



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, MAY 2018

In May 2018, the business conjuncture in the country continues to improve. **The total business climate indicator⁴** increases by 2.1 percentage points compared to April (Annex, Figure 1) and reaches new long-term maximum (33.1%) since 2009.

Industry. The composite indicator ‘business climate in industry’ increases by 1.4 percentage points (Annex, Figure 2) as a result of the optimistic industrial entrepreneurs’ assessments about the present business situation of the enterprises. The inquiry reports certain improvement of the production assurance with orders, which is accompanied with favourable expectations about the production activity over the next 3 months (Annex, Figure 3).

The main factors limiting the enterprises continue to be connected with the uncertain economic environment and the shortage of labour (Annex, Figure 4).

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

Construction. In May the composite indicator ‘business climate in construction’ increases by 8.1 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). Their opinions about the construction activity over the last 3 months, as well their expectations over the next 3 months are more favourable.

The uncertain economic environment, shortage of labour and competition in the branch remain the most serious problems for the activity of the enterprises (Annex, Figure 8).

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

Retail trade. The composite indicator ‘business climate in retail trade’ decreases by 1.6 percentage points (Annex, Figure 10) as a result of the more reserved retailers’ assessments and expectations about the

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.



business situation of the enterprises (Annex, Figure 11). However, their forecasts about the volume of sales and orders places with suppliers over the next 3 months are more favourable.

In the last month the inquiry reports, strengthen of the negative impact of the factor ‘competition in the branch’, which shifts the enterprises’ difficulties related to the insufficient demand and uncertain economic environment (Annex, Figure 12).

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

Service sector¹. In May the composite indicator ‘business climate in service sector’ increases by 0.9 percentage points (Annex, Figure 14) which is due to the more favourable managers’ assessments and expectations about the business situation of the enterprises. With regard to the demand for services, the present tendency is assessed as improved, but their expectations over the next 3 months are more reserved (Annex, Figure 15).

The most serious obstacles for the business development in the sector continue to be connected with the competition in the branch and uncertain economic environment (Annex, Figure 16).

As regards the selling prices, the inquiry registers certain expectations for increase, although the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

