



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

In March 2017 the **total business climate indicator**<sup>4</sup> increases by 2.9 percentage points in comparison with February (Annex, Figure 1) which is due to the improved business climate in industry, construction and retail trade.

**Industry.** The composite indicator ‘business climate in industry’ increases by 2.1 percentage points compared to the previous month (Annex, Figure 2) as a result of the more favourable industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. In their opinion the present production activity is improved, as their forecasts over the next 3 months are also optimistic (Annex, Figure 3).

The factor, limiting with the most extent the business continues to be the uncertain economic environment, as in the last month strengthen of its negative impact is observed (Annex, Figure 4).

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

**Construction.** In March the composite indicator ‘business climate in construction’ increases by 8.0 percentage points (Annex, Figure 6) which is due to the improved construction entrepreneurs’ assessments and expectations (Annex, Figure 7) about the business situation of the enterprises. The inquiry also reports an increase of the new orders inflow over the last month, which is accompanied with more optimistic expectations about the activity over the next 3 months. With regard to the employment in the branch the forecasts are also in a direction of increase.

The uncertain economic environment and competition in the branch remain the main obstacles for the development of the activity, as in the last month strengthen of their unfavourable influence is observed (Annex, Figure 8).

As regards the selling prices in construction the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 9).

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<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.



**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 2.4 percentage points in comparison with February (Annex, Figure 10) as a result of the favourable retailers’ assessments and expectations about the business situation of enterprises. Their forecasts about the volume of sales (Annex, Figure 11) and the orders placed with suppliers over the next 3 months are also more optimistic.

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

Concerning the selling prices, the retailers foresee preservation of their level to over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In March the composite indicator ‘business climate in service sector’ remains approximately to its level from the previous month (Annex, Figure 14). The managers are optimistic in their business development forecast (Annex, Figure 15), as their expectations about the demand for services over the next 3 months continue to improve.

The main factors, limiting the activity of the enterprises remain connected with competition in the branch and uncertain economic environment (Annex, Figure 16).

The majority of the managers expect the selling prices in the sector to remain unchanged over the next 3 months (Annex, Figure 17).

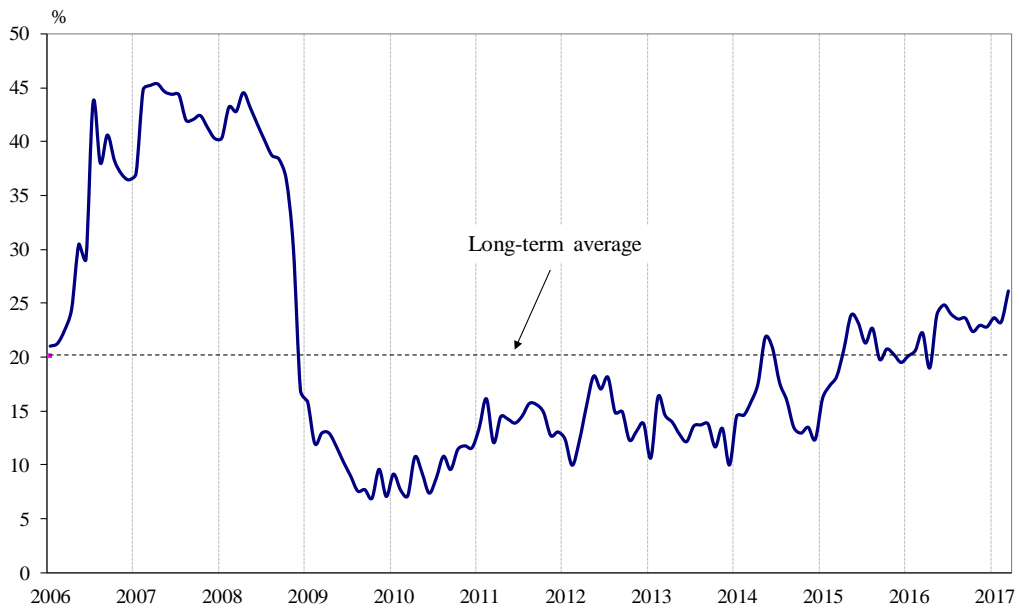
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<sup>1</sup> Excl. trade.

