



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

In February 2015 **the total business climate indicator**<sup>4</sup> increases by 1.2 percentage points compared to the previous month (Annex, Figure 1) which is due to the improved managers' opinions in industry, construction and retail trade.

**Industry.** The composite indicator 'business climate in industry' increases by 2.4 percentage points in comparison with January (Annex, Figure 2) due to the more favourable industry entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 3). However the present production activity is assessed as slight decreased, while in the expectations about the activity in the branch over the next 3 months some improvement has been observed.

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 55.9% and 28.1% of the enterprises (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 February the composite indicator 'business climate in construction' increases by 1.8 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 optimistic, as 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 continues to be connected with the uncertain economic environment, though in the last month a decrease of its negative impact 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 construction the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 10).

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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.



**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 2.3 percentage points compared to January (Annex, Figure 11) due to the optimistic retailers’ expectations about the business situation of the enterprises over the next 6 months. At the same time their prognoses for the volume of sales and orders placed with suppliers (Annex, Figure 12) over the next 3 months are improved.

The uncertain economic environment, competition in the branch and insufficient demand remain the most serious obstacles for the development of the activity in the branch (Annex, Figure 13).

The retailers’ expectations about the selling prices in the branch are them to remain unchanged over the next 3 months (Annex, Figure 14).

**Service sector<sup>1</sup>.** 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 and expectations about the business situation of the enterprises (Annex, Figure 16). Their opinions concerning the present demand for services are more reserved, while their expectations over the next 3 months are improved.

The most serious factor limiting the activity of the enterprises continues to be the uncertain economic environment, which negative influence increases in the last month. In the background remain the factors ‘competition the branch’ and ‘insufficient demand’ (Annex, Figure 17).

Concerning the selling prices the managers forecast preservation of their level over the next 3 months (Annex, Figure 18).

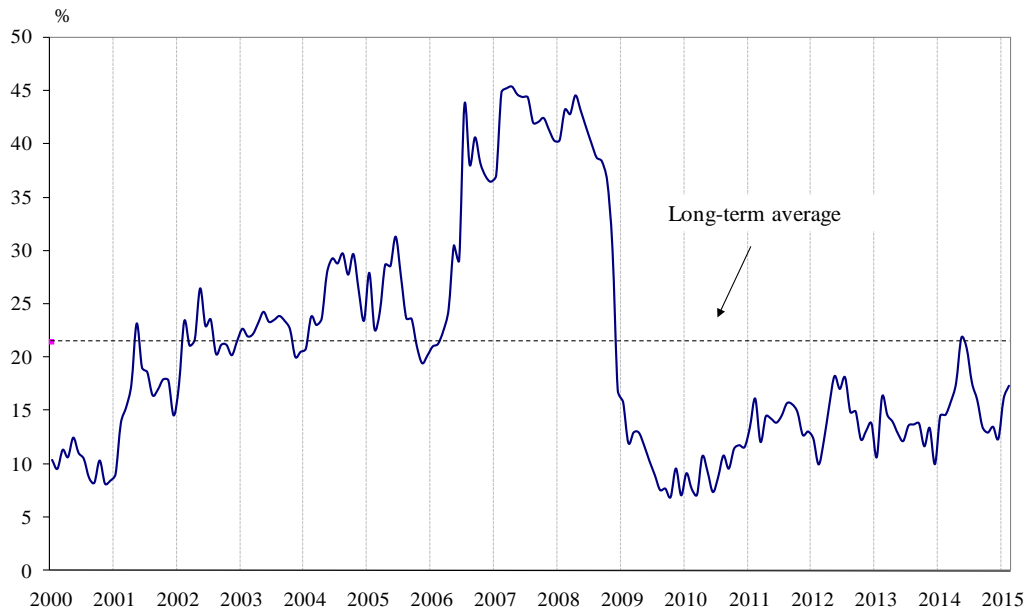
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<sup>1</sup> Excl. trade.

