

2019-05-24

## PRESS RELEASE

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### Monthly business survey – May 2019

## Business confidence weakens slightly in May

- **This latest loss of confidence follows the sharp drop in the business barometer last month**
- **Business confidence has weakened considerably in trade and, to a lesser extent, in business-related services and the manufacturing industry**
- **In the building industry, by contrast, the previous month's big loss of confidence was almost completely wiped out**

The greatest loss of business confidence was in the trade sector, where all components of the indicator have all fallen back; in particular, expectations regarding orders placed with suppliers have turned gloomier.

The decline in the indicator in business-related services stems from a sharp downward adjustment of activity and a slight downward revision of general market demand.

The slight dip in confidence in the manufacturing industry, that follows a sharp fall in the business barometer during the previous month, is attributable to a less favourable outlook for demand and employment.

The increase in business confidence in the building industry, which almost completely wiped out the previous month's loss of confidence, is mainly the result of a rise in orders taken.

The smoothed overall synthetic curve, which mirrors the underlying economic trend, is continuing to fall.

### Business survey indicators

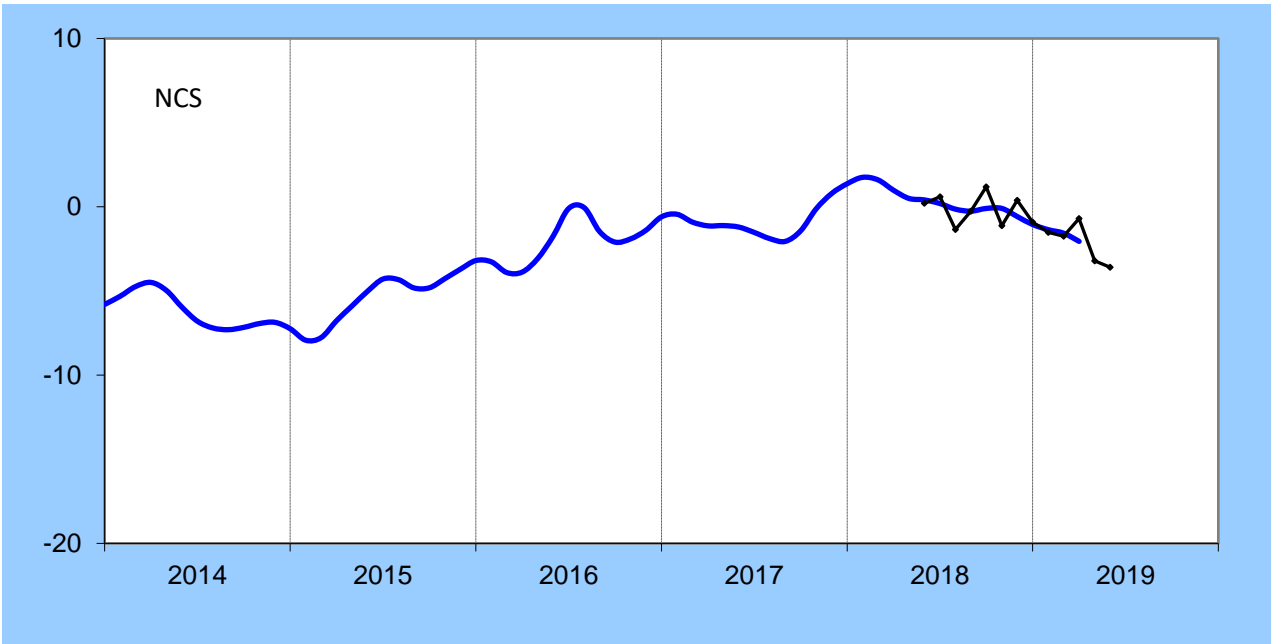
	Gross synthetic curve			Smoothed synthetic curve <sup>1</sup>
	April 2019	May 2019	Variation in points	Variation in points
Manufacturing industry	-6.1	-6.6	-0.5	-0.3
Business-related services	5.7	3.4	-2.3	-0.6
Building industry	0.5	4.0	3.5	-0.1
Trade	-3.6	-8.1	-4.5	0.1
<b>Overall synthetic curve</b>	<b>-3.2</b>	<b>-3.6</b>	<b>-0.4</b>	<b>-0.5</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.