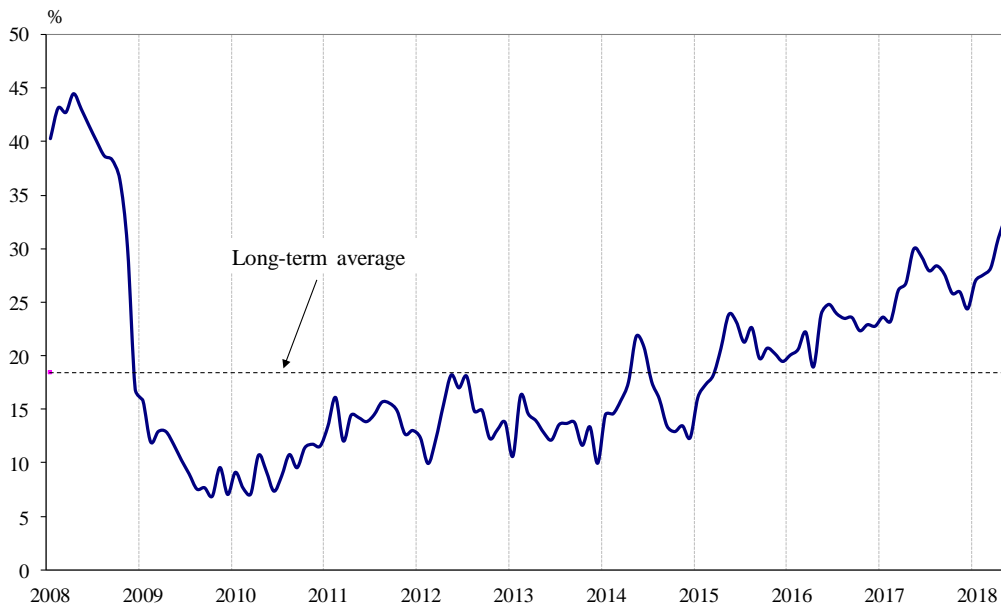


Figure 2. Business climate in industry

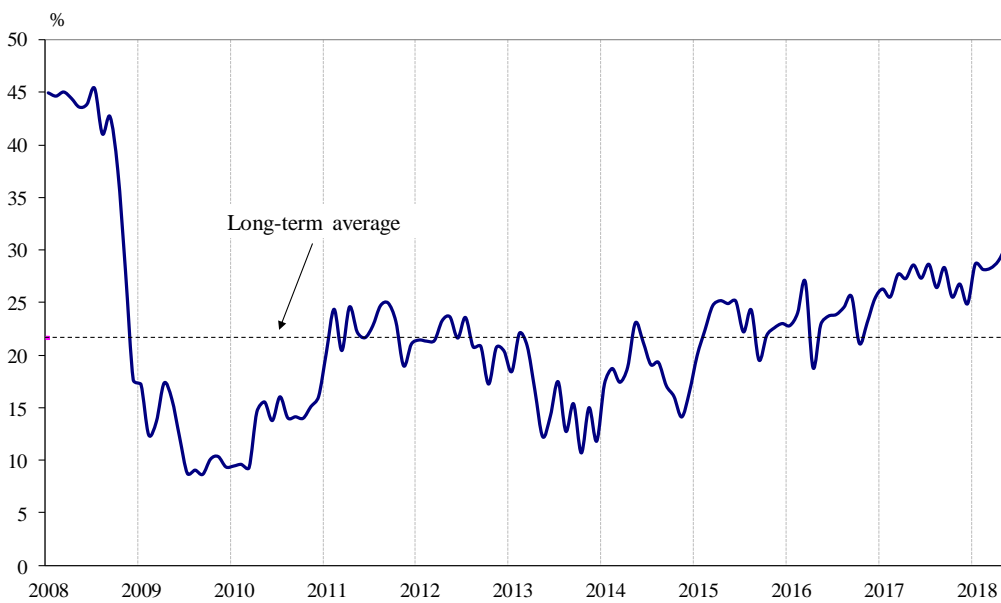




Figure 3. Expected production activity in industry over the next 3 months

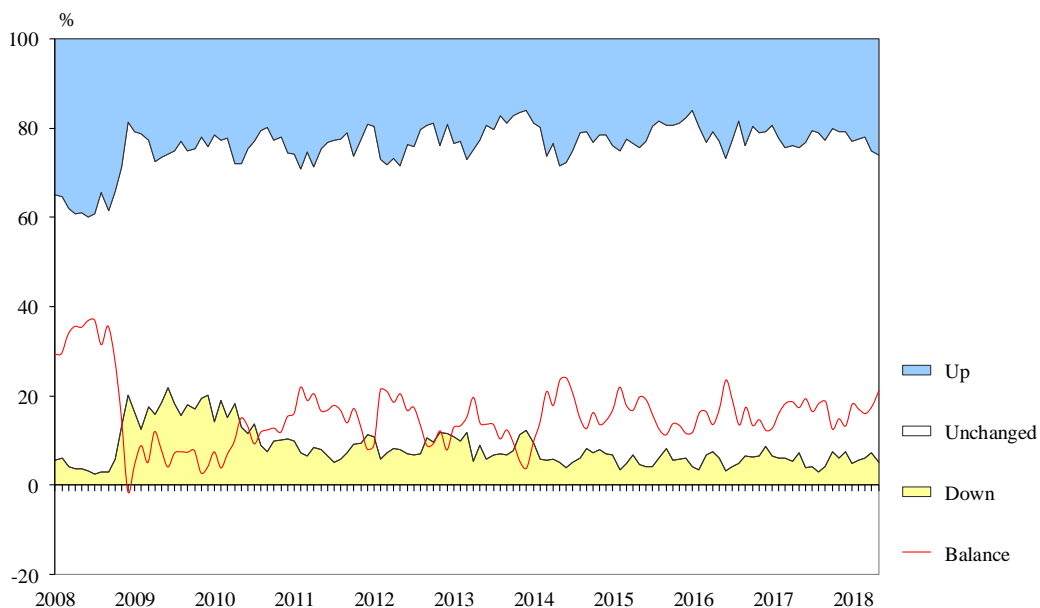


Figure 4. Limits to production in industry (Relative share of enterprises)

