

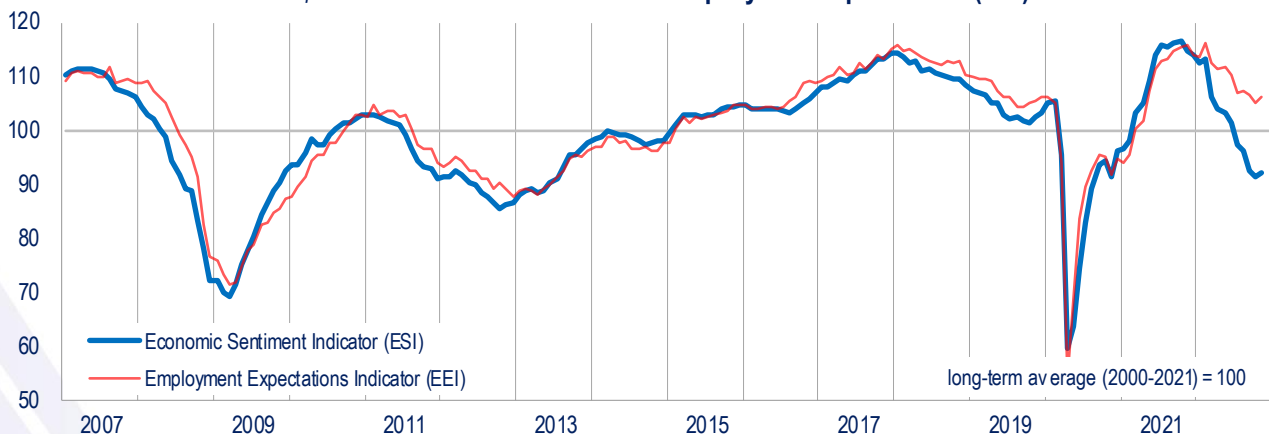
## Business and consumer survey results for November 2022

# Economic Sentiment and Employment Expectations halting their decline in the EU and the euro area

In November 2022, the *Economic Sentiment Indicator* (ESI) increased for the first time since February in both the EU (+1.0 point to 92.2) and the euro area (+1.0 point to 93.7). The *Employment Expectations Indicator* (EEI) also increased (+1.4 points to 106.3 in the EU and +2.0 points to 107.4 in the euro area).<sup>1</sup>

## EU developments

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

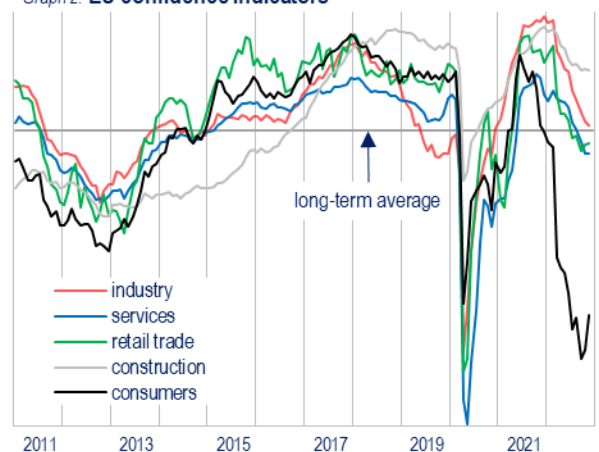


source: European Commission services

In the EU, the ESI increase in November was driven by a rebound in consumer confidence, which more than outweighed a further deterioration of industry confidence. Sentiment in services, retail trade and construction remained broadly unchanged. Amongst the largest EU economies, the ESI increased strongly in Italy (+4.1) and, to a lesser extent, the Netherlands (+1.2) and Germany (+1.1), while it eased in Spain (-1.7) and France (-1.6). Sentiment in Poland stayed broadly flat (+0.3).

