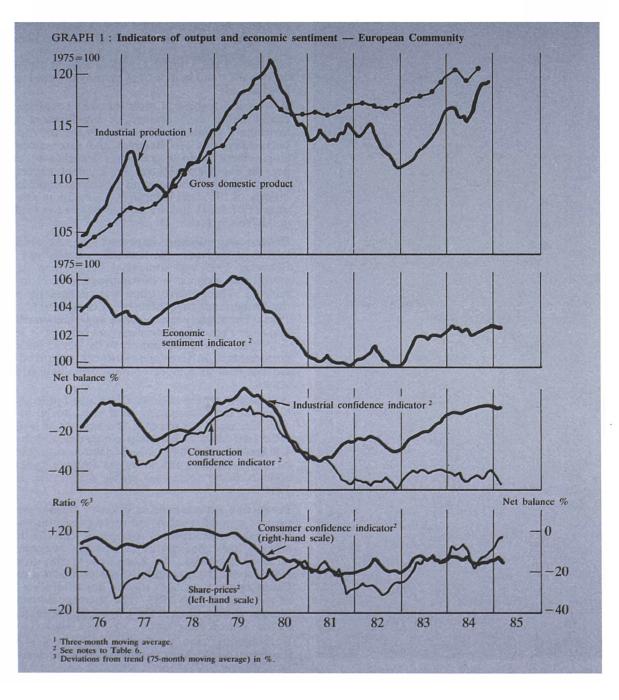
EUROPEAN ECONOMY

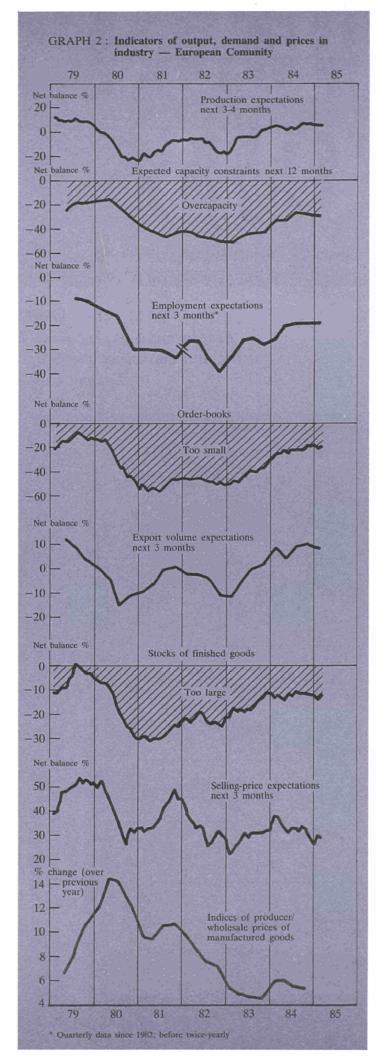
COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement B — No 3 — March 1985

This month:
Employment expectations in
industry and consumer confidence
by income classes

Business and consumer survey results





Business survey results

Employment expectations in industry still weak. — The employment trend in European industry — according to companies'plans — still points slightly downward. This somewhat disappointing development is mainly due to a deterioration of the employment outlook in France and Germany which offset the improvements in employment prospects in most other Member States.

In France, where industrial employment expectations have been at the lowest level in the Community for more than a year, the slight improvement in the 4th quarter of 1984 did not continue but was followed by a renewed weakening (net balance -46 compared to -43; table 1). In Germany, the positive trend in employment plans, which had been observed since the beginning of 1984, came to a halt, which is almost completely explained by an expected decrease of employment by car producers. The reason for the switch from rather optimistic employment plans in this branch in October 1984 (net balance +29) to an expected decrease (-9) can be found mainly in the uncertainty amongst German consumers concerning new anti-pollution regulations (introduction of catalytic convertors for cars) leading many of them to postpone the purchase of a new car. On the other hand, in the investment goods sector, more German companies than in previous surveys now intend to enlarge the size of their staff (see table

Contrary to the situation in France and Germany, employment expectations picked up significantly in the Netherlands (net balance + 9 compared to + 3 in October 1984; table 1). The upward trend in employment in the Dutch industry is now even stronger than in Denmark. Positive signs can also be seen in the United Kingdom and in Ireland where the downward trend in industrial employment at least seems to be levelling off.

A common feature in most member countries is the significantly better performance of employment trends in the investment goods branches than in the rest of industry. The only exceptions are Belgium and Luxembourg, where the employment trend in consumer branches is relatively stronger. In the Netherlands, employment expectations in the intermediate goods branches picked up significantly in the 1st quarter of 1985 (net balance + 11, compared to – 1 in the 4th quarter of 1984) and are now as positive as in the investment goods sector (table 2).

Order-books slightly improved. — According to industrialists' judgement the overall order-books situation in February 1985 was somewhat better than in the previous month (net balance — 19 compared to — 21 in january 1985; table 7). The positive trend was particularly pronounced in the Netherlands (net balance — 1 compared to — 5 in January 1985). The slightly less negative appreciation of overall order-books by French industrialists (net balance — 36 compared to — 39) can be traced primarily to the better outlook for export performance. In Germany, however, improved export orders did not lead to a more optimistic evaluation of total order-books.

At first glance, the somewhat improved judgements on orderbooks at the Community level seem to be in contradiction with the slight decrease in the amount of work assured by orders on hand (3,1 months compared to 3,2 months in the 4th quarter of 1984; table 3). But taking into account the increased capacity utilization the absolute level of orders now appears to be somewhat higher than in the last quarter of 1984.

Production expectations in industry remain positive. — The present upward trend in industrial production will continue in the next few months but, compared with the development in autumn 1984, the impetus has slowed down somewhat in most member countries. An exception to this slowdown is the trend in the Netherlands where production expectations in February were stronger than at any time since the beginning of the upswing in 1983. The increase in output will also remain stronger than at the Community level in Denmark and in the United Kingdom.

In Germany, the production trend which slowed down somewhat in the past months will pick up again according to

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

	Rang	c (b)	1982	1983	1984	1982		198	3			198	4		1985
_	Peak 1973	Trough 1975				IV	I	II	III	IV	I	[]	III	IV	Ī
В	+ 12	- 26	- 14	- 14	- 9	20	- 17	- 9	- 14	-14	-13	- 9	- 3	- 10	- 9
DK	:	:	- 9	- 5	+ 10	-10	- 17	- 1	0	- 1	+ 9	+12	+ 15	+ 3	+ 4
D	+ 13	-34	- 32	-27	-11	-42	- 29	-26	-25	-27	- 18	-13	- 8	- 6	- 8
F	+ 17	-35	-23	-31	-44	29	- 32	-28	- 27	-35	-44	- 44	-44	-43	-46
IRL	+ 15	- 34	-30	- 23	-20	- 34	- 20	-26	- 34	- 12	- 13	-26	-22	-20	- 12
I (d)	+ 13	-26	- 36	- 38	- 34	-43	(-43)	- 34	(-34)	-41	(-41)	-29	(-29)	- 35	(-35)
L`´	+ 75	-67	– 49	- 52	-26	-43	- 54	-43	- 56	-54	- 57	- 48	- 1	+ 2	+ 2
NL	+ 4	- 32	-22	- 29	- 5	- 33	- 37	-30	- 25	-22	- 14	- 6	- 1	+ 3	+ 9
UK	:	:	- 39	-28	-12	- 44	- 44	-26	-22	-20	-14	- 7	- 14	- 11	- 5
EC (c)	+ 12	-31	-30	- 29	-21	-38	- 34	-27	- 25	-28	- 26	-20	- 19	19	- 19

TABLE 2: Employment expectations in manufacturing industry by Member State and branch (a) Net balance of respondents expecting employment up, unchanged or down

	Co	nsumer 1984	-		1985	Inv	estment 1984	-		1985	Into	rmediate 1984	-		1985
	1	II	111	IV	ī	1	[]	III	IV		I	II	Ш	IV	
В	+ 1	+ 13	+ 7	- 6	+ 1	- 27	- 12	- 10	- 13	-16	- 12	- 7	-10	- 15	- 16
DK	- 2	+11	+ 9	+ 5	- 2	+ 13	+11	· + 22	+ 9	+ 14	+ 8	+ 15	+ 8	- 3	0
D	- 6	- 7	+ 5	+ 8	- 9	- 20	- 11	- 7	+ 6	+ 9	- 16	-14	-12	-14	- 13
F	- 38	- 39	-40	- 46	- 46	- 39	- 36	-38	- 24	-40	-51	- 54	- 53	- 55	- 49
IRL	- 32	-30	- 46	-34	- 24	+ 4	- 6	+ 9	+ 9	+ 18	-11	-30	- 19	-21	- 3
I (d)	(-42)	- 30	(-30)	- 34	(-34)	(-37)	- 26	(-26)	- 35	(-35)	(-36)	-25	(-25)	-30	(-30
L`´	+ 8	+ 26	+ 25	+ 25	+ 25	` 15 [°]	+10	Ò O	+ 1	`+ 3	`-70	-62	`- 1 [']	0	+ 1
NL	- 15	- 1	0	+ 3	+ 5	-11	- 7	+ 2	+ 6	+ 10	- 19	- 9	- 5	- 1	+11
UK	-18	- 17	-22	- 14	- 19	-11	- 8	- 9	- 8	+ 1	-18	- 15	-21	-20	-12
EC (c)	-20	-20	- 15	- 16	-21	-23	- 16	- 15	- 9	- 9	-28	-25	-25	-27	- 23

TABLE 3: Estimated number of months' production assured by orders on hand in manufacturing industry (a) (s.a.)

