

Business and consumer survey results for September 2021

Economic Sentiment stable in the EU and the euro area, Employment Expectations further up

In September 2021, the *Economic Sentiment Indicator* (ESI) remained unchanged in the EU (at 116.6) and broadly stable also in the euro area (+0.2 points to 117.8).¹ The *Employment Expectations Indicator* (EEI) increased further (+1.0 point to 113.6 in the EU and +0.8 points to 113.6 in the euro area) reaching its highest level since summer/autumn 2018 in both areas.

EU developments

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



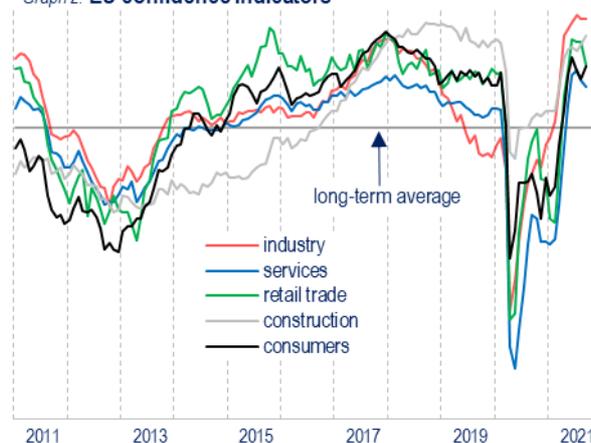
source: European Commission services

In the EU, the stability of the ESI in September resulted from improving confidence in construction and among consumers being offset by worsening confidence in services and retail trade. Industry confidence remained unchanged. Amongst the largest EU economies, the ESI rose in Spain (+1.7), Germany (+0.8), the Netherlands and Poland (both +0.6), while it worsened in France (-1.3) and Italy (-0.9).

Industry confidence remained unchanged at its second highest level on record. While managers lowered their *production expectations*, assessments of the *current level of overall order books* rebounded to almost match their record level of July; managers' assessment of the scarcity of *stocks of finished products* remained at the high level of August. Of the questions not entering the confidence indicator, managers' views on *export order books* remained broadly stable, whereas their appraisals of *past production* decreased again. **Services confidence** decreased (-1.4) due to managers' lowered assessments of the *past business situation* and *past demand*, while their *demand expectations* picked up again. The rebound in **consumer confidence** (+1.1) reflected an increase in households' assessments of their *past financial conditions*, their *intentions to make major purchases*, and especially their expectations about the *general economic situation*.

Consumers' assessment of their *future financial situation* remained virtually unchanged. The marked decline in **retail trade confidence** (-2.8) resulted from substantial deteriorations of managers' assessments of the *past business activity* and, to a lesser extent, their *expected business activity*. At the same time, the assessment of the *volume of stocks* currently held by retailers reached a new record low. The rise in **construction confidence** (+1.8) reflected a strong increase in managers' *employment expectations*, while their appraisal of the *level of order books* remained broadly unchanged. The share of construction managers pointing to the shortage of labour

Graph 2: EU confidence indicators²

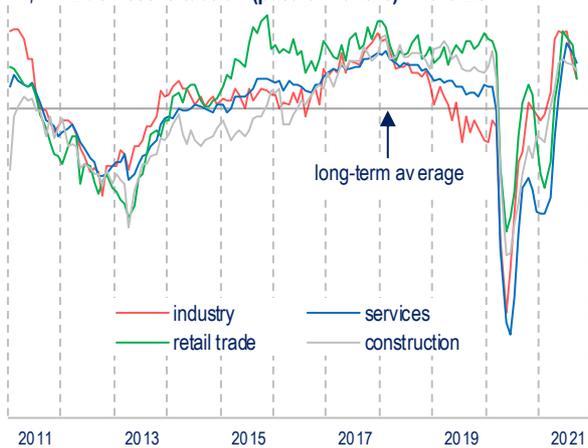


¹ The ESI for France was revised compared to the August press release, the net effect being an upward revision of the ESI for August by 0.1 points in both the EU (to 116.6) and the euro area (to 117.6).

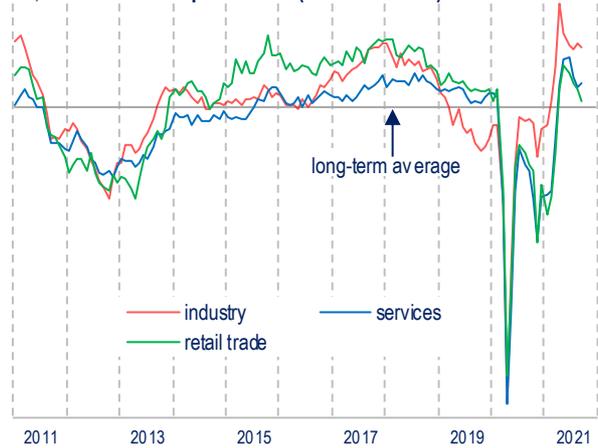
² The graph presents standardised series to correct for differences in means and standard deviations.

force (27.3%) and material and/or equipment (19.7%) as a factor limiting building activity reached the highest values on record.³ **Financial services confidence** (not included in the ESI) dropped in September (-1.8). While manager's appraisals of *past demand* and *past business situation* worsened significantly, their *demand expectations* improved markedly.

