# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES . DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

# Supplement B — No 1 — January 1983

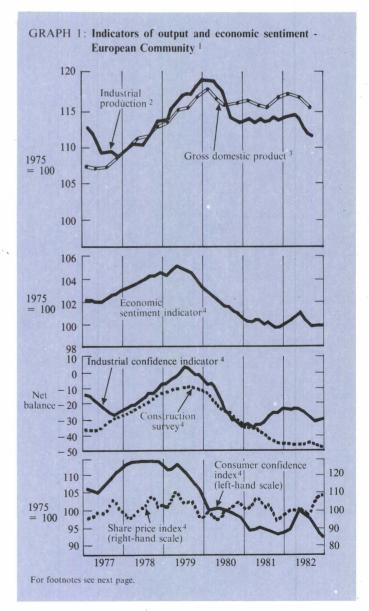
# **Business survey results**

This month: employment prospects in industry

Stabilization of economic sentiment. — Opinion on the economic situation in Europe appears to have remained basically stable in the final quarter of 1982, after deteriorating in the summer. This is revealed by recent observations of the economic sentiment indicator (Graph 1 and Table 1), a broad measure of economic confidence based on EC business and consumer surveys and stock exchange prices. Looking at the components of the economic sentiment indicator, share-prices show improvement while opinion in the construction industry and consumer confidence (both fourth-quarter averages results) continued to decline. The industrial confidence indicator for the Community as a whole, a leading indicator for industrial production (which in turn normally leads cyclical turning points in Gross Domestic Product), improved by one percentage point in December 1982, after three months of stagnation (see Table 2). The most striking result of the December industrial survey was the view that stocks were at a less high level (by 4 percentage points). This suggests that the stock cycle may turn up again now, after the important destocking movement that was primarily responsible for the fall in gross domestic product in the third quarter of 1982. Judgements on export order-books also improved in December (by two percentage points). Industrialists' overall order-book assessments remained, however, as pessimistic in December as in November and the industrial production outlook for the months ahead deteriorated slightly.

The industrial business climate in the Member States. — In the Federal Republic of Germany, business confidence (measured by an average of 3 survey questions) among chief executives in manufacturing industry improved by two percentage points in December. The short-term outlook for German industrial production (one of the questions included in the industrial confidence indicator) remained unchanged by comparison with November 1982 but was considerably better than in the earlier months. The net balance of German chief executives expecting industrial production to decline in the subsequent three or four months went from -28% in September through -30% in October to -25% in November and December (see Table 2), suggesting that a gradual end to the deterioration of industrial

Note: The statistical measure used to present the results of questions in the European Community business surveys is the difference between the percentages of respondents giving 'positive' and 'negative' replies. 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. The difference between the percentages of 'positive' and 'negative' responses are called in the text 'majorities' or 'net balances' (of  $\pm ...\%$ ). The monthly and quarterly data in the tables are seasonally adjusted, except where otherwise stated.



business conditions is in sight. Opinions on stocks of finished products and the level of industrial order-books in Germany were markedly less pessimistic (by 4 percentage points) in December than in the preceding month. Judgements on industrial export order-books, however, fell back by 1 percentage point and selling-prices weakened further.

In France, the industrial business climate and one of its components, production expectations, were, in December, unchanged by comparison with November but the balance of opinion on order-books levels deteriorated by 2 percentage points. The majority of chief executives considering stocks of finished products to be above normal declined by 3 percentage points.

There was some improvement in Italian industrial business confidence in December 1982, following the deterioration noted in the months leading up to October. The Italian industrial confidence indicator in December improved by 2 percentage points, reflecting a fall of 4 percentage points in the majority of chief executives considering the level of stocks of finished products to be above normal, while order-book judgements improved by 6 percentage points. Judgements of chief executives on Italian export order-books also improved in December 1982, by 6 percentage points. However, production expectation deteriorated by 3 percentage points.

In the United Kingdom, the industrial confidence indicator rose, in December 1982, by 3 percentage points, as compared with November, mainly due to a fall of 8 percentage points in the majority of chief executives considering the level of stocks of finished products to be above normal and, to a lesser degree, to less pessimistic judgements on order-book levels (by 2 percentage points, as compared with November 1982). How-ever, the majority of British industrialists who expected production to fall in the months ahead increased by 2 percentage points.

In December, a deterioration of production expectations for the motechnoli, a deterioration of production expectations for the months ahead was reported by industrial chief executives in Belgium (-1 percentage point), Ireland (-13 percentage points) and Luxembourg (-2 percentage points). At the same time, chief executives in all three Member States considered the level of order-books to have fallen further below normal.

In the Netherlands and Denmark, industrial production expectations for the first quarter of 1983 increased in December, by 5 and 23 percentage points, respectively.

Employment in industry. - Recent survey results on the employment outlook indicate that demand for labour in manufacturing industry has reached record low levels (see Table 4). Between the third and fourth quarters of 1982, the net balance of Community industrialists considering that employment in industry would decline in the months ahead, rose to 39 % (a deterioration of 6 percentage points), to reach a more pessimistic level than the previous trough in October 1981 and the low-point of the recession of 1974/75. Only in Luxembourg, where owing to the small size of the economy the survey results tend to be erratic, was an improvement in the industrial employment outlook reported in the fourth guarter of 1982.

Factors limiting industrial production. — In the last quarter of 1982, survey results indicate a further deterioration in demand for industrial products in nearly all Member States (see Table 5). only in the Netherlands and Ireland has the net balance of chief executives considering insufficient demand to be limiting production diminished (by 3 and 8 percentage points, respectivelv).

