

# EUROPEAN ECONOMY

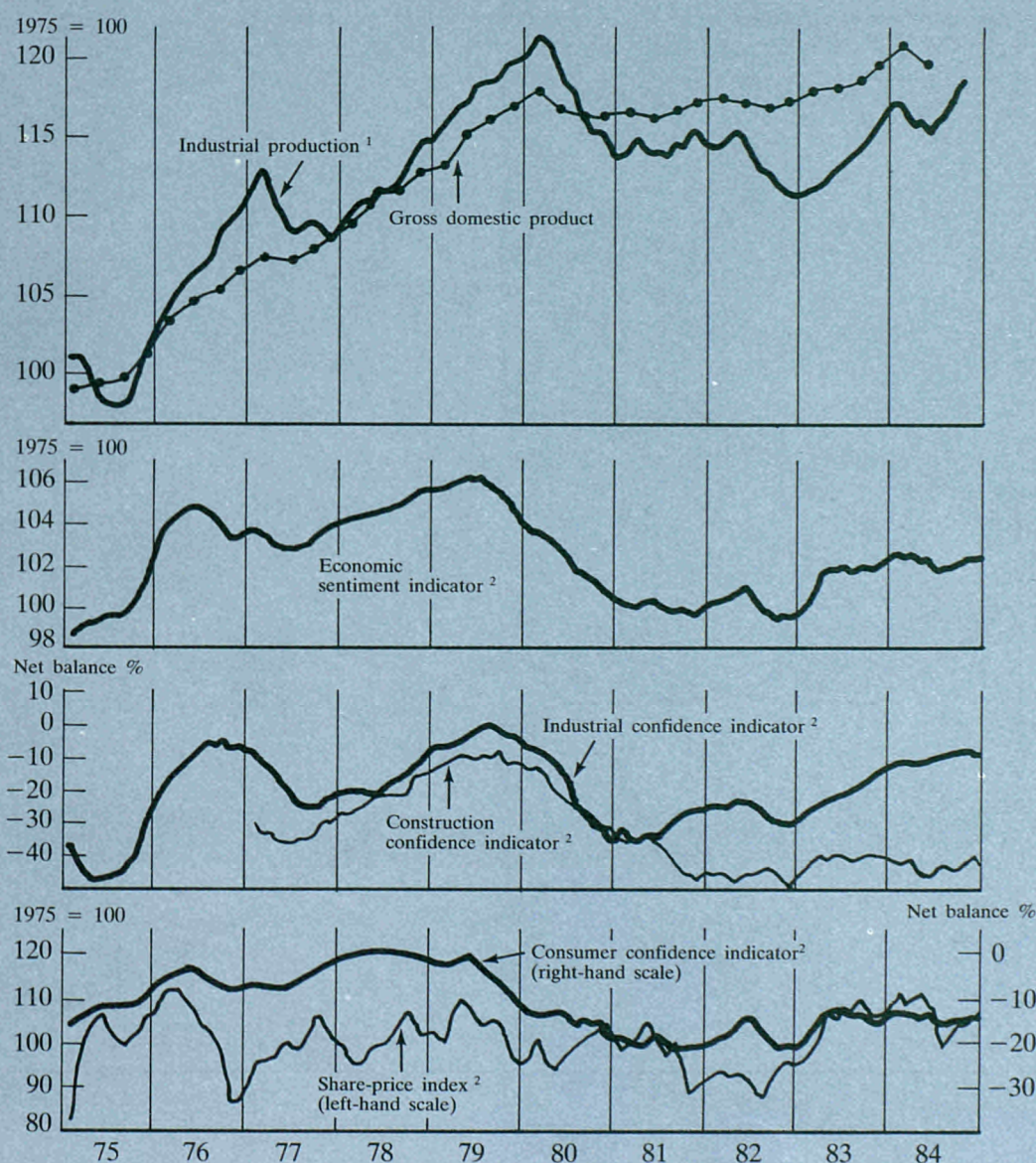
COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B — No 1 — January 1985

Business survey results

*This month :  
industrial investment in 1984  
and prospects for 1985*

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



<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 6.



**Strong upswing in industrial investment.** — The recovery in industrial investment which started at the EC level in 1984 will continue in 1985 with more impetus. According to the investment survey carried out in October/November 1984, industrial investment will increase in 1985 in the Community as a whole by 14 % in current prices and by about 9 % in real terms.

For 1984 the survey suggests that industrial investment increased by 7 % in real terms (12 % in current prices). This performance corresponds exactly to the investment plans reported by the European industrialists in spring 1984 and is slightly higher than the first forecast given one year ago (see Supplement B, nos. 1 and 7, 1984).

The likely development of industrial investment in 1985 will raise this key component for economic growth to the level reached in 1980 — the year before the strongly declining trend set in. In spite of this marked upturn, however, the volume of industrial investment still remains in 1985 at a level which will be 14 % lower than in 1973.

