



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

In April 2017, the **total business climate indicator**<sup>4</sup> increases by 0.7 percentage points compared to the previous month (Annex, Figure 1) as a result of the improved managers' opinions in construction and retail trade.

**Industry.** The composite indicator 'business climate in industry' preserves approximately to its March level (Annex, Figure 2). The inquiry registers an improvement of the production assurance with the orders (Annex, Figure 3), but industrial entrepreneurs' expectations about the production activity over the next 3 months are more moderate. In April in comparison with January, an increase of the average capacity utilization (by 0.9 percentage points) is observed, as it reaches 75.5%.

The uncertain economic environment continues to be the main obstacle for the activity of the enterprises. In the second place is the factor 'shortage of labour', which negative impact strengthens in the last month (Annex, Figure 4).

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

**Construction.** In April, the composite indicator 'business climate in construction' increases by 1.9 percentage points (Annex, Figure 6) as a result of the more favourable construction entrepreneurs' assessments and expectations (Annex, Figure 7) about the business situation of the enterprises. At the same time, their forecasts about the construction activity over the next 3 month remain also optimistic.

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.9 months against 5.3 in January. The managers' expectations about the new orders over the next 6 months are also improved (Annex, Figure 8).

The main factors limiting the business development in the sector continue to be connected with the uncertain economic environment and competition in the branch. The last inquiry reports strengthen the negative influence of the factor 'shortage of labour' (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.



Concerning the selling prices in construction, the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 10).

**Retail trade.** The composite indicator ‘business climate in retail trade’ increases by 2.1 percentage points (Annex, Figure 11) mainly due to the improved retailers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 12). Their forecasts about the volume of sales and the orders placed with suppliers over the next 3 months continue to be optimistic.

The most serious difficulties for the development of the activity continue to be connected with competition in the branch, insufficient demand and uncertain economic environment (Annex, Figure 13).

As regards the selling prices, the retailers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 14).

**Service sector<sup>1</sup>.** In April, the composite indicator ‘business climate in service sector’ remains approximately to its level from the previous month (Annex, Figure 15). The managers’ assessments and expectations (Annex, Figure 16) about the business situation of enterprises are shifting to the more moderate opinions. With regard to the demand for services the present tendency is assessed as slight improved while, the expectations over the next 3 months are more reserved.

The competition in the branch and uncertain economic environment continue to be the main problems for the business development as in the last month a decrease of their negative influence is observed (Annex, Figure 17).

Concerning the selling prices in the service sector, the managers foresee preservation of their level over the next 3 months (Annex, Figure 18).

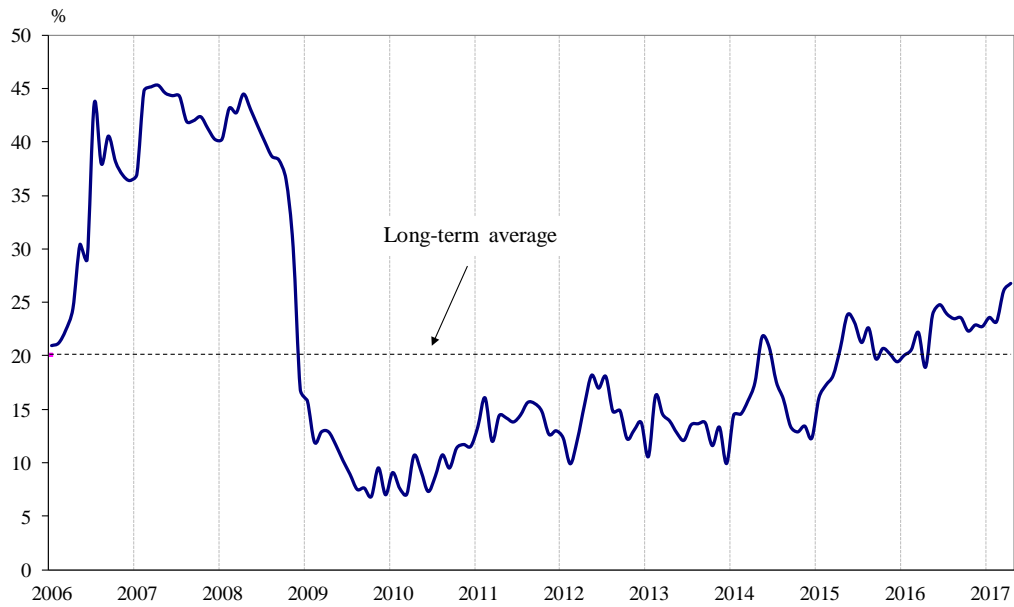
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<sup>1</sup> Excl. trade.