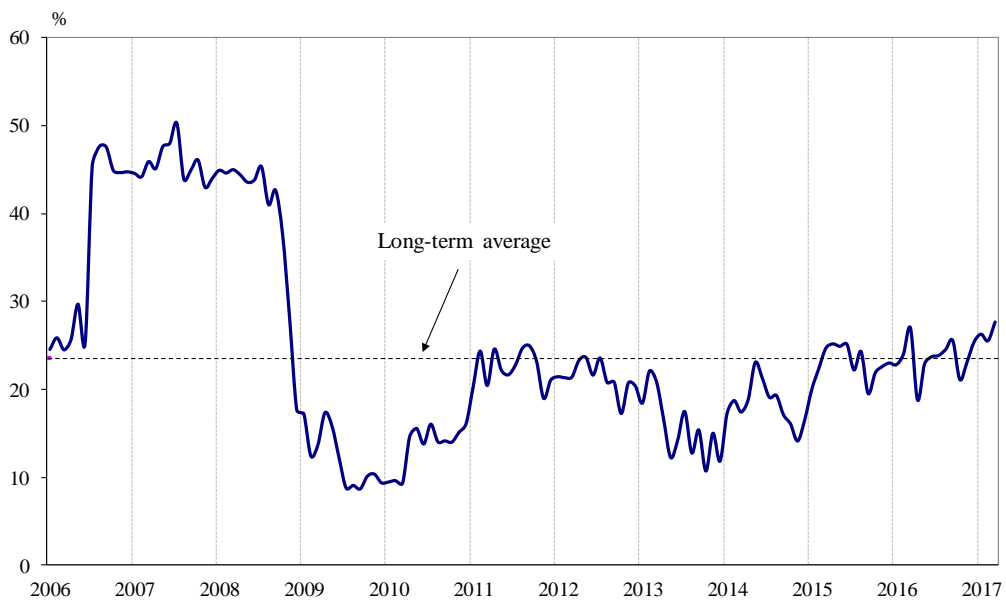


**Annex**

**Figure 1. Business climate - total**

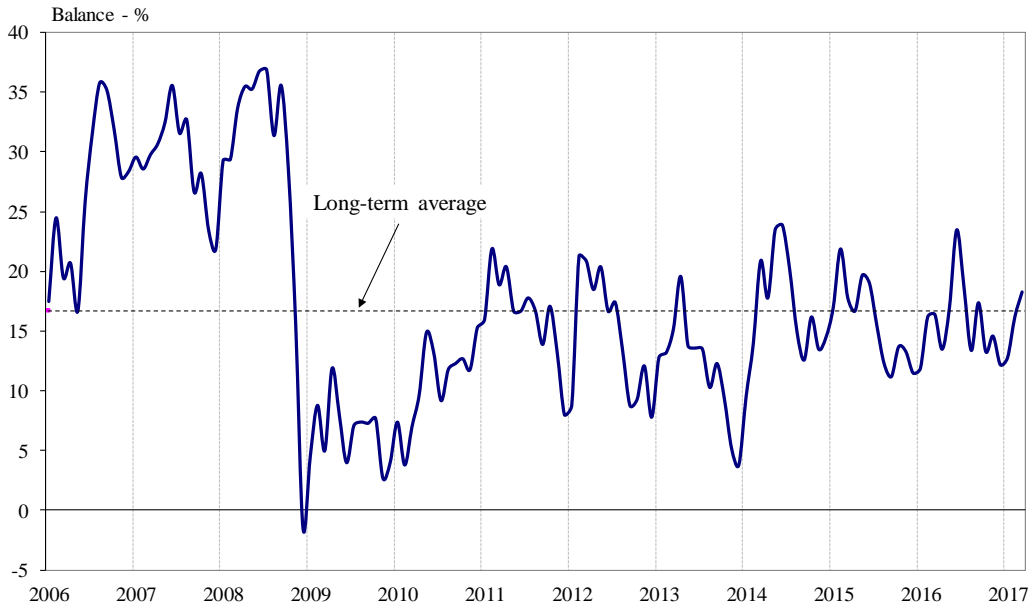


**Figure 2. Business climate in industry**

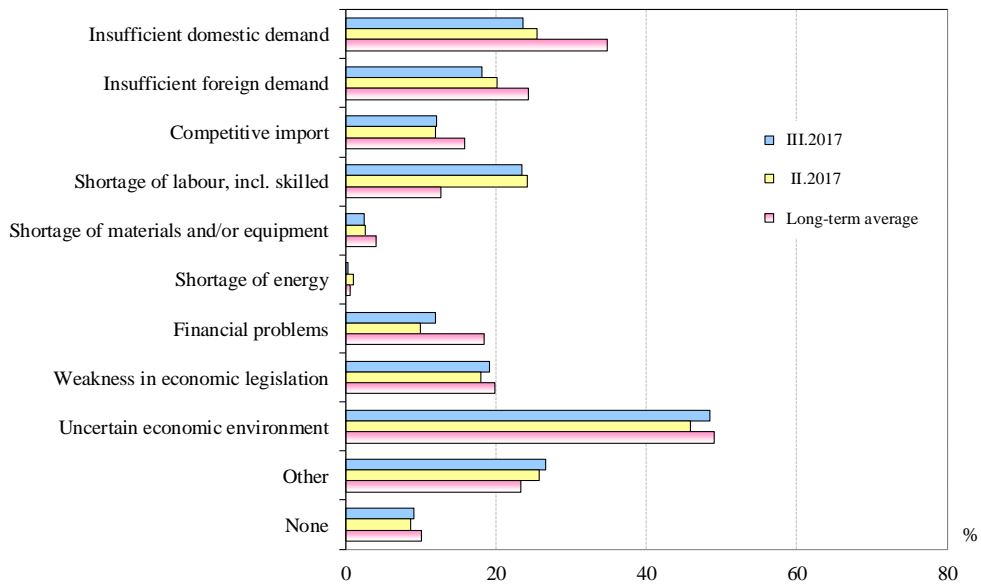




