

2019-10-24

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### Monthly business survey – October 2019

## Business confidence picks up in October

- **The business barometer has risen in October, thus confirming the slight recovery observed last month.**
- **The business climate has improved in all the branches of activity surveyed, except for the building industry, where the synthetic indicator has fallen back a little.**

The regained confidence in the manufacturing industry is based on a much more favourable assessment of stock levels and, to a limited extent, on brighter prospects for employment and demand.

In business-related services, the second improvement in a row is primarily due to a more positive appraisal of the current level of activity and a better outlook in this area.

In the building industry, the economic situation is following a rather hesitant pattern. This month, the deterioration of the business climate stems from both a slight fall in the number of new orders received and a distinctly more negative assessment of total order books. In addition, less intensive use of equipment was mentioned as a reason.

Finally, in the trade sector, the lower expectations concerning orders placed with suppliers were largely offset by better demand and employment forecasts.

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

The results of the quarterly survey of production capacity in the manufacturing industry point to a marginal decline in the production capacity utilisation rate. The seasonally adjusted rate thus came to 79.4 % in October, compared to 80.4 % in July.

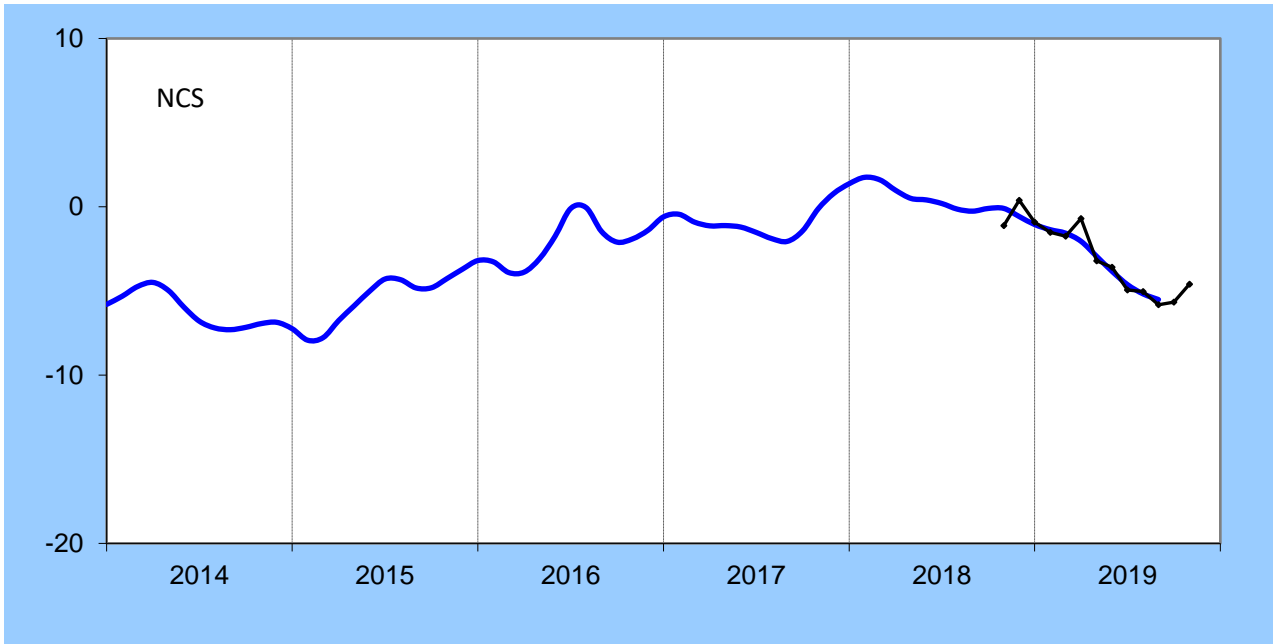
### Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve <sup>1</sup>
	September	October	Variation in	Variation in
	2019	2019	points	points
Manufacturing industry	-10.1	-8.6	1.5	-0.9
Business-related services	5.1	7.6	2.5	-0.3
Building industry	3.5	1.4	-2.1	-0.4
Trade	-8.1	-7.8	0.3	-0.5
<b>Overall synthetic curve</b>	<b>-5.7</b>	<b>-4.6</b>	<b>1.1</b>	<b>-0.3</b>

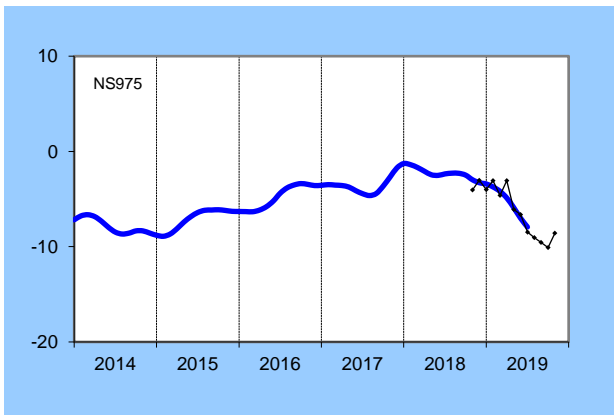
<sup>1</sup> The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity.