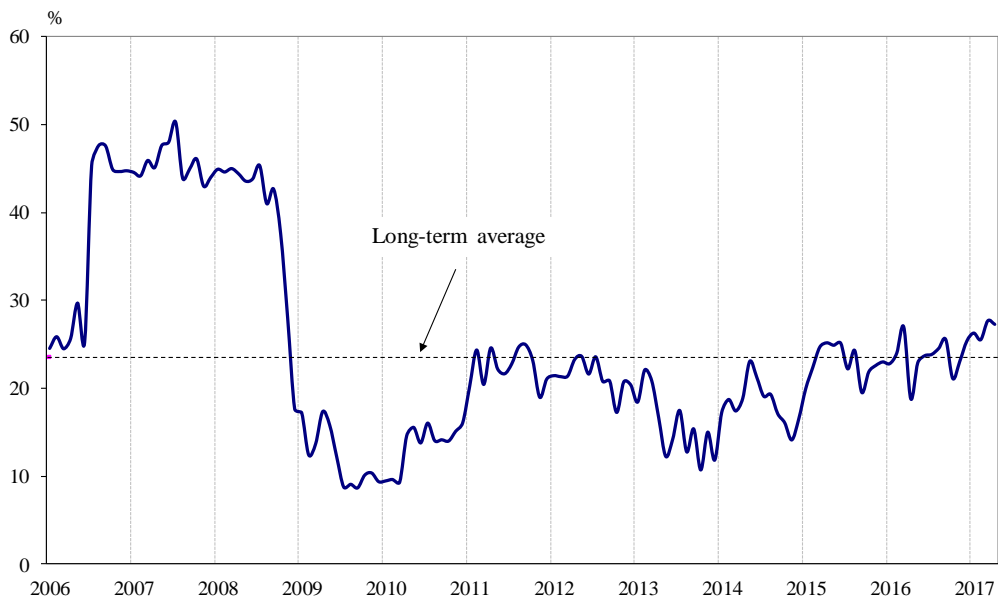


**Annex**

**Figure 1. Business climate - total**

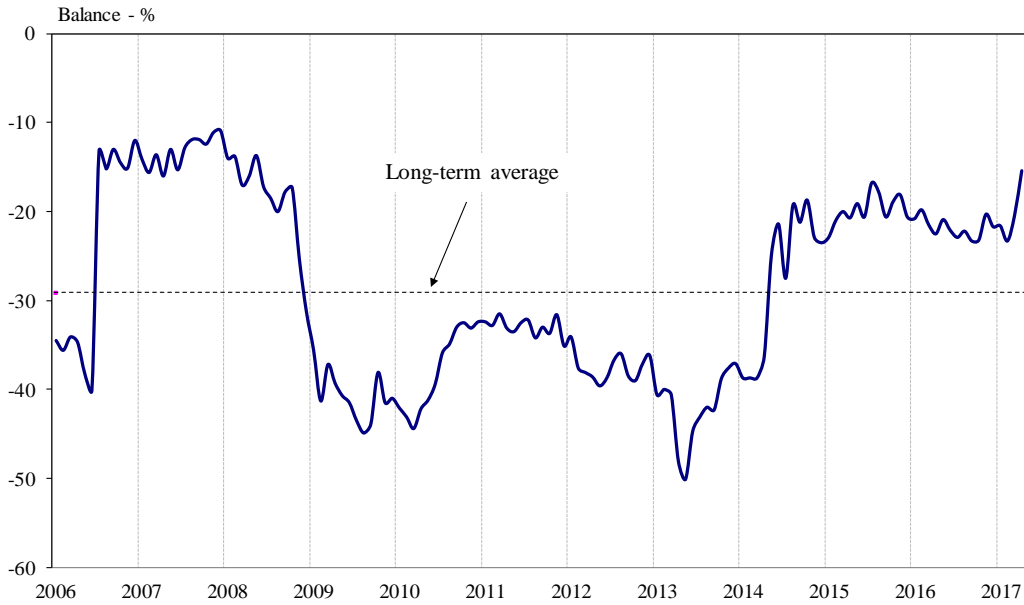


**Figure 2. Business climate in industry**

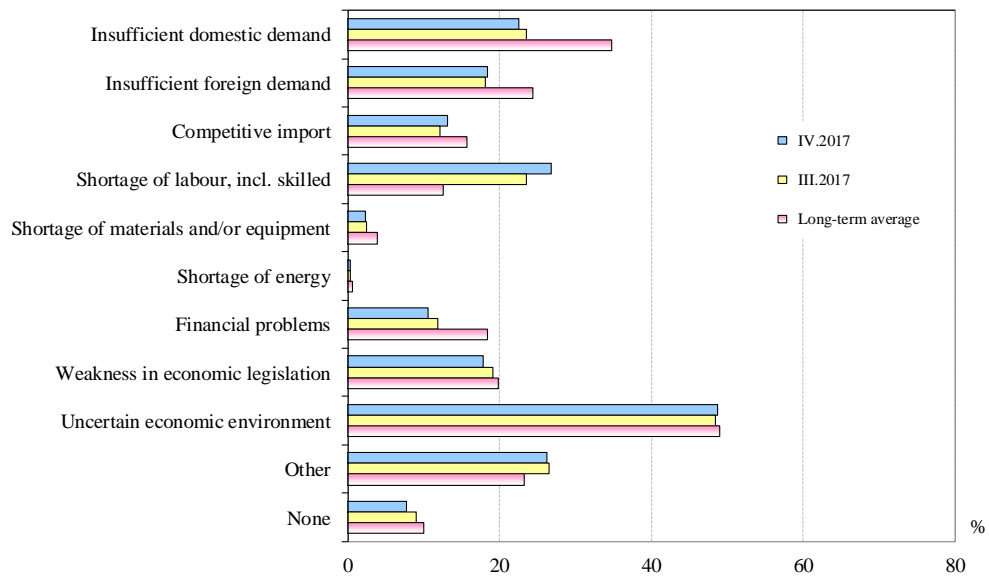




**Figure 3. Production assurance with orders