

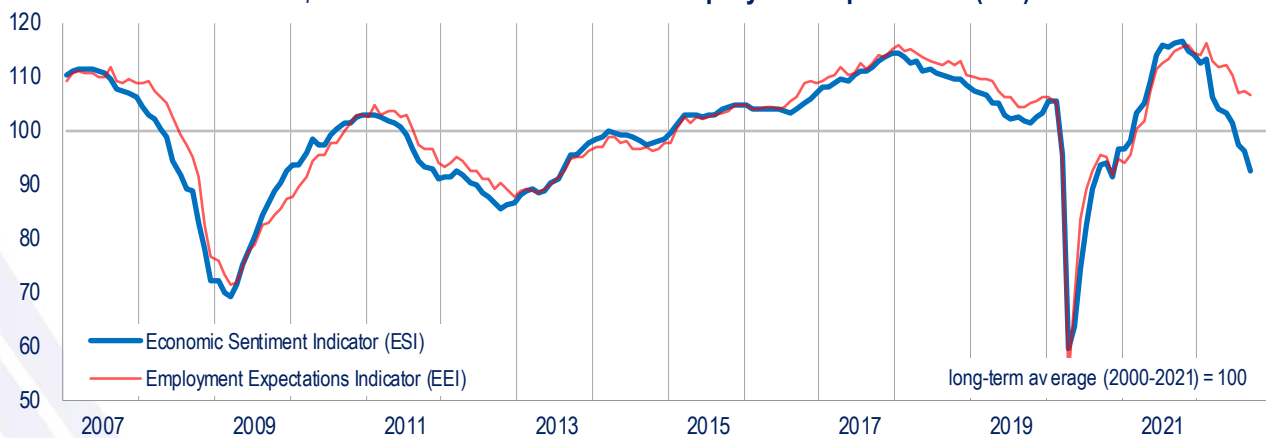
Business and consumer survey results for September 2022

Economic Sentiment falls sharply in the EU and the euro area, Employment Expectations remain relatively robust

In September 2022, the *Economic Sentiment Indicator* (ESI) continued its steep decline in both the EU (-3.5 points to 92.6) and the euro area (-3.6 points to 93.7). The *Employment Expectations Indicator* (EEI) decreased more moderately (-0.8 points to 106.4 in the EU and -1.2 points to 106.7 in the euro area)¹, staying markedly above long-term average.

EU developments

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

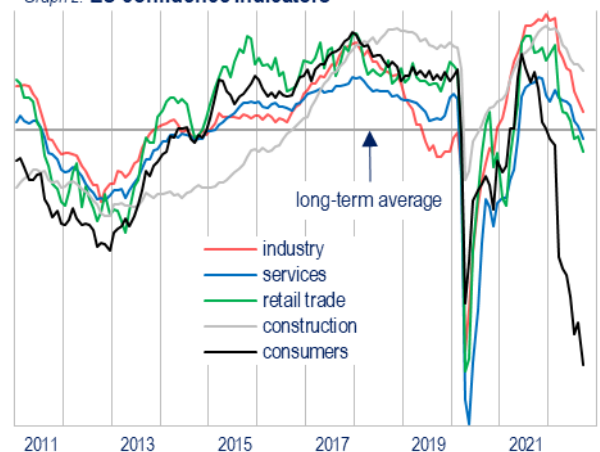


source: European Commission services

In the EU, the marked decrease in the ESI in September was driven by a significant deterioration in confidence in all surveyed business sectors and another particularly sharp decline among consumers. Amongst the largest EU economies, the ESI fell markedly in Germany (-4.8), the Netherlands (-3.7), Italy (-3.7), France (-3.2), Poland (-2.4) and, to a lesser extent, Spain (-1.0).

