



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

In December 2013 **the total business climate indicator**⁴ marks a decrease by 3.4 percentage points compared to its level from the previous month (Annex, Figure 1) as NSI conjuncture inquiries registers a worsening business climate in industry, construction and retail trade.

Industry. The composite indicator “business climate in industry” decreases by 3.2 percentage points in comparison with November (Annex, Figure 2) which is due to the worsening industrial entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 3). At the same time their expectations as regards the business situation and production activity over the next months are also more reserved.

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand (Annex, Figure 4).

Concerning the selling prices, the expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In December the composite indicator “business climate in construction” drops by 9.1 percentage points (Annex, Figure 6) due to the increased pessimism in the managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). According to them the present construction activity is decreased compared to the previous month as their forecasts over the next 3 months are also more unfavourable. At the same time the inquiry registers an increase in the number of clients with delay in payments (Annex, Figure 8).

The uncertain economic environment, competition in the branch and financial problems continue to be the main factors limiting the activity in the branch as in December a decrease of their negative impact is observed (Annex, Figure 9).

As regards the selling prices in the branch the most of the managers forecast them to remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator “business climate in retail trade” decreases by 2.9 percentage points (Annex, Figure 11). This is mainly due to the worsening retailers’ expectations about the business

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.



situation of the enterprises over the next 6 months (Annex, Figure 12), which is accompanied by more pessimistic prognoses about both the volume of sales and the orders placed with suppliers over the next 3 months.

The main factors limiting the activity in the branch continue to be the uncertain economic environment, insufficient demand and competition in the branch as in the last month a decrease of the negative impact of the first two factors is registered (Annex, Figure 13).

Concerning the selling prices the prevailing retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 14).

Service sector¹. In December the composite indicator “business climate in service sector” increases by 1.4 percentage points compared to its November level (Annex, Figure 15) mainly due to the more favourable managers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 16). Concerning the present and expected demand for services their opinions are also improved.

The uncertain economic environment, competition in the branch and insufficient demand remain the main obstacles for the business development in the branch (Annex, Figure 17).

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

¹ Excl. trade.