	Rang	e (b)	1982	1983	1984	1982		1983				1984			1985
-	Peak 1973	Trough 1975				īV	I	II	Ш	IV	I	II	III	IV	Ī
В	4,5	2,8	3,4	3,1	3,4	3,4	3,3	3,2	3,2	3,0	3,3	3,4	3,4	3,3	3,4
D	3,3	2,8	2,7	2,6	2,8	2,6	2,6	2,6	2,6	2,7	2,6	2,8	2,8	2,9	2,8
F	3,5	2,7	3,5	3,2	3,1	3,4	3,3	3,2	3,2	3,0	3,2	3,1	3,0	3,0	3,1
IRL	2,2	1,8	2,0	1,7	1,9	1,7	1,9	1,7	1,6	1,7	1,9	1,6	2,4	1,7	2,2
I	4,7	3,7	4,2	4,1	4,3	4,2	4,8	4,0	3,8	4,0	3,9	4,2	4,5	4,4	4,4
L	3,5	1,4	1,9	1,9	1,9	1,8	1,7	2,1	1,7	2,0	1,9	1,8	1,8	2,1	2,0
NL	4,7	2,6	3,7	2,6	2,9	3,0	2,6	2,5	2,5	2,8	2,7	2,8	2,9	3,1	3,1
UK	:_	:	3,0	3,0	3,0	3,0	2,9	3,1	3,0	3,0	2,9	3,1	3,0	3,0	2,8
EC (c)	3,7	3,0	3,3	3,1	3,1	3,1	3,1	3,0	3,0	3,0	3,0	3,1	3,1	3,2	3,1

TABLE 4: New orders in manufacturing industry (a) (s.a.) Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1982	1983	1984	1982		1983				1984			1985	
				0	J	A	J	0	J	Α	J	O	1	F
В	- 6	- 2	- 7	. — 11	- 8	+ 3	- 3	- 1	- 5	- 8	- 7	- 8	- 4	:
DK	0	+13	+ 30	- 1	+21	-10	+ 15	+ 24	+ 29	+ 29	+ 26	+ 36	+31	:
D	- 17	+ 9	+ 8	- 26	- 8	+11	+ 14	+ 17	+ 10	+ 3	+ 10	+ 7	- 9	+17
F	- 13	- 19	– 17	- 20	-21	- 19	-22	- 16	-22	15	- 17	- 15	- 16	:
IRL	-31	-25	- 4	- 46	- 44	-40	9	- 16	- 3	- 6	+ 5	- 10	7	:
I	- 16	- 10	+ 3	- 14	- 18	- 16	- 9	- 1	+ 2	- 1	+ 4	+ 5	+ 6	:
L	- 33	- 1	+ 3	- 67	- 49	+ 18	+ 18	+ 3	+ 4	- 9	+ 10	+ 6	+ 5	:
NL	+ 1	+ 4	+ 7	0	0	+ 1	+ 14	+ 1	+ 19	+ 5	+ 3	0	- 1	+ 15
UK	- 15	+ 7	+ 17	-21	- 14	+ 7	+ 14	+ 19	+ 19	+ 15	+ 16	+ 18	+ 13	:
EC (c)	- 14	- 1	+ 3	- 20	-13	- 1	+ 2	+ 6	+ 3	+ 1	+ 3	+ 3	- 3	:

TABLE 5: Export volume expectations in manufacturing industry (a) (s.a.)

Net balances: i.e., differences between the percentages of respondents giving positive and negative replies

	1982	1983	1984	1982		1983				1984			1985	
				0	J	A	J	o	J	Α	J	o	J	F
D	- 6	- 7	+ 10	-15	- 14	- 10	- 4	+ 1	+ 8	+ 2	+13	+ 16	+ 9	+ 12
F	- 15	- 14	- 6	- 21	- 19	-13	- 14	- 8	- 7	-11	- 1	- 5	+ 2	:
IRL	+ 3	- 1	+ 14	+ 2	- 8	- 7	+ 9	+ 1	+ 10	+16	+27	+ 6	+ 8	:
I	- 2	- 2	+11	- 10	- 10	- 6	0	+ 8	+11	+12	+ 10	+ 9	+11	:
L	-32	- 18	+ 7	- 64	- 69	-16	+ 3	+11	+ 7	0	+ 6	+ 13	+ 6	:
NL	. + 3	+ 9	+ 12	+ 4	- 3	+ 12	+ 11	+ 14	+ 20	+16	+ 2	+ 10	+ 3	:
UK	0,	+ 7	+17	- 5	+ 1	+ 9	+ 8	+ 9	+ 17	+14	+ 15	+ 20	+ 22	:
EC (c)	- 5	- 3	+ 9	-11	- 10	- 4	- 1	+ 3	+ 9	+ 5	+ 9	+11	+ 9	<u>:</u>

⁽a) Details of the questions are given on the last page.
(b) These are the extreme (high and low) values of the net halances of the different questions, reached in the course of 1973 and 1975, respectively.
(c) Weighted total of available country data.
(d) Question asked in May and October only. Result used in the two other quarters to compute EC-balance.

Source: European Community business surveys.

companies' expectations but is not likely to surpass the pace of the whole Community. In Italy too, output growth will be close to the Community average, whereas in Belgium, France, Ireland and Luxembourg the production trend in the next few months is expected to be flat or even slightly downward.

No acceleration of industrial prices to expected. — Selling prices for industrial goods rose by 5,4% in the year to the 4th quarter of 1984 (according to official price statistics). The rate of increase remained thus almost the same as in the 3rd quarter of 1984 (5,5%) and was significantly lower than in the first half of 1984 (6,1%; graph 2). Selling-price expectations weakened slightly in February 1985 (net balance + 28 compared to + 30) and are now about 10 points lower than at the same time in 1984. Also in France where the sharp increase in price expectations in January 1985 warned that inflationary pressure might become stronger, the February results show a return to the previous trend. The still rather high inflation rate in Greece*) is expected to slow down.

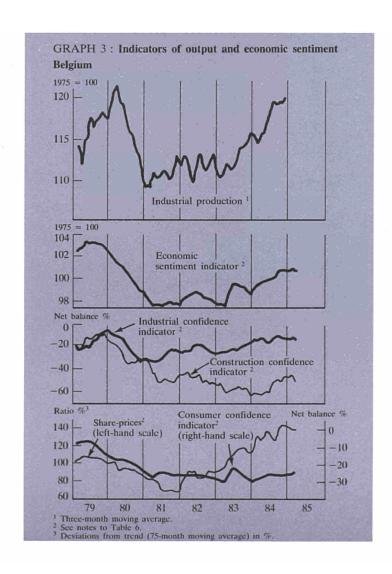
Economic sentiment indicator deteriorated slightly. — The overall indicator for the Community fell in February 1985 from 102,6**) to 102,4 (1975=100). This decline was exclusively due to a deterioration of the consumer climate (after an improvement in January, see pages 8-12) and the sentiment indicator in construction. Rises in the industrial confidence indicator and in the share price index were not strong enough to compensate for the decline in the two other components. To what extent the extremely cold weather at the beginning

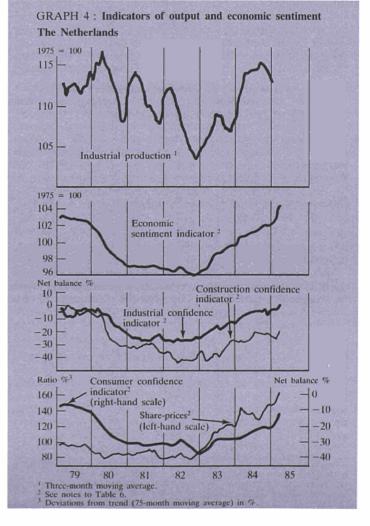
of the year may have affected the survey results — in particular in the construction sector — cannot be ascertained at the moment. The March results will help to indicate the extent of any such distorting effects.

