

2019-11-25

## PRESS RELEASE

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### Monthly business survey – November 2019

## Business confidence gains further momentum in November

- **The business barometer has risen for the third consecutive month.**
- **The business climate has improved in all branches of activity surveyed, except for business services where the synthetic indicator has dropped back a little.**

In the manufacturing industry, the second improvement in a row is essentially due to an upward revision of demand forecasts and a more favourable assessment of both total order books and stock levels.

In business-related services, prospects for business activity have dimmed a little. Moreover, expectations regarding general market demand are also on a downward trend.

Company managers in the building industry have given a considerably more positive appraisal of their total order books. They are also expecting demand to rise further over the next three months.

The recovery of confidence in the trade sector is once again based solely on a sharp improvement in demand forecasts.

There are now signs that the overall smoothed synthetic curve, which reflects the underlying cyclical trend, is levelling off.

### Business survey indicators

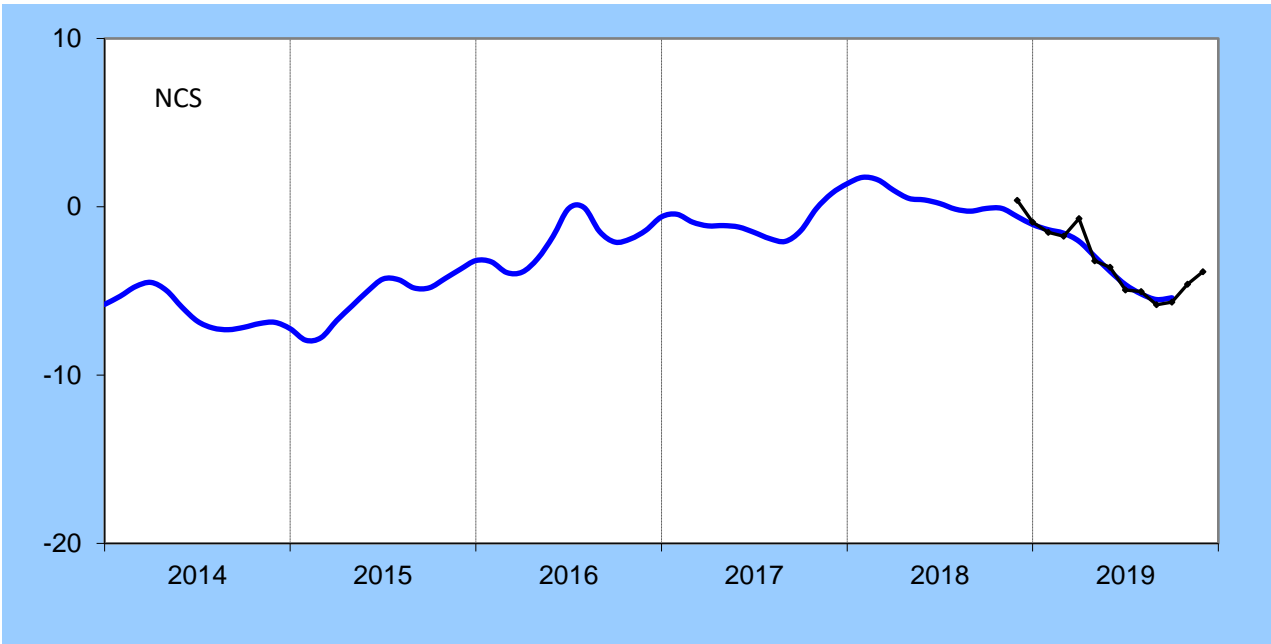
|                                | Gross synthetic curve |             |              | Smoothed synthetic curve <sup>1</sup> |
|--------------------------------|-----------------------|-------------|--------------|---------------------------------------|
|                                | October               | November    | Variation in | Variation in                          |
|                                | 2019                  | 2019        | points       | points                                |
| Manufacturing industry         | -8.6                  | -7.6        | 1.0          | -0.7                                  |
| Business-related services      | 7.6                   | 7.2         | -0.4         | 0.0                                   |
| Building industry              | 1.4                   | 2.1         | 0.7          | -0.2                                  |
| Trade                          | -7.8                  | -6.5        | 1.3          | -0.6                                  |
| <b>Overall synthetic curve</b> | <b>-4.6</b>           | <b>-3.9</b> | <b>0.7</b>   | <b>0.1</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.

