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Economic prospects - business survey results

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Further weakening in industrial business climate. — The downward trend of industrial business confidence has been confirmed by the December 1979 Community business survey. This trend began in August 1979 (see Graph 1, opposite), to be interrupted briefly by the slight improvement noted in November. Results for December indicate a fall of 2 percentage points in the industrial production outlook and a rise, also of 2 percentage points, in the majority of respondents who consider finished stocks to be above normal. These two results combine to account for a deterioration of 2 percentage points in the Community business climate indicator (see Table 1).

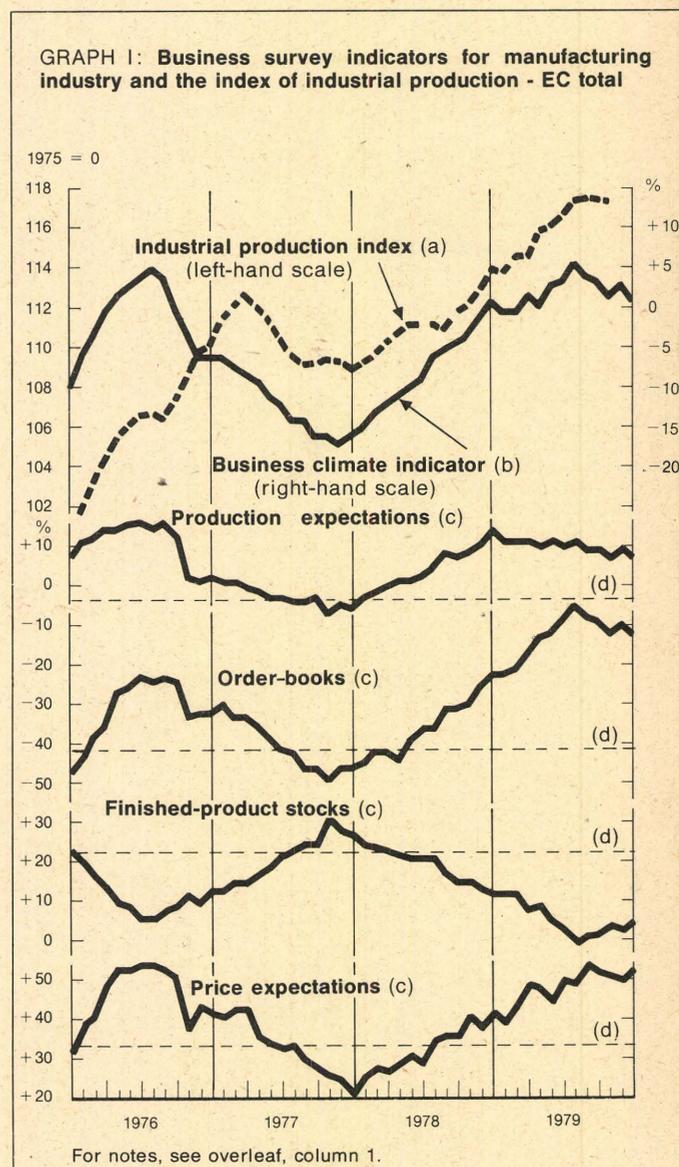
The production outlook for both consumer and intermediate-goods industries worsened noticeably in December at the Community level (see Table 2); the net balances of responses to the question on short-term production trends declined by 6 and 7 percentage points, respectively, between November and December in these sectors. At the same time, the production outlook for investment goods remained strong, with a majority of 11 % of chief executives in the investment goods industries expecting production to rise in the coming months. This is consistent with the rather better outlook for industrial investment in 1980, revealed by the recent investment survey (see below). The continued strength of investment sentiment in the presence of a declining trend in industrial business confidence is, however, not surprising, since investment typically lags turning-points in the business cycle.

Chief executives in the building sector also show signs of growing pessimism, according to the fourth quarter results of the construction survey (see Table 5). Between the third and fourth quarters, the percentage of chief executives of building firms who considered orders to be below normal increased by 4 points in the Federal Republic of Germany, by 9 points in Italy, by 4 points in the Netherlands and by 5 points in Belgium.¹

At the level of branches of industry, the weakening of production expectations in December was most pronounced in the textiles and motor vehicles industries, apparently in response to lower orders (see Table 3)—although stocks are judged to be relatively low in the case of motor vehicles. The chemical industry, also, reports a more depressed production outlook. By contrast, the outlook remained approximately unchanged in branches responsible for metal processing and manufacture, and for mechanical and electrical

¹ Fourth quarter results for France and the United Kingdom are not yet available.

Note: The main statistical measure used to summarize the results of the European Community business surveys is the difference between the percentages of respondents giving 'positive' and 'negative' replies to questions. Increasing or upward trends in production, order-book, stocks and selling prices are all counted as 'positive' (+ in the tables), and vice versa for 'negative' responses (- in the tables). For the purpose of interpretation, an increase in stocks is considered to be a negative development, and vice versa. The differences between the percentages of 'positive' and 'negative' responses are called in the text 'majorities' or 'net balances' (of ±...%). The monthly and quarterly data in Tables 1, 2 and 3 and 4 are seasonally adjusted, except where otherwise stated.



engineering. The production outlook improved notably in the oil-refining sector between November and December, with order-books strengthening—although stocks were here judged to be more adequate in December than in recent months.

