

# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

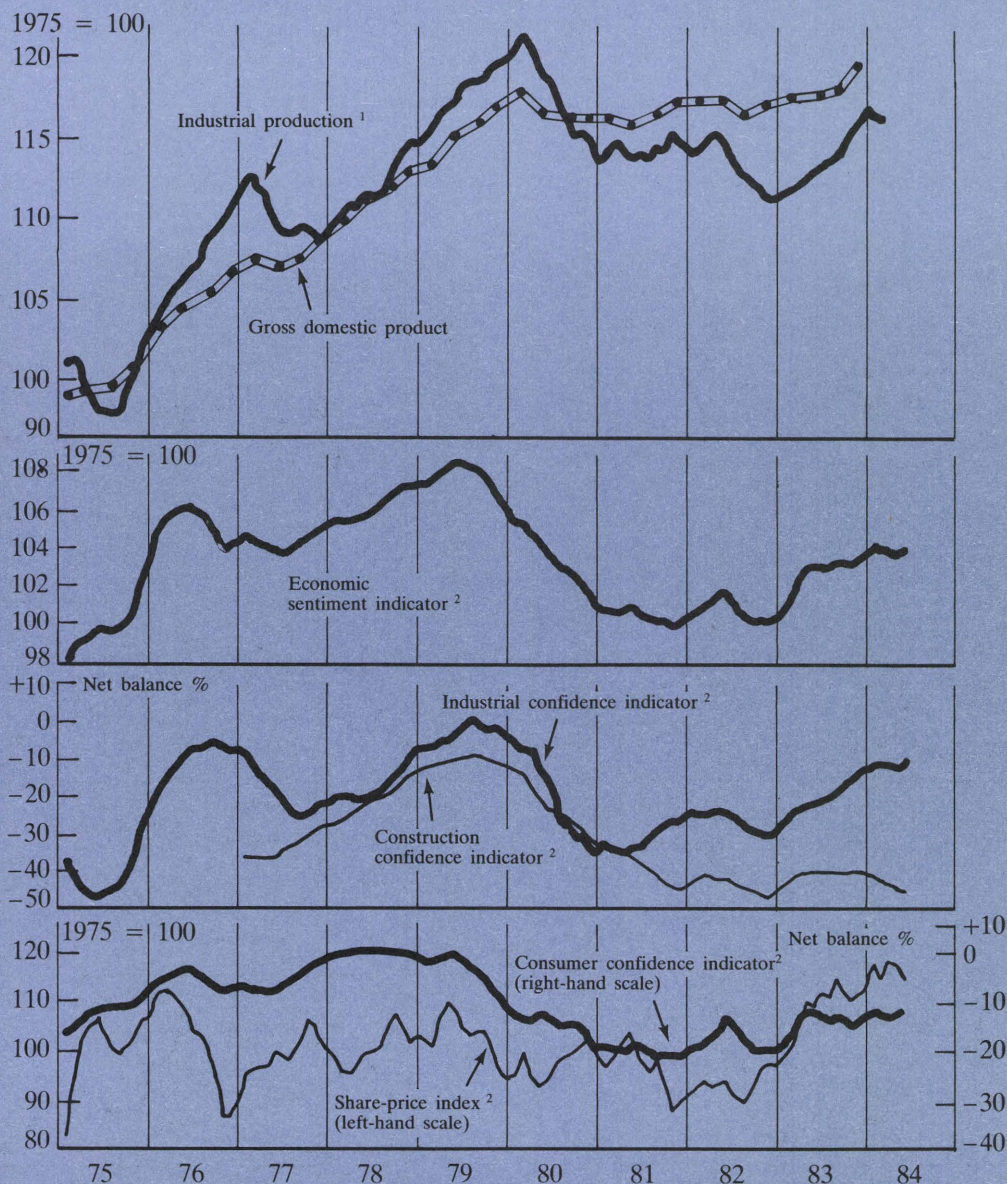
Supplement B — No 6 — June 1984

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Business survey results

*This month :  
Employment prospects*

GRAPH 1 : Indicators of output and economic sentiment — European Community



For footnotes see pages 2 and 6.



**Economic sentiment recovers slightly.** — After a small fall in April, the EC economic sentiment indicator recovered in May to regain its December level (Table 4). This reflects increased confidence in France and Italy though the British indicator remains unchanged and in Germany it has not regained the ground lost since last December. This confirms the narrowing of the gap between the four biggest Member States.

**Some improvement in manufacturing industry.** — The EC industrial confidence indicator gained 1 point to equal its highest value since the beginning of the recovery (Table 5). The French and Italian indices went up by 4 and 6 points while the indicator remained in Germany and in the United Kingdom at its February level, respectively 2 and 5 points below the highest values registered during this cycle. It stayed at its highest point in the Netherlands but fell 4 points in Belgium and 9 points in Ireland below its recent peak.

The improvement noted in France and Italy was reflected in all three components of the indicator but the deterioration observed over recent months in Germany and in the United Kingdom is mainly due to production expectations. For this variable, the balance fell by 8 points in the first case and by 12 points in the second, with respect to the figures for January and December, respectively. By contrast, the judgments on order-books only lost 1 and 3 points from last month, when they were at their peak.

The loss of confidence in these countries may well be due to the uncertainty resulting from the current industrial unrest, which influences general industrial prospects, rather than to elements which can be precisely ascertained by an enterprise, such as the level of order-books.

The opinions on export order-books continue to improve. The indicator reached a new maximum for the EC as a whole (gain 1 point) as well as for Germany and Italy, where it went up by 1 and 9 points. In the United Kingdom, the indicator rose by 3 points and is only 1 point below its maximum value of December. The fall of 3 points observed in France should be seen as a correction after the major gain of April (+ 7).

Belgium is the only country where the indicator seems to be on a downward trend.

Inflation expectations fell further in every country, except Luxembourg and France. In the latter country the small increase (+ 1) should be seen in the light of the large fall recorded in April (− 9).

**Employment prospects and factors limiting production.** — The EC results on employment prospects are the best recorded since the second survey of 1980 (Table 1). With respect to January, all countries experienced improvements in expectations ranging from 3 to 12 points, except for Ireland and France, where the deterioration observed since last October has, however, been stopped.

