

2020-07-24

PRESS RELEASE

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Monthly business survey – July 2020

Business confidence continues to improve in July

- **The business barometer has recovered considerably in July, as had been the case last month. The current level of confidence is nevertheless still low.**
- **All sectors of activity are benefiting from this improvement, except for business-related services, which had already posted a very sharp increase in June. It is in the manufacturing industry that morale among company managers, that had picked up comparatively little last month, has firmed up the most this month.**

In the manufacturing industry, business leaders appeared more optimistic in each of the branches surveyed. The regained confidence is evident in all the questions making up the indicator, whether they cover appraisal of the current situation or forecasts. Assessment of stock levels and prospects for demand are making the biggest contribution to the rise in the indicator in this sector of activity.

In the building industry, the pick-up in the business climate has also led to greater optimism about demand forecasts and recent trends, especially as far as order books are concerned. However, order book levels are still being regarded less favourably than they were last month, given the season.

In the trade sector, forecasts for orders placed with suppliers have been revised upwards sharply.

The reason behind the decline in the indicator for the business services sector lies in company managers' more reserved expectations regarding general market demand and, even more so, their own activity. Nevertheless, the current level of business activity continues to be assessed more positively.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, is still falling.

Lastly, after the very sharp drop recorded in April, the results of the quarterly survey of production capacity in the manufacturing industry point to a hesitant recovery in the production capacity utilisation rate, which came to 73.3 % July, compared to 73 % before.

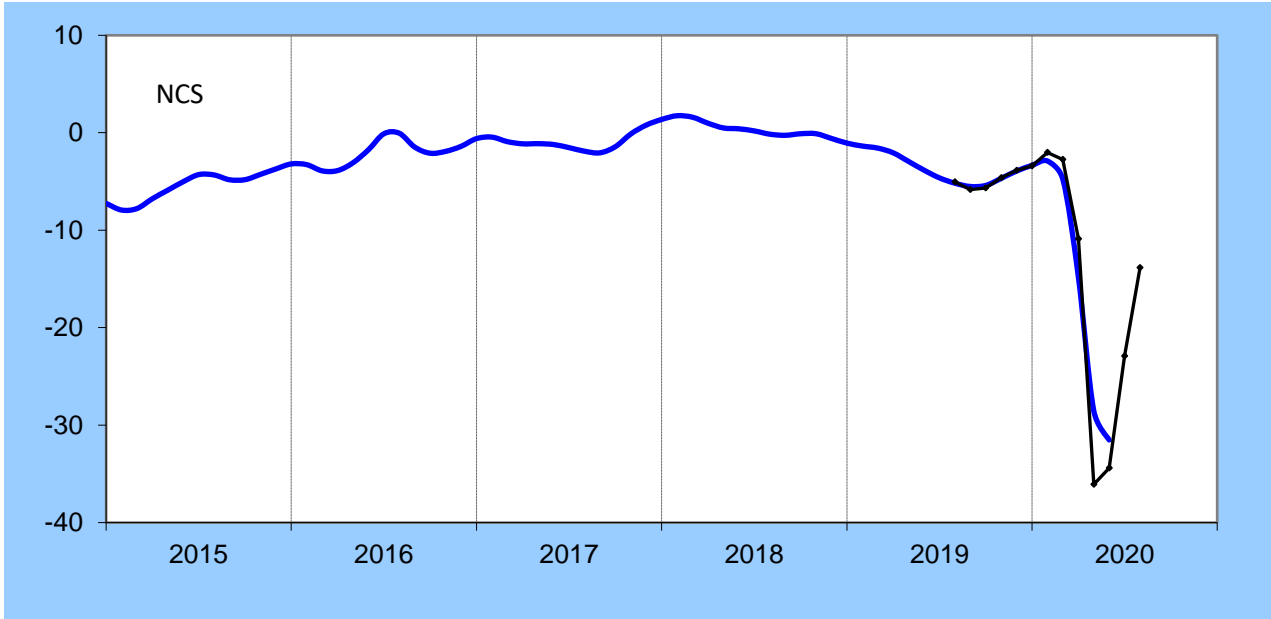
Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	June 2020	July 2020	Variation in points	Variation in Points
Manufacturing industry	-30.6	-17.7	12.9	-6.0
Business-related services	-5.1	-8.1	-3.0	-6.9
Building industry	-7.3	-1.5	5.8	-2.4
Trade	-22.7	-17.9	4.8	-4.0
Overall synthetic curve	-22.9	-13.9	9.0	-3.0

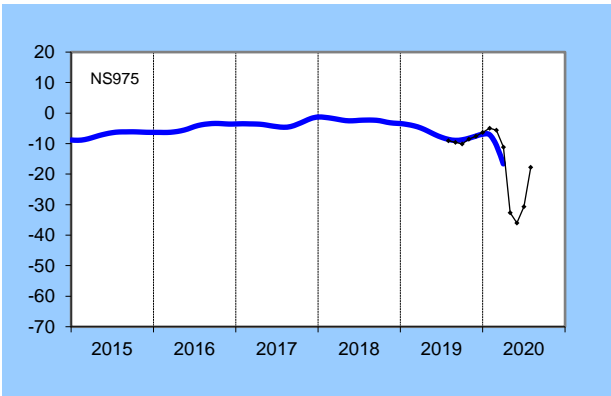
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed indicator reflects recent developments – and thus the rebounds of the last couple of months – more closely than the smoothed indicators per branch.

