



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, JANUARY 2018

In January 2018, **the total business climate indicator**<sup>4</sup> increases by 2.6 percentage points compared to December 2017 (Annex, Figure 1). An improvement of the business conjuncture is registered in industry and service sector, while in construction and retail trade in indicator remains approximately to its level from the previous month.

**Industry.** The composite indicator ‘business climate in industry’ increases by 3.8 percentage points (Annex, Figure 2) as a result of the more optimistic industrial entrepreneurs’ assessments and expectations about the business situation of the enterprises. At the same time their forecasts about the production activity over the next 3 months are improved (Annex, Figure 3), which is not accompanied by increased expectations about the export over the next 3 months.

In January, the average capacity utilization is by 1.3 percentage points over its October 2017 level and it reaches 76.8%, but as regard the expected demand over the next months, a shortage of capacity is foreseen.

The main factor limiting the business development continues to be the uncertain economic environment, followed by the shortage of labour (Annex, Figure 4).

Concerning the selling prices in industry, the managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).

**Construction.** In January 2018, the composite indicator ‘business climate in construction’ remains approximately to its December 2017 level (Annex, Figure 6). The inquiry registers slightly worsening in the construction entrepreneurs’ assessments about the present business situation of the enterprises, while their expectations over the next 6 months are more favourable (Annex, Figure 7). In the next half year, the managers expect increased inflow of new orders in construction (Annex, Figure 8) which according to them will lead to certain increase of the activity in the short term.

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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.



The uncertain economic environment, competition in the branch and shortage of labour are the main obstacles for the development of the activity, as in the last month strengthen of their unfavourable impact is observed (Annex, Figure 9).

As regards the selling prices in construction, the prevailing the managers' expectations are for preservation of their level over the next 3 months (Annex, Figure 10).

**Retail trade.** The composite indicator 'business climate in retail trade' remains approximately to its level from the previous month. (Annex, Figure 11). The inquiry registers an improvement in the retailers' opinions both about the present business situation of the enterprises and volume of sales over the last 3 months. However, their expectations about the volume of sales (Annex, Figure 12) and orders placed with suppliers over the next 3 months are worsened.

The factors 'competition in the branch', 'insufficient demand' and 'uncertain economic environment' continue to be the main problems for business development (Annex, Figure 13).

Concerning the selling prices, the retailers foresee them to remain unchanged over the next 3 months (Annex, Figure 14).

**Service sector<sup>1</sup>.** In January 2018 the composite indicator 'business climate in service sector' increases by 4.9 percentage points (Annex, Figure 15) as a result of the improved managers' assessments and expectations about the business situation of the enterprises. Their opinions about the present and expected demand for services are also more optimistic (Annex, Figure 16).

The competition in the branch and uncertain economic environment continue to limit with the most extend the activity in the sector, though a decrease of their negative influence is reported (Annex, Figure 17).

As regards the selling prices, the inquiry registers certain expectations for increase, although the majority of the managers foresee preservation of their level over the next 3 months (Annex, Figure 18).

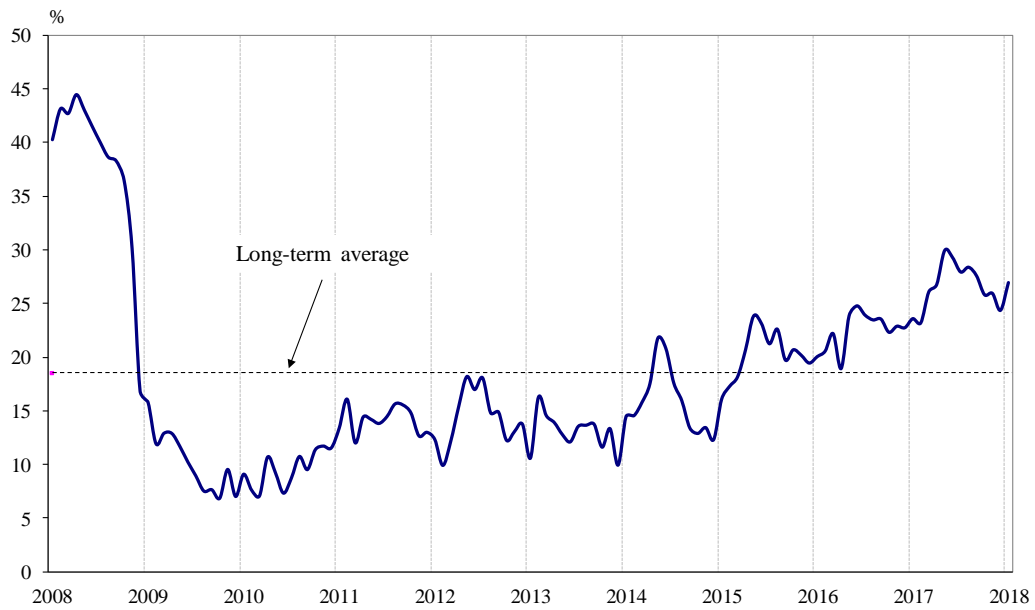
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<sup>1</sup> Excl. trade.

