

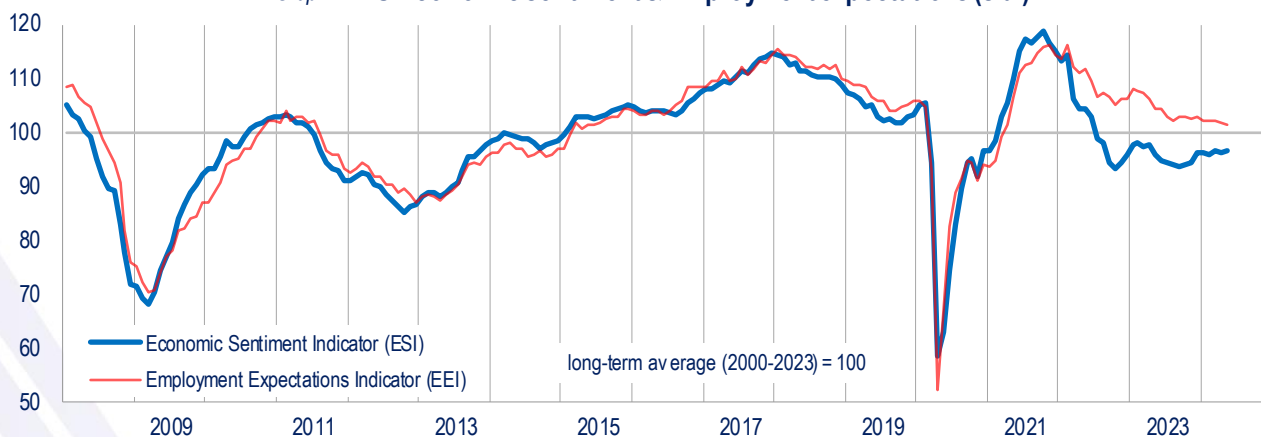
Business and consumer survey results for May 2024

Economic Sentiment increases marginally in the EU and the euro area; Employment Expectations continue to decline

In May 2024, the *Economic Sentiment Indicator* (ESI) increased marginally in both the EU (+0.3 points to 96.5) and the euro area (+0.4 points to 96.0). The *Employment Expectations Indicator* (EEI) continued its downward trend in both areas (EU: -0.4 points to 101.2, euro area: -0.3 points to 101.3).¹ 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.)

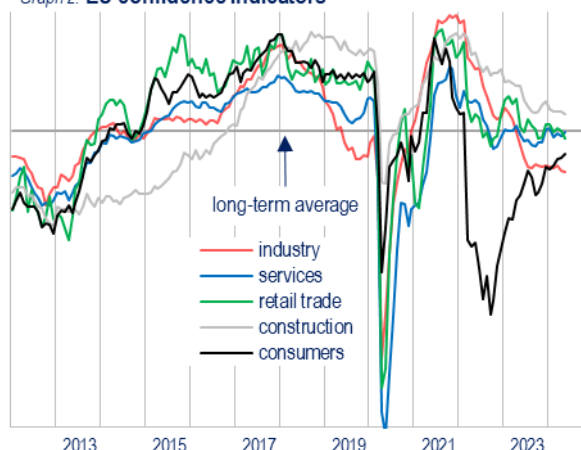


source: European Commission services

For the EU, the increase in the ESI reflected improved confidence in services and among consumers, which were curbed by declining confidence in retail trade and construction. Industry remained broadly stable. For the largest EU economies, the ESI improved significantly for France (+1.5) and the Netherlands (+1.1) and more moderately for Germany (+0.8) and Italy (+0.8), while it deteriorated markedly for Spain (-3.2) and Poland (-1.5).

