



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, JULY 2017

In July 2017, the **total business climate indicator**⁴ decreases by 1.4 percentage points in comparison with June (Annex, Figure 1), but continue to be above to its long-term average⁵ (by 7.8 percentage points). More unfavourable business climate is registered in construction, retail trade and service sector, while in industry an increase of the indicator is observed.

Industry. The composite indicator ‘business climate in industry’ increases by 1.3 percentage points compared to the previous month (Annex, Figure 2) as a result of the improved industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. However, their forecasts about the export (Annex, Figure 3) and production activity over the next 3 months are more unfavourable.

At the same time in July in comparison with April, the average capacity utilization in industry decreases (by 0.8 percentage points) and it reaches 74.7%.

The main factor limiting the activity remains the uncertain economic environment followed by the shortage of labour pointed out respectively by 47.4% and 25.2% of the enterprises (Annex, Figure 4).

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

Construction. In July, the composite indicator ‘business climate in construction’ drops by 3.2 percentage points (Annex, Figure 6) which is due to the shifting of the construction entrepreneurs’ assessments and expectations (Annex, Figure 7) about the business situation of the enterprises from ‘better’ towards preserving ‘the same’. The inquiry reports an improvement of the present construction activity, as the forecasts over the next 3 months remain favourable though more reserved compared to the previous month.

The uncertain economic environment and competition in the branch continue to be the most serious difficulties for the business development (Annex, Figure 8).

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 the 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.

⁵ The long-term average of the indicator is calculated as an arithmetic mean of its values for the past ten years.



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

Retail trade. The composite indicator 'business climate in retail trade' decreases by 2.9 percentage points (Annex, Figure 10) as a result of the more unfavourable retailers' expectations about the business situation of the enterprises over the next 6 months. However, in their forecasts about the volume of sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months slight optimism is registered.

The main problems for the activity remain connected with competition in the branch, insufficient demand and uncertain economic environment, although in the last month a decrease of their negative impact is reported (Annex, Figure 12).

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

Service sector¹. In July, the composite indicator 'business climate in service sector' decreases by 3.3 percentage points (Annex, Figure 14) which is due to the shifting of the managers' assessments and expectations (Annex, Figure 15) about the business situation of the enterprises from 'better' towards preserving 'the same'. Their opinions about the present and expected demand for services are also more reserved.

The competition in the branch and uncertain economic environment continue to be the factors limiting with most extend the business in the sector (Annex, Figure 16).

As regards the selling prices, the prevailing managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

