

PRESS RELEASE

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Monthly business survey – February 2024

Business confidence back on the rise in February

- **The business confidence indicator picked up in February, reversing the setback recorded in January. An improvement could be seen in all sectors.**

The clearest improvement in the business climate was seen in the trade sector, which reported a sharp rise in forecasts for orders to be placed with suppliers, in response to growing demand expectations. Employment expectations, on the other hand, waned somewhat.

Renewed confidence in the business-related services sector was shored up by gains across all components of the indicator, with appraisals of current activity levels showing the strongest increase.

Business leaders in the manufacturing industry also responded more favourably to each of the four questions on which the indicator is based, most notably regarding their assessment of stock levels and demand expectations.

Lastly, the upturn in confidence was marginally less pronounced in the building industry, even though business leaders expressed greater satisfaction with recent order book trends.

As an indicator of the underlying economic trend, the overall smoothed synthetic curve showed a slight increase, halting the downward movement observed since last May.

Business survey indicators

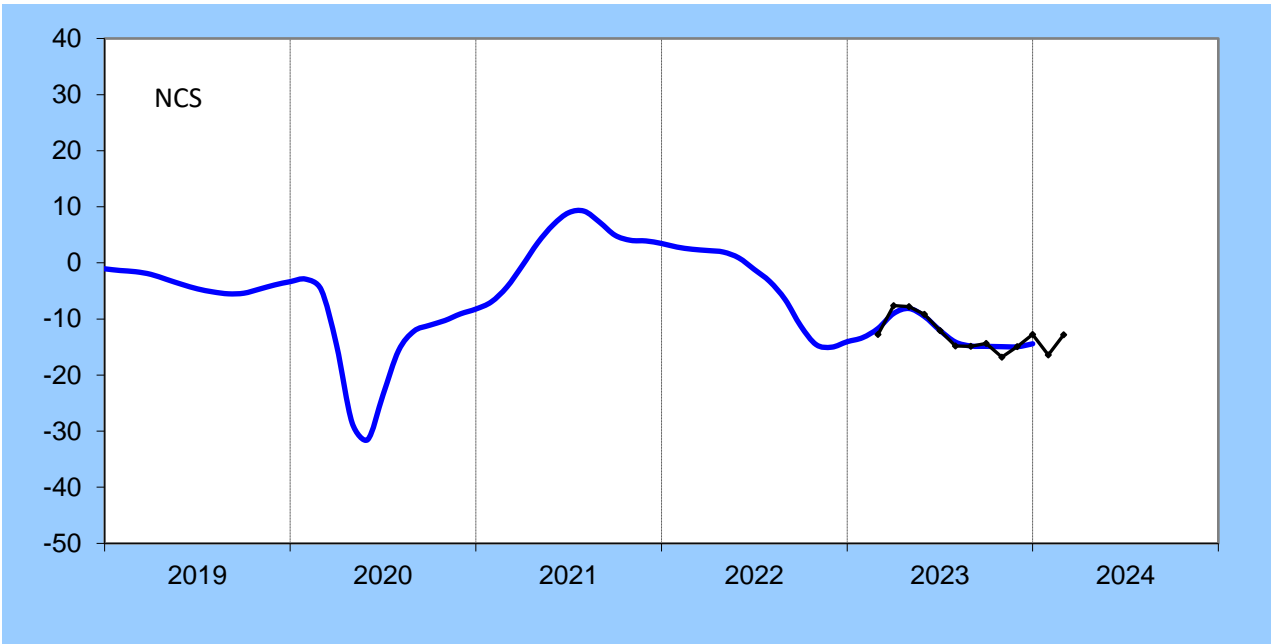
	Gross synthetic curve			Smoothed synthetic curve ¹
	January 2024	February 2024	Variation in points	Variation in Points
Manufacturing industry	-22.0	-18.5	3.5	-0.1
Business-related services	4.6	9.1	4.5	2.3
Building industry	-12.8	-10.3	2.5	-1.5
Trade	-17.8	-11.9	5.9	-0.5
Overall synthetic curve	-16.4	-12.8	3.6	0.6

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.

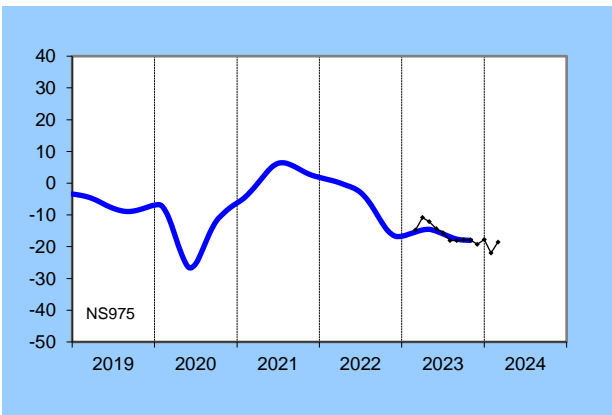
Source: NBB.

