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### Monthly business survey – August 2024

## Little change in business sentiment in August

- **The business barometer has displayed minor fluctuations in recent months, with confidence falling slightly this month.**
- **For the third consecutive month, business sentiment in the manufacturing industry deteriorated. In contrast, confidence rose significantly in trade and, for the second month in a row, in construction. In business-related services, the business climate was virtually stable.**

In the manufacturing industry, the new weakening of sentiment was mainly due to a sharp deterioration in employment expectations and, to a lesser extent, demand expectations.

In business-related services, a more negative assessment of the current level of activity was more than offset by much more favourable expectations in this area. Nonetheless, business leaders in this sector are more pessimistic about the future development of general market demand.

In the building industry, confidence is on the rise. Equipment was more intensively used, order books grew further and the level thereof was assessed more positively. Here, too, however, business leaders expect demand to ease in the coming three months.

Finally, the significant rise in the indicator in trade can be attributed to a clear upward revision in demand expectations and even more so in intentions of placing orders with suppliers.

The overall synthetic smoothed curve, which reflects the underlying economic trend, reached a turning point and dipped slightly for the first time in seven months.

### Business survey indicators

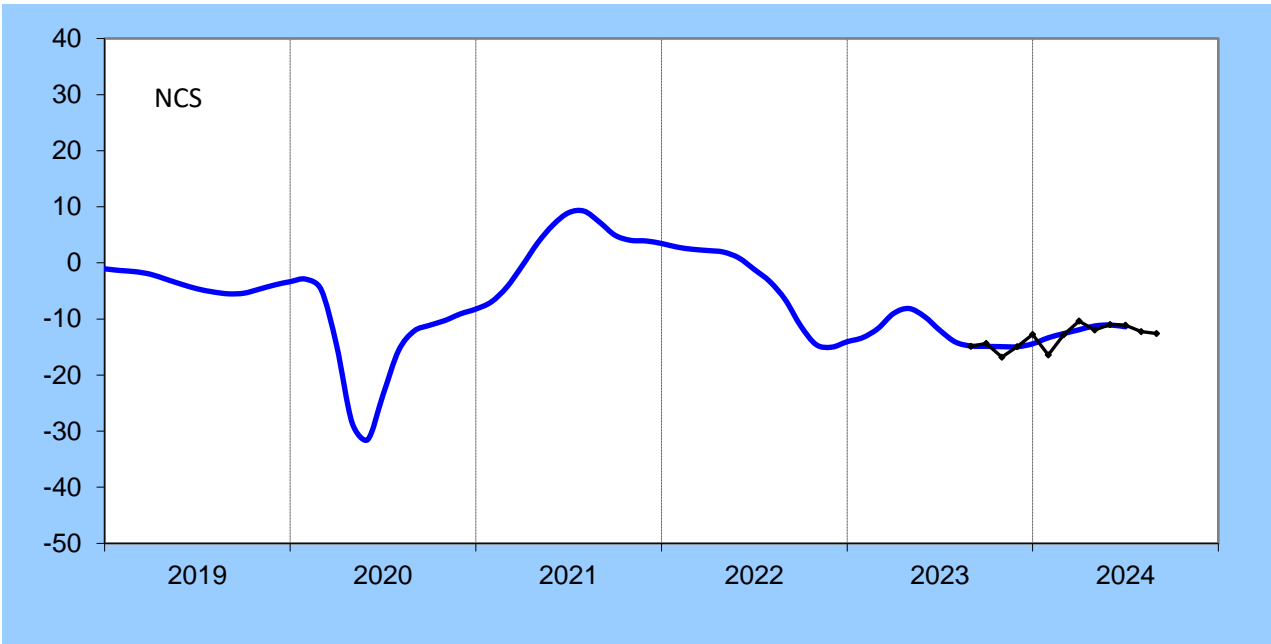
	Gross synthetic curve			Smoothed synthetic curve <sup>1</sup>
	July 2024	August 2024	Variation in points	Variation in Points
Manufacturing industry	-14.9	-16.5	-1.6	0.9
Business-related services	0.0	0.4	0.4	-1.7
Building industry	-9.6	-7.5	2.1	0.3
Trade	-22.2	-16.6	5.6	-0.1
<b>Overall synthetic curve</b>	<b>-12.3</b>	<b>-12.6</b>	<b>-0.3</b>	<b>-0.3</b>

<sup>1</sup> 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.

