BUSINESS CONJUNCTURE
NSI BUSINESS SURVEYS[1, 2, 3], JUNE 2013

In June 2013 **the total business climate indicator**[4] decreases by 0.7 percentage points compared to its level from the previous month (Annex, Figure 1) due to the more unfavourable business climate in construction, retail trade and service sector. There is some improvement of the business conjuncture only in industry.

Industry. The composite indicator "business climate in industry" increases by 2.0 percentage points in comparison with May (Annex, Figure 2) which is due to the more optimistic managers' assessments about the present business situation of the enterprises. The inquiry registers a certain improvement of the assurance of production with orders, both from the domestic and from abroad, which is not accompanied by increased expectations about activity of the enterprises over the next 3 months (Annex, Figure 3).

The main obstacles for the business development in the branch remain the uncertain economic environment and insufficient domestic demand pointed out respectively by 56.5% and 46.3% of the industrial entrepreneurs (Annex, Figure 4).

Concerning the selling prices in the branch the managers' expectations are they to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In June the composite indicator "business climate in construction" decreases by 1.0 percentage points (Annex, Figure 6) due to the more moderate construction entrepreneurs' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 7). In their opinion the present construction activity in comparison with the previous month is improved, but their forecasts over the next 3 months are more reserved.

The uncertain economic environment remains the main factor limiting with the most extent the activity of the enterprises, followed by the financial problems, insufficient demand and competition in the branch (Annex, Figure 8).

As regards the selling prices most of the managers forecast preservation of their level over the next 3 months (Annex, Figure 9).

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[1] From 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.

Retail trade. The composite indicator “business climate in retail trade” drops by 5.3 percentage points in comparison with the previous month (Annex, Figure 10) which is due to the shifting of the retailers’ expectations about the business situation of the enterprises over the next 6 months from “better” towards preserving “the same” (Annex, Figure 11). Concerning the volume of sales and orders placed with suppliers (Annex, Figure 12) over the next 3 months their forecasts are more reserved.

The most serious factor limiting the activity in the sector continues to be the uncertain economic environment whose negative impact increases by 12.7 percentage points. In the background remain the difficulties related to the insufficient demand and competition in the branch (Annex, Figure 13).

Concerning the selling prices the retailers do not expect an increase over the next 3 months (Annex, Figure 14).

Service sector[1]. In June the composite indicator “business climate in service sector” decreases by 1.2 percentage points compared to May (Annex, Figure 15) due to the worsening managers’ assessments about the present business situation of the enterprises (Annex, Figure 16). At the same time their opinions as regards the present and expected demand for services (Annex, Figure 17) are also more reserved.

The uncertain economic environment remains the main factor limiting the business development. In the second and third places are the “competition in the branch” and “insufficient demand” as their negative influence strengthen in comparison with the previous month (Annex, Figure 18).

As regards the selling prices in the service sector the majority of the managers’ expectations are they to remain unchanged over the next 3 months (Annex, Figure 19).

[1] Excl. trade.

