

PRESS RELEASE

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Monthly business survey – August 2023

Business confidence remains stable in August

- **The fall in the indicator, begun in April, levelled off. This stabilisation compared to the previous month masks, however, disparate developments at sector level.**
- **The business climate improved somewhat in trade but deteriorated in the building industry. There was little change in the manufacturing industry and business-related services.**

Traders expect demand to rise and thus to increase their orders with suppliers. Only employment expectations were more muted, although this did not prevent the synthetic indicator from rising after two months of decline.

In the building industry, confidence is suffering from much gloomier demand expectations and a less favourable assessment of order books. The recent trend in the latter was assessed more positively, while that for the utilisation of equipment was revised downwards.

The confidence indicator stabilised in the manufacturing industry, influenced by a fall in all underlying components, with the exception of demand expectations, which displayed strong growth.

Finally, after two months of sharp decline, general market demand expectations recovered as well in the business-related services sector, which also benefited substantially from an improved assessment of current activity. On the other hand, business leaders expressed a much more reserved opinion when it came to expectations of their own activity. All in all, confidence in this sector remained fairly stable.

Influenced by the negative results of recent months, the smoothed synthetic curve, which reflects the underlying economic trend, continues the downward movement begun in July.

Business survey indicators

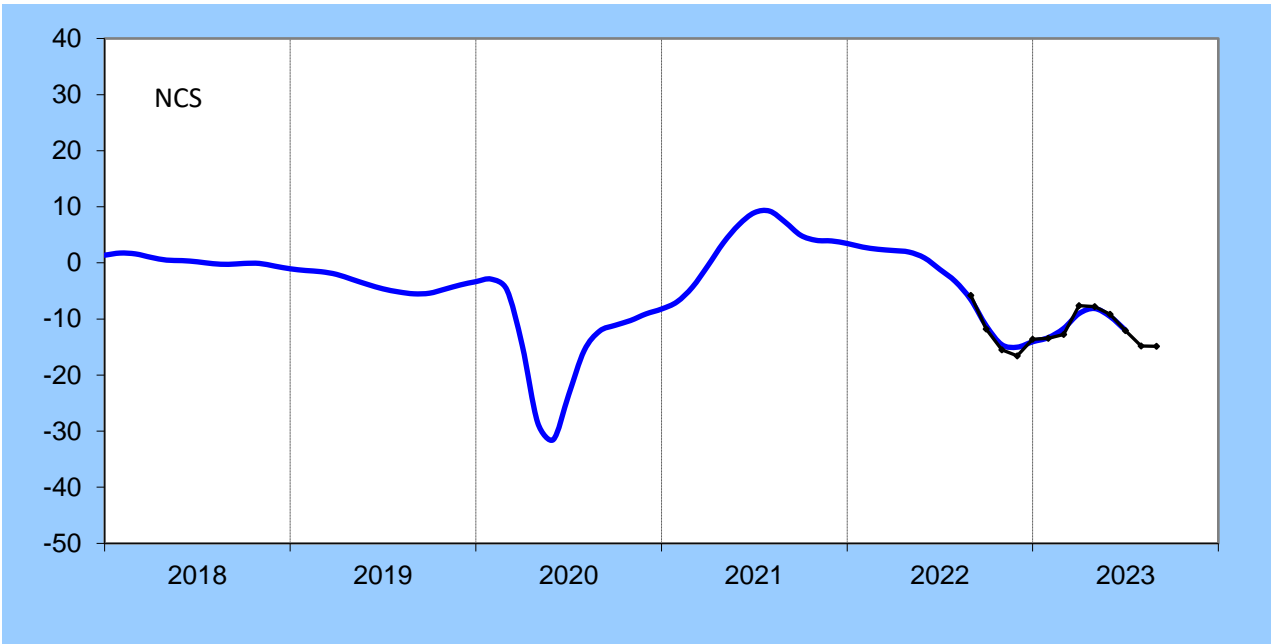
	Gross synthetic curve			Smoothed synthetic curve ¹
	July 2023	August 2023	Variation in points	Variation in Points
Manufacturing industry	-18.1	-18.0	0.1	0.2
Business-related services	-8.8	-9.0	-0.2	2.4
Building industry	-5.8	-7.2	-1.4	-0.2
Trade	-16.8	-14.8	2.0	0.9
Overall synthetic curve	-14.8	-14.9	-0.1	-2.4

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.

