

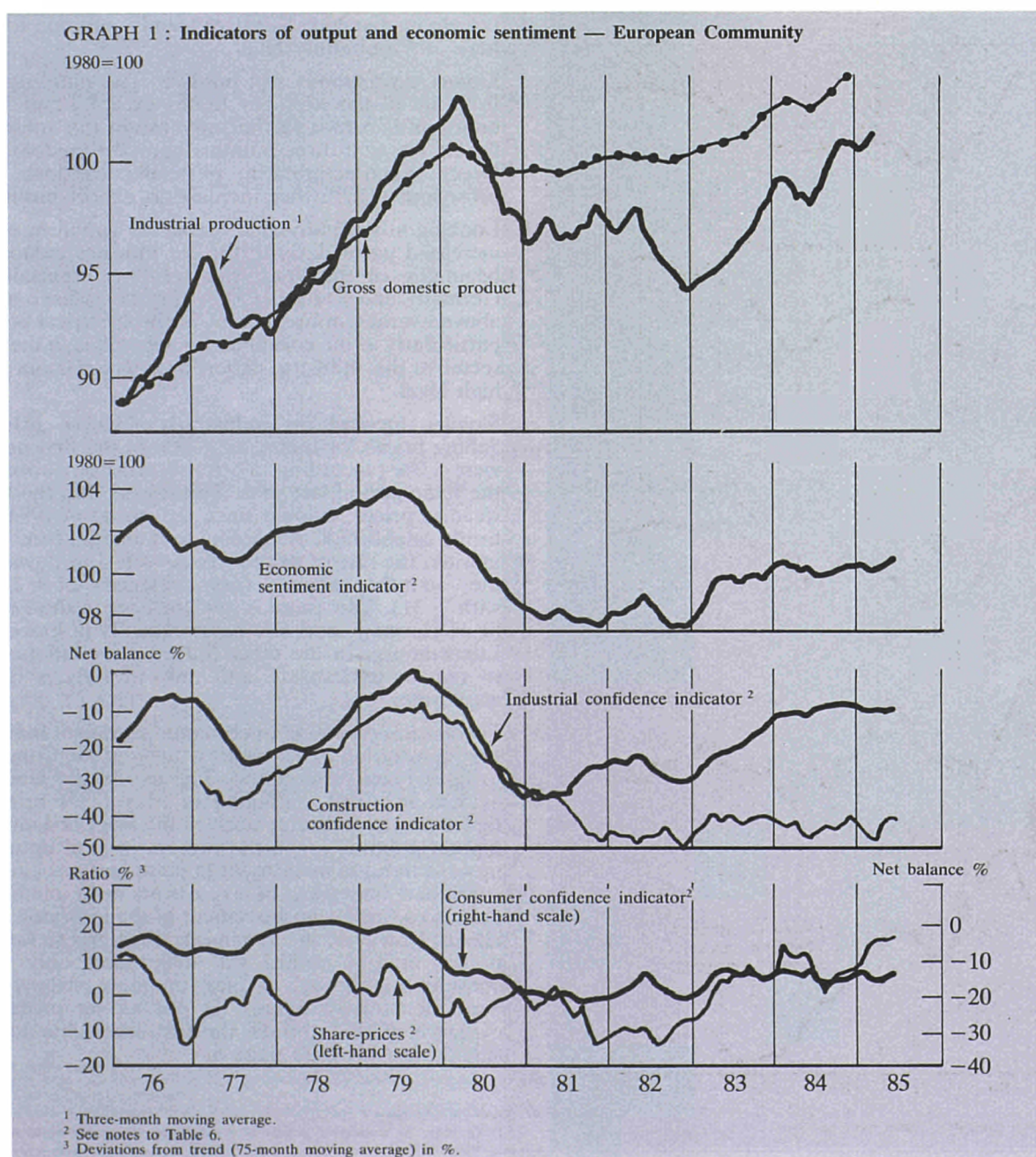
EUROPEAN ECONOMY

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

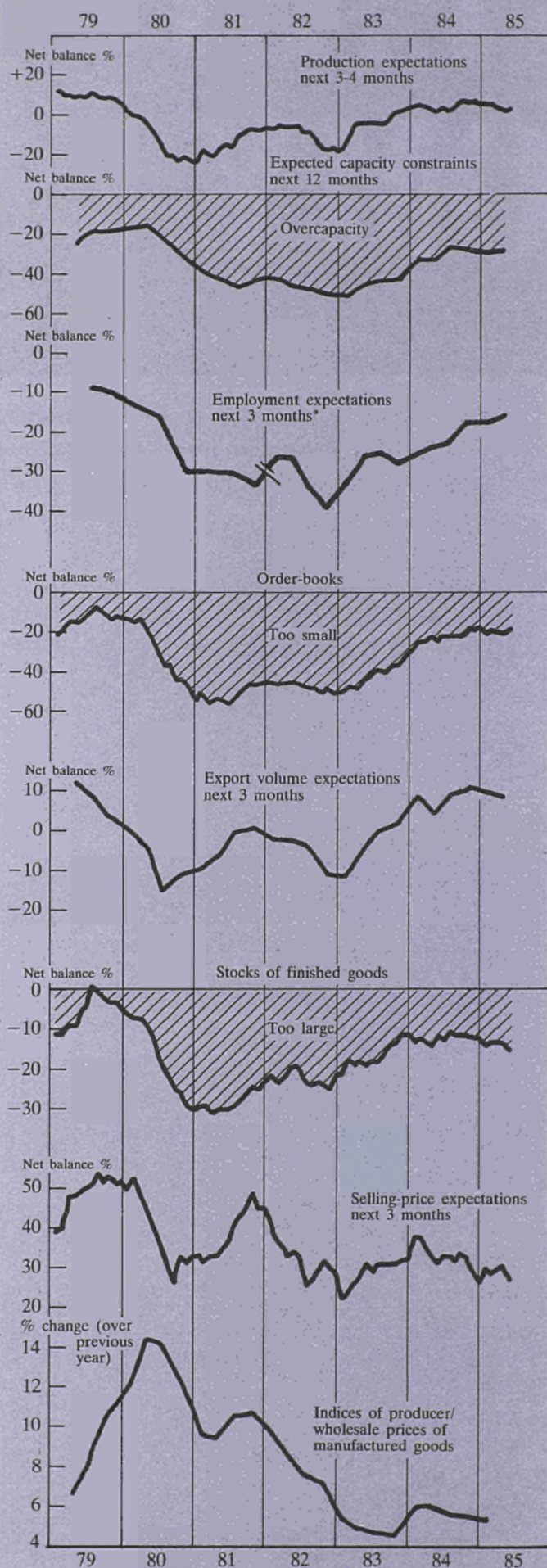
Supplement B — No 6 — June 1985

Business and consumer survey results

*This month :
Employment expectations
and consumers' purchasing intentions*



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



Business survey results

Employment expectations in industry slightly improved. — While industrial employment in the Community is still decreasing, significantly fewer firms than in all previous surveys since 1981 are planning further cuts in their workforce over the next few months. Any increase in the numbers employed in industry at the Community level has so far been prevented by the continuing sharp downward trend in recruitment expectations in France and Italy.

In contrast, according to the previous survey, trends are more favourable on the United Kingdom labour market, where the positive production outlook noted for some time has finally worked through to employment plans. The United Kingdom has now joined the group of member countries (hitherto comprising Denmark, Netherlands and Luxembourg) in which the numbers employed in industry are increasing. While this point has not quite been reached in industry in the Federal Republic of Germany, employment expectations there have recently become somewhat more favourable than at the beginning of the year. Among Belgian industrial firms, in contrast, employment plans have weakened.

There was a stronger than average increase in labour demand in the capital goods industry. Particularly in the Netherlands (net balance of +20 compared with +10), but also in the United Kingdom (net balance of +20 compared with +10) in the United Kingdom (net balance of +11 compared with +9), employment plans are now clearly on an expansionary course. By contrast, the employment outlook in the consumer goods and intermediate goods sectors remains largely unchanged. Negative trends continue to predominate here at Community level.

Export expectations still positive. The majority of industrial firms in all the Member States except France and Luxembourg anticipate a further increase in the volume of exports during the next three months. United Kingdom, German and Greek manufacturers in particular continue to see good prospects of a further increase in export business.

Looking at the individual branches, optimism on exports has increased particularly in the car industry compared with the beginning of the year; this trend is especially marked in Germany and France. Export prospects have also shown an above-average improvement in the electrical goods industry, particularly in the consumer goods sector; in the capital goods sector of this industry, export prospects remain at a relatively high level.

Smaller increase in industrial producer prices expected. Selling prices for industrial goods in the first quarter of 1985 were 5.0% (according to official statistics, above their level in the same period last year. This means that the trend towards steadier prices, evident since the spring of 1984, has become firmly established. According to industrial firms' expectations in May, the rate of price increase will slow down somewhat in the months ahead (net balance of +27 compared with +31). This trend is evident both in the Federal Republic of Germany and the also more recently in France, Ireland and Luxembourg. In the other States, price inflation is expected to remain unchanged, and only in Italy is it expected to accelerate.

Further improvement in economic sentiment indicator. — The first-quarter lull in economic activity in the Community seems to have been surmounted. The rise in the leading indicator evident in April continued in May. This brings the latest figure for the indicator back to the level of January 1984, the highest point so far in the present cyclical upturn. The clear upward trend in investment in plant and machinery¹⁾ and the continued buoyancy of exports in most member countries point to a further improvement in the indicator in the months ahead. However, the dynamism which has so far been lacking in the present upturn will materialize only when private consumption begins to pick up more strongly. The latest consumer survey figures do not as yet provide any clear evidence of this, though the consumer climate did improve slightly in May (see page 6).

¹⁾ To judge by incomplete results of a recent investment survey to be reported in July's Supplement B.