in industry**

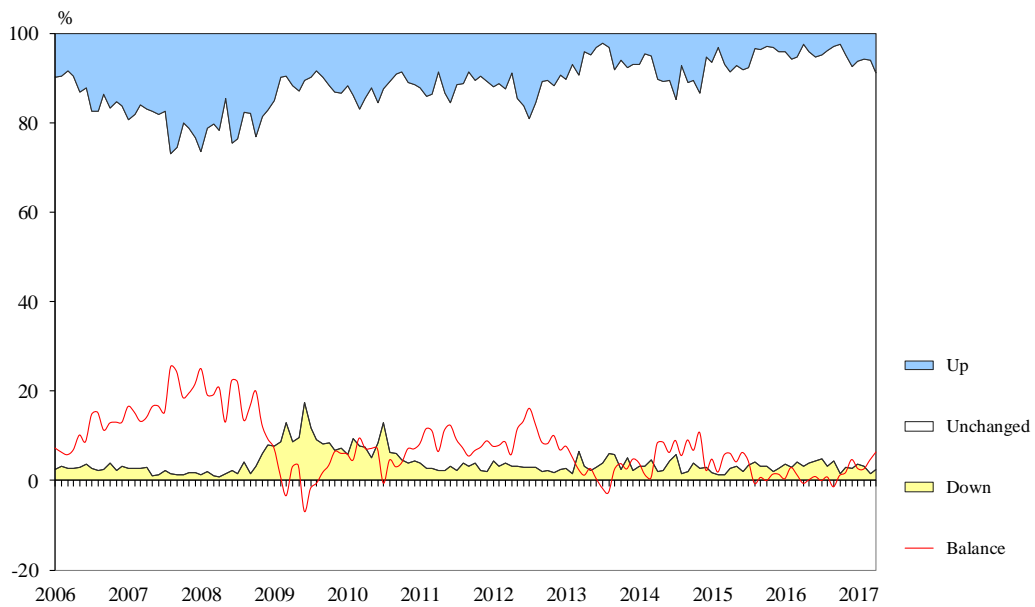


**Figure 4. Limits to production in industry  
(Relative share of enterprises)**

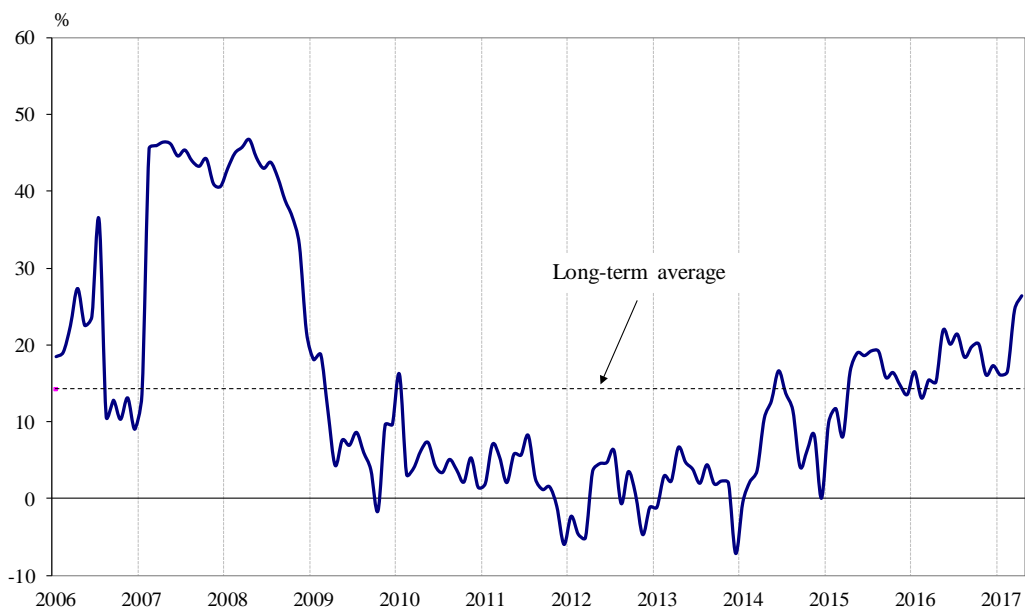




**Figure 5. Selling prices expectations in industry over the next 3 months**

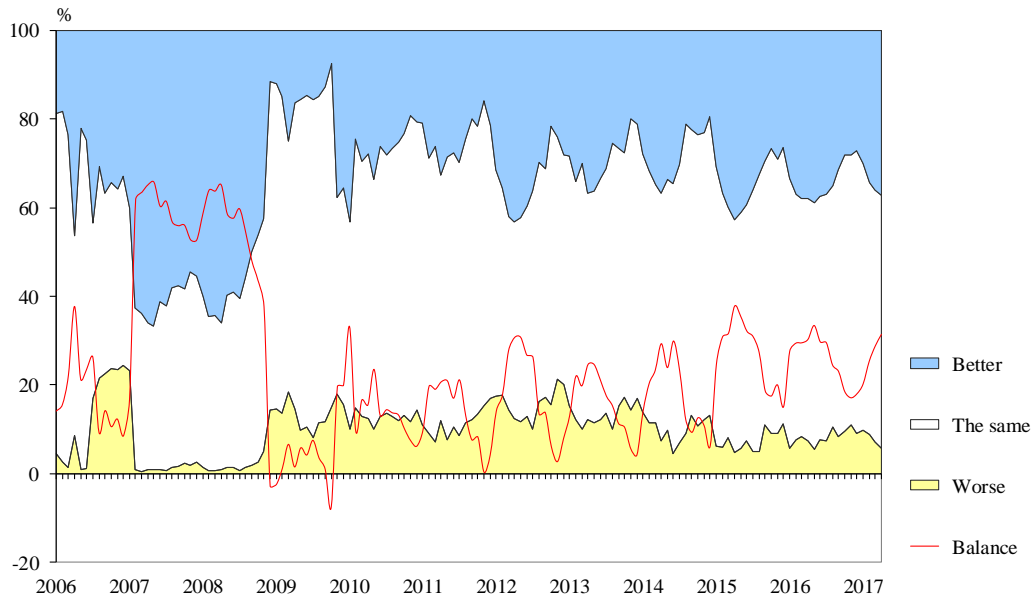


