



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1,2,3}, APRIL 2015

In April 2015 **the total business climate indicator⁴** increases by 2.5 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the improved business climate in construction and retail trade.

Industry. The composite indicator ‘business climate in industry’ preserves approximately its level from March (Annex, Figure 2). The present production activity is assessed as slight improved, but the industry entrepreneurs’ expectations about the activity over the next 3 months are more unfavourable.

The average capacity utilization in April is by 1.8 percentage points below in January level and it reaches 74.3% (Annex, Figure 3), as the enterprises report also a surplus of capacity with regard to the expected demand over the next months.

The main obstacles for the business development in the branch continue to be connected with the uncertain economic environment and insufficient domestic demand pointed out respectively by 57.4% and 26.0% of the managers (Annex, Figure 4).

As regards the selling prices the prevailing managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 5).

Construction. In April the composite indicator ‘business climate in construction’ increases by 8.4 percentage points (Annex, Figure 6) due to the more optimistic construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity is improved, as their prognoses over the next 3 months also remain favourable. In the last month the inquiry also reports a decrease in the number of the clients with delay in payments.

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.4 months against 4.9 in January. At the same time the managers’ expectations about new orders over the next 6 months are also improved (Annex, Figure 8).

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, 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 uncertain economic environment, financial problems and competition in the branch remain the main factors limiting the activity in the branch (Annex, Figure 9).

Concerning the selling prices in construction the majority of the managers expect preservation of their level over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator ‘business climate in retail trade’ increases by 5.3 percentage point compared to March (Annex, Figure 11) which is due to the improved retailers’ assessments and expectations about the business situation of the enterprises (Annex, Figure 12). However their forecasts for the volume of sales and orders placed with suppliers over the next 3 months are more reserved.

The most serious problem for the development of the activity in the branch continues to be connected with the uncertain economic environment. At the same time in the last month strengthen the negative impact of the factor ‘competition in the branch’ is registered which shifts to the third place the factor ‘insufficient demand’ (Annex, Figure 13).

As regards the selling prices in the branch the prevailing retailers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 14).

Service sector¹. In April the composite indicator ‘business climate in service sector’ decreases by 2.1 percentage points (Annex, Figure 15) due to the more unfavourable managers’ assessments about the present business situation of the enterprises. However in their prognoses about the development of the business they remain optimistic, as their expectations about the demand for services over the next 3 months are also improved (Annex, Figure 16).

The main factors limiting the business development in the branch remain the uncertain economic environment, competition the branch and insufficient demand (Annex, Figure 17).

Concerning the selling prices in service sector majority of the managers forecast preservation of their level over the next 3 months (Annex, Figure 18).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

