

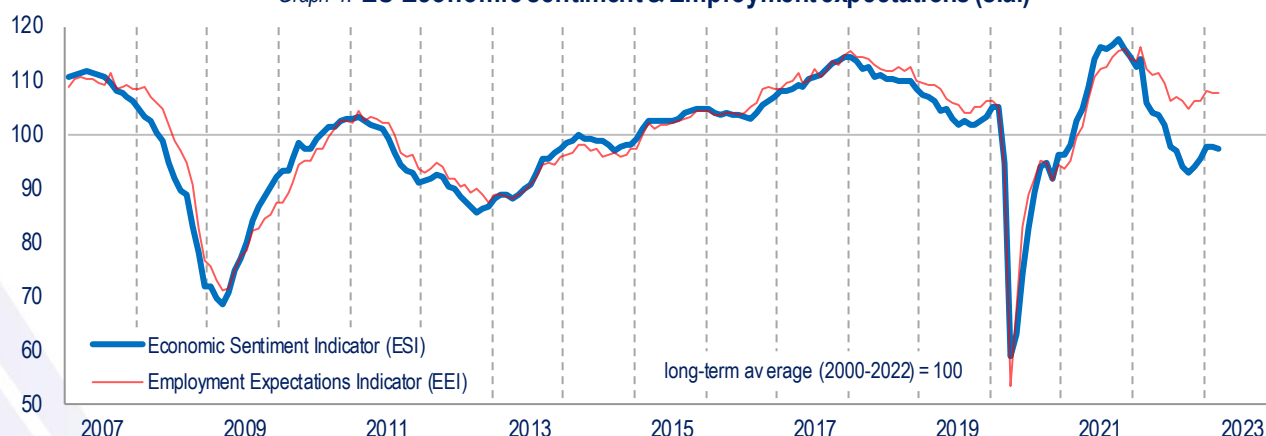
Business and consumer survey results for March 2023

Economic Sentiment and Employment Expectations marginally lower in the EU and the euro area

In March 2023, the *Economic Sentiment Indicator* (ESI) declined marginally in both the EU and the euro area (-0.3 points to 97.4 in the EU and 99.3 in the euro area). Also the *Employment Expectations Indicator* (EEI) came in marginally lower (-0.1 points to 107.6 in the EU and -0.3 points to 109.0 in the euro area).¹

EU developments

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



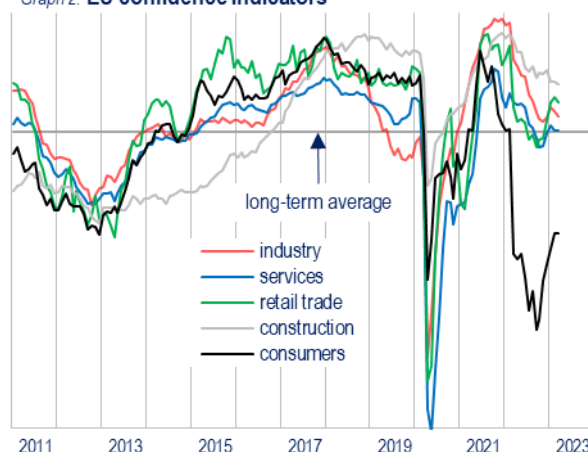
source: European Commission services

In the EU, the edging down of the ESI in March was the result of slightly lower confidence in industry, retail trade and construction. Sentiment in services and among consumers remained virtually unchanged. Amongst the largest EU economies, the ESI increased in Italy (+2.0), the Netherlands (+0.9) and France (+0.7), while it remained broadly unchanged in Poland (+0.3), Spain (+0.1) and Germany (-0.1).

Industry confidence lost momentum again in March (-0.7), owing to a further setback in managers' *production expectations* and to a slight deterioration in their assessments of the *current level of overall order books*, while their assessments of *stocks of finished products* remained broadly stable. Of the questions not entering the confidence indicator, managers' appraisals of *past production* also dipped, while their assessment of their *export order books* edged up. **Services confidence** remained unchanged (± 0.0), as managers' deteriorated views on their *past business situation* and *past demand* were offset by brighter *demand expectations*. After five months of improvement, the recovery of **consumer confidence** came to a halt (-0.1). Consumers were less positive about the *general economic situation* in their country, while their intentions to make *major purchases* improved. Consumers' views on their *household's past financial situation* and the *future financial situation* remained virtually stable. **Retail trade confidence** relapsed (-0.6), driven by a further increase in the assessment of the *volume of stocks*. Retailers' appraisals of their *past* and *expected business situation* remained broadly stable.

