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Economic prospects - business survey results

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Continued downturn of the business outlook. — The business climate indicator for the Community fell by 5,5 percentage points in July 1980, according to the most recent survey results (see Graph 1 and Table 1). Looking at the components of the business climate indicator (production expectations and stocks of finished products), the pessimistic majority of chief executives who expect industrial production to decrease in the months ahead rose further in July, by 6 percentage points (an increase similar to that in June), while those considering stocks of finished products to be above normal increased by 5 percentage points, a sharper rise (by 1 percentage point) than reported in June. This continued deterioration has been paralleled by the same significant worsening as in the previous month in the reported level of order-books: the net balance of chief executives considering order-books to be below normal increased again by 7 percentage points between June and July; judgments on export order-books also showed marked deterioration (by 6 percentage points). On the positive side, industrial selling-price expectations declined faster in July, by 7 percentage points as compared to 3 points in June, confirming the less inflationary outlook for industrial products noted in earlier months.

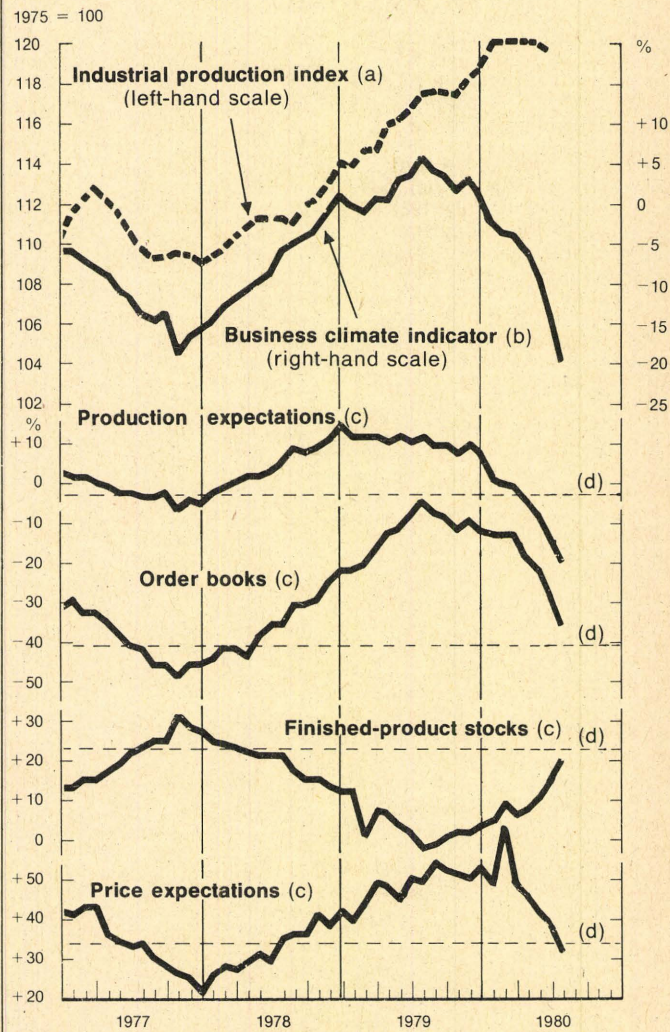
The production outlook in all three of the major sectors of manufacturing industry (consumer, investment and intermediate goods) worsened in July at the Community level (see Graphs 2, 3, 4), in line with the results for industry as a whole. Only the net balance of responses to the question on the short-term production trend in the intermediate sector fell back more markedly, by 9 percentage points.

The industrial business climate in the Member States. — The industrial business climate continued to deteriorate in July in all Member States, except for Luxembourg (see Table 1). The deterioration in Ireland amounted to only 2 percentage points but in the Federal Republic of Germany the business climate indicator fell by 8,5 percentage points while in France the deterioration reached the Community average of 5,5 percentage points. In the United Kingdom, Italy, the Netherlands and Belgium a decline in the business climate indicator of 3 to 4,5 percentage points was reported. The business climate indicator increased by 11 percentage points in Luxembourg, where, however, the survey data are particularly volatile.

Industrial production expectations and order-books' assessments in the Federal Republic of Germany showed, in July, a more pessimistic development than in the preceding months. German chief executives' judgments on the level of stocks of finished products showed little change, while the number of industrialists who expect selling-prices to increase during the coming months continued to diminish in July. In France, production expectations worsened by 9 percentage points in

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.