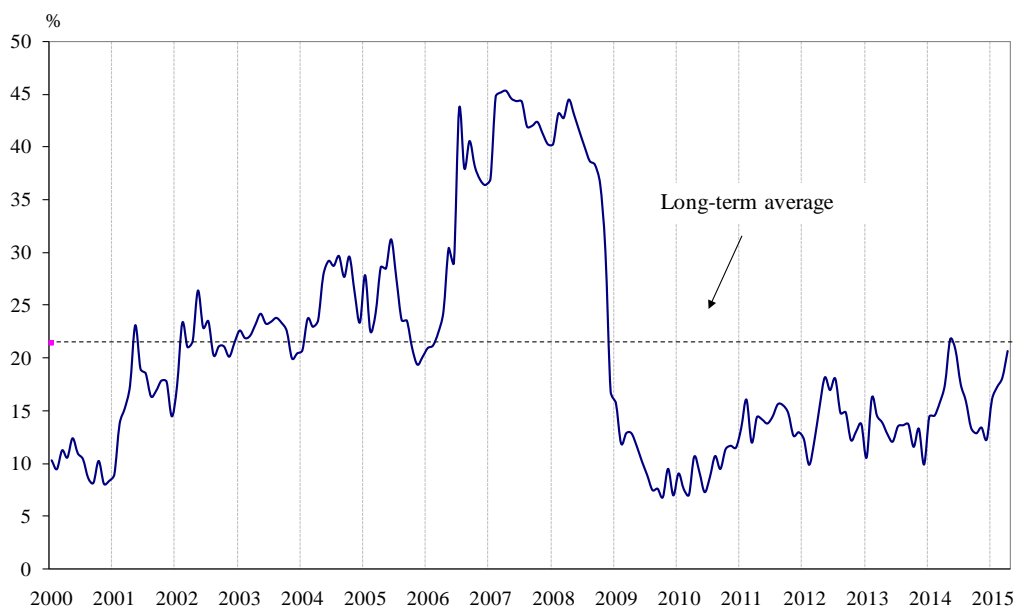


Figure 2. Business climate in industry

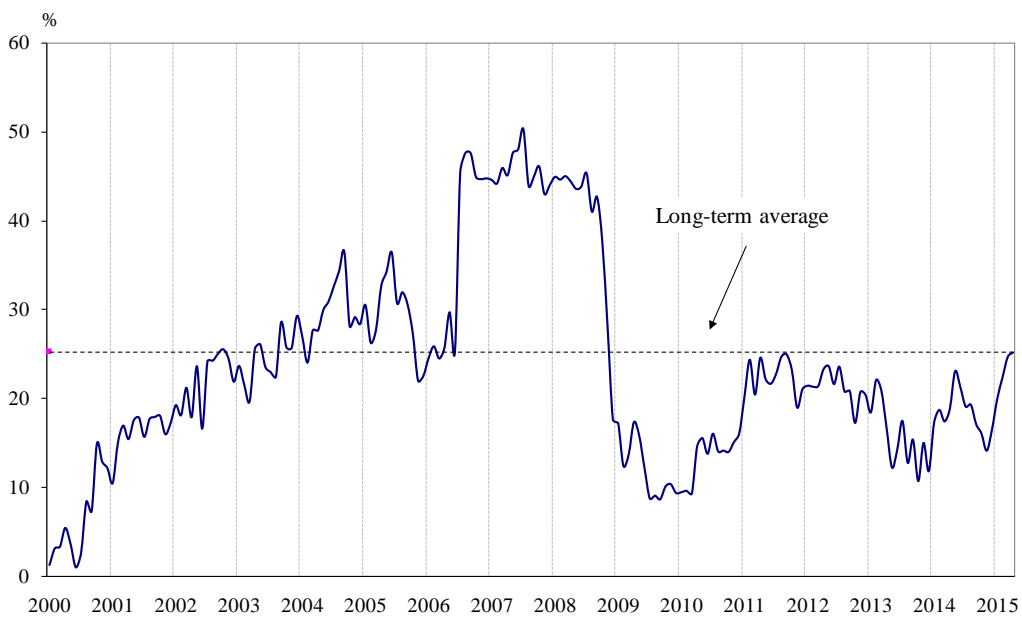
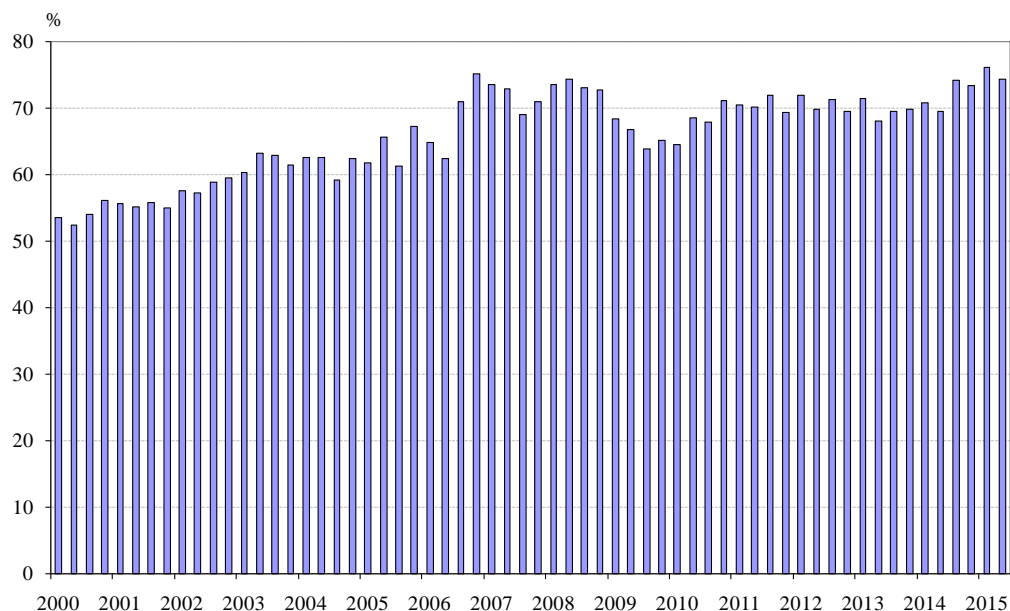




