



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

In June 2017, the **total business climate indicator**<sup>4</sup> decreases by 0.7 percentage points compared to the previous month (Annex, Figure 1) as a result of the unfavourable managers' opinions in industry and services.

**Industry.** The composite indicator 'business climate in industry' decreases by 1.2 percentage points in comparison with May (Annex, Figure 2) which is due to the shifting of the industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 months from 'better' towards preserving 'the same' (Annex, Figure 3). At the same time, the inquiry registers certain improvement of the production assurance with orders, which is accompanied with favourable expectations about the production activity over the next 3 months.

The uncertain economic environment and shortage of labour continue to be the main problems for business development (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 June, the composite indicator 'business climate in construction' increases by 2.2 percentage points (Annex, Figure 6) as a result of the optimistic construction entrepreneurs' assessments and expectations (Annex, Figure 7) about the business situation of the enterprises. In their opinion, the present construction activity is improved in comparison with previous month, as their forecasts about the next 3 months are the activity to keep the same level.

The main factors limiting the enterprises remain the uncertain economic environment, competition in the branch and shortage of labour, as the inquiry reports a decrease of the negative influence of the first two factors (Annex, Figure 8).

Concerning the selling prices in construction, the majority of the managers expect preservation of their level 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 0.7 percentage points (Annex, Figure 10) which is due to the improved retailers’ assessments about the present business situation of the enterprises (Annex, Figure 11). However, concerning the volume of sales and orders placed with suppliers their expectations are more unfavourable.

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

As regards the selling prices, the retailers’ expectations are for certain increase over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In June, the composite indicator ‘business climate in service sector’ drops by 3.7 percentage points (Annex, Figure 14) as a result of the shifting of the managers’ expectations about the business situation of the enterprises over the next 6 months from ‘better’ towards preserving ‘the same’. Concerning the demand for services the present tendency is assessed as slight improved, but their expectations over the next 3 months are more reserved (Annex, Figure 15).

The main obstacles for the activity in the sector remain the competition in the branch and uncertain economic environment, although in the last month a decrease of their unfavourable impact is reported (Annex, Figure 16).

With regard to the selling prices, the managers foresee preservation of their level over the next 3 months (Annex, Figure 17).

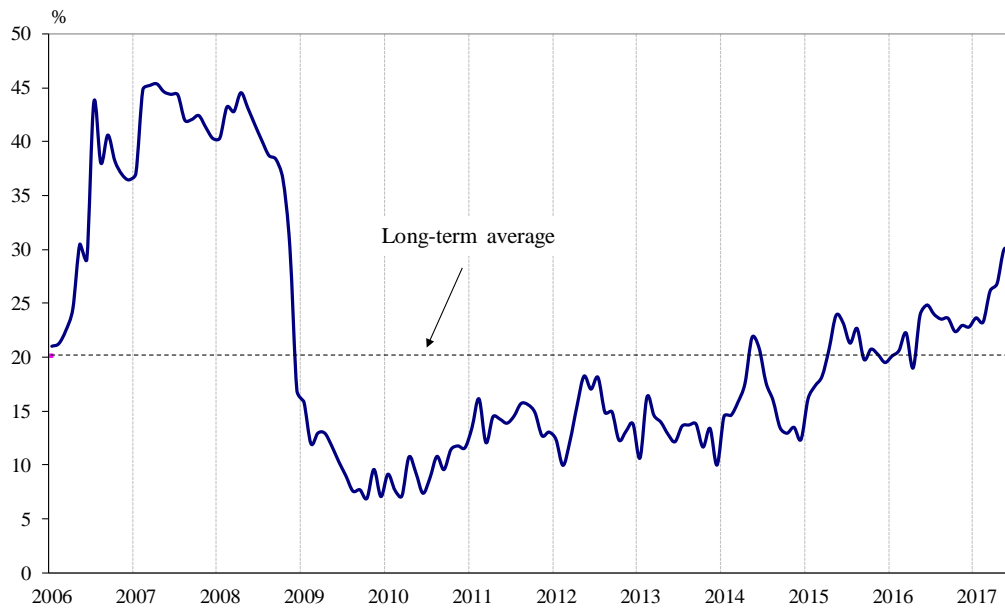
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<sup>1</sup> Excl. trade.