July and the assessment of order-books' levels deteriorated by 8 percentage points. Stocks of finished products in French industry were judged to be above normal by an additional 2% of industrialists; selling-price expectations showed, however, a marked decrease in July.

Italian industrialists consider that the production outlook has deteriorated seriously, according to the July survey: the net balance on the production expectations' question fell by 7 percentage points. Stocks of finished products in Italian industry were considered to be above normal by a net balance of 17 % of the chief executives surveyed in July, an improvement of 1 percentage point on the June result. There has been a further deterioration in the industrial production outlook in the United Kingdom: the net balance of industrialists expecting output to fall in the next three or four months increased further, by 1 percentage point between June and July, to 38 %. Pessimism on the production front is matched by industrialists' gloomy assessments of order-book and finished-stock levels.

Business conditions in the Community as a whole at the individual sector level. — The weakening of production expectations in July affected most sectors of industry (see Table 3). Exceptions could be observed for the clothing and footwear industries and the leather and leather goods industry where, after a continuous increase since February, the majority of chief executives expecting production to fall in the months ahead diminished in July. The weakening of production expectations in July was most pronounced in the manufacture of motor vehicles and accessories (–22 percentage points), mineral oil refining (–19 percentage points), the production and preliminary processing of metals (–15 percentage points) and the manufacture of metal articles (–10 percentage points). The assessments of order-books in the mentioned industries showed an overall deterioration. An exception was the mineral oil refining where after a noticeable decline (by 20 percentage points) in June, the net balance of responses in July rose (by 19 percentage points) to a level similar to that in April and May 1980.

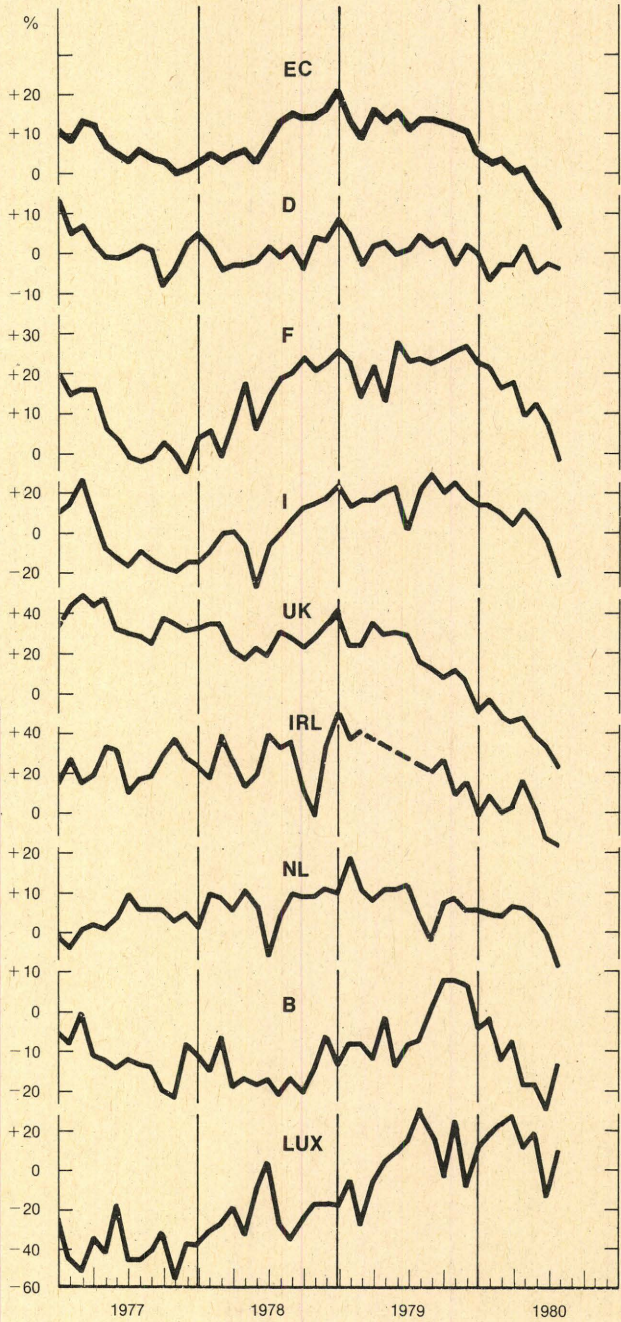
Inflationary expectations moderated in almost all sectors in July; only in the leather and leather goods sector (by 15 percentage points) and in electrical engineering, including the domestic electrical appliances, radio and television sets (by 3 percentage points), was there increased pessimism about price developments.