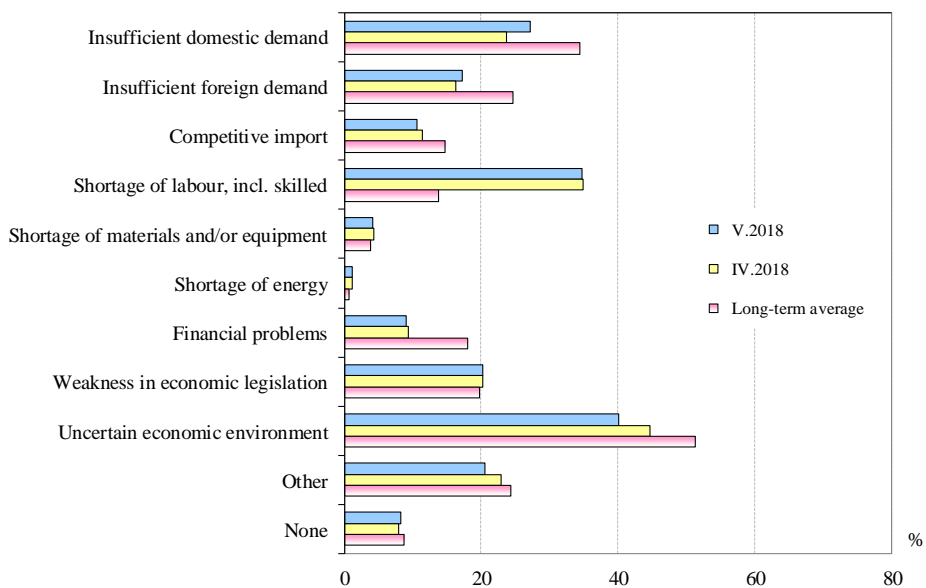




Figure 5. Selling prices expectations in industry over the next 3 months

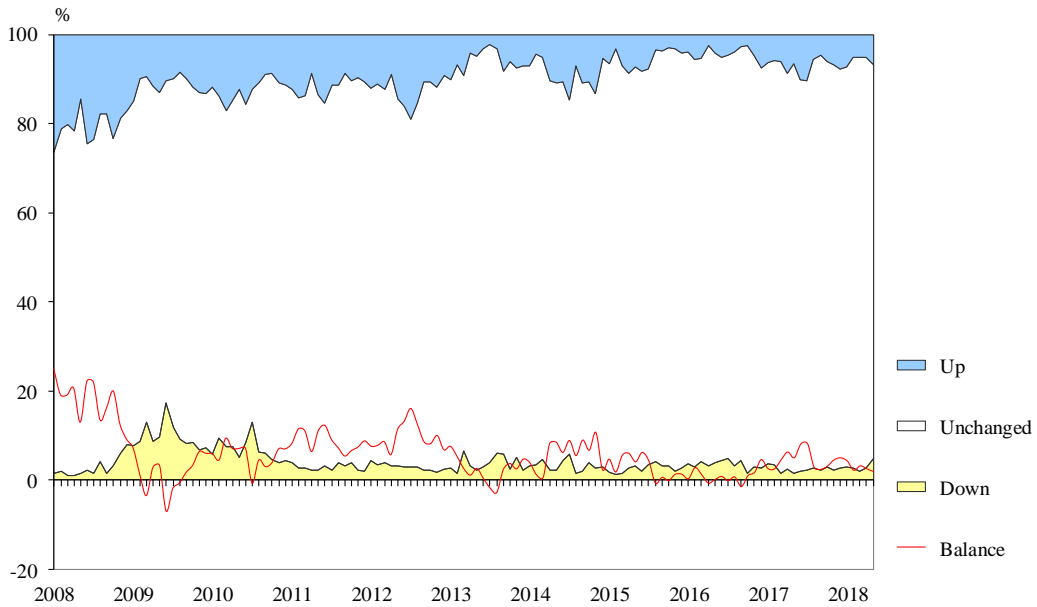


Figure 6. Business climate in construction