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

	Range (b)		1983	1984	1982	1983				1984				1985	
	Peak 1973	Trough 1975				I	II	III	IV	I	II	III	IV	I	II
B	+ 12	- 26	- 13	- 9	- 17	- 15	- 11	- 16	- 11	- 11	- 11	- 5	- 7	- 7	- 11
DK	:	:	- 5	+ 10	- 6	- 14	- 7	- 1	+ 3	+ 12	+ 6	+ 14	+ 7	+ 7	+ 5
D	+ 13	- 34	- 27	- 11	- 38	- 29	- 28	- 27	- 23	- 18	- 13	- 10	- 2	- 8	- 5
GR	:	:	- 12	- 2	- 12	- 14	- 15	- 12	- 9	- 2	- 3	- 2	- 2	- 4	- 4
F	+ 17	- 35	- 30	- 44	- 29	- 28	- 28	- 31	- 35	- 40	- 44	- 48	- 43	- 42	- 41
IRL	+ 15	- 34	- 23	- 20	- 35	- 26	- 23	- 31	- 13	- 19	- 23	- 19	- 21	- 18	- 14
I (d)	+ 13	- 26	- 38	- 34	- 39	(- 39)	- 37	(- 37)	- 37	(- 37)	- 32	(- 32)	- 31	(- 31)	(- 31)
L	+ 75	- 67	- 52	- 26	- 49	- 49	- 36	- 62	- 60	- 52	- 41	- 7	- 4	+ 7	+ 5
NL	+ 4	- 32	- 28	- 4	- 32	- 36	- 30	- 27	- 21	- 13	- 6	- 3	+ 4	+ 10	+ 11
UK	:	:	- 28	- 11	- 41	- 41	- 32	- 22	- 17	- 11	- 13	- 14	- 8	- 2	+ 2
EC	+ 12	- 31	- 29	- 21	- 35	- 33	- 30	- 28	- 26	- 24	- 23	- 22	- 17	- 17	- 15

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

	Consumer goods					Investment goods					Intermediate goods				
	1984			1985		1984			1985		1984			1985	
	II	III	IV	I	II	II	III	IV	I	II	II	III	IV	I	II
B	+ 8	+ 6	+ 1	0	- 13	- 15	- 10	- 13	- 14	- 16	- 11	- 13	- 11	- 13	- 15
DK	+ 5	+ 7	+ 4	+ 7	+ 12	+ 9	+ 23	+ 11	+ 4	+ 3	+ 3	+ 8	+ 6	+ 3	+ 5
D	- 8	+ 2	+ 7	- 4	+ 3	- 11	- 8	+ 6	+ 9	+ 11	- 18	- 14	- 6	- 15	- 12
GR	- 1	- 9	+ 5	+ 10	+ 11	- 11	+ 1	- 22	- 31	- 33	+ 1	- 1	+ 3	+ 1	- 1
F	- 38	- 46	- 43	- 44	+ 37	- 36	- 42	- 29	- 32	- 32	- 55	- 54	- 54	- 48	- 48
IRL	- 34	- 38	- 33	- 30	+ 30	0	+ 13	+ 12	+ 5	- 1	- 26	- 17	- 19	- 11	- 10
I (d)	- 33	(- 33)	- 30	(- 30)	(- 30)	- 30	(- 30)	- 30	(- 30)	(- 30)	- 28	(- 28)	- 26	- 26	(- 26)
L	+ 28	+ 21	+ 32	+ 19	+ 2	+ 9	+ 1	- 1	+ 6	- 8	- 53	- 8	- 7	+ 7	+ 8
NL	- 2	- 4	+ 3	+ 10	+ 2	- 6	+ 1	+ 6	+ 10	+ 20	- 11	- 9	+ 3	+ 13	+ 9
UK	- 20	- 24	- 12	- 16	- 16	- 15	- 9	- 5	+ 5	+ 13	- 18	- 20	- 17	- 13	- 20
EC	- 22	- 21	- 17	- 20	- 17	- 19	- 17	- 9	- 6	- 2	- 26	- 25	- 21	- 21	- 22

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

	Range (b)		1982	1983	1984	1983				1984				1985	
	Peak 1973	Trough 1975				I	II	III	IV	I	II	III	IV	I	II
B	4,5	2,8	3,4	3,1	3,4	3,3	3,2	3,2	3,0	3,3	3,4	3,4	3,3	3,4	3,3
D	3,3	2,8	2,7	2,6	2,8	2,6	2,6	2,6	2,7	2,6	2,8	2,8	2,9	2,8	2,8
GR	:	:	6,8	6,0	5,3	6,4	5,8	6,0	5,9	6,4	4,7	5,0	4,9	5,3	5,1
F	3,5	2,7	3,5	3,2	3,1	3,3	3,2	3,2	3,0	3,2	3,1	3,0	3,0	3,1	3,1
IRL	2,2	1,8	2,0	1,7	1,9	1,9	1,7	1,6	1,7	1,9	1,6	2,4	1,7	2,2	2,1
I	4,7	3,7	4,2	4,1	4,3	4,8	4,0	3,8	4,0	3,9	4,2	4,5	4,4	4,4	4,3
L	3,5	1,4	1,9	1,9	1,9	1,7	2,1	1,7	2,0	1,9	1,8	1,8	2,1	2,0	1,8
NL	4,7	2,6	3,7	2,6	2,9	2,6	2,5	2,5	2,8	2,7	2,8	2,9	3,1	3,1	3,0
UK	:	:	3,0	3,0	3,0	2,9	3,1	3,0	3,0	2,9	3,1	3,0	3,0	2,8	2,9
EC (c)	3,7	3,0	3,3	3,1	3,2	3,1	3,0	3,0	3,0	3,1	3,2	3,3	3,3	3,2	3,2

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	1983				1984				1985	
				J	A	J	O	J	A	J	O	J	A
B	- 6	- 2	- 7	- 8	+ 3	- 3	- 1	- 5	- 8	- 7	- 8	- 4	- 1
DK	0	+ 13	+ 30	+ 21	- 10	+ 15	+ 24	+ 29	+ 29	+ 26	+ 36	+ 31	+ 15
D	- 17	+ 9	+ 8	- 8	+ 11	+ 14	+ 17	+ 10	+ 3	+ 10	+ 7	- 9	- 4
F	- 13	- 19	- 17	- 21	- 19	- 22	- 16	- 22	- 15	- 17	- 15	- 16	- 16
IRL	- 31	- 25	- 4	- 44	- 40	- 9	- 16	- 3	- 6	+ 5	- 10	- 7	- 10
I	- 16	- 10	+ 3	- 18	- 16	- 9	- 1	+ 2	- 1	+ 4	+ 5	+ 6	- 5
L	- 33	- 1	+ 3	- 49	+ 18	+ 18	+ 3	+ 4	- 9	+ 10	+ 6	+ 5	+ 31
NL	+ 1	+ 4	+ 7	0	+ 1	+ 14	+ 1	+ 19	+ 5	+ 3	0	- 1	+ 5
UK	- 15	+ 7	+ 17	- 14	+ 7	+ 14	+ 19	+ 19	+ 15	+ 16	+ 18	+ 13	+ 10
EC (c)	- 14	- 1	+ 3	- 13	- 1	+ 2	+ 6	+ 4	+ 1	+ 4	+ 4	- 2	- 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	1983				1984				1985	
				J	A	J	O	J	A	J	O	J	A
D	- 6	- 7	+ 10	- 14	- 10	- 4	+ 1	+ 8	+ 2	+ 13	+ 16	+ 9	+ 12
GR	+ 6	+ 13	+ 27	+ 2	+ 13	+ 19	+ 16	+ 16	+ 26	+ 38	+ 28	+ 27	+ 22
F	- 15	- 14	- 6	- 19	- 13	- 14	- 8	- 7	- 11	- 1	- 5	+ 2	- 3
IRL	+ 3	- 1	+ 14	- 8	- 7	+ 9	+ 1	+ 10	+ 16	+ 27	+ 6	+ 8	+ 8
I	- 2	- 2	+ 11	- 10	- 6	0	+ 8	+ 11	+ 12	+ 10	+ 9	+ 11	+ 6
L	- 32	- 18	+ 7	- 69	- 16	+ 3	+ 11	+ 7	0	+ 6	+ 13	+ 6	- 6
NL	+ 3	+ 9	+ 12	- 3	+ 12	+ 11	+ 14	+ 20	+ 16	+ 2	+ 10	+ 3	+ 3
UK	0	+ 7	+ 17	+ 1	+ 9	+ 8	+ 9	+ 17	+ 14	+ 14	+ 19	+ 23	+ 17
EC (c)	- 5	- 3	+ 9	- 10	- 4	- 1	+ 3	+ 8	+ 5	+ 9	+ 11	+ 10	+ 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.

The rise in the overall indicator in May is due to the somewhat more favourable consumer climate and particularly to the further rise in the share price index. The industrial confidence indicator, on the other hand, remained unchanged, as the increase in production plans and the more confident assessment of order books contrasted with a slight increase in stocks.

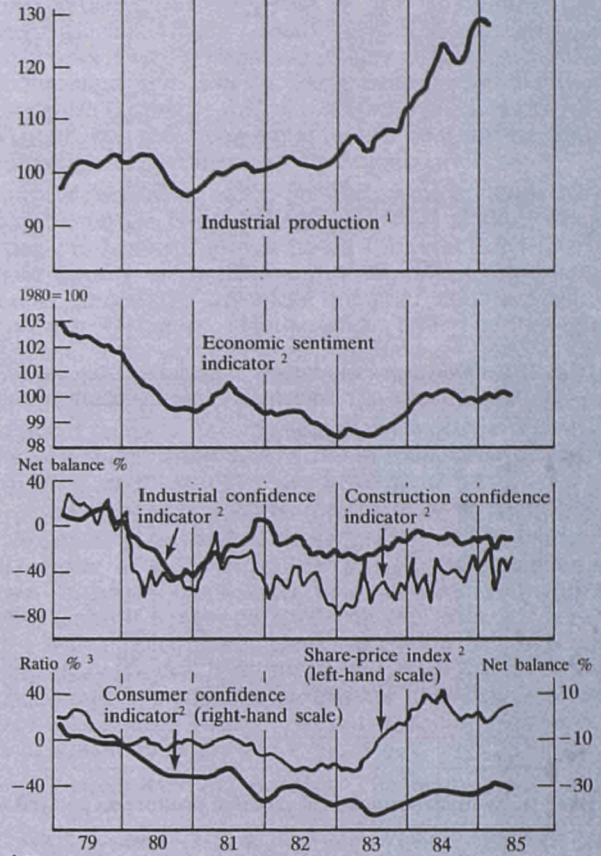
Construction confidence, the fourth component of the overall indicator, did not improve further, but remained significantly above the low average for the first quarter of 1985.

In France the overall indicator increased this time remarkably strongly in May, though from a very low level (96.6 to 97.0; 1980 = 100). The upward trend also continued in Germany and Belgium (from 100.9 to 101.2 and from 100.7 to 100.9 respectively, 1980 = 100). In the United Kingdom, Italy, Ireland and the Netherlands it declined slightly.

