



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

In October 2013 **the total business climate indicator**⁴ decreases by 2.1 percentage points compared to its level from the previous month (Annex, Figure 1) due to the more unfavourable business climate in industry and service sector.

Industry. The composite indicator “business climate in industry” decreases by 4.6 percentage points in comparison with September (Annex, Figure 2) which is due to the more reserved managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 3). At the same time the present production activity is assessed as slight improved, but the expectations about the activity over the next 3 months are more unfavourable.

The average capacity utilization in October reaches 69.8% (Annex, Figure 4) as regards the expected demand over the next months is foreseen a surplus of capacity.

The uncertain economic environment and insufficient domestic demand remain the factors limiting with the most extend activity of the enterprises in the branch (Annex, Figure 5).

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

Construction. In October the composite indicator “business climate in construction” remains approximately to its level from the previous month (Annex, Figure 7). According to managers the present construction activity is decreased compared to the previous month as their forecasts over the next 3 months are also more unfavourable (Annex, Figure 8). At the same time an increase of the number of clients with delay in payments is registered (Annex, Figure 9).

In October the production assurance with orders is preserved and is assessed to be 4.8 months. However the construction entrepreneurs’ expectations with regard to the new orders over the next 6 months are more pessimistic.

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, 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 main obstacle for the business development in the branch remains the uncertain economic environment, followed by the financial problems, competition in the branch and insufficient demand (Annex, Figure 10).

As regards the selling prices in the branch the majority of the managers expected they to remain unchanged over the next 3 months (Annex, Figure 11).

Retail trade. The composite indicator “business climate in retail trade” increases by 1.6 percentage points compared to September (Annex, Figure 12) due to the improved retailers’ assessments and expectations about the business situation of the enterprises. However their prognoses about the volume of sales and orders placed with suppliers (Annex, Figure 13) over the next 3 months are more reserved.

The uncertain economic environment, insufficient demand and competition in the branch remain the main obstacles for the business development in the branch, as the last inquiry registered strengthen of their negative influence (Annex, Figure 14).

The prevailing retailers’ expectations are for preservation of the selling prices over the next 3 months (Annex, Figure 15).

Service sector¹. In October the composite indicator “business climate in service sector” decreases by 3.3 percentage points (Annex, Figure 16) which is due to shifting of the managers’ assessments about the business situation of the enterprises from improving towards preserving “the same” (Annex, Figure 17). Concerning the demand for services the present tendency is assessed as improved, but the expectations over the next 3 months are more unfavourable.

The uncertain economic environment, competition in the branch and insufficient demand continue to be the main factors, limiting the activity in the branch as in October a decrease of their unfavourable impact is observed (Annex, Figure 18).

As regards the selling prices in the service sector the inquiry reports a certain expectations for an increase over the next 3 months.

¹ Excl. trade.



