



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JANUARY 2016

In January 2016 **the total business climate indicator**⁴ increases by 0.6 percentage points compared to the previous month (Annex, Figure 1) a result of the improved business climate in construction and service sector.

Industry. The composite indicator ‘business climate in industry’ remains approximately to its December 2015 level (Annex, Figure 2). The present production activity is assessed as slight decrease and the industry entrepreneurs’ expectations about the activity over the next 3 months are also more moderate.

The average capacity utilization in January increases by 2.7 percentage points in comparison with October 2015 and it reaches 75.2% (Annex, Figure 3) as the enterprises report also a surplus of capacity.

The uncertain economic environment and insufficient domestic demand remain the main obstacles for the business development in the branch (Annex, Figure 4).

Concerning the selling prices in industry the prevailing managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In January the composite indicator ‘business climate in construction’ increases by 3.0 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. Their forecasts as regards the construction activity over the next 3 months are also more favourable.

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.3 months against 4.4 in October 2015. At the same time the managers’ expectations about new orders over the next 6 months are also more optimistic (Annex, Figure 7).

The main factor limiting the activity in the branch continues to be connected with the uncertain economic environment as in the last month strengthen of its negative influence is observed. In the second and third place remain the factors ‘competition in the branch’ and ‘financial problems’ (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.



As regards the selling prices in construction the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 3.4 percentage points compared to the previous month (Annex, Figure 10) a result of the more unfavourable retailers’ assessments and expectations about the business situation of the enterprises. Their forecasts about the volume of sales and the orders placed with suppliers (Annex, Figure 11) over the next 3 months are also more reserved.

In January the inquiry registers strengthen the negative impact of the factors ‘competition in the branch’ and ‘insufficient demand’ which shift to the third place the difficulties of the enterprises connected to the uncertain economic environment (Annex, Figure 12).

The prevailing retailers’ expectations are the selling prices in the branch remain unchanged over the next 3 months (Annex, Figure 13).

Service sector¹. In January the composite indicator ‘business climate in service sector’ increases by 3.9 percentage points (Annex, Figure 14) which is due to the improved managers’ assessments and expectations (Annex, Figure 15) about the business situation of the enterprises. As regards the present and expected demand for services their opinions are also more favourable.

The most serious difficulties for the activity in the service sector continue to be ‘uncertain economic environment’ and ‘competition in the branch’ (Annex, Figure 16).

The managers’ expectations about the selling prices are for preservation of their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