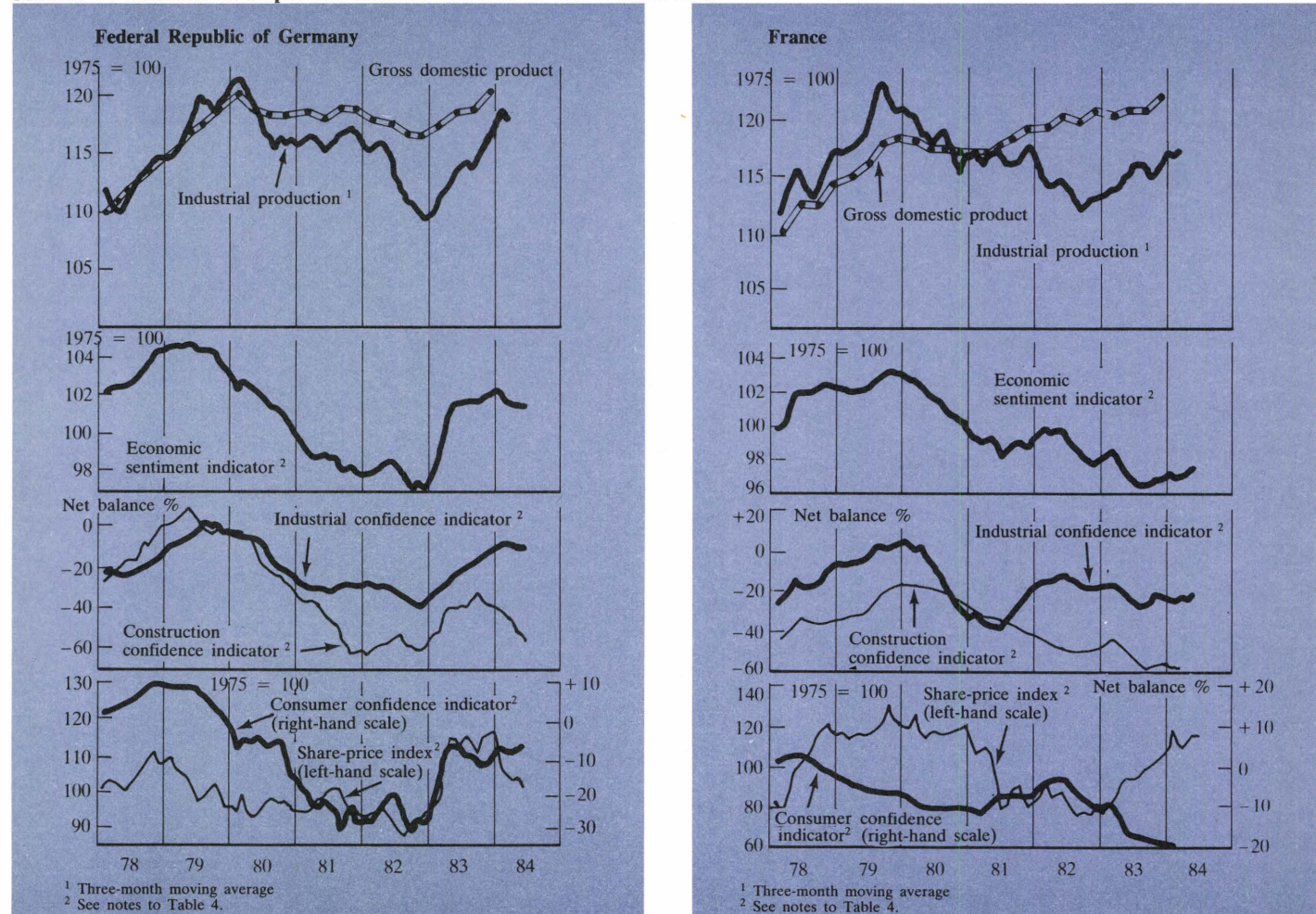
These better prospects for employment are also related to the shortage of labour experienced by a very small but growing number of entrepreneurs in a majority of Member States. This is reflected in an increase of 1 % in those citing shortage of labour as a factor limiting production in the EC as a whole (Table 2). An upturn in employment might be coupled with an expansion of investment in manufacturing industry. Entrepreneurs increasingly consider a lack of capital as a cause of production limitation.

This opinion is reported as often as in June/July 1980 for the whole of the EC and it is expressed twice as frequently as then in the United Kingdom and in Denmark.

Lack of demand is nevertheless easily the predominant factor limiting production, although the number of firms citing this reason remains at the somewhat reduced level recorded in the previous quarters. A deterioration of the situation in the United Kingdom (9 %), in Ireland (3 %) and in Belgium (2 %) compensated the improvement recorded in Denmark (5 %), in Italy (4 %), in the Netherlands (4 %) and in Germany (3 %).

**Construction depressed.** — The EC confidence indicator remained at its level of April, the lowest recorded since November 1982 (Table 6). Falls were noted in Belgium (− 1) and in Germany (− 2). In this latter country, the indicator

GRAPH 2 : Indicators of output and economic sentiment in four Member States





has lost 22 points since its last peak of September 1983 and is only 8 points above its trough of January 1982. For order-books, there is only a difference of 3 points between the present level and that of the last trough.

On the other hand, the indicator rose in Luxembourg (+ 3) and, in the Netherlands, thanks to a marked improvement of the judgments on order-books (+ 5), the indicator reached its highest level (+ 3) since the trough of April 1982 (gain of 22 points).

