

2020-10-23

PRESS RELEASE

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Monthly business survey – October 2020

Recovery of business confidence continues in October

- **The business barometer is back above the level posted in March.**
- **The business climate has firmed up in the manufacturing industry and, very strongly, in the trade sector too. It has effectively stabilised in services and in the building industry.**
- **In addition, the production capacity utilisation rate has risen in the manufacturing industry.**

The survey, conducted between 1 and 22 October, reflects only partly the stricter measures decided on 16 October by the federal government as part of the efforts to tackle the pandemic.

After two months of decline, the business climate has brightened up considerably in the trade sector. The upturn in the economic situation is based on a big upward revision of forecasts for demand and orders placed with suppliers. The outlook for employment is also improving, albeit to a lesser extent.

In manufacturing, all components making up the indicator have moved in the right direction, but it is above all in the appraisal of order books and stock levels that the improvement is most evident.

In the business-related services sector, entrepreneurs have given a more favourable assessment of their current level of business activity. On the other hand, they gave a more pessimistic view of their future activity, despite better expectations about general market demand. Overall, the indicator remained at practically the same level.

The fact that confidence has remained virtually stable in the building industry is due to gloomier forecasts for demand and a downward revision of order book assessments, although the trend in orders is nevertheless being regarded more favourably. Entrepreneurs have also given a more positive outlook for increased use of equipment.

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

The results of the quarterly survey of production capacity in the manufacturing industry point to an increase in the production capacity utilisation rate. The seasonally adjusted rate worked out at 76.7 % in October, compared to 73.3 % July.

Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	September 2020	October 2020	Variation in points	Variation in Points
Manufacturing industry	-11.6	-9.0	2.6	1.3
Business-related services	-9.2	-8.7	0.5	3.5
Building industry	-4.0	-4.3	-0.3	-0.6
Trade	-26.3	-14.5	11.8	-1.5
Overall synthetic curve	-10.8	-8.5	2.3	3.5

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.

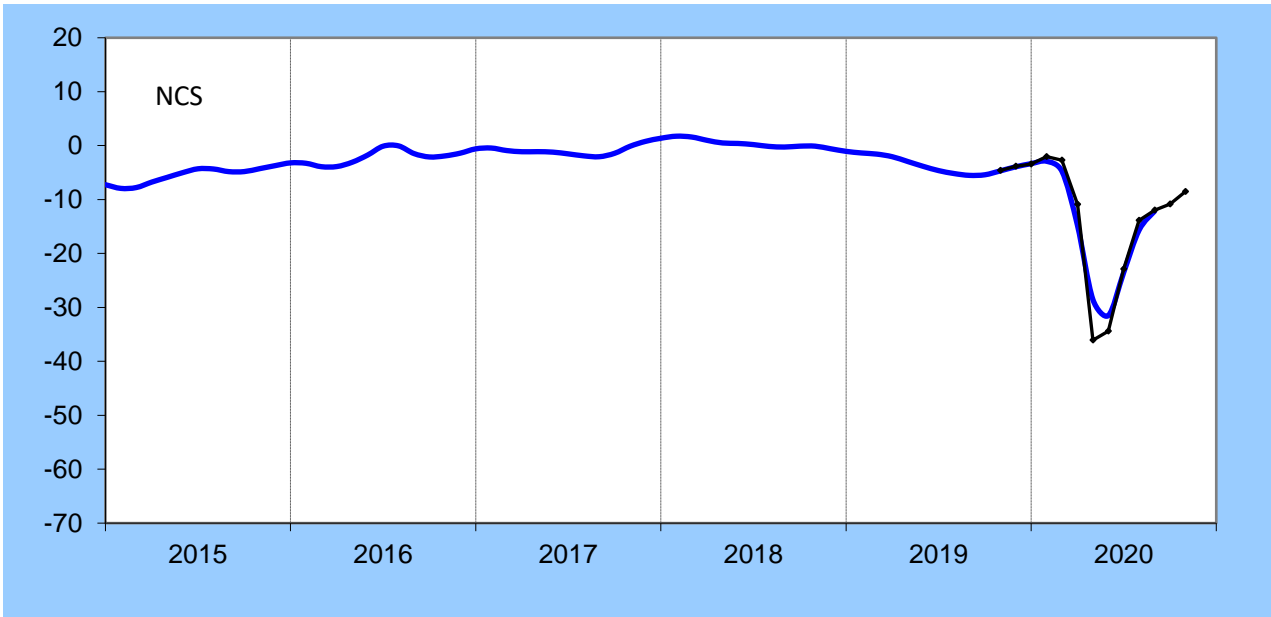
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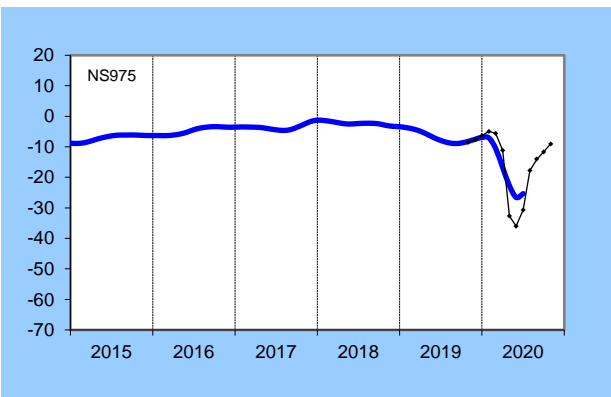
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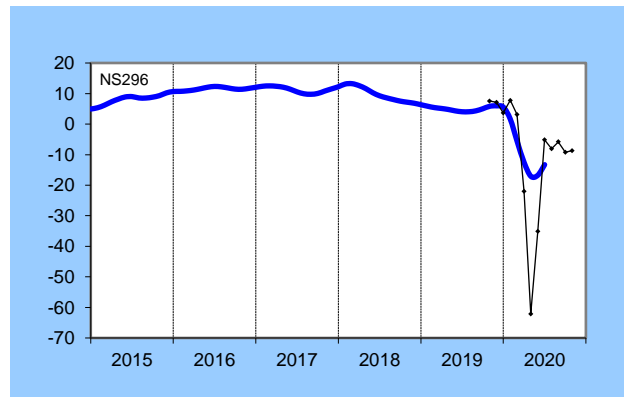
OVERALL SYNTHETIC CURVE



