BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], SEPTEMBER 2012

In September 2012 **the total business climate indicator**[4] preserves its level from previous month (Annex, Figure 1) as worsening of business conjuncture is observed only in service sector.

Industry. In September the composite indicator "business climate in industry" remains its level from the previous month (Annex, Figure 2). The inquiry registers certain improvement of the production activity over the last 3 months. However the production assurance with orders decreases which is associated with reduced expectations about the activity of the enterprises over the next 3 months (Annex, Figure 3).

The main factors limiting the development of the business in the branch are the uncertain economic environment, insufficient domestic and foreign demand pointed out by 52.3%, 44.2% and 32.6% of the industrial enterprises respectively (Annex, Figure 4).

As regards selling prices the expectations are to preserve their level over the next 3 months (Annex, Figure 5).

Construction. In comparison with August the composite indicator "business climate in construction" increases by 4.1 percentage points (Annex, Figure 6) which is due to the more favourable construction entrepreneurs' assessments about the present business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity is improved as compared to the previous month and the expectations about the next 3 months are the activity to keep the same level (Annex, Figure 8). The last inquiry registers an increase in the number of clients with delay in payments (Annex, Figure 9).

The uncertain economic environment and financial problems remain the main factors limiting the activity of the enterprises in the branch. In September compared to August the negative influence of the factor "competition in the branch" is strengthened (by 6.2 percentage points) (Annex, Figure 10).

Concerning the selling prices in the branch the prevailing expectations are they to remain unchanged over the next 3 months.

Retail trade. The composite indicator "business climate in retail trade" increases by 3.6 percentage points in comparison with the previous month (Annex, Figure 11) due to the improved retailers' assessments about the present business situation of the enterprises (Annex, Figure 12). Regarding sales and orders placed with suppliers (Annex, Figure 13) over the next 3 months their expectations are more reserved.

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[1] In 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, 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 factors limiting with the most extent the activity of the enterprises continue to be the uncertain economic environment, the insufficient demand and the competition in the branch although in the last month a decrease of their negative impact is observed (Annex, Figure 14).

As regards selling prices the managers do not expect an increase over the next 3 months (Annex, Figure 15).

Service sector[1]. In September the composite indicator “business climate in service sector” decreases by 7.6 percentage points in comparison with August (Annex, Figure 16) which is due to the more moderate managers’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 17). As regard to the demand for services the present tendency is estimated as slight reduced (Annex, Figure 18) as well in the expectations over the next 3 months the inquiry registers certain pessimism.

The uncertain economic environment and competition in the branch remain the main factors limiting the development of the business in the branch as in the last month their negative influence is strengthened (Annex, Figure 19).

Concerning selling prices in the service sector the prevailing expectations are for preservation of their level over the next 3 months (Annex, Figure 20).

[1] Excl. trade.

