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PRESS RELEASE

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Monthly business survey – February 2020

Slight loss of business confidence in February

- **After the consecutive increases since last September, the National Bank of Belgium’s business barometer has fallen back a little in February.**
- **The business climate has weakened in the business services sector and, to a small extent, in the manufacturing industry too, while it improved in retail trade and the building industry.**

The slight decline in the manufacturing industry is attributable to a downward revision of forecasts for both demand and employment.

In business-related services, last month’s improvement in the economic situation was completely wiped out by a marked deterioration in all components of the indicator. In particular, a clearly more negative outlook for general market demand was observed.

The recovery in the building industry was entirely due to an increase in current orders.

For their part, retailers are expecting a rise in demand and are planning to step up their orders with suppliers considerably. They are also expecting to take on more staff in the next three months.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, is still on a positive trend.

Business survey indicators

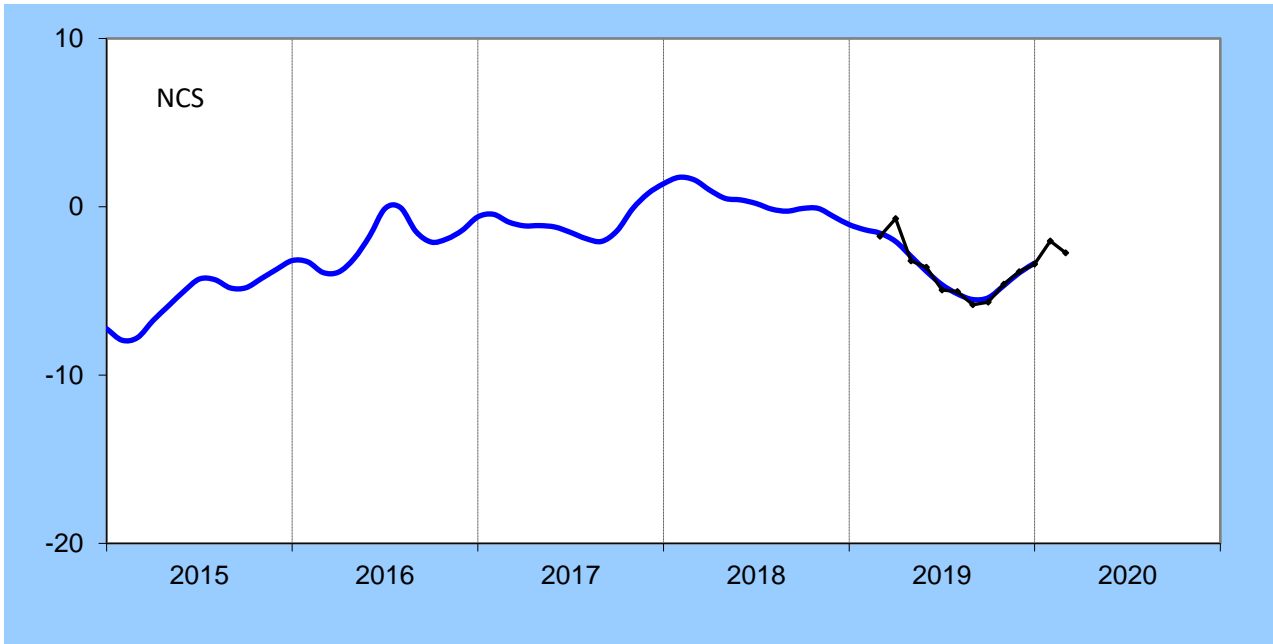
	Gross synthetic curve			Smoothed synthetic curve ¹
	January 2020	February 2020	Variation in points	Variation in points
Manufacturing industry	-4.9	-5.5	-0.6	0.5
Business-related services	7.8	3.2	-4.6	0.8
Building industry	2.2	3.1	0.9	-0.1
Trade	-6.3	-1.4	4.9	0.2
Overall synthetic curve	-2.0	-2.7	-0.7	0.6