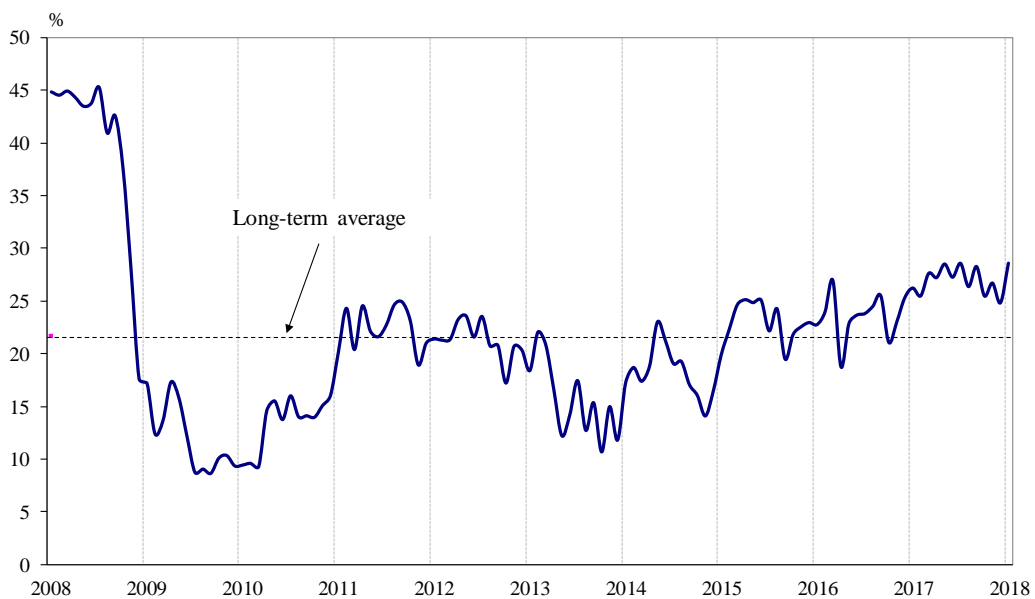


## Annex

**Figure 1. Business climate - total**

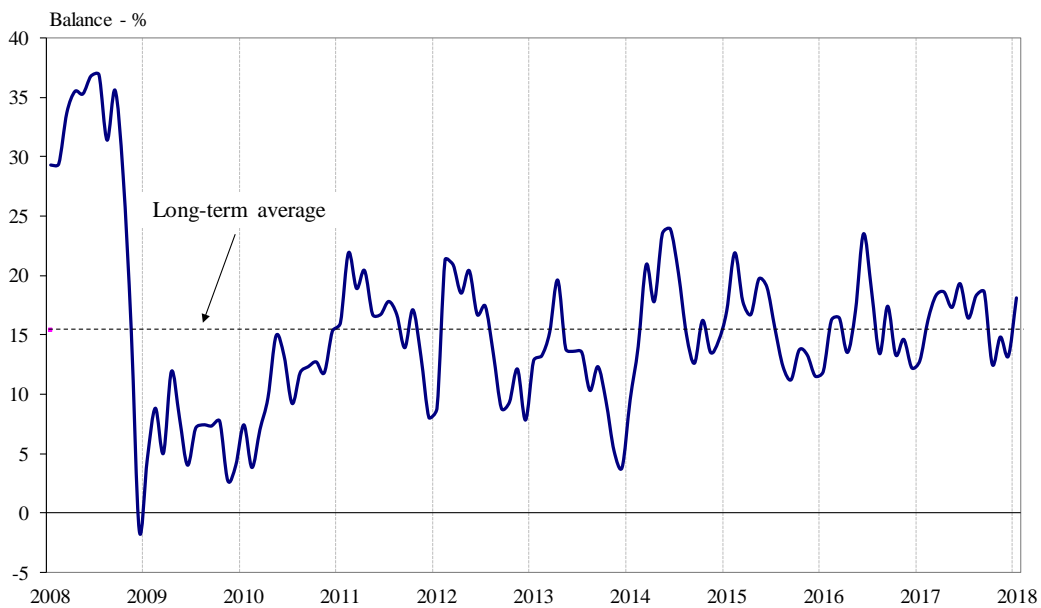


**Figure 2. Business climate in industry**

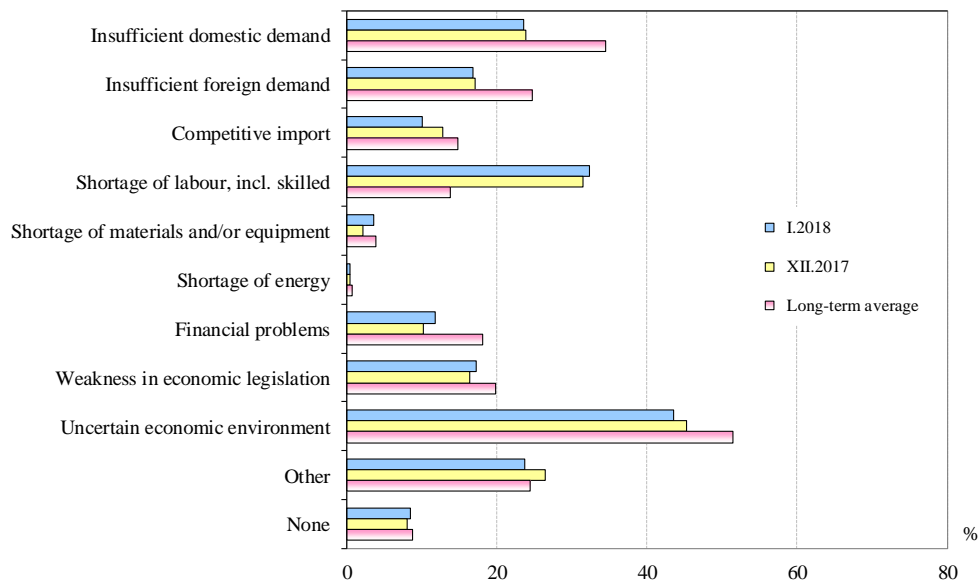




**Figure 3. Expected production activity in