

2020-03-25

PRESS RELEASE

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Monthly business survey – March 2020

Significant drop in business confidence in March

- **In connection with the coronavirus crisis (see box on next page), the National Bank of Belgium's business barometer has fallen back sharply, by 8.2 points, the biggest monthly drop ever recorded in the history of the indicator.**
- **All sectors have been affected, with business services paying the highest price; the business climate has deteriorated the least in the building industry.**
- **More so than firms' assessment of the current situation, it is mainly prospects for company activity, demand and employment that have been revised sharply downwards.**

In business-related services, the biggest monthly drop ever observed is mainly attributable to a massive deterioration of forecasts for surveyed companies' own business activity and general market demand.

In the retail trade sector also hit heavily, with the exception of food retailing, the slump in business confidence is due to lower demand and employment forecasts, while those for orders with suppliers remain unchanged.

In the manufacturing industry, company managers are particularly pessimistic about expected changes in demand, and to a lesser extent, employment too. However, this negative outlook is tempered by a clearly more optimistic appraisal of stock levels.

Demand forecasts in the building industry are also down, as well as the recent trend in order books. Assessment of order books nevertheless remains favourable for this time of the year.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, is still slightly on the rise, influenced by the profile of the indicator observed in previous months.

Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	February 2020	March 2020	Variation in points	Variation in points
Manufacturing industry	-5.5	-11.2	-5.7	0.7
Business-related services	3.2	-22.0	-25.2	0.2
Building industry	3.1	1.7	-1.4	0.0
Trade	-1.4	-11.7	-10.3	0.3
Overall synthetic curve	-2.7	-10.9	-8.2	0.4

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.

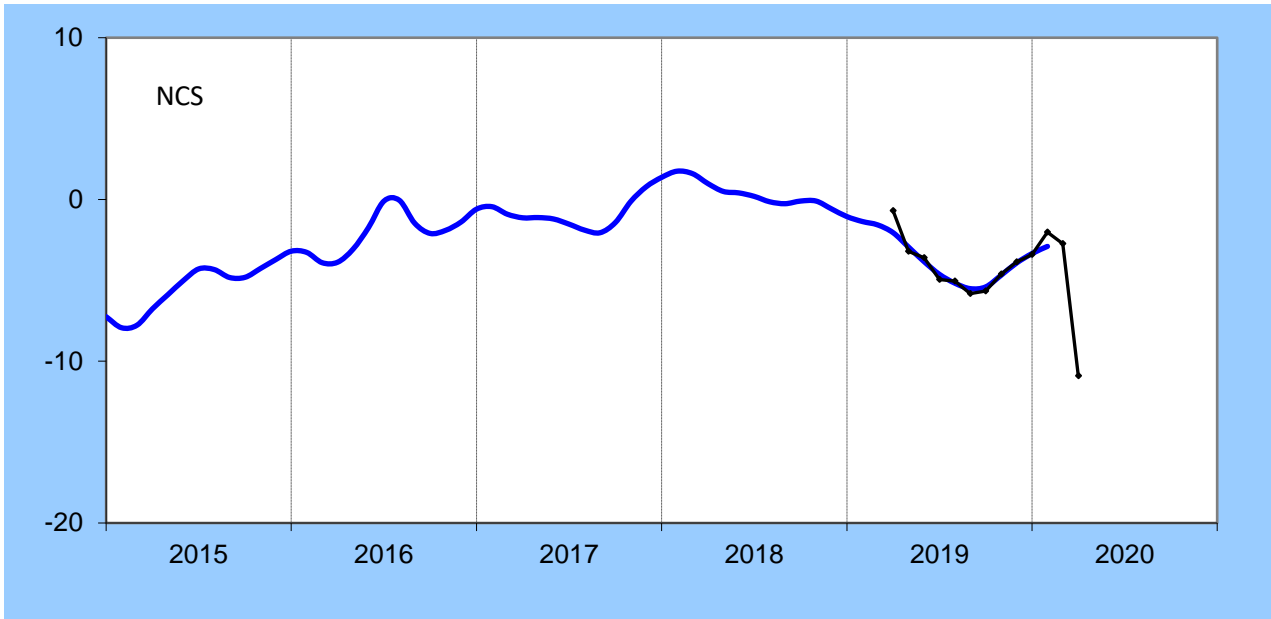
Compilation of the business confidence indicator in March 2020

In view of the particular circumstances surrounding the coronavirus crisis, there are a few elements of the March indicator that should be mentioned.

