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

In July 2016 **the total business climate indicator**[4] decreases by 0.9 percentage points compared to previous month (Annex, Figure 1). More unfavourable business climate is registered in service sector, while in industry and retail trade - remains approximately to its June level. Only in construction the business conjuncture is improved.

Industry. The composite indicator ‘business climate in industry’ preserves its June level (Annex, Figure 2). In industrial entrepreneurs’ opinion the present production activity is improved, but their expectations about the activity over the next 3 months are more unfavourable.

In July the average capacity utilization increases by 0.9 percentage points in comparison with April and it reaches 73.3% (Annex, Figure 3), as the enterprises report also a surplus of capacity with regard to the expected demand over the next months.

The main factor limiting the activity continues to be the uncertain economic environment, followed by the insufficient domestic demand (Annex, Figure 4).

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

Construction. In July the composite indicator ‘business climate in construction’ increases by 1.3 percentage points (Annex, Figure 6) as a result of the more favourable construction entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 7). The inquiry registers an improvement of the present construction activity, while the forecasts over the next 3 months are more reserved.

The production assurance with orders is reserves compared to April and it is assessed to be 5.4 months. However, the expectations about new orders over the next 6 months are more unfavourable.

---

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 uncertain economic environment and competition in the branch remain the main obstacles for the business development as in the last month strengthen of the negative influence of the second factor is observed (Annex, Figure 8).

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

Retail trade. The composite indicator ‘business climate in retail trade’ remains approximately to its June level (Annex, Figure 10). The retailers’ opinions about the orders placed with suppliers over the next 3 months are improved, as well their expectations about the volume of sales remain favourable though more reserved compared to the previous month.

The main factors limiting the enterprises activity continue to be the uncertain economic environment, competition in the branch and insufficient demand (Annex, Figure 11).

Concerning the selling prices, the retailers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 12).

Service sector[1]. In July the composite indicator ‘business climate in service sector’ decreases by 5.7 percentage points (Annex, Figure 13) which is 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 14). With regard to the demand for services the present tendency is assessed as improved, but the expectations over the next 3 months are more reserved.

In the last month the inquiry registers strengthen of the negative impact of the factor ‘competition in the branch’, which shifts to the second place the factor ‘uncertain economic environment’ (Annex, Figure 15).

As regards the selling prices, the managers foresee preservation of their level over the next 3 months (Annex, Figure 16).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