**Industry confidence** posted a ninth monthly decline (-0.7), as managers' assessments of the *current level of overall order books* kept deteriorating and the *stocks of finished products* continued piling up. Moving in the opposite direction, managers' *production expectations* improved for the second month in a row. Of the questions not entering the confidence indicator, managers' appraisals of *past production* and *export order books* deteriorated further. **Services confidence** halted its persistent decline since March (+0.2), as higher *demand expectations* more than outweighed yet another deterioration of managers' views on the *past business situation*. Managers' appraisals of *past demand* remained virtually unchanged. **Consumer confidence** saw a strong improvement (+2.8) after a milder rebound in October, ending its free fall for more than a year. Consumers were more positive about their *household's financial situation*, both over the past twelve months and especially for the next twelve months. They also signalled increased *intentions to make major purchases*. Similarly, consumers' expectations about the *general economic situation* got more upbeat. **Retail trade confidence** stayed broadly unchanged (+0.1), as managers' assessments of their *past* and *expected business situation* improved, while *stocks* were considered much higher. **Construction confidence** remained broadly stable (-0.1), reflecting managers' unchanged views on the level of *order books* and broadly stable *employment expectations*. While the share of construction managers pointing to *shortage of labour* increased slightly to 31.1%, the share of executives indicating *shortages*

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

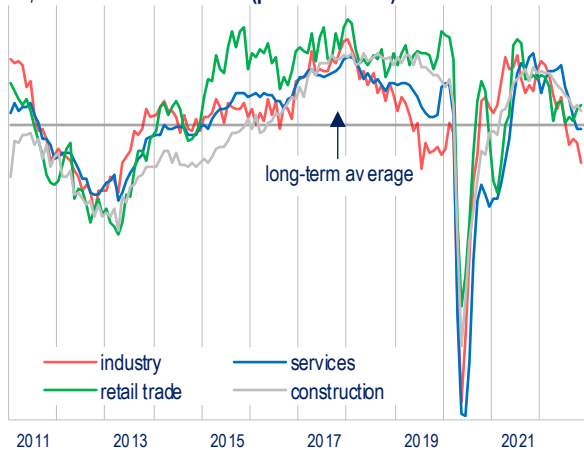


<sup>1</sup> Past results were slightly revised due to seasonal adjustment.

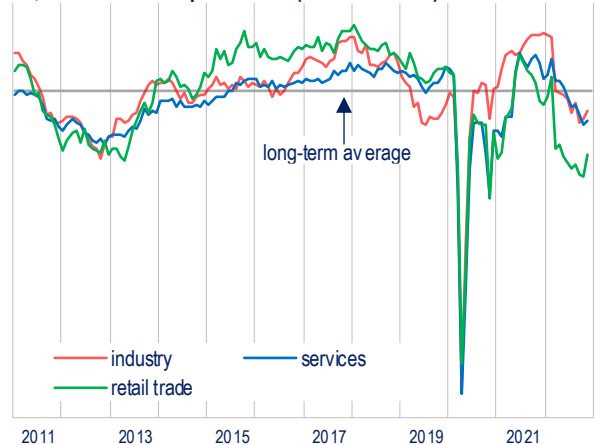
<sup>2</sup> The graph presents standardised series to correct for differences in means and standard deviations.

of material and/or equipment as factors limiting their building activity (20.1%) continued the sharp decline prevailing since May. Meanwhile, *insufficient demand* as a reported limiting factor gained further prominence (22.4%), while *financial constraints* (14.2%) were mentioned slightly less often. **Financial services confidence** (not included in the ESI) rebounded (+16.5) from its dramatic fall in October, thanks to sharp improvements in all components entering the indicator (*past demand, demand expectations, past business situation*). In spite of the increase, the indicator remained well below its long-term average.

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



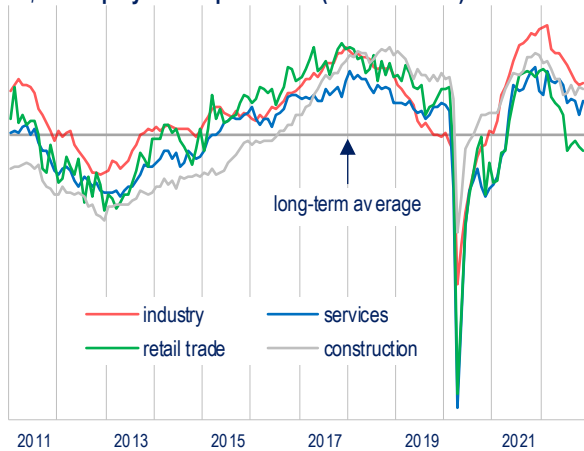
Graph 4: Business expectations (next 3 months) in the EU<sup>2</sup>