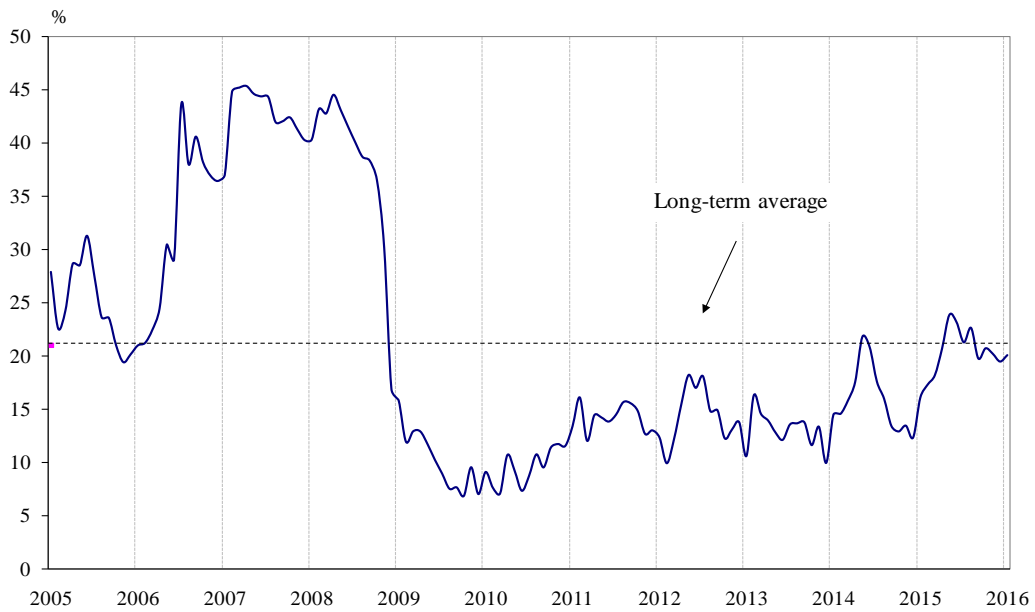


Figure 2. Business climate in industry

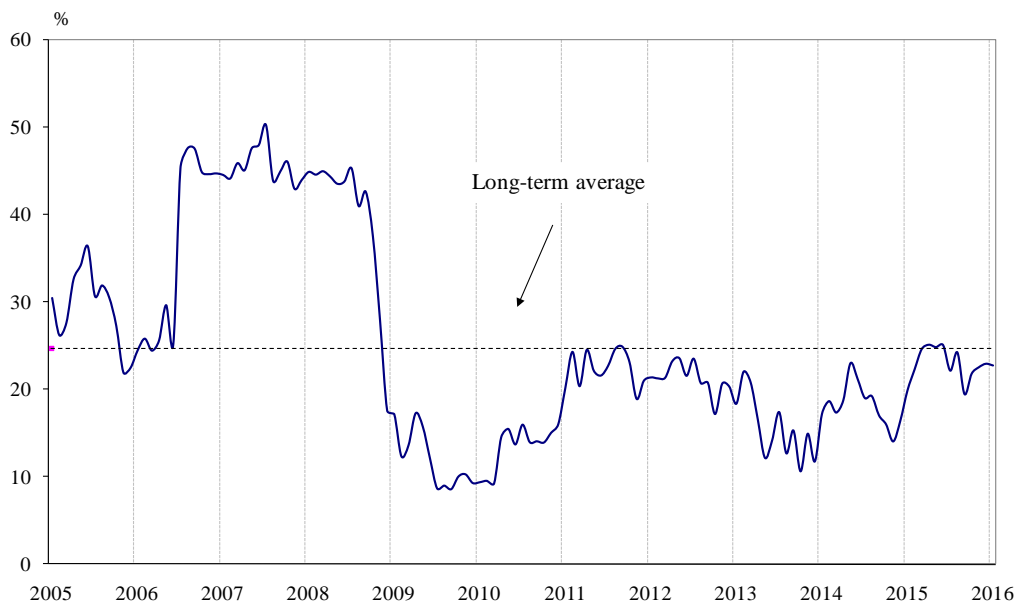




Figure 3. Average capacity utilization in industry

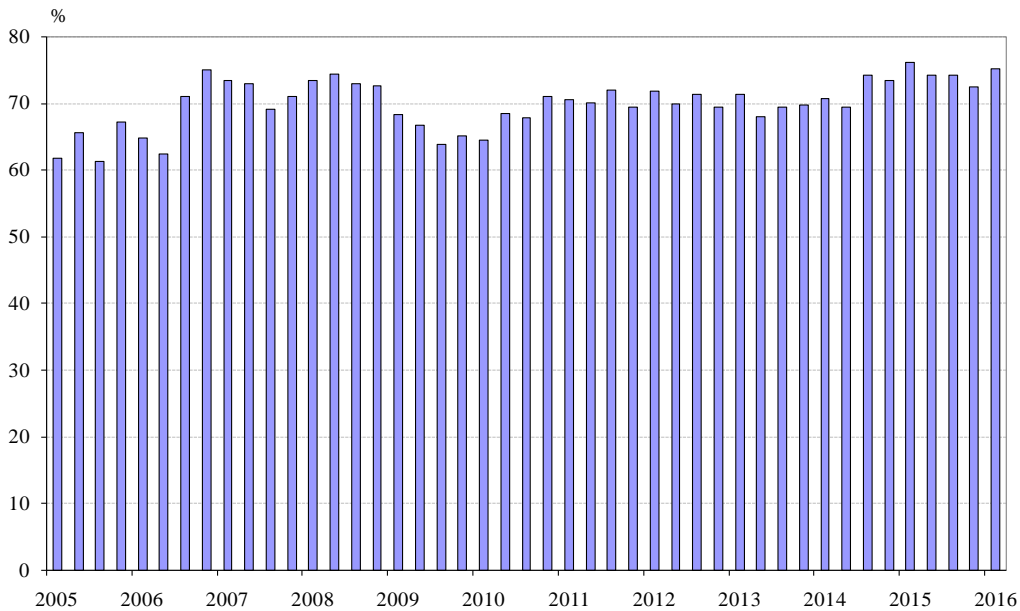


Figure 4. Limits to production in industry (Relative share of enterprises)

