

# EUROPEAN ECONOMY

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Supplement B

## Economic prospects - business survey results

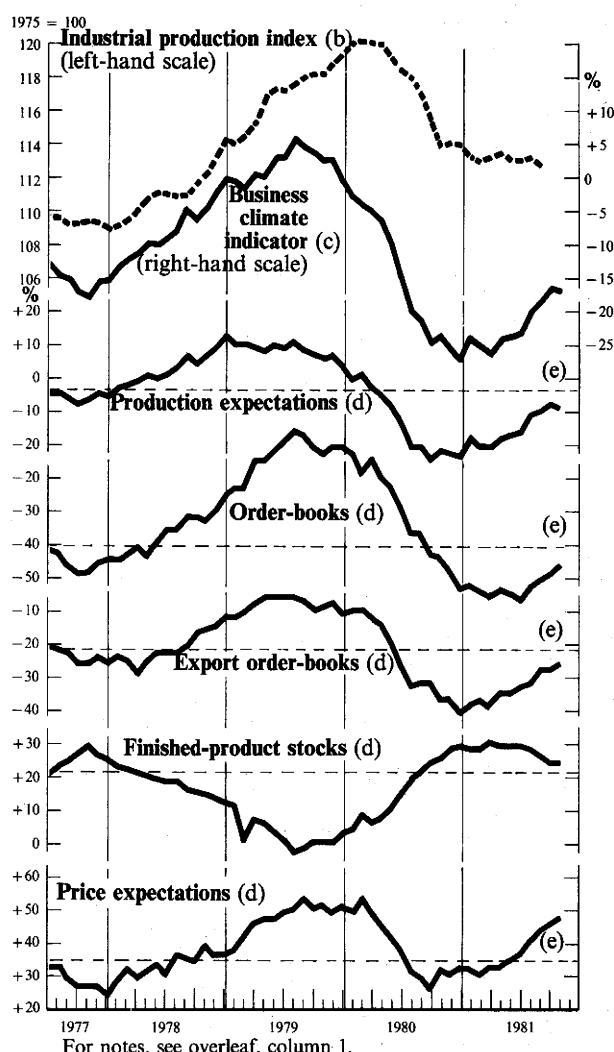
**Stabilization in the industrial business climate.** — The industrial business climate indicator for the Community declined in October by a marginal  $\frac{1}{2}$  percentage point, after continuous improvements observed between May and September. Looking at the two components of the business climate indicator (see Graph 1 and Table 1), production expectations declined by 1 percentage point while judgements on stocks of finished products in manufacturing industry, the second component of the climate indicator, were unchanged by comparison with the September survey results. Judgements on order-books improved by 3 percentage points in October but remain at a very depressed level with a net balance of 45% of chief executives considering industrial order-books to be below normal. This is, nevertheless, an improvement of some 11 percentage points from the trough of order-book judgements observed in June, so that orders continue to signal a recovery from the 1980/81 recession. This optimistic development was more pronounced in the case of judgements on the level of export order-books; in October the majority of chief executives considering export order-books to be below normal amounted to 25%, having improved steadily since December 1980, when a very pessimistic level of 40% had been reported. The results of recent surveys, with orders improving and despite a slight hesitation in the production outlook in October, suggest that the conditions for recovery from the recession are continuing, on balance, to strengthen.

**The business climate in the Member States.** — In the Federal Republic of Germany, the October survey results show some weakening in the very gradual recovery of industrial business confidence seen in earlier months (see Graph 1 and Table 1). The business climate indicator declined in October by comparison with September by 1.5 percentage points, attributable to a fall in production expectations and a deterioration in judgements on stock levels of 1 and 2 percentage points, respectively. By contrast, judgements on order-books improved by 2 percentage points in comparison with the September results (see Graph 4).

French, Irish and Luxembourg chief executives were more optimistic, in October, regarding industrial developments in the short-term future: the business climate indicator in France improved by 5.5 percentage points, in Ireland by 2 percentage points and in Luxembourg by 2.5 percentage points. In France and in Luxembourg industrial production expectations improved markedly in October (by 4 and 3 percentage points, respectively), as did judgements on stocks of finished products (improvements of 7 and 2 percentage points, respectively). The survey for Ireland reported an advance in industrial production expectations of a marked 8 percentage points in October, while chief executives' judgements on order-books' levels in Irish industry improved by 14 percentage points over the preceding month. The Italian and Belgian industrial business climates in October

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 9 (a)



deteriorated by 1 and 0.5 percentage points, respectively. However, industrial chief executives' judgements on order-books were markedly better in Italy (by 9 percentage points) and opinion on the level of stocks of finished products also improved (by 1 percentage point). In Belgium too, judgements on order-book levels were more positive in October (by 5 percentage points) while production expectations were unchanged from September.

A striking development in the October survey was the significant deterioration in the business climate in the United Kingdom: the climate indicator declined in October by 4 percentage points, owing mainly to weaker production expectations (-6 percentage points). Judgements on stocks of finished products in October were also more pessimistic, by 2 percentage points by comparison with September, with a majority of 21% of respondents considering stocks to be above normal. The basic trend of the UK survey results is still, however, improving, with a further recovery of 3 percentage points reported for order-book judgements in October.