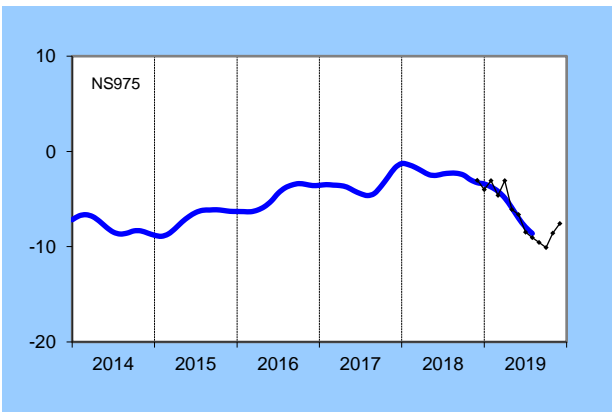
Source: NBB.

CHART 1 - SYNTHETIC CURVES

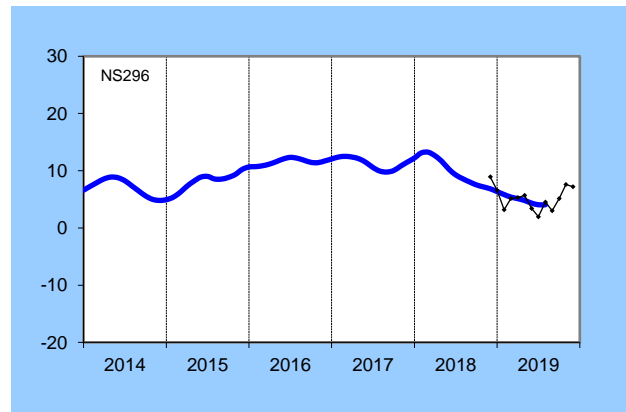
OVERALL SYNTHETIC CURVE



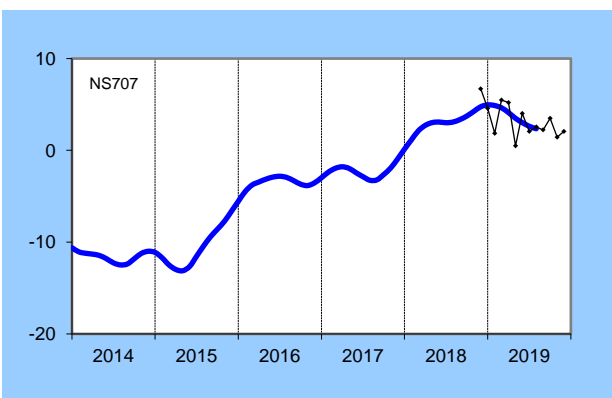
MANUFACTURING INDUSTRY



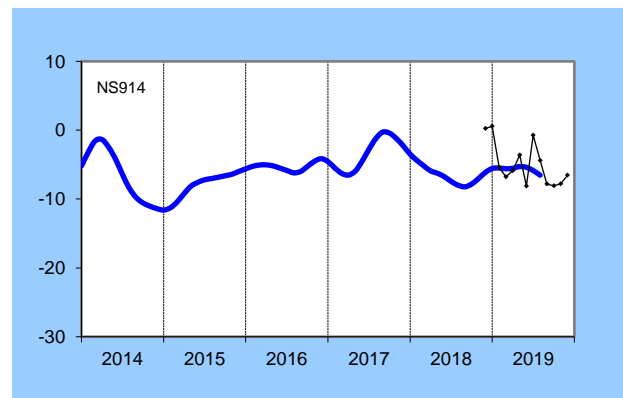
BUSINESS-RELATED SERVICES



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            |        |        |        | 2019            |        |       |       |
|                                                                                                                                 | Min.                   | Max.   | Avg.   | Aug.            | Sept.  | Oct.   | Nov.   | June            | July   | Aug.  | Sept. |
| <b>Overall synthetic curve</b>                                                                                                  | - 31.8                 | + 9.2  | - 7.1  | - 5.8           | - 5.7  | - 4.6  | - 3.9  | - 4.6           | - 5.2  | - 5.5 | - 5.4 |
| <b>Manufacturing industry curve</b>                                                                                             | - 34.3                 | + 6.0  | - 10.1 | - 9.6           | - 10.1 | - 8.6  | - 7.6  | - 7.9           | - 8.6  | .     | .     |
| Assessment of total order books                                                                                                 | - 56.0                 | + 10.0 | - 21.2 | - 21.1          | - 20.9 | - 22.2 | - 20.2 | - 19.6          | - 20.6 | .     | .     |
| Assessment of level of stocks <sup>2</sup>                                                                                      | - 12.9                 | + 25.0 | + 5.9  | + 6.8           | + 11.8 | + 6.7  | + 6.2  | + 4.6           | + 5.7  | .     | .     |
| Employment expectations                                                                                                         | - 36.0                 | + 8.0  | - 8.4  | - 5.7           | - 3.6  | - 1.9  | - 2.9  | - 5.5           | - 5.4  | .     | .     |
| Demand expectations                                                                                                             | - 37.0                 | + 15.0 | - 4.7  | - 4.6           | - 4.1  | - 3.4  | - 0.9  | - 1.9           | - 2.4  | .     | .     |
| <b>Business-related services curve</b>                                                                                          | - 41.7                 | + 34.0 | + 10.3 | + 3.0           | + 5.1  | + 7.6  | + 7.2  | + 4.0           | + 4.0  | .     | .     |
| Assessment of activity                                                                                                          | - 54.4                 | + 20.0 | - 4.5  | - 3.8           | - 9.2  | - 6.8  | - 6.0  | - 4.0           | - 4.7  | .     | .     |
