



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

In May 2015 **the total business climate indicator**<sup>4</sup> increases by 3.1 percentage points compared to its April level (Annex, Figure 1) which is due to the improved managers' opinions in construction, retail trade and service sector.

**Industry.** The composite indicator 'business climate in industry' remains approximately to its level from the previous month (Annex, Figure 2). The inquiry registers certain improvement of the production assurance with orders, which is accompanied by more favourable expectations about the activity of the enterprises over the next 3 months (Annex, Figure 3).

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 55.2% and 25.1% of the industrial entrepreneurs (Annex, Figure 4).

Concerning the selling prices the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

**Construction.** In May the composite indicator 'business climate in construction' increases by 2.5 percentage points (Annex, Figure 6) which is due to the more favourable construction entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity preserves its level from the previous month, as their prognoses over the next 3 months remain optimistic, though more reserved compared to April.

The uncertain economic environment, competition in the branch and financial problems continue to be the main factors limiting the activity in the branch, as in the last month strengthen the negative impact of the first two factors is observed (Annex, Figure 8).

As regards the selling prices in construction the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator 'business climate in retail trade' increases by 5.7 percentage points compared to the previous month (Annex, Figure 10) due to the improved retailers' assessments and

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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, 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.



expectations about the business situation of the enterprises. Their opinions about the volume of sales over the last 3 months are also favourable as well the expectations over the next 3 months are improve (Annex, Figure 11).

The main obstacles for the business development in the branch remain connected to the uncertain economic environment, competition in the branch and insufficient demand, as in the last month a decrease of their unfavourable influence is registered (Annex, Figure 12).

Concerning the selling prices the prevailing retailers' expectations are for preservation of their level over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In May the composite indicator 'business climate in service sector' increases by 8.1 percentage points in comparison with April (Annex, Figure 14) which is due to the more optimistic managers' assessments and expectations about the business situation of the enterprises (Annex, Figure 15). Concerning the demand for services the present tendency is estimated as improved, but the expectations over the next 3 months are more reserved.

The factors, limiting with the most extent activity of the enterprises in the sector, continue to be the uncertain economic environment and competition in the branch (Annex, Figure 16).

As regards the selling prices the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 17).

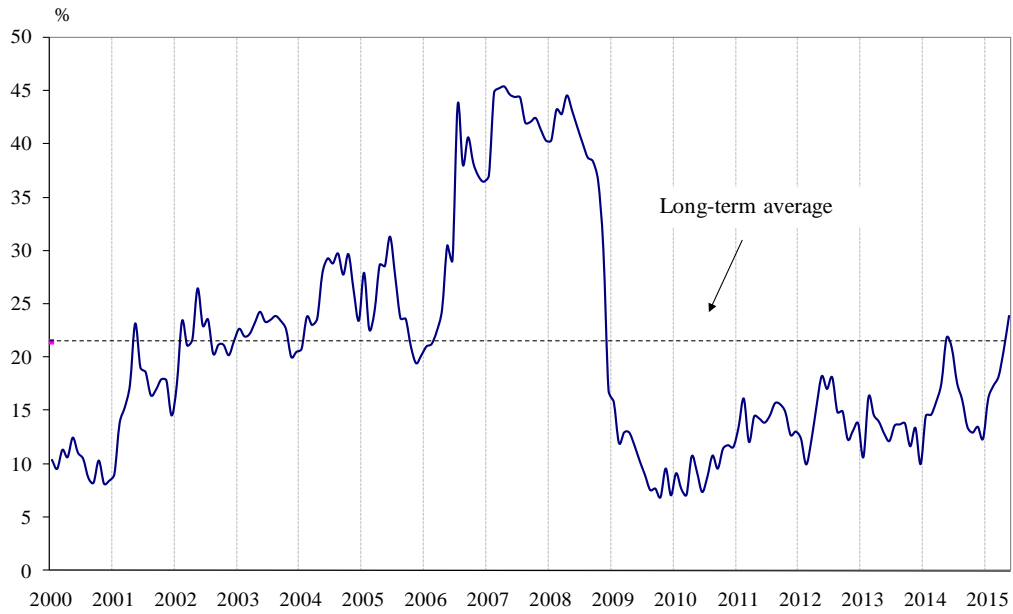
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<sup>1</sup> Excl. trade.