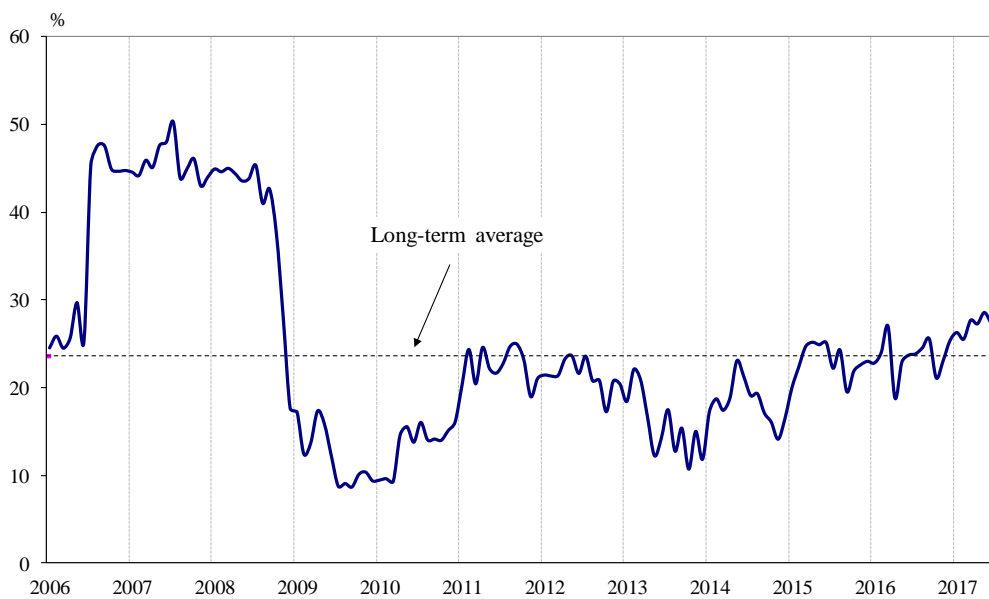


## Annex

### Figure 1. Business climate - total

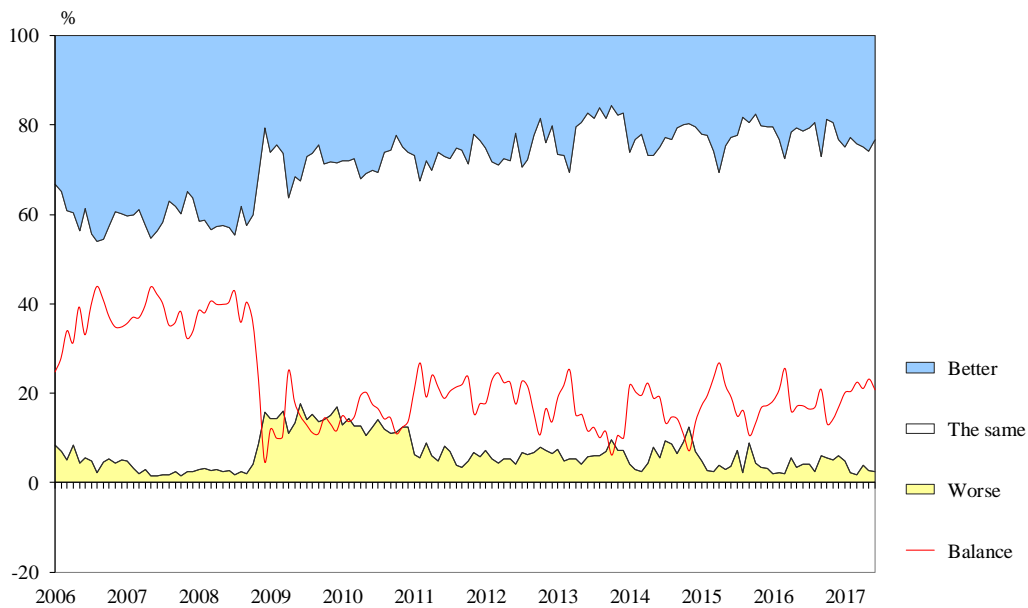


### Figure 2. Business climate in industry

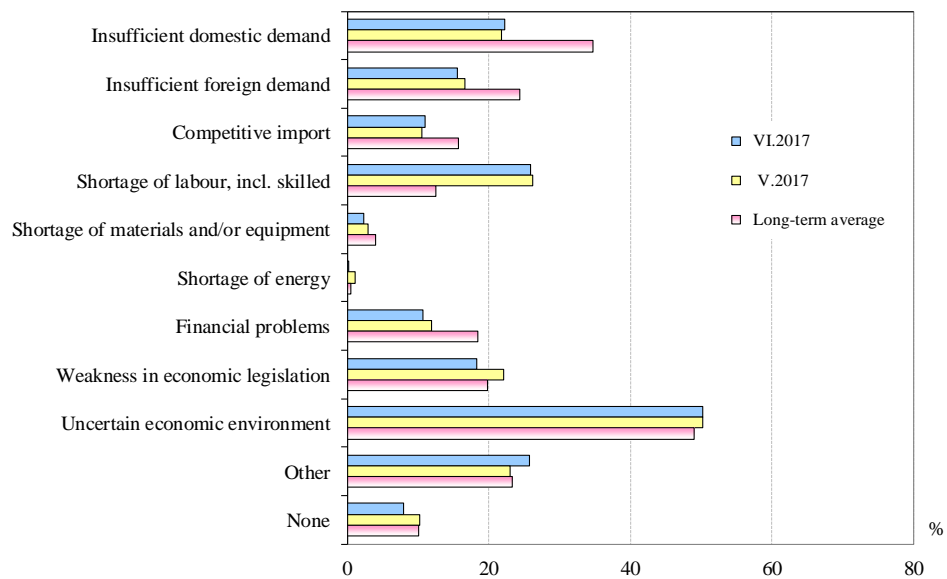




