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PRESS RELEASE

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Monthly business survey – November 2020

Business confidence drops back in November

- **After rising for six consecutive months, the business barometer has turned downwards in November.**
- **The business climate has deteriorated in the trade sector in particular, more than wiping out last month's clear rebound, as well as in business-related services. The building industry also registered a decline. The manufacturing industry is the only sector to – narrowly – escape the prevailing gloom.**

After the upturn seen in October, the economic situation has clearly weakened in the trade sector. The pessimism has fed through to all types of trade. Demand forecasts have collapsed, triggering an anticipated reduction in orders placed with suppliers. Job prospects are also shrinking too, albeit to a lesser extent.

In the business-related services sector, it has been expectations regarding general market demand that have fallen the most sharply. Entrepreneurs appear to take a more negative attitude about the future of their own business activity, the current level of which is also being assessed much less favourably given the time of the year.

In the building industry, too, all components of the indicator have fallen back, whether they concern recent developments with order books and use of equipment, appraisal of the current order book situation or demand forecasts.

As for the sixth – although modest – improvement in a row observed in the manufacturing industry, this is largely premised on a slightly more positive appraisal of total order books and on employment prospects that are picking up marginally.

The overall smoothed synthetic curve, which reflects the underlying cyclical trend, continues to rise.

Business survey indicators

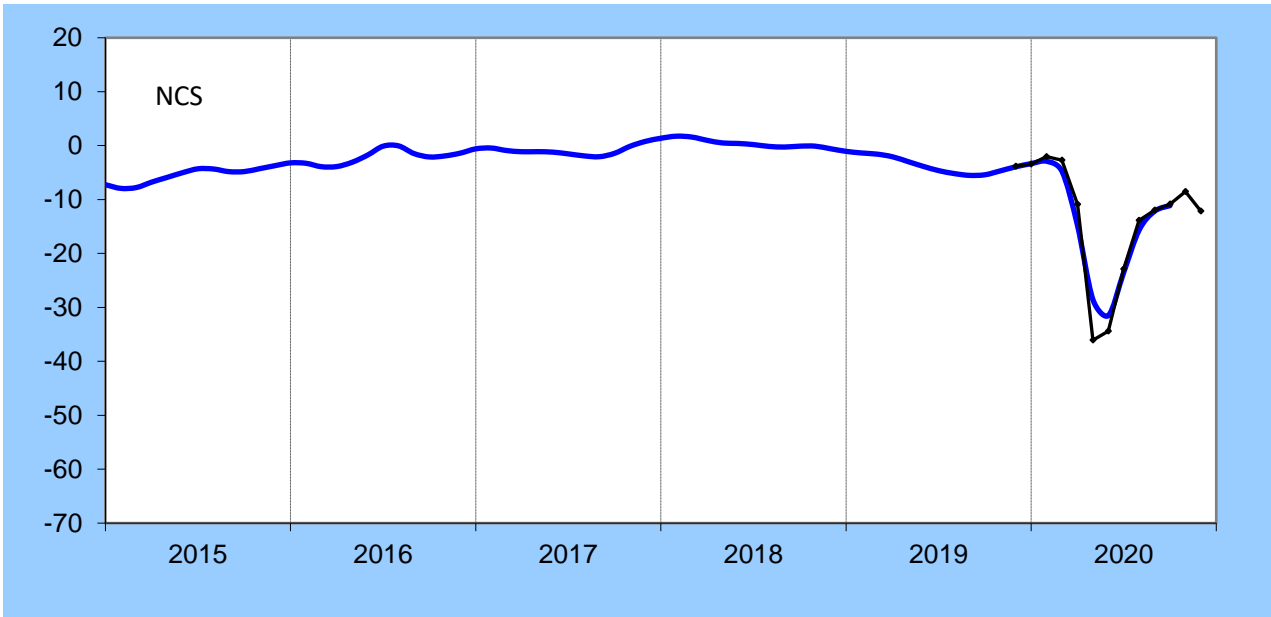
	Gross synthetic curve			Smoothed synthetic curve ¹
	October 2020	November 2020	Variation in points	Variation in Points
Manufacturing industry	-9.0	-8.0	1.0	4.4
Business-related services	-8.7	-24.0	-15.3	3.4
Building industry	-4.3	-12.1	-7.8	0.8
Trade	-14.5	-30.4	-15.9	0.0
Overall synthetic curve	-8.5	-12.1	-3.6	1.1

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 more closely than the smoothed indicators per branch.

