



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, DECEMBER 2014

In December 2014 the **total business climate indicator**⁴ decreases by 1.1 percentage points compared to the previous month (Annex, Figure 1) due to the more unfavourable managers' opinion in construction and retail trade.

Industry. The composite indicator 'business climate in industry' increases by 2.4 percentage points in comparison with November (Annex, Figure 2) which is due to the slight improved managers' expectations about the business situation of the enterprises over the next 6 months. At the same time their prognoses according the production activity over the next 3 months are also favourable (Annex, Figure 3) but it is not accompanied by intention of additional hiring of personnel.

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 58.4% and 28.1% of the entrepreneurs (Annex, Figure 4).

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

Construction. In December the composite indicator 'business climate in construction' drops by 8.2 percentage points (Annex, Figure 6) due to the more pessimistic construction entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity in comparison with the previous month is decreased, as their forecasts over the next 3 months are also more reserved.

The main factor limiting the activity in the branch continues to be the uncertain economic environment. In the second and third place are the competition in the branch and financial problems, as in the last month a decrease of the negative impact of the first of them is registered (Annex, Figure 8).

Concerning the selling prices in construction the managers expect preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' decreases by 4.6 compared to the previous month (Annex, Figure 10) which is due to the more moderate retailers' assessments and expectations about the business situation of the enterprises (Annex, Figure 11). Their forecasts

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, and 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.



regarding the volume of sales and orders placed with suppliers over the next 3 months are also more reserved.

The uncertain economic environment, competition in the branch and insufficient demand remain the main obstacles for the development of the activity in the branch, as in December strengthen the unfavourable influence of the first two factors is observed (Annex, Figure 12).

The retailers' expectations about the selling prices in the branch are them to remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In December the composite indicator 'business climate in service sector' increases by 2.4 percentage points (Annex, Figure 14) due to the more favourable managers' assessments and expectations about the business situation of the enterprises (Annex, Figure 15). At the same time certain improvement of their expectations as regards the demand for services over the next 3 months is observed but it is not accompanied by intention of additional hiring of personnel.

The most serious factor limiting the activity in the branch continues to be connected with the uncertain economic environment followed by the competition the branch (Annex, Figure 16).

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

¹ Excl. trade.