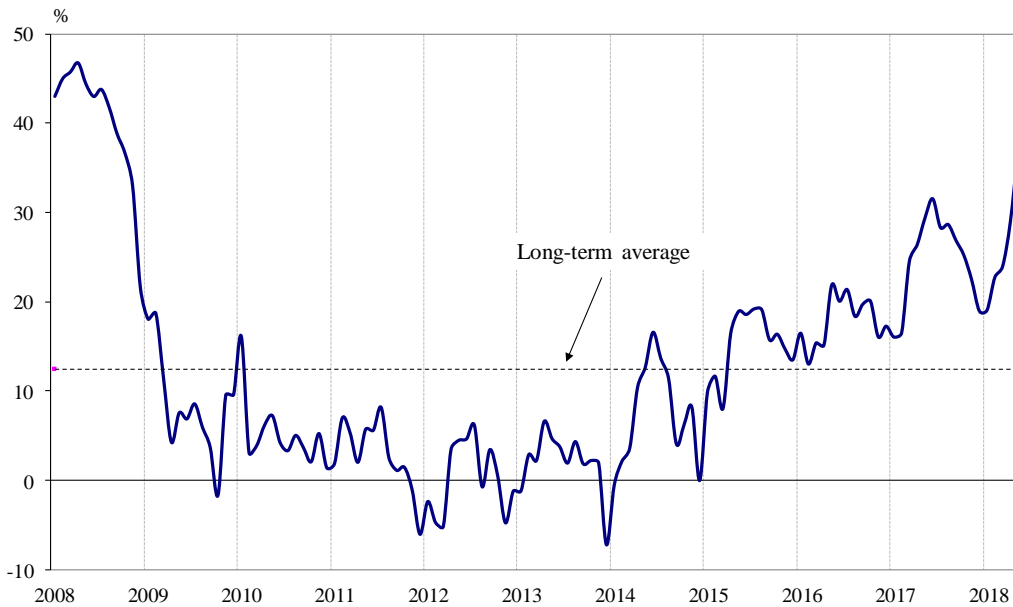




Figure 7. Expected business situation in construction over the next 6 months

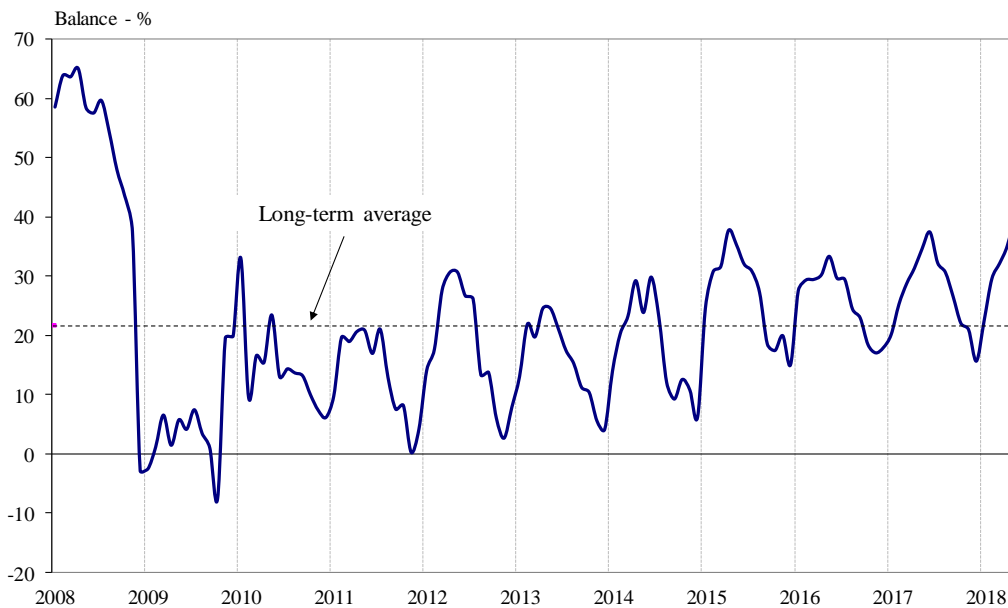


Figure 8. Limits to construction activity (Relative share of enterprises)