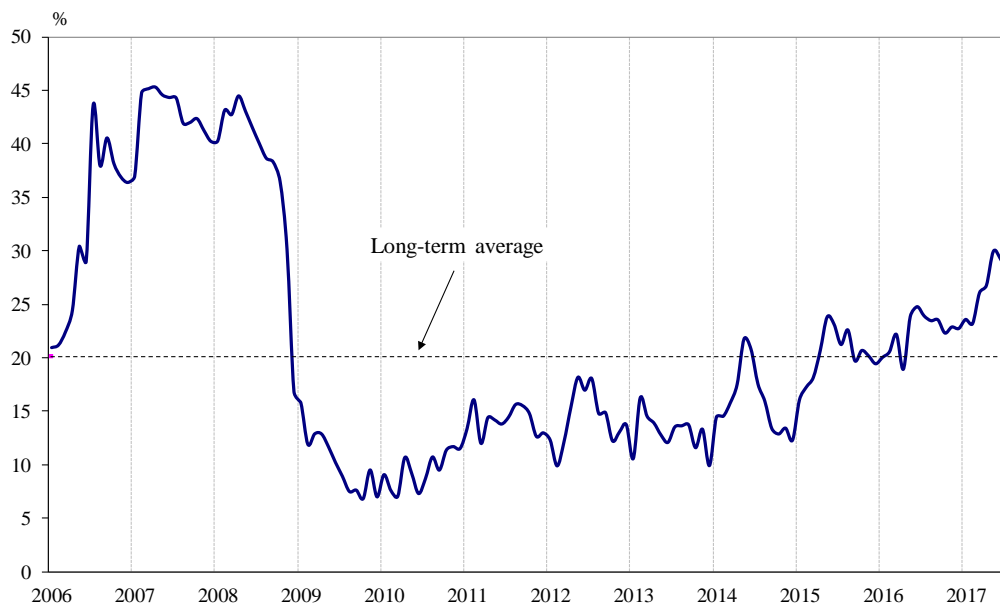


Figure 2. Business climate in industry

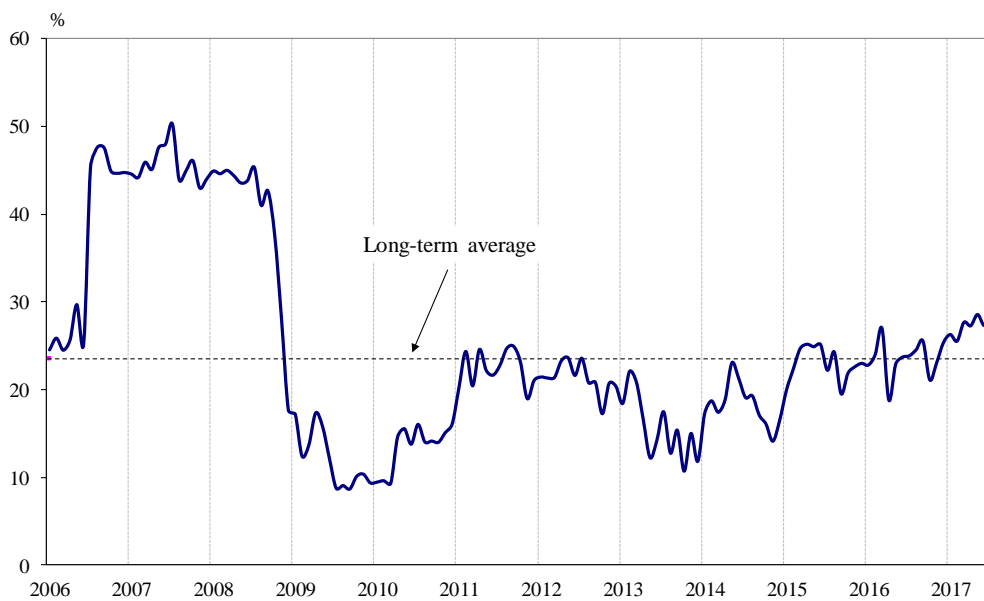




Figure 3. Export expectations in industry over the next 3 months

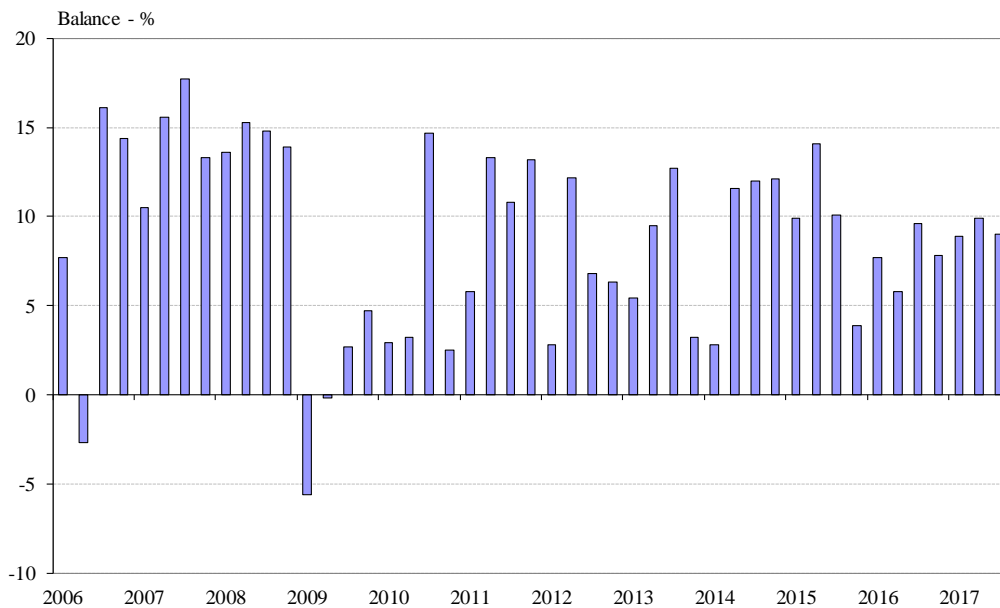


Figure 4. Limits to production in industry (Relative share of enterprises)