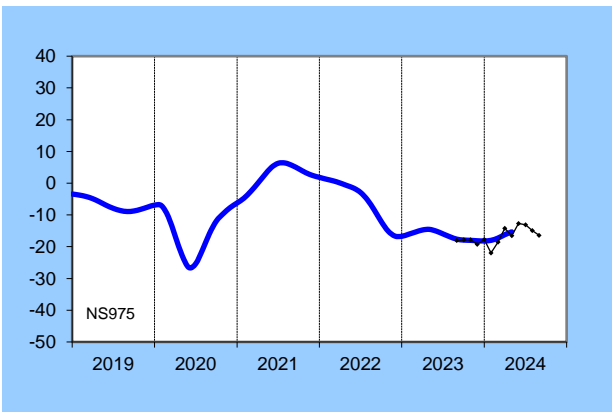
Source: NBB.

CHART 1 - SYNTHETIC CURVES

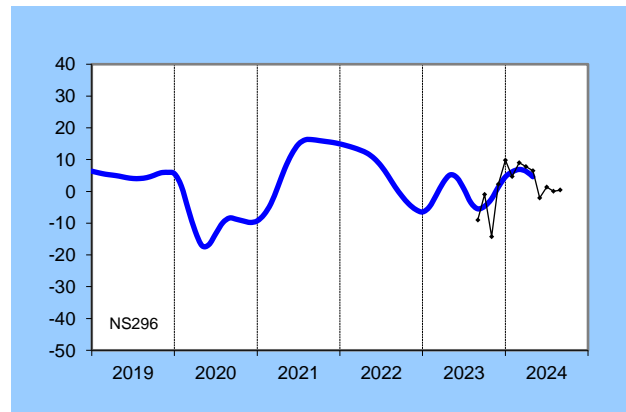
OVERALL SYNTHETIC CURVE



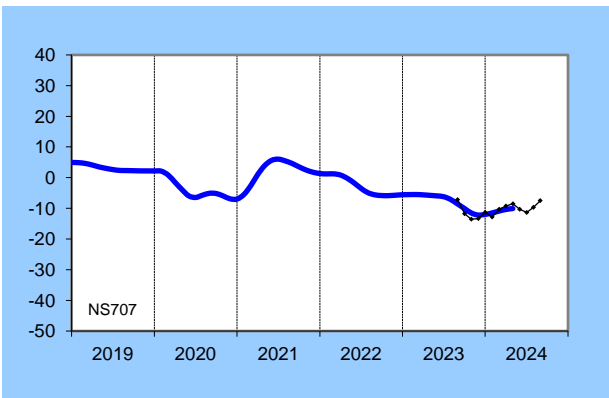
MANUFACTURING INDUSTRY



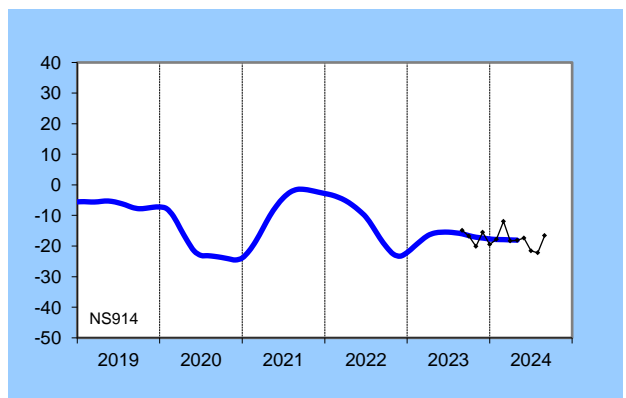
BUSINESS-RELATED SERVICES



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. <sup>1</sup>	Max. <sup>1</sup>	Avg. <sup>2</sup>	2024				2024			
				May	Jun	Jul	Aug	Mar	Apr	May	Jun
<b>Overall synthetic curve</b>	-36.1	+10.1	-5.4	-11.0	-11.1	-12.3	-12.6	-11.9	-11.2	-11.1	-11.4
<b>Manufacturing industry curve</b>	-36.0	+10.0	-8.8	-12.7	-13.1	-14.9	-16.5	-16.2	-15.3	.	.
Assessment of total order books	-57.7	+10.0	-19.7	-32.1	-32.9	-37.3	-36.4	-39.0	-38.3	.	.
Assessment of level of stocks <sup>3</sup>	-19.0	+25.0	+4.9	+0.4	+1.7	+5.3	+3.9	+0.9	+0.8	.	.
Employment expectations	-41.4	+11.5	-7.2	-8.1	-3.2	-6.2	-13.7	-11.4	-10.1	.	.
Demand expectations	-37.9	+15.0	-3.5	-10.1	-14.8	-11.0	-11.9	-14.1	-13.5	.	.
<b>Business-related services curve</b>	-62.1	+34.0	+8.8	-2.1	+1.4	+0.0	+0.4	+6.3	+4.6	.	.
