



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, AUGUST 2016

In August 2016 the **total business climate indicator**<sup>4</sup> remains approximately to its July level. An improvement of the business conjuncture is registered in industry and service sector, while a reduction of the indicator is observed in construction and retail trade.

**Industry.** The composite indicator ‘business climate in industry’ increases by 0.7 percentage points in comparison with the previous month (Annex, Figure 2) as a result of more favourable industrial entrepreneurs’ assessments 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 reserved (Annex, Figure 3).

The main obstacles for the business development continues to be connected with the uncertain economic environment and insufficient domestic demand, pointed out respectively by 47.3% and 25.5% of the enterprises (Annex, Figure 4).

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

**Construction.** In August the composite indicator ‘business climate in construction’ decreases by 3.0 percentage points (Annex, Figure 6) which is due of the worsened construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). At the same time their opinions about the construction activity over the last 3 months, as well their expectations over the next 3 months are more unfavourable.

The factors limiting with the most extent activity of the enterprises remain the uncertain economic environment and competition in the branch as the inquiry registers strengthen of their negative impact (Annex, Figure 8).

Concerning the selling prices in construction the managers’ expectations are them to remain unchanged 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’ decreases by 1.9 percentage points compared to July (Annex, Figure 10) as a result of the shifting of the managers’ assessments about the present business situation of the enterprises from ‘good’ towards ‘satisfactory’ (normal for a season) (Annex, Figure 11). However, their assessments about the volume of sales over the last 3 months are improved, as slight optimism in their expectations over the next 3 months is registered.

The uncertain economic environment, competition in the branch and insufficient demand continue to be the most serious problems for the business development (Annex, Figure 12).

The majority of the retailers expect the selling prices to preserve their level over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In August the composite indicator ‘business climate in service sector’ increases by 1.3 percentage points (Annex, Figure 14) which is due to the improved managers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 15). However, their opinions with regard to the present demand for services, as well their expectations over the next 3 months are more reserved.

The main factors limiting the activity of the enterprises remain the competition in the branch and uncertain economic environment (Annex, Figure 16).

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

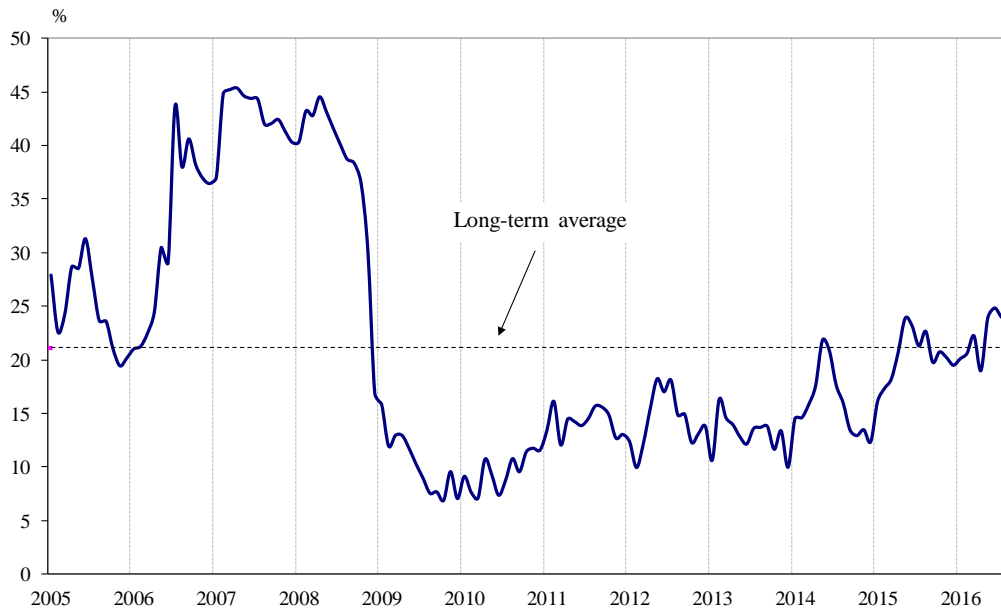
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<sup>1</sup> Excl. trade.