Annex

Figure 1. Business climate - total

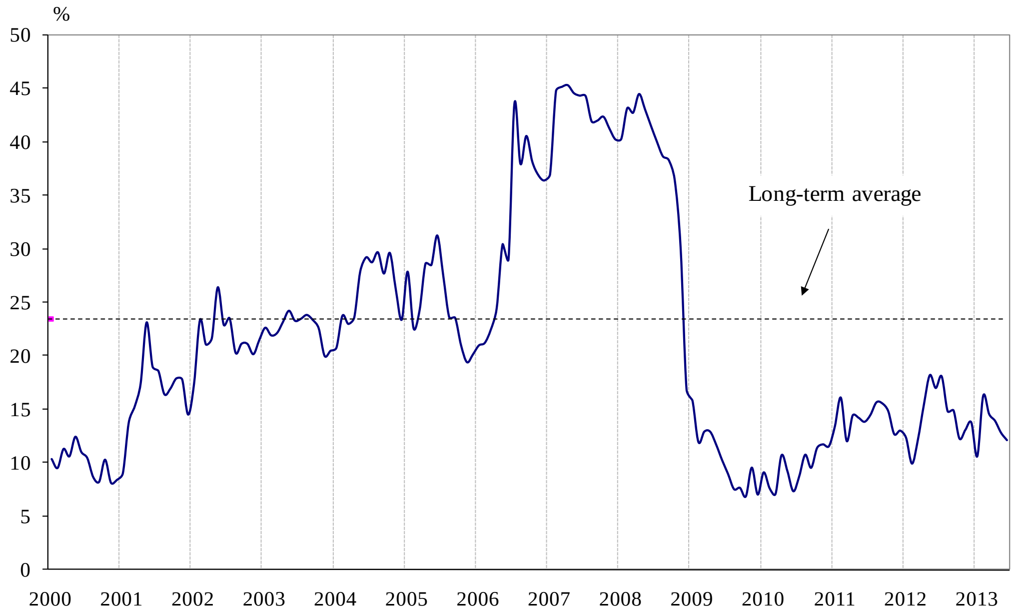

Figure 2. Business climate in industry

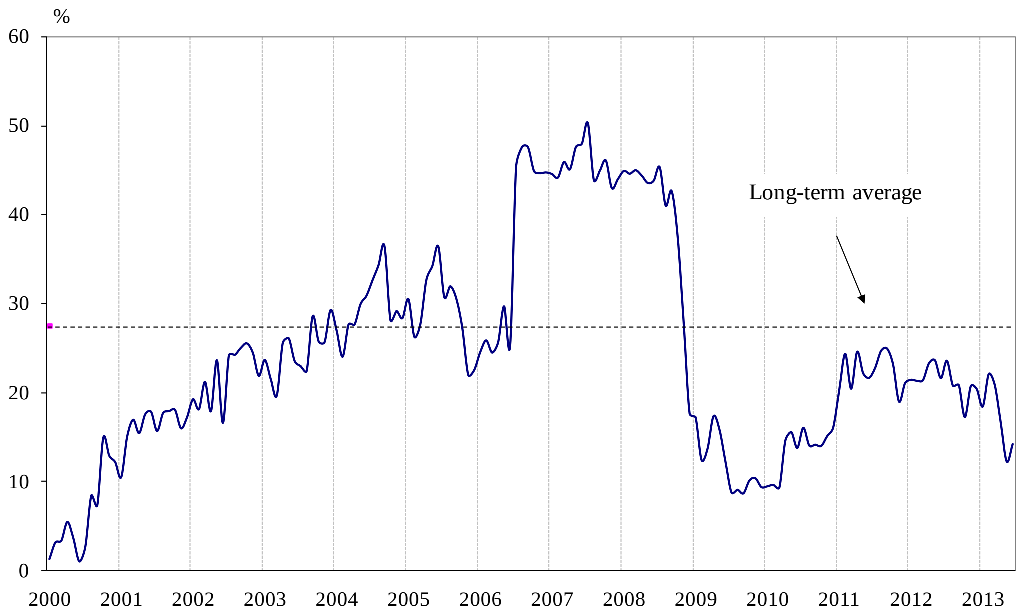

Figure 3. Expected production activity in industry over the next 3 months

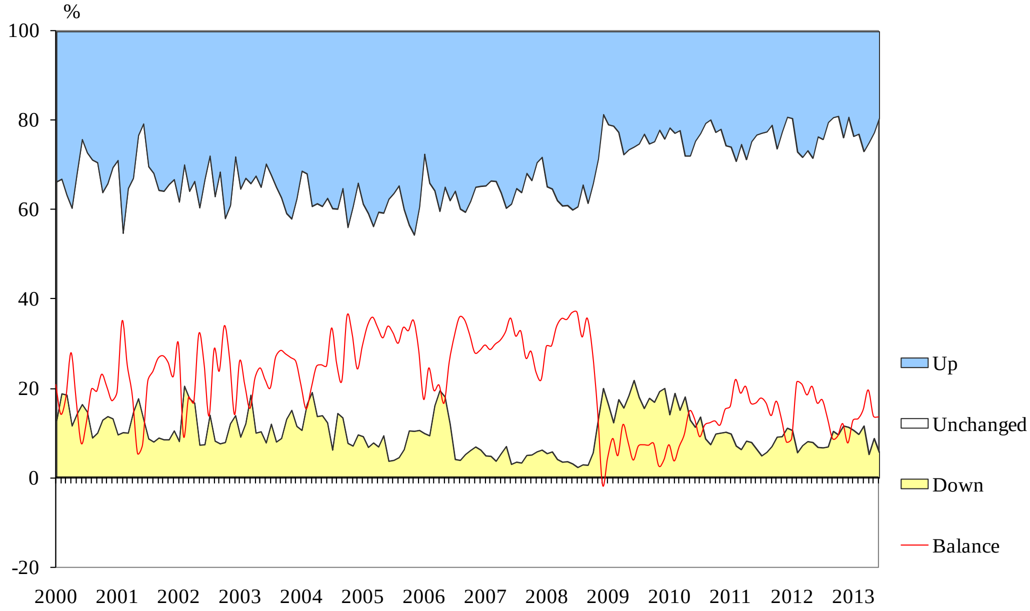

Figure 4. Limits to production in industry (Relative share of enterprises)

