



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, JANUARY 2015

In January 2015 **the total business climate indicator**<sup>4</sup> increases by 3.8 percentage points compared to the previous month (Annex, Figure 1) due to the improved managers' opinions in industry, construction and service sector.

**Industry.** The composite indicator 'business climate in industry' increases by 3.4 percentage points in comparison with December 2014 (Annex, Figure 2) which is due to the more optimistic managers' assessments and expectations about the business situation of the enterprises. In their opinion the present production activity is improved, as their forecasts over the next 3 months are also for an increase of the activity (Annex, Figure 3).

The average capacity utilization in January increases by 2.7 percentage points compared to October 2014 and it reaches 76.1% (Annex, Figure 4), at the same time as regards the expected demand over the next months is foreseen a surplus of capacity.

The uncertain economic environment and insufficient domestic demand continue to be the main factors limiting the activity in the branch (Annex, Figure 5).

Concerning the selling prices in industry the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 6).

**Construction.** In January the composite indicator 'business climate in construction' increases by 9.8 percentage points (Annex, Figure 7) mainly due to the improved construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. Their forecasts as regards the construction activity over the next 3 months are also more favourable.

In January the business inquires report that the production is assured with contracts for a longer time period (4.9 months) compared to October 2014 (4.4 months). At the same time the managers' expectations about new orders over the next 6 months are improved (Annex, Figure 8)

The main obstacle for the business development in the branch remains the uncertain economic environment, followed by the competition in the branch and financial problems (Annex, Figure 9).

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.



As regards the selling prices in construction the managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 10).

**Retail trade.** The composite indicator 'business climate in retail trade' decreases by 2.0 percentage points in comparison with December 2014 (Annex, Figure 11) which is due to the shifting of retailers' assessments and expectations about the business situation of the enterprises from 'better' towards preserving 'the same' (Annex, Figure 12). Regarding the sales and orders placed with suppliers over the next 3 months their expectations are also more reserved.

The most serious problem for the development of the activity in the branch continues to be connected with the uncertain economic environment. At the same time in the last month strengthen the negative impact of the factor 'insufficient demand' is registered which shifts to the third place the factor 'competition in the branch' (Annex, Figure 13).

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

**Service sector<sup>1</sup>.** In January the composite indicator 'business climate in service sector' increases by 4.1 percentage points (Annex, Figure 15) mainly due to the more optimistic managers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 16). Their opinions about the present and expected demand for services are also improved.

The uncertain economic environment and competition the branch remain the main factors limiting the activity in the sector although in the last month a decrease of their negative impact is observed. At the same time the inquiry reports strengthen of the unfavourable influence of the factor 'weakness in economic legislation' (Annex, Figure 17).

As regards the selling prices in the sector the prevailing of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 18).

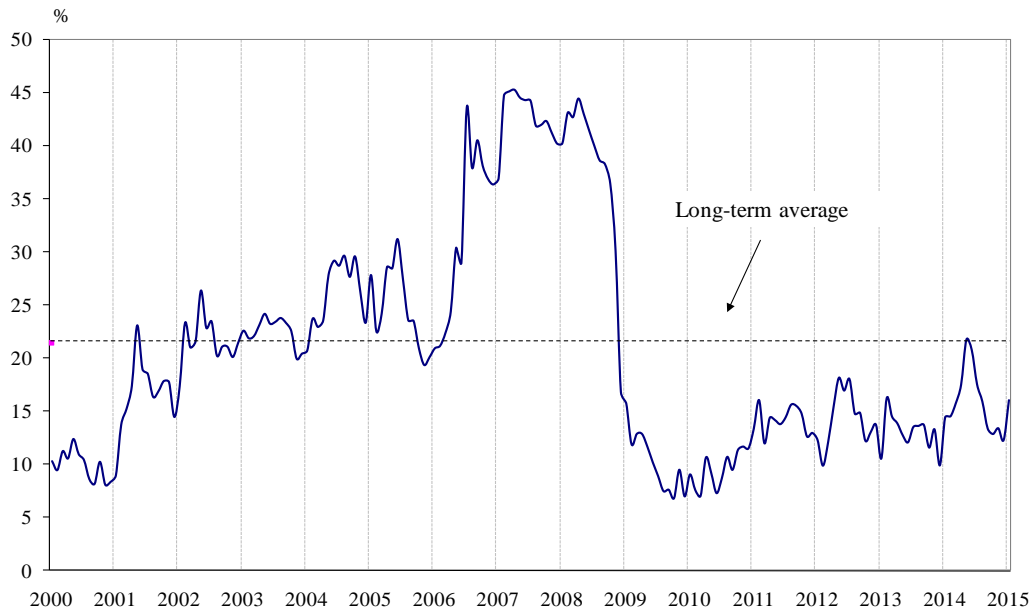
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<sup>1</sup> Excl. trade.

