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Supplement B

Economic prospects - business survey results

Renewed signs of recovery in business sentiment. — The business climate indicator for Community industry improved by 2,5 percentage points in April, strengthening the evidence of earlier months that an end to the recession in industrial activity is imminent. Looking at the two components of the business climate indicator (see Graph 1 and Table 1), production expectations have recovered to the level of June 1980. However, the industrial production outlook, though improved, remains relatively weak, with a negative net balance of 16% still of opinions of chief executives. Judgements on stocks of finished products in manufacturing industry, the second component of the climate indicator, have changed little since November 1980, which suggests that the period of running down of stocks has come to an end. Judgements on order-books, after weakening in the first three months of 1981, stabilized in April at the same low level as in March (a net balance of 55% of respondents considering order-book levels to be below normal). Export order-books, however, were judged to have improved quite substantially in April. The balance of evidence suggests that a sustained recovery in industrial production is not yet firmly assured, even though signs of an end to destocking and a better short-term production outlook, especially for exports, indicate at least that the phase of declining industrial activity is ending; a recovery in total order-books is still, however, required before one could conclude that an upturn was imminent. In this respect, the improvement noted between January and April in new orders received (see Table 5) gives grounds for expecting that the overall order-book situation may soon begin to improve.

The business climate in the Member States. — In the Federal Republic of Germany, recent survey results suggest that the downward trend in industrial business confidence may have ceased. The business climate indicator was stable in April by comparison with March and production expectations improved by 1 percentage point (see Table 1 and Graph 2). However, the majority of chief executives considering stocks of finished products to be above normal rose slightly (see Table 1 and Graph 3).

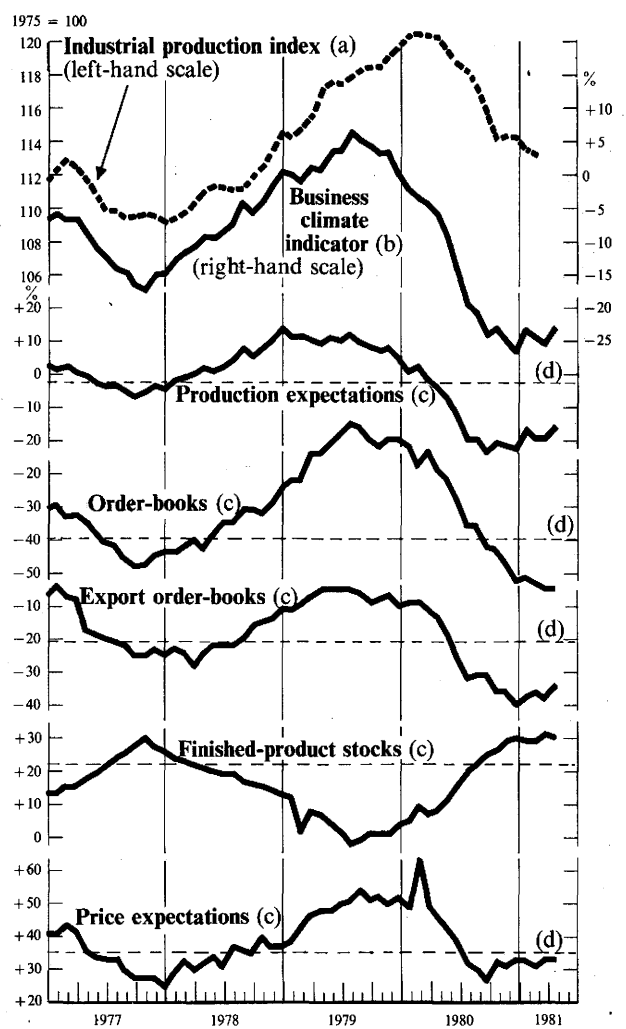
In France, the business climate has improved slightly, by 1 percentage point, from the very depressed level of recent months, resulting from a rise of 2 percentage points in production expectations, combined with unchanged judgements on stocks of finished products.

The Italian industrial business climate in April was unchanged by comparison with March, with a slight deterioration, of 2 percentage points, in the production outlook being offset by improved judgements on stocks of finished goods.

In the United Kingdom, there has been a further significant improvement in the business climate: the indicator increased in April by 5,5 percentage points, owing mainly to improved production expectations (+11 percentage points), which are now significantly less pessimistic than the Community average. Judgements on stocks of finished products were unchanged by comparison with March, with a substantial majority of respondents still considering stocks to be above

normal. The peak of the stock cycle seems, however, to have been passed so that a stronger demand stimulus can be expected from this quarter in coming months.

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



For notes, see overleaf, column 1.

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 $\pm \dots\%$). The monthly and quarterly data in the tables are seasonally adjusted, except where otherwise stated.

