BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], FEBRUARY 2014

In February 2014 **the total business climate indicator**[4] preserves its level from the previous month (Annex, Figure 1). The inquiries report an improvement of the indicator in industry and construction, and a decrease in retail trade and service sector.

Industry. The composite indicator "business climate in industry" increases by 1.5 percentage points in comparison with January (Annex, Figure 2) due to the more optimistic managers' assessments about the business situation of the enterprises (Annex, Figure 3). However the present production activity is assessed as slightly decreased, while in the expectations about the activity in the branch over the next 3 months some improvement has been observed.

The most serious obstacles for the business development in the branch continue to be connected with the uncertain economic environment and insufficient domestic demand, pointed out respectively by 54.7% and 42.4% of the industrial entrepreneurs (Annex, Figure 4).

As regards the selling prices in industry the managers expect them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In February the composite indicator "business climate in construction" increases by 2.7 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). Their forecasts with regard to the construction activity over the next 3 months are also more favourable. The inquiry also reports a decrease in the number of the clients with delay in payments (Annex, Figure 8).

The main factor limiting the activity in the branch remains the uncertain economic environment, though in the last month a decrease of its negative influence is observed. In the second and third place are the factors "financial problems" and "competition in the branch" (Annex, Figure 9).

Concerning the selling prices in the construction the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator "business climate in retail trade" decreases by 2.1 percentage points compared to the previous month (Annex, Figure 11) due to the worsening retailers' expectations about the business situation of the enterprises over the next 6 months. However their prognoses concerning the

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[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.

volume of sales and orders placed with suppliers (Annex, Figure 12) over the next months are more favourable.

In February the inquiry reports strengthen of the negative impact of the factor “competition in the branch” (by 13.1 percentage points) which shifts the enterprises’ difficulties related to the uncertain economic environment and insufficient demand (Annex, Figure 13).

As regards the selling prices majority of the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 14).

Service sector[1]. In February the composite indicator “business climate in service sector” decreases by 3.0 percentage points (Annex, Figure 15) which is due to the more unfavourable managers’ assessments about the present business situation of the enterprises. With regard to the present demand for services their opinions are more reserved, while their expectations over the next 3 months are improved.

The uncertain economic environment and competition in the branch continue to be the main factors limiting the business development in the branch, as in the last month a decrease of their negative influence is observed (Annex, Figure 16).

Concerning the selling prices the managers forecast preservation of their level over the next 3 months (Annex, Figure 17).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

