

EUROPEAN ECONOMY

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

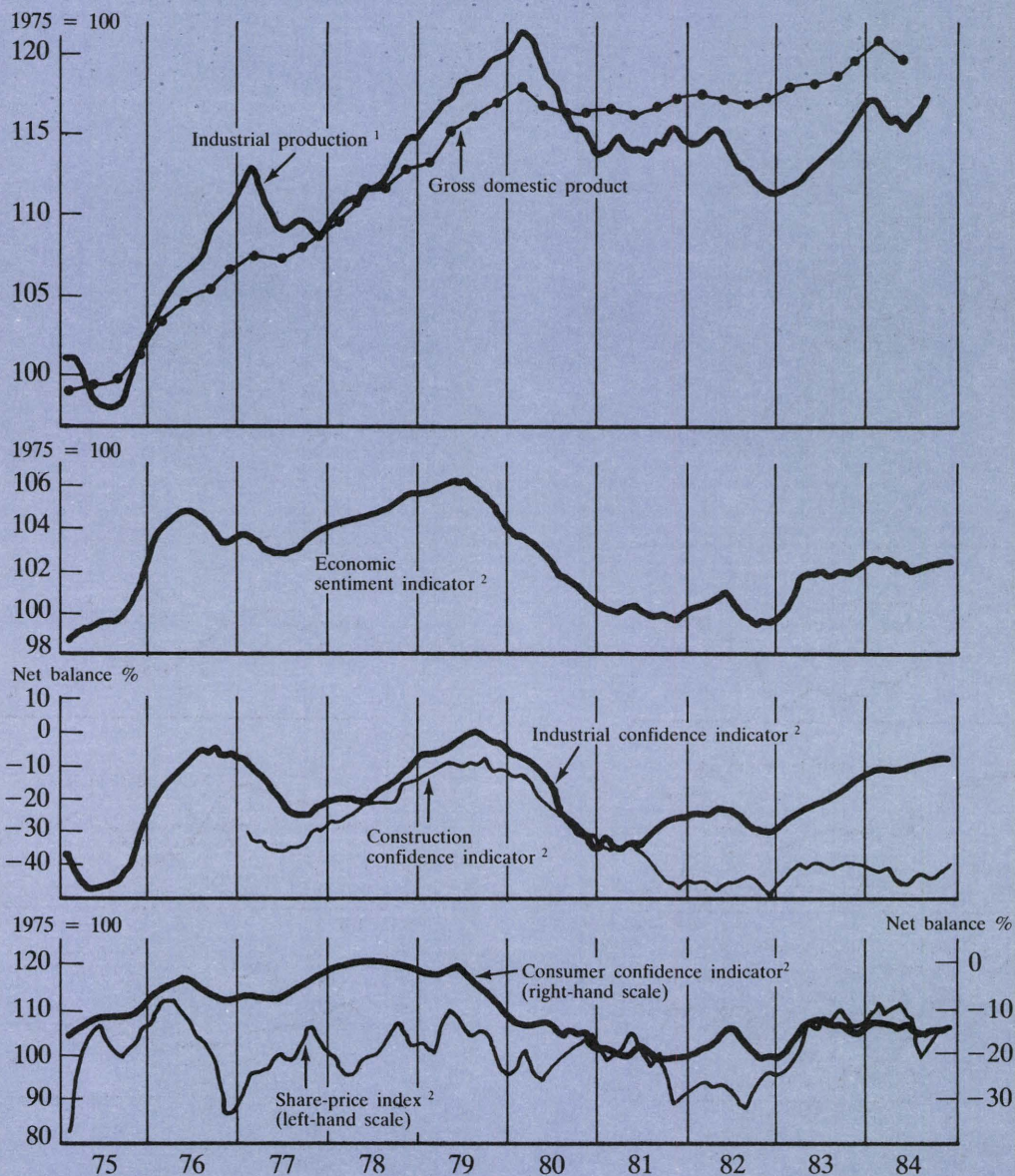
Supplement B — No 12 — December 1984

Business survey results

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*This month :
Leading indicators in Europe,
USA and Japan*

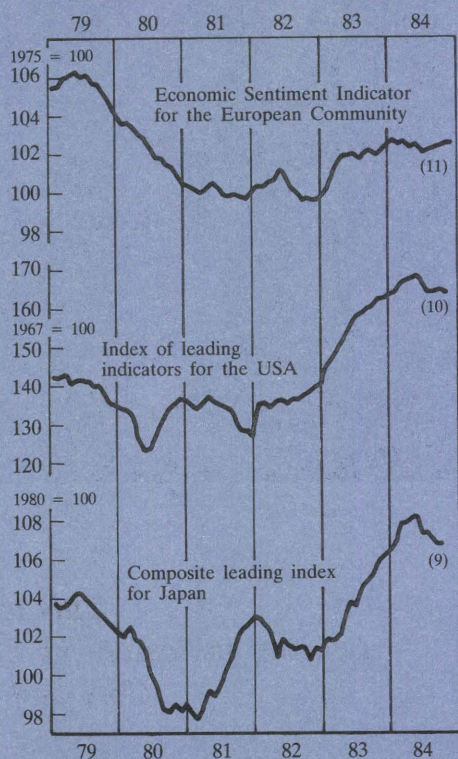
GRAPH 1 : Indicators of output and economic sentiment — European Community



¹ Three-month moving average.

² See notes to Table 1.

GRAPH 2 Leading indicators for the European Community, the USA and Japan



Sources : — Commission of the European Communities, Directorate-General for Economic and Financial Affairs
— US Department of Commerce
— Economic Planning Agency, Japanese Government
Arabic number indicates latest month for which data are available ("11" = November)

Economic recovery to continue in Europe. — Economic upswing in the European Community will continue during the next months, but at a reduced speed. This likely development is signalled by the EC composite leading indicator which remained unchanged in November (102,5; 1975=100). In view of the significant increase in the previous 2 months, this should be considered as a positive result. The EC composite leading indicator is only 0,2 points below the highest point reached until now in the current upswing (102,7 in January 1984). Two of the four components of the composite indicator improved in November : the construction confidence indicator and the share price index. On the other hand, consumer confidence and confidence in industry remained unchanged.

