



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, OCTOBER 2015

In October 2015 **the total business climate indicator**⁴ increases by 1.0 percentage point in comparison with the previous month (Annex, Figure 1) which is due to the improved business climate in industry, construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ increases by 2.3 percentage points compared to September (Annex, Figure 2) a result of the favourable industry entrepreneurs’ assessments (Annex, Figure 3) and expectations about the business situation of the enterprises. At the same time in their expectations for activity in the branch over the next 3 months some optimism has been observed, although it is more moderate in comparison with the previous inquiry.

In October the average capacity utilization is by 1.8 percentage points below its July level and it reaches 72.5%, as regards the expected demand over the next months the enterprises forecast a surplus of capacity (Annex, Figure 4).

The main factor limiting the activity in the branch remains 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 insufficient domestic demand’ and ‘weakness in economic legislation’ (Annex, Figure 5).

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

Construction. In October the composite indicator ‘business climate in construction’ increases by 0.6 percentage points (Annex, Figure 7) which is due to the improved construction entrepreneurs’ assessments about the present business situation of the enterprises. At the same time their forecasts about the construction activity over the next 3 months remain favourable, though more moderate compared with September (Annex, Figure 8).

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.



The production is assurance with contracts for 4.4 months as a decrease of 0.8 months compared to the assessment from July is registered. The managers' expectations about the new orders over the next 6 months are also more unfavourable.

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 strengthen of their negative influence is observed (Annex, Figure 9).

Concerning the selling prices in construction the prevailing 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' increases by 1.3 percentage points compared to September (Annex, Figure 11) a result of the optimistic retailers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 12). Their forecasts about the orders placed with suppliers from both domestic and foreign market over the next 3 months are also more favourable.

The main factors limiting the development of the activity in the branch remain the competition in the branch, uncertain economic environment and insufficient demand, though in the last month a decrease of their negative impact is observed (Annex, Figure 13).

As regards the selling prices in retail trade the managers expect preservation of their level over the next 3 months (Annex, Figure 14).

Service sector¹. In October the composite indicator 'business climate in service sector' decreases by 1.8 percentage points (Annex, Figure 15) due to the shifting of the managers' expectations about the business situation of the enterprises over the next 6 months from 'better' towards preserving 'the same' (Annex, Figure 16). Their opinions as regards the present demand for services, as well their expectations over the next 3 months are reserved.

The uncertain economic environment and competition in the branch continue to be the main obstacles for the business development in the branch, pointed out respectively by 48.5% and 40.7% of the managers (Annex, Figure 17).

Concerning the selling prices in the sector the prevailing expectations are them to remain unchanged over the next 3 months (Annex, Figure 18).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