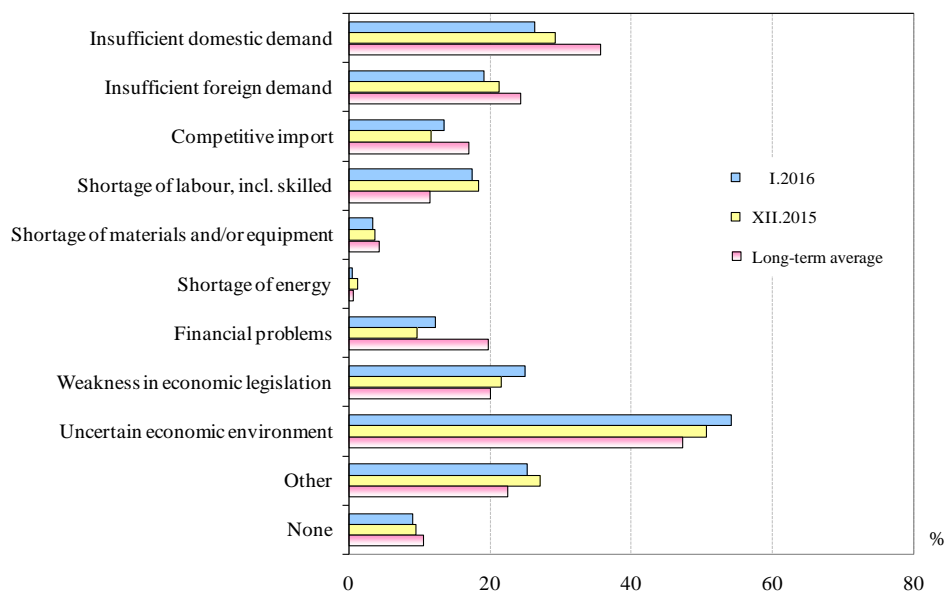




Figure 5. Selling prices expectations in industry over the next 3 months

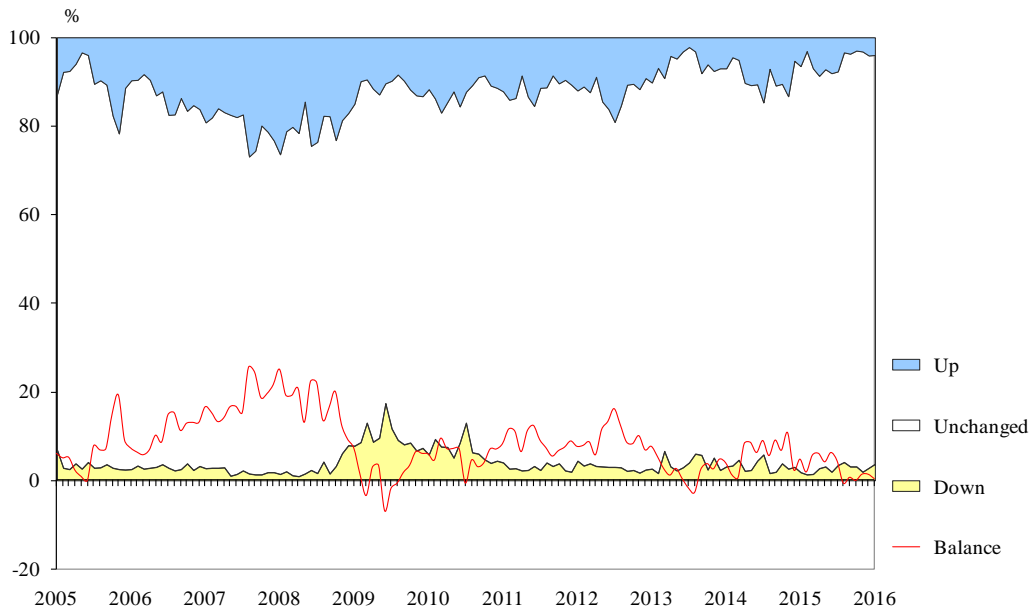


Figure 6. Business climate in construction

