

EUROPEAN ECONOMY

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Supplement B

Economic prospects - business survey results

Further slight improvement in business climate. — The business climate indicator for Community industry improved by a further half percentage point in June 1981, providing further evidence of a slow recovery from the 1980 recession. Order-books have improved slightly, led by a more buoyant export outlook. As regards the components of the climate indicator, production expectations improved by 1 percentage point and judgments on stock levels were unchanged as between May and June 1981. Price expectations continue to increase gradually, probably reflecting industrialists' perceptions of slightly better market conditions (see Table 1 and Graph 1).

The March/April survey of industrial investment intentions indicates a downward revision of investment prospects for 1981 since the October/November 1980 survey, and confirms the deterioration in the investment outlook for 1981 by comparison with 1980 (see Table 2). The industrial employment outlook remains at the same depressed level as in the autumn of 1980, close to the lowest point reached during the 1974/75 recession (see Table 3) and the proportion of industrialists reporting labour shortages is, understandably, at the lowest level reached during the current cycle (see Table 4). In conformity with the better second-quarter industrial business climate, the proportion of chief executives reporting that lack of demand was a constraint on production fell slightly between January and June.

Complete second-quarter results for the construction survey suggest that the recession may have reached its lowest point in that sector in the first quarter (see Table 5). However, the marginal improvement in construction order-books in the second quarter was accompanied by a continued deterioration in the employment outlook.

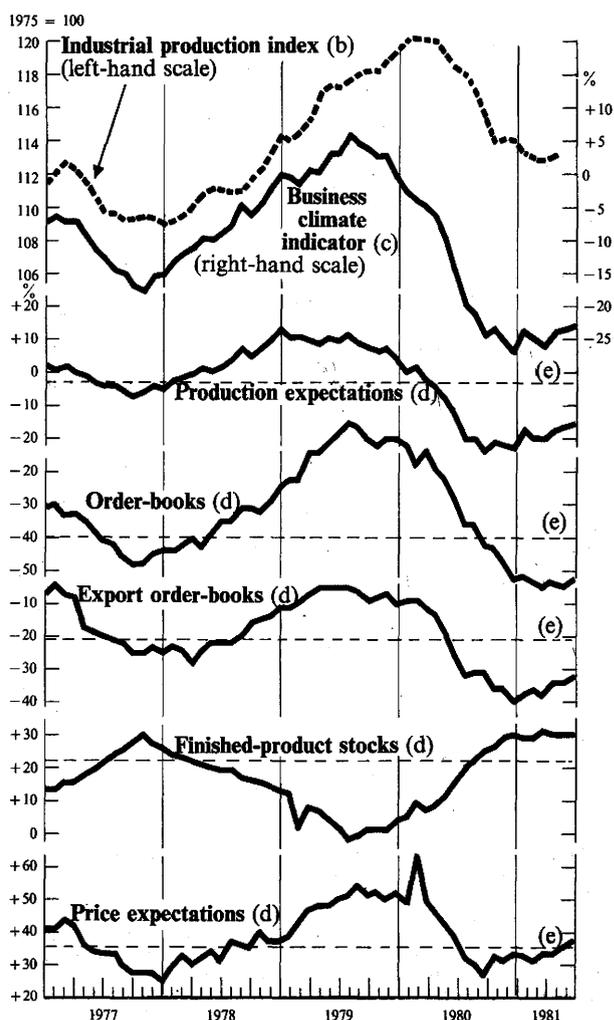
Results for the individual Member States. — The gradual improvement in the production outlook in the Federal Republic of Germany noted during the period from March to May 1981, stabilized in June. Order-books, however, deteriorated by 2 percentage points between May and June and the percentage of industrialists reporting finished stocks to be above normal continued on a gradually rising trend. Export orders consolidated the improvement noted in the preceding months.

Production expectations in France improved by 2 percentage points in June, continuing the positive trend which started in April, while order-book judgments recovered very sharply (by 14 percentage points) from the rather poor May level. Finished-stock levels, however, were considered, in June, to be above normal, by 42% of industrialists, a rise of 3 percentage points on the preceding month. Price expectations increased noticeably, by 9 percentage points, and are now back to the average level of 1980.

In Italy, production expectations improved by 2 percentage points between May and June. However order-book judgments deteriorated (by 9 percentage points), so that the evidence for an end to the recession in Italy is as yet inconclusive. Finished-stock judgments were stable in

June, an interruption of the previous trend which had indicated increasingly excessive finished-stock levels.

GRAPH 1: Business survey indicators for manufacturing industry and the index of industrial production - EC 9 (a)



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.

