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Economic prospects - business survey results

The downturn in business confidence continues. — The industrial business climate indicator for the Community has weakened further. According to the most recent survey of chief executives in industry, the business climate indicator for the Community as a whole (see Graph 1 and Table 1) fell by a further 3,5 percentage points in May, confirming the loss of business confidence noted in earlier months. The May business survey showed a further 4 per cent of respondents expecting industrial production to fall in the coming months and a further 3 per cent of respondents who consider finished stocks to be above normal. Similarly, as regards order-books, the net balance of chief executives who felt that order-books are below normal increased by 3 percentage points in May. Export order-book judgements were clearly more negative than in the preceding month, with an increase of 6 percentage points in the net balance of respondents considering export orders to be below normal. A moderation of industrial selling-price expectations was reported; even so, a net balance of 42 per cent of chief executives still expect prices to rise in the short-term.

The production outlook in all three of the major sectors of manufacturing industry (consumer, investment and intermediate goods) worsened in May at the Community level (see Table 2), in parallel with the results for industry as a whole. The net balance responses to the question on the short-term production trend weakened by 7 points in the intermediate sector. The deterioration in the production outlook affects, however, the whole range of industrial activity.

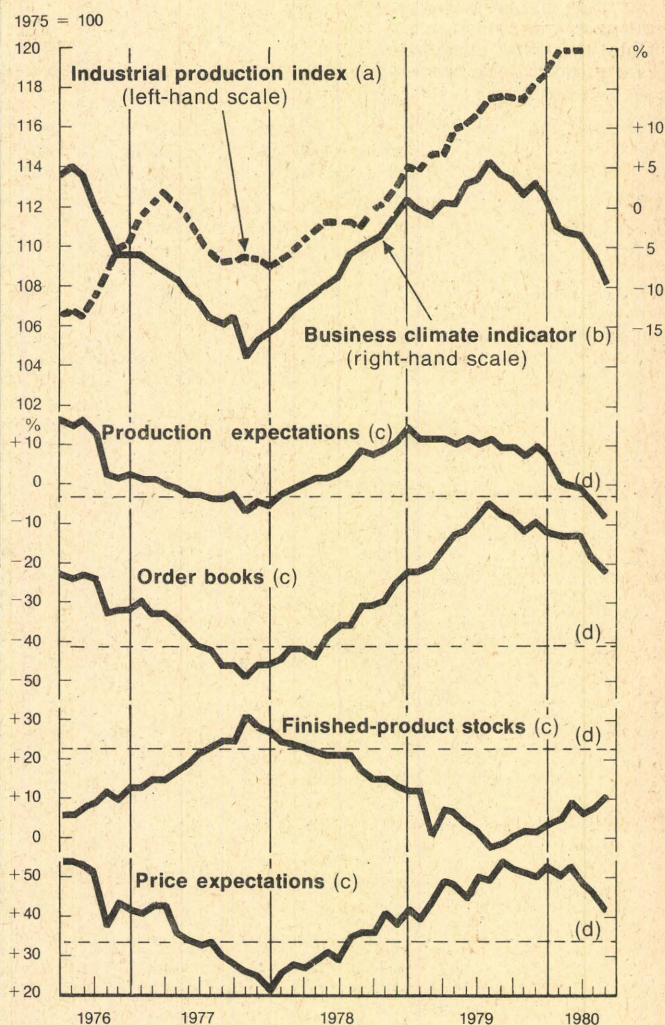
The industrial business climate in the Member States. — The industrial business climate deteriorated in May in all Member States, except the Netherlands (see Table 1 and Graph 2). The deterioration in France and Ireland amounted to only 1 percentage point but in Italy the business climate indicator fell by 12 percentage points, while in the Federal Republic of Germany, the United Kingdom and Belgium, a 3 to 4 percentage point deterioration was reported. The business climate indicator fell by 20,5 percentage points in Luxembourg, where, however, the survey data are particularly volatile.

Industrial production expectations in the Federal Republic of Germany deteriorated in May by 4 percentage points. Judgements on the level of stocks of finished products also worsened, with the net balance of chief executives considering stocks to be above normal rising by 2 percentage points. Industrial selling-price expectations fell by a further 3 percentage points.

In France, production expectations were unchanged in May but judgements on order-books and export order-books deteriorated by

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-books, 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 $\pm \dots\%$). The monthly and quarterly data in the tables are seasonally adjusted, except where otherwise stated.

GRAPH 1: Business survey indicators for manufacturing industry and the index of industrial production - EC total



For notes, see overleaf, column 1.

4 and 6 percentage points respectively. Judgements on the level of finished-product stocks in French industry indicated a further rise in relation to the level normally required. Selling-price expectations have again moderated.

Italian and British industrialists also reported a more pessimistic production outlook in May and judged the level of order-books and export order-books to be further below normal. However, while Italian chief executives considered, in May, that stocks of finished-products had increased sharply over normal levels (the net balance rose by 13 percentage points), British industrialists took the opposite view of the trend in finished-stocks levels, thus moderating somewhat the pessimistic assessment of finished-stock levels which emerged in the April survey.