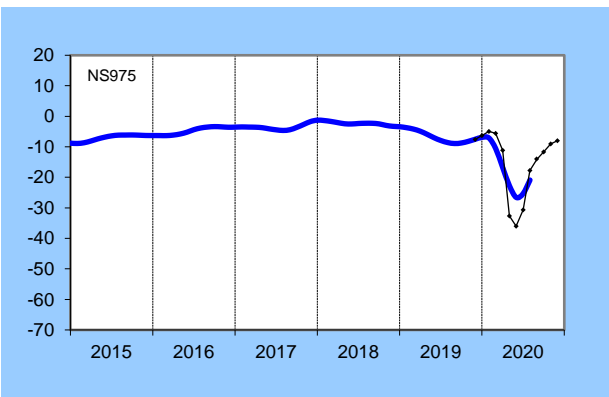
Source: NBB.

CHART 1 - SYNTHETIC CURVES

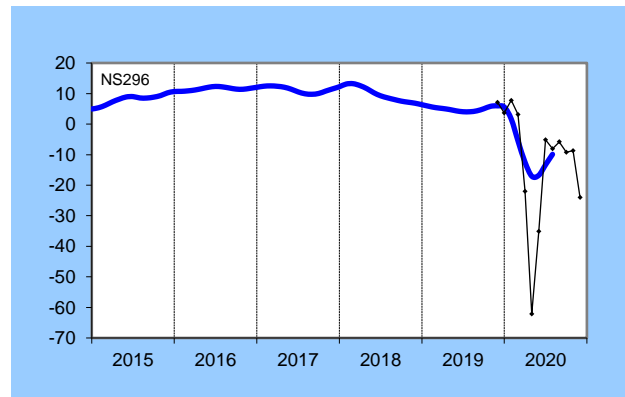
OVERALL SYNTHETIC CURVE



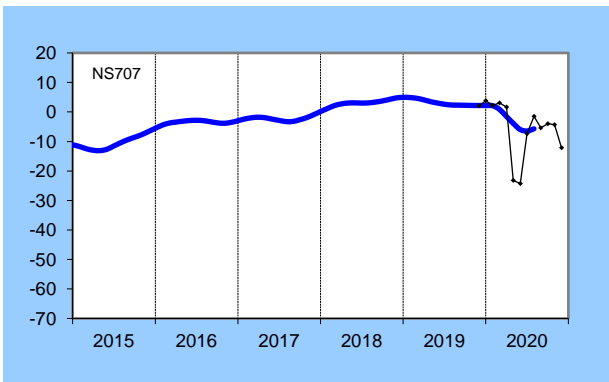
MANUFACTURING INDUSTRY



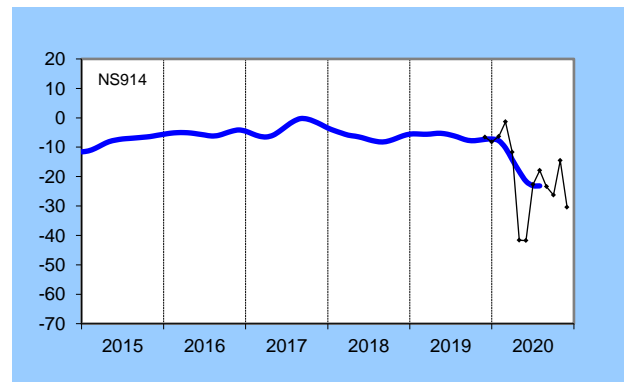
BUSINESS-RELATED SERVICES



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			
				Aug.	Sept.	Oct.	Nov.	June	July	Aug.	Sept.
Overall synthetic curve	- 36.1	+ 9.2	- 7.2	- 12.0	- 10.8	- 8.5	- 12.1	- 23.5	- 15.7	- 12.2	- 11.1
Manufacturing industry curve	- 36.0	+ 6.0	- 10.2	- 14.0	- 11.6	- 9.0	- 8.0	- 25.3	- 20.9	.	.
Assessment of total order books	- 57.7	+ 10.0	- 21.5	- 40.3	- 30.7	- 26.7	- 24.7	- 44.8	- 42.2	.	.
Assessment of level of stocks ²	- 12.9	+ 25.0	+ 5.8	- 6.0	- 4.1	- 9.2	- 8.6	+ 3.2	+ 0.7	.	.
Employment expectations	- 41.4	+ 8.0	- 8.6	- 9.6	- 11.3	- 10.7	- 8.7	- 21.0	- 17.4	.	.
Demand expectations	- 37.9	+ 15.0	- 4.9	- 12.3	- 8.6	- 7.9	- 7.3	- 19.8	- 16.0	.	.
Business-related services curve	- 62.1	+ 34.0	+ 9.4	- 5.8	- 9.2	- 8.7	- 24.0	- 13.3	- 9.9	.	.
