

PRESS RELEASE

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Monthly business survey – May 2024

Slight uptick in business confidence recorded in May

- **This month's slight improvement in the business confidence indicator partially cancels out the decline seen in April.**
- **The business climate improved considerably in manufacturing and slightly in trade. In contrast, it weakened sharply in business-related services as well as, albeit much more modestly, in the building industry.**

In manufacturing, all components of the indicator strengthened. Along with a significantly better assessment of total order books, respondents in this sector expressed a much more favourable opinion on both demand and employment expectations. The level of stocks was also assessed slightly more favourably than in April.

In trade, this month's improvement can be attributed to both more positive employment expectations and intentions of placing orders with suppliers. However, demand expectations were revised downwards for the third month in a row.

In business-related services, confidence fell for the third month in a row, this time at a brisker pace. This drop was mainly due to a sharp downward revision in both demand and activity expectations.

Finally, in the building industry, confidence fell slightly due to a downturn in all components of the indicator, with the exception of demand expectations, which have been improving steadily since this past February.

The overall smoothed synthetic curve, which reflects the underlying economic trend, continues the upward course begun in December of last year.

Business survey indicators

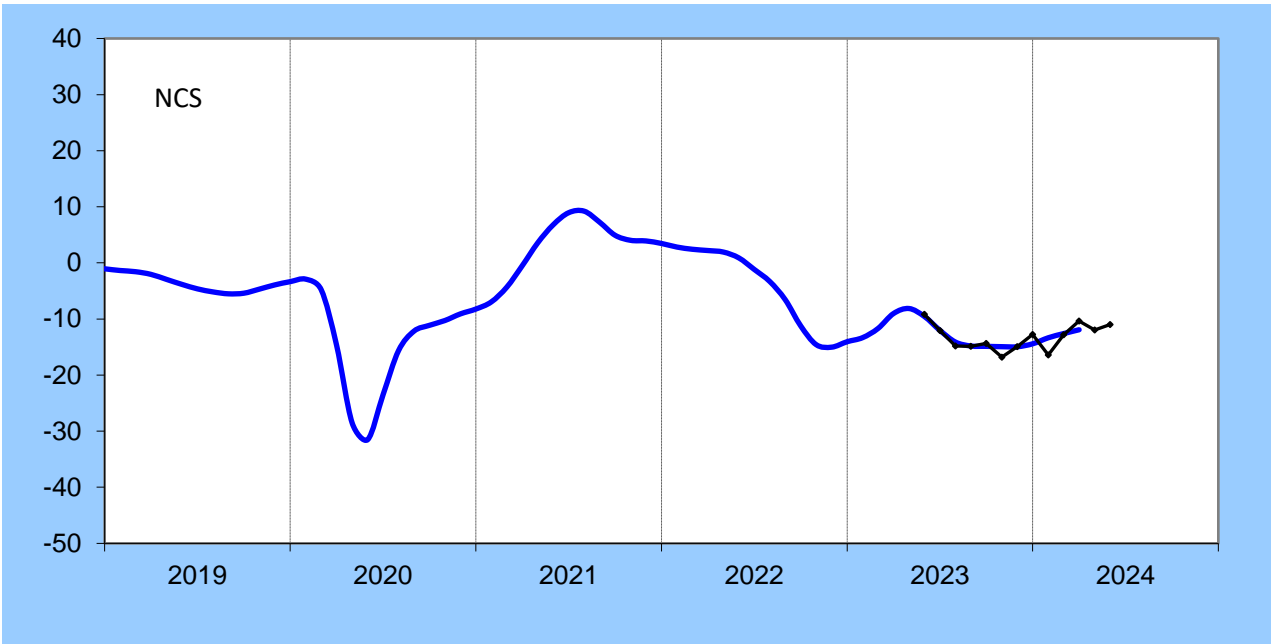
	Gross synthetic curve			Smoothed synthetic curve ¹
	April 2024	May 2024	Variation in points	Variation in Points
Manufacturing industry	-16.5	-12.7	3.8	0.2
Business-related services	6.5	-2.1	-8.6	1.7
Building industry	-8.5	-10.3	-1.8	0.5
Trade	-18.1	-17.4	0.7	-0.2
Overall synthetic curve	-11.9	-11.0	0.9	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.

