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Economic prospects - business survey results

Weak outlook for industrial activity. — The recession in the Community appears to have deepened in recent months, according to the surveys of industrialists carried out in August and September. This is reflected in the business climate indicator for Community industry, which fell by 1 percentage point in August and by 3,5 percentage points in September (Graph 1 and Table 1). Recessionary tendencies are particularly clear in the United Kingdom, where the climate indicator fell by 7 percentage points in September. In the rest of the Community the deterioration of the business climate shows signs of moderating: the climate indicator for the Community countries other than the United Kingdom fell by 2,1 percentage points in September, substantially less than in June and July.

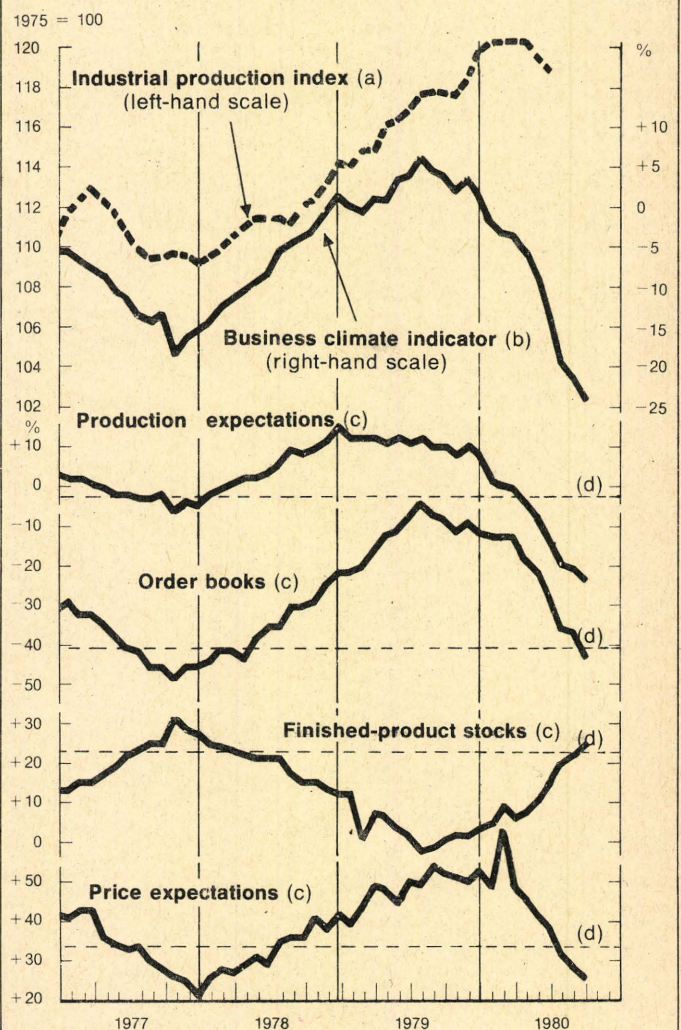
The majority of chief executives expecting industrial production to decline in the coming months was unchanged in August but advanced by 4 percentage points in September. Without the United Kingdom, however, the trend of production expectations in the Community was only moderately downwards (a decline of 1,6 percentage points between August and September). The net balance of respondents considering stocks of finished products to be above normal increased by 2 and 3 percentage points, respectively, in August and September. A further significant deterioration has been reported in the level of order-books: the majority of chief executives considering order-books to be below normal, while unchanged in August, increased in September by 6 percentage points. By contrast, judgements on export order-books showed no further deterioration. On the positive side, industrial selling-price expectations continued to decline in August and September, indicating a further lessening of inflationary expectations on the part of chief executives.

The industrial business climate in the Member States. — The short-term outlook for industrial production was stable in September in the Federal Republic of Germany: the net balance of chief executives expecting production to decline in the next three or four months went from -16 in July to -15 in August and back to -16 in September (Table 1). This represents a flattening of the downward trend in the production outlook which had been particularly marked in the months up to and including July. The level of industrial order-books, by contrast, was judged to have declined further below normal levels, in both August (by 2 percentage points) and September (6 percentage points). On the other hand, judgements on export order-books recovered substantially in August and September, after a low point in July. There is as yet no evidence of the end of the current phase in the stock cycle in German industry: finished-stocks were reported, in August and September, to have risen by 2 and 4 percentage points, respectively, above normal.