GRAPH 3 : Indicators of output and economic sentiment

Ireland

1980=100



¹ Three-month moving average.

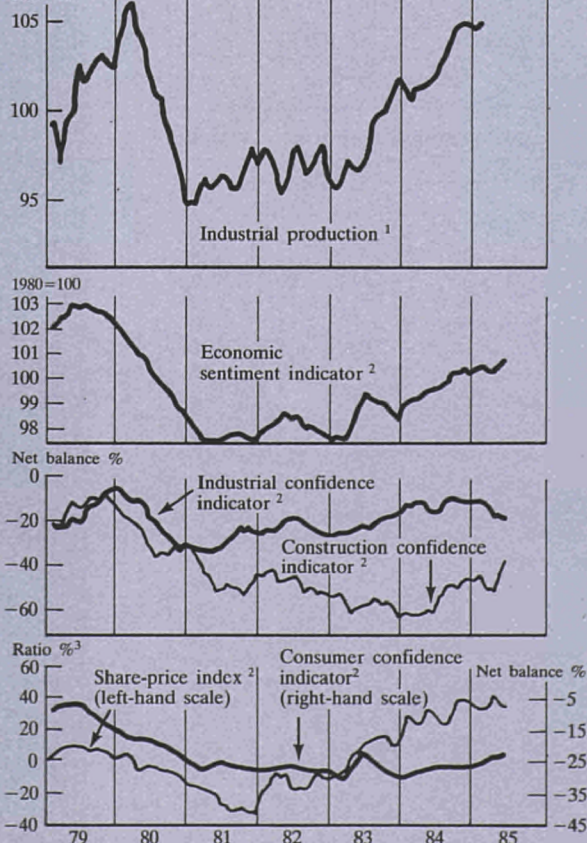
² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 4 : Indicators of output and economic sentiment

Belgium

1980=100



¹ Three-month moving average.

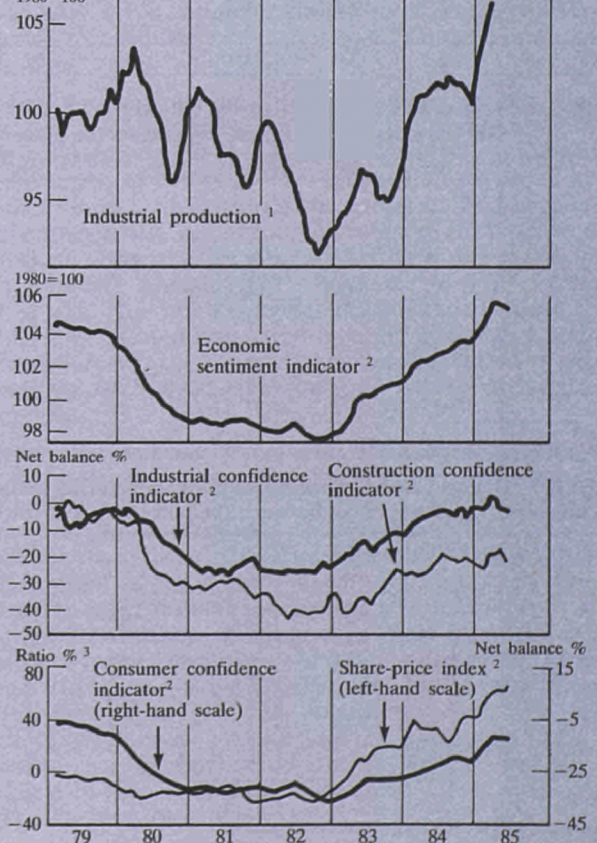
² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 5 : Indicators of output and economic sentiment

The Netherlands

1980=100



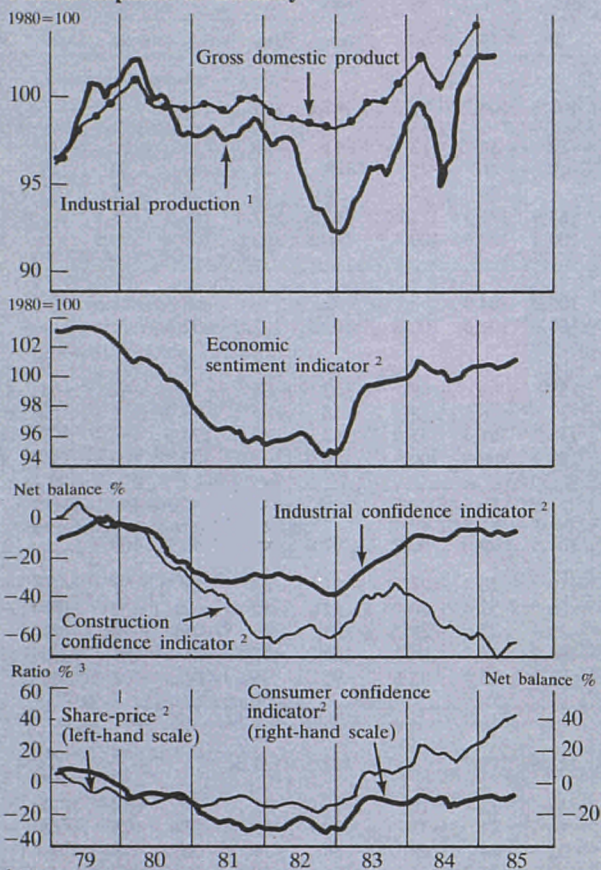
¹ Three-month moving average.

² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 6 : Indicators of output and economic sentiment

Federal Republic of Germany



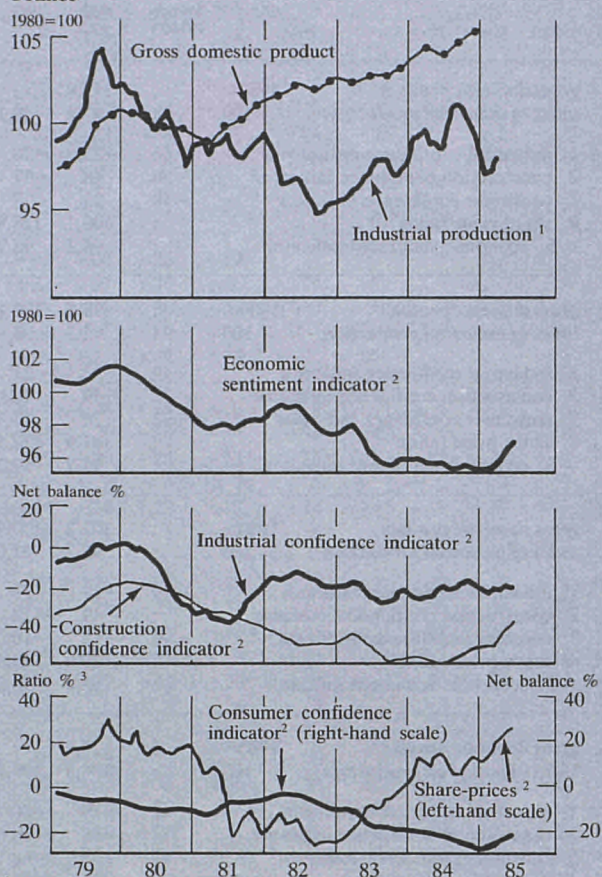
¹ Three-month moving average.

² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 7 : Indicators of output and economic sentiment

France



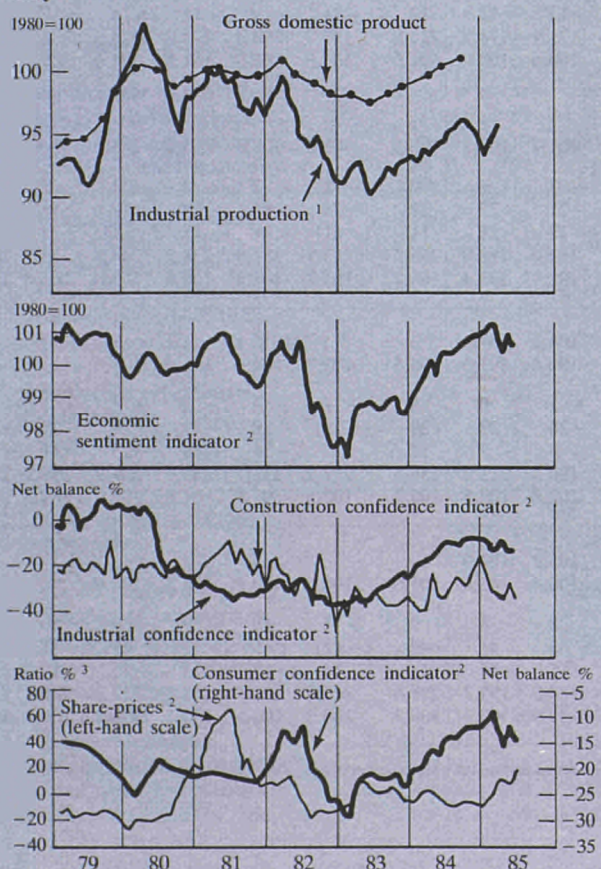
¹ Three-month moving average.

² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 8 : Indicators of output and economic sentiment

Italy



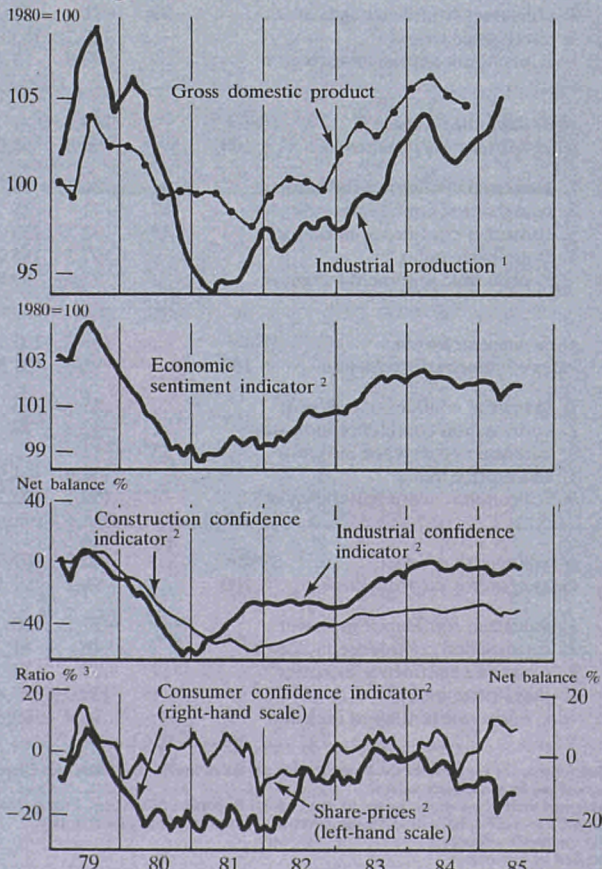
¹ Three-month moving average.

