BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1,2,3], DECEMBER 2018

In December 2018, **the total business climate indicator**[4] decreases by 0.5 percentage points in comparison with the previous month (Annex, Figure 1) as a result of the more unfavourable business climate in industry.

Industry. The composite indicator ‘business climate in industry’ decreases by 2.7 percentage points (Annex, Figure 2) mainly due to the more reserved industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 month (Annex, Figure 3). In their opinion, the present production activity is preserved, as their expectations about the activity over the next 3 months are more favourable.

The uncertain economic environment and shortage of labour remain the most serious obstacles for the business development, pointed out respectively by 37.0% and 34.1% of the enterprises (Annex, Figure 4).

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

Construction. In December, the composite indicator ‘business climate in construction’ preserves approximately its level from the previous month (Annex, Figure 6). The inquiry registers an improvement in the construction entrepreneurs’ assessments about the present business situation of the enterprises, while their expectations over the next 6 months are more reserved (Annex, Figure 7).

The main problems for the activity continue to be connected with the shortage of labour, uncertain economic environment and competition in the branch, although in the last month a decrease of their negative influence is reported (Annex, Figure 8).

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

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[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.

Retail trade. The composite indicator 'business climate in retail trade' increases by 3.2 percentage points (Annex, Figure 10) which is due to the optimistic retailers' assessments and expectations about the business situation of the enterprises (Annex, Figure 11). However, their expectations about both the volume of sales and the orders placed with suppliers over the next 3 months are more unfavourable.

The most serious difficulty for the business remains the competition in the branch, pointed out by 57.0% of the enterprises. In the last month an increase of the negative influence of the factor 'insufficient demand' is observed, which shifts to the third place the factor 'uncertain economic environment' (Annex, Figure 12).

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

Service sector[1]. In December, the composite indicator 'business climate in service sector' remains to its November level (Annex, Figure 14). As regards the demand for services, the present tendency is assessed as reduced, as also the expectations over the next 3 months are more reserved (Annex, Figure 15).

Competition in the branch and uncertain economic environment continue to be the main obstacles for the activity of the enterprises (Annex, Figure 16).

Concerning the selling prices in the service sector, the managers expect them to remain unchanged over the next 3 months (Annex, Figure 17).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