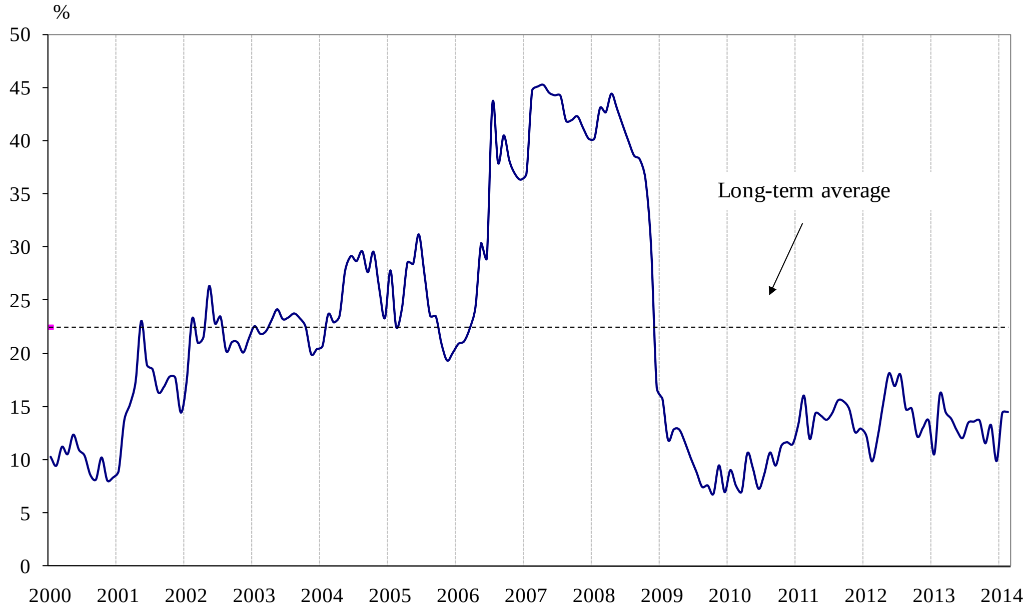

Figure 2. Business climate in industry

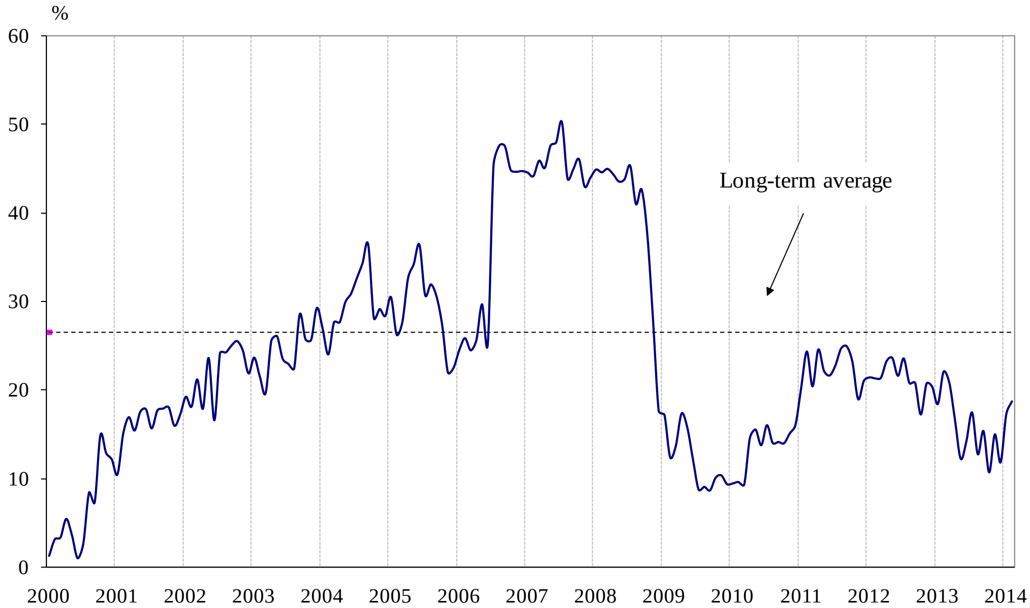

Figure 3. Present business situation in industry

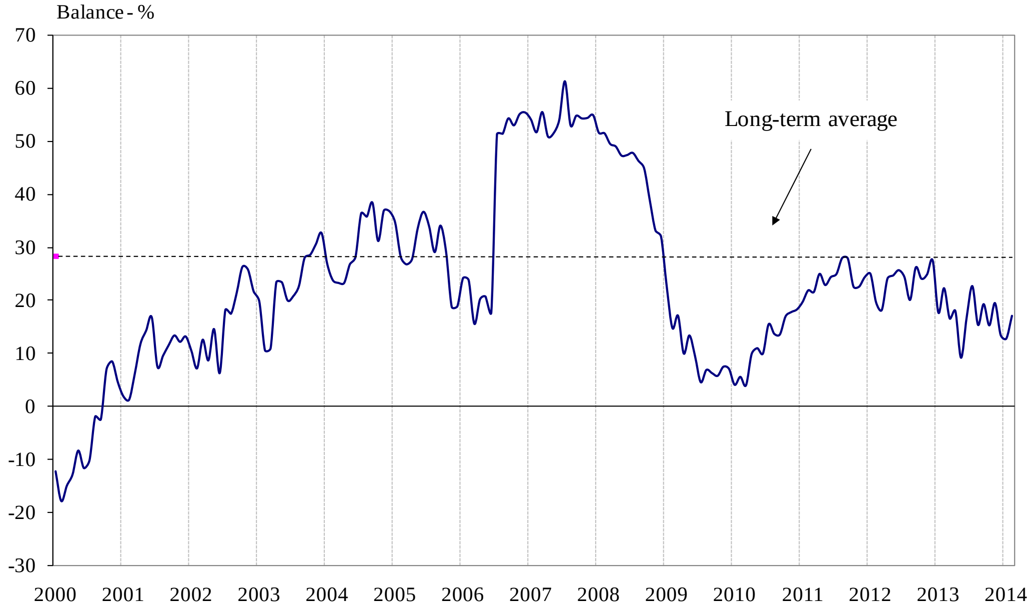

Figure 4. Limits to production in industry
(Relative share of enterprises)

