

EUROPEAN ECONOMY

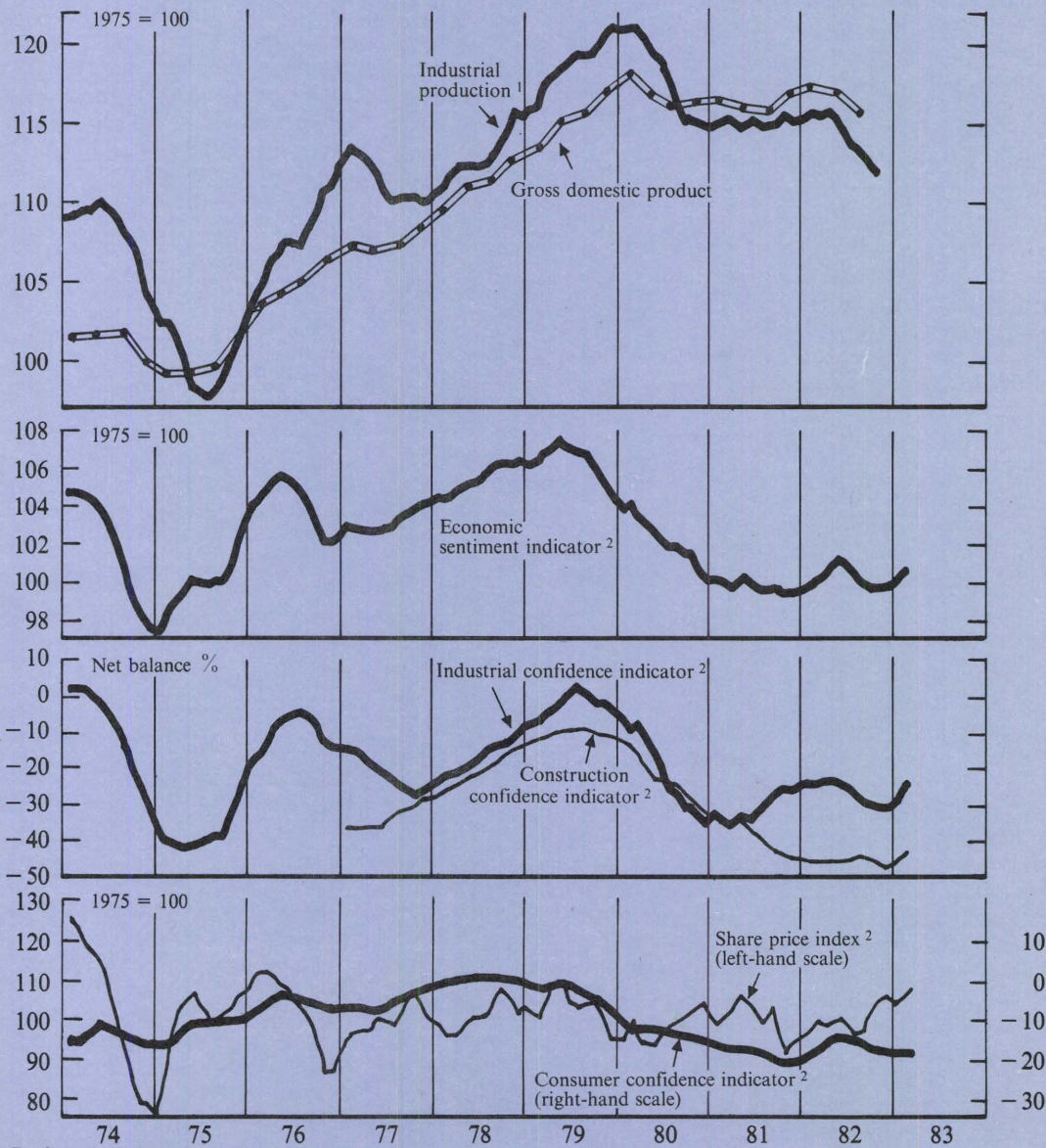
COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B — No 3 — March 1983

Business survey results

This month: capacity utilization levels

GRAPH 1: Indicators of output and economic sentiment — European Community



Leading indicators improved in February. — European economic sentiment, as indicated by surveys of industrialists and by stock-exchange prices, improved in February 1983. The advance was widespread and rather pronounced by comparison with that already noted in January. In the Federal Republic of Germany, France and the Netherlands the upturn in these leading indicators of economic activity began towards the end of 1982; more recent data show that economic expectations are now also rising in Italy, the United Kingdom and Ireland (see graphs and Table 3).

More optimistic economic expectations increase the probability of recovery from the current recession. They are not, however, infallible, as the experience of early 1982 showed; rising expectations at that time were accompanied by only a short-lived recovery in economic activity. However, the recent fall in interest rates, declining oil prices, reduced stock levels and lower inflationary expectations are all factors which now favour economic recovery.

In February 1983 the composite economic sentiment indicator (based on surveys of consumers, chief executives of industrial and building firms and on stock-exchange prices) rose by 0,5 percentage points. Significantly, the improvement was widely spread across the indicator's components (see Graph 1) and across countries. For perspective, the indicator's movement from its last peak in mid-1979 to its trough in late 1981 was some 5 percentage points. Thus last month's upward movement of the indicator alone went about one tenth of the way back up.

The economic sentiment indicator for the Federal Republic of Germany improved in February 1983 by 0,4 percentage points, with the confidence indicators for industry and construction reporting a rise of 5 and 1 percentage points, respectively. Share prices increased in February 1983 by an average of 2,3% (see Table 3).

In both France and Italy the economic sentiment indicator advanced in February 1983 by 0,4 percentage points, mainly due to an improvement in industrial confidence and to a rise in share prices.

The economic sentiment indicator for the United Kingdom improved by 0,2 percentage points in February, with marked advances in industrial confidence and in share prices being partly offset by a fall in consumer confidence.

In Belgium, the economic sentiment indicator in February 1983 was marginally weaker, falling back to the December level, despite a rise in share prices. Weaker economic sentiment reflected lower confidence among chief executives in the construction industry. In the Netherlands, however, economic sentiment strengthened in February, reflecting increasing confidence on the part of industrialists and stock-exchange investors.

Better production outlook for Community industry. — The Community industrial confidence indicator rose markedly between January and February 1983, albeit from a low level (see Table 4). The improvement affected most Member States, exceptions being Belgium, Luxembourg and Ireland. The marked fall in pessimism in manufacturing industry was mainly due to improved production expectations, which characterized all Member States except Ireland and the Netherlands. Nevertheless, the United Kingdom is the only country in which a majority of industrialists expect production to rise: according to the February, 1983, survey results, a net balance of 5% of UK industrialists now expect industrial production to increase in the months ahead.

