



BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS^{1,2,3}, FEBRUARY 2018

In February 2018, the **total business climate indicator**⁴ increases by 0.5 percentage points in comparison with the previous month (Annex, Figure 1). An improvement of the business conjuncture is registered in construction, while in industry slight reduction is observed. In retail trade and service sector the indicator preserves approximately to its January level.

Industry. The composite indicator ‘business climate in industry’ decreases by 0.5 percentage points (Annex, Figure 2), which is mainly due to the more reserved managers’ expectations about the business situation of the enterprises over the next 6 months. The inquiry reports a decrease of the production assurance with orders, which is also accompanied by reduced expectations about the activity over the next 3 months (Annex, Figure 3).

The uncertain economic environment and shortage of labour remain the main obstacles for the business development pointed out respectively by 43.4% and 30.3% of the enterprises (Annex, Figure 4).

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

Construction. In February the composite indicator ‘business climate in construction’ increases by 3.6 percentage points (Annex, Figure 6) mainly due to the improved construction entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). At the same time, their forecast about the construction activity over the next 3 months are more optimistic, which according to them will lead to the additional hiring of personnel.

The uncertain economic environment continues to be the main factor, limiting with the most extent the activity of the enterprises. In the second and third place are competition in the branch and shortage of labour, although the inquiry registers a decrease of their unfavourable influence (Annex, Figure 8).

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

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 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.



Retail trade. The composite indicator ‘business climate in retail trade’ preserves its January level (Annex, Figure 10). The retailers’ opinions about the volume of sales over the last 3 months are more reserved, while their forecasts for the sales and orders placed with suppliers (Annex, Figure 11) over the next 3 months are more favourable.

The most serious difficulties for the business remain the competition in the branch, insufficient demand and uncertain economic environment, as in the last month strengthen of the negative impact of the second factor is observed (Annex, Figure 12).

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

Service sector¹. In February, the composite indicator ‘business climate in service sector’ remains approximately to its level from the previous month (Annex, Figure 14). The managers’ assessments and expectations (Annex, Figure 15) about the business situation of enterprises are shifting to the more moderate opinions. At the same time, their forecasts about the demand for services over next 3 months are favourable.

The main obstacles for the activity in the sector continue to be connected with the competition in the branch and uncertain economic environment (Annex, Figure 16).

The prevailing managers’ expectations concerning the selling prices are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

