

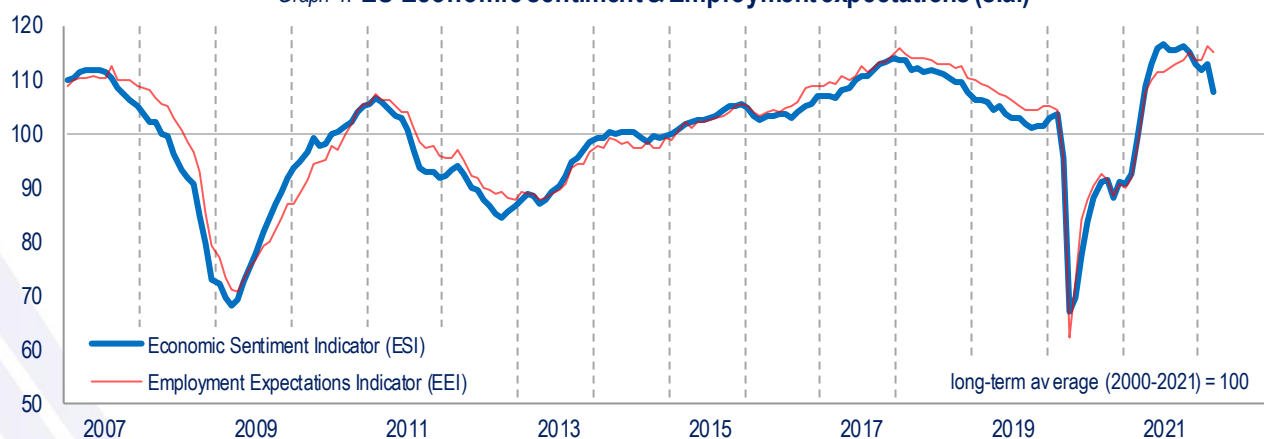
## Business and consumer survey results for March 2022

# Economic Sentiment takes a hit in the EU and the euro area, Employment Expectations ease

In March 2022, the *Economic Sentiment Indicator* (ESI) dropped substantially in both the EU (-5.3 points to 107.5) and the euro area (-5.4 points to 108.5), mainly due to plummeting consumer confidence. After reaching record high levels in February, business managers' *Employment Expectations Indicator* (EEI) also eased (-1.1 points to 114.9 in the EU and -0.9 points to 115.5 in the euro area).<sup>1</sup>

## EU developments

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

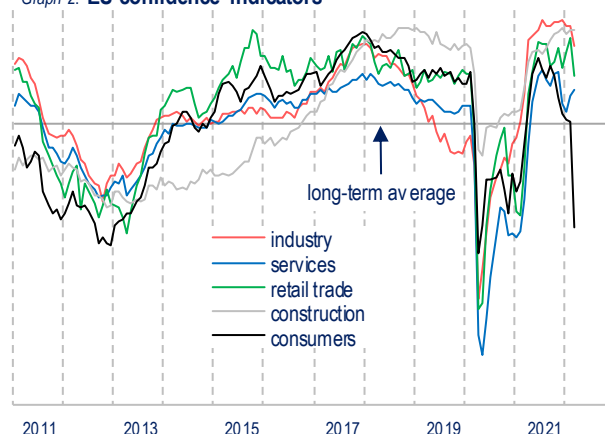


source: European Commission services

In the EU, the decline in the ESI in March was mostly due to plummeting consumer confidence, accompanied by marked losses also in retail trade and industry confidence; by contrast, confidence improved slightly in services and remained broadly unchanged in construction. Amongst the largest EU economies, the ESI fell sharply in France (-7.1), Spain (-6.5), Germany (-4.3) and, to a lesser extent, in Poland (-3.0) and Italy (-2.6), while it brightened slightly in the Netherlands (+0.5).

**Industry confidence** fell (-3.4) to a 12-month low, due to the sharpest drop in managers' *production expectations* since the COVID-19 pandemic. Managers' assessments of the *current level of overall order books* eased slightly and the assessment of the adequacy of *stocks of finished products* gained some ground again. Of the questions not entering the confidence indicator, both managers' views on *export order books* and their appraisals of *past production* deteriorated. **Services confidence** (+1.3) improved for the second month in a row, driven by managers' markedly more positive assessment of past demand, and slightly better views on the *past business situation* and *expected demand*. The slump in **consumer confidence** (-9.4) mostly reflected the collapse in households' expectations about the *general economic situation in their country* but also in their assessments of their own *future financial situation*, which fell to a historical low. Consumers' *intentions to make major purchases* and their assessment of their *past financial situation* eased to 13- and 11-month lows. The marked downturn in **retail trade confidence** (-4.9) resulted from the slump in managers' assessments of their *expected business situation*, while the negative impact of their assessments of the *past business situation* and the slight replenishment of their

