

EUROPEAN ECONOMY

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

Supplement B — No 10 — October 1986

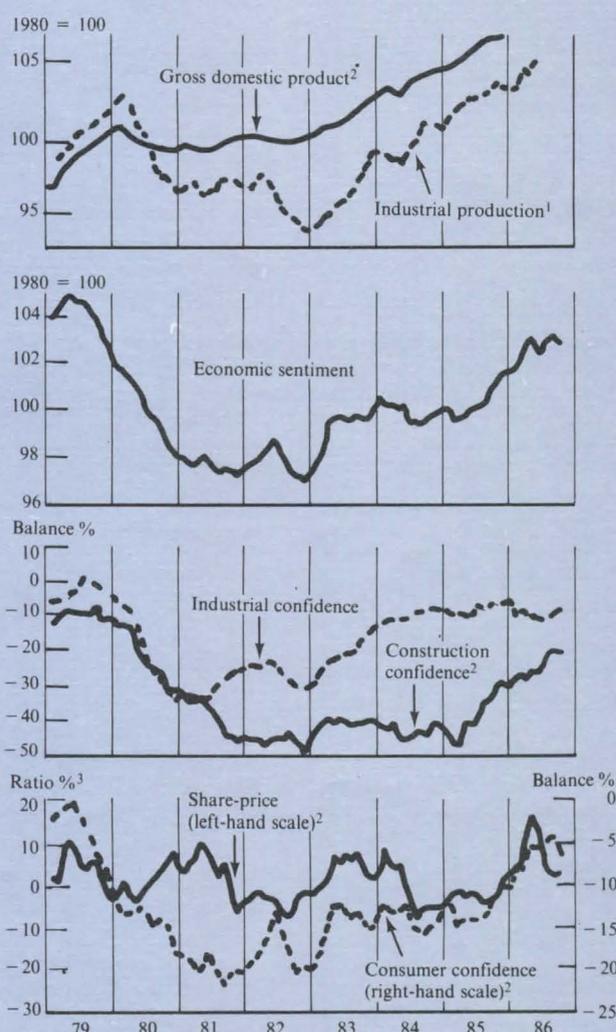
*In this number:
Employment expectations
in industry*

Business and consumer survey results

THE MAIN POINTS IN BRIEF

- Community leading indicator was slightly down in September, mainly due to a deterioration in the consumer climate. But the three other components of the composite indicator (confidence in industry and construction, and share prices) have improved.
- According to companies' employment plans, the expected increase in industrial production in the next 3 or 4 months does not seem sufficient to prevent a decrease in industrial employment.
- Even though the consumer climate indicator has deteriorated slightly it is still at a relatively high level. Lively consumer demand is also reflected in retail sales figures, which have improved sharply in most member countries.
- European construction continued to recover; the business situation in the Netherlands and in Denmark is better than the average.

GRAPH 1: Indicators of output and economic sentiment — European Community

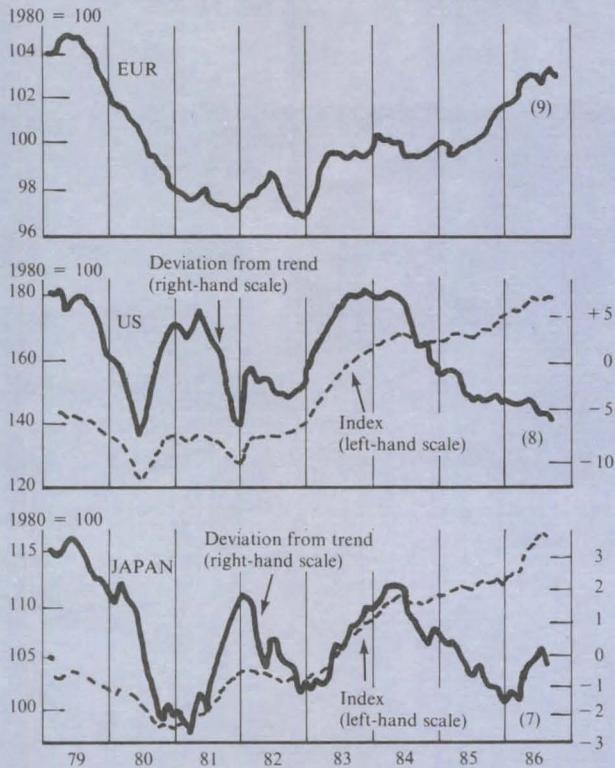


¹ Three-month moving average.

² See notes to Table 2

³ Deviations from trend in %.

GRAPH 2: Leading indicators for the European Community, USA and Japan¹



¹ EUR-leading indicator should be compared with deviations from long-term trend of leading indicators of the USA and Japan (thick curves). Arabic number indicates latest month for which data are available ('7 = July). Sources: Commission's Services, US Department of Commerce, Economic Planning Agency of the Japanese Government.

Community leading indicator slightly down in September — Of the four components of the composite indicator, there was an improvement in economic confidence in industry and construction, and also in share prices which were included in the indicator as a proxy for profit and interest rate expectations. But the deterioration in the consumer climate, the partial indicator which in the last few months was still producing positive stimuli for the economy, was somewhat more significant and pulled the Community leading indicator down slightly. Despite this deterioration, the underlying upward trend in the Community indicator still seems to be stronger than in Japan, where after starting to recover, it suffered a setback. In the United States the composite indicator is still giving no signs of imminent improvement (see Graph 2).

Broken down by member country, the Netherlands composite indicator retained its leading position in the Community, although it has dropped back slightly since the middle of the year (108.9 compared with 110.4 in June, 1980 = 100). Italy and the Federal Republic of Germany were next in line (105.7 and 105.4 respectively; 1980 = 100); in both these member countries, September's slight deterioration in the consumer climate was offset by the other three components. At the bottom end of the scale, Belgium and Ireland again kept company with France, although France's industrial confidence indicator has shown a marked improvement in the last few months and in September, for the first time in a long period, was actually more favourable than the Community average. Nevertheless the composite indicator still stands at a low level, and this is due to France's weak consumer climate compared for example with that in Italy and Germany.

Industrial confidence slightly up — The improvement for the Community as a whole was due to somewhat more positive production expectations for the next three or four months (+7 compared with +5 in August; balance). But there was no change in assessments as to order book and stock situations, which are also included in the leading indicator for industry. Diverging from the upward trend in the Community, the industrial indicator deteriorated in the Federal Republic of Germany, the Netherlands and Ireland. Broken down by industrial sectors, production plans in the consumer goods sector have for some

TABLE 1: Expectations of manufacturing industry for the next 3-4 months — European Community

Industries	Balances of companies expecting increase (+) or decrease (-), (%) ^(a)														
	Export volume expectations ^(b)					Employment expectations ^(b)					Productions expectations ^(c)				
	III/82	III/83	III/84	III/85	III/86	III/82	III/83	III/84	III/85	III/86	III/82	III/83	III/84	III/85	III/86
Industry as a whole	-9	-4	+1	0	-4	-27	-24	-20	-18	-19	-17	-4	+5	+4	+4
Consumer goods	-6	-4	-5	0	0	-23	-16	-18	-19	-19	-11	-2	+6	+3	+7
Investment goods	-7	-7	+8	+3	0	-23	-24	-15	-5	-12	-14	-6	+8	+8	+4
Intermediate goods	-15	-4	+3	-5	-8	-34	-32	-23	-24	-23	-22	-4	+3	+3	+4
Textile industry	-14	-8	+1	+1	-11	-21	-21	-29	-24	-17	-16	-2	+5	+5	+3
Footwear and clothing	-15	-3	+10	-7	+4	-18	-5	-18	-9	-27	-13	-5	+2	+7	+2
Timber/wooden furniture	-12	0	-9	+1	+1	-34	-5	-14	-11	-8	-14	+1	+3	+5	+8
Manufacture of paper, paper products, printing of which:	+5	+6	+10	-3	+2	-24	-13	-8	-7	-3	-11	-1	+8	+7	+11
manufacture of paper	:	:	+14	-8	+4	:	:	-2	-8	-2	:	:	+9	+1	+3
Leather	-18	-1	+8	+15	+10	-20	-7	-16	-10	-25	-23	-22	+2	+9	+10
Plastics	-8	+7	+8	+6	+1	-35	-11	-8	-13	-8	-10	+7	+5	+3	+10
Mineral-oil refining	+3	-1	+5	-6	-11	-47	-44	-51	-54	-35	-11	-13	+6	-6	+12
Metals	-38	-15	+7	-13	-25	-33	-54	-43	-48	-54	-34	-15	+4	-5	-8
Non-metallic mineral products	-7	-8	0	-4	-6	-40	-30	-29	-30	-30	-24	-8	-5	-5	+7
Chemical industry	-3	-6	+5	0	+7	-20	-25	-12	-13	-16	-7	+8	+5	+9	+6
Metal articles	-15	-13	-3	+3	-7	-26	-23	-15	-13	-8	-22	-13	+3	+3	+6
Mechanical engineering of which:	-12	-5	+3	+9	+1	-29	-29	-12	+1	-11	-23	-5	+5	+6	-4
machines tools	-27	-16	+7	+14	+1	-40	-28	-6	+20	+4	-30	-16	+13	+17	+9
Office & data processing machinery	:	:	:	+57	+21	:	:	+34	+44	+8	:	:	+68	+27	+26
Electrical engineering	-2	-1	-2	+8	-2	-16	-18	-26	-13	-26	-6	+6	+10	+11	+4
Motor vehicles	-12	-3	-9	-2	+10	-31	-26	-36	-36	-33	-24	-8	+2	-7	+6
Shipbuilding	-13	-52	-23	-31	-6	-15	-35	-42	-28	-30	-4	-17	-19	-3	-13
Rubber products	-14	-16	+9	+14	-5	-37	-37	-27	-16	-7	-12	-7	-10	+6	+10
Instrument engineering	0	-17	+27	+14	+7	-27	-25	-6	+8	-3	-10	-2	+21	+14	+8

(a) Not seasonally adjusted; data refer in each year to 3rd quarter.

