



## BUSINESS CONJUNCTURE NSI BUSINESS SURVEYS<sup>1,2,3</sup>, SEPTEMBER 2014

In September 2014 the **total business climate indicator**<sup>4</sup> decreases by 2.6 percentage points compared to the previous month (Annex, Figure 1) which is due to the more unfavourable business climate in industry, construction and retail trade.

**Industry.** The composite indicator “business climate in industry” decreases by 2.2 percentage points in comparison with August (Annex, Figure 2) mainly due to the worsening industrial entrepreneurs’ assessments about the present business situation of the enterprises (Annex, Figure 3). The inquiry also registers a decrease of production assurance with orders which is accompanied by reduced expectations about the activity over the next 3 months.

The uncertain economic environment and insufficient domestic demand continue to be the most serious factors limiting the business’ development in the branch (Annex, Figure 4).

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

**Construction.** In September the composite indicator “business climate in construction” drops by 7.3 percentage points (Annex, Figure 6) which is due to the increasing pessimism in the construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). According to them the present construction activity decreases compared to the previous month, as their prognoses over the next 3 months are also more unfavourable.

The factor limiting with the most extent the enterprises’ activity in the branch remains the uncertain economic environment as the last inquiry also registers strengthen of the negative impact of the factors “competition in the branch” and “financial problems” (Annex, Figure 8).

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 1.2 percentage points compared to the previous month (Annex, Figure 10) due to the more moderate retailers’ assessments about the business situation of the enterprises. However their forecasts about the development of the business situation over the next 6 months are more favourable, as in their

<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, 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.



expectations as regards the orders placed with suppliers and the volume of sales (Annex, Figure 11) over the next 3 months certain improvement is also observed.

The uncertain economic environment, insufficient demand and competition in the branch continue to be the main obstacles for the activity' development in the branch, as in the last month an increase of their unfavourable influence is reported (Annex, Figure 12).

The majority of the retailers expect the selling prices to preserve its level over the next 3 months (Annex, Figure 13).

**Service sector<sup>1</sup>.** In September the composite indicator “business climate in service sector” remains approximately to its level from August (Annex, Figure 14). As regards the demand for services the present tendency is assessed as decreased, as the expectations over the next 3 months are also more reserved.

The most serious factor, limiting the development of the activity in the branch continues to be the uncertain economic environment, followed by competition in the branch (Annex, Figure 15).

Concerning the selling prices in the service sector the managers expect them to remain unchanged over the next 3 months (Annex, Figure 16).

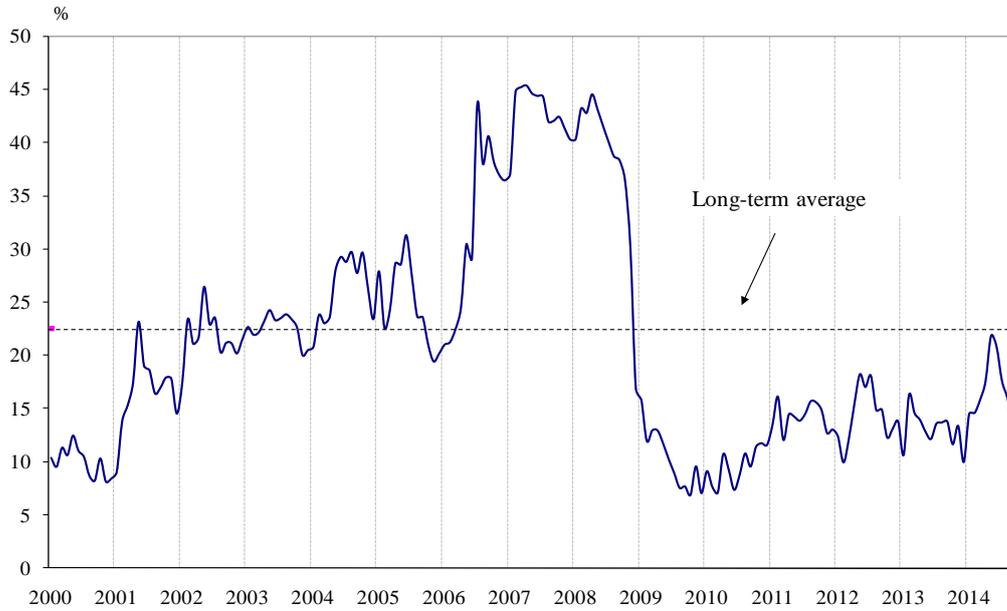
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<sup>1</sup> Excl. trade.