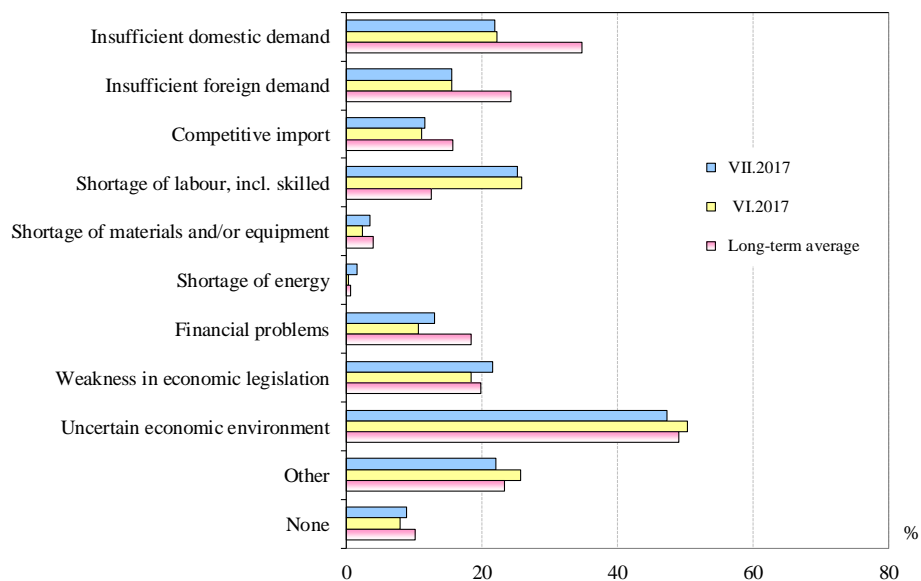




Figure 5. Selling prices expectations in industry over the next 3 months

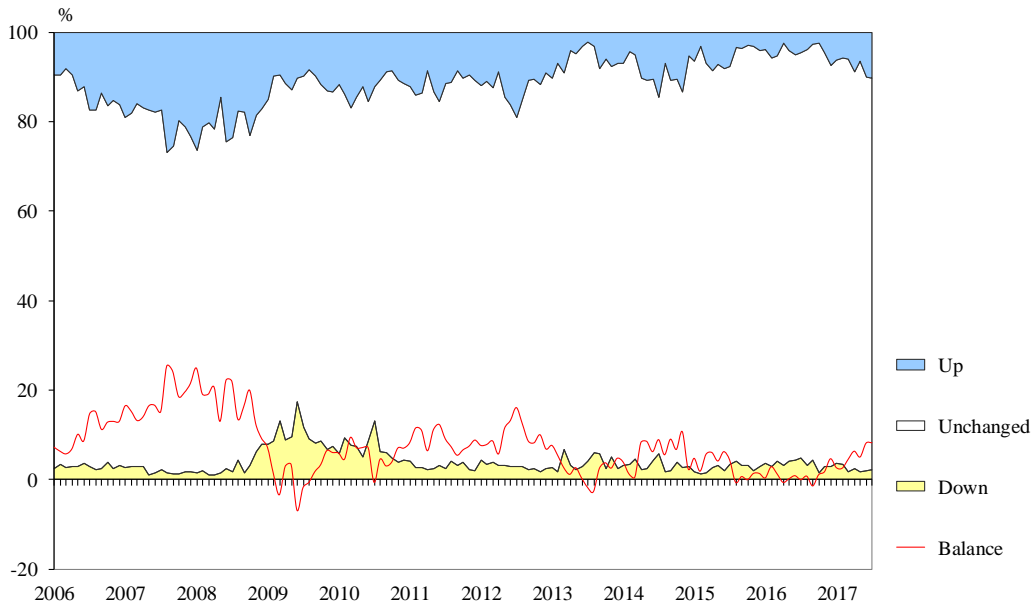


Figure 6. Business climate in construction