(b) Data have been collected in July.

(c) Average of monthly results for July, August, September.

Source: European Community business surveys.

months been on a markedly more upward trend than in the capital goods and basic industries (+7 compared with +4 respectively; balance in the third quarter; see Table 1). In addition to the livelier domestic demand, many branches of consumer goods are benefiting from the fact that so far export demand has produced no negative effects. Despite the more favourable production outlook, employment plans in the European consumer goods industry are pointing more sharply down than in the investment goods sector, since in Italy and France in particular the reserves of manpower in companies are clearly still too high (-19 compared with -12; balance). One of the positive aspects in the present economic situation is that prices in manufacturing industry still remain calm; companies expect little change in the next few months.

Recovery in construction continues — The slight tendency to improvement which has been evident since the middle of last year continued in September. Even though the present order book situation is for the most part still unsatisfactory — with the exception of Denmark and the Netherlands, where firms described building demand as relatively brisk — there are fewer instances in which labour shedding is being contemplated (-6; balance). In Denmark and the Netherlands, firms are even planning to take on slightly more workers in the next few months.

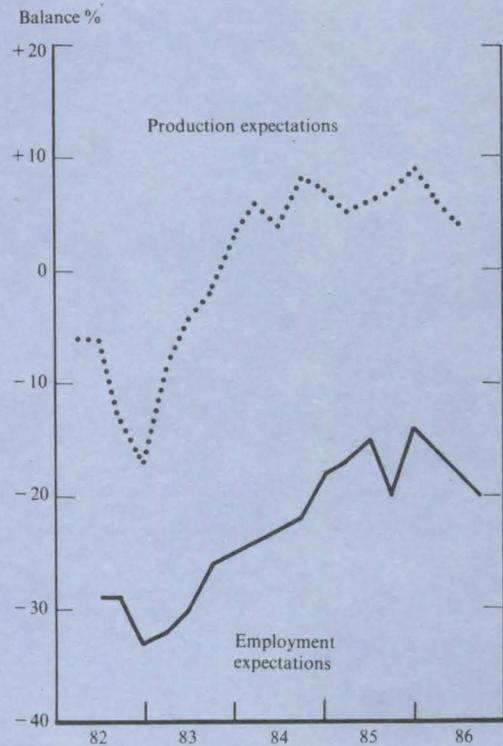
Employment plans in industry are down — The increase in industrial production in Europe which began at the beginning of 1983 also led — to a lesser extent — to an increase in employment plans (see Graph 3). Once the upswing in industrial production lost momentum, industrial companies again became more cautious in their employment planning. These tendencies, in differing degrees, can be seen in all the member countries. In the Federal Republic of Germany, employment plans in industry rose more sharply than production plans in the period mid 1985 to the beginning of 1986 (see Graph 4); clearly, after the heavy cutbacks in labour during the 1981/82 recession, German industrial companies were left with scarcely any reserves of manpower and had to take on considerable numbers of new workers in order to increase production. This trend was reinforced by a reduction in working hours on a flexible basis in the metal-working sector and in other branches. In the United Kingdom (see Graph 7) the increase in production was also reflected in more favourable employment plans, though not so markedly as in Germany. The same is true of most of the other member countries (no graph is given for them due to lack of space).

In French and Italian industry, the link between production and employment trends has been weaker than in the United Kingdom. In France and Italy employment plans were still

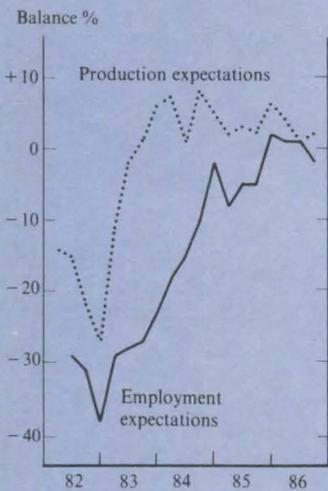
GRAPHS 3-7: Employment and production expectations in industry

(Balance: i.e. differences between percentages of companies expecting an increase and those expecting a decrease for the months ahead; quarterly figures seasonally adjusted)

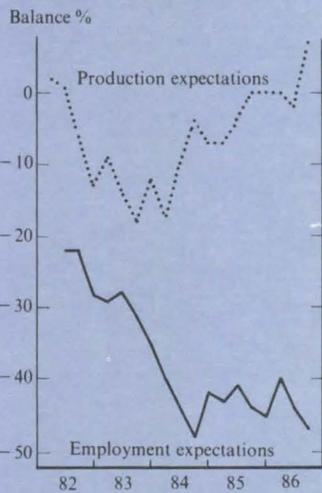
GRAPH 3: European Community



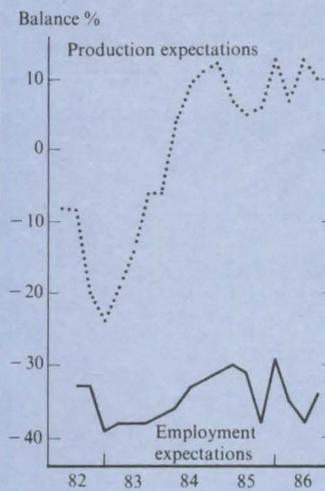
GRAPH 4: Federal Republic of Germany



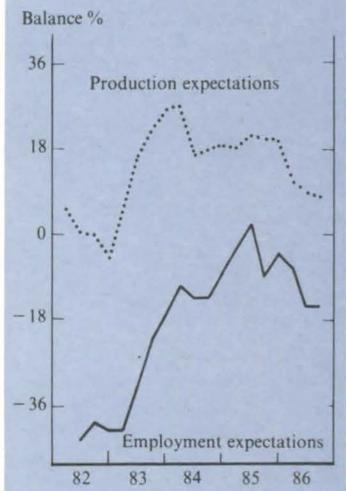
GRAPH 5: France



GRAPH 6: Italy 1)



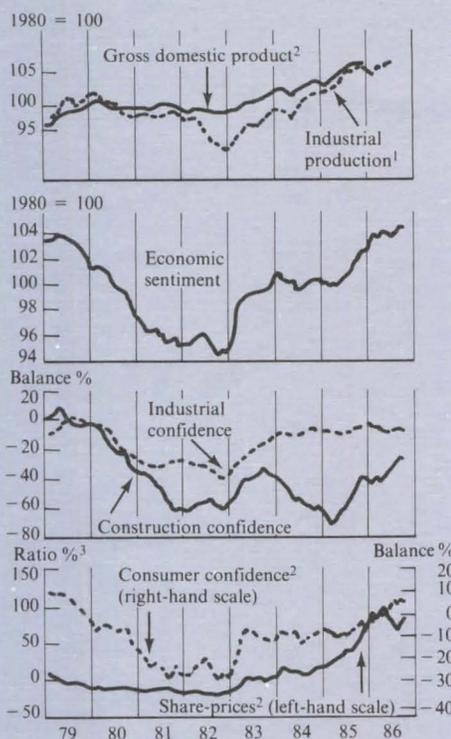
GRAPH 7: United Kingdom



1) Employment expectations in Italy: quarterly from II/85; before, half yearly.
Source: European Community business surveys.

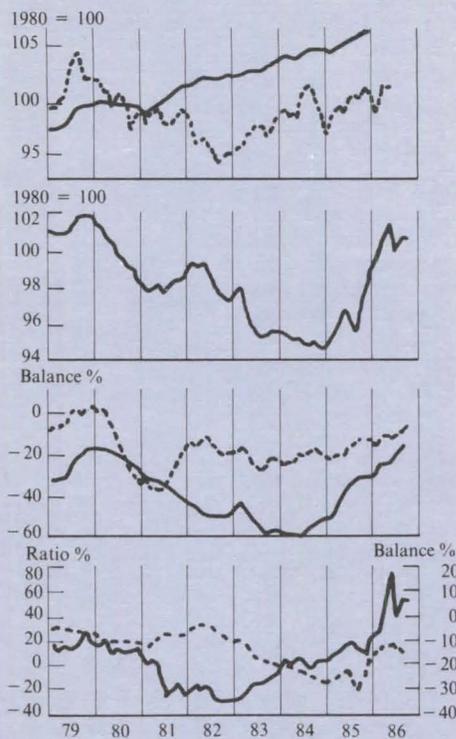
GRAPHS 8-13: Indicators of output and economic sentiment

GRAPH 8: Federal Republic of Germany



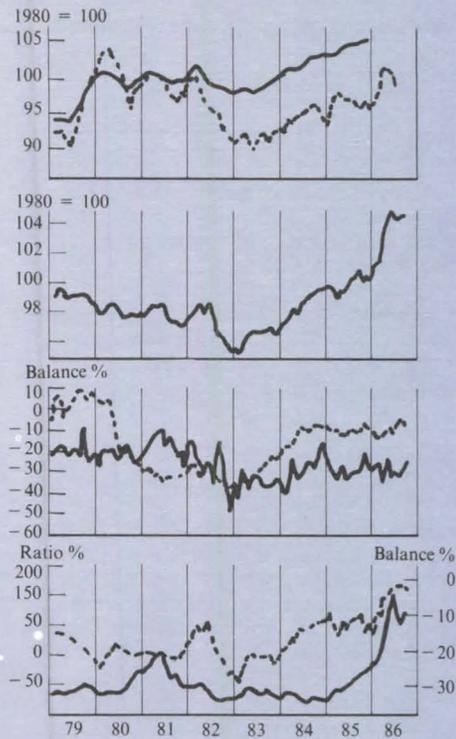
¹ Three-month moving average.
² See notes to Table 2.
³ Deviations from trend in %.

