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Consumer survey results

Consumer confidence stable. — The EC consumer confidence indicator remained in May at its January level, 1 point below the maximum reached in May 1983. This suggests that private consumption is unlikely to be a major growth element in the economy in the short-term.

The movements observed in the last 12 months vary significantly between countries. While consumer optimism increased in Ireland (+ 12), Greece (+ 8), Italy (+ 6) and the Netherlands (+ 5), it fell where progress had been most marked in the year up to May 1983, losing 2 points in the United Kingdom, 3 in Germany, 4 in Denmark and 4 in Belgium. In Belgium, the index improved, however, by 2 points in each of the last two surveys. Consumer confidence continues to deteriorate in France, where the indicator fell by another 2 points in May and is now 5 points below its level of May 1983 and 19 points under its maximum of January/May 1982.

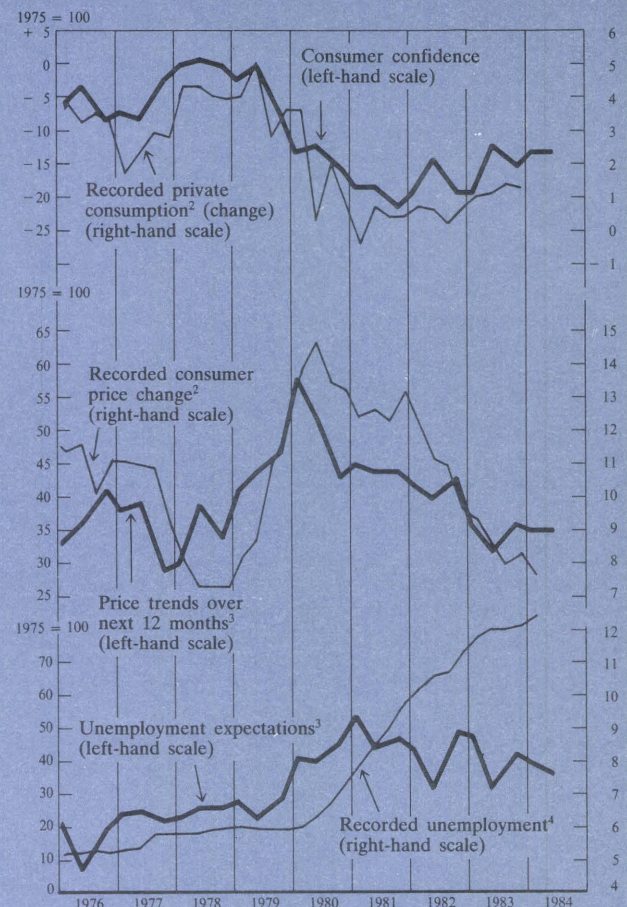
Mixed assessment of economic situation. — Households diverge in their judgements on the general economic situation. With respect to May 1983, more optimistic assessments of the economic situation over the next 12 months were made in the Netherlands (+ 22), Ireland (+ 22) and Italy (+ 15), with a smaller advance in Greece (3 points). On the other hand, consumers were more pessimistic in Denmark (14 points lower), in Germany (- 10) and in the United Kingdom (- 9). In Belgium and France, the fall was limited to 4 and 3 points, respectively.

The corresponding changes in judgements on the prospective financial situation of households were less important, apart from in Ireland and Greece, where the indicator gained 11 and 8 points respectively, and Belgium where it lost 7 points. The Netherlands and Italy gained marginally, while there were slight falls in the United Kingdom. In France, the same result has been obtained for the last four surveys.

Consumers' expectations would seem less optimistic than those of other economic agents. Whilst judgements on the economic situation for the coming year were revised downwards in 5 Member States, by comparison with the answers given 12 months earlier, the Commission's forecasts of May 1983 and 1984, for example, show an upward revision of GDP growth for the same countries over the period to which the surveys refer. On the other hand, whilst most forecasts see a further deterioration in the unemployment picture over the next 12 months, the survey answers show a certain stability in

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GRAPH 1: Survey results and objective economic indicators — European Community total



Shaded areas indicate periods of recession.

For notes, see page 3.

Sources: European Community consumer survey and Eurostat.

the level of pessimism in this respect and indeed unemployment expectations in May have improved in relation to the January results. It is only in France that unemployment is perceived as a problem which is likely to get considerably worse.

