



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

In August 2015 the **total business climate indicator**<sup>4</sup> increases by 1.3 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the improved managers' opinions in industry and retail trade.

**Industry.** The composite indicator 'business climate in industry' increases by 2.1 percentage points in comparison with July (Annex, Figure 2) due to the favourable industrial entrepreneurs' assessments (Annex, Figure 3) and expectations about the business situation of the enterprises. In their opinion the present production activity is preserved, but their prognoses over the next 3 months are more unfavourable.

The uncertain economic environment remains the main factor limiting the business development in the branch. At the same time in the last month strengthen the negative impact of the factor 'weakness in economic legislation' is observed, which shifts to the third place the factor 'insufficient domestic demand' (Annex, Figure 4).

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

**Construction.** In August the composite indicator 'business climate in construction' remains to its level from the previous month (Annex, Figure 6). According to the construction entrepreneurs' assessments the present construction activity is preserved, as well their forecasts over the next 3 months also remain favourable (Annex, Figure 7).

The main obstacle for the development of 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 thought in the last month a decrease of their unfavourable influence is registered (Annex, Figure 8).

Concerning the selling prices in construction the managers' expectations are for preservation of their level over the next 3 months (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.



**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 3.0 percentage points compared to the previous month (Annex, Figure 10) due to the more optimistic retailers’ assessments about the present business situation of the enterprises (Annex, Figure 11). Their opinions about the volume of sales over the last 3 months are also slight improved and their expectations over the next 3 months remain favourable.

The main factors limiting the activity in the branch continue to be connected with the uncertain economic environment, competition the branch and insufficient demand, as in the last month strengthen of their negative impact is observed (Annex, Figure 12).

As regards the selling prices the majority of the retailers expect them to remain unchanged over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In August the composite indicator ‘business climate in service sector’ remains approximately to the level from the previous month (Annex, Figure 14). With regard to the demand for services the present tendency is estimated as decreased, as the expectations over the next 3 months are also more reserved.

The uncertain economic environment remains the most serious obstacle for the business development, followed by the competition in the branch and insufficient demand (Annex, Figure 15).

Concerning the selling prices in the sector the managers’ expectations are for preservation of their level over the next 3 months (Annex, Figure 16).

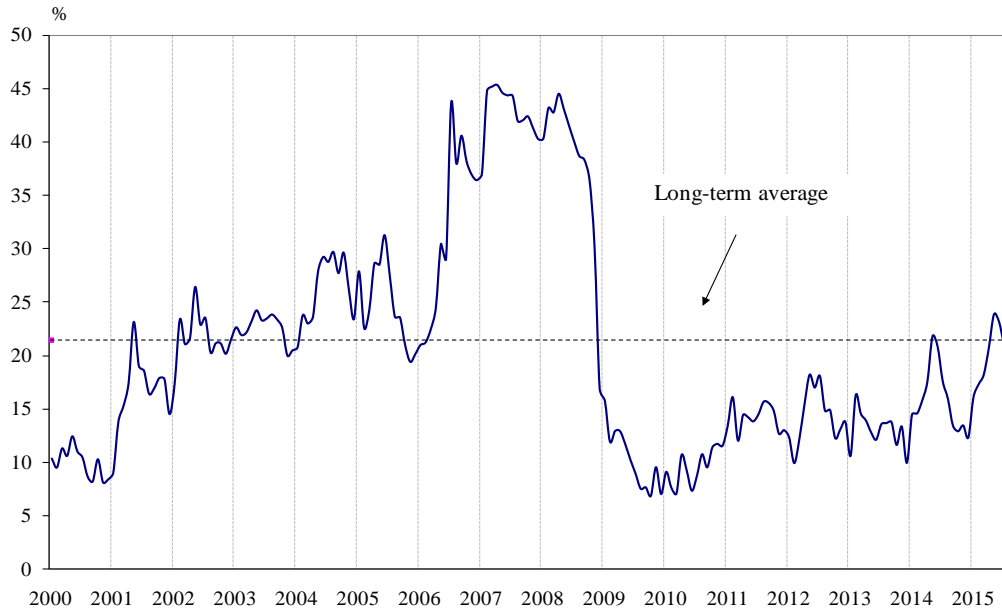
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<sup>1</sup> Excl. trade.

