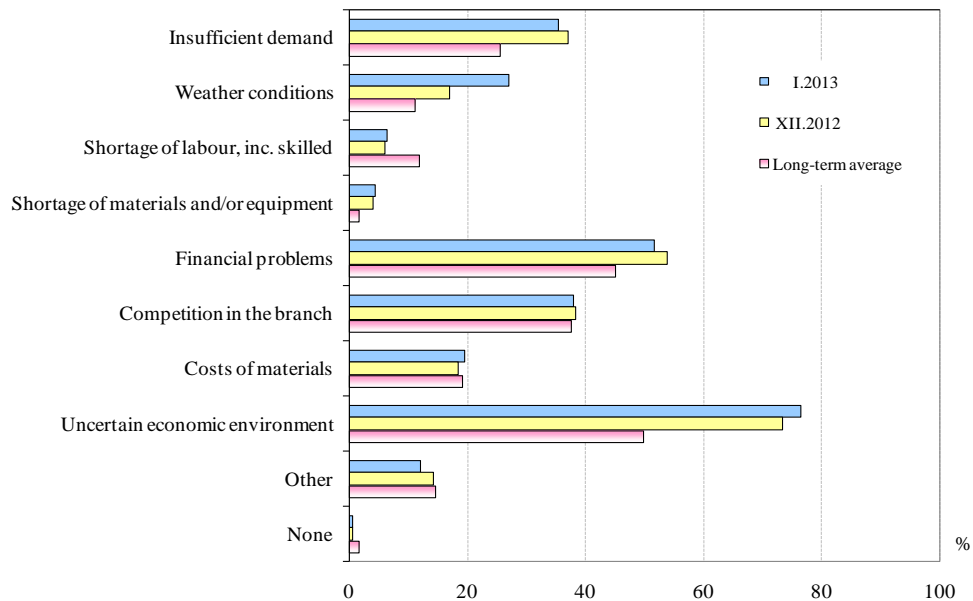




Figure 11. Selling prices expectations in construction over the next 3 months

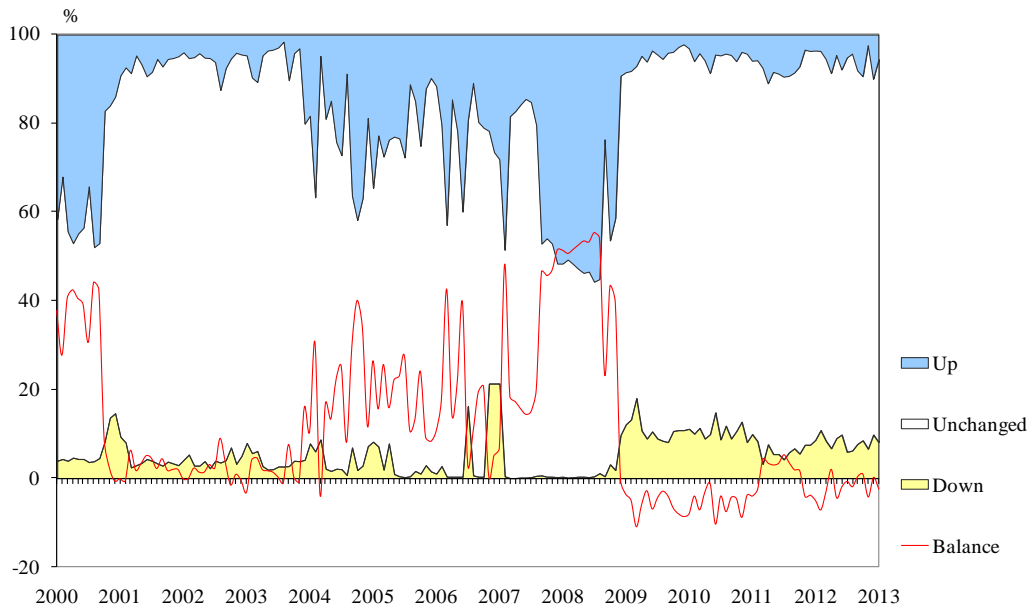


Figure 12. Business climate in retail trade

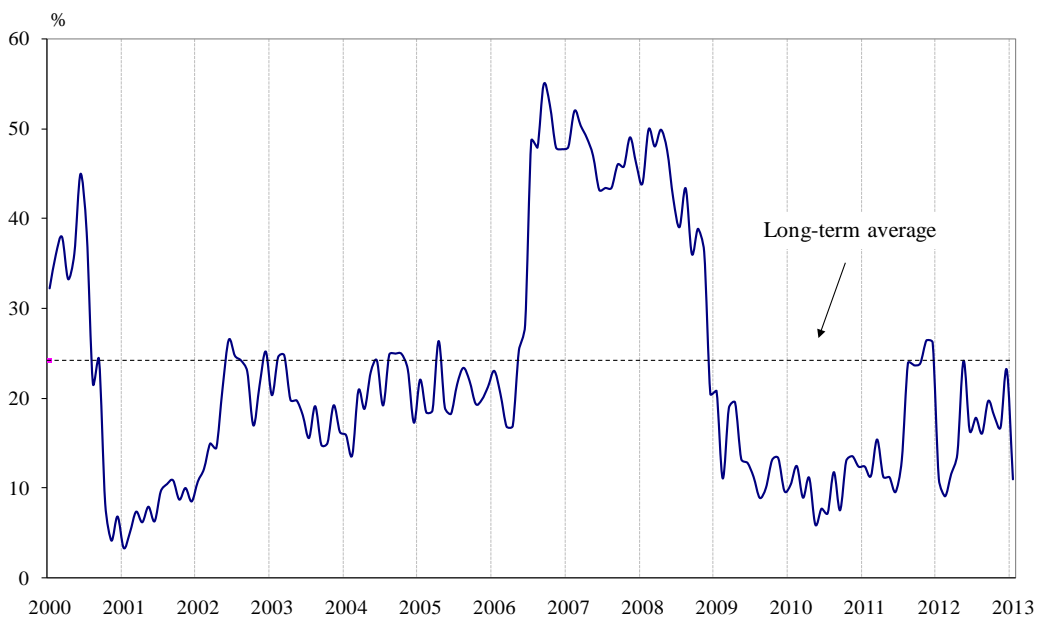




