



**European
Communities**

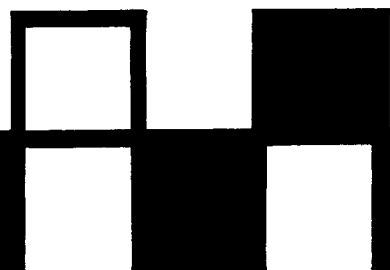
Commission

**Directorate-
General
for Economic
and Financial
Affairs**

**Report of the results
of the business surveys
carried out among heads
of enterprises
in the Community**

2

1968



Published three times a year

**Commission of the European Communities
Directorate-General for Economic and Financial Affairs
Directorate for National Economies and Economic Trends**

23, Avenue de la Joyeuse Entrée, Brussels

EEC business surveys, carried out :

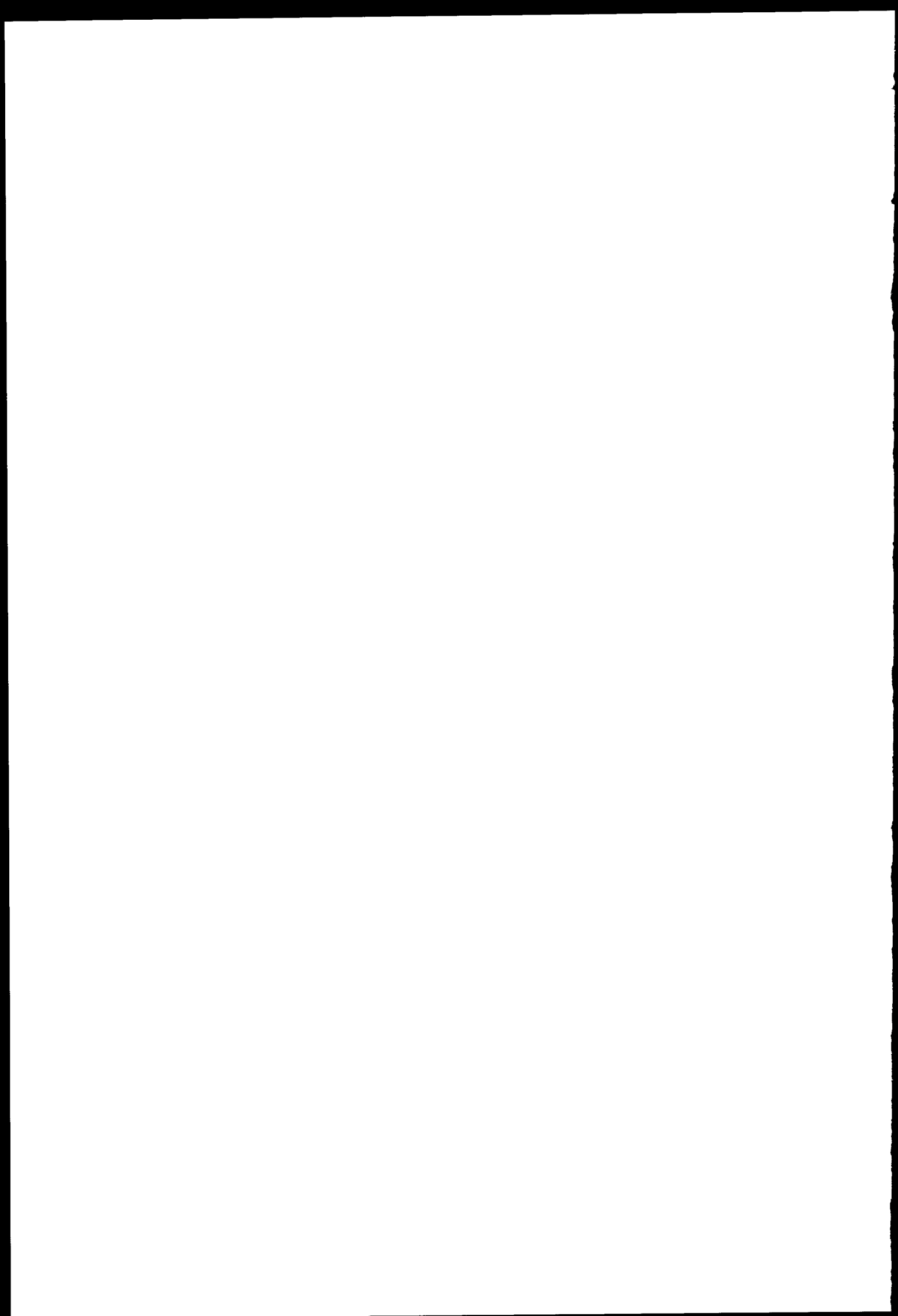
**in the German Federal Republic by the IFO-Institut
in France by INSEE
in Italy by ISCO-Mondo Economico
in Belgium by the National Bank
in Luxembourg by STATEC**

COMMISSION OF THE EUROPEAN COMMUNITIES

Directorate-General for Economic and Financial Affairs

RESULTS OF THE BUSINESS SURVEYS
CARRIED OUT AMONG HEADS OF ENTERPRISES
IN THE COMMUNITY

July 1968



MONTHLY BUSINESS SURVEY
(ECONOMIC TRENDS)

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

...the ...

PRESENTATION OF THE RESULTS

This issue summarizes the results of the monthly business surveys carried out between the end of January 1968 and the end of May 1968. It comprises four chapters — industry as a whole, consumer goods, capital goods, and intermediate goods — each with comments illustrated by diagrams and tables displaying the relevant data for each participating country and for the Community as a whole. The data relating to specific industries are given only for the Community as a whole and will be found in a consolidated table at the end of the brochure. For Luxembourg, the data given concern only industry as a whole; the relatively small number of firms in this country makes it practically impossible to publish a breakdown for the three types of industry without disclosing confidential information.

All the member countries save the Netherlands contribute to the survey on a voluntary basis. For reasons of industrial secrecy Dutch firms, or their federations, still feel unable to take part under arrangements in which they would enjoy the same rights and shoulder the same obligations as in the other countries, with each participant receiving, by country and for the Community, the results for the industry of which it is a part and for the whole of industry.

A monthly business survey is carried out in the Netherlands at national level by the "Centraal Bureau voor de Statistiek"; results are published only under the headings "industry as a whole", "consumer goods", "plant and equipment" and "intermediate goods"; so far the standard questionnaire used for this survey has not been fully adapted to the joint outline form chosen for the Community survey.

It is therefore impossible to use these results for the Community survey or to aggregate them with those of the EEC survey. As far as possible, however, the Dutch results are used by the European Communities Commission in its analyses of the current economic situation. They are also published in part twice a year in the form of charts in the Quarterly Surveys of "The Economic Situation in the Community".

In the EEC Business Survey the data concerning the Community as a whole have been calculated on the basis of information obtained from the five participating countries, whose aggregate contribution to the Community's industrial production is more than 90%. However, as concerns individual industries, overall Community data are reckoned only in those cases where they are deemed sufficiently representative: thus, for the man-made fibre branch no figure is given, since no results can at present be included for the Federal Republic of Germany.

The classification of the main sectors of economic activity is based provisionally on the nomenclature given below. It is intended in the future to provide a more detailed breakdown, with a classification based on the main end-uses for each product.

INDUSTRIES PRODUCING CONSUMER GOODS	INDUSTRIES PRODUCING CAPITAL GOODS	INDUSTRIES PRODUCING INTERMEDIATE GOODS
Garments and knitted and crocheted goods Footwear and processing of leather Consumer chemicals Furniture China and hollow glass Metal consumer articles Domestic electric appliances Private cars Photographic goods, spectacles, watches and clocks	Building materials General equipment products Mechanical equipment (other than electrical) Electrical equipment goods Commercial vehicles Shipbuilding, aircraft manufacturing, railway and tramway rolling stock Precision instruments	Textiles Leather Wool and cork Paper Printing Processing of plastics Basic chemicals Chemicals for industrial and agricultural uses Petroleum Iron and steel and primary processing thereof Production of man-made fibres Rubber Non-ferrous metals industry

INDUSTRY AS A WHOLE

In the Community taken as a whole, the economic upswing has remained brisk in recent months and industrial production has increased appreciably, except in France, where there have been output losses due to the strikes. All in all, almost every sector — though to varying extent — has contributed to the development of activity.

Assessments of total order-books have improved unmistakably since the beginning of the year. The same applies in respect of export demand.

According to the managements, production expectations, which were already very optimistic at the beginning of the year, have become even more favourable, and it is therefore to be expected that the firm trend of industrial production will continue in the coming months. The tempo of activity also seems to have been strengthened by the efforts of firms to make good production losses suffered in France.

In Germany, the surveys have continued to reveal rapid growth of overall industrial production. The main contribution still comes from the capital goods sector, but there has also been an improvement in consumer and intermediate goods. Answers concerning total order-books have again distinctly improved: at the end of May, 77 % of managements assessed order-book levels as "normal" or "above normal", compared with 68 % at the end of February. Export demand has also expanded, but progress under this heading has been slower. Stocks of finished goods have contracted a little once again. Production expectations have continued at the very high level reached at the beginning of the year: at the end of May, 97 % of managements were predicting the same or a higher level of production for coming months. Similarly, firms are now working a good deal nearer capacity: at the end of May only 16 % of managements judged their capacity as "more than adequate", compared with 22 % at the end of January. A steadily growing number of firms have reported their intention to recruit additional labour in coming months. It is therefore unlikely that the high rate of production will weaken in the near future.

In France, the last survey carried out was for the month of April. The May survey could not be held because of the social disturbances; the results would in any case have signified very little, since the business climate at the time was strongly affected by uncertainties as to the outcome of the strikes. Managements' replies will now not resume their full significance straight away. In these conditions, it has been decided not to present in this report a detailed commentary on trends in the consumer, capital and intermediate goods sectors.¹ It is none the less interesting to note that from the beginning of the year until April, for industry as a whole, the business climate had sharply improved and that French managements were submitting steadily more optimistic reports on their future activities. But an assessment of the reactions of industry in respect of production, employment and prices can be made only in coming months.

In Italy, the surveys have revealed that production has continued to expand rapidly in recent months. The overall level of orders received is assessed as satisfactory: at the end of May, 80 % of managements reported their order levels "normal" or "above normal", compared with 78 % at the end of February. Export demand has also remained firm. Stocks of finished products have contracted appreciably since the beginning of the year.

Production expectations have continued to be good, and this suggests that the tempo of activity will remain high: at the end of May, 88 % of managements expected their

¹ For comments concerning the Community as a whole, the survey results used for France are those up to and including the month of April.

output to remain the same or to rise in coming months, and the period for which work is assured has again lengthened a little. Selling prices have been tending downwards.

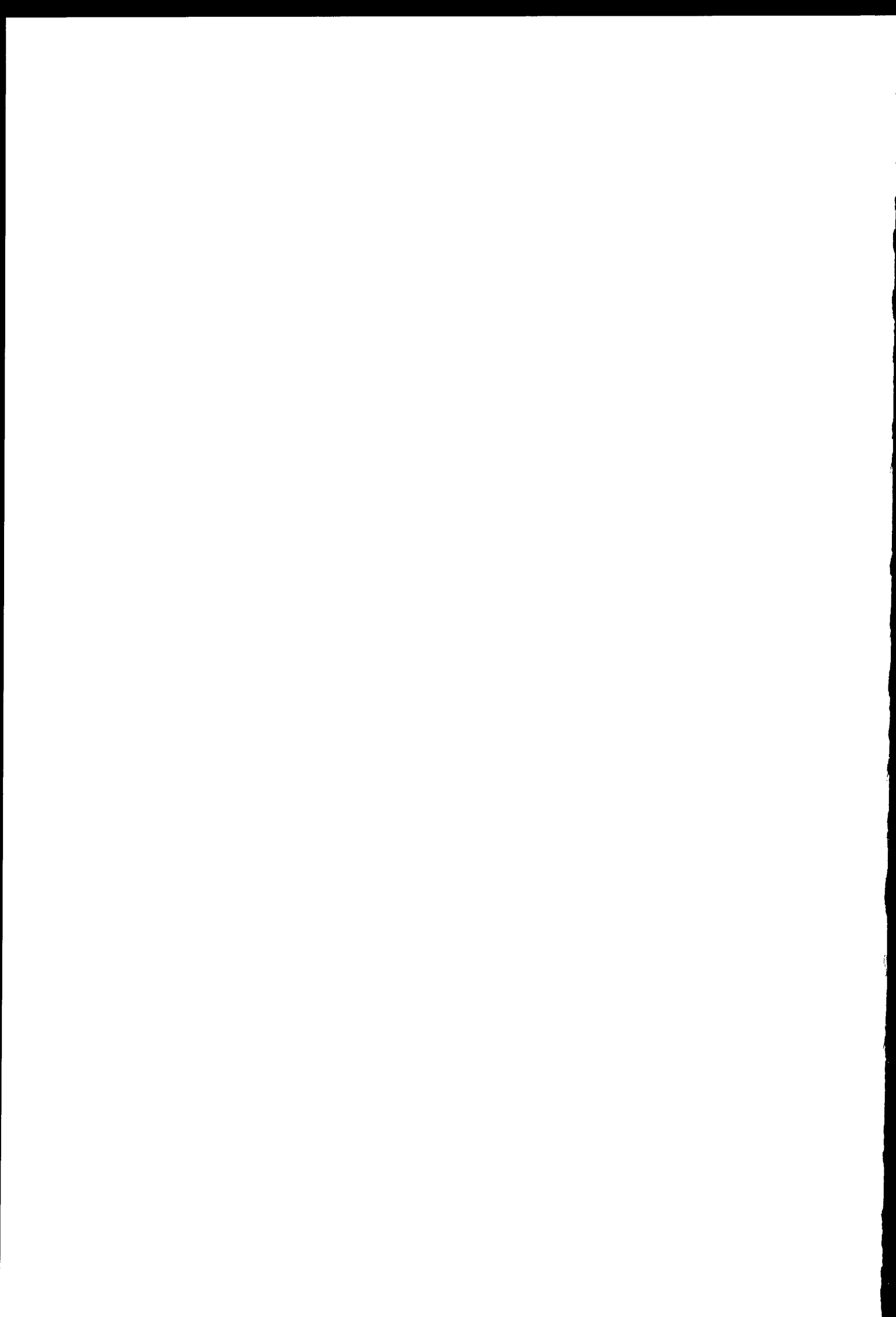
In Belgium, the surveys show that the improvement in the business climate noted in the last report has since taken concrete form in the shape of rather higher growth rates. Demand, both domestic and export, rose appreciably to reach, at the end of May, the highest level since the middle of 1966: 67% of managements questioned reported a total level of orders received as "normal" or "above normal", compared with 60% at the end of February.

Stocks of finished products have contracted appreciably since the beginning of the year, and the production expectations of managements have remained relatively optimistic: at the end of May, 85% of them were expecting activity to remain unchanged or to increase in the coming months. At the same time, a larger number are now reporting plans to recruit additional manpower. This evidence suggests that the production trend will continue to gather momentum in the months ahead.

In Luxembourg, activity has grown more lively in recent months. For some time now the surveys have revealed a distinct recovery of domestic and export demand. Between the end of February and the end of May, the percentage of managements assessing their level of orders as "normal" or "above normal" rose from 83 to 97% for total order-books, and from 85 to 98% for export order-books. Since at the end of May virtually all managements expected their rate of production to be maintained or to increase and, as the working time covered by orders received has lengthened appreciably, the present rate of expansion should be at least maintained in coming months.

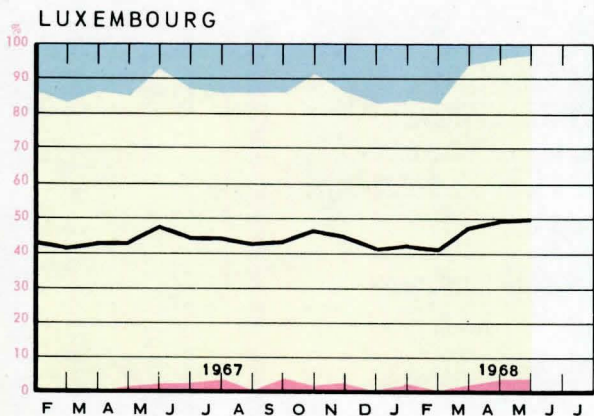
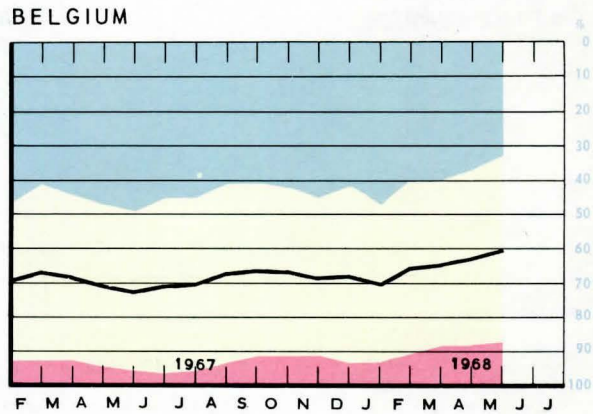
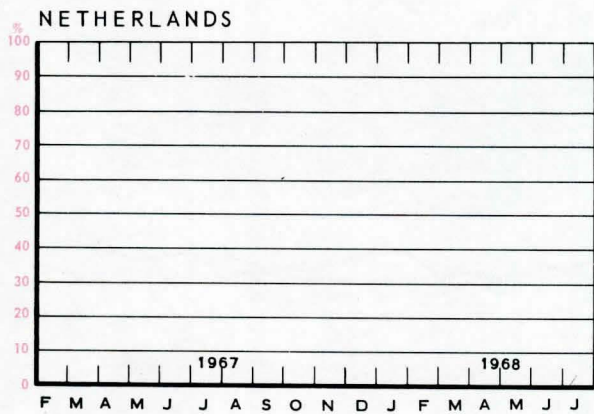
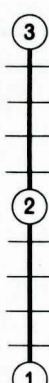
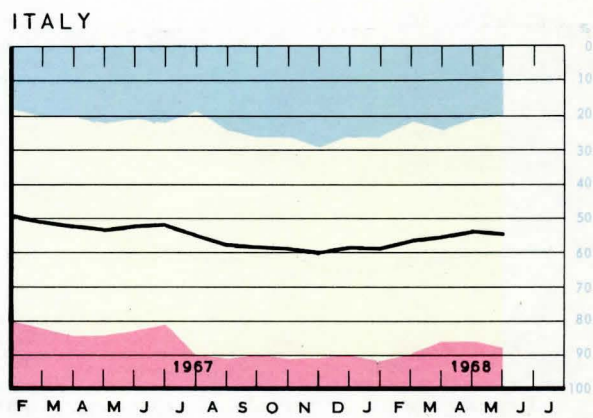
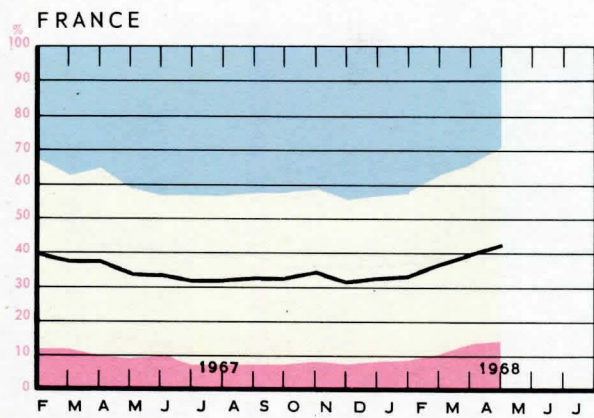
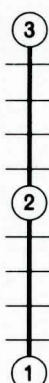
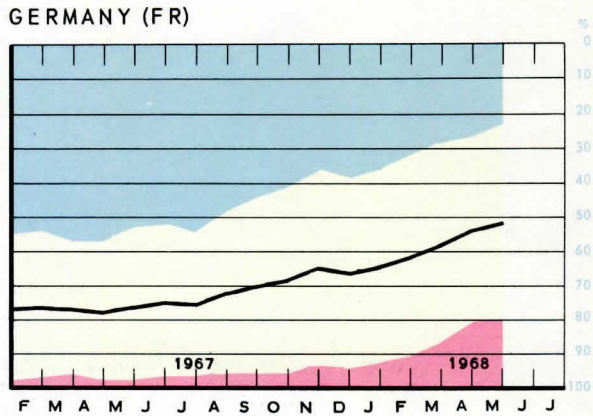
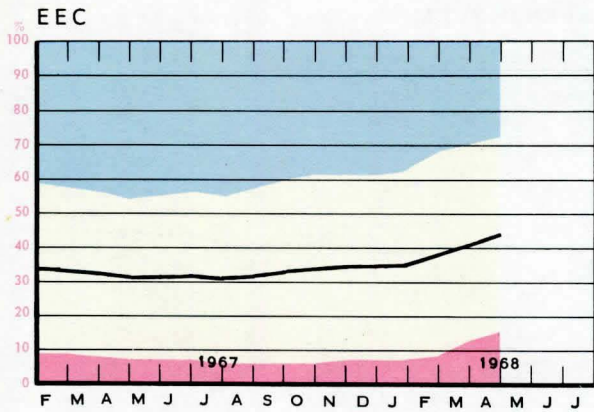
(the figures are percentages of replies received)