industry over the next 3 months**

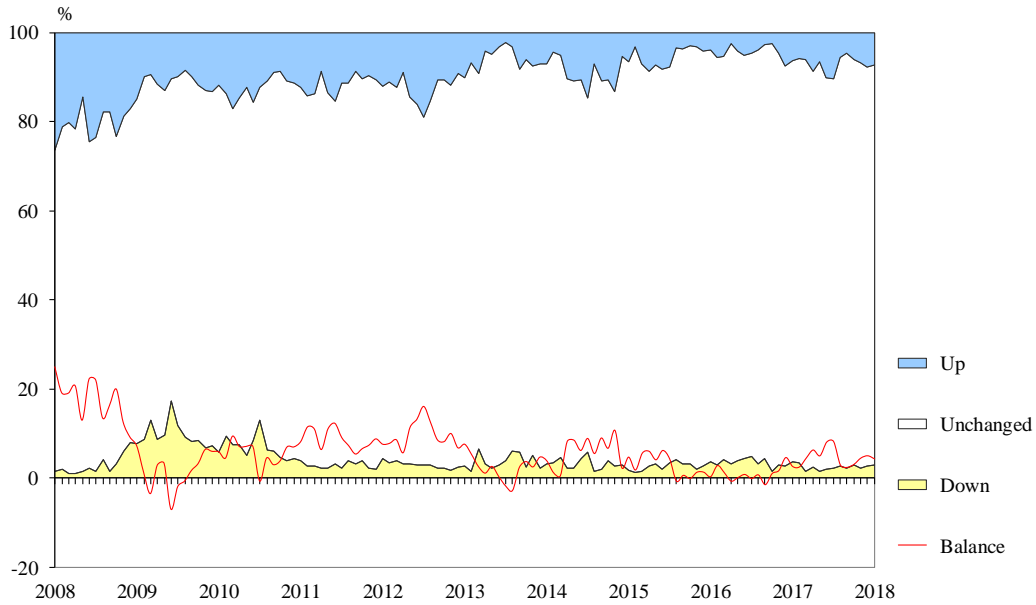


**Figure 4. Limits to production in industry (Relative share of enterprises)**

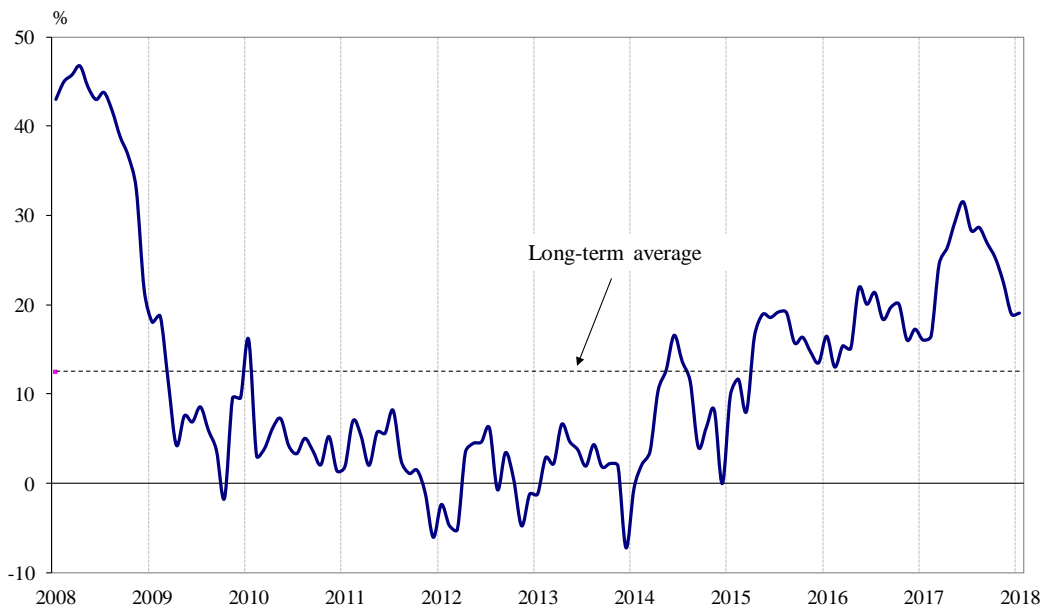




**Figure 5. Selling prices expectations in industry over the next 3 