

PRESS RELEASE

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Monthly business survey – November 2022

Confidence of business leaders continues to decline

- **The business barometer deteriorated for the seventh straight month, albeit at a slightly slower pace.**
- **Only the building industry escaped the downturn. The drop in confidence was most noticeable in business-related services.**

In the business-related services sector, all underlying components of the indicator contracted. Business leaders expressed a clearly more negative assessment of their level of activity. Moreover, their expectations in this area were also much more reserved.

In the trade sector, less optimistic employment expectations contributed substantially to the drop in confidence. On the other hand, demand expectations were better than the preceding month.

Demand expectations also improved in the manufacturing industry. Business sentiment nonetheless deteriorated due to unfavourable assessments of order books and stock levels.

The business climate improved only in the building industry, in which all indicators rose, in particular recent movement in the order book.

The overall smoothed synthetic curve, which reflects the underlying economic trend, is still sloping downwards.

Business survey indicators

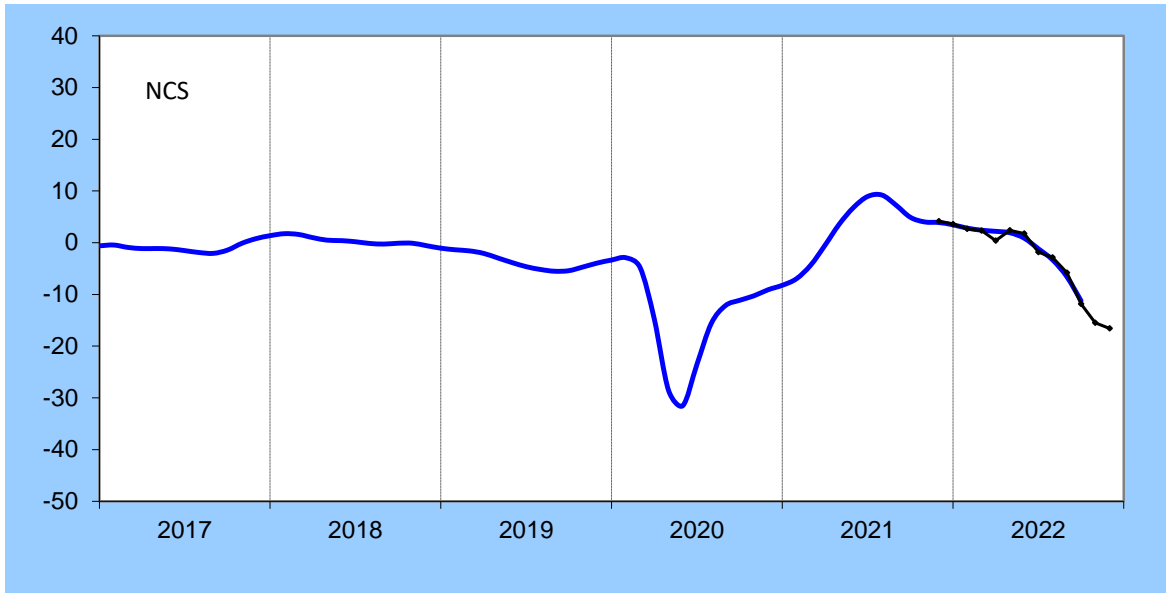
	Gross synthetic curve			Smoothed synthetic curve ¹
	October 2022	November 2022	Variation in points	Variation in Points
Manufacturing industry	-19.7	-20.1	-0.4	-2.4
Business-related services	-2.7	-10.7	-8.0	-3.1
Building industry	-7.4	-4.6	2.8	-1.4
Trade	-23.5	-24.5	-1.0	-3.2
Overall synthetic curve	-15.5	-16.6	-1.1	-4.6

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

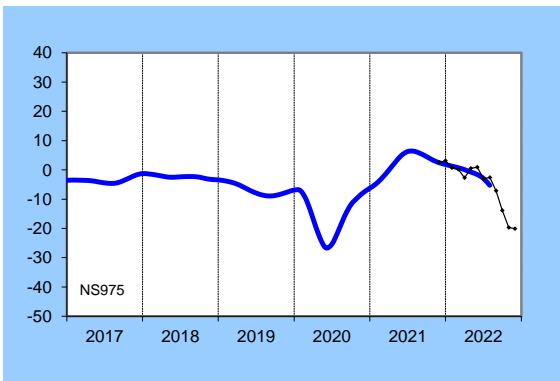
Source: NBB.