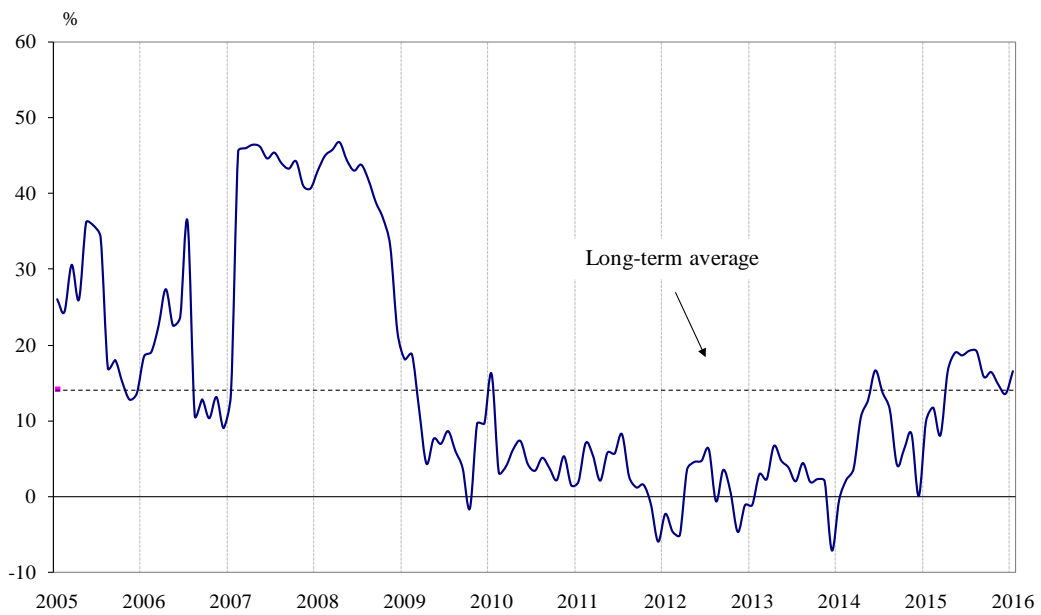




Figure 7. New orders expectations in construction over the next 6 months

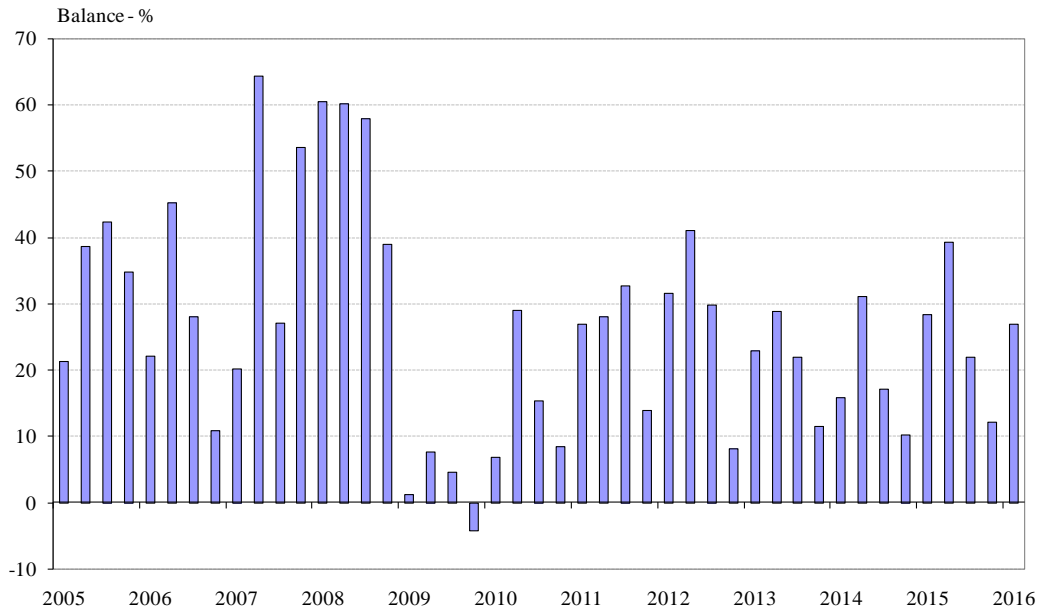


Figure 8. Limits to construction activity (Relative share of enterprises)