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



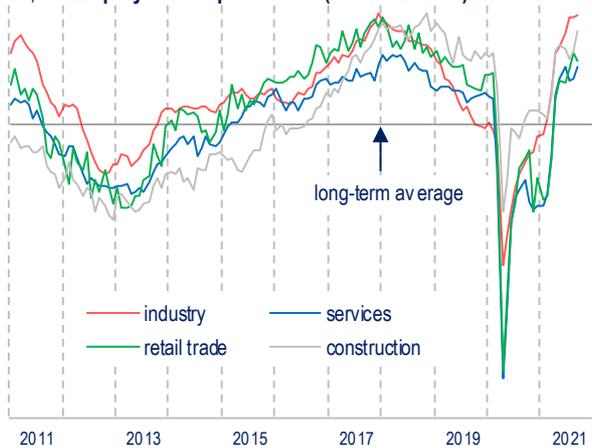
Graph 4: Business expectations (next 3 months) in the EU²



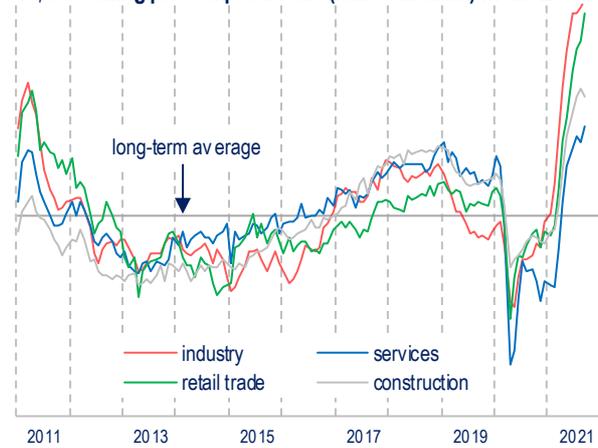
The increase in the **Employment Expectations Indicator** (+1.0) was driven by improved employment plans in services, construction and, to a much lesser extent, industry, while retailers expected their employment to decrease over the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, improved markedly.

Selling price expectations firmed further in industry, retail trade and services, reaching new all-time highs (in services since July 2008). Selling price expectations in construction eased somewhat from their August high. Consumer price expectations increased markedly.

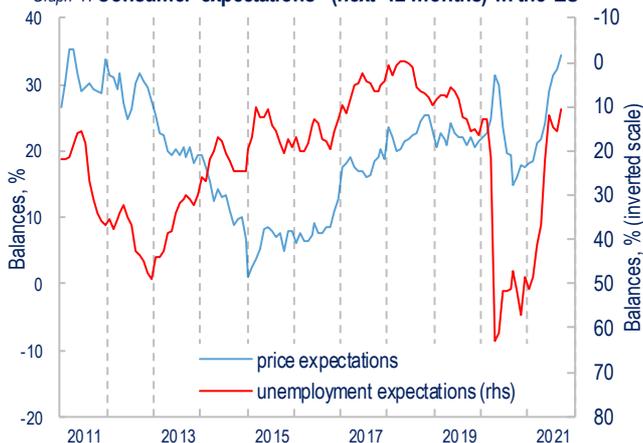
Graph 5: Employment expectations (next 3 months) in the EU²



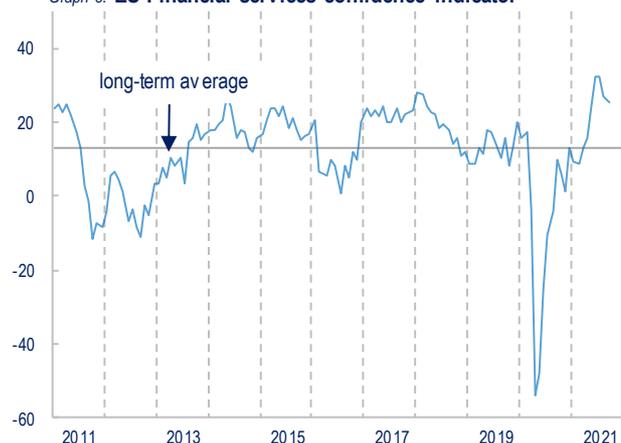
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: EU Financial services confidence indicator



Data collection period: 1 September to 23 September

³ The detailed data are available for download under the Construction section of the [BCS Time Series website](#)

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	21 October 2021
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 October 2021