CHART 1 - SYNTHETIC CURVES

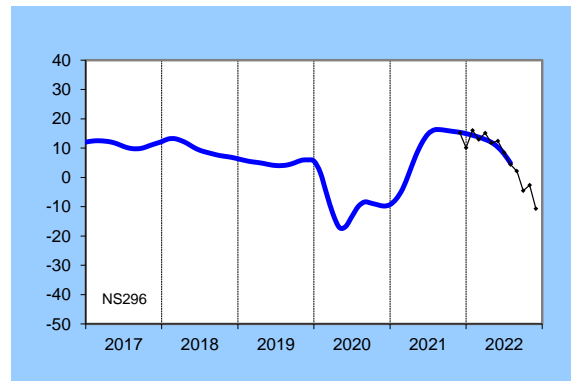
OVERALL SYNTHETIC CURVE



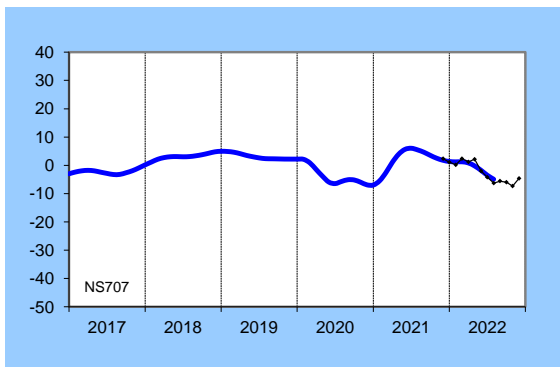
MANUFACTURING INDUSTRY



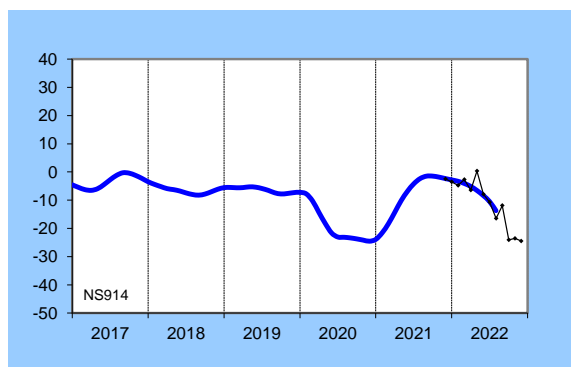
BUSINESS-RELATED SERVICES



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			
				2022				2022			
	Min. ¹	Max. ¹	Avg. ²	Aug	Sep	Oct	Nov	Jun	Jul	Aug	Sep
Overall synthetic curve	-36.1	+10.1	-5.2	-5.8	-11.8	-15.5	-16.6	-1.2	-3.3	-6.6	-11.2
Manufacturing industry curve	-36.0	+10.0	-8.6	-7.2	-13.9	-19.7	-20.1	-2.9	-5.3	.	.
Assessment of total order books	-57.7	+10.0	-19.4	-15.3	-23.0	-25.2	-29.7	-5.9	-9.5	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+10.9	+9.4	+17.9	+18.8	+6.0	+7.6	.	.
Employment expectations	-41.4	+11.5	-7.4	+0.6	-5.3	-15.5	-14.3	+4.2	+2.3	.	.
Demand expectations	-37.9	+15.0	-3.1	-3.2	-17.8	-20.2	-17.5	-2.5	-5.3	.	.
Business-related services curve	-62.1	+34.0	+9.3	+2.1	-4.5	-2.7	-10.7	+8.0	+4.9	.	.
Assessment of activity	-71.6	+20.0	-6.4	-13.9	-9.4	-4.3	-15.7	-2.3	-4.5	.	.
Activity expectations	-70.7	+47.0	+21.5	+11.9	-0.0	+4.0	-5.6	+16.2	+13.2	.	.
Market demand expectations	-59.9	+44.0	+13.0	+8.2	-4.1	-7.7	-10.6	+10.9	+7.8	.	.
Building industry curve	-24.3	+24.3	-3.3	-5.6	-6.0	-7.4	-4.6	-3.5	-4.9	.	.
Trend in orders	-30.1	+33.0	-0.1	-4.2	-8.2	-4.6	+1.0	-0.4	-2.9	.	.
Trend in equipment	-38.4	+24.0	+1.7	-2.3	-3.3	-3.6	-1.3	+1.2	-0.3	.	.
Assessment of order books	-50.0	+30.0	-15.0	+4.5	+0.7	-1.3	-1.0	+2.9	+2.6	.	.
Demand expectations	-26.0	+18.0	+0.0	-20.5	-13.1	-19.9	-17.1	-17.1	-18.9	.	.
Trade curve	-41.8	+16.0	-3.3	-11.9	-24.1	-23.5	-24.5	-10.5	-13.7	.	.
Employment expectations	-33.0	+18.0	+1.1	+2.0	-4.9	-1.5	-8.4	+2.3	+1.2	.	.
Demand expectations	-56.0	+29.0	-2.6	-15.2	-35.4	-37.3	-34.8	-17.5	-22.7	.	.
Intentions of placing orders	-40.1	+15.0	-8.4	-22.6	-32.0	-31.9	-30.2	-16.0	-19.6	.	.

