

2018-11-23

## PRESS RELEASE

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### Monthly business survey – November 2018

## Business confidence recovers in November

- **The business climate has picked up in all branches of activity surveyed**
- **The improvement has been particularly strong in the trade sector**

Retailers' optimism is reflected in all the components making up the indicator, namely the outlook for employment, demand and orders placed with suppliers.

In business-related services, the only aspect that entrepreneurs have assessed more positively this month is their current level of activity.

The upturn in the manufacturing industry has been entirely driven by a more favourable appraisal of total order books. In the building industry, where the economic situation has firmed up for the third consecutive month, more intensive use is still being made of equipment, order books have filled up and company managers continue to take a fairly positive position regarding future demand trends.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, is now pointing slightly upwards.

### Business survey indicators

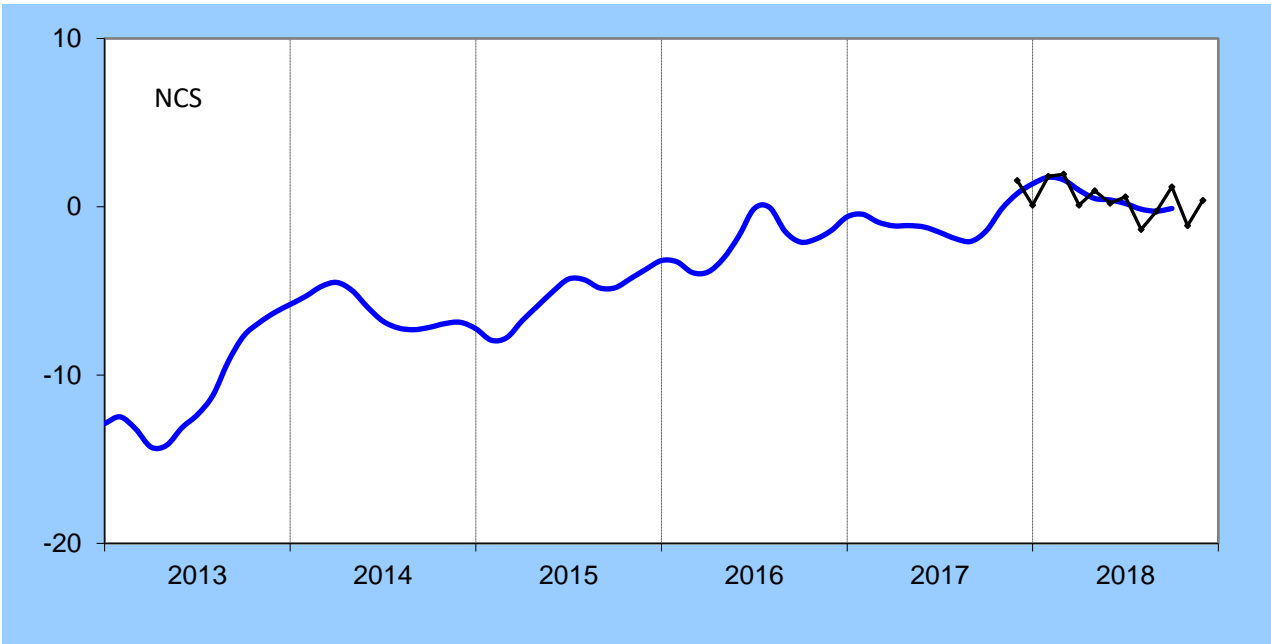
	Gross synthetic curve			Smoothed synthetic curve <sup>1</sup>
	October	November	Variation in	Variation in
	2018	2018	points	points
Manufacturing industry	-4.0	-3.0	1.0	0.1
Business-related services	7.3	8.9	1.6	-0.7
Building industry	5.8	6.7	0.9	0.1
Trade	-9.0	0.2	9.2	-0.6
<b>Overall synthetic curve</b>	<b>-1.1</b>	<b>0.4</b>	<b>1.5</b>	<b>0.2</b>

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

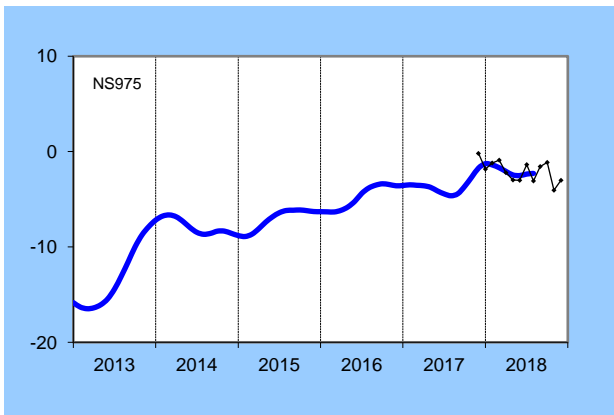
Source: NBB.