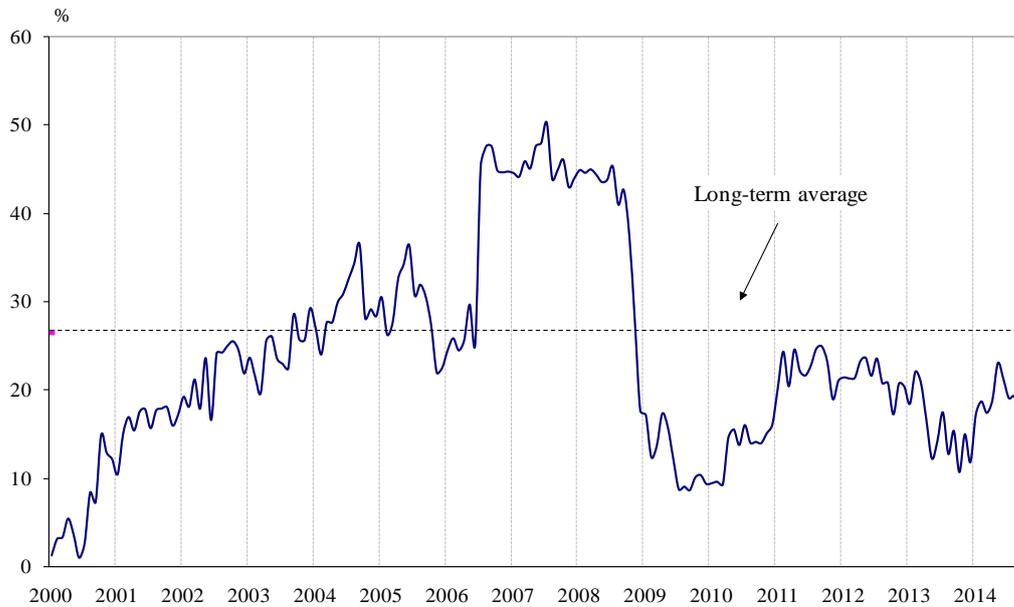


**Annex**

**Figure 1. Business climate - total**

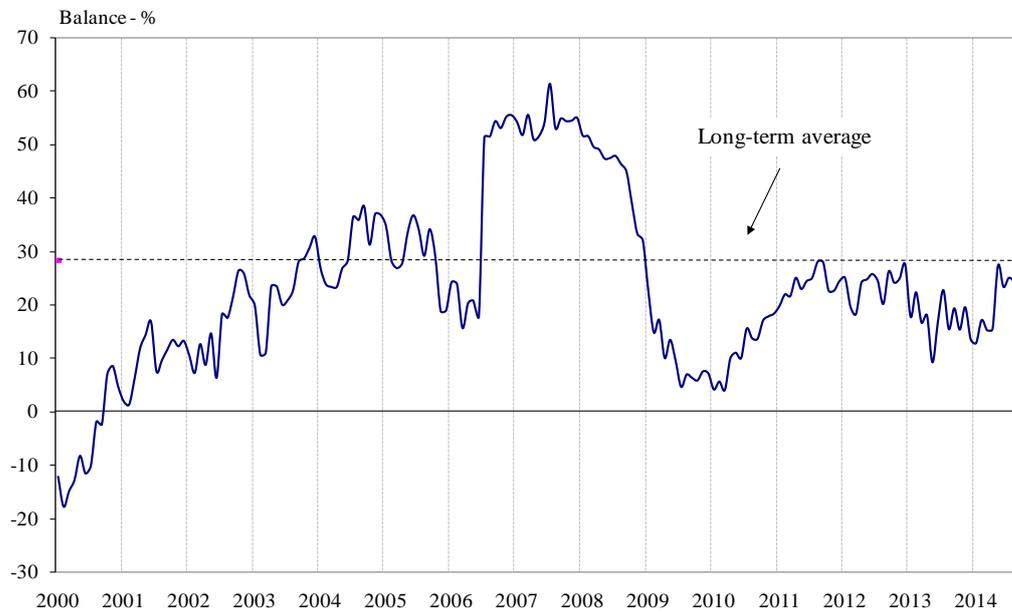


**Figure 2. Business climate in industry**

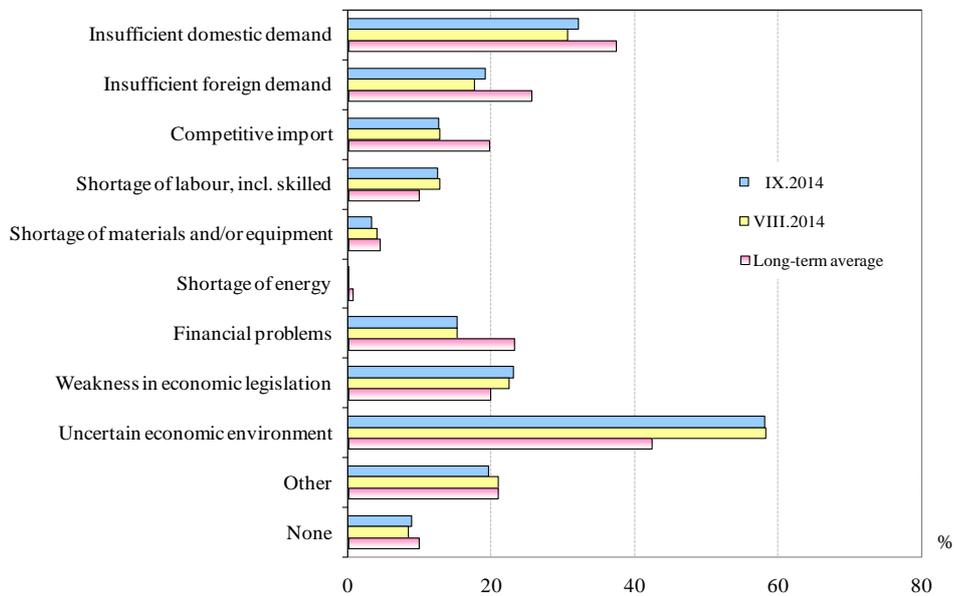