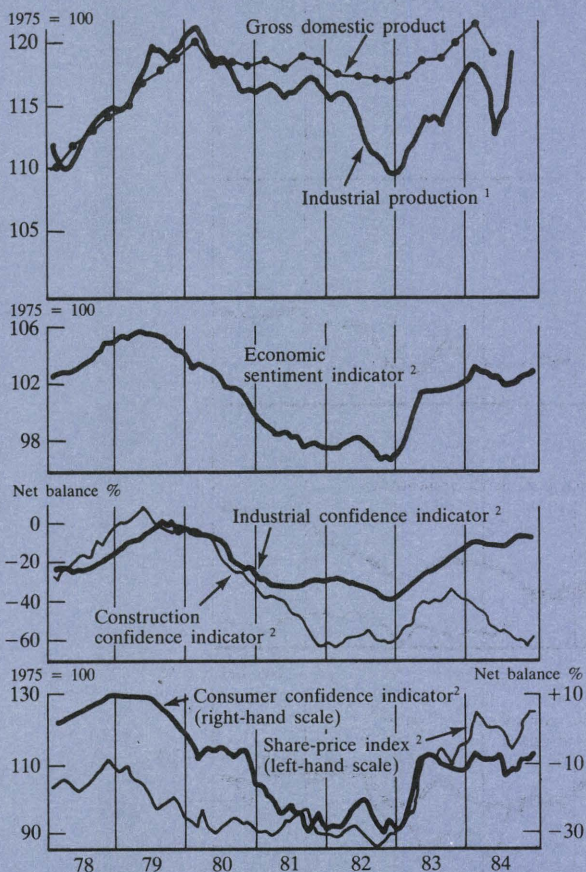
Among the Member States, the composite leading indicator improved in Germany, the United Kingdom and Italy. A slight decrease was observed in Belgium and Ireland, a more pronounced one in France, where the indicator reached a new record low level, mainly due to the significant drop in the consumer climate component.

Differences in growth performance in Europe, the USA and Japan diminish. — While the EC composite leading indicator has shown an upward trend on average during the past 5 months, the path of the US and the Japanese leading indicator is pointing downwards, though not in a very clearcut way (see Graph 2). The US Department of Commerce Index of leading indicators has lost 2,8 % of its value between its peak in May 1984 and October 1984. Also in Japan, the latest available value (September 1984) of the composite leading index of the Economic Planning Agency is 2 % below its peak in May 1984. Nevertheless, both the US and the Japanese composite leading indicators are well above their recession levels reached in 1982, and to a much greater extent than the EC indicator. The difference between these 3 indicators is, however, becoming smaller, which points to a narrowing spread of the economic growth trends in the industrialized countries.

Downward trend in construction is levelling off. — The present order-book situation in the European construction

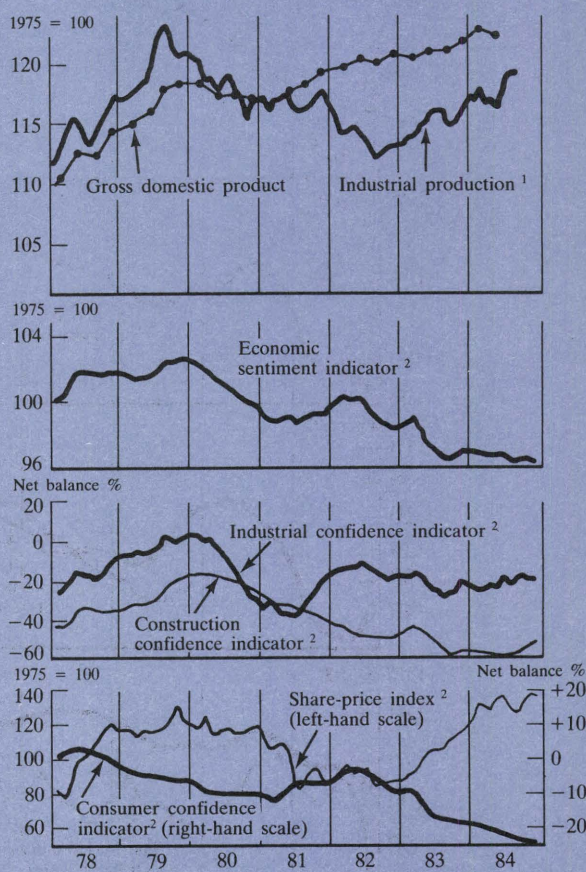
GRAPH 2 : Indicators of output and economic sentiment in seven Member States

Federal Republic of Germany



¹ Three-month moving average.
² See notes to Table 1.

France



¹ Three-month moving average.
² See notes to Table 1.

sector is less negative than in previous months according to the companies participating in the EC business surveys in the construction industry. The employment outlook is getting somewhat brighter, in particular, in the Italian construction industry. The most unfavourable situation is still reported from the German construction sector, but here, too, a slight improvement is observed in the companies' replies on questions concerning the future trends of production and employment in the next months.

EC consumer climate still unfavourable. — The EC consumer confidence index based on consumer surveys remained, in November, on its low level of the previous month. Its latest development supports the Commission's forecast for only modest expansion of real private consumption in the Community in 1985 (1,3 %; see Supplement A, October 1984). While consumer confidence slightly improved in the Federal Republic of Germany and in the United Kingdom, there was further deterioration in France. The downward trend of the French consumer confidence indicator now persisted for more than 2 years, and has in November reached the lowest level since the introduction of the harmonized EC consumer survey in Spring 1972. In Italy, the consumer confidence indicator remained on its relatively high level reached in October.