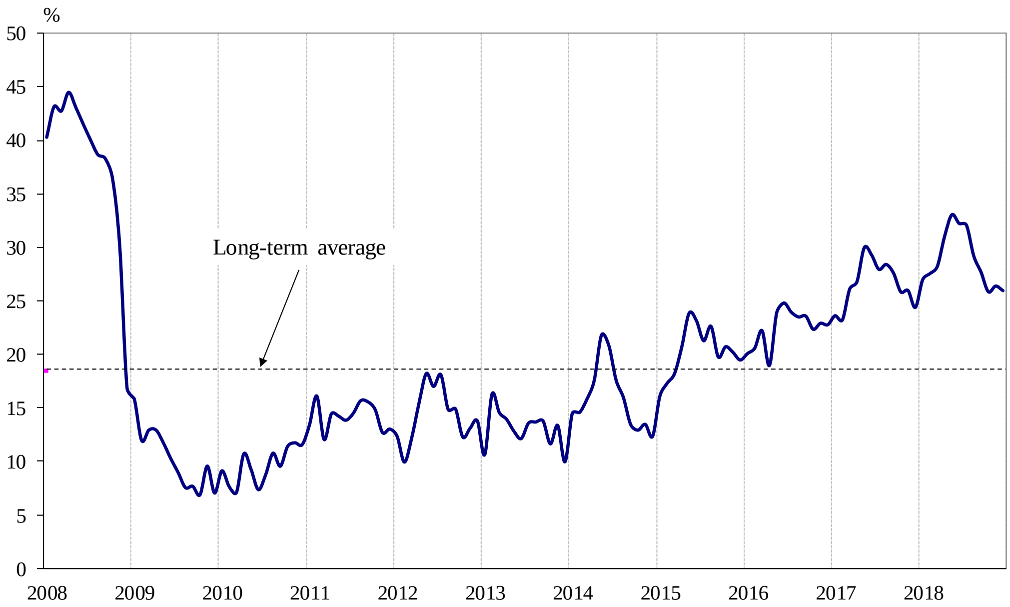

Figure 2. Business climate in industry

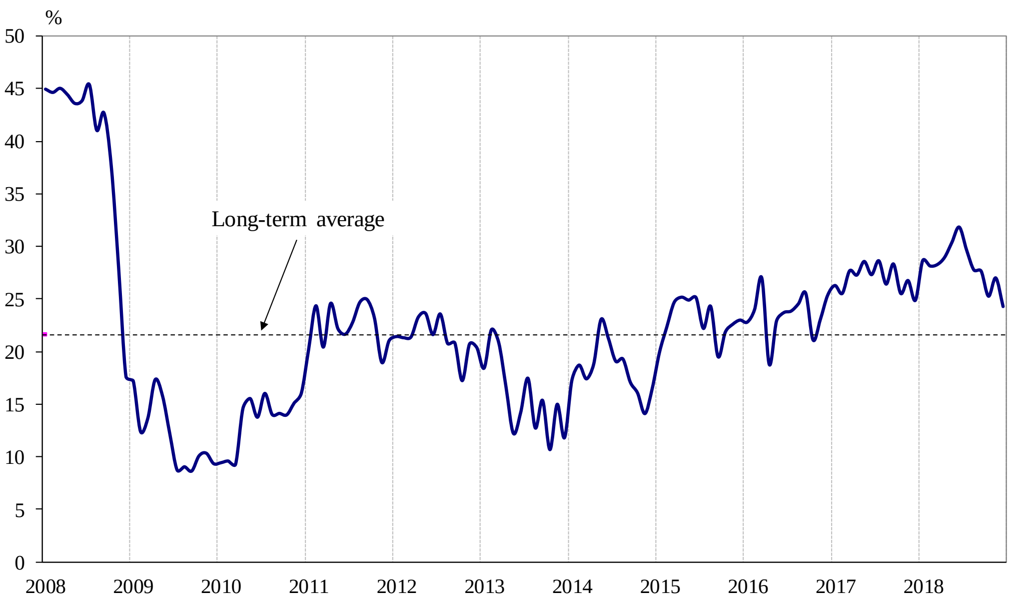

Figure 3. Expected business situation in industry over the next 6 months

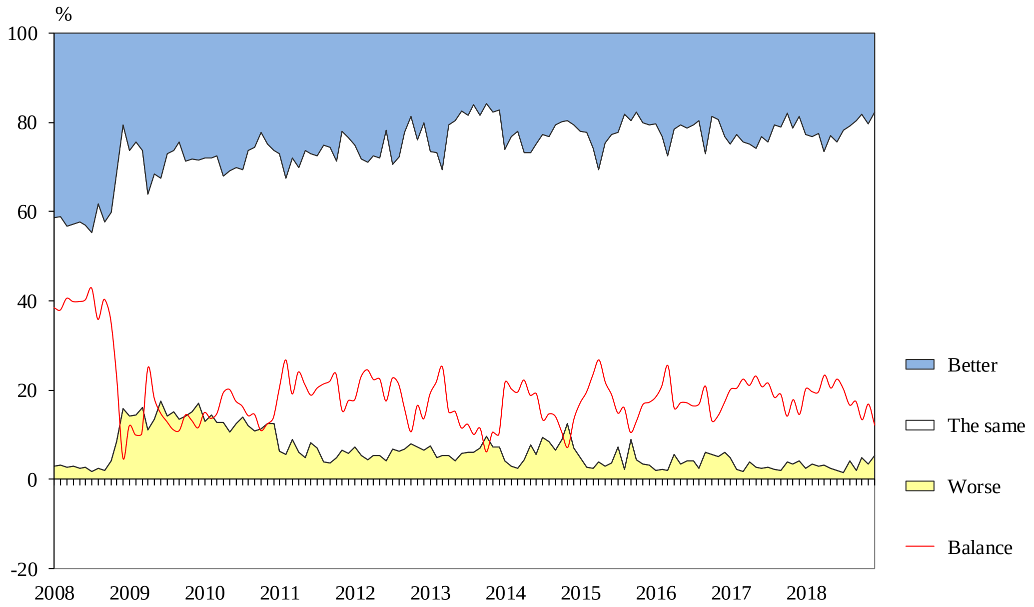

Figure 4. Limits to production in industry (Relative share of enterprises)