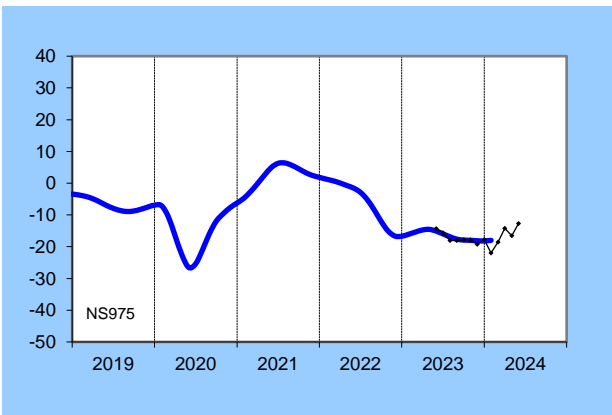
Source: NBB.

CHART 1 - SYNTHETIC CURVES

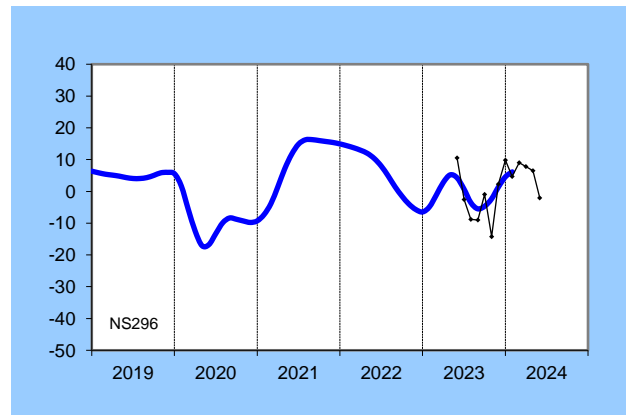
OVERALL SYNTHETIC CURVE



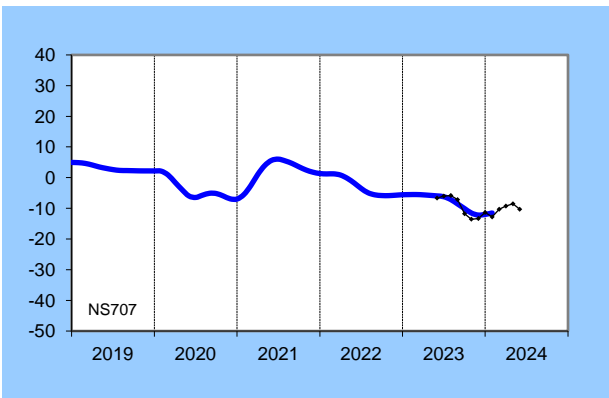
MANUFACTURING INDUSTRY



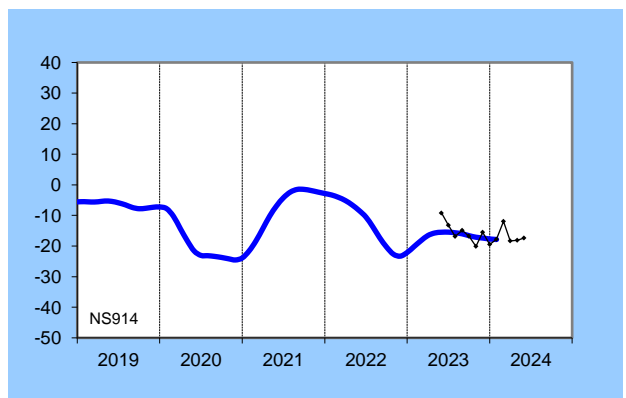
BUSINESS-RELATED SERVICES



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			
				2024				2023 - 2024			
	Min. ¹	Max. ¹	Avg. ²	Feb	Mar	Apr	May	Dec	Jan	Feb	Mar
Overall synthetic curve	-36.1	+10.1	-5.4	-12.8	-10.4	-11.9	-11.0	-14.4	-13.4	-12.6	-11.9
Manufacturing industry curve	-36.0	+10.0	-8.8	-18.5	-14.2	-16.5	-12.7	-18.2	-18.0	.	.
Assessment of total order books	-57.7	+10.0	-19.7	-43.0	-39.4	-38.8	-32.1	-39.1	-39.5	.	.
Assessment of level of stocks ³	-19.0	+25.0	+4.9	-3.4	-2.5	+1.0	+0.4	+5.1	+3.4	.	.
Employment expectations	-41.4	+11.5	-7.2	-15.9	-10.2	-11.5	-8.1	-14.2	-13.7	.	.
Demand expectations	-37.9	+15.0	-3.5	-18.5	-9.7	-14.8	-10.1	-13.7	-14.0	.	.
Business-related services curve	-62.1	+34.0	+8.8	+9.1	+7.8	+6.5	-2.1	+4.5	+6.2	.	.
Assessment of activity	-71.6	+20.0	-6.7	-0.2	-8.9	-7.8	-3.2	-5.1	-4.4	.	.
Activity expectations	-70.7	+47.0	+20.8	+18.2	+19.0	+18.3	+0.5	+13.9	+16.3	.	.
Market demand expectations	-59.9	+44.0	+12.4	+9.2	+13.3	+9.0	-3.6	+5.3	+7.5	.	.
Building industry curve	-24.3	+24.3	-3.5	-10.3	-9.3	-8.5	-10.3	-12.0	-11.5	.	.
Trend in orders	-30.1	+33.0	-0.3	-6.7	-5.5	-4.2	-6.3	-10.3	-9.1	.	.
Trend in equipment	-38.4	+24.0	+1.5	-6.3	-5.8	-3.3	-6.6	-6.2	-6.2	.	.
Assessment of order books	-50.0	+30.0	-14.3	-7.6	-9.2	-11.2	-15.4	-10.2	-9.8	.	.
Demand expectations	-26.0	+18.0	-0.9	-20.7	-16.6	-15.3	-13.0	-21.0	-20.5	.	.
Trade curve	-41.8	+16.0	-4.0	-11.9	-18.3	-18.1	-17.4	-17.7	-17.9	.	.
Employment expectations	-33.0	+18.0	+0.8	-9.5	-11.1	-4.9	-2.3	-9.3	-9.4	.	.
Demand expectations	-56.0	+29.0	-3.6	-12.8	-21.8	-26.3	-28.5	-18.5	-18.6	.	.
Intentions of placing orders	-40.1	+15.0	-9.1	-13.6	-21.9	-22.9	-21.4	-23.4	-23.4	.	.

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	2024				2023 - 2024				
				Feb	Mar	Apr	May	Dec	Jan	Feb	Mar	