Also in Belgium and in Denmark the consumer climate indicator has not changed lately, whereas it deteriorated slightly in Ireland and the Netherlands. (A more detailed analysis of the latest consumer survey results will be published in the next edition of Supplement C).

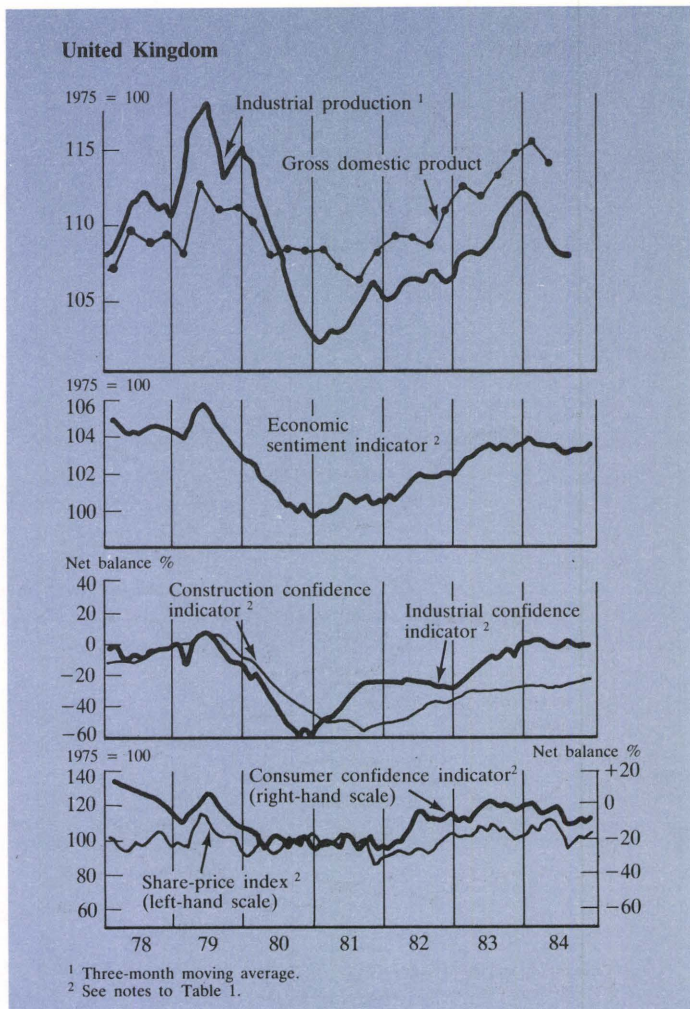
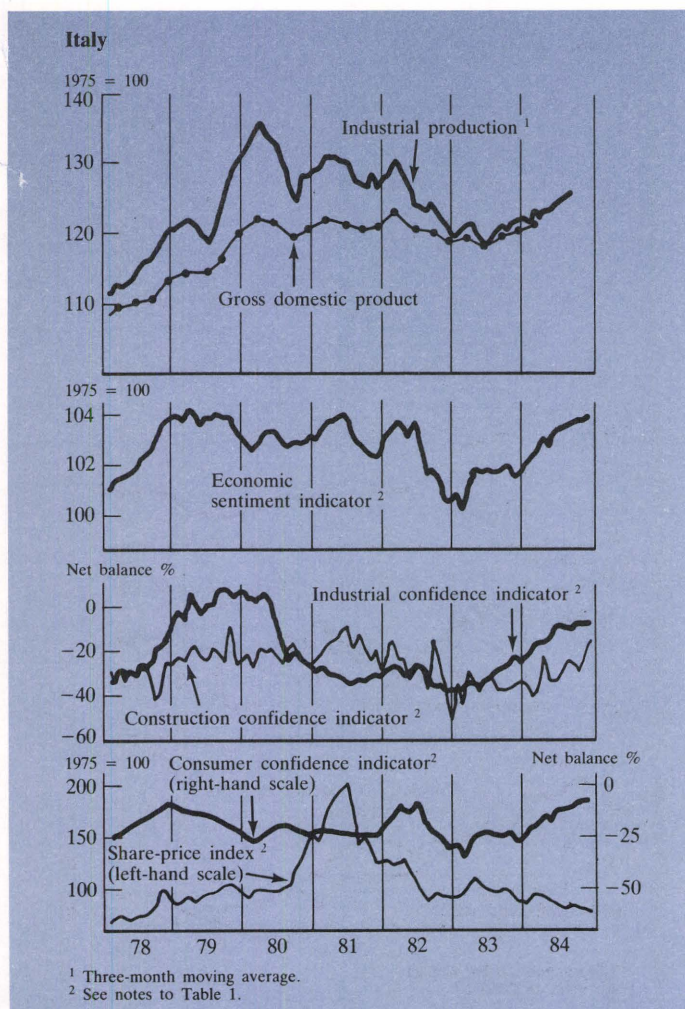
Production outlook significantly brighter in the capital goods sector. — Production expectations for the next 3 to 4 months, in the *capital goods sector*, are now pointing more strongly upwards than in the basic goods and consumption goods branches (see Graph 4). Thus, the latest business survey results underline the changing character of recovery: the driving force of upswing in industry will now mainly be the capital goods sector. The investment upswing is gaining

momentum in particular, in precision engineering, optics, machine-tools and manufacture of electrical machinery. By far the strongest production increase is again expected by companies in the manufacture of office machinery and data-processing machinery.