**Figure 3. Expected business situation in industry over the next 6 months**

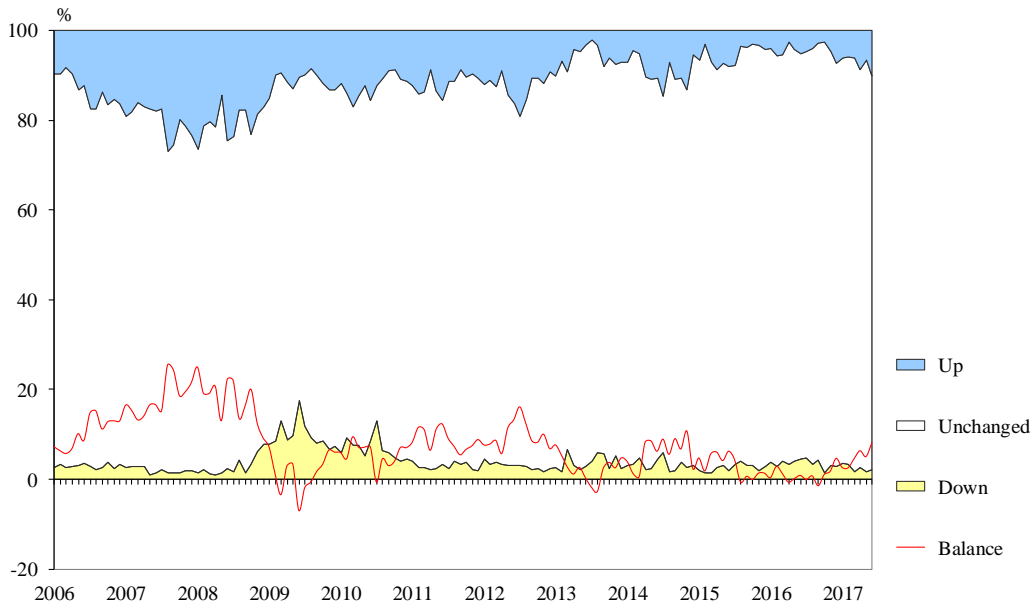


**Figure 4. Limits to production in industry (Relative share of enterprises)**

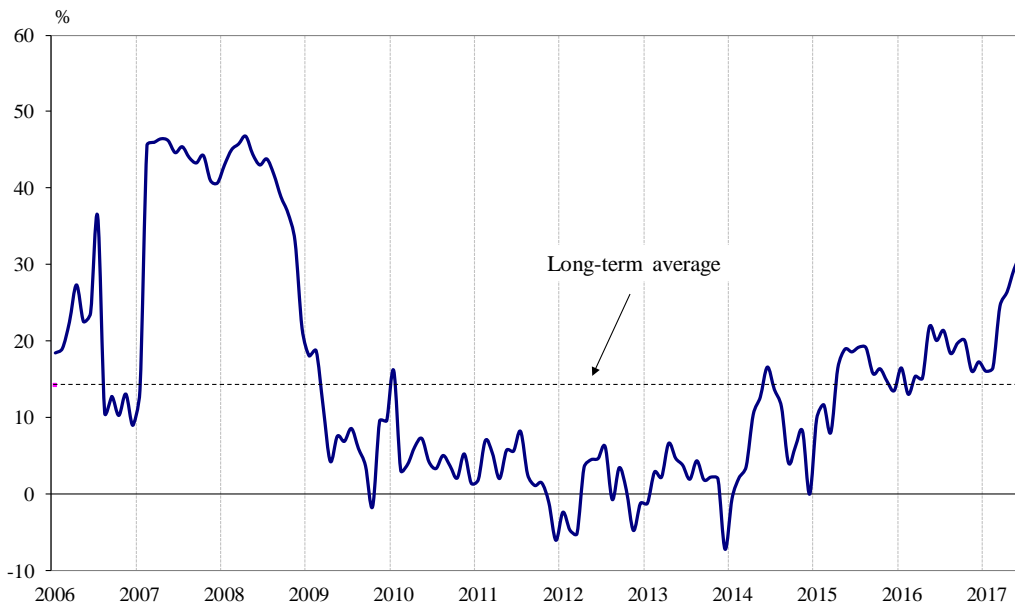




