

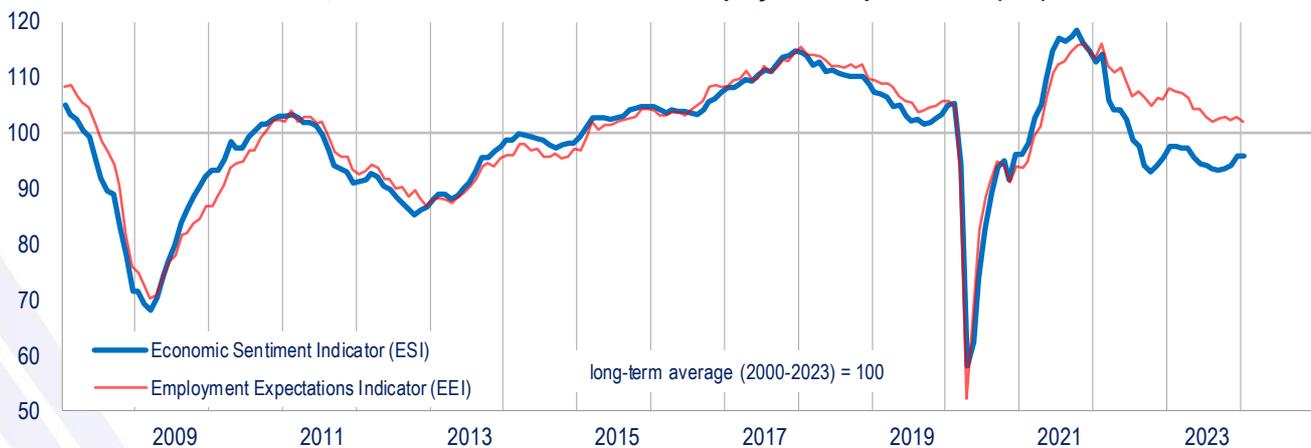
Business and consumer survey results for January 2024

Economic Sentiment broadly stable in the EU and the euro area, Employment Expectations decline

In January 2024, the *Economic Sentiment Indicator* (ESI) stabilised in both the EU (± 0.0 points to 96.0) and the euro area (-0.3 points to 96.2). The *Employment Expectations Indicator* (EEI) declined in both areas (EU: -0.8 points to 102.1, euro area: -0.9 points to 102.5).¹ Contrary to the ESI, the EEI continued to score above its long-term average.

EU developments

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

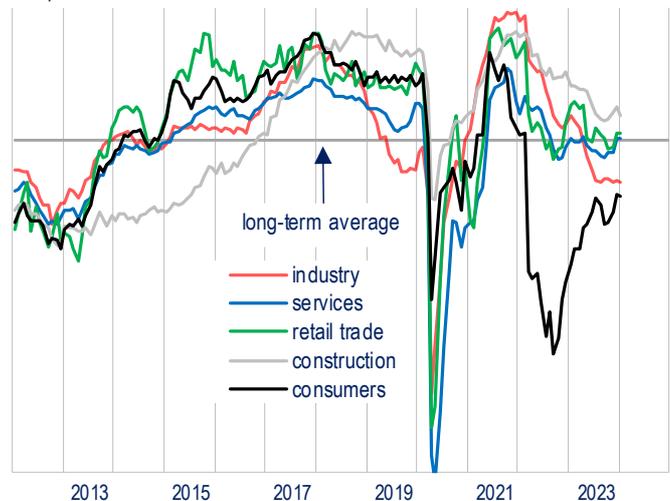


source: European Commission services

In the EU, the sideward trend of the ESI reflected broadly stable confidence in industry, services, retail trade and among consumers, while confidence in construction dropped. Amongst the largest EU economies, the ESI deteriorated markedly in Germany (-2.2), while it improved in Poland ($+3.2$), France ($+2.4$), the Netherlands ($+1.9$), Italy ($+1.6$) and Spain ($+1.4$).