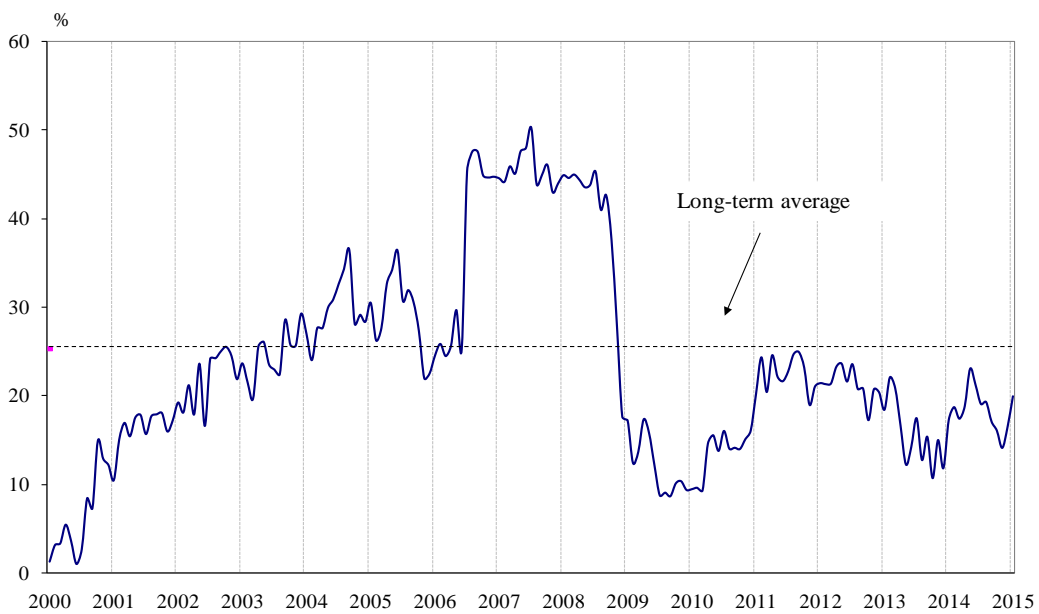


## Annex

**Figure 1. Business climate - total**

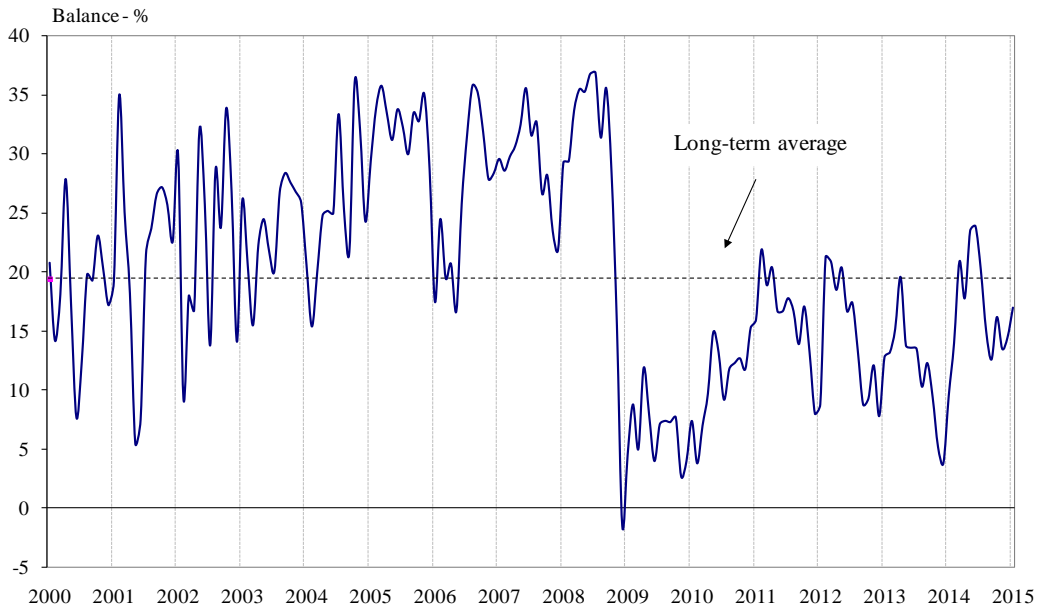


**Figure 2. Business climate in industry**

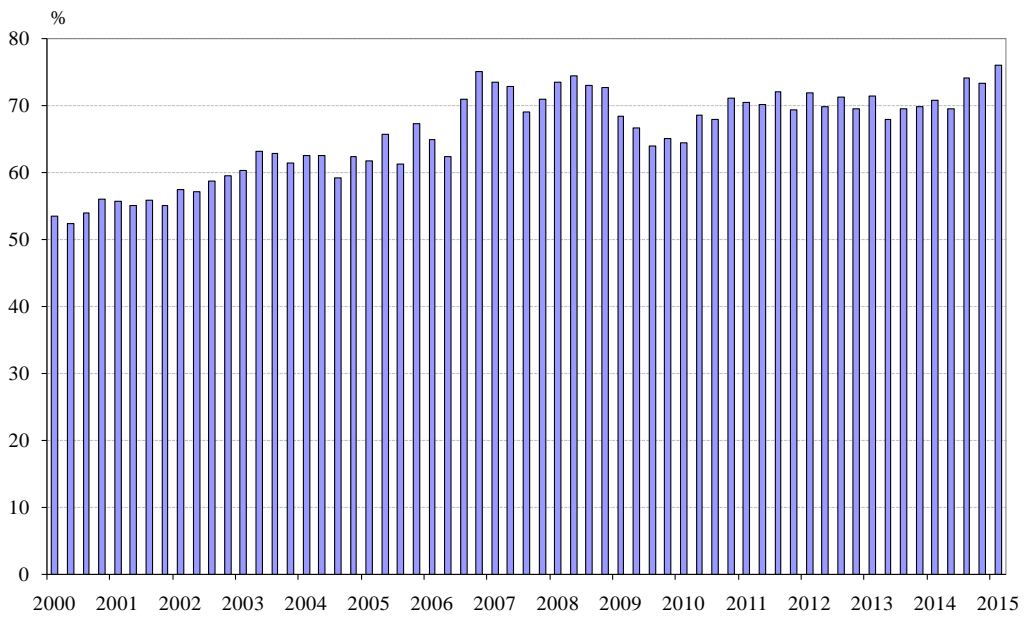




**Figure 3. Expected production activity in