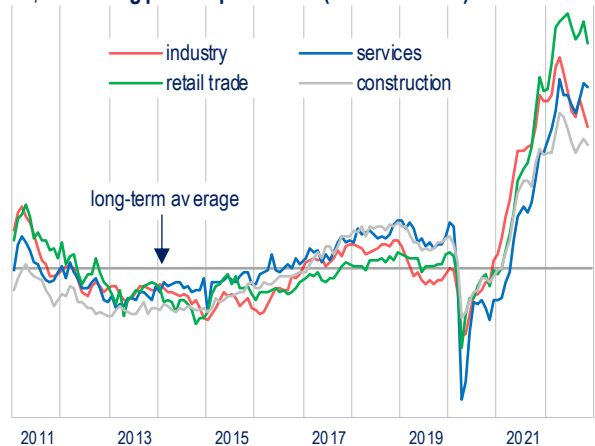
The **Employment Expectations Indicator** increased (+1.4), fuelled by more optimistic employment plans in industry and, particularly, services, which were only partly offset by more downbeat expectations in retail trade. Construction managers posted broadly unchanged employment plans for the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, saw the first significant decrease since February.

**Selling price expectations** eased in industry, retail trade and, to a lesser extent, in services and construction. Consumer price expectations continued declining. Meanwhile, consumers' perceptions of price developments over the past twelve months reached another all-time high.

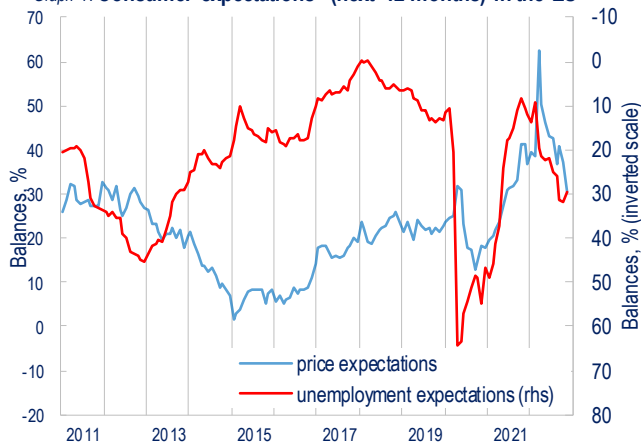
Graph 5: Employment expectations (next 3 months) in the EU<sup>2</sup>



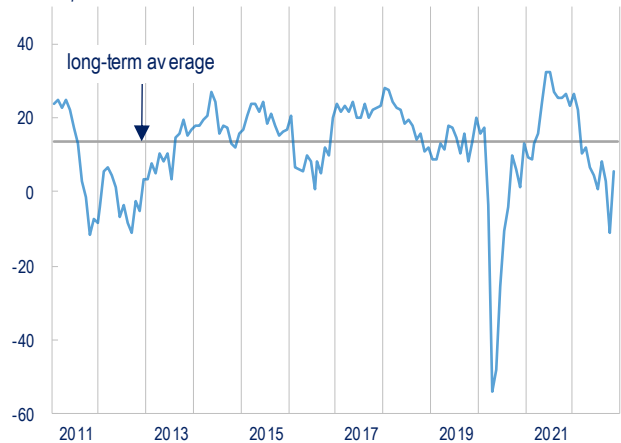
Graph 6: Selling price expectations (next 3 months) in the EU<sup>2</sup>



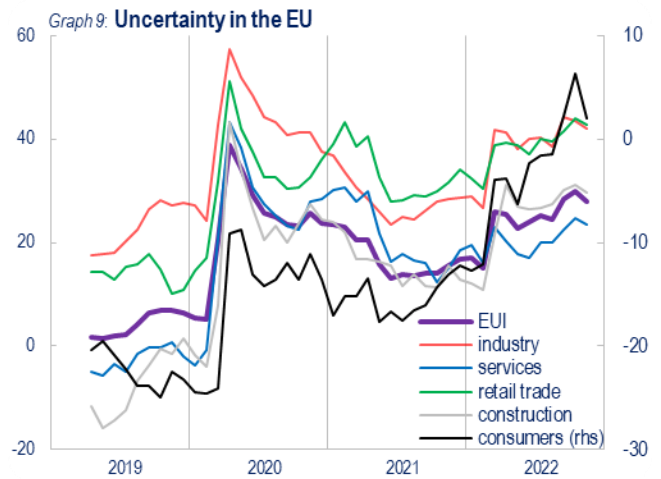
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



The European Commission's **Economic Uncertainty Indicator (EUI)**<sup>3</sup> eased in November (-2.0 points to 27.8), driven by decreasing uncertainty in all surveyed business sectors and, in particular, among consumers.

