



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, FEBRUARY 2017

In February 2017 the **total business climate indicator**<sup>4</sup> preserves approximately its level from the previous month (Annex, Figure 1). An improvement of the business conjuncture is registered in construction and service sector, while in industry and retail trade a reduction is observed.

**Industry.** The composite indicator ‘business climate in industry’ decreases by 0.7 percentage points in comparison with January (Annex, Figure 2) which is due to the more moderate managers’ assessments about the present business situation of the enterprises. At the same time the present production activity is assessed as slight improved, as their expectations over the next 3 months are also for an increase of the activity (Annex, Figure 3).

The uncertain economic environment remains the main obstacle for the business development pointed out by 45.9% of the industrial entrepreneurs (Annex, Figure 4).

As regards the selling prices the managers do not foresee a change over the next 3 months (Annex, Figure 5).

**Construction.** In February the composite indicator ‘business climate in construction’ increases by 0.5 percentage points (Annex, Figure 6) as a result of the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months. Their forecasts about the construction activity over the next 3 months are also more optimistic (Annex, Figure 7).

The main factor limiting the business continues to be the uncertain economic environment. In the second and third place remain the factors ‘weather conditions’ and ‘competition in the branch’ (Annex, Figure 8).

Concerning the selling prices in construction the prevailing managers’ 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’ decreases by 1.3 percentage points (Annex, Figure 10) which is due to the shifting of the retailers’ assessments about the present business situation of enterprises from ‘good’ towards ‘satisfactory’ (normal for the season) (Annex, Figure 11).

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.



However, their forecasts about the business situation over the next 6 months are more favourable, as in their expectations about the volume of sales over the next 3 months an improvement is registered.

The most serious difficulties for the development of the activity continue to be connected with competition in the branch, uncertain economic environment and insufficient demand (Annex, Figure 12).

As regards the selling prices the retailers expect a certain increase over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In February the composite indicator ‘business climate in service sector’ increases by 0.5 percentage points (Annex, Figure 14) as a result of the favorable managers’ expectations about the business situation of enterprises over the next 6 months. Their opinions about the present demand for services are more reserved, while their expectations over the next 3 months are improved (Annex, Figure 15).

The competition in the branch and the uncertain economic environment remain the main obstacles for the business development in the sector (Annex, Figure 16).

Concerning the selling prices, the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

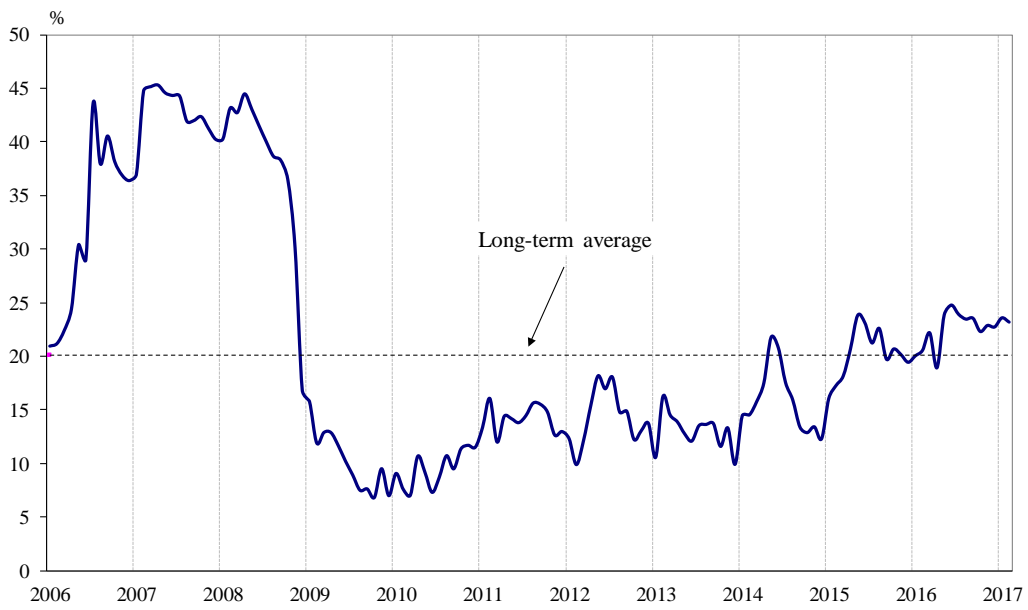
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<sup>1</sup> Excl. trade.

