

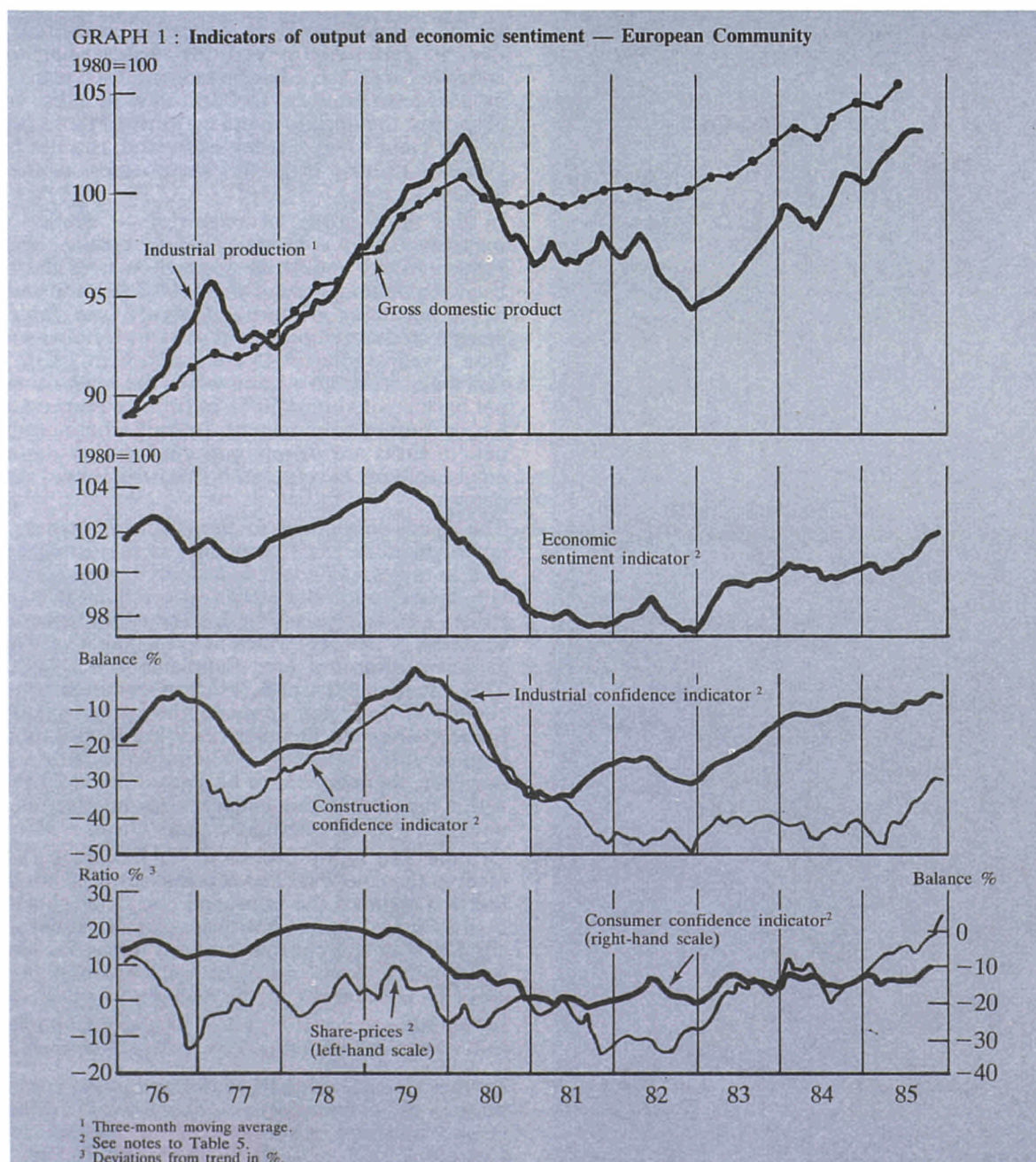
EUROPEAN ECONOMY

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

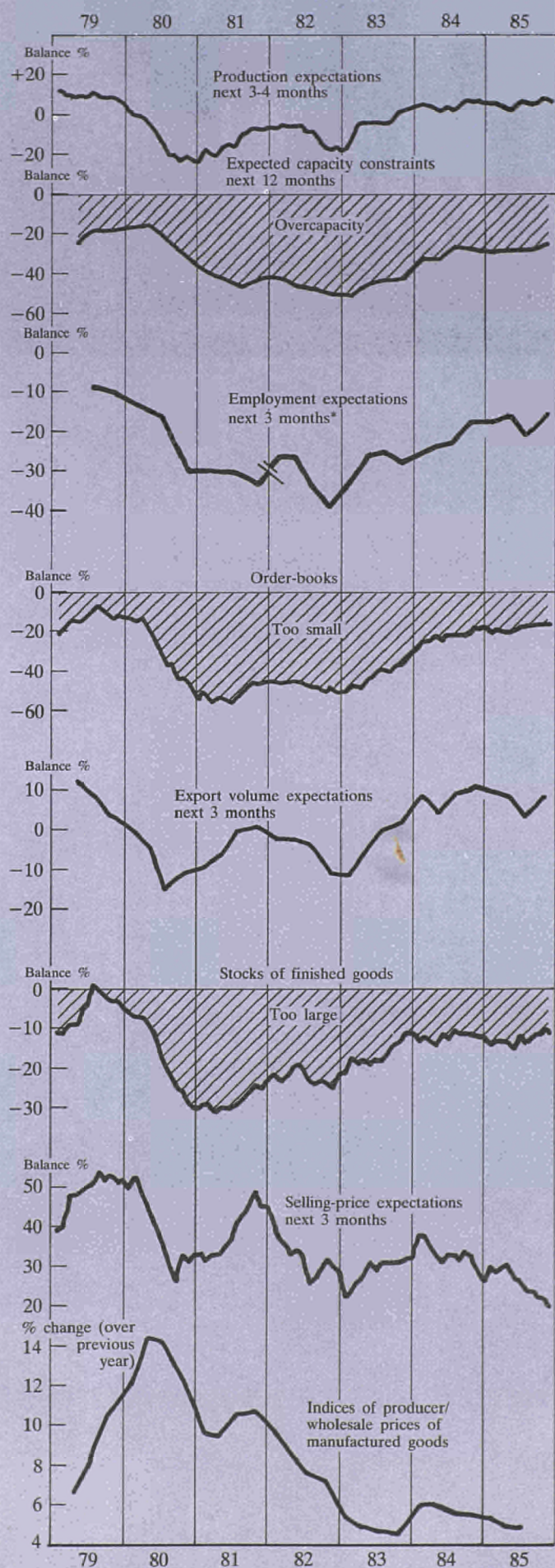
Supplement B — No 12 — December 1985

Business and consumer survey results

*This month :
Employment expectations in industry;
consumers' opinions on unemployment*



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



Business survey results

On average, the employment plans of Community industrialists have been influenced favourably by the upswing in economic activity. — The employment plans of Community firms are indicative of a positive response to the improvement to economic growth. This can be seen from the most recent surveys of Community industrialists. Compared with the last survey in July, there was in October a marked decline in the resistance of firms to increasing the numbers taken into employment (balance of -20 in July and -15 in October). This, however, still falls short of the level observed in 1980 (-6).

The countries fall into three groups. The first group consists of countries where on average, firms are planning to increase the size of their labour force. These are *Denmark* (experience shows that a zero balance in this case means that, on average, there is a planned increase), the *Federal Republic of Germany* (+1), *Ireland* (+7) and the *Netherlands* (+8). Compared with earlier results, in the Federal Republic of Germany and in Ireland, for the first time there appears a net increase in the number of those firms which plan to increase employment. This marked improvement in employment plans in industry is therefore seen to be a consequence of the recovery which has now been in evidence since 1983 and suggests that a further increase in output cannot be met by an increase in productivity alone in these countries. Given the high degree of capacity utilization (see Graph 1 and Supplement B No. 10), a further marked increase in output will require additional labour and investment.

In the second group of countries, consisting of *Belgium*, *Greece*, *Luxembourg* and the *United Kingdom*, numbers employed will, according to industrialists' plans, remain more or less constant over the next few months. In the United Kingdom, the decline in the majority of those firms wishing to reduce employment, when expressed as a net balance in the October results, is of the same order as the Community average.

In the third group of countries — *France* and *Italy* — industrialists in contrast, plan to reduce employment. In France, where industrial production over the past year has been fluctuating around the 1980 level and industrial confidence is gaining ground very slowly (see Table 5), business plans to reduce employment were in October more prevalent than a year earlier (-45 compared with -43). This suggests that with respect to a trend which has been rising for a year, a net balance of almost 50 % of firms in France are considering a reduction of employment. In Italy where around one-third, net, of firms are planning to cut back on the numbers they employ, there have recently been signs of a decline in such plans.

The main component in the planned increase in industrial employment in the Community is the establishment of new jobs in the *capital goods industries*. Intentions to recruit more labour are especially strong in mechanical engineering (balance +4) and precision instruments (balance +7), being branches of industry which are reaching a very high degree of capacity utilization (see Supplement B, No. 11, Table 5). This employment trend, which is common to most member countries, does not apply to the capital goods industry in France, where in October firms are in fact more pessimistic than in July (balance: -42 compared with -35). In Italy, however, there appear to be signs of a more optimistic trend, with a marked decline between July and October in the large number, net, of pessimistic firms (from -34 to -19).

Of note also is the decline in tendencies to reduce employment in the *consumer goods industries*, which is a reflection of the first signs of the improved consumer climate (see Table 2). In France, again, however, plans to reduce the numbers employed in the consumer goods industries have increased. In Denmark, firms' expected employment plans could reflect capacity bottlenecks in this sector.

In the *basic material industry*, too, as a Community average, fewer firms are planning to reduce the numbers they employ.

