

2018-05-24

PRESS RELEASE

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Monthly business survey – May 2018

Business confidence weakens slightly in May

- **The business barometer has declined a little in May**
- **The business climate deteriorated considerably in the business-related services. In trade and the building industry, on the other hand, business confidence firmed up modestly. In the manufacturing industry, the business cycle stabilised.**

Confidence in the business-related services sector continued on its seesaw trend. Thus, the substantial upward revision of expectations about firms' own economic activity in April was more or less offset by the drop recorded this month. Entrepreneurs' expectations regarding general market demand turned out more pessimistic as well, albeit to a lesser extent.

In the trade sector, cyclical developments were also hesitant. After having shown some deterioration last month, the business climate picked up somewhat in May. All components of the indicator were assessed more positively.

In the building industry, where the business cycle is still pointing upwards, the moderate improvement recorded this month is almost entirely attributable to a strong surge in order books.

The status quo in the building industry results from divergent developments among the indicator's components: on the upside for the appraisal of stock levels and the demand forecasts and on the downside for the assessment of total order books and the employment outlook.

The smoothed overall synthetic curve, which reflects the underlying cyclical trend, is slightly tilted to the downside.

Business survey indicators

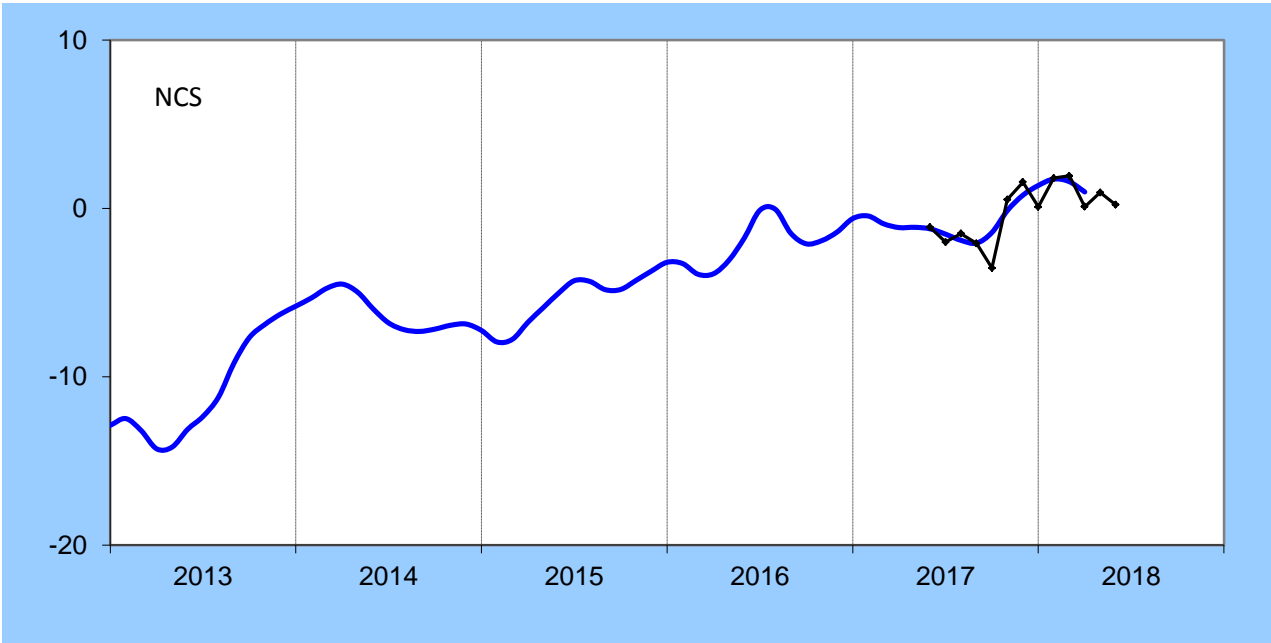
	Gross synthetic curve			Smoothed synthetic curve ¹
	April 2018	May 2018	Variation in points	Variation in points
Manufacturing industry	-3.0	-3.0	0.0	-0.1
Business-related services	15.4	9.3	-6.1	0.9
Building industry	6.1	6.8	0.7	1.1
Trade	-6.8	-5.0	1.8	-0.9
Overall synthetic curve	1.0	0.2	-0.8	-0.6