In the Netherlands, the downward trend in business confidence, interrupted by the relative good March results, was resumed in April, suggesting that the end of the recession is not yet in sight. The business climate indicator for Ireland deteriorated markedly between March and April (by 5.5 percentage points), after a considerable improvement in February and March 1981. The underlying trend of opinion suggests, however, that a recovery from the recession of industrial production in Ireland is at hand. In Belgium, the business climate has improved somewhat from the pessimistic level of recent months and in Luxembourg, the business climate indicator advanced further from the very depressed level observed in the final months of 1980 and the early months of this year. In both countries, the trough of the current recession will probably soon be reached.

Outlook at the industrial branch level. — There was an improvement in the production outlook in most branches of industry in April. Exceptions were the weakening of production expectations in April in electrical engineering and the mineral oil refining industries (increases of 6 and 13 percentage points, respectively, in the net balance of respondents expecting production to decline — see Table 3). Non-metallic mineral products (ceramics, etc.) and the manufacture of metal articles' sectors also reported slightly weaker production expectations.

Orders. — The overall level of order-books in Community industry appears, according to the April survey, to have stabilized at the lowest point reached in the present recession (see Chart 1 and Table 1). In the Federal Republic of Germany, order-book judgements were unchanged, on balance, between March and April, while improvements were noted in Italy and the United Kingdom, and a deterioration in France.

Replies to the question concerning the period of production represented by unfilled orders confirm the impression that orders have reached a cyclically low level in the Community as a whole. Orders on hand in Community industry represented 3.1 months of normal production activity according to the April survey (see Table 4), some 0.3 points below the level reached in July 1980 and is nearly at the level reported in 1975, a year of marked recession in Community industry. Heads of industrial firms in the Federal Republic of Germany, Ireland and Luxembourg reported a lengthening of the period of activity represented by orders on hand as between January and April (to 2.9, 1.9 and 2.4 months, respectively), though these remain below the Community average. The results for April in the other Member States for which data are available indicated either stability (in France and Belgium) or a decline in the period of work assured by orders' backlogs.

Although total order-books are relatively low, there is some evidence that the rate of decline of new orders has slackened (see Table 5). Thus, there was an improvement of 7 percentage points at the Community (eight countries) level, in chief executives' assessments of new orders as between January and April, 1981, even though a net balance of 17 per cent of respondents still felt, in April, that new orders had been declining in the recent past. Only in France was there an increase between January and April in the majority of chief executives reporting declining new orders.

At the same time as the overall orders situation appears to be stabilizing in the Community at large, export orders are showing signs of recovery from the low point reached in December 1980. Although 34 per cent of industrialists, on balance, considered export order-books to be below normal in April 1981, this was 4 percentage points less than in March and 6 percentage points less than in December, 1980 (see Table 1 and Graph 4). Evidence of a relative improvement in export prospects is also provided by the question on the export volume outlook (see Table 5), which seeks to determine the general sentiment of industrialists concerning the export climate. Although a net balance of 5 per cent of respondents (for the six reporting countries) considered that exports would decline in volume in the months ahead, this was an improvement of 5 percentage points on January 1981 and of some 15 percentage points on the low July 1980 result.

Production capacity. — Judgements of industrialists on the adequacy of production capacity, in relation to current output, suggest that capacity utilization in Community industry has stabilized at a low level. In the survey carried out in April, the net balance of chief executives reporting that production capacity was more than sufficient to meet current output requirements declined slightly, by 2 percentage points, for the Community as a whole. Only Italy and the Netherlands reported increased excess capacity, by 5 and 3 percentage points, respectively.

However, there is here a marked contrast with the 1975 recession in that considerably fewer enterprises judge that they have excess capacity now (a majority of 37%) than at the trough of the recession of 1975 (a majority, then of 54%). This would seem to be an indication of the negative consequences for productive potential that have followed from the intervening years of relatively weak investment and the oil shocks which have made some capacity economically obsolescent.