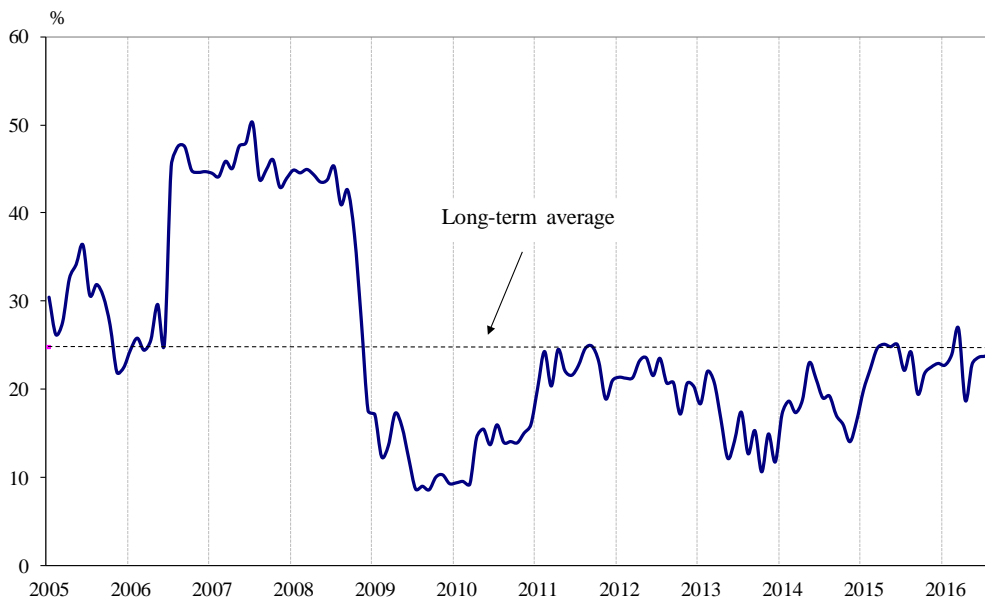


## Annex

### Figure 1. Business climate - total

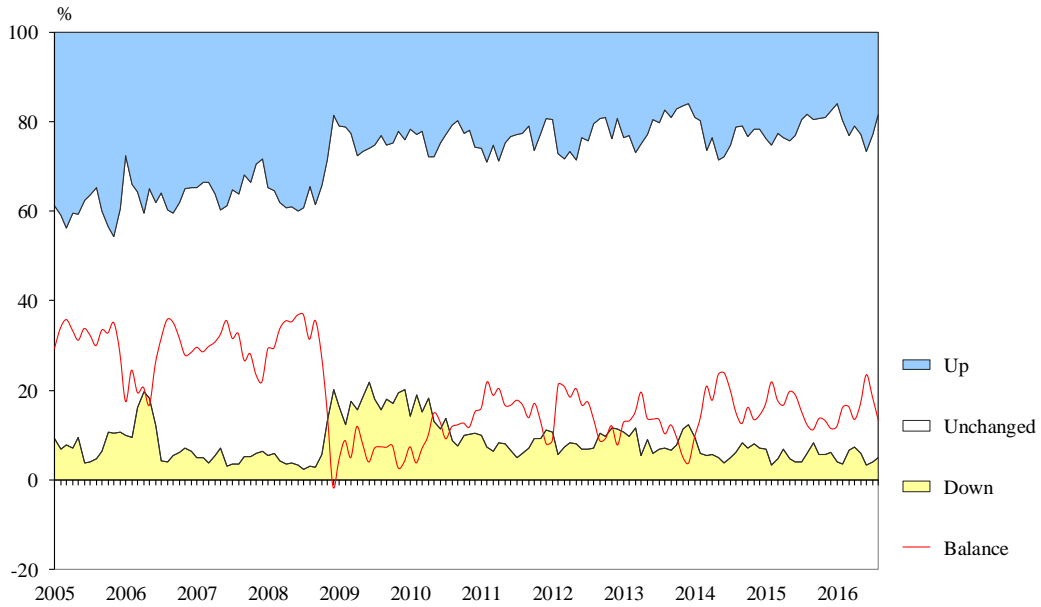


### Figure 2. Business climate in industry

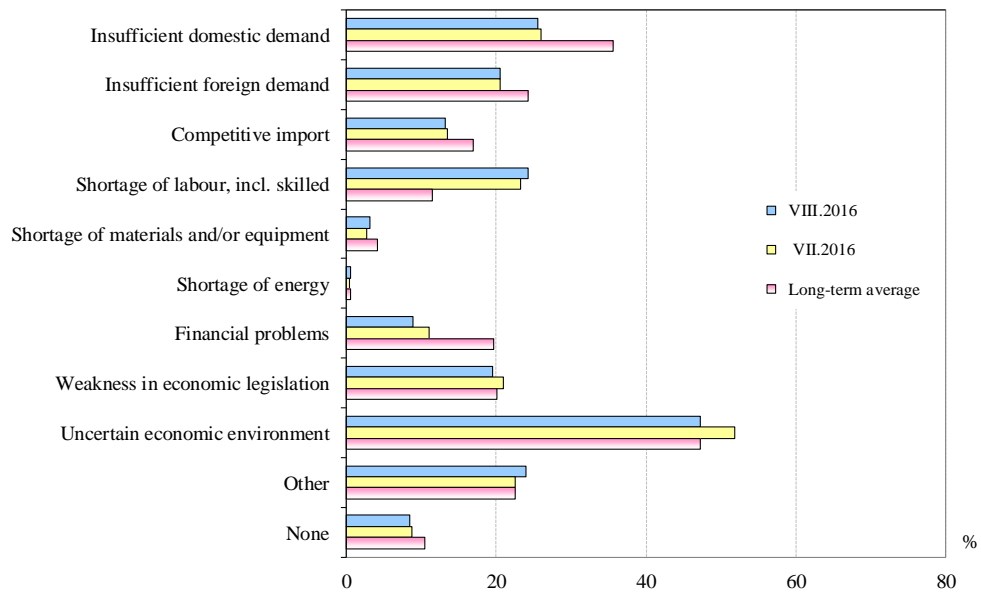