Assessment of activity	-71.6	+20.0	-6.7	-3.2	-0.2	-3.3	-10.0	-4.3	-4.1	.	.
Activity expectations	-70.7	+47.0	+20.8	+0.5	+4.6	+0.9	+10.4	+16.5	+13.1	.	.
Market demand expectations	-59.9	+44.0	+12.4	-3.6	-0.2	+2.4	+0.7	+8.2	+6.3	.	.
<b>Building industry curve</b>	-24.3	+24.3	-3.5	-10.3	-11.4	-9.6	-7.5	-10.4	-10.1	.	.
Trend in orders	-30.1	+33.0	-0.3	-6.3	-10.5	-5.4	-0.5	-6.8	-6.1	.	.
Trend in equipment	-38.4	+24.0	+1.5	-6.6	-1.1	+0.2	+4.7	-5.6	-4.7	.	.
Assessment of order books	-50.0	+30.0	-14.3	-15.4	-18.3	-19.6	-18.2	-10.5	-12.4	.	.
Demand expectations	-26.0	+18.0	-0.9	-13.0	-15.6	-13.8	-15.9	-17.8	-16.4	.	.
<b>Trade curve</b>	-41.8	+16.0	-4.0	-17.4	-21.5	-22.2	-16.6	-18.0	-18.1	.	.
Employment expectations	-33.0	+18.0	+0.8	-2.3	-12.9	-4.3	-9.2	-8.8	-7.7	.	.
Demand expectations	-56.0	+29.0	-3.6	-28.5	-26.5	-30.3	-20.4	-22.7	-24.7	.	.
Forecasts of orders to suppliers	-40.1	+15.0	-9.1	-21.4	-25.2	-32.0	-20.2	-22.5	-22.4	.	.

<sup>1</sup> Minimum and maximum of each indicator (raw series) from January 1990 to the month under review.

<sup>2</sup> Average of each indicator (raw series) from January 1990 until end 2023.