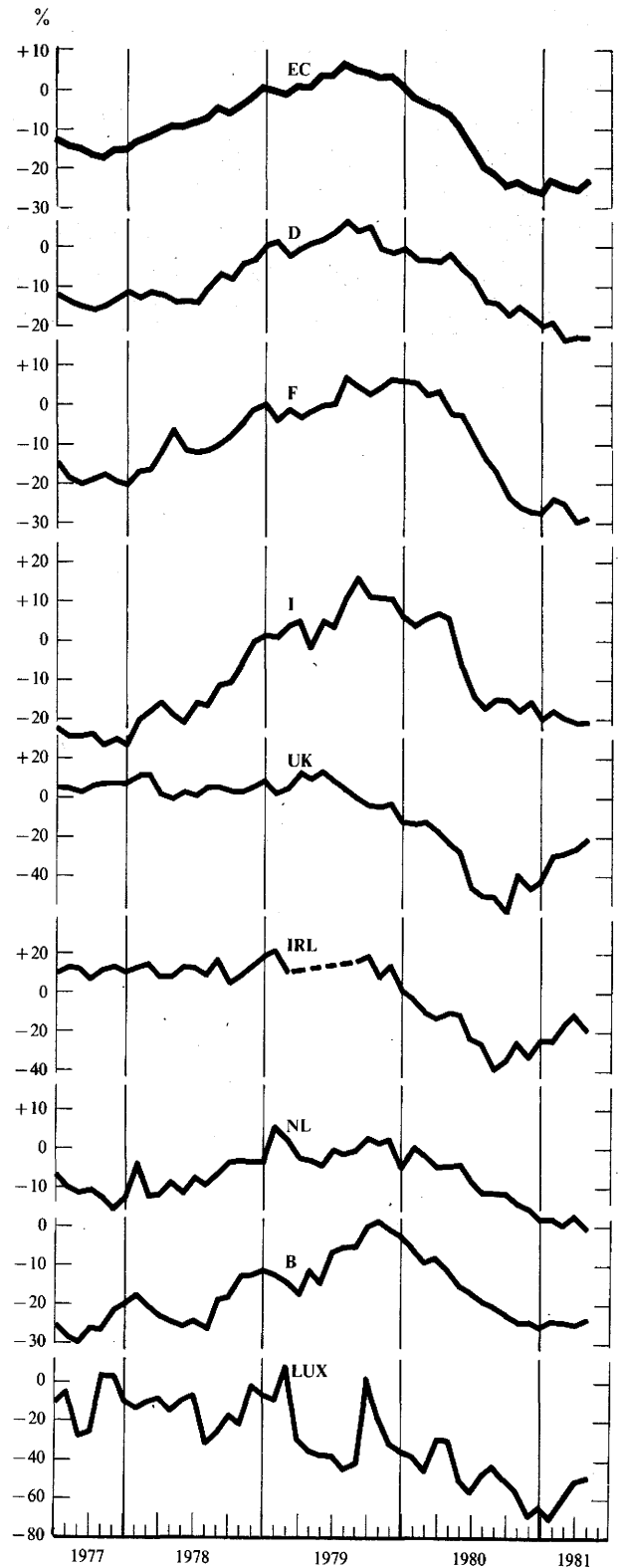
Brussels, 13 May 1981.

Notes on Graph 1.

- Industrial production excluding building and construction and, in the case of France, the foodstuffs and beverages industry. Three months' moving average.
- 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.
- Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on final page).
- Dotted line shows average for 1968-1977.

Source: European Community business surveys and Eurostat.

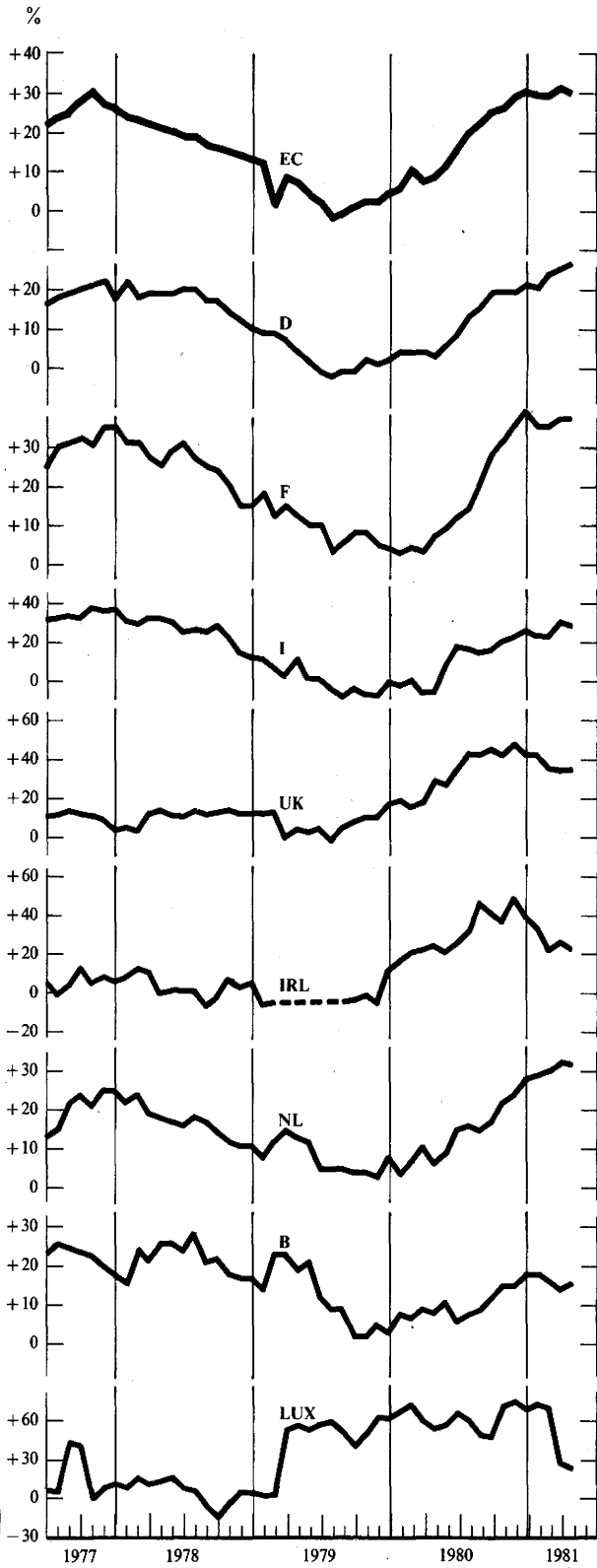
GRAPH 2: Business climate of manufacturing industry - EC and Member States



Note: 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.

