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PRESS RELEASE

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Monthly business survey – May 2021

Recovery of business confidence continues in May

- **For the sixth consecutive month, the business barometer is firming up, albeit at a slightly slower pace than in April.**
- **The improvement in the business climate is once again evident in business-related services and the building industry. A wave of optimism is also blowing through the trade sector, while company managers' morale in the manufacturing industry is stagnating.**

The biggest increase in confidence is recorded in business-related services, despite some deterioration in computer services, which had enjoyed a net rise in April. The increase is attributable to a more positive assessment of the outlook for general market demand and firms' own activity, while appraisals of current activity are down slightly.

In the trade sector, it is forecasts for demand that have picked up the most, exceeding those for orders placed with suppliers and employment. Trade in motor vehicles is nevertheless an exception to this month's favourable business climate.

Like last month, all components of the indicator in the building industry are on the rise, although to a much weaker extent in the case of demand forecasts.

Lastly, in the manufacturing industry, the indicator has effectively stabilised. While company managers may certainly appear more optimistic about prospects for employment and demand, their assessment of total order books as well as stock levels has deteriorated.

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

Business survey indicators

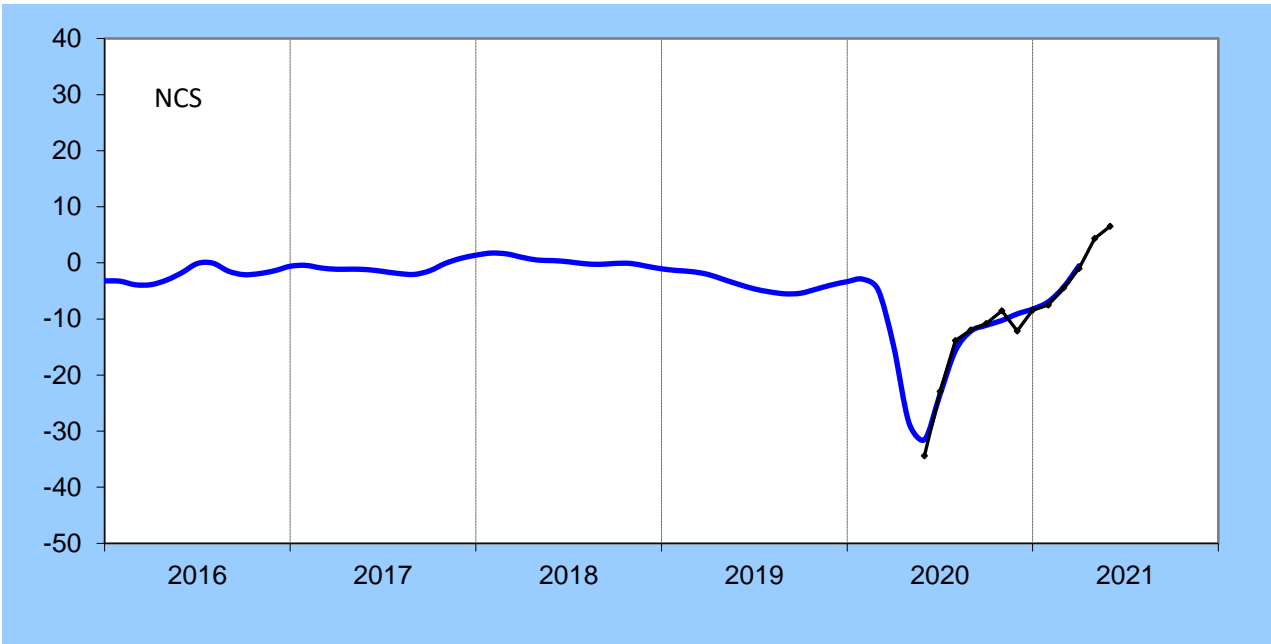
	Gross synthetic curve			Smoothed synthetic curve ¹
	April 2021	May 2021	Variation in points	Variation in Points
Manufacturing industry	4.6	4.9	0.3	1.5
Business-related services	7.0	14.8	7.8	2.0
Building industry	6.4	9.7	3.3	1.5
Trade	-13.0	-6.5	6.5	2.3
Overall synthetic curve	4.4	6.5	2.1	3.8

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.