The only exception to the generally moderating trend in selling-price expectations was Ireland, where a net balance of 50 per cent of chief executives (an increase of 9 per cent over April) expected, in May, that selling-prices would rise in the months ahead.

Business conditions at the individual sector level. — The weakening of production expectations in May affected most sectors of industry (see Table 3). An exception was the chemical industry, where after a noticeable decline in April, the net balance of responses in May showed the same level of production expectations as in the preceding month. The weakening of production expectations in May was most pronounced in the electrical engineering sector (-12 percentage points), mineral-oil refining (-7 percentage points), mechanical engineering and in the manufacture of motor vehicles and accessories (-6 percentage points in each case). By contrast, judgements on order-book levels in May were less pessimistic in the electrical engineering, mineral-oil refining and mechanical engineering industries. However, the chemical industry reported a marked deterioration in order-books (-6 percentage points) which casts doubt on the validity of the stable production outlook in that sector. Export order-books are judged to be below normal by an increasing majority of chief executives. The electrical and mechanical engineering sectors are, however, exceptions to this trend. Inflationary expectations moderated generally in May, especially in metallurgy, electrical engineering and in the manufacture of motor vehicles and accessories industry. In the mineral-oil refining sector, a net balance of 63 per cent of chief executives expected prices to rise further in the coming months.

Duration of production assured by orders on hand and judgements on the adequacy of production capacity. — Orders on hand in Community industry represented 3.7 months of normal production activity according to the May survey, exactly the same level as in January 1980. No change was reported for the Federal Republic of Germany, the United Kingdom and the Netherlands but in France the duration in months of assured production declined from 4.1 to 3.9. Chief industrial executives in Ireland, Italy, Belgium and Luxembourg indicated a longer duration of assured production in April than in January.

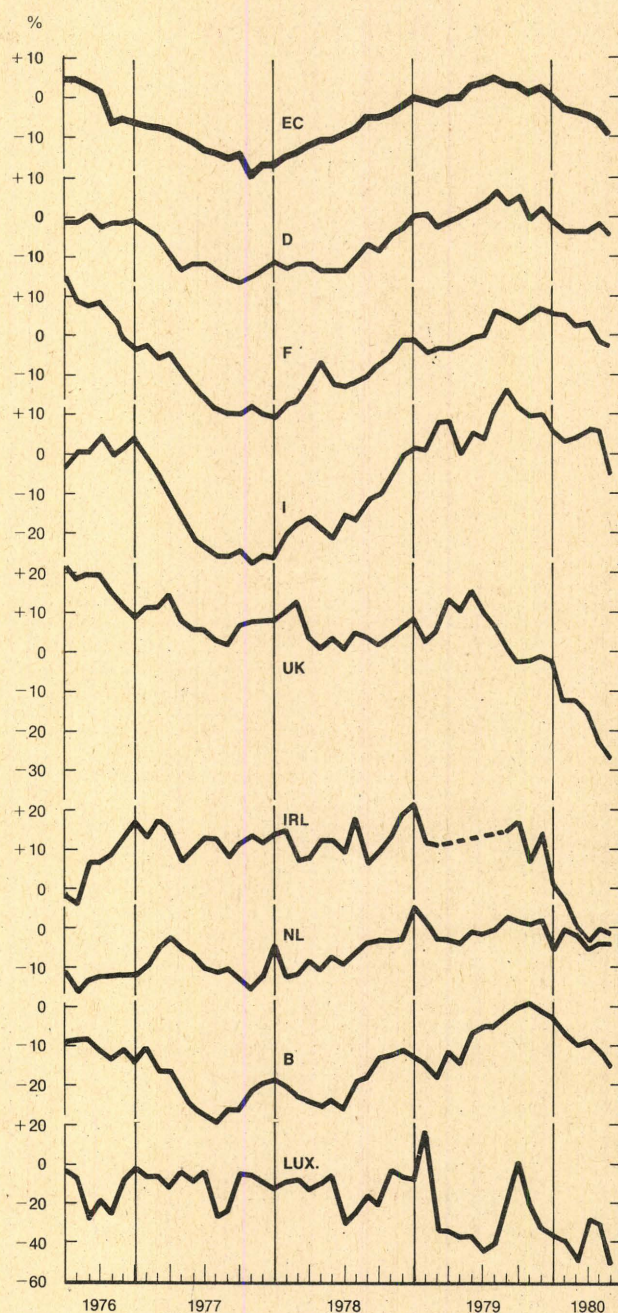
Judgements of industrialists on the adequacy of production capacity in relation to current output levels suggest that the level of capacity utilization in the Community industry has declined somewhat.

The net balance of chief executives reporting that production capacity was more than sufficient to meet current output requirements increased by 1 percentage point at the Community level as between January and April. The corresponding increase amounted to 4 percentage points in France and Italy and 2 percentage points in Ireland. In the other Member States for which data are available, capacity had become less adequate in relation to production levels, notably in the Federal Republic of Germany (-3 percentage points), the Netherlands (-6 percentage points) and in Belgium (-1 percentage point).