Industry confidence was broadly stable in May (-0.1). Managers' production expectations deteriorated significantly but were almost balanced by improved assessments of the *current level of overall order books*. Managers' assessments of the *stocks of finished products* remained broadly stable. Regarding the questions not entering the confidence indicator, managers assessed developments in *past production* to have more than recovered from April's slump, while *export order books* improved more moderately. **Services confidence** increased (+0.7), as managers' assessments of *past and expected demand improved*, while their assessment of the *past business situation was unchanged*. **Consumer confidence** also improved slightly (+0.5), mainly due to consumers' improved outlook on the general economic situation in their respective country and, to a lesser extent, due to their slightly more optimistic *intentions to make major purchases*. Consumers' assessments of the *household's past and expected financial situation* remained broadly unchanged. **Retail trade confidence** (-0.9) declined, as a consequence of a considerable deterioration in retailers' assessment of the *past business situation* that was partly offset by a moderate increase in their *business expectations for the next 3 months*. Retailers' assessment of the volume of *stocks* remained broadly stable. After three months of relative stability, **construction confidence** resumed its decline in May (-0.6). The main reason was a significant decline in builders' assessment of their *order books*, while their *employment expectations*

Graph 2: EU confidence indicators²

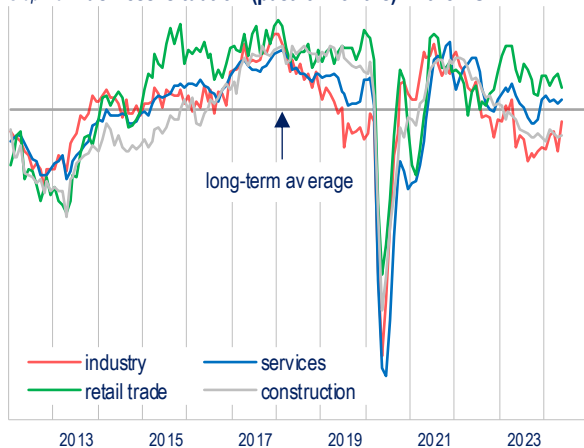


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

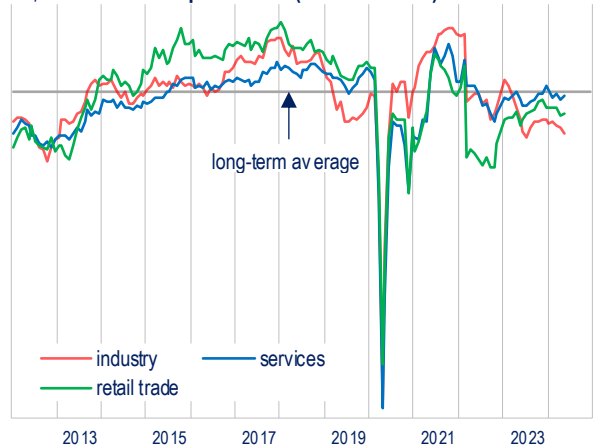
² The graph presents standardised series to correct for differences in means and standard deviations.

remained broadly stable. The percentage of construction managers indicating *insufficient demand* (+0.1 points to 32.1%), *labour shortages* (+0.1 points to 28.5%), *material/equipment shortages* (-0.2 points to 6.3%) and *financial constraints* (-0.1 points to 8.4%) as limiting factors to construction activity barely changed between April and May.