Deterioration in industrial business climate shared by most Member States. — With the exception of Ireland (for which December data were not available at the time of writing), all member countries reported a more pessimistic industrial business climate in December (see Graph 2). Declines in the business climate indicator (Table 1) ranged from 7.5 percentage points in the Netherlands, through 4.5 percentage points in Italy and 3 percentage points in the Federal Republic of Germany to negligible 0.5 percentage point in France. Judgments on the production outlook over the next 3 or 4 months were more pessimistic in December, in all Member States for which data are available, except in the United Kingdom (see Graph 3). In particular, the net balance of chief executives expecting production to increase fell by 5 points in the Federal Republic of Germany, by 10 points in the Netherlands and by 5 points in Belgium. By contrast, production in UK industry was expected to increase in the coming months by a majority of 11% of chief executives questioned in December; this is the best result since July 1979 but is still well below the levels reached in the second quarter of that year. Judgments on order-books (see Graph 4) were much more varied in December than those concerning the production outlook: the order-book situation was considered to have improved by French and Dutch chief executives and to have stabilized in the Federal Republic in Germany; on the other hand, order-books were judged to have deteriorated in Italy and, quite substantially, in the UK.

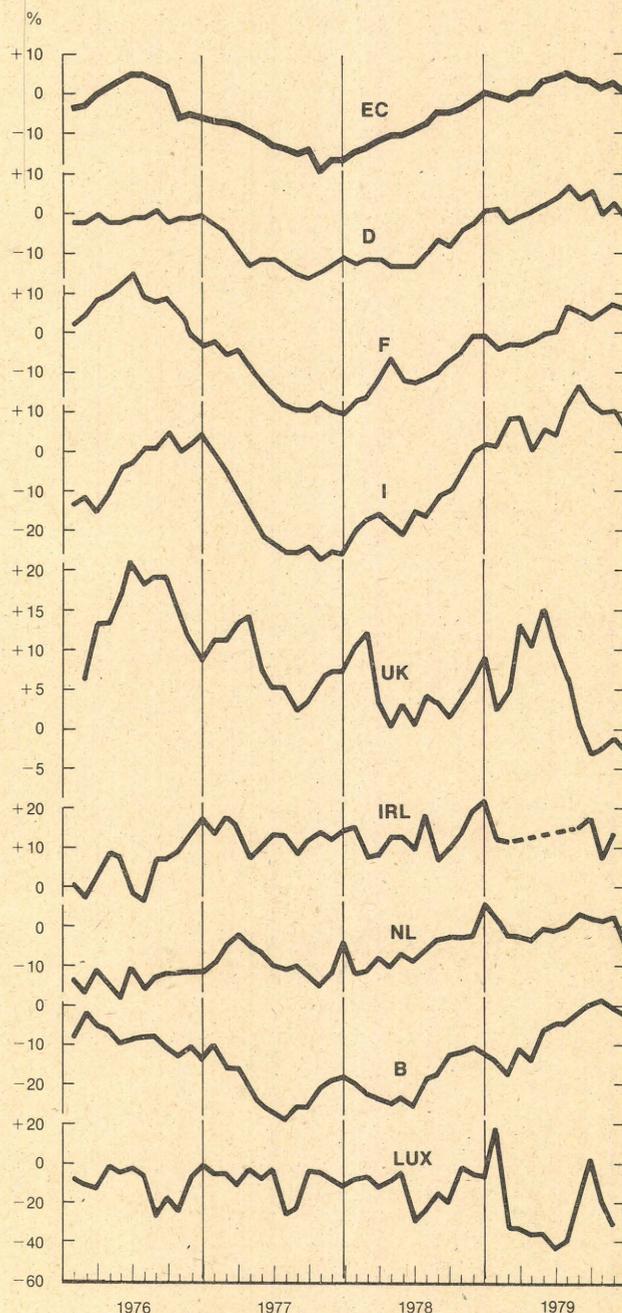
The tendency for industrialists to judge stocks of finished goods to be above normal has continued, according to the December survey results. Excess stocks are most in evidence in UK industry, where a majority of 16% of chief executives considered finished-goods stocks to be above normal in December. Similar, but less marked, sentiments were expressed in the Federal Republic of Germany (where a net balance of 2% of respondents considered stocks to be above normal in December), France (a net balance of +4%, the Netherlands (+8%) and Belgium (+3%); in France and Belgium, however, the trend of opinion on finished stocks does not indicate any rise in relative stock levels in recent months.

The outlook for industrial investment. — Industrial investment is expected to increase by 12% in value terms in 1980, as against 10% in 1979. This is the provisional outcome of the Community investment survey carried out in October/November (data for Italy were not yet at hand at the time of writing). Taking into account estimates of price increases for investment goods in 1979 and 1980, the volume increases in Community industrial investment implied by the survey results are about 1% in 1979 and 2½% in 1980. Industrial investment is expected to grow fastest in Belgium and in the Federal Republic of Germany (where a volume growth of about 8% is implied by the survey findings); industrial investment is likely to grow by about 6%, in volume, in the Netherlands and by some 5½% in France. On the other hand, the survey results suggest that the volume of industrial investment will be static in Ireland and will fall, by about 7½%, in the United Kingdom.