industry over the next 3 months**

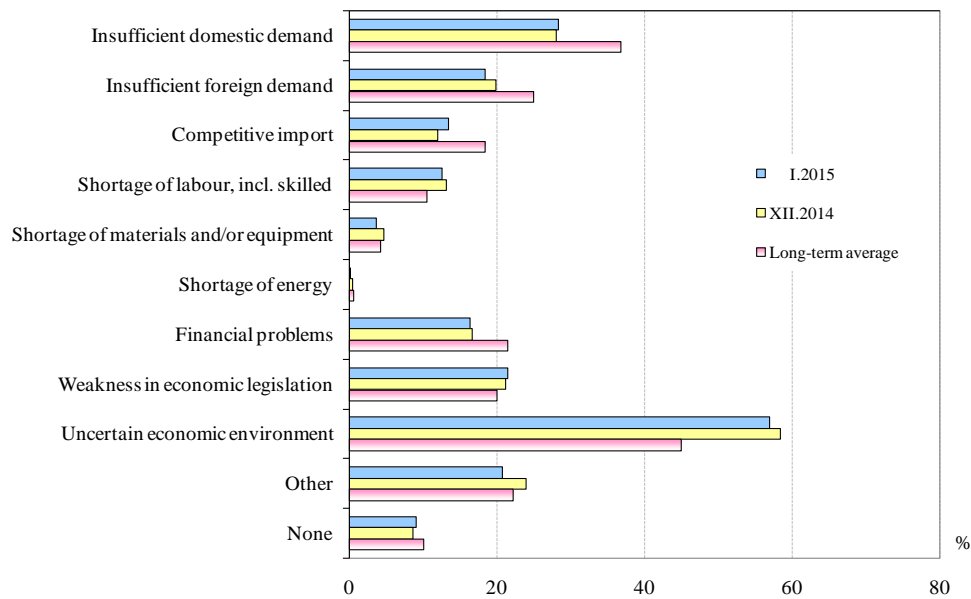


**Figure 4. Average capacity utilization in industry**

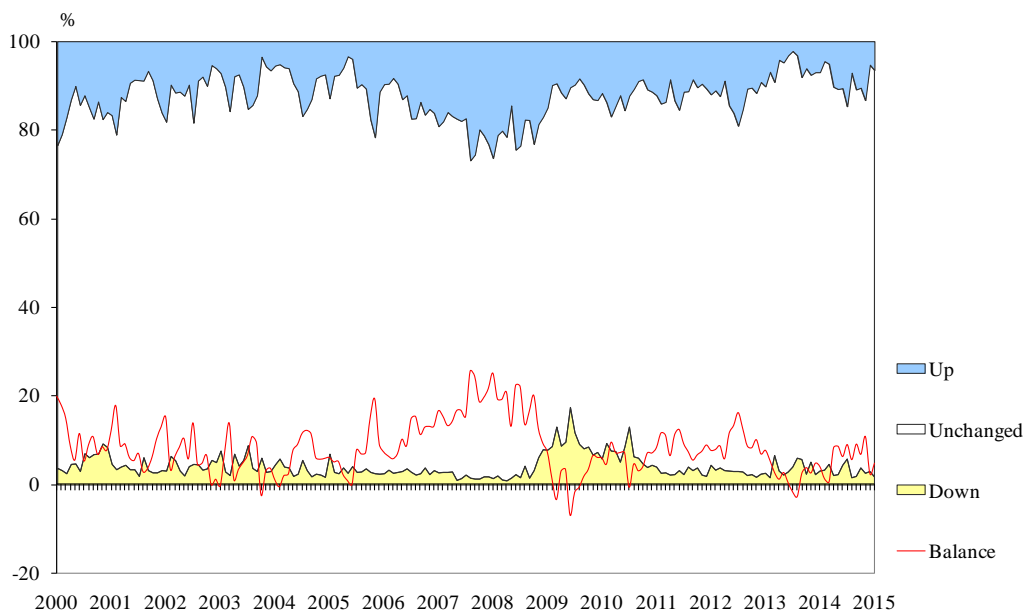




**Figure 5. Limits to production in industry  
(Relative share of enterprises)**