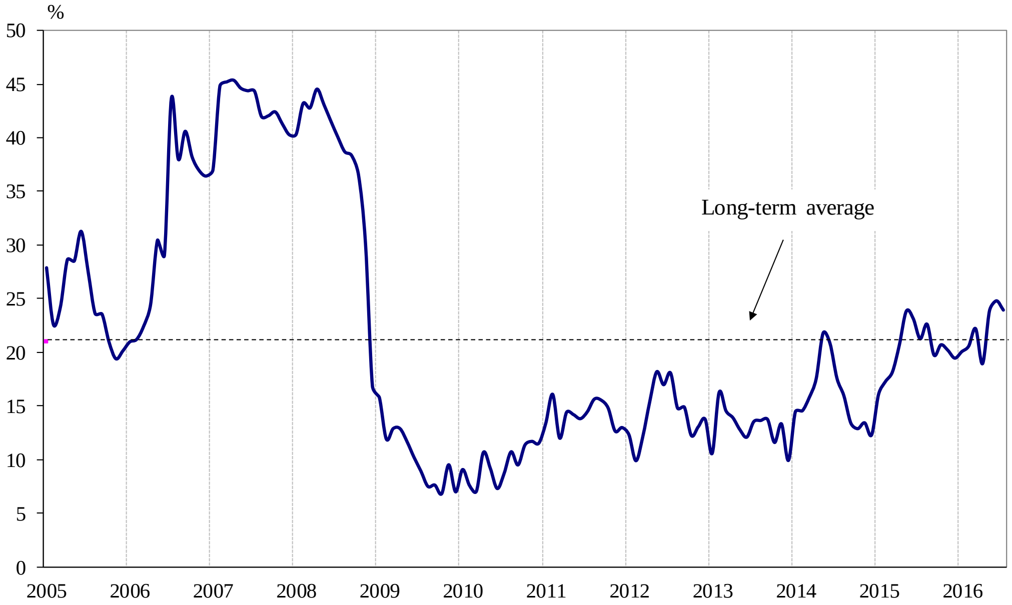

Figure 2. Business climate in industry

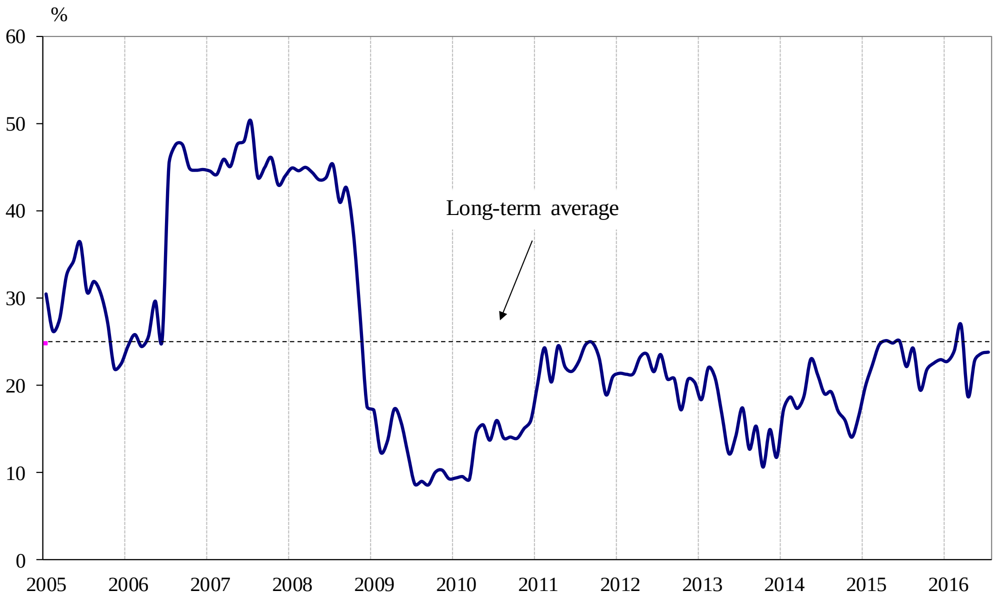

Figure 3. Average capacity utilization in industry

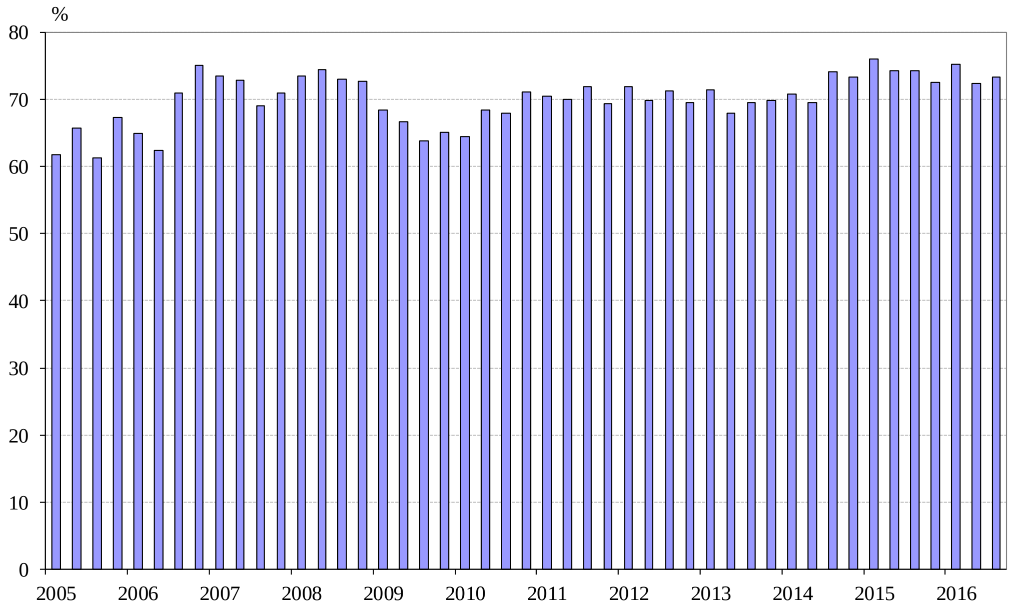

Figure 4. Limits to production in industry
(Relative share of enterprises)