On a country basis the deterioration of the economic sentiment indicator was particularly pronounced in the United Kingdom as a result of an abrupt worsening of the consumer climate. In Germany, the decline in the overall indicator can be equally attributed to the weakness in consumer and construction confidence. The leading indicator for construction has now fallen to almost the same level as the trough of the 1974/75 recession.

The economic sentiment indicator also declined from January to February in Ireland (from 101,5 to 101,4), Belgium (from 101,0 tot 100,9) and in Italy (from 104,2 to 104,0).

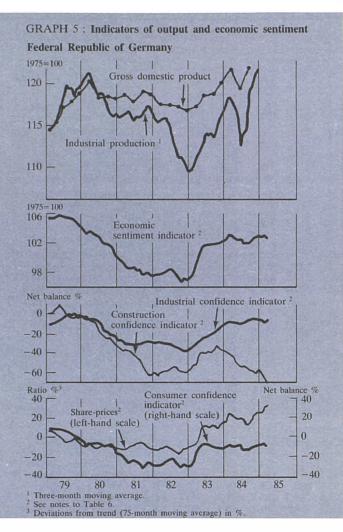
In contrast to these negative movements the indicator improved markedly in the Netherlands. All four components contributed to the strong increase (from 103,5 to 104,6 in February 1985; 1975=100). In France the overall indicator also advanced significantly in February (from 96,1 to 96,5; 1975=100), but its level remains well below that for the Community as a whole.

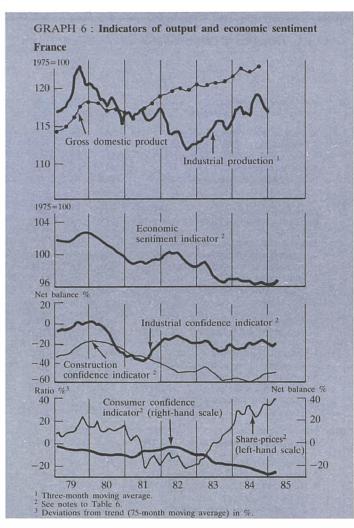


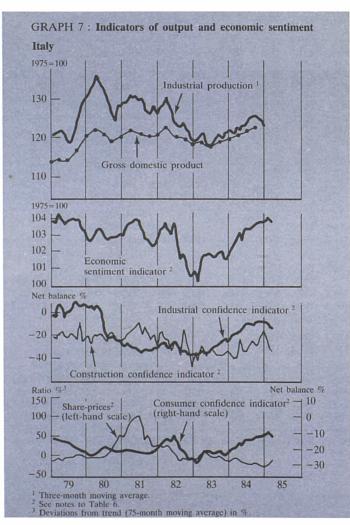


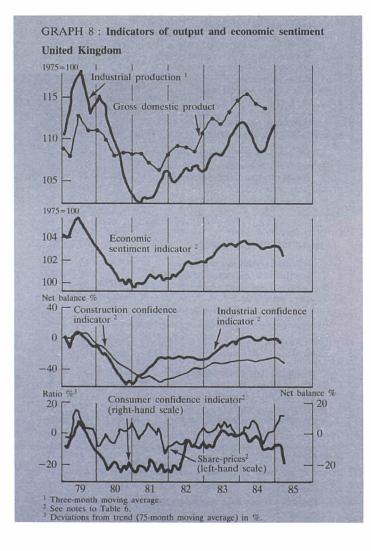
^{*)} Business survey results for this Member State are presented for the first time in Supplement B. From now on the Greek survey results will be a permanent part of the data to be analysed in this periodical.

^{**)} The January 1985 figures for the EC sentiment indicator have been revised upward (from 102,5 to 102,6) as the final figures for the French construction and consumer survey (which arrived late) were better than the preliminary data.









TARIE 6.	Indicators	of output	and	economic	contiment
LABLE 0:	indicators	or output	ana	economic	Senument

		Trough 1974/75	1982	1983	1984		1984				1984			1985	
						1	11	, III	IV	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
	gross domestic product 1975 = index of industrial production 100	: 88,2	115,8 111,2	: 113,5	:	: 116,5	: 118,3	: 119,5	:	: 123,3	•	: 118,2	:	:	:
	 industrial confidence indicator construction confidence indicator consumer confidence indicator^{1, 4} 	- 56 - 36 - 18	- 22 - 48 - 27	-20 -57 -27	- 12 - 54 - 27	- 12 - 61 - 28	- 15 - 57 - 26	-10 -49	-11 -46 -26	- 11 - 49	- 11 - 46 - 26	-11 -46	-11 -45	10 44 24	- 13 - 49
	4. share-price index ^{4, 5} = 5. economic sentiment indicator	84,9 99,5	86,8 98,5	111,7 99,1		132,8 99,8	137,8 100,2	142,3 100,9		150,0 100,8	150,6 100,9	148,9 100,8	146,3 100,9	145,1 101,0	146, 100,
	gross domestic product ¹ 1975= index of industrial production 100	99,0 97,9	117,4 112,9	118,9 113,6	:	122,0 118,0	119,6 112,5	122,2 119,3	: 121,8	: 118,9	: 121,9	: 121,9	: 121,7	;	:
	 industrial confidence indicator construction confidence indicator consumer confidence indicator⁴ 	- 49 72 22	-33 -59 -26	-21 -40 -12	-8 -54 - 9	- 8 -43 - 8	- 10 - 53 - 10	- 6 -57 -11	- 6 -60 - 8	- 5 -58 - 9	- 5 -61 - 9	- 6 -58 - 8	- 6 -62 - 8	- 8 -65 - 6	- 6 - 71 - 9
	 4. share-price index^{4, 5} 5. economic sentiment indicator 	98,9 98,9	108,3 97,7	136,9 101,3	155,4 102,5	155,6 103,0	152,7 102,0	150,1 102,2	163,4 102,9	156,0 102,6	162,0 102,7	163,4 102,9	164,7 102,9	172,2 103,0	
	gross domestic product 1975= index of industrial production 100	98,5 86,9	120,0 113,7	120,8 114,6	:	122,9 117,3	122,2 116,4	123,2 119,3	:	: 116,4	: 119,0	; 117,1	: 114,5	: :	
	 industrial confidence indicator construction confidence indicator consumer confidence indicator^{1, 4} 	-49 : - 9	- 17 - 49 - 5	-23 -52 -16	-22 -57 -23	- 25 - 58 - 20	- 22 - 60 - 22	- 19 - 56	- 20 - 52 - 27	– 17 :	- 18 - 52 - 27	-20 :	-21 :	-23 -50 -25	-2
	4. share-price index ^{4. 5} = 5. economic sentiment indicator	79,8 98,5	131,0 99,4	172,3 97,3	234,5 96,5	225,0 96,6	236,1 96,4	225,8 96,6	250,9 96,0	242,3 96,3	250,3 96,1	250,8 95,9	251,7 96,0	261,6 96,1	276 96
RL	gross domestic product 1975= index of industrial production 100	: 96,3	127,4 135,6	: 144,6	:	: 154,6	166,7	: 161,3	:	: 172,8	: 169,4	:	:	:	
	industrial confidence indicator construction confidence indicator	-41 :	- 19 - 51	-20 -60	-10 -45	- 7 -61	- 10 - 50	-11 -48	-12 -21	- 15 - 55	- 11 - 14	- 16 - 29	- 10 - 19	- 11 - 19	- 1 - 5
	 3. consumer confidence indicator⁴ 4. share-price index^{4, 5} 5. economic sentiment indicator 	-41 63,4 98,1	-34 179,9 100,3	-40 222,4 99,9	-33 297,3 101,1	- 33 309,6 101,0	- 32 314,8 101,0	- 33 285,7 101,2	- 34 279,2 101,3	284,9 101,2	- 34 279,2 101,3	279,2 101,2	: 279,2 101,4	- 29 279,2 101,5	279 101
	gross domestic product 1975= index of industrial production 100	93,1 94,7	120,5 124,4	119,0 120,3	:	120,8 122,9	121,7 123,5	123,0 125,8	:	: 127,4	: 124,3	: 123,0	: 123,5	: :	
	industrial confidence indicator construction confidence indicator	- 59 - 56	-31 -29	-29 -36	-11 -28	- 17 - 34	- 10 - 33	- 9 -26	- 7 -20	- 7 -29	- 7 -22	- 7 -15	- 7 -23	-10 -30	-1 -3
	 3. consumer confidence indicator⁴ 4. share-price index^{4.5} 5. economic sentiment indicator 	- 39 84,6 98,9	- 18 129,9 102,3	-23 159,9 101,6	-15 180,6 103,4	- 18 182,9 102,7	- 15 175,6 103,2	-13 180,8 103,6	- 12 183,2 103,9	- 12 183,4 103,8	- 12 182,4 103,9	- 12 181,3 103,9	-11 183,4 103,9	- 9 203,3 104,2	- 1 228 104
Ľ	gross domestic product 1975 = index of industrial production 100	: 98,0	113,1 105,6	: 107,8	:	: 113,8	: 114,2	: 114,9	:	: 114,6	: 112,4	: 113,5	: 112,4	:	
	industrial confidence indicator construction confidence indicator	-44 -47	- 26 - 41	-16 -35	- 4 -23	- 7 -27	- 4 -23	- 3 -21	- 4 -22	- 1 - 22	- 6 -21	- 3 -23	- 2 -24	- 3 -24	+ - 1
	 3. consumer confidence indicator⁴ 4. share-price index^{4.5} 5. economic sentiment indicator 	19 80,5 99,5	-32 100,0 96,7	-30 144,4 98,7	-22 183,4 101,3	181,0	-23 175,9 101,1	- 19 178,7 101,8	-21 197,9 102,4	: 189,0 102,2	- 21 196,9 102,1	: 196,6 102,1	: 198,5 102,7	-11 210,2 103,4	220 104
K	gross domestic product 1975= index of industrial production 100	98,1 97,0	109,5 106,0	113,2 109,5	:	115,5 111,2	114,2 108,9	113,7 109,0	:	: 110,2	: 111,6	: 111,7	: 111,8	:	
	industrial confidence indicator construction confidence indicator	:	-25 -42	-10 -30	0 -27	+ 2 - 28	- 2 - 30	+ 1 - 26	0 -23	- 1 :	- 1 - 23	0 :	+ 1 :	- 3 -29	-
	 3. consumer confidence indicator⁴ 4. share-price index^{4.5} 5. economic sentiment indicator 	-33 49,2 98,6	- 12 274,6 101,6	- 2 346,1 103,2	- 5 412,3 103,5	- 2 394,1 103,8	- 2 409,5 103,5	- 9 400,8 103,2	- 7 444,6 103,4	- 8 419,9 103,3	- 9 425,4 103,3	- 6 442,2 103,5	- 7 466,3 103,5	- 6 489,5 103,4	
2	gross domestic product ^{2.3} 1975 = index of industrial production 100	99,0 96,8	116,8 112,7	118,0 113,8	:		119,3 115,4	120,6 118,1	:	: 118,3	: 120,0	: 119,1	: 118,9	:	
	 industrial confidence indicator construction confidence indicator consumer confidence indicator^{1, 4} 	- 49 : - 17	-27 -46 -17	-20 -41 -14	-10 -43 -14	- 11 - 42 - 13	- 11 - 45 - 14	- 8 -43 -15	- 8 -41 -14	- 8 (-44) -15	- 8 -41 -15	- 8 (-40) -14	- 8 (-42) -14	-10 -45 -13	- (-4 -1
	4. share-price index ^{4. 5}	81.8	187,2 100,2	244,3 101,7	292,5 102,4	284,9	290,2	285,4	309,3	296,9	301,0	308,3	318,7	332,8	

Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarter values.

Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.

For the Federal Republic of Germany, gross national product for quarterly data.

Not seasonally adjusted.

Revised by Eurostat.

Source: European Community business surveys and Eurostat.

TABLE 7: 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.)

		Range		1982	1983	1984	•	1984		757	S	198 Oct		Dac	198	
		Peak 1972/73	Trough 1974/75				1	II	111	IV	Sept.	Oct.	Nov.	Dec.	Jan.	F
	production expectations	+ 31	-56	- 18	-16	- 3	- 2	- 5	- 2	- 1	- 2	+ 1	-1	- 3	+ 3	
	order-books	+ 13	- 74	- 40	-34	-23	- 23	- 25	-21	- 24	-21	- 26	- 24	- 23	-23	_
	export order-books	+ 15	-82	- 40	- 34	-25	-26	-27		- 24	- 23	- 25	- 23	- 24	- 25	_
	stocks of finished products	- 14	+37	+ 8	+ 9	+10	+11	+14	+ 7	+ 8	+ 9	+ 8	+ 8	+ 8	+ 9	+
	selling-price expectations	+ 64	- 10	+ 28	+ 24	+ 27	+30	+23	+28	+ 25	+31	+ 33	+ 24	+ 19	+ 26	+
	industrial confidence indicator	+ 19	- 56	- 22	-20	- 12	-12	-15	- 10	-11	-11	-11	-11	-11	- 10	-
						···········										
	production expectations order-books	:	:	+ 3 -17	+ 8	+ 27 + 31	+ 30 + 24	+23 +32	+30 +31	+ 26 + 35	:	;	:	::		
	export order-books		:	- 4	- 3	+26	+ 18	+27	+30	+30	:	:	:	:	:	
	stocks of finished products	:	:	+ 16	+ 9	0	+ 2	+ 9	0	- 10	:	:	:	;	•	
	industrial confidence indicator	:	:	- 10	- 2	+ 19	+ 17	+15	+20	+ 24	:	:	:	:	;	
	1			20							. 10					
	production expectations order-books	- 17 - 5	- 32 - 73	- 20 - 53	- 2 -43	+ 5 -21	+ 7 -24	+ 1 -22	+ 8 -20	+ 5 - 16	+ 10 19	+ 7 -16	+ 5 - 16	+ 4 -16	+ 1 - 17	+
	export order-books	:	:	- 40	-43	-23	-33	-25	-20	- 13	- 19	- 15	- 12	- 12	- 15	-
	stocks of finished products	- 7	+43	+ 26	+ 17	+ 8	+ 8	+ 9	+ 7	+ 6	+ 7	+ 6	+ 6	+ 5	+ 9	4
	selling-price expectations	+ 55	+ 4	+ 18	+ 16	+ 24	+ 25	+24	+25	+ 22	+ 30	+24	+ 23	+ 18	+ 15	4
	industrial confidence indicator	+ 10	-49	- 33	-21	- 8	- 8	- 10	- 6	- 6	- 5	- 5	- 6	- 6	- 8	-
₹	production expectations	:	:	+ 5	+ 14	+ 24	+ 22	+23	+26	+ 23	+ 33	+ 25	+ 26	+ 17	+ 26	
-	order-books	:	:	- 36	- 29	- 28	- 32	-31	-28	- 21	-27	+ 27	- 17	- 19	- 30	
	export order-books	:	:	- 39	-30	- 27	- 24	-31	- 27	- 25	-28	- 30	- 19	- 25	-42	
	stocks of finished products	:	:	+ 20	+ 14	+ 18	+ 15	+23	+ 17	+ 15	+18	+ 16	+ 17	+ 13	+ 9	-
	selling-price expectations	:	:	+ 21	+ 27	+ 33	+ 32	+31	+ 27	+41	+ 27	+33	+41	+ 50	-32	-
	industrial confidence indicator	:	:	- 17	- 10	- 7	- 8	-11	- 6	- 4	- 4	- 6	- 3	- 5	- 4	-
	production expectations	+ 33	- 29	- 4	- 13	- 10	- 17	- 10	- 5	- 7	- 2	- 4	- 6	- 10	- 7	_
	order-books	+ 26	- 69	- 30	- 38	- 35	- 37	-35	- 33	- 33	- 33	- 30	- 34	- 34	- 39	
	export order-books	+ 24	-66	- 36	- 38	- 19	- 22	-17	- 16	- 22	- 19	-20	- 25	- 20	-26	
	stocks of finished products	- 14	+ 50	+ 16	+ 18	+20	+ 20	+20	+ 19	+ 20	+16	+21	+ 19	+ 20	+ 23	4
	selling-price expectations	+ 76	+ 15	+ 49	+ 45	+42	+ 51	+ 42	+42	+33	+38	+ 37	+31	+31	+41	4
	industrial confidence indicator	+ 29	- 49	- 17	-23	- 22	-25	-22	- 19	- 20	-17	- 18	- 20	-21	– 23	-
L	production expectations		-21	- 4	- 8	+ 2	+ 7	- 4	+ 4	0	+ 2	+ 4	- 3	- 2	- 2	
·	production expectations order-books	:	-68	- 4 - 39	- 6 -44	+ 2 -29	+ / - 27	- 4 -27	+ 4 - 33	- 27	+ 2 -42	+ 4 - 27	- 35	- 2 - 19	- 2 - 19	
	export order-books		-22	- 7	0	+ 8	+11	+11	+ 2	+ 8	- 3	- 6	+ 18	+ 12	+ 4	_
	stocks of finished products	:	+ 35	+ 14	+ 8	+ 6	+ 2	+ 7	+ 5	+ 9	+ 6	+ 9	+11	+ 8	+ 12	
	selling-price expectations	:	+64	+ 35	+31	+ 32	+ 39	+32	+26	+ 30	+ 26	+40	+ 22	+ 27	+20	
	industrial confidence indicator	:	-41	- 19	-20	- 10	- 7	-10	-11	- 12	- 15	-11	- 16	-10	-11	
	production expectations	+ 40	-43	- 15	-11	+ 9	+ 5	+ 9	+11	+ 12	+16	<u> </u>	+ 12	+11	+ 8	_
	order-books	+ 30	-82	- 53	-54	- 26		- 26		- 18	-23	+ 14 - 23	- 18	- 14	- 21	
	export order-books	+ 13	-67		- 49		- 37 - 35						- 30		-31	
	stocks of finished products	- 24	+ 53	+ 25	+ 22	+ 16	+ 19	-23 + 14	+ 13	+ 16	+13	+13	+ 15	- 20 + 19	+ 17	
	selling-price expectations	+ 76	+10	+ 50	+ 45	+ 47	+ 52	+48	+46	+40	+46	+43	+ 42	+ 34	+43	
	industrial confidence indicator	+ 31	- 59	-31	- 29	- 11	-17	-10	- 9	- 7	- 7	- 7	- 7	- 7	- 10	
		1 04	90	40			20	•	•					, ^		
	production expectations order-books	+ 84	-80 :	- 40 - 60	- 7 -49	- 7 + 10	-20 + 4	- 15 + 11	- 1 +13	+ 7 + 13	- 3 +12	+ 1 + 15	+ 11 + 17	+ 9 + 7	+ 13 + 5	
	export order-books	:	;	:	- 57	+ 11	+ 7	+10	+12	+ 14	+10	+ 12	+ 22	+ 8	+ 4	
	stocks of finished products	- 14	+74	+ 14	+23	+ 4	+ 7	+ 8	+ 2	- 1	+ 3	+ 1	0	- 5	- 7	
	selling-price expectations	;	-46	+ 10	+24	+23	+ 24	+15	+30	+ 23	+28	+ 34	+ 23	+ 12	+ 8	
	industrial confidence indicator	:	:	- 38	-26	+ 1	- 3	- 4	+ 3	+ 7	+ 2	+ 5	+ 9	+ 7	+ 8	
L	production expectations	+ 26	-26	- 5	0	+ 7	+ 6	+ 7	+ 7	+ 6	+11	+ 3	+ 8	+ 7	+ 2	
	order-books	+ 7	- 48	- 39	- 32	- 11	-18	- 11	- 7	- 7	- 6	- 10		- 4	- 5	
	stocks of finished products	- 3	+ 57	+ 33	+15	+ 9	+ 9			+ 10	_		+ 10		+ 5	
	industrial confidence indicator	+ 12	-44	- 26	- 16	- 4	- 7	- 4		- 4	- 1	- 6		- 2	- 3	
_	production supportations				J 17	. 21		1.10	. 10	. 10		,				
K	production expectations order-books	:	:	+ 1 -54	+ 17 - 34	+21 -10	+ 27 12	+ 18 12	+ 19 - 9	+ 19 - 8	+ 17 - 11	+ 16 - 8	+ 20 - 9	+ 22 - 8	+ 19 - 12	
	export order-books	:	:	- 48	- 34	- 13	- 17		- 10	- 6	- 9	- 8	-	- 6	- 6	
	stocks of finished products	• :	;	+ 23	+13	+10	+ 9	+ 12	+ 8	+11	+10		+11	+ 12	+16	
	selling-price expectations	:	1	+ 27	+ 26	+ 32	+ 34	+ 27	+30	+35	+31	+36		+ 35	+ 32	
	industrial confidence indicator	:	:	- 25	-10	0	+ 2	- 2	+ 1	0	- 1	- 1	0	+ 1	- 3	
	maistral confidence maistroi					, ,								· · · ·		
		. 24	20		- 3	+ 5	+ 5	+ 3	+ 7	+ 6	+ 9	+ 7	+ 6	+ 5	+ 5	
C	production expectations order-books	+ 24 + 15	- 30 - 70	11 47	- 40	- 22	-26	- 23	-21	- 19	-21	- 19	- 19	-18	-21	
	production expectations							-23			-21 -17	- 19				
c	production expectations order-books export order-books stocks of finished products	+ 15		- 47	-40	- 22	-26	-23	-21	- 19		- 19 - 17	- 19	-18	-21	
c	production expectations order-books export order-books	+ 15 :	- 70 :	- 47 - 42	-40 -40	- 22 - 21	-26 -27	- 23 - 22	-21 -19	- 19 - 16	- 17	- 19 - 17 + 11	- 19 - 17	-18 -15 +12	-21 -18	

