BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], JANUARY 2017

In January 2017 **the total business climate indicator**[4] increases by 0.8 percentage points in comparison with December 2016 (Annex, Figure 1) which is due to the improved business climate in industry and service sector.

Industry. The composite indicator 'business climate in industry' increases by 0.9 percentage points compared to the previous month (Annex, Figure 2) as a result of the optimistic industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months. The inquiry also registers certain improvement in their assessments about the new orders inflow, which is accompanied with more favourable expectations about the production activity over the next 3 months (Annex, Figure 3).

In January the average capacity utilization in industry remains to its October 2016 level (74.6%). However, with regard to the expected demand over the next months a shortage of capacity is foreseen.

The main factor limiting the business development continues to be the uncertain economic environment, followed by the shortage of labour, as in the last month strengthen of their negative impact is observed (Annex, Figure 4).

Concerning the selling prices in industry the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 5).

Construction. In January the composite indicator 'business climate in construction' decreases by 1.2 percentage points (Annex, Figure 6) which is due to the shifting of the construction entrepreneurs' assessments about the present business situation of the enterprises from 'good' towards 'satisfactory' (normal for the season) (Annex, Figure 7). In their opinion the production assurance with orders decreases compared to October 2016 and it is assessed to be 5.3 months. However, their expectations both about the business situations of the enterprises over the next 6 months and construction activity over the next 3 months are more favourable.

---

[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 the competition in the branch remain the most serious factors limiting the activity of the enterprises. The last inquiry reports strengthen of the negative influence of the factor ‘weather conditions’ (Annex, Figure 8).

The managers do not foresee a change in the selling prices in construction over the next 3 months (Annex, Figure 9).

Retail trade. The composite indicator ‘business climate in retail trade’ preserves its level from the previous month (Annex, Figure 10). The retailers’ opinions about the volume of the sales and orders places whit suppliers from both domestic and foreign market (Annex, Figure 11) over the next 3 months remain more reserved.

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

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

Service sector[1]. In January the composite indicator ‘business climate in service sector’ increases by 3.5 percentage points (Annex, Figure 14), which is due to the improved managers’ assessments and expectations about the business situation of enterprises. As regards the present and expected demand for services (Annex, Figure 15) their opinions are also optimistic.

In the last month is registered increase of the unfavourable impact of the factor ‘competition in the branch’, which shifts to the second place the difficulties, connected with the uncertain economic environment (Annex, Figure 16).

The prevailing managers’ expectations concerning 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