Industry confidence decreased for the seventh month running (-1.8), as managers' production expectations for the next three months fell sharply. Assessments of the current level of overall order books also saw another deterioration, while the assessment of the stocks of finished products edged down after several months of recovery. Of the questions not entering the confidence indicator, managers' views on export order books deteriorated, while their appraisals of past production picked up slightly. **Services confidence** declined (-2.7) due to a marked deterioration of all three components (i.e. views on the past business situation, past demand and demand expectations). **Consumer confidence** plummeted again (-3.5), and reached a new all-time low in September. All its components (i.e. households' assessments of their past financial situation, their outlook on their *future financial situation*, their *intentions to make major purchases* and their expectations about the *general economic situation*) contributed to the steep decline. The decline in **retail trade confidence** (-1.8) resulted from marked deteriorations of managers' assessments of the *expected business situation*, a pick-up in the assessment of the *volume of stocks* and, to a lesser extent, weaker assessments of the *past business situation*. **Construction confidence** also decreased (-1.4), as lower employment expectations were accompanied by further decreasing assessments of the level of order books. The share of construction managers pointing to shortages of labour

Graph 2: EU confidence indicators²

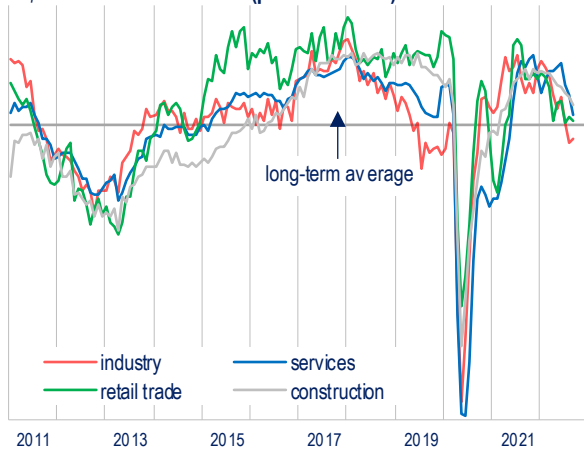


¹ Past results were slightly revised due to seasonal adjustment.

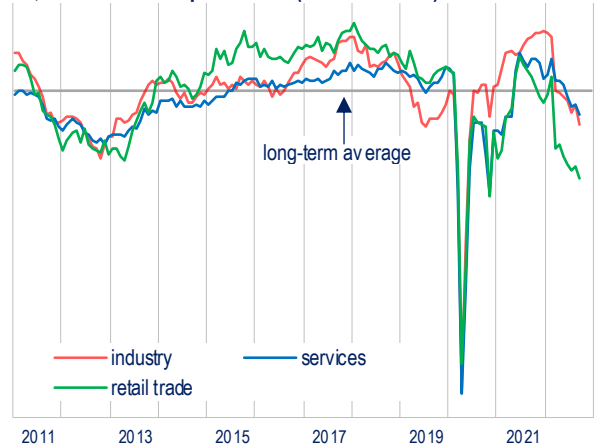
² The graph presents standardised series to correct for differences in means and standard deviations.

edged down to 31.9%, after reaching an all-time high in August (32.6%). The share of builders reporting shortages of material and/or equipment as a factor limiting their building activity picked up again (23.0%, after 22.6% in August). **Financial services confidence** (not included in the ESI) dropped substantially in September (-5.1), due to managers' more negative appraisals of all components entering the indicator (*past demand, demand expectations, past business situation*).

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



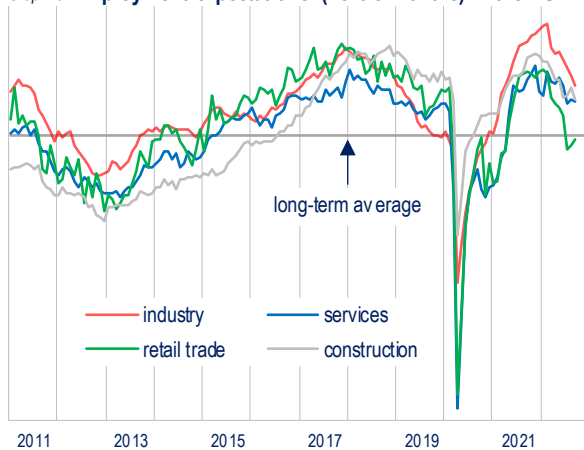
Graph 4: Business expectations (next 3 months) in the EU²