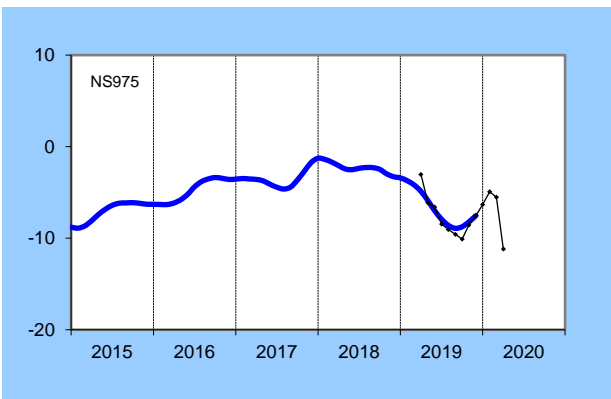
- o The March indicator has been compiled by gathering the survey replies received from company managers from March 2 to 24. Some replies had therefore been drafted before the latest confinement measures that came into force on 18 March. So, it can be reasonably assumed that the March indicator does not yet fully reflect the deterioration of the business confidence climate, as the responses received after the confinement began are clearly more pessimistic.
- o Owing to the closure of some firms and the fact that company managers are busy dealing with other priorities in this period of crisis, the March survey response rate was down on previous polls, coming in at 78%, while it generally tends to fluctuate between 85 and 90%. Nevertheless, the Bank evaluates this as sufficient to ensure the quality of the indicator.

The Bank would like to thank all the company managers who took part in the business survey despite such extremely difficult circumstances.

