

PRESS RELEASE

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Monthly business survey – May 2023

Business confidence wavers in May

- **A slackening was observed in all sectors surveyed, with the exception of trade where the confidence indicator rose notably for the third consecutive month.**

The increase in confidence was seen most strongly in trade in motor vehicles and textiles. The trade sector as a whole reported a sharp upward revision of demand expectations and, to a lesser extent, employment expectations. By contrast, there was little change in intentions of placing orders with suppliers.

In contrast to the results in trade, the indicator deteriorated in the manufacturing industry due to more pessimistic demand and employment expectations. On the other hand, the assessment of stock levels was more favourable, as was the appraisal of order books, albeit marginally.

In business-related services, business sentiment benefited from a better assessment of current activity. On the other hand, activity and market demand expectations weakened, leading to a fall in the indicator in this sector.

Finally, the loss of confidence in the building industry is attributable to the trend in orders, while the trend in the use of equipment was assessed more positively. Demand expectations improved somewhat.

Influenced by the previous months' results, the overall smoothed synthetic curve, which reflects the underlying economic trend, continues to point upwards.

Business survey indicators

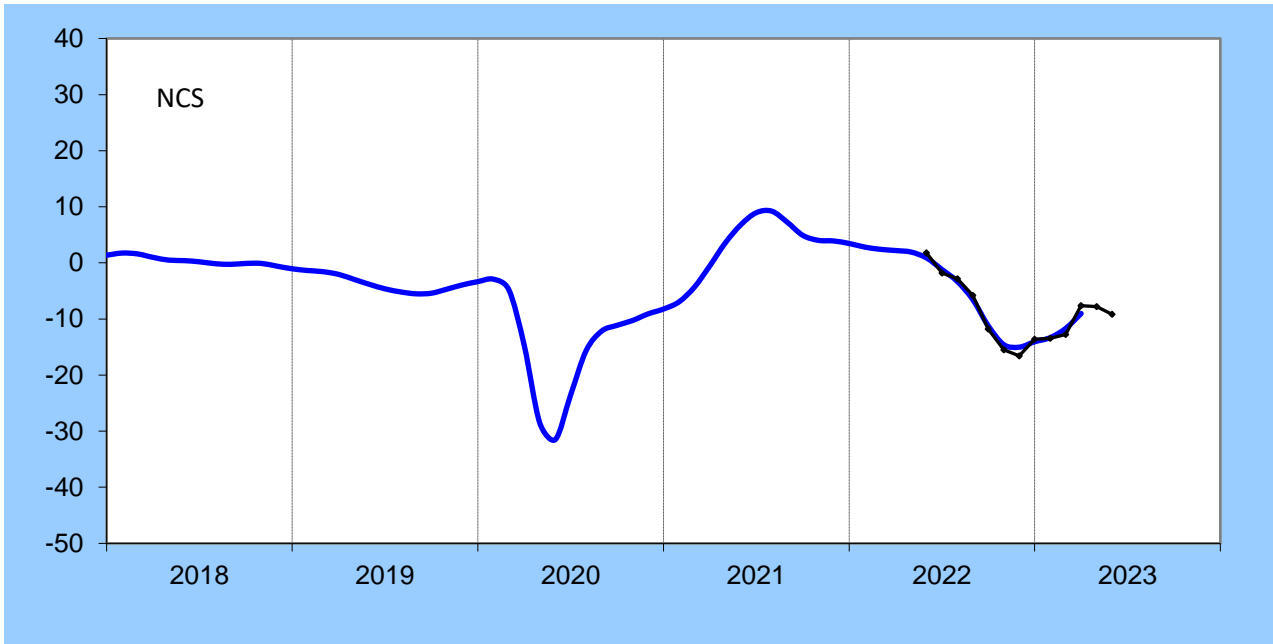
	Gross synthetic curve			Smoothed synthetic curve ¹
	April 2023	May 2023	Variation in points	Variation in Points
Manufacturing industry	-12.1	-14.3	-2.2	0.6
Business-related services	11.4	10.5	-0.9	1.6
Building industry	-5.4	-6.6	-1.2	0.1
Trade	-15.9	-9.2	6.7	1.9
Overall synthetic curve	-7.8	-9.2	-1.4	2.7

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.

