

EUROPEAN ECONOMY

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

Supplement B — No 4 — April 1987

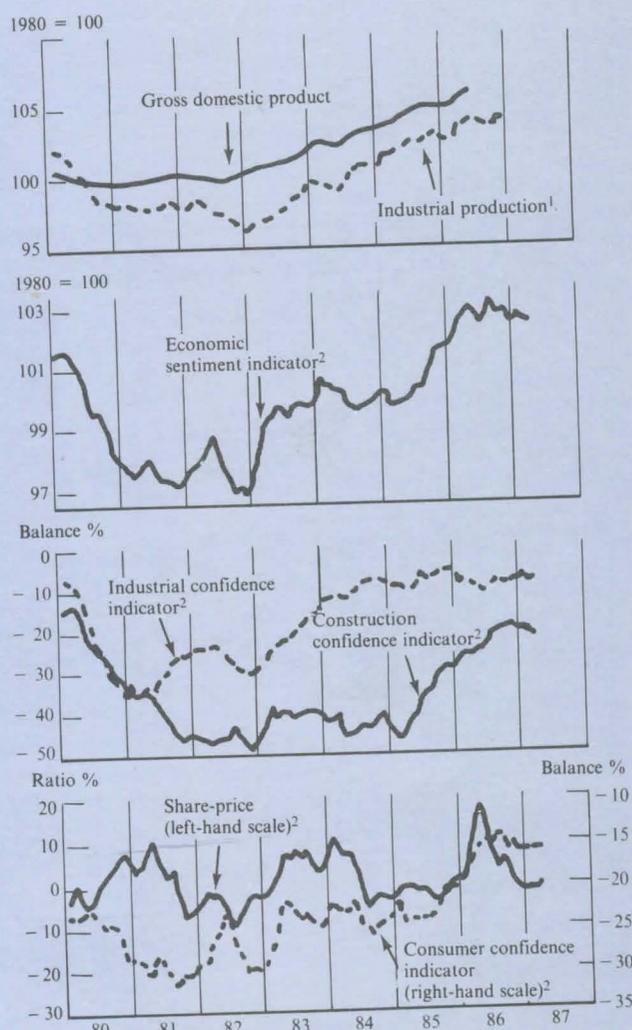
*In this number:
International leading
indicators and plan
revisions in industry*

Business and consumer survey results

THE MAIN POINTS IN BRIEF

- The cyclical downturn in European industry is concentrated mainly in the capital goods sector.
- Production plans in industry are chiefly on an upward trend in the United Kingdom, Ireland and Italy only; they are on a downward trend in the Federal Republic of Germany, Belgium, Luxembourg and the Netherlands.
- The Community leading indicator shows no change in March. At world level too, international economic indicators are pointing only to low rates of growth.
- Approximately a third of German industrialists assess their profit prospects for 1987 as worse than last autumn because of the appreciation of the German mark. However, no more than approximately a tenth of firms plan further cuts in investment budgets.
- The consumer climate in the Community shows a slight deterioration, primarily because of the unfavourable assessments and expectations of Danish, Dutch and Spanish consumers.
- The inflation expectations of consumers in Europe are more favourable than those of consumers in the United States.

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



¹ Three-month moving average.

² See notes to Table 3.

³ Deviations from trend in %.

Order-book situation in industry deteriorating, especially in the capital goods sector — The cyclical downturn in European industry has been concentrated since last autumn largely on the capital goods sector. The negative impact which the reduced propensity to invest has had in the member countries on demand for capital goods has been considerably accentuated by the decline in exports. According to the most recent survey carried out in March, 26 % of European capital goods producers felt that, on balance, their reserves of orders on hand were generally too low; assessments concerning exports were even more pessimistic (-40)*. Compared with March last year, firms' assessments of their order-book situation thus show an overall decline of 12 points and a fall of 17 points in the case of export orders (see Table 1). The order-book situation assessments made by German and French capital goods producers showed a particularly marked deterioration from last year (each declining by more than 20 points*). By contrast, the order-book situation in the Italian capital goods industry has improved since the beginning of 1987 (-15* after -25* in January). This is all the more remarkable in that assessments of exports have deteriorated appreciably in Italy too; domestic demand in Italy is clearly strong enough to more than compensate for that. The United Kingdom is the only country in which assessments of both the overall order-book situation and of export demand have improved since the middle of last year. The appreciable depreciation of the pound sterling against most of the European currencies has clearly increased the competitiveness of British industry considerably.

In all member countries the order-book situation in the *consumer goods industry* is markedly more favourable than in the average of the capital goods branches. In the United Kingdom consumer goods industry, March even saw positive assessments of the overall order-book situation exceed negative assessments for the first time for a long period (+6)*; the export situation was regarded as satisfactory (0)*. Assessments of the demand situation in the *basic materials sector of industry* lie between those relating to capital goods and those relating to consumer goods at Community level. In the Federal Republic of Germany, however, firms in the basic materials sector - especially those engaged in metal production - viewed their overall order-book situation (domestic and export sales) as still somewhat less favourable than in the capital goods sector.

In accordance with these demand trends, production plans for the months ahead are pointing upwards chiefly only in the United Kingdom, Ireland and Italy. In France, at least a slight rise in output is anticipated; in Belgium, Germany, Luxembourg and - more recently - also in the Netherlands, by contrast, production plans are pointing in a downward direction. As output has hitherto been adjusted very quickly to the weaker

demand trend, no sizeable involuntary stocks of finished products have yet built up in any member country. This is shown by the fact that in all countries only a minority of industrial firms regard their stocks as too high (+11)*. The price trend for industrial products continues to be flat in most member countries. Expectations of price increases are substantially higher than the Community average only in the United Kingdom and Greece (+24 and +25 respectively)*.

Slight decline of the Community leading indicator — The downward trend of the indicator continued in March (from 102.5 to 102.4; 1980=100). Broken down by member country, however, there are marked differences of trend: in the United Kingdom, the cyclical upswing has continued thanks primarily to the more favourable trend in industry. The composite indicator currently stands at only just below the peak level recorded during the previous upturn in 1979/80 (104.7 compared with 104.9; 1980=100). A cyclical upturn is also discernible in Ireland and Italy. In the Federal Republic of Germany, by contrast, the economy is showing increasing signs of weakness; the leading indicator there has shown a further fall, primarily because of the deteriorating situation in the building industry and the worsening consumer climate. The composite indicator in the Netherlands also fell in March as a result of declining consumer optimism; compared with the Federal Republic of Germany, however, the level of the composite indicator is still much higher (106.4 compared with 99.5 in Germany; 1980=100). The leading indicator remained roughly unchanged in the other member countries.

International leading indicators point to only a slow growth of the world economy — In contrast to the Community leading indicator, which has been marking time or showing a slight fall for some six months now, the latest available figures for the United States and Japanese leading indicators indicate a rise, albeit from a very low level (to provide a comparison with the Community indicator, the trend-adjusted curve of the - quantitative - United States and Japanese indicators had to be used; see Graph 8). The leading indicators for Canada, Australia and, above all, Taiwan point to a much more buoyant trend. In order to obtain a regionally more comprehensive view of the world economic situation, the findings of the survey carried out (three times a year) since 1981 by the Ifo-Institute for Economic Research in Munich among some 500 economic experts (mostly managers in multinational companies) in some 50 countries were also used (ESI survey; see Graph 9). The experimentally constructed leading indicator for the worldwide economic trend thus includes, in addition to the six regional economic indicators shown in Graph 8, the judgments and expectations of economic experts in the newly industrialized and developing countries (lower four curves in Graph 9), which form the basis of the ESI survey. Although, from a methodological viewpoint, the composite indicator for the world economy still leaves consider-

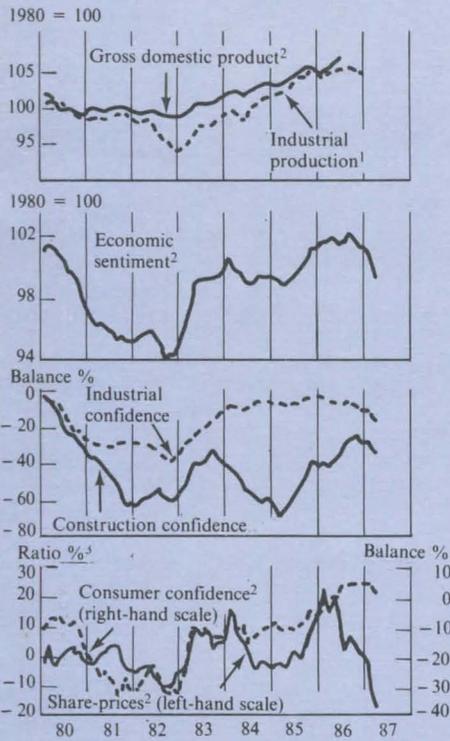
* Balance

TABLE 1: Assessment of order books in industry; balances s.a.