Industry confidence remained broadly stable (-0.2), as the *stocks of finished products* were increasingly assessed as too small/below normal, indicating higher demand, while managers' *production expectations* and assessments of the *current level of overall order books* deteriorated. Of the questions not entering the confidence indicator, managers' assessment of developments in *past production* declined, while their assessment of *export order books* improved. Also **services confidence** stayed broadly stable ($+0.2$), resulting from a worsening of managers' *demand expectations*, offset by improved assessments of *past demand* and the *past business situation*. **Consumer confidence** remained broadly unchanged (-0.2), reflecting consumers' marginally improving views on their *household's past* and

Graph 2: EU confidence indicators²



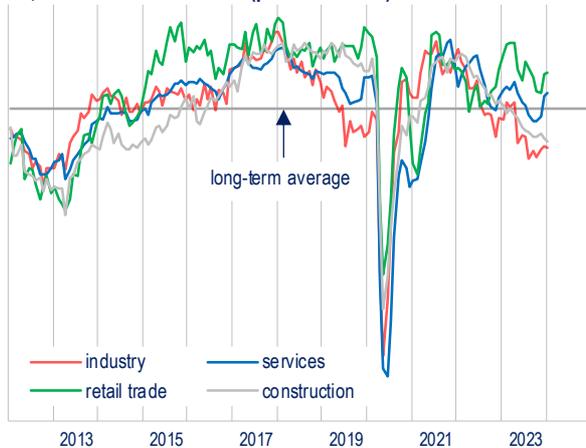
* This release corrects the version published on 30 January, which included erroneous results for the Italian industry survey for the period from January 2021 to December 2023. Aggregated results for the EU and the euro area have not been affected in a significant way by the correction.

¹ Past survey data were revised due to seasonal adjustment (including due to the annual update of model coefficients), the annual update of country weights for the EU and euro area aggregates and an update of sectoral business survey weights for Italy from January 2021 onwards.

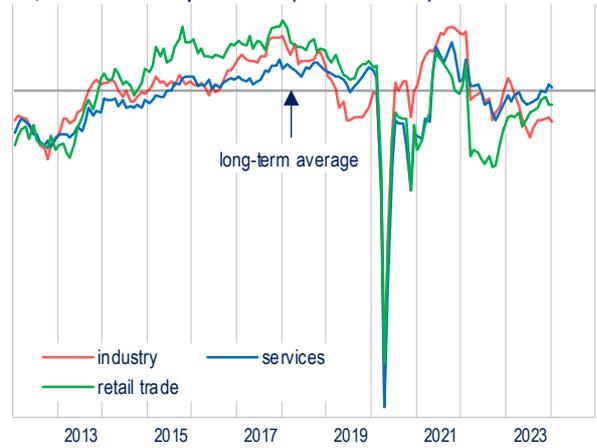
² The graph presents standardised series to correct for differences in means and standard deviations.

expected financial situation, which were counterbalanced by slightly lower expectations about the *general economic situation* in their country and decreasing *intentions to make major purchases*. **Retail trade confidence** (± 0.0) was unchanged, reflecting broadly unchanged assessments of all three components (*past and future business situation* as well as *volume of stocks*). **Construction confidence** worsened markedly (-1.5) as both builders' *employment expectations* and their assessment of the level of *order books* deteriorated. The percentage of construction managers indicating *insufficient demand* as a factor limiting construction activity increased further ($+0.5$ points to 34.5%). By contrast, the percentage of construction managers indicating *labour shortages*, *material/equipment shortages* or *financial constraints* as limiting factors decreased (by, respectively, 0.5 points to 28.1%, 0.4 points to 9.3%, and 0.6 points to 8.7%).