Duration of production assured by orders on hand and opinions about the adequacy of production capacity. — Orders on hand in Community industry represented 3,4 months of normal production activity according to the July survey, well below the level reported in April 1980. Only in France was no change reported but in the other Member States the duration in months of assured production declined between 0,1 months in Belgium and 1 month in the United Kingdom. The net balance of chief executives reporting that production capacity was more than sufficient to meet current requirements increased by 8 percentage points at the Community level. The corresponding increase amounted to between 14 and 21 percentage points in the Benelux and Ireland, to 11 percentage points in Italy and to between 7 and 8 points in the Federal Republic of Germany and in France.

Recent results of the construction survey. — The net balance of the order-books (or plans) question for the construction industries deteriorated in July 1980 by 2 percentage points in the Federal Republic of Germany and by 4 percentage points in the Netherlands. But recent results in Italy (+5 percentage points), in Belgium (+3 percentage points) and in Luxembourg (+9 percentage points) indicated less pessimistic assessments of chief executives in July. Their opinions about the employment outlook deteriorated in July in the Federal Republic of Germany by 3 percentage points and showed no change in Belgium while in Italy (by 7 percentage points), the Netherlands (by 3 percentage points) and in Luxembourg (by 2 percentage points) views on the development of employment in the near future were more optimistic than in recent months.

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GRAPH 2: Consumer goods industries - Production expectations (a)



(a) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on page 6).

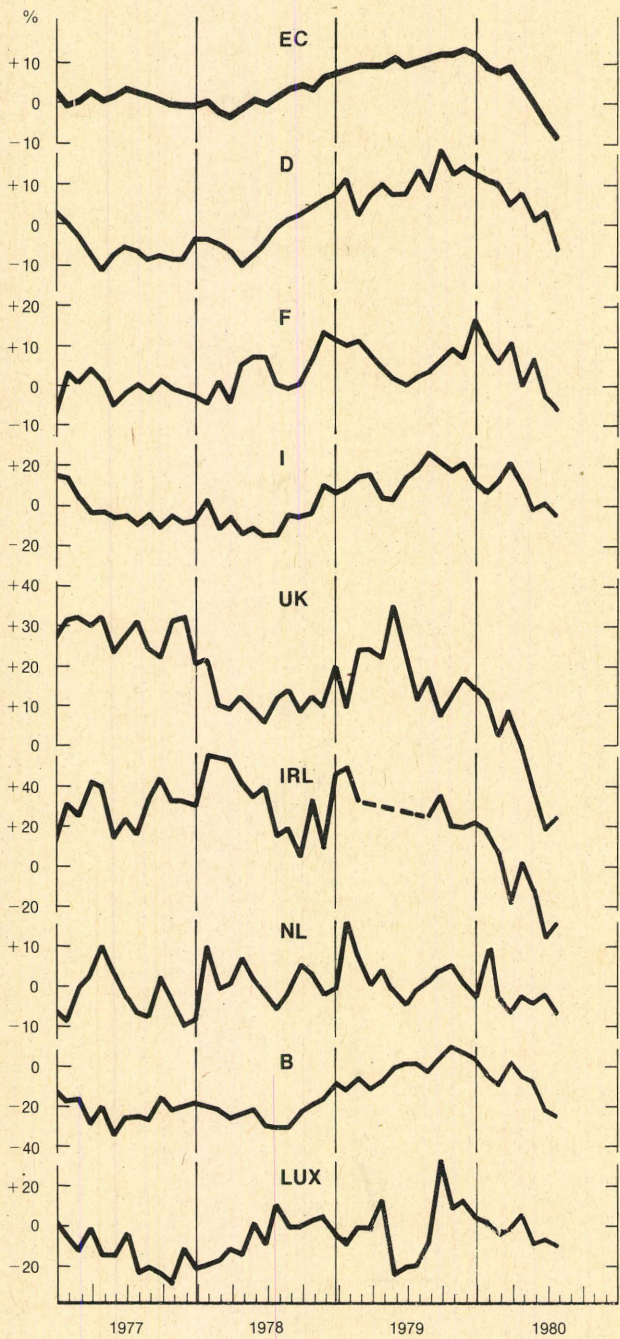
Source: European Community business surveys.

Notes on Graph 1.

- (a) Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average.
- (b) 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.
- (c) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on final page).
- (d) Dotted line shows average for 1968-1977.