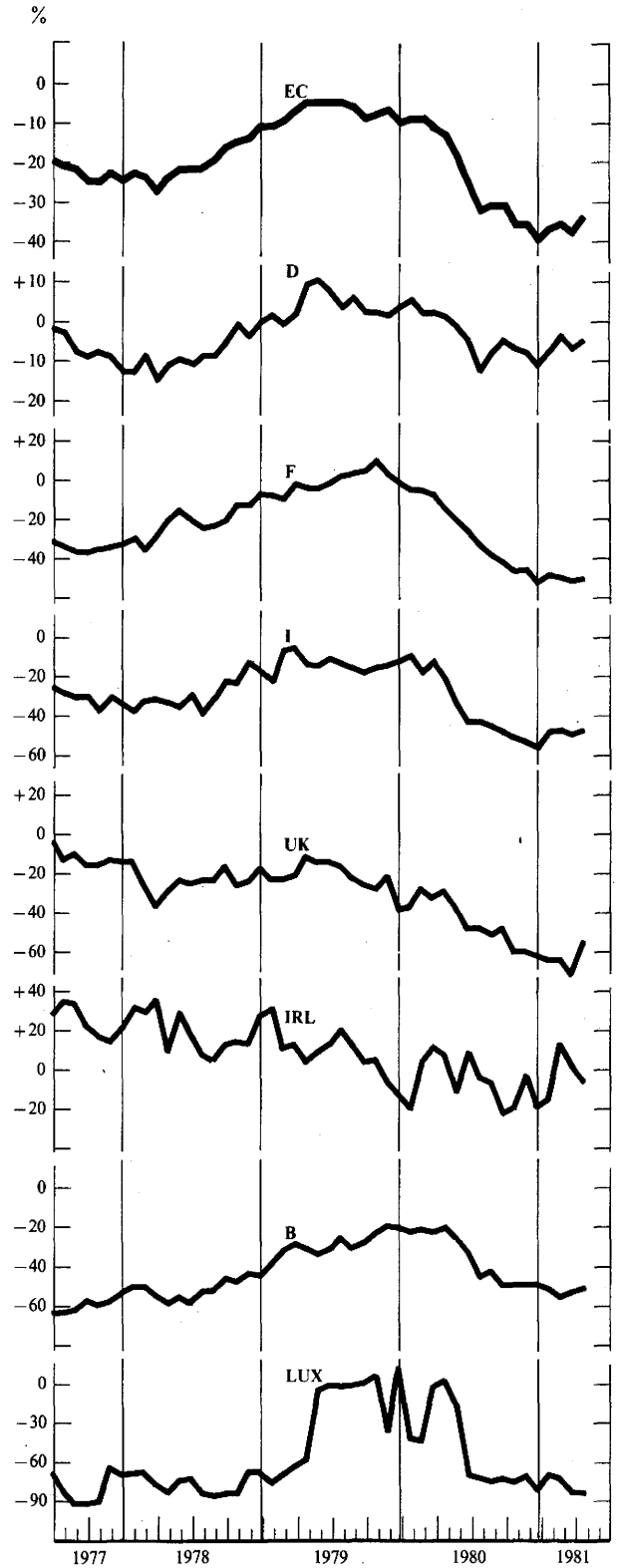
Source: European Community business surveys.

GRAPH 3: Stocks of finished products in manufacturing industry - EC and Member States (a)



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

GRAPH 4: Export order-books in manufacturing industry - EC and Member States (a)



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

TABLE 3: Business survey in certain manufacturing sectors: EC total (a)