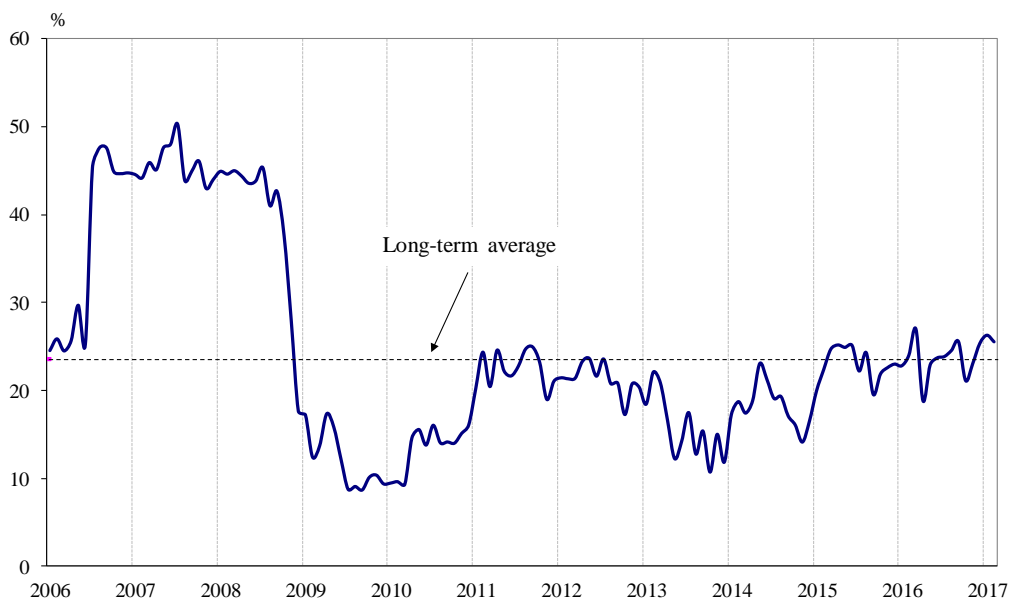


**Annex**

**Figure 1. Business climate - total**

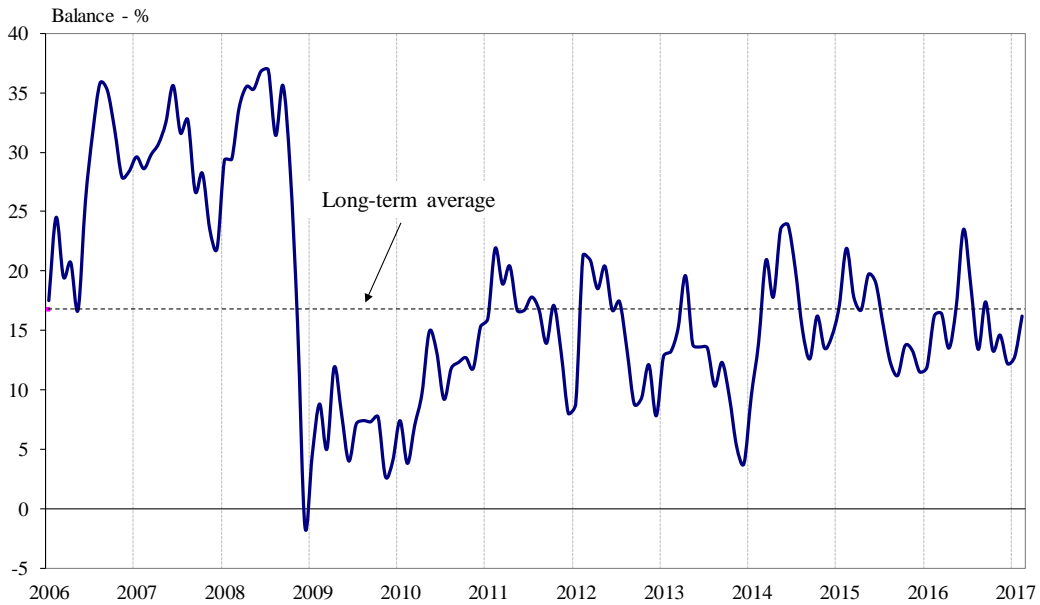


**Figure 2. Business climate in industry**

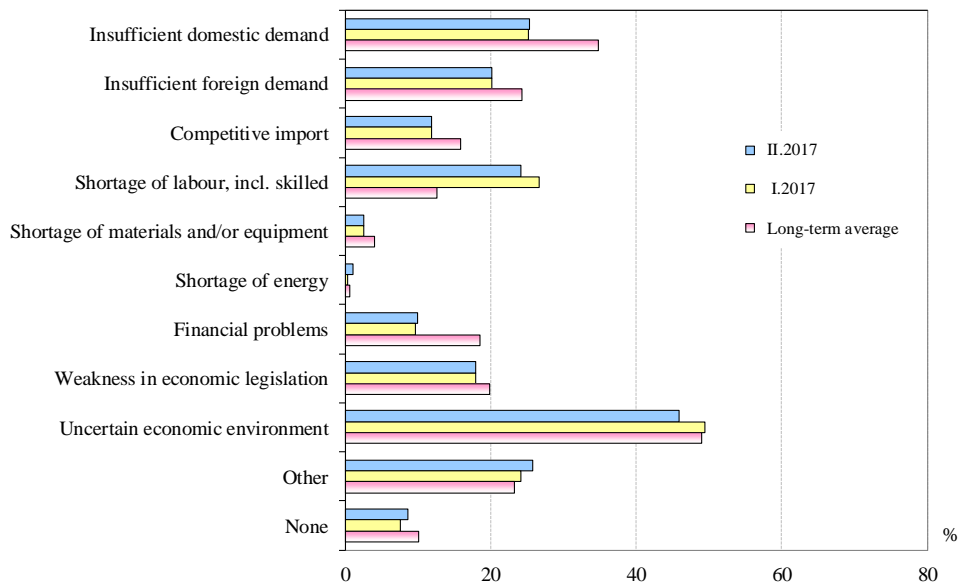




