

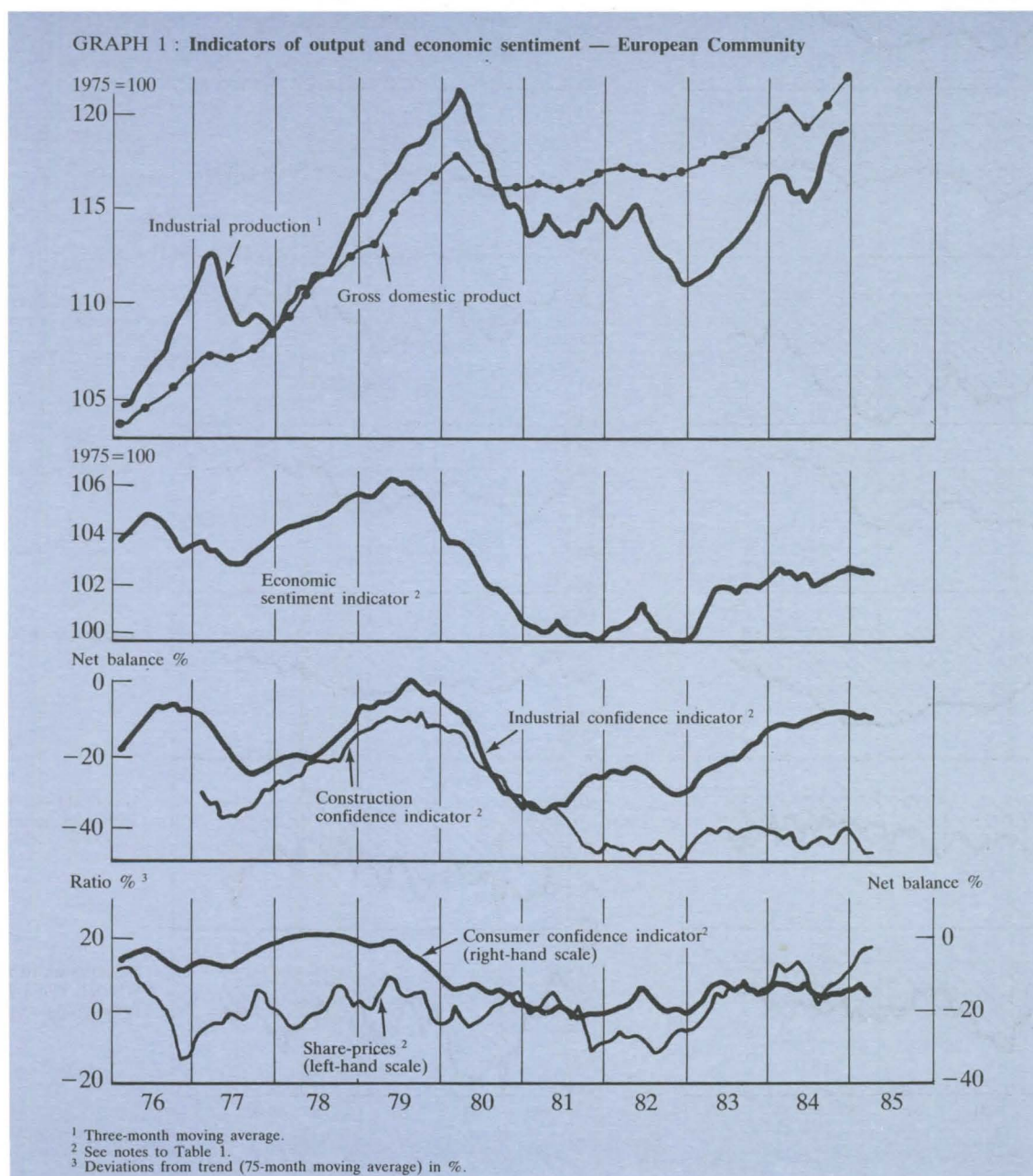
EUROPEAN ECONOMY

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

Supplement B — No 4 — April 1985

*This month : Levels of
order-books and stocks of finished
products in industry —
New retail survey*