Figure 3. Average capacity utilization in industry



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

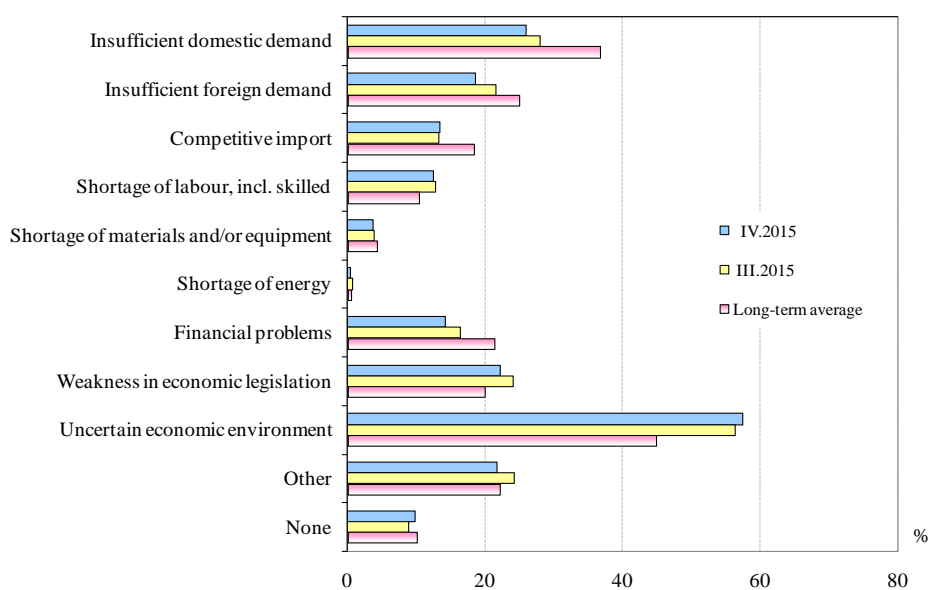




Figure 5. Selling prices expectations