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.

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



For notes, see overleaf, column 1.

In France, recessionary tendencies in the industrial sector were accentuated in the third quarter, with the result that a net balance of 18 per cent of chief executives of industrial enterprises expected, in September, that production would decline during the next three or four months. A comparison of results between the second and the third quarters shows a deterioration of 16 percentage points in the net balance of responses to the production outlook question in France. Order-books and stocks of finished-products in September were judged by French executives to have deteriorated by comparison with the pre-holiday period: the net balance of respondents who considered order-books to be below normal increased by 11 percentage points since July and the net balance on the finished-stocks question increased by 14 percentage points over the same period, suggesting a continued accumulation of excess stocks. The overall business climate indicator fell by 9.5 percentage points in the July-September period.

Production expectations in Italian industry recovered somewhat (by 3 percentage points) in August and stabilized on that level in September. As judgements on stocks of finished products were also less pessimistic, the Italian business climate indicator shows signs of recovery in August and September from the low point reached in July.

There has been a further deterioration in the industrial production outlook in the United Kingdom: the net balance of industrial chief executives expecting output to fall in the next three or four months increased by 2 percentage points in August and more markedly by 12 percentage points in September. Judgements on order-books in August and September were also less favourable: a net balance of 79 per cent of British industrialists now consider order-books to be below normal, a figure which indicates a very marked degree of pessimism among industrial chief executives.

Of the other Member States, the Netherlands report a slight improvement in production expectations in September by comparison with July and August, and the overall business climate appears to have stabilized, albeit at a rather pessimistic level, since July. The business climate indicator was, however, still on a downward trend in September in Belgium and Luxembourg. There was some improvement in Irish business sentiment in September, but this should be seen in the context of the very sharp deterioration which occurred in the June to August period.

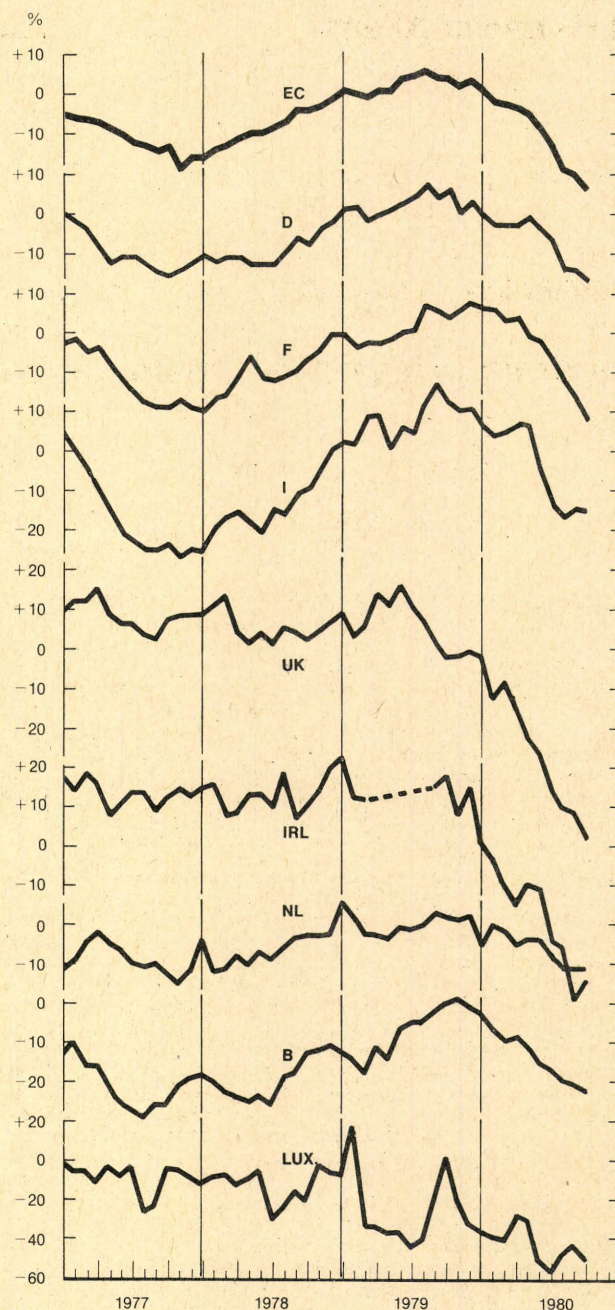
Consumption, investment and intermediate-goods sectors. — The production outlook for all three major industrial groups worsened noticeably in September at the Community level after a stabilization in the investment-goods industries and an improvement of 1 percentage point in the intermediate-goods industry between July and August (Table 2). The intermediate-goods sector has been more severely affected by the recession than either of the other two major groups: since the fourth quarter of 1979, the net balance of production expectations for intermediate goods has fallen by 34 percentage points; the production outlook in the consumer-goods industries has declined by 28 percentage points over the same period, while the fall in the investment-goods sector has been somewhat less marked, at 25 percentage points.