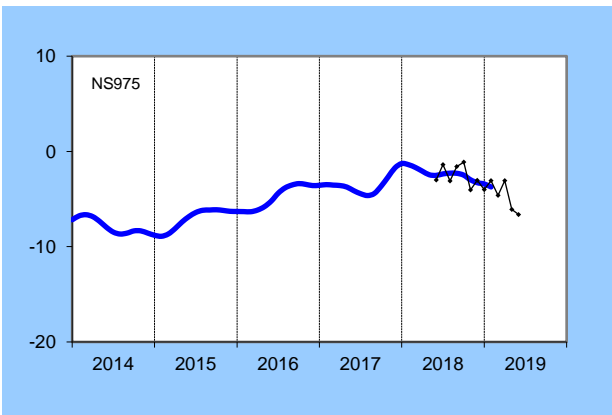
Source: NBB.

CHART 1 - SYNTHETIC CURVES

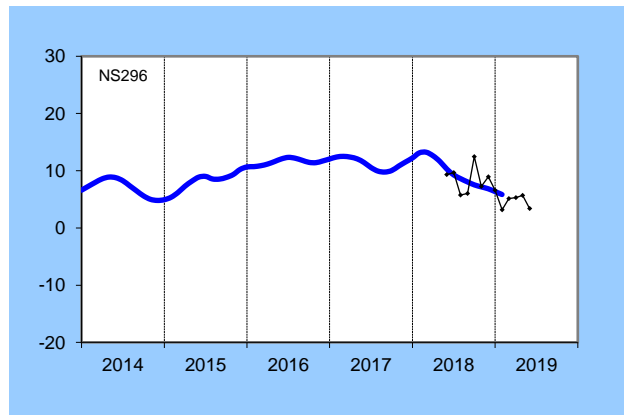
OVERALL SYNTHETIC CURVE



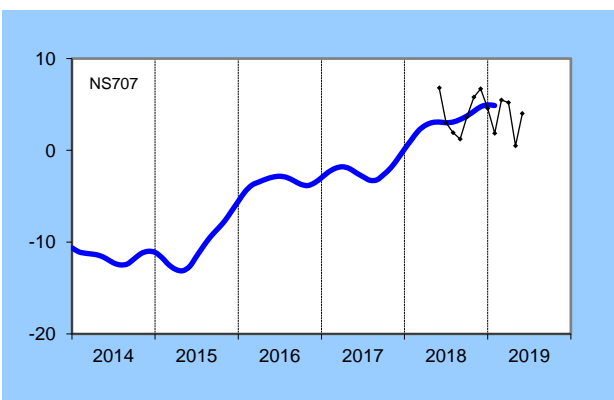
MANUFACTURING INDUSTRY



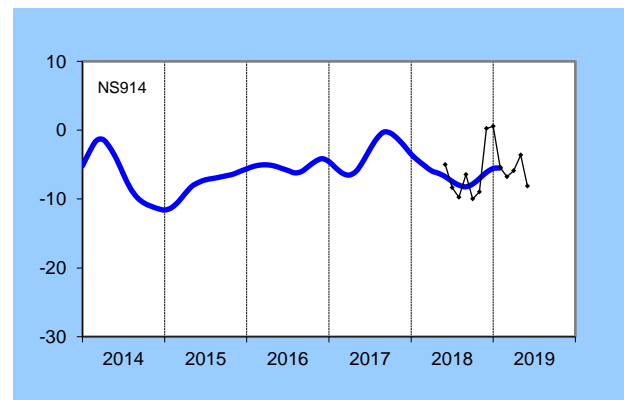
BUSINESS-RELATED SERVICES



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"(-).	1980-2019 <sup>1</sup>			Adjusted series				Smoothed series			
				2019				2018		2019	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
<b>Overall synthetic curve</b>	- 31.8	+ 9.2	- 7.1	- 1.7	- 0.7	- 3.2	- 3.6	- 1.1	- 1.4	- 1.6	- 2.1
<b>Manufacturing industry curve</b>	- 34.3	+ 6.0	- 10.1	- 4.6	- 3.1	- 6.1	- 6.6	- 3.4	- 3.7	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.2	- 14.0	- 10.4	- 19.6	- 15.3	- 11.0	- 11.8	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 25.0	+ 5.9	+ 0.3	- 0.3	+ 0.1	+ 4.2	+ 1.1	+ 1.0	.	.
Employment expectations	- 36.0	+ 8.0	- 8.4	- 2.7	- 3.5	- 4.3	- 5.6	- 2.3	- 2.5	.	.
Demand expectations	- 37.0	+ 15.0	- 4.8	- 1.4	+ 1.5	- 0.5	- 1.4	+ 0.1	- 0.7	.	.