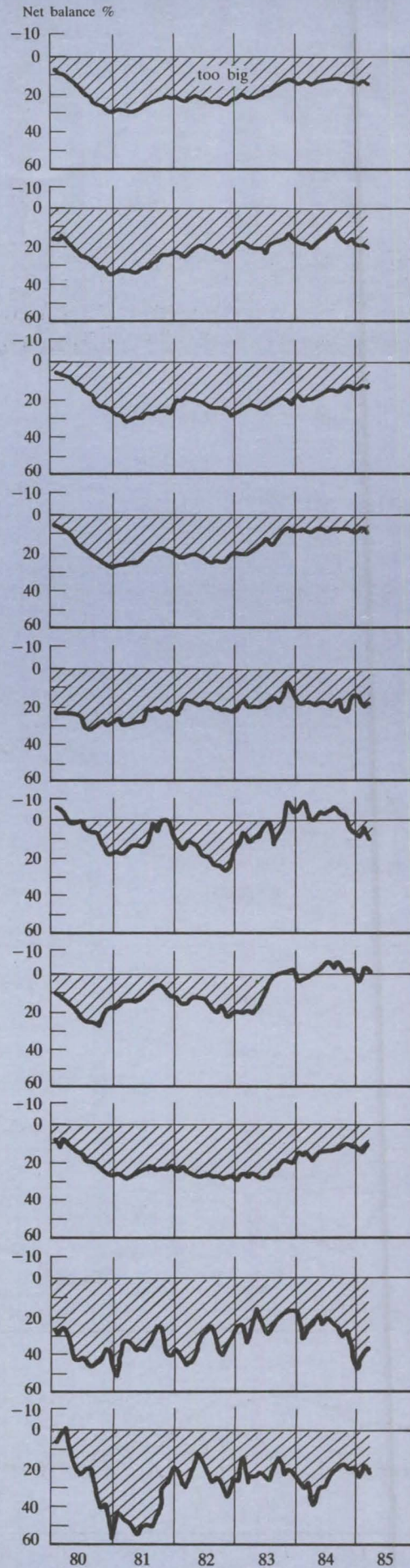
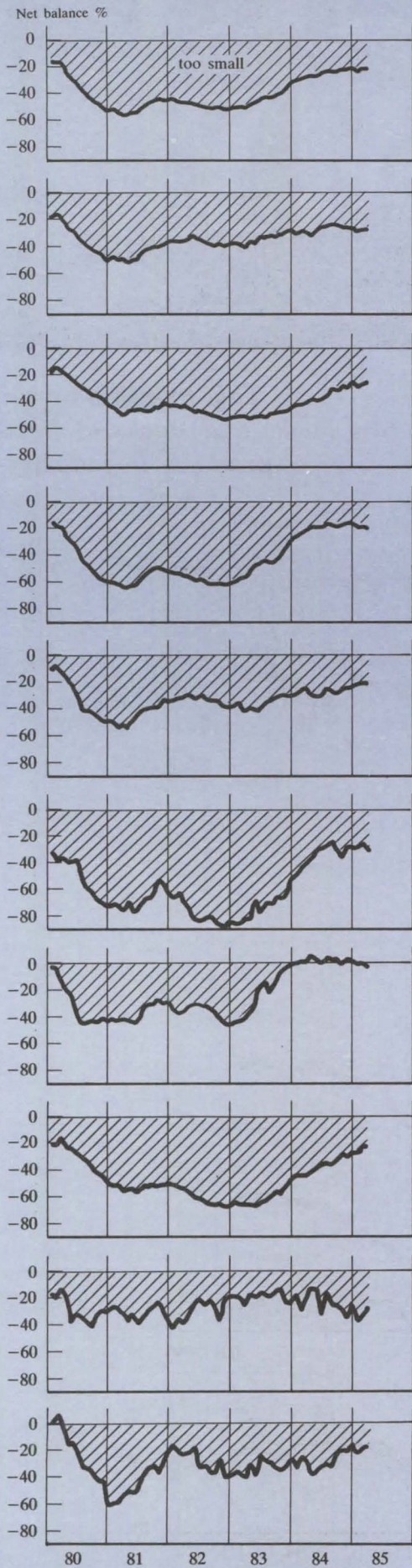
Business and consumer survey results



GRAPH 2 : Order-books and stocks of finished products by branch — European Community

Order-books

Stocks of finished products



Industry as a whole

Consumer goods

Investment goods

Intermediate goods

Footwear and clothing industry

Production and preliminary processing of metals

Chemical industry

Mechanical engineering

Household electrical appliances, radio and television receivers

Manufacture of motor vehicles, motor-vehicle parts and accessories

Demand for industrial goods still below normal. — The assessment of *order-books* in European industry has remained virtually unchanged for the past 6 months. This reflects a lack of dynamism in the recent phase of the upswing. In March 1985 order-books were judged by industrialists to be markedly lower (−19; net balance) than the levels recorded in the second or third year of the previous upswings in the 'sixties and early 'seventies. The performance of this leading indicator in the present recovery is more similar to that after the 1974/75 recession when the indicator picked up relatively strongly in the first 12 months, stagnated or even decreased over a rather long period and did not start to recover again before the spring of 1978.

Range of judgements on order-books (net-balances)

Trough		Peak	
Aug. 1967	−38	Aug. 1969	+33
Oct. 1971	−31	July 1973	+15
[July 1975	−70	June 1976	−26]*
[April 1978	−42	July 1979	−7]*
June 1981	−56		

Latest value : March 1985 : −19

Compared to the situation in the Community as a whole order-books are particularly strong in *Danish* industry (+26), though optimism has levelled off somewhat (4th quarter 1984 : +35). In *Luxembourg* (+1) and the *Netherlands* (−2) industrialists also reported higher demand than in the rest of the Community. Far below the Community average are assessments of order-books in *France*, *Ireland* and *Greece* (in each case −34). Whereas in *France* and *Ireland* at least a slight upward trend from a very low starting point can be detected, the figure in *Greece* signals a marked deterioration since the autumn of 1984.