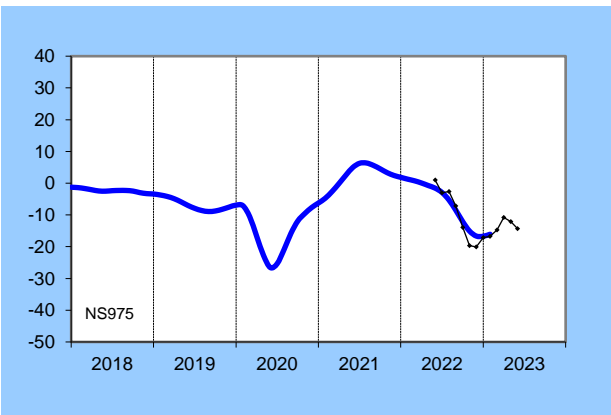
Source: NBB.

CHART 1 - SYNTHETIC CURVES

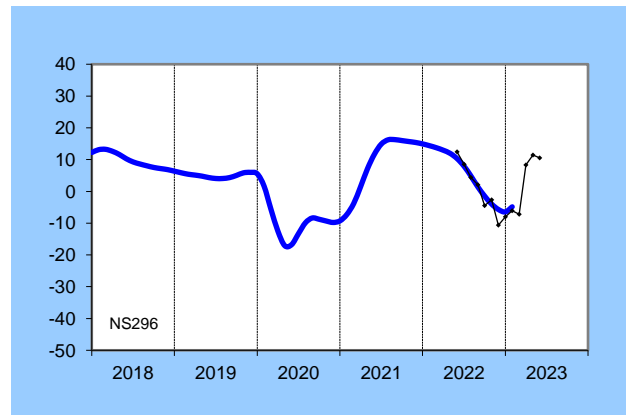
OVERALL SYNTHETIC CURVE



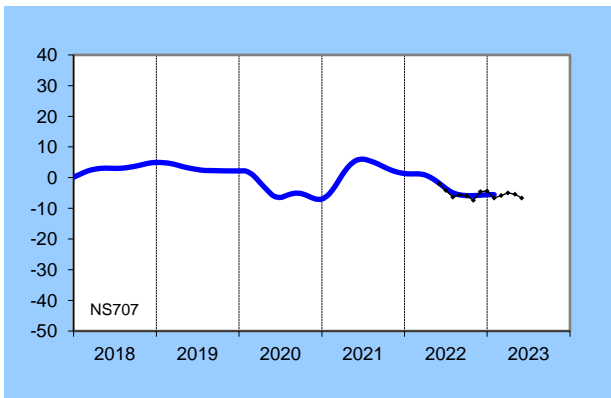
MANUFACTURING INDUSTRY



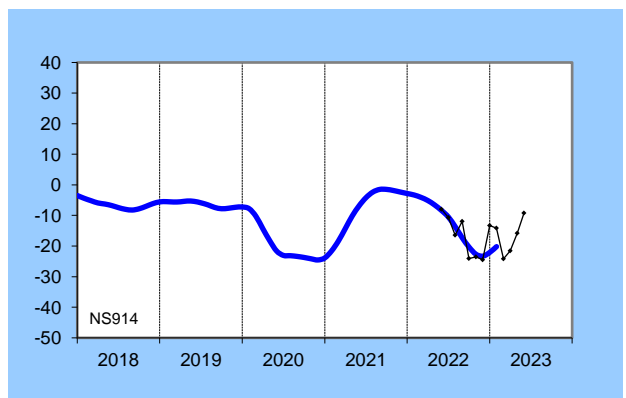
BUSINESS-RELATED SERVICES



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	2023				2022 - 2023			
				Feb	Mar	Apr	May	Dec	Jan	Feb	Mar
Overall synthetic curve	-36.1	+10.1	-5.2	-12.8	-7.6	-7.8	-9.2	-14.1	-13.3	-11.7	-9.0
Manufacturing industry curve	-36.0	+10.0	-8.6	-14.8	-10.8	-12.1	-14.3	-16.7	-16.1	.	.
Assessment of total order books	-57.7	+10.0	-19.2	-32.6	-26.0	-30.9	-30.4	-28.7	-29.9	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+10.6	+9.8	+7.8	+4.4	+13.9	+12.9	.	.
Employment expectations	-41.4	+11.5	-7.1	-7.4	+0.4	-2.4	-6.7	-8.5	-8.1	.	.
Demand expectations	-37.9	+15.0	-3.2	-8.4	-8.0	-7.5	-15.8	-14.6	-12.2	.	.
Business-related services curve	-62.1	+34.0	+9.2	-7.2	+8.4	+11.4	+10.5	-6.5	-4.9	.	.
Assessment of activity	-71.6	+20.0	-6.4	-20.0	-17.9	-12.8	-9.8	-11.9	-12.7	.	.
Activity expectations	-70.7	+47.0	+21.2	-1.2	+27.4	+27.5	+23.6	-2.6	+0.6	.	.
Market demand expectations	-59.9	+44.0	+12.7	-0.5	+15.6	+19.5	+17.9	-5.6	-1.8	.	.
Building industry curve	-24.3	+24.3	-3.3	-5.8	-5.0	-5.4	-6.6	-5.6	-5.5	.	.
Trend in orders	-30.1	+33.0	-0.1	-2.4	-0.0	-2.3	-10.3	-0.5	-0.2	.	.
Trend in equipment	-38.4	+24.0	+1.6	+1.6	+0.5	-4.1	-1.7	-0.7	-0.3	.	.
Assessment of order books	-50.0	+30.0	-14.5	-2.4	-5.1	-3.0	-3.3	-1.9	-2.3	.	.
Demand expectations	-26.0	+18.0	-0.4	-20.0	-15.4	-12.1	-11.1	-19.0	-18.6	.	.
Trade curve	-41.8	+16.0	-3.6	-24.2	-21.6	-15.9	-9.2	-22.1	-20.2	.	.
Employment expectations	-33.0	+18.0	+1.1	-8.8	-11.8	-2.3	+2.5	-9.3	-10.2	.	.
Demand expectations	-56.0	+29.0	-3.1	-34.4	-21.6	-22.9	-7.5	-29.7	-26.4	.	.
Intentions of placing orders	-40.1	+15.0	-8.7	-29.4	-31.4	-22.4	-22.6	-28.9	-27.2	.	.

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 or negative balance, as the case may be, means that stock levels, according to the assessment of business leaders, are higher or lower, respectively, than normal for the season. When calculating the synthetic curve, 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			
