# BUSINESS CONJUNCTURE
# NSI BUSINESS SURVEYS[1,2,3], JUNE 2015

In June 2015 **the total business climate indicator**[4] decreases by 0.7 percentage points compared to its May level (Annex, Figure 1) due to the more unfavourable business climate in retail trade and service sector.

**Industry.** The composite indicator 'business climate in industry' preserves approximately its level from the previous month (Annex, Figure 2). The inquiry registers a slight decrease of the present production activity, as the industry entrepreneurs' expectations about the activity over the next 3 months are also more moderate (Annex, Figure 3).

The uncertain economic environment and insufficient domestic demand continue to be the main factors, limiting the activity in the branch (Annex, Figure 4).

Concerning the selling prices in industry the majority of the managers foresee them to remain unchanged over the next 3 months (Annex, Figure 5).

**Construction.** In June the composite indicator 'business climate in construction' remains approximately to its May level (Annex, Figure 6). In the construction entrepreneurs' opinion the present construction activity is improved in comparison with the previous month, as well their prognoses over the next 3 months remain favourable (Annex, Figure 7).

The main obstacles for the business development in the branch continue to be connected with the uncertain economic environment, competition in the branch and financial problems, as in the last month a decrease of their unfavourable influence is registered (Annex, Figure 8).

As regards the selling prices in construction the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 9).

**Retail trade.** The composite indicator 'business climate in retail trade' decreases by 2.7 percentage points compared to May (Annex, Figure 10), which is due to the worsening retailers' assessments about the present business situation of the enterprises. However their forecasts for the development of the business in the branch over the next 6 months are favourable (Annex, Figure 11). At the same time their expectations

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[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.

about the volume of sales and orders placed with suppliers over the next 3 months remain also optimistic, though more reserved compared to May.

The uncertain economic environment, competition in the branch and insufficient demand remain the main factors limiting the development of the activity in the branch, as the last inquiry registers strengthen of their negative impact (Annex, Figure 12).

Concerning the selling prices the prevailing retailers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 13).

**Service sector[1].** In June the composite indicator 'business climate in service sector' decreases by 0.9 percentage points (Annex, Figure 14) due to the more unfavourable managers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 15). Their opinions as regards the present demand for services are more reserved as well in their expectations over the next 3 months certain pessimism is observed.

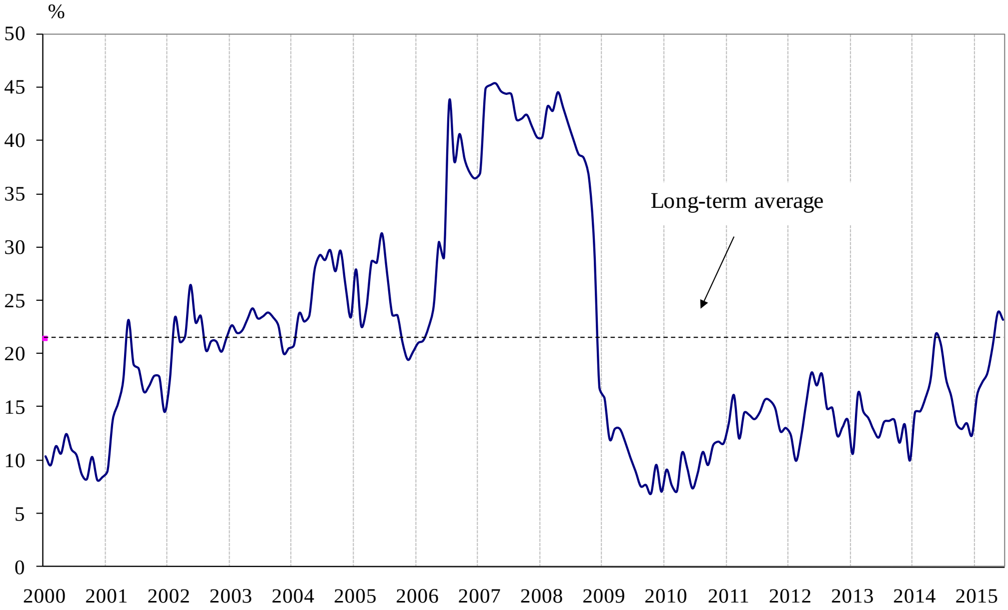
The main obstacles for the business development in the branch continue to be connected with the uncertain economic environment and competition in the branch (Annex, Figure 16).

