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

In May 2014 **the total business climate indicator**[4] increases by 4.3 percentage points compared to its level from the previous month (Annex, Figure 1) due to the more favourable managers' opinions from all observed sectors - industry, construction, retail trade and service sector.

Industry. The composite indicator "business climate in industry" increases by 4.2 percentage points in comparison with April (Annex, Figure 2) which is due to the more optimistic industrial entrepreneurs' assessments about the present business situation of the enterprises. The inquiry reports a slight improvement as regards the present production activity and the expectations over the next 3 months are also for an increase of the activity (Annex, Figure 3).

The uncertain economic environment remains the main factor, limiting the business development in the branch, followed by the insufficient domestic demand.

Concerning the selling prices in industry the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 4).

Construction. In May the composite indicator "business climate in construction" increases by 2.2 percentage points (Annex, Figure 5) due to the more favourable construction entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 6). In their opinion the present construction activity is improved in comparison with the previous month, as their prognoses over the next 3 months remain optimistic, though more reserved compared to April.

The main obstacle for the business development in the branch continues to be connected with the uncertain economic environment. At the same time in the last month the inquiry reports strengthen the negative impact of the factor "competition in the branch" which shifts to the third place the factor "financial problems" (Annex, Figure 7).

As regards the selling prices in construction the majority of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 8).

Retail trade. The composite indicator "business climate in retail trade" increases by 2.5 percentage points compared to the previous month (Annex, Figure 9) which is due to the improved retailers'

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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.

assessments about the present business situation of the enterprises. However concerning the sales and orders placed with suppliers their expectations over the next 3 months are more reserved.

The uncertain economic environment remains the most serious factor limiting the activity of the enterprises. In the second and third place are the factors “competition in the branch” and “insufficient demand” which unfavourable influence decrease in the last month (Annex, Figure 10).

Concerning the selling prices in the branch the retailers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 11).

Service sector[1]. In May the composite indicator “business climate in service sector” increases by 8.2 percentage points in comparison with April (Annex, Figure 12) due to the more optimistic managers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 13). However as regards to the present demand for services their opinions are more unfavourable, while their expectations over the next 3 months are improved.

The most serious factor, limiting the development of the activity in the branch continues to be the uncertain economic environment, followed by the competition in the branch and insufficient demand, as the last inquiry reports a decrease of the negative impact of the last two factors (Annex, Figure 14).

As regards the selling prices the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 15).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