Questions Country	1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
GERMANY (FR)	+	7	9	13	19	20	13	18	16	17	16	14	14	13	13	12	28	26	23	28	26	6	5	6	8	12
	=	57	59	59	55	57	58	54	57	58	59	81	80	79	78	78	68	71	74	69	71	85	88	86	86	83
	-	36	32	22	26	23	29	28	27	25	25	5	6	8	9	10	4	3	3	3	3	9	7	8	6	5
FRANCE	+	8	10	13	14	11	14	14	15	25	25	26	23	18	24	29	29	12	9	10	8					
	=	50	53	53	57	55	57	60	61	70	72	70	71	71	68	62	63	80	85	80	84					
	-	42	37	34	29	34	29	26	24	5	3	4	6	11	8	9	8	8	6	10	8					
ITALY	+	8	10	14	14	12	12	14	15	17	15	19	18	18	18	15	25	24	18	16	14	9	10	10	8	9
	=	67	68	62	65	68	56	53	53	51	57	76	77	78	72	74	67	69	74	77	74	78	74	75	78	81
	-	25	22	24	21	20	32	33	32	32	28	5	5	4	10	11	8	7	8	7	12	13	16	15	14	10
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	6	9	11	11	12	8	15	12	12	12	24	21	21	20	20	17	22	16	16	15	13	10	9	8	12
	=	47	51	49	52	55	46	49	52	51	57	70	70	68	69	67	61	59	61	64	70	74	76	77	80	80
	-	47	40	40	37	33	46	36	36	37	31	6	9	11	11	13	22	19	23	20	15	13	14	14	12	8
LUXEMBOURG	+	1	0	1	3	3	2	0	1	4	2	5	6	5	2	3	6	5	5	6	2	72	72	70	1	1
	=	83	83	93	93	94	84	85	94	93	96	92	93	93	96	97	91	92	93	92	97	27	27	29	98	98
	-	16	17	6	4	3	14	15	5	3	2	3	1	2	2	0	3	3	2	2	1	1	1	1	1	1
EEC	+	7	9	13	16	12	16	14	16	19	19	18	17	23	25	24	25	9	8	8	8					
	=	56	59	57	57	55	54	58	57	76	76	76	75	69	69	69	69	82	83	82	84					
	-	37	32	30	27	33	30	28	27	5	5	6	8	8	6	7	6	9	9	10	8					



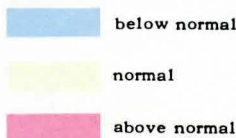
INDUSTRY AS A WHOLE

Order-books



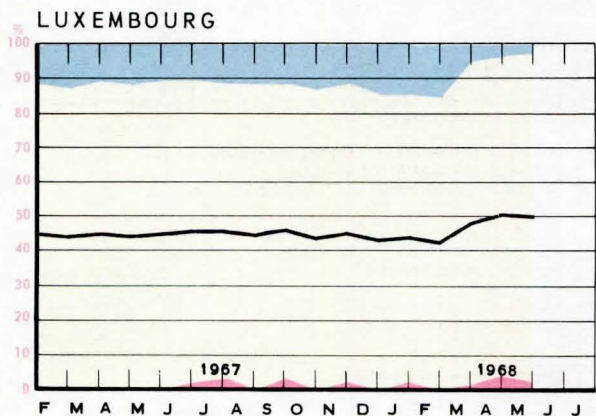
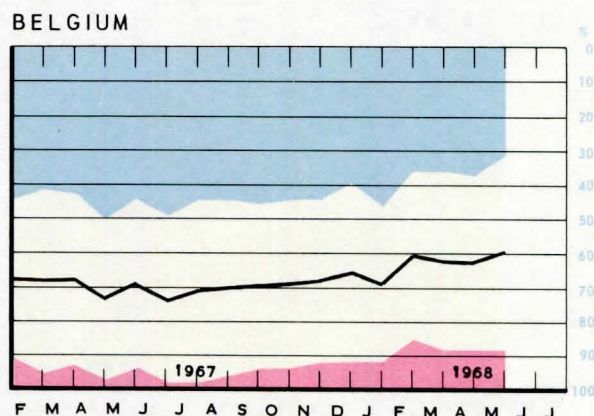
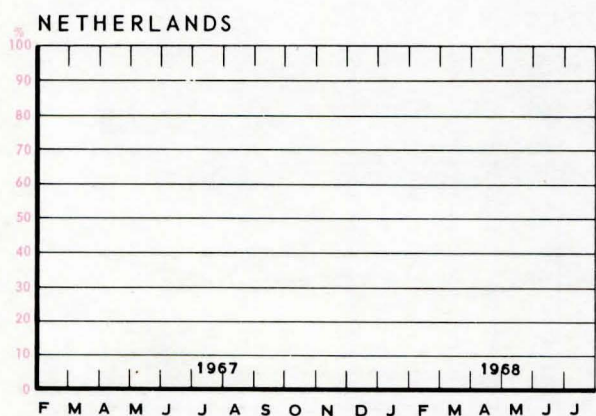
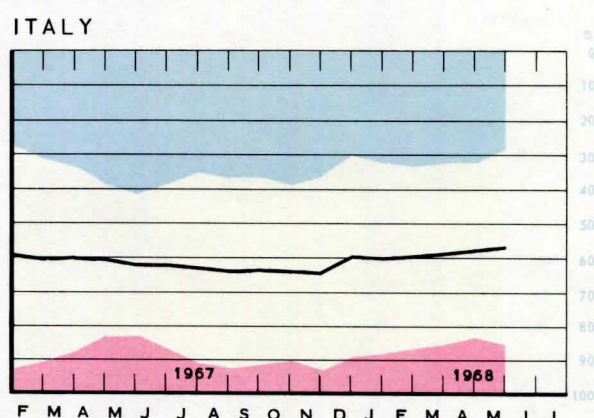
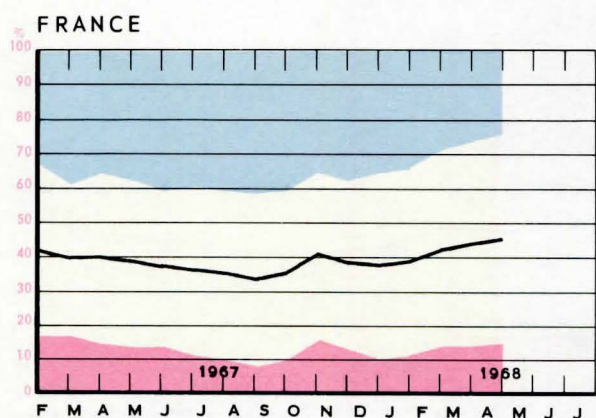
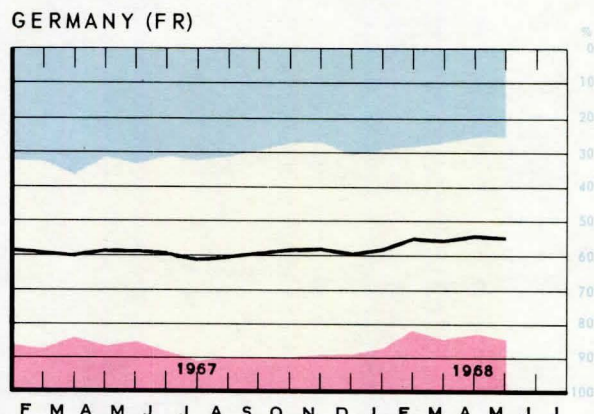
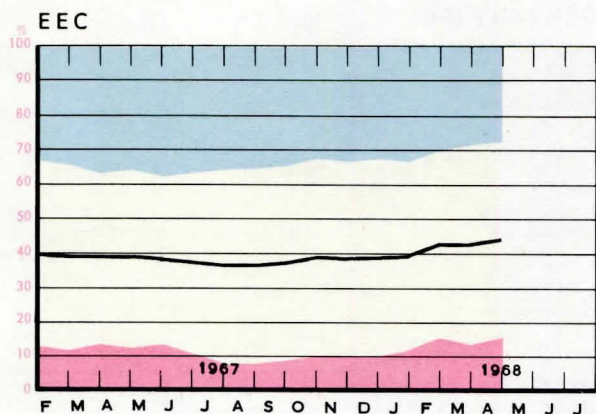
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows :

- by 0,03 for the answer "above normal" ;
- by 0,02 for the answer "normal" ;
- by 0,01 for the answer "below normal" .



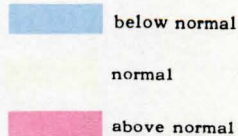
INDUSTRY AS A WHOLE

Export order-books



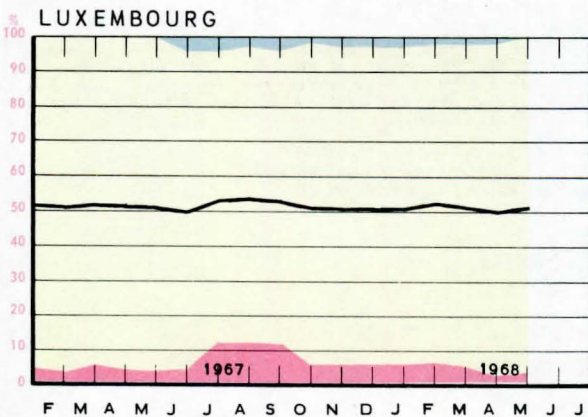
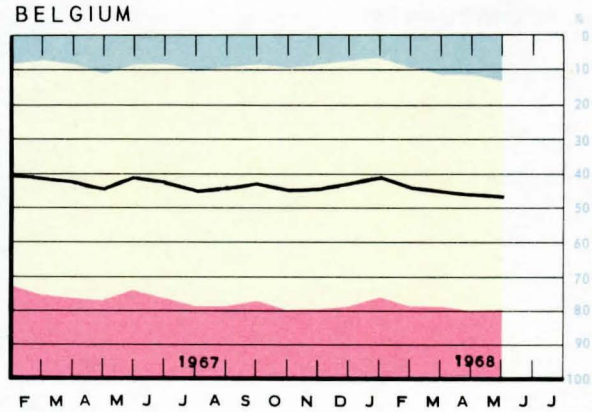
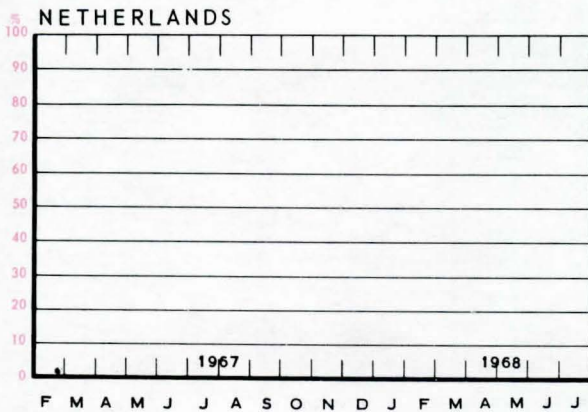
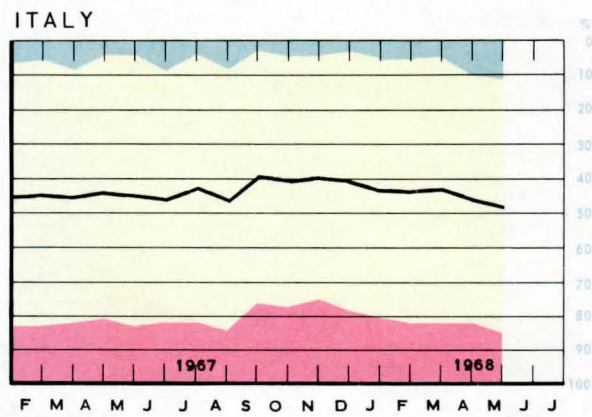
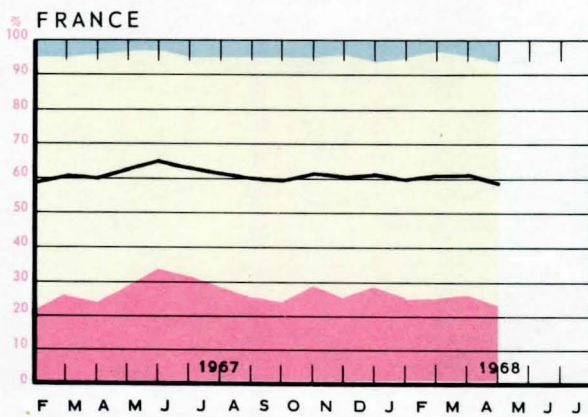
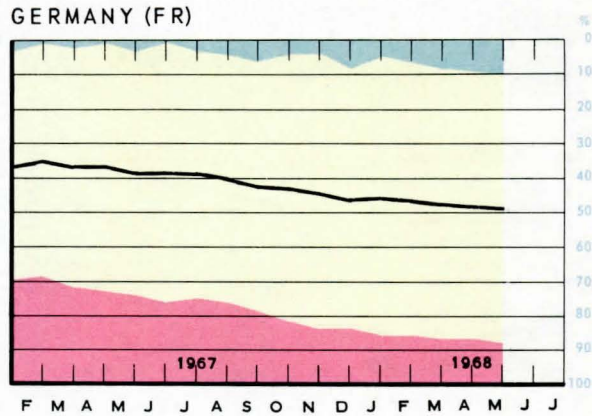
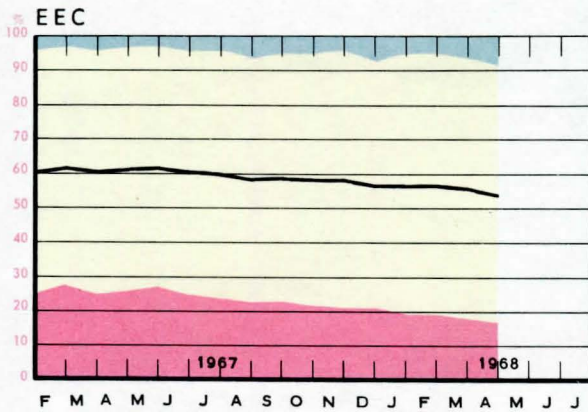
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



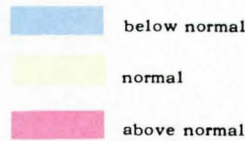
INDUSTRY AS A WHOLE

Stocks of finished products



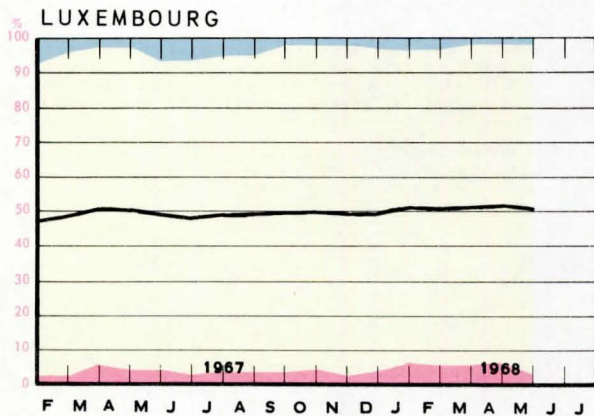
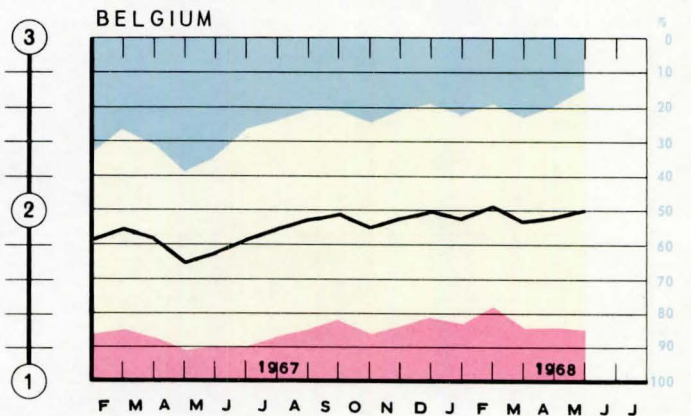
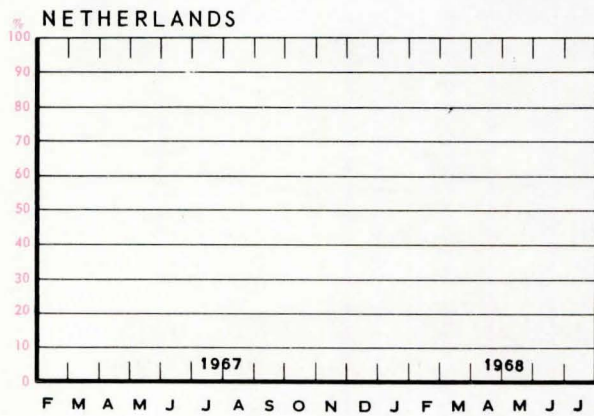
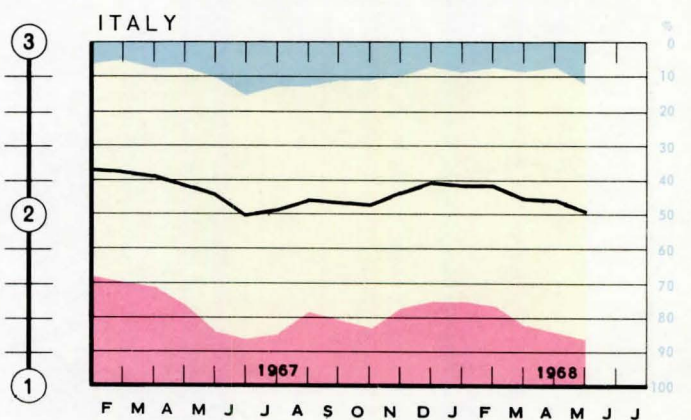
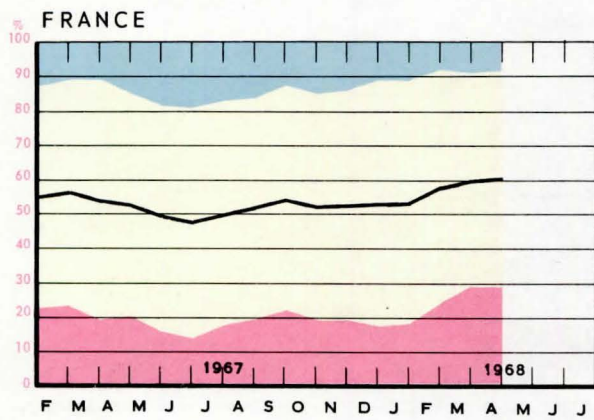
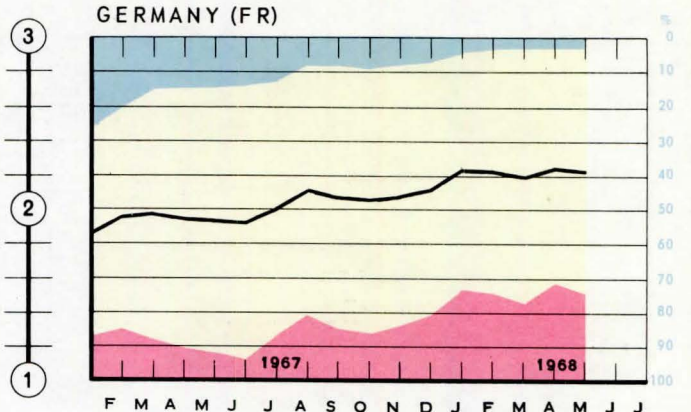
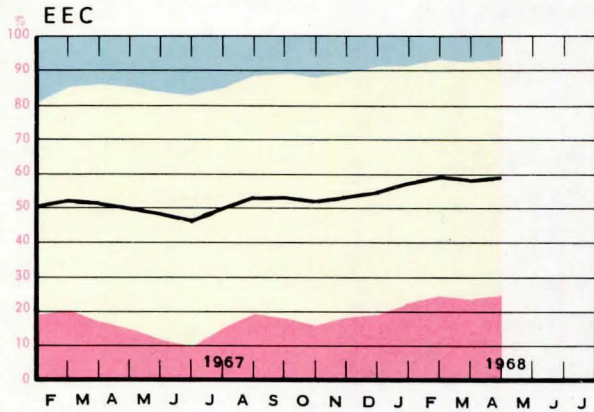
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