Industrial order-book assessments improved, in February 1983, by 2 percentage points, by comparison with January. Thus, pessimistic net balances declined in the Federal Republic of Germany (by 5 percentage points), in France and Ireland (by

1 percentage point), in Italy (by 6 percentage points) and in the Netherlands (by 5 percentage points).

Views on the trend of export order-books were also less pessimistic in February, the advance (3 percentage points) being slightly more than in the case of total order-book levels. The most significant improvements in export order-book judgements in February were the 5 percentage points advance in the Federal Republic of Germany, with an improvement of 3 percentage points in France, Italy and Ireland.

Survey results on selling-price expectations indicate the prospects of somewhat stronger (but still relatively low) industrial price increases in the Federal Republic of Germany (a net balance increase of 2 percentage points), in Italy (+ 4 percentage points) and in the United Kingdom (+ 6 percentage points). By contrast, selling-price expectations eased in France by 2 percentage points, in Belgium (– 1 percentage point) and in Ireland (– 10 percentage points). These expectations should, of course, be interpreted as indicating the direction of change in the substantially different inflation rates at present prevailing in these countries.

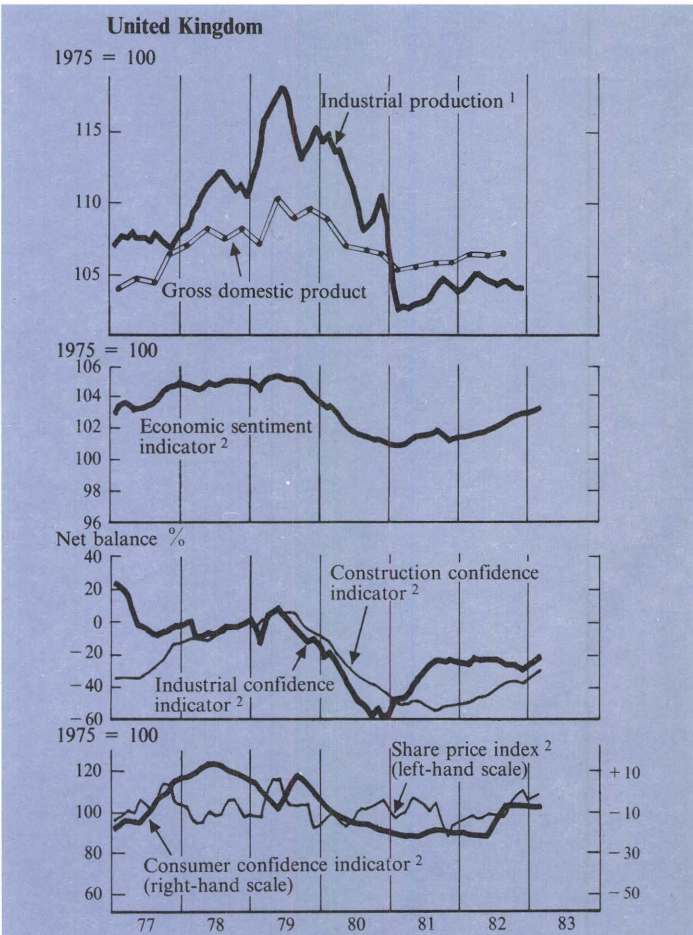
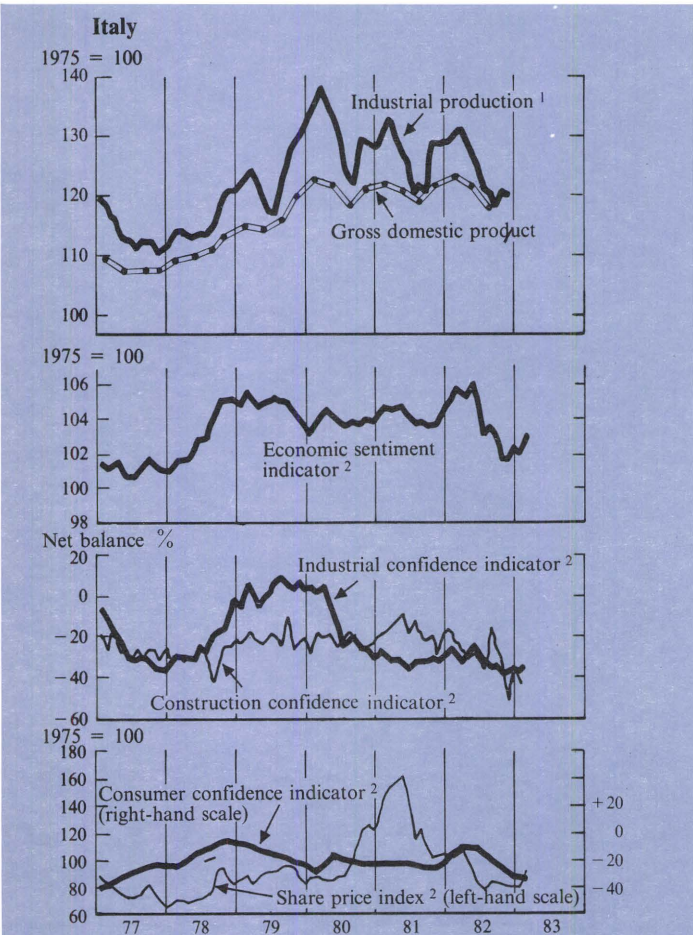
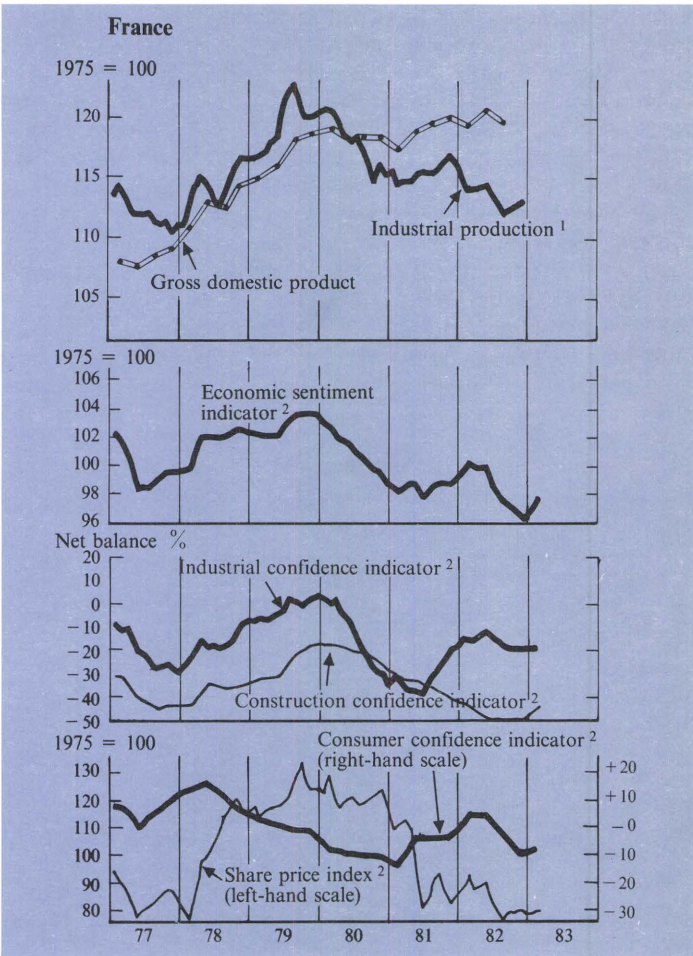
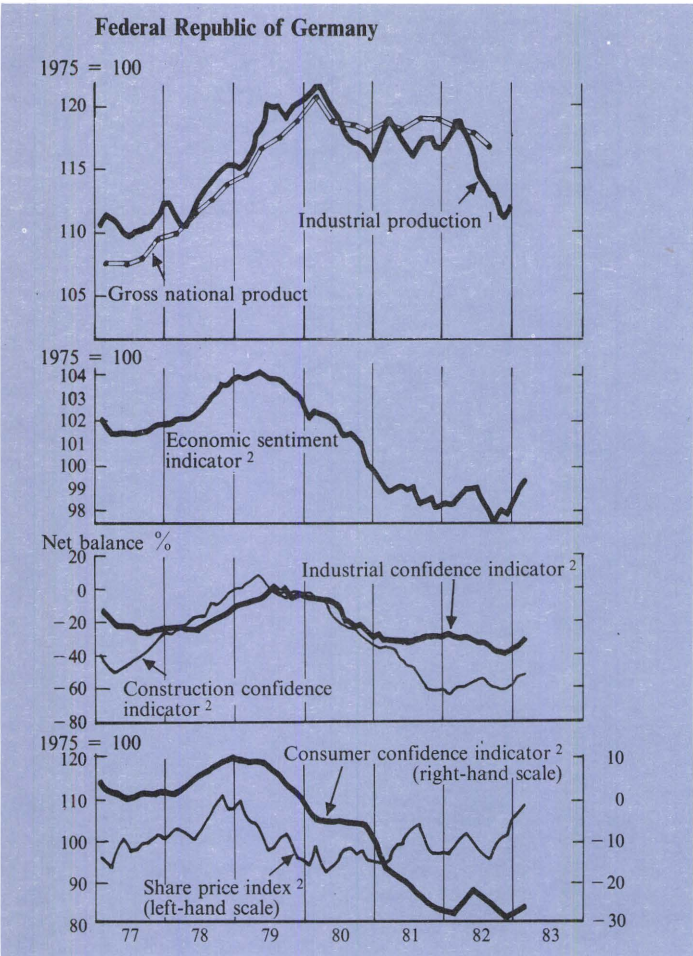
Judgements on the level of stocks of finished goods in industry have also improved, according to the February results. The net balances of chief executives who consider stocks of finished products to be excessive has declined in all the countries surveyed, except in Ireland and Luxembourg. This development is, of course, favourable to an early resumption of output growth.