in industry over the next 3 months

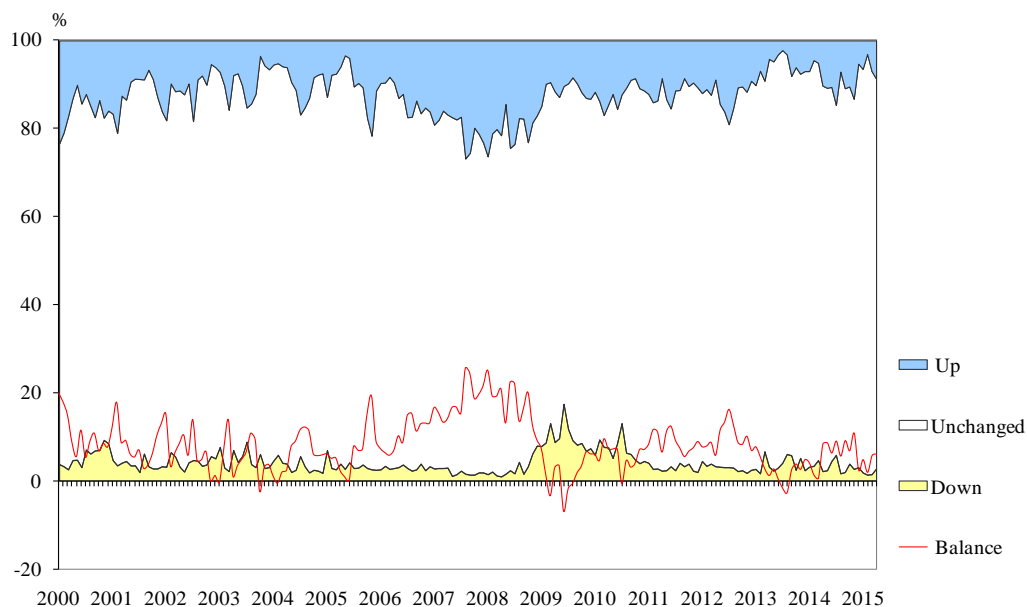


Figure 6. Business climate in construction

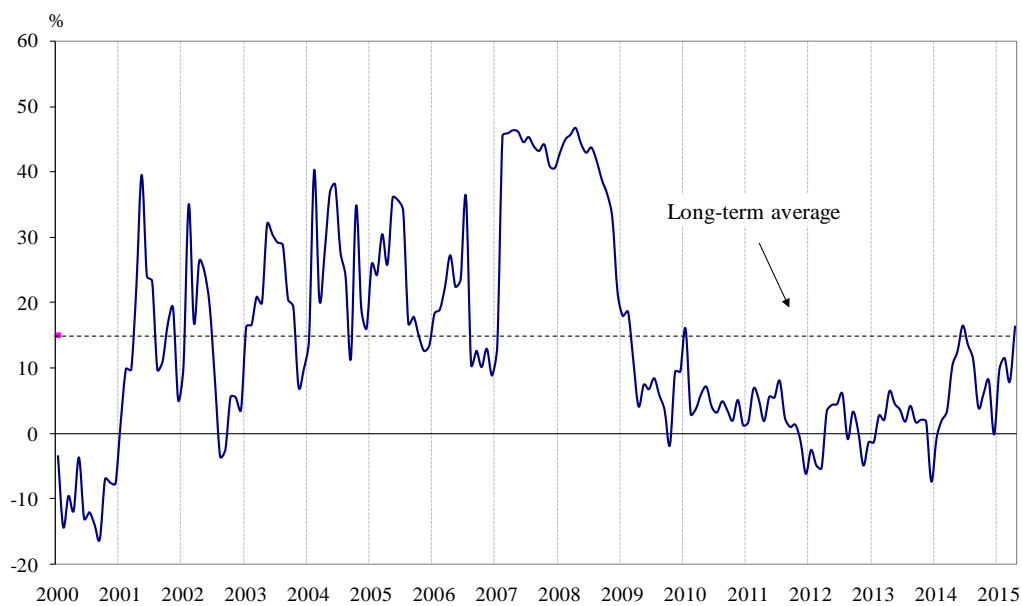