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	Aug	Sep	Oct	Nov	Jun	Jul	Aug	Sep
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.0	- 13.3	- 5.4	- 14.5	- 7.2	- 2.4	- 5.3	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 12.5	- 15.1	- 18.6	- 17.0	- 6.5	- 9.3	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.4	- 13.7	- 8.1	- 23.8	- 15.2	- 4.4	- 6.6	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.3	- 12.4	- 26.5	- 25.1	- 26.1	- 9.4	- 11.9	.	.
Trend in prices	- 21.0	+ 34.3	- 0.3	+ 17.1	+ 16.2	+ 12.7	+ 10.7	+ 25.2	+ 21.8	.	.
Price expectations	- 24.0	+ 54.2	+ 3.4	+ 24.9	+ 33.5	+ 25.6	+ 28.5	+ 37.5	+ 33.7	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.6	-	-	76.2	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.4	- 19.0	+ 10.1	+ 6.2	- 20.7	+ 15.0	+ 12.1	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.4	+ 14.1	+ 10.6	- 14.9	- 7.3	+ 8.9	+ 8.2	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.3	+ 28.3	+ 23.6	+ 24.4	+ 16.8	+ 31.2	+ 29.2	.	.
Trend in prices	- 15.8	+ 24.3	+ 1.9	+ 19.1	+ 12.2	+ 13.5	+ 10.0	+ 14.4	+ 13.5	.	.
Price expectations	- 13.0	+ 46.9	+ 7.0	+ 30.7	+ 23.7	+ 36.9	+ 46.9	+ 30.2	+ 31.2	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 1.8	+ 2.9	- 8.9	- 5.5	+ 4.9	+ 2.0	+ 1.2	.	.
Trend in employment	- 27.0	+ 22.0	- 3.2	+ 2.2	- 0.8	- 1.1	+ 2.7	+ 2.0	+ 1.7	.	.
Employment expectations	- 31.0	+ 30.0	+ 0.7	+ 8.2	+ 9.9	+ 6.4	+ 7.8	+ 9.3	+ 8.5	.	.
Trend in prices	- 27.1	+ 52.8	- 3.4	+ 33.9	+ 40.6	+ 39.4	+ 37.9	+ 42.6	+ 41.4	.	.
Price expectations	- 20.6	+ 64.0	+ 2.2	+ 51.5	+ 51.9	+ 58.1	+ 53.7	+ 53.6	+ 52.9	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 1.9	- 5.6	+ 4.2	+ 6.7	- 5.8	- 1.8	- 2.3	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.5	- 17.6	- 13.3	- 6.2	- 17.9	- 11.5	- 13.2	.	.
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 11.4	- 4.4	- 3.3	- 3.9	+ 5.9	- 8.8	- 7.3	.	.
Trend in prices	- 23.5	+ 55.3	- 1.2	+ 40.5	+ 42.9	+ 47.0	+ 55.3	+ 41.0	+ 42.4	.	.
Price expectations	- 14.2	+ 69.5	+ 5.7	+ 56.8	+ 51.7	+ 60.4	+ 57.6	+ 60.8	+ 60.0	.	.

