

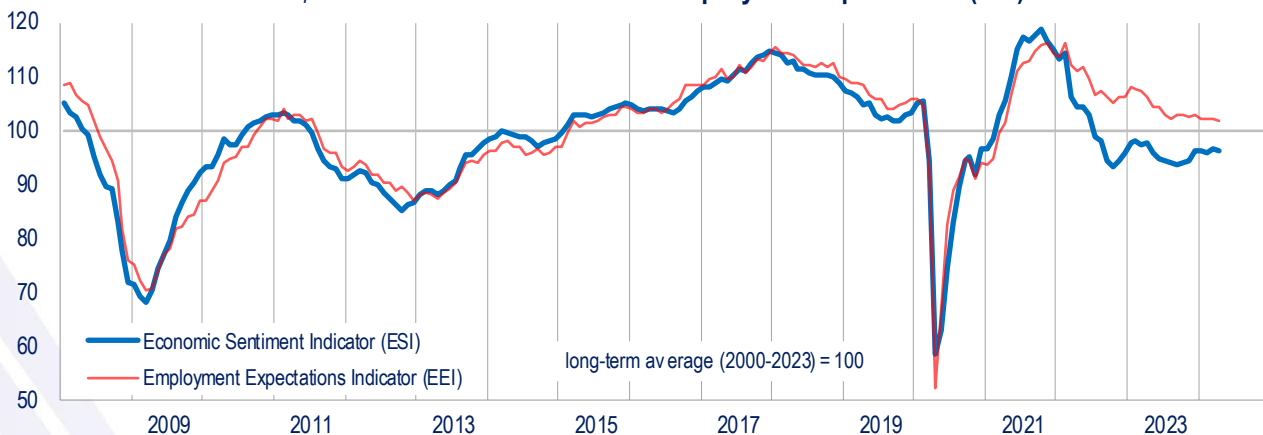
Business and consumer survey results for April 2024

Economic Sentiment marginally down in the EU and the euro area, Employment Expectations decline

In April 2024, the *Economic Sentiment Indicator* (ESI) declined marginally in both the EU (-0.3 points to 96.2) and the euro area (-0.6 points to 95.6).¹ The *Employment Expectations Indicator* (EEI) declined slightly more markedly in both areas (EU: -0.5 points to 101.7, euro area: -0.7 points to 101.8). Contrary to the ESI, the EEI continued to score above its long-term average.

EU developments

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

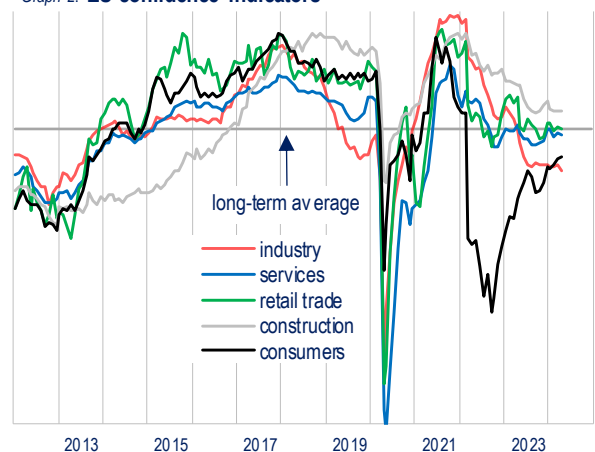


source: European Commission services

In the EU, the marginal decline of the ESI reflected slightly lower confidence in industry and services, while retail trade, construction and consumer confidence remained broadly stable. For the largest EU economies, the ESI deteriorated significantly in France (-4.8) and more moderately in Italy (-1.3), while it improved markedly in Spain (+2.3), Germany (+1.5) and Poland (+1.5). The ESI remained broadly stable in the Netherlands (+0.3).

Industry confidence declined (-0.7), as managers' assessment of the *current level of overall order books* deteriorated strongly, while their *production expectations* and assessments of the *stocks of finished products* remained broadly stable. Of the questions not entering the confidence indicator, managers' assessment of developments in *past production* and of *export order books* deteriorated markedly. Also **services confidence** declined slightly (-0.4), resulting from managers' worsened assessments of *past and expected demand*, which was partly offset by an improved assessment of the *past business situation*. **Consumer confidence** remained virtually unchanged (+0.1), as the improvement of consumers' views on their *household's past financial situation* and *intentions to make major purchases improved* was counterbalanced by markedly lower expectations about the *general economic situation* in their country. Consumer expectations concerning *household's financial situation* remained broadly unchanged. **Retail**