Figure 7. Expected business situation in construction over the next 6 months

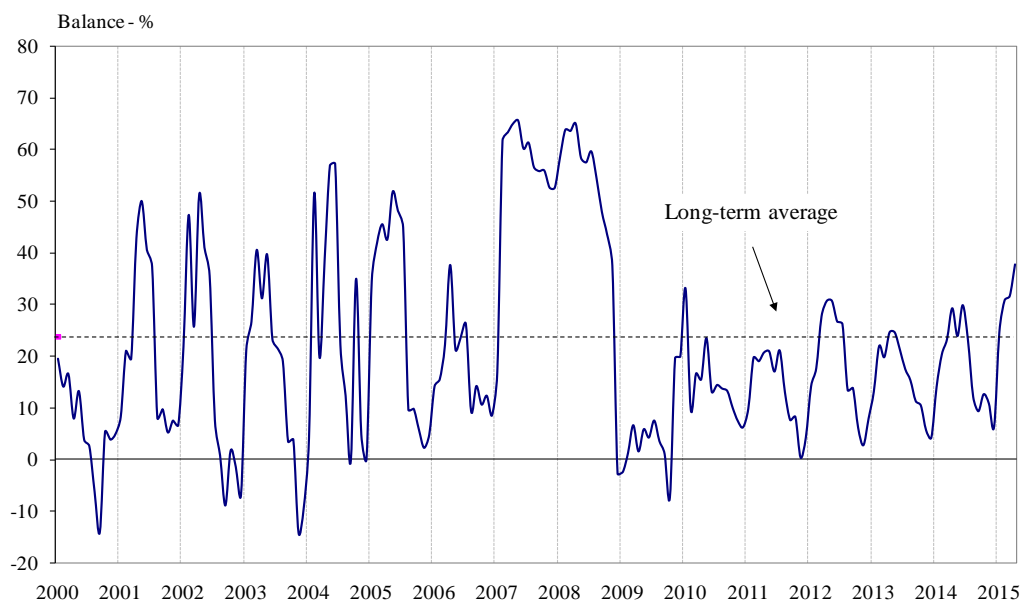
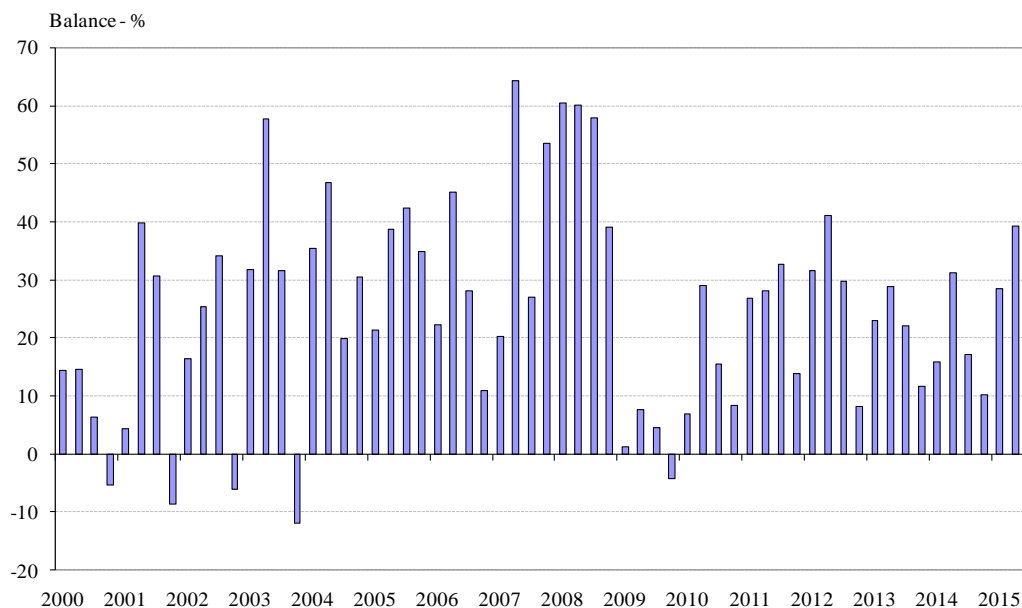
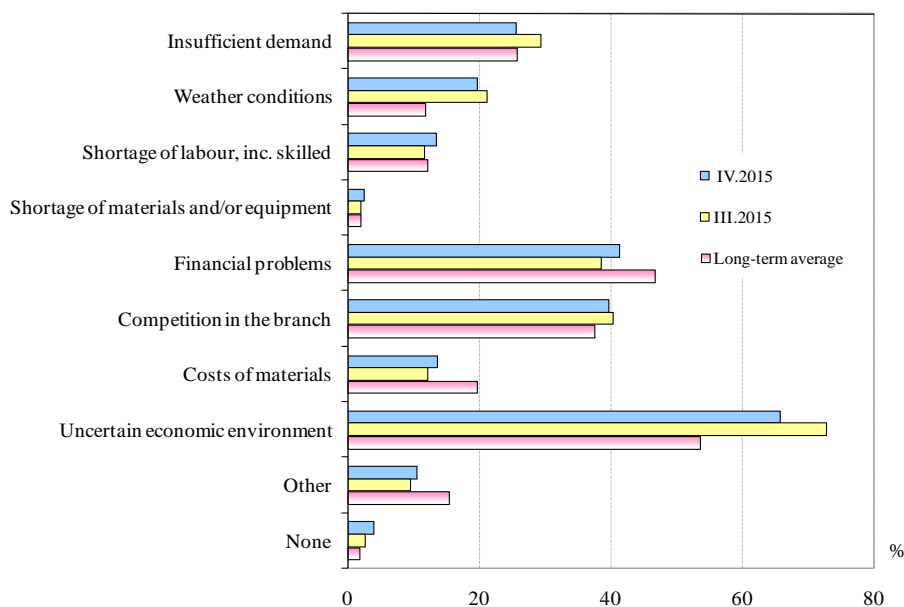