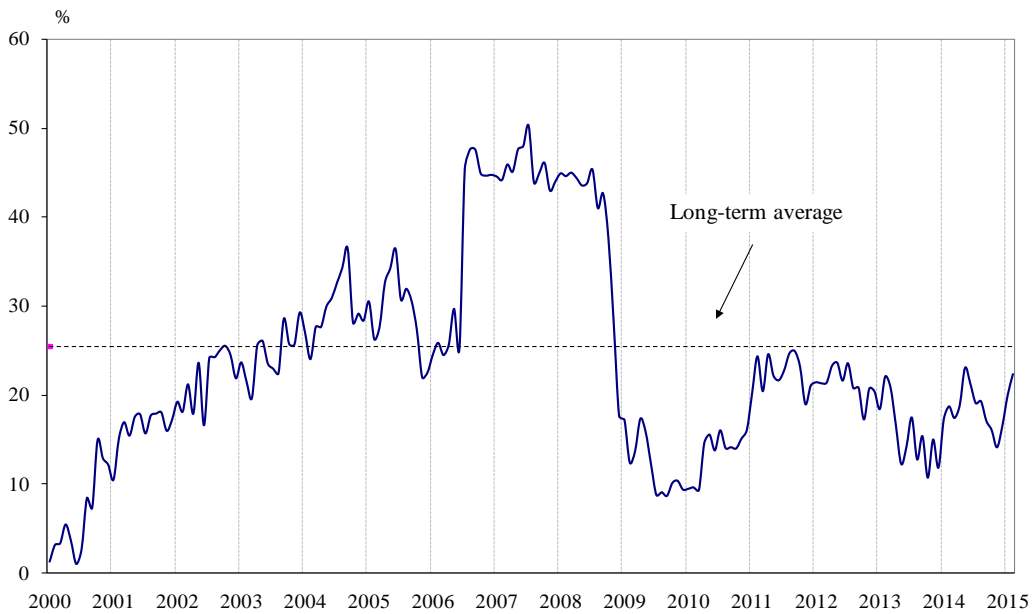


**Annex**

**Figure 1. Business climate - total**

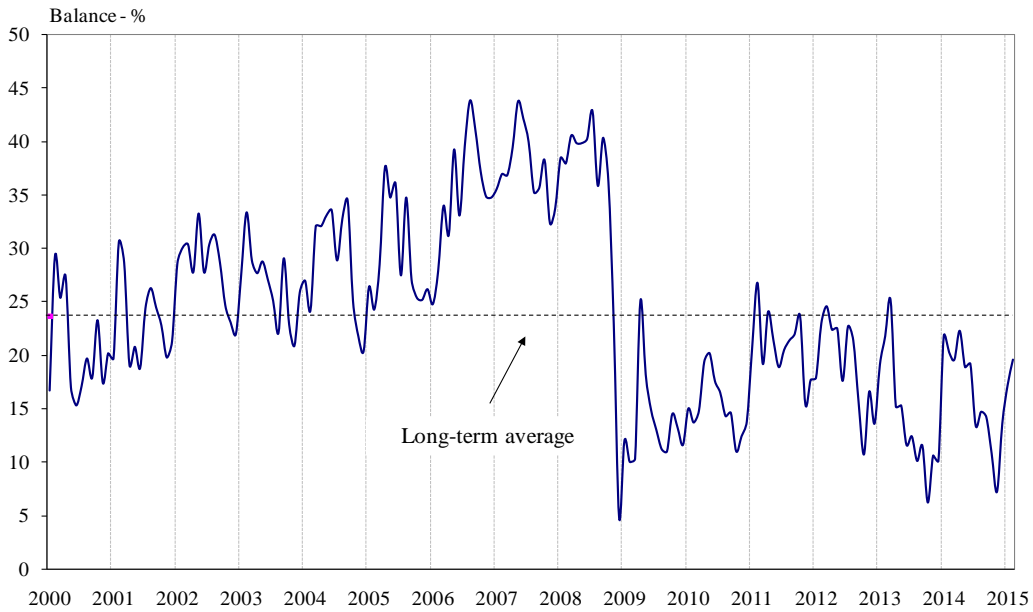


**Figure 2. Business climate in industry**

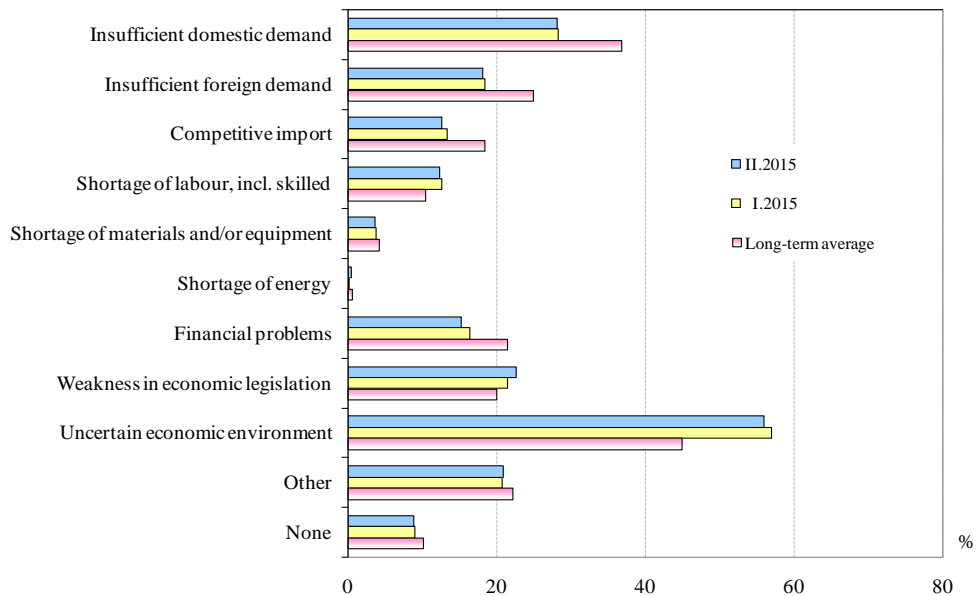




**Figure 3. Expected business situation