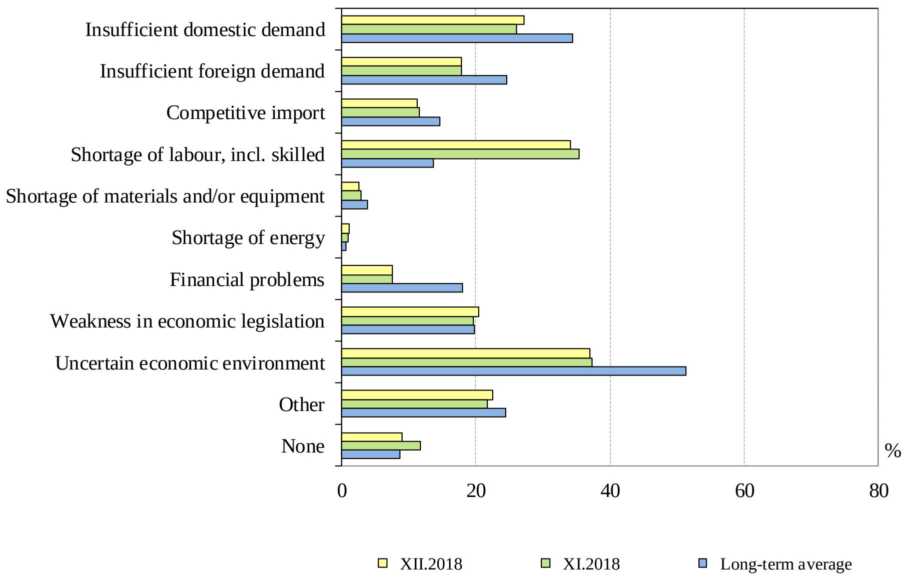

Figure 5. Selling prices expectations in industry over the next 3 months

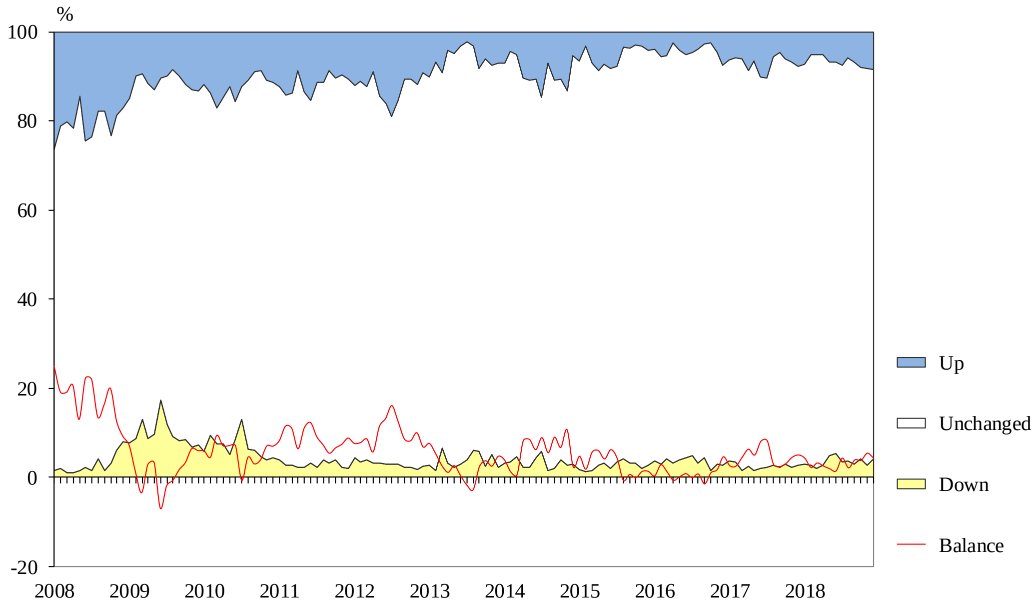

Figure 6. Business climate in construction

