

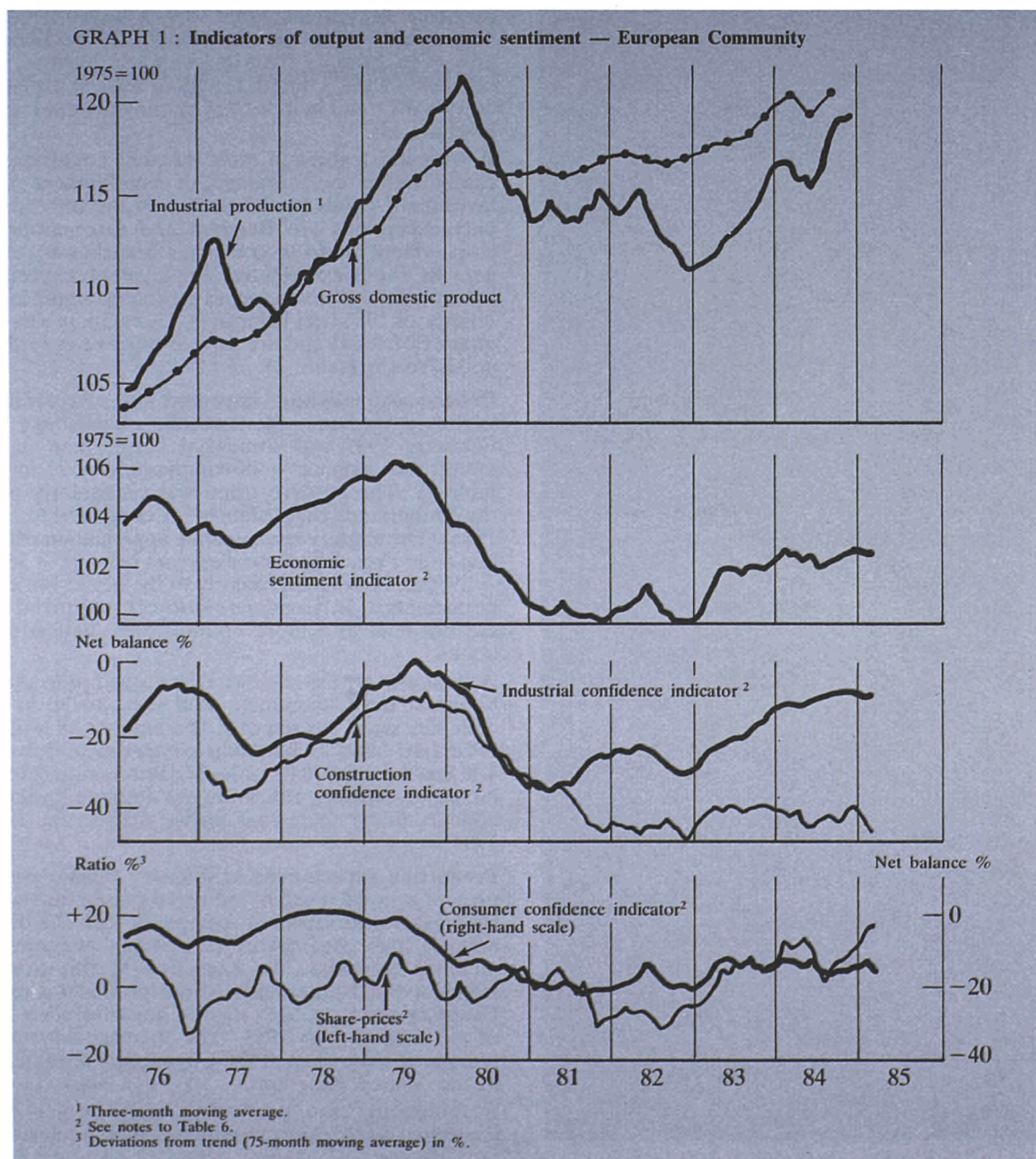
EUROPEAN ECONOMY

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

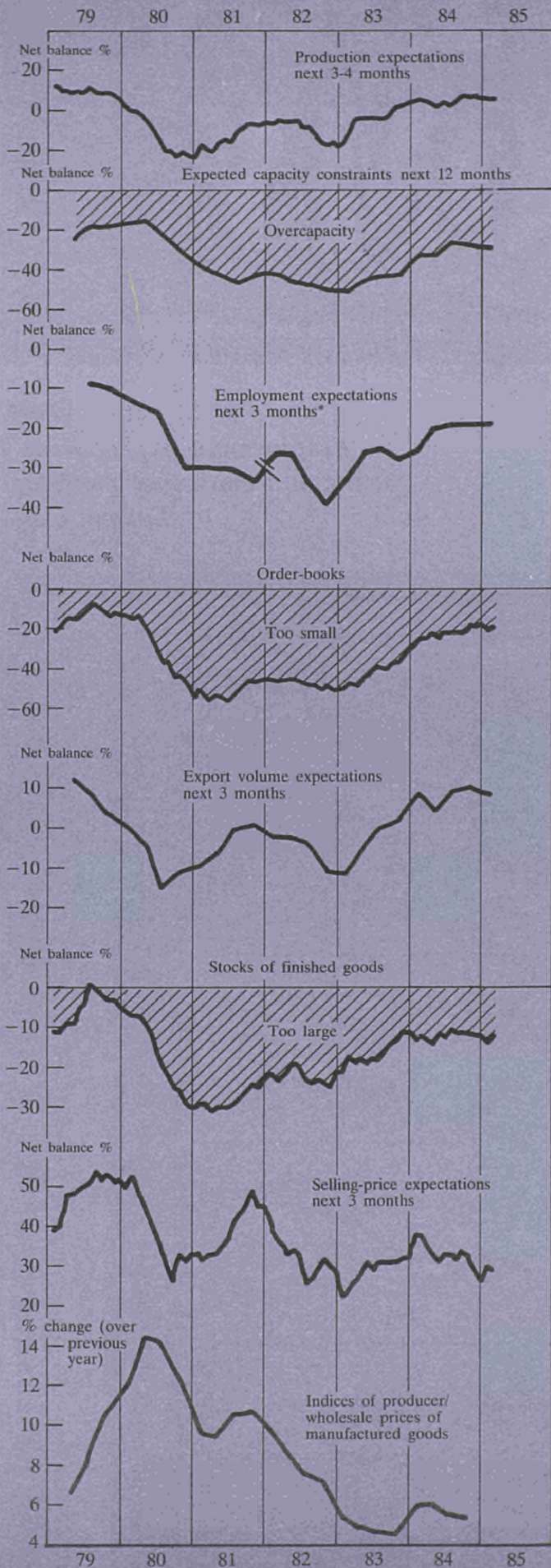
Supplement B — No 3 — March 1985

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

Business and consumer survey results



GRAPH 2 : Indicators of output, demand and prices in industry — European Community



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 converters 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 2).

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 order-books 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

	Range (b)		1982	1983	1984	1982	1983				1984				1985
	Peak 1973	Trough 1975					IV	I	II	III	IV	I	II	III	
B	+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

	Consumer goods 1984				1985	Investment goods 1984				1985	Intermediate goods 1984				1985
	I	II	III	IV		I	II	III	IV		I	II	III	IV	
B	+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	0	+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.)

	Range (b)		1982	1983	1984	1982	1983				1984				1985
	Peak 1973	Trough 1975					IV	I	II	III	IV	I	II	III	
B	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		1984		1985		F	
	O	J	O	O	J	A	J	O	J	A	J	O		
B	-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		1984		1985		F	
	O	J	O	O	J	A	J	O	J	A	J	O		
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	:

(a) Details of the questions are given on the last page.
 (b) These are the extreme (high and low) values of the net balances 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*¹ is expected to slow down.

Economic sentiment indicator deteriorated slightly. — The overall indicator for the Community fell in February 1985 from 102,6**² 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.

