

PRESS RELEASE

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Monthly business survey – February 2021

Business confidence firms up again in February

- **The business climate has strengthened in all branches of activity surveyed, albeit more modestly in the manufacturing industry.**
- **In this sector, business confidence is back above levels seen before the eruption of the health crisis (in February 2020). This is not yet the case in the building industry or business-related services, or even less so in the trade sector, where economic conditions are still lagging far behind.**

In February, the economic situation has improved in business-related services. The recovery is attributable to a more positive assessment of the outlook for general market demand and firms' own activity, while appraisals of current activity are gloomier.

In the building industry, company managers are painting a clearly more favourable picture in terms of total order books, as well as forecasts for their own business activity.

The strengthening of confidence in the trade sector is based on an improvement in prospects for employment and demand, while forecasts for orders placed with suppliers have contracted slightly.

Lastly, the more modest rise in the confidence indicator in the manufacturing industry stems from a more unfavourable assessment of stock levels, which growing numbers of entrepreneurs consider to be higher than normal. The other components of the indicator are moving in the right direction, particularly appraisals of total order books.

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

Business survey indicators

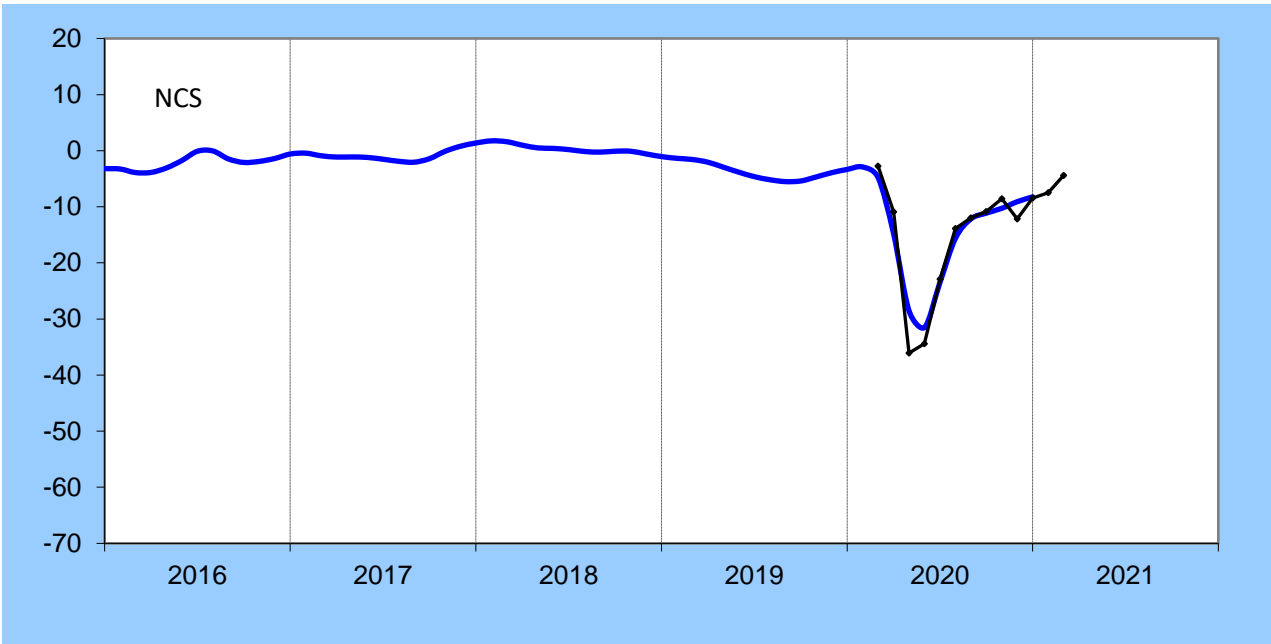
| | Gross synthetic curve | | | Smoothed synthetic curve ¹ |
|--------------------------------|-----------------------|------------------|------------------------|---------------------------------------|
| | January 2021 | February 2021 | Variation in points | Variation in Points |
| Manufacturing industry | -5.4 | -4.0 | 1.4 | 2.3 |
| Business-related services | -10.2 | -3.8 | 6.4 | -0.5 |
| Building industry | -8.0 | -2.3 | 5.7 | -0.8 |
| Trade | -25.0 | -18.2 | 6.8 | -0.5 |
| Overall synthetic curve | -7.5 | -4.4 | 3.1 | 0.9 |

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 more closely than the smoothed indicators per branch.

