# BUSINESS CONJUNCTURE
# NSI BUSINESS SURVEYS[1,2,3], MARCH 2015

In March 2015 **the total business climate indicator**[4] increases by 0.9 percentage points compared to the previous month (Annex, Figure 1) due to the improved business climate in industry and service sector.

**Industry.** The composite indicator 'business climate in industry' increases by 2.3 percentage points in comparison with February (Annex, Figure 2) which is due to the more favourable industry entrepreneurs' assessments and expectations about the business situation of the enterprises (Annex, Figure 3). However the present production activity is assessed as slight decreased, as the expectations about the activity over the next 3 months are also more reserved.

The uncertain economic environment and insufficient domestic demand remain the main factors limiting the business development in the branch (Annex, Figure 4).

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

**Construction.** In March the composite indicator 'business climate in construction' decreases by 3.6 percentage points (Annex, Figure 6) due to the shifting of the construction entrepreneurs' assessments about the business situation of the enterprises from 'good' towards 'satisfactory' (normal for the season) (Annex, Figure 7). However their expectations both about the business situations of the enterprises over the next 6 months (Annex, Figure 8) and the construction activity over the next 3 months are more favourable.

The main factor limiting the activity in the branch continues to be connected with the uncertain economic environment as in the last month strengthen of its negative influence is observed. In the background remain the factors 'competition in the branch' and 'financial problems' (Annex, Figure 9).

As regards the selling prices in construction the prevailing managers' expectations are them to remain unchanged over the next 3 months (Annex, Figure 10).

**Retail trade.** The composite indicator 'business climate in retail trade' decreases by 1.0 percentage point compared to February (Annex, Figure 11) which is due to the more moderate retailers' assessments about

[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.

the present business situation of the enterprises. However their forecasts about the development of the business situation over the next 6 months are improved, as their expectations about the volume of sales over the next 3 months are also more favourable.

The main obstacles for the development of the activity in the branch remain the uncertain economic environment, insufficient demand and competition the branch, though in the last month a decrease of their unfavourable impact is observed (Annex, Figure 12).

Concerning the selling prices in the branch the majority of the retailers' expect preservation of their level over the next 3 months (Annex, Figure 13).

**Service sector[1].** In March the composite indicator 'business climate in service sector' increases by 4.4 percentage points (Annex, Figure 14) mainly due to the improved managers' expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 15). However their opinions as regards the present and expected demand for services are also more reserved.

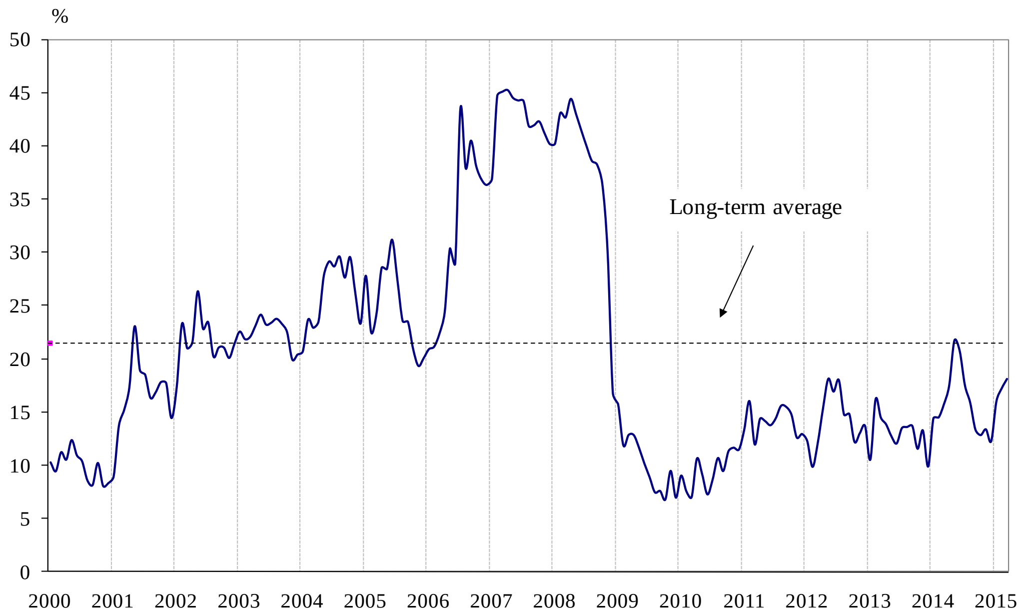
The uncertain economic environment continues to be the main factor limiting the activity in the sector although in the last month a decrease of its negative influence is observed. In the second and third place are the factors 'competition the branch' and 'insufficient demand' (Annex, Figure 16).

