

Harmonisation of BCS

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Introduction

- DG ECFIN regularly reports on quarterly /annual results of BCS
- These results receive a lot of attention from the public...
- ...which regularly come back with questions on the interpretation of the results

Questions covered in this presentation:

- Quarterly questions on factors limiting the production/**business** in the industry and **services** surveys
- Question on the structure of investments in the Oct/Nov Investment survey
- Question on savings in the monthly consumer survey
- Questions on purchasing intentions in the quarterly consumer survey

Quarterly question on factors limiting the production/business

What main factors are currently limiting your production (**business in the service survey**):

- None
- Insufficient demand
- Shortage of labour force
- Shortage of material (**space**) and/or equipment
- Financial constraints
- Other factors

Harmonisation

- Generally - in the industry survey - we found that the questionnaires show a high degree of harmonisation
- Some differences:
 - Some institutes give more possible categories
 - Some institutes ask about factors limiting production/business in the "next three months"
 - Most of the institutes give the possibility to tick more than one factor, one institute asks for max 3 factors and one asks to choose only one factor.

How many factors one could choose...

In case the respondent can choose only one factor, the way to report the result is rather straightforward...

But when the respondent can choose more than one factor is unclear how the aggregation of the reply is done:

- Do institutes “weight” the replies before aggregating?
- Are the firms that choose more than one factor counted several times?

Example

Factor	Firm A (small)	Firm B (large)	Firm C (large)
None			X
demand		X	
Labour force			
material			
financial	X		
others			

Example

Factor	Firm A (small)	Firm B (large)	Firm C (large)
None			X
demand	X	X	
Labour force			
material			
financial	X		
others	X		

Results

	DE	ES	FR	IT	PT	SE	UK	HU
Jan 2006	107	100	110	105	167	100	100	107
Apr 2006	108	100	107	102	173	100	100	135
Jul 2006	110	100	108	104	169	100	100	130
Oct 2006	112	100	109	104	177	100	100	159
Jan 2007	112	100	105	104	174	100	100	124
Apr 2007	110	100	106	103	178	100	100	127
Jul 2007	114	100	107	102	179	100	100	143
Oct 2007	115	100	105	104	179	100	100	110
Jan 2008	115	100	109	104	164	100	100	128
Apr 2008	112	100	108	104	180	100	100	130
Jul 2008	112	100	110	105	180	100	100	137
Oct 2008	112	100	109	104	161	100	100	130
Jan 2009	107	100	110	101	153	100	100	107
Apr 2009	109	100	110	103	165	100	100	93
Jul 2009	112	100	113	102	153	100	100	105
Oct 2009	110	100	109	103	162	100	100	107
Jan 2010	109	100	108	104	147	100	100	82
Apr 2010	110	100	105	102	167	100	100	111
Jul 2010	114	100	103	103	165	100	100	116
Oct 2010	114	100	108	103	161	100	100	118

Question on the structure of the investment in the Oct/Nov Investment survey

Investment carried out this year and planned investment for next year is, or will be, of the following kind (choose appropriate category or categories):

- Replacement of worn-out plant or equipment
- Extension of production capacity
- Investment designed to streamline production
- Other investment objectives (pollution control, safety, etc.)

Harmonisation

- From the questionnaires we received we found that they are well harmonised
- In this case, the institutes ask to indicate the proportion of investment undertaken for each category => the aggregation should be straightforward
- However it happens that we receive results that do not sum to 100%

Question on saving in the consumers survey (Q11)

Over the next 12 months, how likely is it that you save any money?:

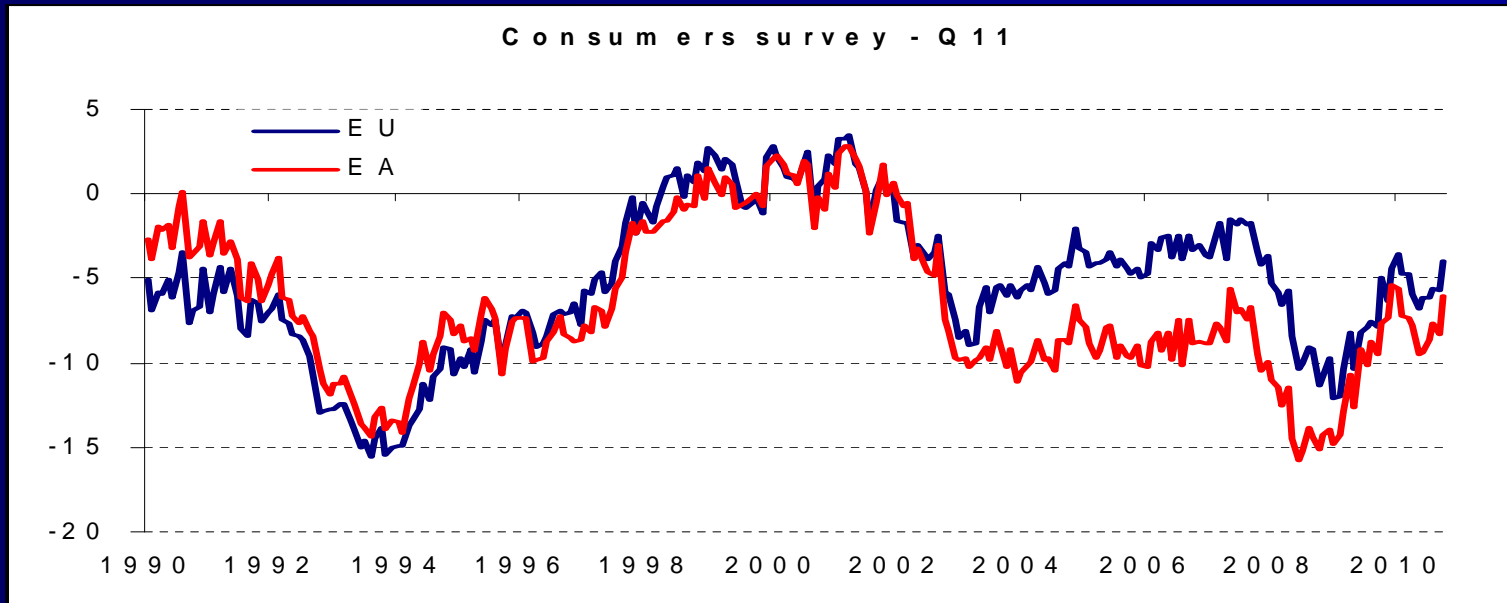
- ++ very likely
- + fairly likely
- not likely
- not at all likely
- Don't know

NB: this question enters positively in our confidence indicator

Interpretation unclear

- Increased future revenues
- Increased uncertainty
- Decreased future revenues

Harmonisation



...Do you think "it will be possible for you"/" you will manage" to save in the coming 12 months?

Harmonisation

Maybe this formulation could better reflect the aim of the question...

Needs:

- More harmonisation
- More investigation on how to interpret the results

Questions on purchasing intentions in the quarterly consumer survey

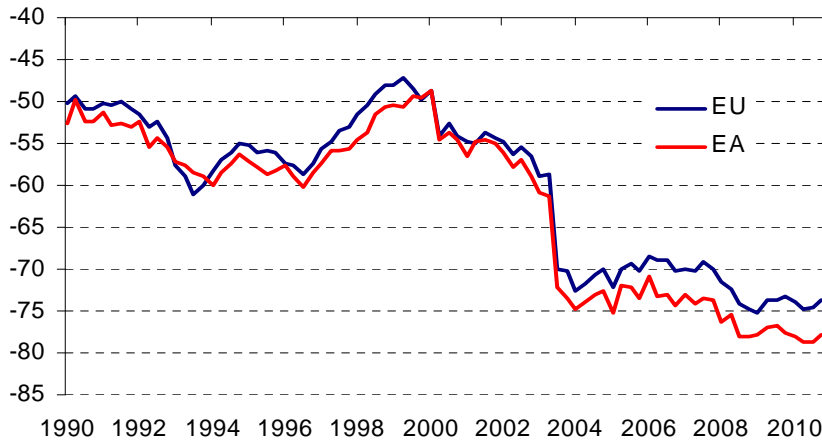
Q13 – How likely are you to buy a car over the next 12 months?