Stronger demand for labour in the construction industry. — Chief executives in the construction industry indicated little change in economic expectations in February 1983. Nevertheless, the demand for labour in construction appears to have strengthened in recent months, while order-books (or production plans) are reported to have improved significantly in France (January survey), Italy and the Netherlands.

Capacity utilization in manufacturing industry. — There has been a further decline in the already low level of industrial capacity utilization in the Community. This emerges from the survey carried out in the first quarter of 1983, which shows a fall of 0,4 percentage points, by comparison with the last quarter of 1982 (see Table 2). The present level of industrial capacity use is estimated to be 75,6%, a decline of 0,8 percentage points since January 1982. The weak intensity of productive capacity use in industry—at present close to the low point reached in 1975—is one of the factors accounting for the low investment spending plans reported in last month's issue of this Supplement. On the other hand, the availability of spare capacity should allow a recovery from the recession to proceed without cost pressures, owing to probable rises in labour productivity at least in the early stages.

In the Federal Republic of Germany, although industrial production in January 1983 (see Table 3) showed signs of recovery, capacity utilization declined in the first quarter of 1983 compared with the last quarter of 1982, by 0,4 percentage points; it is now some 3,6 percentage points below the level of the first quarter of 1982. Of the other Member States, capacity utilization in manufacturing industry has declined, by comparison with the first quarter of 1982, in Ireland (by 4,7 percentage points), in Italy (by 1,6 percentage points) and in Luxembourg (by 2 percentage points). At the same time, capacity utilization increased by 1 percentage point in Belgium and the Netherlands and by 0,8 percentage points in the United Kingdom. In France, industrial capacity utilization was at the same level in January 1983 as a year earlier. The (non-seasonally adjusted) figures for the first quarter of 1983, by comparison with the last quarter of 1982, indicate a decline in capacity utilization in all Member States except in the United Kingdom and the Netherlands, where the level was unchanged.

GRAPH 2: Indicators of output and economic sentiment in four Member States



¹ Three-month moving average.
² See notes to Table 3 and box on page 8.

New economic sentiment indicator for Ireland. — In this issue, the economic sentiment indicator is being published for Ireland for the first time, together with a complete time-series of its components since 1975. This extends the introduction into *European Economy* (Supplement B) of the economic sentiment indicator for all Member States for which an adequate data base exists. The complete time-series were given for France, the Federal Republic of Germany, Italy and the United Kingdom in the November 1982 number of this publication, and for Belgium and the Netherlands in the February 1983 number. The whole data set will be updated every month, as in Table 3 below.

Because of the absence until this year of a survey in the Irish construction industry, the construction confidence indicator is based on the questions concerning employment expectations and the level of order-books in two manufacturing sectors which produce building materials, namely ceramic products for building and industrial purposes and flat glass.