INDUSTRY AS A WHOLE

Trend in production



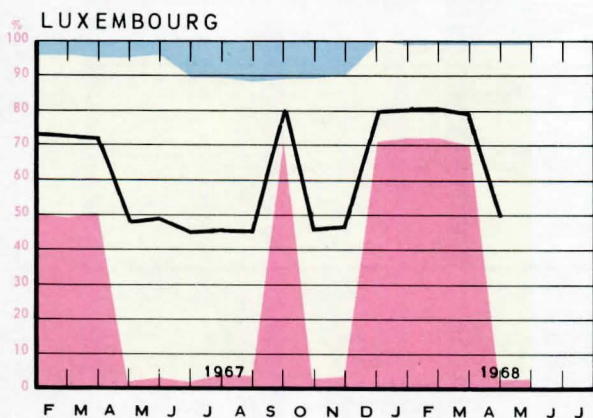
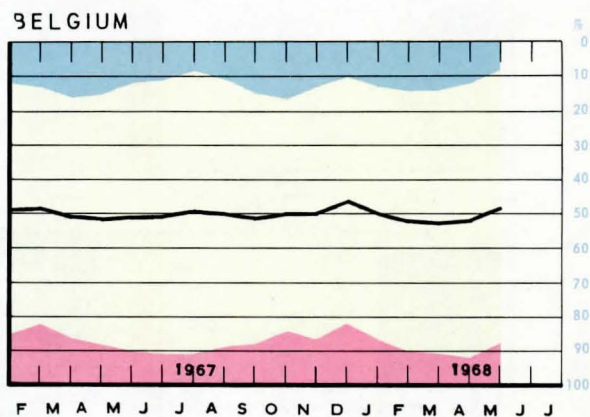
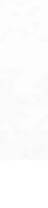
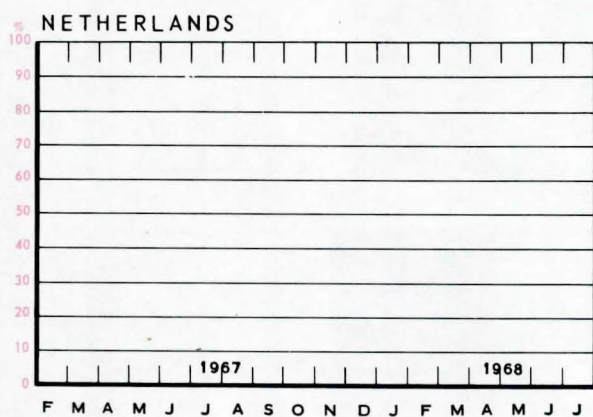
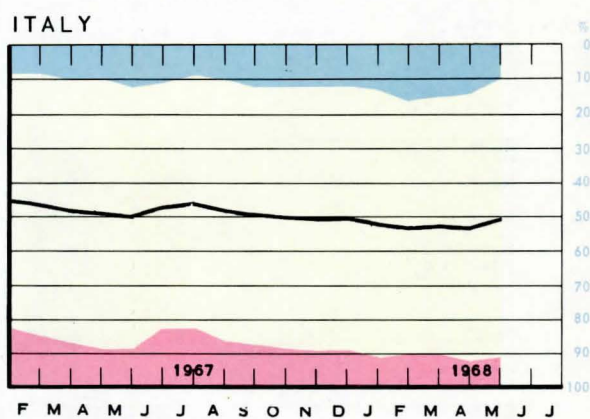
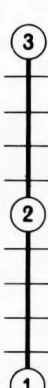
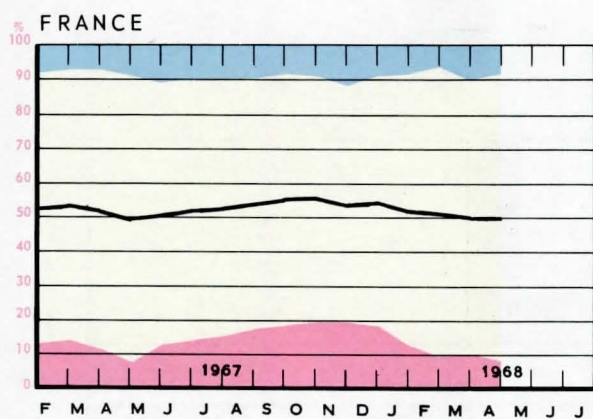
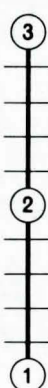
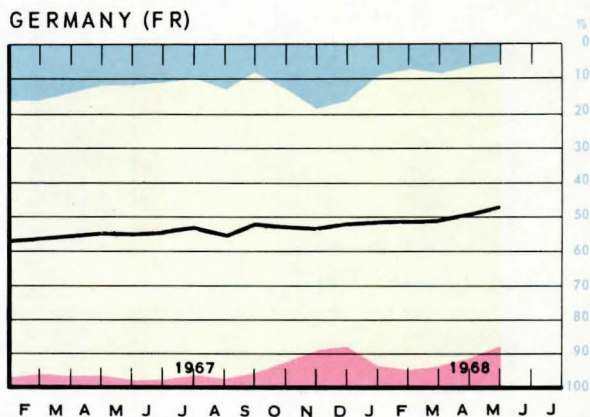
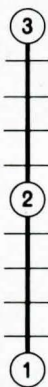
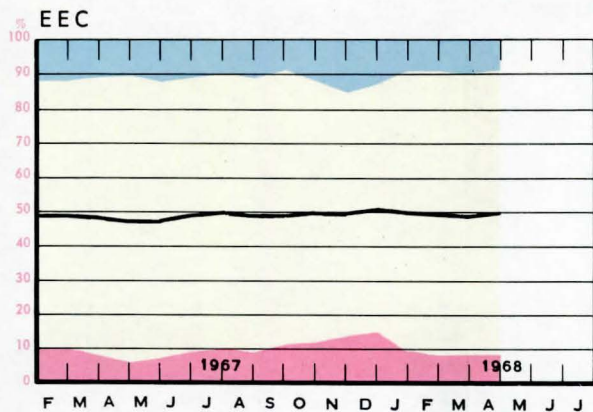
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "up";
by 0.92 for the answer "no change";
by 0.01 for the answer "down".

down
no change
up

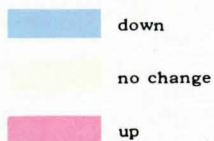
INDUSTRY AS A WHOLE

Trend in selling prices



The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.92 for the answer "no change";
- by 0.01 for the answer "down".



INDUSTRY AS A WHOLE

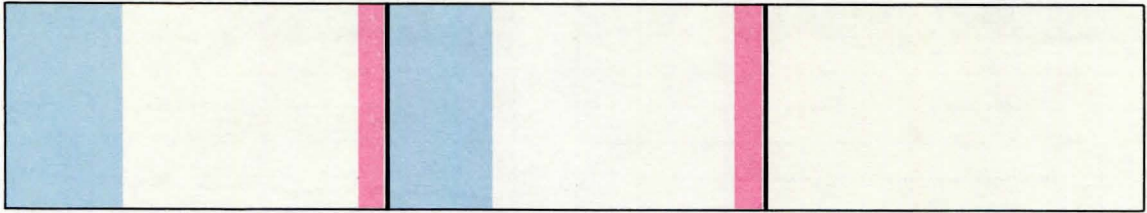
Assessment of production capacity

(October 1967)

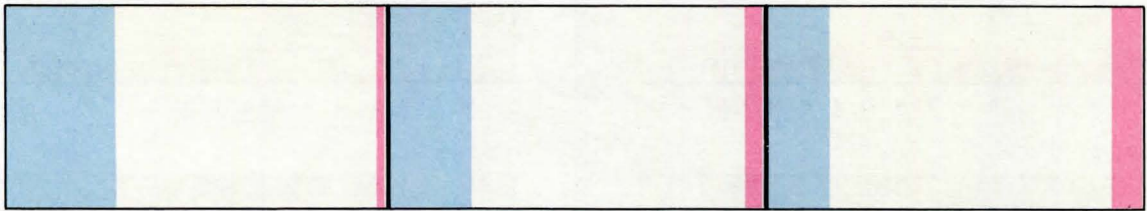
(January 1968)

(May 1968)

EEC



GERMANY (FR)



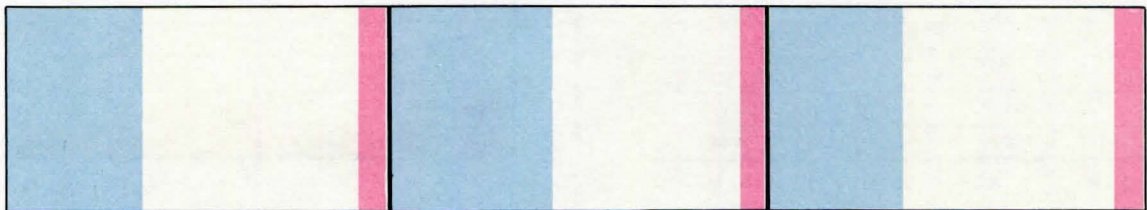
FRANCE



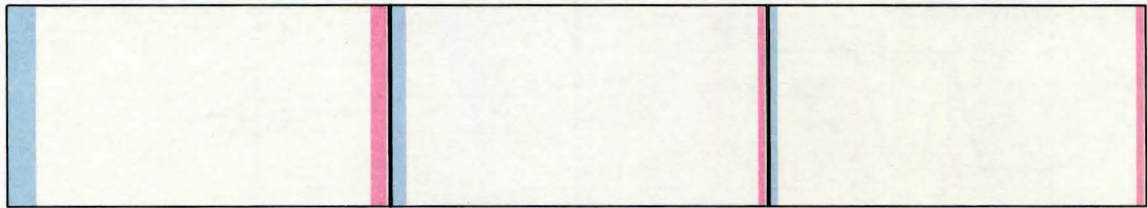
ITALY



BELGIUM

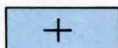


LUXEMBOURG

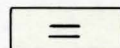


Our present capacity is:

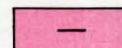
more than adequate



adequate



inadequate



CONSUMER GOODS

In Germany, the surveys show that the consumer goods industries, whose recovery had remained slower, have in recent months also been expanding more rapidly. Consumer demand therefore now seems to have joined the two other demand components — investment and exports — which had been sustaining the vigorous expansion of the economy.

All in all, the assessments of total order-books have appreciably improved: at the end of May, 72 % of managements judged the level of their orders in hand as "normal" or "above normal", compared with 60 % at the end of February. Export demand has also grown stronger, but at a slower rate. The surveys reveal that stocks of finished products have shown little change in recent months.

The lengthening of the periods for which work is covered by orders in hand, a very distinct tendency for firms to recruit additional manpower and unmistakably optimistic production expectations are all evidence suggesting that the present rate of growth in this sector should increase in coming months — at the end of May, 97 % of managements expected their output to rise or at any rate not to fall. The climate with regard to selling prices has remained very settled.

In Italy, the situation in the consumer goods industries has improved during the period under review; demand has strengthened a little, particularly in respect of durables. Thus, the percentage of firms whose order-books are "above normal" rose from 17 at the end of February to 20 at the end of May. The trend of export demand has also been more favourable, while in the most recent surveys a tendency for stocks of finished goods to contract has been detected.

Despite a slight seasonal decline, production expectations remain good, since, at the end of May, only 19 % of managements expected activity to slacken. Vigorous activity may therefore be expected to continue in this sector in coming months.

In Belgium, the surveys show that the consumer goods industries, both durable and non-durable, are now more prosperous. Overall assessments of total order-books have recovered to reach the highest level for two years: at the end of May, 70 % of managements reported their order-books as "normal" or "above normal", compared with 60 % at the end of February. The trend of export demand was similar. Moreover, stocks of finished products seem to have contracted since the beginning of the year. In line with trends of the other indicators, the curve of capacity utilization has risen. Managements' production expectations, which had been improving appreciably for some time, have now become stable, probably partly for seasonal reasons; they remain nevertheless good, since at the end of May, 82 % of firms reported that their future production would remain unchanged or rise above the present level. The trend of selling prices has remained upwards.

For the Community as a whole, the recovery of the business climate in the consumer goods industry, having first been reflected in production expectations, has begun to affect assessments of demand. Thus, assessments of total and export order-books, which had remained less optimistic, have now distinctly improved in their turn. The replies from the managements suggest that stocks of finished goods are running a little lower. The outlook for future activity has remained at the high level reached at the beginning of the year.

All this evidence points to a sustained rate of growth in coming months.

In the non-durable consumer goods industries, both domestic and export demand has climbed vigorously. Stocks of finished goods have been run down and production trends remain as positive as before.

In garments and knitwear, assessments of order-books have developed favourably. Export demand has also made brisk progress. Stocks of finished products have declined and output expectations continue to be good.

In leather and footwear, the level of orders on hand has risen further, stocks have remained stable and production expectations very good.

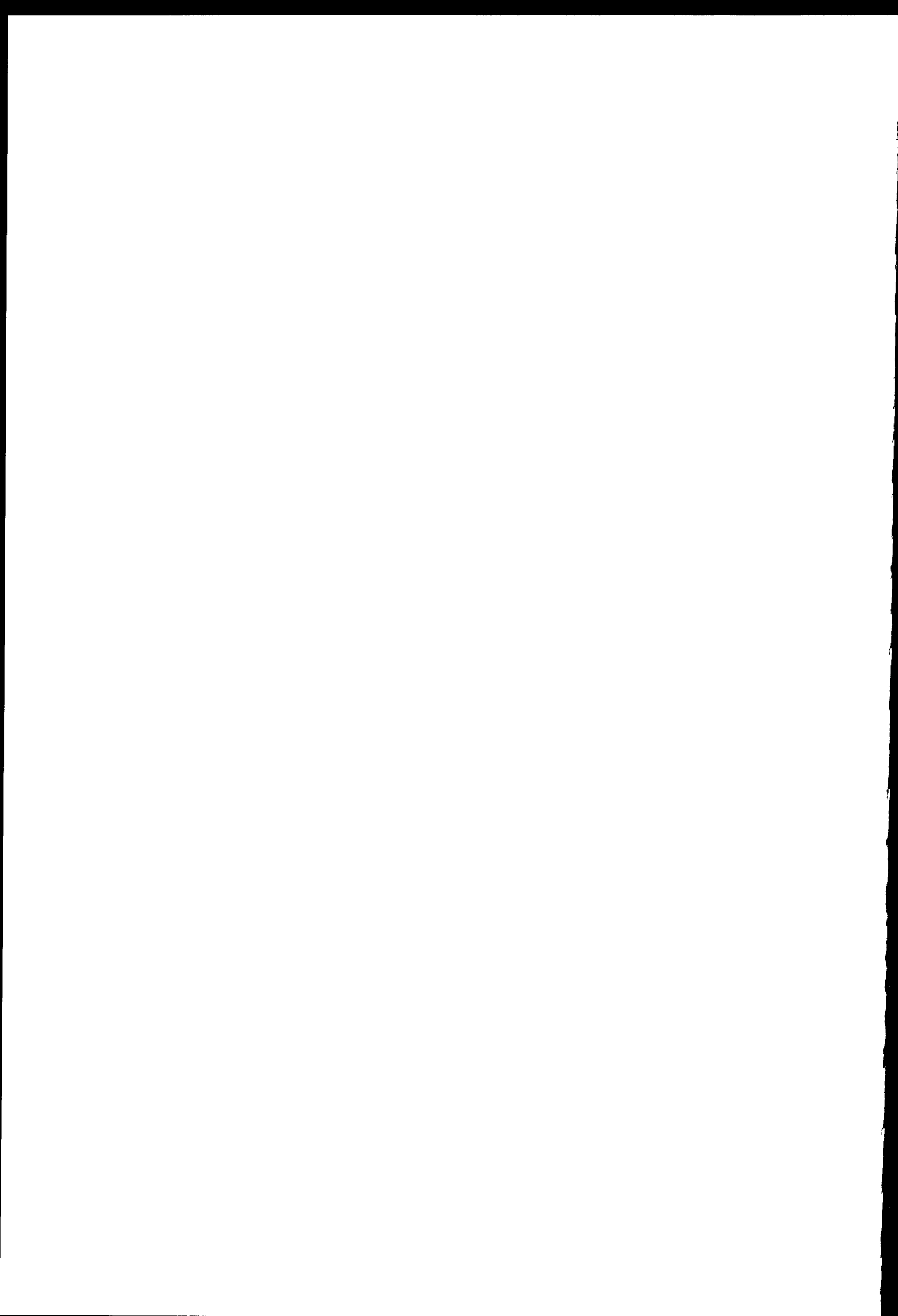
With regard to the durable consumer industries, opinions concerning total and export order-books have been improving appreciably for some time. Production expectations have remained excellent and selling price forecasts have suggested an easier trend.

Domestic and export demand in the motor vehicle industry has been more dynamic. Stocks have been built up again a little and the trend of production is still very good.

Order-books for metal consumer articles and domestic electric appliances have become much longer and production expectations are still very good.

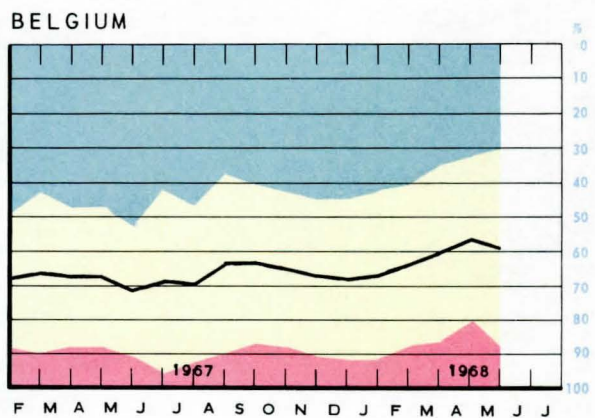
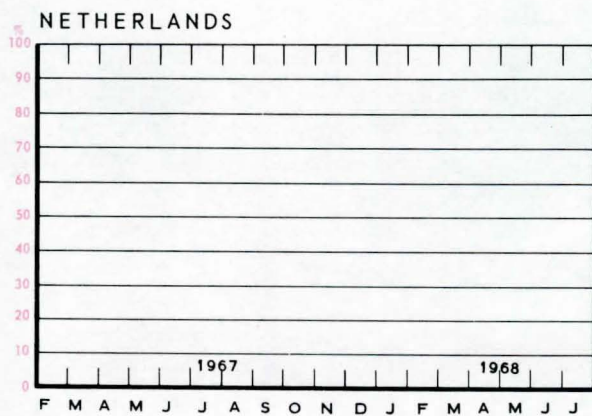
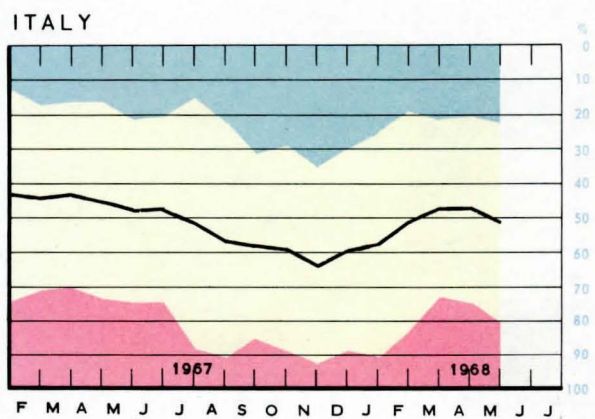
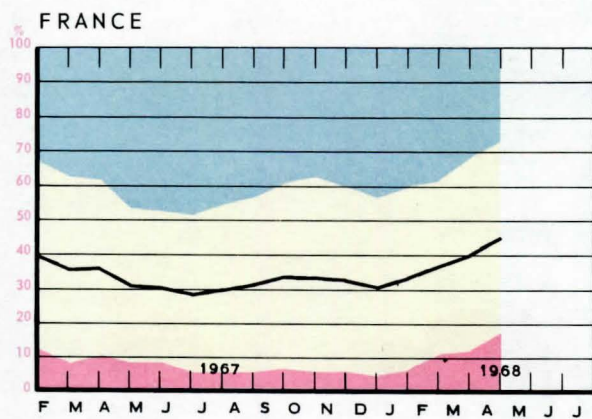
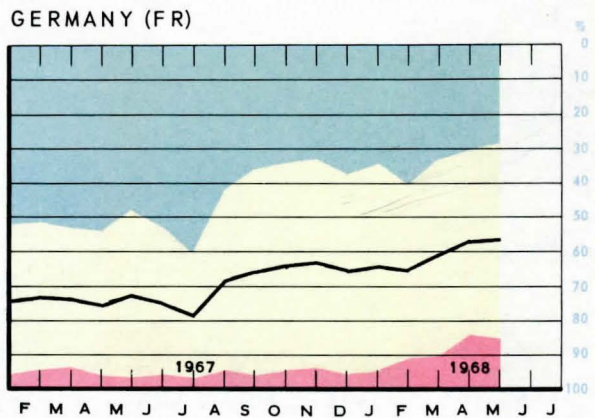
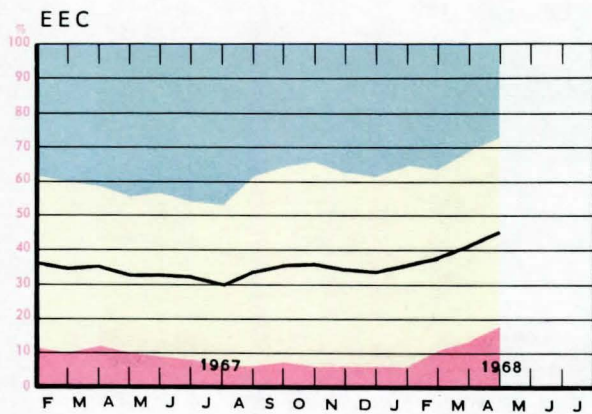
(the figures are percentages of replies received)

Country	Questions 1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
GERMANY (FR)	+	5	9	10	16	15	11	16	14	17	16	19	23	20	20	20	27	25	21	24	24	4	3	2	4	10
	=	61	51	57	54	57	55	51	54	53	55	74	69	70	66	66	68	71	76	73	73	89	93	91	91	87
	-	34	40	33	30	28	34	33	32	30	29	7	8	10	14	14	5	4	3	3	3	7	4	7	5	3
FRANCE	+	6	11	12	17	18	30	15	26	24	25	21	17	15	20	23	23	10	10	14	11					
	=	54	51	56	56	57	47	64	57	67	73	77	72	74	68	67	70	82	85	79	82					
	-	40	38	32	27	25	23	21	17	9	2	2	11	11	12	10	7	8	5	7	7					
ITALY	+	10	17	27	26	20	6	24	23	31	26	19	19	21	22	15	38	36	20	20	17	12	11	11	10	10
	=	65	64	52	54	58	65	51	53	49	52	78	79	75	59	63	53	55	73	76	64	78	76	77	76	78
	-	25	19	21	20	22	29	25	24	20	22	3	2	4	19	22	9	9	7	4	19	10	13	12	14	12
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	8	12	14	19	12	6	16	20	30	10	23	19	18	17	19	25	29	24	19	13	14	11	12	12	11
	=	50	48	51	49	58	46	43	45	34	56	72	66	70	66	64	56	53	56	61	69	82	82	85	82	85
	-	42	40	35	32	30	48	41	35	36	34	5	15	12	17	17	19	18	20	20	18	4	7	3	6	4
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	6	11	14	18	11	20	17	23	21	23	20	19	25	26	22	23	8	7	8	8					
	=	59	53	55	55	56	50	55	51	72	72	74	67	67	66	71	71	84	87	84	85					
	-	35	36	31	27	33	30	28	26	7	5	6	14	8	8	7	6	8	6	8	7					



