

# EUROPEAN ECONOMY

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

Supplement B — No 12 — December 1986

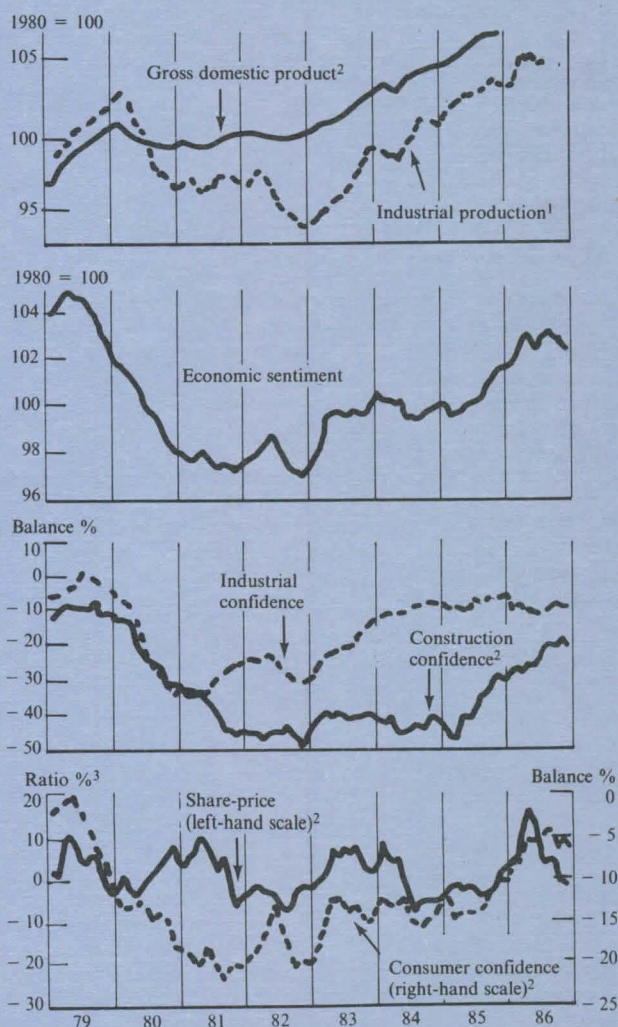
*In this number:  
Employment expectations in industry.  
Consumers' financial situation,  
their purchasing and saving plans.*

Business and consumer survey results

## THE MAIN POINTS IN BRIEF

- After remaining steady for two months, the Community leading indicator dipped from 102.8 to 102.5, a level which is still high (page 2).
- Although there is no loss of confidence among industrialists and production expectations remain positive, employment plans in industry have deteriorated (page 3).
- Stocks of unsold finished products are still fairly high. Stocks of raw materials are high enough to sustain the present rate of production (page 7).
- Sentiment has deteriorated in construction, chiefly because of more unfavourable assessments of employment prospects (page 7).
- The consumer confidence indicator loses one point (page 9).
- Households' assessments of their financial situation are more favourable to saving plans than to purchasing intentions (page 9).

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



<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 1.

<sup>3</sup> Deviations from trend in %.

TABLE 1: 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	June	July	Aug.	Sept.	Oct.	Nov.
<b>B</b>	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	102.5	76.5	106.3	92.4	104.0	106.8	107.5	:	108.2	111.1	:	:	:	:
	1. industrial confidence indicator	+ 19	- 56	- 4	- 35	- 13	- 12	- 13	- 14	- 14	- 15	- 13	- 13	- 15	- 13
	2. construction confidence indicator	+ 9	- 36	- 7	- 65	- 40	- 36	- 30	- 35	- 31	- 33	- 37	- 36	- 36	- 38
	3. consumer confidence indicator (c)	7.0	- 18.0	- 7.0	- 31.0	- 21	- 20	- 19	- 14	- 21	- 17	- 10	- 14	- 15	- 19
	4. share-price index (c)	155.1	98.0	114.3	75.0	185.3	240.0	274.6	281.4	272.0	270.2	286.3	287.6	284.1	292.5
	= 5. economic sentiment indicator	109.0	98.9	103.9	96.8	99.7	100.4	100.8	101.5	100.2	100.8	102.3	101.4	100.9	100.2
<b>DK</b>	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	:	:	107.7	95.5	121.2	124.1	129.8	125.1	126.7	125.8	122.8	126.7	:	:
	1. industrial confidence indicator	:	:	:	- 22	+ 13	+ 5	+ 1	- 1	(+ 1)	- 1	(- 1)	(- 1)	- 2	- 2
	2. construction confidence indicator	:	:	:	- 36	+ 11	+ 15	+ 21	+ 14	(+ 21)	+ 14	(+ 14)	(+ 14)	+ 6	(+ 6)
	3. consumer confidence indicator (c)	:	- 16	5.0	- 22	4	7	- 4	- 5	- 6	- 6	- 2	- 8	- 4	- 16
	4. share-price index (c)	:	:	:	:	415.9	463.0	458.4	398.4	436.1	412.8	395.6	386.8	383.4	374.9
	= 5. economic sentiment indicator	:	:	:	:	103.8	103.2	102.6	101.8	102.3	102.0	101.8	101.5	101.5	101.0
<b>D</b>	<i>gross domestic product</i> 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	106.0	107.3	107.3	107.9	108.8	107.7	105.5	:	:
	1. industrial confidence indicator	+ 10	- 49	+ 2	- 40	- 6	- 4	- 7	- 6	- 8	- 6	- 6	- 7	- 8	- 10
	2. construction confidence indicator	- 4	- 72	+ 11	- 64	- 54	- 41	- 35	- 27	- 32	- 28	- 26	- 26	- 23	- 29
	3. consumer confidence indicator (c)	:	- 22.2	9.0	- 31.0	- 7	0	3	5	5	4	6	5	6	5
	4. share-price index (c)	109.0	75.2	115.6	97.6	209.4	295.7	302.2	292.4	288.6	272.2	296.0	308.9	301.6	304.6
	= 5. economic sentiment indicator	103.8	97.0	103.6	94.7	100.9	103.6	103.9	104.2	103.9	103.7	104.5	104.4	104.3	103.9
<b>F</b>	<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	101.3	103.5	102.3	103.8	103.8	103.0	:	:
	1. industrial confidence indicator	+ 29	- 49	+ 5	- 39	- 17	- 15	- 13	- 9	- 13	- 11	- 9	- 6	- 11	- 13
	2. construction confidence indicator	:	:	- 17	- 57	- 38	- 27	- 24	- 18	(- 24)	- 18	(- 18)	(- 18)	- 19	(- 19)
	3. consumer confidence indicator (c)	:	- 9.0	3.0	- 27.0	- 23	- 12	- 12	- 14	- 15	- 14	- 14	- 15	- 15	- 16
	4. share-price index (c)	86.6	53.6	101.2	82.7	201.7	284.1	345.4	359.4	321.4	347.7	362.7	367.7	356.5	359.3
	= 5. economic sentiment indicator	107.8	97.6	101.8	95.1	96.5	100.1	100.9	101.0	100.1	100.8	101.2	101.1	100.6	100.3
<b>IRL</b>	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	80.4	72.3	103.8	99.6	128.3	130.0	129.5	:	129.2	123.3	131.8	:	:	:
	1. industrial confidence indicator	:	- 41	+ 20	- 40	- 7	- 6	- 10	- 9	- 12	- 14	0	- 14	- 8	- 7
	2. construction confidence indicator	:	:	:	:	- 31	- 50	- 37	- 32	(- 37)	- 32	(- 32)	(- 32)	- 30	(- 30)
	3. consumer confidence indicator (c)	:	- 41.0	12.0	- 44.0	- 29	- 28	- 27	- 26	(- 27)	- 24	- 26	- 28	- 29	- 33
	4. share-price index (c)	85.8	29.9	112.2	79.4	148.9	201.4	240.0	240.5	231.9	249.6	246.6	225.2	231.1	252.2
	= 5. economic sentiment indicator	109.1	96.7	103.6	98.1	100.0	100.0	100.4	100.5	100.3	100.7	100.8	100.0	100.1	99.8
<b>I</b>	<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	99.8	100.4	96.9	101.2	98.4	94.0	98.4	:	:
	1. industrial confidence indicator	+ 31	- 59	+ 13	- 41	- 10	- 12	- 9	- 7	- 8	- 6	- 8	- 6	- 7	- 6
	2. construction confidence indicator	- 8	- 56	- 5	- 51	- 29	- 29	- 27	- 29	- 30	- 32	- 30	- 25	- 21	- 21
	3. consumer confidence indicator (c)	:	- 39.0	- 12.1	- 29.6	- 12	- 8	- 3	- 2	- 2	- 2	- 2	- 3	- 2	- 3
	4. share-price index (c)	169.6	68.5	185.0	116.9	286.8	489.3	715.8	730.7	660.0	671.0	766.0	755.0	737.5	720.5
	= 5. economic sentiment indicator	103.8	97.4	101.6	97.6	101.5	102.3	104.1	104.2	104.0	104.0	104.3	104.2	104.2	104.0
<b>NL</b>	<i>gross domestic product</i> 1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>	94.8	87.1	117.5	90.7	104.3	106.7	103.7	:	104.0	105.0	104.0	:	:	:
	1. industrial confidence indicator	+ 12	- 44	+ 4	- 31	- 2	- 3	- 6	- 6	- 6	- 4	- 5	- 7	- 5	- 5
	2. construction confidence indicator	+ 3	- 47	+ 3	- 46	(- 19)	- 8	+ 6	- 3	+ 6	- 3	- 2	- 4	- 6	- 9
	3. consumer confidence indicator (c)	6.0	- 15.0	5.0	- 37.0	- 7	+ 6	+ 7	+ 4	+ 7	+ 6	+ 4	+ 2	+ 3	0
	4. share-price index (c)	:	86.3	122.8	92.8	255.1	304.0	329.4	344.9	344.0	342.2	349.1	343.5	326.9	333.5
	= 5. economic sentiment indicator	107.8	100.7	105.3	97.1	105.8	109.0	110.0	109.3	110.3	109.7	109.5	108.8	108.6	108.1
<b>UK</b>	<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	108.9	110.6	107.5	109.9	110.5	111.3	:	:
	1. industrial confidence indicator	:	:	+ 9	- 60	0	- 6	- 12	- 10	- 15	- 13	- 9	- 9	- 6	- 2
	2. construction confidence indicator	:	:	+ 7	- 60	- 25	- 15	- 19	- 11	(- 19)	- 11	(- 11)	(- 11)	- 10	(- 10)
	3. consumer confidence indicator (c)	:	- 32.5	14.4	- 25.5	- 10	- 11	- 7	- 5	- 6	- 3	- 5	- 6	- 3	- 3
	4. share-price index (c)	78.5	23.3	111.6	104.4	242.3	280.6	308.6	305.5	307.7	303.9	301.7	310.8	302.4	312.4
	= 5. economic sentiment indicator	103.8	97.7	104.9	98.8	102.6	102.8	102.8	103.2	102.8	103.1	103.2	103.2	103.4	103.6
<b>EUR</b>	<i>gross domestic product</i> 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	106.0	105.6	106.4	106.1	104.5	106.2	:	:
	1. industrial confidence indicator	+ 16	- 49	+ 3	- 36	- 7	- 8	- 10	- 8	- 10	- 9	- 8	- 7	- 8	- 8
	2. construction confidence indicator	:	:	- 1	- 48	- 38	- 27	- 25	- 20	(- 24)	- 20	(- 20)	(- 19)	- 18	- 20
	3. consumer confidence indicator (c)	4.6	- 16.7	0.8	- 22.0	- 13	- 7	- 5	- 5	- 6	- 4	- 4	- 6	- 5	- 6
	4. share-price index (c)	:	47.0	115.4	111.7	238.8	303.6	340.0	337.5	329.9	327.7	339.4	345.3	336.3	341.0
	= 5. economic sentiment indicator	107.5	96.6	104.1	97.4	100.5	102.2	102.7	103.0	102.4	103.0	103.2	102.8	102.8	102.5