Decline of construction-sector order-books. — A widespread continued weakening in order-books and weak employment prospects were reported for the construction industry for the first quarter of 1980. Results for April and May confirm this tendency for the Federal Republic of Germany and the Benelux region in recent months. In the Federal Republic of Germany, the net balance of chief executives judging the level of order-books as below normal increased by 8 percentage points in May, while in the Benelux region a similar but less marked deterioration was reported. Employment prospects also deteriorated in these countries. However, both order-books and the employment outlook have improved slightly in the French and Italian building sectors, according to the most recent data available in each case.

9 June 1980.

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.

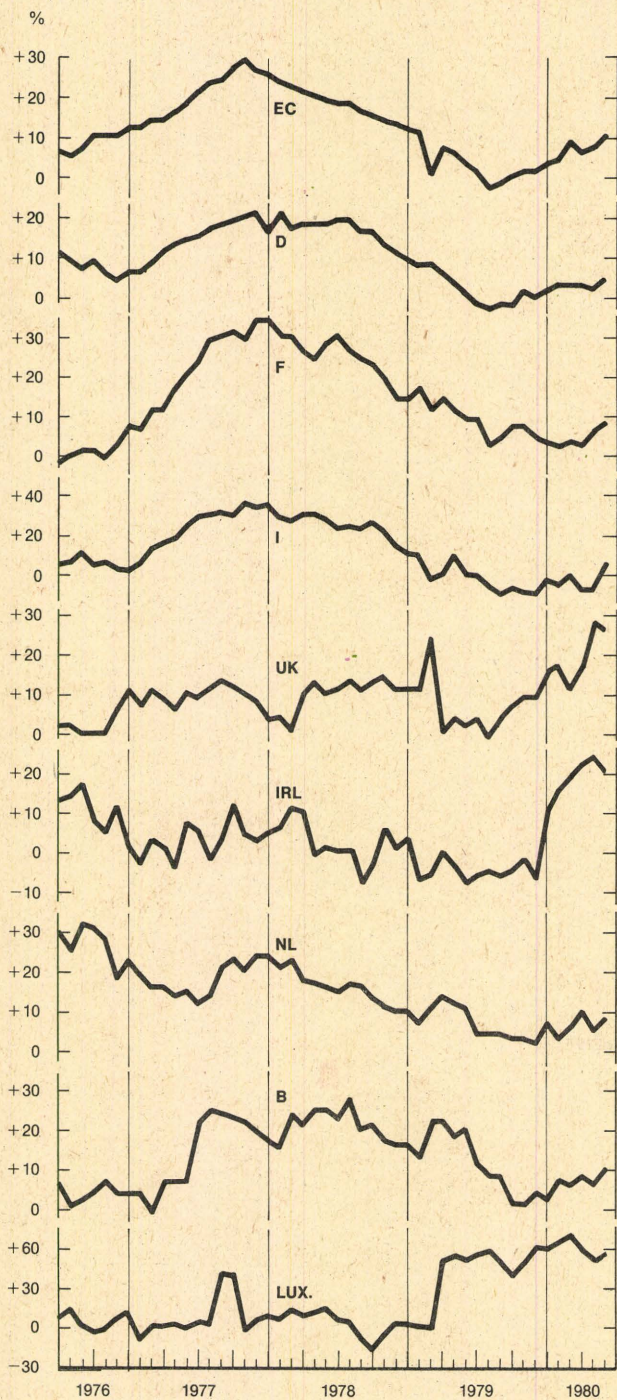
Source: European Community business surveys.

Notes on Graph 1.

- Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' 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 (see notes on final page).
- Dotted line shows average for 1968-1977.

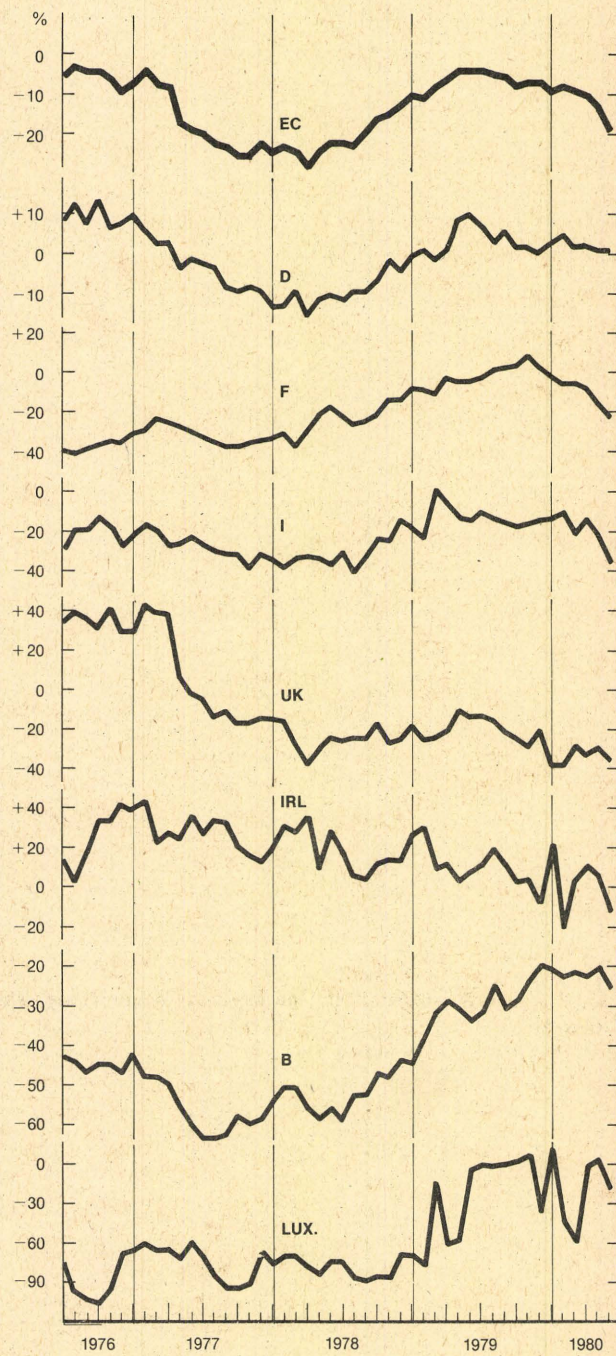
Source: European Community business surveys and Eurostat.

