

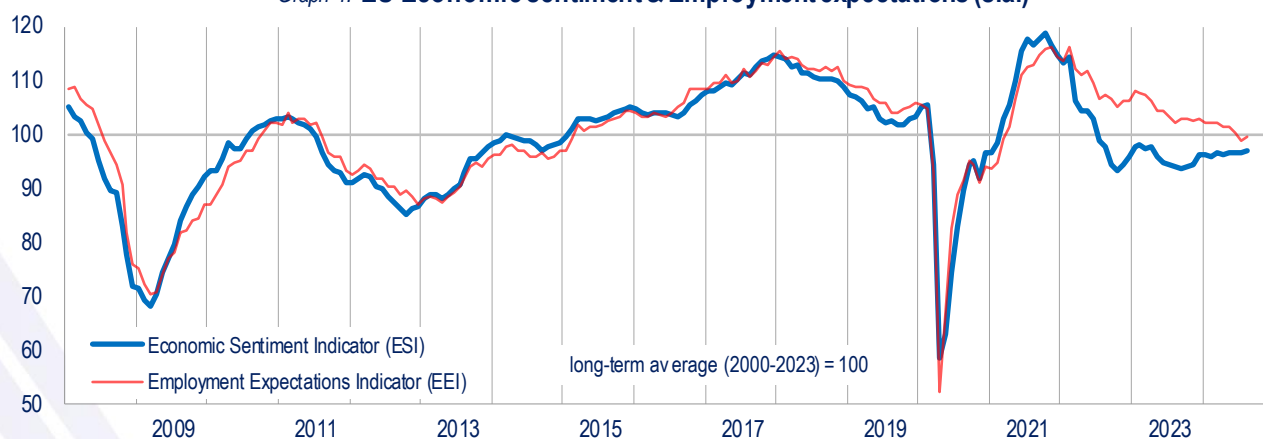
Business and consumer survey results for August 2024

Economic Sentiment edges up in the EU and the euro area; Employment Expectations turn upward

In August 2024, the *Economic Sentiment Indicator* (ESI) edged up in both the EU (+0.4 points to 96.9) and the euro area (+0.6 points to 96.6).¹ The *Employment Expectations Indicator* (EEI) picked up more significantly in both areas after several months of decline (EU: +0.9 points to 99.6, euro area: +1.3 points to 99.2). While the EEI is very close to its long-term average of 100, the ESI continues to score below that reference value.

EU developments

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

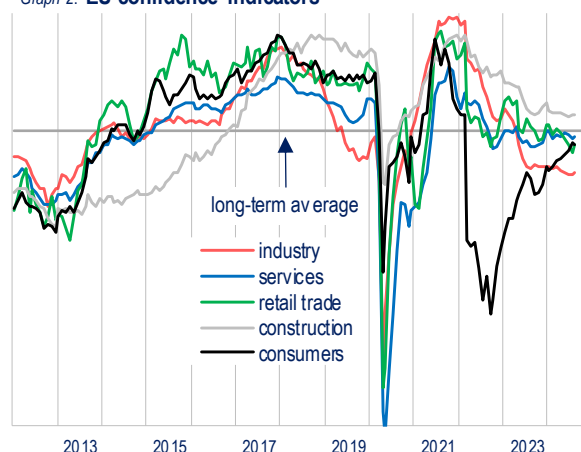


source: European Commission services

The increase in the EU ESI reflected improved confidence in industry, services and retail trade, while confidence among consumers and in construction remained broadly stable. For the largest EU economies, the ESI improved strikingly for France (+4.3). It also improved significantly for Spain (+1.3) and the Netherlands (+0.9), while for Poland the ESI recorded only a slight increase (+0.3). The ESI deteriorated for Germany (-1.7) and Italy (-1.2).

Industry confidence improved slightly in August (+0.4), on the back of a strong improvement in managers' *production expectations* and a less pronounced improvement in their assessments of the *stocks of finished products*. However, these improvements were partly offset by managers' worsened assessment of the *current level of overall order books*. Regarding the questions not entering the confidence indicator, managers' assessment of *past production* remained broadly stable, while their views on *export order books* improved somewhat. **Services confidence** increased (+0.6) due to a strong improvement in managers' *demand expectations* and their more positive assessment of the *past business situation*. However, these positive signals were moderated by a deterioration in managers' assessment of *past demand*. **Consumer confidence** remained broadly stable in August (-0.1). Consumers' worsened assessments of their households' *past and expected financial situation*, as well as their *intentions to make major purchases*, were balanced by a pick up in their expectations about the *general economic situation* in their respective country. **Retail trade confidence** recovered somewhat (+0.8) after deteriorating for four months. Retailers' assessment of the *past business situation* worsened, but was more than compensated for by a substantial improvement in their *business expectations for the next 3 months* and a lower assessment of the volume of *stocks*, signalling higher demand. **Construction confidence** remained broadly stable in August (-0.1), as builders' assessment of their *order books* was unchanged from the previous month and their *employment expectations* deteriorated only