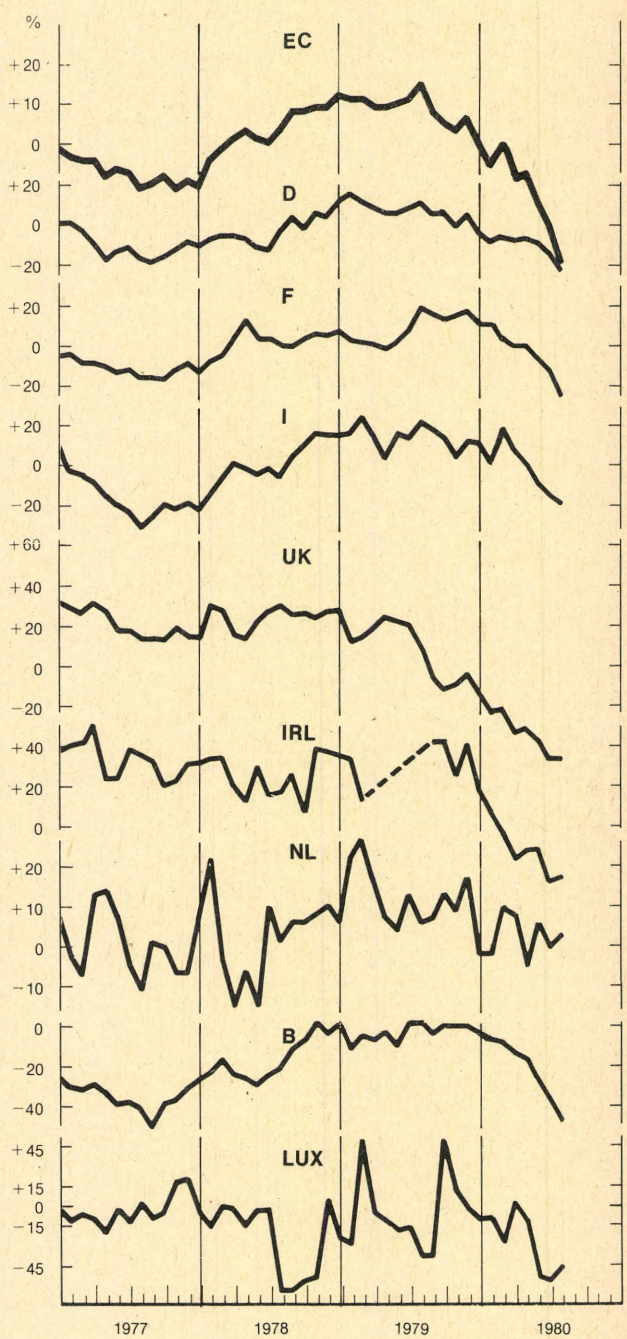
Source: European Community business surveys and Eurostat.

GRAPH 3: Investment goods industries - Production expectations



For notes see Graph 2.

GRAPH 4: Intermediate goods industries - Production expectations



For notes see Graph 2.