Annex

Figure 1. Business climate – total

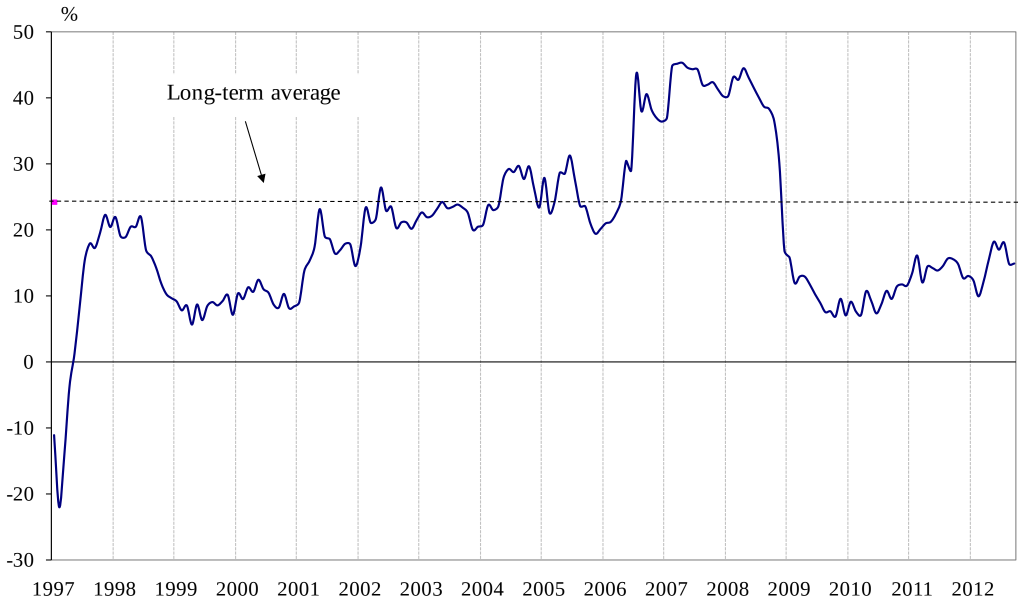

Figure 2. Business climate in industry

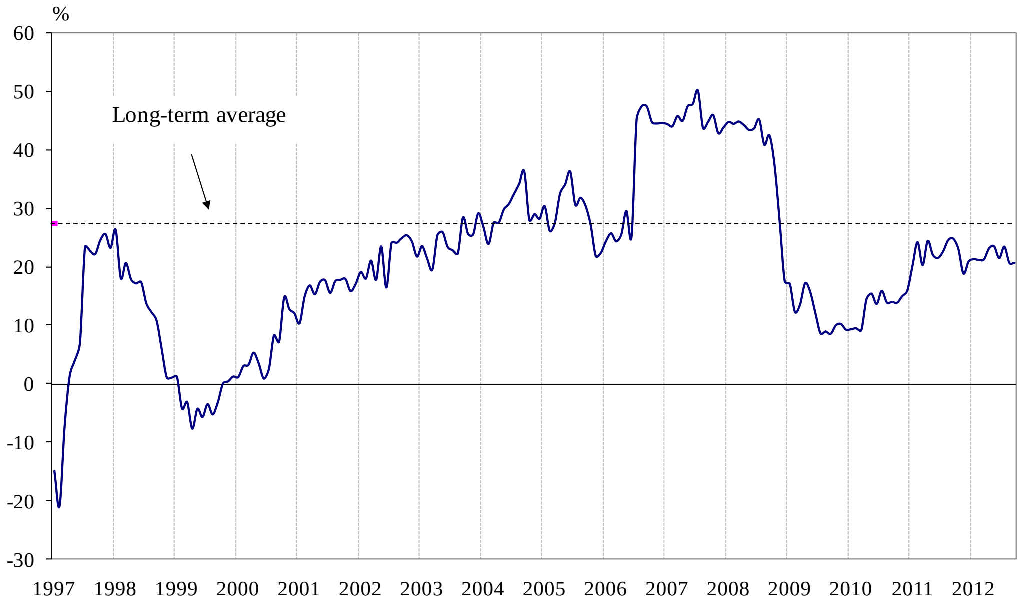

Figure 3. Expected production activity in industry over the next 3 months

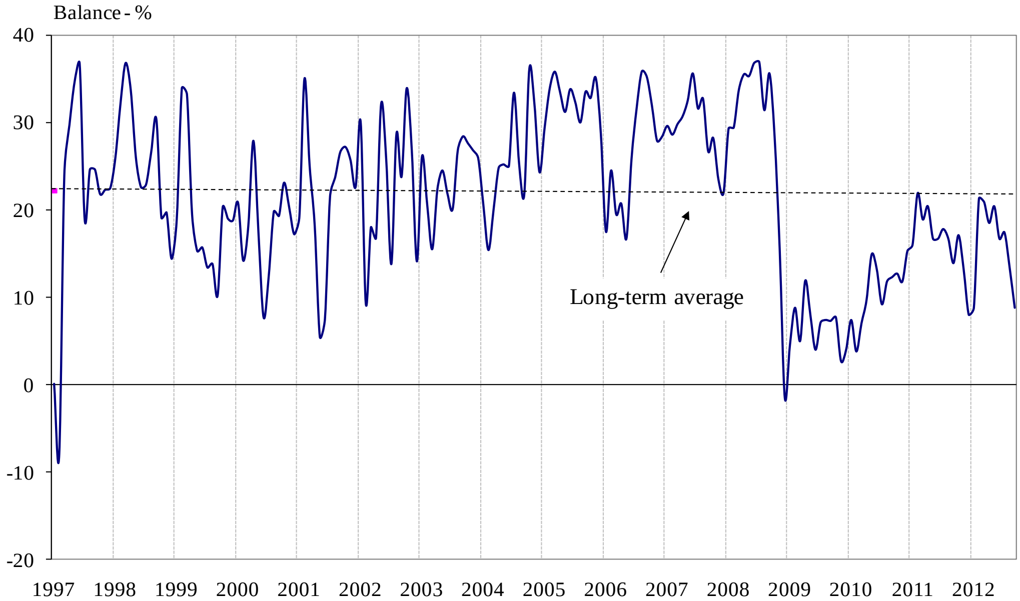

Figure 4. Limits to production in industry (Relative share of enterprises)