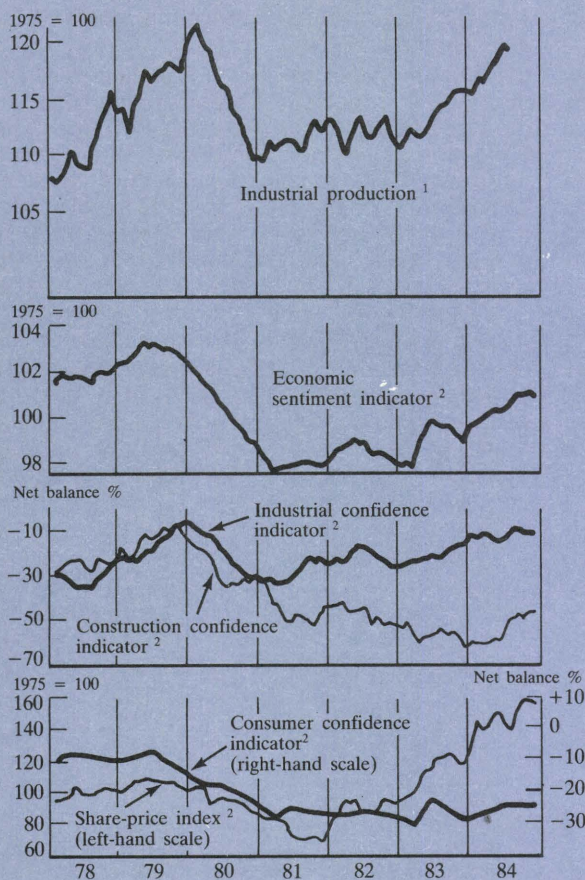
In the *intermediate goods sector*, no acceleration of the production trend is expected. This is mainly due to the expected decrease in the rate of growth in chemicals and the manufacture of paper and paper products. In both branches, capacity utilization will remain very high, however; the expected deceleration of the production trend is mainly due to a weakening of the inventory cycle. On the other hand, production in the metal industries (production and preliminary processing of metals), which are still working at a rather low degree of capacity utilization will expand somewhat faster in the next months, according to companies' plans.

In the most of the *consumer goods industries*, only a moderate production increase is expected for the coming months. As capacity utilization is, in general, relatively high — thanks to the increase in exports which compensates for the sluggish domestic demand — the judgements on total order books and stocks of unsold finished goods remained relatively favourable.

12 December 1984.

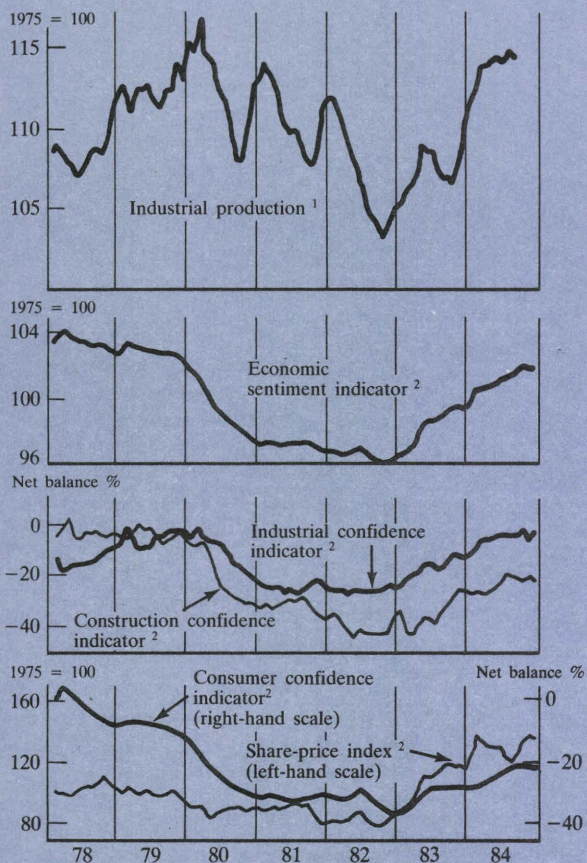


Belgium



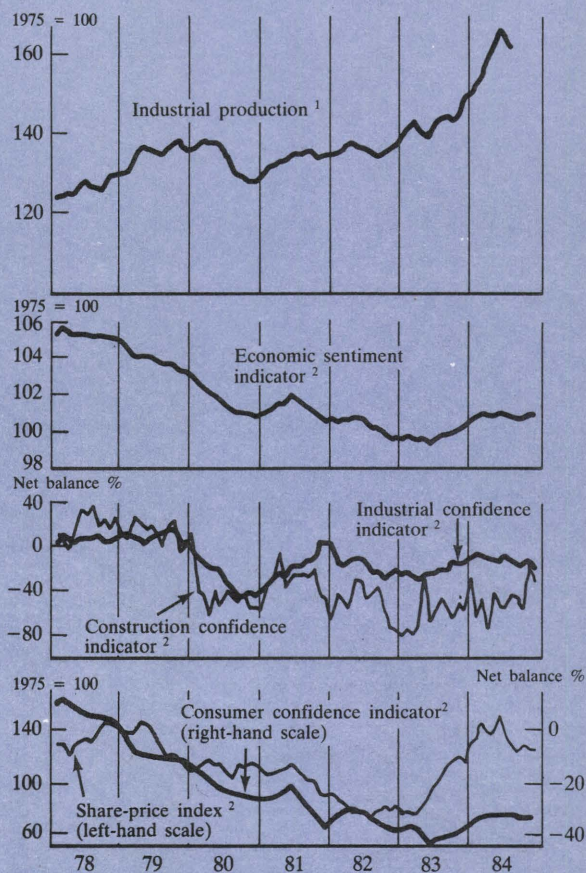
¹ Three-month moving average.
² See notes to Table 1.

The Netherlands



¹ Three-month moving average.
² See notes to Table 1.

Ireland



¹ Three-month moving average.
² See notes to Table 1.

GRAPH 4 : Production expectations in industry by branch — European Community

November 1982 → November 1983 → November 1984

(Net balances, i.e. differences between the percentages of respondents expecting an increase and a decrease of production in the next 3 to 4 months. Capacity utilization (%) in the 4th quarter 1984 in brackets).