 ⁽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) 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: (s.a.) = seasonally adjusted. : = not available. Source: European Community business surveys.

Consumer survey results

Slightly improved consumer confidence at the beginning of 1985. — Consumer confidence picked up in most Member States in January 1985. In those countries where monthly consumer survey data are available, however, this trend did not continue in February. Summing up the results of the past three months*), there has still been a modest improvement of the consumer confidence indicator at the Community level (-13 compared to -15 in the preceding period).

Far above the Community average was the increase of the indicator in the *Netherlands* (11 compared to -21 in October 1984). The most optimistic evaluation still prevails amongst consumers in *Denmark*, where the confidence indicator increased further from a high level (+ 7 compared to + 4 in October 1984).

In *Italy*, the steady improvement of the consumer climate which has been observed for more than a year continued in January 1985, but was interrupted in February. On the average of the past three months, however, the indicator was still 2 points higher than in the preceding period.

Consumers in *Belgium, France*, and *Ireland* also appear to be less pessimistic at the beginning of 1985 than in autumn last year.

In *Germany*, the consumer climate on the average of the past three months remained almost unchanged. Without the relatively favourable results in January 1985, the confidence indicator for Germany would have worsened, however, as sentiment weakened in February 1985.

In the *United Kingdom* consumer confidence has deteriorated. The serious decline in the second half of 1984 gave way to small improvement in January 1985, but this was followed by a sharp decrease in February. On the average of the past three months the indicator lost 2 points (- 10 compared to - 8 in the preceding period).

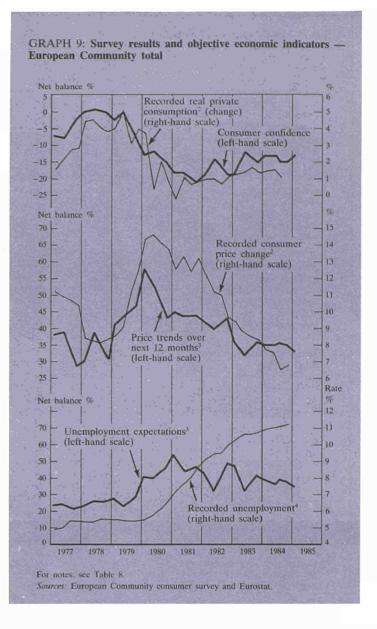
Comparing the situation at the beginning of 1985 with the corresponding period in 1984, consumer confidence remained unchanged in Germany but declined significantly in the United Kingdom (from 0 to - 10). Over the same period, the consumer confidence indicator also fell somewhat in Denmark (from 11 to 7) and in France (from -20 to - 25).

In the other Member States, the consumer confidence indicator at the beginning of 1985 was higher than a year earlier. An outstanding gain was recorded in the Netherlands, where consumer confidence recovered over the twelve-month period by 15 points, an improvement not matched elsewhere in the Community. Although developments in a number of Member States, particularly in the Netherlands, suggest that the more buoyant consumer climate will lead to some increase in private consumption, the latest developments in consumer confidence as a whole do not provide any grounds for expecting private spending to make a substantial contribution in the near future to economic growth in the Community.

Positive evaluation of the general economic situation. — The improvements in the consumer climate in most Community countries, sketched out above, are due mainly to consumers' more favourable assessments of recent developments in the general economic situation and the economic outlook for the next twelve months.

This was particularly true in the *Netherlands*, where the consumer confidence indicator recorded — as mentioned — the largest jump in the Community in January 1985 (from -21 to -11). This can be put down not only to the very positive assessment of the general economic situation in recent months (from -13 to 3) but also to the optimistic expectations for the months ahead. This is clearly linked to the noticeable less pessimistic assessment by Dutch consumers of the expected trend in unemployment (from 25 to -6)**, which is thrown into even sharper relief when compared with the assessment recorded in the first quarter of 1984 (55).

In contrast with the situation in the Netherlands consumers expectations in *Germany* are much less optimistic, not only as regards recent and future general economic developments (from -12 to -11 and from -8 to -7 respectively) but also on unemployment (from 21 to 19).



In the past three months, *Italian* consumers were again more positive than in the preceding period about general economic developments in recent months (from -29 to -22). The same can be said of their expectations regarding general economic developments (from -7 to -2). This points to a continuation of the favorable trend observed in this country since the fourth quarter of 1983.

Also in *France* a slight improvement could be observed, both as regards the assessments of consumers on the recent general economic development (from -61 to -57) as on the expected development in the next twelve months (from -48 to -39). The level of these perceptions, however, remained low.