months**

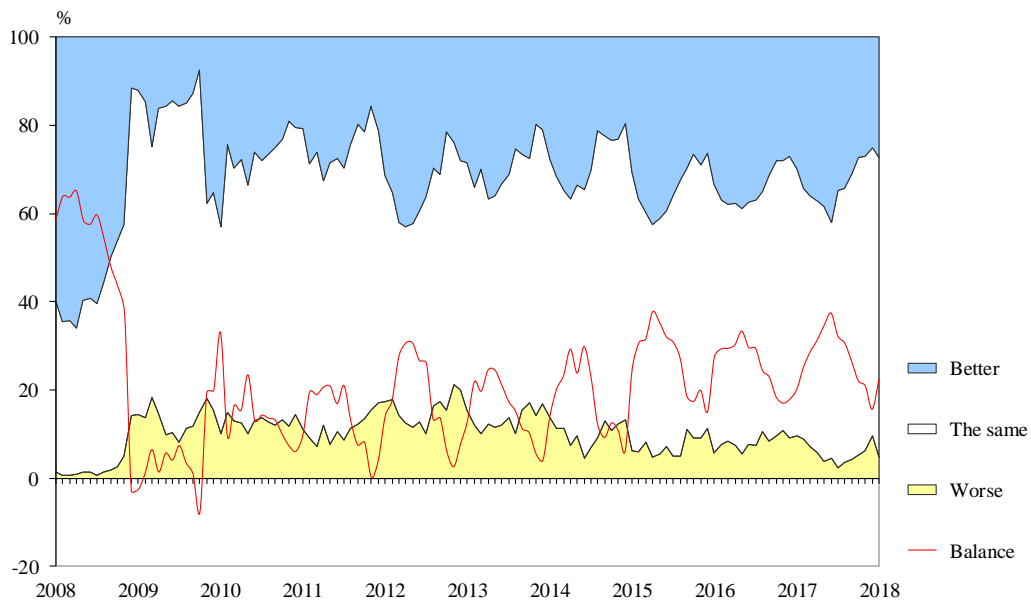


**Figure 6. Business climate in construction**

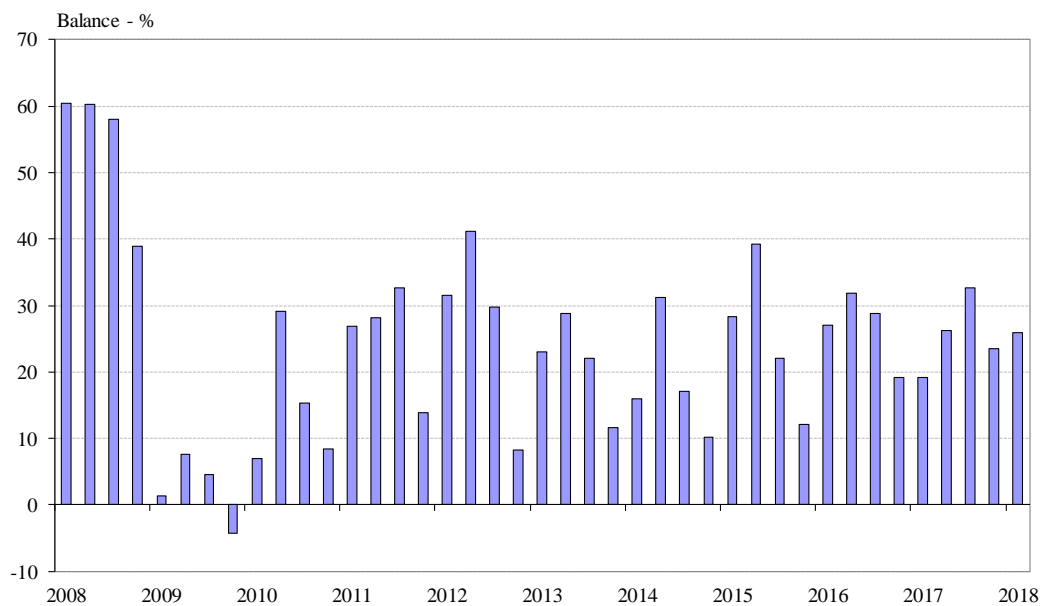




**Figure 7. Expected business situation in construction over the next 6 months**

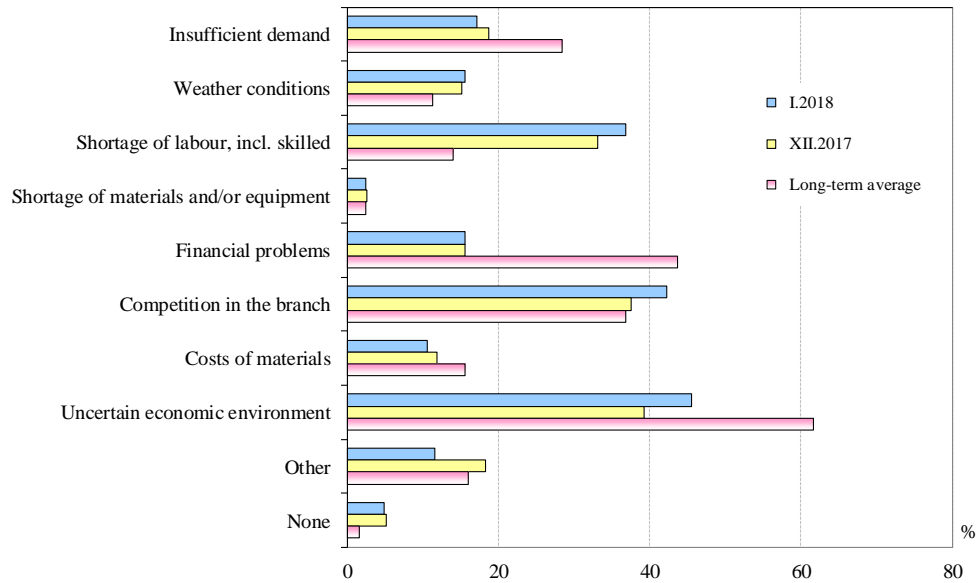


