

PRESS RELEASE

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Monthly business survey – May 2022

Business barometer dips slightly in May

- **Business leaders' loss of confidence was evident in trade and the building industry. Conversely, the business climate improved slightly in the business-related services sector and in industry.**

In trade, the sharp cyclical weakening is attributable essentially to a marked downward revision of the outlook for demand and orders placed with suppliers. Employment forecasts have also deteriorated, but to a lesser extent. The motor vehicle distribution sector stands out however, recording a strong rise in the indicator for the second consecutive month.

In the building industry, all the underlying components also contributed to the decline in confidence, namely demand forecasts, the current level of order books and the recent trend in orders, as well as changes in use of equipment. The latter has deteriorated the least.

The meagre rise in the indicator in the business-related services branch stems from more favourable forecasts of market demand, following last month's sharp decline. Business leaders made hardly any change in their assessment of the current and future level of their own activity.

Finally, in manufacturing industry the small revival in confidence is due to a more positive assessment of the current level of order books and an improvement in demand expectations. In addition, stock levels were revised downwards slightly from the previous month. Conversely, business leaders were more reticent in their forecasts regarding employment.

The smoothed overall synthetic curve which reflects the underlying cyclical trend has again declined slightly.

Business survey indicators

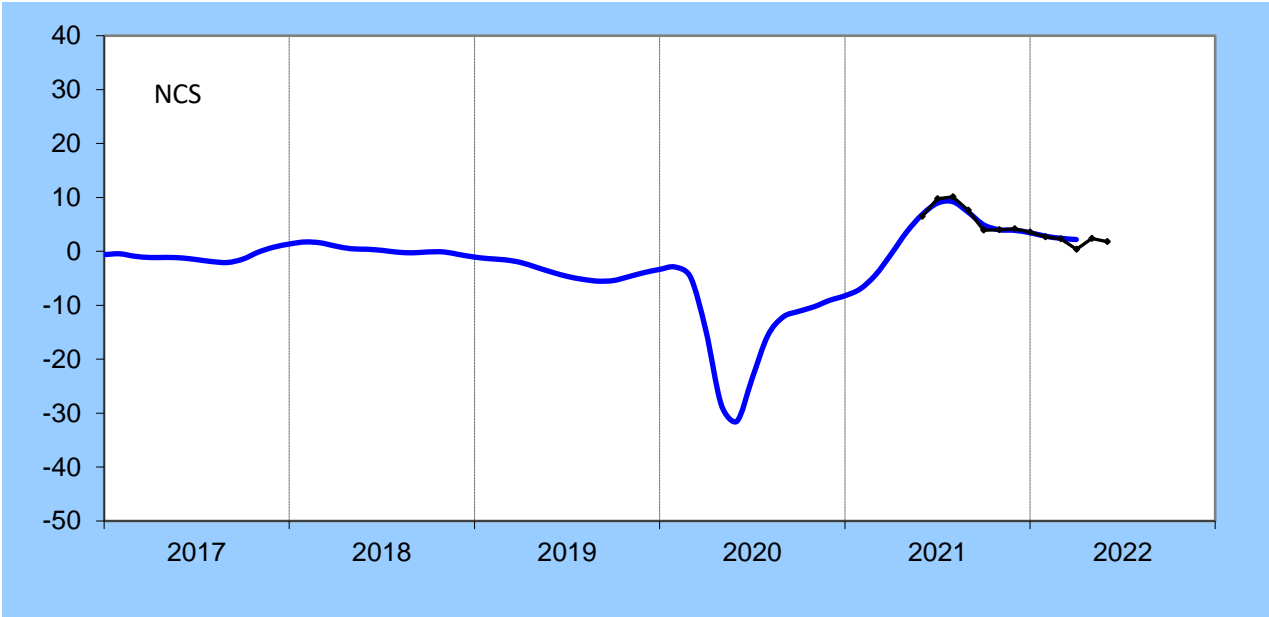
| | Gross synthetic curve | | | Smoothed synthetic curve ¹ |
|--------------------------------|-----------------------|------------|---------------------|---------------------------------------|
| | April 2022 | May 2022 | Variation in points | Variation in Points |
| Manufacturing industry | 0.5 | 1.0 | 0.5 | -0.5 |
| Business-related services | 11.7 | 12.4 | 0.7 | -0.5 |
| Building industry | 2.1 | -2.0 | -4.1 | -0.1 |
| Trade | 0.3 | -7.9 | -8.2 | -0.5 |
| Overall synthetic curve | 2.4 | 1.8 | -0.6 | -0.2 |

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.