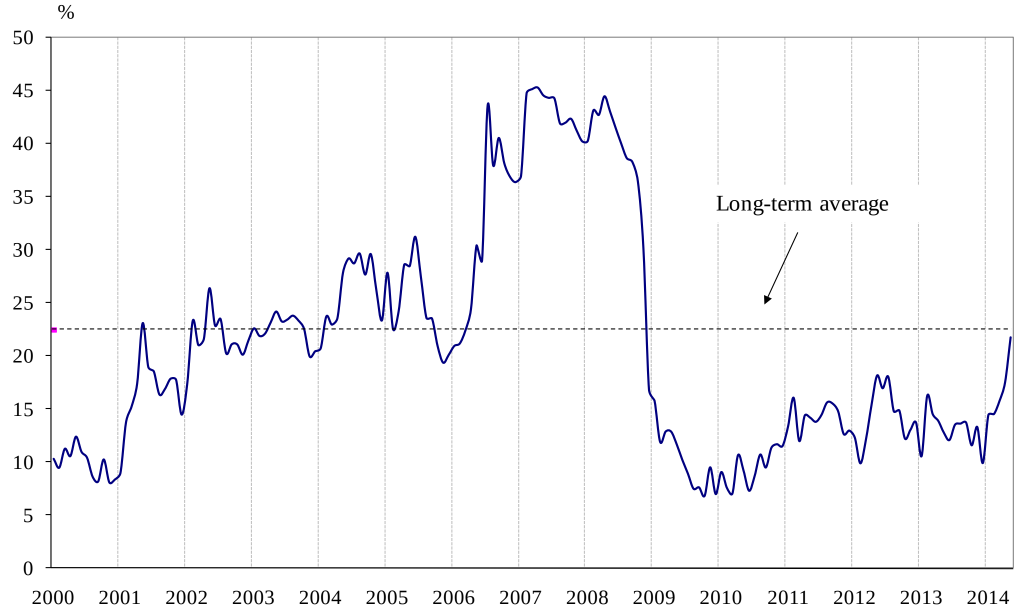

Figure 2. Business climate in industry

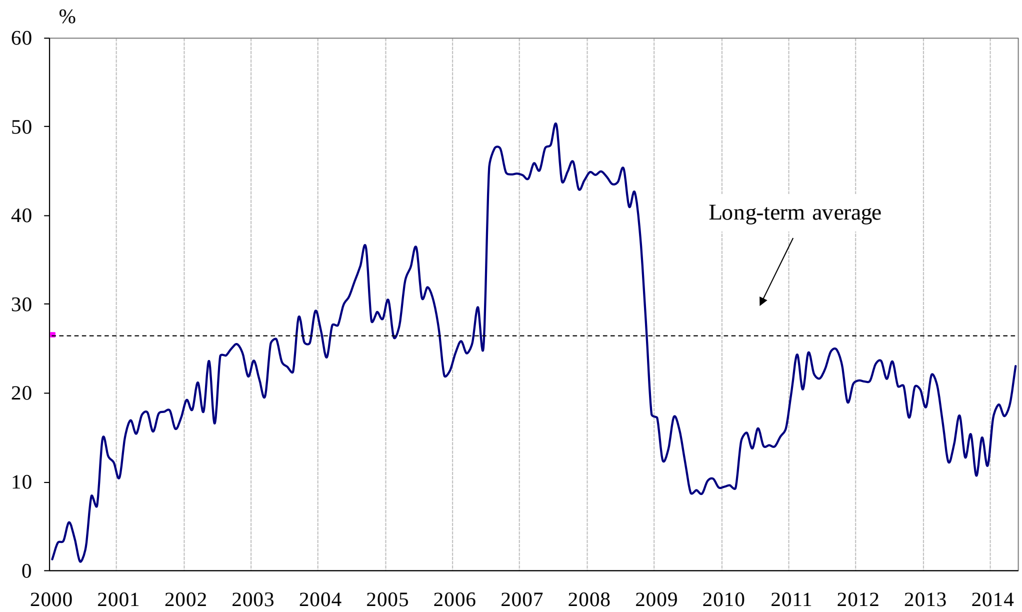

Figure 3. Expected production activity in industry over the next 3 months

