

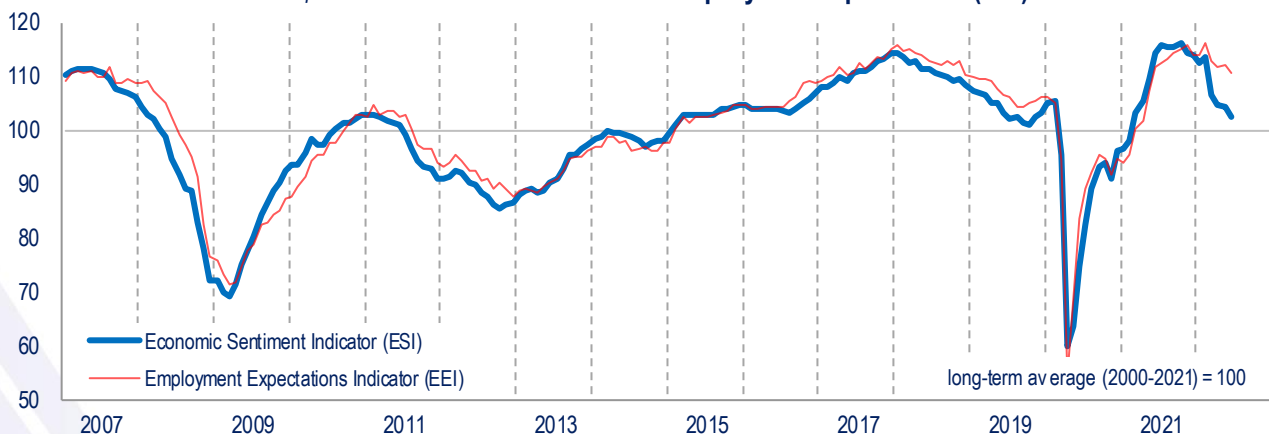
Business and consumer survey results for June 2022

Economic Sentiment and Employment Expectations faltering in the EU and the euro area

In June 2022, the *Economic Sentiment Indicator* (ESI) dropped in both the EU (-1.7 points to 102.5) and the euro area (-1.0 point to 104). The *Employment Expectations Indicator* (EEI) also decreased (-1.6 points to 110.6 in the EU and -1.7 points to 110.9 in the euro area).¹

EU developments

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

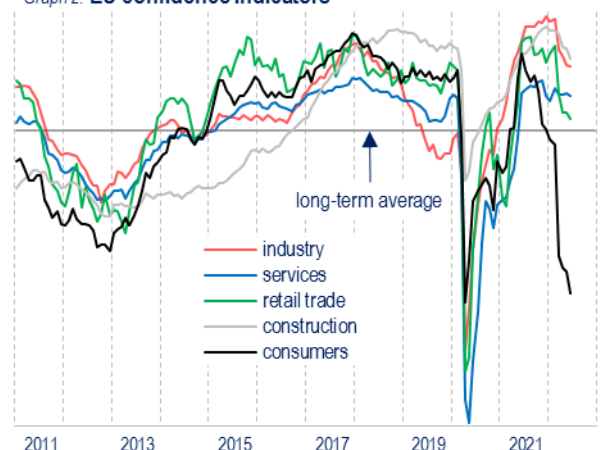


source: European Commission services

In the EU, the decrease in the ESI in June was due to weaker confidence among construction managers, consumers, and to a lesser extent, retail trade managers. Confidence decreased only marginally in services and remained broadly stable in industry. The ESI fell across the six largest EU economies: confidence dropped most markedly in the Netherlands (-3.6), but also in Germany (-1.9), Spain (-1.9), Poland (-1.5), France (-1.0) and Italy (-1.0).

After three consecutive months of decline, **industry confidence** remained broadly stable (-0.2). While **production expectations** continued to deteriorate, dropping to a 19-months low, managers' assessment of the **current level of overall order books** defended its position close to historical highs. **Stocks of finished products** were assessed as less scarce, possibly hinting at some further improvement of the prevailing supply constraints. Of the questions not entering the confidence indicator, both managers' views on **export order books** and their appraisals of **past production** picked up noticeably. **Services confidence** edged down (-0.4). While managers' assessment of **expected demand** deteriorated markedly to a 14-months low, their assessment of **past demand** and the **past business situation** improved compared to May. The further drop in **consumer confidence** (-1.9) resulted from marked deteriorations in all four components. Households' outlook on their **future financial situation** hit a record low and their assessment of their **past financial situation** dropped to a 9-year low. At the same time, their **intentions to make major purchases** and their expectations about the **general economic situation** fell to levels unseen since the recovery of the COVID crisis. **Retail trade confidence** declined slightly (-0.8), as managers' slightly improved appraisal of the **past business situation** only partially offset the marked deterioration in their **expected business situation**. The **volume of stocks** was assessed as less scarce. **Construction confidence** also dropped (-2.1), due to the largest