CHART 1 - SYNTHETIC CURVES

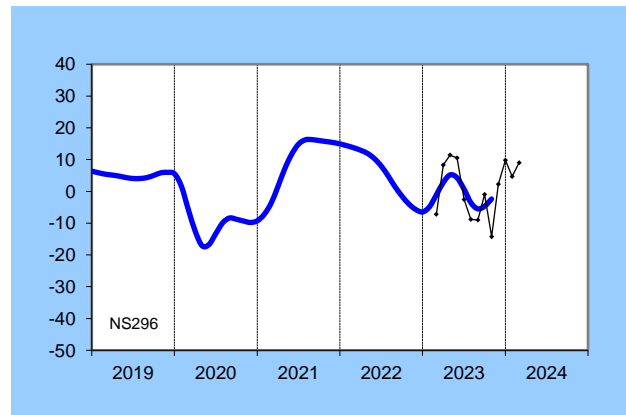
OVERALL SYNTHETIC CURVE



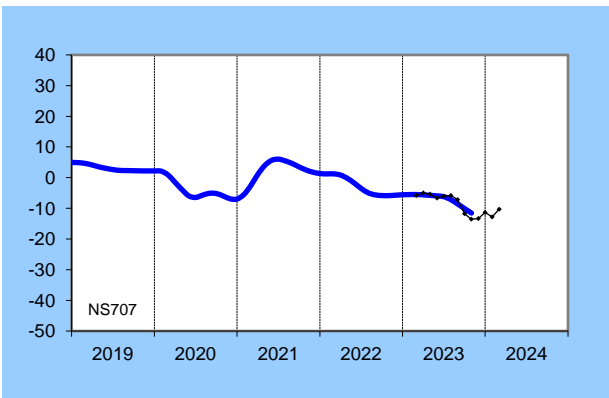
MANUFACTURING INDUSTRY



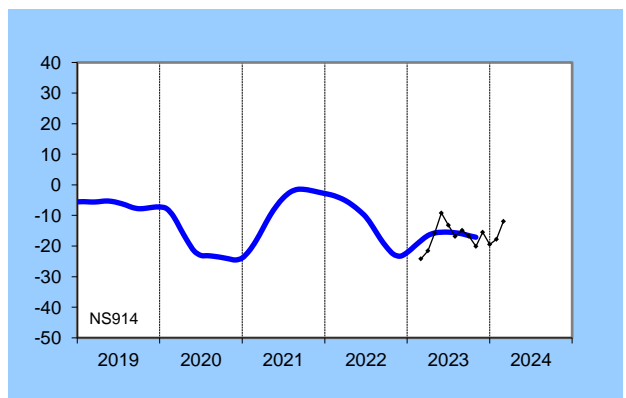
BUSINESS-RELATED SERVICES



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 - 2024				2023			
				Nov	Dec	Jan	Feb	Sep	Oct	Nov	Dec
Overall synthetic curve	-36.1	+10.1	-5.4	-15.0	-12.7	-16.4	-12.8	-14.9	-14.9	-15.0	-14.4
Manufacturing industry curve	-36.0	+10.0	-8.8	-19.3	-17.8	-22.0	-18.5	-17.9	-18.0	.	.
Assessment of total order books	-57.7	+10.0	-19.7	-39.8	-38.6	-44.5	-43.0	-36.1	-37.3	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.9	+10.7	+5.9	+2.7	-3.4	+7.9	+7.5	.	.
Employment expectations	-41.4	+11.5	-7.2	-13.9	-13.0	-17.3	-15.9	-13.2	-14.0	.	.
Demand expectations	-37.9	+15.0	-3.5	-12.7	-13.5	-23.4	-18.5	-14.4	-13.9	.	.
Business-related services curve	-62.1	+34.0	+8.8	+2.3	+9.8	+4.6	+9.1	-4.7	-2.4	.	.
Assessment of activity	-71.6	+20.0	-6.7	-1.8	-3.3	-5.5	-0.2	-12.2	-9.7	.	.
Activity expectations	-70.7	+47.0	+20.8	+5.3	+23.1	+14.1	+18.2	+4.2	+6.8	.	.
Market demand expectations	-59.9	+44.0	+12.4	+3.5	+9.6	+5.3	+9.2	-4.0	-1.7	.	.
Building industry curve	-24.3	+24.3	-3.5	-13.3	-11.3	-12.8	-10.3	-10.1	-11.6	.	.
Trend in orders	-30.1	+33.0	-0.3	-10.6	-9.8	-13.5	-6.7	-9.5	-10.6	.	.
Trend in equipment	-38.4	+24.0	+1.5	-5.4	-3.7	-7.1	-6.3	-4.1	-5.5	.	.
Assessment of order books	-50.0	+30.0	-14.3	-12.5	-10.7	-9.1	-7.6	-9.4	-10.4	.	.
Demand expectations	-26.0	+18.0	-0.9	-24.7	-21.2	-21.4	-20.7	-17.6	-19.2	.	.
Trade curve	-41.8	+16.0	-4.0	-15.5	-19.5	-17.8	-11.9	-16.6	-17.1	.	.
Employment expectations	-33.0	+18.0	+0.8	-8.4	-12.2	-9.2	-9.5	-8.2	-8.7	.	.
Demand expectations	-56.0	+29.0	-3.6	-12.2	-22.5	-15.4	-12.8	-20.0	-20.1	.	.
Intentions of placing orders	-40.1	+15.0	-9.1	-25.8	-23.8	-28.7	-13.6	-22.0	-22.4	.	.