<b>Business-related services curve</b>	- 41.7	+ 34.0	+ 10.5	+ 5.1	+ 5.3	+ 5.7	+ 3.4	+ 6.4	+ 5.8	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	- 1.5	+ 1.8	- 4.0	- 2.0	- 0.8	- 1.4	.	.
Activity expectations	- 32.0	+ 51.7	+ 22.8	+ 8.5	+ 8.9	+ 14.5	+ 6.6	+ 11.1	+ 9.9	.	.
Market demand expectations	- 43.0	+ 45.0	+ 14.2	+ 8.3	+ 5.2	+ 6.6	+ 5.6	+ 9.1	+ 8.2	.	.
<b>Building industry curve</b>	- 39.0	+ 24.3	- 7.1	+ 5.5	+ 5.2	+ 0.5	+ 4.0	+ 5.0	+ 4.9	.	.
Trend in orders	- 52.0	+ 40.0	- 4.3	+ 3.3	+ 7.1	- 0.5	+ 10.8	+ 8.4	+ 6.6	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	+ 2.3	+ 2.5	- 0.4	- 0.2	+ 3.2	+ 2.6	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.8	+ 9.7	+ 5.6	- 1.4	+ 3.5	+ 2.7	+ 3.2	.	.
Demand expectations	- 39.0	+ 21.0	- 3.0	+ 6.6	+ 5.6	+ 4.3	+ 2.0	+ 4.7	+ 5.0	.	.
<b>Trade curve</b>	- 28.6	+ 16.0	- 2.2	- 6.8	- 5.9	- 3.6	- 8.1	- 5.6	- 5.5	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.8	- 3.7	- 1.7	+ 0.6	- 1.3	+ 2.6	+ 2.5	.	.
Demand expectations	- 40.0	+ 29.0	- 0.1	- 12.5	- 9.7	- 8.4	- 9.0	- 6.7	- 7.8	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.2	- 4.2	- 6.2	- 3.0	- 14.0	- 6.6	- 5.4	.	.