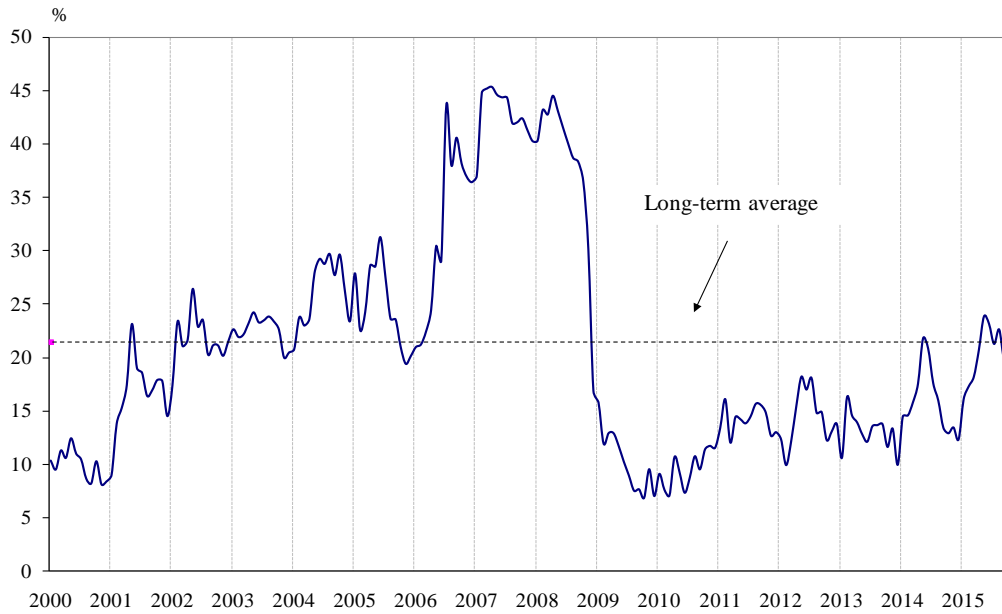


Figure 2. Business climate in industry

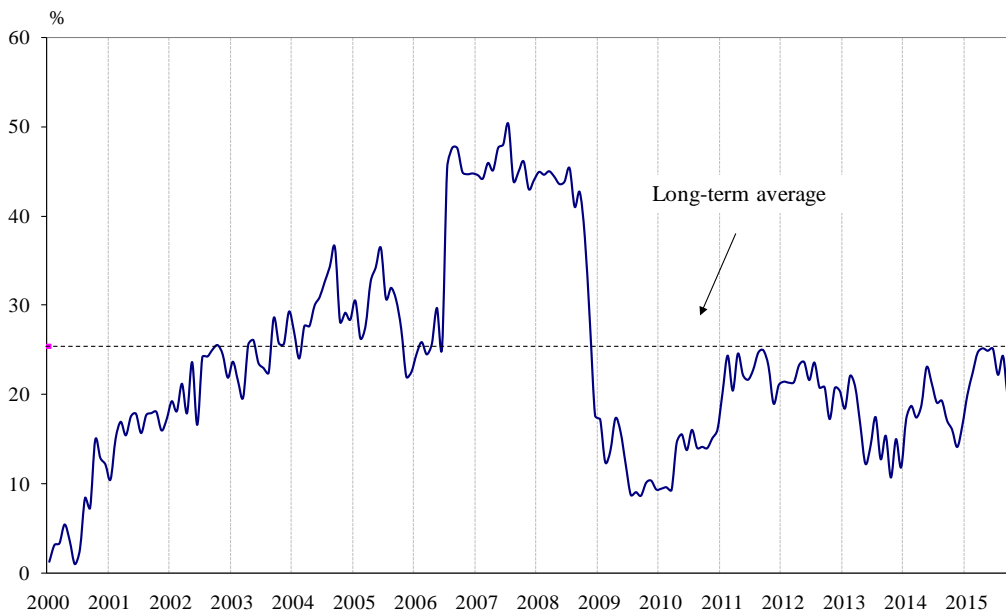




Figure 3. Present business situation in industry

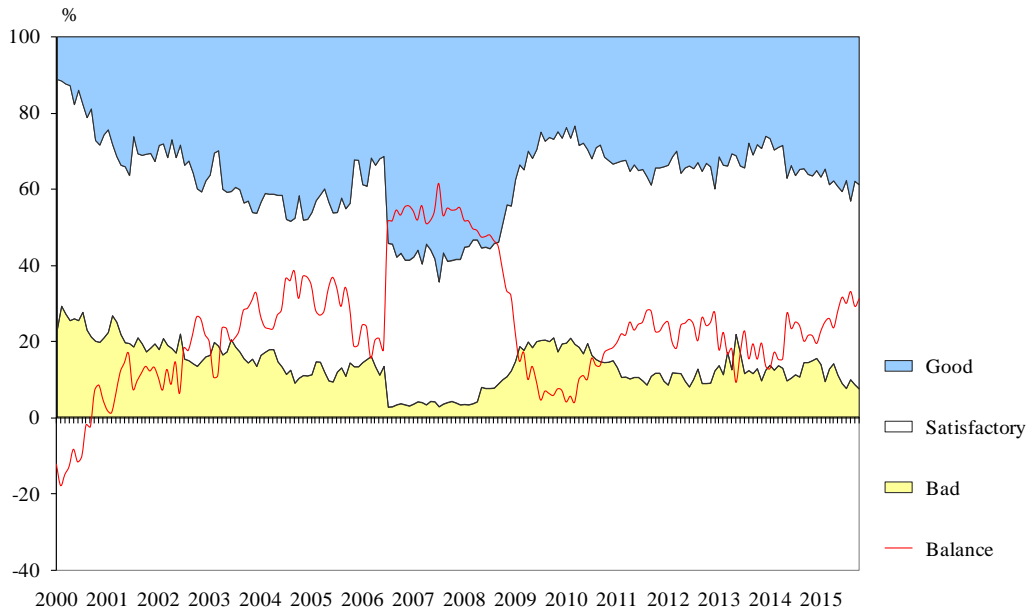
