BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], FEBRUARY 2016

In February 2016 **the total business climate indicator**[4] increases by 0.5 percentage points compared to the previous month (Annex, Figure 1) a result of the more favourable business climate in industry, retail trade and service sector.

Industry. The composite indicator 'business climate in industry' increases by 1.2 percentage points in comparison with January (Annex, Figure 2), which is due to the improved industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. Concerning the present production activity, the inquiry registers slight decrease, while the expectations about the activity over the next 3 months are more optimistic (Annex, Figure 3).

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

As regards the selling prices in industry the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In February the composite indicator 'business climate in construction' decreases by 3.5 percentage points (Annex, Figure 6) a result of the more pessimistic construction entrepreneurs' assessments about the present business situation of the enterprises. However, their expectations both about the business situations of the enterprises over the next 6 months (Annex, Figure 7) and the construction activity over the next 3 months are more favourable. In the last month the inquiry also reports a decrease in the number of clients with delay in payments.

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 February a decrease of the negative impact of the first two factors is observed (Annex, Figure 8).

Concerning the selling prices in construction the prevailing managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 9).

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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.

Retail trade. The composite indicator 'business climate in retail trade' increases by 2.8 percentage points compared to January (Annex, Figure 10) which is due to the optimistic retailers' expectations about the business situation of the enterprises over the next 6 months. At the same time their forecasts about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are also improved.

The main obstacles for the development of the activity in the branch remain the competition in the branch, uncertain economic environment and insufficient demand (Annex, Figure 12).

As regards the selling prices the retailers expect preservation of their level over the next 3 months (Annex, Figure 13).

Service sector[1]. In February the composite indicator 'business climate in service sector' increases by 0.9 percentage points (Annex, Figure 14) a result of the favourable managers' assessments (Annex, Figure 15) and expectations about the business situation of the enterprises. However, their opinions with regard to the present demand for services, as well their expectations over the next 3 months are more moderate.

The uncertain economic environment and competition in the branch continue to be the main factors limiting the business development in the branch (Annex, Figure 16).

Concerning the selling prices, the managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