Further strengthening of confidence in the economic development in the Community. — There was a further rise in the leading indicator (Graph 1) for the EEC as compared with October (by 0.1 % to 102.0; 1980=100), mainly as a result of

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

	Range (b)		Range (b)		1984	1985	1984			1985			
	Peak 1973	Trough 1975	Peak 1979	Trough 1982/83			II	III	IV	I	II	III	IV
B	+12	-26	-2	-17	-9	-9	-11	-5	-7	-7	-11	-11	-7
DK	:	:	:	-14	+10	+3	+6	+14	+7	+7	+5	+1	0
D	+13	-34	+2	-38	-11	-4	-13	-10	-2	-8	-5	-5	+1
GR	:	:	:	:	-2	-3	-3	-2	-2	-4	-4	-1	-3
F	+17	-35	-23	-48	-44	-43	-44	-48	-43	-42	-41	-44	-45
IRL	+15	-34	+4	-35	-20	-7	-23	-19	-21	-18	-14	-1	+7
I	+13	-26	+3	-39	-34	-33	-33	(-33)	-31	(-31)	-31	-39	-29
L	+75	-67	-1	-62	-26	+2	-41	-7	-4	+7	+5	-1	-2
NL	+4	-32	-6	-36	-4	+9	-6	-3	+4	+10	+11	+8	+8
UK	:	:	:	-43	-11	-3	-13	-14	-8	-2	+2	-9	-4
EUR	+12	-31	-6	-40	-21	-17	-23	-22	-17	-17	-15	-20	-15

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

	Consumer goods					Investment goods					Intermediate goods				
	1984 IV	1985 I II III IV				1984 IV	1985 I II III IV				1984 IV	1985 I II III IV			
B	-1	-1	-7	-10	-3	-13	-14	-16	-11	-12	-11	-13	-15	-17	-14
DK	+4	+7	+12	+4	-3	+11	+4	+3	-4	+4	+6	+3	+5	+1	+1
D	+7	-4	+3	-7	-4	+6	+9	+11	+16	+13	-6	-15	-12	-9	+2
GR	+5	+10	+11	-5	-4	-22	-31	-33	+12	+10	+3	+1	-1	0	-7
F	-43	-44	-37	-40	-44	-29	-32	-32	-35	-42	-54	-48	-48	-51	-50
IRL	-33	-30	-30	-10	-4	+12	+5	-1	+26	+31	-19	-11	-10	-20	-2
I	-30	(-30)	-31	-29	-21	-29	(-29)	-27	-34	-19	-26	(-26)	-34	-42	-37
L	+32	+19	+2	+15	+25	-1	+6	+8	+3	-1	-7	+7	+8	-4	-4
NL	+3	+10	+2	+1	+4	+6	+10	+20	+14	+19	+3	+13	+9	+9	+12
UK	-12	-16	-16	-26	-19	-5	+5	+13	+2	+9	-17	-13	-20	-24	-22
EUR	-17	-20	-17	-22	-19	-9	-6	-3	-5	-3	-21	-21	-24	-26	-22

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

	Range (b)		Range (b)		1984	1985	1984			1985			
	Peak 1973	Trough 1975	Peak 1979	Trough 1982/83			II	III	IV	I	II	III	IV
B	4,5	2,8	3,7	3,0	3,4	3,4	3,4	3,4	3,3	3,4	3,3	3,5	3,4
DK	3,3	2,8	3,4	2,6	2,8	2,9	2,8	2,8	2,9	2,8	2,8	2,9	2,9
GR	:	:	:	5,0	5,3	5,1	4,7	5,0	4,9	5,3	5,1	5,0	4,9
F	3,5	2,7	4,2	3,3	3,1	3,1	3,1	3,0	3,0	3,1	3,1	3,2	3,1
IRL	2,2	1,8	2,6	1,5	1,9	2,0	1,6	2,4	1,7	2,2	2,1	1,8	1,9
I	4,7	3,7	5,3	3,8	4,3	4,4	4,2	4,5	4,4	4,4	4,3	4,3	4,4
L	3,5	1,4	2,4	1,7	1,9	1,9	1,8	1,8	2,1	2,0	1,8	2,0	1,9
NL	4,7	2,6	4,2	2,5	2,9	3,1	2,8	2,9	3,1	3,1	3,0	3,0	3,3
UK	:	:	4,2	1,9	3,0	3,7	3,1	3,0	3,0	2,8	3,9	4,0	4,1
EUR (c)	3,7	3,0	3,9	3,0	3,2	3,4	3,2	3,3	3,3	3,2	3,4	3,5	3,5

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

(b) These are the extreme (high and low) values of the balances of the different questions, reached in the course of 1973-1975 and 1979-1983, respectively.

(c) Weighted total of available country data.

Source: European Community business surveys.

TABLE 4: Survey of the construction industry
Net balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

	Range (c)		Range (c)		1984	1984 IV	1985			1985					
	Peak 72/73	Trough 74/75	Peak 79/80	Trough 81/83			I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B order-books	-13	-47	-20	-76	-68	-64	-62	-55	-51	-51	-49	-53	-52	-52	-51
employment expectations	+31	-24	+7	-53	-39	-27	-32	-23	-24	-21	-23	-27	-21	-22	-14
price expectations	+75	+25	+61	-18	-8	-3	-5	+1	+1	0	0	0	+4	+10	+15
construction confidence indicator (a)	+9	-36	-7	-65	-54	-46	-47	-39	-38	-36	-36	-40	-37	-37	-33
D order-books	-17	-84	+2	-75	-69	-73	-77	-75	-69	-74	-74	-68	-65	-60	-57
employment expectations	+10	-60	+20	-53	-38	-47	-58	-48	-29	-41	-33	-31	-24	-16	-19
price expectations	+48	-37	+48	-49	-15	-16	-23	-29	-6	-22	-14	-6	+1	+1	+7
construction confidence indicator (a)	-4	-72	+11	-64	-54	-60	-68	-62	-49	-58	-54	-50	-45	-38	-38
F order-books	:	:	-26	-73	-68	-60	-63	-52	-48	(-52)	-48	(-48)	(-48)	-44	(-44)
employment expectations	:	:	-8	-47	-45	-43	-37	-25	-15	(-25)	-15	(-15)	(-15)	-20	(-20)
construction confidence indicator (a)	:	:	-17	-57	-57	-52	-50	-39	-32	(-39)	-32	(-32)	(-32)	-32	(-32)
I order-books	-25	-68	-8	-62	-39	-30	-38	-35	-34	-36	-34	-33	-34	-37	-39
employment expectations	+10	-44	-2	-39	-17	-9	-24	-24	-23	-23	-25	-27	-16	-4	-18
price expectations	+85	+30	+79	+2	+10	+8	+8	+15	+12	+19	+14	+13	+8	+30	+12
construction confidence indicator (a)	-8	-56	-5	-51	-28	-20	-31	-30	-29	-30	-30	-30	-25	-21	-29
L order-books	+21	-50	+15	-79	-67	-61	-67	-61	-63	-60	-69	-60	-59	-54	-46
employment expectations	+31	-39	+46	-75	-51	-40	-58	-46	-36	-35	-30	-38	-42	-38	-25
price expectations	+82	+11	+81	-49	-24	-10	-20	-15	-2	-9	+2	-5	-4	-4	+3
construction confidence indicator (a)	+26	-45	+31	-77	-59	-51	-63	-54	-50	-48	-50	-49	-51	-46	-36
NL order-books	-8	-81	-10	-61	-40	-36	-36	-36	:	:	:	:	-26	-27	-27
employment expectations	+14	-13	+15	-31	-6	-8	-6	-6	:	:	:	:	-11	-7	-8
construction confidence indicator (a)	+3	-47	+3	-46	-23	-22	-21	-21	:	:	:	:	-19	-17	-18
UK order-books	:	:	-1	-71	-43	-37	-38	-39	-37	(-39)	-37	(-37)	(-37)	-35	(-35)
employment expectations	:	:	+15	-49	-11	-9	-20	-16	-10	(-16)	-10	(-10)	(-10)	-1	(-1)
price expectations	:	:	+74	-22	+9	+7	+14	+9	+9	(+9)	+9	(+9)	(+9)	+12	(+12)
construction confidence indicator (a)	:	:	+7	-60	-27	-23	-29	-28	-24	(-28)	-24	(-24)	(-24)	-18	(-18)
EUR order-books	:	:	-9	-63	-57	-53	-56	-52	-49	(-52)	-50	(-49)	(-47)	-45	(-44)
employment expectations	:	:	+7	-33	-29	-29	-35	-28	-19	(-26)	-20	(-20)	(-16)	-12	(-14)
construction confidence indicator (a)	:	:	-1	-48	-43	-41	-46	-40	-34	(-39)	-35	(-35)	(-32)	-29	(-29)

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

(b) Details of the questions are given in the December 1984 issue of this supplement.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972-1975 and 1979-1983, respectively.

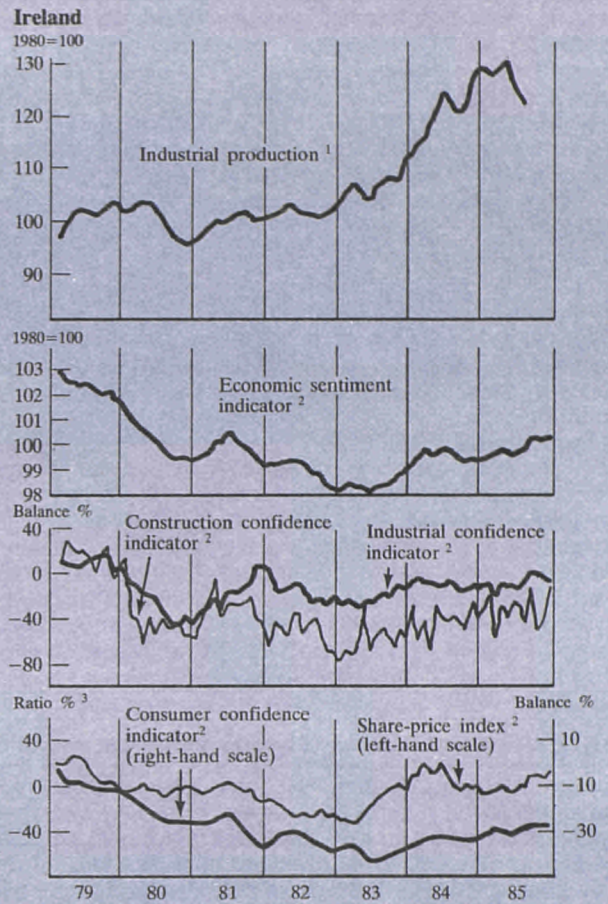
Note: The annual and quarterly figures are averages of the corresponding monthly data, except for France and the United Kingdom, where the survey is carried out on a quarterly basis.

Source: European Community business surveys.

investor confidence in the stock markets. Consumer confidence remained at the much improved level of the month before and there was no change in construction industry confidence (see Table 4 — for France and the United Kingdom no November results are available). Industrial confidence was in November slightly weaker than in October, but the indicator was still noticeably higher than the levels for earlier months in 1985 (see Table 5).