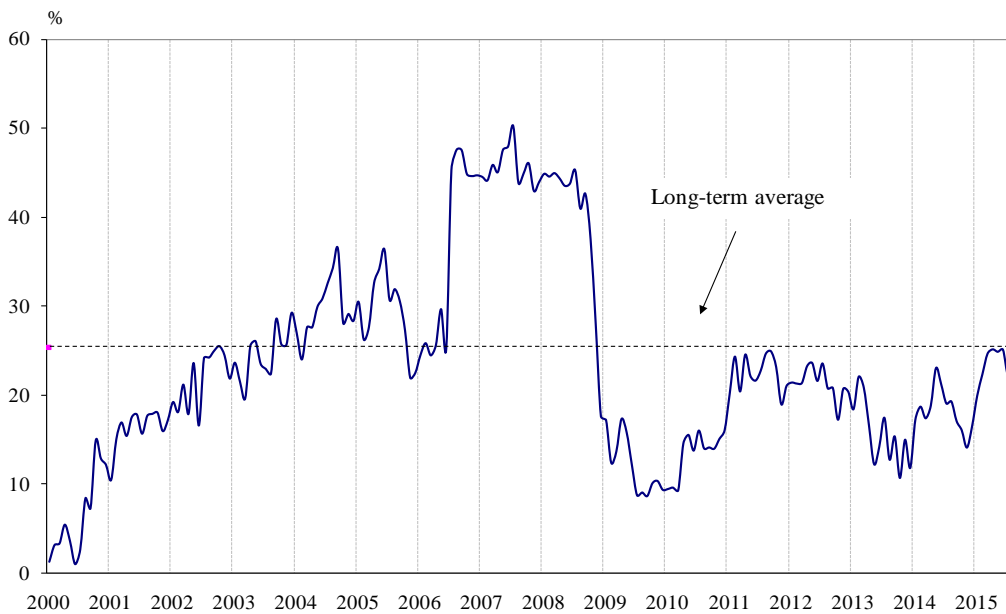


**Annex**

**Figure 1. Business climate - total**

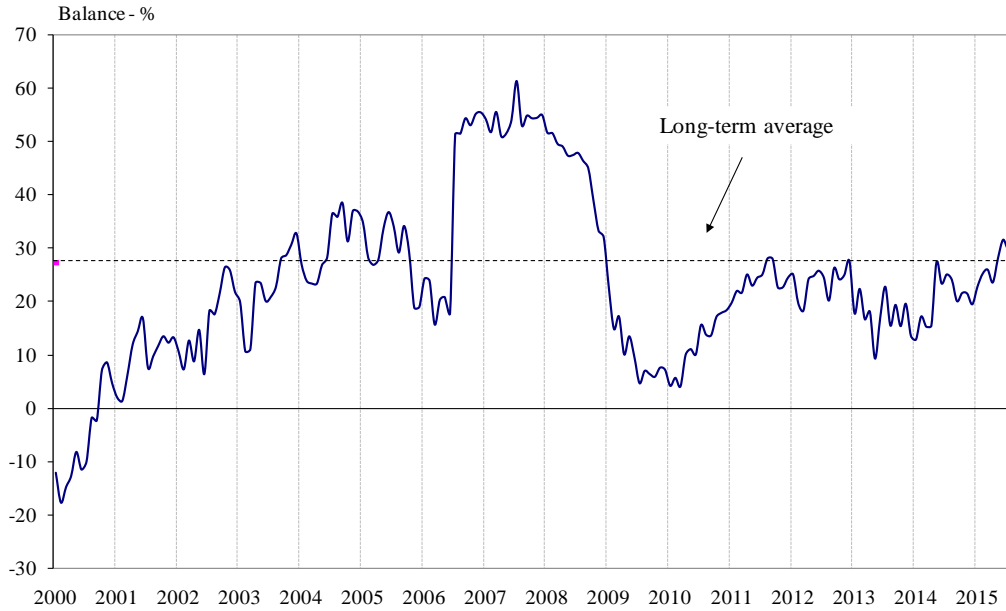


**Figure 2. Business climate in industry**

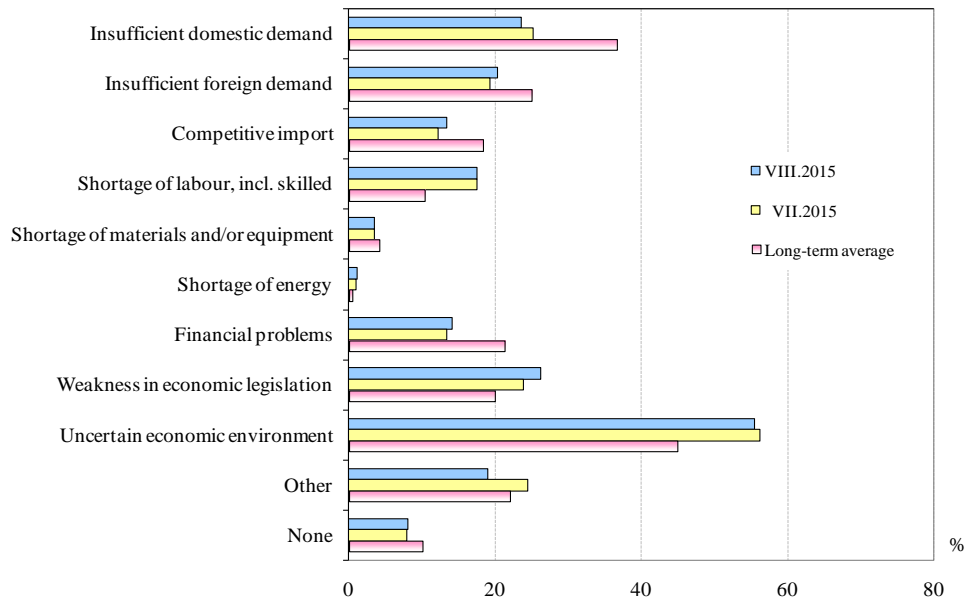