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 2023.

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	2023 - 2024				2023				
				Nov	Dec	Jan	Feb	Sep	Oct	Nov	Dec	
Manufacturing industry												
Trend in production rate	- 53.0	+ 20.0	- 1.2	- 4.5	- 7.3	- 18.9	- 10.1	- 7.0	- 6.7	.	.	
Trend in domestic orders	- 48.7	+ 16.0	- 7.7	- 14.7	- 10.6	- 15.8	- 13.2	- 16.6	- 16.2	.	.	
Trend in export orders	- 56.3	+ 30.0	- 2.8	- 20.3	- 11.7	- 16.6	- 22.2	- 12.3	- 12.9	.	.	
Assessment of export order books	- 61.0	+ 10.0	- 20.5	- 43.0	- 40.9	- 45.2	- 46.4	- 35.7	- 38.0	.	.	
Trend in prices	- 21.0	+ 34.3	+ 0.2	- 9.3	- 4.3	- 4.6	- 13.1	- 7.7	- 7.6	.	.	
Price expectations	- 24.0	+ 54.2	+ 4.3	- 3.4	- 3.8	- 4.9	- 0.5	- 7.1	- 5.7	.	.	
Production capacity												
(in percentage of the total production capacity)	70.1	84.6	79.5	-	-	74.4	-					
Source: quarterly production capacity survey												
Business-related services												
Trend in activity	- 73.0	+ 37.0	+ 9.2	+ 1.4	+ 2.6	+ 5.7	+ 8.2	+ 0.6	+ 2.0	.	.	
Trend in employment	- 49.4	+ 34.0	+ 6.4	- 6.0	+ 4.0	+ 4.0	+ 8.4	- 0.4	+ 0.2	.	.	
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 22.2	+ 24.4	+ 20.5	+ 17.4	+ 16.2	+ 18.1	.	.	
Trend in prices	- 15.8	+ 25.6	+ 2.4	- 0.8	+ 1.5	+ 0.5	+ 18.3	+ 2.8	+ 1.9	.	.	
Price expectations	- 13.0	+ 46.9	+ 8.3	+ 12.2	+ 16.8	+ 17.6	+ 19.8	+ 11.5	+ 12.3	.	.	
Building industry												
Trend in activity	- 66.6	+ 34.7	- 1.7	- 10.3	- 7.7	- 4.8	- 5.3	- 6.6	- 7.3	.	.	
Trend in employment	- 27.0	+ 22.0	- 3.0	+ 0.7	+ 0.1	- 0.7	- 3.6	- 1.6	- 0.6	.	.	
Employment expectations	- 31.0	+ 30.0	+ 1.1	- 2.4	- 2.2	- 4.3	- 4.9	+ 0.4	- 1.4	.	.	
Trend in prices	- 27.1	+ 52.8	- 1.5	+ 3.6	+ 8.1	+ 2.0	+ 0.9	+ 8.0	+ 6.5	.	.	
Price expectations	- 20.6	+ 64.0	+ 4.3	- 0.7	+ 3.3	+ 0.5	+ 6.9	+ 7.8	+ 3.9	.	.	
Trade												
Trend in sales	- 50.1	+ 43.0	- 1.8	- 2.7	+ 9.4	+ 1.7	- 3.1	+ 2.9	+ 1.8	.	.	
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 15.4	- 11.0	- 30.7	- 17.7	- 7.6	- 10.0	.	.	
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 11.0	+ 20.2	+ 19.1	+ 14.0	+ 28.7	+ 22.2	+ 22.0	.	.	
Trend in prices	- 23.5	+ 55.3	+ 0.6	- 1.5	+ 18.9	+ 6.6	- 6.7	+ 6.8	+ 4.2	.	.	
Price expectations	- 14.2	+ 69.5	+ 7.8	+ 0.2	+ 16.3	+ 8.6	+ 17.6	+ 17.8	+ 15.6	.	.	