The prevailing managers' expectations are the selling prices 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

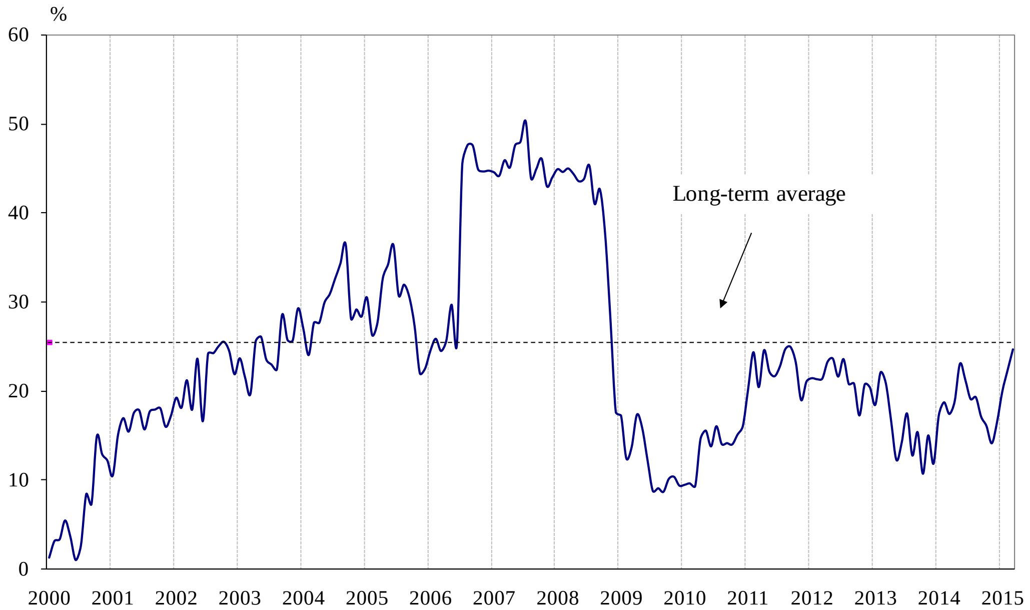


**Figure 3. Expected business situation in industry over the next 6 months**

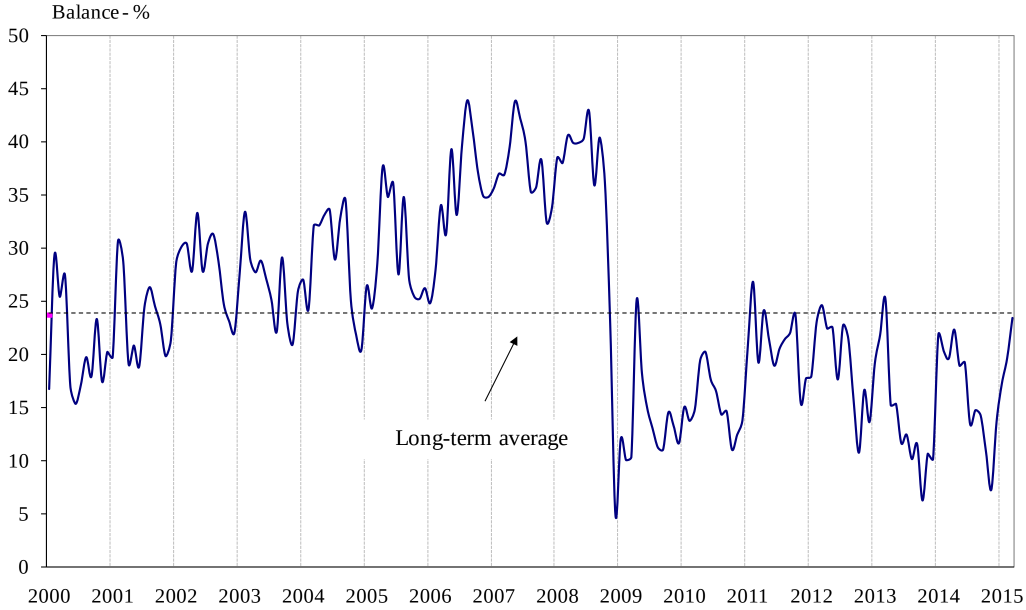