**Figure 6. Business climate in construction**

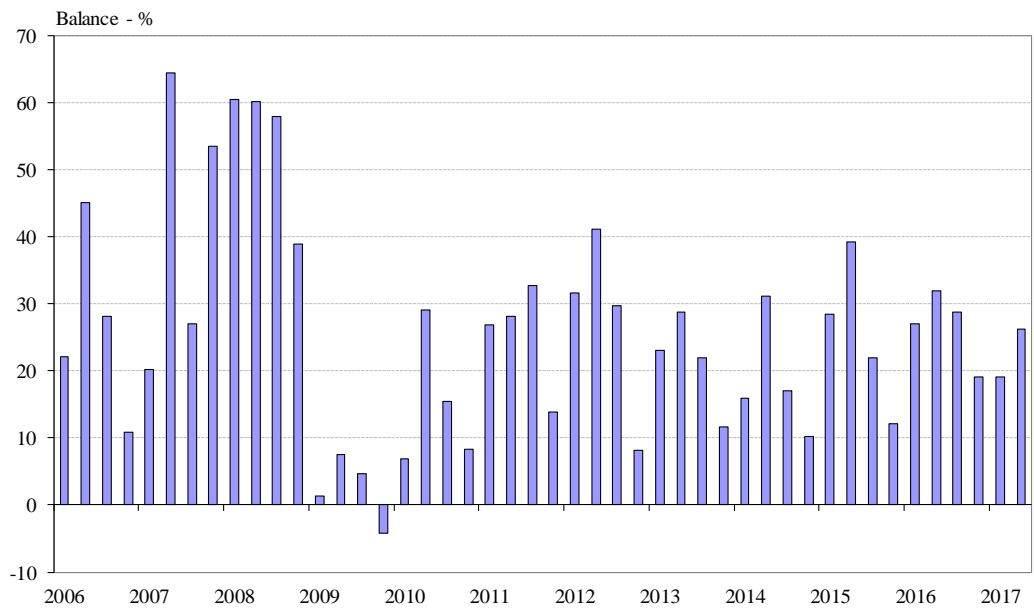




**Figure 7. Expected business situation in construction over the next 6 months**

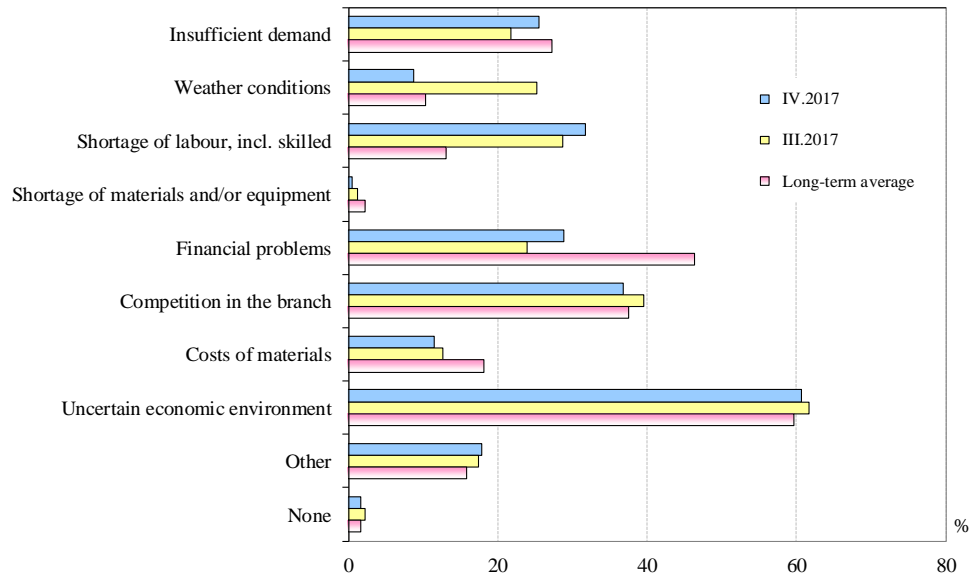


