

PRESS RELEASE

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Monthly business survey – October 2023

Business confidence wanes in October

- **The indicator, which had resisted downward pressures for two months, fell back in October.**
- **The drop was particularly marked in business-related services. Only the manufacturing industry escaped the worsening business environment.**

This month, business-related services were severely affected by the deterioration, following a short-lived uptick in the synthetic indicator for this sector in September. This significant loss of confidence is the result of a clearly more unfavourable assessment of current and future activity levels. The drop in demand expectations is, however, less pronounced.

In the trade sector, all components of the indicator dipped, particularly employment expectations and demand expectations.

The loss of confidence also affected all components of the gross synthetic curve for the building industry. Respondents notably expressed more pessimistic views on demand expectations and the assessment of order books.

Demand expectations were, however, more favourable in the manufacturing industry, which also witnessed a slight improvement in the assessment of stock levels. Employment expectations, on the other hand, fell sharply. Overall, the indicator held steady.

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

Finally, the seasonally adjusted capacity utilisation rate in the manufacturing industry stood at 74.4% in October, compared with 75.3% in July. Not since the summer of 2020 has such a low level been recorded.

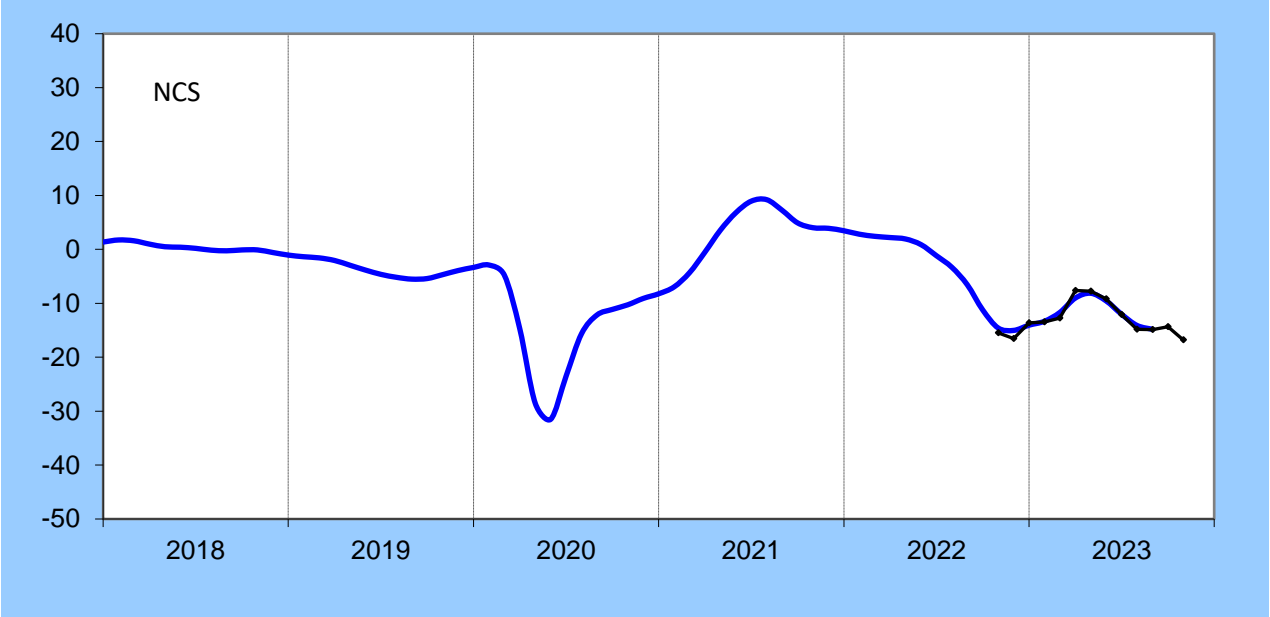
Business survey indicators

	Gross synthetic curve			Smoothed synthetic curve ¹
	September	October	Variation in	Variation in
	2023	2023	points	Points
Manufacturing industry	-17.9	-17.9	0.0	-0.9
Business-related services	-0.9	-14.2	-13.3	-3.5
Building industry	-11.7	-13.6	-1.9	-0.2
Trade	-16.7	-20.1	-3.4	0.0
Overall synthetic curve	-14.4	-16.8	-2.4	-0.7

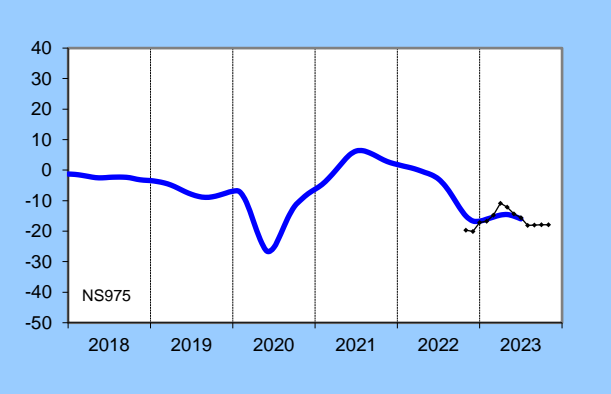
¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the sectors. This implies that the overall smoothed indicator reflects recent developments more closely than the smoothed indicators per sector.

