

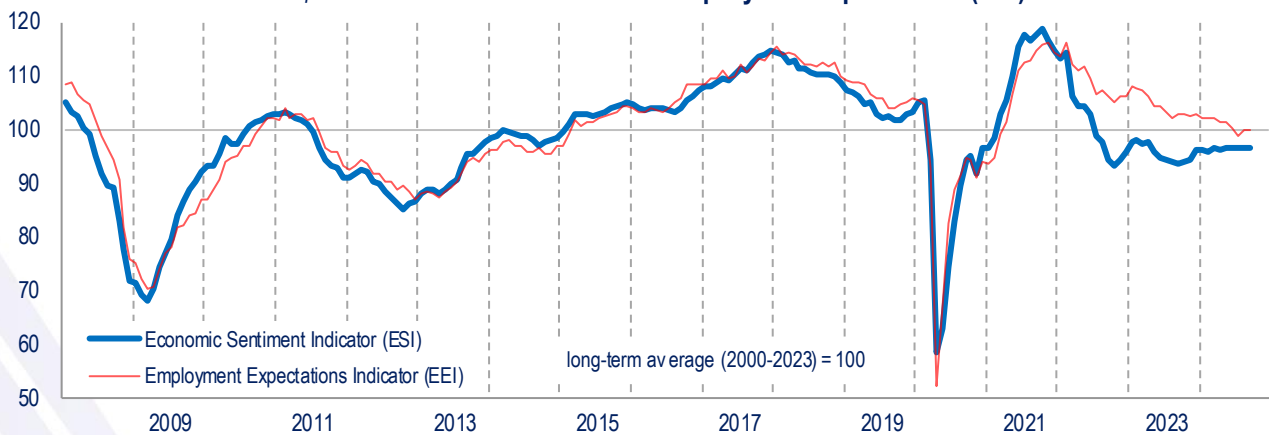
## Business and consumer survey results for September 2024

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

In September 2024, the *Economic Sentiment Indicator* (ESI) remained broadly stable in both the EU ( $\pm 0.0$  points at 96.7) and the euro area ( $-0.3$  points to 96.2).<sup>1</sup> The *Employment Expectations Indicator* (EEI) remained broadly unchanged as well in both areas (EU:  $+0.3$  points to 100.0, euro area:  $+0.1$  points to 99.5). While the EEI is at or very close to its long-term average of 100, the ESI continues to score below that reference value.

### EU developments

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



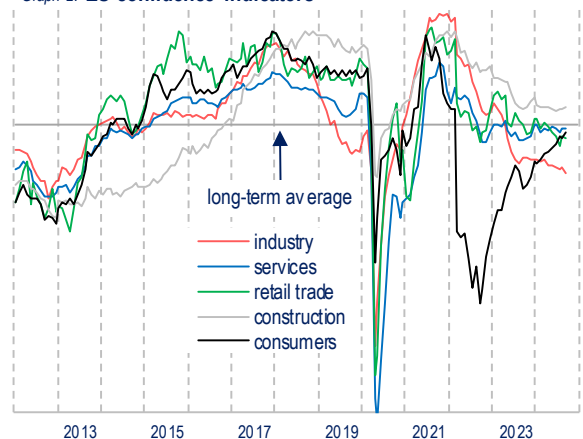
source: European Commission services

The steadiness of the ESI in the EU resulted from improved confidence in construction and among consumers, offset by a decrease in industry confidence. Confidence in services and retail trade remained broadly stable. For the largest EU economies, the ESI worsened markedly in France ( $-1.4$ ) and Germany ( $-1.2$ ), while it improved significantly in Poland ( $+2.0$ ), Spain ( $+1.9$ ), Italy ( $+1.2$ ) and, more moderately, in the Netherlands ( $+0.5$ ).

**Industry confidence** worsened in September ( $-0.8$ ) due to a substantial deterioration in managers' assessment of the *current level of overall order books* and a less pronounced worsening in their assessments of the *stocks of finished products*. Managers' *production expectations* remained virtually unchanged. Regarding the questions not entering the confidence indicator, both managers' assessment of *past production* and their views on *export order books* worsened. **Services confidence** remained largely unchanged ( $+0.2$ ) as a minor improvement in managers' *demand expectations* was mostly offset by a more negative assessment of *past demand*. Managers' assessment of the *past business situation* remained broadly unchanged. **Consumer confidence** improved in September ( $+0.5$ ). Consumers were markedly more optimistic about their households' *expected financial situation* and, to a lesser extent, about their households' *past financial situation*.

