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Economic prospects - business survey results

Upturn probably now occurring. — For some months the production expectations of industrialists having been improving, while the recorded index of industrial production has remained essentially flat. It is normal for output to be lagged by around half a year behind changes in business sentiment. However, on the present occasion the time-lag has been longer than in the average cycle — 11 months since the business climate indicator bottomed out. It is, therefore, of particular interest to watch for real evidence of a business upturn. One question put to industrialists in the European Community business survey is how they perceive current production trends to be moving (the results are not usually published in this publication because they follow so closely the actual production index). In fact, the perceived trend of industrial production (in answer to this question) is now rising, even though confirmation is not yet available from the production index (the 3-month moving average of the index still declined in September, the last observation available). Thus, although in November the net balance of opinion on recent production trends was stable, it has risen in total 6 points since July (Graph 1 includes this series alongside the production index).

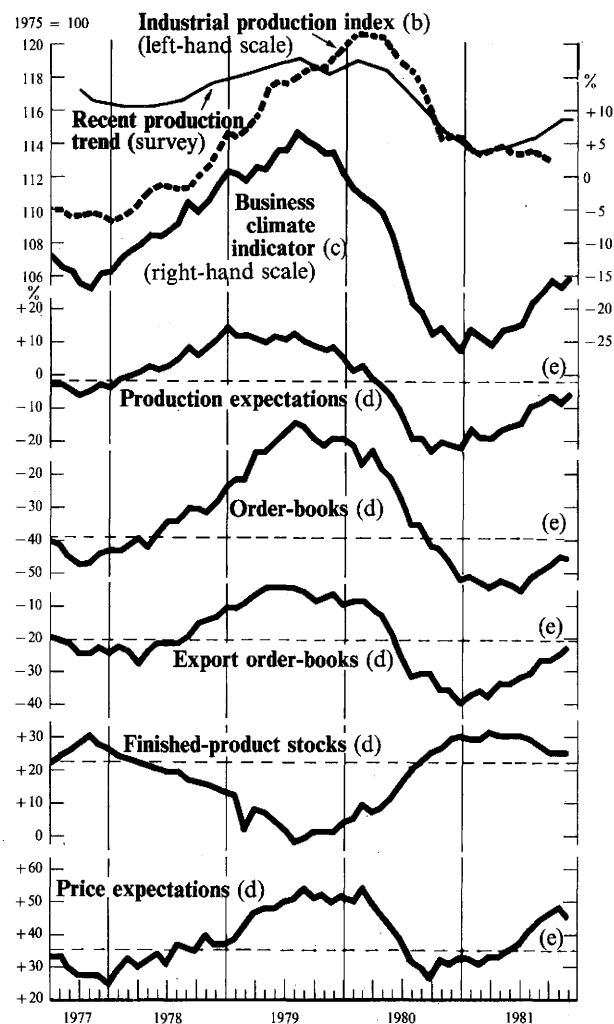
The business climate indicator for Community industry also advanced, by 3 percentage points, in November, thus resuming the gradually improving trend noted in the April-September 1981 period (see Table 1 and Graph 1). Since December 1980, when the business climate indicator reached a cyclical trough, the improvement amounts to 11 percentage points, somewhat faster than that noted, in corresponding cyclical conditions in 1977/78, when the advance in the first 11 months of recovery was only 9 percentage points (see Graph 2 and Table 3).

The business climate in Member States. — Conjunctural trends in German industry have been hesitant throughout 1981 and this is confirmed by the November survey of chief executives. The production outlook for the next 3 months improved by 2 percentage points in November and finished-stock judgments were unchanged from October (see Table 1). Order-books, however, were considered, in November, to be below normal by a net balance of 47% of respondents, a deterioration of 4 percentage points from October. By contrast with the generally slow improvement in domestic business conditions, the German surveys results suggest a clear advance in export prospects: since the trough in export expectations of December 1980, opinion on this subject has improved by 14 percentage points.