Annex

Figure 1. Business climate – total

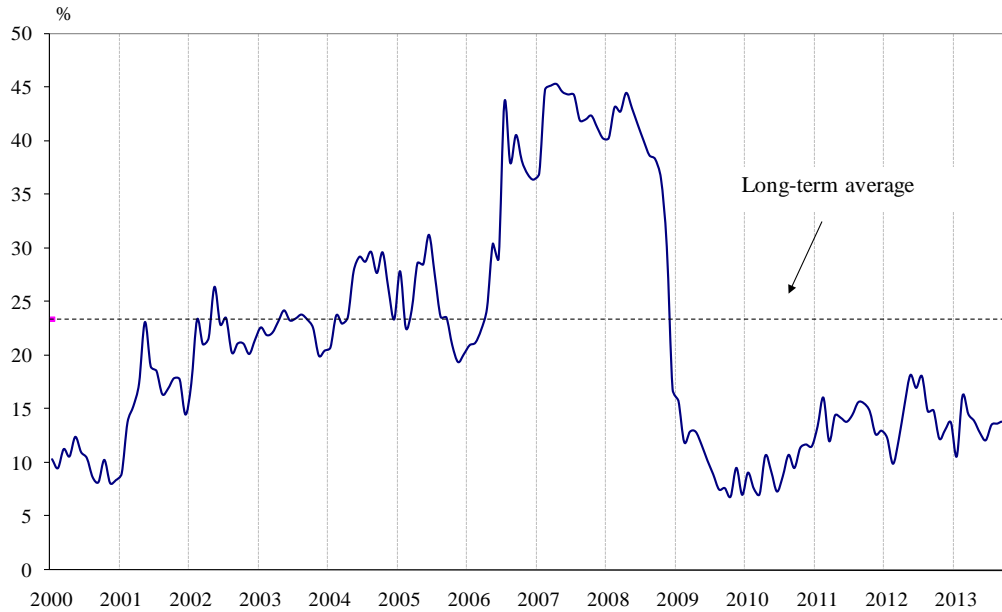


Figure 2. Business climate in industry

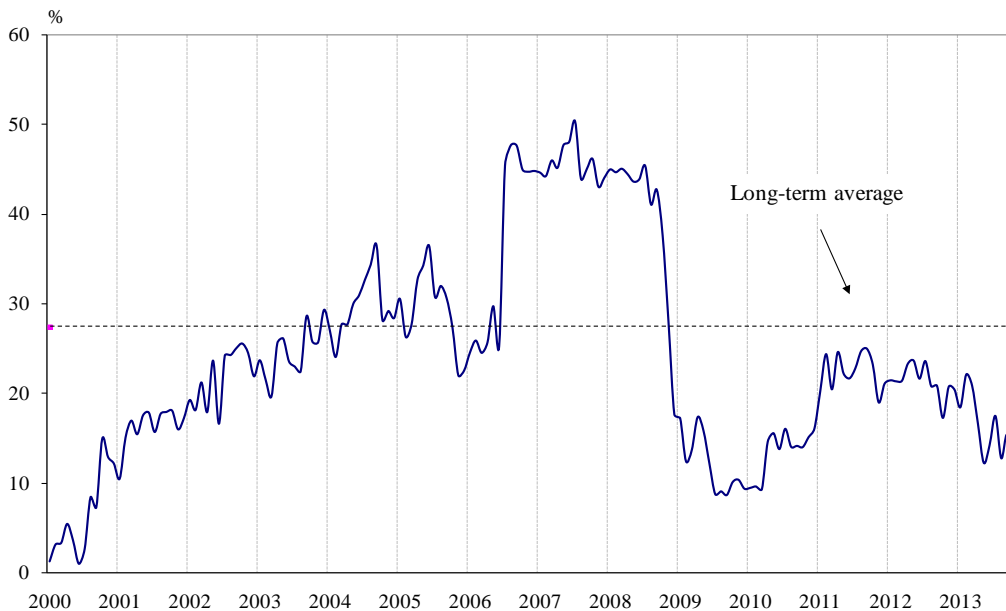