Figure 13. Expected business situation in retail trade over the next 6 months

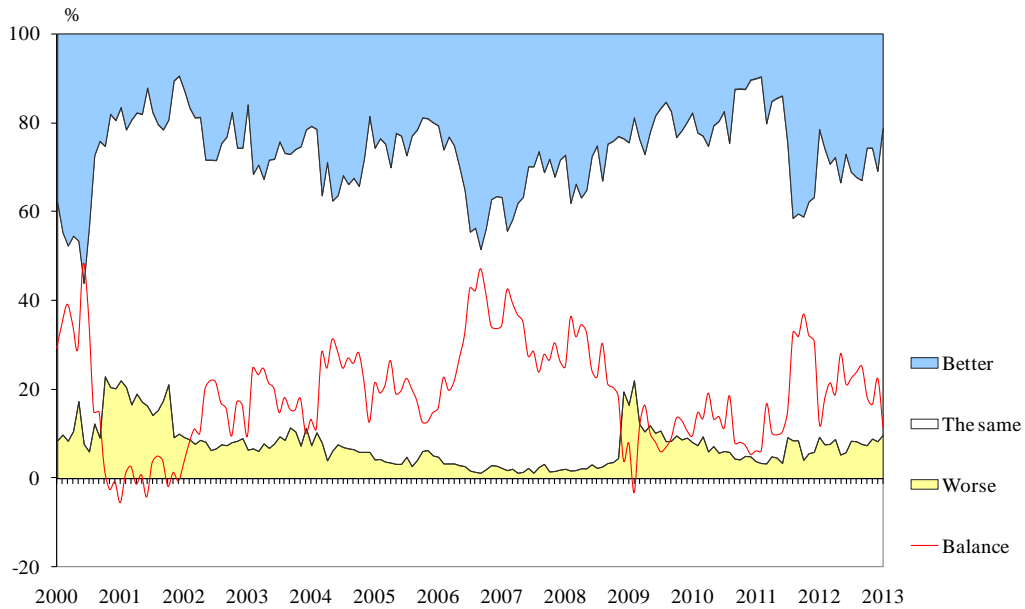


Figure 14. Expectations about orders placed with suppliers in retail trade over the next 3 months