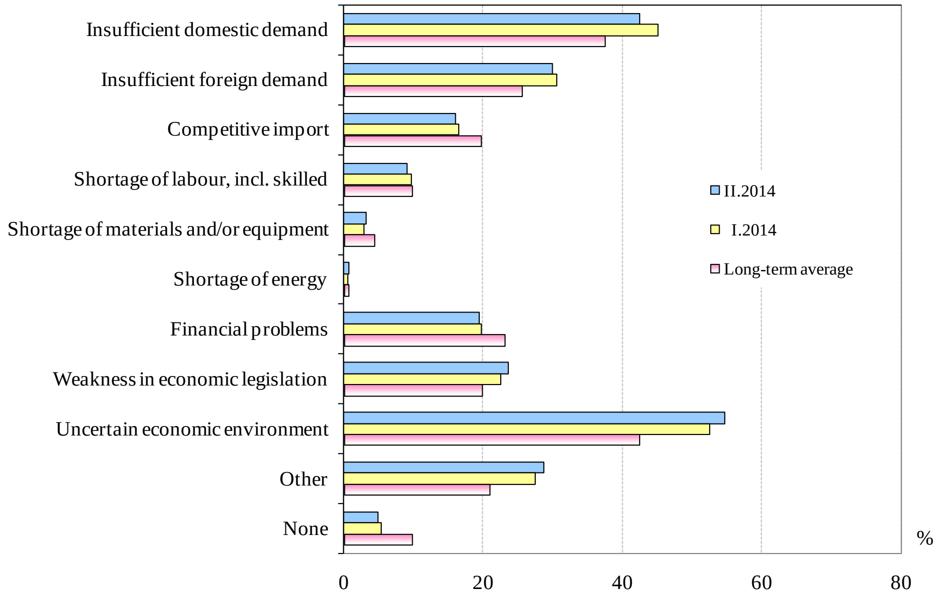

Figure 5. Selling prices expectations in industry over the next 3 months

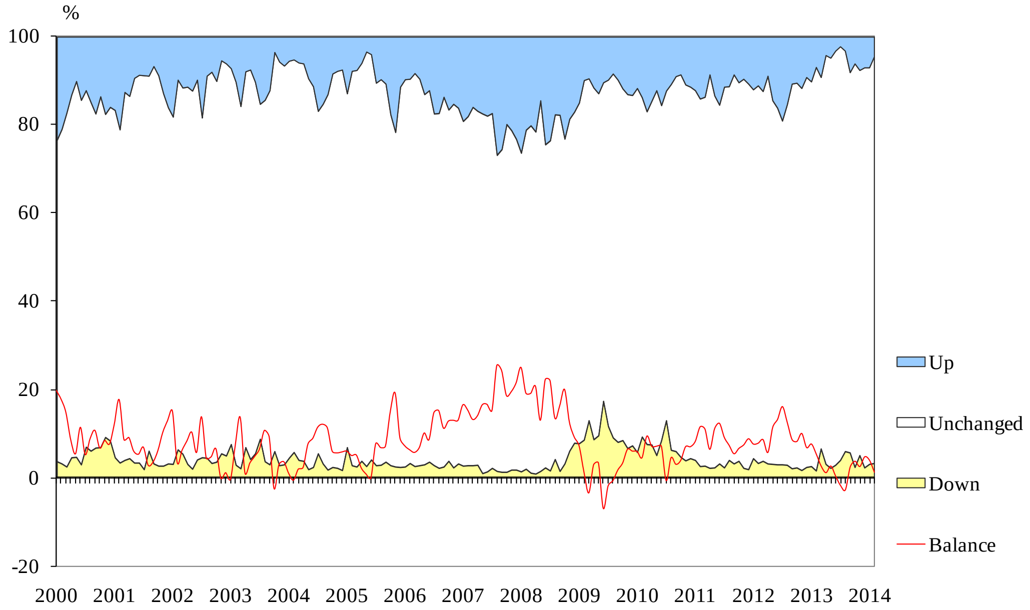

Figure 6. Business climate in construction

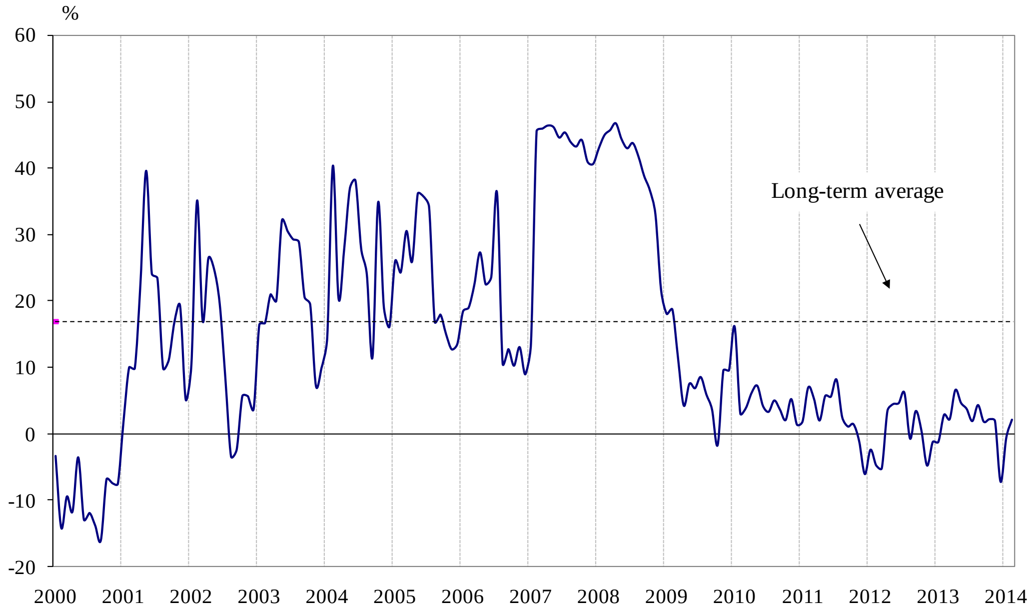

