

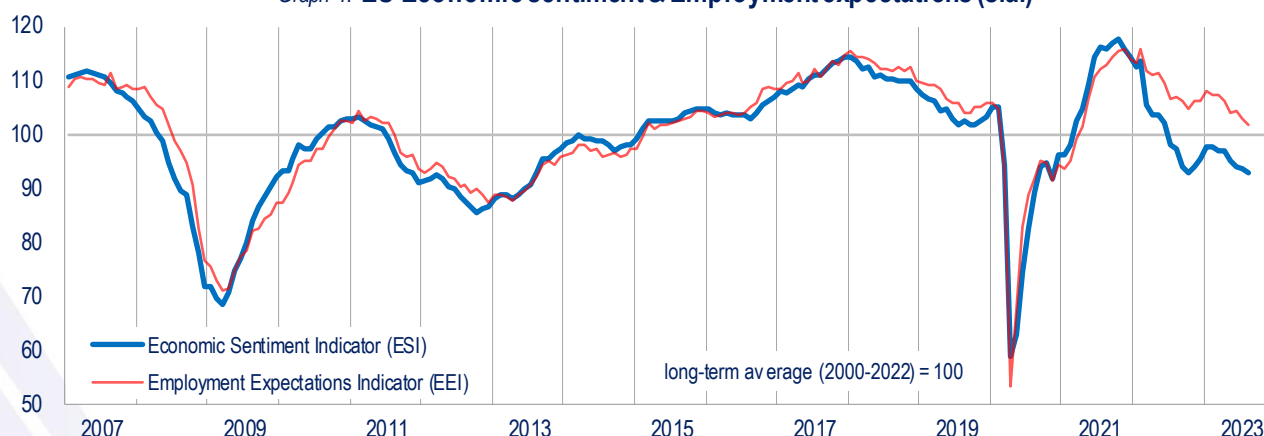
Business and consumer survey results for August 2023

Economic Sentiment and Employment Expectations further down in the EU and the euro area

In August 2023, the *Economic Sentiment Indicator* (ESI) continued to decline in both the EU (-0.6 points to 92.9) and the euro area (-1.2 points to 93.3). Also the *Employment Expectations Indicator* (EEI) declined further (-1.0 point to 101.7 in the EU and -1.3 points to 102.1 in the euro area).¹

EU developments

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

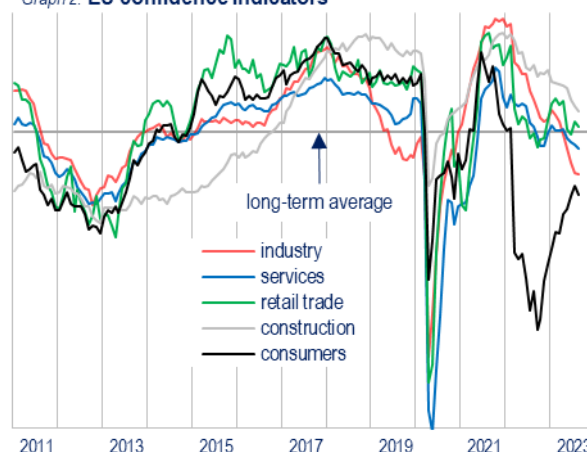


source: European Commission services

In the EU, the decrease of the ESI in August was due to lower confidence among consumers, as well as services, retail trade and construction managers. Confidence in industry recorded only a minor slippage. Amongst the largest EU economies, the ESI deteriorated in France (-2.5), Germany (-2.4) and Italy (-1.1), while it improved in Spain (+1.5) and Poland (+1.2). Sentiment in the Netherlands remained virtually unchanged (+0.2).

