

2018-07-25

PRESS RELEASE

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Monthly business survey – July 2018
Business confidence weakens in July

- **The business barometer has dropped back in July**
- **The loss of confidence has hit all branches of activity surveyed**
- **In the manufacturing industry, the production capacity utilisation rate has contracted, reflecting the slowdown observed in this branch of activity**

The deterioration of the business climate in the manufacturing industry, wiping out last month's recovery, is mainly attributable to a downward revision of demand and employment forecasts.

In the business-related services sector, all the components making up the indicator are down. For instance, entrepreneurs have given a clearly more negative appraisal of their current level of activity and are even expecting a slight reduction in business activity over the next three months. More generally, they reckon that market demand may also moderate.

The second consecutive decline observed in the building industry is the result of a drop in order books, less use being made of equipment and less favourable demand prospects.

In the trade sector, where the trend is clearly pointing downwards, company managers have also shown signs of pessimism about likely changes in demand and are also planning to reduce their orders with suppliers.

The smoothed overall synthetic curve, which reflects the underlying economic trend, has come down very slightly.

Lastly, the results of the quarterly survey on production capacity in the manufacturing industry point up a contraction of the production capacity utilisation rate, reflecting the slowdown observed in this branch of activity. The seasonally adjusted rate came to 79.4 % in July, compared with 80.7 % back in April, its lowest level for two years.

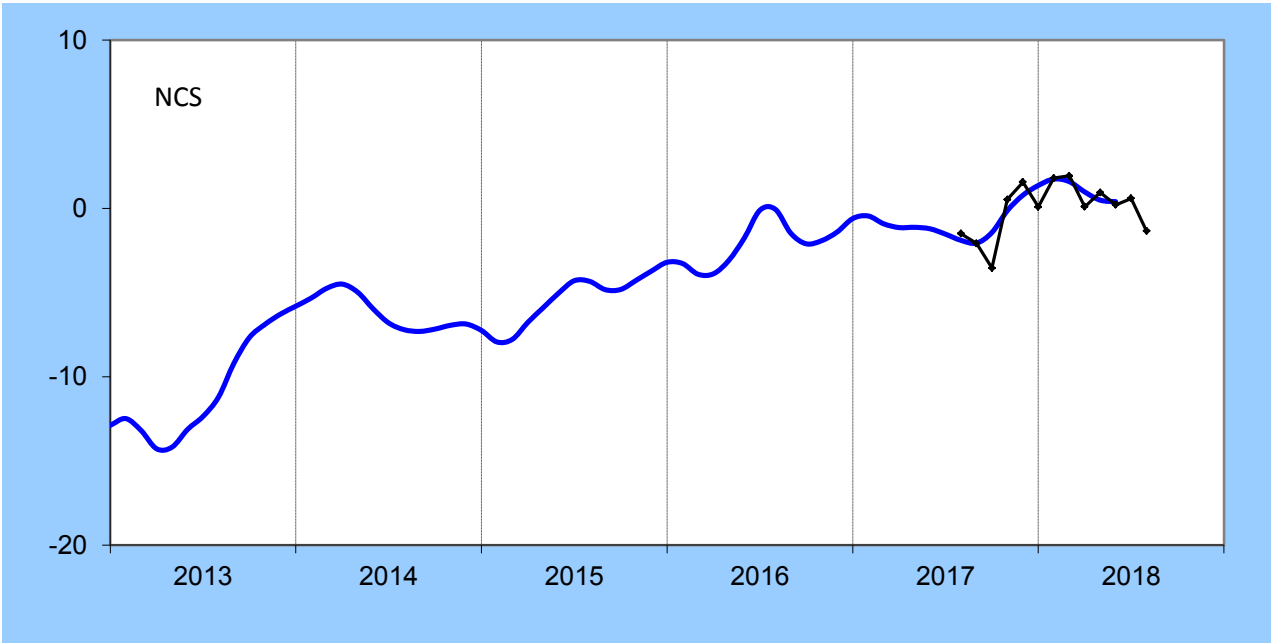
Business survey indicators

| | Gross synthetic curve | | | Smoothed synthetic curve ¹ |
|--------------------------------|-----------------------|-------------|---------------------|---------------------------------------|
| | June 2018 | July 2018 | Variation in points | Variation in points |
| Manufacturing industry | -1.4 | -3.1 | -1.7 | -0.4 |
| Business-related services | 9.7 | 5.7 | -4.0 | -0.6 |
| Building industry | 3.0 | 1.9 | -1.1 | 0.6 |
| Trade | -8.3 | -9.7 | -1.4 | -0.7 |
| Overall synthetic curve | 0.6 | -1.3 | -1.9 | -0.1 |