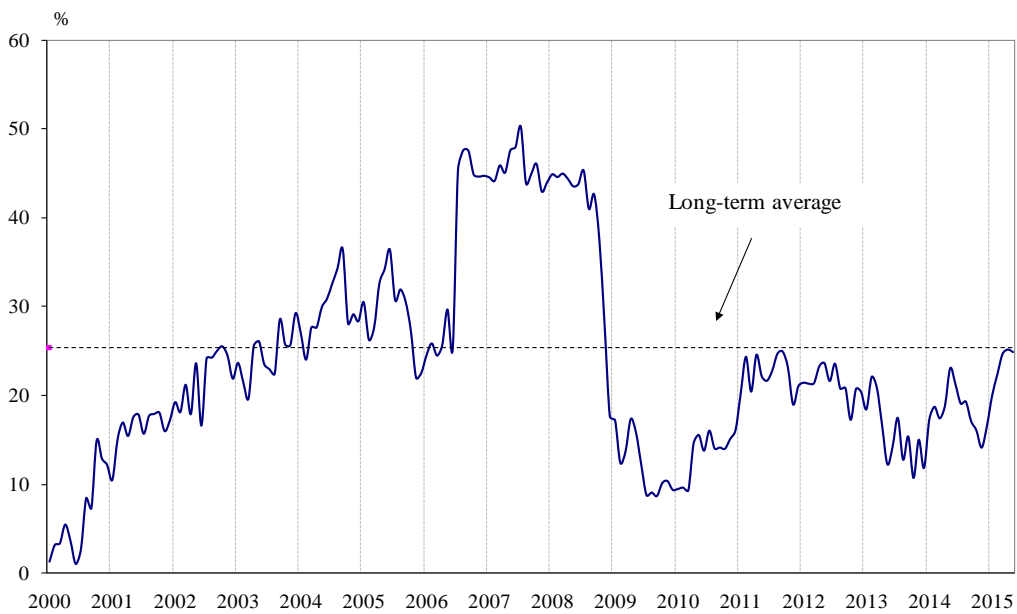


**Annex**

**Figure 1. Business climate - total**

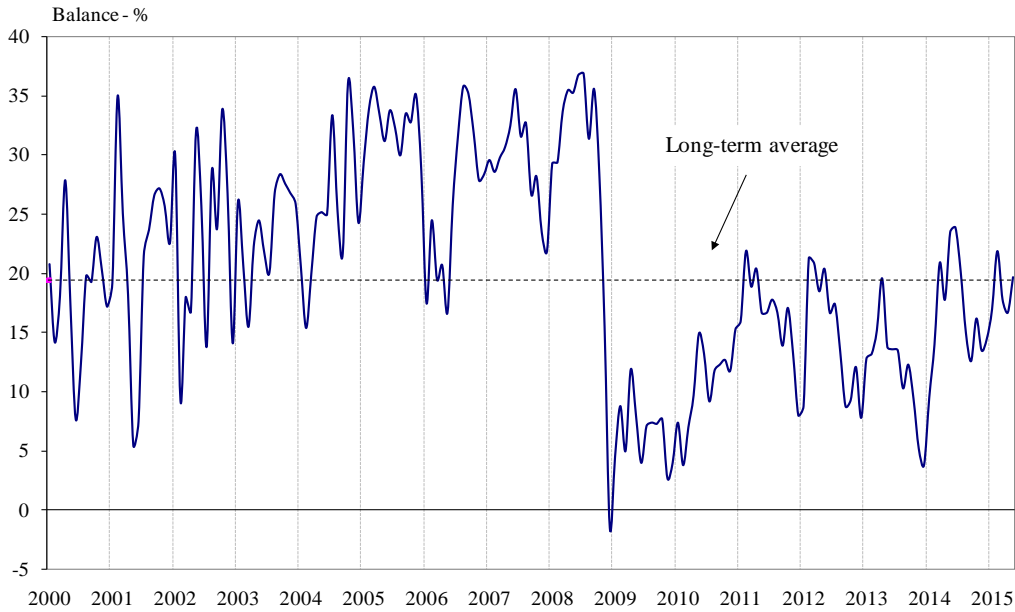


**Figure 2. Business climate in industry**

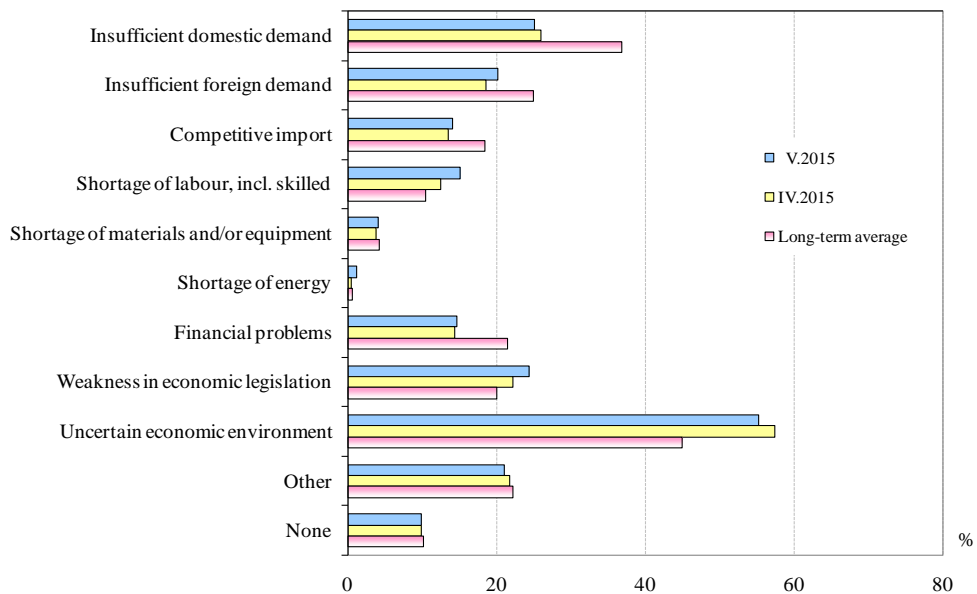