GRAPH 3: Stocks of finished products 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.

GRAPH 4: Export 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			1980	1979	1980				
				II	III	IV	I	Dec.	Jan.	Feb.	March	April	May
Production expectations													
Textile Industry	-10	+1	+6	+5	+5	-5	-10	-10	-10	-9	-12	-15	-16
Mineral oil refining	-3	+10	+2	-3	-1	-1	+9	+6	+26	+3	-3	+4	-3
Production and preliminary processing of metals	-21	-2	+8	+4	+11	+9	-9	+5	-12	-1	-14	-11	-14
Non-metallic mineral products (ceramics, etc.)	-9	-2	+6	+9	+2	+7	0	+6	-1	+3	-1	-3	-8
Chemical industry	+5	+12	+12	+15	+15	0	-6	-7	-3	-5	-10	-16	-16
Manufacture of metal articles	-6	+1	+5	+6	+3	+7	-1	+10	0	-1	-2	-4	-6
Mechanical engineering	-4	0	+8	+7	+8	+12	+7	+12	+5	+7	+8	+4	-2
Electrical engineering	+3	+13	+10	+13	+10	+8	+6	+9	+5	+1	+13	+11	-1
Manufacture of motor vehicles and accessories	+15	+15	+18	+23	+22	+10	-1	-2	+6	-6	-2	0	-6
Order-books													
Textile industry	-52	-36	-14	-12	-11	-13	-26	-22	-24	-29	-26	-34	-37
Mineral oil refining	-32	-34	+10	+14	+13	+16	-9	+22	+2	-11	-19	-22	-20
Production and preliminary processing of metals	-72	-65	-32	-30	-26	-32	-28	-31	-26	-32	-26	-33	-32
Non-metallic mineral products (ceramics, etc.)	-48	-41	-18	-19	-11	-12	-6	-11	-9	-10	+2	-9	-10
Chemical industry	-38	-25	+6	+4	+15	+10	+1	+11	+5	+2	-3	-12	-18
Manufacture of metal articles	-44	-31	-16	-20	-8	-17	-14	-16	-14	-14	-13	-13	-13
Mechanical engineering	-42	-42	-28	-29	-23	-20	-17	-19	-19	-19	-13	-18	-14
Electrical engineering	-29	-17	-20	-23	-17	-21	-11	-17	-11	-14	-8	-18	-16
Manufacture of motor vehicles and accessories	+8	+10	+14	+17	+17	+10	+10	+3	+7	+15	+7	-7	-9
Export order-books													
Textile industry	-45	-33	-31	-31	-32	-35	-38	-34	-36	-41	-37	-40	-43
Mineral oil refining	-8	-26	-5	+8	-10	+3	+16	0	+27	+18	+3	-4	-7
Production and preliminary processing of metals	-16	-12	-8	-16	-8	-20	-32	-30	-34	-39	-22	-24	-35
Non-metallic mineral products (ceramics, etc.)	-18	-12	-7	-9	-7	-7	-7	-8	-11	-8	-3	-8	-12
Chemical industry	-13	-7	+13	+14	+15	+12	+1	+9	+1	-1	+2	0	-13
Manufacture of metal articles	-15	-17	-27	-30	-30	-30	-31	-30	-29	-37	-27	-21	-27
Mechanical engineering	-15	-21	-25	-28	-26	-27	-29	-29	-31	-32	-24	-26	-23
Electrical engineering	-23	-23	-30	-31	-31	-32	-24	-28	-29	-28	-16	-33	-19
Manufacture of motor vehicles and accessories	-5	0	+7	+13	+8	-2	-3	-16	-9	+2	-1	-6	-16
Stocks of finished products													
Textile industry	+40	+34	+20	+19	+15	+23	+27	+27	+25	+29	+28	+27	+29
Mineral oil refining	+23	+5	-29	-16	-44	-33	-14	-24	-16	-13	-14	-11	-1
Production and preliminary processing of metals	+16	+9	0	+3	-4	-4	-5	-2	-7	-3	-6	-1	-3
Non-metallic mineral products (ceramics, etc.)	+29	+29	+14	+18	+8	+6	-2	+2	+4	-5	-5	-5	-1
Chemical industry	+25	-15	-8	-11	-16	-6	+5	-2	-1	+4	+11	+11	+13
Manufacture of metal articles	+28	+11	0	+2	-8	-5	+1	-1	+1	+1	0	0	+4
Mechanical engineering	+21	+22	+8	+11	0	+7	+8	+7	+7	+11	+7	+9	+9
Electrical engineering	+25	+20	+20	+22	+15	+16	+16	+17	+16	+15	+16	+24	+23
Manufacture of motor vehicles and accessories	+3	-4	-14	-19	-21	-7	-1	-6	+5	+1	-8	+3	+15
Selling-price expectations													
Textile industry	+19	+35	+58	+62	+63	+58	+55	+59	+57	+54	+54	+47	+43
Mineral oil refining	+41	+29	+70	+100	+81	+35	+48	+51	+46	+51	+48	+67	+63
Production and preliminary processing of metals	+20	+37	+46	+41	+46	+53	+50	+57	+54	+50	+45	+39	+26
Non-metallic mineral products (ceramics, etc.)	+36	+30	+47	+46	+54	+55	+57	+54	+57	+61	+52	+46	+47
Chemical industry	+27	+32	+57	+61	+65	+52	+50	+50	+59	+56	+36	+28	+22
Manufacture of metal articles	+31	+30	+51	+49	+57	+52	+43	+51	+43	+41	+45	+51	+49
Mechanical engineering	+34	+38	+44	+41	+44	+48	+45	+51	+47	+43	+44	+44	+42
Electrical engineering	+35	+27	+40	+37	+47	+47	+42	+53	+43	+46	+37	+48	+40
Manufacture of motor vehicles and accessories	+44	+39	+46	+45	+49	+47	+45	+41	+38	+43	+55	+52	+41

