

2023-07-25

## PRESS RELEASE

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### Monthly business survey – July 2023

## Business sentiment deteriorates further in July

- **The business confidence indicator fell for the fourth consecutive month.**
- **Only the building sector escaped the deterioration in the business climate. Business-related services in particular are feeling the pinch.**

In business-related services, general market demand expectations have been sharply revised downwards for the second month in a row. Business leaders, who voiced extremely pessimistic activity expectations last month, did not revise their assessment this month and remain very wary, expressing moreover a more unfavourable view of their current activity levels.

In the trade sector, the decline in the indicator is attributable to a marked downward revision of demand expectations and, to a lesser extent, employment expectations.

In the manufacturing industry, all underlying components of the indicator are down, with the exception of the assessment of stock levels. The loss of confidence has particularly impacted employment expectations and demand expectations.

Over the past year or so, business confidence in the building industry has been fairly stable. The indicator changed only slightly this month, displaying a very modest progression. Recent trends in both order books and equipment are on the rise, while the assessment of current order books is less favourable and demand expectations are weakening somewhat.

The smoothed synthetic curve, which reflects the underlying economic trend, has fallen for the first time since December of last year.

Finally, the seasonally adjusted capacity utilisation rate for industry stood at 75.3% in July, compared with 77.7% in April, confirming the deterioration in the business climate in this sector over the course of the second quarter.

### Business survey indicators

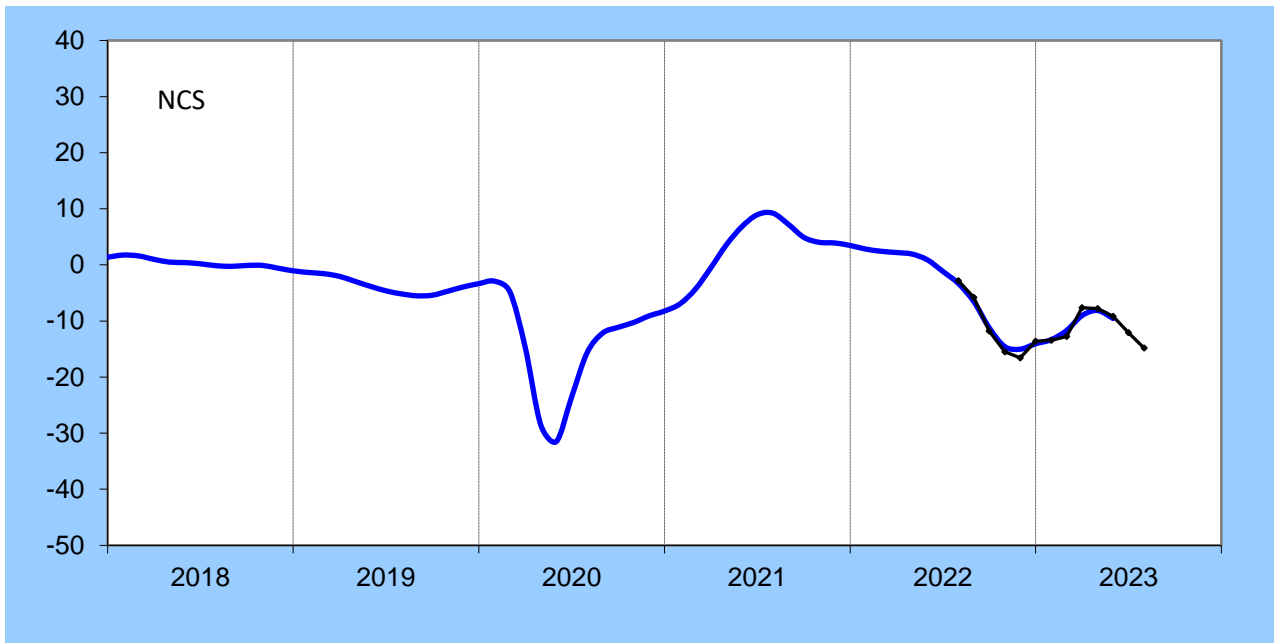
	Gross synthetic curve			Smoothed synthetic curve <sup>1</sup>
	June 2023	July 2023	Variation in points	Variation in Points
Manufacturing industry	-15.6	-18.1	-2.5	0.7
Business-related services	-2.5	-8.8	-6.3	3.9
Building industry	-6.0	-5.8	0.2	-0.1
Trade	-13.2	-16.8	-3.6	1.7
<b>Overall synthetic curve</b>	<b>-12.1</b>	<b>-14.8</b>	<b>-2.7</b>	<b>-1.5</b>

