

# EUROPEAN ECONOMY

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

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Supplement B

## Economic prospects - business survey results

**Further advance in business sentiment.** — A slight but widespread improvement in the opinion of industrialists on the business conditions of their enterprises is revealed by the results of the January survey. With the exception of the slight fall noted in October, the indicator has, thus, been on a rising trend since April 1981; over that period it has improved by 12,5 percentage points, reversing more than one third of the decline noted prior to and in the early stages of the 1980/81 recession (see Graph 1 and Table 1). The long drawn-out trough in industrial production, however, shows as yet little sign of coming to an end, although, curiously, a growing percentage of heads of industrial enterprises in the Community have been reporting, in the business survey, that production was again rising. While for statistical reasons (differences in sample content and weighting systems) it is possible for such a conflict of evidence to persist for some months, it becomes increasingly paradoxical as time goes on. The possibility that the industrial production data are at present understating the real level of activity cannot, therefore, be ruled out.

The improvement in industrial business conditions reported in the January survey affected all the major aspects of activity concerned. Thus, production expectations for Community industry as a whole as well as order-books and finished product stocks all advanced by 1 percentage point. However, the fallback in export orderbooks reported last month was maintained in January. Expectations of selling-price rises also weakened in January.

The rate of recovery of industrialists' expectations and judgments in the present cycle is rather gradual, by contrast with the rapid improvement of business sentiment in corresponding conditions in 1975/76. The slowness of the present advance in business confidence is, however, very similar to that observed, also at a corresponding stage of the business cycle, in 1977/78, as the following table shows.

**Rate of recovery of industrial business sentiment in corresponding phases<sup>1</sup> of three cycles (net balance of opinion, percentage points)**

	1975/76	1977/78	1981/82
Production expectations <sup>2</sup>	March '75 - April '76: +42	Aug. '77 - Sept. '78: +12	Dec. '80 - Jan. '82: +10
Finished stocks <sup>3</sup>	April '75 - Feb. '76: -28	Oct. '77 - Aug. '78: -7	March '81 - Jan. '82: -10
Order-books <sup>4</sup>	Aug. '75 - March '76: +30	Aug. '77 - March '78: +7	June '81 - Jan. '82: +12

<sup>1</sup> From lowest point reached in the relevant series to the stage of the recovery (measured in months from the trough) now reached in the current cycle.

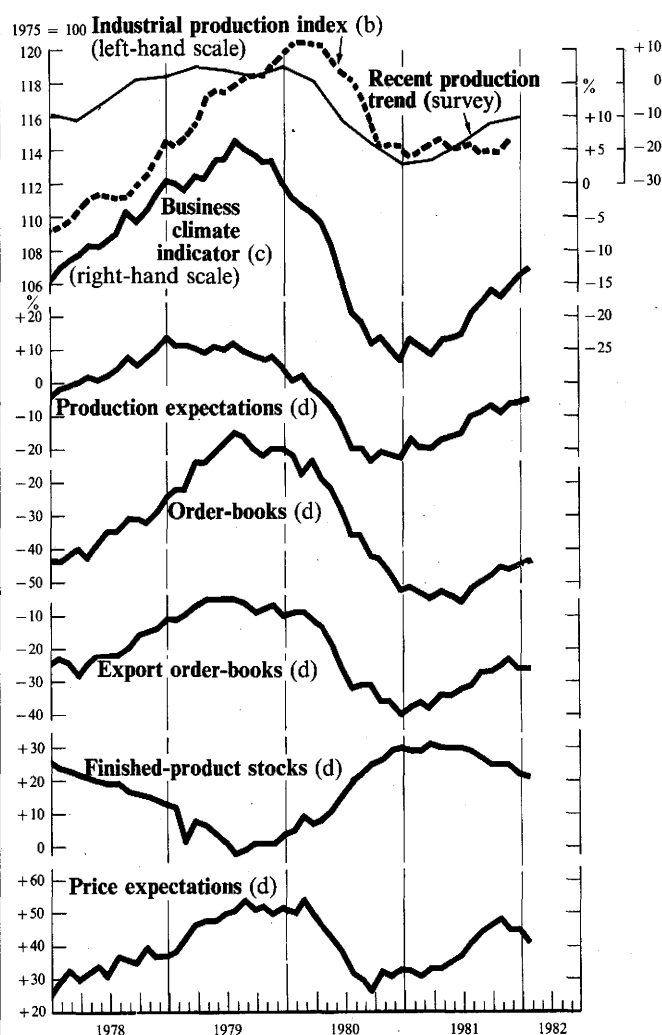
<sup>2</sup> Improvement noted 13 months into the recovery.

<sup>3</sup> Improvement (decline in excess stocks) noted 10 months into the recovery.

<sup>4</sup> Improvement noted 7 months into the recovery.

*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  $\pm$ -%). 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 9 (a)



For notes, see overleaf, column 1.

It would seem that the experience of the 1970s has led to a general moderation of expectations on the part of chief executives in Community industry with the lower average growth rate achieved since 1973 has no doubt resulted in more prudent approach to stock accumulation. High interest rates and reduced profit margins also exert pressure on industry to reduce stock levels to a minimum. A more conservative approach to stocks would prolong a recession (while stocks are being reduced production is cut back to less than current demand levels) or slow a recovery. Weak demand for the replenishment of stocks is reflected in sluggish order-books and this, together with the general negative climate of economic opinion, moderates production expectations. Thus, apart from any objective factors which may be at work (such as the loss of real income entailed by the rise in oil prices in the 1970s), a pessimistic development of expectations on the part of economic agents can have a weakening effect on the production trend.