Assessment of activity	- 71.6	+ 20.0	- 5.6	- 43.8	- 46.4	- 39.5	- 43.6	- 51.9	- 48.9	.	.
Activity expectations	- 70.7	+ 51.7	+ 21.8	+ 18.6	+ 13.8	+ 6.3	- 7.3	+ 4.3	+ 10.4	.	.
Market demand expectations	- 59.9	+ 45.0	+ 13.2	+ 7.9	+ 5.0	+ 7.1	- 21.0	- 5.1	+ 2.0	.	.
Building industry curve	- 39.0	+ 24.3	- 7.0	- 5.4	- 4.0	- 4.3	- 12.1	- 6.5	- 5.7	.	.
Trend in orders	- 52.0	+ 40.0	- 4.2	- 1.8	- 2.1	+ 0.8	- 8.6	- 4.8	- 3.6	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	- 7.5	- 2.0	- 0.8	- 5.7	- 4.1	- 3.8	.	.
Assessment of order books	- 74.0	+ 30.0	- 22.1	- 5.1	- 4.9	- 7.4	- 18.4	- 4.9	- 5.4	.	.
Demand expectations	- 39.0	+ 21.0	- 3.0	- 7.3	- 6.9	- 9.9	- 15.6	- 12.4	- 11.0	.	.
Trade curve	- 41.8	+ 16.0	- 2.7	- 23.4	- 26.3	- 14.5	- 30.4	- 23.1	- 23.1	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.2	- 23.6	- 18.7	- 17.4	- 19.5	- 20.3	- 20.2	.	.
Demand expectations	- 56.0	+ 29.0	- 0.8	- 24.9	- 31.1	- 8.8	- 41.6	- 23.7	- 24.0	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 7.6	- 21.7	- 29.2	- 17.3	- 30.1	- 25.9	- 24.7	.	.

