

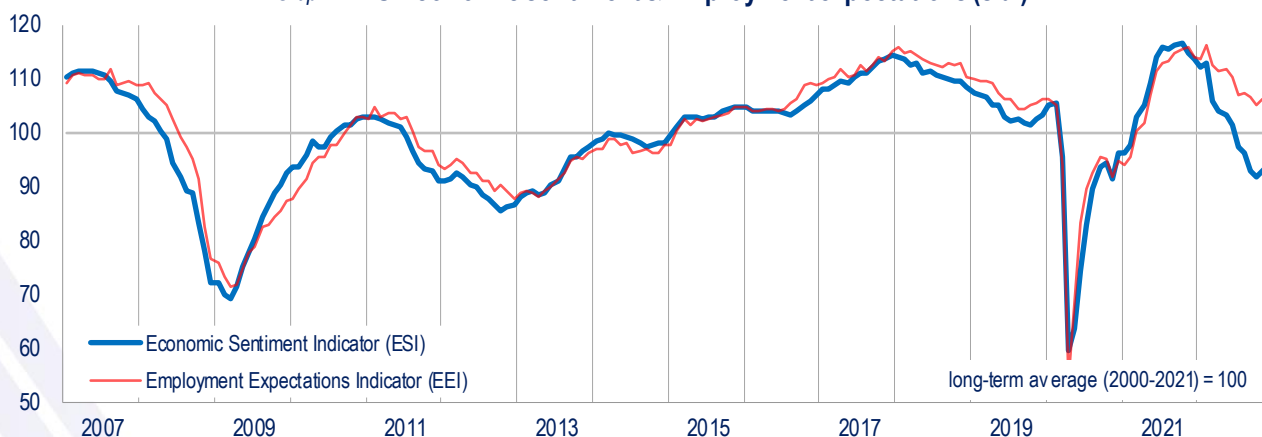
Business and consumer survey results for December 2022

Economic Sentiment recovering in the EU and the euro area, and Employment Expectations remain robust

In December 2022, the *Economic Sentiment Indicator* (ESI) rose for the second month in both the EU (+1.5 points to 94.2) and the euro area (+1.8 points to 95.8), remaining, however, below long-term average. The *Employment Expectations Indicator* (EEI) remained broadly stable, well above long-term average (-0.4 points to 105.9 in the EU and +0.0 points to 107.3 in the euro area).¹

EU developments

Graph 1: EU Economic sentiment & Employment expectations (s.a.)

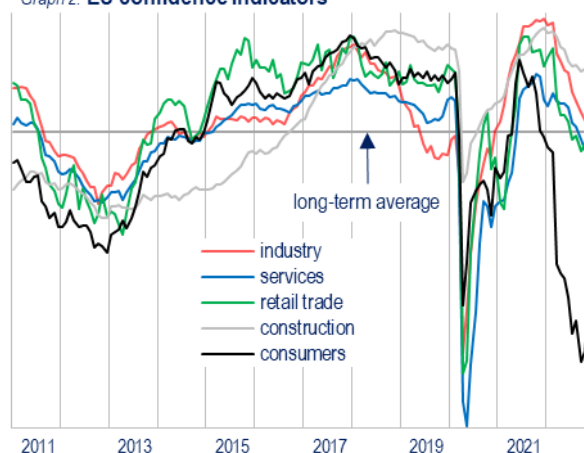


source: European Commission services

In the EU, the increase in the ESI in December was driven by upturns in all surveyed sectors and, in particular, in retail trade, services and among consumers. Amongst the largest EU economies, the ESI increased in Germany (+2.0), Spain (+1.9), the Netherlands (+1.5), Italy and Poland (both +0.9), while it eased again in France (-1.3).

Industry confidence picked up slightly for the first time since February (+0.5), driven by a strong uplift in managers' *production expectations*, which was partly offset by slight, further deterioration in managers' assessments of the *current level of overall order books* and piling up of *stocks of finished products*. Of the questions not entering the confidence indicator, managers' appraisals of *past production* rebounded, while their views on *export order books* continued the downward trend prevailing since March. **Services confidence** saw a strong improvement (+2.6), driven by all components of the indicator (i.e. managers' appraisals of the *past business situation*, *past demand* and *demand expectations*). **Consumer confidence** pursued its recovery (+1.4). Consumers were more positive about their *household's future financial situation* and about the *future general economic situation*, while views on their household's *past financial situation* and *intentions to make major purchases* deteriorated somewhat. **Retail trade confidence** rebounded sharply (+2.6), as managers' assessments of their *expected business situation* and, particularly, their *past business situation* improved. The downturn in the assessment of the volume of stocks also contributed to the improvement of confidence, as a sign of higher demand. **Construction confidence** picked up slightly (+0.7), as a result of managers' higher *employment expectations* in combination with broadly unchanged views on the level of *order books*. The share of construction managers pointing to *shortage of labour* decreased to 29.7%, continuing its