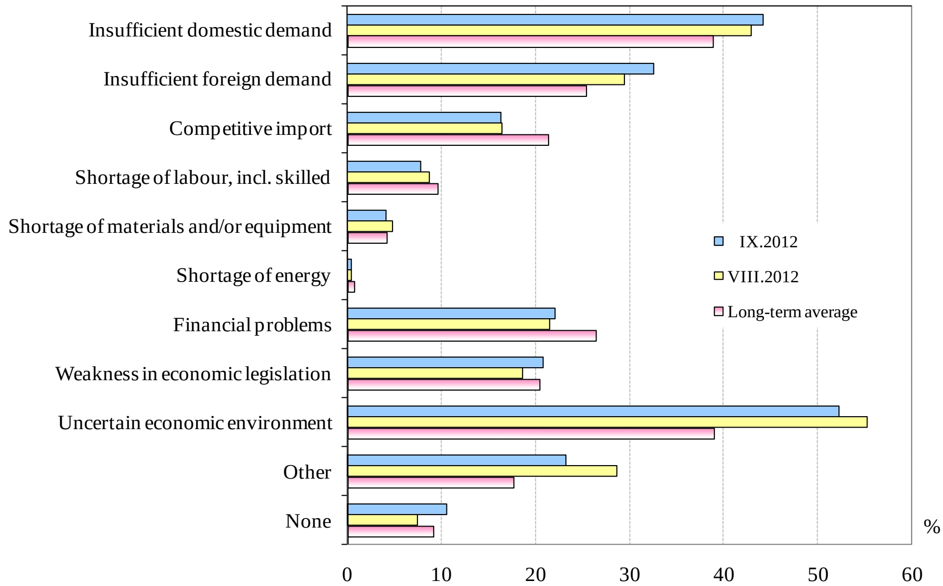

Figure 5. Selling prices expectations in industry over the next 3 months

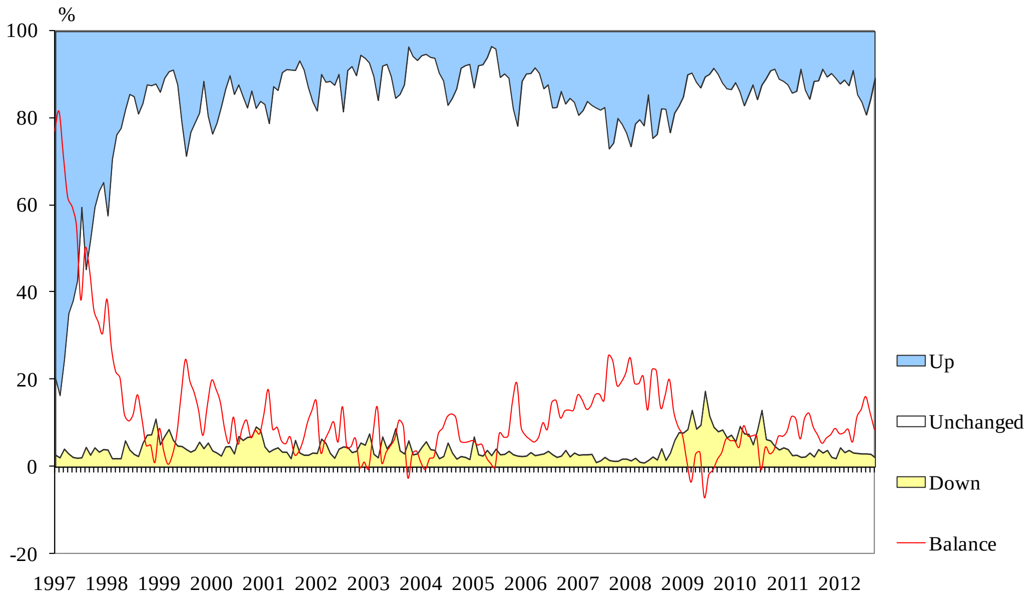

Figure 6. Business climate in construction

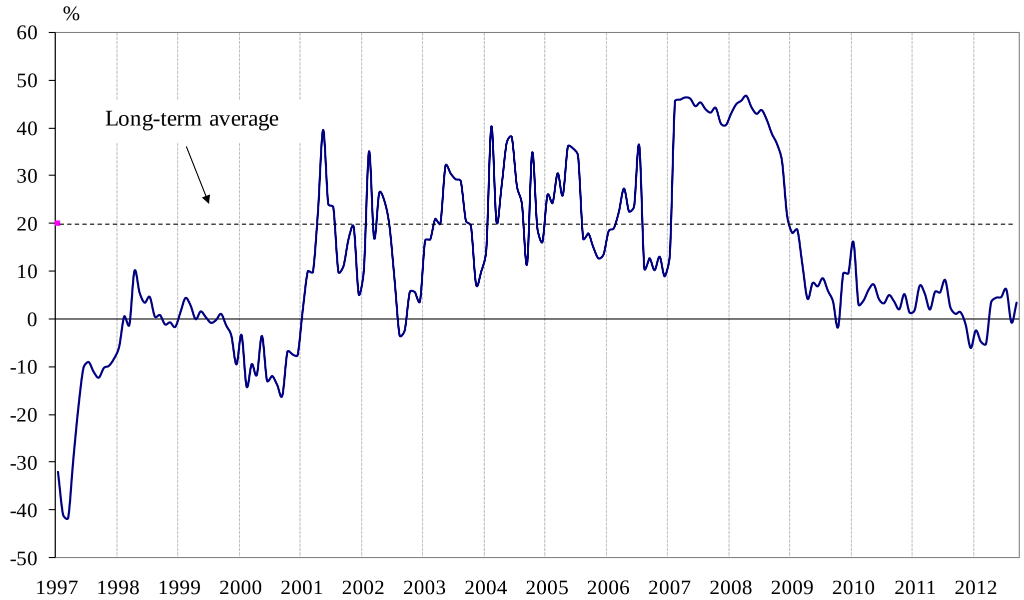

Figure 7. Present business situation in construction