For the third month in a row, *industrial firms* in the Community consider that the *demand situation* is unchanged, both for demand as a whole and for demand from abroad. The impact derived from the assessment of stocks is also unchanged. This view is confirmed by the apparent judgement of firms in the order situation. Since the second quarter of 1985, the size of estimated order books, as a Community average, has remained almost unchanged and for October this trend is expected to continue. In view of this favourable demand situation, firms expect the growth of industrial output to continue (see Tables 5 and 6), as shown by the most recent industrial survey results (balance +8).

GRAPH 3 : Indicators of output and economic sentiment

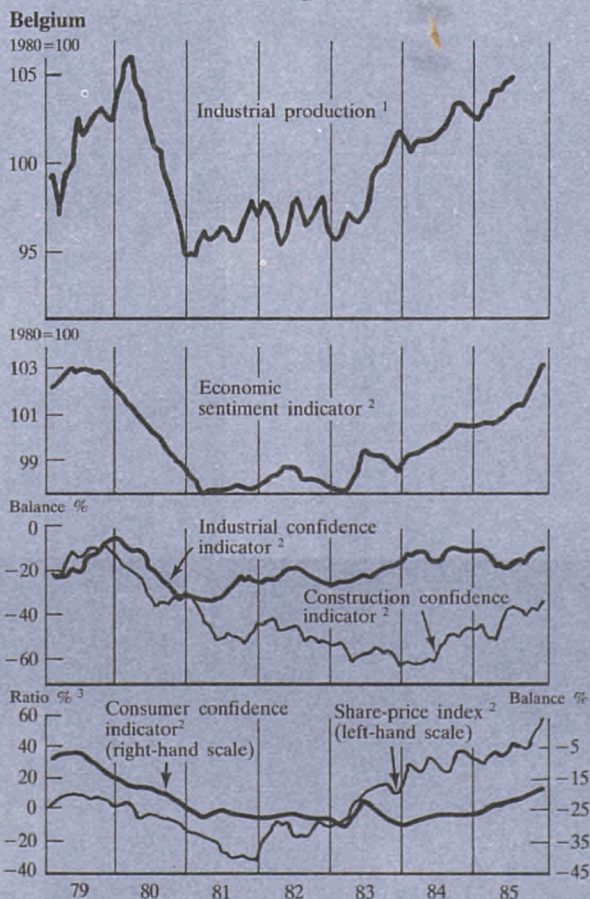


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

GRAPH 4 : Indicators of output and economic sentiment

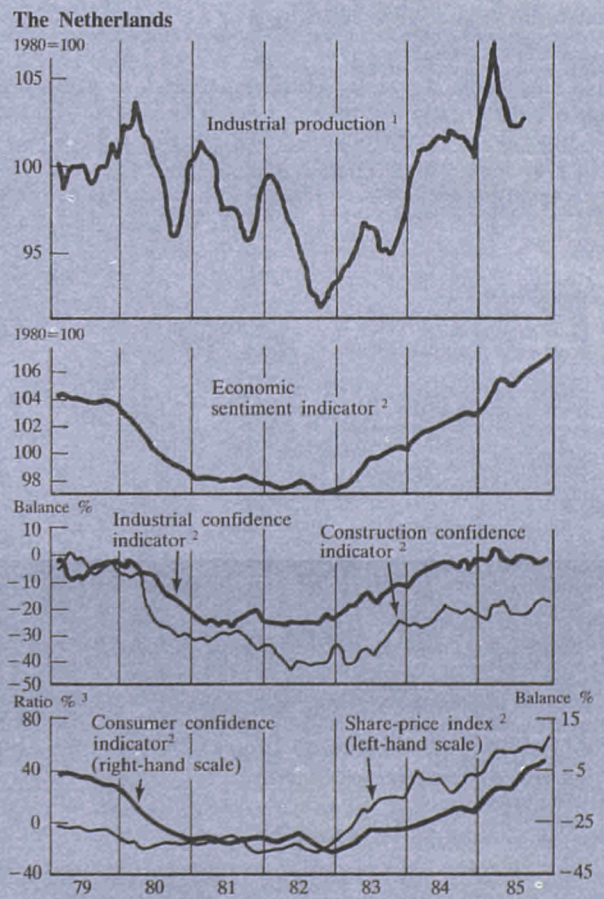


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

GRAPH 5 : Indicators of output and economic sentiment

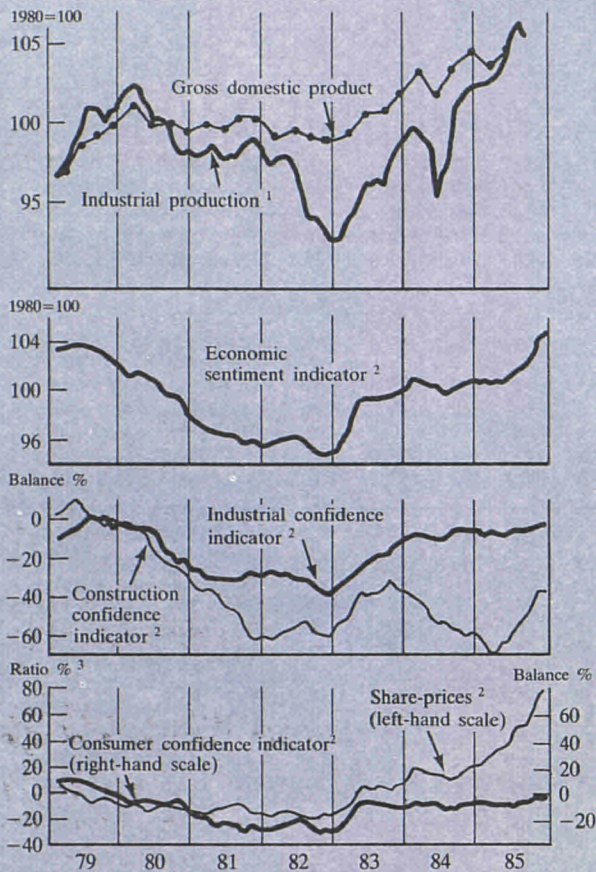


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

**GRAPH 6 : Indicators of output and economic sentiment
Federal Republic of Germany**

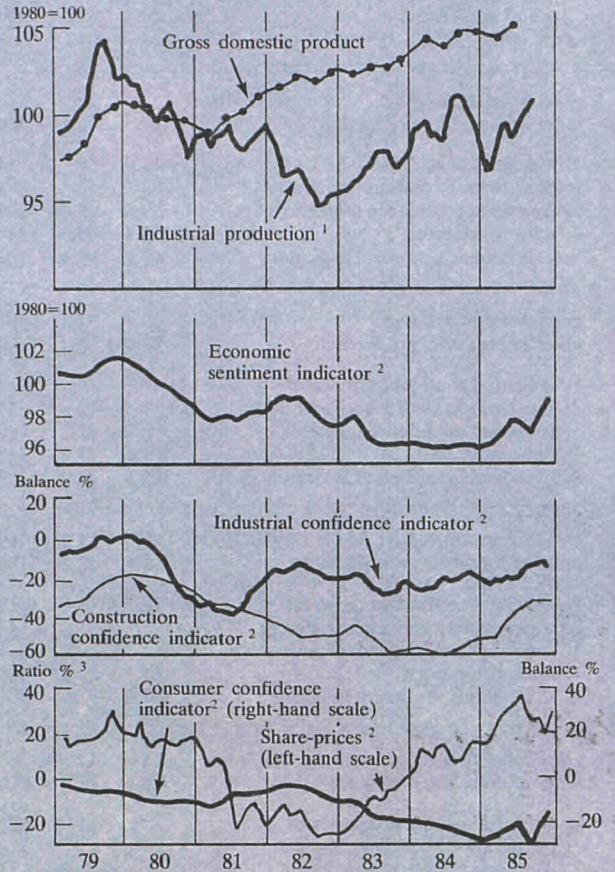


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

**GRAPH 7 : Indicators of output and economic sentiment
France**

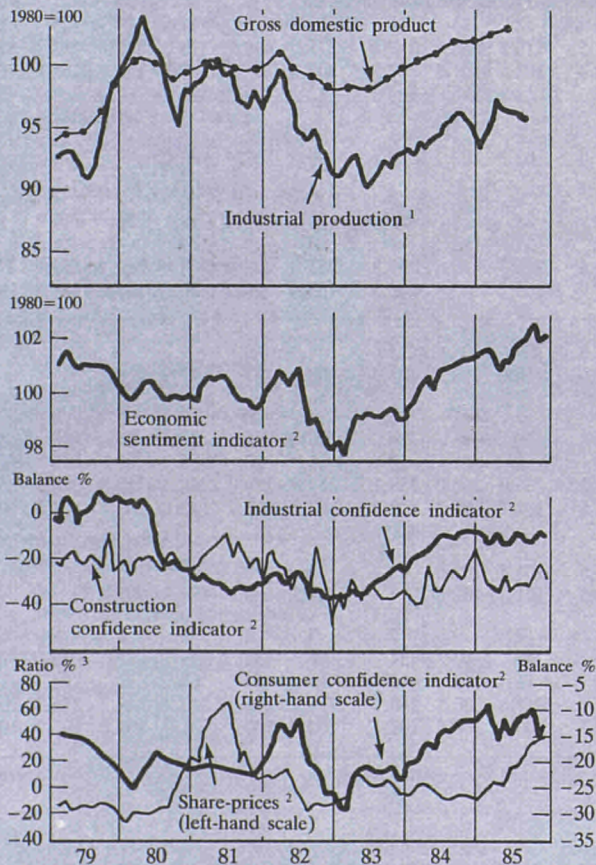


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

**GRAPH 8 : Indicators of output and economic sentiment
Italy**

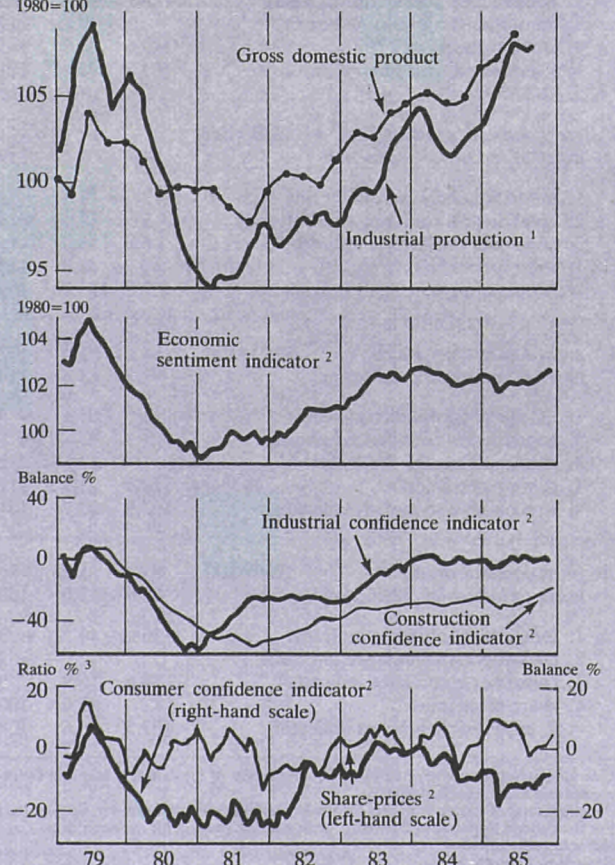


¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

**GRAPH 9 : Indicators of output and economic sentiment
United Kingdom**



¹ Three-month moving average.

