

PRESS RELEASE

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Monthly business survey – February 2023

Business sentiment firms up slightly in February

- **The situation varies depending on the sector: while the business climate improved in the manufacturing and building industries, it deteriorated in the business-related services sector and, above all, in trade.**

In the manufacturing industry, the rise in the indicator was primarily driven by a more favourable assessment of stock levels, although the more optimistic outlook of business leaders affected all underlying components.

The improved business climate in the building industry was mainly due to greater utilisation of available equipment and more positive demand expectations. On the other hand, business leaders were more reticent about the recent trend in their order books.

By contrast, the indicator fell sharply in the trade sector due to a significant decline in demand expectations, which had clearly strengthened over the previous two months. Expectations of orders from suppliers also dipped, while employment expectations recovered. Trade in motor vehicles and, even more so, textiles have been particularly affected by the gloomy climate this month.

The slackening of confidence in the business-related services sector remains contained. The assessment of current activity levels, considering the season, deteriorated significantly, but expectations in this regard for the next three months, as well of general market demand, improved.

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

Business survey indicators

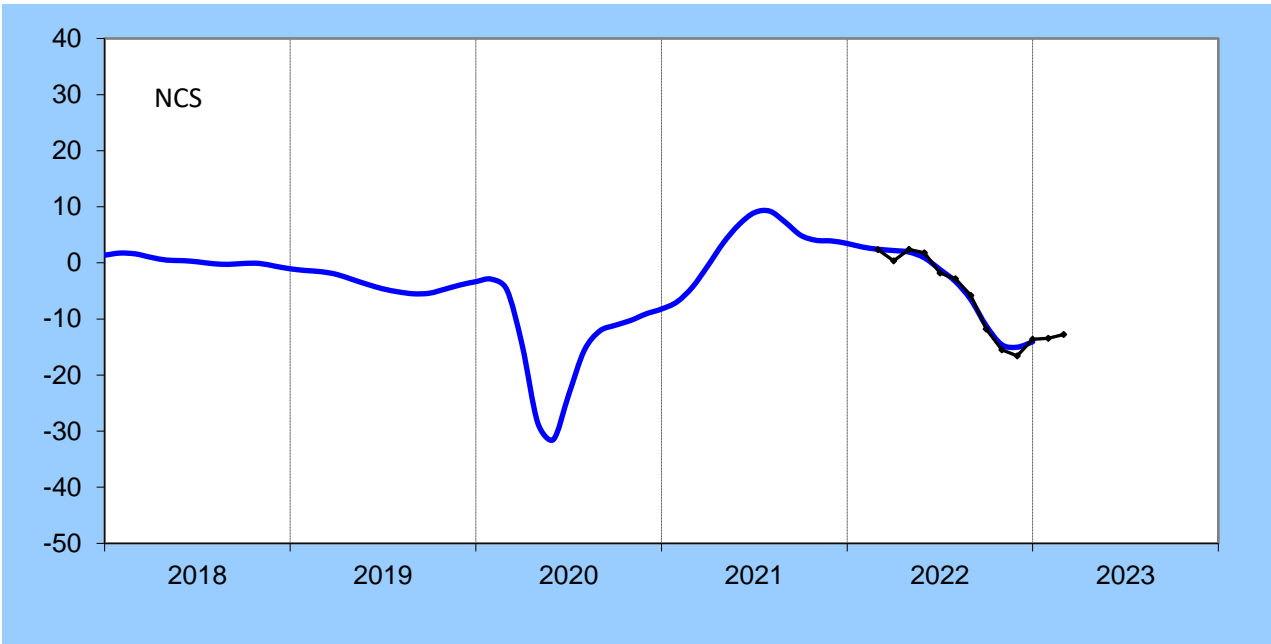
	Gross synthetic curve			Smoothed synthetic curve ¹
	January 2023	February 2023	Variation in points	Variation in Points
Manufacturing industry	-16.7	-14.8	1.9	-3.0
Business-related services	-6.1	-7.2	-1.1	-2.5
Building industry	-6.6	-5.8	0.8	-0.1
Trade	-14.2	-24.2	-10.0	-2.4
Overall synthetic curve	-13.5	-12.8	0.7	0.9

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.