Industry confidence held up relatively well (-0.3) after six months of marked declines. While managers' views on the *current level of overall order books* continued deteriorating and their assessments of the *stocks of finished products* stayed virtually unchanged, managers' *production expectations* improved. However, of the questions not entering the confidence indicator, both *export order books* and *past production* were assessed markedly more negatively. **Services confidence** inched lower (-0.8), with views on *past demand* and the *past business situation* more downbeat and managers' *demand expectations* broadly unchanged. **Consumer confidence** (-0.9) recorded the first decline since September last year, as survey respondents got more pessimistic about their household's *future financial situation* and the *expected general economic situation* in their country. Consumers' intentions to make *major purchases*, as well as the assessments of their *past financial situation* remained broadly unchanged. **Retail trade confidence** edged down (-0.6), due to deteriorating assessments of the *past business situation* and the *volume of stocks* being more often considered as too large/above normal. At the same time, managers got somewhat more optimistic about the *expected business situation*. **Construction confidence** continued its downward trend (-1.1), due to a deterioration of both its components (i.e. assessments of the level of *order books* and *employment expectations*). The percentage of managers indicating a *shortage of materials and/or equipment* as a limiting factor in construction activity decreased (-0.8 points, to 9.1%), as did the share of those reporting *shortages of labour* as

Graph 2: EU confidence indicators²



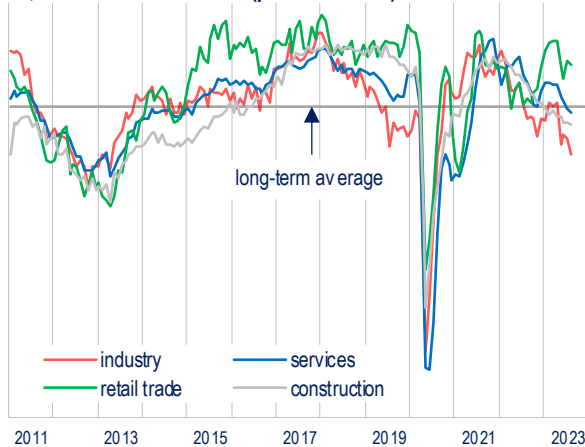
As of August 2023, the *industry confidence* held up relatively well (-0.3) after six months of marked declines. While managers' views on the *current level of overall order books* continued deteriorating and their assessments of the *stocks of finished products* stayed virtually unchanged, managers' *production expectations* improved. However, of the questions not entering the confidence indicator, both *export order books* and *past production* were assessed markedly more negatively. **Services confidence** inched lower (-0.8), with views on *past demand* and the *past business situation* more downbeat and managers' *demand expectations* broadly unchanged. **Consumer confidence** (-0.9) recorded the first decline since September last year, as survey respondents got more pessimistic about their household's *future financial situation* and the *expected general economic situation* in their country. Consumers' intentions to make *major purchases*, as well as the assessments of their *past financial situation* remained broadly unchanged. **Retail trade confidence** edged down (-0.6), due to deteriorating assessments of the *past business situation* and the *volume of stocks* being more often considered as too large/above normal. At the same time, managers got somewhat more optimistic about the *expected business situation*. **Construction confidence** continued its downward trend (-1.1), due to a deterioration of both its components (i.e. assessments of the level of *order books* and *employment expectations*). The percentage of managers indicating a *shortage of materials and/or equipment* as a limiting factor in construction activity decreased (-0.8 points, to 9.1%), as did the share of those reporting *shortages of labour* as

¹ Past ESI and EEI results were slightly revised due to seasonal adjustment.

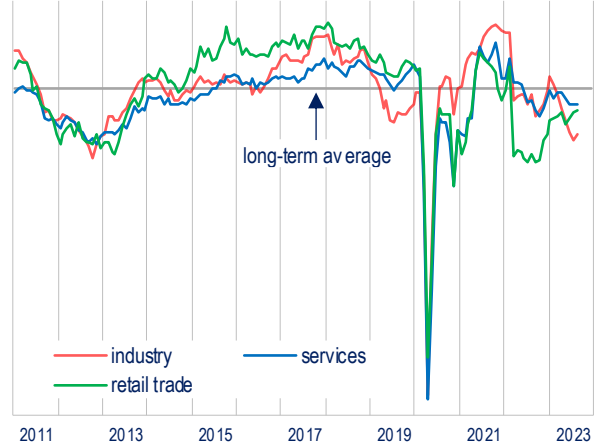
² The graph presents standardised series to correct for differences in means and standard deviations.

a constraining factor (-0.5 points, to 28.2%). At the same time, the prevalence of *financial constraints* among construction companies stayed almost unchanged (+0.2 points, to 10.6%) and *insufficient demand* gained further prominence (+1.1 points, to 27.8%) in builders' assessments.

