



# EUROPEAN ECONOMY

Supplement — Series B

No 11 — November 1980

## Economic prospects - business survey results

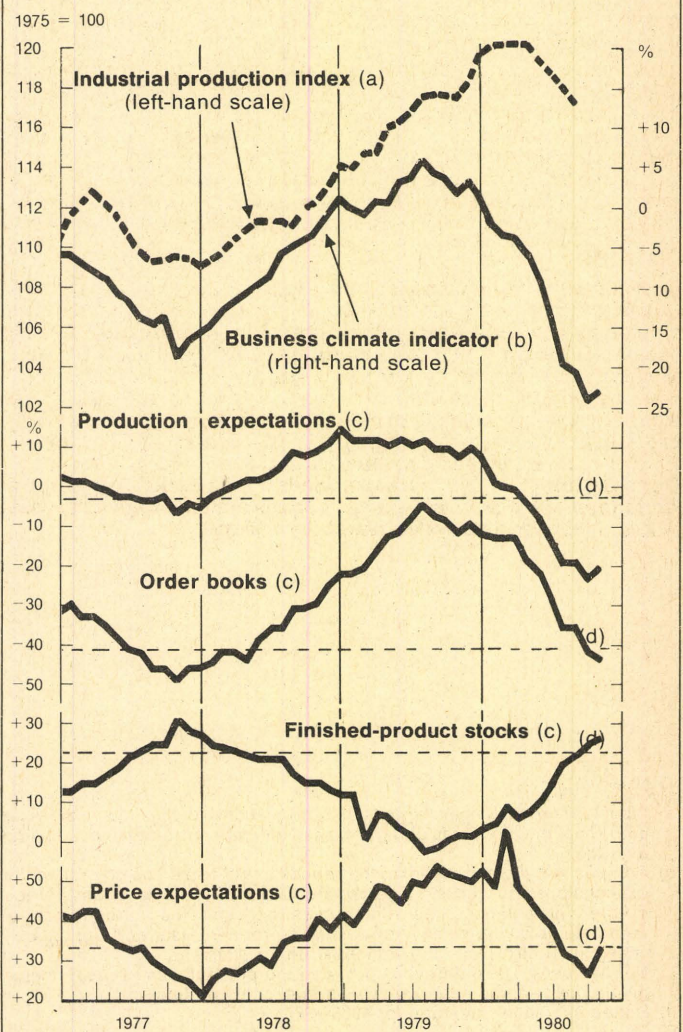
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**Slightly improved business climate in the Community.** — The business climate indicator for the Community improved in October by 1 percentage point, according to the most recent survey results. Judgements on order-books and stock levels deteriorated in October, by 2 and 1 percentage points respectively, but the chief executives covered by the survey reported an improvement in the industrial production outlook by 3 percentage points (see Graph 1 and Table 1). This is the first time since November 1979 that industrialists' judgements on the production outlook have shown an optimistic development. Further evidence is needed, however, before it can be concluded that the current downward movement in business sentiment has ceased. Industrial selling-price expectations increased by 7 percentage points in October by comparison with the preceding month, for the Community as a whole, indicating a more inflationary outlook for industrial products. This interrupts the series of declining price expectations observed since February of this year.

**The business climate in the Member States.** — Three Member States — the Federal Republic of Germany, the United Kingdom, and Ireland — reported a more optimistic business climate in October (see Table 1). In the Federal Republic of Germany, the business climate index improved by 2,5 percentage points, while in the United Kingdom and Ireland, a very substantial recovery in business sentiment — indicated by a rise of 9 percentage points in the climate indicator in both cases — was reported. In the other Member States, the business climate indicator fell by amounts ranging from 6 percentage points in Luxembourg, where finished stock levels increased sharply, through 3,5 percentage points in Italy, 3 percentage points in France, 2,5 percentage points in the Netherlands to 1,5 percentage points in Belgium. Judgements on the production outlook (a component of the business climate index) over the next three or four months deteriorated only in France and Italy: the net balance of responses indicating a fall in production in coming months increased by 3 percentage points in October in both countries (see Table 1). By contrast, production expectations were stable in the Netherlands and in Belgium and increased by 15 percentage points in the United Kingdom, by 14 percentage points in Ireland and by 5 percentage points in the Federal Republic of Germany. While the majority of chief executives who consider order books to be below normal continues to increase in all Member States except in Ireland and the United Kingdom, industrial selling-price expectations suggest a resumption of inflationary expectations: the net balance of respondents expecting the selling-price to rise, advanced by between 3 and 15 percentage points in the Federal Republic of Germany, France, Italy, Belgium and in Luxembourg. The survey, on the other