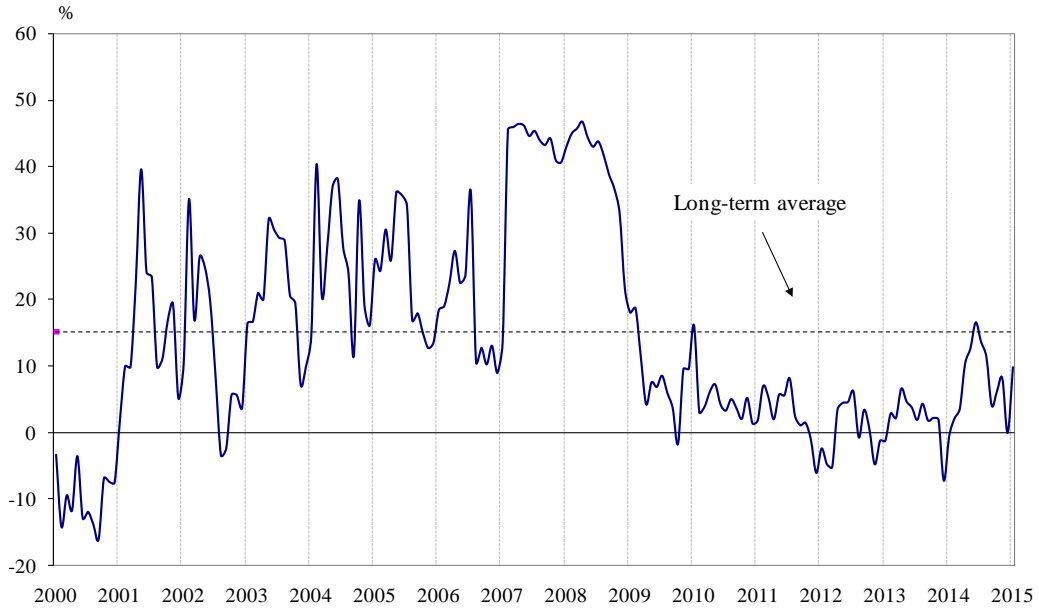


**Figure 6. Selling prices expectations in industry  
over the next 3 months**

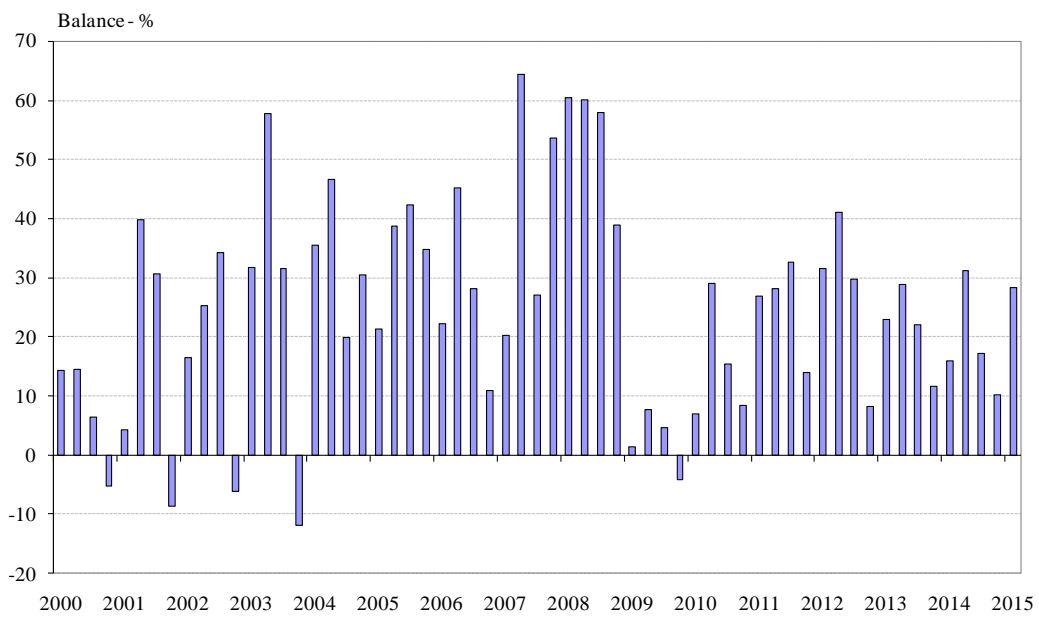




**Figure 7. Business climate in construction**

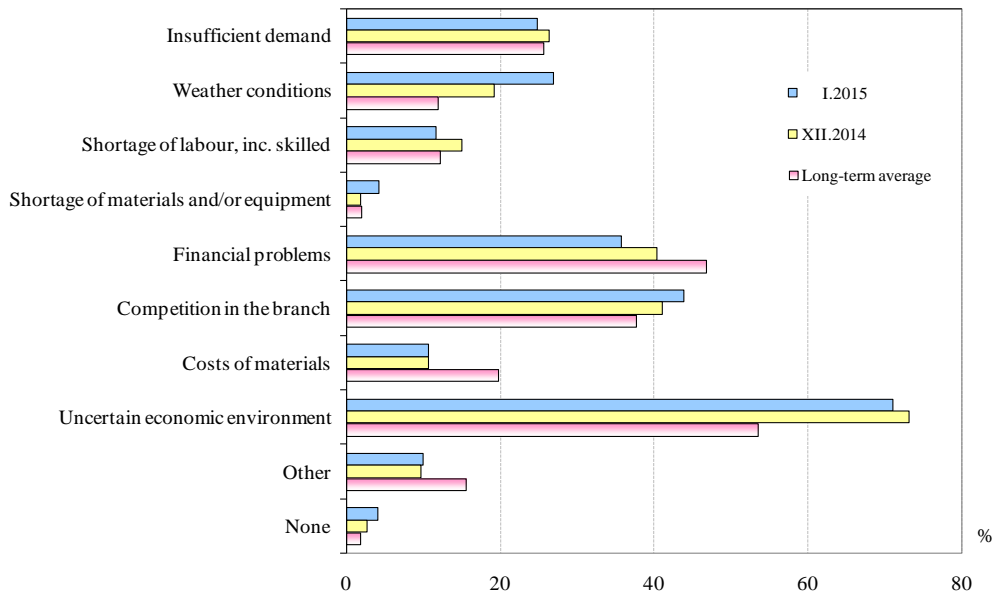