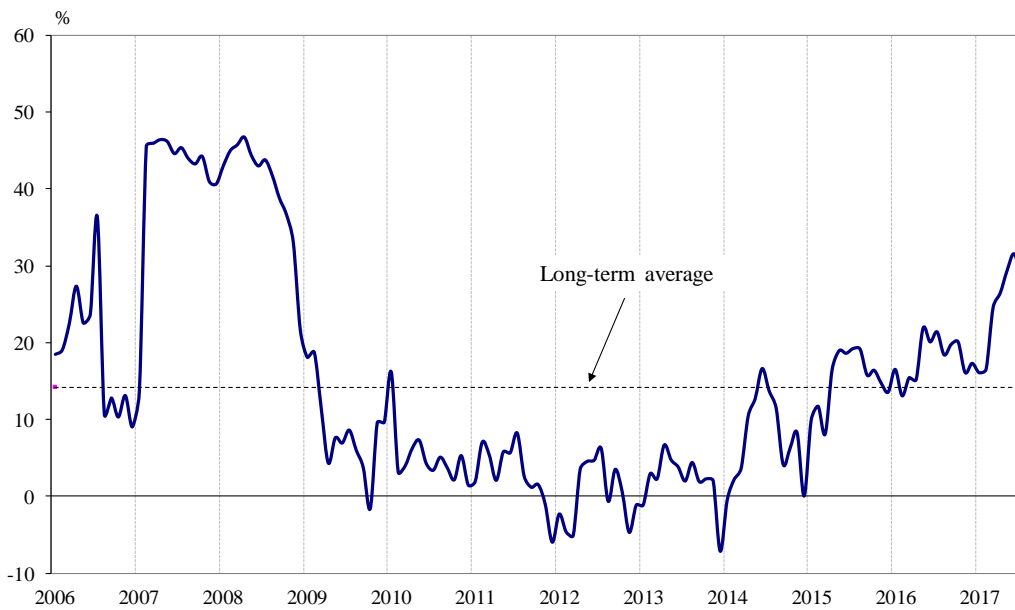




Figure 7. Expected business situation in construction over the next 6 months

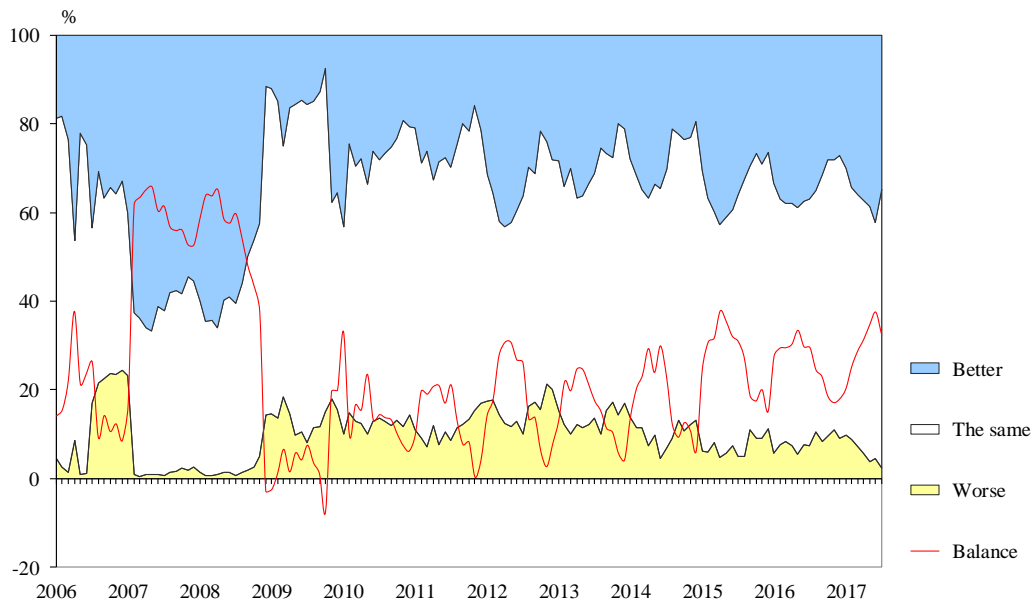


Figure 8. Limits to construction activity (Relative share of enterprises)