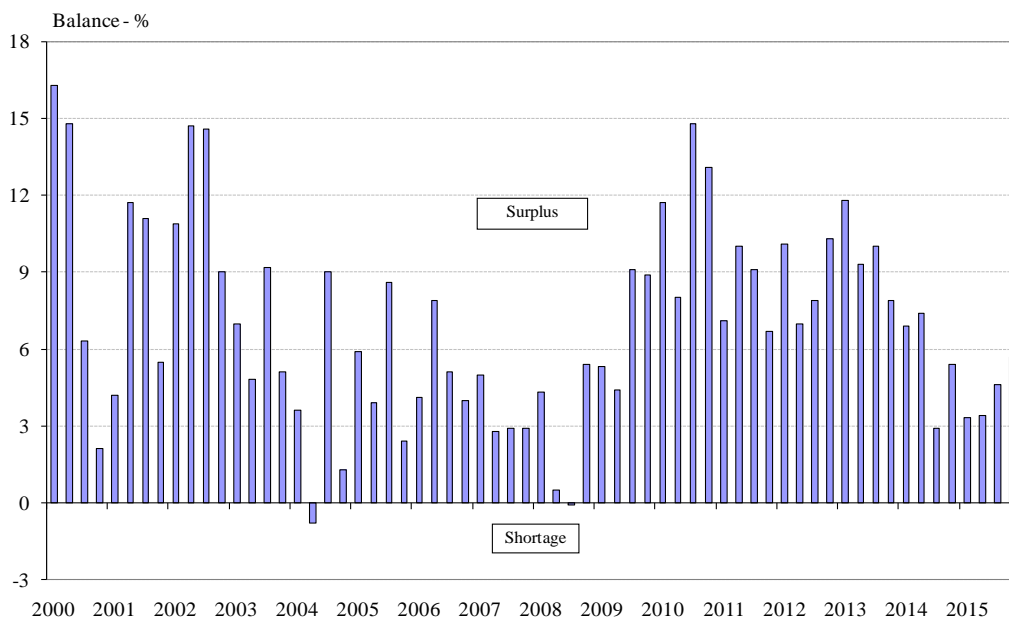
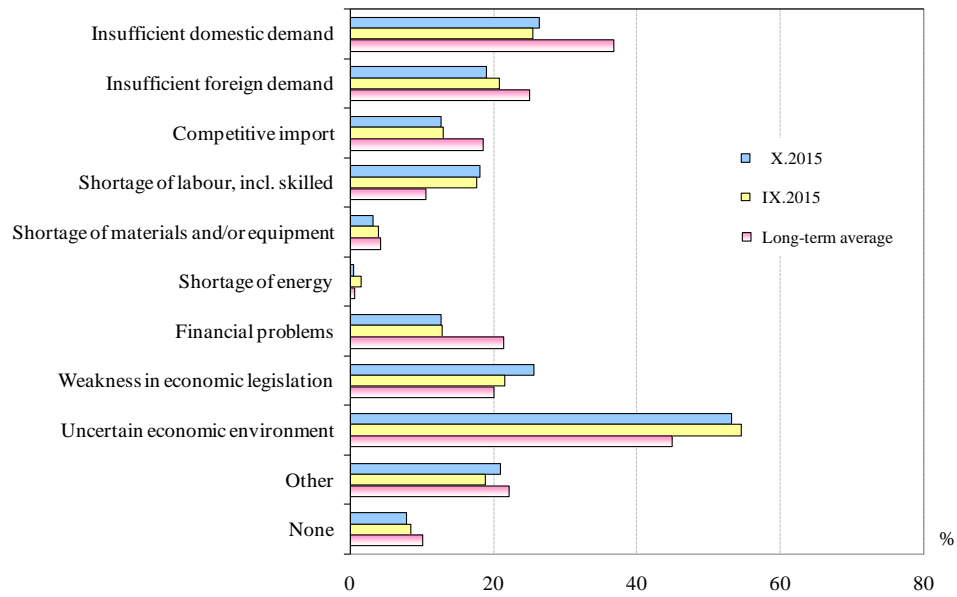


Figure 4. Current production capacity in industry with regard to the expected demand over the next months