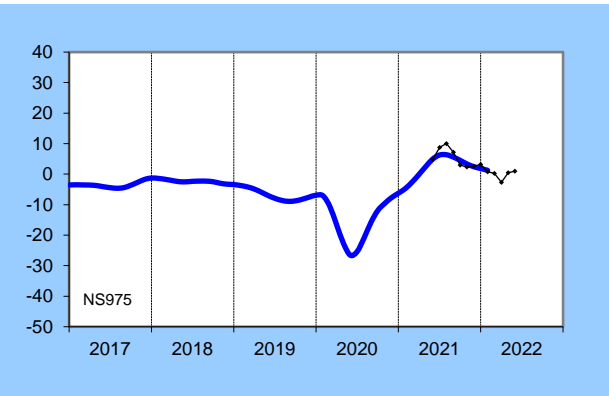
Source: NBB.

CHART 1 - SYNTHETIC CURVES

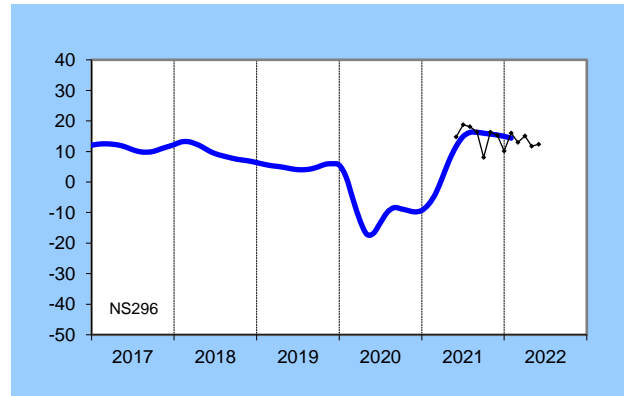
OVERALL SYNTHETIC CURVE



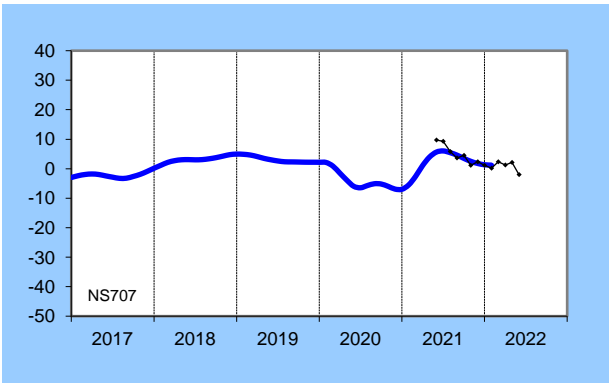
MANUFACTURING INDUSTRY



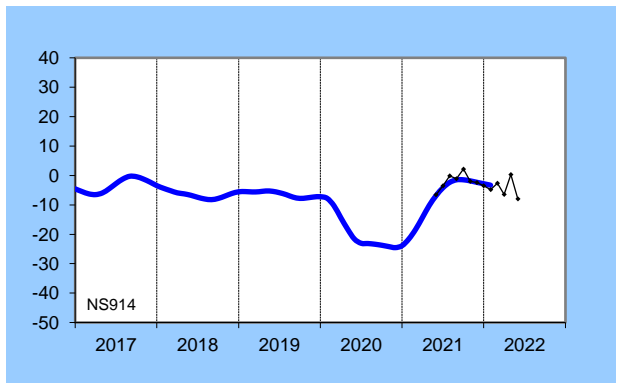
BUSINESS-RELATED SERVICES



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"(-). | Since 1990 | | | Adjusted series | | | | Smoothed series | | | |
|---|-------------------|-------------------|-------------------|-----------------|-------|-------|-------|-----------------|-------|------|------|
| | Min. ¹ | Max. ¹ | Avg. ² | 2022 | | | | 2021 - 2022 | | | |
| | | | | Feb | Mar | Apr | May | Dec | Jan | Feb | Mar |
| Overall synthetic curve | -36.1 | +10.1 | -5.2 | +2.3 | +0.4 | +2.4 | +1.8 | +3.5 | +2.8 | +2.4 | +2.2 |
| Manufacturing industry curve | -36.0 | +10.0 | -8.6 | +0.3 | -2.7 | +0.5 | +1.0 | +1.8 | +1.3 | . | . |
| Assessment of total order books | -57.7 | +10.0 | -19.4 | -12.0 | -10.6 | -3.9 | -0.3 | -4.6 | -5.9 | . | . |
| Assessment of level of stocks ³ | -19.0 | +25.0 | +4.7 | -1.5 | +8.0 | +2.4 | +1.9 | -3.3 | -2.2 | . | . |
| Employment expectations | -41.4 | +11.5 | -7.4 | +6.9 | +5.5 | +9.3 | +5.4 | +4.0 | +4.4 | . | . |
| Demand expectations | -37.9 | +15.0 | -3.1 | +4.6 | +2.3 | -1.1 | +0.6 | +4.5 | +4.0 | . | . |
| Business-related services curve | -62.1 | +34.0 | +9.3 | +13.0 | +15.1 | +11.7 | +12.4 | +14.9 | +14.4 | . | . |