**Figure 8. New orders expectations in construction over the next 6 months**

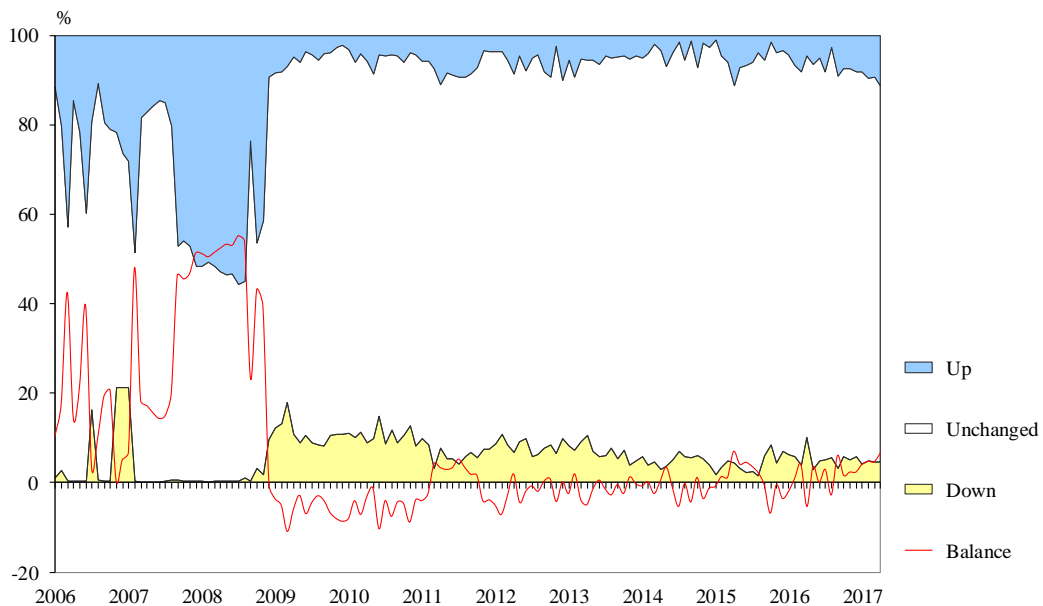




**Figure 9. Limits to construction activity  
(Relative share of enterprises)**

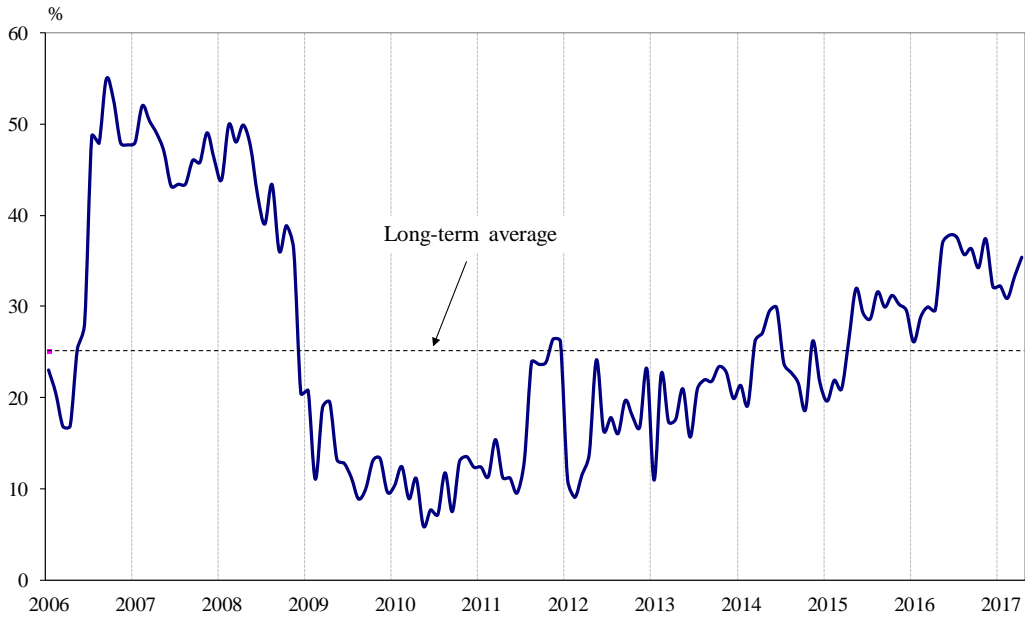