Annex

Figure 1. Business climate - total

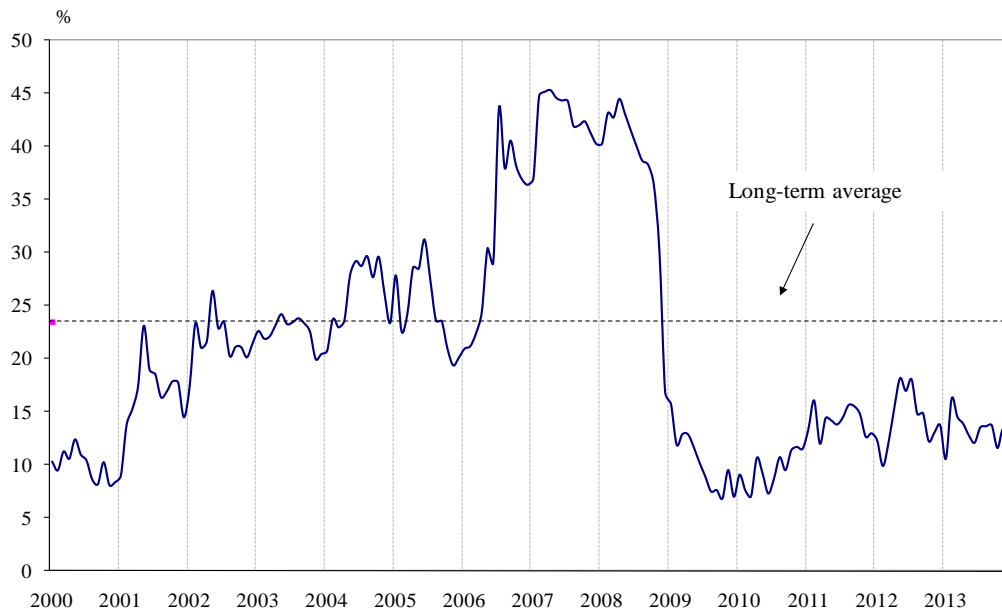


Figure 2. Business climate in industry

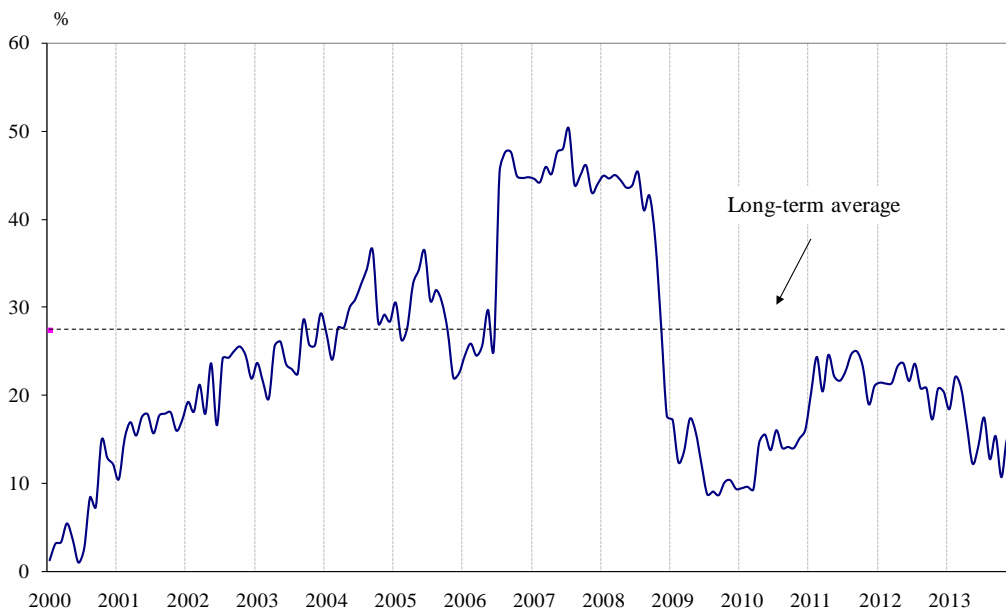
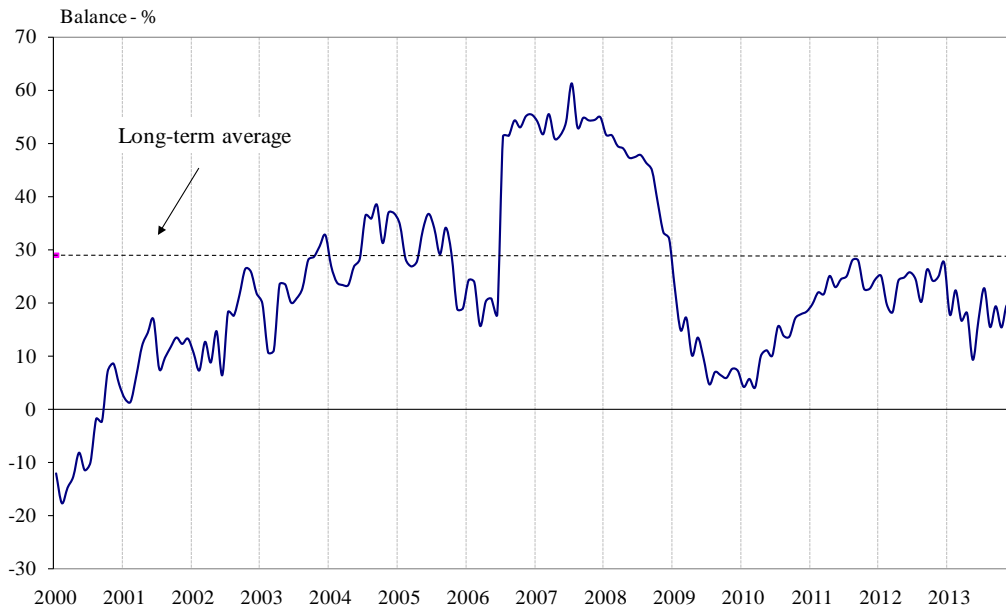