Figure 3. Expected business situation in industry over the next 6 months

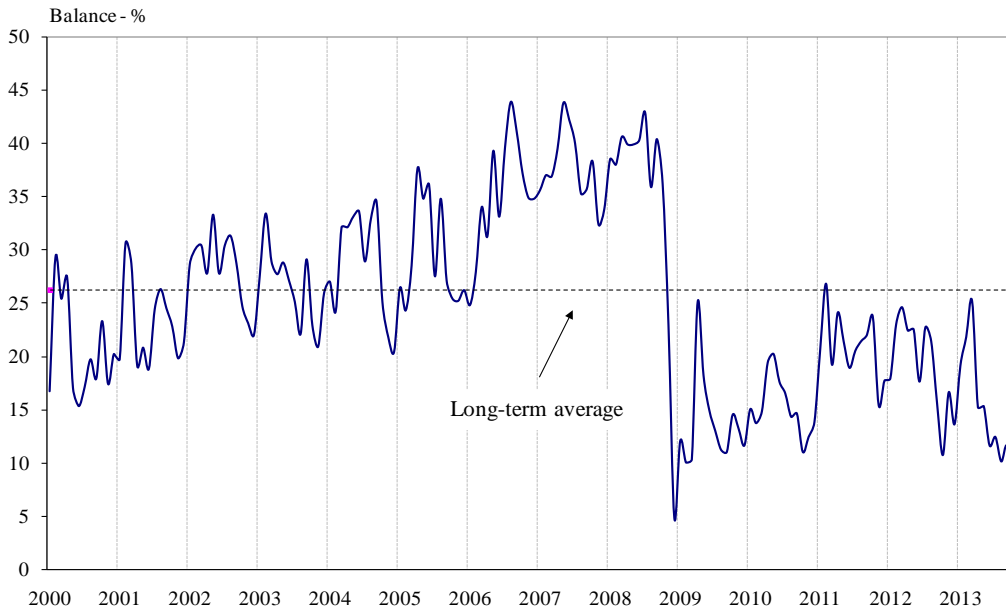
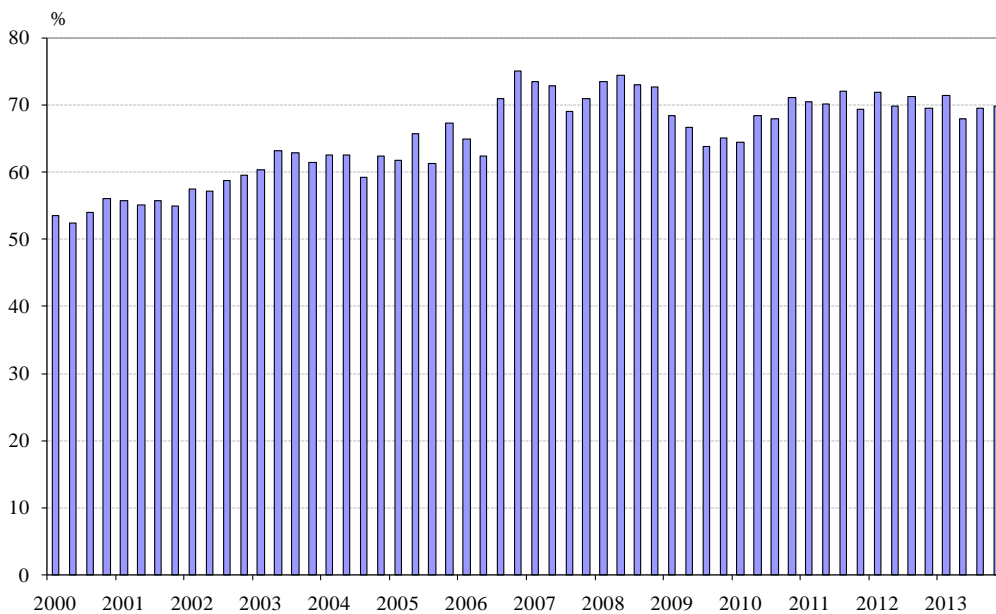
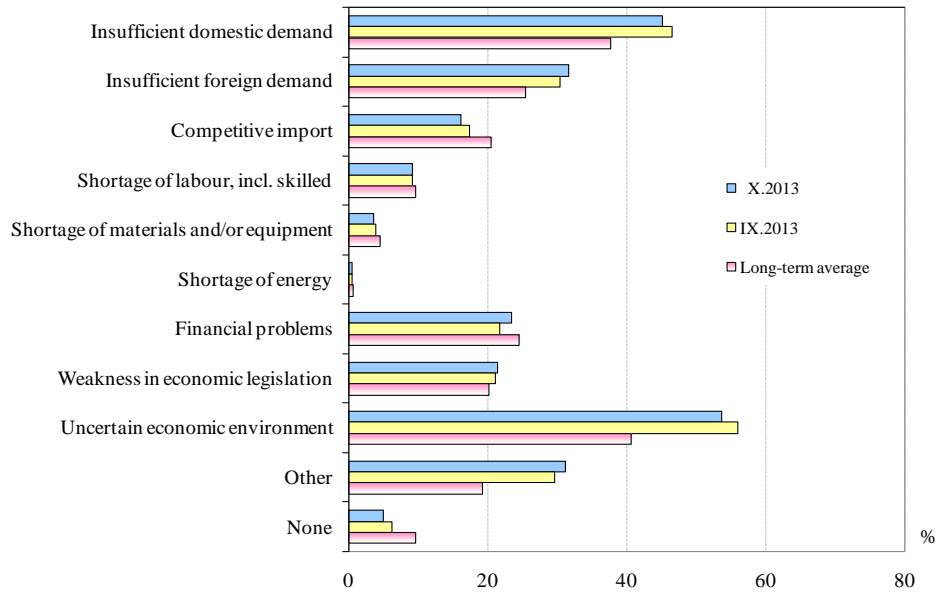