Inflationary expectations remain low. — At Community level there has been no increase in inflationary expectations since October, though the net balance of opinions on price trends over the coming twelve months was slightly higher than in May 1983. Households also do not judge inflation to have become more serious over the recent past.

In general terms, more respondents in the low inflation countries considered inflation over the last twelve months to have become a more serious problem than in May 1983 (United Kingdom, Germany, Netherlands). The opposite is true for countries with higher rates of inflation, where households perceive an improvement in the inflationary climate. A comparison of results since October, however, shows that there has been no increase in inflationary expectations in the low inflation countries since the rise that occurred last summer.

The replies of households on price trends over the last twelve months are broadly in agreement with the realized consumer price index.

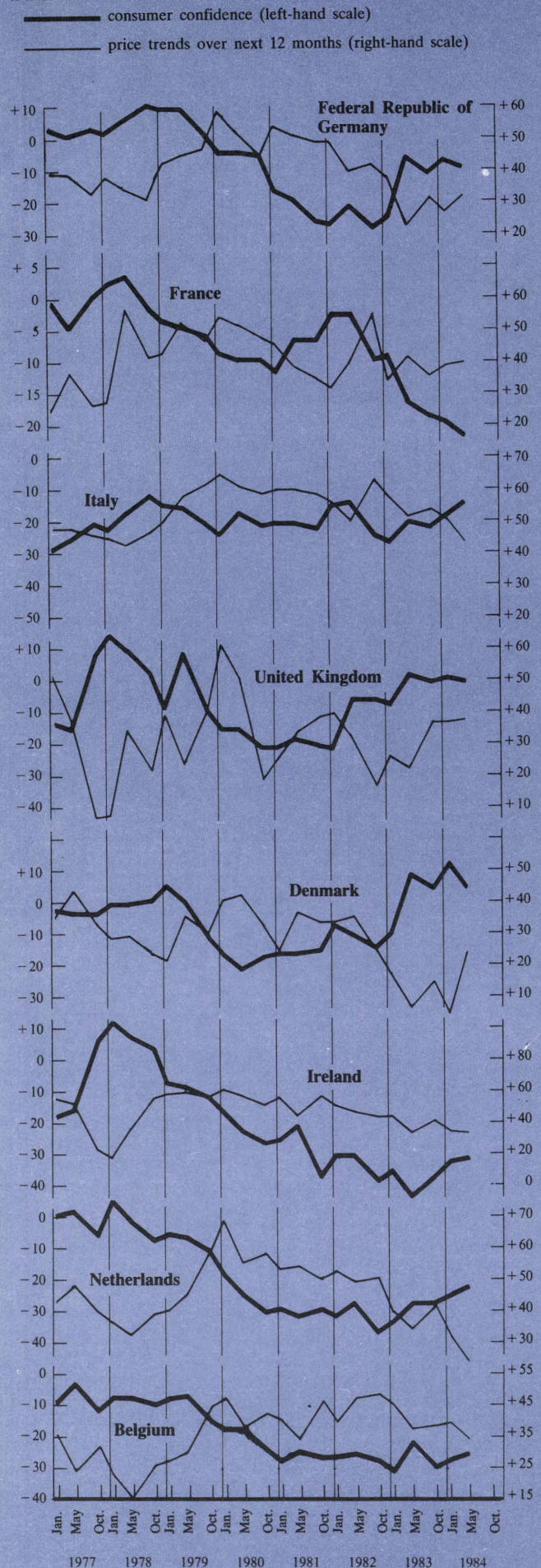
Little change in savings intentions. — The fall in the household savings ratio in the Community, which has supported private consumption over the last two years in the face of stagnant real disposable income, was reflected in the steep fall in savings intentions in 1981 and 1982. Since May last year, however, there has been no change in judgements, at the Community level, on savings intentions over the coming year. This suggests that the fall in the savings ratio has come to an end. The overall stability of savings intentions at the Community level is consistent with replies to questions on the purchase of consumer durables and on the financial situation of households. There has been practically no change in intentions to make major purchases over the coming twelve months since the May 1983 survey. The financial situation of households, in terms of their accumulation of financial assets, has also remained essentially unchanged, indicating that households are neither saving more nor going into an increased indebtedness situation.