Business conditions at the individual sector level. — At the level of branches of industry (Table 3), the decline in production expectations in the third quarter ranged from 6 percentage points in the chemical industry to 23 percentage points in the production and preliminary processing of metals. The September survey indicates, also, a particularly sharp deterioration in the production outlook for the manufacture of motor vehicles and accessories. There was a further significant accumulation of finished-stocks in the mineral-oil refining and in the motor vehicle sectors between August and September and at the same time, an accelerated decline in order-book levels. The metallurgical industries report, also, a very weak order-book situation.

Construction. — Between the second and third quarters the net percentage of chief executives of building firms who consider orders to be below normal increased by 5 points (Table 5). The results for the third quarter show a decline in assessments of order-book levels, by 11 points in the Federal Republic of Germany, by 6 points in the Netherlands and by 11 points in Luxembourg. Employment expectations in the construction sector have deteriorated in the Federal Republic of Germany, the Netherlands and Belgium but have improved noticeably in Italy.

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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.

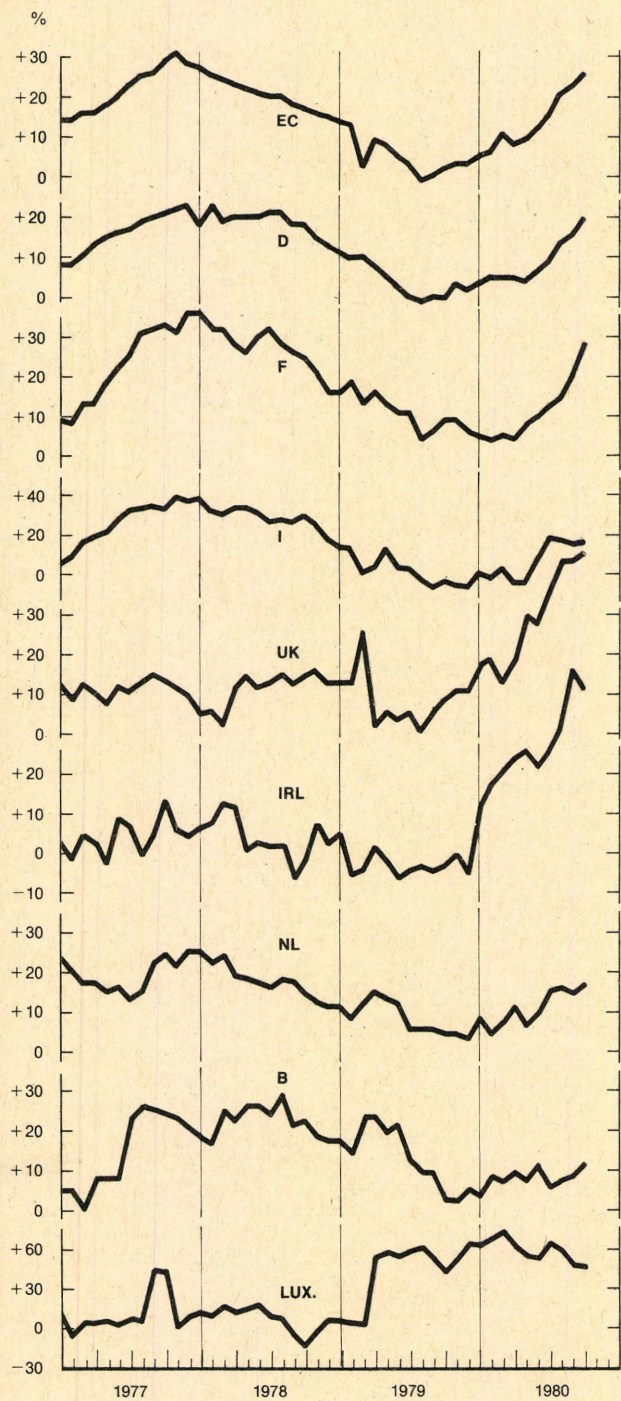
Source: European Community business surveys.