GRAPH 9: France



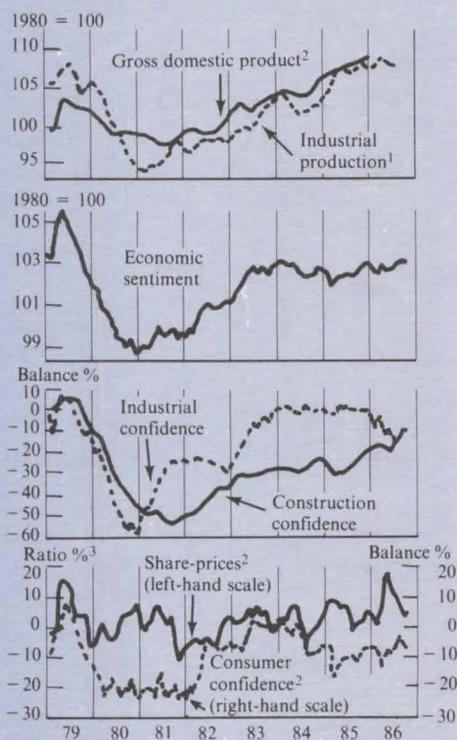
For explanations, see Graph 8.

GRAPH 10: Italy



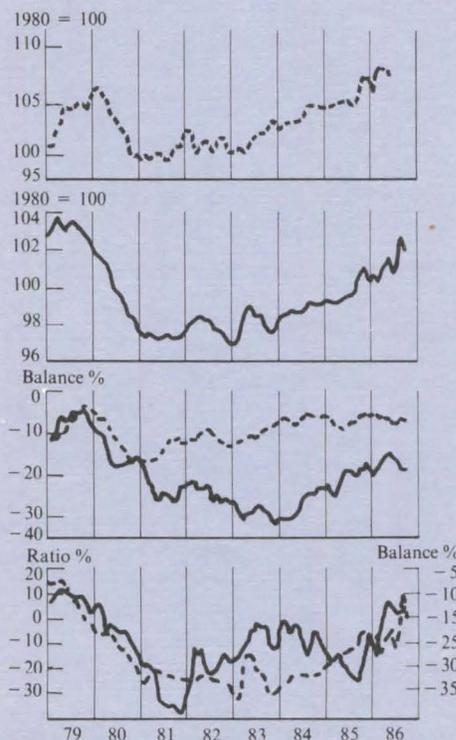
For explanations, see Graph 8.

GRAPH 11: United Kingdom



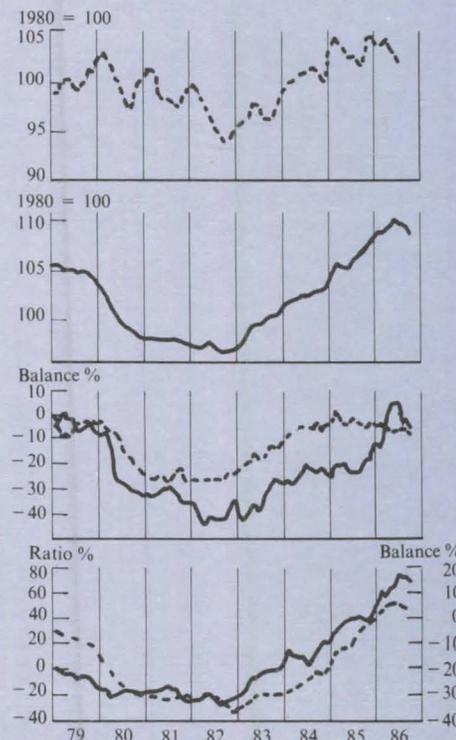
¹ Three-month moving average.
² See notes to Table 2.
³ Deviations from trend in %.

GRAPH 12: Belgium



For explanations, see Graph 11.

GRAPH 13: Netherlands



For explanations, see Graph 11.

TABLE 2: Indicators of output and economic sentiment

		Range (b)		Range (b)		1985	1986			1986						
		Peak 1972-73	Trough 1974-75	Peak 1979-80	Trough 1981-83		I	II	III	April	May	June	July	Aug.	Sept.	
B	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		102.5	76.5	106.3	92.4	104.0	107.6	:	:	106.8	:	:	:	:	:
	1. industrial confidence indicator		+19	-56	-4	-35	-13	-12	-13	-14	-13	-12	-14	-15	-13	-13
	2. construction confidence indicator		+9	-36	-7	-65	-40	-36	-30	-35	-31	-30	-31	-33	-37	-36
	3. consumer confidence indicator (c)		7.0	-18.0	-7.0	-31.0	-21	-20	-19	-14	-19	-17	-21	-17	-10	-14
	4. share-price index (c)		155.1	98.0	114.3	75.0	185.3	240.0	278.2	291.5	277.7	280.6	276.4	283.2	289.0	302.3
	= 5. economic sentiment indicator		109.0	98.9	103.9	96.8	99.8	100.6	101.1	102.0	101.2	101.6	100.6	101.3	102.7	102.0
DK	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		:	:	107.7	95.5	121.2	124.2	:	:	137.9	128.4	:	:	:	:
	1. industrial confidence indicator		:	:	:	-22	+13	+5	+1	-1	+1	(+1)	(+1)	-1	(-1)	(-1)
	2. construction confidence indicator		:	:	:	-36	+11	+15	+28	+14	+21	(+21)	(+21)	+14	(+14)	(+14)
	3. consumer confidence indicator (c)		:	-16	5.0	-22	+4	7	-4	-5	-1	-5	-6	-6	-2	-8
	4. share-price index (c)		:	:	:	415.9	463.0	458.4	398.4	482.4	456.8	436.1	412.8	395.6	386.8	
	= 5. economic sentiment indicator		:	:	:	103.5	103.0	102.4	:	102.7	102.4	102.1	101.8	101.7	:	
D	<i>gross domestic product</i> (b)	1980 = 100	85.1	83.3	101.2	98.9	106.1	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92.0	82.4	103.1	91.4	104.4	105.9	106.8	:	108.7	104.7	107.4	:	:	:
	1. industrial confidence indicator		+10	-49	+2	-40	-6	-4	-7	-6	-7	-7	-8	-6	-6	-7
	2. construction confidence indicator		-4	-72	+11	-64	-54	-41	-35	-27	-39	-35	-32	-28	-26	-26
	3. consumer confidence indicator (c)		:	-22.2	9.0	-31.0	-7	0	3	5	2	1	5	4	6	5
	4. share-price index (c)		109.0	75.2	115.6	97.6	209.4	295.7	302.2	292.4	321.7	296.2	288.6	272.2	296.0	308.9
	= 5. economic sentiment indicator		103.8	97.0	103.6	94.7	102.1	104.5	104.8	105.1	105.1	104.5	104.8	104.6	105.4	105.4
F	<i>gross domestic product</i>	1980 = 100	85.4	84.2	99.8	102.4	105.9	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		96.7	82.2	105.2	94.8	100.0	99.7	101.0	:	103.8	98.5	100.8	:	:	:
	1. industrial confidence indicator		+29	-49	+5	-39	-17	-15	-13	-9	-12	-13	-13	-11	-9	-6
	2. construction confidence indicator		:	:	-17	-57	-38	-27	-24	-18	-24	(-24)	(-24)	-18	(-18)	(-18)
	3. consumer confidence indicator (c)		:	-9.0	3.0	-27.0	-23	-12	-12	-14	-11	-11	-15	-14	-14	-15
	4. share-price index (c)		86.6	53.6	101.2	82.7	201.7	267.7	322.9	325.5	333.4	339.7	295.5	312.7	329.6	334.2
	= 5. economic sentiment indicator		107.8	97.6	101.8	95.1	96.6	99.8	100.5	100.5	100.9	101.0	99.7	100.3	100.7	100.6
IRL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		80.4	72.3	103.8	99.6	126.0	127.7	:	:	130.2	121.9	:	:	:	:
	1. industrial confidence indicator		:	-41	+20	-40	-7	-6	-10	-9	-8	-11	-12	-14	0	-14
	2. construction confidence indicator		:	:	:	:	-27	-24	-10	-15	-10	(-10)	(-10)	-15	(-15)	(-15)
	3. consumer confidence indicator (c)		:	-41.0	12.0	-44.0	-29	-28	-27	-26	-27	(-27)	(-27)	-24	-26	-28
	4. share-price index (c)		85.8	29.9	112.2	79.4	148.9	234.8	240.0	263.6	239.3	248.7	231.9	249.6	265.5	275.7
	= 5. economic sentiment indicator		109.1	96.7	103.6	98.1	100.2	100.7	101.2	101.4	101.3	101.3	101.1	101.5	101.7	101.0
I	<i>gross domestic product</i>	1980 = 100	80.4	77.2	101.2	98.2	104.7	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		87.9	72.6	104.7	98.1	96.5	98.9	99.9	:	103.4	96.6	99.7	:	:	:
	1. industrial confidence indicator		+31	-59	+13	-41	-10	-12	-9	-7	-9	-11	-8	-6	-8	-6
	2. construction confidence indicator		-8	-56	-5	-51	-29	-29	-27	-29	-24	-33	-30	-32	-30	-25
	3. consumer confidence indicator (c)		:	-39.0	-12.1	-29.6	-12	-8	-3	-2	-5	-3	-2	-2	-2	-3
	4. share-price index (c)		169.6	68.5	185.0	116.9	286.8	477.0	718.6	704.6	697.0	786.0	672.8	657.1	721.9	734.7
	= 5. economic sentiment indicator		103.8	97.4	101.6	97.6	101.7	103.2	105.6	105.6	105.4	106.1	105.5	105.4	105.7	105.7
NL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		94.8	87.1	117.5	90.7	104.0	106.3	103.0	:	107.0	99.0	103.0	:	:	:
	1. industrial confidence indicator		+12	-44	+4	-31	-2	-3	-6	-6	-7	-5	-6	-4	-5	-8
	2. construction confidence indicator		+3	-47	+3	-46	(-19)	-8	+6	-3	+5	+5	+6	-3	-2	-4
	3. consumer confidence indicator (c)		6.0	-15.0	5.0	-37.0	-7	+6	+7	+4	+5	+9	+7	+6	+4	+2
	4. share-price index (c)		:	86.3	122.8	92.8	255.1	304.0	329.4	343.9	320.7	323.6	344.0	342.2	345.2	344.4
	= 5. economic sentiment indicator		107.8	100.7	105.3	97.1	106.4	109.0	110.1	109.4	109.6	110.3	110.4	109.8	109.5	108.9
UK	<i>gross domestic product</i>	1980 = 100	94.6	91.0	102.5	97.7	109.0	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92.7	89.6	110.0	93.8	108.0	109.3	108.5	:	110.3	108.3	107.0	:	:	:
	1. industrial confidence indicator		:	:	+9	-60	0	-6	-12	-10	-12	-9	-15	-13	-9	-9
	2. construction confidence indicator		:	:	+7	-60	-25	-15	-19	-11	-19	(-19)	(-19)	-11	(-11)	(-11)
	3. consumer confidence indicator (c)		:	-32.5	14.4	-25.5	-10	-11	-7	-5	-8	-8	-6	-3	-5	-6
	4. share-price index (c)		78.5	23.3	111.6	104.4	242.3	280.6	308.2	304.1	314.0	304.1	306.4	304.7	299.3	308.3
	= 5. economic sentiment indicator		103.8	97.7	104.9	98.8	102.3	102.7	102.7	103.1	102.8	102.7	102.7	103.0	103.1	103.1
EUR	<i>gross domestic product</i> (a)(b)	1980 = 100	85.1	85.5	101.1	101.0	106.4	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92.9	83.0	103.2	94.6	103.3	103.8	105.3	:	107.0	103.2	105.8	:	:	:
	1. industrial confidence indicator		+16	-49	+3	-36	-7	-8	-10	-8	-10	-10	-10	-9	(-8)	-7
	2. construction confidence indicator		:	:	-1	-48	-38	-27	-25	-20	-26	(-25)	(-24)	-20	(-20)	(-19)
	3. consumer confidence indicator (c)		4.6	-16.7	0.8	-22.0	-13	-7	-5	-5	-5	-5	-6	-4	-4	-6
	4. share-price index (c)		:	47.0	115.4	111.7	238.8	300.5	336.6	330.9	344.7	339.1	326.1	322.6	331.1	339.0
	= 5. economic sentiment indicator		107.5	96.6	104.1	97.4	101.1	102.1	102.7	103.0	102.9	102.8	102.4	103.0	103.1	102.8