**Figure 3. Expected production activity in industry over the next 3 months**

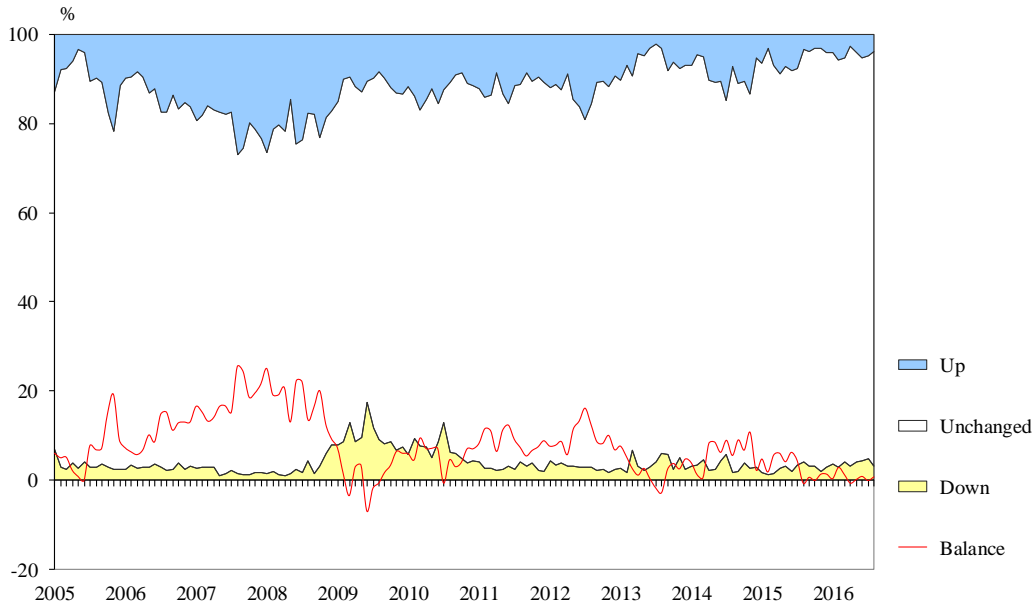


**Figure 4. Limits to production in industry (Relative share of enterprises)**