Graph 2: EU confidence indicators²

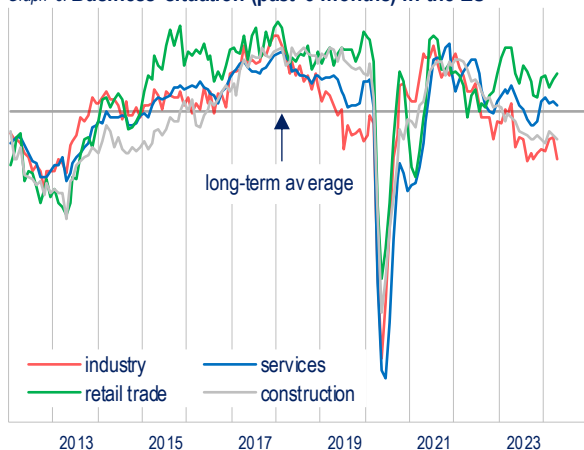


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data. Moreover, as from this publication the consumer survey (CONS) for Romania (RO) has been resumed. Consistent time series for all monthly and quarterly balances have been restored using new data collected since May 2023 and econometric techniques (see the [methodological note](#) on the BCS website for details). Re-inclusion of RO CONS data has an impact also on the ESI for RO and the EU and past EU CONS results. Concerning the latter, the inclusion of consistently restored series for RO resolves a malfunctioning level correction in place since April/May 2020. The impact on the EU consumer confidence indicator is an upward correction by around 1.5 points since May 2020.

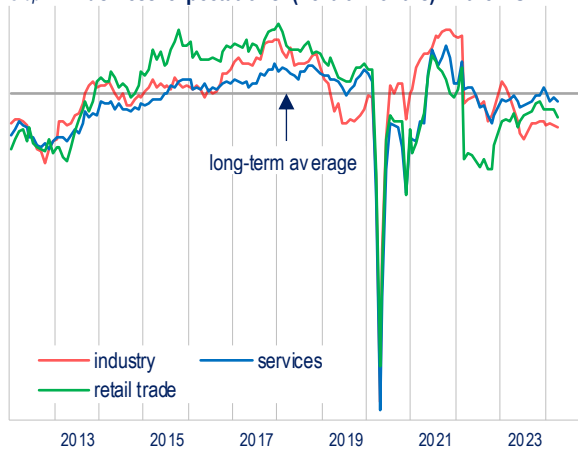
² The graph presents standardised series to correct for differences in means and standard deviations.

trade confidence (-0.3) was broadly stable, as a marked improvement in retailers' assessment of the *past business situation* was offset by a strong decline in their *business expectations for the next 3 months*. Retailers' assessment of the volume of stocks was broadly unchanged. **Construction confidence** was practically unchanged (-0.1) as more optimistic *expectations on employment* were offset by a decrease in builders' assessment of their *order books*. The percentage of construction managers indicating *insufficient demand* or *material/equipment shortages* as a factor limiting construction activity declined (by, respectively, 0.4 points to 32.2% and 2.0 points to 6.6%). By contrast, the percentage of construction managers indicating *labour shortages* or *financial constraints* as limiting factors increased (both by 0.7 points to, respectively, 28.3% and 12.2%).

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



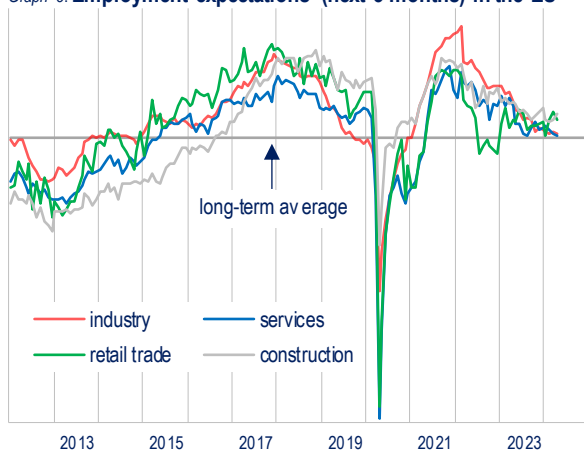
Graph 4: Business expectations (next 3 months) in the EU²