Annex

Figure 1. Business climate - total

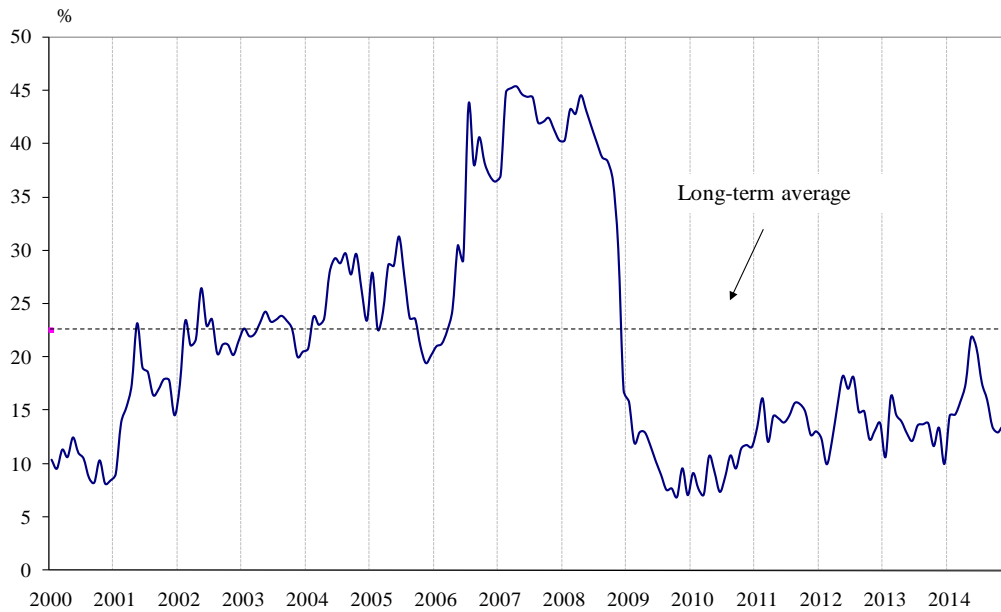


Figure 2. Business climate in industry

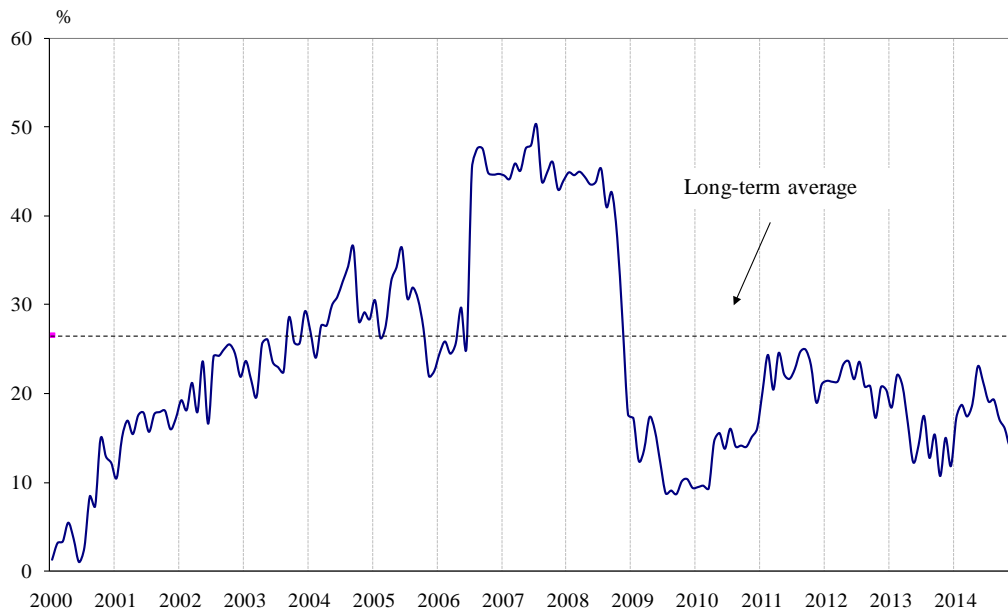




Figure 3. Expected production activity in industry over the next 3 months

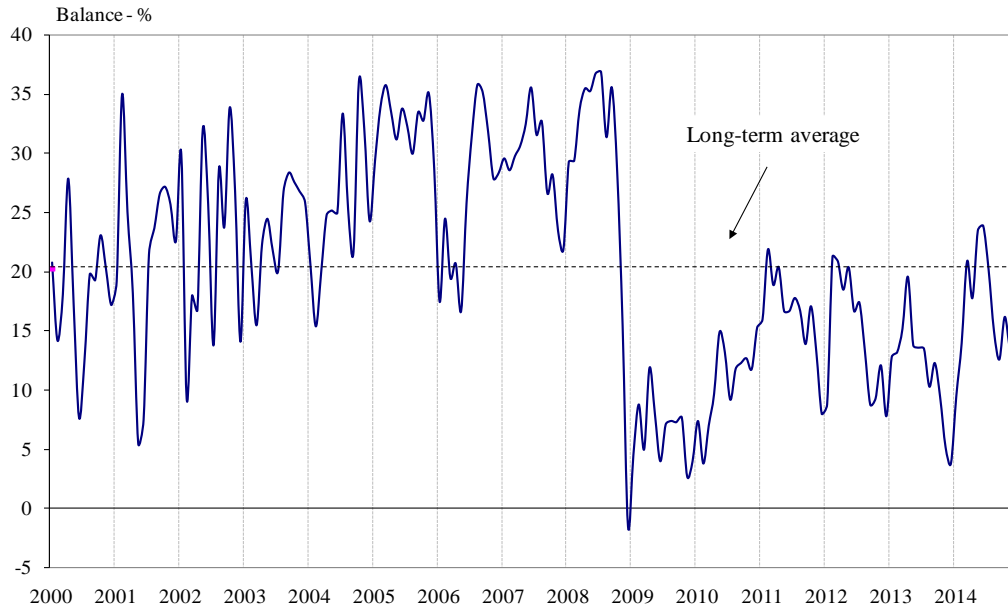


Figure 4. Limits to production in industry (Relative share of enterprises)