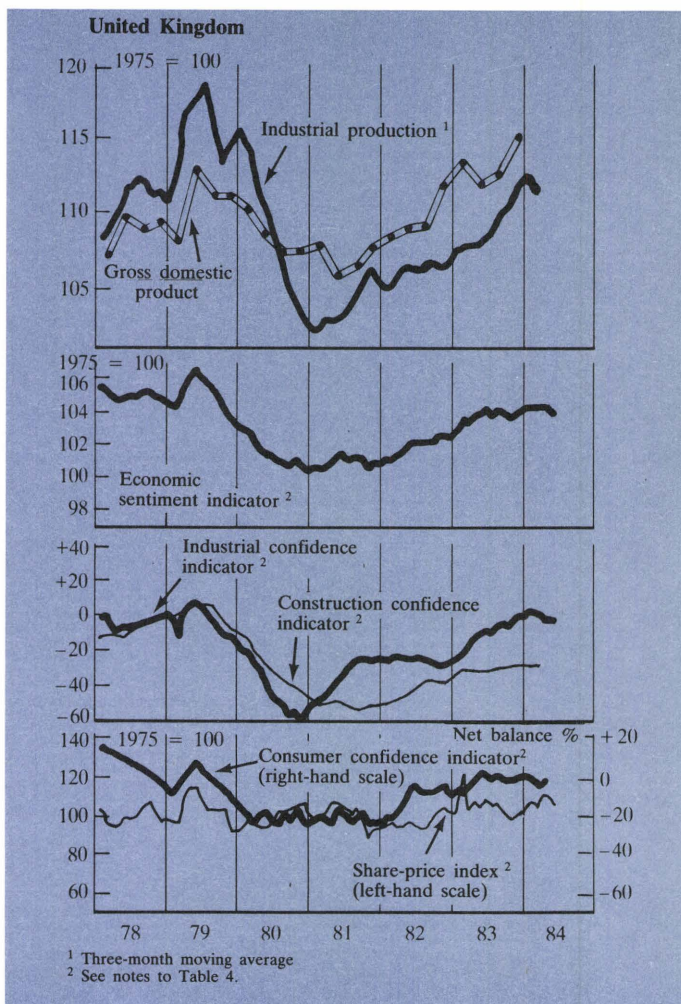
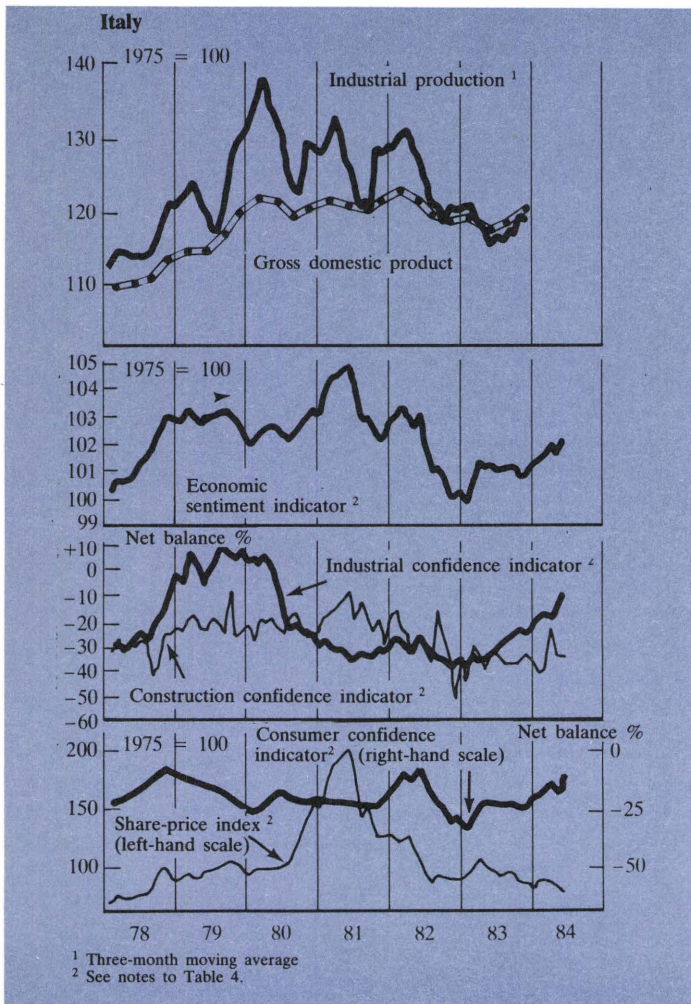
The indicator of price expectations fell in Germany (− 10) and in Italy (− 4) but went up in Luxembourg (+ 21) and in Belgium (+ 7).

**Consumer confidence improved** in the three countries for which data were available in May (Table 3). In the United

Kingdom the consumer confidence indicator was still 4 points below its value of May 1983; in Germany it returned to its recent peak level (recorded in January). The confidence of the Italian consumers increased by 4 points, confirming the upward movement registered in that country since last December, in line with an overall improvement of economic sentiment.

In the three countries, consumers had a better opinion of their own financial situation as well as of the state of the economy. They were also more optimistic about the future level of employment.

15 June 1984



**TABLE 1: Employment expectations in manufacturing industry (a)**  
Net balance of respondents expecting employment up, unchanged or down (b)

	Range (c)		1981	1982	1983	1982				1983				1984	
	Peak 1973	Trough 1975				I	II	III	IV	I	II	III	IV	I	II
<b>B</b>	+ 12	- 26	- 18	- 14	- 14	- 12	- 11	- 14	- 20	- 17	- 9	- 14	- 14	- 13	- 9
<b>DK</b>	:	:	- 10	- 9	- 5	- 17	- 3	- 10	- 10	- 17	- 1	0	- 1	+ 9	+ 12
<b>D</b>	+ 13	- 34	- 20	- 32	- 27	- 28	- 27	- 29	- 42	- 29	- 26	- 25	- 27	- 18	- 13
<b>F</b>	+ 17	- 35	- 39	- 23	- 31	- 23	- 22	- 18	- 29	- 32	- 28	- 27	- 35	- 44	- 44
<b>IRL</b>	+ 15	- 34	- 25	- 30	- 23	- 23	- 37	- 26	- 34	- 20	- 26	- 34	- 12	- 13	- 26
<b>I (e)</b>	+ 13	- 26	- 38	- 36	- 38	(- 42)	- 29	(- 29)	- 43	(- 43)	- 34	(- 34)	- 41	(- 41)	(- 28)
<b>L</b>	+ 75	- 67	- 44	- 49	- 52	- 51	- 51	- 50	- 43	- 54	- 43	- 56	- 54	- 57	- 48
<b>NL</b>	+ 4	- 32	- 17	- 22	- 29	- 15	- 18	- 21	- 33	- 37	- 30	- 25	- 22	- 14	- 6
<b>UK</b>	:	:	- 48	- 39	- 28	- 34	- 37	- 39	- 44	- 44	- 26	- 22	- 20	- 14	- 7
<b>EC (d)</b>	+ 12	- 31	- 32	- 30	- 29	- 28	- 26	- 27	- 38	- 34	- 27	- 25	- 28	- 26	- 20