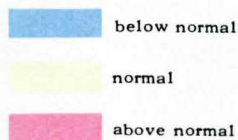
CONSUMER GOODS

Order-books



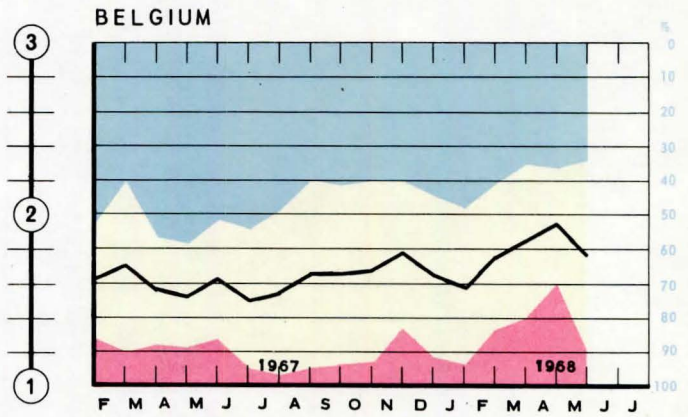
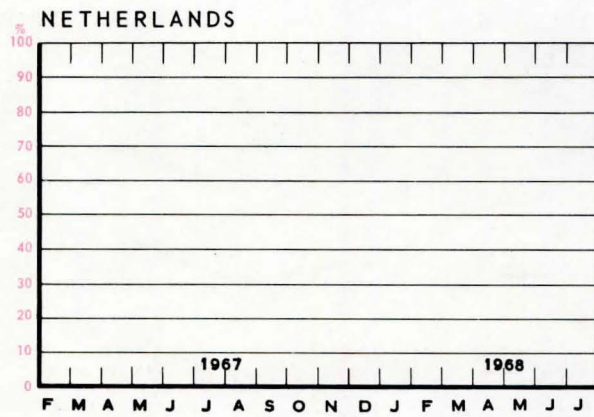
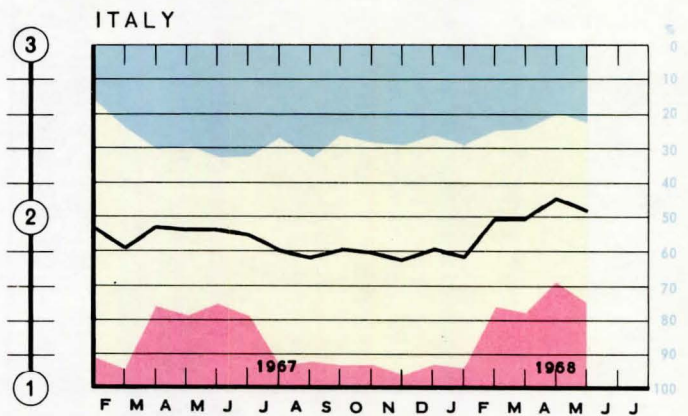
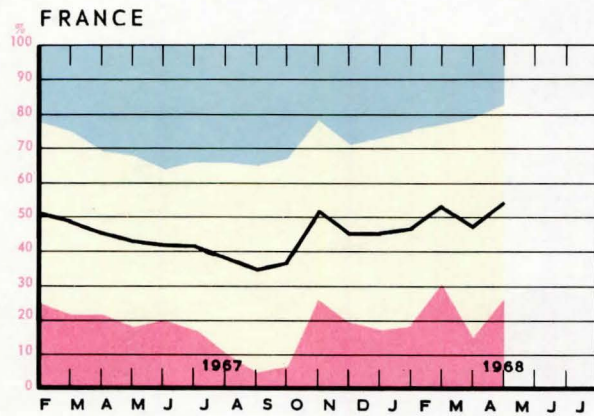
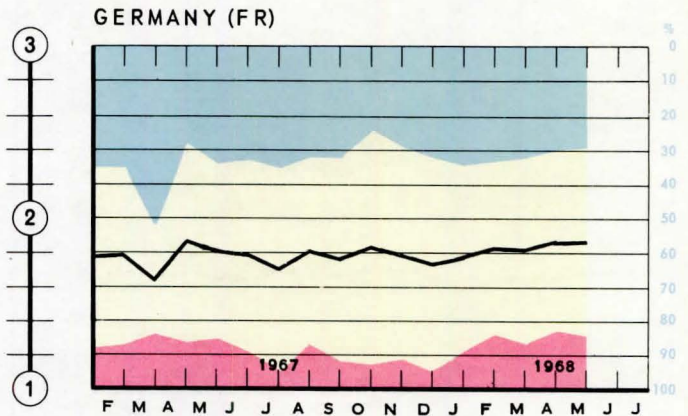
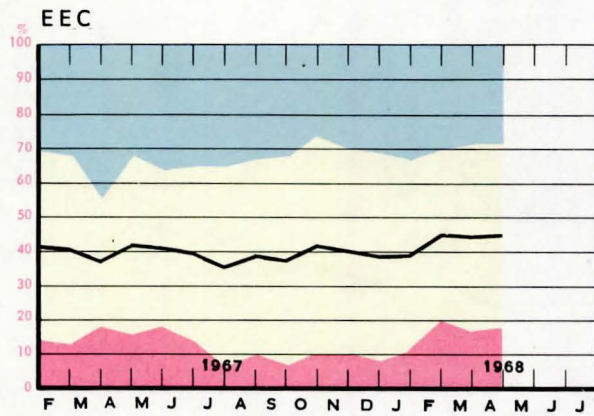
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "above normal";
 by 0.02 for the answer "normal";
 by 0.01 for the answer "below normal".



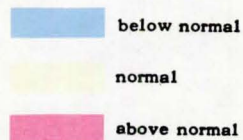
CONSUMER GOODS

Export order-books



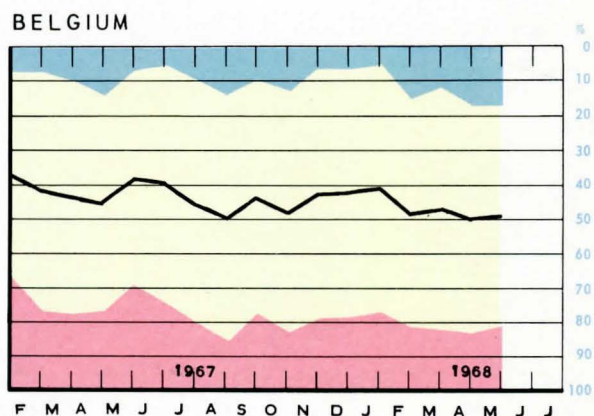
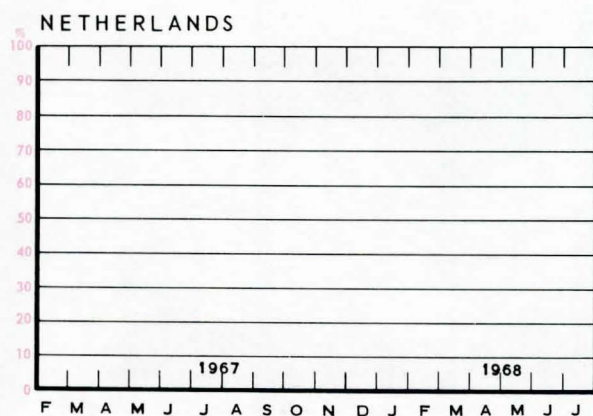
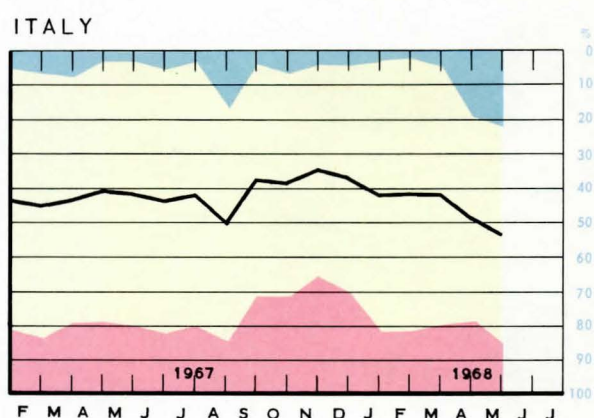
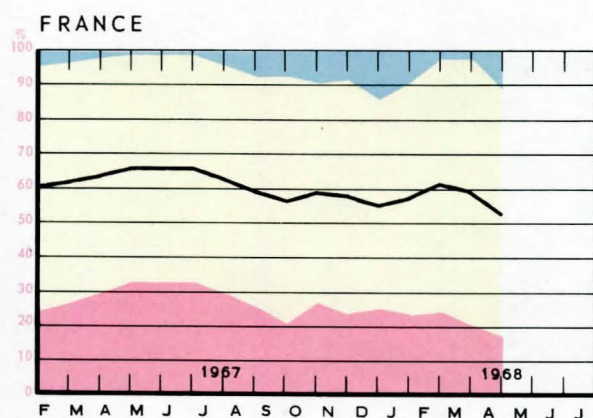
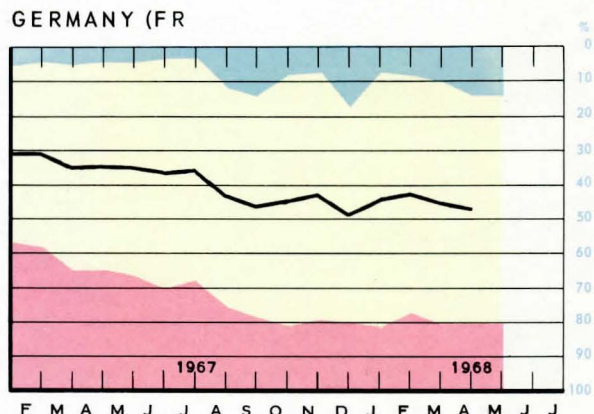
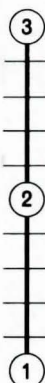
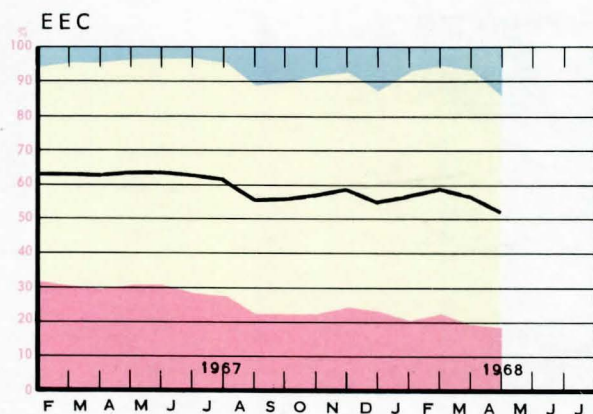
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "above normal";
 by 0.02 for the answer "normal";
 by 0.01 for the answer "below normal".




CONSUMER GOODS

Stocks of finished products




The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "above normal";
 by 0.02 for the answer "normal";
 by 0.01 for the answer "below normal".

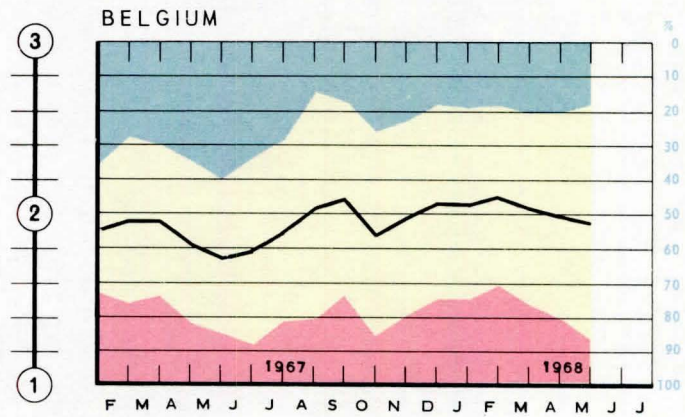
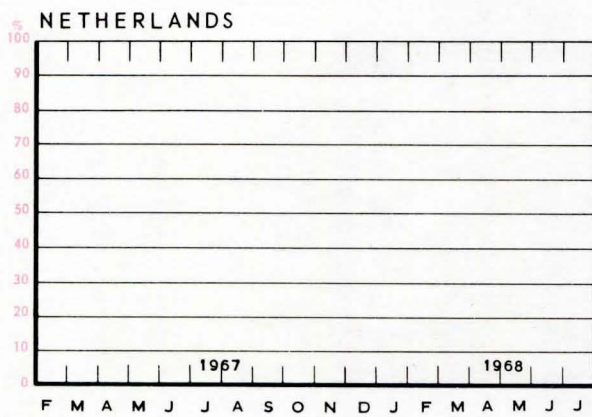
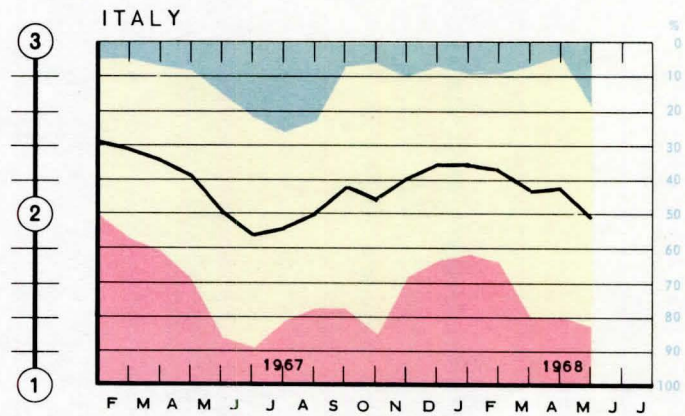
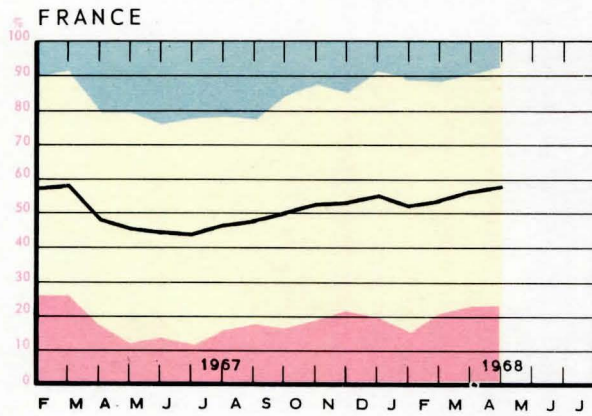
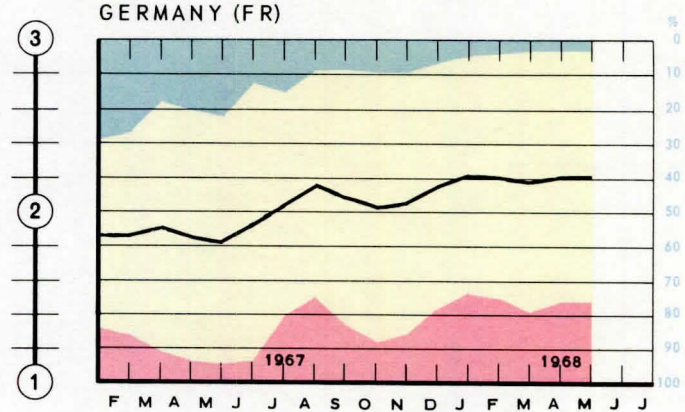
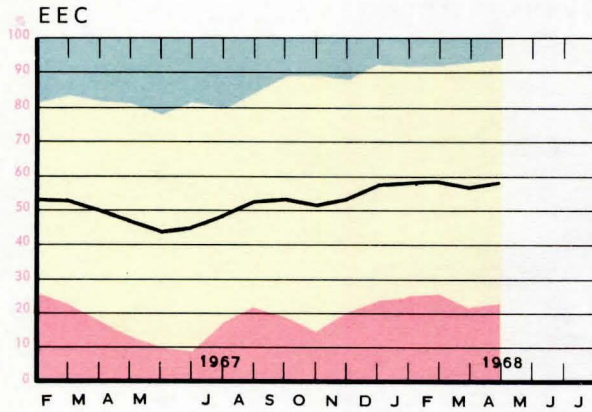
 below normal

 normal

 above normal

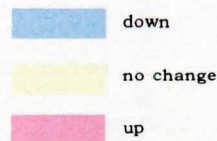
CONSUMER GOODS

Trend in production



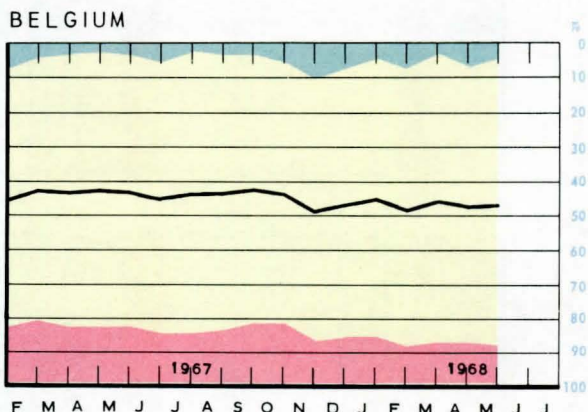
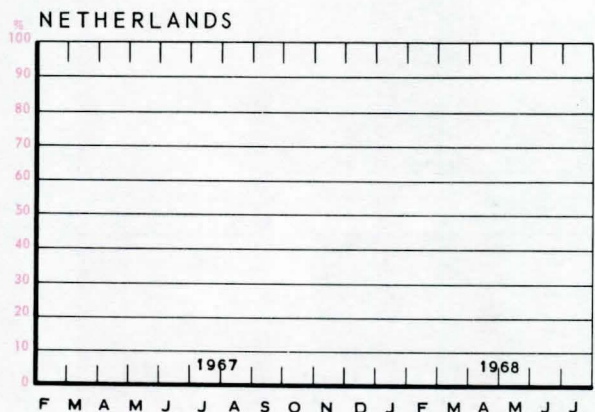
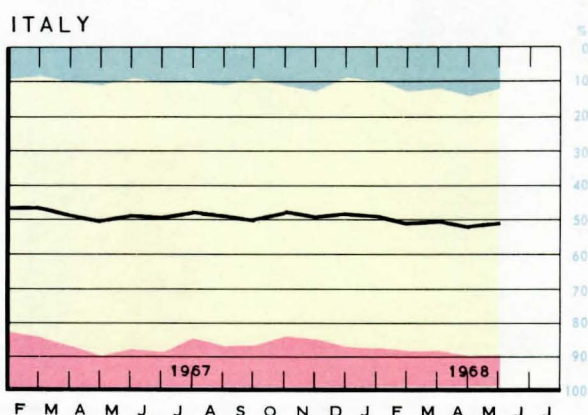
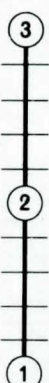
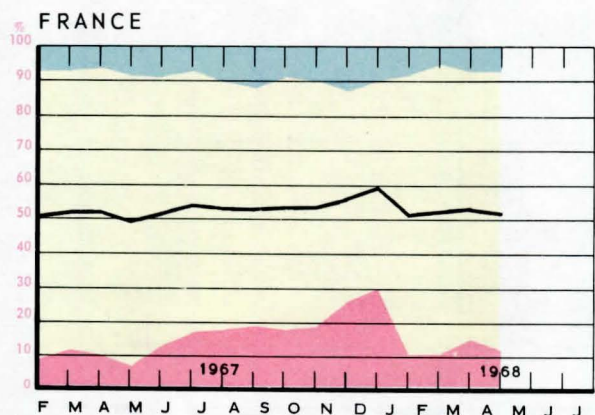
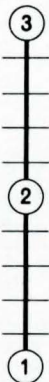
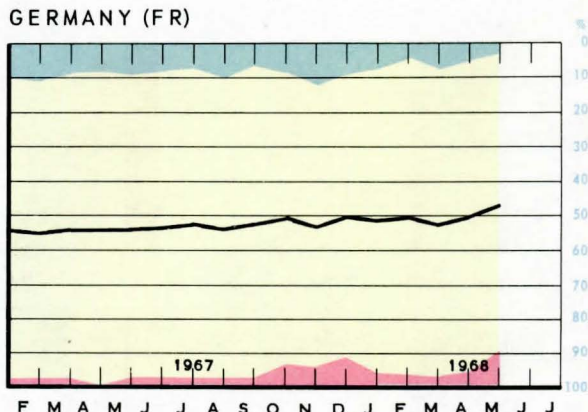
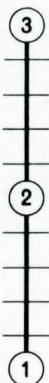
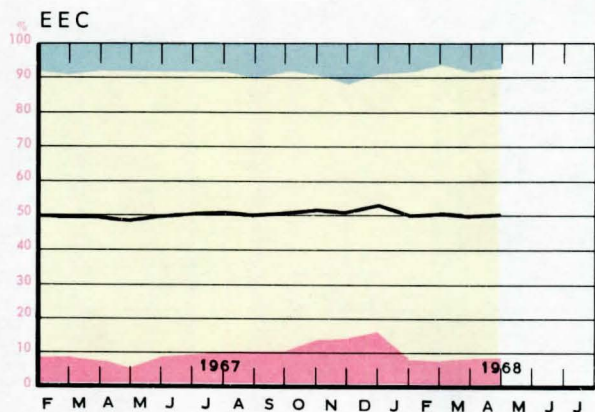
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.92 for the answer "no change";
- by 0.01 for the answer "down".