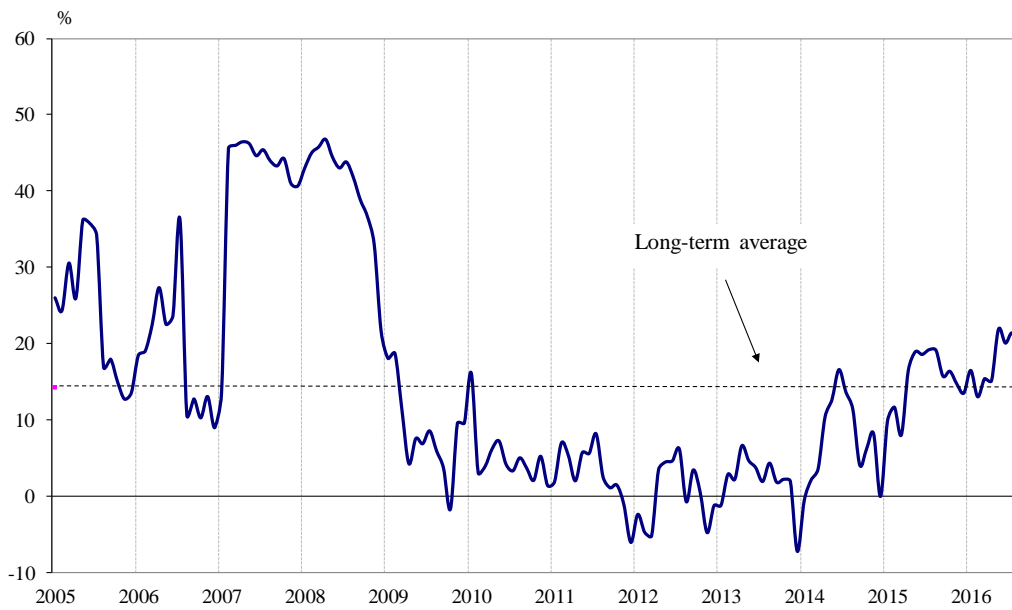




**Figure 5. Selling prices expectations in industry over the next 3 months**

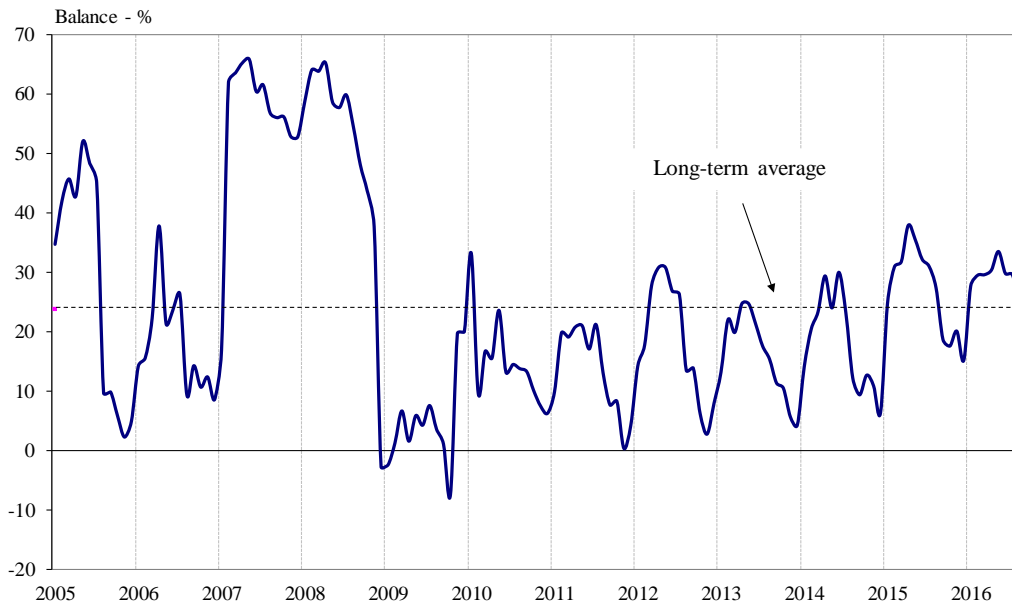


**Figure 6. Business climate in construction**

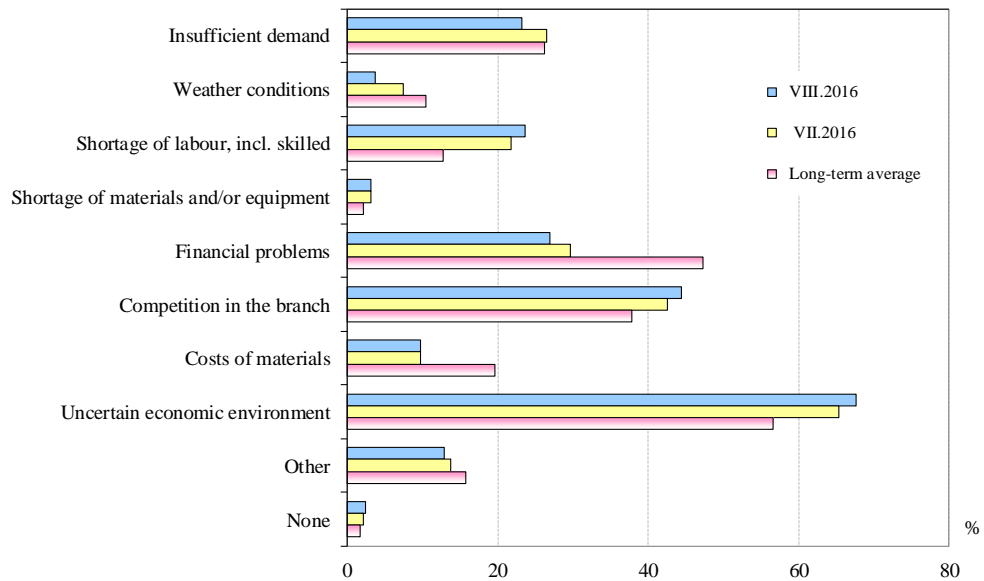