**The business climate in Member States.** — Six of the eight countries covered by the January survey reported an improvement in the business climate (as measured by the average of the responses concerning production expectations and finished stocks) by comparison with December (see Graph 2). The production outlook improved, by between 3 and 7 percentage points, in Belgium, Italy, the Netherlands and the United Kingdom but deteriorated in the Federal Republic of Germany (- 1 percentage point) and Ireland (- 6 percentage points). The level of unfilled orders was reported to have improved in Belgium (+ 5 points), France (+ 7 points), Italy (+ 1 point) and Luxembourg (+ 19 points); there is fairly widespread evidence, on the other hand, of a deterioration of export orders, affecting Belgium, the Federal Republic of Germany, Ireland and Italy.

The stock cycle would appear to be the only element in the conjunctural situation in the Federal Republic of Germany which is at present supporting industrial activity; the January survey showed a net reduction of 5 percentage points in the proportion of German industrialists considering finished stocks to be above normal levels. Excess stocks also seem to be declining in France, Ireland and Luxembourg. In Belgium, Italy, the Netherlands and the United Kingdom, however, an increase in excess finished stocks is indicated by the January survey.

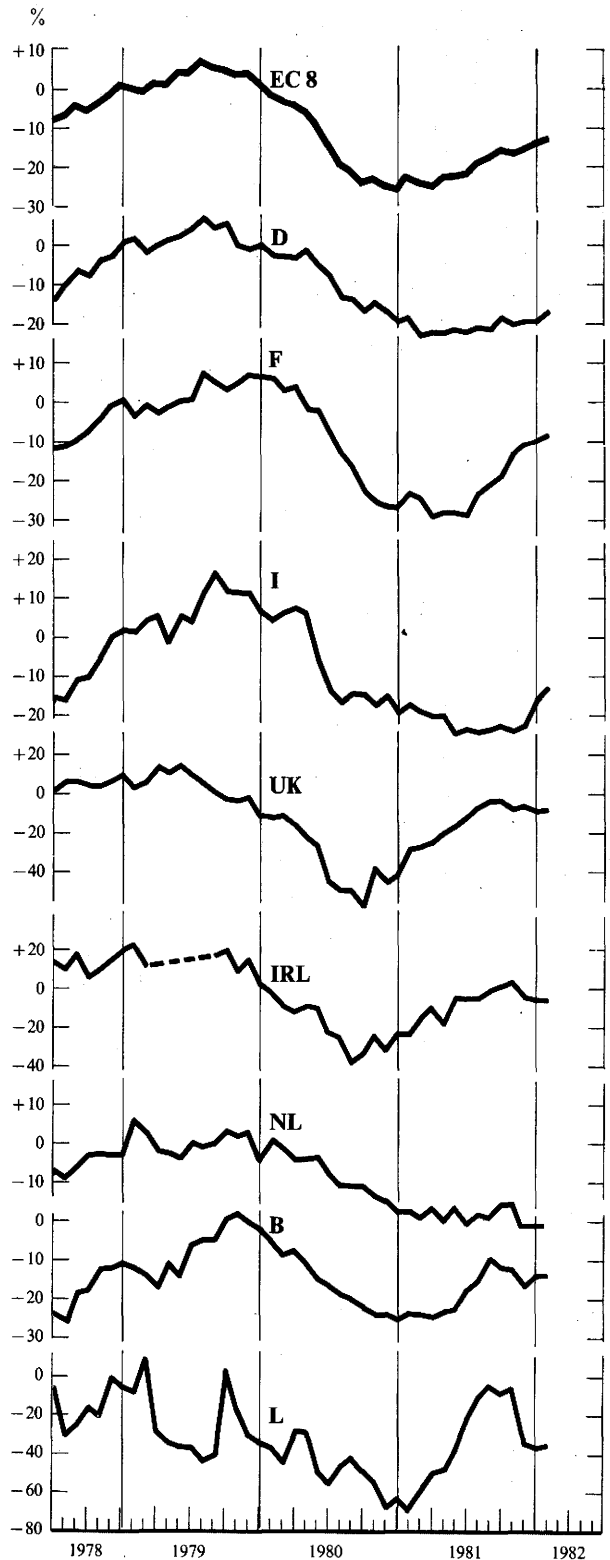
**The investment outlook.** — Substantially higher investment expenditure — in nominal terms, national currencies — is projected for 1982 (by comparison with 1981) by industrialists in France (+ 6%), Ireland (+ 33%) and the United Kingdom (+ 7%) according to the survey carried out in October and November 1981 (see Table 2). Investment spending levels are forecast to be unchanged in 1982 in German industry, while declines are foreseen by chief executives in Belgium (- 9%), Luxembourg (- 20%) and the Netherlands (- 2%). For the Community as a whole, according to the incomplete data available, industrial investment spending in 1982 will increase by 3%; this can be compared with an estimated fall of 1% in investment spending by industry in 1981, indicated by the October/November survey. With the exception of Belgium, therefore, and possibly also of the Federal Republic of Germany, a cyclical trough in investment spending occurred in 1981 and, barring unforeseen shocks, a more positive development can be expected in 1982.