(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.



**The leading economic indicator dips** — After remaining steady for two months, the economic sentiment indicator in December slipped from 102.8 to 102.5 for the Community as a whole. In each of the countries for which an indicator is calculated, except the United Kingdom, it declined slightly. As a Community average, industrialists confidence has not varied since last month. However, the consumer confidence indicator is down one point and sentiment deteriorated slightly in construction while the share price index gave no more than limited support to the composite indicator (Table 1).

**No loss of confidence among industrialists** — Order-books have recovered slightly in the whole of manufacturing industry (−18 compared with −20, balances) and this improvement is notably due to export demand (−24 compared with −26). Production expectations for their part remain positive, even though they have deteriorated by one point (+5 compared with +6) and are thus back to their July level probably because of the slightly less favourable assessments of the level of stocks of unsold finished products (+12 compared with +11) (Table 2).

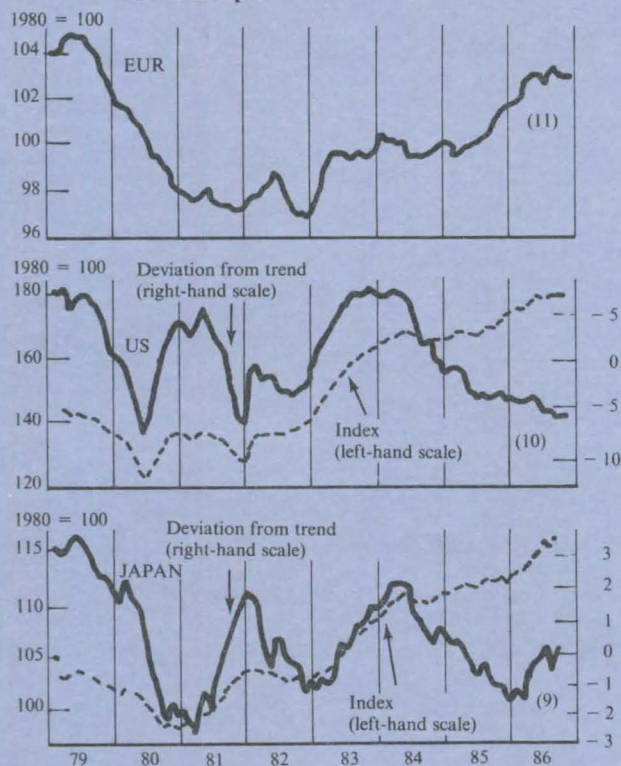
The stability of the Community data since the summer is the result of contrasting developments in the Member States. From September to November, the confidence indicator gained 7 points in the *United Kingdom* but lost 7 in *France* and 3 in the *Federal Republic of Germany*. For France this puts the indicator back to its June level, while the German figure is the lowest recorded since June 1984 (Table 2).

**Cautious management of stocks** — In addition to the regular information on the assessment of stocks of finished products, Supplement B for the first time gives a set of quarterly data on raw materials and energy stocks (Table 4). These data suggest that stocks are still somewhat higher than is required by the rate of activity of companies, but that the difference is tending to narrow more and more.

Although stocks of finished products are still too high, they are down on the first half-year (see Graph 3).