	Total order books										Export order books									
	1985				1986				1987		1985				1986		1987			
	Jan.	March	June	Dec.	Jan.	March	June	Dec.	Jan.	March	Jan.	March	June	Dec.	Jan.	March	June	Dec.		
Community level																				
Consumer goods	-24	-24	-20	-13	-18	-12	-15	-9	-9	-11	-22	-17	-16	-11	-12	-15	-17	-13	-13	-13
Investment goods	-27	-22	-16	-12	-16	-14	-19	-25	-27	-26	-23	-20	-19	-19	-21	-23	-25	-30	-35	-40
Basic goods	-15	-17	-17	-15	-19	-18	-22	-19	-17	-19	-13	-14	-13	-21	-23	-20	-29	-25	-22	-26
Total industry	-20	-19	-17	-12	-18	-17	-21	-17	-18	-18	-18	-15	-14	-17	-19	-19	-24	-24	-24	-27
Germany																				
Consumer goods	-25	-29	-25	-8	-17	-15	-16	-12	-16	-19	-15	-9	-7	-3	-2	-14	-9	-16	-15	-18
Investment goods	-25	-18	-10	-5	-4	-8	-12	-18	-19	-28	-20	-18	-11	-10	-13	-22	-21	-28	-32	-46
Basic goods	-14	-14	-14	-10	-11	-13	-18	-25	-26	-33	-11	-4	-5	-8	-7	-16	-25	-31	-29	-40
Total industry	-17	-17	-15	-7	-10	-12	-16	-20	-22	-27	-15	-9	-7	-8	-8	-17	-20	-26	-26	-36
France																				
Consumer goods	-52	-46	-32	-26	-37	-12	-16	-5	-5	-12	-31	-31	-22	-15	-18	-16	-21	-14	-19	-18
Investment goods	-42	-40	-36	-23	-27	-10	-25	-40	-42	-42	-42	-38	-33	-25	-22	-22	-32	-44	-45	-47
Basic goods	-27	-23	-23	-18	-28	-19	-26	-24	-23	-30	-14	-12	-3	-29	-35	-16	-30	-23	-26	-29
Total industry	-39	-34	-30	-21	-31	-21	-22	-23	-22	-26	-26	-24	-18	-24	-27	-16	-30	-27	-29	-32
Italy																				
Consumer goods	-14	-14	-12	-16	-16	-13	-13	-3	-4	-10	-41	-24	-37	-32	-36	-24	-27	-14	-12	-12
Investment goods	-35	-15	-19	-21	-21	-29	-16	-24	-25	-15	-29	-20	-30	-33	-34	-35	-18	-31	-39	-48
Basic goods	-18	-25	-26	-26	-26	-24	-22	-23	-10	-13	-18	-34	-41	-36	-35	-26	-31	-28	-14	-22
Total industry	-21	-19	-20	-22	-23	-25	-19	-13	-11	-11	-31	-27	-33	-31	-34	-29	-27	-29	-21	-27
United Kingdom																				
Consumer goods	-10	-10	-1	-3	-3	-11	-19	-13	-8	+6	-5	-1	+1	-6	-2	-8	-15	+2	-1	0
Investment goods	-15	-18	-10	-10	-25	-21	-31	-24	-23	-17	-10	-11	-13	-16	-20	-17	-29	-27	-25	-20
Basic goods	-8	-12	-4	-11	-12	-14	-22	-2	-4	0	-1	-1	-1	-10	-19	-19	-22	-6	-8	-9
Total industry	-12	-12	-3	-6	-13	-14	-28	-12	-13	-5	-6	-5	-5	-10	-15	-15	-23	-13	-13	-11

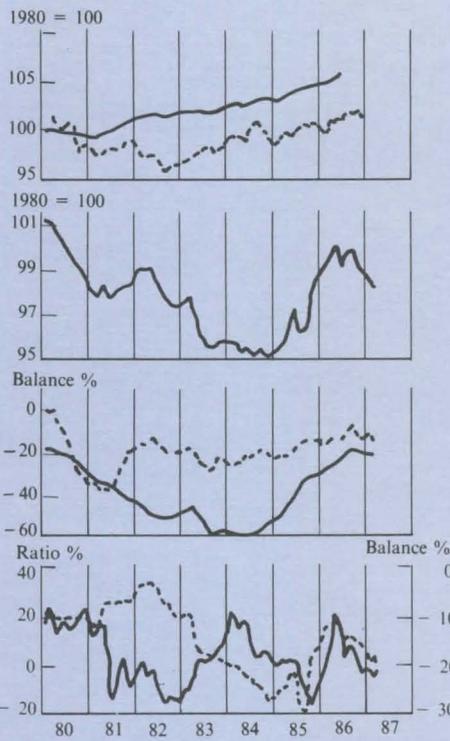
GRAPHS 2-7: Indicators of output and economic sentiment

GRAPH 2: Federal Republic of Germany



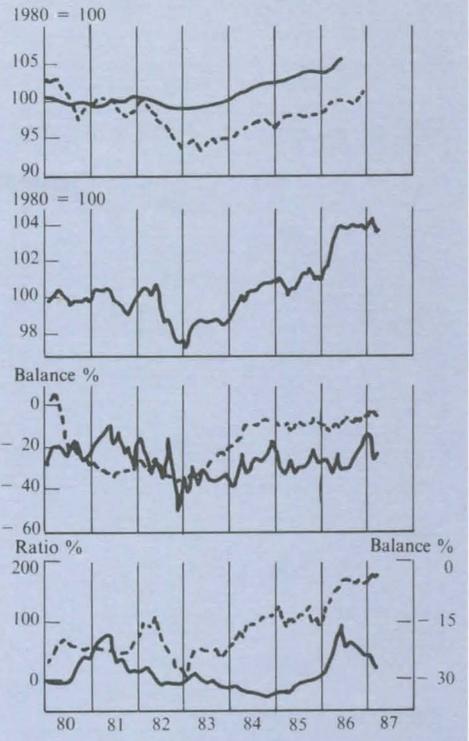
¹ Three-month moving average.
² See notes to Table 3.
³ Deviations from trend in %.

GRAPH 3: France



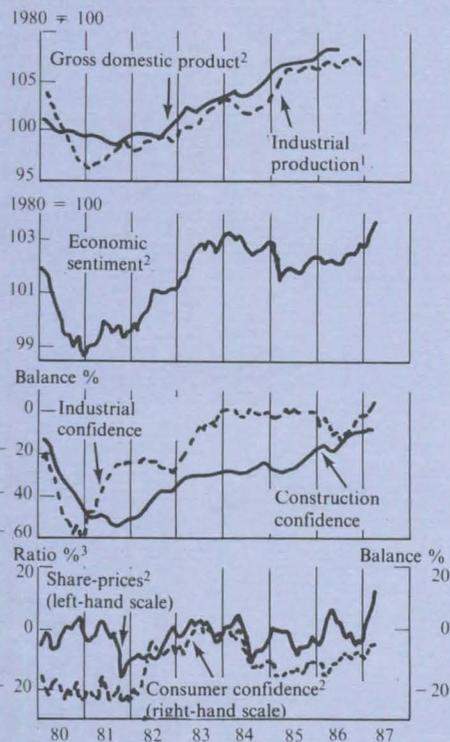
For explanations, see Graph 2.

GRAPH 4: Italy



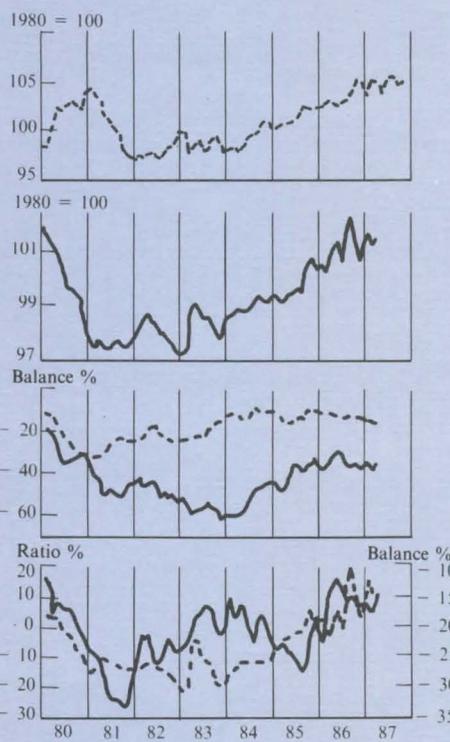
For explanations, see Graph 2.

GRAPH 5: United Kingdom



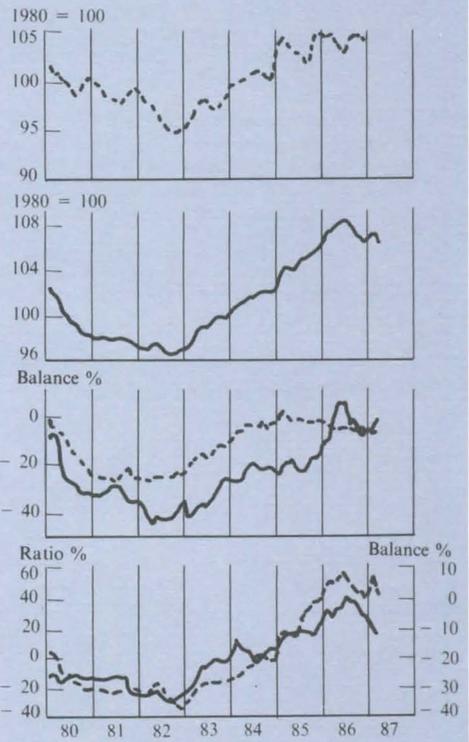
¹ Three-month moving average.
² See notes to Table 3.
³ Deviations from trend in %.

GRAPH 6: Belgium



For explanations, see Graph 5.

GRAPH 7: Netherlands



For explanations see Graph 5.

able room for improvement, it appears, on the basis of the trials so far made, to provide a fairly accurate picture of the rate of growth in the world economy with a time gap of some six months. The flat course of the indicator over the present period thus points in the months ahead to no acceleration in growth of the world economy but also to no impending recession. This conclusion (i.e. a sluggish trend but not a recession) can also be drawn from the course of the Ifo-institute's ESI series for all the 50 countries included (upper two series in Graph 9): according to them, the overall economic situation is currently still regarded as satisfactory (5.2)**, the overall expectations for the six to twelve months ahead have already been showing a decline since the spring of 1984; this trend has continued since then, with only a short break in mid-1986. However, the current level of the expectation indicator (5.5) is above the critical point at which managers should be anticipating a cyclical downturn.