Graph 2: EU confidence indicators²

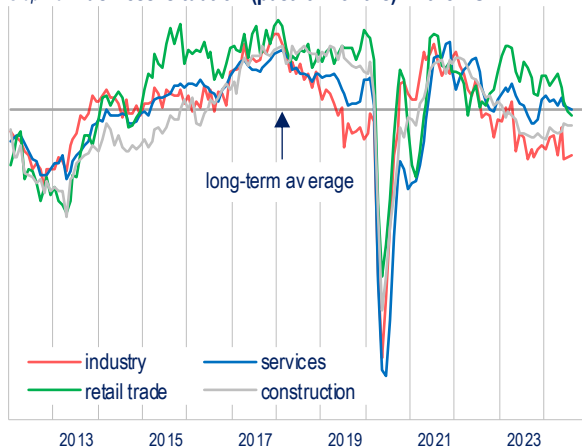


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

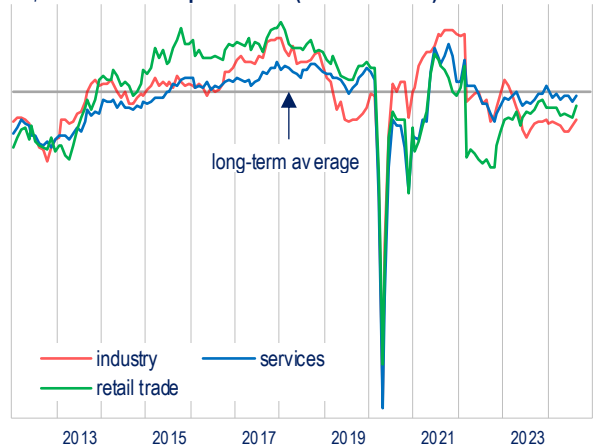
² The graph presents standardised series to correct for differences in means and standard deviations.

marginally. The percentage of construction managers indicating *labour shortages* (-0.2 points to 26.0%) and *material/equipment shortages* (+0.3 points to 6.5%) as limiting factors to construction changed only marginally between July and August. The percentage of builders indicating *insufficient demand* (-0.4 points to 31.2%) or *financial constraints* (-0.6 points to 7.8%) as limiting factors decreased moderately.

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

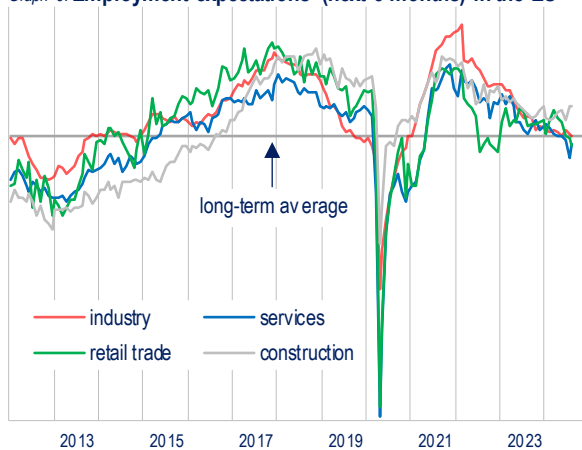


Graph 4: Business expectations (next 3 months) in the EU²

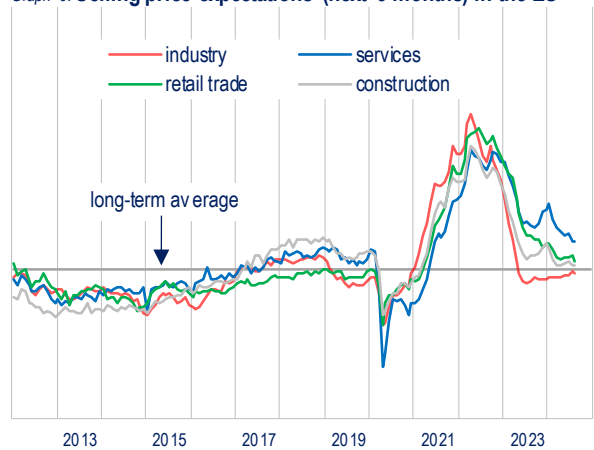


The **Employment Expectations Indicator** (+0.9) recovered in August after several months of decline. The indicator now scores very close to its long-term average. The increase reflected considerable improvement in employment plans in services, which were moderated by worsening employment plans in industry, retail trade and construction. Consumers' unemployment expectations, which are not included in the headline indicator, worsened slightly. The EU **Labour Hoarding Indicator** decreased noticeably (-0.7 points to 9.9) to its lowest reading in 2½ years, only a notch above its long-term average.³

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



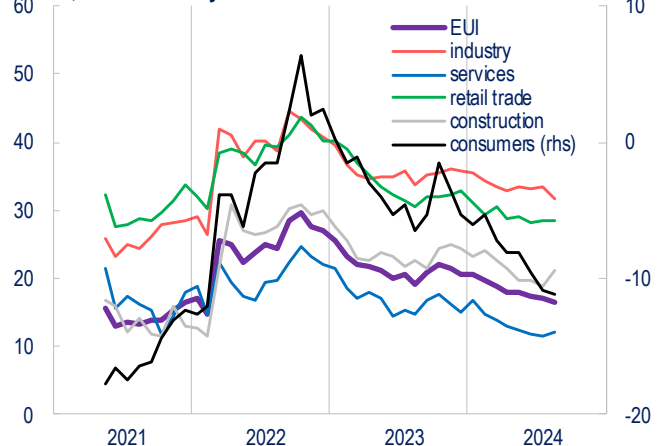
Graph 6: Selling price expectations (next 3 months) in the EU²



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



Graph 8: Uncertainty in the EU



Selling price expectations fell considerably in retail and more moderately in industry, while remaining broadly stable in services and construction. Selling price expectations remained above their long-term averages in all sectors, except in industry. Consumers' price expectations for the next twelve months increased marginally in

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.

August, 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 seventh consecutive month (-0.5 points to 16.6). Managers' uncertainty about their future business situation decreased in industry and remained stable in retail, while it increased in construction and, to a lesser extent, in services. Consumers' uncertainty about their future financial situation decreased marginally.

Data collection period: 1 to 22 August.

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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