in industry over the next 6 months**

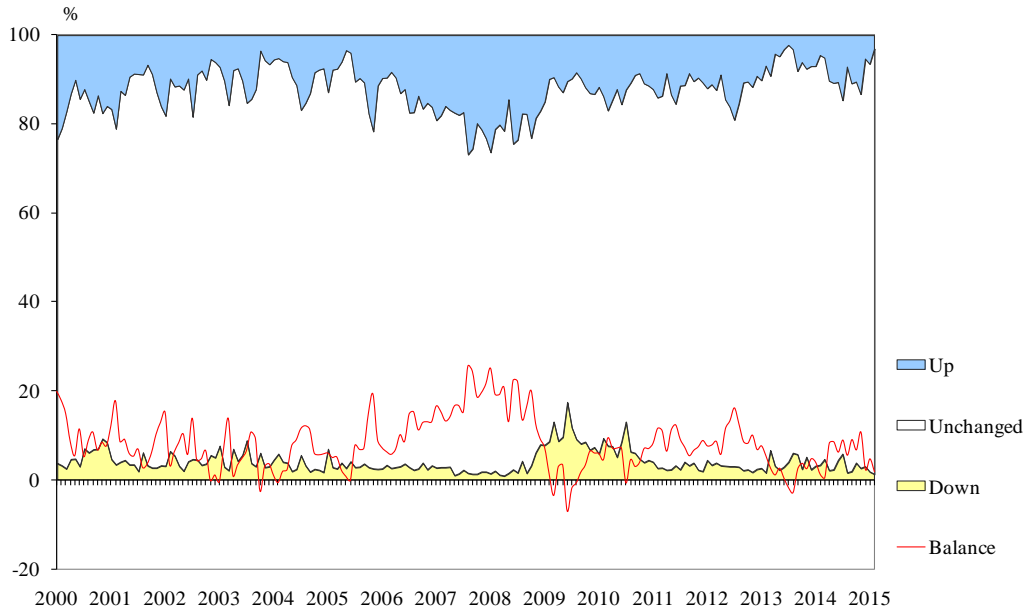


**Figure 4. Limits to production in industry (Relative share of enterprises)**

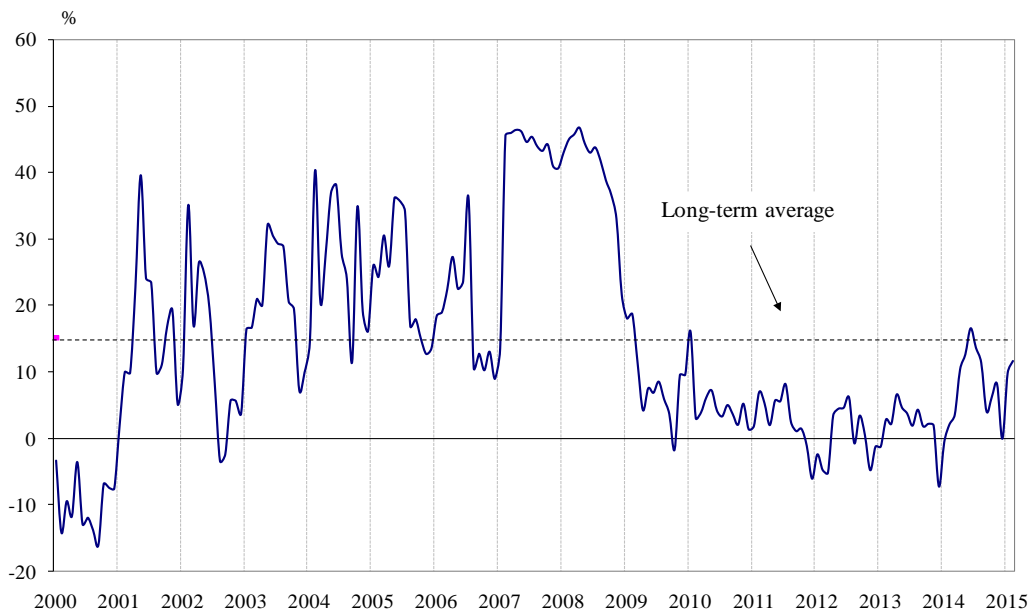




**Figure 5. Selling prices expectations in industry over the