Figure 3. Present business situation in industry



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

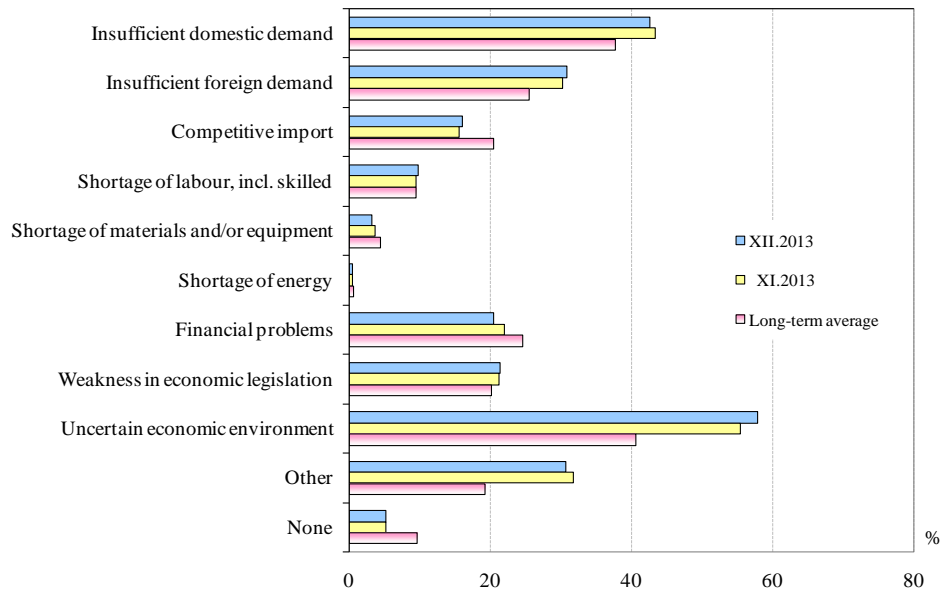




Figure 5. Selling prices expectations