

2019-08-23

PRESS RELEASE

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Monthly business survey – August 2019

Business confidence weakens again in August

- **The erosion of confidence observed since the summer of 2018, notably in manufacturing industry and business-related services, is continuing.**
- **In August, the loss of confidence was evident in all branches of activity surveyed.**

In the manufacturing industry, the erosion of confidence among company managers observed for several months now stems from a sharp downward revision of demand forecasts and a more pessimistic appraisal of stock levels, considering seasonal factors.

Company bosses in the business-related services sector have reported a deterioration of prospects for their own activity, as well as for general market demand, albeit to a lesser extent.

The slight decline in the building industry is essentially due to the contraction of order books and reduced use of equipment. In the trade sector company managers have noted a considerable deterioration of demand forecasts and their expectations for placing orders with suppliers.

The smoothed overall synthetic curve, which reflects the underlying economic trend, is still pointing downwards, under the influence of the negative trends observed over the last few months.

Business survey indicators

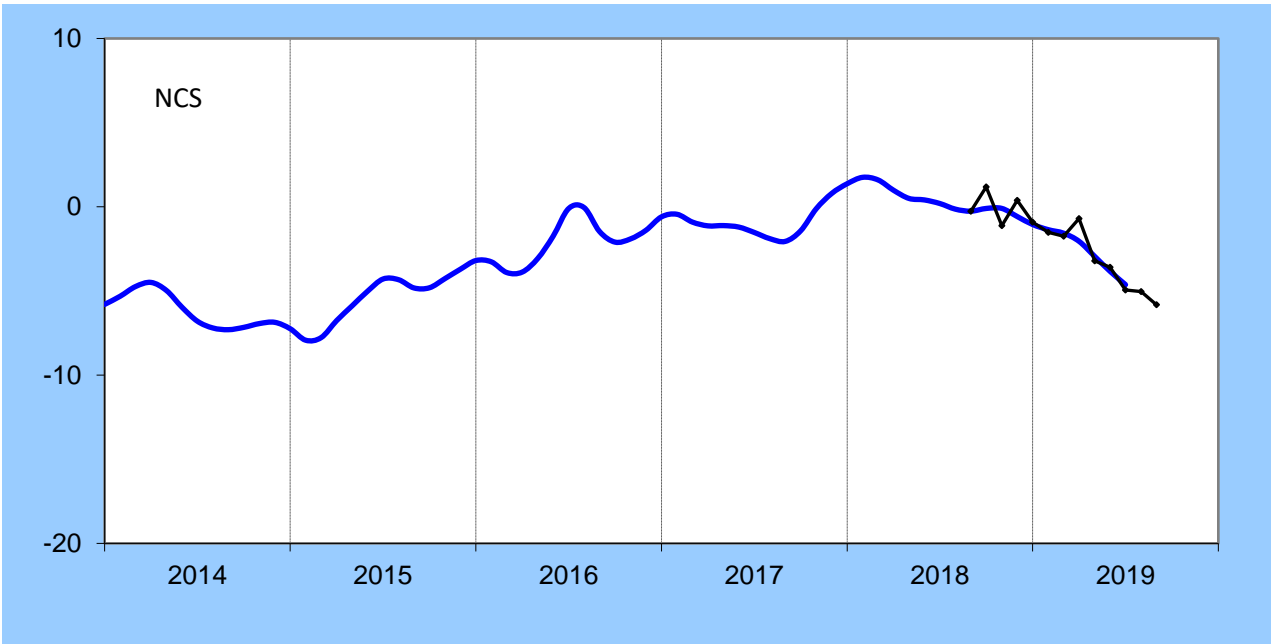
	Gross synthetic curve			Smoothed synthetic curve ¹
	July	August	Variation in	Variation in
	2019	2019	points	points
Manufacturing industry	-9.1	-9.6	-0.5	-1.0
Business-related services	4.5	3.0	-1.5	-0.3
Building industry	2.6	2.2	-0.4	-0.6
Trade	-4.4	-7.8	-3.4	0.2
Overall synthetic curve	-5.0	-5.8	-0.8	-0.8