The majority of the managers expect the selling prices in the sector to preserve 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

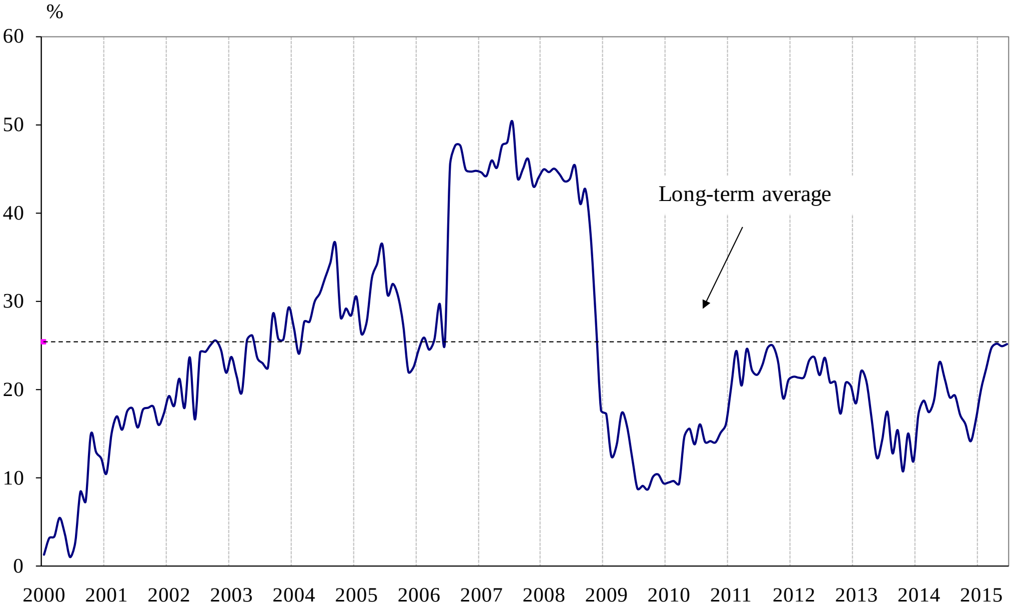