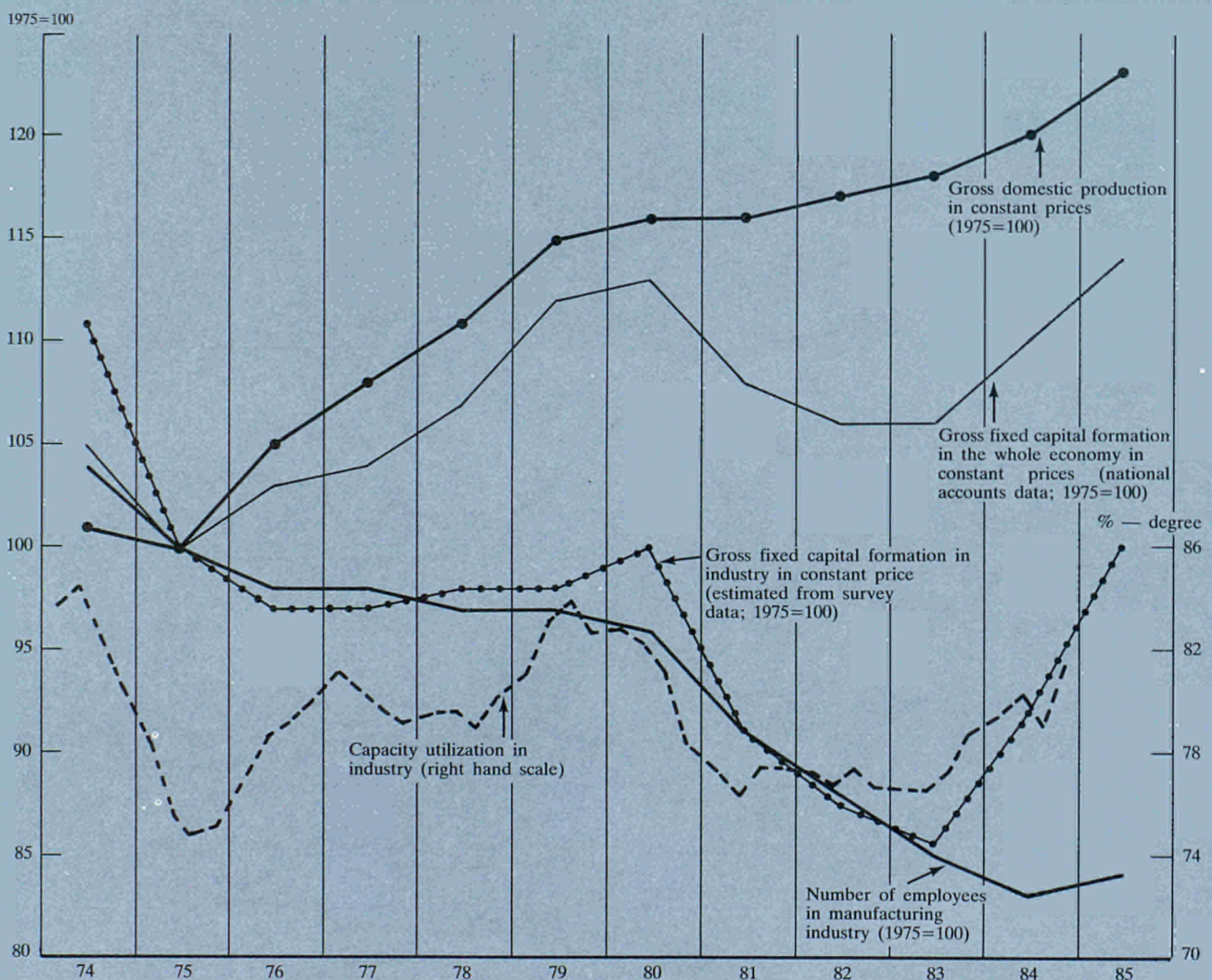
The sluggish performance of industrial investment in the period 1974-1983 was accompanied by a sharp decrease in the number of employees in manufacturing industry which was in 1984 20 % lower than in 1973 (see Graph 2). In the second half of 1984, the downward trend in industrial employment seems to have levelled off and the strong recovery in industrial investment could lead in 1985 — for the first time since more than 10 years — to a slight increase in the number of persons employed in industry. This expectation is supported by the fact that in several industrial branches capacity

utilization has reached, or is close to the normal level (see Supplement B, nos. 11 and 12, 1984). Therefore, the percentage of companies planning to enlarge capacity in 1985 has increased somewhat for the second consecutive year, though the major part of investment will still be directed to rationalization and modernization. Data on the purpose for investment are available for 5 member countries<sup>(1)</sup>. On this basis about 20 % of the companies consider capacity enlargement as the main objective for their 1985 investment activities, 25 % replacement and 55 % rationalization. Plans for capacity widening, however, remain particularly low in France (1984 and 1985 : 13 % of the companies); in the Federal Republic of Germany, this share is twice as high (1985 : 26%, 1984 : 22 %).

**Investment in the Member States** — In 1984 investment growth in industry has been strongest in Denmark and the Netherlands (see Table 1), while significant investment increases have also been experienced in the United Kingdom and France. By contrast, real industrial investment fell in Italy, Luxembourg and Greece. These developments are in line with what we have forecast one year ago. In Germany, industrial investment performed somewhat better in 1984 than was expected on the basis of the initial plan of the companies given one year ago. Nevertheless, the increase of 1 % was well below the EC average of 7 %. The meagre German results for 1984 can, to a large extent, be explained

<sup>(1)</sup> Germany, France, Italy, Belgium and Luxembourg

GRAPH 2 : Trend of industrial investment in the Community (business survey indicator) in the context of other macro-economic indicators



1984 and 1985 : Estimate of the Commission's services with the exception of gross fixed capital formation in industry and community utilization which are based on EC business- and investment surveys.

Source : Eurostat and EC-Business and Investment Surveys



**TABLE 1 : Industrial investment in manufacturing industry by Member State**  
% change in relation to preceding year

Year	B(d)	DK(d)	D	GR(d)	F	IRL(d)	I	L(d)	NL	UK(d)	EC
1984											
in values terms	+13	+54	+ 4	- 1	+18	-31	+ 6	+ 4	+27	+16	+12
in volumes terms(a)	+ 7	+48	+ 1	-23	+ 9	-39	- 4	- 2	+24	+12	+ 7
1985											
in values terms	+ 3	+18	+10	+95(g)	+ 6	+16	+29	- 6	+15	+13	+14
in volumes terms(a)	- 2	+14	+ 7	+75(g)	0	+11	+19	-11	+13	+ 8	+ 9

**TABLE 2 : Industrial investment in the EC manufacturing industry**

Dates of survey	A. % change in value in relation to preceding year								B. % change in volume relation to preceding year(a)							
	Years to which data relate								Years to which data relate							
	1979	1980	1981	1982	1983	1984	1985		1979	1980	1981	1982	1983	1984	1985	
Oct./Nov. 1979	10	14							0	2						
March/April 1980	11	16							0	4						
Oct./Nov. 1980		13	6							1	-3					
March/April 1981		14	3							2	-1					
Oct./Nov. 1981			-1	3							-9	-3				
March/April 1982			-1	3							-9	-3				
Oct./Nov. 1982				1	5							-5	-1			
March/April 1983				2	4							-4	-2			
Oct./Nov. 1983					3	10							-3	5		
March/April 1984					3	13							-2	7		
Oct./Nov. 1984						12	14							7	9	

**TABLE 3 : Industrial investment survey by branch**

Results of the Oct./Nov. 1984 investment survey, % change in value, over the preceding year