Figure 4. Average capacity utilization in industry





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



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

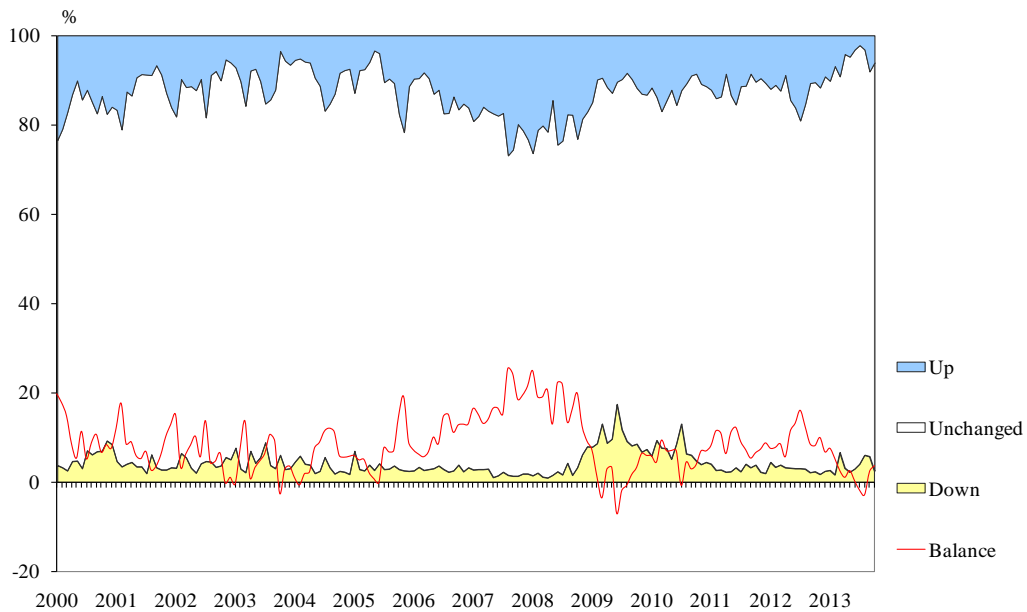