Revised plans of German industry in the wake of the mark's appreciation — The Commission requested the institutes taking part in the monthly business surveys to ask firms in industry whether they had revised their plans for 1987 to take account of the changes in the external value of their national currency since last autumn.

The initial findings are now available for the Federal Republic of Germany. They are particularly interesting in that the mark has not only risen strongly against the dollar since the autumn but has also continued to appreciate against the currencies of other important trading partners.

As Table 2 shows, firms' revised plans relate especially to profit expectations, with 30 % of firms in industry now finding themselves obliged to make a more cautious assessment than in the autumn and with only 2 % revising their expectations upwards. Assessments in the capital goods sector show a disproportionately marked deterioration (41 % of firms, of which 12 % have revised their estimates 'sharply' downwards and 29 % 'slightly' downwards). In the consumer goods sector, the mark's appreciation has dented the profit outlook in substantially fewer cases (with 23 % of manufacturers revising their expectations downwards, of which 17 % 'slightly' and 6 % 'sharply').

The main reason for the less favourable assessment of profits has probably been lower export prices as expressed in marks, which were felt by firms to be more necessary than in the autumn in order to remain competitive on prices. This trend is discernible especially in the capital goods sector, where 29 % of firms have marked down export prices in marks from the level originally planned for 1987, with only 7 % of firms raising them. By contrast, in the consumer goods sector, 12 % of firms now anticipate lower prices in marks while 21 % believe that they will be able to charge higher export prices in marks than had been envisaged in the autumn.

In spite of the gloomier profit outlook, only comparatively few firms have indicated that they will be reducing their planned domestic investment budgets for 1987 (7 % of firms, of which 2 % 'significantly' and 5 % 'slightly'; 1 % of firms intend to revise their investment plans upwards). However, it should be borne in mind here that, taking the investment plans announced in the autumn, German industrial firms now intend to step up real investment by only around half as much as in 1986 (5 % compared with 11 %; see Supplement B, January 1987). As expected, investment abroad has been little, if at all, affected by the mark's appreciation (with 4 % of firms intending to revise their plans downwards and 2 % upwards; in the capital goods sector, the two groups balanced each other out); as a result, no shift in emphasis away from domestic investment to investment abroad is discernible. However, production and recruitment plans for 1987 are down on those announced in the autumn; with the exception of the capital goods sector, where almost one in five firms is planning to cut back production more than had been envisaged last year, only around 10 % of firms have revised their plans downwards.

Many firms not only expect exchange-rate fluctuations to have temporary negative effects but also make a more cautious assessment of sales in the medium term (next three to five years). This is particularly so in the capital goods sector (36 % of firms compared with 6 % of firms expecting an improvement). The deterioration in growth prospects in the medium term is an especially dominant factor since, as experience has shown, it will adversely affect investment and recruitment plans too in the years ahead.

The consumer climate in the Community shows a slight deterioration — The *consumer confidence indicator* for the Community as a whole - which had remained unchanged since November 1986 on a level of -6*** - dipped in March 1987 to -7. Danish consumers showed significantly more pessimism (from -7 in February 1987 to -13 in March 1987) but the survey results in the Netherlands and in Spain gave also evidence of a distinct weakening of the consumer climate (changing respectively from 6 to 1 and from -10 to -14). In these two latter Member States it was mainly the seriously weakened buying behaviour that was responsible for the negative development of the consumer climate. Irish consumers, on the contrary, appeared to be more confident in March than in the preceding month: after a fall in February from -27 to -31, the indicator rose again in March to the January level (-27).

As in previous months, consumer assessments - as observed on a Community level - of the *financial situation of households* both in the recent past and in the near future, changed hardly in March (respectively -8 and +1). An examination of the survey results on a country bases, however, shows important movements of the appreciations, in a positive as well as in a negative

** The ESI scale ranges from 1 to 9, with 1 indicating the least favourable trend and 9 the most favourable; point 5 on the scale indicates a satisfactory situation or 'no change' as a response to the question as to the anticipated trend.

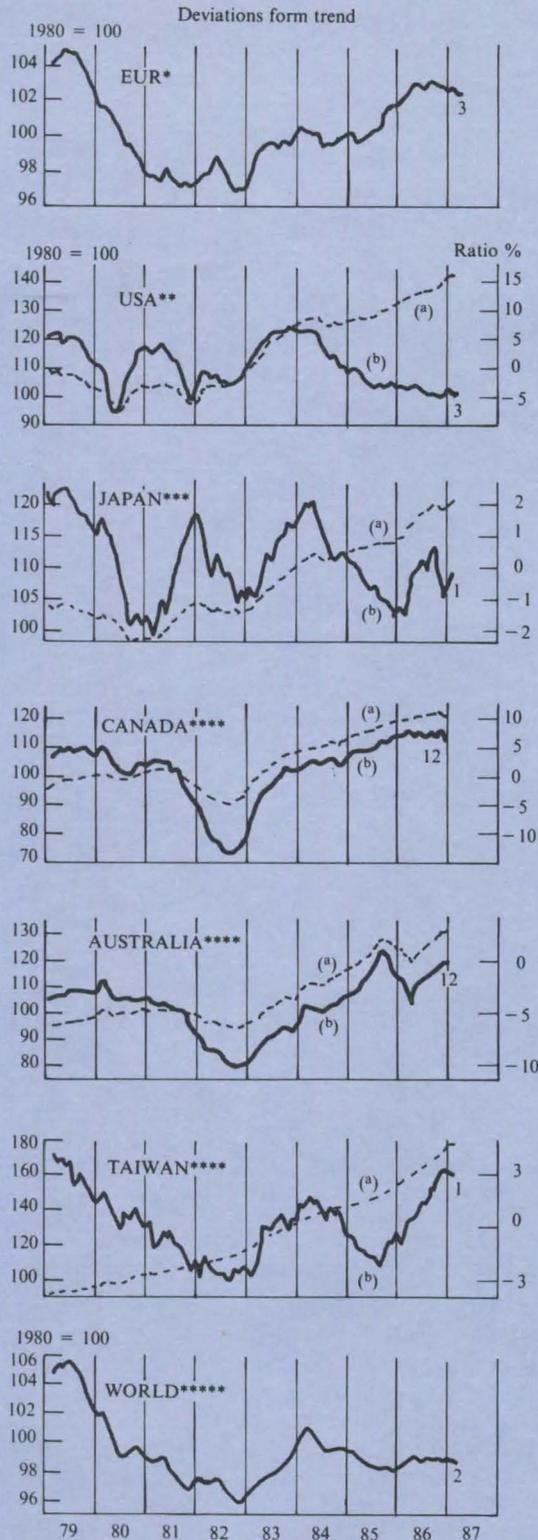
*** All subsequent figures represent the balance between the positive and the negative replies.

TABLE 2: Effects of the mark's appreciation on industry's plans—Federal Republic of Germany

The mark's appreciation has prompted us to revise plans/expectations for 1987 that we announced last autumn	(Assessments made by firms, as %)																			
	Industry as a whole										Consumer goods									
	Industry as a whole					Capital goods (excluding cars)					Raw materials primary products					Consumer goods				
	=	+	+	-	-	=	+	+	-	-	=	+	+	-	-	=	+	+	-	-
Domestic production	86	0	3	2	9	80	0	2	2	14	85	0	3	2	10	88	0	4	3	5
Numbers employed	87	0	1	2	10	79	0	2	2	17	86	0	1	3	10	90	0	1	2	7
Domestic investment	92	0	1	2	5	85	1	2	3	9	94	0	1	2	3	92	0	1	2	5
Investment abroad in DM	94	1	1	1	3	92	1	3	2	2	94	1	1	1	3	95	1	1	1	2
Profits	68	1	1	8	22	57	0	2	12	29	66	1	1	10	22	75	0	2	6	17
Domestic selling prices	83	1	6	3	7	83	0	12	1	4	79	1	6	4	10	90	0	6	1	3
Export prices in DM	71	1	7	7	14	64	0	7	8	21	71	1	3	12	13	67	2	19	3	9
Sales expectations for the coming three to five years	71	1	7	3	18	58	0	6	5	31	73	1	7	2	17	78	1	5	3	13

Source: EC business surveys

GRAPH 8: International leading indicators

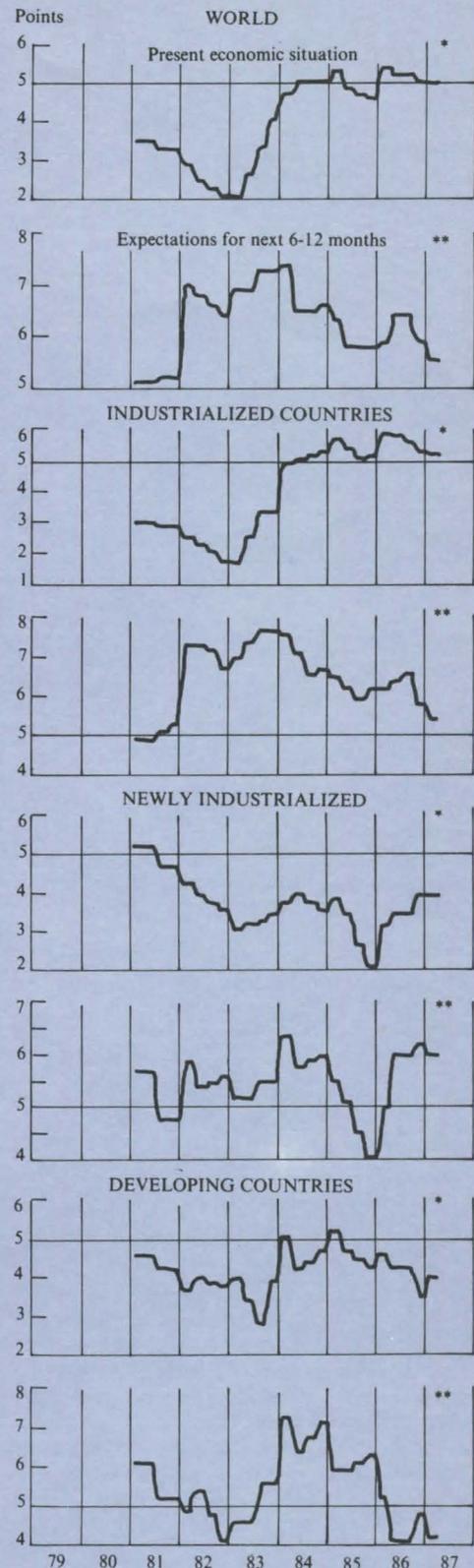


(a) Index 1980 = 100 (left-hand scale).
(b) Deviation from trend in % (right-hand scale).