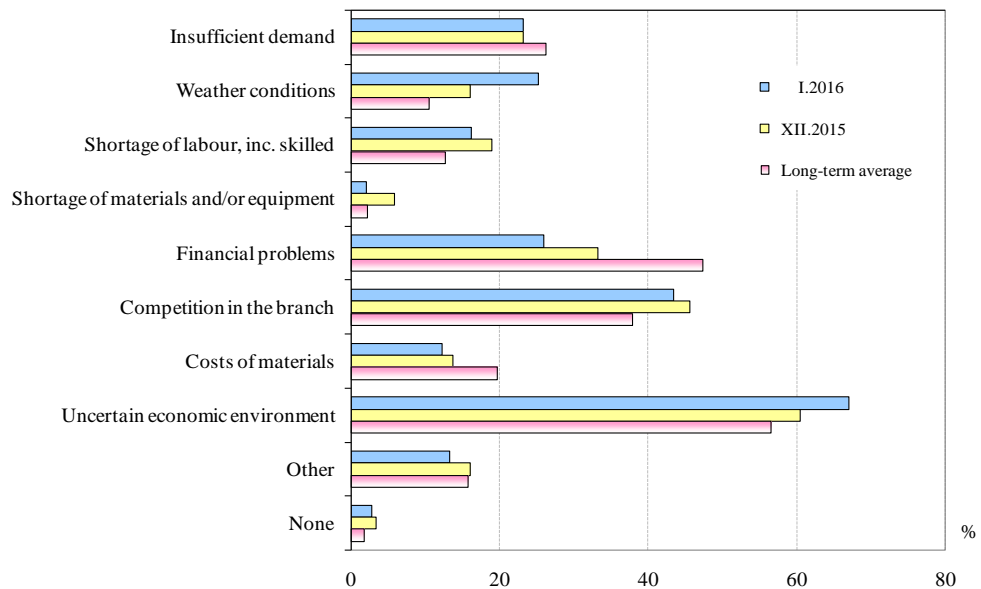




Figure 9. Selling prices expectations in construction over the next 3 months

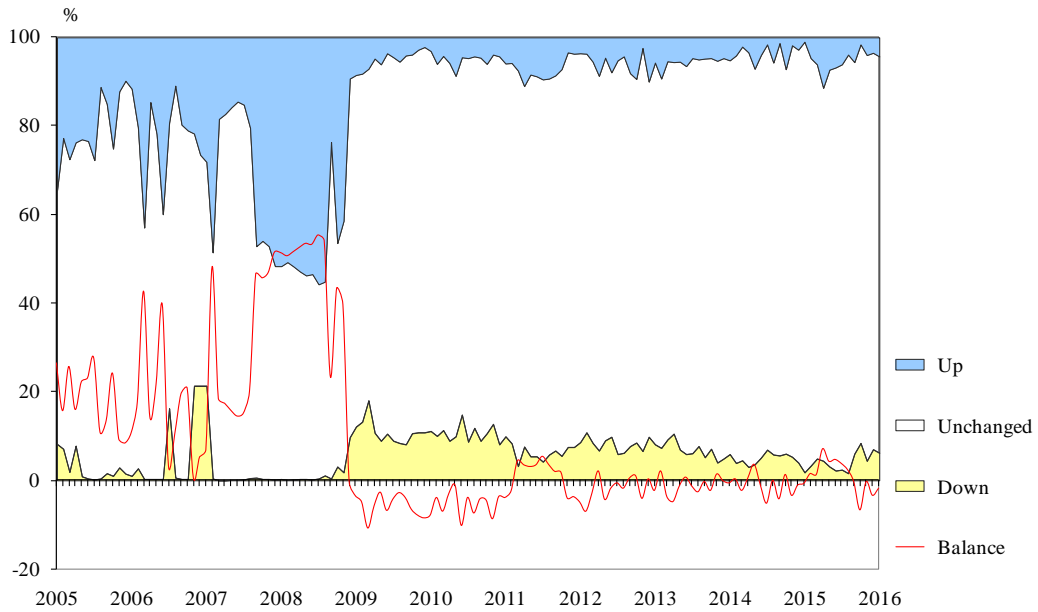


Figure 10. Business climate in retail trade

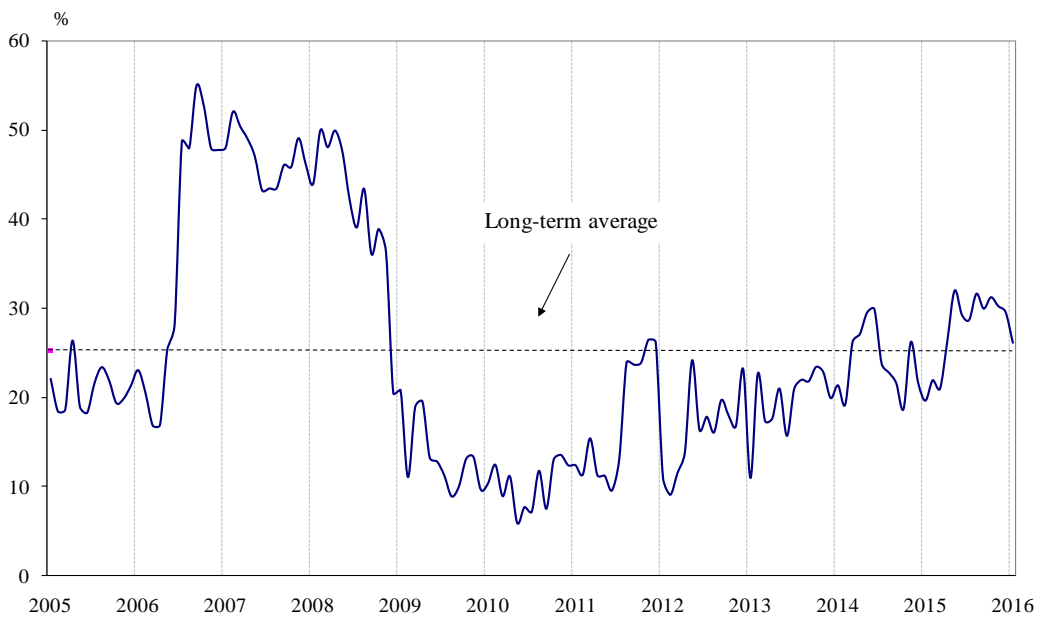




