THE CRUCIAL ROLE OF TENDENCY SURVEY DATA IN THE STATISTICAL SYSTEM

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EU WORKSHOP ON RECENT DEVELOPMENTS IN BUSINESS AND CONSUMER SURVEYS

15-16 November 2010

The views expressed in this paper are those of the author(s) and do not necessarily reflect the policies of Statistics Netherlands
Introduction

Statistics Netherlands (SN) has a long tradition in producing and publishing Business and Consumer tendency surveys and derived composite sentiment indicators. SN has expanded its use of these survey data in several ways in the past two years. This expansion was triggered by two main developments. The first was the ever growing demand for faster information on the current state of the economy, especially during the last recession. The second was new demands for and possibilities of presenting economic statistics online.

Goal and structure of this document

In this document SN will present the latest developments in more advanced use of Business and Consumer tendency survey data (BCS). This consists of using BCS variables as complementary information in press releases on “hard” economic variables; a new composite sentiment indicator on vacancies; and the use of BCS variables in an animated economic analytical tool.

However, this document does not cover the methodological issues in detail. The list of references at the end of this document contains all the methodological papers, which are available on the SN website. The purpose of this document is to give a brief overview of possible uses of BCS data and to start a discussion about how these developments can be continued. SN is not only interested in sharing its knowledge, but even more interested in collecting new ideas and developments by other institutes in this field. The annual BCS workshop is always a very inspiring meeting.

Content of this document

The first section gives some background information; what triggered SN to make advanced use of BCS data? The second section discusses the vacancies indicator. In the third section, the use of sentiment indicators in press releases on other economic variables is discussed. The fourth section explains the economic radar concept. Section fives puts forward ideas and plans for the future. The document concludes with some reflections and addresses some questions for the institutes and DG ECFIN.
1. Background

SN is continuously improving its output of economic indicators. In the last two years in particular, it has implemented a number of innovations. These comprise the “pallet” of economic indicators it produces, and how economic statistics are disseminated. BCS data have played an important role in these developments.

Statistics Netherlands and the BCS programme

SN produces the official economic statistics under the Eurostat programmes. And, in contrast to most national statistics offices in the member states, it has also a long tradition of producing and publishing business and consumer tendency surveys. In many EU countries sentiment surveys are produced and published by market or other government organisations. These indicators are not yet part of the European Statistical System, although there is cooperation between Eurostat and DG ECFIN.

However, for the Netherlands SN has been producing very good and well-known products based on BCS data for many years. Producer and consumer confidence are well established in the short-term economic reports of SN. These indicators are also used in the Dutch business cycle tracer, a graphical tool describing the current state of the Dutch economy.

The last recession and its impact on statisticians

The credit crisis that broke out in 2008 triggered the greatest recession since the Second World War. In a very short period international trade, industrial production and GDP plummeted. Policymakers, economic analysts, the general public and statisticians asked each other the very basic question “Why didn’t we see this coming?” International organisations like the OECD and the UN tried to establish some control in collecting the required information. The conclusion was that statisticians cannot be blamed for the recent recession. But, there are without doubt areas where better or timelier information would have been helpful, especially in assessing the gravity of the financial turmoil and its impacts on the real economy.¹

In general, the main problem is considered not to be a lack of data (although there are gaps, especially in the realm of financial statistics), but rather the identification of the most relevant data and the correct interpretation of them. There is a sentiment that some of the warning signals of the financial crisis were not picked up partly because of a reluctance by statisticians to comment on the patterns uncovered by their data, and because of the rigid demarcation between data production (delegated to statisticians) and interpretation (delegated to analysts). While some steps in recent years have moved statistical work beyond the presentation of data to include commentary and ‘story telling’, this sentiment suggests that further steps should be taken in this direction. This is especially important for monitoring short-term developments.

¹ See for example OECD 2009, UNSD 2009a, UNSD 200b
Business and consumer tendency surveys valuable indicators

In the search for more early indicators and new warning systems, BCS data have proven their value. Consumer confidence dropped in the US and in Europe in the course of 2007, well before the drop in economic activity in 2008. And the business sentiment indicators also tracked the developments during the recession very well. Although the severity of the recession was not captured by the sentiment indicators, the pattern of the recession and the recovery were certainly visible.