Figure 7. Expected business situation in construction over the next 6 months

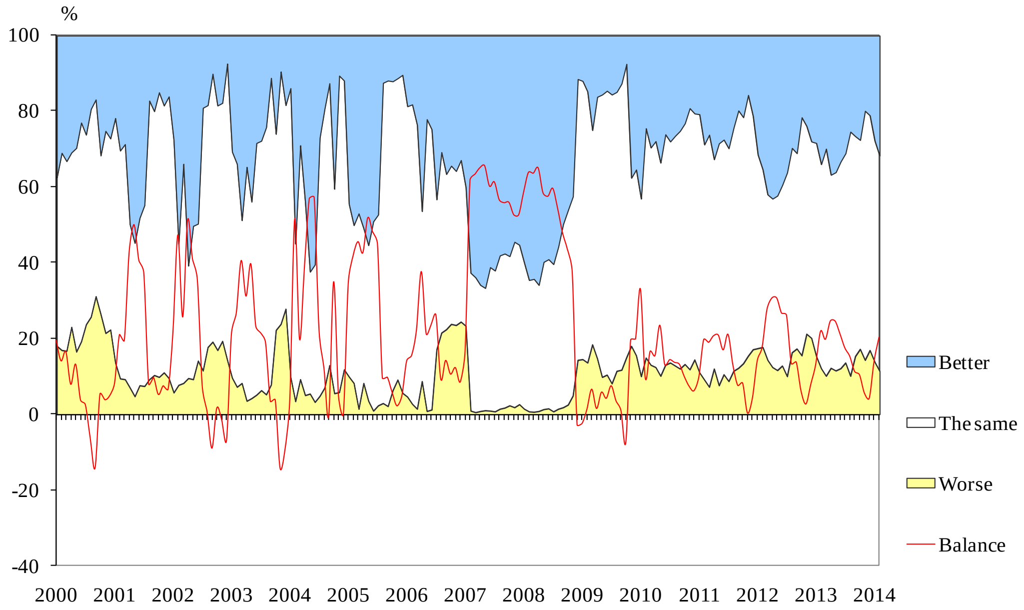

Figure 8. Clients with delay in payments in construction

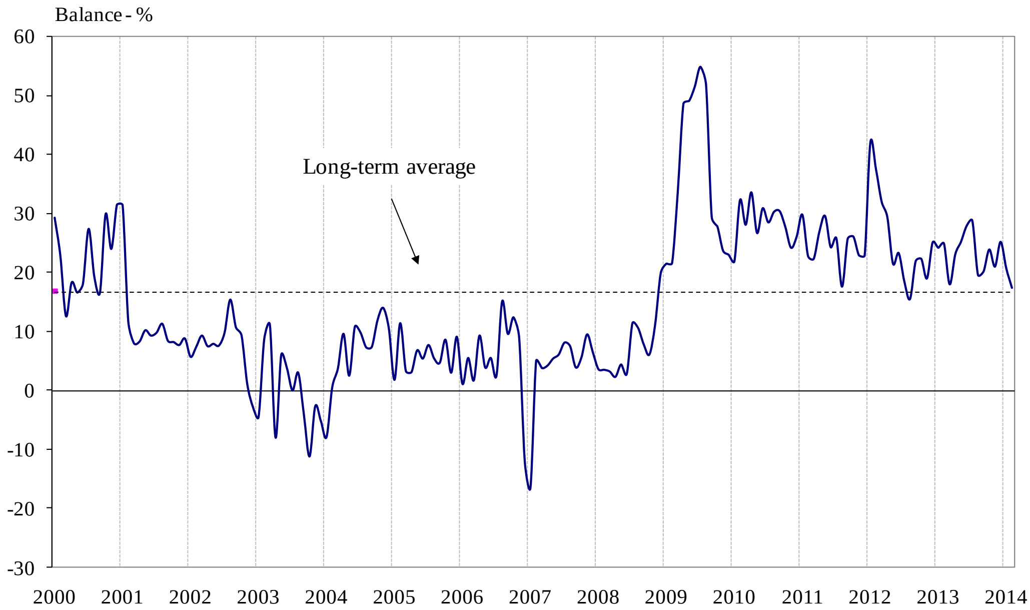

Figure 9. Limits to construction activity
(Relative share of enterprises)