				2023				2022 - 2023			
	Min. ¹	Max. ¹	Avg. ²	Feb	Mar	Apr	May	Dec	Jan	Feb	Mar
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.1	+ 4.3	- 0.9	+ 0.3	- 16.8	- 4.7	- 3.0	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 10.2	- 16.8	- 18.2	- 15.8	- 13.9	- 13.7	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 5.3	- 0.8	- 10.9	- 3.9	- 7.8	- 6.4	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.1	- 30.7	- 27.9	- 28.8	- 29.8	- 27.6	- 28.4	.	.
Trend in prices	- 21.0	+ 34.3	+ 0.3	+ 4.4	+ 3.7	+ 1.2	- 3.2	+ 7.8	+ 5.7	.	.
Price expectations	- 24.0	+ 54.2	+ 4.4	+ 13.0	+ 9.1	+ 6.1	- 4.0	+ 22.9	+ 18.6	.	.
Production capacity											
(in percentage of the total production capacity)	70.1	84.6	79.6	-	-	77.7	-				
Source: quarterly production capacity survey											
Business-related services											
Trend in activity	- 73.0	+ 37.0	+ 9.4	+ 9.2	+ 9.3	+ 2.9	+ 12.8	+ 7.3	+ 8.1	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.5	+ 19.8	+ 4.9	+ 20.1	+ 6.0	+ 7.1	+ 7.4	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 13.7	+ 30.0	+ 25.8	+ 23.8	+ 23.4	+ 23.9	.	.
Trend in prices	- 15.8	+ 25.6	+ 2.3	+ 25.6	+ 11.8	+ 1.4	+ 8.5	+ 9.9	+ 9.1	.	.
Price expectations	- 13.0	+ 46.9	+ 7.9	+ 29.5	+ 25.1	+ 23.8	+ 26.3	+ 36.0	+ 33.7	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 1.7	+ 3.3	+ 0.5	- 9.1	- 8.8	+ 2.8	+ 2.5	.	.
Trend in employment	- 27.0	+ 22.0	- 3.1	- 1.1	- 0.5	- 7.8	+ 0.8	+ 0.6	+ 0.3	.	.
Employment expectations	- 31.0	+ 30.0	+ 1.0	+ 9.7	+ 15.6	+ 15.3	+ 11.1	+ 8.7	+ 9.4	.	.
Trend in prices	- 27.1	+ 52.8	- 2.0	+ 34.3	+ 22.8	+ 22.6	+ 15.3	+ 38.2	+ 35.5	.	.
Price expectations	- 20.6	+ 64.0	+ 3.8	+ 42.2	+ 41.4	+ 31.9	+ 21.8	+ 51.2	+ 48.3	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 2.0	+ 9.2	- 9.4	+ 5.0	+ 5.1	+ 1.0	+ 2.4	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 5.6	- 9.0	+ 1.5	- 21.8	- 8.7	- 7.3	.	.
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 10.9	+ 5.8	+ 10.2	+ 11.1	+ 18.9	+ 5.4	+ 7.7	.	.
Trend in prices	- 23.5	+ 55.3	+ 0.1	+ 22.7	+ 28.7	+ 24.7	+ 21.5	+ 39.3	+ 35.3	.	.
Price expectations	- 14.2	+ 69.5	+ 7.3	+ 44.5	+ 44.3	+ 40.6	+ 31.2	+ 50.4	+ 48.0	.	.