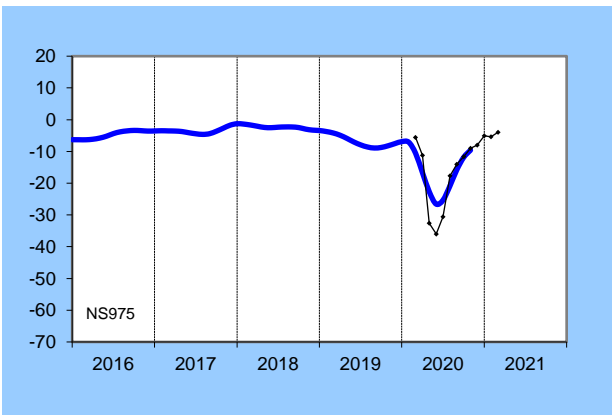
Source: NBB.

CHART 1 - SYNTHETIC CURVES

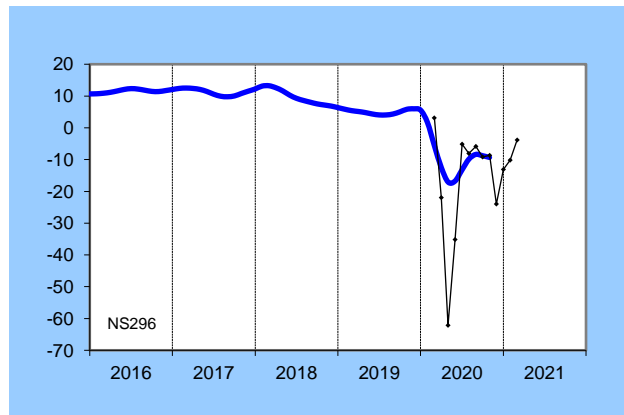
OVERALL SYNTHETIC CURVE



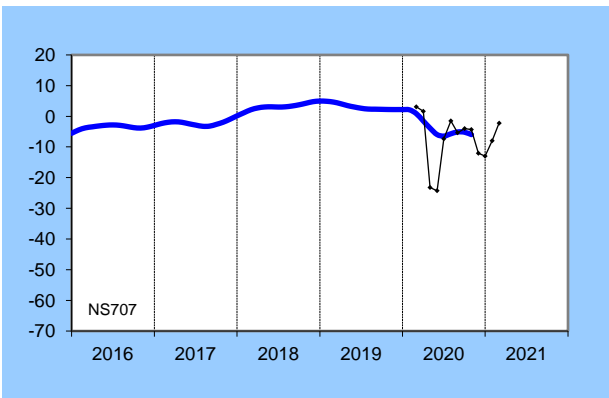
MANUFACTURING INDUSTRY



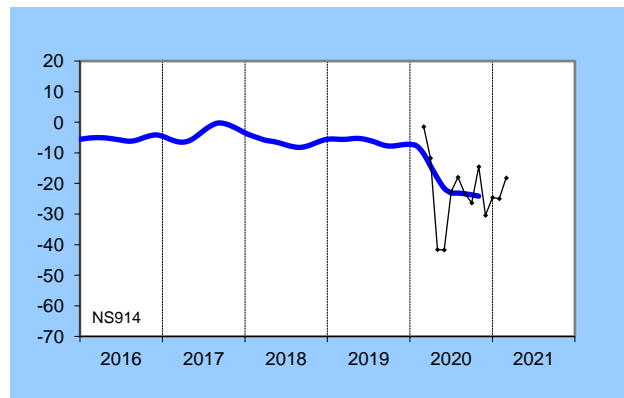
BUSINESS-RELATED SERVICES



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"(-). | 1980-2021 ¹ | | | Adjusted series | | | | Smoothed series | | | |
|---|------------------------|--------|--------|-----------------|--------|--------|--------|-----------------|--------|-------|-------|
| | | | | 2020 | | 2021 | | 2020 | | | |
| | Min. | Max. | Avg. | Nov. | Dec. | Jan. | Feb. | Sept. | Oct. | Nov. | Dec. |
| Overall synthetic curve | - 36.1 | + 9.2 | - 7.2 | - 12.1 | - 8.4 | - 7.5 | - 4.4 | - 11.1 | - 10.3 | - 9.1 | - 8.2 |
| Manufacturing industry curve | - 36.0 | + 6.0 | - 10.2 | - 8.0 | - 5.1 | - 5.4 | - 4.0 | - 11.9 | - 9.6 | . | . |
| Assessment of total order books | - 57.7 | + 10.0 | - 21.5 | - 24.7 | - 20.7 | - 24.4 | - 17.3 | - 33.0 | - 28.6 | . | . |
| Assessment of level of stocks ² | - 12.9 | + 25.0 | + 5.7 | - 8.6 | - 7.9 | - 11.2 | - 4.4 | - 5.3 | - 7.2 | . | . |
| Employment expectations | - 41.4 | + 8.0 | - 8.5 | - 8.7 | - 4.6 | - 4.3 | - 2.1 | - 10.8 | - 9.2 | . | . |
| Demand expectations | - 37.9 | + 15.0 | - 4.9 | - 7.3 | - 3.0 | - 4.1 | - 0.9 | - 9.1 | - 7.7 | . | . |