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

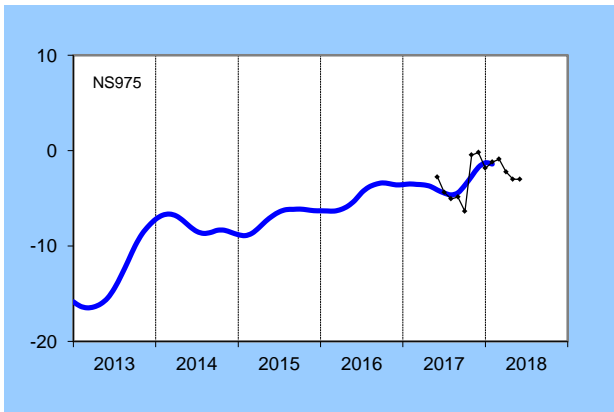
Source: NBB.

CHART 1 - SYNTHETIC CURVES

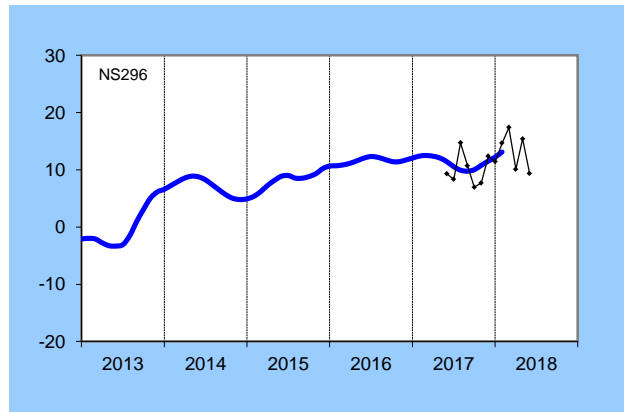
OVERALL SYNTHETIC CURVE



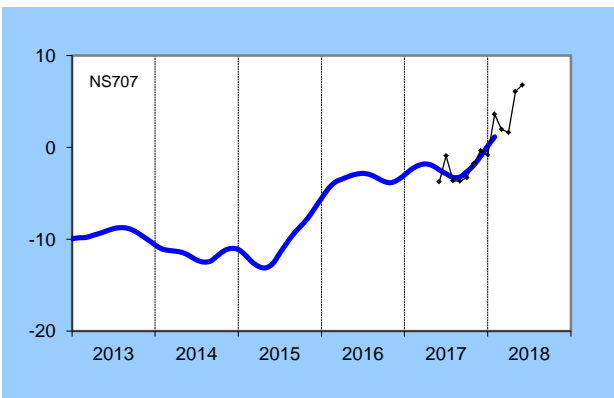
MANUFACTURING INDUSTRY



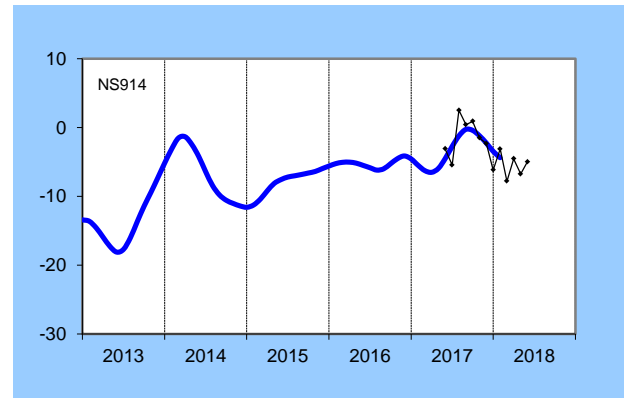
BUSINESS-RELATED SERVICES



BUILDING INDUSTRY



TRADE



— Seasonally adjusted and smoothed series

◆ 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"(-).	1980-2018 ¹			Adjusted series				Smoothed series			
				2018				2017		2018	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
Overall synthetic curve	- 31.8	+ 9.2	- 7.2	+ 1.9	+ 0.1	+ 1.0	+ 0.2	+ 1.4	+ 1.7	+ 1.6	+ 1.0
Manufacturing industry curve	- 34.3	+ 6.0	- 10.3	- 0.9	- 2.2	- 3.0	- 3.0	- 1.3	- 1.4	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.4	- 4.4	- 7.0	- 6.5	- 8.4	- 7.7	- 7.1	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 6.1	+ 2.9	- 1.4	+ 5.3	+ 2.7	+ 2.9	+ 2.9	.	.
Employment expectations	- 36.0	+ 8.0	- 8.6	+ 1.7	- 6.1	- 2.7	- 4.6	+ 0.5	- 0.2	.	.
Demand expectations	- 37.0	+ 15.0	- 4.9	+ 2.1	+ 2.8	+ 2.6	+ 3.6	+ 3.5	+ 3.1	.	.