Manufacturing industry												
Trend in production rate	- 53.0	+ 20.0	- 1.2	- 10.1	+ 0.4	- 10.9	- 3.2	- 7.4	- 8.3	.	.	
Trend in domestic orders	- 48.7	+ 16.0	- 7.7	- 13.2	- 9.7	- 8.5	- 6.7	- 14.3	- 12.8	.	.	
Trend in export orders	- 56.3	+ 30.0	- 2.8	- 22.2	- 11.3	- 12.0	- 0.2	- 14.2	- 14.3	.	.	
Assessment of export order books	- 61.0	+ 10.0	- 20.5	- 46.4	- 43.8	- 36.0	- 30.6	- 42.0	- 43.2	.	.	
Trend in prices	- 21.0	+ 34.3	+ 0.2	- 13.1	- 9.1	- 4.5	- 3.5	- 7.5	- 6.7	.	.	
Price expectations	- 24.0	+ 54.2	+ 4.3	- 0.5	- 6.8	+ 0.8	+ 3.4	- 3.7	- 3.3	.	.	
Production capacity												
(in percentage of the total production capacity) Source: quarterly production capacity survey	70.1	84.6	79.5	-	-	73.8	-					
Business-related services												
Trend in activity	- 73.0	+ 37.0	+ 9.2	+ 8.2	+ 11.4	- 11.2	+ 15.6	+ 4.2	+ 5.2	.	.	
Trend in employment	- 49.4	+ 34.0	+ 6.4	+ 8.4	- 9.1	- 2.4	+ 9.2	+ 2.4	+ 3.5	.	.	
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 17.4	+ 18.1	+ 18.1	+ 17.3	+ 20.7	+ 19.8	.	.	
Trend in prices	- 15.8	+ 25.6	+ 2.4	+ 18.3	+ 3.2	- 5.5	+ 7.7	+ 1.0	+ 1.3	.	.	
Price expectations	- 13.0	+ 46.9	+ 8.3	+ 19.8	+ 15.5	+ 14.9	+ 13.5	+ 15.0	+ 16.1	.	.	
Building industry												
Trend in activity	- 66.6	+ 34.7	- 1.7	- 5.3	- 0.9	- 8.2	- 4.8	- 6.8	- 6.1	.	.	
Trend in employment	- 27.0	+ 22.0	- 3.0	- 3.6	+ 0.9	+ 2.3	+ 3.4	+ 0.0	+ 0.1	.	.	
Employment expectations	- 31.0	+ 30.0	+ 1.1	- 4.9	- 2.5	+ 1.0	- 0.0	- 2.9	- 2.9	.	.	
Trend in prices	- 27.1	+ 52.8	- 1.5	+ 0.9	+ 4.1	- 0.9	+ 1.7	+ 4.3	+ 3.2	.	.	
Price expectations	- 20.6	+ 64.0	+ 4.3	+ 6.9	+ 8.8	+ 6.4	+ 7.9	+ 2.3	+ 3.5	.	.	
Trade												
Trend in sales	- 50.1	+ 43.0	- 1.8	- 3.1	+ 5.4	- 15.0	- 20.2	+ 0.8	+ 0.0	.	.	
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 17.7	- 15.4	- 24.5	- 22.6	- 14.7	- 16.7	.	.	
Assessment of level of stocks ³	- 17.1	+ 38.1	+ 11.0	+ 28.7	+ 25.1	+ 27.6	+ 24.9	+ 21.2	+ 22.0	.	.	
Trend in prices	- 23.5	+ 55.3	+ 0.6	- 6.7	+ 4.7	+ 7.2	- 1.9	+ 3.3	+ 3.6	.	.	
Price expectations	- 14.2	+ 69.5	+ 7.8	+ 17.6	+ 10.2	+ 13.6	+ 21.0	+ 12.5	+ 12.8	.	.	

