

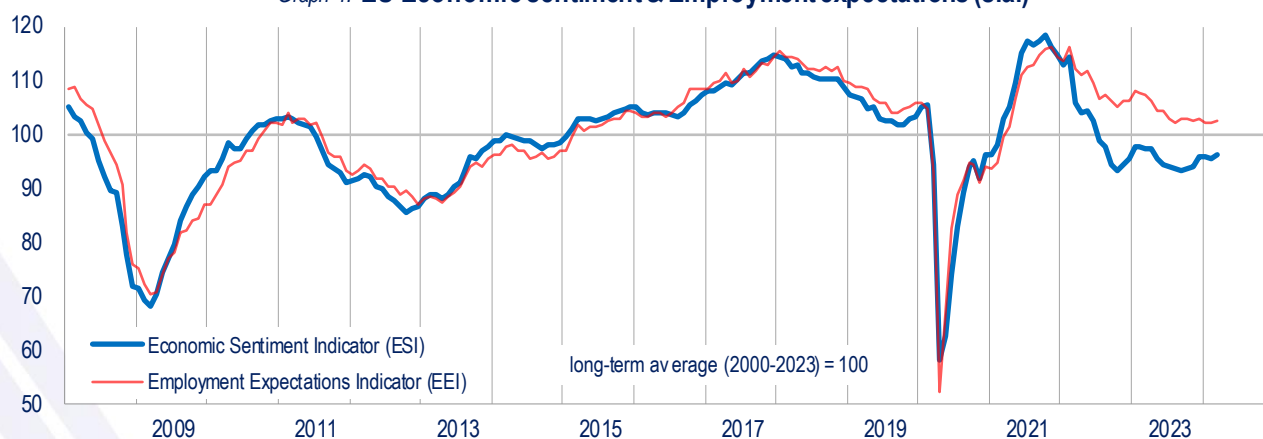
Business and consumer survey results for March 2024

Economic Sentiment picks up in the EU and the euro area, Employment Expectations broadly stable

In March 2024, the *Economic Sentiment Indicator* (ESI) picked up in both the EU (+0.7 points to 96.2) and the euro area (+0.8 points to 96.3). The *Employment Expectations Indicator* (EEI) remained virtually stable for the second consecutive month in both areas (+0.1 point, to 102.3 in the EU, and 102.6 in the euro area).¹ Contrary to the ESI, the EEI scored above its long-term average.

EU developments

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

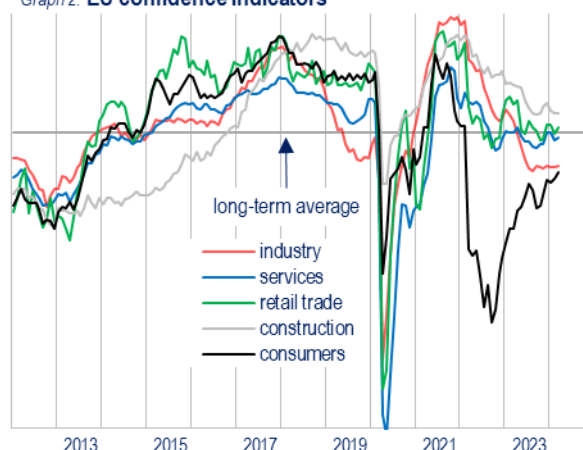


source: European Commission services

In the EU, the uptick in the ESI was driven by improved confidence among retailers, consumers and, to a lesser extent, services and industry managers, while confidence remained stable in construction. Amongst the largest EU economies, the ESI improved markedly in France (+2.6), and to a lesser extent in Italy (+1.5) and Germany (+0.9). It deteriorated in the Netherlands (-0.7) and Spain (-0.4) and remained broadly stable in Poland (+0.3).

Industry confidence improved marginally (+0.3) around a trend that has essentially been flat since last autumn. While managers' *production expectations* dipped, fewer managers assessed the *stocks of finished products* as too large/above normal, indicating higher demand, and their assessment of the *current level of overall order books* became less gloomy. Of the questions not entering the confidence indicator, managers' assessments of changes in *production over the past 3 months* and of *export order books* saw an improvement. **Services confidence** also rose marginally (+0.4), as managers' *demand expectations* picked up, while their assessments of *past demand* and the *past business situation* remained virtually stable. **Consumer confidence** continued its recovery (+0.6), thanks to consumers' gradually brightening views regarding their *household's past and expected financial situation* and to their slightly less pessimistic expectations about the *general economic situation* in their country. Consumers' *intentions to make major purchases* remained stable. **Retail trade confidence** rebounded slightly (+0.7), driven by brighter assessments of the *past business situation* and improved views on the adequacy of the *volume of stocks*. Retailers' *business expectations* remained virtually stable. **Construction confidence** remained stable (± 0.0), as builders' *employment expectations* brightened only marginally and their assessments of the level of *order books* remained broadly unchanged. The percentage of construction managers indicating *insufficient demand* as a factor limiting construction activity

