

Commission of the European Communities



Directorate-General
for Economic
and Financial Affairs

EUROPEAN ECONOMY

Supplement — Series B

No 12 — December 1980

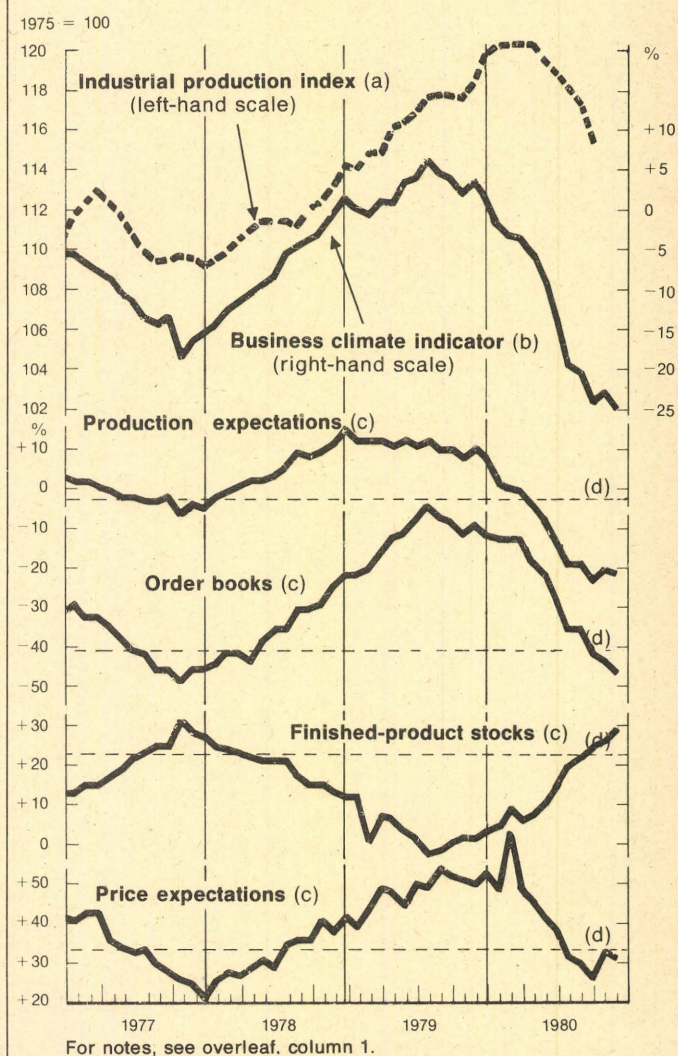
Economic prospects - business survey results

Uncertain business sentiment in the Community. — The industrial business climate indicator based on the European Community business survey declined by 2 percentage points between October and November, following a rise of 1 percentage point observed in October (see Graph 1 and Table 1). The majority of chief executives expecting industrial production to decline in the coming months increased in November by 1 percentage point but did not reach the pessimistic level of September. In contrast, the net balance of industrialists considering stocks of finished products to be above normal has been growing since November 1979 and increased further between October and November 1980 by 3 percentage points. A significant deterioration was also reported in the level of order-books, as the majority of chief executives judging order-books to be below normal grew by 3 percentage points. On the positive side, industrial selling-price expectations, after a marked rise in October, declined in November by 2 percentage points.

The industrial business climate in the Member States. — The industrial business climate deteriorated in November in all Member States except Italy and Belgium (see Table 1). The worsening in France and in the Netherlands amounted to only 1 and 1,5 percentage points, respectively, but in Luxembourg (where, however, the survey data are particularly volatile) the business climate indicator fell by 13,5 percentage points. The United Kingdom and Ireland also reported a marked decline, of 7 percentage points, which, however, did not quite offset the improvement noted last month. In the Federal Republic of Germany, the deterioration was 3 percentage points. The business climate indicator showed no change between October and November in Belgium and improved by 3 percentage points in Italy. Following a marked improvement in October, industrial production expectations in the Federal Republic of Germany fell by 6 percentage points in November to slightly below the September level. Order-book judgements continued the steady deterioration noted since February 1980. However, German chief executives' assessments of the level of stocks of finished products in industry were stable for the third successive month. The number of industrialists who expect selling-prices to increase during the coming months rose last month by 8 percentage points, confirming the increase in industrialists' price expectations observed in October. In France, production expectations improved in November by 2 percentage points while the assessment of order-book levels was unchanged from October. Stocks of finished products in French industry were judged to be above normal by an additional 4% of industrialists but selling-price expectations fell markedly, by 9 percentage points, in November.

Note: The main statistical measure used to summarize the results of the European Community business surveys is the difference between the percentages of respondents giving 'positive' and 'negative' replies to questions. Increasing or upward trends in production, order-books, stocks and selling prices are all counted as 'positive' (+ in the tables) and vice versa for 'negative' responses (- in the tables). For the purpose of interpretation, an increase in stocks is considered to be a negative development, and vice versa. The differences between the percentages of 'positive' and 'negative' responses are called in the text 'majorities' or 'net balances' (of ± ...%). The monthly and quarterly data in the tables are seasonally adjusted, except where otherwise stated.

GRAPH 1: Business survey indicators for manufacturing industry and the index of industrial production - EC total



Italian industrialists, in contrast to the pattern in the majority of the Member States, consider the production outlook to have improved in November, when the net balance on the production expectations question increased by 8 percentage points. Assessments of Italian industrial order-books, including export order-books, deteriorated, however, by 5 percentage points, between October and November. There has also been a further worsening in judgements on stocks of finished products: the majority of chief executives considering stocks of finished products to be above normal advanced by 2 percentage points in November. On the other hand, industrial selling-price expectations, while still highly inflationary, declined by 5 percentage points, thus falling to the level of May 1980.