In the *United Kingdom*, consumers'evaluations of recent developments in the general economic situation worsened noticeably from (-34 to -42) while their expectations for the period ahead were also more pessimistic (from -16 to -18). After levelling off in the second half of 1984, the unemployment outlook deteriorated at the beginning of 1985 (from 36 to 38)**, while inflation expectations remained rather unfavourable (44).

The consumer survey is carried out on a monthly basis in Germany, the United Kingdom and Italy. For most of the other Member States data are available four times per year, based on the surveys in January, May, July and October. In order to compare the 2 sets of data, a moving 3 month average is applied to the monthly consumer survey data. Thus, e.g., the average of the data collected in December, January and February in Germany, the United Kingdom and Italy is compared with the January results in the other Member States.

^{**)} A positive figure represents the percentage of respondents (net balance) expecting an increase in unemployment, a negative figure the percentage of respondents expecting a decrease in unemployment.

Relatively stable assessments of the financial situation. — As in the preceding quarter, consumers' reactions in the large majority of Community countries in the first quarter of 1985 to the questions concerning the financial situation of households over the last and over the next 12 months changed much less than their attitudes towards the general economic situation.

The worsening evaluation of consumers in *France* that prevailed in 1984 as regards their financial situation over the last and over the next twelve months did not continue at the beginning of 1985, but has changed for the better (from -18 to -16 and from -8 to -5 respectively).

On the whole, the assessments of the consumers in *Germany* concerning their past and future financial developments remained relatively stable as compared with 1984.

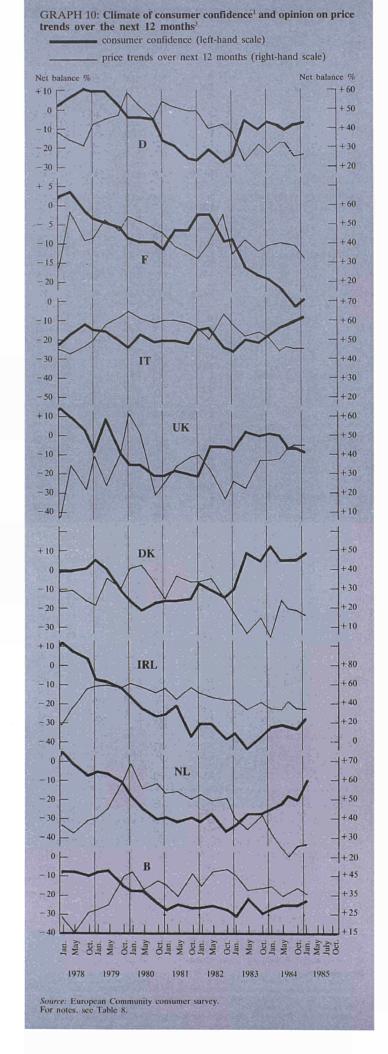
In *Italy*, the positive trend of 1984 in consumers assessments of both their present and their future financial situations, continued on average in the past three months (from -11 to -9 and from -2 to -1 respectively).

Views of consumers in the *United Kingdom* on the past development of their financial situations deteriorated during the three first quarters of 1984. A minor improvement in the last quarter, however, was not confirmed at the beginning of 1985 (from - 14 to - 15). The assessments on the future financial situation of households remained at the same low level as in the preceding quarter.

Less enthusiasm for major purchases. — Actual and future purchasing intentions in the Member States are still rather weak. In some Member States, e.g., in Belgium, France and Italy, weaker purchasing behaviour appears to be linked with a growing proportion of consumers who regard it as advisable to increase saving at the present time. But also at Community level there is — in the 1st quarter of 1985 — evidence that the increased reluctance of consumers to make major purchases at present (from -2 to -4) is accompanied by a stronger propensity to save which was again higher than in the preceding quarter (from 25 to 28).

These trends point to a slight rise in the saving ratio at Community level. An increase in real private consumption in 1985 thus depends entirely on higher disposable incomes whereas in the first phase of the upswing (1983 and the beginning of 1984) a decrease in the saving ratio stimulated private consumption in spite of stagnating or even decreasing real disposable income. From a macro-economic point of view an increase in real disposable income should be achieved by lower inflation, more employment and less taxes rather than increases in wage rates.

15 March 1985



		1976	1977	1978	1979	1980	1981	1982	1983	1984	1983			1984			1985
			••••	•	•						Jan. May	Oct.	Jan./ Fcb.	May/ June	July/ Aug _j	Oct./ Nov.	Jan., Feb.
CONSUMER	B DK	-5 2	- 8 - 3	- 8 - 1	- 10		- 27 - 17	- 27 - 12	-28 0		-31 -22 -11 8	-30	-28 11	- 26 4	i	-26	- 2
ONFIDENCE NDICATOR ²	D D GR	5	- j	5	- 2 6	- 15	- 22	-26 0	- 15	- 10 - 10	-26 - 7	- 12	- 8	-10	- 12	- 9	_
	F	- 2	- 2	i	- 5	- 10	- 9	- 5	-11 -15	- 4 - 23	-14 - 10 $-9 - 17$	- 19	- 9 -20	- 2 - 22	:	- 2 -27	- 2
	IRL I	- 25 - 32	- 10 - 25	- 18	- 10 - 17	- 22 - 22	- 28 - 22	- 18		- 15	-36 -44 $-27 -21$	- 23	- 19		- 14	- 12	- 2' - 1
	NL UK	5 15	- 2 - 8	- 1 8	- 8 - 4	-25 -18	$-31 \\ -21$	- 32 - 12	-30 - 3	- 22 - 4	-34 -28 -8 1	- 28 - 1	-26 0	- 23 - 1	– 19 – 8		- 1 - 10
	EC 9	- 6	- 6	0	- 3	- 13	- 19	- 17	-15	- 14	- 19 - 12	-15	-13	- 13 ·	- 15	- 15	- 13
INANCIAL SITUATION OF HOUSEHOLDS	B DK	- 11 7	- 12 3	-11 2	- 11 1	-10	- 19 - 12			-31 - 2	-29 -27 - 5 - 4			- 30 - 3	- i	-30 -3	-3 -
\	D GR	- 4	- ž	<u>ī</u>	2	- 4	- 16		- 14 - 13	$-1\bar{1} \\ -8$	-20 -12 -12 -15	- 12		-11	- 12		_
;	F IRL	- 3 -34	- 28	- 2 - 9	- 4 -21	- 7 - 32	- 8 - 38	- 7	-11	- 15 - 42	$-\frac{12}{8} - \frac{11}{11}$	- 14	- 13			-18	- 10 - 3
 over last 12 months 	I NL	- 25 - 3	- 20 0	- 14 4	- 13 1	- 14 - 9	- 14 - 18		-15 -28	- 12 - 26	- 17 - 14 - 25 - 29	- 15	- 13	- 13 - 27	- 12		
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-	EC 9	-11	- 11	- 4	- 5	-11	- 17	- 16	- 15	- 15	- 16 - 14	- 15	-14	- 15	- 15	- 14	- 14
•	B DK	0	- 3 6	- 3 6	- 3 3	- 6 - 8	- 9 - 4	- 12 - 2	-15 0	- 18 3	- 17 - 11 - 5 4	2	2	- 18 1	4	-17 3	-1
	D GR	1	0	2	2	- 3 :	- 12 :	- 14 15	0	- 6 6	- 7 2		- 6 3	10	:	- 5 6	- <u>9</u>
	F IRL	-22^{5}	- 11	4	$-1\frac{0}{2}$	- <u>2</u> - 19	-24	- 23		- 7 - 22	$ \begin{array}{r} 1 - 6 \\ -24 - 31 \end{array} $	- 25	-23	- 6 - 20	-21		- 18
— over next 12 months	I NL	- 13 - 7	- 11 0	- 6 1	- 7 1	- 10 - 9	- 8 - 13	- 6 - 14	-8	3 17	-10 - 5 $-21 - 19$	- 23	-21	- 16	14		
-	UK EC 9	-11 - 3	- 7 - 2	2	- 1		-15 - 9			- 3 - 6	- 4 1 - 9 - 5	- 3 - 7		- 3 - 6		- 2 - 6	- : - :
GENERAL ECONOMIC	В				- 44		- 69				-69 -55			- 56	•	- 56	
ITUATION	DK D	- 35 - 4	- 43 - 11	$-31 \\ -5$	-34 3	- 56 - 18	- 47 - 46		- 4	4 14	-34 15 -54 -14	8	20	6 - 14	5	1	- i
	ĞR F	- 19	- 23	-18	- 27	- 39	- 3 7	- 2 - 28	$-\frac{11}{41}$	- 4 - 54	-11 -11 -33 -43	- 10	- 9	- 3 - 54	:	- Î -61	- 10 - 5
over last 12 months	ÎRL Î	- 60 - 75	$-38 \\ -61$	- 4 - 45	$-\frac{35}{43}$	- 56 - 57	- 66 - 60	- 74 - 51	- 77 - 57	- 65 - 36	-75 -82 -62 -53	- 74	- 66	- 61 - 36	- 62	-70	-67 -22
Over last 12 months	NL UK	- 42 - 56	$-31 \\ -38$	$-\frac{13}{0}$	-30 -33	- 55 - 55	- 64 - 62		-54 -23	- 19 - 25	-66 -49 -37 -15	- 46	- 32	- 21 - 19	- 11	- 13	- 4
. -	EC 9						-51				-47 -30			-29			
-	В.,						-51				-48 -27			- 31		- 33	- 26
	DK D_	- 14 8	- 26 - 5		- 24 1		- 29 - 33	-32		- i0 6		- 13		_ 9 .	- 14		- 7
	GR . F_	- <u>15</u>	- 18 - 13	- 15	- 29 - 29	- 40 - 40	-27	- 25 - 23	-36	- 45	$ \begin{array}{rrr} - 4 & 10 \\ -27 & -42 \end{array} $	-41		- 45		-48	- 39
- over next 12 months	IRL I	- 29	-23	- <u>14</u>	-26 -19	- 35 - 30	-38 -30	- 42 - 24	-45 -25	- 29 - 9 - 5	$ \begin{array}{rrr} -43 & -48 \\ -30 & -22 \end{array} $	- 24	- 28 - 1 <u>5</u>	- 7	- 6	- 30 - 7	- 28 - 2
•	NL UK	- 14 - 7	- 15 6	- 16 5	- 26 - 16	-48 -24	-42 -23	- 42 - 10	- 25 - 28 - 5	- 5 -10	-42 -24 -14 6	- 19	- 7 - 4	- 2	- 6 -17	- 4 - 16	- 18 - 18
- -	EC 9	- 8	- 11	- 8	- 16	- 30	- 30	- 24	-21	- 18	-27 -14	- 21	-17	- 16	-21	- 19	- 15
PRICE TRENDS	B DK	92 50	85 55 28	59 47	55 39	65 50	69 51	77 48	78 26	78 26	78 77 34 22	79 24	77 12	79 33	31	77 29	76 24
	D D GR	36	28	16	39 25	44	52	46	23	15 24	34 22 37 13 30 31	18 29	14	33 19	17	10	24 10 25
	F IRL	76 87	73 81	60 57	70	79 85 80	77	62	26 23 30 55 80 69	58 71	47 61	58 70	29 58 71	22 58 68 56	72	22 59 73	28 5.
 over last 12 months 	I	87 84 87	81 80 78	57 67	70 80 72 43	80 80	77 - 87 79 68	15 62 87 72 63	69 42	55	77 85 74 67	79 66	61	56 56	73 54 34	50 30	6. 48
	NL UK	58 58	64	47 35	48	62 59	41	31	43 15	41 19	44 39 18 12	47 14	44 15	55 19	21	30 20	29
	EC 9	62	59	42	49	63	62	53	40	37	44 38	39	37	39	37	35	33
	B	30 27	30 36	22	33	42 38	40	45	40	37	45 37	38	39	34	;	38	35
	DK D	33	36 36	22 27 33	33 29 44	38 51	31 50	31 43	12 30	16 28 38	16 6 37 22	14 30	4 26	23 31	19 31	18 24 38	2
	GR F	33	29	41	46 46	50	39 39	31 43 25 42 46	37	38 32 35	44 32 34 41	35 35 40	43 38 33 50	34 23 31 33 39 32 43	.;	38	3: 1: 2: 4: 3: 3: 4:
- over next 12 months	IRL I	51 48	29 43 47	36 44	58 56	56 60	39 52 58 52	46 56 50	30 37 37 39 54 38 27	46	37 22 44 32 34 41 43 33 57 51 39 34 25 22	40 53	33 50	32 43	41 45	33 44 25	32 44
	NL	49	43	36	48	61	52	50	38	25	39 34	41	31	24	20	25 44	26 44
	UK	38	31	21	34	43	31	29	21	40	25 22	36	36	37	43	44	44