Graph 2: EU confidence indicators²

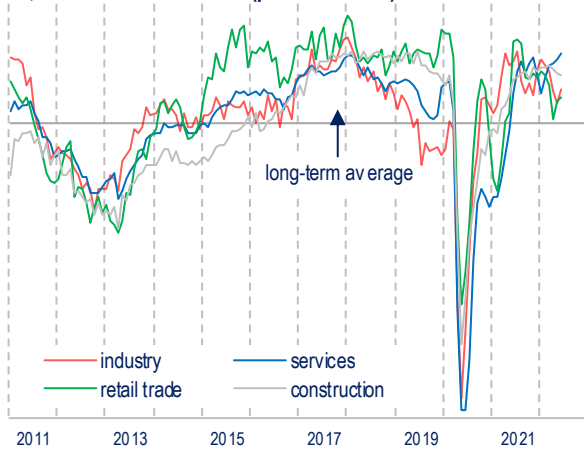


¹ Past results were slightly revised due to seasonal adjustment.

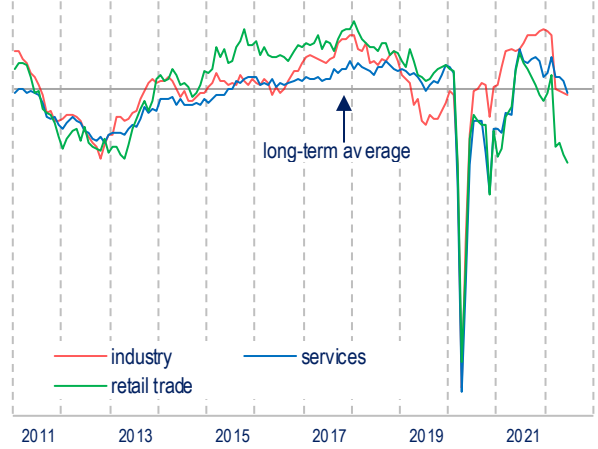
² The graph presents standardised series to correct for differences in means and standard deviations.

fall in *employment expectations* since May 2020, and a decline in the *level of order books*. The share of construction managers pointing to shortages of labour started to edge down but remained at a historically high level (28.5%, after 30.6% in May). The share of builders reporting shortages of material and/or equipment as a factor limiting their building activity also declined for the second month in a row but remained at a high 24.3%, after 26.8% in May. **Financial services confidence** (not included in the ESI) dropped further in June (-2.1) due to a worsening of all three components: managers' appraisals of *past demand*, their *past business situation* and *demand expectations*.

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



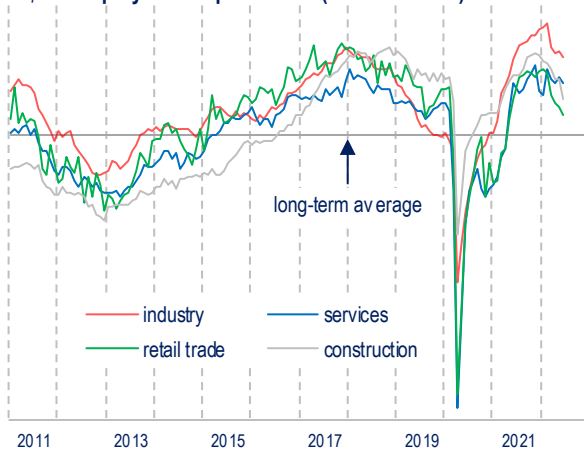
Graph 4: Business expectations (next 3 months) in the EU²