**Figure 3. Expected production activity in industry over the next 3 months**

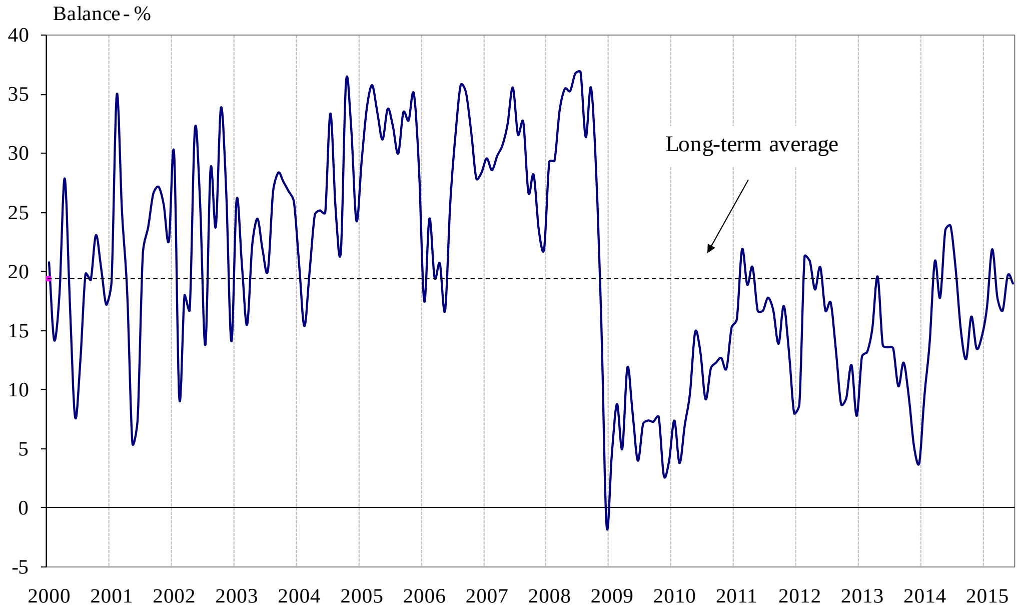



**Figure 4. Limits to production in industry (Relative share of enterprises)**

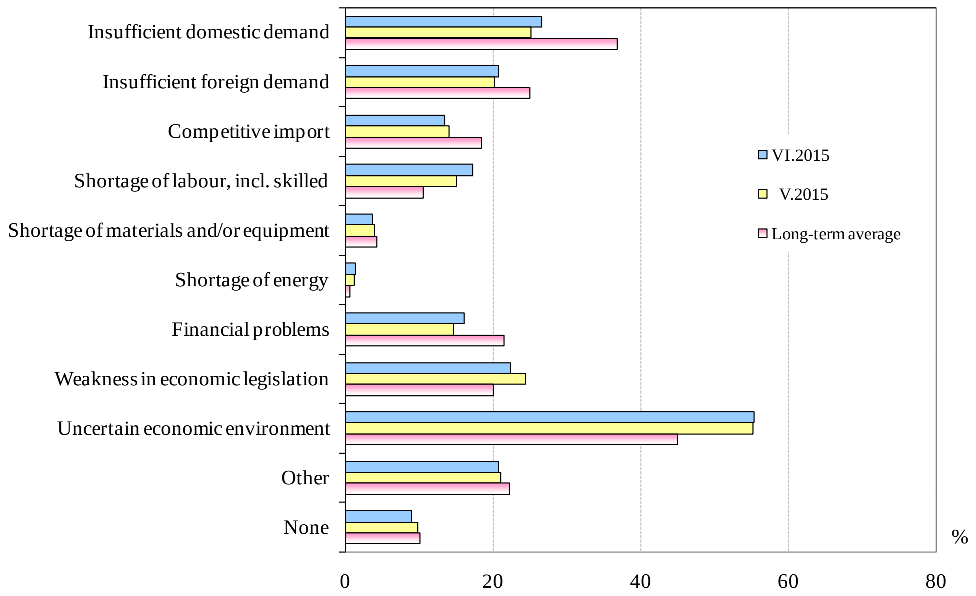