The rather sluggish economic recovery is also reflected in the judgements on *stocks of finished products*. In previous upswings these stocks usually turned out to be normal or even too small in the course of the second or third year of the recovery. This time they are still somewhat above the normal level.

Range of judgements on stocks of finished products (net balances; + above normal; − below normal)

Trough		Peak	
June 1967	+24	August 1969	−18
Dec. 1971	+22	August 1973	−10
[April 1975	+48	Nov. 1976	+4]*
[Oct. 1977	+26	July 1979	−1]*
March 1981	+31		

Latest value : March 1985 : +12

The business survey data on stocks of finished products also point to significantly stronger demand in *Danish*, *Dutch* and *Luxembourg* industry than in the other member countries. However, the supply shortages which had been reported, on balance, by industrialists in *Denmark* and *Luxembourg* during the past months have disappeared. In the other member countries, stocks of finished products are, on average, considered to be above normal but only to a limited degree.

Judgements on order-books and stocks of finished products by industrial branches (Community level). — The shift in emphasis of recovery from the intermediate and consumer goods sectors towards the *investment goods industries* is illustrated in Graph 2. An example of the cyclical improvements in the investment goods sector is mechanical engineering. In some sub-groups of this branch the recovery is extremely pronounced. For example, in the production of machine tools, the judgements on order-books improved from March 1984 to March 1985 by 50 points (from −58 to −8; net balances). Not as spectacular but also pronounced was the improvement of order-books in electrical machinery (from −19 in March 1984 to −13 in March 1985).

In the *consumer goods branches* the trend of demand was rather flat in the past 18 months. Notably, judgements both

on order-books and on stocks remained unchanged (March 1985 : −24 and +20 respectively). Demand is particularly weak for household electrical appliances (including radio and television receivers). The stocks of unsold products are still regarded by more than one third of companies as too high (+37). Compared with previous months this is nevertheless a slight improvement. Order-books and stock levels in the footwear and clothing industry are relatively favourable, with almost normal levels being reached.

Car-producers reported a modest improvement in their order-book situation in March (−16) but unsold stocks are still relatively high (+22). These high stock levels were in part at least due — in particular in the German car industry — to the uncertainty surrounding anti-pollution regulation for motor-cars (which has now largely dispersed as a result of the agreement in the EC Council).

In the *intermediate goods sector* the present trend of demand is rather stable after strong increases in 1983 and early 1984. This pattern also characterises the development in chemical industry and in the production and preliminary processing of metals; however, the stable trend of demand indicators is still slightly above normal in the case of chemicals but below in the case of metals. Notably, the stocks of finished products in the steel-industry were regarded as too small in 1984 mainly due to imposed production quota by the Commission and a strong export performance.

Industrial confidence indicator slightly weaker. — The slight decrease at the Community level (−10 compared to −9) was mainly due to a weakening in production expectations by 2 points. Nevertheless, production expectations remained positive (+3) indicating a further but only slow increase of industrial production in the next few months. Compared to the Community as a whole, production will — according to companies' plans — increase particularly strongly in the *United Kingdom*, *Denmark*, the *Netherlands* and *Italy*. On the other hand, the production trend in *France* and *Belgium* still points downwards and will be almost flat in *Germany*.

Economic sentiment indicator unchanged. — The indicator stabilized in March at the level of the previous month (102,3; 1975=100) which is somewhat lower than in the period November 1984 — January 1985 (102,6). The slight decrease in the industrial confidence indicator was compensated at the Community level by higher share prices. The other two components — construction and consumer confidence index — remained unchanged.

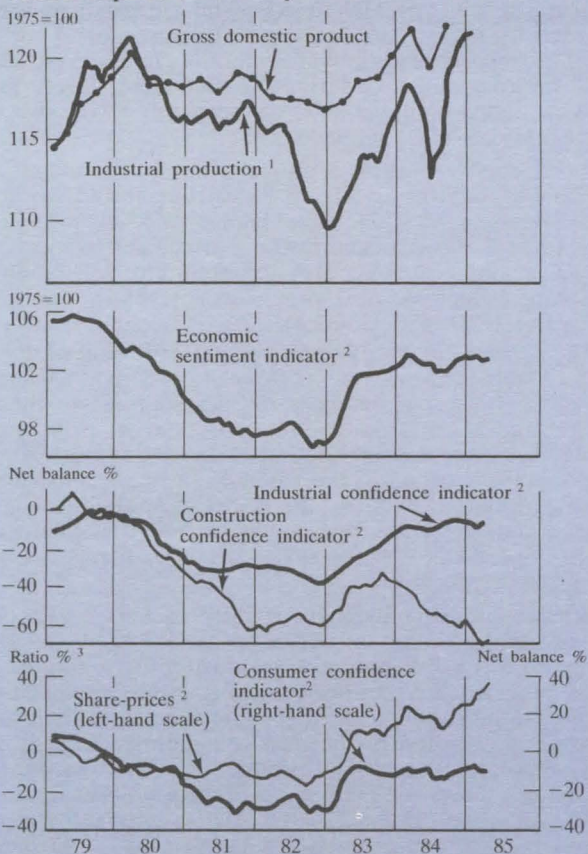
On a country basis, some interesting differences from the overall trend can be observed: the highest level of the economic sentiment indicator** is still recorded in the *Netherlands* though there has been only a slight further improvement in March (exclusively due to higher share prices). The indicator in the *United Kingdom* is strengthening again, mainly as a result of a modest recovery in consumer confidence and higher share prices. Also in *Ireland* the indicator picked up somewhat (101,7 compared to 101,4), supported by a better situation in industry and less pessimism in construction. In *Germany* the slight increase of the indicator (102,8 compared to 102,7) is due to the higher share prices and a marginally less negative assessment of the outlook in construction, while the industrial component of the composite indicator levelled off somewhat. Contrary to the situation in *Germany*, industrial confidence improved in *Italy* whereas the construction and consumer confidence indicators weakened. These divergent trends resulted in a decrease of the composite indicator in *Italy* (103,3 compared to 104,0). In *Belgium* and *France* the overall indicators remained at their low levels.