**Figure 3. Expected production activity in industry over the next 3 months**

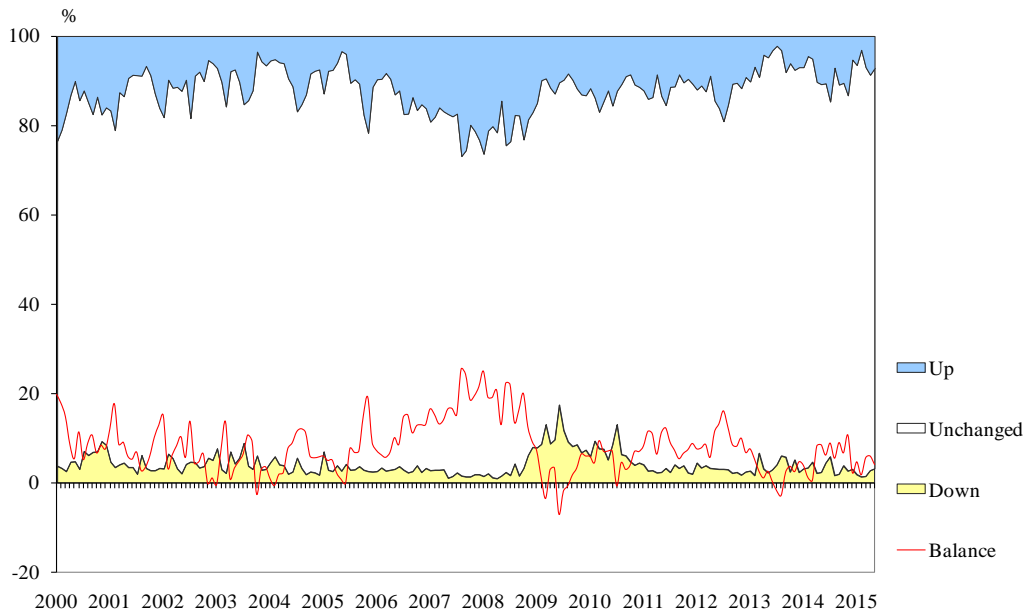


**Figure 4. Limits to production in industry (Relative share of enterprises)**