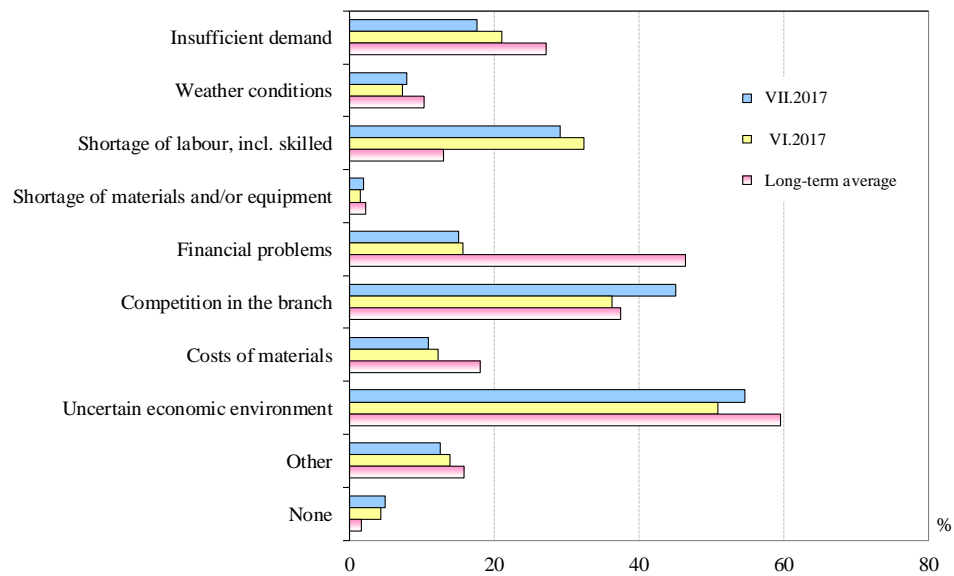




Figure 9. Selling prices expectations in construction over the next 3 months

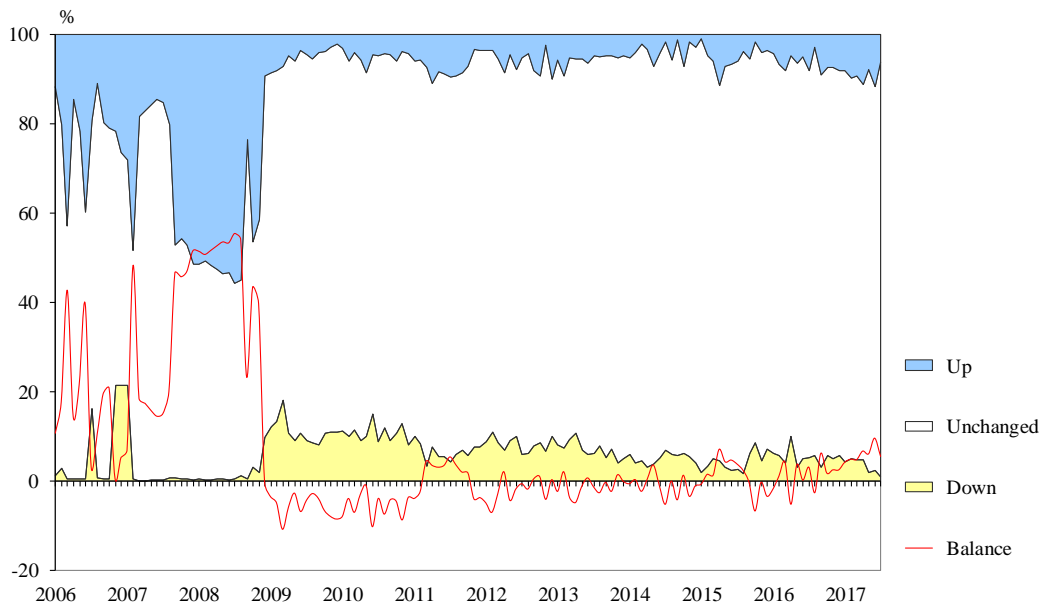


Figure 10. Business climate in retail trade

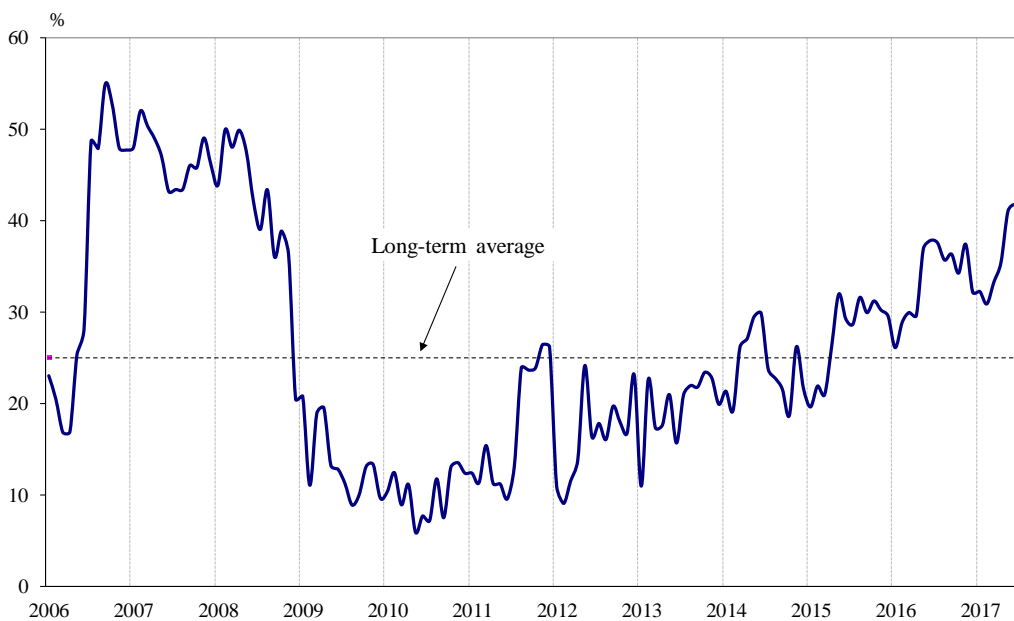