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



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

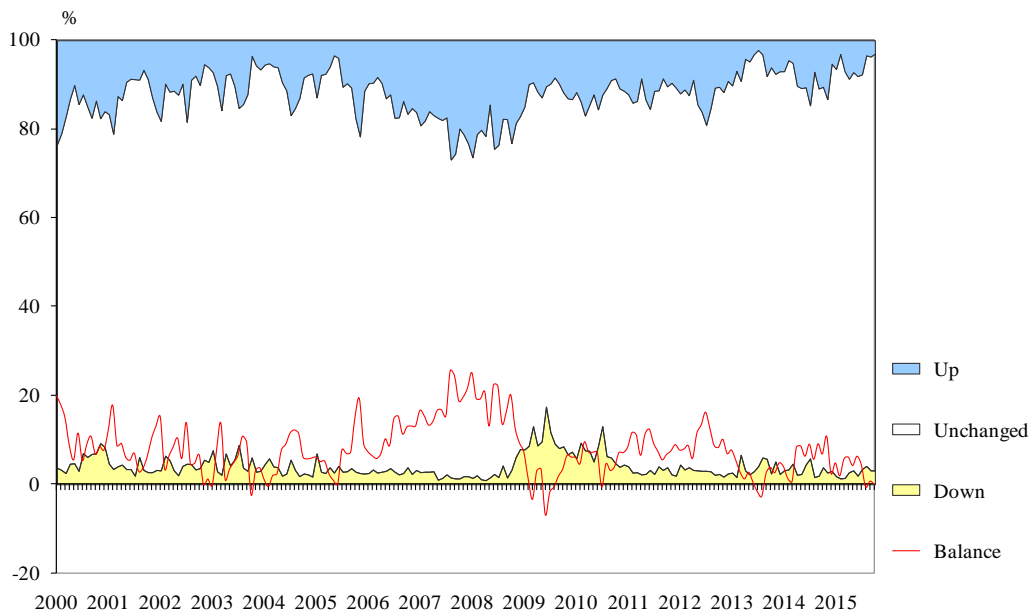