When the investment spending projections for 1982 (set out in Table 2) are deflated by the relevant price forecast, it emerges that the volume of industrial demand for investment goods in most Member States is still falling, though less rapidly in general than last year. Thus, the volume of investment spending in 1982 is forecast to decline by 16% in Belgium (- 4% in 1981), by 3.5% in the Federal Republic of Germany (- 4% in 1981), by 6% in France (- 12% in 1981), by 27% in Luxembourg (+ 9.5% in 1981), by 10% in the Netherlands (- 15% in 1981) and by 3% in the United Kingdom (- 18% in 1981).

**Further evidence of capacity underutilization.** — Orders on hand in Community industry correspond to 3.1 months of production at normal levels of activity, according to the survey carried out in January, see Table 2<sup>1</sup>. This represents a decline from the levels recorded in the latter half of 1981 and is close to the low value recorded in 1975. The evidence of relatively weak industrial demand is consistent with the data, also provided by the January survey, of widespread excess capacity in the industrial sector, see Table 2<sup>2</sup>. Thus, a net balance of 42% of chief executives reported in January that the production capacity of their firms was in excess of that required, taking into account order-book levels and production plans. This is slightly less than the 1981 average but indicates that excess capacity is still very pronounced in European industry.

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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.

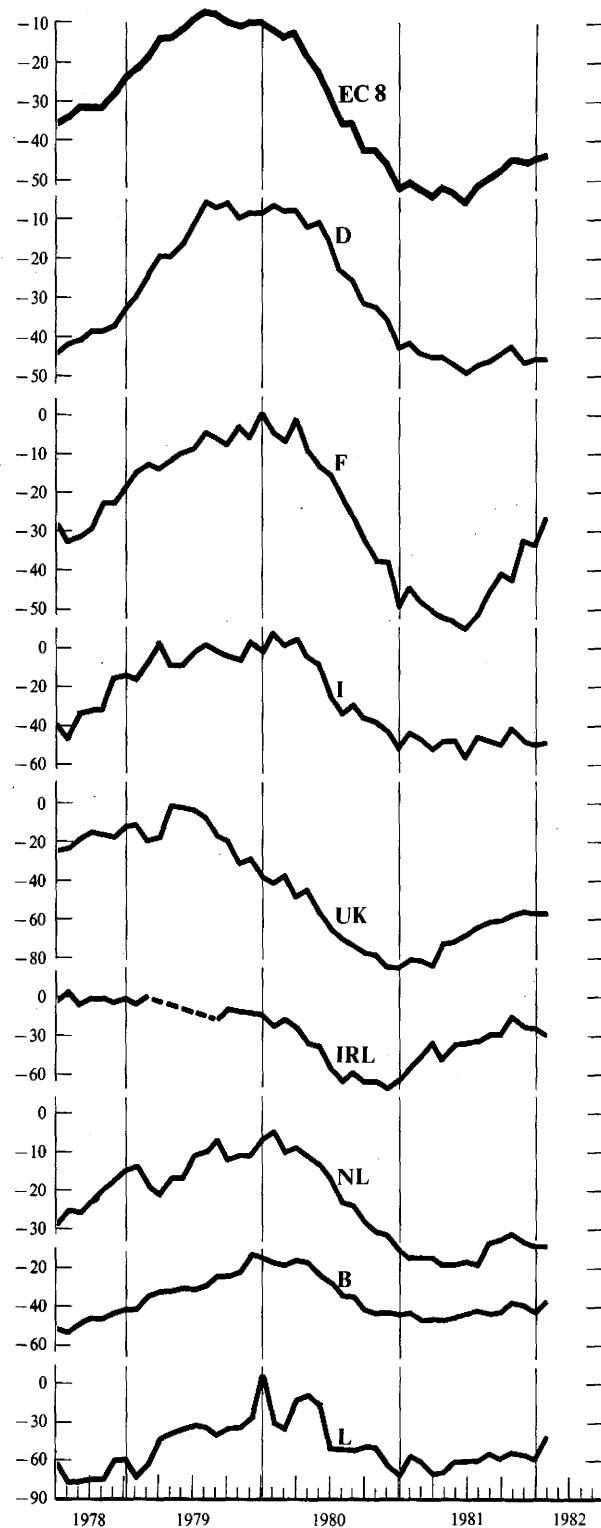
*Source:* European Community business surveys.

Notes on Graph 1.

- (a) Weighted total of available country data — see Table 1.
- (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 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.
- (d) Net balances, i.e. differences between the percentages of respondents giving positive and negative replies (see notes on final page).

*Source:* European Community business surveys and Eurostat.