**Figure 5. Selling prices expectations in industry over the next 3 months**

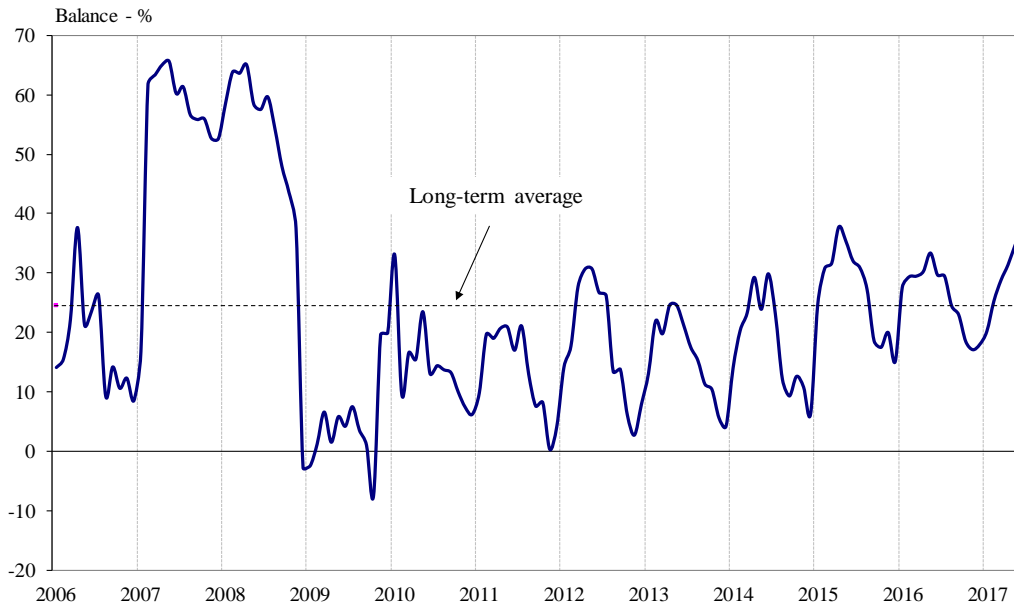


**Figure 6. Business climate in construction**

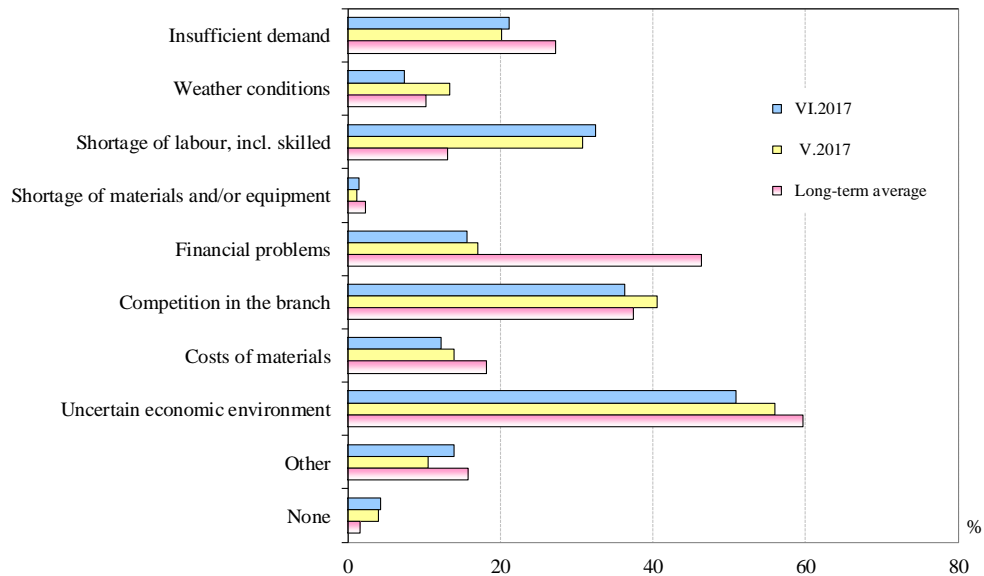




