

## Presentational changes in the press release on Business and Consumer surveys (BCS)

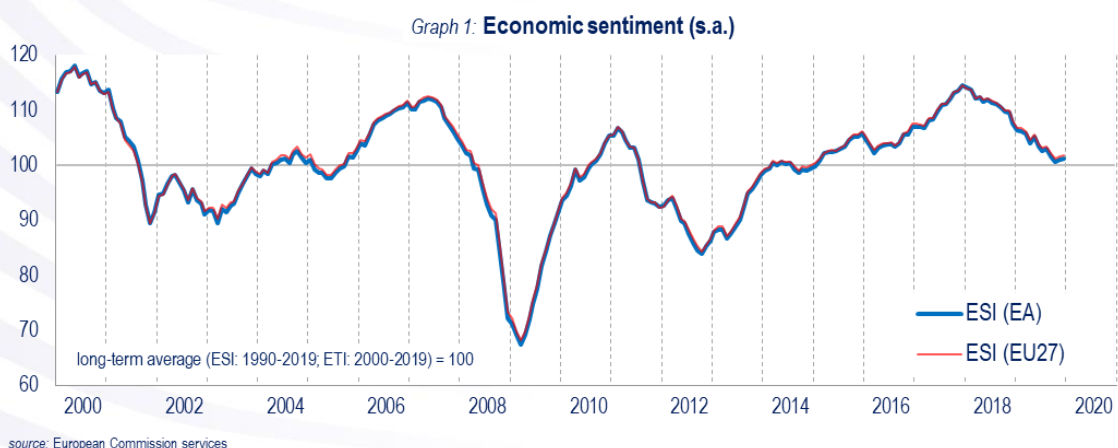
As of February 2020, the BCS press release is subject to some presentational changes. Below is a description of the novelties, as well as their underlying motivations.

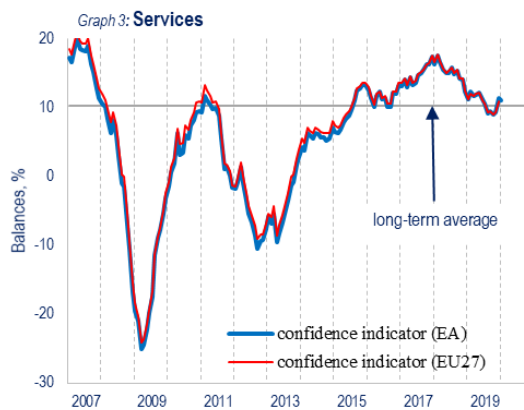
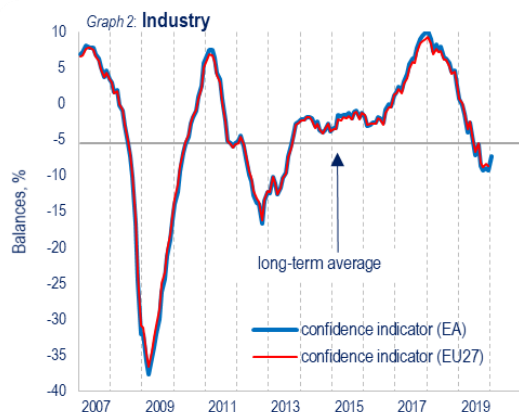
- (1) The new **‘Employment Expectations Indicator’ (EEI)** is integrated into the press release. The new indicator has been presented in the 2019-Q4 special topic of the [European Business Cycle Indicators](#) publication (see also the [Methodological User Guide](#) to the Joint Harmonised EU Programme of Business and Consumer Surveys, p. 22, for a description of the EEI). Its results are communicated in the headline of the release, as well as the first paragraph, and it is displayed alongside the Economic Sentiment Indicator (ESI) in the first graph. Furthermore, there is a dedicated section in the release describing the sectoral drivers of the indicator’s evolution.

**Motivation:** The new EEI has been designed to complement the growth-related focus of the ESI with information on the prevailing employment outlook, in line with the renewed focus of the von der Leyen Commission on inclusive growth and fairness. In that spirit, the new press release clearly presents the EEI as an additional *headline* indicator on a par with the ESI.

