

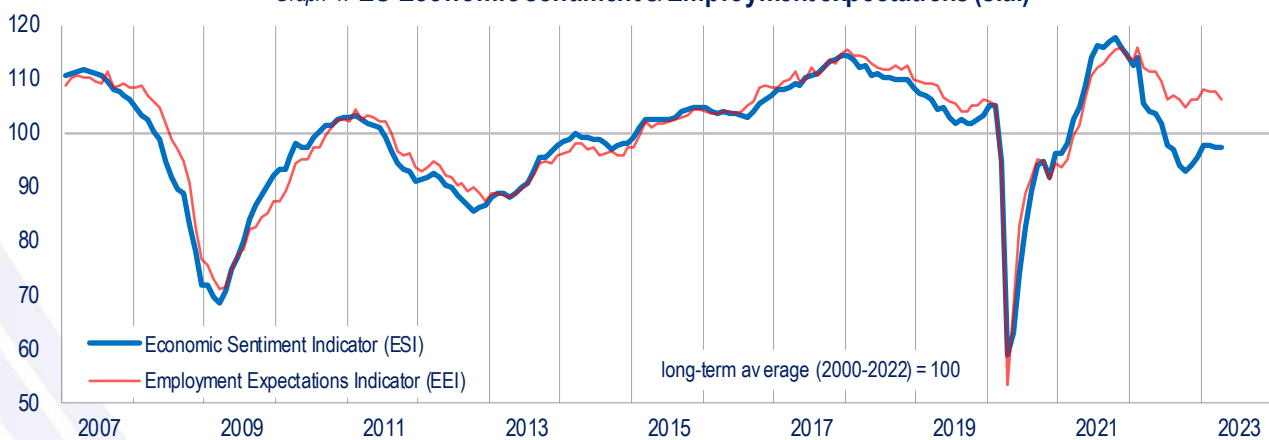
Business and consumer survey results for April 2023

Economic Sentiment broadly unchanged in the EU and the euro area; Employment Expectations down in both regions

In April 2023, the *Economic Sentiment Indicator* (ESI) stayed broadly unchanged compared to March (EU: stable at 97.3, euro area: +0.1 points to 99.3). This is the third month of a general sideways movement of the indicator. The *Employment Expectations Indicator* (EEI), by contrast, decreased compared to March (EU: -1.4 points to 106.1, euro area: -1.5 points to 107.4).¹

EU developments

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



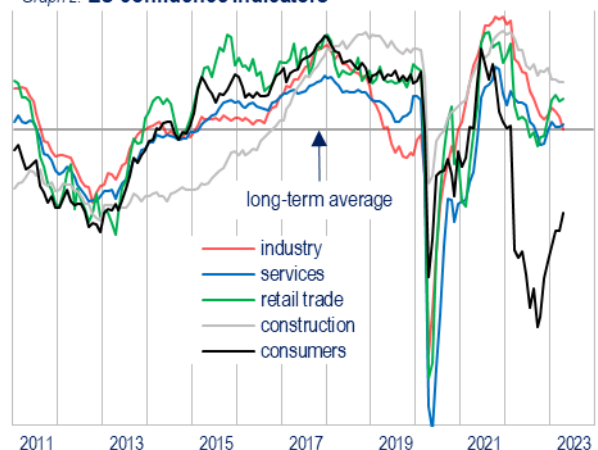
source: European Commission services

In the EU, the flat reading of the ESI mainly resulted from a combination of markedly higher confidence among consumers and significantly lower confidence among industry managers. While confidence in services and retail trade also edged up, construction confidence remained broadly unchanged. Amongst the largest EU economies, the ESI improved in Spain (+3.7) and, to a lesser extent, in Poland (+1.1) and Germany (+0.8). While sentiment edged up also in Italy (+0.3), it deteriorated in the Netherlands (-1.6) and, particularly, in France (-4.2).

Industry confidence weakened for the third month running (-1.7), as managers' *production expectations* and their assessments of the *current level of overall order books* deteriorated and the *stocks of finished products* were increasingly assessed as too large/above normal. Of the questions not entering the confidence indicator, managers were more positive about developments in *past production*, whereas their assessments of *export order books* edged down. **Services confidence** edged up (+0.3), reflecting slightly improved assessments of all components entering the indicator (i.e. *past business situation, past demand, demand expectations*).