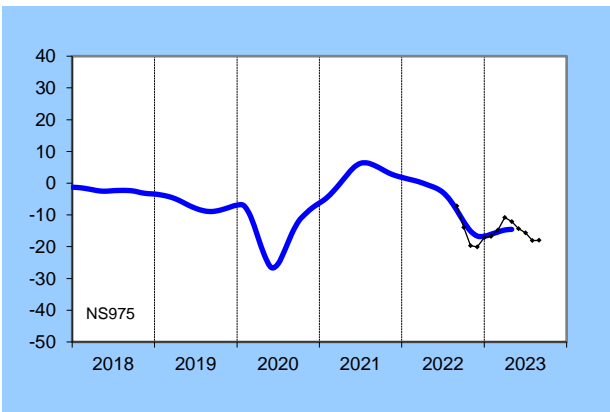
Source: NBB.

CHART 1 - SYNTHETIC CURVES

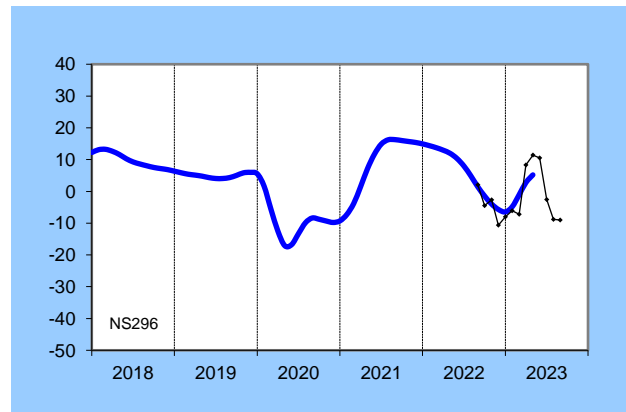
OVERALL SYNTHETIC CURVE



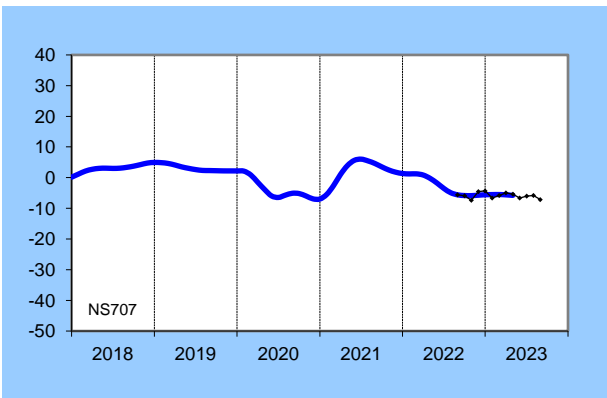
MANUFACTURING INDUSTRY



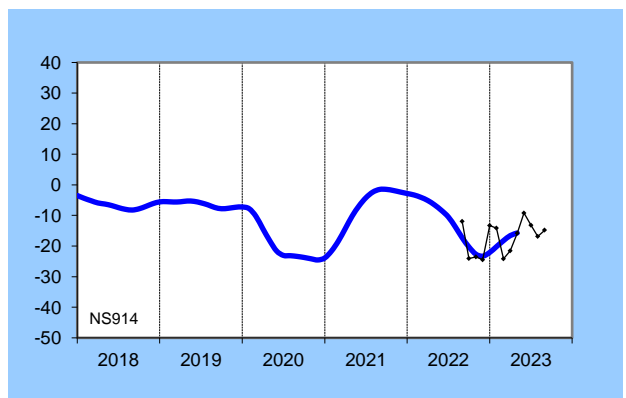
BUSINESS-RELATED SERVICES



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			
				2023				2023			
	Min. ¹	Max. ¹	Avg. ²	May	Jun	Jul	Aug	Mar	Apr	May	Jun
Overall synthetic curve	-36.1	+10.1	-5.2	-9.2	-12.1	-14.8	-14.9	-9.0	-8.1	-9.6	-12.0
Manufacturing industry curve	-36.0	+10.0	-8.6	-14.3	-15.6	-18.1	-18.0	-14.7	-14.5	.	.
Assessment of total order books	-57.7	+10.0	-19.2	-30.4	-32.6	-33.1	-35.6	-30.8	-31.2	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+4.4	+8.6	+7.6	+8.0	+10.0	+8.8	.	.
Employment expectations	-41.4	+11.5	-7.1	-6.7	-7.6	-13.2	-13.8	-7.1	-6.9	.	.
Demand expectations	-37.9	+15.0	-3.2	-15.8	-13.4	-18.4	-14.6	-9.2	-10.5	.	.