By contrast, the evidence of a recovery in the United Kingdom was further strengthened by the June survey results: production expectations advanced by 5 percentage points, so that the net balance of industrialists expecting output to fall is now only 3%, the lowest in the Community apart from Denmark and Ireland.

The recent survey results indicate an improvement in the business climate in Belgium, Denmark¹ and Luxembourg, with substantial improvements in the production outlook in each case. In Ireland and the Netherlands, however, the business climate worsened in June, though in the former case an underlying improving trend is still clearly in evidence.

The investment outlook for 1981. — Investment spending in the industrial sector in 1981 is forecast, by the chief executives surveyed in March/April, to increase by 3%, as against 6% forecast in October/November, 1980. A downward revision of investment plans is evident in the Federal Republic of Germany (from +4% in October/November 1980 to +2% in March/April), Ireland (from +2% to -22%), and a marginal negative revision is also reported by France (+6% to +5%). There has been a major fall in the investment spending plans of Italian industry.² By contrast, investment plans have been revised upwards in the Netherlands (from +3% in October/November to +8% in March/April) and, to a lesser extent, in the United Kingdom (-7% to -6%). Looked at on a year-to-year basis, industrial investment in the Community will, according to the survey, grow very much more slowly in 1981 than in 1980, by 3% as against 14% in nominal terms. This implies a fall of 7% in real terms for industrial investment in 1981, as against a real increase of 3% reported for 1980.

Outlook for industrial employment. — A net balance of 30% of industrial chief executives reported, in June, that employment was likely to fall in the months ahead (see Table 3). This is the same proportion as in October 1980 and suggests that labour demand in manufacturing industry has reached its lowest point since 1975. Nevertheless, the trend of employment expectations, which was generally negative between October 1979 and October 1980, has now taken a positive turn in some Member States: thus, between October 1980 and June 1981 there was a fall of 10 percentage points in the proportion of Irish chief executives expecting industrial employment to fall in the following months, a similar decline in Belgium and an improvement of 12 percentage points in the industrial employment outlook in the United Kingdom. The improvement of 16 percentage points in the industrial employment outlook in Denmark, between October 1980 and June 1981, is probably due, in part, to seasonal factors.

By contrast with the recessionary trough of 1975, the level of employment expectations now varies considerably as between the Member States. On this occasion, Denmark and the Federal Republic of Germany report a relatively small net balance of industrialists expecting employment to decline in the short-term; the Netherlands, Belgium and Ireland report a moderately pessimistic employment outlook, considerably better than in 1975, while the United Kingdom, Luxembourg, France and Italy report the most pronounced expectations of declining industrial employment.

Factors limiting the growth of industrial production. — Lack of demand was reported, in June 1981, by a net balance of 47% of industrialists to be a factor responsible for slow industrial growth (see Table 4). The most depressed market conditions are reported in the United Kingdom, where a net balance of 94% of survey participants consider that demand for their products is insufficient. At the other extreme, only 12% of French chief executives report inadequate demand, followed by Denmark (29%), the Netherlands (34%) and the Federal Republic of Germany (35%).

The proportion of industrialists reporting labour or equipment shortages is in all phases of the business cycle small relative to those who consider that demand is insufficient, but this is particularly the case in recessions. Thus, at the present time only 2% of industrialists report labour shortages, by contrast with the most recent peak of 12% in October 1979.

Only three Member States report equipment shortages as a significant factor holding up industrial production, namely, Italy (4% of respondents), Belgium (5%) and the United Kingdom (7%). In present conditions, it is likely that these shortages reflect more the inability or unwillingness of industry to engage in necessary investment than to the absolute difficulty of obtaining capital goods on the market.

Brussels, 13 July 1981.

¹ The data for Denmark are not adjusted for seasonality, owing to the brevity of the available time series but year-to-year comparisons (which are unaffected by seasonal factors) also indicate an improvement in the industrial business climate.