Figure 7. Business climate in construction

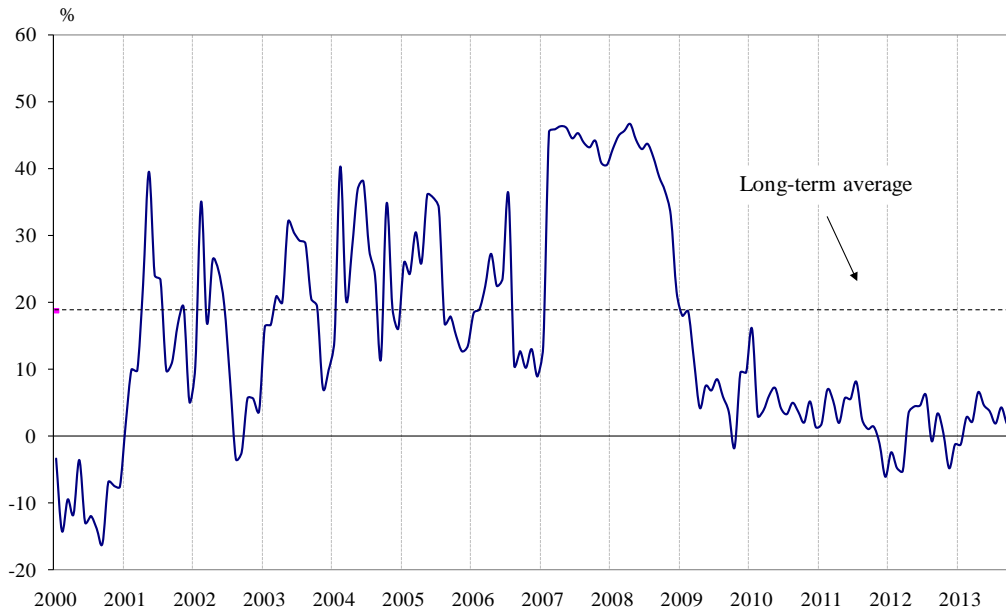


Figure 8. Expected construction activity over the next 3 months

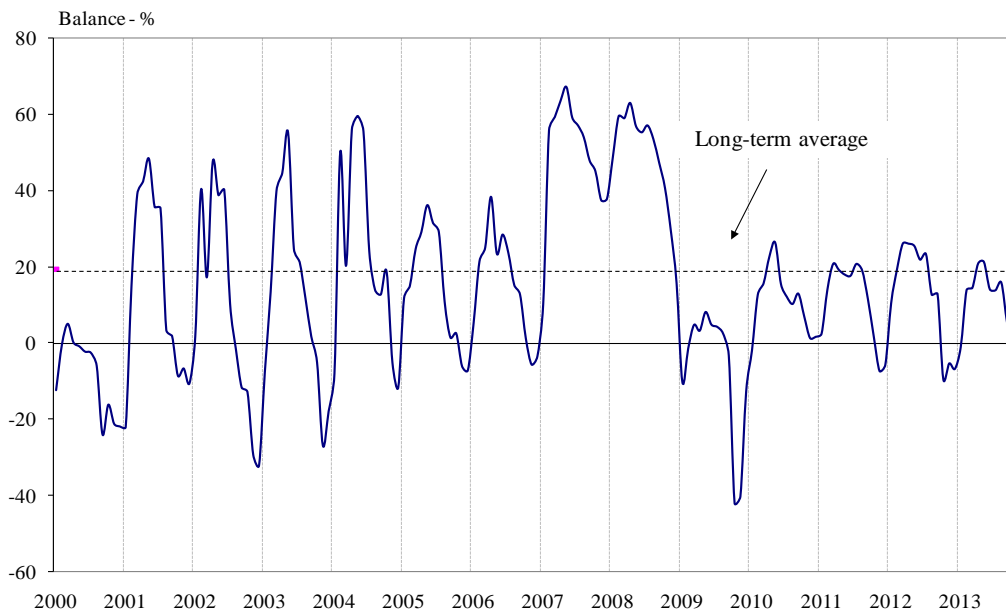
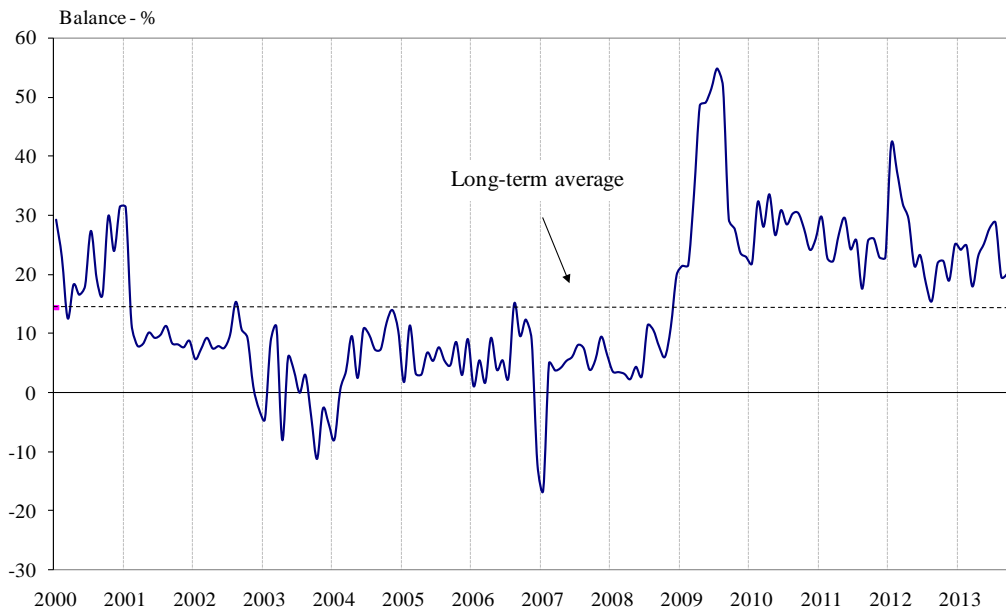