Figure 7. Business climate in construction

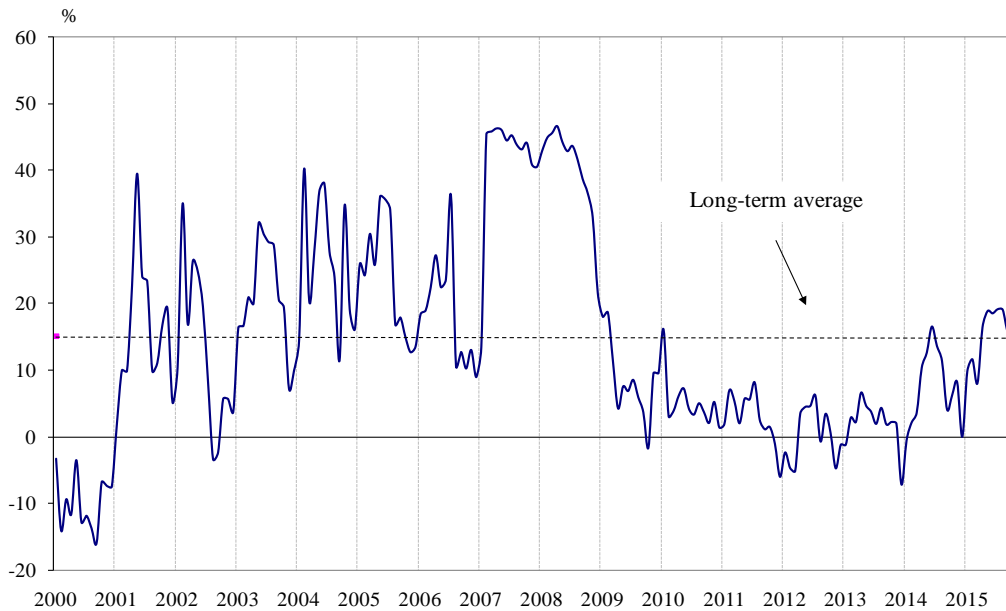
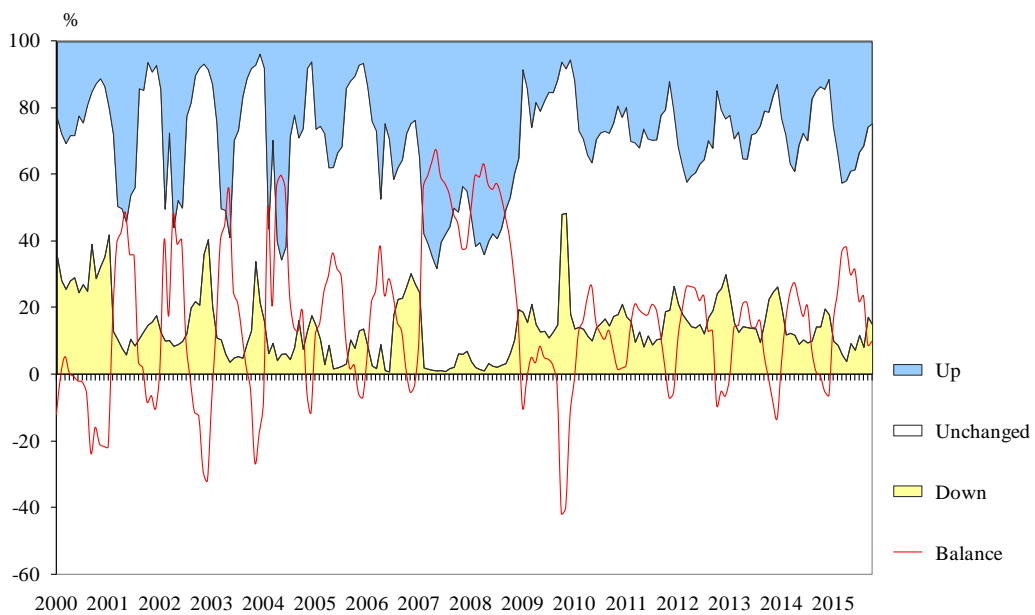
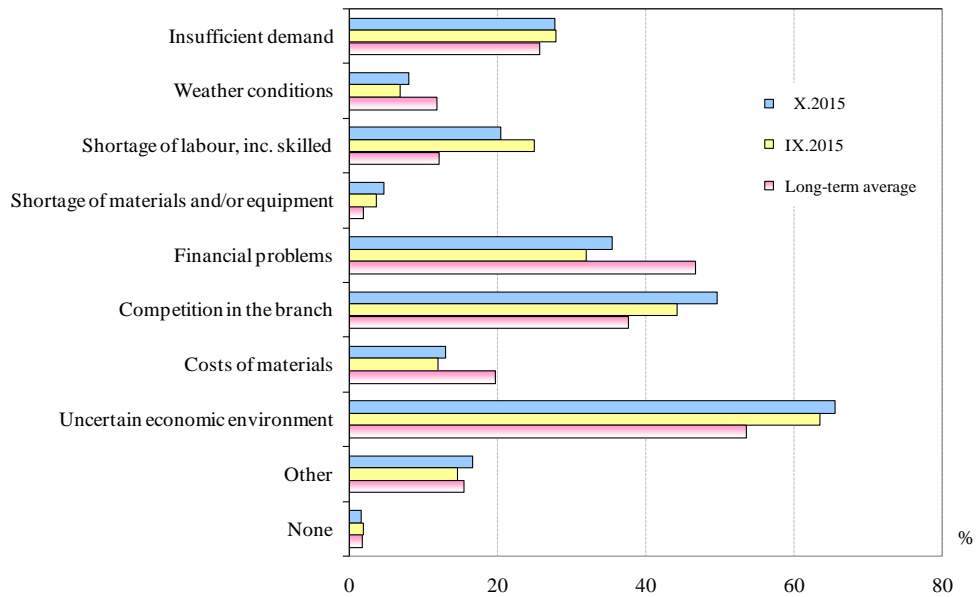