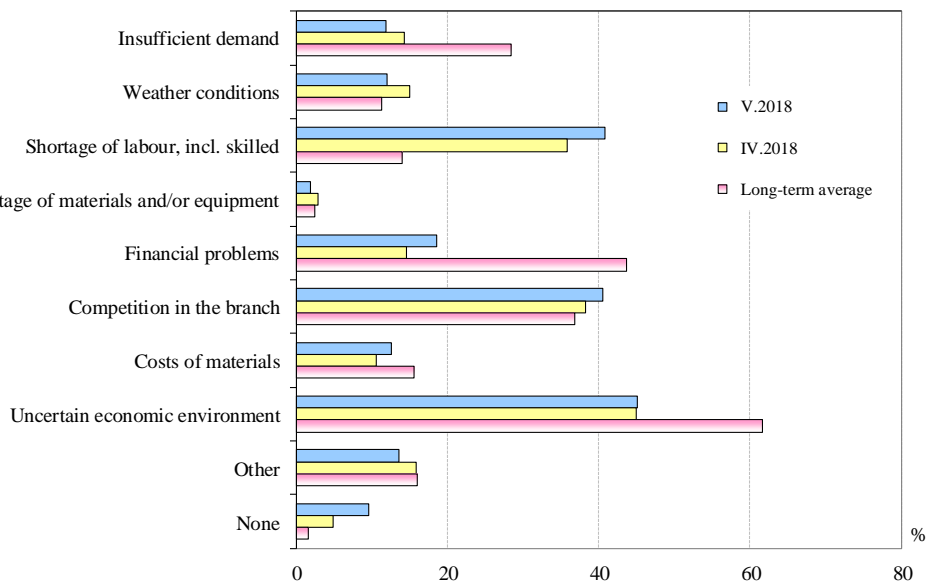




Figure 9. Selling prices expectations in construction over the next 3 months

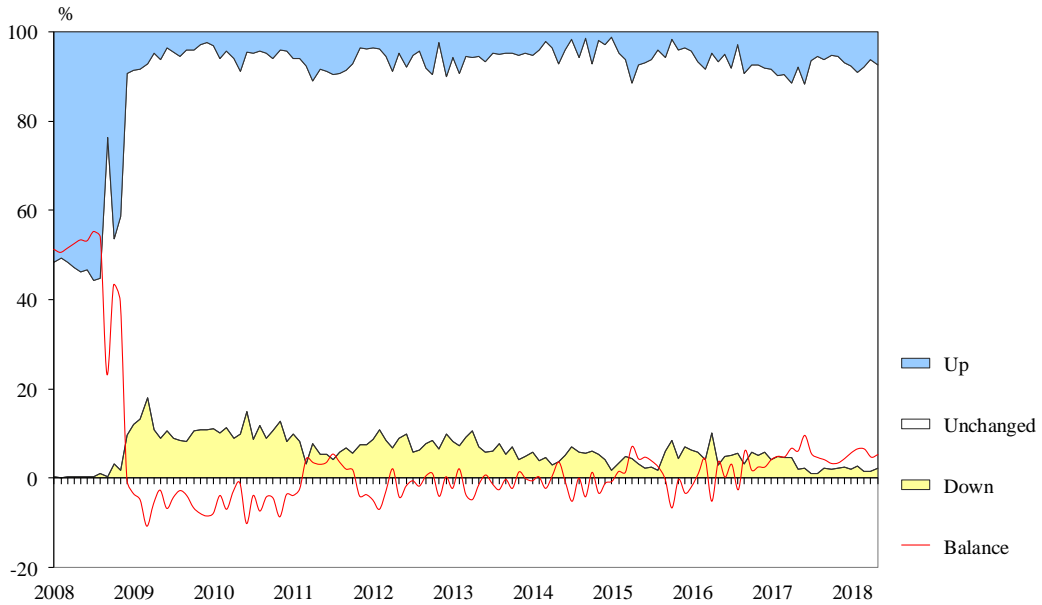


Figure 10. Business climate in retail trade

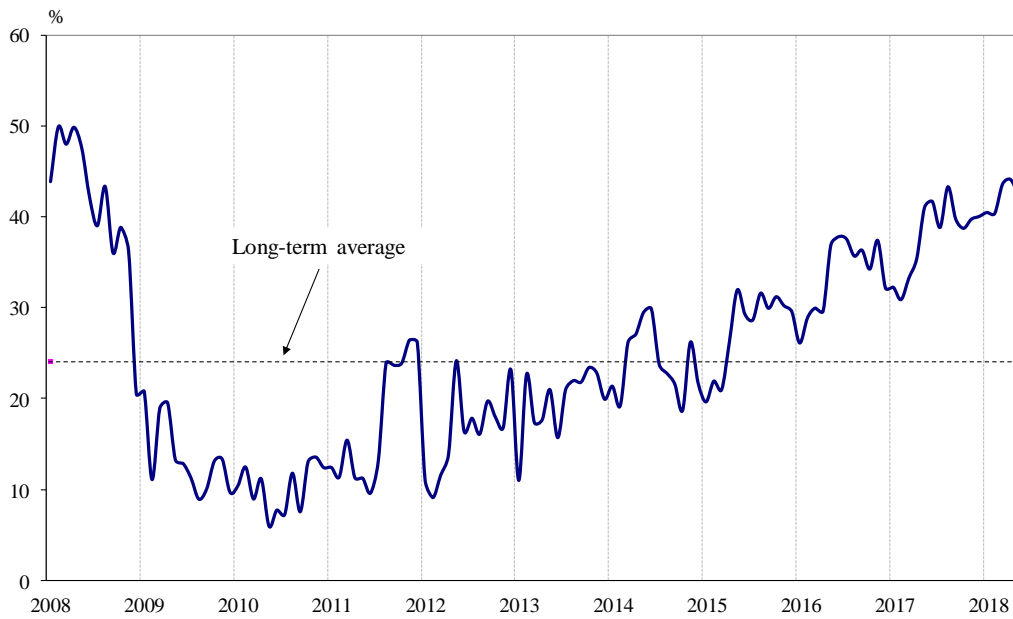