Business-related services curve	-62.1	+34.0	+9.2	+10.5	-2.5	-8.8	-9.0	+2.8	+5.2	.	.
Assessment of activity	-71.6	+20.0	-6.4	-9.8	-15.7	-20.7	-12.8	-14.3	-14.3	.	.
Activity expectations	-70.7	+47.0	+21.2	+23.6	+2.2	+2.2	-7.6	+14.0	+17.8	.	.
Market demand expectations	-59.9	+44.0	+12.7	+17.9	+5.9	-8.1	-6.7	+9.2	+12.3	.	.
Building industry curve	-24.3	+24.3	-3.3	-6.6	-6.0	-5.8	-7.2	-5.6	-5.8	.	.
Trend in orders	-30.1	+33.0	-0.1	-10.3	-7.0	-5.0	-2.6	-1.8	-3.1	.	.
Trend in equipment	-38.4	+24.0	+1.6	-1.7	-1.4	-0.3	-1.2	-0.6	-1.1	.	.
Assessment of order books	-50.0	+30.0	-14.5	-3.3	-3.7	-5.8	-8.1	-3.1	-3.4	.	.
Demand expectations	-26.0	+18.0	-0.4	-11.1	-11.8	-12.2	-17.0	-15.4	-13.8	.	.
Trade curve	-41.8	+16.0	-3.6	-9.2	-13.2	-16.8	-14.8	-16.6	-15.7	.	.
Employment expectations	-33.0	+18.0	+1.1	+2.5	-4.1	-6.6	-8.2	-8.1	-6.3	.	.
Demand expectations	-56.0	+29.0	-3.1	-7.5	-10.6	-19.7	-16.6	-21.3	-20.5	.	.
Intentions of placing orders	-40.1	+15.0	-8.7	-22.6	-24.8	-24.2	-19.6	-24.5	-23.7	.	.