International seminars, the UN seminars on rapid indicators\(^2\) and Eurostat Colloquium on business cycle analysis, for example, have recognised the usefulness of sentiment indicators in providing an early warning of changes in economic activity. BCS data can function as stand-alone indicators, as tools to improve the estimation of other economic indicators, and as components of coherent indicator sets and composite indicators. They are thus an important part of the statistical system. However, more international harmonisation and improving the understanding of how sentiment indicators and economic indicators can be brought together are desirable.

SN reaction to the new challenges caused by the recession\(^3\)

Within SN, the demand for more timely and coherent information covering the complete economy was recognised. There was an urgent need for quick and reliable information to monitor the crisis and information that can signal future crises earlier. Many users consider the Quarterly National Accounts too slow for this purpose. On the other hand, the various monthly indicators are considered to be too fragmented. It is often unclear which monthly indicators should be monitored, and what the overall situation is. SN intends to introduce more structure and coherence in the available economic indicators.

The Dutch system of statistics can roughly be described by a matrix with the rows containing the time dimension and the columns the degree of integration. The matrix shows at a glance the main characteristics of the various statistics and the interrelationships between them.

\(^2\) See UNSD 2009a and UNSD 2009b

\(^3\) Based on previous paper and article: Algera, Hoven, Ruth 2009, Ruth 2009a
Such a matrix can be used to explain some relevant aspects of coherence. Reading each column from top to bottom, the reported results become more reliable and detailed, but take longer to publish. Reading from left to right, the data become more comprehensive and reliable, but again as a rule are published later. Moreover, as a consequence, the quality of statistics can be assessed in two ways, one in terms of predictive power (top-down) and the other in terms of consistency (left-right).

In response to the new demands for economic statistics, Statistics Netherlands has taken a critical look at this matrix and is trying to fill the “gaps”. This constitutes the construction of “missing” monthly indicators, and especially creating new intermediate products, which combine the timeliness of the monthly indicators with more summarising properties (shaded area). These new products are based on the existing tendency surveys and monthly statistics. Structuring indicator sets is a way to achieve some integration, but with greater flexibility and timeliness. Indicator sets can potentially be produced with little or no additional computations, as they are based on existing (short-term) statistics. This approach has also been described as statistical story-telling. Its essence is selecting and structuring statistical information, thus making connections visible and yielding a comprehensive picture of the central theme.

At the same time, a shift in emphasis is occurring from reporting numbers to offering alternative presentations and analytical tools. This has been made feasible by the possibilities the internet offers for constructing interactive and dynamic applications. At Statistics Netherlands a programme is underway to provide access to important statistics via interactive and graphical applications.

These are two mutually reinforcing developments. Statistical story-telling and coherent indicator sets give meaning to interactive applications and the applications allow for new methods of presentation. Dynamic and interactive options allow users to explore the phenomenon and connections for themselves.
The role of BCS data

BCS data seem very suitable for pursuing the afore-mentioned ambitions, and can thus contribute substantially to the quest for faster and better economic indicators. Furthermore, by doing more with existing BCS data, another objective of SN (reduction of the response burden on enterprises and households) is also partly met. Instead of starting new questionnaires, the possibility of using BCS data to derive some alternative indicators is explored first.

BCS data can be used for several purposes:

1) To construct composite sentiment indicators, like consumer confidence;
2) To combine them with “real” (macroeconomic) statistics like fixed capital formation, for example in press releases;
3) To construct coherent indicator sets, like the radars;
4) To use them in econometric models to estimate “real” (macroeconomic) statistics.