The sums of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.
The indicator represents the arithmetic average of results for five questions, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases at present.
The EC results are derived from interpolated figures for Belgium, Greece and France.

Source: European Community consumer survey.

Notes on graphs

The climate of consumer confidence is measured by an indicator based on five questions in the consumer survey. These are the questions relating to the general economic situation, the household financial situation and to major purchases of durable goods (see table 8 for data and notes).

Quarterly data - percentage change on corresponding quarter of preceding year.

See table 8 for data and notes.

Quarterly data - seasonally adjusted (Community without Greece).

TABLE 8: (continued): Co	nsumer	opinio	n on e	conon	nic and	i tinai	ncial c	onditi	ons		-							
		1976	1977	1978	1979	1980	1981	1982	1983	1984		1983 May	Oct.	Jan./ Feb.	198 May/ Junc	July/		1985 Jan./ Feb.
UNEMPLOYMENT — over next 12 months	B DK D GR F IRL I NL UK	26 0 - 12 : 18 38 51 39 26	34 29 8 : 27 12 45 45 22	42 29 10 : 30 6 42 42 20	42 22 3 : 44 12 41 35 30	57 39 20 : 47 34 51 59 58	67 37 43 : 43 47 52 72 50	60 29 43 11 30 56 56 72 34	57 30 30 10 41 67 57 67 37	44 5 20 11 62 52 49 36 32	68 41 52 24 30 65 59 80	48 17 8 19 43 65 54 62 30	56 33 31 9 50 71 59 60 32	46 8 21 15 60 53 53 55 26	39 7 14 7 66 47 47 33 30	5 22 :: 53 47 32 36	46 1 21 12 61 55 47 25 36	40 1 19 19 57 53 46 - 6 38
_	EC 9	16	24	25	27	43	48	42	41	38	49	33	43	39	36	39	38	35
MAJOR PURCHASES — at present	B DK D GR F IRL I NL	48 46 26 30 -18 40 29	46 43 24 : 31 42 -12 38 35	46 41 31 34 49 -10 28 43	38 42 25 : 35 46 - 3 13 43	23 21 18 : 39 30 2 - 2 28	15 10 - 1 : 28 24 - 17 26	13 16 -17 -35 30 13 -21 -25	6 7 - 8 - 35 - 19 - 6 - 13 - 18 32	6 14 -9 -24 6 -9 -15 -44	-36 23 1 -15	-37 19 -13	3 10 - 8 - 34 14 - 6 - 13 - 19 37	5 16 - 5 - 30 12 - 7 - 15 - 44 37		-11	6 16 - 9 - 18 0 - 7 - 13 - 48 28	0 15 - 7 - 19 7 4 - 16 - 36 25
	EC 9	26	25	29	27	22	12	6	5	0	5	5	4	3	0	- 1	- 2	- 4
— over next 12 months	B DK D GR F IRL I NL UK	-13 -21 - 4	- 15	-28 - 9 -15 : -13 -13 -16 -14 - 9	-29 - 8 -15 : -16 -17 -10 -19 - 6	-26 -14 -19 : -18 -19 -17 -23 -14	-28 -12 -25 : -13 -22 -18 -27 -19	-28 -10 -28 -24 - 9 -27 -22 -27 -18	- 8 -29 -33	-28 -7 -28 -38 -10 -25 -21 -27 -12	-33 -36 -10 -32 -22 -28	- 6 -27 -25 -11 -35 -22 -29	- 6 -27 -39 -10	- 8 -26 -42 - 9 -25 -22 -29	-27 -7 -27 -37 -11 -32 -21 -28 -11	- 5 - 29 : : - 27 - 21 - 28	-35 - 9 -16 -21 -23	-31 -9 -26 -31 -10 -26 -22 -22 -14
	EC 9	- 15	-15	- 12	-12	-17	-20	- 20	-21	- 19	- 22	-20	-20	- 19	- 19	- 20	– 19	- 19
SAVINGS — at present	B DK D GR F IRL I NL UK	32 20 48 : 2 - 2 - 6 3 - 24	34 9 44 : 6 - 3 2 7 - 17	35 7 34 : 10 14 6 13 -10	40 11 46 : 8 8 4 19 - 5	38 15 43 - 3 - 5 - 6 19 6	41 23 32 - 2 - 3 - 7 27 5	40 26 27 - 25 - 5 - 9 10 38 5	46 40 33 - 29 0 - 3 21 35 10	46 41 38 -20 6 - 8 33 34 17	49 36 27 -36 -1 9 19 37	51 43 35 -30 -2 -12 23 32 11	38 43 36 -21 4 - 5 21 35 16	45 44 35 -24 8 - 7 28 35 15	47 43 38 -19 8 -10 33 30 17	38 38 38 : - 7 35 34 15	45 40 40 -18 1 - 6 36 38 19	51 52 41 - 15 10 3 38 41 18
-	EC 9	13	15	16	21	15	12	12	19	24	16	19	21	23	25	24	25	28
— over next 12 months	B DK D GR F IRL I NL UK	44	44 - 29 - 15 - 41 2 - 15	-14 -11 43 -27 -5 -35 -4	46 :-29 11 34 4	44 : -32 -13 -32 0 -16	23 - 32 - 19 - 30 - 1 - 20	-25 -18 -2 -37 -32 -22 -22 -3 -17	1 -41 -35 -25 -27 -8 -13	3 -39 -37 -37 -28 - 2 -13	- 2 - 45 - 30 - 18 - 27 - 6 - 16	- 9 3 -42 -37 -31 -26	- 14 3 - 38 - 38 - 26 - 27 - 9 - 12	- 10 3 - 40 - 35 - 27 - 22 - 3 - 15	- 28 - 12 3 - 36 - 36 - 28 - 22 - 8 - 13	-12 3 : -28 -18 -1 -13	-40 -41 -30 -18 3 -10	-33 -5 3 -40 -37 -31 -18 3 -12
FINANCIAL SITUATION	В								-1/ 5						- 16	-10		
— indicator of net acquisition of financial assets	DK D GR F IRL I NL UK	12 12 20 : 10 7 I 7 9	12 12 22 : 10 8 4 9	11 10 23 : 10 11 7 14 8	12 9 22 : 10 8 8 22 10	9 4 21 : 8 2 8 19 8	7 4 16 : 8 - 4 8 18	6 4 12 0 8 - 1 13 17 9	3 8 11 0 6 - 1 9 15 12	6 8 11 2 4 - 1 11 13 12	5 7 10 - 2 8 - 3 10 16 10	5 12 14 0 5 1 9 16 12	5 6 11 1 5 -1 10 13 12	6 9 11 1 5 - 1 10 15 11	5 9 11 3 4 - 1 11 11 12	; 7 9 : 1 11 12 12	6 8 12 3 3 - 3 12 14 12	10 12 2 3 0 11 14 10
_	EC 9	12	12	14	15	12	11	10	9	9	9	10	9	9	9.	8	9	9