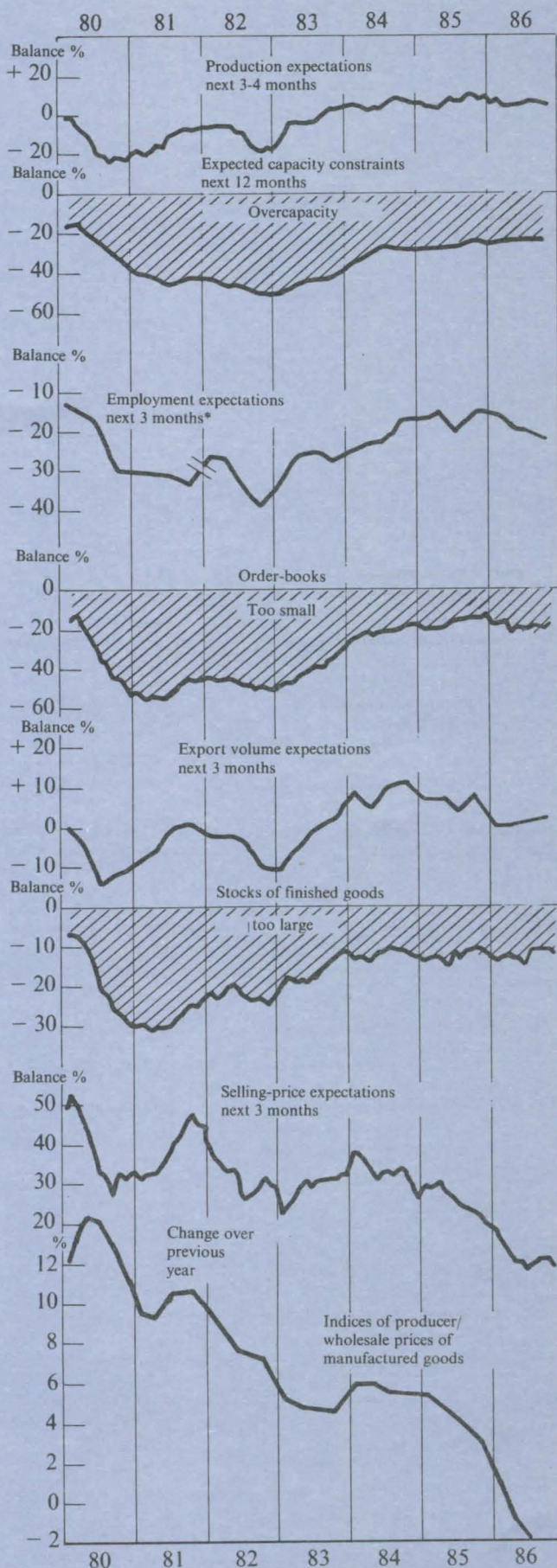
Raw materials stocks have followed a similar pattern. Moreover, industrialists who consider that their level is high barely outnum-

GRAPH 2: Leading indicators for the European Community, USA and Japan<sup>1</sup>



<sup>1</sup> 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 ("11" = November). Sources: Commission's Services, US Department of Commerce, Economic Planning Agency of the Japanese Government.

GRAPH 3: Indicators of output, demand and prices in industry — European Community

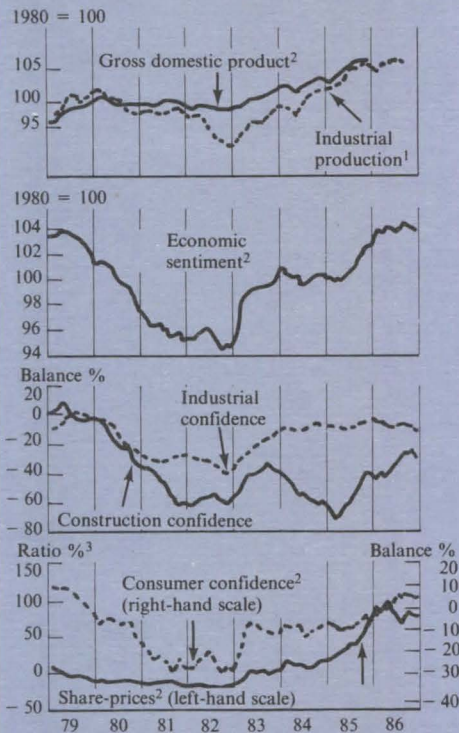


\* Quarterly data since 1982; before twice-yearly.



GRAPHS 4-9: Indicators of output and economic sentiment

GRAPH 4: Federal Republic of Germany

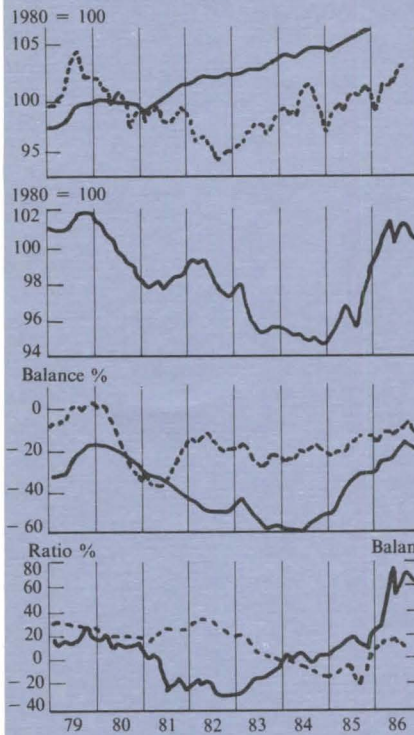


<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 1.

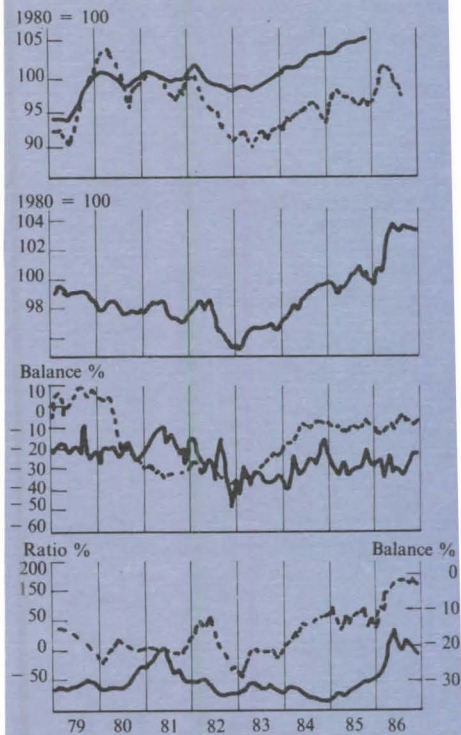
<sup>3</sup> Deviations from trend in %.

GRAPH 5: France



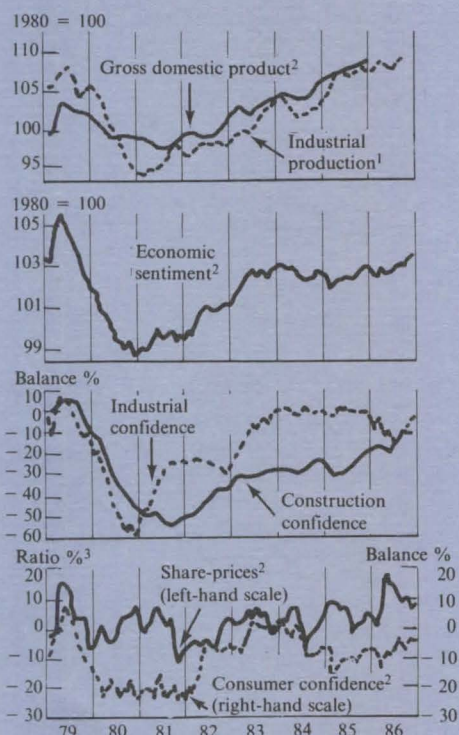
For explanations, see Graph 4.

GRAPH 6: Italy



For explanations, see Graph 4.