Looking at the investment prospects in the major industrial sectors (see Table 4 (1)), the most buoyant is the basic materials group, where the estimated volume increase expected in 1980 is 5½% for the Community as a whole, as against a fall of over 6% indicated by the survey for 1979. The metallurgical industries also report a marked strengthening in investment as between 1979 and 1980—a volume increase of 4½% can be inferred from the survey estimates for 1980, compared to a slight fall in 1979. In the processing and food industries, the investment climate is expected to be weaker in 1980 than last year, with falls in the volume of investment of about 3% and 2%, respectively, implied by the survey results.

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GRAPH 2: Business climate of manufacturing industry - EC and Member States



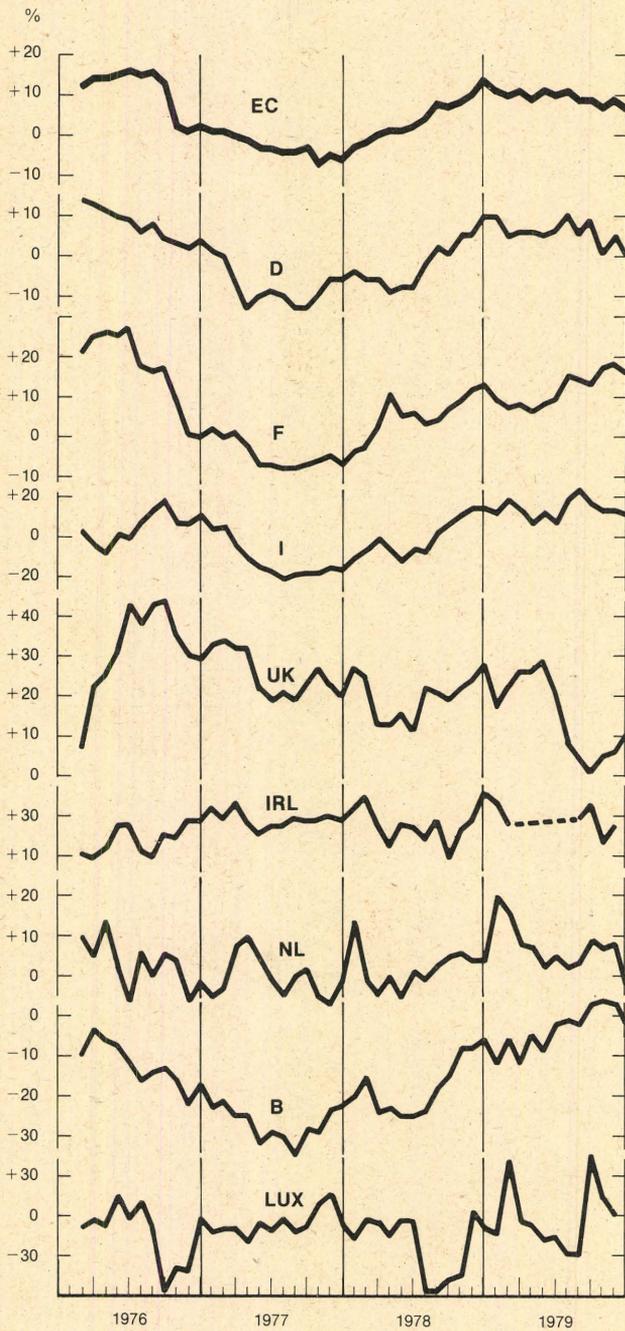
Note: Composite indicator based on the replies to the questions on production expectations and stocks of finished products. The indicator is an average of the net balances: i.e. differences between the percentages of respondents giving positive and negative replies. Derived from data as shown in Table 1, with the sign inverted for stocks.

Source: European Community business surveys.

- Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three month's moving average.
- Composite indicator based on the replies to the questions on production expectations and stocks of finished products. The indicator is an average of the net balances: i.e. differences between the percentages of respondents giving positive and negative replies. Derived from data as shown in Table 1, with the sign inverted for stocks.
- Net balances: i.e. differences between the percentages of respondents giving positive and negative replies.
- Dotted line shows average for 1968-1977.

