

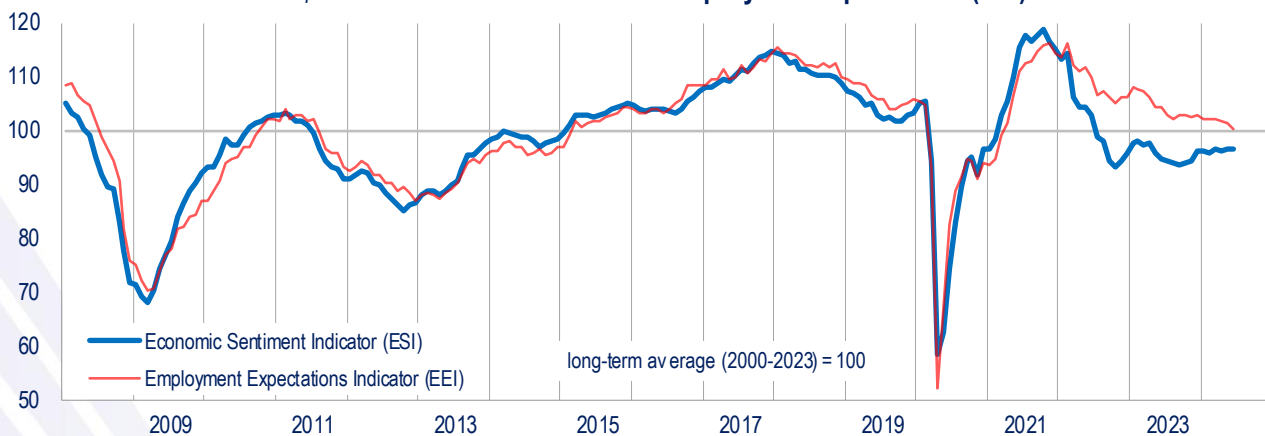
Business and consumer survey results for June 2024

Economic Sentiment remains broadly stable in the EU and the euro area; Employment Expectations decline further

In June 2024, the *Economic Sentiment Indicator* (ESI) remained largely unchanged in both the EU and the euro area (-0.2 points to, respectively, 96.4 and 95.9).¹ The *Employment Expectations Indicator* (EEI) declined for the third consecutive month in both areas, approaching (EU: -0.8 points to 100.4) or undercutting (euro area: -1.6 points to 99.7) its long-term average. While the ESI has remained essentially flat over the first six months of the year, around 4 points below its long-term average, the slow but continuous decline in the EEI has narrowed the gap between the two indicators.

EU developments

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



source: European Commission services

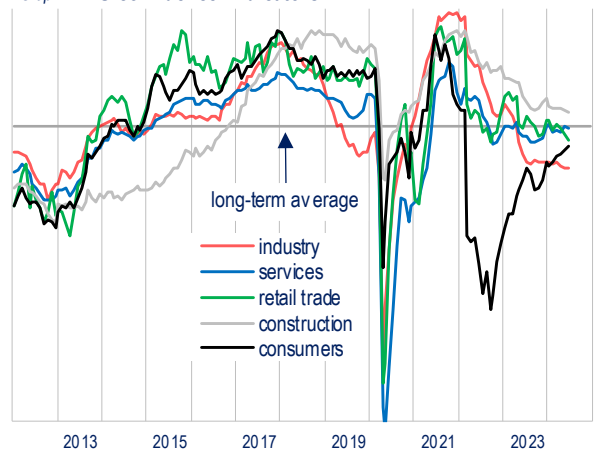
In the EU, the sideward trend of the ESI reflected broadly stable confidence in industry, construction and among consumers, while confidence in services and retail trade dipped somewhat. For the largest EU economies, the ESI improved markedly for Spain (+1.1) and more moderately for the Netherlands (+0.5), while it deteriorated for France (-0.7) and Italy (-0.7). The ESI remained broadly stable for Germany (-0.2) and Poland (-0.1).

Industry confidence remained broadly stable in June (-0.1) as managers' *production expectations* and their assessment of *the current level of overall order books* were largely unchanged. However, slightly more managers assessed the *stocks of finished products* as too large/above normal, indicating weaker demand. Regarding the questions not entering the confidence indicator, managers reported a marked decline in *past production*, while views on *export order books* remained stable.

Services confidence decreased slightly (-0.5), resulting from a deterioration in managers' assessment of *past demand*, only partly offset by a slight improvement in their assessment of the *past business situation*, while *expected demand* remained virtually stable. **Consumer confidence** brightened only marginally (+0.3), reflecting consumers' improving views on their *household's past financial situation* and *intentions to make major purchases*. Consumers' expectations about the *general economic situation in their country* and about their *household's financial situation* remained broadly unchanged.

Retail trade confidence (-0.5) deteriorated slightly for the third month in a row. A marked drop in retailers' assessment of the *past business situation* and a more moderate decrease in their *business expectations for the next 3 months* were partly offset by a lower assessment

