

PRESS RELEASE

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Monthly business survey – June 2023

Business confidence slips further in June

- **The indicator fell for the third consecutive month.**
- **The business climate worsened significantly in business-related services and, to a lesser extent, in trade and manufacturing. In the building industry, the confidence indicator held more or less steady.**

In business-related services, a pronounced slackening of confidence was recorded, with all components of the indicator falling. In addition to a more negative assessment of their current activity level, respondents expressed much more pessimistic expectations of future activity and market demand in general.

In trade, as well, all components of the indicator fell; both demand and employment expectations and intentions of placing order with suppliers in the next three months deteriorated.

The third consecutive drop in manufacturing reflects a more unfavourable assessment of total order books and stock levels which was, however, partially offset by more positive demand expectations.

Finally, the near stabilisation in confidence in the building industry was due to an improvement in the recent trend in orders and increased equipment use, while the other components deteriorated slightly.

The smoothed synthetic curve, which reflects the underlying economic trend, remains on an upward trajectory, despite the third consecutive weakening of the gross synthetic curve, due to favourable developments in the previous months.

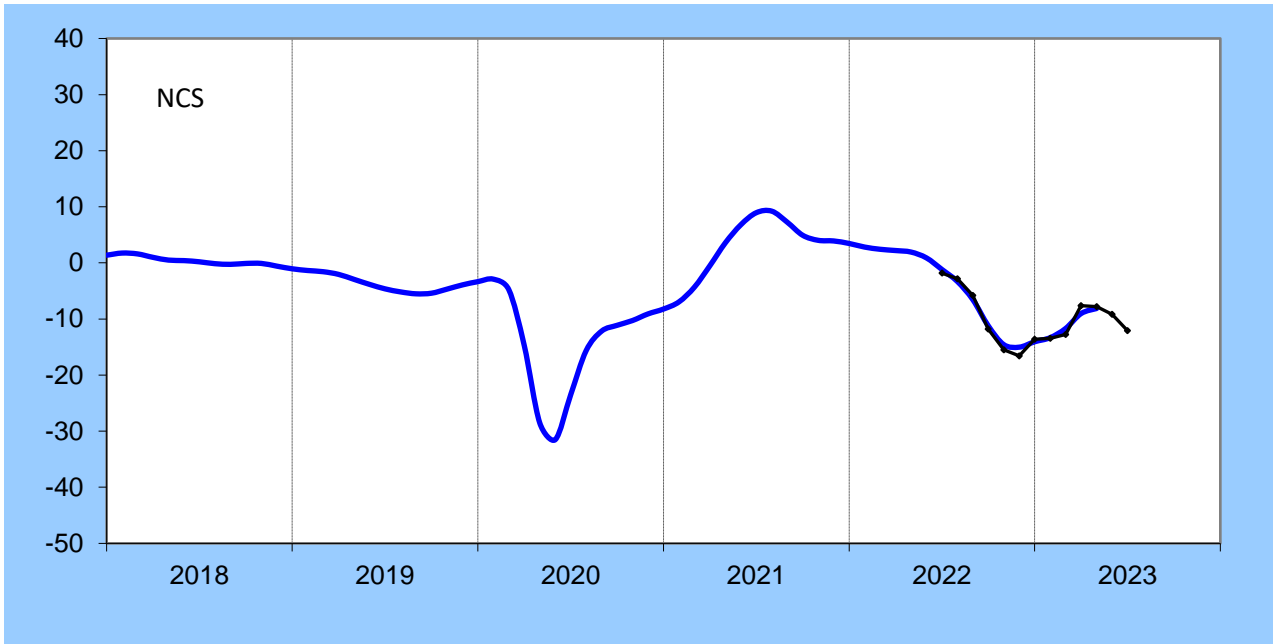
Business survey indicators

| | Gross synthetic curve | | | Smoothed synthetic curve ¹ |
|--------------------------------|-----------------------|--------------|------------------------|---------------------------------------|
| | May 2023 | June 2023 | Variation in points | Variation in Points |
| Manufacturing industry | -14.3 | -15.6 | -1.3 | 0.7 |
| Business-related services | 10.5 | -2.5 | -13.0 | 3.8 |
| Building industry | -6.6 | -6.0 | 0.6 | 0.0 |
| Trade | -9.2 | -13.2 | -4.0 | 1.9 |
| Overall synthetic curve | -9.2 | -12.1 | -2.9 | 0.9 |