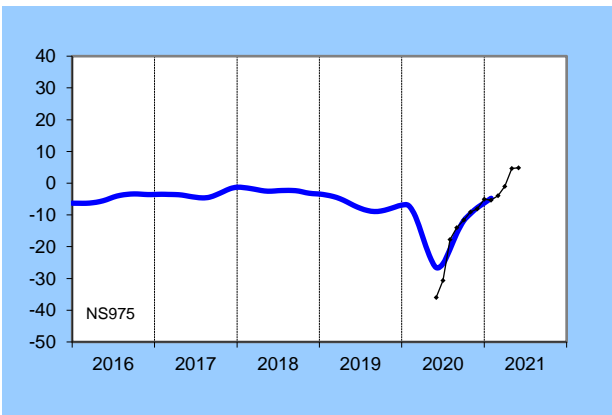
Source: NBB.

CHART 1 - SYNTHETIC CURVES

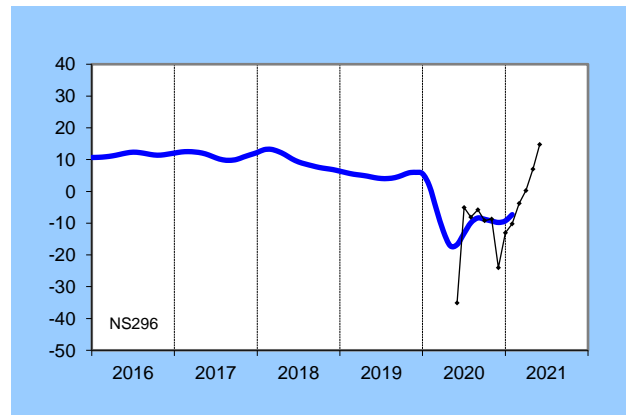
OVERALL SYNTHETIC CURVE



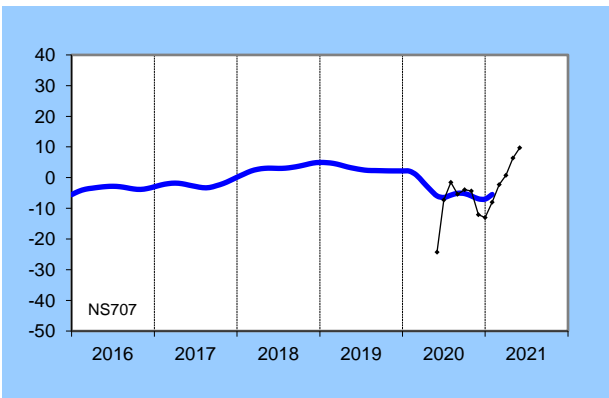
MANUFACTURING INDUSTRY



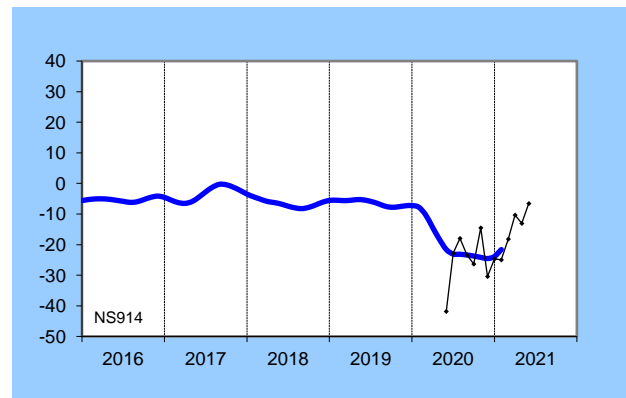
BUSINESS-RELATED SERVICES



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			
				2021				2020		2021	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
Overall synthetic curve	- 36.1	+ 9.2	- 7.2	- 4.4	- 1.0	+ 4.4	+ 6.5	- 8.2	- 7.0	- 4.3	- 0.5
Manufacturing industry curve	- 36.0	+ 6.0	- 10.1	- 4.0	- 1.0	+ 4.6	+ 4.9	- 6.2	- 4.7	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.4	- 17.3	- 13.5	- 2.0	- 5.6	- 22.9	- 20.4	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.6	- 4.4	- 7.0	- 12.3	- 9.3	- 8.3	- 8.4	.	.
Employment expectations	- 41.4	+ 8.0	- 8.5	- 2.1	- 2.2	+ 0.3	+ 6.2	- 5.9	- 4.1	.	.
Demand expectations	- 37.9	+ 15.0	- 4.9	- 0.9	+ 4.8	+ 8.0	+ 9.7	- 4.7	- 2.3	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.2	- 3.8	+ 0.3	+ 7.0	+ 14.8	- 9.3	- 7.3	.	.
Assessment of activity	- 71.6	+ 20.0	- 6.1	- 39.4	- 34.9	- 18.5	- 19.1	- 39.8	- 38.0	.	.
Activity expectations	- 70.7	+ 51.7	+ 21.7	+ 18.9	+ 19.7	+ 20.4	+ 32.8	+ 8.9	+ 12.0	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.2	+ 9.1	+ 16.0	+ 19.2	+ 30.8	- 1.8	+ 1.3	.	.
Building industry curve	- 39.0	+ 24.3	- 6.9	- 2.3	+ 0.8	+ 6.4	+ 9.7	- 7.0	- 5.5	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	- 1.1	+ 4.5	+ 8.7	+ 12.6	- 4.3	- 3.0	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	- 3.0	+ 2.8	+ 6.8	+ 10.5	- 2.7	- 1.5	.	.
Assessment of order books	- 74.0	+ 30.0	- 21.9	- 6.1	- 6.5	- 0.7	+ 4.0	- 13.8	- 12.4	.	.
Demand expectations	- 39.0	+ 21.0	- 3.0	+ 1.1	+ 2.4	+ 10.8	+ 11.7	- 9.0	- 6.0	.	.
Trade curve	- 41.8	+ 16.0	- 2.8	- 18.2	- 10.3	- 13.0	- 6.5	- 23.9	- 21.6	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.0	- 11.4	- 4.5	- 9.6	- 7.3	- 18.4	- 16.2	.	.
Demand expectations	- 56.0	+ 29.0	- 1.0	- 23.0	- 16.9	- 11.3	+ 0.6	- 29.5	- 26.8	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.7	- 20.3	- 9.7	- 18.1	- 12.9	- 21.7	- 20.4	.	.