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

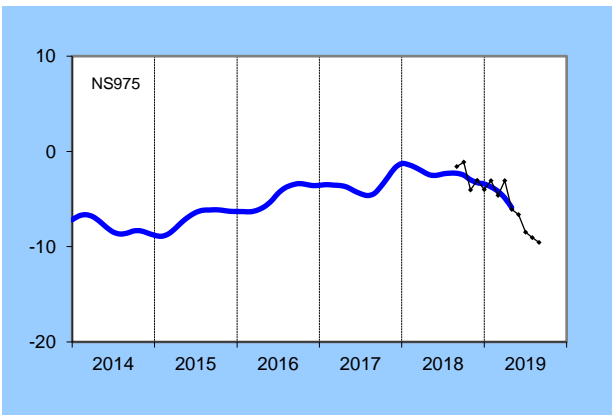
Source: NBB.

CHART 1 - SYNTHETIC CURVES

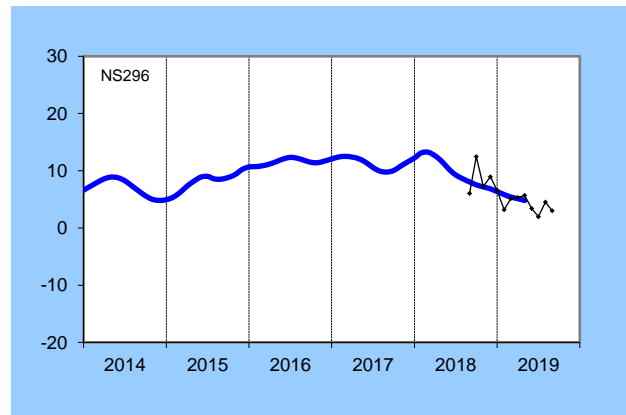
OVERALL SYNTHETIC CURVE



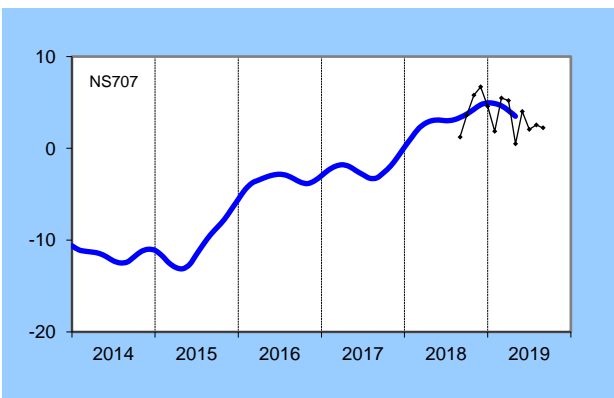
MANUFACTURING INDUSTRY



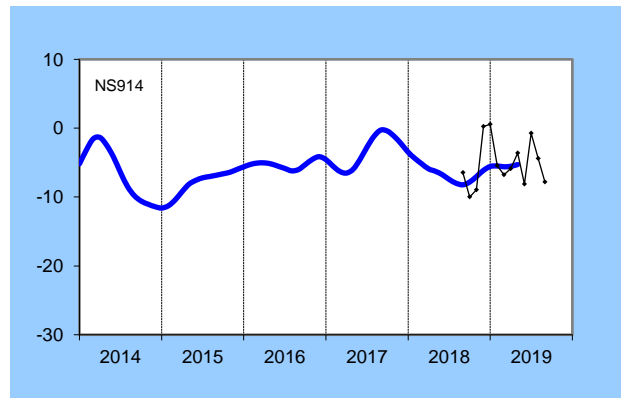
BUSINESS-RELATED SERVICES



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 ¹			Adjusted series				Smoothed series			
				2019				2019			
	Min.	Max.	Avg.	May	June	July	Aug.	March	April	May	June
Overall synthetic curve	- 31.8	+ 9.2	- 7.1	- 3.6	- 4.9	- 5.0	- 5.8	- 2.1	- 2.9	- 3.8	- 4.6
Manufacturing industry curve	- 34.3	+ 6.0	- 10.1	- 6.6	- 8.5	- 9.1	- 9.6	- 4.9	- 5.9	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.2	- 15.3	- 19.8	- 21.8	- 21.1	- 14.2	- 16.2	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	+ 4.2	+ 5.6	+ 5.1	+ 6.8	+ 0.9	+ 1.9	.	.
Employment expectations	- 36.0	+ 8.0	- 8.4	- 5.6	- 7.0	- 7.1	- 5.7	- 3.6	- 4.4	.	.
Demand expectations	- 37.0	+ 15.0	- 4.8	- 1.4	- 1.5	- 2.2	- 4.6	- 1.2	- 1.4	.	.
Business-related services curve	- 41.7	+ 34.0	+ 10.4	+ 3.4	+ 2.0	+ 4.5	+ 3.0	+ 5.1	+ 4.8	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	- 2.0	- 5.4	- 4.3	- 3.8	- 2.0	- 2.7	.	.
Activity expectations	- 32.0	+ 51.7	+ 22.7	+ 6.6	+ 8.5	+ 13.1	+ 9.9	+ 8.7	+ 8.9	.	.
Market demand expectations	- 43.0	+ 45.0	+ 14.0	+ 5.6	+ 2.7	+ 4.7	+ 2.9	+ 6.2	+ 5.5	.	.
Building industry curve	- 39.0	+ 24.3	- 7.0	+ 4.0	+ 2.1	+ 2.6	+ 2.2	+ 4.1	+ 3.5	.	.
Trend in orders	- 52.0	+ 40.0	- 4.3	+ 10.8	+ 4.8	+ 8.5	+ 5.2	+ 4.7	+ 4.9	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	- 0.2	+ 1.0	+ 2.0	- 1.1	+ 1.2	+ 0.7	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.7	+ 3.5	+ 0.1	- 4.5	+ 1.3	+ 2.9	+ 2.1	.	.
Demand expectations	- 39.0	+ 21.0	- 3.0	+ 2.0	+ 2.3	+ 4.2	+ 3.5	+ 4.8	+ 4.5	.	.
Trade curve	- 28.6	+ 16.0	- 2.2	- 8.1	- 0.7	- 4.4	- 7.8	- 5.5	- 5.3	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.7	- 1.3	+ 0.8	- 7.5	- 6.5	- 0.2	- 1.1	.	.
Demand expectations	- 40.0	+ 29.0	- 0.1	- 9.0	- 5.9	- 0.8	- 5.7	- 8.6	- 8.4	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.2	- 14.0	+ 2.9	- 4.9	- 11.3	- 4.9	- 5.0	.	.

