

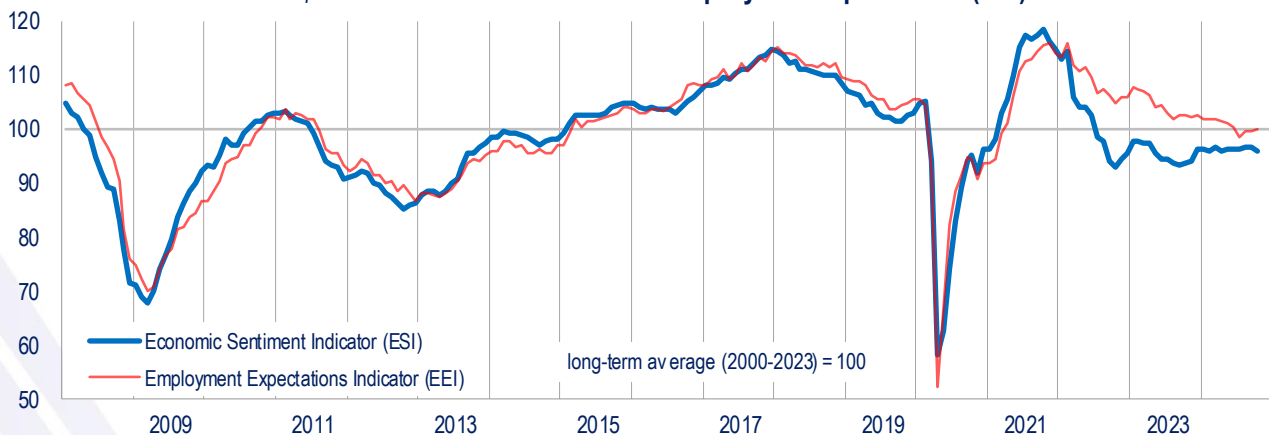
Business and consumer survey results for October 2024

Economic Sentiment dips in the EU and the euro area, Employment Expectations remain broadly stable

In October 2024, the *Economic Sentiment Indicator* (ESI) dipped by 0.7 points in both the EU (to 96.0) and the euro area (to 95.6).¹ The *Employment Expectations Indicator* (EEI) remained broadly stable (EU: +0.1 points to 100.0, euro area: -0.2 points to 99.2). While the EEI is at or close to its long-term average of 100, the ESI moved slightly further away from that reference value.

EU developments

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

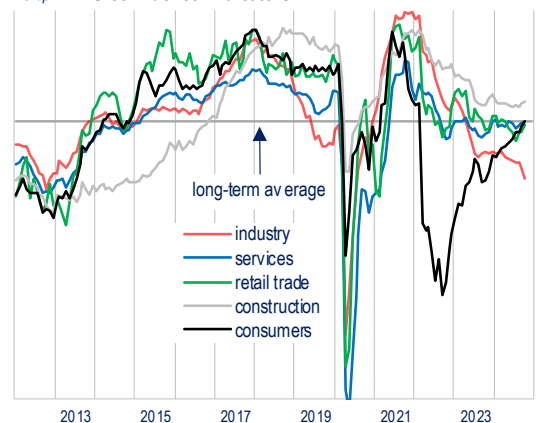


source: European Commission services

The downturn in the ESI for the EU was driven by markedly lower confidence in industry, mitigated by smaller confidence gains in retail trade, construction, and among consumers. Confidence in the services sector remained broadly stable. Amongst the largest EU economies, the ESI deteriorated markedly in Spain (-4.8)², France (-4.7), Poland (-3.6), and the Netherlands (-2.3), with a smaller decline in Italy (-0.5), while Germany recorded an upturn (+0.8).

