



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2019

In May 2019, the **total business climate indicator**⁴ increases by 1.3 percentage points compared to the previous month (Annex, Figure 1), which is due to the improved business conjuncture in construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ preserves approximately its April level (Annex, Figure 2). The industrial entrepreneurs’ expectations about both the business situation of the enterprises over the next 6 months and their activity over the next 3 months (Annex, Figure 3) remain favourable.

The main factors limiting the business development in the sector continue to be the uncertain economic environment and shortage of labour as in May a decrease of their negative influence is observed (Annex, Figure 4).

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

Construction. In May the composite indicator ‘business climate in construction’ increases by 6.9 percentage points (Annex, Figure 6) as a result of the more optimistic construction entrepreneurs’ assessments and expectations about the business situation of the enterprises. Their opinions about the construction activity over the last 3 months, as well their expectations over the next 3 months are also improved (Annex, Figure 7). However, the enquiry reported an increase in the number of the clients with delay in payments.

In the last month, the negative impact of the factor ‘shortage of labour’ is strengthened, as 51.9% of the managers is pointed out it as main problem for their activity. In second and third place remain the difficulties, connected with the uncertain economic environment and competition in the branch (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, construction entrepreneurs' expectations are for preservation of their level over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator 'business climate in retail trade' increases by 2.1 percentage points (Annex, Figure 10) which is due to the improved retailers' assessments and expectations about the business situation of the enterprises. However, concerning the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months their expectations are more reserved.

The competition in the branch continues to be the main factor limiting the business development, followed by the uncertain economic environment and insufficient demand (Annex, Figure 12).

The retailers do not foresee a change of the selling prices over the next 3 months (Annex, Figure 13).

Service sector¹. In May, the composite indicator 'business climate in service sector' decreases by 2.2 percentage points (Annex, Figure 14) as a result of the unfavourable managers' assessments about the present business situation of the enterprises. As regards the demand of services the present tendency is assessed as slightly reduced, while the expectations over the next 3 months are improved (Annex, Figure 15).

The most serious problems for the enterprises' activity remain the competition in the branch and uncertain economic environment, though in the last month a decrease of their unfavourable influence is reported (Annex, Figure 16).

The managers' expectations concerning the selling prices in the service sector are them to preserve their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