next 3 months**

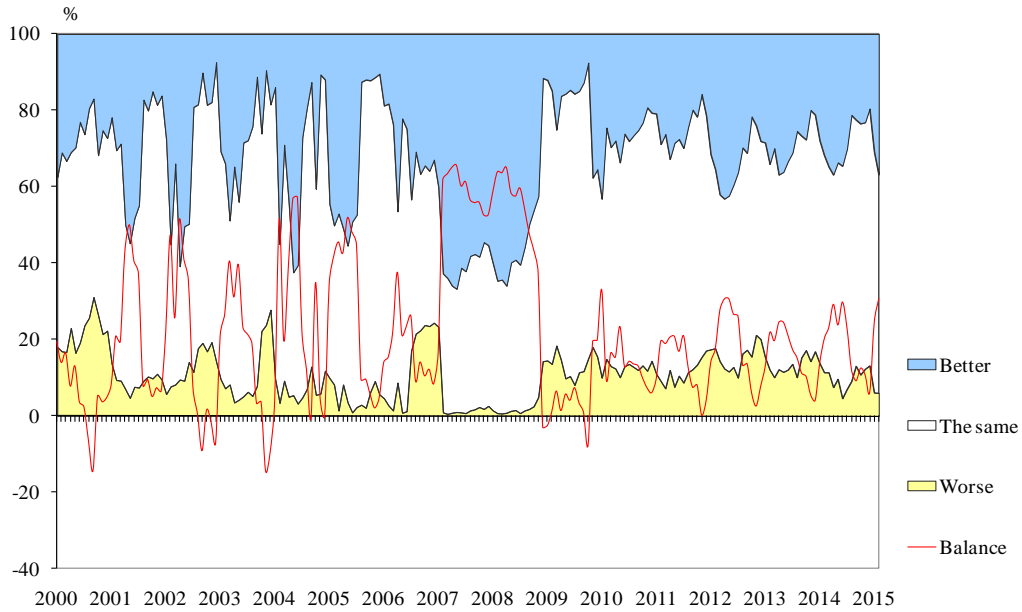


**Figure 6. Business climate in construction**

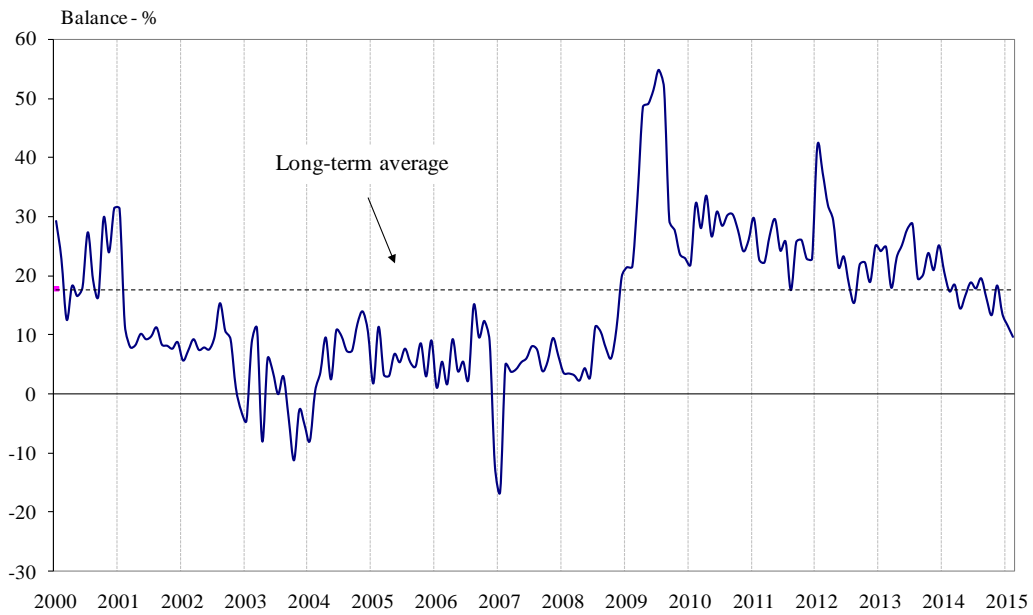




**Figure 7. Expected business situation in construction over the next 6 months**

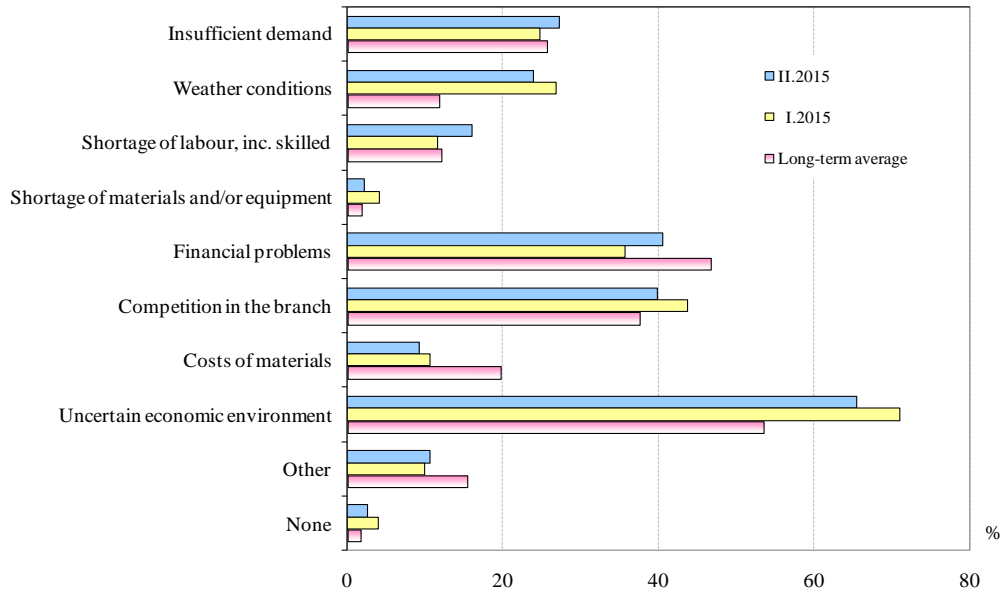