GRAPH 7: United Kingdom

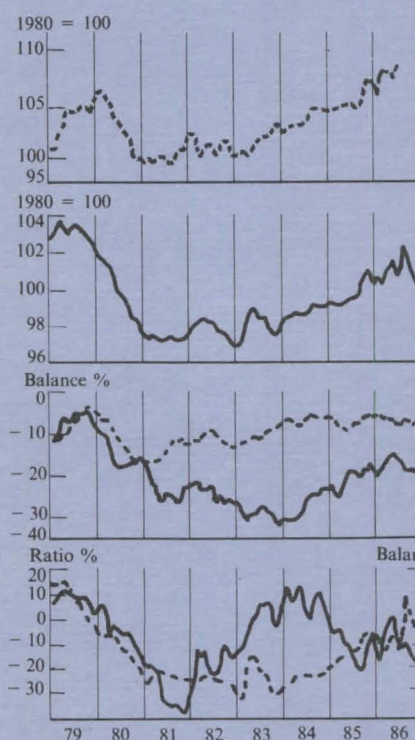


<sup>1</sup> Three-month moving average.

<sup>2</sup> See notes to Table 1.

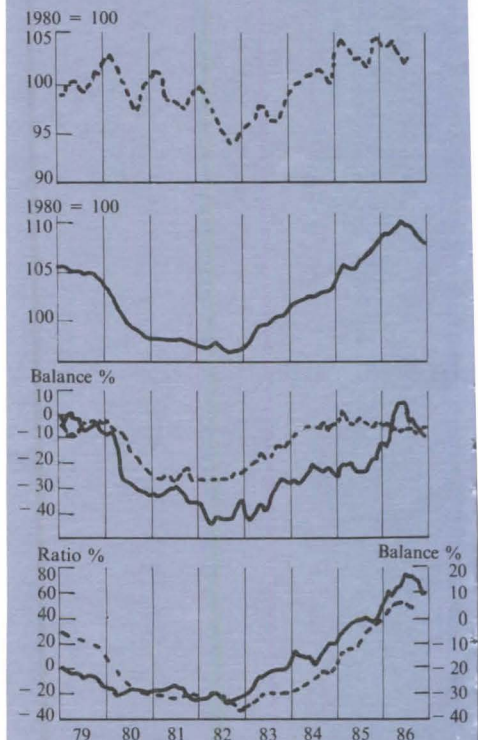
<sup>3</sup> Deviations from trend in %.

GRAPH 8: Belgium



For explanations, see Graph 7.

GRAPH 9: Netherlands



For explanations, see Graph 7.

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

(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.

ber those taking the opposite view and this situation has not varied since 1984, demonstrating that industrialists are concerned to match the level of their stocks as far as possible to their production volume.

**Employment expectations worse** — This quarter's information on employment expectations in manufacturing industry reveal that they have again deteriorated (Tables 5 and 6). For industry as a whole, the balance is 2 points down on the third quarter and 8 points down on the fourth quarter of 1985. It is back to its value in the second quarter of 1984. The expected increase

in production does not seem great enough for an early reversal in the tendency of industrial employment to contract.

The deterioration of employment expectations is most noticeable in the *Federal Republic of Germany* where, from July to October, the indicator for employment expectations in the whole of industry declined by 8 points (-10 compared with -2; balances). Since July, employment expectations have also been revised downwards by 3 to 4 points in *Belgium*, *Luxembourg* and *France*. But in *Denmark*, *Greece* and the *United Kingdom*, companies have on average shown themselves to be less pessimistic.

TABLE 3: Assessment of stocks of finished products (s.a.)

Differences between the percentages of respondents reporting stock levels higher or lower than normal.

	1984		1985		1986		1984		1985		1986	
	O	J	A	J	O	J	A	J	O	J	A	J
B	+10	+10	+8	+8	+9	+13	+10	+6	+8	+6	+7	+9
DK	0	+4	+12	-10	+1	+1	+5	+10	+12	+14	+15	+5
D	+8	+7	+7	+6	+9	+9	+10	+4	+6	+6	+5	+11
GR	+18	+10	+12	+16	+9	+18	+9	+7	+6	+17	+13	+13
F	+20	+19	+15	+21	+23	+20	+17	+18	+19	+12	+15	+12
IRL	+6	+8	+13	+9	+12	+9	+8	-2	+9	+11	+19	+13
I	+16	+16	+13	+13	+17	+18	+14	+11	+19	+17	+10	+7
L	+4	+3	+5	+1	-7	+14	+8	+3	0	+12	+2	+6
NL	+9	+4	+7	+12	+5	+5	+3	+3	+5	+8	+7	+7
UK	+10	+14	+18	+10	+16	+10	+14	+14	+19	+19	+19	+13
EUR	+12	+12	+12	+11	+14	+13	+12	+10	+14	+13	+11	+11

TABLE 4: Assessment of stocks of raw materials and fuels (s.a.) (a)

Differences between the percentages of respondents reporting stock levels higher or lower than normal

	1984		1985		1986		1984		1985		1986	
	IV	I	II	III	IV	I	II	III	IV	I	II	III
B	+4	+7	+4	+4	+4	+4	+8	+8	+7	+5	+5	+5
DK	+18	+21	+7	+18	+30	+20	+14	+19	+19	+8	+12	+6
D	-2	+2	+3	+1	+3	+3	+2	+1	+1	+1	+4	+3
GR	-2	-3	-6	-7	-4	-1	0	-5	-5	-7	-3	-10
F	+10	+12	+16	+13	+11	+12	+16	+7	+10	+20	+19	+14
IRL	0	+7	+11	+3	+5	+9	+15	0	+9	+13	+13	+8
I	+7	+6	+7	+6	+7	+3	+8	+4	+9	+6	+4	+9
L	0	+2	+3	-1	+1	+5	+2	+1	+4	+5	+2	+2
NL	+5	+5	+5	+6	+5	+4	+4	+5	+3	+5	+6	+4
UK	+10	+4	-6	+7	+9	+2	+2	+2	-4	-5	-7	-6
EUR	+5	+6	+5	+6	+7	+5	+6	+3	+4	+6	+5	+4

TABLE 5: Employment expectations in manufacturing industry (a) (s.a.)

Balance of respondents expecting employment up, unchanged, down

	Range (b)		Range (b)		1985	1986	1985			1986			
	Peak 1973	Trough 1975	Peak 1979	Trough 1982-83			II	III	IV	I	II	III	IV
B	+12	-26	-2	-17	-9	-12	-11	-11	-7	-8	-10	-14	-17
DK	:	:	:	-14	+4	-3	+5	+2	+1	-1	-3	-5	-3
D	+13	-34	+2	-38	-4	-3	-5	-5	+2	+1	+1	-2	-10
GR	:	:	:	:	-3	-3	-4	-1	-3	-1	0	-6	-4
F	+17	-35	-23	-48	-43	-45	-41	-44	-45	-40	-44	-47	-50
IRL	+15	-34	+4	-35	-7	-8	-14	-1	+7	-9	-7	-8	-8
I	+13	-26	+3	-39	-33	-35	-31	-39	-29	-35	-38	-34	-31
L	+75	-67	-1	-62	+1	+1	+3	-2	-3	+6	+5	-2	-6
NL	+4	-32	-6	-36	+11	+11	+10	+9	+13	+17	+15	+16	+16
UK	:	:	:	-43	-3	-3	+2	-9	-4	-7	-15	-15	-14
EUR	+12	-31	-6	-40	-17	-17	-15	-20	-14	-16	-19	-20	-22

TABLE 6: Employment expectations in manufacturing industry, by member country and by branch (a) (s.a.)