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.



hand, suggests that industrial selling prices will moderate slightly in the United Kingdom and in Ireland.

**Business condition in the consumption, investment and intermediate sectors.** — The production outlook for all three major industrial groups improved slightly in October at the Community level: the net balance of chief executives reporting weaker production expectations in the next 3 or 4 months declined by 4 percentage points in the investment sector, by 3 percentage points for intermediate goods and by 2 percentage points in the consumer goods industries (see Table 2 and Graphs 2, 3 and 4). At the individual country level, however, a deterioration in the production outlook is reported for the intermediate goods industries in France and Italy and for the investment goods industries in the Benelux and in Ireland. In the consumer goods sector, the production outlook improved in October in the Federal Republic of Germany (2 percentage points) and in the United Kingdom (7 percentage points).

**Production outlook at the industrial branch level.** — At the Community level, the weakening of production expectations in October was pronounced in the oil-refining industry, (an increase of 28 percentage points in the net balance of respondents expecting production to decline — see Table 3). Both the textile and non-metallic mineral products (ceramics, etc.) industries also reported weaker production expectations, by 5 and 2 percentage points respectively. In the other sectors mentioned in table 3, there has been a general improvement in the production outlook. This is particularly noticeable in the production and preliminary processing of metals. Opinion on order-book levels and on the level of finished goods stocks, however, has taken a somewhat more pessimistic turn. Thus, in textiles, the production and preliminary processing of metals, the manufacture of metal articles and in mechanical and electrical engineering, the net balances of opinions on order books and stock levels have deteriorated by between 2 and 11 percentage points. Selling-price expectations were reported higher in all industrial sectors except textiles and the manufacture of metal articles. The oil-refining sector, in particular, expects stronger price increases in the months ahead. This contrasts with the survey results for September when the trends of responses in the oil-refining sector pointed to a relative moderation in the prices outlook.

**Duration of production assured by orders on hand, and the adequacy of production capacity.** — Orders on hand in Community industry represented 3.2 months of normal production activity according to the October survey (see Table 4). This is 0.2 points below the level reached in July 1980 and is relatively close to the average duration reported in 1975, a year of marked recession in Community industry. Heads of industrial firms in France reported a lengthening of the period of activity represented by orders in October, to some 4.1 months of normal production. The results for October in all other Member States indicated either stability (in the UK) or a decline.

Judgements of industrialists on the adequacy of production capacity to meet current output needs suggest that the level of capacity utilization in Community industry has declined further. In the survey carried out in October, the net balance of chief executives reporting that production capacity was more than sufficient to meet current output requirements rose by 9 percentage points at the Community level. Without exception, all Member States participated in this trend, with increases ranging from 1 percentage point in Luxembourg to 12 percentage points in Italy.

**Recent results of the construction survey.** — Chief executives in the building sector in the Federal Republic of Germany show signs of increasing pessimism, according to the third quarter results of the construction survey (see Table 5). Between September and October, the percentage of chief executives of building firms who considered orders to be below normal increased in the Federal Republic of Germany by 4 percentage points. In the Benelux region, however, order books for construction activity improved slightly in October. Employment expectation deteriorated in the Federal Republic of Germany, Belgium and the Netherlands. In the Federal Republic of Germany and Belgium, construction prices are expected, in the view of the chief executives interviewed, to moderate.