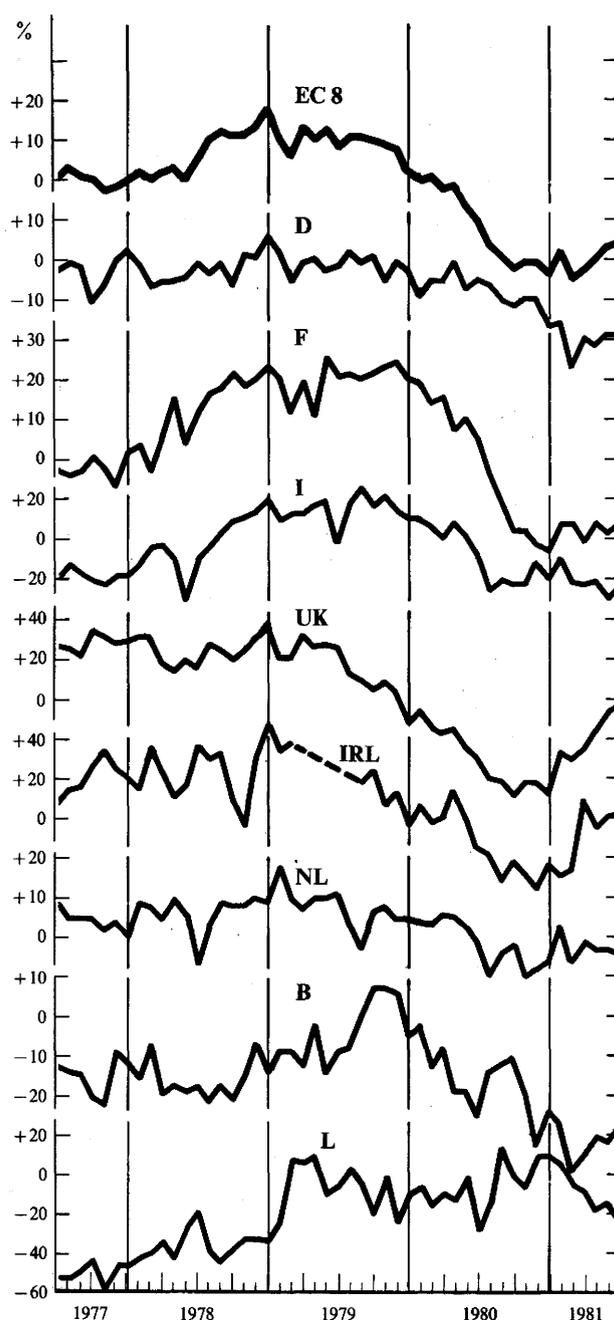
² The extent of the fall may, however, be less than that suggested by Table 2, since the major increase in Italian investment plans reported in the October/November 1980 survey may be, in part, the result of statistical anomalies.

Notes on Graph 1.

- (a) Weighted total of available country data — see Table 1.
- (b) Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average.
- (c) 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.
- (d) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on final page).
- (e) Dotted line shows average for 1968-1977.

Source: European Community business surveys and Eurostat.

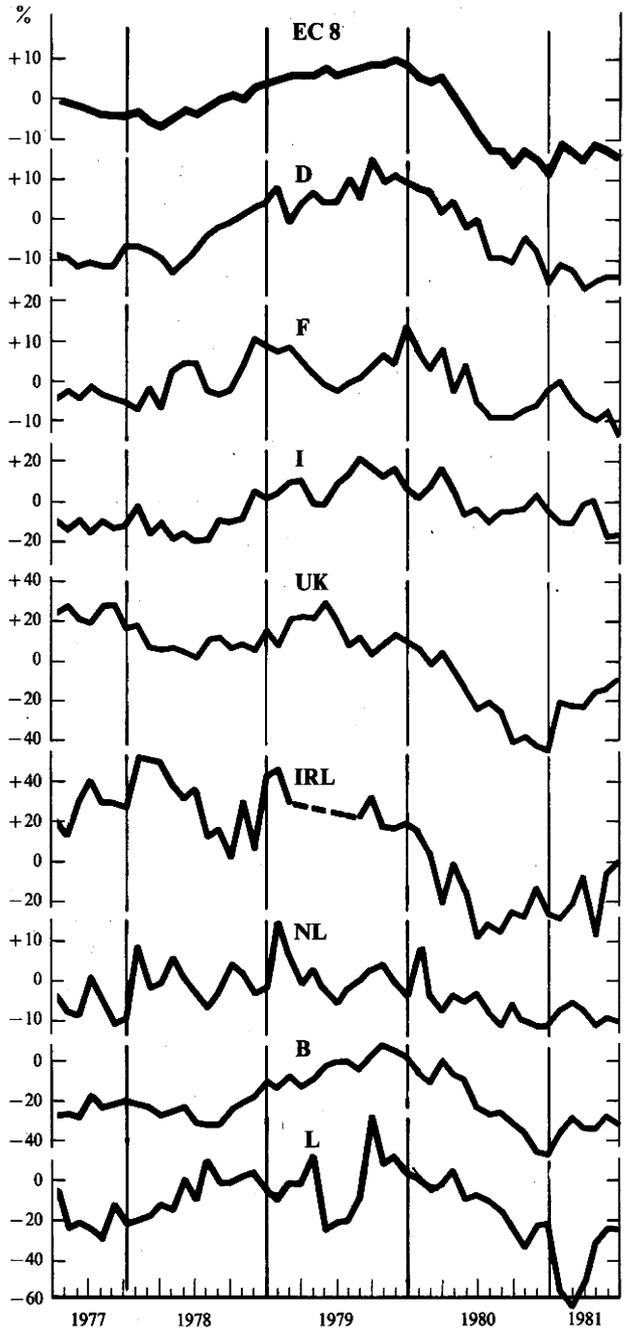
GRAPH 2: Consumer goods industries - Production expectations (a)