The conjunctural situation in France improved markedly in November, according to the most recent survey of chief executives. Production expectations improved by 3 percentage points over October and have now ceased, on balance, to be negative. At the same time, total order-book judgments recovered strongly, by 10 percentage points, and opinion on finished-stock levels maintained the clear improvement

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 ±...%). 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)



noted in October. Export orders' judgments, though markedly more pessimistic than in the Federal Republic of Germany, also clearly strengthened in November, by 7 percentage points.

The survey of industrial chief executives indicates that business conditions in *Italy* recovered in November from the slight setback observed in the preceding month. Taking a somewhat longer view, however, one notes that production expectations and order-book judgments show no improvement as between the August and November surveys; export orders are, in fact, the sole clearly improving Italian conjunctural indicator of recent months, though finished-stock levels are judged to have become (by 1 percentage point in November) somewhat less excessive.

The evidence for cyclical recovery in the *United Kingdom* continues to accumulate, with a 4 percentage-point recovery in the industrial production outlook in November. This virtually offsets the deterioration in this indicator observed in October and is associated with a modest continuing recovery in industrialists' judgments on order-books. UK export order-books were also reported to have improved (by 5 percentage points) in November. The net balance of sentiment with regard to export demand is now, in the UK at about the same level as in France and Italy, though very much weaker than in the Federal Republic of Germany.

The business-climate in *Belgium* and *Luxembourg* has shown signs of weakness since September and similar evidence emerged for the *Netherlands* in the November survey. The business climate deterioration in the Benelux seems mainly to be a question of confidence, affecting production expectations and judgments on finished stock levels, with order-books either remaining stable or improving.

Improvement in the production outlook for consumer goods. — A substantial advance (of 7 percentage points) in production expectations of the Community consumer goods industries is revealed by the November survey. This result is the most substantial sign of dynamism in this crucial sector of final demand observed since the recovery in sentiment began in March; if sustained in coming months, it will substantially reinforce the evidence for a sustained phase of cyclical expansion in Community industry. By contrast, the production outlook for intermediate goods was unchanged as between the October and November surveys and have now been virtually static since the month of August. The investment goods sector has also shown little evidence of recovery since August, although a slight improvement (of 2 percentage points) in the production outlook was reported as between October and November.

The business outlook in a longer-term perspective. — The current recession in industrial production began in March 1980 and continued up to the month of September 1981, the most recent month for which data are available (see Graph 2 and Table 3); the decline in production over these 19 months has been some 5.9%. In the course of the 1974/75 recession, industrial production declined during a period of 14 months (from July 1974 to August 1975 inclusive) and by a total of 11.1%, a shorter but much more severe setback to activity than the current episode. The short recession of 1977 (April to December inclusive) entailed a fall of only 2.5% in industrial production.