**Figure 4. Limits to production in industry (Relative share of enterprises)**

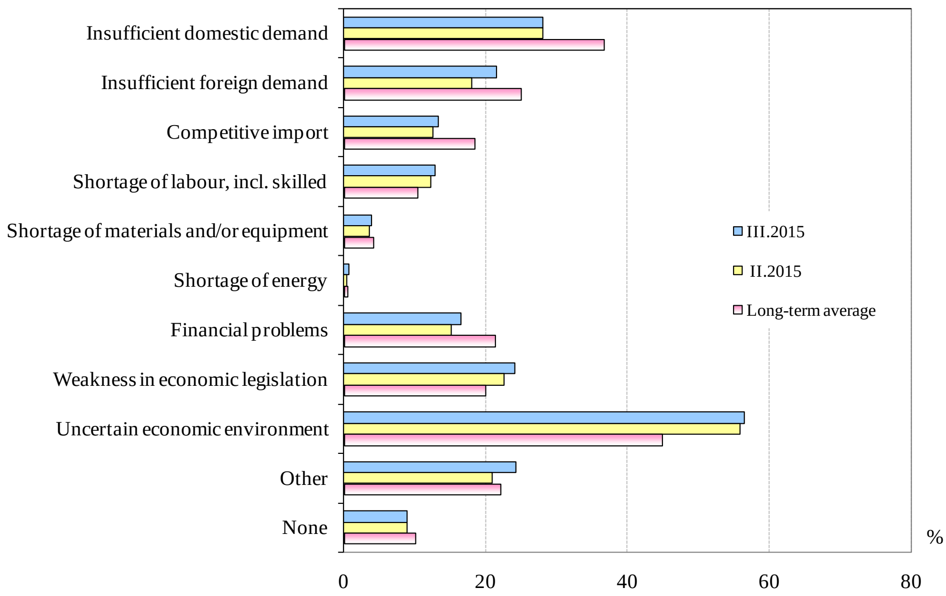


**Figure 5. Selling prices expectations in industry over the next 3 months**

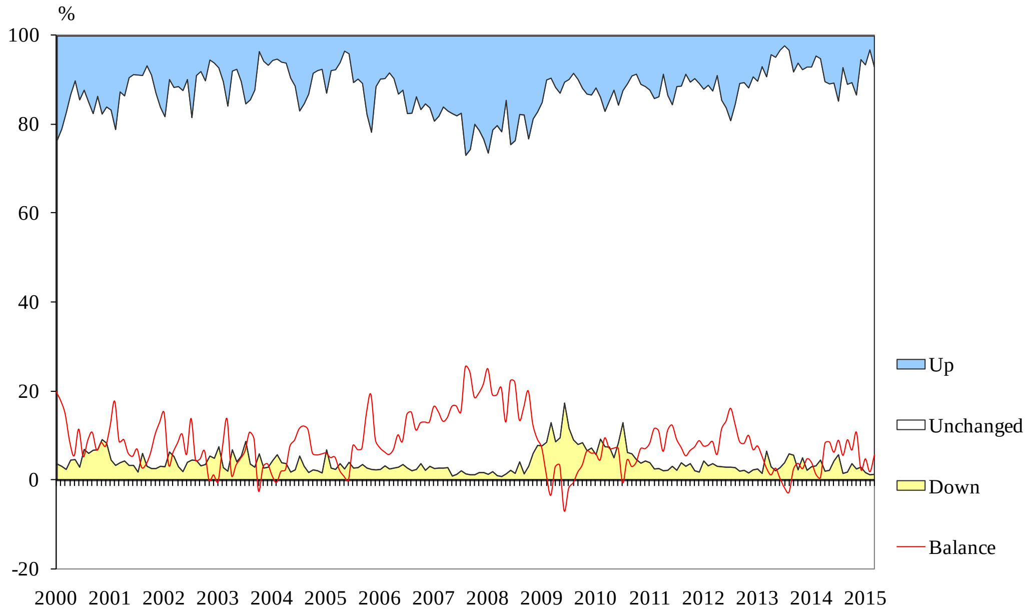