**Figure 10. Selling prices expectations in construction  
over the next 3 months**

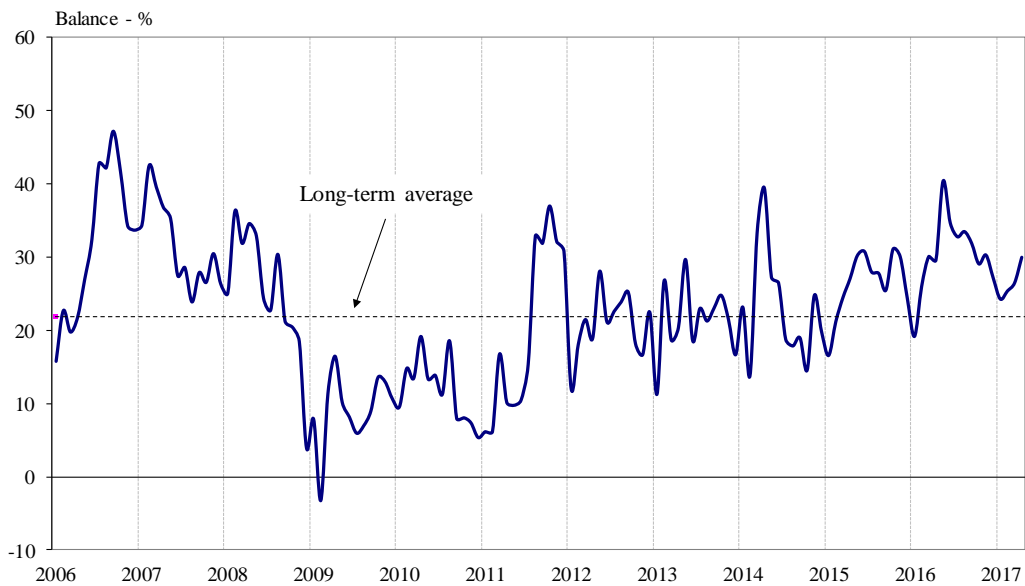




**Figure 11. Business climate in retail trade**



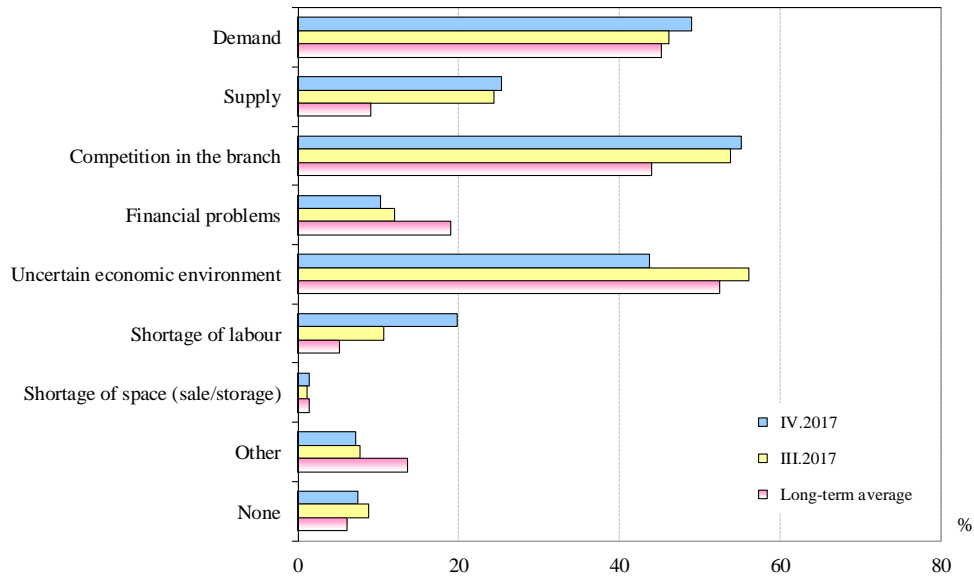
**Figure 12. Expected business situation in retail trade over the next 6 months**