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	May	Jun	Jul	Aug	Mar	Apr	May	Jun
Manufacturing industry											
Trend in production rate	- 53.0	+ 20.0	- 1.1	- 16.8	+ 1.3	- 9.9	- 19.2	- 0.4	- 1.6	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 15.8	- 15.3	- 18.6	- 16.9	- 14.9	- 15.9	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 3.9	- 6.2	- 14.1	- 19.9	- 5.4	- 6.3	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.1	- 29.8	- 30.3	- 29.8	- 35.1	- 29.4	- 29.7	.	.
Trend in prices	- 21.0	+ 34.3	+ 0.3	- 3.2	- 5.7	- 7.6	- 8.0	+ 2.0	- 0.1	.	.
Price expectations	- 24.0	+ 54.2	+ 4.4	- 4.0	- 9.0	- 10.5	- 10.1	+ 8.7	+ 3.3	.	.
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	+ 12.8	- 3.7	- 2.3	- 6.8	+ 8.4	+ 6.2	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.5	+ 6.0	+ 0.2	- 0.5	- 15.3	+ 7.4	+ 5.8	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 23.8	+ 15.1	+ 11.6	+ 5.5	+ 24.6	+ 23.5	.	.
Trend in prices	- 15.8	+ 25.6	+ 2.3	+ 8.5	+ 4.2	+ 4.7	+ 4.4	+ 7.8	+ 6.9	.	.
Price expectations	- 13.0	+ 46.9	+ 7.9	+ 26.3	+ 13.8	+ 11.4	+ 11.5	+ 27.8	+ 24.2	.	.
Building industry											
Trend in activity	- 66.6	+ 34.7	- 1.7	- 8.8	- 4.9	- 2.8	- 0.2	- 0.8	- 2.7	.	.
Trend in employment	- 27.0	+ 22.0	- 3.1	+ 0.8	- 8.8	- 9.8	- 4.0	- 1.4	- 3.4	.	.
Employment expectations	- 31.0	+ 30.0	+ 1.0	+ 11.1	+ 4.3	+ 4.9	+ 3.6	+ 10.8	+ 10.3	.	.
Trend in prices	- 27.1	+ 52.8	- 2.0	+ 15.3	+ 11.0	+ 10.4	+ 10.6	+ 26.6	+ 20.9	.	.
Price expectations	- 20.6	+ 64.0	+ 3.8	+ 21.8	+ 16.6	+ 15.4	+ 20.1	+ 37.8	+ 31.6	.	.
Trade											
Trend in sales	- 50.1	+ 43.0	- 2.0	+ 5.1	- 2.0	+ 22.2	+ 2.7	+ 3.7	+ 5.0	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 21.8	- 8.3	- 0.7	- 1.5	- 7.2	- 6.5	.	.
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 10.9	+ 18.9	+ 18.6	+ 12.8	+ 24.5	+ 10.5	+ 12.3	.	.
Trend in prices	- 23.5	+ 55.3	+ 0.1	+ 21.5	+ 23.2	+ 13.9	+ 9.2	+ 26.9	+ 24.0	.	.
Price expectations	- 14.2	+ 69.5	+ 7.3	+ 31.2	+ 24.5	+ 22.4	+ 19.0	+ 42.4	+ 37.7	.	.

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.

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Quarterly business survey on credit conditions – July 2023

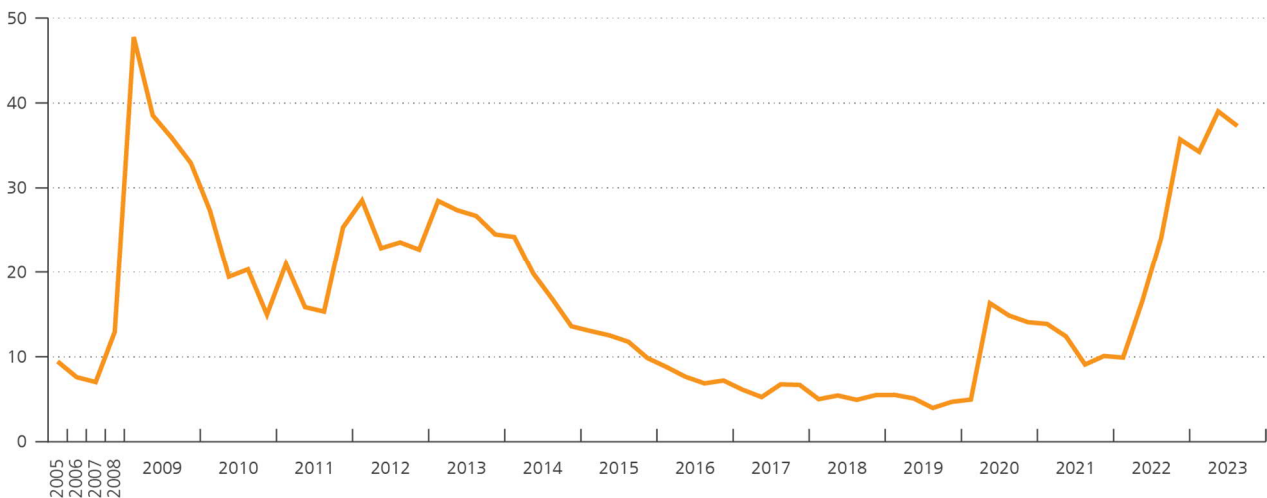
Businesses report easing of credit conditions in July