| Assessment of activity | -71.6 | +20.0 | -6.4 | -4.0 | +2.6 | +1.6 | +2.1 | -8.8 | -6.5 | . | . |
| Activity expectations | -70.7 | +47.0 | +21.5 | +29.7 | +22.8 | +19.2 | +18.8 | +27.3 | +26.6 | . | . |
| Market demand expectations | -59.9 | +44.0 | +13.0 | +13.2 | +20.0 | +14.3 | +16.3 | +23.5 | +21.9 | . | . |
| Building industry curve | -24.3 | +24.3 | -3.3 | +2.3 | +1.2 | +2.1 | -2.0 | +1.3 | +1.2 | . | . |
| Trend in orders | -30.1 | +33.0 | -0.1 | +9.0 | +8.3 | +7.4 | +3.5 | +3.7 | +4.8 | . | . |
| Trend in equipment | -38.4 | +24.0 | +1.7 | +3.9 | +4.6 | +3.2 | +1.8 | +0.4 | +1.2 | . | . |
| Assessment of order books | -50.0 | +30.0 | -15.0 | +0.9 | -1.8 | +7.0 | +2.7 | +3.3 | +2.4 | . | . |
| Demand expectations | -26.0 | +18.0 | +0.0 | -4.5 | -6.1 | -9.0 | -15.9 | +0.4 | -1.6 | . | . |
| Trade curve | -41.8 | +16.0 | -3.3 | -2.6 | -6.5 | +0.3 | -7.9 | -2.8 | -3.3 | . | . |
| Employment expectations | -33.0 | +18.0 | +1.1 | +2.6 | +2.1 | +4.9 | +3.1 | +3.4 | +3.0 | . | . |
| Demand expectations | -56.0 | +29.0 | -2.6 | -0.3 | -8.9 | -2.0 | -15.6 | -1.6 | -2.1 | . | . |
| Intentions of placing orders | -40.1 | +15.0 | -8.4 | -10.1 | -12.6 | -2.0 | -11.3 | -11.6 | -11.9 | . | . |

¹ Minimum and maximum of each indicator (raw series) from January 1990 to the month under review.

² Average of each indicator (raw series) from January 1990 until end 2021.

