

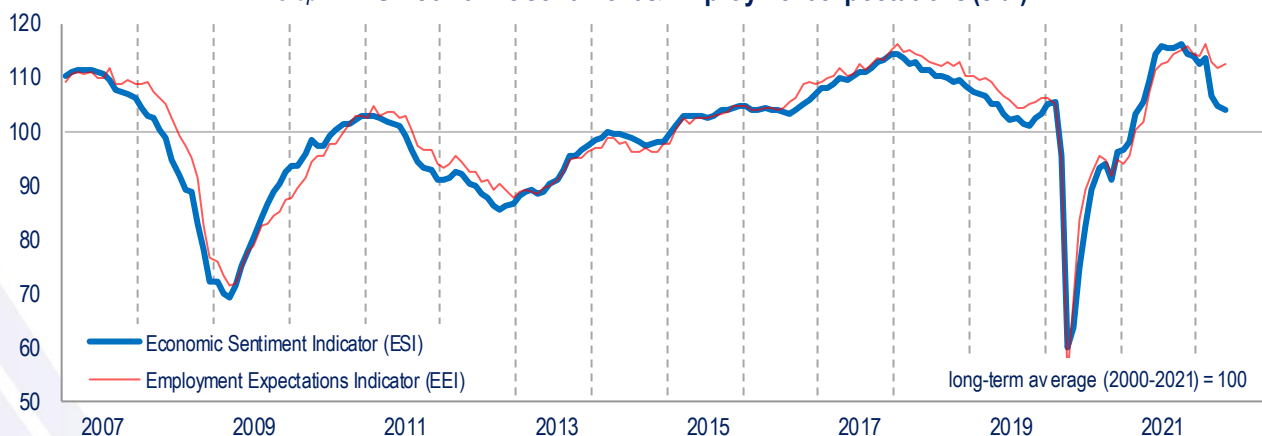
Business and consumer survey results for May 2022

Economic Sentiment slightly down in the EU, broadly stable in the euro area; Employment Expectations mildly up in both regions

In May 2022, the *Economic Sentiment Indicator* (ESI) decreased slightly in the EU (-0.5 points to 104.1), while it stayed broadly unchanged in the euro area (+0.1 points to 105.0). By contrast, the *Employment Expectations Indicator* (EEI) increased mildly (+0.5 points to 112.3 in the EU and +0.3 points to 112.9 in the euro area).¹

EU developments

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

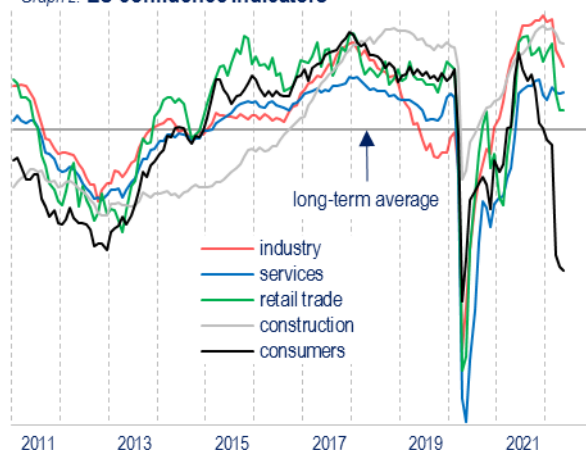


source: European Commission services

In the EU, the ESI's slight decrease in May was due to weaker confidence among industry managers and, to a lesser degree, consumers. Services, retail trade and construction confidence remained virtually unchanged. Amongst the largest EU economies, the ESI rose markedly in Spain (+4.1) and, to a lesser extent, in France (+1.5) and Italy (+0.8), while it remained virtually unchanged in Germany (+0.2). Sentiment clouded over in Poland (-0.8) and the Netherlands (-1.2).

Industry confidence weakened for the third month running (-1.4), as managers' assessments of the *current level of overall order books* saw the sharpest deterioration in two years. *Production expectations* worsened only slightly, while managers' appraisals of the *stocks of finished products* stayed virtually unchanged. Of the questions not entering the confidence indicator, both managers' views on *export order books* and their appraisals of *past production* deteriorated significantly. **Services confidence** stayed broadly unchanged (+0.1) for the second month in a row. While managers' appraisals of the *past business situation* and *past demand* improved, their *demand expectations* clouded over. **Consumer confidence** weakened mildly (-0.4). While consumers' views on their *past financial situation* and expectations about the *general economic situation* worsened, their *intentions to make major purchases* stabilised and expectations about their *future financial situation* saw some further relief. After two months of sharp declines, **retail trade confidence** stayed virtually unchanged in May (+0.1). While managers' *expected business situation* clouded over, their views on the *past business situation* recovered partially from last months' deteriorations. The level of *stocks* was assessed as less scarce, hinting at some further moderation of the prevailing supply constraints. **Construction confidence** remained broadly unchanged (-0.1), as managers' weaker assessments of the *level of*

