

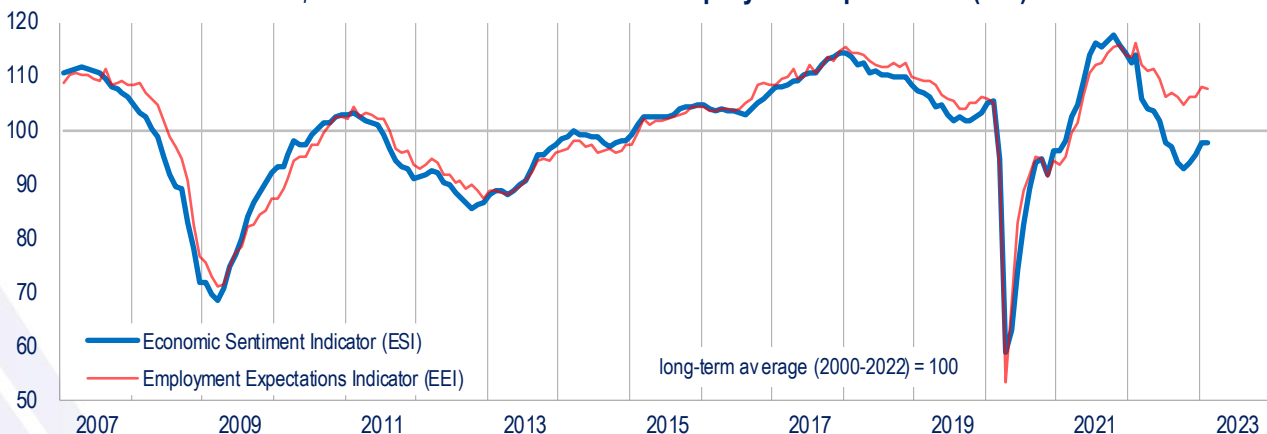
Business and consumer survey results for February 2023

Economic Sentiment and Employment Expectations take a breather in the EU and the euro area

In February 2023, the recovery of the *Economic Sentiment Indicator* (ESI), prevailing since November 2022, came to a halt (EU: ± 0.0 points to 97.8, euro area: -0.1 points to 99.7). The *Employment Expectations Indicator* (EEI) decreased marginally (-0.4 points to 107.7 in the EU and -0.3 points to 109.4 in the euro area).¹

EU developments

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

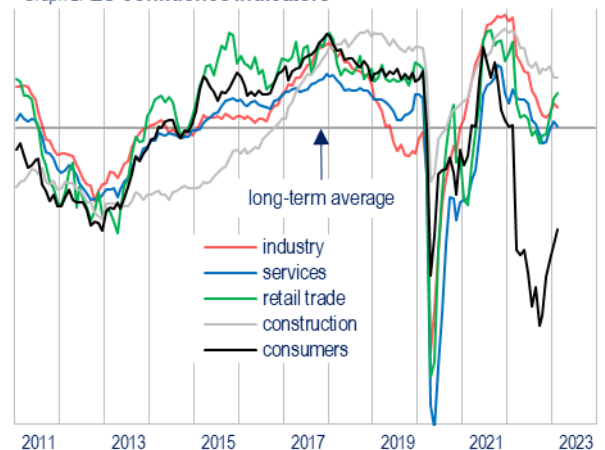


source: European Commission services

In the EU, the flat outcome for the ESI in February was the result of lower confidence in industry and services, offset by increasing confidence in retail trade and among consumers. Sentiment in construction remained stable. Amongst the largest EU economies, the ESI decreased in Spain (-2.0) and France (-1.5), while it increased in the Netherlands ($+2.9$) and stayed broadly flat in Germany ($+0.1$), Italy (± 0.0) and Poland (-0.2).

After two months of recovery, **industry confidence** lost steam in February (-0.5), owing to a setback in managers' *production expectations*, while their assessments of the *current level of overall order books* and *stocks of finished products* remained broadly stable. Of the questions not entering the confidence indicator, managers' assessment of their *export order books* deteriorated. However, managers' appraisals of *past production* surged. **Services confidence** also relapsed (-0.9). Managers' views on the *past business situation* and *demand expectations* declined significantly, while their appraisals of *past demand* improved slightly. **Consumer confidence** continued its recovery ($+1.5$), improving for the fifth month in a row. Consumers were more positive about both their *household's past financial situation* and the *future financial situation*. The latter translated into improving *intentions to make major purchases*. Also consumers' views on the *general economic situation* in their country brightened markedly. **Retail trade confidence** improved in tandem ($+0.7$), thanks to retailers' markedly improved assessments of the *past business situation* and, less so, their *expected business situation*. The assessment of the *volume of stocks* continued to increase.