Following an improvement by 15 percentage points in October, production expectations in the United Kingdom worsened by 7 percentage points in November. Assessments of the order-books by UK chief executives are increasingly pessimistic, worsening by a further 6 percentage points in November; a majority of 85% of the chief executives now consider the level of order-books in UK industry to be below normal. Stocks of finished products were reported above normal in November by a net balance of 49% of chief executives, a rise of 7 percentage points on the October level. Inflationary expectations were markedly lower: the majority of UK chief executives foreseeing higher selling-prices in coming months fell by 6 percentage points in November to the very low figure of 10%.

Deterioration in the production outlook for intermediate and investment goods. — Heads of firms in the Community intermediate and investment goods industries considered in November that the production outlook for the months ahead had deteriorated (see Table 2); the majority of respondents expecting production to decline in both sectors advanced by 2 percentage points. The decline at the Community level in the outlook for intermediate goods production is accounted for notably by more pessimistic assessments in the United Kingdom, which reported a worsening by 17 percentage points, in the Federal Republic of Germany (9 percentage points), in Ireland (7 percentage points), in the Netherlands (3 percentage points) and in Luxembourg (30 percentage points).

The decline in the production outlook for investment goods at Community level is attributable to the worsening of judgements in Belgium by 11 percentage points, in the United Kingdom (4 percentage points), in the Federal Republic of Germany (3 percentage points) and in the Netherlands (1 percentage point).

Business sentiment in the consumer goods sector appears to have stabilized in the course of the past two months, at a relatively low level. However, the November survey results for Italy were considerably more optimistic (an improvement of 11 percentage points) with respect to the outlook for consumer goods production than in the preceding month, as were also the results for the Netherlands (an advance of 2 percentage points). In the Federal Republic of Germany and in the United Kingdom the consumer goods production outlook was unchanged. The above results were offset, in the Community average, by a deterioration in the production outlook for consumer goods in France, Ireland and Belgium.

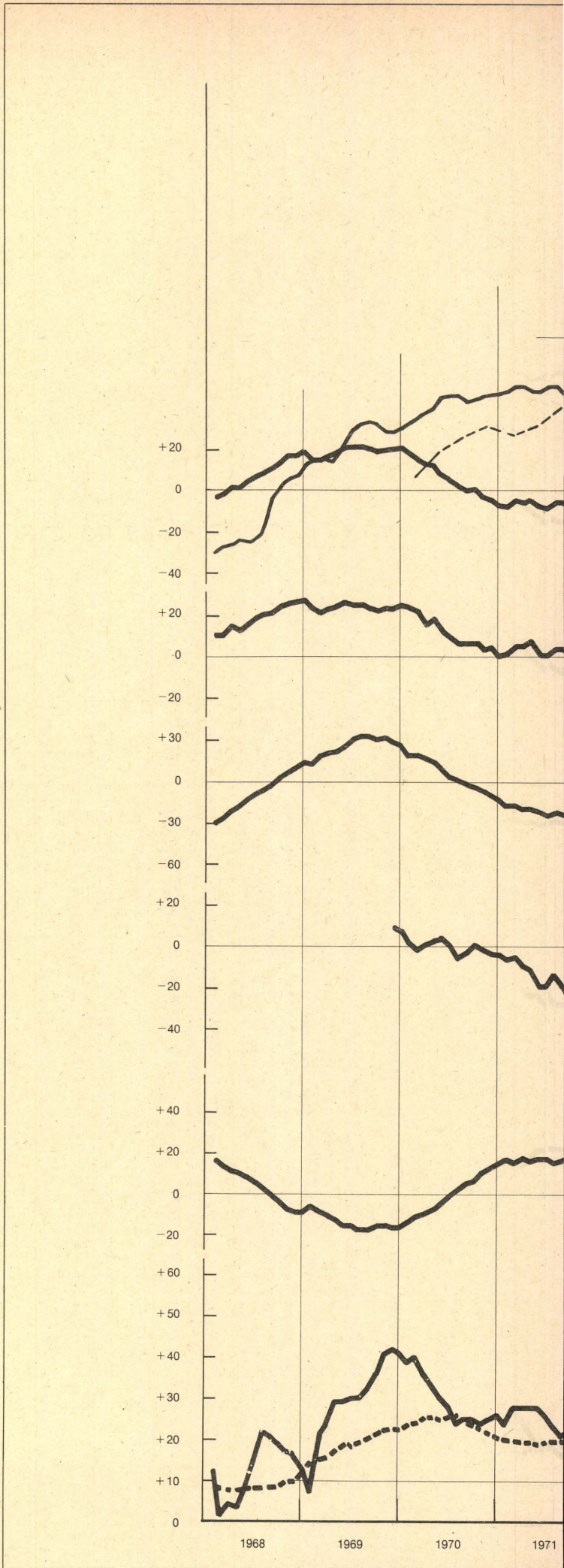
The business outlook in a longer-term perspective. — In a longer-term perspective the decline in the Community business climate indicator since August 1979 may be compared with earlier periods of recession. The present down-turn in the climate indicator has lasted 15 months, compared to 21 months in both the 1969-1971 and 1973-75 recessions. On the other hand, during the 1976-77 slowdown, the climate indicator declined for only nine months. In the current weakening of business confidence over 15 months, the indicator has fallen by 34.5 percentage points. In the first 15 months of the 1969-71 and 1973-75 recession periods, the indicator declined by 25.5 and 36 percentage points, respectively. The duration and the amplitude of the present down-turn in industrial activity cannot, of course, be predicted by simple extrapolation of past experiences. It should, however, be noted that production expectations, which in the past have led the climate indicator and, *a fortiori*, industrial production trends, have shown a slightly hesitant tendency during the past two months which may signal the imminent termination of the declining phase in business sentiment.