| Business-related services curve | - 62.1 | + 34.0 | + 9.2 | - 24.0 | - 13.1 | - 10.2 | - 3.8 | - 8.8 | - 9.3 | . | . |
| Assessment of activity | - 71.6 | + 20.0 | - 5.9 | - 43.6 | - 40.9 | - 35.0 | - 39.4 | - 43.7 | - 42.5 | . | . |
| Activity expectations | - 70.7 | + 51.7 | + 21.7 | - 7.3 | + 6.8 | + 9.1 | + 18.9 | + 11.0 | + 9.3 | . | . |
| Market demand expectations | - 59.9 | + 45.0 | + 13.1 | - 21.0 | - 5.1 | - 4.7 | + 9.1 | + 4.3 | + 1.6 | . | . |
| Building industry curve | - 39.0 | + 24.3 | - 7.0 | - 12.1 | - 13.0 | - 8.0 | - 2.3 | - 5.2 | - 6.0 | . | . |
| Trend in orders | - 52.0 | + 40.0 | - 4.3 | - 8.6 | - 15.4 | - 5.2 | - 1.1 | - 2.3 | - 3.1 | . | . |
| Trend in equipment | - 38.4 | + 24.0 | + 1.5 | - 5.7 | - 6.1 | - 0.3 | - 3.0 | - 3.0 | - 3.0 | . | . |
| Assessment of order books | - 74.0 | + 30.0 | - 22.1 | - 18.4 | - 16.7 | - 16.0 | - 6.1 | - 7.6 | - 10.3 | . | . |
| Demand expectations | - 39.0 | + 21.0 | - 3.0 | - 15.6 | - 13.9 | - 10.5 | + 1.1 | - 9.3 | - 9.7 | . | . |
| Trade curve | - 41.8 | + 16.0 | - 2.8 | - 30.4 | - 24.6 | - 25.0 | - 18.2 | - 23.7 | - 24.2 | . | . |
| Employment expectations | - 33.0 | + 18.0 | + 1.0 | - 19.5 | - 19.4 | - 22.3 | - 11.4 | - 19.1 | - 19.2 | . | . |
| Demand expectations | - 56.0 | + 29.0 | - 0.9 | - 41.6 | - 30.1 | - 32.8 | - 23.0 | - 26.4 | - 28.1 | . | . |
| Intentions of placing orders | - 40.1 | + 15.0 | - 7.7 | - 30.1 | - 24.3 | - 19.7 | - 20.3 | - 23.3 | - 22.8 | . | . |