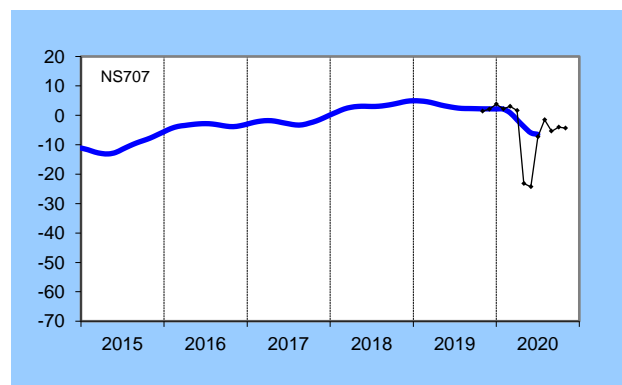
MANUFACTURING INDUSTRY



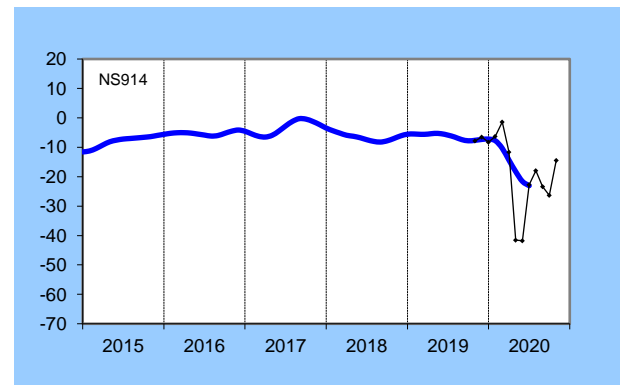
BUSINESS-RELATED SERVICES



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"(-).	1980-2020 ¹			Adjusted series				Smoothed series			
	Min.	Max.	Avg.	2020				2020			
				July	Aug.	Sept.	Oct.	May	June	July	Aug.
Overall synthetic curve	-36.1	+9.2	-7.2	-13.9	-12.0	-10.8	-8.5	-31.5	-23.5	-15.7	-12.2
Manufacturing industry curve	-36.0	+6.0	-10.2	-17.7	-14.0	-11.6	-9.0	-26.6	-25.3	.	.
Assessment of total order books	-57.7	+10.0	-21.4	-43.8	-40.3	-30.7	-26.7	-42.7	-44.8	.	.
Assessment of level of stocks ²	-12.9	+25.0	+5.8	+2.2	-6.0	-4.1	-9.2	+4.5	+3.2	.	.
Employment expectations	-41.4	+8.0	-8.6	-14.8	-9.6	-11.3	-10.7	-22.6	-21.0	.	.
Demand expectations	-37.9	+15.0	-4.9	-10.1	-12.3	-8.6	-7.9	-22.3	-19.8	.	.
Business-related services curve	-62.1	+34.0	+9.5	-8.1	-5.8	-9.2	-8.7	-16.8	-13.3	.	.
Assessment of activity	-71.6	+20.0	-5.5	-42.1	-43.8	-46.4	-39.5	-48.5	-51.9	.	.
Activity expectations	-70.7	+51.7	+21.9	+13.1	+18.6	+13.8	+6.3	-1.9	+4.3	.	.
Market demand expectations	-59.9	+45.0	+13.3	+4.8	+7.9	+5.0	+7.1	-12.3	-5.1	.	.
Building industry curve	-39.0	+24.3	-6.9	-1.5	-5.4	-4.0	-4.3	-5.9	-6.5	.	.
Trend in orders	-52.0	+40.0	-4.2	+6.9	-1.8	-2.1	+0.8	-5.1	-4.8	.	.
Trend in equipment	-38.4	+24.0	+1.6	+4.0	-7.5	-2.0	-0.8	-3.6	-4.1	.	.
Assessment of order books	-74.0	+30.0	-22.1	-8.0	-5.1	-4.9	-7.4	-4.4	-4.9	.	.
Demand expectations	-39.0	+21.0	-3.0	-8.8	-7.3	-6.9	-9.9	-12.3	-12.4	.	.
Trade curve	-41.8	+16.0	-2.6	-17.9	-23.4	-26.3	-14.5	-21.6	-23.1	.	.
Employment expectations	-33.0	+18.0	+1.2	-18.9	-23.6	-18.7	-17.4	-18.9	-20.3	.	.
Demand expectations	-56.0	+29.0	-0.7	-22.5	-24.9	-31.1	-8.8	-22.8	-23.7	.	.
Intentions of placing orders	-40.1	+15.0	-7.5	-12.4	-21.7	-29.2	-17.3	-24.9	-25.9	.	.