CHART 1 - SYNTHETIC CURVES

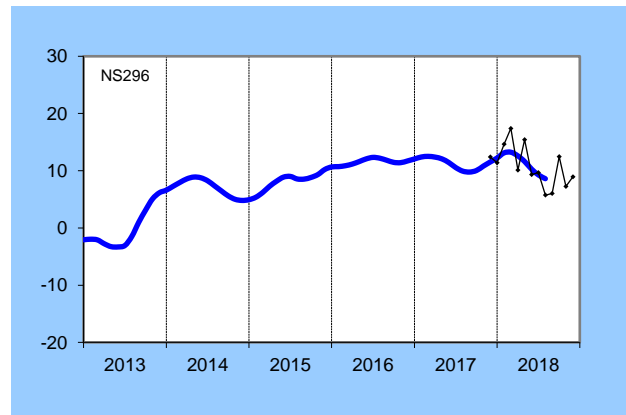
OVERALL SYNTHETIC CURVE



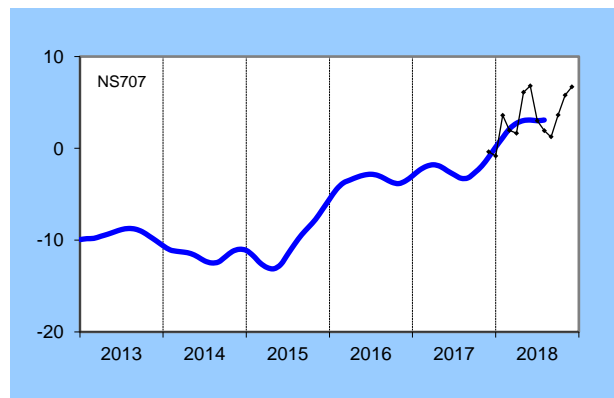
MANUFACTURING INDUSTRY



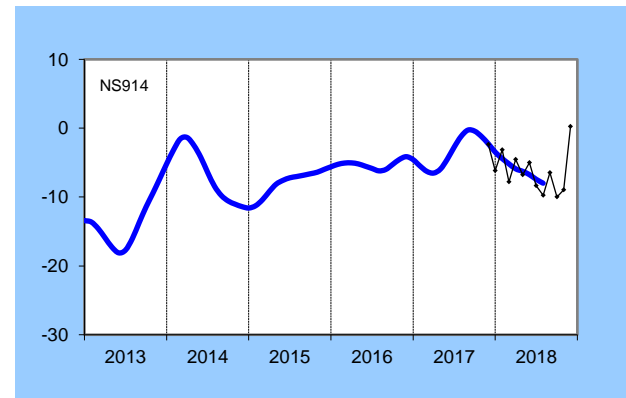
BUSINESS-RELATED SERVICES



BUILDING INDUSTRY



TRADE



— Seasonally adjusted and smoothed series  
Source: NBB

◆ Seasonally adjusted series

## 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 <sup>1</sup>			Adjusted series				Smoothed series			
				2018				2018			
	Min.	Max.	Avg.	Aug.	Sept.	Oct.	Nov.	June	July	Aug.	Sept.
<b>Overall synthetic curve</b>	- 31.8	+ 9.2	- 7.2	- 0.3	+ 1.2	- 1.1	+ 0.4	+ 0.2	- 0.1	- 0.3	- 0.1
<b>Manufacturing industry curve</b>	- 34.3	+ 6.0	- 10.2	- 1.6	- 1.1	- 4.0	- 3.0	- 2.4	- 2.3	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.3	- 8.9	- 6.8	- 15.9	- 9.9	- 8.4	- 8.7	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 25.0	+ 6.0	- 3.0	- 3.5	+ 0.6	+ 1.3	+ 0.3	- 0.1	.	.
Employment expectations	- 36.0	+ 8.0	- 8.5	- 3.3	- 4.3	- 2.2	- 2.5	- 3.1	- 3.2	.	.
Demand expectations	- 37.0	+ 15.0	- 4.8	+ 2.9	+ 3.0	+ 2.5	+ 1.6	+ 2.9	+ 2.9	.	.
<b>Business-related services curve</b>	- 41.7	+ 34.0	+ 10.6	+ 6.0	+ 12.5	+ 7.3	+ 8.9	+ 9.3	+ 8.6	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	+ 1.6	+ 6.4	- 3.7	+ 2.5	+ 1.8	+ 1.7	.	.
Activity expectations	- 32.0	+ 51.7	+ 23.1	+ 8.4	+ 21.4	+ 14.6	+ 13.5	+ 16.0	+ 15.3	.	.
Market demand expectations	- 43.0	+ 45.0	+ 14.3	+ 8.0	+ 9.6	+ 10.9	+ 10.8	+ 9.6	+ 9.2	.	.
<b>Building industry curve</b>	- 39.0	+ 24.3	- 7.2	+ 1.2	+ 3.6	+ 5.8	+ 6.7	+ 3.0	+ 3.1	.	.
Trend in orders	- 52.0	+ 40.0	- 4.4	+ 4.8	+ 11.5	+ 10.6	+ 12.0	+ 7.9	+ 8.2	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	- 0.4	+ 1.5	+ 3.7	+ 6.2	+ 2.4	+ 2.1	.	.
Assessment of order books	- 74.0	+ 30.0	- 23.2	- 1.6	- 0.7	+ 4.7	+ 3.5	- 0.5	- 0.5	.	.
Demand expectations	- 39.0	+ 21.0	- 3.1	+ 2.1	+ 2.2	+ 4.3	+ 5.1	+ 3.5	+ 3.3	.	.
<b>Trade curve</b>	- 28.6	+ 16.0	- 2.1	- 6.5	- 10.0	- 9.0	+ 0.2	- 7.4	- 8.0	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.8	- 3.8	- 7.1	- 5.3	+ 4.0	- 3.8	- 4.2	.	.
Demand expectations	- 40.0	+ 29.0	+ 0.0	+ 0.6	- 9.5	- 11.2	- 1.1	- 5.3	- 6.1	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.2	- 16.3	- 13.5	- 10.3	- 2.1	- 11.9	- 12.8	.	.

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