Arabic number indicates last month for which data are available ('3' March).

Sources: *Commission of the European Communities; ** US Department of Commerce; *** Economic Planning Agency of the Japanese Government; **** Columbia University, New York; ***** Components of the composite leading world indicator are the 6 regional leading indicators presented in Graph 8 and the 4 series of the Economic Survey International for newly industrialized and developing countries (see Graph 9).

GRAPH 9: Economic survey international



The Economic Survey International has been conducted by the Ifo-Institute 3 times per year (February, June, September) and is based on the answers of about 500 economic experts in about 50 countries. The replies are «graded»: positive responses (+) receive a grade of 9, indifferent ones (=) a grade of 5 and negative ones (-) a grade of 1. Grades between 5 and 9 imply a preponderance of positive replies or increases, while grades between 5 and 1 indicate that negative replies or decreases predominated.

Source: Ifo-Institute for Economic Research, Munich

sense. Ireland was the only Member State where consumers held a somewhat more positive view in March on both the recent and the future development of the financial situation of households. Portuguese consumers' judgements on the recent development of the financial situation of households improved, but they did not extrapolate this sentiment into the future, their expectations in this domain remaining stable (level +2*). A comparable

phenomenon was discernible in Belgium where consumers' assessments of the recent developments of the financial situation of households was clearly less negative than in February (from -11 to -8*), but the assessment of future trends hardly changed at all. An opposite trend could be observed in the United Kingdom, where consumers were somewhat more confident on the future development of the financial situation of

TABLE 3: Indicators of output and economic sentiment

	Range		Range		1986	1986	1987	1986			1987			
	Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March
B <i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	102,5	76,5	106,3	92,4	:	106,8	:	:	106,7	107,7	:	:	:	:
1. industrial confidence indicator	19	-56	-4	-35	-13	-14	-14	-15	-15	-13	-14	-15	-15	-15
2. construction confidence indicator	9	-36	-7	-65	-35	-35	-36	-37	-36	-38	-34	-37	-38	-35
3. consumer confidence indicator (c)	7	-18	-7	-31	-17	-14	-17	-13	-15	-19	-16	-12	-14	-14
4. share-price index (c)	155,1	98,0	114,3	75,0	272,2	281,4	293,0	311,5	284,1	292,5	302,5	299,1	305,4	330,1
= 5. economic sentiment indicator	109,0	98,9	103,9	96,8	101,0	101,6	101,0	101,4	101,2	100,6	101,2	101,6	101,2	101,5
DK <i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	:	:	107,7	95,5	126,2	125,4	125,4	:	130,4	120,8	125,0	:	:	:
1. industrial confidence indicator	:	:	:	-22	1	-1	-2	-7	-2	(-2)	(-2)	-7	(-7)	(-7)
2. construction confidence indicator	:	:	:	-36	14	14	6	1	6	(6)	(6)	1	(1)	(1)
3. consumer confidence indicator (c)	:	-16	5	-22	-3	-5	-11	-10	-4	-16	-13	-11	-7	-13
4. share-price index (c)	:	:	:	:	422,0	392,8	373,6	394,6	380,2	367,4	373,2	398,3	405,6	384,8
= 5. economic sentiment indicator	:	:	:	:	102,5	102,1	101,4	:	101,8	101,3	101,2	101,2	101,1	:
D <i>gross domestic product</i> (b) 1980=100	85,1	83,3	101,2	98,9	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	92,0	82,4	103,1	91,4	106,9	107,8	106,7	:	107,6	106,9	105,5	:	:	:
1. industrial confidence indicator	10	-49	2	-40	-7	-6	-9	-14	-8	-10	-10	-10	-15	-15
2. construction confidence indicator	-4	-72	11	-64	-33	-26	-27	-31	-23	-29	-28	-29	-30	-33
3. consumer confidence indicator (c)	:	-22	9	-31	3	5	5	2	6	5	5	5	1	0
4. share-price index (c)	109,0	75,2	115,6	97,6	295,7	289,4	295,5	262,5	292,0	294,6	300,0	280,3	255,2	251,9
= 5. economic sentiment indicator	103,8	97,0	103,6	94,7	101,8	102,0	101,6	100,2	101,9	101,4	101,5	101,1	99,9	99,5
F <i>gross domestic product</i> 1980=100	85,4	84,2	99,8	102,4	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	96,7	82,2	105,2	94,8	101,6	103,0	102,3	:	103,0	103,0	100,8	:	:	:
1. industrial confidence indicator	29	-49	5	-39	-12	-9	-12	-12	-11	-13	-12	-10	-14	-13
2. construction confidence indicator	:	:	-17	-57	-22	-17	-19	-21	-19	(-19)	(-19)	-21	(-21)	(-21)
3. consumer confidence indicator (c)	:	-9	3	-27	-14	-14	-16	-19	-15	-16	-17	-19	-18	-19
4. share-price index (c)	86,6	53,6	101,2	82,7	337,5	356,4	365,4	399,1	355,0	359,0	382,2	388,2	391,9	417,1
= 5. economic sentiment indicator	107,8	97,6	101,8	95,1	99,2	99,5	98,8	98,2	99,1	98,7	98,6	98,3	98,2	98,1
IRL <i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	80,4	72,3	103,8	99,6	:	129,5	:	:	135,8	134,8	:	:	:	:
1. industrial confidence indicator	:	-41	20	-40	-8	-9	-7	-3	-8	-7	-6	-12	-1	3
2. construction confidence indicator	:	:	:	:	-38	-32	-30	-33	-30	(-30)	(-30)	-33	(-33)	(-33)
3. consumer confidence indicator (c)	:	-41	12	-44	-28	-26	-32	-28	-29	-33	-35	-27	-31	-27
4. share-price index (c)	85,8	29,9	112,2	79,4	231,2	240,5	242,9	267,0	231,1	241,9	255,6	271,5	262,8	266,6
= 5. economic sentiment indicator	109,1	96,7	103,6	98,1	100,2	100,5	99,8	100,5	100,1	99,7	99,6	100,4	100,1	100,9
I <i>gross domestic product</i> 1980=100	80,4	77,2	101,2	98,2	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	87,9	72,6	104,7	98,1	99,8	99,4	101,0	:	100,7	100,8	101,5	:	:	:
1. industrial confidence indicator	31	-59	13	-41	-9	-7	-7	-4	-7	-6	-6	-2	-4	-5
2. construction confidence indicator	-8	-56	-5	-51	-26	-29	-18	-22	-21	-21	-13	-16	-27	-22
3. consumer confidence indicator (c)	:	-39	-12	-30	-4	-2	-3	0	-2	-3	-3	0	-1	0
4. share-price index (c)	169,6	68,5	185,0	116,9	667,7	731,2	734,4	701,2	758,6	743,9	700,8	717,8	691,1	694,6
= 5. economic sentiment indicator	103,8	97,4	101,6	97,6	103,4	103,9	103,8	103,9	104,0	103,8	103,7	104,2	103,6	103,8
NL <i>gross domestic product</i> 1980=100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	94,8	87,1	117,5	90,7	106,0	107,0	106,0	:	105,0	108,0	105,0	:	:	:
1. industrial confidence indicator	12	-44	4	-31	-5	-5	-5	-7	-5	-5	-6	-8	-7	-7
2. construction confidence indicator	3	-47	3	-46	-3	-3	-8	-4	-6	-9	-7	-7	-3	-1
3. consumer confidence indicator (c)	6	-15	5	-37	5	4	1	5	3	0	1	7	6	1
4. share-price index (c)	:	86,3	122,8	92,8	327,6	344,9	331,9	317,3	326,9	333,5	335,2	318,7	310,9	322,2
= 5. economic sentiment indicator	107,8	100,7	105,3	97,1	107,5	107,6	106,6	106,8	106,9	106,4	106,6	107,1	107,0	106,4
UK <i>gross domestic product</i> 1980=100	94,6	91,0	102,5	97,7	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	92,7	89,6	110,0	93,8	109,6	110,6	109,5	:	109,7	109,7	109,0	:	:	:
1. industrial confidence indicator	:	:	9	-60	-8	-10	-4	2	-6	-2	-3	-1	3	5
2. construction confidence indicator	:	:	7	-60	-14	-11	-10	-8	-10	(-10)	(-10)	-8	(-8)	(-8)
3. consumer confidence indicator (c)	:	-33	14	-26	-7	-5	-4	-1	-3	-3	-6	-4	0	0
4. share-price index (c)	78,5	23,3	111,6	104,4	301,1	305,5	309,7	369,0	302,4	312,4	314,4	341,6	371,5	393,8
= 5. economic sentiment indicator	103,8	97,7	104,9	98,8	103,1	103,2	103,5	104,3	103,4	103,7	103,4	103,8	104,4	104,7
EUR <i>gross domestic product</i> (a)(b) 1980=100	85,1	85,5	101,1	101,0	:	:	:	:	:	:	:	:	:	:
<i>index of industrial production</i>	92,9	83,0	103,2	94,6	105,4	105,5	106,2	:	106,4	106,1	106,1	:	:	:
1. industrial confidence indicator	16	-49	3	-36	-9	-8	-8	-8	-8	-8	-8	-7	-8	-8
2. construction confidence indicator	:	:	-1	-48	-23	-20	-19	-21	-18	(-20)	(-20)	-20	(-21)	(-21)
3. consumer confidence indicator (c)	5	-17	1	-22	-6	-5	-6	-6	-5	-6	-6	-6	-6	-7
4. share-price index (c)	:	47,0	115,4	111,7	329,8	336,2	339,4	360,8	334,8	339,5	343,8	352,5	358,3	371,7
= 5. economic sentiment indicator	107,5	96,6	104,1	97,4	102,7	103,0	102,7	102,6	102,9	102,6	102,5	102,7	102,5	102,4

(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.