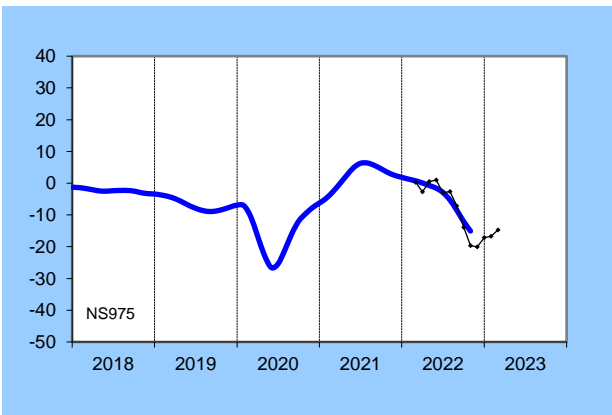
Source: NBB.

CHART 1 - SYNTHETIC CURVES

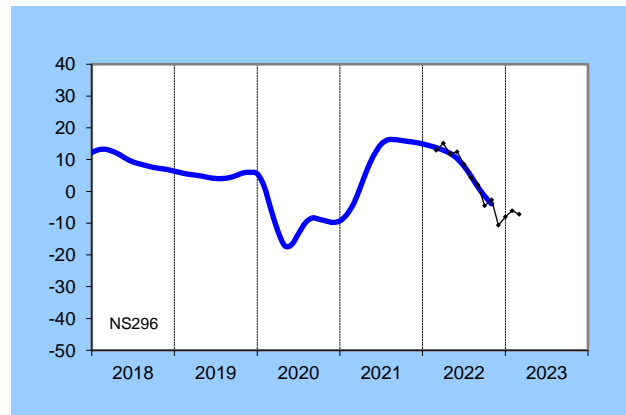
OVERALL SYNTHETIC CURVE



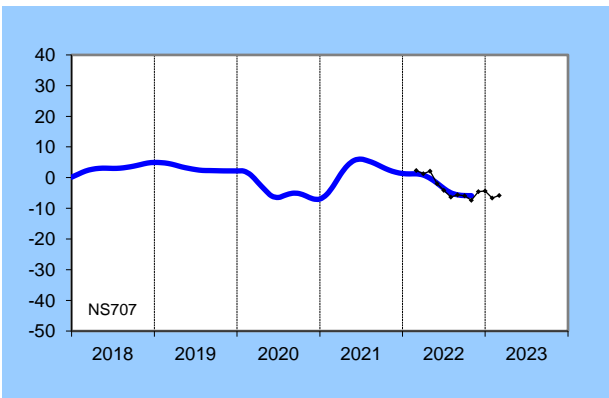
MANUFACTURING INDUSTRY



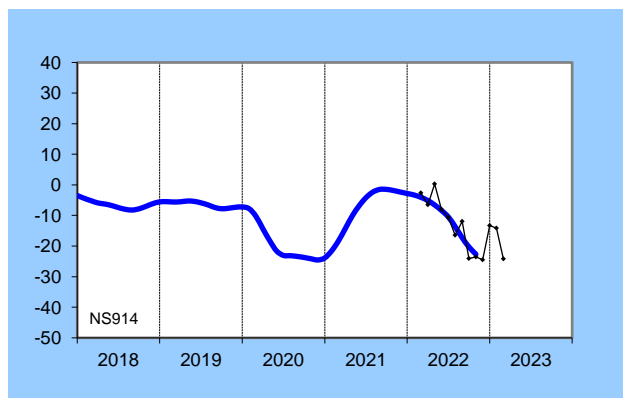
BUSINESS-RELATED SERVICES



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 - 2023				2022			
				Nov	Dec	Jan	Feb	Sep	Oct	Nov	Dec
Overall synthetic curve	-36.1	+10.1	-5.2	-16.6	-13.6	-13.5	-12.8	-11.2	-14.6	-15.0	-14.1
Manufacturing industry curve	-36.0	+10.0	-8.6	-20.1	-17.1	-16.7	-14.8	-12.1	-15.1	.	.
Assessment of total order books	-57.7	+10.0	-19.2	-29.7	-27.3	-33.9	-32.6	-19.9	-24.5	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+18.8	+14.0	+14.8	+10.6	+11.4	+12.9	.	.
Employment expectations	-41.4	+11.5	-7.1	-14.3	-8.9	-8.2	-7.4	-4.0	-6.8	.	.
Demand expectations	-37.9	+15.0	-3.2	-17.5	-18.4	-10.0	-8.4	-12.8	-16.1	.	.
Business-related services curve	-62.1	+34.0	+9.2	-10.7	-8.0	-6.1	-7.2	-1.5	-4.0	.	.