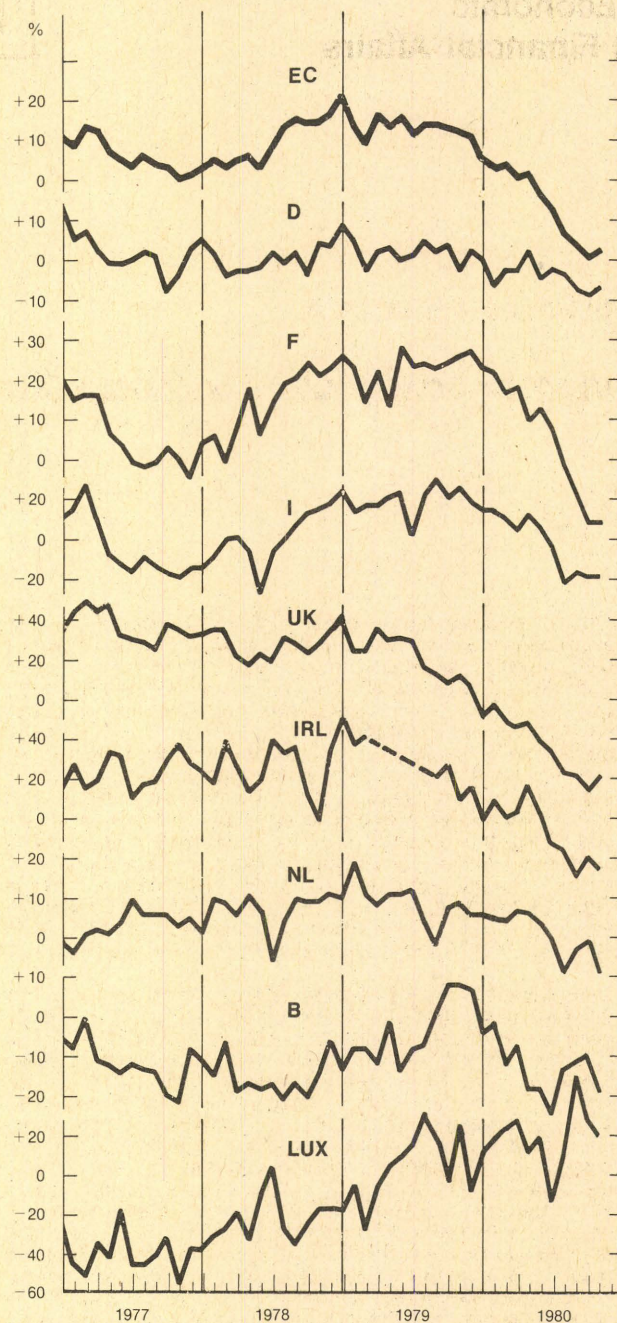
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#### Notes on Graph 1.