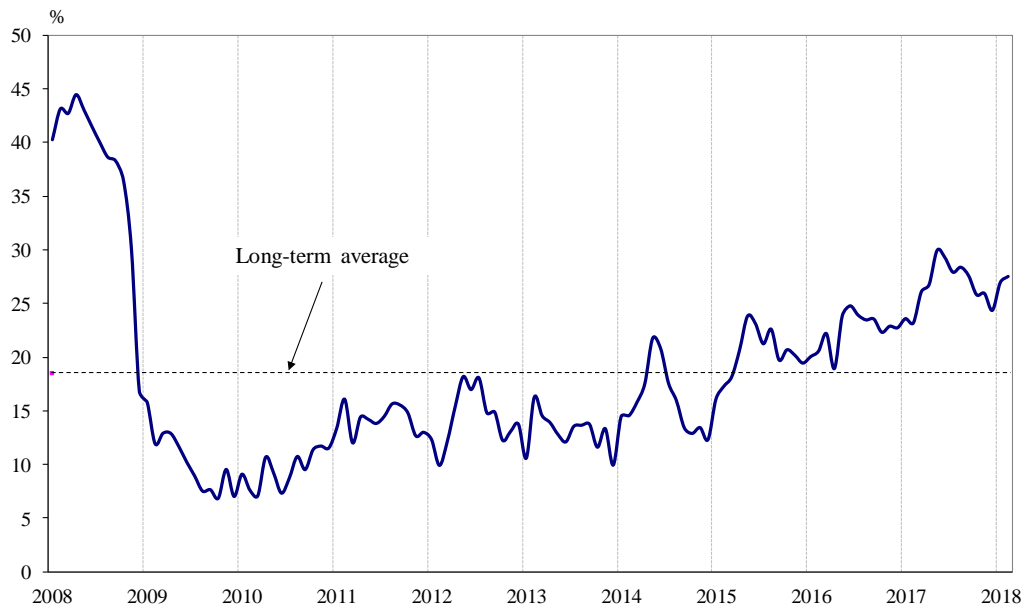


Figure 2. Business climate in industry

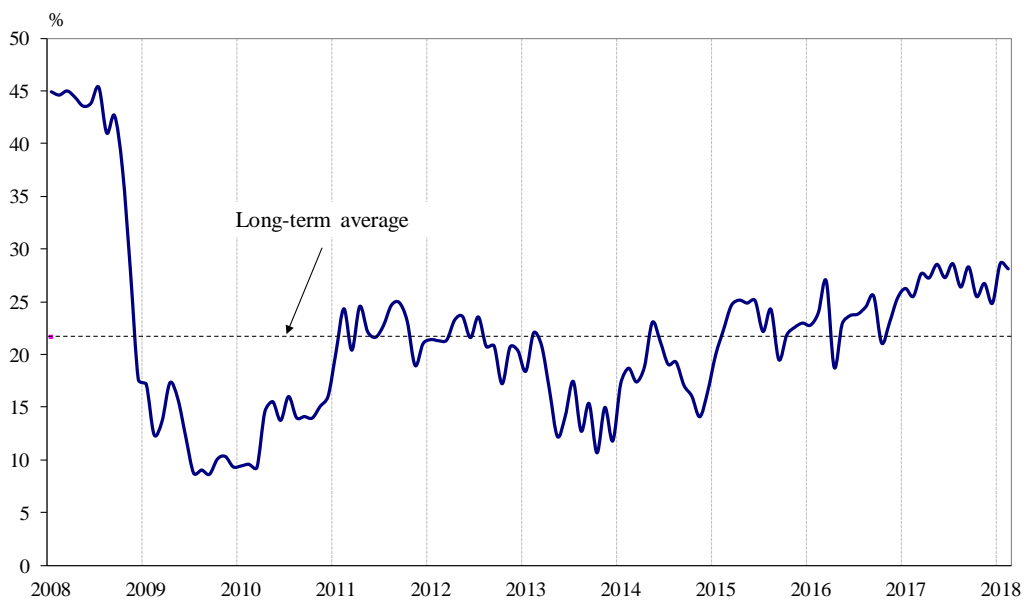




Figure 3. Expected production activity in industry over the next 3 months

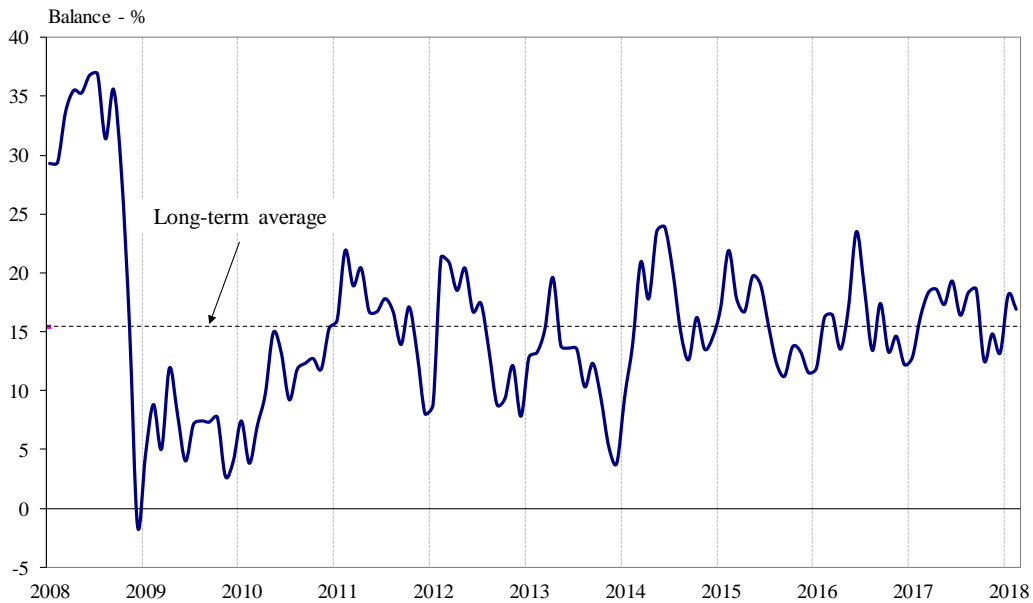


Figure 4. Limits to production in industry (Relative share of enterprises)

