

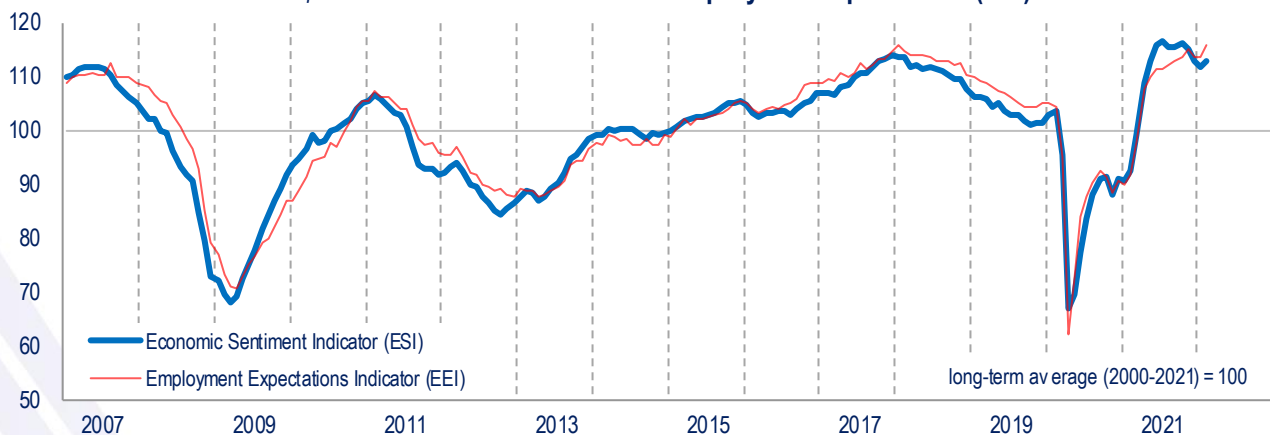
Business and consumer survey results for February 2022

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

After three consecutive decreases, the *Economic Sentiment Indicator* (ESI) picked up in February in both the EU (+1.2 points to 112.8) and the euro area (+1.3 points to 114.0).¹ The *Employment Expectations Indicator* (EEI) increased to a new all-time high in the EU (+2.4 points to 115.8) and to its highest reading since May 2000 in the euro area (+2.6 points to 116.2).²

EU developments

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

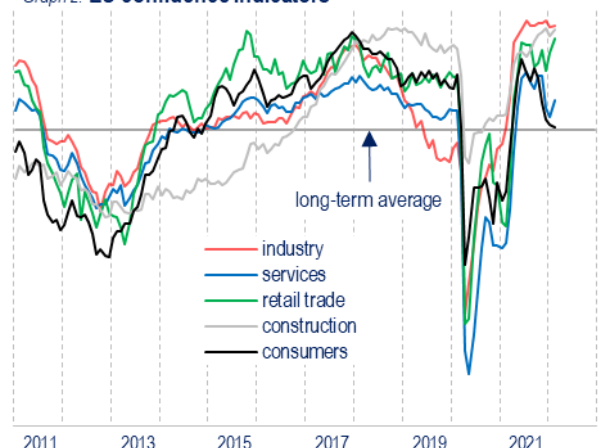


source: European Commission services

In the EU, the ESI's increase in February was driven by mounting confidence in services, retail trade and, to a lesser extent, construction, while confidence stayed virtually unchanged in industry and declined slightly among consumers. Amongst the largest EU economies, the ESI improved in Spain (+2.4), France (+1.9), Germany (+1.2) and Italy (+1.0), whereas it weakened in the Netherlands and Poland (both -1.7).

Industry confidence remained broadly stable (+0.1) close to record-highs, as managers' assessments of all indicator components (*production expectations, current level of overall order books, stocks of finished products*) stayed broadly unchanged. Of the questions not entering the confidence indicator, managers' views on *export order books* stayed practically unchanged at historically high levels, whereas *past production* was assessed more negatively. **Services confidence** (+3.5) recovered some of the strong losses of December and January, thanks to improved assessments of the *past business situation, past demand* and, in particular, *expected demand*. **Consumer confidence** saw another slight decline (-0.2) which let the indicator converge towards its long-term average. Consumers' views on their *past financial situation* deteriorated, as did, to a lesser extent, their *intentions to make major purchases* and appraisals of their *future financial situation*. Only expectations about the *general economic situation* in the country improved. **Retail trade confidence** firmed for the second month running (+1.7), driven by a sharp improvement in managers' *expected business situation* and, to a lesser extent, moderately deteriorated assessments of the *volume of stocks*. While