	Basic materials industries (b)		Metallurgical industries		Mechan. & Elect. industries		Processing industries (c)		Extractive industries		Food industries		Total, all industry	
	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985	1984	1985
<b>B</b>	+ 11	+ 10	+ 9	- 1	+23	+20	+18	-16	:	:	- 8	-40	+13	+ 3
<b>DK</b>	+ 39	+ 41	+113	+ 2	+50	+22	+62	+19	:	:	+56	- 8	+54	+18
<b>D</b>	0	+ 11	+ 18	+28	+ 5	+11	+ 9	+ 8	-11	+ 6	+ 1	0	+ 4	+10
<b>GR</b>	+106	+169	- 67	+ 6	-13	+12	+ 5	+ 4	:	:	+26	+41	- 1	+95
<b>F</b>	+ 22	+ 15	+ 62	+13	+ 8	+12	+12	- 7	+ 9	+15	+26	-13	+18	+ 6
<b>IRL</b>	- 59	+ 1	:	:	-12	-12	-19	+32	:	:	+ 4	+34	-31	+16
<b>I</b>	- 7	+ 21	- 28	+82	+25	+24	- 1	+ 8	-13	+55	-10	+ 7	+ 6	+29
<b>L</b>	- 9	- 11	+ 4	-17	+96	+ 2	-13	+49	:	:	+ 2	+ 2	+ 4	- 6
<b>NL</b>	+ 55	+ 16	+ 19	+22	+25	+ 7	+29	0	+15	+43	0	+11	+27	+15
<b>UK</b>	+ 9	+ 16	+ 28	+ 1	+19	+15	+22	+11	:	:	+12	+11	+16	+13
<b>EC (f)</b>	+ 10	+ 15	+ 20	+27	+13	+14	+12	+ 6	:	:	+ 8	0	+12	+14

**TABLE 4 : Industrial investment survey — all branches**

% change in value in relation to preceding year

Year to which data relate:	1980		1981				1982				1983				1984			1985
Date of survey:	Oct./ Nov. 1980	March/ April 1981	Oct./ Nov. 1980	March/ April 1981	Oct./ Nov. 1981	March/ April 1982	Oct./ Nov. 1981	March/ April 1982	Oct./ Nov. 1982	March/ April 1983	Oct./ Nov. 1982	March/ April 1983	Oct./ Nov. 1983	March/ April 1984	Oct./ Nov. 1983	March/ April 1984	Oct./ Nov. 1984	
B (d)	+30	+36	+ 3	+ 8	+ 4	+ 4	- 9	- 3	+10	+18	- 7	- 9	- 2	- 2	+ 5	+15	+13	+ 3
DK (d)	:	:	:	:	:	:	:	:	+11	+ 4	+ 4	+11	+18	+19	+20	+60	+54	+18
D	+15	+16	+ 4	+ 2	0	- 1	0	0	- 2	- 2	+ 3	+ 2	+ 2	+ 1	+ 2	+ 5	+ 4	+10
GR (d)	:	:	:	:	+38	+42	- 2	- 6	-19	+ 6	-23	-35	-49	-36	+41	+23	- 1	+95
F	+16	+16	+ 6	+ 5	- 1	+ 3	+ 6	+ 5	+ 4	+ 6	+ 7	+ 6	+ 6	+ 5	+15	+20	+18	+ 6
IRL (d)	- 3,5	+ 8	+ 2	-22	-16	-26	+33	+54	0	+27	+ 5	-18	-24	- 1	+19	+13	-31	+16
I	+ 7	+10	+47	+17	+14	+10	:	+ 6	+ 8	+13	+13	+ 7	+ 3	+ 3	+ 8	+11	+ 6	+29
L (c)	-12,5	+17	0	- 8	+17	-10	-20	+24	+ 1	+34	+17	-39	+13	+20	- 6	-22	+ 4	- 6
NL	+15	+17	- 7	- 2	- 6	- 8	- 2	+ 6	- 1	0	+11	+11	+ 6	+ 5	+25	+29	+27	+15
UK (d)	+ 6	+ 5	- 7	- 6	-11	-11	+ 7	+ 5	- 4	- 3	+ 5	+ 2	+ 2	+ 3	+15	+16	+16	+13
EC (f)	+13	+14	+ 6	+ 3	- 1	- 1	+ 3	+ 3	+ 1	+ 2	+ 5	+ 4	+ 3	+ 3	+10	+13	+12	+14

(a) The changes in volume are calculated by dividing the changes in value by the corresponding deflators for gross capital formation (equipment only). For 1984 and 1985 forecast deflators are used.

(b) Chemicals, man-made fibres, petroleum refining, rubber processing, etc.

(c) Manufacture of textiles, footwear, wood, paper, together with the printing and processing of plastics industries.

(d) Excluding the extractive industries.

(e) Excluding the extractive industries; including energy and water.

(f) Weighted total of the above (not given when data are substantially incomplete).

(g) Mainly due to increase in basic materials industries.

Source : European Community business surveys.



by the fact that companies had brought investment forward in 1983 in order to benefit from the investment subsidy scheme.

In 1985, high rates of growth in real industrial investment are to be expected in particular in Italy and Greece, two member countries with a poor investment performance in 1984. In Denmark and in the Netherlands, industrial investment will remain buoyant although the unprecedented high rates of growth experienced in 1984 cannot be sustained. In the United Kingdom, the positive trend in investment will continue in 1985. In Germany — according to the surveys — real industrial investment will pick up in 1985; the expected growth rate of 7 % (in real terms) will still be below the EC average, however.

**Investment intentions by industry** (see Table 3). — At the Community level investment in the metallurgical industries is expected to grow fastest, rising by 27 % in value terms in 1985, after a 20 % increase in 1984. This reflects in particular new investment in the steel industry in several member countries. Whereas in 1984 these investments have increased particularly strongly in France and Denmark, this year the fastest growth is expected in Italy, Germany and the Netherlands. In the mechanical and electrical industries the positive trend in investment activity experienced in 1984 will continue at about the same speed in 1985 (14 % against 13 % in 1984), with high increases in particular in Italy, Denmark and Belgium.

Investment in basic materials industries is likely to grow in 1985 at 15 %, a faster rate than in 1984 (10 %). The rise will be particularly marked in Greece, but also in Denmark and Italy.

In the processing industries (mainly consumer goods like textiles, clothing and footwear, etc.) capital investment will increase by only 6 % in 1985, which means stagnation in real terms. This likely development reflects the less favourable production outlook in most traditional consumer goods branches compared with the capital goods sector and the basic goods branches. Cautious investment planning in the food industries is even more pronounced. Here investment budgets are likely to stagnate in current prices, implying a volume decrease by about 5-6 %. By contrast, investment in food industries will increase significantly in 1985 in Greece and Ireland. The expected strong decline in Belgium (- 40 % in 1985) should be seen in the context of a rather strong investment activity in this branch during preceding years (1981-1983).