Assessment of activity	-71.6	+20.0	-6.4	-15.7	-9.1	-11.3	-20.0	-7.9	-9.1	.	.
Activity expectations	-70.7	+47.0	+21.2	-5.6	-3.3	-4.0	-1.2	+4.6	+1.1	.	.
Market demand expectations	-59.9	+44.0	+12.7	-10.6	-11.6	-2.9	-0.5	-0.8	-4.8	.	.
Building industry curve	-24.3	+24.3	-3.3	-4.6	-4.3	-6.6	-5.8	-5.8	-5.9	.	.
Trend in orders	-30.1	+33.0	-0.1	+1.0	+1.4	+0.1	-2.4	-3.9	-2.7	.	.
Trend in equipment	-38.4	+24.0	+1.6	-1.3	+1.9	-1.1	+1.6	-2.0	-1.9	.	.
Assessment of order books	-50.0	+30.0	-14.5	-1.0	-1.8	-3.1	-2.4	+0.6	-0.4	.	.
Demand expectations	-26.0	+18.0	-0.4	-17.1	-18.7	-22.3	-20.0	-19.1	-19.1	.	.
Trade curve	-41.8	+16.0	-3.6	-24.5	-13.3	-14.2	-24.2	-20.3	-22.7	.	.
Employment expectations	-33.0	+18.0	+1.1	-8.4	-11.7	-12.6	-8.8	-2.6	-4.9	.	.
Demand expectations	-56.0	+29.0	-3.1	-34.8	-17.4	-6.8	-34.4	-31.9	-34.3	.	.
Intentions of placing orders	-40.1	+15.0	-8.7	-30.2	-10.9	-23.1	-29.4	-26.7	-29.2	.	.

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 2022.