Differing trends in consumer confidence. — Consumer survey data for March 1985 are at present available only for the *Federal Republic of Germany*, *Italy* and the *United Kingdom*. Whereas all three countries had seen a decline in consumer confidence in February, differing trends were evident in March. Following the serious deterioration in consumer

* It is possible to consider the whole period 1975-1979 as the upswing phase.

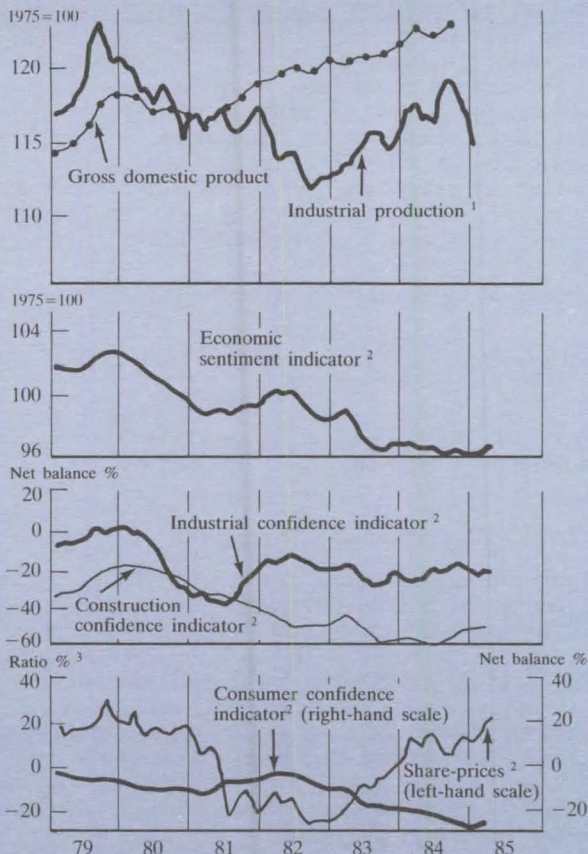
** The overall indicator for Denmark should be even higher than in the Netherlands according to the industrial and consumer survey results. Due to the lack of the other 2 components no comparable figures for the economic sentiment indicator are available, however.

**GRAPH 3 : Indicators of output and economic sentiment
Federal Republic of Germany**



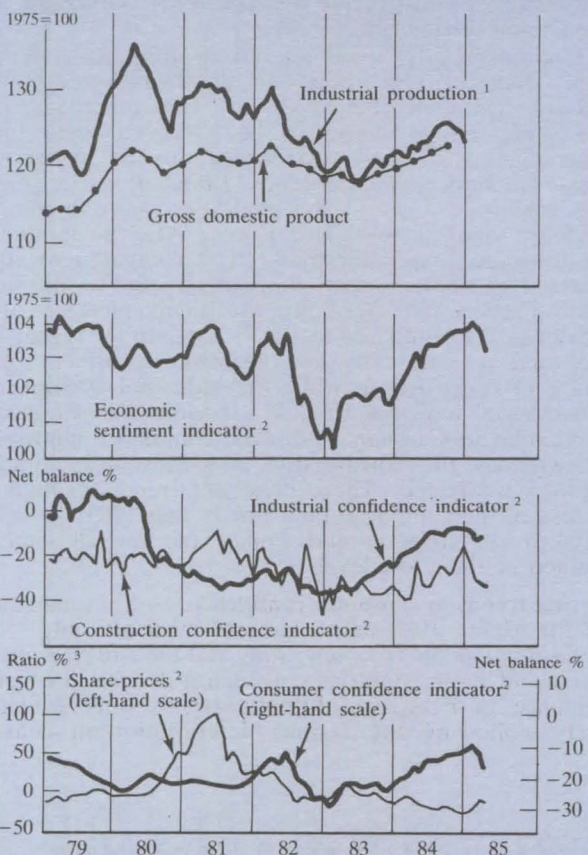
¹ Three-month moving average.
² See notes to Table 1.
³ Deviations from trend (75-month moving average) in %.