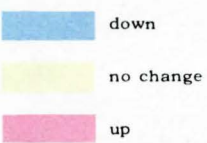
CONSUMER GOODS

Trend in selling prices



The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.92 for the answer "no change";
- by 0.01 for the answer "down".



CONSUMER GOODS

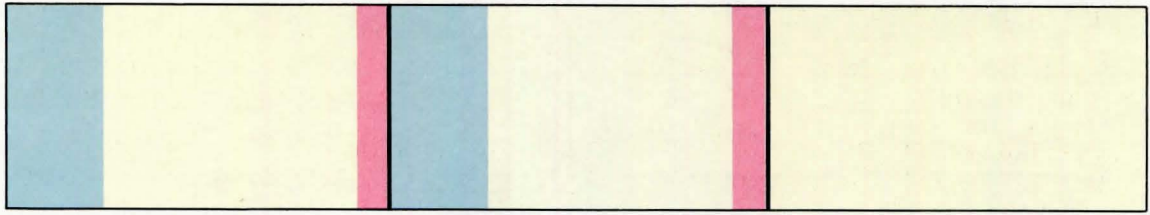
Assessment of production capacity

(October 1967)

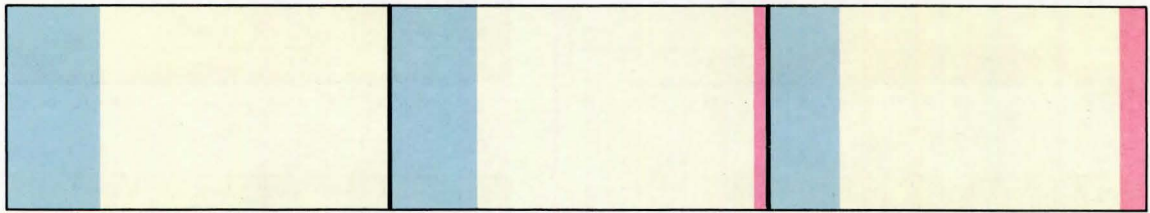
(January 1968)

(May 1968)

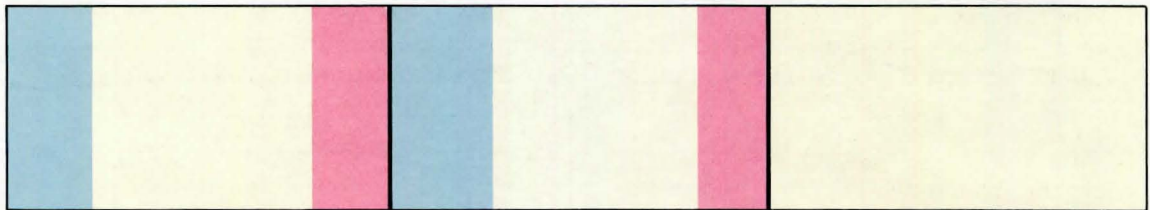
EEC



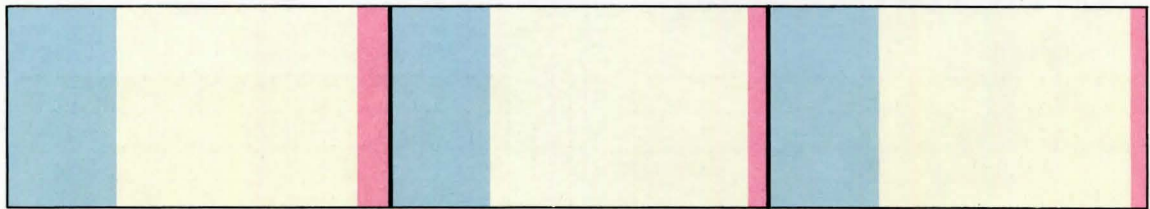
GERMANY (FR)



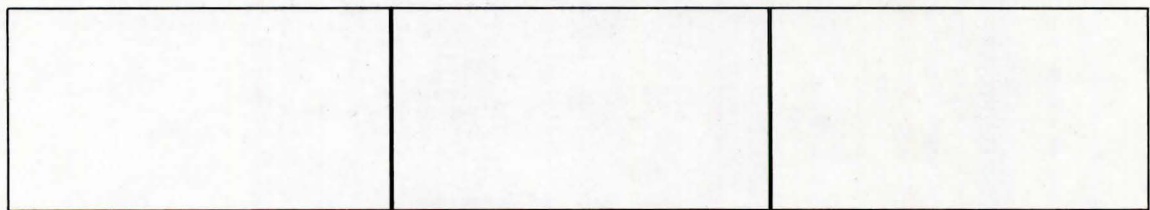
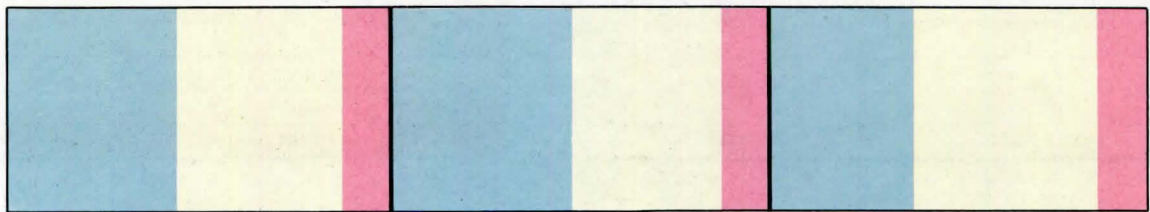
FRANCE



ITALY

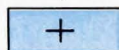


BELGIUM

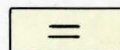


Our present capacity is:

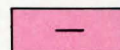
more than adequate



adequate



inadequate



CAPITAL GOODS

In Germany, the general upward business movement has again been reflected in activity in the capital goods sector: reports concerning total order-books have shown a further improvement — at the end of May, 68 % of managements reported orders as "normal" or "above normal", compared with 60 % at the end of February. Export demand has also developed favourably, though less rapidly, and stocks of finished goods have varied only a little.

Production expectations have remained very optimistic: at the end of May, 98 % of managements expected activity to remain the same or to increase, and this suggests that the rate of growth of production should remain high in coming months. Moreover, the tendency for firms to take on additional staff has become more and more clear in recent months. Firms are also working nearer capacity. In the industries associated with building, the situation is still considered good: total order-books have continued to lengthen and production expectations remain positive. The price climate is still settled.

In Italy, the recovery of vigour in the capital goods industries mentioned in the last report has been confirmed in recent months. Answers concerning total order-books have become more optimistic: at the end of May, 80 % of managements judged the level of orders as "normal" or "above normal". To judge from replies sent in, stocks of finished products have also contracted somewhat. Production expectations, though declining a little as compared with answers sent in early in the year, have remained good, and suggest that sharp variations in the rate of production in coming months are unlikely: at the end of May, 90 % of managements were predicting stable or increasing output. The activity of the industries associated with building, which had remained less dynamic, has now also expanded briskly: order-books are quite definitely lengthening, stocks have contracted a little and production expectations remain favourable.

In Belgium, expansion in the capital goods sector has remained relatively slow in recent months, but there are now more signs of an improvement. Answers concerning order-books have progressively improved without having yet become really optimistic: at the end of May, 53 % of managements judged the level of their orders as "normal" or "above normal", compared with 43 % at the end of February. Export demand has developed along exactly the same lines and stocks of finished products have varied very little.

Production expectations, which had become very definitely firmer at the end of 1967, have since settled at a relatively high level: at the end of May, 85 % of managements were predicting unchanged or higher output for the months to come. In addition a growing number of firms mention plans to recruit additional staff. The overall picture has admittedly improved, but it is still too early to diagnose an appreciable acceleration in the growth rate. Replies sent in reveal a certain tendency for selling prices to ease.

In the industries associated with building, the improvement in the business climate is less obvious. Indeed, demand seems to have deteriorated a little in recent months and production expectations are once again negative, though replies may well have been influenced by strikes in this sector.

In the Community as a whole, the latest surveys reflect clearly the current increase of vigour in the capital goods sector. Demand, particularly domestic demand, has unmistakably gained ground and expectations for future activity have remained at the high level reached early in the year. To judge from the steadily growing number

of firms reporting stock levels as normal or below normal, there must have been a decline in total stocks held. The climate with regard to selling prices has remained very settled.

In the commercial vehicle industry, order-books have lengthened under the impact of domestic demand, stocks of finished goods have contracted and production expectations have remained optimistic.

Demand for general equipment goods, which had remained relatively weak, has gained strength; stocks of finished products have been cut down and production expectations have continued to improve, thus showing that there is now some degree of optimism.

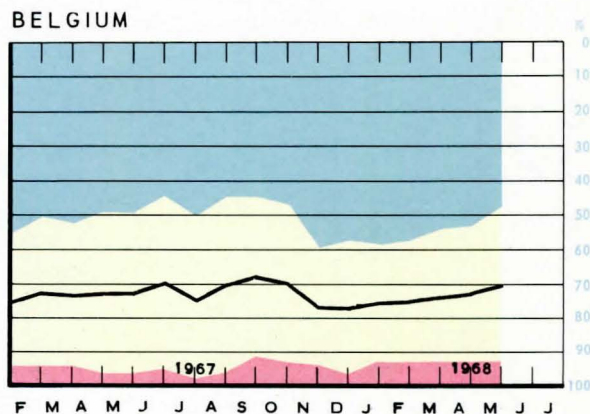
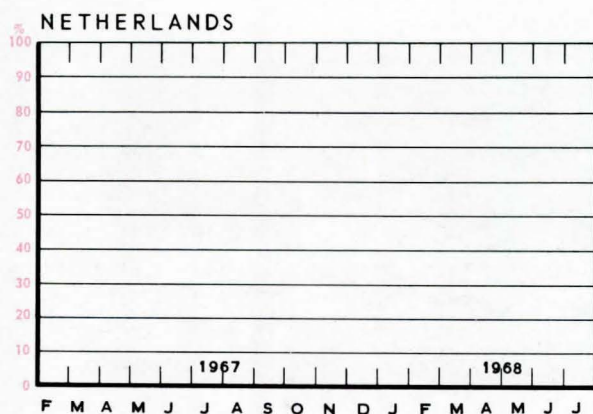
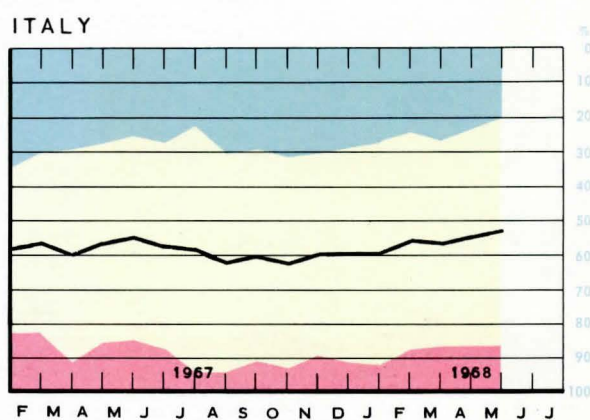
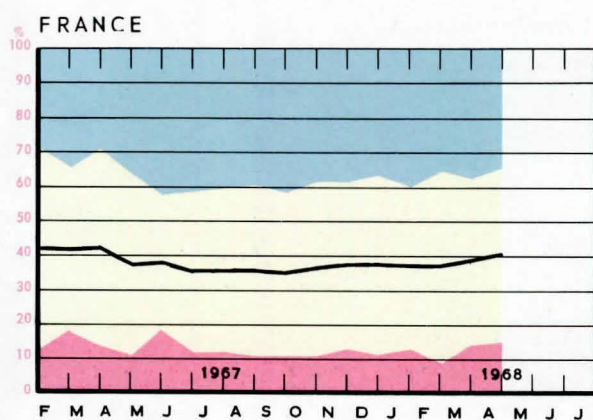
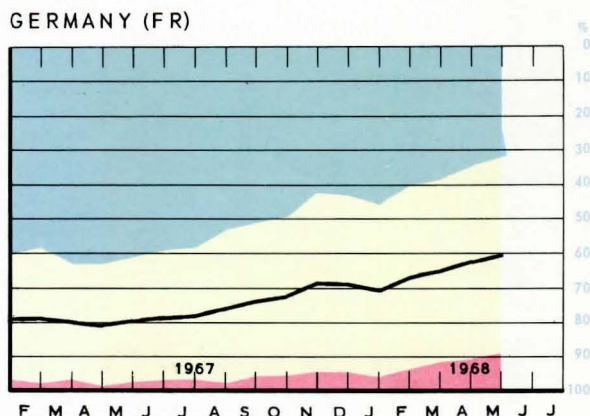
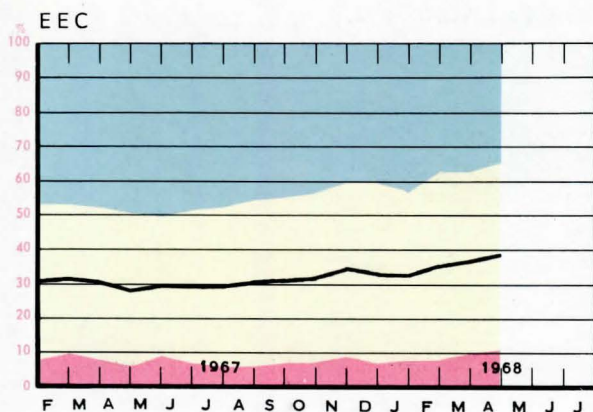
In mechanical equipment other than electrical, orders have increased in number and stocks have declined further, while production expectations have remained definitely positive. The climate in the electrical equipment industry has been more favourable, with order-books lengthening and production expectations remaining as optimistic as in the past.

(the figures are percentages of replies received)

Country	Questions 1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
GERMANY (FR)	+	4	6	8	9	11	9	12	12	14	15	15	14	14	14	12	23	24	23	25	22	2	3	3	4	7
	=	51	54	54	57	57	55	52	53	53	52	78	79	78	77	78	72	71	73	72	76	94	92	93	92	90
	-	45	40	38	34	32	36	36	35	33	33	7	7	8	9	10	5	5	4	3	2	4	5	4	4	3
FRANCE	+	13	9	14	15	16	13	15	15	27	29	31	28	22	27	29	30	18	13	11	8					
	=	48	56	49	51	49	52	51	59	68	67	64	67	66	64	56	56	77	82	80	85					
	-	39	35	37	34	35	35	34	26	5	4	5	5	12	9	15	14	5	5	9	7					
ITALY	+	8	13	14	14	14	8	12	11	11	11	20	20	19	15	16	26	22	21	19	13	10	11	10	11	10
	=	65	63	60	63	66	60	50	50	50	59	75	76	76	77	75	67	74	74	72	77	83	78	82	82	84
	-	27	24	26	23	20	32	38	39	39	30	5	4	5	8	9	7	4	5	9	10	7	11	8	7	6
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	7	7	7	7	7	9	12	9	9	10	33	28	30	32	29	15	29	16	18	14	13	11	9	6	18
	=	35	36	39	40	46	31	34	38	35	41	62	65	58	60	61	61	51	57	62	71	70	71	82	81	74
	-	58	57	54	53	47	60	54	53	56	49	5	7	12	8	10	24	20	27	20	15	17	18	9	13	8
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	8	8	10	11	10	12	12	13	20	21	21	20	22	25	24	25	9	8	7	6					
	=	50	55	53	55	52	50	51	51	74	73	72	72	69	68	67	67	85	85	86	88					
	-	42	37	37	34	38	38	37	36	6	6	7	8	9	7	9	8	6	7	7	6					

CAPITAL GOODS

Order-books



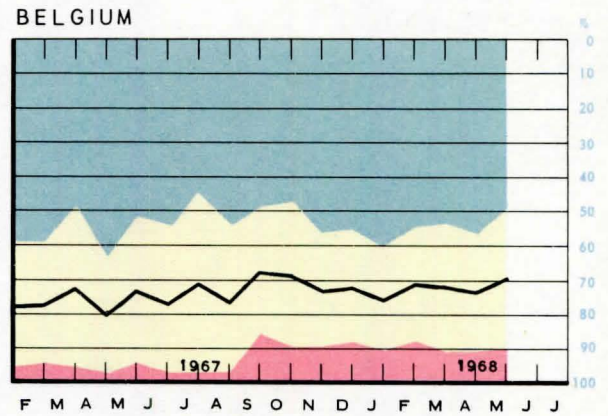
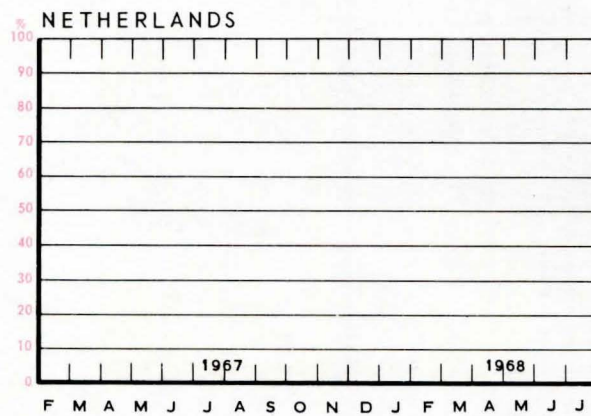
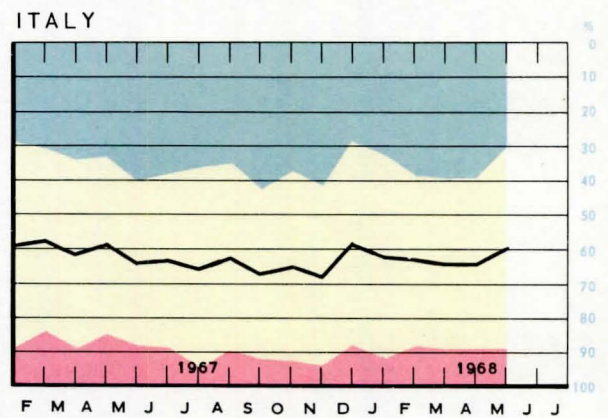
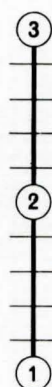
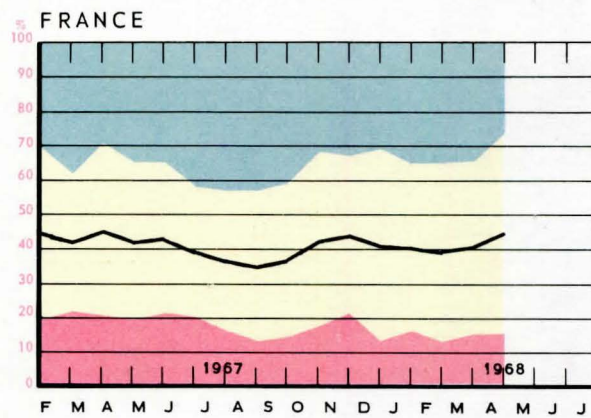
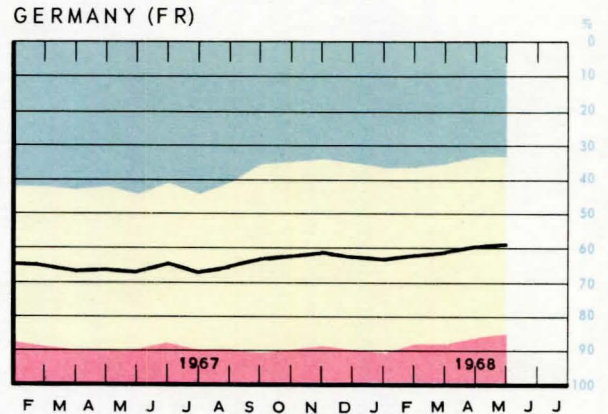
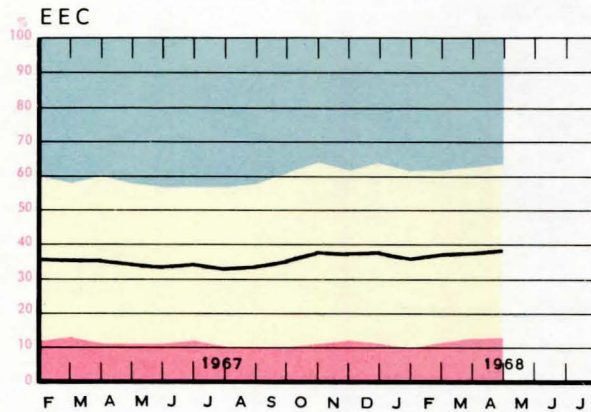
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "above normal";
 by 0.02 for the answer "normal";
 by 0.01 for the answer "below normal".



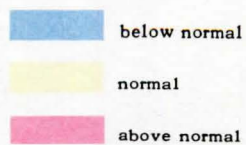
CAPITAL GOODS

Export order-books



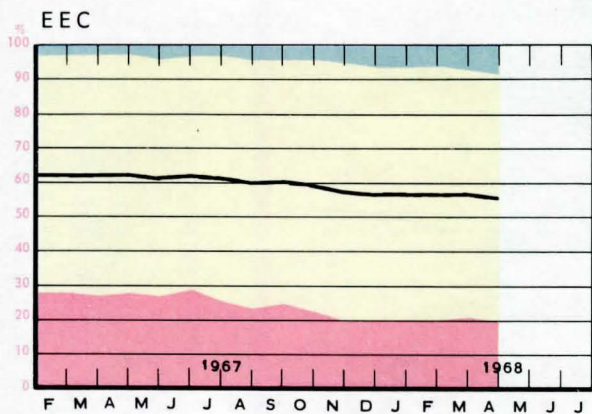
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".