Results of the construction survey. — The results of the surveys carried out in the construction industry in the fourth quarter of 1982 were, on average, more pessimistic than those of the third quarter (see Graph 1 and Table 6). Partial December survey data show, however, that construction order-book judgements have begun to improve in the Federal Republic of Germany (+2 percentage points), France (+2), Italy (+16), the Netherlands (+3) and Luxembourg (+8). This suggests that lower interest rates are beginning to stimulate demand in that sector. Moreover, the December construction survey results reported less pessimistic employment expectations by comparison with November in the Federal Republic of Germany (by 6 percentage points), Italy (by 11 percentage points) and Luxembourg (by 2 percentage points).

20 January, 1983.

TABLE 1: Indicators of economic sentiment European Community

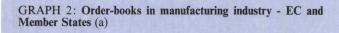
- 2 -

		1974	1975	1976	1977	1978	1979	1980	1981	1982
Economic	sentiment	indicato	r <sup>4</sup> 1975=	= 100						
year		101,4	100,0	102,9	102,3	103,9	104,5	101,8	100,0	
quarter	I	103,4	98,8	103,0	102,0	103,1	104,5	102,8	100,1	100,1
	II III	102,8 100,7	100,1 100,1	103,8 103,1	101,9 102,3	103,7 104,2	105,1 104,8	102,0 101,4	100,2 100,0	$100, \epsilon$ 100, 2
	iv	98,7	101,0	101,6	102,8	104,5	103,8	100,9	99,7	100,2
month	1	103,9 103,2	98,3	102,5	102,0	103,0	104,5	103,0	100,3	99,9
	3	103,2	98,8 99,4	103,0	102,0	103,1	104,3 104,8	102,7 102,6	100,1 100,1	100,1 100,3
	2 3 4 5 6 7 8 9	103.0	99.7	103,4 103,7 103,9 103,7	102,0 101,9 101,9	103,2 103,5	105.0	102'3	100.4	100.5
	5	103,0 102,4	100,3 100,2	103,9	101,9 101,9	103,7 103,8	105,2 105,0	102,0	100,3 100,1	101,0
	7	101,5 100,9	100.1	103.5	102.0	103.9	104.9	102,0 101,8 101,5 101,5 101,2 101,2	QQ Q	1001
	8	100,9	100,1	103,5 103,1	102,3 102,6 102,6	104,2 104,3	104.8	101,5	100,1 99,9 99,6	99,9 99,
	10	99,7 99,1	100,1 100,4	$102.6 \\ 101.7$	102,6	104,3	104,6 104,1	101,2	99,9 99.6	99,1 99,8
	11	98.6	101.0	101,5 101,7	102,8 102,9	104.5	103.8	100.9	99.6	99.8
	12	98,3	101,7		102,9	104,6	103,4	100,5	99,8	99,8
Constructi	on indust	ry, survey	results		22		10	22	20	
year	т	:	:	:	- 33 - 36	-21 - 26	-10 - 12	-23 -14	- 39 - 35	- 45
quarter	I II				- 36	-20 -23	- 10	-23	-36	-47
									10	4.6
			:	:	$-32 \\ -29$	-20 -14	-9 - 11	-25 -31	- 42 - 45	
Consumer		ze index <sup>4</sup>	5 1975=	= 100	- 32 - 29	-20 -14	- 9 -11	- 25 - 31	- 42 - 45	
Consumer year		98	5 1975= 100	: = 100 107	- 32 - 29 107	-20 -14 113	- 9 -11 109	- 25 - 31 - 99	- 42 - 45 94	48
	III IV confidenc I	98 99	100 96	107 106	- 29 107 106	-14 113 113	- 11 109 111	- 31 99 99	- 45 94 94	48  96 94
year	III IV confidenc I II	98 99 101	100 96 102	107 106 109	- 29 107 106 104	- 14 113 113 113	- 11 109 111 113	- 31 99 99 100	- 45 94 94 95	48 
year	III IV confidenc I	98 99	100 96	107 106	- 29 107 106	-14 113 113	- 11 109 111	- 31 99 99	- 45 94 94	48 
year	III IV confidenc I II III IV	98 99 101 98 96	100 96 102 101 101	107 106 109 107	- 29 107 106 104 108	- 14 113 113 113 113	- 11 109 111 113 109	- 31 99 99 100 99	- 45 94 94 95 93	48 
year quarter	III IV confidenc I II III IV	98991019896975 = 10091	100 96 102 101 101 101	107 106 109 107	- 29 107 106 104 108	- 14 113 113 113 113 113 113 133	- 11 109 111 113 109 105 147	- 31 99 99 100 99	-45 94 94 95 93 92	
year quarter Share price	III IV confidence II III IV confidence II III IV I	98 99 101 98 96 975 = 100 91 106	100 96 102 101 101 101	107 106 109 107 104 110 117	- 29 107 106 104 108 111 120 111	- 14 113 113 113 113 113 113 133 123	- 11 109 111 113 109 105 147 143	- 31 99 99 100 99 98 153 145	-45 94 94 95 93 92 168 168	
year quarter Share price year	Confidence I II III IV e index <sup>4</sup> 1 I II	98991019896975 = 10091106100	100 96 102 101 101 101 100 89 103	107 106 109 107 104 110 117 115	- 29 107 106 104 108 111 120 111 117	- 14 113 113 113 113 113 113 113 1	- 11 109 111 113 109 105 147 143 152	- 31 99 99 100 99 98 153 145 145	- 45 94 95 93 92 168 164 174	
year quarter Share price year	III IV confidence II III IV confidence II III IV I	98 99 101 98 96 975 = 100 91 106	100 96 102 101 101 101 100 89 103 100 108	107 106 109 107 104 110 117	- 29 107 106 104 108 111 120 111	- 14 113 113 113 113 113 113 133 123	- 11 109 111 113 109 105 147 143	- 31 99 99 100 99 98 153 145	-45 94 94 95 93 92 168 168	