³ 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"(-). | Since 1990 | | | Adjusted series | | | | Smoothed series | | | |
|---|-------------------|-------------------|-------------------|-----------------|--------|--------|--------|-----------------|--------|-----|-----|
| | Min. ¹ | Max. ¹ | Avg. ² | Feb | Mar | Apr | May | Dec | Jan | Feb | Mar |
| Manufacturing industry | | | | | | | | | | | |
| Trend in production rate | - 53.0 | + 20.0 | - 1.0 | + 2.3 | + 6.8 | + 2.0 | + 3.1 | + 1.0 | + 1.4 | . | . |
| Trend in domestic orders | - 48.7 | + 16.0 | - 7.4 | - 3.4 | + 1.9 | + 1.7 | - 7.8 | - 3.5 | - 2.8 | . | . |
| Trend in export orders | - 56.3 | + 30.0 | - 2.4 | - 9.9 | + 2.3 | + 2.1 | - 5.3 | + 0.2 | + 0.5 | . | . |
| Assessment of export order books | - 61.0 | + 10.0 | - 20.3 | - 5.1 | - 14.5 | - 7.5 | - 8.6 | - 0.5 | - 2.0 | . | . |
| Trend in prices | - 21.0 | + 34.3 | - 0.3 | + 34.3 | + 25.9 | + 33.5 | + 32.8 | + 26.7 | + 27.6 | . | . |
| Price expectations | - 24.0 | + 54.2 | + 3.4 | + 38.9 | + 47.2 | + 54.2 | + 44.5 | + 36.7 | + 38.6 | . | . |
| Production capacity | | | | | | | | | | | |
| (in percentage of the total production capacity) | 70.1 | 84.6 | 79.6 | - | - | 81.8 | - | | | | |
| Source: quarterly production capacity survey | | | | | | | | | | | |
| Business-related services | | | | | | | | | | | |
| Trend in activity | - 73.0 | + 37.0 | + 9.4 | + 14.7 | + 19.8 | + 20.1 | + 6.8 | + 15.4 | + 16.7 | . | . |
| Trend in employment | - 49.4 | + 34.0 | + 6.4 | + 11.3 | + 11.7 | + 28.8 | + 8.7 | + 8.7 | + 10.4 | . | . |
| Employment expectations | - 35.0 | + 48.0 | + 17.3 | + 39.3 | + 34.1 | + 30.1 | + 34.1 | + 35.9 | + 35.6 | . | . |
| Trend in prices | - 15.8 | + 24.3 | + 1.9 | + 24.3 | + 15.1 | + 19.3 | + 16.1 | + 11.9 | + 13.7 | . | . |
| Price expectations | - 13.0 | + 36.1 | + 7.0 | + 23.4 | + 27.3 | + 27.1 | + 34.4 | + 26.6 | + 27.3 | . | . |
| Building industry | | | | | | | | | | | |
| Trend in activity | - 66.6 | + 34.7 | - 1.8 | + 16.5 | + 6.0 | + 7.6 | + 1.1 | + 3.8 | + 4.4 | . | . |
| Trend in employment | - 27.0 | + 22.0 | - 3.2 | + 3.4 | + 1.2 | + 6.4 | + 1.7 | + 2.1 | + 2.6 | . | . |
| Employment expectations | - 31.0 | + 30.0 | + 0.7 | + 16.3 | + 10.7 | + 11.6 | + 11.9 | + 16.4 | + 15.0 | . | . |
| Trend in prices | - 27.1 | + 51.6 | - 3.4 | + 32.9 | + 40.0 | + 44.0 | + 51.6 | + 32.8 | + 33.8 | . | . |
| Price expectations | - 20.6 | + 62.3 | + 2.2 | + 52.4 | + 52.9 | + 54.7 | + 62.3 | + 47.4 | + 49.3 | . | . |
| Trade | | | | | | | | | | | |
| Trend in sales | - 50.1 | + 43.0 | - 1.9 | + 14.3 | - 11.5 | + 0.1 | - 2.0 | - 8.0 | - 4.4 | . | . |
| Assessment of sales | - 50.0 | + 28.0 | - 8.5 | + 3.4 | - 10.5 | - 4.0 | - 6.7 | - 4.4 | - 1.6 | . | . |
| Assessment of level of stocks ³ | - 17.1 | + 38.1 | + 11.4 | - 8.7 | - 8.6 | - 17.1 | - 10.4 | - 4.2 | - 5.6 | . | . |
| Trend in prices | - 23.5 | + 43.1 | - 1.2 | + 32.9 | + 28.1 | + 30.9 | + 43.1 | + 25.8 | + 27.1 | . | . |
| Price expectations | - 14.2 | + 69.5 | + 5.7 | + 58.6 | + 59.8 | + 64.0 | + 69.5 | + 40.7 | + 46.9 | . | . |

¹ Minimum and maximum of each indicator (raw series) from January 1990 to the month under review.

² Average of each indicator (raw series) from January 1990 until end 2021.