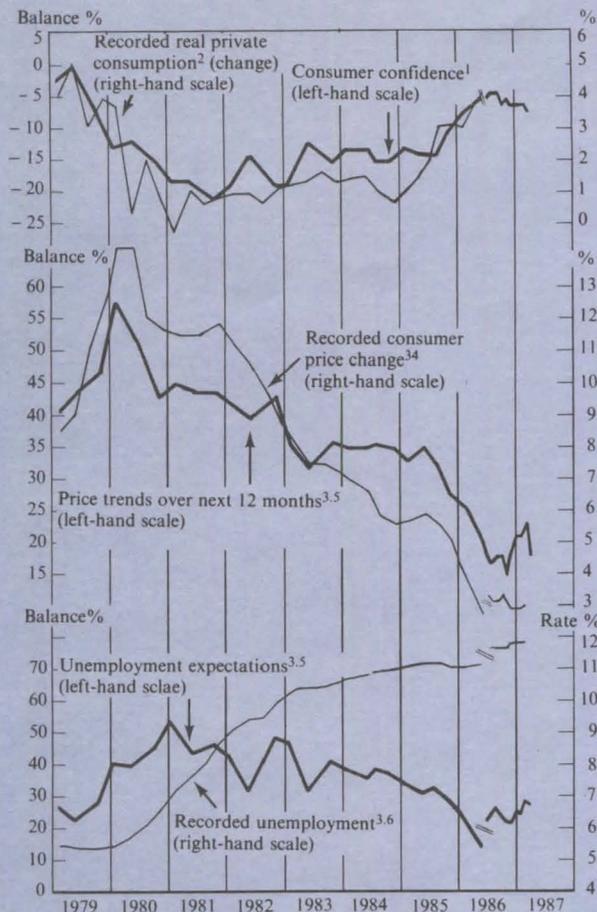
TABLE 4: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)
Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

	Range (b)		Range (b)		1986	1986	1987	1986			1987			
	Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83	III	IV	I	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B production expectations	+31	-56	-4	-37	-7	-8	-9	-12	-8	-8	-10	-12	-8	-15
order-books	+13	-74	-14	-49	-25	-25	-26	-27	-27	-25	-26	-27	-29	-24
export order-books	+15	-82	-19	-55	-30	-29	-30	-27	-32	-30	-29	-28	-26	-26
stocks of finished products	-14	+37	+2	+18	+7	+8	+8	+7	+9	+7	+7	+6	+9	+6
selling-price expectations	+64	-10	+39	+12	+5	0	-4	-6	-3	-2	-8	-13	-4	0
industrial confidence indicator	+19	-56	-4	-35	-13	-14	-14	-15	-15	-13	-14	-15	-15	-15
DK production expectations	:	:	:	+8	+7	+4	+7	+5	+7	:	:	+5	:	:
order-books	:	:	:	-34	+9	+9	0	-12	0	:	:	-12	:	:
export order-books	:	:	:	+14	-2	-2	-9	-16	-9	:	:	-16	:	:
stocks of finished products	:	:	:	+24	+14	+15	+14	+15	+14	:	:	+15	:	:
industrial confidence indicator	:	:	:	-22	+1	-1	-2	-7	-2	:	:	-7	:	:
D production expectations	+17	-32	+10	-30	+2	+2	+1	-5	+3	-1	0	-1	-6	-7
order-books	+5	-73	-6	-59	-15	-14	-19	-25	-17	-19	-20	-22	-25	-27
export order-books	:	:	-14	-50	-20	-20	-27	-30	-26	-28	-26	-26	-29	-36
stocks of finished products	-7	+43	-2	+31	+7	+6	+10	+11	+11	+10	+9	+8	+13	+12
selling-price expectations	+55	+4	+38	+4	+7	+8	+7	+8	+10	+7	+4	+4	+9	+11
industrial confidence indicator	+10	-49	+2	-40	-7	-6	-9	-13	-8	-10	-10	-10	-15	-15
GR production expectations	:	:	:	:	+21	+19	+11	+10	+13	+13	+7	+8	+10	+13
order-books	:	:	:	:	-16	-20	-25	-27	-22	-26	-27	-26	-28	-26
export order-books	:	:	:	:	-24	-24	-24	-32	-20	-26	-26	-31	-35	-30
stocks of finished products	:	:	:	:	+12	+11	+15	+9	+13	+19	+12	+14	+8	+6
selling-price expectations	:	:	:	:	+16	+15	+8	+16	+12	+8	+3	-1	+24	+25
industrial confidence indicator	:	:	:	:	-3	-4	-10	-9	-7	-11	-11	-11	-9	-6
F production expectations	+33	-29	+18	-20	+1	+7	0	+1	+2	0	-1	+2	-1	+1
order-books	+26	-69	0	-56	-23	-20	-23	-24	-23	-24	-23	-22	-24	-26
export order-books	+24	-66	+10	-52	-28	-28	-30	-32	-32	-30	-27	-29	-35	-32
stocks of finished products	-14	+50	+3	+42	+15	+16	+13	+14	+12	+14	+12	+11	+16	+14
selling-price expectations	+76	+15	+62	+17	+14	+14	+9	+11	+13	+7	+4	+13	+10	+9
industrial confidence indicator	+29	-49	+5	-39	-12	-9	-12	-12	-11	-13	-12	-10	-14	-13
IRL production expectations	:	-21	+40	-33	+10	+9	+8	+18	+10	+6	+9	+14	+27	+14
order-books	:	-68	+18	-55	-22	-24	-20	-19	-22	-20	-17	-36	-21	0
stocks of finished products	:	+35	-6	+33	+13	+13	+10	+9	+13	+7	+10	+14	+9	+4
selling-price expectations	:	+64	+77	+20	-5	-10	+8	+2	+9	+13	+3	+3	+1	+1
industrial confidence indicator	:	-41	+20	-40	-8	-9	-7	-3	-8	-7	-6	-12	-1	+3
I production expectations	+40	-43	+24	-26	+9	+10	+7	+8	+5	+10	+7	+11	+8	+6
order-books	+30	-82	+7	-66	-22	-21	-17	-10	-20	-17	-13	-11	-11	-11
export order-books	+13	-67	-6	-59	-30	-29	-27	-24	-25	-26	-29	-21	-24	-27
stocks of finished products	-24	+53	-8	+32	+14	+10	+10	+9	+7	+10	+13	+7	+10	+11
selling-price expectations	+76	+10	+87	+37	+15	+9	+8	+11	+6	+7	+10	+12	+11	+11
industrial confidence indicator	+31	-59	+13	-41	-9	-7	-6	-3	-7	-6	-6	-2	-4	-5
L production expectations	+84	-80	+40	-66	-20	-38	-36	-43	-41	-37	-30	-40	-49	-40
order-books	:	:	+8	-70	-3	-1	-3	-34	-1	+1	-9	-11	-47	-44
export order-books	:	:	+9	-80	-22	-10	-45	-63	-46	-36	-52	-64	-64	-60
stocks of finished products	-14	+74	0	+58	+3	+3	+1	-1	+6	-2	-2	-5	+4	-2
selling-price expectations	:	-46	+74	-38	-30	-20	-31	-40	-25	-29	-40	-53	-56	-12
industrial confidence indicator	:	:	+16	-65	-5	-14	-13	-25	-16	-11	-12	-15	-33	-27
NL production expectations	+26	-26	+20	-13	+4	+4	+6	0	+6	+7	+4	-1	+1	-1
order-books	+7	-48	-5	-42	-12	-13	-15	-16	-14	-15	-16	-16	-15	-16
stocks of finished products	-3	+57	+3	+39	+6	+7	+6	+6	+7	+6	+6	+6	+6	+5
industrial confidence indicator	+12	-44	+4	-31	-5	-5	-5	-7	-5	-5	-6	-8	-7	-7
UK production expectations	:	:	+29	-52	+11	+8	+15	+22	+15	+17	+14	+19	+21	+27
order-books	:	:	-2	-85	-18	-22	-14	-8	-20	-10	-12	-13	-6	-5
export order-books	:	:	-11	-72	-19	-24	-15	-11	-19	-13	-13	-13	-10	-11
stocks of finished products	:	:	-1	+42	+16	+17	+12	+8	+13	+12	+10	+9	+7	+7
selling-price expectations	:	:	+70	+7	+15	+15	+18	+23	+16	+18	+20	+21	+25	+24
industrial confidence indicator	:	:	+9	-60	-8	-10	-4	+2	-6	-2	-3	-1	+3	+5
EUR production expectations	+24	-30	+15	-24	+5	+6	+5	+5	+6	+5	+4	+7	+4	+5
order-books	+15	-70	-7	-56	-19	-19	-18	-18	-20	-18	-17	-18	-18	-18
export order-books	:	:	-12	-50	-23	-24	-25	-27	-26	-24	-24	-26	-26	-28
stocks of finished products	-10	+48	-1	+31	+12	+11	+11	+10	+11	+12	+11	+9	+11	+11
selling-price expectations	+64	+9	+53	+22	+12	+10	+10	+12	+10	+8	+7	+10	+13	+13
industrial confidence indicator	+16	-49	+3	-36	-9	-8	-8	-8	-8	-8	-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.

