

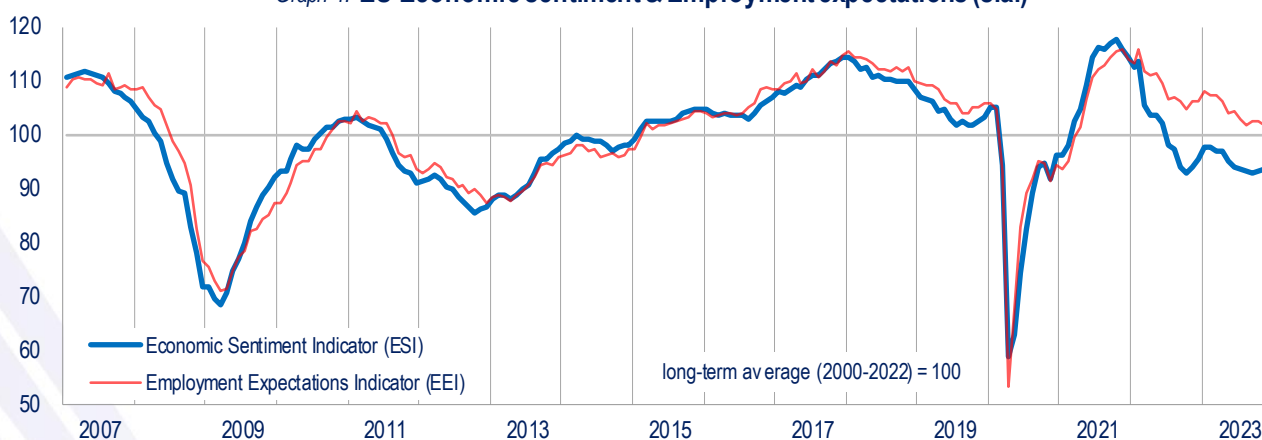
Business and consumer survey results for November 2023

Economic Sentiment mildly up in the EU and the euro area; Employment Expectations moderately down in both regions

In November 2023, the *Economic Sentiment Indicator* (ESI) improved mildly in both the EU (+0.5 points to 93.7) and the euro area (+0.3 points to 93.8).¹ The *Employment Expectations Indicator* (EEI), by contrast, eased moderately in both areas (EU: -0.5 points to 101.8, euro area: -0.7 points to 102.1). Contrary to the ESI, the EEI continued to score slightly above its long-term average.

EU developments

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

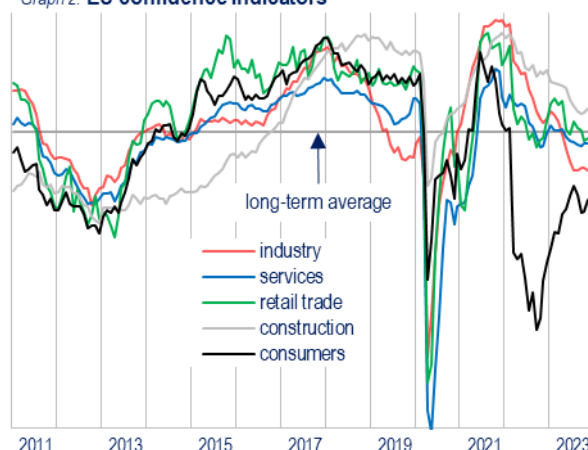


source: European Commission services

In the EU, the mild improvement of the ESI was thanks to higher confidence among consumers and construction managers. Confidence in industry, retail trade and services remained broadly unchanged. Amongst the largest EU economies, the ESI improved in the Netherlands (+2.9), France (+2.0) and Poland (+1.7), while it eased in Spain (-1.5) and, to a lesser extent, in Germany (-0.5) and Italy (-0.3).