Source: NBB.

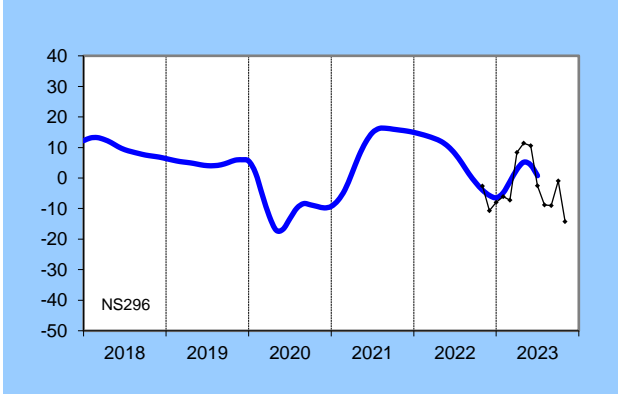
OVERALL SYNTHETIC CURVE



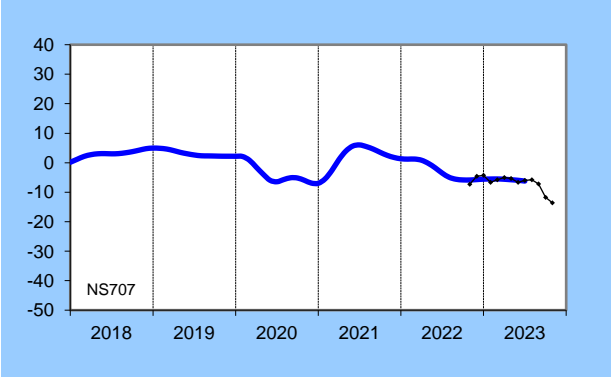
MANUFACTURING INDUSTRY



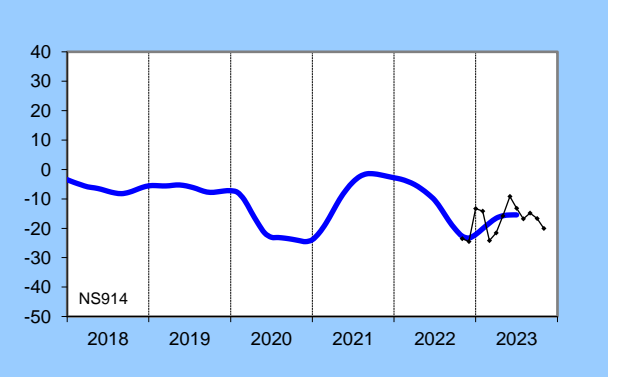
BUSINESS-RELATED SERVICES



BUILDING INDUSTRY



TRADE



— Seasonally adjusted and smoothed series

◆—◆ Seasonally adjusted series

Source: NBB

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			
				Jul	Aug	Sep	Oct	May	Jun	Jul	Aug
Overall synthetic curve	-36.1	+10.1	-5.2	-14.8	-14.9	-14.4	-16.8	-9.6	-12.0	-14.1	-14.8
Manufacturing industry curve	-36.0	+10.0	-8.6	-18.1	-18.0	-17.9	-17.9	-15.1	-16.0	.	.
Assessment of total order books	-57.7	+10.0	-19.2	-33.1	-35.6	-36.3	-36.6	-31.6	-32.5	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.7	+7.6	+8.0	+9.1	+7.2	+8.3	+8.0	.	.
Employment expectations	-41.4	+11.5	-7.1	-13.2	-13.8	-9.8	-15.5	-7.3	-8.5	.	.
Demand expectations	-37.9	+15.0	-3.2	-18.4	-14.6	-16.3	-12.3	-12.2	-13.9	.	.
Business-related services curve	-62.1	+34.0	+9.2	-8.8	-9.0	-0.9	-14.2	+4.3	+0.8	.	.
Assessment of activity	-71.6	+20.0	-6.4	-20.7	-12.8	-11.2	-31.0	-14.3	-14.3	.	.
Activity expectations	-70.7	+47.0	+21.2	+2.2	-7.6	+11.5	-3.0	+15.6	+10.2	.	.
Market demand expectations	-59.9	+44.0	+12.7	-8.1	-6.7	-3.0	-8.6	+10.8	+5.7	.	.
Building industry curve	-24.3	+24.3	-3.3	-5.8	-7.2	-11.7	-13.6	-6.0	-6.2	.	.
Trend in orders	-30.1	+33.0	-0.1	-5.0	-2.6	-12.3	-13.7	-4.3	-5.5	.	.
Trend in equipment	-38.4	+24.0	+1.6	-0.3	-1.2	-7.2	-8.4	-1.4	-1.4	.	.
Assessment of order books	-50.0	+30.0	-14.5	-5.8	-8.1	-10.6	-12.4	-3.8	-4.7	.	.
Demand expectations	-26.0	+18.0	-0.4	-12.2	-17.0	-16.8	-19.8	-12.6	-12.7	.	.
Trade curve	-41.8	+16.0	-3.6	-16.8	-14.8	-16.7	-20.1	-15.5	-15.5	.	.
Employment expectations	-33.0	+18.0	+1.1	-6.6	-8.2	-8.0	-12.1	-5.0	-5.2	.	.
Demand expectations	-56.0	+29.0	-3.1	-19.7	-16.6	-21.5	-26.6	-19.2	-18.4	.	.
Intentions of placing orders	-40.1	+15.0	-8.7	-24.2	-19.6	-20.5	-21.6	-23.6	-23.2	.	.