TABLE 1: Indicators of output and economic sentiment

IRELAND		1975	1976	1977	1978	1979	1980	1981	1982	1983
Index of industrial production 1975 = 100										
year										
quarter	I	108,5	117,6	126,6	135,3	133,2	134,3			
	II	104,5	113,2	124,1	132,5	138,2	132,2	134,7		
	III	99,0	112,1	117,9	126,2	136,1	129,7	136,0	135,2	
	IV	101,5	111,3	122,7	129,7	136,1	127,8	134,7		
month	1	107,2	110,1	124,0	128,2	137,9	130,9	129,2		
	2	102,9	115,7	122,8	132,6	139,4	135,7	137,2		
	3	103,3	113,9	125,5	136,7	137,3	129,9	137,7		
	4	104,0	114,9	125,9	138,2	137,6	134,5	137,2		
	5	109,5	116,4	123,1	135,8	139,4	134,7	137,2		
	6	105,2	118,3	130,4	135,6	134,1	133,8	135,8		
	7	99,4	109,4	116,6	130,4	134,6	130,1	137,1	137,7	
	8	101,2	114,3	117,7	117,7	133,4	132,3	135,0	133,4	
	9	96,3	112,7	119,3	130,4	140,3	126,7	136,0	134,5	
	10	96,5	113,4	122,8	129,0	137,8	127,7	130,5	138,5	
	11	104,4	110,8	120,2	129,3	137,7	128,4	136,2	136,0	
	12	103,8	109,5	125,2	130,8	132,8	127,2	137,4		
Economic sentiment indicator, 1975 = 100										
year		100,0	102,5	104,6	107,3	105,4	102,8	102,8	101,6	
quarter	I	97,4	101,9	103,8	107,4	105,9	103,5	102,9	101,8	
	II	99,3	103,4	103,2	107,3	105,4	103,0	103,7	102,4	
	III	101,0	102,6	104,8	107,3	105,2	102,4	102,9	101,8	
	IV	102,4	102,0	106,8	107,1	105,1	102,3	101,8	100,4	
month	1	96,9	101,9	103,3	107,4	106,2	103,9	102,5	101,7	100,7
	2	97,2	101,5	104,2	107,7	105,7	103,3	102,9	101,8	100,8
	3	98,0	102,2	103,8	107,1	105,7	103,2	103,4	102,0	
	4	98,5	103,0	103,5	107,2	105,5	103,2	103,4	102,2	
	5	99,3	103,9	102,6	107,3	105,5	103,1	104,1	102,5	
	6	100,0	103,4	103,5	107,3	105,3	102,7	103,7	102,4	
	7	100,4	102,9	104,2	107,2	105,1	102,5	103,3	102,0	
	8	100,9	102,5	104,8	107,4	105,1	102,4	103,0	102,2	
	9	101,7	102,4	105,4	107,3	105,4	102,4	102,5	101,3	
	10	102,1	102,0	106,4	107,2	105,2	102,4	102,1	100,8	
	11	102,8	101,5	107,0	107,3	105,5	102,1	101,5	100,1	
	12	102,3	102,4	106,9	106,7	104,7	102,3	101,8	100,2	
Industrial confidence indicator										
year		-28	-6	+4	+6	+8	-31	-18	-19	
quarter	I	-35	-15	+7	+5	+9	-14	-28	-15	
	II	-33	-4	+4	+6	+8	-24	-21	-11	
	III	-22	-7	+1	+6	+16	-44	-13	-25	
	IV	-22	+1	+3	+8	+1	-41	-10	-25	
month	1	-36	-18	+8	+3	+12	-10	-36	-15	-21
	2	-37	-15	+6	+10	+7	-13	-28	-17	-28
	3	-31	-12	+7	+1	+7	-19	-21	-14	
	4	-34	-10	+11	+2	+4	-19	-29	-10	
	5	-33	-1	-1	+7	+9	-20	-17	-10	
	6	-32	-2	+2	+7	+12	-34	-18	-14	
	7	-23	-9	+3	+7	+13	-39	-17	-25	
	8	-23	-10	+3	+10	+17	-46	-12	-20	
	9	-21	-2	+3	+3	+16	-45	-10	-30	
	10	-24	-3	+3	+5	+2	-39	-5	-25	
	11	-19	+1	+3	+7	+5	-45	-11	-21	
	12	-23	+5	+3	+11	-4	-38	-13	-27	
Construction confidence indicator										
year					20	14	-49	-33	-51	
quarter	I				6	20	-48	-24	-49	
	II				26	17	-44	-30	-35	
	III				27	15	-47	-26	-44	
	IV				19	4	-57	-51	-76	
month	1				10	8	-40	-36	-43	-76
	2				12	29	-42	-31	-49	-81
	3				-3	23	-63	-5	-56	
	4				17	17	-39	-38	-29	
	5				33	21	-52	-28	-29	
	6				29	12	-40	-25	-47	
	7				36	1	-48	-25	-40	
	8				18	21	-51	-28	-36	
	9				26	24	-42	-21	-56	
	10				17	-5	-56	-41	-73	
	11				27	2	-55	-46	-74	
	12				14	14	-59	-66	-82	
Consumer confidence indicator										
year		-29	-25	-10	8	-10	-22	-28	-34	
quarter	I	-41	-26	-18	12	-8	-17	-26	-31	-36
	II	-32	-25	-16	7	-9	-23	-21	-31	
	III	-23	-25	-5	5	-11	-25	-30	-35	
	IV	-14	-24	6	3	-12	-27	-38	-39	
Share price index, 1975 = 100										
year		88	94	117	178	193	187	194	160	
quarter	I	69	101	96	159	199	182	193	170	
	II	97	100	108	169	204	182	208	156	
	III	88	93	121	186	186	187	197	155	
	IV	97	81	145	197	176	198	178	161	
month	1	56	98	86	160	194	174	188	178	154
	2	72	102	98	162	195	183	193	170	153
	3	78	102	103	154	208	189	198	161	
	4	90	101	106	165	210	184	204	152	
	5	100	101	104	168	208	186	212	153	
	6	102	97	114	174	194	175	207	156	
	7	89	94	118	174	188	175	200	148	
	8	84	94	116	187	177	192	194	153	
	9	93	90	129	197	182	192	196	162	
	10	94	87	146	199	182	199	177	167	
	11	97	79	148	199	173	199	177	163	
	12	100	78	140	194	172	196	181	153	

See notes to Table 3 and box on page 8.

Source: European Community business surveys and Eurostat.