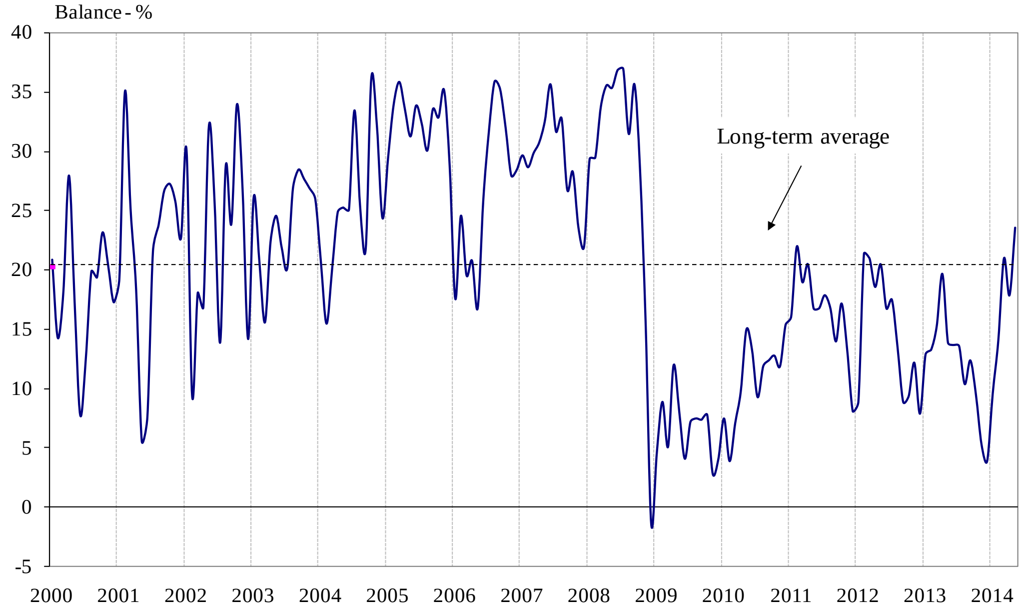

Figure 4. Selling prices expectations in industry over the next 3 months

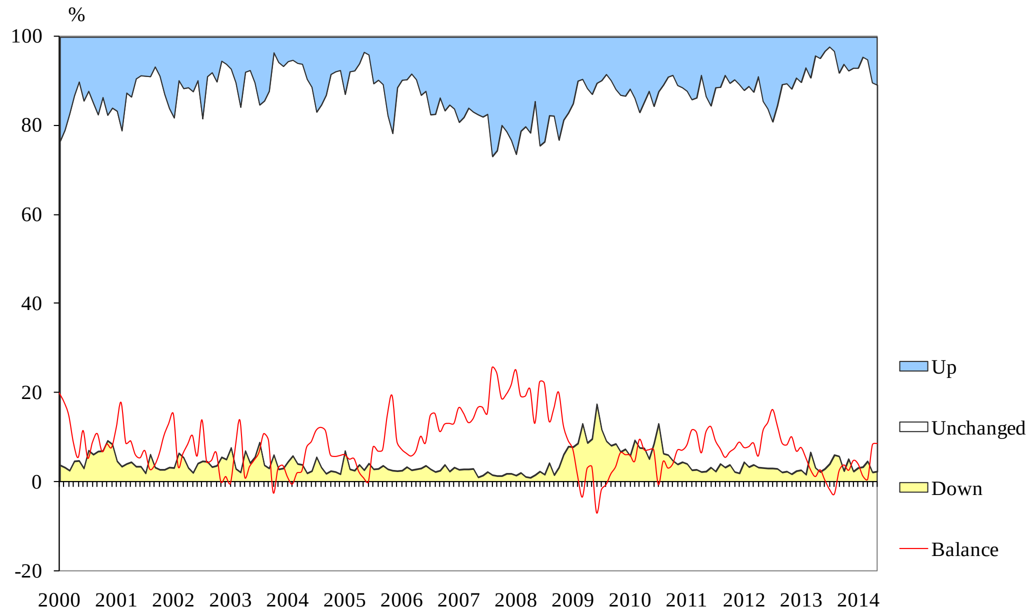

Figure 5. Business climate in construction