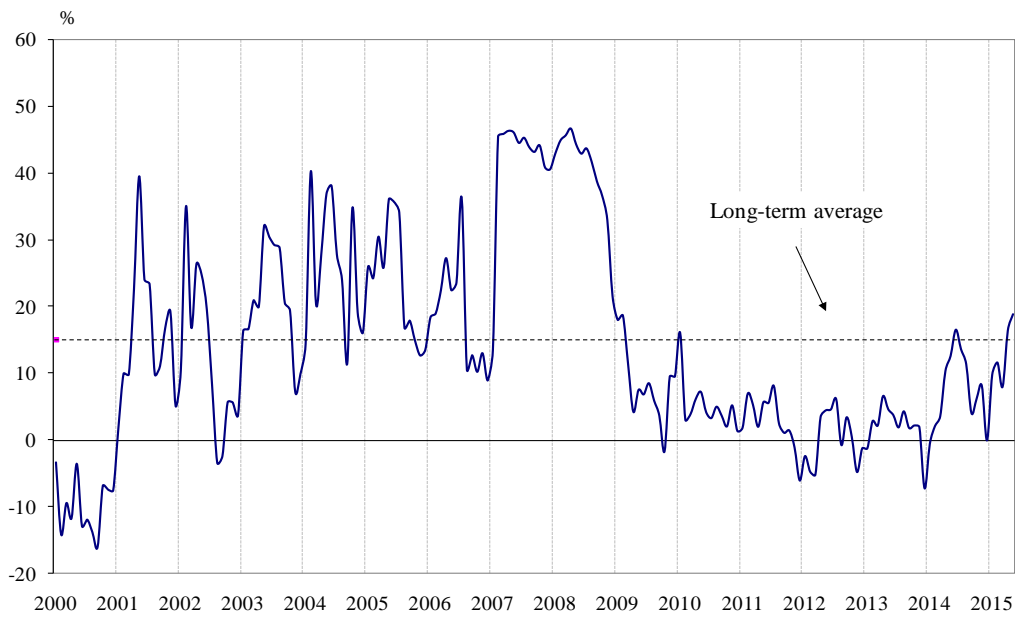




**Figure 5. Selling prices expectations in industry over the next 3 months**

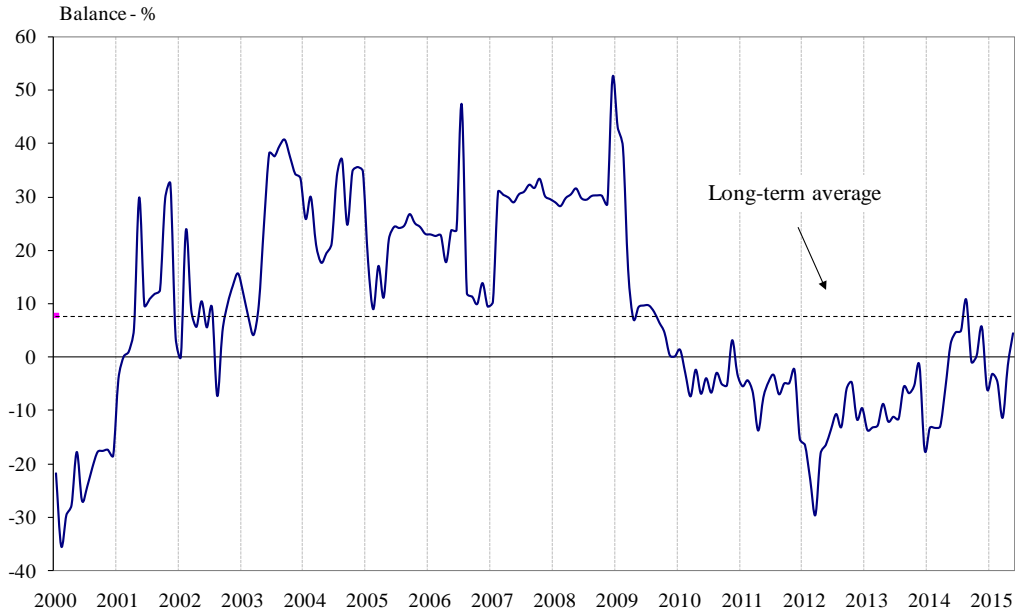


**Figure 6. Business climate in construction**