Graph 2: EU confidence indicators²

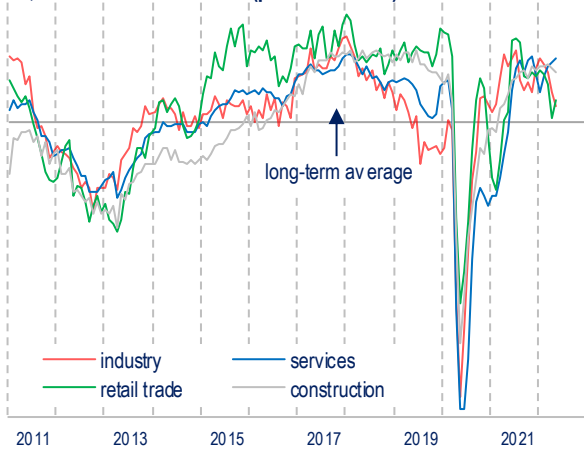


¹ Past results were slightly revised due to seasonal adjustment, as well as revisions in the business surveys of France and Portugal for April.

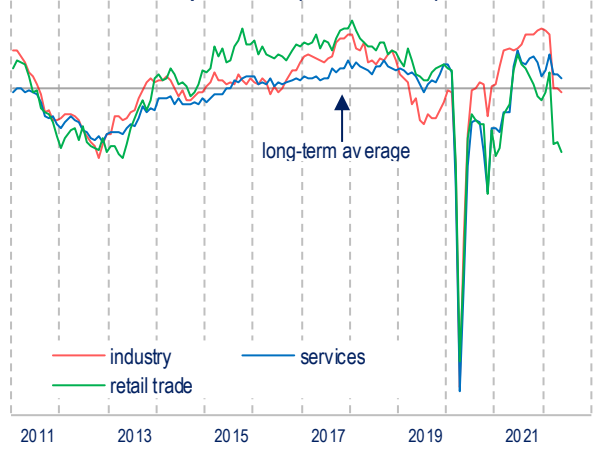
² The graph presents standardised series to correct for differences in means and standard deviations.

order books were offset by more upbeat *employment expectations*. The share of construction managers pointing to shortage of labour remained broadly unchanged at a historically high level (30.7%, after 30.9% in April). Shortage of material and/or equipment was stated as a factor limiting building activity by slightly less respondents (27.1%, after 29.5% in April).³ **Financial services confidence** (not included in the ESI) dropped substantially in May (-5.5), due to a deterioration in all of the indicator's components (i.e. manager's appraisals of *past demand* and the *past business situation* (over the last 3 months) and their *demand expectations* (over the next 3 months)).

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



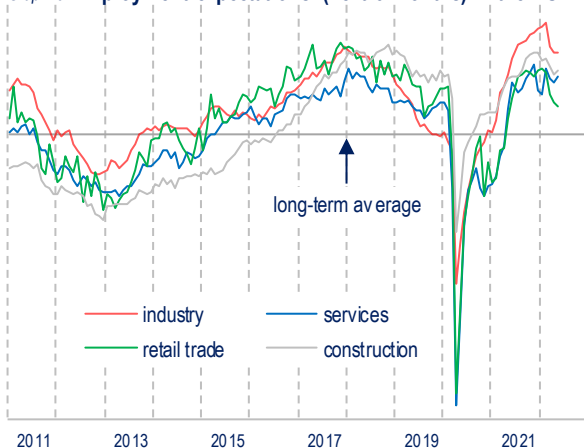
Graph 4: Business expectations (next 3 months) in the EU²



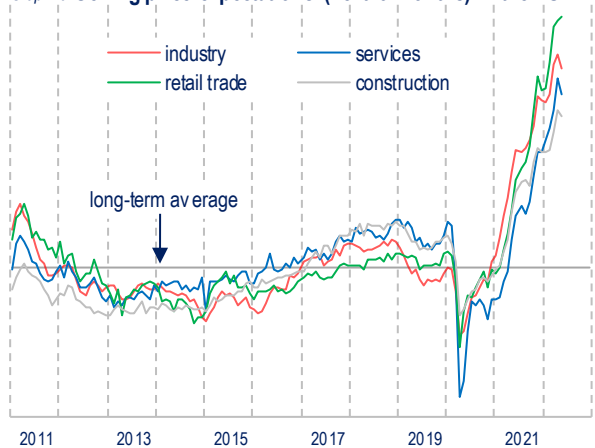
The **Employment Expectations Indicator** improved mildly (+0.5), thanks to improved employment plans for the next three months in services and construction. Employment plans remained broadly unchanged among industry managers, while they worsened somewhat among retail trade executives. Consumers' unemployment expectations, which are not included in the headline indicator, stayed practically flat.