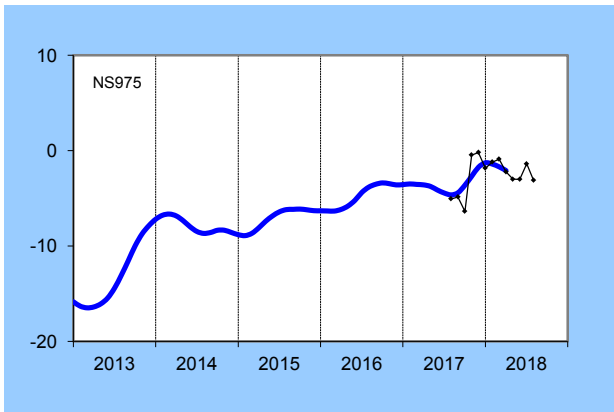
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity.

Source: NBB.

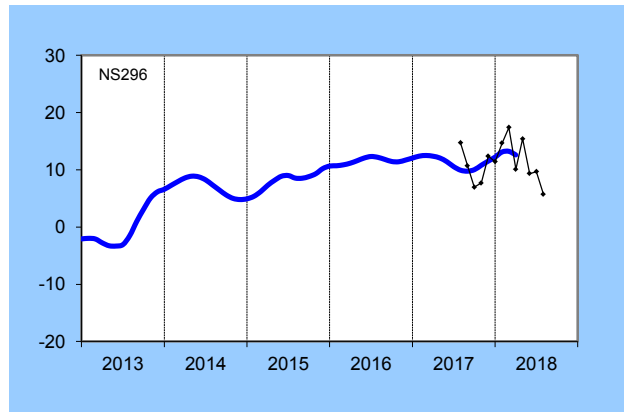
OVERALL SYNTHETIC CURVE



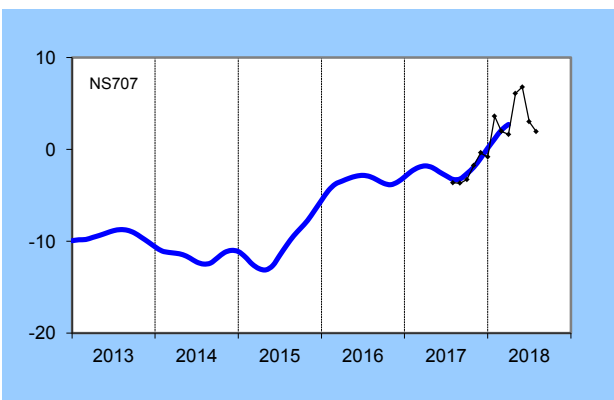
MANUFACTURING INDUSTRY



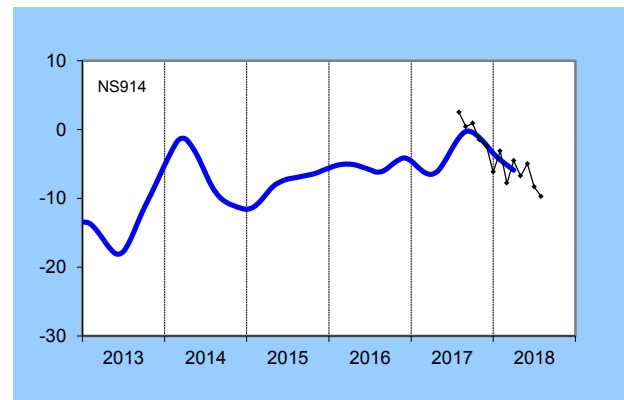
BUSINESS-RELATED SERVICES



BUILDING INDUSTRY



TRADE



— Seasonally adjusted and smoothed series

◆ Seasonally adjusted series

Source: NBB

SYNTHETIC CURVES AND THEIR COMPONENTS

TABLE 1

| Seasonally adjusted balances of "positive" answers or "higher than normal"(+) and "negative" answers or "lower than normal"(-). | 1980-2018 ¹ | | | Adjusted series | | | | Smoothed series | | | |
|---|------------------------|--------|--------|-----------------|--------|--------|--------|-----------------|--------|-------|-------|
| | | | | 2018 | | | | 2018 | | | |
| | Min. | Max. | Avg. | April | May | June | July | Feb. | March | April | May |
| Overall synthetic curve | - 31.8 | + 9.2 | - 7.2 | + 1.0 | + 0.2 | + 0.6 | - 1.3 | + 1.6 | + 1.0 | + 0.5 | + 0.4 |
| Manufacturing industry curve | - 34.3 | + 6.0 | - 10.2 | - 3.0 | - 3.0 | - 1.4 | - 3.1 | - 1.7 | - 2.1 | . | . |
| Assessment of total order books | - 56.0 | + 10.0 | - 21.4 | - 6.5 | - 8.4 | - 9.0 | - 8.6 | - 6.8 | - 6.9 | . | . |
| Assessment of level of stocks ² | - 12.9 | + 25.0 | + 6.0 | + 5.3 | + 2.7 | - 0.2 | + 0.1 | + 2.9 | + 2.5 | . | . |
| Employment expectations | - 36.0 | + 8.0 | - 8.6 | - 2.7 | - 4.6 | - 0.2 | - 3.1 | - 1.0 | - 1.9 | . | . |
| Demand expectations | - 37.0 | + 15.0 | - 4.9 | + 2.6 | + 3.6 | + 3.5 | - 0.5 | + 3.0 | + 2.8 | . | . |