**Figure 6. Business climate in construction**

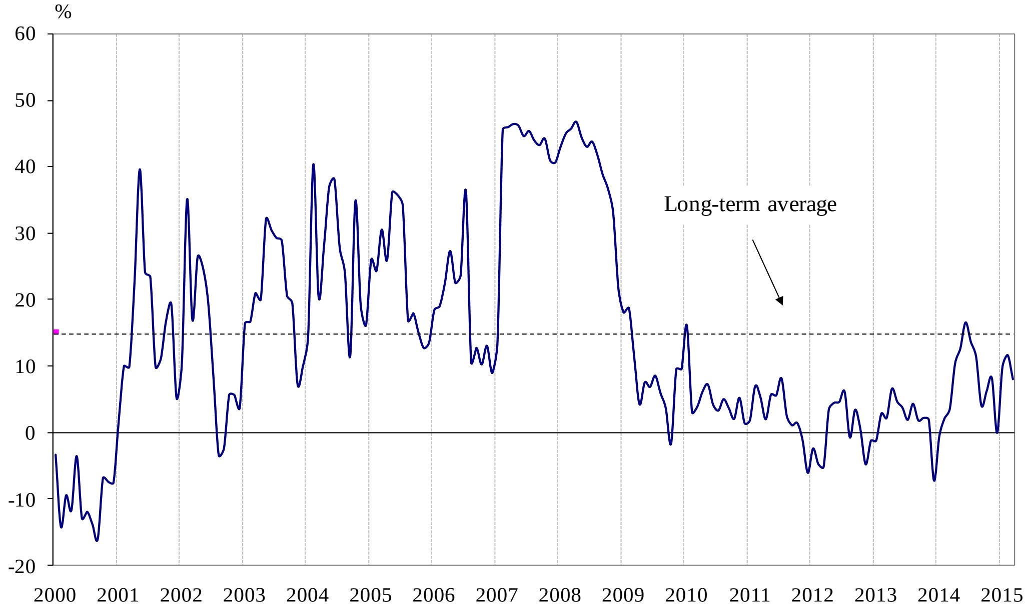


**Figure 7. Present business situation in construction**

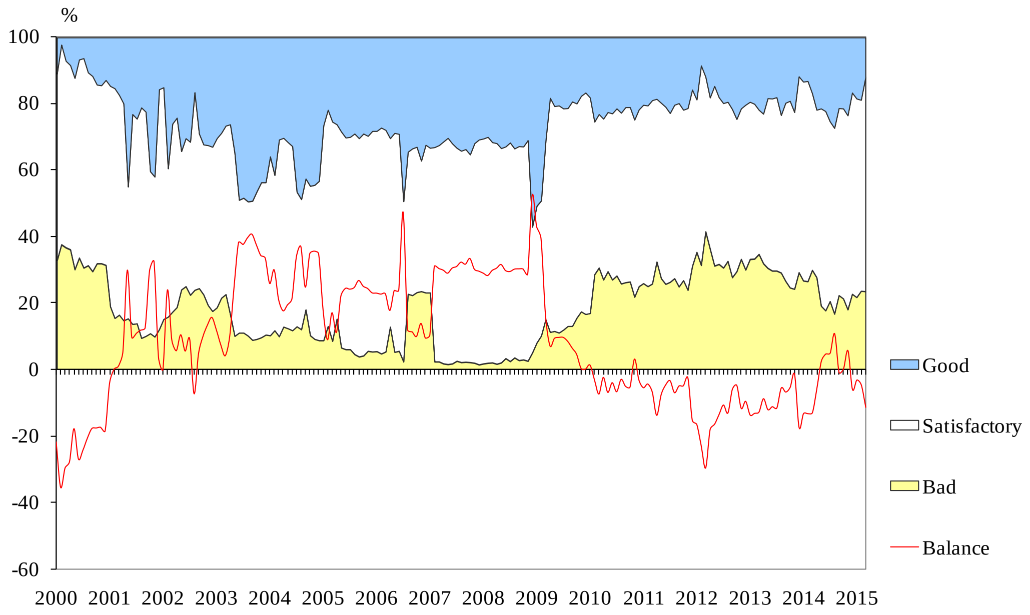



**Figure 8. Expected business situation in construction over the next 6 months**