<sup>1</sup> 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.

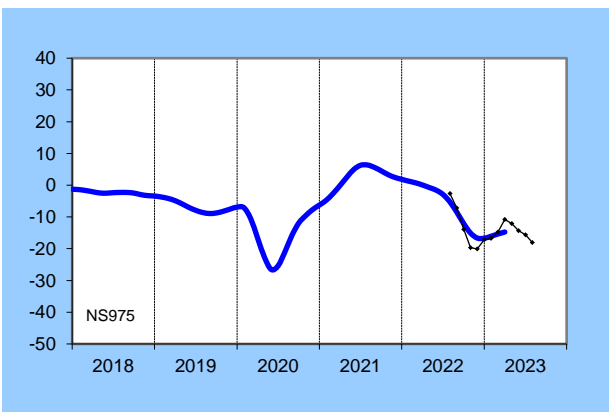
Source: NBB.

JULY 2023

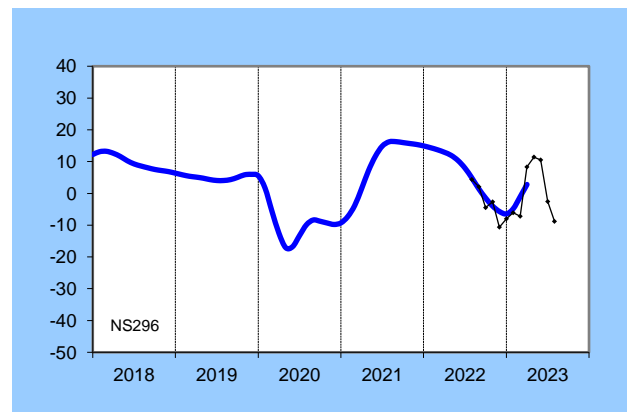
## OVERALL SYNTHETIC CURVE



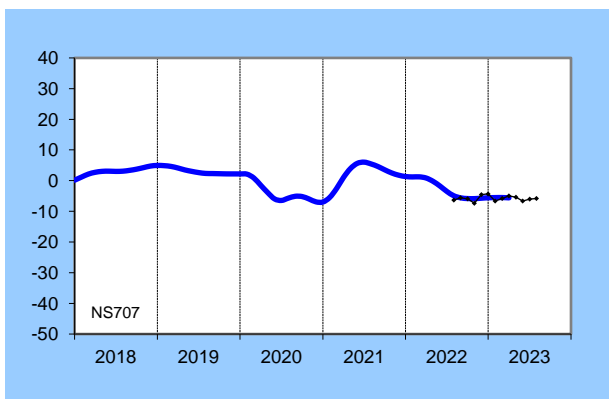
## MANUFACTURING INDUSTRY



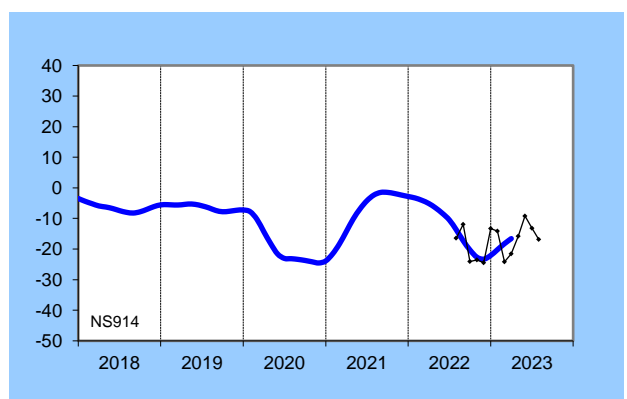
## BUSINESS-RELATED SERVICES



## 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>	2023				2023			
				Apr	May	Jun	Jul	Feb	Mar	Apr	May
<b>Overall synthetic curve</b>	- 36.1	+ 10.1	- 5.2	- 7.8	- 9.2	- 12.1	- 14.8	- 11.7	- 9.0	- 8.1	- 9.6
<b>Manufacturing industry curve</b>	- 36.0	+ 10.0	- 8.6	- 12.1	- 14.3	- 15.6	- 18.1	- 15.4	- 14.7	.	.
Assessment of total order books	- 57.7	+ 10.0	- 19.2	- 30.9	- 30.4	- 32.6	- 33.1	- 30.5	- 30.8	.	.
Assessment of level of stocks <sup>3</sup>	- 19.0	+ 25.0	+ 4.7	+ 7.8	+ 4.4	+ 8.6	+ 7.6	+ 11.5	+ 10.0	.	.
Employment expectations	- 41.4	+ 11.5	- 7.1	- 2.4	- 6.7	- 7.6	- 13.2	- 7.5	- 7.1	.	.
Demand expectations	- 37.9	+ 15.0	- 3.2	- 7.5	- 15.8	- 13.4	- 18.4	- 9.9	- 9.2	.	.
<b>Business-related services curve</b>	- 62.1	+ 34.0	+ 9.2	+ 11.4	+ 10.5	- 2.5	- 8.8	- 1.1	+ 2.8	.	.