GRAPH 10: Consumer survey results and objective economic indicators — European Community⁷



For notes, Table 5.

Sources: European Community consumer survey and Eurostat.

households (from +3 to +5), notwithstanding their significantly negative appraisals of the recent past (from -8 to -12). In Denmark, negative assessments prevailed concerning the near future (from +4 to 0), whereas the March survey in Spain pointed to clearly negative appreciations of the recent developments of the financial situation of households (from -9 to -13). In Germany the assessment of the current and future financial situation changed little between February and March.

As is the case in the domain of the financial situation of households, consumers assessments of the *general economic situation*, both in the recent past and in the near future, for the Community as a whole did not change vis à vis the preceding month (levels respectively -15 and -7). The picture which emerges from an evaluation of the survey results in the different Member states is again rather diverse. Irish consumers appreciated these two components of their confidence less negatively (respectively from -65 to -61 and from -23 to -20) but a striking difference remains between these levels and the averages for the Community. British consumers joined the Irish in expressing optimistic judgements both on the recent and on the future general economic situation (respectively from -19 to -16 and from -2 to +3). Danish consumers, however, were significantly more pessimistic not only with regard to the recent general economic developments but also where the future general economic developments are concerned: (respectively from -16 to -30 and from -11 to -20). These levels have not been observed in Denmark, since 1983. Dutch consumers also assessed the general economic situation negatively: the levels of their opinions on recent developments and on the near future were distinctly lower in March than in the preceding month (respectively +4 as compared to +13 and -1 as compared to +4).

The *buying behaviour* of the consumers in the Community as a whole lost strength in March (from +1 to -4). This was mainly due to the sharp cuts in the purchasing intentions in Spain (from

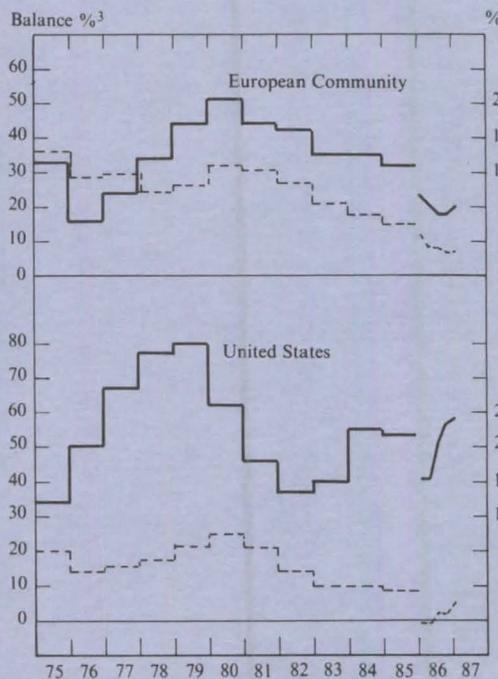
-10 to -23) and in the Netherlands (from +6 to -4). But negative assessments prevailed also in France (from -4 to -10), the United Kingdom (from +24 to +19) and in the Federal Republic of Germany (from +6 to +2), these last two Member States remaining the only countries within the European Community where the buying climate is still positive. Portugal was the only Member State where, in March, appreciably more consumers than in the preceding month considered it appropriate to buy major household durables (from -27 to -18).

In most Member States the fear that *unemployment* will rise in the forthcoming twelve months, slackened, most distinctly in Portugal (from +26 to +18), but also in Spain (from +39 to +36), Ireland (from +33 to +31) and the Federal Republic of Germany (from +14 to +13). However, the prospects of the Danish consumers were very pessimistic in March compared to the situation in February (from +15 to +24). This assessment is consistent with their negative views on the future economic development. Also the survey results for Belgium and France pointed to the fear that unemployment will rise in the near future (respectively from +36 to +40 and from +44 to +47).

A bright spot in the rather gloomy scenario which present the results of the March 1987 consumer surveys, is the optimism on the price developments in the near future (EC: from +23 in February to +18 in March). Noticeable in this regard was the confidence showed by French and Spanish consumers (respectively +29 to +17 and from +23 to +15), but also in the Federal Republic of Germany and in Italy optimistic views prevailed (respectively from +6 to +1 and from +38 to +34). These developments strengthen the hope that the resulting rises in real incomes will contribute to an improvement of the consumer climate.

European consumers have lower expectations of inflation than those in the United States — Graph 12 illustrates the favourable price trend in most of the member countries: the inflation rate has come down substantially everywhere since the beginning of the 1980s. In the second half of the 1970s, consumers' expect-

GRAPH 11: Consumers' expectations¹ of inflation (—; left-hand scale) and price changes (---; right-hand scale) — European Community and United States (annual averages²)



¹ For the next 12 months

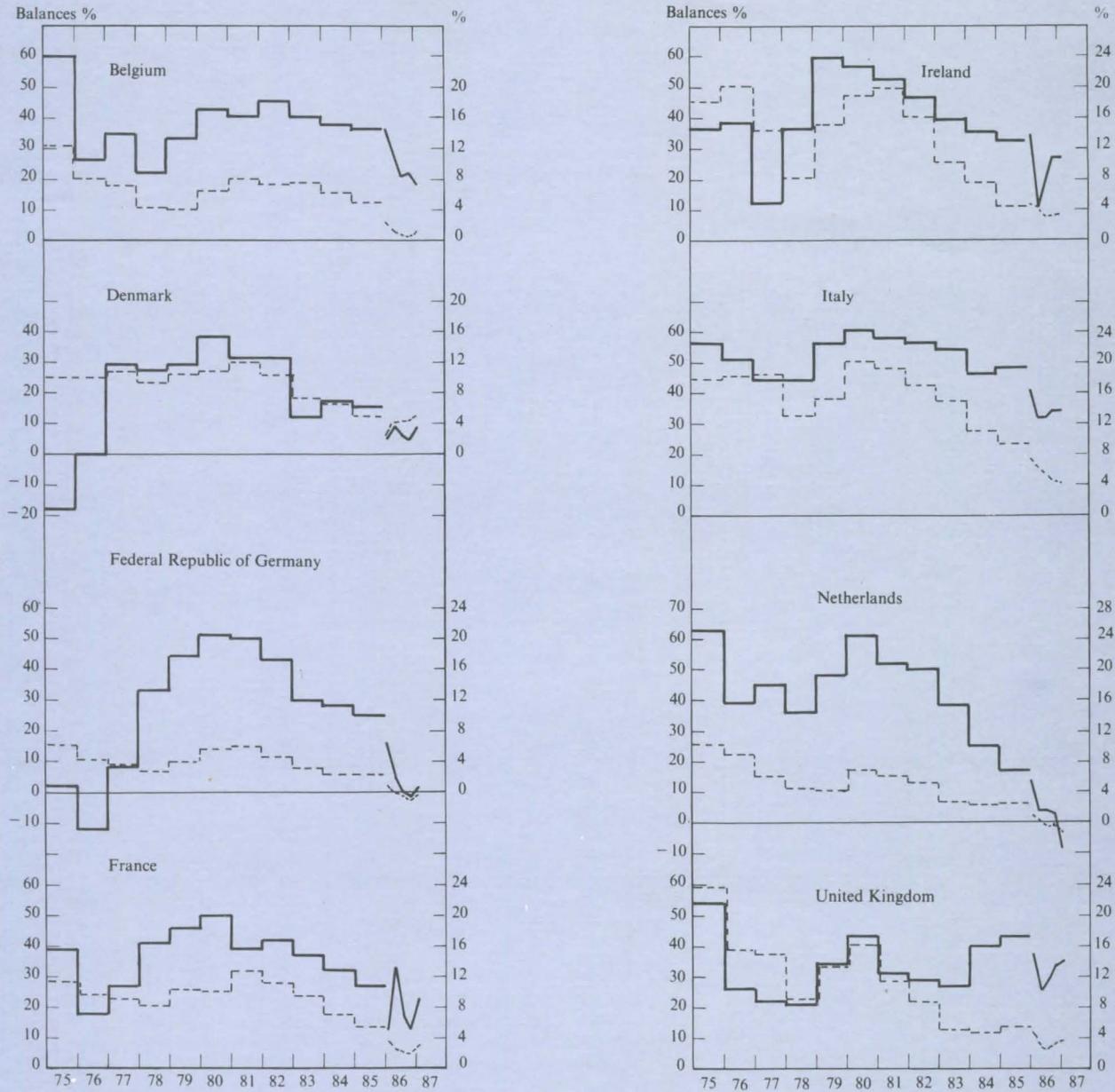
² 1986 and 1987 quarterly averages

³ EC: the balances are weighted totals of the percentage responses to each answer category: more rapid increase (+1); same increase (+1/2); slower increase (0); stability (-1/2); fall slightly (-1); don't know.

US: balances of the percentages «up» and «same or down»

Sources: EC: European Community consumer survey; Commission services
US: University of Michigan, Institute for Social Research, surveys of consumer attitudes; Commission services.