**Figure 8. New orders expectations in construction over the next 6 months**

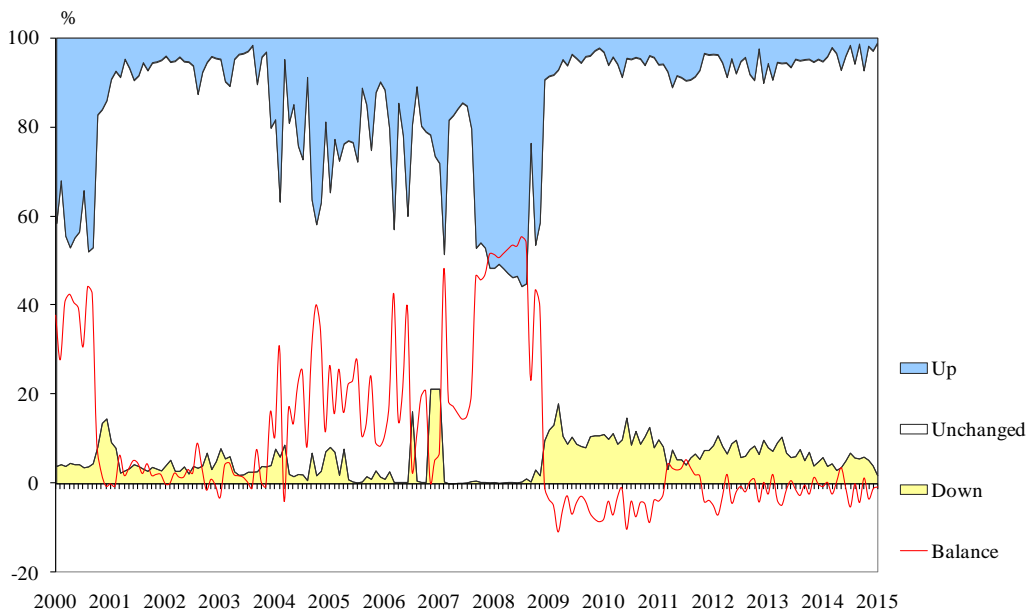




**Figure 9. Limits to construction activity  
(Relative share of enterprises)**

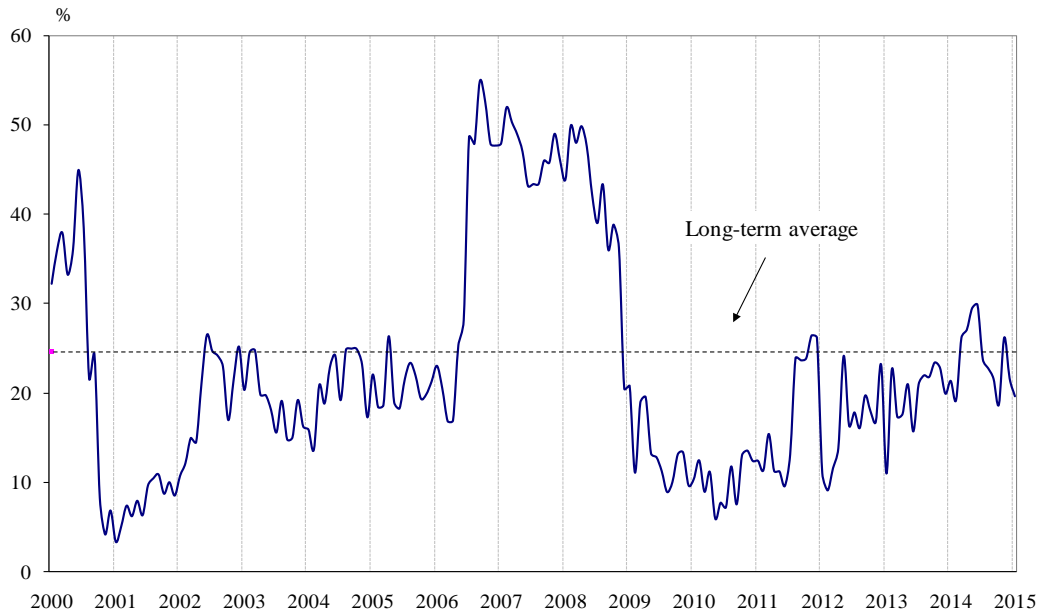