² See notes to Table 6.

³ Deviations from trend (75-month moving average) in %.

GRAPH 9 : 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 %.

TABLE 6: Indicators of output and economic sentiment

		Trough 1974/75	1982	1983	1984	1984			1985	1984	1985					
						II	III	IV	I	Dec.	Jan.	Feb.	March	April	May	
B	gross domestic product	1980=	:	115.8	:	:	:	:	:	:	:	:	:	:	:	
	index of industrial production	100	:	97.2	99.1	102.4	101.6	103.2	104.2	:	107.6	101.2	103.8	:	:	
	1. industrial confidence indicator		-56	-22	-20	-12	-15	-10	-11	-13	-11	-10	-13	-17	-16	-18
	2. construction confidence indicator		-36	-48	-57	-54	-57	-49	-46	-47	-45	-44	-49	-50	-44	-37
	3. consumer confidence indicator ^{1, 4}		-18	-27	-27	-27	-26	:	-26	-24	(-26)	-24	(-24)	(-24)	22	(-22)
	4. share-price index ^{4, 5}		:	100.1	128.9	161.9	159.0	163.9	171.5	171.6	168.8	167.4	168.5	178.8	175.6	174.3
= 5. economic sentiment indicator			:	98.2	98.7	100.0	99.7	100.3	100.5	100.4	100.5	100.6	100.4	100.5	100.7	100.9
D	gross domestic product ³	1980=	:	98.8	100.1	102.7	100.7	103.0	104.5	:	:	:	:	:	:	
	index of industrial production	100	:	95.3	95.9	98.8	95.1	100.9	102.5	102.6	102.5	102.5	102.6	:	:	
	1. industrial confidence indicator		-49	-33	-21	-8	-10	-6	-6	-7	-6	-8	-6	-8	-9	-8
	2. construction confidence indicator		-72	-59	-40	-54	-53	-57	-60	-68	-62	-65	-71	-68	-64	-63
	3. consumer confidence indicator ⁴		-22	-26	-12	-9	-10	-11	-8	-8	-8	-6	-9	-9	-10	-8
	4. share-price index ^{4, 5}		:	101.9	128.5	153.6	150.9	148.2	161.4	175.2	162.8	170.8	174.3	180.4	182.7	187.5
= 5. economic sentiment indicator			:	95.7	99.2	100.6	100.3	100.2	100.9	100.9	100.9	101.0	100.8	100.9	100.9	101.2
F	gross domestic product	1980=	:	102.2	102.9	104.9	104.1	105.1	105.7	:	:	:	:	:	:	
	index of industrial production	100	:	96.2	97.0	100.0	98.5	101.5	99.0	98.2	97.0	95.5	99.2	100.0	:	
	1. industrial confidence indicator		-49	-17	-23	-22	-22	-19	-20	-21	-21	-23	-21	-21	-20	-21
	2. construction confidence indicator			-49	-52	-57	-60	-56	-52	-50	(-52)	-50	(-50)	(-50)	-39	(-39)
	3. consumer confidence indicator ^{1, 4}		-9	-5	-16	-23	-22	-24	-27	-25	(-27)	-25	(-25)	(-25)	-21	(-21)
	4. share-price index ^{4, 5}		:	88.0	116.0	158.6	158.7	156.0	168.3	184.3	168.8	175.5	185.6	191.7	200.4	204.6
= 5. economic sentiment indicator			:	98.4	96.3	95.3	95.4	95.2	95.1	95.6	95.0	95.2	95.5	96.0	96.6	97.0
IRL	gross domestic product	1980=	:	127.4	:	:	:	:	:	:	:	:	:	:	:	
	index of industrial production	100	:	101.5	108.7	123.2	125.9	121.6	129.7	:	133.5	127.5	:	:	:	
	1. industrial confidence indicator		-41	-19	-20	-10	-10	-11	-12	-10	-10	-11	-19	-10	-11	-12
	2. construction confidence indicator			-51	-60	-45	-50	-48	-21	-35	-19	-19	-58	-28	-38	-26
	3. consumer confidence indicator ⁴		-41	-34	-40	-33	-32	-33	-34	-29	(-34)	-29	(-29)	(-29)	-31	(-31)
	4. share-price index ^{4, 5}		:	84.8	106.2	139.7	148.6	132.5	131.7	134.3	126.6	128.4	134.6	140.0	144.0	146.0
= 5. economic sentiment indicator			:	99.0	98.9	100.0	100.2	99.9	99.9	100.2	100.0	100.2	100.1	100.3	100.3	100.2
I	gross domestic product	1980=	:	99.7	99.2	101.8	101.5	102.6	102.0	:	:	:	:	:	:	
	index of industrial production	100	:	95.4	92.3	95.2	94.9	96.6	94.9	96.4	94.9	91.1	99.2	98.8	:	
	1. industrial confidence indicator		-59	-31	-29	-11	-10	-9	-7	-3	-7	-10	-10	-8	-13	-12
	2. construction confidence indicator		-56	-29	-36	-28	-33	-26	-20	-31	-23	-30	-31	-34	-27	-34
	3. consumer confidence indicator ⁴		-39	-18	-23	-15	-15	-13	-12	-12	-11	-9	-11	-16	-12	-14
	4. share-price index ^{4, 5}		:	123.2	153.2	171.5	166.5	171.4	174.5	215.8	177.7	200.3	223.0	225.0	221.0	244.0
= 5. economic sentiment indicator			:	99.3	98.7	100.4	100.2	100.6	100.9	101.6	101.6	101.9	101.8	101.0	101.5	101.3
NL	gross domestic product	1980=	:	113.1	:	:	:	:	:	:	:	:	:	:	:	
	index of industrial production	100	:	94.0	96.0	101.0	101.7	101.7	100.7	106.3	100.0	108.0	105.0	106.0	:	
	1. industrial confidence indicator		-44	-26	-16	-4	-4	-3	-4	0	-2	-3	+3	+1	-3	-3
	2. construction confidence indicator		-47	-41	-35	-23	-23	-21	-22	-21	-24	-24	-19	-19	-18	-23
	3. consumer confidence indicator ⁴		-19	-32	-30	-22	-23	-19	-21	-11	(-11)	-11	(-11)	(-11)	-12	(-12)
	4. share-price index ^{4, 5}		:	107.3	155.0	196.8	188.9	192.0	211.9	236.5	213.1	227.0	238.2	244.3	245.2	249.7
= 5. economic sentiment indicator			:	97.6	99.8	102.7	102.4	102.9	103.4	105.2	103.7	104.4	105.6	105.6	105.4	105.3
UK	gross domestic product	1980=	:	100.5	103.7	105.4	104.6	104.1	107.1	:	:	:	:	:	:	
	index of industrial production	100	:	98.6	101.9	102.9	101.8	102.4	103.3	105.5	103.7	104.6	105.0	107.0	:	
	1. industrial confidence indicator		:	-25	-10	0	-2	+1	0	-3	+1	-3	-3	-3	+2	-1
	2. construction confidence indicator		:	-42	-30	-27	-30	-26	-23	-29	(-23)	-29	(-29)	(-29)	-28	(-28)
	3. consumer confidence indicator ⁴		-33	-12	-2	-5	-2	-9	-7	-12	-7	-6	-18	-13	-11	-11
	4. share-price index ^{4, 5}		:	130.6	164.9	196.3	194.8	190.8	211.9	235.5	221.7	232.7	235.9	237.9	238.3	244.1
= 5. economic sentiment indicator			:	100.7	102.2	102.5	102.5	102.2	102.5	102.1	102.5	102.4	101.8	102.0	102.3	102.2
EC	gross domestic product ^{2, 3}	1980=	:	100.3	101.5	103.7	102.6	103.7	104.9	:	:	:	:	:	:	
	index of industrial production	100	:	96.2	97.1	99.8	98.2	100.4	101.0	101.5	100.6	100.5	102.1	102.0	:	
	1. industrial confidence indicator		-49	-27	-20	-10	-11	-8	-8	-9	-8	-10	-9	-9	-10	-10
	2. construction confidence indicator		:	-46	-41	-43	-45	-43	-41	-46	(-42)	-45	(-47)	(-47)	-41	(-41)
	3. consumer confidence indicator ^{1, 4}		-17	-17	-14	-14	-14	-15	-14	-14	-14	-13	-15	-15	-15	-13
	4. share-price index ^{4, 5}		:	120.0	157.4	188.6	187.2	184.2	197.2	217.6	201.6	212.4	218.1	222.2	225.0	230.0
= 5. economic sentiment indicator			:	98.0	99.5	100.2	100.1	99.9	100.4	100.3	100.5	100.5	100.1	100.2	100.4	100.6

¹ Quarterly series are constructed by attributing results of the January, May and October surveys to the first, second and fourth quarters respectively. Third quarter data are interpolated between second and fourth quarter values.

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

³ For the Federal Republic of Germany, gross national product for quarterly data.

⁴ Not seasonally adjusted.

⁵ Revised by Eurostat.

Source: European Community business surveys and Eurostat. For quarterly GDP/GNP: Federal Republic of Germany (Bundesbank), France (INSEE), Italy (ISCO) and the United Kingdom (CSO). Figures for Germany do not include the adjustment for calendar irregularities.