Assessment of activity	- 71.6	+ 20.0	- 6.4	- 12.8	- 9.8	- 15.7	- 20.7	- 13.7	- 14.3	.	.
Activity expectations	- 70.7	+ 47.0	+ 21.2	+ 27.5	+ 23.6	+ 2.2	+ 2.2	+ 7.3	+ 14.0	.	.
Market demand expectations	- 59.9	+ 44.0	+ 12.7	+ 19.5	+ 17.9	+ 5.9	- 8.1	+ 4.0	+ 9.2	.	.
<b>Building industry curve</b>	- 24.3	+ 24.3	- 3.3	- 5.4	- 6.6	- 6.0	- 5.8	- 5.5	- 5.6	.	.
Trend in orders	- 30.1	+ 33.0	- 0.1	- 2.3	- 10.3	- 7.0	- 5.0	- 0.9	- 1.8	.	.
Trend in equipment	- 38.4	+ 24.0	+ 1.6	- 4.1	- 1.7	- 1.4	- 0.3	- 0.3	- 0.6	.	.
Assessment of order books	- 50.0	+ 30.0	- 14.5	- 3.0	- 3.3	- 3.7	- 5.8	- 2.8	- 3.1	.	.
Demand expectations	- 26.0	+ 18.0	- 0.4	- 12.1	- 11.1	- 11.8	- 12.2	- 17.2	- 15.4	.	.
<b>Trade curve</b>	- 41.8	+ 16.0	- 3.6	- 15.9	- 9.2	- 13.2	- 16.8	- 18.3	- 16.6	.	.
Employment expectations	- 33.0	+ 18.0	+ 1.1	- 2.3	+ 2.5	- 4.1	- 6.6	- 9.7	- 8.1	.	.
Demand expectations	- 56.0	+ 29.0	- 3.1	- 22.9	- 7.5	- 10.6	- 19.7	- 23.2	- 21.3	.	.
Intentions of placing orders	- 40.1	+ 15.0	- 8.7	- 22.4	- 22.6	- 24.8	- 24.2	- 25.7	- 24.5	.	.

<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 2022.

