

# EUROPEAN ECONOMY

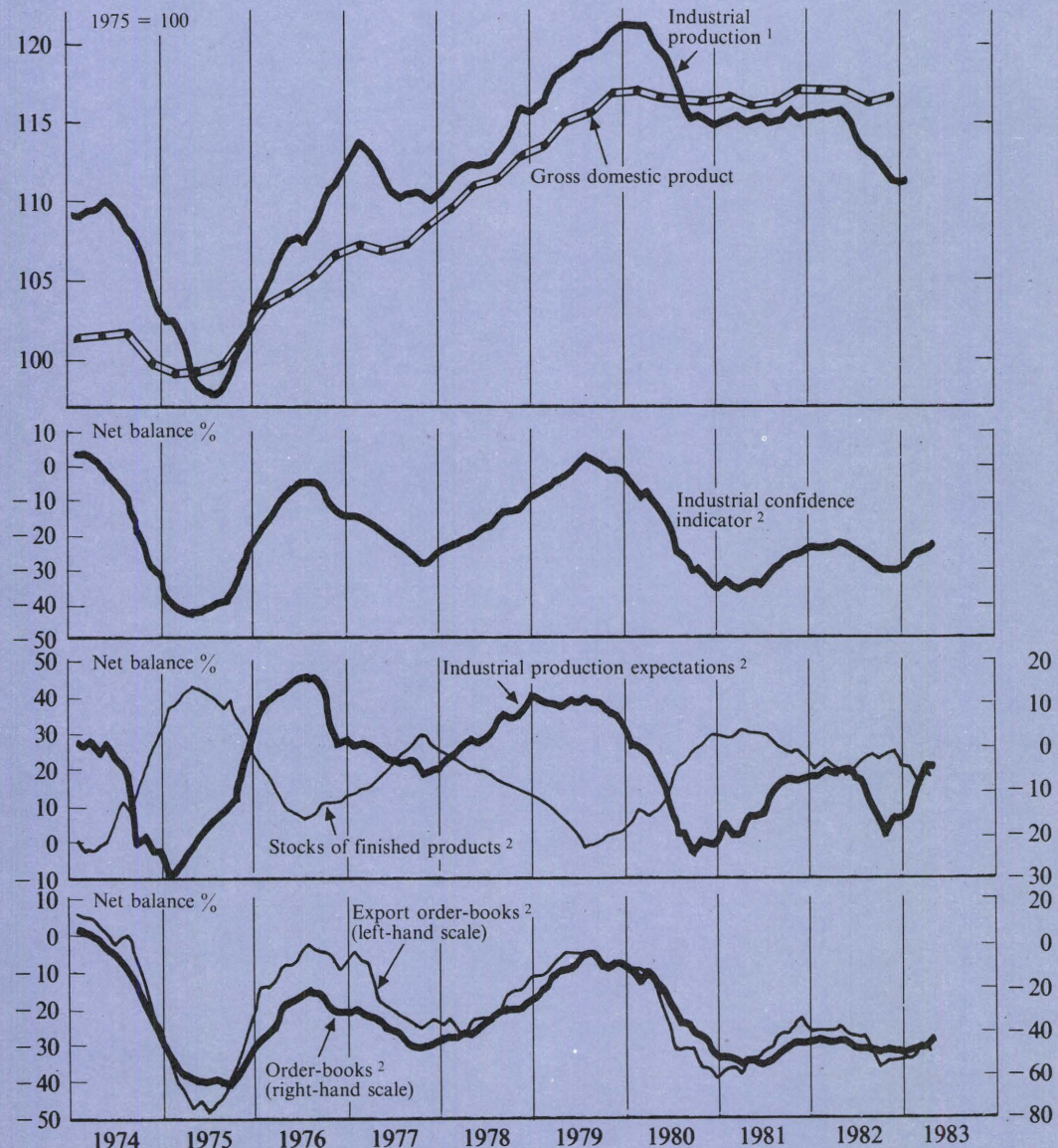
COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B — No 5 — May 1983

Business survey results

*This month: new orders and export expectations*

GRAPH 1: Indicators of output and industrial confidence — European Community



For footnotes see graph 2.



**Further improvement of confidence in Community industry.** — The most recent business survey results for Community industry indicate increasing confidence of industrialists in future economic developments. The industrial confidence indicator, which is an average of responses to the questions on production expectations, order-books and stocks (the latter with inverted sign) improved for the Community as a whole by 1 percentage point in April 1983 by comparison with March (see Table 8 and Graph 1). This was mainly due to less pessimistic assessments (4 percentage points) concerning the level of order-books and a decline in the majority of industrial chief executives judging stocks of finished products to be above normal. By contrast, judgements of industrialists on export order-books were more pessimistic by 2 percentage points in April 1983 than in March. As a result of these developments the industrial confidence indicator (see Graph 1) has now risen to a level markedly higher than the trough of the beginning of 1981 and above the intermediate peak noted in the first half of 1982. Conditions for a recovery of industrial production are, therefore, not unfavourable, given lower real interest rate levels, a weaker inflationary trend and more buoyant consumer purchasing intentions.