Source: NBB.

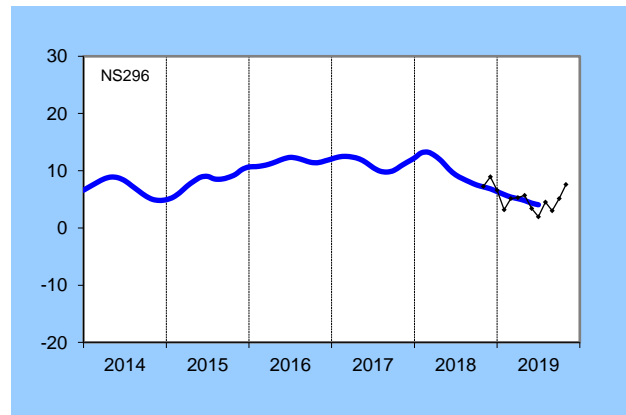
OVERALL SYNTHETIC CURVE



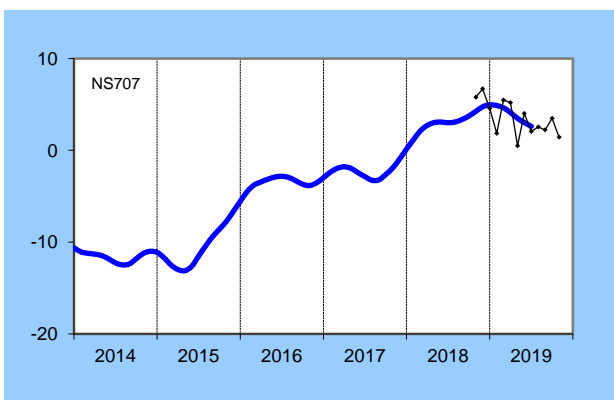
MANUFACTURING INDUSTRY



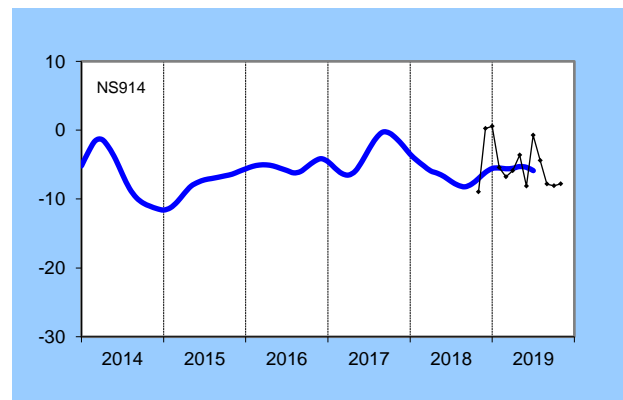
BUSINESS-RELATED SERVICES



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"(-).	1980-2019 <sup>1</sup>			Adjusted series				Smoothed series			
				2019				2019			
	Min.	Max.	Avg.	July	Aug.	Sept.	Oct.	May	June	July	Aug.
<b>Overall synthetic curve</b>	- 31.8	+ 9.2	- 7.1	- 5.0	- 5.8	- 5.7	- 4.6	- 3.8	- 4.6	- 5.2	- 5.5
<b>Manufacturing industry curve</b>	- 34.3	+ 6.0	- 10.1	- 9.1	- 9.6	- 10.1	- 8.6	- 7.0	- 7.9	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.2	- 21.8	- 21.1	- 20.9	- 22.2	- 18.0	- 19.6	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 25.0	+ 5.9	+ 5.1	+ 6.8	+ 11.8	+ 6.7	+ 3.1	+ 4.6	.	.
Employment expectations	- 36.0	+ 8.0	- 8.4	- 7.1	- 5.7	- 3.6	- 1.9	- 5.0	- 5.5	.	.
Demand expectations	- 37.0	+ 15.0	- 4.7	- 2.2	- 4.6	- 4.1	- 3.4	- 1.5	- 1.9	.	.
<b>Business-related services curve</b>	- 41.7	+ 34.0	+ 10.4	+ 4.5	+ 3.0	+ 5.1	+ 7.6	+ 4.3	+ 4.0	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	- 4.3	- 3.8	- 9.2	- 6.8	- 3.3	- 4.0	.	.
Activity expectations	- 32.0	+ 51.7	+ 22.7	+ 13.1	+ 9.9	+ 15.9	+ 19.9	+ 9.2	+ 9.9	.	.
Market demand expectations	- 43.0	+ 45.0	+ 14.0	+ 4.7	+ 2.9	+ 8.6	+ 9.6	+ 5.2	+ 5.0	.	.
<b>Building industry curve</b>	- 39.0	+ 24.3	- 7.0	+ 2.6	+ 2.2	+ 3.5	+ 1.4	+ 3.0	+ 2.6	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	+ 8.5	+ 5.2	+ 4.3	+ 3.2	+ 5.4	+ 5.6	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	+ 2.0	- 1.1	+ 3.8	+ 0.5	+ 0.6	+ 0.7	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.6	- 4.5	+ 1.3	+ 2.8	- 5.2	+ 1.5	+ 0.8	.	.
Demand expectations	- 39.0	+ 21.0	- 2.9	+ 4.2	+ 3.5	+ 3.1	+ 7.1	+ 4.0	+ 3.7	.	.
<b>Trade curve</b>	- 28.6	+ 16.0	- 2.2	- 4.4	- 7.8	- 8.1	- 7.8	- 5.4	- 5.9	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.7	- 7.5	- 6.5	- 5.9	- 4.0	- 1.9	- 3.0	.	.
Demand expectations	- 40.0	+ 29.0	- 0.1	- 0.8	- 5.7	- 10.3	- 8.4	- 7.7	- 6.9	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.2	- 4.9	- 11.3	- 8.1	- 11.0	- 5.3	- 6.0	.	.