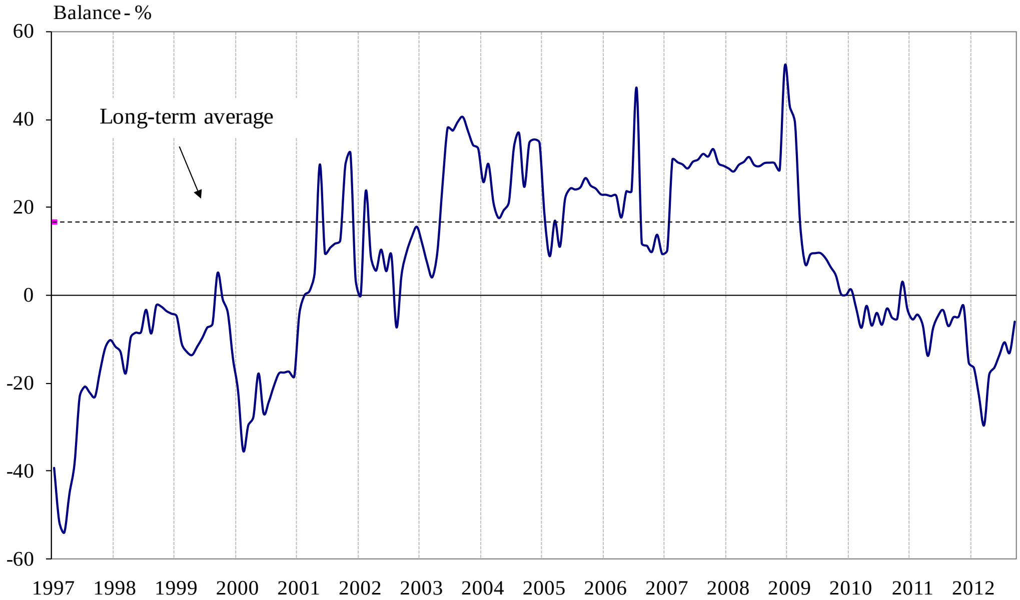

Figure 8. Expected construction activity over the next 3 months

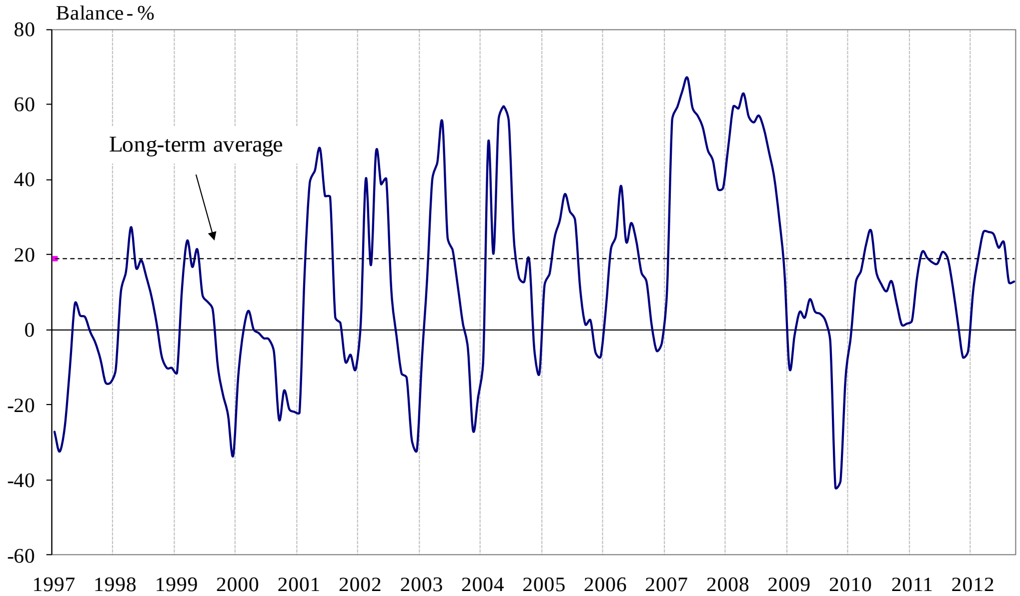

Figure 9. Clients with delay in payments in construction

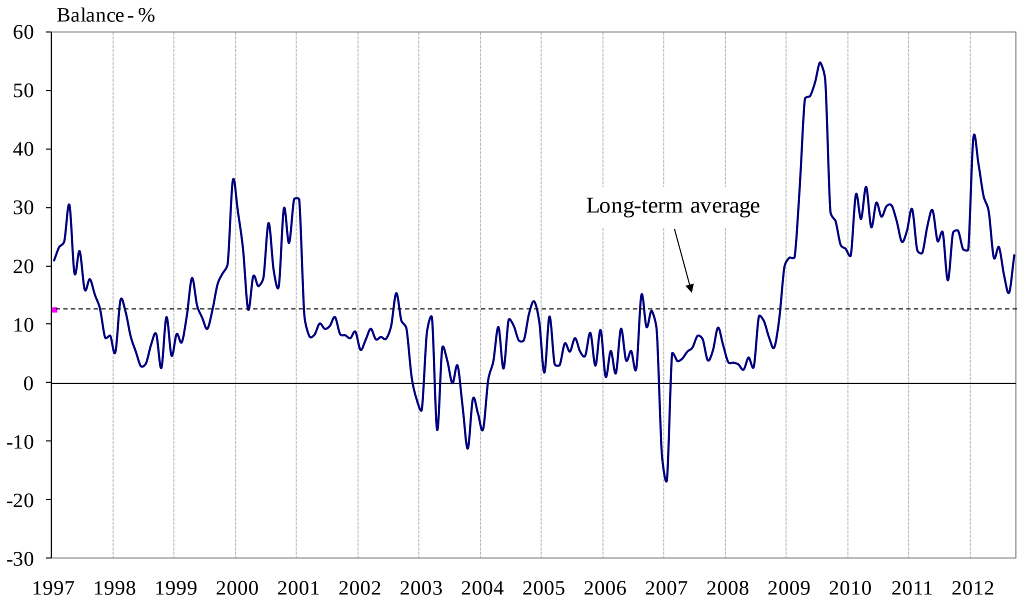

Figure 10. Limits to construction activity (Relative share of enterprises)