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

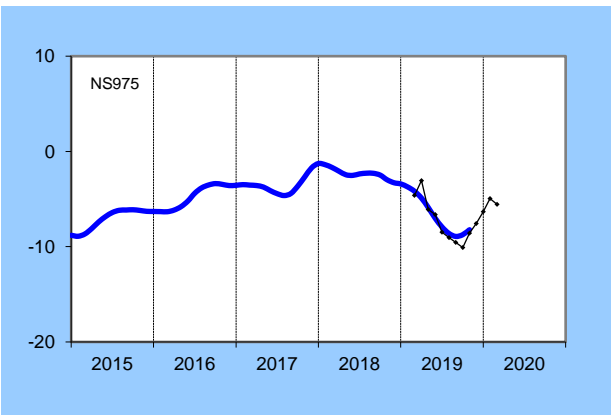
Source: NBB.

CHART 1 - SYNTHETIC CURVES

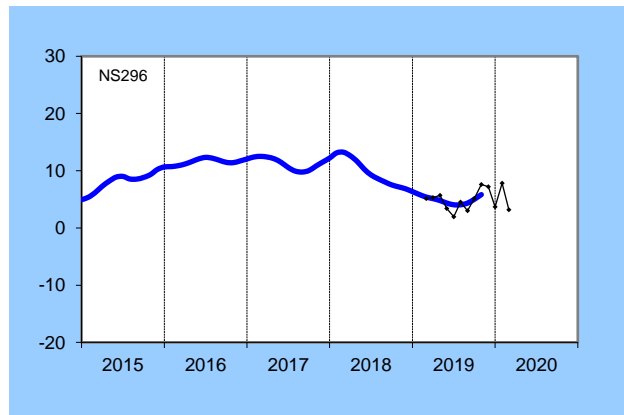
OVERALL SYNTHETIC CURVE



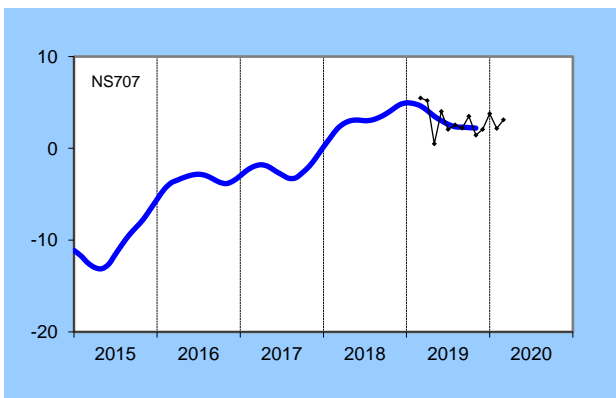
MANUFACTURING INDUSTRY



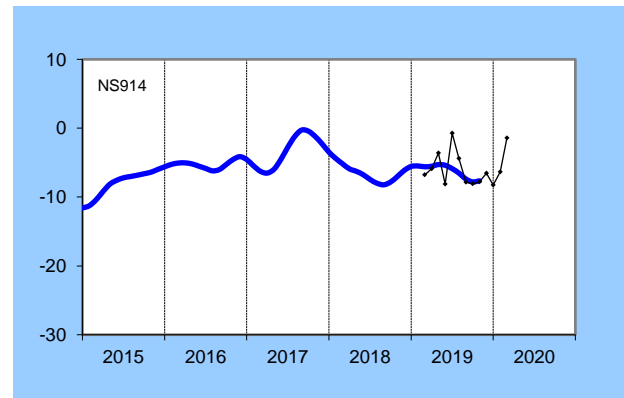
BUSINESS-RELATED SERVICES



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"(-).	1980-2020 ¹			Adjusted series				Smoothed series			
				2019		2020		2019			
	Min.	Max.	Avg.	Nov.	Dec.	Jan.	Feb.	Sept.	Oct.	Nov.	Dec.
Overall synthetic curve	- 31.8	+ 9.2	- 7.0	- 3.9	- 3.4	- 2.0	- 2.7	- 5.4	- 4.7	- 3.9	- 3.3
Manufacturing industry curve	- 34.3	+ 6.0	- 10.0	- 7.6	- 6.3	- 4.9	- 5.5	- 8.7	- 8.2	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.1	- 20.2	- 20.0	- 16.7	- 15.3	- 21.0	- 20.7	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	+ 6.2	+ 4.9	+ 3.5	+ 2.8	+ 6.5	+ 6.4	.	.
Employment expectations	- 36.0	+ 8.0	- 8.4	- 2.9	- 3.2	- 2.6	- 5.1	- 4.2	- 3.5	.	.
Demand expectations	- 37.0	+ 15.0	- 4.7	- 0.9	+ 2.8	+ 3.1	+ 1.0	- 2.9	- 2.2	.	.
