

Business and consumer survey results for November 2021

Economic Sentiment eases in the EU and the euro area, Employment Expectations further up

In November 2021, the Economic Sentiment Indicator (ESI) eased by 1.1 points in both the EU and the euro area. The indicator remains at a high level of 116.5 points in the EU and 117.5 in the euro area. The Employment Expectations Indicator (EEI) increased further to 115.6 points in both regions (+1.4 and +1.7 points in the EU and euro area, respectively), reaching its highest level since January 2018.¹

EU developments

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

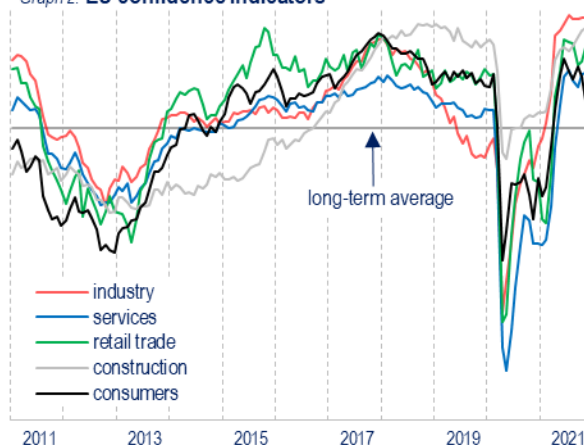


source: European Commission services

In the EU, the ESI's decrease in November was driven by a marked decline in consumer confidence, while confidence remained broadly unchanged in industry and services and improved in retail trade and construction. Amongst the largest EU economies, the ESI rose in France (+3.0), Italy (+0.9) and Poland (+0.5). By contrast, confidence worsened in Spain (-2.6), the Netherlands (-2.1) and Germany (-1.7).

Industry confidence remained unchanged (± 0.0) at its second-highest reading on record. Improvements in both managers' *production expectations* and assessments of the *current level of overall order books* were neutralised by an uptick in the assessment of their *stocks of finished products*. While this is reflected negatively in the logic of the composite indicator as a sign of lower demand, at the current juncture of record low stocks the improved stocks assessment rather points to some relief in terms of warranted industrial restocking. Of the questions not entering the confidence indicator, managers' appraisals of *past production* worsened markedly. By contrast, assessments of *export order books* improved strongly, reaching a new all-time high, in line with developments in the overall order books assessment. **Services confidence** remained broadly stable (+0.2), resulting from managers' more positive views on both *past* and *expected demand*, while their assessment of the *past business situation* deteriorated compared to October. The marked drop in **consumer confidence** (-2.1) reflected a decrease in all its components, i.e., households' assessments of their *past and future financial conditions*, their *intentions to make major purchases* and their expectations about the *general economic situation*. The strong improvement in **retail trade confidence** (+1.6) resulted from managers' brighter assessments of the *past business situation* and their *expected business situation*. Managers' assessment

Graph 2: EU confidence indicators²

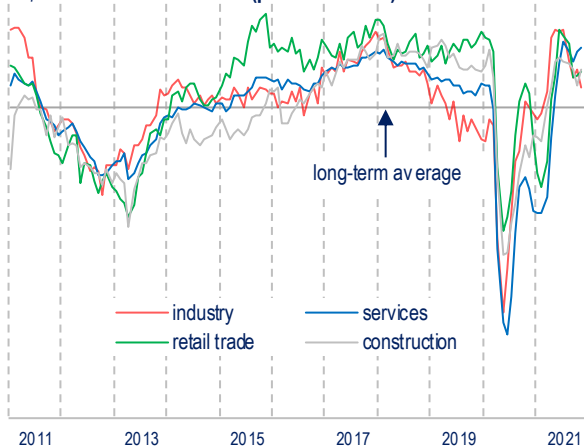


¹ The Employment Expectations Indicator for France was revised down compared to the October press release, resulting in a downward revision of the EEI for the EU/euro area for October by 0.5 points to 114.2/0.6 points to 113.9, respectively.

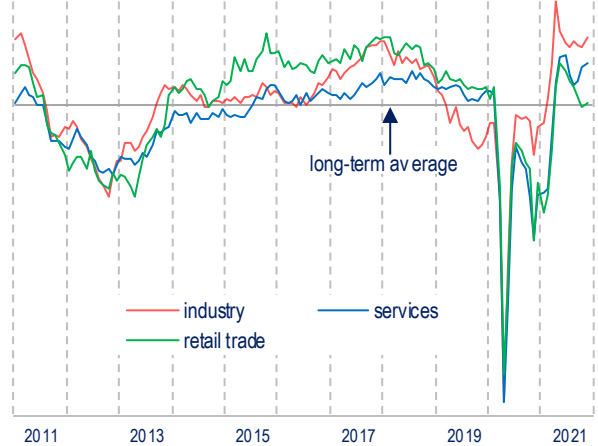
² The graph presents standardised series to correct for differences in means and standard deviations.

of the *volume of stocks* reached a new all-time minimum, thereby contributing to the improvement of the confidence indicator, but signaling a historical scarcity of retailers' stocks at the current juncture. **Construction confidence** improved slightly (+0.5), driven by managers' improved *employment expectations*, whereas their appraisals of the *level of order books* remained broadly stable. The share of construction managers pointing to the shortage of labour force (30.1%) and material and/or equipment (23.5%) as factors limiting building activity again reached new record-high levels.³ **Financial services confidence** (not included in the ESI) increased (+0.9). While manager's appraisals of *past and expected demand* improved, their assessment of the *past business situation* worsened.