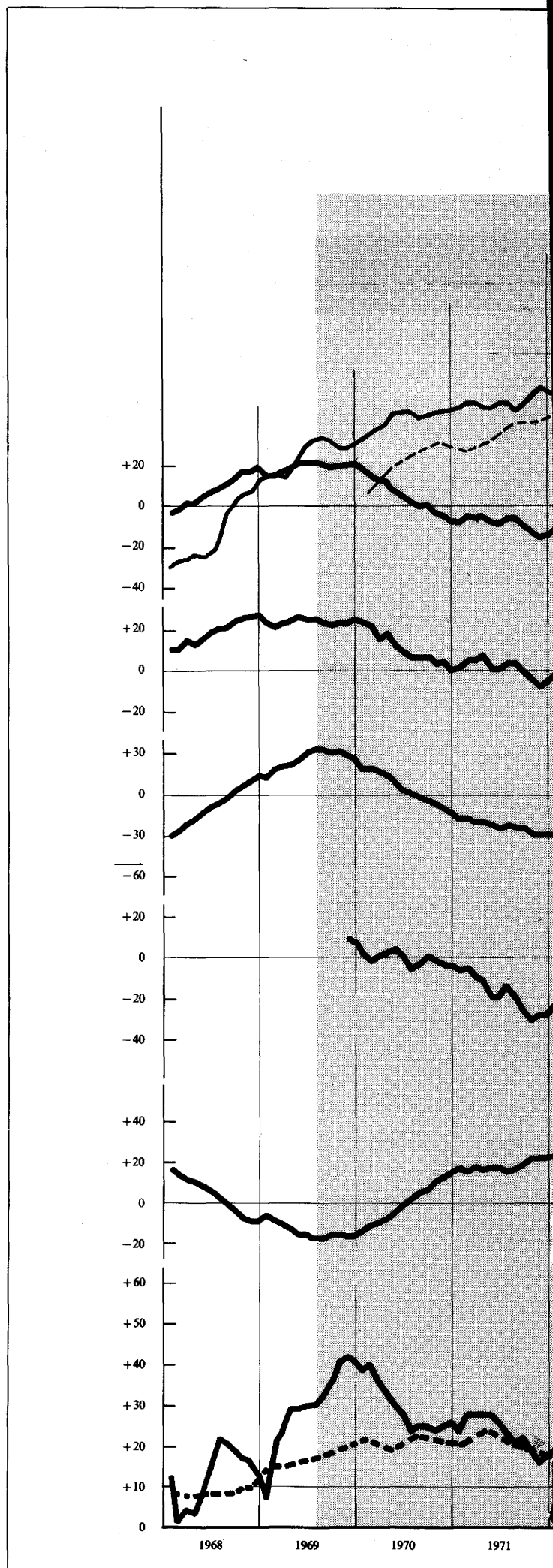
In each of these instances, chief executives' production expectations, as reported in the Community business survey, predicted both the decline and the recovery in production, and the amplitude of the variation in expectations largely paralleled that of industrial activity. Thus, production expectations started to decline in July 1973, 12 months before the onset of the recession in the industrial sector, and ceased in April 1975, 4 months before recovery began; the net balance of responses to the production expectations' question deteriorated in that period by 52 percentage points. With regard to the 1977 mini-recession, the peak in production expectations occurred 6 months before the peak in production and the trough in expectations preceded that in activity by 3 months; the total decline in production expectations in 1976/77 was a net 23 percentage points. With respect to the current recession, the peak in production expectations occurred in July 1979, 7 months before industrial production ceased to grow. In the period from July 1979 to the low point reached in September 1980, production expectations fell by a net 36 percentage points, somewhat less than three quarters of the fall in expectations noted in 1973-75. From the evidence of the survey, therefore, it seems probable that the current recession may have been substantially less severe than in 1974/75. The lag between the recovery in production expectations and that of output is, however, considerably longer than earlier experience would have led one to expect.

Brussels, 10 December 1981.

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 of earlier issues).
- (e) Dotted line shows average for 1968-77.

Source: European Community business surveys and Eurostat.



GRAPH 2: Monthly survey of manufacturing industry and related economic indicators: EC 9

Historical data, 1968 to 1981 (For notes, see Table 3)

(Shaded areas indicate periods of below-trend economic growth or recession, although it is not yet clear when the end to the current recession may be dated.)