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"(-). | 1980-2021 ¹ | | | Adjusted series | | | | Smoothed series | | | |
|---|------------------------|--------|--------|-----------------|--------|--------|--------|-----------------|--------|------|------|
| | | | | 2020 | | 2021 | | 2020 | | | |
| | Min. | Max. | Avg. | Nov. | Dec. | Jan. | Feb. | Sept. | Oct. | Nov. | Dec. |
| Manufacturing industry | | | | | | | | | | | |
| Trend in production rate | - 53.0 | + 20.0 | - 1.0 | - 5.2 | - 0.9 | + 7.5 | - 0.9 | + 3.5 | + 2.5 | . | . |
| Trend in domestic orders | - 48.7 | + 16.0 | - 7.8 | - 12.0 | - 11.2 | - 1.6 | - 4.7 | - 9.8 | - 9.0 | . | . |
| Trend in export orders | - 56.3 | + 30.0 | - 2.6 | + 2.7 | + 5.0 | + 3.1 | - 0.1 | + 8.5 | + 7.4 | . | . |
| Assessment of export order books | - 61.0 | + 10.0 | - 22.9 | - 26.7 | - 18.5 | - 19.5 | - 17.7 | - 32.5 | - 27.6 | . | . |
| Trend in prices | - 21.0 | + 24.0 | + 1.0 | + 2.9 | + 6.1 | + 9.3 | + 8.0 | + 1.9 | + 4.0 | . | . |
| Price expectations | - 24.0 | + 43.0 | + 6.5 | + 4.4 | + 10.3 | + 11.9 | + 14.9 | + 3.1 | + 5.1 | . | . |
| Production capacity | | | | | | | | | | | |
| (in percentage of the total production capacity) | 70.1 | 84.6 | 78.9 | - | - | 78.9 | - | | | | |
| Source: quarterly production capacity survey | | | | | | | | | | | |
| Business-related services | | | | | | | | | | | |
| Trend in activity | - 73.0 | + 37.0 | + 9.3 | - 12.9 | - 2.7 | + 5.1 | - 17.4 | + 0.6 | - 0.0 | . | . |
| Trend in employment | - 49.4 | + 34.0 | + 6.6 | + 2.6 | + 4.4 | + 9.1 | - 4.5 | - 3.1 | + 0.0 | . | . |
| Employment expectations | - 35.0 | + 48.0 | + 17.0 | + 1.6 | + 12.0 | + 8.7 | + 18.0 | + 5.0 | + 6.3 | . | . |
| Trend in prices | - 15.8 | + 12.0 | + 1.7 | - 2.7 | - 2.5 | - 4.6 | - 2.8 | - 3.6 | - 3.3 | . | . |
| Price expectations | - 13.0 | + 30.0 | + 6.6 | + 4.4 | + 4.7 | - 2.6 | + 6.9 | + 4.1 | + 4.3 | . | . |
| Building industry | | | | | | | | | | | |
| Trend in activity | - 66.6 | + 34.7 | - 4.4 | - 14.0 | - 6.3 | - 6.8 | - 0.6 | - 3.8 | - 4.7 | . | . |
| Trend in employment | - 38.0 | + 22.0 | - 5.1 | - 3.1 | - 1.4 | - 5.2 | - 3.5 | - 2.1 | - 2.4 | . | . |
| Employment expectations | - 50.0 | + 30.0 | - 4.5 | - 1.0 | - 3.5 | - 2.1 | + 1.0 | + 2.6 | + 1.8 | . | . |
| Trend in prices | - 27.1 | + 32.0 | - 2.0 | - 6.4 | - 7.5 | - 5.6 | + 1.9 | - 5.5 | - 5.6 | . | . |
| Price expectations | - 20.6 | + 46.0 | + 5.0 | - 3.6 | - 5.6 | - 8.0 | - 1.0 | - 1.7 | - 2.3 | . | . |
| Trade | | | | | | | | | | | |
| Trend in sales | - 50.1 | + 43.0 | - 0.9 | - 17.6 | - 44.7 | - 18.7 | - 32.0 | - 10.0 | - 12.7 | . | . |
| Assessment of sales | - 50.0 | + 28.0 | - 9.4 | - 8.0 | - 41.9 | - 21.9 | - 33.4 | - 15.1 | - 14.5 | . | . |
| Assessment of level of stocks ² | - 12.9 | + 38.1 | + 12.1 | + 7.2 | + 16.2 | + 4.4 | + 2.1 | + 7.6 | + 7.1 | . | . |
| Trend in prices | - 23.5 | + 50.0 | + 1.6 | - 10.7 | - 14.5 | - 16.9 | + 2.8 | - 12.1 | - 12.0 | . | . |
| Price expectations | - 14.2 | + 66.2 | + 11.0 | - 14.2 | - 13.9 | + 3.5 | + 10.9 | + 2.3 | + 2.5 | . | . |

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.