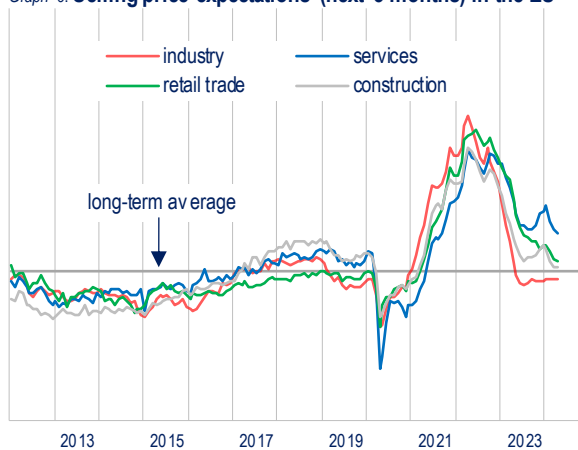
While continuing to score above its long-term average, the **Employment Expectations Indicator** (-0.5) edged down. The decline reflects lower employment plans among industry and retail trade managers, counterbalanced by more optimistic plans in the construction sector. In services, managers' employment plans remained broadly unchanged. Consumers' unemployment expectations, which are not included in the headline indicator, worsened somewhat.

Selling price expectations declined in services and retail trade and remained stable in industry and construction. Selling price expectations score below their long-term average only in industry, while they remain elevated by historical standards in services. Consumers' price expectations for the next twelve months decreased slightly in April. Their perceptions of price developments over the past twelve months also declined further, though remaining at a very high level.

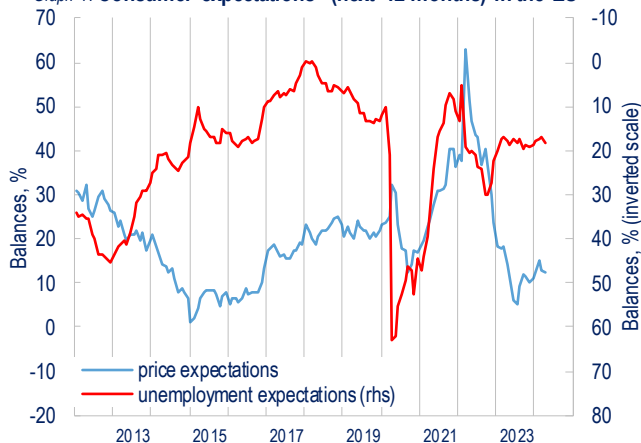
Graph 5: Employment expectations (next 3 months) in the EU²



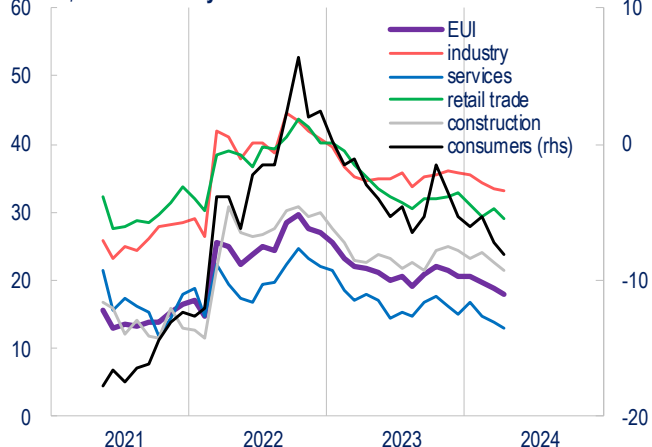
Graph 6: Selling price expectations (next 3 months) in the EU²



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

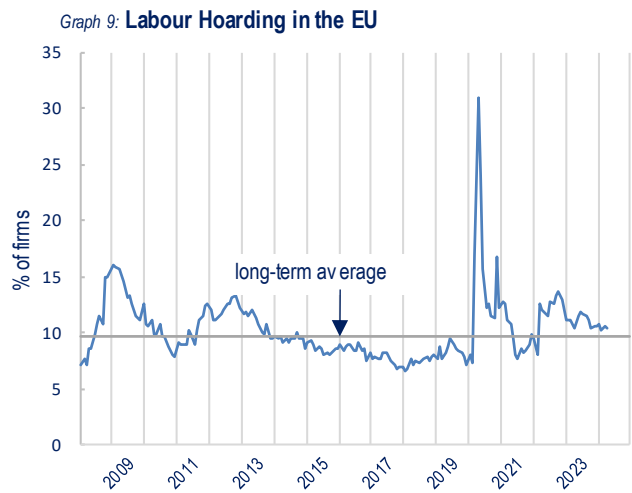


Graph 8: Uncertainty in the EU



The European Commission's **Economic Uncertainty Indicator (EUI)**³ decreased further in April (-0.7 points to 18.1). Managers' uncertainty about their future business situation decreased in all sectors as did consumers' uncertainty about their future financial situation.

