

Business Survey

Broadly Favourable Developments of Key Indicators in May 2007

In May, the estimations of company managers polled by the National Bank of Romania reflect a broadly optimistic outlook for key indicators in industry and construction overall.

The growth rate of output is seen accelerating month on month, with the balance of answers* trebling up to 48 percent, reaching a 12-month high. Total orders received are expected to follow an upward trend as well, a contribution in this respect having the demand for exports, which could see a rebound.

However, stocks of finished goods are anticipated to build up in May, as suggested by the balance of answers widening to 21 percent. Similarly to April, the supplies of raw materials will come in smoothly according to 92 percent of the company managers polled.

The major factors stymieing output growth are still subdued demand – cited by 19 percent of total respondents –, inter-company arrears, exchange rate movements, supply chain-related difficulties, and the high lending rates applied by banks.

The labour market could see, in May too, a decline in the number of payrolls, as indicated by the still negative balance of answers, which remained at levels close to those recorded in the previous months (-7 percent). About 59 percent of the respondents expect staff numbers to remain unchanged.

In May, producer prices appear to hold steady, as suggested by 90 percent of the company managers polled, the highest reading in 12 months.

Investment is expected to keep expanding month on month, as reflected by the relatively high level of the balance of answers (35 percent). As regards the profitability ratio, the outlook is even more optimistic, with the balance of answers doubling to 26 percent.

* 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.