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. 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			
				2021				2020		2021	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 0.9	- 0.9	+ 13.6	+ 9.3	+ 5.3	+ 0.4	+ 2.3	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.7	- 4.7	+ 0.9	+ 8.5	+ 8.6	- 6.8	- 4.1	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 0.1	+ 3.5	+ 13.4	- 0.7	+ 4.0	+ 3.5	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.7	- 17.7	- 10.6	+ 1.8	- 0.8	- 20.5	- 18.0	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	+ 8.0	+ 10.2	+ 15.6	+ 21.5	+ 6.7	+ 7.9	.	.
Price expectations	- 24.0	+ 43.0	+ 6.6	+ 14.9	+ 18.0	+ 25.8	+ 27.5	+ 9.5	+ 12.3	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	78.9	-	-	79.6	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.3	- 17.4	+ 7.8	+ 14.7	+ 11.2	- 1.7	+ 0.6	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.6	- 4.5	+ 2.3	+ 6.0	+ 7.6	+ 2.8	+ 3.5	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.0	+ 18.0	+ 22.0	+ 20.6	+ 24.5	+ 10.5	+ 13.3	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.7	- 2.8	- 4.1	+ 0.2	+ 1.1	- 3.0	- 2.9	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 6.9	+ 8.8	+ 12.0	+ 11.7	+ 4.8	+ 5.6	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 4.4	- 0.6	- 7.5	+ 10.8	+ 7.5	- 6.3	- 5.7	.	.
Trend in employment	- 38.0	+ 22.0	- 5.1	- 3.5	- 6.3	- 2.7	+ 2.2	- 3.1	- 3.4	.	.
Employment expectations	- 50.0	+ 30.0	- 4.4	+ 1.0	+ 7.4	+ 19.4	+ 22.0	- 0.2	+ 0.6	.	.
Trend in prices	- 27.1	+ 32.0	- 1.9	+ 1.9	- 0.2	+ 4.6	+ 16.8	- 5.0	- 3.3	.	.
Price expectations	- 20.6	+ 46.0	+ 5.1	- 1.0	+ 3.0	+ 12.5	+ 34.7	- 3.1	- 2.1	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 0.8	- 32.0	- 13.6	+ 23.3	- 3.6	- 17.7	- 17.9	.	.
Assessment of sales	- 50.0	+ 28.0	- 9.5	- 33.4	- 19.3	- 16.5	- 3.4	- 19.6	- 20.8	.	.
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.1	+ 2.1	+ 8.3	+ 11.3	+ 2.7	+ 6.9	+ 6.7	.	.
Trend in prices	- 23.5	+ 50.0	+ 1.6	+ 2.8	- 1.9	- 10.2	+ 2.1	- 11.6	- 10.0	.	.
Price expectations	- 14.2	+ 66.2	+ 11.0	+ 10.9	+ 14.4	+ 15.1	+ 19.2	+ 4.2	+ 6.7	.	.

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.