Figure 9. Clients with delay in payments in construction



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

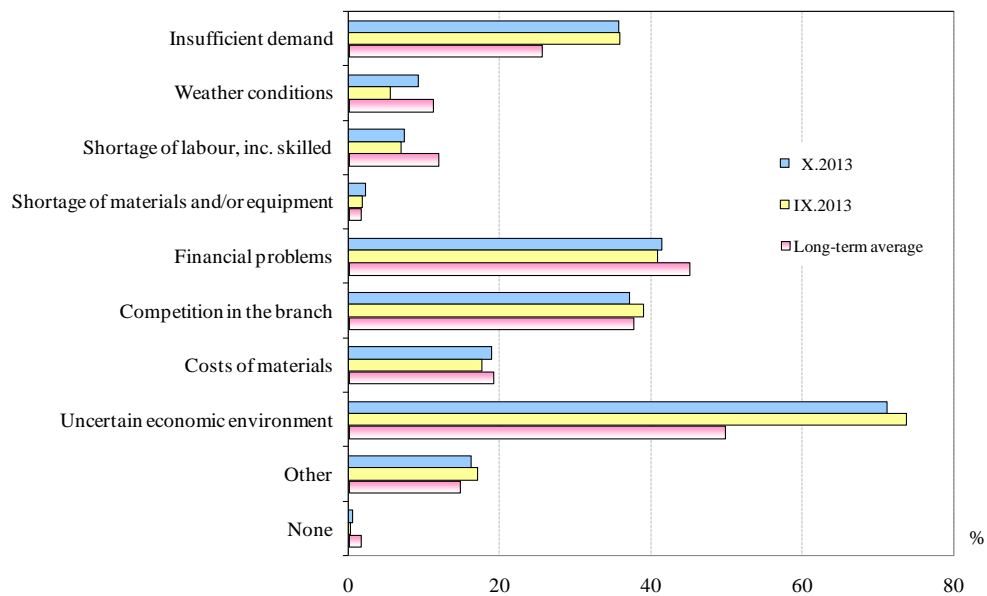




Figure 11. Selling prices expectations in construction over the next 3 months

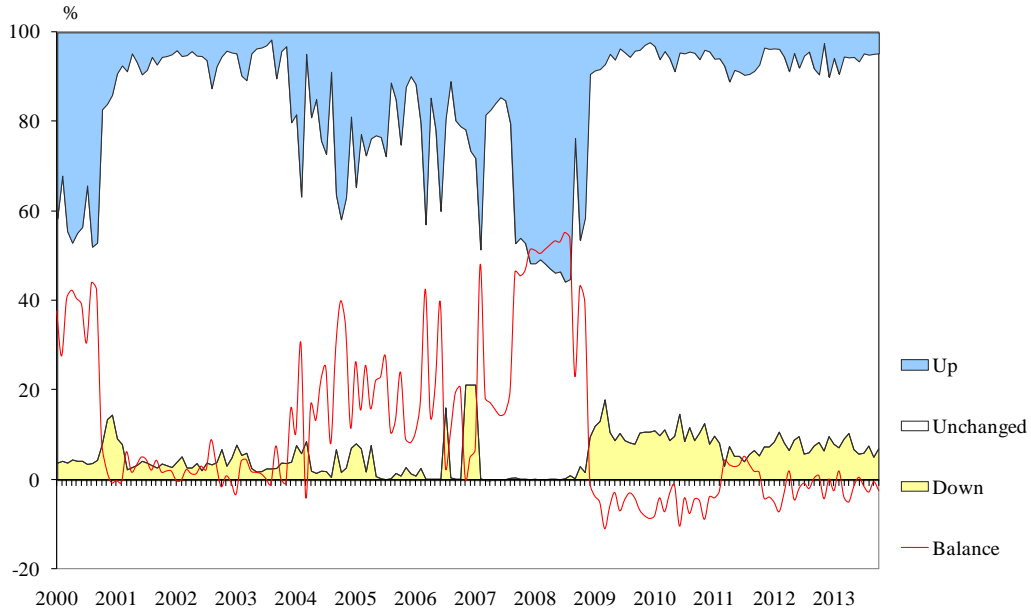


Figure 12. Business climate in retail trade

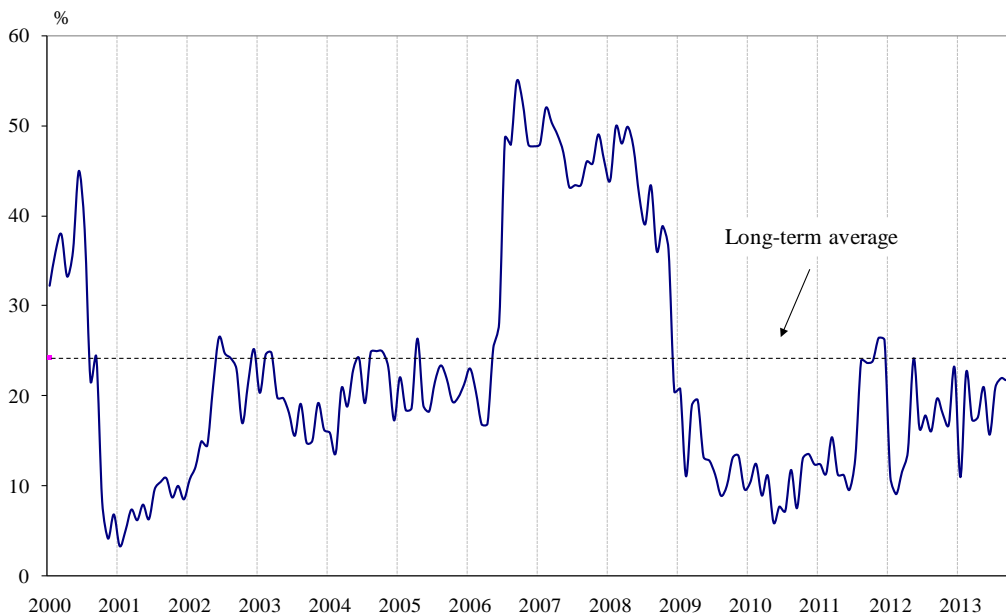




Figure 13. Expectations about orders placed with suppliers in retail trade over the next 3 months