Looking at the most recent survey results concerning production expectations in the main industrial groups, the net balance of pessimistic chief executives in the investment-goods industry and the intermediate-goods industry fell markedly in April 1983 (by 3 and 5 percentage points, respectively) for the Community as a whole, by comparison with March 1983.

Industrial production expectations have improved substantially since November 1982 in all three major sectors in spite of the decline of 4 percentage points in April 1983 in the consumer

goods sector: in the intermediate-goods industry production expectations have advanced by 18 percentage points, in the investment-goods industry by 10 percentage points and in the consumer goods sector by 9 percentage points in the November 1982-April 1983 period.

**Production expectations in the main industrial groups in the Community**

(net balances, %, seasonally adjusted)

	1982			1983	1982 *	
	II	III	IV	I	Nov.	Dec.
Investment goods	-10	-12	-20	-14	-20	-22
Consumer goods	0	6	9	5	13	13
Intermediate goods	-9	-16	-21	-12	-19	-21

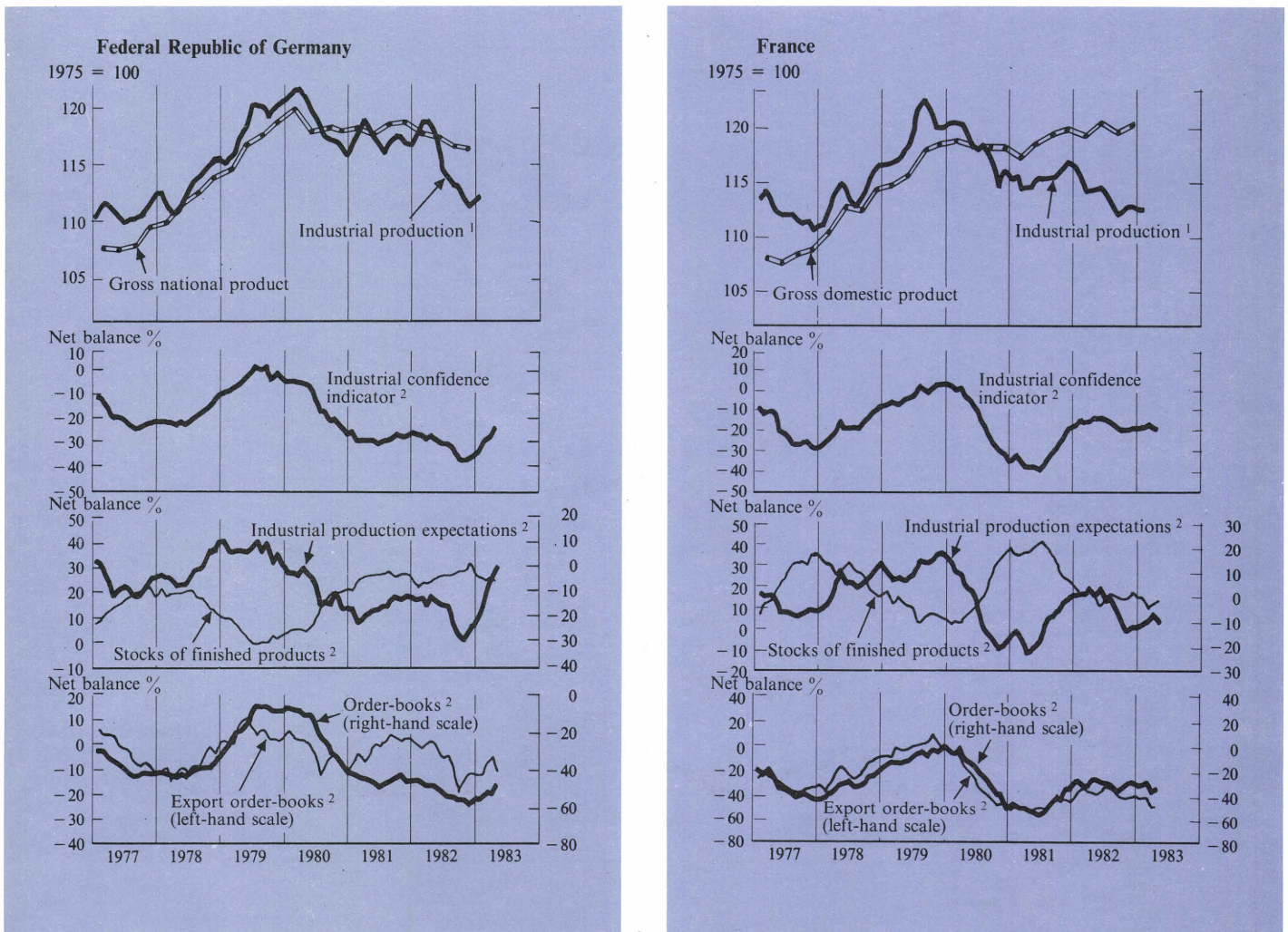
  

	1983			
	Jan.	Febr.	March	April
Investment goods	-15	-15	-13	-10
Consumer goods	-11	-3	0	4
Intermediate goods	-18	-11	-6	-1

Source: EC business surveys.