**Figure 3. Expected production activity in industry over the next 3 months**

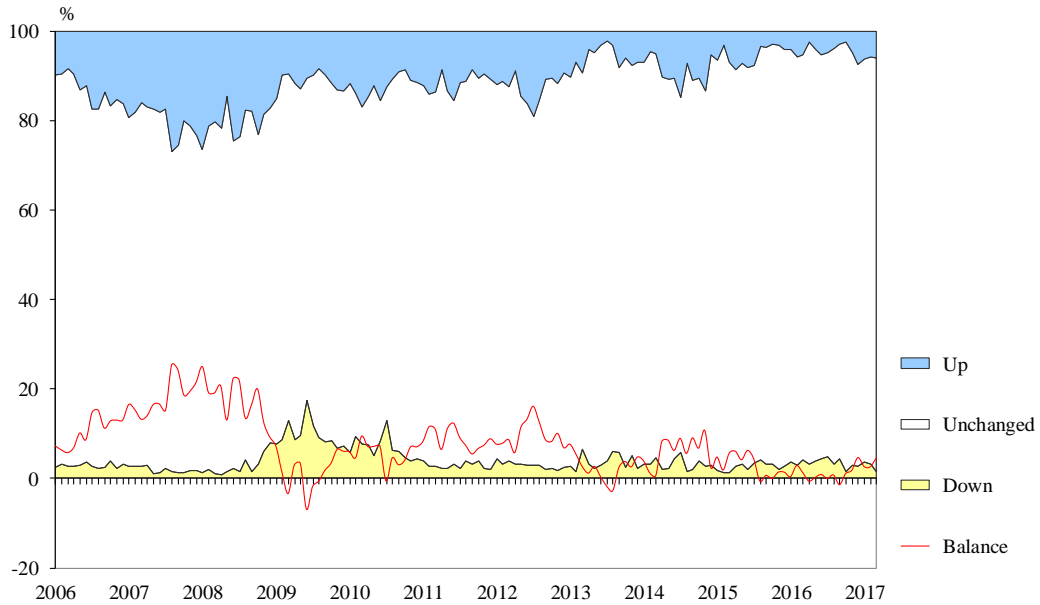


**Figure 4. Limits to production in industry (Relative share of enterprises)**

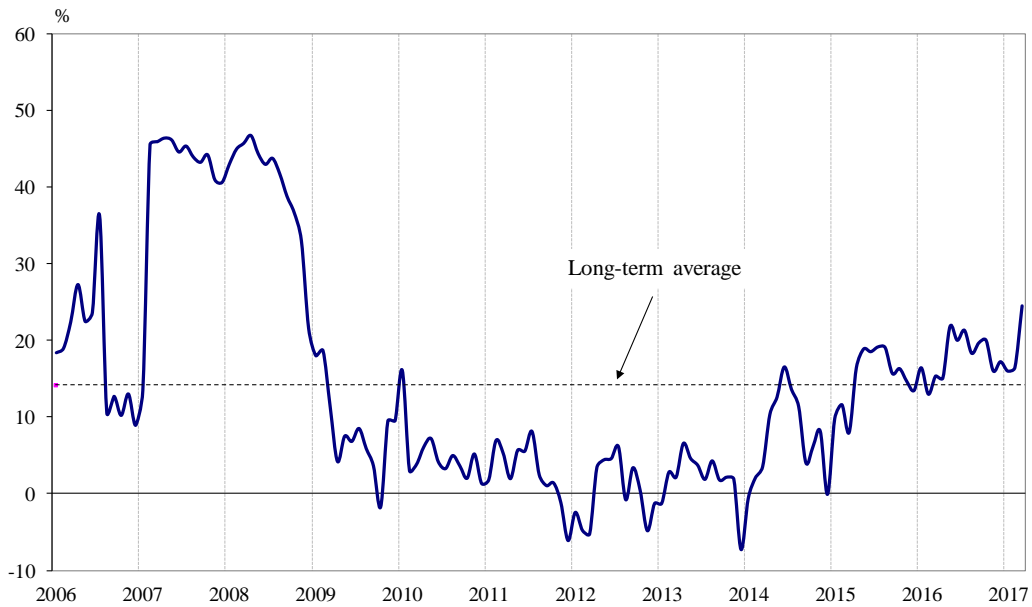