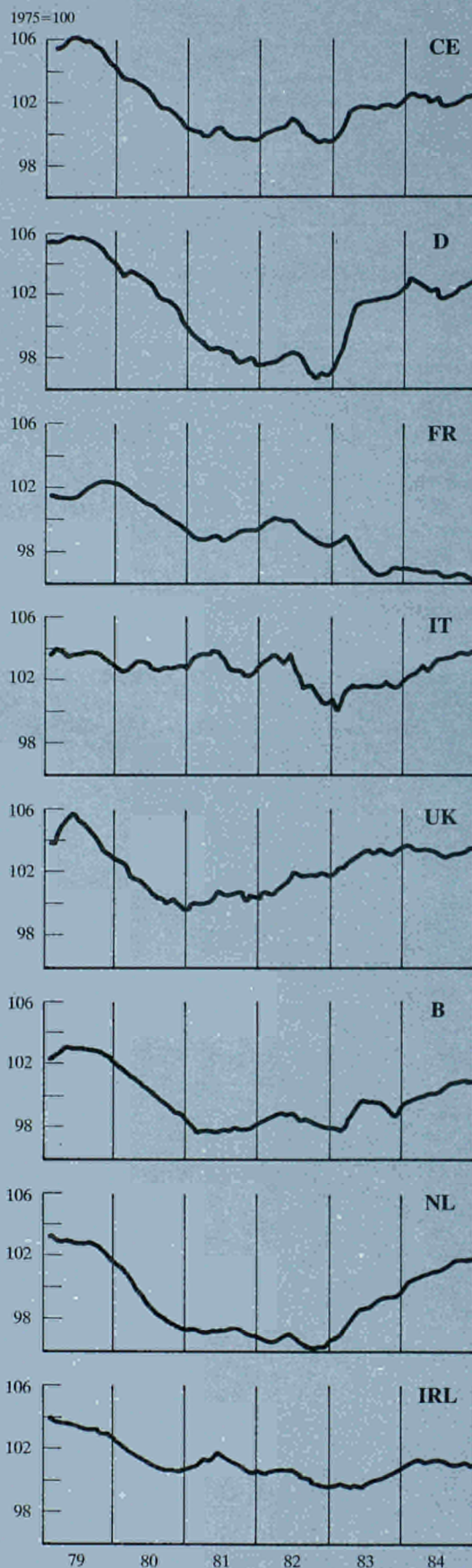
**Economic sentiment unchanged.** — The EC composite leading indicator remained unchanged in December for the third consecutive month (102,5; 1975=100). The negative contribution of a slightly worsened confidence indicator in construction was compensated by an increase in the share price component. The other two components of the overall indicator — industrial and consumer confidence — remained unchanged.

In contrast to the stagnation of this global indicator at the Community level, economic sentiment improved in December in Ireland and to a smaller degree also in the United Kingdom and in the Netherlands. On the other hand, the declining trend of this leading indicator continued in France where it reached a new record low and also decreased slightly in Belgium and Germany.

During the whole year 1984, improvement in the composite leading indicator was most pronounced in Italy (+ 1,6 points), in the Netherlands (+ 1,3 points) and in Belgium (+ 1,1 points). Denmark would certainly also belong to this group, but not all 4 components of the indicator are yet available for this country. In Germany and in the United Kingdom the indicator almost returned to the level of the beginning of 1984 after a dip in the middle of the year. In Ireland the indicator remained flat and in France a negative trend persisted for most of the year (- 0,7 points).

**Construction confidence indicator deteriorated.** — The slight improvement in the construction sector observed in October and November 1984 did not continue in December. Both components of the construction confidence indicator deteriorated in December, in particular employment expectations, but also judgements on order books. The decline was most

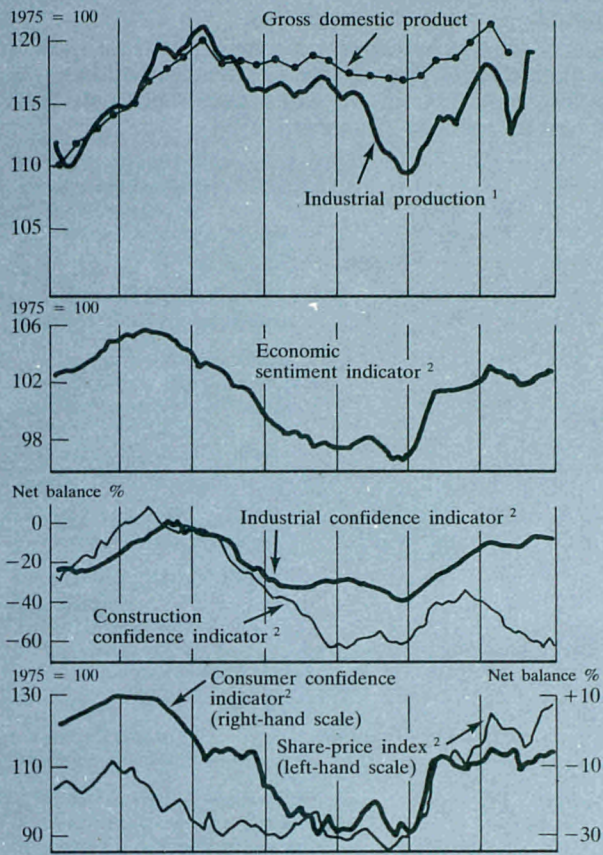
GRAPH 3 : Economic Sentiment Indicator<sup>1)</sup>



<sup>1)</sup> The economic sentiment indicator is a composite measure in which the industrial confidence indicator and the consumer confidence indicator 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) and the share-price index are attributed half the weight of each of the other two. 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.

