

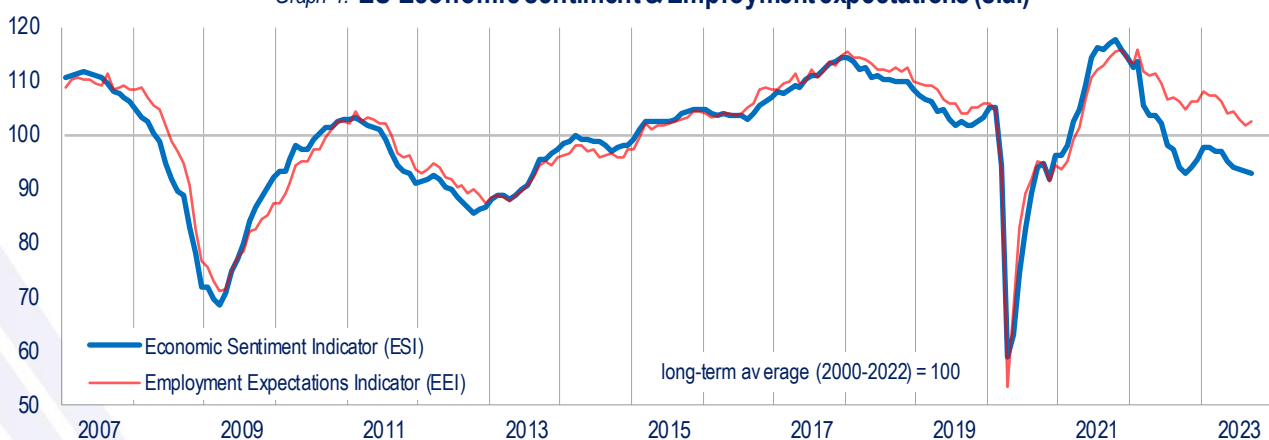
Business and consumer survey results for September 2023

Economic Sentiment mildly lower in the EU and the euro area; Employment Expectations firmer in both regions

In September 2023, the *Economic Sentiment Indicator* (ESI) dipped slightly again in both the EU (-0.4 points to 92.8) and the euro area (-0.3 points to 93.3). By contrast, the *Employment Expectations Indicator* (EEI) picked up (+0.6 points to 102.4 in the EU and +0.5 points to 102.7 in the euro area), maintaining its position well above long-term average.¹

EU developments

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

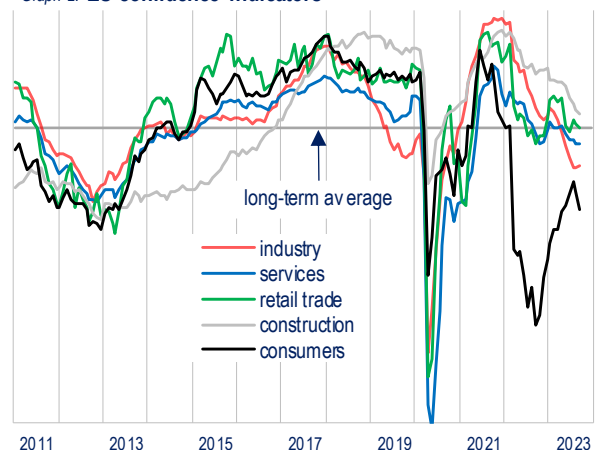


source: European Commission services

In the EU, the mild decrease of the ESI in September was mostly driven by markedly lower consumer confidence. While confidence among builders and, to a lesser extent, retailers also slipped, it remained broadly stable in services and industry. Amongst the largest EU economies, the ESI deteriorated in Spain (-3.2) and Italy (-2.2), while it improved in France (+2.7). Sentiment in Germany (+0.3), the Netherlands (+0.3) and Poland (-0.1) remained virtually stable.

Industry confidence confirmed last month's signs of stabilisation (+0.3). While managers' opinion on the *current level of overall order books* continued to worsen, their *production expectations* improved for the second month in a row and the *stocks of finished products* were less often assessed as too large/above normal. Among the questions not included in the confidence indicator, the assessment of *export order books* remained broadly stable, and views on developments in *past production* were less negative than in the previous month. **Services confidence** remained broadly stable (-0.1), with more downbeat views on *past demand* virtually offset by further brightening *demand expectations*. Managers' assessments of the *past business situation* remained broadly unchanged. **Consumer confidence** (-1.6) declined markedly for the second month in a row, as survey respondents became more pessimistic about their household's *past and future financial situation* and the *expected general economic situation* in their country. Consumers also signalled decreased intentions to make *major purchases*. **Retail trade confidence** edged down (-0.4) on account of deteriorating assessments of the *past business situation*. By contrast, retailers continued to be more optimistic about the *expected business situation*. The assessment of the *volume of stocks* remained broadly unchanged. **Construction confidence** remained on a downward trend (-0.8), due to a deterioration in

Graph 2: EU confidence indicators²

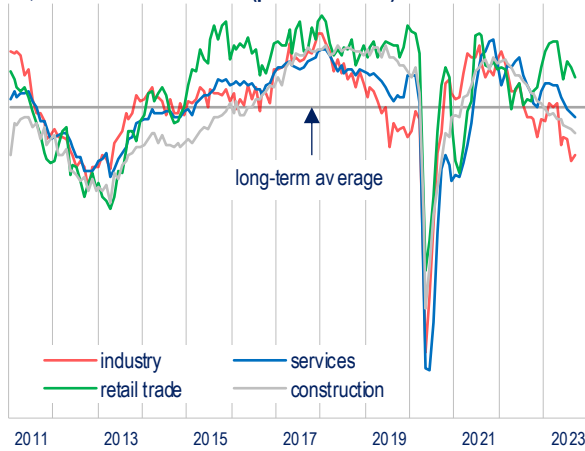


¹ Past results were slightly revised due to seasonal adjustment, as well as revisions in the business surveys of France.