(a) Weighted total of quarterly figures for the Federal Republic of Germany, France, Italy and the UK.
 (b) For the Federal Republic of Germany, gross national product for quarterly data.
 (c) Not seasonally adjusted.

TABLE 3: **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)		1985	1986			1986					
	Peak 1972:73	Trough 1974:75	Peak 1979:80	Trough 1981:83		I	II	III	April	May	June	July	Aug.	Sept.
B														
production expectations	+31	-56	-4	-37	-6	-6	-6	-8	-5	-6	-8	-12	-7	-4
order-books	+13	-74	-14	-49	-24	-21	-29	-25	-28	-30	-29	-26	-23	-25
export order-books	+15	-82	-19	-55	-27	-27	-35	-29	-34	-35	-34	-33	-26	-27
stocks of finished products	-14	+37	+2	+18	+10	+8	+5	+8	+6	+2	+6	+7	+8	+10
selling-price expectations	+64	-10	+39	+12	+19	+21	+2	0	+4	+2	+0	-2	+3	0
industrial confidence indicator	+19	-56	-4	-35	-13	-12	-13	-14	-13	-13	-14	-15	-13	-13
DK														
production expectations	:	:	:	+8	+18	+11	+4	+4	+4	:	:	+4	:	:
order-books	:	:	:	-34	+25	+15	+12	+9	+12	:	:	+9	:	:
export order-books	:	:	:	+14	+24	+2	+1	-2	+1	:	:	-2	:	:
stocks of finished products	:	:	:	+24	+4	+12	+14	+15	+14	:	:	+15	:	:
industrial confidence indicator	:	:	:	-22	+13	+5	+1	-1	+1	:	:	-1	:	:
D														
production expectations	+17	-32	+10	-30	+3	+4	+1	+2	+2	0	+2	+1	+2	+3
order-books	+5	-73	-6	-59	-14	-11	-16	-14	-17	-16	-16	-14	-14	-15
export order-books	:	:	-14	-50	-9	-13	-18	-20	-16	-19	-20	-16	-20	-23
stocks of finished products	-7	+43	-2	+31	+7	+6	+7	+6	+6	+6	+9	+5	+5	+9
selling-price expectations	+55	+4	+38	+4	+17	+9	+4	+8	+1	+7	+5	+7	+10	+6
industrial confidence indicator	+10	-49	+2	-4	-6	-4	-7	-6	-7	-7	-8	-6	-6	-7
GR														
production expectations	:	:	:	:	+21	+24	+28	+19	+30	+29	+25	+23	+21	+19
order-books	:	:	:	:	-24	-11	-16	-20	-18	-12	-18	-21	-20	-20
export order-books	:	:	:	:	-33	-22	-24	-27	-16	-20	-36	-34	-27	-20
stocks of finished products	:	:	:	:	+10	+10	+10	+11	+17	+9	+6	+13	+12	+9
selling-price expectations	:	:	:	:	+32	+25	+16	+15	+15	+16	+15	+16	+14	+14
industrial confidence indicator	:	:	:	:	-4	+1	+1	-4	-2	+3	0	-4	-4	-3
F														
production expectations	+33	-29	+18	-20	-3	0	-2	+7	-2	-1	-3	+5	+7	+9
order-books	+26	-69	0	-56	-30	-27	-23	-20	-23	-23	-22	-23	-20	-16
export order-books	+24	-66	+10	-52	-20	-24	-29	-28	-29	-28	-30	-32	-28	-24
stocks of finished products	-14	+50	+3	+42	+19	+18	+14	+16	+12	+14	+15	+15	+13	+11
selling-price expectations	+76	+15	+62	+17	+29	+18	+13	+14	+15	+12	+11	+14	+14	+14
industrial confidence indicator	+29	-49	+5	-39	-17	-15	-13	-9	-12	-13	-13	-11	-9	-6
IRL														
production expectations	:	-21	+40	-33	+6	+9	+14	+9	+19	+9	+13	+6	+21	0
order-books	:	-68	+18	-55	-20	-16	-29	-24	-31	-29	-26	-28	-13	-31
stocks of finished products	:	+35	-6	+33	+8	+12	+16	+13	+11	+13	+24	+19	+9	+11
selling-price expectations	:	+64	+77	+20	+14	-1	-16	-10	-16	-13	-19	-18	-13	+2
industrial confidence indicator	:	-41	+20	-40	-7	-6	-10	-9	-8	-11	-12	-14	0	-14
I														
production expectations	+40	-43	+24	-26	+8	+7	+13	+10	+17	+9	+12	+15	+6	+9
order-books	+30	-82	+7	-66	-21	-26	-23	-21	-27	-24	-19	-23	-19	-20
export order-books	+13	-67	-6	-59	-30	-30	-33	-29	-34	-39	-27	-34	-28	-26
stocks of finished products	-24	+53	-8	+32	+16	+18	+18	+10	+17	+19	+18	+10	+12	+7
selling-price expectations	+76	+10	+87	+37	+39	+26	+15	+9	+17	+15	+13	+11	+6	+11
industrial confidence indicator	+31	-59	+13	-41	-10	-12	-9	-7	-9	-11	-8	-6	-8	-6
L														
production expectations	+84	-80	+40	-66	-1	+1	-7	-38	+9	+2	-33	-35	-38	-41
order-books	:	:	+8	-70	+3	-5	-2	-1	-2	-3	-2	+4	-5	-1
export order-books	:	:	+9	-80	-3	-18	-14	-10	-12	-15	-14	-2	-16	-12
stocks of finished products	-14	+74	0	+58	+3	+1	+6	+3	+12	0	+6	+2	+5	+1
selling-price expectations	:	-46	+74	-38	+17	-20	-48	-20	-60	-46	-39	-51	-39	+30
industrial confidence indicator	:	:	+16	-65	0	-1	-5	-14	-2	0	-14	-11	-16	-14
NL														
production expectations	+26	-26	+20	-13	+4	+3	+2	+4	0	+2	+3	+7	+5	0
order-books	+7	-48	-5	-42	-5	-8	-12	-13	-12	-12	-13	-13	-13	-14
stocks of finished products	-3	+57	+3	+39	+4	+5	+7	+7	+8	+6	+7	+7	+7	+8
industrial confidence indicator	+12	-44	+4	-31	-2	-3	-6	-5	-7	-5	-6	-4	-5	-8
UK														
production expectations	:	:	+29	-52	+20	+11	+9	+8	+7	+12	+7	+4	+9	+12
order-books	:	:	-2	-85	-7	-12	-24	-22	-23	-21	-28	-24	-20	-22
export order-books	:	:	-11	-72	-5	-15	-21	-24	-24	-16	-23	-27	-22	-22
stocks of finished products	:	:	-1	+42	+14	+16	+20	+17	+19	+18	+23	+19	+15	+16
selling-price expectations	:	:	+70	+7	+23	+14	+13	+15	+16	+13	+9	+16	+14	+16
industrial confidence indicator	:	:	+9	-60	0	-6	-12	-10	-12	-9	-15	-13	-9	-9
EUR														
production expectations	+24	-30	+15	-24	+7	+6	+4	+6	+4	+4	+5	+5	+6	+8
order-books	+15	-70	-7	-56	-17	-17	-21	-19	-21	-20	-21	-21	-18	-19
export order-books	:	:	-12	-50	-15	-19	-25	-24	-25	-25	-24	-25	-23	-23
stocks of finished products	-10	+48	-1	+31	+12	+13	+14	+10	+13	+13	+15	+11	+11	+11
selling-price expectations	+64	+9	+53	+22	+25	+16	+10	+10	+10	+10	+8	+10	+10	+11
industrial confidence indicator	+16	-49	+3	-36	-7	-8	-10	-8	-10	-10	-10	-9	-8	-7