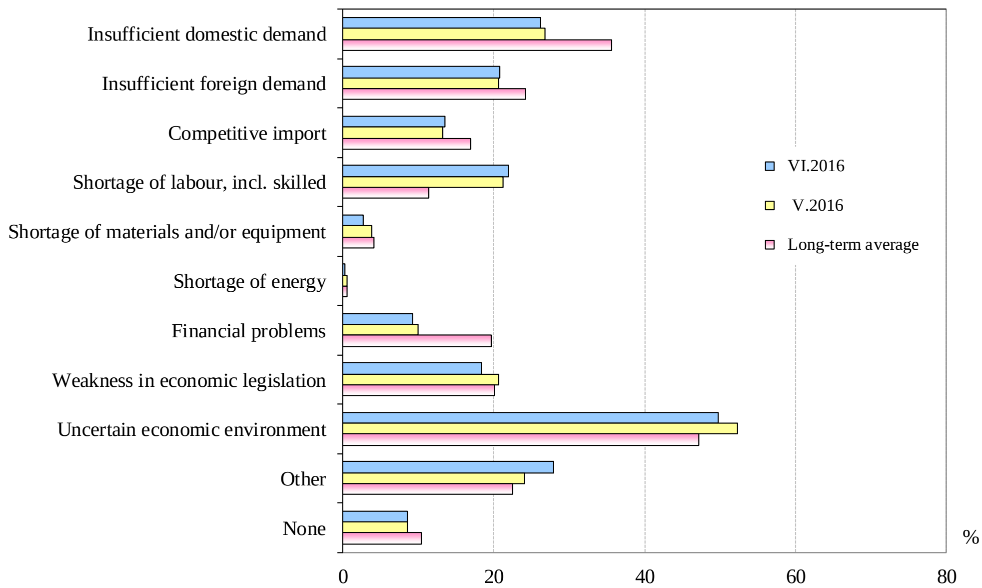

Figure 5. Selling prices expectations in industry over the next 3 months

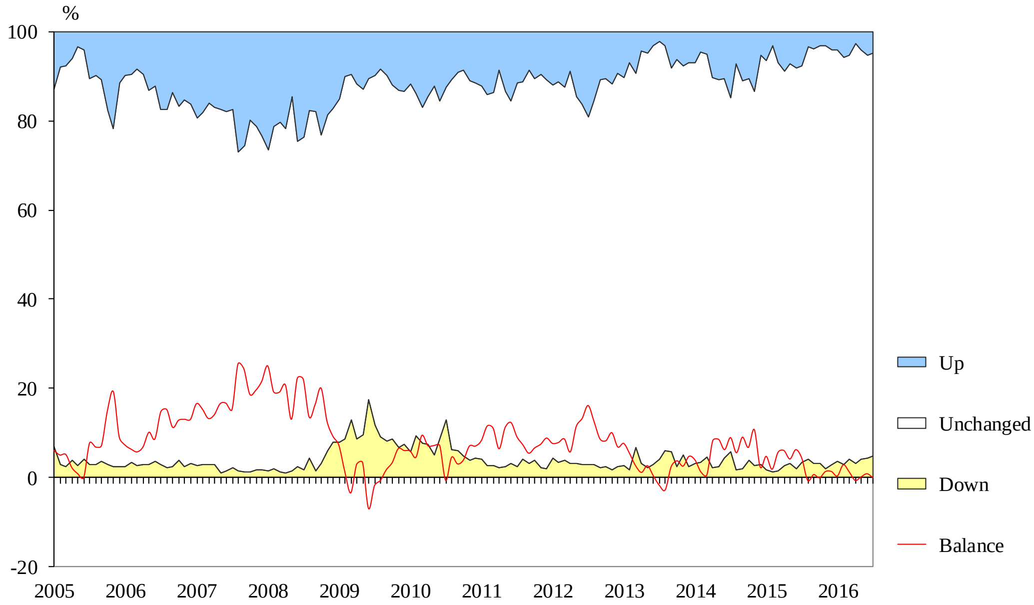

Figure 6. Business climate in construction