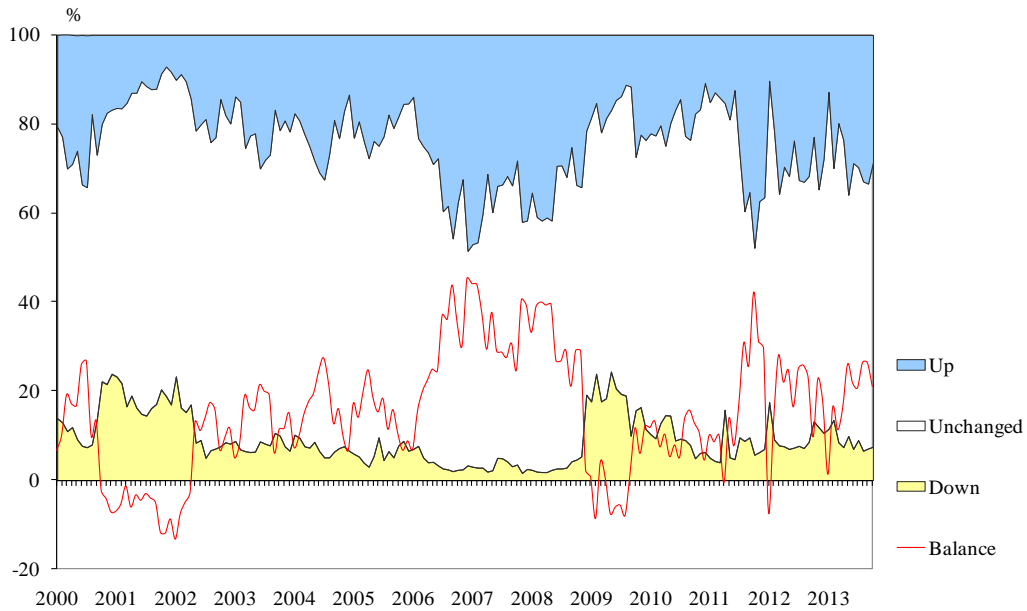


Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

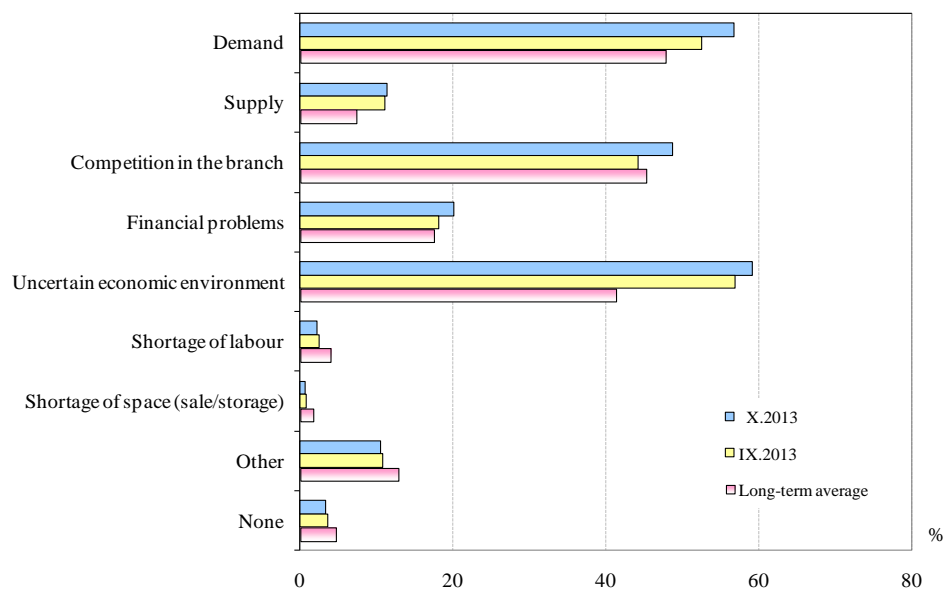




Figure 15. Selling prices expectations in retail trade over the next 3 months

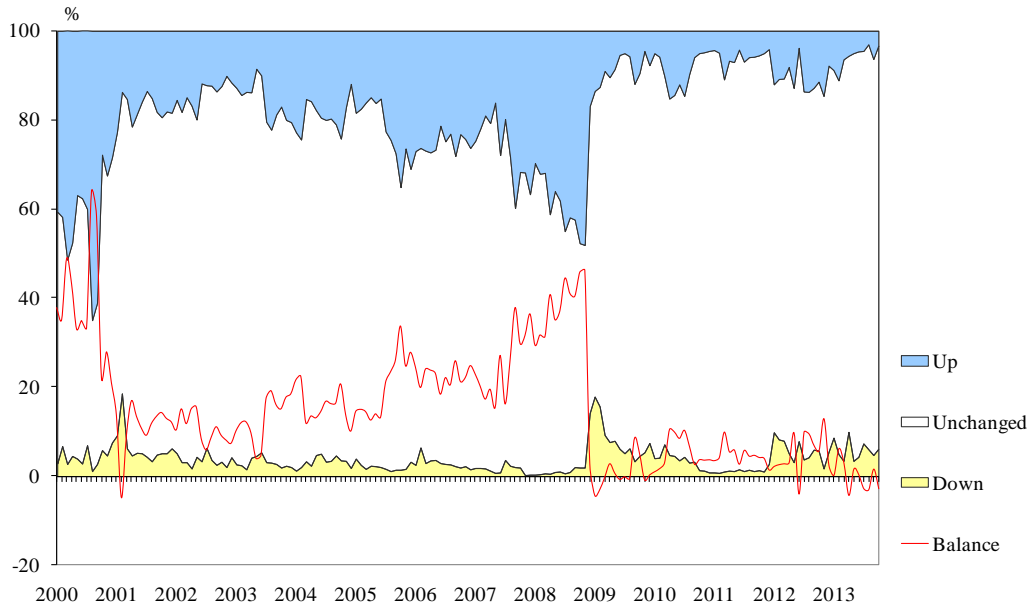