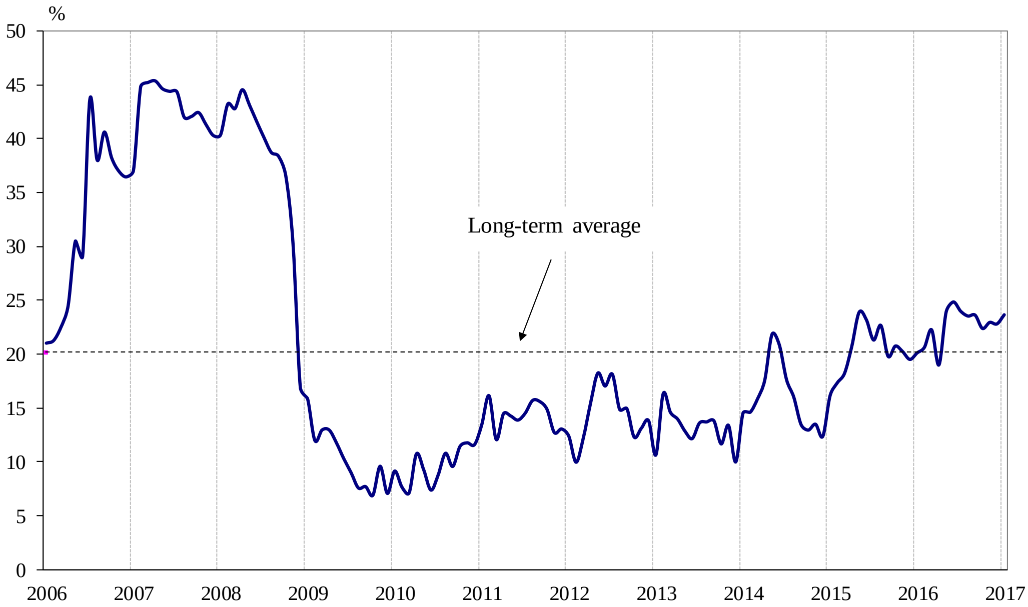

Figure 2. Business climate in industry

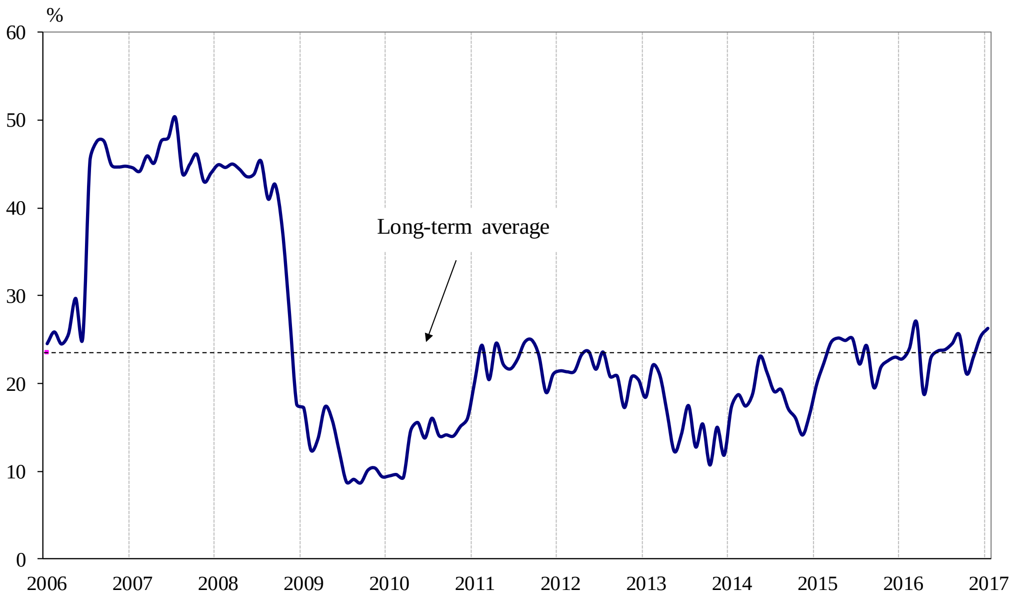

Figure 3. Expected production activity in industry over the next 3 months

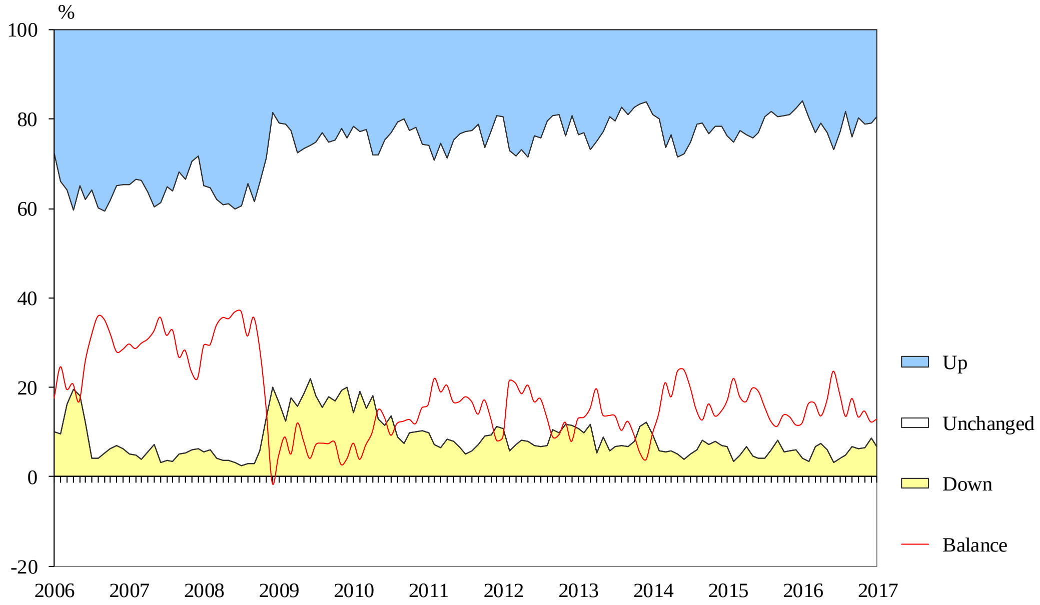

Figure 4. Limits to production in industry (Relative share of enterprises)