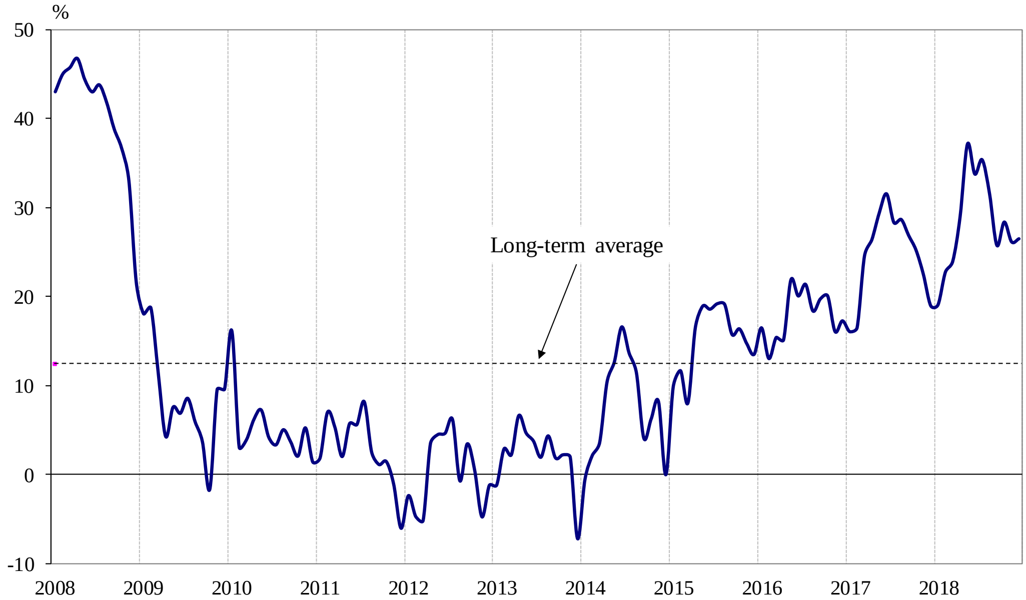

Figure 7. Expected business situation in construction over the next 6 months

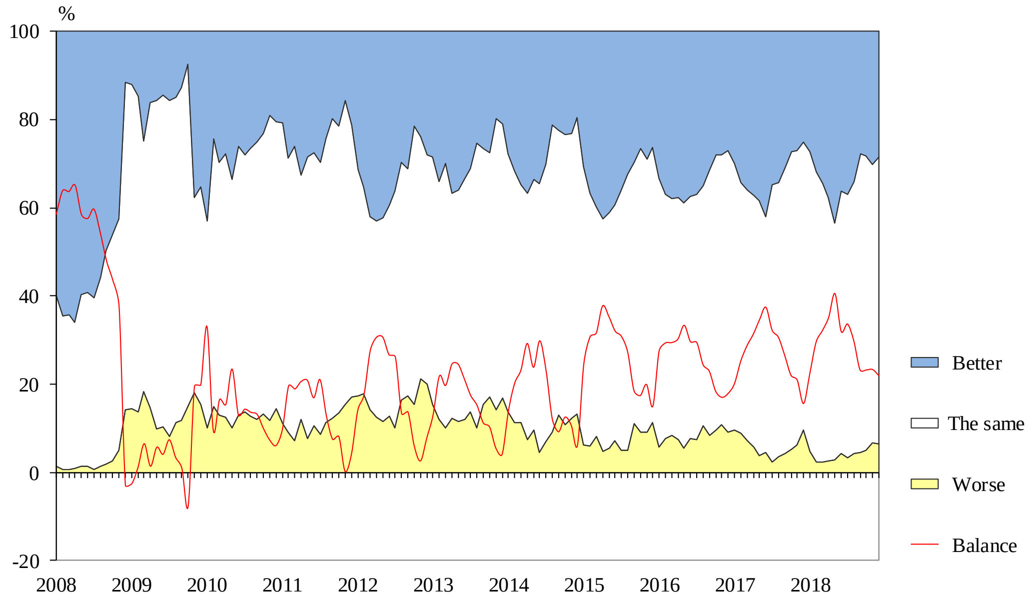

Figure 8. Limits to construction activity (Relative share of enterprises)