Figure 8. New orders expectations in construction over the next 6 months



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



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

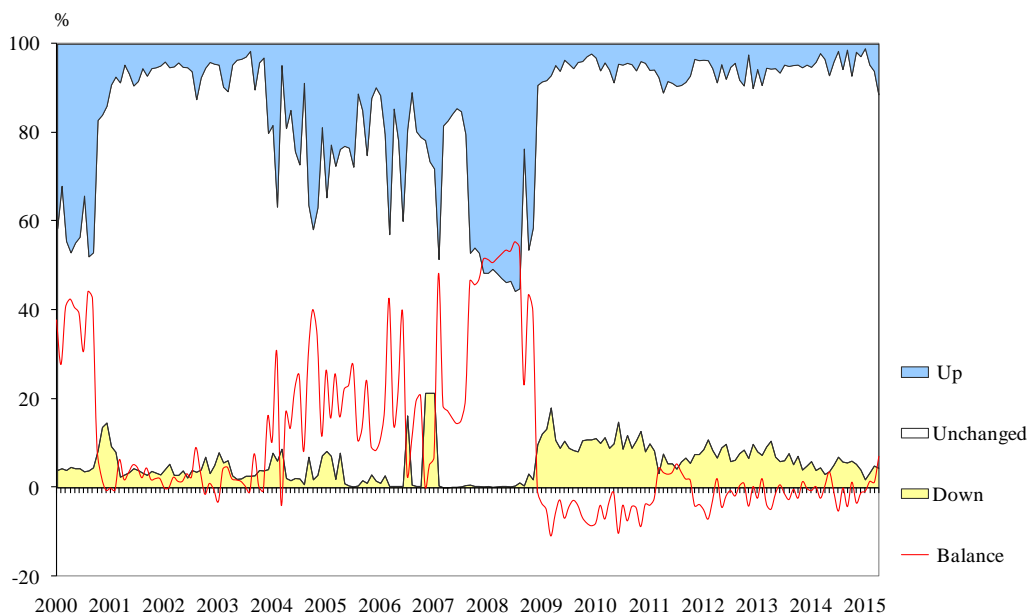




Figure 11. Business climate in retail trade

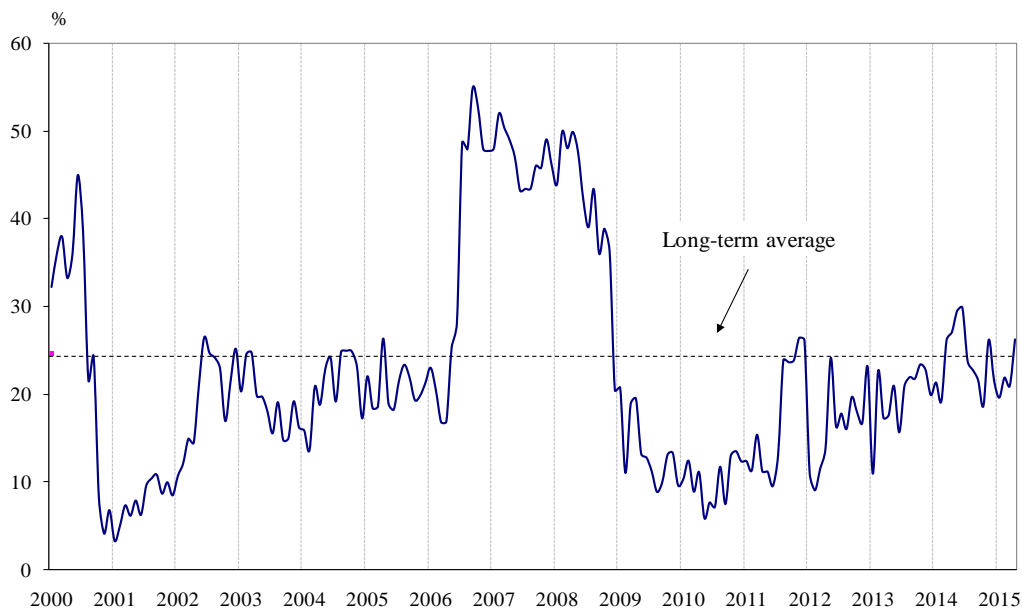


Figure 12. Expected business situation in retail trade over the next 6 months

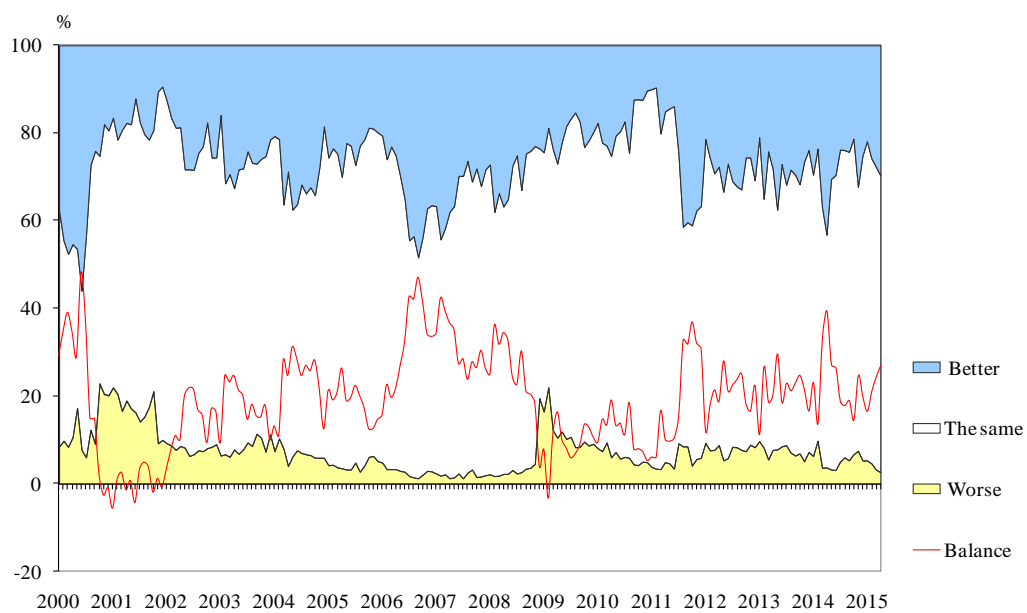


Figure 13. Factors limiting the improvement of the business situation in retail trade
(Relative share of enterprises)