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 (b)		1982	1983	1984	1984			1985	1984	1985				
		Peak 1972/73	Trough 1974/75				II	III	IV		I	Dec.	Jan.	Feb.	March	April
B	production expectations	+ 31	- 56	- 18	- 16	- 3	- 5	- 2	- 1	- 4	- 3	+ 3	- 6	- 8	- 11	- 13
	order-books	+ 13	- 74	- 40	- 34	- 23	- 25	- 21	- 24	- 25	- 23	- 23	- 24	- 29	- 24	- 27
	export order-books	+ 15	- 82	- 40	- 34	- 25	- 27	- 23	- 24	- 27	- 24	- 25	- 28	- 27	- 27	- 25
	stocks of finished products	- 14	+ 37	+ 8	+ 9	+ 10	+ 14	+ 7	+ 8	+ 10	+ 8	+ 9	+ 8	+ 14	+ 13	+ 13
	selling-price expectations	+ 64	- 10	+ 28	+ 24	+ 27	+ 23	+ 28	+ 25	+ 24	+ 19	+ 26	+ 26	+ 21	+ 21	+ 22
	industrial confidence indicator	+ 19	- 56	- 22	- 20	- 12	- 15	- 10	- 11	- 13	- 11	- 10	- 13	- 17	- 16	- 18
DK	production expectations	:	:	+ 3	+ 8	+ 27	+ 22	+ 29	+ 26	+ 19	:	:	:	:	:	:
	order-books	:	:	- 17	- 3	+ 31	+ 32	+ 31	+ 35	+ 26	:	:	:	:	:	:
	export order-books	:	:	- 4	- 2	+ 26	+ 27	+ 29	+ 30	+ 27	:	:	:	:	:	:
	stocks of finished products	:	:	+ 16	+ 9	0	+ 9	- 1	- 10	+ 1	:	:	:	:	:	:
	industrial confidence indicator	:	:	- 10	- 2	+ 19	+ 15	+ 20	+ 24	+ 15	:	:	:	:	:	:
	D	production expectations	- 17	- 32	- 20	- 2	+ 5	+ 1	+ 8	+ 5	+ 2	+ 4	+ 1	+ 4	+ 1	0
order-books		- 5	- 73	- 53	- 43	- 21	- 22	- 20	- 16	- 17	- 16	- 17	- 17	- 17	- 18	- 17
export order-books		:	:	- 40	- 43	- 23	- 25	- 20	- 13	- 12	- 12	- 15	- 12	- 9	- 9	- 13
stocks of finished products		- 7	+ 43	+ 26	+ 17	+ 8	+ 9	+ 7	+ 6	+ 7	+ 5	+ 9	+ 6	+ 7	+ 9	+ 9
selling-price expectations		+ 55	+ 4	+ 18	+ 16	+ 24	+ 24	+ 25	+ 22	+ 18	+ 18	+ 15	+ 18	+ 20	+ 23	+ 18
industrial confidence indicator		+ 10	- 49	- 33	- 21	- 8	- 10	- 6	- 6	- 7	- 6	- 8	- 6	- 8	- 9	- 8
GR	production expectations	:	:	+ 5	+ 14	+ 24	+ 23	+ 26	+ 23	+ 23	+ 17	+ 26	+ 27	+ 16	+ 21	+ 16
	order-books	:	:	- 36	- 29	- 28	- 31	- 28	- 21	- 31	- 19	- 30	- 29	- 34	- 29	- 24
	export order-books	:	:	- 39	- 30	- 27	- 31	- 27	- 25	- 41	- 25	- 42	- 41	- 40	- 30	- 32
	stocks of finished products	:	:	+ 20	+ 14	+ 18	+ 23	+ 17	+ 15	+ 9	+ 13	+ 9	+ 7	+ 11	+ 18	+ 15
	selling-price expectations	:	:	+ 21	+ 27	+ 33	+ 31	+ 27	+ 41	+ 26	+ 50	+ 32	+ 26	+ 21	+ 31	+ 28
	industrial confidence indicator	:	:	- 17	- 10	- 7	- 11	- 6	- 4	- 6	- 5	- 4	- 3	- 10	- 9	- 8
F	production expectations	+ 33	- 29	- 4	- 13	- 10	- 10	- 5	- 7	- 7	- 10	- 7	- 7	- 8	- 6	- 6
	order-books	+ 26	- 69	- 30	- 38	- 35	- 35	- 33	- 33	- 36	- 34	- 39	- 36	- 34	- 35	- 34
	export order-books	+ 24	- 66	- 36	- 38	- 19	- 17	- 16	- 22	- 22	- 20	- 26	- 16	- 24	- 25	- 15
	stocks of finished products	- 14	+ 50	+ 16	+ 18	+ 20	+ 20	+ 19	+ 20	+ 21	+ 20	+ 23	+ 19	+ 22	+ 20	+ 24
	selling-price expectations	+ 76	+ 15	+ 49	+ 45	+ 42	+ 42	+ 42	+ 33	+ 38	+ 31	+ 41	+ 34	+ 41	+ 39	+ 29
	industrial confidence indicator	+ 29	- 49	- 17	- 23	- 22	- 22	- 19	- 20	- 21	- 21	- 23	- 21	- 21	- 20	- 21
IRL	production expectations	:	- 21	- 4	- 8	+ 2	- 4	+ 4	0	- 1	- 2	- 2	- 6	+ 4	+ 6	+ 4
	order-books	:	- 68	- 39	- 44	- 29	- 27	- 33	- 27	- 20	- 19	- 19	- 44	- 34	- 30	- 31
	export order-books	:	- 22	- 7	0	+ 8	+ 11	+ 2	+ 8	+ 5	+ 12	+ 4	+ 1	+ 10	+ 8	+ 6
	stocks of finished products	:	+ 35	+ 14	+ 8	+ 6	+ 7	+ 5	+ 9	+ 8	+ 8	+ 12	+ 7	+ 4	+ 9	+ 8
	selling-price expectations	:	+ 64	+ 35	+ 31	+ 32	+ 32	+ 26	+ 30	+ 22	+ 27	+ 20	+ 21	+ 25	+ 33	+ 18
	industrial confidence indicator	:	- 41	- 19	- 20	- 10	- 10	- 11	- 12	- 10	- 10	- 11	- 19	- 10	- 11	- 12
I	production expectations	+ 40	- 43	- 15	- 11	+ 9	+ 9	+ 11	+ 12	+ 8	+ 11	- 7	+ 7	+ 8	+ 2	+ 5
	order-books	+ 30	- 82	- 53	- 54	- 26	- 26	- 24	- 18	- 20	- 14	- 21	- 19	- 19	- 24	- 21
	export order-books	+ 13	- 67	- 49	- 49	- 28	- 25	- 24	- 27	- 30	- 26	- 31	- 32	- 27	- 30	- 31
	stocks of finished products	- 24	+ 53	+ 25	+ 22	+ 16	+ 14	+ 13	+ 16	+ 17	+ 19	+ 17	+ 19	+ 14	+ 18	+ 20
	selling-price expectations	+ 76	+ 10	+ 50	+ 45	+ 47	+ 48	+ 46	+ 40	+ 41	+ 34	+ 43	+ 39	+ 40	+ 39	+ 46
	industrial confidence indicator	+ 31	- 59	- 31	- 29	- 11	- 10	- 9	- 7	- 3	- 7	- 10	- 10	- 8	- 13	- 12
L	production expectations	+ 84	- 80	- 40	- 7	- 7	- 15	- 1	+ 7	- 2	+ 9	+ 13	- 13	- 3	+ 7	- 2
	order-books	:	:	- 60	- 49	+ 10	+ 11	+ 13	+ 13	+ 3	+ 7	+ 5	+ 3	0	- 2	- 3
	export order-books	:	:	:	- 57	+ 11	+ 10	+ 12	+ 14	+ 1	+ 8	+ 4	+ 2	- 3	- 2	0
	stocks of finished products	- 14	+ 74	+ 14	+ 23	+ 4	+ 8	+ 2	- 1	- 4	- 5	- 7	- 5	0	+ 14	+ 9
	selling-price expectations	:	- 46	+ 10	+ 24	+ 23	+ 15	+ 30	+ 23	0	+ 12	+ 8	- 9	+ 1	+ 42	+ 15
	industrial confidence indicator	:	:	- 38	- 26	+ 1	- 4	+ 3	+ 7	+ 2	+ 7	+ 8	- 2	- 1	- 3	- 5
NL	production expectations	+ 26	- 26	- 5	0	+ 7	+ 7	+ 7	+ 6	+ 7	+ 7	+ 2	+ 12	+ 8	- 1	+ 2
	order-books	+ 7	- 48	- 39	- 32	- 11	- 11	- 7	- 7	- 2	- 4	- 5	- 1	- 2	- 3	- 6
	stocks of finished products	- 3	+ 57	+ 33	+ 15	+ 9	+ 8	+ 9	+ 10	+ 4	+ 8	+ 5	+ 3	+ 3	+ 5	+ 6
	industrial confidence indicator	+ 12	- 44	- 26	- 16	- 4	- 4	- 3	- 4	0	- 2	- 3	+ 3	+ 1	- 3	- 3
UK	production expectations	:	:	+ 1	+ 17	+ 21	+ 18	+ 19	+ 19	+ 18	+ 22	+ 19	+ 16	+ 19	+ 21	+ 18
	order-books	:	:	- 54	- 34	- 10	- 12	- 9	- 8	- 12	- 8	- 12	- 12	- 12	- 6	- 5
	export order-books	:	:	- 48	- 34	- 13	- 17	- 10	- 6	- 6	- 6	- 6	- 7	- 5	+ 1	+ 2
	stocks of finished products	:	:	+ 23	+ 13	+ 10	+ 12	+ 8	+ 11	+ 14	+ 12	+ 16	+ 12	+ 15	+ 10	+ 15
	selling-price expectations	:	:	+ 27	+ 26	+ 32	+ 27	+ 30	+ 35	+ 31	+ 35	+ 32	+ 32	+ 30	+ 26	+ 25
	industrial confidence indicator	:	:	- 25	- 10	0	- 2	+ 1	0	- 3	+ 1	- 3	- 3	- 3	+ 2	- 1
EC	production expectations	+ 24	- 30	- 11	- 3	+ 5	+ 3	+ 7	+ 7	+ 5	+ 6	+ 5	+ 5	+ 4	+ 3	+ 4
	order-books	+ 15	- 70	- 47	- 40	- 22	- 23	- 21	- 19	- 20	- 17	- 20	- 19	- 19	- 20	- 18
	export order-books	:	:	- 42	- 40	- 21	- 22	- 19	- 16	- 16	- 15	- 18	- 16	- 15	- 15	- 14
	stocks of finished products	- 10	+ 48	+ 22	+ 16	+ 12	+ 13	+ 11	+ 12	+ 13	+ 12	+ 14	+ 13	+ 13	+ 13	+ 15
	selling-price expectations	+ 64	+ 9	+ 32	+ 30	+ 33	+ 33	+ 32	+ 29	+ 29	+ 26	+ 30	+ 28	+ 30	+ 31	+ 27
	industrial confidence indicator	+ 16	- 49	- 27	- 20	- 10	- 11	- 8	- 8	- 9	- 8	- 10	- 9	- 9	- 10	- 10

(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

Slight deterioration in the consumer climate on average in the second quarter — but more recent indicators suggest an improvement¹⁾ — In the second quarter, the consumer confidence at the Community level has slightly deteriorated (from -13 to -14). This was due to a more pessimistic assessment by the consumers in the Community of the future general economic situation. The evolution of the financial situation of households over the last 12 months was seen as somewhat more positive. Expectations on inflation gathered some strength in the Community, especially in Italy and the United Kingdom, but also in Belgium.