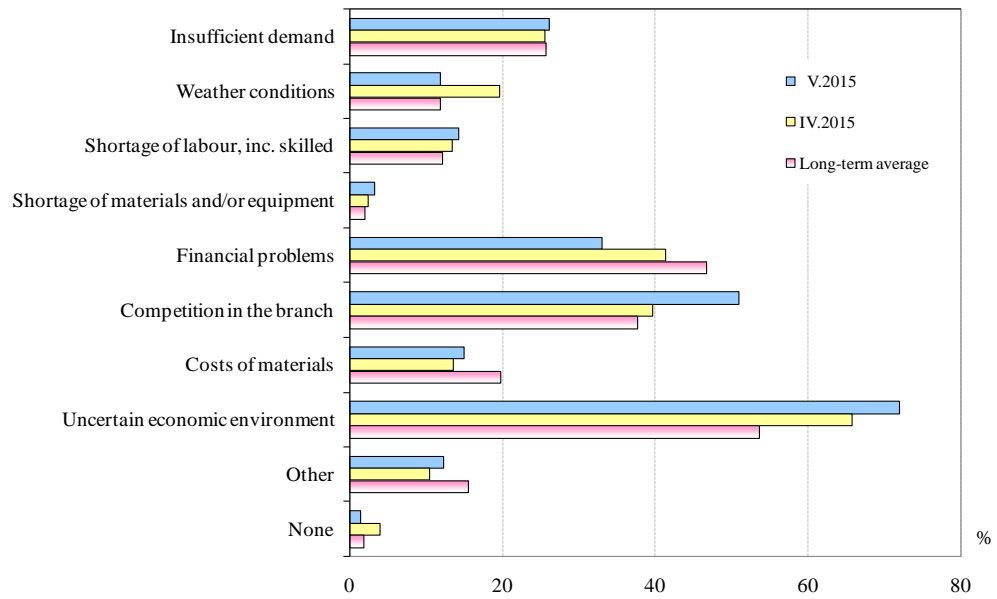




**Figure 7. Present business situation in construction**

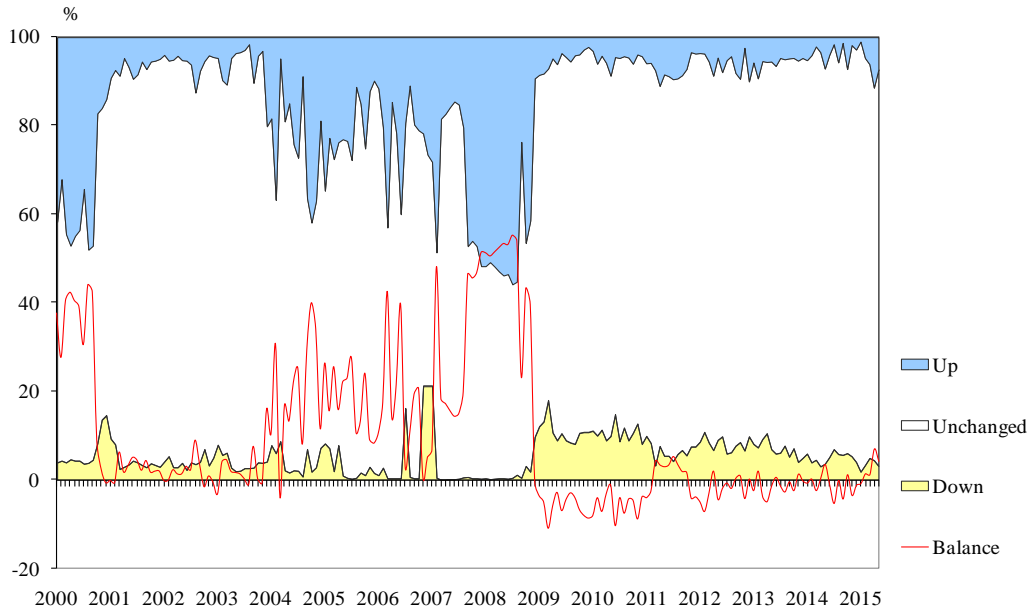


**Figure 8. Limits to construction activity  
(Relative share of enterprises)**