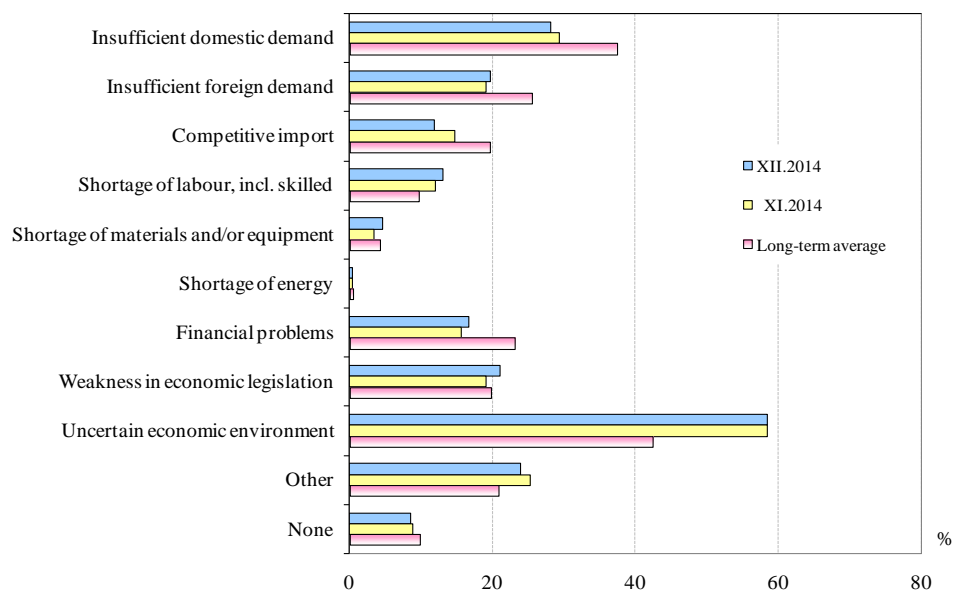




Figure 5. Selling prices expectations in industry over the next 3 months

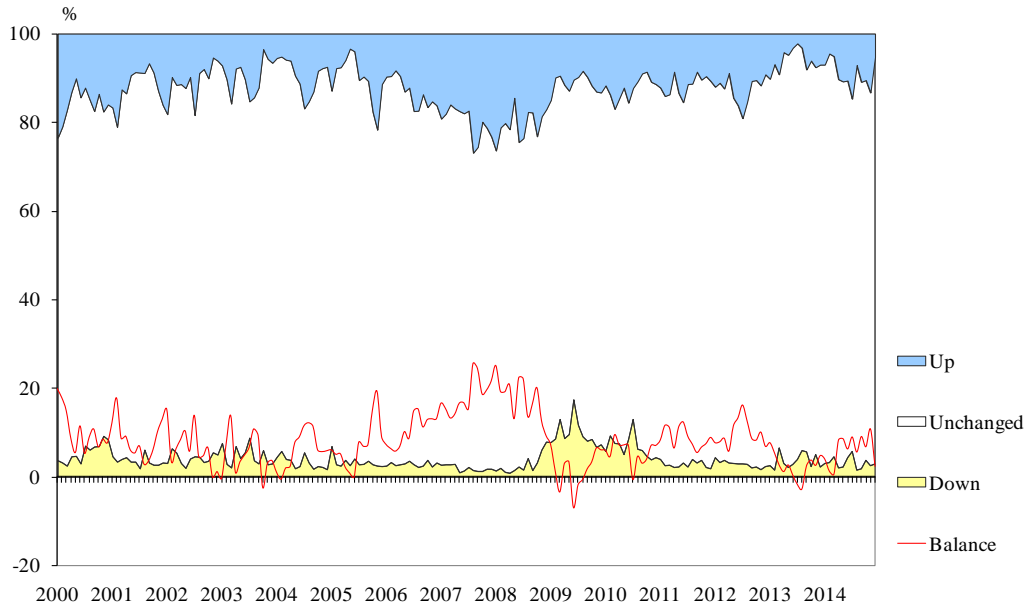


Figure 6. Business climate in construction