**Figure 3. Present business situation in industry**

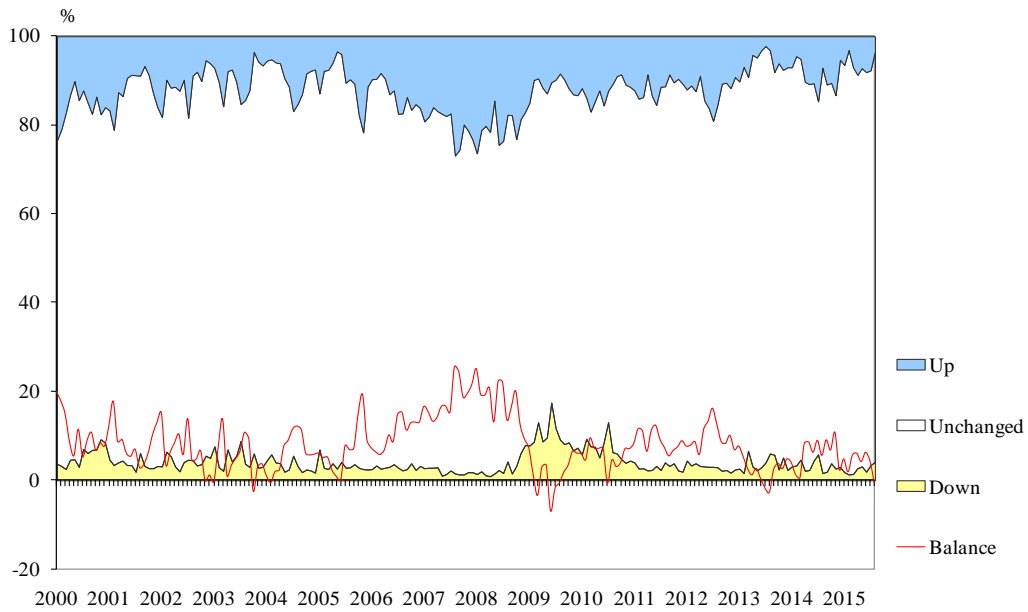


**Figure 4. Limits to production in industry  
(Relative share of enterprises)**