Business-related services curve	- 41.7	+ 34.0	+ 10.6	+ 17.4	+ 10.1	+ 15.4	+ 9.3	+ 12.2	+ 13.1	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.6	+ 4.6	+ 2.0	- 0.9	+ 1.9	+ 0.4	+ 1.1	.	.
Activity expectations	- 32.0	+ 51.7	+ 23.3	+ 23.3	+ 17.3	+ 33.2	+ 17.7	+ 16.9	+ 17.0	.	.
Market demand expectations	- 43.0	+ 45.0	+ 14.4	+ 24.3	+ 11.0	+ 14.0	+ 8.5	+ 15.8	+ 16.3	.	.
Building industry curve	- 39.0	+ 24.3	- 7.4	+ 2.0	+ 1.6	+ 6.1	+ 6.8	+ 0.1	+ 1.2	.	.
Trend in orders	- 52.0	+ 40.0	- 4.6	+ 2.9	+ 1.9	+ 12.4	+ 19.8	+ 4.2	+ 4.6	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	+ 1.9	+ 0.6	+ 4.2	+ 4.6	- 0.0	+ 0.5	.	.
Assessment of order books	- 74.0	+ 30.0	- 23.5	- 0.5	+ 0.6	+ 1.6	- 1.0	- 2.4	- 1.0	.	.
Demand expectations	- 39.0	+ 21.0	- 3.2	+ 3.4	+ 3.5	+ 6.2	+ 3.9	+ 1.5	+ 2.7	.	.
Trade curve	- 28.6	+ 16.0	- 2.1	- 7.8	- 4.6	- 6.8	- 5.0	- 3.5	- 4.4	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.9	- 2.9	- 2.7	- 4.8	- 2.9	+ 0.1	- 1.1	.	.
Demand expectations	- 40.0	+ 29.0	+ 0.1	- 4.3	- 1.9	- 5.6	- 5.0	- 3.3	- 3.6	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.2	- 16.2	- 9.1	- 9.9	- 7.0	- 7.6	- 8.6	.	.