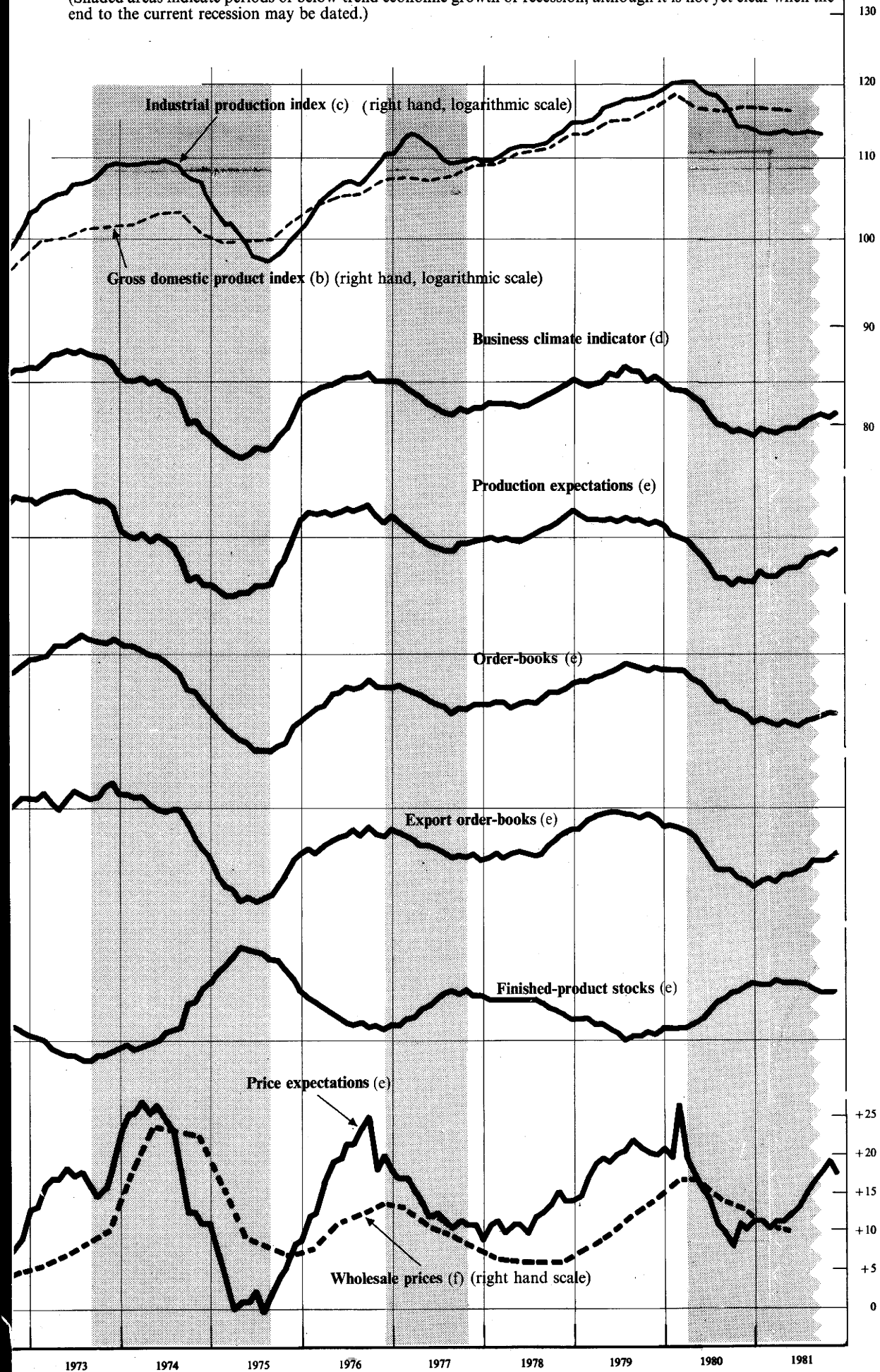


TABLE 3: Monthly survey (a) of manufacturing industry and related economic time-series: EC 9
 Historical data, 1968 to 1981.