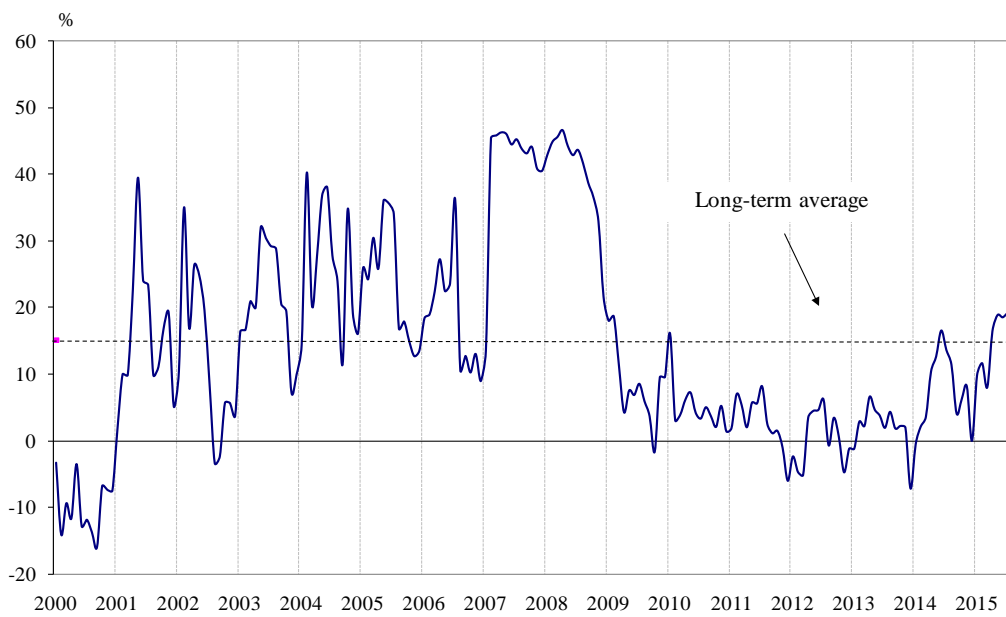




**Figure 5. Selling prices expectations in industry over the next 3 months**

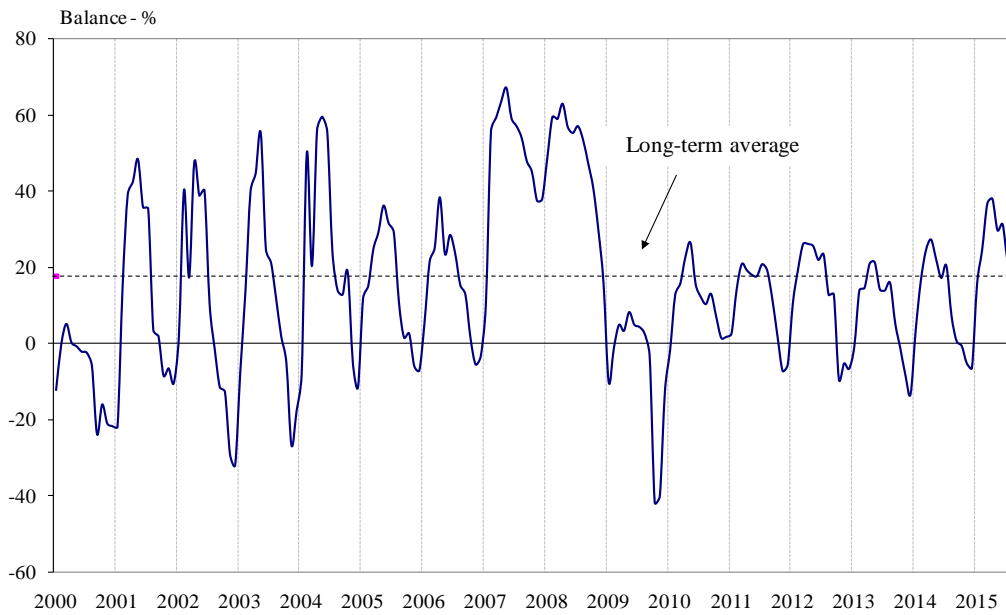


**Figure 6. Business climate in construction**

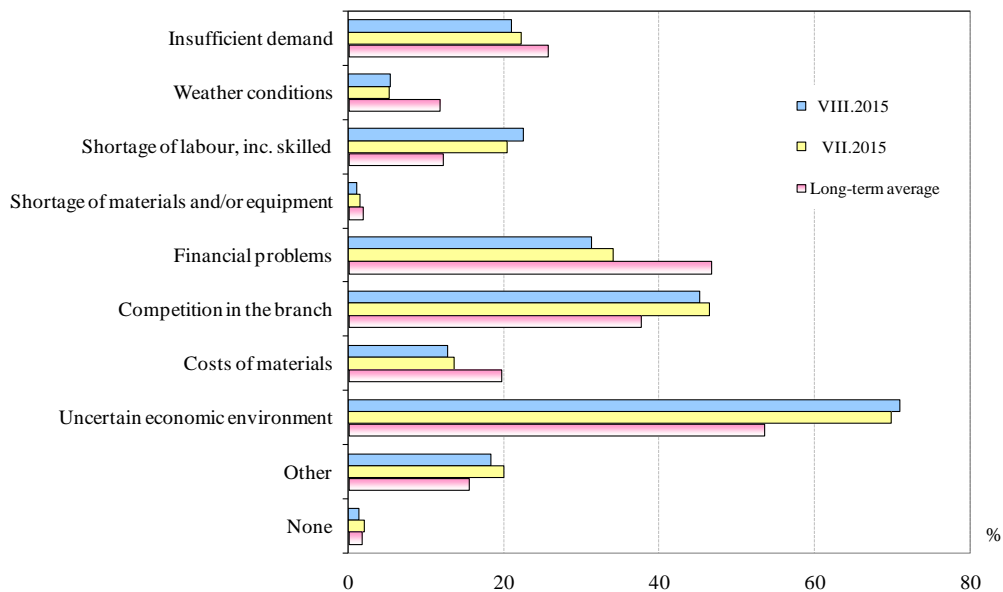