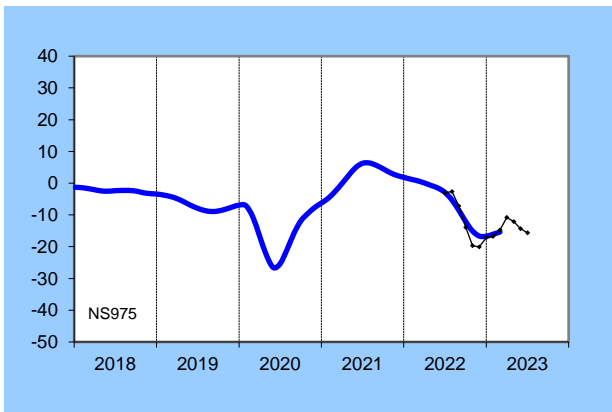
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed indicator reflects recent developments more closely than the smoothed indicators per branch.

Source: NBB.

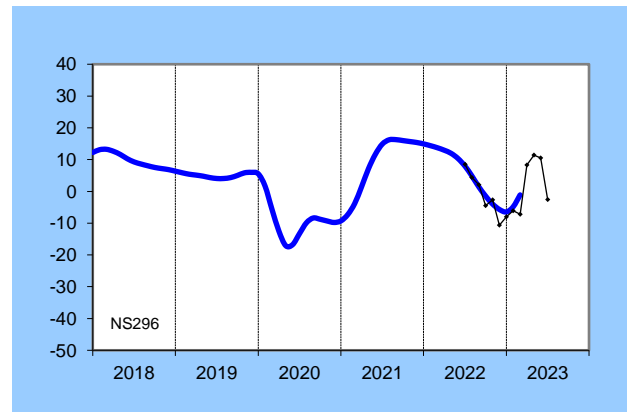
OVERALL SYNTHETIC CURVE



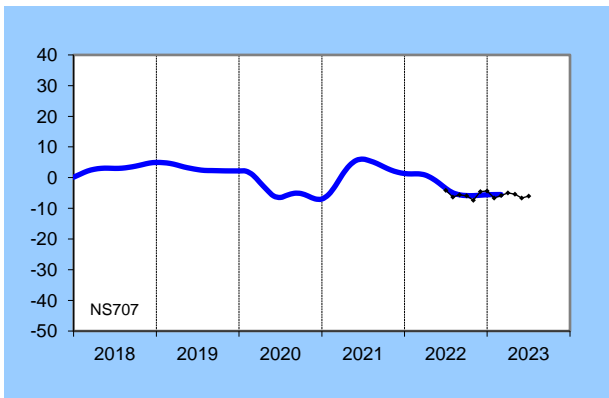
MANUFACTURING INDUSTRY



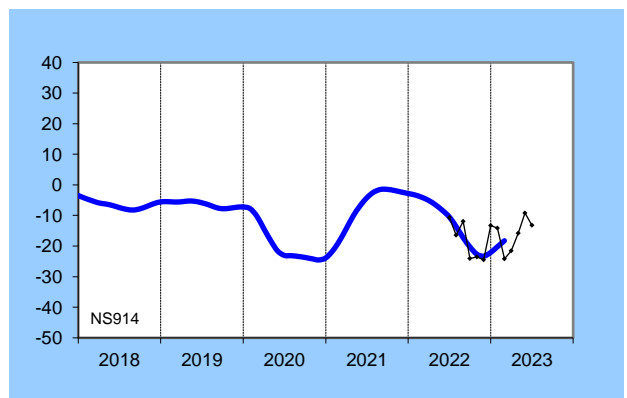
BUSINESS-RELATED SERVICES



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 | | | | 2023 | | | |
| | | | | Mar | Apr | May | Jun | Jan | Feb | Mar | Apr |
| Overall synthetic curve | -36.1 | +10.1 | -5.2 | -7.6 | -7.8 | -9.2 | -12.1 | -13.3 | -11.7 | -9.0 | -8.1 |
| Manufacturing industry curve | -36.0 | +10.0 | -8.6 | -10.8 | -12.1 | -14.3 | -15.6 | -16.1 | -15.4 | . | . |
| Assessment of total order books | -57.7 | +10.0 | -19.2 | -26.0 | -30.9 | -30.4 | -32.6 | -29.9 | -30.5 | . | . |
| Assessment of level of stocks ³ | -19.0 | +25.0 | +4.7 | +9.8 | +7.8 | +4.4 | +8.6 | +12.9 | +11.5 | . | . |
| Employment expectations | -41.4 | +11.5 | -7.1 | +0.4 | -2.4 | -6.7 | -7.6 | -8.1 | -7.5 | . | . |
| Demand expectations | -37.9 | +15.0 | -3.2 | -8.0 | -7.5 | -15.8 | -13.4 | -12.2 | -9.9 | . | . |
| Business-related services curve | -62.1 | +34.0 | +9.2 | +8.4 | +11.4 | +10.5 | -2.5 | -4.9 | -1.1 | . | . |