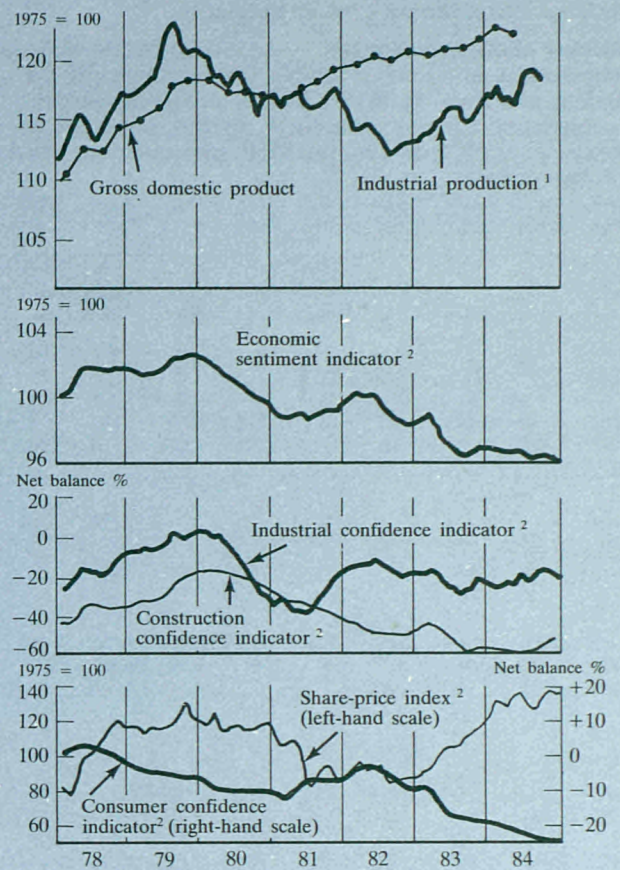


**GRAPH 4 : Indicators of output and economic sentiment  
Federal Republic of Germany**



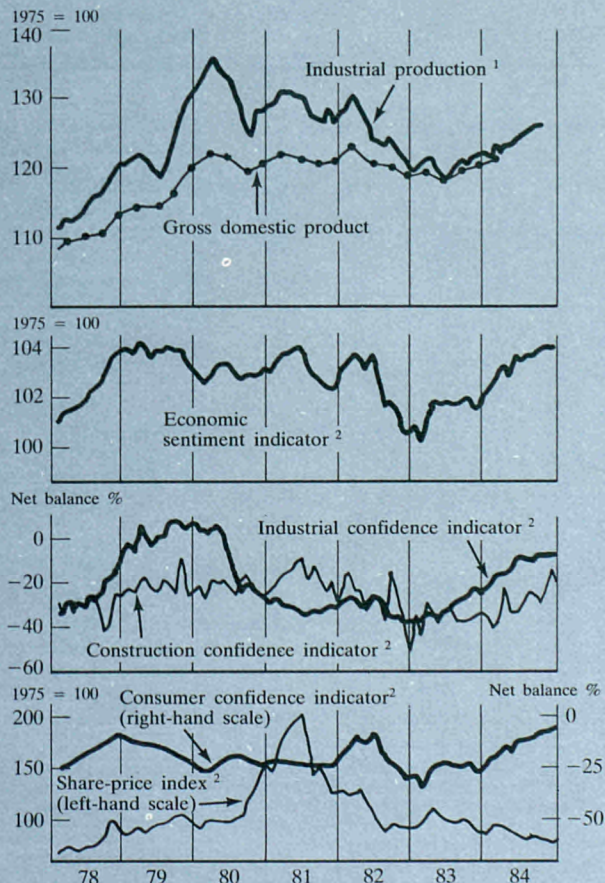
<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 6.

**GRAPH 5 : Indicators of output and economic sentiment  
France**



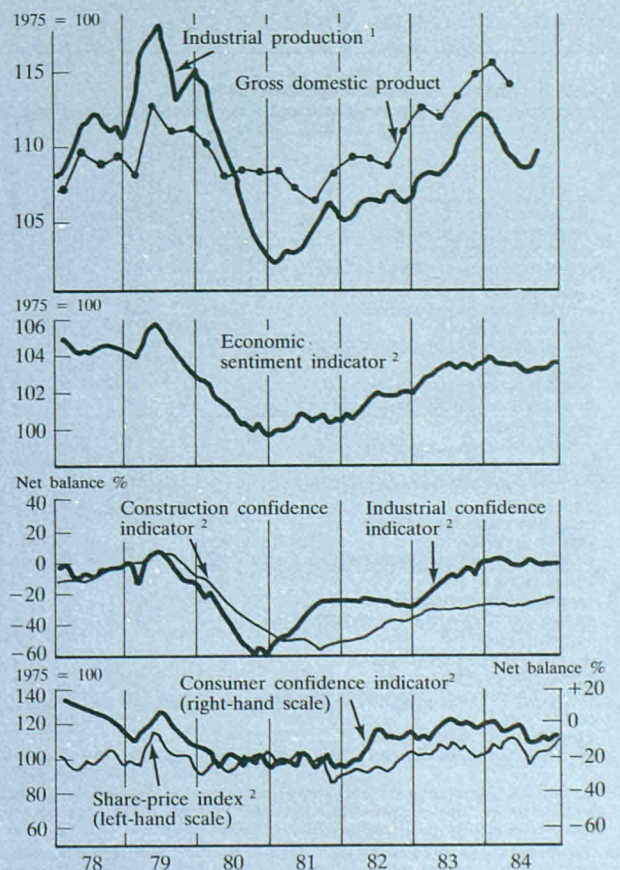
<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 6.

**GRAPH 6 : Indicators of output and economic sentiment  
Italy**



<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 6.

**GRAPH 7 : Indicators of output and economic sentiment  
United Kingdom**



<sup>1</sup> Three-month moving average.  
<sup>2</sup> See notes to Table 6.



pronounced in the Federal Republic of Germany, where the construction confidence indicator has reached its lowest level since the 1974/75 recession. On the other hand, it improved slightly in Luxembourg and in Belgium.

**Consumer climate unchanged.** — In December new consumer survey results are only available for Germany, the United Kingdom and Italy. In the *Federal Republic of Germany*, the EC consumer surveys remained on the same level as in November (– 8), following the slight improvement registered since September.

Mainly due to more pessimistic views on the general economic situation, consumer confidence dropped slightly in the *United Kingdom* (– 7 versus – 6). It still remained above the Community average, however.

In *Italy*, a somewhat better evaluation of the general economic situation, and also of the financial situation of households, led to a rise in the consumer confidence indicator (– 11 versus – 12 in November 1984).