Consumers' expectations about the *general economic situation* in their respective country and their *intentions to make major purchases* remained virtually unchanged. **Retail trade confidence** remained broadly stable ( $-0.1$ ). Retailers' *business expectations for the next 3 months* improved substantially but were offset by worsened assessments of the *volume of stocks* and of the *past business situation*. **Construction confidence** improved slightly in September ( $+0.4$ ), driven by both builders' improved assessments of their *order books* and their *employment expectations*. The percentage of construction managers indicating *insufficient demand* ( $-0.2$  points to 30.9%) and *material/equipment shortages* ( $-0.1$  points to 6.4%) as limiting factors to construction changed only

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

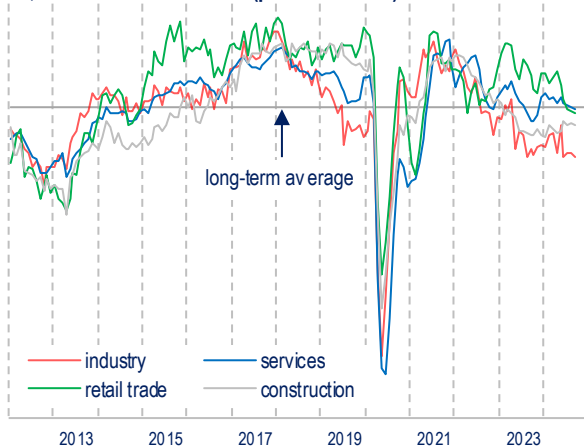


<sup>1</sup> Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

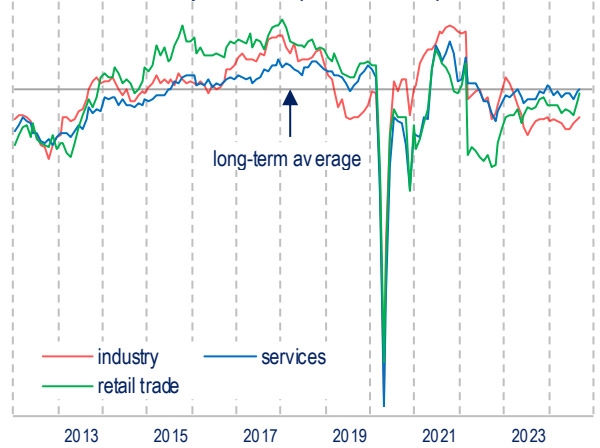
<sup>2</sup> The graph presents standardised series to correct for differences in means and standard deviations.

marginally between August and September. The percentage of builders indicating *labour shortages* (+0.4 points to 26.4%) or *financial constraints* (+0.6 points to 8.4%) as limiting factors increased moderately.