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



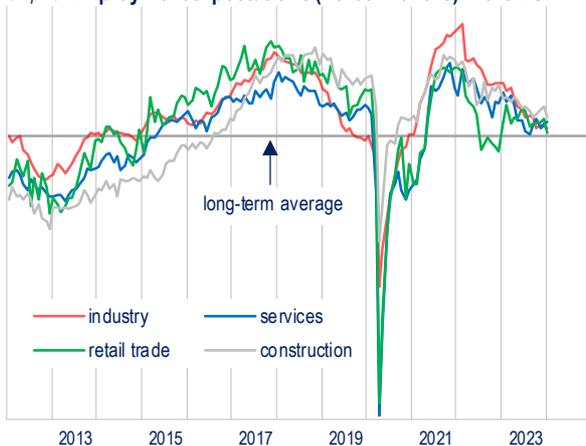
Graph 4: Business expectations (next 3 months) in the EU²



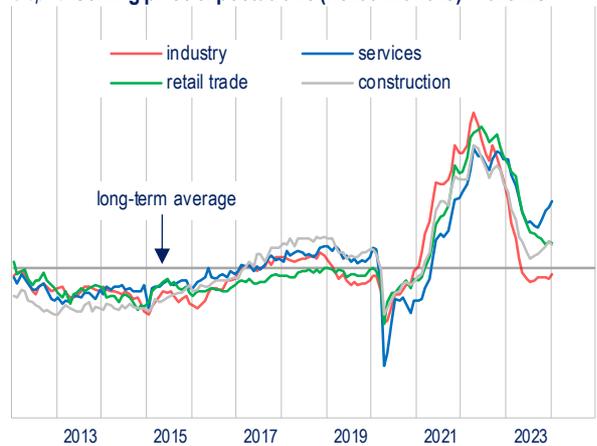
While continuing to score above its long-term average, the **Employment Expectations Indicator** (-0.8) decreased, reflecting lower employment plans among retail trade and construction managers. In industry and services, managers' employment plans remained broadly unchanged. Consumers' unemployment expectations, which are not included in the headline indicator, improved slightly.

Selling price expectations surged further in services and picked up slightly also in industry, while remaining broadly stable in retail trade and edging down in construction. Selling price expectations score below their long-term average only in industry. Consumers' price expectations for the next twelve months increased in January, while their perceptions of price developments over the past twelve months declined further, though remaining at a very high level.

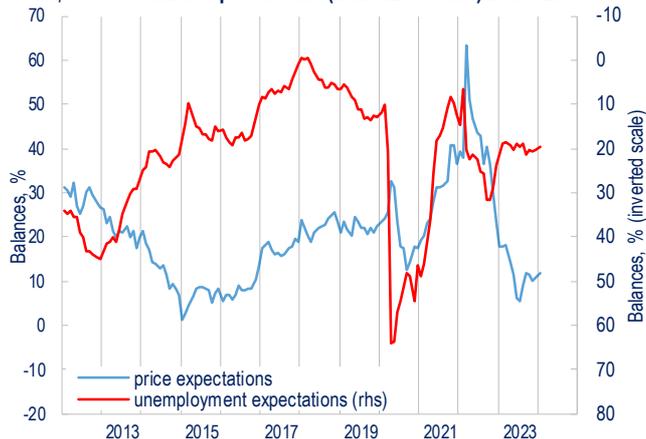
Graph 5: Employment expectations (next 3 months) in the EU²



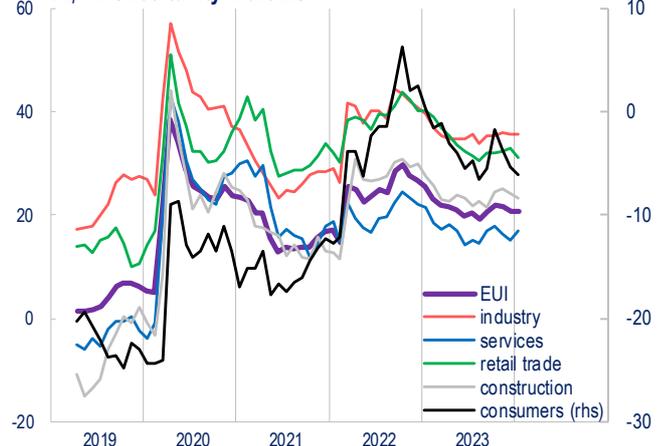
Graph 6: Selling price expectations (next 3 months) in the EU²