- (2) While the headline and the first paragraph of the release continue to summarise results for both the EU and the euro area (EA), the remaining text and the graphs of the press release focus on the EA. The comprehensive data annex of the press release continues displaying all data at EU, EA, and individual country level.

**Motivation:** Due to the withdrawal of the UK from the EU on 31 January 2020, the survey results for the EU-aggregate have become virtually identical to those of the EA. Commenting on and visualising the EU-results in addition to the EA-figures therefore appears redundant. The point can be illustrated by the below graphs. The approach is appropriate, considering that economic analyses deploying the survey data, as well as the press coverage of newly released data hint at a dominant interest of users and markets in EA- rather than EU-developments. Furthermore, survey-based indicators most often compared to the ESI also refer to the EA (e.g. IHS Markit Purchasing Managers’ Index; ZEW Indicator of Economic Sentiment).





- (3) For the UK, only the headline survey-results (ESI, EEI and sectoral confidence indicators) are listed in the data annex to the press release (i.e. in table 1), accompanied by a footnote referring to DG ECFIN's website for access to the complete data set comprising results per sector and survey question. The same regime is applied to the survey-results of the five EU candidate countries (Albania, Montenegro, North Macedonia, Serbia, Turkey) which had, up to now, only been available on DG ECFIN's website, but not appeared in the release.

**Motivation:** While the BCS Programme collects a comprehensive and harmonised data set for all 33 countries covered (EU Member States, the UK during the transition period in which it remains subject to economic and fiscal surveillance, and candidate countries), the detailed results per sector and survey question are only reported for EU Member States in the annex of the press release. The inclusion of the headline indicators for the five candidate countries is to raise awareness of the survey data for these countries, collected in the framework of the Joint Harmonised EU BCS Programme for many years, and promote their use.

- (4) The standardisation window used for the ESI construction has been harmonised with that of the new Employment Expectations Indicator (EEI). As of February 2020, the EU, euro-area, as well as all country-specific ESIs are based on a standardisation period starting in 2000 (and ending in 2019).

**Motivation:** The change enhances the scope for meaningful comparisons of the ESI and EEI across time. For the ESI, it also improves comparability across countries given that the previous standardisation sample starting in 1990 comprised prolonged periods for which data were not available for countries having accessed the EU since the 2000s.

- (5) The confidence indicators of all surveyed sectors are integrated into a single graph for the euro area.

**Motivation:** This facilitates easy cross-sector comparisons and eliminates a shortcoming of the previous layout of the press release, which displayed the confidence indicators of the different sectors in separate graphs. The integrated view also facilitates the identification of the sectoral drivers of changes in the aggregate (cross-sector) ESI headline indicator.

*Note: The comparability of the series is enhanced by standardising them, i.e. for every data point of a given sectoral confidence indicator, the mean level of the confidence indicator is subtracted and the resulting number is divided by the standard deviation of the sectoral indicator. Intuitively speaking, all lines in the graph are shifted to a common long-term average and are stretched or compressed so as to have comparable amplitudes.*

- (6) The scope of the graphs displaying employment and price expectations (graphs 3 and 4) has been re-set to the four business sectors, with all data reported in standardised form. Consumers' unemployment and inflation expectations are displayed in a separate graph.

**Motivation:** The selling price expectations and employment plans of businesses are clearly a concept distinct from consumers' inflation and unemployment expectations and comparisons between them should be treated with caution. While the former give a clear indication of the likely behaviour of economic actors in the near future (raising or lowering prices; hiring or laying off staff), the latter provide an idea of how the general public perceives the future economic developments.

- (7) The separate monthly press release on the Business Climate Indicator (BCI) will be discontinued. Still, for the select group of experts regularly consulting the indicator, DG ECFIN continues to compute and make the indicator available for download on its [website](#).

**Motivation:** There are a number of reasons for discontinuing the BCI. First of all, it is not widely followed or quoted in the press, as journalists usually (rightly) focus their attention on the economy-wide headline indicator, the ESI, which is on a par with other main business cycle indicators like IHS Markit's PMI indicators. Secondly, the ESI and the BCI can deliver contradictory signals about the path of the economy, as the latter is solely based on survey data from the manufacturing sector. That makes communication difficult at times. Lastly, despite being based on a different methodology, the BCI is empirically virtually identical to the industry confidence indicator.