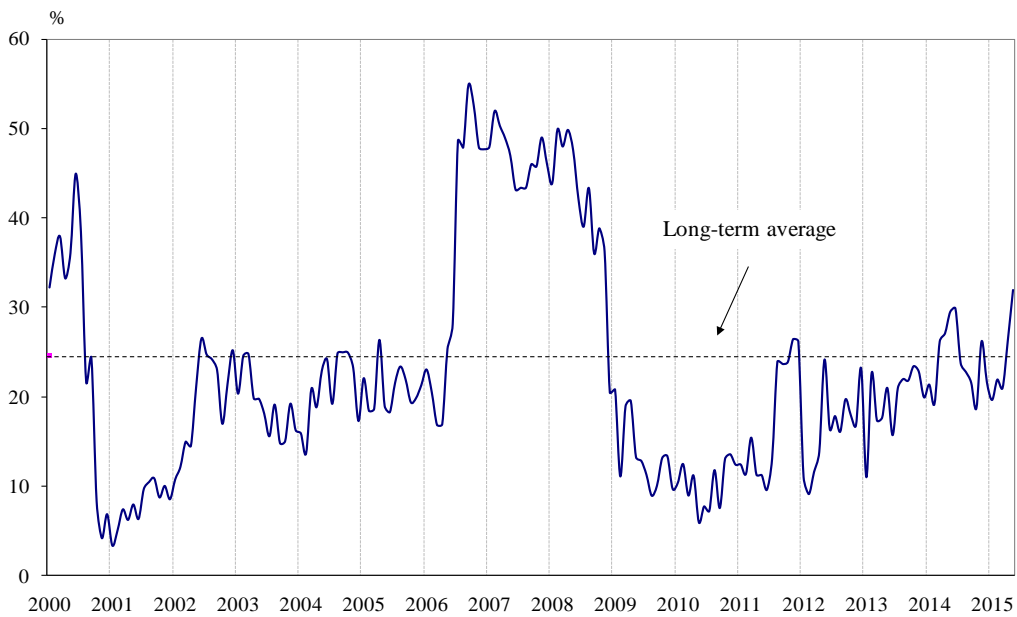




**Figure 9. Selling prices expectations in construction over the next 3 months**

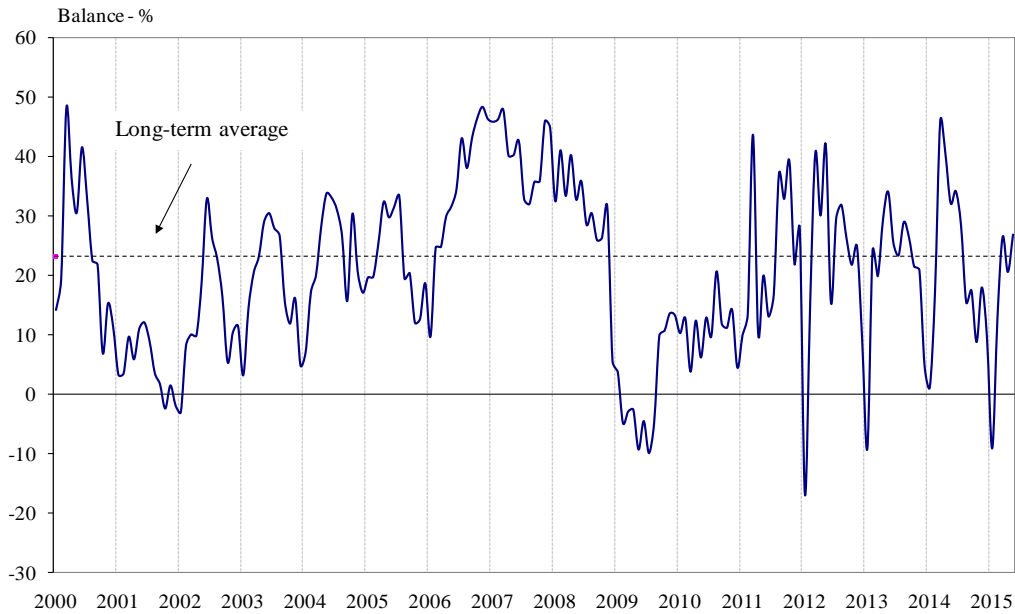


**Figure 10. Business climate in retail trade**