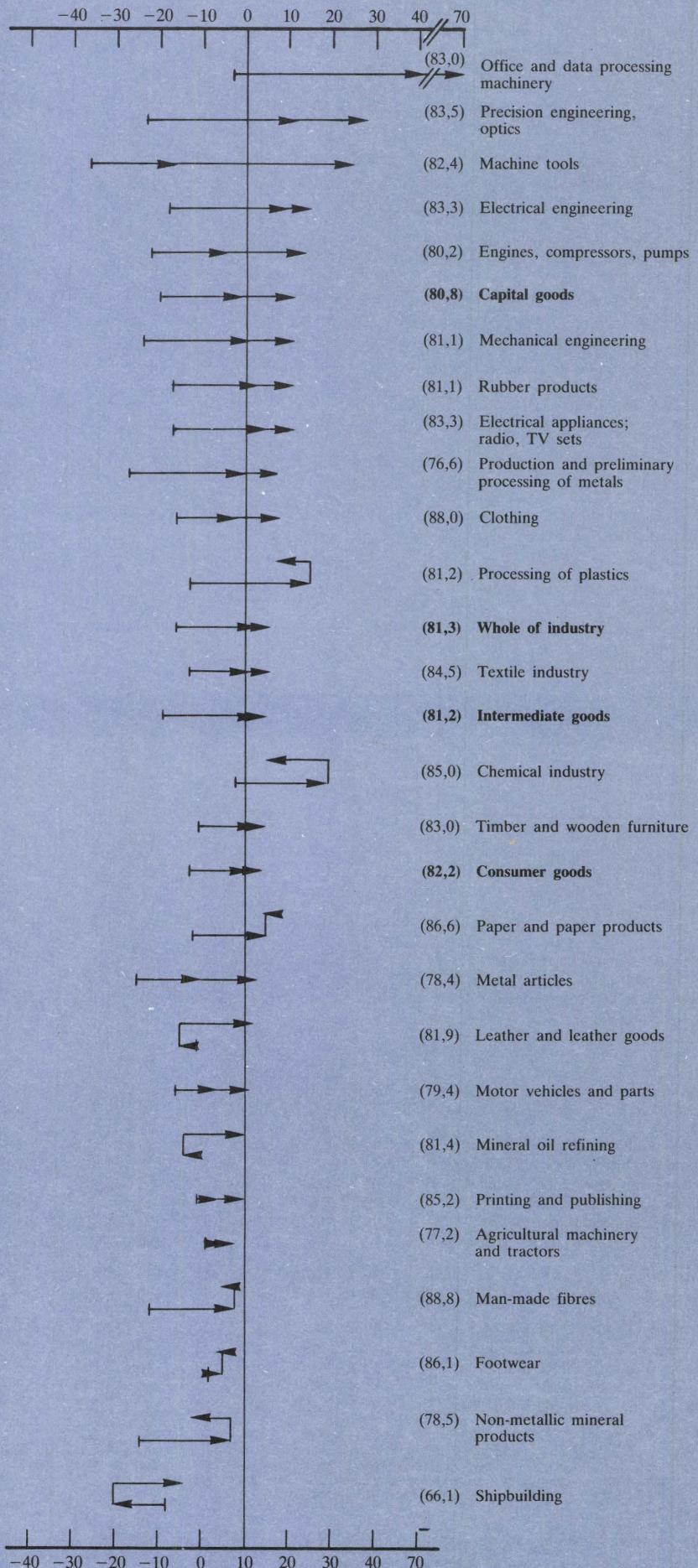


TABLE 1: Indicators of output and economic sentiment

		Trough 1974/75	1981	1982	1983	1983 IV	1984				1984				
							I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B	<i>gross domestic product</i>	1975=	:	114,5	115,8	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	88,2	111,2	111,2	113,5	115,8	116,5	118,3	:	121,7	118,7	116,4	:	:
	1. industrial confidence indicator		-56	-27	-22	-20	-14	-12	-15	-10	-14	-10	-9	-11	-11
	2. construction confidence indicator		-36	-47	-48	-57	-60	-61	-57	-49	-52	-49	-48	-49	-46
	3. consumer confidence indicator ^{1, 4}		-18	-27	-27	-27	-30	-28	-26	:	:	:	:	:	-26
	4. share-price index ^{4, 5}		84,9	70,7	86,8	111,7	118,4	132,8	137,8	142,3	132,7	131,1	144,8	150,0	150,6
	= 5. economic sentiment indicator		99,5	97,9	98,5	99,1	99,1	99,8	100,2	100,9	100,2	100,4	100,9	100,9	101,0
D	<i>gross domestic product</i> ³	1975=	99,0	118,6	117,2	118,7	120,5	122,0	119,4	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,9	116,3	112,9	113,6	117,0	118,0	112,5	119,3	105,2	120,4	118,7	118,9	:
	1. industrial confidence indicator		-49	-30	-33	-21	-19	-8	-10	-6	-10	-8	-5	-5	-6
	2. construction confidence indicator		-72	-48	-59	-40	-37	-43	-53	-57	-53	-56	-58	-58	-61
	3. consumer confidence indicator ^{1, 4}		-22	-22	-26	-12	-11	-8	-10	-11	-14	-11	-12	-9	-9
	4. share-price index ^{4, 5}		80,0	108,7	108,3	136,9	145,7	155,6	152,7	150,1	151,5	145,4	148,6	156,0	161,3
	= 5. economic sentiment indicator		98,9	98,4	97,7	101,3	102,3	103,0	102,0	102,2	101,8	102,0	102,1	102,6	102,7
F	<i>gross domestic product</i>	1975=	98,5	117,7	120,0	120,9	121,6	122,3	122,1	:	:	:	:	:	:
	<i>index of industrial production</i>	100	86,9	115,5	113,7	114,6	115,5	117,3	116,4	119,3	116,4	120,8	120,8	116,4	:
	1. industrial confidence indicator		-49	-30	-17	-23	-22	-25	-22	-19	-21	-21	-19	-17	-20
	2. construction confidence indicator		:	-36	-49	-52	-57	-58	-60	-56	:	-56	:	:	-52
	3. consumer confidence indicator ^{1, 4}		-9	-9	-5	-16	-19	-20	-22	:	:	:	:	:	-27
	4. share-price index ^{4, 5}		79,8	131,5	131,0	172,3	198,8	225,0	236,1	225,8	231,9	224,7	227,7	242,3	250,3
	= 5. economic sentiment indicator		98,5	99,2	99,4	97,3	96,3	96,6	96,4	96,6	96,6	96,5	96,6	96,7	96,6
IRL	<i>gross domestic product</i>	1975=	:	125,8	127,4	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,3	136,2	135,6	144,6	149,8	154,6	166,7	:	174,0	158,7	152,4	:	:
	1. industrial confidence indicator		-41	-18	-19	-20	-12	-7	-10	-11	-7	-3	-16	-15	-11
	2. construction confidence indicator		:	-33	-51	-60	-44	-61	-50	-48	-54	-43	-45	-55	-14
	3. consumer confidence indicator ^{1, 4}		-41	-28	-34	-40	-38	-33	-32	-33	:	-33	:	:	-34
	4. share-price index ^{4, 5}		63,4	219,9	179,9	222,4	272,7	309,6	314,8	285,7	304,5	285,7	270,8	284,9	279,2
	= 5. economic sentiment indicator		98,1	101,3	100,3	99,9	100,4	101,0	101,0	101,2	101,5	101,3	101,1	101,2	101,3
I	<i>gross domestic product</i>	1975=	93,1	120,9	120,5	119,0	119,9	121,0	121,9	:	:	:	:	:	:
	<i>index of industrial production</i>	100	94,7	128,3	124,4	120,3	121,6	122,9	123,5	125,8	125,7	124,1	125,9	127,4	:
	1. industrial confidence indicator		-59	-31	-31	-29	-23	-17	-10	-9	-9	-9	-10	-7	-7
	2. construction confidence indicator		-56	-18	-29	-36	-35	-34	-33	-26	-30	-24	-26	-29	-22
	3. consumer confidence indicator ^{1, 4}		-39	-22	-18	-23	-22	-18	-15	-13	-14	-14	-13	-12	-12
	4. share-price index ^{4, 5}		84,6	160,0	129,9	159,9	161,3	182,9	175,6	180,8	171,7	174,2	184,3	183,4	183,4
	= 5. economic sentiment indicator		98,9	103,2	102,3	101,6	101,7	102,7	103,2	103,6	103,4	103,5	103,6	103,8	103,8
NL	<i>gross domestic product</i>	1975=	:	113,1	111,3	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98,0	110,1	105,6	107,8	109,0	113,8	114,2	114,2	115,7	112,3	115,7	114,6	:
	1. industrial confidence indicator		-44	-25	-26	-16	-12	-7	-4	-3	-4	-3	-5	-1	-6
	2. construction confidence indicator		-47	-32	-41	-35	-27	-27	-23	-21	-20	-21	-21	-22	-21
	3. consumer confidence indicator ^{1, 4}		-19	-31	-32	-30	-28	-26	-23	-19	:	-19	:	:	-21
	4. share-price index ^{4, 5}		80,5	98,9	100,0	144,4	158,8	181,0	175,9	178,7	171,0	169,0	178,6	189,0	196,9
	= 5. economic sentiment indicator		99,5	97,3	96,7	98,7	99,6	100,6	101,1	101,6	101,2	101,3	101,6	101,9	101,8
UK	<i>gross domestic product</i>	1975=	98,1	107,3	109,7	113,5	114,8	115,6	113,9	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97,0	104,2	106,0	109,5	112,0	111,1	108,9	:	108,9	107,5	107,6	109,0	:
	1. industrial confidence indicator		:	-33	-25	-10	-3	+2	-2	+1	-3	+3	0	-1	-1
	2. construction confidence indicator		:	-51	-42	-30	-28	-28	-30	-26	:	-26	:	:	-23
	3. consumer confidence indicator ^{1, 4}		-33	-21	-12	-2	-1	-2	-2	-9	-4	-10	-10	-8	-9
	4. share-price index ^{4, 5}		49,2	237,0	274,6	346,1	357,0	394,1	409,5	400,8	395,9	378,1	404,3	419,9	424,3
	= 5. economic sentiment indicator		98,6	100,4	101,6	103,2	103,5	103,8	103,5	103,2	103,3	103,1	103,2	103,3	103,3
EC	<i>gross domestic product</i> ^{2, 3}	1975=	99,0	116,5	117,0	118,4	119,6	120,8	119,5	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96,8	114,5	112,7	113,8	115,9	116,8	115,4	117,6	114,3	117,2	118,1	117,4	:
	1. industrial confidence indicator		-49	-31	-27	-20	-14	-11	-11	-8	-10	-9	-8	-8	-8
	2. construction confidence indicator		:	-39	-43	-41	-40	-42	-45	-43	(-45)	-42	(-43)	(-44)	-41
	3. consumer confidence indicator ^{1, 4}		-17	-19	-17	-14	-15	-13	-14	-15	-15	-15	-15	-14	-14
	4. share-price index ^{4, 5}		81,8	170,2	187,2	244,3	260,8	284,9	290,2	285,4	282,5	272,9	286,4	296,9	300,4
	= 5. economic sentiment indicator		98,7	100,0	100,2	101,7	102,2	102,6	102,2	102,2	101,9	102,0	102,1	102,3	102,5

¹ 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*.

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

³ For the Federal Republic of Germany, gross national product for quarterly data.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

Source: European Community business surveys and Eurostat.