Construction confidence edged down (-0.4), driven by a deterioration of managers' *employment expectations*. Their assessments of the level of *order books* remained broadly unchanged. While remaining at a historically high level, the share of construction managers pointing to *shortages of material and/or equipment* as a factor limiting their building activity declined further (-2.3 to 17.9%). After staying broadly stable at around 10% since August

Graph 2: EU confidence indicators²

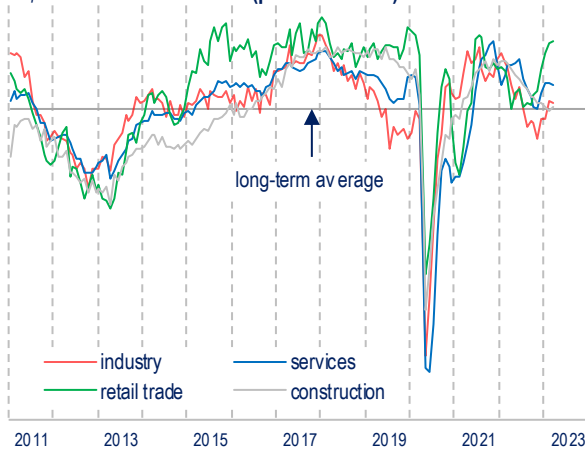


¹ Past results were slightly revised due to seasonal adjustment.

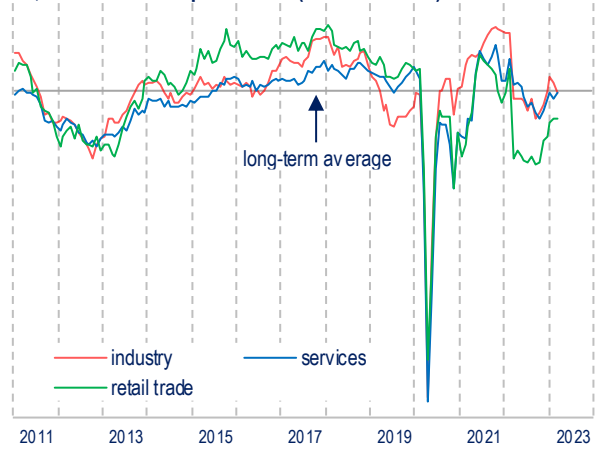
² The graph presents standardised series to correct for differences in means and standard deviations.

2022, the share of construction managers pointing to *financial constraints* has edged down (-1.3 to 9.0%), while *insufficient demand* is still increasingly reported (+0.4 to 24.6%). The share of builders pointing to *shortages of labour* as a limiting factor remained unchanged at a high level (± 0.0 at 30.0%). **Financial services confidence** (not included in the ESI) dropped (-1.7), mainly due to marked deterioration in *demand expectations* and, to a lesser extent, views on *past demand*, while views on the *past business situation* remained stable.

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



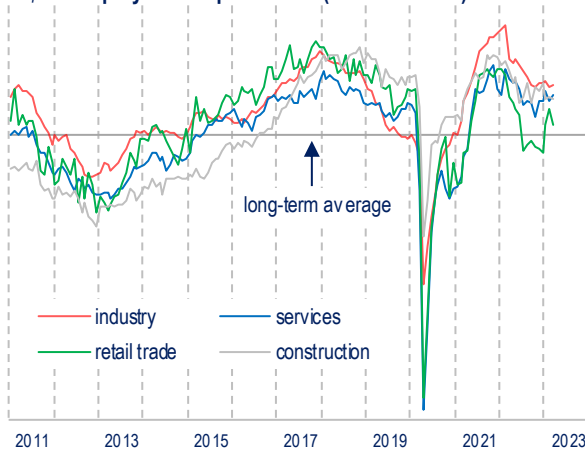
Graph 4: Business expectations (next 3 months) in the EU²



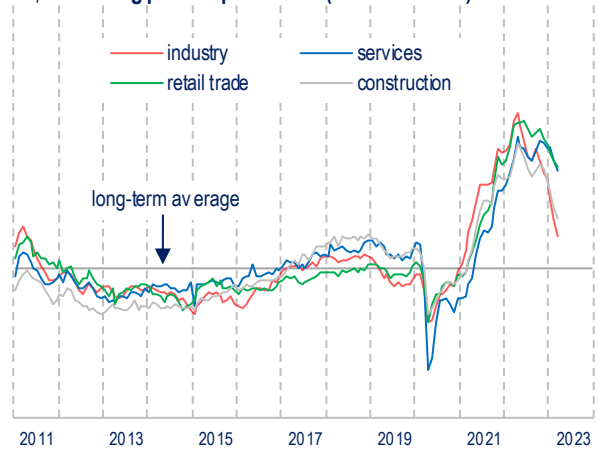
The incremental drop of the **Employment Expectations Indicator** (-0.1) was the result of deteriorated employment plans for managers in retail trade and, to a lesser extent, in construction, offset by improved employment plans in services and industry. Consumers' unemployment expectations, which are not included in the headline indicator, also improved.