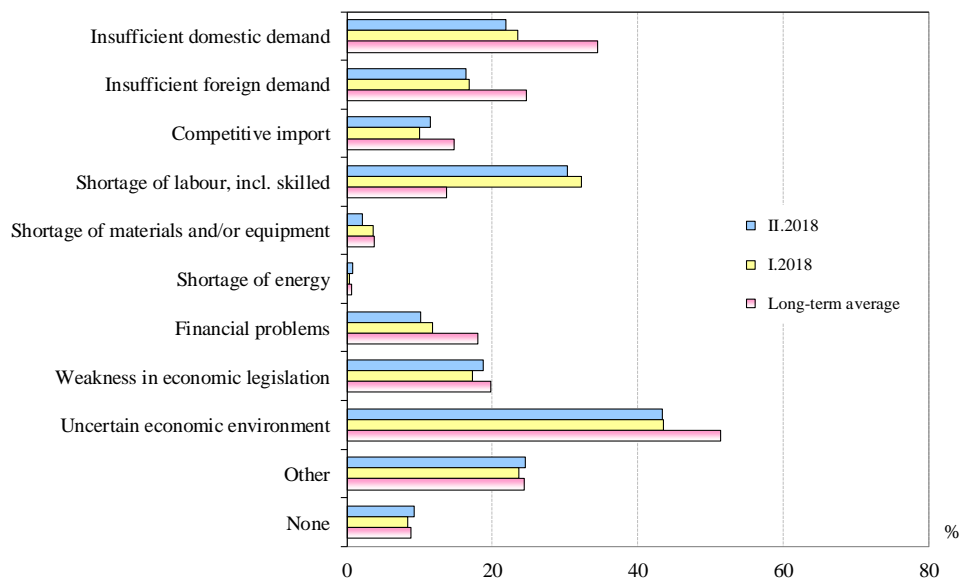




Figure 5. Selling prices expectations in industry over the next 3 months

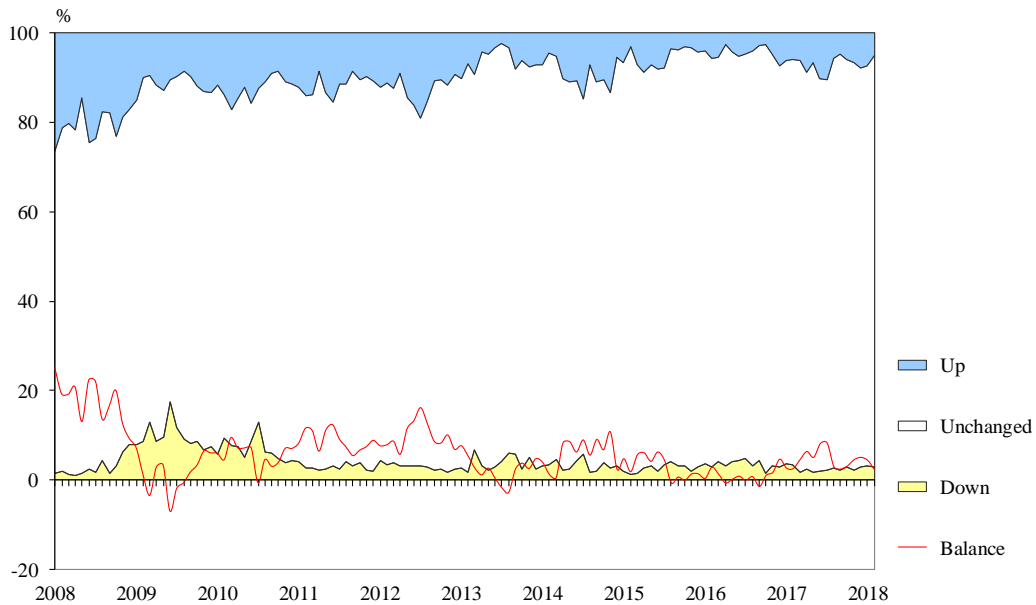


Figure 6. Business climate in construction