<sup>2</sup> 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 <sup>1</sup>			Adjusted series				Smoothed series			
				2018				2018			
	Min.	Max.	Avg.	Aug.	Sept.	Oct.	Nov.	June	July	Aug.	Sept.
<b>Manufacturing industry</b>											
Trend in production rate	- 33.0	+ 20.0	- 0.8	+ 0.8	+ 4.8	- 3.6	+ 9.7	- 0.6	+ 0.5	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.7	+ 3.0	+ 1.3	- 1.2	+ 2.6	- 5.1	- 3.4	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.5	+ 8.1	+ 9.3	- 3.4	+ 11.3	+ 1.8	+ 3.0	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.7	- 12.8	- 11.4	- 15.1	- 11.2	- 11.2	- 11.6	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	+ 7.2	+ 5.4	+ 10.2	+ 4.5	+ 6.8	+ 6.2	.	.
Price expectations	- 24.0	+ 43.0	+ 6.8	+ 10.4	+ 10.1	+ 10.5	+ 6.9	+ 8.5	+ 8.9	.	.
<b>Production capacity</b>											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	-	80.4	-				
Source: quarterly production capacity survey											
<b>Business-related services</b>											
Trend in activity	- 38.0	+ 37.0	+ 10.1	+ 3.0	+ 10.7	- 7.4	+ 21.5	+ 2.6	+ 2.7	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.1	+ 6.4	+ 11.4	+ 14.2	+ 15.0	+ 9.9	+ 9.6	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.7	+ 14.8	+ 10.1	+ 12.2	+ 14.5	+ 16.8	+ 15.3	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	+ 6.9	+ 4.8	+ 4.2	+ 8.8	+ 5.6	+ 5.3	.	.
Price expectations	- 13.0	+ 30.0	+ 6.6	+ 13.5	+ 13.4	+ 15.7	+ 14.9	+ 13.1	+ 14.0	.	.
<b>Building industry</b>											
Trend in activity	- 44.0	+ 34.7	- 4.5	+ 6.6	+ 5.9	+ 4.8	+ 10.6	+ 5.9	+ 6.0	.	.
Trend in employment	- 38.0	+ 22.0	- 5.3	+ 0.4	+ 2.7	- 2.9	- 3.8	+ 3.1	+ 2.9	.	.
Employment expectations	- 50.0	+ 30.0	- 5.0	+ 10.6	+ 11.2	+ 11.1	+ 15.6	+ 11.0	+ 11.1	.	.
Trend in prices	- 27.1	+ 32.0	- 2.0	+ 10.2	+ 1.6	+ 6.7	+ 6.9	+ 5.6	+ 5.7	.	.
Price expectations	- 20.6	+ 46.0	+ 5.1	+ 7.1	+ 6.0	+ 6.7	+ 7.1	+ 8.9	+ 8.1	.	.
<b>Trade</b>											
Trend in sales	- 47.9	+ 43.0	- 0.2	- 7.6	+ 6.6	- 43.9	+ 5.3	- 11.9	- 11.4	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	+ 2.9	+ 1.1	- 41.6	- 9.5	- 12.1	- 11.8	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 32.0	+ 12.1	+ 15.0	+ 6.4	+ 11.4	+ 13.0	+ 14.8	+ 14.7	.	.
Trend in prices	- 20.0	+ 50.0	+ 2.0	+ 1.8	+ 2.8	+ 8.5	+ 5.2	+ 5.7	+ 5.7	.	.
Price expectations	- 11.0	+ 66.2	+ 11.4	+ 7.1	+ 0.2	+ 8.3	+ 4.7	+ 8.7	+ 8.2	.	.