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

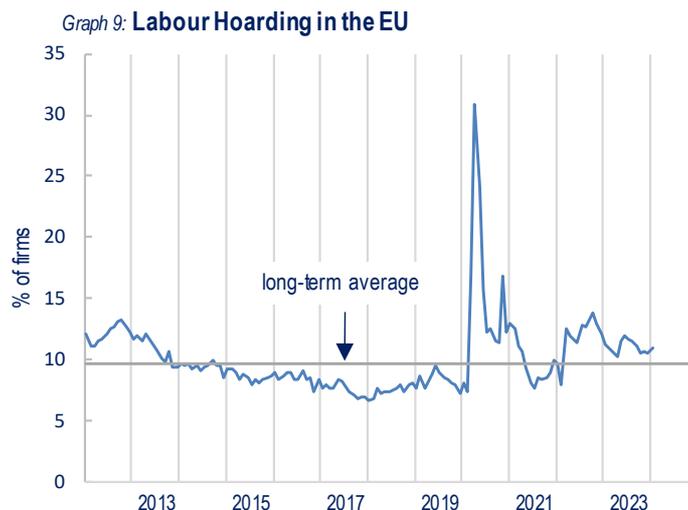


Graph 8: Uncertainty in the EU



The European Commission's **Economic Uncertainty Indicator (EUI)**³ remained broadly stable in January (-0.1 point to 20.8). Managers' uncertainty in retail trade and construction about their future business situation as well as consumers' uncertainty about their future financial situation decreased. It remained broadly stable in industry and increased only in services.

The European Commission's new **Labour Hoarding Indicator (LHI)**⁴ measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. In January, in the EU, the LHI increased slightly compared to December (+0.4 points). At 10.9%, the LHI was slightly above its long-term average of 9.7% and pre-pandemic levels, but significantly below the peak reached during the COVID-19 crisis. Amongst the largest EU economies, labour hoarding in France and Germany was more widespread than in the EU aggregate. The opposite held true for Poland, Italy and Spain. The prevalence of labour hoarding in the Netherlands was broadly in line with the EU average.



Quarterly survey results (conducted in January)

The quarterly questions in the industry and services surveys are asked in January, April, July and October of each year.

In EU industry, the estimated rate of capacity utilisation decreased by 0.5 percentage points, to 79.1%, in January 2024 compared to October 2023, further below its long-term average of 80.6%. By contrast, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) decreased (-2.0 points). On the external side, managers' export orders' expectations decreased (by 1.0 point compared to October 2023), while their assessments of their competitive position on non-EU markets over the past three months improved (by 0.9 points). Managers' views on developments in orders over the past three months improved strongly (+3.2), and the estimated number of months' production assured by orders on hand decreased slightly compared to October (by 0.1 month to 4.8 months).