<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"(-).	1980-2019 <sup>1</sup>			Adjusted series				Smoothed series			
				2019				2018		2019	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
<b>Manufacturing industry</b>											
Trend in production rate	- 33.0	+ 20.0	- 0.8	- 0.9	- 5.7	- 2.8	+ 1.3	- 0.4	- 0.8	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.6	- 2.2	- 1.6	- 8.6	+ 4.6	- 0.5	- 1.3	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.5	+ 1.6	- 7.5	- 12.4	- 10.7	- 1.3	- 3.9	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 13.1	- 11.9	- 17.6	- 20.2	- 11.9	- 12.1	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	- 1.2	+ 0.7	- 0.9	- 2.7	+ 2.6	+ 1.4	.	.
Price expectations	- 24.0	+ 43.0	+ 6.8	+ 1.3	+ 4.8	- 2.0	+ 5.7	+ 5.0	+ 3.5	.	.
<b>Production capacity</b>											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	-	80.1	-				
Source: quarterly production capacity survey											
<b>Business-related services</b>											
Trend in activity	- 38.0	+ 37.0	+ 10.1	+ 24.3	+ 0.1	+ 7.0	+ 22.4	+ 15.6	+ 14.7	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.2	+ 9.1	+ 0.1	+ 9.9	+ 9.3	+ 12.3	+ 11.0	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.7	+ 18.2	+ 21.6	+ 17.2	+ 12.2	+ 13.7	+ 14.8	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	+ 6.2	+ 2.4	+ 1.5	- 1.3	+ 5.6	+ 4.8	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 8.7	+ 8.3	+ 5.4	+ 6.6	+ 14.5	+ 12.8	.	.
<b>Building industry</b>											
Trend in activity	- 44.0	+ 34.7	- 4.4	- 3.7	+ 3.8	+ 0.7	+ 8.9	+ 4.0	+ 3.2	.	.
Trend in employment	- 38.0	+ 22.0	- 5.2	- 1.4	+ 1.3	- 2.4	- 2.6	- 1.6	- 1.8	.	.
Employment expectations	- 50.0	+ 30.0	- 4.8	+ 6.9	+ 9.0	+ 3.4	+ 4.7	+ 9.6	+ 8.6	.	.
Trend in prices	- 27.1	+ 32.0	- 2.0	+ 3.3	+ 1.9	+ 1.9	- 1.5	+ 5.3	+ 4.1	.	.
Price expectations	- 20.6	+ 46.0	+ 5.2	+ 15.2	+ 9.7	+ 7.3	+ 5.4	+ 8.0	+ 8.3	.	.
<b>Trade</b>											
Trend in sales	- 47.9	+ 43.0	- 0.3	- 15.3	- 17.6	+ 1.0	- 6.1	- 7.6	- 12.7	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	- 8.5	- 17.0	- 17.8	- 7.7	- 9.2	- 12.3	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 32.0	+ 12.1	+ 16.3	+ 14.8	+ 10.2	+ 22.4	+ 12.4	+ 13.0	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	+ 2.2	- 14.0	+ 0.7	+ 4.8	+ 1.6	+ 1.0	.	.
Price expectations	- 11.0	+ 66.2	+ 11.3	+ 4.9	+ 9.9	+ 12.1	+ 3.3	+ 5.0	+ 5.4	.	.

<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 – April 2019

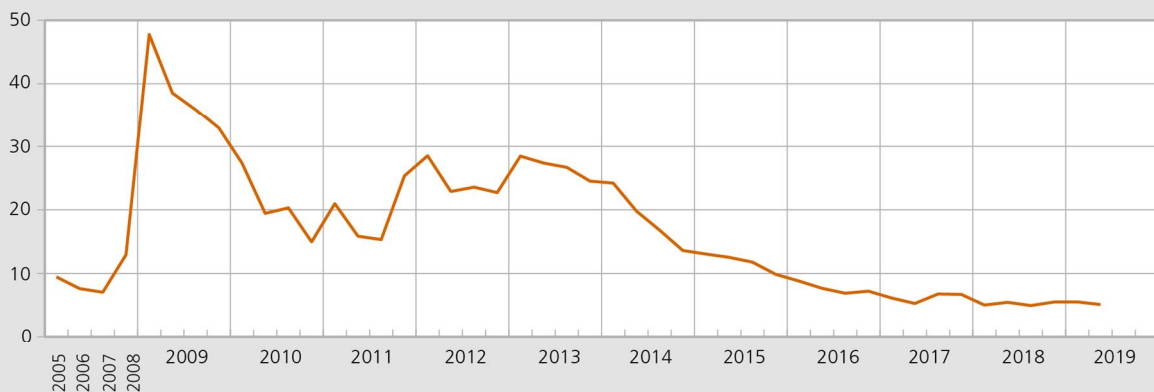
### Credit constraint perception improves slightly in April

According to the National Bank of Belgium's April 2019 quarterly survey of how borrowing conditions are being assessed by businesses, the general conditions for access to bank loans appear to have been relaxed a little, after remaining stable in the previous quarter. The general credit constraint perception indicator fell from 5.5 % in January to 5.1 % in April.

The findings per branch of activity reveal that, in the manufacturing industry in particular, borrowing conditions were regarded as less restrictive than in the previous quarter (down from 4.5 % to 3.3 %). In the building industry, the perception indicator remained virtually stable (6.1 %, compared with 6.2 %), while it got marginally worse in business-related services (up from 6.7 % to 7.3 %).