**Consumption, investment and intermediate-goods sectors.** — The improvement in the production outlook for the investment and intermediate-goods sectors noted in recent months was interrupted in October (see Table 2). Chief executives' expectations for the production outlook in the months ahead deteriorated by 5 percentage points in the investment goods sector and by 3 percentage points in the case of intermediate-goods. By contrast, the production outlook for the consumer goods sector continued to improve (by a further 2 percentage points in October). Comparing the second and third quarters, however, one observes less pessimistic production expectations in all three major groups.

**Production outlook at the industrial branch level.** — Survey results for the third quarter of 1981 as a whole reported an improvement in judgements on production expectations for all industrial branches mentioned in Table 3. By contrast, in October, a rather widespread weakening in production expectations appeared. Only the chemical industry, non-metallic mineral products and electrical engineering reported, in October, less pessimism (or more optimism) than in September. By contrast, the general decline in pessimism on order-books' levels seen in the third quarter continued also in October in most branches. Exceptions were the production and preliminary processing of metals, manufacture of metal articles, electrical engineering and manufacture of motor vehicles and accessories, where the percentage of chief executives considering their order-book level below normal, in October, increased by comparison with September.

**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 according to the October survey (see Table 4). This is marginally less than in July but still represented an improvement on the low point reached in April. The duration in months of assured production as reported in the October survey has, however, fallen substantially in Italy (0.4 months), in the Netherlands (0.4 months) and in Luxembourg (0.7 months) by comparison with the levels reported in July. In the other Member States no change was reported.

The net balance of chief executives reporting that capacity was more than sufficient to meet requirements (an indicator of the degree of underutilization of capacity in industry) declined by 2 percentage points at the Community level between July and October, suggesting that the low point of capacity utilization may have passed (see Table 4). The corresponding declines at individual country level amounted to 13 percentage points in Italy, 8 percentage points in Belgium, 5 percentage points in the United Kingdom and 4 percentage points in Luxembourg. No change in excess capacity was reported in Denmark. In the other Member States the majority of chief executives considering capacity more than sufficient increased, by amounts ranging from 1 percentage point in the Federal Republic of Germany to 6 percentage points in the Netherlands.

**Recent results of the construction survey.** — The recession in the construction industry strengthened in the third quarter of 1981, according to recent survey results. Thus, the net balance of chief executives of building firms reporting order-books to be below normal increased by 10 percentage points (to a very weak level of -55%) between the second and third quarters. At the same time, employment expectations deteriorated by 3 percentage points (see Table 5). Nevertheless, the October survey of chief executives in the construction industry in Italy and the Netherlands reported less pessimistic judgements on order-books by comparison with September, while in Belgium, no change was reported. In the Federal Republic of Germany the very depressed assessment of building-industry order-books deteriorated in October by a further 2 percentage points. With the exception of Belgium and Italy, Member States reported increasing pessimism on employment expectations in the construction sector in the third quarter, a tendency which continued into October.

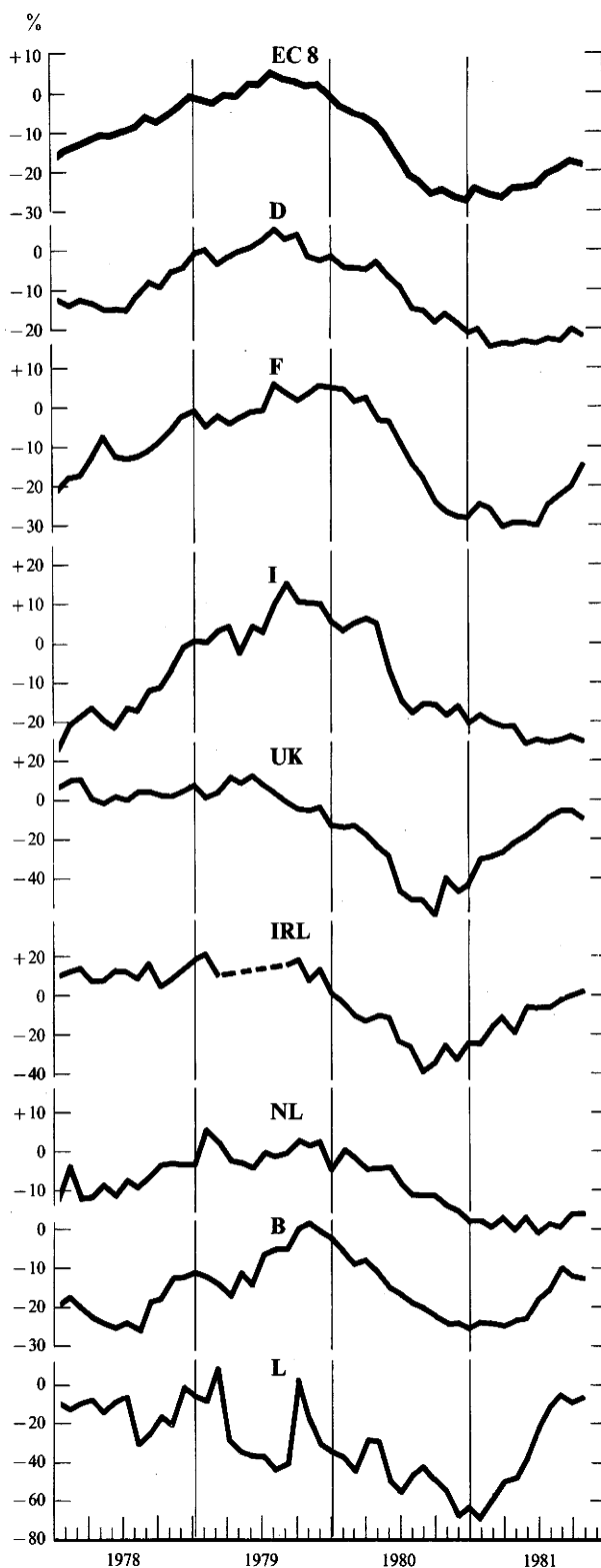
Brussels, 13 November 1981.