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	Nov	Dec	Jan	Feb	Sep	Oct	Nov	Dec
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.1	- 7.2	+ 0.1	- 7.5	+ 4.3	- 8.2	- 8.1	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 17.0	+ 1.3	- 13.2	- 10.2	- 13.6	- 14.5	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 15.2	- 5.0	- 8.2	- 5.3	- 10.6	- 10.9	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.1	- 26.1	- 28.2	- 33.9	- 30.7	- 20.4	- 24.5	.	.
Trend in prices	- 21.0	+ 34.3	+ 0.3	+ 10.7	+ 8.1	+ 2.5	+ 4.4	+ 15.4	+ 13.0	.	.
Price expectations	- 24.0	+ 54.2	+ 4.4	+ 28.5	+ 30.4	+ 17.0	+ 13.0	+ 29.4	+ 28.2	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.6	-	-	75.3	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.4	- 20.7	+ 21.0	+ 2.3	+ 9.2	+ 7.6	+ 6.6	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.5	- 7.3	+ 12.5	+ 5.6	+ 19.8	+ 7.9	+ 7.2	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 16.8	+ 22.6	+ 26.1	+ 13.7	+ 25.7	+ 24.3	.	.
Trend in prices	- 15.8	+ 25.6	+ 2.3	+ 10.0	+ 6.9	+ 5.3	+ 25.6	+ 11.9	+ 11.4	.	.
Price expectations	- 13.0	+ 46.9	+ 7.9	+ 46.9	+ 39.1	+ 36.9	+ 29.5	+ 34.1	+ 35.7	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 1.7	+ 4.9	+ 3.5	+ 2.1	+ 3.3	+ 1.4	+ 1.9	.	.
Trend in employment	- 27.0	+ 22.0	- 3.1	+ 2.7	+ 0.8	+ 2.6	- 1.1	+ 1.2	+ 1.0	.	.
Employment expectations	- 31.0	+ 30.0	+ 1.0	+ 7.8	+ 10.7	+ 4.5	+ 9.7	+ 8.0	+ 7.9	.	.
Trend in prices	- 27.1	+ 52.8	- 2.0	+ 37.9	+ 39.5	+ 38.8	+ 34.3	+ 39.4	+ 39.2	.	.
Price expectations	- 20.6	+ 64.0	+ 3.8	+ 53.7	+ 57.8	+ 49.7	+ 42.2	+ 52.6	+ 53.0	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 2.0	- 5.8	- 8.0	+ 5.8	+ 9.2	- 2.9	- 1.2	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 17.9	- 10.0	- 5.9	- 5.6	- 13.9	- 12.6	.	.
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 10.9	+ 5.9	+ 6.3	+ 11.1	+ 5.8	- 3.1	- 0.2	.	.
Trend in prices	- 23.5	+ 55.3	+ 0.1	+ 55.3	+ 38.6	+ 40.0	+ 22.7	+ 42.9	+ 42.5	.	.
Price expectations	- 14.2	+ 69.5	+ 7.3	+ 57.6	+ 48.8	+ 50.6	+ 44.5	+ 57.1	+ 55.2	.	.

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 2022.

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 – January 2023

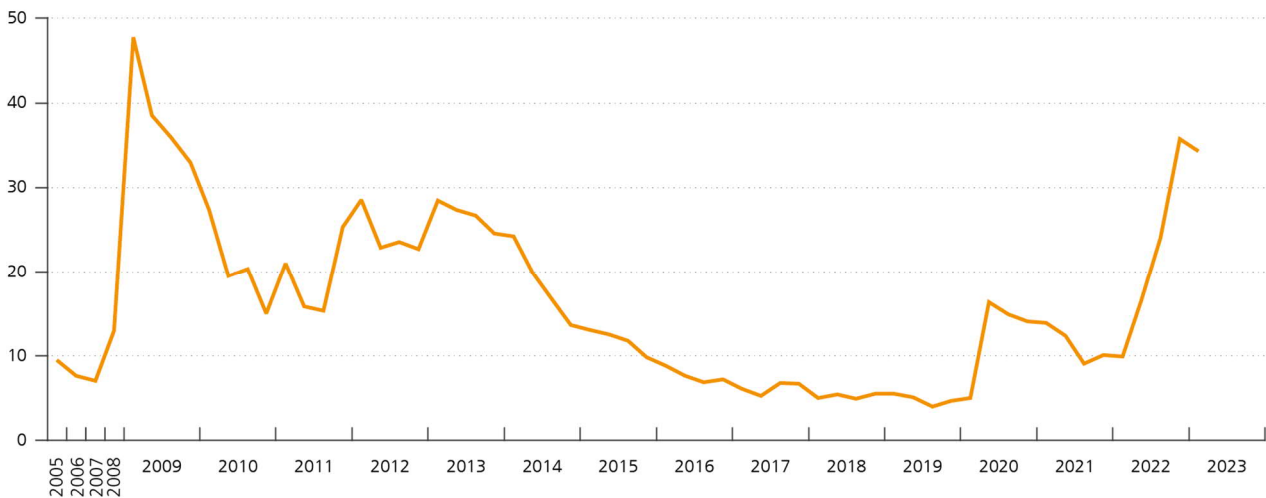
According to businesses, credit conditions remain very strict