(a) Denmark excluded.

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

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 4: Survey of manufacturing industry — Questions asked each quarter (a):

Estimated number of months' production assured by orders on hand

Expected capacity constraints: i.e. net balance of respondents expecting capacity to be insufficient in relation to production expectations

		Range (b)		1977	1978	1979	1979			1980	
		Peak 1973	Trough 1975				April	July	Oct.	Jan.	April
duration in months of assured production	D	3,3	2,8	2,9	2,9	3,2	2,9	3,2	3,3	3,4	3,4
	F	3,5	2,7	3,1	3,5	3,8	3,1	3,9	4,1	4,1	3,9
	IRL	2,2*	1,8	2,0	2,1	2,2	2,1	:	2,6	1,9	2,2
	I	4,7	3,7	4,1	4,2	4,5	4,1	4,5	4,9	4,5	5,5
	NL	4,7	2,6	4,3	3,9	4,2	4,2	4,2	4,1	4,1	4,1
	B	4,5	2,8	3,0	3,0	3,3	3,1	3,2	3,4	3,5	3,7
	L	3,5	1,4	1,5	1,5	2,8	1,6	1,9	2,3	2,1	2,4
	UK	:	:	4,3	3,6	3,4	3,2	3,5	4,0	3,0	3,0
	EC (d)	3,7	3,0	3,4	3,4	3,6	3,2	3,6	3,8	3,7	3,7
adequacy (+) or inadequacy (-) of existing production capacity (c)	D	-3	+56	+37	+33	+21	+32	+22	+15	+14	+11
	F	-24	+45	+26	+28	+18	+19	+27	+16	+8	+12
	IRL	:	+34	+4	-1	+1	-12	:	+4	+10	+12
	I	+1	+63	+40	+46	+23	+37	+18	+19	+18	+22
	NL	-3	+60	+45	+40	+22	:	+29	+19	+19	+13
	B	-12	+58	+61	+57	+45	+52	+51	+39	+36	+35
	L	-72	+73	+72	+69	+40	:	:	+36	+44	+35
	EC (d)	-7	+54	+36	+35	+20	+23	+22	+17	+14	+15

* Peak, 1974.

(a) Details of the questions are given on page 6. The data are not adjusted for seasonality.

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

(c) Answers to the question whether, taking into account the level of order-books or production plans, existing production capacity is more than sufficient (+), sufficient (=) or less than sufficient (-). Thus, negative net balances (capacity less than sufficient) indicate high levels of capacity utilization and positive net balances (capacity more than sufficient) are associated with low levels of capacity utilization.

(d) Weighted total of available country data.