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

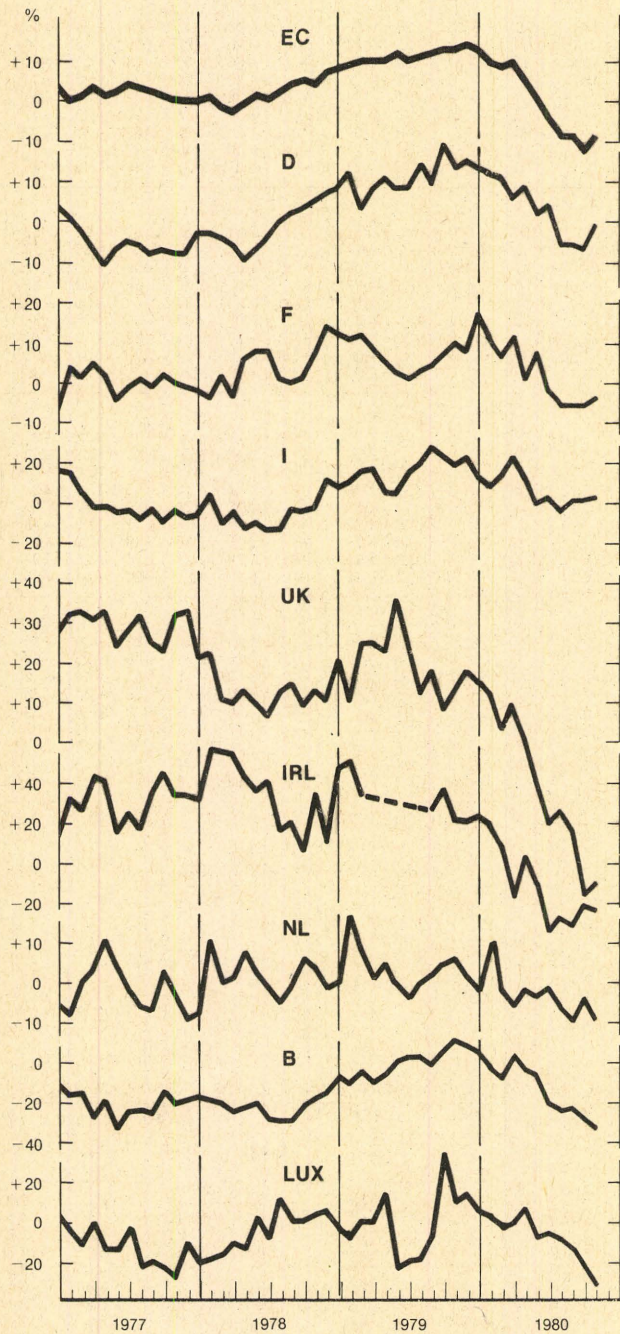


(a) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on page 6).

Source: European Community business surveys.