Balance of respondents expecting employment up, unchanged or down

	Consumer goods						Capital goods						Intermediate goods					
	1985		1986		1985		1986		1985		1986		1985		1986		1985	
	III	IV	I	II	III	IV	III	IV	I	II	III	IV	III	IV	I	II	III	IV
B	-10	-2	-3	+3	+2	-3	-11	-12	-10	-12	-12	-18	-17	-14	-16	-22	-28	-33
DK	+4	-2	+8	-6	0	+3	-3	+5	-15	-15	-14	-14	+2	+2	+5	+8	0	+4
D	-5	-2	+13	+10	+11	-3	+16	+13	+8	+3	-2	-9	-8	+3	-3	-2	-8	-11
GR	-4	-2	+1	+2	0	+6	+13	+10	+16	+19	-9	-9	0	-7	-5	-5	-4	-7
F	-41	-45	-40	-49	-53	-49	-35	-41	-27	-34	-36	-44	-51	-50	-49	-47	-50	-52
IRL	-9	-4	+1	+3	-12	-19	+24	+29	-6	+11	+8	+20	-19	-1	-9	-28	-20	-24
I	-29	-22	-30	-36	-36	-31	-33	-18	-16	-16	-14	-10	-42	-35	-41	-47	-36	-42
L	+16	+26	+23	+9	+14	+2	+4	0	+12	+10	+8	-10	-6	-5	+3	+3	-6	-4
NL	+2	+6	+20	+15	+24	+28	+14	+20	+21	+19	+15	+10	+9	+13	+13	+11	+11	+13
UK	-25	-18	-20	-23	-25	-22	+1	+9	0	-10	-14	-17	-22	-20	-16	-24	-19	-16
EUR	-21	-18	-13	-19	-18	-20	-5	-3	-4	-9	-13	-17	-26	-20	-22	-25	-24	-26

(a) The data are collected in January, April, July and October each year.

(b) These are the extreme (high and low) values of the balances between the positive and negative replies to the different questions recorded over the periods 1973-75 and 1979-83 respectively.

Source: EEC business survey.

TABLE 7: 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	June	July	Aug.	Sept.	Oct.	Nov.
<b>B</b>	order-books	-13	-47	-20	-76	-55	-53	-46	-44	-42	-44	-45	-43	-48	-47
	employment expectations	+31	-24	+7	-53	-24	-18	-15	-26	-19	-21	-29	-28	-34	-28
	price expectations	+75	+25	+61	-18	+2	+8	+4	-2	-1	-1	0	-5	-5	-5
	construction confidence indicator (a)	+9	-36	-7	-65	-40	-36	-30	-35	-31	-33	-37	-36	-36	-38
<b>DK</b>	order-books	:	:	:	-38	+13	+16	+25	+18	(+25)	+18	(+18)	(+18)	+13	(+13)
	employment expectations	:	:	:	-35	+9	+13	+17	+9	(+17)	+9	(+9)	(+9)	-1	(-1)
	price expectations	:	:	:	-37	+11	+15	+21	+14	(+21)	+14	(+14)	(+14)	+6	(+6)
	construction confidence indicator (a)	:	:	:											
<b>D</b>	order-books	-17	-84	+2	-75	-70	-63	-55	-45	-51	-47	-44	-45	-43	-48
	employment expectations	+10	-60	+20	-53	-38	-18	-15	-7	-12	-9	-7	-6	-3	-9
	price expectations	+48	-37	+48	-49	-14	+3	+6	+10	+8	+9	+9	+11	+11	+7
	construction confidence indicator (a)	-4	-72	+11	-64	-54	-41	-35	-27	-32	-28	-26	-26	-23	-29
<b>GR</b>	order-books	:	:	:	-78	-48	-48	-63	-72	(-63)	-72	(-72)	(-72)	-63	(-63)
	employment expectations	:	:	:	-77	+3	-35	-33	-33	(-33)	-33	(-33)	(-33)	-25	(-25)
	price expectations	:	:	:	+9	+8	+24	+50	+32	(+50)	+32	(+32)	(+32)	+31	(+31)
	construction confidence indicator (a)	:	:	:	-78	-23	-42	-48	-53	(-48)	-53	(-53)	(-53)	-44	(-44)
<b>F</b>	order-books	:	:	-26	-73	-52	-41	-36	-26	(-36)	-26	(-26)	(-26)	-27	(-27)
	employment expectations	:	:	-8	-47	-24	-12	-12	-8	(-12)	-8	(-8)	(-8)	-11	(-11)
	price expectations	:	:	-17	-57	-38	-27	-24	-18	(-24)	-18	(-18)	(-18)	-19	(-19)
	construction confidence indicator (a)	:	:												
<b>IRL</b>	order-books	:	:	:	-58	-35	-53	-33	-36	(-33)	-36	(-36)	(-36)	-37	(-37)
	employment expectations	:	:	:	-61	-27	-47	-41	-28	(-41)	-28	(-28)	(-28)	-23	(-23)
	price expectations	:	:	:		-21	-10	-2	-17	(-2)	-17	(-17)	(-17)	-27	(-27)
	construction confidence indicator (a)	:	:	:	-60	-31	-50	-37	-32	(-37)	-32	(-32)	(-32)	-30	(-30)
<b>I</b>	order-books	-25	-68	-8	-62	-36	-38	-43	-41	-41	-44	-39	-40	-32	-27
	employment expectations	+10	-44	-2	-39	-21	-19	-10	-17	-18	-20	-21	-10	-10	-15
	price expectations	+85	+30	+79	+2	+14	+13	+14	+9	+20	+12	+8	+7	+3	+25
	construction confidence indicator (a)	-8	-56	-5	-51	-29	-29	-27	-29	-30	-32	-30	-25	-21	-21
<b>L</b>	order-books	+21	-50	+15	-79	-60	-36	-9	+3	0	+1	+2	+7	+10	+8
	employment expectations	+31	-39	+46	-75	-42	-11	+7	+5	+13	+8	+6	+1	+2	-6
	price expectations	+82	+11	+81	-49	-10	-4	+14	+27	+22	+33	+20	+28	+26	+19
	construction confidence indicator (a)	+26	-45	+31	-77	-51	-24	-1	+4	+7	+5	+4	+4	+6	+1
<b>NL</b>	order-books	-8	-81	-10	-61	(-32)	-18	-5	-9	-2	-7	-8	-11	-10	-11
	employment expectations	+14	-13	+15	-31	(-6)	+3	+16	+3	+14	0	+5	+3	-2	-7
	price expectations	+3	-47	+3	-46	(-19)	-8	+6	-3	+6	-3	-2	-4	-6	-9
	construction confidence indicator (a)														
<b>UK</b>	order-books	:	:	-1	-71	-37	-27	-30	-23	(-30)	-23	(-23)	(-23)	-14	(-14)
	employment expectations	:	:	+15	-49	-12	-3	-7	+2	(-7)	+2	(-4)	(+2)	-5	(-5)
	price expectations	:	:	+74	-22	+11	+23	+23	+22	(+23)	+22	(+22)	(+22)	+30	(+30)
	construction confidence indicator (a)	:	:	+7	-60	-25	-15	-19	-11	(-19)	-11	(-11)	(-11)	-10	(-10)
<b>EUR</b>	order-books	:	:	-9	-63	-51	-42	-40	-32	(-38)	-33	(-32)	(-32)	-29	(-30)
	employment expectations	:	:	+7	-33	-24	-12	-10	-7	(-10)	-7	(-7)	(-6)	-7	(-10)
	price expectations	:	:	-1	-48	-38	-27	-25	-20	(-24)	-20	(-20)	(-19)	-18	(-20)
	construction confidence indicator (a)														

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

(b) These are the extrem (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.

mistic on employment expectations. In the *Netherlands*, expectations are still on a definite downward trend (see Table 5).