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"(-).	1980-2019 ¹			Adjusted series				Smoothed series			
				2019				2019			
	Min.	Max.	Avg.	May	June	July	Aug.	March	April	May	June
Manufacturing industry											
Trend in production rate	- 33.0	+ 20.0	- 0.8	+ 1.3	- 2.3	- 13.6	+ 1.7	- 1.5	- 1.9	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.6	+ 4.6	- 10.2	- 14.9	- 10.4	- 2.8	- 4.7	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.6	- 10.7	- 4.0	- 18.3	- 0.9	- 7.1	- 8.7	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 20.2	- 17.2	- 24.1	- 21.3	- 14.3	- 16.0	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	- 2.7	- 0.7	- 3.7	- 4.2	- 0.2	- 0.9	.	.
Price expectations	- 24.0	+ 43.0	+ 6.7	+ 5.7	+ 3.9	+ 1.4	+ 0.1	+ 3.2	+ 3.2	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	-	80.4	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 38.0	+ 37.0	+ 10.1	+ 22.4	+ 1.2	- 5.3	+ 21.4	+ 8.1	+ 5.5	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.3	+ 9.3	+ 14.8	+ 14.7	+ 16.6	+ 9.2	+ 10.0	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.6	+ 12.2	+ 14.1	+ 11.0	+ 13.5	+ 16.4	+ 15.9	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	- 1.3	+ 0.2	+ 1.9	+ 3.5	+ 2.8	+ 2.0	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 6.6	+ 9.0	+ 6.8	+ 11.7	+ 9.0	+ 7.8	.	.
Building industry											
Trend in activity	- 44.0	+ 34.7	- 4.3	+ 8.9	+ 5.8	+ 5.8	+ 10.3	+ 3.0	+ 3.8	.	.
Trend in employment	- 38.0	+ 22.0	- 5.2	- 2.6	+ 1.0	- 2.8	- 2.0	- 1.8	- 2.0	.	.
Employment expectations	- 50.0	+ 30.0	- 4.8	+ 4.7	+ 7.3	+ 7.3	+ 8.1	+ 7.3	+ 7.1	.	.
Trend in prices	- 27.1	+ 32.0	- 2.0	- 1.5	- 1.8	- 1.8	+ 1.0	+ 1.7	+ 0.7	.	.
Price expectations	- 20.6	+ 46.0	+ 5.2	+ 5.4	+ 4.0	+ 3.2	+ 4.3	+ 7.8	+ 6.9	.	.
Trade											
Trend in sales	- 47.9	+ 43.0	- 0.3	- 6.1	- 9.5	- 6.6	+ 29.7	- 12.8	- 10.5	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	- 7.7	- 2.8	- 14.0	+ 6.9	- 13.5	- 12.9	.	.
Assessment of level of stocks ²	- 12.9	+ 32.0	+ 12.1	+ 22.4	+ 13.7	+ 15.8	+ 7.8	+ 14.1	+ 14.4	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	+ 4.8	+ 9.4	+ 5.1	+ 10.6	+ 1.4	+ 2.6	.	.
Price expectations	- 11.0	+ 66.2	+ 11.3	+ 3.3	+ 13.3	+ 4.2	+ 4.3	+ 7.4	+ 7.8	.	.