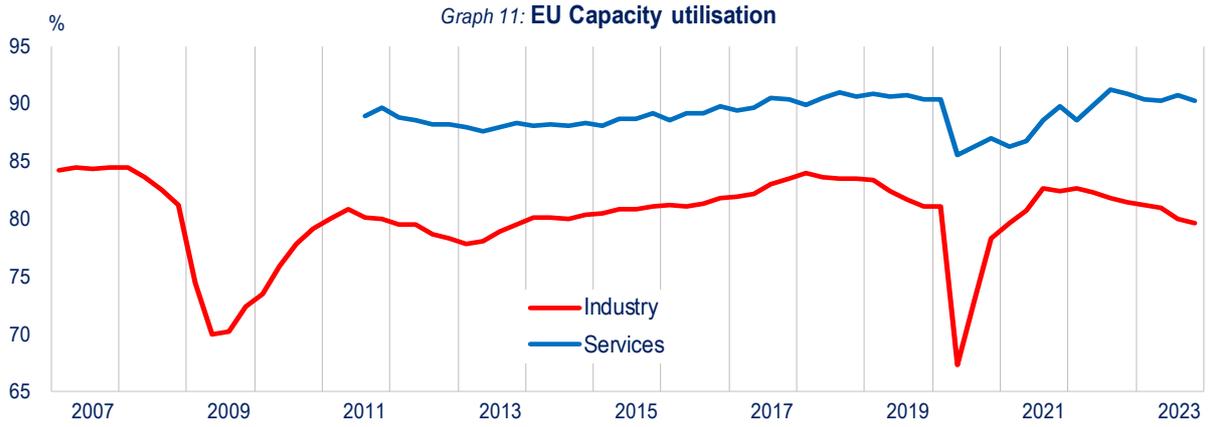
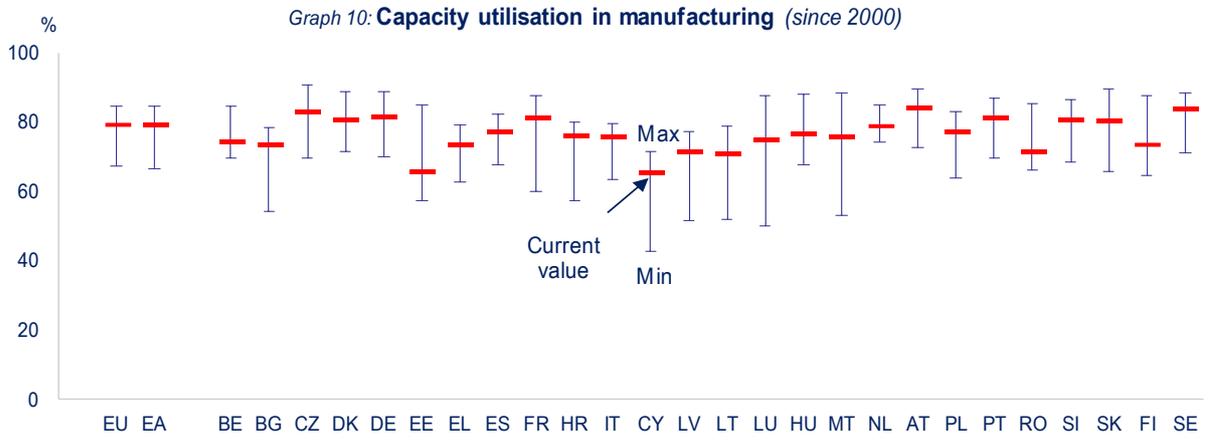
The share of industry managers indicating insufficient demand as a factor limiting their production increased to 37.7% in January compared to October. Meanwhile, the percentage of managers pointing to shortages of material and/or equipment as a factor limiting production decreased further from the record-high level of early 2022 (-3.3 percentage points compared to October to 13.8%). The share of managers indicating shortage of labour force as a limiting factor remained broadly stable (+0.1 percentage point to 22.8%), at a relatively high level. At 5.6%, the share of managers pointing to financial constraints as limiting their firm's production stayed relatively low and broadly stable compared to October.

Turning to services, capacity utilisation in the EU decreased compared to October (-0.6 percentage points to 89.7%), while remaining above its long-term average of 89.1%.

Euro-area developments were qualitatively in line with the described EU developments. The estimated rate of capacity utilisation in industry decreased by 0.4 points compared to October (to 79.2%). In services, it decreased by 0.4 points to 89.7%.

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

⁴ See the special topic of the [2023-Q2 EBCI](#) for background, and section 3.6.9 of the [BCS User Guide](#) for methodological details. Detailed LHI results per sector and country are available for download in the [time series section](#) of the BCS website.



Data collection period: 1 to 23 January.

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. Five surveys are conducted on a monthly basis in the following areas: manufacturing industry, construction, consumers, retail trade, and services. Some additional questions are asked on a quarterly basis in the January, April, July and October surveys in industry, construction, services, and among consumers. In addition, questions on manufacturing and services 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 five 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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	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 February 2024