**Figure 5. Selling prices expectations in industry over the next 3 months**

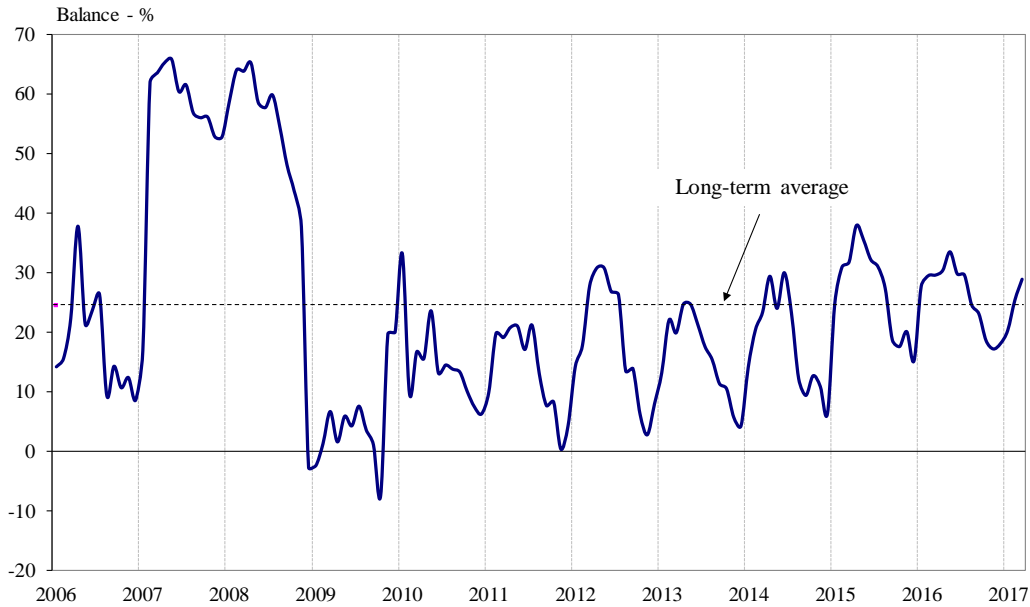


**Figure 6. Business climate in construction**

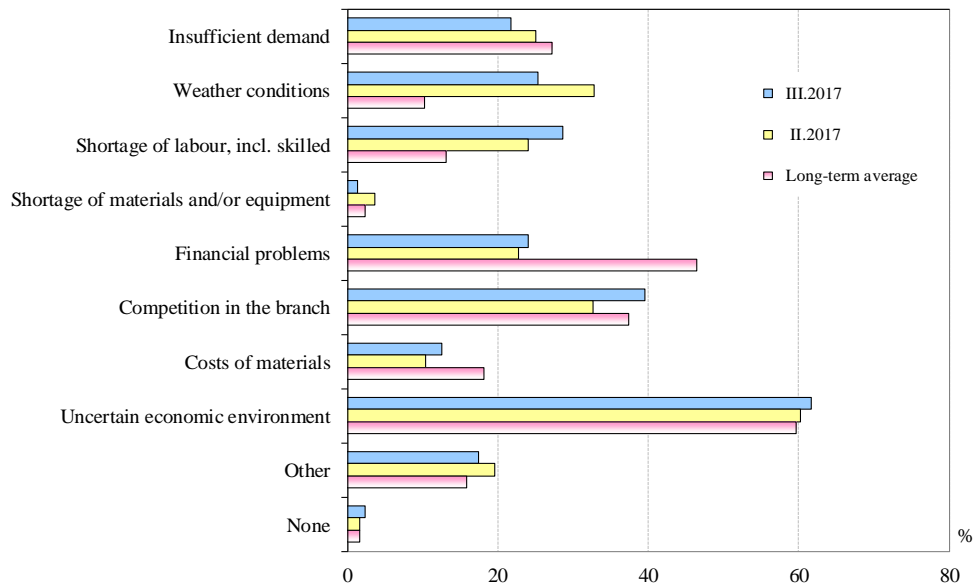