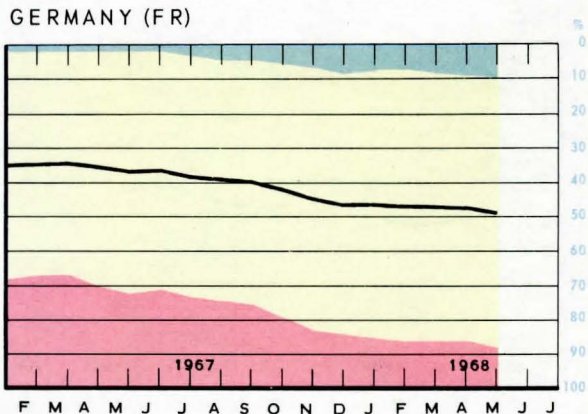


CAPITAL GOODS

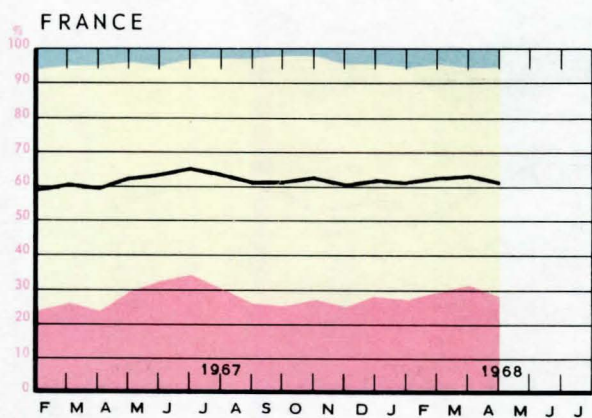
Stocks of finished products



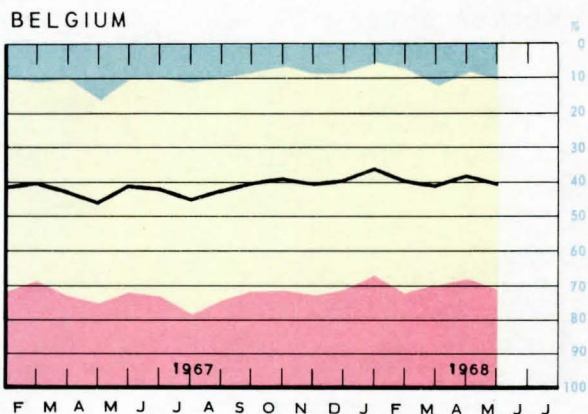
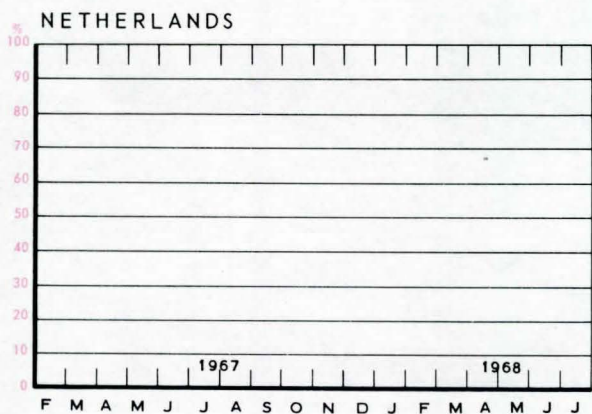
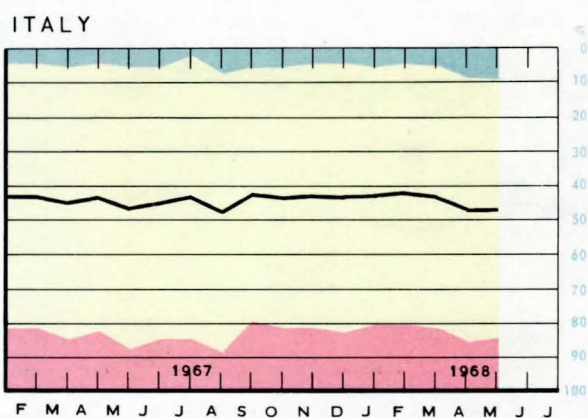
3
2
1



3
2
1

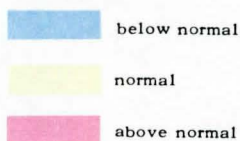


3
2
1



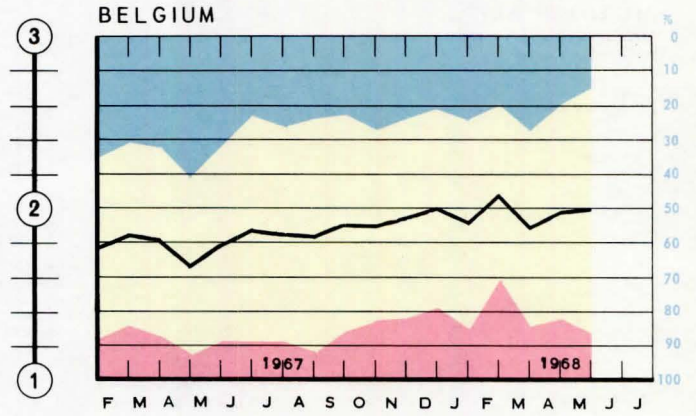
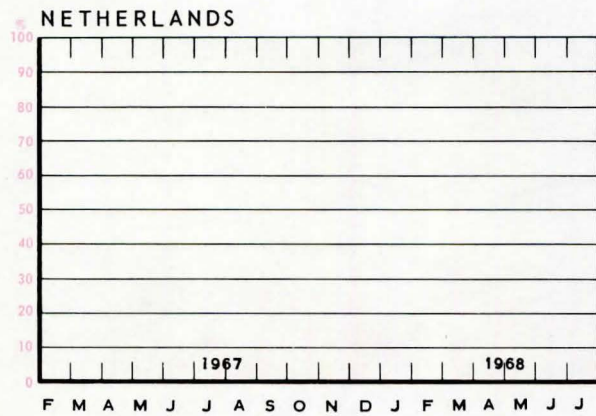
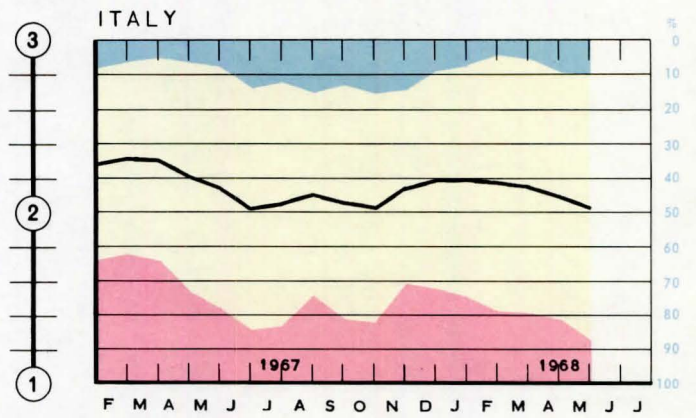
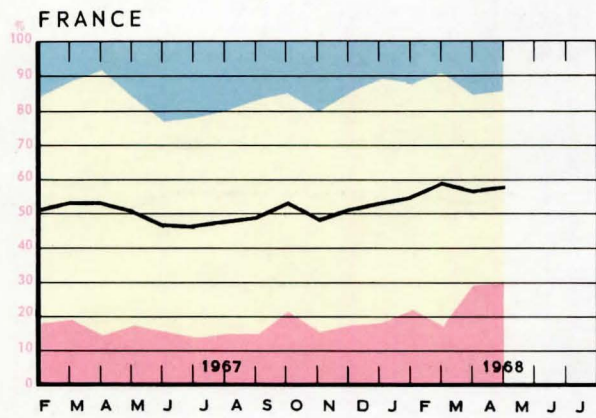
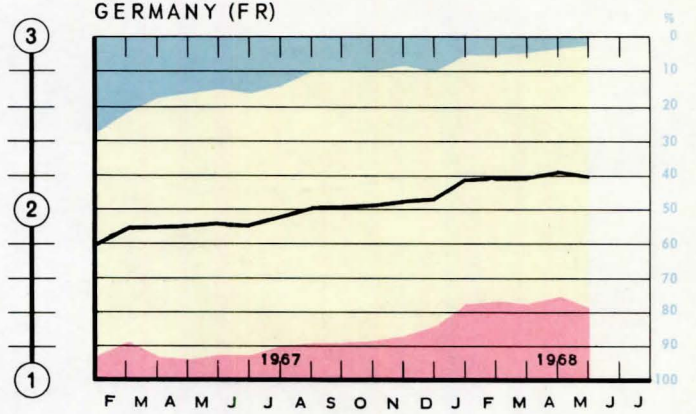
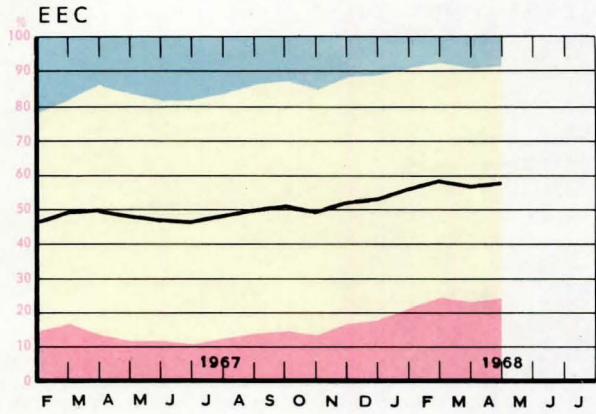
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



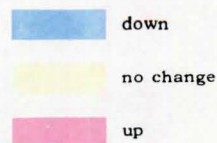
CAPITAL GOODS

Trend in production



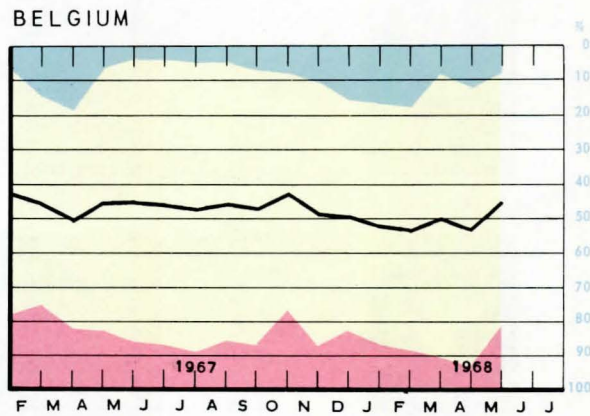
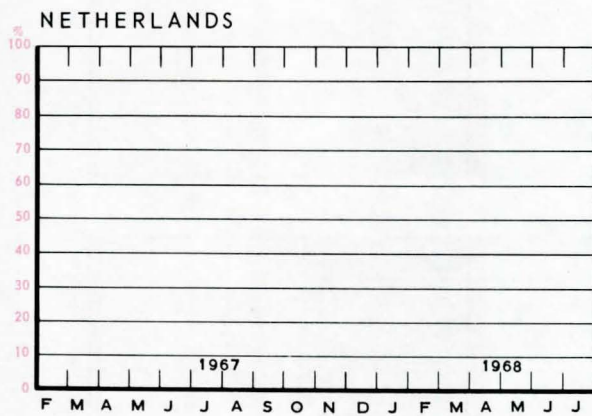
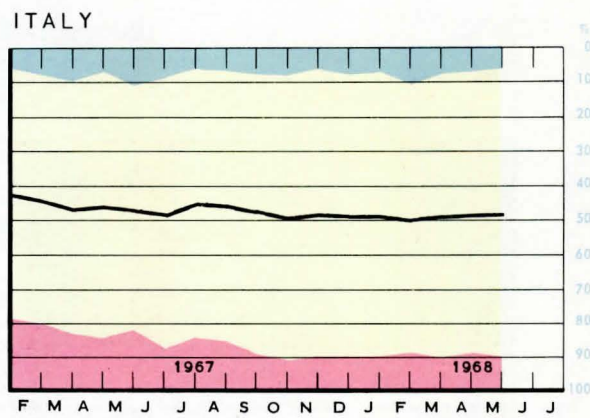
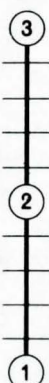
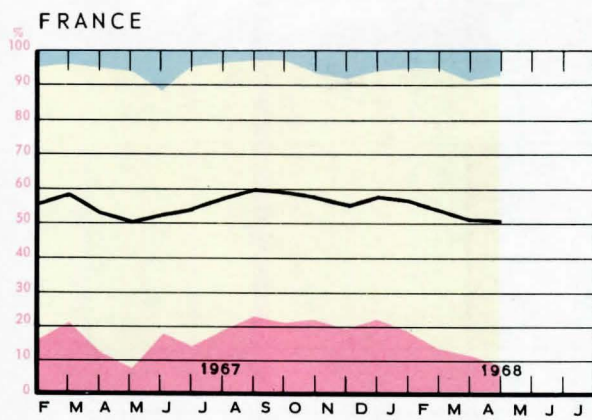
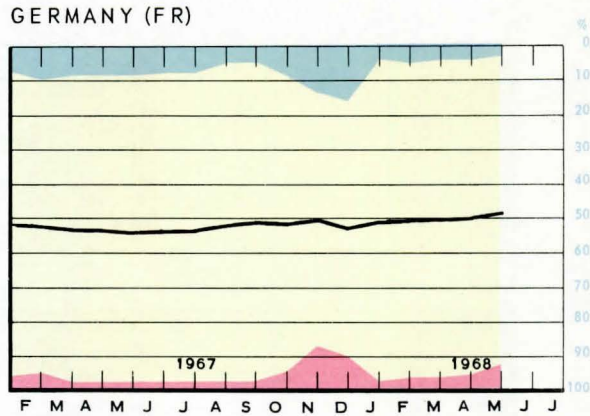
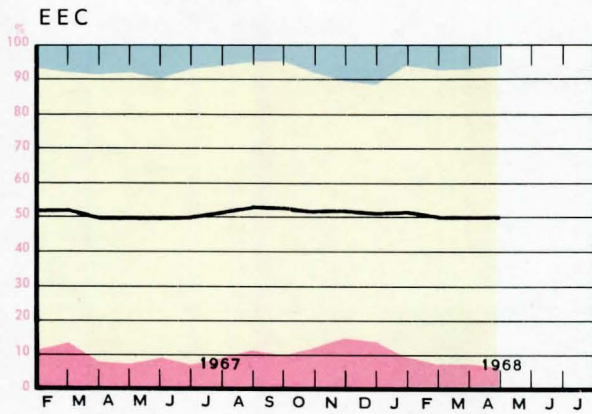
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "up";
by 0.92 for the answer "no change";
by 0.01 for the answer "down".



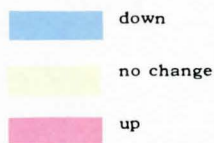
CAPITAL GOODS

Trend in selling prices



The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.92 for the answer "no change";
- by 0.01 for the answer "down"



CAPITAL GOODS

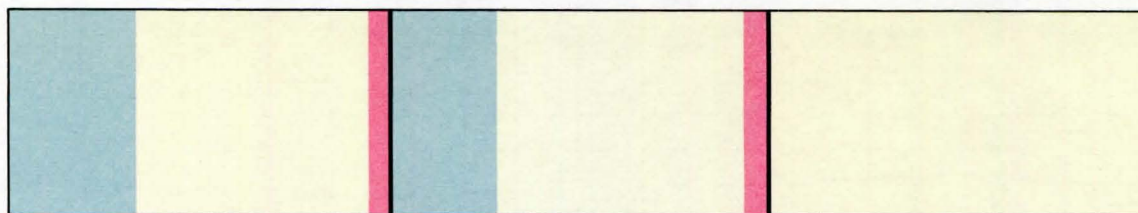
Assessment of production capacity

(October 1967)

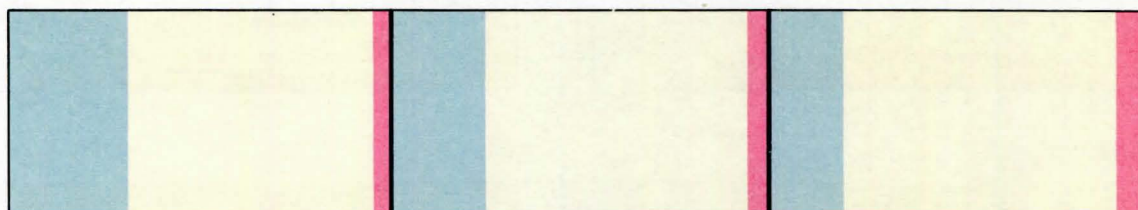
(January 1968)

(May 1968)

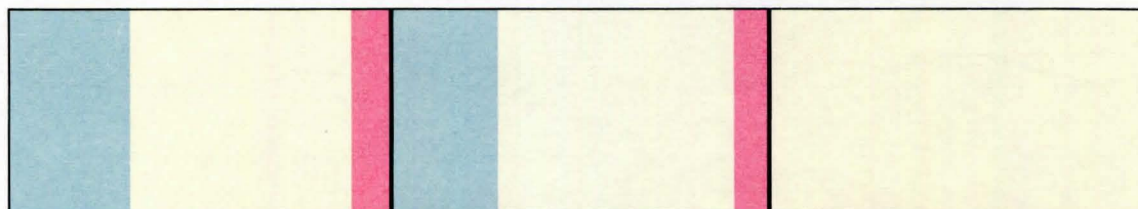
EEC



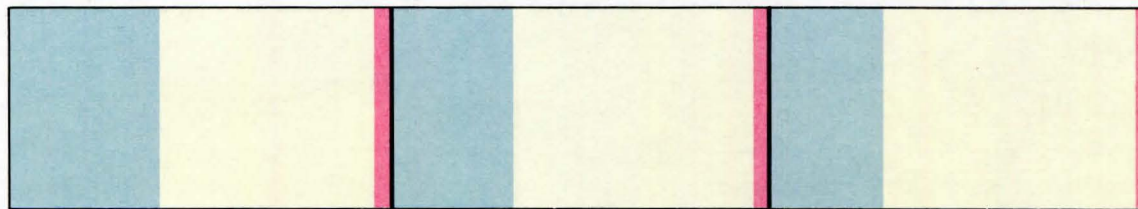
GERMANY (FR)



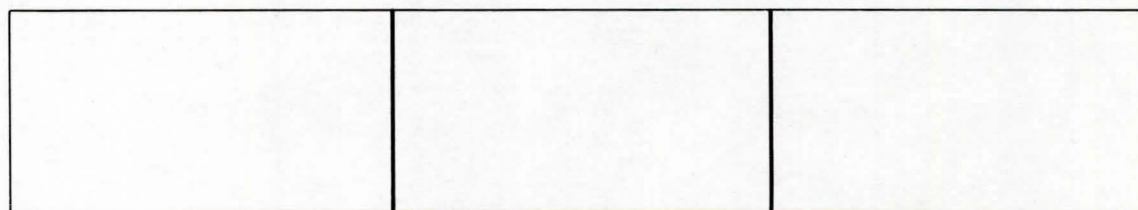
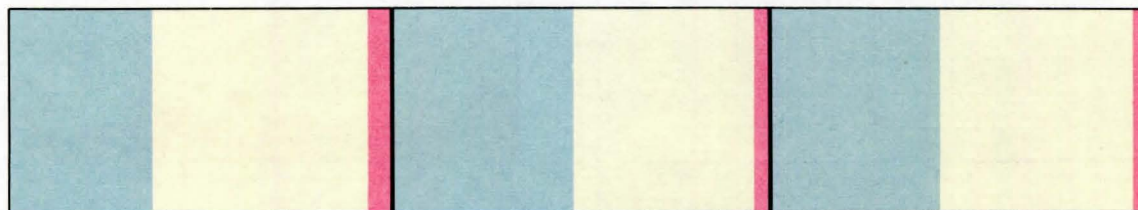
FRANCE



ITALY

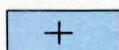


BELGIUM

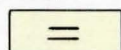


Our present capacity is:

more than
adequate



adequate



inadequate



INTERMEDIATE GOODS

In Germany, the intermediate goods sector, which is still expanding, is following the trend of the capital goods and consumer goods industries fairly closely. The reports of managements on their total order-books have shown a distinct improvement: at the end of May, 87% reported their level of orders as "normal" or "above normal", compared with 77% at the end of February. Export demand remained strong and stocks of finished products declined a little.

In recent months firms have again been running nearer capacity and production expectations have remained at the high level attained at the beginning of the year: at the end of May, 96% of managements expected a further increase or a maintenance of the present rate. The answers to the latest surveys also reveal a tendency for firms to take on additional staff. All in all, it is likely that expansion will remain lively in this sector in coming months.

In Italy, the situation of the intermediate goods industries has remained favourable. Thus, at the end of May, 80% of managements described the level of orders in hand as "normal" or "above normal". The rate of utilization of production capacity has again increased and stocks of finished products have tended to decline.

In addition, production expectations have remained optimistic. At the end of May, 91% of managements expected their rate of production to be maintained or to increase in coming months. The trend of selling prices remains upwards, but the tendency has become less distinct.