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

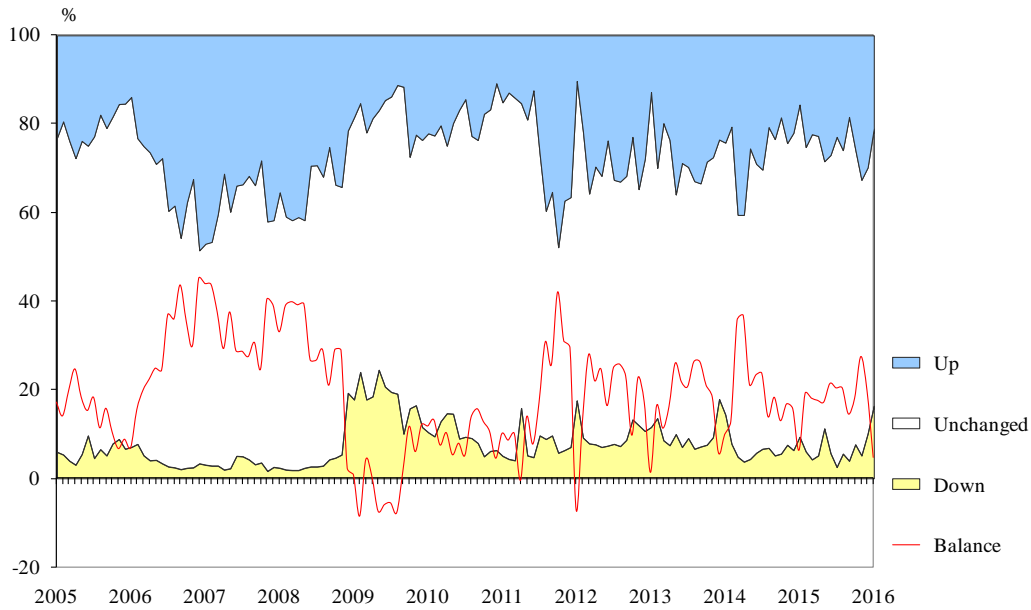


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

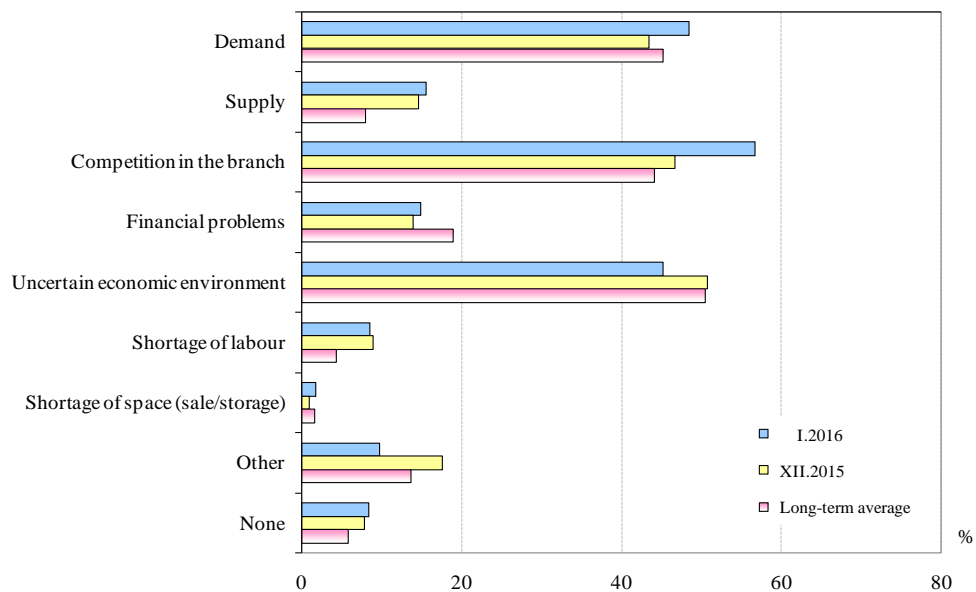