Graph 2: EU confidence indicators²

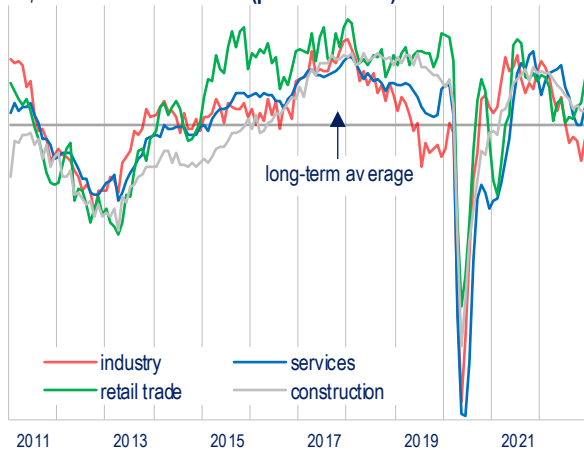


¹ Past results were slightly revised due to seasonal adjustment.

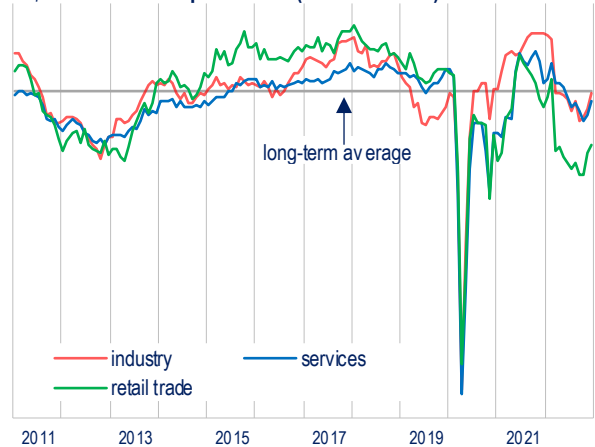
² The graph presents standardised series to correct for differences in means and standard deviations.

swing around a flat trend as observed since the beginning of 2022. While the share of executives indicating *shortages of material and/or equipment* as a factor limiting their building activity (18.9%) continued the sharp decline prevailing since May, the share of those pointing to *insufficient demand* gained further prominence (22.9%). *Financial constraints* remained broadly stable (14.3%). **Financial services confidence** (not included in the ESI) edged down (-0.7), due to declines in *past demand* and *past business situation*, which were only partially offset by more upbeat *demand expectations*.

Graph 3: Business situation (past 3 months) in the EU²



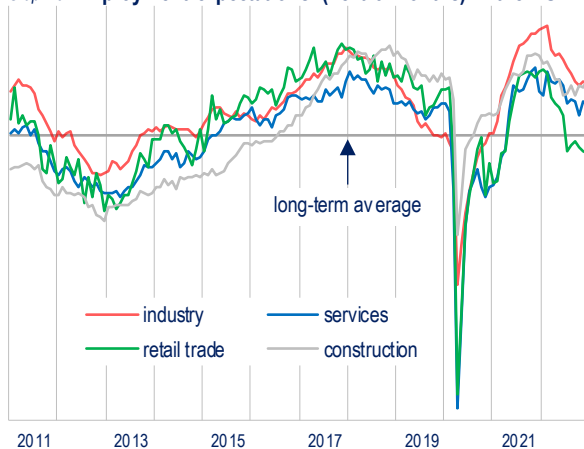
Graph 4: Business expectations (next 3 months) in the EU²



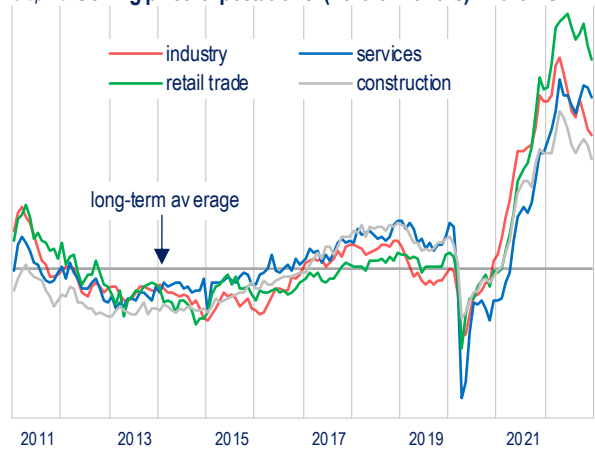
The broadly unchanged **Employment Expectations Indicator** (-0.4) resulted from improved employment plans in services, offset by deteriorated employment plans in construction. Managers in the retail trade and industry sectors expected employment in their firms to remain broadly unchanged over the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, decreased for the second month running.

Selling price expectations eased across all business sectors. Consumers' price expectations continued declining, while their perceptions of price developments over the past twelve months remained broadly stable at a record high level.

