

PRESS RELEASE

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Monthly business survey – October 2022

Erosion of business confidence continues in October

- **The deterioration of the business climate is most significant in the manufacturing industry although the building industry is also affected. The confidence indicator improved however in the business-related services and trade sectors.**
- **Reflecting the slowdown observed for several months in the manufacturing industry, production capacity utilisation contracted sharply.**

For the third consecutive month, business confidence has declined in the manufacturing industry. All underlying components of the indicator are down, in particular employment expectations and stock levels, with the latter deemed higher than normal by a greater number of business leaders. It's necessary to go back to June 2020, the middle of the pandemic, to find evidence of a similar assessment of stock levels.

The loss of confidence is also affecting, albeit to a lesser degree, the building industry. The most marked movements this month - a sharp fall in demand forecasts and a recent improvement in order books - offset the previous month's observations to the contrary. The trend in the utilisation of equipment continued its slight downward trajectory and, for the second consecutive month, the assessment of order books, having regard to the time of year, deteriorated.

After a clear worsening last month, business sentiment improved somewhat in the trade sector, influenced by upgraded employment expectations which were, however, offset by a further degradation in demand forecasts.

The improved morale of business leaders was more noticeable in the business-related services sector, after four consecutive months of declining sentiment. They expressed more optimism about both their current level of activity and their expectations for the future. However, they were more cautious about the future direction of general market demand.

The overall smoothed synthetic curve, which reflects the underlying economic trend, continues to decline.

Finally, the results of the quarterly capacity survey in the manufacturing industry revealed a sharp contraction in production capacity utilisation, reflecting the slowdown observed in this sector for several months. Adjusted for seasonal variations, this rate stood at 76.2% in October, compared to 80.7% in July, and was down in all industrial branches of activity.

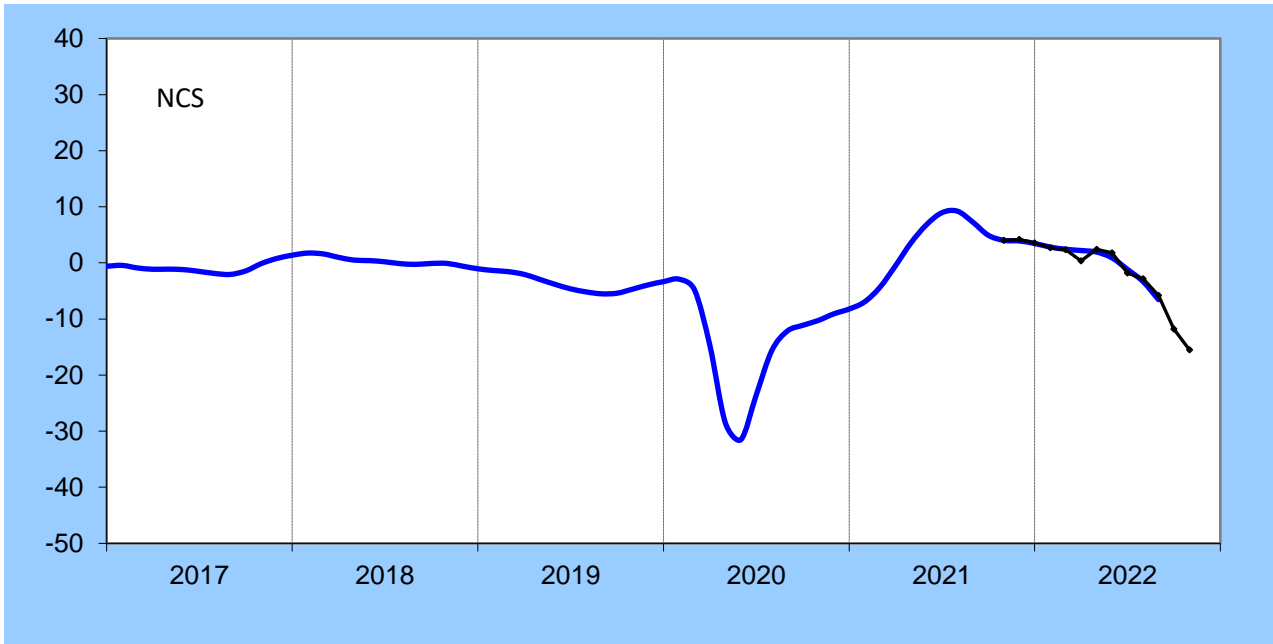
Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	September 2022	October 2022	Variation in points	Variation in Points
Manufacturing industry	-13.9	-19.7	-5.8	-1.3
Business-related services	-4.5	-2.7	1.8	-2.3
Building industry	-6.0	-7.4	-1.4	-1.7
Trade	-24.1	-23.5	0.6	-2.1
Overall synthetic curve	-11.8	-15.5	-3.7	-3.3