Selling price expectations rose to a new all-time high in retail trade. In all other surveyed sectors, price expectations saw the first significant decrease since December (industry/construction) or August (services) of last year. While consumers' price expectations eased for the second month running, their perceptions of price developments over the past twelve months continued soaring, reaching their highest level since July 2008.

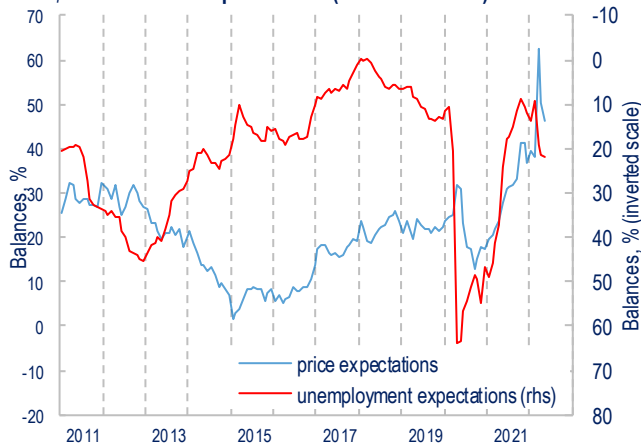
Graph 5: Employment expectations (next 3 months) in the EU²



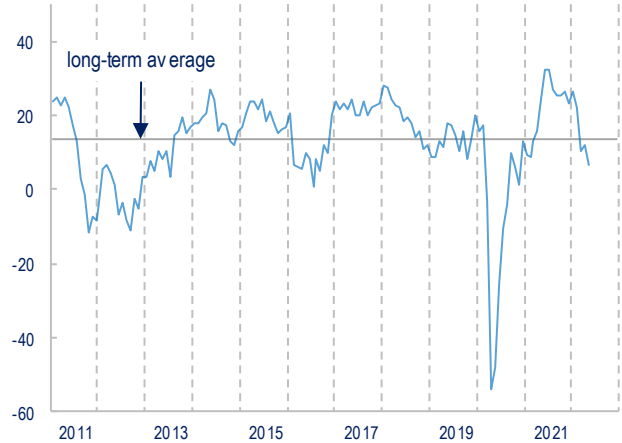
Graph 6: Selling price expectations (next 3 months) in the EU²



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

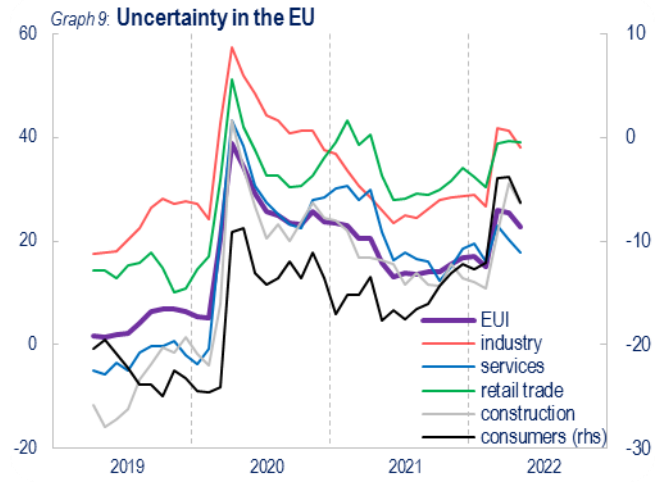


Graph 8: EU Financial services confidence indicator



³ The detailed data are available for download under the Construction section of the [BCS Time series](https://www.bcs.co.uk/time-series) website.

The European Commission's **Economic Uncertainty Indicator (EUI)**⁴ declined for the second month in a row (-2.7 points to 22.6). Uncertainty diminished among consumers and in all surveyed business sectors, with the exception of retail trade, where it stayed broadly unchanged. Only in services, however, has uncertainty almost fallen back to its level prior to the (Ukraine war-induced) hike in March.



Data collection period: 1 May to 20 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. 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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