Quarterly business survey on credit conditions – April 2021

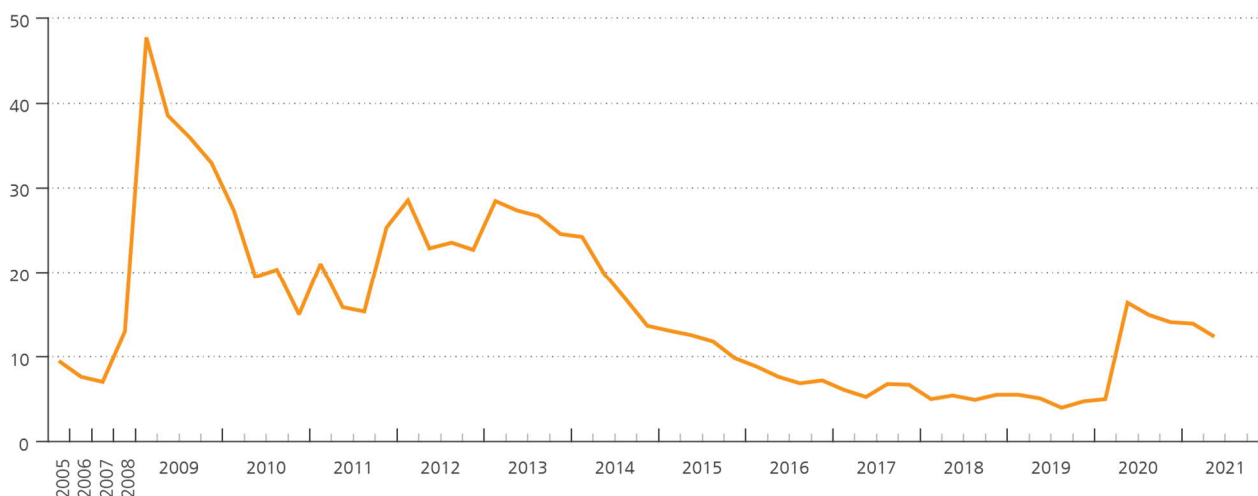
Companies flag up further relaxation of borrowing conditions in April

The quarterly survey conducted by the Bank in April 2021 on the appraisal of borrowing conditions by companies shows that the general conditions for access to bank loans have been further relaxed, and slightly more so than in the last two quarters. The general credit constraint perception indicator was back down from 13.9 % in January to 12.4 % in April. Despite this fourth consecutive drop, the perception of credit constraint is still a long way off its level before the outbreak of the health crisis.

The results by branch of activity reveals that borrowing conditions were regarded as being less restrictive in the building industry (down from 13.9 to 10.1 %) and in the manufacturing industry (a drop from 10.7 to 8 %). Conversely, they were seen as being tighter in business-related services (up from 18.1 to 19 %). It is in this branch of activity that the level of credit constraint is perceived as being the most restrictive.

The relaxation of perceived credit constraint is widespread across all company size categories. It is nevertheless evident to varying degrees. For instance, for the second quarter in a row, credit constraint has been greatly relaxed in the eyes of very large firms (500 employees or more) and has dropped back to just 3.7 %, compared with 12.3 % in January. The large enterprises surveyed (250 to 499 employees) confirm their perception of very little constraint (2.7 % in April) which, as in the case of very large firms, is close to the levels observed prior to the pandemic. On the other hand, small and medium-sized enterprises' assessment of credit restrictions remains considerably higher than before the COVID crisis (respectively 13.4 and 10.8 % in April).