| Activity expectations                                                                                                           | - 32.0                 | + 51.7 | + 22.7 | + 9.9           | + 15.9 | + 19.9 | + 19.0 | + 9.9           | + 11.4 | .     | .     |
| Market demand expectations                                                                                                      | - 43.0                 | + 45.0 | + 14.0 | + 2.9           | + 8.6  | + 9.6  | + 8.6  | + 5.0           | + 5.3  | .     | .     |
| <b>Building industry curve</b>                                                                                                  | - 39.0                 | + 24.3 | - 7.0  | + 2.2           | + 3.5  | + 1.4  | + 2.1  | + 2.6           | + 2.4  | .     | .     |
| Trend in orders                                                                                                                 | - 52.0                 | + 40.0 | - 4.2  | + 5.2           | + 4.3  | + 3.2  | - 0.5  | + 5.6           | + 5.2  | .     | .     |
| Trend in equipment                                                                                                              | - 19.4                 | + 24.0 | + 1.8  | - 1.1           | + 3.8  | + 0.5  | + 0.4  | + 0.7           | + 0.7  | .     | .     |
| Assessment of order books                                                                                                       | - 74.0                 | + 30.0 | - 22.6 | + 1.3           | + 2.8  | - 5.2  | - 1.0  | + 0.8           | + 0.2  | .     | .     |
| Demand expectations                                                                                                             | - 39.0                 | + 21.0 | - 2.9  | + 3.5           | + 3.1  | + 7.1  | + 9.4  | + 3.7           | + 3.6  | .     | .     |
| <b>Trade curve</b>                                                                                                              | - 28.6                 | + 16.0 | - 2.2  | - 7.8           | - 8.1  | - 7.8  | - 6.5  | - 5.9           | - 6.5  | .     | .     |
| Employment expectations                                                                                                         | - 18.4                 | + 18.0 | + 1.7  | - 6.5           | - 5.9  | - 4.0  | - 6.6  | - 3.0           | - 4.2  | .     | .     |
| Demand expectations                                                                                                             | - 40.0                 | + 29.0 | - 0.1  | - 5.7           | - 10.3 | - 8.4  | - 1.5  | - 6.9           | - 6.2  | .     | .     |
| Intentions of placing orders                                                                                                    | - 39.0                 | + 15.0 | - 7.2  | - 11.3          | - 8.1  | - 11.0 | - 11.5 | - 6.0           | - 7.3  | .     | .     |