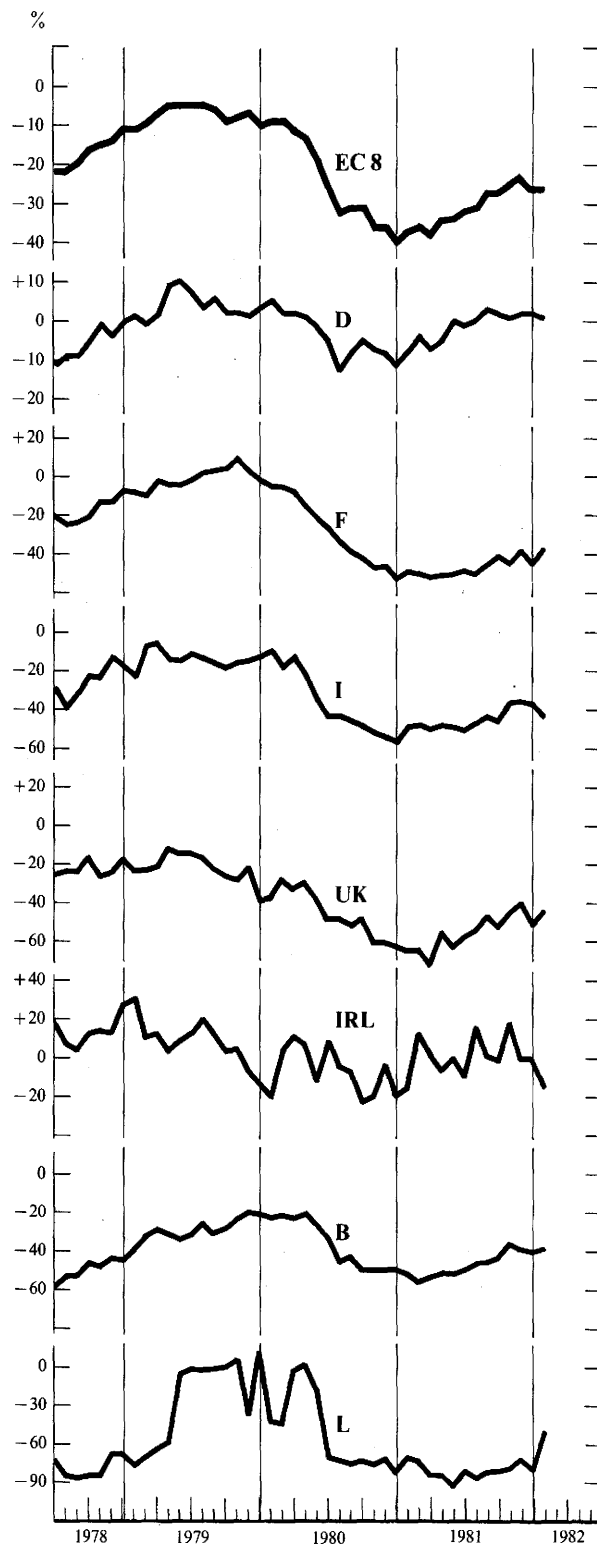
**GRAPH 3: Order-books in manufacturing industry - EC and Member States (a)**



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

Source: European Community business surveys.