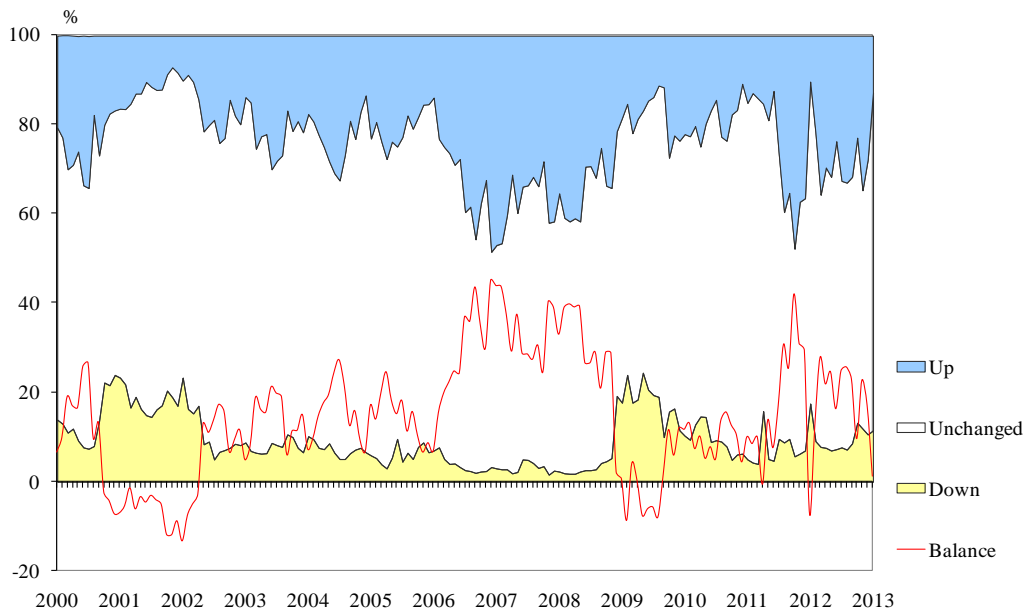




Figure 15. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

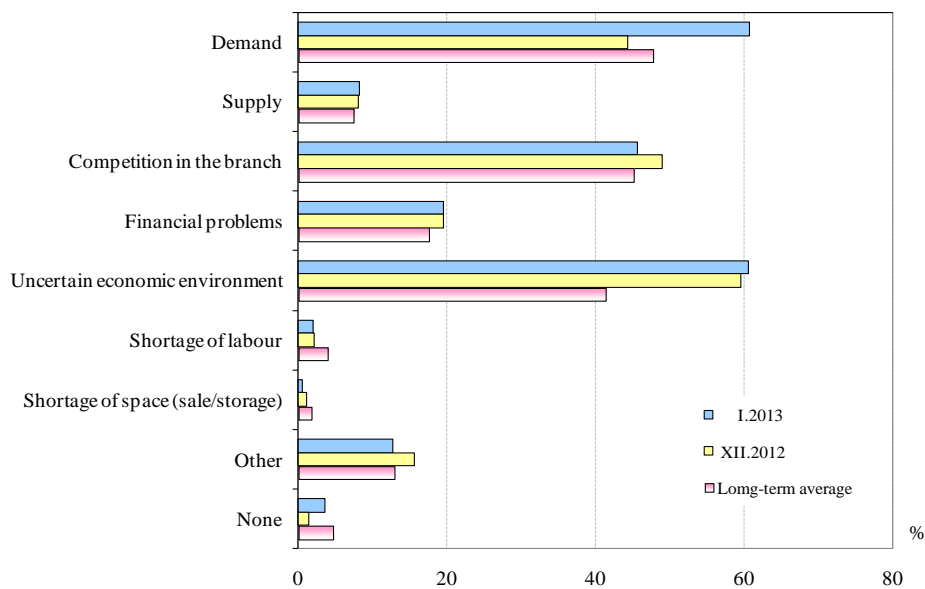


Figure 16. Selling prices expectations in retail trade over the next 3 months