Business-related services curve	- 41.7	+ 34.0	+ 10.3	+ 7.2	+ 3.7	+ 7.8	+ 3.2	+ 5.0	+ 5.8	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	- 6.0	- 6.5	- 0.2	- 4.1	- 5.8	- 6.2	.	.
Activity expectations	- 32.0	+ 51.7	+ 22.6	+ 19.0	+ 14.2	+ 15.6	+ 11.5	+ 14.5	+ 15.6	.	.
Market demand expectations	- 43.0	+ 45.0	+ 13.9	+ 8.6	+ 3.4	+ 8.0	+ 2.0	+ 7.1	+ 8.0	.	.
Building industry curve	- 39.0	+ 24.3	- 6.9	+ 2.1	+ 3.8	+ 2.2	+ 3.1	+ 2.3	+ 2.2	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	- 0.5	+ 0.6	+ 0.2	+ 6.3	+ 3.8	+ 2.7	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	+ 0.4	+ 3.0	+ 1.7	+ 1.9	+ 0.9	+ 1.1	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.4	- 1.0	+ 0.0	- 0.6	- 2.6	- 0.1	- 0.5	.	.
Demand expectations	- 39.0	+ 21.0	- 2.8	+ 9.4	+ 11.5	+ 7.3	+ 6.7	+ 5.0	+ 6.0	.	.
Trade curve	- 28.6	+ 16.0	- 2.2	- 6.5	- 8.3	- 6.3	- 1.4	- 7.8	- 7.6	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.7	- 6.6	- 5.4	+ 2.0	+ 6.2	- 6.0	- 5.7	.	.
Demand expectations	- 40.0	+ 29.0	- 0.2	- 1.5	- 8.2	- 7.4	- 1.2	- 6.7	- 7.2	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.3	- 11.5	- 11.2	- 13.6	- 9.2	- 10.0	- 10.7	.	.