<sup>3</sup> 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			
				2024				2024			
	Min. <sup>1</sup>	Max. <sup>1</sup>	Avg. <sup>2</sup>	May	Jun	Jul	Aug	Mar	Apr	May	Jun
<b>Manufacturing industry</b>											
Trend in production rate	- 53.0	+ 20.0	- 1.2	- 3.2	- 2.0	- 1.3	- 1.4	- 7.0	- 5.3	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.7	- 6.7	- 19.0	- 19.9	- 5.9	- 10.4	- 9.7	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.8	- 0.2	- 4.6	- 3.5	- 3.0	- 11.5	- 8.9	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.5	- 30.6	- 30.8	- 33.1	- 35.3	- 40.5	- 37.8	.	.
Trend in prices	- 21.0	+ 34.3	+ 0.2	- 3.5	- 3.3	+ 0.6	+ 1.3	- 5.0	- 4.2	.	.
Price expectations	- 24.0	+ 54.2	+ 4.3	+ 3.4	+ 7.3	+ 7.3	+ 5.4	- 0.9	+ 1.1	.	.
<b>Production capacity</b>											
(in percentage of the total production capacity)	70.1	84.6	79.5	-	-	74.2	-				
Source: quarterly production capacity survey											
<b>Business-related services</b>											
Trend in activity	- 73.0	+ 37.0	+ 9.2	+ 15.6	+ 7.7	- 2.0	+ 15.7	+ 7.2	+ 7.7	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.4	+ 9.2	+ 6.5	- 5.2	- 1.4	+ 3.8	+ 2.4	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 17.3	+ 10.6	+ 13.9	+ 11.8	+ 18.1	+ 17.2	.	.
Trend in prices	- 15.8	+ 25.6	+ 2.4	+ 7.7	- 0.9	+ 6.4	+ 0.8	+ 2.6	+ 2.7	.	.
Price expectations	- 13.0	+ 46.9	+ 8.3	+ 13.5	+ 16.3	+ 11.4	+ 16.9	+ 15.9	+ 15.4	.	.
<b>Building industry</b>											
Trend in activity	- 66.6	+ 34.7	- 1.7	- 4.8	- 5.6	+ 0.4	+ 4.3	- 5.1	- 5.0	.	.
Trend in employment	- 27.0	+ 22.0	- 3.0	+ 3.4	- 9.5	- 5.2	- 4.1	+ 0.6	+ 0.2	.	.
Employment expectations	- 31.0	+ 30.0	+ 1.1	- 0.0	+ 1.3	- 2.2	- 7.4	- 1.5	- 0.9	.	.
Trend in prices	- 27.1	+ 52.8	- 1.5	+ 1.7	- 1.3	- 1.0	- 1.5	+ 1.5	+ 0.6	.	.
Price expectations	- 20.6	+ 64.0	+ 4.3	+ 7.9	- 1.8	- 4.3	+ 1.9	+ 6.3	+ 6.1	.	.
<b>Trade</b>											
Trend in sales	- 50.1	+ 43.0	- 1.8	- 20.2	- 25.1	- 27.7	+ 6.2	- 6.4	- 11.9	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.6	- 22.6	- 28.2	- 44.9	- 26.0	- 20.7	- 22.9	.	.
Assessment of level of stocks <sup>3</sup>	- 17.1	+ 38.1	+ 11.0	+ 24.9	+ 18.5	+ 19.8	+ 15.8	+ 24.4	+ 24.4	.	.
Trend in prices	- 23.5	+ 55.3	+ 0.6	- 1.9	- 8.3	+ 2.3	+ 9.5	+ 3.2	+ 2.4	.	.
Price expectations	- 14.2	+ 69.5	+ 7.8	+ 21.0	+ 12.0	+ 11.4	+ 12.8	+ 12.9	+ 13.1	.	.

<sup>1</sup> Minimum and maximum of each indicator (raw series) from January 1990 to the month under review.

<sup>2</sup> Average of each indicator (raw series) from January 1990 until end 2023.

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## Quarterly business survey on credit conditions – July 2024

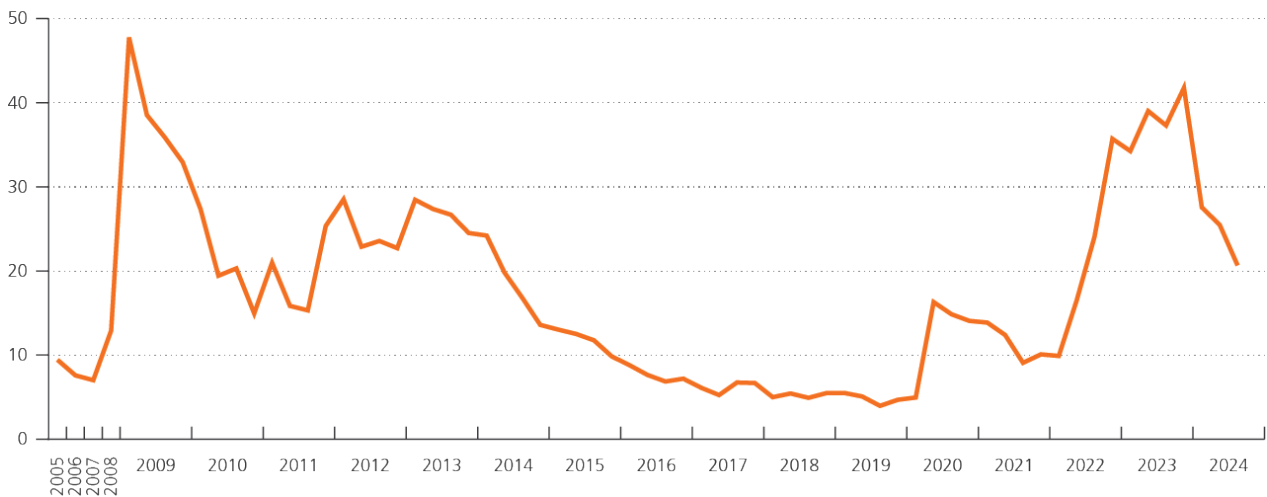
### Credit conditions eased further in July according to businesses