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				
				Aug.	Sept.	Oct.	Nov.	June	July	Aug.	Sept.	
Manufacturing industry												
Trend in production rate	- 53.0	+ 20.0	- 1.0	+ 7.2	- 0.2	+ 15.2	- 5.2	- 4.1	- 0.3	.	.	
Trend in domestic orders	- 48.7	+ 16.0	- 7.8	- 7.5	- 14.7	- 1.5	- 12.0	- 20.0	- 15.7	.	.	
Trend in export orders	- 56.3	+ 30.0	- 2.7	+ 11.2	+ 6.1	+ 15.7	+ 2.7	- 5.9	+ 0.4	.	.	
Assessment of export order books	- 61.0	+ 10.0	- 22.9	- 37.6	- 33.3	- 21.6	- 26.7	- 43.7	- 41.3	.	.	
Trend in prices	- 21.0	+ 24.0	+ 1.0	- 0.2	+ 6.8	+ 4.0	+ 2.9	- 5.3	- 3.3	.	.	
Price expectations	- 24.0	+ 43.0	+ 6.5	+ 1.3	+ 3.8	+ 6.2	+ 4.4	- 3.3	- 1.2	.	.	
Production capacity												
(in percentage of the total production capacity)	70.1	84.6	78.9	-	-	76.7	-					
Source: quarterly production capacity survey												
Business-related services												
Trend in activity	- 73.0	+ 37.0	+ 9.4	+ 4.4	- 4.8	+ 11.6	- 12.9	- 14.1	- 7.6	.	.	
Trend in employment	- 49.4	+ 34.0	+ 6.6	+ 8.4	- 10.2	- 1.7	+ 2.6	- 22.6	- 16.5	.	.	
Employment expectations	- 35.0	+ 48.0	+ 17.0	- 0.1	+ 10.0	+ 6.9	+ 1.6	- 3.0	+ 0.2	.	.	
Trend in prices	- 15.8	+ 12.0	+ 1.8	- 2.0	- 3.7	- 3.7	- 2.7	- 4.3	- 4.4	.	.	
Price expectations	- 13.0	+ 30.0	+ 6.7	+ 3.6	+ 4.9	+ 2.8	+ 4.4	+ 3.2	+ 3.5	.	.	
Building industry												
Trend in activity	- 66.6	+ 34.7	- 4.4	- 5.0	- 4.0	- 0.9	- 14.0	- 3.5	- 3.3	.	.	
Trend in employment	- 38.0	+ 22.0	- 5.2	- 2.0	+ 2.9	- 3.1	- 3.1	- 2.0	- 2.0	.	.	
Employment expectations	- 50.0	+ 30.0	- 4.5	+ 3.5	+ 10.3	+ 4.3	- 1.0	+ 0.4	+ 1.2	.	.	
Trend in prices	- 27.1	+ 32.0	- 2.0	- 4.7	- 4.8	- 5.6	- 6.4	- 5.5	- 5.6	.	.	
Price expectations	- 20.6	+ 46.0	+ 5.1	- 0.2	+ 2.0	- 2.3	- 3.6	- 1.1	- 1.1	.	.	
Trade												
Trend in sales	- 50.1	+ 43.0	- 0.7	- 7.6	- 13.0	- 6.4	- 17.6	- 7.1	- 7.3	.	.	
Assessment of sales	- 50.0	+ 28.0	- 9.3	- 26.7	- 15.7	- 3.0	- 8.0	- 24.9	- 21.4	.	.	
Assessment of level of stocks ²	- 12.9	+ 38.1	+ 12.2	+ 7.3	+ 9.3	+ 5.4	+ 7.2	+ 17.1	+ 13.0	.	.	
Trend in prices	- 23.5	+ 50.0	+ 1.7	- 9.6	- 23.5	+ 10.8	- 10.7	- 7.8	- 10.4	.	.	
Price expectations	- 14.2	+ 66.2	+ 11.0	+ 1.3	+ 4.0	+ 11.2	- 14.2	- 0.4	+ 0.2	.	.	