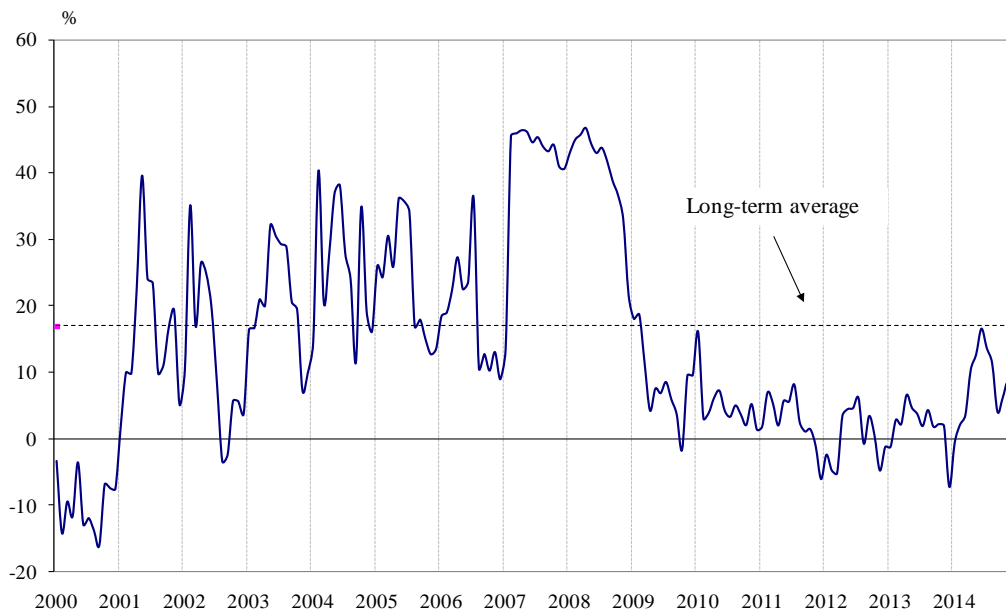




Figure 7. Expected business situation in construction over the next 6 months

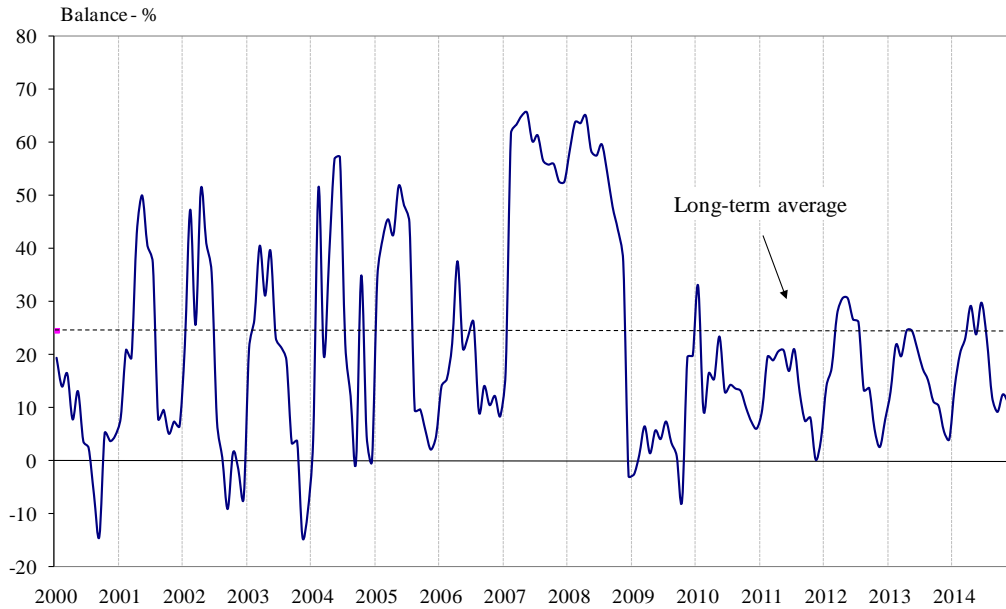


Figure 8. Limits to construction activity (Relative share of enterprises)