**Figure 8. New orders expectations in construction over the next 6 months**

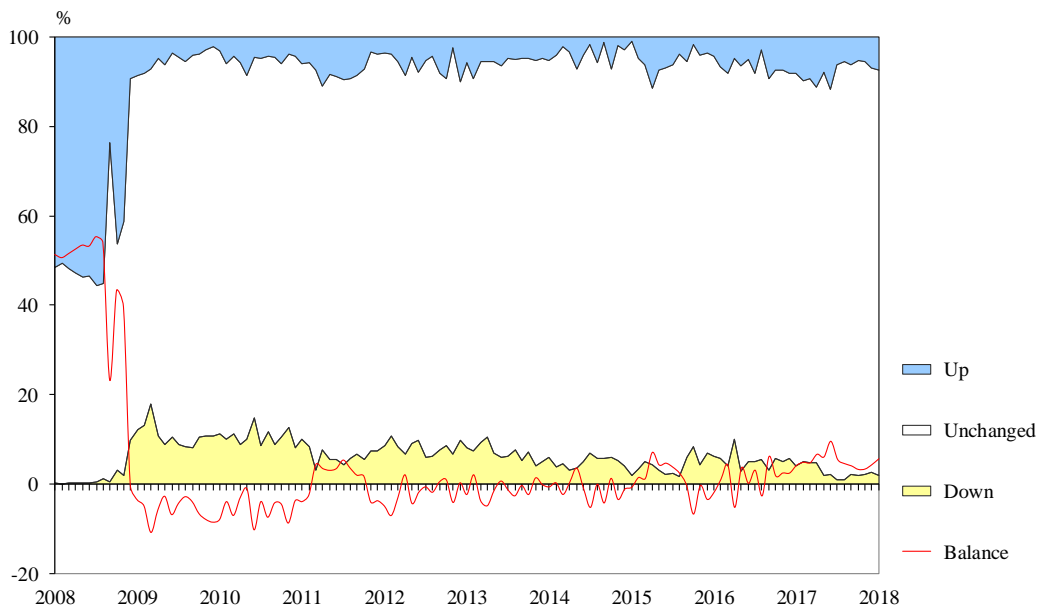




**Figure 9. Limits to construction activity  
(Relative share of enterprises)**

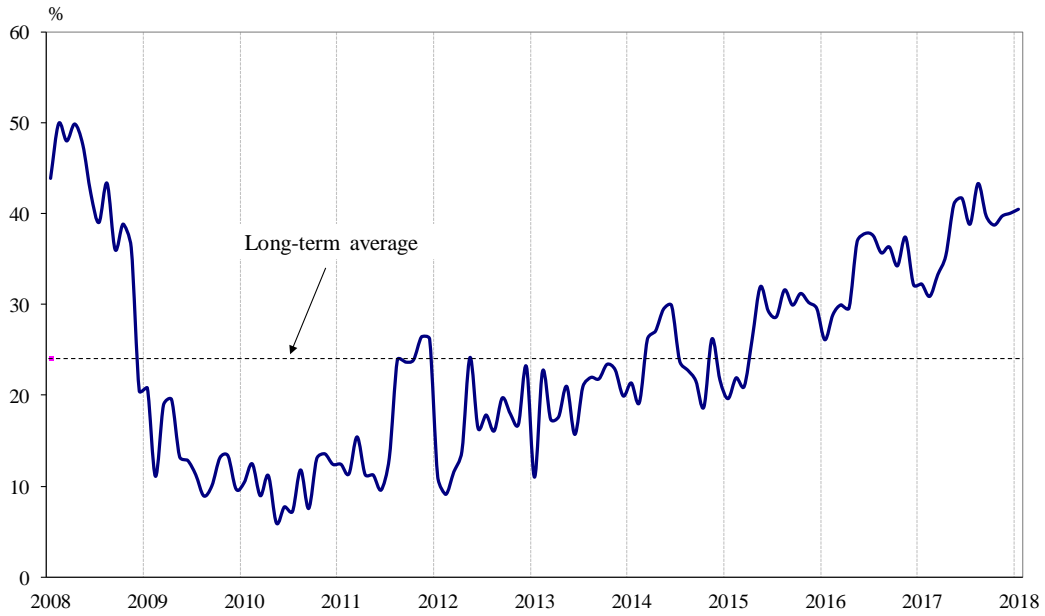