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.

Quarterly business survey on credit conditions – July 2019

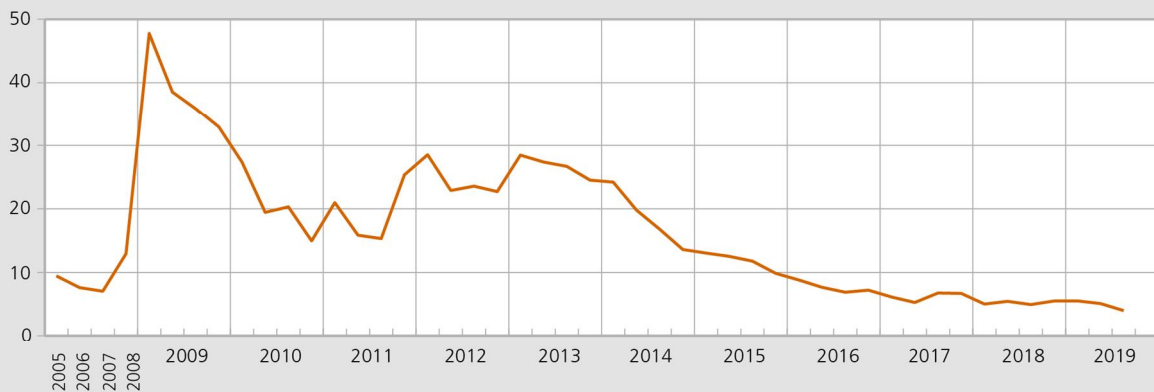
Credit constraint perception drops further in July

The quarterly survey conducted by the National Bank of Belgium in July 2019 on the appraisal of borrowing conditions by companies reveals that the general conditions for access to bank loans have been further relaxed. The general credit constraint perception indicator has come down from 5.1 % in April to 4 % in July, the lowest rate ever recorded since the survey was launched in 2005.

The findings per branch of activity show that borrowing conditions were considered to be less restrictive in all sectors. The most marked easing of conditions was in business-related services (indicator down from 7.3 % to 5.6 %), followed by the building industry (down from 6.1 % to 5.1 %) and the manufacturing industry (down from 3.3 % to 2.6 %).

A breakdown of the results by company size shows that only medium-sized firms (with 50 to 249 employees) felt that borrowing conditions had been tightened. In all the other company categories, credit conditions have eased, particularly for large and very large firms (with more than 250 employees).