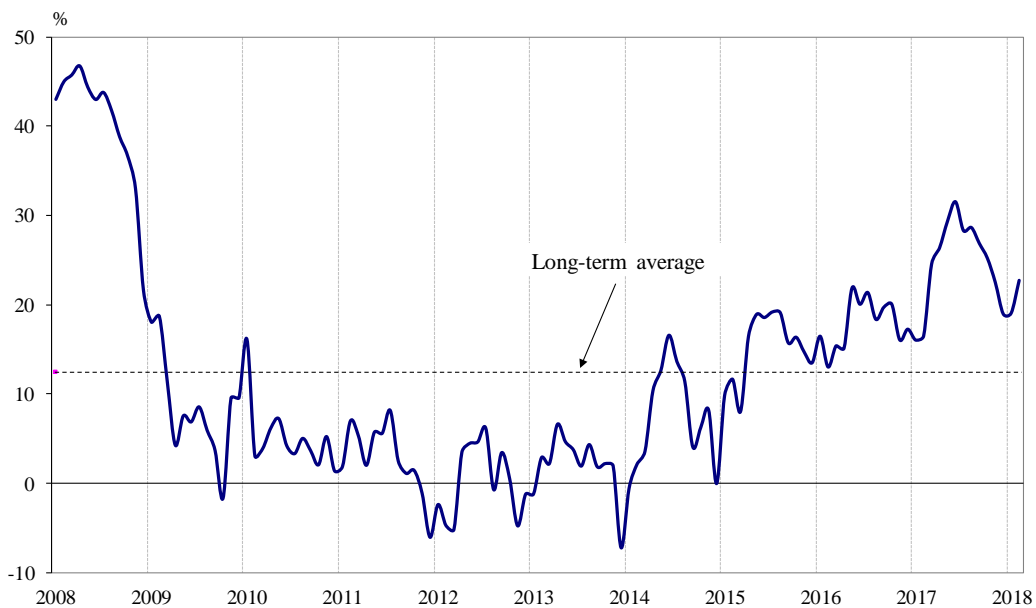




Figure 7. Expected business situation in construction over the next 6 months

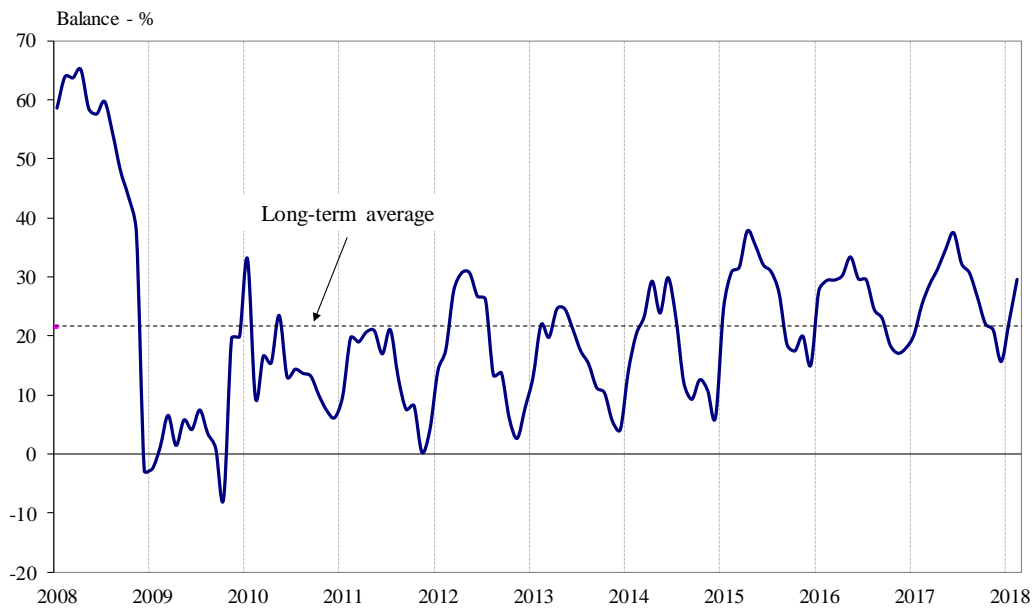


Figure 8. Limits to construction activity (Relative share of enterprises)