**Figure 7. Expected business situation in construction over the next 6 months**

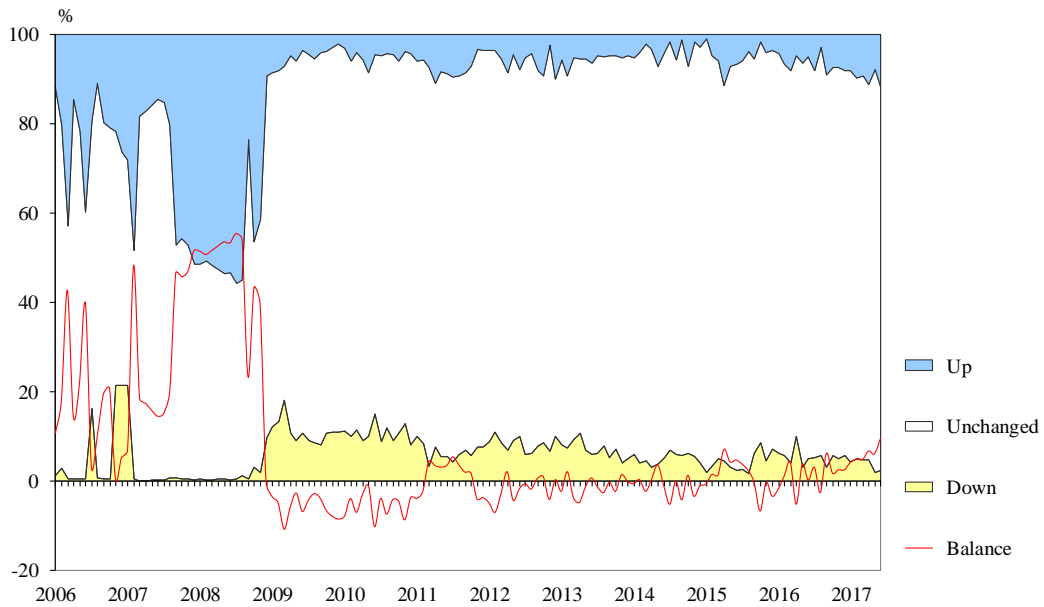


**Figure 8. Limits to construction activity (Relative share of