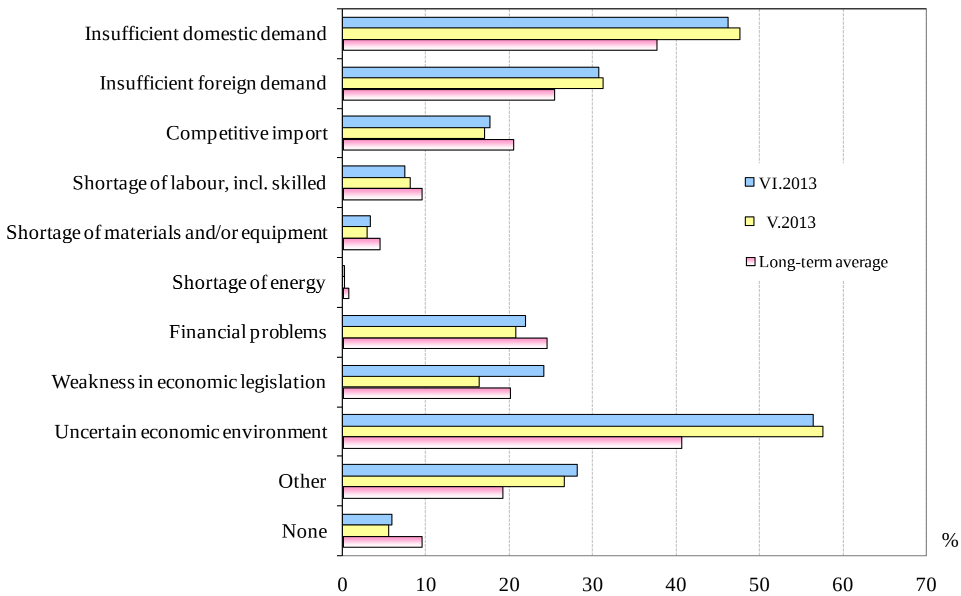

Figure 5. Selling prices expectations in industry over the next 3 months

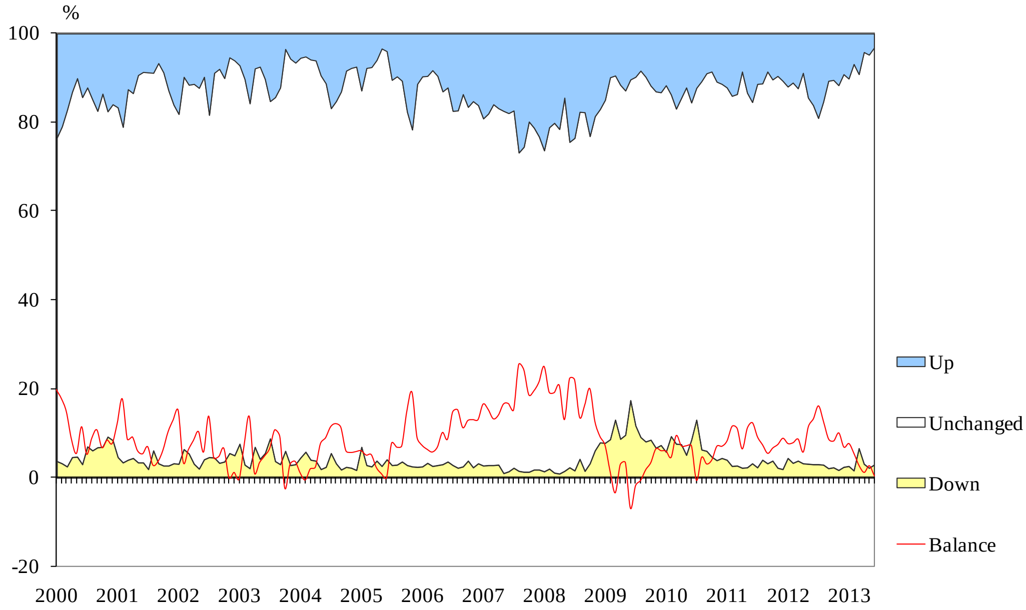

Figure 6. Business climate in construction

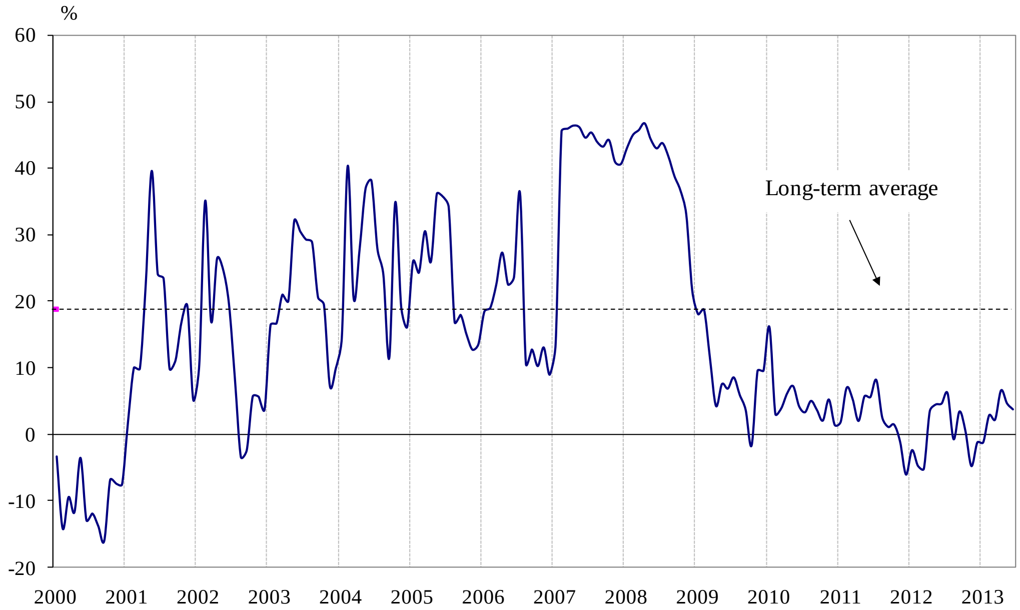

Figure 7. Expected business situation in construction over the next 6 months

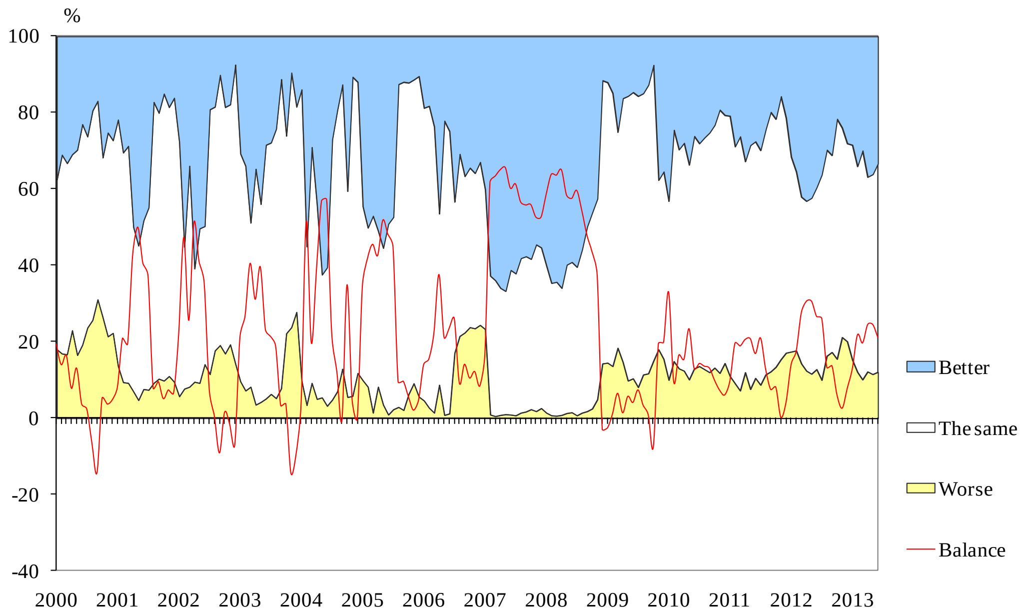

Figure 8. Limits to construction activity (Relative share of enterprises)