year quarter Share price year	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 98 96 975 = 100 91 106 100 83 73 108	100 96 102 101 101 101 100 89 103 100 108 78	107 106 109 107 104 110 117 115 109 99 116	- 29 107 106 104 108 111 120 111 117 123 127 109	- 14 113 113 113 113 113 113 123 129 140 141 125	-11 109 111 113 109 105 147 143 152 150 142 140	- 31 99 99 100 99 98 153 145 145 145 145 164 142	-45 94 95 93 92 168 164 174 170 163 160	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 98 96 975 = 100 91 106 100 83 73 108 107	100 96 102 101 101 101 100 89 103 100 108 78	107 106 109 107 104 110 117 115 109 99 9116 118	- 29 107 106 104 108 111 117 120 111 117 123 127 109 111	- 14 113 113 113 113 113 113 123 129 140 141 125	-11 109 111 113 109 105 147 143 152 150 142 140 139	- 31 99 99 100 99 98 153 145 145 157 164 142	-45 94 95 93 92 168 164 174 170 163 160	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 98 96 975=100 91 106 100 83 73 108 107 104 103	100 96 102 101 101 100 89 103 100 108 78 92 97 101	107 106 109 107 104 110 117 115 109 99 116 118 118 118 117	- 29 107 106 104 108 111 120 111 117 123 127 109 111 113 114	-14 113 113 113 113 113 123 129 141 125 122 123 126	-11 109 111 113 109 105 147 143 152 150 142 140 139 149 154	- 31 99 99 98 153 145 145 145 145 164 142 150 144 142	- 45 94 95 93 92 168 164 174 170 163 160 165 168 176	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	$98 \\ 99 \\ 101 \\ 98 \\ 96 \\ 975 = 100 \\ 91 \\ 106 \\ 100 \\ 83 \\ 73 \\ 108 \\ 107 \\ 104 \\ 103 \\ 102 \\ 104 \\ 103 \\ 102 \\ 104 \\ 103 \\ 102 \\ 100 \\$	100 96 102 101 101 100 89 103 100 108 78 92 97 101	107 106 109 107 104 110 117 115 109 99 99 116 118 118 118 118 116	-29 107 106 104 108 111 120 111 117 123 127 109 111 113	-14 113 113 113 113 113 113 123 129 140 141 122 123 126 130	-11 109 111 113 109 105 147 143 152 150 142 140 149 153	- 31 99 99 98 153 145 145 157 164 145 150 144 142	- 45 94 95 93 92 168 164 174 170 163 165 168 176	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 98 96 975 = 100 91 106 100 83 73 108 107 104 103 102 96	100 96 102 101 101 100 89 103 100 108 78 92 97 101 104 102	107 106 109 107 104 110 117 115 109 99 116 118 118 118 117 116 113	- 29 107 106 104 108 111 120 111 117 123 127 109 111 113 111 113 111 113 111 113 111 113 111 113 111 113 111 113 113 113 113 113 113 113 113 115 115	-14 113 113 113 113 133 123 129 140 141 125 122 123 123 129 140 141 125 122 123 123 123 123 123 123 123	-11 109 111 113 109 105 147 143 152 150 142 140 139 149 149 144 153 144 153 147	- 31 99 99 100 99 98 153 145 145 157 164 142 150 144 142 144 144 154	- 45 94 95 93 92 168 164 174 170 165 168 176 175 170 168	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 98 96 975=100 91 106 100 91 106 100 108 107 104 103 102 96 89	100 96 102 101 101 100 89 103 100 108 89 297 101 104 102 100 100 99	107 106 109 107 104 110 117 115 109 99 916 118 118 118 118 118 113 110	- 29 107 106 104 108 111 120 111 117 123 127 109 111 113 114 118 118 118 123	-14 113 113 113 113 123 123 129 140 141 125 122 126 130 131 133 123 124 141	-11 109 111 113 109 105 147 143 152 150 142 140 139 149 154 154 154 154 154 154 154 154	- 31 99 99 99 98 153 145 145 145 145 164 142 154 144 142 154	- 45 94 95 93 92 168 164 174 170 163 160 165 176 175	
year quarter Share price year quarter	III IV confidenc II III IV e index <sup>4</sup> 1 I III IV	98 99 101 975 = 100 91 106 100 83 73 108 107 104 103 102 96 89 84 76	100 96 102 101 101 100 89 103 100 89 103 100 108 78 927 101 104 102 100 997 902	107 106 109 107 104 110 117 115 109 99 116 118 118 118 117 116 113 113 110 106	- 29 107 106 104 108 111 120 111 123 127 109 111 113 114 114 119 118 118 123	-14 113 113 113 113 123 123 129 140 141 125 122 126 130 131 133 123 124 141	-11 109 111 113 109 105 147 143 152 150 142 140 139 149 154 154 154 154 154 154 154 154	- 31 99 99 99 98 153 145 145 145 145 164 142 154 144 142 154	- 45 94 95 93 92 168 168 168 168 163 160 165 168 175 175 175 175 175	
year quarter Share price year quarter	III IV confidence II III IV e index <sup>4</sup> 1 I II III	98 99 101 98 96 975=100 91 106 100 91 106 100 108 107 104 103 102 96 89	100 96 102 101 101 100 89 103 100 108 89 297 101 104 102 100 100 99	107 106 109 107 104 110 117 115 109 99 916 118 118 118 118 118 113 110	- 29 107 106 104 108 111 120 111 117 123 127 109 111 113 114 118 118 118 123	-14 113 113 113 113 133 123 129 140 141 125 122 123 123 129 140 141 125 122 123 123 123 123 123 123 123	-11 109 111 113 109 105 147 143 152 150 142 140 139 149 149 144 153 144 153 147	- 31 99 99 100 99 98 153 145 145 157 164 142 150 144 142 144 144 154	- 45 94 95 93 92 168 164 174 170 163 160 165 176 175	-43 -48 -48 966 969 969 969 969 969 969 969 969 97 100 177 177 1757 188 188 188 188 188 187 1777 1757 188 188 188 189 200 200 200 200 200