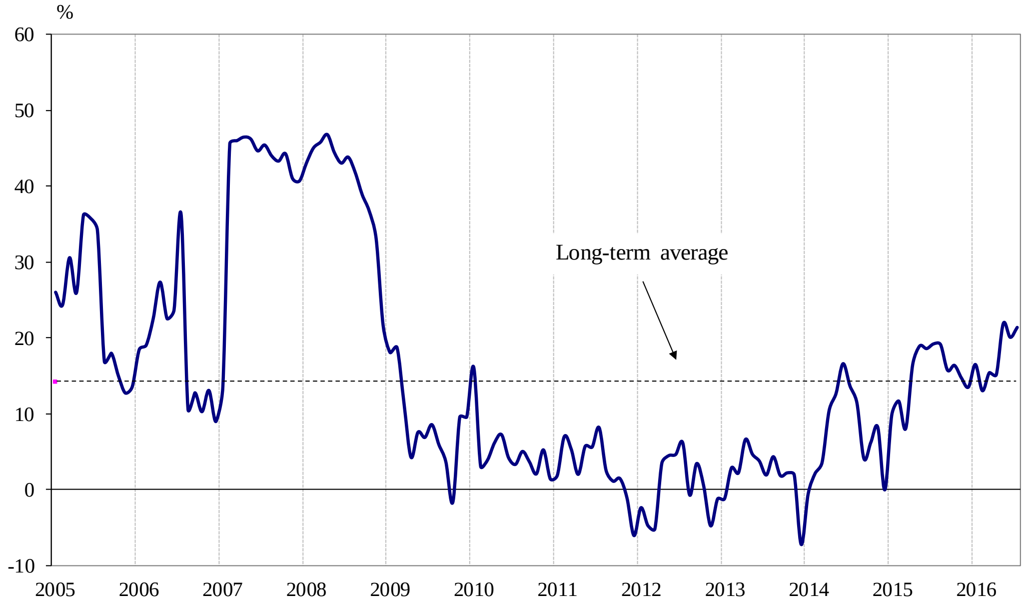

Figure 7. Present business situation in construction

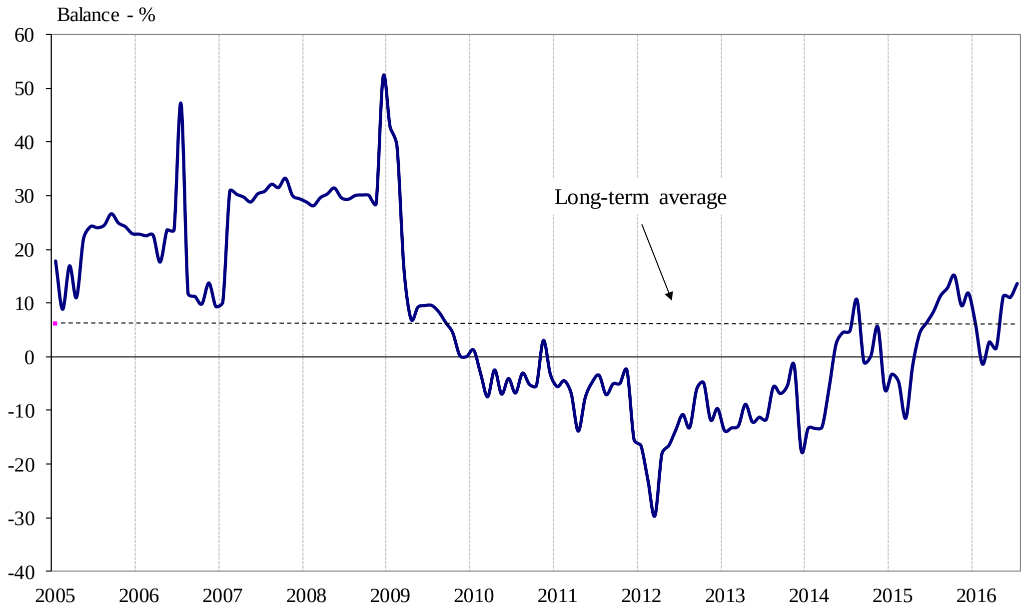

Figure 8. Limits to construction activity (Relative share of enterprises)