Figure 8. Expected construction activity over the next 3 months





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



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

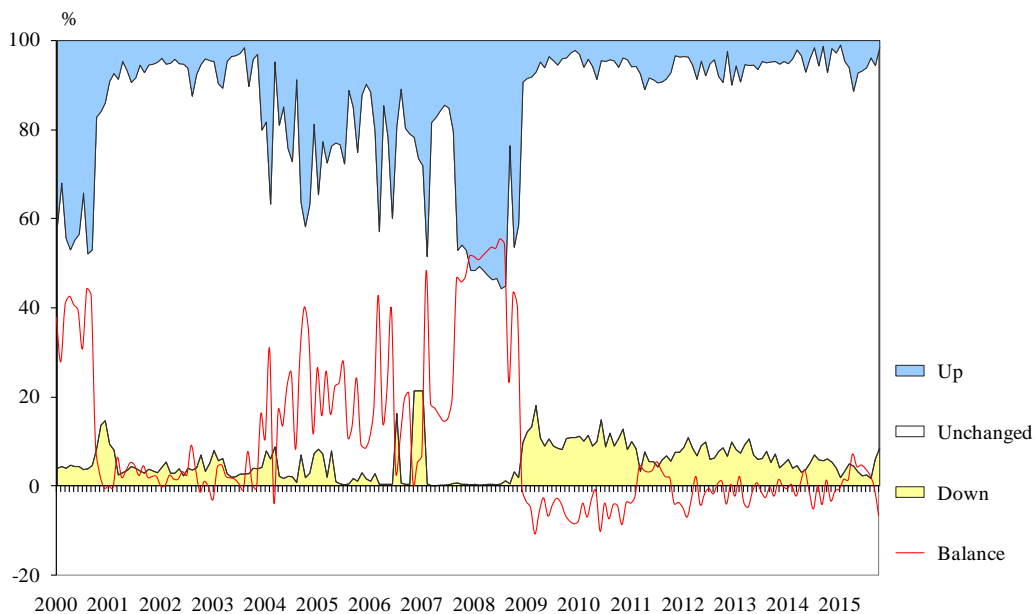




Figure 11. Business climate in retail trade

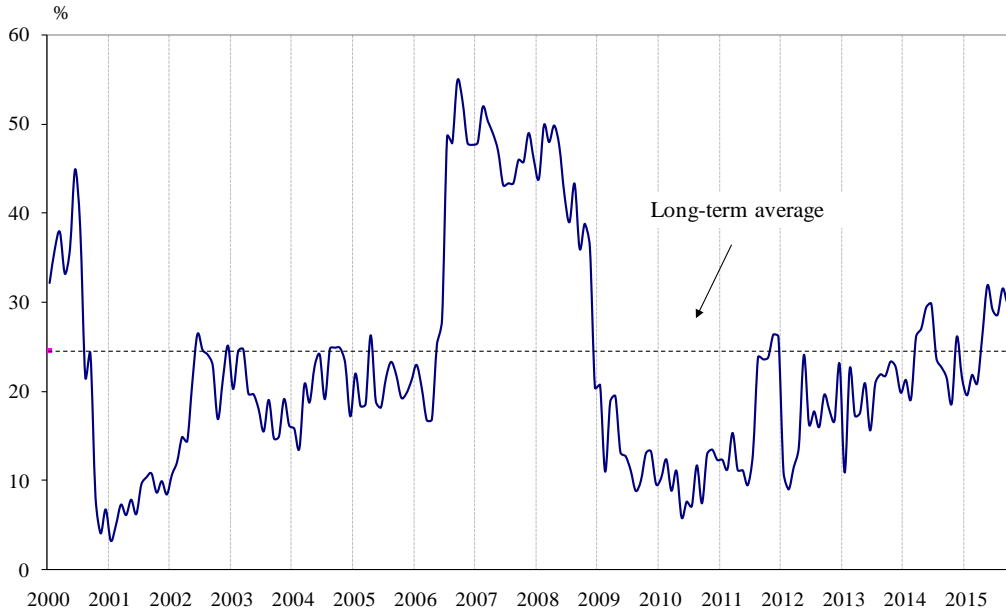