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Indices based on 1975 = 100														
Gross domestic product														
at constant market prices (b)														
year	78,4	83,1	87,6	90,7	94,3	99,8	101,3	100,0	105,0	107,6	111,3	115,3	117,0	..
quarter	1	80,9	85,6	89,4	92,9	98,8	101,6	99,3	103,7	107,4	109,6	113,4	118,6	116,5
	2	82,4	87,5	90,1	93,6	99,3	101,7	99,3	104,4	107,0	111,1	114,9	116,7	116,3
	3	83,7	88,0	91,2	94,0	100,2	101,9	99,6	105,3	107,3	111,4	115,7	116,3	..
	4	83,7	87,5	89,4	92,0	100,9	100,0	101,7	106,7	108,6	113,0	117,3	116,6	..
Industrial production (c)														
Indices based on 1975 = 100														
year	81,2	88,5	92,8	94,9	99,1	106,5	107,1	100,0	107,3	109,9	112,4	117,9	116,8	..
quarter	1	77,3	84,4	89,8	91,7	93,4	101,6	101,4	104,2	112,4	110,8	114,8	119,6	113,6
	2	78,0	87,6	90,8	91,8	95,2	103,5	108,9	97,5	110,3	111,4	117,5	118,4	113,6
	3	82,7	87,8	90,5	91,8	95,6	104,8	107,2	97,3	107,6	109,3	112,0	115,3	113,1
	4	84,6	87,5	91,0	92,7	100,3	106,0	103,8	101,2	110,0	108,8	114,9	119,5	114,0
month	1	78,5	84,8	88,1	91,5	92,8	100,5	106,4	102,2	101,9	111,4	109,4	114,3	120,0
	2	79,1	84,7	88,9	91,9	92,5	101,5	106,9	101,2	103,0	111,9	109,8	114,7	120,0
	3	81,5	87,5	90,8	91,9	95,1	103,6	108,8	97,2	106,8	110,5	113,3	117,4	118,4
	4	77,2	84,3	89,7	91,8	93,5	101,5	107,6	101,2	103,9	112,5	110,4	114,9	119,9
	1	78,0	85,1	90,1	91,5	94,0	102,4	108,1	100,2	105,2	112,0	111,0	116,4	119,9
	2	77,3	86,3	91,1	91,5	95,2	102,5	108,1	98,6	106,0	111,3	111,4	116,9	119,2
	3	77,9	87,5	90,8	91,9	95,5	103,6	108,8	97,2	106,8	110,5	111,3	117,4	118,4
	4	78,8	88,2	90,9	91,9	95,1	103,9	108,5	96,8	107,0	109,6	111,1	118,0	118,0
	5	81,5	88,3	90,1	91,1	94,8	103,9	108,1	96,7	106,6	109,2	111,1	118,2	116,9
	6	81,7	87,8	90,5	91,7	95,4	104,4	107,1	97,1	107,5	109,4	111,9	118,4	116,3
	7	83,3	87,2	90,9	92,6	97,0	105,5	106,6	98,1	108,5	109,7	112,5	118,3	114,0
	8	83,7	87,1	91,1	93,6	98,6	106,1	105,9	99,7	110,0	109,6	113,5	119,0	114,0
	9	84,7	87,5	91,2	92,9	100,2	106,1	103,8	100,9	110,2	109,2	114,7	119,7	113,8
Business climate indicator (d)														
Net balances, %														
year	+ 8	+18,5	+ 5	- 8,5	- 0,5	+11	- 9	-26,5	- 0,5	-12,5	- 8	+ 2	-15	..
quarter	1	-1,5	15	15	- 6	- 7,5	10,5	- 2	-33,5	- 3,5	- 3,5	-10	0	-3,5
	2	11	20	8,5	- 7	- 2	-14,5	- 1	-36,5	3,5	-13,3	-11	2,5	-10
	3	18	20	0,5	- 7	- 2	-14,5	- 1	-36,5	3,5	-13,3	-11	2,5	-10
	4	11	20,5	- 5	-14	7,5	9,5	-24	-15	0,5	-13	2,0	-25	-18
month	1	- 3,5	14,5	18,5	- 8	-11,5	8	1,5	-31,5	- 4,5	- 0,5	-10,5	- 0,5	- 2,5
	2	0,5	15	12,5	- 6	- 4,5	10,5	1,5	-34	- 2	- 3	- 1,5	- 2,5	- 2,5
	3	1,5	17	12,5	- 6	- 4,5	14	2,5	-36,5	- 2	- 3	-10,5	1,5	- 4,5
	4	0,5	18,5	12	- 4,5	- 4	15	0	-38,5	- 1	- 8	-10,5	1,5	- 6
	5	4,5	21	7,5	- 7,5	- 2	16,5	0,5	-37,5	0,5	-11	-12	3,5	- 9,5
	6	7	21	5,5	- 8	- 0,5	16	- 3,5	-35,5	- 3	-12,5	-11	4,0	-14,5
	7	8,5	21,5	2	- 6	0,5	16,5	- 4,5	-35	3	-15	- 9,5	6,5	- 20