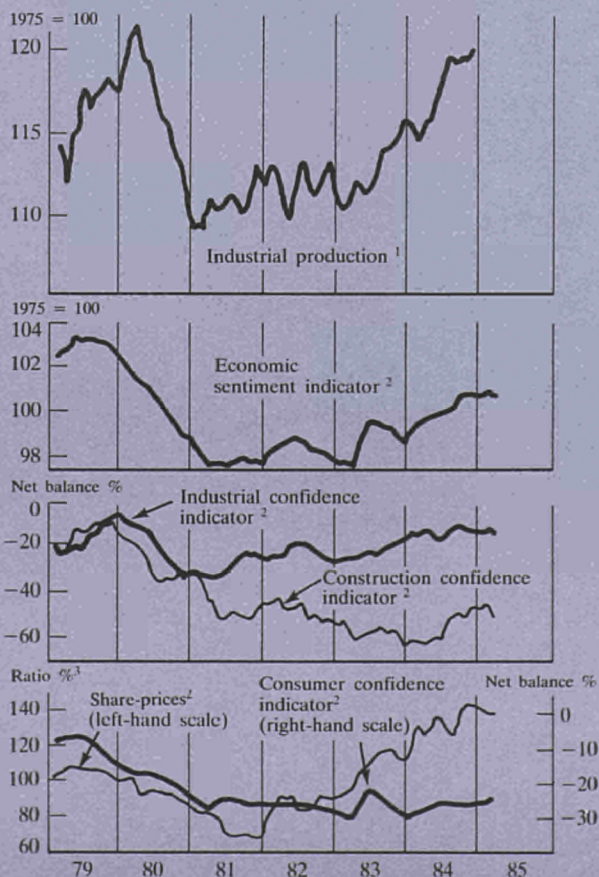
The economic sentiment indicator also declined from January to February in Ireland (from 101,5 to 101,4), Belgium (from 101,0 to 100,9) and in Italy (from 104,2 to 104,0).

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.

*¹ 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.

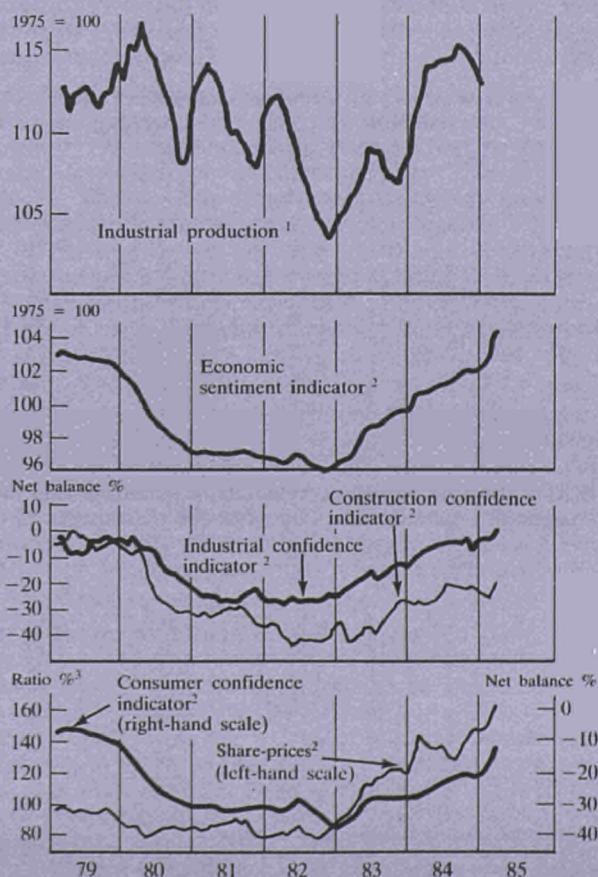
**² The January 1985 figures for the EC sentiment indicator have been revised upward (from 102,5 to 102,6) as the final figures for the French construction and consumer survey (which arrived late) were better than the preliminary data.

GRAPH 3 : Indicators of output and economic sentiment
Belgium



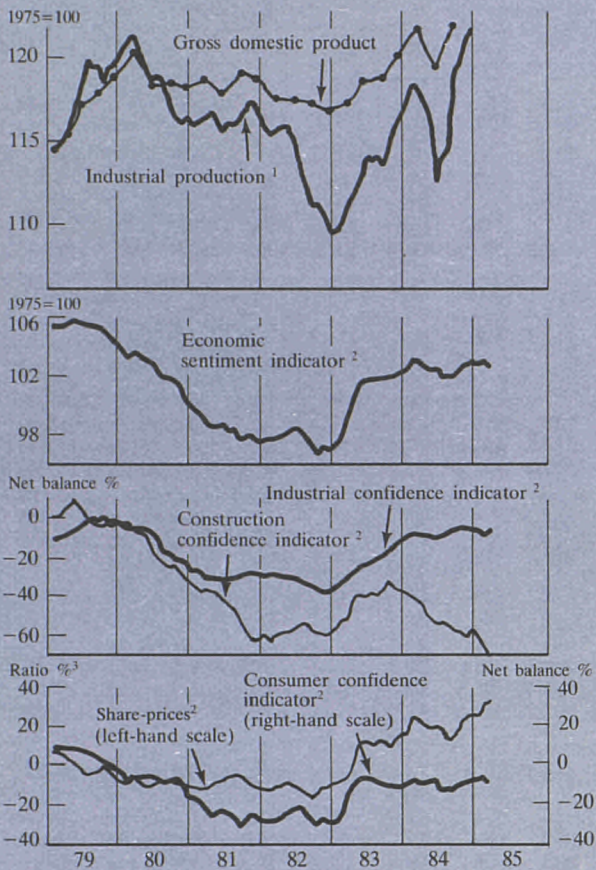
¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