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

Industrial groups	1978	1979	1980	1980			1981	1980		1981			
				II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April
Production expectations													
Textile industry	0	+ 1	-21	-18	-28	-29	-28	-28	-29	-27	-29	-28	-22
Mineral oil refining	+ 8	- 2	-11	- 1	-19	-30	-32	-24	-23	-29	-36	-29	-42
Production and preliminary processing of metals	- 4	+ 7	-27	-16	-39	-36	-38	-47	-42	-32	-44	-41	-36
Non-metallic mineral products (ceramics, etc.)	- 2	+ 5	-16	- 8	-23	-31	-27	-31	-29	-26	-29	-26	-28
Chemical industry	+11	+10	-12	-19	-25	- 2	- 4	- 4	- 1	- 1	- 7	- 6	+ 2
Manufacture of metal articles	0	+ 3	-12	- 4	-19	-21	-20	-24	-23	-17	-21	-23	-24
Mechanical engineering	- 1	+ 8	-10	- 3	-16	-22	-19	-23	-24	-18	-20	-20	-12
Electrical engineering	+13	+ 8	- 6	+ 1	-14	-16	-10	-16	-19	-11	-14	- 7	-13
Manufacture of motor vehicles and accessories	+16	+15	-20	- 6	-35	-34	-27	-25	-42	-19	-27	-38	-26
Order-books													
Textile industry	-38	-16	-45	-40	-51	-62	-63	-64	-62	-63	-64	-64	-66
Mineral oil refining	-33	+ 9	-30	-29	-34	-48	-70	-48	-52	-55	-72	-83	-76
Production and preliminary processing of metals	-65	-33	-49	-35	-57	-69	-72	-68	-74	-68	-73	-76	-69
Non-metallic mineral products (ceramics, etc.)	-40	-18	-25	-13	-28	-46	-53	-41	-54	-50	-50	-59	-63
Chemical industry	-28	+ 5	-27	-22	-44	-39	-40	-40	-41	-39	-44	-40	-40
Manufacture of metal articles	-32	-20	-29	-14	-29	-50	-49	-51	-56	-50	-46	-53	-52
Mechanical engineering	-43	-27	-29	-19	-30	-44	-51	-44	-49	-50	-49	-55	-53
Electrical engineering	-18	-20	-21	-17	-21	-33	-34	-34	-35	-29	-36	-37	-44
Manufacture of motor vehicles and accessories	+ 9	+13	-24	-15	-36	-47	-55	-37	-59	-55	-57	-54	-49
Export order-books													
Textile industry	-34	-33	-51	-46	-57	-61	-59	-60	-66	-61	-56	-59	-60
Mineral oil refining	-21	- 6	-12	- 7	-25	-25	-37	-34	-10	-31	-35	-45	-57
Production and preliminary processing of metals	-13	-19	-49	-32	-59	-74	-72	-65	-80	-80	-72	-68	-65
Non-metallic mineral products (ceramics, etc.)	-12	-10	-24	-15	-29	-39	-45	-37	-46	-46	-42	-48	-47
Chemical industry	- 9	+ 8	-23	-12	-35	-37	-37	-36	-42	-38	-36	-39	-34
Manufacture of metal articles	-17	-32	-33	-26	-35	-41	-46	-42	-44	-47	-48	-43	-42
Mechanical engineering	-21	-29	-35	-26	-35	-46	-47	-45	-51	-50	-44	-47	-46
Electrical engineering	-23	-29	-28	-24	-29	-36	-38	-35	-39	-32	-39	-41	-45
Manufacture of motor vehicles and accessories	- 1	+ 2	-24	-15	-29	-44	-52	-48	-49	-51	-54	-54	-48
Stocks of finished products													
Textile industry	+34	+21	+34	+30	+33	+42	+42	+42	+44	+45	+39	+41	+42
Mineral oil refining	+ 7	-27	+13	+ 1	+19	+33	+34	+30	+48	+34	+26	+45	+39
Production and preliminary processing of metals	+11	+ 1	+ 5	- 2	+ 8	+16	+17	+17	+16	+15	+20	+17	+12
Non-metallic mineral products (ceramics, etc.)	+28	+12	+12	+ 1	+11	+26	+34	+27	+31	+34	+39	+35	+34
Chemical industry	+16	- 5	+20	+17	+31	+23	+14	+23	+19	+14	+15	+15	+13
Manufacture of metal articles	+13	+ 2	+11	+ 4	+12	+24	+28	+25	+27	+27	+26	+30	+27
Mechanical engineering	+23	+11	+17	+11	+19	+25	+27	+26	+27	+25	+26	+30	+26
Electrical engineering	+20	+18	+23	+22	+25	+28	+29	+26	+28	+33	+28	+27	+38
Manufacture of motor vehicles and accessories	- 4	-13	+23	+14	+29	+45	+48	+41	+54	+45	+51	+50	+51
Selling-price expectations													
Textile industry	+34	+54	+37	+42	+32	+25	+28	+26	+24	+31	+27	+24	+30
Mineral oil refining	+29	+65	+59	+79	+44	+68	+52	+65	+66	+37	+64	+63	+38
Production and preliminary processing of metals	+36	+45	+18	+24	-11	+13	+19	+15	+19	+22	+15	+19	+15
Non-metallic mineral products (ceramics, etc.)	+32	+47	+44	+46	+38	+39	+36	+35	+44	+42	+35	+26	+25
Chemical industry	+30	+53	+26	+22	+ 8	+27	+42	+24	+33	+35	+38	+49	+49
Manufacture of metal articles	+32	+47	+40	+50	+40	+30	+24	+31	+25	+22	+22	+26	+33
Mechanical engineering	+38	+42	+39	+41	+35	+35	+33	+36	+30	+33	+31	+34	+33
Electrical engineering	+28	+36	+39	+42	+37	+42	+37	+43	+40	+41	+37	+34	+42
Manufacture of motor vehicles and accessories	+40	+44	+40	+41	+36	+38	+28	+36	+37	+31	+26	+24	+28

(a) Denmark and Greece excluded. See note (d) to Table 1.