Consumer confidence continued the recovery from its all-time low in September 2022 (+1.7 compared to March), fuelled by improvements in all components, notably consumers' views on their *household's past financial situation* and the *future financial situation*, as well as the *expected general economic situation* in their country and their intentions to make *major purchases*. **Retail trade confidence** edged up (+0.3), reflecting slightly more optimistic *business expectations* and *stocks* being less often assessed as too large/above normal. Meanwhile, views on developments in retailers' *past business*

Graph 2: EU confidence indicators²



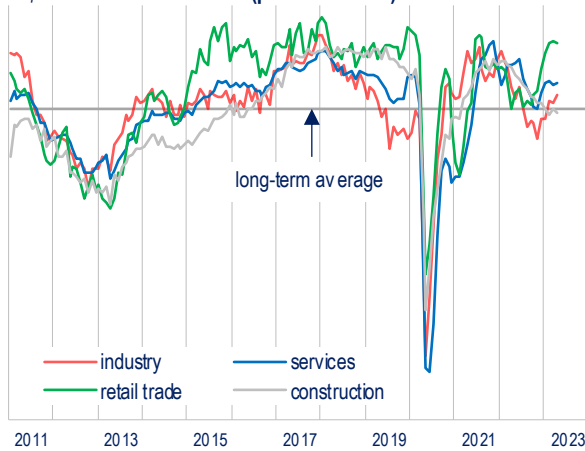
* Changes in this release, as compared to the initial version of 27 April 2023, only relate to past investment survey results (p. 4).

¹ Past ESI and EEI results were slightly revised due to seasonal adjustment.

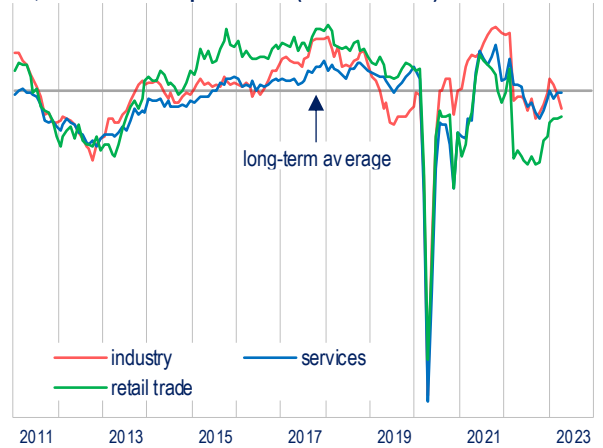
² The graph presents standardised series to correct for differences in means and standard deviations.

situation edged down. **Construction confidence** moved sideways (-0.1), as managers' assessments of the level of *order books* continued deteriorating, while their *employment expectations* improved. The share of construction managers pointing to *shortages of material and/or equipment* as a factor limiting their building activity saw another sharp decline (-3.7 points to 13.3%). The share of builders pointing to *shortages of labour* as a limiting factor edged up and remained at a high level (+0.9 to 30.9%). The prevalence of *financial constraints* among construction firms edged up (+0.3 to 9.2%) and *insufficient demand* gained further prominence as a factor limiting building activity (+0.5 to 25.2%).

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



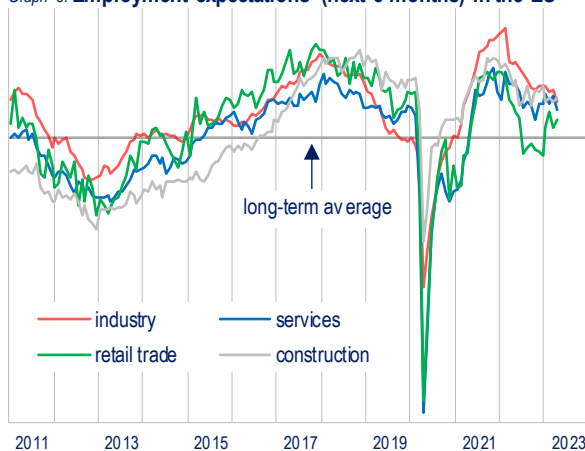
Graph 4: Business expectations (next 3 months) in the EU²