Figure 12. Expected business situation in retail trade over the next 6 months

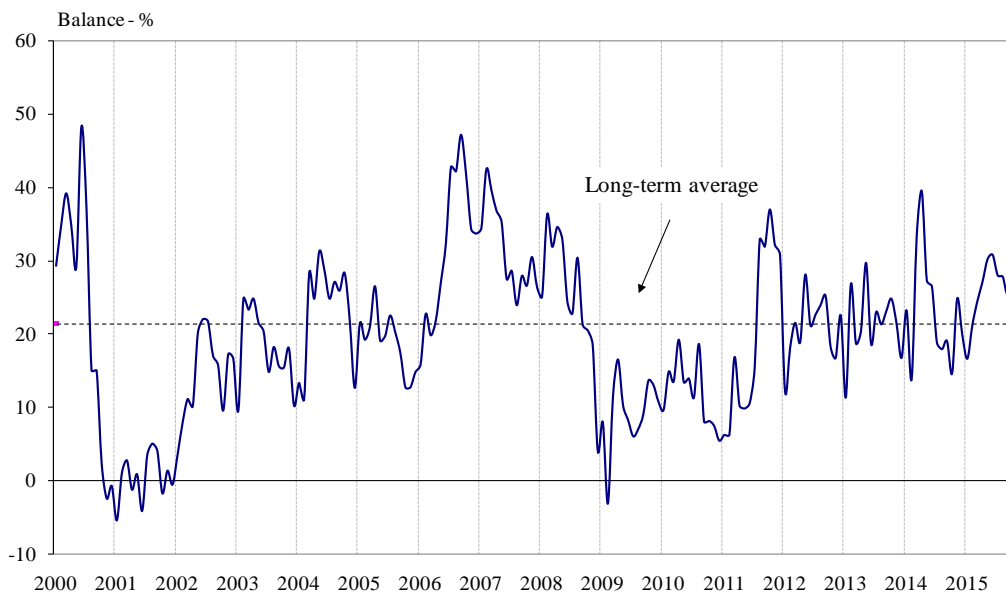




Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

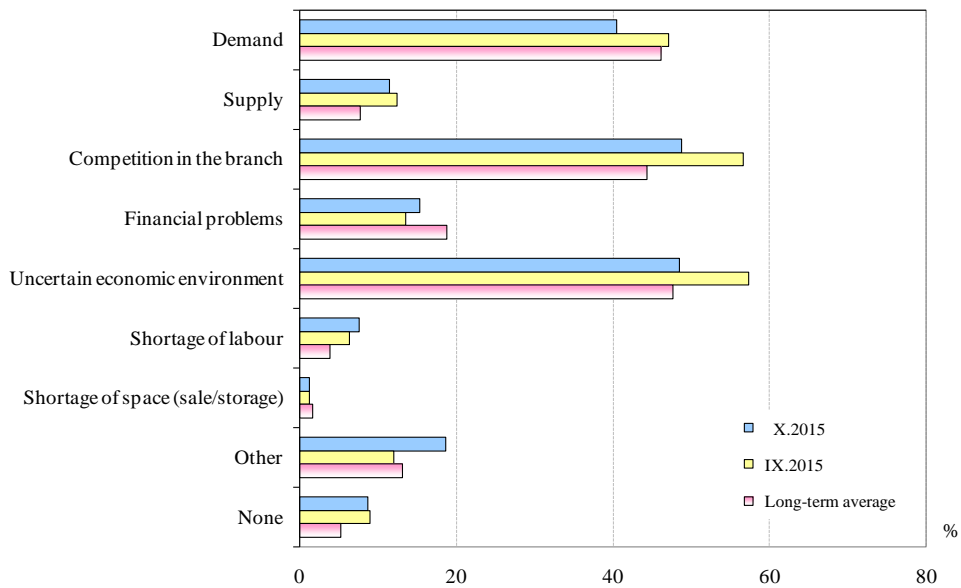


Figure 14. Selling prices expectations in retail trade over the next 3 months

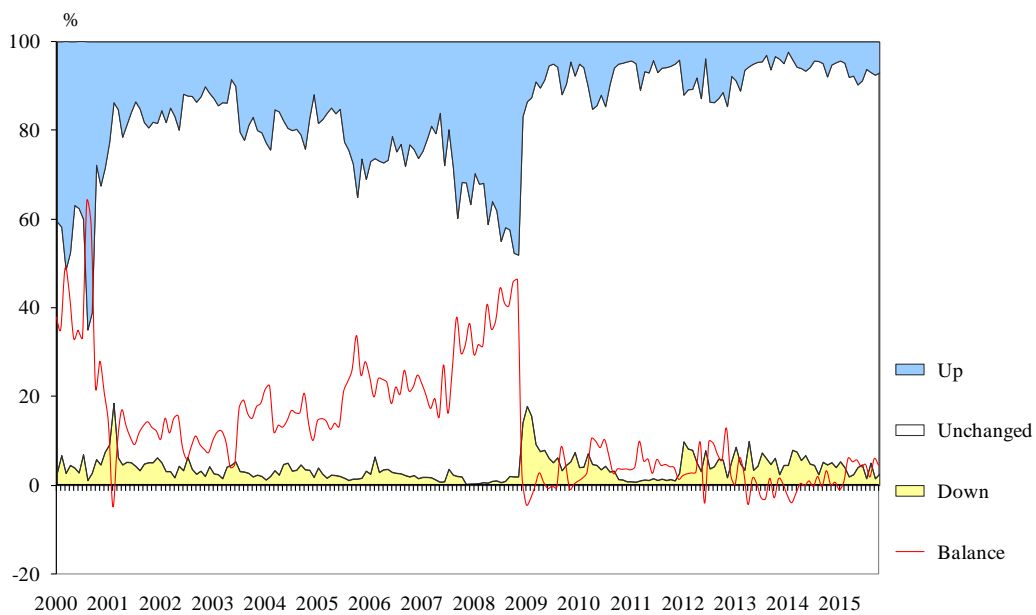