Figure 16. Business climate in service sector

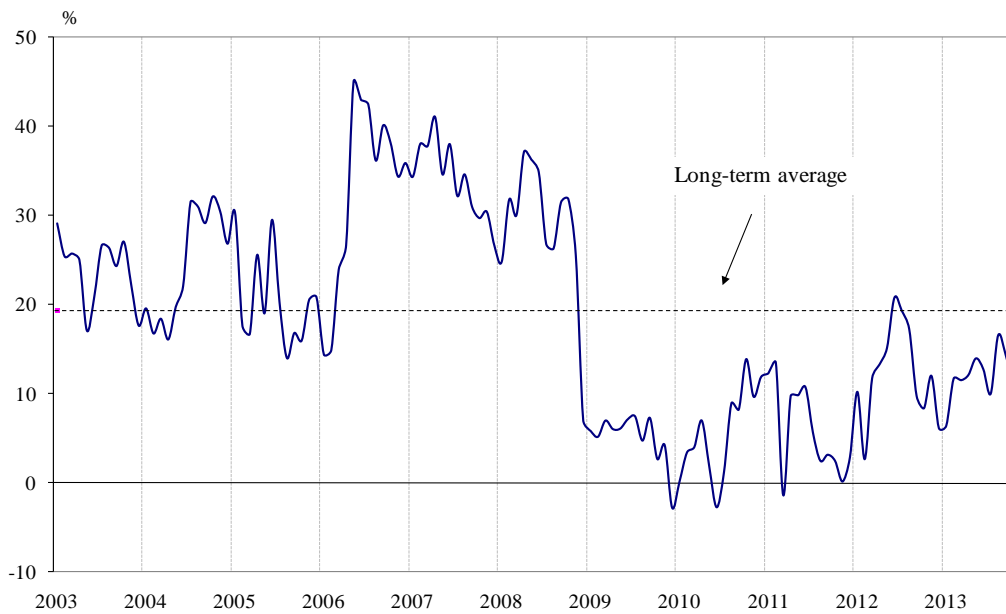




Figure 17. Present business situation in service sector

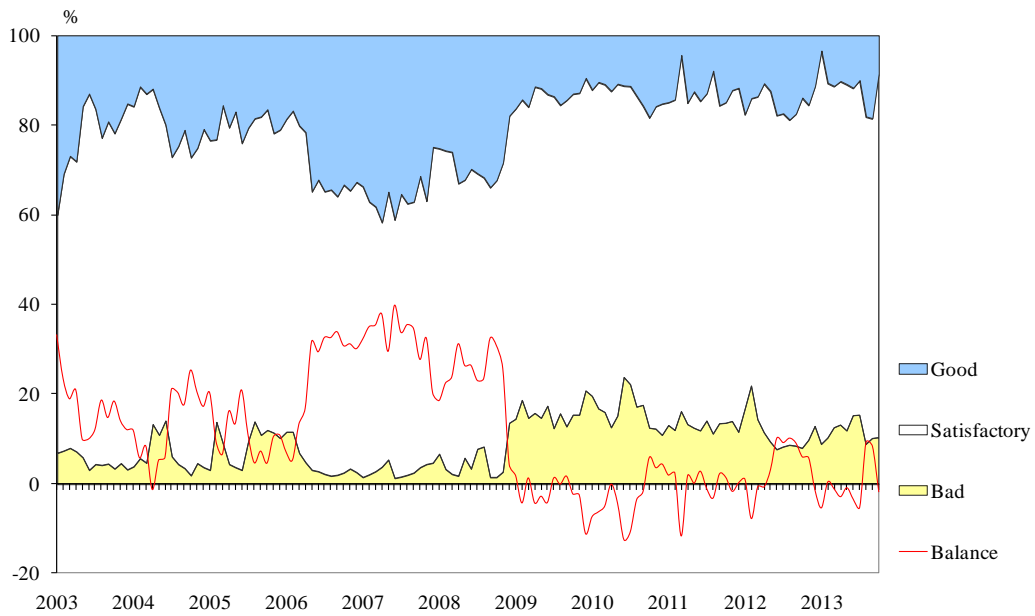


Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