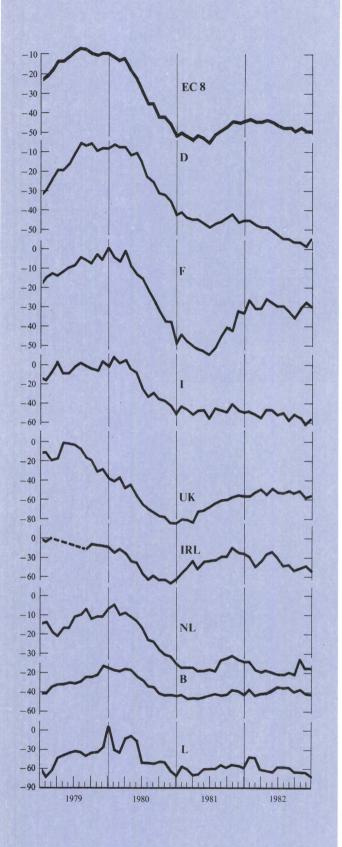
For footnotes, see below

Notes to Graph 1 and Table 1:

- Weighted total of available country data.
- Weighted total of available country data. Three-month moving average. Quarterly figures for the Federal Republic of Germany, France, Italy and UK The industrial confidence indicator, the consumer confidence index and the share price index are given equal weight, while the construction industry indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgements on the level of order-books) is attributed half the weight of each of the other three, in calculating the average which represents the economic sentiment indicator. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller November 1982 issue of this Supplement. Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. 5



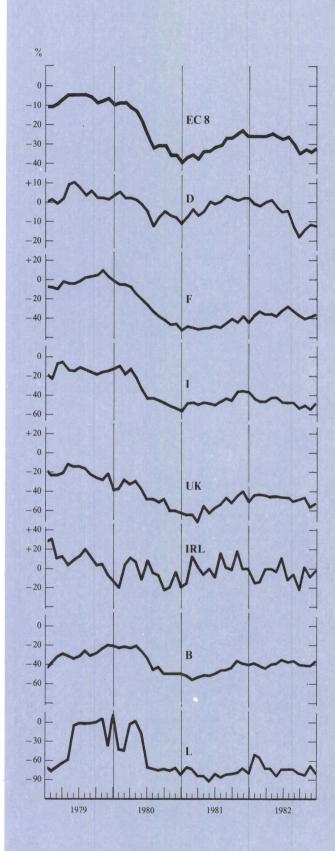
\_ 5



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

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.

# TABLE 4: Employment expectations in manufacturing industry (a)

Net balance of respondents expecting employment up, unchanged or down (b)

	B	ange (c)	1979	1980	1981		979		980		981			982	
	K	ange (c)	1979	1960	1901										
	Peak 1972/73	Trough 1974/75				June/ July	Oct./ Nov.	June/ July	Oct./ Nov.	June/ July	Oct./ Nov.	I	II	III	IV
В	+12	- 26	- 6	- 21	- 18	- 9	- 2	- 12	- 29	- 19	- 16	- 12	-11	- 14	- 20
DK	:	:	:	- 14	- 10	:	:	- 3	- 25	- 9	- 10	- 17	+ 3	-10	- 10
D	+13	- 34	+ 1	- 6	-20	- 1	+ 2	+ 1	- 12	- 14	- 26	-28	- 27	- 29	- 42
F	+17	- 35	- 23	- 29	- 39	- 22	- 23	- 24	- 33	- 41	- 37	- 23	- 22	- 18	- 29
IRL	+15	- 34	:	- 33	- 25	:	- 2	- 36	- 29	- 19	- 30	- 23	- 37	- 26	- 34
I	+13	- 26	+ 1	-22	- 38	+ 3	- 1	- 15	- 28	- 34	- 42	:	- 29	:	- 43
L	+75	- 67	- 10	- 13	- 44	- 19	- 1	- 12	- 13	- 49	- 38	- 51	- 51	- 50	- 43
NL	+ 4	- 32	- 10	- 10	- 17	- 13	- 6	-10	- 9	- 17	- 17	- 15	-18	- 21	- 33
UK	:	:	- 19	- 52	- 48	- 14	- 24	-40	- 64	- 52	- 44	- 34	- 37	- 39	- 44
EC (d)	+12	- 31	- 10	- 24	- 32	- 9	- 10	- 16	- 30	- 30	- 33	- 26	- 26	- 33	- 39