(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 1979-1983, respectively.

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

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

	Range (b)		Range (b)		1985	1986			1986					
	Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		I	II	III	April	May	June	July	Aug.	Sept.
B														
order-books	-13	-47	-20	-76	-55	-53	-46	-44	-51	-44	-42	-44	-45	-43
employment expectations	+31	-24	+7	-53	-24	-18	-15	-26	-10	-15	-19	-21	-29	-28
price expectations	+75	+25	+61	-18	+2	+8	+4	-2	+9	+3	-1	-1	0	-5
construction confidence indicator (a)	+9	-36	-7	-65	-40	-36	-30	-35	-31	-30	-31	-33	-37	-36
DK														
order-books	:	:	:	-38	+13	+16	+39	+18	+25	(+25)	(+25)	+18	(+18)	(+18)
employment expectations	:	:	:	-35	+9	+13	+17	+9	+17	(+17)	(+17)	+9	(+9)	(+9)
construction confidence indicator (a)	:	:	:	-37	+11	+15	+28	+14	+21	(+21)	(+21)	+14	(+14)	(+14)
D														
order-books	-17	-84	+2	-75	-70	-63	-55	-45	-60	-55	-51	-47	-44	-45
employment expectations	+10	-60	+20	-53	-38	-18	-15	-7	-18	-14	-12	-9	-7	-6
price expectations	+48	-37	+48	-49	-14	+3	+6	+10	0	+9	+8	+9	+9	+11
construction confidence indicator (a)	-4	-72	+11	-64	-54	-41	-35	-27	-39	-35	-32	-28	-26	-26
GR														
order-books	:	:	:	-78	-48	-48	-63	-72	-63	(-63)	(-63)	-72	(-72)	(-72)
employment expectations	:	:	:	-77	+3	-35	-33	-33	-33	(-33)	(-33)	-33	(-33)	(-33)
price expectations	:	:	:	+9	+8	+24	+50	+32	+50	(+50)	(+50)	+32	(+32)	(+32)
construction confidence indicator (a)	:	:	:	-78	-23	-42	-48	-53	-48	(-48)	(-48)	-53	(-53)	(-53)
F														
order-books	:	:	-26	-73	-52	-41	-36	-26	-36	(-36)	(-36)	-26	(-26)	(-26)
employment expectations	:	:	-8	-47	-24	-12	-12	-8	-12	(-12)	(-12)	-8	(-8)	(-8)
construction confidence indicator (a)	:	:	-17	-57	-38	-27	-24	-18	-24	(-24)	(-24)	-18	(-18)	(-18)
IRL														
order-books	:	:	:	-44	-34	-35	-19	-19	-19	(-19)	(-19)	-19	(-19)	(-19)
employment expectations	:	:	:	-39	-19	-13	-1	-10	-1	(-1)	(-1)	-10	(-10)	(-10)
price expectations	:	:	:	:	-16	-10	-7	-4	-7	(-7)	(-7)	-4	(-4)	(-4)
construction confidence indicator (a)	:	:	:	-42	-27	-24	-10	-15	-10	(-10)	(-10)	-15	(-15)	(-15)
I														
order-books	-25	-68	-8	-62	-36	-38	-43	-41	-42	-46	-41	-44	-39	-40
employment expectations	+10	-44	-2	-39	-21	-19	-10	-17	-5	-18	-18	-20	-21	-10
price expectations	+85	+30	+79	+2	+14	+13	+14	+9	+11	+10	+20	+12	+8	+7
construction confidence indicator (a)	-8	-56	-5	-51	-29	-29	-27	-29	-24	-33	-30	-32	-30	-25
L														
order-books	+21	-50	+15	-79	-60	-36	-9	+3	-25	-1	0	+1	+2	+7
employment expectations	+31	-39	+46	-75	-42	-11	+7	+5	+1	+6	+13	+8	+6	+1
price expectations	+82	+11	+81	-49	-10	-4	+14	+27	+12	+9	+22	+33	+20	+28
construction confidence indicator (a)	+26	-45	+31	-77	-51	-24	-1	+4	-12	+3	+7	+5	+4	+4
NL														
order-books	-8	-81	-10	-61	(-32)	-18	-5	-9	-6	-7	-2	-7	-8	-11
employment expectations	+14	-13	+15	-31	(-6)	+3	+16	+3	+16	+17	+14	0	+5	+3
construction confidence indicator (a)	+3	-47	+3	-46	(-19)	-8	+6	-3	+5	+5	+6	-3	-2	-4
UK														
order-books	:	:	-1	-71	-37	-27	-30	-23	-30	(-30)	(-30)	-23	(-23)	(-23)
employment expectations	:	:	+15	-49	-12	-3	-7	+2	-7	(-7)	(-7)	+2	(-4)	(-2)
price expectations	:	:	+74	-22	+11	+23	+23	+22	+23	(+23)	(+23)	+22	(+22)	(+22)
construction confidence indicator (a)	:	:	+7	-60	-25	-15	-19	-11	-19	(-19)	(-19)	-11	(-11)	(-11)
EUR														
order-books	:	:	-9	-63	-51	-42	-40	-32	-41	(-40)	(-38)	-33	(-32)	(-32)
employment expectations	:	:	+7	-33	-24	-12	-10	-7	-10	(-10)	(-10)	-7	(-7)	(-6)
construction confidence indicator (a)	:	:	-1	-48	-38	-27	-25	-20	-26	(-25)	(-24)	-20	(-20)	(-19)

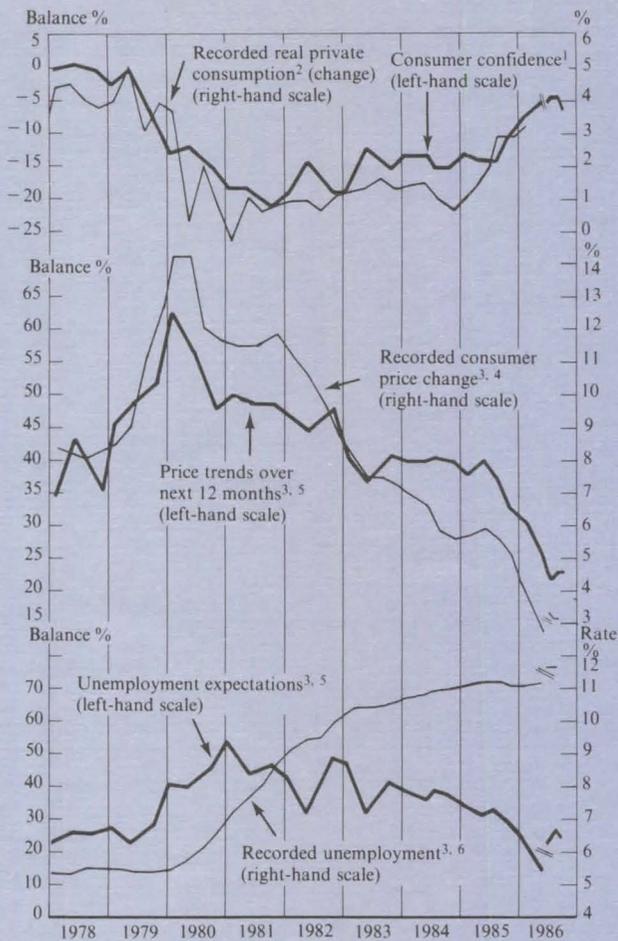
(a) The indicator is an average of the responses (balances) to the questions on order-books and employment expectations.
(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972-1975 and 1979-1983, respectively.
Source: European Community business surveys.