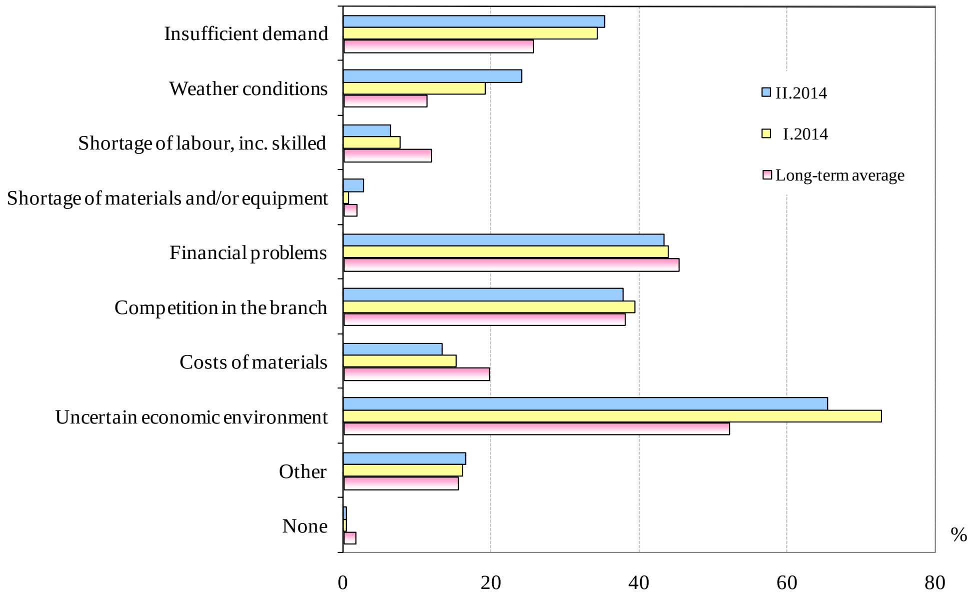

Figure 10. Selling prices expectations in construction
over the next 3 months

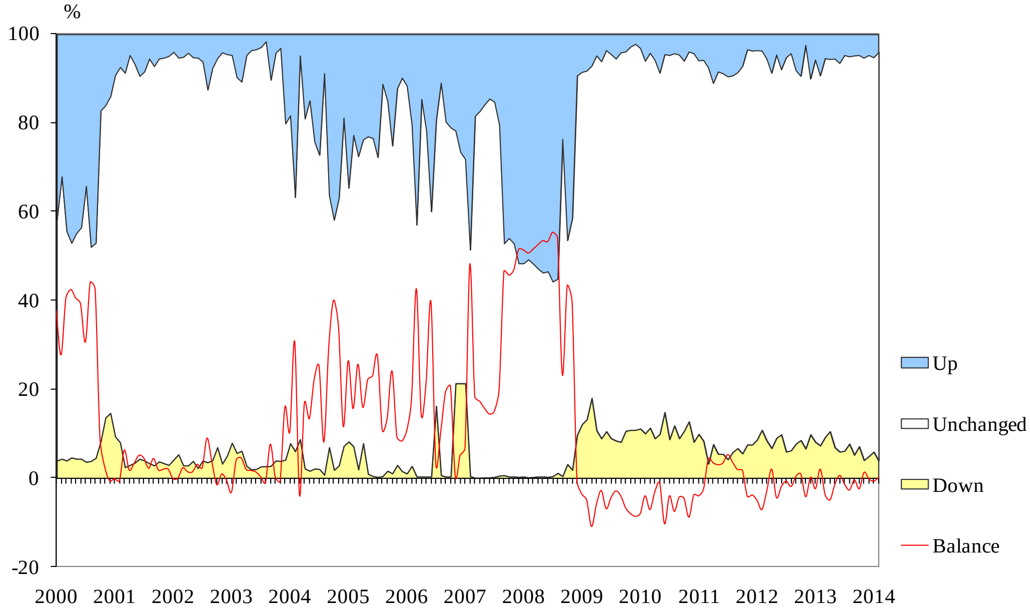

Figure 11. Business climate in retail trade