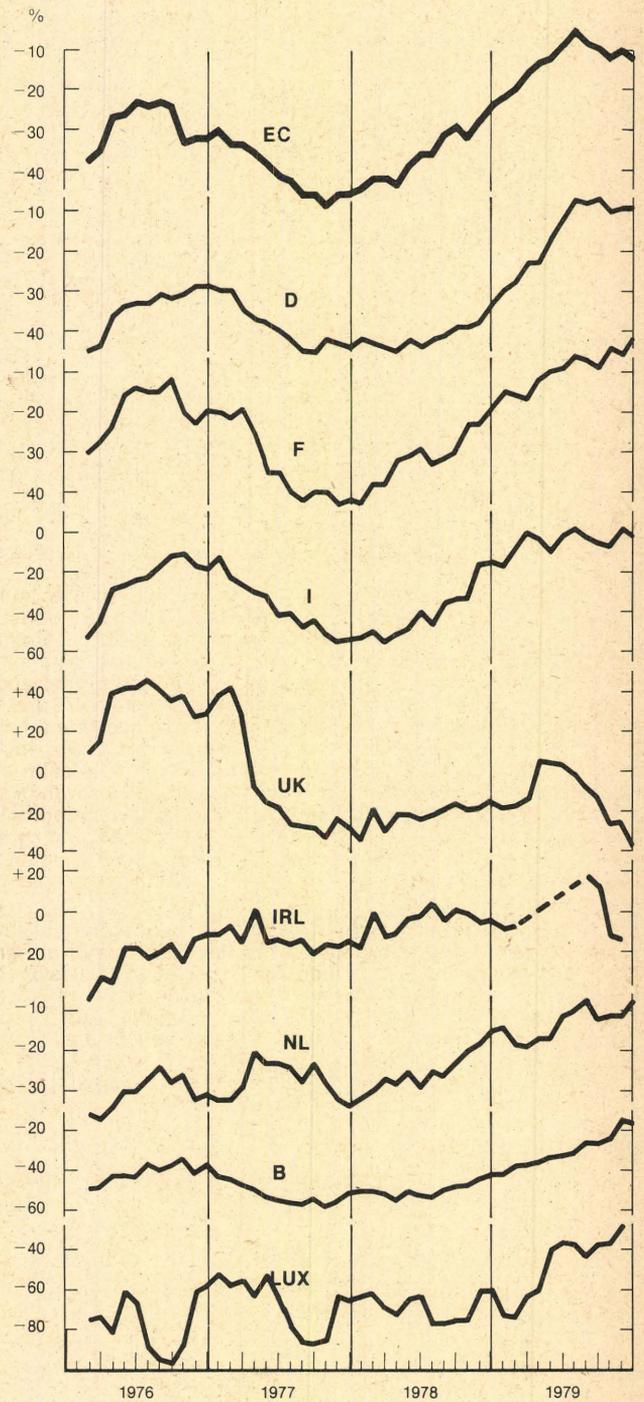
Source: European Community business surveys.

GRAPH 3: Production outlook for manufacturing industry - EC and Member States (a)



(a) Net balances: i.e. differences between the percentages of respondents giving positive and negative replies.
Source: European Community business surveys.

GRAPH 4: Order-books in manufacturing industry - EC and Member States (a)



(a) Net balances: i.e. differences between the percentages of respondents giving positive and negative replies.
Source: European Community business surveys.

TABLE 3: Business survey in certain manufacturing sectors: EC total (a)

Net balances: i.e. differences between the percentage of respondents giving positive and negative replies (s.a.) (b)

Industrial groups	1977	1978	1979	1979				1979						
				I	II	III	IV	July	August	Sept.	Oct.	Nov.	Dec.	
Textile industry														
production expectations	-10	+1	+6	+8	+5	+5	-5	+8	+6	0	0	-4	-10	
order-books	-52	-36	-14	-17	-12	-11	-16	-11	-9	-12	-15	-15	-18	
export order-books	-45	-33	-31	-24	-31	-32	-35	-35	-31	-31	-37	-34	-34	
stocks of finished products	+40	+34	+20	+24	+19	+15	+23	+16	+13	+15	+21	+20	+27	
selling-price expectations	+19	+35	+58	+47	+62	+63	+58	+64	+63	+61	+57	+58	+59	
Mineral oil refining														
production expectations	-3	+10	+2	+11	-3	-1	-1	+9	-1	-12	-7	-1	+6	
order-books	-32	-34	+10	-3	+14	+13	+16	+22	+7	+10	+14	+11	+22	
export order-books	-8	-26	-5	-21	+8	-10	+3	-7	-12	-10	+15	-6	0	
stocks of finished products	+23	+5	-29	-21	-16	-44	-33	-43	-44	-45	-39	-35	-24	
selling-price expectations	+41	+29	+70	+62	+100	+81	+35	+105	+82	+57	+36	+15	+51	
Production and preliminary processing of metals														
production expectations	-21	-2	+8	+7	+4	+11	+9	+14	+10	+8	+5	+17	+5	
order-books	-72	-65	-32	-41	-30	-26	-32	-21	-25	-32	-34	-31	-31	
export order-books	-16	-12	-8	+11	-16	-8	-20	-7	-6	-10	-11	-20	-30	
stocks of finished products	+16	+9	0	+4	+3	-4	-4	-3	-5	-3	-4	-5	-2	
selling-price expectations	+20	+37	+46	+43	+41	+46	+53	+40	+46	+54	+48	+53	+57	
Manufacture of non-metallic mineral products														
production expectations	-9	-2	+6	+5	+9	+2	+7	0	+3	+4	+4	+11	+6	
order-books	-48	-41	-18	-30	-19	-11	-12	-14	-14	-4	-15	-10	-11	
export order-books	-18	-12	-7	-6	-9	-7	-7	-9	-7	-5	-8	-5	-8	
stocks of finished products	+29	+29	+14	+24	+18	+8	+6	+8	+9	+7	+8	+8	+2	
selling-price expectations	+36	+30	+47	+31	+46	+54	+55	+48	+56	+57	+58	+52	+54	
Chemical industry														
production expectations	+5	+12	+12	+19	+15	+15	0	+19	+11	+15	0	+6	-7	
order-books	-38	-25	+6	-5	+4	+15	+10	+20	+14	+10	+9	+10	+11	
export order-books	-13	-7	+13	+9	+14	+15	+12	+16	+12	+16	+13	+13	+9	
stocks of finished products	+25	-15	-8	+3	-11	-16	-6	-24	-11	-12	-10	-5	-2	
selling-price expectations	+27	+32	+57	+49	+61	+65	+52	+63	+67	+64	+56	+51	+50	
Manufacture of metal articles														
production expectations	-6	+1	+5	+2	+6	+3	+7	+5	+1	+4	+5	+6	+10	
order-books	-44	-31	-16	-20	-20	-8	-17	-9	-7	-9	-17	-17	-16	
export order-books	-15	-17	-27	-16	-30	-30	-30	-35	-30	-25	-34	-25	-30	
stocks of finished products	+28	+11	0	+10	+2	-8	-5	-3	-9	-12	-7	-6	-1	
selling-price expectations	+31	+30	+51	+44	+49	+57	+52	+57	+59	+54	+57	+49	+51	
Mechanical engineering														
production expectations	-4	0	+8	+6	+7	+8	+12	+10	+6	+8	+13	+11	+12	
order-books	-42	-42	-28	-38	-29	-23	-20	-23	-22	-23	-22	-18	-19	
export order-books	-15	-21	-25	-19	-28	-26	-27	-22	-26	-30	-27	-24	-29	
stocks of finished products	+21	+22	+8	+14	+11	0	+7	+12	+8	-19	+6	+7	+7	
selling-price expectations	+34	+38	+44	+38	+41	+44	+48	+44	+44	+44	+47	+45	+51	
Electrical engineering														
production expectations	+3	+13	+10	+10	+13	+10	+8	+10	+9	+10	+5	+10	+9	
order-books	-29	-17	-20	-29	-23	-17	-21	-14	-20	-18	-19	-26	-17	
export order-books	-23	-23	-30	-26	-31	-31	-32	-22	-35	-36	-36	-32	-28	
stocks of finished products	+25	+20	+20	+28	+22	+15	+16	+17	+17	+12	+13	+18	+17	
selling-price expectations	+35	+27	+40	+27	+37	+47	+47	+46	+47	+48	+41	+47	+53	
Manufacture of motor vehicles and accessories														
production expectations	+15	+15	+18	+17	+23	+22	+10	+33	+20	+12	+16	+17	-2	
order-books	+8	+10	+14	+12	+17	+17	+10	+20	+17	+15	+17	+9	+3	
export order-books	-5	0	+7	+7	+13	+8	-2	+17	+13	-7	+9	+2	-16	
stocks of finished products	+3	-4	-14	-9	-19	-21	-7	-16	-28	-20	-7	-7	-6	
selling-price expectations	+44	+39	+46	+43	+45	+49	+47	+57	+52	+38	+50	+51	+41	