**Figure 7. Expected business situation in construction over the next 6 months**

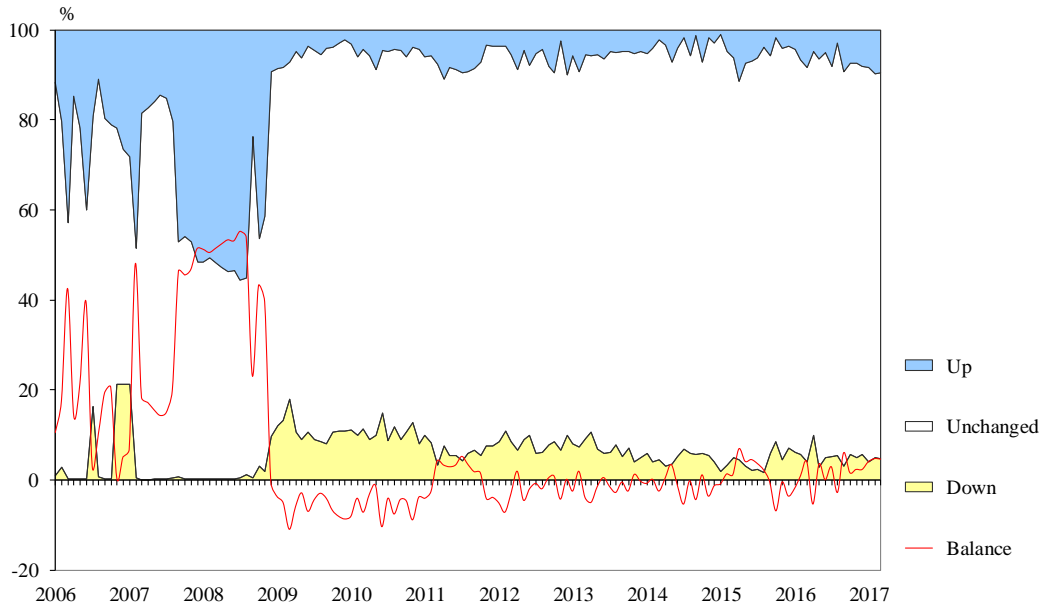


**Figure 8. Limits to construction activity (Relative share of enterprises)**