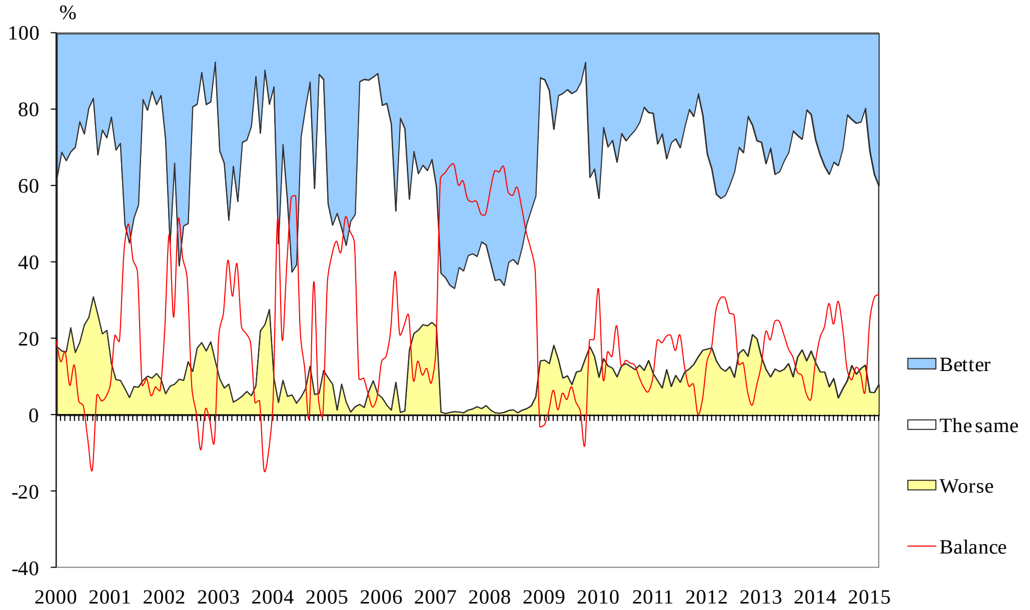


**Figure 9. Limits to construction activity (Relative share of enterprises)**

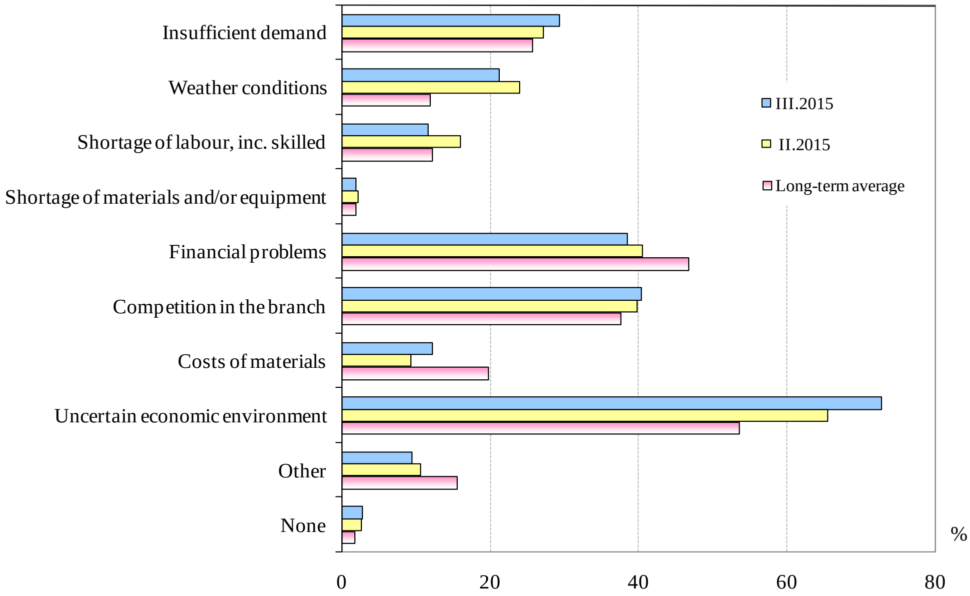



**Figure 10. Selling prices expectations in construction over the next 3 months**

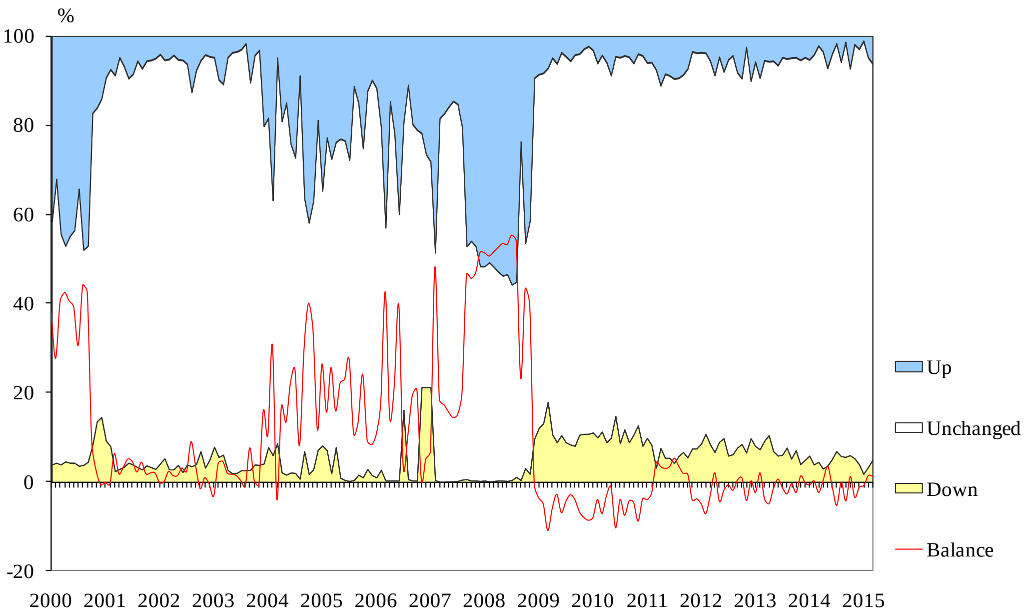