**Figure 3. Expected production activity in industry over the next 3 months**

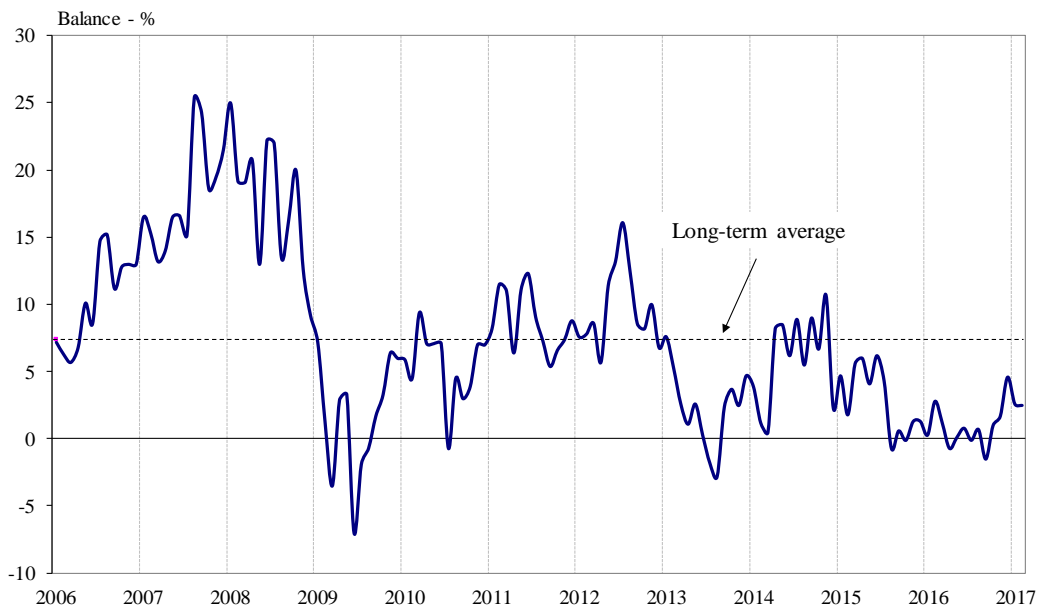


**Figure 4. Limits to production in industry (Relative share of enterprises)**