**Figure 7. Expected construction activity over the next 3 months**

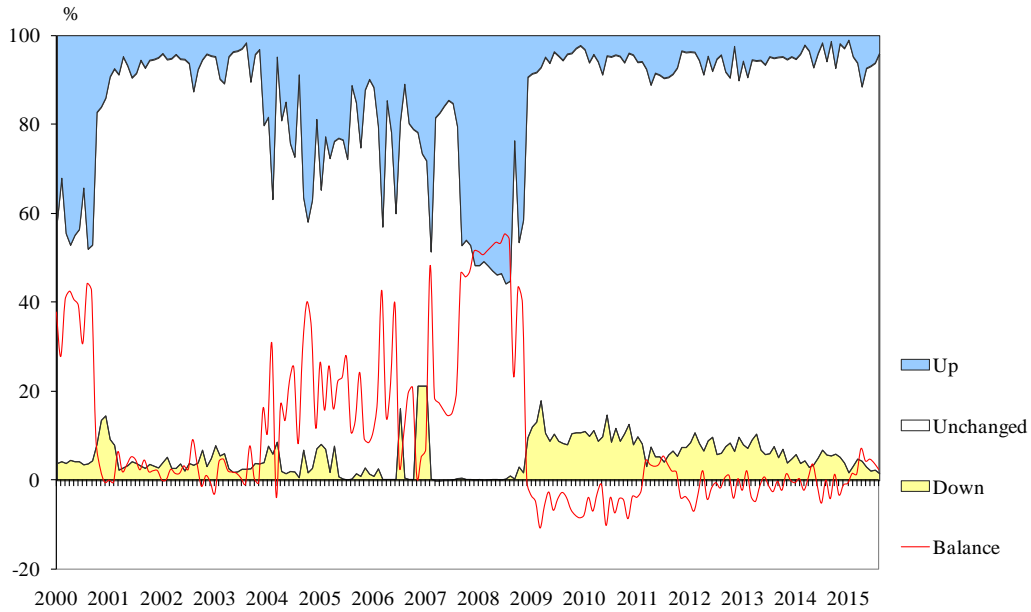


**Figure 8. Limits to construction activity (Relative share of enterprises)**