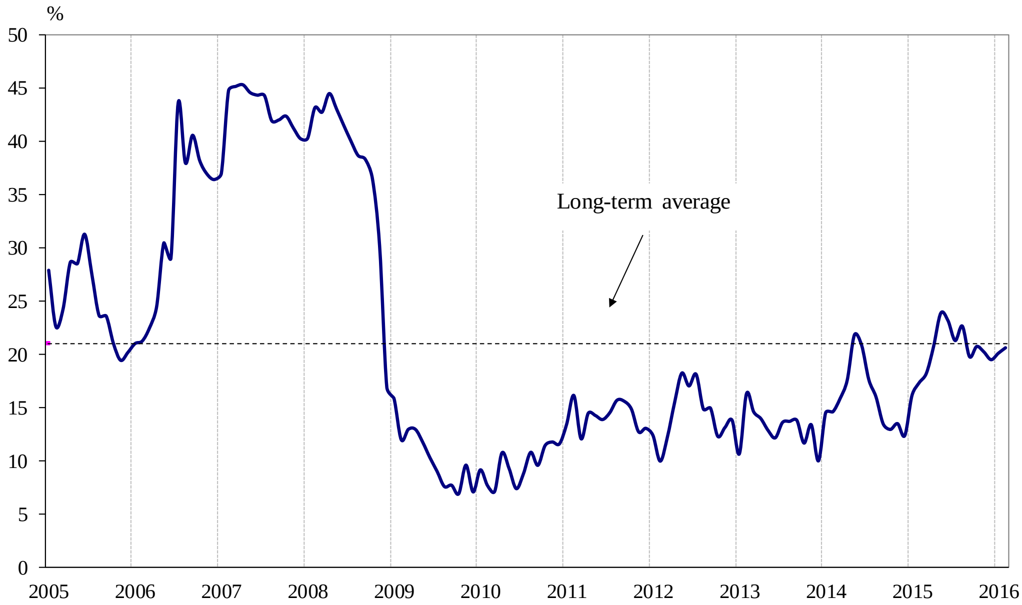

Figure 2. Business climate in industry

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

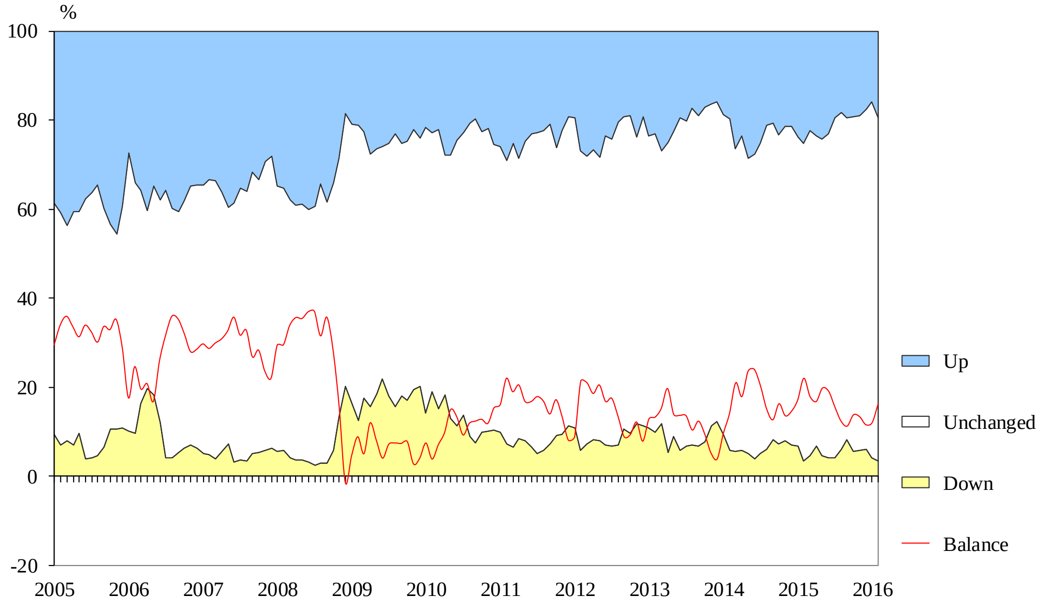

Figure 4. Limits to production in industry (Relative share of enterprises)