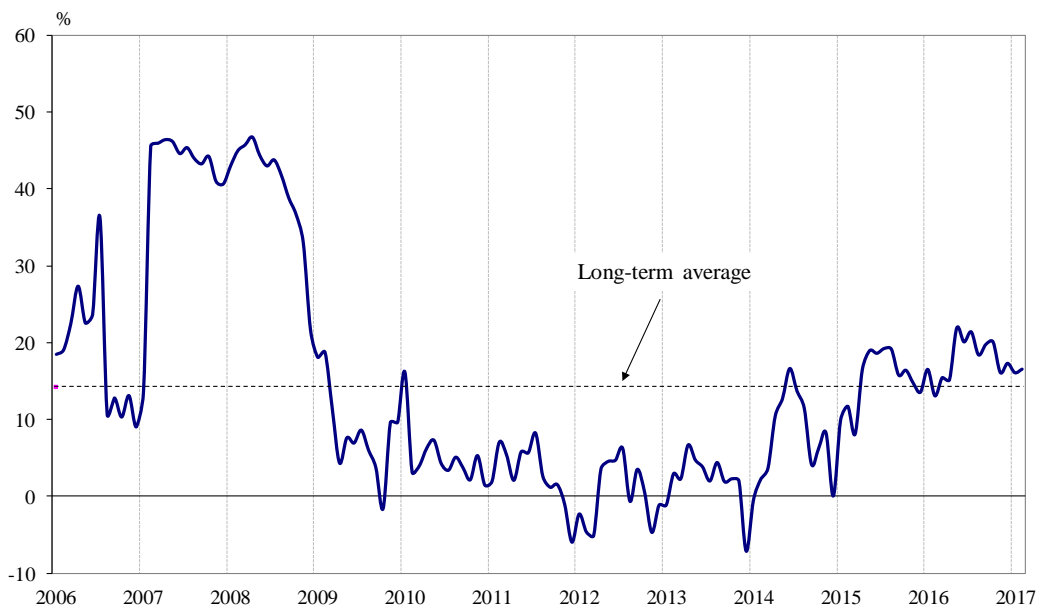




**Figure 5. Selling prices expectations in industry over the next 3 months**

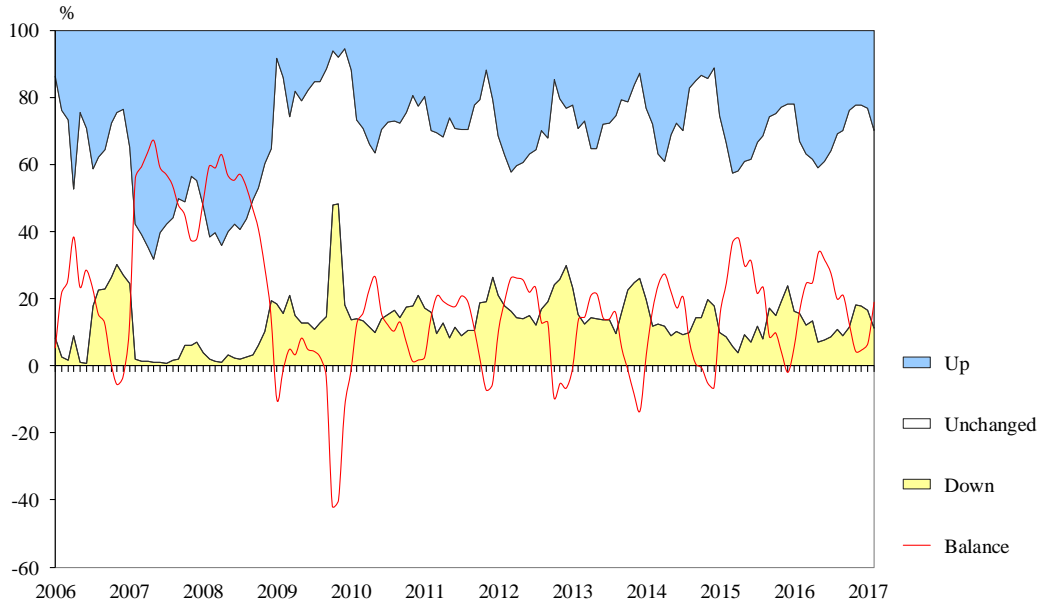


**Figure 6. Business climate in construction**