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

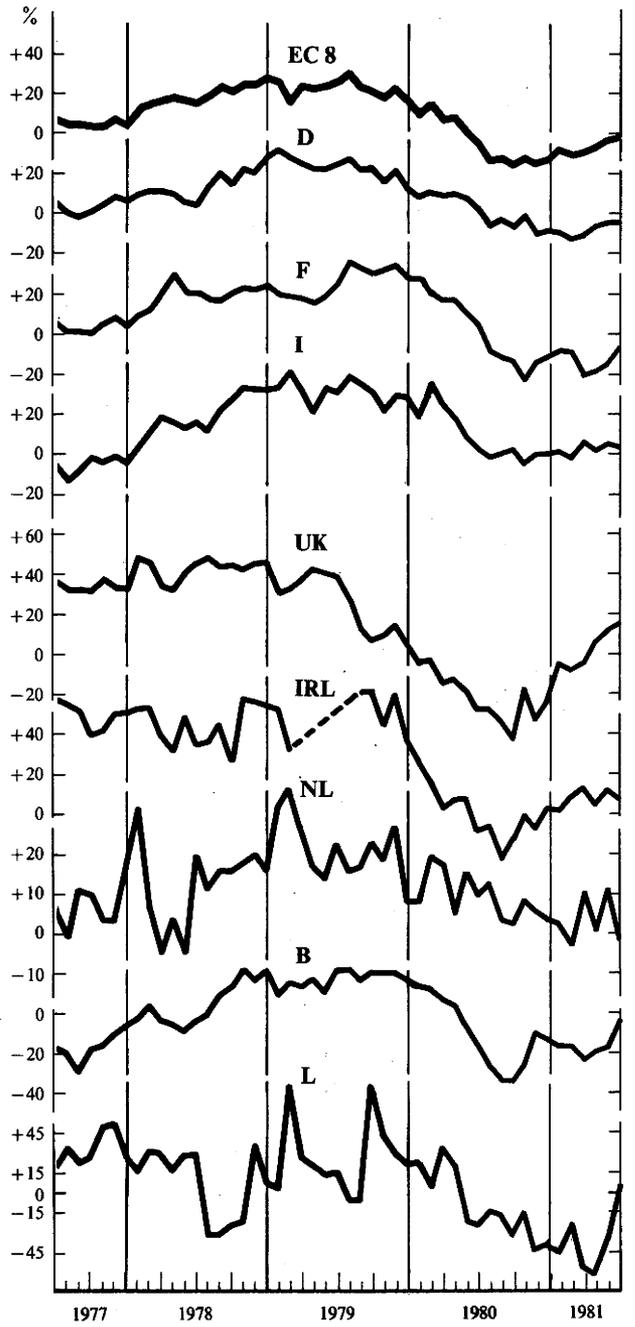
Source: European Community business surveys.

GRAPH 3: Investment goods industries - Production expectations (a)



For note see Graph 2.

GRAPH 4: Intermediate goods industries - Production expectations (a)



For note see Graph 2.

TABLE 3: Survey of manufacturing industry — Question asked half-yearly (a)
Employment expectations for the months ahead: net balance of respondents expecting employment up, unchanged or down (b)

	Range (c)		1977	1978	1979	1980	1979		1980		1981
	Peak 1972/73	Trough 1974/75					June/ July	Oct./ Nov.	June/ July	Oct./ Nov.	June
B	+12	-26	-22	-17	-6	-21	-9	-2	-12	-29	-19
DK	:	:	:	:	:	:	:	:	-3	-25	-9
D	+13	-34	-13	-8	+1	-6	-1	+2	+1	-12	-14
F	+17	-35	-18	-24	-23	-29	-22	-23	-24	-33	-41
IRL	+15	-34	+5	:	:	-33	:	-2	-36	-29	-19
I	+13	-26	-15	-6	+1	-22	+3	-1	-15	-28	-34
L	+75	-67	-66	-34	-10	-13	-19	-1	-12	-13	-49
NL	+4	-32	-27	-22	-10	-10	-13	-6	-10	-9	-17
UK	:	:	:	-6	-19	-52	-14	-24	-40	-64	-52
EC (d)	+12	-31	-13	-12	-10	-23	-9	-10	-16	-30	-30

TABLE 4: Survey of manufacturing industry — Question asked three times a year (a)(b)
Limits to production: insufficient demand, shortage of labour, lack of equipment