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 2022.

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Quarterly business survey on credit conditions – April 2023

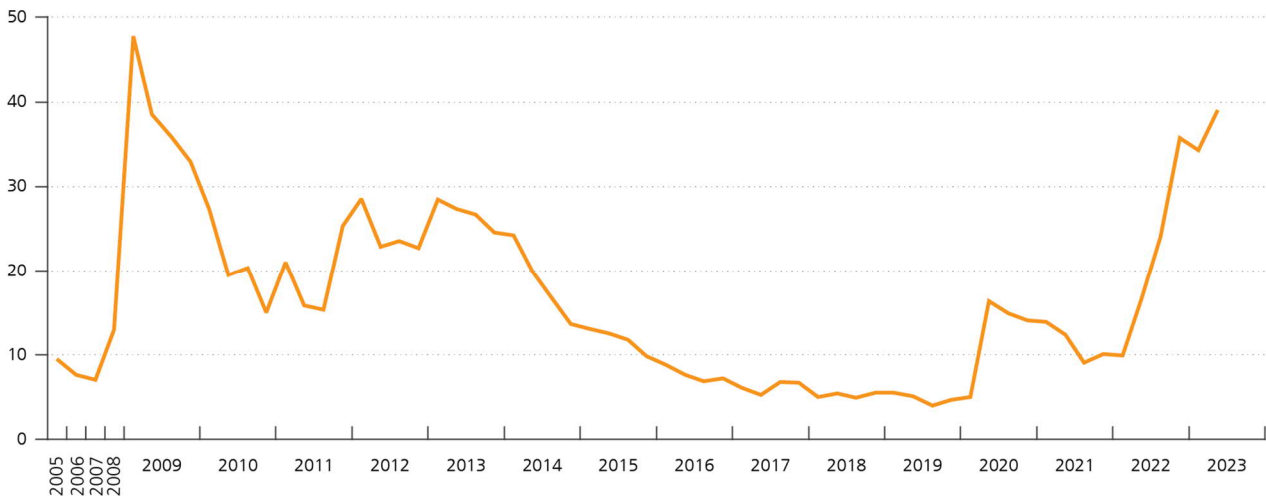
According to firms, credit conditions have tightened further

The quarterly survey on firms' assessment of credit conditions, conducted in April 2023, revealed a further deterioration in general conditions for access to bank credit compared to the previous quarter. No less than 39% of respondents indicated that they considered credit conditions to be tight, compared with 34.3% a quarter earlier. Credit conditions thus remain very stringent, viewed from a historical perspective.

Access to bank credit is perceived as having worsened particularly by manufacturing firms and, to a lesser extent, by those active in the building industry. In contrast, firms providing business-related services only slightly revised their assessment compared to the previous quarter. It is nonetheless in this sector that conditions for access to bank credit are perceived most negatively, with 41.1% of respondents active in the sector finding them constrained (41.7% in January), compared with 38.8% in the manufacturing industry (30.5% in January) and 30.6% in the building industry (27.2% in January).

The results by firm size show that the tightening of credit conditions is being felt most by small businesses (those with fewer than 50 employees) and medium-sized firms (with 50 to 249 employees). Very large firms (500 or more employees) scarcely revised their assessment, while large firms (250-499 employees) found access to bank credit easier after the sharp deterioration perceived in the previous quarter.

