

MODIFICATION OF THE REFERENCE MONTH OF THE BUSINESS SURVEYS METHODOLOGICAL COMMENT

1. NEW PRINCIPLE FOR DETERMINING THE REFERENCE MONTH

The business surveys, which the National Bank holds among the companies at the beginning of each month, pertain both to the past and to the present: the entrepreneur is asked, on the one hand, for the developments in economic activity he has ascertained over the previous month and, on the other hand, for his assessments and prospects at the moment the survey is being conducted.

In Belgium, up to now, the results of the surveys carried out at the beginning of a certain month referred to the previous month, i.e., to the month the assessment of the economic activity pertained to.

As was announced in the press release of April 24, 2002, this situation changes as from today. For the sake of harmonisation, Belgium, like most European countries, henceforth applies the method used by the European Commission, consisting in dating the results according to the month they have been collected in. In other words, the press release will henceforth refer to the month in which the data have been collected. In this case, the information in the press release is based on the data collected at the beginning of May. Thus, the surveys, being an instrument to measure business confidence, are ranged according to the month the confidence is assessed in.

2. IMPACT OF THIS MODIFICATION

2.1. No break of series

This change does not constitute a break of series in the business curve published by the Bank; applied to all historical observations, the change of the month of reference constitutes a one-period shift in the whole of the curve.

2.2. Synchronization of the consumer and business confidence indicators

Thanks to that shift, the business curve of the companies henceforth will be perfectly synchronized with the consumer confidence indicator. Henceforth, the surveys held among consumers and enterprises both indeed will refer to the month at the beginning of which they have been held. This synchronization will simplify the task of the analysts.

2.3. No acceleration of the business data flow

On the face of it one might think that shifting the surveys by one month holds the advantage to accelerate the business data flow: this is not at all the case, as a possible reversal of the economic trend, even though allocated to a more recent month, will not be detected earlier, the surveys being conducted at the same time than is the case now.

2.4. Preservation of the leading character

It might also be feared that a one-month shift in the Belgian curve might diminish its nature of leading business indicator for Europe; a relevant "working paper" of the National Bank published in November 2000¹ shows that this is not the case: even though technically a month is lost, the intrinsically leading nature of Belgian business is preserved².

¹ Vanhaelen J.-J., Dresse L. and De Mulder J., "The Belgian industrial confidence indicator: leading indicator of economic activity in the Euro area ?", National Bank of Belgium, working paper no 12, November 2000.

² In order to avoid any problems with the reference period, the study was already based on a Belgian confidence indicator which was already fully consistent with the European Commission's method in terms of dating. It should be remembered that the study revealed that the turning points in the Belgian manufacturing industry's business cycle over the 1993-2000 period were on average three months ahead of those in the European manufacturing industry's business cycle.