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

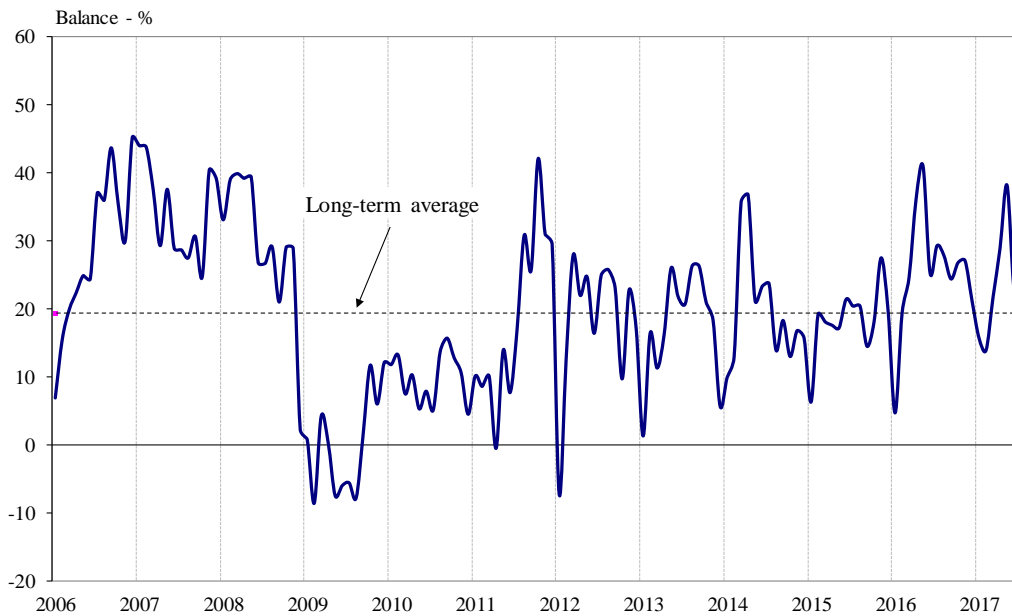


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

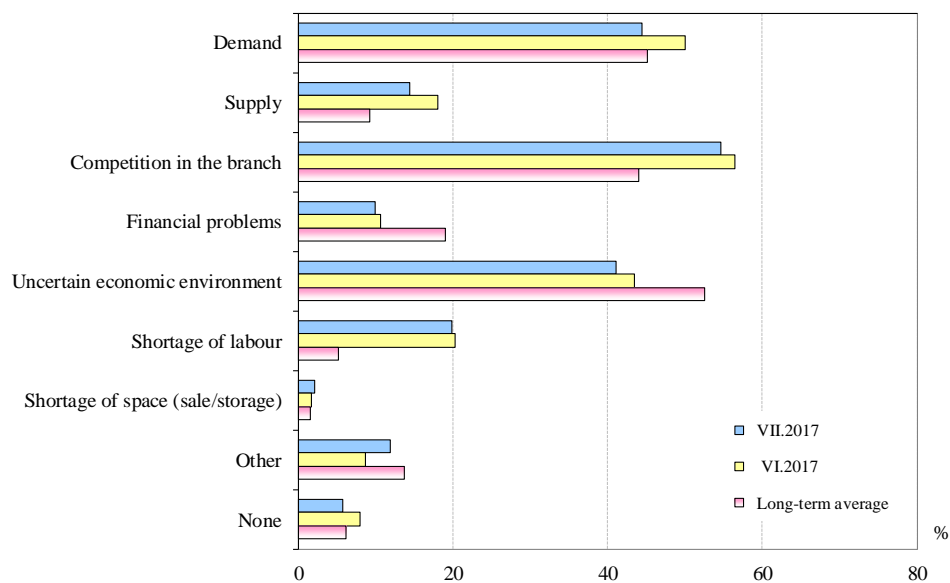