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			1980	1979	1980				
		Peak 72/73	Trough 74/75				II	III	IV			I	Dec.	Jan.	Feb.	March
D	production expectations	+17	-32	- 8	- 2	+ 6	+ 6	+ 8	+ 2	- 3	0	- 3	- 3	- 4	- 1	- 5
	order-books	+ 5	-73	-42	-41	-15	-17	- 7	- 9	- 7	- 9	- 7	- 7	- 8	-12	-11
	export order-books (c)	+23	-33	- 6	- 8	+ 4	+ 8	+ 4	+ 2	+ 3	+ 3	+ 5	+ 2	+ 2	+ 1	- 1
	stocks of finished products	- 7	+43	+18	+17	+ 4	+ 3	- 1	+ 2	+ 4	+ 2	+ 4	+ 4	+ 4	+ 3	+ 5
	selling-price expectations	+55	+ 4	+14	+19	+32	+32	+37	+33	+36	+35	+38	+37	+34	+31	+28
	business climate indicator	+ 5	-37,5	-13	- 9,5	+ 1	+ 1	+4,5	0	- 3,5	- 1	- 3,5	- 3,5	- 3,5	- 2	- 5
F	production expectations	+33	-29	- 5	+ 5	+12	+ 8	+14	+17	+11	+16	+14	+ 9	+ 9	+ 3	+ 3
	order-books	+26	-69	-38	-31	- 9	-10	- 7	- 4	- 4	- 1	- 5	- 7	0	-10	-14
	export order-books	+24	-66	-34	-21	- 1	- 3	+ 3	+ 4	- 6	- 1	- 5	- 5	- 7	-15	-21
	stocks of finished products	-14	+50	+28	+25	+10	+11	+ 5	+ 6	+ 3	+ 4	+ 3	+ 4	+ 3	+ 7	+ 9
	selling-price expectations	+76	+15	+42	+52	+55	+54	+57	+59	+60	+61	+59	+62	+58	+57	+53
	business climate indicator	+23,5	-39,5	-16,5	-10	+ 1	- 1,5	+ 4,5	+ 5,5	+ 3,5	+ 6	+ 5,5	+ 2,5	+ 3	- 2	- 3
IRL	production expectations	:	-21	+29	+26	:	:	:	+19	+ 1	+14	+11	- 1	- 8	+ 4	- 1
	order-books	:	-68	-13	- 5	:	:	:	-13	-22	-14	-23	-18	-24	-37	-39
	export order-books	:	-22	+27	+19	:	:	:	+ 8	- 1	+23 ^R	-20 ^R	+5 ^R	+12 ^R	+ 7	-11
	stocks of finished products	:	+35	+ 4	+ 4	:	:	:	+ 2	+20 ^R	+11 ^R	+17	20 ^R	+23 ^R	+25 ^R	+21
	selling-price expectations	:	+64	+44	+35	:	:	:	+59	+58	+56	+57	+57	+59	+41	+50
	business climate indicator	:	-28	+12,5	+11	:	:	:	+ 8	- 9,5	+ 1	- 3	-10	-15	-10	-11
I	production expectations	+40	-43	-15	0	+13	+ 8	+20	+12	+ 7	+11	+ 4	+10	+ 7	+ 5	- 6
	order-books	+30	-82	-46	-40	- 5	- 5	- 2	- 2	+ 4	- 2	+ 7	+ 1	+ 5	- 5	- 9
	export order-books	+13	-67	-32	-29	-14	-13	-16	-14	-15 ^R	-13	-10	-21 ^R	-13 ^R	-21	-35
	stocks of finished products	-24	+53	+31	+25	- 1	+ 3	- 6	- 5	- 2	- 1	- 3	+ 2 ^R	-6 ^R	- 6	+ 7
	selling-price expectations	+76	+10	+38	+41	+73	+68	+83	+79	+71	+82	+76	+73	+63	+62	+58
	business climate indicator	+32	-48	-23	-12,5	+ 5	+ 2,5	+13	+ 8,5	+ 4,5	+ 6	+ 3,5	+ 4,5	+ 6	+ 5,5	- 6,5
NL	production expectations	+26	-23	+ 1	+ 2	+ 7	+ 5	+ 5	+ 4	+ 3	- 2	+ 4	+ 3	+ 1	- 2	+ 1
	order-books	+ 7	-48	-29	-24	-13	-15	-10	-10	- 8	- 7	- 5	-10	- 9	-11	-13
	stocks of finished products	- 1	+57	+22	+16	+ 8	+10	+ 5	+ 5	+ 7	+ 8	+ 4	+ 7 ^R	+11	+ 6	+ 9
	business climate indicator	+13,5	-40	-10,5	- 7	- 0,5	- 3	0	- 0,5	- 2	- 5	0	-1,5	- 5	- 4	- 4
B	production expectations	+31	-56	-24	-18	- 3	- 5	0	+ 2	- 8	- 2	- 5	-11	- 7	-15	-20
	order-books	+13	-14	-54	-49	-30	-34	-28	-18	-18	-16	-19	-19	-16	-18	-24
	export order-books	+15	-82	-58	-51	-28	-31	-28	-21	-22 ^R	-20	-22	-21 ^R	-22 ^R	-20	-25
	stocks of finished products	-14	+37	+18	+22	+12	+17	+ 7	+ 3	+ 8	+ 3	+ 8	+ 7	+ 9 ^R	+ 8	+11
	selling-price expectations	+64	-10	+10	+14	+27	+22	+30	+36	+34	+36	+39	+31	+31	+26	+21
	business climate indicator	+22,5	-46,5	-21	-20	- 7,5	-11	- 3,5	- 1	- 8	- 2,5	- 6,5	- 9	- 8,5	-11,5	-15,5
L	production expectations	+90	+98	- 8	-22	- 2	-15	- 4	+ 2	- 9	- 8	- 7	-22	+ 3	- 6	-44
	order-books	:	:	-73	-68	-44	-45	-39	-23	-24	- 4	-32	-34	- 7	- 9	-15
	export order-books	:	:	-78	-76	-26	-24	- 2	- 6	-33 ^R	+15 ^R	-41 ^R	-58 ^R	0	+ 4	-16
	stocks of finished products	-23	+69	+13	+ 6	+48	+56	+51	+69	+67 ^R	+62	+68 ^R	+73 ^R	+60 ^R	+54	+57
	selling-price expectations	:	-46	+55	+59	+14	- 2	+ 8	+32	+22	+31	+25	+22	+19	+26	- 2
	business climate indicator	+56,5	+14,5	-10,5	-14	-25	-36,5	-27,5	-28,5	-38	-35	-38	-49,5	-27,5	-30	-50,5
UK	production expectations	:	:	+25	+20	+16	+28	+ 6	+ 7	- 9	+11	- 6	- 9	-13	-17	-27
	order-books	:	:	-14	-20	-13	0	- 7	-29	-45	-37	-47	-39	-49	-46	-58
	export order-books	:	:	- 1	-24	-20	-12	-16	-26	-32	-38 ^R	-38 ^R	-27 ^R	-32 ^R	-29	-36
	stocks of finished products	:	:	+10	+12	+ 7	+ 4	+ 3	+12	+16 ^R	+16	+18 ^R	+12 ^R	+18 ^R	+29	+27
	selling-price expectations	:	:	+61	+50	+65	+69	+61	+64	+59	+64	+54	+61	+61	+56	+47
	business climate indicator	:	:	+ 7,5	+ 4	+ 4,5	+12	+ 1,5	- 2,5	-13	- 2,5	-12,5	-12,5	-15	-23	-27
EC	production expectations	+24	-30	- 3	+ 4	+10	+10	+10	+ 8	0	+ 7	+ 1	0	- 1	- 4	- 8
	order-books	+15	-70	-40	-37	-12	-11	- 7	-11	-13	-12	-13	-13	-13	-19	-22
	export order-books	+14	-48	-18 ^R	-20 ^R	- 6 ^R	- 4 ^R	- 6 ^R	- 8 ^R	- 9 ^R	- 9 ^R	- 8 ^R	- 9 ^R	-10 ^R	-13 ^R	-19
	stocks of finished products	-10	+48	+22	+20	+ 6	+ 6	+ 1	+ 4	+ 7 ^R	+ 4 ^R	+ 5 ^R	+10 ^R	+ 7 ^R	+ 8	+11
	selling-price expectations	+19	+63	+33	+33	+49	+48	+52	+51	+51	+53	+51	+53	+49	+46	+42
	business climate indicator	+16,5	-38,5	-12,5	- 8	+ 2	+ 2	+ 4,5	+ 2	- 3	+ 1	- 2,5	- 3	- 3,5	- 6	- 9,5