BCS data are used for checks on plausibility of “real” macroeconomic indicators, but SN does not use BCS data to construct new real macroeconomic statistics at the moment. However, for the other three purposes, BCS data are used. In the next 3 sections, examples are shown.
2. Job vacancies indicator

Developments in labour markets have substantial economic consequences and are often followed by reactions by policymakers. The reason for constructing new labour market indicators was that more frequent and timely information on developments in the labour market, especially on job vacancies, was needed. SN is working on a composite sentiment indicator comparing developments in vacancies with its labour market statistics. This constructed sentiment indicator closely tracks developments in vacancies, and because of its publication lead it is useful for real-time economic analysis.4

Importance of faster information on vacancies

Like other statistical agencies, Statistics Netherlands measures and publishes a wide array of labour market indicators. The most important ones are jobs (or hours worked), employment, unemployment, job vacancies, temporary employment and labour costs. Possibly the most relevant labour market indicator from the point of view of business cycle analysts is job vacancies. This is a good gauge of the vigour and outlook of the business sector, and of course of job prospects for the whole labour force. The development of job vacancies also has a very strong link with the business cycle. A quick indication of the direction of these developments, reducing uncertainty, would therefore certainly be welcome.

Figure 3.1: Cycles of private sector vacancies, jobs and unemployment. Source: Statistics Netherlands’ business cycle tracer.

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4 For the complete methodological report see Ruth and Wekker 2009
Timely and frequent information on labour market developments is vital for economic analysts, but certainly also important for the general public. In the Netherlands, job vacancies are published on a quarterly basis six weeks after the end of the reference quarter. The new composite sentiment indicator will be able to give a first indication of the direction of current developments on the labour market at the end of each month. Thus, the new indicator will have a publication lead of approximately six weeks, and because of its monthly availability, information on the first and the second month of the quarter will be available even sooner.

**Calculation**

The vacancies indicator is calculated indirectly. It was constructed as a weighted average of labour sentiment indicators for the manufacturing, construction and commercial services industries. The components used to calculate these indicators listed in Annex C.

**Results**

The constructed labour sentiment indicator shows a good coherence with the vacancy development. Correlation is high at 0.860 at lag 0. At lag +1, correlation is slightly higher, meaning that on average the sentiment indicator lags slightly behind vacancies development. This lag is not serious as it amounts to only one quarter, the difference between correlation at lag 0 and +1 is rather small, and it follows from average correlation analysis. Development of the composite labour market indicator is smooth, with no wild swings and few additional cycles. On the whole, the sentiment indicator will be able to add important and timely information to the reporting on short-term economic developments, and also to the existing set of labour market indicators.

*Figure 3.2: Sentiment indicator for total private sector vacancies*

The sentiment indicator has been constructed to be roughly zero on average, and not to mimic exactly growth rates of realisations. The correct interpretation is that a higher balance makes a higher growth rate of the realisations more likely. The most profound
consequence is that a negative realisation of the sentiment indicator does not have to correspond to a negative realisation of the vacancy growth rate. The most important information is whether the sentiment indicator has improved compared with previous period/previous year, and what this means for the expected change in the vacancies growth rate.

The new composite sentiment indicator closely tracks developments in vacancies, and because of its publication lead it will be very useful for real-time economic analysis. At the end of each month this composite indicator will be able to give a first indication of the direction of current developments on the labour market.
3. Combining quantitative and qualitative variables in press releases

SN publishes most of its short term economic variables in its economic monitor, a dedicated section of its website that describes the current state of the Dutch economy. It combines economic graphical tools, a daily updated table of economic variables and short textual press releases on monthly and quarterly indicators. In some of these press releases, SN presents the quantitative variable together with a qualitative business tendency survey counterpart.

**Combining soft and hard data: extra information, more timeliness and showing relations**

SN publishes both sentiment indicators and “real” macroeconomic indicators. In advance of a press release, the indicators are tested for plausibility; does the development of an indicator fit in the broader picture of the economy? To do this the indicators are confronted with other indicators. These confrontations provide interesting information, not only for SN but also for the users of our press releases. So, by combining soft and hard data it is not only easy to check mutual plausibility, it is also possible to tell an informative “statistical story” with both macroeconomic and sentiment indicators.

A second reason for combining has to do with the need for more timely information. In official statistics, most monthly indicators are published six weeks after the end of the reporting month, at the earliest. The business tendency surveys are available at the end of a reporting month and thus have a “publication lead” of more than one month. Combining the official indicator for month t and further survey information on month t+1 (and even t+2) provides valuable extra information on the latest developments of indicators.