Selling price expectations dropped further in industry, construction and, to a lesser extent, in services and retail trade. While consumers' perceptions of price developments over the past twelve months remained stable, just a tad below the all-time high of December 2022, their expectations for the next twelve months picked up marginally.

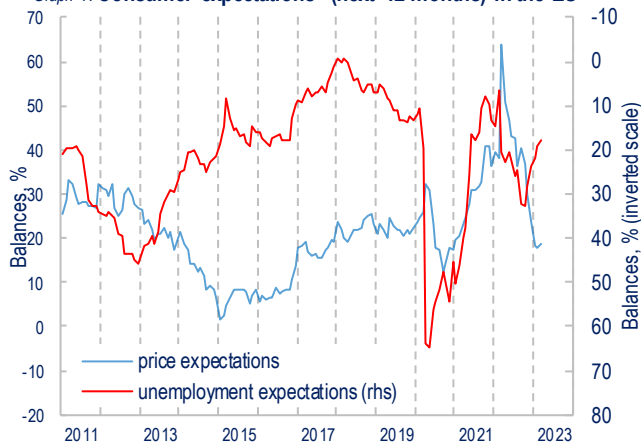
Graph 5: Employment expectations (next 3 months) in the EU²



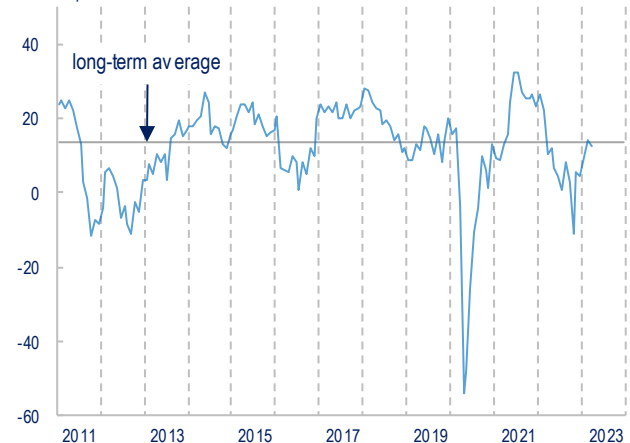
Graph 6: Selling price expectations (next 3 months) in the EU²



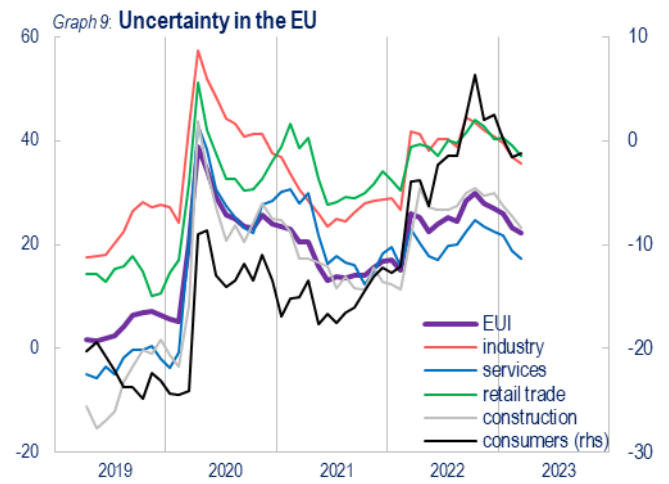
Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: EU Financial services confidence indicator



Notwithstanding the marginal drop in economic sentiment, the European Commission's **Economic Uncertainty Indicator (EUI)**³ declined further in March (-1.1 points to 22.2), driven by lower uncertainty in all surveyed business sectors. Only uncertainty among consumers edged up again.



Data collection period: 1 March to 23 March.

Note: Around two thirds of business managers' and at least 80% of consumers' responses were collected before the recent tensions in segments of the US banking sector and the rescue of Credit Suisse.

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 April 2023
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	27 April 2023