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			1980	1979	1980				
		Peak 72/73	Trough 74/75				II	III	IV			I	Dec.	Jan.	Feb.	March
D	consumer goods	+18	-30	0	-3	+1	0	+3	-1	-5	-1	-7	-4	-4	+2	-5
	investment goods	+17	-28	-8	-3	+9	+7	+12	+12	+8	+11	+10	+9	+4	+7	0
	intermediate goods	+26	-41	-12	-2	+6	+7	+7	-3	-7	-4	-8	-6	-7	-6	-8
F	consumer goods	+42	-22	+3	+14	+21	+20	+23	+24	+18	+22	+21	+16	+17	+9	+12
	investment goods	+35	-31	-2	+2	+6	+1	+3	+10	+8	+16	+9	+5	+10	-1	+6
	intermediate goods	+33	-39	-12	+3	+9	+3	+16	+15	+6	+12	+11	+5	+1	+1	-5
IRL	consumer goods	:	-28	+22	+24	:	:	:	:	+2	-6 ^R	+6	-2	+2	+15	+2
	investment goods	:	-65	+30	+32	:	:	:	:	0	+20	+16	+4	-20	0	+14
	intermediate goods	:	-22	+32	+25	:	:	:	:	-4	+17	+7	-3	-16	-12	-11
I	consumer goods	+36	-55	-10	0	+17	+13	+22	+18	+10 ^R	+13	+13	+13 ^R	+3	+11	+5
	investment goods	+41	-34	-8	-8	+12	+4	+19	+15	+11 ^R	+9	+4	+10 ^R	+20 ^R	+9	-4
	intermediate goods	+49	-39	-19	+2	+14	+10	+18	+9	+10 ^R	+11	+1	+20 ^R	+8	+1	-8
NL	consumer goods	+33	-26	+4	+7	+8	+10	+2	+6	+4	+5	+4	+3	+6	+6	+3
	investment goods	+42	-53	-2	0	+1	-2	0	0	-1	-4	+8	-4	-7	-3	-5
	intermediate goods	+43	-22	+2	+2	+12	+8	+9	+8	+5	-2	-2	+10	+8	-5	+6
B	consumer goods	+34	-43	-14	-16	-4	-9	0	+3	-8	-5	-3	-13	-8	-19	-19
	investment goods	+27	-58	-25	-25	-3	-5	-1	+5	-8	+2	-6	-11	0	-7	-10
	intermediate goods	+26	-63	-35	-15	-4	-4	-1	-1	-9	-3	-6	-8	-13	-16	-27
L	consumer goods	+43	-73	-41	-23	:	+8	+13	:	+21	+11	+17	+22	+23	+11	+18
	investment goods	+33	-41	-18	-7	:	-13	0	:	-3	+2	0	-6	-3	+4	-11
	intermediate goods	:	:	-4	-23	:	-16	-9	:	-11	-11	-10	-27	+3	-10	-53
UK	consumer goods	:	:	+33	+26	+18	+28	+10	0	-12	-11	-5	-13	-14 ^R	-13	-22
	investment goods	:	:	+26	+11	+16	+25	+11	+13	+6 ^R	+13	+10	+2	+7 ^R	-1	-11
	intermediate goods	:	:	+20	+25	+7	+22	-3	-9	-26	-14	-23	-21	-33	-31	-37
EC	consumer goods	+29	-26	+4	+9	+11	+12	+12	+8	+2 ^R	+4	+2 ^R	+3 ^R	0 ^R	+1 ^R	-4
	investment goods	+28	-29	-1	0	+9	+8	+10	+11	+8 ^R	+10 ^R	+8	+7 ^R	+8	+3	-1
	intermediate goods	+32	-37	-8	+5	+8	+9	+8	+3	-4 ^R	+2 ^R	-5	0 ^R	-8	-7 ^R	-14