(a) Denmark excluded.

(b) For the exact formulation of the questions, see the notes on page 6.

TABLE 4 (I): Half-yearly industrial investment survey: estimates for 1979 and prospects for 1980.

Results of the October-November 1979 investment survey, % change in value, over the preceding year.

	Basic materials industries (a)		Metallurgical industries		Mechanical industries		Processing industries (b)		Extractive industries		Food industries		Total all industry	
	1979	1980	1979	1980	1979	1980	1979	1980	1979	1980	1979	1980	1979	1980
D	+6	+13	+23	+8	+17	+13	+15	+6	+16	+14	+8	+12	+13	+12
F	+10	+22	-10	+10	+12	+18	+9	+11	+20	0	+14	+6	+10	+15
IRL	+9	0	-19	-19	-7	+5	+43	+20	.	.	+23	+20	+19	+12
I	.	.	.	.	.	.	.	.	.	.	.	.	.	.
NL	-24	+36	+28	+13	+3	+10	+27	-6	-6	+6	+16	+13	+1	+13
B	-6	-4	+40	+94	+27	+58	-1	+11	.	.	+10	-31	+12	+30
L	+30	-27	+16	+2	+183	-15	-43	-42	.	.	.	.	+22	-5
UK	+6	+7	-8	-2	+18	+3	+18	+1	.	.	+2	+9	+9	+4
EC	(+2)	(+15)	(+8)	(+14)	(+15)	(+14)	(+13)	(+6)	.	.	(+10)	(+7)	(+10)	(+12)

TABLE 4 (II): Survey estimates and forecasts for total industrial investment.

Total industry, % change in value in relation to preceding year.

Year to which data relate:	1976				1977				1978				1979		1980	
	Oct./Nov. 1975	March/April 1976	Oct./Nov. 1976	March/April 1977	Oct./Nov. 1976	March/April 1977	Oct./Nov. 1977	March/April 1978	Oct./Nov. 1977	March/April 1978	Oct./Nov. 1978	March/April 1979	Oct./Nov. 1978	March/April 1979	Oct./Nov. 1979	Oct./Nov. 1979
D	-1	+4	+5	+5	+6	+8	+7	+3	+7	+8	+10	+9	+9	+11	+13	+12
F	+9	+6	+12	+9	+6	+12	+11	+10	+12	+12	+9	+8	+15	+16	+10	+15
IRL (c)	.	.	.	.	.	.	+5	+11	+21	+41	+36	+43	+26	+29	+19	+12
I	+12	+9	-3	+7	+24	+12	+3	+5	+10	+2	-0.5	+6	+24	+19	.	.
NL	.	.	.	.	.	.	+16	+17	+3	+6	+4	+3	-5	+4	+1	+13
B (c)	.	-23	-24	-21	.	-5	-10	-1	.	-6	-4	.	+15	+12	.	+30
L (d)	-3	+16	+7	-7	+61	+64	+50	+13	+6	+48	+23	+22	+27	-1	+22	-5
UK (c)	+11	+11	+13	+14	+28	+25	+24	+23	+26	+26	+19	+19	+18	+15	+9	+4
EC (e)	.	+5	+6	+7	.	+12	+11	+10	+12	+11	+9	+9	+13	+14	(+10)	(+12)

(a) Chemicals, man-made fibres, petroleum refining, rubber processing, etc.