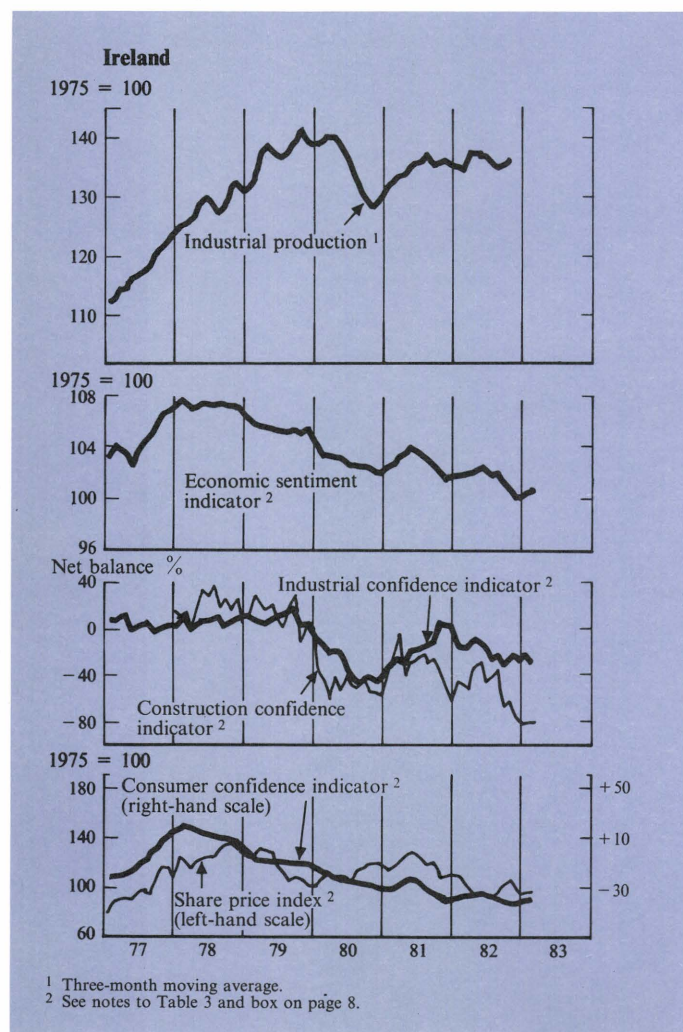


TABLE 2: Capacity utilization in manufacturing industry (%) (a)

		1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
B	year	86,0	86,3	83,6	82,7	84,8	83,4	71,6	75,2	72,4	72,3	76,2	77,3	74,5	75,8	:
	quarter 1	84,2	86,5	84,6	81,7	83,7	83,8	74,1	71,8	73,0	71,5	73,6	78,0	73,0	74,0	75,0
	2	86,1	86,7	83,8	83,0	85,4	85,3	71,1	76,2	73,1	71,8	75,3	79,0	75,0	76,0	:
	3	87,3	86,2	83,2	83,0	85,2	83,2	70,8	76,3	72,2	72,0	78,0	78,0	74,9	77,0	:
	4	86,3	85,6	82,6	83,0	85,0	81,1	70,4	76,5	71,2	73,9	78,0	74,0	75,0	76,0	:
D	year	89,5	90,8	86,2	85,0	87,1	82,5	76,0	80,2	80,9	80,9	84,2	83,9	79,2	77,2	:
	quarter 1	87,0	90,4	86,2	83,4	86,2	83,7	75,6	77,6	80,8	80,3	81,7	84,5	78,6	77,9	74,3
	2	90,0	92,3	87,8	85,4	88,1	84,0	75,9	81,0	81,2	81,0	84,4	85,9	79,8	78,6	:
	3	90,0	90,6	85,7	84,8	86,7	81,6	74,8	80,3	79,8	79,8	85,6	83,8	79,4	77,7	:
	4	91,0	89,8	85,1	86,6	87,5	80,6	77,7	81,9	81,6	82,3	85,3	81,2	78,8	74,7	:
F	year	86,1	85,8	85,8	86,3	87,6	85,8	78,3	83,1	83,4	83,7	84,6	84,8	82,2	82,0	:
	quarter 1	85,8	86,3	85,7	85,7	87,3	87,6	79,7	81,4	83,5	83,3	84,1	85,5	82,8	81,6	81,6
	2	85,9	85,7	85,8	86,1	87,8	87,2	76,6	83,6	83,7	84,0	84,7	85,5	82,2	82,0	:
	3	86,2	85,6	85,8	86,5	87,7	85,1	77,9	83,6	83,4	83,8	85,0	85,0	81,9	82,4	:
	4	86,5	85,5	85,8	86,9	87,6	83,1	79,1	83,6	83,1	83,6	84,6	83,3	81,8	81,9	:
IRL	year	:	:	:	:	:	:	:	:	:	:	:	65,0	60,9	59,1	:
	quarter 1	:	:	:	:	:	:	:	:	:	:	:	67,4	58,3	60,6	55,9
	2	:	:	:	:	:	:	:	:	:	:	:	68,3	62,0	60,3	:
	3	:	:	:	:	:	:	:	:	:	:	:	60,7	61,0	57,6	:
	4	:	:	:	:	:	:	:	:	:	:	:	63,5	62,1	57,9	:
I	year	80,9	81,1	77,6	76,5	76,5	78,2	70,6	72,0	73,8	72,3	75,4	75,5	73,0	71,9	:
	quarter 1	81,7	81,2	78,9	76,6	76,4	78,8	73,1	68,0	75,2	71,5	74,6	76,9	73,2	71,9	70,3
	2	83,1	81,2	78,0	75,0	73,7	78,4	70,4	71,7	75,1	72,1	75,8	77,8	72,4	72,4	:
	3	82,0	81,5	76,9	77,2	77,3	78,4	70,6	73,9	73,1	72,7	75,2	76,6	73,4	72,7	:
	4	76,8	80,4	76,4	77,3	78,5	77,2	68,3	74,5	71,6	72,8	76,1	70,6	72,9	70,7	:
L	year	:	:	:	:	:	:	:	:	:	:	:	79,5	73,5	78,0	:
	quarter 1	:	:	:	:	:	:	:	:	:	:	:	76,0	73,0	72,0	70,0
	2	:	:	:	:	:	:	:	:	:	:	78,0	85,0	71,0	83,0	:
	3	:	:	:	:	:	:	:	:	:	:	79,0	79,0	74,0	80,0	:
	4	:	:	:	:	:	:	:	:	:	:	76,0	78,0	76,0	77,0	:
NL	year	:	:	:	84,5	84,8	84,3	77,0	77,8	79,0	79,7	81,4	81,3	78,5	76,8	:
	quarter 1	:	:	:	86,0	85,0	84,0	80,0	76,0	79,0	78,0	80,5	83,0	78,0	77,0	78,0
	2	:	:	:	84,0	84,0	85,0	76,0	77,0	80,0	80,0	80,0	82,0	79,0	76,0	:
	3	:	:	:	84,0	85,0	84,0	76,0	78,0	79,0	80,5	82,0	81,0	79,0	76,0	:
	4	:	:	:	84,0	86,0	84,0	76,0	80,0	78,0	81,0	83,0	79,0	78,0	78,0	:
UK (b)	year	88,3	85,9	80,7	79,7	87,9	82,5	77,6	76,1	78,9	79,4	84,2	77,2	73,2	74,2	:
	quarter 1	89,4	85,6	83,5	77,2	85,2	77,2	81,4	74,2	78,9	79,3	81,4	80,5	71,3	73,4	74,2
	2	88,5	85,6	80,5	78,9	87,3	86,0	77,2	75,1	79,3	79,3	88,2	77,6	72,6	74,2	:
	3	87,7	86,0	79,7	80,5	90,6	84,3	75,5	76,8	79,3	77,1	85,6	75,1	74,2	75,1	:
	4	87,7	86,4	78,9	82,2	88,5	82,5	76,3	78,4	78,0	81,8	81,4	71,7	74,6	74,2	:
EC (c)	year	87,1	87,0	83,7	83,0	85,8	82,9	76,0	78,7	79,7	79,7	82,7	81,3	77,6	77,0	:
	quarter 1	86,4	87,0	84,5	81,8	84,8	82,7	77,6	76,3	79,9	79,2	80,9	83,4	77,1	76,8	75,6
	2	87,6	87,5	84,3	82,7	85,7	84,6	75,4	78,8	80,2	79,8	83,6	82,6	77,7	77,5	:
	3	87,4	87,0	83,2	83,2	86,4	82,8	75,0	79,3	79,3	79,0	83,7	81,0	77,9	77,5	:
	4	87,1	86,6	82,7	84,3	86,4	81,3	76,2	80,3	79,3	80,9	82,7	78,0	77,7	76,0	:

(a) Not adjusted for seasonality.