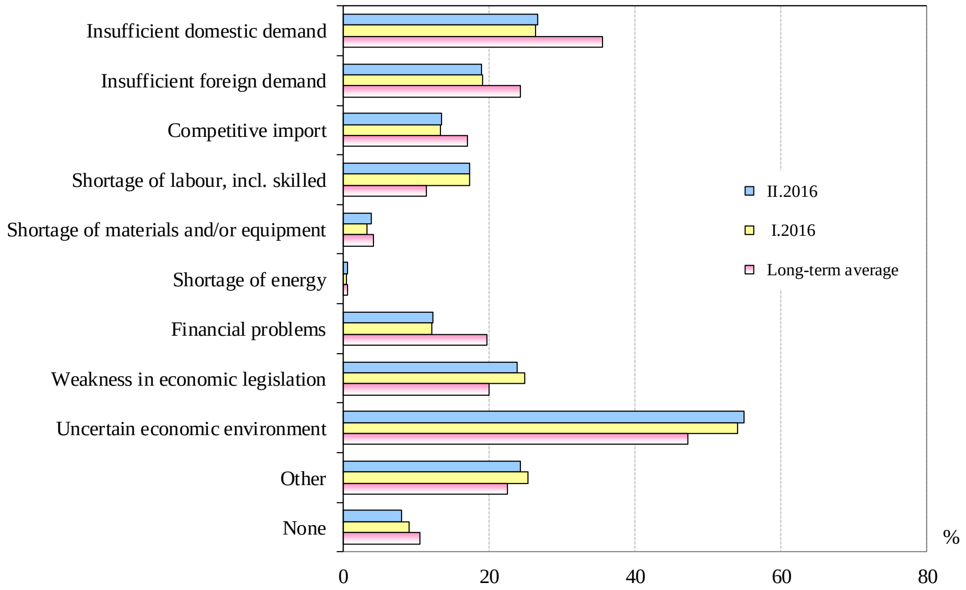

Figure 5. Selling prices expectations in industry over the next 3 months

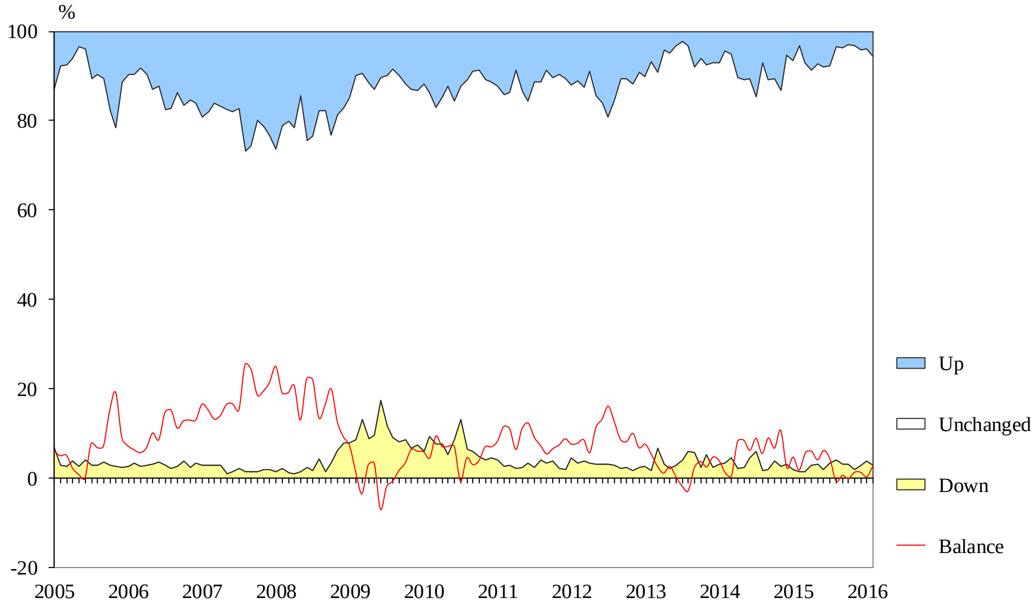

Figure 6. Business climate in construction