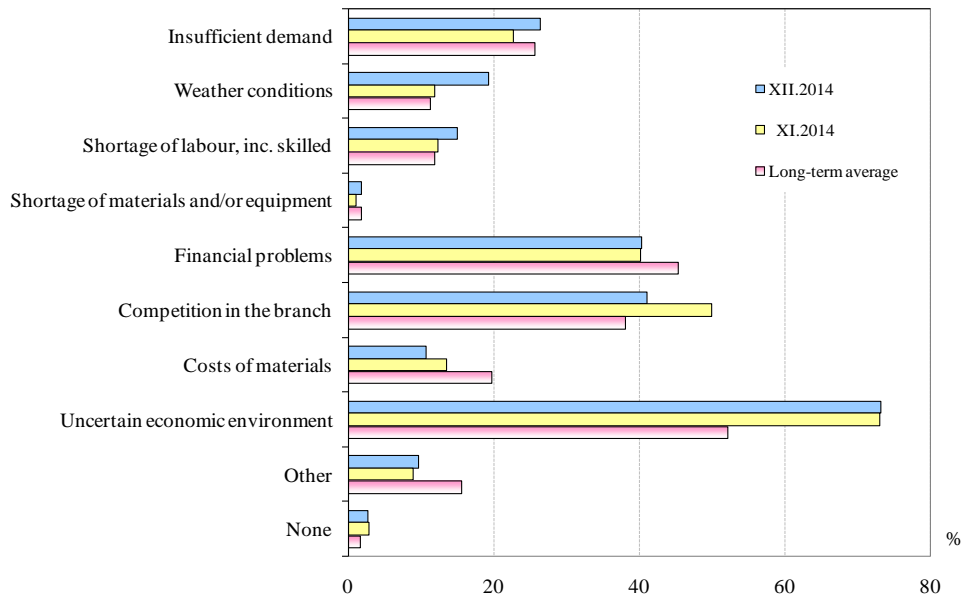




Figure 9. Selling prices expectations in construction over the next 3 months

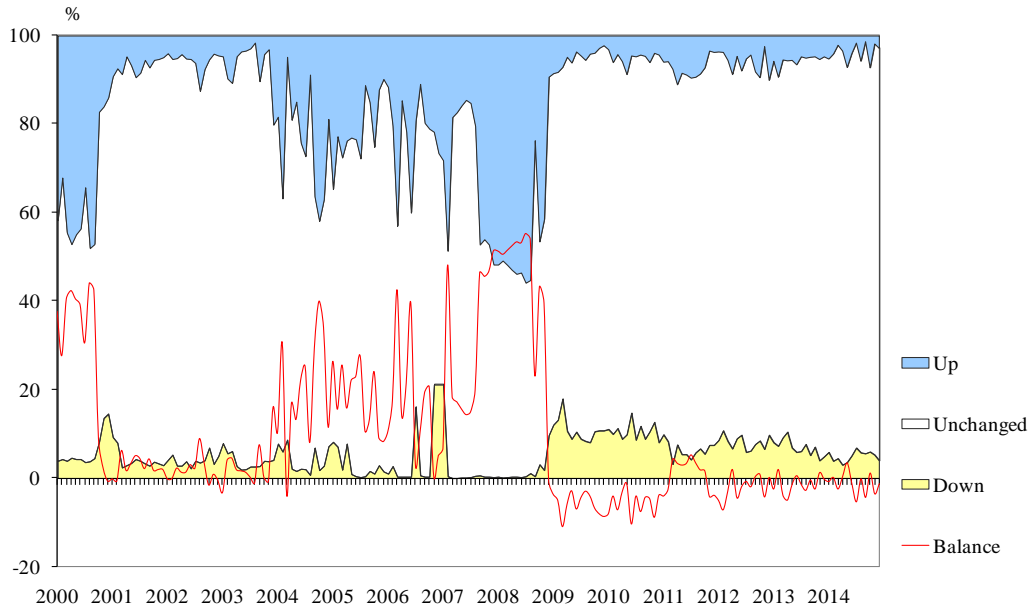


Figure 10. Business climate in retail trade

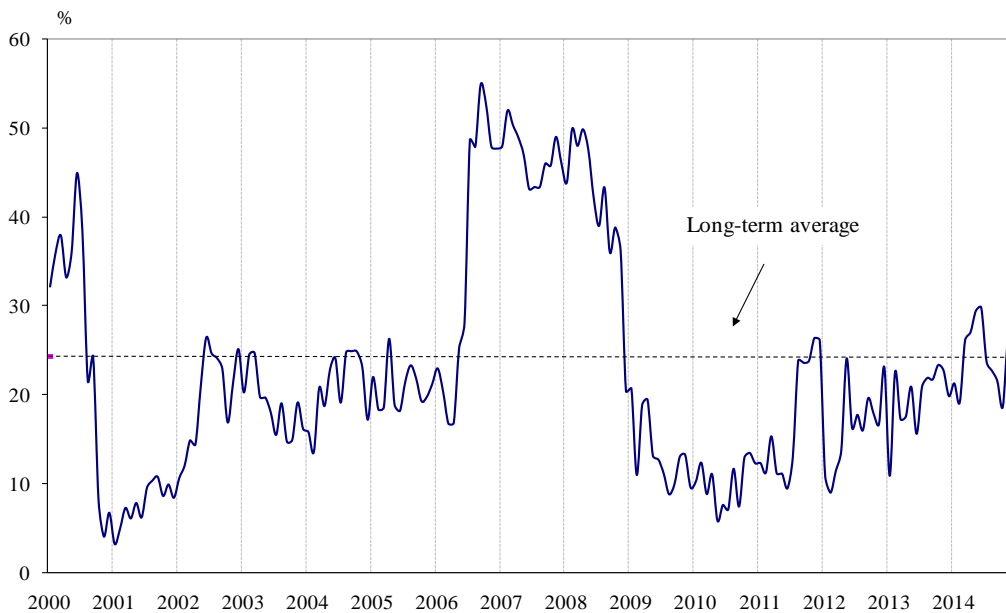