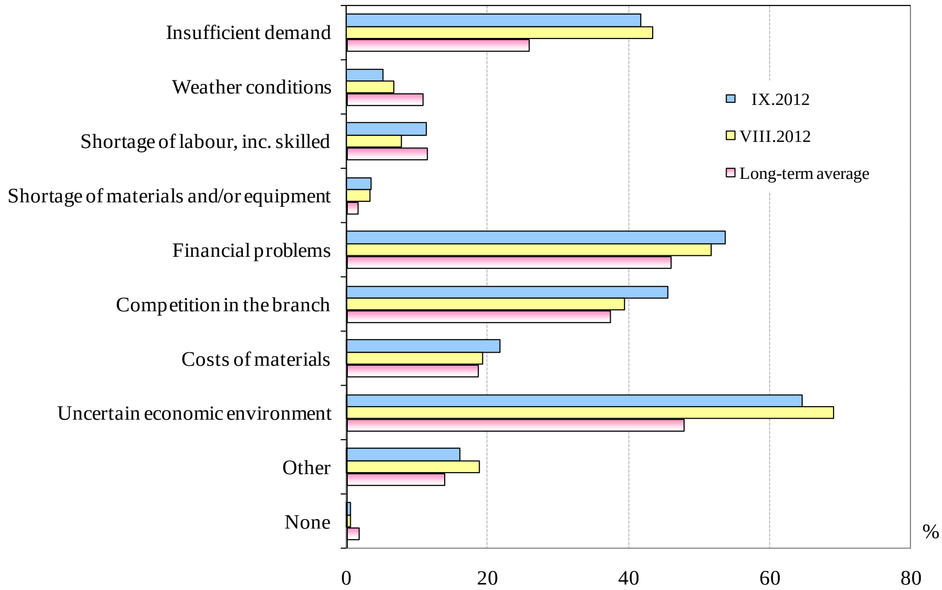

Figure 11. Business climate in retail trade

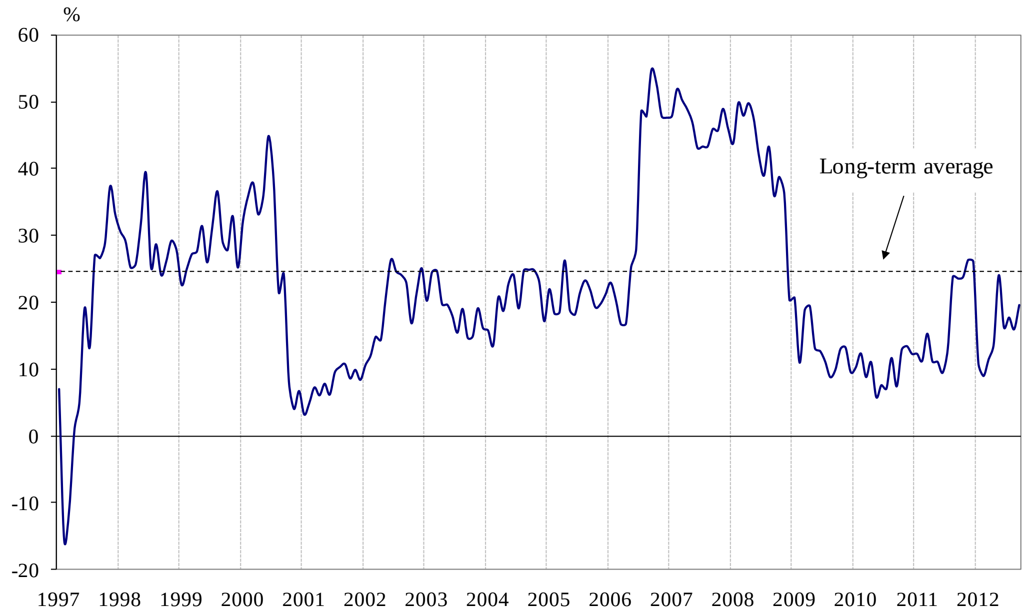

Figure 12. Present business situation in retail trade

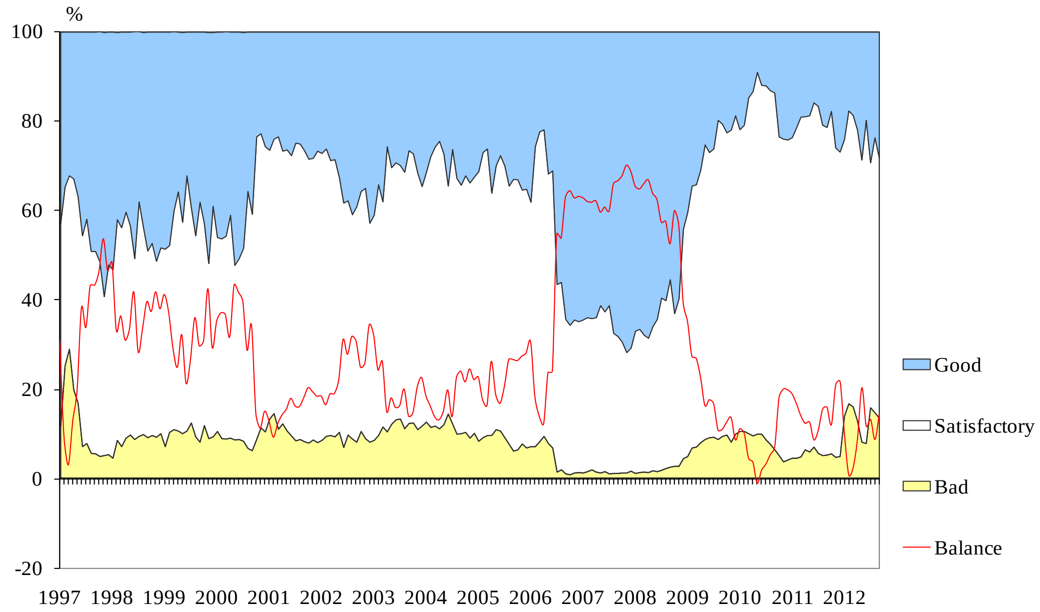

Figure 13. Expectations about orders placed with suppliers in retail trade over the next 3 months