**Figure 10. Selling prices expectations in construction  
over the next 3 months**

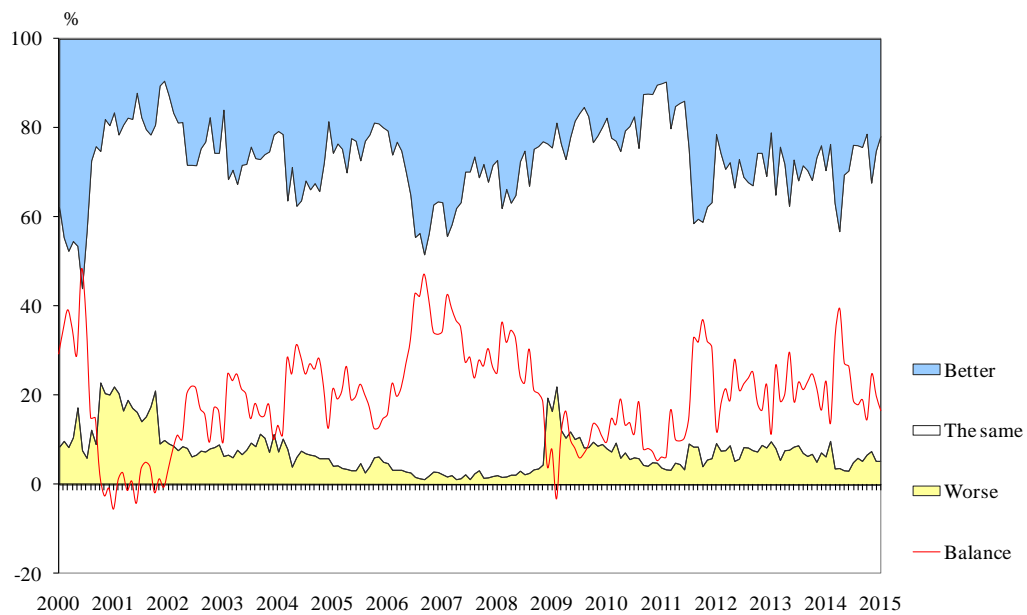




**Figure 11. Business climate in retail trade**



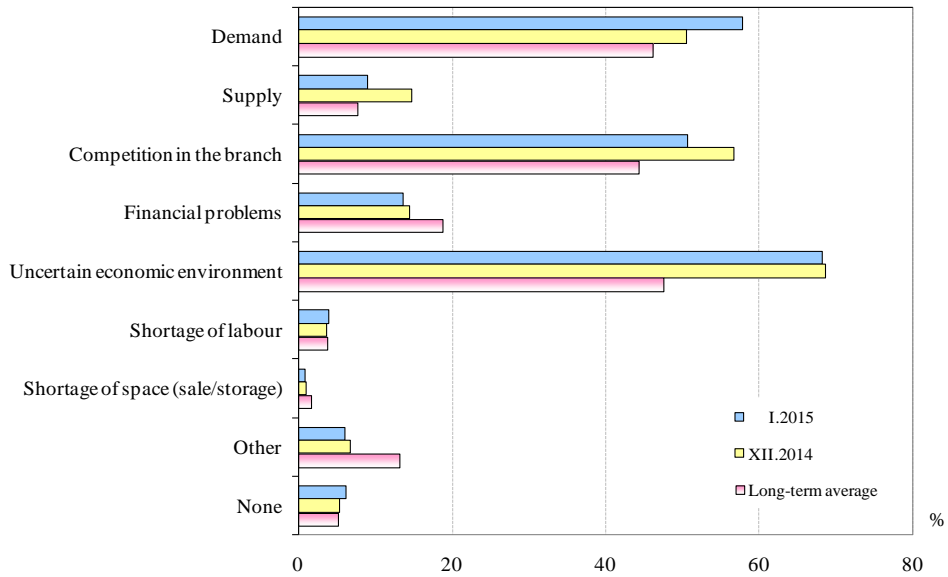
**Figure 12. Expected business situation in retail trade over the next 6 months**