The European Commission's **Labour Hoarding Indicator (LHI)**⁴ measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. In April, the EU LHI decreased only marginally compared to March (-0.2 points). At 10.4%, the LHI was only slightly above its long-term average of 9.7% and pre-pandemic levels, and significantly below the peak reached during the COVID-19 crisis.



Quarterly survey results (conducted in April)

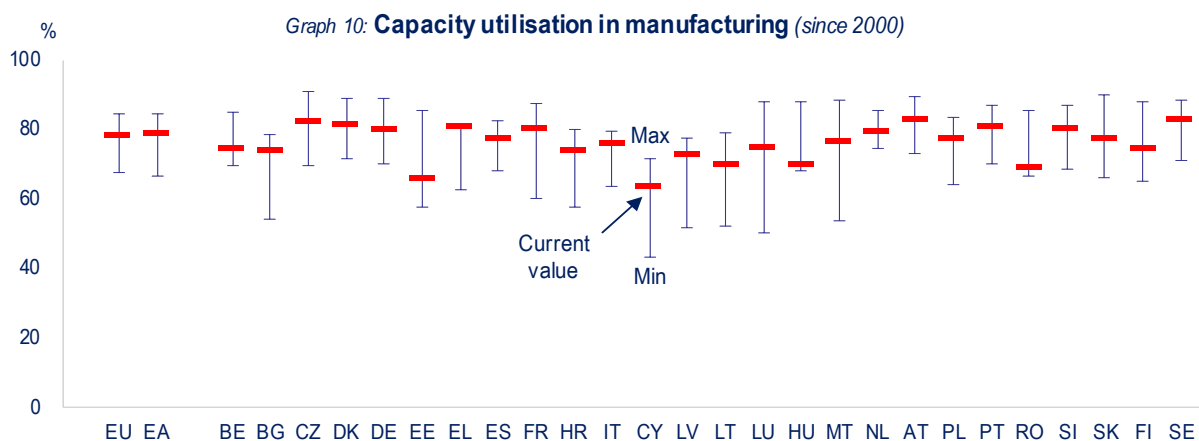
The quarterly questions in the industry and services surveys are asked in January, April, July and October of each year.

In the EU industry sector, the estimated rate of capacity utilisation decreased by 0.4 percentage points from January to April, reaching 78.7% and thus descending further below its long-term average of 80.6%. Accordingly, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) increased (+2.2 points). On the external side, managers' export orders expectations increased (by 3.3 point compared to January), and so did the assessments of their competitive position on non-EU markets over the past three months (by 2.2 points). Managers' views on developments in orders over the past three months improved strongly (+3.2) but remained low by historical standards. The estimated number of months' production assured by orders on hand increased slightly compared to January (by 0.1 to 5.0 months).

The share of industry managers indicating insufficient demand as a factor limiting their production increased by 0.7 percentage points (pps) from January to April, to reach 37.9%. Meanwhile, the percentage of managers pointing to shortages of material and/or equipment as a factor limiting production decreased further from the record-high level of early 2022 (-0.5 pps as compared to January, to a level of 13.8% in April). The share of managers indicating shortage of labour force as a limiting factor remained broadly stable (-0.3 pps), at a relatively high level (22.5%). At 5.3%, the share of managers pointing to financial constraints as limiting their firm's production stayed relatively low and decreased by 0.4 pps compared to January.

Turning to services, capacity utilisation in the EU increased compared to January (+0.4 pps to 90.3%), remaining above its long-term average of 89.3%.⁵