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"(-).	1980-2018 ¹			Adjusted series				Smoothed series			
				2018				2017		2018	
	Min.	Max.	Avg.	Feb.	March	April	May	Dec.	Jan.	Feb.	March
Manufacturing industry											
Trend in production rate	- 33.0	+ 20.0	- 0.8	+ 5.3	- 10.9	- 1.7	- 4.6	+ 3.7	+ 3.3	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.8	- 2.3	- 9.4	- 9.1	- 6.2	- 2.1	- 3.3	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.6	+ 18.6	- 1.9	- 7.8	+ 7.8	+ 9.6	+ 9.3	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.9	+ 1.5	- 9.5	- 8.0	- 11.1	- 6.0	- 5.2	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.1	+ 9.1	+ 11.4	+ 8.0	+ 8.4	+ 7.2	+ 8.5	.	.
Price expectations	- 24.0	+ 43.0	+ 6.8	+ 10.6	+ 11.4	+ 8.2	+ 8.0	+ 10.4	+ 10.6	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	-	80.7	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 38.0	+ 37.0	+ 10.0	+ 28.3	- 0.9	+ 4.8	- 2.9	+ 16.8	+ 12.7	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.1	+ 12.0	+ 21.0	+ 12.7	+ 7.4	+ 13.1	+ 12.7	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 25.1	+ 22.3	+ 25.7	+ 17.5	+ 22.9	+ 24.0	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.8	+ 11.6	+ 9.9	+ 5.6	+ 7.0	+ 6.3	+ 6.6	.	.
Price expectations	- 13.0	+ 30.0	+ 6.4	+ 10.9	+ 6.5	+ 10.7	+ 12.5	+ 14.5	+ 13.9	.	.
Building industry											
Trend in activity	- 44.0	+ 34.7	- 4.6	+ 11.1	- 15.4	+ 3.9	+ 15.5	+ 2.9	+ 3.8	.	.
Trend in employment	- 38.0	+ 22.0	- 5.4	- 0.1	- 0.7	+ 4.7	+ 0.6	- 3.1	- 1.7	.	.
Employment expectations	- 50.0	+ 30.0	- 5.2	+ 8.2	+ 8.1	+ 18.5	+ 10.6	+ 7.7	+ 8.3	.	.
Trend in prices	- 27.1	+ 32.0	- 2.1	+ 5.2	+ 6.8	+ 6.1	+ 4.2	+ 1.4	+ 3.0	.	.
Price expectations	- 20.6	+ 46.0	+ 5.1	+ 7.4	+ 12.9	+ 15.8	+ 8.4	+ 6.2	+ 7.2	.	.
Trade											
Trend in sales	- 47.9	+ 43.0	- 0.0	- 7.3	- 16.7	- 8.8	- 18.5	- 8.8	- 8.5	.	.
Assessment of sales	- 41.0	+ 28.0	- 9.0	- 14.9	- 9.5	- 12.0	- 23.7	- 16.9	- 15.1	.	.
Assessment of level of stocks ²	- 12.9	+ 32.0	+ 12.0	+ 14.2	+ 10.4	+ 14.5	+ 14.3	+ 10.2	+ 10.7	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	- 0.0	+ 7.1	+ 3.4	+ 5.3	- 2.2	- 1.1	.	.
Price expectations	- 11.0	+ 66.2	+ 11.4	+ 4.2	+ 12.1	+ 9.7	+ 7.5	+ 11.0	+ 10.3	.	.

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 – April 2018

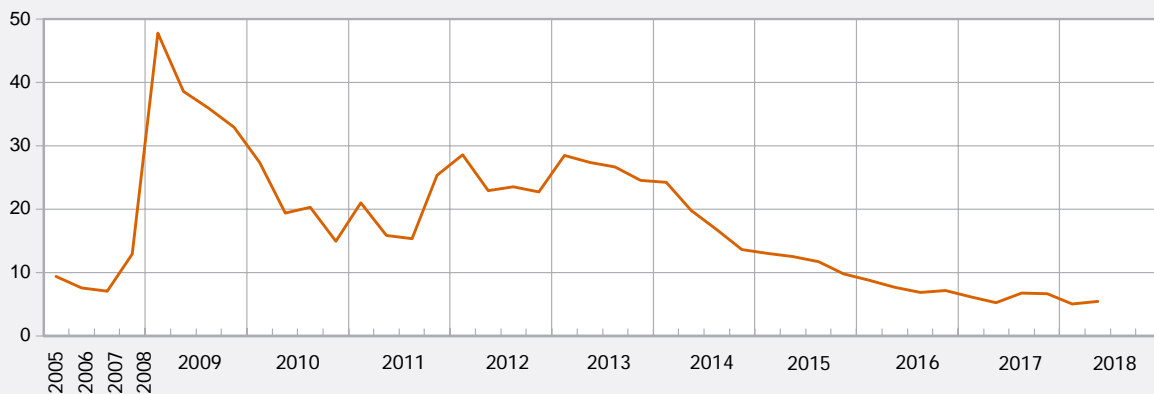
Little change in credit constraint perception in April

According to the quarterly survey conducted in April 2018 on the appraisal of borrowing conditions by companies, the general conditions for access to bank loans have been tightened only very slightly in comparison to the previous quarter, and thus remain at a very favourable level from a historical perspective. The percentage of firms that said they still find borrowing conditions restrictive has effectively nudged up from 5.0 % in January to 5.4 % in April.

After having been relaxed considerably in the last quarter, credit constraint perception has gained some momentum in business-related services (from 6.2 to 6.8 %), as well as in the manufacturing industry (from 3.3 to 4.0 %). In the building industry, on the other hand, credit conditions were judged to be less restrictive (indicator down from 5.4 to 4.2 %).