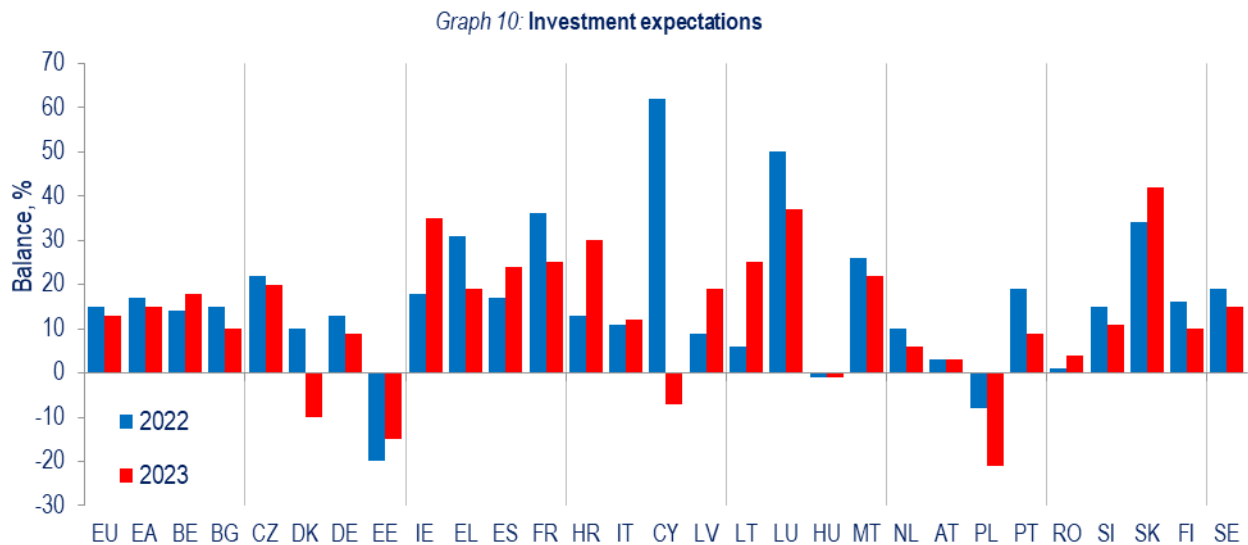


### Investment survey (conducted in October/November)

The *qualitative*<sup>4</sup> bi-annual investment survey, conducted in October/November and in March/April, asks managers in the industry and services sector 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). In autumn, they are asked about investment realised/planned in the current year (t) as well as plans for the following year (t+1).

According to the investment survey carried out in October/November 2022, less managers in the EU manufacturing industry were expecting an increase in their investments in 2022 (net balance of 15%) than in the previous survey conducted in March/April 2022 (24%). For 2023, the balance of opinions expecting an increase compared to 2022 stood at 13%.

Also in the services sector, the net balance of managers expecting an increase in their investments in 2022 (13%) declined compared to the previous survey conducted in March/April 2022 (21%). For 2023, the balance of views predicting an increase compared to 2022 stood at 5%.



Data collection period: 1 November to 22 November.

<sup>3</sup> See the special topic of the [2021-Q3 EBCI](#) for background, and section 3.6 of the [BCS User Guide](#) for methodological details.

<sup>4</sup> Since autumn 2021, the investment survey in industry collects qualitative (rather than quantitative) information on firms' investment activities. Furthermore, the survey has been extended to the services sector. More information on the changes realised can be found in a dedicated box in the [2021-Q4 EBCI](#).

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](mailto:ECFIN-BCS-MAIL@ec.europa.eu)

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<b>Upcoming releases:</b>	Flash Consumer Confidence Indicator	20 December 2022
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	06 January 2023