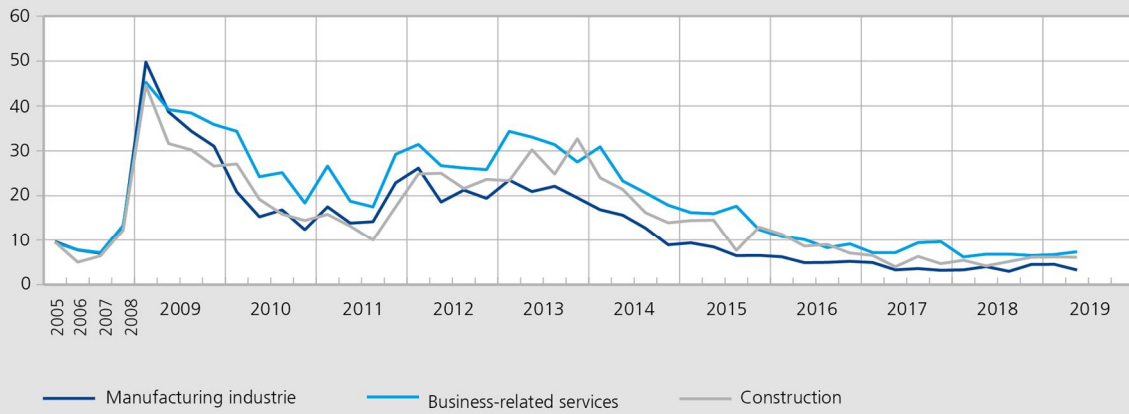
In the breakdown by company size, it is apparent that borrowing conditions were only judged as more favourable among small and medium-sized enterprises (with fewer than 250 employees). However, in the case of large firms (250-499 employees), and even more so in very large firms (500 or more employees), more restrictive bank lending conditions were observed, with the indicator rising respectively from 1.3 % to 2.6 % and 2.7 % to 6.5 %.

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



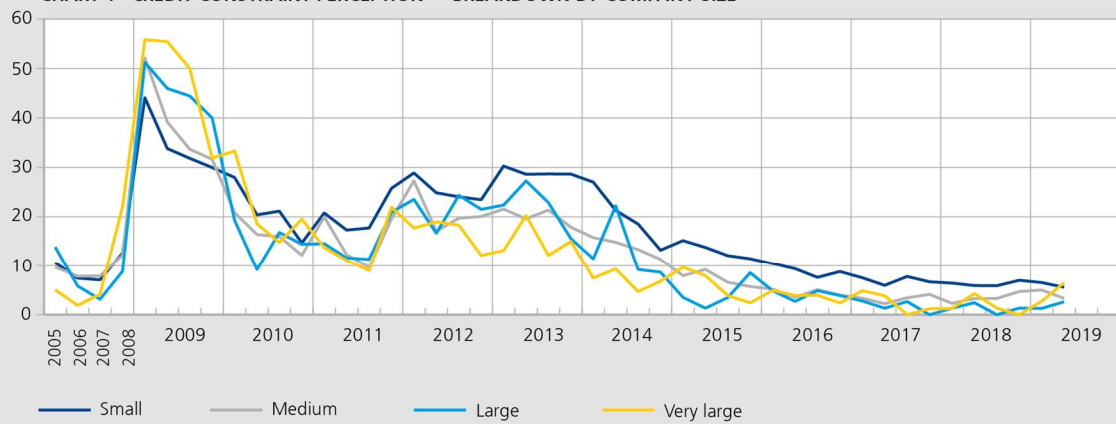
Source: NBB - quarterly survey on credit conditions.

<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>**

	04-2018	07-2018	10-2018	01-2019	04-2019
<b>Overall indicator <sup>2</sup></b>	<b>5.4</b>	<b>4.9</b>	<b>5.5</b>	<b>5.5</b>	<b>5.1</b>
<b>By branch of activity</b>					
Manufacturing industry	4.0	3.0	4.5	4.5	3.3
Business-related services	6.8	6.8	6.5	6.7	7.3
Construction	4.2	5.1	6.1	6.2	6.1
<b>By size of company<sup>3</sup></b>					
Small	5.9	5.9	7.0	6.5	5.6
Medium	3.3	3.3	4.7	5.0	3.3
Large	2.4	0.0	1.4	1.3	2.6
Very large	4.3	1.4	0.0	2.7	6.5

<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

The National Bank of Belgium (NBB) publishes 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)).