**Figure 11. Business climate in retail trade**

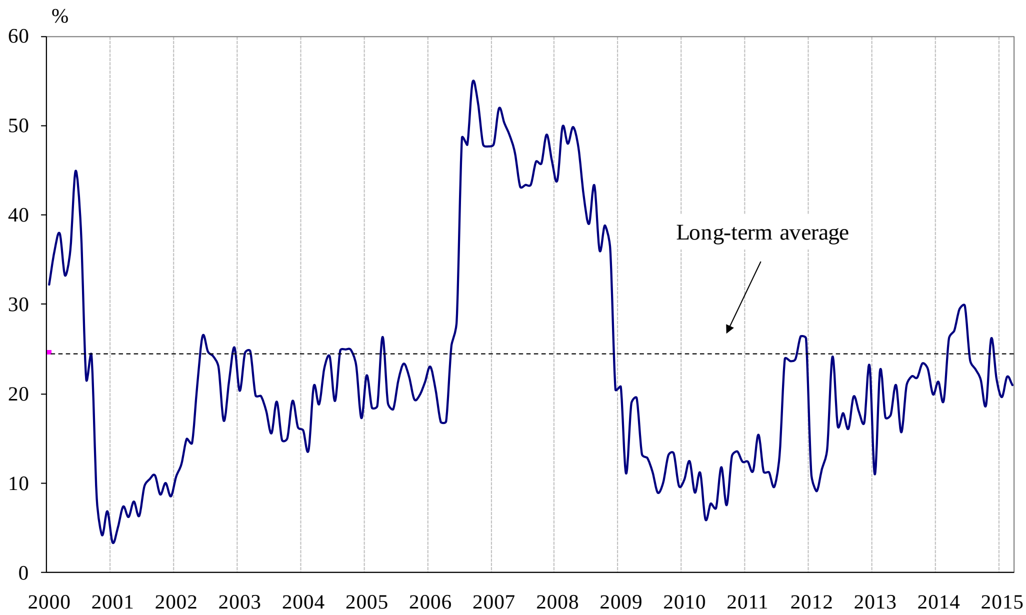



**Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)**

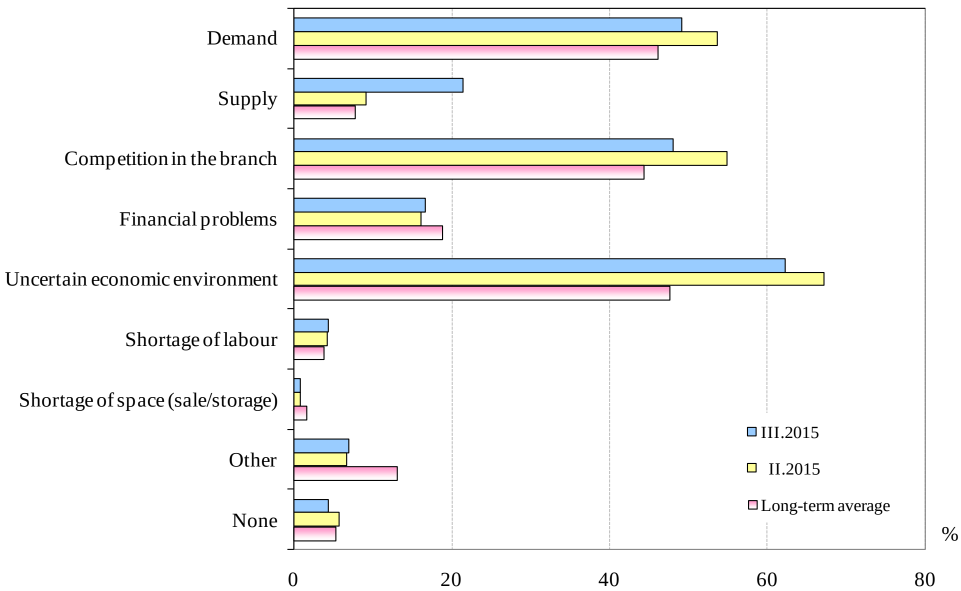


**Figure 13. Selling prices expectations