(b) The series for the United are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

(c) Column totals, with country data weighted by the volume of industrial production in 1975.

Source: European Community business surveys.

TABLE 3: Indicators of output and economic sentiment

	Trough 1974/75	1980	1981	1982	1982			1983	1982				1983	
					II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Febr.
B <i>index of industrial production</i>	96,6	115,4	110,9	:	113,7	110,7	:		113,4	117,4	:	:	:	:
1. industrial confidence indicator	-56	-22	-27	-22	-17	-21	-26		-23	-25	-26	-25	-24	-24
2. construction confidence indicator	-36	-28	-47	-48	-45	-51	-52		-52	-50	-52	-54	-52	-56
3. consumer confidence indicator ¹	-18	-20	-27	-27	-26	-27	-28	-31						
4. share-price index	85,4	87,2	71,1	87,1	85,4	87,0	89,7		92,2	90,4	89,9	88,9	91,4	93,4
= 5. economic sentiment indicator	99,3	100,2	97,8	99,0	99,3	99,0	98,8		99,2	98,9	98,8	98,6	98,7	98,6
D <i>gross domestic product</i>	99,0	118,9	118,6	:	118,1	116,6	:		:	:	:	:	:	:
<i>index of industrial production</i>	95,1	118,3	116,0	:	116,0	112,5	:		111,6	111,5	108,8	105,7	109,9	:
1. industrial confidence indicator	-49	-14	-30	-33	-30	-35	-38		-38	-38	-38	-36	-34	-29
2. construction confidence indicator	-72	-18	-48	-59	-56	-57	-59		-59	-61	-60	-56	-52	-51
3. consumer confidence indicator ¹	-22	-5	-22	-26	-22	-26	-29	-26						
4. share-price index	73,9	98,2	100,3	100,1	100,6	97,1	102,7		98,6	101,1	101,3	105,6	106,5	108,8
= 5. economic sentiment indicator	98,8	101,9	98,9	98,2	99,6	98,0	97,8		97,8	97,7	97,6	98,1	98,5	98,9
F <i>gross domestic product</i>	98,5	117,7	118,0	:	120,3	119,3	:		:	:	:	:	:	:
<i>index of industrial production</i>	96,2	117,5	114,3	:	114,3	112,0	:		112,3	113,6	113,4	113,0	:	:
1. industrial confidence indicator	-49	-15	-30	-17	-13	-18	-20		-20	-20	-19	-19	-19	-17
2. construction confidence indicator	:	-21	-36	-49	-49	-50	-50		:	-50	:	:	-44	:
3. consumer confidence indicator ¹	-9	-10	-9	-5	-3	-7	-10	-9						
4. share-price index	75,7	141,2	124,9	124,2	128,1	118,2	123,4		120,8	121,4	124,2	124,5	124,3	128,2
= 5. economic sentiment indicator	98,1	100,9	98,9	98,9	99,6	98,5	97,9		98,2	98,0	97,8	98,0	98,1	98,5
IRL <i>index of industrial production</i>	96,3	133,2	134,3	:	136,7	135,2	:		134,5	138,5	136,0	:	:	:
1. industrial confidence indicator	-41	-31	-18	-19	-11	-25	-25		-29	-25	-21	-27	-21	-28
2. construction confidence indicator	:	-49	-33	-51	-35	-44	-76		-56	-73	-74	-82	-76	-81
3. consumer confidence indicator ¹	-41	-22	-28	-34	-31	-35	-39	-36						
4. share-price index	55,9	187,0	194,0	159,8	153,7	154,5	161,2		162,4	167,5	162,8	153,2	154,3	153,1
= 5. economic sentiment indicator	97,7	101,9	102,0	101,4	102,0	101,7	100,4		101,3	100,8	100,2	100,1	100,5	100,5
I <i>gross domestic product</i>	93,1	120,8	120,6	:	121,2	117,5	:		:	:	:	:	:	:
<i>index of industrial production</i>	91,6	127,9	124,7	:	124,3	121,2	:		120,5	116,7	117,5	117,8	:	:
1. industrial confidence indicator	-59	-13	-31	-31	-27	-33	-36		-34	-38	-37	-35	-36	-33
2. construction confidence indicator	-56	-22	-18	-29	-29	-26	-26		-26	-33	-51	-33	-43	-29
3. consumer confidence indicator ¹	-39	-22	-22	-18	-15	-20	-25	-27						
4. share-price index	96,5	120,3	182,6	147,2	147,9	136,7	141,4		140,6	140,8	139,9	143,4	143,7	:
= 5. economic sentiment indicator	99,1	102,2	102,1	101,8	102,9	101,3	100,5		101,1	100,7	100,3	100,5	100,2	100,6
NL <i>index of industrial production</i>	94,0	112,6	110,3	:	107,9	107,9	:		107,0	105,0	101,0	103,0	:	:
1. industrial confidence indicator	-44	-12	-25	-25	-26	-26	-23		-26	-21	-25	-23	-22	-19
2. construction confidence indicator	-47	-24	-32	-41	-42	-42	-40		-42	-42	-40	-40	-42	-42
3. consumer confidence indicator ¹	-19	-25	-31	-32	-28	-33	-37	-34						
4. share-price index	77,4	89,6	94,7	96,2	97,6	92,4	102,6		93,2	98,5	103,3	106,1	111,5	114,8
= 5. economic sentiment indicator	99,6	99,4	98,3	98,1	98,4	97,8	98,2		97,7	97,9	98,1	98,5	98,6	99,0
UK <i>gross domestic product</i>	98,1	108,5	106,3	:	106,9	107,0	:		:	:	:	:	:	:
<i>index of industrial production</i>	96,7	108,2	103,1	:	103,8	105,5	:		106,0	105,2	103,6	105,0	:	:
1. industrial confidence indicator	:	-43	-33	-25	-24	-25	-28		-27	-27	-30	-27	-25	-20
2. construction confidence indicator	:	-30	-51	-42	-45	-38	-38		:	-38	:	:	-31	:
3. consumer confidence indicator ¹	-33	-18	-21	-12	-7	-7	-7	-8						
4. share-price index	41,4	177,5	200,1	231,7	222,1	232,4	260,6		245,2	257,4	265,5	258,8	264,9	270,9
= 5. economic sentiment indicator	95,0	101,5	100,9	101,8	101,4	102,1	102,5		102,4	102,5	102,5	102,5	102,8	103,0
EC <i>gross domestic product</i> ^{2 3}	99,0	116,8	116,3	:	117,0	115,6	:		:	:	:	:	:	:
<i>index of industrial production</i>	96,8	117,2	114,2	:	114,5	112,2	:		112,0	111,4	110,1	109,4	:	:
1. industrial confidence indicator	-49	-20	-31	-27	-24	-28	-30		-30	-30	-30	-29	-28	-24
2. construction confidence indicator	:	-23	-39	-43	-47	-45	-48		(-46)	-47	(-50)	(-46)	-44	(-44)
3. consumer confidence indicator ¹	-17	-13	-19	-17	-14	-17	-19	-19						
4. share-price index	65,1	138,6	152,1	166,1	162,6	164,4	179,4		171,3	177,6	181,0	179,6	181,9	186,8
= 5. economic sentiment indicator	97,4	102,4	99,9	100,1	100,6	100,0	99,8		99,9	99,8	99,7	99,8	99,9	100,4