Figure 11. Expected business situation in retail trade over the next 6 months

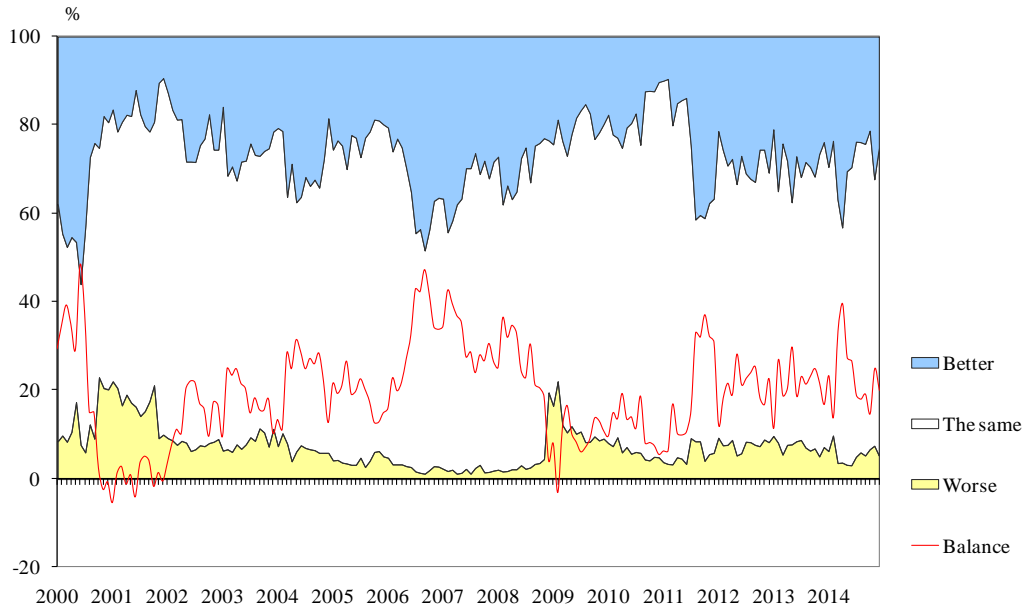


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

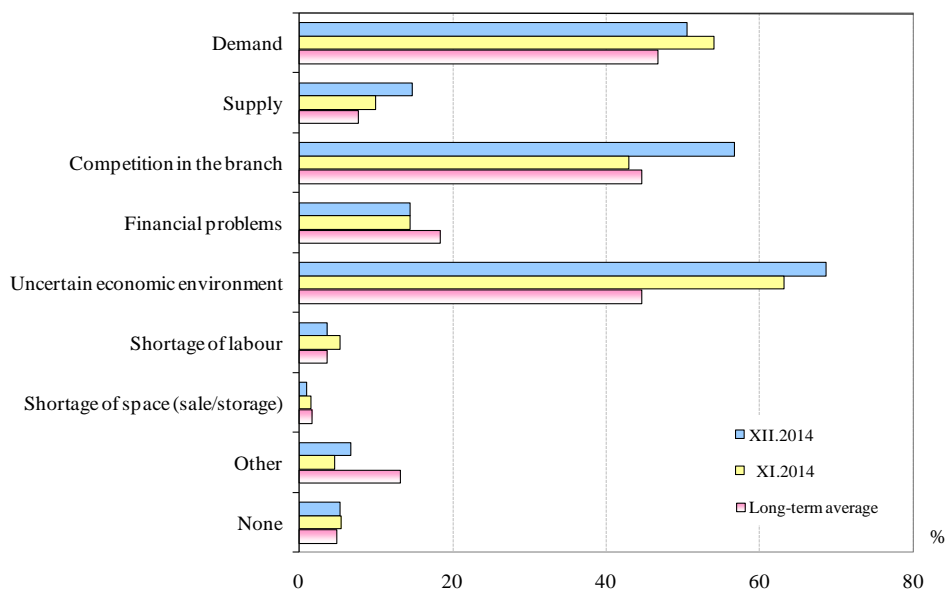