Consumer confidence by income classes

Consumer survey results constitute a rich information base which, until now, has been only partially exploited. In future editions of Supplement B the survey results will be analysed in more detail by breaking the results down according to socio-demographic criteria like household income, age, profession, etc. It is hoped that this will help to improve the understanding and forecasting of consumer behaviour. In this edition a first step in this direction is taken by analysing the German, British and French consumer survey results for the period 1981-84 according to income groups (households in the lower and in the upper quarter of the income scale and the middle half). A breakdown of the consumer confidence indicator according to these 3 income groups shows up the following trends.

In Germany the improvement in consumer confidence was in this period particularly pronounced in the higher income classes. Here also the attitudes towards buying conditions for large consumer durables where much more favourable than in the medium and lower income classes (1984: 2 compared to -9 in the medium and -26 in the lower income class). According to the latest survey results in February 1985 the spread has become even larger.

These findings are in line with the rather weak recovery in private consumption in Germany until now, in particular in the field of standard consumer products purchased mainly by lower or middle income groups.

In *France* the consumer climate deteriorated in the period 1981-1984 in all three income classes by about the same

The attitudes towards buying conditions also TABLE 9: Consumer survey data by income classes and savings ratios worsened significantly but remained markedly better than in Germany. According to the latest survey in January 1985 consumer confidence has improved slightly in the upper two income classes but willingness to buy consumer durables generally weakened. This points to a slight increase of the French savings ratio in the next months whereas its decrease in 1983 and 1984 had supported private consumption in spite of falling real disposable income.

In the United Kingdom consumer confidence increased in the period 1981 till 1984 significantly in all 3 income classes to about the same extent. In contrast to the situation in Germany, the level of consumer confidence was, during the entire period, markedly higher in the lower income class than in the two other ones. The buying attitudes which are one component of the confidence indicator remained in all 4 years at an almost continuously buoyant level and were particularly high in the lower and medium income classes. According to the latest survey results of February 1985 the decrease in consumer confidence was to a large extent due to the decline in buying attitudes, however, in particular in medium and higher income classes.

The very favourable attitudes of British consumers in all three income classes towards making major purchases in the period 1982 to 1984 explain the buoyant development of private consumption in this period, which, to a large degree was reflected by a decreasing savings ratio. The latest survey results of February 1985 suggest, however, a slowdown of the consumption trend and a slight increase in the savings ratio, based on the results in all 3 income classes.

Period 1)		od or baconsumer	confidence				Savings ratios
renoc i)		wer nge		LASSES dium nge	Up	per nge	of disposable income)
Federal Repub							
1981	- 16		- 10	- 22	- 4	- 20	13.6
1982	- 28	- 31	- 16	- 26	- 6	- 22	12,9
1983	- 20	- 19	- 7	- 13	6	- 7	11,4
1984	- 26	- 18	- 9	- 10	2 2	- 3	11,3 3)
1985 (Feb)	- 31	- 19	- 7	- 10	2	- 3	
France							
1981	24	- 11	29	- 8	33	- 6	15,7
1982	27	- 7	30	- 5	34	- 5	15,8
1983	. 19	- 13	17	- 14	22	- 17	15,2
1984	3	- 24	4	- 23	12	- 23	13,9 3)
1985 (Jan)	- 14	- 28	- 11	- 25	2	- 23	
United Kingdon	m						
1981	45	- 4	30	- 18	11	- 32	15,2
1982	39	5	31	- 8	13	- 24	12,9
1983	43	12	35	1	24	- 12	10,9
1984	40	11	33	- 1	20	- 14	10,6 3)
1985 (Feb)	34	- 4	20	- 16	8	- 28	

- Yearly data are the averages of the survey results of January, May and October. Lower quarter of income scale, medium range and upper quarter.

- Source: EC consumer surveys, Eurostat and Commission services.

Questions of European Community business and consumer surveys

Manufacturing industry.

- 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 in the months ahead: up, unchanged, down?

 selling price expectations in the months ahead: up, unchanged, down?

 Ouarterly (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 canacity: more than sufficient, sufficient, not sufficient?

- 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 material: high, normal, low?

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

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

- 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 material, none?

 order-books of 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?

 Ouarterly (January, April, July and October):

 duration of assured production: in months?

- Consumer survey Quarterly (January, April, July and October); Germany, Italy and United Kingdom
- Financial situation of your household now compared to 12 months ago : a lot better, a
- Financial situation of your household now compared to 12 months ago: a lot better, a little better, the same, a little worse, a lot worse, don't know. Financial situation of your household, prospects over the next 12 months: a lot better, a little better, the same, a little worse, a lot worse, don't know. General economic situation in the country now compared to 12 months ago: a lot better, a little better, the same, a little worse, a lot worse, don't know.

- General economic situation in the country, prospects over the next 12 months : a lot
- better, a little better, the same, a little worse, a lot worse, don't know. Price level now compared to 12 months ago: much higher, moderately higher, a little higher, about the same, lower, don't know. Price trend over the next 12 months: more rapid increase, same increase, slower

- Price trend over the next 12 months: more rapid increase, same increase, slower increase, stability, fall slightly, don't know.

 Unemployment level in the country over the next 12 months: increases sharply, increases slightly, remains the same, falls slightly, don't know.

 Major purchases (furniture, washing machine, TV, etc.) at present: yes, right time; neither right nor wrong time; wrong time, should postpone; don't know.

 Major purchases next 12 months compared to last 12 months: much more, a little more, the same, a little less, much less, don't know.

 Savings at present, a reasonable time to save: yes, certainly; yes, perhaps; probably not; certainly not; don't know.

 Savings by you or your household over the next 12 months: yes, certainly; yes, perhaps; probably not; certainly not; don't know.

 Financial situation of households at present financial assets accumulation: borrowing, drawing on savings, just making ends meet, saving a little, saving a substantial amount, don't know.

Economic sentiment indicator

Economic sentiment indicator
The economic sentiment indicator is a composite measure in which the industrial
confidence indicator and the consumer confidence indicator are given equal weight, while
the construction confidence indicator and the share-price index are attributed half the
weight of each of the other two. 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 value of 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
1882 issue of this Supplement. 1982 issue of this Supplement.

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

Construction confidence indicator

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

Consumer confidence indicator

The consumer confidence indicator is the arithmetic average of the answers (net balances) 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. For a more detailed description of the consumer confidence indicator see technical note in the December 1982 issue of Supplement C.

Price (excluding VAT) in Luxembo

USD UKI. Series B — 'Economic prospects — Business survey results' (11 issues per year) 14.10 640 10.20 8.50



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