Graph 2: EU confidence indicators²

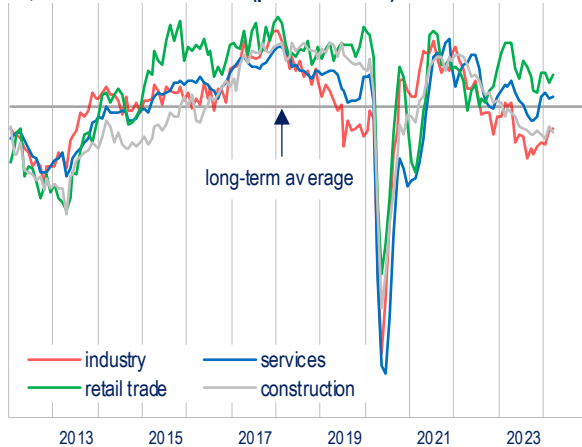


¹ Past survey data were revised due to seasonal adjustment.

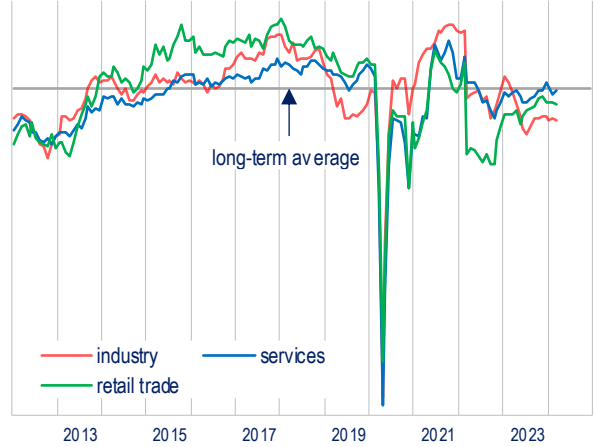
² The graph presents standardised series to correct for differences in means and standard deviations.

increased further (+1.4 points to 32.8%), while the percentage pointing to *material/equipment shortages* declined (-0.6 points to 8.7%). The share of construction managers indicating *labour shortages* or *financial constraints* as limiting factors remained broadly stable (at 27.5% and 8.7%, respectively).

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



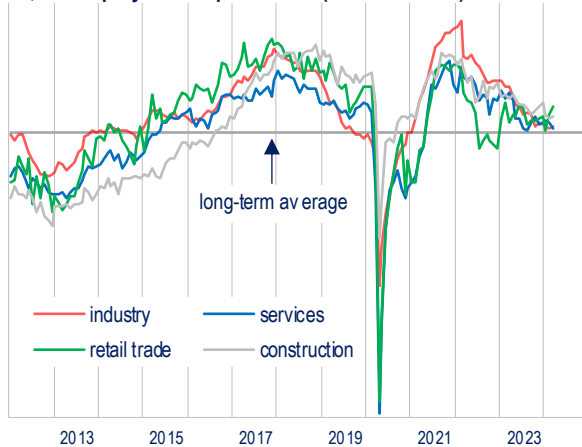
Graph 4: Business expectations (next 3 months) in the EU²



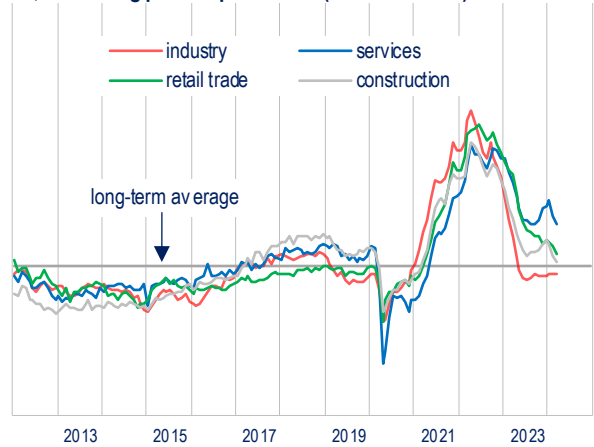
The **Employment Expectations Indicator** remained virtually unchanged above its long-term average. Lower employment plans among services managers were counterbalanced by improved employment plans in retail trade and construction. Employment plans among industry managers remained virtually stable. Consumers' unemployment expectations, which are not included in the headline indicator, improved.