Figure 13. Selling prices expectations in retail trade over the next 3 months

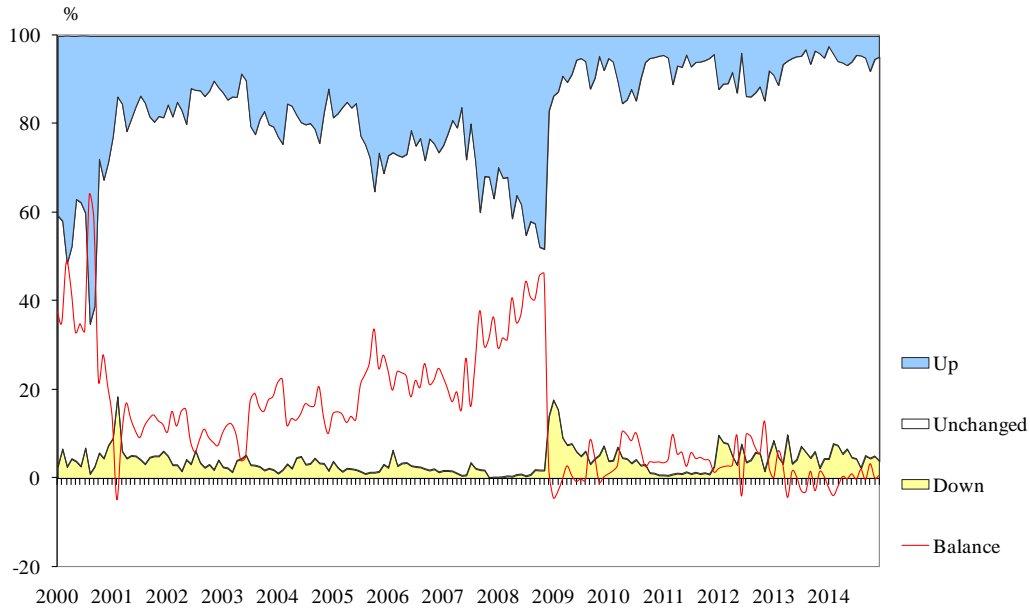


Figure 14. Business climate in service sector

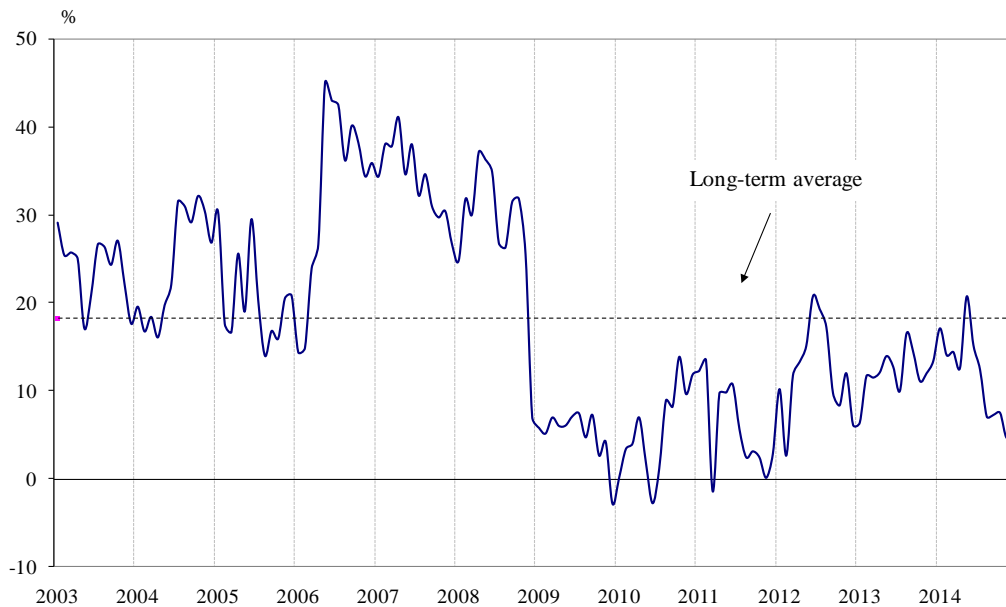




Figure 15. Expected business situation in service sector over the next 6 months