(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.

(c) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

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

: = not available.

R = revised.

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			1980	1979		1980				
		Peak	Trough				II	III	IV		I	Dec.	Jan.	Feb.	March	April	May
		72/73	74/75														
D	order-books	-17	-84	-59	-32	-7	0	-6	-10	-15	-13	-14	-14	-17	-17	-25	
	employment expectations	+10	-60	-16	+5	+9	+11	+1	+7	+6	+9	+10	+6	+3	+2	-7	
	price expectations	+48	-37	+15	+28	+30	+37	+27	+16	+21	+13	+18	+21	+25	+19	+3	
F	order-books	:	:	-61	-48	:	-28	-27	-29	-28	:	:	:	:	:	:	:
	(c) employment expectations	:	:	-27	-19	:	-11	-10	-13	-5	:	:	:	:	:	:	:
I	order-books	-25	-68	-40	-40	-29	-30	-24	-33	-33	-32	-41	-28	-29	-28	:	:
	employment expectations	+10	-44	-16	-16	-12	-13	-12	-13	-12	-9	-15	-10	-12	-9	:	:
	price expectations	+85	+30	+61	+62	+71	+71	+76	+73	+71	+73	+70	+74	+70	+73	:	:
NL	order-books	-8	-81	-25	-19	-19	-17	-19	-23	-25	-26	-26	-25	-25	-36	-38	
	employment expectations	+14	-13	+8	+12	+11	+12	+7	+12	+9	+11	+8	+12	+8	-3	-12	
B	order-books	-13	-47	-35	-39	-28	-26	-22	-27	-30	-29	-27	-32	-31	-26	-37	
	employment expectations	+31	-24	-12	-9	0	0	+2	+2	-8	-3	-9	-5	-10	-14	-29	
	price expectations	+75	+25	+44	+31	+43	+37	+54	+44	+42	+37	+37	+53	+37	+33	+41	
L	order-books	+21	-50	-36	-11	-7	-14	-14	+9	-3	+4	+2	-12	+1	+2	-1	
	employment expectations	+31	-39	-8	+14	+16	+9	+7	+26	+8	+27	+20	-3	+8	+20	-6	
	price expectations	+82	+11	+23	+27	+46	+45	+60	+50	+61	+48	+63	+51	+69	+81	-66	
UK	order-books	:	:	-25	-8	:	+1	-15	-21	-31	:	:	:	:	:	:	
	(c) employment expectations	:	:	-20	-2	:	+10	-11	-11	-12	:	:	:	:	:	:	
	price expectations	:	:	+45	+53	:	+74	+70	+67	+63	:	:	:	:	:	:	
EC	order-books	:	:	-46	-32	:	-14	-17	-22	-26	:	:	:	:	:	:	
	(d) employment expectations	:	:	-18	-9	:	+1	-6	-5	-4	:	:	:	:	:	:	

(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 (January, April, July and October):

- 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 (carried out in January/February, June/July and October/November):

- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- Half-yearly (carried out in June/July and October/November):
- Employment expectations for the months ahead: up, unchanged, down?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April 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 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 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to 'European Economy'.

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