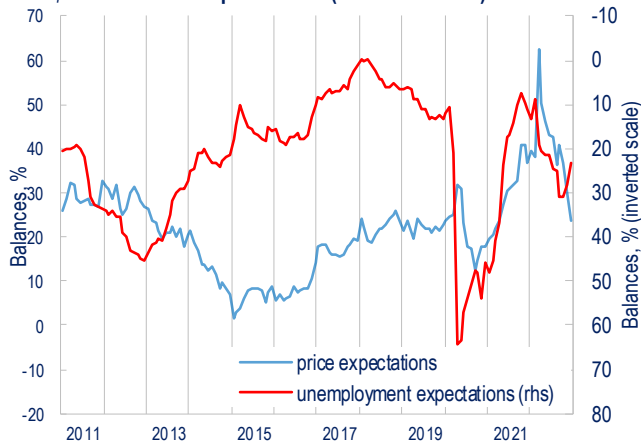
Graph 5: Employment expectations (next 3 months) in the EU²



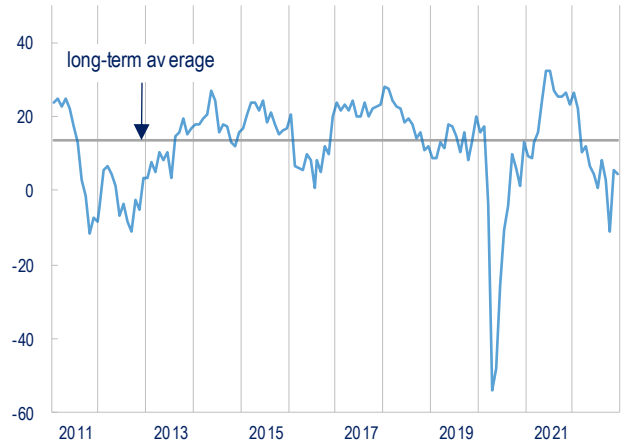
Graph 6: Selling price expectations (next 3 months) in the EU²



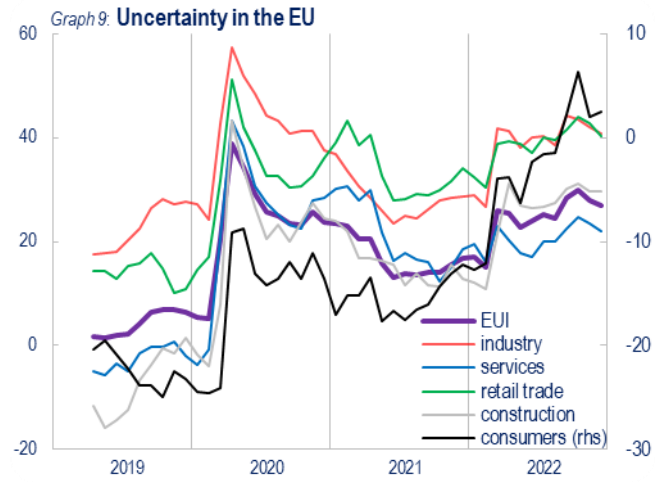
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



The **Economic Uncertainty Indicator (EUI)**³ declined in December (-1.0 points to 26.9), driven by decreasing uncertainty in all surveyed business sectors, except for construction, where the indicator remained broadly unchanged. Among consumers, uncertainty picked up slightly again.



Data collection period: 1 December to 20 December

³ See the special topic of the [2021-Q3 EBCI](#) for background, and section 3.6 of the [BCS User Guide](#) for methodological details.

Annex tables displaying results for the ESI, EEI, confidence indicators and individual survey questions for the past 12 months (as well as historical min, max and averages) are available [here](#).

Methods and definitions

The Commission's harmonised Business and Consumer Survey (BCS) programme, managed by the Directorate-General for Economic and Financial Affairs (DG ECFIN), was set up in 1961, and its scope has since expanded considerably in terms of both countries and sectors covered. Six surveys are conducted on a monthly basis in the following areas: manufacturing industry, construction, consumers, retail trade, services, and financial services. Some additional questions are asked on a quarterly basis in the January, April, July and October surveys in industry, construction, services, financial services and among consumers. In addition, questions on manufacturing companies' investment plans are included twice a year (April and November). The surveys are conducted by national institutes in the Member States and the candidate countries based on harmonized questionnaires and a common timetable.

The data of the surveys is processed by DG ECFIN's Unit Economic situation, forecasts, business and consumer surveys (A3), Sector Business and consumer surveys and short-term forecast.

The **confidence indicators** are produced to reflect overall perceptions and expectations at the individual sector level in a one-dimensional index. For each of the six surveyed sectors, they are calculated as the simple arithmetic average of the (seasonally adjusted) balances of answers to specific questions chosen from the full set of questions in each individual survey.

The **Economic Sentiment Indicator (ESI)** is a composite indicator combining judgements and attitudes of businesses (in industry, construction, retail trade, services) and consumers by means of a weighted aggregation of standardised input series.

The **Employment Expectations Indicator** is constructed as a weighted average of the employment expectations of managers in four surveyed business sectors (i.e. industry, services, retail trade and construction).

More information on methods and definitions can be found in the [methodological guidelines](#) section of the [BCS website](#). All press releases can be found [here](#). Detailed data results of all surveys are freely available for download in the BCS [time series](#) section of the website.

You can also contact DG ECFIN at the following address: ECFIN-BCS-MAIL@ec.europa.eu

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Upcoming releases:	Flash Consumer Confidence Indicator	23 January 2023
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	30 January 2023