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



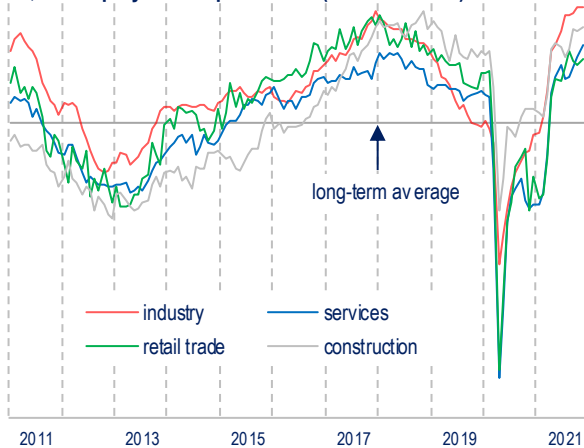
Graph 4: Business expectations (next 3 months) in the EU²



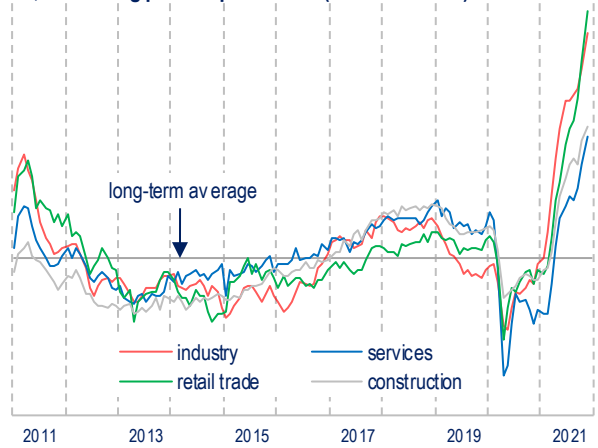
The increase in the **Employment Expectations Indicator** (+1.4) was driven by improved employment plans in services, retail trade and construction, while employment expectations remained broadly unchanged in industry. Consumers' unemployment expectations, which are not included in the headline indicator, clouded over.

Selling price expectations in all surveyed business sectors (i.e. industry, services, retail trade and construction) shot up further, reaching new all-time highs. Consumer price expectations remained broadly stable.

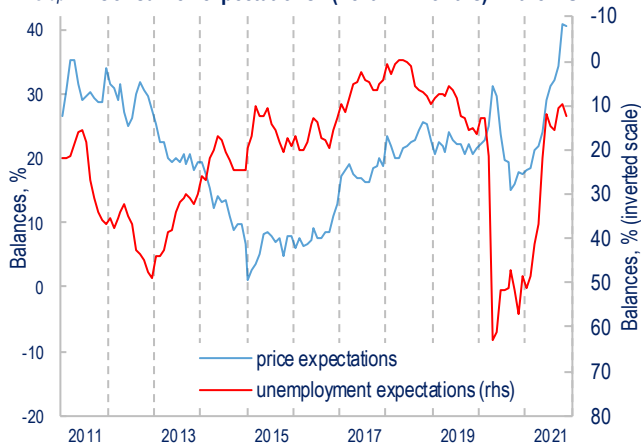
Graph 5: Employment expectations (next 3 months) in the EU²



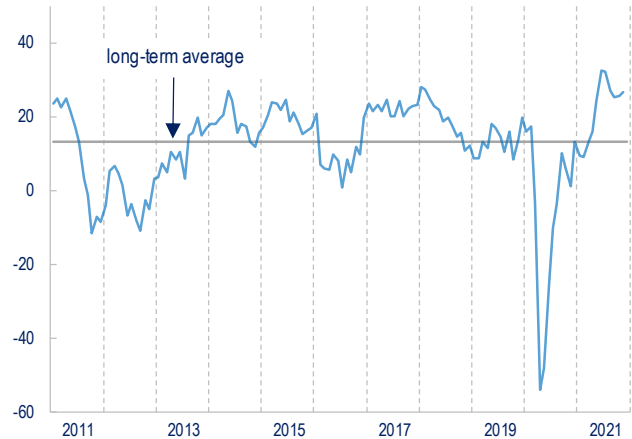
Graph 6: Selling price expectations (next 3 months) in the EU²