Industry confidence stayed broadly flat (-0.2) for the fourth month in a row. While managers' assessments of the *current level of overall order books* continued the descent observed since May last year, their appraisals of the *stocks of finished products* and their *production expectations* stayed virtually unchanged. Of the questions not entering the confidence indicator, managers' views on changes in *past production* improved, while the assessments of *export order books* worsened. **Services confidence** stayed flat (± 0.0), as managers were slightly more downbeat about developments in the *past business situation* and *expected demand*, but somewhat more positive about changes in *past demand*. **Consumer confidence** edged up (+1.1) thanks to consumers' improved assessments of developments in their household's *past and future financial situation*, as well as the *general economic situation* in their country. Consumers' *intentions to make major purchases*, by contrast, worsened somewhat. **Retail trade confidence** stabilised (+0.3), as views on changes in the *past and future business situation* stayed broadly unchanged and *stocks* were less often considered as too large/above normal. **Construction confidence** firmed (+0.9) for the second month running. Rising confidence reflected brighter *employment expectations* and appraisals of the level of *order books*. *Insufficient demand* remained the factor most often indicated by builders as limiting construction

Graph 2: EU confidence indicators²

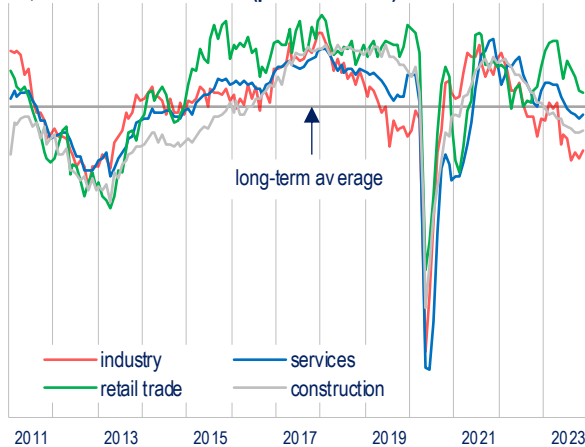


¹ Past results were slightly revised due to seasonal adjustment, as well as revisions in the business surveys of France.

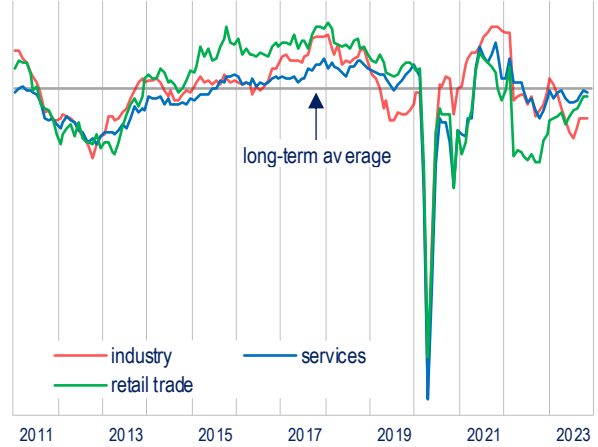
² The graph presents standardised series to correct for differences in means and standard deviations.

activity (+0.1 points to 29.6%). It was followed by *labour shortages*, which got more prevalent (+0.8 points to 28.6%). *Material/equipment shortages*, as well as *financial constraints* were cited slightly less often than in the previous month as limiting factors (-0.4 points to 9.0% and 9.4%, respectively).

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



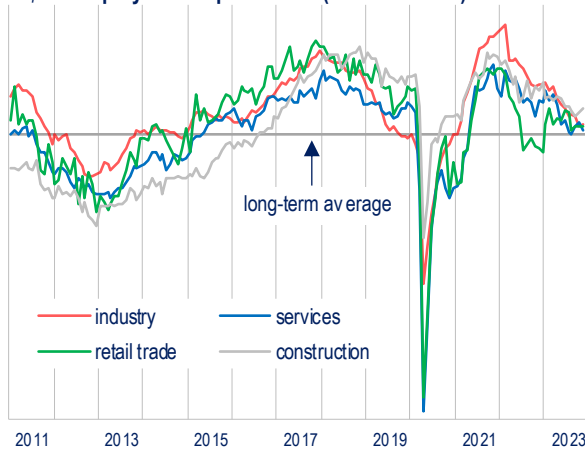
Graph 4: Business expectations (next 3 months) in the EU²