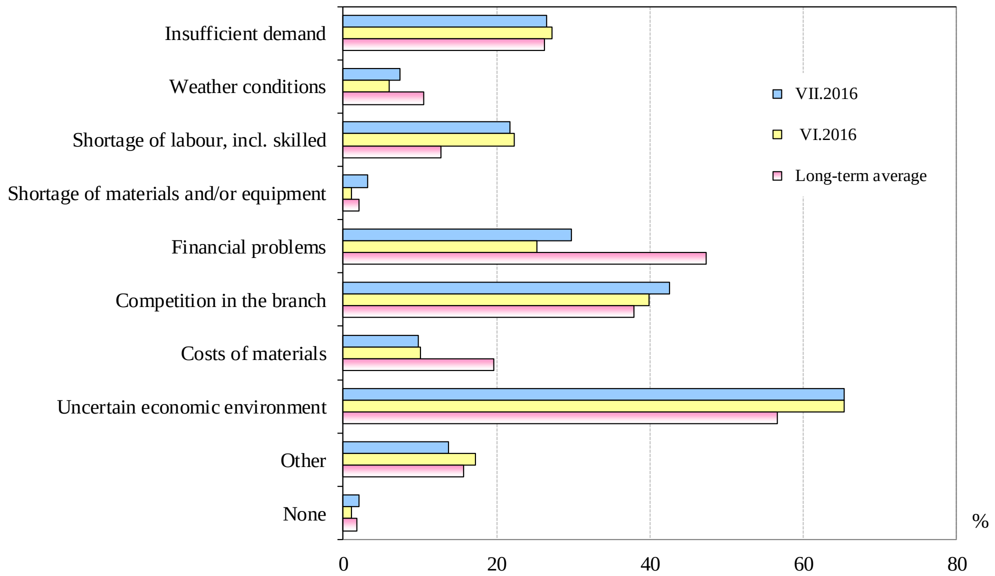

Figure 9. Selling prices expectations in construction over the next 3 months

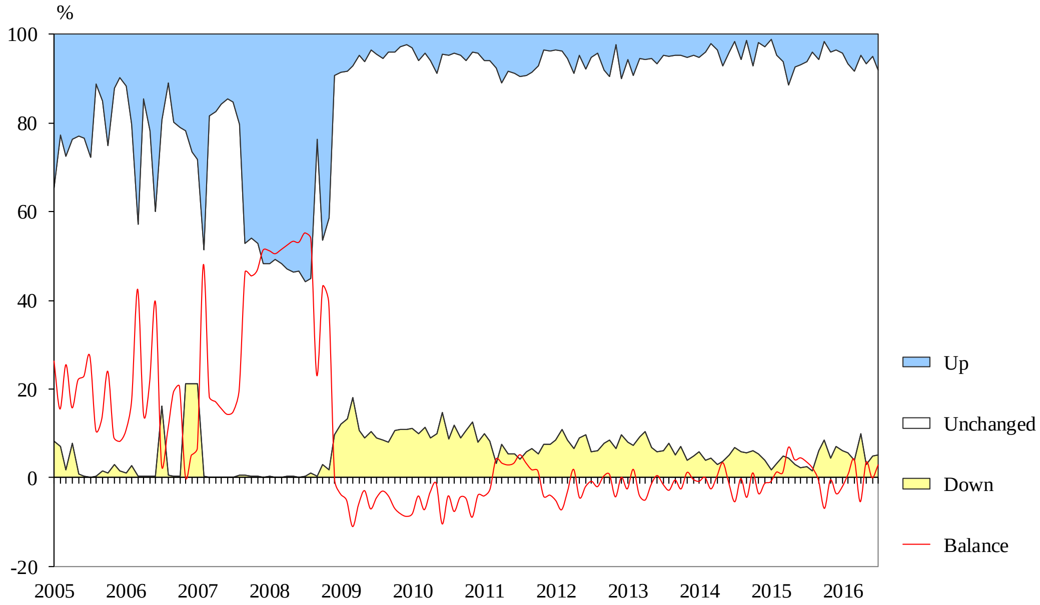

Figure 10. Business climate in retail trade