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

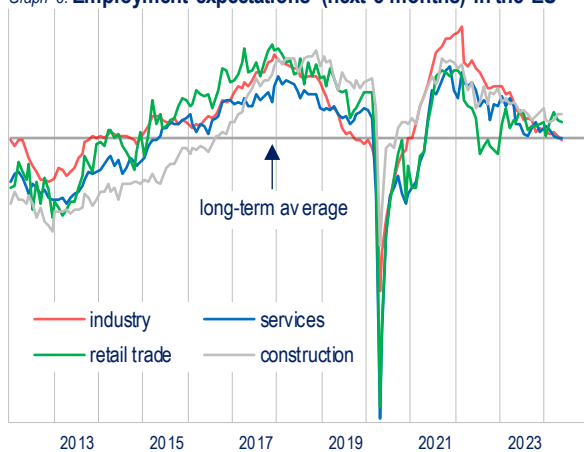


Graph 4: Business expectations (next 3 months) in the EU²

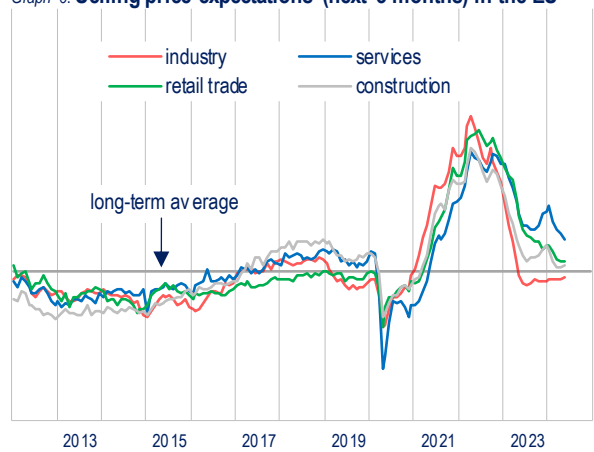


The **Employment Expectations Indicator** (-0.4) continued to edge down but remained above its long-term average. The decline reflects lower employment plans among industry managers. Managers' employment plans in the other sectors (services, retail trade and construction) remained broadly unchanged. Consumers' unemployment expectations, which are not included in the headline indicator, worsened for the second month in a row. The EU **Labour Hoarding Indicator** continued to broadly move sideways (+0.3 points to 10.7), somewhat above its long-term average and pre-pandemic levels.³

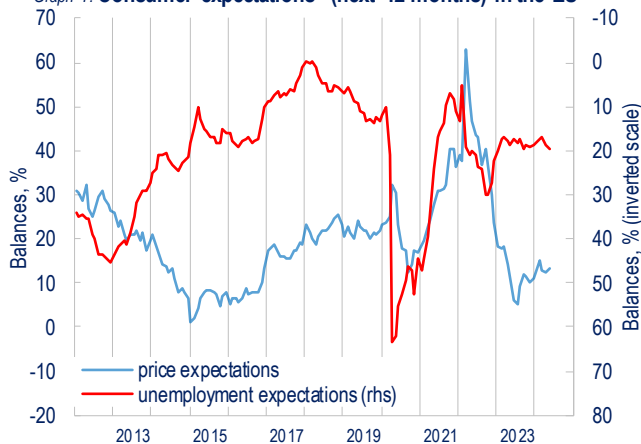
Graph 5: Employment expectations (next 3 months) in the EU²



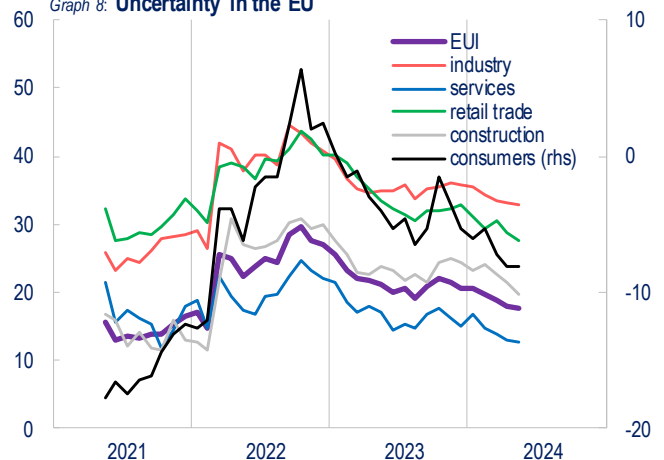
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: Uncertainty in the EU



Selling price expectations increased in industry and construction, while they declined in services and remained broadly stable in retail trade. Selling price expectations scored below their long-term average only in industry, while they remained elevated by historical standards in services. Consumers' price expectations for the next

³ The LHI measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. 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.

twelve months picked up in May, while consumers' perceived price developments over the past twelve months declined further, but remained at a very high level.

The European Commission's **Economic Uncertainty Indicator** (EUI)⁴ continued to decline (-0.4 of a point to 17.7). Managers' uncertainty about their future business situation decreased in all sectors. Consumers' uncertainty about their future financial situation was unchanged.

Data collection period: 1 to 23 May.

⁴ 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. 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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