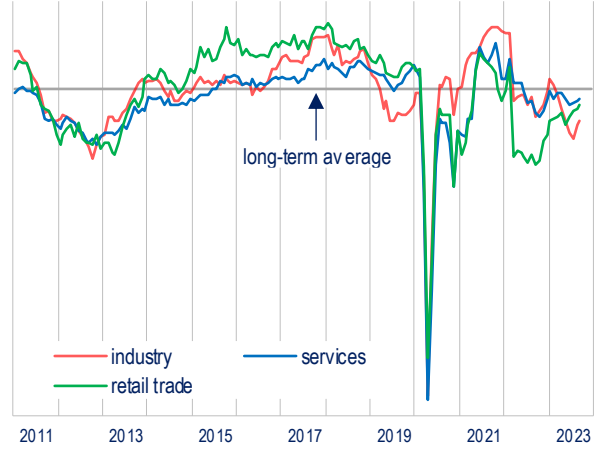
² The graph presents standardised series to correct for differences in means and standard deviations.

both its components (i.e. assessments of the level of *order books* and *employment expectations*). The percentage of managers indicating *shortages of labour* as a constraining factor in construction activity stayed almost unchanged at a high level (+0.3 points, to 28.6%). The prevalence of *insufficient demand* gained further prominence (+0.7 points, to 28.8%) in builders' assessments, reaching its highest level since July 2020. *Shortage of material and/or equipment* as a limiting factor picked up mildly but remained at a level well below that observed over the last two years (+0.7 points, to 9.9%). While the share of builders reporting *financial constraints* decreased, it remained above long-term average (-0.7 points, to 9.9%).

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



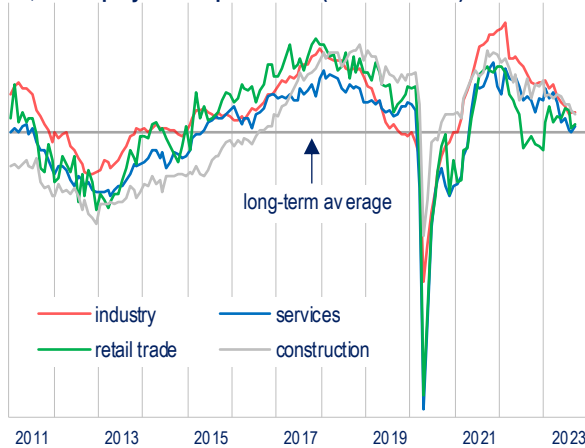
Graph 4: Business expectations (next 3 months) in the EU²



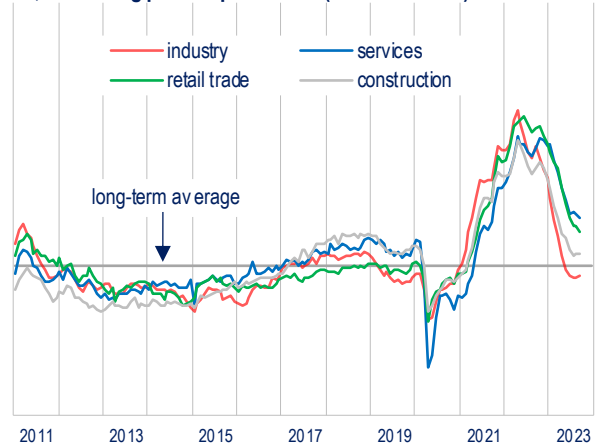
The **Employment Expectations Indicator**, which had been on a downward trend since February, picked up (+0.6) on account of more optimistic employment plans among services managers. Employment expectations remained broadly stable in industry and retail trade but continued to worsen among construction managers. Consumers' unemployment expectations, which are not included in the headline indicator, deteriorated compared to August.

Selling price expectations came down further in services and retail trade but remained elevated. In industry and construction, selling price expectations stabilised at around their long-term average. By contrast, consumers' price expectations for the next twelve months further increased in September. Consumers' perceptions of price developments over the past twelve months remained stable at a very high level.

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



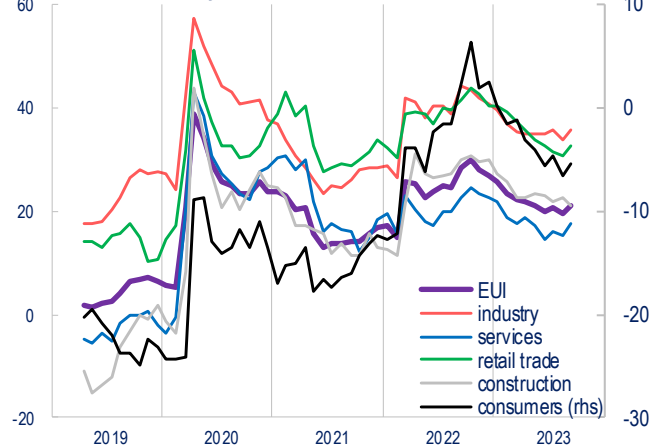
Graph 6: Selling price expectations (next 3 months) in the EU²



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 picked up in September (+1.6 points to 21.1), reflecting slightly higher uncertainty of managers in services, industry, and retail trade about developments in their future business situation, as well as among consumers about their future financial situation. Uncertainty about developments in the construction business decreased.

Data collection period: 1 September to 21 September.

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