Graph 2: EU confidence indicators²



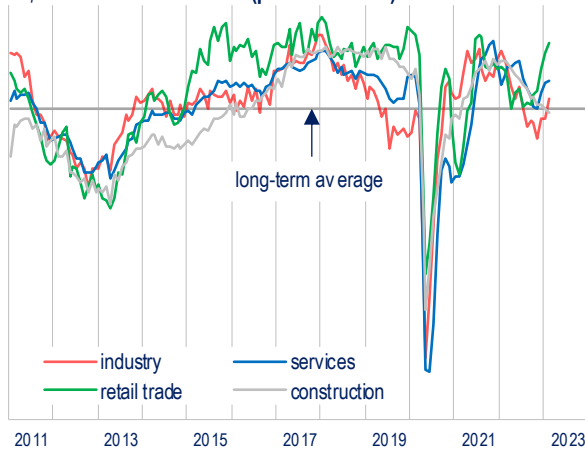
Construction confidence remained stable (± 0.0), as managers' more positive *employment expectations* were offset by a decline in their assessment of the level of *order books*. While remaining at historically high levels, the shares of construction managers pointing to *shortages of labour* and *shortages of material and/or equipment* as factors limiting their building activity decreased markedly (-1.7 to 30.1% and -2.3 to 20.5%, respectively).

¹ Past results were slightly revised due to seasonal adjustment.

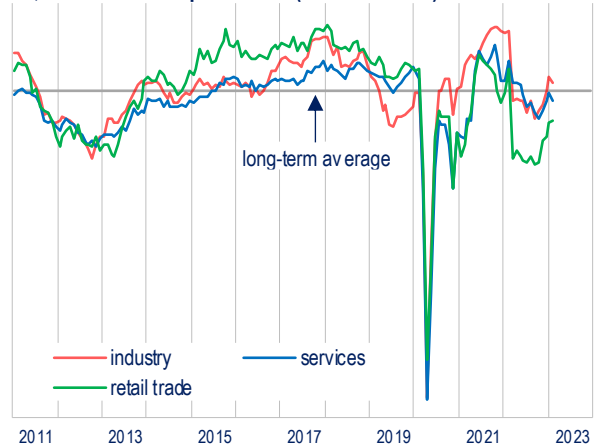
² The graph presents standardised series to correct for differences in means and standard deviations.

Meanwhile, builders reported *insufficient demand* and *financial constraints* as limiting factors with broadly the same frequency as last month (+0.2 to 24.2% and +0.3 to 10.3%, respectively). **Financial services confidence** (not included in the ESI) increased strongly for the second month in a row (+4.5), thanks to marked improvements in all components entering the indicator (*past demand, demand expectations, past business situation*).

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



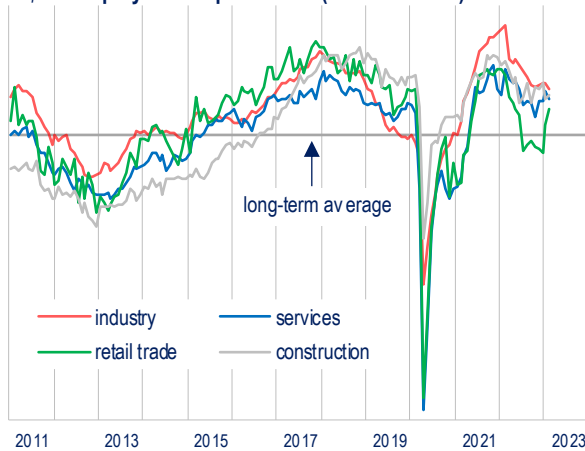
Graph 4: Business expectations (next 3 months) in the EU²