in industry over the next 3 months

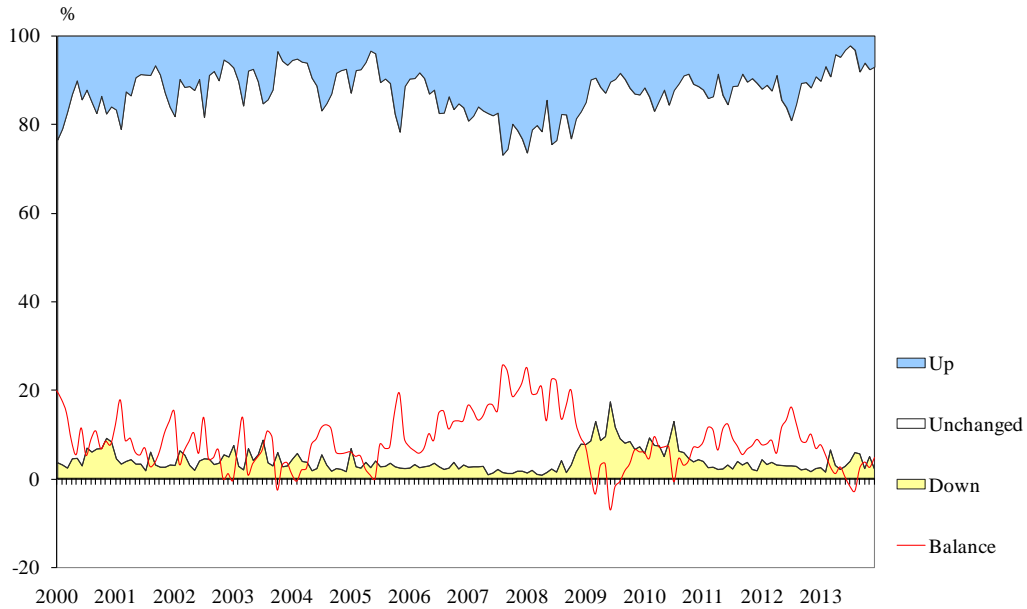


Figure 6. Business climate in construction

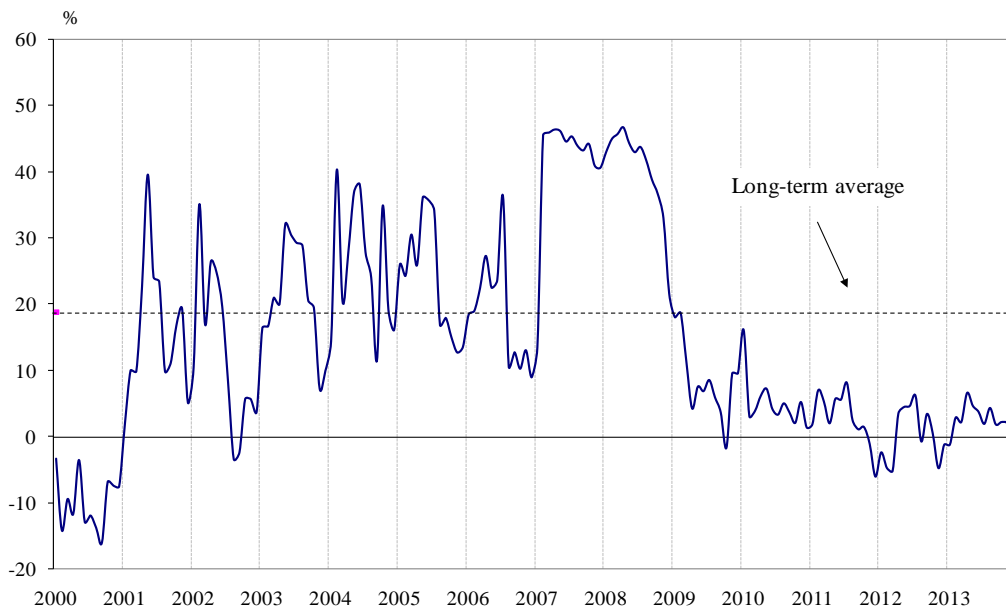