GRAPH 4 : Indicators of output and economic sentiment
The Netherlands



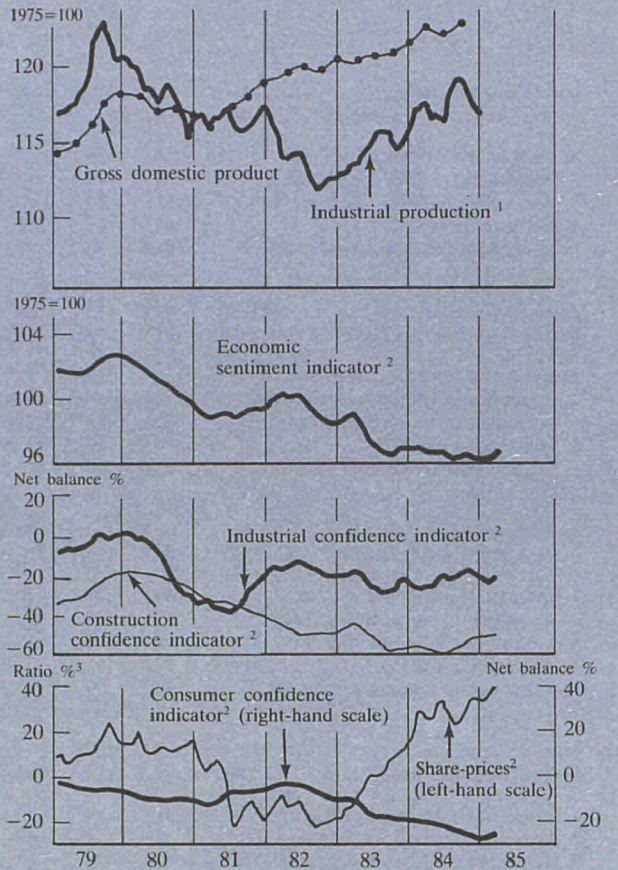
¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

GRAPH 5 : Indicators of output and economic sentiment
Federal Republic of Germany



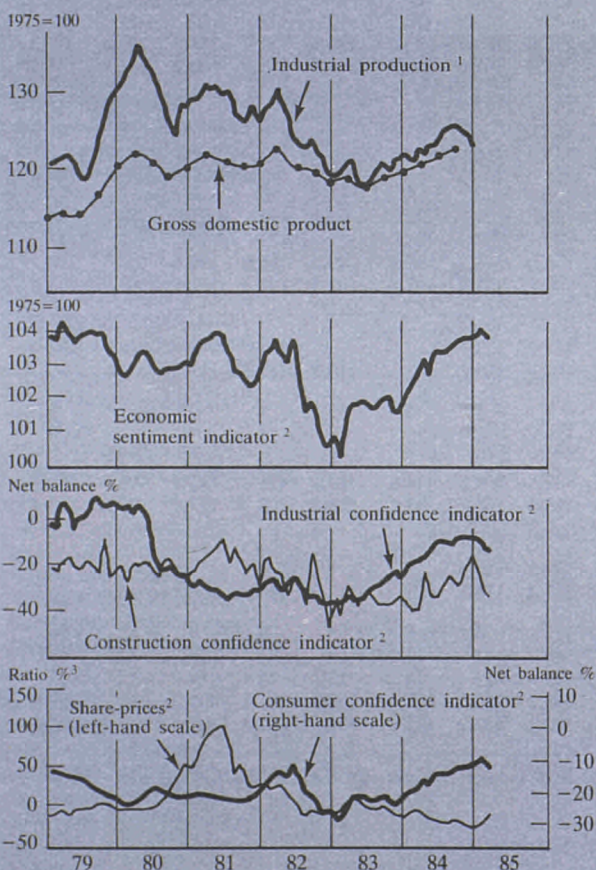
¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