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

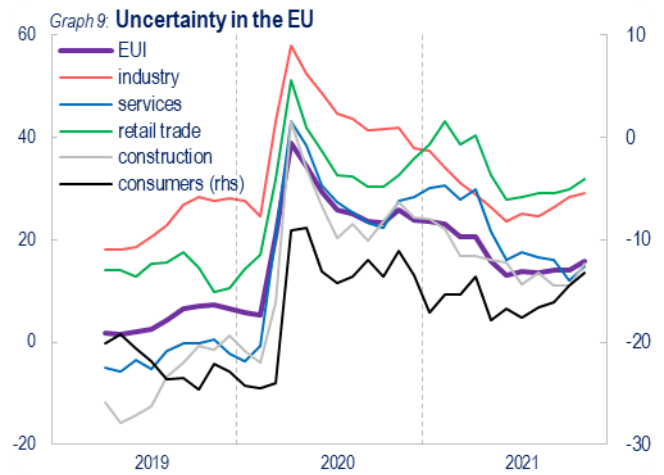


Graph 8: EU Financial services confidence indicator



³ The detailed data are available for download under the Construction section of the [BCS Time Series website](#).

The European Commission's new **Economic Uncertainty Indicator (EUI)**⁴ rose in November (+1.6 points to 15.8), driven by increases in all business sectors and among consumers. Higher business uncertainty is arguably related to the persisting production bottlenecks due to the shortage of certain input components and raw materials. In addition, steeply rising COVID-infections in a number of countries and the spectre of the re-introduction of related containment measures appear to have already impacted the survey results, especially among consumers.

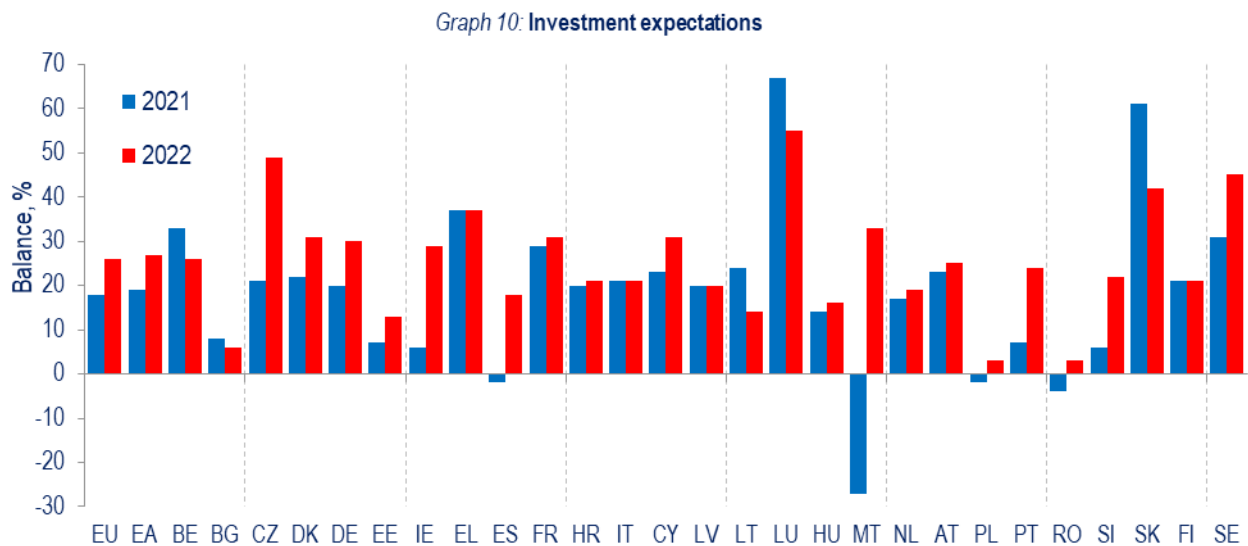


Investment survey (conducted in October/November)

The revamped *qualitative* bi-annual investment survey asks managers about the direction of change (increase, unchanged, decrease) in the total investment of their company, from the previous to the current year and the current to the next year. Previous *quantitative* results from the investment survey in the manufacturing industry have been transformed into balances of directional changes (i.e. the percentage of managers stating an increase minus those stating a decrease, taking into account the size of the companies), to align them with the revamped qualitative survey. Since October/November 2021 the survey also covers companies in the services sector.

According to the revamped survey carried out in October/November 2021, more managers in the EU manufacturing industry were expecting an increase in their investments in 2021 (net balance of 18%) than in the previous survey conducted in March/April 2021 (16%). For 2022, the balance of opinions expecting an increase compared to 2021 investment rose to 26%.

The first results for the EU services sector point to a similar balance of managers expecting an increase in 2021 as in manufacturing (20%); for 2022, services managers were less numerous than in manufacturing to expect an increase over the previous year (net balance of 19%).



Data collection period: 1 to 24 November (1 October to 24 November for the investment questions).

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. 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

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