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					
				July	Aug.	Sept.	Oct.	May	June	July	Aug.		
Manufacturing industry													
Trend in production rate	- 53.0	+ 20.0	- 1.0	+ 9.0	+ 7.2	- 0.2	+ 15.2	- 6.7	- 4.1	.	.		
Trend in domestic orders	- 48.7	+ 16.0	- 7.8	+ 7.5	- 7.5	- 14.7	- 1.5	- 21.7	- 20.0	.	.		
Trend in export orders	- 56.3	+ 30.0	- 2.7	+ 15.3	+ 11.2	+ 6.1	+ 15.7	- 10.4	- 5.9	.	.		
Assessment of export order books	- 61.0	+ 10.0	- 22.9	- 43.0	- 37.6	- 33.3	- 21.6	- 42.4	- 43.7	.	.		
Trend in prices	- 21.0	+ 24.0	+ 1.0	- 4.7	- 0.2	+ 6.8	+ 4.0	- 5.8	- 5.3	.	.		
Price expectations	- 24.0	+ 43.0	+ 6.5	- 0.4	+ 1.3	+ 3.8	+ 6.2	- 4.8	- 3.3	.	.		
Production capacity													
(in percentage of the total production capacity)	70.1	84.6	78.9	73.3	-	-	76.7						
Source: quarterly production capacity survey													
Business-related services													
Trend in activity	- 73.0	+ 37.0	+ 9.5	+ 29.4	+ 4.4	- 4.8	+ 11.6	- 16.6	- 14.1	.	.		
Trend in employment	- 49.4	+ 34.0	+ 6.6	- 9.5	+ 8.4	- 10.2	- 1.7	- 24.3	- 22.6	.	.		
Employment expectations	- 35.0	+ 48.0	+ 17.1	- 2.8	- 0.1	+ 10.0	+ 6.9	- 6.0	- 3.0	.	.		
Trend in prices	- 15.8	+ 12.0	+ 1.8	- 4.8	- 2.0	- 3.7	- 3.7	- 3.7	- 4.3	.	.		
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 6.5	+ 3.6	+ 4.9	+ 2.8	+ 3.3	+ 3.2	.	.		
Building industry													
Trend in activity	- 66.6	+ 34.7	- 4.4	+ 8.8	- 5.0	- 4.0	- 0.9	- 3.6	- 3.5	.	.		
Trend in employment	- 38.0	+ 22.0	- 5.2	+ 1.7	- 2.0	+ 2.9	- 3.1	- 2.0	- 2.0	.	.		
Employment expectations	- 50.0	+ 30.0	- 4.5	- 3.5	+ 3.5	+ 10.3	+ 4.3	+ 0.9	+ 0.4	.	.		
Trend in prices	- 27.1	+ 32.0	- 2.0	- 6.2	- 4.7	- 4.8	- 5.6	- 4.6	- 5.5	.	.		
Price expectations	- 20.6	+ 46.0	+ 5.1	- 1.1	- 0.2	+ 2.0	- 2.3	- 1.0	- 1.1	.	.		
Trade													
Trend in sales	- 50.1	+ 43.0	- 0.6	- 3.3	- 7.6	- 13.0	- 6.4	- 7.1	- 7.1	.	.		
Assessment of sales	- 50.0	+ 28.0	- 9.3	- 7.4	- 26.7	- 15.7	- 3.0	- 24.0	- 24.9	.	.		
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.2	+ 7.3	+ 7.3	+ 9.3	+ 5.4	+ 21.0	+ 17.1	.	.		
Trend in prices	- 23.5	+ 50.0	+ 1.7	- 13.0	- 9.6	- 23.5	+ 10.8	- 4.4	- 7.8	.	.		
Price expectations	- 11.0	+ 66.2	+ 11.1	- 3.4	+ 1.3	+ 4.0	+ 11.2	- 0.1	- 0.4	.	.		

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.