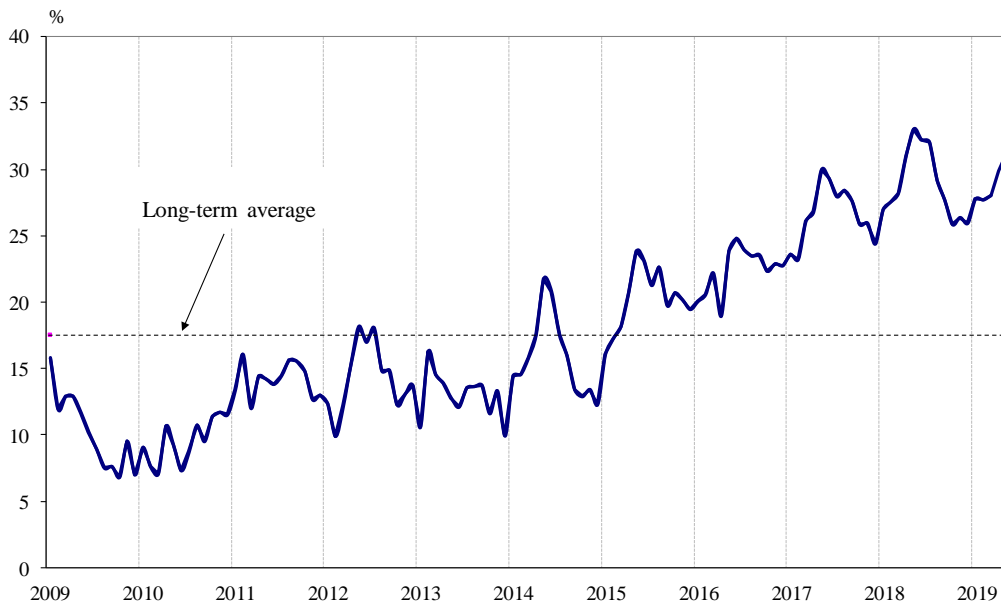


Figure 2. Business climate in industry

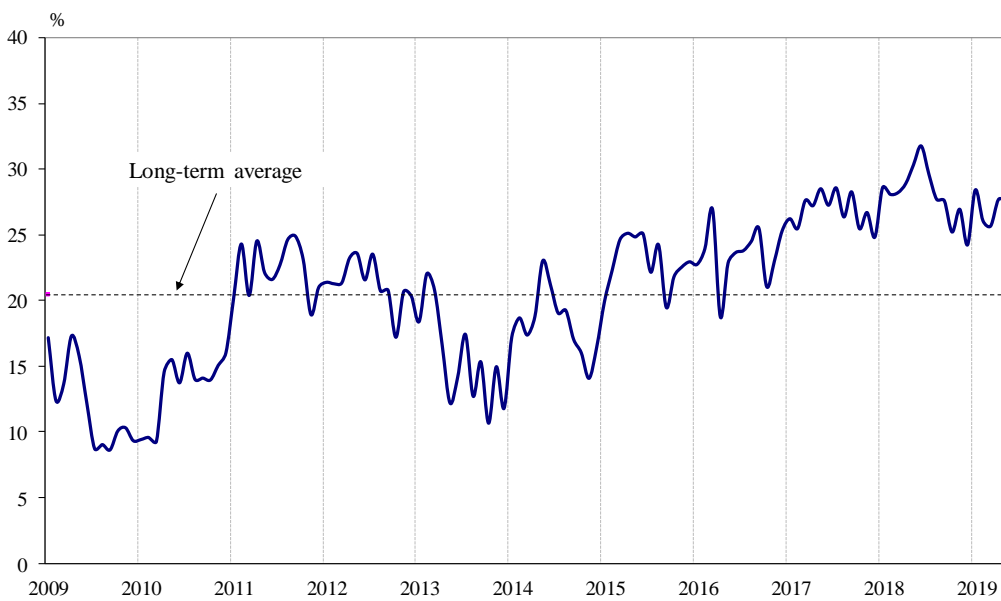




Figure 3. Expected production activity in industry over the next 3 months

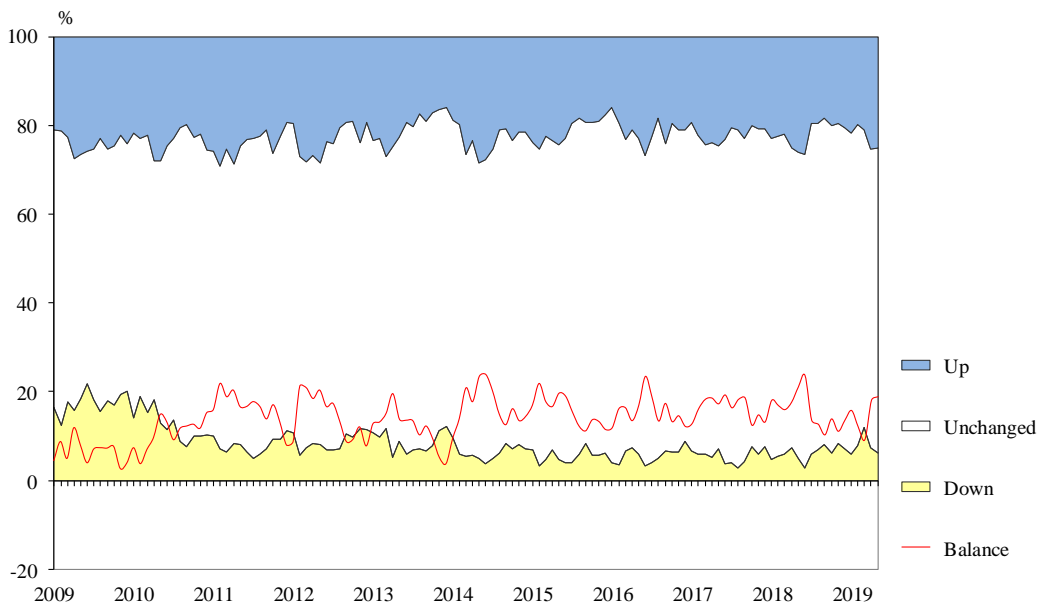


Figure 4. Limits to production in industry (Relative share of enterprises)