² See notes to Table 5.

³ Deviations from trend in %.

TABLE 5: Indicators of output and economic sentiment

		Range		Range		1984	1985			1985					
		Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B	<i>gross domestic product</i> 1980=100														
	<i>index of industrial production</i>	102,5	76,5	106,3	92,4	102,4	102,7	103,7	:	107,2	102,3	:	:	:	:
	1. industrial confidence indicator	+ 19	- 56	- 4	- 35	- 12	- 13	- 17	- 13	- 16	- 14	- 15	- 11	- 10	- 10
	2. construction confidence indicator	+ 9	- 36	- 7	- 65	- 54	- 47	- 39	- 38	- 36	- 36	- 40	- 37	- 37	- 33
	3. consumer confidence indicator ^{1, 4}	7,0	- 18,0	- 7,0	- 31,0	- 27	- 24	- 22	- 21	(- 22)	- 21	(- 21)	(- 21)	- 18	(- 18)
	4. share-price index ^{4, 5}	155,1	98,0	114,3	75,0	161,9	171,1	177,8	186,4	184,9	183,3	183,0	192,8	205,7	226,6
	= 5. economic sentiment indicator	107,9	99,4	103,0	97,5	100,0	100,7	101,0	101,6	101,3	101,4	101,3	102,0	102,5	103,2
D	<i>gross domestic product</i> ³ 1980=100	85,1	83,3	101,2	98,9	102,7	103,4	104,8	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,0	82,4	103,1	91,4	98,8	102,9	104,1	105,6	105,7	108,0	104,8	104,2	:	:
	1. industrial confidence indicator	+ 10	- 49	+ 2	- 40	- 8	- 7	- 8	- 6	- 6	- 7	- 6	- 4	- 4	- 2
	2. construction confidence indicator	- 4	- 72	+ 11	- 64	- 54	- 68	- 62	- 49	- 58	- 54	- 50	- 45	- 38	- 38
	3. consumer confidence indicator ⁴	:	- 22,2	9,0	- 31,0	- 9	- 8	- 9	- 7	- 10	- 8	- 7	- 6	- 4	- 5
	4. share-price index ^{4, 5}	109,0	75,2	115,6	97,6	153,6	175,2	192,3	214,8	204,7	208,3	209,3	226,8	243,6	258,5
	= 5. economic sentiment indicator	103,8	97,0	103,6	94,7	100,6	100,8	101,1	102,2	101,5	101,7	102,0	102,9	103,7	104,1
F	<i>gross domestic product</i> 1980=100	85,4	84,2	99,8	102,4	104,7	104,7	105,3	:	:	:	:	:	:	:
	<i>index of industrial production</i>	96,7	82,2	105,2	94,8	100,0	98,2	99,0	101,0	98,5	101,5	101,5	100,0	:	:
	1. industrial confidence indicator	+ 29	- 49	+ 5	- 39	- 22	- 21	- 20	- 15	- 16	- 15	- 15	- 13	- 13	- 14
	2. construction confidence indicator	:	:	- 17	- 57	- 57	- 50	- 39	- 32	(- 39)	- 32	(- 32)	(- 32)	- 32	(- 32)
	3. consumer confidence indicator ^{1, 4}	:	- 9,0	3,0	- 27,0	- 23	- 25	- 21	- 30	(- 21)	- 30	(- 30)	(- 30)	- 17	(- 17)
	4. share-price index ^{4, 5}	86,6	53,6	101,2	82,7	158,6	184,3	205,7	203,0	212,1	204,2	201,3	203,7	195,7	213,5
	= 5. economic sentiment indicator	107,8	97,6	101,8	95,1	95,3	95,6	96,8	96,3	96,8	96,4	95,9	96,7	97,3	98,3
IRL	<i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	80,4	72,3	103,8	99,6	123,3	128,9	127,1	:	124,3	121,6	122,6	:	:	:
	1. industrial confidence indicator	:	- 41	+ 20	- 40	- 10	- 10	- 13	- 2	- 16	- 7	+ 1	0	- 4	- 7
	2. construction confidence indicator	:	:	:	:	- 45	- 35	- 30	- 36	- 27	- 45	- 13	- 51	- 42	- 12
	3. consumer confidence indicator ⁴	:	- 41,0	12,0	- 44,0	- 33	- 29	- 31	- 27	(- 31)	- 27	(- 27)	(- 27)	- 27	(- 27)
	4. share-price index ^{4, 5}	85,8	29,9	112,2	79,4	139,7	134,3	136,6	155,0	143,0	142,9	161,0	161,0	155,9	169,7
	= 5. economic sentiment indicator	109,1	96,7	103,6	98,1	100,0	99,8	99,7	100,3	99,7	99,9	100,4	100,3	100,2	100,3
I	<i>gross domestic product</i> 1980=100	80,4	77,2	101,2	98,2	101,8	102,9	103,7	:	:	:	:	:	:	:
	<i>index of industrial production</i>	87,9	72,6	104,7	89,1	95,2	96,6	96,9	96,2	99,1	95,3	95,7	97,7	:	:
	1. industrial confidence indicator	+ 31	- 59	+ 13	- 41	- 11	- 3	- 11	- 10	- 8	- 9	- 10	- 10	- 6	- 9
	2. construction confidence indicator	+ 8	- 56	- 5	- 51	- 28	- 31	- 30	- 29	- 30	- 30	- 30	- 25	- 21	- 29
	3. consumer confidence indicator ⁴	:	- 39,0	- 12,1	- 29,6	- 15	- 12	- 13	- 10	- 12	- 11	- 11	- 9	- 15	- 12
	4. share-price index ^{4, 5}	169,6	68,5	185,0	116,9	171,5	216,1	248,6	312,6	271,0	289,9	313,0	335,0	343,4	355,7
	= 5. economic sentiment indicator	103,8	97,4	101,6	97,6	100,4	101,5	101,5	102,3	101,8	102,0	102,1	102,6	102,0	102,2
NL	<i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	94,8	87,1	117,5	90,7	101,0	107,0	102,7	:	105,0	101,0	103,0	:	:	:
	1. industrial confidence indicator	+ 12	- 44	+ 4	- 31	- 4	0	- 2	- 2	0	- 1	- 2	- 3	- 4	- 1
	2. construction confidence indicator	+ 3	- 47	+ 3	- 46	- 23	- 21	- 21	- 19	(- 23)	(- 19)	(- 19)	- 19	- 17	- 18
	3. consumer confidence indicator ⁴	6,0	- 15,0	5,0	- 37,0	- 22	- 11	- 12	- 4	(- 12)	- 4	(- 4)	(- 4)	- 1	(- 1)
	4. share-price index ^{4, 5}	:	86,3	122,8	92,8	196,8	236,5	248,6	259,3	251,0	258,9	257,8	260,7	255,6	275,3
	= 5. economic sentiment indicator	107,8	100,7	105,3	97,1	102,7	105,2	105,3	106,3	105,6	106,0	106,4	106,6	106,7	107,3
UK	<i>gross domestic product</i> 1980=100	94,6	91,0	102,5	97,7	105,3	107,6	108,8	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,7	89,6	110,0	93,8	102,9	106,0	108,3	107,9	108,3	107,2	107,5	109,1	:	:
	1. industrial confidence indicator	:	:	+ 9	- 60	0	- 3	+ 1	0	+ 3	0	- 1	0	0	0
	2. construction confidence indicator	:	:	+ 7	- 60	- 27	- 29	- 28	- 24	(- 28)	- 24	(- 24)	(- 24)	- 18	(- 18)
	3. consumer confidence indicator ⁴	:	- 32,5	14,4	- 25,5	- 5	- 12	- 11	- 10	- 11	- 10	- 12	- 9	- 7	- 7
	4. share-price index ^{4, 5}	78,5	23,3	111,6	104,4	196,3	235,0	240,0	238,1	237,8	228,7	240,2	245,3	248,9	262,2
	= 5. economic sentiment indicator	103,8	97,7	104,9	98,8	102,5	101,7	102,2	102,2	102,2	102,1	102,1	102,4	102,6	102,7
EUR	<i>gross domestic product</i> ^{2, 3} 1980=100	85,1	85,5	101,1	101,0	103,6	104,5	105,6	:	:	:	:	:	:	:
	<i>index of industrial production</i>	92,9	83,0	103,2	94,6	99,8	101,5	102,6	:	103,3	103,4	102,7	103,4	:	:
	1. industrial confidence indicator	+ 16	- 49	+ 3	- 36	- 10	- 9	- 9	- 7	- 7	- 8	- 7	- 6	- 5	- 6
	2. construction confidence indicator	:	:	- 1	- 48	- 43	- 46	- 40	- 34	(- 39)	- 35	(- 35)	(- 32)	- 29	(- 29)
	3. consumer confidence indicator ^{1, 4}	4,6	- 16,7	0,8	- 22,0	- 14	- 14	- 13	- 13	- 14	- 14	- 13	- 11	- 10	- 10
	4. share-price index ^{4, 5}	:	47,0	100,8	115,1	188,6	217,6	230,1	240,7	234,9	233,8	240,2	248,2	254,3	268,6
	= 5. economic sentiment indicator	107,5	96,6	104,1	97,4	100,2	100,3	100,5	101,1	100,7	100,7	101,0	101,6	101,9	102,0

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.

() = estimated.