In Belgium, the signs of improvement have become slightly stronger. It seems that business trends in the intermediate goods sector are now more buoyant. Domestic demand, which had remained relatively stable, has become more lively in recent months: the difference between the percentage of managements reporting "above normal" and those complaining of "below normal" order-books fell from 21 to 11 between the end of February and the end of May. The trend was less marked in respect of export demand, for which the same difference declined from 10 to 8. The rate of utilization of production capacity has risen substantially since the beginning of the year. Although managements have not predicted additional recruiting of staff in the immediate future, production expectations have nevertheless improved. The difference between the percentage of managements expecting an increase and those forecasting a decline of activity has become a positive figure for the first time since March 1966. In these conditions the sector is likely to gain a degree of vigour in the near future and price strains could well tend to increase.

In the Community as a whole, the improvement of the business climate in the sector has been reflected both in answers concerning total and export order-books — which have lengthened appreciably — and in production expectations, which have remained very optimistic.

Demand for iron and steel products (including primary processing) has revived and production expectations have become very optimistic; the situation has also improved in the non-ferrous metal industry, where demand has expanded considerably. Industries serving the consumption industries are also benefiting from a recovery of demand, and their production expectations have become more optimistic. In wood and printing, order-books are longer but production expectations have slackened a little. Chemicals are quite unmistakably expanding — doubtless partly because of structural developments; stocks have contracted a little and production trends remain excellent.

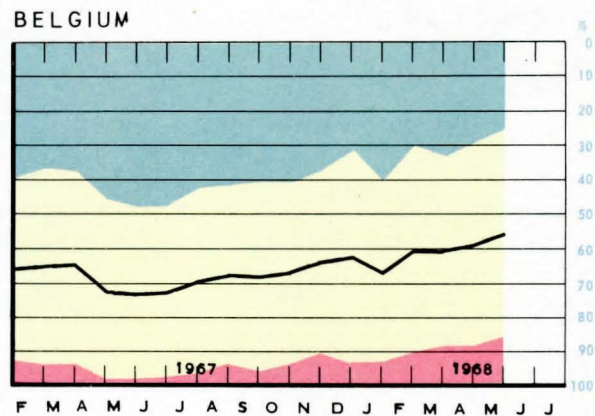
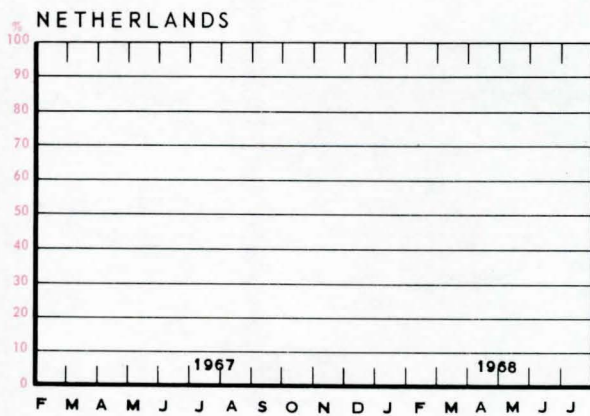
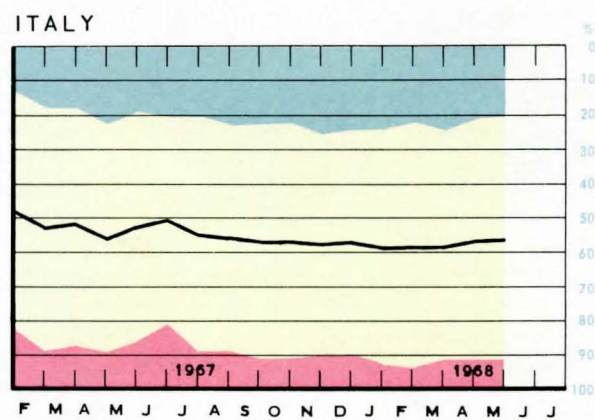
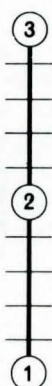
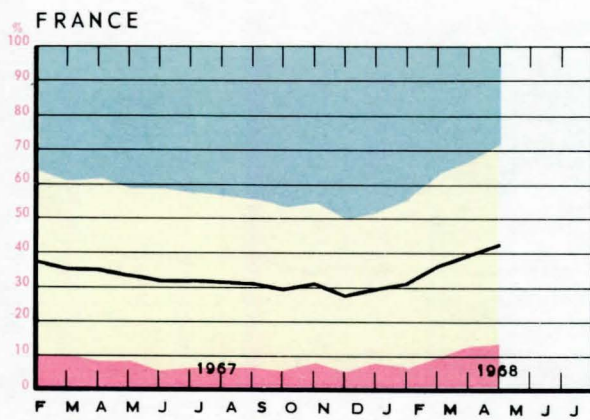
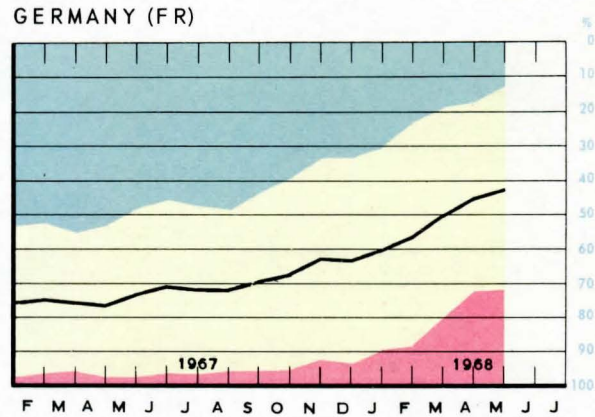
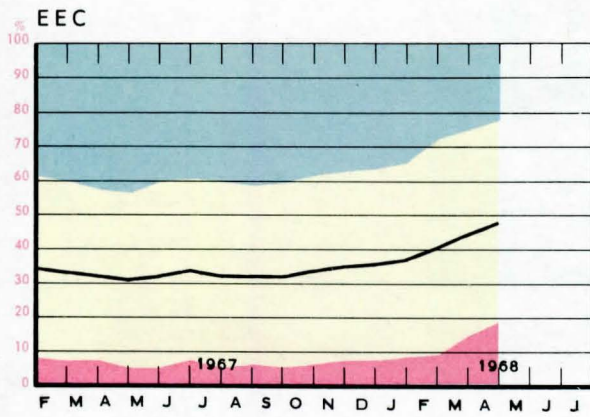
In the rubber industry orders on hand have fallen a little of late, but stocks of finished products have also declined and production expectations have improved.

(the figures are percentages of replies received)

Questions Country	1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
GERMANY (FR)	+	10	11	19	27	28	20	26	20	20	17	11	9	9	8	7	32	29	24	32	30	9	8	9	12	17
	=	60	66	62	56	59	63	59	66	68	71	86	86	84	85	84	66	69	73	65	66	77	83	79	81	76
	-	30	23	19	17	13	17	15	14	12	12	3	5	7	7	9	2	2	3	3	4	14	9	12	7	7
FRANCE	+	6	9	12	13	6	8	13	11	23	22	25	23	18	24	32	31	8	6	7	6					
	=	50	54	55	59	58	65	64	64	74	75	71	74	73	71	63	64	83	87	80	84					
	-	44	37	33	28	36	27	23	25	3	3	4	3	9	5	5	5	9	7	13	10					
ITALY	+	7	6	8	8	8	19	7	12	11	10	18	18	16	18	15	18	18	16	13	14	7	10	9	6	8
	=	69	72	68	71	72	46	59	56	56	61	77	74	80	76	78	74	74	75	79	78	75	69	71	76	81
	-	24	22	24	21	20	35	34	32	33	29	5	8	4	6	7	8	8	9	8	8	18	21	20	18	11
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	6	9	11	11	14	8	16	11	8	13	18	19	17	14	15	14	14	12	13	17	12	9	7	8	9
	=	54	61	56	60	61	55	58	61	64	66	74	74	74	76	73	63	68	66	67	70	74	76	70	76	81
	-	40	30	33	29	25	37	26	28	28	21	8	7	9	10	12	23	18	22	20	13	14	15	23	16	10
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	8	9	14	18	14	17	15	14	16	15	16	15	24	24	24	27	9	8	9	9					
	=	58	63	61	60	58	60	64	65	80	80	79	79	69	71	70	67	78	81	76	81					
	-	34	28	25	22	28	23	21	21	4	5	5	6	7	5	6	6	13	11	15	10					

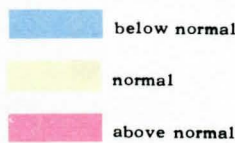
INTERMEDIATE GOODS

Order-books



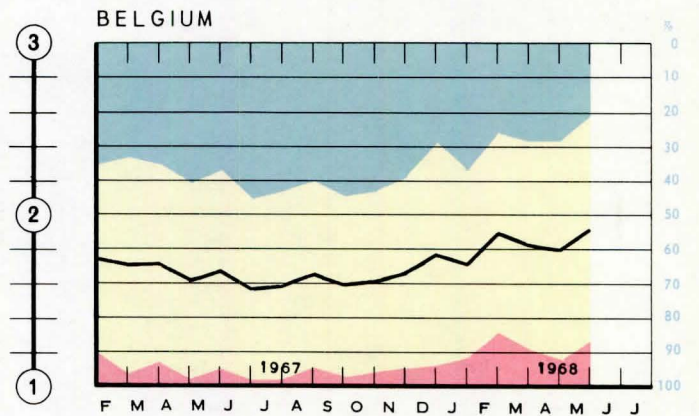
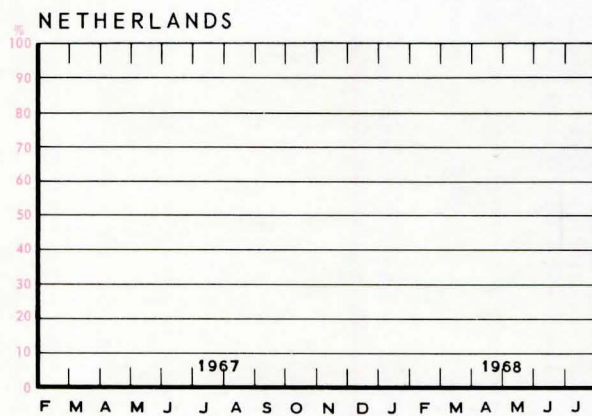
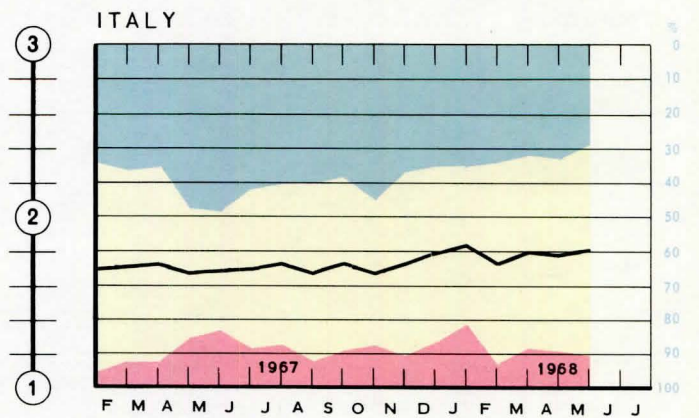
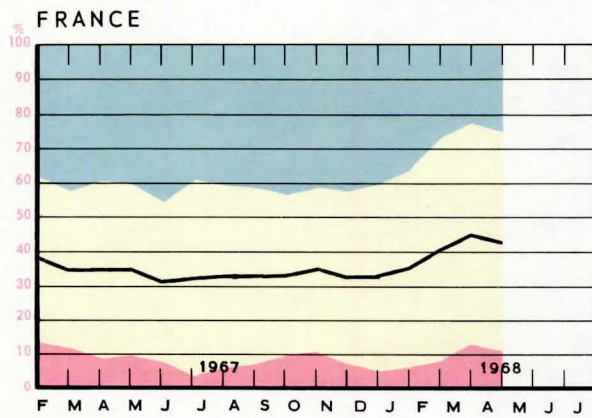
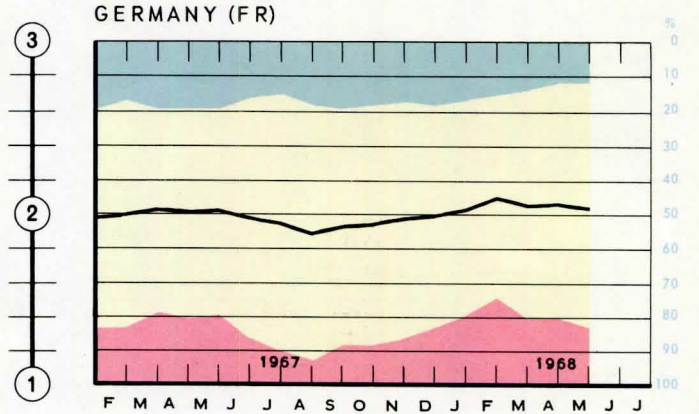
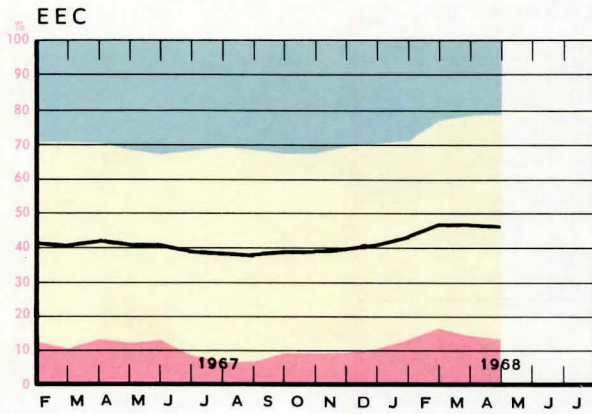
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "above normal";
 by 0.02 for the answer "normal";
 by 0.01 for the answer "below normal".



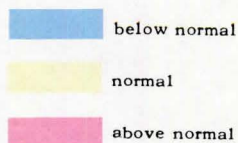
INTERMEDIATE GOODS

Export order-books



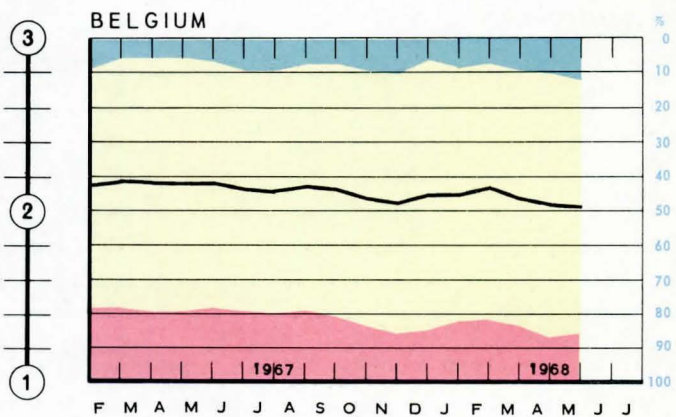
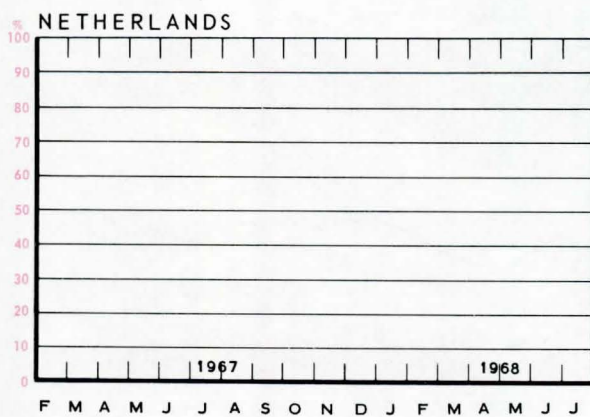
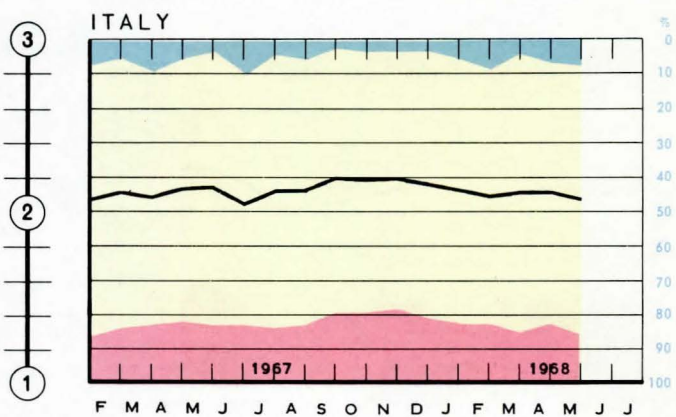
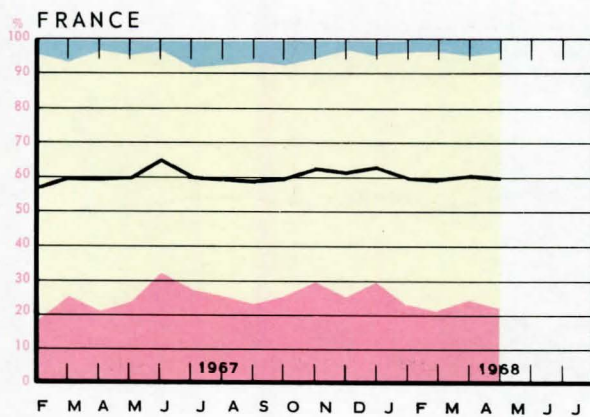
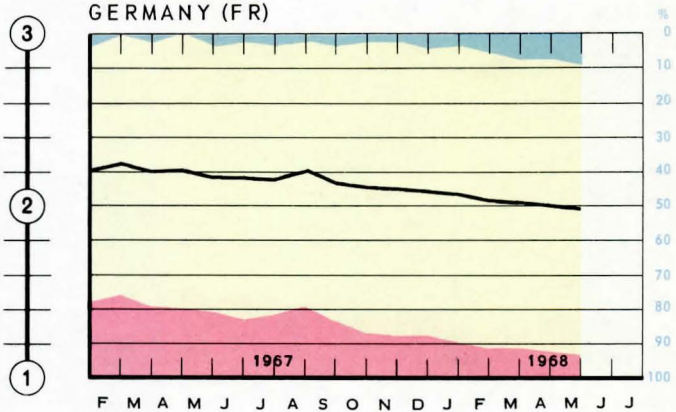
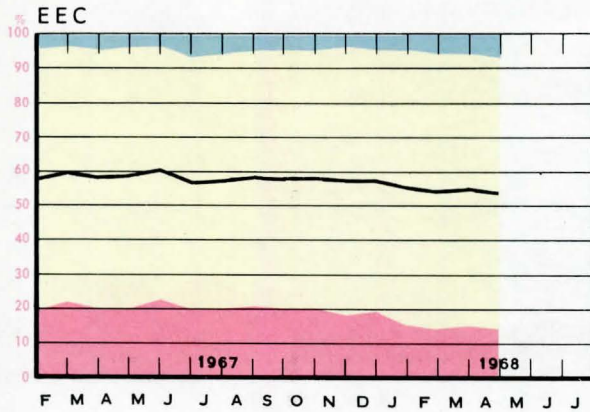
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