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

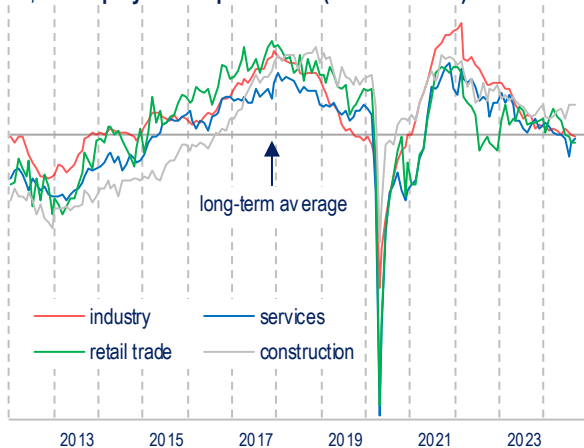


Graph 4: Business expectations (next 3 months) in the EU<sup>2</sup>

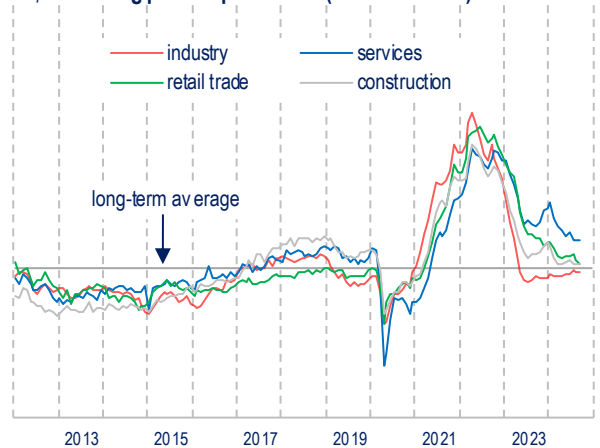


The **Employment Expectations Indicator** (+0.3) remained broadly stable around its long-term average level. The minor increase reflected small improvements in employment plans in services and construction, which were moderated by a fractional decline in employment plans in industry. Employment plans in retail trade were virtually unchanged. Consumers' unemployment expectations, which are not included in the headline indicator, worsened somewhat. The EU **Labour Hoarding Indicator** edged down further (-0.2 points to 9.7) to its lowest level since February 2022, reaching its long-term average.<sup>3</sup>

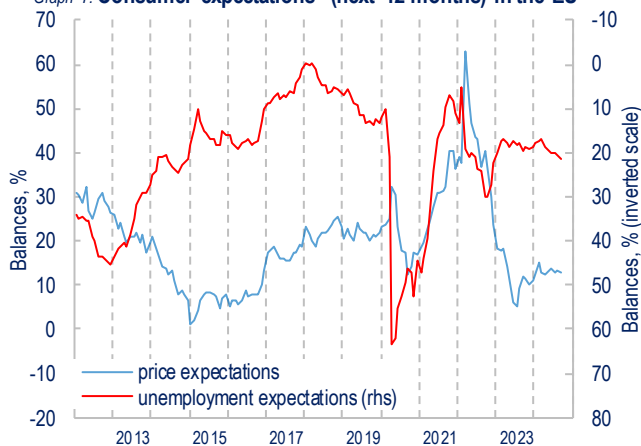
Graph 5: Employment expectations (next 3 months) in the EU<sup>2</sup>



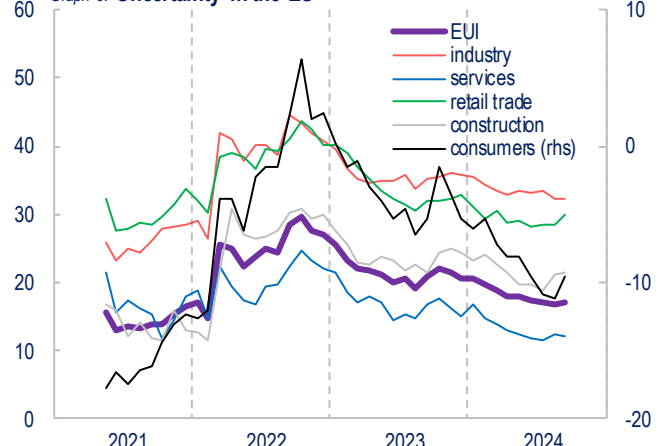
Graph 6: Selling price expectations (next 3 months) in the EU<sup>2</sup>



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



Graph 8: Uncertainty in the EU



**Selling price expectations** fell considerably in retail trade, while remaining broadly stable in industry, services and construction. Selling price expectations remained above their long-term averages in all sectors except for industry. Consumers' price expectations for the next twelve months decreased somewhat in September. Consumers' perceived price developments over the past twelve months decreased markedly, continuing the downward trend visible since spring 2023; the indicator remained nevertheless at a high level.

<sup>3</sup> The LHI measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. 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.

The European Commission's **Economic Uncertainty Indicator** (EUI)<sup>4</sup> remained broadly stable (+0.3 points to 17.2). Managers' uncertainty about their future business situation remained virtually unchanged in industry, services and construction, while it increased in retail trade. Consumers' uncertainty about their future financial situation picked up sharply in September.

*Data collection period: 1 to 20 September.*

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<sup>4</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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<b>Upcoming releases:</b>	Flash Consumer Confidence Indicator	23 October 2024
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	30 October 2024