in retail trade over the next 3 months**

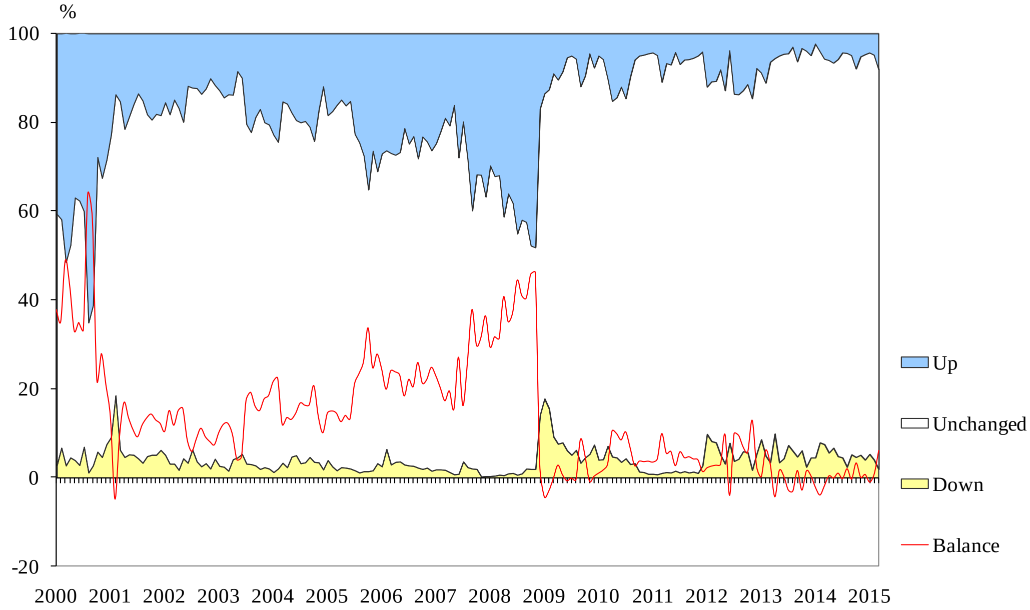



**Figure 14. Business climate in service sector**

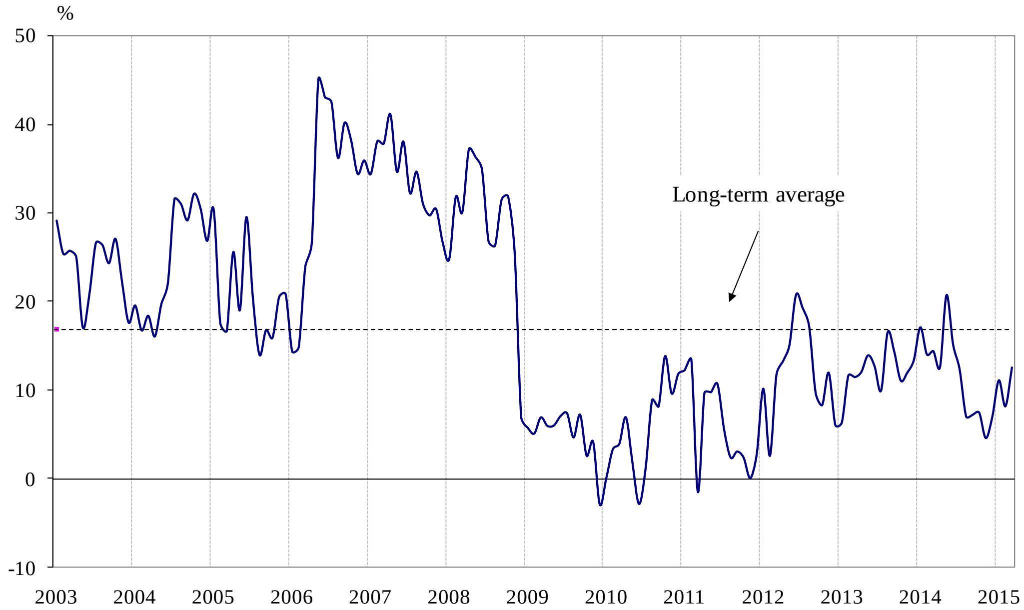


**Figure 15. Expected business situation in service sector over the next 6 months**