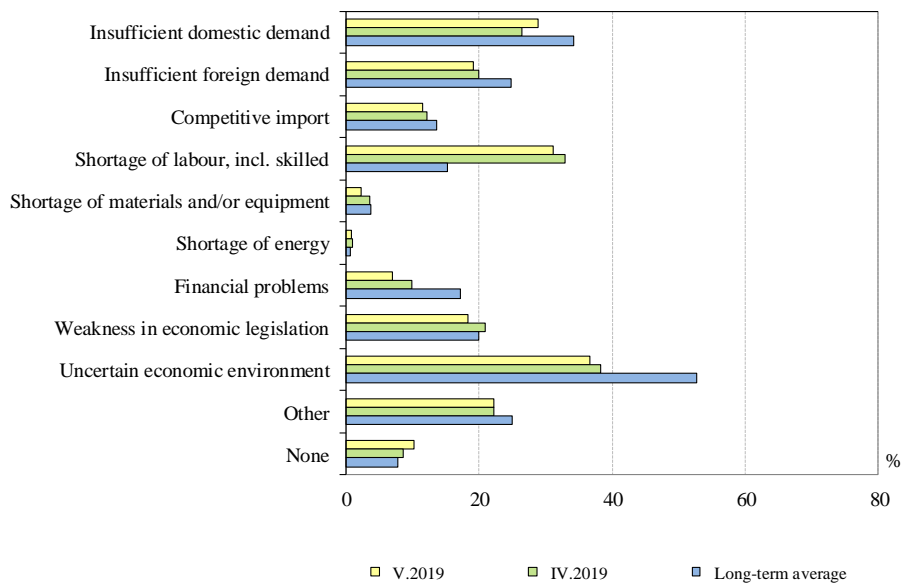




Figure 5. Selling prices expectations in industry over the next 3 months

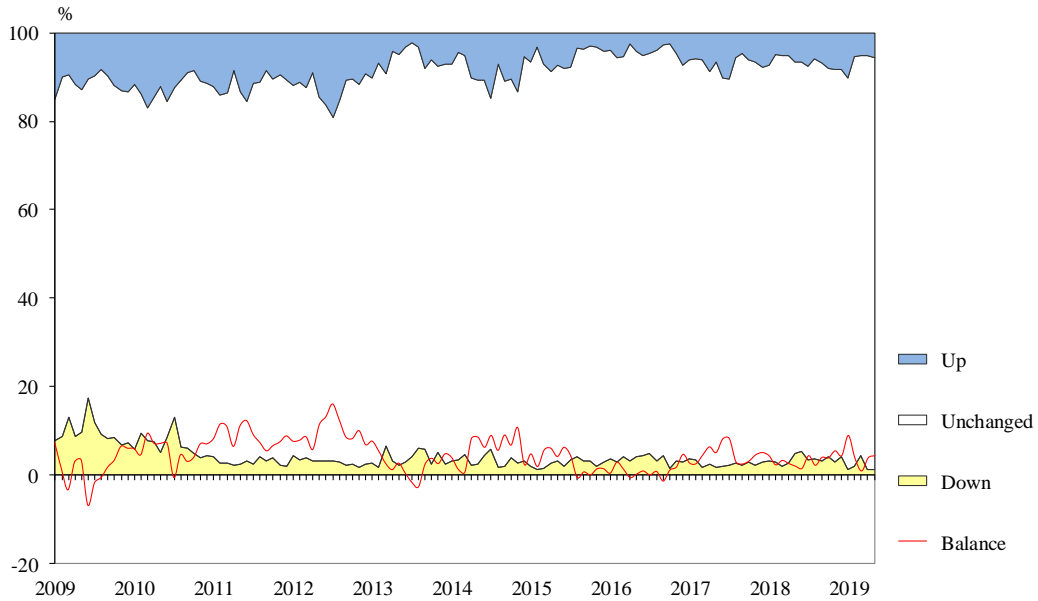


Figure 6. Business climate in construction