**Figure 3. Present business situation in industry**

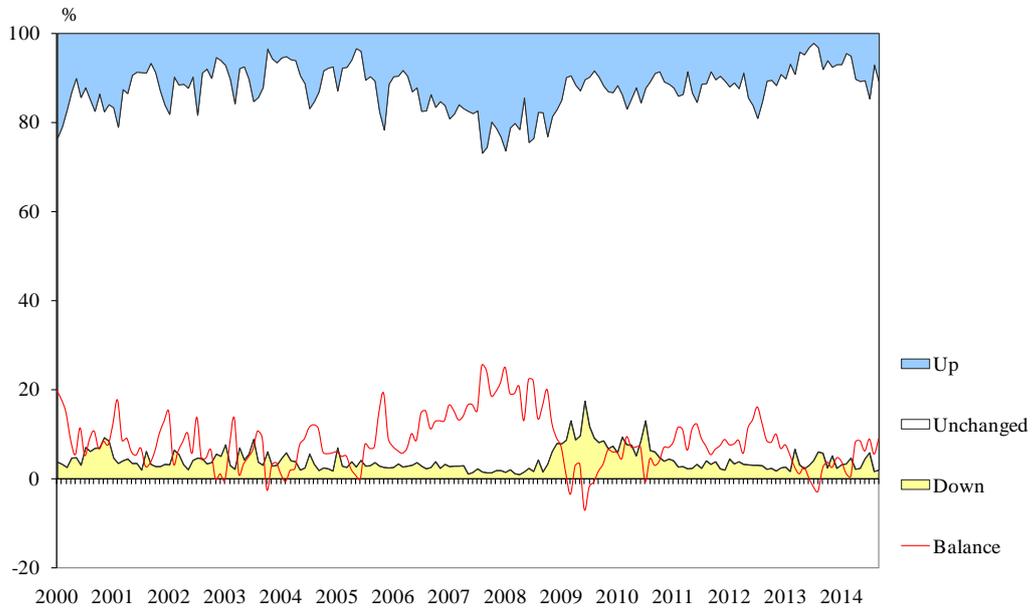


**Figure 4. Limits to production in industry  
(Relative share of enterprises)**

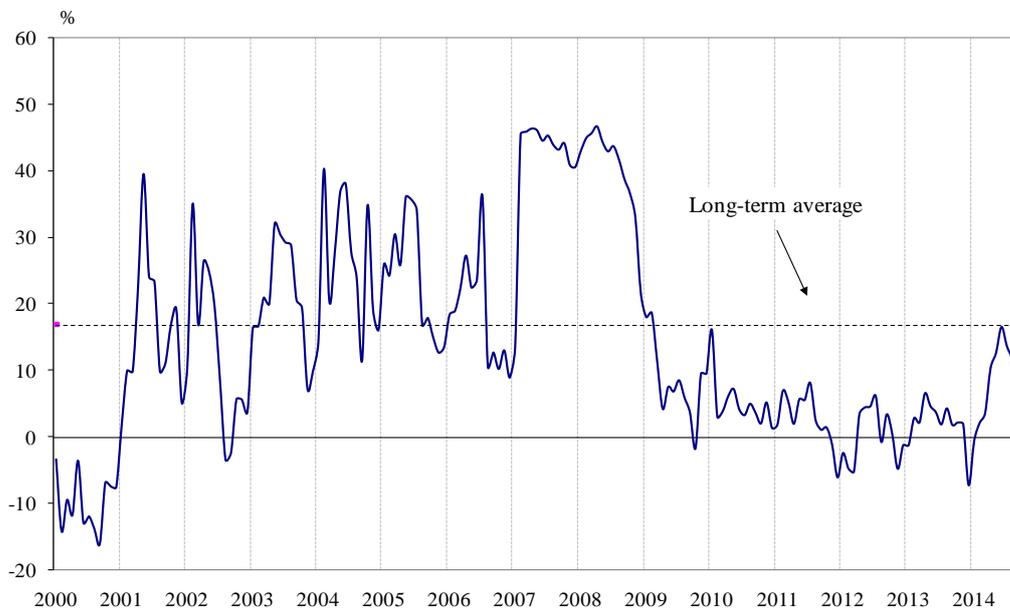




**Figure 5. Selling prices expectations