enterprises)**

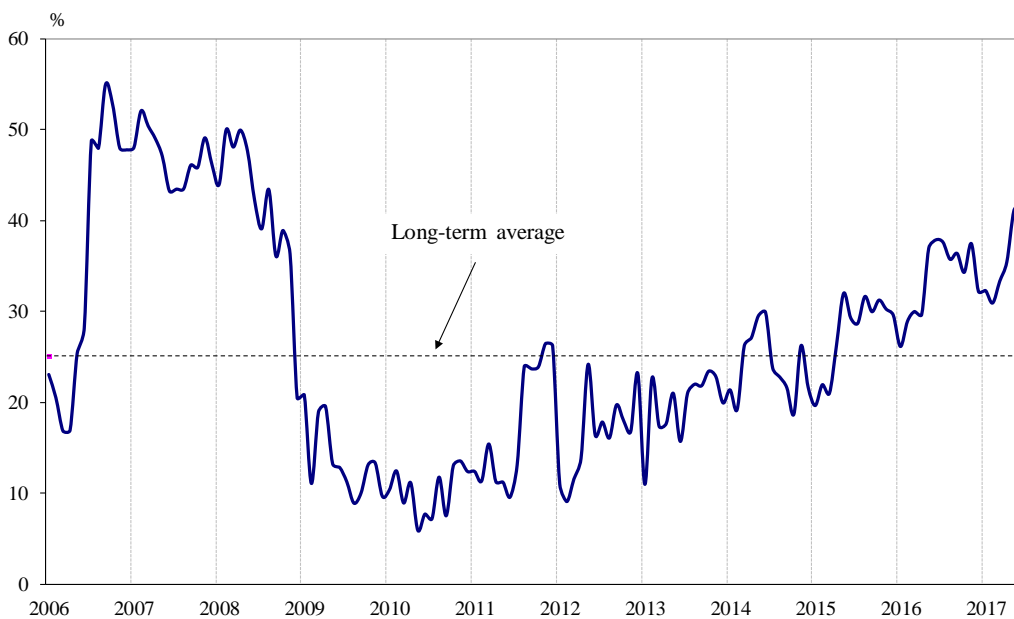




**Figure 9. Selling prices expectations in construction over the next 3 months**

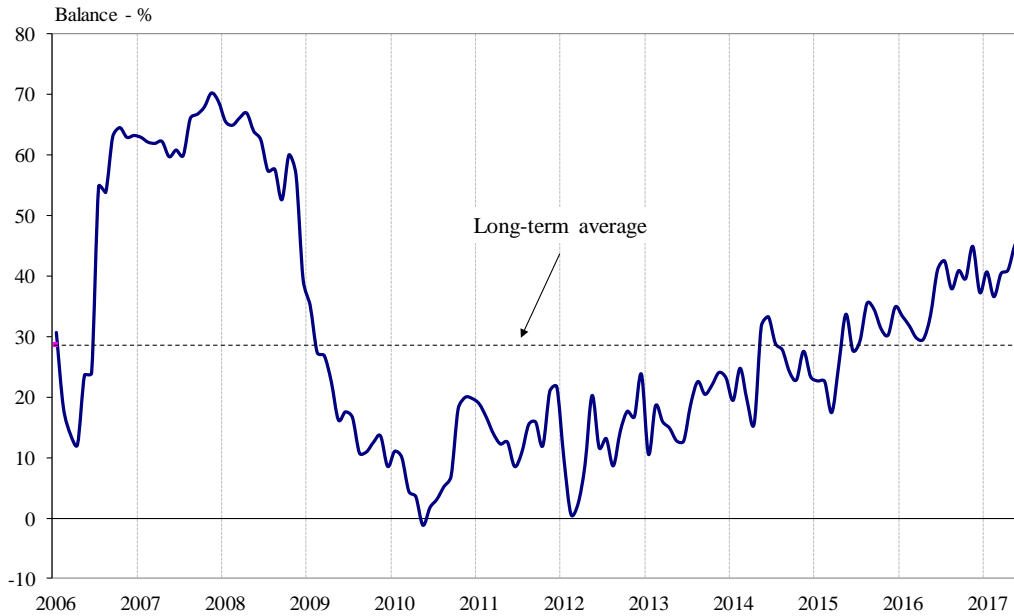


**Figure 10. Business climate in retail