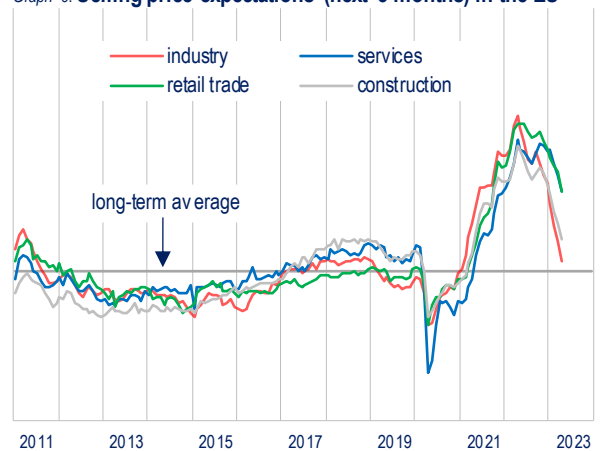
The drop in the **Employment Expectations Indicator** (-1.4) was due to markedly less optimistic employment plans among industry and services managers, only partly offset by improving plans in retail trade and construction. Consumers' unemployment expectations, which are not included in the headline indicator, worsened for the first time since October 2022.

Selling price expectations continued descending in all surveyed business sectors and, in industry, were almost back to their long-term average. Consumers' perceptions of price developments over the past twelve months edged down, but remained close to the all-time high of December 2022, while their expectations for the next twelve months continued the broad downward trend observed since April last year.

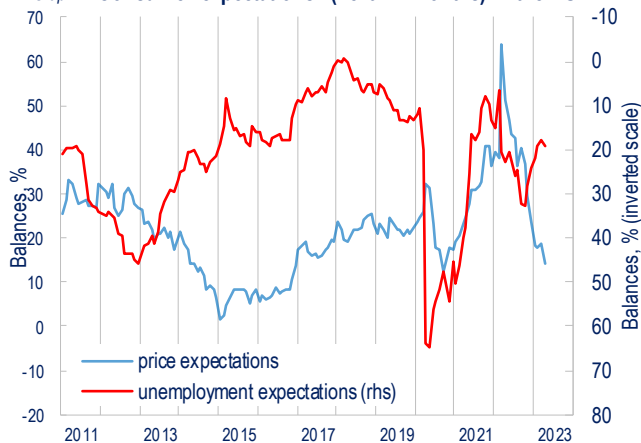
Graph 5: Employment expectations (next 3 months) in the EU²



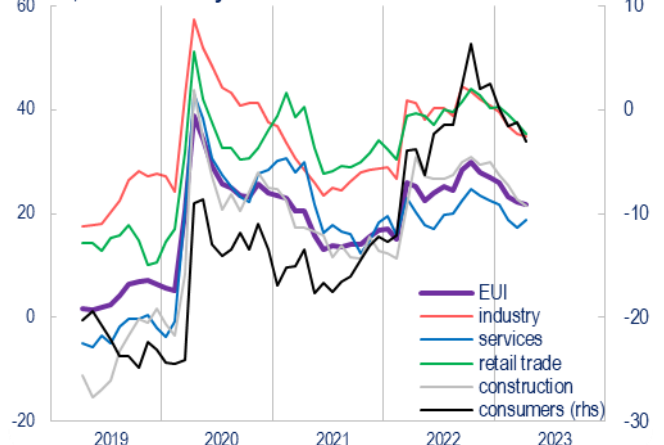
Graph 6: Selling price expectations (next 3 months) in the EU²



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 edged down in April (-0.3 points to 21.8), as managers' uncertainty about their future business situation in industry, retail trade and construction as well as uncertainty of consumers as to their future financial situation decreased, while uncertainty in services picked up.