Figure 11. Expected business situation in retail trade over the next 6 months

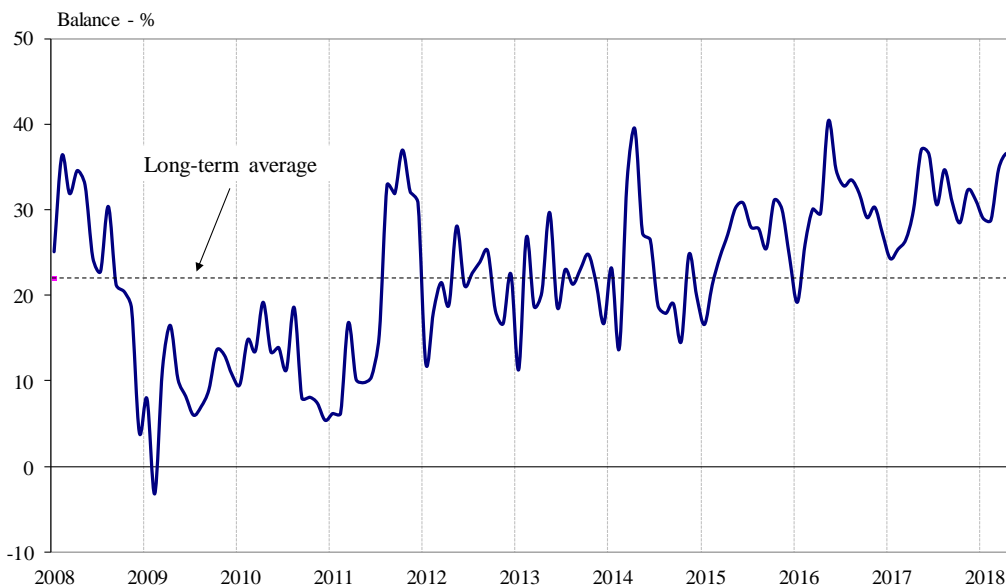


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

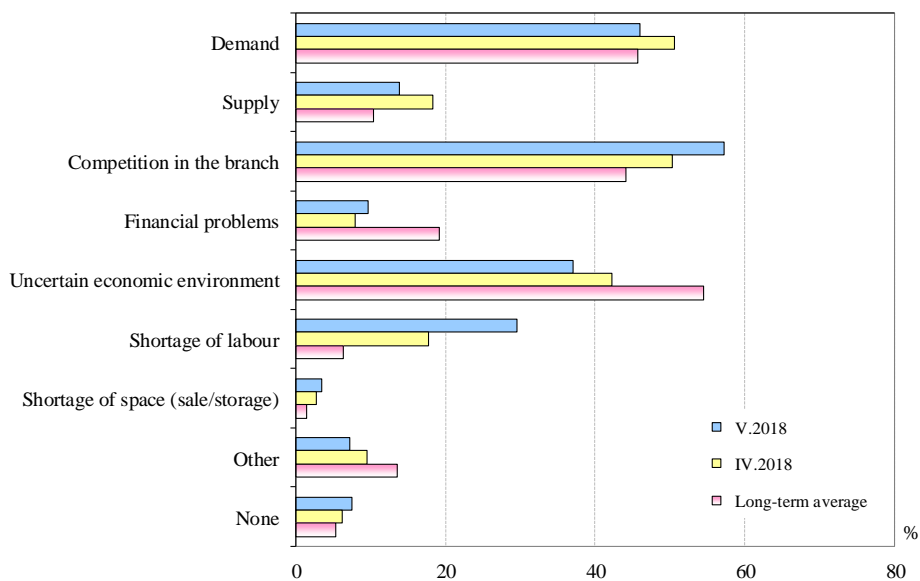