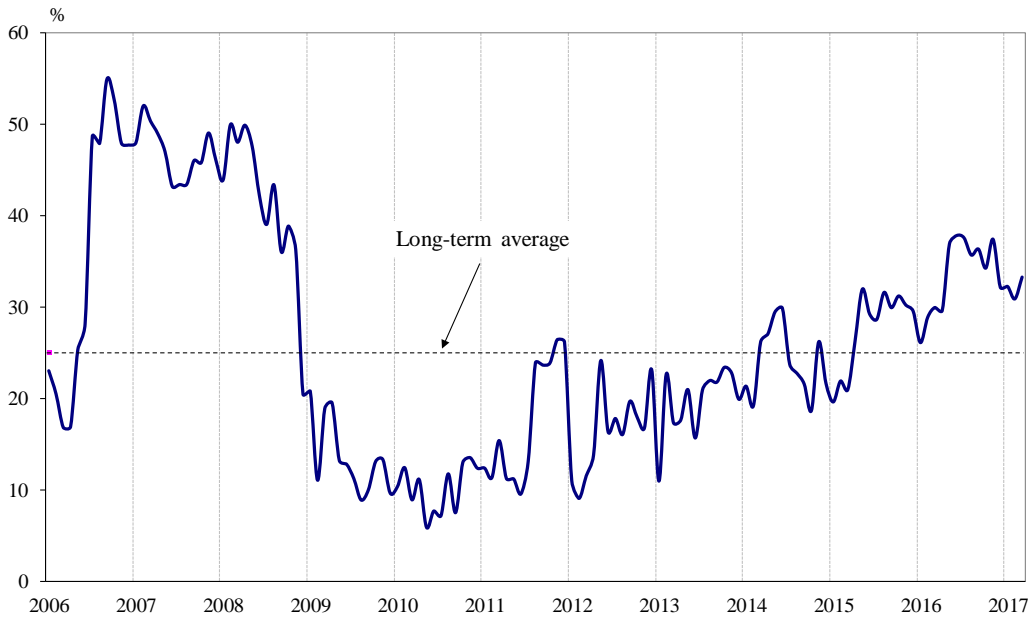




**Figure 9. Selling prices expectations in construction over the next 3 months**

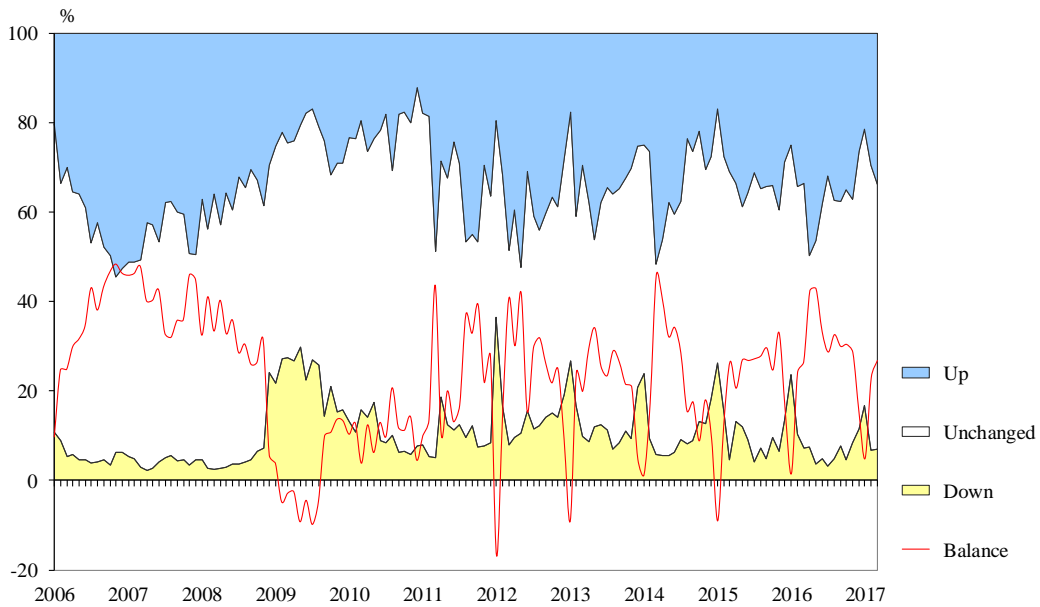


**Figure 10. Business climate in retail trade**