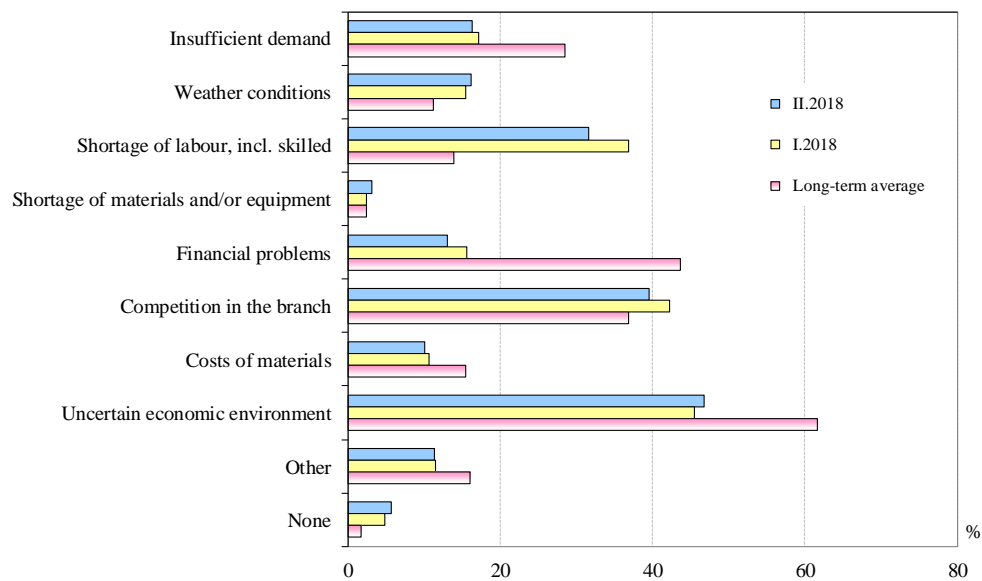




Figure 9. Selling prices expectations in construction over the next 3 months

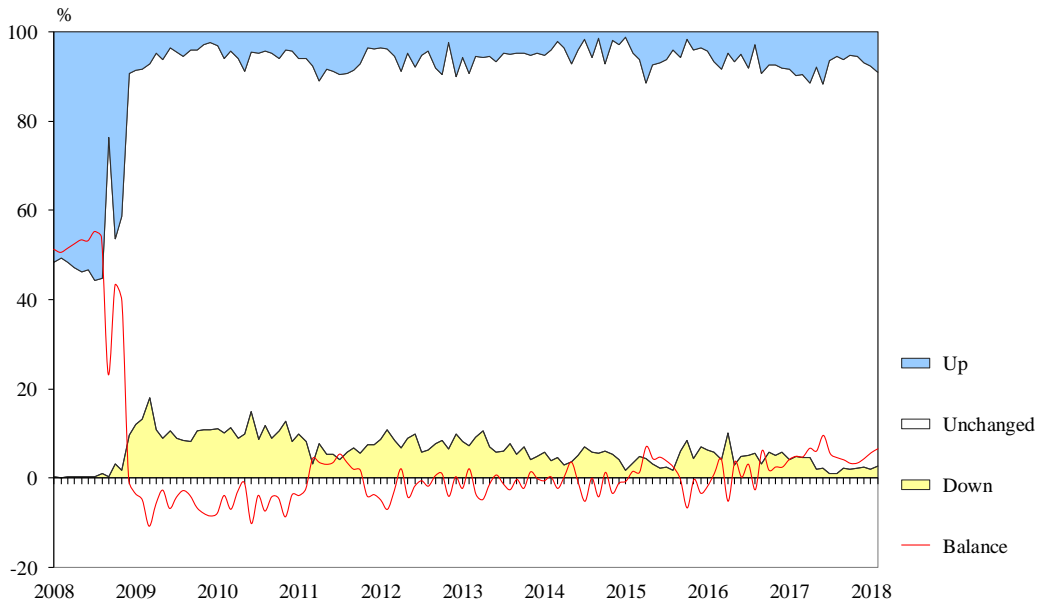


Figure 10. Business climate in retail trade

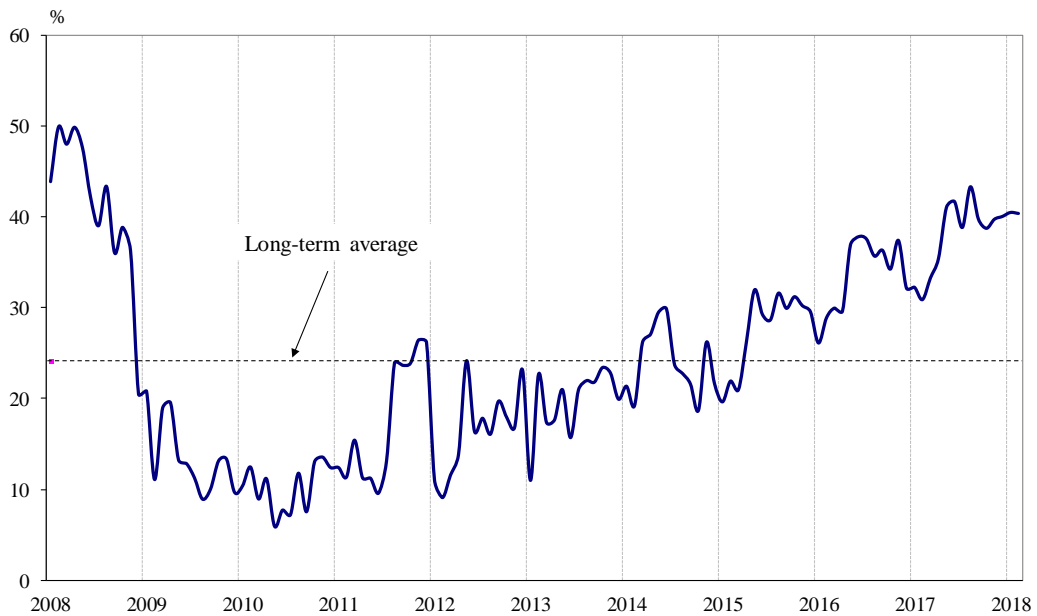




Figure 11. Expectations about orders placed with suppliers in retail trade over the next 3 months