Source: NBB.

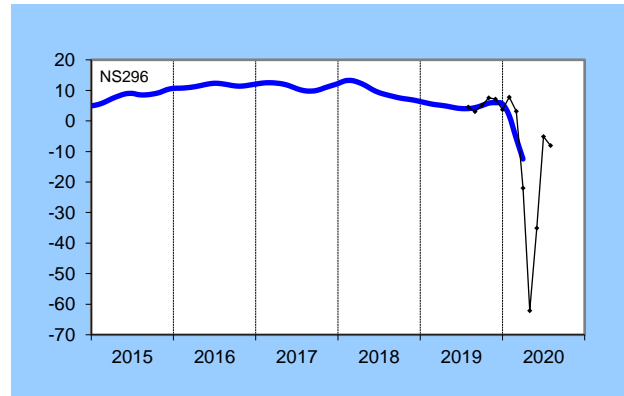
OVERALL SYNTHETIC CURVE



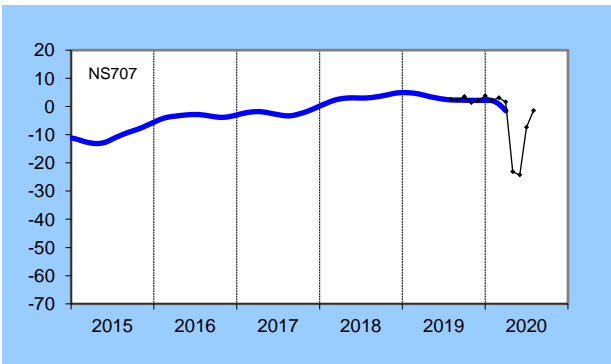
MANUFACTURING INDUSTRY



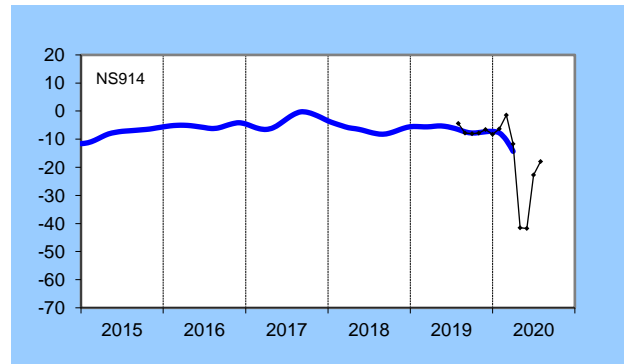
BUSINESS-RELATED SERVICES



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			
	Min.	Max.	Avg.	2020				2020			
				April	May	June	July	Feb.	March	April	May
Overall synthetic curve	- 36.1	+ 9.2	- 7.2	- 36.1	- 34.4	- 22.9	- 13.9	- 4.8	- 14.7	- 28.5	- 31.5
Manufacturing industry curve	- 36.0	+ 6.0	- 10.2	- 32.6	- 36.0	- 30.6	- 17.7	- 10.6	- 16.6	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.4	- 46.2	- 57.7	- 53.9	- 43.8	- 23.5	- 30.0	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	+ 5.0	+ 15.7	+ 18.4	+ 2.2	+ 3.9	+ 4.1	.	.
Employment expectations	- 41.4	+ 8.0	- 8.5	- 41.4	- 33.7	- 25.4	- 14.8	- 9.1	- 14.7	.	.
Demand expectations	- 37.9	+ 15.0	- 4.9	- 37.9	- 36.8	- 24.8	- 10.1	- 6.8	- 13.3	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.7	- 62.1	- 35.1	- 5.1	- 8.1	- 5.6	- 12.5	.	.
Assessment of activity	- 71.6	+ 20.0	- 5.2	- 55.7	- 71.6	- 59.8	- 42.1	- 12.7	- 25.1	.	.
Activity expectations	- 70.7	+ 51.7	+ 22.0	- 70.7	- 11.0	+ 31.3	+ 13.1	+ 4.2	- 2.2	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.4	- 59.9	- 22.6	+ 13.3	+ 4.8	- 6.1	- 13.2	.	.
Building industry curve	- 39.0	+ 24.3	- 7.0	- 23.2	- 24.3	- 7.3	- 1.5	+ 0.9	- 1.5	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	- 30.1	- 29.2	- 6.5	+ 6.9	- 0.4	- 2.2	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	- 35.8	- 38.4	- 3.2	+ 4.0	+ 1.2	- 0.0	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.2	- 3.6	- 8.0	- 5.0	- 8.0	- 1.5	- 2.4	.	.
Demand expectations	- 39.0	+ 21.0	- 2.9	- 23.2	- 21.6	- 14.6	- 8.8	+ 2.1	- 3.4	.	.
Trade curve	- 41.8	+ 16.0	- 2.5	- 41.6	- 41.8	- 22.7	- 17.9	- 10.3	- 14.3	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.4	- 33.0	- 33.0	- 19.2	- 18.9	- 7.5	- 11.1	.	.
Demand expectations	- 56.0	+ 29.0	- 0.5	- 56.0	- 52.2	- 22.5	- 22.5	- 12.1	- 15.9	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.4	- 35.7	- 40.1	- 26.5	- 12.4	- 13.7	- 17.5	.	.