Figure 7. Expected business situation in construction over the next 6 months

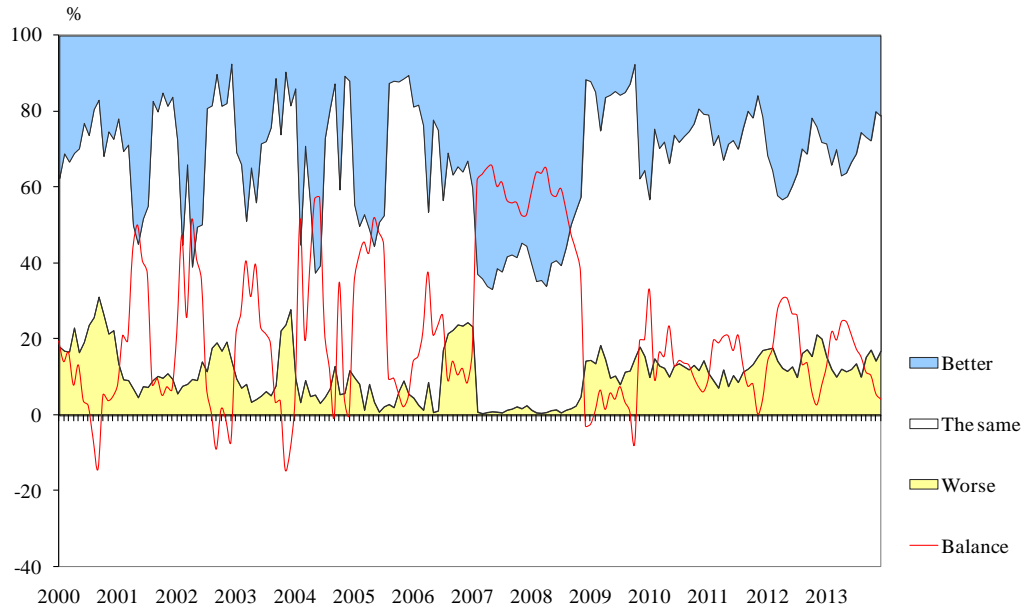
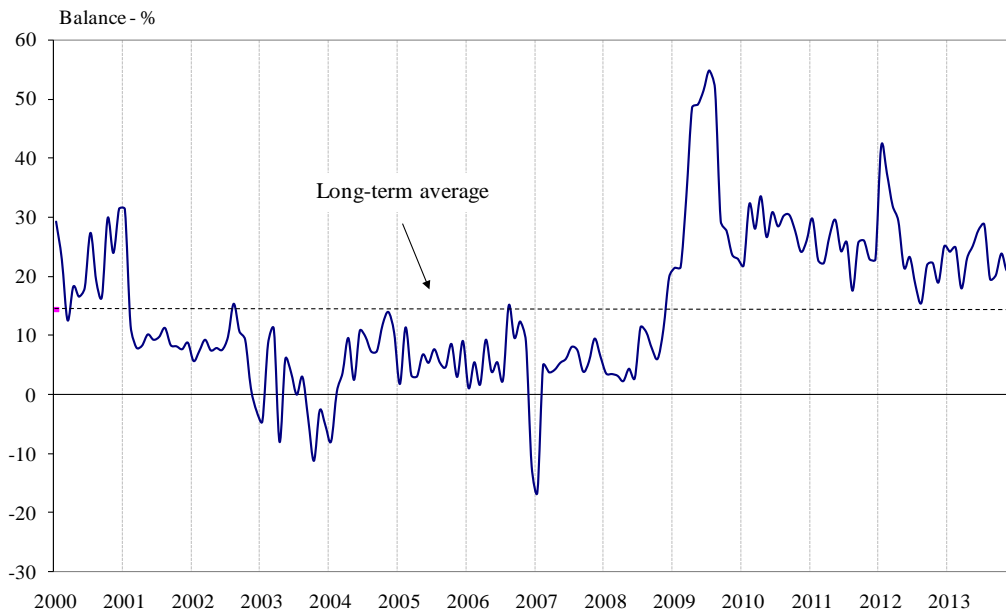
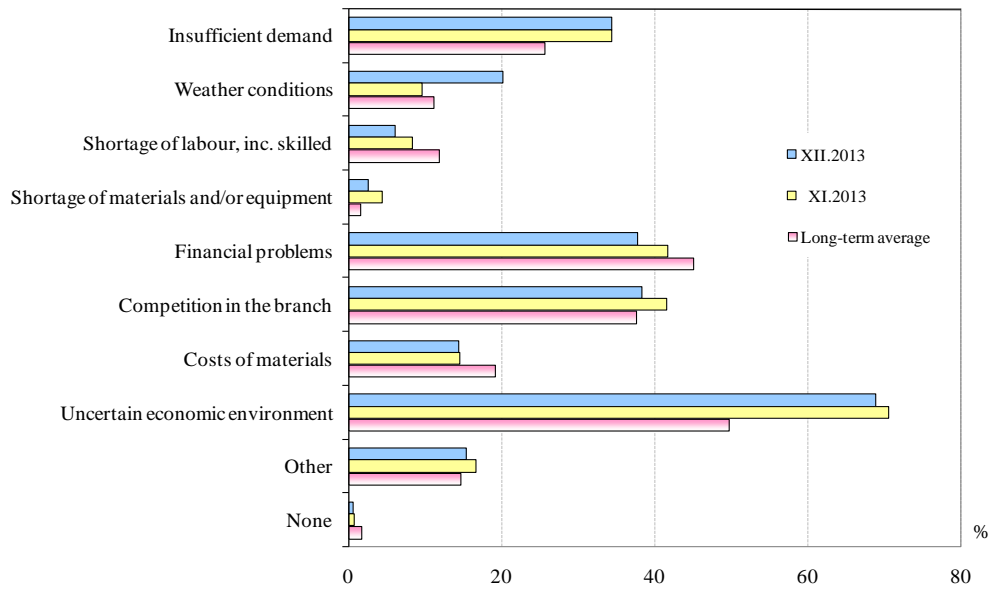