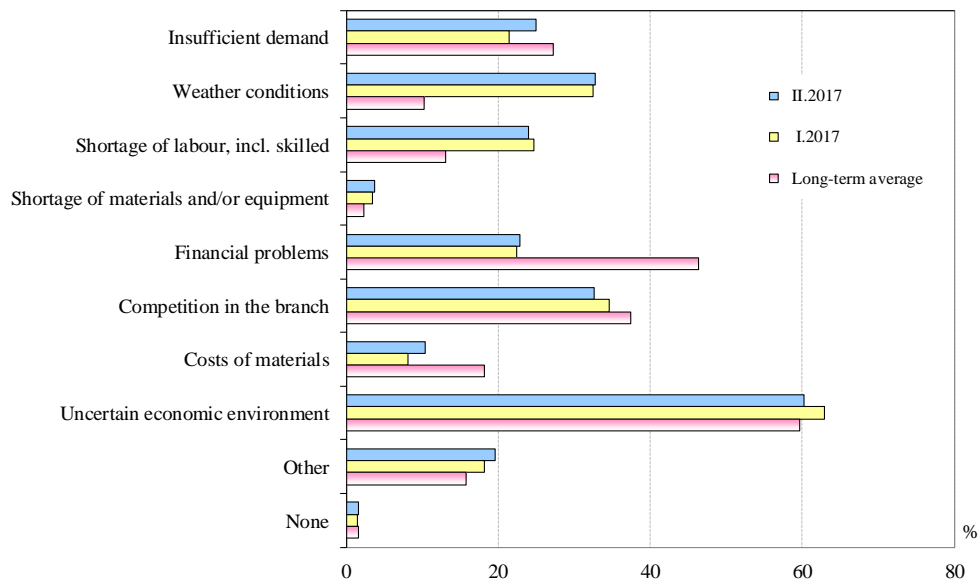




**Figure 7. Expected construction activity over the next 3 months**

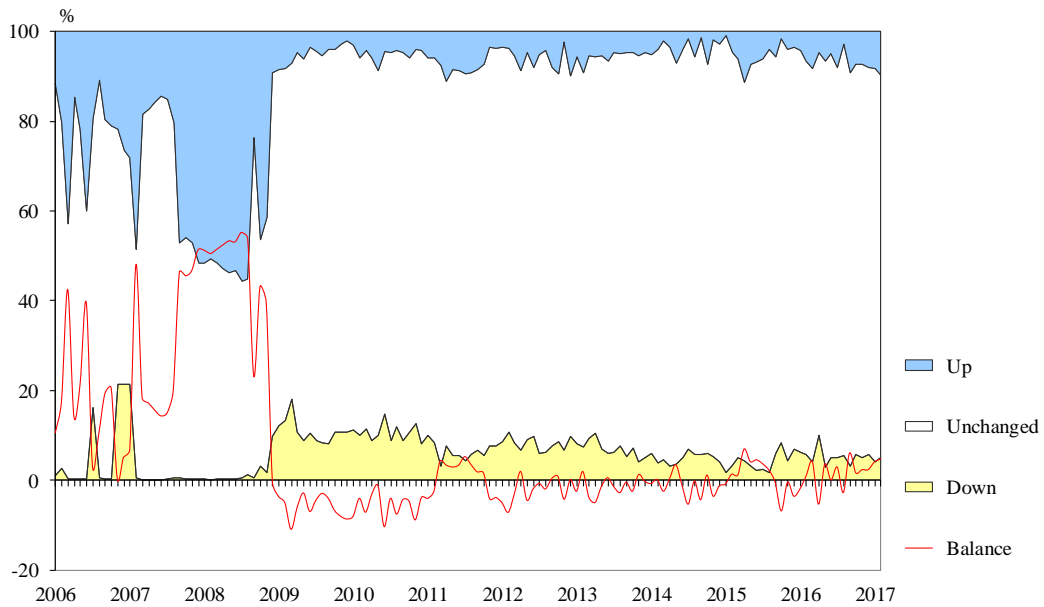


**Figure 8. Limits to construction activity  
(Relative share of enterprises)**