**Figure 5. Selling prices expectations in industry over the next 3 months**

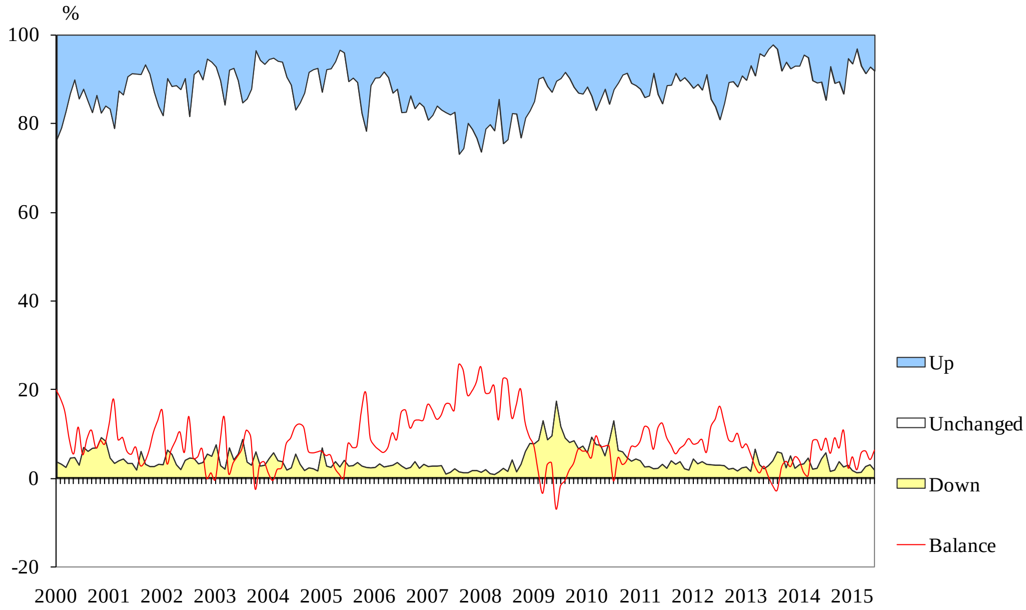
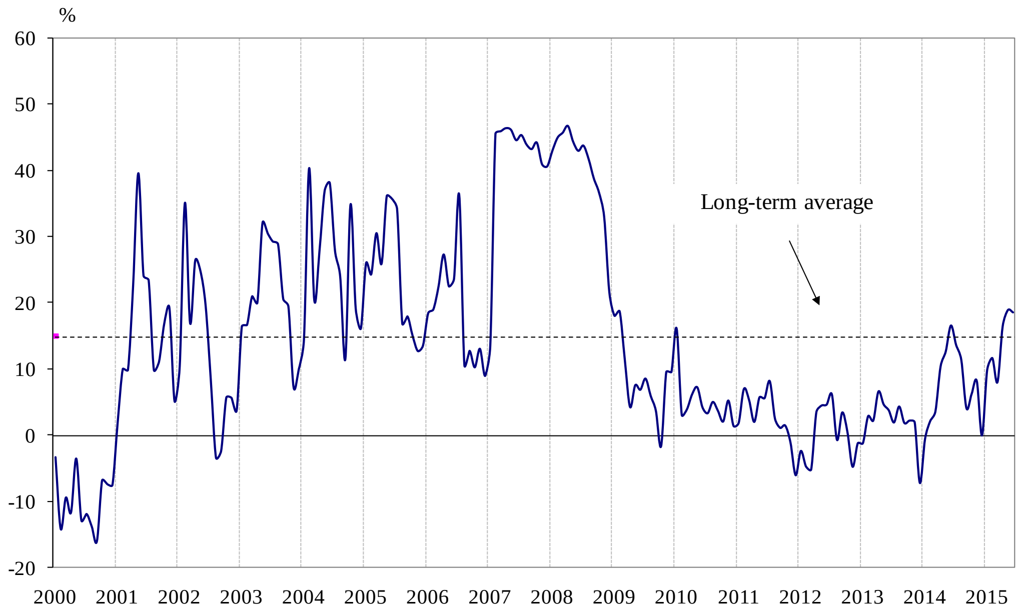
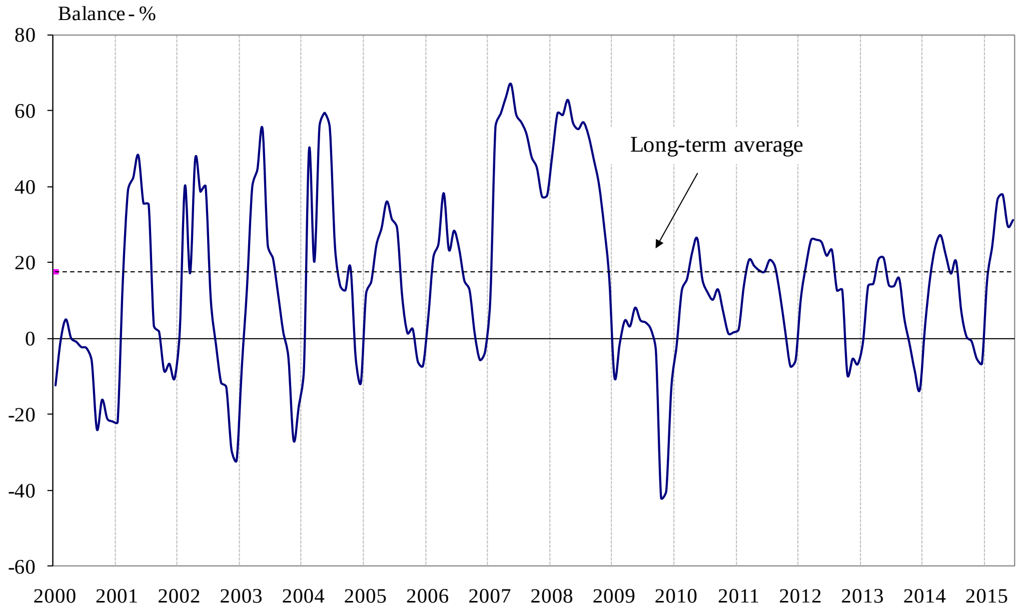