**TABLE 2: Factors limiting production in manufacturing industry (a)(b)**

		1980			1981			1982				1983				1984		
		Jan./ Feb.	June/ July	Oct./ Nov.	Jan./ Feb.	June/ July	Oct./ Nov.	I	II	III	IV	I	II	III	IV	I	II	%
<b>B</b>	insufficient demand	78	75	83	81	85	83	83	84	82	82	85	84	80	82	82	84	
	shortage of labour	3	5	3	3	3	2	2	2	1	2	2	2	2	2	1	2	
	lack of equipment	7	8	6	4	5	4	5	4	4	5	4	5	6	6	6	5	
<b>DK</b>	insufficient demand	15	18	28	31	29	23	24	24	20	21	16	21	22	25	22	17	
	shortage of labour	12	11	6	3	3	2	2	1	2	0	1	0	0	1	2	1	
	lack of equipment	8	8	4	3	2	5	3	4	5	3	3	4	4	4	8	15	
<b>D</b>	insufficient demand	16	13	28	38	35	34	36	42	45	55	51	40	31	28	22	19	
	shortage of labour	10	13	6	5	4	3	1	1	1	0	0	1	1	0	0	1	
	lack of equipment	3	3	1	1	1	2	1	1	1	1	1	1	2	2	2	3	
<b>F</b>	insufficient demand	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	
	shortage of labour	5	4	6	3	2	1	2	2	3	3	4	6	1	2	1	2	
	lack of equipment	18	17	16	6	6	5	4	5	9	8	5	6	6	7	7	8	
<b>IRL</b>	insufficient demand	27	38	53	56	57	50	49	43	50	42	38	39	42	35	31	34	
	shortage of labour	24	4	2	2	0	3	3	1	1	1	2	3	1	1	3	1	
	lack of equipment	7	3	1	0	1	1	1	6	2	2	0	0	0	1	0	0	
<b>I</b>	insufficient demand	17	33	39	46	59	57	:	51	61	64	62	61	64	64	58	54	
	shortage of labour	3	4	3	3	3	1	:	1	1	0	0	1	0	2	1	1	
	lack of equipment	4	3	3	4	4	3	:	1	1	1	1	1	1	1	2	3	
<b>L</b>	insufficient demand	46	64	69	68	64	68	71	60	64	67	64	62	62	63	61	61	
	shortage of labour	0	1	1	1	10	0	0	1	0	0	0	0	0	1	3	1	
	lack of equipment	1	4	1	0	2	4	2	2	3	0	3	3	6	6	7	9	
<b>NL</b>	insufficient demand	18	17	26	29	34	38	39	42	45	42	42	43	35	31	28	24	
	shortage of labour	15	17	10	6	5	3	2	1	1	1	0	1	1	1	0	1	
	lack of equipment	2	2	1	1	1	2	1	0	0	1	0	1	1	1	1	3	
<b>UK</b>	insufficient demand	82	85	94	96	94	83	86	85	83	84	87	75	73	73	69	78	
	shortage of labour	17	12	5	2	1	4	3	4	4	4	4	4	7	7	9	10	
	lack of equipment	8	7	3	2	7	6	3	4	3	5	3	7	10	11	9	14	
<b>EC (d)</b>	insufficient demand	37	29	50	57	57	54	:	57	59	64	63	55	50	49	44	44	
	shortage of labour	9	9	5	4	3	3	2	2	2	2	2	3	2	2	2	3	
	lack of equipment	8	7	5	3	4	3	2	3	3	4	2	4	5	5	5	7	