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 2023.

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Quarterly business survey on credit conditions – January 2024

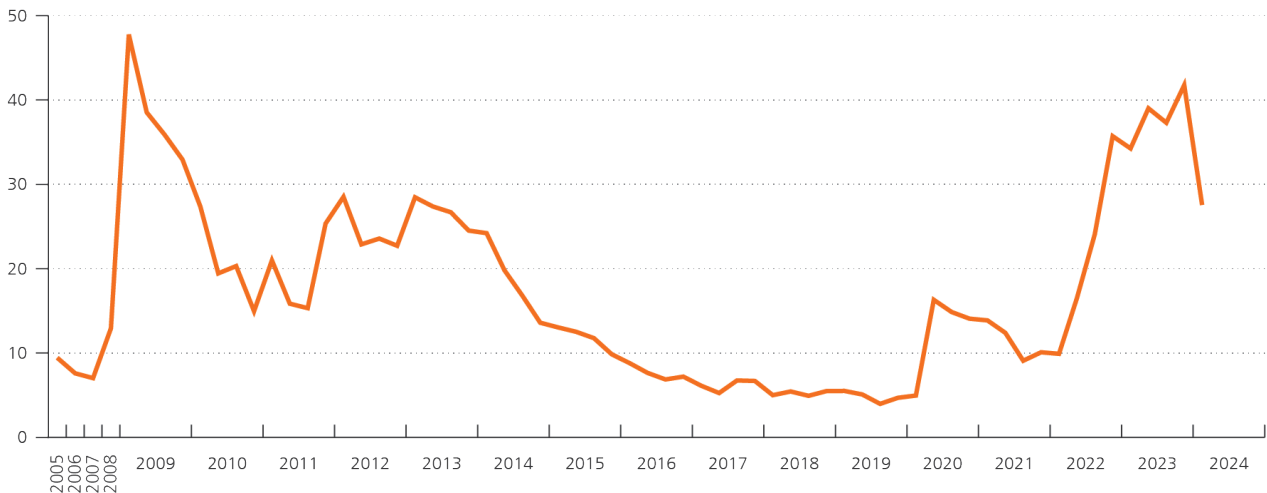
Firms report significant easing of credit conditions in January

The latest quarterly survey assessing how firms perceive credit conditions, conducted in January 2024, points to a considerable loosening of the general conditions to access bank credit, compared with the previous quarter. The percentage of firms that consider credit conditions to be tight fell to 27.6% in January, down from 41.8% a quarter earlier. Viewed from a longer-term perspective, however, businesses still consider conditions to access bank credit to be relatively unfavourable.

The improvement in credit conditions can be seen in all sectors covered by the survey, in a fairly comparable way. In the manufacturing industry, 25.9% of companies consider current credit conditions to be tight (versus 41.5% in October). This compares with 30.8% in the business-related services sector (42.8% in October) and 24.2% in the building industry (39% in October).

The results also show that companies of all sizes are feeling the improvement, albeit the smallest (with fewer than 50 employees) to a lesser extent. In absolute terms, small businesses take the dimmest view of current credit conditions, while large firms (250 to 499 employees) expressed the most favourable assessment.