TABLE 5: Results of business surveys in the retail trade (a)(b)

	1985								1986							
	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.(f)
B																
present business situation	-15	-18	-7	0	6	5	8	16	7	-8	0	-19	-7	-13	-8	10
volume of stocks	9	12	2	3	0	-3	5	1	0	11	5	4	12	6	2	0
intentions of placing orders	-19	1	3	5	2	-7	-5	14	17	-3	-9	-14	-16	-4	3	11
expected business situation	-19	13	25	12	5	-2	-15	17	26	9	-6	9	-6	21	23	25
D																
present business situation	-40	-22	-22	-33	-21	-8	-11	-8	-22	-19	-10	-7	-6	-10	-10	-1
volume of stocks	27	26	23	20	19	22	19	24	29	28	29	26	27	20	20	24
intentions of placing orders	-26	-15	-8	-19	-16	-13	-11	-11	-14	-13	-15	-15	-14	-6	-1	0
expected business situation	-13	-7	-6	-11	1	3	-1	1	1	-5	-3	-3	0	4	2	12
F(c)																
present business situation	:	-30	:	-10	:	-22	:	5	:	-6	:	-16	:	-6	:	-11
volume of stocks	:	18	:	9	:	18	:	7	:	4	:	19	:	13	:	8
intentions of placing orders	:	-35	:	-20	:	-18	:	-25	:	-15	:	-24	:	-28	:	-12
I(c)(d)																
present business situation	:	:	:	:	-4	:	:	-2	:	-7	:	2	:	-7	:	7
volume of stocks	:	:	:	:	21	:	:	28	:	25	:	24	:	31	:	20
intentions of placing orders	:	:	:	:	-13	:	:	-16	:	-14	:	-18	:	-14	:	-2
expected business situation	:	:	:	:	4	:	:	3	:	9	:	9	:	10	:	21
NL																
present business situation	:	:	:	:	:	:	:	41	34	41	43	51	48	51	51	55
volume of stocks	:	:	:	:	:	:	:	7	8	10	10	7	9	8	2	8
intentions of placing orders	:	:	:	:	:	:	:	31	22	24	17	16	19	21	25	20
expected business situation	:	:	:	:	:	:	:	47	44	43	41	34	41	38	45	40
UK																
present business situation (e)	14	25	49	17	13	18	31	20	31	13	5	7	19	24	29	24
volume of stocks	25	22	18	18	18	21	18	19	18	27	27	20	21	17	9	4
intentions of placing orders	21	29	35	27	19	12	23	29	24	17	21	26	23	23	31	38
expected business situation	:	:	35	:	:	32	:	:	36	:	:	34	:	:	34	:

(a) not seasonally adjusted; (b) balances; (c) bi-monthly; (d) excl. large multiple shops; (e) refers to volume of sales for the time of the year; (f) Italy: provisional.
Source: EC business survey in retail trade.

GRAPH 14: Survey results and objective economic indicators—
European Community total⁷



For notes, Table 6.
Sources: European Community consumer survey and Eurostat.

pointing downward across a broad spectrum, and it has only been possible to curb the rate at which labour is shed. This situation which is less favourable than in the other member countries can be explained by the fact that manpower reserves are still high in French and Italian industry. In the labour market survey carried out in European industry at the end of last year, a net 38 % of French industrial companies and 58 % of Italian companies described their manning levels as too high (see *European Economy*, no. 27, March 1986).

Consumer confidence slightly down — For the first time since February 1985 this leading indicator for purchasing behaviour has deteriorated slightly (from -4 to -6; balance). This indicator was down in nearly all the member countries. The main reasons for the decline were the more unfavourable answers to the question whether consumers were now intending to make large purchases. But even after the slight deterioration, the consumer climate indicator still stands at a relatively high level. This is also consistent with the present favourable sales trend in the European retail trade (see Table 5). The clothing, footwear and leather goods branches in particular are enjoying lively demand. This may more than offset the somewhat more unfavourable purchasing plans for household appliances. It therefore seems premature to conclude, on the basis of the slightly weaker consumer climate indicator, that the propensity to purchase of European consumers will shortly slacken again. With the exception of Denmark, where economic policy is endeavouring to dampen the rise in consumer demand, mainly in order to come closer to the objective of current account equilibrium, and Greece where the general economic stability programme aims to cut back consumer demand, all the other member countries — to varying degrees — wish for brisk consumer demand, which, together with increased investment will produce a more dynamic recovery in the economy as a whole. A close watch must

therefore be kept on the future development of the consumer indicator, so that it gives early and clear indication as to whether the September setback was a negative aberration or whether it heralds the start of a new trend.

After two successive months in which the consumer climate has improved, *Belgian* consumers seemed more pessimistic in September. This feeling has reflected in practically every component of consumer behaviour, including purchasing behaviour: there was a downturn in the present readiness to acquire major household items and in intentions to make real purchases in the next twelve months. Compared with the situation in most other member countries, these two features of Belgian consumer sentiment have been at a rather low level for a relatively long period.

After picking up in August, the consumer confidence indicator in *Denmark* dipped in September to a relatively low level when viewed in terms of the Community as a whole. But even from a historical perspective, the present level of consumer confidence is disappointing, with such a low score not having been recorded since January 1983. Danish consumers were very pessimistic in September with regard to recent developments in the general economic situation in particular, but they also took a gloomy view of the other components of consumer behaviour. In this connection, it does not appear that there will be any rapid hardening of the propensity to make purchases in spite of some decline in the willingness to save. A major factor in this rather pessimistic scenario of consumer assessments is undoubtedly formed by the recent governmental austerity plans.

As in the preceding months, consumers in the *Federal Republic of Germany* remained optimistic as regards recent developments in both the general economic situation and in their own financial position. However, in recent months, they have adopted a somewhat cautious attitude to future developments in these areas. The willingness to make purchases has followed an erratic pattern for several months: in September as in July it showed a distinct fall after registering an equally distinct revival in the preceding month. For the rest, the recent surveys in the retail trade show that sales in the months ahead are viewed with more optimism than is suggested by consumer perceptions of the situation; where larger household goods are concerned, both the intentions of placing orders and the expected business situation point to an improvement in sales.

Greece, together with Portugal, were in September the only Member States where the consumer climate showed an improvement compared to the preceding month. Greek consumers assessed the general economic developments more positively, although the socio-economic situation does not justify an appreciation of this nature. Their buying behaviour also regained some strength.

In *Spain*, the salient features of a weakening of consumer confidence in September were a marked fall in their readiness to make major purchases now — in sharp contrast to the positive trend in July and August — and their less optimistic expectations concerning the economic situation in general. Fears that prices would rise significantly reduced saving intentions for the next 12 months, but these assessments will apparently have no favourable effect on purchasing behaviour in the near future.

The slight revival discernible in July in the consumer climate in *France* was in September offset by the continuing decline in the propensity to purchase (no consumer survey was conducted in France in August). The willingness to make purchases has, for quite some time now, been distinctly less pronounced than in the United Kingdom and in the Federal Republic of Germany. However, the weakness of this component of consumer behaviour in France is particularly noticeable if we compare the present measurements of consumer sentiment in this regard with the figures for the period 1978-83. Where the findings of the recent surveys in the retail trade concern larger household durables, they point to an unmistakable correlation with the low propensity to purchase. A positive factor in the pattern of consumer expectations is the confidence that the situation on the labour market will show a slight improvement in the twelve months ahead.

Following the slight improvement in the consumer climate in *Ireland* in mid-1986, the erosion of confidence first noted in August continued in September. Recent developments in both the general economic situation and in the financial situation of households were viewed more pessimistically than in August while consumer expectations in these areas once again bore testimony to a decline in confidence. The abrupt deterioration in the propensity to save attributable to gloomy price expectations was accompanied by a slight revival in the propensity

to purchase which, although it slowed down somewhat the fall in the confidence indicator, could not prevent the indicator reaching, as in August, the lowest level recorded in the Community.

Most components of consumer behaviour in *Italy* in September showed only small or very small changes as compared with the previous survey (in July). Only the attitude to purchases showed a distinct turn-around for, after strengthening in July, the willingness to make purchases fell back in September to its June level. From both a historical and a Community viewpoint, it remains relatively depressed.

In September, consumers in the *Netherlands* were again, as they had been in the previous three months, more cautious in their assessment of the general economic situation, both in the recent past and in the near future. Their scepticism was partly attenuated by a moderate improvement in expectations as to the real income position of households and by a slightly greater readiness to make purchases, but it nevertheless had an adverse effect on the confidence indicator and caused it to dip further. Consumer confidence overall, however, is still fairly buoyant compared with the situation in all the other Member States (except the Federal Republic of Germany).

Until now (the first monthly survey having been conducted in June), the consumer climate in *Portugal* has fluctuated mark-

edly: after rising in July, it fell back in August but staged a recovery in September, especially with regard to the general economic situation. The financial situation of households was also viewed in a relatively favourable light. By contrast, the propensity to purchase fell away sharply in September, almost touching the very low level recorded in June. For the rest, the findings for *Portugal* still need to be treated with some caution since the time series are very short and a relatively large number of those taking part in the survey gave no answer. This is particularly apparent in the lower-income classes when questions on future developments are concerned.

As in the previous month, the consumer confidence indicator in the *United Kingdom* fell back a little in September, the main reason once again being a significant decline in consumer willingness to make major household purchases. Nevertheless, the percentage of consumers which consider that this is a good time to buy consumer durables is still significantly higher in the *United Kingdom* than in the Community. As in the Federal Republic of Germany the retail trade seems to be more optimistic about consumption behaviour in the next few months than consumers themselves; this is reflected e.g. in retailers' increased intentions of placing orders with suppliers.