(a) Since the beginning of 1982, these questions have been put on a quarterly basis; previously they were put on either a twice-yearly (employment expectations) or thrice-yearly (factors limiting production) basis. Details are given on the last page.

(b) Not seasonally adjusted.

(c) These are the extreme (high and low) values of the net balance of the responses, reached in the course of 1973 and 1975, respectively.

(d) Weighted total of available country data.

(e) Question asked in May and October only. Result used in the two other quarters to compute EC-balance.

Source: European Community business surveys.

TABLE 3 : Consumer opinion on economic and financial conditions

	1980	1981	1982	1983	1983								1984				
					May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May
<b>Federal Republic of Germany</b>																	
Consumer confidence indicator	- 5	-22	-26	-15	- 7	- 8	-10	-10	-12	-12	-12	-10	- 7	- 9	- 9	- 9	- 7
Financial situation of households																	
over last 12 months	- 4	-16	-18	-14	-13	-11	-12	-11	-11	-12	-12	-11	-10	-12	-12	-12	-10
over next 12 months	- 3	-12	-14	- 9	- 6	- 6	- 8	- 6	- 7	- 6	- 7	- 6	- 5	- 7	- 7	- 7	- 5
General economic situation																	
over last 12 months	-18	-46	-51	-29	-14	-14	-18	-16	-20	-18	-19	-17	-11	-12	-12	-14	- 8
over next 12 months	-19	-33	-32	-14	0	- 4	-10	-10	-13	-12	-13	-10	- 5	- 6	- 5	- 6	- 5
Price trend																	
over last 12 months	44	52	46	23	14	11	15	15	19	17	17	16	12	16	17	20	18
over next 12 months	51	50	43	30	23	25	28	28	31	30	28	26	25	28	29	31	30
Unemployment																	
over next 12 months	20	43	43	30	10	13	23	28	32	26	33	29	18	17	10	11	10
Major purchases																	
at present	18	- 1	-17	- 8	- 4	- 8	- 5	- 5	- 8	-10	- 7	- 4	- 4	- 7	- 8	- 9	- 8
over next 12 months	-19	-25	-28	-29	-29	-28	-30	-30	-30	-25	-26	-28	-25	-26	-27	-28	-26
Saving																	
at present	43	32	27	33	35	35	29	36	36	36	37	33	35	36	40	38	38
over next 12 months	44	23	- 2	1	3	1	1	3	5	1	3	4	3	2	6	2	4
Financial situation of households																	
net acquisition of financial assets	21	16	12	11	15	12	13	15	10	12	11	12	12	10	12	11	13
<b>Italy</b>																	
Consumer confidence indicator	-22	-22	-18	-24	-21	-22	-22	-22	-21	-24	-23	-20	-20	-18	-16	-18	-14
Financial situation of households																	
over last 12 months	-14	-14	-13	-15	-13	-14	-15	-15	-13	-17	-15	-13	-14	-13	-13	-13	-11
over next 12 months	-10	- 8	- 6	- 8	- 6	- 5	- 8	- 8	- 7	-10	- 8	- 6	- 4	- 4	- 4	- 4	- 3
General economic situation																	
over last 12 months	-57	-60	-51	-57	-55	-55	-55	-55	-51	-57	-54	-50	-46	-46	-41	-41	-33
over next 12 months	-30	-30	-24	-25	-24	-22	-24	-24	-23	-24	-24	-20	-12	-14	- 8	-10	- 5
Price trend																	
over last 12 months	80	78	72	69	67	66	69	67	65	66	66	66	63	61	60	56	57
over next 12 months	60	58	56	54	54	52	54	54	54	55	52	49	52	49	45	42	44
Unemployment																	
over next 12 months	51	52	56	57	54	54	55	55	57	61	59	55	54	52	49	49	46
Major purchases																	
at present	2	4	1	-13	- 9	-13	- 9	- 9	-11	-13	-14	-11	-22	-14	-17	-20	-19
over next 12 months	-17	-18	-22	-22	-17	-24	-21	-21	-21	-22	-25	-22	-22	-22	-25	-21	-22
Saving																	
at present	- 6	- 7	10	21	20	26	19	19	24	17	22	25	31	28	31	31	36
over next 12 months	-32	-30	-22	-27	-27	-24	-24	-24	-24	-29	-20	-21	-18	-26	-22	-26	-19
Financial situation of households																	
net acquisition of financial assets	8	8	13	9	11	10	11	11	11	9	9	11	10	10	12	10	11
<b>United Kingdom</b>																	
Consumer confidence indicator	-18	-21	-12	- 3	3	2	- 1	1	- 1	- 2	- 1	0	2	- 1	- 4	- 2	- 1
Financial situation of households																	
over last 12 months	-24	-30	-27	-15	-17	-12	-13	-14	-11	-14	-15	-15	-12	-13	-16	-15	-13
over next 12 months	-13	-15	- 9	- 2	2	1	- 5	- 1	- 3	- 4	- 3	- 3	1	- 3	- 3	- 3	- 2
General economic situation																	
over last 12 months	-55	-62	-40	-23	- 8	-12	-16	-13	-17	-21	-16	-14	-12	-22	-24	-18	-14
over next 12 months	-24	-23	-10	- 5	14	2	- 5	- 3	- 8	-11	- 5	- 5	1	- 7	-10	- 7	- 3
Price trend																	
over last 12 months	59	41	31	15	10	12	9	13	13	15	14	13	13	17	18	17	18
over next 12 months	43	31	29	27	18	22	34	29	36	37	34	35	37	36	40	34	35
Unemployment																	
over next 12 months	58	50	34	37	24	30	40	43	37	37	23	21	23	35	29	31	25
Major purchases																	
at present	28	26	25	32	22	29	37	37	35	39	35	38	34	38	34	33	-29
over next 12 months	-14	-19	-18	-15	-12	-13	-16	-13	-12	-13	-13	-11	-15	-14	-11	-14	-10
Saving																	
at present	6	5	5	10	12	18	15	19	14	19	14	16	18	12	17	15	17
over next 12 months	-16	-20	-17	-13	- 8	- 9	-14	-13	-12	-12	-12	-13	-18	-14	-12	-13	-14
Financial situation of households																	
net acquisition of financial assets	8	9	9	12	14	13	13	12	13	13	11	11	11	11	13	11	11

The questions for which results are published in this Supplement are listed below. The numbers in parentheses are the weights given to each percentage response to obtain the average answer to each question.