<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				2019			
	Min.	Max.	Avg.	July	Aug.	Sept.	Oct.	May	June	July	Aug.
<b>Manufacturing industry</b>											
Trend in production rate	- 33.0	+ 20.0	- 0.8	- 13.6	+ 1.7	- 9.6	+ 1.3	- 2.3	- 2.5	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.6	- 14.9	- 10.4	- 12.5	+ 0.8	- 6.8	- 8.9	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.6	- 18.3	- 0.9	- 11.5	+ 3.8	- 9.5	- 9.5	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 24.1	- 21.3	- 25.1	- 22.4	- 18.1	- 19.7	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	- 3.7	- 4.2	- 5.7	- 6.9	- 1.7	- 2.4	.	.
Price expectations	- 24.0	+ 43.0	+ 6.7	+ 1.4	+ 0.1	- 4.1	- 4.5	+ 2.9	+ 2.2	.	.
<b>Production capacity</b>											
(in percentage of the total production capacity)	70.1	84.6	79.0	80.4	-	-	79.4				
Source: quarterly production capacity survey											
<b>Business-related services</b>											
Trend in activity	- 38.0	+ 37.0	+ 10.0	- 5.3	+ 21.4	- 0.2	+ 7.5	+ 4.8	+ 3.4	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.3	+ 14.7	+ 16.6	- 4.5	+ 14.0	+ 11.4	+ 12.8	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.6	+ 11.0	+ 13.5	+ 22.7	+ 17.7	+ 15.0	+ 14.1	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	+ 1.9	+ 3.5	+ 3.5	+ 3.7	+ 1.7	+ 1.9	.	.
Price expectations	- 13.0	+ 30.0	+ 6.8	+ 6.8	+ 11.7	+ 12.1	+ 10.4	+ 7.6	+ 8.0	.	.
<b>Building industry</b>											
Trend in activity	- 44.0	+ 34.7	- 4.3	+ 5.8	+ 10.3	+ 4.8	+ 2.2	+ 4.8	+ 5.6	.	.
Trend in employment	- 38.0	+ 22.0	- 5.2	- 2.8	- 2.0	- 4.6	- 4.3	- 2.2	- 2.4	.	.
Employment expectations	- 50.0	+ 30.0	- 4.7	+ 7.3	+ 8.1	+ 7.6	+ 6.4	+ 7.1	+ 7.2	.	.
Trend in prices	- 27.1	+ 32.0	- 1.9	- 1.8	+ 1.0	+ 0.5	+ 3.6	- 0.2	- 0.8	.	.
Price expectations	- 20.6	+ 46.0	+ 5.2	+ 3.2	+ 4.3	+ 7.2	+ 8.9	+ 5.8	+ 4.9	.	.
<b>Trade</b>											
Trend in sales	- 47.9	+ 43.0	- 0.4	- 6.6	+ 29.7	- 23.5	- 17.4	- 8.3	- 7.2	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	- 14.0	+ 6.9	- 19.6	- 14.4	- 10.6	- 10.1	.	.
Assessment of level of stocks <sup>2</sup>	- 12.9	+ 32.0	+ 12.1	+ 15.8	+ 7.8	+ 6.7	+ 12.5	+ 14.4	+ 13.9	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	+ 5.1	+ 10.6	- 10.0	- 11.0	+ 3.7	+ 4.7	.	.
Price expectations	- 11.0	+ 66.2	+ 11.3	+ 4.2	+ 4.3	+ 10.0	+ 4.5	+ 7.3	+ 6.4	.	.

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

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