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

		Range (b)		Range (b)		1984	1984	1985			1985					
		Peak 1972/73	Trough 1974/75	Peak 1979/80	Through 1981/82			I	II	III	June	July	Aug.	Sept.	Oct.	Nov.
B	production expectations	+31	-56	-4	-37	-3	-1	-4	-10	-5	-5	-6	-8	-3	-2	-6
	order-books	+13	-74	-14	-49	-23	-24	-25	-26	-25	-28	-26	-27	-23	-23	-17
	export order-books	+15	-82	-19	-55	-25	-24	-27	-27	-27	-28	-27	-28	-27	-30	-26
	stocks of finished products	-14	+37	+2	+18	+10	+8	+10	+14	+9	+15	+10	+11	+6	+6	+7
	selling-price expectations	+64	-10	+39	+12	+27	+25	+24	+20	+20	+18	+21	+19	+21	+16	+13
	industrial confidence indicator	+19	-56	-4	-35	-12	-11	-13	-17	-13	-16	-14	-15	-11	-10	-10
DK	production expectations	:	:	:	+8	+27	+26	+19	+19	+17	:	:	:	:	+16	:
	order-books	:	:	:	-34	+31	+35	+26	+23	+29	:	:	:	:	+22	:
	export order-books	:	:	:	+14	+26	+30	+27	+22	+30	:	:	:	:	+16	:
	stocks of finished products	:	:	:	+24	0	-10	+1	+1	+5	:	:	:	:	+10	:
	industrial confidence indicator	:	:	:	-22	+19	+24	+15	+14	+14	:	:	:	:	+9	:
	D	production expectations	+17	-32	+10	-30	+5	+5	+2	+3	+2	+5	+2	+1	+3	+4
order-books		+5	-73	-6	-59	-21	-16	-17	-17	-12	-15	-13	-12	-11	-11	-10
export order-books		:	:	-14	-50	-23	-13	-12	-10	-8	-7	-10	-6	-7	-6	-6
stocks of finished products		-7	+43	-2	+31	+8	+6	+7	+9	+7	+8	+10	+8	+4	+4	+4
selling-price expectations		+55	+4	+38	+4	+24	+22	+18	+20	+14	+18	+16	+13	+12	+13	+17
industrial confidence indicator		+10	-49	+2	-40	-8	-6	-7	-8	-6	-6	-7	-6	-4	-4	-2
GR	production expectations	:	:	:	:	+24	+23	+23	+21	+21	+26	+26	+21	+15	+23	+14
	order-books	:	:	:	:	-28	-21	-31	-23	-22	-16	-17	-22	-27	-26	-14
	export order-books	:	:	:	:	-27	-25	-41	-32	-27	-34	-24	-27	-31	-36	-30
	stocks of finished products	:	:	:	:	+18	+15	+9	+15	+7	+13	+9	+7	+6	+7	+13
	selling-price expectations	:	:	:	:	+33	+41	+26	+29	+29	+28	+27	+29	+31	+34	+45
	industrial confidence indicator	:	:	:	:	-7	-4	-6	-6	-3	-1	0	-3	-6	-3	-4
F	production expectations	+33	-29	+18	-20	-10	-7	-7	-4	0	-1	-1	0	+1	+1	-1
	order-books	+26	-69	0	-56	-35	-33	-36	-33	-28	-30	-28	-28	-27	-23	-27
	export order-books	+24	-66	+10	-52	-19	-22	-22	-19	-18	-18	-20	-18	-16	-15	-26
	stocks of finished products	-14	+50	+3	+42	+20	+20	+21	+21	+16	+18	+17	+16	+14	+18	+14
	selling-price expectations	+76	+15	+62	+17	+42	+33	+38	+32	+28	+27	+30	+28	+27	+30	+14
	industrial confidence indicator	+29	-49	+5	-39	-22	-20	-21	-19	-15	-16	-15	-15	-13	-13	-14
IRL	production expectations	:	-21	+40	-33	+2	0	-1	+5	+11	+4	+8	+10	+14	+9	+8
	order-books	:	-68	+18	-55	-29	-27	-20	-30	-14	-29	-21	-8	-13	-24	-13
	stocks of finished products	:	+35	-6	+33	+6	+9	+8	+13	+3	+22	+8	-1	+2	-2	+15
	selling-price expectations	:	+64	+77	+20	+32	+30	+22	+19	+12	+7	+20	+5	+12	-1	-1
	industrial confidence indicator	:	-41	+20	-40	-10	-12	-10	-13	-2	-16	-7	+1	0	-4	-7
	I	production expectations	+40	-43	+24	-26	+9	+12	+8	+5	+6	+8	+7	+5	+6	+12
order-books		+30	-82	+7	-66	-26	-18	-20	-22	-20	-20	-20	-22	-19	-19	-22
export order-books		+13	-67	-6	-59	-28	-27	-30	-31	-30	-33	-30	-30	-29	-29	-29
stocks of finished products		-24	+53	-8	+32	+16	+16	+17	+17	+15	+13	+14	+13	+18	+11	+15
selling-price expectations		+76	+10	+87	+37	+47	+40	+41	+43	+36	+45	+32	+39	+37	+37	+34
industrial confidence indicator		+31	-59	+13	-41	-11	-7	-3	-11	-10	-8	-9	-10	-10	-6	-9
L	production expectations	+84	-80	+40	-66	-7	+7	-2	0	+3	-5	0	+4	+4	+4	+6
	order-books	:	:	+8	-70	+10	+13	+3	-1	+6	+2	0	+9	+10	+4	+6
	export order-books	:	:	+9	-80	+11	+14	+1	-2	+9	-3	-1	+12	+15	+6	-27
	stocks of finished products	-14	+74	0	+58	+4	-1	-4	+10	+2	+8	+8	-3	+2	+3	+8
	selling-price expectations	:	-46	+74	-38	+23	+23	0	+26	+24	+22	+22	+28	+21	+30	+22
	industrial confidence indicator	:	:	+16	-65	+1	+7	+2	-4	+2	-4	-3	+5	+4	+2	+2
NL	production expectations	+26	-26	+20	-13	+7	+6	+7	+2	+2	+6	+4	+2	0	+1	+7
	order-books	+7	-48	-5	-42	-11	-7	-2	-5	-5	-5	-5	-3	-7	-10	-8
	stocks of finished products	-3	+57	+3	+39	+9	+10	+4	+4	+3	+1	+3	+4	+3	+3	+3
	industrial confidence indicator	+12	-44	+4	-31	-4	-4	0	-2	-2	0	-1	-2	-3	-4	-1
UK	production expectations	:	:	+29	-52	+21	+19	+18	+21	+19	+23	+17	+20	+21	+21	+17
	order-books	:	:	-2	-85	-10	-8	-12	-5	-5	-3	-3	-7	-6	-7	-3
	export order-books	:	:	-11	-72	-13	-6	-6	-1	-5	-5	+2	-5	-11	-10	-4
	stocks of finished products	:	:	-1	+42	+10	+11	+14	+12	+15	+12	+14	+15	+15	+14	+14
	selling-price expectations	:	:	+70	+7	+32	+35	+31	+26	+20	+26	+24	+18	+19	+17	+16
	industrial confidence indicator	:	:	+9	-60	0	0	-3	+1	0	+3	0	-1	0	0	0
EUR	production expectations	+24	-30	+15	-20	+5	+7	+5	+5	+7	+8	+5	+6	+9	+9	+8
	order-books	+15	-70	-7	-56	-22	-19	-20	-18	-16	-17	-16	-16	-15	-15	-15
	export order-books	:	:	-12	-50	-21	-16	-16	-14	-15	-14	-14	-15	-15	-15	-15
	stocks of finished products	-10	+48	-1	+31	+12	+12	+13	+13	+11	+11	+12	+11	+11	+10	+11
	selling-price expectations	+64	+9	+53	+22	+33	+29	+29	+28	+22	+27	+24	+24	+23	+23	+20
	industrial confidence indicator	+16	-49	+3	-36	-10	-8	-9	-9	-7	-7	-8	-7	-6	-5	-6

(a) The indicator is an average of the responses (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 balances of the different questions, reached in the course of 1972-1975 and 1979-1982, respectively.

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

Consumer survey results

Widespread improvement in the consumer climate. — Recently, consumer confidence in most Member States rose as compared with preceding months, especially in Denmark and in the Federal Republic of Germany.

In *Denmark*, the favourable trend in the consumers' assessments discernible first in the middle of the year has gathered momentum over recent months.

There has been an overall improvement in recent months in the consumer climate in the *Federal Republic of Germany*. This has emerged primarily in the expectation that the number of people out of work would not continue rising and in a stronger propensity to make major purchases. However, as regards automobile purchases, consumers have tended to adopt a «wait-and-see» attitude. The fact that consumer perceptions were somewhat gloomier in November than in previous months is a phenomenon observed regularly in the past.

Consumers in *Belgium* also gave evidence of a greater optimism, particularly on the general economic situation and on developments in the labour market.¹

Judging by the most recent results of the survey conducted in the fourth quarter, a large majority of consumers in *Greece* appear, convinced that, the major economic policy programme unveiled recently by the Government implies that there will be a fairly dramatic deterioration in the general economic situation in the twelve months ahead. The consumer confidence indicator has thus dipped sharply. In view of the devaluation of the drachma, which is also part of this programme, consumers are expecting a pronounced increase in prices and this goes part of the way towards explaining the somewhat more marked propensity to make major purchases.

In October, consumers in *France* were more optimistic than in the first half of the year, particularly as price-developments are concerned. Their assessments appeared to be more positive also with regard to the general economic and employment situation (see below and Graph 12).

On the whole, the confidence of consumers in *Ireland* has remained broadly unchanged. The propensity to save was much more marked than in the preceding reference period; one reason being the special attention focused on forms of saving, which are particularly attractive for small savers.

The consumer climate in *Italy* deteriorated sharply in October in response to the political events which took place during that month, but showed a general improvement in November. These positive developments, however, could not prevent over the last months the consumer confidence indicator from moving in a downward direction.