**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	1979	1980	1981	1981				1981					1982
				I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	
<b>Production expectations</b>													
Textile industry	+ 1	-21	-17	-28	-18	-12	-10	-12	-11	-12	-9	-8	-4
Mineral oil refining	-2	-11	-24	-32	-40	-8	-16	-9	-1	-7	-13	-27	-22
Production and preliminary processing of metals	+ 7	-27	-23	-38	-32	-12	-8	-12	-6	-14	-2	-7	-9
Non-metallic mineral products (ceramics, etc.)	+ 5	-16	-26	-27	-27	-24	-25	-24	-28	-27	-22	-25	-27
Chemical industry	+10	-12	+ 2	- 4	+ 2	+ 3	+ 5	+ 5	+ 8	+10	+ 1	+ 4	+ 1
Manufacture of metal articles	+ 3	-12	-16	-20	-19	-14	-11	-14	-13	-13	-13	-7	-5
Mechanical engineering	+ 8	-10	-15	-19	-14	-13	-15	-14	-12	-15	-15	-14	-16
Electrical engineering	+ 8	- 6	-10	-10	-12	-9	-9	- 7	- 9	- 7	-10	- 9	- 7
Manufacture of motor vehicles and accessories	+15	-20	-14	-27	-22	-10	+ 3	-12	- 6	- 9	+ 5	+12	+ 2
<b>Order-books</b>													
Textile industry	-16	-45	-58	-63	-64	-54	-50	-52	-52	-51	-51	-49	-44
Mineral oil refining	+ 9	-30	-63	-70	-70	-56	-54	-57	-52	-60	-52	-50	-57
Production and preliminary processing of metals	-33	-49	-68	-72	-65	-69	-57	-69	-65	-52	-57	-63	-63
Non-metallic mineral products (ceramics, etc.)	-18	-25	-60	-53	-63	-64	-59	-63	-61	-56	-60	-61	-60
Chemical industry	+ 5	-27	-37	-40	-43	-36	-27	-32	-34	-24	-31	-26	-32
Manufacture of metal articles	-20	-29	-52	-49	-53	-53	-52	-52	-50	-54	-51	-51	-49
Mechanical engineering	-27	-29	-52	-51	-53	-52	-53	-53	-53	-52	-54	-53	-53
Electrical engineering	-20	-21	-37	-34	-38	-36	-41	-38	-33	-36	-41	-47	-45
Manufacture of motor vehicles and accessories	+13	-24	-45	-55	-52	-42	-29	-39	-41	-43	-25	-20	-14
<b>Export order-books</b>													
Textile industry	-33	-51	-50	-59	-57	-45	-38	-44	-49	-39	-39	-37	-38
Mineral oil refining	- 6	-12	-41	-37	-55	-38	-33	-41	-42	-42	-35	-22	-44
Production and preliminary processing of metals	-19	-49	-65	-72	-65	-65	-58	-64	-65	-56	-51	-66	-71
Non-metallic mineral products (ceramics, etc.)	-10	-24	-44	-45	-45	-42	-45	-44	-38	-46	-46	-43	-46
Chemical industry	+ 8	-23	-28	-37	-32	-23	-19	-20	-25	-12	-20	-24	-19
Manufacture of metal articles	-32	-33	-44	-46	-45	-42	-41	-42	-39	-44	-39	-40	-43
Mechanical engineering	-29	-35	-46	-47	-45	-46	-45	-44	-44	-45	-43	-46	-46
Electrical engineering	-29	-28	-41	-38	-41	-41	-42	-41	-37	-36	-41	-50	-42
Manufacture of motor vehicles and accessories	+ 2	-24	-41	-52	-45	-36	-31	-36	-34	-38	-25	-30	-21
<b>Stocks of finished products</b>													
Textile industry	+21	+34	+38	+42	+41	+37	+31	+36	+37	+32	+33	+30	+32
Mineral oil refining	-27	+13	+25	+34	+34	+12	+18	+11	+ 4	+25	+13	+15	+11
Production and preliminary processing of metals	+ 1	+ 5	+12	+17	+13	+12	+ 4	+ 8	+12	+ 6	+ 2	+ 4	+10
Non-metallic mineral products (ceramics, etc.)	+12	+12	+37	+34	+38	+40	+37	+38	+40	+40	+37	+34	+36
Chemical industry	- 5	+20	+13	+14	+14	+12	+10	+13	+ 7	+ 7	+11	+11	+ 6
Manufacture of metal articles	+ 2	+11	+23	+28	+25	+20	+19	+19	+20	+20	+19	+19	+20
Mechanical engineering	+11	+17	+25	+27	+24	+25	+24	+27	+24	+25	+24	+22	+26
Electrical engineering	+18	+23	+29	+29	+31	+26	+28	+26	+24	+31	+28	+25	+23
Manufacture of motor vehicles and accessories	-13	+23	+47	+48	+54	+56	+30	+57	+54	+33	+35	+21	+24
<b>Selling-price expectations</b>													
Textile industry	+54	+37	+43	+28	+38	+55	+49	+55	+58	+49	+51	+47	+48
Mineral oil refining	+65	+59	+55	+55	+40	+73	+53	+81	+76	+81	+61	+17	-22
Production and preliminary processing of metals	+45	+18	+44	+19	+32	+58	+67	+57	+58	+71	+65	+66	+54
Non-metallic mineral products (ceramics, etc.)	+47	+44	+30	+36	+24	+24	+34	+24	+27	+29	+34	+40	+29
Chemical industry	+53	+26	+49	+42	+44	+54	+54	+55	+59	+61	+50	+51	+37
Manufacture of metal articles	+47	+40	+35	+24	+34	+37	+45	+34	+42	+44	+46	+45	+39
Mechanical engineering	+42	+39	+33	+33	+32	+32	+36	+34	+34	+35	+37	+37	+40
Electrical engineering	+36	+39	+35	+37	+33	+33	+36	+32	+34	+31	+37	+40	+39
Manufacture of motor vehicles and accessories	+44	+40	+35	+28	+35	+42	+35	+40	+44	+44	+33	+28	+46

(a) 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)		1979	1980	1981	1981				1982	
	Peak 1973	Trough 1975				Jan.	April	July	Oct.		Jan.
Duration in months of assured production	B	4,5	2,8	3,3	3,5	3,4	3,3	3,3	3,4	3,4	3,3
	D	3,3	2,8	3,2	3,2	2,9	2,8	2,9	2,9	2,9	2,8
	F	3,5	2,7	3,8	4,0	3,6	3,7	3,7	3,5	3,5	3,2
	IRL	2,2	1,8	2,2	1,8	2,0	1,5	1,9	2,4	2,4	2,0
	I	4,7	3,7	4,5	4,8	4,0	4,1	3,9	4,3	3,9	4,0
	L	3,5	1,4	2,8	2,2	2,3	2,2	2,4	2,7	2,0	2,2
	NL	4,7	2,6	4,2	4,0	3,7	3,8	3,7	3,8	3,4	4,0
	UK	:	:	3,4	2,5	2,8	3,0	2,0	3,0	3,0	3,0
	EC (d)	3,7	3,0	3,6	3,5	3,2	3,3	3,1	3,3	3,2	3,1
	Adequacy (+) or inadequacy (-) of existing production capacity (c)	B	-12	+58	+45	+41	+49	+52	+44	+53	+45
DK		:	:	:	+20	+32	+39	+34	+27	+27	+36
D		- 3	+56	+21	+17	+34	+33	+33	+35	+36	+38
F		-24	+45	+18	+18	+42	+43	+37	+43	+45	+35
IRL		:	+34	+ 1	+23	+29	+34	+31	+24	+26	+31
I		+ 1	+63	+23	+30	+45	+43	+48	+50	+37	+36
L		-72	+73	+40	+48	+59	+68	+57	+58	+54	+61
NL		- 3	+60	+22	+23	+35	+30	+33	+36	+42	+48
UK		:	:	:	+50	+63	+66	+67	+62	+57	+58
EC (d)		- 7	+54	+20	+27	+44	+44	+43	+45	+43	+42

(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. Danish and UK data for 1980 and 1981 have now been added to this table, with consequent revisions to the EC totals.