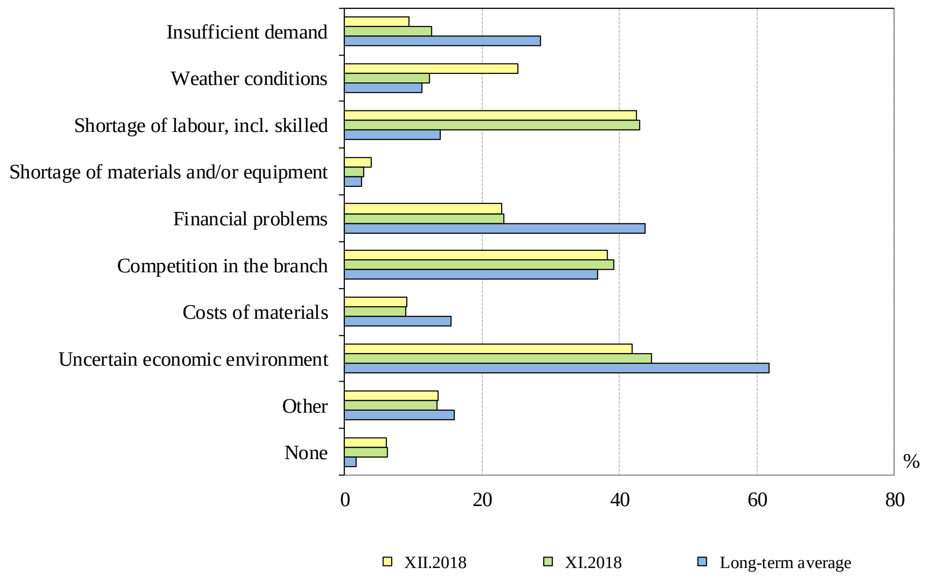

Figure 9. Selling prices expectations in construction over the next 3 months

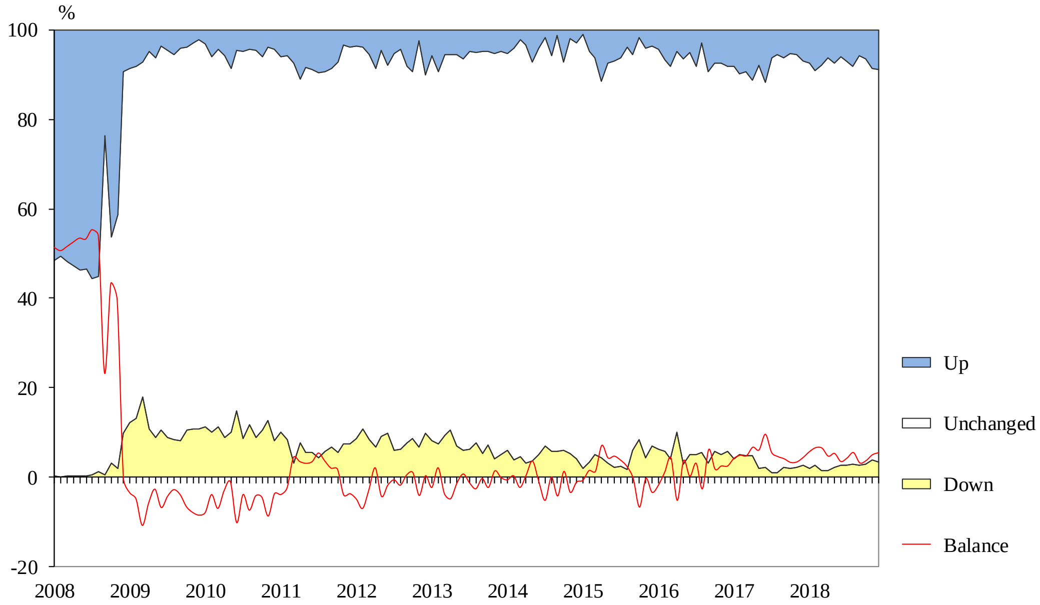

Figure 10. Business climate in retail trade

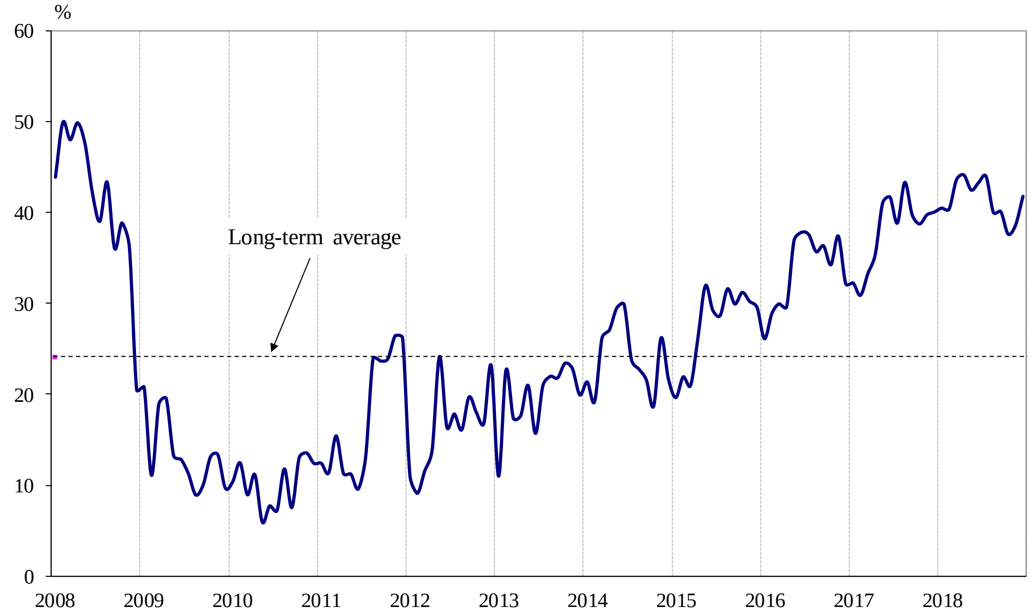