³ 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 2022

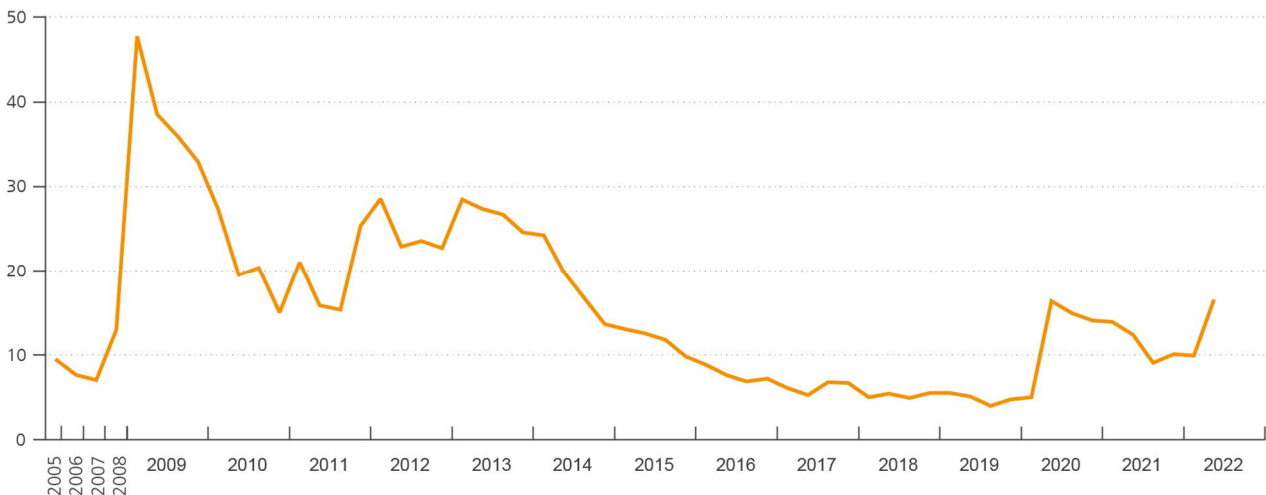
Firms report tightening of credit conditions in April

The April 2022 quarterly survey on firms' assessment of credit conditions indicates that general conditions for access to bank loans have become tighter: the proportion of firms considering credit terms to be restrictive increased sharply, from 9.9% in January to 16.5% in April, thus regaining a level comparable to that prevailing when the health crisis erupted two years ago.

Results by branch of activity show that credit conditions were deemed tighter in all the branches of activity polled. The deterioration is greatest in construction, where over 23 % of firms considered credit conditions to be restrictive in April, compared to only 13 % in January. The proportion has also risen in the other sectors: from 15.9 to 21.5 % in services and from 5.8 to 12.6% in industry.

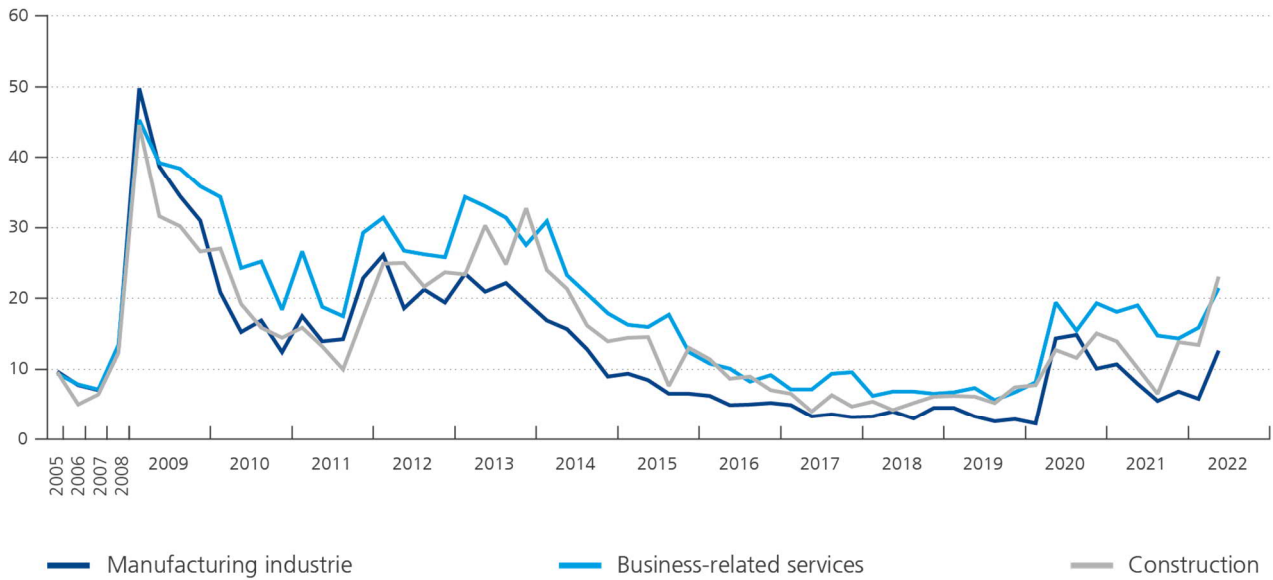
With the exception of large firms (250 to 499 workers), the percentage of firms considering credit conditions to be tight has risen in all firm size categories, especially in the case of very large firms (500 or more workers), though admittedly they regarded access to bank credit as not very restrictive in April.