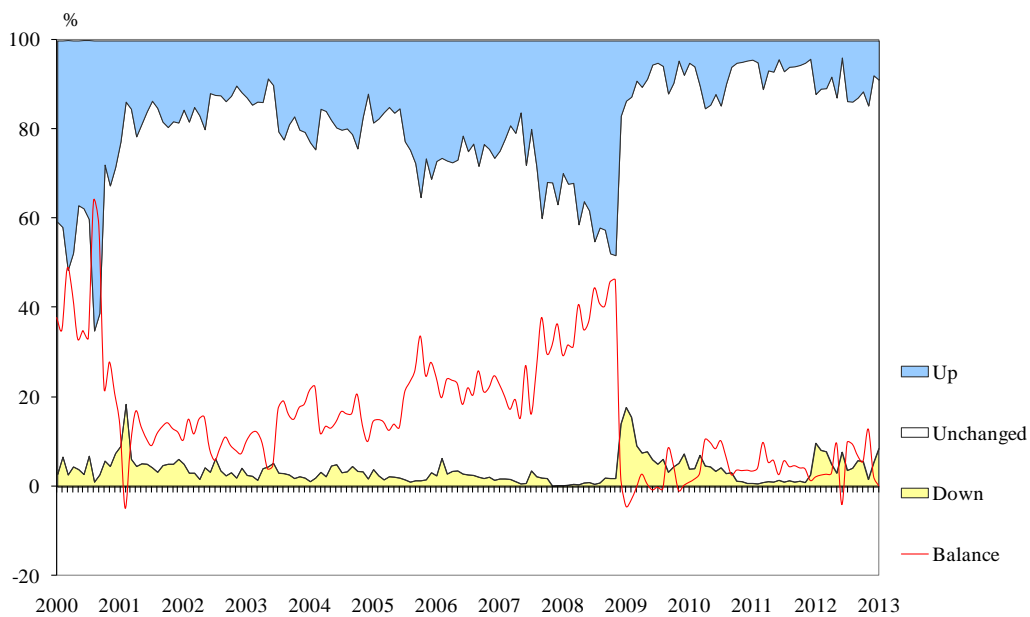




Figure 17. Business climate in service sector

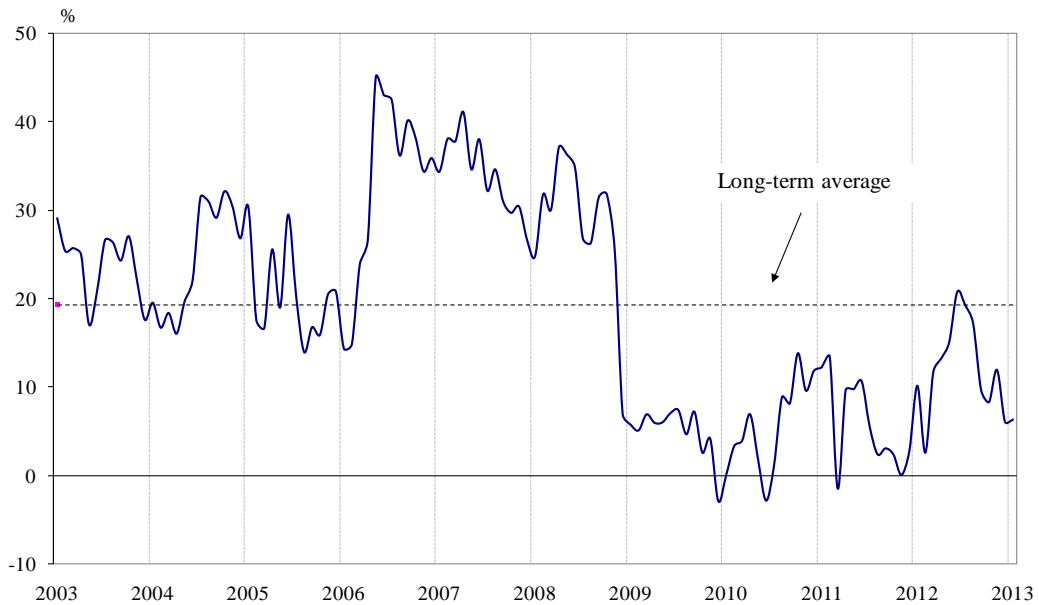


Figure 18. Expected business situation in