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.

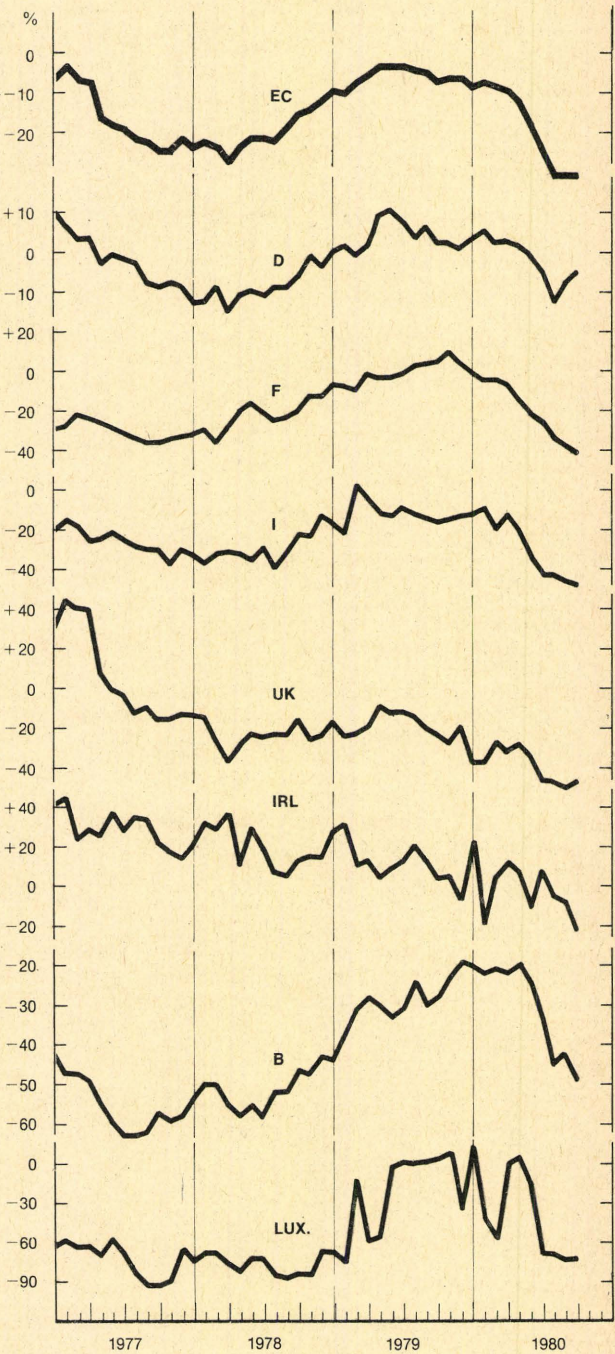
Source: European Community business surveys and Eurostat.

