

2020-06-24

PRESS RELEASE

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Monthly business survey – June 2020

Sharp improvement in business confidence in June

- **The business barometer has picked up sharply in June. The trend of the last two months has thus enabled to regain almost 40 % of the losses accumulated in March and April.**
- **The business climate has firmed up the most strongly in business-related services, which had been hit the hardest by the COVID-19 crisis. The recovery in the trade sector, although certainly very evident, seems to be more gradual, both in terms of timing and strength. Morale among company managers has also recovered distinctly in the building industry. It is in the manufacturing industry that the rise in confidence has been the weakest this month.**
- **Overall, the improvement that had already been observed in May for three-month-ahead forecasts is gaining strength and this is being reflected this month in appraisals of the current situation.**

In business-related services, all components of the indicator have been revised upwards, and especially the outlook for firms' own business activity and general market demand.

In the trade sector too, it is the expected development of demand that has firmed up the most, more so than forecasts for orders placed with suppliers.

As for the rise in the building industry's indicator, this is largely due to the recent very positive developments: compared with last month, equipment has been used much more widely and order books have been filling up.

Just as in the business services sector, company managers in the manufacturing industry are expecting a big increase in demand over the next three months. Employment projections have also brightened up considerably. Albeit to a lesser extent, order books have been assessed more positively. However, the current level of stocks is still regarded as being too high.

Influenced by the results of the previous months, the overall smoothed synthetic curve, which reflects the underlying cyclical trend, continues to fall sharply.

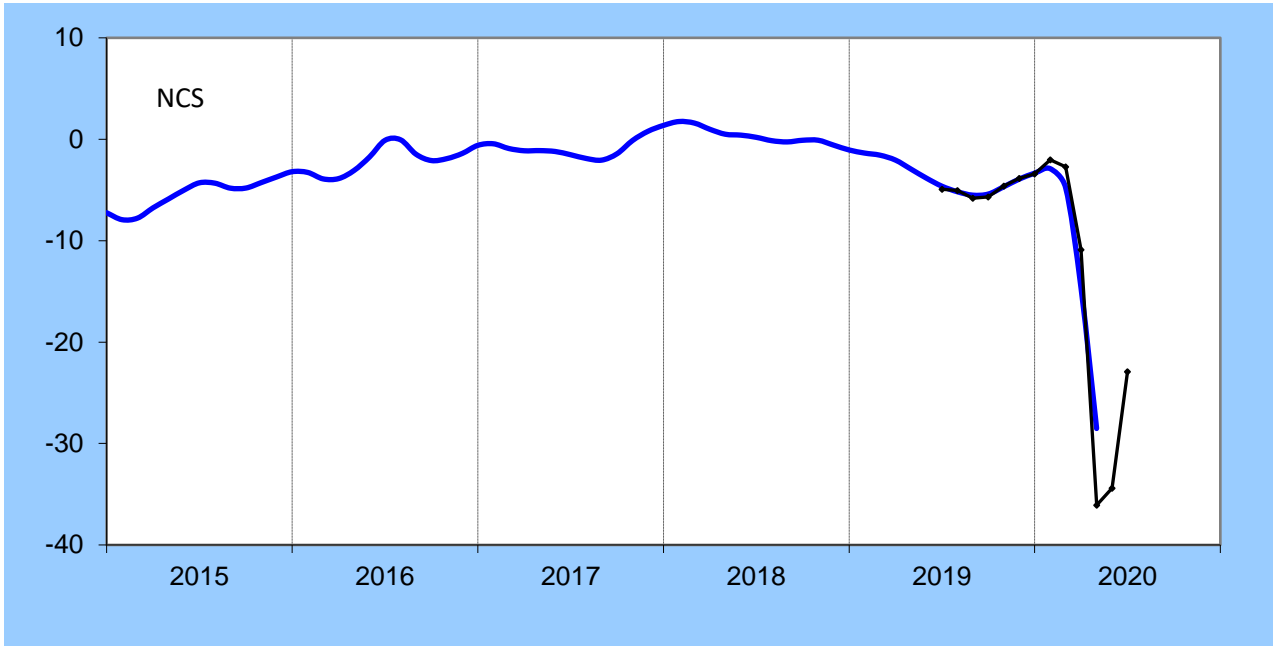
Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	May 2020	June 2020	Variation in points	Variation in Points
Manufacturing industry	-36.0	-30.6	5.4	-3.5
Business-related services	-35.1	-5.1	30.0	-7.3
Building industry	-24.3	-7.3	17.0	-1.2
Trade	-41.8	-22.7	19.1	-2.5
Overall synthetic curve	-34.4	-22.9	11.5	-13.8