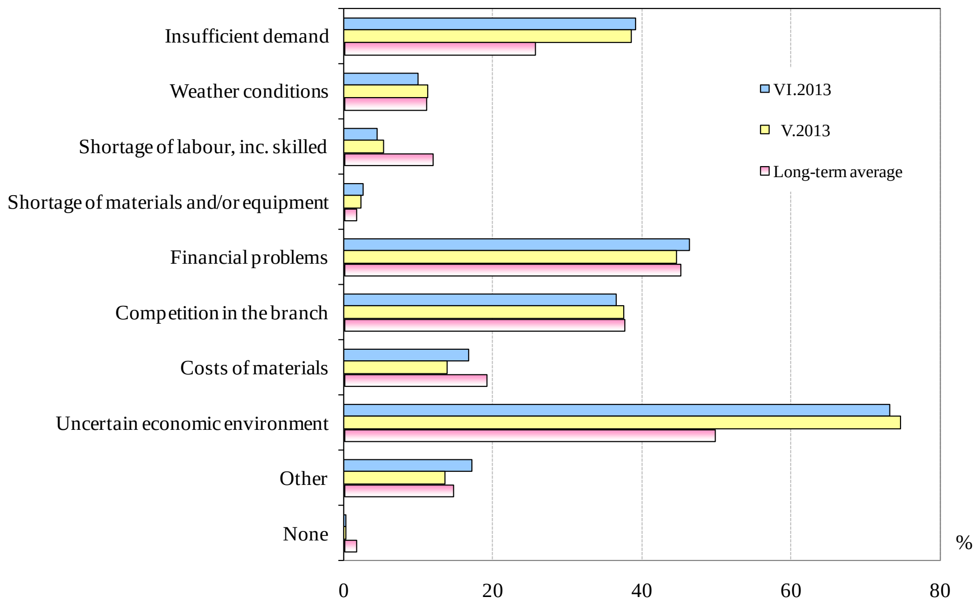

Figure 9. Selling prices expectations in construction over the next 3 months

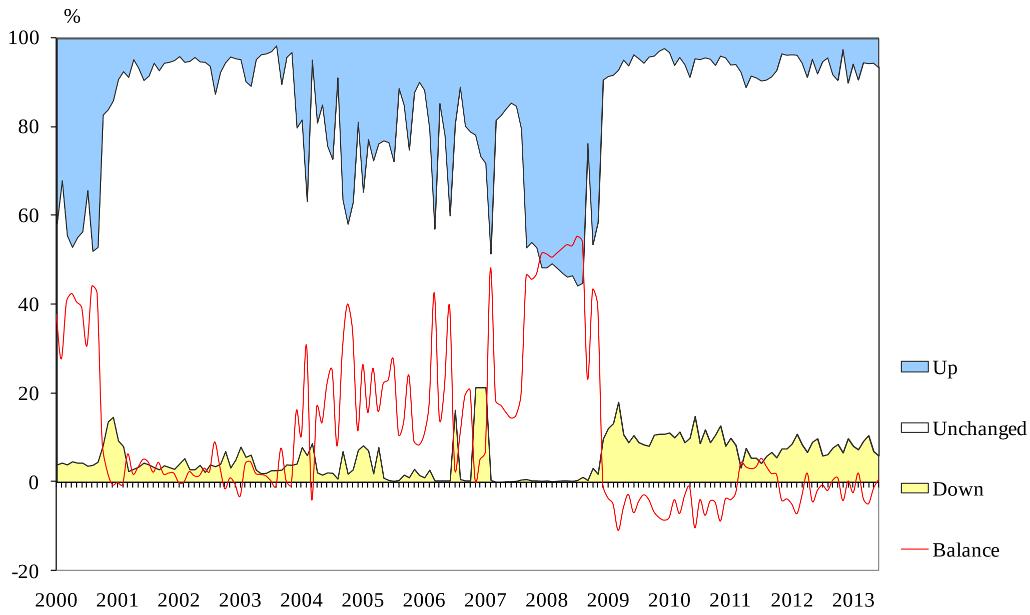

Figure 10. Business climate in retail trade

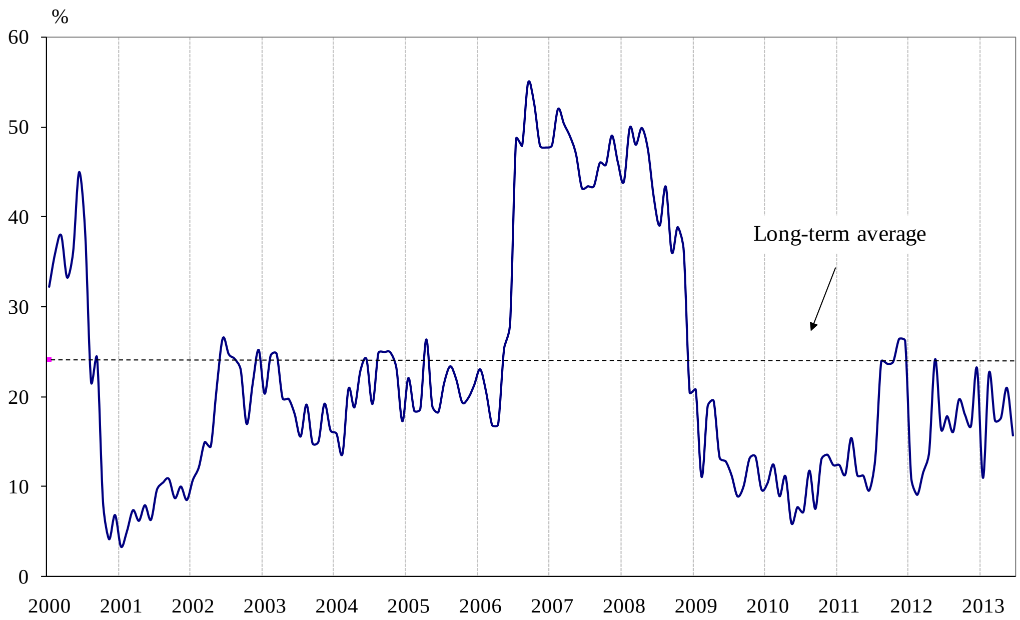