Business tendency surveys can also give complementary information on driving factors behind the target variable. The development of these driving factors can give an indication of the development of the target indicator in the future.

So far, SN publishes two monthly press releases in which the quantitative and qualitative indicators are combined; the press release on stocks in manufacturing industry and one on private fixed capital formation. Furthermore, the monthly press release on exports of goods mentions the exports radar, in which tendency survey data play an important role. The radars will be discussed in section 4.

**Press release on stocks in manufacturing industry**

The index of stocks of finished products in manufacturing industry is a new monthly indicator and has been published by SN since the end of 2009.\(^5\) Developments in inventories played an important role in the recent recession. Information on the inventories is considered a missing link in the European Statistical System, for three main reasons. Developments in inventories had a significant impact on GDP development in the US and EU, thus there is a strong relevance for national accounts to collect this information. Furthermore, information on inventories can contribute to analysing the relation between

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\(^5\) More on this topic: Vergouw 2010
production and turnover. And lastly the different stocking patterns and their impact on the business cycle make it a useful business cycle indicator.

SN collects and publishes data on turnover and production in the manufacturing industry, but also data on inventories. In 2009 these data were converted into a new indicator. While conducting validation checks of this indicator, SN was looking for additional information on developments in inventories. It appears that the assessment question on stocks of finished products (survey in the manufacturing industry) holds valuable, additional information.

The patterns visible in the index of stocks were confirmed by the assessment of the stocks by producers. This conclusion was one of the main reasons to publish the new indicator. The correlation between the new derived inventories to sales ratio and the assessment variable also confirmed plausibility. Because of the relation between the indicator on stocks and the assessment question and the observed information on voluntary and involuntary stocking patterns, it was decided to combine the two indicators in the press release on stocks in manufacturing industry. Annex A shows a typical press release on stocks in manufacturing industry.

**Press release on private fixed capital formation**

As from September 2010, Statistics Netherlands has published monthly figures on private fixed capital formation. This new monthly indicator is calculated with the aid of several imports, re-exports and production statistics. Thus, sentiment indicators are not used to calculate the monthly indicator on private investment itself.

However, since there is a connection with several business tendency survey indicators, like the capacity utilisation rate and manufacturers’ opinions on their own production capacity, those indicators are often mentioned in the press release about private fixed capital formation. A low capacity utilisation rate for example, is an indication that manufacturers are not likely to be willing to enlarge their production capacity. This could have a negative effect on private fixed capital formation. Thus, mentioning these sentiment indicators in the press release provides some important additional information about the causes of the development of private fixed capital formation. Annex B shows a press release on private fixed capital formation.
4. Economic radars: concept

SN “economic radars” monitor conditions (or circumstances) for selected macro-economic variables by measuring the developments of six selected underlying variables. In these instruments, SN combines “statistical storytelling” and the use of interactive applications. Tendency survey data play an important role in these radars.

What is an economic radar?

“Economic radars” are instruments developed by Statistics Netherlands to analyse developments of a certain “target” indicator and place them in some sort of context. On the basis of six indicators, the radar monitors whether circumstances have developed favourably or unfavourably. The variables are selected on the basis of an econometric study, after testing for correlation, lags and leads, significance and explanatory power. Furthermore, monthly availability of the figures is also an advantage, as the radar itself is published monthly. BCS data appear to be attractive variables for these radars, as they are available timely and often have a significant explanatory power.

Figure 4.1: Dutch Exports Radar for April 2009

For full methodological reports see Ruth 2009bcd and Ruth 2010
The radars present the six indicators in a hexagonal diagram, with each indicator in a corner. For each indicator a normalised value is calculated, which determines how far from the zero line the indicator is located. To calculate the normalised values, first the long-term average is subtracted from the original value. Subsequently the difference is divided by the standard deviation. As a formula this reads:

\[ X_t^N = \frac{X_t - \mu_X^t}{\sigma_X^t} \]

\( X_t^N \) = normalised \( X_t \)
\( X_t \) = realisation of indicator \( X \) at time \( t \)
\( \mu_X^t \) = mean up to time \( t \) of indicator \( X \)
\( \sigma_X^t \) = standard deviation up to time \( t \) of indicator \( X \)