Figure 8. Clients with delay in payments in construction





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



**Figure 10. Selling prices expectations in construction
over the next 3 months**

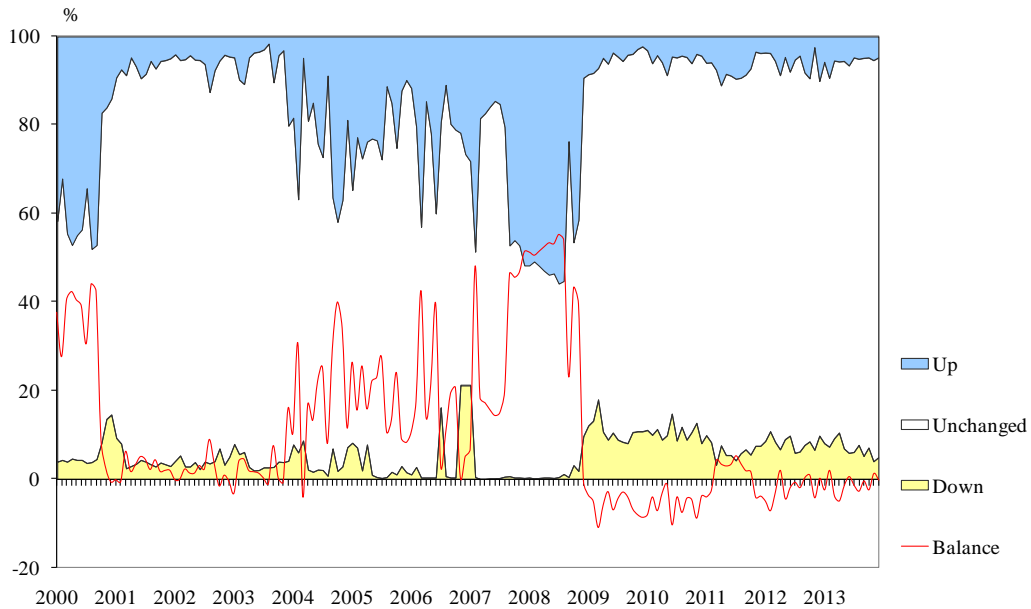




Figure 11. Business climate in retail trade

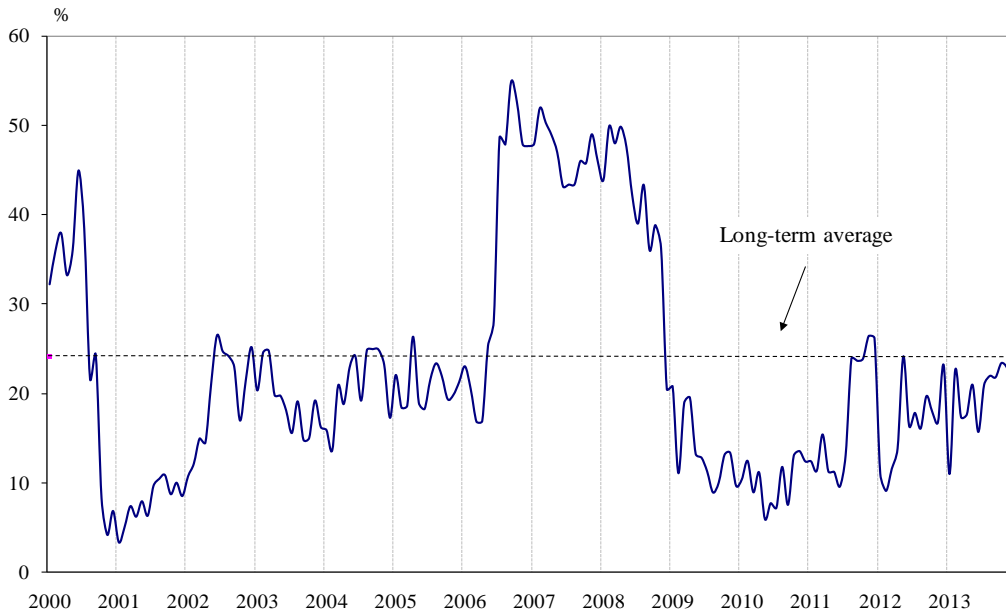