The latest quarterly survey on the assessment of corporate credit conditions shows that the general conditions for access to bank credit, which were tightened considerably throughout last year, remain strict at the beginning of 2023. The percentage of businesses that consider credit conditions to be tight stood at 34.3% in January, compared with 35.7% in the previous quarter. This is still, historically speaking, an extremely high level.

The results by sector indicate that, compared to the previous survey, the perception of credit conditions did not change much in the manufacturing industry, while companies active in the building industry and the business-related services sector found them slightly less tight. Bank credit conditions were perceived most negatively in the business-related services sector, with 41.7% of firms stating that they found them tight (45.7% last October), compared with 30.5% in the manufacturing industry (30.2% in October) and 27.2% in the building industry (29.1% in October).

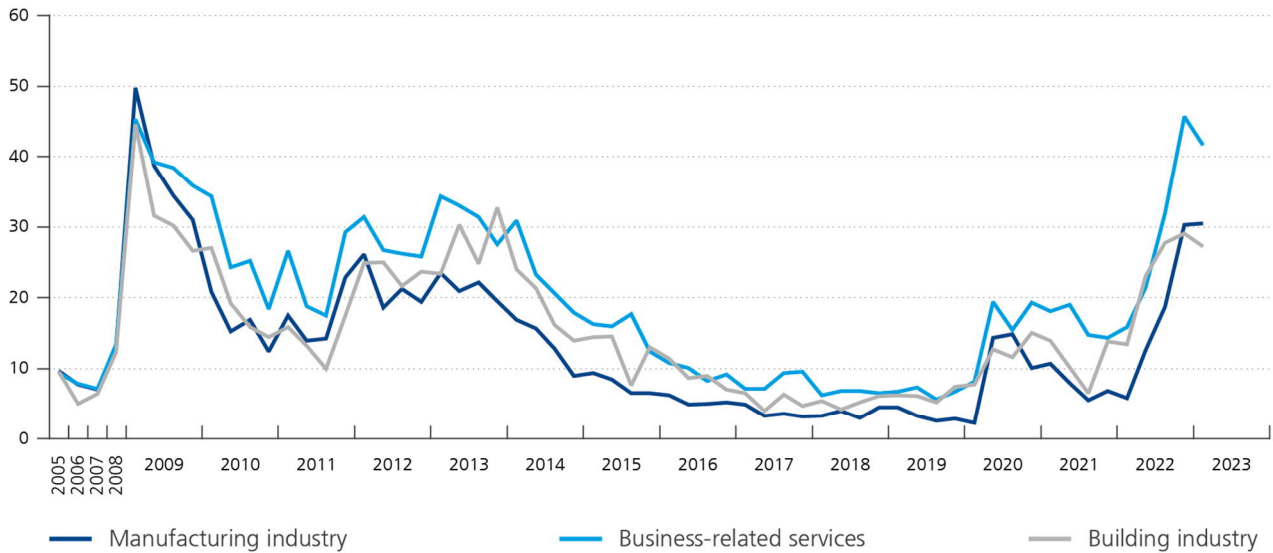
The breakdown by company size reveals that credit conditions were clearly felt to be tighter by large companies (250-499 employees), while there was little change in the perception of other company classes.