GRAPH 6 : Indicators of output and economic sentiment
France



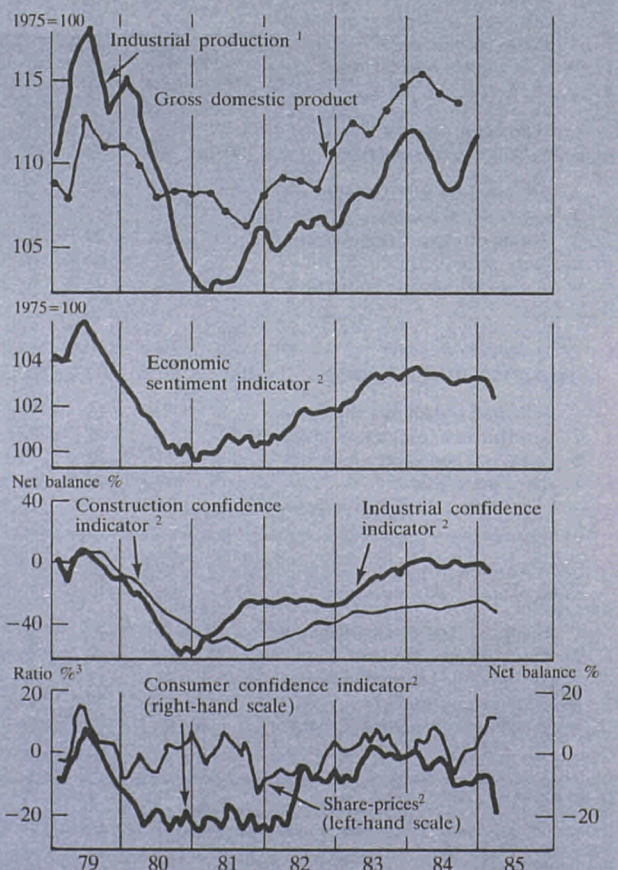
¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

GRAPH 7 : Indicators of output and economic sentiment
Italy



¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

GRAPH 8 : Indicators of output and economic sentiment
United Kingdom



¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend (75-month moving average) in %.

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).

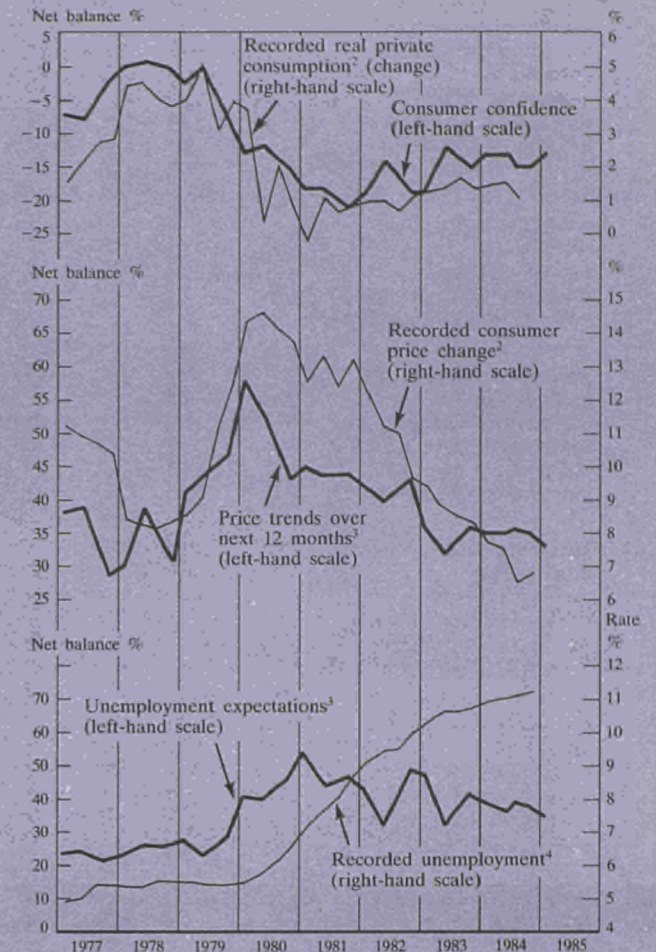
In the other Member States, the consumer confidence indicator at the beginning of 1985 was higher than a year earlier. An outstanding gain was recorded in the Netherlands, where consumer confidence recovered over the twelve-month period by 15 points, an improvement not matched elsewhere in the Community. 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).