		1977	1978		1979			1980			1981		
		Oct./ Nov.	Jan./ Feb.	June/ July	Oct./ Nov.	Jan./ Feb.	June/ July	Oct./ Nov.	Jan./ Feb.	June/ July	Oct./ Nov.	Jan./ Feb.	June
B	insufficient demand	88	90	91	86	83	78	78	78	75	83	81	85
	shortage of labour	0	0	0	2	2	3	3	3	5	3	3	2
	lack of equipment	2	1	2	5	4	6	7	7	8	6	4	5
DK	insufficient demand	:	:	:	:	:	:	:	15	18	28	31	29
	shortage of labour	:	:	:	:	:	:	:	12	11	6	3	3
	lack of equipment	:	:	:	:	:	:	:	8	8	4	3	2
D	insufficient demand	38	42	36	32	28	16	16	16	13	28	38	35
	shortage of labour	4	4	4	4	6	7	14	10	13	6	5	4
	lack of equipment	1	1	2	1	2	1	3	3	3	1	1	1
F	insufficient demand	:	:	:	:	:	:	:	:	:	:	:	:
	shortage of labour	4	2	3	3	3	3	6	5	4	6	3	2
	lack of equipment	9	11	12	11	11	12	16	18	17	16	6	6
IRL	insufficient demand	5	5	:	15	18	:	8	27	38	53	65	57
	shortage of labour	1	3	:	8	9	:	3	24	4	2	2	0
	lack of equipment	1	0	:	4	1	:	12	7	3	1	0	1
I	insufficient demand	62	50	40	32	34	25	25	17	33	39	76	59
	shortage of labour	1	0	2	1	1	3	4	3	4	3	3	3
	lack of equipment	1	1	1	3	3	2	4	4	3	3	4	4
L	insufficient demand	73	70	72	62	65	48	47	46	64	69	68	64
	shortage of labour	0	0	0	0	4	1	1	0	1	1	1	10
	lack of equipment	2	1	2	0	2	7	1	1	4	1	0	2
NL	insufficient demand	50	50	29	28	15	10	9	18	17	26	29	34
	shortage of labour	7	4	11	10	13	16	21	15	17	10	6	5
	lack of equipment	1	1	2	0	5	2	5	2	2	1	1	1
UK	insufficient demand	73	78	71	64	74	70	73	82	85	94	96	94
	shortage of labour	27	24	26	30	31	27	25	17	12	5	2	1
	lack of equipment	9	11	9	12	13	17	11	8	7	3	2	7
EC(d)	insufficient demand	55	56	49	43	44	35	36	37	29	50	61	57
	shortage of labour	8	7	8	10	10	10	13	9	9	5	4	3
	lack of equipment	5	5	6	6	7	7	8	8	7	5	3	4

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

(b) Not seasonally adjusted.

(c) These are the extreme (high and low) values of the net balance of the responses, reached in the course of 1972/73 and 1974/75, respectively.