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				1980				
				IV	I	II	III		April	May	June	July	Aug. Sept.
Production expectations													
Textile industry	-10	0	+1	-5	-10	-18	-27	-15	-16	-23	-28	-29	-26
Clothing and footwear	-2	+4	+9	0	-6	-15	-	-11	-13	-21	-20	-	-
Timber and wooden furniture	-4	+1	+6	+3	-2	-6	-15	-4	-4	-11	-12	-14	-23
Paper and paper products; printing and publishing	+3	+11	+6	-1	-2	-14	-24	-11	-15	-15	-16	-25	-31
Leather and leather goods (except footwear and wearing apparel)	0	+3	+2	-9	-9	-22	-34	-20	-22	-24	-20	-37	-43
Mineral oil refining	-3	+8	-1	-1	+8	0	-19	+4	-3	-2	-21	-17	-18
Production and preliminary processing of metals	-21	-4	+5	+8	-12	-16	-39	-11	-14	-23	-38	-37	-44
Non-metallic mineral products (ceramics, etc.)	-8	-2	+4	+7	+1	-8	-23	-3	-8	-13	-20	-19	-28
Chemical industry	+6	+11	+7	-2	-4	-19	-25	-16	-16	-25	-33	-26	-16
Manufacture of metal articles	-5	0	+3	+7	-1	-4	-19	-4	-6	-3	-13	-21	-21
Mechanical engineering	-3	-1	+7	+12	+7	-2	-16	+4	-2	-9	-14	-16	-19
Electrical engineering	+3	+13	+8	+8	+6	+1	-15	+11	-1	-6	-11	-14	-18
Domestic electrical appliances; radio and television sets	-6	+10	+3	+4	-5	-8	-25	+3	-10	-16	-22	-26	-26
Manufacture of motor vehicles and accessories	+14	+16	+14	+9	+1	-6	-36	0	-6	-12	-34	-28	-44
Order-books													
Textile industry	-51	-38	-15	-19	-28	-38	-51	-34	-37	-43	-46	-51	-51
Clothing and footwear	-24	-22	-3	-6	-14	-28	-	-26	-27	-30	-39	-	-
Timber and wooden furniture	-43	-41	-18	-10	-14	-21	-41	-16	-19	-27	-35	-39	-48
Paper and paper products; printing and publishing	-30	-15	-3	-8	-17	-29	-42	-23	-31	-32	-38	-41	-46
Leather and leather goods (except footwear and wearing apparel)	-35	-26	-18	-31	-37	-42	-56	-28	-49	-50	-58	-53	-55
Mineral oil refining	-28	-33	+7	+14	-6	-27	-34	-22	-20	-40	-21	-35	-46
Production and preliminary processing of metals	-69	-65	-31	-31	-31	-34	-57	-33	-32	-36	-55	-53	-61
Non-metallic mineral products (ceramics, etc.)	-47	-40	-15	-11	-8	-12	-27	-9	-10	-18	-24	-28	-28
Chemical industry	-36	-28	+6	+10	+2	-21	-44	-12	-18	-32	-47	-39	-43
Manufacture of metal articles	-40	-32	+7	+17	-15	-13	-29	-13	-13	-14	-23	-27	-35
Mechanical engineering	-42	-43	-24	-20	-20	-18	-30	-18	-14	-21	-25	-29	-33
Electrical engineering	-28	-18	-17	-19	-12	-17	-21	-18	-16	-16	-16	-20	-25
Domestic electrical appliances; radio and television sets	-30	-15	-19	-22	-16	-26	-35	-19	-32	-26	-29	-35	-40
Manufacture of motor vehicles and accessories	+9	+9	+12	+9	+10	-14	-36	-7	-9	-27	-33	-31	-43
Export order-books													
Textile industry	-45	-34	-30	-34	-40	-45	-57	-40	-43	-51	-51	-59	-60
Clothing and footwear	-36	-43	-17	-13	-25	-39	-	-40	-34	-42	-49	-	-
Timber and wooden furniture	-40	-35	-27	-26	-27	-28	-44	-15	-26	-42	-42	-45	-46
Paper and paper products; printing and publishing	-33	-32	-12	-13	-29	-31	-42	-32	-27	-33	-34	-46	-46
Leather and leather goods (except footwear and wearing apparel)	-21	-21	-26	-39	-46	-47	-62	-32	-48	-60	-63	-60	-64
Mineral oil refining	-5	-21	-2	+3	+14	-6	-24	-4	-7	-7	-13	-33	-26
Production and preliminary processing of metals	-13	-13	-17	-23	-31	-31	-59	-24	-35	-35	-51	-57	-68