trade**

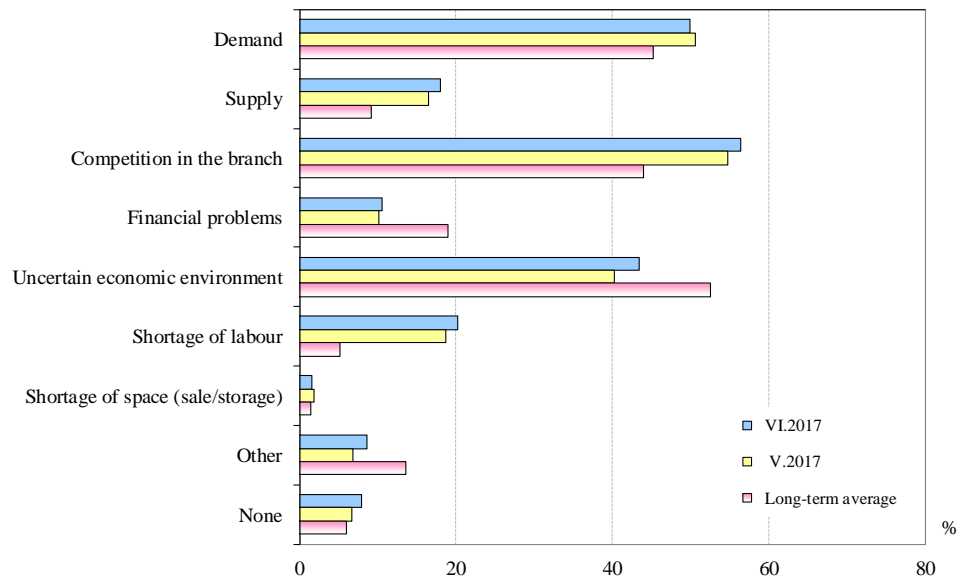




**Figure 11. Present business situation in retail trade**



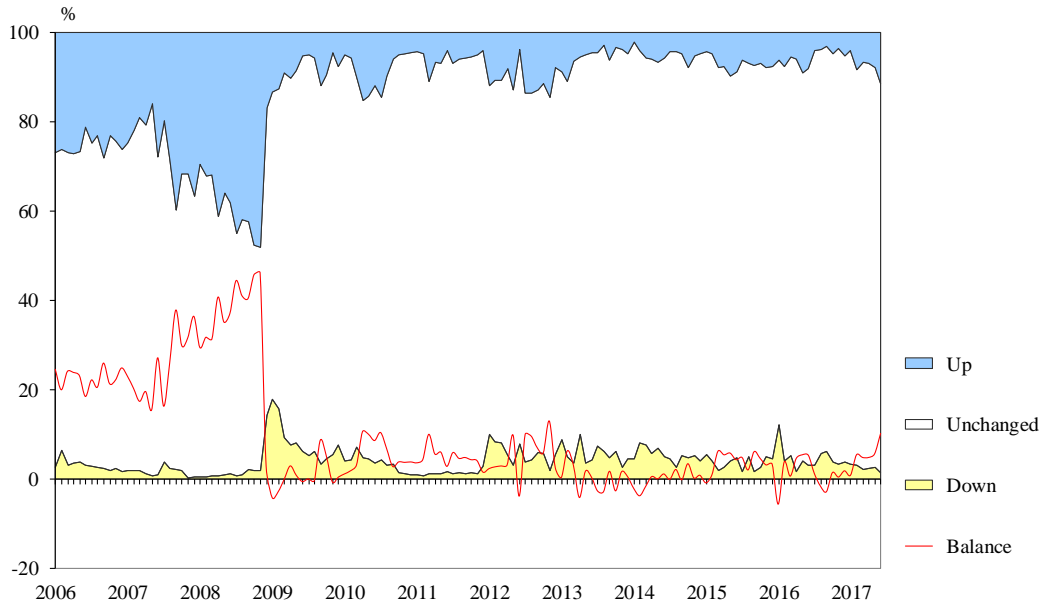
**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**