| Business-related services curve | - 41.7 | + 34.0 | + 10.6 | + 15.4 | + 9.3 | + 9.7 | + 5.7 | + 13.2 | + 12.6 | . | . |
| Assessment of activity | - 54.4 | + 20.0 | - 4.6 | - 0.9 | + 1.9 | + 2.7 | - 4.7 | + 1.7 | + 1.9 | . | . |
| Activity expectations | - 32.0 | + 51.7 | + 23.2 | + 33.2 | + 17.7 | + 15.4 | + 14.4 | + 17.3 | + 17.5 | . | . |
| Market demand expectations | - 43.0 | + 45.0 | + 14.4 | + 14.0 | + 8.5 | + 11.0 | + 7.4 | + 15.3 | + 13.8 | . | . |
| Building industry curve | - 39.0 | + 24.3 | - 7.3 | + 6.1 | + 6.8 | + 3.0 | + 1.9 | + 2.1 | + 2.7 | . | . |
| Trend in orders | - 52.0 | + 40.0 | - 4.6 | + 12.4 | + 19.8 | + 7.9 | + 4.7 | + 5.1 | + 6.0 | . | . |
| Trend in equipment | - 19.4 | + 24.0 | + 1.8 | + 4.2 | + 4.6 | + 3.0 | - 0.7 | + 1.3 | + 2.0 | . | . |
| Assessment of order books | - 74.0 | + 30.0 | - 23.4 | + 1.6 | - 1.0 | - 4.5 | + 0.9 | - 0.2 | + 0.2 | . | . |
| Demand expectations | - 39.0 | + 21.0 | - 3.2 | + 6.2 | + 3.9 | + 5.6 | + 2.9 | + 3.5 | + 3.8 | . | . |
| Trade curve | - 28.6 | + 16.0 | - 2.1 | - 6.8 | - 5.0 | - 8.3 | - 9.7 | - 5.2 | - 5.9 | . | . |
| Employment expectations | - 18.4 | + 18.0 | + 1.8 | - 4.8 | - 2.9 | - 8.7 | - 3.7 | - 1.9 | - 2.6 | . | . |
| Demand expectations | - 40.0 | + 29.0 | + 0.1 | - 5.6 | - 5.0 | - 3.8 | - 7.9 | - 3.9 | - 4.2 | . | . |
| Intentions of placing orders | - 39.0 | + 15.0 | - 7.2 | - 9.9 | - 7.0 | - 12.6 | - 17.6 | - 9.3 | - 9.6 | . | . |

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season. When synthetic curves are calculated, the sign of this indicator is therefore reversed.