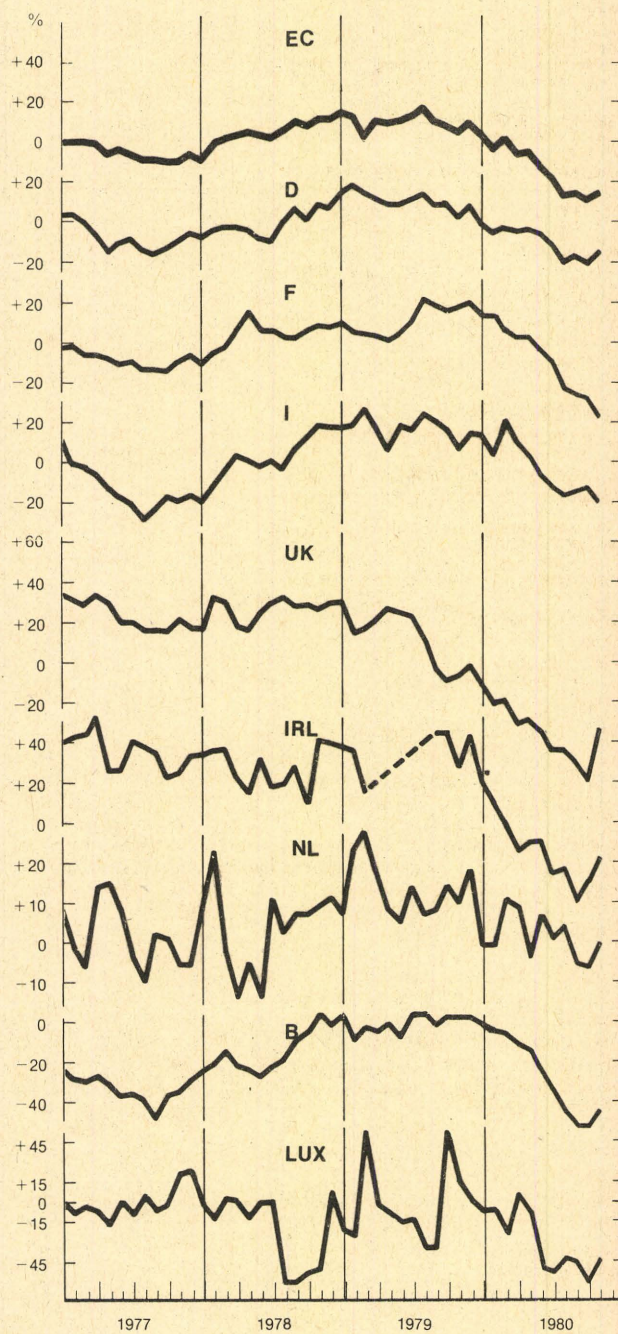


GRAPH 3: Investment goods industries - Production expectations



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					
				IV	I	II	III		May	June	July	Aug.	Sept.	Oct.
<b>Production expectations</b>														
Textile industry	-10	0	+1	-5	-10	-18	-27		-16	-23	-28	-29	-26	-31
Mineral oil refining	-3	+8	-1	-1	+8	0	-19		-3	-2	-21	-17	-18	-46
Production and preliminary processing of metals	-21	-4	+5	+8	-12	-16	-39		-14	-23	-38	-37	-44	-21
Non-metallic mineral products (ceramics, etc.)	-8	-2	+4	+7	+1	-8	-23		-8	-13	-20	-19	-28	-30
Chemical industry	+6	+11	+7	-2	-4	-19	-25		-16	-25	-33	-26	-16	-4
Manufacture of metal articles	-5	0	+3	+7	-1	-4	-19		-6	-3	-13	-21	-21	-16
Mechanical engineering	-3	-1	+7	+12	+7	-2	-16		-2	-9	-14	-16	-19	-19
Electrical engineering	+3	+13	+8	+8	+6	+1	-15		-1	-6	-11	-14	-18	-12
Manufacture of motor vehicles and accessories	+14	+16	+14	+9	+1	-6	-36		-6	-12	-34	-28	-44	-35
<b>Order-books</b>														
Textile industry	-51	-38	-15	-19	-28	-38	-51		-37	-43	-46	-51	-51	-55
Mineral oil refining	-28	-33	+7	+14	-6	-27	-34		-20	-40	-21	-35	-46	-44
Production and preliminary processing of metals	-69	-65	-31	-31	-31	-34	-57		-32	-36	-55	-53	-61	-64
Non-metallic mineral products (ceramics, etc.)	-47	-40	-15	-11	-8	-12	-27		-10	-18	-24	-28	-28	-39
Chemical industry	-36	-28	+6	+10	+2	-21	-44		-18	-32	-47	-39	-43	-36
Manufacture of metal articles	-40	-32	-17	-17	-15	-13	-29		-13	-14	-23	-27	-35	-41
Mechanical engineering	-42	-43	-24	-20	-20	-18	-30		-14	-21	-25	-29	-33	-38
Electrical engineering	-28	-18	-17	-19	-12	-17	-21		-16	-16	-16	-20	-25	-28
Manufacture of motor vehicles and accessories	+9	+9	+12	+9	+10	-14	-36		-9	-27	-33	-31	-43	-45
<b>Export order-books</b>														
Textile industry	-45	-34	-30	-34	-40	-45	-57		-43	-51	-51	-59	-60	-60
Mineral oil refining	-5	-21	-2	+3	+14	-6	-24		-7	-7	-13	-33	-26	-29
Production and preliminary processing of metals	-13	-13	-17	-23	-31	-31	-59		-35	-35	-51	-57	-68	-73
Non-metallic mineral products (ceramics, etc.)	-16	-12	-9	-7	-8	-14	-29		-12	-23	-26	-25	-36	-35
Chemical industry	-12	-9	+8	+10	+1	-12	-35		-13	-24	-35	-34	-35	-34
Manufacture of metal articles	-12	-17	-29	-30	-33	-25	-35		-27	-27	-32	-35	-37	-38
Mechanical engineering	-14	-21	-26	-27	-30	-26	-35		-23	-28	-34	-32	-38	-43
Electrical engineering	-20	-23	-26	-31	-26	-23	-28		-19	-17	-24	-30	-29	-33
Manufacture of motor vehicles and accessories	-4	-1	+3	-3	-3	-15	-29		-16	-22	-22	-27	-37	-36
<b>Stocks of finished products</b>														
Textile industry	+40	+34	+19	+23	+29	+30	+32		+29	+34	+31	+37	+31	+37
Mineral oil refining	+23	+7	-25	-32	-14	0	+20		-1	+12	+9	+20	+33	+25
Production and preliminary processing of metals	+14	+11	0	-3	-5	-2	+8		-3	-3	+7	+7	+10	+14
Non-metallic mineral products (ceramics, etc.)	+26	+28	+12	+6	+1	-1	+11		-1	+2	+11	+9	+17	+22
Chemical industry	+24	+16	-5	-5	+6	+17	+32		+13	+26	+33	+30	+27	+29
Manufacture of metal articles	+25	+13	+1	-5	+1	+3	+12		+4	+4	+8	+12	+13	+18
Mechanical engineering	+20	+23	+10	+8	+9	+10	+19		+9	+13	+18	+19	+19	+22
Electrical engineering	+24	+20	+16	+14	+17	+22	+25		+23	+18	+21	+26	+25	+27
Manufacture of motor vehicles and accessories	+3	-4	-13	-6	-1	+13	+29		+15	+22	+23	+20	+41	+36
<b>Selling-price expectations</b>														
Textile industry	+21	+34	+50	+56	+59	+43	+32		+43	+38	+36	+32	+30	+18
Mineral oil refining	+42	+29	+60	+32	+51	+77	+43		+63	+100	+71	+40	+23	+68
Production and preliminary processing of metals	+19	+36	+41	+54	+51	+25	-12		+26	+9	-5	-12	-14	+2
Non-metallic mineral products (ceramics, etc.)	+37	+32	+44	+57	+60	+47	+39		+47	+49	+43	+39	+34	+36
Chemical industry	+28	+30	+48	+45	+55	+22	+8		+22	+16	+9	+9	+8	+22
Manufacture of metal articles	+34	+32	+43	+50	+47	+49	+40		+49	+47	+42	+41	+40	+37
Mechanical engineering	+34	+38	+38	+47	+48	+41	+35		+42	+38	+36	+35	+35	+39
Electrical engineering	+35	+28	+33	+45	+43	+42	+37		+40	+38	+41	+36	+35	+41
Manufacture of motor vehicles and accessories	+45	+40	+40	+46	+49	+42	+36		+41	+32	+28	+42	+39	+40

