

2020-08-25

PRESS RELEASE

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Monthly business survey – August 2020

Business confidence picks up slightly in August

- **The business barometer has continued to recover in August, for the fourth month running.**
- **The business climate has improved in the manufacturing industry and in business-related services too. In the building industry and trade, on the other hand, confidence has dropped.**

In the manufacturing industry, managers still regard their current situation, notably their stock levels, as brighter. They are also expecting employment to pick up further in the next three months.

In business-related services, the indicator is up thanks to more optimistic forecasts for own business activity as well as general market demand.

The decline in the building industry is the result of a contraction of order books and greatly reduced use of equipment. However, company leaders are expecting demand to increase a bit in the coming three months.

Turning to the trade sector, where the indicator has fallen back after a strong upsurge in July, all components have got worse, notably the unemployment outlook and, even more so, forecasts for orders placed with suppliers.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, is pointing upwards, as a result of the positive results of the last few months.

Business survey indicators

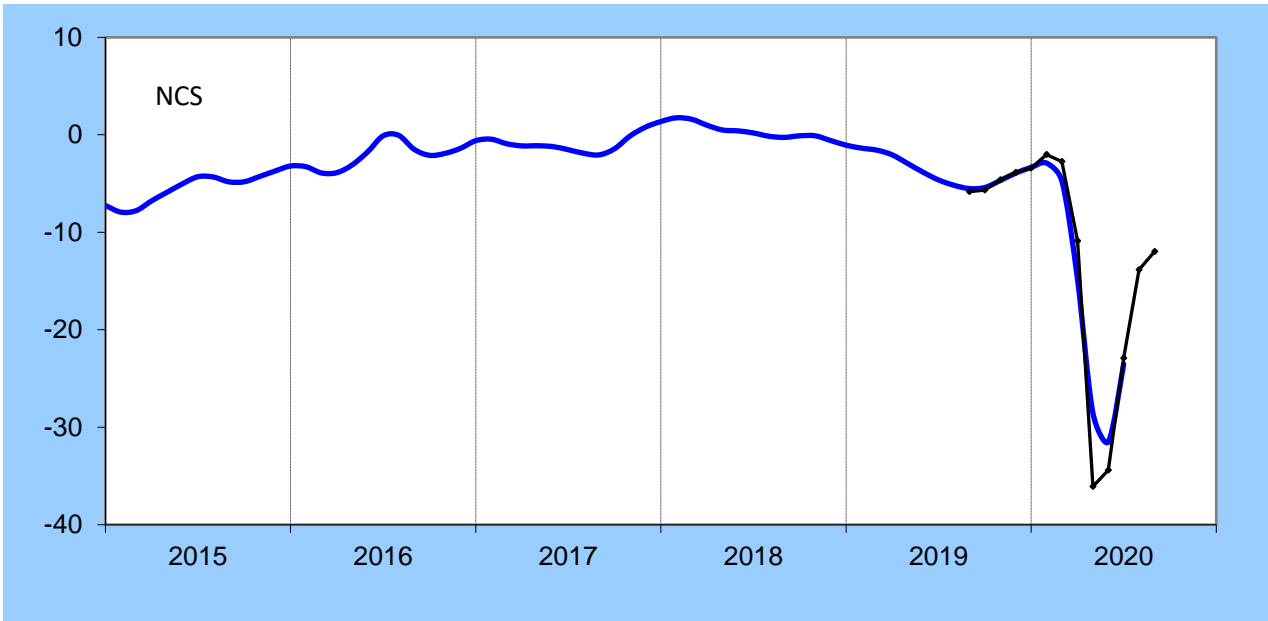
	Gross synthetic curve			Smoothed synthetic curve ¹
	July 2020	August 2020	Variation in points	Variation in Points
Manufacturing industry	-17.7	-14.0	3.7	-6.1
Business-related services	-8.1	-5.8	2.3	-4.6
Building industry	-1.5	-5.4	-3.9	-2.4
Trade	-17.9	-23.4	-5.5	-3.9
Overall synthetic curve	-13.9	-12.0	1.9	8.0

¹ The smoothed curve has a two-month delay for the overall synthetic curve and a four-month delay for the branches of activity. This implies that the overall smoothed indicator reflects recent developments – and thus the rebounds of the last couple of months – more closely than the smoothed indicators per branch.