Notes on Graph 1.

- Weighted total of available country data — see Table 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 of earlier issues).
- Dotted line shows average for 1968-77.

Source: European Community business surveys and Eurostat.

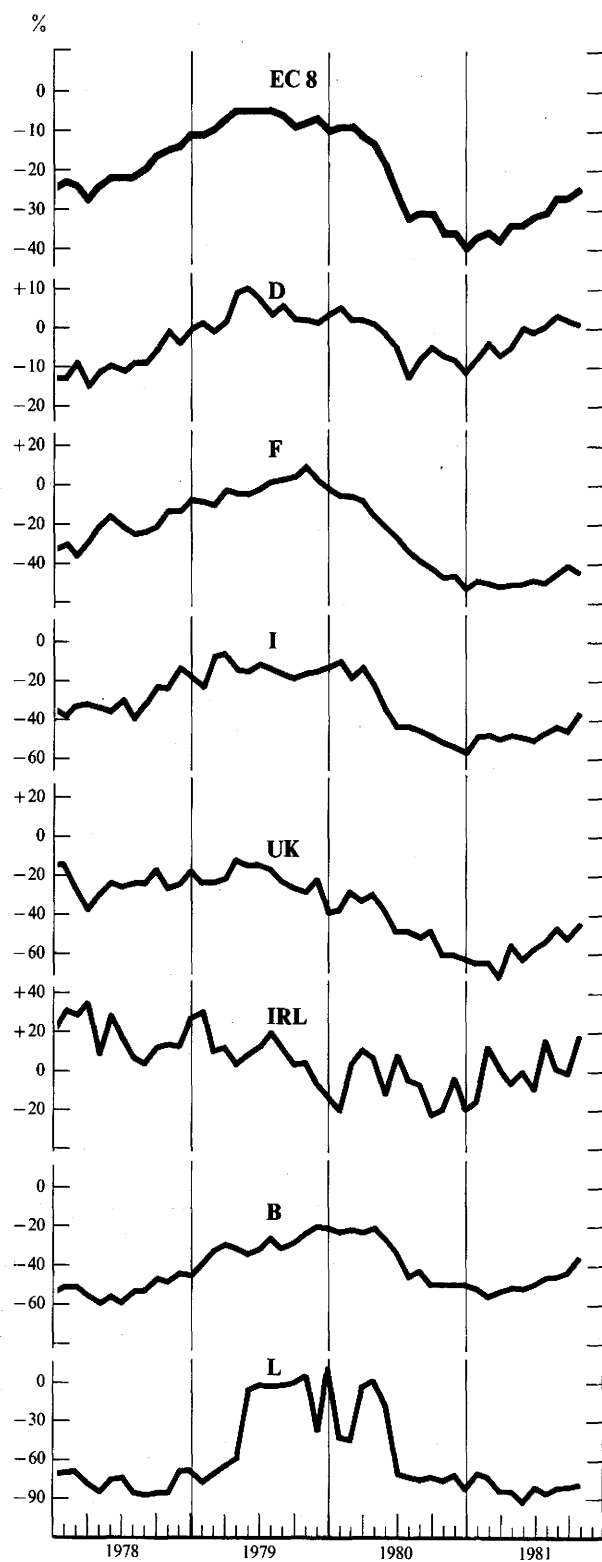
GRAPH 2: Business climate of manufacturing industry - EC and Member States



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.