As of this month, the **Financial Services Sector Survey** is discontinued.⁴

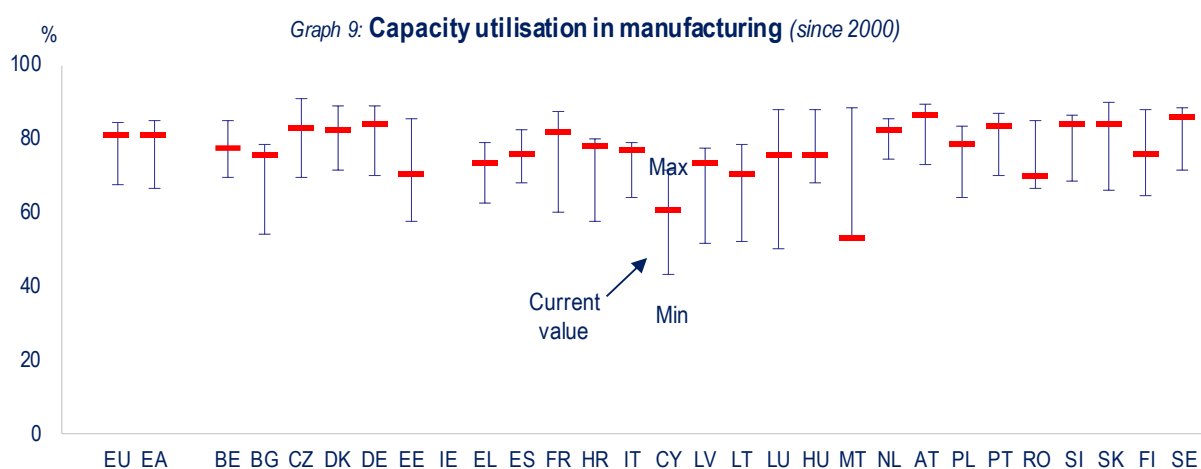
Quarterly survey results (conducted in April)

The quarterly questions in the industry and services surveys are asked in January, April, July and October of each year. In April 2023, the estimated rate of capacity utilisation in the EU industry sector decreased slightly (-0.2 percentage points to 81.0%) compared to January 2023, remaining slightly above its long-term average of 80.6%. Meanwhile, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) increased markedly (+4.1 points). On the external side, both managers' export volume expectations and their assessments of their competitive position on non-EU markets over the past three months improved for the second time in a row (by, respectively, 1.8 and 1.4 points compared to January). Managers' appraisals of new orders edged up (+2.7) for the first time since July 2021, while the estimated number of months' production assured by orders on hand remained broadly stable (-0.1 months compared to January) at 5.1 months, i.e. just a tad below its all-time high of 5.3 months in October last year.

Compared to January, the share of industry managers pointing to shortage of material and/or equipment as a factor limiting production decreased further from the record-high level of early 2022 (-10.2 percentage points to 26.8%). Also the share of managers indicating shortage of labour force as a factor limiting production decreased (-1.7 percentage points to 26.3% in April), while staying close to the all-time high registered a year ago. The prevalence of financial constraints receded from January's peak (-0.6 percentage points) and, at 5.5%, stayed low compared to the other limiting factors. Insufficient demand was the only constraining factor which gained further prominence in April, increasing for the fourth time in a row (+1.9 percentage points to 28.7%).

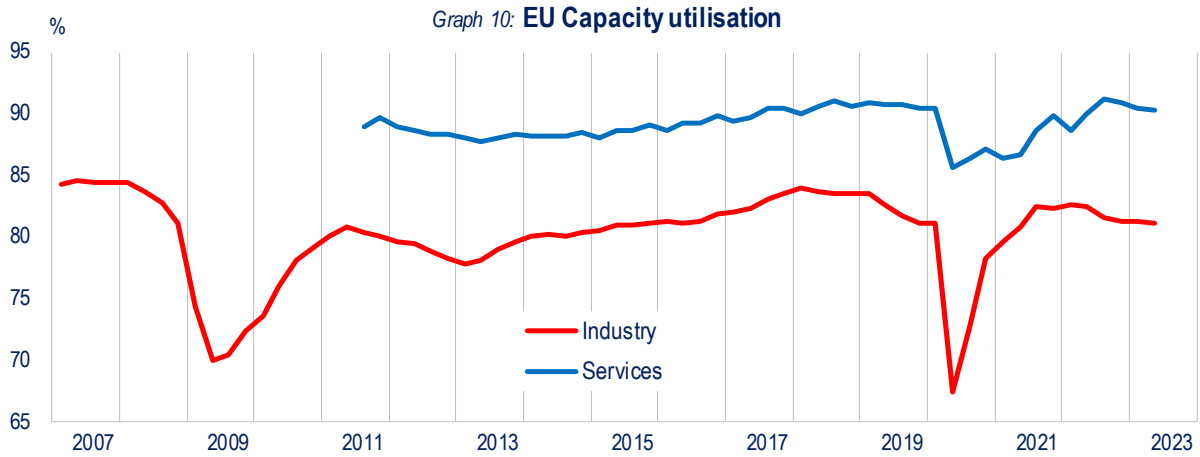
Turning to services, capacity utilisation in the EU declined marginally compared to January (-0.2 percentage points). At 90.2%, the rate remained above its long-term average of 89.1%.