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

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

## Quarterly business survey on credit conditions – October 2018

### Credit constraint perception gets stronger in October

The quarterly survey conducted in October 2018 on the appraisal of borrowing conditions by companies reveals that the general conditions for access to bank loans have got worse in comparison to the previous quarter. So, the percentage of firms that find borrowing conditions restrictive came to 5.5 % in October, up from 4.9 % in July, effectively wiping out completely the improvement recorded in the last survey.

The findings per branch of activity show that borrowing conditions were considered to be more restrictive than in the previous three-month period in the manufacturing industry (up from 3.0 % to 4.5 %) and in the building industry (up from 5.1 % to 6.1 %). In business-related services, perception of credit constraint remained virtually at the same level as in July (6.8 % compared with 6.5 %).

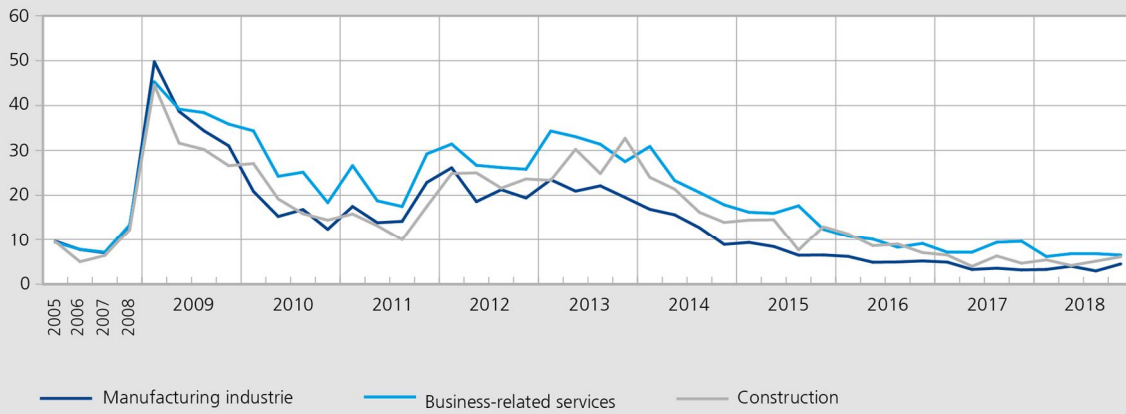
An analysis in terms of company size shows that borrowing conditions have not been perceived as being tough by very large firms (more than 500 employees). However, small, medium-sized and large firms reckon that credit terms have indeed tightened since the previous survey.