Figure 11. Expected business situation in retail trade over the next 6 months

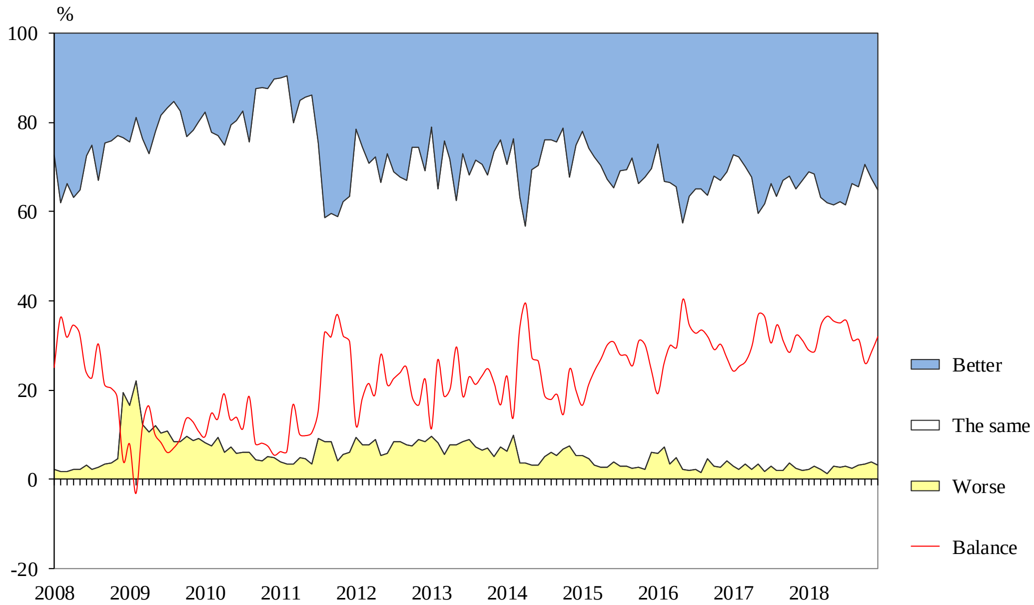

Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

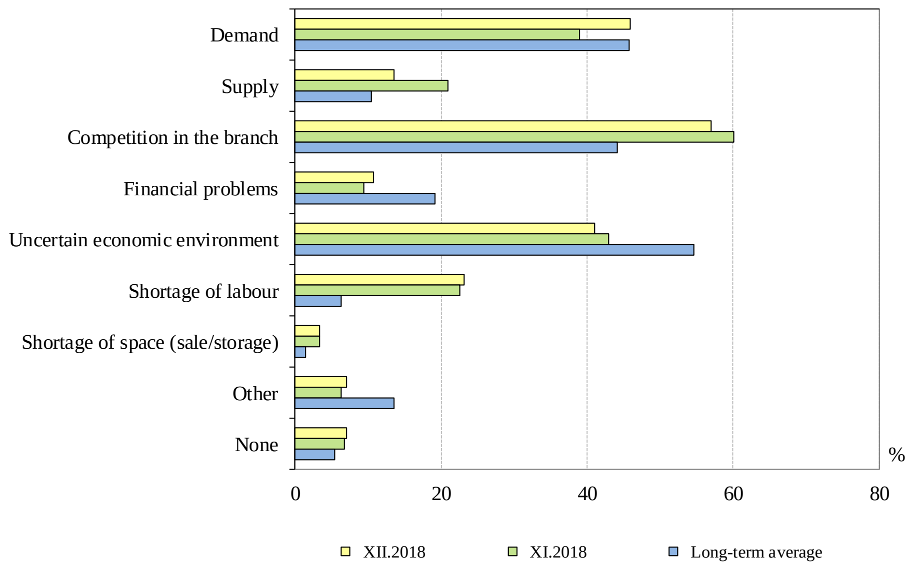