OTHER BUSINESS SURVEY INDICATORS

TABLE 2

| Seasonally adjusted balances of "positive" answers or "higher than normal"(+) and "negative" answers or "lower than normal"(-). | 1980-2018 ¹ | | | Adjusted series | | | | Smoothed series | | | |
|---|------------------------|--------|--------|-----------------|--------|--------|--------|-----------------|--------|-------|-----|
| | | | | 2018 | | | | 2018 | | | |
| | Min. | Max. | Avg. | April | May | June | July | Feb. | March | April | May |
| Manufacturing industry | | | | | | | | | | | |
| Trend in production rate | - 33.0 | + 20.0 | - 0.8 | - 1.7 | - 4.6 | - 0.9 | + 5.0 | + 1.9 | + 0.5 | . | . |
| Trend in domestic orders | - 35.0 | + 16.0 | - 7.8 | - 9.1 | - 6.2 | - 2.8 | - 7.6 | - 4.4 | - 5.6 | . | . |
| Trend in export orders | - 44.0 | + 30.0 | - 2.6 | - 7.8 | + 7.8 | + 0.5 | - 1.7 | + 7.8 | + 5.2 | . | . |
| Assessment of export order books | - 61.0 | + 10.0 | - 22.8 | - 8.0 | - 11.1 | - 11.4 | - 12.0 | - 6.0 | - 7.5 | . | . |
| Trend in prices | - 21.0 | + 24.0 | + 1.1 | + 8.0 | + 8.4 | + 4.4 | + 4.9 | + 9.0 | + 8.8 | . | . |
| Price expectations | - 24.0 | + 43.0 | + 6.8 | + 8.2 | + 8.0 | + 5.5 | + 8.3 | + 10.3 | + 9.7 | . | . |
| Production capacity | | | | | | | | | | | |
| (in percentage of the total production capacity) | 70.1 | 84.6 | 79.0 | 80.7 | - | - | 79.4 | | | | |
| Source: quarterly production capacity survey | | | | | | | | | | | |
| Business-related services | | | | | | | | | | | |
| Trend in activity | - 38.0 | + 37.0 | + 10.1 | + 4.8 | - 2.9 | + 32.6 | + 0.5 | + 8.5 | + 4.6 | . | . |
| Trend in employment | - 49.4 | + 34.0 | + 7.1 | + 12.7 | + 7.4 | + 14.3 | - 13.2 | + 12.6 | + 12.6 | . | . |
| Employment expectations | - 35.0 | + 48.0 | + 17.8 | + 25.7 | + 17.5 | + 16.8 | + 14.0 | + 24.3 | + 23.3 | . | . |
| Trend in prices | - 15.8 | + 12.0 | + 1.8 | + 5.6 | + 7.0 | + 5.1 | + 5.0 | + 6.9 | + 6.8 | . | . |
| Price expectations | - 13.0 | + 30.0 | + 6.5 | + 10.7 | + 12.5 | + 17.8 | + 15.3 | + 12.7 | + 11.7 | . | . |
| Building industry | | | | | | | | | | | |
| Trend in activity | - 44.0 | + 34.7 | - 4.6 | + 3.9 | + 15.5 | + 7.1 | + 2.3 | + 4.5 | + 4.9 | . | . |
| Trend in employment | - 38.0 | + 22.0 | - 5.3 | + 4.7 | + 0.6 | + 5.6 | + 4.0 | - 0.5 | + 0.6 | . | . |
| Employment expectations | - 50.0 | + 30.0 | - 5.1 | + 18.5 | + 10.6 | + 11.5 | + 11.1 | + 8.9 | + 9.5 | . | . |
| Trend in prices | - 27.1 | + 32.0 | - 2.1 | + 6.1 | + 4.2 | + 6.2 | + 4.3 | + 4.4 | + 5.4 | . | . |
| Price expectations | - 20.6 | + 46.0 | + 5.1 | + 15.8 | + 8.4 | + 10.4 | + 8.3 | + 8.2 | + 9.2 | . | . |
| Trade | | | | | | | | | | | |
| Trend in sales | - 47.9 | + 43.0 | - 0.1 | - 8.8 | - 18.5 | - 11.9 | - 11.9 | - 9.0 | - 9.9 | . | . |
| Assessment of sales | - 41.0 | + 28.0 | - 9.0 | - 12.0 | - 23.7 | - 12.1 | - 20.6 | - 14.1 | - 13.4 | . | . |
| Assessment of level of stocks ² | - 12.9 | + 32.0 | + 12.1 | + 14.5 | + 14.3 | + 15.6 | + 16.8 | + 11.8 | + 12.8 | . | . |
| Trend in prices | - 20.0 | + 50.0 | + 1.9 | + 3.4 | + 5.3 | + 16.2 | + 6.3 | + 0.6 | + 2.6 | . | . |
| Price expectations | - 11.0 | + 66.2 | + 11.4 | + 9.7 | + 7.5 | + 13.5 | + 8.7 | + 9.6 | + 9.3 | . | . |

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season.