**Figure 8. Clients with delay in payments in construction**

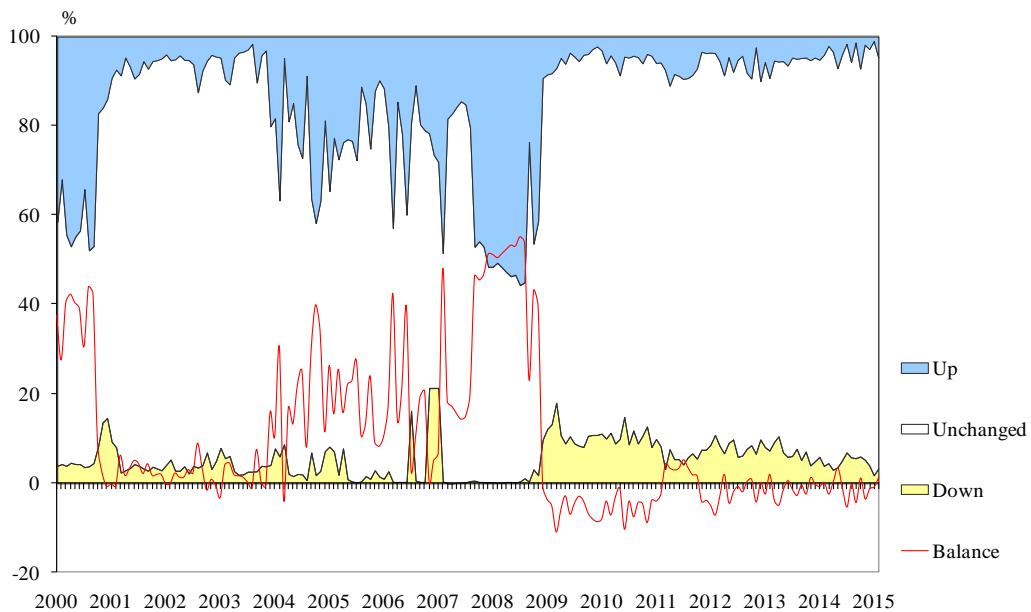




**Figure 9. Limits to construction activity  
(Relative share of enterprises)**

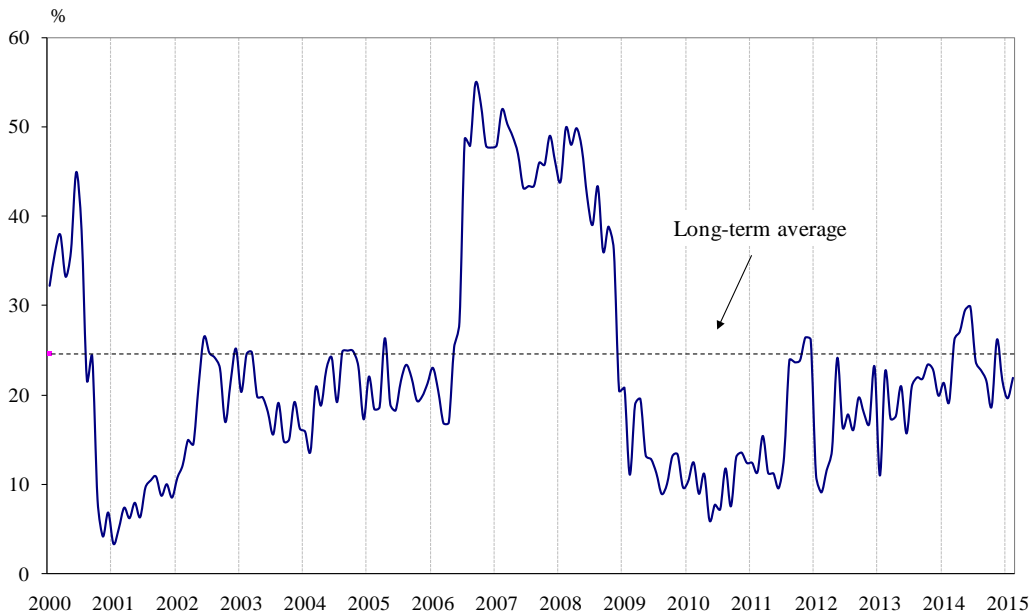