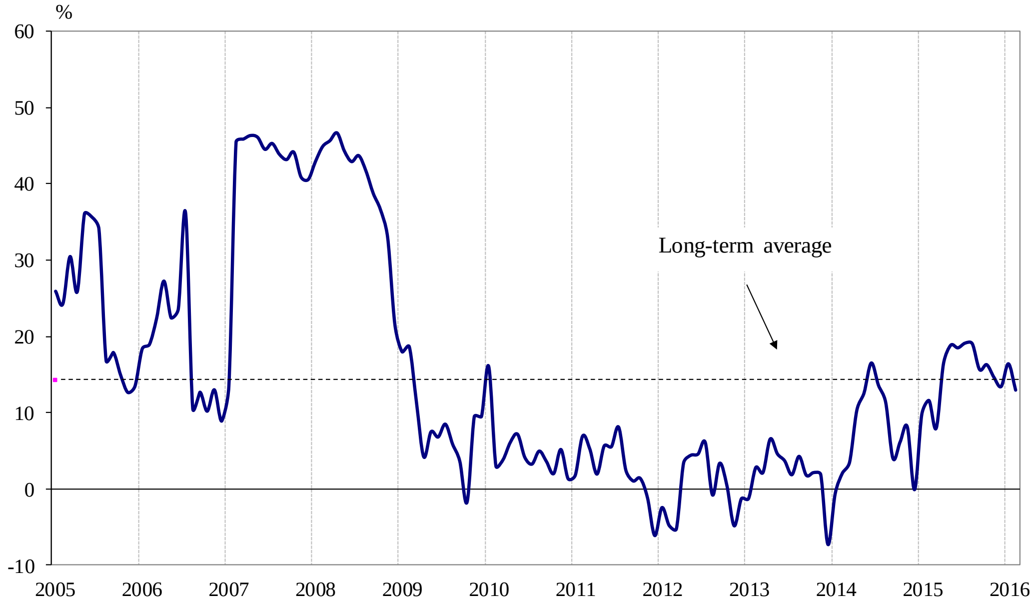

Figure 7. Expected business situation in construction over the next 6 months

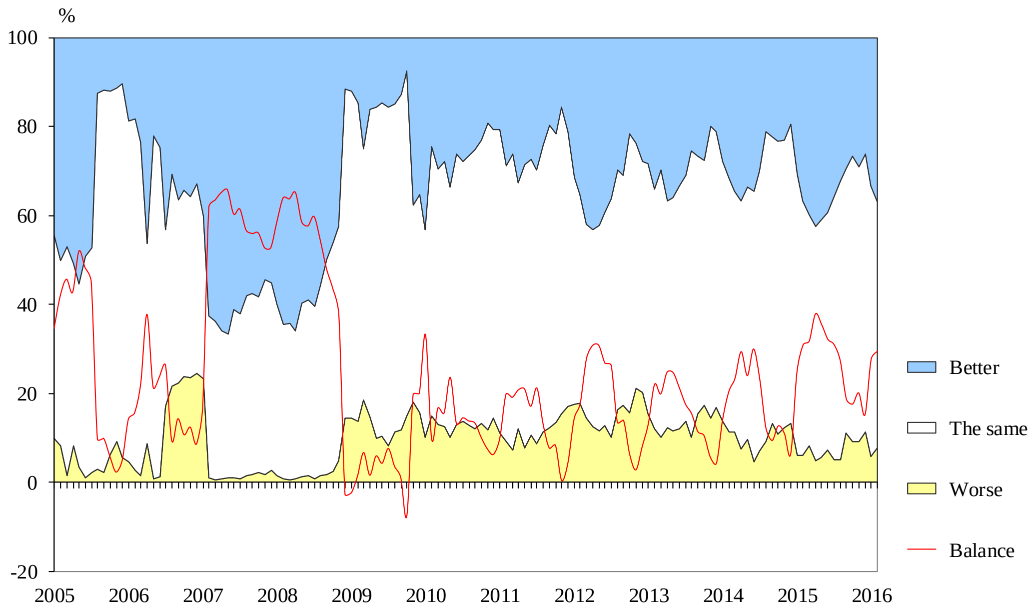

Figure 8. Limits to construction activity (Relative share of enterprises)