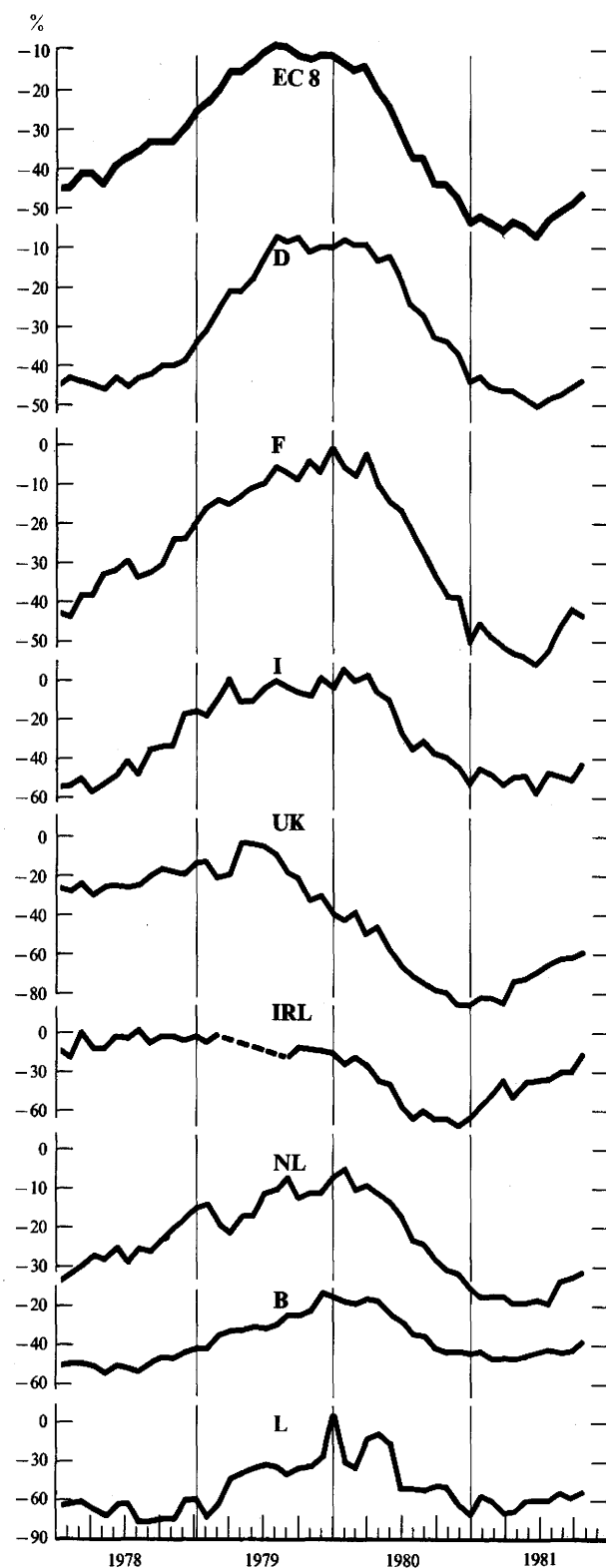
**GRAPH 3: Export order-books in manufacturing industry - EC and Member States (a)**



(a) Net balances: i.e. differences between the percentages of respondents giving positive and negative replies.

Source: European Community business surveys.