(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)		1978	1979	1980	1980		1981		1981					
		Peak 72/73	Trough 74/75				III	IV	I	II	Jan.	Feb.	March	April	May	June
B	production expectations	+31	-56	-18	-3	-24	-32	-33	-34	-30	-31	-34	-37	-33	-31	-26
	order-books	+13	-66	-49	-30	-31	-38	-44	-47	-48	-44	-48	-48	-49	-48	-46
	export order-books	+15	-82	-51	-28	-36	-45	-49	-53	-51	-51	-55	-53	-51	-52	-50
	stocks of finished products	-14	+37	+22	+12	+11	+10	+16	+16	+14	+18	+16	+14	+15	+16	+11
	selling-price expectations	+64	-10	+14	+27	+20	+9	+18	+18	+24	+22	+16	+12	+15	+25	+32
	business climate indicator	+22,5	-46,5	-20	-7,5	-17,5	-21	-25	-25	-22	-24,5	-25	-25,5	-24	-23,5	-18,5
DK	production expectations	:	:	:	:	-4	-13	-5	-20	+2	:	:	:	:	:	
	order-books	:	:	:	:	-6	-16	-31	-34	-26	:	:	:	:	:	
	export order-books	:	:	:	:	+9	-2	-1	-11	-8	:	:	:	:	:	
	stocks of finished products	:	:	:	:	+16	+19	+26	+20	+22	:	:	:	:	:	
	business climate indicator	:	:	:	:	-10	-16	-15,5	-20	-10	:	:	:	:	:	
	D	production expectations	+17	-32	-2	+6	-10	-16	-16	-21	-19	-18	-23	-21	-20	-18
order-books		+5	-73	-41	-15	-21	-27	-37	-44	-48	-42	-45	-46	-46	-48	-50
export order-books (c)		+23	-33	-8	+4	-4	-9	-9	-6	-2	-8	+4	-7	-5	0	0
stocks of finished products		-7	+43	+17	+4	+11	+16	+20	+23	+26	+20	+24	+25	+6	+26	+27
selling-price expectations		+55	+4	+19	+32	+26	+17	+23	+30	+30	+28	+31	+30	+28	+32	+29
business climate indicator		+5	-37,5	+9,5	+1	-10,5	-16	-18	-22	-22,5	-19	-23,5	-23	-23	-22	-22,5
F	production expectations	+33	-29	+5	+12	-6	-15	-19	-17	-19	-13	-15	-23	-21	-19	-17
	order-books	+26	-69	-31	-9	-22	-27	-42	-48	-49	-45	-49	-51	-53	-54	-40
	export order-books	+24	-66	-21	-1	-29	-39	-49	-50	-50	-49	-50	-52	-51	-51	-49
	stocks of finished products	-14	+50	+25	+10	+17	+21	+35	+36	+40	+35	+35	+37	+37	+39	+42
	selling-price expectations	+76	+15	+52	+55	+50	+39	+49	+47	+47	+48	+46	+47	+41	+45	+54
	business climate indicator	+23,5	-39,5	-10	+1	-11,5	-18	-27	-26,5	-29,5	-24	-25	-30	-29	-29	-29,5
IRL	production expectations	:	-21	+26	:	-12	-27	-14	-9	-5	-18	-13	-1	-16	+1	-1
	order-books	:	-68	-5	:	-50	-64	-67	-47	-42	-56	-48	-37	-50	-39	-38
	export order-books	:	-22	+19	:	-6	-11	-13	0	-5	-15	+13	+1	-6	0	-10
	stocks of finished products	:	+35	+4	:	+31	+39	+42	+27	+16	+33	+22	+26	+22	+12	+14
	selling-price expectations	:	+64	+35	:	+43	+39	+27	+33	+36	+28	+38	+32	+36	+38	+33
	business climate indicator	:	-28	+11	:	-21,5	-33	-28	-18	-10,5	-25,5	-17,5	-13,5	-19	-6,5	-7,5
I	production expectations	+40	-43	0	+13	-7	-16	-14	-14	-17	-13	-17	-12	-14	-20	-18
	order-books	+30	-82	-40	-5	-22	-34	-45	-49	-52	-45	-49	-51	-53	-50	-58
	export order-books	+13	-67	-29	-14	-37	-46	-54	-49	-49	-49	-48	-50	-48	-49	-51
	stocks of finished products	-24	+53	+25	-1	+11	+15	+23	+25	+30	+23	+23	+30	+28	+31	+31
	selling-price expectations	+76	+10	+41	+66	+63	+59	+60	+55	+60	+55	+51	+58	+63	+56	+61
	business climate indicator	+32	-48	-12,5	+5	-9	-15,5	-18,5	-19,5	-23,5	-18	-20	-21	-21	-25,5	-24,5
L	production expectations	+84	-80	-22	-2	-33	-41	-54	-65	-50	-68	-51	-75	-76	-52	-23
	order-books	:	-68	-44	-42	-51	-62	-64	-65	-58	-62	-72	-71	-71	-63	-62
	export order-books	:	-76	-26	-52	-72	-75	-75	-86	-69	-72	-83	-84	-93	-82	
	stocks of finished products	-14	+74	+6	+48	+63	+53	+72	+56	+24	+73	+70	+26	+23	+25	+24
	selling-price expectations	+48	-64	+59	+14	+8	-20	+23	+45	+57	+60	+51	+24	+59	+53	+60
	business climate indicator	+48	-77	-14	-25	-48	-47	-63	-60,5	-37	-70,5	-60,5	-50,5	-49,5	-38,5	-23,5
NL	production expectations	+26	-23	+2	+7	-3	-7	-7	-6	-7	-7	-9	-3	-8	-3	-9
	order-books	+7	-48	-24	-13	-20	-25	-33	-38	-40	-38	-38	-38	-40	-40	-39
	stocks of finished products	-1	+57	+16	+8	+15	+16	+25	+30	+32	+29	+30	+32	+33	+31	+33
	selling-price expectations	+13,5	-40	-7	-0,5	-9	-11,5	-16	-18	-19,5	-18	-19,5	-17,5	-20,5	-17	-21
	business climate indicator	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	UK	production expectations	:	:	+20	+12	-30	-43	-41	-20	-7	-18	-23	-20	-9	-8
order-books		:	:	-22	-18	-65	-74	-84	-83	-72	-82	-83	-85	-74	-73	-70
export order-books		:	:	-24	-20	-45	-48	-60	-67	-58	-64	-64	-72	-55	-63	-57
stocks of finished products		:	:	+12	+7	+34	+44	+44	+37	+29	+42	+35	+34	+34	+29	+25
selling-price expectations		:	:	+50	+65	+36	+26	+11	+12	+17	+17	+7	+13	+18	+17	+17
business climate indicator		:	:	+4	+2,5	-32	-43,5	-42,5	-28,5	-18	-30	-29	-27	-21,5	-18,5	-14
EC(d)	production expectations	+24	-30	+4	+9	-13	-21	-22	-19	-16	-17	-20	-20	-17	-16	-15
	order-books	+15	-70	-37	-12	-31	-38	-48	-53	-53	-51	-53	-55	-53	-54	-52
	export order-books	+14	-48	-20	-6	-24	-31	-38	-37	-33	-37	-36	-38	-34	-34	-32
	stocks of finished products	-10	+48	+20	+5	+17	+22	+28	+30	+30	+29	+29	+31	+30	+30	+30
	selling-price expectations	+69	+9	+33	+49	+38	+29	+32	+32	+35	+33	+31	+33	+33	+35	+37
	business climate indicator	+16,5	-38,5	-8	+2	-15	-22	-25	-24,5	-23	-23	-24,5	-25,5	-23,5	-23	-22,5