Industry confidence took a further hit in October, declining by -1.8 points, due to a broad-based deterioration across all three components (i.e. managers' assessments of the *current level of overall order books*, *stocks of finished products* and *production expectations*). Of the questions not entering the confidence indicator, managers' views on *export order books* and *past production* also worsened. By contrast, **services confidence** remained almost unchanged (+0.1), as a slight decline in managers' assessment of *past demand* was offset by improved *demand expectations*. Managers' evaluation of the *past business situation* remained largely stable. **Consumer confidence** continued to rise (+0.5), driven by consumers' improved perception of their households' *financial situation*, both *past* and *expected*. However, consumers' expectations about the *general economic situation* in their country and *intentions to make major purchases* remained broadly unchanged. **Retail trade confidence** picked up (+0.9), reflecting improvements in all three components (i.e. retailers' assessments of the *past* and *future business situation*, as well as their evaluation of their *volume of stocks*). **Construction confidence** improved further in October (+0.7), driven by a marked increase in builders' *employment expectations*. Builders' assessment of the level of *order books* was broadly stable. Regarding factors limiting construction activity, the percentage of construction managers indicating *insufficient demand* increased by 1.2

Graph 2: EU confidence indicators²

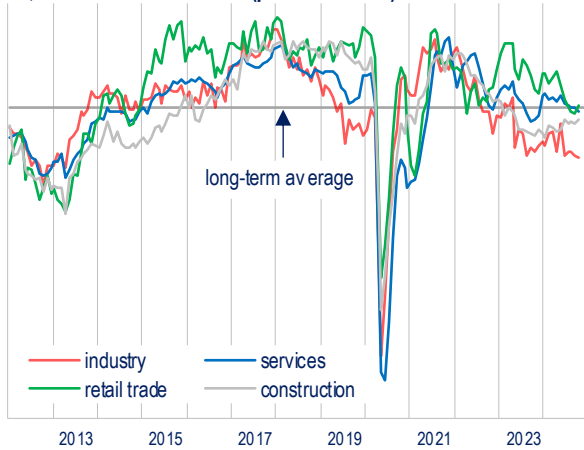


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

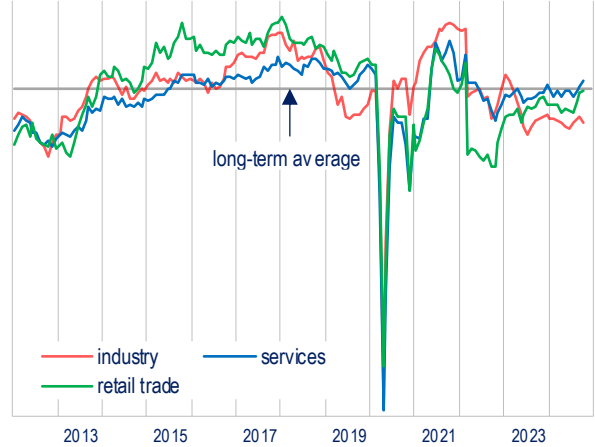
² Surveys for Spain in services, retail trade and among consumers are temporarily suspended.

points to 32.4%, marking its highest level since September 2016. The percentage of managers indicating *financial constraints*, *labour shortages* or *material/equipment shortages* as limiting factors remained broadly stable (+0.1 points to 8.5%, -0.2 points to 26.1% and -0.3 points to 6.1%, respectively).

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



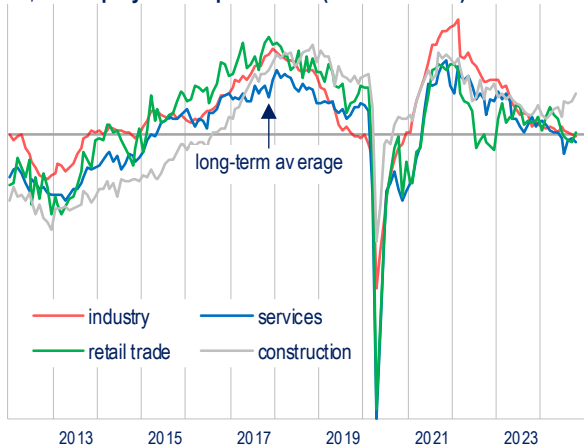
Graph 4: Business expectations (next 3 months) in the EU²