**GRAPH 4 : Indicators of output and economic sentiment
France**



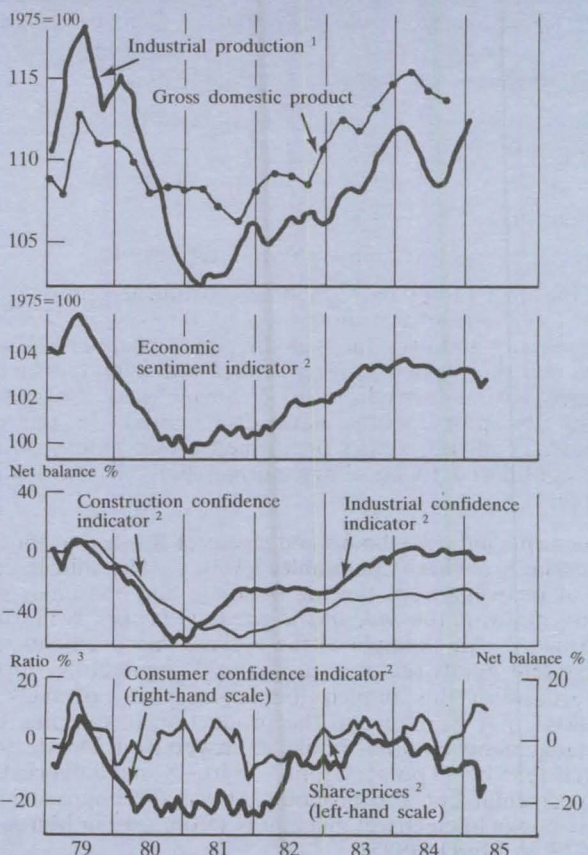
¹ Three-month moving average.
² See notes to Table 1.
³ Deviations from trend (75-month moving average) in %.