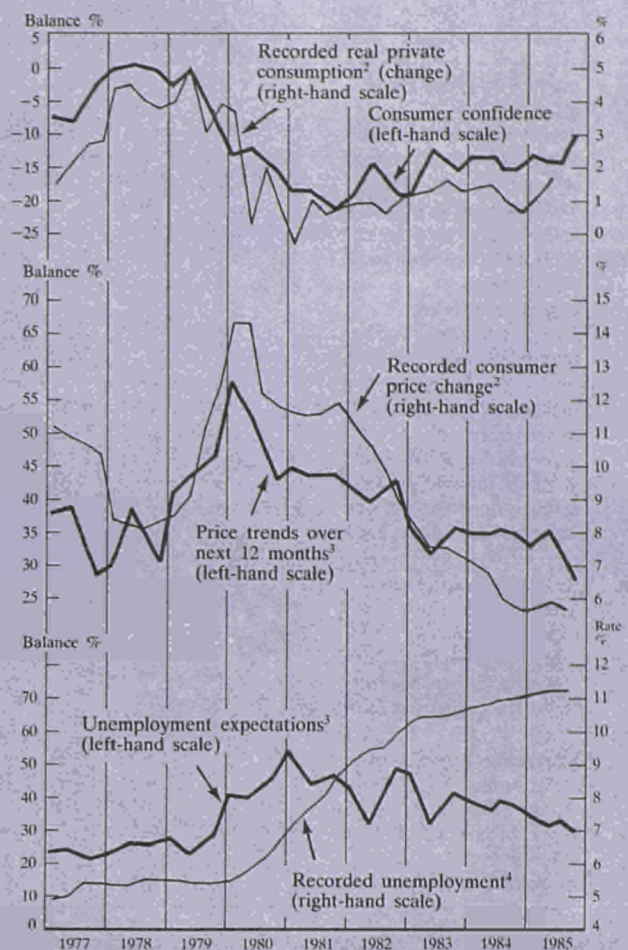
Although consumers in the *Netherlands* once again viewed their situation in a favourable light, with expectations regarding price movements being particularly optimistic, the improvement in the consumer climate was less pronounced than earlier in the year. In addition, the propensity to make major purchases showed a slight fall after picking up noticeably in the third quarter. However, consumers were more willing to purchase automobiles than in the preceding quarter.

The current improvement in the consumers' assessments in the *United Kingdom* applies to virtually all aspects of consumer behaviour. However, their intentions to make major purchases appear to have eased a little, a tendency also reflected in the retail surveys. Consumers' lesser willingness to make such purchases has to be seen together with their more confident expectations regarding price movements.

Consumer predictions on the trend of unemployment prove reasonably accurate. — When questioned on their expectations concerning developments on the labour market, people recently appeared to be less afraid of a further rise in unemployment than before. This is shown in Table 7 and Graph 12. Some idea of the extent to which consumers' predictions on unemployment tally with the actual trend can be formed by comparing — over a longer range of time — the answers to this question with the actual change in unemployment in the ensuing twelve-month period.

¹ From October 1985 surveys in Belgium are carried out monthly instead of quarterly.

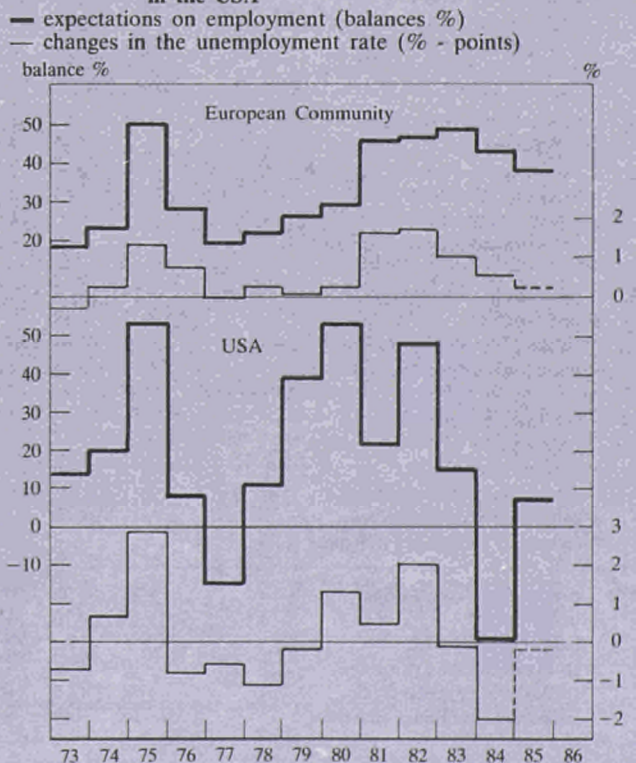
GRAPH 10 : Survey results and objective economic indicators — European Community total



For notes, Table 7.

Sources: European Community consumer survey and Eurostat.

GRAPH 11 : Unemployment expectations in the Community and in the USA

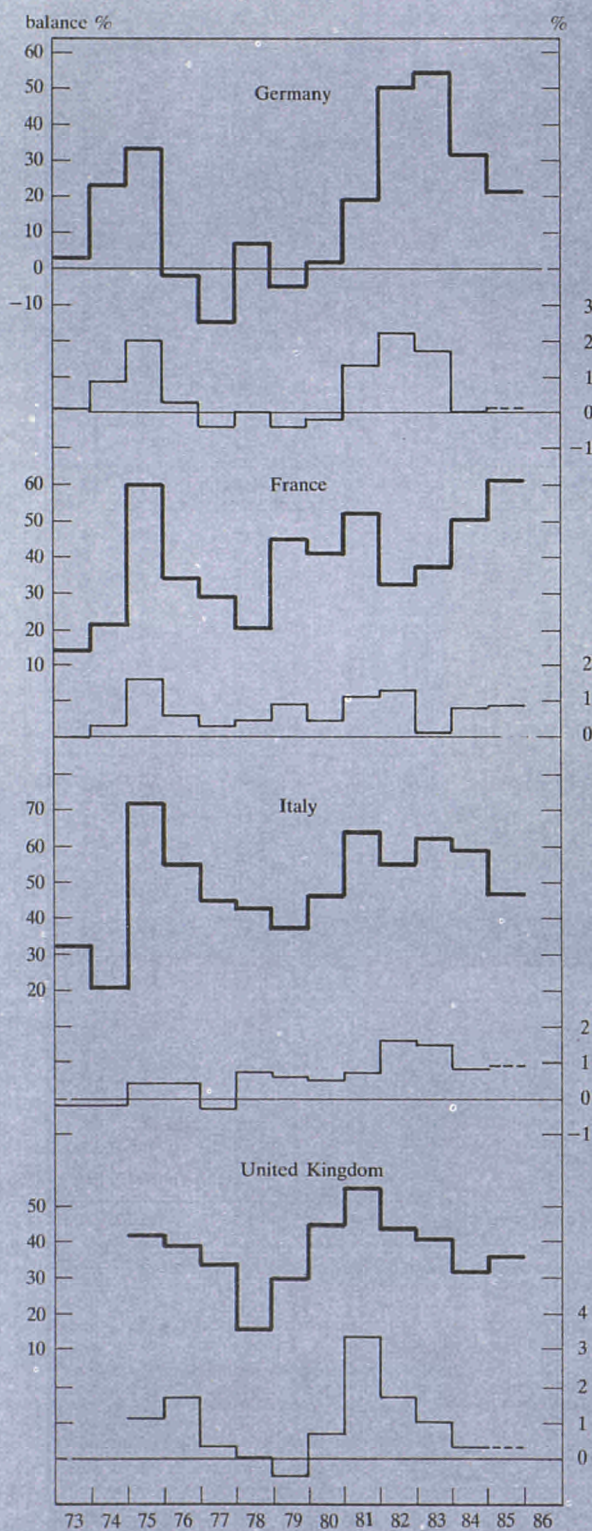


* 1985 : preliminary

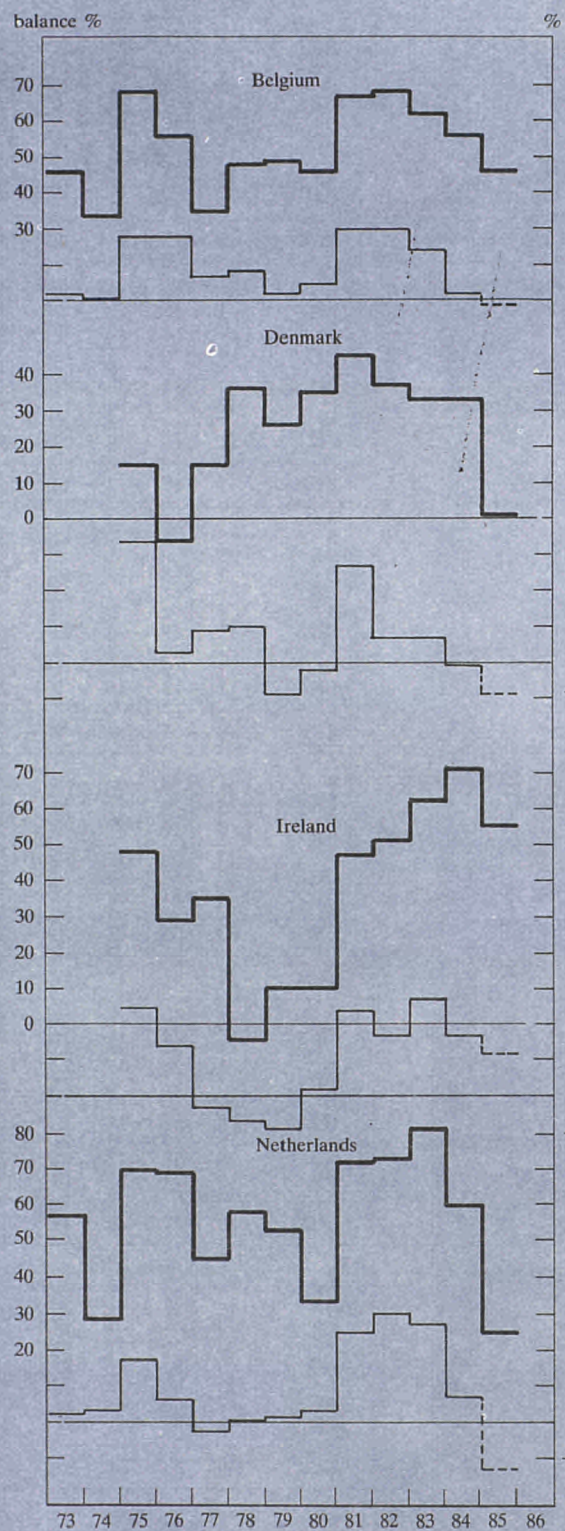
Sources : EUROSTAT, EC Consumers Surveys; Survey Research Center at the University of Michigan, USA.

GRAPH 12 : Unemployment expectations in the Member States of the Community.