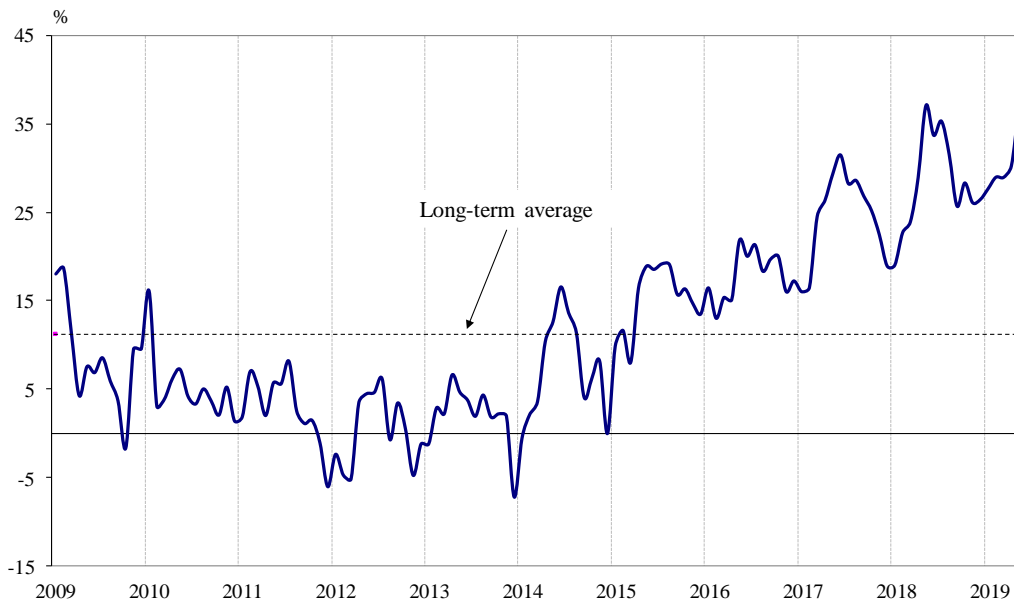




Figure 7. Expected construction activity over the next 3 months

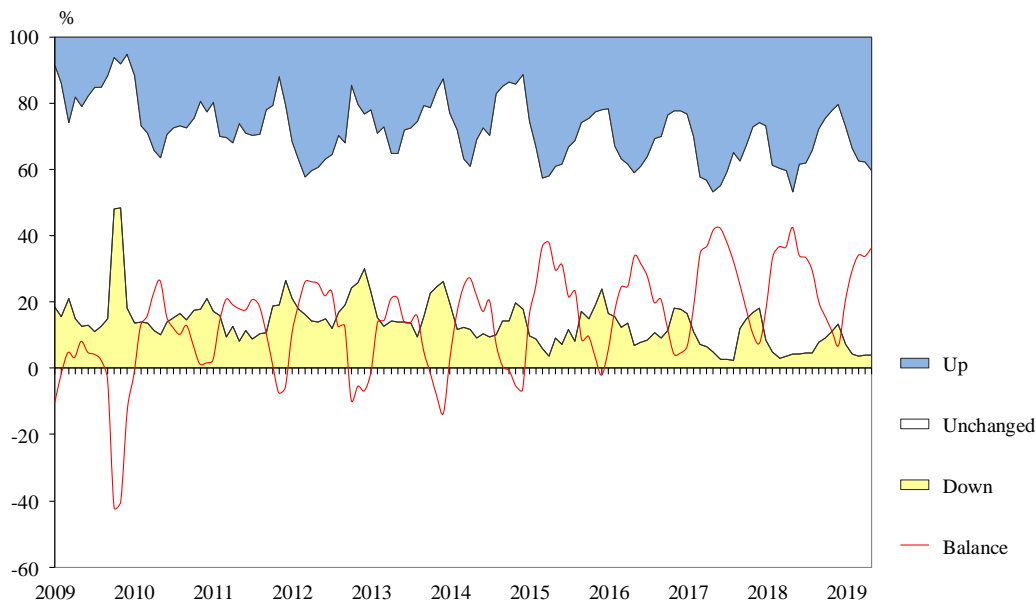


Figure 8. Limits to construction activity (Relative share of enterprises)