GRAPH 9: Survey results and objective economic indicators — European Community total



For notes, see Table 8.

Sources: European Community consumer survey and Eurostat.

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).

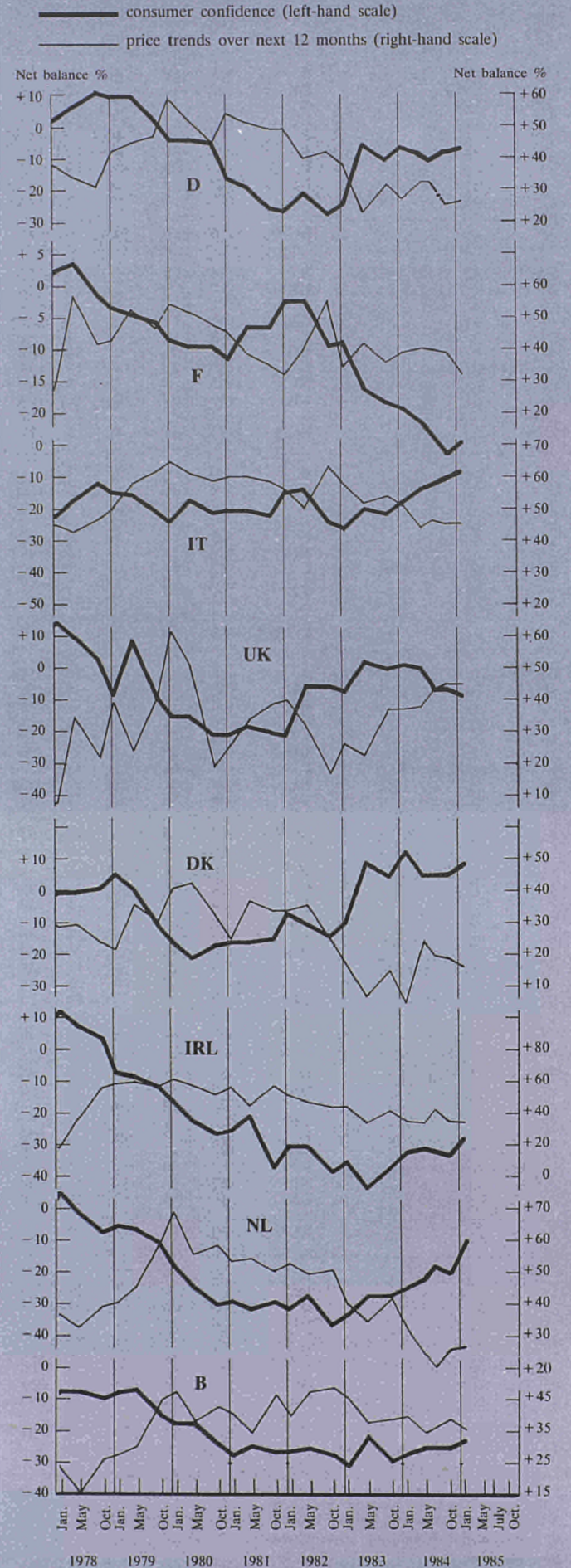
Views of consumers in the *United Kingdom* on the past development of their financial situations deteriorated during the three first quarters of 1984. A minor improvement in the last quarter, however, was not confirmed at the beginning of 1985 (from -14 to -15). The assessments on the future financial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

GRAPH 10: Climate of consumer confidence¹ and opinion on price trends over the next 12 months²



Source: European Community consumer survey. For notes, see Table 8.

degree. The attitudes towards buying conditions also 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.

TABLE 9 : Consumer survey data by income classes and savings ratios

Period 1)	Good or bad time for major purchases (A) and consumer confidence (C) by income classes (net balances)						Savings ratios (saving in % of disposable income)
	INCOME CLASSES 2)						
	Lower range		Medium range		Upper range		
	A	C	A	C	A	C	
Federal Republic of Germany							
1981	- 16	- 26	- 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	- 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 Kingdom							
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	

1) Yearly data are the averages of the survey results of January, May and October.
 2) Lower quarter of income scale, medium range and upper quarter.
 3) Estimate.
 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 ?
- 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 material : high, normal, low ?

All industries

- 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 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 ?
- Quarterly (January, April, July and October) :
- duration of assured production : in months ?

Consumer survey

- Quarterly (January, April, July and October); Germany, Italy and United Kingdom monthly :
- 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 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

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 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.

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