(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 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				Oct.	Jan.	April	July	Oct.	
duration in months of assured production	D	3,3	2,8	2,9	2,9	3,2	3,3	3,4	3,4	3,2	2,8	
	F	3,5	2,7	3,1	3,5	3,8	4,1	4,1	3,9	3,9	4,1	
	IRL	2,2*	1,8	2,0	2,1	2,2	2,6	1,9	2,2	1,6	1,5	
	I	4,7	3,7	4,1	4,2	4,5	4,9	4,5	5,5	5,0	4,3	
	NL	4,7	2,6	4,3	3,9	4,2	4,1	4,1	4,1	4,0	3,9	
	B	4,5	2,8	3,0	3,0	3,3	3,4	3,5	3,7	3,6	3,4	
	L	3,5	1,4	1,5	1,5	2,8	2,3	2,1	2,4	2,2	2,1	
	UK	:	:	4,3	3,6	3,4	4,0	3,0	3,0	2,0	2,0	
	EC (d)	3,7	3,0	3,4	3,4	3,6	3,8	3,7	3,7	3,4	3,2	
adequacy (+) or inadequacy (-) of existing production capacity (c)	D	-3	+56	+37	+33	+21	+15	+14	+11	+18	+25	
	F	-24	+45	+26	+28	+18	+16	+8	+12	+20	+32	
	IRL	:	+34	+4	-1	+1	+4	+10	+12	+33	+35	
	I	+1	+63	+40	+46	+23	+19	+18	+22	+33	+45	
	NL	-3	+60	+45	+40	+22	+19	+19	+13	+27	+31	
	B	-12	+58	+61	+57	+45	+39	+36	+35	+40	+51	
	L	-72	+73	+72	+69	+40	+36	+44	+35	+56	+57	
	EC (d)	-7	+54	+36	+35	+20	+17	+14	+15	+23	+32	

\* Peak, 1974.

