

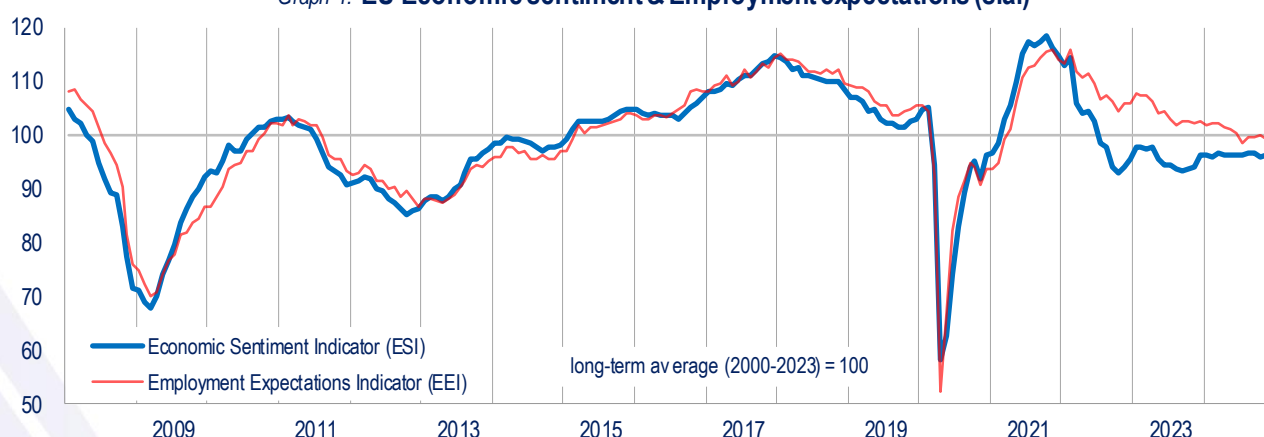
Business and consumer survey results for December 2024

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

In December 2024, the *Economic Sentiment Indicator* (ESI) decreased in both the EU (-1.7 points to 94.5) and the euro area (-1.9 points to 93.7).¹ The *Employment Expectations Indicator* (EEI) also declined in both areas (EU: -1.0 point to 98.4, euro area: -1.4 points to 97.3). Both indicators score below their long-term average of 100.

EU developments

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

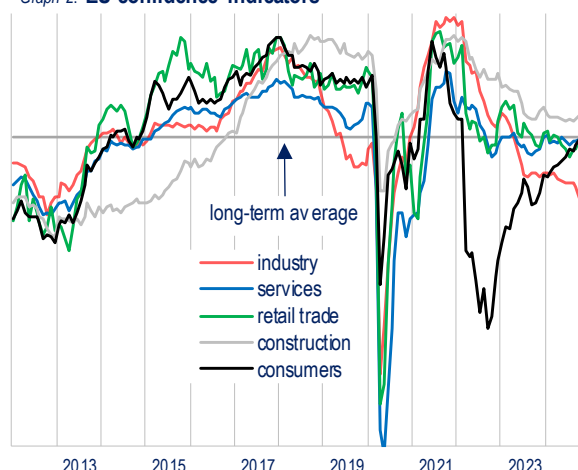


source: European Commission services

The decline in the ESI was driven by lower confidence in industry, construction and among consumers, partially offset by an increase in services confidence. Confidence in retail trade remained broadly stable. For the largest EU economies, the ESI declined markedly in France (-3.0), Germany (-2.5), and Italy (-1.1), while it improved in Spain (+0.9). Confidence was broadly unchanged in Poland (+0.1) and the Netherlands (-0.2).

Industry confidence fell back in December (-2.2), reflecting a significant decline across all three components (i.e. managers' production expectations and their assessments of the current level of order books and the stocks of finished products). Among the questions not included in the confidence indicator, managers were markedly more pessimistic about recent changes in *past production*, while their views on *export order books* showed a slight improvement. **Services confidence** improved slightly (+0.6), supported by a marked uptick in managers' assessment of *past demand*. However, this was partly offset by a deterioration in *demand expectations*. Managers' evaluation of the *past business situation* remained broadly unchanged. **Consumer confidence** declined for the second consecutive month (-1.0). Consumers became notably more pessimistic about the *general economic situation* in their respective country and their *intentions to make major purchases*. By contrast, consumers' views about their households' *expected financial situation* and *past financial situation* remained largely unchanged. **Retail trade confidence** remained broadly stable (+0.1). Retailers reported improved *business expectations for the next 3 months* and slightly more favourable assessments of the *volume of stocks*. However, these gains were mostly offset by deteriorated views on the *past business situation*. **Construction confidence** weakened slightly in December (-0.5), due to builders' more cautious *employment expectations*, while their views about their *order books* remained unchanged. The percentage of construction managers indicating *insufficient demand* as a limiting factor dipped slightly (-0.5 points to 32.8%), along with the share of

Graph 2: EU confidence indicators²

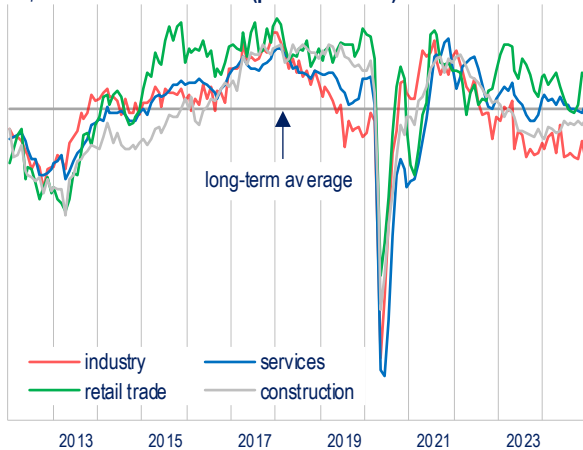


¹ Past survey data were revised due to seasonal adjustment and revisions in French business survey data.