According to the July 2023 survey of businesses on their perception of credit conditions, general conditions to access bank credit eased somewhat compared with the previous quarter: 37.3% of firms surveyed considered credit conditions to be tight, compared with 39% the previous quarter. Despite this slight dip, the percentage remains extremely high by historical standards.

For the third straight quarter, the perception of access to bank credit improved in the business-related services sector: 37.6% of companies active in this sector perceived access to bank credit as tight in July (compared with 41.1% in April). This percentage is now close to that observed in the other two sectors surveyed. More precisely, it stands at 37.4% in the manufacturing industry, which reported very limited easing (down from 38.8% in April), and at 35.5% in the building industry, the only sector in which credit conditions were perceived as less favourable (30.6% in April).

The results by firm size show that businesses of all sizes perceived an improvement, with the exception of very large companies (those with 500 or more employees), which felt more constrained than in the previous quarter. In absolute terms, small (fewer than 50 employees) and medium-sized (between 50 and 249 employees) businesses continue to report the most difficulty in accessing credit.

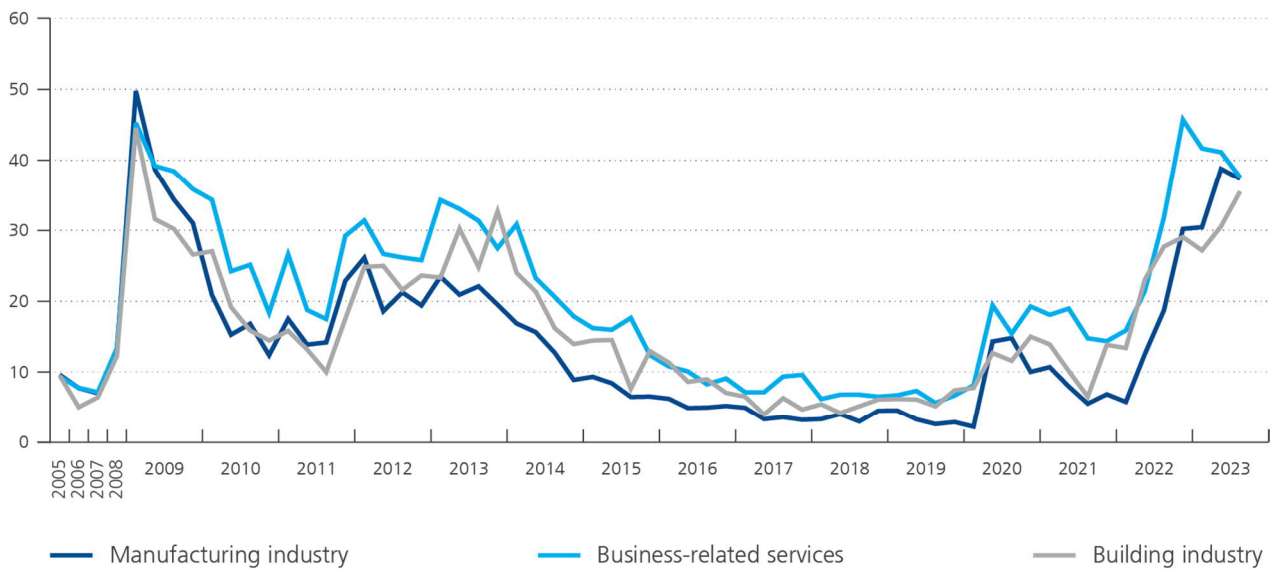
Chart 2 - Credit constraints perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