Figure 13. Selling prices expectations in retail trade over the next 3 months

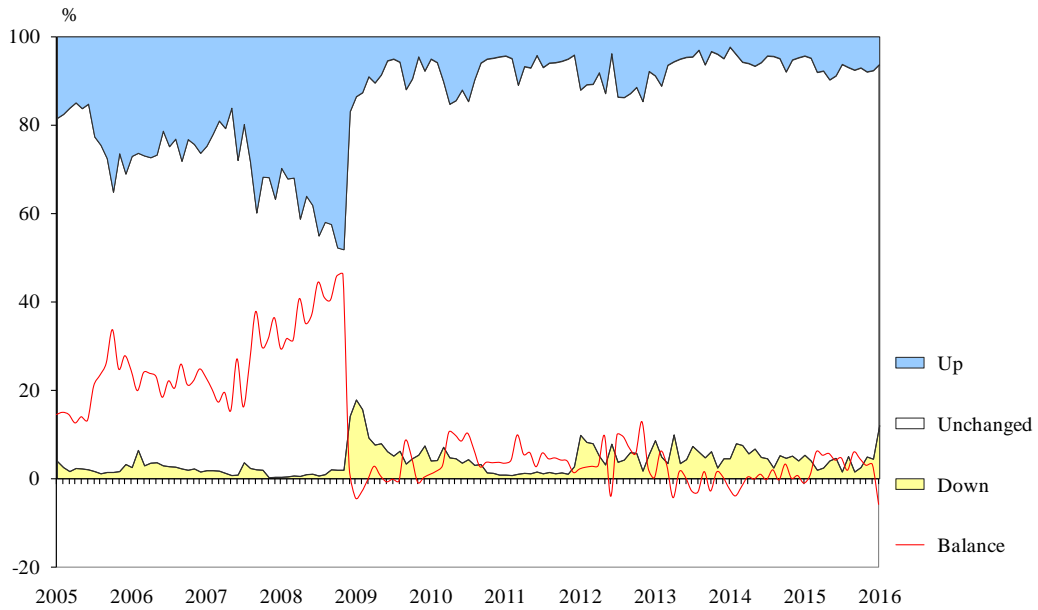


Figure 14. Business climate in service sector

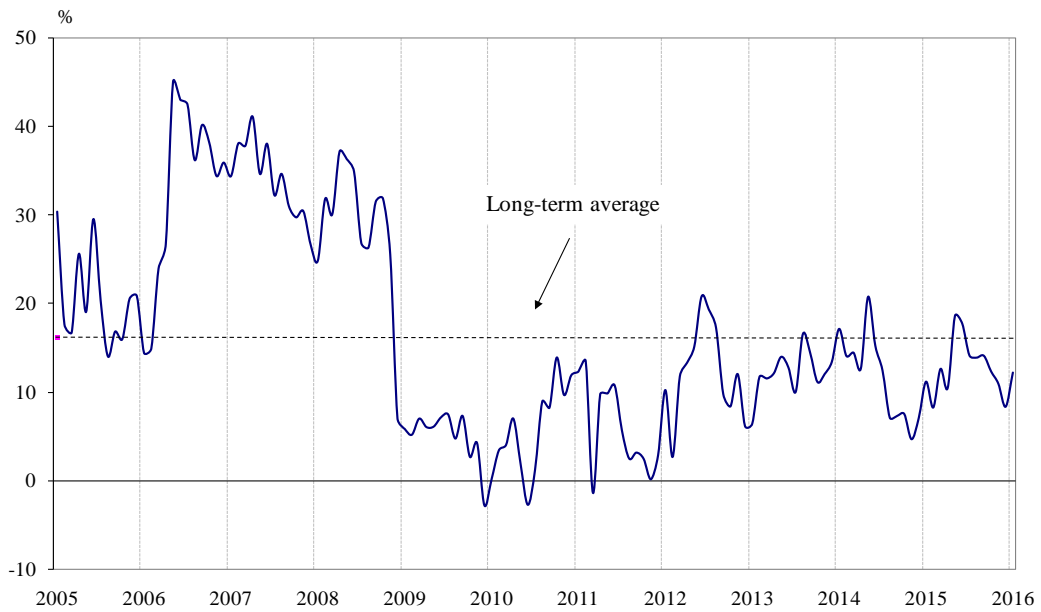




Figure 15. Expected business situation in service sector over the next 6 months

