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

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<th>Firm B (large)</th>
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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
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