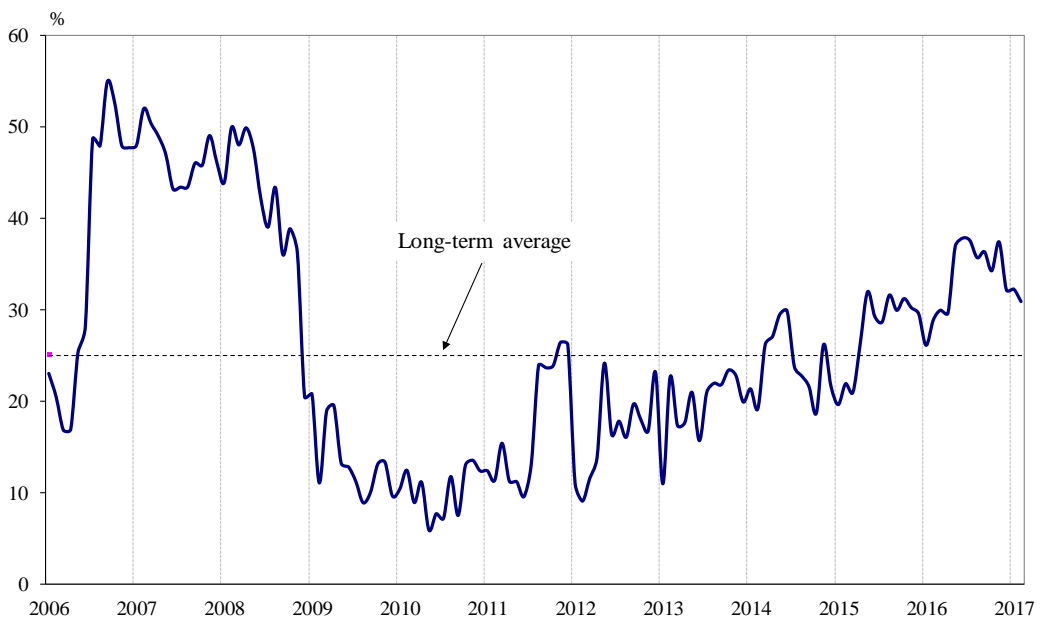




**Figure 9. Selling prices expectations in construction over the next 3 months**

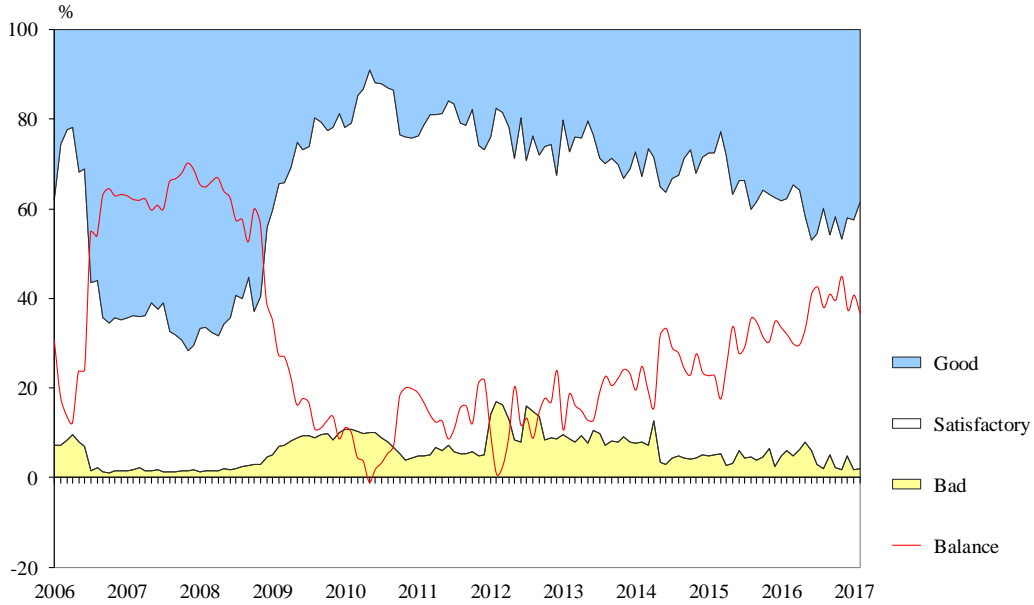


**Figure 10. Business climate in