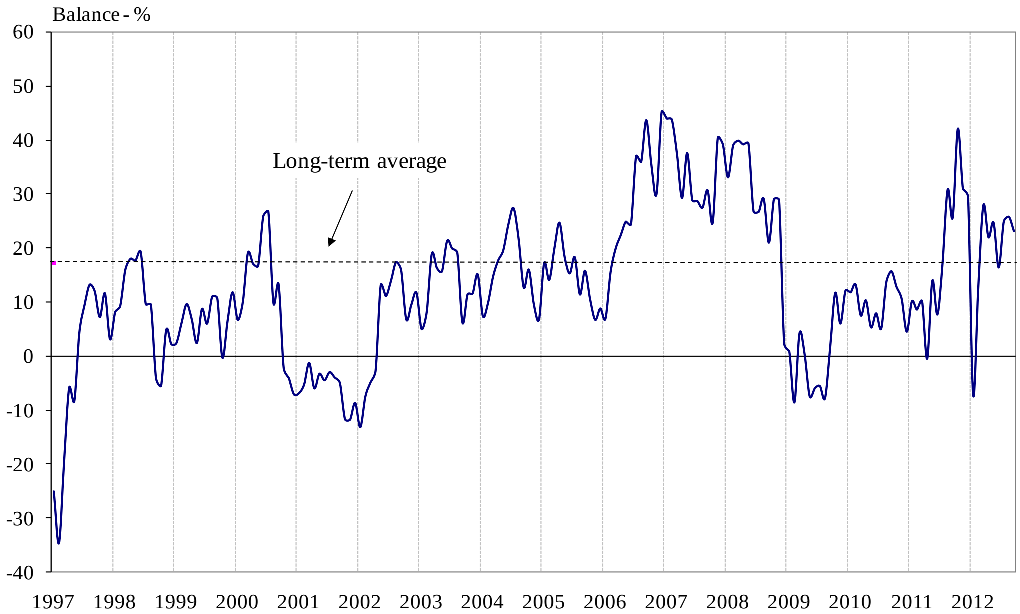

Figure 14. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

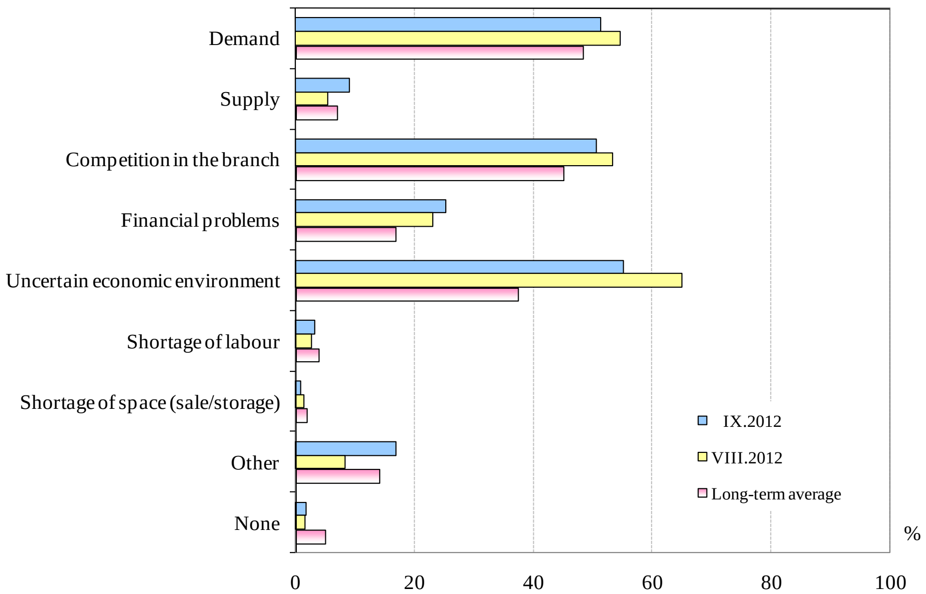

Figure 15. Selling prices expectations in retail trade over the next 3 months

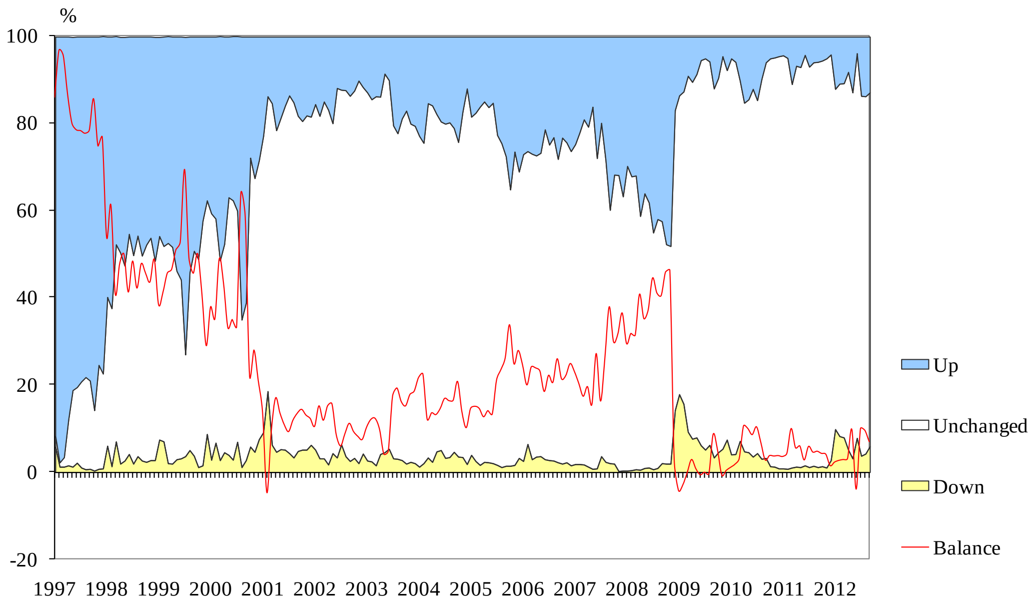