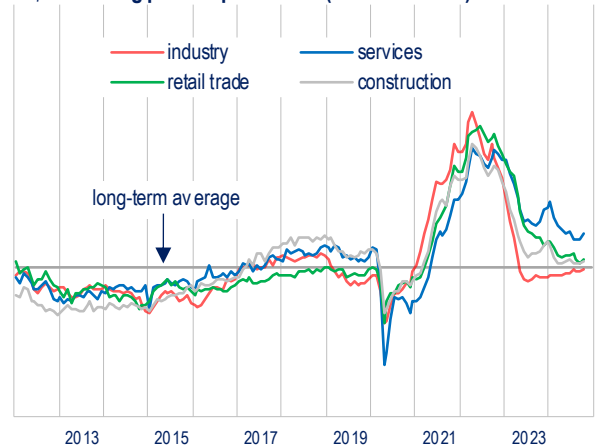
The **Employment Expectations Indicator** (+0.1) remained broadly stable at its long-term average, masking divergent trends across sectors. While construction and retail trade managers reported more optimistic hiring plans, those in industry and services revised their employment plans downwards. Consumers' unemployment expectations, which are not included in the headline indicator, improved somewhat. The EU **Labour Hoarding Indicator** edged further down (-0.4 points to 9.3), falling slightly below its long-term average for the first time since February 2022.³

Selling price expectations picked up in services, retail trade and construction, while remaining broadly stable in industry. Selling price expectations score above their long-term averages in all sectors except for industry. Consumers' price expectations for the next twelve months picked up again in October. Their perceptions of price developments over the past twelve months eased slightly, continuing the downward trend visible since spring 2023; the indicator remained nevertheless at a high level.

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



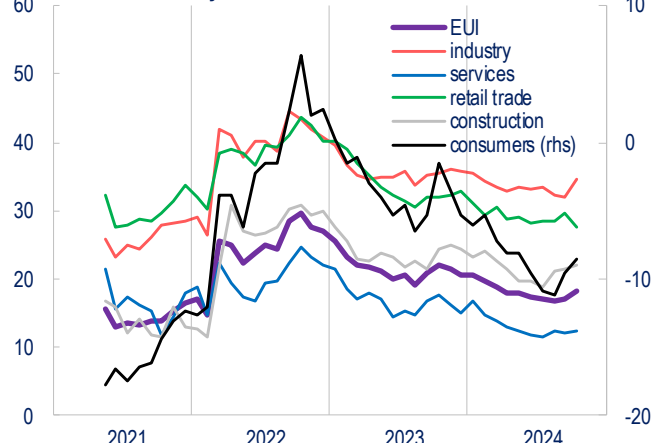
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: Uncertainty in the EU



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.

The European Commission's **Economic Uncertainty Indicator (EUI)**⁴ increased (+1.3 points to 18.4). Industry managers reported a sharp increase in uncertainty about their future business situation, while construction and services managers reported more limited increases. Consumers' uncertainty about their future financial situation continued to climb, whereas retail trade managers bucked the trend, with a decline in uncertainty.

Quarterly survey results (conducted in October)