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"(-).	1980-2020 ¹			Adjusted series				Smoothed series			
				2019		2020		2019			
	Min.	Max.	Avg.	Nov.	Dec.	Jan.	Feb.	Sept.	Oct.	Nov.	Dec.
Manufacturing industry											
Trend in production rate	- 33.0	+ 20.0	- 0.9	+ 2.1	- 5.1	- 6.1	- 3.6	- 0.9	- 1.4	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.6	- 11.2	- 17.2	- 9.1	- 5.7	- 10.9	- 10.9	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.6	+ 3.8	- 17.8	+ 1.4	- 4.5	- 2.6	- 0.4	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 22.5	- 24.6	- 17.9	- 21.0	- 22.3	- 22.5	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.0	- 6.3	- 2.8	+ 2.8	- 3.0	- 5.0	- 5.1	.	.
Price expectations	- 24.0	+ 43.0	+ 6.6	- 3.5	- 0.1	+ 4.2	+ 5.3	- 2.0	- 2.6	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	-	78.6	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 38.0	+ 37.0	+ 10.0	+ 17.8	+ 3.4	+ 11.7	+ 12.6	+ 5.2	+ 7.3	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.2	+ 2.0	- 0.5	+ 7.3	- 2.9	+ 9.8	+ 6.6	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.6	+ 16.6	+ 18.5	+ 10.0	+ 19.3	+ 16.0	+ 17.0	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	+ 3.2	- 0.4	+ 1.1	- 2.0	+ 3.3	+ 3.1	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 3.9	- 2.8	+ 8.5	+ 14.7	+ 10.0	+ 9.7	.	.
Building industry											
Trend in activity	- 44.0	+ 34.7	- 4.2	- 1.2	+ 2.4	+ 7.4	+ 11.6	+ 4.3	+ 3.4	.	.
Trend in employment	- 38.0	+ 22.0	- 5.2	- 6.0	- 0.6	+ 3.2	- 2.1	- 3.7	- 3.9	.	.
Employment expectations	- 50.0	+ 30.0	- 4.6	+ 8.6	+ 9.0	+ 9.0	+ 8.8	+ 7.7	+ 8.1	.	.
Trend in prices	- 27.1	+ 32.0	- 1.9	- 0.2	- 1.5	+ 0.4	+ 1.2	+ 0.2	+ 0.4	.	.
Price expectations	- 20.6	+ 46.0	+ 5.2	+ 5.7	+ 11.5	+ 6.8	+ 6.4	+ 5.7	+ 6.4	.	.
Trade											
Trend in sales	- 47.9	+ 43.0	- 0.4	+ 0.2	- 10.4	- 7.1	- 2.9	- 8.8	- 8.9	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	- 7.5	- 11.2	- 7.3	- 0.1	- 12.1	- 11.8	.	.
Assessment of level of stocks ²	- 12.9	+ 32.0	+ 12.1	+ 11.1	+ 12.1	+ 11.3	+ 7.6	+ 11.8	+ 11.3	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	- 9.7	+ 2.9	+ 7.5	- 1.3	- 4.1	- 6.8	.	.
Price expectations	- 11.0	+ 66.2	+ 11.3	+ 4.8	+ 15.9	+ 13.7	+ 7.3	+ 5.2	+ 6.3	.	.

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 – January 2020

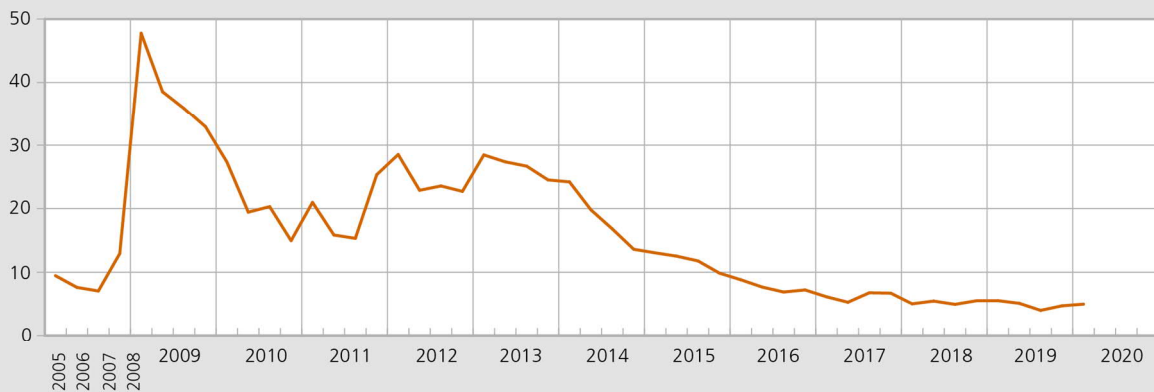
Credit constraint perception has increased a little in January, but is still low.

The quarterly survey on the appraisal of borrowing conditions by companies carried out in January 2020 reveals that the general conditions for access to bank loans have been tightened up a bit. The general credit constraint perception indicator has thus risen from 4.7 % in October to 5.0 % in January.

Borrowing conditions were considered to be more restrictive in business-related services (up from 6.7 to 8.1 %) and, to a lesser extent, in the building industry (up from 7.4 to 7.7 %). By contrast, in the manufacturing industry, they were described as being less tight (down from 2.9 to 2.2 %).