The patterns of savings and spending intentions do differ, however, from one Member State to another. Savings intentions rose, in comparison to the May 1983 survey, in Greece (+ 6 points), Italy (+ 4) and Ireland (+ 3), were stable in the Netherlands and Germany and fell in Denmark (- 3), Belgium (- 2), the United Kingdom (- 2) and France (- 1). The answers to the question whether this is a good time to save or not showed that, in spite of the differences in saving intentions, households everywhere except Belgium and the Netherlands were more positive than twelve months ago.

The explanation of these differing results is not at all clear and indeed there is perhaps no general explanation which covers all the cases. In Greece, Italy and Ireland the interpretation of both the appropriateness of savings and savings intentions may be related to the strengthening of confidence in economic recovery in these countries leading to a greater scope for savings. In Italy the perceived high real interest rates are also important. Of those countries with weaker savings intentions (Denmark, United Kingdom, Belgium and France) all but Belgium nevertheless considered the present moment more appropriate for saving than was the case one year ago. This may be related to worries, at least in the first two countries, that inflation may be accelerating again. In Belgium there appears to be a close correlation between answers on saving behaviour and economic prospects. Finally, savings and consumption intentions seem to have changed hardly at all in Germany and the Netherlands over the last twelve months.

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GRAPH 2: Climate of consumer confidence¹ and opinion on price trends over the next 12 months³



Source: European Community consumer survey.
For notes, see page 3.