Brussels, 11 December 1980.

Notes on Graph 1.

- (a) Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average.
- (b) Composite indicator based on the replies to the questions on production expectations and stocks of finished products. The indicator is an average of the net balances, i.e. differences between the percentages of respondents giving positive and negative replies. Derived from data as shown in Table 1, with the sign inverted for stocks.
- (c) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on final page).
- (d) Dotted line shows average for 1968-1977.

Source: European Community business surveys and Eurostat.



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

Historical data, 1968 to 1980 (For notes, see Table 3)

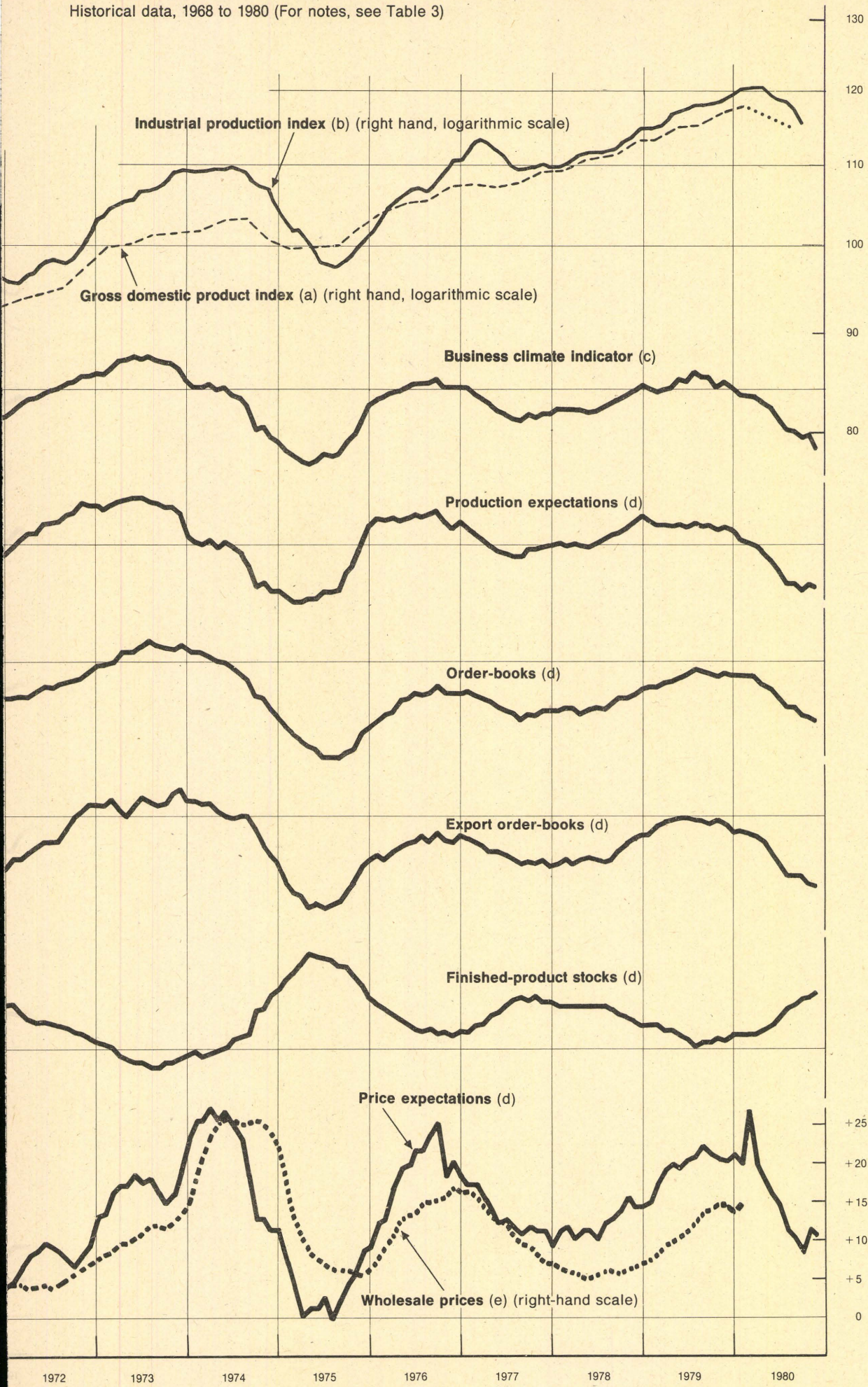


TABLE 3: Monthly survey of manufacturing industry and related economic time-series: EC total
Historical data, 1968 to 1980.