**GRAPH 4: 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	1978	1979	1980	1980	1981				1981					
				IV	I	II	III	May	June	July	Aug.	Sept.	Oct.	
Production expectations														
Textile industry	0	+ 1	-21	-29	-28	-18	-12	-17	-15	-12	-12	-11	-12	-12
Mineral oil refining	+ 8	- 2	-11	-30	-32	-40	- 8	-33	-46	-13	- 9	- 1	- 7	- 7
Production and preliminary processing of metals	+ 4	+ 7	-27	-36	-38	-32	-12	-35	-30	-18	-12	- 6	-14	-14
Non-metallic mineral products (ceramics, etc.)	- 2	+ 5	-16	-31	-27	-27	-24	-27	-28	-19	-24	-28	-27	-27
Chemical industry	+11	+10	-12	- 2	- 4	+ 2	+ 3	- 1	+ 3	- 3	+ 5	+ 8	+10	+10
Manufacture of metal articles	0	+ 3	-12	-21	-20	-19	-14	-19	-14	-15	-14	-13	-13	-13
Mechanical engineering	- 1	+ 8	-10	-22	-19	-14	-13	-14	-16	-14	-14	-12	-15	-15
Electrical engineering	+13	+ 8	- 6	-16	-10	-12	- 9	-13	-11	-11	- 7	- 9	- 7	- 9
Manufacture of motor vehicles and accessories	+16	+15	-20	-34	-27	-22	-10	-25	-19	-11	-12	- 6	- 9	- 9
Order-books														
Textile industry	-38	-16	-45	-62	-63	-64	-54	-65	-63	-59	-52	-52	-51	-51
Mineral oil refining	-33	+ 9	-30	-48	-70	-70	-56	-73	-60	-58	-57	-52	-60	-60
Production and preliminary processing of metals	-65	-33	-49	-69	-72	-75	-69	-78	-80	-73	-69	-65	-52	-52
Non-metallic mineral products (ceramics, etc.)	-40	-18	-25	-46	-53	-63	-64	-60	-68	-67	-63	-61	-56	-56
Chemical industry	-28	+ 5	-27	-39	-40	-43	-36	-44	-46	-43	-32	-34	-24	-24
Manufacture of metal articles	-32	-20	-29	-50	-49	-53	-53	-54	-54	-56	-52	-50	-54	-54
Mechanical engineering	-43	-27	-29	-44	-51	-53	-52	-51	-57	-52	-53	-53	-52	-52
Electrical engineering	-18	-20	-21	-33	-34	-38	-36	-33	-38	-38	-38	-33	-36	-36
Manufacture of motor vehicles and accessories	+ 9	+13	-24	-47	-55	-52	-42	-53	-58	-46	-39	-41	-43	-43
Export order-books														
Textile industry	-34	-33	-51	-61	-59	-57	-45	-59	-53	-44	-44	-49	-41	-41
Mineral oil refining	-21	- 6	-12	-25	-37	-55	-38	-54	-52	-31	-41	-42	-42	-42
Production and preliminary processing of metals	-13	-19	-49	-74	-72	-65	-65	-67	-64	-66	-64	-65	-56	-56
Non-metallic mineral products (ceramics, etc.)	-12	-10	-24	-39	-45	-45	-42	-41	-48	-44	-44	-38	-46	-46
Chemical industry	- 9	+ 8	-23	-37	-37	-32	-23	-38	-25	-23	-20	-25	-12	-12
Manufacture of metal articles	-17	-32	-33	-41	-46	-45	-42	-46	-47	-45	-42	-39	-44	-44
Mechanical engineering	-21	-29	-35	-46	-47	-45	-46	-43	-47	-48	-44	-44	-45	-45
Electrical engineering	-23	-29	-28	-36	-38	-41	-41	-40	-36	-44	-41	-37	-36	-36
Manufacture of motor vehicles and accessories	- 1	+ 2	-24	-44	-52	-45	-36	-48	-42	-39	-36	-34	-38	-38
Stocks of finished products														
Textile industry	+34	+21	+34	+42	+42	+41	+37	+43	+40	+39	+36	+37	+32	+32
Mineral oil refining	+ 7	-27	+13	+33	+34	+34	+12	+37	+30	+21	+11	+ 4	+25	+25
Production and preliminary processing of metals	+11	+ 1	+ 5	+16	+17	+13	+12	+13	+15	+15	+ 8	+12	+ 6	+ 6
Non-metallic mineral products (ceramics, etc.)	+28	+12	+12	+26	+34	+38	+40	+38	+41	+44	+38	+40	+40	+40
Chemical industry	+16	- 5	+20	+23	+14	+14	+12	+13	+16	+17	+13	+ 7	+ 7	+ 7
Manufacture of metal articles	+13	+ 2	+11	+24	+28	+25	+20	+24	+24	+22	+19	+20	+20	+20
Mechanical engineering	+23	+11	+17	+25	+27	+24	+25	+24	+24	+24	+27	+24	+25	+25
Electrical engineering	+20	+18	+23	+28	+29	+31	+26	+29	+30	+29	+26	+24	+31	+31
Manufacture of motor vehicles and accessories	- 4	-13	+23	+45	+48	+54	+56	+58	+56	+58	+57	+54	+33	+33
Selling-price expectations														
Textile industry	+34	+54	+37	+25	+28	+38	+55	+36	+46	+51	+55	+58	+49	+49
Mineral oil refining	+29	+65	+59	+68	+55	+40	+73	+30	+53	+62	+81	+76	+81	+81
Production and preliminary processing of metals	+36	+45	+18	+13	+19	+32	+58	+36	+45	+58	+57	+58	+71	+71
Non-metallic mineral products (ceramics, etc.)	+32	+47	+44	+39	+36	+24	+24	+27	+21	+22	+24	+27	+29	+29
Chemical industry	+30	+53	+26	+27	+42	+44	+54	+44	+40	+49	+55	+59	+61	+61
Manufacture of metal articles	+32	+47	+40	+30	+24	+34	+37	+37	+33	+33	+34	+42	+44	+44
Mechanical engineering	+38	+42	+39	+35	+33	+32	+32	+33	+28	+28	+34	+34	+35	+35
Electrical engineering	+28	+36	+39	+42	+37	+33	+33	+26	+32	+32	+32	+34	+31	+31
Manufacture of motor vehicles and accessories	+40	+44	+40	+38	+28	+35	+42	+38	+38	+43	+40	+44	+44	+44

(a) Greece 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)		1979	1980	1981	1980	1981			
		Peak 1973	Trough 1975				Oct.	Jan.	April	July	Oct.
Duration in months of assured production	B	4,5	2,8	3,3	3,5	3,4	3,4	3,3	3,3	3,4	3,4
	D	3,3	2,8	3,2	3,2	2,9	2,8	2,8	2,9	2,9	2,9
	F	3,5	2,7	3,8	4,0	3,6	4,1	3,7	3,7	3,5	3,5
	IRL	2,2	1,8	2,2	1,8	2,0	1,5	1,5	1,9	2,4	2,4
	I	4,7	3,7	4,5	4,8	4,0	4,3	4,1	3,9	4,3	3,9
	L	3,5	1,4	2,8	2,2	2,3	2,1	2,2	2,4	2,7	2,0
	NL	4,7	2,6	4,2	4,0	3,7	3,9	3,8	3,7	3,8	3,4
	UK	:	:	3,4	2,5	2,8	2,0	3,0	2,0	3,0	3,0
	EC (d)	3,7	3,0	3,6	3,5	3,2	3,2	3,3	3,1	3,3	3,2
Adequacy (+) or inadequacy (-) of existing production capacity (c)	B	- 12	+58	+45	+41	+49	+51	+52	+44	+53	+45
	DK	:	:	:	+20	+32	+30	+39	+34	+27	+27
	D	- 3	+56	+21	+17	+34	+25	+33	+33	+35	+36
	F	-24	+45	+18	+18	+42	+32	+43	+37	+43	+45
	IRL	:	+34	+ 1	+23	+29	+35	+34	+31	+24	+26
	I	+ 1	+63	+23	+30	+45	+45	+43	+48	+50	+37
	L	-72	+73	+40	+48	+59	+57	+68	+57	+58	+54
	NL	- 3	+60	+22	+23	+35	+31	+30	+33	+36	+42
	UK	:	:	:	+50	+63	+69	+66	+67	+62	+57
	EC (d)	- 7	+54	+20	+27	+44	+40	+44	+43	+45	+43

(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. Danish and UK data for 1980 and 1981 have now been added to this table, with consequent revisions to the EC totals.