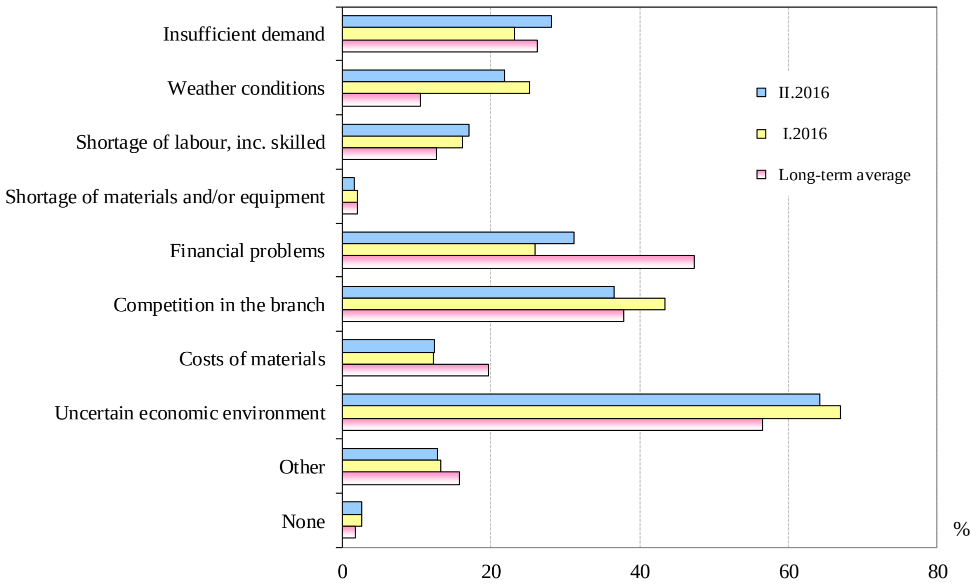

Figure 9. Selling prices expectations in construction over the next 3 months

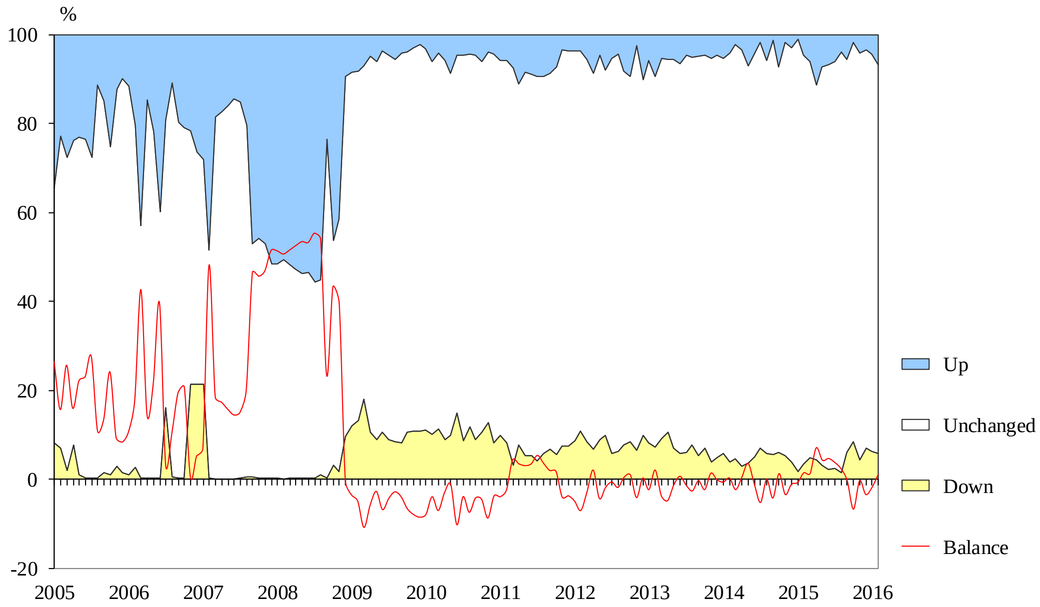

Figure 10. Business climate in retail trade

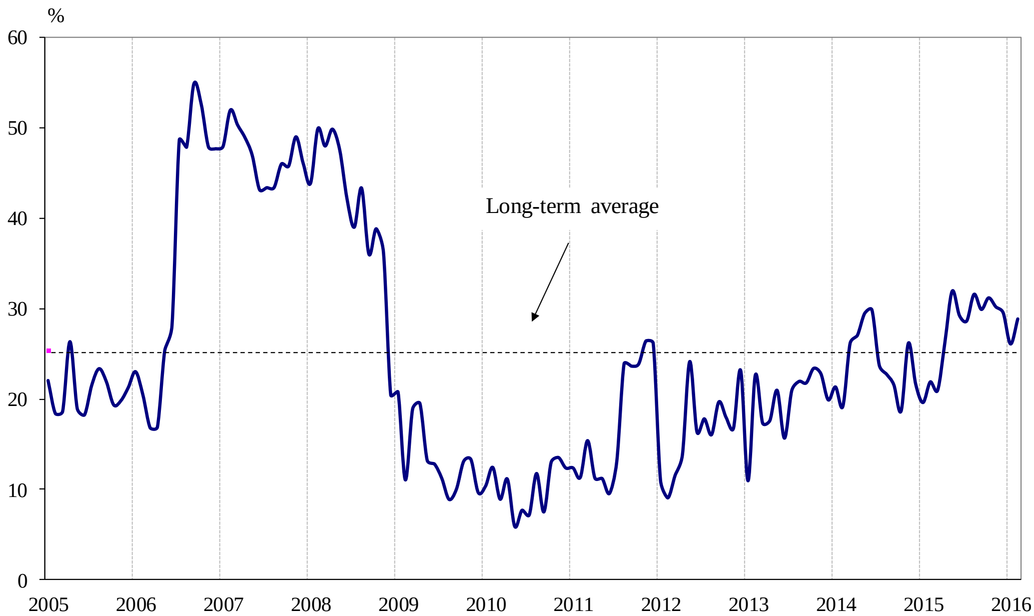

Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

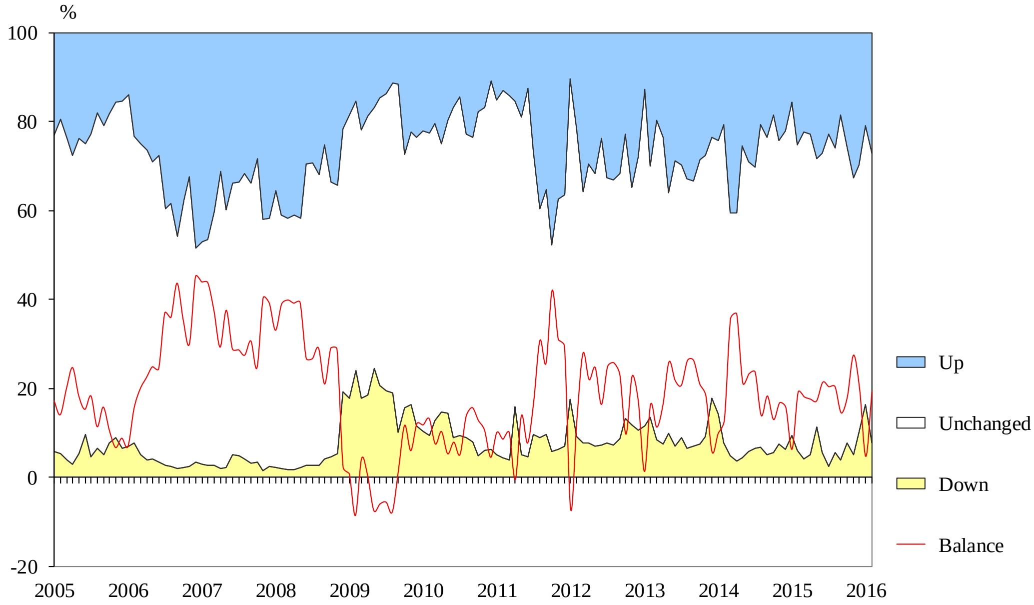

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

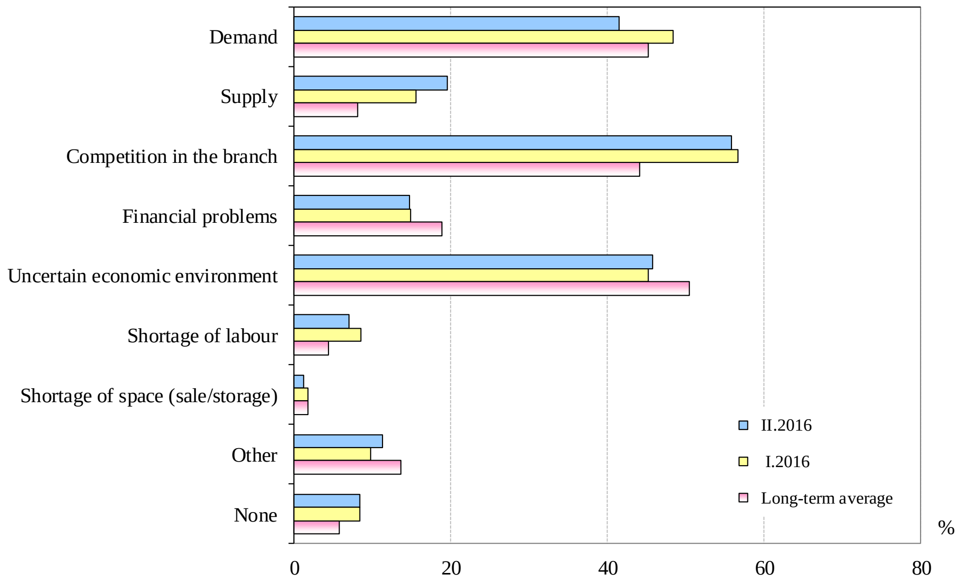