With the exception of small firms (with fewer than 50 workers), the number of companies feeling that borrowing conditions had become a bit more restrictive increased in all company size categories, and in particular among very large enterprises (employing 500 workers or more).

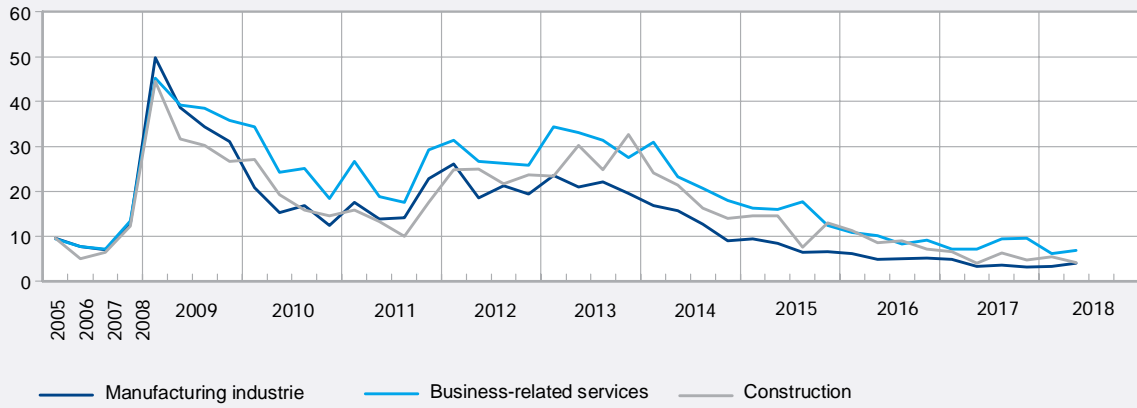
CHART 2 - CREDIT CONSTRAINT PERCEPTION¹ - OVERALL INDICATOR



Source: NBB - quarterly survey on credit conditions.

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

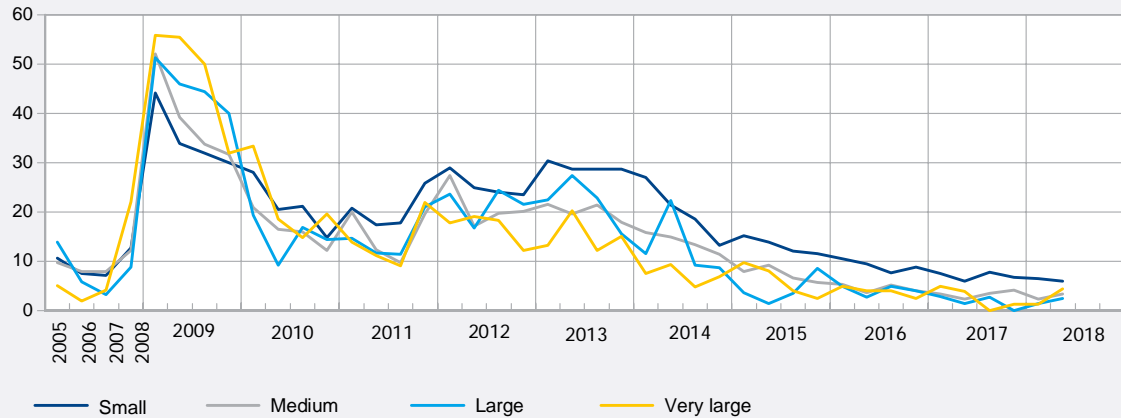
CHART 3 - CREDIT CONSTRAINT PERCEPTION¹ - BREAKDOWN BY BRANCH OF ACTIVITY



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

	04-2017	07-2017	10-2017	01-2018	04-2018
Overall indicator ²	5.3	6.8	6.7	5.0	5.4
By branch of activity					
Manufacturing industry	3.3	3.6	3.2	3.3	4.0
Business-related services	7.1	9.4	9.6	6.2	6.8
Construction	4.0	6.3	4.7	5.4	4.2
By size of company³					
Small	6.0	7.8	6.7	6.4	5.9
Medium	2.2	3.4	4.1	2.3	3.3
Large	1.3	2.7	0.0	1.3	2.4
Very large	3.9	0.0	1.2	1.3	4.3

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

Starting from February 2014, the National Bank of Belgium (NBB) is publishing 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).