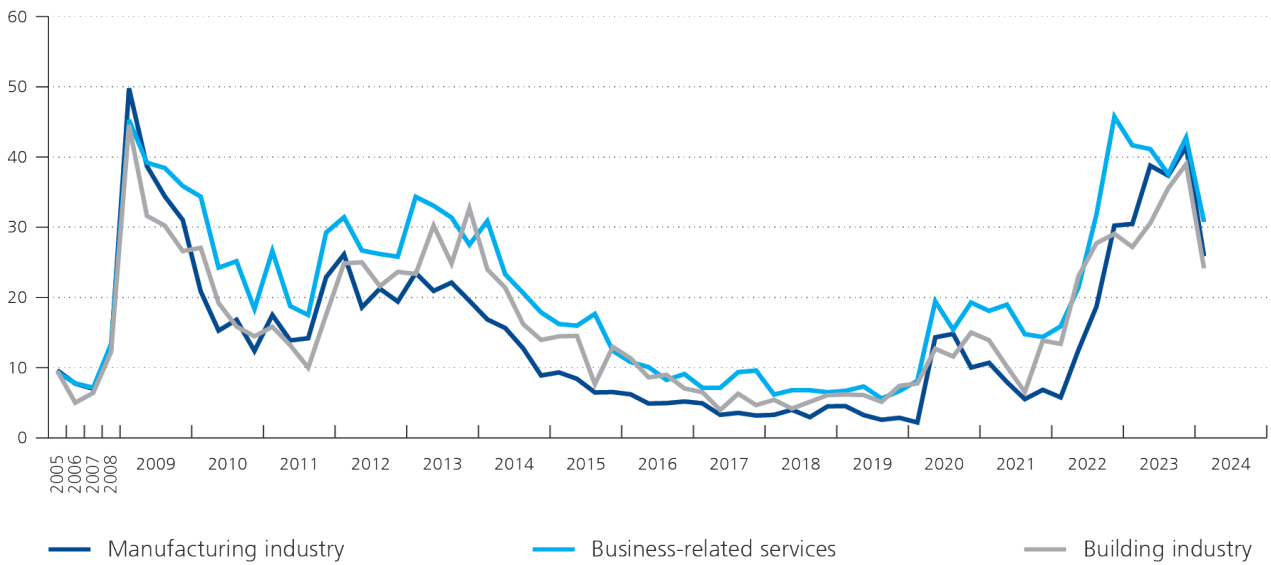
Chart 2 - Perception of credit constraints¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

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

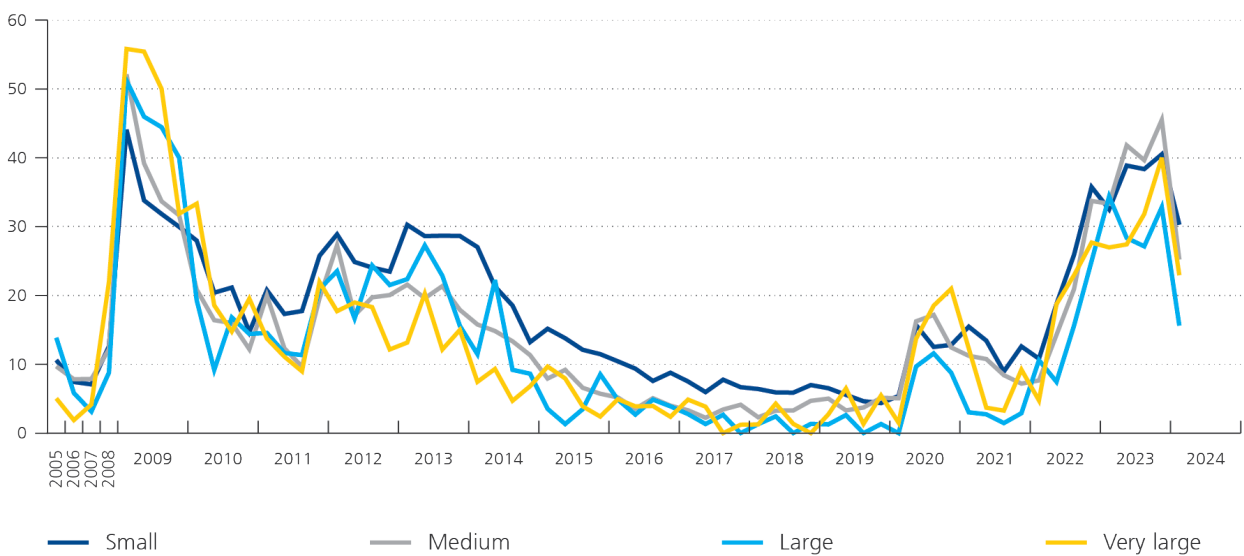
Chart 3 - Perception of credit constraints¹ - Breakdown by sector



Source : NBB - quarterly survey on credit conditions.

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

Chart 4 - Perception of credit constraints¹ - 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

	01-2023	04-2023	07-2023	10-2023	01-2024
Overall indicator²	34.3	39.0	37.3	41.8	27.6
By sector					
Manufacturing industry	30.5	38.8	37.4	41.5	25.9
Business-related services	41.7	41.1	37.6	42.8	30.8
Building industry	27.2	30.6	35.5	39.0	24.2
By company size³					
Small	32.5	38.9	38.4	40.5	30.3
Medium	33.3	41.8	39.7	45.5	25.2
Large	34.4	28.4	27.1	32.8	15.6
Very large	27.0	27.4	31.8	40.0	23.0

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 “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).