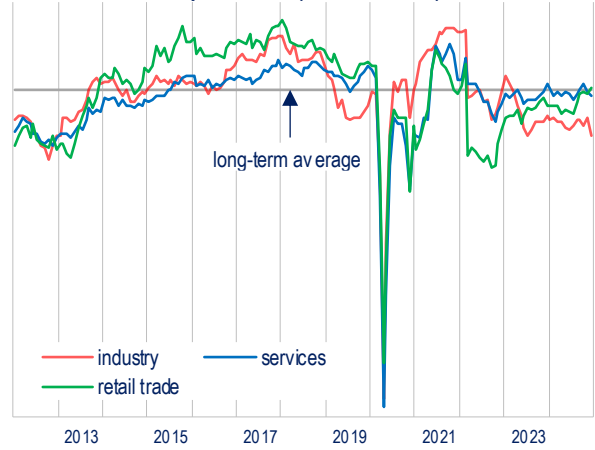
² The graph presents standardised series to correct for differences in means and standard deviations.

those reporting *labour shortages* (-0.6 points to 25.2%) and *financial constraints* (-0.5 points to 7.9%). The percentage of builders indicating *material/equipment shortages* as a limiting factor remained broadly stable (+0.2 points to 6.8%).

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



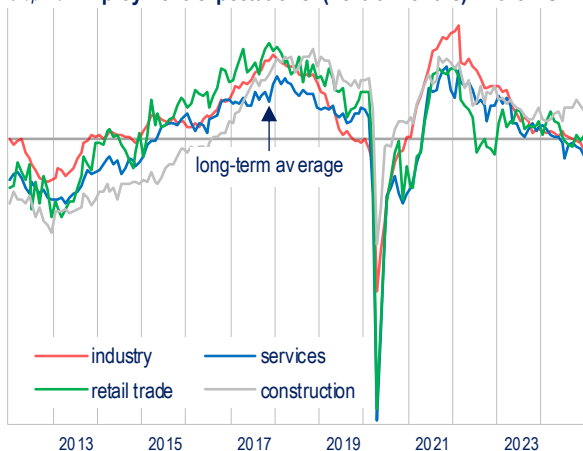
Graph 4: Business expectations (next 3 months) in the EU²



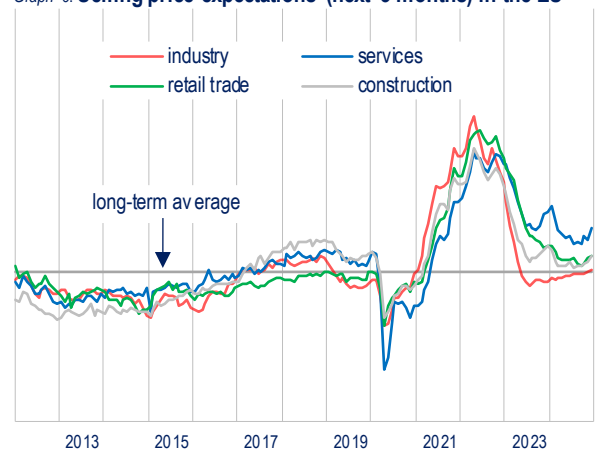
The **Employment Expectations Indicator** (-1.0) fell further below its long-term average level, reflecting a deterioration in employment plans across industry, services and construction managers, partially offset by a slight improvement in the retail trade sector. Consumers' unemployment expectations, which are not included in the headline indicator, worsened markedly. The EU **Labour Hoarding Indicator** picked up (+0.6 points to 10.0), slightly surpassing its long-term average again.³

Selling price expectations have increased across all sectors. The increase was significant in services and construction, and moderate in retail trade and industry. In all sectors, the share of managers expecting an increase in selling prices now surpasses its long-term average, most so in services. Consumers' price expectations for the next twelve months surged again in December, marking the third consecutive increase. Consumers' perceptions of price developments over the past twelve months rose for the second consecutive month, reversing a prolonged period of declining perceived price developments.

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



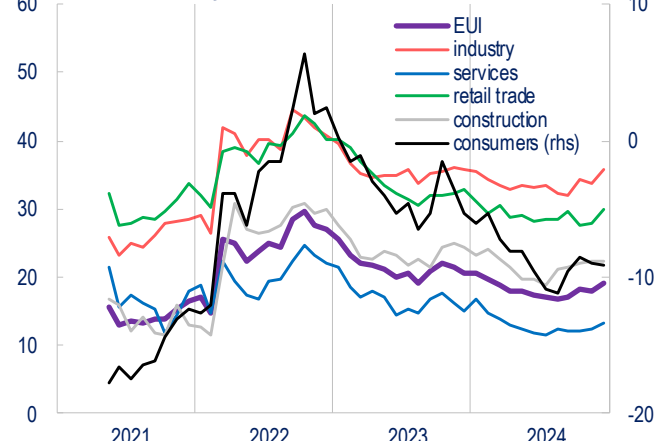
Graph 6: Selling price expectations (next 3 months) in the EU²



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.

The European Commission's **Economic Uncertainty Indicator** (EUI) picked up (+1.1 points to 17.2) in December, driven by increased uncertainty about the future business situation in industry and retail trade and, to a lesser extent, in services. Uncertainty about the future business situation in construction, as well as consumers' uncertainty about their future financial situation remained broadly stable.

Data collection period: 1 to 20 December.

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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