**Figure 7. Expected business situation in construction over the next 6 months**

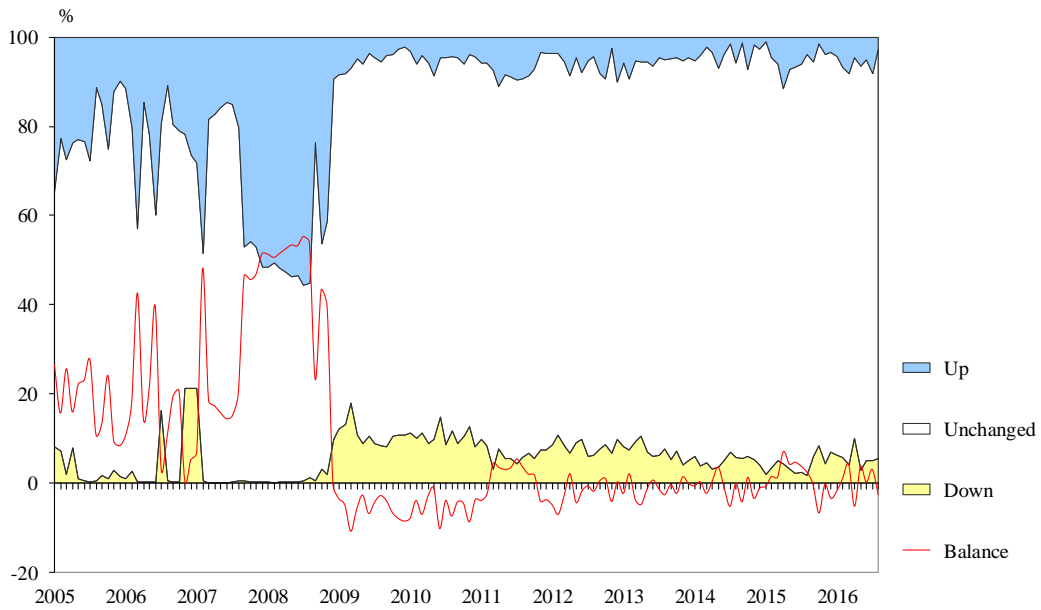


**Figure 8. Limits to construction activity (Relative share of