# TABLE 5: Factors limiting production in manufacturing industry (a)(b)

			1978			1979			1980			1981		1982			
		Jan./ Feb.	June/ July	Oct./ Nov.	I	II	III	1									
	insufficient demand	90	91	86	83	78	78	78	75	83	81	85	83	83	84	82	8
	shortage of labour	0	0	2	2	3	3	3	5	3	3	2	2	2	2	1	
	lack of equipment	1	2	5	4	6	7	7	8	6	4	5	4	5	4	4	
К	insufficient demand	:	:	:	:	:	:	15	18	28	31	29	23	24	24	20	2
	shortage of labour	:	:	:	:	:	:	12	11	6	3	3	2	2	1	2	
	lack of equipment	:	:	:	:	:	:	8	8	4	3	2	5	3	4	5	
)	insufficient demand	42	36	32	28	16	16	16	13	28	38	35	34	36	42	45	5
	shortage of labour	4	4	4	6	7	14	10	13	6	5	4	3	1	1	1	
	lack of equipment	1	2	1	2	1	3	3	3	1	1	1	2	1	1	1	
	insufficient demand	:	:	:	:	:	:	:	:	:	:	`:	:	:	:	:	
	shortage of labour	2	3	3	3	3	6	5	4	6	3	2	1	2	2	3	
	lack of equipment	11	12	11	11	12	16	18	17	16	. 6	6	5	4	5	9	
RL	insufficient demand	5	:	15	18	:	8	27	38	53	56	57	50	49	43	50	4
	shortage of labour	3	:	8	9	:	3	24	4	2	2	0	3	3	1	1	
	lack of equipment	0	:	4	1	:	12	7	3	1	0	1	1	1	6	2	
	insufficient demand	50	40	32	34	25	25	17	33	39	46	59	57	:	51	61	(
	shortage of labour	0	2	1	1	3	4	3	4	3	3	3	1	:	1	1	
	lack of equipment	1	1	3	3	2	4	4	3	3	4	4	3	:	1	1	
	insufficient demand	70	72	62	65	48	47	46	64	69	68	64	68	71	60	64	(
	shortage of labour	0	0	0	4	1	1	0	1	1	1	10	0	0	1	0	
	lack of equipment	1	2	0	2	7	1	1	4	1	0	2	4	2	2	3	
IL	insufficient demand	50	29	28	15	10	9	18	17	26	29	34	38	39	42	45	4
	shortage of labour	4	11	10	13	16	21	15	17	10	6	5	3	2	1	1	
	lack of equipment	1	2	0	5	2	5	2	2	1	1	1	2	1	0	0	
K	insufficient demand	78	71	64	74	70	73	82	85	94	96	94	83	86	85	83	:
	shortage of labour	24	26	30	31	27	25	17	12	5	2	1	4	3	4	4	
	lack of equipment	11	9	12	13	17	11	8	7	3	2	7	6	3	4	3	
C(d)	insufficient demand	56	49	43	44	35	36	37	29	50	57	57	54	:	57	59	
	shortage of labour	7	8	10	10	10	13	9	9	5	4	3	3	2	2	2	
	lack of equipment	5	6	6	7	7	8	8	7	5	3	4	3	2	3	3	

(a) Since the beginning of 1982, these questions have been put on a quarterly basis; previously they were put on either a twice-yearly (employment expectations) or thrice-yearly (factors limiting production) basis. Details 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.