- Financial situation of your household now compared to 12 months ago?
- Financial situation of your household, prospects over the next 12 months?
- General economic situation in the country now compared to 12 months ago?
- General economic situation in the country, prospects over the next 12 months?

For the above four questions the possible responses are : a lot better (+ 1), a little better (+ ½), the same (0), a little worse (- ½), a lot worse (- 1), don't know.

- Price levels now compared to 12 months ago? Much higher (+ 1), moderately higher (+ ½), a little higher (0), about the same (- ½), lower (- 1), don't know.
- Price trends over the next 12 months? More rapid increase (+ 1), same increase (+ ½), slower increase (0), stability (- ½), fall slightly (- 1), don't know.
- Unemployment level in the country over the next 12 months? Increase sharply (+ 1), increase slightly (+ ½), remain the same (0), fall slightly (- ½), fall sharply (- 1), don't know.

- Major purchases (furniture, washing machine, TV, etc.) at present? Yes, right time (+ 1), neither right nor wrong time (0), wrong time, should postpone (- 1), don't know.
- Major purchases next 12 months compared to last 12 months? Much more (+ 1), a little more (+ ½), the same (0), a little less (- ½), much less (- 1), don't know.
- Savings at present, a reasonable time to save?
- Savings by you or your household over the next 12 months?

For the above two questions the possible answers are : yes, certainly (+ 1), Yes, perhaps (+ ½), probably not (- ½), certainly not (- 1), don't know.

- Financial situation of households at present — financial asset accumulation? Borrowing (- 1), drawing on savings (- ½), just making ends meet (0), saving a little (+ ½), saving a substantial amount (+ 1), don't know.

The consumer confidence index is an arithmetic average of the answers to the four questions on the financial situation of households and general economic situation (past and future) together with that on the advisability of making major purchases.

TABLE 4: Indicators of output and economic sentiment

		Trough 1974/75	1981	1982	1983	1983			1984	1983	1984				
						II	III	IV	I	Dec.	Jan.	Feb.	March	April	May
<b>B</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	113,9 88,2	112,8 111,6	:	:	:	:	:	:	:	:	:	:	:
	1. industrial confidence indicator		-56	-27	-22	-20	-21	-19	-14	-12	-12	-14	-11	-12	-15
	2. construction confidence indicator		-36	-47	-48	-57	-57	-55	-60	-61	-60	-61	-61	-59	-60
	3. consumer confidence indicator <sup>1, 4</sup>		-18	-27	-27	-27	-22	-26	-30	-28	:	-28	:	-28	:
	4. share-price index <sup>4, 5</sup>		84,9	70,7	86,8	111,7	111,9	119,5	118,4	132,8	126	135,5	130,1	132,8	141,1
	= 5. economic sentiment indicator		99,3	97,8	99,0	100,1	100,5	100,7	100,3	101,2	100,6	101,1	101,0	101,2	101,5
<b>D</b>	<i>gross domestic product</i> <i>index of industrial production</i> <sup>3</sup>	1975= 100	99,0 97,9	118,6 115,9	117,2 112,5	118,7 113,9	118,5 113,8	118,7 113,3	120,2 116,8	:	:	:	:	:	:
	1. industrial confidence indicator		-49	-30	-33	-21	-23	-17	-19	-8	-10	-8	-8	-9	-10
	2. construction confidence indicator		-72	-48	-59	-40	-39	-35	-37	-43	-38	-41	-43	-45	-52
	3. consumer confidence indicator <sup>1, 4</sup>		-22	-22	-26	-12	-7	-11	-11	-8	-10	-7	-9	-9	-7
	4. share-price index <sup>4, 5</sup>		80,0	108,7	108,3	136,9	139,4	139,2	145,7	134,3	147,7	136,7	133,6	132,7	133,5
	= 5. economic sentiment indicator		98,8	98,9	98,2	101,3	101,7	101,7	102,3	101,9	102,4	102,3	101,8	101,7	101,5
<b>F</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	98,5 86,9	117,8 115,5	119,9 113,7	121,0 115,0	120,9 114,9	120,8 115,8	121,6 115,5	:	:	:	:	:	:
	1. industrial confidence indicator		-49	-30	-17	-23	-23	-28	-22	-25	-23	-26	-25	-23	-24
	2. construction confidence indicator		:	-36	-49	-52	-50	-59	-57	-58	:	-58	:	:	-60
	3. consumer confidence indicator <sup>1, 4</sup>		-9	-9	-5	-16	-17	-18	-19	-20	:	-20	:	:	-20
	4. share-price index <sup>4, 5</sup>		79,8	131,5	131,0	172,3	166,3	179,6	198,8	224,2	207,1	227,7	223,8	221,1	233,9
	= 5. economic sentiment indicator		98,1	98,9	98,9	97,4	97,3	96,5	97,0	97,0	97,0	97,1	96,9	96,8	97,1
<b>IRL</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	:	123,6	:	:	:	:	:	:	:	:	:	:	:
			96,3	134,7	135,3	144,6	139,6	144,9	149,8	:	158,2	148,0	153,6	:	:
	1. industrial confidence indicator		-41	-18	-19	-20	-24	-17	-12	-7	-8	-4	-7	-11	-11
	2. construction confidence indicator		:	-33	-51	-60	-61	-58	-44	-61	-22	-63	-46	-73	-30
	3. consumer confidence indicator <sup>1, 4</sup>		-41	-28	-34	-40	-44	-41	-38	-33	:	-33	:	:	-33
	4. share-price index <sup>4, 5</sup>		63,4	219,9	179,9	222,4	206,8	249,7	272,7	309,6	291,9	291,9	326,4	310,4	305,1
	= 5. economic sentiment indicator		97,7	102,0	101,4	101,3	101,3	101,1	101,8	101,4	102,0	101,3	101,7	101,3	101,4
<b>I</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	93,1 94,7	120,9 125,0	120,5 121,7	119,0 118,0	117,6 115,2	118,9 117,1	120,1 118,9	:	:	:	:	:	:
	1. industrial confidence indicator		-59	-31	-31	-29	-33	-27	-23	-17	-21	-18	-17	-17	-14
	2. construction confidence indicator		-56	-18	-29	-36	-34	-37	-35	-34	-36	-40	-39	-23	-34
	3. consumer confidence indicator <sup>1, 4</sup>		-39	-22	-18	-23	-21	-22	-22	-18	-20	-20	-18	-16	-18
	4. share-price index <sup>4, 5</sup>		84,6	160,0	129,9	159,9	161,6	161,9	161,3	182,9	161,8	180,0	184,4	184,4	181,3
	= 5. economic sentiment indicator		99,1	102,1	101,8	101,7	101,2	101,4	101,2	101,7	101,5	101,5	101,8	102,2	101,8
<b>NL</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	:	112,1	111,1	:	:	:	:	:	:	:	:	:	:
			98,0	111,0	107,0	108,1	108,6	117,1	109,0	114,2	111,2	114,6	113,5	114,6	:
	1. industrial confidence indicator		-44	-25	-26	-16	-17	-15	-12	-7	-10	-9	-6	-6	-4
	2. construction confidence indicator		-47	-32	-41	-35	-37	-32	-27	-27	-28	-26	-28	-27	-26
	3. consumer confidence indicator <sup>1, 4</sup>		-19	-31	-32	-30	-28	-28	-28	-26	:	-26	:	:	-28
	4. share-price index <sup>4, 5</sup>		80,5	98,9	100,0	144,4	142,2	154,1	158,8	181,0	164,4	185,7	180,2	177,2	177,5
	= 5. economic sentiment indicator		99,6	98,3	98,1	100,2	100,2	100,7	101,1	103,0	101,3	102,9	102,8	102,6	102,7
<b>UK</b>	<i>gross domestic product</i> <i>index of industrial production</i>	1975= 100	98,1 97,0	106,9 104,2	109,5 106,0	113,5 109,1	112,2 107,6	112,7 109,8	114,9 111,3	:	:	:	:	:	:
	1. industrial confidence indicator		:	-33	-25	-10	-10	-6	-3	+ 2	+ 1	+ 1	+ 3	+ 1	- 2
	2. construction confidence indicator		:	-51	-42	-30	-32	-30	-28	-28	:	-28	:	:	-31
	3. consumer confidence indicator <sup>1, 4</sup>		-33	-21	-12	-2	+ 1	0	- 1	- 1	0	+ 2	- 1	- 4	- 2
	4. share-price index <sup>4, 5</sup>		49,2	237,0	274,6	346,1	346,9	358,6	357,0	395,4	365,3	386,3	386,1	413,9	414,8
	= 5. economic sentiment indicator		95,0	100,9	101,8	103,7	103,7	104,1	104,1	104,4	104,2	104,5	104,3	104,3	104,2
<b>EC</b>	<i>gross domestic product</i> <sup>2, 3</sup> <i>index of industrial production</i>	1975= 100	99,0 96,8	116,4 114,4	117,0 112,8	118,4 113,4	117,8 112,7	118,1 114,0	119,6 115,8	:	:	:	:	:	:
	1. industrial confidence indicator		-49	-31	-27	-20	-21	-18	-14	-11	-12	-12	-11	-11	-12
	2. construction confidence indicator		:	-39	-43	-41	-40	-41	-40	-42	(-41)	-43	(-43)	(-40)	-46
	3. consumer confidence indicator <sup>1, 4</sup>		-17	-19	-17	-14	-12	-14	-15	-13	-13	-12	-13	-13	-13
	4. share-price index <sup>4, 5</sup>		81,8	170,2	187,2	244,3	242,7	255,7	260,8	282,6	267,2	281,6	275,8	290,6	291,6
	= 5. economic sentiment indicator		97,4	99,9	100,1	102,2	102,1	102,8	103,1	104,0	103,9	104,2	103,8	103,9	103,7