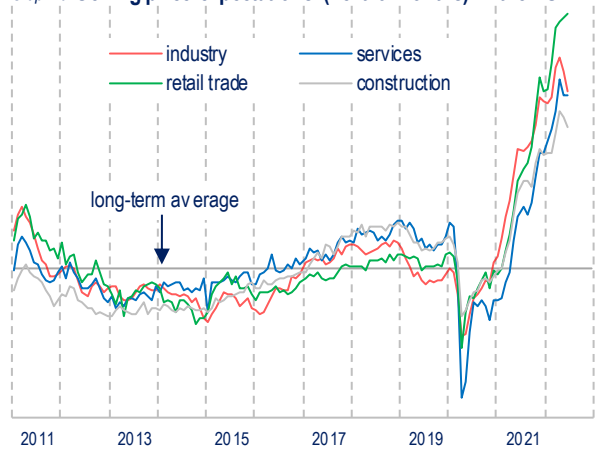
The downturn of the **Employment Expectations Indicator** (-1.6) was driven by significantly deteriorated employment plans in construction, which fell to their lowest level since April 2021. Also managers in industry, retail trade and services expected employment in their firms to decrease over the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, remained broadly unchanged.

Selling price expectations rose to a new all-time high in retail trade and remained unchanged in services. In industry and construction, price expectations eased for the second month in a row. While consumers' price expectations eased for the third month running, their perceptions of price developments over the past twelve months continued soaring, reaching their highest level ever recorded by the survey.

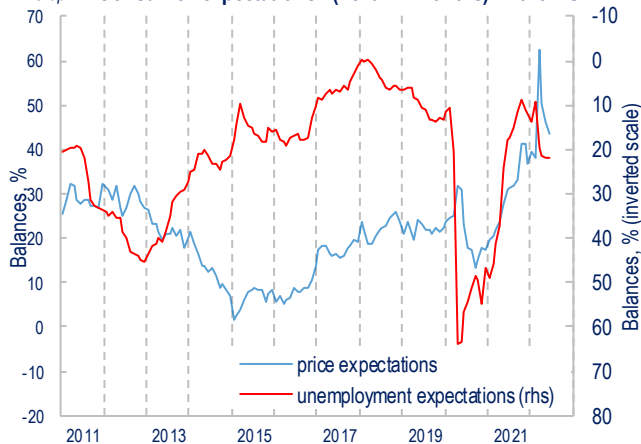
Graph 5: Employment expectations (next 3 months) in the EU²



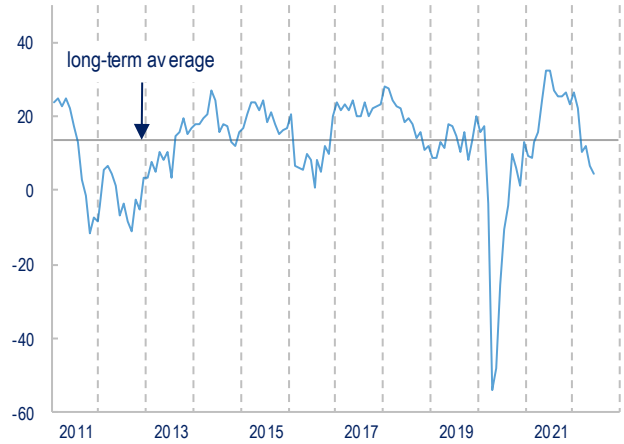
Graph 6: Selling price expectations (next 3 months) in the EU²



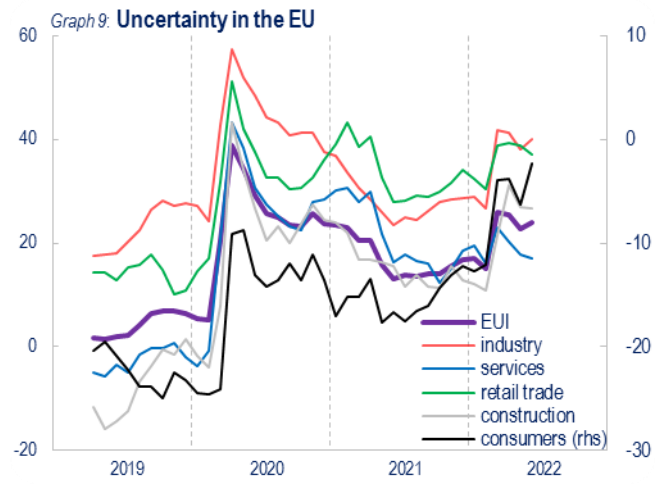
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



The **Economic Uncertainty Indicator (EUI)**³ rose again in June (+1.3 points to 23.9), driven by a substantial increase among consumers, which pushed consumer uncertainty to its highest level on record. While uncertainty picked up again also in industry, it eased in retail trade, services and construction.



Data collection period: 1 June to 23 June

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	20 July 2022
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 July 2022