(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 1972/73	Trough 1974/75					IV	I	II	III	May	June	July	Aug.	Sept.	Oct.
B	production expectations	+31	-56	-18	-3	-24	-33	-34	-30	-20	-31	-26	-24	-17	-18	-18	
	order-books	+13	-66	-49	-30	-31	-44	-47	-48	-44	-48	-46	-44	-45	-44	-39	
	export order-books	+15	-82	-51	-28	-36	-49	-53	-51	-46	-52	-50	-47	-46	-44	-36	
	stocks of finished products	-14	+37	+22	+12	+11	+16	+16	+14	+6	+16	+11	+8	+3	+7	+8	
	selling-price expectations	+64	-10	+14	+27	+20	+18	+18	+24	+37	+25	+32	+34	+40	+37	+38	
	business climate indicator	+22,5	-46,5	-20	-7,5	-17,5	-25	-25	-22	-13	-23,5	-18,5	-16	-10	-12,5	-13	
DK	production expectations	:	:	:	:	-4	-5	-20	+2	-2	:	:	:	:	:	:	
	order-books	:	:	:	:	-6	-31	-34	-26	-18	:	:	:	:	:	:	
	export order-books	:	:	:	:	+9	-1	-11	-8	-8	:	:	:	:	:	:	
	stocks of finished products	:	:	:	:	+16	+26	+20	+22	+12	:	:	:	:	:	:	
	business climate indicator	:	:	:	:	-10	-15,5	-20	-10	-7	:	:	:	:	:	:	
D	production expectations	+17	-32	-2	+6	-10	-16	-21	-19	-15	-18	-18	-16	-16	-13	-14	
	order-books	+5	-73	-41	-15	-21	-37	-44	-48	-47	-48	-50	-48	-47	-45	-43	
	export order-books (c)	+23	-33	-8	+4	-4	-9	-6	-2	+2	0	-1	0	+3	+2	+1	
	stocks of finished products	-7	+43	+17	+4	+11	+20	+23	+26	+27	+26	+27	+27	+28	+25	+27	
	selling-price expectations	+55	+4	+19	+32	+26	+23	+30	+30	+34	+32	+29	+32	+34	+37	+38	
	business climate indicator	+5	-37,5	-9,5	+1	-10,5	-18	-22	-22,5	-21	-22	-22,5	-21,5	-22	-19	-20,5	
F	production expectations	+33	-29	+5	+12	-6	-19	-17	-19	-8	-19	-17	-9	-8	-7	-3	
	order-books	+26	-69	-31	-9	-22	-42	-48	-54 <sup>R</sup>	-46	-54	-56	-52	-46	-41	-43	
	export order-books	+24	-66	-21	-1	-29	-49	-50	-50	-45	-51	-49	-50	-45	-41	-45	
	stocks of finished products	-14	+50	+25	+10	+17	+35	+36	+40	+35	+39	+42	+39	+35	+31	+24	
	selling-price expectations	+76	+15	+52	+55	+50	+49	+47	+47	+59	+45	+54	+57	+59	+62	+69	
	business climate indicator	+23,5	-39,5	-10	+1	-11,5	-27	-26,5	-29,5	-21,5	-29	-29,5	-24	-21,5	-19	-13,5	
IRL	production expectations	:	-21	+26	:	-12	-14	-9	-5	+4	+1	-1	+1	+4	+6	+14	
	order-books	:	-68	-5	:	-50	-67	-47	-42	-33	-39	-38	-37	-31	-31	-17	
	export order-books	:	-22	+19	:	-6	-13	0	-5	+5	0	-10	+17	+1	-2	+18	
	stocks of finished products	:	+35	+4	:	+31	+42	+27	+16	+10	+12	+14	+16	+9	+6	+10	
	selling-price expectations	:	+64	+35	:	+43	+27	+33	+36	+47	+38	+33	+34	+53	+53	+47	
	business climate indicator	:	-28	+11	:	-21,5	-28	-18	-10,5	-3	-6,5	-7,5	-7,5	-2,5	0	+2	
I	production expectations	+40	-43	0	+13	-7	-14	-14	-17	-18	-20	-18	-19	-18	-17	-20	
	order-books	+30	-82	-40	-5	-22	-45	-49	-52	-49	-49	-58	-47	-49	-51	-42	
	export order-books	+13	-67	-29	-14	-37	-54	-49	-49	-46	-49	-51	-47	-44	-46	-37	
	stocks of finished products	-24	+53	+25	-1	+11	+23	+25	+30	+31	+31	+31	+31	+31	+30	+29	
	selling-price expectations	+76	+10	+41	+66	+63	+60	+55	+60	+63	+56	+61	+60	+67	+62	+58	
	business climate indicator	+32	-48	-12,5	+5	-9	-18,5	-19,5	-23,5	-24,5	-25,5	-24,5	-25	-24,5	-23,5	-24,5	
L	production expectations	+84	-80	-22	-2	-33	-54	-65	-50	-1	-52	-23	+1	+5	-8	-5	
	order-books	:	-68	-44	-42	-62	-64	-64	-65	-60	-63	-62	-63	-56	-60	-56	
	export order-books	:	-76	-26	-52	-75	-75	-75	-86	-84	-93	-82	-86	-83	-82	-80	
	stocks of finished products	-14	+74	+6	+48	+63	+72	+56	+24	+18	+25	+24	+25	+16	+12	+10	
	selling-price expectations	:	+64	+59	+14	+8	+23	+45	+57	+64	+53	+60	+64	+65	+63	+74	
	business climate indicator	+48	-77	-14	-25	-48	-63	-60,5	-37	+9,5	-38,5	-23,5	-12	-5,5	-10	-7,5	
NL	production expectations	+26	-23	+2	+7	-3	-7	-6	-7	-2	-3	-9	-2	-4	-1	-2	
	order-books	+7	-48	-24	-13	-20	-33	-38	-40	-36	-40	-39	-40	-34	-33	-32	
	stocks of finished products	-1	+57	+16	+8	+15	+25	+30	+32	+34	+31	+33	+36	+35	+31	+30	
	business climate indicator	+13,5	-40	-7	-0,5	-9	-16	-18	-19,5	-18	-17	-21	-19	-19,5	-16	-16	
UK	production expectations	:	:	+20	+12	-30	-41	-20	-7	+7	-8	-3	+6	+7	+9	+3	
	order-books	:	:	-22	-18	-65	-84	-83	-72	-64	-73	-70	-66	-63	-62	-59	
	export order-books	:	:	-24	-20	-45	-60	-67	-58	-51	-63	-57	-54	-47	-53	-45	
	stocks of finished products	:	:	+12	+7	+34	+44	+37	+29	+20	+29	+25	+24	+18	+19	+21	
	selling-price expectations	:	:	+50	+65	+36	+11	+12	+17	+29	+17	+17	+25	+29	+33	+37	
	business climate indicator	:	:	+4	+2,5	-32	-42,5	-28,5	-18	-6,5	-18,5	-14	-9	-5,5	-5	-9	
EC(d)	production expectations	+24	-30	+4	+9	-13	-22	-19	-16	-9	-16	-15	-10	-9	-7	-8	
	order-books	+15	-70	-37	-12	-31	-48	-53	-54	-50	-54	-56	-52	-50	-48	-45	
	export order-books	+14	-48	-20	-6	-24	-38	-37	-33	-28	-34	-32	-31	-27	-27	-25	
	stocks of finished products	-10	+48	+20	+5	+17	+28	+30	+30	+27	+30	+30	+29	+27	+25	+25	
	selling-price expectations	+69	+9	+33	+49	+38	+32	+32	+35	+44	+35	+37	+41	+44	+46	+49	
	business climate indicator	+16,5	-38,5	-8	+2	-15	-25	-24,5	-23	-18	-23	-22,5	-19,5	-18	-16	-16,5	