(b) Manufacture of textiles, footwear, wood, paper, together with the printing and processing of plastics industries.

(c) Excluding the extractive industries.

(d) Excluding the extractive and food industries.

(e) Owing to lack of data for certain Member States, the Community totals are generally incomplete.

Source: European Community business surveys.

TABLE 1: Monthly survey of manufacturing industry — Monthly questions and the composite business climate indicator
 Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

	Range (b)		1977	1978	1979	1979				1979					
	Peak 72/73	Trough 74/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
D production expectations	+17	-32	-8	-2	+6	+7	+6	+8	+2	+10	+5	+9	0	+5	0
order-books	+5	-73	-42	-41	-15	-27	-17	-7	-9	-7	-8	-7	-10	-9	-9
export order-books	+23	-33	-6	-8	+4	0	+8	+4	+2	+3	+6	+2	+2	+1	+3
stocks of finished products	-7	+43	+18	+17	+4	+10	+3	-1	+2	-2	-1	-1	+2	+1	+2
selling-price expectations	+55	+4	+14	+19	+32	+26	+32	+37	+33	+39	+35	+37	+32	+31	+35
business climate indicator	+5	-37.5	-13	-9.5	+1	-1.5	+1	+4.5	0	+6	+3	+5	-1	+2	-1
F production expectations	+33	-29	-5	+5	+12	+8	+8	+14	+17	+15	+14	+13	+17	+18	+16
order-books	+26	-69	-38	-31	-9	-16	-10	-7	-4	-6	-7	-9	-4	-6	-1
export order-books	+24	-66	-34	-21	-1	-8	-3	+3	+4	+2	+3	+4	+10	+3	-1
stocks of finished products	-14	+50	+28	+25	+10	+16	+11	+5	+6	+3	+5	+8	+8	+5	+4
selling-price expectations	+76	+15	+42	+52	+55	+49	+54	+57	+59	+58	+58	+56	+63	+54	+61
business climate indicator	+23.5	-39.5	-16.5	-10	+1	-4	-1.5	+4.5	+5.5	+6	+4.5	+2.5	+4.5	+6.5	+6
IRL production expectations	..	-21	+29	+26	..	..	..	..	..	..	+29	+36	+17	+25	..
order-books	..	-68	-13	-5	..	..	..	..	..	..	+18	+13	-12	-14	..
export order-books	..	-22	+27	+19	..	..	..	..	..	..	+17	+7	+7	-5	..
stocks of finished products	..	+35	+4	+4	..	..	..	..	..	..	-4	-3	0	-5	..
selling-price expectations	..	+64	+44	+35	..	..	..	..	..	..	+74	+65	+65	+65	..
business climate indicator	..	-28	+12.5	+11	..	..	..	..	..	..	+16.5	+19.5	+8.5	+15	..
I production expectations	+40	-43	-15	0	+13	+15	+8	+20	+12	+19	+24	+17	+13	+13	+11
order-books	+30	-82	-46	-40	-5	-9	-5	-2	-2	+2	-2	-5	-7	+2	-2
export order-books	+13	-67	-32	-29	-14	-11	-13	-16	-14	-14	-16	-18	-16	-14	-13
stocks of finished products	-24	+53	+31	+25	-1	+4	+3	-6	-5	-4	-8	-5	-7	-8	-1
selling-price expectations	+76	+10	+38	+41	+73	+63	+68	+83	+79	+84	+87	+77	+77	+77	+82
business climate indicator	+32	-48	-23	-12.5	+5	-5.5	+2.5	+13	+8.5	+11.5	+16	+11	+10	+10.5	+6
NL production expectations	+26	-23	+1	+2	+7	+15	+5	+5	+4	+2	+3	+9	+7	+8	-2
order-books	+7	-48	-29	-24	-13	-17	-15	-10	-10	-10	-7	-12	-11	-11	-7
stocks of finished products	-1	+57	+22	+16	+8	+12	+10	+5	+5	+5	+5	+4	+4	+3	+8
business climate indicator	+13.5	-40	-10.5	-7	-0.5	+1.5	-3	0	-0.5	-1.5	-1	+3.5	+1.5	+2.5	-5
B production expectations	+31	-56	-24	-18	-3	-10	-5	0	+2	-1	-2	+3	+4	+3	-2
order-books	+13	-14	-54	-49	-30	-39	-34	-28	-18	-31	-26	-26	-24	-15	-16
export order-books	+15	-82	-58	-51	-28	-33	-31	-28	-21	-24	-31	-28	-23	-19	-20
stocks of finished products	-14	+37	+18	+22	+12	+20	+17	+7	+3	+9	+9	+2	+2	+5	+3
selling-price expectations	+64	-10	+10	+14	+27	+20	+22	+30	+36	+29	+30	+31	+33	+39	+36
business climate indicator	+22.5	-46.5	-21	-20	-7.5	-15	-11	-3.5	-1	-5	-5.5	+0.5	+1	-1	-2.5
L production expectations	+90	+98	-8	-22	..	+8	-15	-4	..	-29	-30	+47	+13	0	..
order-books	..	..	-73	-68	..	-70	-45	-39	..	-37	-43	-37	-36	-28	..
export order-books	..	..	-78	-76	..	-73	-24	-2	..	-3	-2	0	+6	-37	..
stocks of finished products	-23	+69	+13	+6	..	+24	+56	+51	..	+60	+53	+41	+52	+63	..
selling-price expectations	..	..	+55	+59	..	+19	-2	+8	..	+4	+10	+9	+37	+29	..
business climate indicator	+56.5	+14.5	-10.5	-14	..	-8	-36.5	-27.5	..	-44.5	-41.5	+3	-19.5	-31.5	..
UK production expectations	..	..	+25	+20	+16	+23	+28	+6	+7	+11	+5	+1	+5	+6	+11
order-books	..	..	-14	-20	-13	-16	0	-7	-29	0	-9	-13	-26	-25	-37
export order-books	..	..	-1	-24	-20	-27	-12	-16	-26	-10	-17	-20	-24	-17	-36
stocks of finished products	..	..	+10	+12	+7	+10	+4	+3	+12	-1	+4	+7	+10	+9	+16
selling-price expectations	..	..	+61	+50	+65	+64	+69	+61	+64	+49	+71	+63	+62	+65	+64
business climate indicator	..	..	+7.5	+4	+4.5	+6.5	+12	+1.5	-2.5	+6	+0.5	-3	-2.5	-1.5	-2.5
EC production expectations	+26	-30	+3	+4	+10	+11	+10	+10	+8	+11	+9	+9	+7	+9	+7
order-books	+15	-64	-40	-37	-12	-20	-11	-7	-11	-5	-8	-9	-12	-10	-12
export order-books	+20	-42	-23	-21	-5	-9	-3	-4	-4	-4	-3	-5	-3	-4	-4
stocks of finished products	-12	+43	+22	+20	+6	+11	+6	+1	+4	0	+1	+2	+4	+3	+5
selling-price expectations	+61	+12	+33	+33	+49	+44	+48	+52	+51	+49	+54	+52	+51	+50	+53
business climate indicator	+15.5	-36.5	-12.5	-8	+2	0	+2	+4.5	+2	+5.5	+4	+3.5	+1.5	+3	+1