GRAPH 12: Consumers' expectations¹ of inflation (—; left-hand scale) and price changes (---; right-hand scale) (annual averages²)



¹ For the next 12 months
² 1986 and 1987: quarterly averages
³ cf. Graph 11: footnote 3 (EC)

Sources: European Community Consumer Survey; Commission services.

tations of inflation made a considerable contribution to the spontaneously accelerating upward movement of prices: in the course of a frequently painful adjustment process, it has generally been possible to bring these expectations back down to a harmless level; the achievements of Germany, the Netherlands and France are particularly impressive. In Italy, inflationary expectations still rest on a relatively high base, despite the progress made in fighting inflation. In the United Kingdom, consumers' price expectations have again been on the increase since 1984. In the first half of 1986 that country was also successful in damping down inflationary expectations; but since then the trend has again turned upward. The same is true of Ireland (see Graph 12).

Taking the average for all the Community member countries, the present level of inflationary expectations is satisfactorily low, even though the downward trend seems to be over. But

until recently inflation rates were still coming down in the official price indices.

However in the United States - as in the United Kingdom - a marked pick-up in inflationary expectations could again be perceived as far back as 1984, though this has still not been reflected in a significantly faster rise in consumer prices (see Graph 11). The price sensitivity of consumers in both Europe and the United States may well have increased in recent years, so that the same level of inflationary expectations is associated with a smaller rise in prices. Nevertheless, the fact that the trend of inflationary expectations is again rising in some countries, e.g. the United Kingdom and the United States, should be seen as an early warning signal.

TABLE 5: Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1986					1987		
											Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
CONSUMER CONFIDENCE INDICATOR ^(b)	B	-8	-10	-20	-27	-27	-28	-27	-21	-17	-10	-14	-15	-19	-16	-12	-14	-14
	DK	-1	-2	-19	-17	-12	0	6	4	-3	-2	-8	-4	-16	-13	-11	-7	-13
	D	5	6	-5	-22	-26	-15	-10	-7	3	6	5	6	5	5	5	1	0
	GR	:	:	:	:	0	-11	-4	-5	-20	-23	-21	-21	-23	-26	-26	-29	-31
	E	:	:	:	:	:	:	:	:	-9	-7	-9	-10	-10	-10	-11	-10	-14
	F^(d)	1	-5	-10	-9	-5	-15	-23	-21	-14	:	-15	-15	-16	-17	-19	-18	-19
	IRL	8	-10	-22	-28	-34	-39	-33	-29	-28	-26	-28	-29	-33	-35	-27	-31	-27
	I	-18	-17	-22	-22	-18	-24	-15	-12	-4	:	-3	-2	-3	-3	0	-1	0
	NL	-1	-8	-25	-31	-32	-30	-22	-7	5	4	2	3	0	1	7	6	1
	P	:	:	:	:	:	:	:	:	-7	-10	-6	-4	-4	-9	-5	-4	-2
	UK	8	-4	-18	-21	-12	-3	-4	-10	-7	-5	-6	-3	-3	-6	-4	0	0
		EUR^(c)	0	-3	-13	-19	-17	-15	-14	-12	-6	-4	-6	-5	-6	-6	-6	-6
FINANCIAL SITUATION OF HOUSEHOLDS	B	-11	-11	-15	-19	-25	-29	-31	-23	-14	-10	-12	-14	-16	-12	-13	-11	-8
	DK	2	1	-10	-12	-7	-4	-2	-3	-2	0	-2	0	-5	-1	-6	-1	-2
	D	1	2	-4	-16	-18	-14	-11	-8	1	3	4	2	2	4	2	0	1
	GR	:	:	:	:	-2	-13	-8	-8	-24	-27	-27	-26	-28	-31	-27	-31	-33
	E	:	:	:	:	:	:	:	:	-10	-11	-10	-12	-11	-9	-10	-9	-13
	F^(d)	-2	-4	-7	-8	-7	-11	-15	-13	-11	:	-12	-12	-14	-14	-13	-14	-14
	IRL	-9	-21	-32	-38	-41	-43	-42	-37	-34	-31	-33	-34	-36	-36	-33	-37	-32
	I	-14	-13	-14	-14	-13	-15	-12	-10	-6	:	-5	-5	-6	-6	-4	-4	-3
	NL	4	1	-9	-18	-20	-28	-26	-17	-3	1	-2	-1	-3	-2	2	3	0
	P	:	:	:	:	:	:	:	:	-8	-11	-6	-7	-6	-7	-6	-7	-3
	UK	-10	-11	-24	-30	-27	-15	-15	-16	-13	-9	-10	-10	-8	-11	-11	-8	-12
		EUR^(c)	-4	-5	-11	-17	-16	-15	-15	-12	-8	-6	-6	-7	-7	-7	-7	-7
— over last 12 months	B	-3	-3	-6	-9	-12	-15	-18	-13	-5	0	-3	-3	-5	-3	-2	-1	-2
	DK	6	3	-8	-4	-2	0	3	3	2	6	1	3	-4	0	4	4	0
	D	2	2	-3	-12	-14	-9	-6	-4	2	4	3	4	4	3	3	2	2
	GR	:	:	:	:	15	0	6	2	-12	-15	-15	-14	-18	-24	-18	-18	-21
	E	:	:	:	:	:	:	:	:	3	5	3	1	2	1	2	2	1
	F^(d)	4	0	-2	0	0	-4	-7	-3	-2	:	-5	-5	-5	-6	-4	-5	-4
	IRL	1	-13	-19	-24	-23	-26	-22	-15	-15	-15	-18	-15	-18	-18	-16	-13	-12
	I	-6	-7	-10	-8	-6	-8	-3	-2	1	:	1	2	1	1	4	5	4
	NL	1	1	-9	-13	-14	-21	-17	-6	2	1	3	1	3	3	4	5	4
	P	:	:	:	:	:	:	:	:	2	-1	3	6	3	-2	3	2	2
	UK	3	-1	-13	-15	-9	-2	-3	-5	-3	-2	-2	-1	0	-1	0	3	5
		EUR^(c)	2	0	-6	-9	-8	-7	-6	-4	0	0	-1	0	0	-1	1	1
— over next 12 months	B	-28	-29	-45	-51	-43	-38	-33	-17	-12	-2	-6	-13	-18	-15	-7	-8	-10
	DK	-21	-24	-42	-29	-23	3	6	4	-7	-7	-12	-10	-17	-16	-12	-11	-20
	D	-1	1	-19	-33	-32	-14	-10	-6	3	5	3	4	2	2	1	-4	-4
	GR	:	:	:	:	25	6	10	3	-13	-17	-14	-15	-23	-26	-22	-19	-20
	E	:	:	:	:	:	:	:	:	3	6	1	1	0	2	-4	-7	-8
	F^(d)	-15	-29	-40	-27	-23	-36	-45	-34	-18	:	-16	-19	-21	-22	-27	-27	-27
	IRL	2	-26	-35	-38	-42	-45	-29	-26	-26	-25	-29	-29	-32	-31	-27	-23	-20
	I	-14	-19	-30	-30	-24	-25	-9	-8	3	:	4	4	4	1	10	5	4
	NL	-16	-26	-48	-42	-42	-28	-5	10	12	4	-1	4	1	3	8	4	-1
	P	:	:	:	:	:	:	:	:	5	-2	9	9	9	0	8	9	6
	UK	5	-16	-24	-23	-10	-5	-10	-16	-14	-18	-13	-10	-5	-9	-8	-2	3
		EUR^(c)	-8	-16	-30	-30	-24	-21	-18	-14	-5	-5	-5	-5	-7	-6	-7	-7
PRICE TRENDS	B	59	55	65	69	77	78	78	72	49	37	41	40	42	36	36	30	33
	DK	47	39	50	51	48	26	26	26	10	14	6	8	7	5	6	0	-5
	D	16	25	44	52	46	23	15	9	-15	-23	-21	-24	-25	-26	-28	-23	-23
	GR	:	:	:	:	15	30	24	26	39	39	42	39	36	38	41	39	41
	E	:	:	:	:	:	:	:	:	46	45	46	49	45	43	44	45	38
	F^(d)	60	70	79	77	62	55	58	44	12	:	9	4	8	5	7	18	19
	IRL	57	80	85	87	87	80	71	59	47	44	42	41	44	42	43	42	41
	I	67	72	80	79	72	69	55	49	36	:	29	31	32	33	26	25	27
	NL	47	43	62	68	63	43	41	22	-2	-22	-14	-18	3	-7	-18	-27	-27
	P	:	:	:	:	:	:	:	:	31	33	29	28	29	31	34	38	33
	UK	35	48	59	41	31	15	19	24	15	12	13	9	13	17	14	11	15
		EUR^(c)	42	49	63	62	53	40	37	30	13	11	10	9	11	10	8	10