Graph 2: EU confidence indicators²



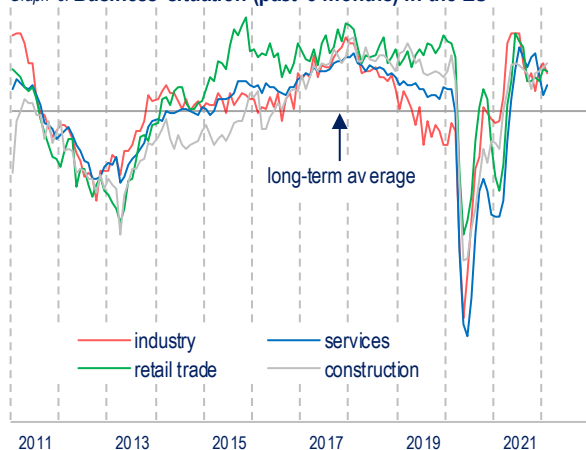
¹ The data-collection period spanned from 1 February to 18 February, i.e. the data do not reflect the latest military escalation in Ukraine.

² The Employment Expectations Indicator for France was revised compared to the January press release, the net effect being an upward revision of the EEI for January by 0.3 points to 113.4 in the EU and to 113.6 in the euro area.

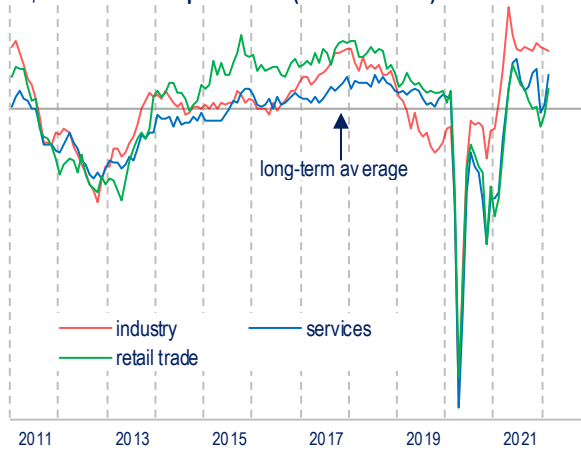
³ The graph presents standardised series to correct for differences in means and standard deviations.

the latter enter the confidence indicator with inverted sign, i.e. low stocks are interpreted as an indication of high demand, at the current juncture, it also points to continued supply constraints. As a final component of retail trade confidence, managers' views on the *past business situation* stayed broadly unchanged. **Construction confidence** improved (+1.2) as managers' *employment expectations* got more optimistic and their appraisals of the *level of order books* reached a new all-time high. The share of construction managers pointing to the shortage of labour (29.9%, after 31.4% in January) as a factor limiting building activity decreased for the first time since the start of the indicator's rally in February 2021. Similarly, the percentage of managers reporting material and/or equipment as a limiting factor (28.6%) stayed broadly unchanged for the first time since it started to rise sharply in early 2021.⁴ **Financial services confidence** (not included in the ESI) decreased in February (-4.5), as managers' assessments of *past demand* and, in particular, the *past business situation* clouded over. *Demand expectations*, by contrast, edged up.

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



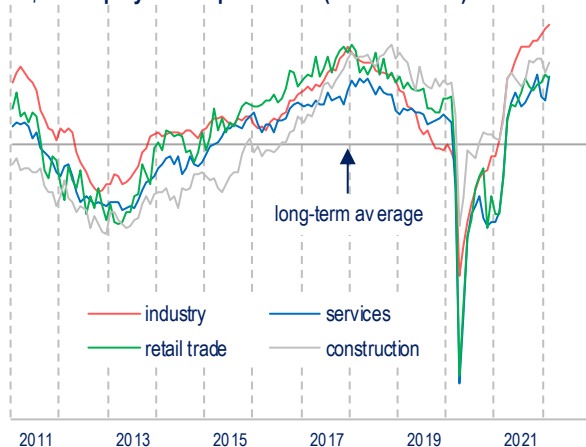
Graph 4: Business expectations (next 3 months) in the EU²



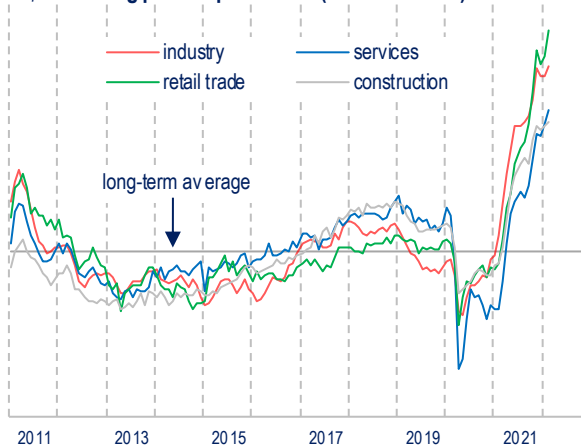
The **Employment Expectations Indicator** increased (+2.4) to a new all-time high, thanks to more optimistic employment plans in industry, construction and, particularly, services. Employment plans in industry reached the highest reading on record. Retail trade managers, by contrast, posted virtually unchanged employment plans. Consumers' unemployment expectations, which are not included in the headline indicator, improved significantly.