**Industrial confidence in the Member-States.** — In the Federal Republic of Germany and the United Kingdom, the industrial confidence indicator has advanced by 14 and 16 percentage points, respectively, since November 1982, when the first signs of a revival of industrial confidence emerged at the Community level (see Table 8 and Graph 2). The more optimistic assessments of industrialists on order-books in these countries (an improvement of 11 percentage points since November 1982 in

GRAPH 2: Indicators of output and industrial confidence in four Member States





the Federal Republic of Germany and of 19 percentage points in the United Kingdom) forecast the beginning of a recovery in industrial activity (see Table 7 and Graph 2).

The industrial confidence indicator in the Netherlands and Luxembourg improved between November 1982 and April 1983, by 8 and 6 percentage points, respectively, while in Italy and Belgium the industrial confidence indicator advanced by 2 and 4 percentage points, respectively, in the same period. In France, the industrial confidence indicator was unchanged in April 1983, by comparison with November 1982, whereas in Ireland, the confidence indicator was, in April 1983, some 4 percentage points below the November 1982 level.

**Other indicators of industrial business conditions.** — In five Member States out of nine, a majority of businessmen considered, in April, that the *inflow of new orders* had improved in the recent past, by contrast with the pessimistic assessments which prevailed in January in all countries except Denmark (see Table 1). The shift towards optimism is especially marked in the Federal Republic of Germany, the United Kingdom and Luxembourg, while the deterioration observed in Denmark should be seen in the context of the good returns for January. In Italy, the negative net balance on the new orders' question fell sharply, from -26% to -4%. France and Ireland are the only two countries where pessimistic opinions on new orders continue to dominate.

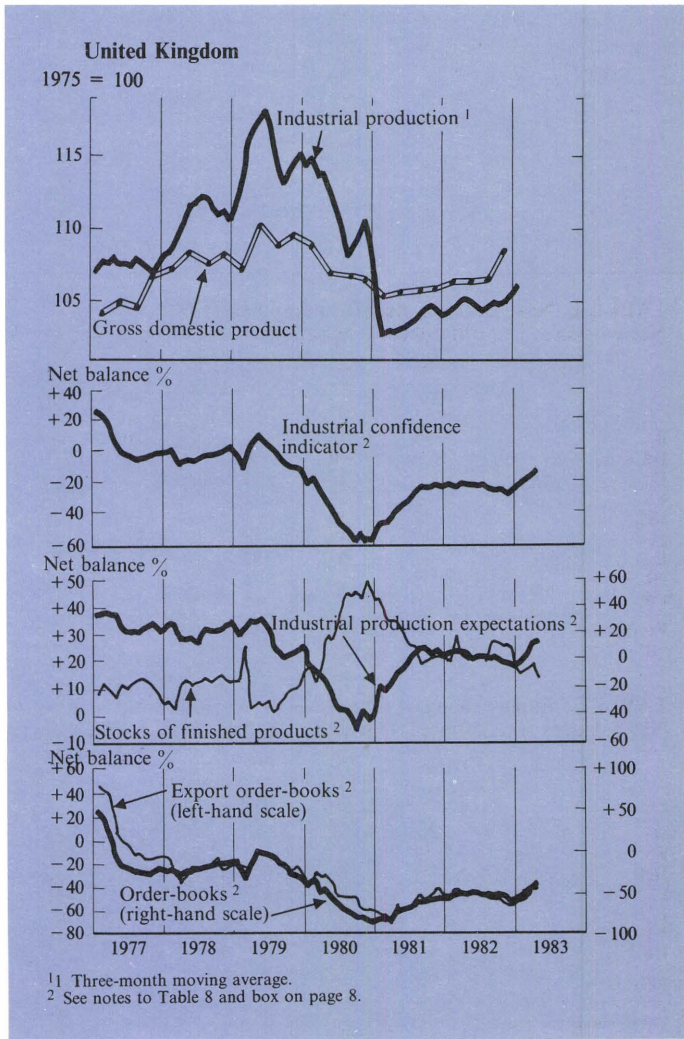
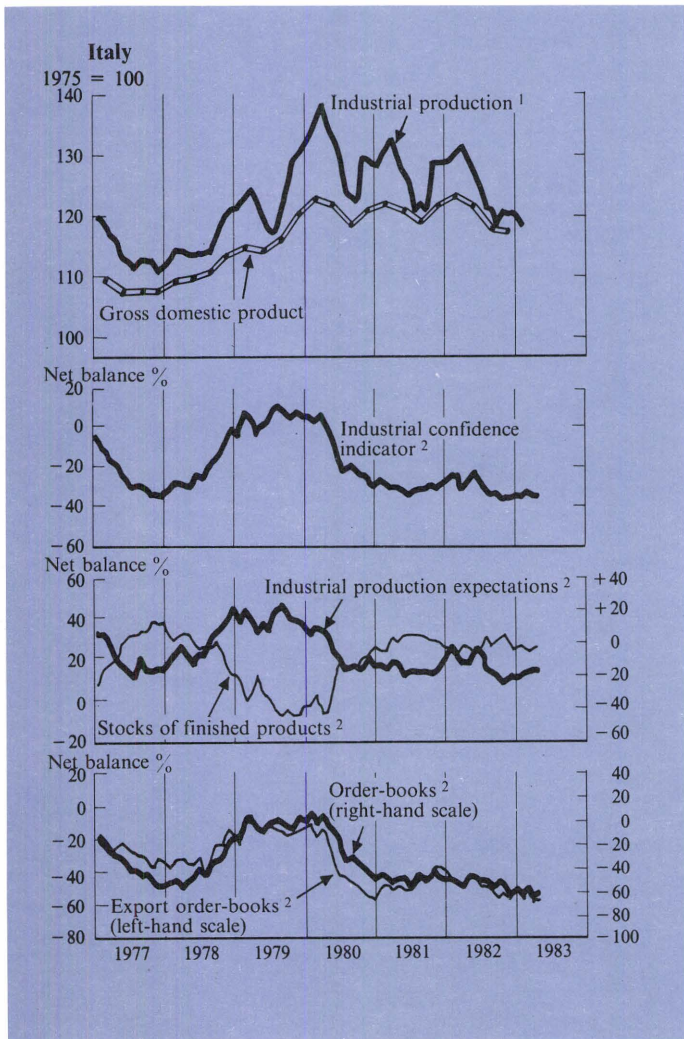
The improvement observed since January in judgements on the inflow of new orders is not reflected in the estimated *number of months' production assured* by orders on hand (see Table 3),