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		1980				
				III	IV	I	II	Feb. March	April	May	June	July
Production expectations												
Textile industry	-10	0	+ 1	+ 4	- 5	-10	-18	- 7	-12	-15	-16	-23
Clothing and footwear	- 2	+ 4	+ 9	+13	0 ^R	- 6 ^R	-15 ^R	- 4 ^R	- 9 ^R	-11 ^R	-13 ^R	-21 ^R
Timber and wooden furniture	- 4	+ 1	+ 6	+ 4	+ 3	- 2	- 6	- 3	- 5	- 4	- 4	-11
Paper and paper products; printing and publishing	+ 3	+11	+ 6	+ 6	- 1	- 2	-14	+ 4	- 5	-11	-15	-16
Leather and leather goods (except footwear and wearing apparel)	0	+ 3	+ 2	+ 8	- 9	- 9	-22	- 3	-18	-20	-22	-24
Mineral oil refining	- 3	+ 8	- 1	- 2	- 1	+ 8	0	+ 2	- 2	+ 4	- 3	- 2
Production and preliminary processing of metals	-21	- 4	+ 5	+10	+ 8	-12	-16	- 7	-16	-11	-14	-23
Non-metallic mineral products (ceramics, etc.)	- 8	- 2	+ 4	+ 2	+ 7	+ 1	- 8	+ 5	- 1	- 3	- 8	-13
Chemical industry	+ 6	+11	+ 7	+12	- 2	- 4	-19	0	-10	-16	-16	-25
Manufacture of metal articles	- 5	0	+ 3	+ 3	+ 7	- 1	- 4	0	- 2	- 4	- 6	- 3
Mechanical engineering	- 3	- 1	+ 7	+ 7	+12	+ 7	- 2	+ 8	+ 8	+ 4	- 2	- 9
Electrical engineering	+ 3	+13	+ 8	+ 9	+ 8	+ 6	+ 1	+ 4	+11	+11	- 1	- 6
Domestic electrical appliances; radio and television sets	- 6	+10	+ 3	+ 7	+ 4	- 5	- 8	- 4	0	+ 3	-10	-16
Manufacture of motor vehicles and accessories	+14	+16	+14	+17	+ 9	+ 1	- 6	- 2	0	0	- 6	-12
Order-books												
Textile industry	-51	-38	-15	-11	-19	-28	-38	-32	-27	-34	-37	-43
Clothing and footwear	-24	-22	- 3	+ 3	- 6	-14	-28	-14	-15	-26	-27	-30
Timber and wooden furniture	-43	-41	-18	-11	-10	-14	-21	-23	- 7	-16	-19	-27
Paper and paper products; printing and publishing	-30	-15	- 3	+ 1	- 8	-17	-29	-17	-18	-23	-31	-32
Leather and leather goods (except footwear and wearing apparel)	-35	-26	-18	-10	-31	-37	-42	-41	-37	-28	-49	-50
Mineral oil refining	-28	-33	+ 7	+11	+14	- 6	-27	-11	-11	-22	-20	-40
Production and preliminary processing of metals	-69	-65	-31	-26	-31	-31	-34	-40	-26	-33	-32	-36
Non-metallic mineral products (ceramics, etc.)	-47	-40	-15	-10	-11	- 8	-12	-17	+ 3	- 9	-10	-18
Chemical industry	-36	-28	+ 6	+17	+10	+ 2	-21	+ 1	- 1	-12	-18	-32
Manufacture of metal articles	-40	-32	-17	- 9	-17	-15	-13	-19	-12	-13	-13	-14
Mechanical engineering	-42	-43	-24	-22	-20	-20	-18	-26	-13	-18	-14	-21
Electrical engineering	-28	-18	-17	-16	-19	-12	-17	-17	-11	-18	-16	-16
Domestic electrical appliances; radio and television sets	-30	-15	-19	-12	-22	-16	-26	-22	-12	-19	-32	-26
Manufacture of motor vehicles and accessories	+ 9	+ 9	+12	+16	+ 9	+10	-14	+16	+ 7	- 7	- 9	-27
Export order-books												
Textile industry	-45	-34	-30	-32	-34	-40	-45	-46	-36	-40	-43	-51
Clothing and footwear	-36	-43	-17	-13	-13	-25	-39	-22	-28	-40	-34	-42
Timber and wooden furniture	-40	-35	-27	-23	-26	-27	-28	-34	-26	-15	-26	-42
Paper and paper products; printing and publishing	-33	-32	-12	- 5	-13	-29	-31	-34	-31	-32	-27	-33
Leather and leather goods (except footwear and wearing apparel)	-21	-21	-26	-27	-39	-46	-47	-53	-43	-32	-48	-60
Mineral oil refining	- 5	-21	- 2	- 9	+ 3	+14	- 6	+12	+ 4	- 4	- 7	- 7