Chart 2 - Credit constraint perception¹ - Overall indicator



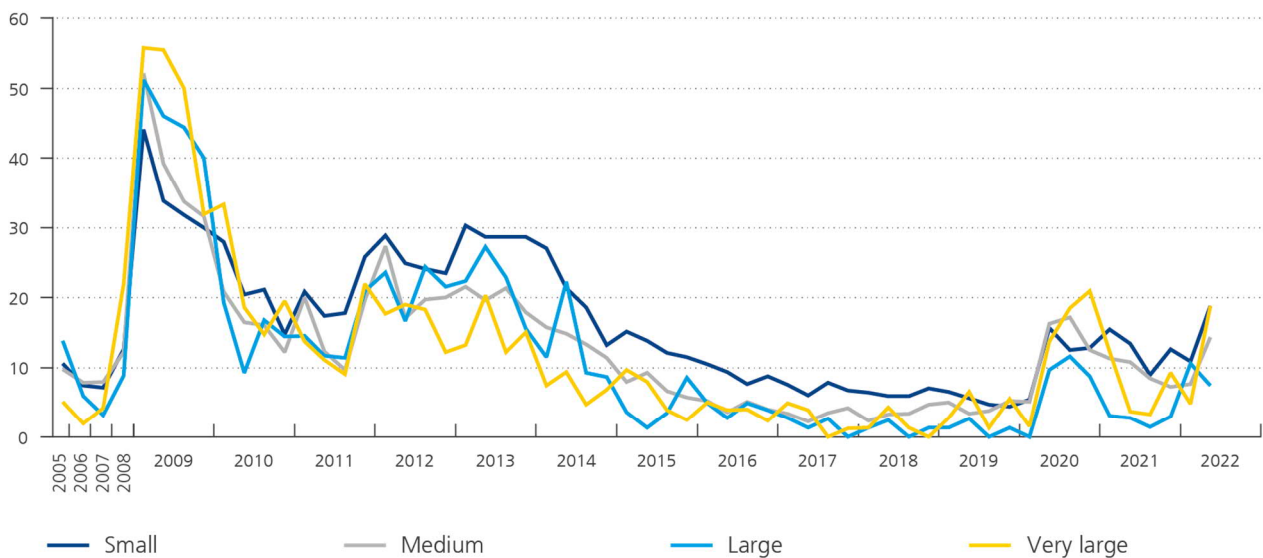
Source: NBB - quarterly survey on credit conditions.

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

| | 04-2021 | 07-2021 | 10-2021 | 01-2022 | 04-2022 |
|---------------------------------------|-------------|------------|-------------|------------|-------------|
| Overall indicator ² | 12.4 | 9.1 | 10.1 | 9.9 | 16.5 |
| By branch of activity | | | | | |
| Manufacturing industry | 8.0 | 5.5 | 6.8 | 5.8 | 12.6 |
| Business-related services | 19.0 | 14.8 | 14.4 | 15.9 | 21.5 |
| Construction | 10.1 | 6.5 | 13.9 | 13.4 | 23.1 |
| By size of company³ | | | | | |
| Small | 13.4 | 9.0 | 12.6 | 10.8 | 18.8 |
| Medium | 10.8 | 8.4 | 7.2 | 7.7 | 14.3 |
| Large | 2.7 | 1.5 | 2.9 | 10.6 | 7.5 |
| Very large | 3.7 | 3.3 | 9.2 | 4.8 | 18.8 |

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).