Figure 16. Business climate in service sector

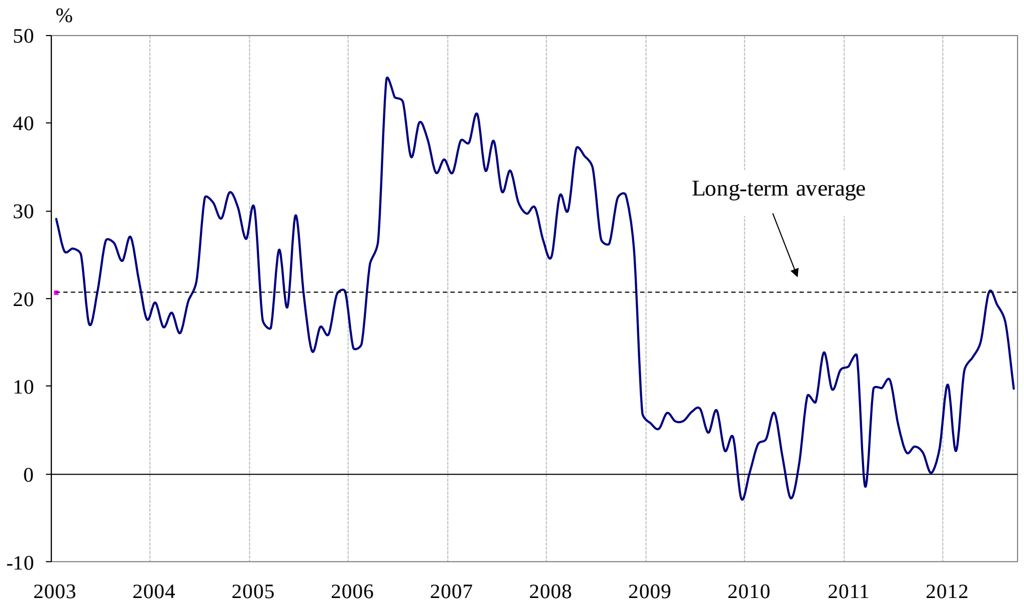

Figure 17. Expected business situation in service sector over the next 6 months

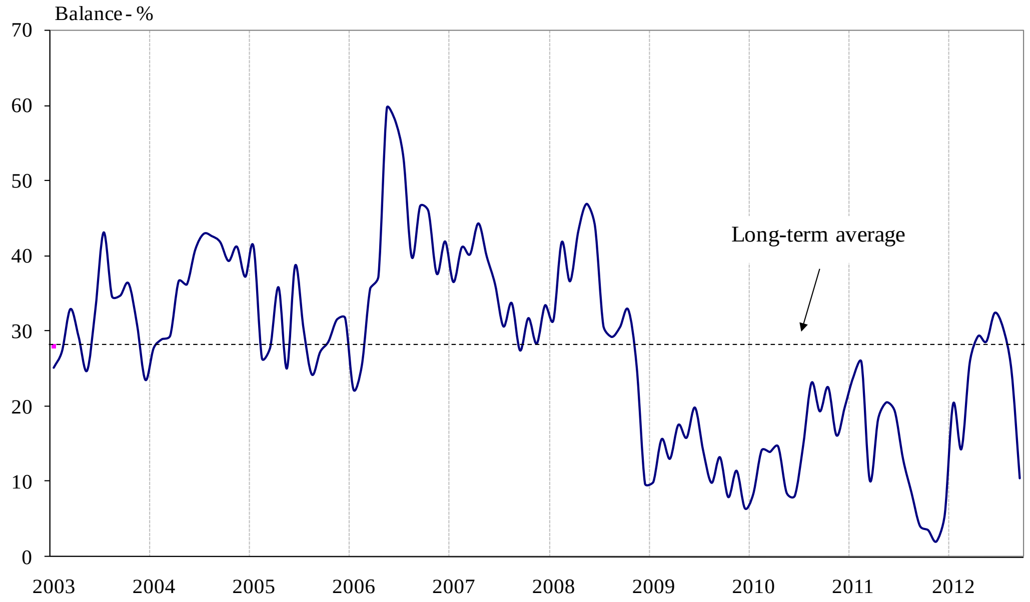

Figure 18. Demand in service sector over the last 3 months