Non-metallic mineral products (ceramics, etc.)	-16	-12	-9	-7	-8	-14	-29	-8	-12	-23	-26	-25	-36
Chemical industry	-12	-9	+8	+10	+1	-12	-35	0	-13	-24	-35	-34	-35
Manufacture of metal articles	-12	-17	-29	-30	-33	-25	-35	-21	-27	-27	-32	-35	-37
Mechanical engineering	-14	-21	-26	-27	-30	-26	-35	-26	-23	-28	-34	-32	-38
Electrical engineering	-20	-23	-26	-31	-26	-23	-28	-33	-19	-17	-24	-30	-29
Domestic electrical appliances; radio and television sets	-20	-23	-23	-21	-21	-26	-44	-25	-29	-24	-36	-46	-48
Manufacture of motor vehicles and accessories	-4	-1	+3	-3	-3	-15	-29	-6	-16	-22	-22	-27	-37
Stocks of finished products													
Textile industry	+40	+34	+19	+23	+29	+30	+32	+27	+29	+34	+31	+37	+31
Clothing and footwear	+31	+24	+11	+14	+20	+24	-	+22	+23	+27	+29	-	-
Timber and wooden furniture	+23	+24	+9	+4	+7	+3	+19	-2	+2	+9	+17	+17	+25
Paper and paper products; printing and publishing	+20	+14	+8	+8	+11	+15	+21	+11	+16	+19	+22	+23	+19
Leather and leather goods (except footwear and wearing apparel)	+22	+26	+9	+15	+27	+33	+35	+25	+35	+39	+33	+39	+34
Mineral oil refining	+23	+7	-25	-32	-14	0	+20	-11	-1	+12	+9	+20	+33
Production and preliminary processing of metals	+14	+11	0	-3	-5	-2	+8	-1	-3	-3	+7	+7	+10
Non-metallic mineral products (ceramics, etc.)	+26	+28	+12	+6	+1	-1	+11	-5	-1	+2	+11	+9	+17
Chemical industry	+24	+16	-5	-5	+6	+17	+32	+11	+13	+26	+33	+30	+27
Manufacture of metal articles	+25	+13	+1	-5	+1	+3	+12	0	+4	+4	+8	+12	+13
Mechanical engineering	+20	+23	+10	+8	+9	+10	+19	+9	+9	+13	+18	+19	+19
Electrical engineering	+24	+20	+16	+14	+17	+22	+25	+24	+23	+18	+21	+26	+25
Domestic electrical appliances; radio and television sets	+30	+23	+31	+28	+32	+39	+47	+34	+40	+42	+42	+42	+47
Manufacture of motor vehicles and accessories	+3	-4	-13	-6	-1	+13	+29	+3	+15	+22	+23	+20	+41
Selling-price expectations													
Textile industry	+21	+34	+50	+56	+59	+43	+32	+47	+43	+38	+36	+32	+30
Clothing and footwear	+40	+36	+50	+50	+50	+48	-	+52	+47	+44	+42	-	-
Timber and wooden furniture	+35	+35	+52	+56	+63	+59	+48	+62	+60	+54	+52	+46	+39
Paper and paper products; printing and publishing	+37	+41	+56	+66	+68	+54	+30	+60	+53	+50	+41	+29	+23
Leather and leather goods (except footwear and wearing apparel)	+31	+43	+42	+23	+16	-5	+5	-2	-11	-1	+14	-1	+1
Mineral oil refining	+42	+29	+60	+32	+51	+77	+43	+66	+63	+100	+71	+40	+23
Production and preliminary processing of metals	+19	+36	+41	+54	+51	+25	-12	+39	+26	+9	-5	-12	-14
Non-metallic mineral products (ceramics, etc.)	+37	+32	+44	+57	+60	+47	+39	+46	+47	+49	+43	+39	+34
Chemical industry	+28	+30	+48	+45	+55	+22	+8	+28	+22	+16	+9	+9	+8
Manufacture of metal articles	+34	+32	+43	+50	+47	+49	+40	+51	+49	+47	+42	+41	+40
Mechanical engineering	+34	+38	+38	+47	+48	+41	+35	+44	+42	+38	+36	+35	+35
Electrical engineering	+35	+28	+33	+45	+43	+42	+37	+48	+40	+38	+41	+36	+35
Domestic electrical appliances; radio and television sets	+31	+24	+34	+41	+36	+32	+24	+31	+33	+32	+33	+18	+24
Manufacture of motor vehicles and accessories	+45	+40	+40	+46	+49	+42	+36	+52	+41	+32	+28	+42	+39