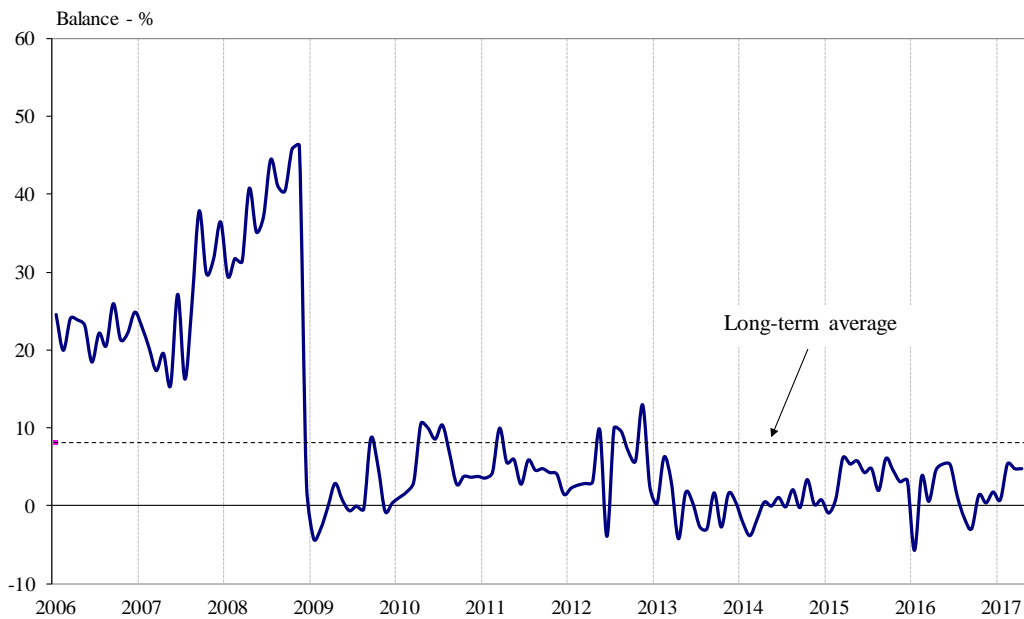




**Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

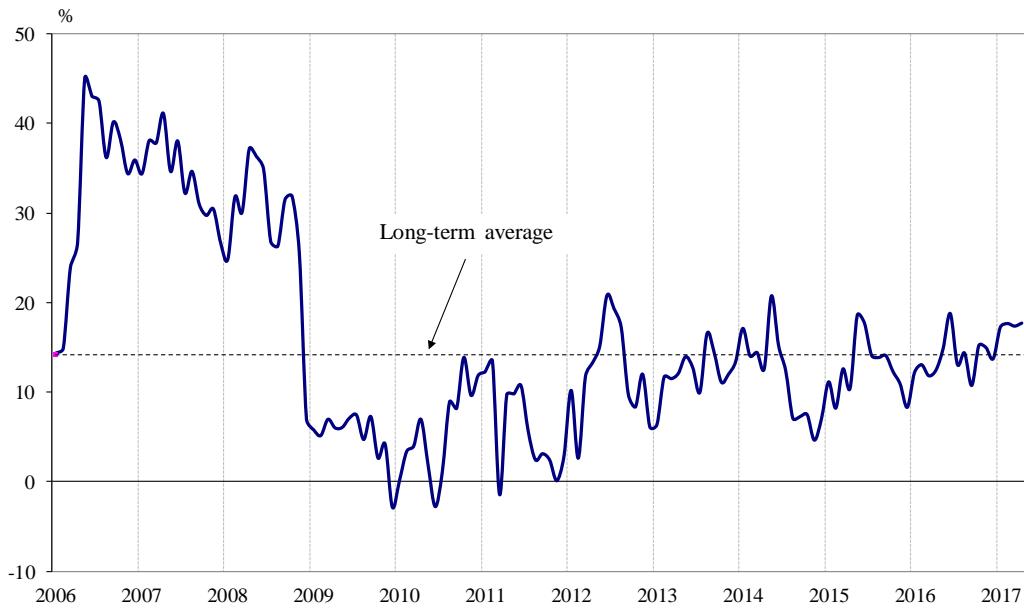


**Figure 14. Selling prices expectations in retail trade over the next 3 months**

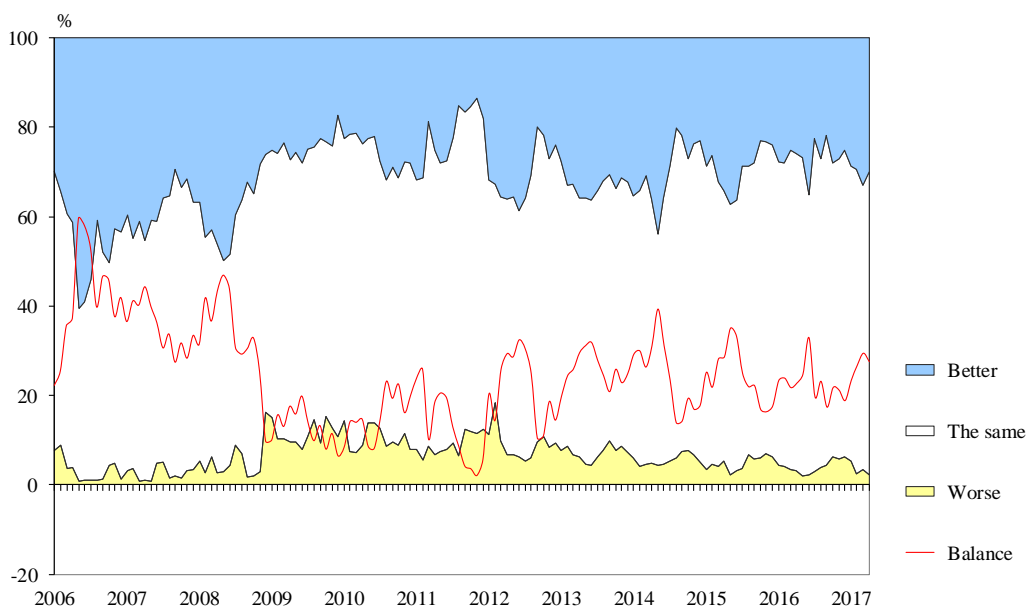




**Figure 15. Business climate in service sector**

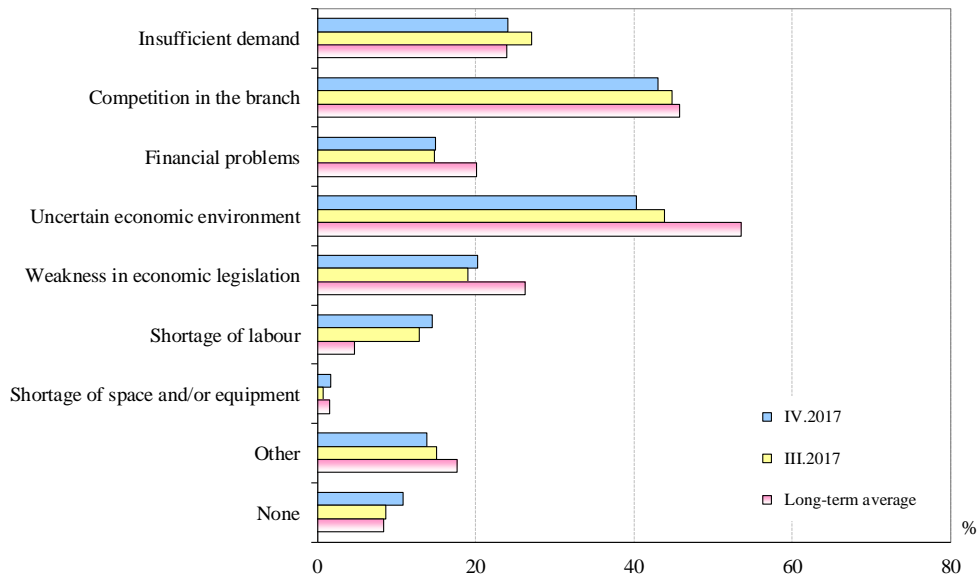


**Figure 16. Expected business situation in service sector over the next 6 months**





**Figure 17. Factors limiting the activity in service sector  
(Relative share of enterprises)**



**Figure 18. Selling prices expectations in service sector  
over the next 3 months**