**Figure 6. Business climate in construction**



## Figure 7. Expected construction activity over the next 3 months




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

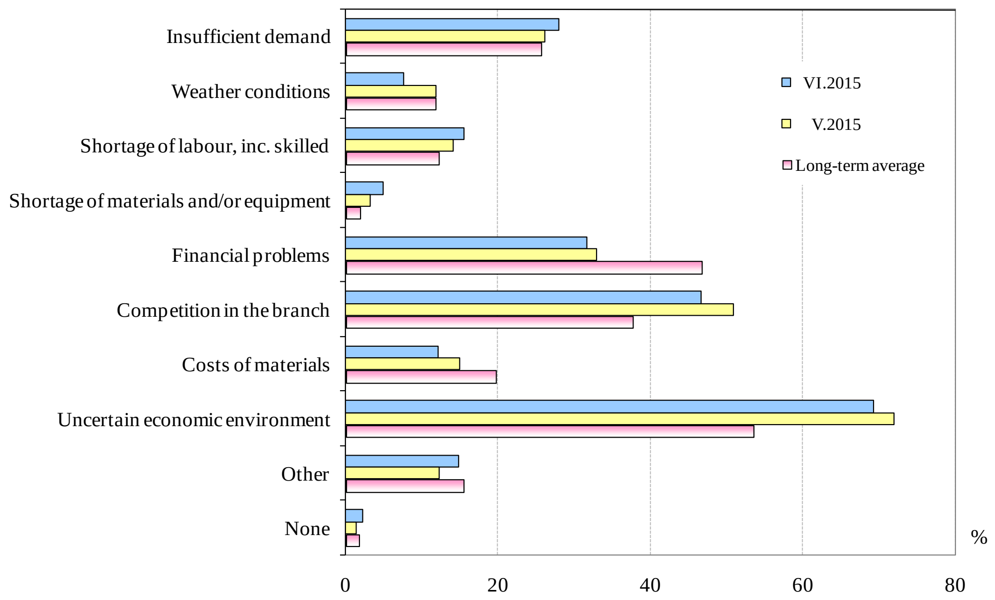


**Figure 9. Selling prices expectations in construction over the next 3 months**

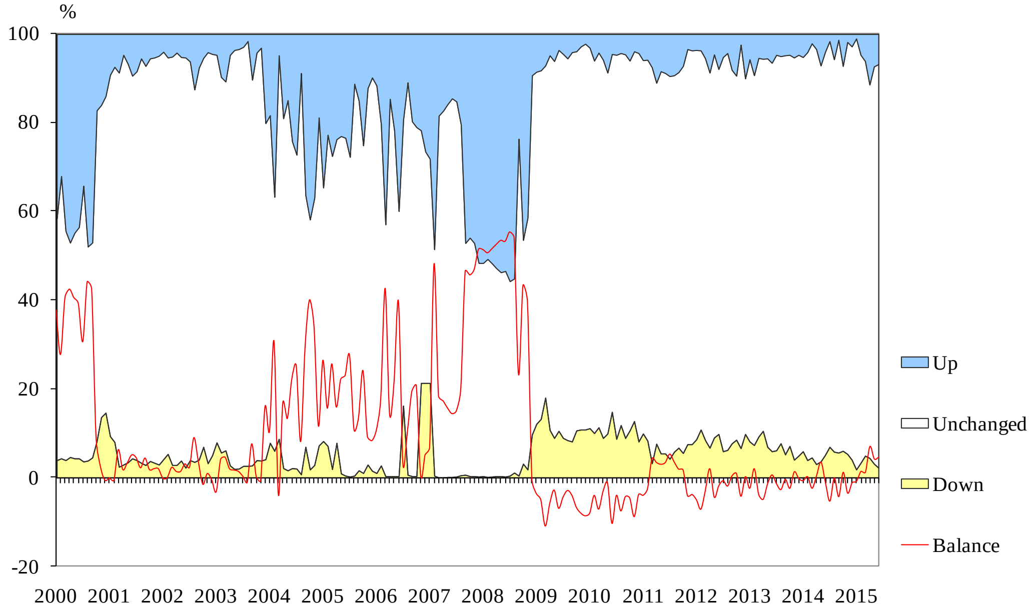