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

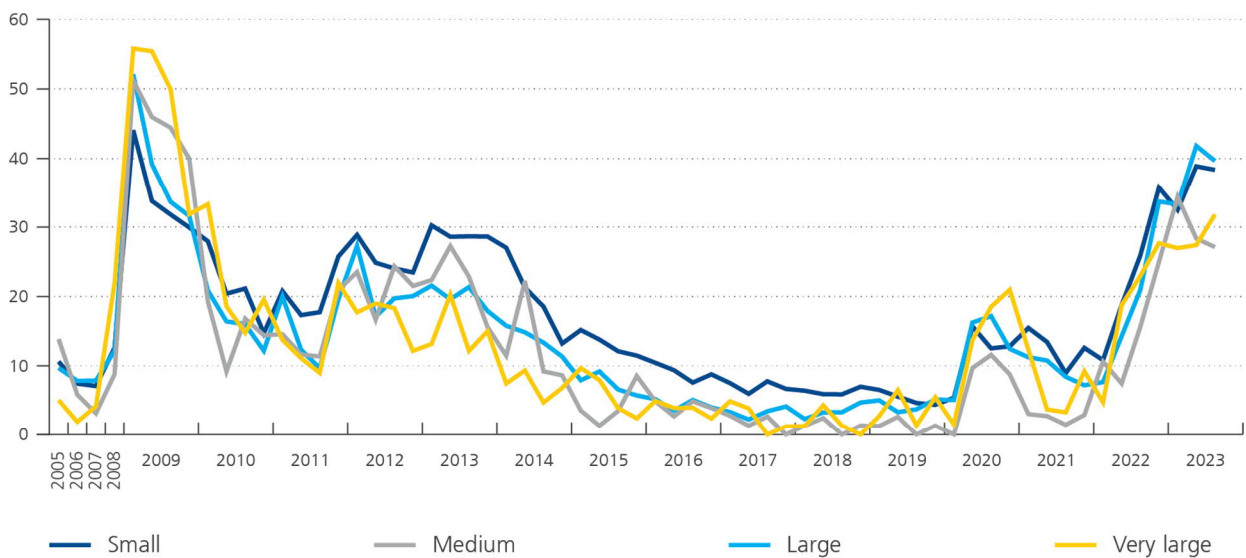
Chart 3 - Credit constraints perception¹ - Breakdown by sector



Source : NBB - quarterly survey on credit conditions.

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

Chart 4 - Credit constraints 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 PERCEPTION OF CREDIT CONSTRAINTS INDICATOR¹

	07-2022	10-2022	01-2023	04-2023	07-2023
Overall indicator²	24.1	35.7	34.3	39.0	37.3
By sector					
Manufacturing industry	18.7	30.2	30.5	38.8	37.4
Business-related services	31.9	45.7	41.7	41.1	37.6
Building industry	27.7	29.1	27.2	30.6	35.5
By company size³					
Small	25.9	35.8	32.5	38.9	38.4
Medium	20.9	33.7	33.3	41.8	39.7
Large	15.6	25.0	34.4	28.4	27.1
Very large	23.0	27.7	27.0	27.4	31.8

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 “perception of credit constraints” indicator

The National Bank of Belgium (NBB) compiles an indicator based on the results of its quarterly survey on business credit conditions. This indicator on the perception of credit constraints reveals the percentage of firms with an unfavourable assessment of current credit conditions.

In terms of statistical properties, this type of indicator is more relevant than one showing the percentage 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 believe credit conditions are tightening (or easing).

The NBB's indicator on the perception of credit constraints has been published on a quarterly basis since January 2009.¹

¹ The results of the quarterly survey on business 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).