Quarterly business survey on credit conditions – January 2021

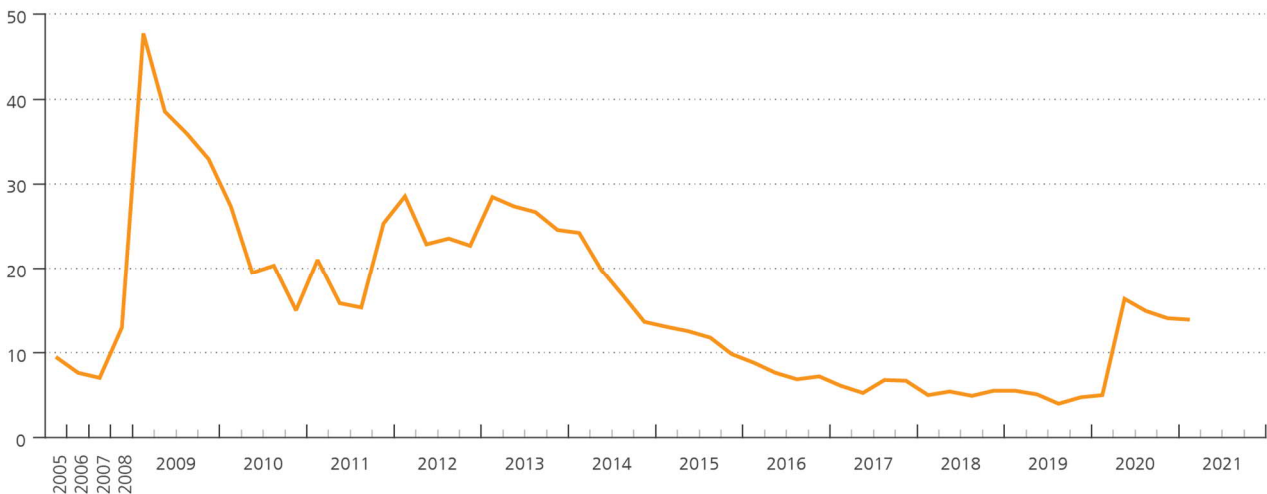
Credit constraint perception indicator drops slightly in January

The quarterly survey on the assessment by companies of borrowing conditions carried out in January 2021 shows that the general conditions for access to bank credit have been relaxed very marginally. The percentage of firms that perceive borrowing conditions as restrictive came to 13.9 % in January, compared with 14.1 % in October. After the peak reached in the month of April 2020, three consecutive declines have been registered, but they have all been very small. Also, the perception of credit constraint is still well above what it had been before the eruption of the health crisis.

Borrowing conditions were regarded as being less difficult in business-related services (down from 19.3 to 18.1 %) and in the building industry (dropping from 15 to 13.9 %). In contrast, they were felt to be tighter in the manufacturing industry (climbing from 10 to 10.7 %), after the substantial loosening of conditions seen in October.

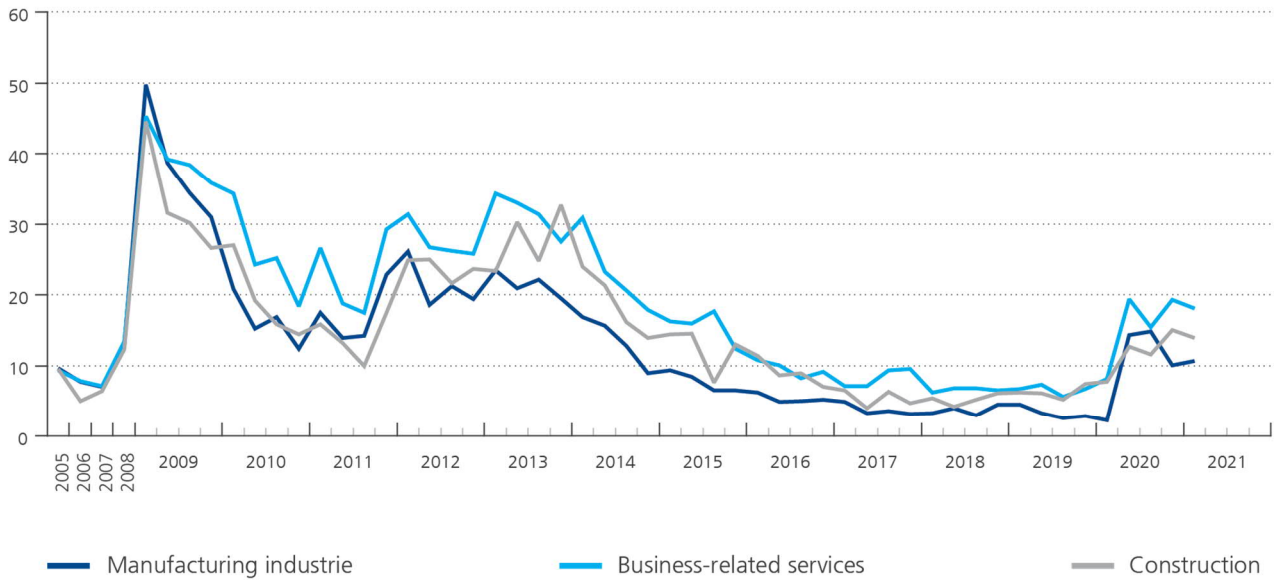
The breakdown by company size shows that small firms – those employing fewer than 50 workers – were the only ones to perceive credit conditions as more restrictive in January (15.5 %) than in October (12.8 %). In terms of level, the estimate of credit restriction is highest among these small firms. For all the other company categories – whether medium-sized, large or very large –, borrowing conditions were perceived as being less strict. In the eyes of large enterprises (250-499 employees), credit constraint has been greatly relaxed to the point where it is down to just 3 %.