Production and preliminary processing of metals	-13	-13	-17	-11	-23	-31	-31	-37	-22	-24	-35	-35
Non-metallic mineral products (ceramics, etc.)	-16	-12	- 9	- 7	- 7	- 8	-14	-11	- 3	- 8	-12	-23
Chemical industry	-12	- 9	+ 8	+11	+10	+ 1	-12	+ 1	+ 2	0	-13	-24
Manufacture of metal articles	-12	-17	-29	-30	-30	-33	-25	-39	-29	-21	-27	-27
Mechanical engineering	-14	-21	-26	-27	-27	-30	-26	-35	-25	-26	-23	-28
Electrical engineering	-20	-23	-26	-31	-31	-26	-23	-32	-20	-33	-19	-17
Domestic electrical appliances; radio and television sets	-20	-23	-23	-27	-21	-21	-26	-28	- 5	-25	-29	-24
Manufacture of motor vehicles and accessories	- 4	- 1	+ 3	+ 3	- 3	- 3	-15	+ 1	0	- 6	-16	-22
Stocks of finished products												
Textile industry	+40	+34	+19	+14	+23	+29	+30	+34	+26	+27	+29	+34
Clothing and footwear	+31	+24	+11	+ 8	+14	+20	+24	+21	+19	+22	+23	+27
Timber and wooden furniture	+23	+24	+ 9	+ 5	+ 4	+ 7	+ 3	+ 7	+ 4	- 2	+ 2	+ 9
Paper and paper products; printing and publishing	+20	+14	+ 8	+ 8	+ 8	+11	+15	+12	+13	+11	+16	+19
Leather and leather goods (except footwear and wearing apparel)	+22	+26	+ 9	+ 2	+15	+27	+33	+31	+26	+25	+35	+39
Mineral oil refining	+23	+ 7	-25	-43	-32	-14	0	-19	-10	-11	- 1	+12
Production and preliminary processing of metals	+14	+11	0	- 4	- 3	- 5	- 2	- 3	- 5	- 1	- 3	- 3
Non-metallic mineral products (ceramics, etc.)	+26	+28	+12	+ 8	+ 6	+ 1	- 1	+ 2	- 6	- 5	- 1	+ 2
Chemical industry	+24	+16	- 5	-14	- 5	+ 6	+17	+ 5	+11	+11	+13	+26
Manufacture of metal articles	+25	+13	+ 1	- 7	- 5	+ 1	+ 3	+ 2	0	0	+ 4	+ 8
Mechanical engineering	+20	+23	+10	+ 9	+ 8	+ 9	+10	+13	+ 6	+ 9	+ 9	+13
Electrical engineering	+24	+20	+16	+14	+14	+17	+22	+21	+16	+24	+23	+18
Domestic electrical appliances; radio and television sets	+30	+23	+31	+29	+28	+32	+39	+39	+27	+34	+40	+42
Manufacture of motor vehicles and accessories	+ 3	- 4	-13	-24	- 6	- 1	+13	+ 1	- 9	+ 3	+15	+22
Selling-price expectations												
Textile industry	+21	+34	+50	+60	+56	+59	+43	+65	+56	+47	+43	+38
Clothing and footwear	+40	+36	+50	+57	+50	+50	+48	+55	+44	+52	+47	+44
Timber and wooden furniture	+35	+35	+52	+63	+56	+63	+59	+73	+60	+62	+60	+54
Paper and paper products; printing and publishing	+37	+41	+56	+66	+66	+68	+54	+77	+63	+60	+53	+50
Leather and leather goods (except footwear and wearing apparel)	+31	+43	+42	+53	+23	+16	- 5	+31	0	- 2	-11	- 1
Mineral oil refining	+42	+29	+60	+77	+32	+51	+77	+63	+48	+66	+63	+100
Production and preliminary processing of metals	+19	+36	+41	+46	+54	+51	+25	+60	+42	+39	+26	+ 9
Non-metallic mineral products (ceramics, etc.)	+37	+32	+44	+53	+57	+60	+47	+68	+53	+46	+47	+49
Chemical industry	+28	+30	+48	+62	+45	+55	+22	+69	+38	+28	+22	+16
Manufacture of metal articles	+34	+32	+43	+54	+50	+47	+49	+55	+45	+51	+49	+47
Mechanical engineering	+34	+38	+38	+43	+47	+48	+41	+52	+45	+44	+42	+38
Electrical engineering	+35	+28	+33	+44	+45	+43	+42	+52	+38	+48	+40	+38
Domestic electrical appliances; radio and television sets	+31	+24	+34	+44	+41	+36	+32	+53	+14	+31	+33	+32
Manufacture of motor vehicles and accessories	+45	+40	+40	+45	+46	+49	+42	+52	+55	+52	+41	+32