The monthly survey results which at present are only available for the month of May for the Federal Republic of Germany, Italy and the United Kingdom point to a slight recent improvement in the consumer climate. It would however be premature to regard this development as a prelude to more buoyant consumer spending in Europe.

On a country basis, the following picture emerges from the most recent consumer surveys:

In *Belgium*, the relatively positive trend which the consumer confidence indicator has been showing since the end of 1983, continued. In comparison with the situation in most other Member States, the level of this indicator is, however, still very low. The weakness of the purchasing intentions in Belgium is revealed by the results of the survey in the retail trade in April (see Table 9).

In *Denmark*, consumer confidence in the second quarter of 1985 was considerably lower than in the previous quarter (from 7 to 0). This brought it back down to the average level in 1983. All aspects of consumer confidence appear to be affected, especially the assessment on the general economic situation in the last 12 months (from 10 to -5). Until now, the deterioration of the consumer climate affected only in a moderate way intentions to make major purchases (from 15 to 10), and purchasing behaviour appears still to be stronger than in the Community as a whole.

Although consumers in the *Federal Republic of Germany* were more optimistic in May than in April, the confidence indicator for the second quarter showed a slight fall. Sluggish consumer spending is reflected by a higher saving ratio in the first quarter and by disappointing sales results in the retail trade in the first four months of the year (see Table 9).

In *France*, the positive trend in consumer opinion, which is discernible since the beginning of 1985 and which started from a very low level, continued in the second quarter (from -25 to -21). This may point to an improvement in the coming months of the sales situation in the retail trade which has been up to now very unsatisfactory.

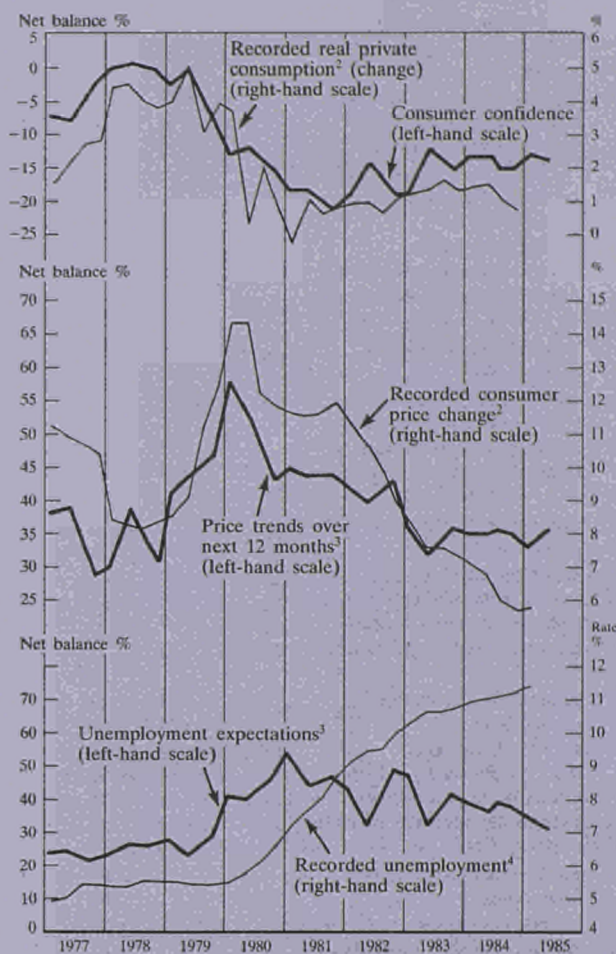
Consumer sentiment in *Ireland* deteriorated in the second quarter (from -29 to -31). An important contributory factor has been the more unfavourable view taken of the financial situation of households. Consumer assessments of the situation of their real incomes remained the most pessimistic in the Community.

In *Italy*, the consumer indicator dipped noticeably (from -10 to -14), primarily as a result of the much more pessimistic consumer assessments of the general economic situation. This affected, however, only marginally the propensity to make major purchases.

In the *Netherlands*, consumers expect a further rise in their real incomes. Despite this, consumer confidence declined somewhat, because of the less positive assessment on the general economic outlook, especially with respect to the labour market.

Consumers in the *United Kingdom* took a more unfavourable view of the general economic situation. Their positive judgements concerned especially the labour market. However, a more pessimistic view is taken on their real income situation, both past and future. As a result of weaker consumers' assessments, the consumer confidence indicator has declined further (from -10 to -12). Although, compared to the average of the Community, the propensity to make major purchases remained high, there was, nevertheless, a loss of strength here since the beginning of 1985 (from 25 to 22). The results of the retail trade surveys in April confirm this picture:

GRAPH 10: Survey results and objective economic indicators — European Community total



For notes, Table 8.

Sources: European Community consumer survey and Eurostat.

in consumer durables in particular, sales growth is tending to slow down and stocks are on the increase. (see Table 9)

Europeans still much more reluctant to spend than Americans.

— Despite a cyclical slowdown in US industry, Americans are clearly still eager to spend. American consumers' marked propensity to spend is highlighted by their sharply increasing indebtedness. In the first quarter of 1985, the volume of consumer credit in the United States increased at an annual rate of 22%, to US\$ 477 000 million. Asked whether the time was right to make major purchases, a majority of American consumers again answered in the affirmative in the most recent survey in May (net balance of +52). However, the level recorded in April (+61), the highest in more than 30 years of US consumer surveys, was not reached again²⁾.

The situation is different in Europe: in the second quarter, negative answers to the same question still predominated (net balance of -4). Even though Europeans are normally less inclined to spend than Americans, their current propensity is very low even by historical standards. In 1978 and 1979, the balance of answers to this question in the Community was +29 and +27 respectively. Europe at that time lagged behind the United States by only 12 and 4 points respectively,

¹⁾ The consumer survey is carried out on a monthly basis in the Federal Republic of Germany, Italy and the United Kingdom. For most of the other Member States, data are available four times per year, based on the surveys in January (representative for the first quarter), April (representative for the second quarter), July (representative for the third quarter) and October (representative for the fourth quarter). In order to compare the 2 sets of data, a 3 months' moving average is applied to the monthly consumer survey data. Thus, e.g., the average of the data collected in March, April and May in the Federal Republic of Germany, Italy and the United Kingdom is compared with the results collected in the second quarter in the other Member States.

²⁾ Source: Survey of Consumer Attitudes, Surveys Research Center, University of Michigan.

compared to 56 points today. What is the reason for the currently much more sceptical attitude of European consumers? Although the available data allow no clear answer to this question, one major reason for Europeans' reluctance to spend almost certainly lies in the continuing rise in unemployment. Experience has shown that even the ones who do have jobs are influenced by this and are more cautious in spending their incomes. A reversal of trend - even if unemployment figures are still high in absolute terms - usually leads quickly to a much more favourable consumer climate.

The sharp decline in the propensity to spend in the member countries in recent years is clear from Graph 10: compared with 1980, the last year in which consumer spending was buoyant in the Community, there has been a particularly marked drop in France (- 43), the Netherlands (- 35), the Federal Republic of Germany (- 28), Ireland (- 25) and Belgium (- 21).

Alongside security of employment, inflationary expectations also have an appreciable bearing on consumer attitudes. The success achieved in reducing price inflation since 1983 has temporarily compensated for the negative impact which rising unemployment has on consumption. This consumption boosting effect was particularly strong in the United Kingdom, where the savings ratio in 1983 was 4.3 percentage points lower than in 1981 and where the decrease in the saving ratio has continued until recently. The propensity to spend has therefore been relatively stable in the United Kingdom despite high unemployment figures (see Graph 11).

According to the April/May survey, consumers in all Community member countries — except the Netherlands and France - expect prices to move slightly upwards again over the next twelve months. Price expectations are thus currently no longer having a restraining effect on the savings ratio. Consumer demand will therefore not pick-up until clearer progress is made on employment: since firstly, incomes rise as employment increases and secondly, as already noted, the propensity to spend normally increases as the labour-market situation improves.

The current low level of consumption in most member countries was again revealed by the retail survey. In some branches of the consumer goods industry, the present business situation is judged to be satisfactory only because of strong demand from non-Community countries (particularly the United States). As, however, the expansionary influences from outside the Community are weakening it is all the more imperative that economic activity be strengthened within the Community, primarily through investment but also through private consumption.

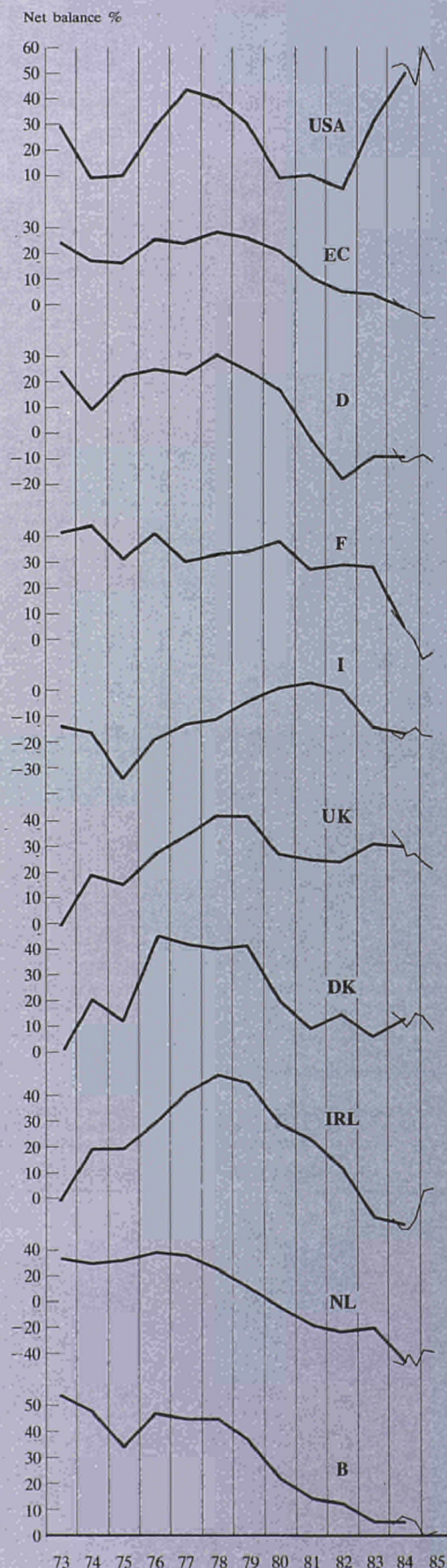
20 June 1985

GRAPH 11 : Buying attitudes of consumers
USA and Europe compared Net balances

Net balances of answers regarding present time as good for large purchases (+) or not (-).