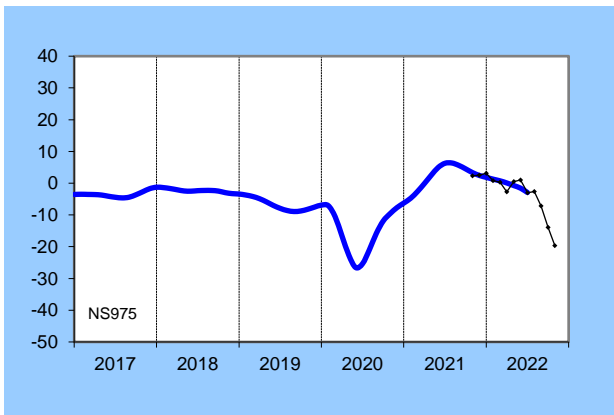
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed indicator reflects recent developments more closely than the smoothed indicators per branch.

Source: NBB.

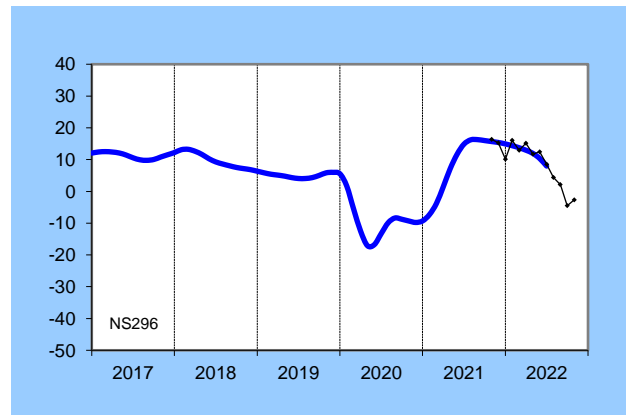
OVERALL SYNTHETIC CURVE



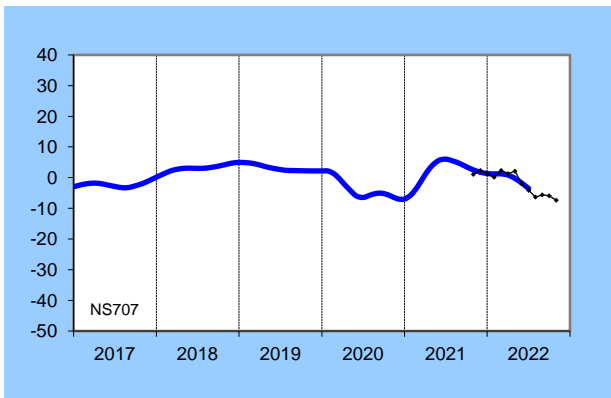
MANUFACTURING INDUSTRY



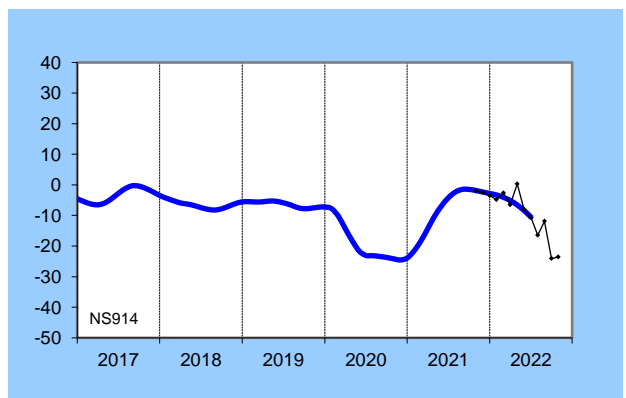
BUSINESS-RELATED SERVICES



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				2022			
				Jul	Aug	Sep	Oct	May	Jun	Jul	Aug
Overall synthetic curve	-36.1	+10.1	-5.2	-2.8	-5.8	-11.8	-15.5	+0.9	-1.2	-3.3	-6.6
Manufacturing industry curve	-36.0	+10.0	-8.6	-2.6	-7.2	-13.9	-19.7	-1.6	-2.9	.	.
Assessment of total order books	-57.7	+10.0	-19.4	-4.1	-15.3	-23.0	-25.2	-4.9	-5.9	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+5.0	+10.9	+9.4	+17.9	+4.3	+6.0	.	.
Employment expectations	-41.4	+11.5	-7.4	+3.8	+0.6	-5.3	-15.5	+5.0	+4.2	.	.
Demand expectations	-37.9	+15.0	-3.1	-5.2	-3.2	-17.8	-20.2	-1.1	-2.5	.	.
Business-related services curve	-62.1	+34.0	+9.3	+4.4	+2.1	-4.5	-2.7	+10.3	+8.0	.	.
Assessment of activity	-71.6	+20.0	-6.4	-5.5	-13.9	-9.4	-4.3	-0.5	-2.3	.	.
Activity expectations	-70.7	+47.0	+21.5	+10.2	+11.9	-0.0	+4.0	+18.7	+16.2	.	.
Market demand expectations	-59.9	+44.0	+13.0	+8.5	+8.2	-4.1	-7.7	+12.6	+10.9	.	.
Building industry curve	-24.3	+24.3	-3.3	-6.3	-5.6	-6.0	-7.4	-1.8	-3.5	.	.
Trend in orders	-30.1	+33.0	-0.1	-9.1	-4.2	-8.2	-4.6	+2.5	-0.4	.	.
Trend in equipment	-38.4	+24.0	+1.7	-1.0	-2.3	-3.3	-3.6	+2.5	+1.2	.	.
Assessment of order books	-50.0	+30.0	-15.0	+4.0	+4.5	+0.7	-1.3	+2.6	+2.9	.	.
Demand expectations	-26.0	+18.0	+0.0	-19.0	-20.5	-13.1	-19.9	-14.1	-17.1	.	.
Trade curve	-41.8	+16.0	-3.3	-16.5	-11.9	-24.1	-23.5	-8.4	-10.5	.	.
Employment expectations	-33.0	+18.0	+1.1	-1.0	+2.0	-4.9	-1.5	+2.9	+2.3	.	.
Demand expectations	-56.0	+29.0	-2.6	-31.0	-15.2	-35.4	-37.3	-12.8	-17.5	.	.
Intentions of placing orders	-40.1	+15.0	-8.4	-17.5	-22.6	-32.0	-31.9	-13.8	-16.0	.	.

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			
				2022				2022			