TABLE 2: Monthly survey of manufacturing industry — Production expectations in the major sectors of manufacturing industry
 Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

Industrial sector	Range (b)		1977	1978	1979	1979				1979					
	Peak 72/73	Trough 74/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
D consumer goods	+18	-30	0	-3	+1	0	0	+3	-1	+4	+1	+3	-4	+1	-1
investment goods	+17	-28	-8	-3	+9	+6	+7	+12	+12	+12	+7	+17	+11	+13	+11
intermediate goods	+26	-41	-12	-2	+6	+11	+7	+7	-3	+11	+5	+6	-1	+5	-4
F consumer goods	+42	-22	+3	+14	+21	+18	+20	+23	+24	+23	+22	+23	+25	+26	+22
investment goods	+35	-31	-2	+2	+6	+9	+1	+3	+10	+1	+2	+5	+8	+6	+16
intermediate goods	+33	-39	-12	+3	+9	+2	+3	+16	+15	+19	+16	+13	+15	+18	+12
IRL consumer goods	..	-28	+22	+24	..	..	..	..	..	..	+19	+25	+7	+14	..
investment goods	..	-65	+30	+32	..	..	..	..	..	..	+22	+33	+18	+17	..
intermediate goods	..	-22	+32	+25	..	..	..	..	..	..	+42	+42	+24	+41	..
I consumer goods	+36	-55	-10	0	+17	+14	+13	+22	+18	+19	+28	+19	+24	+17	+13
investment goods	+41	-34	-8	-8	+12	+10	+4	+19	+15	+15	+24	+19	+17	+19	+9
intermediate goods	+49	-39	-19	+2	+14	+19	+10	+18	+9	+22	+18	+14	+4	+12	+11
NL consumer goods	+33	-26	+4	+7	+8	+12	+10	+2	+6	+3	-3	+7	+8	+5	+5
investment goods	+42	-53	-2	0	+1	+7	-2	0	0	-2	0	+3	+4	0	-4
intermediate goods	+43	-22	+2	+2	+12	+22	+8	+9	+8	+6	+7	+13	+9	+17	-2
B consumer goods	+34	-43	-14	-16	-4	-10	-9	0	+3	-8	0	+7	+7	+6	-5
investment goods	+27	-58	-25	-25	-3	-12	-5	-1	+5	-1	-5	+2	+8	+5	+2
intermediate goods	+26	-63	-35	-15	-4	-8	-4	-1	-1	+2	-4	0	0	0	-3
L consumer goods	+43	-73	-41	-23	..	-14	+8	+13	..	+30	+17	-6	+24	-10	..
investment goods	+33	-41	-18	-7	..	-6	-13	0	..	-22	-10	+31	+6	+10	..
intermediate goods	..	..	-4	-23	..	+10	-16	-9	..	-38	-38	+50	+12	-2	..
UK consumer goods	..	..	+33	+26	+18	+26	+28	+10	+9	+14	+11	+6	+10	+5	-11
investment goods	..	..	+26	+11	+16	+13	+25	+11	+13	+10	+16	+6	+11	+16	+13
intermediate goods	..	..	+20	+25	+7	+18	+22	-3	-9	+2	-6	-12	-10	-4	-14
EC consumer goods	+29	-26	+4	+9	+11	+12	+12	+12	+8	+12	+12	+11	+11	+10	+4
investment goods	+28	-29	-1	0	+9	+7	+8	+10	+11	+9	+10	+11	+11	+12	+11
intermediate goods	+32	-37	-8	+5	+8	+11	+9	+8	+3	+13	+7	+5	+2	+7	0