**GRAPH 5 : Indicators of output and economic sentiment
Italy**



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

**GRAPH 6 : Indicators of output and economic sentiment
United Kingdom**



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

TABLE 1: Indicators of output and economic sentiment

		Trough 1974/75	1982	1983	1984	1984			1985			1985				
						II	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	<i>gross domestic product</i>	1975=	:	115.8	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	88.2	111.2	113.5	118.5	118.3	119.5	119.7	:	117.9	117.8	123.5	:	:	:
	1. industrial confidence indicator		-56	-22	-20	-12	-15	-10	-11	-13	-11	-11	-11	-10	-13	-17
	2. construction confidence indicator		-36	-48	-57	-54	-57	-49	-46	-47	-46	-46	-45	-44	-49	-50
	3. consumer confidence indicator ^{1, 4}		-18	-27	-27	-27	-26	:	-26	-24	-26	(-26)	(-26)	-24	(-24)	(-24)
	4. share-price index ^{4, 5}		84.9	86.8	111.7	140.4	137.8	142.3	148.6	148.7	150.6	148.9	146.3	145.1	146.0	155.0
	= 5. economic sentiment indicator		99.5	98.5	99.1	100.5	100.2	100.9	100.9	100.9	100.9	100.8	100.9	101.0	100.8	100.8
D	<i>gross domestic product</i> ³	1975=	99.0	117.4	118.9	122.0	119.6	122.2	124.1	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97.9	112.9	113.6	117.9	112.5	119.3	121.6	:	121.3	121.9	121.5	121.5	:	:
	1. industrial confidence indicator		-49	-33	-21	-8	-10	-6	-6	-7	-5	-6	-6	-8	-6	-8
	2. construction confidence indicator		-72	-59	-40	-54	-53	-57	-60	-68	-61	-58	-62	-65	-71	-68
	3. consumer confidence indicator ⁴		-22	-26	-12	-9	-10	-11	-8	-8	-9	-8	-8	-6	-9	-9
	4. share-price index ^{4, 5}		80.0	108.3	136.9	155.4	152.7	150.1	163.4	176.5	162.0	163.4	164.7	172.2	175.2	182.0
	= 5. economic sentiment indicator		98.9	97.7	101.3	102.5	102.0	102.2	102.8	102.7	102.7	102.9	102.8	102.9	102.7	102.8
F	<i>gross domestic product</i>	1975=	98.5	120.0	120.8	123.1	122.2	123.2	124.1	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	86.9	113.7	114.6	117.5	116.4	119.3	116.9	:	119.0	117.1	114.5	112.7	:	:
	1. industrial confidence indicator		-49	-17	-23	-22	-22	-19	-20	-21	-18	-20	-21	-23	-21	-21
	2. construction confidence indicator		:	-49	-52	-57	-60	-56	-52	-50	-52	(-52)	(-52)	-50	(-50)	(-50)
	3. consumer confidence indicator ^{1, 4}		-9	-5	-16	-23	-22	-24	-27	-25	-27	(-27)	(-27)	-25	(-25)	(-25)
	4. share-price index ^{4, 5}		79.8	131.0	172.3	234.5	236.1	225.8	250.9	275.7	250.3	250.8	251.7	261.6	276.7	285.7
	= 5. economic sentiment indicator		98.5	99.4	97.3	96.5	96.4	96.6	96.0	96.4	96.1	95.9	96.0	96.1	96.5	96.5
IRL	<i>gross domestic product</i>	1975=	:	127.4	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96.3	135.6	144.6	164.6	166.7	161.3	175.8	:	170.7	175.8	180.8	:	:	:
	1. industrial confidence indicator		-41	-19	-20	-10	-10	-11	-12	-10	-11	-16	-10	-11	-19	-10
	2. construction confidence indicator		:	-51	-60	-45	-50	-48	-21	-35	-14	-29	-19	-19	-58	-28
	3. consumer confidence indicator ⁴		-41	-34	-40	-33	-32	-33	-34	-29	-34	(-34)	(-34)	-29	(-29)	(-29)
	4. share-price index ^{4, 5}		63.4	179.9	222.4	297.3	314.8	285.7	279.2	279.2	279.2	279.2	279.2	279.2	279.2	279.2
	= 5. economic sentiment indicator		98.1	100.3	99.9	101.1	101.0	101.2	101.3	101.5	101.3	101.2	101.4	101.5	101.4	101.7
I	<i>gross domestic product</i>	1975=	93.1	120.5	119.0	122.0	121.7	123.0	122.3	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	94.7	124.4	120.3	124.0	123.5	125.8	123.8	:	124.6	123.1	123.8	:	:	:
	1. industrial confidence indicator		-59	-31	-29	-11	-10	-9	-7	-3	-7	-7	-7	-10	-10	-8
	2. construction confidence indicator		-56	-29	-36	-28	-33	-26	-20	-31	-22	-15	-23	-30	-31	-34
	3. consumer confidence indicator ⁴		-39	-18	-23	-15	-15	-13	-12	-12	-12	-12	-11	-9	-11	-16
	4. share-price index ^{4, 5}		84.6	129.9	159.9	180.6	175.6	180.8	183.2	220.7	182.4	181.3	183.4	203.3	228.0	230.7
	= 5. economic sentiment indicator		98.9	102.3	101.6	103.4	103.2	103.6	103.9	103.8	103.9	103.9	103.9	104.2	104.0	103.3
NL	<i>gross domestic product</i>	1975=	:	113.1	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	98.0	105.6	107.8	113.9	114.2	114.9	112.8	:	112.4	113.5	112.4	:	:	:
	1. industrial confidence indicator		-44	-26	-16	-4	-4	-3	-4	0	-6	-3	-2	-3	+3	+1
	2. construction confidence indicator		-47	-41	-35	-23	-23	-21	-22	-21	-21	-23	-24	-24	-19	-19
	3. consumer confidence indicator ⁴		-19	-32	-30	-22	-23	-19	-21	-11	-21	(-21)	(-21)	-11	(-11)	(-11)
	4. share-price index ^{4, 5}		80.5	100.0	144.4	183.4	175.9	178.7	197.9	219.0	196.9	196.6	198.5	210.2	220.4	226.5
	= 5. economic sentiment indicator		99.5	96.7	98.7	101.3	101.1	101.8	102.4	104.2	102.1	102.1	102.7	103.4	104.5	104.6
UK	<i>gross domestic product</i>	1975=	98.1	109.5	113.2	115.1	114.2	113.7	117.0	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	97.0	106.0	109.5	110.2	108.9	109.0	111.7	:	111.2	111.7	112.2	113.8	:	:
	1. industrial confidence indicator		:	-25	-10	0	-2	+1	0	-3	-1	0	+1	-3	-3	-3
	2. construction confidence indicator		:	-42	-30	-27	-30	-26	-23	-29	-23	(-23)	(-23)	-29	(-29)	(-29)
	3. consumer confidence indicator ⁴		-33	-12	-2	-5	-2	-9	-7	-12	-9	-6	-7	-6	-18	-13
	4. share-price index ^{4, 5}		49.2	274.6	346.1	412.3	409.5	400.8	444.6	495.4	425.4	442.2	466.3	489.5	496.3	500.5
	= 5. economic sentiment indicator		98.6	101.6	103.2	103.5	103.5	103.2	103.4	103.1	103.3	103.5	103.5	103.4	102.7	103.1
EC	<i>gross domestic product</i> ^{2, 3}	1975=	99.0	116.8	118.0	120.6	119.3	120.6	122.0	:	:	:	:	:	:	:
	<i>index of industrial production</i>	100	96.8	112.7	113.8	:	115.4	118.1	119.4	:	120.2	119.1	118.9	:	:	:
	1. industrial confidence indicator		-49	-27	-20	-10	-11	-8	-8	-10	-8	-8	-8	-10	-9	-10
	2. construction confidence indicator		:	-46	-41	-43	-45	-43	-41	-46	-41	(-40)	(-42)	-45	(-47)	(-47)
	3. consumer confidence indicator ^{1, 4}		-17	-17	-14	-14	-14	-15	-14	-14	-15	-14	-14	-13	-15	-15
	4. share-price index ^{4, 5}		81.8	187.2	244.3	292.5	290.2	285.4	309.3	340.7	301.0	308.3	318.7	332.8	341.7	347.6
	= 5. economic sentiment indicator		98.7	100.2	101.7	102.4	102.2	102.2	102.6	102.4	102.4	102.6	102.6	102.6	102.3	102.3

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.