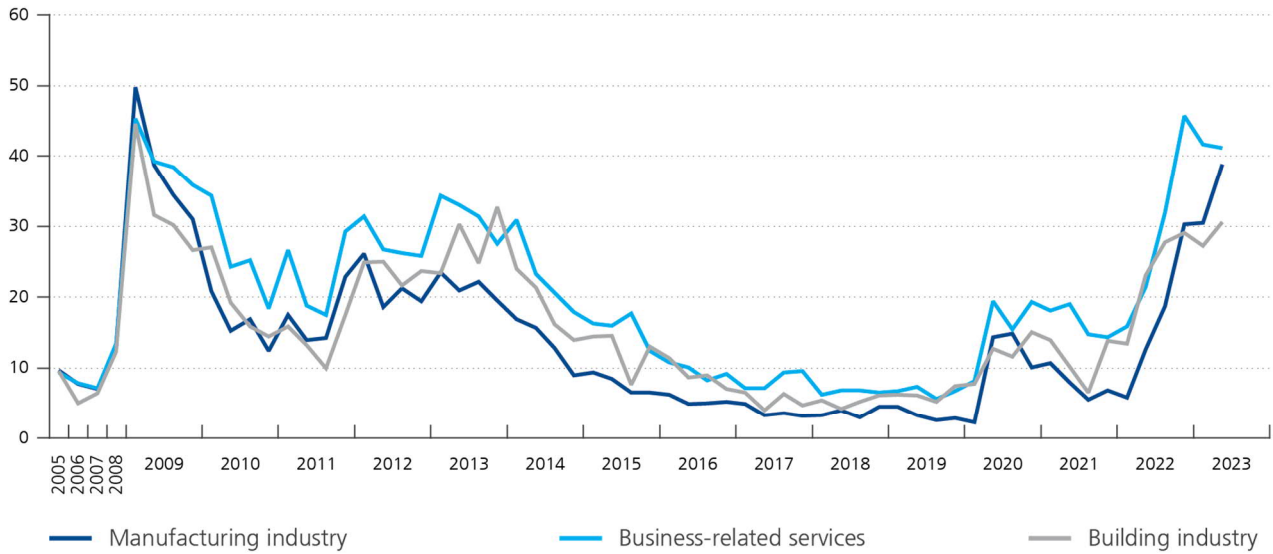
Chart 2 - Credit constraint perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

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

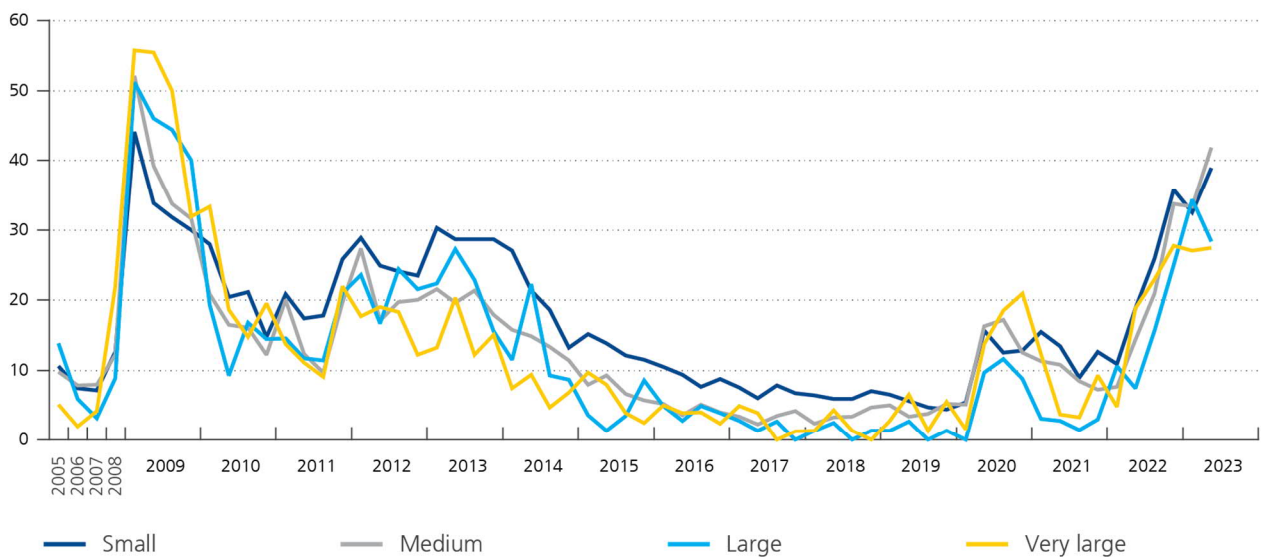
Chart 3 - Credit constraint perception¹ - Breakdown by sector



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

	04-2022	07-2022	10-2022	01-2023	04-2023
Overall indicator ²	16.5	24.1	35.7	34.3	39.0
By sector					
Manufacturing industry	12.6	18.7	30.2	30.5	38.8
Business-related services	21.5	31.9	45.7	41.7	41.1
Building industry	23.1	27.7	29.1	27.2	30.6
By company size³					
Small	18.8	25.9	35.8	32.5	38.9
Medium	14.3	20.9	33.7	33.3	41.8
Large	7.5	15.6	25.0	34.4	28.4
Very large	18.8	23.0	27.7	27.0	27.4

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).