(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)		1979	1980	1981	1981				1981				1982	
		Peak 1972/73	Trough 1974/75				I	II	III	IV	Aug.	Sept.	Oct.	Nov.		Dec.
<b>B</b>	production expectations	+31	-56	-3	-24	-26	-34	-30	-20	-21	-17	-18	-18	-23	-22	-17
	order-books	+13	-66	-30	-31	-45	-47	-48	-44	-41	-45	-44	-39	-40	-44	-39
	export order-books	+15	-82	-28	-36	-47	-53	-51	-46	-38	-46	-44	-36	-39	-40	-39
	stocks of finished products	-14	+37	+12	+11	+11	+16	+14	+6	+9	+3	+7	+8	+11	+7	+11
	selling-price expectations	+64	-10	+27	+20	+29	+18	+24	+37	+38	+40	+37	+38	+39	+38	+39
business climate indicator	+22,5	-46,5	+7,5	-17,5	-18,5	-25	-22	-13	-15	-10	-12,5	-13	-17	-14,5	-14	
<b>DK</b>	production expectations	:	:	:	-4	-3	-20	+2	-2	+7	:	:	:	:	:	
	order-books	:	:	:	-6	-24	-34	-26	-18	-18	:	:	:	:	:	
	export order-books	:	:	:	+9	-8	-11	-8	-3	-3	:	:	:	:	:	
	stocks of finished products	:	:	:	+16	+17	+20	+22	+12	+13	:	:	:	:	:	
	business climate indicator	:	:	:	-10	-10	-20	-10	-7	-3	:	:	:	:	:	
<b>D</b>	production expectations	+17	-32	+6	-10	-17	-21	-19	-15	-12	-16	-13	-14	-12	-13	-14
	order-books	+5	-73	-15	-21	-46	-44	-48	-47	-45	-47	-45	-43	-47	-46	-46
	export order-books (c)	+23	-33	+4	-4	-1	-6	-2	+2	+2	+3	+2	+1	+2	+2	-1
	stocks of finished products	-7	+43	+4	+11	+26	+23	+26	+27	+27	+28	+25	+27	+27	+26	+21
	selling-price expectations	+55	+4	+32	+26	+32	+30	+30	+34	+33	+34	+37	+38	+33	+29	+30
business climate indicator	+5	-37,5	+1	-10,5	-21,5	-22	-22,5	-21	-20	-22	-19	-20,5	-19,5	-19,5	-17,5	
<b>F</b>	production expectations	+33	-29	+12	-6	-11	-17	-19	-8	-1	-8	-7	-3	0	+1	+1
	order-books	+26	-69	-9	-22	-46	-48	-54	-46	-37	-46	-41	-43	-33	-34	-27
	export order-books	+24	-66	-1	-29	-47	-50	-50	-45	-43	-45	-41	-45	-38	-45	-37
	stocks of finished products	-14	+50	+10	+17	+34	+36	+40	+35	+23	+35	+31	+24	+23	+21	+18
	selling-price expectations	+76	+15	+55	+50	+54	+47	+47	+59	+64	+59	+62	+69	+63	+59	+50
business climate indicator	+23,5	-39,5	+1	-11,5	-22,5	-26,5	-29,5	-21,5	-12	-21,5	-19	-13,5	-11,5	-10	-8,5	
<b>IRL</b>	production expectations	:	-21	:	-12	-1	-9	-5	+4	+6	+4	+6	+14	+1	+2	-4
	order-books	:	-68	:	-50	-36	-47	-42	-33	-22	-31	-31	-17	-24	-26	-31
	export order-books	:	-22	:	-6	+2	0	-5	+5	+6	+1	-2	+18	0	0	-15
	stocks of finished products	:	+35	:	+31	+16	+27	+16	+10	+12	+9	+6	+10	+11	+14	+9
	selling-price expectations	:	+64	:	+43	+41	+33	+36	+47	+46	+53	+53	+47	+51	+40	+48
business climate indicator	:	-28	:	-21,5	-8,5	-18	-10,5	-3	-3	-2,5	0	+2	-5	-6	-6,5	
<b>I</b>	production expectations	+40	-43	+13	-7	-16	-14	-17	-18	-16	-18	-17	-20	-18	-9	-2
	order-books	+30	-82	-5	-22	-49	-49	-52	-49	-47	-49	-51	-42	-49	-51	-50
	export order-books	+13	-67	-14	-37	-45	-49	-49	-46	-37	-44	-46	-37	-36	-37	-44
	stocks of finished products	-24	+53	-1	+11	+28	+25	+30	+31	+27	+31	+30	+29	+28	+24	+25
	selling-price expectations	+76	+10	+66	+63	+59	+55	+60	+63	+57	+67	+62	+58	+57	+57	+58
business climate indicator	+32	-48	+5	-9	-22	-19,5	-23,5	-24,5	-21,5	-24,5	-23,5	-24,5	-23	-16,5	-13,5	
<b>L</b>	production expectations	+84	-80	-2	-33	-39	-65	-50	-1	-40	+5	-8	-5	-54	-61	-61
	order-books	:	:	-44	-42	-62	-64	-60	-58	-56	-60	-56	-57	-60	-41	
	export order-books	:	:	-26	-52	-81	-75	-86	-84	-77	-83	-82	-80	-72	-80	
	stocks of finished products	-14	+74	+48	+63	+28	+56	+24	+18	+14	+16	+12	+10	+17	+14	+12
	selling-price expectations	:	:	+64	+14	+8	+60	+45	+57	+64	+72	+65	+63	+74	+67	+67
business climate indicator	+48	-77	-25	-48	-33,5	-60,5	-37	-9,5	-27	-5,5	-10	-7,5	-35,5	-37,5	-36,5	
<b>NL</b>	production expectations	+26	-23	+7	-3	-6	-6	-7	-2	-7	-4	-1	-2	-9	-10	-7
	order-books	+7	-48	-13	-20	-37	-38	-40	-36	-34	-34	-33	-32	-34	-35	-35
	stocks of finished products	-1	+57	+8	+15	+32	+30	+32	+34	+32	+35	+31	+30	+34	+33	+36
	selling-price expectations	+13,5	-40	-0,5	-9	-19	-18	-19,5	-18	-19,5	-19,5	-16	-16	-21,5	-21,5	-21,5
	business climate indicator	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<b>UK</b>	production expectations	:	:	+12	-30	-4	-20	-7	+7	+4	+7	+9	+3	+7	+2	+5
	order-books	:	:	-18	-65	-69	-83	-72	-64	-58	-63	-62	-59	-57	-58	-58
	export order-books	:	:	-20	-45	-55	-67	-58	-51	-45	-47	-53	-45	-40	-51	-44
	stocks of finished products	:	:	+7	+34	+27	+37	+29	+20	+21	+18	+19	+21	+21	+20	+22
	selling-price expectations	:	:	+65	+36	+25	+12	+17	+29	+40	+29	+33	+37	+38	+44	+40
business climate indicator	:	:	+2,5	-32	-15,5	-28,5	-18	-6,5	-8,5	-5,5	-5	-9	-7	-9	-8,5	
<b>EC(d)</b>	production expectations	+24	-30	+9	-13	-13	-19	-16	-9	-7	-9	-7	-9	-6	-6	-5
	order-books	+15	-70	-12	-31	-51	-53	-54	-50	-45	-50	-48	-45	-46	-45	-44
	export order-books	+14	-48	-6	-24	-31	-37	-33	-28	-25	-27	-27	-25	-23	-26	-26
	stocks of finished products	-10	+48	+5	+17	+28	+30	+30	+27	+24	+27	+25	+25	+25	+22	+21
	selling-price expectations	+69	+9	+49	+38	+40	+32	+35	+44	+46	+44	+46	+49	+45	+45	+41
business climate indicator	+16,5	-38,5	+2	-15	-20,5	-24,5	-23	-18	-15,5	-18	-16	-17	-15,5	-14	-13	