<sup>1</sup> Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values. For the method of construction of the indicator, see: *European Economy - Supplement C*.

<sup>2</sup> Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

<sup>3</sup> For the Federal Republic of Germany, gross national product for quarterly data.

<sup>4</sup> Not seasonally adjusted.

<sup>5</sup> Revised by Eurostat.

Note: For definitions of series 1 to 5, see Tables 5 and 6 and box on page 8.

Source: European Community business surveys and Eurostat.



TABLE 5: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)  
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1981	1982	1983	1983			1984		1984				
		Peak 1972/73	Trough 1974/75				II	III	IV	I	Dec.	Jan.	Feb.	March	April	May
<b>B</b>	production expectations	+31	-56	-26	-18	-16	-19	-15	-6	-2	-2	-4	-3	0	-7	-4
	order-books	+13	-74	-45	-40	-34	-36	-33	-28	-23	-25	-26	-21	-23	-24	-26
	export order-books	+15	-82	-47	-40	-34	-35	-31	-30	-26	-30	-28	-24	-25	-26	-28
	stocks of finished products	-14	+37	+11	+8	+9	+10	+9	+9	+11	+8	+11	+10	+12	+14	+15
	selling-price expectations	+64	-10	+29	+28	+24	+24	+25	+24	+30	+27	+28	+31	+30	+25	+21
	industrial confidence indicator	+19	-56	-27	-22	-20	-21	-19	-14	-12	-12	-14	-11	-12	-15	-15
<b>DK</b>	production expectations	:	:	-3	+3	+8	+1	+8	+18	+30	:	:	:	:	:	:
	order-books	:	:	-24	-17	-3	-13	0	+10	+24	:	:	:	:	:	:
	export order-books	:	:	-8	-4	-3	-4	-4	+3	+18	:	:	:	:	:	:
	stocks of finished products	:	:	+19	+16	+9	+10	+8	+3	+2	:	:	:	:	:	:
	industrial confidence indicator	:	:	-13	-10	-2	-7	0	+8	+17	:	:	:	:	:	:
<b>D</b>	production expectations	+17	-32	-17	-20	-2	-2	+1	+6	+7	+7	+10	+7	+4	+2	+2
	order-books	-5	-73	-46	-53	-43	-46	-40	-31	-24	-27	-25	-24	-22	-22	-23
	export order-books (d)	:	:	-33	-40	-43	-48	-44	-38	-33	-33	-34	-32	-31	-24	-27
	stocks of finished products	-7	+43	+26	+26	+17	+20	+13	+9	+8	+9	+8	+8	+8	+9	+10
	selling-price expectations	+55	+4	+32	+18	+16	+15	+21	+23	+25	+22	+25	+27	+24	+24	+22
	industrial confidence indicator	+10	-49	-30	-33	-21	-23	-17	-11	-8	-10	-8	-8	-9	-10	-10
<b>F</b>	production expectations	+33	-29	-11	-4	-13	-13	-18	-12	-17	-15	-17	-18	-15	-12	-11
	order-books	+26	-69	-46	-30	-38	-37	-42	-39	-37	-37	-39	-38	-35	-37	-32
	export order-books	+24	-66	-47	-36	-38	-44	-39	-26	-22	-22	-24	-21	-21	-14	-17
	stocks of finished products	-14	+50	+34	+16	+18	+18	+23	+16	+20	+17	+21	+18	+20	+24	+16
	selling-price expectations	+76	+15	+54	+49	+45	+47	+46	+43	+51	+46	+52	+52	+49	+40	+41
	industrial confidence indicator	+29	-49	-30	-17	-23	-23	-28	-22	-25	-23	-26	-25	-23	-24	-20
<b>IRL</b>	production expectations	:	-21	-1	-4	-8	-12	-6	-6	+7	-2	+2	+6	+12	+2	-1
	order-books	:	-68	-36	-39	-44	-50	-41	-32	-27	-22	-19	-22	-39	-24	-32
	export order-books	:	-22	+2	-7	0	-9	+4	+14	+11	+18	+22	+2	+9	+9	+4
	stocks of finished products	:	+35	+16	+14	+8	+10	+4	-1	+2	-1	-6	+4	+7	+11	+5
	selling-price expectations	:	+64	+41	+35	+31	+31	+30	+33	+39	+37	+32	+42	+43	+30	+30
	industrial confidence indicator	:	-41	-18	-19	-20	-24	-17	-12	-7	-8	-4	-7	-11	-11	-13
<b>I</b>	production expectations	+40	-43	-16	-15	-11	-13	-7	-6	+5	-9	+5	+5	+4	+8	+12
	order-books	+30	-82	-49	-53	-54	-59	-50	-45	-37	-39	-42	-35	-35	-31	-25
	export order-books	+13	-67	-45	-49	-49	-54	-47	-40	-35	-37	-37	-34	-34	-29	-20
	stocks of finished products	-24	+53	+28	+25	+22	+25	+23	+17	+19	+14	+17	+20	+20	+19	+12
	selling-price expectations	+76	+10	+59	+50	+45	+46	+43	+49	+52	+50	+48	+56	+52	+52	+46
	industrial confidence indicator	+31	-59	-31	-31	-29	-33	-27	-23	-17	-21	-18	-17	-17	-14	-8
<b>L</b>	production expectations	+84	-80	-39	-40	-7	-7	+5	-1	-20	-2	+4	-17	-47	-38	+2
	order-books	:	:	-62	-60	-49	-59	-45	-28	+4	-6	0	+7	+5	+6	+7
	export order-books	:	:	-81	:	-57	-68	-58	-38	+7	-6	+2	+9	+10	+8	+6
	stocks of finished products	-14	+74	+28	+14	+23	+22	+20	0	+7	-7	-2	-18	-5	+9	+9
	selling-price expectations	:	-46	+60	+10	+24	+42	+34	-6	+24	+2	+38	+35	0	-3	+19
	industrial confidence indicator	:	:	-43	-38	-26	-29	-20	-9	-3	0	+2	-1	-12	-13	0
<b>NL</b>	production expectations	+26	-26	-6	-5	0	-1	+1	+5	+6	+6	+8	+6	+4	+7	+7
	order-books	+7	-48	-37	-39	-32	-33	-31	-27	-18	-26	-22	-17	-14	-12	-11
	stocks of finished products	-3	+57	+32	+33	+15	+16	+15	+13	+9	+11	+13	+7	+8	+8	+8
	industrial confidence indicator	+12	-44	-25	-26	-16	-17	-15	-12	-7	-10	-9	-6	-6	-4	-4
<b>UK</b>	production expectations	:	:	-4	+1	+17	+15	+22	+25	+27	+31	+24	+29	+28	+16	+19
	order-books	:	:	-69	-54	-34	-33	-29	-24	-12	-20	-13	-11	-13	-10	-13
	export order-books	:	:	-55	-48	-34	-34	-32	-21	-17	-15	-17	-17	-16	-19	-16
	stocks of finished products	:	:	+27	+23	+13	+13	+11	+9	+9	+8	+9	+8	+11	+11	+12
	selling-price expectations	:	:	+25	+27	+26	+25	+26	+30	+34	+30	+38	+34	+31	+31	+25
	industrial confidence indicator	:	:	-33	-25	-10	-10	-6	-3	+2	+1	+1	+3	+1	-2	-2
<b>EC (e)</b>	production expectations	+24	-30	-13	-11	-3	-4	-1	+3	+5	+5	+6	+5	+4	+2	+4
	order-books	+15	-70	-51	-47	-40	-42	-39	-33	-26	-30	-28	-25	-24	-24	-24
	export order-books	:	:	-41	-41	-41	-44	-40	-32	-27	-28	-29	-26	-25	-22	-22
	stocks of finished products	-10	+48	+28	+22	+16	+18	+16	+12	+13	+11	+13	+12	+13	+14	+12
	selling-price expectations	+64	+9	+40	+32	+30	+29	+32	+33	+38	+33	+38	+39	+36	+34	+31
	industrial confidence indicator	+16	-49	-31	-27	-20	-21	-18	-14	-11	-12	-12	-11	-11	-12	-11

(a) The indicator is an average of the responses (net balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) Details of the questions are given on the last page.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

(d) The German balances refer from now on to export order-books rather than to export outlook, as they did before.

(e) Not including Greece, where the survey time series are too short to permit an analysis of trends. (The Community survey was extended to Greece at the beginning of 1981).

Note: (s.a.) = seasonally adjusted.

: = not available.

The annual and quarterly figures are averages of the corresponding monthly data. The seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