<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.   | Aug.            | Sept.  | Oct.   | Nov.   | June            | July   | Aug. | Sept. |
| <b>Manufacturing industry</b>                                                                                                   |                        |        |        |                 |        |        |        |                 |        |      |       |
| Trend in production rate                                                                                                        | - 33.0                 | + 20.0 | - 0.8  | + 1.7           | - 9.6  | + 1.3  | + 2.1  | - 2.5           | - 1.9  | .    | .     |
| Trend in domestic orders                                                                                                        | - 35.0                 | + 16.0 | - 7.6  | - 10.4          | - 12.5 | + 0.8  | - 11.2 | - 8.9           | - 10.2 | .    | .     |
| Trend in export orders                                                                                                          | - 44.0                 | + 30.0 | - 2.6  | - 0.9           | - 11.5 | + 3.8  | + 3.8  | - 9.5           | - 7.8  | .    | .     |
| Assessment of export order books                                                                                                | - 61.0                 | + 10.0 | - 22.6 | - 21.3          | - 25.1 | - 22.4 | - 22.5 | - 19.7          | - 21.0 | .    | .     |
| Trend in prices                                                                                                                 | - 21.0                 | + 24.0 | + 1.0  | - 4.2           | - 5.7  | - 6.9  | - 6.3  | - 2.4           | - 3.5  | .    | .     |
| Price expectations                                                                                                              | - 24.0                 | + 43.0 | + 6.7  | + 0.1           | - 4.1  | - 4.5  | - 3.5  | + 2.2           | + 0.8  | .    | .     |
| <b>Production capacity</b>                                                                                                      |                        |        |        |                 |        |        |        |                 |        |      |       |
| (in percentage of the total production capacity)                                                                                | 70.1                   | 84.6   | 79.0   | -               | -      | 79.4   | -      |                 |        |      |       |
| Source: quarterly production capacity survey                                                                                    |                        |        |        |                 |        |        |        |                 |        |      |       |
| <b>Business-related services</b>                                                                                                |                        |        |        |                 |        |        |        |                 |        |      |       |
| Trend in activity                                                                                                               | - 38.0                 | + 37.0 | + 10.0 | + 21.4          | - 0.2  | + 7.5  | + 17.8 | + 3.4           | + 3.4  | .    | .     |
| Trend in employment                                                                                                             | - 49.4                 | + 34.0 | + 7.2  | + 16.6          | - 4.5  | + 14.0 | + 2.0  | + 12.8          | + 14.0 | .    | .     |
| Employment expectations                                                                                                         | - 35.0                 | + 48.0 | + 17.6 | + 13.5          | + 22.7 | + 17.7 | + 16.6 | + 14.1          | + 14.1 | .    | .     |
| Trend in prices                                                                                                                 | - 15.8                 | + 12.0 | + 1.9  | + 3.5           | + 3.5  | + 3.7  | + 3.2  | + 1.9           | + 2.4  | .    | .     |
| Price expectations                                                                                                              | - 13.0                 | + 30.0 | + 6.7  | + 11.7          | + 12.1 | + 10.4 | + 3.9  | + 8.0           | + 8.7  | .    | .     |
| <b>Building industry</b>                                                                                                        |                        |        |        |                 |        |        |        |                 |        |      |       |
| Trend in activity                                                                                                               | - 44.0                 | + 34.7 | - 4.3  | + 10.3          | + 4.8  | + 2.2  | - 1.2  | + 5.6           | + 5.7  | .    | .     |
| Trend in employment                                                                                                             | - 38.0                 | + 22.0 | - 5.2  | - 2.0           | - 4.6  | - 4.3  | - 6.0  | - 2.4           | - 2.8  | .    | .     |
| Employment expectations                                                                                                         | - 50.0                 | + 30.0 | - 4.7  | + 8.1           | + 7.6  | + 6.4  | + 8.6  | + 7.2           | + 7.3  | .    | .     |
| Trend in prices                                                                                                                 | - 27.1                 | + 32.0 | - 1.9  | + 1.0           | + 0.5  | + 3.6  | - 0.2  | - 0.8           | - 0.8  | .    | .     |
| Price expectations                                                                                                              | - 20.6                 | + 46.0 | + 5.2  | + 4.3           | + 7.2  | + 8.9  | + 5.7  | + 4.9           | + 4.6  | .    | .     |
| <b>Trade</b>                                                                                                                    |                        |        |        |                 |        |        |        |                 |        |      |       |
| Trend in sales                                                                                                                  | - 47.9                 | + 43.0 | - 0.4  | + 29.7          | - 23.5 | - 17.4 | + 0.2  | - 7.2           | - 7.2  | .    | .     |
| Assessment of sales                                                                                                             | - 41.6                 | + 28.0 | - 9.1  | + 6.9           | - 19.6 | - 14.4 | - 7.5  | - 10.1          | - 10.8 | .    | .     |
| Assessment of level of stocks <sup>2</sup>                                                                                      | - 12.9                 | + 32.0 | + 12.1 | + 7.8           | + 6.7  | + 12.5 | + 11.1 | + 13.9          | + 13.2 | .    | .     |
| Trend in prices                                                                                                                 | - 20.0                 | + 50.0 | + 1.9  | + 10.6          | - 10.0 | - 11.0 | - 9.7  | + 4.7           | + 3.2  | .    | .     |
| Price expectations                                                                                                              | - 11.0                 | + 66.2 | + 11.3 | + 4.3           | + 10.0 | + 4.5  | + 4.8  | + 6.4           | + 5.1  | .    | .     |