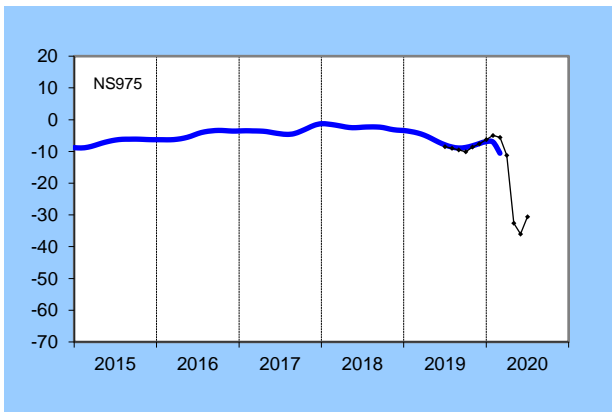
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed synthetic indicator reflects recent developments – and thus April's plunge – more closely than the smoothed indicators per branch.

Source: NBB.

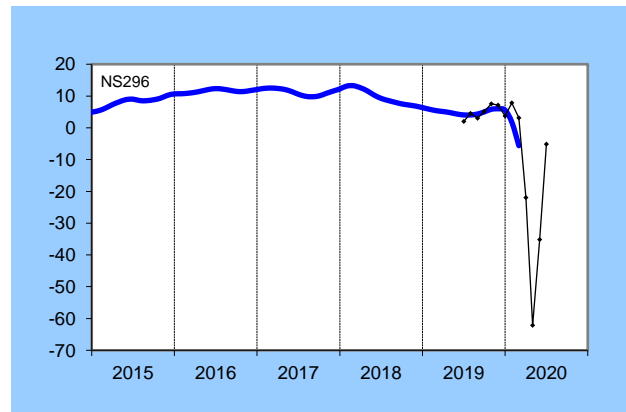
OVERALL SYNTHETIC CURVE



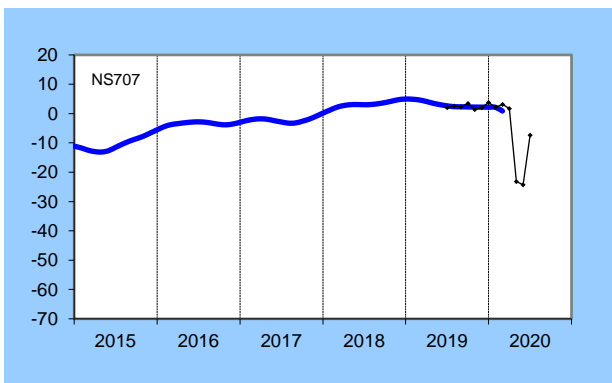
MANUFACTURING INDUSTRY



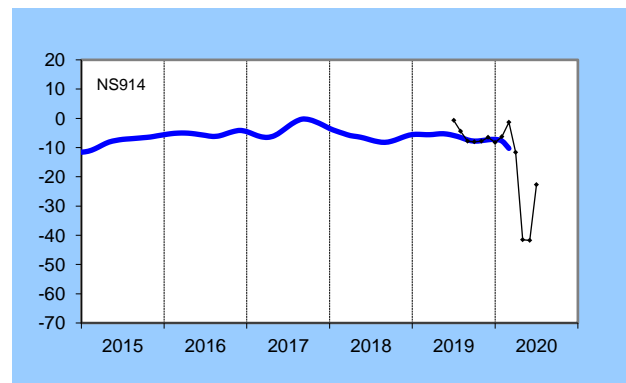
BUSINESS-RELATED SERVICES



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			
				2020				2020			
	Min.	Max.	Avg.	March	April	May	June	Jan.	Feb.	March	April
Overall synthetic curve	- 36.1	+ 9.2	- 7.1	- 10.9	- 36.1	- 34.4	- 22.9	- 2.9	- 4.8	- 14.7	- 28.5
Manufacturing industry curve	- 36.0	+ 6.0	- 10.2	- 11.2	- 32.6	- 36.0	- 30.6	- 7.1	- 10.6	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.3	- 20.9	- 46.2	- 57.7	- 53.9	- 20.1	- 23.5	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	- 7.4	+ 5.0	+ 15.7	+ 18.4	+ 4.2	+ 3.9	.	.
Employment expectations	- 41.4	+ 8.0	- 8.5	- 13.9	- 41.4	- 33.7	- 25.4	- 4.9	- 9.1	.	.
Demand expectations	- 37.9	+ 15.0	- 4.9	- 17.3	- 37.9	- 36.8	- 24.8	- 1.6	- 6.8	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.8	- 22.0	- 62.1	- 35.1	- 5.1	+ 1.7	- 5.6	.	.
Assessment of activity	- 71.6	+ 20.0	- 5.0	- 7.2	- 55.7	- 71.6	- 59.8	- 6.4	- 12.7	.	.
Activity expectations	- 70.7	+ 51.7	+ 22.0	- 31.3	- 70.7	- 11.0	+ 31.3	+ 11.0	+ 4.2	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.4	- 27.3	- 59.9	- 22.6	+ 13.3	+ 1.6	- 6.1	.	.
Building industry curve	- 39.0	+ 24.3	- 7.0	+ 1.7	- 23.2	- 24.3	- 7.3	+ 2.1	+ 0.9	.	.
Trend in orders	- 52.0	+ 40.0	- 4.3	+ 3.3	- 30.1	- 29.2	- 6.5	+ 0.5	- 0.4	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	+ 3.6	- 35.8	- 38.4	- 3.2	+ 1.8	+ 1.2	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.3	- 0.3	- 3.6	- 8.0	- 5.0	- 0.9	- 1.5	.	.
Demand expectations	- 39.0	+ 21.0	- 2.9	- 2.2	- 23.2	- 21.6	- 14.6	+ 6.0	+ 2.1	.	.
Trade curve	- 41.8	+ 16.0	- 2.5	- 11.7	- 41.6	- 41.8	- 22.7	- 7.8	- 10.3	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.4	- 7.8	- 33.0	- 33.0	- 19.2	- 5.3	- 7.5	.	.
Demand expectations	- 56.0	+ 29.0	- 0.5	- 18.0	- 56.0	- 52.2	- 22.5	- 9.0	- 12.1	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.4	- 9.2	- 35.7	- 40.1	- 26.5	- 11.5	- 13.7	.	.