		1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
		Indices based on 1975 = 100												
Gross domestic product at constant market prices (a)														
year		78,6	83,2	87,4	90,4	94,1	99,8	101,5	100,0	105,0	107,4	110,8	114,2	:
quarter	1	:	:	85,1	89,5	93,1	99,3	101,5	99,3	103,3	107,3	108,8	112,9	117,7
	2	:	:	87,8	90,2	93,9	99,8	102,3	99,6	104,4	106,9	110,4	114,6	116,3
	3	:	:	89,0	92,0	94,5	100,7	102,7	99,4	105,0	107,6	111,1	115,1	115,2
	4	:	:	90,3	92,4	96,7	101,3	100,3	101,5	106,8	108,5	112,8	116,4	:
Industrial production (b)		Indices based on 1975 = 100												
year		81,2	88,5	92,8	94,9	99,1	106,5	107,1	100,0	107,3	109,9	112,4	117,6	:
quarter	1	79,2	86,9	91,9	94,1	95,8	104,3	108,6	102,1	104,4	112,7	110,5	114,7	119,9
	2	79,7	90,1	93,2	94,1	97,6	106,1	109,3	98,0	106,9	110,5	111,3	117,4	118,6
	3	84,5	90,4	93,0	94,2	98,1	107,5	107,5	97,3	107,5	109,3	112,1	117,8	115,3
	4	86,6	90,2	93,5	95,1	102,8	108,7	104,0	101,0	109,9	108,8	114,8	119,2	:
month	1	78,5	86,9	90,6	93,9	95,2	103,1	108,6	102,6	101,8	111,5	109,3	114,2	120,2
	2	79,1	87,0	91,2	94,3	95,0	104,2	108,6	101,7	103,0	112,2	109,6	114,7	120,3
	3	79,1	86,8	91,8	94,2	96,0	104,3	108,6	101,9	104,2	112,9	110,3	114,8	120,3
	4	79,8	87,6	92,3	93,9	96,5	105,1	109,0	100,8	105,3	112,4	110,9	116,3	120,1
	5	79,1	88,9	93,4	93,9	97,6	105,1	108,8	99,1	106,0	111,7	111,3	116,7	119,3
	6	79,7	90,1	93,2	94,2	98,0	106,2	109,5	97,6	106,8	110,8	111,2	117,3	118,6
	7	80,6	90,7	93,4	94,2	97,5	106,1	109,0	97,1	106,9	109,7	111,1	117,7	118,0
	8	83,4	90,8	92,7	93,5	97,3	106,6	108,5	96,8	106,4	109,2	111,1	117,9	116,9
	9	84,5	90,4	93,0	94,1	97,9	107,1	107,4	97,2	107,5	109,4	111,9	117,9	115,1
	10	85,2	89,9	93,4	95,0	99,5	108,2	106,8	98,1	108,6	109,6	112,5	117,8	:
	11	85,6	89,8	93,5	96,0	101,2	108,8	106,2	99,8	110,1	109,5	113,5	118,5	:
	12	86,6	90,2	93,6	95,3	102,8	108,8	104,0	100,7	110,3	109,1	114,6	119,2	:
Business climate indicator (c)		Net balances, %												
year		+ 8	+ 18,5	+ 5	- 8,5	- 0,5	+ 11	- 9	- 26,5	- 0,5	- 12,5	- 8	+ 2	:
quarter	1	- 1,5	15	15	- 6	- 7,5	10,5	2	- 33,5	- 3	- 3,5	- 10	- 1	- 3
	2	4	20	8,5	- 7	- 2	- 15,5	- 1	- 36,5	0,5	- 11,5	- 11	2	- 10
	3	11	20	0,5	- 7	- 2	14,5	- 11,5	- 31,5	3	- 15,5	- 7,5	4,5	- 22
	4	18	20,5	- 5	- 14	7,5	9,5	- 24	- 15	0,5	- 13	- 0,5	2	:
month	1	- 3	14,5	18,5	- 8	- 11	8	1,5	- 31,5	- 4,5	0,5	- 10,5	0,5	- 2,5
	2	- 1,5	15	15,5	- 5	- 7,5	10,5	1,5	- 34	- 4	- 3	- 10,5	- 1	- 3
	3	1,5	17	12,5	- 6	- 4,5	14	2,5	- 36,5	- 2	- 5	- 10,5	0	- 3,5
	4	0,5	18,5	12	- 4,5	- 4	15	0	- 38,5	- 1	- 8	- 10,5	1	- 6
	5	4,5	21	7,5	- 7,5	- 2	16,5	0,5	- 37,5	0,5	- 11	- 12	5	- 9,5
	6	7	21	5,5	- 8	- 0,5	16	- 3,5	- 35,5	3	- 12,5	- 11	4,5	14,5
	7	8,5	21,5	2	- 6	0,5	16,5	- 4,5	- 35	3	- 15	- 9,5	9	- 20
	8	11	20	0	- 6	2,5	15	- 9	- 33	3	- 16	- 7,5	6	- 21
	9	13,5	18,5	0,5	- 9	4	14	- 20,5	- 28	5	- 13,5	- 5,5	6,5	- 24,5
	10	16,5	19,5	- 3,5	- 12,5	7	13,5	- 19,5	- 24	1,5	- 14,5	- 3	1,5	- 23,5