Figure 13. Selling prices expectations in retail trade over the next 3 months

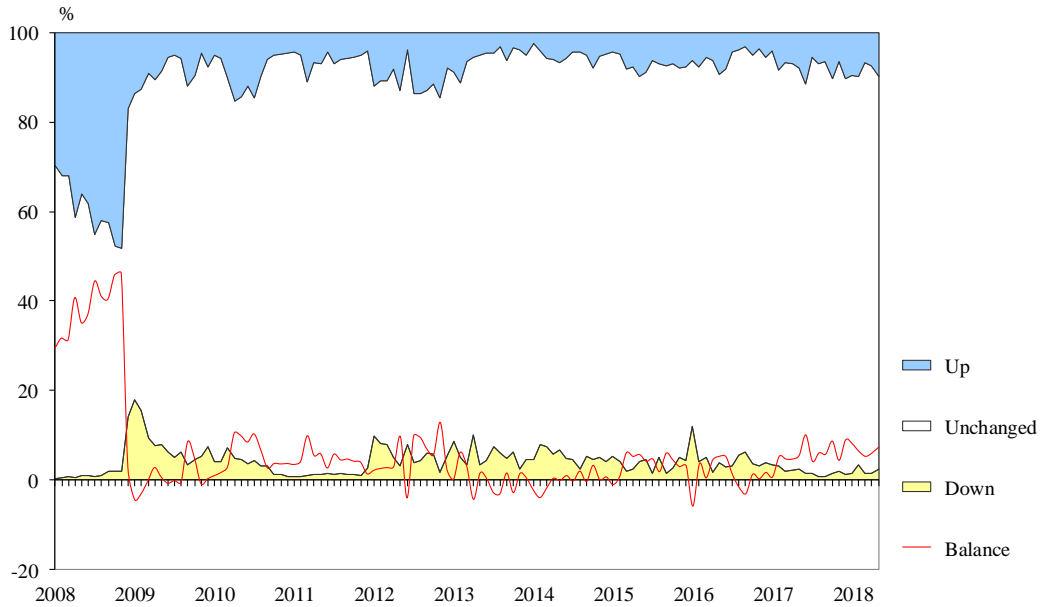


Figure 14. Business climate in service sector

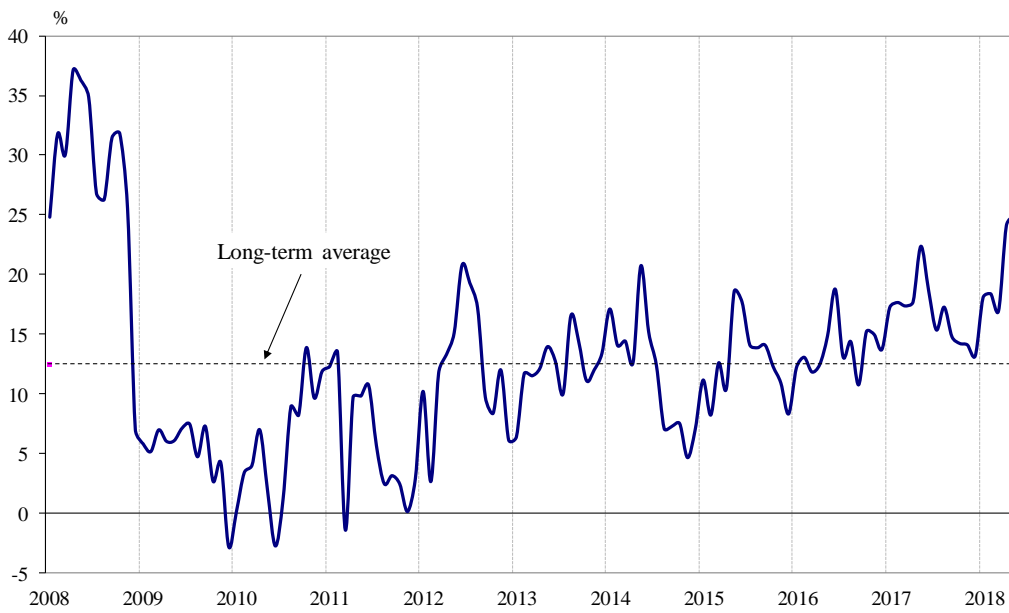




Figure 15. Expected demand in service sector over the next 3 months