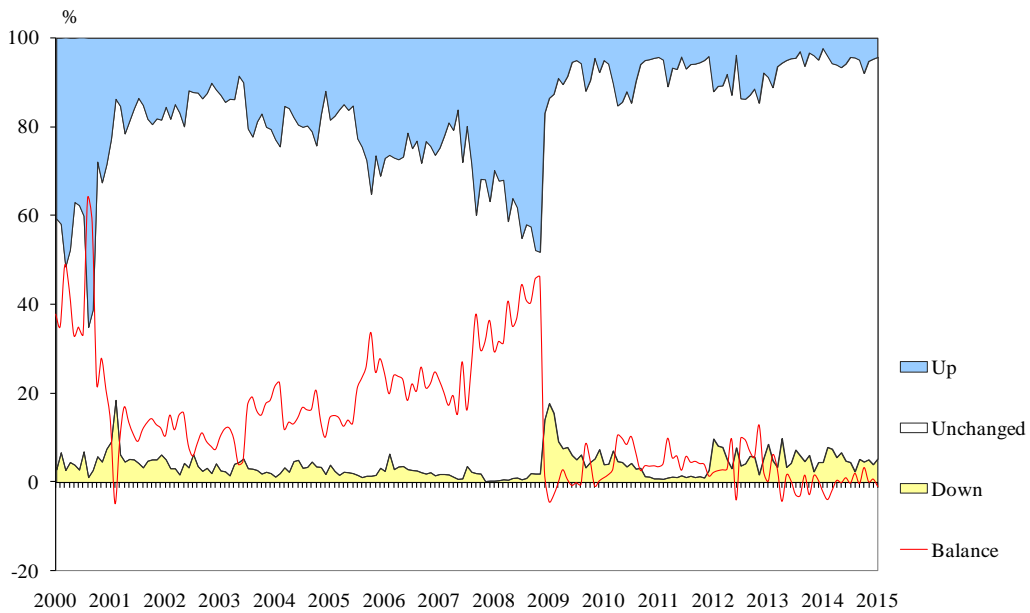




**Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

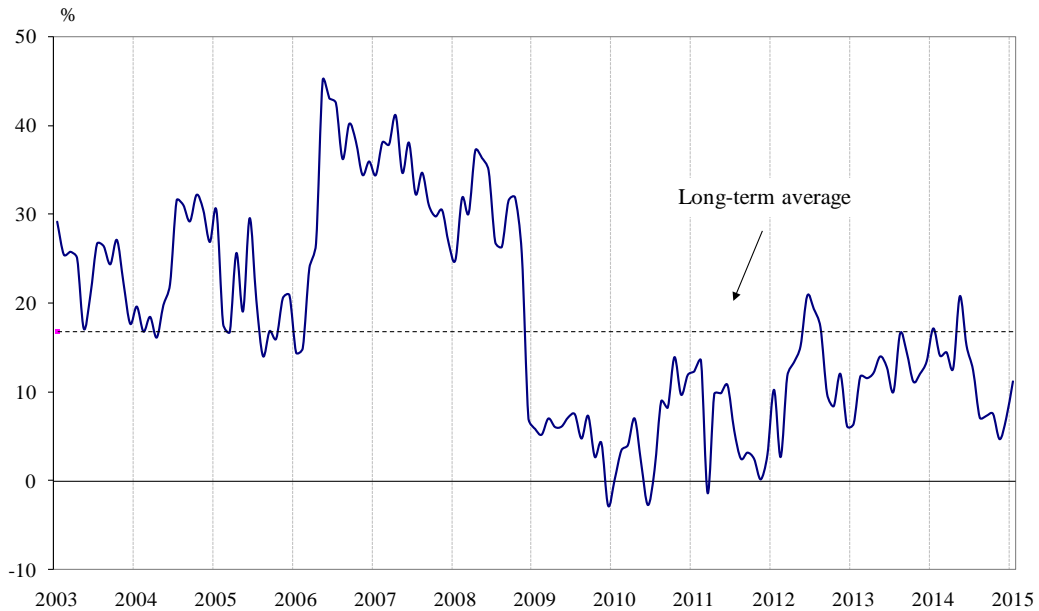


**Figure 14. Selling prices expectations in retail trade over the next 3 months**

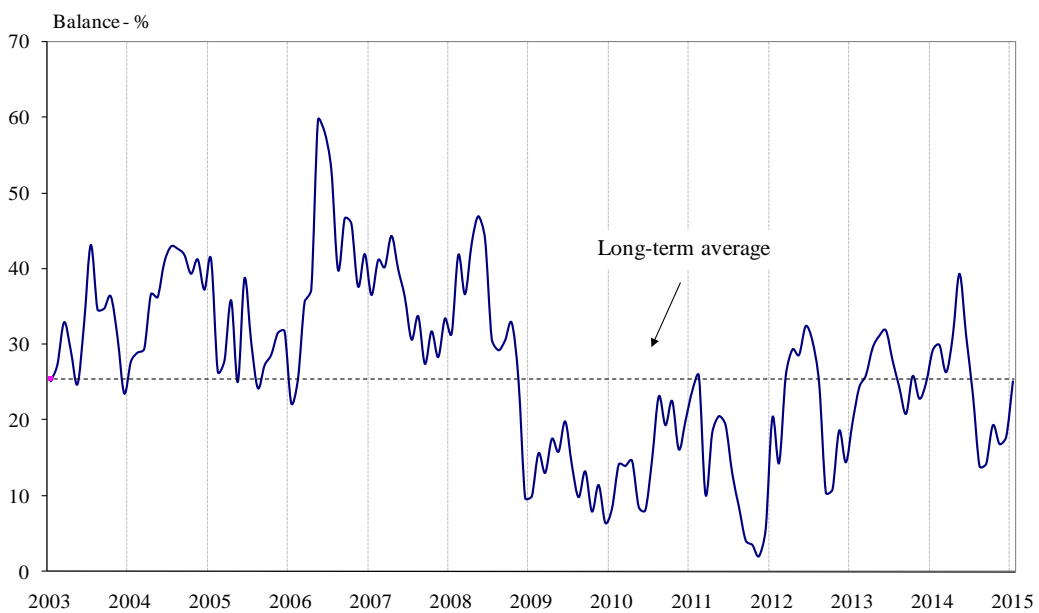