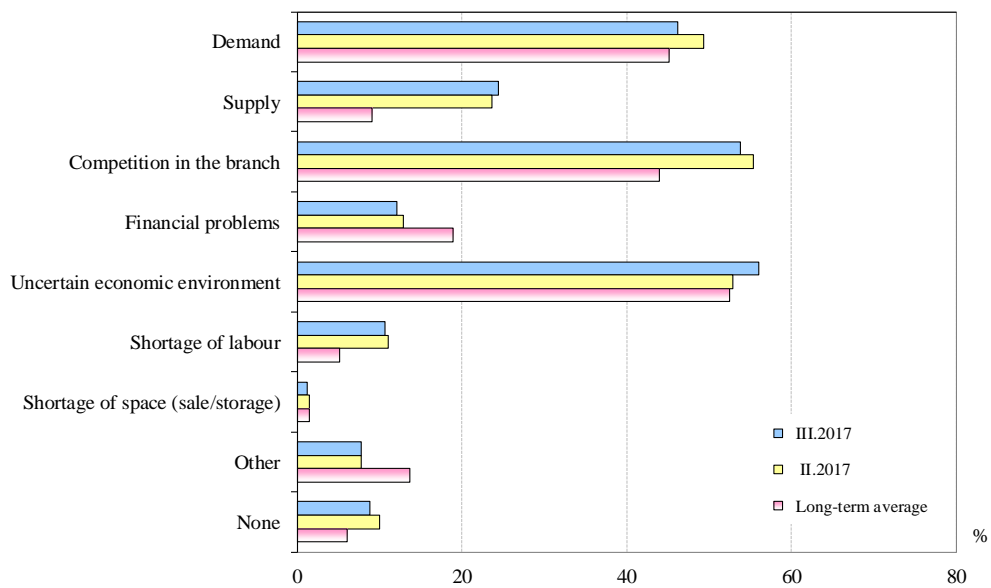




**Figure 11. Sales expectations in retail trade over the next 3 months**



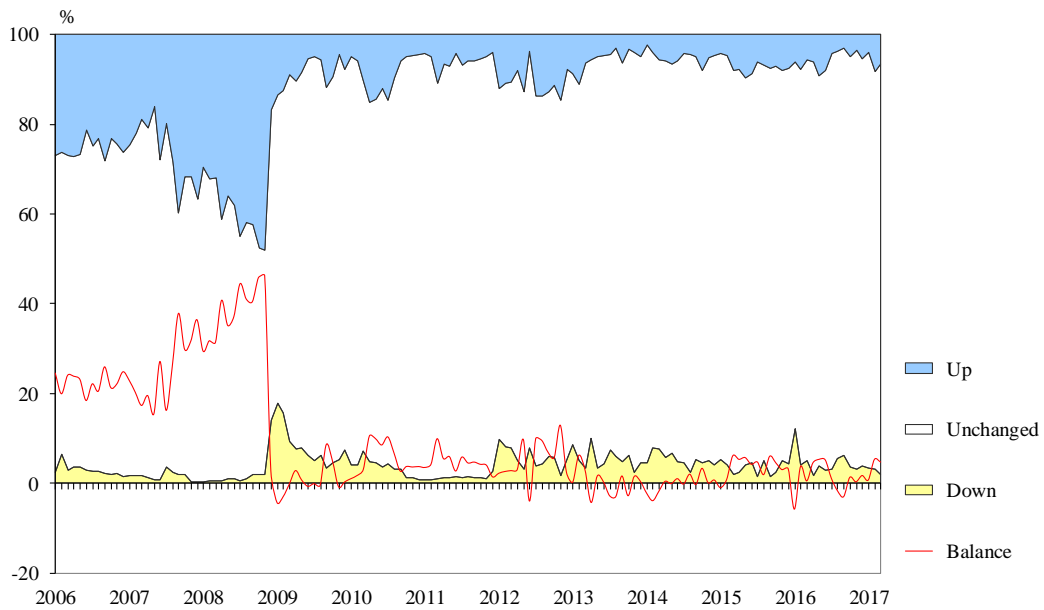
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