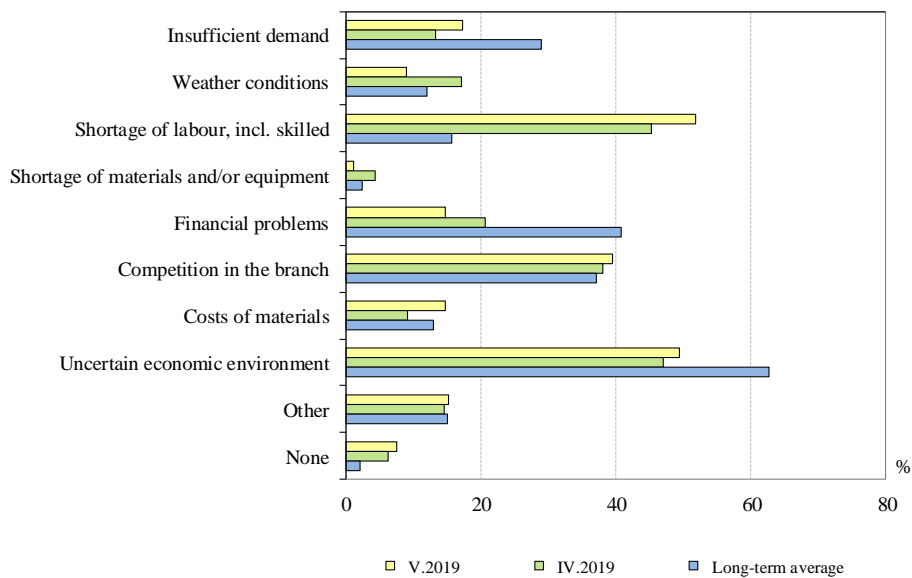




Figure 9. Selling prices expectations in construction over the next 3 months

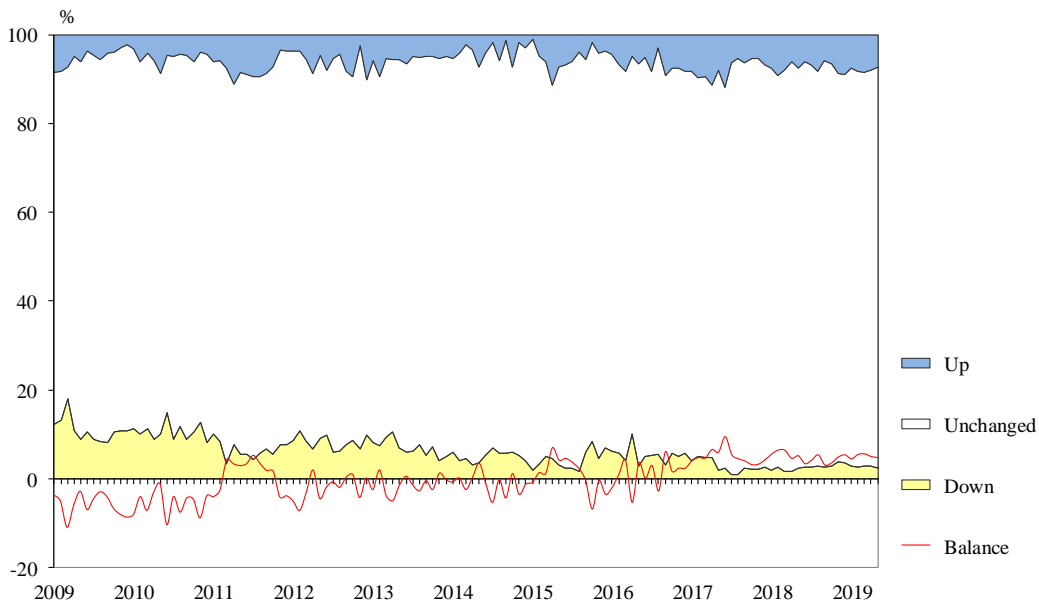


Figure 10. Business climate in retail trade

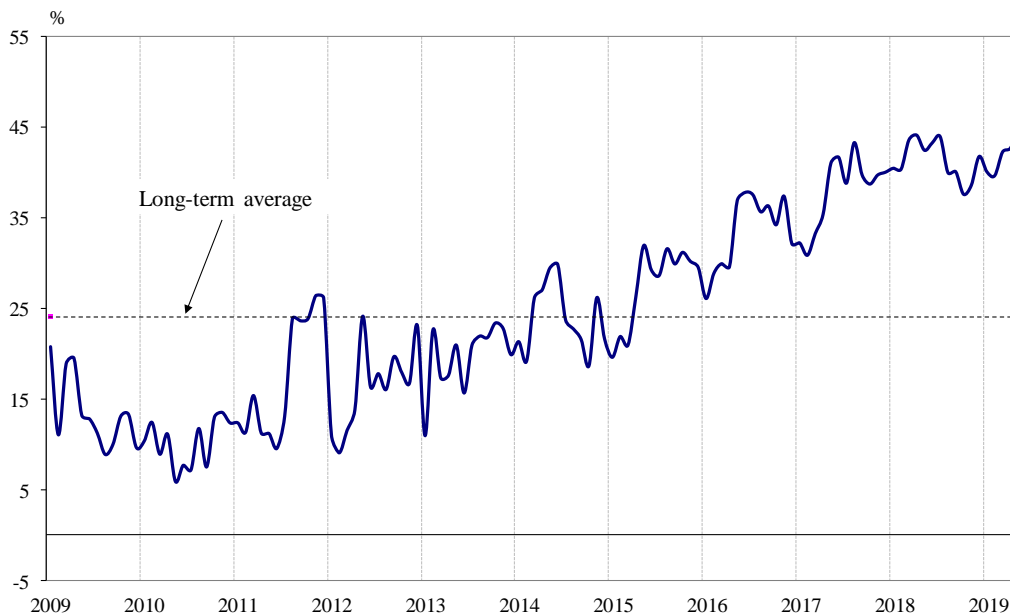