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					
	Min. ¹	Max. ¹	Avg. ²	Jul	Aug	Sep	Oct	2023					
								May	Jun	Jul	Aug		
Manufacturing industry													
Trend in production rate	- 53.0	+ 20.0	- 1.1	- 9.9	- 19.2	- 4.6	- 6.6	- 4.0	- 6.0	.	.		
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 18.6	- 16.9	- 16.4	- 19.4	- 16.4	- 16.6	.	.		
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 14.1	- 19.9	- 11.7	- 10.3	- 7.8	- 9.4	.	.		
Assessment of export order books	- 61.0	+ 10.0	- 20.1	- 29.8	- 35.1	- 35.5	- 36.5	- 29.9	- 30.6	.	.		
Trend in prices	- 21.0	+ 34.3	+ 0.3	- 7.6	- 8.0	- 8.8	- 7.2	- 2.6	- 4.9	.	.		
Price expectations	- 24.0	+ 54.2	+ 4.4	- 10.5	- 10.1	- 9.0	+ 0.5	- 1.7	- 5.9	.	.		
Production capacity													
(in percentage of the total production capacity)	70.1	84.6	79.6	75.3	-	-	74.4						
Source: quarterly production capacity survey													
Business-related services													
Trend in activity	- 73.0	+ 37.0	+ 9.4	- 2.3	- 6.8	+ 7.6	+ 3.5	+ 3.3	+ 0.5	.	.		
Trend in employment	- 49.4	+ 34.0	+ 6.5	- 0.5	- 15.3	- 0.3	- 0.3	+ 3.5	+ 1.9	.	.		
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 11.6	+ 5.5	+ 21.8	+ 12.3	+ 20.8	+ 18.0	.	.		
Trend in prices	- 15.8	+ 25.6	+ 2.3	+ 4.7	+ 4.4	+ 3.2	- 0.0	+ 6.0	+ 5.0	.	.		
Price expectations	- 13.0	+ 46.9	+ 7.9	+ 11.4	+ 11.5	+ 7.3	+ 6.1	+ 20.4	+ 16.8	.	.		
Building industry													
Trend in activity	- 66.6	+ 34.7	- 1.7	- 2.8	- 0.2	- 7.4	- 12.1	- 4.2	- 4.9	.	.		
Trend in employment	- 27.0	+ 22.0	- 3.1	- 9.8	- 4.0	- 0.3	- 0.0	- 4.7	- 5.5	.	.		
Employment expectations	- 31.0	+ 30.0	+ 1.0	+ 4.9	+ 3.6	- 0.6	- 4.7	+ 8.7	+ 6.9	.	.		
Trend in prices	- 27.1	+ 52.8	- 2.0	+ 10.4	+ 10.6	+ 6.7	+ 5.8	+ 16.4	+ 13.3	.	.		
Price expectations	- 20.6	+ 64.0	+ 3.8	+ 15.4	+ 20.1	+ 3.9	+ 0.2	+ 25.7	+ 20.5	.	.		
Trade													
Trend in sales	- 50.1	+ 43.0	- 2.0	+ 22.2	+ 2.7	+ 6.4	- 8.3	+ 5.0	+ 4.7	.	.		
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 0.7	- 1.5	- 5.1	- 13.7	- 5.9	- 5.4	.	.		
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 10.9	+ 12.8	+ 24.5	+ 23.1	+ 26.9	+ 14.4	+ 16.9	.	.		
Trend in prices	- 23.5	+ 55.3	+ 0.1	+ 13.9	+ 9.2	+ 4.3	- 2.4	+ 21.8	+ 18.7	.	.		
Price expectations	- 14.2	+ 69.5	+ 7.3	+ 22.4	+ 19.0	+ 7.7	+ 20.5	+ 32.4	+ 27.2	.	.		

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