Figure 13. Selling prices expectations in retail trade over the next 3 months

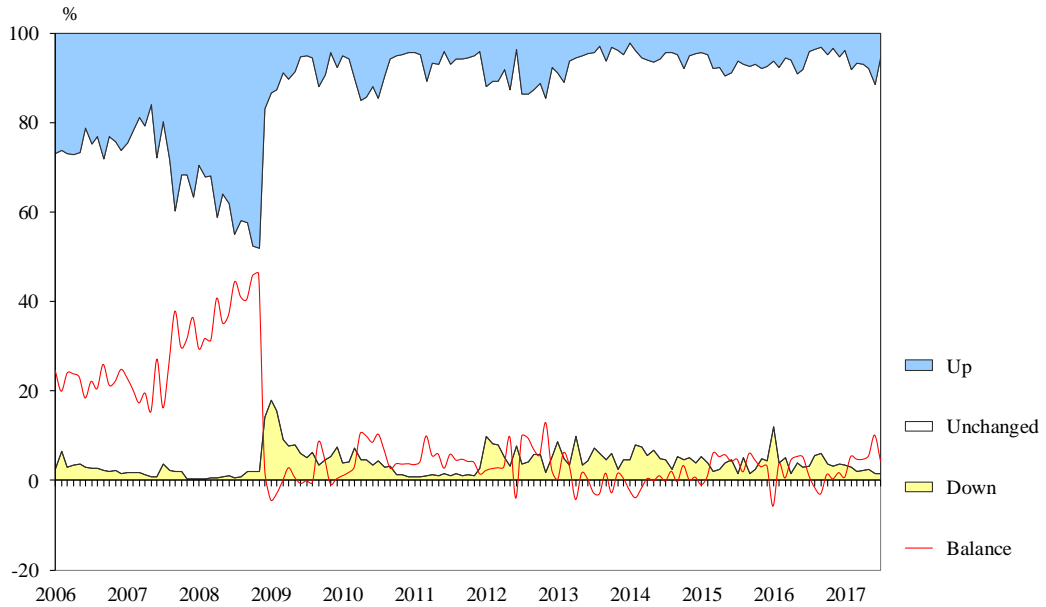


Figure 14. Business climate in service sector

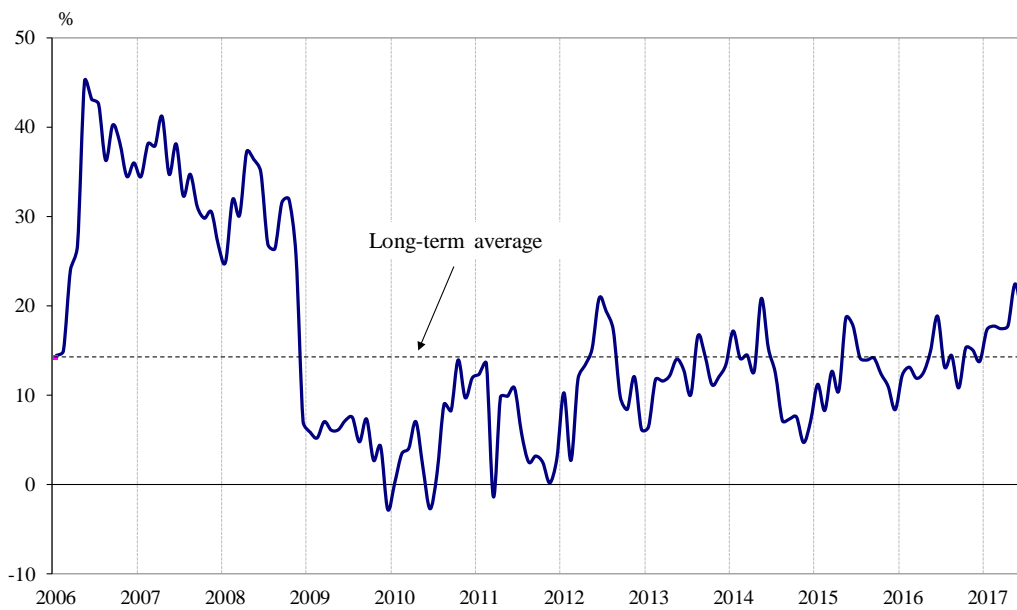




Figure 15. Expected business situation in service sector over the next 6 months