**Figure 10. Selling prices expectations in construction  
over the next 3 months**

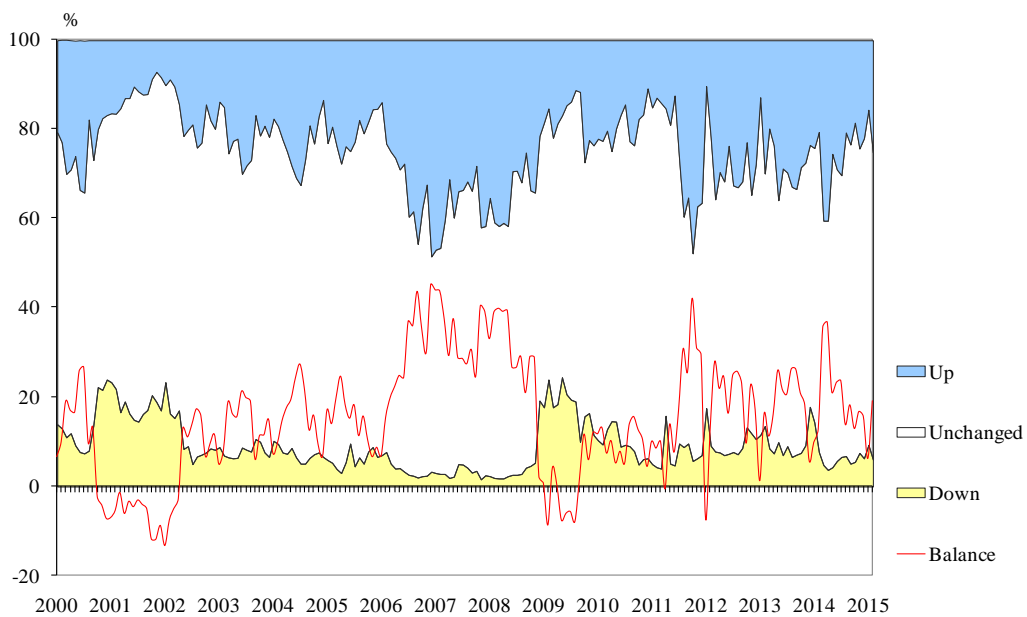




**Figure 11. Business climate in retail trade**



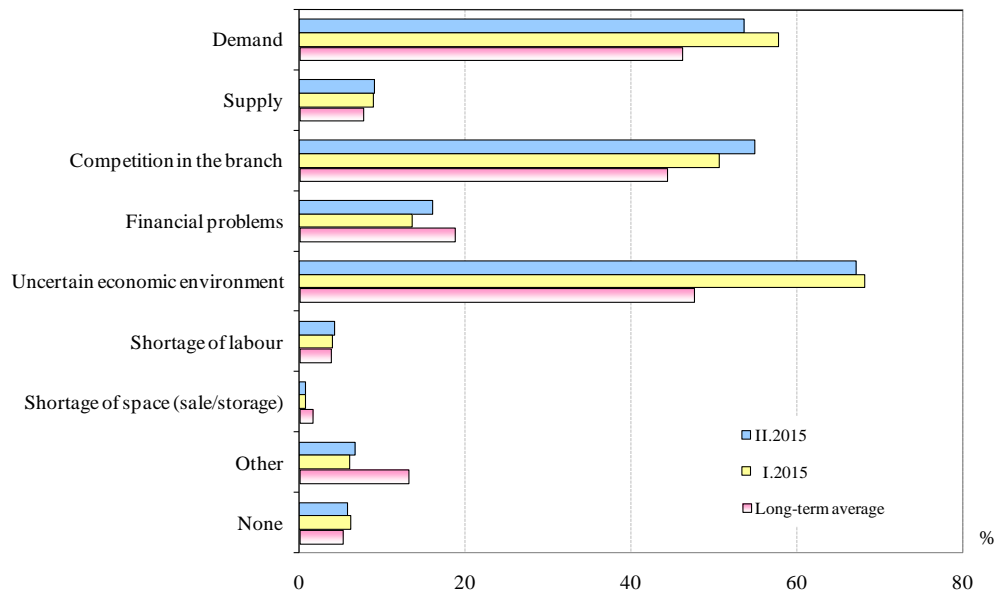
**Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months**