probably because the backlog of orders has not varied to the same degree. The period of assured production has, in fact, been very stable in all countries except Italy where it fell back in April from the above-average January figure.

On the other hand, there is a correspondence between the reported inflow of orders and *capacity utilization* (see Table 5). The degree of capacity utilization has increased significantly in the Federal Republic of Germany, Luxembourg and the United Kingdom, while it is quasi-constant in France and in Italy. Belgium and the Netherlands are in an intermediary situation. These results indicate that, in the present circumstances, when the demand for industrial products increases, suppliers push up the rate of utilization of their equipment rather than extending the time needed to execute orders.

The results of the survey question on the *adequacy of existing production capacity* in the light of expected production trends are consistent with the information on the degree of capacity utilization. For a large majority of businessmen (see Table 4) production capacity remains more than sufficient. Nevertheless, positive balances (indicating excess capacity) have decreased almost everywhere—as could be expected from the answers to the questions on new orders. Significant declines in excess capacity are reported for the Federal Republic of Germany and the United Kingdom, notably, while the situation is stable in France and Italy.

The data concerning *employment prospects* (see Table 6) point towards an easing of cyclical unemployment. The percentage of industrialists expecting employment to decline was lower in April (by comparison with January) in all Member-States for which data are available, except Ireland.



<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 8 and box on page 8.

*Export volume expectations* is the only variable significantly at variance with the more positive overall pattern which emerges from the April survey (see Table 2). Although industrial export prospects are reported to have improved in the Community as a whole and, in particular, in the United Kingdom and the Netherlands, a majority of businessmen in the Federal Republic of Germany remain pessimistic with respect to external demand in the coming months. This may be associated with the recent appreciation of the DM. Conversely, the downward adjustment of the FF helps to explain that the negative balance of export opinion in France is the smallest since April 1980.

**The construction industry.** — Parallel with developments in manufacturing industry, signs of improvement can be identified for construction, when one compares the results of the April and January 1983 surveys (for which relatively complete sets of data are available). The construction confidence indicator increased by 3 points between January and April 1983, and is now 6 points higher than in October 1982.

The level of order-books and employment expectations in the construction sector are considered to be better than 6 months ago in the countries which apparently lead the recovery in manufacturing industry, namely, the Federal Republic of Germany, the United Kingdom and the Netherlands. The conjunctural situation of the construction industry has not, however, improved in France and Italy, while Belgium continues to indicate particular difficulties in the construction sector.

16 May 1983

**TABLE 1: New orders in manufacturing industry (a)**  
Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1980			1981				1982				1983	
				I	II	III	IV	I	II	III	IV	I	II
<b>B</b>	-15	-13	-6	-20	-15	-11	-7	-5	-6	-4	-10	-9	+6
<b>DK</b>	-3	-4	0	-16	+3	+3	-7	-10	+11	+4	-5	+19	-6
<b>D</b>	-6	-14	-17	-22	-9	-21	-4	-20	+3	-24	-28	-8	+26
<b>F</b>	-1	-29	-13	-34	-37	-27	-19	-8	-16	-4	-24	-21	-21
<b>IRL</b>	-41	-16	-31	-29	-26	-15	+5	-22	-17	-46	-37	-47	-34
<b>I</b>	-10	-14	-16	-21	-8	-16	-11	-33	-5	-18	-8	-26	-4
<b>L</b>	-32	-33	-33	-55	-50	-43	+18	-2	-10	-52	-66	-52	+34
<b>NL</b>	-5	-2	+1	-7	+1	-14	+14	-16	+8	0	+10	-10	+9
<b>UK</b>	:	:	-15	:	:	:	+8	-3	-3	-20	-32	-15	+20
<b>EC(c)</b>	-6	-18	-14	-25	-17	-21	-9	-14	-4	-16	-23	-15	+9