service sector over the next 6 months

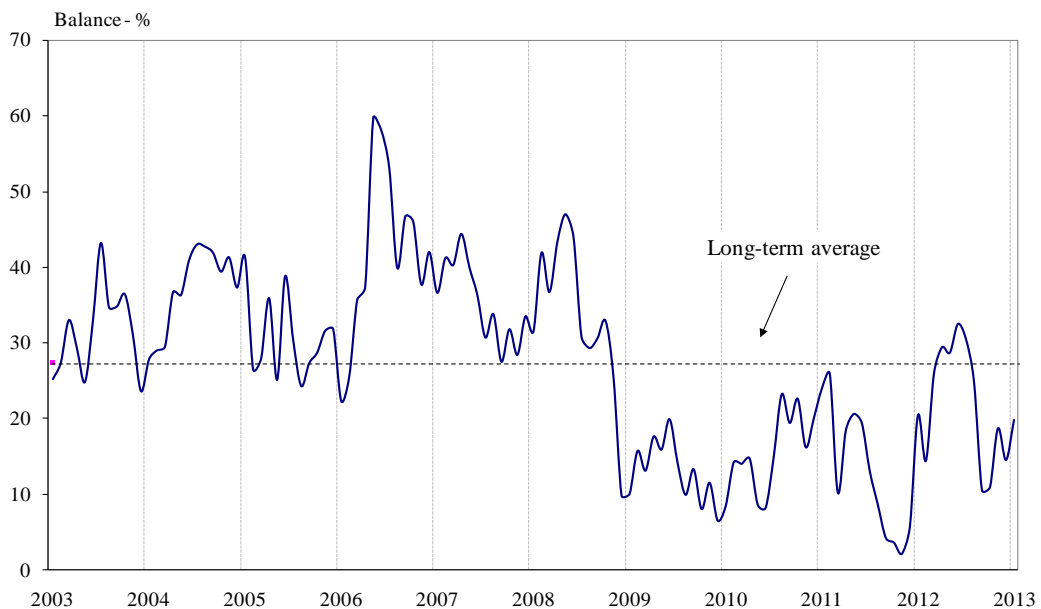




Figure 19. Expected demand in service sector over the next 3 months

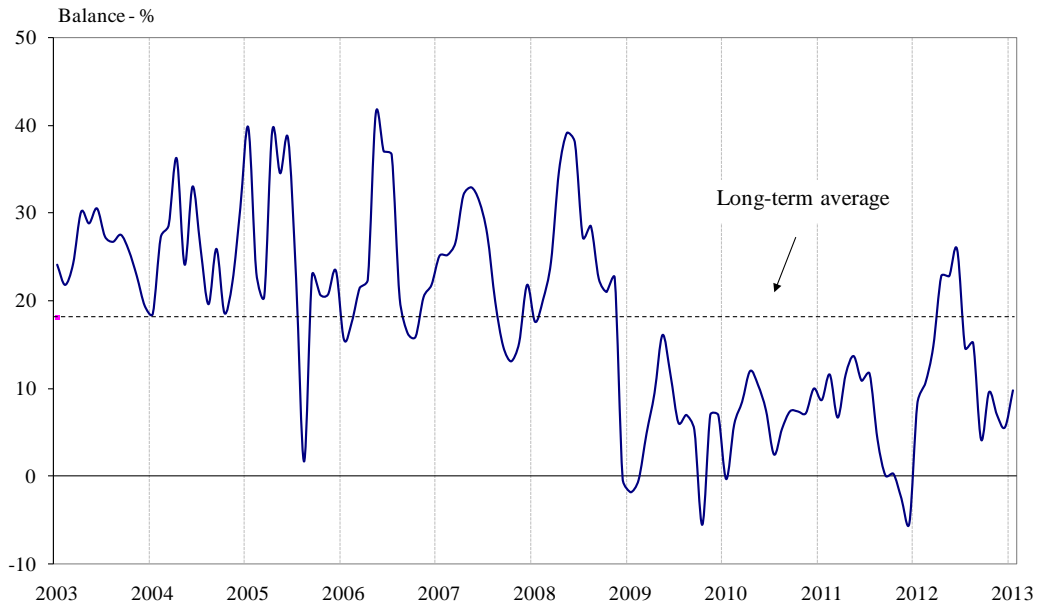