in industry over the next 3 months**

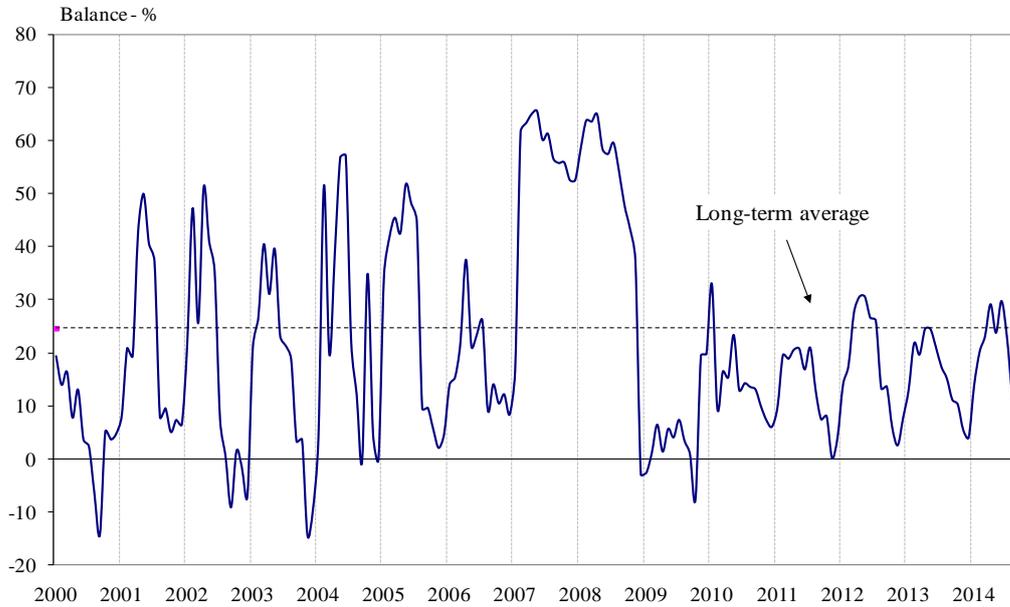


**Figure 6. Business climate in construction**

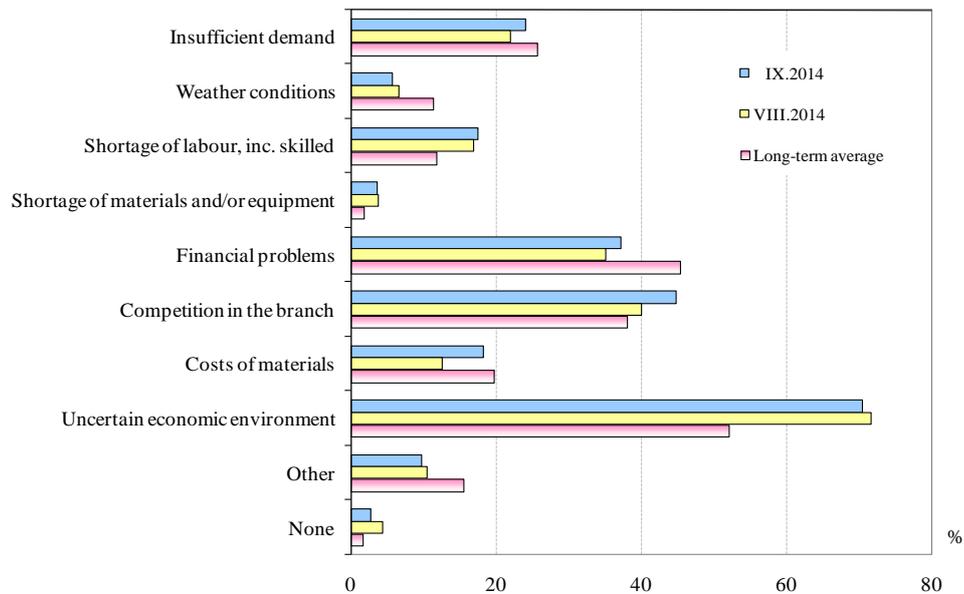




**Figure 7. Expected business situation in construction over the next 6 