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				
	Min.	Max.	Avg.	2020				2020				
				April	May	June	July	Feb.	March	April	May	
Manufacturing industry												
Trend in production rate	- 53.0	+ 20.0	- 1.1	- 53.0	- 51.6	- 7.8	+ 9.0	- 5.1	- 6.2	.	.	
Trend in domestic orders	- 48.7	+ 16.0	- 7.8	- 45.0	- 48.7	- 24.6	+ 7.5	- 12.8	- 16.4	.	.	
Trend in export orders	- 56.3	+ 30.0	- 2.8	- 38.5	- 56.3	- 14.2	+ 15.3	- 4.3	- 7.8	.	.	
Assessment of export order books	- 61.0	+ 10.0	- 22.8	- 45.2	- 56.7	- 54.1	- 43.0	- 26.5	- 32.1	.	.	
Trend in prices	- 21.0	+ 24.0	+ 0.9	- 6.5	- 12.7	- 14.7	- 4.7	- 3.4	- 4.2	.	.	
Price expectations	- 24.0	+ 43.0	+ 6.5	- 11.3	- 10.5	- 4.9	- 0.4	- 2.2	- 3.6	.	.	
Production capacity												
(in percentage of the total production capacity)	70.1	84.6	78.9	73.0	-	-	73.3					
Source: quarterly production capacity survey												
Business-related services												
Trend in activity	- 73.0	+ 37.0	+ 9.5	- 73.0	- 44.8	- 21.5	+ 29.4	+ 2.9	- 5.4	.	.	
Trend in employment	- 49.4	+ 34.0	+ 6.7	- 30.2	- 36.0	- 35.8	- 9.5	- 4.5	- 12.2	.	.	
Employment expectations	- 35.0	+ 48.0	+ 17.2	- 31.0	- 11.9	+ 7.3	- 2.8	+ 5.7	- 0.7	.	.	
Trend in prices	- 15.8	+ 12.0	+ 1.8	- 1.4	- 6.2	- 7.1	- 4.8	- 1.0	- 1.9	.	.	
Price expectations	- 13.0	+ 30.0	+ 6.7	- 0.9	+ 1.9	+ 3.0	+ 6.5	+ 5.5	+ 4.5	.	.	
Building industry												
Trend in activity	- 66.6	+ 34.7	- 4.4	- 66.6	- 58.8	+ 2.7	+ 8.8	+ 0.4	- 0.9	.	.	
Trend in employment	- 38.0	+ 22.0	- 5.2	- 12.5	- 27.0	- 2.0	+ 1.7	- 1.4	- 1.5	.	.	
Employment expectations	- 50.0	+ 30.0	- 4.6	- 9.4	- 0.5	+ 0.4	- 3.5	+ 7.5	+ 5.3	.	.	
Trend in prices	- 27.1	+ 32.0	- 2.0	- 7.4	- 3.7	- 7.0	- 6.2	- 0.4	- 1.7	.	.	
Price expectations	- 20.6	+ 46.0	+ 5.1	- 0.9	- 1.1	- 1.8	- 1.1	+ 3.8	+ 1.9	.	.	
Trade												
Trend in sales	- 50.1	+ 43.0	- 0.6	- 38.5	- 50.1	- 6.6	- 3.3	- 6.0	- 6.4	.	.	
Assessment of sales	- 50.0	+ 28.0	- 9.3	- 50.0	- 45.4	- 26.1	- 7.4	- 10.1	- 14.8	.	.	
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.2	+ 38.1	+ 38.1	+ 20.0	+ 7.3	+ 16.1	+ 19.2	.	.	
Trend in prices	- 20.0	+ 50.0	+ 1.8	+ 7.9	- 1.4	- 17.7	- 13.0	+ 1.8	+ 1.2	.	.	
Price expectations	- 11.0	+ 66.2	+ 11.1	- 10.8	- 10.9	+ 4.1	- 3.4	+ 6.0	+ 4.2	.	.	

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.