retail trade**

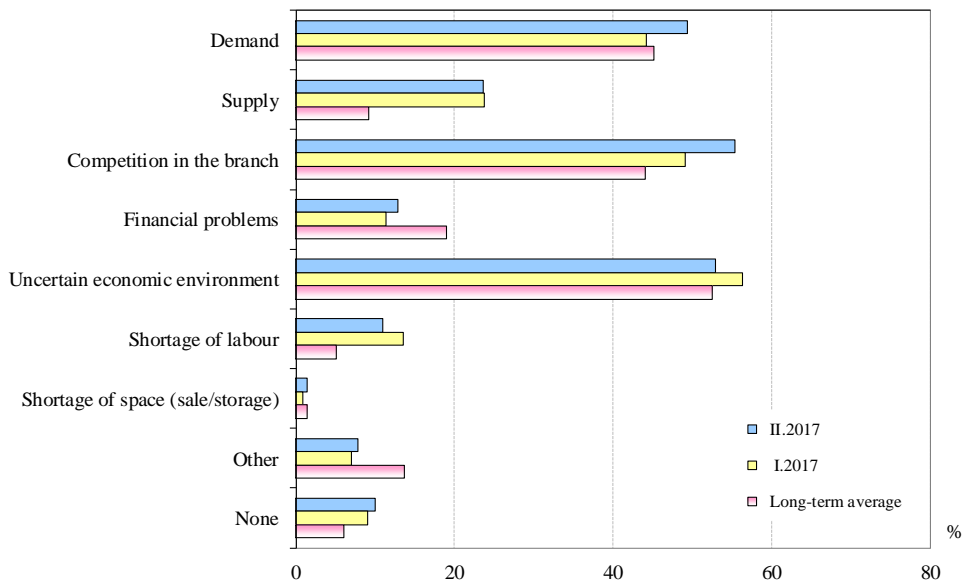




**Figure 11. Present business situation in retail trade**



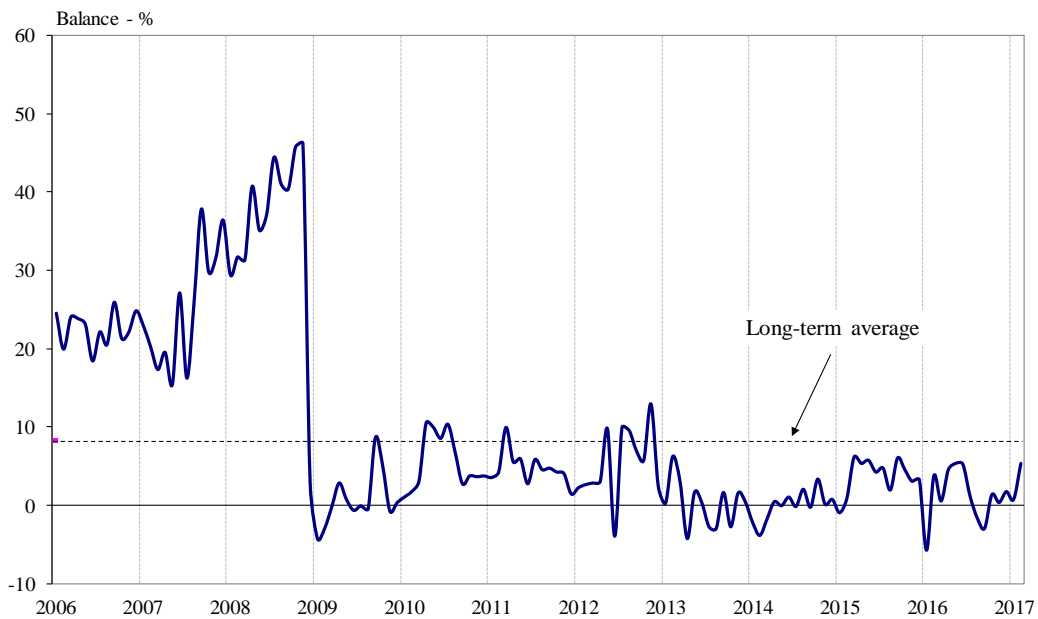
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