In all surveyed business sectors, **selling price expectations** for the next three months continued their rally, which had seen a brief interruption in December/January. The February readings are the highest on record in industry, services and retail trade, while, in construction, they correspond to a level not seen since 1990. Consumer price expectations for the next twelve months inched down for the third time in four months, but are still at an exceptionally high level. The situation contrasts somewhat with consumers' perceptions of past price developments, which continued surging sharply.

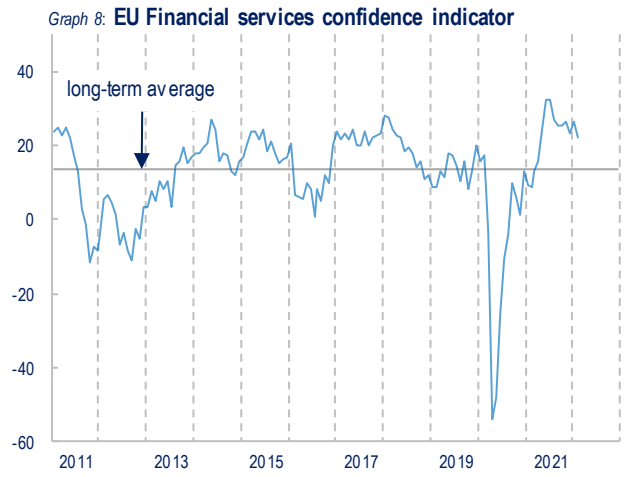
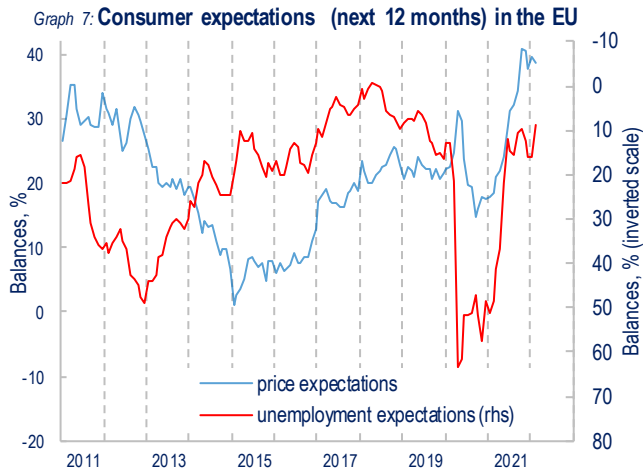
Graph 5: Employment expectations (next 3 months) in the EU²



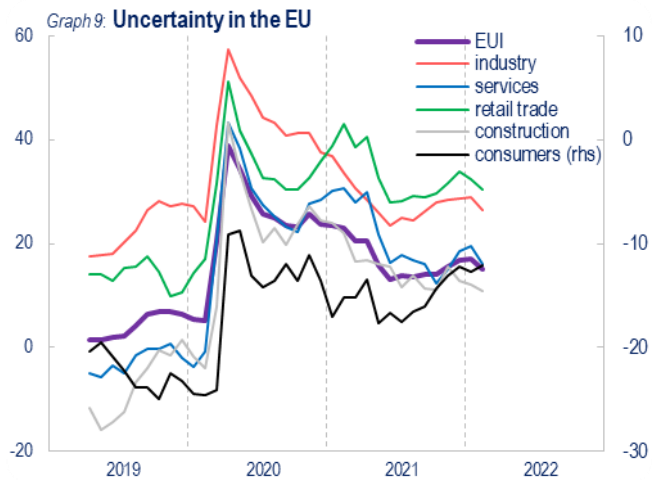
Graph 6: Selling price expectations (next 3 months) in the EU²



⁴ 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)**⁵ edged down in February for the first time in six months (-2.0 points to 15.1), due to lower levels of perceived uncertainty in all surveyed business sectors, which are likely to reflect the perceived improvement of the epidemiological situation and a possible further easing of containment measures. By contrast, economic uncertainty reported by consumers increased, presumably in connection with the perception of sharply rising prices (see above).



Data collection period: 1 February to 18 February

⁵ 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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Upcoming releases:	Flash Consumer Confidence Indicator	23 March 2022
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	30 March 2022