Figure 12. Expected business situation in retail trade over the next 6 months

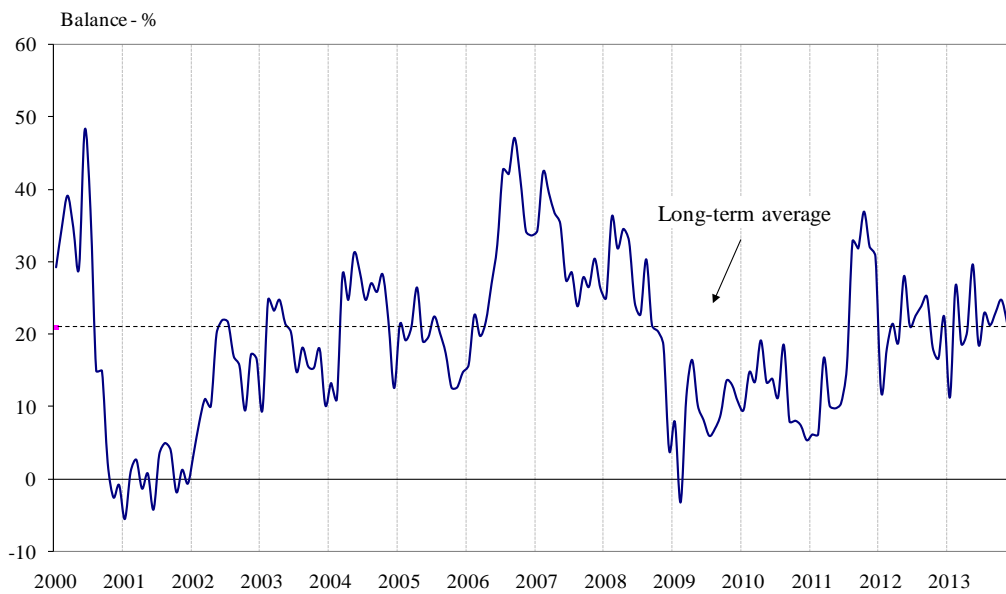




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

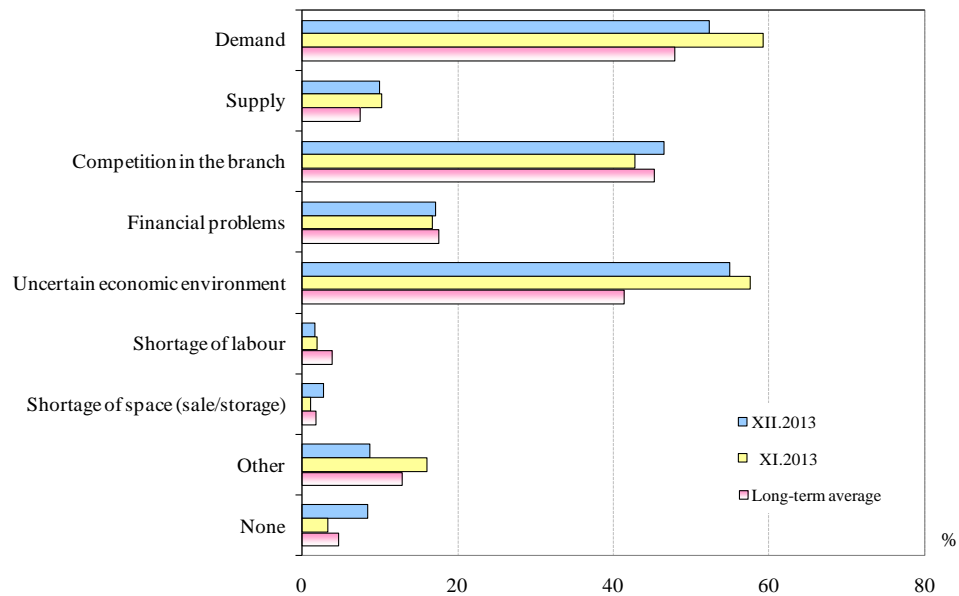


Figure 14. Selling prices expectations in retail trade over the next 3 months

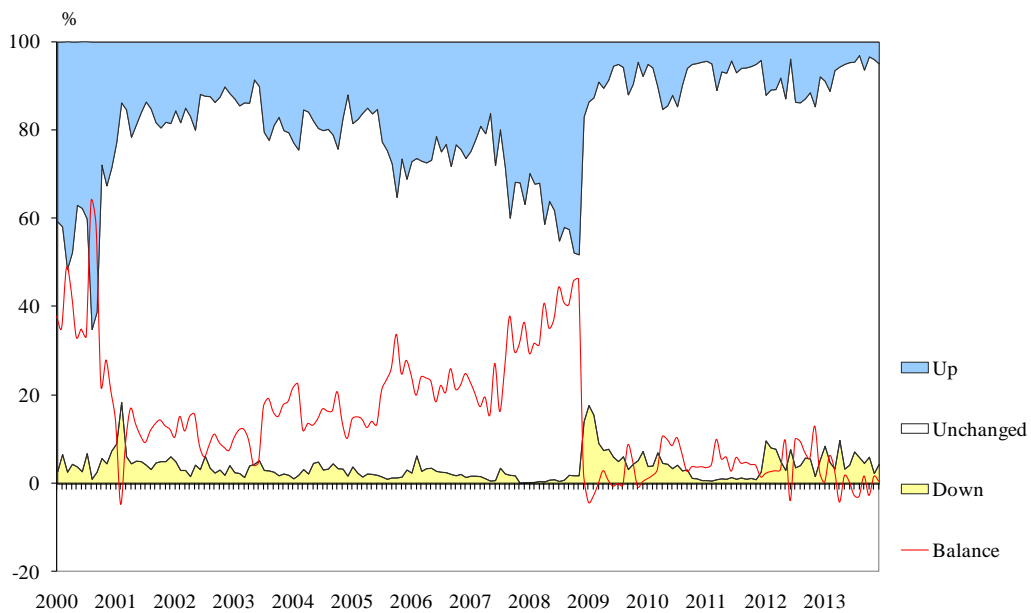