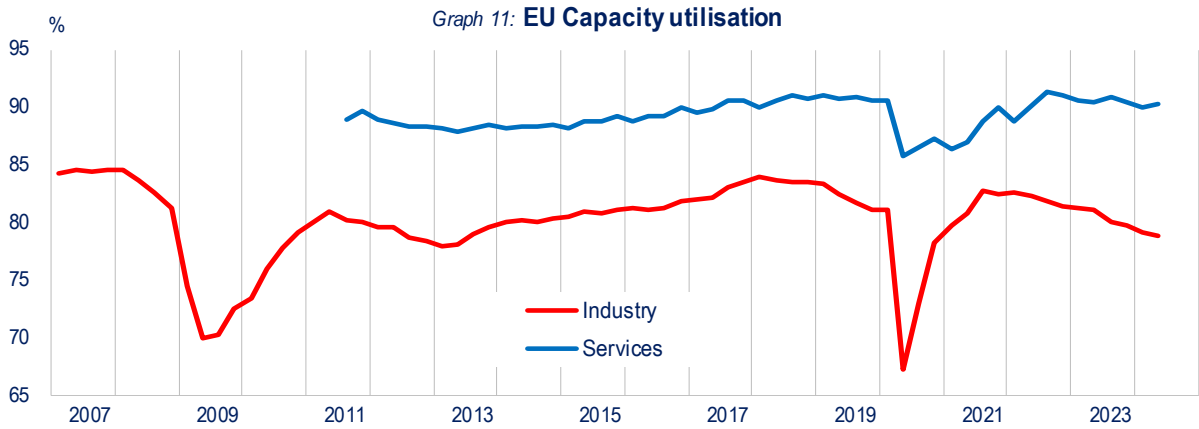
Euro-area developments were qualitatively in line with the described EU developments. The estimated rate of capacity utilisation in industry decreased by 0.3 pps to 78.9%. In services, it increased by 0.3 pps to 90.2%.



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 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.

⁵ The methodology for calculating capacity utilisation in the Dutch services sector changed to make the data more comparable to those of the industry survey. The change applies retrospectively to the whole period available. It implies a small upward shift of the data with a proportional impact on the EU/EA aggregates.

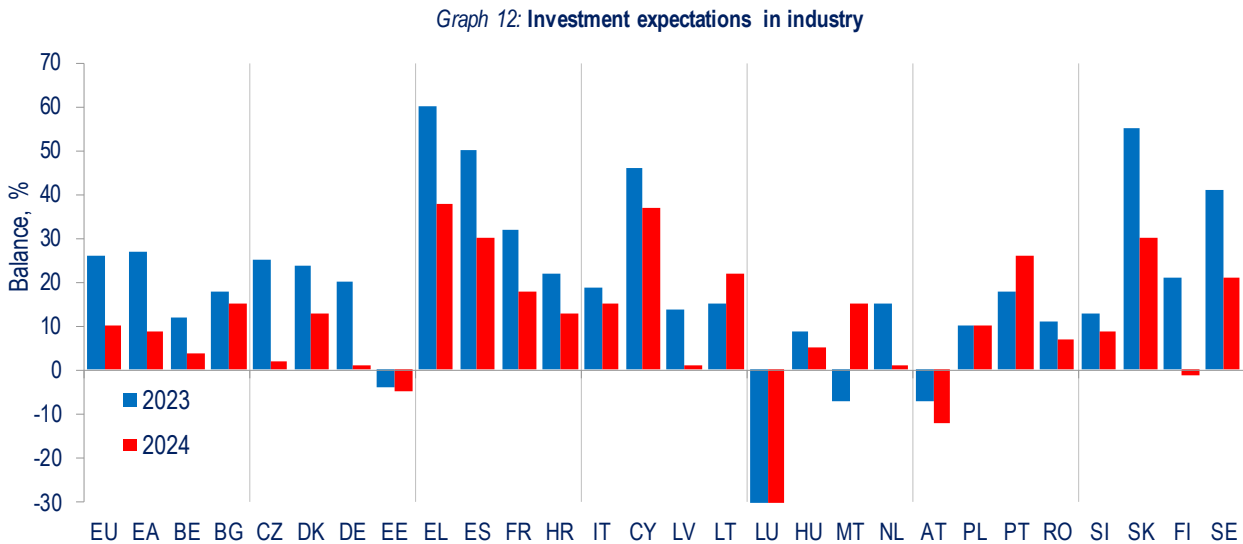


Investment survey (conducted in March/April)

The bi-annual investment survey, conducted in October/November and in March/April, asks managers in the industry and services sectors about the direction of change (increase, unchanged, decrease) of investment by their company. In spring, managers are asked about investment realised in the previous year (t-1) and planned in the current year (t).

According to the survey conducted in March/April 2024, more EU manufacturing managers report to have increased their investments in 2023 (net balance of 26%) than in the previous survey conducted in October/November 2023 (10%). For 2024, the balance of views predicting an increase in investments compared to 2023 stood at 10%, which is broadly unchanged compared to the assessments reported in the October/November 2023 survey (11%).

The percentage of managers stating to have increased their investments in 2023 rose also among services managers (net balance of 20% compared to 8% in the October/November 2023 survey). For 2024, the balance of services managers predicting an increase in investment compared to 2023 stood at 9%, which is unchanged from the October/November 2023 survey (9%).



Data collection period: 1 to 22 April.

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 May 2024 |
| | Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs) | 30 May 2024 |