enterprises)**

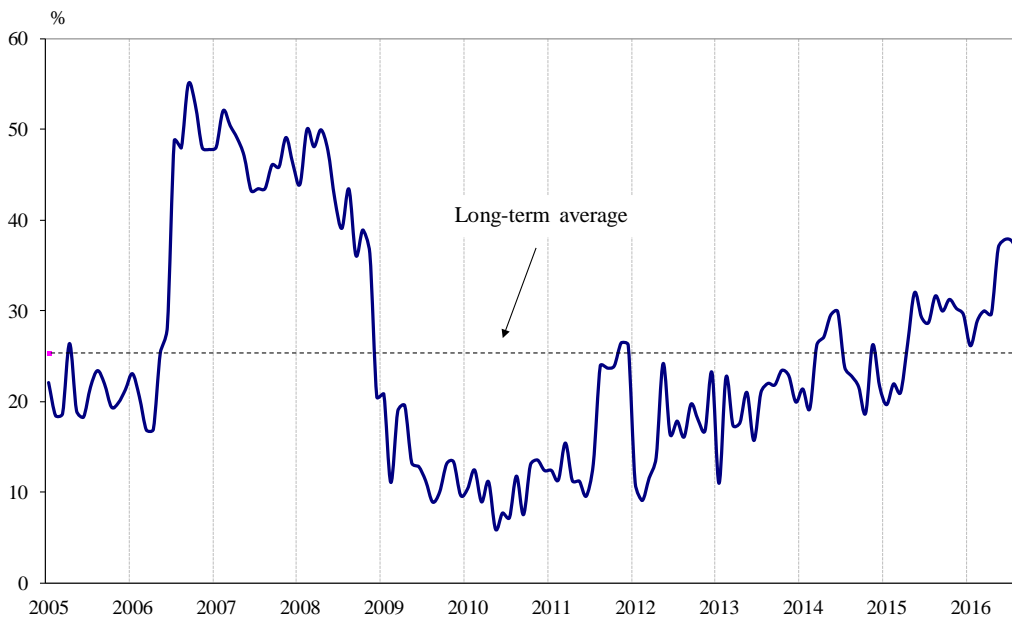




**Figure 9. Selling prices expectations in construction over the next 3 months**

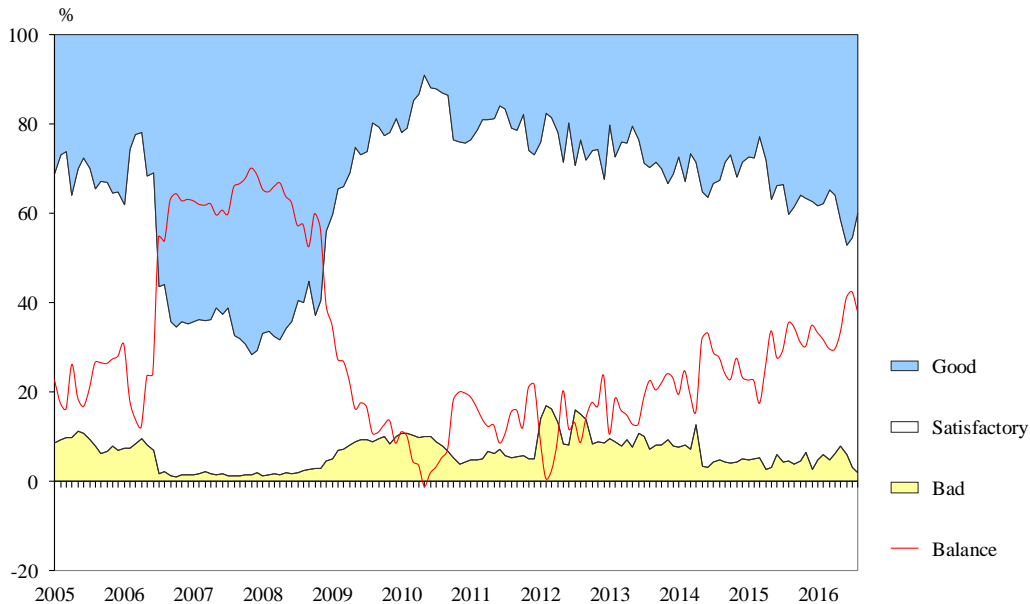


**Figure 10. Business climate in