Figure 15. Business climate in service sector

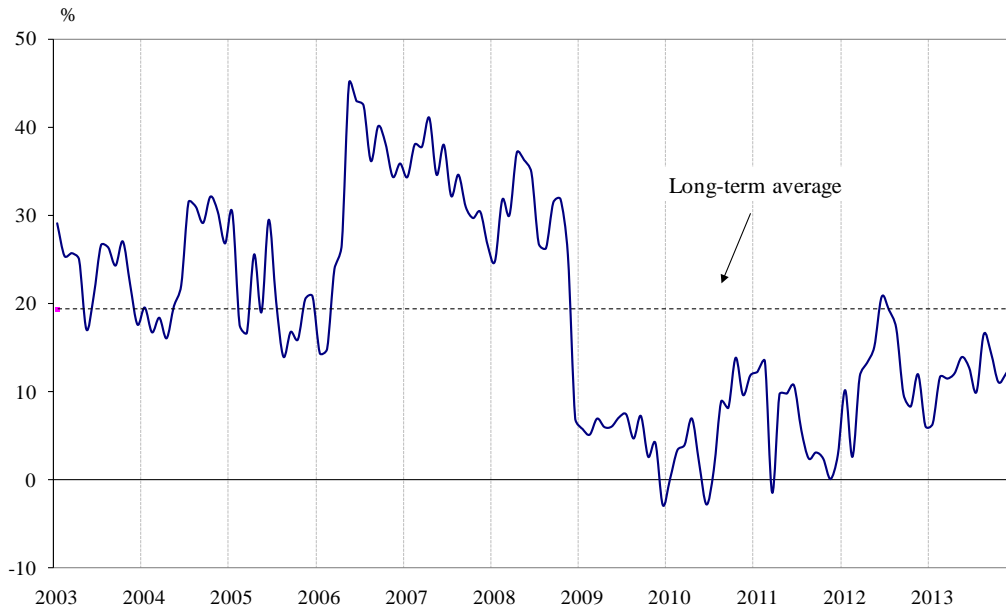
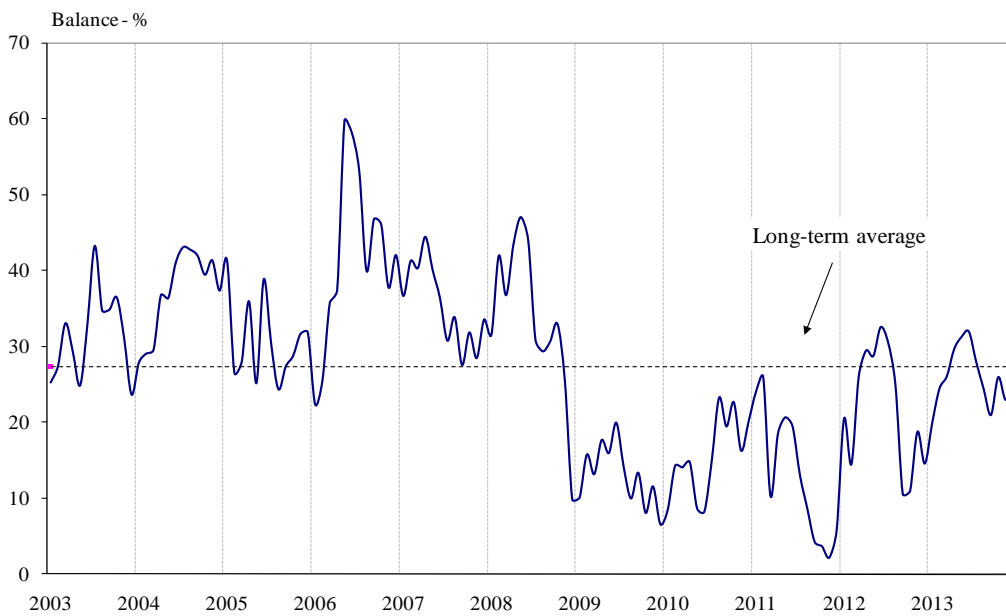


Figure 16. Expected business situation in service sector over the next 6 months





**Figure 17. Factors limiting the activity in service sector
(Relative share of enterprises)**