Chart 2 - Credit constraint perception¹ - Overall indicator



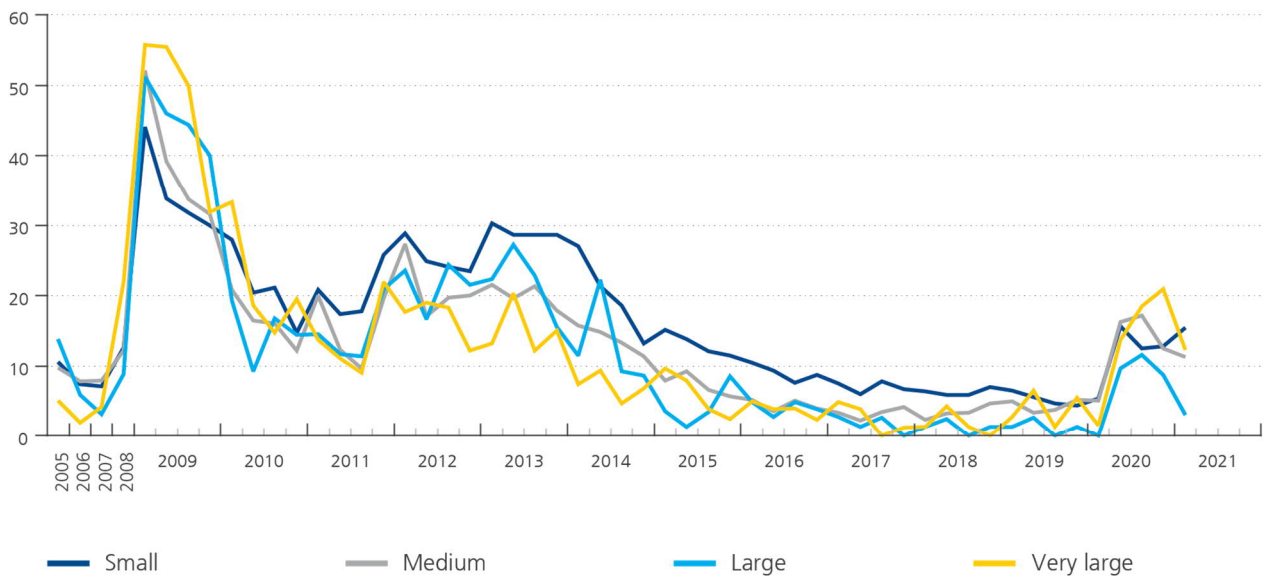
Source: NBB - quarterly survey on credit conditions.

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

| | 01-2020 | 04-2020 | 07-2020 | 10-2020 | 01-2021 |
|---------------------------------------|------------|-------------|-------------|-------------|-------------|
| Overall indicator ² | 5.0 | 16.3 | 14.9 | 14.1 | 13.9 |
| By branch of activity | | | | | |
| Manufacturing industry | 2.2 | 14.3 | 14.8 | 10.0 | 10.7 |
| Business-related services | 8.1 | 19.4 | 15.4 | 19.3 | 18.1 |
| Construction | 7.7 | 12.7 | 11.6 | 15.0 | 13.9 |
| By size of company³ | | | | | |
| Small | 5.4 | 15.7 | 12.5 | 12.8 | 15.5 |
| Medium | 5.1 | 16.3 | 17.2 | 12.5 | 11.2 |
| Large | 0.0 | 9.7 | 11.6 | 8.8 | 3.0 |
| Very large | 1.5 | 13.7 | 18.5 | 21.0 | 12.3 |

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).