retail trade**

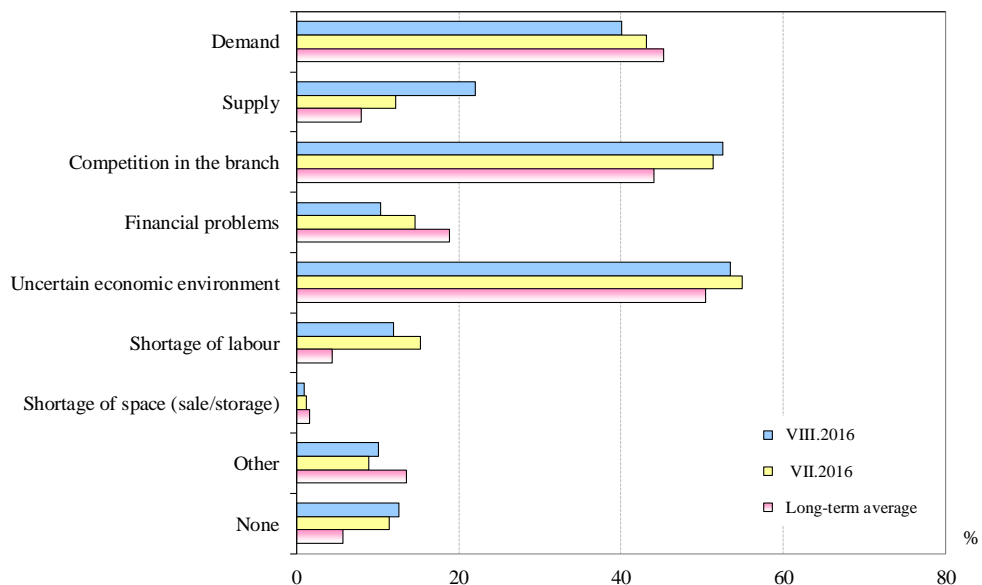




**Figure 11. Present business situation in retail trade**



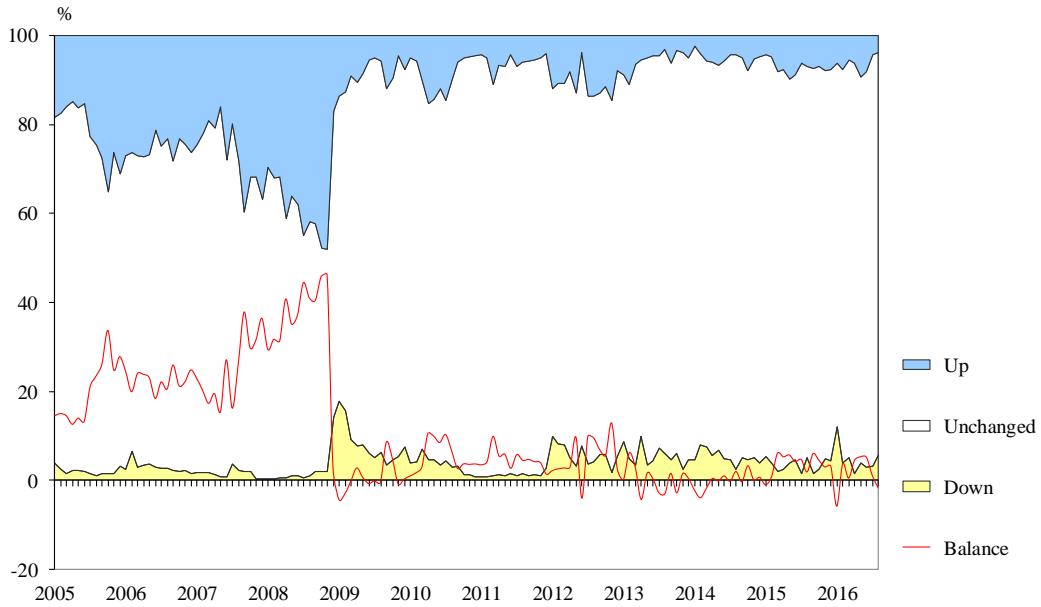
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