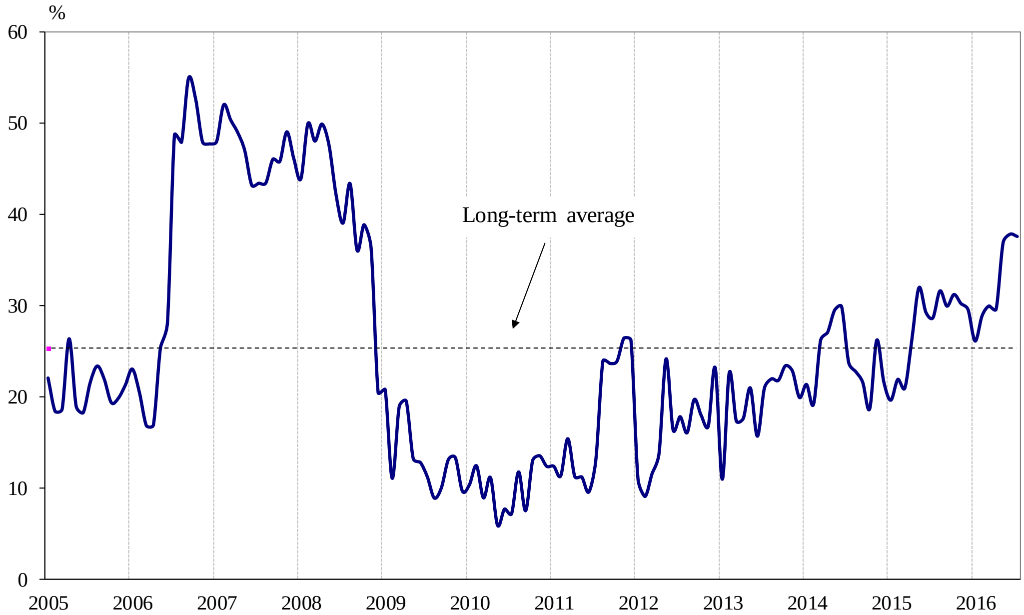

Figure 11. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

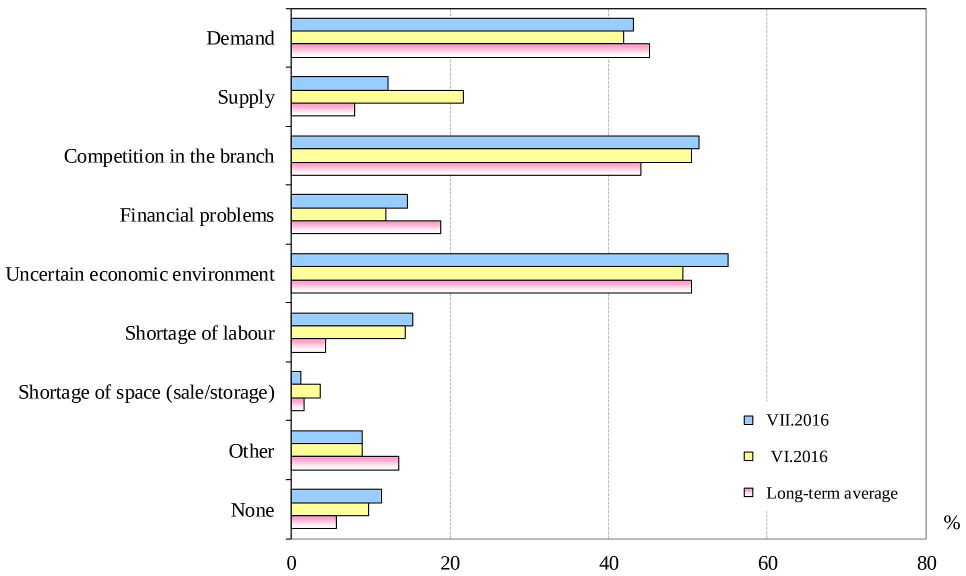

Figure 12. Selling prices expectations in retail trade over the next 3 months