- (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 1972/73 and 1974/75, respectively.  
(c) The series for the Federal Republic of Germany concerns the export outlook, rather than orders as such.  
(d) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981.)  
Note: (s.a.) = seasonally adjusted.  
: = not available.

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

TABLE 2 (I): Half-yearly industrial investment survey: estimates for 1981 and prospects for 1982  
Results of the October/November 1981 investment survey, % change in value, over the preceding year

	Basic materials industries (a)		Metallurgical industries		Mechanical industries		Processing industries (b)		Extractive industries		Food industries		Total all industry	
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982
<b>B</b>	-11	+1	+6	+24	+24	-17	-18	-22	:	:	-10	-24	+4	-9
<b>D</b>	+5	0	-3	-15	0	0	-14	0	+30	+17	0	+1	0	0
<b>F</b>	0	+7	+6	+13	-2	+10	-10	+2	+4	+11	+8	-8	-1	+6
<b>IRL</b>	+6	+52	-13	+17	-16	+63	-4	+109	:	:	-17	-44	-16	+33
<b>I</b>	+21	:	-12	:	+29	:	-8	:	+22	:	+7	:	+14	:
<b>L</b>	+51	-30	-23	-13	+183	-21	+55	+9	:	:	:	:	+17	-20
<b>NL</b>	-7	-9	-6	-12	-12	+12	-1	-16	+24	+21	-16	-9	-6	-2
<b>UK</b>	+8	+5	-20	+3	-12	+5	-20	+3	:	:	-6	+18	-11	+7
<b>EC 8 (e)</b>	+5	(+3)	-5	(-2)	+1	(+4)	-13	(0)	:	:	0	(+1)	-1	(+3)

TABLE 2 (II): Survey estimates and forecasts for total industrial investment  
Total industry, % change in value in relation to preceding year