17 January 1985

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)		1982	1983	1983	1984				1984					
		Peak 72/73	Trough 74/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov	Dec.
<b>B</b>	order-books	-13	-47	-61	-73	-68	-72	-69	-66	-64	-63	-66	-68	-66	-63	-62
	employment expectations	+31	-24	-36	-41	-39	-50	-45	-32	-27	-35	-30	-30	-25	-28	-28
	price expectations	+75	+25	-1	-11	-8	-13	-10	-6	-3	-7	-7	-5	-1	-5	-2
	construction confidence indicator (a)	+9	-36	-49	-57	-54	-61	-57	-49	-46	-49	-48	-49	-46	-46	-45
<b>D</b>	order-books	-17	-84	-73	-60	-69	-59	-70	-73	-73	-73	-74	-73	-74	-70	-75
	employment expectations	+10	-60	-44	-20	-38	-27	-36	-41	-47	-38	-42	-43	-48	-45	-48
	price expectations	+48	-37	-28	+3	-15	-3	-22	-10	-16	-19	-20	-19	-19	-15	-14
	construction confidence indicator (a)	-4	-72	-59	-40	-54	-43	-53	-57	-60	-56	-58	-58	-61	-58	-62
<b>F</b>	order-books	:	:	-62	-66	-68	-69	-73	-69	-60	-69	:	:	-60	:	:
	employment expectations	:	:	-35	-37	-45	-47	-47	-43	-43	-43	:	:	-43	:	:
	price expectations	:	:	-49	-52	-57	-58	-60	-56	-52	-56	:	:	-52	:	:
	construction confidence indicator (a)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>I</b>	order-books	-25	-68	-44	-48	-39	-45	-45	-37	-30	-34	-35	-41	-33	-29	-28
	employment expectations	+10	-44	-13	-23	-17	-23	-20	-15	-9	-14	-16	-16	-10	-1	-17
	price expectations	+85	+30	+54	+14	+10	+13	+8	+9	+8	+18	+5	+5	+6	+9	+10
	construction confidence indicator (a)	-8	-56	-29	-36	-28	-34	-33	-26	-20	-24	-26	-29	-22	-15	-23
<b>L</b>	order-books	+21	-50	-46	-53	-67	-75	-73	-59	-61	-63	-58	-56	-59	-66	-58
	employment expectations	+31	-39	-25	-36	-51	-67	-49	-46	-40	-49	-40	-50	-42	-46	-31
	price expectations	+82	+11	+17	-16	-24	-33	-33	-20	-10	-26	-19	-16	-5	-11	-14
	construction confidence indicator (a)	+26	-45	-36	-45	-59	-71	-61	-53	-51	-56	-49	-53	-51	-56	-45
<b>NL</b>	order-books	-8	-81	-57	-55	-40	-47	-40	-38	-36	-38	-38	-38	-37	-36	-36
	employment expectations	+14	-13	-25	-14	-6	-7	-5	-4	-8	-4	-5	-6	-4	-9	-12
	price expectations	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	construction confidence indicator (a)	+3	-47	-41	-35	-23	-27	-23	-21	-22	-21	-22	-22	-21	-23	-24
<b>UK</b>	order-books	:	:	-59	-48	-43	-43	-47	-43	-37	-43	:	:	-37	:	:
	employment expectations	:	:	-25	-12	-11	-12	-12	-9	-9	-9	:	:	-9	:	:
	price expectations	:	:	0	+11	+9	+14	+7	+6	+7	+6	:	:	+7	:	:
	construction confidence indicator (a)	:	:	-42	-30	-27	-28	-30	-26	-23	-26	:	:	-23	:	:
<b>EC</b>	order-books	:	:	-61	-57	-57	-56	-60	-57	-53	-57	(-57)	(-58)	-53	(-52)	(-53)
	employment expectations	:	:	-24	-24	-29	-28	-30	-29	-29	-27	(-29)	(-30)	-29	(-27)	(-31)
	price expectations	:	:	-43	-41	-43	-42	-45	-43	-41	-42	(-43)	(-44)	-41	(-40)	(-42)
	construction confidence indicator (a)	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:

(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 in the December 1984 issue of this supplement.

(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.

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.