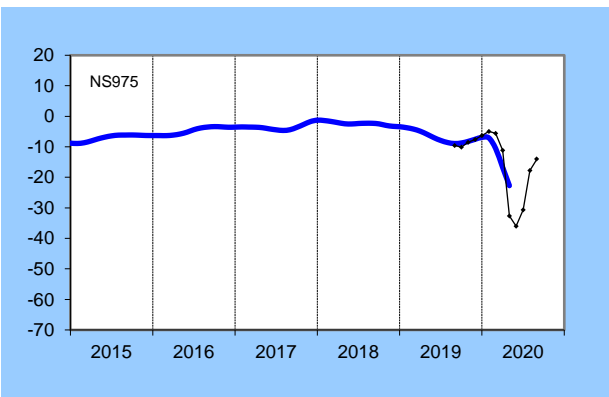
Source: NBB.

CHART 1 - SYNTHETIC CURVES

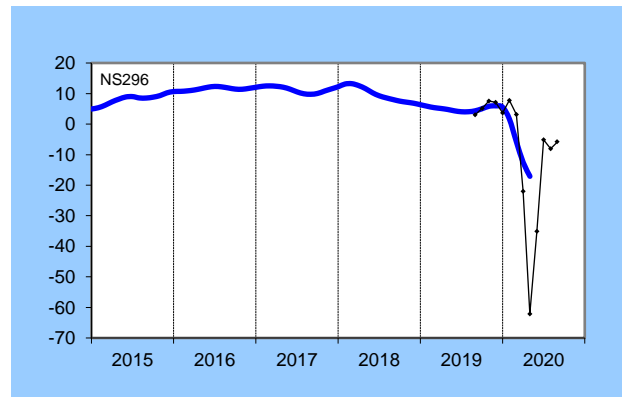
OVERALL SYNTHETIC CURVE



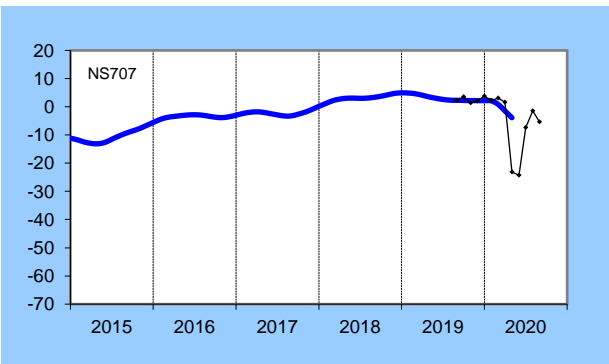
MANUFACTURING INDUSTRY



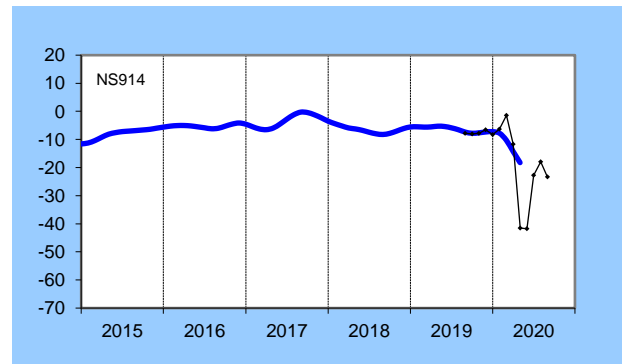
BUSINESS-RELATED SERVICES



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"(-).	1980-2020 ¹			Adjusted series				Smoothed series			
	Min.	Max.	Avg.	2020				2020			
				May	June	July	Aug.	March	April	May	June
Overall synthetic curve	- 36.1	+ 9.2	- 7.2	- 34.4	- 22.9	- 13.9	- 12.0	- 14.7	- 28.5	- 31.5	- 23.5
Manufacturing industry curve	- 36.0	+ 6.0	- 10.2	- 36.0	- 30.6	- 17.7	- 14.0	- 16.6	- 22.7	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.4	- 57.7	- 53.9	- 43.8	- 40.3	- 30.0	- 36.6	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.9	+ 15.7	+ 18.4	+ 2.2	- 6.0	+ 4.1	+ 4.5	.	.
Employment expectations	- 41.4	+ 8.0	- 8.5	- 33.7	- 25.4	- 14.8	- 9.6	- 14.7	- 20.0	.	.
Demand expectations	- 37.9	+ 15.0	- 4.9	- 36.8	- 24.8	- 10.1	- 12.3	- 13.3	- 19.7	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.6	- 35.1	- 5.1	- 8.1	- 5.8	- 12.5	- 17.1	.	.
Assessment of activity	- 71.6	+ 20.0	- 5.3	- 71.6	- 59.8	- 42.1	- 43.8	- 25.1	- 37.4	.	.
Activity expectations	- 70.7	+ 51.7	+ 22.0	- 11.0	+ 31.3	+ 13.1	+ 18.6	- 2.2	- 5.2	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.4	- 22.6	+ 13.3	+ 4.8	+ 7.9	- 13.2	- 16.1	.	.
Building industry curve	- 39.0	+ 24.3	- 7.0	- 24.3	- 7.3	- 1.5	- 5.4	- 1.5	- 3.9	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	- 29.2	- 6.5	+ 6.9	- 1.8	- 2.2	- 3.9	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	- 38.4	- 3.2	+ 4.0	- 7.5	- 0.0	- 1.8	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.2	- 8.0	- 5.0	- 8.0	- 5.1	- 2.4	- 3.5	.	.
Demand expectations	- 39.0	+ 21.0	- 3.0	- 21.6	- 14.6	- 8.8	- 7.3	- 3.4	- 8.8	.	.
Trade curve	- 41.8	+ 16.0	- 2.5	- 41.8	- 22.7	- 17.9	- 23.4	- 14.3	- 18.2	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.3	- 33.0	- 19.2	- 18.9	- 23.6	- 11.1	- 15.2	.	.
Demand expectations	- 56.0	+ 29.0	- 0.6	- 52.2	- 22.5	- 22.5	- 24.9	- 15.9	- 19.9	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.5	- 40.1	- 26.5	- 12.4	- 21.7	- 17.5	- 21.4	.	.