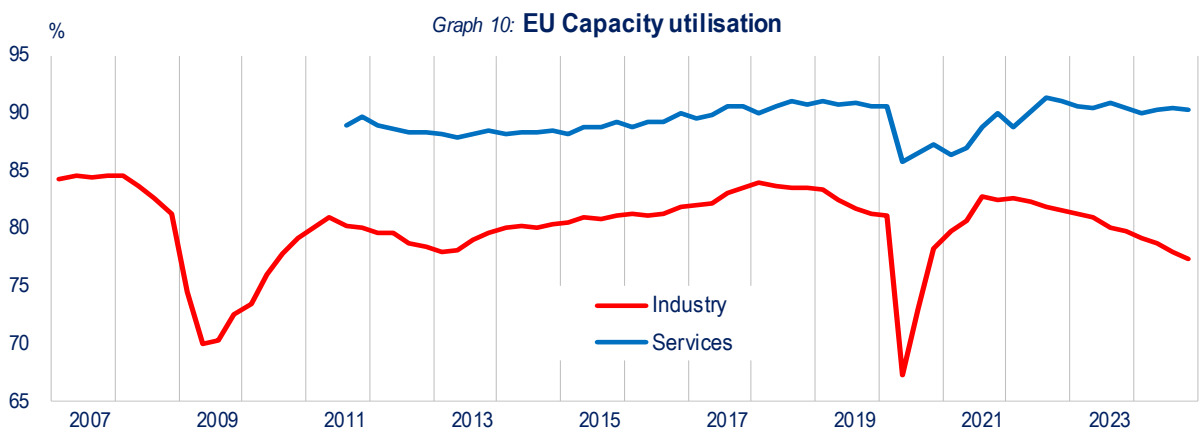
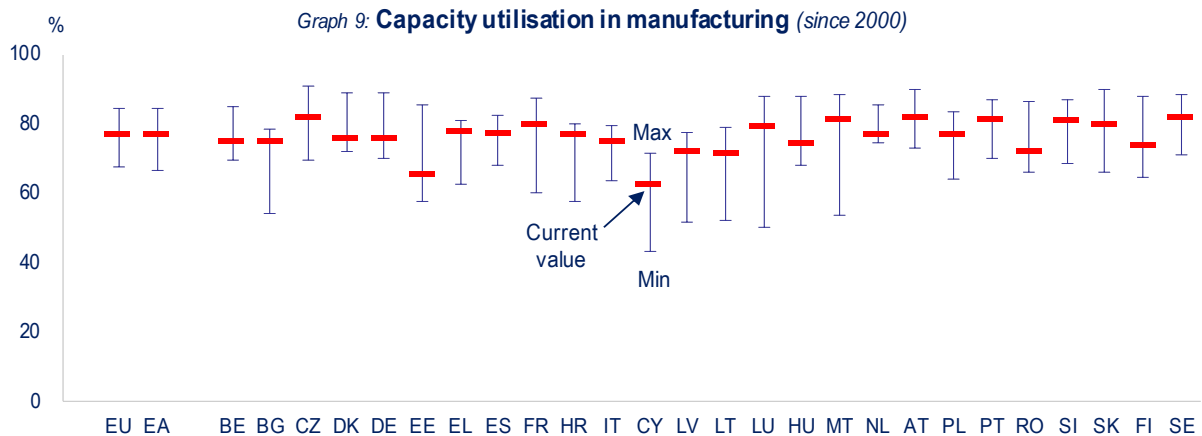
The quarterly questions in the industry and services surveys are asked in January, April, July, and October of each year.

In industry, the estimated rate of capacity utilisation in the EU decreased by 0.7 percentage points to 77.2% in October compared to July 2024, sinking further below its long-term average of 80.5%. Consistently, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) increased (+2.5 points). On the external side, managers' assessments of their competitive position on non-EU markets over the past three months deteriorated significantly (-3.8 points). Their evaluation of order developments over the past three months also dropped (-4.3).

The share of industry managers indicating *insufficient demand* as a factor limiting their production increased further by 1.1 points to 41.1% in October, reaching its highest level since July 2020. Conversely, the percentage of managers pointing to *shortages of material* and/or equipment as a factor limiting production decreased further (-0.8 percentage points to 10.2%) compared to July. The share of managers indicating a *shortage of labour force* as a limiting factor also decreased (-1.6 percentage points to 18.0%), although it remained relatively high. *Financial constraints*, on the other hand, continued to be a relatively minor concern at 5.6% (± 0.0 points) compared to July.

Turning to services, capacity utilisation in the EU marginally declined compared to July (-0.1 percentage points to 90.3%), remaining above its long-term average of 89.3%.

Euro-area developments largely mirrored those in the EU. The estimated rate of capacity utilisation in industry decreased by 0.8 points compared to July (to 76.9%), while in services, it remained unchanged at 90.4%.



Data collection period: 1 to 23 October.

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

© European Union, 2024

Reproduction is authorised provided the source is acknowledged

Upcoming releases:	Flash Consumer Confidence Indicator	21 November 2024
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 November 2024