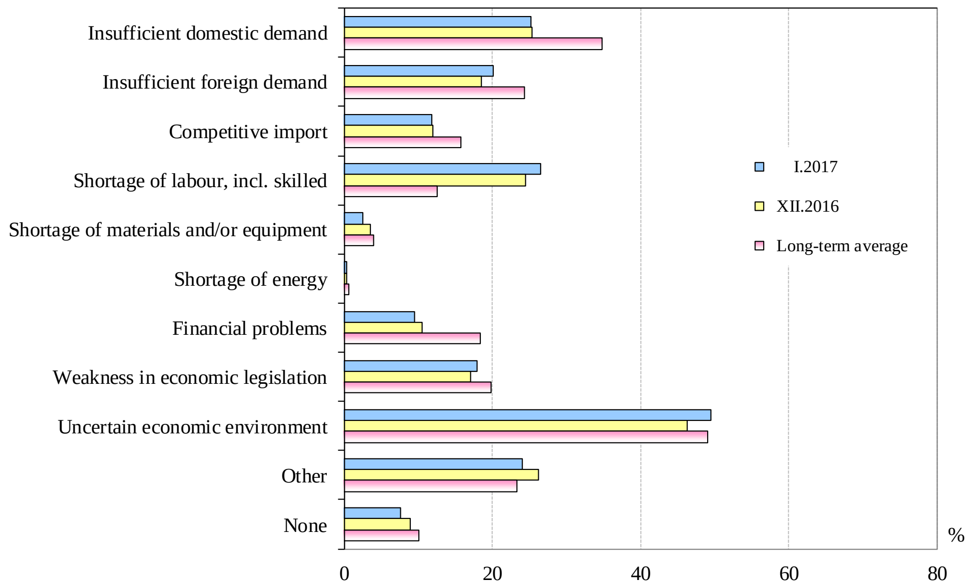

Figure 5. Selling prices expectations in industry over the next 3 months

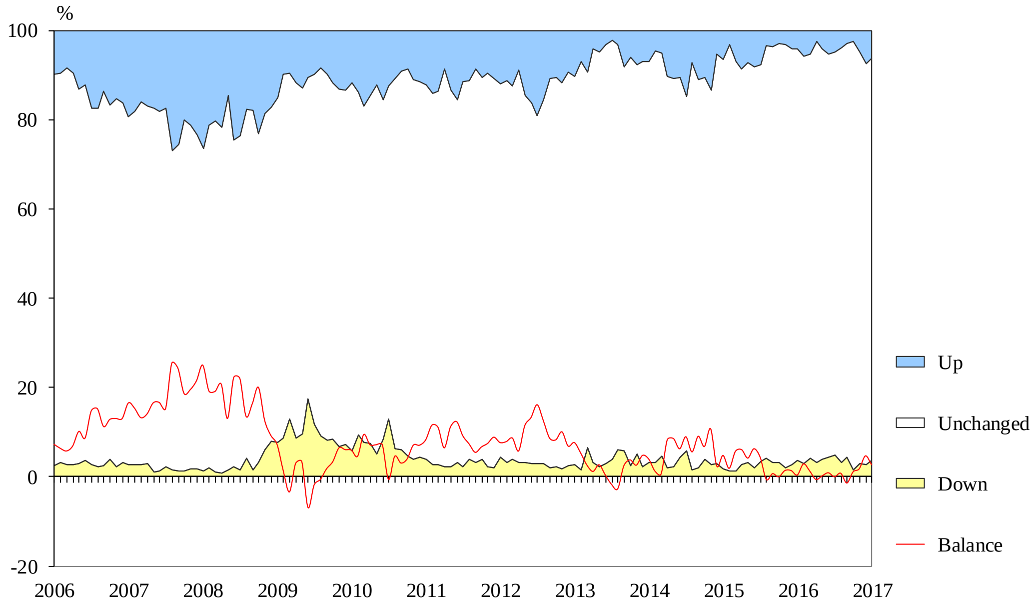

Figure 6. Business climate in construction