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

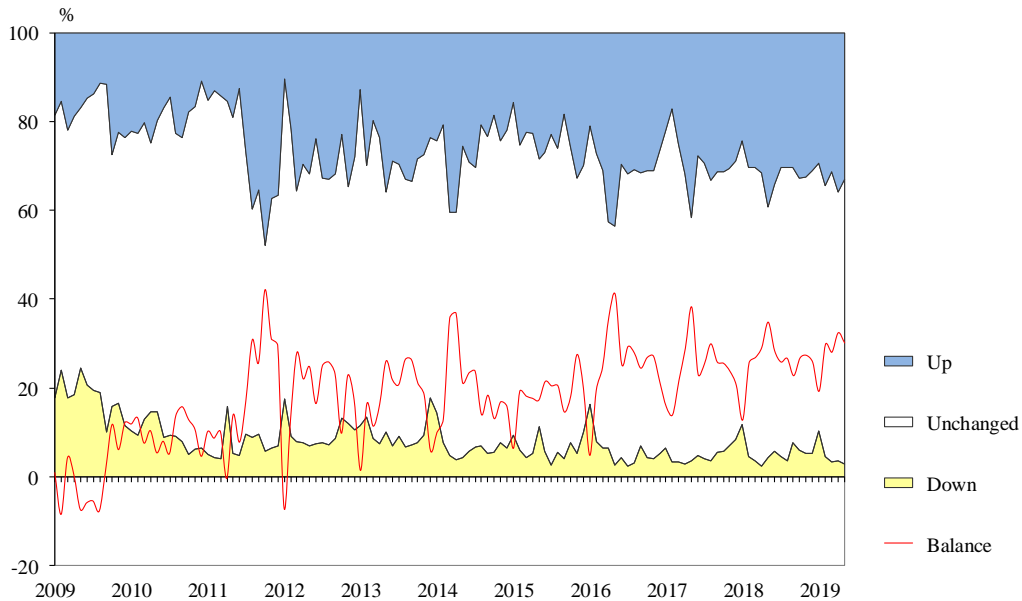


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

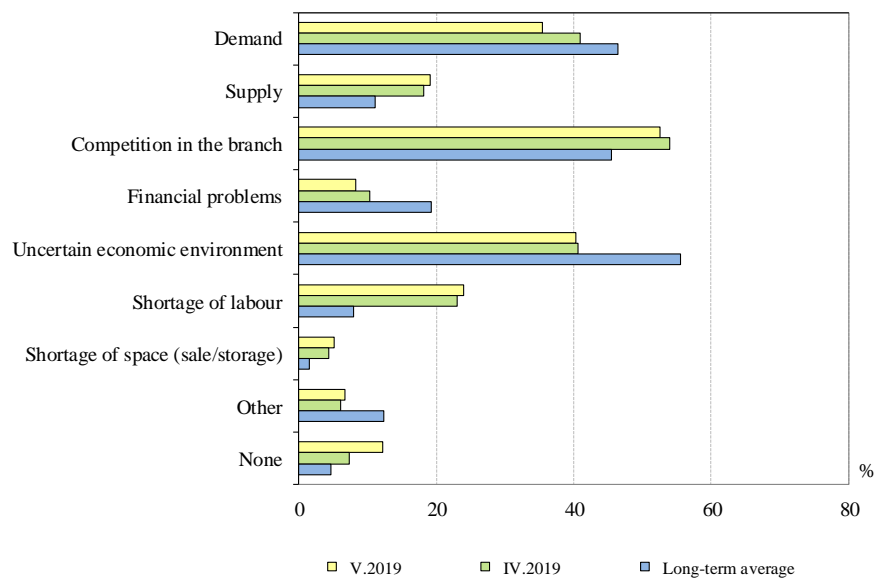