**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)		1978	1979	1980	1980 IV	1981			1981					
		Peak 1972/73	Trough 1974/75					I	II	III	May	June	July	Aug.	Sept.	Oct.
B	consumer goods	+34	-43	-16	-4	-17	-25	-33	-29	-27	-31	-27	-32	-25	-24	-22
	investment goods	+27	-58	-25	-3	-23	-43	-32	-31	-28	-28	-32	-32	-26	-27	-31
	intermediate goods	+26	-63	-15	-4	-31	-36	-38	-33	-8	-37	-23	-12	-6	-6	-8
D	consumer goods	+18	-30	-1	-1	-5	-9	-18	-17	-15	-16	-16	-15	-20	-12	-14
	investment goods	+17	-28	-3	+9	-1	-7	-11	-12	-12	-12	-12	-13	-11	-11	-11
	intermediate goods	+26	-41	-2	+6	-15	-22	-26	-21	-16	-20	-20	-19	-16	-14	-17
F	consumer goods	+42	-22	+14	+21	-0	-18	-16	-15	-11	-16	-14	-12	-11	-11	+5
	investment goods	+35	-31	+2	+6	-1	-3	-2	-9	-7	-6	-14	-8	-8	-6	-9
	intermediate goods	+33	-39	+3	+9	-15	-32	-29	-29	-6	-31	-23	-7	-6	-5	-7
IRL	consumer goods	:	-28	+24	:	-12	-27	-12	+2	-18	+3	+5	-22	-5	-18	-8
	investment goods	:	-65	+32	:	-15	-21	-16	-13	-12	+4	+1	-16	-14	-6	+3
	intermediate goods	:	-22	+25	:	-18	-20	-9	-10	-4	-6	-11	+1	-1	+6	+13
I	consumer goods	+36	-55	0	+14	-5	-14	-14	-21	-21	-26	-19	-22	-21	-21	-30
	investment goods	+41	-34	-8	+9	+3	+2	-5	-8	-17	-15	-14	-15	-18	-19	-13
	intermediate goods	+49	-39	+2	+14	-8	-18	-14	-13	-12	-11	-13	-11	-13	-11	-12
L	consumer goods	+43	-73	-23	+15	+23	+36	+27	+3	+16	+10	-5	-2	+23	+27	+28
	investment goods	+33	-41	-7	-7	-13	-26	-57	-27	-39	-24	-25	-42	-40	-36	-44
	intermediate goods	:	:	-23	-8	-42	-65	-71	-60	+5	-64	-24	+9	+13	-6	-1
NL	consumer goods	+33	-26	+7	+11	-1	-7	0	-2	-2	-2	-3	0	-7	+1	-3
	investment goods	+42	-53	0	+1	-6	-11	-6	-10	-6	-9	-10	-5	-5	-8	-4
	intermediate goods	+43	-22	+2	+12	-1	-4	-6	-6	+2	+2	-11	0	+1	+4	+2
UK	consumer goods	:	:	+26	+15	-29	-41	-24	-5	+5	-3	0	+3	+7	+4	+3
	investment goods	:	:	+11	+16	-18	-40	-20	-11	+3	-12	-7	0	+1	+9	-7
	intermediate goods	:	:	+25	+7	-40	-43	-23	-6	+9	-5	-2	+10	+10	+7	+3
EC(d)	consumer goods	+29	-26	+9	+9	-9	-19	-19	-15	-12	-14	-13	-11	-13	-11	-9
	investment goods	+28	-29	0	+9	-5	-13	-11	-10	-8	-10	-12	-10	-9	-6	-11
	intermediate goods	+32	-37	+5	+8	-19	-29	-24	-19	-8	-19	-17	-9	-8	-7	-10