Graph 2: EU confidence indicators<sup>2</sup>

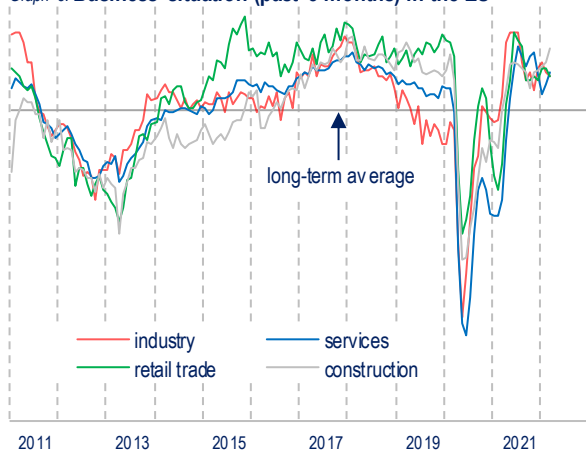


<sup>1</sup> Due to customary revisions of French business survey data for the previous month, the ESI for the euro area for February was revised downward by 0.1 points to 113.9. Likewise, the EEI for February was revised up by 0.2 points to 116.0 in the EU and to 116.4 in the euro area.

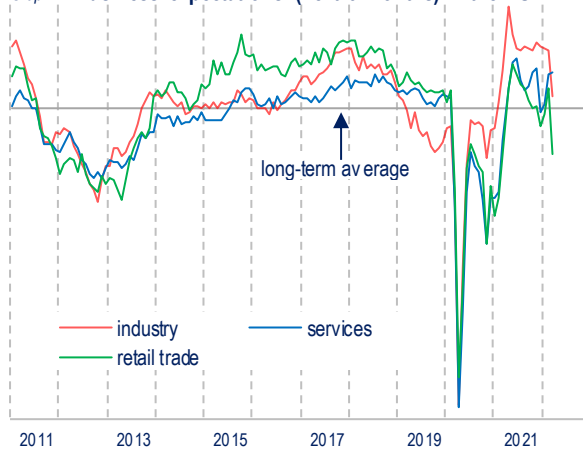
<sup>2</sup> The graph presents standardised series to correct for differences in means and standard deviations.

stocks remained contained. **Construction confidence** remained broadly unchanged (-0.1), as managers' improved appraisal of the *level of order books* was offset by more muted *employment expectations*. The shares of construction managers pointing to the shortage of labour (30.9%, after 29.9% in February) and of material and/or equipment (33.6%, after 28.6% in February) as factors limiting their building activity increased to their highest levels on record.<sup>3</sup> **Financial services confidence** (not included in the ESI) plummeted in February (-11.8). As manager's *demand expectations* collapsed, their appraisals of *past demand* and the *past business situation* also worsened significantly.

Graph 3: Business situation (past 3 months) in the EU<sup>2</sup>



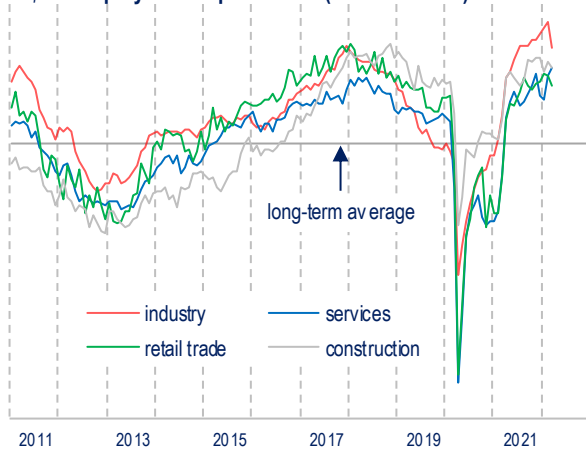
Graph 4: Business expectations (next 3 months) in the EU<sup>2</sup>



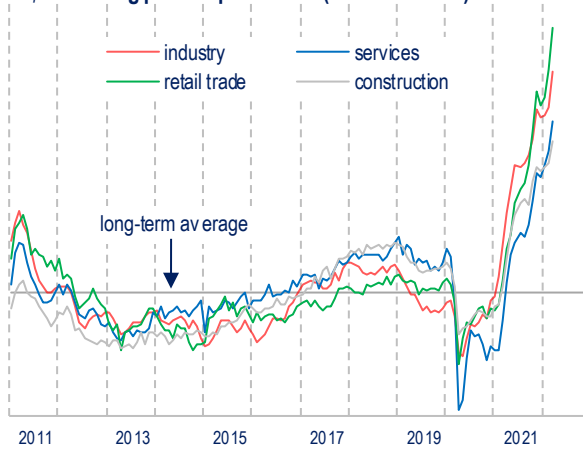
After reaching an all-time high in February, the **Employment Expectations Indicator** decreased (-1.1). The decline was due to worsened employment plans in industry, retail trade and construction, while managers in the services sector expected employment to increase in their firms over the next three months. Consumers' unemployment expectations, which are not included in the headline indicator, substantially worsened.