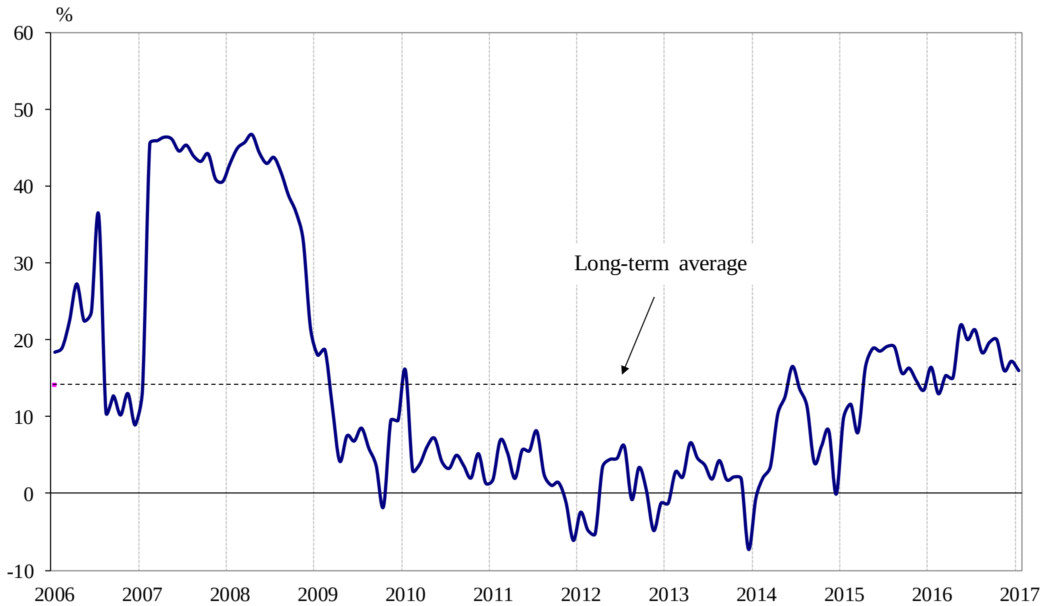

Figure 7. Present business situation in construction

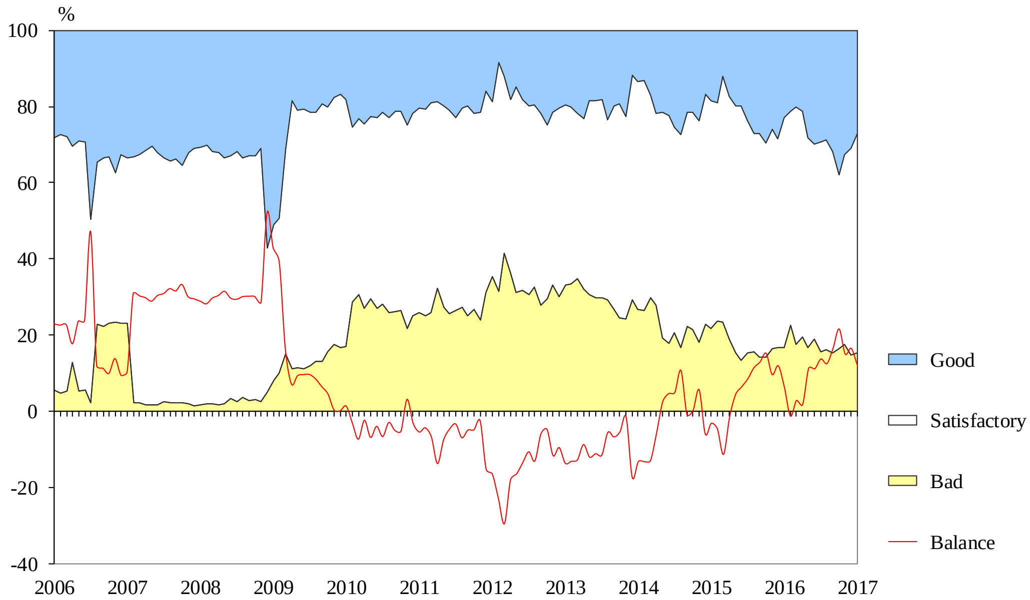

Figure 8. Limits to construction activity (Relative share of enterprises)