(a) Denmark excluded. See note (d) to Tables 1 and 2.

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

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

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				1980				
		Peak	Trough					IV	I	II	III	April	May	June	July	Aug. Sept.
		72/73	74/75													
D	consumer goods	+18	-30	0	-3	+1	-1	-5	-2	-7	+2	-5	-3	-4	-8	-9
	investment goods	+17	-28	-8	-3	+9	+12	+8	+3	-7	+7	0	+2	-7	-7	-8
	intermediate goods	+26	-41	-12	-2	+6	-3	-7	-9	-21	-6	-8	-13	-22	-19	-22
F	consumer goods	+42	-22	+3	+14	+21	+24	+18	+9	-9	+9	+12	+7	-2	-9	-16
	investment goods	+35	-31	-2	+2	+6	+10	+8	0	-7	-1	+6	-4	-7	-7	-7
	intermediate goods	+33	-39	-12	+3	+9	+15	+6	-5	-27	+1	-5	-11	-24	-27	-29
IRL	consumer goods	:	-28	+22	+24	:	:	+2	+1	-23	+15	+2	-14	-18	-30	-20
	investment goods	:	-65	+30	+32	:	:	0	-8	-29	0	+14	-38	-30	-34	-23
	intermediate goods	:	-22	+32	+25	:	:	-4	-17	-32	-12	-11	-27	-24	-41	-31
I	consumer goods	+36	-55	-10	0	+17	+18	+10	+4	-19	+11	+5	-4	-22	-17	-19
	investment goods	+41	-34	-8	-8	+12	+15	+11	+1	-3	+9	-4	-1	-7	-1	-1
	intermediate goods	+49	-39	-19	+2	+14	+9	+10	-7	-16	+1	-8	-14	-18	-16	-14
NL	consumer goods	+33	-26	+4	+7	+8	+6	+4	+3	-4	+6	+3	-1	-9	-3	-1
	investment goods	+42	-53	-2	0	+1	0	-1	-4	-7	-3	-5	-3	-8	-11	-5
	intermediate goods	+43	-22	+2	+2	+12	+8	+5	0	-3	-5	+6	0	+3	-6	-7
B	consumer goods	+34	-43	-14	-16	-4	+3	-8	-21	-12	-19	-19	-25	-14	-12	-10
	investment goods	+27	-58	-25	-25	-3	+5	-8	-13	-27	-7	-10	-23	-27	-25	-30
	intermediate goods	+26	-63	-35	-15	-4	-1	-9	-26	-52	-16	-27	-36	-47	-54	-54
L	consumer goods	+43	-73	-41	-23	:	:	+21	+5	+29	+11	+18	-14	+9	+50	+28
	investment goods	+33	-41	-18	-7	:	:	-3	-5	-17	+4	-11	-9	-12	-15	-23
	intermediate goods	:	:	-4	-23	:	:	-11	-40	-52	-10	-53	-66	-45	-47	-64
UK	consumer goods	:	:	+33	+26	+18	0	-12	-21	-41	-13	-22	-28	-38	-39	-46
	investment goods	:	:	+26	+11	+16	+13	+6	-11	-27	-1	-11	-22	-19	-23	-39
	intermediate goods	:	:	+20	+25	+7	-9	-26	-38	-53	-31	-37	-46	-46	-52	-61
ECd	consumer goods	+29	-26	+4	+9	+11	+8	+2	-3	-17	+1	-4	-8	-14	-17	-20
	investment goods	+28	-29	-1	0	+9	+11	+8	-2	-12	+3	-1	-6	-10	-10	-14
	intermediate goods	+32	-37	-8	+5	+8	+3	-4	-14	-29	-7	-14	-20	-29	-28	-31

(a) Details of the questions are given on the latest page. 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.

(d) Not including Denmark, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Denmark at the beginning of 1980).

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

(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 unless otherwise indicated: 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.

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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