TABLE 5 (continued): Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1986					1987			
											Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
PRICE TRENDS (cont.)	B	22	33	42	40	45	40	37	36	27	21	22	23	21	22	23	14	18	
	DK	27	29	38	31	31	12	16	15	7	6	5	7	7	1	4	11	11	
	D	33	44	51	50	43	30	28	25	5	0	-1	-3	-1	1	0	6	1	
	GR	:	:	:	:	25	37	38	42	44	46	45	45	41	47	50	45	48	
	E	:	:	:	:	:	:	:	:	19	16	24	21	20	22	22	23	15	
	F (d)	41	46	50	39	42	37	32	27	19	:	10	7	14	18	24	29	17	
	IRL	36	59	56	52	46	39	35	32	23	22	28	29	23	28	32	23	25	
	— over next 12 months	I	44	56	60	58	56	54	46	48	35	:	34	33	36	37	32	38	34
		NL	36	48	61	52	50	38	25	17	6	6	7	-1	5	4	-2	-12	-12
		P	:	:	:	:	:	:	:	:	14	14	11	11	12	21	14	16	17
		UK	21	34	43	31	29	27	40	43	32	31	33	30	35	38	36	35	36
		EUR (c)	34	44	51	44	42	35	35	32	20	18	18	15	18	21	21	23	18
	UNEMPLOYMENT	B	42	42	57	67	60	57	44	37	33	33	29	36	40	37	35	36	40
DK		29	22	39	37	29	30	5	-4	1	0	2	9	27	24	19	15	24	
D		10	3	20	43	43	30	20	16	4	5	5	-1	3	9	7	14	13	
GR		:	:	:	:	11	10	11	17	31	35	35	32	30	35	38	38	36	
E		:	:	:	:	:	:	:	:	26	24	24	24	26	33	40	39	36	
F (d)		30	44	47	43	30	41	62	50	33	:	38	37	35	35	38	44	47	
— over next 12 months		IRL	6	12	34	47	56	67	52	48	45	47	49	44	48	47	44	33	31
		I	42	41	51	52	56	57	49	47	39	:	36	37	37	41	34	40	37
		NL	42	35	59	72	72	67	36	0	-11	5	-4	-2	-6	-7	-4	3	3
		P	:	:	:	:	:	:	:	:	27	32	27	27	21	26	22	26	18
		UK	20	30	58	50	34	37	32	35	32	38	35	30	21	24	19	16	14
		EUR (c)	25	27	43	48	42	41	38	32	23	27	25	23	22	26	25	28	27
MAJOR PURCHASES		B	46	30	23	15	13	6	6	-18	-26	-19	-24	-22	-22	-17	-21	-25	-24
	DK	41	42	21	10	16	7	14	14	0	0	-3	4	-32	-25	-20	-13	-11	
	D	31	25	18	-1	-17	-8	-9	-8	4	8	3	7	5	7	10	6	2	
	GR	:	:	:	:	-35	-35	-24	-20	-22	-23	-19	-24	-13	-11	-31	-39	-45	
	E	:	:	:	:	:	:	:	:	-27	-20	-24	-27	-23	-26	-23	-10	-23	
	F (d)	34	35	39	28	30	19	6	-4	-3	:	-8	-6	-4	-5	-9	-4	-10	
	— at present	IRL	49	46	30	24	13	-6	-9	-2	-10	-4	-2	-9	-18	-23	2	-15	-12
		I	-10	-3	2	4	1	-13	-15	-15	-8	:	-10	-5	-9	-6	-9	-8	-6
		NL	28	13	-2	-17	-21	-18	-44	-29	-6	-2	-1	-2	-9	-9	4	6	-4
		P	:	:	:	:	:	:	:	:	-28	-25	-30	-27	-28	-30	-30	-27	-18
		UK	43	43	28	26	25	32	31	24	24	29	23	30	18	15	24	24	19
		EUR (c)	29	27	22	12	6	5	0	-3	0	2	-3	1	-3	-3	-1	1	-4
	— over next 12 months	B	-28	-29	-26	-28	-28	-30	-28	-30	-28	-23	-27	-27	-27	-25	-23	-24	-24
DK		-9	-8	-14	-12	-10	-8	-7	-8	-12	-13	-17	-12	-15	-12	-12	-12	-10	
D		-15	-15	-19	-25	-28	-29	-28	-26	-20	-18	-19	-19	-19	-18	-16	-20	-19	
GR		:	:	:	:	-24	-33	-38	-33	-42	-44	-50	-46	-38	-35	-39	-43	-51	
E		:	:	:	:	:	:	:	:	-26	-21	-22	-27	-27	-34	-28	-29	-24	
F (d)		-13	-16	-18	-13	-9	-10	-10	-9	-3	:	0	0	0	0	0	0	-1	
— over next 12 months		IRL	-13	-17	-19	-22	-27	-31	-25	-22	-20	-14	-18	-19	-21	-21	-22	-26	-26
		I	-16	-10	-17	-18	-22	-22	-21	-21	-21	:	-19	-20	-19	-23	-21	-20	-21
		NL	-14	-19	-23	-27	-27	-29	-27	-20	-15	-12	-13	-16	-15	-14	-15	-12	-12
		P	:	:	:	:	:	:	:	:	6	11	5	4	2	5	2	4	1
		UK	-9	-6	-14	-19	-18	-15	-12	-14	-12	-10	-12	-12	-10	-12	-16	-14	-11
		EUR (c)	-12	-12	-17	-20	-20	-21	-19	-18	-16	-14	-14	-15	-15	-16	-15	-16	-15
SAVINGS		B	35	40	38	41	40	46	46	46	43	47	45	38	44	54	41	50	53
	DK	7	11	15	23	26	40	41	50	46	45	39	47	47	49	55	46	48	
	D	34	46	43	32	27	33	38	41	44	47	48	48	47	44	52	44	39	
	GR	:	:	:	:	-25	-29	-20	-18	-31	-36	-33	-34	-31	-32	-34	-43	-44	
	E	:	:	:	:	:	:	:	:	36	36	38	38	45	29	39	48	41	
	F (d)	10	8	-3	-2	-5	0	6	11	12	:	7	6	11	13	17	17	20	
	— at present	IRL	14	8	5	-3	-9	-3	-8	-1	-3	1	-15	-6	2	-7	-8	-3	-10
		I	6	4	-6	-7	10	21	33	37	47	:	47	51	50	46	48	50	48
		NL	13	19	19	27	38	35	34	41	48	50	44	50	45	53	51	51	52
		P	:	:	:	:	:	:	:	:	-42	-40	-46	-43	-43	-42	-49	-39	-36
		UK	-10	-5	6	5	5	10	17	20	23	21	23	25	24	22	25	33	32
		EUR (c)	16	21	15	12	12	19	24	29	31	29	31	31	33	30	35	35	34
	— over next 12 months	B	-14	-14	-20	-21	-25	-26	-27	-33	-9	1	-5	-10	-8	-2	-10	-3	-1
DK		-11	-12	-20	-19	-18	-12	-11	-7	-6	-7	-8	-7	-12	-12	-9	-7	-8	
D		43	46	44	23	-2	1	3	3	11	16	15	13	15	12	18	16	12	
GR		:	:	:	:	-37	-41	-39	-40	-47	-50	-54	-53	-47	-52	-54	-52	-59	
E		:	:	:	:	:	:	:	:	-36	-36	-37	-37	-40	-32	-34	-34	-31	
F (d)		-27	-29	-32	-32	-32	-35	-37	-36	-31	:	-32	-33	-33	-32	-34	-32	-35	
— over next 12 months		IRL	-5	-11	-13	-19	-22	-25	-37	-28	-30	-26	-29	-29	-28	-30	-25	-31	-34
		I	-35	-34	-32	-30	-22	-27	-20	-17	-10	:	-9	-8	-9	-9	-5	-7	-6
		NL	6	8	0	-1	-3	-8	-2	6	12	20	11	13	14	14	19	17	17
		P	:	:	:	:	:	:	:	:	-39	-42	-32	-36	-39	-40	-39	-40	-36
		UK	-4	-4	-16	-20	-17	-13	-12	-14	-12	-13	-12	-10	-6	-12	-13	-7	-9
		EUR (c)	1	2	-4	-11	-17	-17	-16	-15	-11	-11	-12	-12	-11	-12	-11	-10	-11

TABLE 5 (continued): Consumer opinion on economic and financial conditions^(a)

		1978	1979	1980	1981	1982	1983	1984	1985	1986	1986					1987		
											Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March
FINANCIAL SITUATION OF HOUSEHOLDS	B	11	12	9	7	6	5	6	5	13	19	15	13	11	14	13	13	15
	DK	10	9	4	4	4	8	8	11	10	11	8	12	9	9	8	10	7
	D	23	22	21	16	12	11	11	12	17	19	18	18	18	18	19	17	17
	GR	:	:	:	:	0	0	2	3	1	-1	-2	-1	2	-1	0	-1	-1
	E	:	:	:	:	:	:	:	:	5	3	5	4	4	7	3	7	8
	F (d)	10	10	8	8	8	6	4	3	3	:	3	2	2	1	1	1	0
	IRL	11	8	2	-4	-1	-1	-1	-1	-1	-1	-2	0	-2	-2	0	-1	-2
	I	7	8	8	8	13	9	11	12	15	:	16	17	16	15	16	15	17
	NL	14	22	19	18	17	15	13	16	19	18	14	16	16	16	20	19	18
	P	:	:	:	:	:	:	:	:	2	-1	5	2	2	3	6	3	7
UK	8	10	8	9	9	12	12	11	11	12	12	14	14	11	11	12	13	
	EUR (c)	14	15	12	11	10	9	9	9	11	12	11	11	11	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.
 (d) Data of an experimental nature from June 1986 onwards.
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 5 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 Wirtschafts- forschung	IFO	IFO	IFO	GfK Gesellschaft für Konsumforschung
Greece	IEIR Institute of Economic and Industrial Research	IEIR	IEIR	-	NSS National Statistical Service
Spain	MIE Ministerio de Industria y Energia	-	MIE	-	GALLUP Instituto Gallup
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
Portugal	INE Instituto Nacional de Estatistica	-	INE	-	NORMA
United Kingdom	CBI Confederation of British Industry	BEC Building Employers Confederation	BSO Business Statistics Office	CBI	GALLUP Gallup Institute

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
'European Economy' (4 issues per year)	53,20	2 300	40,50	38	55,50	The annual subscription runs from 1 January to 31 December of each year.
Supplements						
Series A - 'Economic trends' (11 issues per year)	20,80	900	16	15	21,50	Payments to be made only to the agents in the countries listed on page 3 of the cover of European Economy.
Series B - 'Business and consumer survey results' (11 issues per year)	20,80	900	16	15	21,50	
Complete series of supplements	33,60	1 450	25,60	24	35,50	These are surface mail rates; for air subscription rates please apply to the agents
Combined subscription - 'European Economy' and supplements	76,30	3 300	58	54,40	79,50	