After a brief interruption in December/January, **selling price expectations** for the next three months rose to unprecedented levels in all surveyed business sectors. After four months of a broadly horizontal movement, consumers' price expectations for the next twelve months surged to an all-time high. Consumers' backward-looking perceptions of price developments over the past twelve months continued their steady upward trend that started in January 2021.

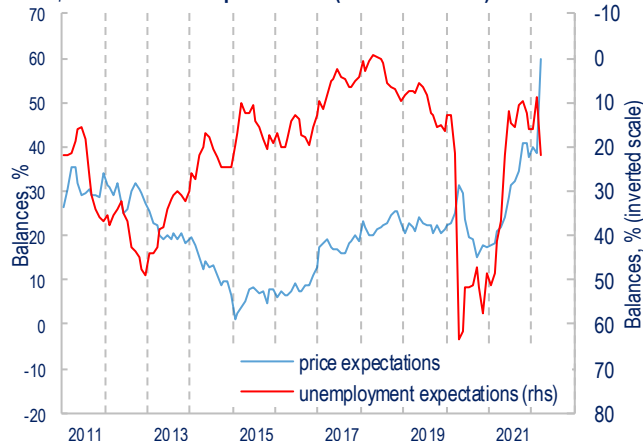
Graph 5: Employment expectations (next 3 months) in the EU<sup>2</sup>



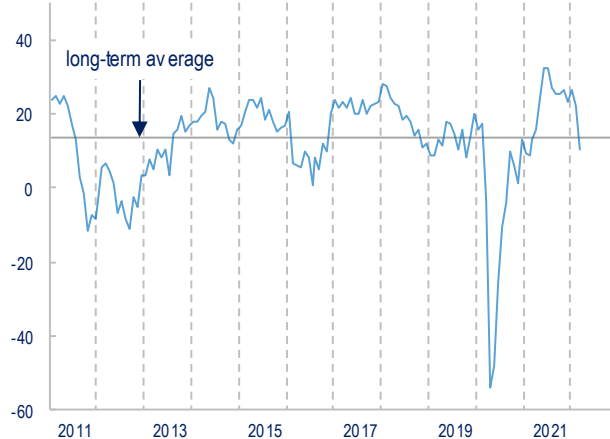
Graph 6: Selling price expectations (next 3 months) in the EU<sup>2</sup>



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

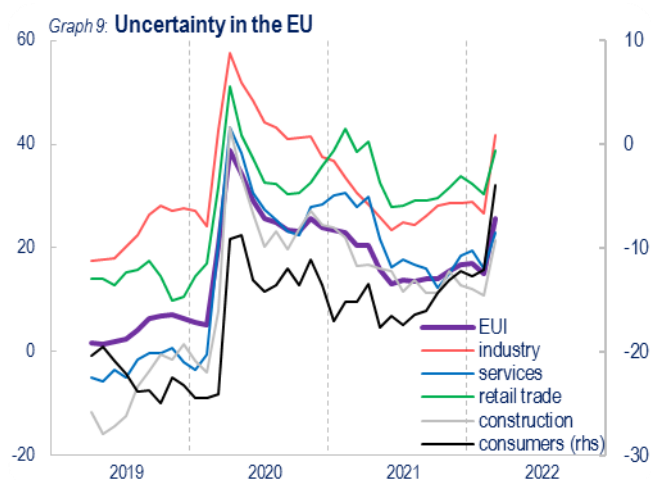


Graph 8: EU Financial services confidence indicator



<sup>3</sup> The detailed data are available for download under the Construction section of the [BCS Time series website](#).

The European Commission's **Economic Uncertainty Indicator (EUI)**<sup>4</sup> rose abruptly in March (+10.7 points to 25.8), driven by growing uncertainty about the impact of the war in Ukraine on the future economic situation of consumers and businesses. While uncertainty has risen most sharply among consumers, reaching its highest level on record, the increases across all business sectors testify to the potential fall-out of adverse future scenarios also on sectors where confidence itself has not yet diminished (services, building).



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](mailto:ECFIN-BCS-MAIL@ec.europa.eu)

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**Upcoming releases:** Flash Consumer Confidence Indicator  
Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)

21 April 2022  
28 April 2022

<sup>4</sup> See the special topic of the [2021-Q3 EBCI](#) for background, and section 3.6 of the [BCS User Guide](#) for methodological details.