Within branches, the deterioration in employment expectations has been particularly marked in the capital goods industries. Whereas the balance between negative and positive answers stood at -9 a year ago, it fell to -17 in October 1986; this decline is chiefly due to the falls recorded in mechanical engineering, electronics, instrument engineering and shipbuilding. The fall in the dollar has probably significantly slowed the pace of activity in these industries, largely geared to exporting outside the Community.

For *intermediate goods* the decline recorded since October 1985 is less sharp than for capital goods, but the balance is more unfavourable than in other branches. This chiefly reflects developments in steelworks and oil refineries. Lastly, for *consumer goods industries*, the employment expectations indicator has for a year fluctuated between -18 and -20 (balances), except for the result obtained in January 1986 (Table 6).

In November employment expectations also deteriorated in the construction industry after, it is true, improving over seven months (Table 7). In one month this indicator dropped by between 4 and 8 points in the five countries in which data were collected in November (Belgium, Federal Republic of Germany, Italy, Luxembourg and the Netherlands).

**Gloomier climate among consumers** - In November consumers in all the Member States except the United Kingdom displayed less confidence than in October. For the Community as a whole, the *confidence indicator* lost 1 point, coming down to its September level (-6). The fall in the indicator was particularly marked in Denmark, but consumer confidence also weakened

appreciably in Belgium, Ireland and the Netherlands. In Spain and Portugal, by contrast, assessments in November remained at the same level as in October, as they did in the United Kingdom. The above developments had no real influence on the ranking order calculated for the confidence indicator. This order is very similar to the October positions, with the Federal Republic of Germany and the Netherlands in the lead, while Irish consumers again showed themselves to be more pessimistic than consumers in the other Member States.

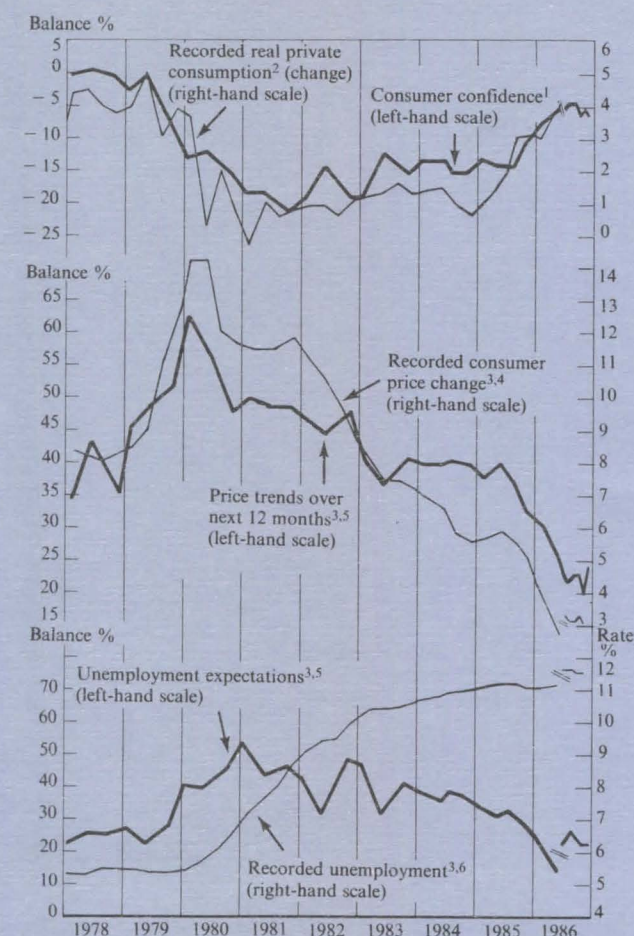
Consumers' assessments of their *personal financial situation*, both in the recent past and in the near future have hardly changed since October. The only exception is Denmark, where consumers seem to have been quite definite that the recent fiscal measures will have an adverse effect on their financial situation.

Assessments of the *general economic situation* in the last twelve months were gloomier than in October in nearly all the Member States. The poorest reactions were obtained in Belgium, the Netherlands and Denmark. In the latter country consumers are also very pessimistic about the near future, clearly as a result of the Danish government's recent measures (see above). In the United Kingdom by contrast, there is evidence of greater confidence in the assessments of the general economic situation, both in the recent past and in the next few months.

If the Community confidence indicator fell in November, it was chiefly because of the more cautious attitude of consumers with regard to *major purchases*. The attitude is evident in most of the Member States, and is sometimes very marked. The most striking example is again Denmark, where the increased cost of borrowing has pushed the propensity to purchase down to the lowest level yet observed. British and Irish consumers also considered November to be a far less propitious month for



GRAPH 10: Consumer survey results and objective economic indicators — European Community<sup>7</sup>



For notes, Table 8.

Sources: European Community consumer survey and Eurostat.

making major purchases than October. Dutch consumers reacted similarly, though not so strongly. On the other hand, the propensity to purchase of French households went on rising slightly in November while there was no change in the opinion of Belgians as to whether it was a good time to make major purchases, though the level of this component of the confidence indicator is fairly low in Belgium compared with the Community average. In the Federal Republic of Germany, consumers were not so eager to make purchases of durable goods as they had been in October, but in Germany the propensity to purchase has for a long time fluctuated to a limited extent at a level distinctly higher than in the other Member States, except the United Kingdom.

Expectations as to the trend of employment vary according to the Member States. The fear of an increase in *unemployment* flared up in Denmark. In the Federal Republic of Germany, the most recent labour market statistics, showing a slight rise in unemployment, have apparently led consumers to revise downwards their expectations as to the trend of employment. Belgian consumers are also relatively fearful of developments on the labour market. This is also true of Ireland, where there had nevertheless been a significant improvement in October. Fears concerning unemployment have by contrast diminished in the Netherlands, Portugal and to a lesser extent in France, even though consumers' assessments of the general economic situation were more pessimistic in November than in October. In the United Kingdom, expectations as to the development of employment were markedly optimistic, and this is consistent with consumers' assessments of the general economic situation.

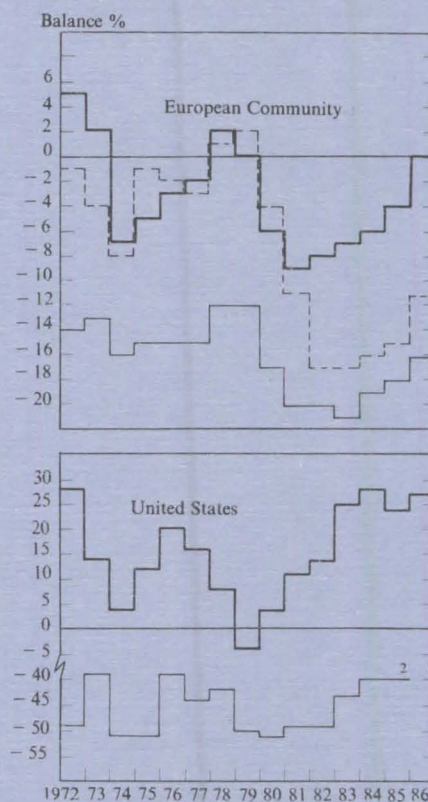
Even if the real prices trend in the Community does not give an unfavourable impression, consumers are still clearly fearful of *inflation*. French households in particular were appreciably more pessimistic about price movements in November than in Oc-

tober. This is especially surprising because consumers had been more and more optimistic on prices in previous months. Pessimism was also expressed in the Netherlands, and to some extent in the Federal Republic of Germany. British consumers also expected price rises in November, in line with an attitude apparent since July but which seemed to have been reversed in October. Irish consumers were the only ones to seem resolutely optimistic as to inflation prospects.