	Min. ¹	Max. ¹	Avg. ²	Jul	Aug	Sep	Oct	May	Jun	Jul	Aug
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.0	- 9.6	- 13.3	- 5.4	- 14.5	+ 0.1	- 2.4	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 8.2	- 12.5	- 15.1	- 18.6	- 4.6	- 6.5	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.4	- 5.2	- 13.7	- 8.1	- 23.8	- 2.9	- 4.4	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.3	- 0.8	- 12.4	- 26.5	- 25.1	- 8.6	- 9.4	.	.
Trend in prices	- 21.0	+ 34.3	- 0.3	+ 20.8	+ 17.1	+ 16.2	+ 12.7	+ 28.6	+ 25.2	.	.
Price expectations	- 24.0	+ 54.2	+ 3.4	+ 29.7	+ 24.9	+ 33.5	+ 25.6	+ 40.8	+ 37.5	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.6	80.7	-	-	76.2				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.4	+ 15.5	- 19.0	+ 10.1	+ 6.2	+ 17.4	+ 15.0	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.4	+ 5.8	+ 14.1	+ 10.6	- 14.9	+ 9.6	+ 8.9	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.3	+ 29.2	+ 28.3	+ 23.6	+ 24.4	+ 32.5	+ 31.2	.	.
Trend in prices	- 15.8	+ 24.3	+ 1.9	+ 11.3	+ 19.1	+ 12.2	+ 13.5	+ 15.4	+ 14.4	.	.
Price expectations	- 13.0	+ 36.9	+ 7.0	+ 35.0	+ 30.7	+ 23.7	+ 36.9	+ 29.3	+ 30.2	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 1.8	+ 0.6	+ 2.9	- 8.9	- 5.5	+ 3.3	+ 2.0	.	.
Trend in employment	- 27.0	+ 22.0	- 3.2	+ 1.3	+ 2.2	- 0.8	- 1.1	+ 2.5	+ 2.0	.	.
Employment expectations	- 31.0	+ 30.0	+ 0.7	+ 7.6	+ 8.2	+ 9.9	+ 6.4	+ 10.1	+ 9.3	.	.
Trend in prices	- 27.1	+ 52.8	- 3.4	+ 38.8	+ 33.9	+ 40.6	+ 39.4	+ 43.1	+ 42.6	.	.
Price expectations	- 20.6	+ 64.0	+ 2.2	+ 48.1	+ 51.5	+ 51.9	+ 58.1	+ 54.1	+ 53.6	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 1.9	- 15.2	- 5.6	+ 4.2	+ 6.7	- 1.8	- 1.8	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.5	- 25.9	- 17.6	- 13.3	- 6.2	- 9.5	- 11.5	.	.
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 11.4	- 7.1	- 4.4	- 3.3	- 3.9	- 9.8	- 8.8	.	.
Trend in prices	- 23.5	+ 48.6	- 1.2	+ 41.6	+ 40.5	+ 42.9	+ 47.0	+ 38.2	+ 41.0	.	.
Price expectations	- 14.2	+ 69.5	+ 5.7	+ 62.5	+ 56.8	+ 51.7	+ 60.4	+ 61.0	+ 60.8	.	.

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