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.

Quarterly business survey on credit conditions – October 2022

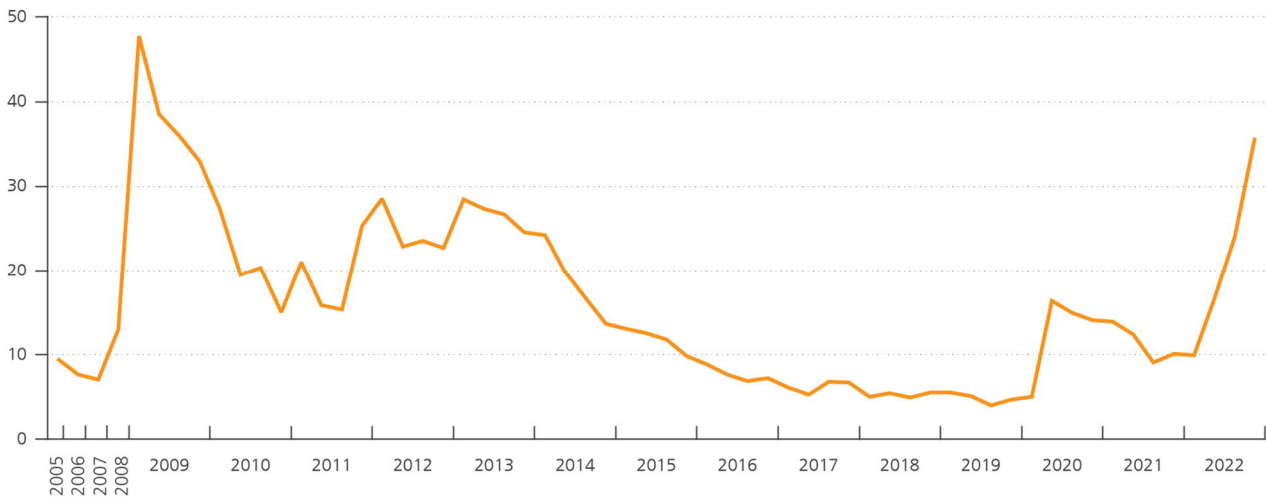
According to businesses, credit conditions became even more stringent in October

Based on the October 2022 quarterly survey on the assessment of credit conditions, businesses believe that the general conditions for access to bank credit tightened further compared with the previous quarter. Thus, the percentage of firms that considered credit conditions to be restrictive rose from 24.1% in July to a whopping 35.7% in October, the highest level since mid-2009.

The results by sector show that credit standards were considered tighter than in the previous quarter particularly in the manufacturing and business-related services industries, with 30.2% and 45.7% of businesses perceiving access to bank credit as difficult in October, compared with 18.7% and 31.9% in July. For the building industry, perception remained basically stable (29.1% in October compared with 27.7% in July).

The breakdown by firm size shows that credit conditions were perceived as tighter by all categories, albeit to a lesser extent by very large firms (those with 500 or more employees).

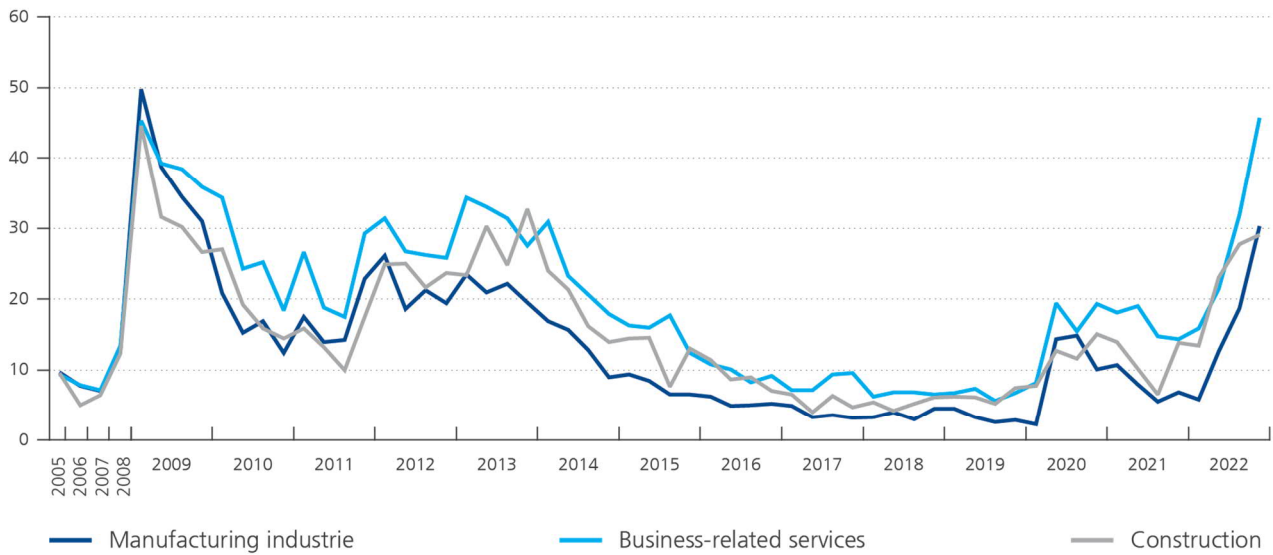
Chart 2 - Credit constraint perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