Figure 15. Business climate in service sector

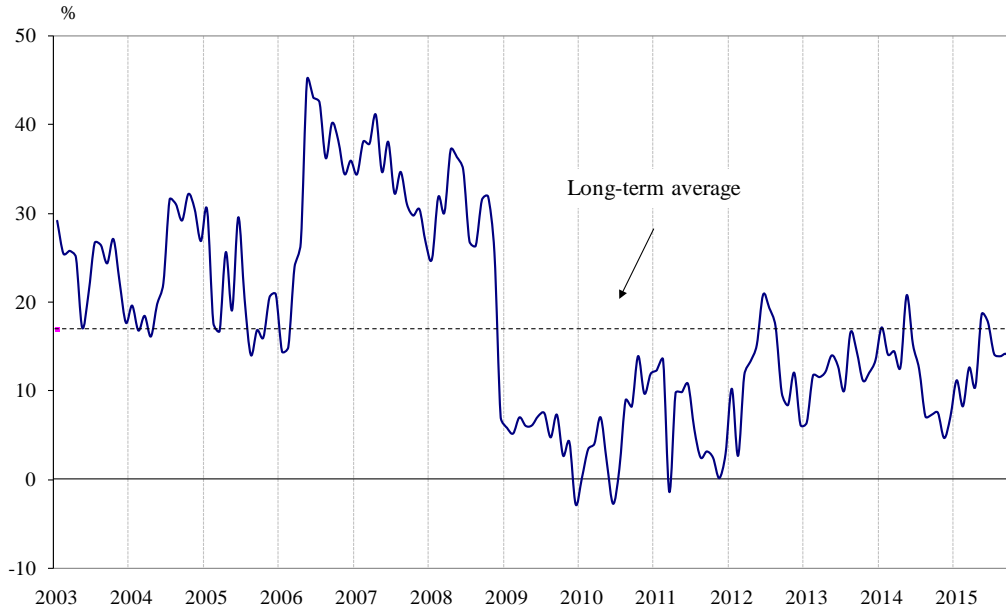
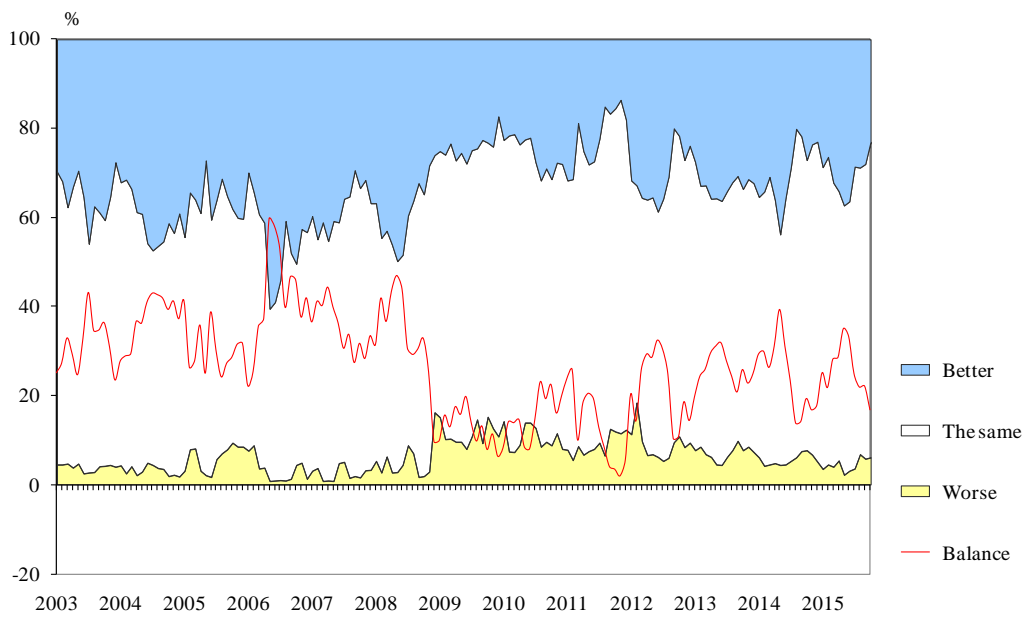
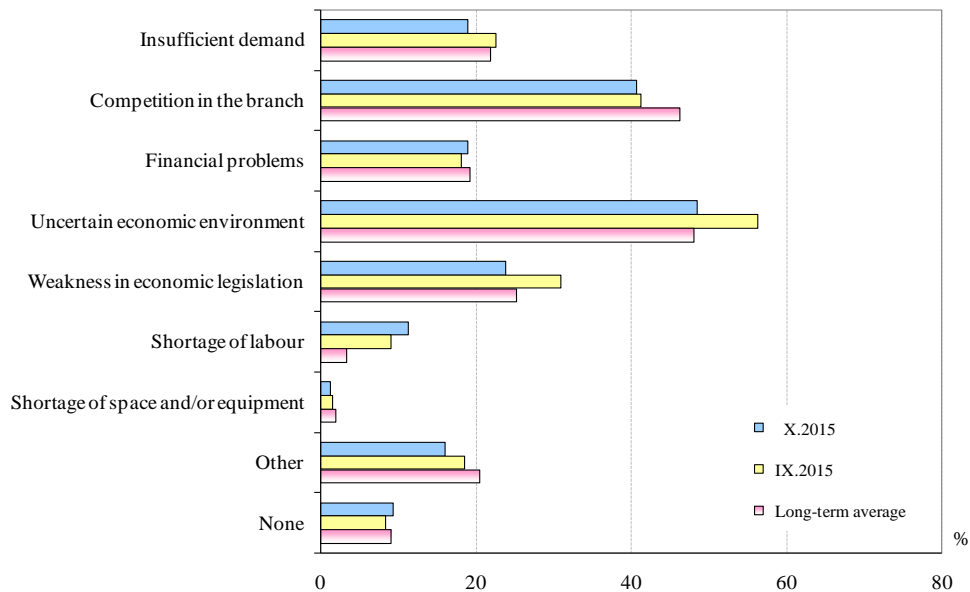


Figure 16. Expected business situation in service sector over the next 6 months





**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**