Figure 13. Selling prices expectations in retail trade over the next 3 months

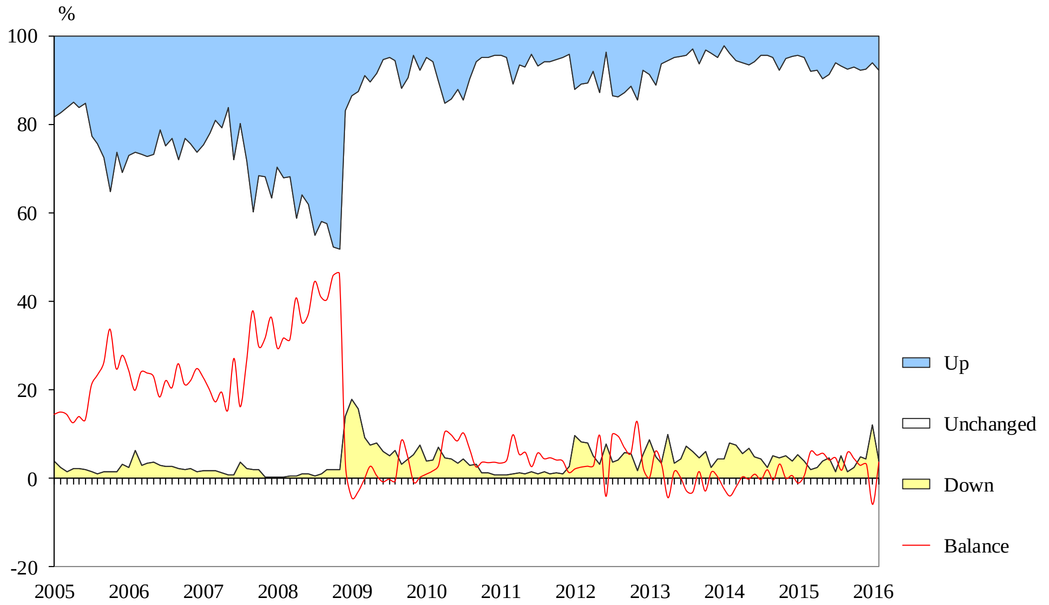

Figure 14. Business climate in service sector

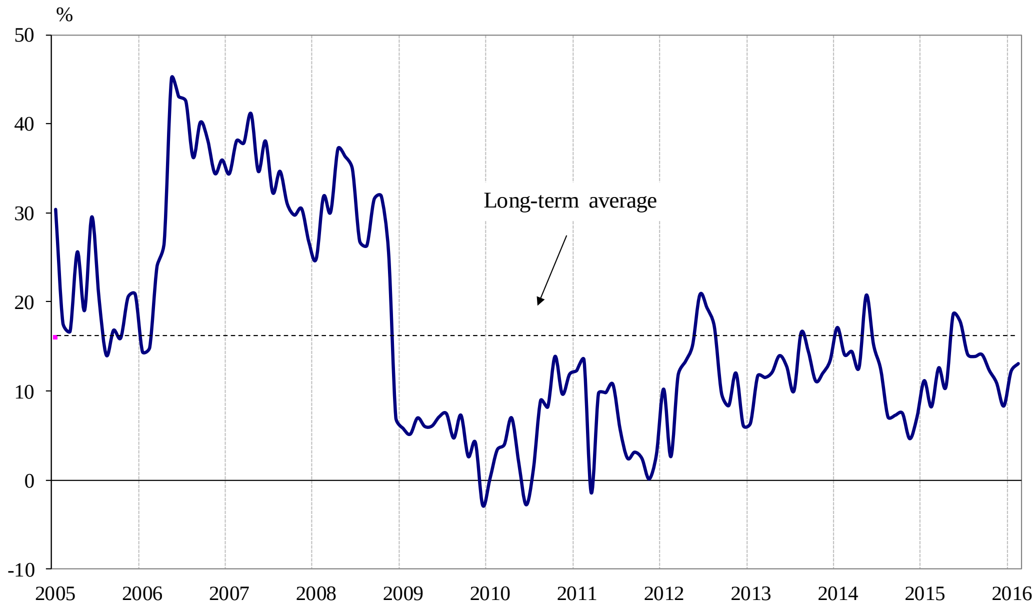

Figure 15. Present business situation in service sector