Thick curve : Annual averages

Thin curve : Quarterly respectively monthly data in the case of the USA



Source : EC consumer surveys; Survey Research Center at the University Michigan.

TABLE 8: Consumer opinion on economic and financial conditions¹

		1978	1979	1980	1981	1982	1983	1984	1983			1984*				1985*		
									Jan.	May	Oct.	I	II	III	IV	I	II	May
CONSUMER CONFIDENCE INDICATOR ²	B	- 8	-10	-20	-27	-27	-28	-27	-31	-22	-30	-28	-26	:	-26	-24	-22	:
	DK	- 1	- 2	-19	-17	-12	0	6	-11	8	5	11	4	4	4	7	0	:
	D	5	6	- 5	-22	-26	-15	-10	-26	-7	-12	- 8	-10	-12	- 9	- 8	- 9	- 8
	GR	:	:	:	:	:	0	-11	-14	-10	- 7	- 9	- 2	:	- 2	- 6	:	:
	F	1	- 5	-10	- 9	- 5	-15	-23	- 9	-17	-19	-20	-22	:	-27	-25	-21	:
	IRL	8	-10	-22	-28	-34	-39	-33	-36	-44	-38	-33	-32	-33	-34	-29	-31	:
	I	-18	-17	-22	-22	-18	-24	-15	-27	-21	-23	-19	-15	-14	-12	-10	-14	-14
	NL	- 1	- 8	-25	-31	-32	-30	-22	-34	-28	-28	-26	-23	-19	-21	-11	-12	:
	UK	8	- 4	-18	-21	-12	- 3	- 4	- 8	1	- 1	0	- 1	- 8	- 8	-10	-12	-11
	EC 9	0	- 3	-13	-19	-17	-15	-14	-19	-12	-15	-13	-13	-15	-15	-13	-14	(-13)
FINANCIAL SITUATION OF HOUSEHOLDS	B	-11	-11	-15	-19	-25	-29	-31	-29	-27	-32	-32	-30	:	-30	-31	-28	:
	DK	2	1	-10	-12	- 7	- 4	- 2	- 5	- 4	- 3	- 1	- 3	:	- 3	- 4	- 5	:
	D	1	2	- 4	-16	-18	-14	-11	-20	-12	-12	-11	-11	-12	-10	- 9	- 9	- 9
	GR	:	:	:	:	- 2	-13	- 8	-12	-15	-12	-12	- 5	:	- 7	- 9	:	:
	F	- 2	- 4	- 7	- 8	- 7	-11	-15	- 8	-11	-14	-13	-15	:	-18	-16	-13	:
	IRL	- 9	-21	-32	-38	-41	-43	-42	-37	-48	-42	-43	-42	-41	-40	-38	-40	:
	I	-14	-13	-14	-14	-13	-15	-12	-17	-14	-15	-13	-13	-12	-11	- 9	-11	-11
	NL	4	1	- 9	-18	-20	-28	-26	-25	-29	-31	-27	-27	-25	-23	-21	-19	:
	UK	-10	-11	-24	-30	-27	-15	-15	-18	-15	-13	-13	-14	-17	-14	-15	-19	-18
	EC 9	- 4	- 5	-11	-17	-16	-15	-15	-16	-14	-15	-14	-15	-15	-14	-14	-13	(-13)
— over last 12 months	B	- 3	- 3	- 6	- 9	-12	-15	-18	-17	-11	-18	-18	-18	:	-17	-17	-15	:
	DK	6	3	- 8	- 4	- 2	0	3	- 5	4	2	2	1	4	3	- 5	0	:
	D	2	2	- 3	-12	-14	- 9	- 6	-16	- 5	- 7	- 6	- 6	- 8	- 5	- 6	- 4	- 3
	GR	:	:	:	:	15	0	6	- 7	2	7	3	10	:	6	2	:	:
	F	4	0	- 2	0	0	- 4	- 7	1	- 6	- 6	- 6	- 6	:	- 8	- 5	- 3	:
	IRL	1	-13	-19	-24	-23	-26	-22	-24	-31	-25	-23	-20	-21	-21	-18	-21	:
	I	- 6	- 7	-10	- 8	- 6	- 8	- 3	-10	- 5	- 8	- 4	- 3	- 3	- 2	- 1	- 3	- 2
	NL	1	1	- 9	-13	-14	-21	-17	-21	-19	-23	-21	-16	-14	-15	- 9	- 8	:
	UK	3	- 1	-13	-15	- 9	- 2	- 3	- 4	1	- 3	- 2	- 3	- 4	- 2	- 2	- 8	- 8
	EC 9	2	0	- 6	- 9	- 8	- 7	- 6	- 9	- 5	- 7	- 6	- 6	- 7	- 6	- 5	- 5	(- 5)
GENERAL ECONOMIC SITUATION	B	-47	-44	-58	-69	-68	-62	-57	-69	-55	-63	-58	-56	:	-56	-46	-42	:
	DK	-31	-34	-56	-47	-42	- 4	4	-34	15	8	20	6	5	1	10	- 5	:
	D	- 5	3	-18	-46	-51	-29	-14	-54	-14	-19	-13	-14	-18	-12	-11	-14	-13
	GR	:	:	:	:	- 2	-11	- 4	-11	-11	-10	- 9	- 3	:	- 1	- 6	:	:
	F	-18	-27	-39	-37	-28	-41	-54	-33	-43	-49	-49	-54	:	-61	-57	-52	:
	IRL	- 4	-35	-56	-66	-74	-77	-65	-75	-82	-74	-66	-61	-62	-70	-67	-65	:
	I	-45	-43	-57	-60	-51	-57	-36	-62	-53	-54	-47	-36	-33	-29	-22	-29	-29
	NL	-23	-30	-55	-64	-64	-54	-19	-66	-49	-46	-32	-21	-11	-13	3	1	:
	UK	0	-33	-55	-62	-40	-23	-25	-37	-15	-18	-16	-19	-30	-34	-42	-38	-35
	EC 9	-16	-22	-41	-51	-44	-37	-31	-47	-30	-34	-29	-29	-33	-32	-30	-30	(-29)
— over next 12 months	B	-28	-29	-45	-51	-43	-38	-33	-48	-27	-40	-34	-31	:	-33	-26	-26	:
	DK	-21	-24	-42	-29	-23	3	6	-12	16	7	18	2	3	2	7	0	:
	D	- 1	1	-19	-33	-32	-14	-10	-31	1	-13	- 7	- 9	-14	- 8	- 7	- 8	- 7
	GR	:	:	:	:	25	6	10	- 4	10	12	5	13	:	11	4	:	:
	F	-15	-29	-40	-27	-23	-36	-45	-27	-42	-41	-43	-45	:	-48	-39	-35	:
	IRL	2	-26	-35	-38	-42	-45	-29	-43	-48	-43	-28	-26	-31	-30	-28	-32	:
	I	-14	-19	-30	-30	-24	-25	- 9	-30	-22	-24	-15	- 7	- 6	- 7	- 2	-11	-10
	NL	-16	-26	-48	-42	-42	-28	- 5	-42	-24	-19	- 7	- 2	- 6	- 4	10	4	:
	UK	5	-16	-24	-23	-10	- 5	-10	-14	6	- 8	- 4	- 3	-17	-16	-18	-15	-16
	EC 9	- 8	-16	-30	-30	-24	-21	-18	-27	-14	-21	-17	-16	-21	-19	-15	-16	(-16)

¹ The sums of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.² 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.³ The EC results are derived from interpolated figures for Belgium, Greece and France.⁴ See footnote on page 4.

Source: European Community consumer survey.

Notes on graphs

¹ 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).² Quarterly data - percentage change on corresponding quarter of preceding year.³ See table 8 for data and notes.⁴ Quarterly data - seasonally adjusted (Community without Greece).