Year to which data relate:	1977		1978			1979				1980				1981		1982
	March/April 1978	Oct./Nov. 1977	March/April 1978	Oct./Nov. 1978	March/April 1979	Oct./Nov. 1978	March/April 1979	Oct./Nov. 1979	March/April 1980	Oct./Nov. 1979	March/April 1980	Oct./Nov. 1980	March/April 1981	Oct./Nov. 1981	Oct./Nov. 1981	
<b>B (c)</b>	-1	:	-1	-6	-4	:	+15	+12	+16	+30	+41	+30	+36	+3	+8	+4
<b>D</b>	+3	+7	+8	+10	+9	+9	+11	+13	+14	+12	+15	+16	+16	+4	+2	0
<b>F</b>	+10	+12	+12	+9	+8	+15	+16	+10	+10	+15	+16	+16	+16	+6	+5	+1
<b>IRL (c)</b>	+11	+21	+41	+36	+43	+26	+29	+19	+19	+12	+6,5	+3,5	+8	+2	-22	-16
<b>I</b>	+5	+10	+2	-0,5	+6	+24	+19	+5	+10	+26	+31	+7	+10	+47	+17	+14
<b>L (d)</b>	+13	+6	+48	+23	+22	+27	+1	+22	-1	-5	+7	-12,5	+17	0	-2	+17
<b>NL</b>	+17	+3	+6	+4	+3	-5	+4	+1	0	+13	+18	+15	+17	-7	-2	-6
<b>UK (c)</b>	+23	+26	+26	+19	+19	+18	+15	+9	+12	+4	+2	+6	+5	-7	-6	-11
<b>EC 8 (e)</b>	+10	+12	+11	+9	+9	+13	+14	+10	+11	+14	+16	+13	+14	+6	+3	-1

- (a) Chemicals, man-made fibres, petroleum refining, rubber processing, etc.  
(b) Manufacture of textiles, footwear, wood, paper, together with the printing and processing of plastics industries.  
(c) Excluding the extractive industries.  
(d) Excluding the extractive and food industries.  
(e) Weighted total of the above (not given when data are substantially incomplete).  
Source: European Community business surveys.

**TABLE 5: Survey of the construction industry**

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

	Range (b)		1979	1980	1981	1981				1981					1982	
	Peak 72/73	Trough 74/75				I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.		Jan.
<b>B</b>	order-books	-13	-47	-28	-32	-53	-47	-54	-56	-54	-57	-56	-56	-53	-52	-55
	employment expectations	+31	-24	0	-23	-41	-33	-46	-44	-39	-42	-49	-44	-36	-38	-31
	price expectations	+75	+25	+43	+31	+8	+15	+8	+6	+4	+9	0	-1	+4	+10	+4
<b>D</b>	order-books	-17	-84	-7	-30	-61	-50	-56	-67	-72	-67	-71	-73	-75	-69	-72
	employment expectations	+10	-60	+9	-7	-35	-23	-28	-38	-50	-37	-47	-51	-48	-51	-53
	price expectations	+48	-37	+30	-5	-41	-38	-42	-45	-38	-49	-48	-45	-39	-29	-29
<b>F</b>	order-books	:	:	-37	-31	-48	-44	-47	-48	-53	:	:	:	:	:	:
	employment expectations	:	:	-15	-12	-24	-20	-20	-27	-30	:	:	:	:	:	:
<b>I</b>	order-books	-25	-68	-29	-33	-29	-28	-23	-29	-34	-28	-36	-31	-37	-34	-29
	employment expectations	+10	-44	-12	-11	-7	-5	-3	-8	-10	-8	-11	-7	-21	-1	-2
	price expectations	+85	+30	+71	+71	+71	+70	+70	+74	+69	+73	+74	+74	+71	+63	+72
<b>L</b>	order-books	+21	-50	-7	-12	-21	-19	-15	-23	-28	-24	-32	-34	-25	-24	-38
	employment expectations	+31	-39	+16	+6	-6	-3	+6	-2	-25	+1	-8	-25	-29	-21	-32
	price expectations	+82	+11	+46	+45	+30	+35	+36	+22	+27	+41	+7	+29	+30	+22	+6
<b>NL</b>	order-books	-8	-81	-19	-39	-50	-49	-50	-49	-52	-49	-52	-50	-53	-53	-51
	employment expectations	+14	-13	+11	-8	-14	-15	-9	-11	-19	-11	-14	-21	-19	-16	-19
<b>UK</b>	order-books	:	:	-6	-33	-60	-56	-45	-71	-69	:	:	:	:	:	:
	employment expectations	:	:	+7	-27	-42	-46	-50	-39	-33	:	:	:	:	:	:
	price expectations	:	:	+69	+53	-16	-16	-11	-11	-24	:	:	:	:	:	:
<b>EC</b>	order-books	:	:	-20	-32	-51	-46	-45	-55	-58	:	:	:	:	:	:
(c)	employment expectations	:	:	-12	-14	-28	-24	-26	-29	-32	:	:	:	:	:	:

(a) Details of the questions are given below.

(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) Owing to lack of data for certain Member States, Community totals are incomplete. As from issue No 8/1981 of Supplement B, the figures given in this table for France and the United Kingdom are seasonally adjusted.

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

Source: European Community business surveys.

## European Community business surveys

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

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

### QUESTIONS

#### Manufacturing industry, excluding food, beverages and tobacco

##### Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- 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:

- B - Belgium: Banque Nationale de Belgique
- DK - Denmark: Danmarks Statistik
- 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)
- L - Luxembourg: STATEC (Service Central de la Statistique et des Etudes Economiques)
- NL - Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK - United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey.
- DI (Department of Industry), for the investment survey.
- National Federation of Building Trade Employers, for the construction survey.

Supplement B to 'European Economy', gives a monthly selection of the most recent results. 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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