| Assessment of activity | -71.6 | +20.0 | -6.4 | -17.9 | -12.8 | -9.8 | -15.7 | -12.7 | -13.7 | . | . |
| Activity expectations | -70.7 | +47.0 | +21.2 | +27.4 | +27.5 | +23.6 | +2.2 | +0.6 | +7.3 | . | . |
| Market demand expectations | -59.9 | +44.0 | +12.7 | +15.6 | +19.5 | +17.9 | +5.9 | -1.8 | +4.0 | . | . |
| Building industry curve | -24.3 | +24.3 | -3.3 | -5.0 | -5.4 | -6.6 | -6.0 | -5.5 | -5.5 | . | . |
| Trend in orders | -30.1 | +33.0 | -0.1 | -0.0 | -2.3 | -10.3 | -7.0 | -0.2 | -0.9 | . | . |
| Trend in equipment | -38.4 | +24.0 | +1.6 | +0.5 | -4.1 | -1.7 | -1.4 | -0.3 | -0.3 | . | . |
| Assessment of order books | -50.0 | +30.0 | -14.5 | -5.1 | -3.0 | -3.3 | -3.7 | -2.3 | -2.8 | . | . |
| Demand expectations | -26.0 | +18.0 | -0.4 | -15.4 | -12.1 | -11.1 | -11.8 | -18.6 | -17.2 | . | . |
| Trade curve | -41.8 | +16.0 | -3.6 | -21.6 | -15.9 | -9.2 | -13.2 | -20.2 | -18.3 | . | . |
| Employment expectations | -33.0 | +18.0 | +1.1 | -11.8 | -2.3 | +2.5 | -4.1 | -10.2 | -9.7 | . | . |
| Demand expectations | -56.0 | +29.0 | -3.1 | -21.6 | -22.9 | -7.5 | -10.6 | -26.4 | -23.2 | . | . |
| Intentions of placing orders | -40.1 | +15.0 | -8.7 | -31.4 | -22.4 | -22.6 | -24.8 | -27.2 | -25.7 | . | . |