Q14 – Are you planning to buy or build a home over the next 12 months?

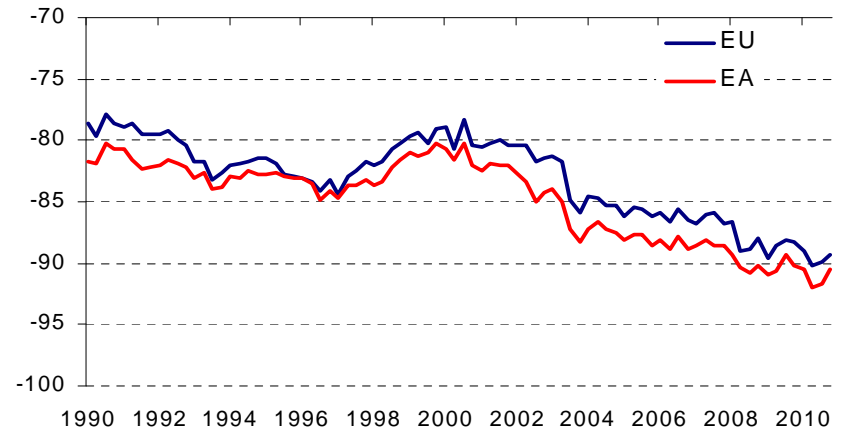
Q15 – How likely are you to spend any large sums of money on home improvements or renovations over the next 12 months?

Results

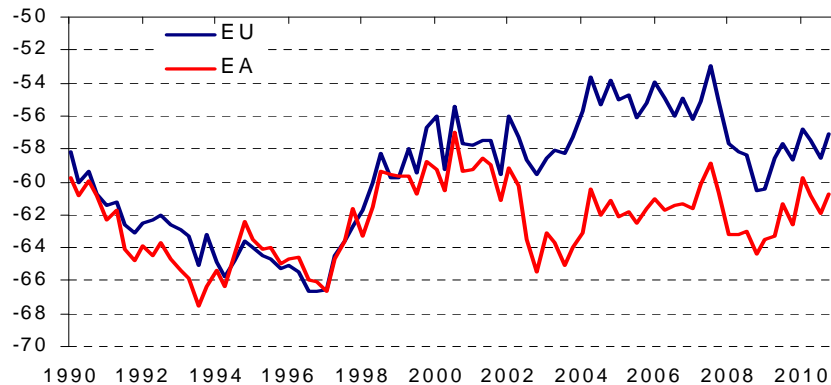
Consumers survey - Q13
How likely are you to buy a car over the next 12 months?



Consumers survey - Q14
Are you planning to buy or build a home over the next 12 months?



Consumers survey - Q15
How likely are you to spend any large sums of money on home improvements or renovations over the next 12 months?



Relevance

- Are these results useful for economic analysis?
- Should we improve the formulation?
- How to interpret it?

Summary

- Reviewed harmonisation and relevance issues
- Closer look to :
 1. Factor limiting production/business
 2. Structure of investments
 3. Savings in the next 12 months
 4. Consumers purchasing intentions

Summary

- Generally the harmonisation of the questions is good
- Pending issues:
 - aggregation methods and quality of the data sent
 - formulation of some questions
 - interpretation of some results

Conclusions

- First look at these data points to a general positive assessment on harmonisation
- More in-depth analysis needed when all the questionnaires are available
- Intention to follow up by launching a “survey of the surveys” on all the issues discussed (harmonisation, aggregation methods and interpretation)

Thanks for your attention