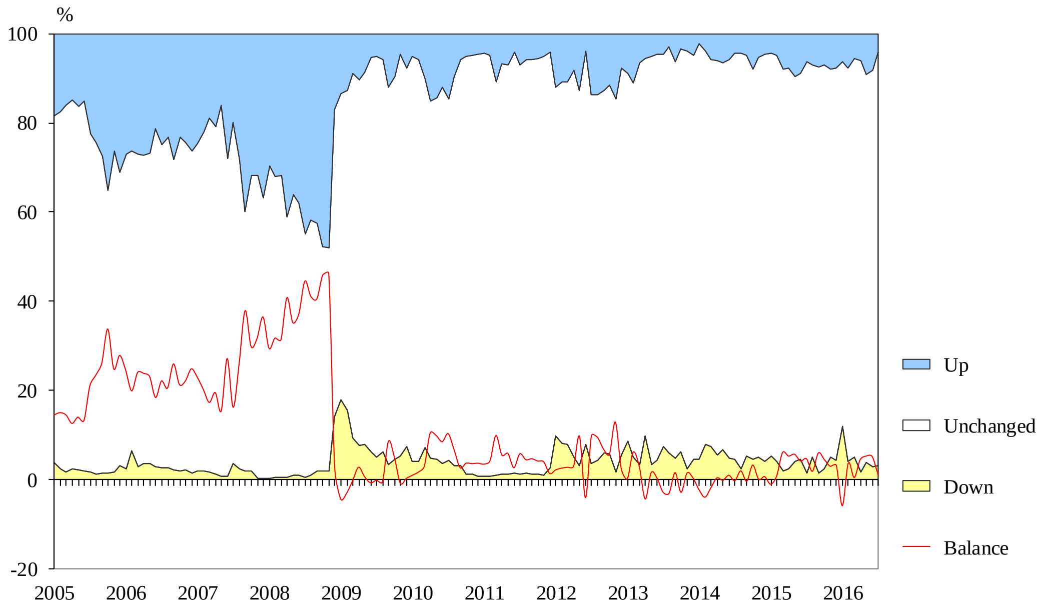

Figure 13. Business climate in service sector

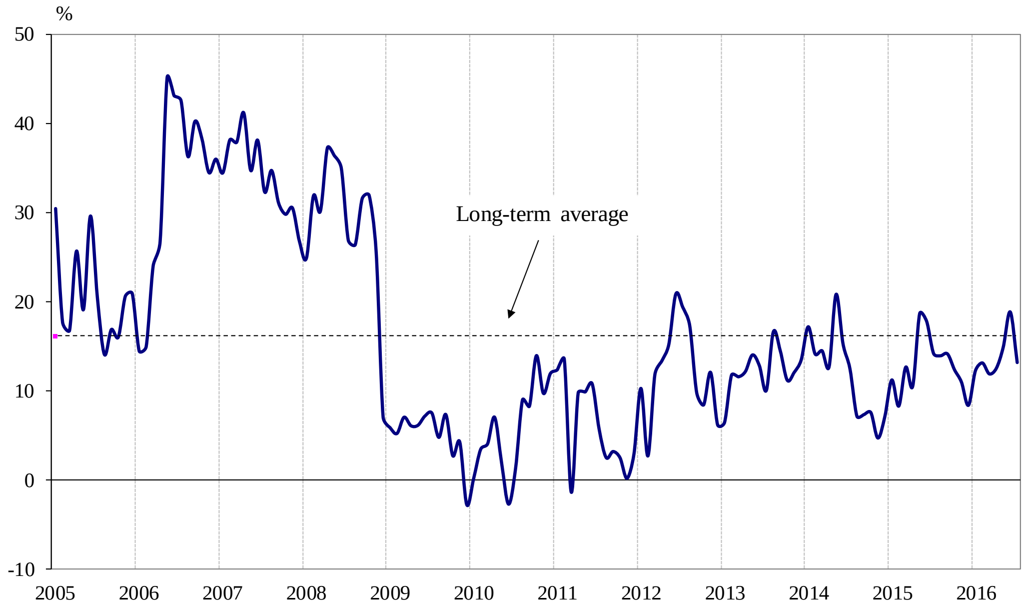

Figure 14. Expected business situation in service sector over the next 6 months

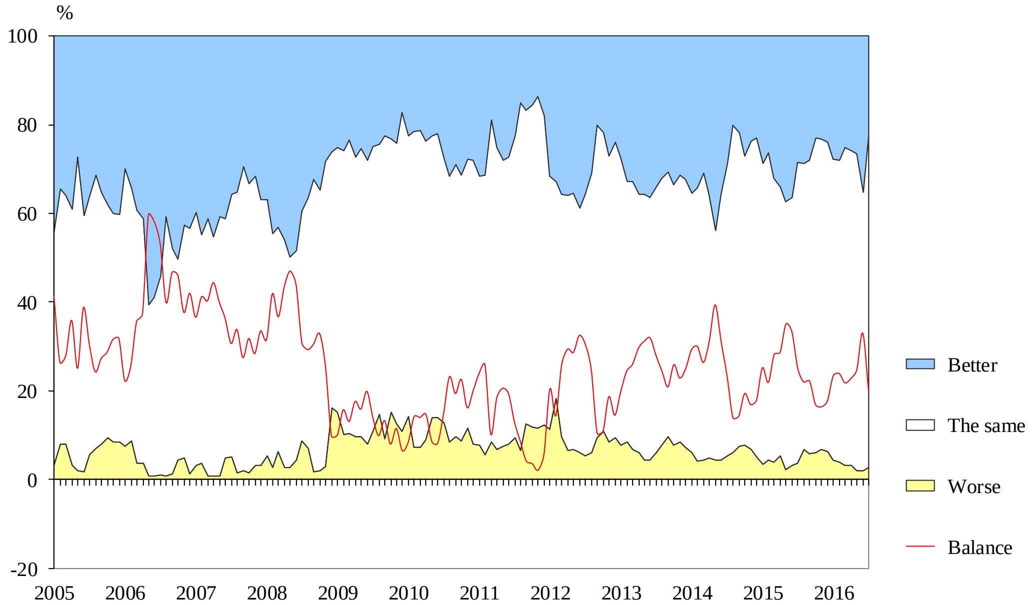