<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 2019

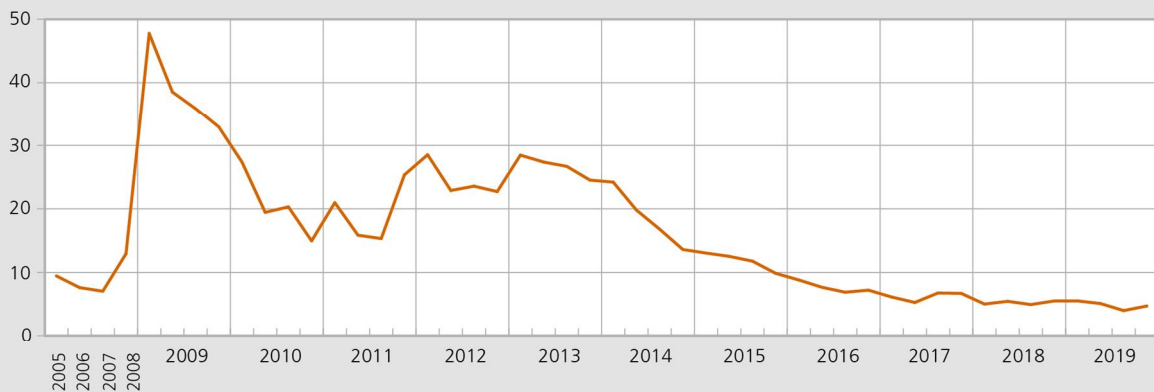
### Credit constraint perception up slightly in October

The quarterly survey on the appraisal of borrowing conditions by companies, conducted by the National Bank of Belgium in October 2019, shows that the general conditions for access to bank loans have tightened somewhat. So, the percentage of firms that find borrowing conditions restrictive rose from 4.0 % in July to 4.7 % in October.

The results per branch of activity indicate that borrowing conditions were broadly considered to be more restrictive. Perception of credit constraint grew in the building industry in particular (up from 5.1 % to 7.4 % of companies surveyed) and in the business-related services sector (from 5.6 % to 6.7 %). In the manufacturing industry, borrowing conditions were likewise rated as more restrictive, albeit to a limited extent (a rise from 2.6 % to 2.9 %).

Analysed in terms of company size, the findings reveal that borrowing conditions over the last three months have been perceived as being more strict by medium-sized firms as well as very large firms. Perception of credit constraint by small firms (less than 50 employees) has remained virtually unchanged.