months**

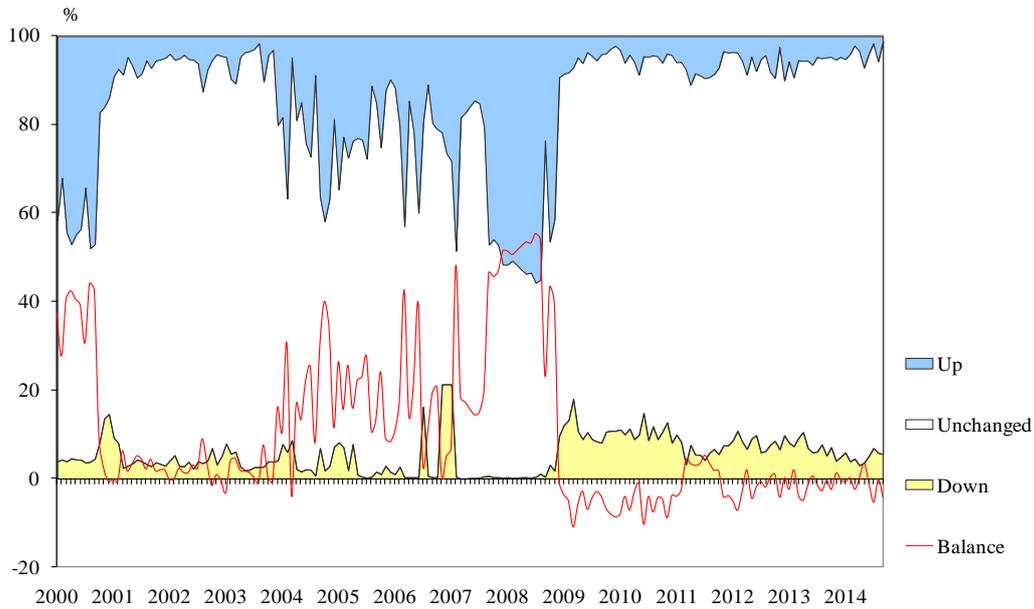


**Figure 8. Limits to construction activity (Relative share of enterprises)**

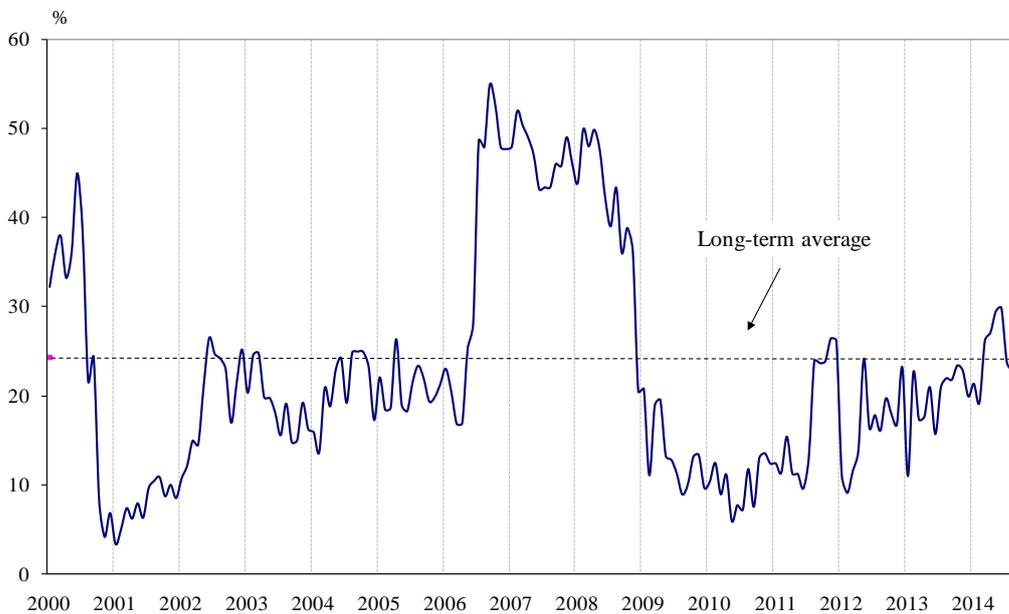




**Figure 9. Selling prices expectations in construction over the next 