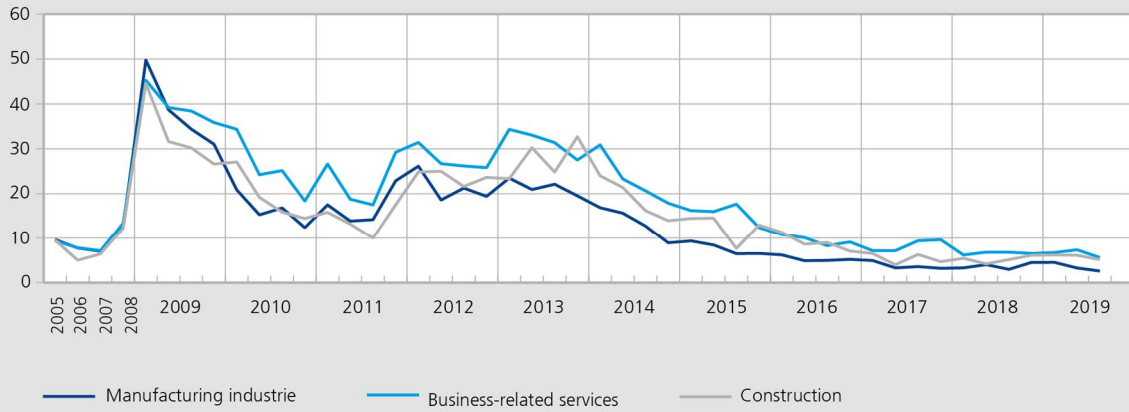
CHART 2 - CREDIT CONSTRAINT PERCEPTION¹ - OVERALL INDICATOR



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

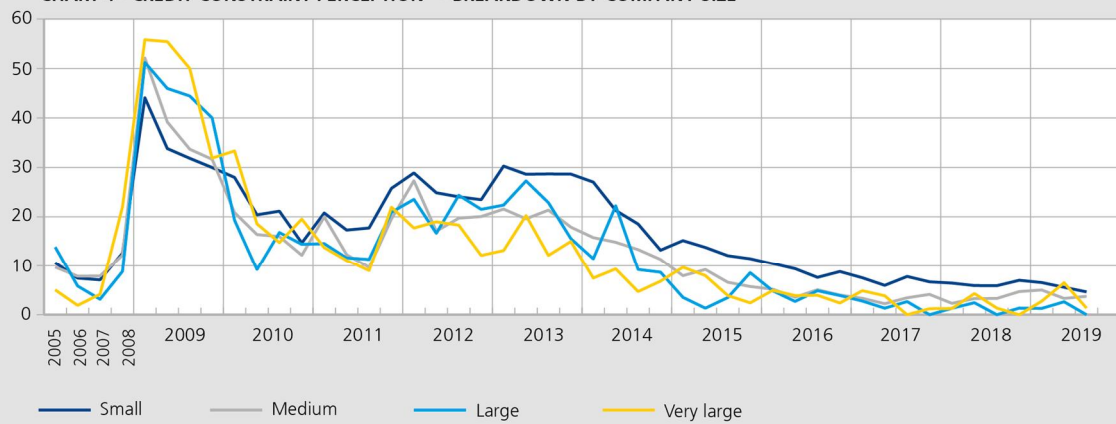
CHART 3 - CREDIT CONSTRAINT PERCEPTION¹ - BREAKDOWN BY BRANCH OF ACTIVITY



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

CHART 4 - CREDIT CONSTRAINT PERCEPTION¹ - BREAKDOWN BY COMPANY SIZE²



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

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

TABLE 3 CREDIT CONSTRAINT PERCEPTION INDICATOR¹

	07-2018	10-2018	01-2019	04-2019	07-2019
Overall indicator ²	4.9	5.5	5.5	5.1	4.0
By branch of activity					
Manufacturing industry	3.0	4.5	4.5	3.3	2.6
Business-related services	6.8	6.5	6.7	7.3	5.6
Construction	5.1	6.1	6.2	6.1	5.1
By size of company³					
Small	5.9	7.0	6.5	5.6	4.6
Medium	3.3	4.7	5.0	3.3	3.7
Large	0.0	1.4	1.3	2.6	0.0
Very large	1.4	0.0	2.7	6.5	1.4

¹ Percentage of firms that perceive current credit conditions as constraining

² 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.

³ 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 2009¹.

¹ 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).