(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 1972/73 and 1974/75, respectively.

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

(d) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981.)

 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 (I): Half-yearly industrial investment survey: estimates for 1980 and prospects for 1981.

Results of the March/April 1981 investment survey, % change in value, over the preceding year.

	Basic materials industries (a)		Metallurgical industries		Mechanical industries		Processing industries (b)		Extractive industries		Food industries		Total all industry	
	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981	1980	1981
	B	+16	-3	+60	+23	+45	+26	+37	-19	:	:	+26	-9	+36
D	+15	+5	+16	+4	+19	+2	+11	-10	+25	+29	+5	+3	+16	+2
F	+17	+3	+2	+39	+21	+6	+6	0	+12	+3	+16	+4	+16	+5
IRL	0	-24	-44	-52	+28	-44	+17	-24	:	:	-4	-3	+8	-22
I	+13	+26	+9	+2	0	+27	+35	-8	+35	+100	+60	+11	+10	+17
L	+172	+50	-5	-42	+38	+60	-54	-20	:	:	:	:	+17	-8
NL	+46	-3	+16	-6	+20	-1	-8	-5	0	+41	+17	-20	+17	-2
UK	+14	-1	-17	-4	0	-11	0	-14	:	:	+11	-1	+5	-6
EC 8 (e)	+13	+5	+3	+17	+14	+2	+10	-8	:	:	+16	+2	+14	+3

TABLE 2 (II): Survey estimates and forecasts for total industrial investment.

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

Year to which data relate:	1977		1978				1979				1980				1981		
	March/April 1977	Oct./Nov. 1977	March/April 1978	Oct./Nov. 1978	March/April 1978	Oct./Nov. 1978	March/April 1979	Oct./Nov. 1979	March/April 1979	Oct./Nov. 1979	March/April 1980	Oct./Nov. 1980	March/April 1981	Oct./Nov. 1981	March/April 1981		
	B (c)	-5	-10	-1	:	-1	-6	-4	:	+15	+12	+16	+30	+41	+30	+36	+3
D	+8	+7	+3	+7	+8	+10	+9	+9	+11	+13	+14	+12	+15	+15	+16	+4	+2
F	+12	+11	+10	+12	+12	+9	+8	+15	+16	+10	+10	+15	+16	+16	+16	+6	+5
IRL (c)	:	+5	+11	+21	+41	+36	+43	+26	+29	+19	+19	+12	+6,5	-3,5	+8	+2	-22
I	+12	+3	+5	+10	+2	-0,5	+6	+24	+19	+5	+10	+26	+31	+7	+10	+47	+17
L (d)	+64	+50	+13	+6	+48	+23	+22	+27	-1	+22	-5	-5	+7	-12,5	+17	0	-8
NL	:	+16	+17	+3	+6	+4	+3	-5	+4	+1	0	+13	+18	+15	+17	-7	-2
UK (e)	+25	+24	+23	+26	+26	+19	+19	+18	+15	+9	+12	+4	+2	+6	+5	-7	-6
EC 8 (e)	+12	+11	+10	+12	+11	+9	+9	+13	+14	+10	+11	+14	+16	+13	+14	+6	+3

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

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

(c) Excluding the extractive industries.

(d) Excluding the extractive and food industries.

(e) Weighted total of the above (not given when data are substantially incomplete).