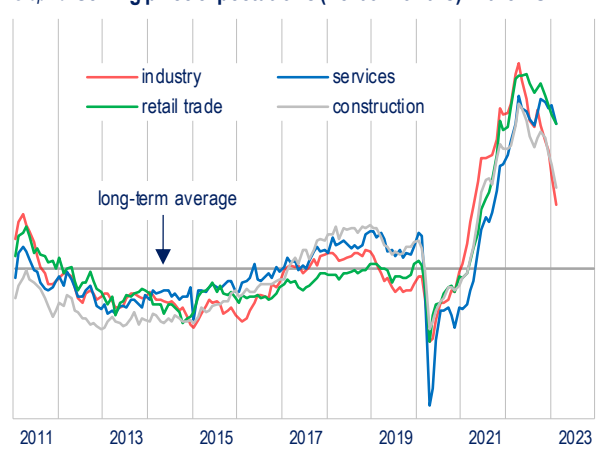
The slight setback in the **Employment Expectations Indicator** (-0.4) resulted from a marked deterioration of employment plans of managers in industry and services, partly offset by improved employment plans in retail trade and construction. Consumers' unemployment expectations, which are not included in the headline indicator, also improved.

Selling price expectations lessened significantly in industry, construction and, to a lesser extent, in services and retail trade. While consumers' price expectations for the next twelve months remained broadly stable, their perceptions of price developments over the past twelve months picked up again, staying only a notch below the all-time high of December 2022.

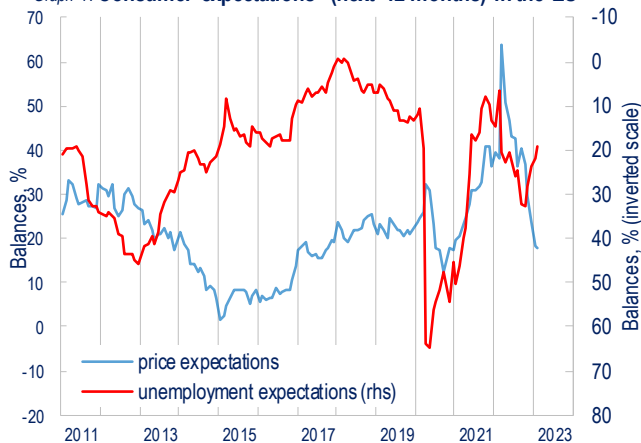
Graph 5: Employment expectations (next 3 months) in the EU²



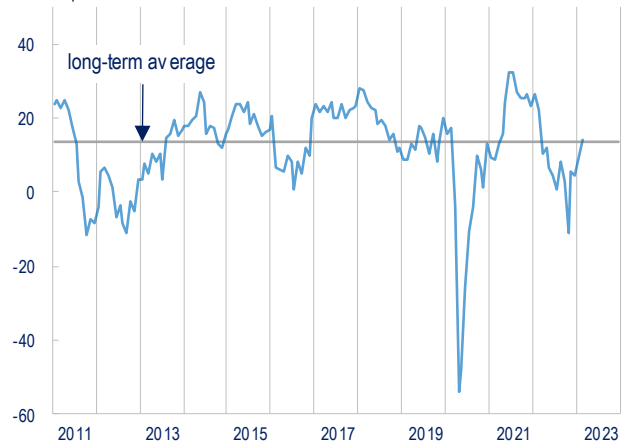
Graph 6: Selling price expectations (next 3 months) in the EU²



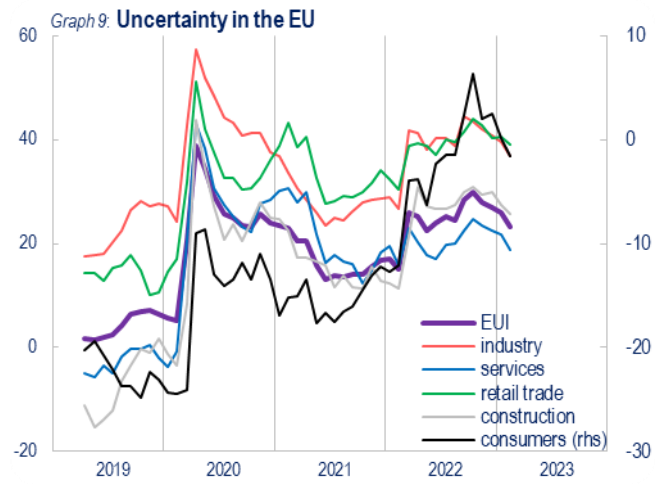
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



Notwithstanding the mixed developments in economic sentiment and its components, the European Commission's **Economic Uncertainty Indicator (EUI)**³ declined further in February (-2.5 points to 23.3), driven by a broad-based decrease in uncertainty among consumers and in all surveyed business sectors.



Data collection period: 1 February to 20 February

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	23 March 2023
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	30 March 2023