TABLE 8: (continued): Consumer opinion on economic and financial conditions

		1978	1979	1980	1981	1982	1983	1984	1983			1984*				1985*		
									Jan.	May	Oct.	I	II	III	IV	I	II	May
PRICE TRENDS	B	59	55	65	69	77	78	78	78	77	79	77	79	:	77	76	77	:
	DK	47	39	50	51	48	26	26	34	22	24	12	33	31	29	24	32	:
	D	16	25	44	52	46	23	15	37	13	18	14	19	17	10	10	12	12
	GR	:	:	:	:	15	30	24	30	31	29	29	22	:	22	28	:	:
	F	60	70	79	77	62	55	58	47	61	58	58	58	:	59	53	48	:
	IRL	57	80	85	87	87	80	71	77	85	79	71	68	73	73	63	64	:
	I	67	72	80	79	72	69	55	74	67	66	61	56	54	50	48	53	53
	NL	47	43	62	68	63	43	41	44	39	47	44	55	34	30	29	35	:
	UK	35	48	59	41	31	15	19	18	12	14	15	19	21	20	22	26	26
	EC 9	42	49	63	62	53	40	37	44	38	39	37	39	37	35	33	34	(34)
— over last 12 months	B	22	33	42	40	45	40	37	45	37	38	39	34	:	38	35	39	:
	DK	27	29	38	31	31	12	16	16	6	14	4	23	19	18	15	19	:
	D	33	44	51	50	43	30	28	37	22	30	26	31	31	24	25	27	27
	GR	:	:	:	:	25	37	38	44	32	35	43	33	:	38	45	:	:
	F	41	46	50	39	42	37	32	34	41	35	38	39	:	38	31	30	:
	IRL	36	58	56	52	46	39	35	43	33	40	33	32	41	33	32	34	:
	I	44	56	60	58	56	54	46	57	51	53	50	43	45	44	44	49	50
	NL	36	48	61	52	50	38	25	39	34	41	31	24	20	25	26	22	:
	UK	21	34	43	31	29	27	40	25	22	36	36	37	43	44	44	49	46
	EC 9	34	44	51	44	42	35	35	37	32	36	35	35	36	35	33	35	(34)
UNEMPLOYMENT	B	42	42	57	67	60	57	44	68	48	56	46	39	:	46	40	41	:
	DK	29	22	39	37	29	30	5	41	17	33	8	7	5	1	1	2	:
	D	10	3	20	43	43	30	20	52	8	31	21	14	22	21	19	14	13
	GR	:	:	:	:	11	10	11	24	19	9	15	7	:	12	19	:	:
	F	30	44	47	43	30	41	62	30	43	50	60	66	:	61	57	47	:
	IRL	6	12	34	47	56	67	52	65	65	71	53	47	53	55	53	47	:
	I	42	41	51	52	56	57	49	59	54	59	53	47	47	47	46	48	47
	NL	42	35	59	72	72	67	36	80	62	60	55	33	32	25	6	5	:
	UK	20	30	58	50	34	37	32	48	30	32	26	30	36	36	38	35	35
	EC 9	25	27	43	48	42	41	38	49	33	43	39	36	39	38	35	31	(30)
MAJOR PURCHASES	B	46	38	23	15	13	6	6	5	11	3	5	7	:	6	0	2	:
	DK	41	42	21	10	16	7	14	3	8	10	16	13	11	16	15	10	:
	D	31	25	18	-1	-17	-8	-9	-10	-5	-8	-5	-10	-10	-9	-7	-10	-9
	GR	:	:	:	:	-35	-35	-24	-36	-37	-34	-30	-23	:	-18	-19	:	:
	F	34	35	39	28	30	19	6	23	19	14	12	7	:	0	-7	-4	:
	IRL	49	46	30	24	13	-6	-9	1	-13	-6	-7	-11	-11	-7	4	5	:
	I	-10	-3	2	4	1	-13	-15	-15	-13	-13	-15	-18	-14	-13	-16	-17	-19
	NL	28	13	-2	-17	-21	-18	-44	-18	-17	-19	-44	-47	-38	-48	-36	-37	:
	UK	43	43	28	26	25	32	31	33	27	37	37	32	27	28	25	22	24
	EC 9	29	27	22	12	6	5	0	5	5	4	3	0	-1	-2	-4	-4	(-4)
— over next 12 months	B	-28	-29	-26	-28	-28	-30	-28	-29	-28	-34	-32	-27	:	-25	-31	-30	:
	DK	-9	-8	-14	-12	-10	-8	-7	-13	-6	-6	-8	-7	-5	-8	-9	-8	:
	D	-15	-15	-19	-25	-28	-29	-28	-33	-27	-27	-26	-27	-29	-28	-26	-28	-29
	GR	:	:	:	:	-24	-33	-38	-36	-25	-39	-42	-37	:	-35	-31	:	:
	F	-13	-16	-18	-13	-9	-10	-10	-10	-11	-10	-9	-11	:	-9	-10	-9	:
	IRL	-13	-17	-19	-22	-27	-31	-25	-32	-35	-25	-25	-32	-27	-16	-26	-23	:
	I	-16	-10	-17	-18	-22	-22	-21	-22	-22	-22	-22	-21	-21	-21	-22	-21	-20
	NL	-14	-19	-23	-27	-27	-29	-27	-28	-29	-32	-29	-28	-28	-23	-22	-23	:
	UK	-9	-6	-14	-19	-18	-15	-12	-19	-13	-13	-13	-11	-12	-12	-14	-14	-13
	EC 9	-12	-12	-17	-20	-20	-21	-19	-22	-20	-20	-19	-19	-20	-19	-19	-19	(-19)
SAVINGS	B	35	40	38	41	40	46	46	49	51	38	45	47	:	45	51	49	:
	DK	7	11	15	23	26	40	41	36	43	43	44	43	38	40	52	45	:
	D	34	46	43	32	27	33	38	27	35	36	35	38	38	40	41	42	44
	GR	:	:	:	:	-25	-29	-20	-36	-30	-21	-24	-19	:	-18	-15	:	:
	F	10	8	-3	2	5	0	6	-1	2	4	8	8	:	1	10	9	:
	IRL	14	8	5	-3	-9	-3	-8	9	-12	-5	-7	-10	-7	-6	3	-4	:
	I	6	4	-6	-7	10	21	33	19	23	21	28	33	35	36	38	35	33
	NL	13	19	19	27	38	35	34	37	32	35	35	30	34	38	41	39	:
	UK	-10	-5	6	5	5	10	17	4	11	16	15	17	15	19	18	15	15
	EC 9	16	21	15	12	12	19	24	16	19	21	23	25	24	25	28	27	(28)
— over next 12 months	B	-14	-14	-20	-21	-25	-26	-27	-23	-26	-31	-26	-28	:	-28	-33	-33	:
	DK	-11	-12	-20	-19	-18	-12	-11	-12	-9	-14	-10	-12	-12	-11	-5	-10	:
	D	43	46	44	23	2	1	3	-2	3	3	3	3	3	2	3	2	4
	GR	:	:	:	:	-37	-41	-39	-45	-42	-38	-40	-36	:	-40	-40	:	:
	F	-27	-29	-32	-32	-32	-35	-37	-30	-37	-38	-35	-36	:	-41	-37	-37	:
	IRL	-5	-11	-13	-19	-22	-25	-37	-18	-31	-26	-27	-28	-28	-30	-31	-25	:
	I	-35	-34	-32	-30	-22	-27	-28	-27	-26	-27	-22	-22	-18	-18	-18	-18	-18
	NL	6	8	0	-1	-3	-8	-2	-6	-8	-9	-3	-8	-1	3	3	6	:
	UK	-4	-4	-16	-20	-17	-13	-13	-16	-11	-12	-15	-13	-13	-10	-12	-16	-17
	EC 9	1	2	-4	-11	-17	-17	-16	-17	-16	-17	-16	-16	-16	-16	-15	-15	(-15)
FINANCIAL SITUATION OF HOUSEHOLDS	B	11	12	9	7	6	5	6	5	5	5	6	5	:	6	4	4	:
	DK	10	9	4	4	4	8	8	7	12	6	9	9	7	8	10	10	:
	D	23	22	21	16	12	11	11	10	14	11	11	11	9	12	12	12	12
	GR	:	:	:	:	0	0	2	-2	0	1	1	1	:	3	2	:	:
	F	10	10	8	8	8	6	4	8	5	5	5	4	:	3	3	4	:
	IRL	11	8	2	-4	-1	-1	-1	-3	1	-1	-1	-1	1	-3	0	0	:
	I	7	8	8	8	13	9	11	10	9	10	10	11	11	12	11	11	10
	NL	14	22	19	18	17	15	13	16	16	13	15	11	12	14	14	16	:
	UK	8	10	8	9	9	12	12	10	12	12	11	12	12	12	10	10	10
	EC 9	14	15	12	11	10	9	9	9	10	9	9	9	8	9	9	9	(9)
— indicator of net acquisition of financial assets	B	11	12	9	7	6	5	6	5	5	5	6	5	:	6	4	4	:
	DK	10	9	4	4	4	8	8	7	12	6	9	9	7	8	10	10	:
	D	23	22	21	16	12	11	11	10	14	11	11	11	9	12	12	12	12
	GR	:	:	:	:	0	0	2	-2	0	1	1	1	:	3	2	:	:
	F	10	10	8	8	8	6	4	8	5	5	5	4	:	3	3	4	:
	IRL	11	8	2	-4	-1	-1	-1	-3	1	-1	-1	-1	1	-3	0	0	:
	I	7	8	8	8	13	9	11	10	9	10	10	11	11	12	11	11	10
	NL	14	22	19	18	17	15	13	16	16	13	15	11	12	14	14	16	:
	UK	8	10	8	9	9	12	12	10	12	12	11	12	12	12	10	10	10
	EC 9	14	15	12	11	10	9	9	9	10	9	9	9	8	9	9	9	(9)

TABLE 9: Results of business surveys in the retail trade (a) (b)

		1984												1985			
		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April
B	Present business situation	4	5	-32	-22	-5	-31	-32	-19	-29	-12	-30	-17	-14	-23	6	-13
	Volume of stocks	16	21	12	19	19	18	29	20	11	10	13	13	10	8	5	18
	Intentions of placing orders	0	4	-16	-16	-15	-16	-5	-8	-2	-13	-26	-44	-17	-3	5	-19
	Expected business situation	4	16	-8	-10	-12	-11	12	3	0	-1	-9	-33	-7	18	6	1
D	Present business situation	-20	-18	-34	-24	-36	-35	-30	-33	-29	-32	-40	-27	-21	-38	-31	-25
	Volume of stocks	23	21	29	26	24	28	28	25	19	27	25	25	22	28	26	26
	Intentions of placing orders	:	:	:	:	:	:	:	:	:	:	:	:	-20	-15	-18	-20
	Expected business situation	-3	-4	-16	-18	-26	-20	-11	-17	-15	-21	-16	-16	-13	-14	-10	-5
F (c)	Present business situation	:	-14	:	-24	:	-23	:	-22	:	-32	:	-33	:	-32	:	-34
	Volume of stocks	:	11	:	11	:	20	:	23	:	14	:	18	:	9	:	15
	Intentions of placing orders	:	-44	:	-33	:	-33	:	-38	:	-35	:	-35	:	-46	:	-29
	Expected business situation	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
UK	Present business situation (d)	30	42	35	44	45	45	49	35	46	36	42	45	36	22	34	29
	Volume of stocks	38	33	44	38	32	19	18	33	9	28	30	19	17	30	20	26
	Intentions of placing orders	33	30	34	23	20	30	26	34	21	26	16	17	33	41	39	29
	Expected business situation (d)	56	52	63	56	47	43	35	51	46	48	42	41	32	40	40	35

(a) not seasonally adjusted; (b) net balances; (c) bi-monthly; (d) refers to volume of sales for the time of the year.
Source: EC business survey in retail trade.

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, slight decrease, don't know.
- Unemployment level in the country over the next 12 months will : increase sharply, increase slightly, remain the same, fall slightly, don't know.
- Major purchases (furniture, washing machine, TV, etc.) at present : yes, right time; neither right nor 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.

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
„European Economy“ (4 issues per year)	33.06	1 500	23.90	19.50	25.00	The annual subscription runs from 1 January to 31 December of each year.
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Series A — 'Economic trends' (11 issues per year)	11.02	500	8.00	6.50	09.00	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series B — 'Business and consumer survey results' (11 issues per year)	14.10	640	10.20	8.50	10.50	
Complete series of supplements	24.24	1 100	17.50	14.50	18.00	These are surface mail rates; for air subscription rates please apply to the agents
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