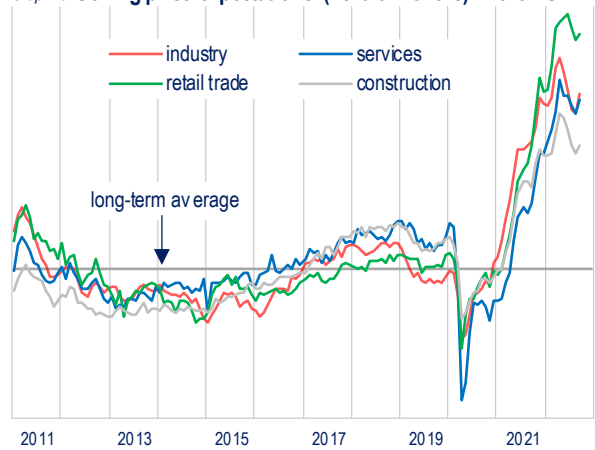
The mild decrease in the **Employment Expectations Indicator** (-0.8) was driven by deteriorated employment plans in industry and construction. Services managers' employment plans remained broadly unchanged, while retailers expected employment in their firms to increase in the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, worsened.

After a period of relief over the summer, **selling price expectations** rose again in all surveyed business sectors. Consumer price expectations also picked up again.

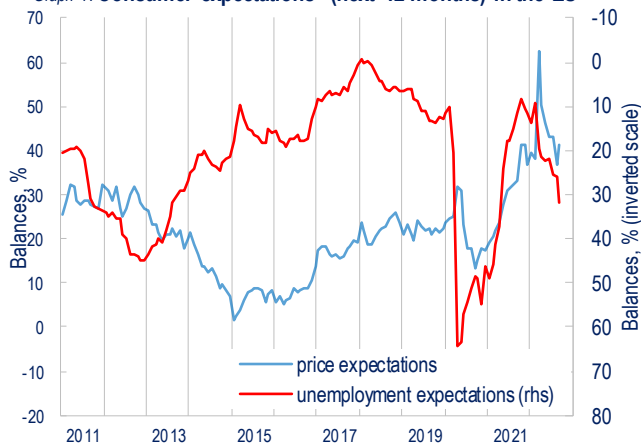
Graph 5: Employment expectations (next 3 months) in the EU²



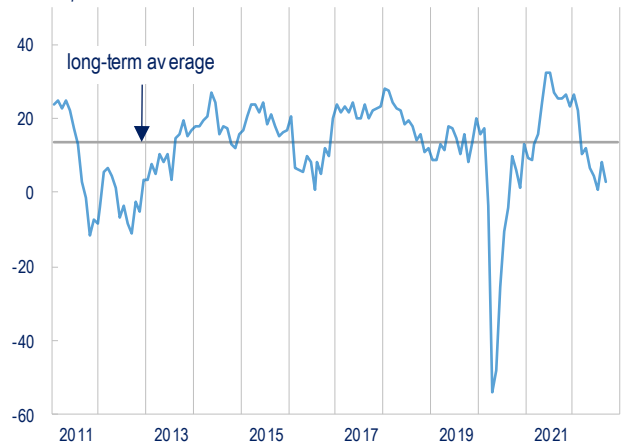
Graph 6: Selling price expectations (next 3 months) in the EU²



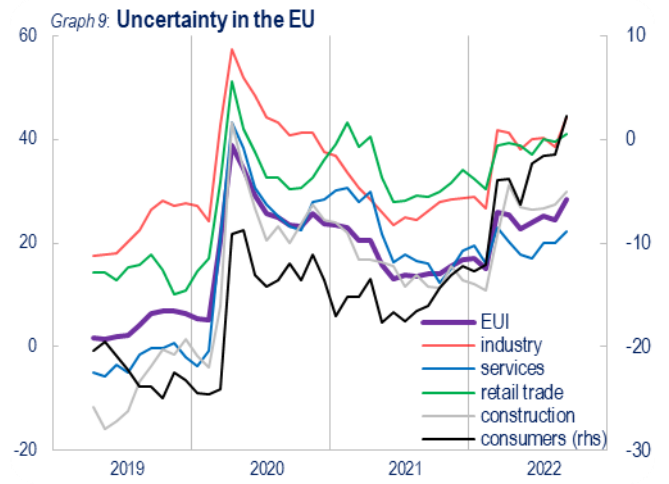
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



The **Economic Uncertainty Indicator (EUI)**³ rose markedly in September (+3.8 points to 28.4). While uncertainty rose in all business sectors, consumer uncertainty rose particularly sharply, reaching a new all-time high.



Data collection period: 1 September to 26 September

³ 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. 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 2022
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 October 2022