— expectations on employment (balances %)
— changes in the employment rate (% - points)



* 1985 : preliminary



* 1985 : preliminary

In most Member States, the trend in consumers' expectations on changes in unemployment corresponds reasonably closely to the changes that actually occurred. Consumers apparently are conscious of the real socio-economic situation to such a degree that their sentiments on the developments in the labour market often seem to be justified by reality. Italy and Ireland are exceptions, however. More often than elsewhere, the trend of consumers' expectations in these two countries was at variance with the actual changes that occurred on the labour market. Italian consumers were usually too optimistic in their predictions. In Ireland, by contrast, people tended to be too pessimistic, a reflection, perhaps, of the fact that unemployment in Ireland has been particularly high since the middle of the seventies.

These relations between consumers' sentiments and the real development of unemployment are illustrated in Graph 12. In this, the reactions of consumers in the various Member States to the question on the trend of unemployment, as recorded in each October survey since 1972, are compared with the changes in the average unemployment rate in the twelve-month period following the survey date in relation to the previous twelve-month period¹.

Although differences of scale rule out an exact comparison of the two series of observations, a closer look at Graph 12

¹ The unemployment rates used for the purposes of this comparison are therefore different from those whose trend is shown in Graph 10, which are averages relating to a calendar year.

TABLE: 7 Consumer opinion on economic and financial conditions¹

		1979	1980	1981	1982	1983	1984	1983			1984				1985*			
								Jan.	May	Oct.	J./F.	M./J.	J./A.	O./N.	J./F.	M./J.	J./A.	O./N.
CONSUMER CONFIDENCE INDICATOR ²	B	-10	-20	-27	-27	-28	-27	-31	-22	-30	-28	-26	:	-26	-24	-22	-21	-18
	DK	-2	-19	-17	-12	0	6	-11	8	5	11	4	4	4	7	0	3	7
	D	6	-5	-22	-26	-15	-10	-26	-7	-12	-8	-10	-12	-9	-8	-9	-9	-5
	GR	:	:	:	0	-11	-4	-14	-10	-7	-9	-2	:	-2	-6	2	:	-16
	F	-5	-10	-9	-5	-15	-23	-9	-17	-19	-20	-22	:	-27	-25	-21	(-30)	-17
	IRL	-10	-22	-28	-34	-39	-33	-36	-44	-38	-33	-32	-33	-34	-29	-31	-27	-27
	I	-17	-22	-22	-18	-24	-15	-27	-21	-23	-19	-15	-14	-12	-10	-14	-11	-12
	NL	-8	-25	-31	-32	-30	-22	-34	-28	-28	-26	-23	-19	-21	-11	-12	-4	-1
	UK	-4	-18	-21	-12	-3	-4	-8	1	-1	0	-1	-8	-8	-10	-12	-11	-8
	EUR	-3	-13	-19	-17	-15	-14	-19	-12	-15	-13	-13	-15	-15	-13	-14	(-14)	-10
FINANCIAL SITUATION OF HOUSEHOLDS	B	-11	-15	-19	-25	-29	-31	-29	-27	-32	-32	-30	:	-30	-31	-28	-27	-18
	DK	1	-10	-12	-7	-4	-2	-5	-4	-3	-1	-3	-1	-3	-4	-5	-3	2
	D	2	-4	-16	-18	-14	-11	-20	-12	-12	-11	-11	-12	-10	-9	-9	-9	-6
	GR	:	:	:	-2	-13	-8	-12	-15	-12	-12	-5	:	-7	-9	-1	:	-15
	F	-4	-7	-8	-7	-11	-15	-8	-11	-14	-13	-15	:	-18	-16	-13	(-23)	-11
	IRL	-21	-32	-38	-41	-43	-42	-37	-48	-42	-43	-42	-41	-40	-38	-40	-36	-33
	I	-13	-14	-14	-13	-15	-12	-17	-14	-15	-13	-13	-12	-11	-9	-11	-9	-10
	NL	1	-9	-18	-20	-28	-26	-25	-29	-31	-27	-27	-25	-23	-21	-19	-15	-11
	UK	-11	-24	-30	-27	-15	-15	-18	-25	-13	-13	-14	-17	-14	-15	-19	-18	-13
	EUR	-5	-11	-17	-16	-15	-15	-16	-14	-15	-14	-15	-15	-14	-14	-13	(-15)	-10
— over last 12 months	B	-3	-6	-9	-12	-15	-18	-17	-11	-18	-18	-18	:	-17	-17	-15	-17	-10
	DK	3	-8	-4	-2	0	3	-5	4	2	2	1	4	3	5	0	3	4
	D	2	-3	-12	-14	-9	-6	-16	-5	-7	-6	-6	-8	-5	-6	-4	-4	-3
	GR	:	:	:	15	0	6	-7	2	7	3	10	:	6	2	15	:	-11
	F	0	-2	0	0	-4	-7	1	-6	-6	-6	-6	:	-8	-5	-3	(-13)	0
	IRL	-13	-19	-24	-23	-26	-22	-24	-31	-25	-23	-20	-21	-21	-18	-21	-16	-12
	I	-7	-10	-8	-6	-8	-3	-10	-5	-8	-4	-3	-3	-2	-1	-3	-2	-3
	NL	1	-9	-13	-14	-21	-17	-21	-19	-23	-21	-16	-14	-15	-9	-8	-5	-1
	UK	-1	-13	-15	-9	-2	-3	-4	1	-3	-2	-3	-4	-2	-2	-8	-6	-4
	EUR	0	-6	-9	-8	-7	-6	-9	-5	-7	-6	-6	-7	-6	-5	-5	(-6)	-3
GENERAL ECONOMIC SITUATION	B	-44	-58	-69	-68	-62	-57	-69	-55	-63	-58	-56	:	-56	-46	-42	-44	-19
	DK	-34	-56	-47	-42	-4	4	-34	15	8	20	6	5	1	10	-5	-1	5
	D	3	-18	-46	-51	-29	-14	-54	-14	-19	-13	-14	-18	-12	-11	-14	-13	-6
	GR	:	:	:	-2	-11	-4	-11	-11	-10	-9	-3	:	-1	-6	1	:	-24
	F	-27	-39	-37	-28	-41	-54	-33	-43	-49	-49	-54	:	-61	-57	-52	(-56)	-46
	IRL	-35	-56	-66	-74	-77	-65	-75	-82	-74	-66	-61	-62	-70	-67	-65	-55	-55
	I	-43	-57	-60	-51	-57	-36	-62	-53	-54	-47	-36	-33	-29	-22	-29	-24	-26
	NL	-30	-55	-64	-64	-54	-19	-66	-49	-46	-32	-21	-11	-13	3	1	10	16
	UK	-33	-55	-62	-40	-23	-25	-37	-15	-18	-16	-19	-30	-34	-42	-38	-39	-32
	EUR	-22	-41	-51	-44	-37	-31	-47	-30	-34	-29	-29	-33	-32	-30	-30	(-30)	-23
— over next 12 months	B	-29	-45	-51	-43	-38	-33	-48	-27	-40	-34	-31	:	-33	-26	-26	-25	-6
	DK	-24	-42	-29	-23	3	6	-12	16	7	18	2	3	2	7	0	3	7
	D	1	-19	-33	-32	-14	-10	-31	1	-13	-7	-9	-14	-8	-7	-8	-9	-3
	GR	:	:	:	25	6	10	-4	10	12	5	13	:	11	4	19	:	-14
	F	-29	-40	-27	-23	-36	-45	-27	-42	-41	-43	-45	:	-48	-39	-35	(-40)	-28
	IRL	-26	-35	-38	-42	-45	-29	-43	-48	-43	-28	-26	-31	-30	-28	-32	-22	-23
	I	-19	-30	-30	-24	-25	-9	-30	-22	-24	-15	-7	-6	-7	-2	-11	-5	-9
	NL	-26	-48	-42	-42	-28	-5	-42	-24	-19	-7	-2	-6	-4	10	4	12	12
	UK	-16	-24	-23	-10	-5	-10	-14	6	-8	-4	-3	-17	-16	-18	-15	-19	-14
	EUR	-16	-30	-30	-24	-21	-18	-27	-14	-21	-17	-16	-21	-19	-15	-16	(-16)	-11
PRICE TRENDS	B	55	65	69	77	78	78	78	77	79	77	79	:	77	76	77	74	62
	DK	39	50	51	48	26	26	34	22	24	12	33	31	29	24	32	31	18
	D	25	44	52	46	23	15	37	13	18	14	19	17	10	10	12	10	7
	GR	:	:	:	15	30	24	30	31	29	29	22	:	22	28	14	:	35
	F	70	79	77	62	55	58	47	61	58	58	58	:	59	53	48	(46)	32
	IRL	80	85	87	87	80	71	77	85	79	71	68	73	73	63	64	53	55
	I	72	80	79	72	69	55	74	67	66	-61	56	54	50	48	53	48	47
	NL	43	62	68	63	43	41	44	39	47	44	55	34	30	29	35	19	4
	UK	48	59	41	31	15	19	18	12	14	15	19	21	20	22	26	27	19
	EUR	49	63	62	53	40	37	44	38	39	37	39	37	35	33	34	(32)	24
— over next 12 months	B	33	42	40	45	40	37	45	37	38	39	34	:	38	35	39	34	35
	DK	29	38	31	31	12	16	16	6	14	4	23	19	18	15	19	19	8
	D	44	51	50	43	30	28	37	22	30	26	31	31	24	25	27	25	22
	GR	:	:	:	25	37	38	44	32	35	43	33	:	38	45	31	:	51
	F	46	50	39	42	37	32	34	41	35	38	39	:	38	31	30	(31)	21
	IRL	58	56	52	46	39	35	43	33	40	33	32	41	33	32	34	28	32
	I	56	60	58	56	54	46	57	51	53	50	43	45	44	44	49	47	48
	NL	48	61	52	50	38	25	39	34	41	31	24	20	25	26	22	16	4
	UK	34	43	31	29	27	40	25	22	36	36	37	43	44	44	49	43	37
	EUR	44	51	44	42	35	35	37	32	36	35	35	36	35	33	35	(33)	28
UNEMPLOYMENT	B	42	57	67	60	57	44	68	48	56	46	39	:	46	40	41	40	25
	DK	22	39	37	29	30	5	41	17	33	8	7	5	1	1	2	-5	13
	D	3	20	43	43	30	20	52	8	31	21	14	22	21	19	14	18	15
	GR	:	:	:	11	10	11	24	19	9	15	7	:	12	19	5	:	27
	F	44	47	43	30	41	62	30	43	50	60	66	:	61	57	47	(52)	46
	IRL	12	34	47	56	67	52	65	65	71	53	47	53	55	53	47	47	45
	I	41	51	52	56	57	49	59	54	59	53	47	47	47	46	48	46	48
	NL	35	59	72	72	67	36	80	62	60	55	33	32	25	-6	5	1	-1
	UK	30	58	50	34	37	32	48	30	32	26	30	36	36	38	35	35	34
	EUR	27	43	48	42	41	38	49	33	43	39	36	39	38	35	31	(33)	30:

TABLE: 7 (continued): Consumer opinion on economic and financial conditions¹

		1979	1980	1981	1982	1983	1984	1983			1984				1985*			
								Jan.	May	Oct.	J./F.	M./J.	J./A.	O./N.	J./F.	M./J.	J./A.	O./N.
MAJOR PURCHASES	B	38	23	15	13	6	6	5	11	3	5	7	:	6	0	2	8	-39
	DK	42	21	10	16	7	14	3	8	10	16	13	11	16	15	10	13	18
	D	25	18	-1	-17	-8	-9	-10	-5	-8	-5	-10	-10	-9	-7	-10	-8	-5
	GR	:	:	:	-35	-35	-24	-36	-37	-34	-30	-23	:	-18	-19	-23	:	-18
	F	35	39	28	30	19	6	23	19	14	12	7	:	0	-7	-4	(-18)	0
	IRL	46	30	24	13	-6	-9	1	-13	-6	-7	-11	-11	-7	4	5	-8	-9
	I	-3	2	4	1	-13	-15	-15	-13	-13	-15	-18	-14	-13	-16	-17	-15	-11
	NL	13	-2	-17	-21	-18	-44	-18	-17	-19	-44	-47	-38	-48	-36	-37	-21	-23
	UK	43	28	26	25	32	31	33	27	37	37	32	27	28	25	22	26	24
	EUR	27	22	12	6	5	0	5	5	4	3	0	-1	-2	-4	-4	(-5)	-2
— at present	B	-29	-26	-28	-28	-30	-28	-29	-28	-34	-32	-27	:	-25	-31	-30	-27	-31
	DK	-8	-14	-12	-10	-8	-7	-13	-6	-6	-8	-7	-5	-8	-9	-8	-7	-7
	D	-15	-19	-25	-28	-29	-28	-33	-27	-27	-26	-27	-29	-28	-26	-28	-26	-26
	GR	:	:	:	-24	-33	-38	-36	-25	-39	-42	-37	:	-35	-31	-31	:	-38
	F	-16	-18	-13	-9	-10	-10	-10	-11	-10	-9	-11	:	-9	-10	-9	(-10)	-7
	IRL	-17	-19	-22	-27	-31	-25	-32	-35	-25	-25	-32	-27	-16	-26	-23	-24	-13
	I	-10	-17	-18	-22	-22	-21	-22	-22	-22	-22	-21	-21	-21	-22	-21	-21	-22
	NL	-19	-23	-27	-27	-29	-27	-28	-29	-32	-29	-28	-28	-23	-22	-23	-18	-17
	UK	-6	-14	-19	-18	-15	-12	-19	-13	-13	-13	-11	-12	-12	-14	-14	-13	-14
	EUR	-12	-17	-20	-20	-21	-19	-22	-20	-20	-19	-19	-20	-19	-19	-19	(-18)	-18
SAVINGS	B	40	38	41	40	46	46	49	51	38	45	47	:	45	51	49	51	32
	DK	11	15	23	26	40	41	36	43	43	44	43	38	40	52	45	49	52
	D	46	43	32	27	33	38	27	35	36	35	38	38	40	41	42	41	41
	GR	:	:	:	-25	-29	-20	-36	-30	-21	-24	-19	:	-18	-15	-15	:	-23
	F	8	-3	-2	-5	0	6	-1	-2	4	8	8	:	1	10	9	(10)	15
	IRL	8	5	-3	-9	-3	-8	9	-12	-5	-7	-10	-7	-6	3	-4	-7	3
	I	4	-6	-7	10	21	33	19	23	21	28	33	35	36	38	35	37	39
	NL	19	19	27	38	35	34	37	32	35	35	30	34	38	41	39	40	42
	UK	-5	6	5	5	10	17	4	11	16	15	17	15	19	18	15	23	22
	EUR	21	15	12	12	19	24	16	19	21	23	25	24	25	28	27	(29)	30
— over next 12 months	B	-14	-20	-21	-25	-26	-27	-23	-26	-31	-26	-28	:	-28	-33	-33	-33	-32
	DK	-12	-20	-19	-18	-12	-11	-12	-9	-14	-10	-12	-12	-11	-5	-10	-9	-2
	D	46	44	23	2	1	3	-2	3	3	3	3	3	2	3	2	3	5
	GR	:	:	:	-37	-41	-39	-45	-42	-38	-40	-36	:	-40	-40	-33	:	-43
	F	-29	-32	-32	-32	-35	-37	-30	-37	-38	-35	-36	:	-41	-37	-37	(-43)	-33
	IRL	-11	-13	-19	-22	-25	-37	-18	-31	-26	-27	-28	-28	-30	-31	-25	-25	-29
	I	-34	-32	-30	-22	-27	-28	-27	-26	-27	-22	-22	-18	-18	-18	-18	-16	-14
	NL	8	0	-1	-3	-8	-2	-6	-8	-9	-3	-8	-1	3	3	6	8	8
	UK	-4	-16	-20	-17	-13	-13	-16	-11	-12	-15	-13	-13	-10	-12	-16	-14	-12
	EUR	2	-4	-11	-17	-17	-16	-17	-16	-17	-16	-16	-16	-16	-15	-16	(-16)	-12
FINANCIAL SITUATION OF HOUSEHOLDS	B	12	9	7	6	5	6	5	5	5	6	5	:	6	4	4	5	8
	DK	9	4	4	4	8	8	7	12	6	9	9	7	8	10	10	11	13
	D	22	21	16	12	11	11	10	14	11	11	11	9	12	12	12	12	13
	GR	:	:	:	0	0	2	-2	0	1	1	3	:	3	2	4	:	3
	F	10	8	8	8	6	4	8	5	5	5	4	:	3	3	4	(-4)	4
	IRL	8	2	-4	-1	-1	-1	-3	1	-1	-1	-1	1	-3	0	0	0	-2
	I	8	8	8	13	9	11	10	9	10	10	11	11	12	11	11	12	13
	NL	22	19	18	17	15	13	16	16	13	15	11	12	14	14	16	16	16
	UK	10	8	9	9	12	12	10	12	12	11	12	12	12	10	10	10	13
	EUR	15	12	11	10	9	9	9	10	9	9	9	8	9	9	9	(8)	10

* France: experimental survey.

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.

Source: European Community consumer survey.

Notes on graphs

¹ The climatic 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 10 for data and notes).² Quarterly data - percentage change on corresponding quarter of preceding year.³ See table 10 for data and notes.⁴ Quarterly data - seasonally adjusted (Community without Greece).

shows that consumers' forecasts on the trend of unemployment have often fluctuated more sharply than appeared justified by subsequent actual developments. This is true not only of pessimistic expectations on the part of consumers, but also of their more positive feelings.

This phenomenon is evident throughout the period 1972-85 and is therefore not confined to the periods marked by sharp economic fluctuations and abrupt changes in the labour market situation (the mid-1970s and early 1980s), periods when pessimistic expectations on the part of consumers are understandable.

A comparison of the Community as a whole with the United States with regard to the pattern of consumers' expectations

on unemployment and the actual changes which occurred (see Graph 11) shows that in the United States also there was a fairly close match between the two series in terms of trends. However, it is also evident that the upward or downward movement of consumers' expectations tends to match the actual changes in the labour market situation in the United States more often than in most of the Community countries. Another noticeable feature is that the scale of the fluctuations in unemployment (and in consumers' expectations) is often considerably greater in the United States than in the Community.

Institutes carrying out the surveys

Survey :	Manufacturing industry survey	Construction survey	Investment survey	Retail sale survey	Consumer survey
Belgium	BNB Banque Nationale de Belgique	BNB	BNB	BNB	DIMARSIO GALLUP BELGIUM
Denmark	DS Danmark Statistik	DS	DS	—	DS
Federal Republic of Germany	IFO Institut für Wirtschafts- forschung	IFO	IFO	IFO	GfK Gesellschaft für Konsumforschung
Greece	IEIR Institute of Economic Research	IEIR	IEIR	—	NSS National Statistical Service
France	INSEE Institut National de la Statistique et des Etudes Economiques	INSEE	INSEE	INSEE	INSEE
Ireland	CII and ESRI Confederation of Irish Industries and Economic and Social Research Institute	CIF Construction Industry Federation	CII and ESRI	—	AI Agricultural Institute
Italy	ISCO Istituto per lo Studio della Congiuntura	ISCO	ISCO	ISCO	ISCO
Luxembourg	STATEC Service Central de la Statistique et des Etudes Economiques	STATEC	STATEC	—	—
Netherlands	CBS Centraal Bureau voor de Statistiek	EIB Economisch Instituut voor de bouwrijverheid	CBS	NIPO Nederlands Instituut voor de Publieke Opinie en het Marktonderzoek	CBS
United Kingdom	CBI Confederation of British Industry	BEC Building Employers Confederation	BSO Business Statistics Office	CBI	GALLUP Gallup Institute

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, others ?
- 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 : none, bad weather, shortage of manpower, shortage of material, lack of demand, and/or equipment, others ?
- 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 ?

Retail trade sector

Monthly (France and Italy bi-monthly; Denmark, Greece, Ireland and Luxembourg no survey) :

- we consider our present business (sales) position to be : good, satisfactory (normal for the season), bad
- we consider our present stock to be : too small, adequate (normal for the season), too large
- we expect that our orders placed on suppliers during the next (three) months, excluding purely seasonal variation, will be : up, unchanged, down
- our business trend over the next six months, excluding purely seasonal variations, will : improve, remain unchanged, deteriorate.

Quarterly :

- In the next three months, and compared with today, the number of persons we employ will : increase, remain unchanged, decline.

Consumer survey

Quarterly (January, April, July and October); Belgium (since October 1985), 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 (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 (balances) to the questions on order-books and employment expectations.

Consumer confidence indicator

The consumer confidence indicator is the arithmetic average of the answers (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 Luxembourg

	ECU	BFR	IRL	UKL	USD
Series B — 'Business and consumer survey results' (11 issues per year)	14.10	640	10.20	8.50	10.50



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