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

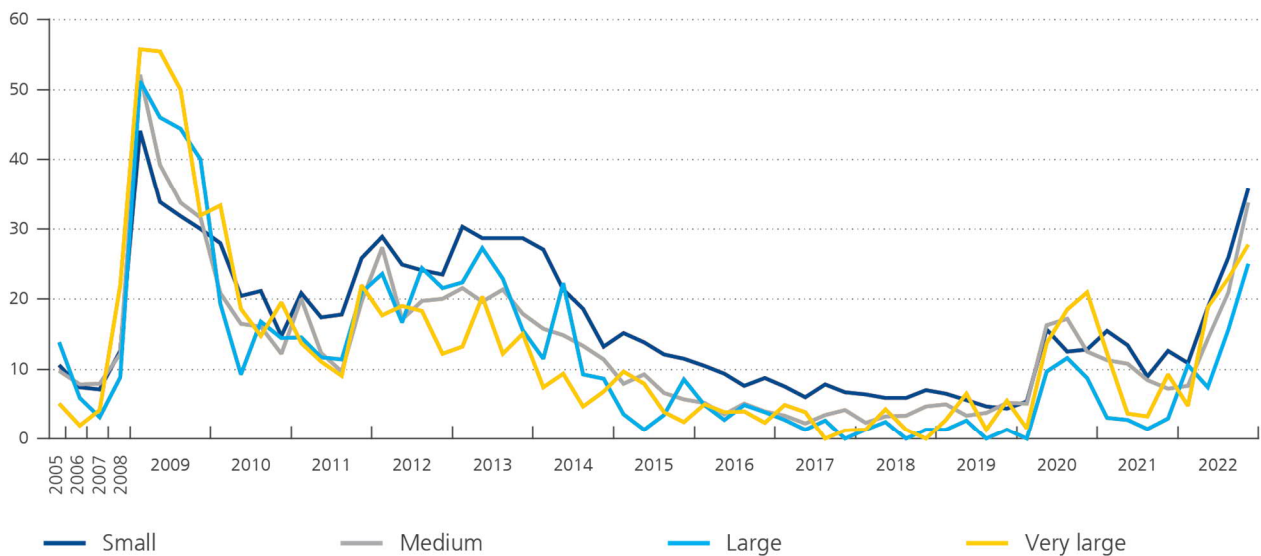
Chart 3 - Credit constraint perception ¹ - Breakdown by branch of activity



Source: NBB - quarterly survey on credit conditions.

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

Chart 4 - Credit constraint perception ¹ - Breakdown by company size ²



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

	10-2021	01-2022	04-2022	07-2022	10-2022
Overall indicator ²	10.1	9.9	16.5	24.1	35.7
By branch of activity					
Manufacturing industry	6.8	5.8	12.6	18.7	30.2
Business-related services	14.4	15.9	21.5	31.9	45.7
Construction	13.9	13.4	23.1	27.7	29.1
By size of company³					
Small	12.6	10.8	18.8	25.9	35.8
Medium	7.2	7.7	14.3	20.9	33.7
Large	2.9	10.6	7.5	15.6	25.0
Very large	9.2	4.8	18.8	23.0	27.7

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).