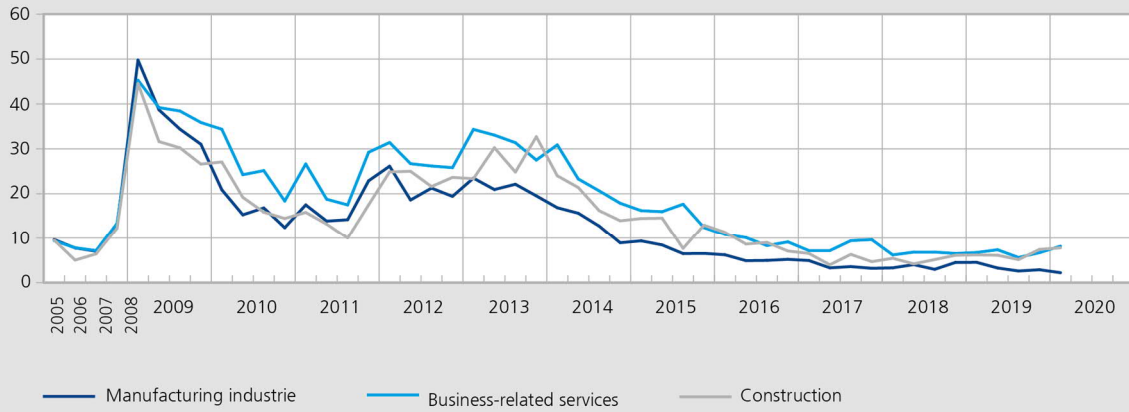
The survey results also vary depending on the size of the companies. Only small firms (with less than 50 employees) reckon that credit conditions have got more restrictive. The large to very large firms (with at least 250 employees) referred to some relaxing of borrowing conditions, while credit constraint perception has remained unchanged in the medium-sized firms (50 to 249 employees) surveyed.

CHART 2 - CREDIT CONSTRAINT PERCEPTION¹ - OVERALL INDICATOR



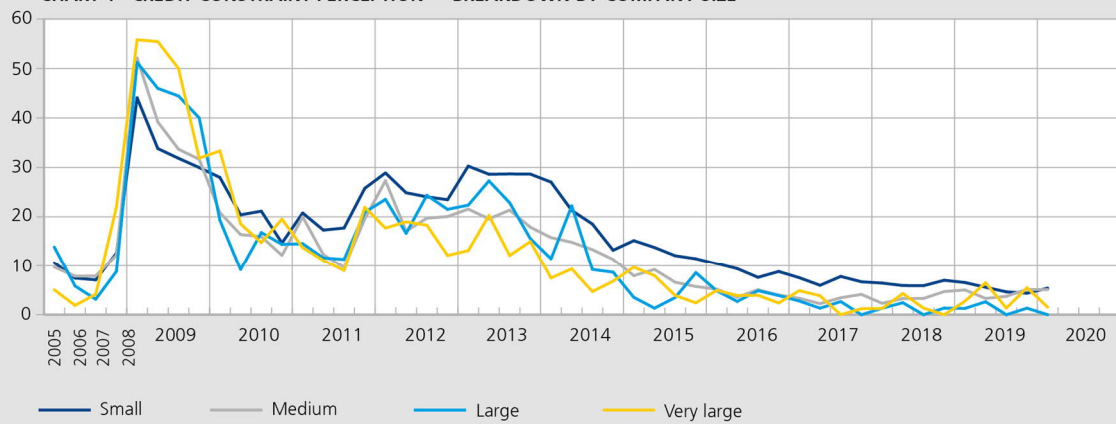
Source: NBB - quarterly survey on credit conditions.

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

	01-2019	04-2019	07-2019	10-2019	01-2020
Overall indicator ²	5.5	5.1	4.0	4.7	5.0
By branch of activity					
Manufacturing industry	4.5	3.3	2.6	2.9	2.2
Business-related services	6.7	7.3	5.6	6.7	8.1
Construction	6.2	6.1	5.1	7.4	7.7
By size of company³					
Small	6.5	5.6	4.6	4.4	5.4
Medium	5.0	3.3	3.7	5.1	5.1
Large	1.3	2.6	0.0	1.3	0.0
Very large	2.7	6.5	1.4	5.5	1.5

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).