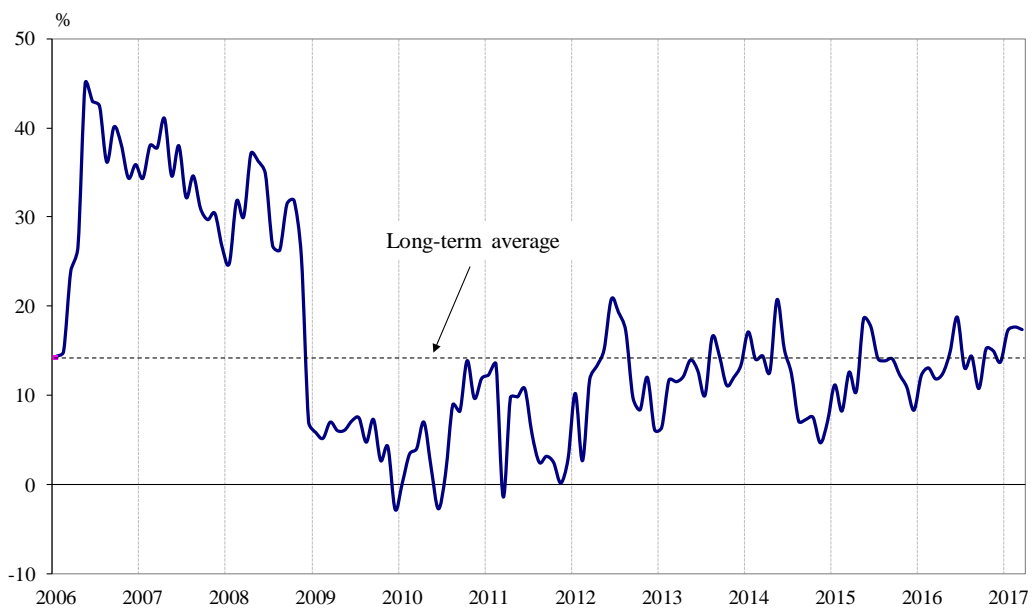




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

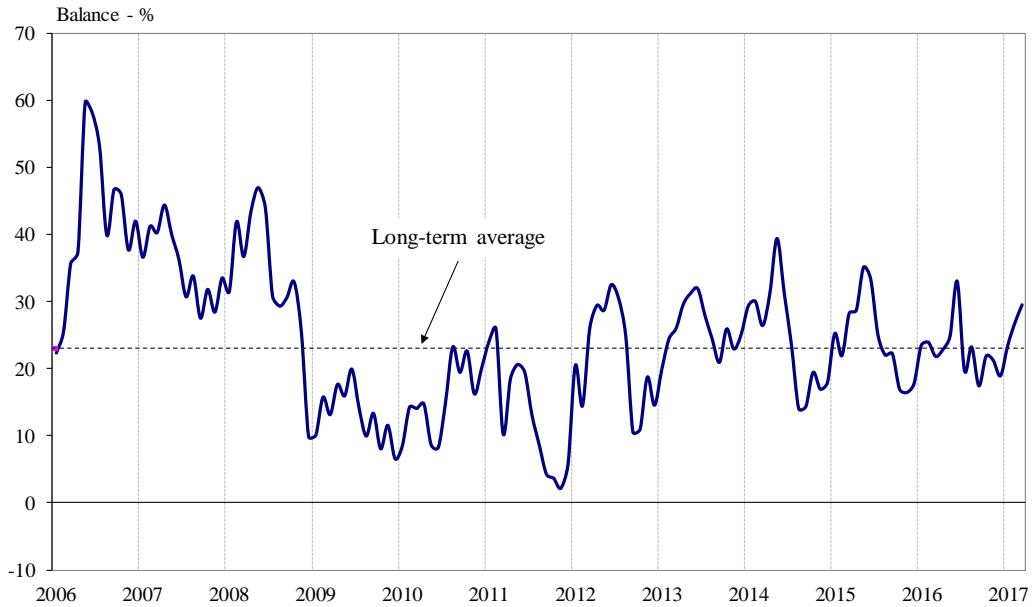


**Figure 14. Business climate in service sector**

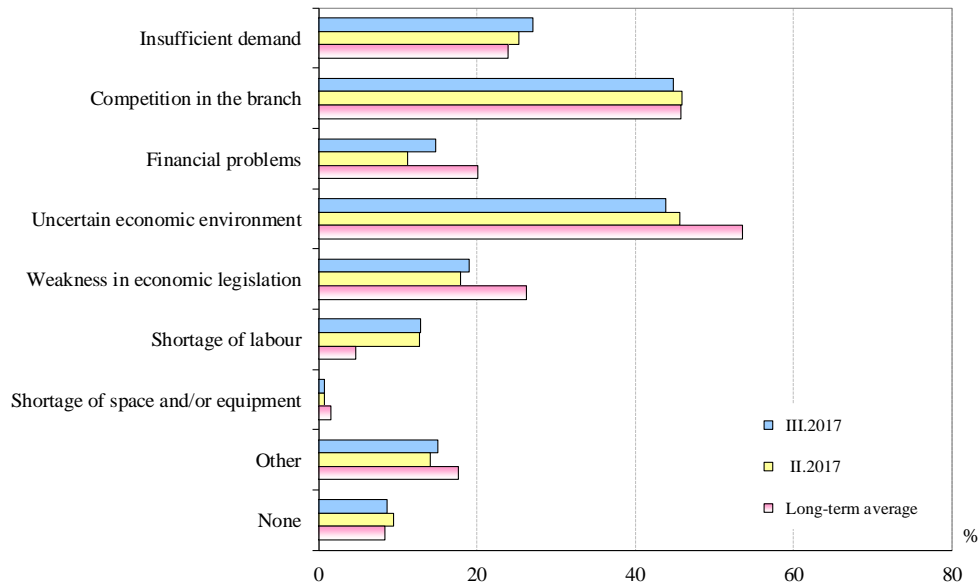




**Figure 15. Expected business situation in service sector over the next 6 months**



**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**