(b) For the exact formulation of the questions, see the notes on the last page.

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 4: Survey of manufacturing industry — Questions asked each quarter (a)

Estimated number of months' production assured by orders on hand

Expected capacity constraints: i.e. net balance of respondents expecting capacity to be insufficient in relation to production expectations

	Range (b)		1978	1979	1980	1980			1981		
	Peak 1973	Trough 1975				April	July	Oct.	Jan.	April	
duration in months of assured production	B	4,5	2,8	3,0	3,3	3,5	3,7	3,6	3,4	3,3	3,3
	D	3,3	2,8	2,9	3,2	3,2	3,4	3,2	2,8	2,8	2,9
	F	3,5	2,7	3,5	3,8	4,0	3,9	3,9	4,1	3,7	3,7
	IRL	2,2	1,8	2,1	2,2	1,8	2,2	1,6	1,5	1,5	1,9
	I	4,7	3,7	4,2	4,5	4,8	5,5	5,0	4,3	4,1	3,9
	L	3,5	1,4	1,5	2,8	2,2	2,4	2,2	2,1	2,2	2,4
	NL	4,7	2,6	3,9	4,2	4,0	4,1	4,0	3,9	3,8	3,7
	UK	:	:	3,6	3,4	2,5	3,0	2,0	2,0	3,0	2,0
	EC (d)	3,7	3,0	3,4	3,6	3,5	3,7	3,4	3,2	3,3	3,1
	adequacy (+) or inadequacy (-) of existing production capacity (c)	B	-12	+58	+57	+45	+41	+35	+40	+51	+52
D		- 3	+56	+33	+21	+17	+11	+18	+25	+33	+33
F		-24	+45	+28	+18	+18	+12	+20	+32	+43	+37
IRL		:	+34	- 1	+ 1	+23	+12	+33	+35	+34	+31
I		+ 1	+63	+46	+23	+30	+22	+33	+45	+43	+48
L		-72	+73	+69	+40	+48	+35	+56	+57	+68	+57
NL		- 3	+60	+40	+22	+23	+13	+27	+31	+30	+33
EC (d)		- 7	+54	+35	+20	+21	+15	+23	+32	+39	+37

* Peak, 1974.

(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) Answers to the question whether, taking into account the level of order-books or production plans, existing 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.

(d) Weighted total of available country data.

Source: European Community business surveys.