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TABLE 6: Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986								
											Feb.	March	Apr.	May	June	July	Aug.	Sept.
CONSUMER CONFIDENCE INDICATOR ^(b)	B	-8	-10	-20	-27	-27	-28	-27	-21	-22	-20	-19	-17	-21	-17	-10	-14	
	DK	-1	-2	-19	-17	-12	0	6	4	:	:	-1	-5	-6	:	-2	-8	
	D	5	6	-5	-22	-26	-15	-10	-7	0	1	2	1	5	4	6	5	
	GR	:	:	:	:	0	-11	-4	-5	-16	-19	-18	-21	-19	-19	-23	-21	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-12	-8	-7	-9	
	F	1	-5	-10	-9	-5	-15	-23	-21	:	:	-11	-11	-15	-14	:	-15	
	IRL	8	-10	-22	-28	-34	-39	-33	-29	:	:	-27	:	:	-24	-26	-28	
	I	-18	-17	-22	-22	-18	-24	-15	-12	-10	-5	-5	-3	-2	-2	:	-3	
	NL	-1	-8	-25	-31	-32	-30	-22	-7	:	:	5	9	7	6	4	2	
	P	:	:	:	:	:	:	:	:	:	:	:	:	:	-10	-6	-10	-6
	UK	8	-4	-18	-21	-12	-3	-4	-10	-14	-11	-8	-8	-6	-3	-5	-6	
	EUR (c)	0	-3	-13	-19	-17	-15	-14	-12	:	:	-5	-5	-5	-4	-4	-6	
FINANCIAL SITUATION OF HOUSEHOLDS	B	-11	-11	-15	-19	-25	-29	-31	-23	-18	-16	-15	-15	-15	-13	-10	-12	
	DK	2	1	-10	-12	-7	-4	-2	-3	:	:	-3	-4	-3	:	0	-2	
	D	1	2	-4	-16	-18	-14	-11	-8	-2	-3	-1	-2	1	1	3	4	
	GR	:	:	:	:	-2	-13	-8	-8	-19	-21	-22	-24	-23	-23	-27	-27	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-12	-9	-11	-10	
	F	-2	-4	-7	-8	-7	-11	-15	-13	:	:	-9	-8	-13	-11	:	-12	
	IRL	-9	-21	-32	-38	-41	-43	-42	-37	:	:	-36	:	:	-35	-31	-33	
	I	-14	-13	-14	-14	-13	-15	-12	-10	-8	-7	-6	-6	-5	-6	:	-5	
	NL	4	1	-9	-18	-20	-28	-26	-17	:	:	-4	-3	-2	-2	1	-2	
	P	:	:	:	:	:	:	:	:	:	:	:	:	:	-11	-8	-11	-6
	UK	-10	-11	-24	-30	-27	-15	-15	-16	-17	-16	-17	-16	-14	-11	-9	-10	
	EUR (c)	-4	-5	-11	-17	-16	-15	-15	-12	:	:	-8	-8	-8	-7	-6	-6	

— over last 12 months

TABLE 6 (continued): Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986								
										Feb.	March	Apr.	May	June	July	Aug.	Sept.	
FINANCIAL SITUATION OF HOUSEHOLDS (continued)	B	-3	-3	-6	-9	-12	-15	-18	-13	-10	-8	-6	-5	-7	-6	0	-3	
	DK	6	3	-8	-4	-2	0	3	3	:	:	1	-1	1	:	6	1	
	D	2	2	-3	-12	-14	-9	-6	-4	0	0	2	0	1	2	4	3	
	GR	:	:	:	:	15	0	6	2	-6	-12	-7	-11	-10	-10	-15	-15	
	E	:	:	:	:	:	:	:	:	:	:	:	:	5	4	5	3	
	F	4	0	-2	0	0	-4	-7	-3	:	:	1	2	-5	-5	:	-5	
	IRL	1	-13	-19	-24	-23	-26	-22	-22	:	:	-14	:	:	-11	-15	-18	
	— over next 12 months	I	-6	-7	-10	-8	-6	-8	-3	-2	-1	0	1	1	1	2	:	1
	NL	1	1	-9	-13	-14	-21	-17	-6	:	:	1	3	2	0	1	3	
	P	:	:	:	:	:	:	:	:	:	:	:	:	2	3	-1	3	
	UK	3	-1	-13	-15	-9	-2	-3	-5	-7	-6	-5	-3	-1	1	-2	-2	
	EUR (c)	2	0	-6	-9	-8	-7	-6	-4	:	:	0	0	-1	0	0	-1	
GENERAL ECONOMIC SITUATION	B	-47	-44	-58	-69	-68	-62	-57	-33	-32	-30	-29	-27	-35	-31	-19	-22	
	DK	-31	-34	-56	-47	-42	-4	4	2	:	:	-12	-11	-16	:	-7	-21	
	D	-5	3	-18	-46	-51	-29	-14	-11	0	3	4	5	8	8	10	11	
	GR	:	:	:	:	-2	-11	-4	-10	-26	-26	-24	-26	-25	-27	-33	-31	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-19	-11	-15	-15	
	F	-18	-27	-39	-37	-28	-41	-54	-52	:	:	-34	-33	-34	-32	:	-33	
	IRL	-4	-35	-56	-66	-74	-77	-65	-61	:	:	-53	:	:	-51	-54	-60	
	— over last 12 months	I	-45	-43	-57	-60	-51	-57	-36	-26	-22	-16	-11	-8	-4	-6	:	-4
	NL	-23	-30	-55	-64	-64	-54	-19	8	:	:	18	25	24	22	16	11	
	P	:	:	:	:	:	:	:	:	:	:	:	:	-9	-8	-12	-4	
	UK	0	-33	-55	-62	-40	-23	-25	-37	-44	-37	-31	-28	-27	-24	-28	-30	
	EUR (c)	-16	-22	-41	-51	-44	-37	-31	-28	:	:	-15	-13	-13	-12	-13	-13	
— over next 12 months	B	-28	-29	-45	-51	-43	-38	-33	-17	-17	-14	-11	-14	-15	-15	-2	-6	
	DK	-21	-24	-42	-29	-23	3	6	4	:	:	-6	-6	-9	:	-7	-12	
	D	-1	1	-19	-33	-32	-14	-10	-6	0	2	3	3	4	5	5	3	
	GR	:	:	:	:	25	6	10	3	-3	-12	-6	-13	-11	-14	-17	-14	
	E	:	:	:	:	:	:	:	:	:	:	:	:	5	5	6	1	
	F	-15	-29	-40	-27	-23	-36	-45	-34	:	:	-16	-16	-21	-17	:	-16	
	IRL	2	-26	-35	-38	-42	-45	-29	-26	:	:	-17	:	:	-20	-25	-29	
	— over next 12 months	I	-14	-19	-30	-30	-24	-25	-9	-8	-5	6	4	7	9	4	:	4
	NL	-16	-26	-48	-42	-42	-28	-5	10	:	:	13	19	14	11	4	-1	
	P	:	:	:	:	:	:	:	:	:	:	:	:	7	5	-2	9	
	UK	5	-16	-24	-23	-10	-5	-10	-16	-25	-20	-13	-12	-12	-12	-18	-13	
	EUR (c)	-8	-16	-30	-30	-24	-21	-18	-14	:	:	-5	-4	-4	-4	-5	-5	
PRICE TRENDS	B	59	55	65	69	77	78	78	72	65	60	60	53	47	47	37	41	
	DK	47	39	50	51	48	26	26	26	:	:	14	16	19	:	14	6	
	D	16	25	44	52	46	23	15	9	0	-4	-8	-18	-20	-18	-23	-21	
	GR	:	:	:	:	15	30	24	26	37	43	39	36	40	37	39	42	
	E	:	:	:	:	:	:	:	:	:	:	:	:	:	48	45	46	
	F	60	70	79	77	62	55	58	44	:	:	12	13	13	11	:	9	
	IRL	57	80	85	87	87	80	71	59	:	:	55	:	:	38	44	42	
	— over last 12 months	I	67	72	80	79	72	69	55	49	46	42	38	37	31	31	:	29
	NL	47	43	62	68	63	43	41	22	:	:	12	8	-8	-13	-22	-14	
	P	:	:	:	:	:	:	:	:	:	:	:	:	:	38	31	33	29
	UK	35	48	59	41	31	15	19	24	21	21	22	17	12	11	12	13	
	EUR (c)	42	49	63	62	53	40	37	30	:	:	15	10	12	12	11	10	
— over next 12 months	B	22	33	42	40	45	40	37	36	39	32	31	29	26	21	21	22	
	DK	27	29	38	31	31	12	16	15	:	:	11	9	9	:	6	5	
	D	33	44	51	50	43	30	28	25	17	13	8	4	2	1	0	-1	
	GR	:	:	:	:	25	37	38	42	41	47	39	43	44	46	46	45	
	E	:	:	:	:	:	:	:	:	:	:	:	:	16	18	16	24	
	F	41	46	50	39	42	37	32	27	:	:	35	35	28	21	:	10	
	IRL	36	59	56	52	46	39	35	32	:	:	11	:	:	10	22	28	
	— over next 12 months	I	44	56	60	58	56	54	46	48	41	33	37	33	27	31	:	34
	NL	36	48	61	52	50	38	25	17	:	:	10	3	-2	0	6	7	
	P	:	:	:	:	:	:	:	:	:	:	:	:	14	11	14	11	
	UK	21	34	43	31	29	27	40	43	41	38	30	26	21	25	31	33	
	EUR (c)	34	44	51	44	42	35	35	32	:	:	24	21	18	17	18	18	
UNEMPLOYMENT	B	42	42	57	67	60	57	44	37	35	28	24	27	40	37	33	29	
	DK	29	22	39	37	29	30	5	-4	:	:	-7	-10	-2	:	0	2	
	D	10	3	20	43	43	30	20	16	12	8	0	-5	-2	-2	5	5	
	GR	:	:	:	:	11	10	11	17	26	32	27	28	33	32	35	35	
	E	:	:	:	:	:	:	:	:	:	:	:	:	24	27	24	24	
	F	30	44	47	43	30	41	62	50	:	:	22	24	41	42	:	38	
	IRL	6	12	34	47	56	67	52	48	:	:	39	:	:	42	47	49	
	— over next 12 months	I	42	41	51	52	56	57	49	47	45	37	38	37	35	38	:	36
	NL	42	35	59	72	72	67	36	0	:	:	-12	-25	-23	-11	5	-4	
	P	:	:	:	:	:	:	:	:	:	:	:	:	27	25	32	27	
	UK	20	30	58	50	34	37	32	35	39	34	31	31	35	35	38	35	
	EUR (c)	25	27	43	48	42	41	38	32	:	:	17	15	23	25	27	25	