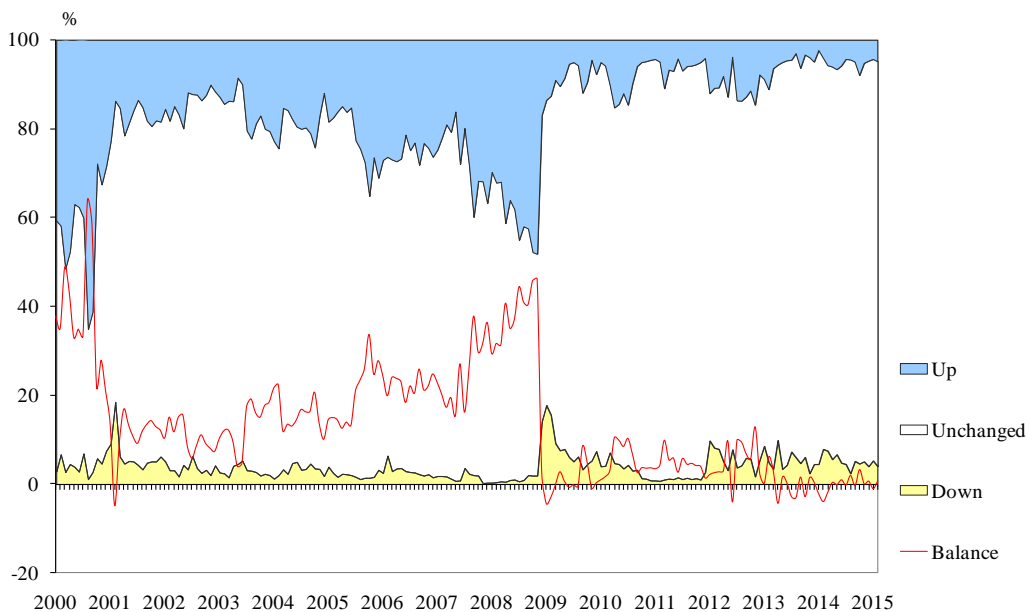




**Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

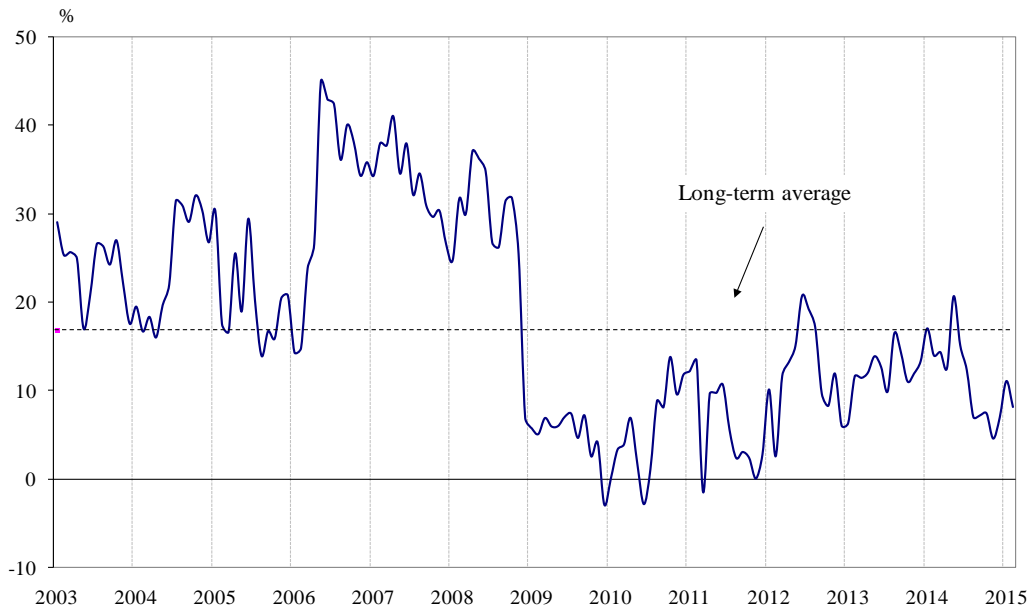


**Figure 14. Selling prices expectations in retail trade over the next 3 months**

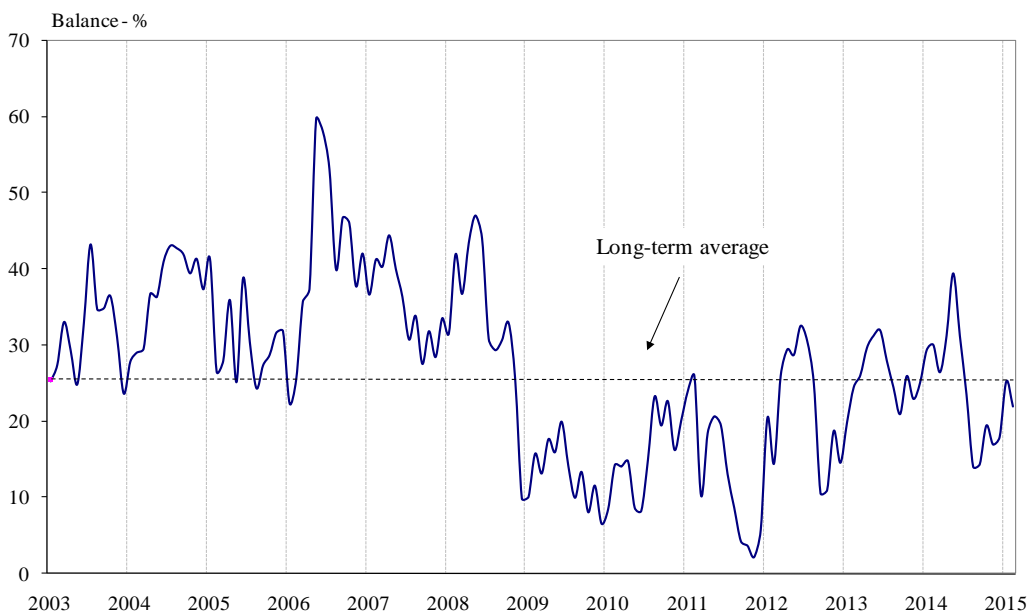