%

		Range (	c)	1980	1981	1982		19	82				198	32		
		Peak 7 1972/73					I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
3	production expectations order-books export order-books stocks of finished products selling-price expectations industrial confidence indicator	+31 +13 +15 -14 +64 +19	- 56 - 74 - 82 + 37 - 10 - 56	- 24 - 31 - 36 + 11 + 20 - 22	- 26 - 45 - 47 + 11 + 29 - 27	- 18 - 40 - 40 + 8 + 28 - 22	-18 -42 -41 + 8 +34 -23	-12 -38 -38 +3 +33 -18	- 16 - 37 - 39 + 10 + 23 - 21	- 25 - 41 - 49 + 11 + 23 - 26	- 14 - 36 - 38 + 11 + 24 - 20	-18 -36 -37 +9 +20 -21	-18 -40 -41 +10 +24 -23	- 25 - 38 - 42 + 13 + 24 - 25	- 24 - 42 - 42 + 13 + 22 - 26	- 25 - 43 - 38 + 9 + 24 - 26
DK	production expectations order-books export order-books stocks of finished products industrial confidence indicator			- 4 - 6 + 9 + 16 - 9	- 3 - 24 - 8 + 17 - 15	+ 3 - 17 - 4 + 16 - 10	- 14 - 15 - 1 + 11 - 13	+16 - 14 - 3 + 15 - 4	- 7 -23 -12 +19 -16	+ 16 - 17 - 1 + 18 - 6		:		:	:	
)	production expectations order-books export order-books (d) stocks of finished products selling-price expectations industrial confidence indicator	+17 +5 +23 -7 +55 +10	- 32 - 73 - 33 + 43 + 4 - 49	$ \begin{array}{r} -10 \\ -21 \\ -4 \\ +11 \\ +26 \\ -14 \end{array} $	$     \begin{array}{r}       -17 \\       -46 \\       -1 \\       +26 \\       +32 \\       -30 \\       \end{array} $	$   \begin{array}{r}     -20 \\     -53 \\     -7 \\     +26 \\     +18 \\     -33   \end{array} $	- 14 - 48 - 1 + 23 + 24 - 28	$     \begin{array}{r}       -14 \\       -51 \\       -3 \\       +25 \\       +19 \\       -30 \\       \end{array} $	- 22 - 56 - 9 + 27 + 17 - 35	- 28 - 57 - 13 + 29 + 12 - 38	- 16 - 55 - 5 + 26 + 18 - 32	- 21 - 55 - 13 + 26 + 16 - 34	28 57 19 + 28 + 16 38	- 30 - 57 - 15 + 28 + 17 - 38	$     \begin{array}{r}       -25 \\       -59 \\       -12 \\       +31 \\       +10 \\       -38     \end{array} $	- 25 - 55 - 13 + 27 + 9 - 36
2	production expectations order-books export order-books stocks of finished products selling-price expectations industrual confidence indicator	+ 33 + 26 + 24 - 14 + 76 + 29	- 29 - 69 - 66 + 50 + 15 - 49	- 6 - 22 - 29 + 17 + 50 - 15	-11 - 46 - 47 + 34 + 54 - 30	- 4 - 30 - 36 + 16 + 49 - 17	+ 2 - 30 - 35 + 19 + 52 - 16	+1 -28 -36 +13 +54 -13	- 5 - 33 - 34 + 16 + 30 - 18	-13 - 30 - 40 + 16 + 60 20	0 - 30 - 29 + 17 + 17 - 16		-10 -36 -38 +14 +43 -20	-14 -31 -42 +14 +60 -20		- 12 - 30 - 38 + 15 + 55 - 19
RL	production expectations order-books export order-books stocks of finished products selling-price expectations industrial confidence indicator		- 21 - 68 - 22 + 35 + 64 - 41	-12 -50 -6 +31 +43 -31	-1 -36 +2 +16 +41 -18	- 4 - 39 - 7 + 14 + 35 - 19	+ 1 - 38 - 10 + 9 + 47 - 15	+ 1 - 26 + 2 + 9 + 40 - 11	- 8 - 45 - 14 + 21 + 27 - 25	- 8 - 47 - 4 + 18 + 26 - 24	- 9 - 43 - 13 + 23 + 36 - 25	-3 -2 -7 +16 +21 -20	- 13 - 51 - 23 + 24 + 25 - 29	-11 -47 +1 +18 +25 -25	0 - 43 - 10 + 20 + 29 - 21	- 13 - 52 - 3 + 17 + 24 - 27
	production expectations order-books export order-books stocks of finished products selling-price expectations industrial confidence indicator	+40 + 30 + 13 - 24 + 76 + 31	- 43 - 82 - 67 + 53 + 10 - 59	-7 -22 -37 +11 +63 -13	- 16 - 49 - 45 + 28 + 59 - 31	- 15 - 53 - 49 + 25 + 50 - 31	- 8 - 53 - 46 + 24 + 50 - 28	$     \begin{array}{r}       -8 \\       -49 \\       -45 \\       +23 \\       +48 \\       -27     \end{array} $	- 19 - 53 - 51 + 28 + 54 - 33	- 24 - 58 - 53 + 27 + 48 - 36	-16 -50 -49 +30 +52 -32	- 20 - 58 - 49 + 26 + 54 - 35	- 22 - 52 - 55 + 28 + 56 - 34	- 26 - 55 - 52 + 32 + 48 - 38	-21 - 63 - 56 + 27 + 48 - 37	- 24 - 57 - 50 + 23 + 47 - 35
	production expectations order-books export order-books stocks of finished products selling-price expectations industrial confidence indicator	+ 84 - 14	- 80 + 74 - 46	- 33 42 - 52 + 63 + 8 - 46	- 39 - 62 - 81 + 28 + 60 - 43	- 40 - 60 + 14 + 10 - 38	- 37 - 68 - 59 + 11 + 69 - 32	-43 -49 -78 +7 +9 -37	- 45 - 62 - 77 + 13 - 23 - 39	- 36 - 68 - 78 + 25 - 14 - 43	- 39 - 57 - 74 + 15 - 5 - 37	- 39 - 58 - 75 + 10 - 29 - 36	- 56 - 65 - 81 + 14 - 35 - 45	- 39 - 65 - 84 + 18 - 33 - 41	$   \begin{array}{r}     -33 \\     -66 \\     -69 \\     +8 \\     +3 \\     -36   \end{array} $	- 35 - 72 - 82 + 50 - 13 - 52
NL.	production expectations order-books stocks of finished products industrial confidence indicator	+26 + 7 - 3 + 12	- 26 - 48 + 57 - 44	-3 -20 +15 -13	-6 -37 +32 -25	-5 -39 +33 -26	-3 -38 +38 -26	-1 -40 +36 -26	- 5 -41 +32 -26	- 9 - 36 + 24 - 23	-3 -41 +33 -26	-5 -40 +33 -26	- 7 -41 +29 -26	- 6 - 33 + 24 - 21	- 13 - 38 + 25 - 25	- 8 - 38 + 22 - 23
JK	production expectations order-books export order-books stocks of finished products selling-price expectations industrial confidence indicator	:		- 30 - 65 - 45 + 34 + 36 - 43	-4 -69 -55 +27 +25 -33	+ 1 - 54 - 48 + 23 + 27 - 25	+ 5 - 54 - 44 + 24 + 37 - 11	+1 -52 -46 +21 +26 -24	+1 - 53 - 50 + 24 + 27 - 25	-5 -56 -53 +23 +17 -28	+ 3 - 54 - 47 + 19 + 35 - 23	-1 -52 -52 +27 +24 -27	0 - 54 - 50 + 27 + 22 - 27	-4 -52 -48 +24 +17 -27	-4 -59 -58 +26 +15 -30	- 6 - 57 - 54 + 18 + 18 - 27
EC e)	production expectations order-books export order-books stocks of finished products selling-price expectations industral confidence indicator	+ 24 + 15 + 14 - 10 + 64 + 16	-30 -70 -48 +48 +9 -49	-13 -31 -24 +17 +38 -20	-13 -51 +28 +40 -31	-11 -47 -30 +22 +32 -27	-6 -45 -26 +22 +38 -24	- 6 - 45 - 27 + 20 + 33 - 24	- 13 - 49 - 31 + 23 + 28 - 28	-17 - 49 - 34 + 23 + 30 - 30	- 8 - 48 - 27 + 23 + 26 - 26	-13 -48 -31 +24 +26 -28	-17 -50 -36 +23 +30 -30	-18 -48 -34 +24 +32 -30	-16 -50 -35 +25 +30 -30	- 17 - 50 - 33 + 21 + 29 - 29