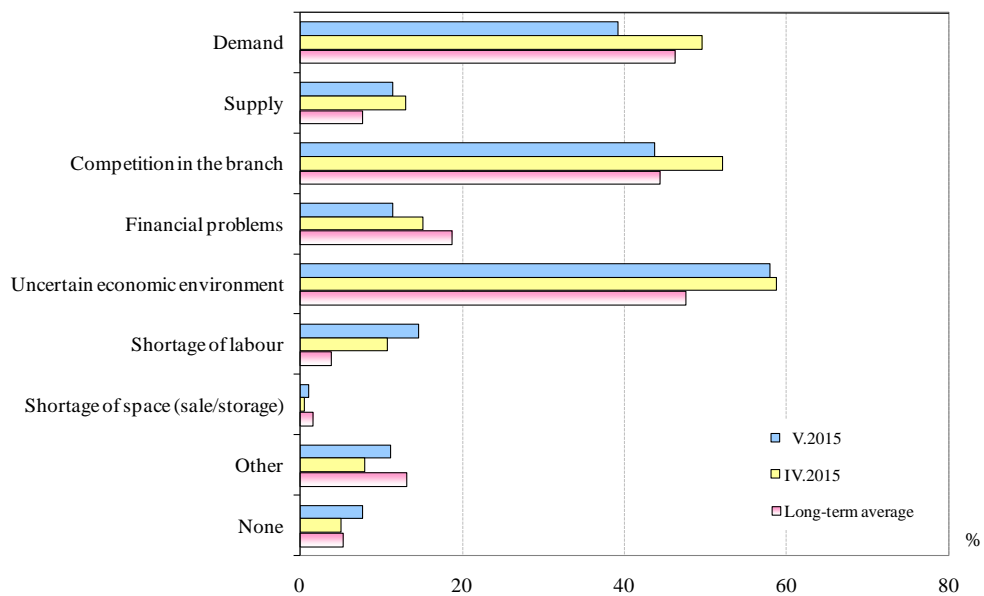




**Figure 11. Sales expectations in retail trade over the next 3 months**



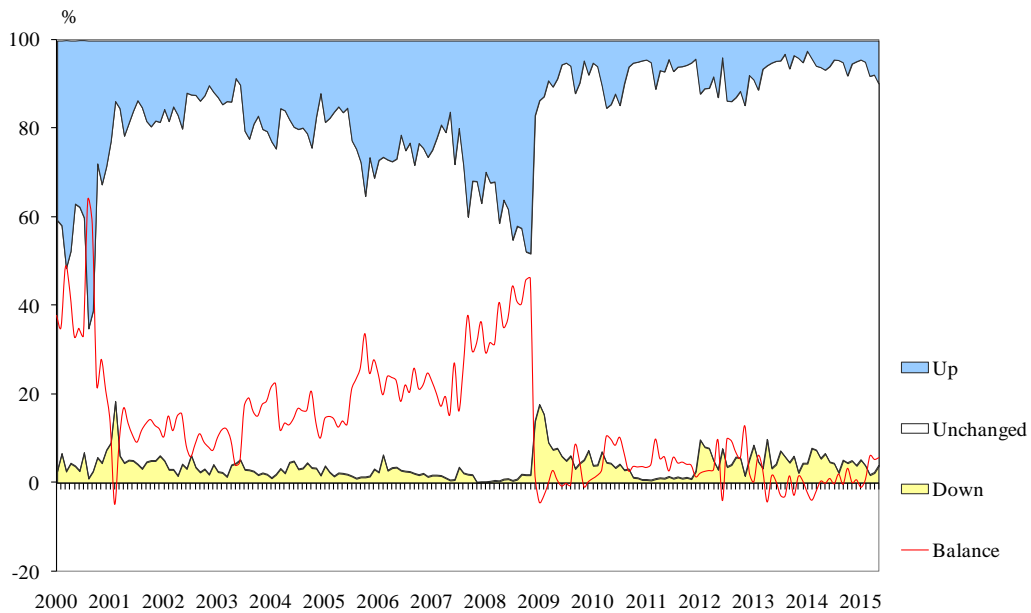
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