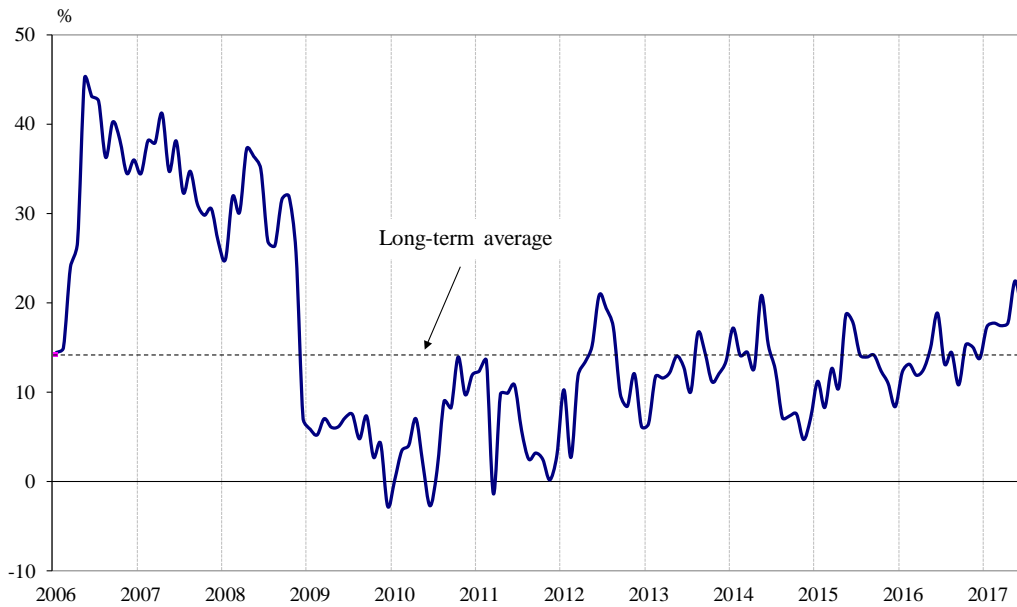




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

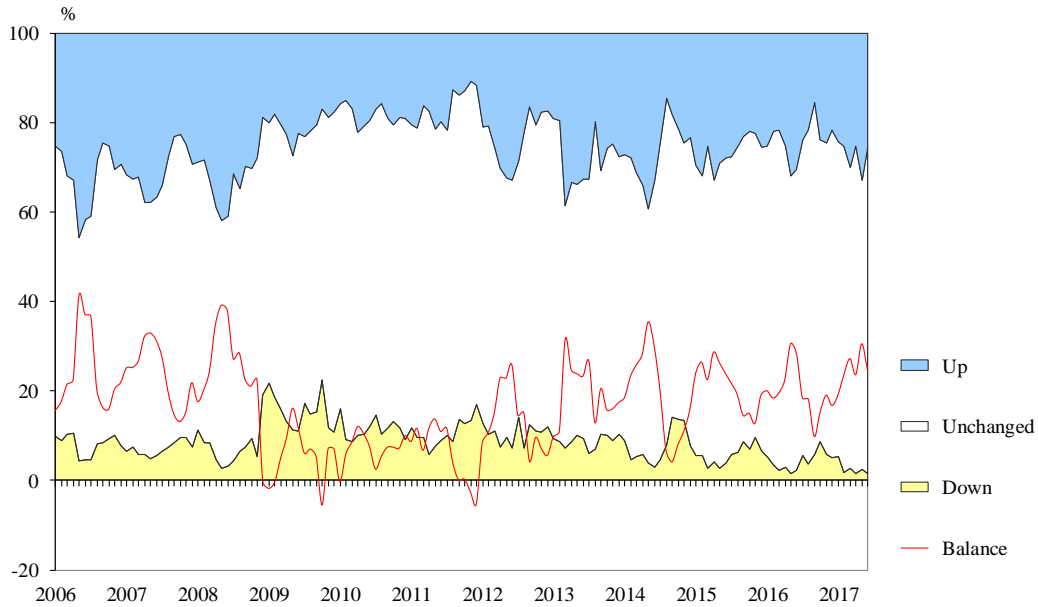


**Figure 14. Business climate in service sector**

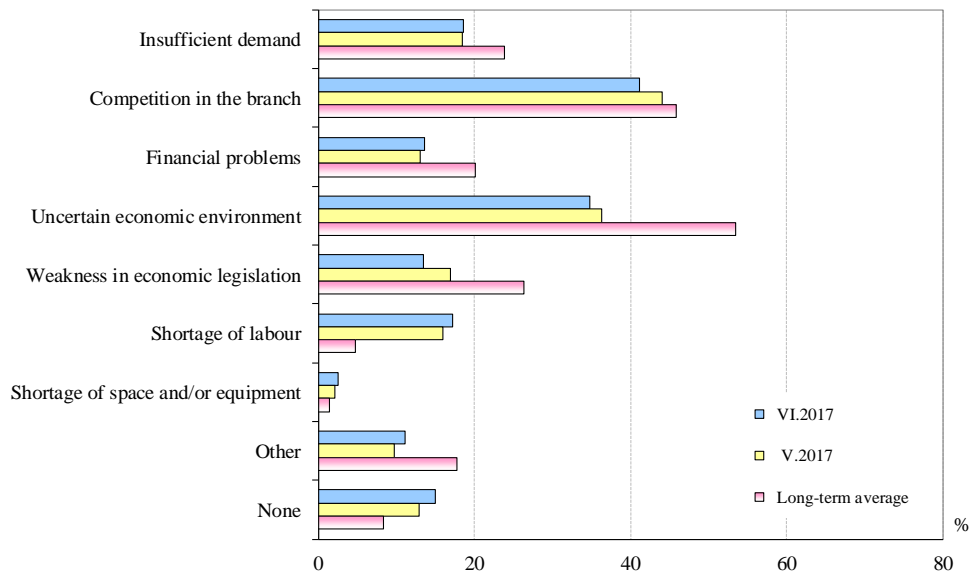




**Figure 15. Expected demand in service sector over the next 3 months**



**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**