General conditions for access to bank credit eased for the third quarter in a row, according to the July 2024 quarterly survey on firms' perception of lending conditions. The percentage of firms perceiving current credit conditions as constrained (overall indicator of perception of credit constraints) fell from 25.5% in April to 20.7% in July.

The results per sector of activity indicate that credit conditions were perceived as less tight in all sectors. The easing was most evident in manufacturing (from 24.9% to 18.4%), followed by business-related services (from 26.2% to 23.3%) and construction (from 26.1% to 24.8%).

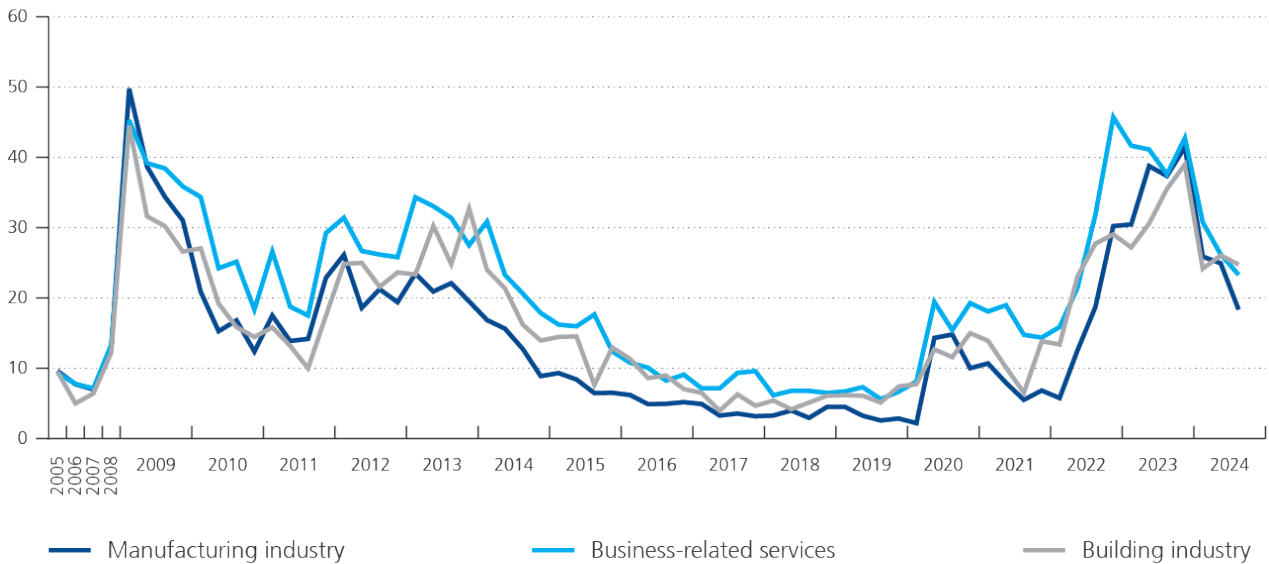
The results by firm size show that an easing of credit conditions was felt in all categories, with the exception of that of large firms (250 to 499 employees), in which the perception of credit constraints rose slightly.