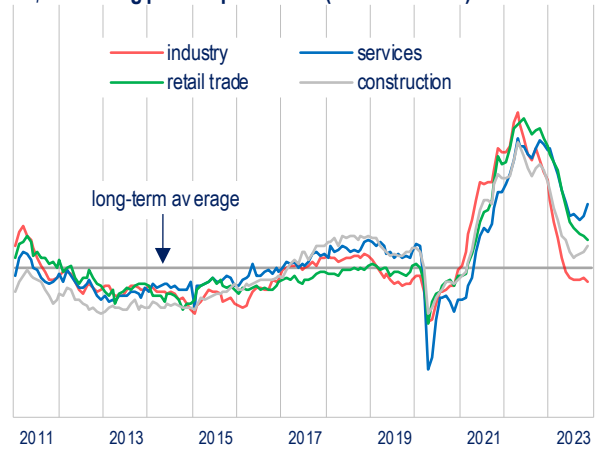
The **Employment Expectations Indicator** (-0.5) eased moderately, due to less optimistic employment plans among services managers, which were only partially offset by somewhat more upbeat plans in industry and construction. Employment plans among retail trade executives remained flat. Consumers' unemployment expectations, which are not included in the headline indicator, improved slightly.

Selling price expectations edged down in industry and continued their decline in retail trade. By contrast, last month's rise in selling price expectations intensified among services and construction managers. With the exception of industry, the level of selling price expectations continued to exceed long-term averages, in particular in services. Consumers' price expectations for the next twelve months eased for the second consecutive month. While consumers' perceptions of price developments over the past twelve months continued the decline observed since April this year, they remained at a very high level.

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



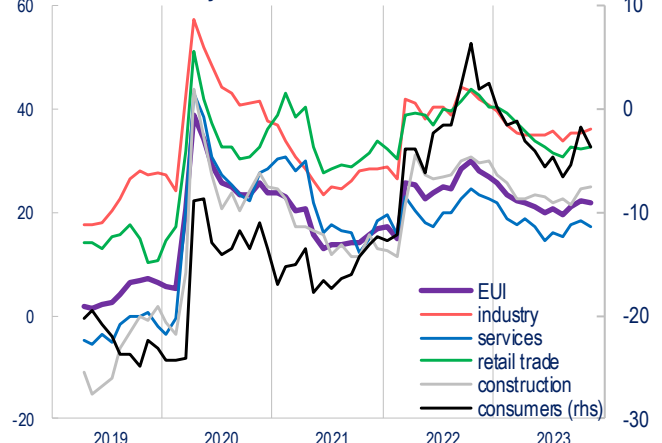
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: Uncertainty in the EU



The European Commission's **Economic Uncertainty Indicator (EUI)**³ edged down in November (-0.4 points to 21.8), thanks to lower uncertainty among consumers about their future financial situation, as well as services managers about their future business situation. Uncertainty in all other business sectors increased moderately.

Investment survey (conducted in October/November)

The bi-annual investment survey, conducted in October/November and in March/April, asks managers in the industry and services sectors 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 2023⁴, the share of managers in the EU manufacturing industry expecting an increase in their investments in 2023 was higher than the share of managers expecting a decrease (balance of 10%). However, the balance was lower than in the previous survey conducted in March/April 2023 (23%). For 2024, the balance of assessments expecting an increase compared to 2023 was only slightly higher at 11%.

Also in the services sector, the balance of managers expecting an increase in their investments in 2023 (8%) declined compared to the previous survey conducted in March/April 2023 (18%). For 2024, the balance of assessments predicting an increase compared to 2023 stood at 9%.

Data collection period: 1 November to 22 November (1 October to 22 November for investment questions).

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

⁴ The upcoming 2023-Q4 EBCI (to be released mid-January 2024) will feature a more detailed presentation of the results of the investment survey, including a focus on the structure of and factors stimulating investment in 2023 and 2024.

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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Upcoming releases:	Flash Consumer Confidence Indicator	20 December 2023
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	08 January 2024