TABLE 6: Indicators of output and economic sentiment

			Trough 1974/75	1982	1983	1984	1984				1984					
							I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>B</b>	<i>gross domestic product</i>	1975=	:	115,8	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	88,2	111,2	113,5	:	116,5	118,3	119,5	:	118,7	116,4	123,3	:	:	:
	1. industrial confidence indicator		-56	-22	-20	-12	-12	-15	-10	-11	-10	-9	-11	-11	-11	-11
	2. construction confidence indicator		-36	-48	-57	-54	-61	-57	-49	-46	-49	-48	-49	-46	-46	-45
	3. consumer confidence indicator <sup>1, 4</sup>		-18	-27	-27	-27	-28	-26	:	-26	:	:	:	-26	:	:
	4. share-price index <sup>4, 5</sup>		84,9	86,8	111,7	140,4	132,8	137,8	142,3	148,6	131,1	144,8	150,0	150,6	148,9	146,3
	= 5. economic sentiment indicator		99,5	98,5	99,1	100,5	99,8	100,2	100,9	100,9	100,4	100,8	100,9	100,9	100,9	100,8
<b>D</b>	<i>gross domestic product</i> <sup>1</sup>	1975=	99,0	117,4	118,9	:	122,0	119,6	122,2	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,9	112,9	113,6	:	118,0	112,5	119,3	:	120,4	118,7	118,9	120,5	:	:
	1. industrial confidence indicator		-49	-33	-21	-8	-8	-10	-6	-6	-8	-5	-5	-5	-6	-6
	2. construction confidence indicator		-72	-59	-40	-54	-43	-53	-57	-60	-56	-58	-58	-61	-58	-62
	3. consumer confidence indicator <sup>1, 4</sup>		-22	-26	-12	-9	-8	-10	-11	-8	-11	-12	-9	-9	-8	-8
	4. share-price index <sup>4, 5</sup>		80,0	108,3	136,9	155,4	155,6	152,7	150,1	163,2	145,4	148,6	156,0	162,0	162,6	164,9
	= 5. economic sentiment indicator		98,9	97,7	101,3	102,5	103,0	102,0	102,2	102,9	102,0	102,2	102,7	102,8	103,0	102,9
<b>F</b>	<i>gross domestic product</i>	1975=	98,5	120,0	120,8	:	122,9	122,2	123,2	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	86,9	113,7	114,6	:	117,3	116,4	119,3	:	120,8	120,8	116,4	118,1	:	:
	1. industrial confidence indicator		-49	-17	-23	-22	-25	-22	-19	-20	-21	-19	-17	-18	-20	-21
	2. construction confidence indicator		:	-49	-52	-57	-58	-60	-56	-52	-56	:	:	-52	:	:
	3. consumer confidence indicator <sup>1, 4</sup>		-9	-5	-16	-23	-20	-22	:	-27	:	:	:	-27	:	:
	4. share-price index <sup>4, 5</sup>		79,8	131,0	172,3	234,5	225,0	236,1	225,8	250,9	224,7	227,7	242,3	250,3	250,8	251,7
	= 5. economic sentiment indicator		98,5	99,4	97,3	96,5	96,6	96,4	96,6	96,4	96,5	96,6	96,7	96,6	96,4	96,3
<b>IRL</b>	<i>gross domestic product</i>	1975=	:	127,4	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,3	135,6	144,6	:	154,6	166,7	:	:	158,7	152,4	168,9	:	:	:
	1. industrial confidence indicator		-41	-19	-20	-10	-7	-10	-11	-12	-3	-16	-15	-11	-16	-10
	2. construction confidence indicator		:	-51	-60	-45	-61	-50	-48	-21	-43	-45	-55	-14	-29	-19
	3. consumer confidence indicator <sup>1, 4</sup>		-41	-34	-40	-33	-33	-32	-33	-34	-33	:	:	-34	:	:
	4. share-price index <sup>4, 5</sup>		63,4	179,9	222,4	297,3	309,6	314,8	285,7	279,2	285,7	270,8	284,9	279,2	279,2	279,2
	= 5. economic sentiment indicator		98,1	100,3	99,9	101,1	101,0	101,0	101,2	101,3	101,3	101,1	101,2	101,3	101,2	101,4
<b>I</b>	<i>gross domestic product</i>	1975=	93,1	120,5	119,0	:	120,8	121,7	123,0	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	94,7	124,4	120,3	:	122,9	123,5	125,8	:	124,1	125,9	127,4	124,1	:	:
	1. industrial confidence indicator		-59	-31	-29	-11	-17	-10	-9	-7	-9	-10	-7	-7	-7	-7
	2. construction confidence indicator		-56	-29	-36	-28	-34	-33	-26	-20	-24	-26	-29	-22	-15	-23
	3. consumer confidence indicator <sup>1, 4</sup>		-39	-18	-23	-15	-18	-15	-13	-12	-14	-13	-12	-12	-12	-11
	4. share-price index <sup>4, 5</sup>		84,6	129,9	159,9	180,6	182,9	175,6	180,8	183,2	174,2	184,8	183,4	182,4	180,3	186,8
	= 5. economic sentiment indicator		98,9	102,3	101,6	103,4	102,7	103,2	103,6	103,9	103,5	103,6	103,8	103,9	103,9	103,9
<b>NL</b>	<i>gross domestic product</i>	1975=	:	113,1	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98,0	105,6	107,8	:	113,8	114,2	114,9	:	113,4	116,8	114,6	111,2	:	:
	1. industrial confidence indicator		-44	-26	-16	-4	-7	-4	-3	-4	-3	-5	-1	-6	-3	-2
	2. construction confidence indicator		-47	-41	-35	-23	-27	-23	-21	-22	-21	-21	-22	-21	-23	-24
	3. consumer confidence indicator <sup>1, 4</sup>		-19	-32	-30	-22	-26	-23	-19	-21	-19	:	:	-21	:	:
	4. share-price index <sup>4, 5</sup>		80,5	100,0	144,4	183,4	181,0	175,9	178,7	197,9	169,0	178,6	189,0	196,9	197,2	199,5
	= 5. economic sentiment indicator		99,5	96,7	98,7	101,3	100,6	101,1	101,6	101,7	101,2	101,5	101,8	101,7	101,7	101,8
<b>UK</b>	<i>gross domestic product</i>	1975=	98,1	109,5	113,2	:	115,5	114,2	113,7	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,0	106,0	109,5	:	111,2	108,9	108,7	:	108,1	108,2	109,8	110,7	:	:
	1. industrial confidence indicator		:	-25	-10	0	+ 2	- 2	+ 1	0	+ 3	0	- 1	- 1	0	+ 1
	2. construction confidence indicator		:	-42	-30	-27	-28	-30	-26	-23	-26	:	:	-23	:	:
	3. consumer confidence indicator <sup>1, 4</sup>		-33	-12	-2	-5	-2	-2	-9	-7	-10	-10	-8	-9	-6	-7
	4. share-price index <sup>4, 5</sup>		49,2	274,6	346,1	412,3	394,1	409,5	400,8	444,6	378,1	404,3	419,9	425,4	442,2	466,3
	= 5. economic sentiment indicator		98,6	101,6	103,2	103,5	103,8	103,5	103,2	103,5	103,1	103,2	103,3	103,3	103,6	103,7
<b>EC</b>	<i>gross domestic product</i> <sup>2, 3</sup>	1975=	99,0	116,8	118,0	:	120,4	119,3	120,6	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,8	112,7	113,8	:	116,8	115,4	117,8	:	117,3	118,4	117,8	119,6	:	:
	1. industrial confidence indicator		-49	-27	-20	-10	-11	-11	-8	-8	-9	-8	-8	-8	-8	-8
	2. construction confidence indicator		:	-43	-41	-43	-42	-45	-43	-41	-42	(-43)	(-44)	-41	(-40)	(-42)
	3. consumer confidence indicator <sup>1, 4</sup>		-17	-17	-14	-14	-13	-14	-15	-14	-15	-15	-14	-14	-14	-14
	4. share-price index <sup>4, 5</sup>		81,8	187,2	244,3	292,5	284,9	290,2	285,4	309,3	272,9	286,4	296,9	301,0	308,0	318,9
	= 5. economic sentiment indicator		98,7	100,2	101,7	102,4	102,6	102,2	102,2	102,5	102,0	102,1	102,3	102,5	102,5	102,5

<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. For the method of construction of the indicator, see: *European Economy - Supplement C, dec. 1984*.

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

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

<sup>4</sup> Not seasonally adjusted.

<sup>5</sup> Revised by Eurostat.

Source: European Community business surveys and Eurostat.