(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.
R = revised.
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		1980					
		Peak 72/73	Trough 74/75				III	IV	I	II	Feb. March	April	May	June	July	
D	production expectations	+17	-32	-8	-2	+6	+8	+2	-3	-5	-3	-4	-1	-5	-8	-16
	order-books	+5	-73	-42	-41	-15	-7	-9	-7	-13	-7	-8	-12	-11	-16	-24
	export order-books (c)	+23	-33	-6	-8	+4	+4	+2	+3	-2	+2	+2	+1	-1	-5	-13
	stocks of finished products	-7	+43	+18	+17	+4	-1	+2	+4	+5	+4	+4	+3	+5	+8	+13
	selling-price expectations	+55	+4	+14	+19	+32	+37	+33	+36	+28	+37	+34	+31	+28	+25	+17
	business climate indicator	+5	-37,5	-13	-9,5	+1	+4,5	0	-3,5	-5	-3,5	-4	-2	-5	-8	-14
F	production expectations	+33	-29	-5	+5	+12	+14	+17	+11	+1	+9	+9	+3	+3	-4	-13
	order-books	+26	-69	-38	-31	-9	-7	-4	-4	-13	-7	0	-10	-14	-16	-22
	export order-books	+24	-66	-34	-21	-1	+3	+4	-6	-21	-5	-7	-15	-21	-26	-34
	stocks of finished products	-14	+50	+28	+25	+10	+5	+6	+3	+9	+4	+3	+7	+9	+12	+14
	selling-price expectations	+76	+15	+42	+52	+55	+57	+59	+60	+54	+62	+58	+57	+53	+52	+40
	business climate indicator	+23,5	-39,5	-16,5	-10	+1	+4,5	+5,5	+3,5	-4	+2,5	+3	-2	-3	-8	-13,5
IRL	production expectations	:	-21	+29	+26	:	:	+19	+1	-7	-1	-8	+4	-1	-23	-21
	order-books	:	-68	-13	-5	:	:	-13	-22	-44	-18	-24	-37	-39	-56	-66
	export order-books	:	-22	+27	+19	:	:	+8	-1	+2	+5	+12	+7	-11	+9	-4
	stocks of finished products	:	+35	+4	+4	:	:	+2	+20	+24	+20	+23	+25	+21	+25	+31
	selling-price expectations	:	+64	+44	+35	:	:	+59	+58	+48	+57	+59	+41	+50	+54	+38
	business climate indicator	:	-28	+12,5	+11	:	:	+8	-9,5	-15	-10,5	-15,5	-10,5	-11	-24	-26
I	production expectations	+40	-43	-15	0	+13	+20	+12	+7	-4	+14	+7	+5	-6	-11	-18
	order-books	+30	-82	-46	-40	-5	-2	-2	+4	-13	-2	+5	-5	-9	-26	-34
	export order-books	+13	-67	-32	-29	-14	-16	-14	-15	-33	-21	-13	-21	-35	-43	-43
	stocks of finished products	-24	+53	+31	+25	-1	-6	-5	-2	+6	+2	-6	-6	+7	+18	+17
	selling-price expectations	+76	+10	+38	+41	+73	+83	+79	+74	+58	+87	+63	+62	+58	+55	+55
	business climate indicator	+32	-48	-23	-12,5	+5	+13	+8,5	+4,5	-5	+6	+6,5	+5,5	-6,5	-14,5	-17,5
NL	production expectations	+26	-23	+1	+2	+7	+5	+4	+3	-1	+3	+1	-2	+1	-2	-7
	order-books	+7	-48	-29	-24	-13	-10	-10	-8	-14	-10	-9	-11	-13	-17	-2,3
	stocks of finished products	-1	+57	+22	+16	+8	+5	+5	+7	+10	+7	+11	+6	+9	+15	+16
	business climate indicator	+13,5	-40	-10,5	-7	-0,5	0	-0,5	-2	-5,5	-2	-5	-4	-4	-8,5	-11,5
B	production expectations	+31	-56	-24	-18	-3	0	+2	-8	-21	-11	-7	-15	-20	-28	-31
	order-books	+13	-14	-54	-49	-30	-28	-18	-18	-23	-19	-16	-18	-24	-28	-35
	export order-books	+15	-82	-58	-51	-28	-28	-21	-22	-26	-21	-22	-20	-25	-33	-45
	stocks of finished products	-14	+37	+18	+22	+12	+7	+3	+8	+8	+7	+9	+8	+11	+6	+8
	selling-price expectations	+64	-10	+10	+14	+27	+30	+36	+34	+19	+31	+31	+26	+21	+10	+10
	business climate indicator	+22,5	-46,5	-21	-20	-7,5	-3,5	-1	-8	-14,5	-9	-8	-11,5	-15,5	-17	-19,5
L	production expectations	+90	+98	-8	-22	-2	-4	+2	-5	-32	-10	+3	-6	-44	-47	-35
	order-books	:	:	-73	-68	-44	-39	-23	-31	-25	-49	-11	-9	-15	-50	-50
	export order-books	:	:	-78	-76	-26	-2	-6	-33	-27	-58	0	+4	-16	-68	-71
	stocks of finished products	-23	+69	+13	+6	+48	+51	+69	+67	+59	+73	+60	+54	+57	+67	+61
	selling-price expectations	:	-46	+55	+59	+14	+8	+32	+22	+5	+22	+19	+26	-2	-9	-42
	business climate indicator	+56,5	+14,5	-10,5	-14	-25	-27,5	-33,5	-36	-46	-41,5	-28,5	-30	-50,5	-57	-48
UK	production expectations	:	:	+25	+20	+16	+6	+7	-8	-27	-5	-13	-17	-27	-37	-38
	order-books	:	:	-14	-20	-13	-7	-29	-45	-57	-34	-49	-46	-58	-67	-70
	export order-books	:	:	-1	-24	-20	-16	-26	-32	-37	-27	-32	-29	-36	-47	-47
	stocks of finished products	:	:	+10	+12	+7	+3	+12	+16	+30	+12	+18	+29	+27	+35	+43
	selling-price expectations	:	:	+61	+50	+65	+61	+64	+59	+48	+61	+61	+56	+47	+40	+40
	business climate indicator	:	:	+7,5	+4	+4,5	+1,5	-2,5	-12	-28,5	-8,5	-15,5	-23	-27	-36	-40,5
EC	production expectations	+24	-30	-2	+4	+7	+9	+6	0	-9	+2	-2	-4	-8	-14	-20
	order-books	+15	-70	-40	-37	-12	-7	-11	-13	-23	-18	-13	-19	-22	-29	-36
	export order-books	+14	-48	-18	-20	-6	-6	-8	-9	-19	-9	-10	-13	-19	-25	-31
	stocks of finished products	-10	+48	+22	+20	+5	+1	+4	+7	+11	+10	+7	+8	+11	+15	+20
	selling-price expectations	+19	+63	+33	+33	+49	+52	+51	+51	+42	+64	+49	+46	+42	+39	+32
	business climate indicator	+16,5	-38,5	-12	-8	+1	+4	+1	-3,5	-10	-4	-4,5	-6	-9,5	-14,5	-20