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



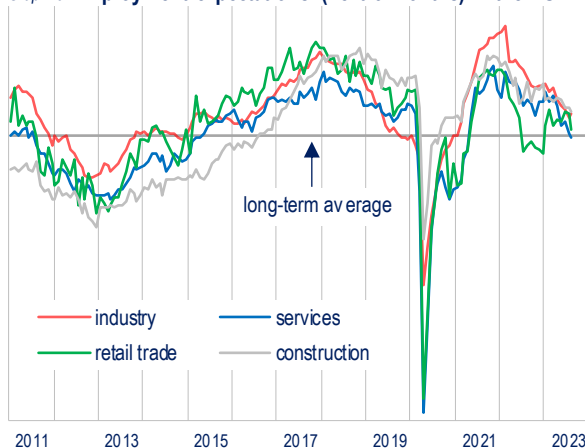
Graph 4: Business expectations (next 3 months) in the EU²



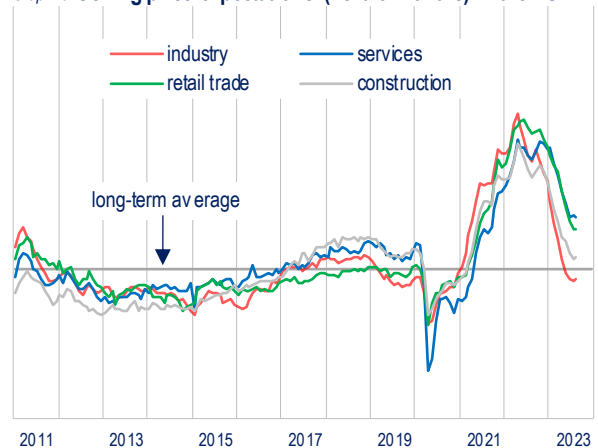
The **Employment Expectations Indicator** declined further (-1.0), fuelled by less optimistic employment plans among services, construction and, particularly, retail trade managers. Employment expectations in industry edged up. Consumers' unemployment expectations, which are not included in the headline indicator, improved marginally compared to July.

The fast decline of **selling price expectations** since autumn last year came to a halt in services and retail trade. In industry and construction, selling price expectations even edged up. Similarly, consumers' price expectations for the next twelve months rebounded in August. By contrast, consumers' perceptions of price developments over the past twelve months declined further, while remaining at a very high level.

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



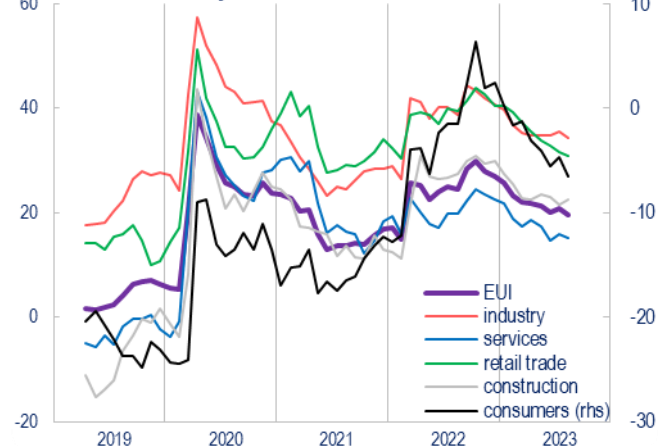
Graph 6: Selling price expectations (next 3 months) in the EU²



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 eased in August (-1.0 point to 19.7), reflecting lower uncertainty among industry, services and retail trade managers about their future business situation, as well as among consumers about their future financial situation. Only uncertainty among construction managers increased.

Data collection period: 1 August to 23 August.

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. 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	21 September 2023
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	28 September 2023