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

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

**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					I	II	III	May	June	July	Aug.	Sept.	Oct.
		72/73	74/75				IV									
<b>D</b>	consumer goods	+18	-30	0	-3	+1	-1	-5	-2	-7	-5	-3	-4	-8	-9	-7
	investment goods	+17	-28	-8	-3	+9	+12	+8	+3	-7	0	+2	-7	-7	-8	-2
	intermediate goods	+26	-41	-12	-2	+6	-3	-7	-9	-9	-8	-13	-22	-19	-22	-17
<b>F</b>	consumer goods	+42	-22	+3	+14	+21	+24	+18	+9	-9	+12	+7	-2	-9	-16	-16
	investment goods	+35	-31	-2	+2	+6	+10	+8	0	-7	+6	-4	-7	-7	-7	-5
	intermediate goods	+33	-39	-12	+3	+9	+15	+6	-5	-27	-5	-11	-24	-18	-29	-39
<b>IRL</b>	consumer goods	:	-28	+22	+24	:	:	+2	+1	-23	+2	-14	-18	-30	-20	-26
	investment goods	:	-65	+30	+32	:	:	0	-8	-29	+14	-38	-30	-34	-23	-25
	intermediate goods	:	-22	+32	+25	:	:	-4	-17	-32	-11	-27	-24	-41	-31	-19
<b>I</b>	consumer goods	+36	-55	-10	0	+17	+18	+10	+4	-19	+5	-4	-22	-17	-19	-19
	investment goods	+41	-34	-8	-8	+12	+15	+11	+1	-3	-4	-1	-7	-1	-1	0
	intermediate goods	+49	-39	-19	+2	+14	+9	+10	-7	-16	-8	-14	-18	-16	-14	-21
<b>NL</b>	consumer goods	+33	-26	+4	+7	+8	+6	+4	+3	-4	+3	-1	-9	-3	-1	-9
	investment goods	+42	-53	-2	0	+1	0	-1	-4	-7	-5	-3	-8	-11	-5	-10
	intermediate goods	+43	-22	+2	+2	+12	+8	+5	0	-3	+6	0	+3	-6	-7	-1
<b>B</b>	consumer goods	+34	-43	-14	-16	-4	+3	-8	-21	-12	-19	-25	-14	-12	-10	-19
	investment goods	+27	-58	-25	-25	-3	+5	-8	-13	-27	-10	-23	-27	-25	-30	-35
	intermediate goods	+26	-63	-35	-15	-4	-1	-9	-26	-52	-27	-36	-47	-54	-54	-46
<b>L</b>	consumer goods	+43	-73	-41	-23	:	:	+21	+5	+29	+18	-14	+9	+50	+28	+20
	investment goods	+33	-41	-18	-7	:	:	-3	-5	-17	-11	-9	-12	-15	-23	-34
	intermediate goods	:	:	-4	-23	:	:	-11	-40	-52	-53	-56	-45	-47	-64	-46
<b>UK</b>	consumer goods	:	:	+33	+26	+18	0	-12	-21	-41	-22	-28	-38	-39	-46	-39
	investment goods	:	:	+26	+11	+16	+13	+6	-11	-27	-11	-22	-19	-23	-39	-36
	intermediate goods	:	:	+20	+25	+7	-9	-26	-38	-53	-37	-46	-46	-52	-61	-35
<b>EC(d)</b>	consumer goods	+29	-26	+4	+9	+11	+8	+2	-3	-17	-4	-8	-14	-17	-20	-18
	investment goods	+28	-29	-1	0	+9	+11	+8	-2	-12	-1	-6	-10	-10	-14	-10
	intermediate goods	+32	-37	-8	+5	+8	+3	-4	-14	-29	-14	-20	-29	-28	-31	-28

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

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

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?

##### 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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