Thus, the zero line represents the average value for each indicator in the period. A normalised value above zero means that this indicator has a more favourable value than average. If the value is below zero, the indicator has a less favourable value than average. In the Exports Radar above, the zero line is marked as a dark blue dotted line. The figure is divided into bands coloured from dark to light blue. The darker the band in which the indicator is located, the less favourable circumstances are for Dutch exports. This makes it visible at a glance which indicators show a positive picture, and which a more unfavourable picture. By moving the slide on the time bar, users can see what the circumstances were in previous months. This makes it possible to see whether the situation has improved or deteriorated, and which factors were significant in these developments.

In the Exports Radar for April 2009, the normalised values of nearly all indicators were below zero. This means that the circumstances for Dutch exporters were very unfavourable in this month. If they had been favourable, most of the normalised values would have been above zero. With the aid of the time bar we can see whether the circumstances are more or less favourable than in the previous month.

Figure 4.2 shows the Exports Radar for October 2010. The circumstances for Dutch exports have clearly improved compared with April 2009. All the normalised values are above zero.

It should be mentioned that the values of the indicators in the radar do not necessarily refer to the same month. Radars are published once a month. When they are updated, the most recently available figures are used. In the Exports Radar for October 2010, for example, German producers’ confidence is the figure for September 2010, but German manufacturing production refers to the August figure. The period under review is indicated in a tool tip. This tool tip also shows whether the indicator concerned has improved or deteriorated compared with the previous month. Another tool tip shows the source of the figure.
Figure 4.2: Dutch Exports Radar for October 2010

Exports Radar October 2010

Exports Radar: selected variables and periods

During the development of the radar, the correlation of the individual indicators with exports of goods and the overall model were tested extensively. The diversity of the indicators means the radar makes it possible to analyse the backgrounds of Dutch exports. The six selected indicators are:

- Netherlands, manufacturing industry survey: opinion foreign order position, balances
- Real effective exchange rate, year-on-year-change
- Germany: producer confidence manufacturing industry, level
- Germany: manufacturing production, year-on-year growth
- Eurozone: producer confidence manufacturing industry, level
- Eurozone, manufacturing industry survey: opinion foreign order position, balances

Exports of goods are largely determined by competitiveness and economic developments on the main export markets.

Competitiveness is mainly determined by developments in the relative costs of the exports package, which in turn are determined by developments in exchange rates (and in addition of course by developments in Dutch production costs). The real effective exchange rate is an approximation of the development in relative costs.
The most important market for Dutch exports is the eurozone, and particularly Germany. If economic developments are favourable there, the demand for Dutch export products is likely to increase. Producers’ confidence in Germany and in the eurozone, opinions of developments in the number of foreign orders of manufacturers in Europe, and manufacturing production in Germany give an indication of the state of the economy in Germany and the rest of the eurozone.

The long-term average is the average value since 1991, as is the standard deviation. Former normalised values are retained. In the Exports Radar for April 2009, the original values are thus compared with the average in the period January 1991–April 2009, and in the Exports Radar for October 2010 with the average in the period January 1991–October 2010.

**Household consumption radar**

Using the same methodology, the radar for household consumption was developed. The indicator set reflecting conditions for household consumption in the Netherlands is somewhat complex, as developments in consumption are determined by both the willingness to consume and how much people have to spend. The first factor is connected to job security and income expectations, while the second aspect is determined by the number of people working and wage developments. The six selected indicators are:

- Consumer survey: financial situations expectation next 12 months, balances
- Consumer survey: expected unemployment next 12 months, balances, inverted
- Manufacturing industry survey: expected workforce next 3 months, balances
- Employed labour force, year-on-year growth
- House prices of own homes, year-on-year growth
- Stock market: total value of shares of Dutch companies, year-on-year growth
Jobs are a key factor: actual jobs, employers’ staffing level expectations and consumers’ expectations of developments on the labour market. The expected financial situation, development of house prices and the stock market reflect (expected) income and wealth effects on consumption growth. So with only six indicators, the Consumption Radar is able to give a quite diverse but also complete picture of factors influencing consumption development. The radar shows us that conditions have improved since April 2009, though not as much as for exports. In October 2010, most indicators were still below or around their average development.
Because of the limited length of some of the series, the radar is only available for 2002 onwards.