## TABLE 3: 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.) (b)

		-	~	•			~ 1		~	-	```	· · ·				
	Industrial sector	Range (	c)	1980	1981	1982		19	32				198	32		
	industrial sector	Peak 7 1972/73 1	Frough 974/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
B	consumer goods investment goods intermediate goods	+ 34 + 27 + 33	- 43 - 58 - 63	- 17 - 23 - 31	- 28 - 31 - 23	- 11 - 23 - 23	- 17 - 28 - 18	- 2 -19 -18	- 8 - 20 - 23	- 18 - 26 - 32	- 3 -15 -22	- 13 - 27 - 20	- 9 -18 -27	- 19 - 28 - 30	- 20 - 25 - 31	- 16 - 24 - 35
DK	consumer goods investment goods intermediate goods	:	:	+ 5 - 4 - 9	+ 1 0 - 10	+ 10 + 4 - 4	- 19 - 5 - 23	+21 +21 +12	+ 4 16 - 6	+ 32 + 17 + 3			:			:
D	consumer goods investment goods intermediate goods	+ 18 + 17 + 26	- 30 - 28 - 44	- 5 - 1 -15	- 16 - 11 - 20	- 19 - 19 - 20	- 13 - 13 - 15	- 14 - 16 - 14	- 23 - 21 - 21	- 25 - 26 - 28	- 14 - 17 - 15	- 25 - 20 - 21	- 30 - 27 - 26	- 27 - 25 - 34	- 22 - 24 - 27	26 - 30 - 23
F	consumer goods investment goods intermediate goods	+42 +35 +33	- 22 - 31 - 39	- 0 - 1 - 15	- 8 - 6 - 18	+ 12 - 8 - 13	$^{+10}_{-2}$	+21 - 6 - 9	+ 16 - 6 - 20	$^{+2}_{-18}$ $^{-21}$	+ 24 - 3 - 17	+16 - 5 -20	+ 8 - 9 - 22	+ 3 - 21 - 21	+ 2 16 22	+ 1 - 16 - 19
IRL	consumer goods investment goods intermediate goods		- 28 - 65 - 22	- 12 - 15 - 18	- 9 - 7 - 6	+ 2 +25 -12	$^{-7}_{+28}$ $^{-3}_{-3}$	+ 4 +23 - 4	+ 1 + 24 - 21	+ 8 + 24 - 19	+ 26 + 22 - 30	- 1 + 20 - 8	- 23 + 31 - 25	+ 10 + 36 - 30	+19 +20 - 5	- 4 +15 -21
I	consumer goods investment goods intermediate goods	+ 36 + 41 + 49	- 55 - 34 - 41	- 5 + 3 - 8	-18 -11 -14	- 12 - 13 - 15	- 8 -10 - 7	- 8 -10 - 6	- 14 - 18 - 18	- 19 - 14 - 28	- 15 - 17 - 11	- 14 - 16 - 21	- 13 - 20 - 21	- 18 - 10 - 31	- 18 - 13 - 28	- 22 - 18 - 26
L	consumer goods investment goods intermediate goods	+43 +33	- 73 - 41 :	+23 -13 -42	+19 -38 -43	+ 13 - 10 - 51	+ 1 - 13 - 44	+ 5 - 6 - 55	+ 15 - 4 - 58	+ 29 - 16 - 46	+ 3 + 2 - 51	$^{-1}_{+1}_{-50}$	+ 43 - 16 - 72	+ 41 - 6 - 54	+ 24 - 18 - 41	+ 21 - 23 - 42
NL	consumer goods investment goods intermediate goods	+ 33 + 39 + 43	26 53 22	- 1 - 6 - 1	- 3 - 8 - 4	- 4 - 9 - 3	- 1 - 10 0	- 4 - 6 + 2	- 9 - 4 - 5	- 1 - 14 - 9	- 7 - 3 - 4	- 8 - 4 - 5	- 12 - 5 - 6	+ 5 -11 - 8	- 5 - 18 - 12	- 2 - 13 - 7
UK	consumer goods investment goods intermediate goods			- 29 - 18 - 40	- 5 - 8 - 4	+ 3 - 3 - 2	+ 3 + 6 + 1	+ 5 - 1 - 4	+ 5 - 2 - 1	- 13 - 5	$^{+10}_{-1}$ + 2	$+ 3 \\ - 3$	+ 1 - 4 + 2	- 4 - 3	-3 -19 +4	+ 1 - 16 - 16
EC (e)	consumer goods investment goods intermediate goods	+ 29 + 28 + 25	- 24 - 31 - 37	- 9 - 5 - 19	13 10 15	- 5 - 12 - 14	- 3 - 6 - 8	- 10 - 9	- 6 - 12 - 16	- 12 - 20 - 21	- 9 - 10	- 6 - 11 - 17	11 16 20	- 10 - 18 - 22	- 13 - 20 - 19	- 13 - 22 - 21

(a) The indicator is an average of the responses (net balances) to the questions on the production expectations, order books and stocks (the latter with inverted sign). (b) Details of the questions are given on the last page. (c) 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. (d) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such. (e) 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.

5

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision. Source: European Community business surveys.