Chart 2 - Credit constraint perception¹ - Overall indicator



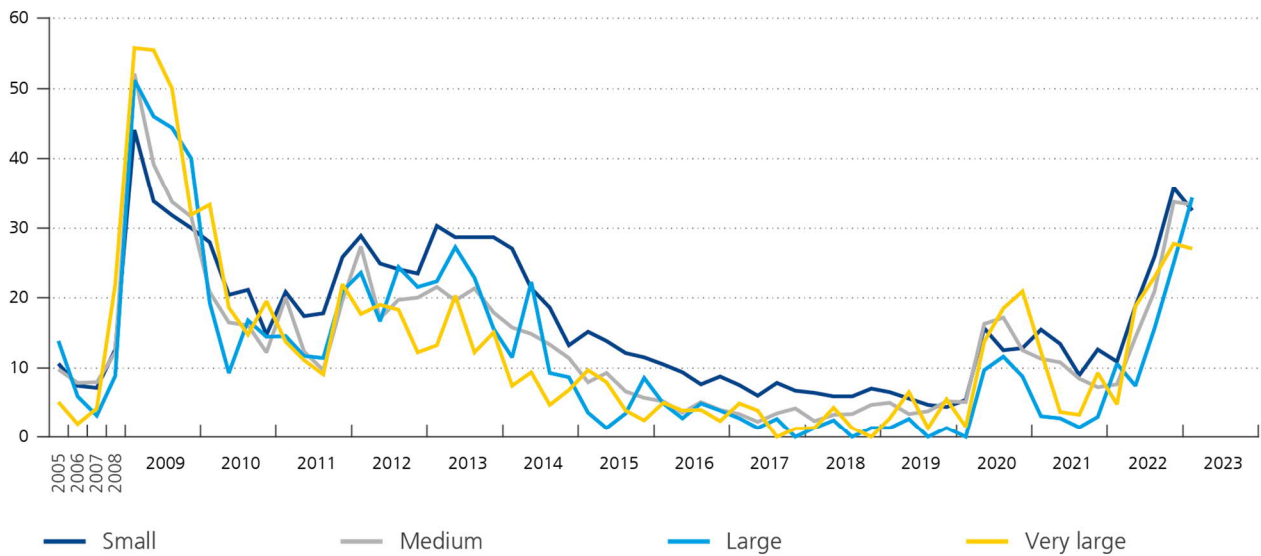
Source: NBB - quarterly survey on credit conditions.

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

Chart 3 - Credit constraint perception¹ - Breakdown by sector

Source : NBB - quarterly survey on credit conditions.

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

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 constrained.

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

	01-2022	04-2022	07-2022	10-2022	01-2023
Overall indicator ²	9.9	16.5	24.1	35.7	34.3
By sector					
Manufacturing industry	5.8	12.6	18.7	30.2	30.5
Business-related services	15.9	21.5	31.9	45.7	41.7
Building industry	13.4	23.1	27.7	29.1	27.2
By company size³					
Small	10.8	18.8	25.9	35.8	32.5
Medium	7.7	14.3	20.9	33.7	33.3
Large	10.6	7.5	15.6	25.0	34.4
Very large	4.8	18.8	23.0	27.7	27.0

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

² Weighted average of the manufacturing industry, business-related services and the building industry (weighting criterion: outstanding debt with credit institutions). Within the individual sectors, 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.

Methodological note on the “credit constraint perception” indicator

The National Bank of Belgium (NBB) publishes an indicator based on the results of its quarterly corporate credit conditions survey. This “credit constraint perception” indicator reveals the percentage of firms with an unfavourable assessment of current credit conditions.

In terms of statistical properties, this type of indicator appears to be more relevant than one showing the level of favourable assessments or the difference between favourable and unfavourable assessments. The indicator is also easy to interpret, as a rise (or fall) means that firms feel credit conditions are tightening (or easing).

The NBB’s credit constraint perception indicator has been published on a quarterly basis since January 2009.¹

¹ The results of the quarterly survey on corporate credit conditions are included and commented on in the quarterly press releases of the Monitoring Centre for Credit to Non-financial Corporations, along with the Belgian results of the ESCB Bank Lending Survey (https://www.nbb.be/doc/dq/bls/en/bls_home.htm).