CHART 2 - CREDIT CONSTRAINT PERCEPTION<sup>1</sup> - OVERALL INDICATOR



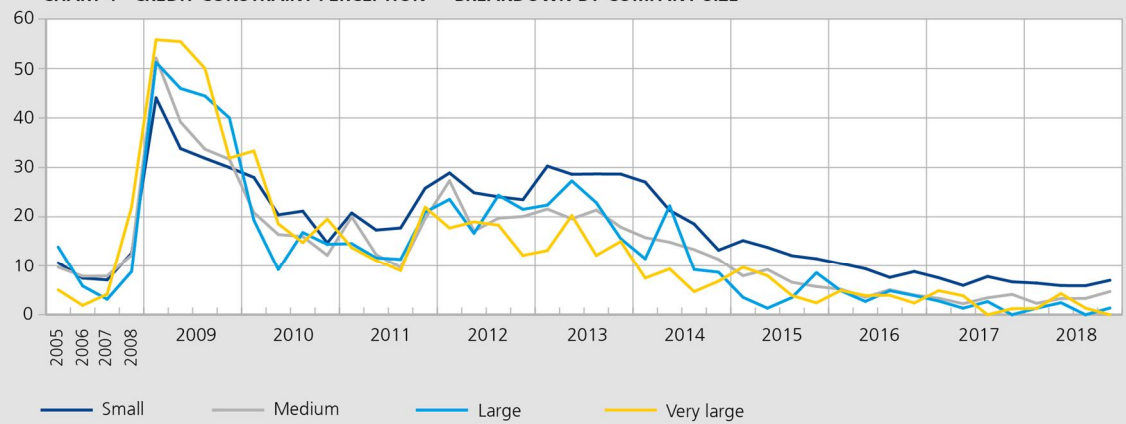
Source: NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constraining.

**CHART 3 - CREDIT CONSTRAINT PERCEPTION<sup>1</sup> - BREAKDOWN BY BRANCH OF ACTIVITY**


Source: NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constraining.

**CHART 4 - CREDIT CONSTRAINT PERCEPTION<sup>1</sup> - BREAKDOWN BY COMPANY SIZE<sup>2</sup>**


Source: NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constraining.

<sup>2</sup> Small = 1 - 49 employees; medium = 50 - 249 employees; large = 250 - 499 employees; very large = 500 or more employees.

**TABLE 3 CREDIT CONSTRAINT PERCEPTION INDICATOR<sup>1</sup>**

	10-2017	01-2018	04-2018	07-2018	10-2018
<b>Overall indicator <sup>2</sup></b>	<b>6.7</b>	<b>5.0</b>	<b>5.4</b>	<b>4.9</b>	<b>5.5</b>
<b>By branch of activity</b>					
Manufacturing industry	3.2	3.3	4.0	3.0	4.5
Business-related services	9.6	6.2	6.8	6.8	6.5
Construction	4.7	5.4	4.2	5.1	6.1
<b>By size of company<sup>3</sup></b>					
Small	6.7	6.4	5.9	5.9	7.0
Medium	4.1	2.3	3.3	3.3	4.7
Large	0.0	1.3	2.4	0.0	1.4
Very large	1.2	1.3	4.3	1.4	0.0

<sup>1</sup> Percentage of firms that perceive current credit conditions as constraining

<sup>2</sup> Weighted average of manufacturing industry, business-related services and building industry (criterion for weighting: outstanding debt with credit institutions). Within the individual branches, however, the responses of firms are not weighted.

<sup>3</sup> Small: 1-49 employees; medium: 50-249 employees; large: 250-499 employees; very large: 500 employees or more.

#### Methodology on the « perception of credit constraint » by businesses

Starting from February 2014, the National Bank of Belgium (NBB) is publishing an indicator based on the quarterly credit condition business survey findings. This « credit constraint perception » indicator shows the proportion of firms' unfavourable assessments of the current credit conditions.

In terms of statistical properties, this appears to be more relevant than an indicator showing the level of favourable assessments or the balance between favourable and unfavourable assessments.

The new indicator is also easy to interpret, as any rise (or fall) in it means that companies feel credit conditions are tightening (or easing).

The credit constraint perception indicator, compiled by the NBB, is available on a quarterly basis since January 2009<sup>1</sup>.

<sup>1</sup> The results of the quarterly survey among enterprises on credit conditions are also included and commented in the quarterly release of the Observatory for credit to non-financial companies, at the same time as the Belgian results of the ESCB-Bank Lending Survey ([http://www.nbb.be/doc/DQ/BLS/fr/BLS\\_home.htm](http://www.nbb.be/doc/DQ/BLS/fr/BLS_home.htm)).