(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.

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

* 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 4: 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		1980					
		Peak	Trough				III	IV	I	II	Feb.	March	April	May	June	July
		72/73	74/75													
D	order-books	-17	-84	-59	-32	-7	-6	-10	-15	-24	-14	-17	-17	-25	-29	-31
	employment expectations	+10	-60	-16	+5	+9	+1	+7	+6	-5	+6	+3	+2	-7	-11	-13
	price expectations	+48	-37	+15	+28	+30	+27	+16	+21	+3	+21	+25	+19	+3	-12	-20
F	order-books	:	:	-61	-48	:	-27	-29	-28	:	:	:	:	:	:	:
(c)	employment expectations	:	:	-27	-19	:	-10	-13	-5	:	:	:	:	:	:	:
I	order-books	-25	-68	-40	-40	-29	-24	-33	-33	-30	-28	-29	-28	-30	-33	-27
	employment expectations	+10	-44	-16	-16	-12	-12	-13	-12	-13	-10	-12	-9	-13	-17	-10
	price expectations	+85	+30	+61	+62	+71	+76	+73	+71	+74	+74	+70	+73	+70	+79	+65
NL	order-books	-8	-81	-25	-19	-19	-19	-23	-25	-39	-25	-25	-36	-38	-42	-46
	employment expectations	+14	-13	+8	+12	+11	+7	+12	+9	-9	+12	+8	-3	-12	-12	-9
B	order-books	-13	-47	-35	-39	-28	-22	-27	-30	-37	-32	-31	-36	-37	-37	-34
	employment expectations	+31	-24	-12	-9	0	+2	+2	-8	-26	-5	-10	-14	-29	-34	-34
	price expectations	+75	+25	+44	+31	+43	+54	+44	+42	+36	+53	+37	+33	+41	+35	+26
L	order-books	+21	-50	-36	-11	-7	-14	+9	-3	-2	-12	+1	+2	-1	-8	+1
	employment expectations	+31	-39	-8	+14	+16	+7	+26	+8	+11	-3	+8	+20	-6	+20	+22
	price expectations	+82	+11	+23	+27	+46	+60	+50	+61	+65	+51	+69	+81	+66	+49	+41
UK	order-books	:	:	-25	-8	:	-15	-21	-31	:	:	:	:	:	:	:
(c)	employment expectations	:	:	-20	-2	:	-11	-11	-12	:	:	:	:	:	:	:
	price expectations	:	:	+45	+53	:	+70	+67	+63	:	:	:	:	:	:	:
EC	order-books	:	:	-46	-32	:	-17	-22	-26	:	:	:	:	:	:	:
(d)	employment expectations	:	:	-18	-9	:	-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?
- 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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