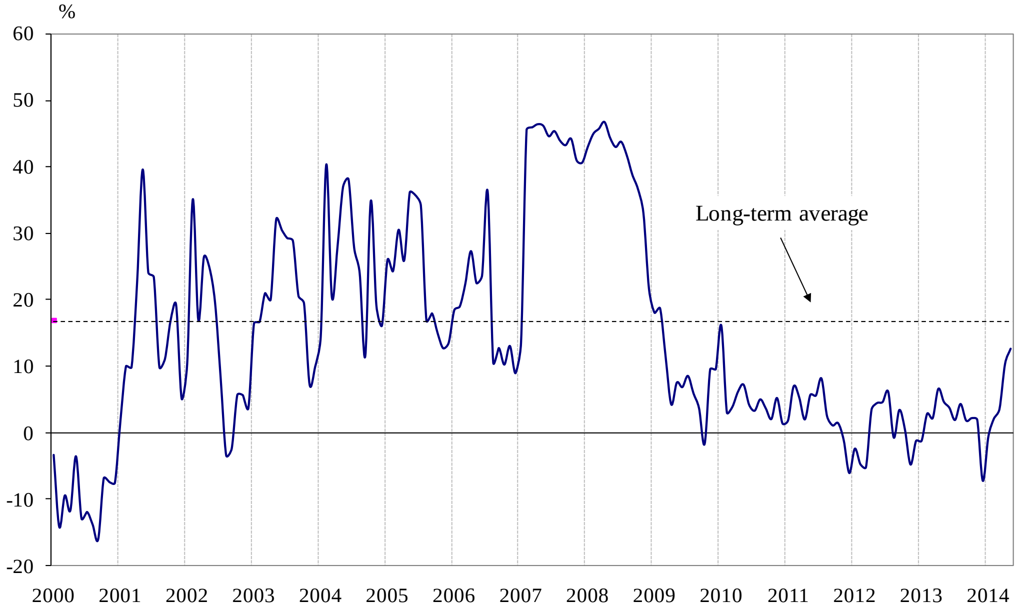

Figure 6. Present business situation in construction

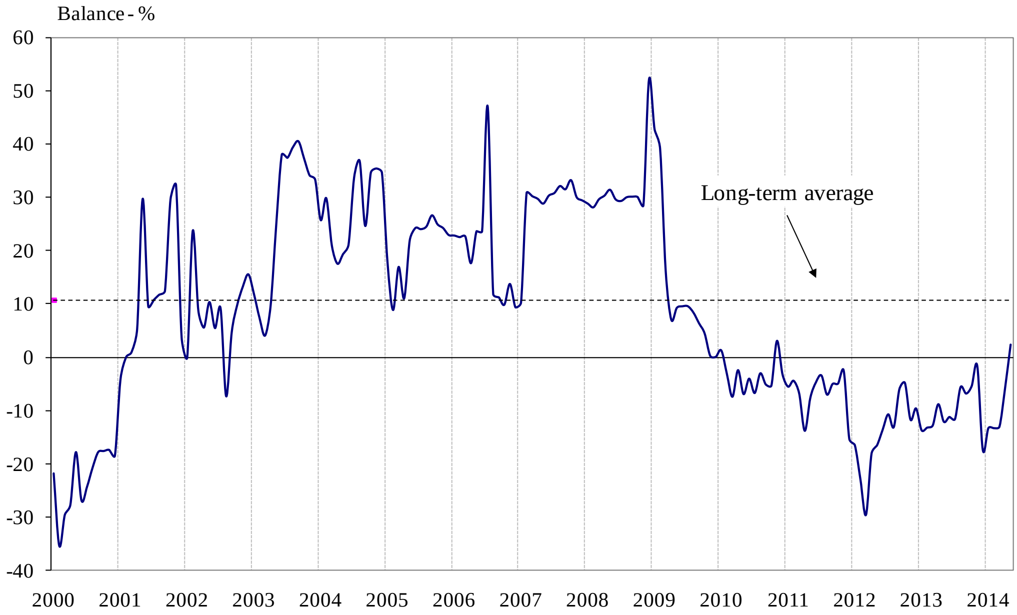

Figure 7. Limits to construction activity (Relative share of enterprises)