Source: European Community business surveys.

TABLE 5: 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)		1978	1979	1980	1980			1981		1981						
	Peak 72/73	Trough 74/75				II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	May	June
B consumer goods	+34	-43	-16	-4	-17	-21	-12	-25	-33	-32	-23	-26	-39	-35	-30	-31	-27
investment goods	+27	-58	-25	-3	-23	-13	-27	-43	-32	-46	-47	-35	-28	-34	-34	-28	-32
intermediate goods	+26	-63	-15	-4	-31	-26	-52	-36	-38	-29	-32	-36	-36	-43	-39	-37	-23
D consumer goods	+18	-30	-1	-1	-5	-2	-7	-9	-18	-7	-14	-13	-24	-17	-19	-16	-16
investment goods	+17	-28	-3	+9	-1	+3	-7	-7	-11	-5	-14	-9	-10	-15	-13	-12	-12
intermediate goods	+26	-41	-2	+6	-15	-9	-21	-22	-26	-26	-24	-25	-28	-26	-22	-20	-20
F consumer goods	+42	-22	+14	+21	-0	+9	-9	-18	-16	-19	-21	-14	-14	-19	-14	-16	-14
investment goods	+35	-31	+2	+6	-1	0	-7	-3	-2	-4	0	+2	-3	-6	-8	-6	-14
intermediate goods	+33	-39	+3	+9	-15	-5	-27	-32	-29	-30	-27	-25	-25	-36	-34	-31	-23
IRL consumer goods	:	-28	+24	:	-12	+1	-23	-27	-12	-34	-21	-27	-24	+11	-3	+3	+5
investment goods	:	-65	+32	:	-15	-8	-29	-21	-16	-11	-26	-28	-21	-5	-36	-4	+1
intermediate goods	:	-22	+25	:	-18	-17	-32	-20	-9	-26	-15	-17	-10	-5	-13	-6	-11
I consumer goods	+36	-55	0	+14	-5	+4	-19	-14	-14	-8	-15	-5	-18	-19	-18	-26	-19
investment goods	+41	-34	-8	+9	+3	+1	-3	+2	-5	+7	-2	-8	-8	+2	+4	-15	-14
intermediate goods	+49	-39	+2	+14	-8	-7	-16	-18	-14	-16	-16	-15	-18	-10	-14	-11	-13
L consumer goods	+43	-73	-23	+15	+23	+5	+29	+36	+27	+44	+45	+40	+23	+19	+4	+10	-5
investment goods	+33	-41	-7	-7	-13	-5	-17	-26	-57	-23	-22	-57	-63	-51	-32	-24	-25
intermediate goods	:	:	-23	-8	-42	-40	-52	-65	-71	-76	-73	-76	-52	-86	-92	-64	-24
NL consumer goods	+33	-26	+7	+11	-1	+3	-4	-7	0	-7	-5	+4	-5	0	-2	-2	-3
investment goods	+42	-53	0	+1	-6	-4	-7	-11	-6	-11	-11	-7	-5	-7	-11	-9	-10
intermediate goods	+43	-22	+2	+12	-1	0	-3	-4	-6	-4	-6	-7	-12	+1	-9	+2	-11
UK consumer goods	:	:	+26	+15	-29	-21	-41	-41	-24	-39	-45	-23	-27	-22	-13	-3	0
investment goods	:	:	+11	+16	-18	-11	-27	-40	-20	-40	-43	-18	-20	-21	-13	-12	-7
intermediate goods	:	:	+25	+7	-40	-38	-53	-43	-23	-52	-42	-22	-25	-21	-11	-5	-2
EC(c) consumer goods	+29	-26	+9	+9	-9	-3	-17	-19	-19	-18	-21	-15	-22	-20	-17	-14	-13
investment goods	+28	-29	0	+9	-5	-2	-12	-13	-11	-12	-16	-9	-11	-13	-9	-10	-12
intermediate goods	+32	-37	+5	+8	-19	-14	-29	-29	-24	-30	-28	-23	-25	-24	-22	-19	-17

(a) Details of the questions are given below. 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 1972/73 and 1974/75, respectively.

(c) Not including Denmark and Greece, 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 and to Greece at the beginning of 1981.)

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.

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.

Building 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:

- B - Belgium: Banque Nationale de Belgique
- DK - Denmark: Danmarks Statistik
- 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)
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey.
- DI (Department of Industry), for the investment survey.
- National Federation of Building Trade Employers, for the construction survey.

Supplement B to 'European Economy', gives a monthly selection of the most recent results. Articles containing more detailed analyses and longer time-series of data will appear periodically in the main editions of 'European Economy'. The surveys of manufacturing industry are broken down by twenty industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in '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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