**Financial prospects and purchasing and saving plans** — For the period 1972–86, Graph 12 shows consumers' expectations concerning both their personal financial situation and their purchasing and saving plans. This information concerns only the Member States for which sufficiently long historic series are available. As might be expected, the Graph shows that these three types of expectation have on the whole moved in parallel. In virtually all the Member States, optimism or pessimism about personal financial situations have nearly always gone hand in hand with an upward or downward revision of purchasing and saving plans. The exception is Italy, where caution prevailed with regard to purchases, while expectations as to personal financial situations improved steadily.

A closer examination of Graph 12 shows that in most of the Member States, the changes in assessments made of expected financial situations had more influence on saving plans than on purchasing intentions. It also seems that saving plans have usually fluctuated more sharply than could be explained by expected changes in the financial situation of households. But this is not true of the United Kingdom and the Netherlands, where variations in expectations of personal financial situation influenced purchasing and saving intentions to the same degree over the period. In the other Member States, the relative stability of purchasing plans can be explained by the fact that changes in consumers' expectations of their financial situation were reflected to a greater extent in saving plans than in purchasing intentions, as indicated above.

GRAPH 11: Consumers' expectations of their financial situation (—), their purchasing plans (---) and saving plans (---) — European Community and United States



<sup>1</sup> February–November (monthly average)

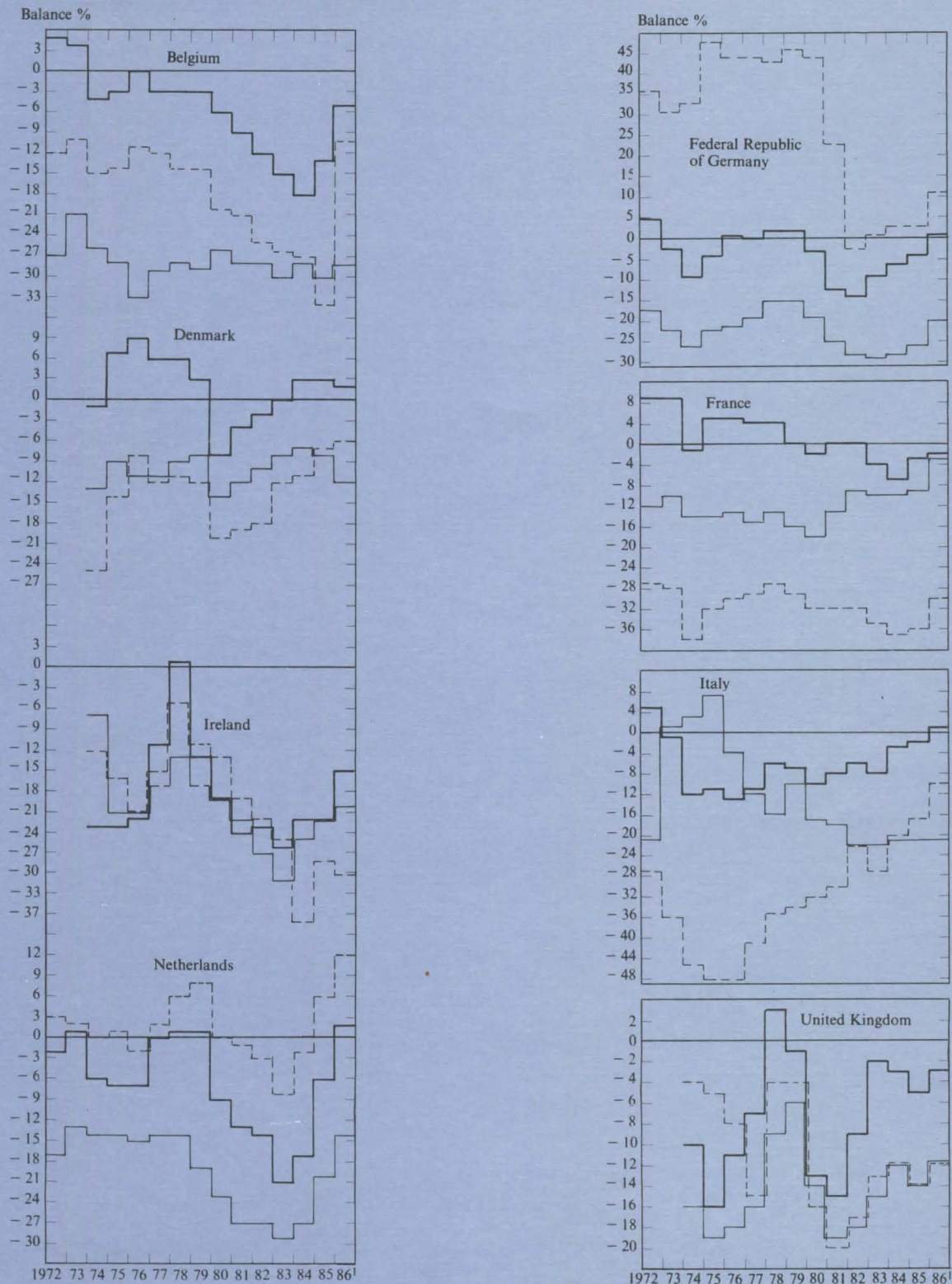
<sup>2</sup> Intentions to purchase a private car.

Sources: EEC: Community consumer survey

United States: University of Michigan, Institute for Social Research: Surveys of consumer attitudes.



GRAPH 12: Consumers' expectations of their financial situation (—), their purchasing plans (—) and savings plans (---)



<sup>1</sup> February-November (monthly average)  
Sources: Community consumer survey.

The Graph which compares United States consumers' expectations of their personal financial situation, over the period 1972–86, with the expectations observed for the Community as a whole shows that United States consumers are sometimes appreciably more optimistic than European consumers on this subject.

As there are no United States data on purchasing and saving intentions which are comparable to the data used for the Community, we have confined ourselves to showing in this Graph

changes in intentions to purchase a private car. The resultant profile is appreciably more stable than that for purchasing plans<sup>1</sup> in the Community.

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<sup>1</sup> These plans do not relate to the possible purchase of a private car.