Figure 13. Selling prices expectations in retail trade over the next 3 months

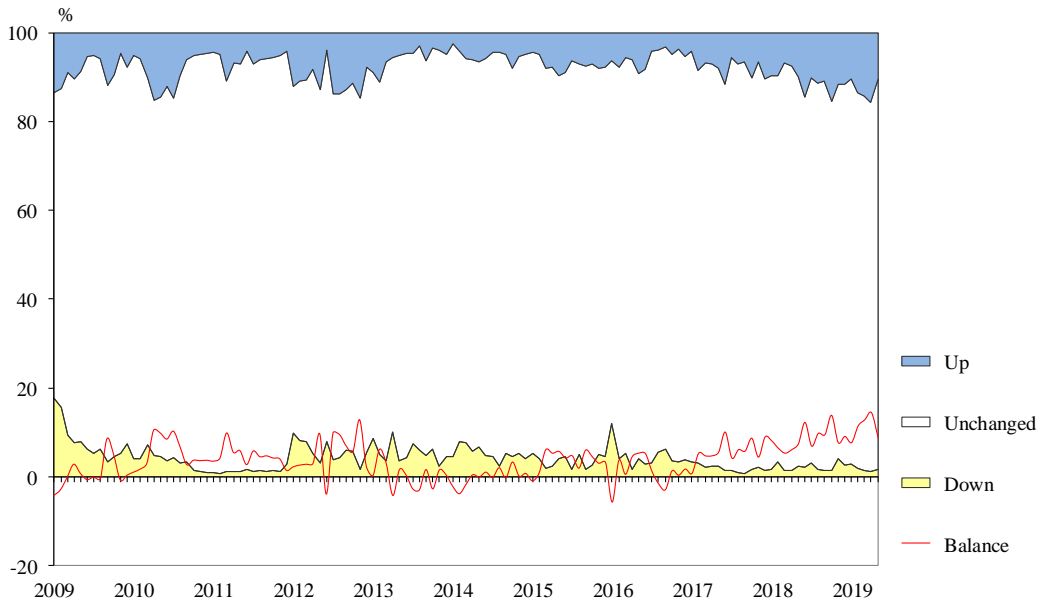


Figure 14. Business climate in service sector

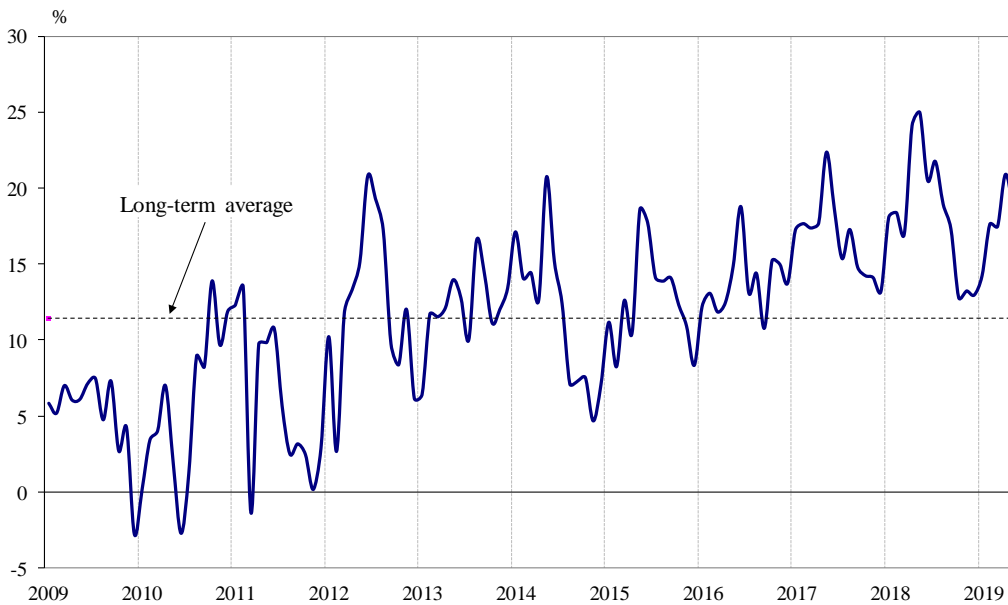




Figure 15. Expected demand in service sector over the next 3 months