**Figure 15. Business climate in service sector**

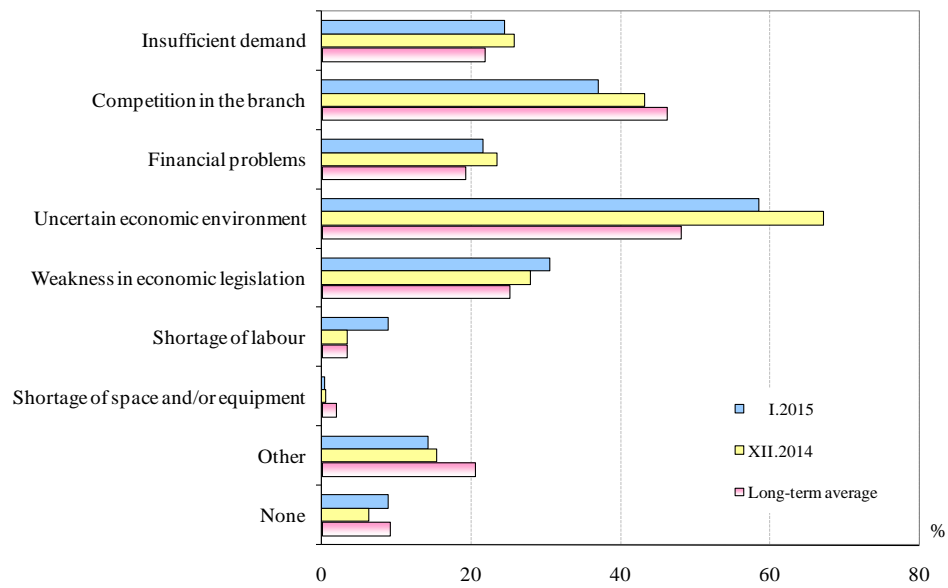


**Figure 16. Expected business situation in service sector over the next 6 months**





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



**Figure 18. Selling prices expectations in service sector  
over the next 3 months**