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season. When synthetic curves are calculated, 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"(-).	1980-2020 ¹			Adjusted series				Smoothed series					
	Min.	Max.	Avg.	2020				2020					
				May	June	July	Aug.	March	April	May	June		
Manufacturing industry													
Trend in production rate	- 53.0	+ 20.0	- 1.0	- 51.6	- 7.8	+ 9.0	+ 7.2	- 6.2	- 7.1	.	.		
Trend in domestic orders	- 48.7	+ 16.0	- 7.8	- 48.7	- 24.6	+ 7.5	- 7.5	- 16.4	- 19.7	.	.		
Trend in export orders	- 56.3	+ 30.0	- 2.7	- 56.3	- 14.2	+ 15.3	+ 11.2	- 7.8	- 10.5	.	.		
Assessment of export order books	- 61.0	+ 10.0	- 22.9	- 56.7	- 54.1	- 43.0	- 37.6	- 32.1	- 37.5	.	.		
Trend in prices	- 21.0	+ 24.0	+ 0.9	- 12.7	- 14.7	- 4.7	- 0.2	- 4.2	- 5.2	.	.		
Price expectations	- 24.0	+ 43.0	+ 6.5	- 10.5	- 4.9	- 0.4	+ 1.3	- 3.6	- 4.9	.	.		
Production capacity													
(in percentage of the total production capacity)	70.1	84.6	78.9	-	-	73.3	-						
Source: quarterly production capacity survey													
Business-related services													
Trend in activity	- 73.0	+ 37.0	+ 9.5	- 44.8	- 21.5	+ 29.4	+ 4.4	- 5.4	- 12.7	.	.		
Trend in employment	- 49.4	+ 34.0	+ 6.7	- 36.0	- 35.8	- 9.5	+ 8.4	- 12.2	- 19.6	.	.		
Employment expectations	- 35.0	+ 48.0	+ 17.1	- 11.9	+ 7.3	- 2.8	- 0.1	- 0.7	- 5.4	.	.		
Trend in prices	- 15.8	+ 12.0	+ 1.8	- 6.2	- 7.1	- 4.8	- 2.0	- 1.9	- 2.9	.	.		
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 1.9	+ 3.0	+ 6.5	+ 3.6	+ 4.5	+ 3.9	.	.		
Building industry													
Trend in activity	- 66.6	+ 34.7	- 4.4	- 58.8	+ 2.7	+ 8.8	- 5.0	- 0.9	- 2.5	.	.		
Trend in employment	- 38.0	+ 22.0	- 5.2	- 27.0	- 2.0	+ 1.7	- 2.0	- 1.5	- 1.9	.	.		
Employment expectations	- 50.0	+ 30.0	- 4.6	- 0.5	+ 0.4	- 3.5	+ 3.5	+ 5.3	+ 2.9	.	.		
Trend in prices	- 27.1	+ 32.0	- 2.0	- 3.7	- 7.0	- 6.2	- 4.7	- 1.7	- 3.3	.	.		
Price expectations	- 20.6	+ 46.0	+ 5.1	- 1.1	- 1.8	- 1.1	- 0.2	+ 1.9	+ 0.0	.	.		
Trade													
Trend in sales	- 50.1	+ 43.0	- 0.6	- 50.1	- 6.6	- 3.3	- 7.6	- 6.4	- 6.9	.	.		
Assessment of sales	- 50.0	+ 28.0	- 9.3	- 45.4	- 26.1	- 7.4	- 26.7	- 14.8	- 19.4	.	.		
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.2	+ 38.1	+ 20.0	+ 7.3	+ 7.3	+ 19.2	+ 21.8	.	.		
Trend in prices	- 20.0	+ 50.0	+ 1.8	- 1.4	- 17.7	- 13.0	- 9.6	+ 1.2	- 0.8	.	.		
Price expectations	- 11.0	+ 66.2	+ 11.1	- 10.9	+ 4.1	- 3.4	+ 1.3	+ 4.2	+ 1.6	.	.		