Graph 2: EU confidence indicators²

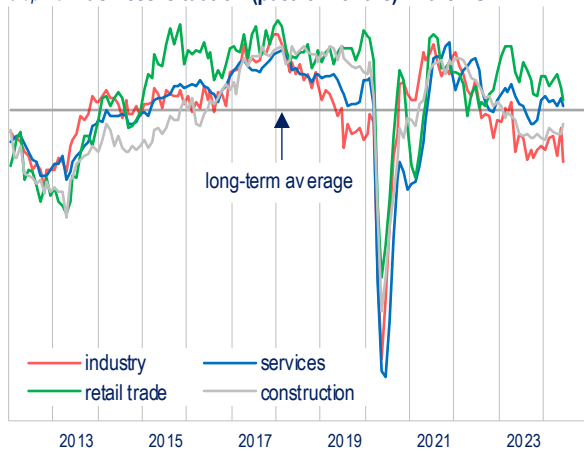


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

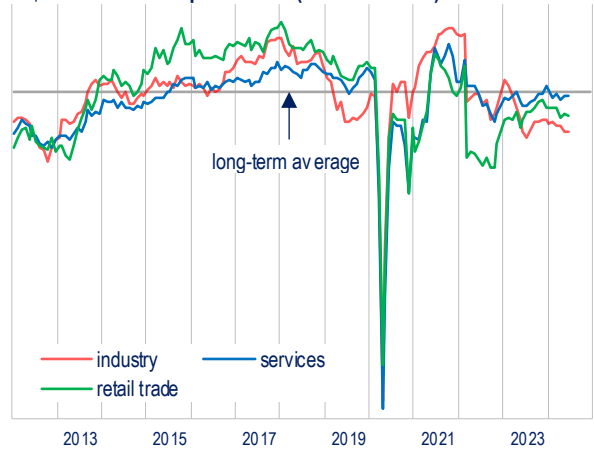
² The graph presents standardised series to correct for differences in means and standard deviations.

of the volume of stocks, signalling higher demand. **Construction confidence** dipped marginally in June (-0.3), as a decline in builders' *employment expectations* was partly offset by an improved assessment of their *order books*. The percentage of construction managers indicating *insufficient demand* (-0.2 points to 31.6%) and *material/equipment shortages* (-0.1 points to 6.2%) as limiting factors to construction activity barely changed between May and June. By contrast, the percentage of construction managers indicating *labour shortages* (-3.1 points to 25.1%) or *financial constraints* (-0.5 points to 8.0%) as limiting factors decreased.

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

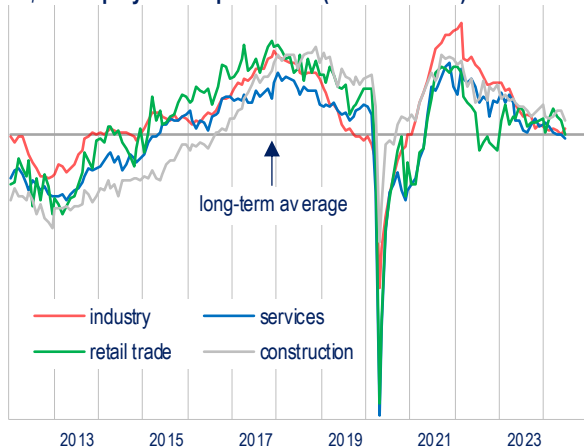


Graph 4: Business expectations (next 3 months) in the EU²

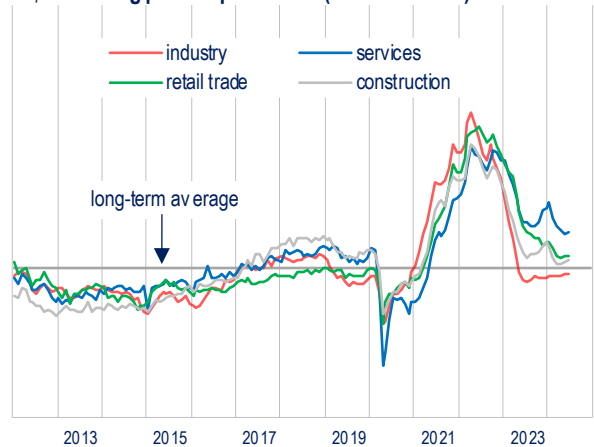


The **Employment Expectations Indicator** (-0.8) accelerated its gradual decline towards its long-term average. The decrease reflects markedly lower employment plans in retail trade and construction and, to a lesser extent, in services, partly counterbalanced by more optimistic plans in the industry sector. Consumers' unemployment expectations, which are not included in the headline indicator, worsened slightly further. The EU **Labour Hoarding Indicator** dipped marginally (-0.4 points to 10.3), continuing its broad sideways movement slightly above its long-term average and pre-pandemic levels.³

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



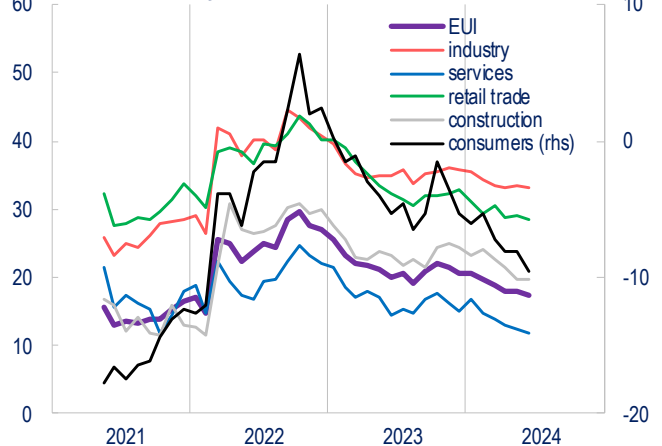
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: Uncertainty in the EU



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.

Selling price expectations picked up in construction and, to a lesser extent, in services and retail trade. Selling price expectations remained broadly stable and slightly below their long-term average only in industry. Consumers' price expectations for the next twelve months picked up again in June, while consumers' perceived price developments over the past twelve months continued to decline, albeit remaining at a high level.

The European Commission's **Economic Uncertainty Indicator** (EUI)⁴ declined for the fifth month in a row (-0.5 to 17.3). Consumers' uncertainty about their future financial situation dropped. Managers' uncertainty about their future business situation decreased in retail trade and services, while it remained stable in industry and construction.

Data collection period: 1 to 20 June.

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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