TABLE 6: Survey of the construction industry

Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

		Range (c)		1981	1982	1983	1983			1984	1983	1984				
		Peak 72/73	Trough 74/75				II	III	IV		Dec.	Jan.	Feb.	March	April	May
<b>B</b>	order-books	-13	-47	-53	-61	-73	-72	-73	-74	-72	-73	-71	-73	-73	-72	-71
	employment expectations	+31	-24	-41	-36	-41	-42	-37	-45	-50	-46	-51	-49	-50	-46	-48
	price expectations	+75	+25	+8	-1	-11	-14	-8	-13	-13	-14	-11	-17	-11	-16	-9
	construction confidence indicator (a)	+9	-36	-47	-49	-57	-57	-55	-60	-61	-60	-61	-61	-61	-59	-60
<b>D</b>	order-books	-17	-84	-61	-73	-60	-62	-56	-54	-59	-53	-56	-59	-61	-70	-72
	employment expectations	+10	-60	-35	-44	-20	-16	-14	-20	-27	-23	-25	-27	-29	-33	-36
	price expectations	+48	-37	-41	-28	+3	-2	+8	+11	3	+10	+6	-3	-11	-17	-27
	construction confidence indicator (a)	-4	-72	-48	-59	-40	-39	-35	-37	-43	-38	-41	-43	-45	-52	-54
<b>F</b>	order-books	:	:	-48	-62	-66	-63	-70	-72	-69	:	-69	:	:	-73	:
	employment expectations	:	:	-24	-35	-37	-37	-47	-41	-47	:	-47	:	:	-47	:
	price expectations	:	:	-36	-49	-52	-50	-59	-57	-58	:	-58	:	:	-60	:
	construction confidence indicator (a)	:	:	-36	-49	-52	-50	-59	-57	-58	:	-58	:	:	-60	:
<b>I</b>	order-books	-25	-68	-29	-44	-48	-49	-50	-42	-45	-41	-49	-53	-32	-44	-43
	employment expectations	+10	-44	-7	-13	-23	-19	-24	-27	-23	-30	-31	-24	-13	-23	-24
	price expectations	+85	+30	+71	+54	+14	+13	+10	+12	+13	+15	+14	+7	+18	+9	+5
	construction confidence indicator (a)	-8	-56	-18	-29	-36	-34	-37	-35	-34	-36	-40	-39	-23	-34	-34
<b>L</b>	order-books	+21	-50	-21	-46	-53	-57	-49	-58	-75	-59	-74	-74	-78	-79	-70
	employment expectations	+31	-39	-6	-25	-36	-32	-39	-40	-67	-41	-59	-75	-66	-45	-48
	price expectations	+82	+11	+30	+17	-16	-18	-22	-25	-33	-19	-31	-30	-39	-49	-28
	construction confidence indicator (a)	+26	-45	-14	-36	-45	-45	-44	-49	-71	-50	-67	-75	-72	-62	-59
<b>NL</b>	order-books	-8	-81	-50	-57	-55	-57	-54	-48	-47	-47	-47	-49	-45	-45	-40
	employment expectations	+14	-13	-14	-25	-14	-16	-9	-5	-7	-8	-5	-6	-8	-6	-6
	price expectations	+3	-47	-32	-41	-35	-37	-32	-27	-27	-28	-26	-28	-27	-26	-23
	construction confidence indicator (a)	:	:	-60	-59	-48	-52	-46	-47	-43	:	-43	:	:	-49	:
<b>UK</b>	order-books	:	:	-42	-25	-12	-11	-13	-9	-12	:	-12	:	:	-12	:
	employment expectations	:	:	-16	0	+11	+6	+15	+12	+14	:	+14	:	:	+7	:
	price expectations	:	:	-51	-42	-30	-32	-30	-28	-28	:	-28	:	:	-31	:
	construction confidence indicator (a)	:	:	-51	-61	-57	-58	-57	-55	-56	(-55)	-56	(-57)	(-52)	-61	(-61)
<b>EC</b>	order-books	:	:	-28	-24	-24	-22	-24	-24	-28	(-26)	-29	(-28)	(-27)	-30	(-31)
	employment expectations	:	:	-39	-43	-41	-40	-41	-40	-42	(-41)	-43	(-43)	(-40)	-46	(-46)
	price expectations	:	:	-39	-43	-41	-40	-41	-40	-42	(-41)	-43	(-43)	(-40)	-46	(-46)
	construction confidence indicator (a)	:	:	-39	-43	-41	-40	-41	-40	-42	(-41)	-43	(-43)	(-40)	-46	(-46)

(a) The indicator is an average of the responses (net balances) to the questions on order-books and employment expectations.

(b) Details of the questions are given below.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972/73 and 1974/75, respectively.

Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis. The monthly and related quarterly data are seasonally adjusted unless otherwise indicated; the seasonal adjustment applied to the most recent observations is provisional, so that such data are subject to later revision.

Source: European Community business surveys.

## European Community business surveys

The Community's business surveys, of industry and the construction sector, have been progressively developed since 1982. They are undertaken by national institutions on the basis of the Commission's harmonized questionnaires. The results are communicated to the Commission which processes and publishes the data for Member States and the Community as a whole. The number of enterprises surveyed in manufacturing is about 20 000, and in the construction sector about 10 000.

The questions put in the business surveys have the content and periodicity set out below. In general, the questionnaires are sent out at end-month and are returned by the respondents in the course of the following two or three weeks.

### QUESTIONS

#### Manufacturing industry, excluding food, beverages and tobacco

##### Monthly:

- estimate of production trend in recent months: up, unchanged, down?
- order-books: above normal, normal, below normal?
- export order-books: above normal, normal, below normal?
- stocks of finished products: above normal, normal, below normal?
- production expectations for the months ahead: up, unchanged, down?
- selling price expectations in the months ahead: up, unchanged, down?

##### Quarterly (January, April, July and October):

- employment expectations for the months ahead: up, unchanged, down?
- limits to production: none, insufficient demand, shortage of labour, lack of equipment?
- production capacity: more than sufficient, sufficient, not sufficient?
- duration of assured production: in months?
- new orders in the recent past: up, unchanged, down?
- export volume expectations for the months ahead: up, unchanged, down?
- capacity utilization: in %?
- stocks of raw materials: high, normal, low?

#### All industries, including manufacturing, extractive and food

##### Half-yearly (undertaken in March/April and October/November):

- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

#### Building industry

Monthly (except for France and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: bad weather, shortage of manpower, shortage of equipment, none?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for the months ahead: up, unchanged, down?
- price expectations in the months ahead: up, unchanged, down?

##### Quarterly (January, April, July and October):

- duration of assured production: in months?

#### The surveys are undertaken by:

- B** — Belgium: Banque Nationale de Belgique
- DK** — Denmark: Danmarks Statistik
- D** — Federal Republic of Germany: IFO (Institut für Wirtschaftsforschung)
- GR** — Greece: Institute of Economic and Industrial Research
- F** — France: INSEE (Institut National de la Statistique et des Etudes Economiques)
- IRL** — Ireland: CII (Confederation of Irish Industries) and ESPRI (Economic and Social Research Institute)
- I** — Italy: ISCO (Istituto Nazionale per lo Studio della Congiuntura)
- L** — Luxembourg: STATE (Service Central de la Statistique et des Etudes Economiques)
- NL** — Netherlands: CBS (Centraal Bureau voor de Statistiek)
- UK** — United Kingdom: CBI (Confederation of British Industry), for the manufacturing industry survey  
— BSO (Business Statistics Office), for the investment survey  
— Building Employers Confederation, for the construction survey.

The survey of manufacturing industry are broken down by 20 industrial sectors, and also by consumer, intermediate and capital goods branches: the results in this detail are published each month by the Office for Official Publications of the European Communities in 'Business surveys' (ISSN 0378-4479). The results of consumer surveys appear three times a year in Supplement C to *European Economy*.

#### ECONOMIC SENTIMENT INDICATOR

The economic sentiment indicator is a composite measure in which the industrial confidence indicator, the consumer confidence indicator and the share price index are given equal weight, while the construction confidence indicator (an average of two series of the EC survey of the construction industry, namely employment expectations and judgments on the level of order-books) is attributed half the weight of each of the other three. The share price index is included in the composite indicator in ratio-to-trend form, in order to separate short-term or cyclical variations from long-term increases in the real and nominal value of stocks and shares. The long-term trend of the series is calculated using the NBER Bry-Boschan growth cycle programme. For a fuller description of the economic sentiment indicator and its components, see the technical note in the November 1982 issue of this Supplement.

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