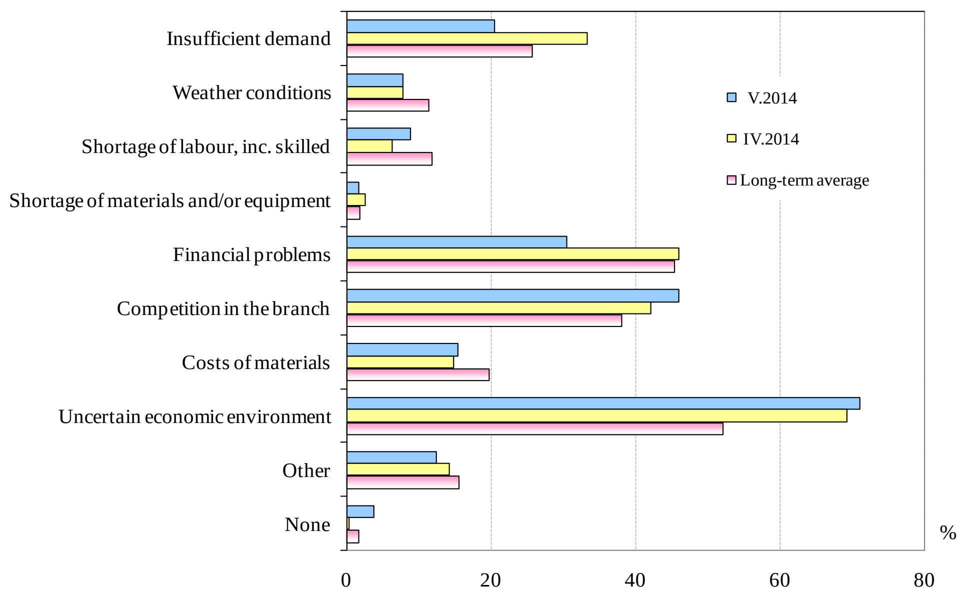

Figure 8. Selling prices expectations in construction over the next 3 months

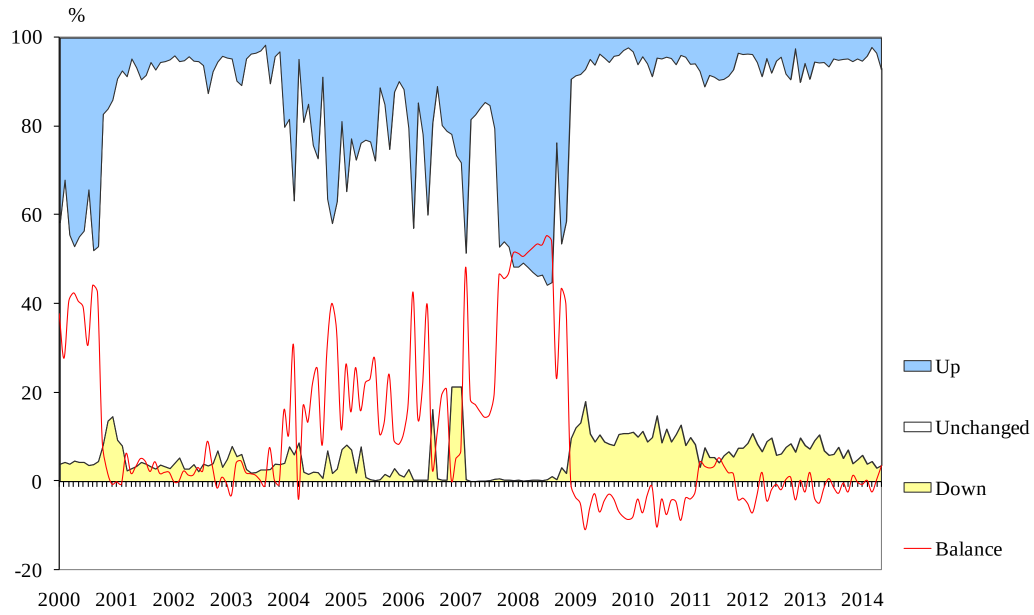

Figure 9. Business climate in retail trade

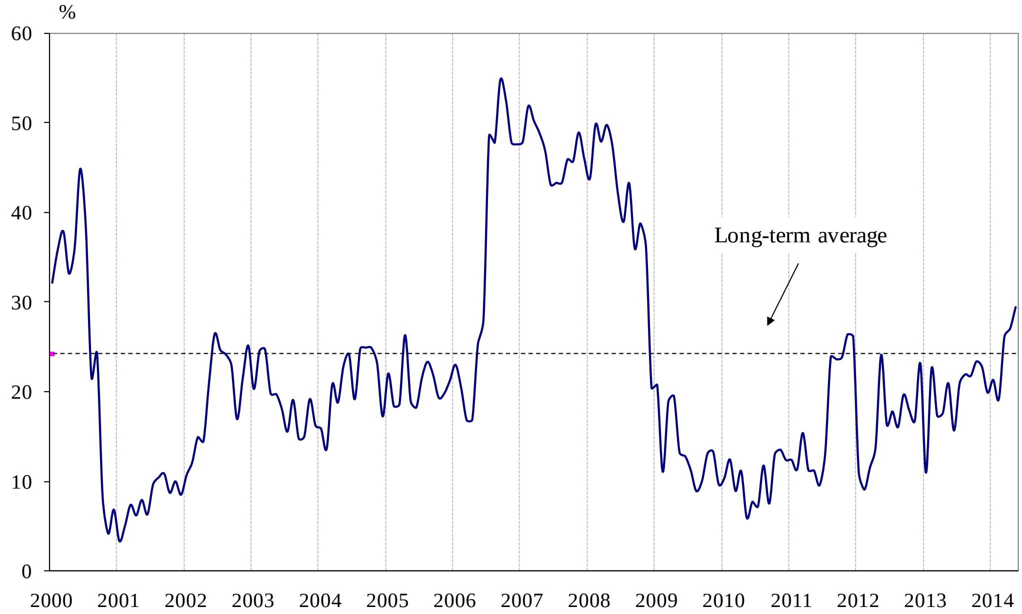

Figure 10. Factors limiting the improvement of the business situation in retail trade
(Relative share of enterprises)