TABLE 2: 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)		1981	1982	1983	1984			1984						
		Peak 1972/73	Trough 1974/75				IV	I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B	production expectations	+31	-56	-26	-18	-16	-6	-2	-5	-2	-4	-2	-1	-2	+1	-1
	order-books	+13	-74	-45	-40	-34	-28	-23	-25	-21	-24	-23	-19	-21	-26	-24
	export order-books	+15	-82	-47	-40	-34	-30	-26	-27	-23	-25	-25	-21	-23	-25	-23
	stocks of finished products	-14	+37	+11	+8	+9	+9	+11	+14	+7	+14	+5	+7	+9	+8	+8
	selling-price expectations	+64	-10	+29	+28	+24	+24	+30	+23	+28	+23	+27	+25	+31	+33	+24
	industrial confidence indicator	+19	-56	-27	-22	-20	-14	-12	-15	-10	-14	-10	-9	-11	-11	-11
DK	production expectations	:	:	-3	+3	+8	+18	+30	+23	+30	:	:	:	:	:	:
	order-books	:	:	-24	-17	-3	+10	+24	+32	+31	:	:	:	:	:	:
	export order-books	:	:	-8	-4	-3	+3	+18	+27	+30	:	:	:	:	:	:
	stocks of finished products	:	:	+19	+16	+9	+3	+2	+9	0	:	:	:	:	:	:
	industrial confidence indicator	:	:	-13	-10	-2	+8	+17	+15	+20	:	:	:	:	:	:
	D	production expectations	+17	-32	-17	-20	-2	+6	+7	+1	+8	0	+6	+8	+10	+7
order-books		-5	-73	-46	-53	-43	-31	-24	-22	-20	-22	-23	-19	-19	-16	-16
export order-books		:	:	-33	-40	-43	-38	-33	-25	-20	-24	-23	-19	-19	-15	-12
stocks of finished products		-7	+43	+26	+26	+17	+9	+8	+9	+7	+7	+8	+5	+7	+6	+6
selling-price expectations		+55	+4	+32	+18	+16	+23	+25	+24	+25	+26	+22	+24	+30	+24	+23
industrial confidence indicator		+10	-49	-30	-33	-21	-11	-8	-10	-6	-10	-8	-5	-5	-5	-6
F	production expectations	+33	-29	-11	-4	-13	-12	-17	-10	-5	-8	-7	-5	-2	-4	-6
	order-books	+26	-69	-46	-30	-38	-39	-37	-35	-33	-37	-34	-33	-33	-30	-34
	export order-books	+24	-66	-47	-36	-38	-26	-22	-17	-16	-20	-14	-16	-19	-20	-25
	stocks of finished products	-14	+50	+34	+16	+18	+16	+20	+20	+19	+19	+22	+19	+16	+21	+19
	selling-price expectations	+76	+15	+54	+49	+45	+43	+51	+42	+42	+45	+47	+42	+38	+37	+31
	industrial confidence indicator	+29	-49	-30	-17	-23	-22	-25	-22	-19	-21	-21	-19	-17	-18	-20
IRL	production expectations	:	-21	-1	-4	-8	-6	+7	-4	+4	+10	+11	0	+2	+4	-3
	order-books	:	-68	-36	-39	-44	-32	-27	-27	-33	-26	-22	-36	-42	-27	-35
	export order-books	:	-22	+2	-7	0	+14	+11	+11	+2	+21	+15	-7	-3	-6	+18
	stocks of finished products	:	+35	+16	+14	+8	-1	+2	+7	+5	+4	-3	+12	+6	+9	+11
	selling-price expectations	:	+64	+41	+35	+31	+33	+39	+32	+26	+36	+29	+23	+26	+40	+22
	industrial confidence indicator	:	-41	-18	-19	-20	-12	-7	-10	-11	-7	-2	-16	-15	-11	-16
I	production expectations	+40	-43	-16	-15	-11	-6	+5	+9	+11	+8	+7	+9	+16	+14	+12
	order-books	+30	-82	-49	-53	-54	-45	-37	-26	-24	-23	-24	-24	-23	-23	-18
	export order-books	+13	-67	-45	-49	-49	-40	-35	-25	-24	-26	-27	-25	-21	-25	-30
	stocks of finished products	-24	+53	+28	+25	+22	+17	+19	+14	+13	+11	+11	+16	+13	+13	+15
	selling-price expectations	+76	+10	+59	+50	+45	+49	+52	+48	+46	+47	+49	+42	+46	+43	+42
	industrial confidence indicator	+31	-59	-31	-31	-29	-23	-17	-10	-9	-9	-9	-10	-7	-7	-7
L	production expectations	+84	-80	-39	-40	-7	-1	-20	-15	-1	-8	-1	+1	-3	+1	+11
	order-books	:	:	-62	-60	-49	-28	+4	+11	+13	+19	+15	+13	+12	+15	+17
	export order-books	:	:	-81	:	-57	-38	+7	+10	+12	+17	+14	+11	+10	+12	+22
	stocks of finished products	-14	+74	+28	+14	+23	0	+7	+8	+2	+6	+2	+2	+3	+1	0
	selling-price expectations	:	-46	+60	+10	+24	-6	+24	+15	+30	+29	+31	+30	+28	+34	+23
	industrial confidence indicator	:	:	-43	-38	-26	-9	-3	-4	+3	+2	+4	+4	+2	+5	+9
NL	production expectations	+26	-26	-6	-5	0	+5	+6	+7	+7	+6	+5	+4	+11	+3	+8
	order-books	+7	-48	-37	-39	-32	-27	-18	-11	-7	-10	-7	-9	-6	-10	-7
	stocks of finished products	-3	+57	+32	+33	+15	+13	+9	+8	+9	+8	+8	+9	+9	+12	+10
	industrial confidence indicator	+12	-44	-25	-26	-16	-12	-7	-4	-3	-4	-3	-5	-1	-6	-3
UK	production expectations	:	:	-4	+1	+17	+25	+27	+18	+19	+19	+19	+20	+17	+16	+20
	order-books	:	:	-69	-54	-34	-24	-12	-12	-9	-13	-5	-11	-11	-8	-9
	export order-books	:	:	-55	-48	-34	-21	-17	-17	-10	-15	-11	-11	-9	-8	-4
	stocks of finished products	:	:	+27	+23	+13	+9	+9	+12	+8	+14	+6	+9	+10	+10	+11
	selling-price expectations	:	:	+25	+27	+26	+30	+34	+27	+30	+25	+27	+31	+31	+36	+34
	industrial confidence indicator	:	:	-33	-25	-10	-3	+2	-2	+1	-3	+3	0	-1	-1	0
EC (c)	production expectations	+24	-30	-13	-11	-3	+3	+5	+3	+7	+3	+5	+7	+9	+7	+6
	order-books	+15	-70	-51	-47	-40	-33	-26	-23	-21	-22	-21	-21	-21	-19	-19
	export order-books	:	:	-42	-42	-40	-32	-27	-22	-19	-21	-20	-18	-17	-17	-17
	stocks of finished products	-10	+48	+28	+22	+16	+12	+13	+13	+11	+12	+10	+11	+11	+11	+12
	selling-price expectations	+64	+9	+40	+32	+30	+33	+38	+33	+32	+34	+33	+32	+34	+32	+30
	industrial confidence indicator	+16	-49	-31	-27	-20	-14	-11	-11	-8	-10	-9	-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.