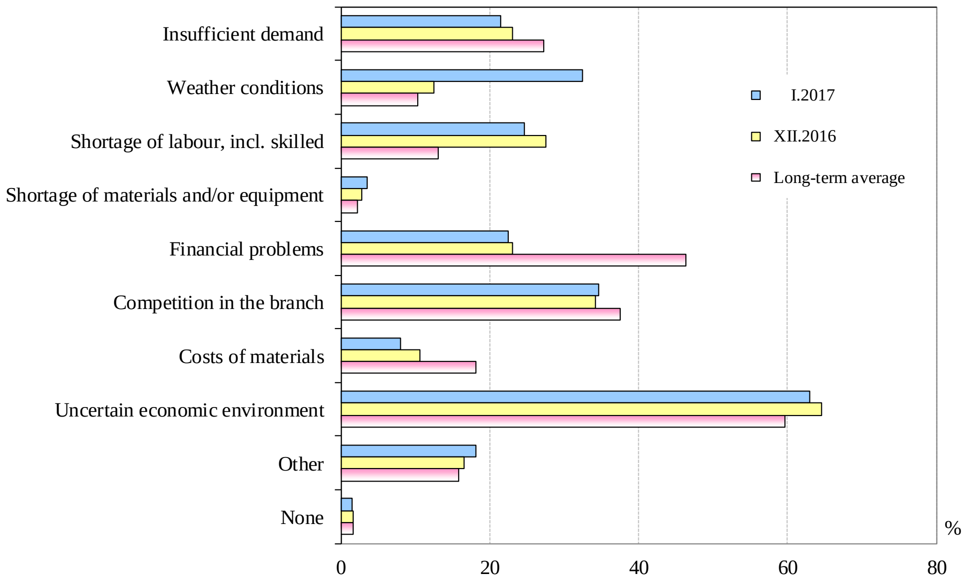

Figure 9. Selling prices expectations in construction over the next 3 months

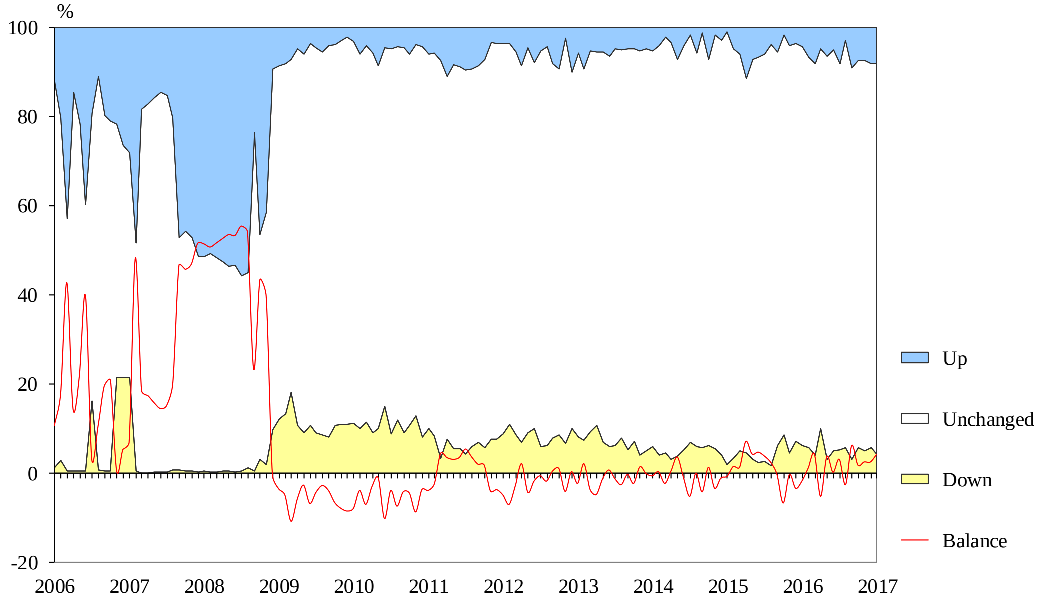

Figure 10. Business climate in retail trade

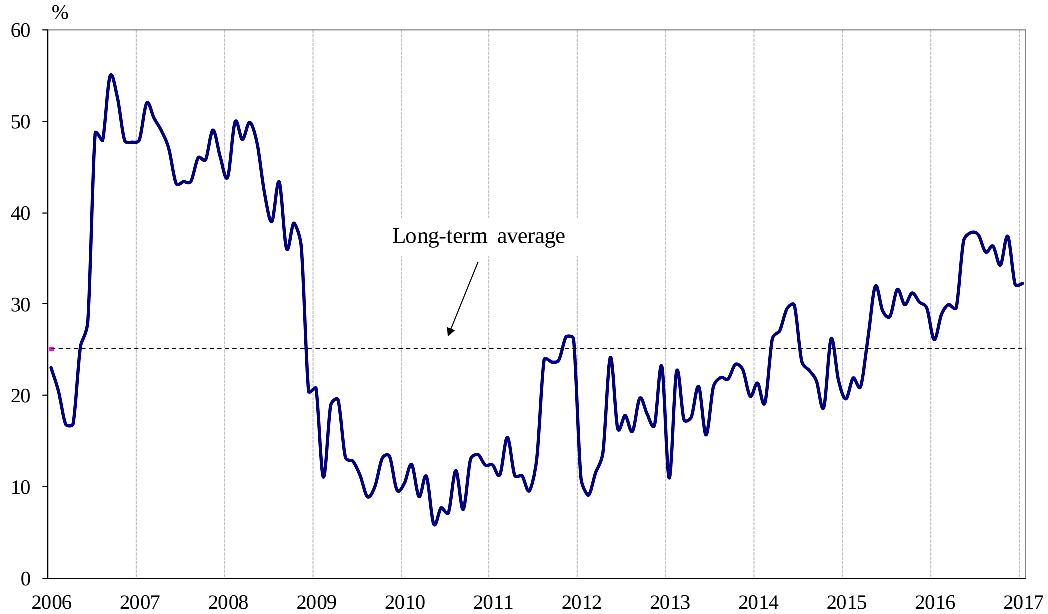

Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

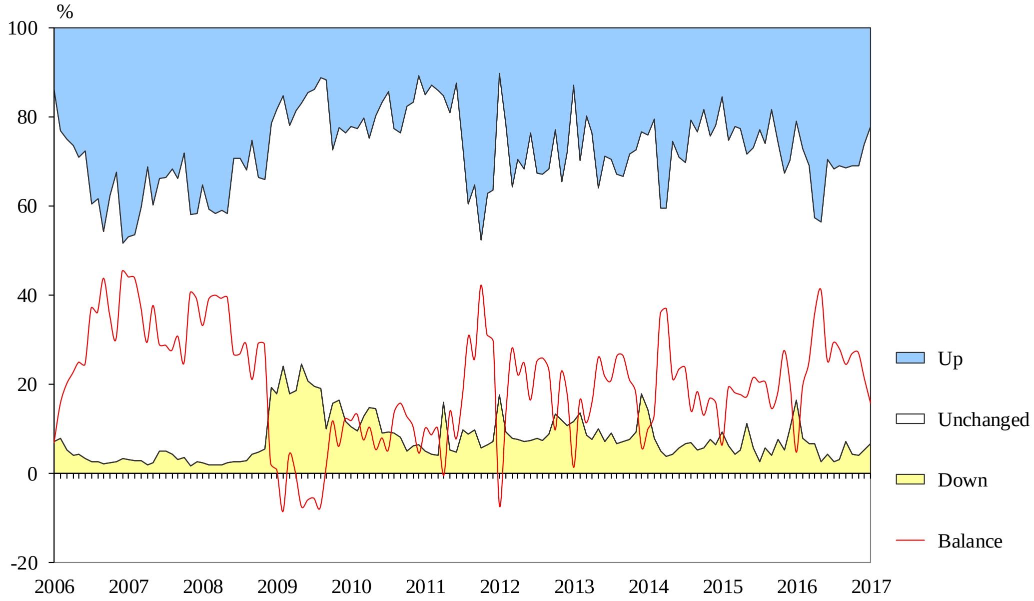

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

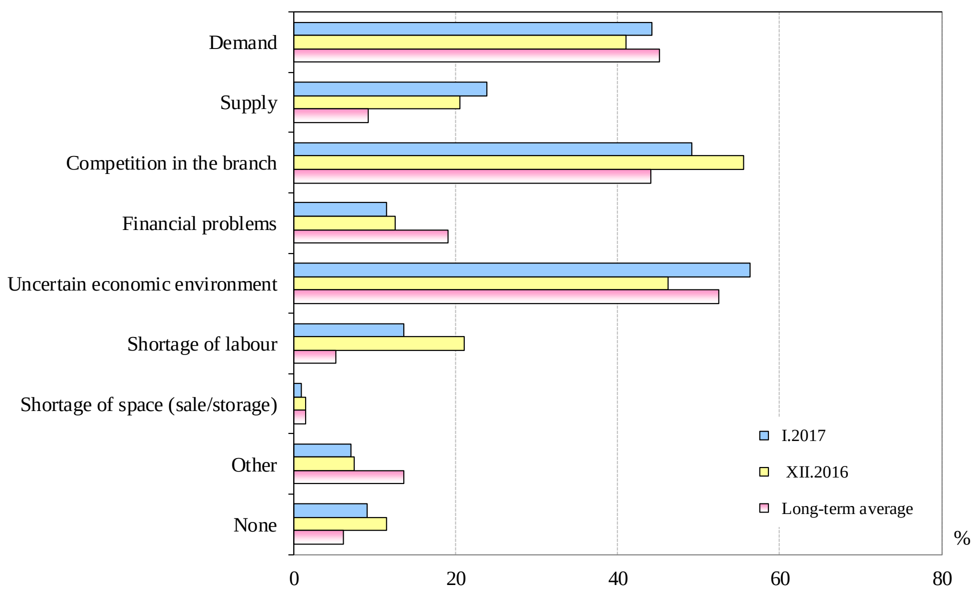

Figure 13. Selling prices expectations in retail trade over the next 3 months