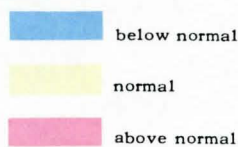
INTERMEDIATE GOODS

Stocks of finished products



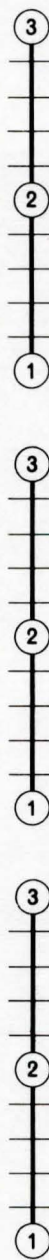
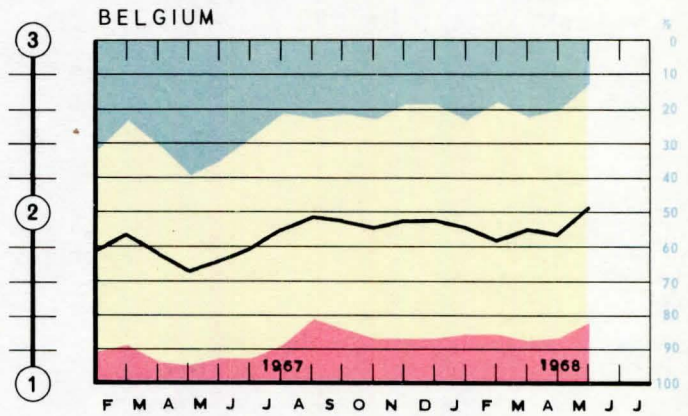
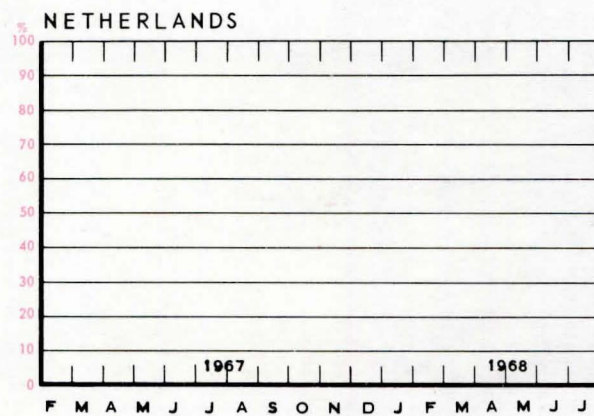
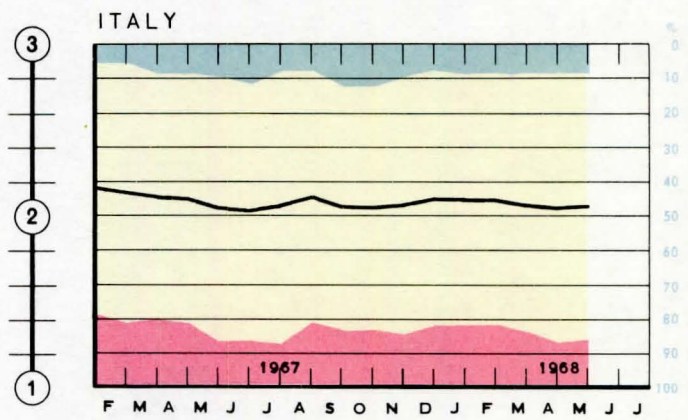
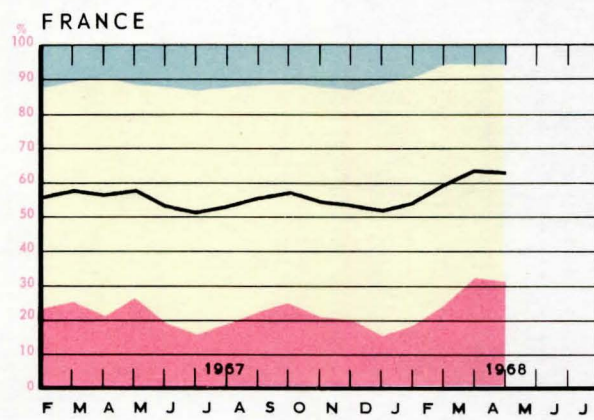
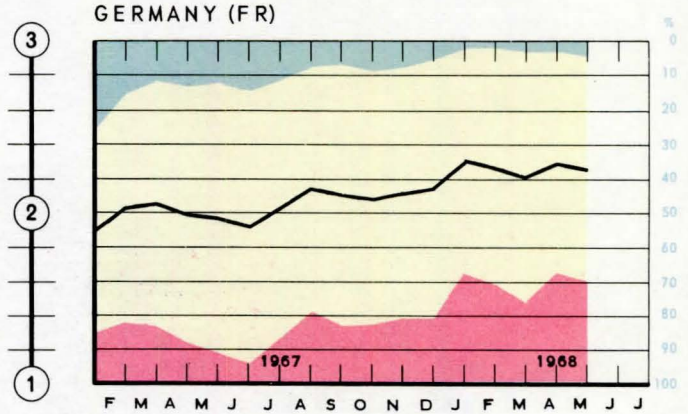
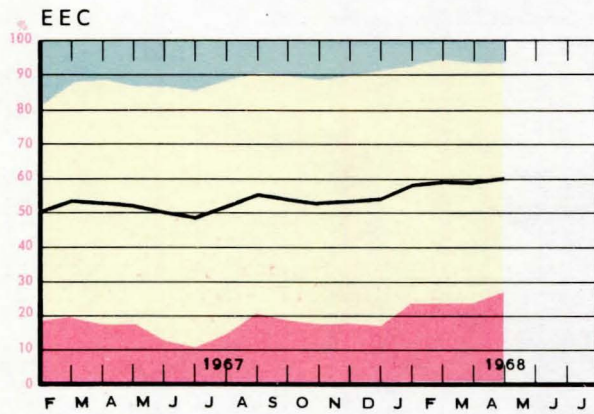
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



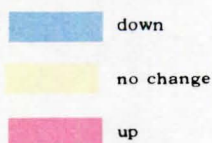
INTERMEDIATE GOODS

Trend in production



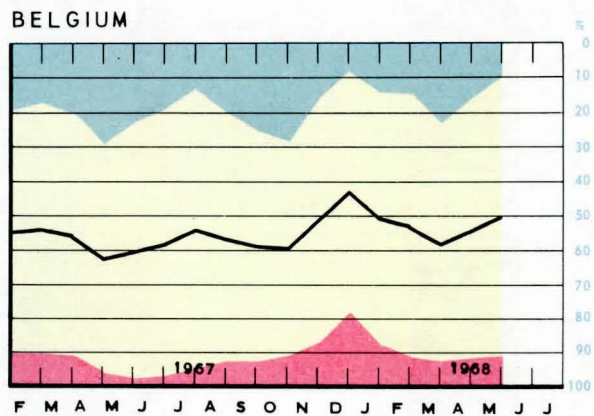
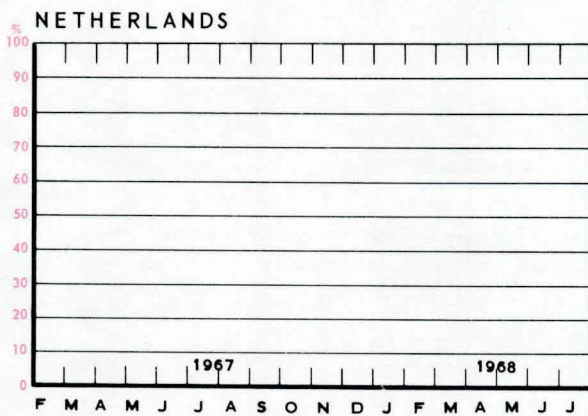
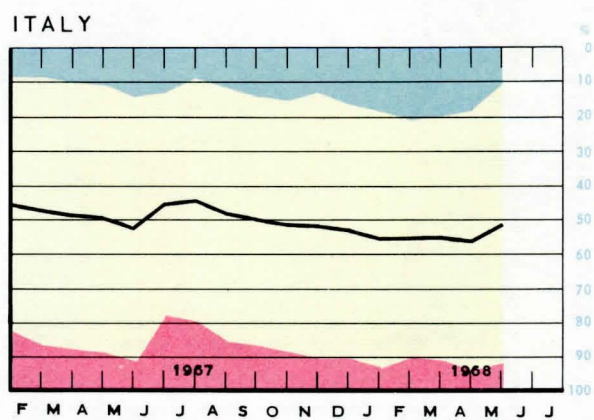
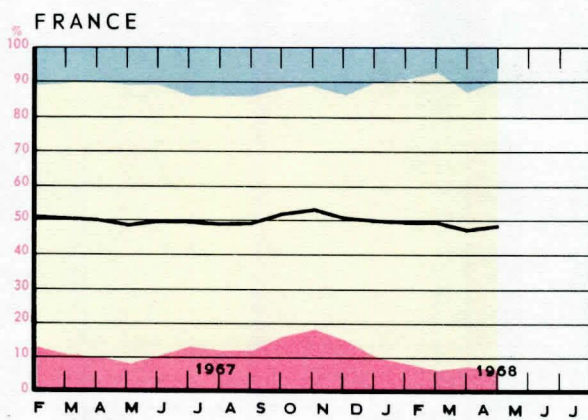
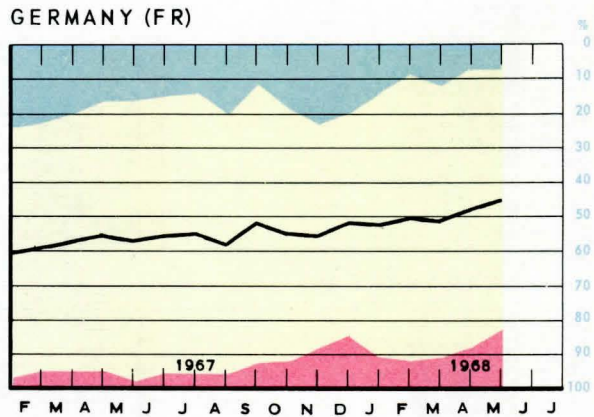
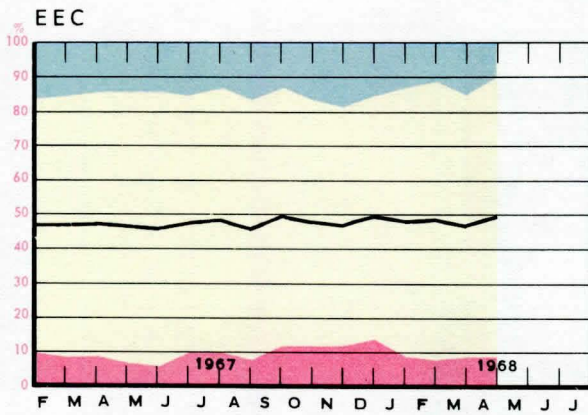
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.92 for the answer "no change";
- by 0.01 for the answer "down".



INTERMEDIATE GOODS

Trend in selling prices



The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "up";
 by 0.92 for the answer "no change";
 by 0.01 for the answer "down".



INTERMEDIATE GOODS

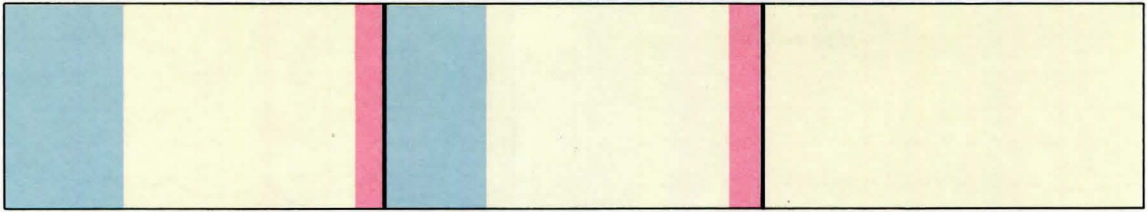
Assessment of production capacity

(October 1967)

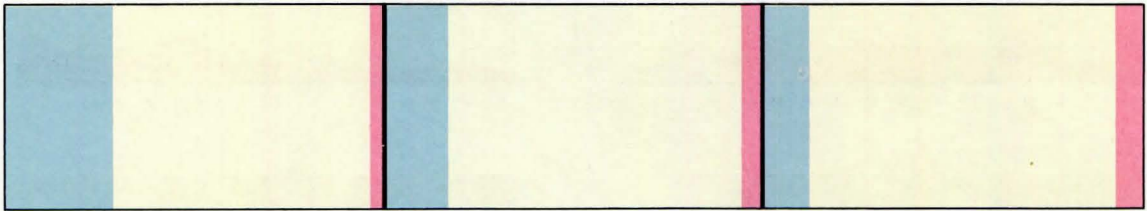
(January 1968)

(May 1968)

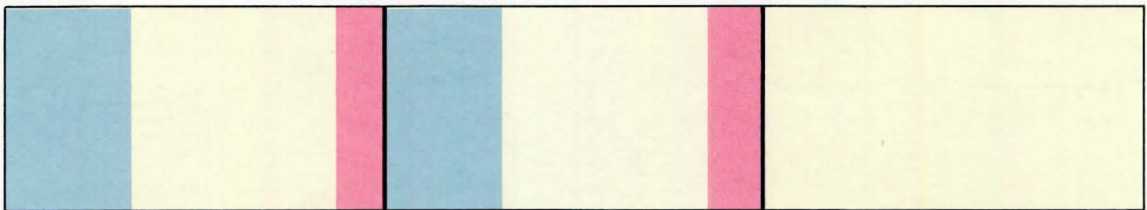
EEC



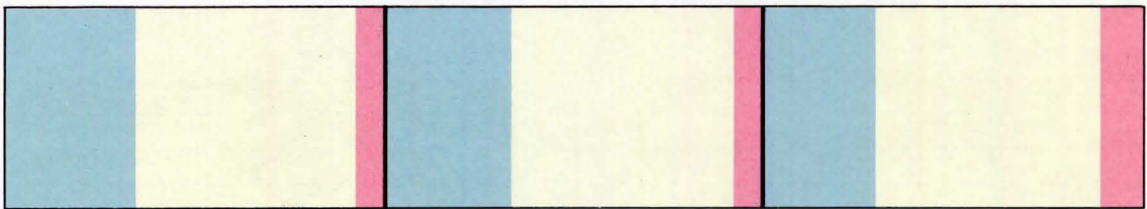
GERMANY (FR)



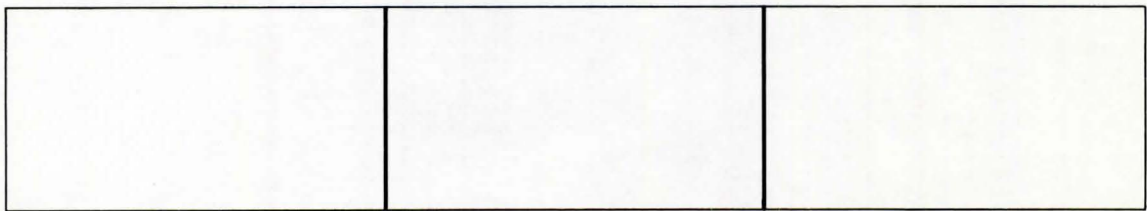
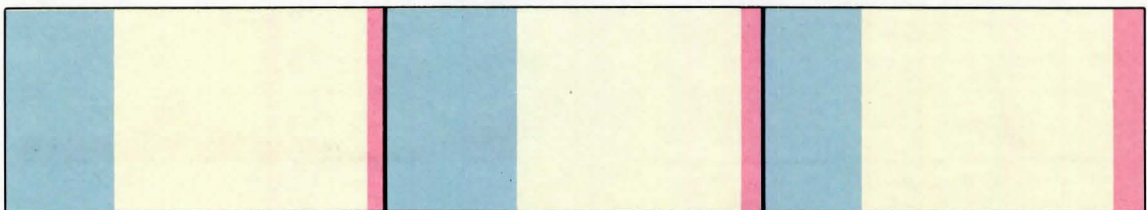
FRANCE



ITALY



BELGIUM

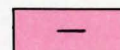
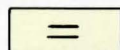
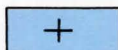


Our present capacity is:

more than adequate

adequate

inadequate



RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL

Sector	Questions	1968	Assessments															Expectations									
			Total order-book					export order-book					Stocks of finished products					Production					Selling prices				
			J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
1. Textiles	+		9	10	10	11	4	8	7	7	38	35	38	36	11	13	13	15	21	17	17	14					
	=		42	42	45	47	38	37	41	43	59	62	59	60	73	75	74	73	69	72	71	76					
	-		49	48	45	42	58	55	52	50	3	3	3	4	16	12	13	12	10	11	12	10					
2. Garments and knitted and crocheted goods	+		7	8	12	13	5	4	3	8	28	27	23	23	14	14	17	20	15	12	14	13					
	=		50	48	46	54	45	52	59	57	67	70	72	72	74	69	68	71	82	84	83	84					
	-		43	44	42	33	50	44	38	35	5	3	5	5	12	17	15	9	3	4	3	3					
3. Leather and footwear	+		8	9	11	13	10	12	15	16	22	21	23	21	19	12	19	22	12	12	18	20					
	=		58	54	58	61	56	57	51	51	74	74	70	71	70	73	71	68	82	84	77	77					
	-		34	37	31	26	34	31	34	33	4	5	7	8	11	15	10	10	6	4	5	3					
4. Wood and cork	+		5	6	10	11	8	8	6	6	38	29	32	31	20	18	20	17	10	10	10	15					
	=		48	57	57	59	44	52	49	50	57	67	64	64	66	75	73	79	80	81	83	80					
	-		47	37	33	30	48	40	45	44	5	4	4	5	14	7	7	4	10	9	7	5					
5. Furniture	+		6	7	8	9	14	9	20	15	20	24	26	22	26	24	22	26	9	6	5	8					
	=		51	54	50	53	53	57	48	50	76	71	69	74	63	66	70	67	86	92	93	87					
	-		43	39	42	38	33	34	32	35	4	5	5	4	11	10	8	7	5	2	2	5					
6. Paper	+		8	9	12	18	2	9	10	5	25	23	21	20	13	21	20	22	3	6	8	10					
	=		50	51	56	55	58	58	61	61	65	65	67	67	76	69	74	72	86	84	85	81					
	-		42	40	32	27	40	33	29	34	10	12	12	13	11	10	6	6	11	10	7	9					
7. Printing	+		6	5	7	9	2	2	2	4	6	1	7	5	14	14	13	11	18	10	11	9					
	=		57	69	70	65	81	81	81	80	93	98	92	95	78	83	77	76	80	86	87	88					
	-		37	26	23	26	17	17	17	16	1	1	1	0	8	3	10	13	2	4	2	3					
8. Processing of plastics	+		11	17	15	17	6	10	8	4	15	18	19	18	40	33	33	29	3	1	4	3					
	=		58	49	52	55	57	58	48	55	80	76	73	72	56	63	59	65	73	81	72	78					
	-		31	34	33	28	37	32	44	41	5	6	8	10	4	4	8	6	24	18	24	19					
9. Chemicals	+		11	16	24	39	35	34	28	27	13	12	9	9	53	43	42	48	1	2	4	2					
	=		73	73	65	53	57	59	66	66	85	83	86	84	44	56	57	50	67	80	65	78					
	-		16	11	11	8	8	7	6	7	2	5	5	7	3	1	1	2	32	18	31	20					
10. Petroleum	+		12	15	22	3	19	2	10	1	2	9	1	4	36	45	33	41	0	0	1	0					
	=		84	82	77	86	77	86	78	74	89	77	78	83	63	54	65	57	75	72	78	74					
	-		4	3	1	11	4	12	12	25	9	14	21	13	1	1	2	2	25	28	21	26					
11. Building materials, pottery, glassware	+		4	6	11	10	14	14	16	17	37	35	32	29	27	31	23	17	9	7	7	7					
	=		53	55	52	56	51	56	60	53	58	60	60	65	65	64	71	75	84	85	83	83					
	-		43	39	37	34	35	30	24	30	5	5	8	6	8	5	6	8	7	8	10	10					
12 + 13. Iron and steel - Primary processing of iron and steel	+		7	10	14	18	9	18	16	16	7	7	8	7	12	21	23	27	10	11	11	11					
	=		53	64	64	66	63	66	70	71	92	90	91	93	83	76	72	69	83	83	80	86					
	-		40	26	22	16	28	16	14	13	1	3	1	0	5	3	5	4	7	6	9	3					
14. Metal consumer articles	+		3	7	8	8	4	9	6	14	25	31	25	22	27	36	33	22	11	10	7	6					
	=		46	48	48	52	53	41	47	55	72	63	70	72	66	56	56	69	86	80	89	92					
	-		51	45	44	40	43	50	47	31	3	6	5	6	7	8	11	9	3	10	4	2					
15. General equipment	+		5	7	10	13	8	10	9	7	12	17	17	17	13	21	24	25	10	5	4	6					
	=		50	58	54	54	50	50	52	52	82	78	78	76	75	70	71	69	75	85	85	84					
	-		45	35	36	33	42	40	39	41	6	5	5	7	12	9	5	6	15	10	11	10					

RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL (cont'd)

Sector	Questions 1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M	J	F	M	A	M
16. Mechanical equipment (other than electrical)	+	18	9	9	11	14	14	15	16	18	18	22	19	23	19	20	25	6	5	6	6					
	=	47	48	49	51	50	51	52	53	75	75	69	72	69	76	71	64	91	91	90	91					
	-	45	43	42	38	36	35	33	31	7	7	9	9	8	5	9	11	3	4	4	3					
17. Domestic electric appliances, radio, television	+	8	15	12	13	10	13	10	12	20	19	17	16	24	28	19	21	3	3	2	2					
	=	61	58	60	61	55	51	58	54	65	64	66	64	68	66	76	74	81	80	81	80					
	-	31	27	28	26	35	36	32	34	15	17	17	20	8	6	5	5	16	17	17	18					
18. Electrical equipment	+	14	9	11	13	6	6	6	8	18	17	13	13	23	32	31	33	8	9	9	4					
	=	56	63	66	68	63	59	58	60	78	78	82	81	73	64	65	65	86	80	85	88					
	-	30	28	23	19	31	35	36	32	4	5	5	6	4	4	4	2	6	11	6	8					
19. Motor vehicle industry	+	4	9	18	30	9	28	24	32	11	15	15	13	39	39	25	29	1	1	1	1					
	=	73	61	64	54	68	50	55	50	75	81	78	56	60	59	74	70	98	98	99	99					
	-	23	30	18	16	23	22	21	18	14	4	7	31	1	2	1	1	1	1	0	0					
20. Shipbuilding, aircraft manufacturing, railway and tramway rolling stock	+	7	9	8	7	0	10	10	12	23	18	15	18	6	14	10	10	24	28	21	22					
	=	42	42	33	35	32	19	15	25	77	82	85	82	72	67	50	66	75	70	70	77					
	-	51	49	59	58	68	71	75	63	0	0	0	0	22	19	40	24	1	2	9	1					
21. Precision and optical instruments, watches and clocks	+	6	7	8	9	7	5	7	12	26	30	27	25	16	17	20	15	12	10	6	6					
	=	52	56	57	56	52	55	60	49	66	60	65	66	68	72	74	80	84	84	89	89					
	-	42	37	35	35	41	40	33	39	8	10	8	9	16	11	6	5	4	6	5	5					
B. Rubber	+	5	5	7	8	15	9	16	16	21	16	13	10	13	11	18	20	10	7	7	14					
	=	77	79	71	68	76	73	66	63	79	83	84	86	85	82	76	80	82	88	84	84					
	-	18	16	22	24	9	18	18	21	0	1	3	4	2	7	6	0	8	5	9	2					
C. Non-ferrous metals industry	+	2	5	10	10	6	6	3	5	14	12	16	17	21	27	20	16	12	9	7	12					
	=	47	51	51	67	42	54	54	60	78	77	76	72	74	68	78	80	80	83	58	60					
	-	51	44	39	23	52	40	43	35	8	11	8	11	5	5	2	4	8	8	35	28					
Total of industry	+	7	9	13	16	12	16	14	16	19	19	18	17	23	25	24	25	9	8	8	8					
	=	56	59	57	57	55	54	58	57	76	76	76	75	69	69	69	69	82	83	82	84					
	-	37	32	30	27	33	30	28	27	5	5	6	8	8	6	7	6	9	9	10	8					