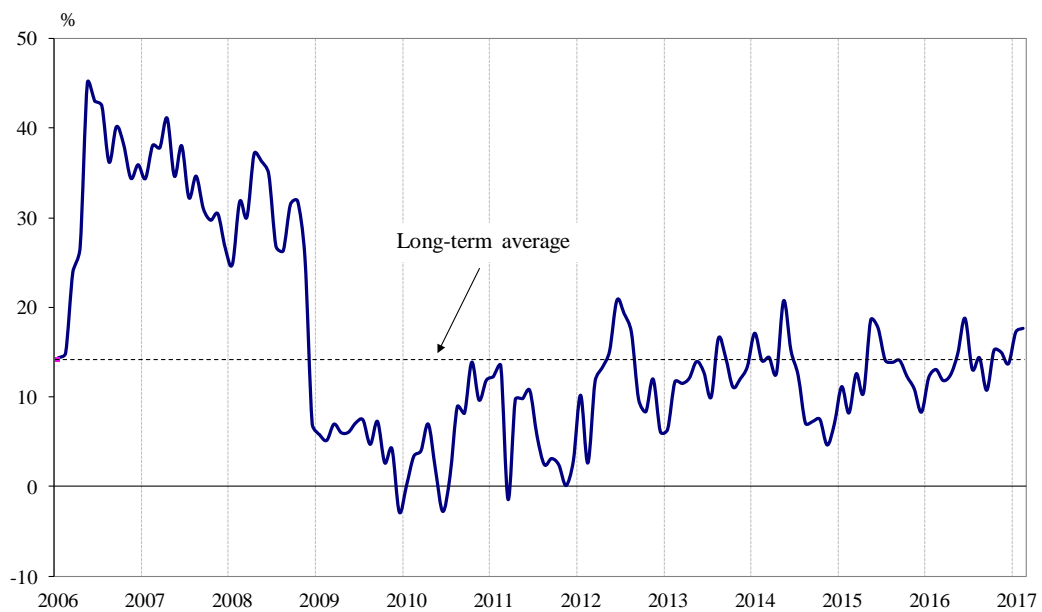




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

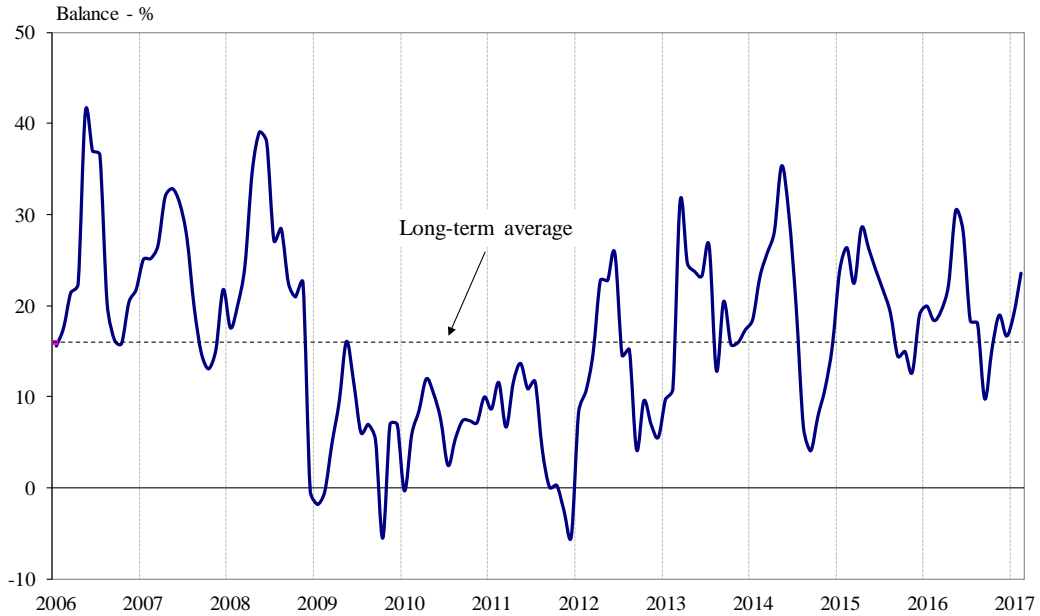


**Figure 14. Business climate in service sector**

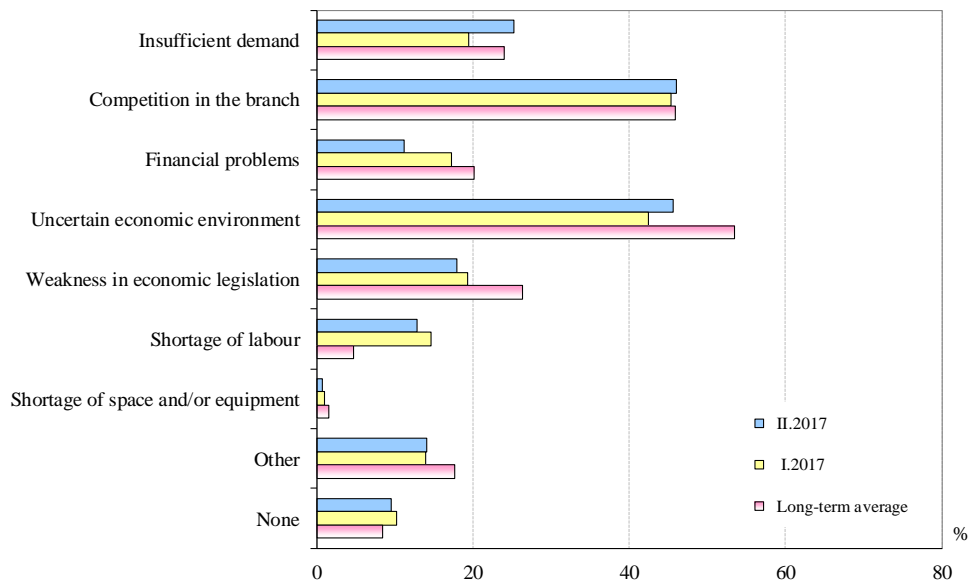




**Figure 15. Expected demand in service sector over the next 3 months**



**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**