**TABLE 7: 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.)

		Range (b)		1982	1983	1984	1984				1984					
		Peak 1972/73	Trough 1974/75				I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.
<b>B</b>	production expectations	+31	-56	-18	-16	-3	-2	-5	-2	-1	-2	-1	-2	+1	-1	-3
	order-books	+13	-74	-40	-34	-23	-23	-25	-21	-24	-23	-19	-21	-26	-24	-23
	export order-books	+15	-82	-40	-34	-25	-26	-27	-23	-24	-25	-21	-23	-25	-23	-24
	stocks of finished products	-14	+37	+8	+9	+10	+14	+7	+8	+5	+7	+9	+8	+8	+8	+8
	selling-price expectations	+64	-10	+28	+24	+27	+30	+23	+28	+25	+27	+25	+31	+33	+24	+19
	industrial confidence indicator	+19	-56	-22	-20	-12	-12	-15	-10	-11	-10	-9	-11	-11	-11	-11
<b>DK</b>	production expectations	:	:	+3	+8	+27	+30	+23	+30	+26	:	:	:	:	:	:
	order-books	:	:	-17	-3	+31	+24	+32	+31	+35	:	:	:	:	:	:
	export order-books	:	:	-4	-3	+26	+18	+27	+30	+30	:	:	:	:	:	:
	stocks of finished products	:	:	+16	+9	0	+2	+9	0	-10	:	:	:	:	:	:
	selling-price expectations	:	:	-10	-2	+19	+17	+15	+20	+24	:	:	:	:	:	:
	industrial confidence indicator	:	:	-10	-2	+19	+17	+15	+20	+24	:	:	:	:	:	:
<b>D</b>	production expectations	-17	-32	-20	-2	+5	+7	+1	+8	+5	+6	+8	+10	+7	+5	+4
	order-books	-5	-73	-53	-43	-21	-24	-22	-20	-16	-23	-19	-19	-16	-16	-16
	export order-books	:	:	-40	-43	-23	-33	-25	-20	-13	-23	-19	-19	-15	-12	-12
	stocks of finished products	-7	+43	+26	+17	+8	+8	+9	+7	+6	+8	+5	+7	+6	+6	+5
	selling-price expectations	+55	+4	+18	+16	+24	+25	+24	+25	+22	+22	+24	+30	+24	+23	+18
	industrial confidence indicator	+10	-49	-33	-21	-8	-8	-10	-6	-6	-8	-5	-5	-5	-6	-6
<b>F</b>	production expectations	+33	-29	-4	-13	-10	-17	-10	-5	-7	-7	-5	-2	-4	-6	-10
	order-books	+26	-69	-30	-38	-35	-37	-35	-33	-33	-34	-33	-33	-30	-34	-34
	export order-books	+24	-66	-36	-38	-19	-22	-17	-16	-22	-14	-16	-19	-20	-25	-20
	stocks of finished products	-14	+50	+16	+18	+20	+20	+20	+19	+20	+22	+19	+16	+21	+19	+20
	selling-price expectations	+76	+15	+49	+45	+42	+51	+42	+42	+33	+47	+42	+38	+37	+31	+31
	industrial confidence indicator	+29	-49	-17	-23	-22	-25	-22	-19	-20	-21	-19	-17	-18	-20	-21
<b>IRL</b>	production expectations	:	-21	-4	-8	+2	+7	-4	+4	0	+11	0	+2	+4	-3	-2
	order-books	:	-68	-39	-44	-29	-27	-27	-33	-27	-22	-36	-42	-27	-35	-19
	export order-books	:	-22	-7	0	+8	+11	+11	+2	+8	+15	-7	-3	-6	+18	+12
	stocks of finished products	:	+35	+14	+8	+6	+2	+7	+5	+9	-3	+12	+6	+9	+11	+8
	selling-price expectations	:	+64	+35	+31	+32	+39	+32	+26	+30	+29	+23	+26	+40	+22	+27
	industrial confidence indicator	:	-41	-19	-20	-10	-7	-10	-11	-12	-2	-16	-15	-11	-16	-10
<b>I</b>	production expectations	+40	-43	-15	-11	+9	+5	+9	+11	+12	+7	+9	+16	+14	+12	+11
	order-books	+30	-82	-53	-54	-26	-37	-26	-24	-18	-24	-24	-23	-23	-18	-14
	export order-books	+13	-67	-49	-49	-28	-35	-25	-24	-27	-27	-25	-21	-25	-30	-26
	stocks of finished products	-24	+53	+25	+22	+16	+19	+14	+13	+16	+11	+16	+13	+13	+15	+19
	selling-price expectations	+76	+10	+50	+45	+47	+52	+48	+46	+40	+49	+42	+46	+43	+42	+34
	industrial confidence indicator	+31	-59	-31	-29	-11	-17	-10	-9	-7	-9	-10	-7	-7	-7	-7
<b>L</b>	production expectations	+84	-80	-40	-7	-7	-20	-15	-1	+7	-1	+1	-3	+1	+11	+9
	order-books	:	:	-60	-49	+10	+4	+11	+13	+13	+15	+13	+12	+15	+17	+7
	export order-books	:	:	:	-57	+11	+7	+10	+12	+14	+14	+11	+10	+12	+22	+8
	stocks of finished products	-14	+74	+14	+23	+4	+7	+8	+2	-1	+2	+2	+3	+1	0	-5
	selling-price expectations	:	-46	+10	+24	+23	+24	+15	+30	+23	+31	+30	+28	+34	+23	+12
	industrial confidence indicator	:	:	-38	-26	+1	-3	-4	+3	+7	+4	+4	+2	+5	+9	+7
<b>NL</b>	production expectations	+26	-26	-5	0	+7	+6	+7	+7	+6	+5	+4	+11	+3	+8	+7
	order-books	+7	-48	-39	-32	-11	-18	-11	-7	-7	-7	-9	-6	-10	-7	-4
	stocks of finished products	-3	+57	+33	+15	+9	+9	+8	+9	+10	+8	+9	+9	+12	+10	+8
	selling-price expectations	+12	-44	-26	-16	-4	-7	-4	-3	-4	-3	-5	-1	-6	-3	-2
	industrial confidence indicator	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	industrial confidence indicator	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	production expectations	:	:	+1	+17	+21	+27	+18	+19	+19	+19	+20	+17	+16	+20	+22
	order-books	:	:	-54	-34	-10	-12	-12	-9	-8	-5	-11	-11	-8	-9	-8
	export order-books	:	:	-48	-34	-13	-17	-17	-10	-6	-11	-11	-9	-8	-4	-6
	stocks of finished products	:	:	+23	+13	+10	+9	+12	+8	+11	+6	+9	+10	+10	+11	+12
	selling-price expectations	:	:	+27	+26	+32	+34	+27	+30	+35	+27	+31	+31	+36	+34	+35
	industrial confidence indicator	:	:	-25	-10	0	+2	-2	+1	0	+3	0	-1	-1	0	+1
<b>EC (c)</b>	production expectations	+24	-30	-11	-3	+5	+5	+3	+7	+6	+5	+7	+9	+7	+6	+5
	order-books	+15	-70	-47	-40	-22	-26	-23	-21	-19	-21	-21	-21	-19	-19	-18
	export order-books	:	:	-42	-40	-21	-27	-22	-19	-16	-20	-18	-17	-17	-17	-15
	stocks of finished products	-10	+48	+22	+16	+12	+13	+13	+11	+12	+10	+11	+11	+11	+12	+12
	selling-price expectations	+64	+9	+32	+30	+33	+38	+33	+32	+29	+33	+32	+34	+32	+30	+26
	industrial confidence indicator	+16	-49	-27	-20	-10	-11	-11	-8	-8	-9	-8	-8	-8	-8	-8

(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) 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.

(c) 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. Source: European Community business surveys.

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