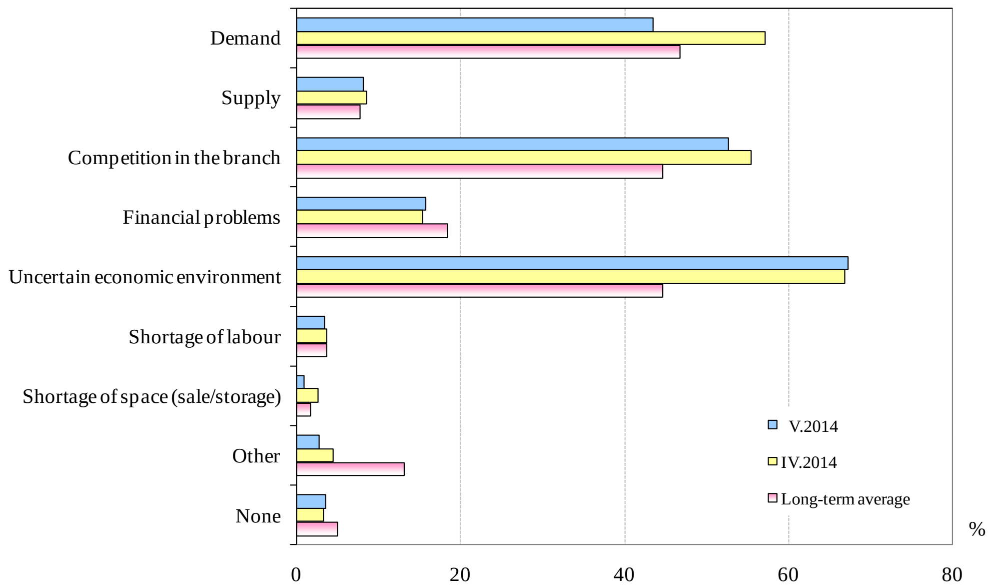

Figure 11. Selling prices expectations in retail trade over the next 3 months

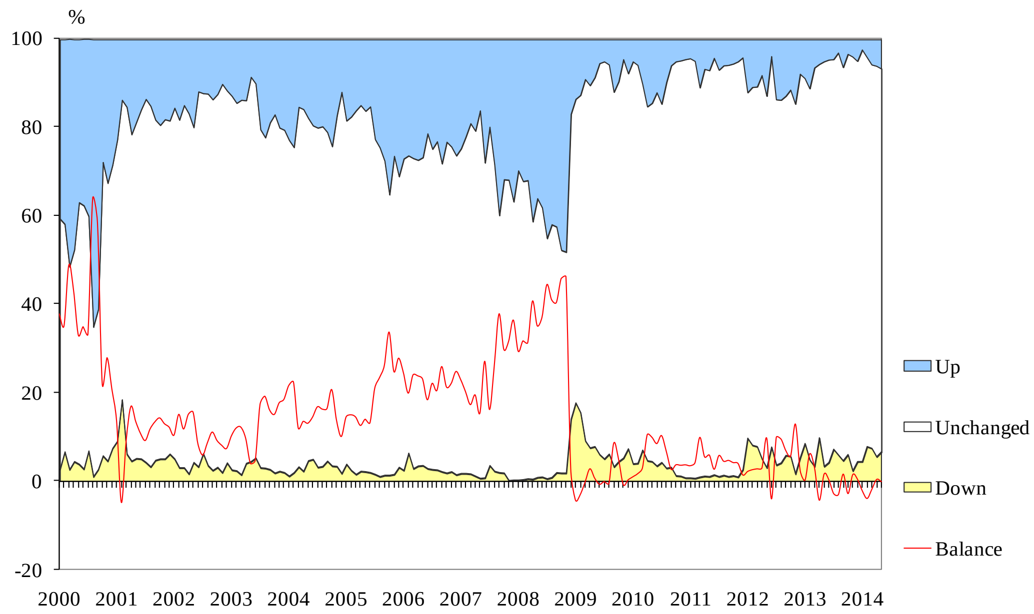

Figure 12. Business climate in service sector