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 2023.

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Quarterly business survey on credit conditions – April 2024

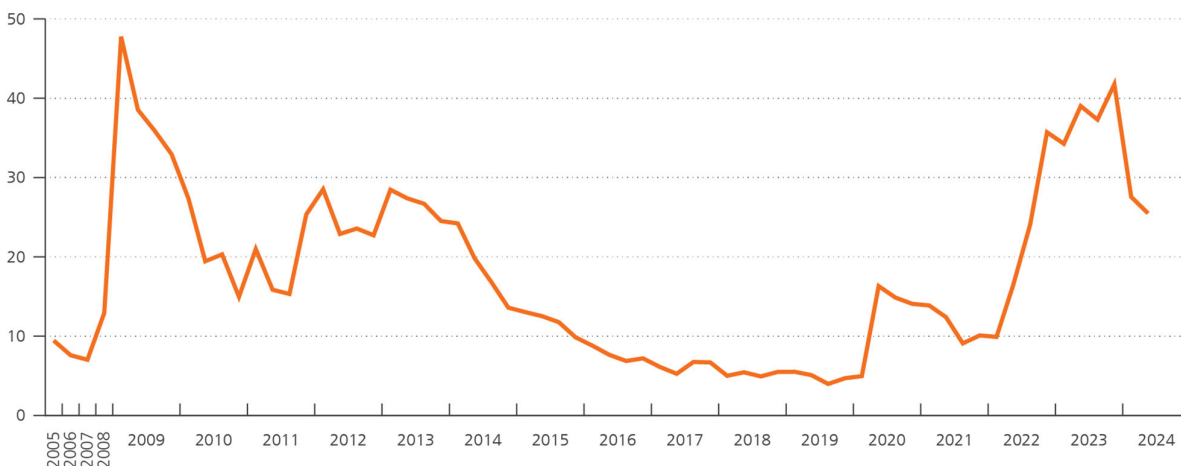
Businesses confirm easing of credit conditions in April

The quarterly survey of businesses on their assessment of credit conditions, carried out in April 2024, revealed that general conditions to access bank credit eased for the second consecutive quarter, albeit to a lesser extent than in the previous one. The percentage of businesses that perceive credit conditions as constrained stood at 25.5% in April, compared with 27.6% in the previous quarter. These figures are still relatively high by historical standards.

This further easing of credit conditions is being felt by both firms in the manufacturing industry and, even more noticeably, those providing business-related services. On the other hand, companies in the building industry reported tighter access to bank credit than in the preceding quarter. Overall, the perception of credit constraints is currently fairly similar in all three sectors of activity.