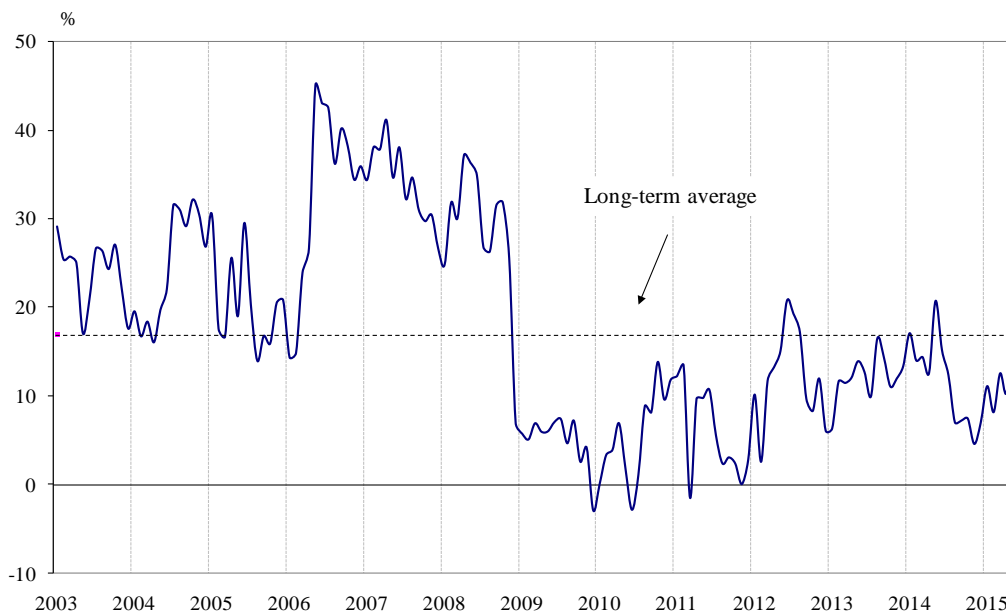




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

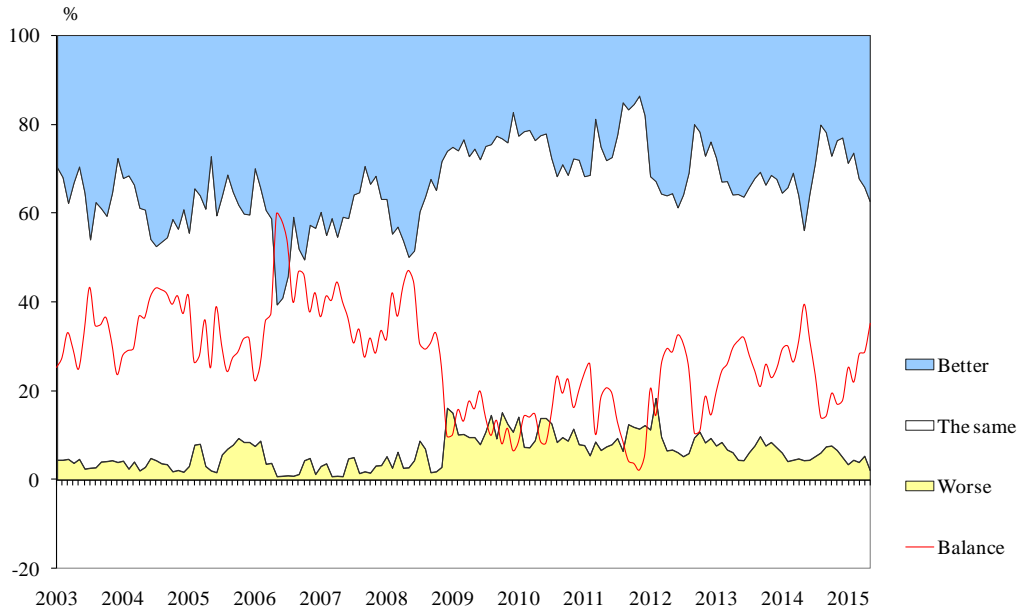


**Figure 14. Business climate in service sector**

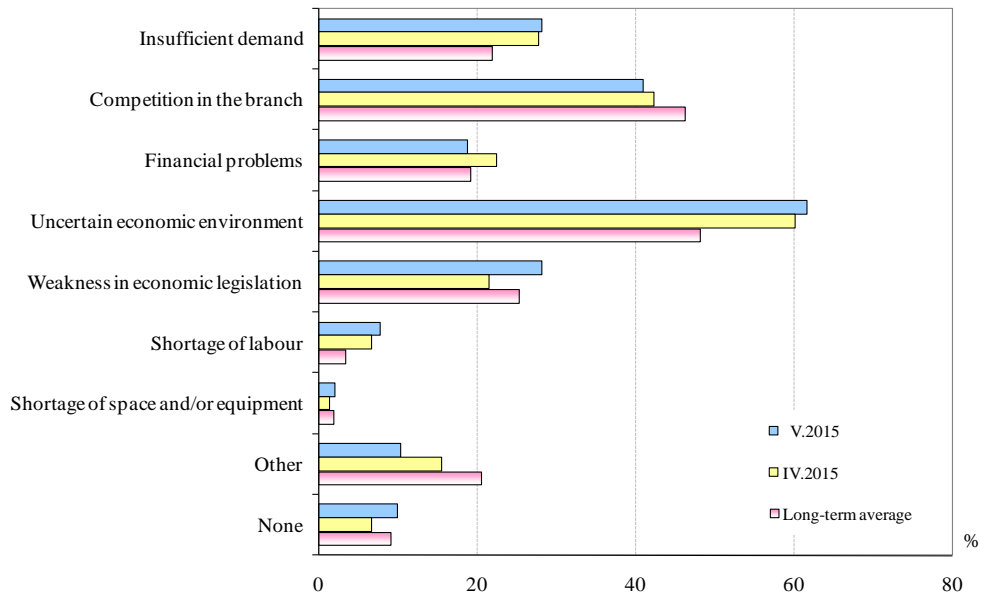




**Figure 15. Expected business situation in service sector over the next 6 months**



**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**