**Figure 15. Business climate in service sector**

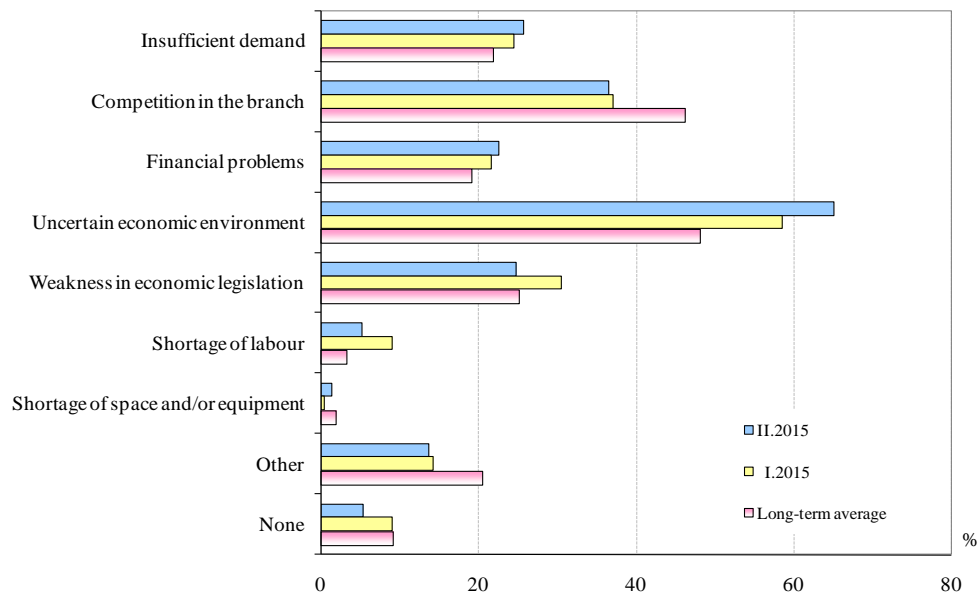


**Figure 16. Expected business situation in service sector over the next 6 months**





**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**