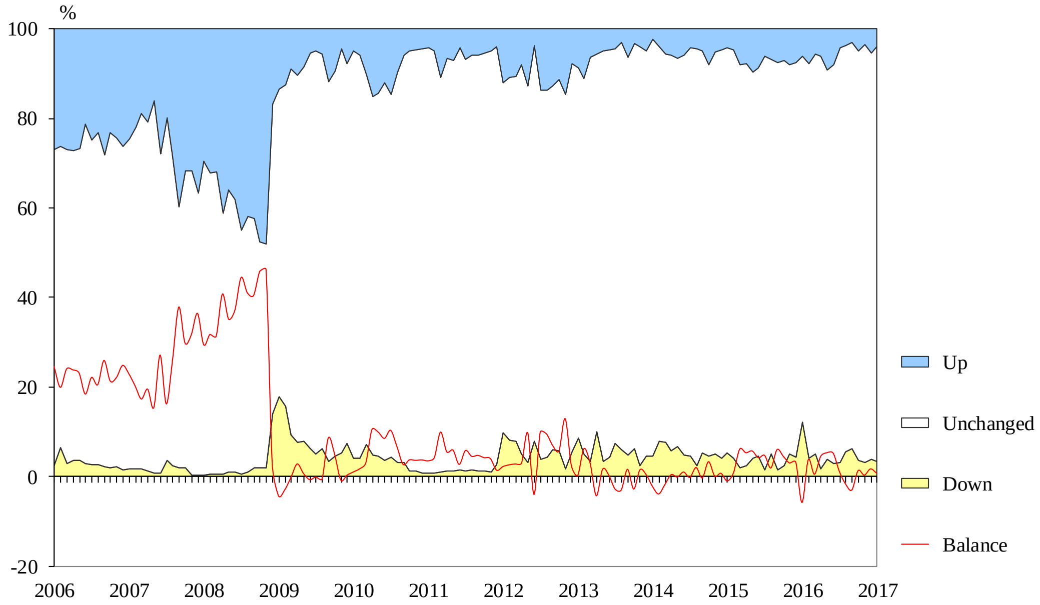

Figure 14. Business climate in service sector

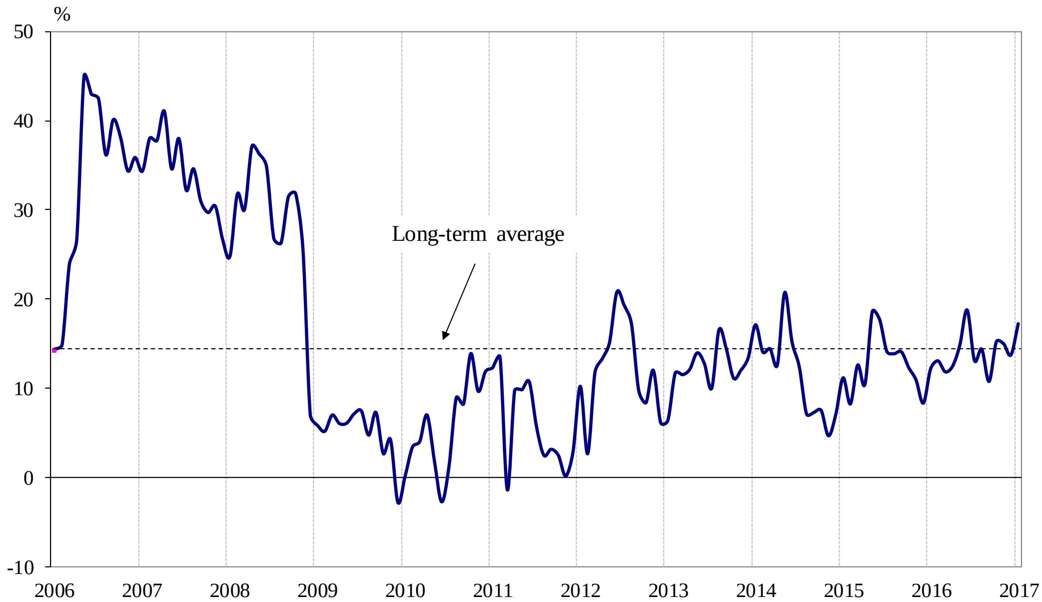

Figure 15. Expected demand in service sector over the next 3 months