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

Source: European Community business surveys.

TABLE 3: 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)		1981	1982	1983	1983 IV	1984			1984					
	Peak 72/73	Trough 74/75					I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B order-books	-13	-47	-53	-61	-73	-74	-72	-69	-66	-63	-63	-66	-68	-66	-63
employment expectations	+31	-24	-41	-36	-41	-45	-50	-45	-32	-41	-35	-30	-30	-25	-28
price expectations	+75	+25	+8	-1	-11	-13	-13	-10	-6	-5	-7	-7	-5	-1	-5
construction confidence indicator (a)	+9	-36	-47	-49	-57	-60	-61	-57	-49	-52	-49	-48	-49	-46	-46
D order-books	-17	-84	-61	-73	-60	-54	-59	-70	-73	-68	-73	-74	-73	-74	-70
employment expectations	+10	-60	-35	-44	-20	-20	-27	-36	-41	-38	-38	-42	-43	-48	-45
price expectations	+48	-37	-41	-28	+3	+11	3	-22	-12	-21	-19	-20	-19	-19	-15
construction confidence indicator (a)	-4	-72	-48	-59	-40	-37	-43	-53	-57	-53	-56	-58	-58	-61	-58
F order-books	:	:	-48	-62	-66	-72	-69	-73	-69	:	-69	:	:	-60	:
employment expectations	:	:	-24	-35	-37	-41	-47	-47	-43	:	-43	:	:	-43	:
construction confidence indicator (a)	:	:	-36	-49	-52	-57	-58	-60	-56	:	-56	:	:	-52	:
I order-books	-25	-68	-29	-44	-48	-42	-45	-45	-37	-48	-34	-35	-41	-33	-29
employment expectations	+10	-44	-7	-13	-23	-27	-23	-20	-15	-12	-14	-16	-16	-10	-1
price expectations	+85	+30	+71	+54	+14	+12	+13	+8	+9	+9	+18	+5	+5	+6	+9
construction confidence indicator (a)	-8	-56	-18	-29	-36	-35	-34	-33	-26	-30	-24	-26	-29	-22	-15
L order-books	+21	-50	-21	-46	-53	-58	-75	-73	-59	-69	-63	-58	-56	-59	-66
employment expectations	+31	-39	-6	-25	-36	-40	-67	-49	-46	-54	-49	-40	-50	-42	-46
price expectations	+82	+11	+30	+17	-16	-25	-33	-33	-20	-22	-26	-19	-16	-5	-11
construction confidence indicator (a)	+26	-45	-14	-36	-45	-49	-71	-61	-53	-62	-56	-49	-53	-51	-56
NL order-books	-8	-81	-50	-57	-55	-48	-47	-40	-38	-36	-38	-38	-38	-37	-36
employment expectations	+14	-13	-14	-25	-14	-5	-7	-5	-4	-3	-4	-5	-6	-4	-9
construction confidence indicator (a)	+3	-47	-32	-41	-35	-27	-27	-23	-21	-20	-21	-22	-22	-21	-23
UK order-books	:	:	-60	-59	-48	-47	-43	-47	-43	:	-43	:	:	-37	:
employment expectations	:	:	-42	-25	-12	-9	-12	-12	-9	:	-9	:	:	-9	:
price expectations	:	:	-16	0	+11	+12	+14	+7	+6	:	+6	:	:	+7	:
construction confidence indicator (a)	:	:	-51	-42	-30	-28	-28	-30	-26	:	-26	:	:	-23	:
EC order-books	:	:	-51	-61	-57	-55	-56	-60	-57	(-60)	-57	(-57)	(-58)	-53	(-52)
employment expectations	:	:	-28	-24	-24	-24	-28	-30	-29	(-29)	-27	(-29)	(-30)	-29	(-27)
construction confidence indicator (a)	:	:	-39	-43	-41	-40	-42	-45	-43	(-45)	-42	(-43)	(-44)	-41	(-40)

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

European Community business surveys

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

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

QUESTIONS

Manufacturing industry, excluding food, beverages and tobacco

Monthly:

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

Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

All industries, including manufacturing, extractive and food

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

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

Building industry

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

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

Quarterly (January, April, July and October):

- duration of assured production: in months?

The surveys are undertaken by:

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

The surveys of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches: the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

ECONOMIC SENTIMENT INDICATOR

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

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