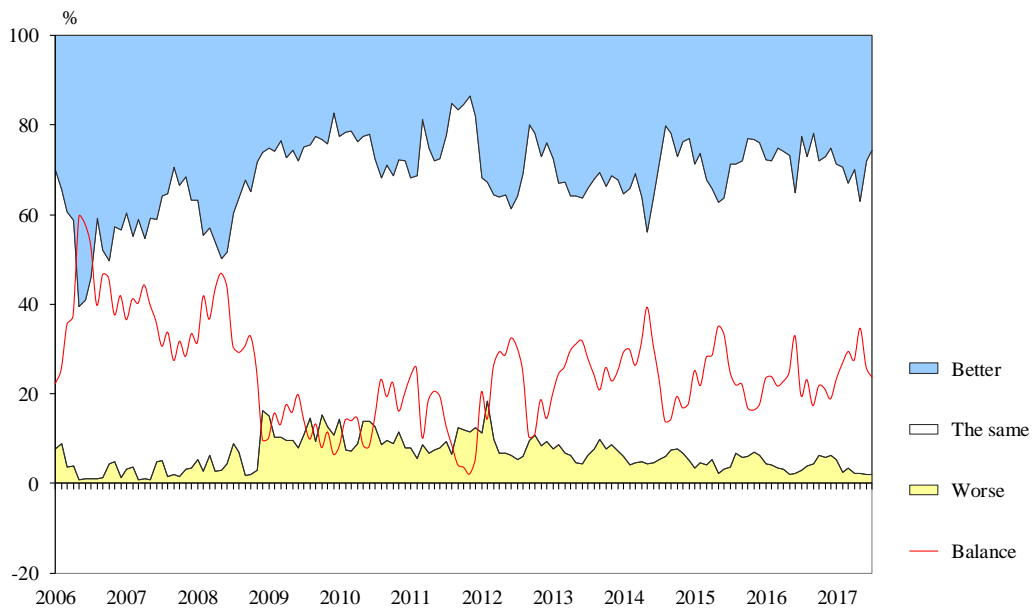


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

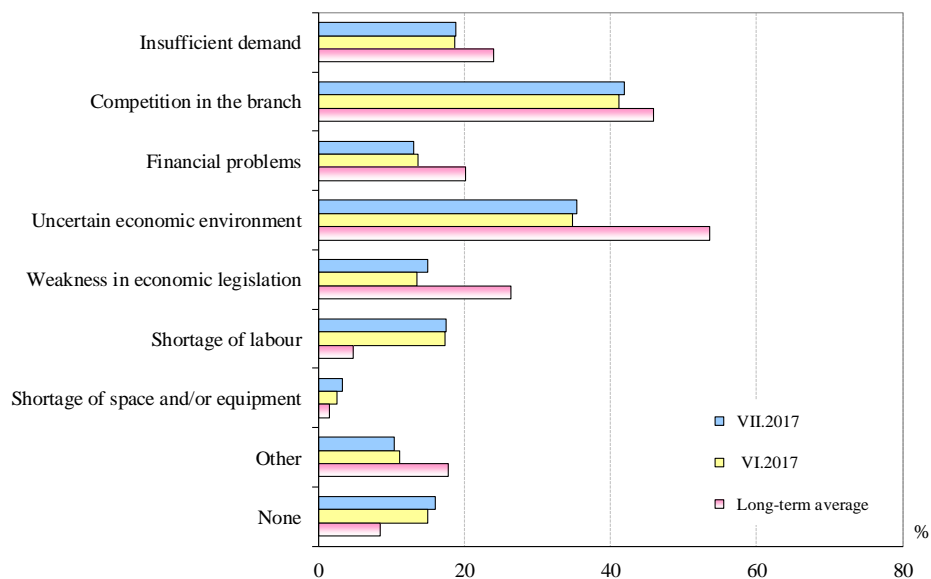




Figure 17. Selling prices expectations in service sector over the next 3 months