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 | | | | 2023 | | | |
| | Min. ¹ | Max. ¹ | Avg. ² | Mar | Apr | May | Jun | Jan | Feb | Mar | Apr |
| Manufacturing industry | | | | | | | | | | | |
| Trend in production rate | - 53.0 | + 20.0 | - 1.1 | - 0.9 | + 0.3 | - 16.8 | + 1.3 | - 3.0 | - 1.3 | . | . |
| Trend in domestic orders | - 48.7 | + 16.0 | - 7.4 | - 16.8 | - 18.2 | - 15.8 | - 15.3 | - 13.7 | - 14.2 | . | . |
| Trend in export orders | - 56.3 | + 30.0 | - 2.6 | - 0.8 | - 10.9 | - 3.9 | - 6.2 | - 6.4 | - 5.7 | . | . |
| Assessment of export order books | - 61.0 | + 10.0 | - 20.1 | - 27.9 | - 28.8 | - 29.8 | - 30.3 | - 28.4 | - 29.0 | . | . |
| Trend in prices | - 21.0 | + 34.3 | + 0.3 | + 3.7 | + 1.2 | - 3.2 | - 5.7 | + 5.7 | + 3.8 | . | . |
| Price expectations | - 24.0 | + 54.2 | + 4.4 | + 9.1 | + 6.1 | - 4.0 | - 9.0 | + 18.6 | + 13.7 | . | . |
| 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 | + 9.3 | + 2.9 | + 12.8 | - 3.7 | + 8.1 | + 8.8 | . | . |
| Trend in employment | - 49.4 | + 34.0 | + 6.5 | + 4.9 | + 20.1 | + 6.0 | + 0.2 | + 7.4 | + 7.5 | . | . |
| Employment expectations | - 35.0 | + 48.0 | + 17.8 | + 30.0 | + 25.8 | + 23.8 | + 15.1 | + 23.9 | + 24.3 | . | . |
| Trend in prices | - 15.8 | + 25.6 | + 2.3 | + 11.8 | + 1.4 | + 8.5 | + 4.2 | + 9.1 | + 8.7 | . | . |
| Price expectations | - 13.0 | + 46.9 | + 7.9 | + 25.1 | + 23.8 | + 26.3 | + 13.8 | + 33.7 | + 30.9 | . | . |
| Building industry | | | | | | | | | | | |
| Trend in activity | - 66.6 | + 34.7 | - 1.7 | + 0.5 | - 9.1 | - 8.8 | - 4.9 | + 2.5 | + 1.2 | . | . |
| Trend in employment | - 27.0 | + 22.0 | - 3.1 | - 0.5 | - 7.8 | + 0.8 | - 8.8 | + 0.3 | - 0.1 | . | . |
| Employment expectations | - 31.0 | + 30.0 | + 1.0 | + 15.6 | + 15.3 | + 11.1 | + 4.3 | + 9.4 | + 10.3 | . | . |
| Trend in prices | - 27.1 | + 52.8 | - 2.0 | + 22.8 | + 22.6 | + 15.3 | + 11.0 | + 35.5 | + 31.4 | . | . |
| Price expectations | - 20.6 | + 64.0 | + 3.8 | + 41.4 | + 31.9 | + 21.8 | + 16.6 | + 48.3 | + 44.0 | . | . |
| Trade | | | | | | | | | | | |
| Trend in sales | - 50.1 | + 43.0 | - 2.0 | - 9.4 | + 5.0 | + 5.1 | - 2.0 | + 2.4 | + 2.4 | . | . |
| Assessment of sales | - 50.0 | + 28.0 | - 8.6 | - 9.0 | + 1.5 | - 21.8 | - 8.3 | - 7.3 | - 7.0 | . | . |
| Assessment of level of stocks ³ | - 17.1 | + 38.1 | + 10.9 | + 10.2 | + 11.1 | + 18.9 | + 18.6 | + 7.7 | + 9.0 | . | . |
| Trend in prices | - 23.5 | + 55.3 | + 0.1 | + 28.7 | + 24.7 | + 21.5 | + 23.2 | + 35.3 | + 30.9 | . | . |
| Price expectations | - 14.2 | + 69.5 | + 7.3 | + 44.3 | + 40.6 | + 31.2 | + 24.5 | + 48.0 | + 45.8 | . | . |

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.