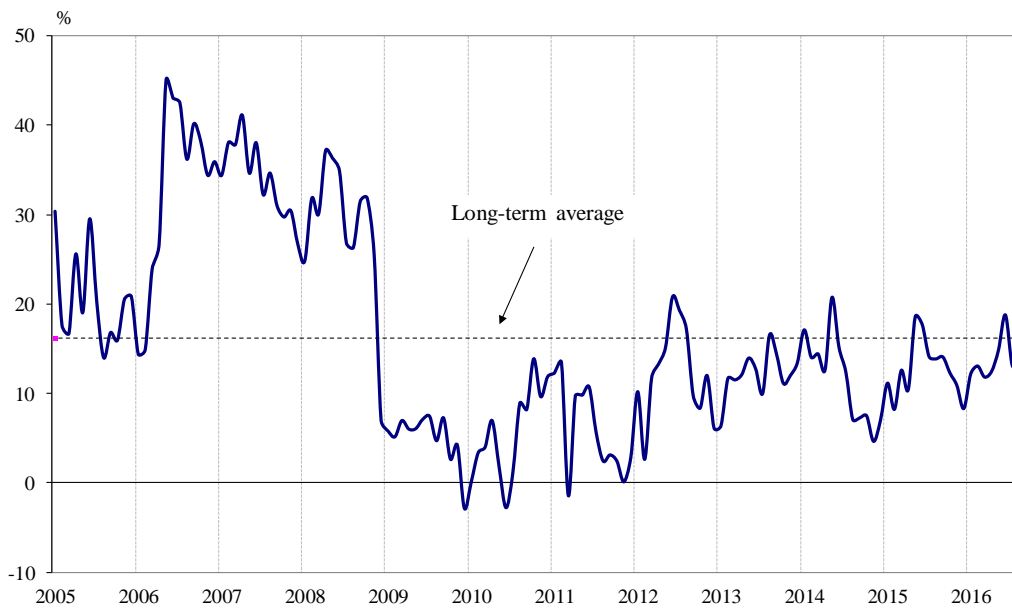




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

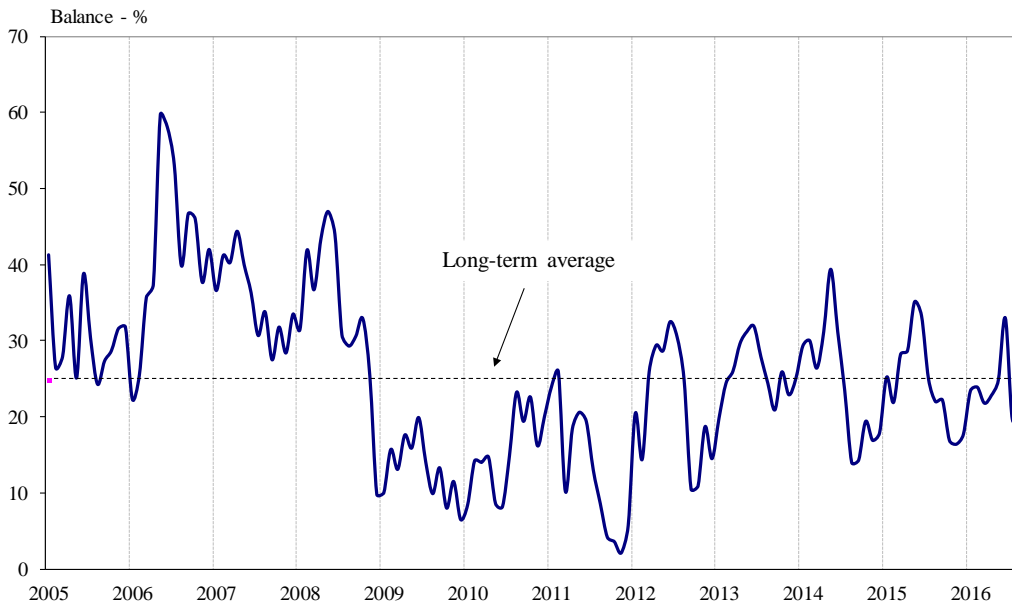


**Figure 14. Business climate in service sector**

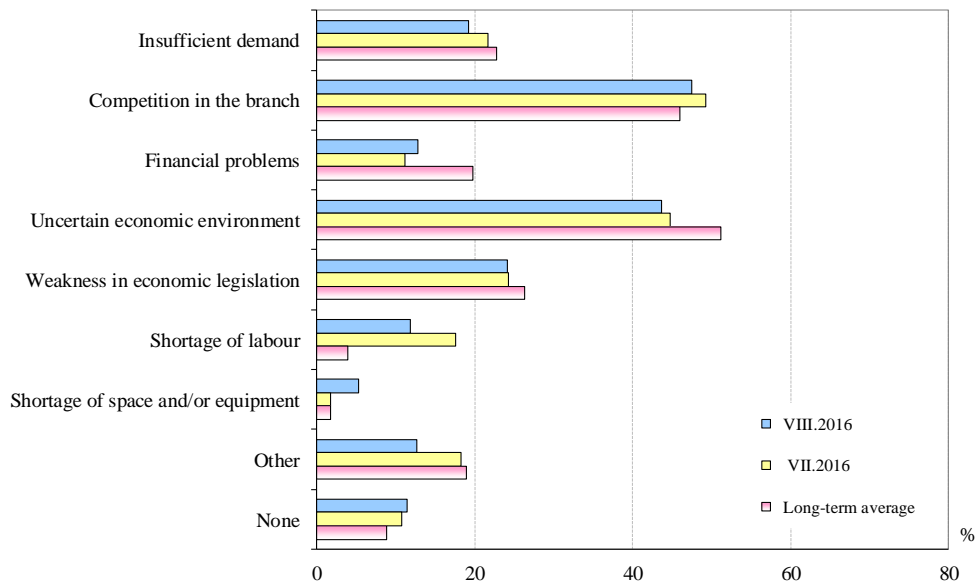




**Figure 15. Expected business situation in service sector over the next 6 months**



**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**