Figure 11. Expected business situation in retail trade over the next 6 months

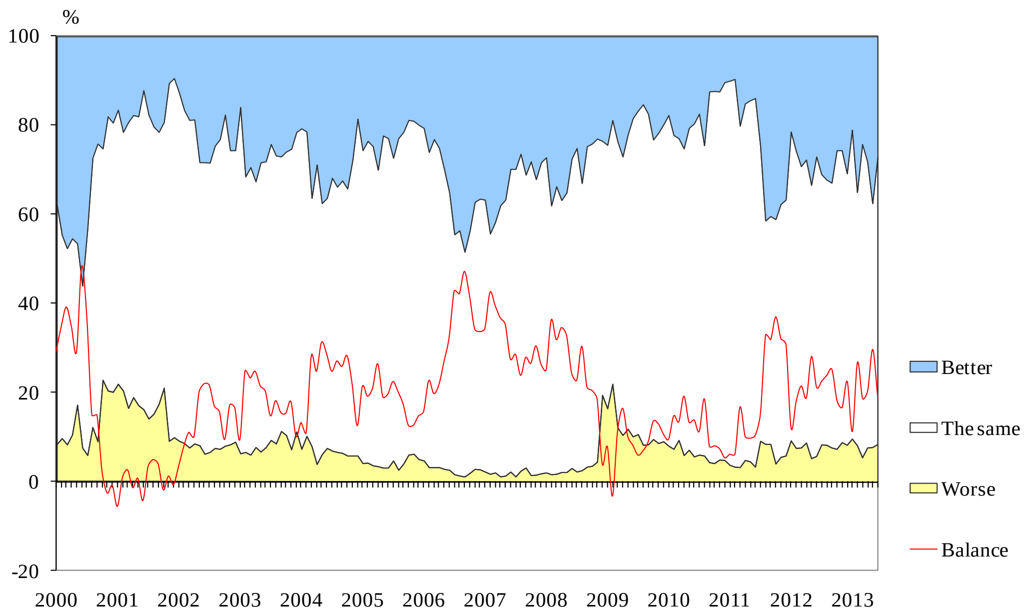

Figure 12. Expectations about orders placed with suppliers in retail trade over the next 3 months