(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 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)		1978	1979	1980	1981				1981					
		Peak 72/73	Trough 74/75				IV	I	II	III	May	June	July	Aug.	Sept.	Oct.
<b>B</b>	order-books	-13	-47	-39	-28	-32	-35	-47	-54	-56	-53	-57	-56	-57	-56	-56
	employment expectations	+31	-24	-9	0	-23	-28	-33	-46	-44	-50	-38	-42	-42	-49	-44
	price expectations	+75	+25	+31	+43	+31	+20	+15	+8	+6	+6	+4	+7	+9	0	-1
<b>D</b>	order-books	-17	-84	-32	-7	-30	-45	-50	-56	-67	-56	-62	-63	-67	-71	-73
	employment expectations	+10	-60	+5	+9	-7	-17	-23	-28	-38	-29	-31	-31	-37	-47	-51
	price expectations	+48	-37	+28	+30	-5	-23	-38	-42	-45	-39	-40	-40	-49	-48	-45
<b>F</b>	order-books	:	:	-53	-37	-31	-36	-44	-47	-48	:	:	:	:	:	:
	employment expectations	:	:	-22	-15	-12	-17	-20	-20	-27	:	:	:	:	:	:
<b>I</b>	order-books	-25	-68	-40	-29	-33	-34	-28	-23	-29	-16	-28	-21	-28	-36	-31
	employment expectations	+10	-44	-16	-12	-11	-15	-5	-3	-8	-1	-9	-3	-8	-11	-7
	price expectations	+85	+30	+62	+71	+71	+72	+70	+70	+74	+69	+71	+75	+73	+74	+74
<b>L</b>	order-books	+21	-50	-11	-7	-12	-28	-19	-15	-23	-22	-13	-13	-24	-32	-34
	employment expectations	+31	-39	+14	+16	+6	-3	-3	+6	-2	+13	+3	+3	+1	-8	-25
	price expectations	+82	+11	+27	+46	+45	+31	+35	+36	+22	+36	+34	+17	+41	+7	+29
<b>NL</b>	order-books	-8	-81	-19	-19	-39	-47	-49	-50	-49	-50	-51	-48	-49	-52	-50
	employment expectations	+14	-13	+12	+11	-8	-17	-15	-9	-11	-8	-9	-8	-11	-14	-21
<b>UK</b>	order-books	:	:	-11	-6	-33	-45	-56	-45	-71	:	:	:	:	:	:
	employment expectations	:	:	-5	+7	-27	-41	-46	-50	-39	:	:	:	:	:	:
	price expectations	:	:	+49	+69	+53	+32	-16	-11	-24	:	:	:	:	:	:
<b>EC</b>	order-books	:	:	-34	-20	-32	-40	-46	-45	-55	:	:	:	:	:	:
	employment expectations	:	:	-8	-12	-14	-22	-24	-26	-29	:	:	:	:	:	:
<b>(c)</b>																

(a) Details of the questions are given below.

(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) Owing to lack of data for certain Member States, Community totals are incomplete. As from issue No 8/1981 of Supplement B, the figures given in this table for France and the United Kingdom are seasonally adjusted.

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.

#### 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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