**Figure 10. Business climate in retail trade**

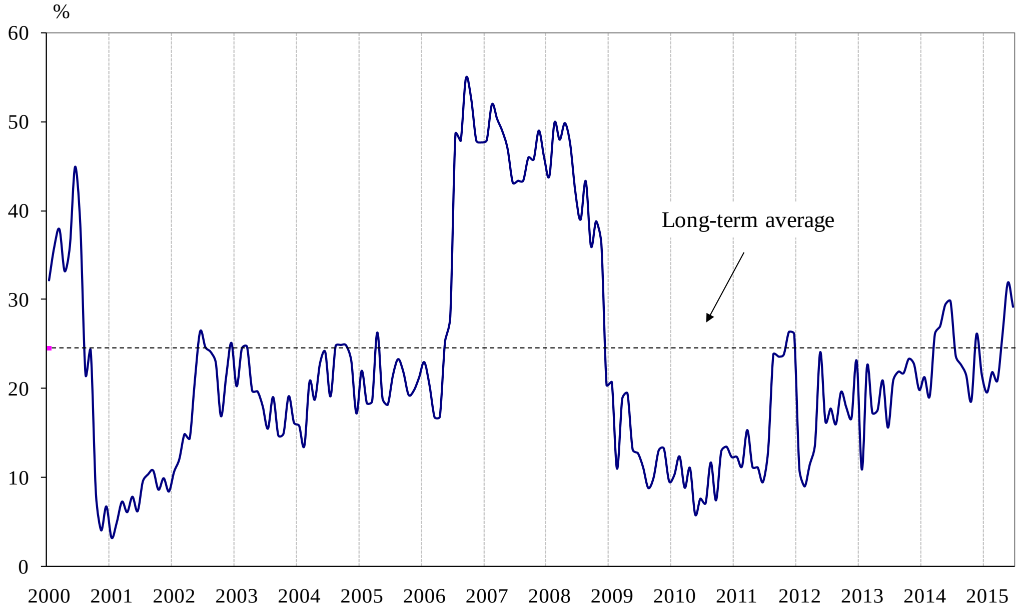


**Figure 11. Expected business situation in retail trade over the next 6 months**

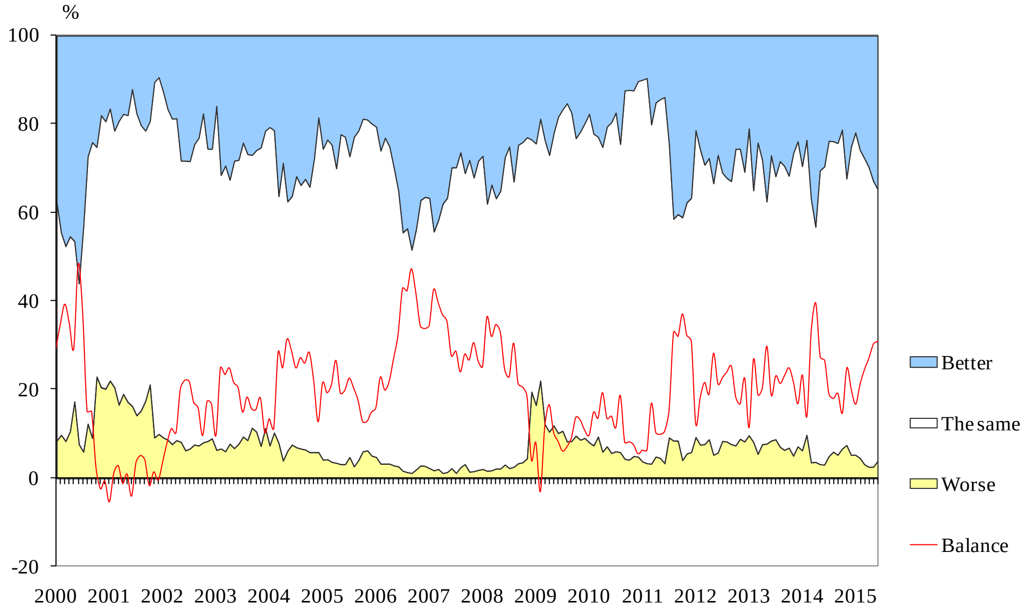