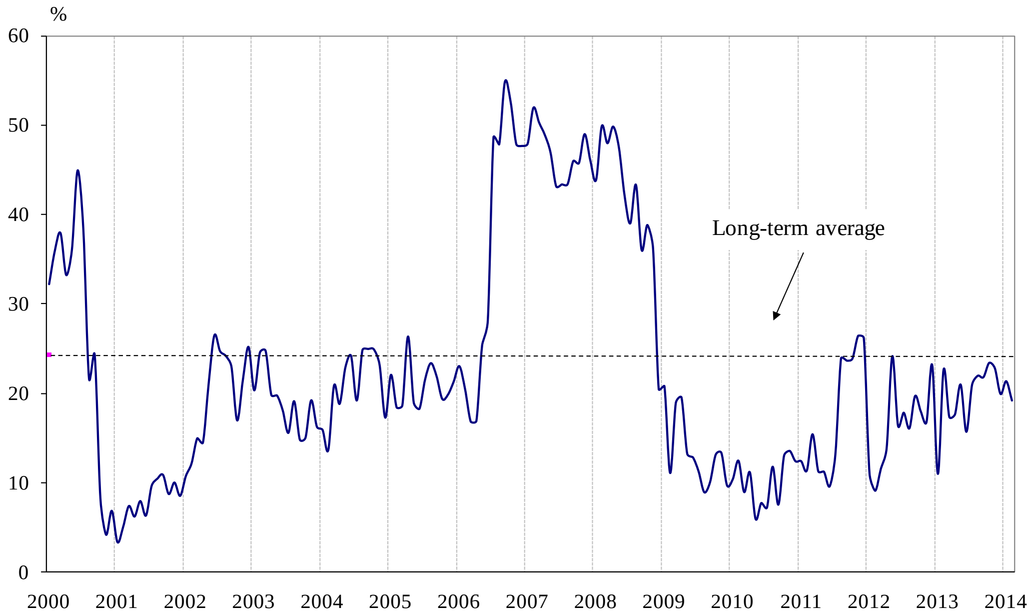

Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

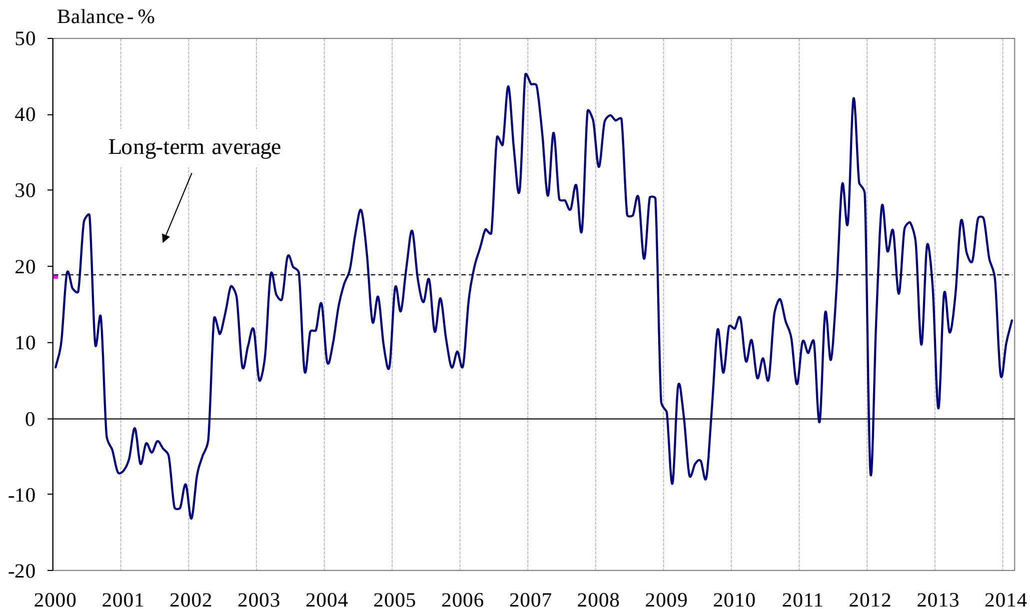

Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