Selling price expectations fell sharply in retail trade, construction, and services, while rising marginally in industry. Nevertheless, selling price expectations continued to score below their long-term average only in industry. Consumers' price expectations for the next twelve months dropped and their perceptions of price developments over the past twelve months continued the downward trend that started in April 2023.

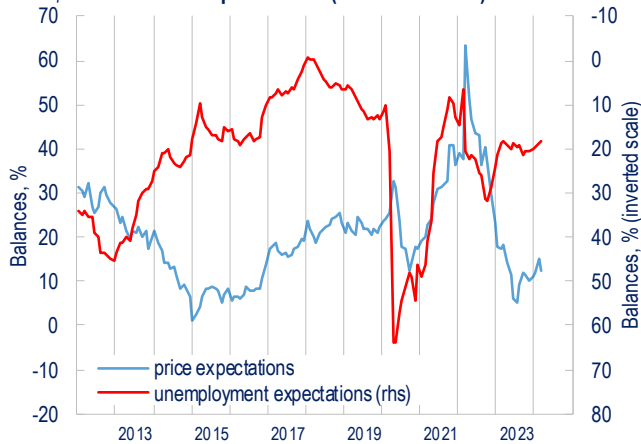
Graph 5: Employment expectations (next 3 months) in the EU²



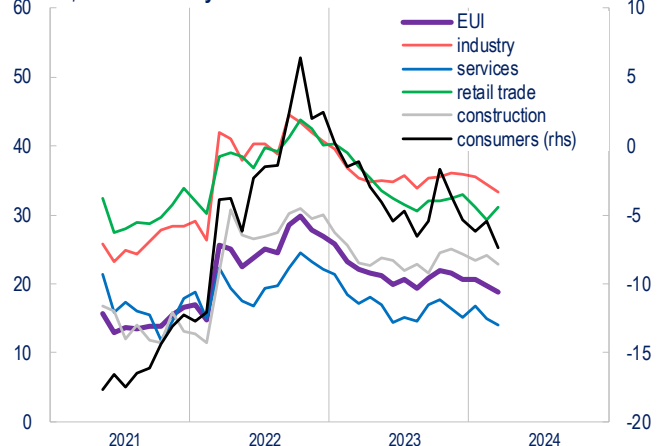
Graph 6: Selling price expectations (next 3 months) in the EU²



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

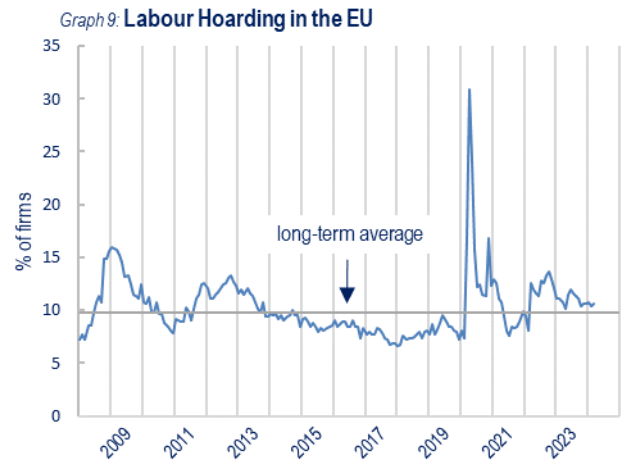


Graph 8: Uncertainty in the EU



The European Commission's **Economic Uncertainty Indicator (EUI)**³ decreased again in March (-1.1 point to 18.7), driven by lower uncertainty among consumers about their future financial situation, as well as among construction, industry, and services managers about their future business situation. By contrast, uncertainty among retail trade managers increased.

The European Commission's new **Labour Hoarding Indicator (LHI)**⁴ measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. In March, in the EU, the LHI remained broadly stable compared to February (+0.2 points). At 10.6%, the LHI scores above its long-term average of 9.7% and pre-pandemic levels, but significantly below the peak reached during the COVID-19 crisis. Amongst the largest EU economies, labour hoarding in France and Germany was more widespread than in the EU aggregate. The opposite held true for Poland, Spain and Italy. Labour hoarding in the Netherlands was close to the EU average.



Data collection period: 1 to 20 March.

³ See the special topic of the [2021-Q3 EBCI](#) for background, and section 3.6 of the [BCS User Guide](#) for methodological details.

⁴ 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.

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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