	8	11,5	20	0	- 6	2,5	15	- 9	-33	3	-16	- 7,5	5	- 21
	9	13,5	18,5	0,5	- 9	4	14	-20,5	-28	5	-13,5	- 5,5	4	- 24,5
	10	16,5	19,5	- 3,5	-12,5	7	13,5	-19,5	-24	1,5	-14,5	- 3	3	- 23,5
	11	17	20	- 4	-15	7,5	11	-25,5	-16	- 2,5	-12,5	- 0,5	3	- 25,5
	12	18,5	20,5	- 7,5	-14	8,5	4,5	-27	- 8	1	-12	2	- 0,5	- 26,5
Production expectations (e)														
Net balances, %														
year	19	23	10	1	11	17	- 8	-16	11	- 3	4	9	-13	..
quarter	1	11	22	19	4	2	20	- 1	-29	13	- 4	0	10	- 1
	2	16	25	12	3	9	23	- 1	-27	13	- 4	0	9	- 9
	3	22	23	6	3	14	20	-12	-21	15	- 6	4	10	- 21
	4	27	24	2	- 6	20	13	-22	0	9	- 2	12	7	- 22
month	1	10	23	23	1	18	1	- 27	13	8	0	11	0	- 17
	2	10	21	21	5	2	20	0	-30	12	5	9	0	- 20
	3	14	23	15	5	5	22	2	-30	13	2	1	1	- 2
	4	12	24	18	7	5	23	- 2	-29	12	- 1	1	1	- 4
	5	16	26	9	1	10	24	- 1	-28	13	- 4	- 2	11	- 8
	6	19	25	6	4	12	24	- 2	-25	15	- 3	0	10	- 14
	7	20	23	6	4	12	22	- 4	-25	14	- 3	2	12	- 20
	8	21	23	6	4	15	21	-10	-24	15	- 7	4	10	- 10
	9	24	22	6	0	16	19	-22	-15	17	- 3	5	9	- 24
	10	25	23	3	- 4	21	19	-20	-11	11	- 3	8	8	- 21
	11	26	23	4	- 8	20	16	-24	0	8	- 2	11	8	- 22
	12	27	24	0	- 6	4	4	-24	9	11	- 1	15	8	- 23
Order-books (e)														
Net balances, %														
year	- 8	26	4	-23	-20	5	-15	-59	-30	-40	-37	-12	-31	..
quarter	1	- 27	17	18	-18	-29	0	-56	-42	-29	-38	-18	-13	- 53
	2	-14	26	10	-22	-23	7	-3	-68	-29	-37	-41	-23	- 54
	3	- 3	31	- 2	-24	-18	12	-18	-68	-24	-43	-34	- 7	- 50
	4	10	29	-10	-30	-10	9	-37	-56	-27	-41	-26	-10	- 48
month	1	-30	13	19	-18	-30	3	7	-51	-47	-25	-40	-22	-12
	2	-28	19	19	-17	-29	5	6	-37	-42	-28	-37	-19	-14
	3	-22	21	17	-20	-28	5	4	-61	-40	-30	-38	-14	-13
	4	-18	22	15	-20	-24	6	0	-67	-32	-32	-42	-14	-19
	5	-13	25	10	-22	-21	6	- 2	-69	-30	-36	-39	-12	-23
	6	- 9	31	4	-25	-22	12	- 5	-70	-26	-39	-37	- 9	- 29
	7	- 7	32	1	-23	-19	15	-10	-70	-27	-41	-38	- 5	- 36
	8	- 3	32	- 2	-25	-17	12	-14	-70	-26	-45	-35	- 6	- 50
	9	3	30	- 4	-25	-16	10	-28	-67	-20	-42	-30	-10	- 42
	10	6	31	- 6	-29	-14	9	-29	-64	-27	-43	-30	-11	- 44
	11	10	28	-10	-30	- 9	11	-37	-64	-26	-43	-30	-11	- 44
	12	14	26	-14	-30	- 4	9	-44	-52	-27	-40	-23	-10	- 53
Export order-books (e)														
Net balances, %														
year	..	..	- 1	-18	-10	6	- 5	-36	-15	-23	-20	- 6	-24	..
quarter	1	..	..	- 4	-19	6	6	-38	-20	-14	-25	- 9	- 9	- 37
	2	..	..	-16	-15	5	0	-46	-15	-20	-23	- 5	-19	- 33
	3	..	..	- 4	- 7	6	- 2	-42	-14	-24	-23	- 7	- 31	- 28
	4	..	..	-30	- 3	10	-22	-27	-13	-25	-12	- 9	- 38	..
month	1	..	..	..	- 6	5	5	-34	-20	-12	-25	-11	- 9	- 37
	2	..	..	..	-23	8	7	-40	-23	-14	-23	-10	- 9	- 36
	3	..	..	..	-19	2	6	-42	-19	-15	-26	- 7	-11	- 38
	4	..	..	..	-17	2	0	-47	-17	-19	-23	- 7	-13	- 34
	5	..	..	..	-19	5	0	-45	-15	-19	-22	- 5	-19	- 34
	6	..	..	..	-19	10	- 2	-48	-14	-21	-23	- 5	- 26	- 32
	7	..	..	..	-13	7	0	-46	-11	-22	-24	- 5	- 32	- 31
	8	..	..	..	-19	5	0	-44	-14	-25	-23	- 6	- 31	- 27
	9	..	..	..	- 7	6	- 7	-39	- 9	-24	-18	- 9	- 31	- 27
	10	..	..	..	-30	3	12	-16						