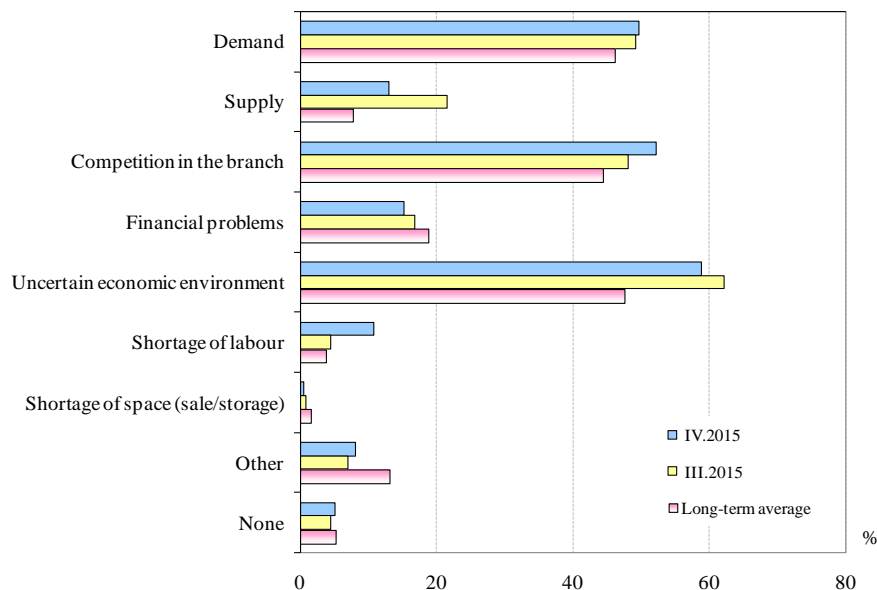


Figure 14. Selling prices expectations in retail trade over the next 3 months

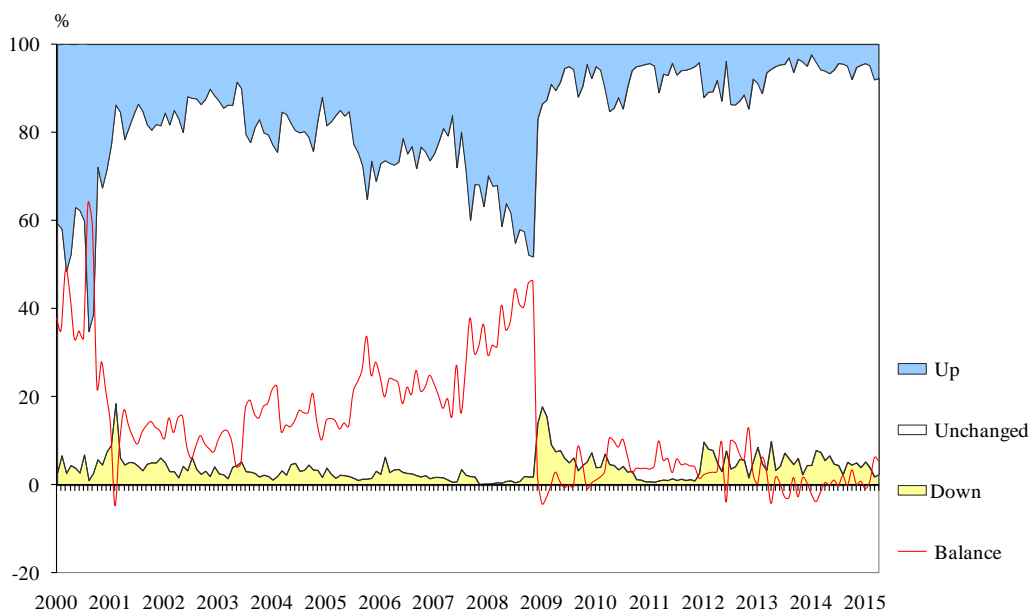




Figure 15. Business climate in service sector

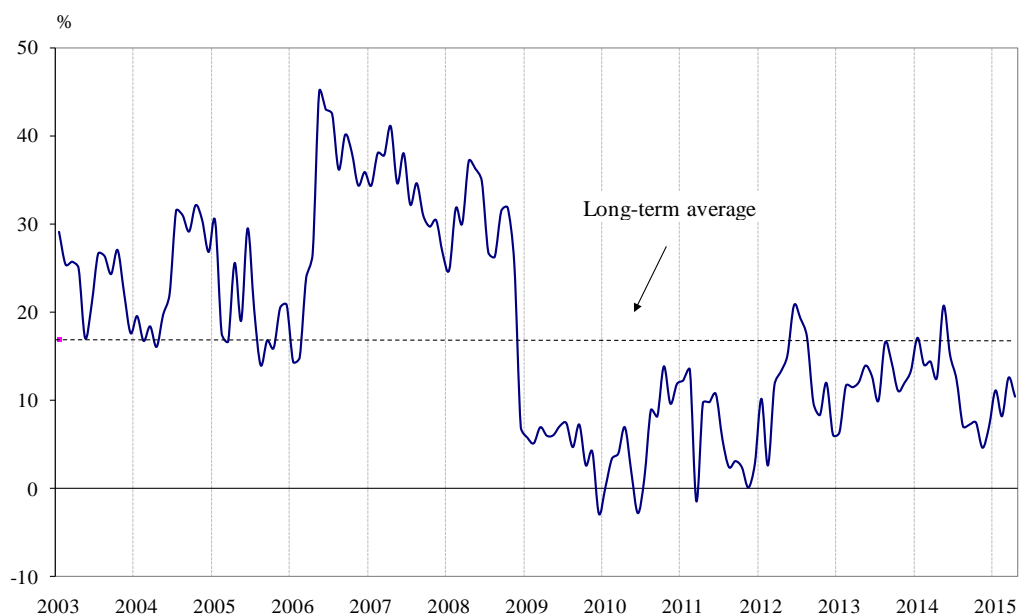
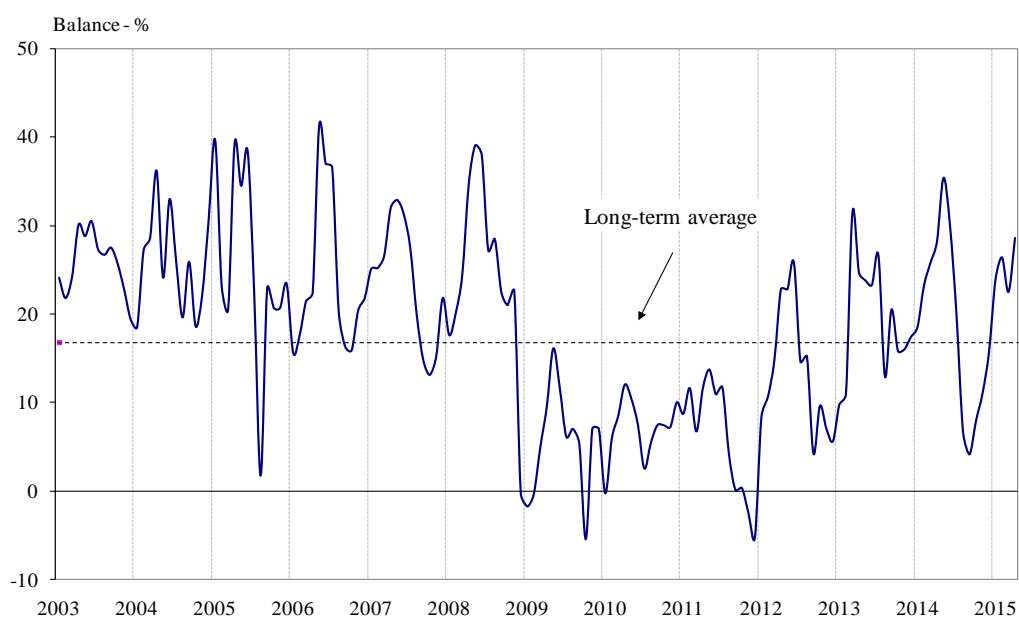