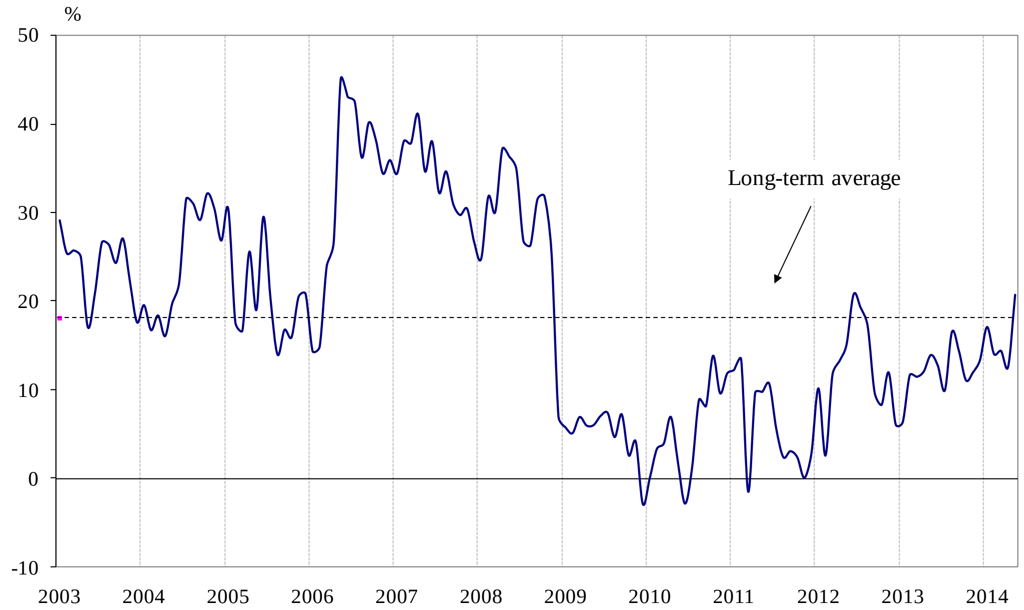

Figure 13. Expected business situation in service sector over the next 6 months

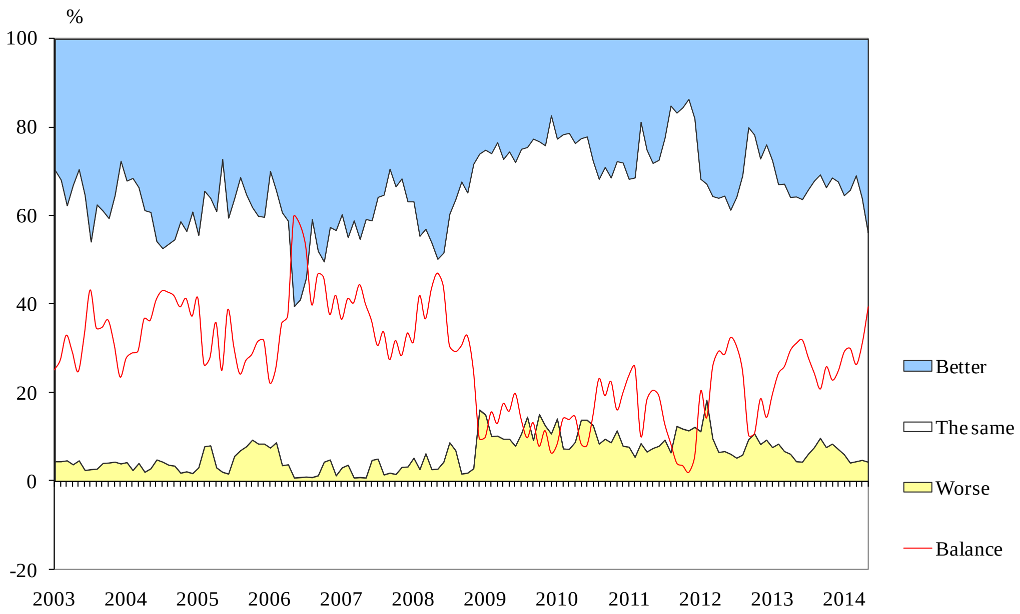