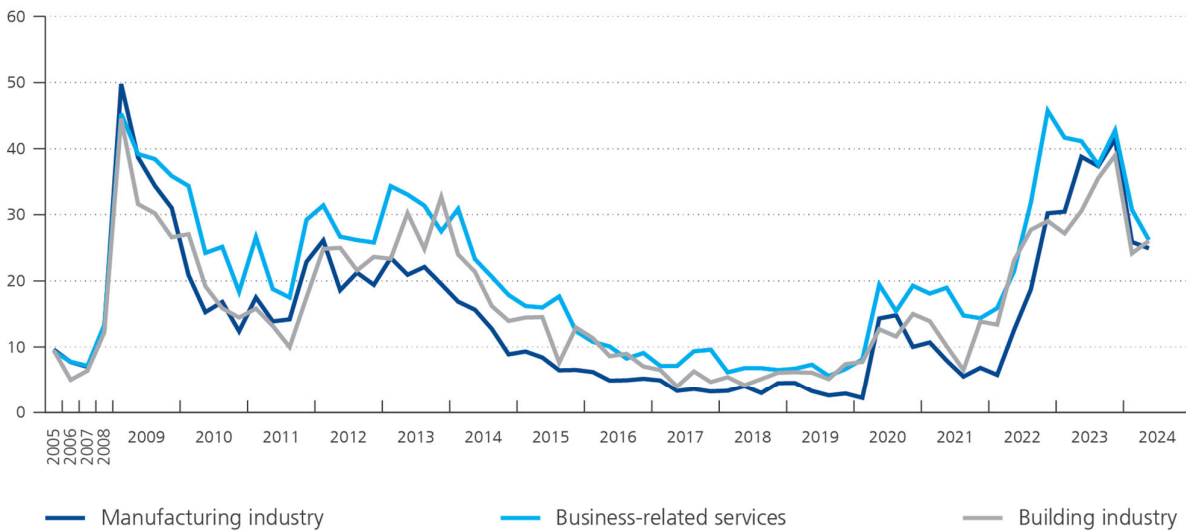
The results by firm size demonstrate that an improvement is perceived by the smallest firms (with fewer than 50 employees), large companies (250 to 499 employees), and very large businesses (more than 500 employees) alike. In absolute terms, large firms have the most favourable view on credit conditions. Medium-sized firms (50 to 249 employees), on the other hand, do not consider bank credit conditions to have eased.

Chart 2 - Perception of credit constraints¹ - Overall indicator



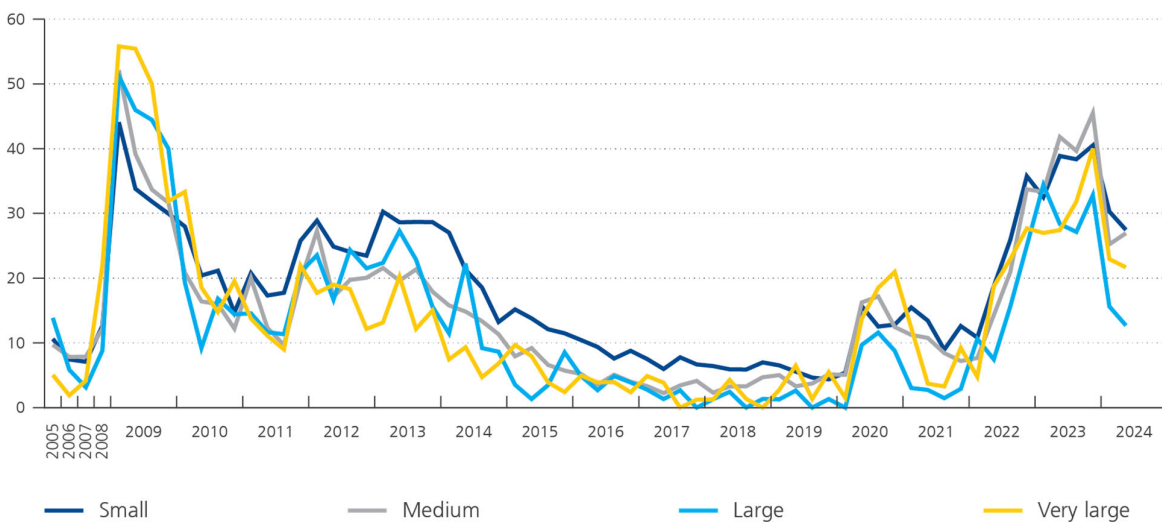
Source: NBB - quarterly survey on credit conditions.

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**

	04-2023	07-2023	10-2023	01-2024	04-2024
Overall indicator²	39.0	37.3	41.8	27.6	25.5
By sector					
Manufacturing industry	38.8	37.4	41.5	25.9	24.9
Business-related services	41.1	37.6	42.8	30.8	26.2
Building industry	30.6	35.5	39.0	24.2	26.1
By company size³					
Small	38.9	38.4	40.5	30.3	27.5
Medium	41.8	39.7	45.5	25.2	26.9
Large	28.4	27.1	32.8	15.6	12.7
Very large	27.4	31.8	40.0	23.0	21.7

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).