3 months**

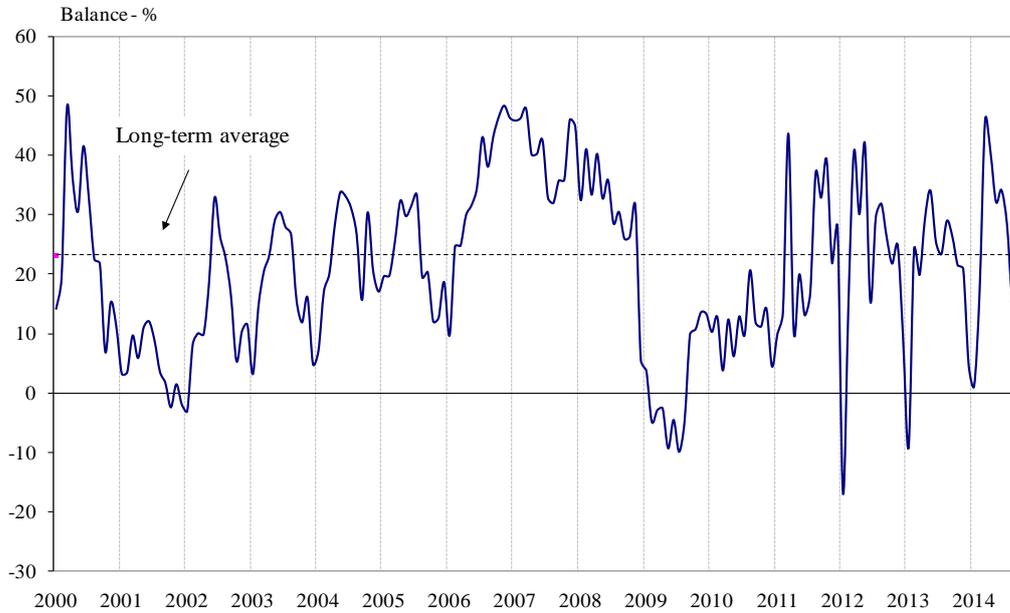


**Figure 10. Business climate in retail trade**

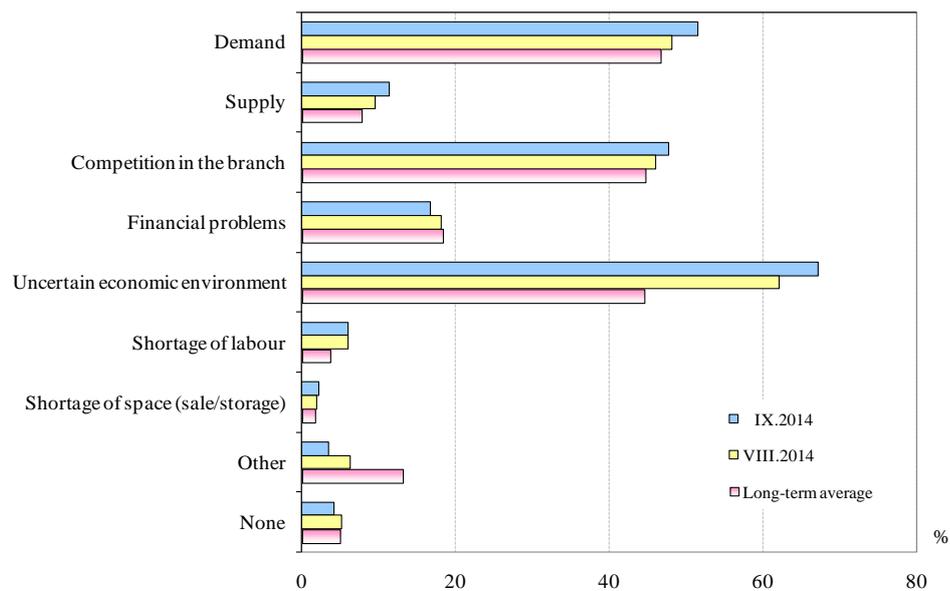




**Figure 11. Sales expectations in retail trade over the next 3 months**

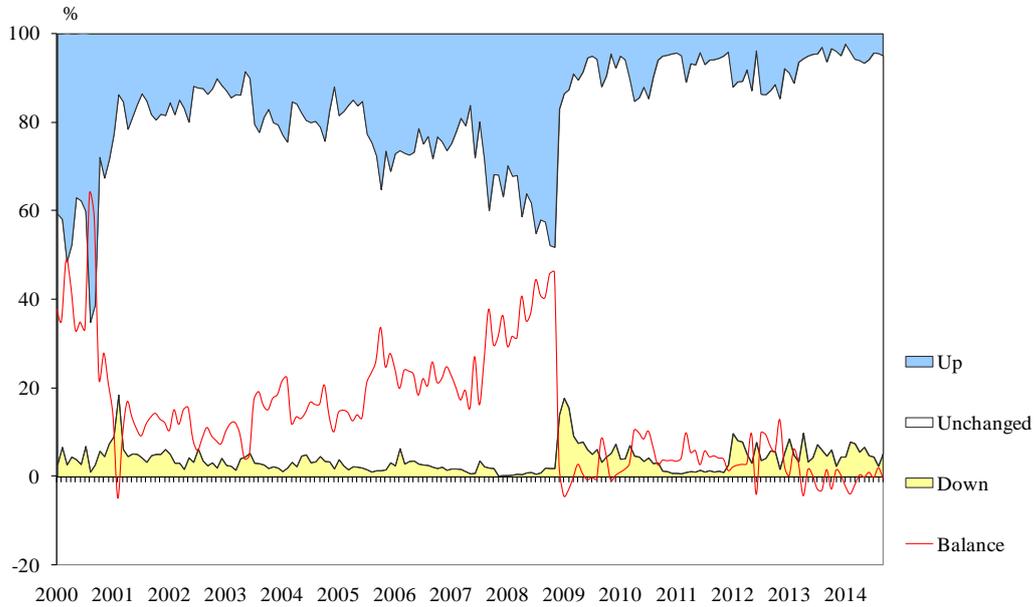