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

		1978	1979	1980	1981	1982	1983	1984	1985	1986							
										Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
PRICE TRENDS (cont.)	B	22	33	42	40	45	40	37	36	31	29	26	21	21	22	23	21
	DK	27	29	38	31	31	12	16	15	11	9	9	:	6	5	7	7
	D	33	44	51	50	43	30	28	25	8	4	2	1	0	-1	-3	-1
	GR	:	:	:	:	25	37	38	42	39	43	44	46	46	45	45	41
	E	:	:	:	:	:	:	:	:	:	:	16	18	16	24	21	20
	F	41	46	50	39	42	37	32	27	35	35	28	21	:	10	7	14
	IRL	36	59	56	52	46	39	35	32	11	:	:	10	22	28	29	23
	I	44	56	60	58	56	54	46	48	37	33	27	31	:	34	33	36
	NL	36	48	61	52	50	38	25	17	10	3	-2	0	6	7	-1	5
	P	:	:	:	:	:	:	:	:	:	:	14	11	14	11	11	12
— over next 12 months	UK	21	34	43	31	29	27	40	43	30	26	21	25	31	33	30	35
	EUR (c)	34	44	51	44	42	35	35	32	24	21	18	17	18	18	15	18
UNEMPLOYMENT	B	42	42	57	67	60	57	44	37	24	27	40	37	33	29	36	40
	DK	29	22	39	37	29	30	5	-4	-7	-10	-2	:	0	2	9	27
	D	10	3	20	43	43	30	20	16	0	-5	-2	-2	5	5	-1	3
	GR	:	:	:	:	11	10	11	17	27	28	33	32	35	35	32	30
	E	:	:	:	:	:	:	:	:	:	:	24	27	24	24	24	26
	F	30	44	47	43	30	41	62	50	22	24	41	42	:	38	37	35
	IRL	6	12	34	47	56	67	52	48	39	:	:	42	47	49	44	48
	I	42	41	51	52	56	57	49	47	38	37	35	38	:	36	37	37
	NL	42	35	59	72	72	67	36	0	-12	-25	-23	-11	5	-4	-2	-6
	P	:	:	:	:	:	:	:	:	:	:	27	25	32	27	27	21
— over next 12 months	UK	20	30	58	50	34	37	32	35	31	31	35	35	38	35	30	21
	EUR (c)	25	27	43	48	42	41	38	32	17	15	23	25	27	25	23	22
MAJOR PURCHASES	B	46	30	23	15	13	6	6	-18	-34	-24	-31	-20	-19	-24	-22	-22
	DK	41	42	21	10	16	7	14	14	15	-3	-2	:	0	-3	4	-31
	D	31	25	18	-1	-17	-8	-9	-8	3	0	8	3	8	3	7	5
	GR	:	:	:	:	-35	-35	-24	-20	-29	-29	-28	-20	-23	-19	-24	-13
	E	:	:	:	:	:	:	:	:	:	:	-37	-29	-20	-24	-27	-23
	F	34	35	39	28	30	19	6	-4	2	0	0	-3	:	-8	-6	-4
	IRL	49	46	30	24	13	-6	-9	-2	-14	:	:	-3	-4	-2	-9	-18
	I	-10	-3	2	4	1	-13	-15	-15	-11	-9	-9	-2	:	-10	-5	-9
	NL	28	13	-2	-17	-21	-18	-44	-29	-2	-1	-4	0	-2	-1	-2	-9
	P	:	:	:	:	:	:	:	:	:	:	-37	-19	-25	-30	-27	-28
— at present	UK	43	43	28	26	25	32	31	24	24	21	24	35	29	23	30	18
	EUR (c)	29	27	22	12	6	5	0	-3	2	1	-2	1	2	-3	1	-3
— over next 12 months	B	-28	-29	-26	-28	-28	-30	-28	-30	-34	-28	-24	-30	-23	-27	-27	-27
	DK	-9	-8	-14	-12	-10	-8	-7	-8	-9	-12	-13	:	-13	-17	-12	-15
	D	-15	-15	-19	-25	-28	-29	-28	-26	-21	-21	-19	-21	-18	-19	-19	-19
	GR	:	:	:	:	-24	-33	-38	-33	-43	-48	-50	-44	-44	-50	-46	-38
	E	:	:	:	:	:	:	:	:	:	:	-24	-30	-21	-22	-27	-27
	F	-13	-16	-18	-13	-9	-10	-10	-9	-8	-7	0	0	:	0	0	0
	IRL	-13	-17	-19	-22	-27	-31	-25	-22	-27	:	:	-20	-14	-18	-19	-21
	I	-16	-10	-17	-18	-22	-22	-21	-21	-20	-22	-20	-22	:	-19	-20	-19
	NL	-14	-19	-23	-27	-27	-29	-27	-20	-21	-16	-16	-14	-12	-13	-16	-15
	P	:	:	:	:	:	:	:	:	:	:	2	14	11	5	4	2
SAVINGS	UK	-9	-6	-14	-19	-18	-15	-12	-14	-13	-12	-11	-13	-10	-12	-12	-10
	EUR (c)	-12	-12	-17	-20	-20	-21	-19	-18	-17	-16	-15	-16	-14	-14	-15	-15
— at present	B	35	40	38	41	40	46	46	46	41	39	37	31	47	45	38	44
	DK	7	11	15	23	26	40	41	50	51	46	41	:	45	39	47	47
	D	34	46	43	32	27	33	38	41	41	38	46	44	47	48	48	47
	GR	:	:	:	:	-25	-29	-20	-18	-32	-29	-30	-32	-36	-33	-34	-31
	E	:	:	:	:	:	:	:	:	:	:	39	27	36	38	38	45
	F	10	8	-3	-2	-5	0	6	11	17	18	-3	1	:	7	6	11
	IRL	14	8	5	-3	-9	-3	-8	-1	-5	:	:	-2	1	-15	-6	2
	I	6	4	-6	-7	10	21	33	37	46	49	48	47	:	47	51	50
	NL	13	19	19	27	38	35	34	41	40	45	48	44	50	44	50	45
	P	:	:	:	:	:	:	:	:	:	:	-46	-36	-40	-46	-43	-43
— over next 12 months	UK	-10	-5	6	5	5	10	17	20	30	18	19	22	21	23	25	24
	EUR (c)	16	21	15	12	12	19	24	29	33	30	28	27	29	31	31	33
	B	-14	-14	-20	-21	-25	-26	-27	-33	-11	-14	-10	-9	1	-5	-10	-8
	DK	-11	-12	-20	-19	-18	-12	-11	-7	-8	-6	-6	:	-7	-8	-7	-12
	D	43	46	44	23	-2	1	3	3	8	7	13	8	16	15	13	15
	GR	:	:	:	:	-37	-41	-39	-40	-47	-47	-46	-47	-50	-54	-53	-47
	E	:	:	:	:	:	:	:	:	:	:	-32	-38	-36	-37	-37	-40
	F	-27	-29	-32	-32	-32	-35	-37	-36	-27	-26	-32	-34	:	-32	-33	-33
	IRL	-5	-11	-13	-19	-22	-25	-37	-28	-34	:	:	-24	-26	-29	-29	-28
	I	-35	-34	-32	-30	-22	-27	-20	-17	-10	-8	-11	-6	:	-9	-8	-9
	NL	6	8	0	-1	-3	-8	-2	6	4	8	12	12	20	11	13	14
— over next 12 months	P	:	:	:	:	:	:	:	:	:	:	-44	-42	-42	-32	-36	-39
	UK	-4	-4	-16	-20	-17	-13	-12	-14	-14	-19	-12	-13	-13	-12	-10	-6
	EUR (c)	1	2	-4	-11	-17	-17	-16	-15	-10	-10	-12	-13	-11	-12	-12	-11

TABLE 8 (continued): Consumer opinion on economic and financial conditions<sup>(a)</sup>

		1978	1979	1980	1981	1982	1983	1984	1985	1986							
										Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
FINANCIAL SITUATION OF HOUSEHOLDS	B	11	12	9	7	6	5	6	5	12	13	13	15	19	15	13	11
	DK	10	9	4	4	4	8	8	11	10	9	13	:	11	8	12	9
	D	23	22	21	16	12	11	11	12	16	16	18	17	19	18	18	18
	GR	:	:	:	:	0	0	2	3	1	1	1	1	-1	-2	-1	2
	E	:	:	:	:	:	:	:	:	:	:	1	7	3	5	4	4
	F	10	10	8	8	8	6	4	3	8	7	2	3	:	3	2	2
	IRL	11	8	2	-4	-1	-1	-1	-1	-1	:	:	-3	-1	-2	0	-2
	I	7	8	8	8	13	9	11	12	15	15	16	16	:	16	17	16
	NL	14	22	19	18	17	15	13	16	17	16	18	18	18	14	16	16
	P	:	:	:	:	:	:	:	:	:	:	-1	0	-1	5	2	2
UK	8	10	8	9	9	12	12	11	10	9	10	12	12	12	14	14	
— indicator of net acquisition of financial assets																	
EUR (c)		14	15	12	11	10	9	9	9	12	12	11	12	12	11	11	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.

<sup>1</sup> 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.<sup>2</sup> Quarterly data; percentage change on corresponding quarter of preceding year.<sup>3</sup> Quarterly data; monthly from May 1986 onwards.<sup>4</sup> Percentage changes on corresponding quarter resp. month of preceding year.<sup>5</sup> See table 8 for data and notes.<sup>6</sup> Seasonally adjusted.<sup>7</sup> EUR 10 up to May 1986; EUR 12 from June 1986 onwards.

Source: European Community consumer survey.

## 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 variations, 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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CB-AT-86-012-EN-C