

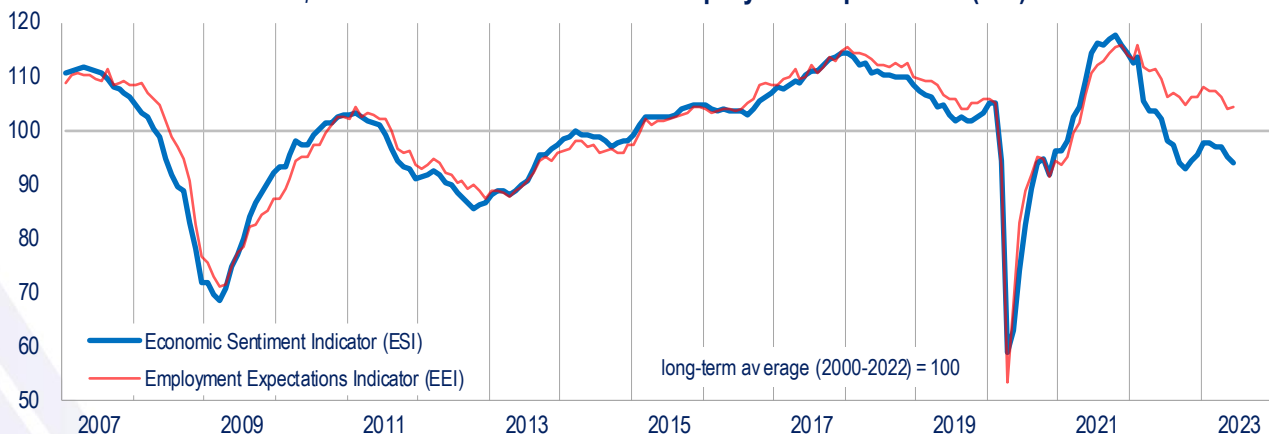
## Business and consumer survey results for June 2023

# Economic Sentiment further down in the EU and the euro area; Employment Expectations mildly up in both regions

In June 2023, the *Economic Sentiment Indicator* (ESI) declined further in both the EU (-1.1 points to 94.0) and the euro area (-1.1 points to 95.3). By contrast, the *Employment Expectations Indicator* (EEI) rose marginally (+0.4 points to 104.3 in the EU and +0.4 points to 105.0 in the euro area).<sup>1</sup>

## EU developments

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

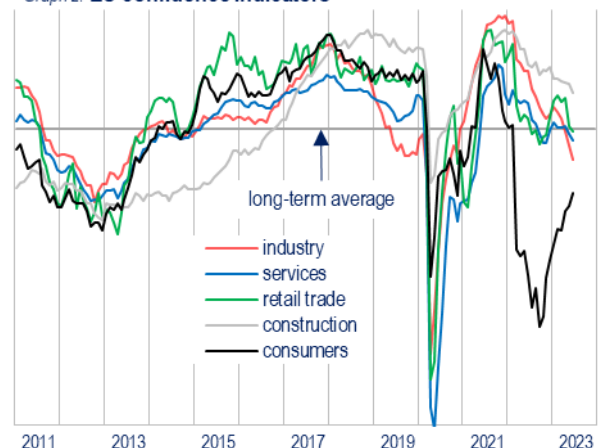


source: European Commission services

In the EU, the decrease of the ESI in June was due to lower confidence in industry, construction, services and, to a lesser extent, retail trade. By contrast, consumer confidence continued its recovery from the trough of September last year. Amongst the largest EU economies, the ESI deteriorated in Germany (-1.9), Italy (-1.1), the Netherlands (-1.0) and Spain (-0.9), while it remained virtually unchanged in Poland (-0.1) and improved in France (+0.8).

**Industry confidence** weakened for the fifth consecutive month (-2.1), as managers' *production expectations* and their assessments of the *current level of overall order books* deteriorated further, and the *stocks of finished products* were increasingly assessed as too large/above normal. Of the questions not entering the confidence indicator, also managers' appraisals of *export order books* deteriorated; however, their assessments of *past production* recovered somewhat after last month's slump. **Services confidence** declined further (-1.1), again reflecting less optimistic views on both *past* and *expected demand*. Managers' appraisals of the *past business situation* remained broadly unchanged. **Consumer confidence** improved again by 1.1 points compared to May. Consumers' expectations about the general economic situation were more upbeat. Consumers were also more positive about their household's financial situation, both over the past twelve months and especially for the next twelve months. They also signalled increased intentions to make major purchases. **Retail trade confidence** dipped slightly further (-0.6), as managers' assessments of their *past business situation* worsened again and stocks were more often assessed as too large/above normal. By contrast, retailers' business expectations picked up. **Construction confidence** dropped (-1.9), reflecting the deterioration of both components (i.e. managers' assessments of the level of *order books* and *employment expectations*). The share of construction managers pointing to *shortages of material and/or equipment* as a factor

Graph 2: EU confidence indicators<sup>2</sup>

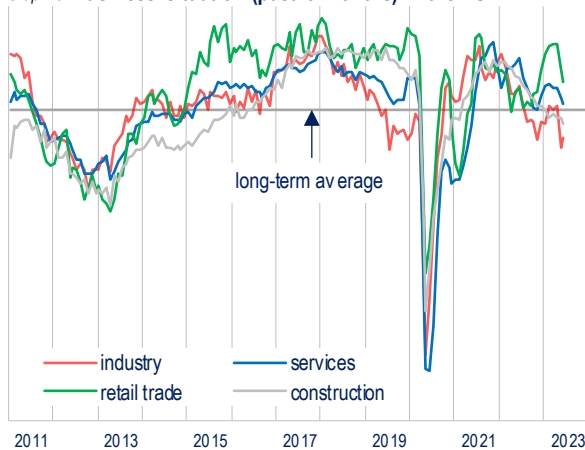


<sup>1</sup> Past results were slightly revised due to seasonal adjustment.