**TABLE 2: Export volume expectations in manufacturing industry (a)**  
Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1980			1981				1982				1983	
				I	II	III	IV	I	II	III	IV	I	II
<b>D</b>	-5	-3	-6	-6	0	-2	-2	0	+5	-10	-19	-12	-3
<b>F</b>	-16	-17	-15	-23	-17	-15	-12	-7	-11	-16	-26	-19	-6
<b>IRL</b>	-8	0	+3	+11	-4	-13	+5	+3	+3	+2	+2	-3	-3
<b>I</b>	-8	+4	-2	+1	-1	+5	+9	+8	+3	-5	-13	-7	0
<b>L</b>	-42	-35	-36	-65	-69	-3	-4	+4	-10	-65	-74	-64	+2
<b>NL</b>	-1	+2	+3	0	+10	-1	0	-5	+9	-7	+16	-7	+15
<b>UK</b>	:	:	0	:	:	:	+12	+5	+5	-3	-6	+1	+12
<b>EC(c)</b>	-7	-4	-5	-8	-3	-4	0	-1	+2	-8	-12	-10	+1

For footnotes see page 5.

TABLE 3: Estimated number of months' production assured by orders on hand in manufacturing industry (a)

	Range (b)		1980	1981	1982	1981			1982				1983	
	Peak 1973	Trough 1975				II	III	IV	I	II	III	IV	I	II
B	4,5	2,8	3,5	3,4	3,4	3,3	3,4	3,4	3,3	3,5	3,4	3,4	3,2	3,2
D	3,3	2,8	3,2	2,9	2,7	2,9	2,9	2,9	2,8	2,7	2,7	2,5	2,6	2,7
F	3,5	2,7	4,0	3,6	3,5	3,7	3,5	3,5	3,2	3,7	3,7	3,5	3,2	3,2
IRL	2,2	1,8	1,8	2,0	2,0	1,9	2,4	2,4	2,0	2,1	2,0	1,8	1,8	1,7
I	4,7	3,7	4,8	4,0	4,2	3,9	4,3	3,9	4,0	4,5	4,2	4,0	4,7	4,1
L	3,5	1,4	2,2	2,3	1,9	2,4	2,7	2,0	2,2	1,8	1,9	1,7	1,7	2,2
NL	4,7	2,6	4,0	3,7	3,7	3,7	3,8	3,4	4,0	4,1	4,0	2,8	2,6	2,6
UK	:	:	2,5	2,8	3,0	2,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0	3,0
EC (c)	3,7	3,0	3,5	3,2	3,2	3,1	3,3	3,2	3,1	3,3	3,3	3,1	3,1	3,1

TABLE 4: Expected capacity constraints in manufacturing industry: i.e. net balance of respondents expecting capacity to be insufficient in relation to production expectations (a)(d)

	Range (b)		1980	1981	1982	1981			1982				1983	
	Peak 1973	Trough 1975				II	III	IV	I	II	III	IV	I	II
B	- 12	+ 58	+41	+49	+39	+44	+53	+45	+42	+41	+35	+39	+40	+38
DK	:	:	+20	+32	+35	+34	+27	+27	+36	+33	+34	+37	+35	+32
D	- 3	+56	+17	+34	+42	+33	+35	+36	+38	+40	+42	+49	+51	+44
F	-24	+45	+18	+42	+37	+37	+43	+45	+35	+39	+33	+39	+38	+39
IRL	:	+34	+23	+29	+34	+31	+24	+26	+31	+31	+30	+42	+39	+30
I	+ 1	+63	+30	+45	+47	+48	+50	+37	+36	+45	+51	+55	+54	+53
L	-72	+73	+48	+59	+60	+57	+58	+54	+61	+60	+59	+61	+63	+57
NL	- 3	+60	+23	+35	+47	+33	+36	+42	+48	+49	+50	+41	+39	+29
UK	:	:	+50	+63	+60	+67	+62	+57	+58	+60	+59	+63	+64	+50
EC (c)	- 7	+54	+27	+44	+46	+43	+45	+43	+42	+45	+45	+50	+50	+45

TABLE 5: Capacity utilization in manufacturing industry (%) (a)