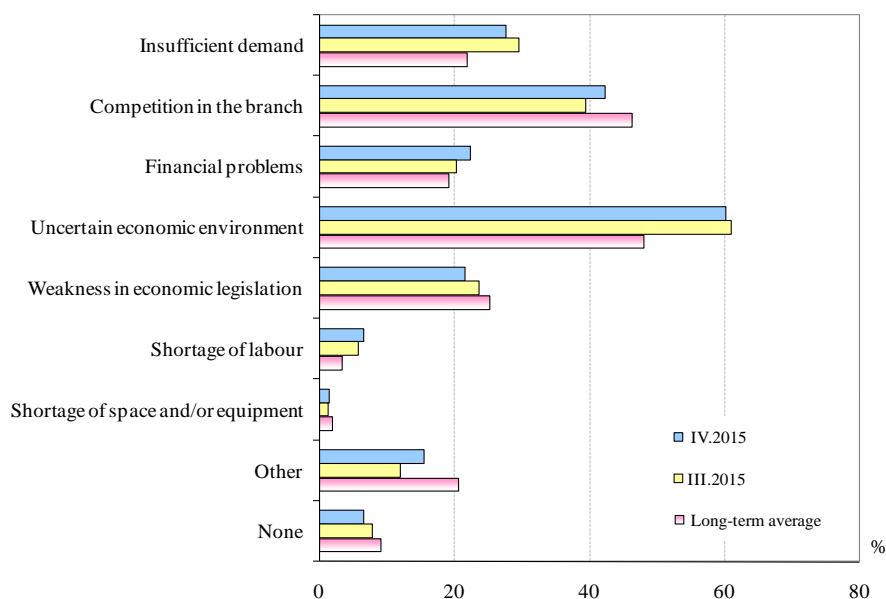


Figure 16. Expected demand in service sector over the next 3 months



**Figure 17. Factors limiting the activity in service sector
(Relative share of enterprises)**



**Figure 18. Selling prices expectations in service sector
over the next 3 months**