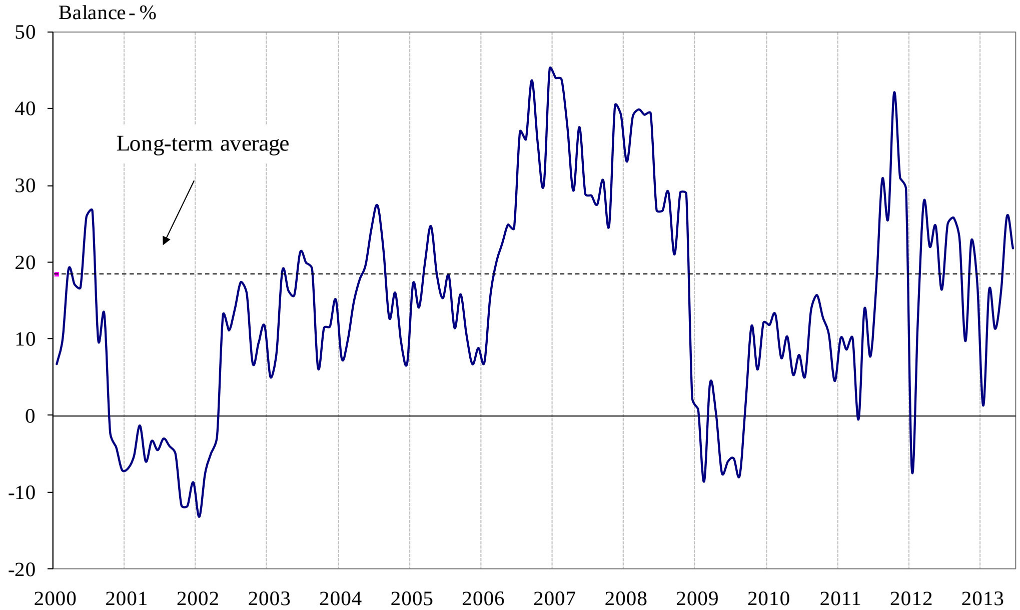

Figure 13. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

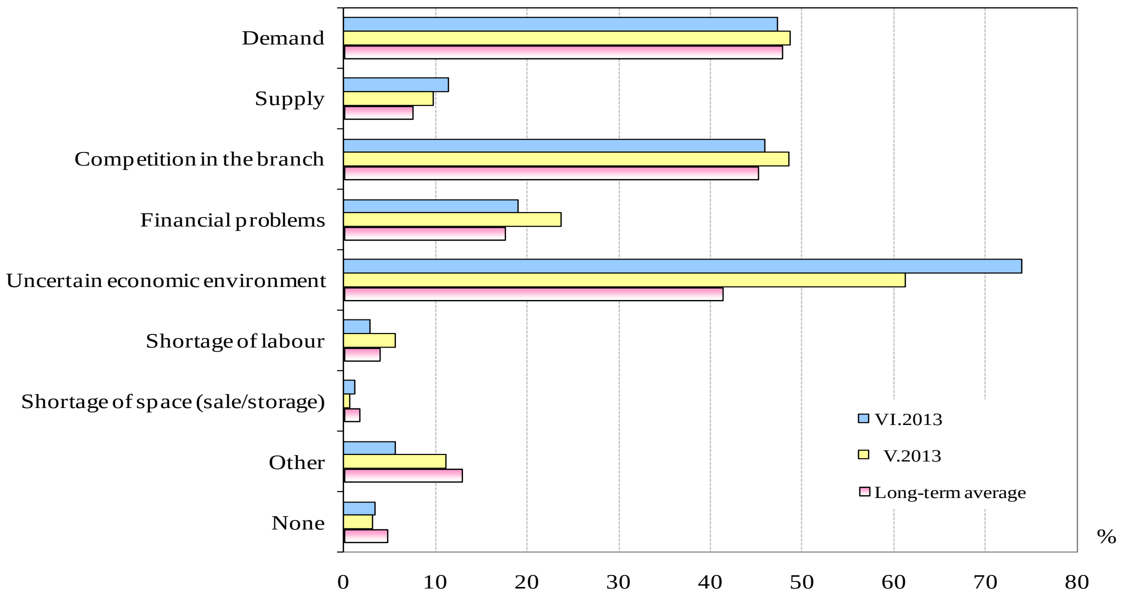

Figure 14. Selling prices expectations in retail trade over the next 3 months

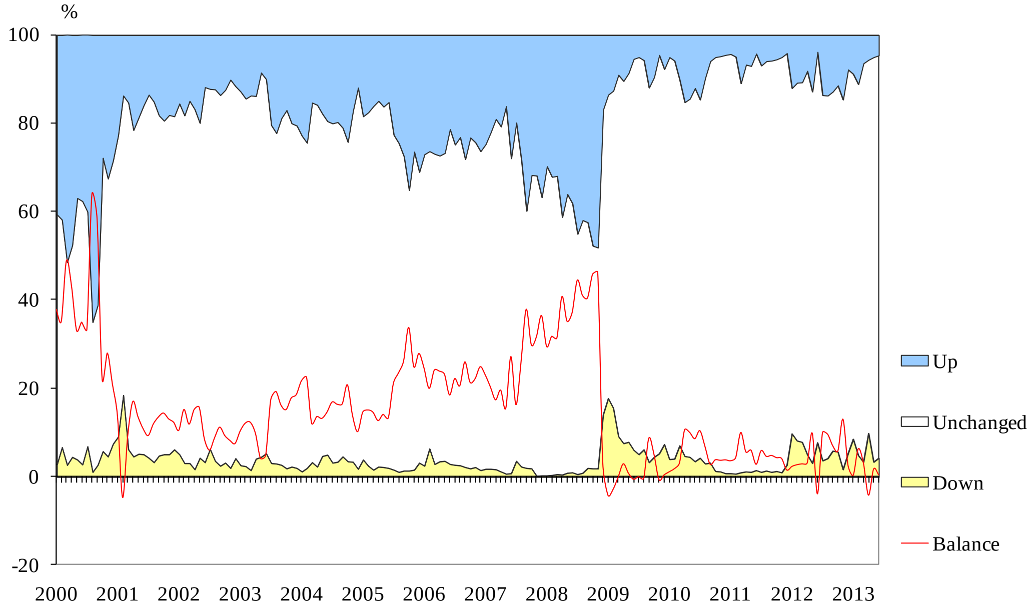