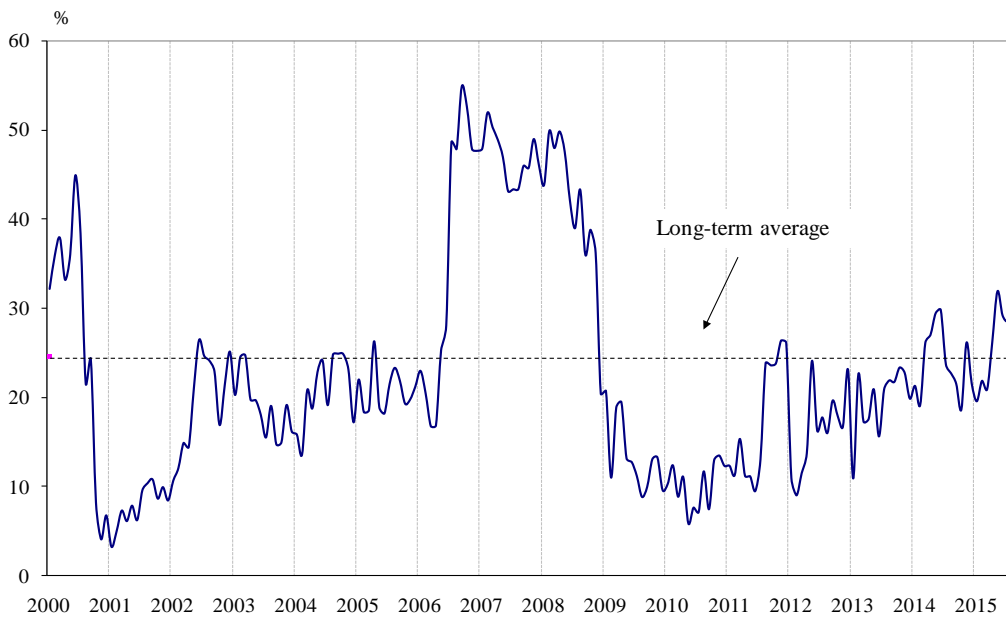




**Figure 9. Selling prices expectations in construction over the next 3 months**

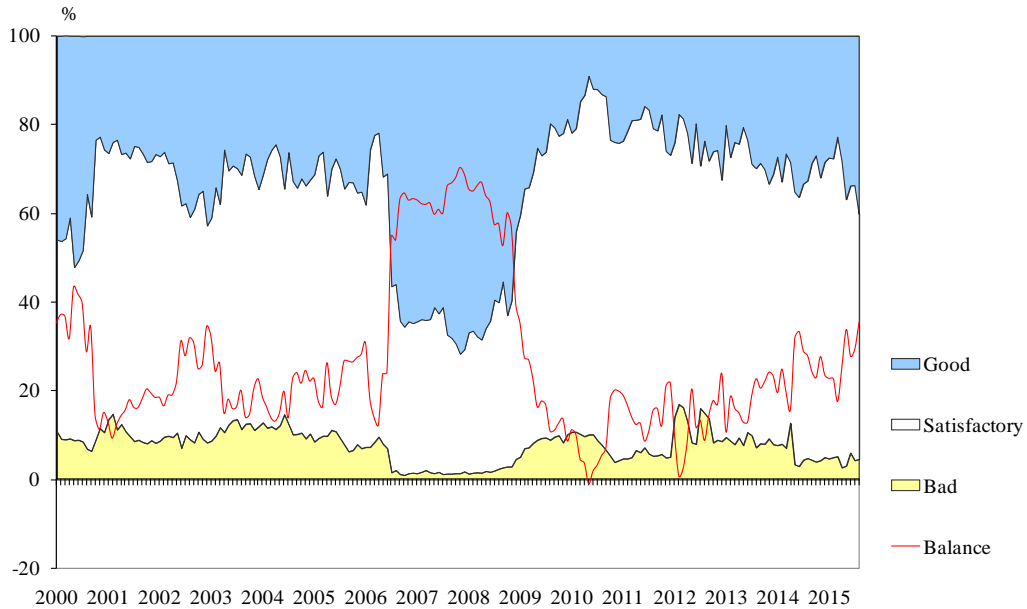


**Figure 10. Business climate in retail