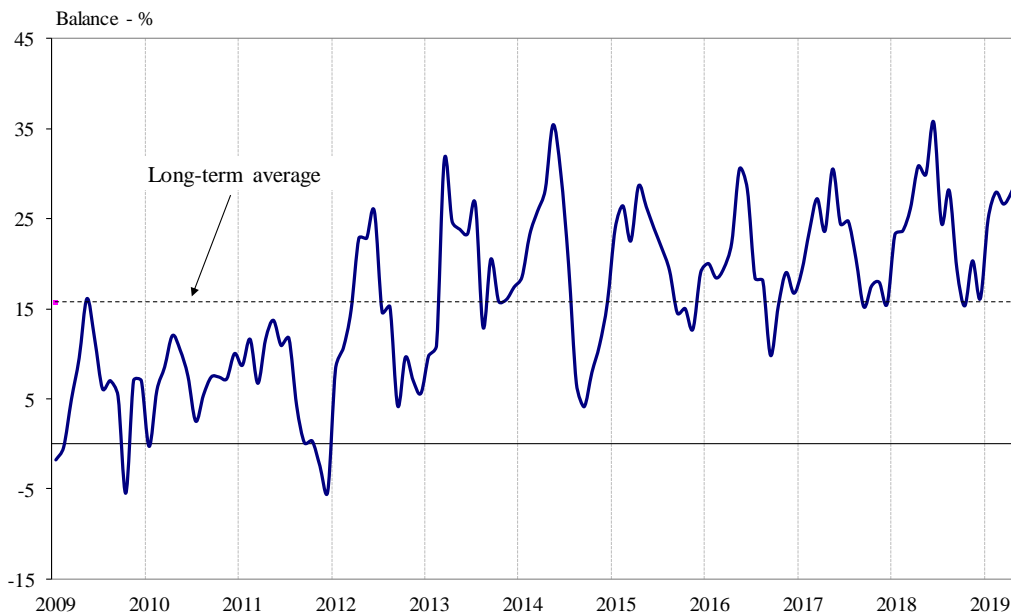


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

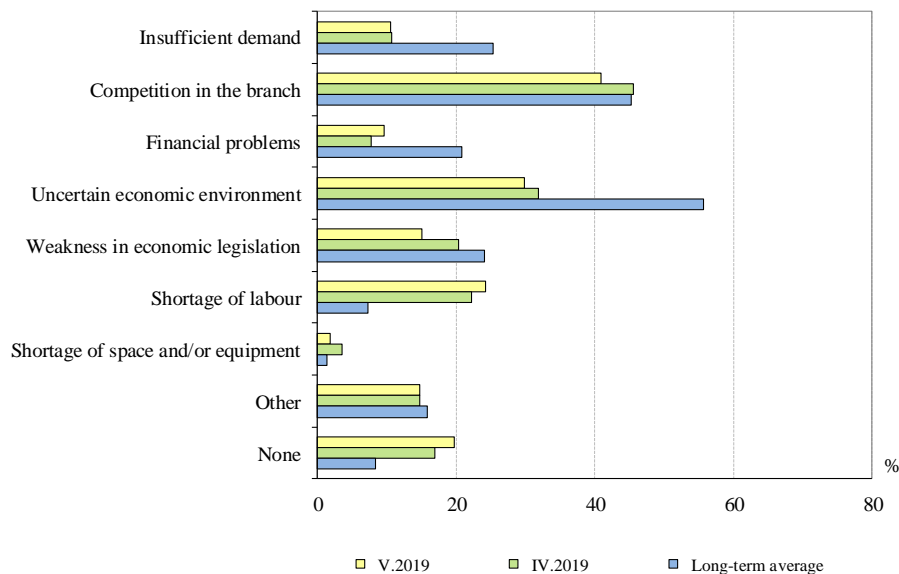




Figure 17. Selling prices expectations in service sector over the next 3 months