**Figure 10. Selling prices expectations in construction  
over the next 3 months**

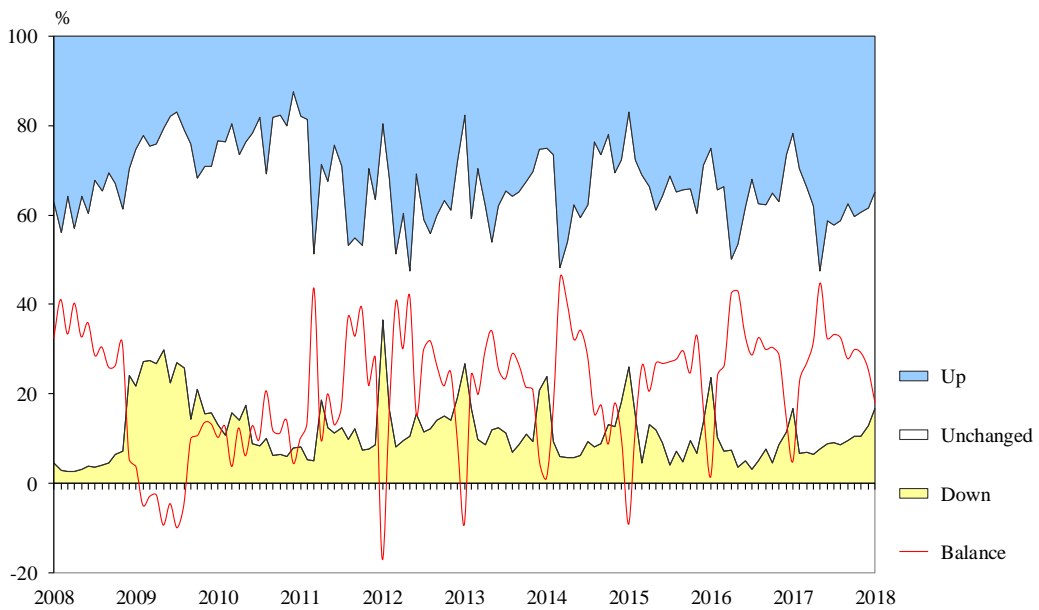




**Figure 11. Business climate in retail trade**



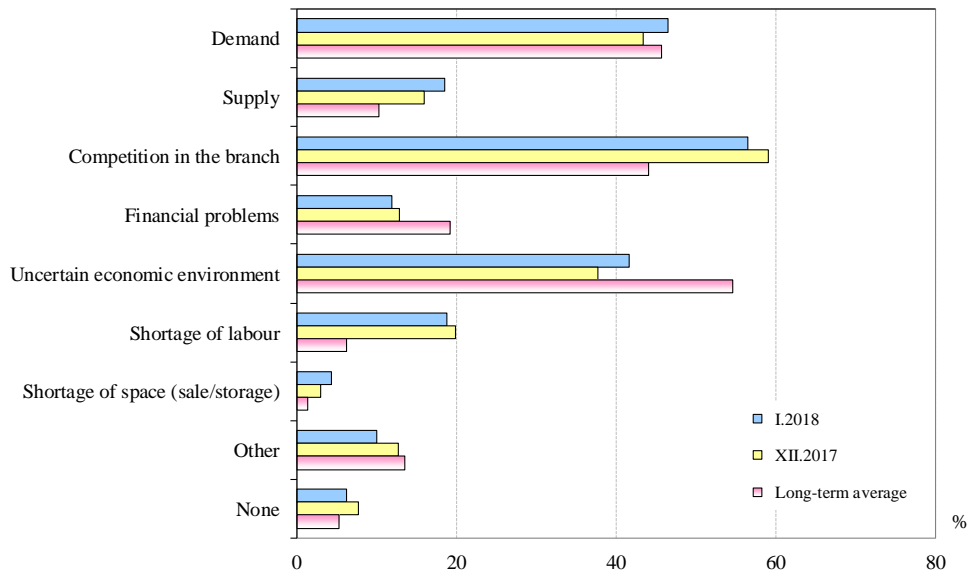
**Figure 12. Sales expectations in retail trade over the next 3 months**