¹ 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.

² Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and UK.

³ For the Federal Republic of Germany, gross national product.

For definitions of series 1 to 5, see Tables 4 and 5 and box on page 8.

Source: European Community business surveys and Eurostat.

TABLE 4: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1980	1981	1982	1982				1982				1983	
		Peak 1972/73	Trough 1974/75				I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	production expectations	+31	-56	-24	-26	-18	-18	-12	-16	-25	-18	-25	-24	-25	-24	-23
	order-books	+13	-74	-31	-45	-40	-42	-38	-37	-41	-40	-38	-42	-43	-38	-41
	export order-books	+15	-82	-36	-47	-40	-14	-38	-39	-49	-41	-42	-42	-38	-38	-40
	stocks of finished products	-14	+37	+11	+11	+8	+8	+3	+10	+11	+10	+13	+13	+9	+10	+7
	selling-price expectations	+64	-10	+20	+29	+28	+34	+33	+23	+23	+24	+24	+22	+24	+23	+22
	industrial confidence indicator	+19	-56	-22	-27	-22	-23	-18	-21	-26	-23	-25	-26	-26	-24	-24
DK	production expectations	:	:	-4	-3	+3	-14	+16	-7	+16	:	:	:	:	:	:
	order-books	:	:	-6	-24	-17	-15	-14	-23	-17	:	:	:	:	:	:
	export order-books	:	:	+9	-8	-4	-1	-3	-12	-1	:	:	:	:	:	:
	stocks of finished products	:	:	+16	+17	+16	+11	+15	+19	+18	:	:	:	:	:	:
	industrial confidence indicator	:	:	-9	-15	-10	-13	-4	-16	-6	:	:	:	:	:	:
D	production expectations	+17	-32	-10	-17	-20	-14	-14	-22	-28	-28	-30	-25	-25	-19	-11
	order-books	-5	-73	-21	-46	-53	-48	-51	-56	-57	-57	-57	-59	-55	-57	-52
	export order-books (d)	+23	+33	-4	-1	-7	-1	-3	-9	-13	-19	-15	-12	-13	-14	-9
	stocks of finished products	-7	+43	+11	+26	+26	+23	+25	+27	+29	+28	+28	+31	+27	+25	+24
	selling-price expectations	+55	+4	+26	+32	+18	+24	+19	+17	+12	+16	+17	+10	+9	+4	+6
	industrial confidence indicator	+10	-49	-14	-30	-33	-28	-30	-35	-38	-38	-38	-38	-36	-34	-29
F	production expectations	+33	-29	-6	-11	-4	+2	+1	-5	-13	-10	-14	-12	-12	-11	-10
	order-books	+26	-69	-22	-46	-30	-30	-28	-33	-30	-36	-31	-28	-30	-30	-29
	export order-books	+24	-66	-29	-47	-36	-35	-36	-34	-40	-38	-42	-40	-38	-41	-38
	stocks of finished products	-14	+50	+17	+34	+16	+19	+13	+16	+16	+14	+14	+18	+15	+16	+11
	selling-price expectations	+76	+15	+50	+54	+49	+52	+54	+30	+60	+43	+60	+64	+55	+45	+43
	industrial confidence indicator	+29	-49	-15	-30	-17	-16	-13	-18	-20	-20	-20	-19	-19	-19	-17
IRL	production expectations	:	-21	-12	-1	-4	+1	+1	-8	-8	-13	-11	0	-13	+5	-13
	order-books	:	-68	-50	-36	-39	-38	-26	-45	-47	-51	-47	-43	-52	-53	-52
	export order-books	:	-22	-6	+2	-7	-10	+2	-14	-4	-23	+1	-10	-3	-11	-8
	stocks of finished products	:	+35	+31	+16	+14	+9	+9	+21	+18	+24	+18	+20	+17	+15	+19
	selling-price expectations	:	+64	+43	+41	+35	+47	+40	+27	+26	+25	+25	+29	+24	+30	+20
	industrial confidence indicator	:	-41	-31	-18	-19	-15	-11	-25	-24	-29	-25	-21	-27	-21	-28
I	production expectations	+40	-43	-7	-16	-15	-8	-8	-19	-24	-22	-26	-21	-24	-20	-19
	order-books	+30	-82	-22	-49	-53	-53	-49	-53	-58	-52	-55	-63	-57	-63	-57
	export order-books	+13	-67	-37	-45	-49	-46	-45	-51	-53	-55	-52	-56	-50	-54	-51
	stocks of finished products	-24	+53	+11	+28	+25	+24	+23	+28	+27	+28	+32	+27	+23	+26	+23
	selling-price expectations	+76	+10	+63	+59	+50	+50	+48	+54	+48	+56	+48	+48	+47	+42	+46
	industrial confidence indicator	+31	-59	-13	-31	-31	-28	-27	-33	-36	-34	-38	-37	-35	-36	-33
L	production expectations	+84	-80	-33	-39	-40	-37	-43	-45	-36	-56	-39	-33	-35	-47	-28
	order-books	:	:	-42	-62	-60	-68	-49	-62	-68	-65	-65	-66	-72	-58	-61
	export order-books	:	:	-52	-81	:	-59	-78	-77	-78	-81	-84	-69	-82	-61	-61
	stocks of finished products	-14	+74	+63	+28	+14	+11	+7	+13	+25	+14	+18	+8	+50	+47	+49
	selling-price expectations	:	-46	+8	+60	+10	+69	+9	-23	-14	-35	-33	+3	-13	-7	+38
	industrial confidence indicator	:	:	-46	-43	-38	-32	-37	-39	-43	-45	-41	-36	-52	-51	-51
NL	production expectations	+26	-26	-3	-6	-5	-3	-1	-5	-9	-7	-6	-13	-8	-4	-4
	order-books	+7	-48	-20	-37	-39	-38	-40	-41	-36	-41	-33	-38	-38	-42	-37
	stocks of finished products	-3	+57	+15	+32	+33	+38	+36	+32	+24	+29	+24	+25	+22	+20	+16
	industrial confidence indicator	+12	-44	-13	-25	-26	-26	-26	-26	-23	-26	-21	-25	-23	-22	-19
UK	production expectations	:	:	-30	-4	+1	+5	+1	+1	-5	0	-4	-4	-6	-4	+5
	order-books	:	:	-65	-69	-54	-54	-52	-53	-56	-54	-52	-59	-57	-52	-49
	export order-books	:	:	-45	-55	-48	-44	-46	-50	-53	-50	-48	-58	-54	-52	-50
	stocks of finished products	:	:	+34	+27	+23	+24	+21	+24	+23	+27	+24	+26	+18	+19	+16
	selling-price expectations	:	:	+36	+25	+27	+37	+26	+27	+17	+22	+17	+15	+18	+16	+22
	industrial confidence indicator	:	:	-43	-33	-25	-11	-24	-25	-28	-27	-27	-30	-27	-25	-20
EC (e)	production expectations	+24	-30	-13	-13	-11	-6	-6	-13	-17	-17	-18	-16	-17	-15	-9
	order-books	+15	-70	-31	-51	-47	-45	-45	-49	-49	-50	-48	-50	-50	-49	-47
	export order-books	+14	-48	-24	-31	-30	-26	-27	-31	-34	-36	-34	-35	-33	-34	-31
	stocks of finished products	-10	+48	+17	+28	+22	+22	+20	+23	+23	+23	+24	+25	+21	+21	+17
	selling-price expectations	+64	+9	+38	+40	+32	+38	+33	+28	+30	+30	+32	+30	+29	+22	+25
	industrial confidence indicator	+16	-49	-20	-31	-27	-24	-24	-28	-30	-30	-30	-30	-29	-28	-24