trade**

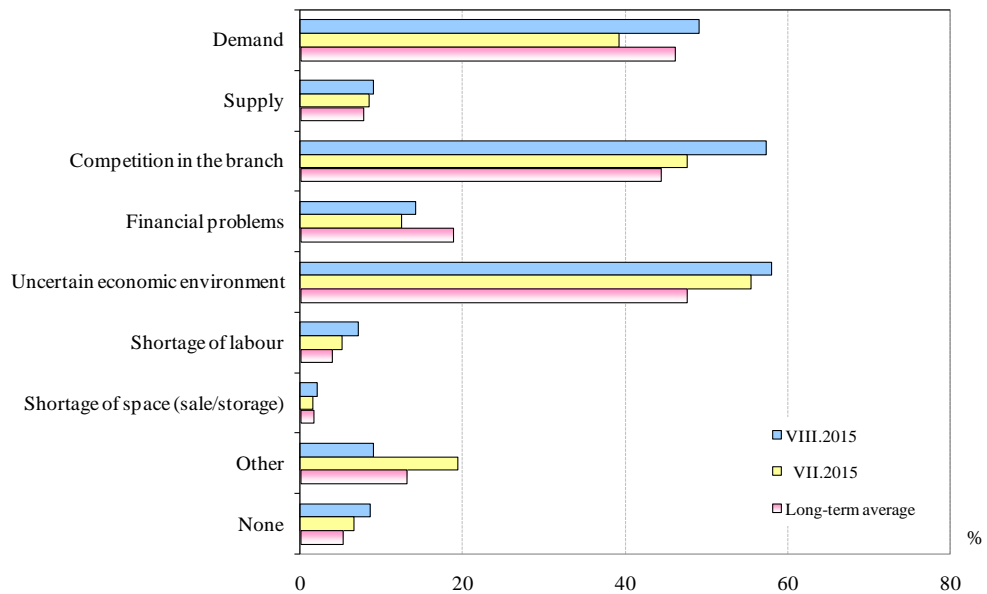




**Figure 11. Present business situation in retail trade**



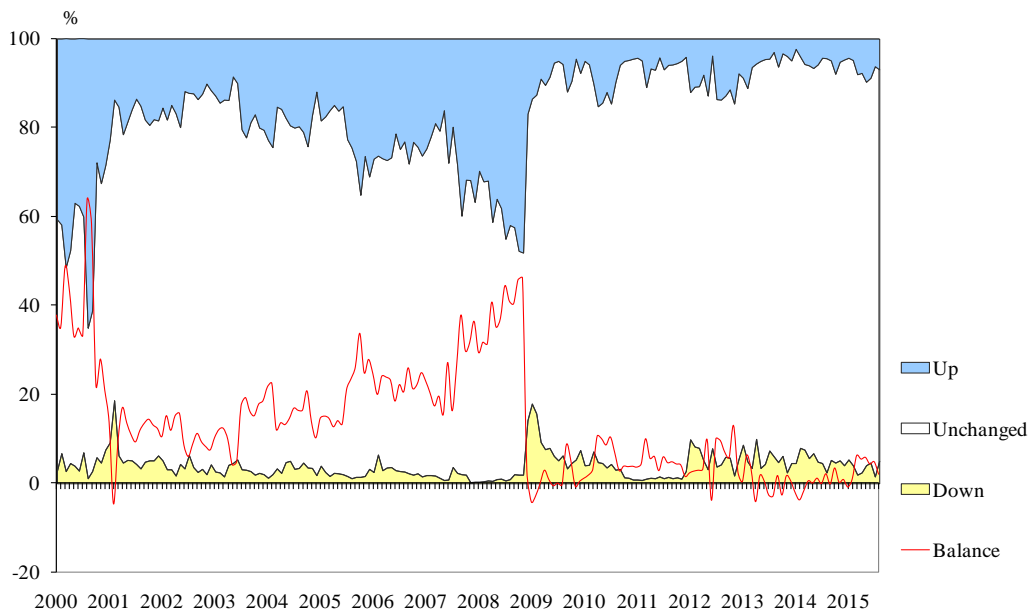
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