Figure 13. Selling prices expectations in retail trade over the next 3 months

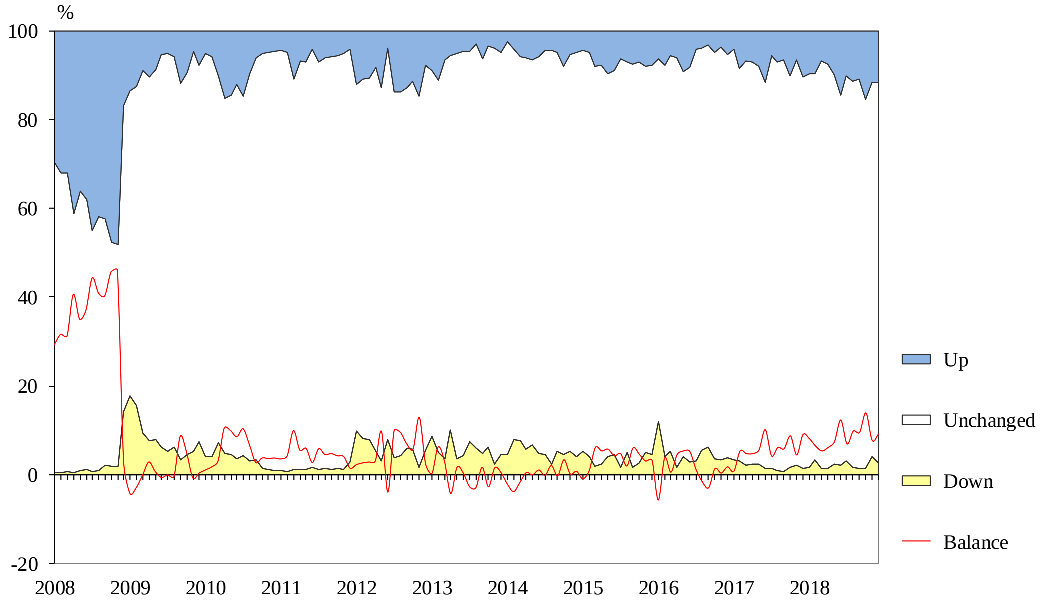

Figure 14. Business climate in service sector

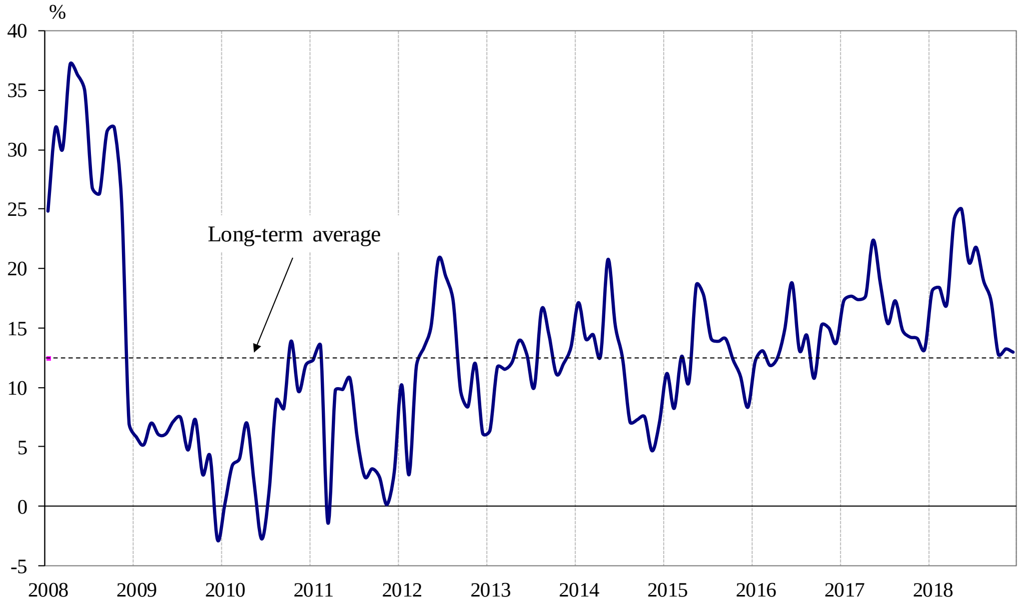

Figure 15. Expected demand in service sector over the next 3 months