**Radar for private fixed capital formation**

In general, the radar for private fixed capital formation will have the same features as the other radars. Only the colour of the diagram, the period on the time bars and, of course, the chosen indicators will be different.

The six selected indicators for the radar are:

- Dutch consumer confidence, level
- Manufacturing industry survey: opinions on order position, balances
- Manufacturing industry survey: capacity utilisation rate
- Exports of goods, volume, year-on-year-change
- Dutch stock market, total value, year-on-year-change
- The value of long-term loans of financial institutions to the private sector, year-on-year-change
5. Future work

SN intends to continue researching innovations in its economic statistics and indicators. “Doing more with existing data” is a major area and there are plenty of opportunities to use BCS data. In this section, the current SN research will be discussed briefly.

New “independent” variables

For the business surveys in the sector retail trade and services, SN intends to develop confidence indicators. Research for this is now in progress. SN is also thinking about constructing a business climate indicator for the Netherlands and maybe a total sentiment indicator. “Headline” confidence indicators are used in forecast models by users and also get more media attention than the individual survey variables. Whether to use the DG ECFIN definition or create more country specific indicators is one of the issues to resolve.

Coherent indicator sets

Besides better information on the Dutch economy, more detailed information is needed on the industries. The concept of “fact sheet” and “economic radars” can be applied for sectors like retail trade, manufacturing industry and business services.

Combining sentiment indicators with “real” macroeconomic indicators

At the moment SN presents survey variables and economic statistics together in two monthly press releases. Furthermore, the Exports Radar is mentioned in the press release about goods exports. SN is researching extending this to more press releases. The first logical topics are combining household consumption and the household consumption radar, as well as private fixed capital formation and the investments radar. Further possible combinations might be found in manufacturing industry and retail trade.
Conclusions and discussion

SN hopes that this document has given a clear overview of how a national statistical office can provide better information on the current state of the economy, using mostly existing data. Some concluding remarks and a suggestion for DG ECFIN:

**Interest in and use of BCS data is growing**

The latest recession has increased demand for very fast indicators on the current state of the economy. BCS data are a very rich source to meet this demand. The development of more coherent indicator sets and composite indicators to give early warning signals on changes in economic activity is in progress.

**SN extended its use of its BCS data in several ways**

In response to the increased demand for fast information on the economy, SN has enriched its statistical output with new products and tools, based on combining existing short-term data. BCS data play a crucial role in this process, because of their special characteristics. As shown, BCS data can fill in gaps in information, support other economic statistics, and can be used in more complex tools to describe the current state of the economy. Therefore, BCS data play an important role in the statistical system.

**SN intends to continue its expansion of BCS related products**

SN wants to continue the development of new products and economic indicators, with the help of new dissemination techniques. A shortlist of possible new products is at the moment under research and in development.

**SN is interested in feedback from the other partner institutes**

SN hopes that it has presented some interesting developments in advanced use of BCS data. Of course we welcome suggestions and remarks from other institutes. There is a lot of knowledge out there and SN appreciates comments and suggestions with respect to our new products.

**Suggestion: SN encourages ECFIN to collect “best practices” in this field**

In this report SN includes a list of all methodological reports available on the development of the presented products. In the past, the workshop has hosted numerous presentations on the construction of composite sentiment indicators and other applications of BCS data. Perhaps DG ECFIN could develop a CIRCA site where all institutes can place methodological reports, making these available for other institutes who would like to develop similar products.
References

Background
UNSD, 2009a, Report: International Seminar on Timeliness, methodology and comparability of rapid estimates of economic trends, May 2009, Ottawa, Canada
UNSD, 2009b, Report: International seminar on early warning and business cycle indicators, December 20009, Scheveningen, The Netherlands

Job vacancies indicator
Ruth, F.J. van and Wekker, R. 2009, “Monthly employers’ sentiment indicators; Doing more with business survey data” Statistics Netherlands discussion paper 09009