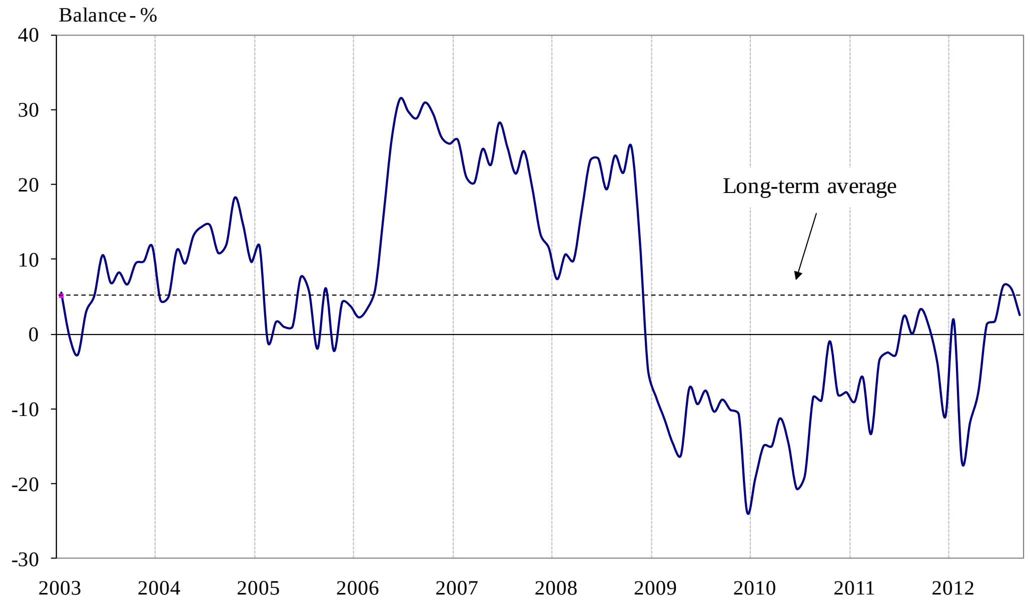

Figure 19. Factors limiting the activity in service sector (Relative share of enterprises)

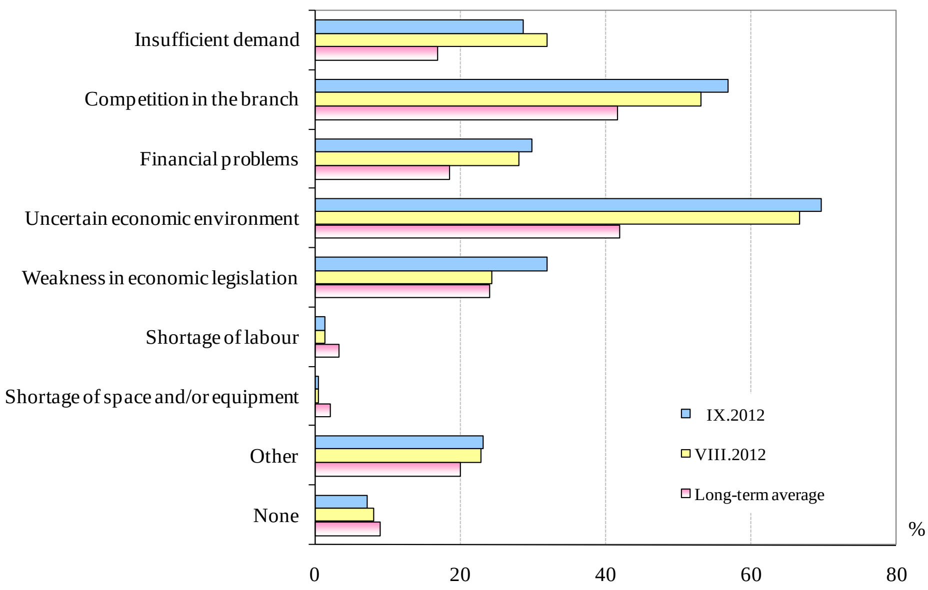

Figure 20. Selling prices expectations in service sector over the next 3 months