TABLE (continued): Consumer opinion on economic and financial conditions

		1976	1977	1978	1979	1980	1981	1982	1983	1981	1982			1983			1984		
										Oct.	Jan.	May	Oct.	Jan.	May	Oct.	Jan.	May	
UNEMPLOYMENT	B	26	34	42	42	57	67	60	57	68	64	56	62	68	48	56	46	39	
	DK	0	29	29	22	39	37	29	30	37	25	29	33	41	17	33	8	7	
	D	-12	8	10	3	20	43	43	30	50	48	28	54	52	8	31	21	14	
	GR	:	:	:	:	:	:	11	10	:	1	15	17	24	19	9	15	7	
	F	18	27	30	44	47	43	30	41	32	30	23	37	30	43	50	60	66	
	IRL	38	12	6	12	34	47	56	67	51	56	50	62	65	65	71	53	47	
	— over next 12 months	I	51	45	42	41	51	52	56	57	55	55	62	59	54	59	53	47	
	NL	39	45	42	35	59	72	72	67	73	75	61	81	80	62	60	55	33	
	UK	26	22	20	30	58	50	34	37	44	41	21	41	48	30	32	26	30	
	EC 9	16	24	25	27	43	48	42	41	47	44	32	50	49	33	43	39	36	
MAJOR PURCHASES	B	48	46	46	38	23	15	13	6	14	12	18	10	5	11	3	5	7	
	DK	46	43	41	42	21	10	16	7	13	18	20	9	3	8	10	16	13	
	D	26	24	31	25	18	-1	-17	-8	-18	-19	-17	-16	-10	-5	-8	-5	-10	
	GR	:	:	:	:	:	:	-35	-35	:	-36	-39	-31	-36	-37	-34	-30	-23	
	F	42	31	34	35	39	28	30	19	27	28	28	34	23	19	14	12	7	
	IRL	30	42	49	46	30	24	13	-6	10	27	11	1	1	-13	-6	-7	-11	
	— at present	I	-18	-12	-10	-3	2	4	1	-13	-1	7	-1	-3	-15	-13	-13	-15	-18
	NL	40	38	28	13	-2	-17	-21	-18	-23	-22	-17	-23	-18	-17	-19	-44	-47	
	UK	29	35	43	43	28	26	25	32	24	22	26	28	33	27	37	37	32	
	EC 9	26	25	29	27	22	12	6	5	5	6	6	7	5	5	4	3	0	
— over next 12 months	B	-32	-29	-28	-29	-26	-28	-28	-30	-30	-29	-26	-28	-29	-28	-34	-32	-27	
	DK	-11	-11	-9	-8	-14	-12	-10	-8	-12	-10	-9	-12	-13	-6	-6	-8	-7	
	D	-21	-19	-15	-15	-19	-25	-28	-29	-25	-26	-27	-32	-33	-27	-27	-26	-27	
	GR	:	:	:	:	:	:	-24	-33	:	-22	-25	-24	-36	-25	-39	-42	-37	
	F	-13	-15	-13	-16	-18	-13	-9	-10	-10	-9	-9	-8	-10	-11	-10	-9	-11	
	IRL	-21	-17	-13	-17	-19	-22	-27	-31	-24	-27	-26	-27	-32	-35	-25	-25	-32	
	I	-4	-12	-16	-10	-17	-18	-22	-22	-16	-24	-21	-21	-22	-22	-22	-22	-21	
	NL	-15	-14	-14	-19	-23	-27	-27	-29	-27	-27	-24	-29	-28	-29	-32	-29	-28	
	UK	-18	-16	-9	-6	-14	-19	-18	-15	-19	-22	-17	-16	-19	-13	-13	-13	-11	
	EC 9	-15	-15	-12	-12	-17	-20	-20	-21	-19	-21	-19	-21	-22	-20	-20	-19	-19	
SAVINGS	B	32	34	35	40	38	41	40	46	33	40	40	41	49	51	38	45	47	
	DK	20	9	7	11	15	23	26	40	20	26	21	30	36	43	43	44	43	
	D	48	44	34	46	43	32	27	33	18	27	29	24	27	35	36	35	38	
	GR	:	:	:	:	:	:	-25	-29	:	-28	-27	-21	-36	-30	-21	-24	-19	
	F	2	6	10	8	3	2	5	0	-6	-3	-7	-6	-1	-2	4	8	8	
	IRL	-2	-3	14	8	5	-3	-9	-3	-10	-12	-13	-2	9	-12	-5	-7	-10	
	— at present	I	-6	2	6	4	-6	-7	10	21	-10	2	15	12	19	23	21	28	33
	NL	3	7	13	19	19	27	38	35	35	35	41	:	37	32	35	35	30	
	UK	-24	-17	-10	-5	6	5	5	10	6	5	9	2	4	11	16	15	17	
	EC 9	13	15	16	21	15	12	12	19	8	12	15	10	16	19	21	23	25	
— over next 12 months	B	-11	-12	-14	-14	-20	-21	-25	-26	-16	-24	-24	-26	-23	-26	-31	-26	-28	
	DK	-7	-12	-11	-12	-20	-19	-18	-12	-24	-17	-17	-20	-12	-9	-14	-10	-12	
	D	44	44	43	46	44	23	2	1	-1	-1	3	-6	-2	3	3	3	3	
	GR	:	:	:	:	:	:	-37	-41	:	-34	-41	-36	-45	-42	-38	-40	-36	
	F	-30	-29	-27	-29	-32	-32	-32	-35	-32	-29	-31	-35	-30	-37	-38	-35	-36	
	IRL	-21	-15	-5	-11	-13	-19	-22	-25	-26	-24	-19	-24	-18	-31	-26	-27	-28	
	I	-48	-41	-35	-34	-32	-30	-22	27	-32	-15	-23	-28	-27	-26	-27	-22	-22	
	NL	-2	2	6	8	0	-1	-3	-8	-1	-4	-1	-2	-6	-8	-9	-3	-8	
	UK	-8	-15	-4	-4	-16	-20	-17	-13	-21	-22	-15	-14	-16	-11	-12	-15	-13	
	EC 9	-2	-3	1	2	-4	-11	-17	-17	-18	-16	-15	-19	-17	-16	-17	-16	-16	
FINANCIAL SITUATION OF HOUSEHOLDS	B	12	12	11	12	9	7	6	5	7	7	7	4	5	5	5	6	5	
	DK	12	12	10	9	4	4	4	8	3	4	5	5	7	12	6	9	9	
	D	20	22	23	22	21	16	12	11	12	12	13	10	10	14	11	11	11	
	GR	:	:	:	:	:	:	0	0	:	0	0	1	-2	0	1	1	3	
	F	10	10	10	10	8	8	8	6	7	9	9	6	8	5	5	5	4	
	IRL	7	8	11	8	2	-4	-1	-1	-3	0	-2	-3	-3	1	-1	-1	-1	
	— indicator of net acquisition of financial assets	I	1	4	7	8	8	8	13	9	8	8	16	12	10	9	10	10	11
	NL	7	9	14	22	19	18	17	15	18	16	17	18	16	16	13	15	11	
	UK	9	3	8	10	8	9	9	12	8	6	11	11	10	12	12	11	12	
	EC 9	12	12	14	15	12	11	10	9	9	10	11	9	9	10	9	9	9	

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