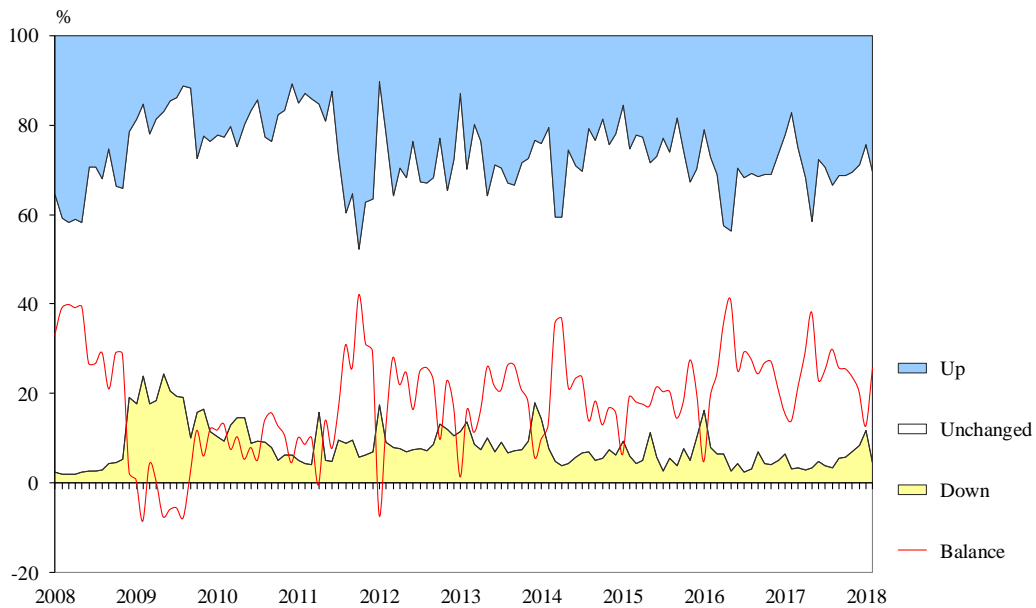


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

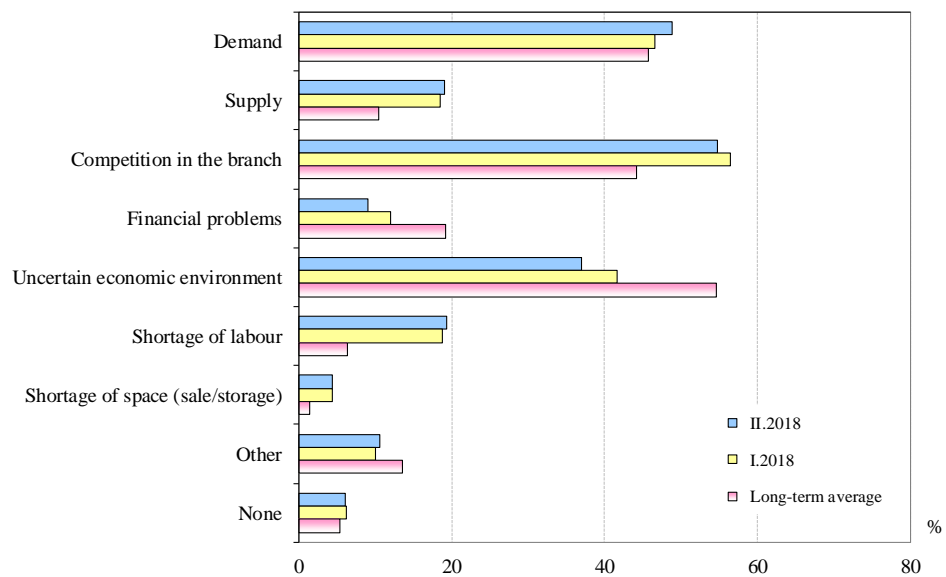




Figure 13. Selling prices expectations in retail trade over the next 3 months