Figure 20. Factors limiting the activity in service sector (Relative share of enterprises)

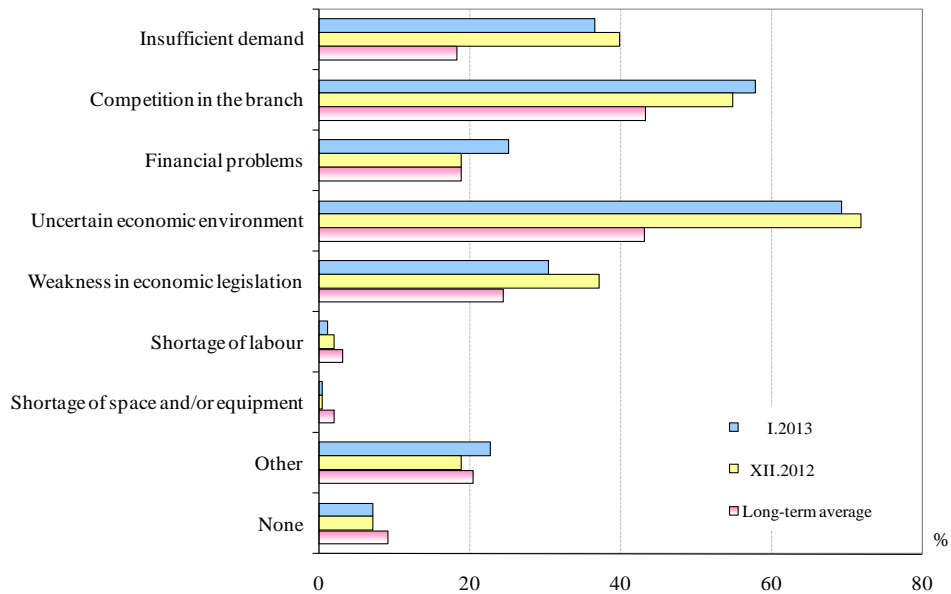




Figure 21. Selling prices expectations in service sector over the next 3 months