Figure 15. Business climate in service sector

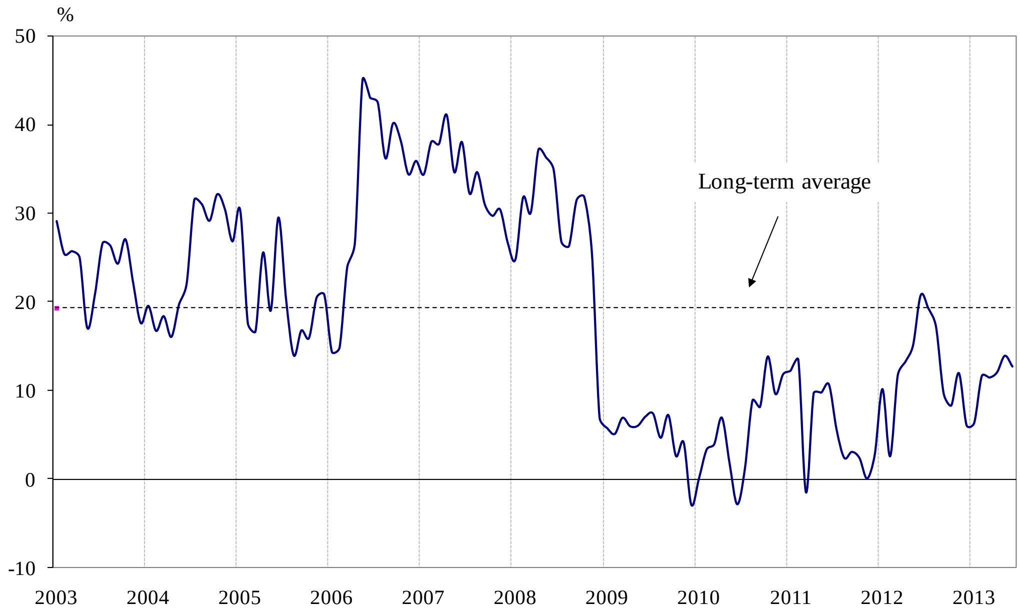

Figure 16. Present business situation in service sector

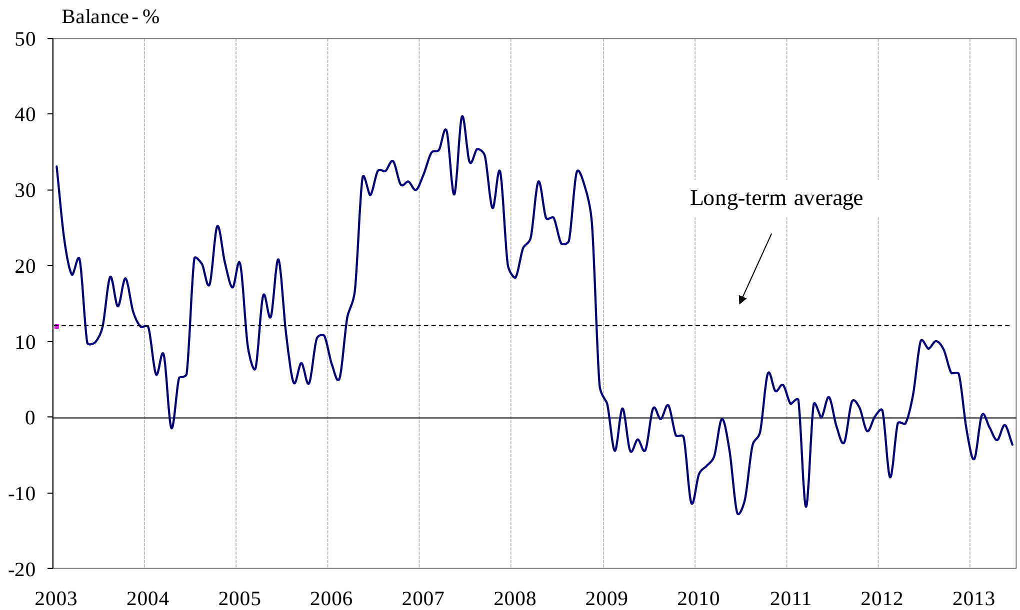

Figure 17. Expected demand in service sector over the next 3 months