Figure 14. Factors limiting the activity in service sector (Relative share of enterprises)

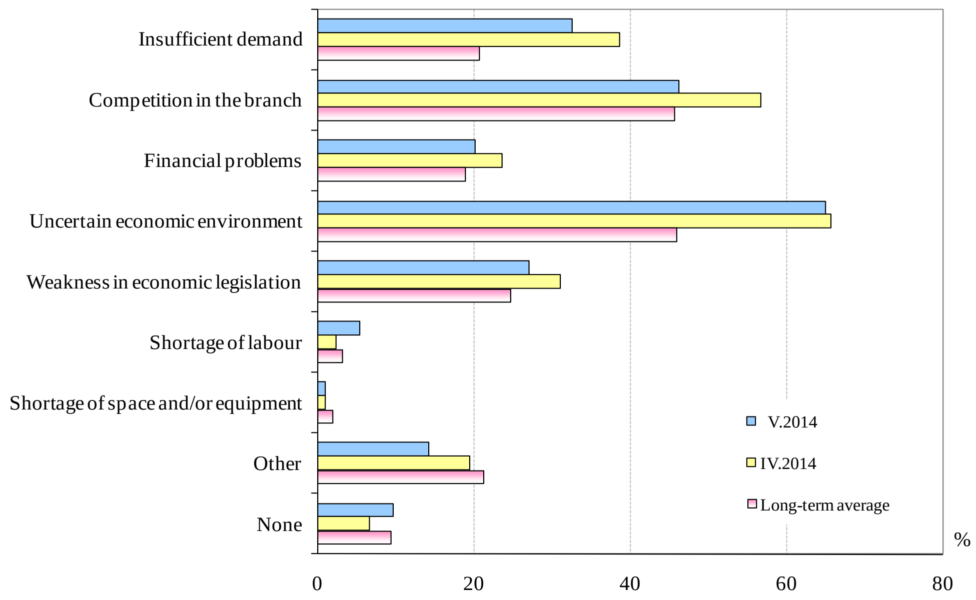

Figure 15. Selling prices expectations in service sector over the next 3 months