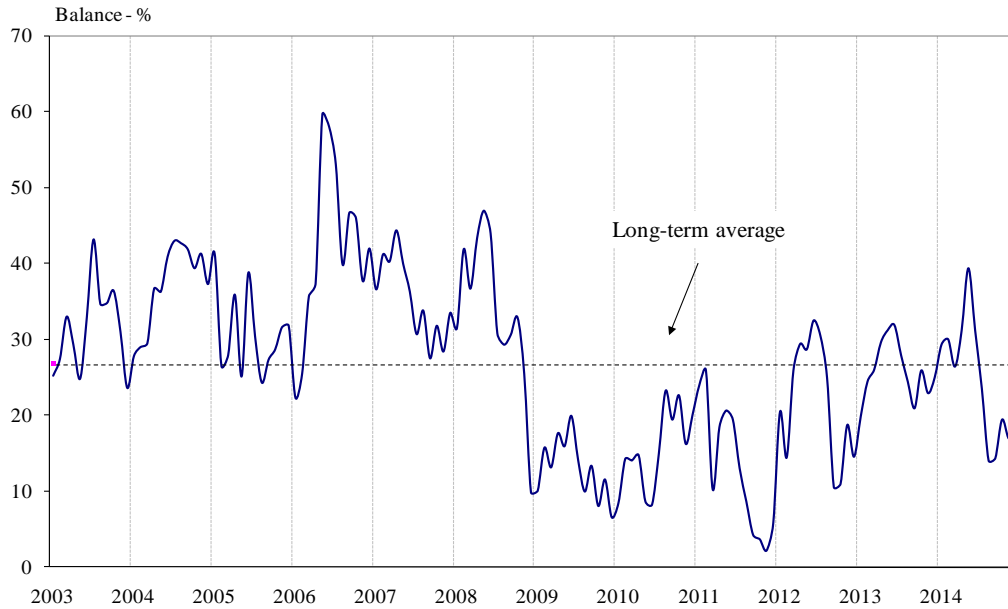


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

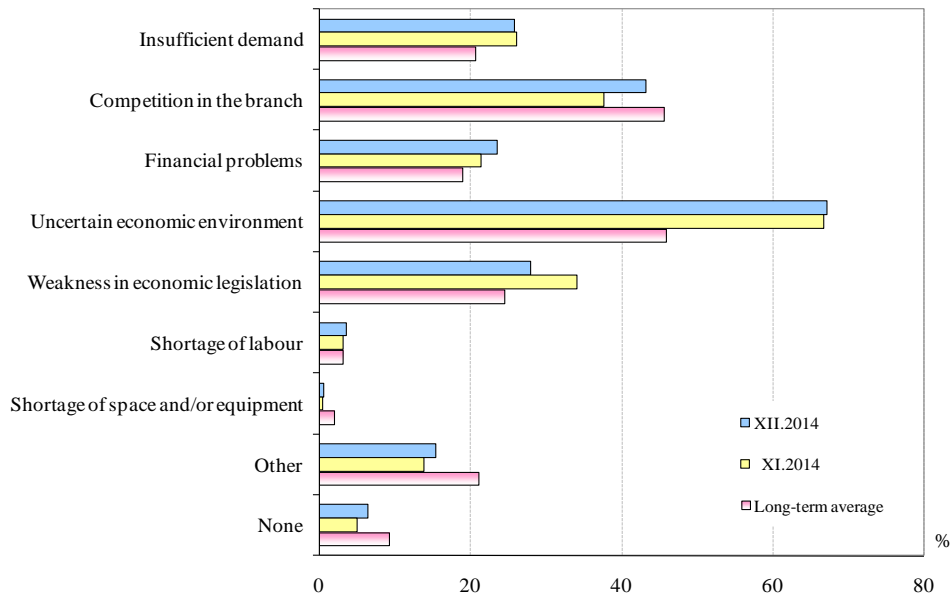




Figure 17. Selling prices expectations in service sector over the next 3 months