**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

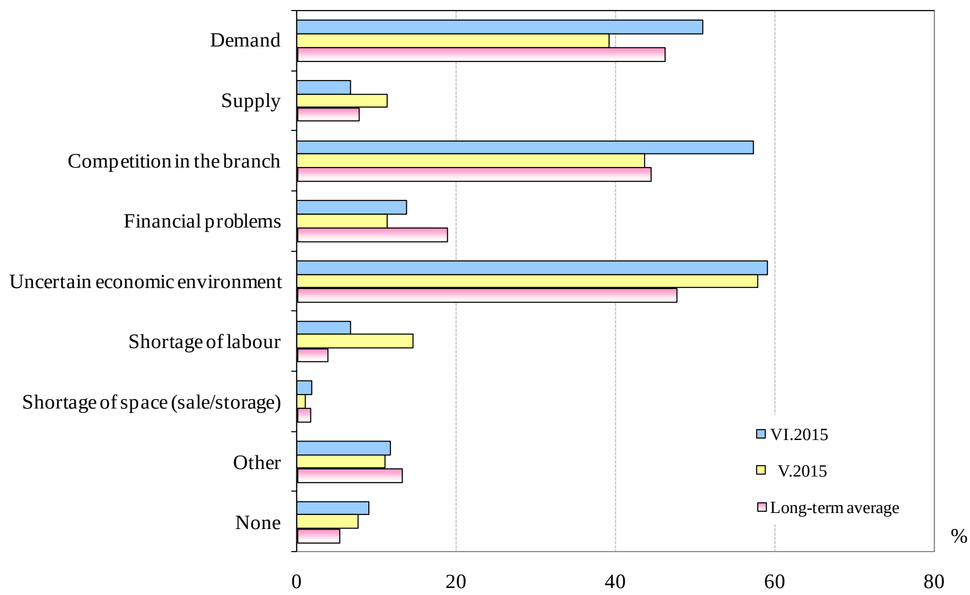


**Figure 13. Selling prices expectations in retail trade over the next 3 months**

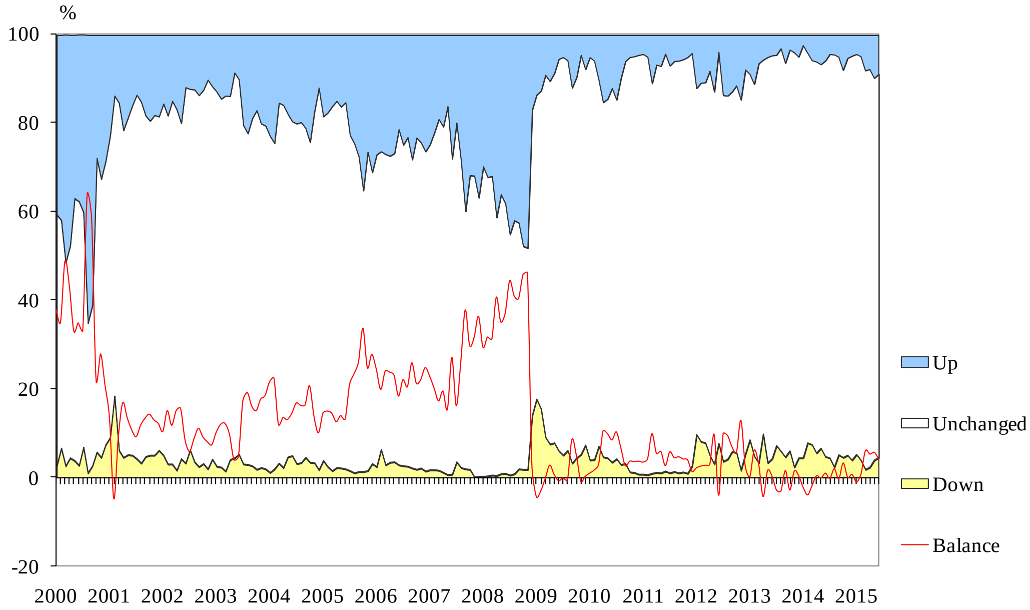



**Figure 14. Business climate in service sector**

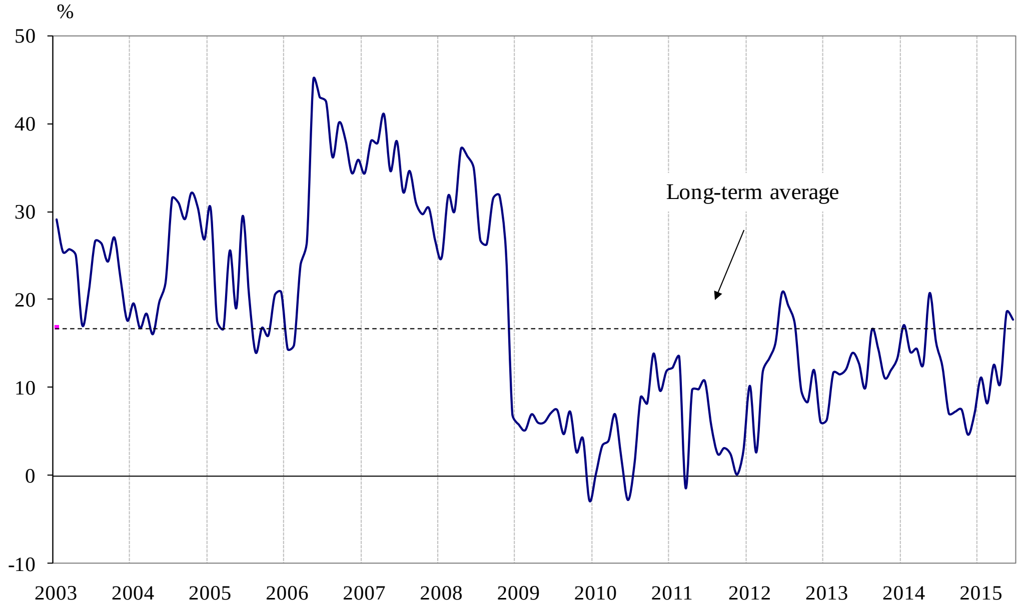