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. 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			
				2020				2020			
	Min.	Max.	Avg.	March	April	May	June	Jan.	Feb.	March	April
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.1	+ 1.2	- 53.0	- 51.6	- 7.8	- 4.5	- 5.1	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.8	- 11.5	- 45.0	- 48.7	- 24.6	- 10.8	- 12.8	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.8	- 1.9	- 38.5	- 56.3	- 14.2	- 1.6	- 4.3	.	.
Assessment of export order books	- 61.0	+ 10.0	- 22.8	- 24.9	- 45.2	- 56.7	- 54.1	- 23.3	- 26.5	.	.
Trend in prices	- 21.0	+ 24.0	+ 1.0	- 1.5	- 6.5	- 12.7	- 14.7	- 3.3	- 3.4	.	.
Price expectations	- 24.0	+ 43.0	+ 6.5	- 5.7	- 11.3	- 10.5	- 4.9	- 1.2	- 2.2	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.0	-	73.0	-	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.5	+ 1.3	- 73.0	- 44.8	- 21.5	+ 7.8	+ 2.9	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.8	- 0.4	- 30.2	- 36.0	- 35.8	+ 0.2	- 4.5	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.2	- 8.5	- 31.0	- 11.9	+ 7.3	+ 12.2	+ 5.7	.	.
Trend in prices	- 15.8	+ 12.0	+ 1.8	- 1.7	- 1.4	- 6.2	- 7.1	+ 0.0	- 1.0	.	.
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 5.4	- 0.9	+ 1.9	+ 3.0	+ 6.5	+ 5.5	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 4.4	- 2.9	- 66.6	- 58.8	+ 2.7	+ 1.7	+ 0.4	.	.
Trend in employment	- 38.0	+ 22.0	- 5.2	- 0.3	- 12.5	- 27.0	- 2.0	- 1.7	- 1.4	.	.
Employment expectations	- 50.0	+ 30.0	- 4.6	+ 7.6	- 9.4	- 0.5	+ 0.4	+ 8.7	+ 7.5	.	.
Trend in prices	- 27.1	+ 32.0	- 1.9	+ 0.0	- 7.4	- 3.7	- 7.0	+ 0.2	- 0.4	.	.
Price expectations	- 20.6	+ 46.0	+ 5.1	- 0.6	- 0.9	- 1.1	- 1.8	+ 5.7	+ 3.8	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 0.6	+ 5.2	- 38.5	- 50.1	- 6.6	- 6.5	- 6.0	.	.
Assessment of sales	- 50.0	+ 28.0	- 9.3	- 8.1	- 50.0	- 45.4	- 26.1	- 8.2	- 10.1	.	.
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.2	+ 23.7	+ 38.1	+ 38.1	+ 20.0	+ 13.0	+ 16.1	.	.
Trend in prices	- 20.0	+ 50.0	+ 1.8	+ 2.7	+ 7.9	- 1.4	- 17.7	+ 0.2	+ 1.8	.	.
Price expectations	- 11.0	+ 66.2	+ 11.1	+ 3.8	- 10.8	- 10.9	+ 4.1	+ 7.2	+ 6.0	.	.

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.