	Range (b)		1980	1981	1982	1981			1982				1983	
	Peak 1973	Trough 1975				II	III	IV	I	II	III	IV	I	II
B	85,4	70,4	77,3	74,5	75,8	75,0	74,9	75,0	74,0	76,0	77,0	76,0	75,0	76,0
D	88,1	74,8	83,9	79,2	77,2	79,8	79,4	78,8	77,9	78,6	77,7	74,7	74,3	76,7
F	87,8	76,6	84,8	82,2	82,0	82,2	81,9	81,8	81,6	82,0	82,4	81,9	81,6	81,7
IRL	:	:	65,0	60,9	59,1	62,0	61,0	62,1	60,6	60,3	57,6	57,9	55,9	61,8
I	78,8	68,0	75,5	73,0	71,9	72,4	73,4	72,9	71,9	72,4	72,7	70,7	70,3	70,5
L	:	:	79,5	73,5	78,0	71,0	74,0	76,0	72,0	83,0	80,0	77,0	70,0	72,0
NL	86,0	76,0	81,3	78,5	76,8	79,0	79,0	78,0	77,0	76,0	76,0	78,0	78,0	79,0
UK (e)	90,6	75,5	77,2	73,2	74,2	78,6	74,2	74,6	73,4	74,2	75,1	74,2	74,2	75,7
EC (f)	86,4	75,0	81,3	77,6	77,0	77,7	77,9	77,7	76,8	77,5	77,5	76,0	75,6	77,0

TABLE 6: Employment expectations in manufacturing industry (a)  
Net balance of respondents expecting employment up, unchanged or down

	Range (b)		1980	1981	1982	1980			1981				1982				1983	
	Peak 1973	Trough 1975				Oct./ Nov.	June/ July	Oct./ Nov.	I	II	III	IV	I	II				
B	+12	-26	-21	-18	-14	-29	-19	-16	-12	-11	-14	-20	-17	-9				
DK	:	:	-14	-10	-9	-25	-9	-10	-17	+3	-10	-10	-17	-1				
D	+13	-34	-6	-20	-32	-12	-14	-26	-28	-27	-29	-42	-29	:				
F	+17	-35	-29	-39	-23	-33	-41	-37	-23	-22	-18	-29	-32	-28				
IRL	+15	-34	-33	-25	-30	-29	-19	-30	-23	-37	-26	-34	-20	-26				
I	+13	-26	-22	-38	-36	-28	-34	-42	:	-29	:	-43	:	:				
L	+75	-67	-13	-44	-49	-13	-49	-38	-51	-51	-50	-43	-54	-43				
NL	+4	-32	-10	-17	-22	-9	-17	-17	-15	-18	-21	-33	-37	-30				
UK	:	:	-52	-48	-39	-64	-52	-44	-34	-37	-39	-44	-44	-26				
EC (c)	+12	-31	-24	-32	-31	-30	-30	-33	-26	-26	-33	-39	-33	:				

(a) Details of the questions are given on the last page. The data are not adjusted for seasonality.  
 (b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1973 and 1975, respectively.  
 (c) Weighted total of available country data.  
 (d) Answers to the question whether, taking into account the level of order-books or production capacity is more than sufficient (+), sufficient (=) or less than sufficient (-). Thus, negative net balances (capacity less than sufficient) indicate high levels of capacity utilization and positive net balances (capacity more than sufficient) are associated with low levels of capacity utilization.  
 (e) The series for the United Kingdom are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.  
 (f) Column totals, with country data weighted by volume of industrial production in 1975.  
 Source: European Community business surveys.