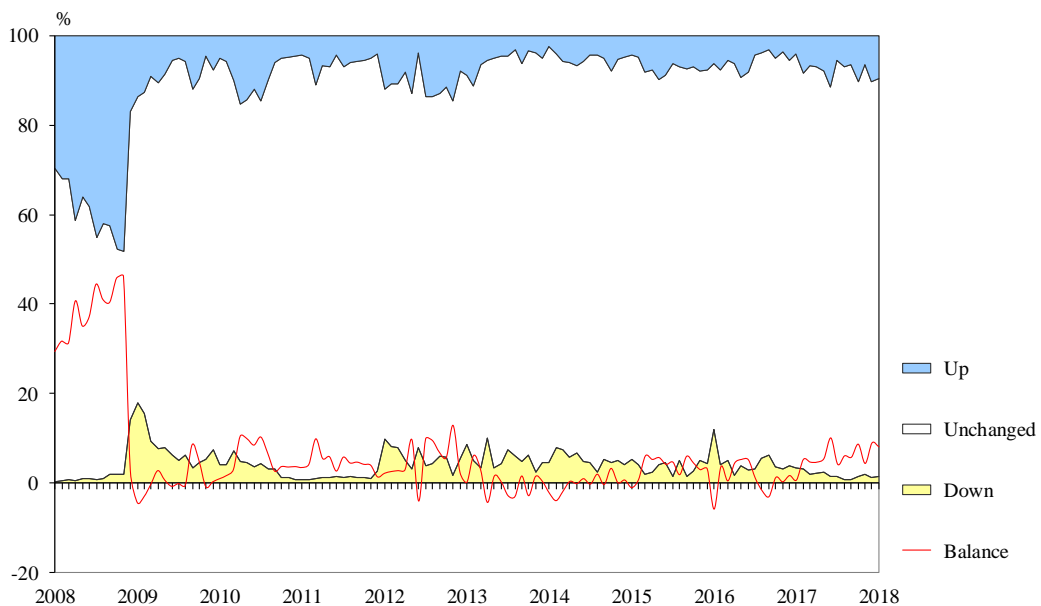




**Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

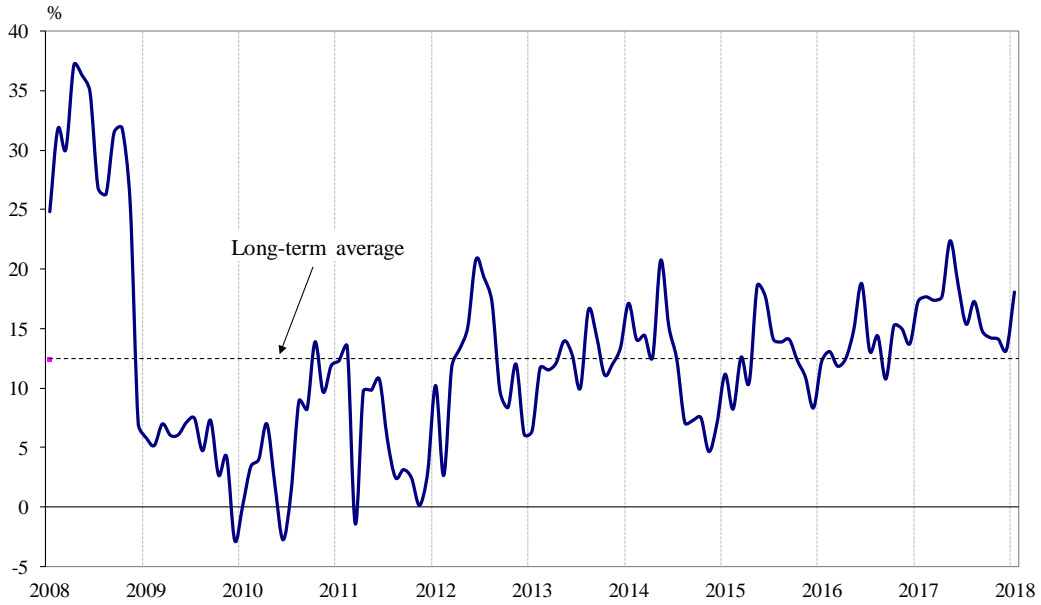


**Figure 14. Selling prices expectations in retail trade over the next 3 months**

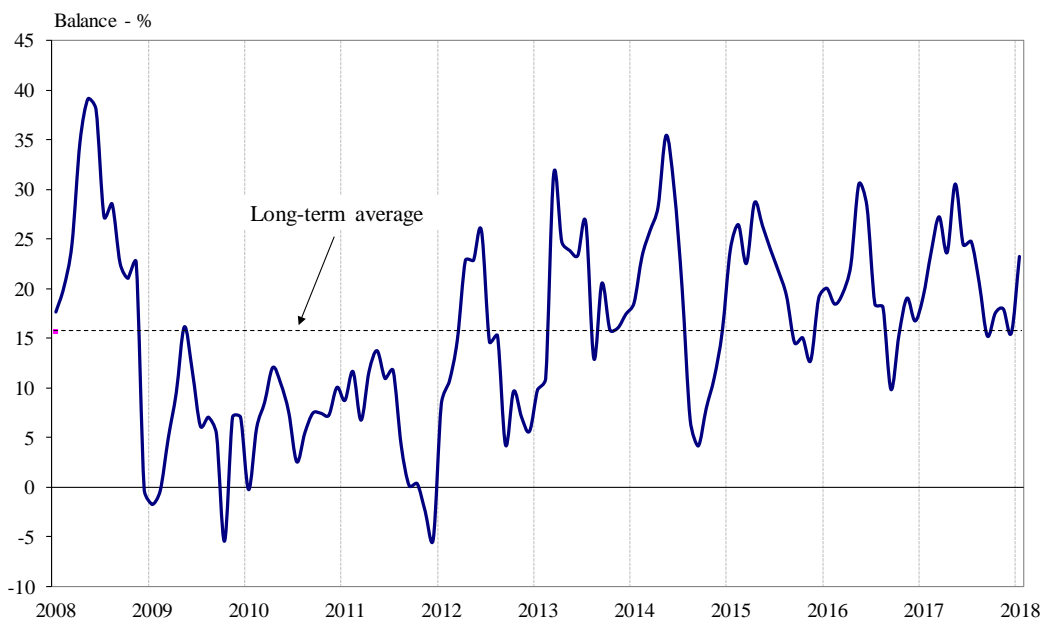