¹ Minimum, maximum and average values of each indicator (adjusted series) since January 1980.

² A positive, respectively negative balance, means that stocks, according to the assessment of entrepreneurs, are higher, respectively lower than normal for the season.

Quarterly business survey on credit conditions – July 2020

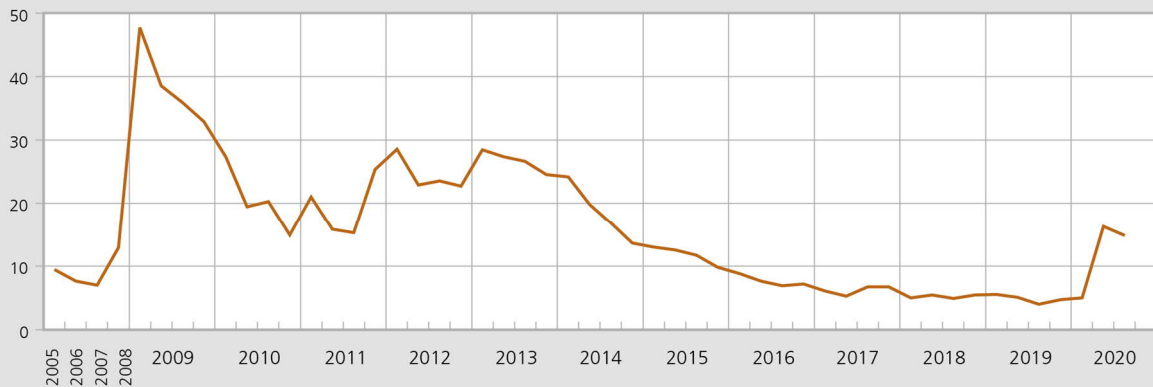
Companies see a slight improvement in borrowing conditions

The quarterly survey carried out in July 2020 on the appraisal of borrowing conditions by companies reveals that the general conditions for access to bank loans, that had deteriorated sharply in April 2020 because of the health crisis, have hardly got any better. The percentage of firms that perceived credit conditions as restrictive in July thus came to 14.9 %, compared with 16.3 % in April.

The findings per branch of activity show that borrowing conditions were considered to be less restrictive than in the previous three-month period in business-related services (falling from 19.4 % to 15.4 %) and, to a lesser extent, in the building industry (down from 12.7 % to 11.6 %). In the manufacturing industry, however, borrowing conditions were perceived as very slightly more restrictive (up from 14.3 % to 14.8 %).

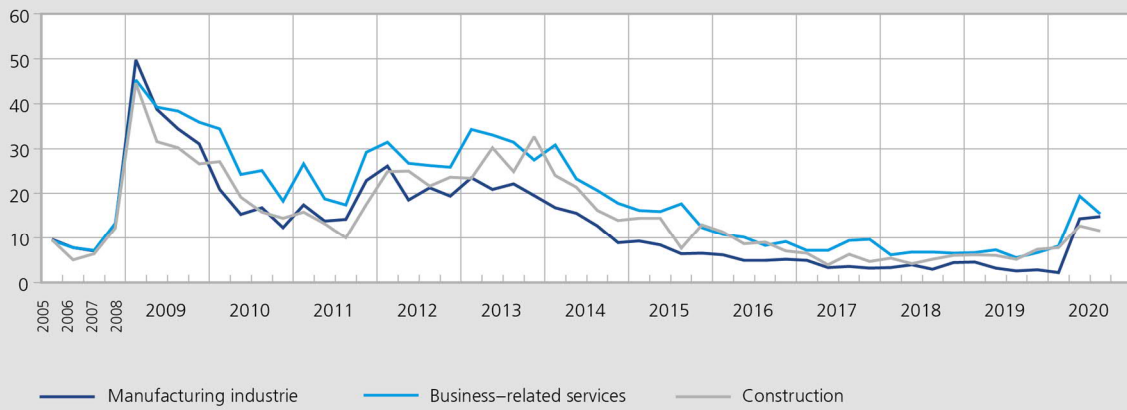
Broken down by company size, credit conditions have only been assessed as less strict in small firms (less than 50 employees). In all other company size categories, credit constraint perception has increased further, especially for very large firms (500 or more employees).