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

TABLE 3: Consumer opinion on economic and financial conditions

	1983	1984	1984										1985					
			March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March			
D																		
Consumer confidence indicator	- 15	- 10	- 9	- 9	- 7	- 14	- 11	- 12	- 9	- 9	- 8	- 8	- 6	- 9	- 9			
Financial situation of households																		
over last 12 months	- 14	- 11	- 12	- 12	- 10	- 13	- 11	- 12	- 11	- 9	- 9	- 9	- 9	- 9	- 10			
over next 12 months	- 9	- 6	- 7	- 7	- 5	- 8	- 6	- 8	- 5	- 6	- 5	- 6	- 6	- 6	- 5			
General economic situation																		
over last 12 months	- 29	- 14	- 12	- 14	- 8	- 19	- 17	- 17	- 13	- 13	- 10	- 11	- 7	- 14	- 15			
over next 12 months	- 14	- 9	- 5	- 6	- 5	- 17	- 10	- 14	- 10	- 7	- 7	- 8	- 4	- 8	- 8			
Price trend																		
over last 12 months	23	15	17	20	18	18	18	13	9	10	11	12	8	10	11			
over next 12 months	30	28	29	31	30	32	32	28	23	22	27	25	24	25	27			
Unemployment																		
over next 12 months	30	19	10	11	10	20	18	27	25	17	21	20	18	20	15			
Major purchases																		
at present	- 8	- 8	- 8	- 9	- 8	- 12	- 11	- 8	- 7	- 10	- 9	- 7	- 4	- 9	- 8			
over next 12 months	- 29	- 28	- 27	- 28	- 26	- 27	- 30	- 30	- 29	- 29	- 27	- 27	- 26	- 25	- 27			
Saving																		
at present	33	38	40	38	38	37	38	40	40	39	40	41	42	40	43			
over next 12 months	1	3	6	2	4	2	2	5	5	0	1	3	6	1	2			
Financial situation of households																		
net acquisition of financial assets	11	11	12	11	13	9	9	9	11	11	12	12	13	12	12			
I																		
Consumer confidence indicator	- 24	- 15	- 16	- 18	- 14	- 14	- 13	- 13	- 12	- 12	- 12	- 11	- 9	- 11	- 16			
Financial situation of households																		
over last 12 months	- 15	- 12	- 13	- 13	- 11	- 14	- 11	- 11	- 10	- 11	- 12	- 10	- 9	- 9	- 11			
over next 12 months	- 8	- 3	- 4	- 4	- 3	- 4	- 2	- 2	- 2	- 2	- 2	- 2	0	0	- 5			
General economic situation																		
over last 12 months	- 57	- 37	- 41	- 41	- 33	- 35	- 34	- 31	- 29	- 29	- 29	- 25	- 19	- 23	- 31			
over next 12 months	- 25	- 8	- 8	- 10	- 5	- 5	- 5	- 7	- 9	- 6	- 6	- 5	3	- 4	- 15			
Price trend																		
over last 12 months	69	56	60	56	57	53	57	54	50	52	48	50	47	48	53			
over next 12 months	54	45	45	42	44	44	46	45	45	46	41	42	44	48	53			
Unemployment																		
over next 12 months	57	49	49	49	46	47	47	47	46	46	48	48	44	46	51			
Major purchases																		
at present	- 13	- 15	- 17	- 20	- 19	- 14	- 15	- 13	- 11	- 14	- 13	- 14	- 19	- 16	- 16			
over next 12 months	- 22	- 21	- 25	- 21	- 22	- 19	- 23	- 22	- 20	- 24	- 20	- 23	- 20	- 22	- 19			
Saving																		
at present	21	33	31	31	36	33	36	36	35	38	34	42	37	37	33			
over next 12 months	- 27	- 20	- 22	- 26	- 19	- 22	- 15	- 16	- 17	- 17	- 21	- 17	- 18	- 21	- 20			
Financial situation of households																		
net acquisition of financial assets	9	11	12	10	11	11	11	12	13	11	12	12	11	11	10			
UK																		
Consumer confidence indicator	- 3	- 4	- 4	- 2	- 1	- 4	- 10	- 10	- 8	- 9	- 6	- 7	- 6	- 18	- 13			
Financial situation of households																		
over last 12 months	- 15	- 15	- 16	- 15	- 13	- 15	- 17	- 18	- 14	- 15	- 13	- 10	- 14	- 21	- 18			
over next 12 months	- 2	- 3	- 3	- 3	- 2	- 3	- 3	- 5	- 2	- 2	- 2	- 3	- 2	- 7	- 6			
General economic situation																		
over last 12 months	- 23	- 25	- 24	- 18	- 14	- 25	- 32	- 34	- 35	- 38	- 30	- 35	- 37	- 53	- 47			
over next 12 months	- 5	- 10	- 10	- 7	- 3	- 10	- 20	- 20	- 15	- 20	- 12	- 13	- 15	- 26	- 15			
Price trend																		
over last 12 months	15	19	18	17	18	22	19	22	20	20	21	21	21	26	25			
over next 12 months	27	40	40	34	35	42	43	43	43	44	46	40	43	48	56			
Unemployment																		
over next 12 months	37	32	29	31	25	34	36	38	34	40	34	35	36	43	36			
Major purchases																		
at present	32	31	34	33	29	33	21	27	24	31	28	20	36	18	24			
over next 12 months	- 15	- 12	- 11	- 14	- 10	- 11	- 11	- 15	- 13	- 11	- 13	- 14	- 12	- 16	- 14			
Saving																		
at present	10	16	17	15	17	18	12	15	20	18	18	13	17	24	12			
over next 12 months	- 13	- 13	- 12	- 13	- 14	- 13	- 13	- 13	- 13	- 9	- 8	- 8	- 15	- 14	- 15			
Financial situation of households																		
net acquisition of financial assets	12	12	13	11	11	14	12	10	10	12	13	13	10	8	10			