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)		1978	1979	1980	1980			1981		1981				
	Peak 72/73	Trough 74/75				II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April
B production expectations	+31	-56	-18	-3	-24	-21	-32	-33	-34	-33	-34	-31	-34	-37	-33
order-books	+13	-66	-49	-30	-31	-23	-38	-44	-47	-44	-45	-44	-48	-48	-49
export order-books	+15	-82	-51	-28	-36	-26	-45	-49	-53	-49	-49	-51	-55	-53	-51
stocks of finished products	-14	+37	+22	+12	+11	+8	+10	+16	+16	+15	+18	+18	+16	+14	+15
selling-price expectations	+64	-10	+14	+27	+20	+19	+9	+18	+18	+21	+24	+22	+16	+12	+15
business climate indicator	+22,5	-46,5	-20	-7,5	-17,5	-14,5	-21	-25	-25	-24	-26	-24,5	-25	-25,5	-24
D production expectations	+17	-32	-2	+6	-10	-5	-16	-16	-21	-17	-19	-18	-23	-21	-20
order-books	+5	-73	-41	-15	-21	-13	-27	-37	-44	-36	-43	-42	-45	-46	-46
export order-books (c)	+23	-33	-8	+4	-4	-2	-9	-9	-6	-8	-12	-8	-4	-7	-5
stocks of finished products	-7	+43	+17	+4	+11	+5	+16	+20	+23	+19	+21	+20	+24	+25	+26
selling-price expectations	+55	+4	+19	+32	+26	+28	+17	+23	+30	+26	+25	+28	+31	+30	+28
business climate indicator	+5	-37,5	-9,5	+1	-10,5	-5	-16	-18	-22	-18	-20	-19	-23,5	-23	-23
F production expectations	+33	-29	+5	+12	-6	+1	-15	-19	-17	-19	-16	-13	-15	-23	-21
order-books	+26	-69	-31	-9	-22	-13	-27	-42	-48	-38	-50	-45	-49	-51	-53
export order-books	+24	-66	-21	-1	-29	-21	-39	-49	-50	-46	-53	-49	-50	-52	-51
stocks of finished products	-14	+50	+25	+10	+17	+9	+21	+35	+36	+35	+39	+35	+35	+37	+37
selling-price expectations	+76	+15	+52	+55	+50	+54	+39	+49	+47	+43	+51	+48	+46	+47	+41
business climate indicator	+23,5	-39,5	-10	+1	-11,5	-4	-18	-27	-26,5	-27	-27,5	-24	-25	-30	-29
IRL production expectations	:	-21	+26	:	-12	-7	-27	-14	-9	-16	-11	-18	-13	-1	-16
order-books	:	-68	-5	:	-50	-44	-64	-67	-47	-71	-65	-56	-48	-37	-50
export order-books	:	-22	+19	:	-6	+2	-11	-13	0	-2	-19	-15	+13	+1	-6
stocks of finished products	:	+35	+4	:	+31	+24	+39	+42	+27	+49	+39	+33	+22	+26	+22
selling-price expectations	:	+64	+35	:	+43	+48	+39	+27	+33	+29	+21	+28	+38	+32	+36
business climate indicator	:	-28	+11	:	-21,5	-15	-33	-28	-18	-32,5	-25	-25,5	-17,5	-13,5	-19
I production expectations	+40	-43	0	+13	-7	-4	-16	-14	-14	-10	-15	-13	-17	-12	-14
order-books	+30	-82	-40	-5	-22	-13	-34	-45	-49	-44	-52	-45	-48	-53	-50
export order-books	+13	-67	-29	-14	-37	-33	-46	-54	-49	-54	-57	-49	-48	-50	-48
stocks of finished products	-24	+53	+25	-1	+11	+6	+15	+23	+25	+22	+26	+23	+23	+30	+28
selling-price expectations	+76	+10	+41	+66	+63	+58	+59	+60	+55	+58	+58	+55	+51	+58	+63
business climate indicator	+32	-48	-12,5	+5	-9	-5	-15,5	-18,5	-19,5	-16	-20,5	-18	-20	-21	-21
L production expectations	+84	-80	-22	-2	-33	-32	-41	-54	-65	-64	-59	-68	-51	-75	-76
order-books	:	:	-68	-44	-42	-25	-51	-62	-64	-63	-72	-58	-62	-72	-71
export order-books	:	:	-76	-26	-52	-27	-72	-75	-75	-70	-81	-69	-72	-83	-84
stocks of finished products	-14	+74	+6	+48	+63	+59	+53	+72	+56	+75	+69	+73	+70	+26	+23
selling-price expectations	:	-64	+59	+14	+8	+5	-20	+23	+45	+10	+58	+60	+51	+24	+59
business climate indicator	+48	-77	-14	-25	-48	-46	-47	-63	-60,5	-69,5	-64	-70,5	-60,5	-50,5	-49,5
NL production expectations	+26	-23	+2	+7	-3	-1	-7	-7	-6	-7	-8	-7	-9	-3	-8
order-books	+7	-48	-24	-13	-20	-14	-25	-33	-38	-32	-36	-38	-38	-38	-40
stocks of finished products	-1	+57	+16	+8	+15	+10	+16	+25	+30	+24	+28	+29	+30	+32	+33
business climate indicator	+13,5	-40	-7	-0,5	-9	-5,5	-11,5	-16	-18	-15,5	-18	-18	-19,5	-17,5	-20,5
UK production expectations	:	:	+20	+12	-30	-27	-43	-41	-20	-44	-43	-18	-23	-20	-9
order-books	:	:	-22	-18	-65	-57	-74	-84	-83	-85	-87	-82	-83	-85	-74
export order-books	:	:	-24	-20	-45	-37	-48	-60	-67	-60	-62	-64	-64	-72	-55
stocks of finished products	:	:	+12	+7	+34	+30	+44	+44	+37	+49	+42	+42	+35	+34	+34
selling-price expectations	:	:	+50	+65	+36	+48	+26	+11	+12	+10	+8	+17	+7	+13	+18
business climate indicator	:	:	+4	+2,5	-32	-28,5	-43,5	-42,5	-28,5	-46,5	-42,5	-30	-29	-27	-21,5
EC(d) production expectations	+24	-30	+4	+7	-13	-9	-21	-22	-19	-22	-23	-17	-20	-20	-16
order-books	+15	-70	-37	-12	-31	-23	-38	-48	-53	-47	-53	-51	-53	-55	-55
export order-books	+14	-48	-20	-6	-24	-19	-31	-38	-37	-37	-40	-37	-36	-38	-34
stocks of finished products	-10	+48	+20	+5	+17	+11	+22	+28	+30	+29	+30	+29	+29	+31	+30
selling-price expectations	+69	+9	+33	+45	+38	+42	+29	+32	+32	+31	+33	+33	+31	+33	+33
business climate indicator	+16,5	-38,5	-8	+1	-15	-10	-22	-25	-24,5	-25,5	-26,5	-23	-24,5	-25,5	-23