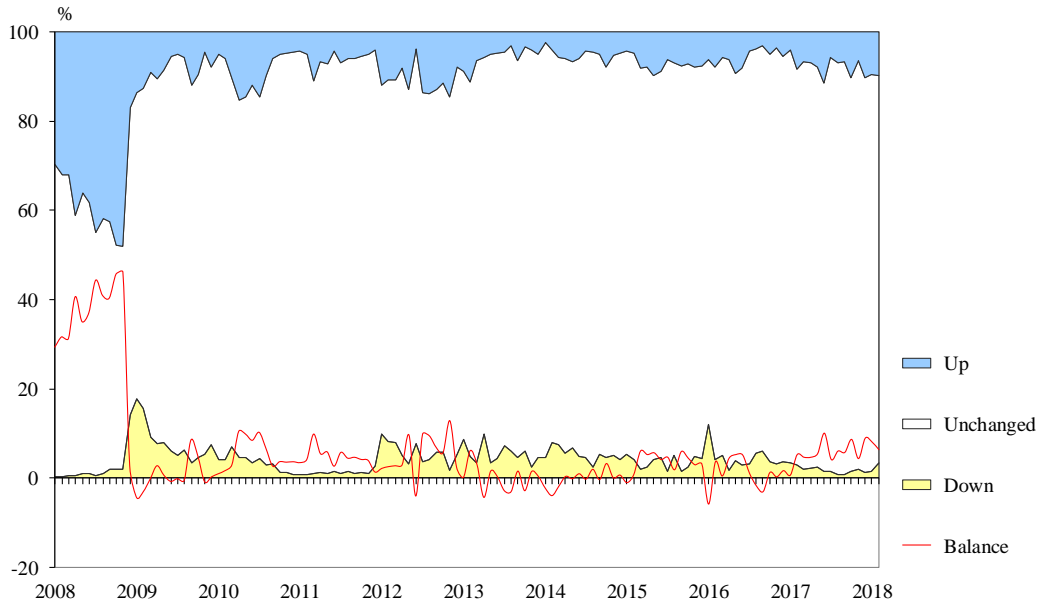


Figure 14. Business climate in service sector

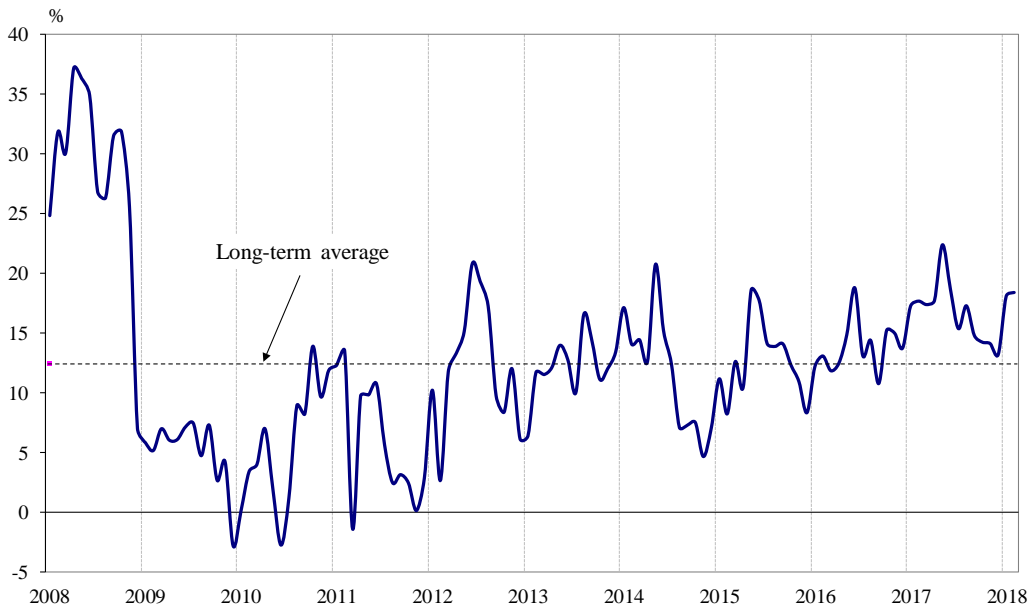




Figure 15. Expected business situation in service sector over the next 6 months