sentiment in the *United Kingdom* in February (-18 compared with -6 in January), the consumer confidence indicator recovered slightly in March (-13). This relative improvement was mainly due to significantly more optimistic consumer expectations on the general economic situation over the next 12 months (-15 compared with -26). In addition, the propensity of consumers to make major purchases was greater in March than in the previous month (24 compared with 18). Although it increased in relative terms in March, consumer confidence in the *United Kingdom* is now at a significantly lower level than in the average of 1984 (-4). In contrast to the trend in the *United Kingdom*, consumer sentiment in *Italy* deteriorated further in March (-16 compared with -11 in February). This meant a hardening of the

negative trend evident since the beginning of the year. In contrast to the situation in the *United Kingdom*, consumers in *Italy* were much more pessimistic about general economic prospects in March than in the previous month (-15 compared with -4).

The propensity to make major purchases continued in March (-16) at a low level which has been observed for more than a year.

Following the deterioration in consumer sentiment in the *Federal Republic of Germany* in February (-9 compared with -6 in January) the consumer confidence indicator seems to have stabilized in March (-9) and indeed has shown little change since the middle of 1983. The propensity to save appears to have increased somewhat (43 compared with 40).

TABLE 4: 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
B	Present business situation	4	5	-32	-22	-5	-31	-32	-19	-29	-12	-30	-17	-14	-23	:
	Volume of stocks	16	21	12	19	19	18	29	20	11	10	13	13	10	8	:
	Intentions of placing orders	0	4	-16	-16	-15	-16	-5	-8	-2	-13	-26	-44	-17	-3	:
	Expected business situation	4	16	-8	-10	-12	-11	12	3	0	-1	-9	-33	-7	18	:
D	Present business situation	-20	-18	-34	-24	-36	-35	-30	-33	-29	-32	-40	-27	-21	-38	-31
	Volume of stocks	23	21	29	26	24	28	28	25	19	27	25	25	22	28	26
	Intentions of placing orders	:	:	:	:	:	:	:	:	:	:	:	:	-20	-15	-18
	Expected business situation	-3	-4	-16	-18	-26	-20	-11	-17	-15	-21	-16	-16	-13	-14	-10
F (e)	Present business situation	:	-14	:	-24	:	-23	:	-22	:	-32	:	-33	:	-32	:
	Volume of stocks	:	11	:	11	:	20	:	23	:	14	:	18	:	9	:
	Intentions of placing orders	:	-44	:	-33	:	-33	:	-38	:	-35	:	-35	:	-46	:
	Expected business situation	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
UK	Present business situation (d)	30	42	35	44	45	45	49	35	46	36	42	45	36	22	34
	Volume of stocks	38	33	44	38	32	19	18	33	9	28	30	19	17	30	20
	Intentions of placing orders	33	30	34	23	20	30	26	34	21	26	16	17	33	41	39
	Expected business situation (d)	56	52	63	56	47	43	35	51	46	48	42	41	32	40	40

(a) not seasonally adjusted; (b) net balances; (c) bi-monthly; (d) refers to volume of sales for the time of the year.

New business survey results for the retail trade.

Starting this month, business survey data for the retail sector will be presented on a regular basis in Supplement B. For the time being, retail data are only available for four member countries: *Belgium, the Federal Republic of Germany, France and the United Kingdom*. It is intended to extend these surveys to the other member countries.

This new field of survey activity seems promising as services are becoming more and more important for the economy and the retail trade is a very prominent part of the service sector. It is also intended to link the relevant data of the industrial and consumer surveys to the new retail survey results in order to explore their interdependence.

The general picture of retail trade in the four countries still gives evidence of weak demand, though the March results,

as far as available, show a minor improvement compared with the disappointing sales performance in February.

In the Federal Republic of Germany this slight recovery can mainly be observed in the consumer durables sector, in particular in electrical household equipment and cars, in the United Kingdom mainly in footwear and clothing. These tendencies are also reflected in the business survey results for the consumer goods industries (see page 3).

In general, the expectations of the retailers for the next months are somewhat less pessimistic than in February. They nevertheless point only to a very modest improvement of sales in the forthcoming months.

This is in line with the recent consumer survey results which show — in most countries — rather depressed consumer confidence.

19 April 1985.

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