<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			
	Min. <sup>1</sup>	Max. <sup>1</sup>	Avg. <sup>2</sup>	2023 Apr	2023 May	2023 Jun	2023 Jul	2023 Feb	2023 Mar	2023 Apr	2023 May
<b>Manufacturing industry</b>											
Trend in production rate	- 53.0	+ 20.0	- 1.1	+ 0.3	- 16.8	+ 1.3	- 9.9	- 1.3	- 0.4	.	.
Trend in domestic orders	- 48.7	+ 16.0	- 7.4	- 18.2	- 15.8	- 15.3	- 18.6	- 14.2	- 14.9	.	.
Trend in export orders	- 56.3	+ 30.0	- 2.6	- 10.9	- 3.9	- 6.2	- 14.1	- 5.7	- 5.4	.	.
Assessment of export order books	- 61.0	+ 10.0	- 20.1	- 28.8	- 29.8	- 30.3	- 29.8	- 29.0	- 29.4	.	.
Trend in prices	- 21.0	+ 34.3	+ 0.3	+ 1.2	- 3.2	- 5.7	- 7.6	+ 3.8	+ 2.0	.	.
Price expectations	- 24.0	+ 54.2	+ 4.4	+ 6.1	- 4.0	- 9.0	- 10.5	+ 13.7	+ 8.7	.	.
<b>Production capacity</b>											
(in percentage of the total production capacity)	70.1	84.6	79.6	77.7	-	-	75.3				
Source: quarterly production capacity survey											
<b>Business-related services</b>											
Trend in activity	- 73.0	+ 37.0	+ 9.4	+ 2.9	+ 12.8	- 3.7	- 2.3	+ 8.8	+ 8.4	.	.
Trend in employment	- 49.4	+ 34.0	+ 6.5	+ 20.1	+ 6.0	+ 0.2	- 0.5	+ 7.5	+ 7.4	.	.
Employment expectations	- 35.0	+ 48.0	+ 17.8	+ 25.8	+ 23.8	+ 15.1	+ 11.6	+ 24.3	+ 24.6	.	.
Trend in prices	- 15.8	+ 25.6	+ 2.3	+ 1.4	+ 8.5	+ 4.2	+ 4.7	+ 8.7	+ 7.8	.	.
Price expectations	- 13.0	+ 46.9	+ 7.9	+ 23.8	+ 26.3	+ 13.8	+ 11.4	+ 30.9	+ 27.8	.	.
<b>Building industry</b>											
Trend in activity	- 66.6	+ 34.7	- 1.7	- 9.1	- 8.8	- 4.9	- 2.8	+ 1.2	- 0.8	.	.
Trend in employment	- 27.0	+ 22.0	- 3.1	- 7.8	+ 0.8	- 8.8	- 9.8	- 0.1	- 1.4	.	.
Employment expectations	- 31.0	+ 30.0	+ 1.0	+ 15.3	+ 11.1	+ 4.3	+ 4.9	+ 10.3	+ 10.8	.	.
Trend in prices	- 27.1	+ 52.8	- 2.0	+ 22.6	+ 15.3	+ 11.0	+ 10.4	+ 31.4	+ 26.6	.	.
Price expectations	- 20.6	+ 64.0	+ 3.8	+ 31.9	+ 21.8	+ 16.6	+ 15.4	+ 44.0	+ 37.8	.	.
<b>Trade</b>											
Trend in sales	- 50.1	+ 43.0	- 2.0	+ 5.0	+ 5.1	- 2.0	+ 22.2	+ 2.4	+ 3.7	.	.
Assessment of sales	- 50.0	+ 28.0	- 8.6	+ 1.5	- 21.8	- 8.3	- 0.7	- 7.0	- 7.2	.	.
Assessment of level of stocks <sup>3</sup>	- 17.1	+ 38.1	+ 10.9	+ 11.1	+ 18.9	+ 18.6	+ 12.8	+ 9.0	+ 10.5	.	.
Trend in prices	- 23.5	+ 55.3	+ 0.1	+ 24.7	+ 21.5	+ 23.2	+ 13.9	+ 30.9	+ 26.9	.	.
Price expectations	- 14.2	+ 69.5	+ 7.3	+ 40.6	+ 31.2	+ 24.5	+ 22.4	+ 45.8	+ 42.4	.	.

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

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