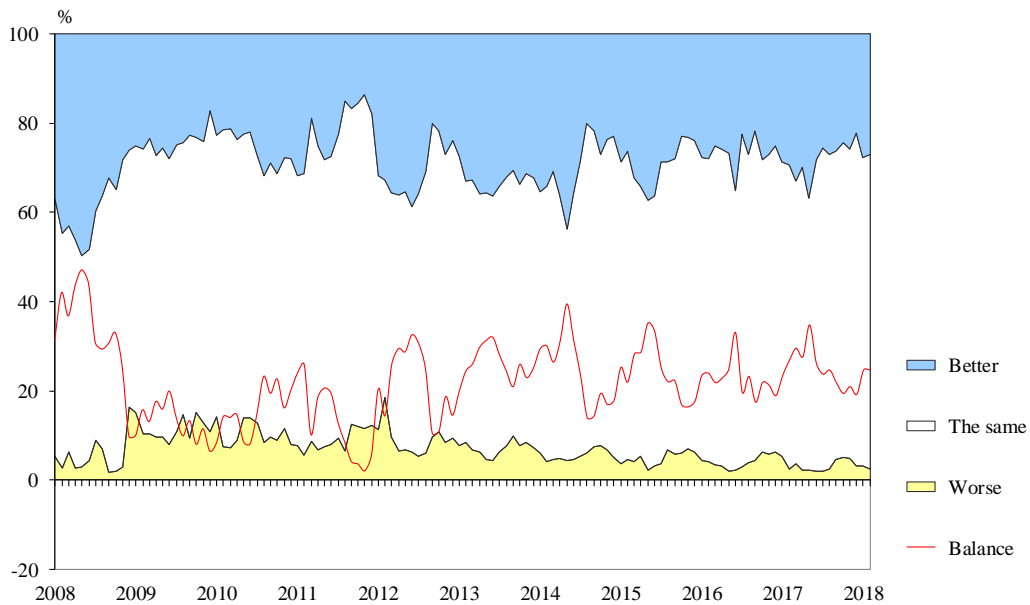


Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)

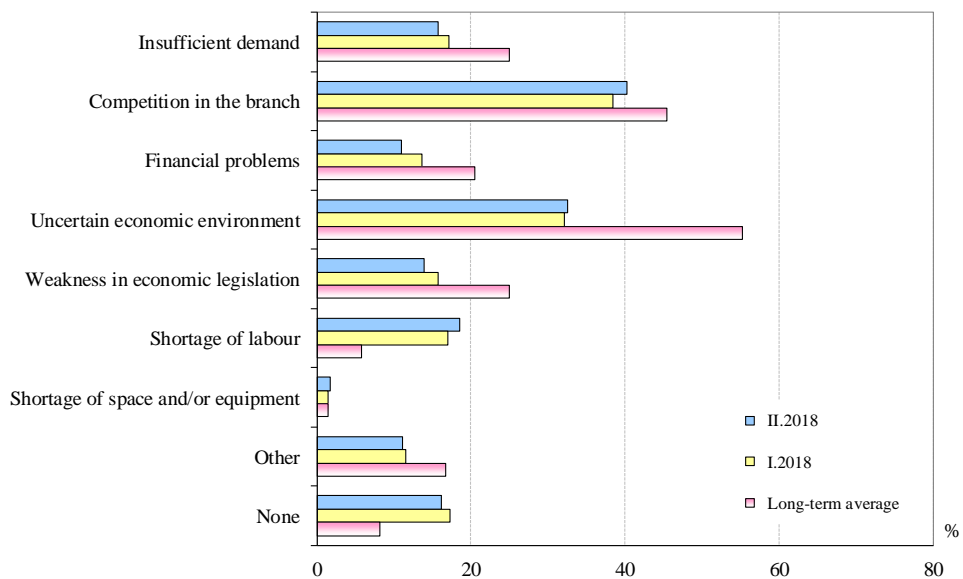




Figure 17. Selling prices expectations in service sector over the next 3 months