(a) The indicator is an average of the responses (net balances) to the questions on 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.

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.

TABLE 5: Survey of the construction industry

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

		Range (c)		1980	1981	1982	1982				1982				1983	
		Peak 72/73	Trough 74/75				I	II	III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
B	order-books	-13	-47	-32	-53	-61	-54	-55	-65	-68	-66	-66	-68	-70	-72	-72
	employment expectations	+31	-24	-23	-41	-36	-33	-35	-37	-37	-38	-35	-37	-38	-31	-40
	price expectations	+75	+25	+31	+8	-1	+2	+1	-1	-4	-2	-2	-2	-7	-3	-6
	construction confidence indicator (a)	+9	-36	-28	-47	-49	-44	-45	-51	-53	-52	-51	-53	-54	-52	-56
D	order-books	-17	-84	-30	-61	-73	-70	-73	-74	-73	-74	-75	-73	-71	-68	-72
	employment expectations	+10	-60	-7	-35	-44	-50	-39	-40	-45	-43	-46	-47	-41	-36	-30
	price expectations	+48	-37	-5	-41	-28	-38	-39	-23	-12	-22	-16	-10	-9	-9	-12
	construction confidence indicator	-4	-72	-18	-48	-59	-60	-56	-57	-59	-59	-61	-60	-56	-52	-51
F	order-books	:	:	-31	-48	-62	-56	-63	-66	-64	:	-64	:	:	-58	:
	employment expectations	:	:	-12	-24	-35	-33	-36	-34	-35	:	-35	:	:	-29	:
	construction confidence indicator	:	:	-21	-36	-49	-45	-49	-50	-50	:	-50	:	:	-44	:
I	order-books	-25	-68	-33	-29	-44	-37	-46	-42	-51	-43	-45	-62	-46	-55	-39
	employment expectations	+10	-44	-11	-7	-13	-5	-12	-9	-27	-9	-21	-39	-20	-31	-18
	price expectations	+85	+30	+71	+71	+54	+72	+56	+56	+30	+68	+45	+15	+31	+20	+21
	construction confidence indicator	-8	-56	-22	-18	-29	-21	-29	-26	-26	-26	-33	-51	-33	-43	-29
L	order-books	+21	-50	-12	-21	-46	-38	-44	-52	-51	-57	-56	-52	-44	-51	-52
	employment expectations	+31	-39	+6	-6	-25	-29	-29	-23	-17	-8	-13	-19	-17	-32	-36
	price expectations	+82	+11	+45	+30	+17	+25	+9	+20	+12	+14	+10	+10	+15	+14	+7
	construction confidence indicator	+26	-45	-5	-14	-36	-34	-37	-38	-34	-33	-35	-36	-31	-42	-44
NL	order-books	-8	-81	-39	-50	-57	-52	-58	-59	-59	-59	-61	-60	-57	-61	-58
	employment expectations	+14	-13	-8	-14	-25	-25	-27	-25	-21	-25	-22	-19	-22	-23	-26
	construction confidence indicator	+3	-47	-24	-32	-41	-39	-43	-42	-40	-42	-42	-40	-40	-42	-42
UK	order-books	:	:	-33	-60	-59	-64	-60	-55	-58	:	-58	:	:	-47	:
	employment expectations	:	:	-27	-42	-25	-34	-30	-19	-18	:	-18	:	:	-14	:
	price expectations	:	:	+53	-16	0	+8	+1	+9	+3	:	-3	:	:	+11	:
	construction confidence indicator	:	:	-30	-51	-42	-49	-45	-38	-38	:	-38	:	:	-31	:
EC (d)	order-books	:	:	-32	-51	-61	-58	-62	-61	-63	(-62)	-62	(-65)	(-61)	-59	(-60)
	employment expectations	:	:	-14	-28	-24	-33	-31	-28	-32	(-29)	-31	(-35)	(-30)	-28	(-27)
	construction confidence indicator	:	:	-23	-39	-43	-45	-47	-45	-48	(-46)	-47	(-50)	(-46)	-44	(-44)

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(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) Owing to lack of data for certain Member States, Community totals are incomplete.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is 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:

- 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?

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):

- 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?

ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence index and the share price index are given equal weight, while the construction confidence 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. 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 description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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
 - DI (Department of Industry), for the investment survey
 - National Federation of Building Trades Employers, for the construction survey.

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'.