**Figure 15. Business climate in service sector**

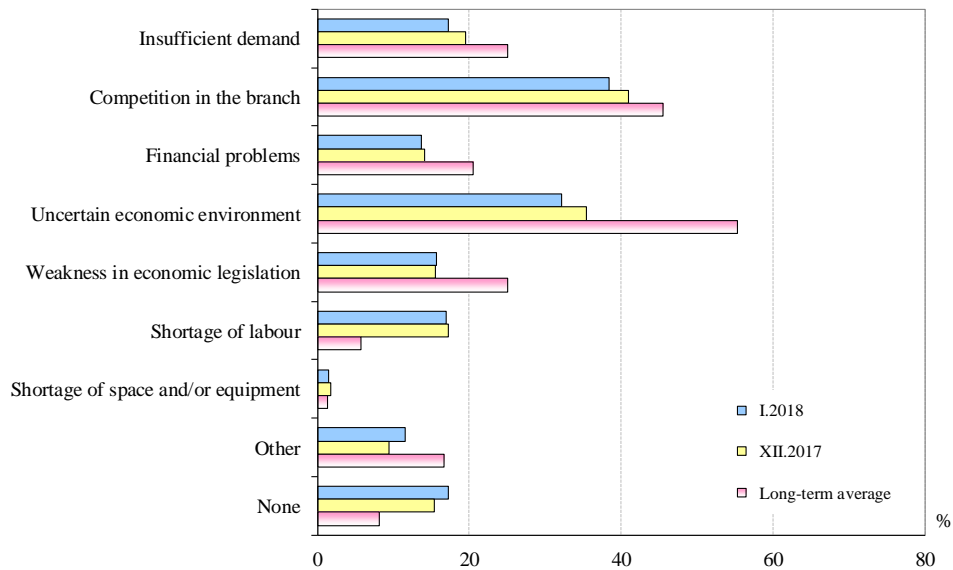


**Figure 16. Expected demand in service sector over the next 3 months**





**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**