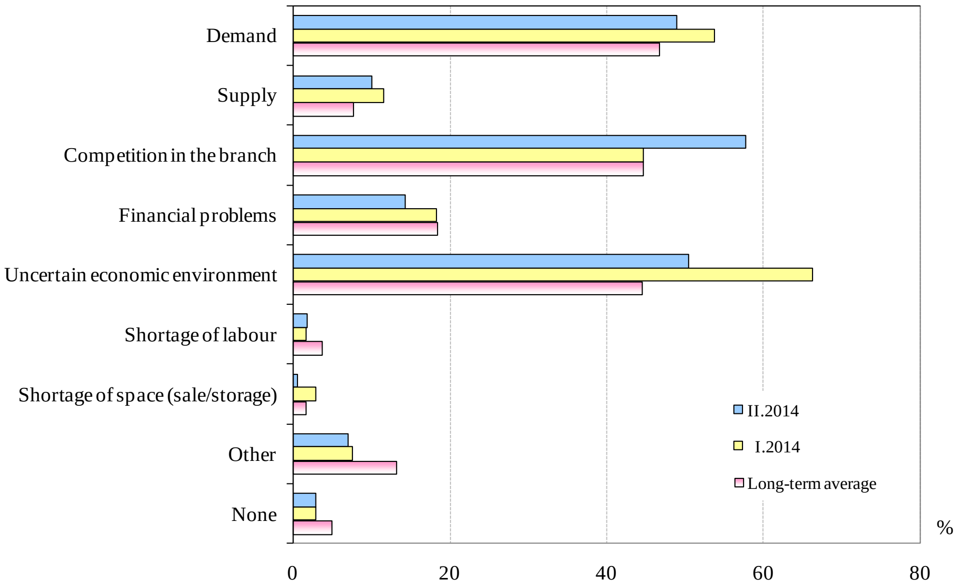

Figure 14. Selling prices expectations in retail trade over the next 3 months

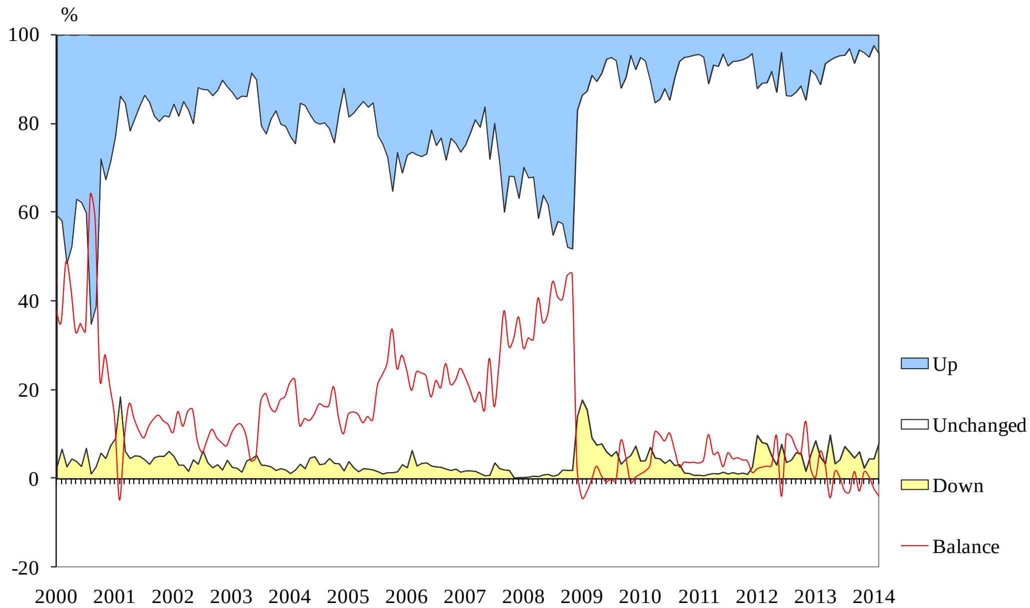

Figure 15. Business climate in service sector