Euro-area developments were qualitatively in line with the described EU developments; however, the estimated rate of capacity utilisation in industry edged up slightly compared to January (+0.2 points to 81.2%).



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 Historical data of the Financial Services Sector Survey continue to be available on the [BCS website of the Commission](#).

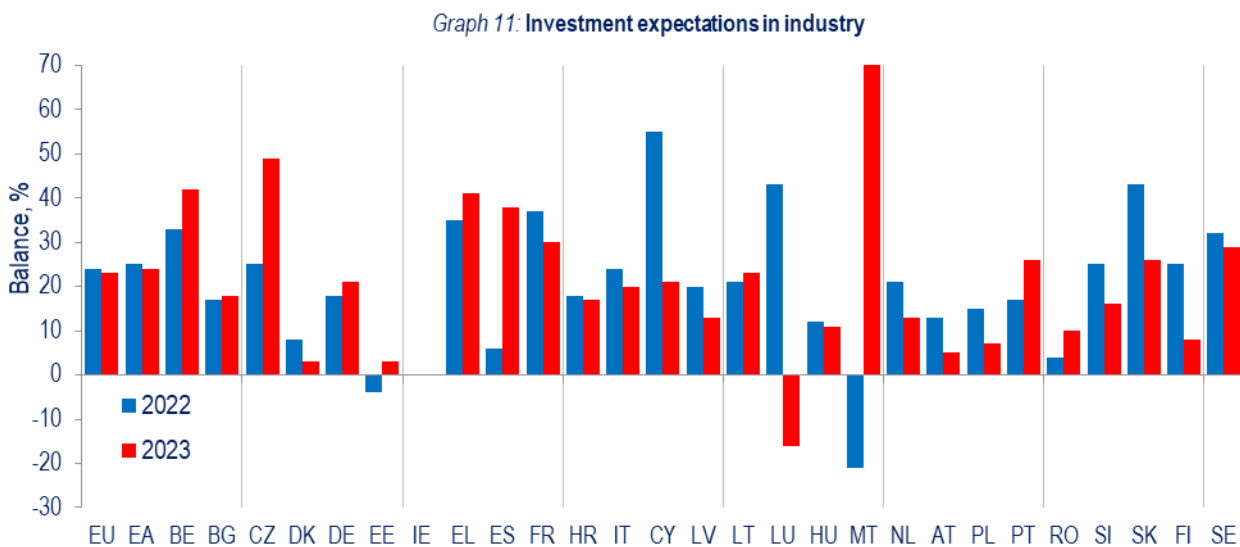


Investment survey (conducted in March/April)⁵

Starting in October/November 2021, the revamped *qualitative* bi-annual investment survey asks managers about the direction of change (increase, unchanged, decrease) in the total investment of their company, from the previous to the current year and the current to the next year. Previous *quantitative* results from the investment survey in the manufacturing industry have been transformed into balances of directional changes (i.e. the percentage of managers stating an increase minus those stating a decrease, taking into account the size of the companies), to align them with the revamped qualitative survey. Since October/November 2021, the survey also covers companies in the services sector.

According to the survey conducted in March/April 2023, more EU manufacturing managers state to have increased their investments in 2022 (net balance of 24%) than in the previous survey conducted in October/November 2022 (15%). For 2023, the balance of views predicting an increase in investments compared to 2022 stood at 23%, which represents a significant upward revision compared to the first outlook on 2023 from the October/November 2022 survey (13%).

Also in services did a higher percentage of managers estimate to have increased their investments in 2022 (net balance of 23%) than in the previous survey conducted in October/November 2022 (14%). For 2023, the balance of views predicting an increase compared to 2022 investments stood at 18%, which is again a sharp upward revision compared to the October/November 2022 survey (5%).



Data collection period: 1 April to 20 April.

⁵ French results from the Oct/Nov 2022 survey for investment plans in 2022 and 2023, as reported in the initial press release of 27 April 2023, were erroneous, slightly impacting also the EU and EA aggregates. This release reports the corrected data.

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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