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 – October 2020

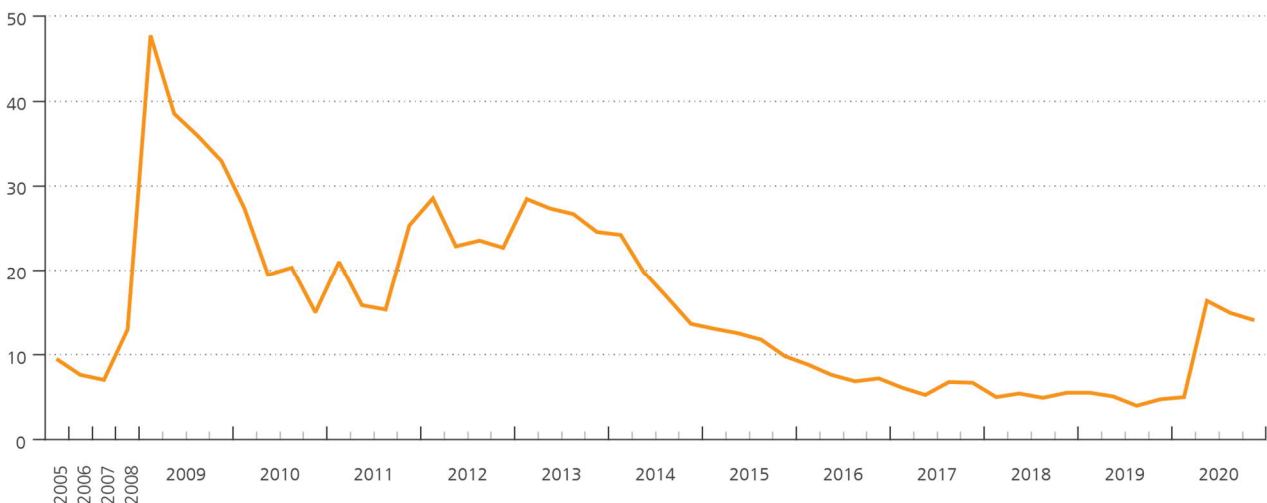
Credit constraint perception indicator eases a little in October

The quarterly survey conducted in October 2020 on the appraisal of borrowing conditions by companies reveals that the general conditions for access to bank loans have been relaxed, albeit only very slightly. The percentage of firms that find borrowing conditions restrictive worked out at 14.1 % in October, compared to 14.9 % in July and 16.3 % for the recent peak reached in April.

This modest improvement is exclusively attributable to the manufacturing industry. The percentage of companies in this sector finding borrowing conditions restrictive effectively dropped back from 14.8 % in July to 10.0 % in October. Conversely, after some sign of easing in July, perception of credit constraint has got stronger in business-related services (up from 15.4 % in July to 19.3 % in October) as well as in the building industry (up from 11.6 % in July to 15.0 % in October), where the indicator has reached its highest level since July 2014.

A breakdown by company size shows that only medium-sized (50 to 249 employees) and large enterprises (250 to 499 employees) considered borrowing conditions to be less strict, with respectively 17.2 and 11.6 % in July, compared with 12.5 and 8.8 % in October. On the other hand, very large firms (500 employees or more) are still the ones that perceive borrowing conditions as being the toughest and this rate has gone up even more, from 18.5 % in July to 21.0 % in October, the highest level for 9 years. As far as small firms (less than 50 employees) are concerned, the indicator has essentially stabilised.

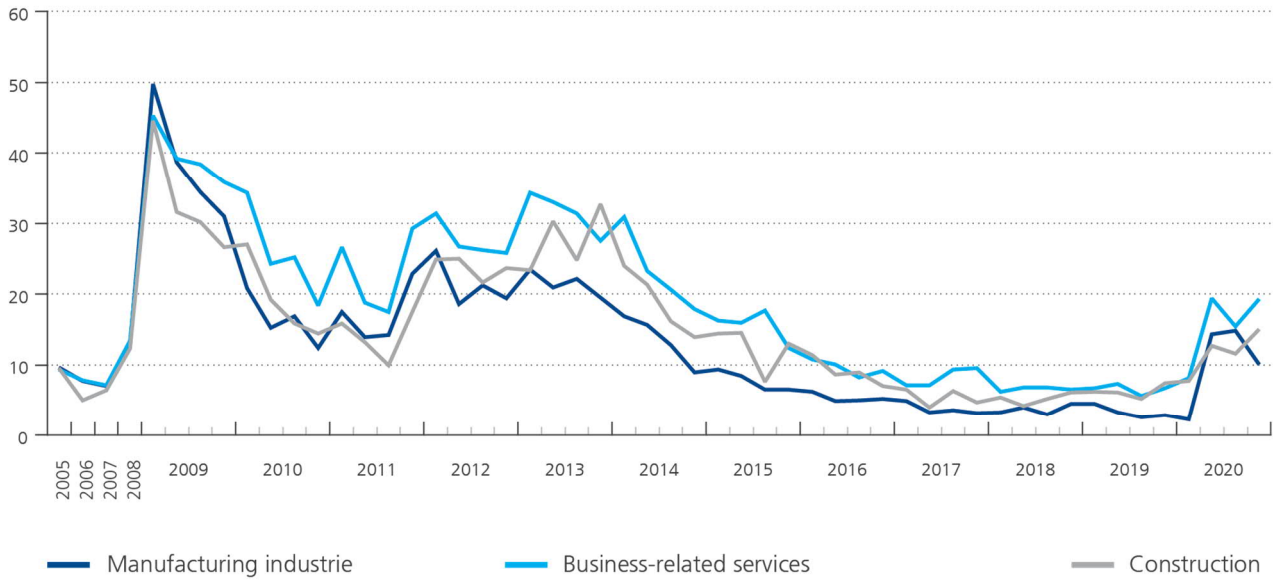
Chart 2 - Credit constraint perception¹ - Overall indicator