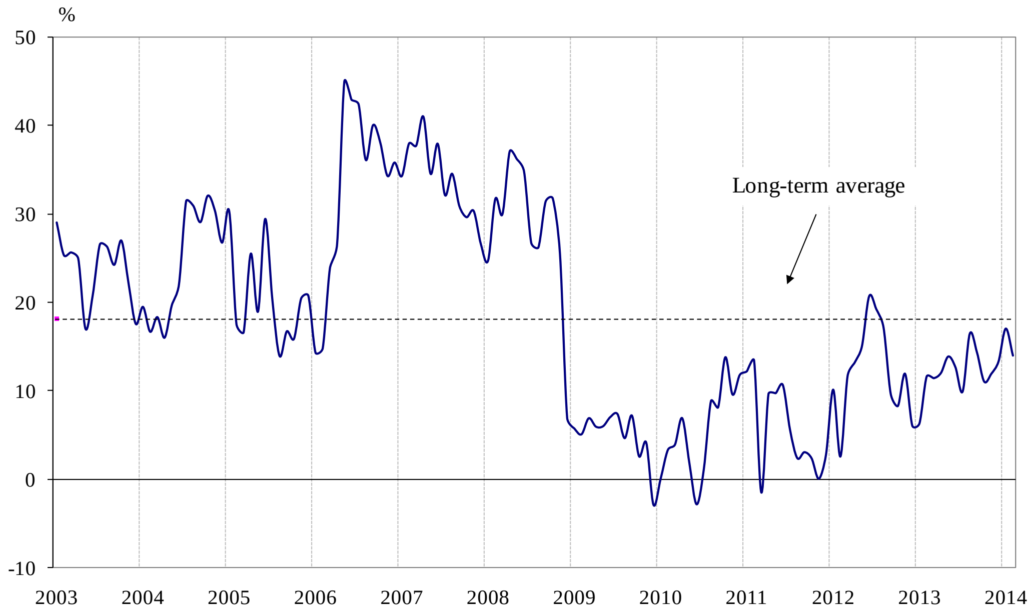

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

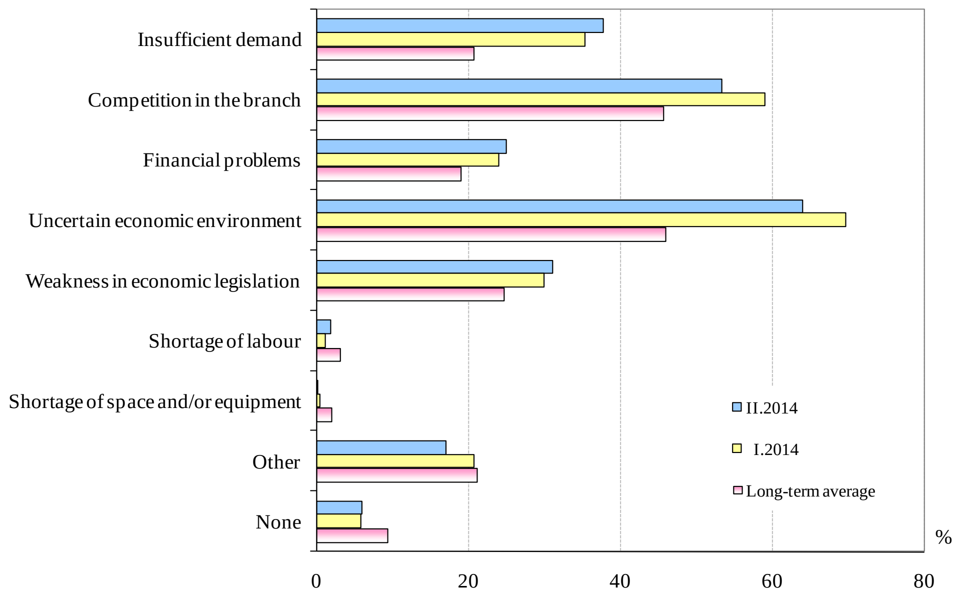

Figure 17. Prices expectations in service sector over the next 3 months