TABLE 6 (continued): Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986								
										Feb.	March	Apr.	May	June	July	Aug.	Sept.	
MAJOR PURCHASES	B	46	30	23	15	13	6	6	-18	-35	-33	-34	-24	-31	-20	-19	-24	
	DK	41	42	21	10	16	7	14	14	:	:	15	-3	-2	:	0	-3	
	D	31	25	18	-1	-17	-8	-9	-8	1	5	3	0	8	3	8	3	
	GR	:	:	:	:	-35	-35	-24	-20	-22	-26	-29	-29	-28	-20	-23	-19	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-37	-29	-20	-24	
	F	34	35	39	28	30	19	6	-4	:	:	2	0	0	-3	:	-8	
	IRL	49	46	30	24	13	-6	-9	-2	:	:	-14	:	:	-3	-4	-2	
	— at present	I	-10	-3	2	4	1	-13	-15	-15	-15	-9	-11	-9	-9	-2	:	-10
		NL	28	13	-2	-17	-21	-18	-44	-29	:	:	-2	-1	-4	0	-2	-1
		P	:	:	:	:	:	:	:	:	:	:	:	-37	-19	-25	-30	
		UK	43	43	28	26	25	32	31	24	24	23	24	21	24	35	29	23
	EUR (c)	29	27	22	12	6	5	0	-3	:	:	2	1	-2	1	2	-3	
— over next 12 months	B	-28	-29	-26	-28	-28	-30	-28	-30	-32	-33	-34	-28	-24	-30	-23	-27	
	DK	-9	-8	-14	-12	-10	-8	-7	-8	:	:	-9	-12	-13	:	-13	-17	
	D	-15	-15	-19	-25	-28	-29	-28	-26	-20	-20	-21	-21	-19	-21	-18	-19	
	GR	:	:	:	:	-24	-33	-38	-33	-35	-38	-43	-48	-50	-44	-44	-50	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-24	-30	-21	-22	
	F	-13	-16	-18	-13	-9	-10	-10	-9	:	:	-8	-7	0	0	:	0	
	IRL	-13	-17	-19	-22	-27	-31	-25	-22	:	:	-27	:	:	-20	-14	-18	
	— over next 12 months	I	-16	-10	-17	-18	-22	-22	-21	-21	-19	-23	-20	-22	-20	-22	:	-19
		NL	-14	-19	-23	-27	-27	-29	-27	-20	:	:	-21	-16	-16	-14	-12	-13
		P	:	:	:	:	:	:	:	:	:	:	:	2	14	11	5	
		UK	-9	-6	-14	-19	-18	-15	-12	-14	-14	-13	-13	-12	-11	-13	-10	-12
	EUR (c)	-12	-12	-17	-20	-20	-21	-19	-18	:	:	-17	-16	-15	-16	-14	-14	
SAVINGS	B	35	40	38	41	40	46	46	46	50	45	41	39	37	31	47	45	
	DK	7	11	15	23	26	40	41	50	:	:	51	46	41	:	45	39	
	D	34	46	43	32	27	33	38	41	41	41	41	38	46	44	47	48	
	GR	:	:	:	:	-25	-29	-20	-18	-25	-32	-32	-29	-30	-32	-36	-33	
	E	:	:	:	:	:	:	:	:	:	:	:	:	39	27	36	38	
	F	10	8	-3	-2	-5	0	6	11	:	:	17	18	-3	1	:	7	
	IRL	14	8	5	3	-9	-3	-8	-1	:	:	-5	:	:	-2	1	-15	
	— at present	I	6	4	-6	-7	10	21	33	37	42	47	46	49	48	47	:	47
		NL	13	19	19	27	38	35	34	41	:	:	40	45	48	44	50	44
		P	:	:	:	:	:	:	:	:	:	:	:	-46	-36	-40	-46	
		UK	-10	-5	6	5	5	10	17	20	20	21	30	18	19	22	21	23
	EUR (c)	16	21	15	12	12	19	24	29	:	:	33	30	28	27	29	31	
— over next 12 months	B	-14	-14	-20	-21	-25	-26	-27	-33	-14	-21	-11	-14	-10	-9	1	-5	
	DK	-11	-12	-20	-19	-18	-12	-11	-7	:	:	-8	-6	-6	:	-7	-8	
	D	43	46	44	23	-2	1	3	3	9	6	8	7	13	8	16	15	
	GR	:	:	:	:	-37	-41	-39	-40	-39	-45	-47	-47	-46	-47	-50	-54	
	E	:	:	:	:	:	:	:	:	:	:	:	:	-32	-38	-36	-37	
	F	-27	-29	-32	-32	-32	-35	-37	-36	:	:	-27	-26	-32	-34	:	-32	
	IRL	-5	-11	-13	-19	-22	-25	-37	-28	:	:	-34	:	:	-24	-26	-29	
	— over next 12 months	I	-35	-34	-32	-30	-22	-27	-20	-17	-16	-12	-10	-8	-11	-6	:	-9
		NL	6	8	0	-1	-3	-8	-2	6	:	:	4	8	12	12	20	11
		P	:	:	:	:	:	:	:	:	:	:	:	-44	-42	-42	-32	
		UK	-4	-4	-16	-20	-17	-13	-12	-14	-13	-11	-14	-19	-12	-13	-13	-12
	EUR (c)	1	2	-4	-11	-17	-17	-16	-15	:	:	-10	-10	-12	-13	-11	-12	
FINANCIAL SITUATION OF HOUSEHOLDS	B	11	12	9	7	6	5	6	5	12	10	12	13	13	15	19	15	
	DK	10	9	4	4	4	8	8	11	:	:	10	9	13	:	11	8	
	D	23	22	21	16	12	11	11	12	15	16	16	16	18	17	19	18	
	GR	:	:	:	:	0	0	2	3	3	1	1	1	1	1	-1	-2	
	E	:	:	:	:	:	:	:	:	:	:	:	:	1	7	3	5	
	F	10	10	8	8	8	6	4	3	:	:	8	7	2	3	:	3	
	IRL	11	8	2	-4	-1	-1	-1	-1	:	:	-1	:	:	3	1	2	
	— indicator of net acquisition of financial assets	I	7	8	8	8	13	9	11	12	14	14	15	15	16	16	:	16
		NL	14	22	19	18	17	15	13	16	:	:	17	16	18	18	18	14
		P	:	:	:	:	:	:	:	:	:	:	:	:	-1	0	-1	5
		UK	8	10	8	9	9	12	12	11	11	12	10	9	10	12	12	12
	EUR (c)	14	15	12	11	10	9	9	9	:	:	12	12	11	12	12	11	

(a) The sum of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.

(b) 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.

(c) If monthly data are not available, the EUR-averages incorporate the most recent available results.

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.

² Quarterly data; percentage change on corresponding quarter of preceding year.

³ Quarterly data; monthly from May 1986 onwards.

⁴ Percentage changes on corresponding quarter resp. month of preceding year.

⁵ See table 6 for data and notes.

⁶ Seasonally adjusted.

⁷ EUR 10 up to May 1986; EUR 12 from June 1986 onwards.

Source: European Community consumer survey.

Institutes carrying out the surveys

Country	Survey: Manufacturing industry	Construction	Investment	Retail sale	Consumer
Belgium	BNB Banque Nationale de Belgique	BNB	BNB	BNB	DIMARSO Gallup Belgium
Denmark	DS Danmark Statistik	DS	DS	—	DS
Federal Republic of Germany	IFO Institut für Wirtschaftsforschung	IFO	IFO	IFO	GfK Gesellschaft für Konsumforschung
Greece	IEIR Institute of Economic and Industrial Research	IEIR	IEIR	—	NSS National Statistical Service
France	INSEE Institut National de la Statistique et des Études Économiques	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 Études Économiques	STATEC	STATEC	—	—
Netherlands	CBS Centraal Bureau voor de Statistiek	EIB	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 Denmark, Greece, France, Ireland 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, lack of demand, bad weather, shortage of manpower, shortage of material and/or equipment, others ?
- order-books or production schedules: above normal, normal, below normal ?
- employment expectations in 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

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.

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD
Series B — 'Business and consumer survey results' (11 issues per year)	16.71	750	12	10	14



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