(a) Details of the questions are given on page 6. For a description of the climate indicator, please see the notes to Graph 1.

(b) These are the extreme recent (high and low) values of the net balances of the different questions, reached in the course of 1972/1973 and 1974/1975, respectively.

Note: (s.a.) = seasonally adjusted.

.. = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is sometimes provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 5: Survey of the construction industry.

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

	Range (b)		1977	1978	1979	1979				1979					
	Peak 72/73	Trough 74/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
D order-books	-17	-84	-59	-32	-7	-11	0	-6	-10	-5	-6	-8	-5	-11	-13
employment expectations	+10	-60	-16	+5	+9	+17	+11	+1	+7	+3	0	0	+4	+8	+9
price expectations	+48	-37	+15	+28	+30	+38	+37	+27	+16	+29	+30	+23	+17	+19	+13
F order-books	:	:	-61	-48	:	-43	-28	-27	:	:	:	:	:	:	:
(c) employment expectations	:	:	-27	-19	:	-13	-11	-10	:	:	:	:	:	:	:
I order-books	-25	-68	-40	-40	-29	-30	-30	-24	-33	-30	-33	-8	-32	-36	-32
employment expectations	+10	-44	-16	-16	-12	-9	-13	-12	-13	-10	-16	-9	-20	-9	-9
price expectations	+85	+30	+61	+62	+71	+63	+71	+76	+73	+70	+82	+76	+76	+69	+73
NL order-books	-8	-81	-25	-19	-19	-15	-17	-19	-23	-17	-18	-22	-20	-22	-26
employment expectations	+14	-13	+8	+12	+11	+11	+12	+7	+12	+2	+7	+12	+15	+10	+11
B order-books	-13	-47	-35	-39	-28	-36	-26	-22	-27	-24	-20	-22	-24	-29	-29
employment expectations	+31	-24	-12	-9	0	-5	0	+2	+2	+6	0	+1	+7	+3	-3
price expectations	+75	+25	+44	+31	+43	+36	+37	+54	+44	+47	+55	+61	+49	+45	+37
L order-books	+21	-50	-36	-11	-7	-8	-14	-14	+9	-23	-19	+1	+15	+9	+4
employment expectations	+31	-39	-8	+14	+16	+23	+9	+7	+26	-9	+7	+22	+23	+27	+27
price expectations	+82	+11	+23	+27	+46	+28	+45	+60	+50	+59	+60	+60	+58	+43	+48
UK order-books	:	:	-25	-8	:	+2	+1	-15	:	:	:	:	:	:	:
(c) employment expectations	:	:	-20	-2	:	+26	+10	-11	:	:	:	:	:	:	:
price expectations	:	:	+45	+53	:	+72	+74	+70	:	:	:	:	:	:	:
CE order-books	:	:	-46	-32	:	-21	-14	-17	:	:	:	:	:	:	:
(d) employment expectations	:	:	-18	-9	:	+6	+1	-6	:	:	:	:	:	:	:

(a) Details of the questions are given below.

(b) These are the extreme recent (high and low) values of the net balances of the different questions, reached in the course of 1972/1973 and 1974/1975, respectively.

(c) Not seasonally adjusted.

(d) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted; the seasonal adjustment applied to the most recent observations is sometimes provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

- production expectations for the months ahead: up, unchanged, down?
- stocks of finished products: above normal, normal, below normal?
- order-books: above normal, normal, below normal?
- export order-books: above-normal, normal, below normal?
- selling price expectations in the months ahead: up, unchanged, down?
- production trends in recent past: up, unchanged, down?

Quarterly (undertaken in March, June, September and December):

- capacity utilization: in %?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- stocks of raw materials: high, normal, low?

Three times a year (undertaken in January, May and October):

- limits to production: none, insufficient demand, shortage of labour, lack of equipment?

Half-yearly (undertaken in May and October):

- Employment expectations for the months ahead: up, unchanged, down?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in February/March and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Construction industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (undertaken in March, June, September and December):

- duration of assured production: in months?

The surveys are undertaken by:

- D - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- F - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- B - Belgium: Banque Nationale de Belgique
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey.
- DI (Department of Industry), for the investment survey.
- DE (Department of Environment), for the construction survey.

Supplement B to 'European Economy', gives a monthly selection of the most recent results. Articles containing more detailed analyses and longer time-series of data will appear periodically in the main editions of 'European Economy'. The surveys of manufacturing industry are broken down by twenty industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Results of the business survey carried out among managements in the Community' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to 'European Economy'.

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