\_ 3 \_

### TABLE 6: 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)	1980	1981	1982	1982						1982			
		Peak 72/73	Trough 74/75				I	II	ш	İV	July	Aug.	Sept.	Oct.	Nov.	Dec.
В	order-books	- 13	- 47	- 32	- 53	- 61	- 54	- 55	- 65	- 68	- 65	- 63	- 66	- 66	- 68	. – 70
	employment expectations	+ 31	- 24	- 23	- 41	- 36	- 33	- 35	- 37	- 37	- 39	- 34	- 38	- 35	- 37	- 38
	price expectations	+ 75	+ 25	+31	+ 8	- 1	+ 2	+ 1	- 1	- 4	0		- 2	- 2	- 2	- 7
D	order-books	- 17	- 84	- 30	- 61	- 73	- 70	- 73	- 74	- 73	- 72	- 75	- 74	- 75	- 73	- 71
	employment expectations	+ 10 + 48	60 37	- /	- 35 - 41	- 44 - 28	- 50 - 38	- 39 - 39	- 40 - 23	- 45 - 12	- 34 - 26	- 42 - 21	- 43 - 22	~ 40	- 4/ - 10	- 41
F	price expectations order-books	T 40	- 57	$\frac{-5}{-31}$	- 41	- 62	- 56	- 63		- 12	- 66	- 21	- 22	- 16	- 10	- 9
Г	employment expectations			-31 -12	- 40 - 24	- 35	- 33	- 03 - 36	- 66 - 34	- 35	- 00 - 34		:	- 35		
T	order-books	- 25	- 68	- 33	- 29	- 44	- 33	- 46	- 42	- 51	- 50	- 33	- 43	- 45	- 62	- 46
1	employment expectations	-23 +10	- 08 <b>4</b> 4	- 33	- 29	- 44 - 13	- 5	- 40 - 12	- 42 - 9	-27	- 30 - 22	- 33	- 43	- 45	- 62 - 39	
	price expectations	+ 85	+30	+71	+71	+ 54	+ 72	+56	+ 56	$+30^{-27}$	+ 39	+60	+ 68	+45	+15	+31
L	order-books	+21	- 50	- 12	- 21	- 46	- 38	- 44	- 52	- 51	- 49	- 50	- 57	- 56	- 52	- 44
1	employment expectations	+31	- 39	+ 6	- 6	- 25	- 29	- 29	- 23	- 17	- 29	- 31	- 8	- 13	- 19	- 17
	price expectations	+82	+11	+ 45	+ 30	+17	+25	+ 9	$+\bar{20}$	+12	+16	+29	+14	+ 10	+10	+15
NL	order-books	- 8	- 81	- 39	- 50	- 57	- 52	- 58	- 59	- 59	- 60	- 59	- 59	- 61	- 60	- 57
	employment expectations	+ 14	- 13	- 8	- 14	- 25	- 25	- 27	- 25	- 21	- 25	- 25	- 25	- 22	- 19	- 22
ŬK	order-books	:	:	- 33	- 60	- 59	- 64	- 60	- 55	- 58	- 55	:	:	- 58	:	:
	employment expectations	:	:	- 27	- 42	- 25	- 34	- 30	- 19	- 18	- 19	:	:	- 18	:	;
	price expectations	:	:	+ 53	- 16	0	- 8	+ 1	+ 9	- 3	+ 9	:	:	- 3	:	:
EC	order-books	:	:	- 32	- 51	- 61	- 58	- 62	- 61	- 63	- 62	(-60)		- 62		(-61)
(c)	employment expectations	:	:	- 14	- 28	- 24	- 33	- 31	- 28	- 32	- 29	(-26)	( – 29)	- 31	(-35)	(-30)

Details of the questions are given below. 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. 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 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

- Aconny: estimate of production trend in recent months: up, unchanged, down? order-books: above normal, normal, below normal? export order-books: above normal, normal, below normal? stocks of finished products: above normal, normal, below normal? production expectations for the months ahead: up, unchanged, down? selling price expectations in the months ahead: up, unchanged, down?

- selling price expectations in the months ahead: up, unchanged, down?
  Quarterly (January, April, July and October):
  employment expectations for the months ahead: up, unchanged, down?
  limits to production: none, insufficient demand, shortage of labour, lack of equipment?
  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?
  capacity utilization: in %?
  stocks of raw materials: high, normal, low?

#### 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):

- uarterly): 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 (January, April, July and October): duration of assured production: in months?

- dufation of assured production: in nonlines:
  The surveys are undertaken by:
  B Belgium: Banque Nationale de Belgique
  DK Denmark: Danmarks Statistik
  D Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
  GR Greece: Institute of Economic and Industrial Research
  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 Other Kingsom, Concentration of Dataset and Dataset (Concentration of Dataset)
   DI (Department of Industry), for the investment survey
   National Federation of Building Trades 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 20 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'.

#### Prices (excluding VAT) in Luxembourg

			-,			
	ECU	BFR	IRL	UKL	USD	
'European Economy' (4 issues per year) Supplements	19.64	800	13.50	11.60	22.80	The annual subscription runs from 1 January to 31 December of each year.
Series A — 'Recent economic trends' (11 issues per year)	9.82	400	6.75	5.80	11.50	Payments to be made only to the agents in the
Series B — 'Economic prospects — business survey results' (11 issues per year)	9.82	400	6.75	5.80	11.50	countries listed on page 3 of the cover of European Economy.
Series C — 'Economic prospects — consumer survey results' (3 issues per year)	3.69	150	2.50	2.20	4.20	These are surface mail rates; for air subscription
All three supplements Combined subscription — 'European Economy' and supplements	23.32 42.97	950 1 750	16.00 29.40	13.80 25.50	27.00 50.00	rates please apply to the agents.

CB-AT-83-001-EN-C