

Business Survey

Mixed developments of key indicators in April 2007

The opinions expressed by the company managers polled by the National Bank of Romania for April 2007 indicate mixed developments of the key economic indicators in industry and construction overall.

Although it will remain in positive territory, production growth rate is expected to slow down, due to the smaller number of working days as a result of the Easter holiday (the balance of answers¹ fell to less than half compared to the prior month's figure, i.e. +17 percent). Nor the total volume of orders will pick up pace, partly on the back of external demand which is likely to remain flat.

Stocks of finished goods will increase slightly (balance of answers: +6 percent), yet the largest number of respondents still expect this indicator to steady up (the share of such responses was 60 percent). The supplies of raw materials are expected to stay within normal limits, according to the estimates of 94 percent of pollees.

The major factors limiting output growth are still subdued demand (according to 19 percent of respondents), inter-company arrears, exchange rate movements and, to a lesser extent than in March, the high lending rates applied by banks and supply chain-related difficulties.

The contacts anticipate that the number of payrolls will stay on a slightly downward path, as suggested by the negative balance of answers (-8 percent). Around 57 percent of respondents expect no changes in staff numbers.

Similar to the preceding month, in April, producer prices are expected to remain unchanged, as indicated by most of respondents (roughly 87 percent).

Investment is seen to grow further, given the twofold increase in the positive balance of answers, which reached 40 percent, a record high in the past 12 months. Profitability ratio will stick to the slightly upward course (balance of answers: +13 percent).

¹ Shows the trend of the concerned indicator and is calculated as the difference between the weight of positive and that of negative answers in total answers.