TABLE 7: Indicators of output and economic sentiment

	Trough 1974/75	1980	1981	1982	1982			1983	1982		1983			
					II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March	April
<b>B</b> <i>index of industrial production</i>	96,6	115,4	110,9	:	113,9	111,0	112,3		112,9	107,0	:	:	:	:
1. industrial confidence indicator	-56	-22	-27	-22	-17	-21	-26	-23	-26	-25	-24	-24	-22	-22
2. construction confidence indicator	-36	-28	-47	-48	-45	-51	-52	-56	-52	-54	-52	-56	-61	-58
3. consumer confidence indicator <sup>1</sup>	-18	-20	-27	-27	-26	-27	-28	-31						
4. share-price index	85,4	87,2	71,1	87,1	85,4	87,0	90,4	96,5	89,3	91,5	93,9	95,8	99,8	99,8
= 5. economic sentiment indicator	99,3	100,2	97,8	99,0	99,3	99,0	98,8	98,9	98,8	98,8	98,8	98,8	99,0	99,1
<b>D</b> <i>gross domestic product</i>	99,0	118,9	118,6	117,4	117,9	116,9	116,7		:	:	:	:	:	:
<i>index of industrial production</i>	95,1	118,3	116,0	113,7	116,0	112,5	108,8		108,8	106,1	110,8	109,9	:	:
1. industrial confidence indicator	-49	-14	-30	-33	-30	-35	-38	-30	-38	-36	-34	-29	-28	-24
2. construction confidence indicator	-72	-18	-48	-59	-56	-57	-59	-48	-60	-56	-52	-51	-42	-39
3. consumer confidence indicator <sup>1</sup>	-22	-5	-22	-26	-22	-28	-28	-17	-29	-29	-24	-18	-9	-7
4. share-price index	73,9	98,2	100,3	100,1	100,6	97,1	102,7	112,0	101,3	105,6	106,5	109,9	119,6	130,5
= 5. economic sentiment indicator	98,8	101,9	98,9	98,2	99,6	98,0	97,7	99,8	97,4	97,9	98,6	99,6	101,2	102,1
<b>F</b> <i>gross domestic product</i>	98,5	117,7	118,0	119,6	120,2	119,3	120,1		:	:	:	:	:	:
<i>index of industrial production</i>	96,2	117,5	114,2	112,9	114,3	112,0	112,9		113,2	112,1	112,1	113,4	:	:
1. industrial confidence indicator	-49	-15	-30	-17	-13	-18	-20	-18	-19	-19	-19	-17	-18	-19
2. construction confidence indicator	:	-21	-36	-49	-49	-50	-50	-44	:	:	-44	:	:	-50
3. consumer confidence indicator <sup>1</sup>	-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	137,3	124,2	124,5	132,4	136,5	142,9	154,6
= 5. economic sentiment indicator	98,1	100,9	98,9	98,9	99,6	98,5	98,2	98,7	98,1	98,2	98,5	98,9	98,8	98,8
<b>IRL</b> <i>index of industrial production</i>	96,3	133,2	134,3	135,7	136,7	135,2	136,3		136,0	134,5	144,5	:	:	:
1. industrial confidence indicator	-41	-31	-18	-19	-11	-25	-24	-26	-21	-27	-21	-28	-28	-25
2. construction confidence indicator	:	-49	-33	-51	-35	-44	-76	-77	-74	-82	-76	-81	-75	-54
3. consumer confidence indicator <sup>1</sup>	-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	165,0	162,8	153,2	154,9	168,5	171,5	190,8
= 5. economic sentiment indicator	97,7	101,9	102,0	101,4	102,0	101,7	100,4	100,7	100,2	100,2	100,6	100,7	100,9	102,0
<b>I</b> <i>gross domestic product</i>	93,1	120,8	120,6	120,5	121,5	118,7	118,5		:	:	:	:	:	:
<i>index of industrial production</i>	91,6	127,9	124,7	121,9	124,3	121,2	117,4		117,5	118,0	117,1	115,0	:	:
1. industrial confidence indicator	-59	-13	-31	-31	-27	-33	-36	-35	-37	-35	-36	-33	-36	-35
2. construction confidence indicator	-56	-22	-18	-29	-29	-26	-26	-35	-51	-33	-43	-29	-34	-39
3. consumer confidence indicator <sup>1</sup>	-39	-22	-22	-18	-14	-21	-26	-25	-26	-26	-30	-25	-22	-21
4. share-price index	96,5	120,3	182,6	147,2	147,9	136,7	145,3	168,7	145,4	149,0	149,9	173,8	182,3	182,9
= 5. economic sentiment indicator	99,1	102,2	102,1	101,8	102,9	101,3	99,5	100,4	99,7	100,1	99,4	100,7	101,0	101,0
<b>NL</b> <i>index of industrial production</i>	94,0	112,6	110,3	106,9	108,2	107,9	103,3		102,0	103,0	102,0	105,0	:	:
1. industrial confidence indicator	-44	-12	-25	-25	-26	-26	-23	-20	-25	-23	-22	-19	-19	-17
2. construction confidence indicator	-47	-24	-32	-41	-42	-42	-40	-42	-40	-40	-42	-42	-41	-36
3. consumer confidence indicator <sup>1</sup>	-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	118,1	103,3	106,1	111,5	115,9	126,8	140,6
= 5. economic sentiment indicator	99,6	99,4	98,3	98,1	98,4	97,8	98,1	99,1	98,1	98,4	98,5	99,0	99,7	100,7
<b>UK</b> <i>gross domestic product</i>	98,1	108,5	106,3	107,8	106,5	107,7	109,8		:	:	:	:	:	:
<i>index of industrial production</i>	96,7	108,2	103,1	104,7	103,9	105,5	104,7		103,8	105,4	106,2	107,1	:	:
1. industrial confidence indicator	:	-43	-33	-25	-24	-25	-28	-21	-30	-27	-25	-20	-17	-14
2. construction confidence indicator	:	-30	-51	-42	-45	-38	-38	-31	:	:	-31	:	:	-32
3. consumer confidence indicator <sup>1</sup>	-33	-18	-21	-12	-7	-8	-7	-6	-5	-10	-5	-9	-4	-2
4. share-price index	41,4	177,5	200,1	231,7	222,1	232,4	261,2	309,7	265,5	260,6	302,7	309,6	315,4	326,3
= 5. economic sentiment indicator	95,0	101,5	100,9	101,8	101,4	102,1	102,5	103,2	102,6	102,5	103,3	103,4	103,8	104,0
<b>EC</b> <i>gross domestic product</i> <sup>2,3</sup>	99,0	116,8	116,3	116,7	116,9	116,1	116,6		:	:	:	:	:	:
<i>index of industrial production</i>	96,8	117,2	114,2	113,0	114,6	112,3	110,4		110,2	109,3	111,2	111,2	:	:
1. industrial confidence indicator	-49	-20	-31	-27	-24	-28	-30	-25	-30	-29	-28	-24	-24	-23
2. construction confidence indicator	:	-23	-39	-43	-47	-45	-48	-41	(-50)	(-46)	-44	(-41)	(-39)	-41
3. consumer confidence indicator <sup>1</sup>	-17	-13	-19	-17	-14	-19	-20	-16	-20	-21	-19	-17	-13	-12
4. share-price index	65,1	138,6	152,1	166,1	162,6	164,4	180,2	201,0	181,3	181,5	183,4	205,7	214,0	224,9
= 5. economic sentiment indicator	97,4	102,4	99,9	100,1	100,6	100,0	99,4	100,9	99,4	99,4	99,9	100,8	102,1	102,6

<sup>1</sup> 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.