	11	17	20	- 4	- 15	7,5	11	- 25,5	- 16	1	- 12,5	- 0,5	3	- 25,5
	12	18,5	20,5	- 7,5	- 14	8,5	4,5	- 27	- 8	1	- 12	2	1	:
Production expectations (d)		Net balances, %												
year		19	23	10	1	11	17	- 8	- 16	11	- 3	4	10	:
quarter	1	11	22	19	4	2	20	1	- 29	13	4	0	10	0
	2	16	25	12	3	9	23	- 1	- 27	13	- 4	0	10	- 9
	3	22	23	6	3	14	20	- 12	- 21	15	- 6	4	10	- 21
	4	27	24	2	- 6	20	13	- 22	0	9	- 2	12	8	:
month	1	10	23	23	1	- 2	18	1	- 27	13	8	0	12	1
	2	10	21	21	5	2	20	0	- 30	12	5	- 1	10	0
	3	14	23	15	5	5	22	2	- 30	13	2	0	10	- 1
	4	12	24	18	7	5	23	- 2	- 29	12	- 1	- 1	9	- 4
	5	16	26	12	1	10	24	1	- 28	13	- 4	- 2	10	- 8
	6	19	25	9	1	11	24	- 2	- 25	15	- 5	0	9	- 14
	7	20	25	6	4	12	22	- 4	- 25	14	- 7	2	11	- 20
	8	21	23	6	4	15	21	- 10	- 24	15	- 7	4	9	- 20
	9	24	22	6	0	16	19	- 22	- 15	17	- 3	5	9	- 24
	10	25	23	3	- 4	21	19	- 20	- 11	11	- 3	8	7	- 21
	11	26	23	4	- 8	20	16	- 24	0	8	- 2	11	9	- 22
	12	27	24	0	- 6	20	4	- 24	9	11	- 1	15	7	:
Order-books (d)		Net balances, %												
year		- 8	26	4	- 23	- 20	5	- 15	- 59	- 30	- 40	- 37	- 12	:
quarter	1	- 27	17	18	- 18	- 29	0	5	- 56	- 42	- 29	- 38	- 20	- 13
	2	- 14	26	10	- 22	- 23	7	- 3	- 68	- 29	- 37	- 41	- 11	- 23
	3	- 3	31	- 2	- 24	- 18	12	- 18	- 68	- 24	- 43	- 34	- 7	- 38
	4	10	29	- 10	- 30	- 10	9	- 37	- 56	- 27	- 41	- 26	- 11	:
month	1	- 30	13	19	- 18	- 30	- 3	7	- 51	- 47	- 25	- 40	- 21	- 13
	2	- 28	19	19	- 17	- 29	- 2	6	- 57	- 42	- 28	- 37	- 21	- 13
	3	- 22	21	17	- 20	- 28	5	4	- 61	- 40	- 30	- 38	- 18	- 13
	4	- 18	22	15	- 20	- 24	6	0	- 67	- 32	- 32	- 42	- 17	- 19
	5	- 13	25	10	- 22	- 21	6	- 2	- 69	- 30	- 36	- 39	- 14	- 22
	6	- 9	31	4	- 25	- 22	12	- 5	- 70	- 26	- 39	- 37	- 11	- 29
	7	- 7	32	1	- 23	- 19	15	- 10	- 70	- 27	- 41	- 38	- 7	- 36
	8	- 3	32	- 2	- 25	- 17	12	- 14	- 70	- 26	- 45	- 35	- 9	- 36
	9	2	30	- 4	- 25	- 16	10	- 28	- 67	- 20	- 42	- 30	- 11	- 42
	10	6	31	- 6	- 29	- 14	9	- 29	- 64	- 26	- 43	- 30	- 12	- 44
	11	10	28	- 10	- 30	- 9	11	- 37	- 56	- 27	- 40	- 27	- 10	- 47
	12	14	26	- 14	- 30	- 4	9	- 44	- 52	- 27	- 40	- 23	- 12	:
Export order-books (d)		Net balances, %												
year		:	:	- 1	- 18	- 10	6	- 5	- 36	- 15	- 23	- 21	- 5	:
quarter	1	:	:	2	- 4	- 19	6	6	- 38	- 20	- 14	- 25	- 7	- 9
	2	:	:	2	- 16	- 15	5	0	- 46	- 15	- 20	- 23	- 3	- 19
	3	:	:	- 4	- 21	- 7	6	- 2	- 42	- 14	- 24	- 22	- 4	- 31
	4	:	:	- 4	- 30	3	10	- 22	- 27	- 13	- 25	- 12	- 4	:
month	1	:	:	2	- 6	- 22	5	7	- 34	- 20	- 12	- 25	- 10	- 4
	2	:	:	1	- 5	- 23	8	5	- 40	- 23	- 14	- 23	- 6	- 6
	3	:	:	- 1	- 9	- 19	2	6	- 42	- 19	- 15	- 26	- 4	- 6
	4	:	:	2	- 11	- 17	0	2	- 47	- 17	- 19	- 23	- 3	- 9
	5	:	:	4	- 19	- 14	5	0	- 45	- 15	- 19	- 22	- 2	- 19
	6	:	:	1	- 19	- 14	10	- 2	- 48	- 14	- 21	- 23	- 2	- 25
	7	:	:	- 6	- 13	- 12	7	0	- 46	- 11	- 22	- 24	- 3	- 31
	8	:	:	- 3	- 19	- 7	5	0	- 44	- 14	- 25	- 23	- 3	- 31
	9	:	:	1	- 26	- 1	6	- 7	- 39	- 9	- 24	- 18	- 5	- 31
	10	:	:	- 1	- 30	3	12	- 16	- 35	- 13	- 25	- 14	- 3	- 36