Figure 15. Factors limiting the activity in service sector (Relative share of enterprises)

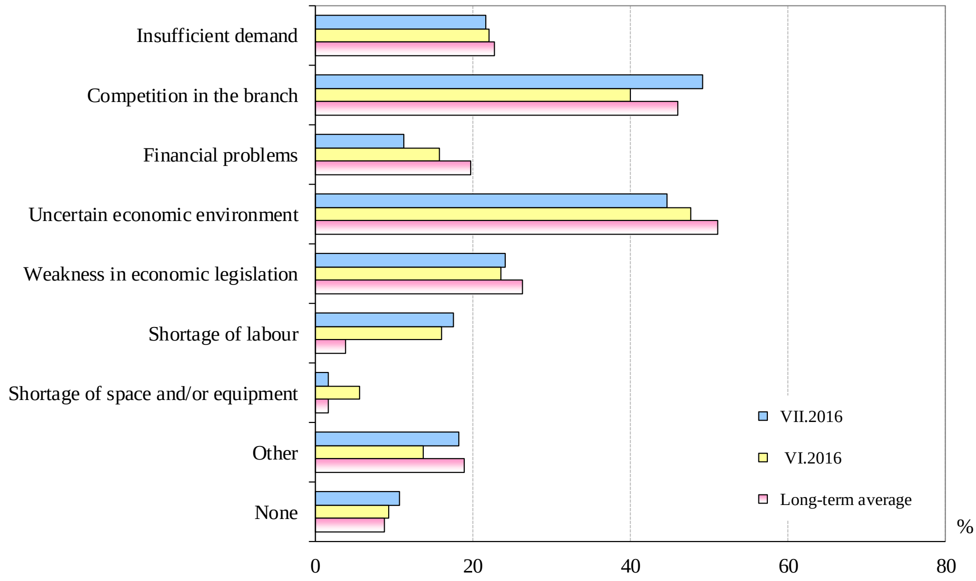

Figure 16. Selling prices expectations in service sector over the next 3 months