Source: NBB - quarterly survey on credit conditions.

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

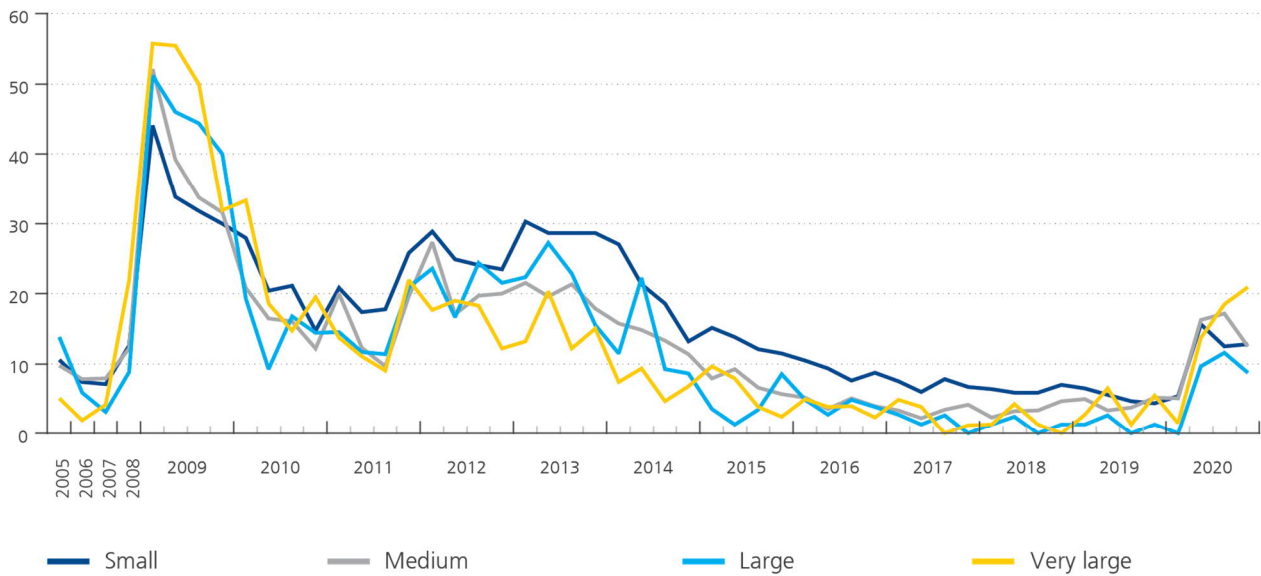
Chart 3 - Credit constraint perception¹ - Breakdown by branch of activity



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

	10-2019	01-2020	04-2020	07-2020	10-2020
Overall indicator ²	4.7	5.0	16.3	14.9	14.1
By branch of activity					
Manufacturing industry	2.9	2.2	14.3	14.8	10.0
Business-related services	6.7	8.1	19.4	15.4	19.3
Construction	7.4	7.7	12.7	11.6	15.0
By size of company³					
Small	4.4	5.4	15.7	12.5	12.8
Medium	5.1	5.1	16.3	17.2	12.5
Large	1.3	0.0	9.7	11.6	8.8
Very large	5.5	1.5	13.7	18.5	21.0

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).