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

<sup>3</sup> For the Federal Republic of Germany, gross national product.

For definitions of series 1 to 5, see Tables 8 and 9 and box on page 8.

Source: European Community business surveys and Eurostat.

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

(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 9: 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			1983		1982				1983			
	Peak 72/73	Trough 74/75				II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April			
<b>B</b> order-books	-13	-47	-32	-53	-61	-55	-65	-68	-71	-68	-70	-72	-72	-68	-70			
employment expectations	+31	-24	-23	-41	-36	-35	-37	-37	-41	-37	-38	-31	-40	-53	-46			
price expectations	+75	+25	+31	+8	-1	+1	-1	-4	-8	-2	-7	-3	-6	-16	-18			
construction confidence indicator (a)	+9	-36	-28	-47	-49	-45	-51	-53	-56	-53	-54	-52	-56	-61	-58			
<b>D</b> order-books	-17	-84	-30	-61	-73	-73	-74	-73	-69	-73	-71	-68	-72	-66	-62			
employment expectations	+10	-60	-7	-35	-44	-39	-40	-45	-28	-47	-41	-36	-30	-17	-16			
price expectations	+48	-37	-5	-41	-28	-39	-23	-12	-7	-10	-9	-9	-12	0	-3			
construction confidence indicator	-4	-72	-18	-48	-59	-56	-57	-59	-48	-60	-56	-52	-51	-42	-39			
<b>F</b> order-books	:	:	-31	-48	-62	-63	-66	-64	-58	:	:	-58	:	:	-63			
employment expectations	:	:	-12	-24	-35	-36	-34	-35	-29	:	:	-29	:	:	-37			
construction confidence indicator	:	:	-21	-36	-49	-49	-50	-50	-44	:	:	-44	:	:	-50			
<b>I</b> order-books	-25	-68	-33	-29	-44	-46	-42	-51	-49	-62	-46	-55	-39	-52	-48			
employment expectations	+10	-44	-11	-7	-13	-12	-9	-27	-21	-39	-20	-31	-18	-15	-29			
price expectations	+85	+30	+71	+71	+54	+56	+56	+30	+20	+15	+31	+20	+21	+19	+16			
construction confidence indicator	-8	-56	-22	-18	-29	-29	-26	-26	-35	-51	-33	-43	-29	-34	-39			
<b>L</b> order-books	+21	-50	-12	-21	-46	-44	-52	-51	-48	-52	-44	-51	-52	-41	-57			
employment expectations	+31	-39	+6	-6	-25	-29	-23	-17	-32	-19	-17	-32	-36	-28	-22			
price expectations	+82	+11	+45	+30	+17	+9	+20	+12	+3	+10	+15	+14	+7	-13	-13			
construction confidence indicator	+26	-45	-5	-14	-36	-37	-38	-34	-40	-36	-31	-42	-44	-35	-40			
<b>NL</b> order-books	-8	-81	-39	-50	-57	-58	-59	-59	-59	-60	-57	-61	-58	-57	-56			
employment expectations	+14	-13	-8	-14	-25	-27	-25	-21	-24	-19	-22	-23	-26	-24	-16			
construction confidence indicator	+3	-47	-24	-32	-41	-43	-42	-40	-42	-40	-40	-42	-42	-41	-36			
<b>UK</b> order-books	:	:	-33	-60	-59	-60	-55	-58	-47	:	:	-47	:	:	-52			
employment expectations	:	:	-27	-42	-25	-30	-19	-18	-14	:	:	-14	:	:	-11			
price expectations	:	:	+53	-16	0	+1	+9	-3	+11	:	:	+11	:	:	+6			
construction confidence indicator	:	:	-30	-51	-42	-45	-38	-38	-31	:	:	-31	:	:	-32			
<b>EC</b> order-books	:	:	-32	-51	-61	-62	-61	-63	-58	(-65)	(-61)	-59	(-57)	(-57)	-58			
(d) employment expectations	:	:	-14	-28	-24	-31	-28	-32	-25	(-35)	(-30)	-28	(-25)	(-21)	-24			
construction confidence indicator	:	:	-23	-39	-43	-47	-45	-48	-41	(-50)	(-46)	-44	(-41)	(-39)	-41			

(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?

#### 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'.

### ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator 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.

### Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD
Series B — 'Economic prospects — business survey results' (11 issues per year)	9.82	400	6.75	5.80	11.50

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CB-AT-83-005-EN-C