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)		1978	1979	1980	1980			1981		1981				
	Peak 72/73	Trough 74/75				II	III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April
B consumer goods	+34	-43	-16	-4	-17	-21	-12	-25	-33	-32	-23	-26	-39	-35	-30
investment goods	+27	-58	-25	-3	-23	-13	-27	-43	-32	-46	-47	-35	-28	-34	-34
intermediate goods	+26	-63	-15	-4	-31	-26	-52	-36	-38	-29	-32	-36	-36	-43	-39
D consumer goods	+18	-30	-1	-1	-5	-2	-7	-9	-18	-7	-14	-13	-24	-17	-19
investment goods	+17	-28	-3	+9	-1	+3	-7	-7	-11	-5	-14	-9	-10	-15	-13
intermediate goods	+26	-41	-2	+6	-15	-9	-21	-22	-26	-26	-24	-25	-28	-26	-22
F consumer goods	+42	-22	+14	+21	0	+9	-9	-18	-16	-19	-21	-14	-14	-19	-14
investment goods	+35	-31	+2	+6	-1	0	-7	-3	-2	-4	0	+2	-3	-6	-8
intermediate goods	+33	-39	+3	+9	-15	-5	-27	-32	-29	-30	-27	-25	-25	-36	-34
IRL consumer goods	:	-28	+24	:	-12	+1	-23	-27	-12	-34	-21	-27	-24	+11	-3
investment goods	:	-65	+32	:	-15	-8	-29	-21	-16	-11	-26	-28	-21	-5	-36
intermediate goods	:	-22	+25	:	-18	-17	-32	-20	-9	-26	-15	-17	-10	-5	-13
I consumer goods	+36	-55	0	+14	-5	+4	-19	-14	-14	-8	-15	-5	-18	-19	-18
investment goods	+41	-34	-8	+9	+3	+1	-3	+2	-5	+7	-2	-8	-8	+2	+4
intermediate goods	+49	-39	+2	+14	-8	-7	-16	-18	-14	-16	-16	-15	-18	-10	-14
L consumer goods	+43	-73	-23	+15	+23	+5	+29	+36	+27	+44	+45	+40	+23	+19	+4
investment goods	+33	-41	-7	-7	-13	-5	-17	-26	-57	-23	-22	-57	-63	-51	-32
intermediate goods	:	:	-23	-8	-42	-40	-52	-65	-71	-76	-73	-76	-52	-86	-92
NL consumer goods	+33	-26	+7	+11	-1	+3	-4	-7	0	-7	-5	+4	-5	0	-2
investment goods	+42	-53	0	+1	-6	-4	-7	-11	-6	-11	-11	-7	-5	-7	-11
intermediate goods	+43	-22	+2	+12	-1	0	-3	-4	-6	-4	-6	-7	-12	+1	-9
UK consumer goods	:	:	+26	+15	-29	-21	-41	-41	-24	-39	-45	-23	-27	-22	-13
investment goods	:	:	+11	+16	-18	-11	-27	-40	-20	-40	-43	-18	-20	-21	-13
intermediate goods	:	:	+25	+7	-40	-38	-53	-43	-23	-52	-42	-22	-25	-21	-11
EC(d) consumer goods	+29	-26	+9	+9	-9	-3	-17	-19	-19	-18	-21	-15	-22	-20	-17
investment goods	+28	-29	0	+9	-5	-2	-12	-13	-11	-12	-16	-9	-11	-13	-9
intermediate goods	+32	-37	+5	+8	-19	-14	-29	-29	-24	-30	-28	-23	-25	-24	-22

(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 and Greece, 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 and 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 sometimes provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 5: New orders and export orders expectations (a)

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

	1979		1980				1981	
	July	Oct.	Jan.	April	July	Oct.	Jan.	April
New orders (c)								
B	+ 4	+ 8	- 9	- 6	-23	-21	-20	-15
DK	:	:	- 1	+ 6	-15	- 3	-16	+ 3
D	- 8	- 2	+13	+ 7	-30	-14	-22	- 9
F	+19	+10	+12	+11	- 3	-24	-34	-37
IRL	:	- 8	-30	-38	-55	-40	-29	-26
I	- 3	+13	- 3	+ 9	-31	-13	-21	- 8
L	+38	+ 7	-15	- 7	-59	-45	-55	-50
NL	+ 1	+16	-15	+13	-17	0	- 7	+ 1
EC-8	+ 2	+ 5	+ 7	+ 8	-21	-17	-25	-17
Export volume expectations (c)								
D	+ 3	- 2	+ 5	+ 2	-16	-10	- 6	0
F	+ 7	- 1	- 9	+ 3	-25	-31	-23	-17
IRL	:	+11	+ 6	+ 9	-31	-15	+11	- 4
I	+ 3	+ 4	- 1	+ 5	-19	-17	+ 1	- 1
L	+63	+ 8	- 7	- 1	-75	-83	-65	-69
NL	+12	+29	+ 5	-11	-15	+18	0	+10
EC-6	+ 5	+ 1	0	+ 2	-20	-17	-10	- 5

(a) Since these questions have been included in the Community business survey only since 1979, the time series available is relatively short.

(b) Not adjusted for seasonality.

(c) Details of the questions are given below.

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.

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 (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.
National Federation of Building Trade Employers, 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 will 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'.

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