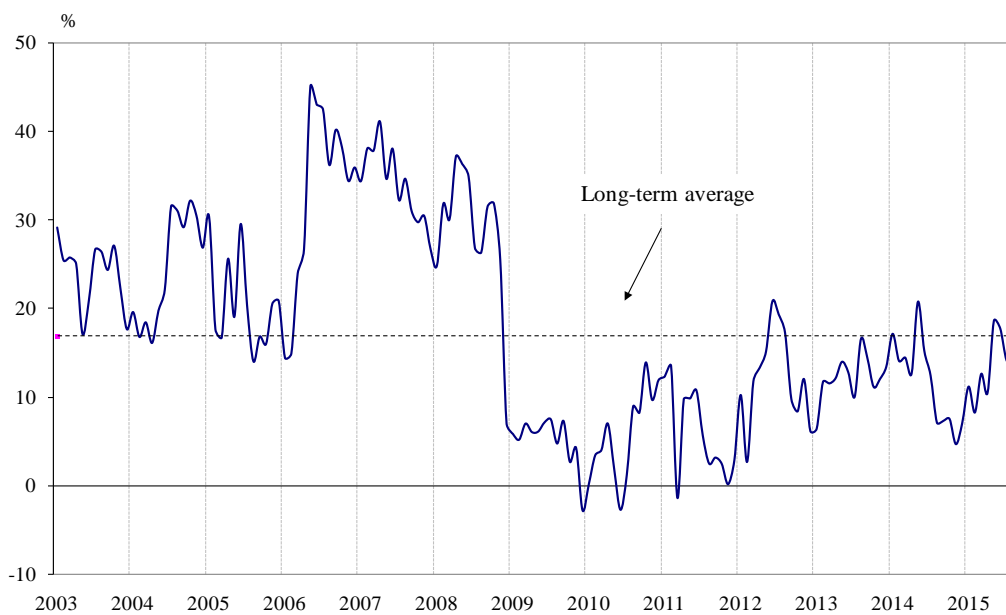




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

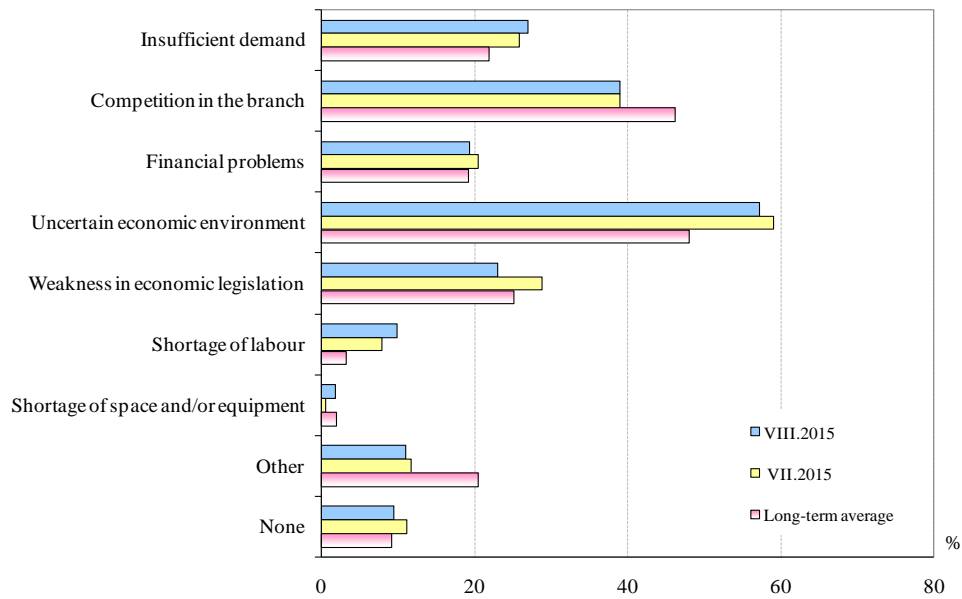


**Figure 14. Business climate in service sector**





**Figure 15. Factors limiting the activity in service sector (Relative share of enterprises)**



**Figure 16. Selling prices expectations in service sector over the next 3 months**