TABLE 1: Monthly survey of manufacturing industry — Monthly questions and the composite business climate indicator
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

		Range (b)		1977	1978	1979	1979	1980			1980					
		Peak 72/73	Trough 74/75					I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
D	production expectations	+17	-32	-8	-2	+6	+2	-3	-5	-16	-8	-16	-15	-16	-11	-17
	order-books	+5	-73	-42	-41	-15	-9	-7	-13	-27	-16	-24	-26	-32	-33	-36
	export order-books (c)	+23	-33	-6	-8	+4	+2	+3	-2	-9	-5	-13	-8	-5	-7	-8
	stocks of finished products	-7	+43	+18	+17	+4	+2	+4	+5	+16	+8	+13	+15	+19	+19	+19
	selling-price expectations	+55	+4	+14	+19	+32	+33	+36	+28	+17	+25	+17	+18	+15	+18	+26
	business climate indicator	+5	-37,5	-13	-9,5	+1	0	-3,5	-5	-16	-8	-14,5	-15	-17,5	-15	-18
F	production expectations	+33	-29	-5	+5	+12	+17	+11	+1	-15	-4	-13	-15	-18	-21	-19
	order-books	+26	-69	-38	-31	-9	-4	-4	-13	-27	-16	-22	-27	-33	-38	-38
	export order-books	+24	-66	-34	-21	-1	+4	-6	-21	-39	-26	-34	-38	-42	-47	-46
	stocks of finished products	-14	+50	+28	+25	+10	+6	+3	+9	+31	+12	+14	+20	+28	+31	+35
	selling-price expectations	+76	+15	+42	+52	+55	+59	+60	+54	+39	+52	+40	+39	+37	+52	+43
	business climate indicator	+23,5	-39,5	-16,5	-10	+1	+5,5	+3,5	+4	-18	-8	-13,5	-17,5	-23	-26	-27
IRL	production expectations	:	-21	+29	+26	:	+19	+1	-7	-27	-23	-21	-33	-28	-14	-16
	order-books	:	-68	-13	-5	:	-13	-22	-44	-64	-56	-66	-60	-66	-66	-71
	export order-books	:	-22	+27	+19	:	+8	-1	+2	-11	+9	-4	-7	-22	-19	-2
	stocks of finished products	:	+35	+4	+4	:	+2	+20	+24	+39	+25	+31	+46	+41	+37	+49
	selling-price expectations	:	+64	+44	+35	:	+59	+58	+48	+39	+54	+38	+47	+31	+30	+29
	business climate indicator	:	-28	+12,5	+11	:	+8	-9,5	-15	-33	-24	-26	-39,5	-34,5	-25,5	-32,5
I	production expectations	+40	-43	-15	0	+13	+12	+7	-4	-16	-11	-18	-15	-15	-18	-10
	order-books	+30	-82	-46	-40	-5	-2	-4	-13	-34	-26	-34	-30	-37	-39	-44
	export order-books	+13	-67	-32	-29	-14	-14	-15	-33	-46	-43	-43	-46	-48	-52	-54
	stocks of finished products	-24	+53	+31	+25	-1	-5	-2	+6	+15	+18	+17	+15	+16	+20	+22
	selling-price expectations	+76	+10	+38	+41	+73	+79	+74	+58	+59	+55	+55	+62	+60	+63	+58
	business climate indicator	+32	-48	-23	-12,5	+5	+8,5	+4,5	-5	-15,5	-14,5	-17,5	-15	-15,5	-19	-16
NL	production expectations	+26	-23	+1	+2	+7	+4	+3	-1	-7	-2	-7	-8	-6	-6	-7
	order-books	+7	-48	-29	-24	-13	-10	-8	-14	-25	-17	-23	-24	-28	-31	-32
	stocks of finished products	-1	+57	+22	+16	+8	+5	+7	+10	+16	+15	+16	+15	+17	+22	+24
	selling-price expectations	+13,5	-40	-10,5	-7	-0,5	-0,5	-2	-5,5	-11,5	-8,5	-11,5	-11,5	-11,5	-14	-15,5
	business climate indicator															
B	production expectations	+31	-56	-24	-18	-3	+2	-8	-21	-32	-28	-31	-32	-33	-33	-33
	order-books	+13	-14	-54	-49	-30	-18	-18	-23	-38	-28	-35	-36	-42	-44	-44
	export order-books	+15	-82	-58	-51	-28	-21	-22	-26	-45	-33	-45	-42	-49	-49	-49
	stocks of finished products	-14	+37	+18	+22	+12	+3	+8	+8	+10	+6	+8	+9	+12	+15	+15
	selling-price expectations	+64	-10	+10	+14	+27	+36	+34	+19	+9	+10	+10	+10	+7	+10	+21
	business climate indicator	+22,5	-46,5	-21	-20	-7,5	-1	-8	-14,5	-21	-17	-19,5	-20,5	-22,5	-24	-24
L	production expectations	+90	+98	-8	-22	-2	+2	-5	-32	-41	-47	-35	-36	-52	-40	-64
	order-books	:	:	-73	-68	-44	-23	-31	-25	-51	-50	-50	-52	-50	-52	-63
	export order-books	:	:	-78	-76	-26	-6	-33	-27	-72	-68	-71	-73	-72	-74	-70
	stocks of finished products	-23	+69	+13	+6	+48	+69	+67	+59	+53	+67	+61	+49	+48	+72	+75
	selling-price expectations	:	:	+46	+55	+59	+14	+22	+5	+20	-9	-42	-12	-6	+1	+10
	business climate indicator	+56,5	+14,5	-10,5	-14	-25	-33,5	-36	-46	-47	-57	-48	-42,5	-50	-56	-69,5
UK	production expectations	:	:	+25	+20	+16	+7	-8	-27	-43	-37	-38	-40	-52	-37	-44
	order-books	:	:	-14	-20	-13	-29	-45	-57	-74	-67	-70	-74	-79	-79	-85
	export order-books	:	:	-1	-24	-20	-26	-32	-37	-48	-47	-47	-50	-47	-59	-60
	stocks of finished products	:	:	+10	+12	+7	+12	+16	+30	+44	+35	+43	+43	+45	+42	+49
	selling-price expectations	:	:	+61	+50	+65	+64	+59	+48	+26	+40	+40	+20	+18	+16	+10
	business climate indicator	:	:	+7,5	+4	+4,5	-2,5	-12	-28,5	-43,5	-36	-40,5	-41,5	-48,5	-39,5	-46,5
EC	production expectations	+24	-30	-2	+4	+7	+6	0	-9	-21	-14	-20	-20	-24	-21	-22
	order-books	+15	-70	-40	-37	-12	-11	-13	-23	-38	-29	-36	-36	-42	-44	-47
	export order-books	+14	-48	-18	-20	-6	-8	-9	-19	-31	-25	-31	-31	-31	-36	-37
	stocks of finished products	-10	+48	+22	+20	+5	+4	+7	+11	+22	+15	+20	+22	+25	+26	+29
	selling-price expectations	+19	+63	+33	+33	+49	+51	+51	+42	+29	+39	+32	+30	+26	+33	+31
	business climate indicator	+16,5	-38,5	-12	-8	+1	+1	-3,5	-10	-22	-14,5	-20	-21	-24,5	-23,5	-25,5