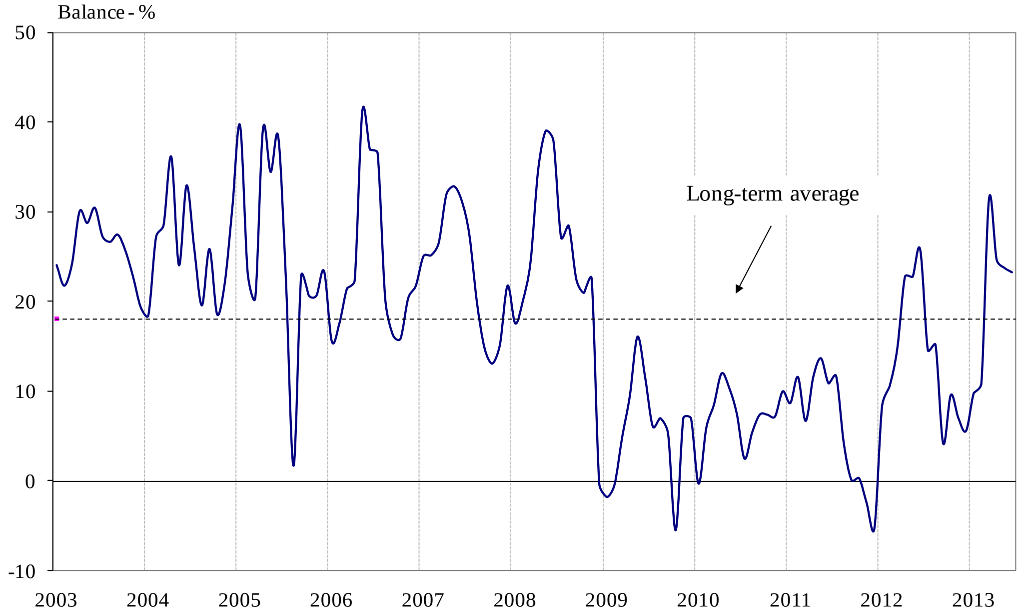

Figure 18. Factors limiting the activity in service sector (Relative share of enterprises)

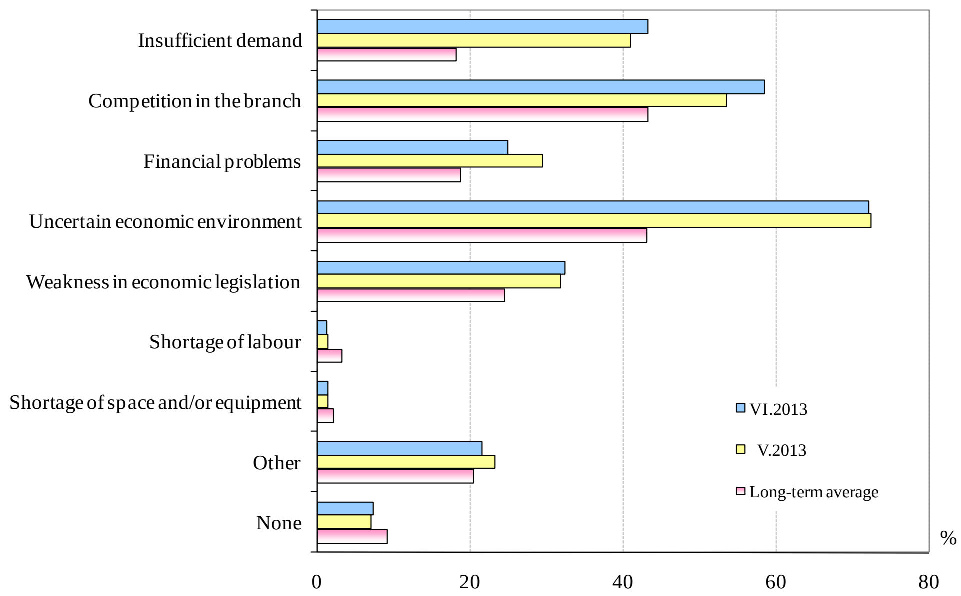

Figure 19. Selling prices expectations in service sector over the next 3 months