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

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

(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)

TABLE 3 (cont.): Monthly survey of manufacturing industry and related economic time-series: EC 9
Historical data, 1968 to 1981.

	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	
Selling-price expectations (e)		Net balances, %													
year	13	30	29	24	27	44	48	20	48	33	33	49	38	:	
quarter	1	5	16	37	26	23	40	60	18	38	42	43	51	32	
	2	9	29	34	28	28	46	62	15	50	34	31	51	35	
	3	21	33	25	22	25	42	45	13	61	33	36	52	44	
	4	16	42	26	18	31	49	33	26	46	29	39	54	32	
month	1	13	7	39	24	19	37	61	25	34	44	32	19	39	
	2	1	21	40	28	23	42	61	18	35	44	33	41	54	
	3	4	24	36	28	26	44	64	10	43	42	30	49	49	
	4	3	29	33	28	27	44	61	12	48	37	32	50	46	
	5	8	29	30	28	29	47	63	12	49	34	32	51	42	
	6	15	30	27	26	28	45	59	15	53	35	30	52	39	
	7	22	30	24	23	27	46	56	9	53	33	34	52	37	
	8	21	34	25	21	25	42	47	14	57	31	35	55	30	
	9	19	36	25	22	23	39	35	17	60	33	37	52	26	
	10	17	41	24	19	26	43	35	21	46	32	41	56	33	
	11	16	42	25	16	29	48	32	27	50	32	38	52	31	
	12	13	41	26	18	36	56	32	28	46	28	38	54	33	
Wholesale prices (f) of manufactured goods		Percentage increase on the corresponding period of the previous year													
year	:	3,4	5,7	5,5	3,9	8,1	22,0	10,0	11,3	10,5	6,4	11,0	15,2	:	
quarter	1	:	2,0	6,0	5,4	3,5	5,7	18,0	15,8	8,0	13,3	6,8	7,8	16,8	10,8
	2	:	2,9	4,6	4,6	3,5	7,0	23,7	9,5	11,1	11,0	6,3	9,7	17,0	10,1
	3	:	3,7	6,2	4,3	3,6	8,9	23,3	8,2	12,4	9,8	6,2	12,2	14,3	:
	4	:	4,8	5,9	4,2	4,9	10,5	22,9	7,1	13,7	8,3	6,4	14,1	13,1	:

- (a) Total of available country data.
 (b) The data cover the Federal Republic of Germany (gross national product), France, Italy and the United Kingdom, representing approximately 80 % of Community production. The series are based on 1975 prices and exchange rates. All available revisions are included.
 (c) Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average, latest revisions included.
 (d) Composite indicator based on the survey questions on production expectations and stocks of finished products (see notes below). The indicator is an average of the net balances, i.e. the differences between the percentages of respondents giving positive or negative replies, with the sign inverted for stocks.
 (e) Details of the questions are given in the notes below.
 (f) The component indices for Member States are taken from national sources. In the case of France, retail prices of manufactured goods are used.
- Sources: Eurostat and 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:

- estimate of production trend in recent months: up, unchanged, down?
- 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. 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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