Chart 2 - Perception of credit constraints<sup>1</sup> - Overall indicator



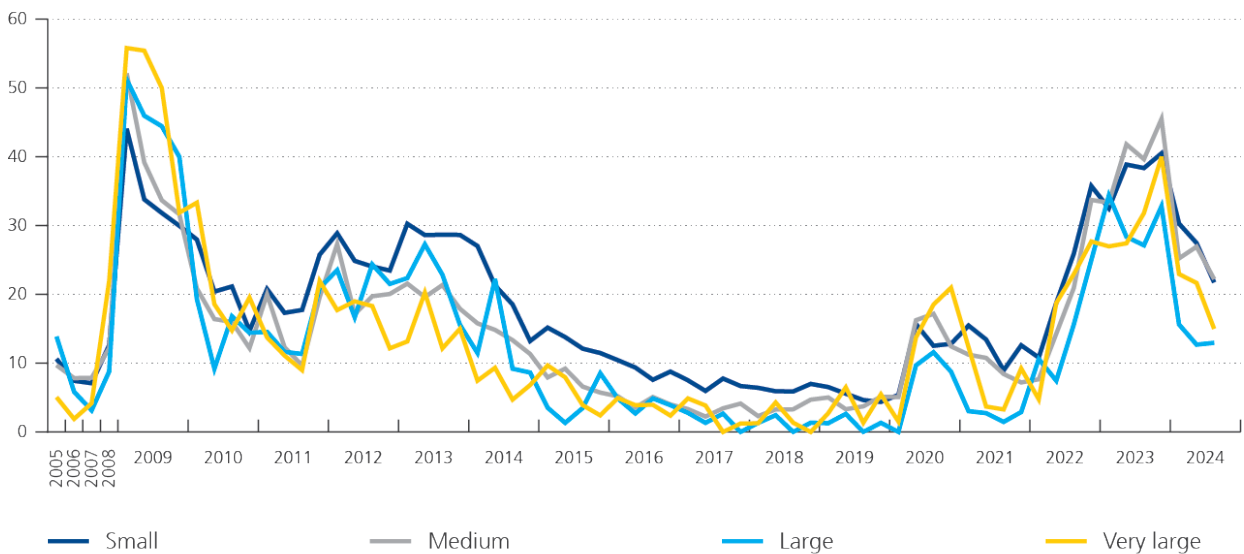
Source: NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constrained.

Chart 3 - Perception of credit constraints<sup>1</sup> - Breakdown by sector

Source : NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constrained.

Chart 4 - Perception of credit constraints<sup>1</sup> - Breakdown by company size<sup>2</sup>

Source : NBB - quarterly survey on credit conditions.

<sup>1</sup> Percentage of firms that perceive current credit conditions as constrained.

<sup>2</sup> Small = 1-49 employees ; medium = 50-249 employees ; large = 250-499 employees ; very large = 500 or more employees.

**TABLE 3 PERCEPTION OF CREDIT CONSTRAINTS INDICATOR<sup>1</sup>**

	07-2023	10-2023	01-2024	04-2024	07-2024
<b>Overall indicator<sup>2</sup></b>	<b>37.3</b>	<b>41.8</b>	<b>27.6</b>	<b>25.5</b>	<b>20.7</b>
<b>By sector</b>					
Manufacturing industry	37.4	41.5	25.9	24.9	18.4
Business-related services	37.6	42.8	30.8	26.2	23.3
Building industry	35.5	39.0	24.2	26.1	24.8
<b>By company size<sup>3</sup></b>					
Small	38.4	40.5	30.3	27.5	21.8
Medium	39.7	45.5	25.2	26.9	22.2
Large	27.1	32.8	15.6	12.7	13.0
Very large	31.8	40.0	23.0	21.7	15.0

<sup>1</sup> Percentage of firms that perceive current credit conditions as constrained.

<sup>2</sup> 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.

<sup>3</sup> 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.<sup>1</sup>

<sup>1</sup> 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](https://www.nbb.be/doc/dq/bls/en/bls_home.htm)).