**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

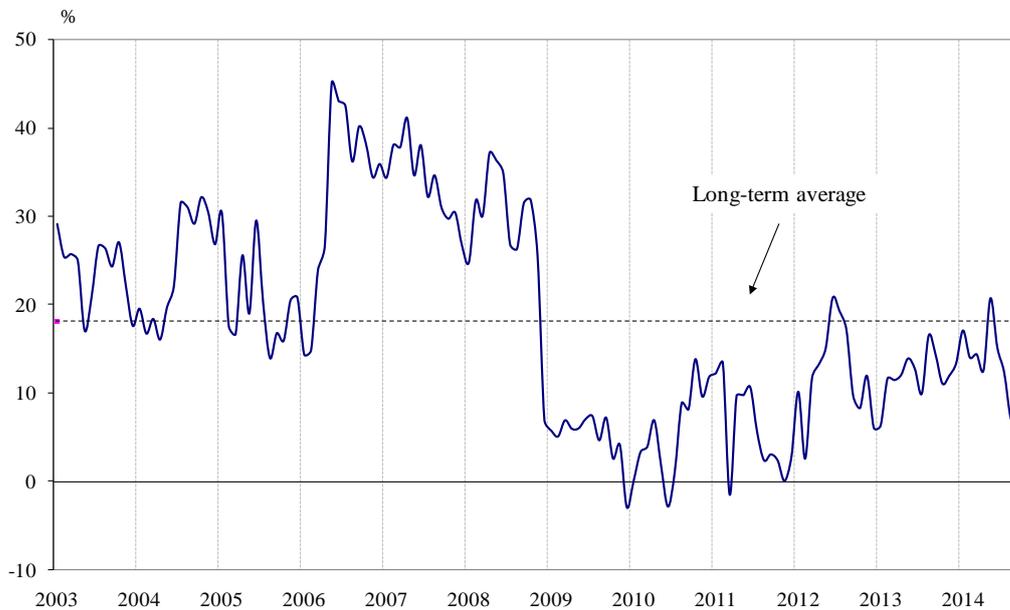




**Figure 13. Selling prices expectations in retail trade over the next 3 months**

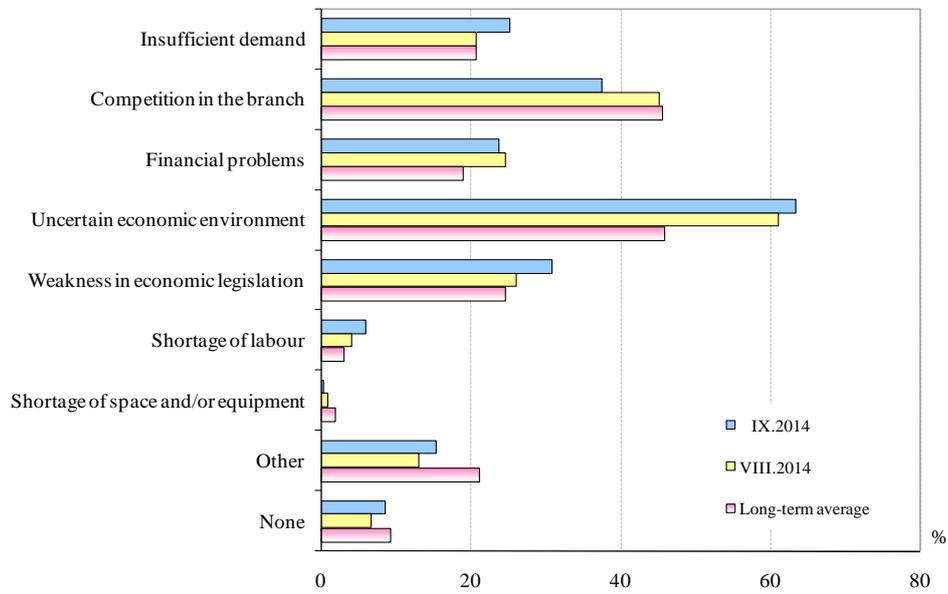


**Figure 14. Business climate in service sector**





**Figure 15. Factors limiting the activity in service sector  
(Relative share of enterprises)**



**Figure 16. Selling prices expectations in service sector  
over the next 3 months**