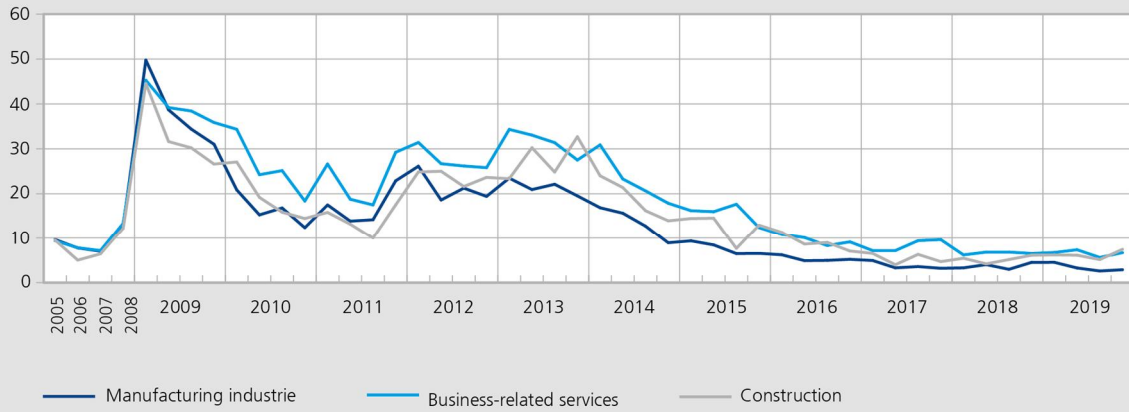
CHART 2 - CREDIT CONSTRAINT PERCEPTION<sup>1</sup> - OVERALL INDICATOR



Source: NBB - quarterly survey on credit conditions.

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

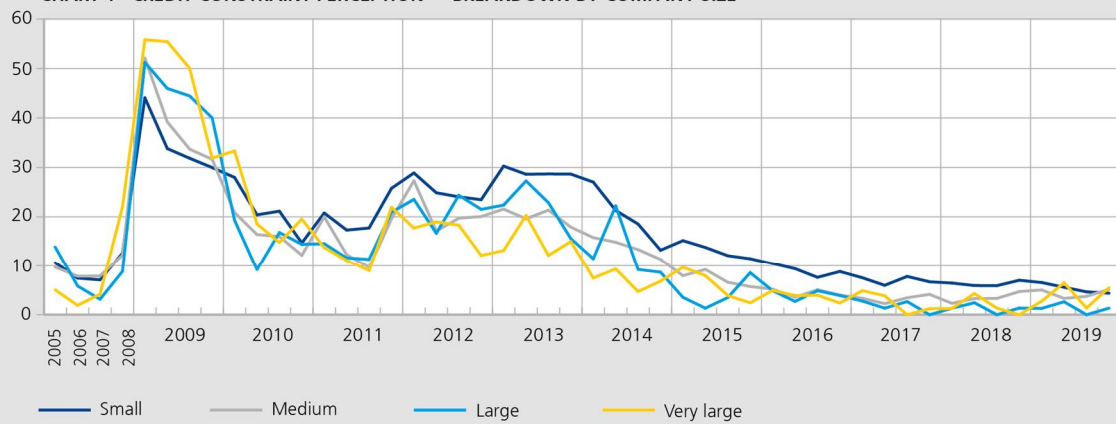
**CHART 3 - CREDIT CONSTRAINT PERCEPTION<sup>1</sup> - BREAKDOWN BY BRANCH OF ACTIVITY**



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>**

|                                       | 10-2018    | 01-2019    | 04-2019    | 07-2019    | 10-2019    |
|---------------------------------------|------------|------------|------------|------------|------------|
| <b>Overall indicator <sup>2</sup></b> | <b>5.5</b> | <b>5.5</b> | <b>5.1</b> | <b>4.0</b> | <b>4.7</b> |
| <b>By branch of activity</b>          |            |            |            |            |            |
| Manufacturing industry                | 4.5        | 4.5        | 3.3        | 2.6        | 2.9        |
| Business-related services             | 6.5        | 6.7        | 7.3        | 5.6        | 6.7        |
| Construction                          | 6.1        | 6.2        | 6.1        | 5.1        | 7.4        |
| <b>By size of company<sup>3</sup></b> |            |            |            |            |            |
| Small                                 | 7.0        | 6.5        | 5.6        | 4.6        | 4.4        |
| Medium                                | 4.7        | 5.0        | 3.3        | 3.7        | 5.1        |
| Large                                 | 1.4        | 1.3        | 2.6        | 0.0        | 1.3        |
| Very large                            | 0.0        | 2.7        | 6.5        | 1.4        | 5.5        |

<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)).