TABLE 2: Monthly survey of manufacturing industry — Production expectations in the major sectors of manufacturing industry
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (a)

Industrial sector	Range (b)		1977	1978	1979	1979	1980			1980						
	Peak 72/73	Trough 74/75					I	II	III	June	July	Aug.	Sept.	Oct.	Nov.	
D	consumer goods	+18 -30	0	- 3	+ 1	- 1	- 5	- 2	- 7	- 3	- 4	- 8	- 9	- 7	- 7	
	investment goods	+17 -28	- 8	- 3	+ 9	+12	+ 8	+ 3	- 7	+ 2	- 7	- 7	- 8	- 2	- 5	
	intermediate goods	+26 -41	-12	- 2	+ 6	- 3	- 7	- 9	-21	-13	-22	-19	-22	-17	-26	
F	consumer goods	+42 -22	+ 3	+14	+21	+24	+18	+ 9	- 9	+ 7	- 2	- 9	-16	-16	-19	
	investment goods	+35 -31	- 2	+ 2	+ 6	+10	+ 8	0	- 7	- 4	- 7	- 7	- 5	- 4	- 4	
	intermediate goods	+33 -39	-12	+ 3	+ 9	+15	+ 6	- 5	-27	-11	-24	-27	-29	-39	-30	
IRL	consumer goods	: -28	+22	+24	:	:	+ 2	+ 1	-23	-14	-18	-30	-20	-26	-34	
	investment goods	: -65	+30	+32	:	:	0	- 8	-29	-38	-30	-34	-23	-25	-11	
	intermediate goods	: -22	+32	+25	:	:	- 4	-17	-32	-27	-24	-41	-31	-19	-26	
I	consumer goods	+36 -55	-10	0	+17	+18	+10	+ 4	-19	- 4	-22	-17	-19	-19	- 8	
	investment goods	+41 -34	- 8	- 8	+12	+15	+11	+ 1	- 3	- 1	- 7	- 1	- 1	0	+ 7	
	intermediate goods	+49 -39	-19	+ 2	+14	+ 9	+10	- 7	-16	-14	-18	-16	-14	-21	-17	
NL	consumer goods	+33 -26	+ 4	+ 7	+ 8	+ 6	+ 4	+ 3	- 4	- 1	- 9	- 3	- 1	- 9	- 7	
	investment goods	+42 -53	- 2	0	+ 1	0	- 1	- 4	- 7	- 3	- 8	-11	- 5	-10	-11	
	intermediate goods	+43 -22	+ 2	+ 2	+12	+ 8	+ 5	0	- 3	0	+ 3	- 6	- 7	- 1	- 4	
B	consumer goods	+34 -43	-14	-16	- 4	+ 3	- 8	-21	-12	-25	-14	-12	-10	-19	-32	
	investment goods	+27 -58	-25	-25	- 3	+ 5	- 8	-13	-27	-23	-27	-25	-30	-35	-46	
	intermediate goods	+26 -63	-35	-15	- 4	- 1	- 9	-26	-52	-36	-47	-54	-54	-46	-29	
L	consumer goods	+43 -73	-41	-23	:	:	+21	+ 5	+29	-14	+ 9	+50	+28	+20	+44	
	investment goods	+33 -41	-18	- 7	:	:	- 3	- 5	-17	- 9	-12	-15	-23	-34	-23	
	intermediate goods	:	- 4	-23	:	:	-11	-40	-52	-56	-45	-47	-64	-46	-76	
UK	consumer goods	:	:	+33	+26	+18	0	-12	-21	-41	-28	-38	-39	-46	-39	-39
	investment goods	:	:	+26	+11	+16	+13	+ 6	-11	-27	-22	-19	-23	-39	-36	-40
	intermediate goods	:	:	+20	+25	+ 7	- 9	-26	-38	-53	-46	-46	-52	-61	-35	-52
EC(d)	consumer goods	+29 -26	+ 4	+ 9	+11	+ 8	+ 2	- 3	-17	- 8	-14	-17	-20	-18	-18	
	investment goods	+28 -29	- 1	0	+ 9	+11	+ 8	- 2	-12	- 6	-10	-10	-14	-10	-12	
	intermediate goods	+32 -37	- 8	+ 5	+ 8	+ 3	- 4	-14	-29	-20	-29	-28	-31	-28	-30	

(a) Details of the questions are given on the last page. For a description of the climate indicator, please see the notes to Graph 1.

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/1973 and 1974/1975, respectively.

(c) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.

(d) Not including Denmark, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Denmark at the beginning of 1980).

Note: (s.a.) = seasonally adjusted.

: = not available.

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

Source: European Community business surveys.

TABLE 3 (cont.): **Monthly survey of manufacturing industry and related economic time-series: EC total**
Historical data, 1968 to 1980.