CHART 2 – CREDIT CONSTRAINT PERCEPTION¹ – OVERALL INDICATOR



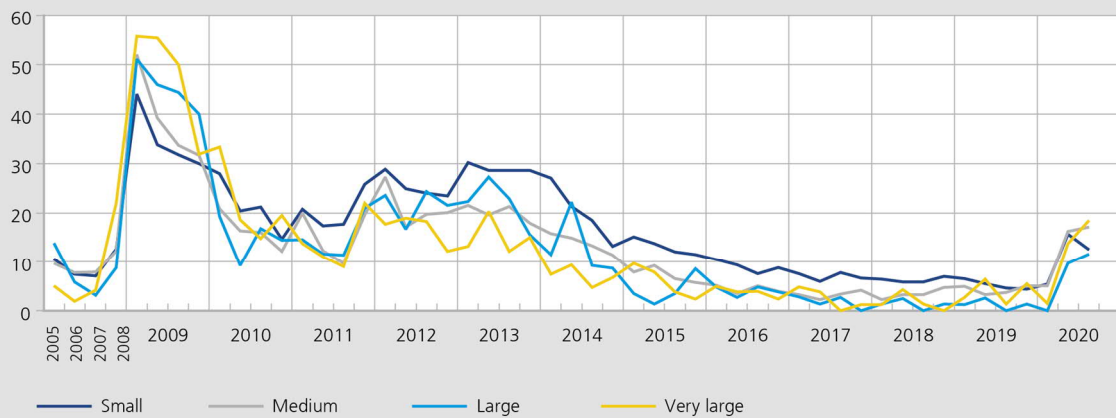
Source: NBB – quarterly survey on credit conditions.

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

CHART 3 – CREDIT CONSTRAINT PERCEPTION¹ – BREAKDOWN BY BRANCH OF ACTIVITY

Source: NBB – quarterly survey on credit conditions.

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

CHART 4 – CREDIT CONSTRAINT PERCEPTION¹ – BREAKDOWN BY COMPANY SIZE²

Source: NBB – quarterly survey on credit conditions.

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

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

TABLE 3 CREDIT CONSTRAINT PERCEPTION INDICATOR¹

	07-2019	10-2019	01-2020	04-2020	07-2020
Overall indicator ²	4.0	4.7	5.0	16.3	14.9
By branch of activity					
Manufacturing industry	2.6	2.9	2.2	14.3	14.8
Business-related services	5.6	6.7	8.1	19.4	15.4
Construction	5.1	7.4	7.7	12.7	11.6
By size of company³					
Small	4.6	4.4	5.4	15.7	12.5
Medium	3.7	5.1	5.1	16.3	17.2
Large	0.0	1.3	0.0	9.7	11.6
Very large	1.4	5.5	1.5	13.7	18.5

¹ Percentage of firms that perceive current credit conditions as constraining

² Weighted average of manufacturing industry, business-related services and building industry (criterion for weighting: outstanding debt with credit institutions). Within the individual branches, 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.

Methodology on the « perception of credit constraint » by businesses

The National Bank of Belgium (NBB) publishes an indicator based on the quarterly credit condition business survey findings. This « credit constraint perception » indicator shows the proportion of firms' unfavourable assessments of the current credit conditions.

In terms of statistical properties, this appears to be more relevant than an indicator showing the level of favourable assessments or the balance between favourable and unfavourable assessments.

The new indicator is also easy to interpret, as any rise (or fall) in it means that companies feel credit conditions are tightening (or easing).

The credit constraint perception indicator, compiled by the NBB, is available on a quarterly basis since January 2009¹.

¹ The results of the quarterly survey among enterprises on credit conditions are also included and commented in the quarterly release of the Observatory for credit to non-financial companies, at the same time as the Belgian results of the ESCB-Bank Lending Survey (http://www.nbb.be/doc/DQ/BLS/fr/BLS_home.htm).