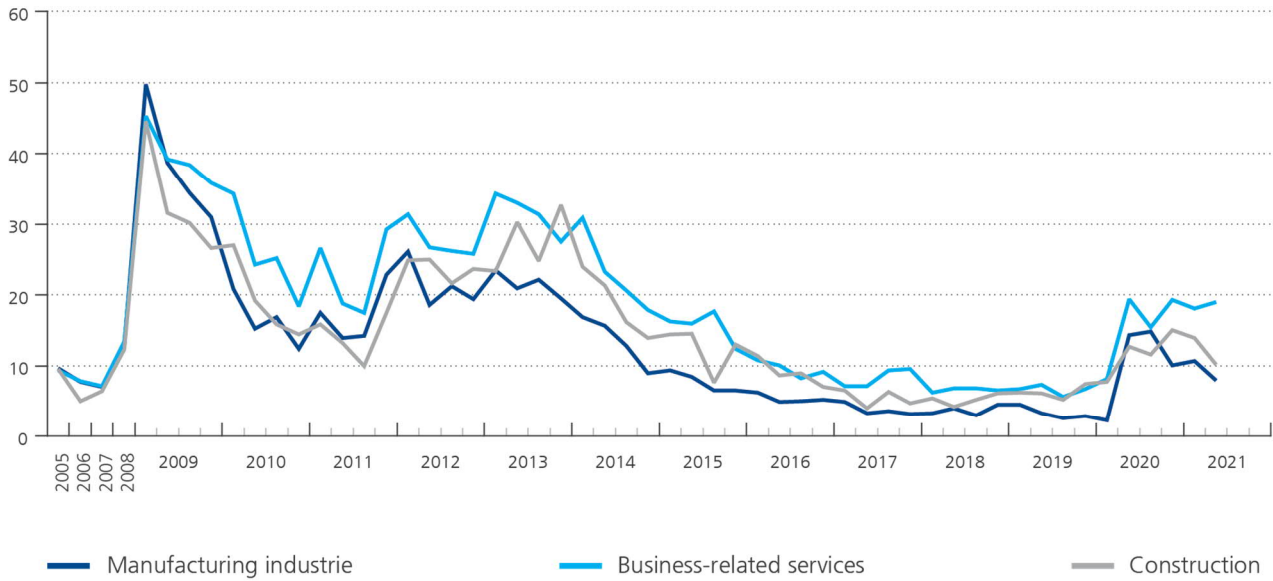
Chart 2 - Credit constraint perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

¹ Percentage of firms that perceive current credit conditions as constraining.

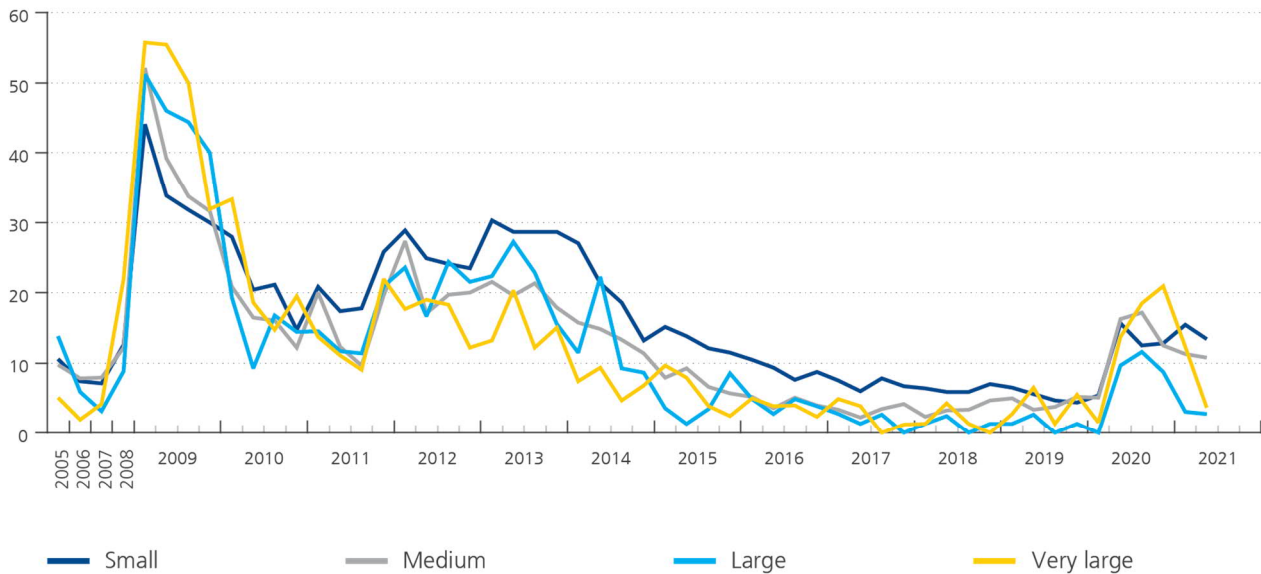
Chart 3 - Credit constraint perception¹ - Breakdown by branch of activity



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

	04-2020	07-2020	10-2020	01-2021	04-2021
Overall indicator ²	16.3	14.9	14.1	13.9	12.4
By branch of activity					
Manufacturing industry	14.3	14.8	10.0	10.7	8.0
Business-related services	19.4	15.4	19.3	18.1	19.0
Construction	12.7	11.6	15.0	13.9	10.1
By size of company³					
Small	15.7	12.5	12.8	15.5	13.4
Medium	16.3	17.2	12.5	11.2	10.8
Large	9.7	11.6	8.8	3.0	2.7
Very large	13.7	18.5	21.0	12.3	3.7

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 (https://www.nbb.be/doc/dq/bls/en/bls_home.htm).