**Figure 15. Expected business situation in service sector over the next 6 months**

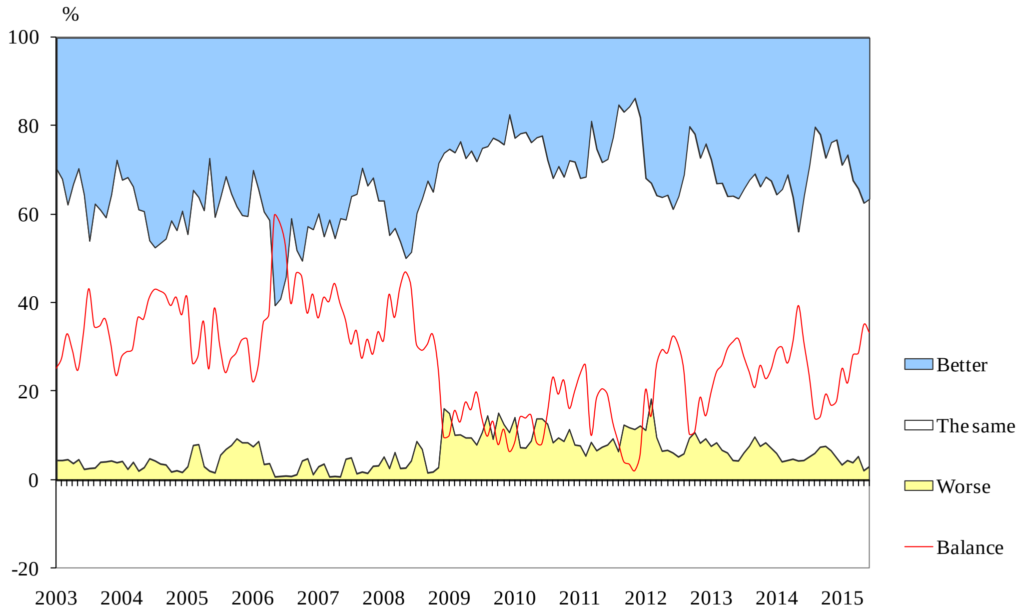



**Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)**

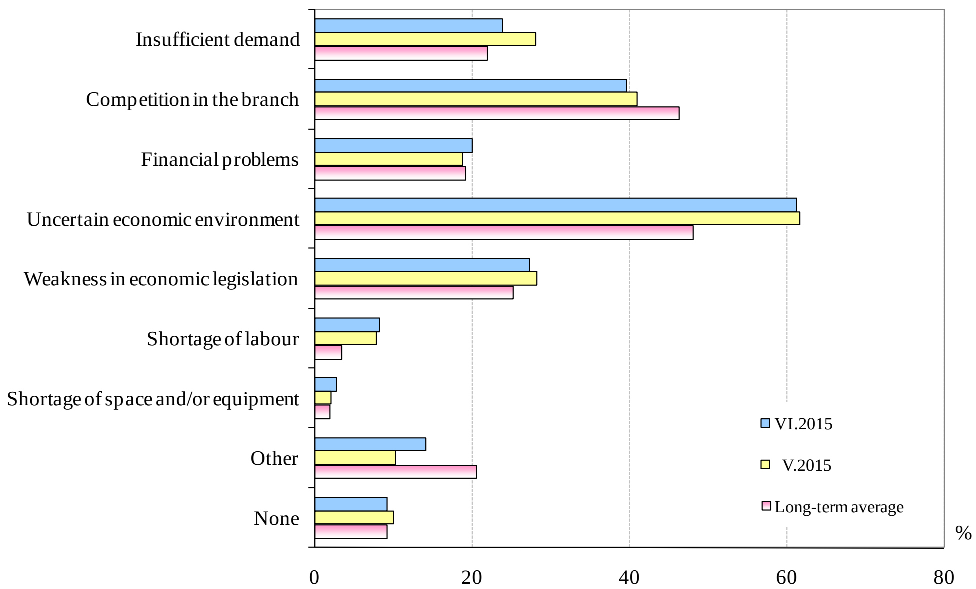


**Figure 17. Selling prices expectations in service sector over the next 3 months**