		1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Selling-price expectations (d)		Net balances, %												
year		13	30	29	24	27	44	48	20	48	33	33	49	:
quarter	1	5	16	37	26	23	40	60	18	38	42	32	46	51
	2	9	29	34	28	28	46	62	15	50	34	31	48	42
	3	21	33	25	22	25	42	45	13	61	33	36	52	29
	4	16	42	26	18	31	49	33	26	46	29	39	51	:
month	1	13	7	39	24	19	37	61	25	34	44	32	39	51
	2	1	21	40	28	23	42	61	18	35	44	33	44	53
	3	4	24	36	28	26	44	64	10	43	42	30	48	49
	4	3	29	33	28	27	44	61	12	48	37	32	49	46
	5	8	29	30	28	29	47	63	12	49	34	32	48	42
	6	15	30	27	26	28	45	59	15	53	35	30	50	39
	7	22	30	24	23	27	46	56	9	53	33	34	51	32
	8	21	34	25	21	25	42	47	14	57	31	35	54	30
	9	19	36	25	22	23	39	35	17	60	33	37	52	26
	10	17	41	24	19	26	43	35	21	46	32	41	51	33
	11	16	42	25	16	29	48	32	27	50	32	38	50	31
	12	13	41	26	18	36	56	32	28	46	28	38	53	:
Wholesale prices (e)		Percentage increase on the corresponding period of the previous year, 1970 = 100												
year		4.5	6.9	4.6	4.9	11.0	23.7	7.7	13.2	11.0	5.7	4.4	(10.3)	:
quarter	1	-1.1	2.5	7.2	4.8	3.9	8.7	21.1	12.7	8.8	15.5	5.7	8.0	:
	2	-1.2	4.1	7.6	4.6	4.0	10.2	25.4	7.3	13.0	12.3	5.0	10.3	:
	3	-0.9	5.1	7.1	4.7	4.9	11.7	25.1	5.9	14.8	9.6	5.6	13.0	:
	4	0.1	6.2	5.6	4.2	6.8	13.3	23.3	5.5	16.0	7.2	6.4	:	:
month	1	-1.0	2.4	6.8	4.9	4.1	8.0	18.4	16.1	7.4	16.1	6.1	7.1	(14.6)
	2	-1.0	2.3	7.1	4.8	4.1	8.6	21.3	12.4	8.8	15.6	5.6	8.0	:
	3	-1.2	2.9	7.6	4.7	3.6	9.5	23.6	9.7	10.1	14.4	5.4	9.0	:
	4	-1.0	3.7	7.7	4.6	3.9	9.5	25.3	8.0	12.4	12.8	4.9	9.6	:
	5	-1.0	4.3	7.4	4.4	4.3	10.1	25.5	7.1	13.2	12.4	4.9	10.2	:
	6	-1.1	4.4	7.7	4.7	3.7	11.0	25.4	6.7	13.3	11.8	5.3	11.1	:
	7	-1.0	4.6	7.7	4.7	4.3	11.7	24.8	6.0	14.6	10.3	5.7	12.0	:
	8	-0.9	5.1	7.1	4.7	4.9	11.8	25.0	5.9	14.8	9.4	5.8	13.3	:
	9	-0.9	5.6	6.6	4.8	5.4	11.5	25.5	5.8	15.0	9.1	5.4	13.9	:
	10	-0.3	6.1	6.0	4.5	6.2	12.1	24.9	5.4	15.5	8.0	6.0	14.5	:
	11	-0.1	6.3	5.7	4.2	6.7	13.2	23.8	5.1	16.6	6.8	6.4	(14.5)	:
	12	0.8	6.2	5.2	3.9	7.5	14.6	21.3	6.0	15.9	6.7	6.8	(13.5)	:

- (a) The annual data cover the nine Community Member States, and are based on 1970 prices and exchange rates. The quarterly series cover the Federal Republic of Germany (gross national product), France, Italy and the United Kingdom, representing approximately 80 % of Community production. The latter series are based on 1975 prices and exchange rates.
- (b) Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average.
- (c) Composite indicator based on the survey questions on production expectations and stocks of finished products (see notes below). The indicator is an average of the net balances, i.e. the differences between the percentages of respondents giving positive or negative replies, with the sign inverted for stocks.
- (d) Details of the questions are given in the notes below.
- (e) Excluding Luxembourg. The component indices for Member States are taken from Community sources (Eurostat), except for France and the Netherlands, where national sources are used.

Sources: Eurostat and European Community business surveys.

European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1962. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing industry is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

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

Quarterly (January, April, July and October):

- capacity utilization: in %?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead up, unchanged, down?
- stocks of raw materials: high, normal, low?

Three times a year (carried out in January/February, June/July and October/November):

- limits to production: none, insufficient demand, shortage of labour, lack of equipment?

Half-yearly (carried out in June/July and October/November):

- Employment expectations for the months ahead: up, unchanged, down?

All industries, including manufacturing, extractive and food

Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Construction industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

Quarterly (undertaken in March, June, September and December):

- duration of assured production: in months?

The surveys are undertaken by:

- D - Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- F - France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL - Ireland: CII (Confederation of Irish Industries) and ESRI (Economic and Social Research Institute)
- I - Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- B - Belgium: Banque Nationale de Belgique
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey.
 - DI (Department of Industry), for the investment survey.
 - DE (Department of Environment), for the construction survey.

Supplement B to 'European Economy', gives a monthly selection of the most recent results. Articles containing more detailed analyses and longer time-series of data appear periodically in the main editions of 'European Economy'. The surveys of manufacturing industry are broken down by twenty industrial sectors, and also by consumer, intermediate and capital goods branches; the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to 'European Economy'.

PRICES

	BFR	DKR	DM	FF	LIT	HFL	UKL	IRL	USD
'European Economy' (3 issues per year)	1 000	180	62,50	145,50	28 000	68,50	15.25	16.60	34.25
Supplements									
Series A — 'Economic trends' (11 issues per year)	400	72	25,00	58,50	11 200	27,50	6.10	6.70	13.70
Series B — 'Economic prospects — business survey results' (11 issues per year)	450	81	28,00	65,50	12 600	31,00	6.85	7.50	15.50
Series C — 'Economic prospects — consumer survey results' (3 issues per year)	200	36	12,50	29,50	5 600	13,70	3.10	3.30	6.90
All three supplements	800	144	50,00	116,50	22 400	54,75	12.15	13.30	27.35
Combined subscription — 'European Economy' and supplements	1 500	270	93,50	218,50	41 900	103,00	22.80	25.00	51.50

The annual subscription runs from 1 January to 31 December of each year

Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy

These are surface mail rates; for air subscription rates please apply to the agents