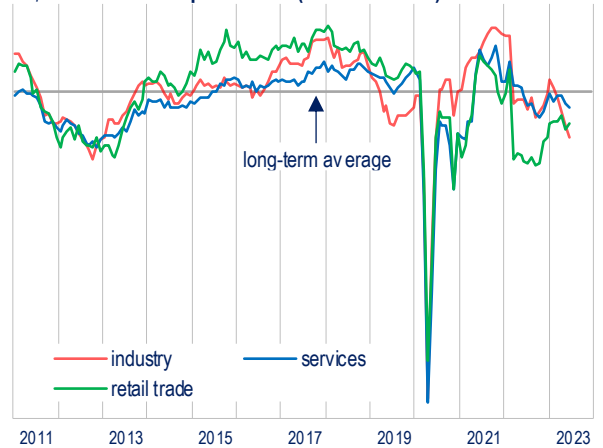
<sup>2</sup> The graph presents standardised series to correct for differences in means and standard deviations.

limiting their building activity further lost importance (-0.8 points to 10.3%). The share of builders pointing to *shortages of labour* as a limiting factor receded by 3.6 points to 28.0%, after 20 months above 30%. Also *financial constraints* (-0.3 points to 9.2%) and *insufficient demand* (-0.4 points to 25.4%) were less often stated as factors limiting activity among construction firms.

Graph 3: Business situation (past 3 months) in the EU<sup>2</sup>



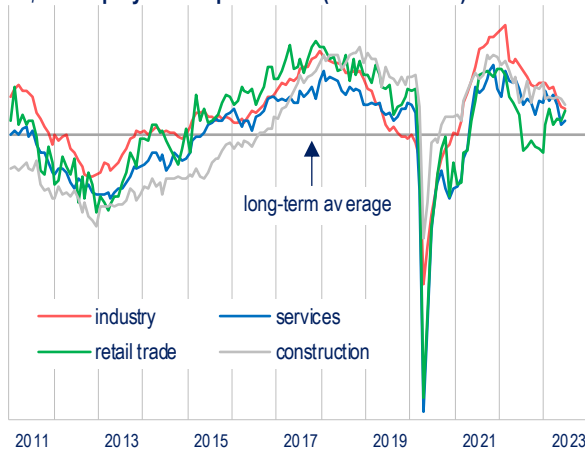
Graph 4: Business expectations (next 3 months) in the EU<sup>2</sup>



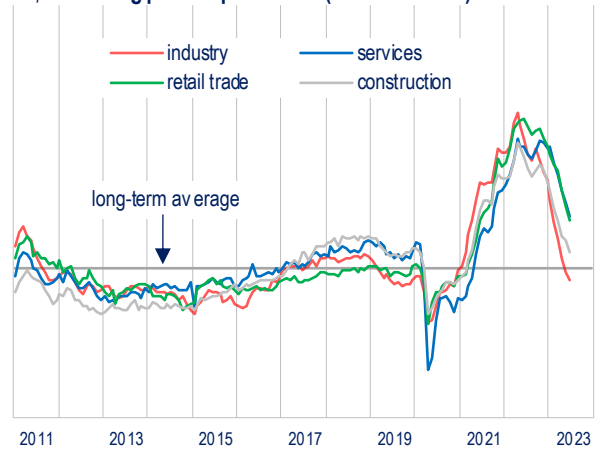
The slight upturn in the **Employment Expectations Indicator** (+0.4 in the EU) was fuelled by more optimistic employment plans among retailers and services managers, which were only partially offset by more negative expectations in industry and construction. Consumers' unemployment expectations, which are not included in the headline indicator, also improved.

**Selling price expectations** fell again in all surveyed business sectors. Consumers' perceptions of price developments over the past twelve months decreased for the third consecutive month, but remained at a historically high level. Their expectations for the next twelve months continued the steep downward trend observed since April last year.

Graph 5: Employment expectations (next 3 months) in the EU<sup>2</sup>



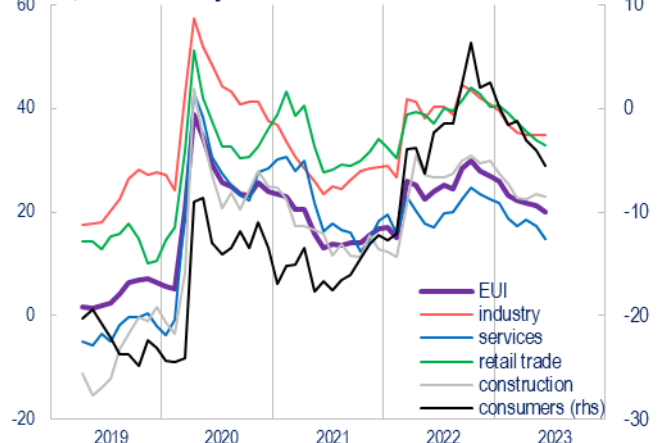
Graph 6: Selling price expectations (next 3 months) in the EU<sup>2</sup>



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



Graph 8: Uncertainty in the EU



The European Commission's **Economic Uncertainty Indicator (EUI)**<sup>3</sup> eased again in June (-1.1 points to 20.1), as managers' uncertainty about their future business situation in services, construction and retail trade, as well as consumers' uncertainty about their future financial situation, decreased. Reported uncertainty in industry stayed unchanged.

*Data collection period: 1 June to 22 June.*

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<sup>3</sup> 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](mailto:ECFIN-BCS-MAIL@ec.europa.eu)

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