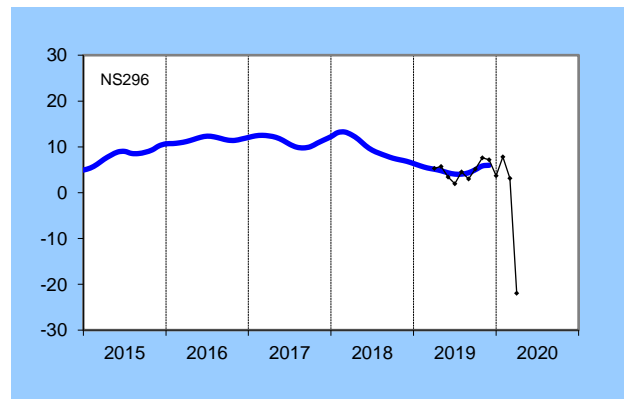
OVERALL SYNTHETIC CURVE



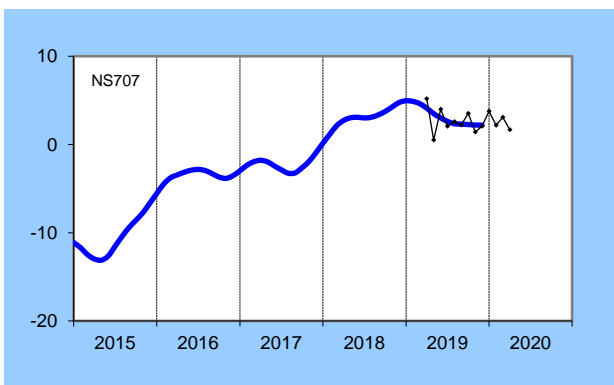
MANUFACTURING INDUSTRY



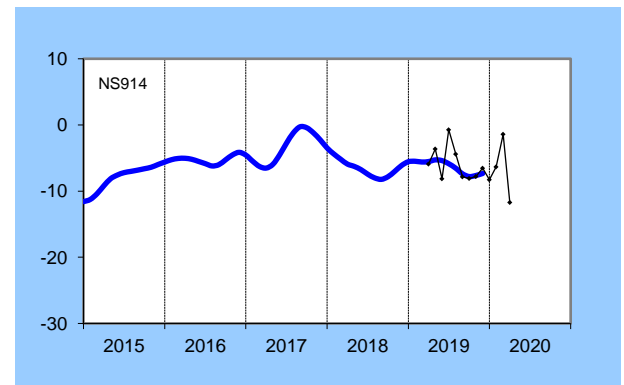
BUSINESS-RELATED SERVICES



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.	2019 Dec.	2020 Jan.	2020 Feb.	2020 March	2019 Oct.	2019 Nov.	2020 Dec.	2020 Jan.
	Overall synthetic curve	- 31.8	+ 9.2	- 7.0	- 3.4	- 2.0	- 2.7	- 10.9	- 4.7	- 3.9	- 3.3
Manufacturing industry curve	- 34.3	+ 6.0	- 10.0	- 6.3	- 4.9	- 5.5	- 11.2	- 8.2	- 7.5	.	.
Assessment of total order books	- 56.0	+ 10.0	- 21.1	- 20.0	- 16.7	- 15.3	- 20.9	- 20.7	- 20.4	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	+ 4.9	+ 3.5	+ 2.8	- 7.4	+ 6.4	+ 5.7	.	.
Employment expectations	- 36.0	+ 8.0	- 8.4	- 3.2	- 2.6	- 5.1	- 13.9	- 3.5	- 3.1	.	.
Demand expectations	- 37.0	+ 15.0	- 4.7	+ 2.8	+ 3.1	+ 1.0	- 17.3	- 2.2	- 1.1	.	.
Business-related services curve	- 41.7	+ 34.0	+ 10.2	+ 3.7	+ 7.8	+ 3.2	- 22.0	+ 5.8	+ 6.0	.	.
Assessment of activity	- 54.4	+ 20.0	- 4.5	- 6.5	- 0.2	- 4.1	- 7.2	- 6.2	- 6.3	.	.
Activity expectations	- 32.0	+ 51.7	+ 22.4	+ 14.2	+ 15.6	+ 11.5	- 31.3	+ 15.6	+ 15.7	.	.
Market demand expectations	- 43.0	+ 45.0	+ 13.8	+ 3.4	+ 8.0	+ 2.0	- 27.3	+ 8.0	+ 7.8	.	.
Building industry curve	- 39.0	+ 24.3	- 6.9	+ 3.8	+ 2.2	+ 3.1	+ 1.7	+ 2.2	+ 2.2	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	+ 0.6	+ 0.2	+ 6.3	+ 3.3	+ 2.7	+ 1.7	.	.
Trend in equipment	- 19.4	+ 24.0	+ 1.8	+ 3.0	+ 1.7	+ 1.9	+ 3.6	+ 1.1	+ 1.3	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.4	+ 0.0	- 0.6	- 2.6	- 0.3	- 0.5	- 0.6	.	.
Demand expectations	- 39.0	+ 21.0	- 2.8	+ 11.5	+ 7.3	+ 6.7	- 2.2	+ 6.0	+ 6.9	.	.
Trade curve	- 28.6	+ 16.0	- 2.2	- 8.3	- 6.3	- 1.4	- 11.7	- 7.6	- 7.3	.	.
Employment expectations	- 18.4	+ 18.0	+ 1.6	- 5.4	+ 2.0	+ 6.2	- 7.8	- 5.7	- 5.3	.	.
Demand expectations	- 40.0	+ 29.0	- 0.2	- 8.2	- 7.4	- 1.2	- 18.0	- 7.2	- 7.6	.	.
Intentions of placing orders	- 39.0	+ 15.0	- 7.3	- 11.2	- 13.6	- 9.2	- 9.2	- 10.7	- 11.1	.	.

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.	2019	2020			2019		2020	
				Dec.	Jan.	Feb.	March	Oct.	Nov.	Dec.	Jan.
Manufacturing industry											
Trend in production rate	- 33.0	+ 20.0	- 0.9	- 5.1	- 6.1	- 3.6	+ 1.2	- 1.4	- 2.1	.	.
Trend in domestic orders	- 35.0	+ 16.0	- 7.7	- 17.2	- 9.1	- 5.7	- 11.5	- 10.9	- 10.7	.	.
Trend in export orders	- 44.0	+ 30.0	- 2.6	- 17.8	+ 1.4	- 4.5	- 1.9	- 0.4	+ 0.1	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.6	- 24.6	- 17.9	- 21.0	- 24.9	- 22.5	- 22.5	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.0	- 2.8	+ 2.8	- 3.0	- 1.5	- 5.1	- 4.6	.	.
Price expectations	- 24.0	+ 43.0	+ 6.6	- 0.1	+ 4.2	+ 5.3	- 5.7	- 2.6	- 2.2	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	78.6	-	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 38.0	+ 37.0	+ 10.0	+ 3.4	+ 11.7	+ 12.6	+ 1.3	+ 7.3	+ 9.1	.	.
Trend in employment	- 49.4	+ 34.0	+ 7.2	- 0.5	+ 7.3	- 2.9	- 0.4	+ 6.6	+ 3.2	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.5	+ 18.5	+ 10.0	+ 19.3	- 8.5	+ 17.0	+ 17.4	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.9	- 0.4	+ 1.1	- 2.0	- 1.7	+ 3.1	+ 2.3	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	- 2.8	+ 8.5	+ 14.7	+ 5.4	+ 9.7	+ 8.8	.	.
Building industry											
Trend in activity	- 44.0	+ 34.7	- 4.2	+ 2.4	+ 7.4	+ 11.6	- 2.9	+ 3.4	+ 2.7	.	.
Trend in employment	- 38.0	+ 22.0	- 5.1	- 0.6	+ 3.2	- 2.1	- 0.3	- 3.9	- 3.3	.	.
Employment expectations	- 50.0	+ 30.0	- 4.6	+ 9.0	+ 9.0	+ 8.8	+ 7.6	+ 8.1	+ 8.4	.	.
Trend in prices	- 27.1	+ 32.0	- 1.9	- 1.5	+ 0.4	+ 1.2	+ 0.0	+ 0.4	+ 0.4	.	.
Price expectations	- 20.6	+ 46.0	+ 5.2	+ 11.5	+ 6.8	+ 6.4	- 0.6	+ 6.4	+ 6.8	.	.
Trade											
Trend in sales	- 47.9	+ 43.0	- 0.4	- 10.4	- 7.1	- 2.9	+ 5.2	- 8.9	- 8.2	.	.
Assessment of sales	- 41.6	+ 28.0	- 9.1	- 11.2	- 7.3	- 0.1	- 8.1	- 11.8	- 10.2	.	.
Assessment of level of stocks ²	- 12.9	+ 32.0	+ 12.1	+ 12.1	+ 11.3	+ 7.6	+ 23.7	+ 11.3	+ 11.2	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.9	+ 2.9	+ 7.5	- 1.3	+ 2.7	- 6.8	- 6.0	.	.
Price expectations	- 11.0	+ 66.2	+ 11.3	+ 15.9	+ 13.7	+ 7.3	+ 3.8	+ 6.3	+ 7.0	.	.

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.