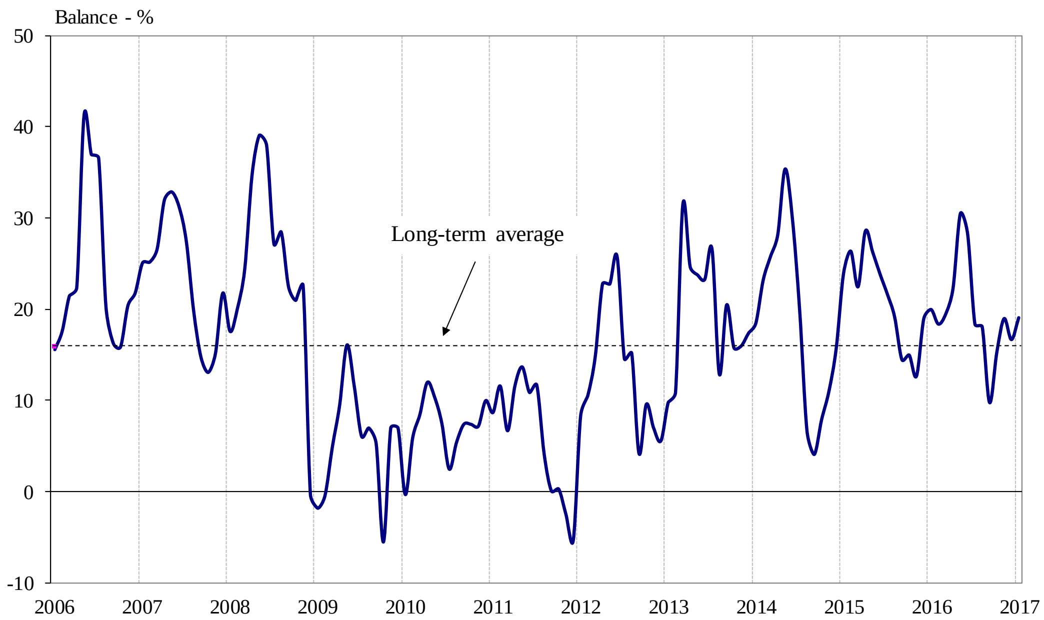

Figure 16. Factors limiting the activity in service sector
(Relative share of enterprises)

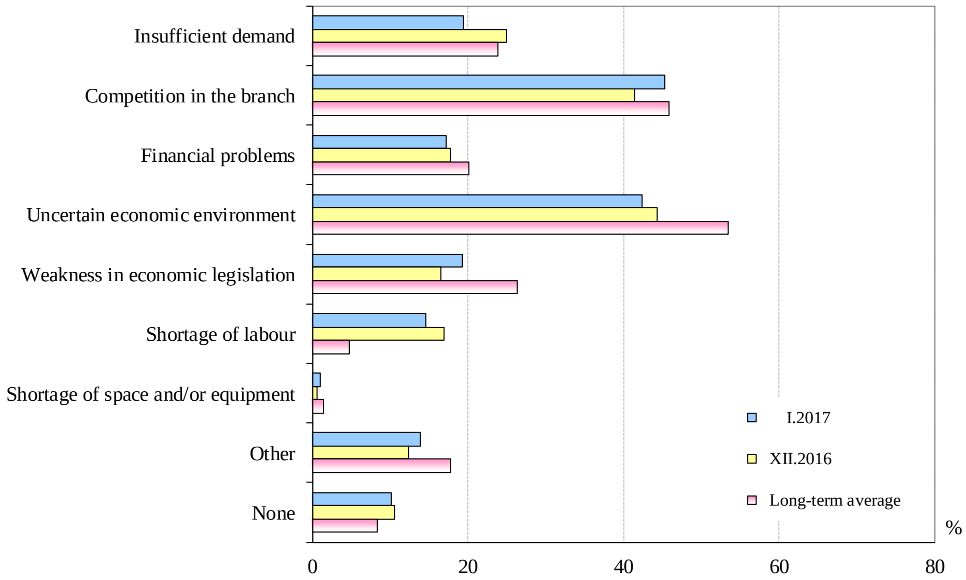

Figure 17. Selling prices expectations in service sector over the next 3 months