Combining hard and soft data in press releases

Radar concept
Ruth, F.J. van, 2010, “Monitoring conditions for consumption, exports and fixed capital formation; the radar concept” Statistics Netherlands discussion paper 201019
Ruth, F.J. van, 2009b, “A conditions monitor for household consumption” Statistics Netherlands discussion paper 09006
Ruth, F.J. van, 2009c, “A conditions monitor for exports” Statistics Netherlands discussion paper 09007
Ruth, F.J. van, 2009d, “A conditions monitor for fixed capital formation” Statistics Netherlands discussion paper 09008
Annex A

Sustained reduction manufacturing stocks

In August, manufacturers’ stocks of finished products were more than 6 percent lower than in the same month last year. The reduction was smaller than in the preceding months. For nearly eighteen months now, stocks of finished products have consistently been lower than twelve months previously. The stocks of finished products index (2005=100) was 94.9 in August, i.e. 0.3 of a point down on July and the lowest value since the series was started in 2004.

Stocks of finished products in manufacturing industry (volume)

![Graph showing % change year-on-year for stocks of finished products in manufacturing industry from 2007 to 2010. The index for August 2010 is close to 95.](source: CBS)

Manufacturers slightly more pleased with stock levels

The Business Sentiment Survey for the manufacturing industry gives a first indication of the development of the stocks of finished products index in the near future. In this survey, manufacturers are invited to define their current stocks of finished products as too large (negative), normal or too small (positive) in relation to projected sales. These results are available two months earlier than data on the stocks of finished products.

In October 2010, manufacturers’ opinions on their stocks were slightly more positive than in September. In September, sentiments had deteriorated slightly. Slightly more manufacturers evaluated their stocks as too large than as too small. In recent months, manufacturers were less pleased about the level of their stocks. From early 2009 until May 2010, manufacturers’ opinions on their stocks had gradually improved.

Opinions on stocks of finished products

![Graph showing % balance of positive and negative answers for opinions on stocks of finished products from 2007 to 2010. The balance is close to 0 in recent months.](source: CBS)
Annex B

Smaller decline private sector investments

In August 2010, the volume of corporate investments in tangible fixed assets was 1.5 percent down on August 2009. This decline is less substantial than in July, when private sector investments were 3.6 percent down on one year previously.

Private fixed capital formation in tangible assets

The decline in corporate investments occurred simultaneously with a low capacity utilisation rate. In July, manufacturers used 80.2 percent of their production capacity. The rate was marginally higher than in April, but still low. Over the period 1989–2008, the capacity utilisation rate continually varied between 80 and 87 percent.

In July, manufacturers evaluating their own production capacity as too small were still slightly outnumbered by those evaluating their capacity as too large, but the gap had narrowed relative to the previous quarter.

More figures can be found on the theme page Enterprises.
**Annex C**

*Vacancies indicator manufacturing*

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<tr>
<th>Tendency survey</th>
<th>Used indicators</th>
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<tbody>
<tr>
<td>Manufacturing</td>
<td>Employment expectations, balance</td>
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<td>Manufacturing</td>
<td>Assessment of order book levels, balance</td>
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<tr>
<td>Manufacturing</td>
<td>Production expectations, balance</td>
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<tr>
<td>Manufacturing</td>
<td>Order position, index</td>
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<td>Temp agencies</td>
<td>Employment expectations, balance</td>
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*Vacancies indicator construction industry*

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<th>Tendency survey</th>
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<tr>
<td>Building construction</td>
<td>Building activity development, balance</td>
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<td>Building construction</td>
<td>Number months of work</td>
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<tr>
<td>Civil engineering</td>
<td>Building activity development, balance</td>
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<td>Civil engineering</td>
<td>Employment expectations, balance</td>
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<td>Manufacturing, construction</td>
<td>Order position, index</td>
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*Vacancies indicator commercial services*

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<th>Used indicators</th>
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<td>Temp agencies</td>
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<td>Other business services</td>
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<td>ITC</td>
<td>Revenue expectations, balance</td>
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<td>Other business services</td>
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<td>ITC</td>
<td>Employment expectations, balance</td>
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The (total) vacancies indicator is a weighted average of these three vacancies indicators.