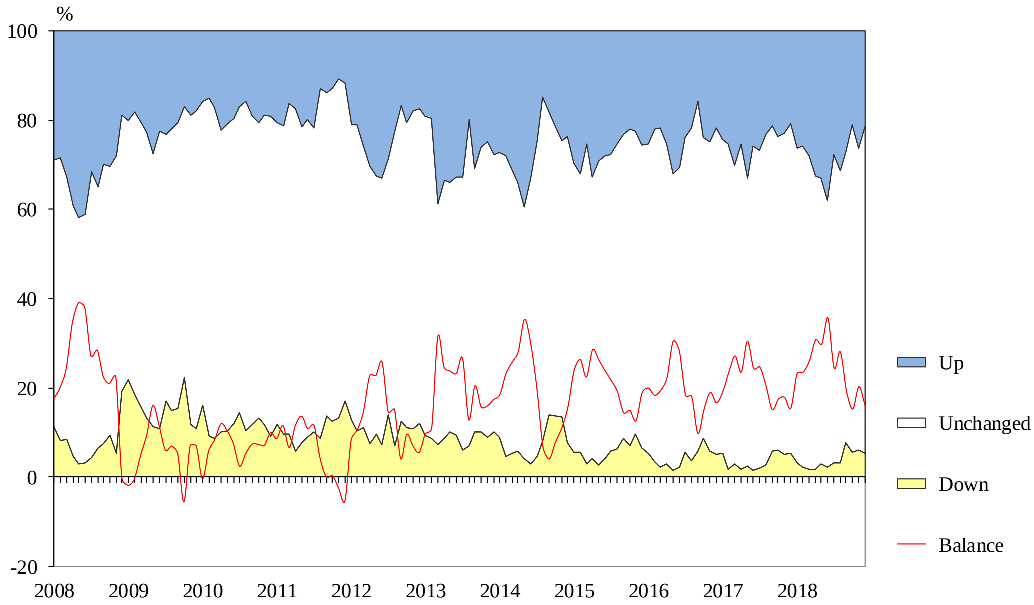

Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

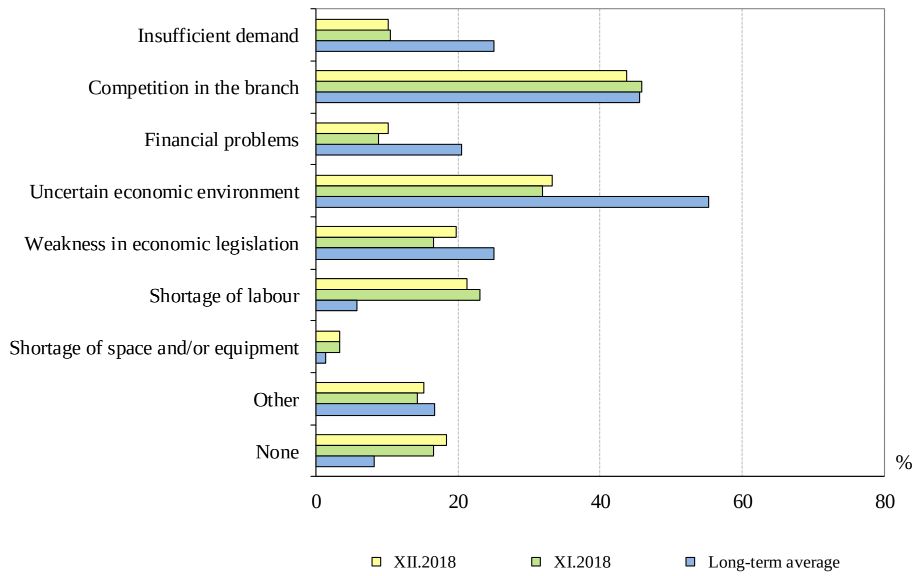

Figure 17. Selling prices expectations in service sector over the next 3 months