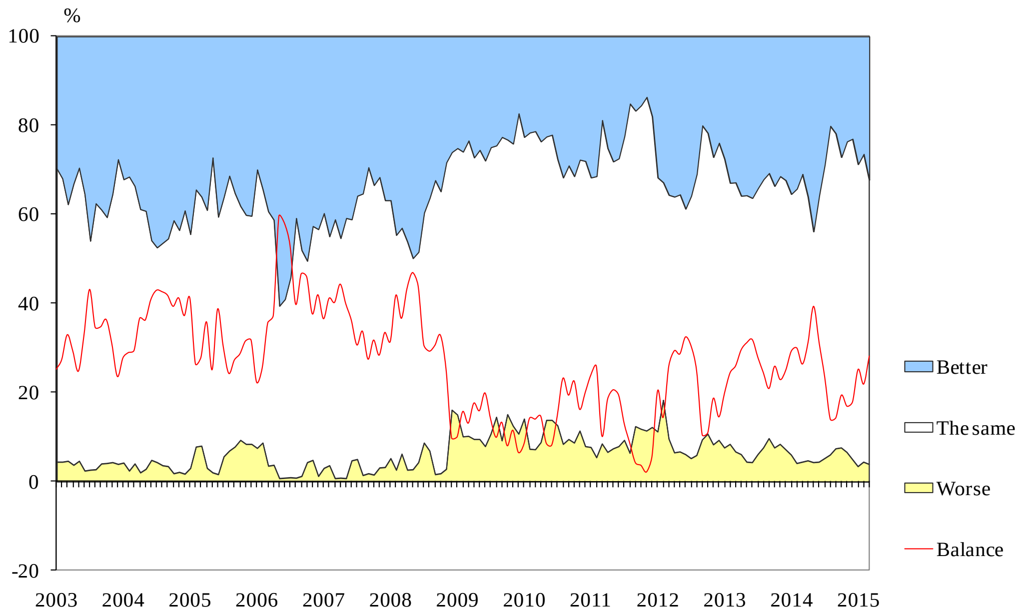



**Figure 16. Factors limiting the activity in service sector (Relative share of enterprises)**

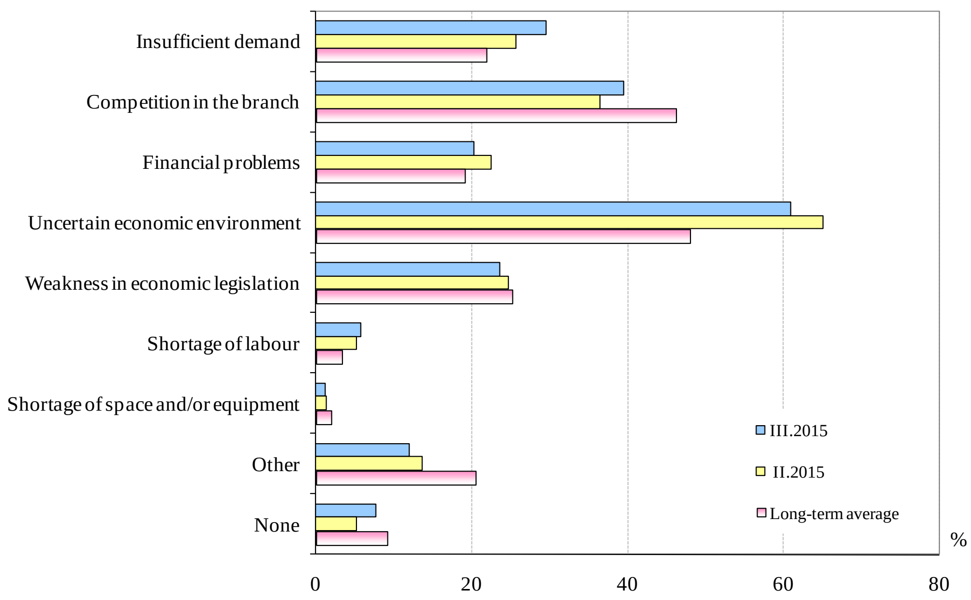


**Figure 17. Selling prices expectations in service sector over the next 3 months**