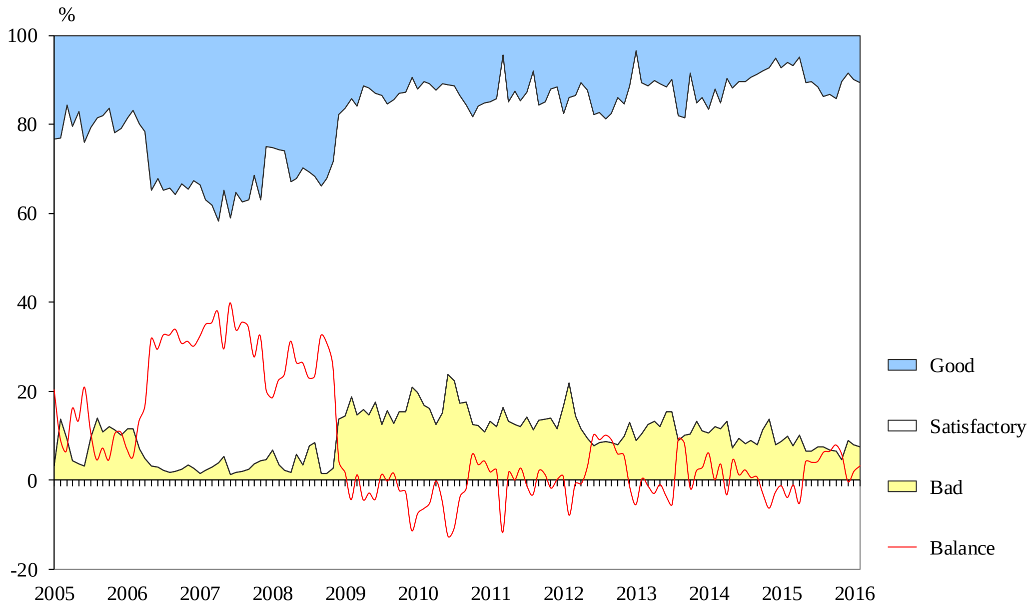

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

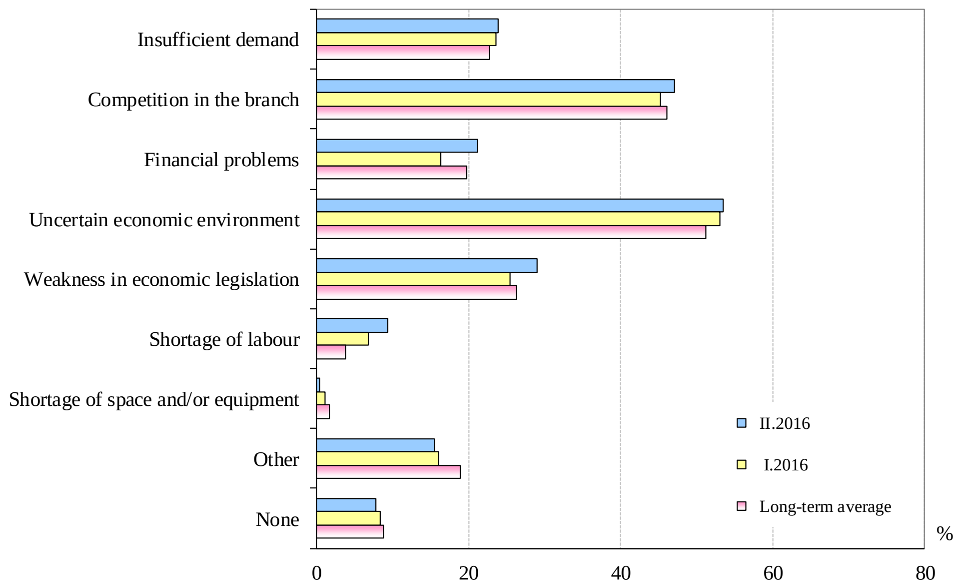

Figure 17. Selling prices expectations in service sector over the next 3 months