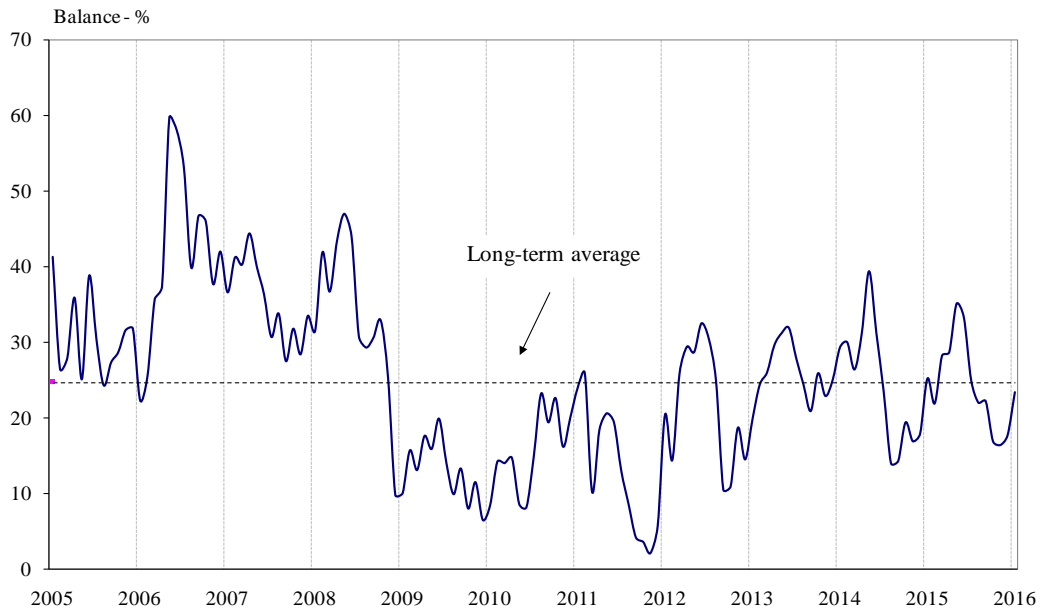


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

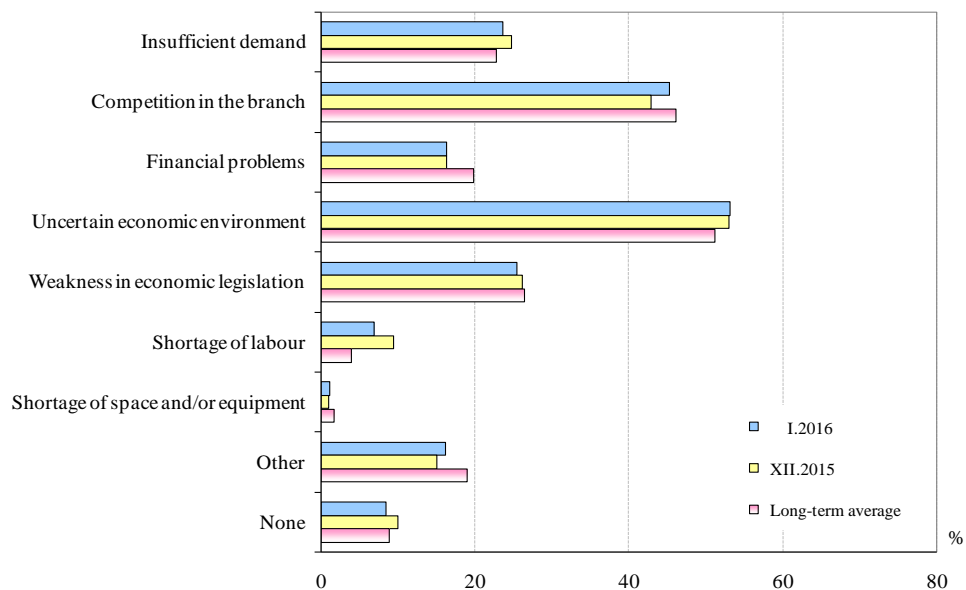




Figure 17. Selling prices expectations in service sector over the next 3 months