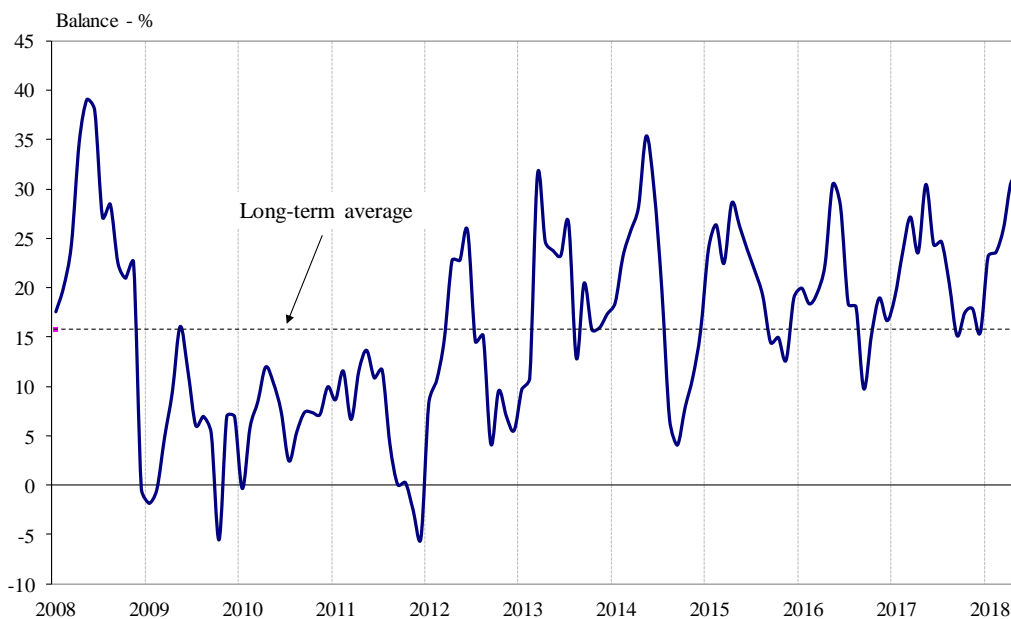


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

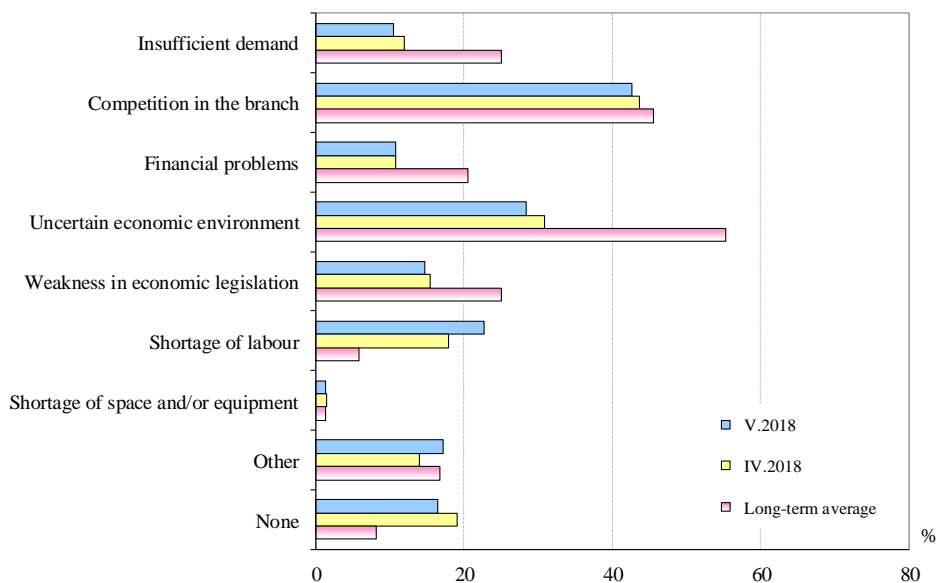




Figure 17. Selling prices expectations in service sector over the next 3 months

