

EUROPEAN ECONOMY

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

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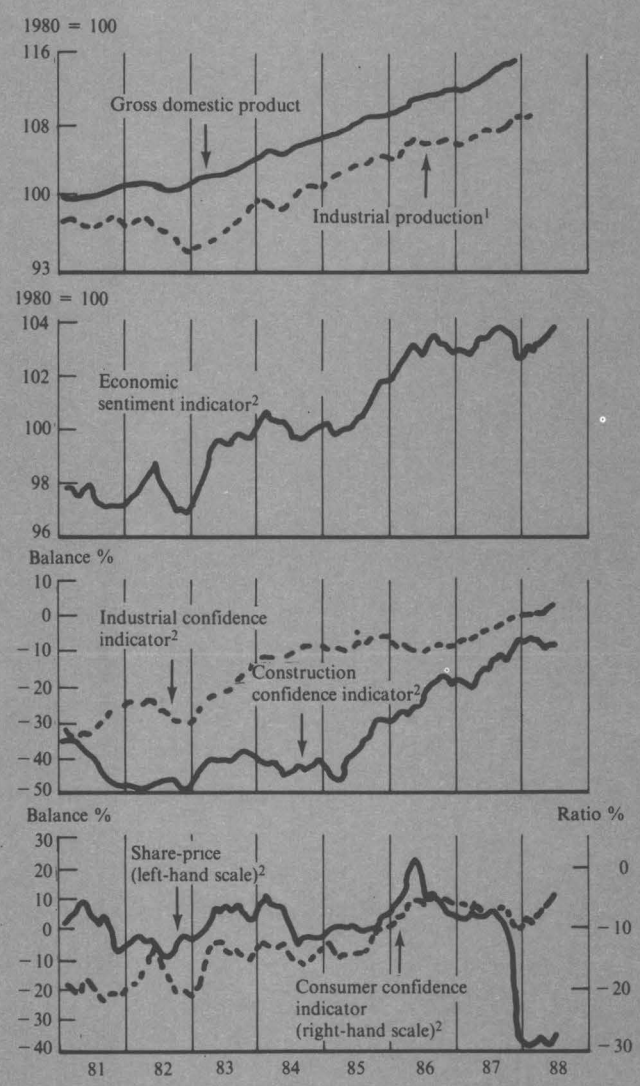
*In this number:
Industrial investment
in 1987 and 1988*

Business and consumer survey results

THE MAIN POINTS IN BRIEF

- The economic trend in the Community at the beginning of summer continues to be one of stability and increasing activity. This is shown by the business and consumer survey results available up to June. Economic growth in Europe is being sustained mainly by domestic demand, which is lending support to the international adjustment process by which balance-of-payments imbalances are being corrected.
- In the spring, industrialists in most Community countries revised upwards their investment plans for 1988. Compared with last year, investment is now expected to rise almost twice as sharply in volume terms (9 %). If this trend continues, the Community can count on a lasting investment-led growth process.
- Production plans in industry continue to show a marked upward trend. This is borne out by the positive assessments of orders on hand, particularly from domestic sources.
- The consumer climate is being favourably affected by growing consumer confidence in the economic trend.
- After rising for several months, the Community's leading economic indicator has reached last year's high point.

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



¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend in %.

The economic trend in the Community continues to be one of stability and improvement. — Economic activity in the Community is again showing a stable and rising trend at the beginning of the summer. This is reflected in the latest available indicators. The level of activity in the Community is being underpinned mainly by domestic demand, which is helping the international adjustment process. Any crisis of confidence brought about by the crash and events on financial and currency markets last autumn would appear, according to the business and consumer survey results now available, to have been overcome in all countries.

Industrialists are revising their 1988 investment plans upwards.

— The positive trend of domestic demand is reflected in the results now available from the survey of industrial investment carried out in the spring. On average in the Community, industrial firms have now made a not inconsiderable upward revision (+9 %) of their 1988 investment plans compared with their initial estimate (+8 %) in October 1987 (see Table 1).

If the investment activity of industrial firms in individual member countries is compared, it can be seen that firms in eight of the twelve countries are planning to increase such activity markedly in 1988. The upturn in investment is particularly noticeable in the countries listed below:

Investment plans in industry (volume) (rise as %)	1987 results	1988 April estimates
United Kingdom	5	13
France	3	9
Spain	19	36
Denmark	9	22
Belgium	6	14
Portugal	16	27
Greece	-13	10
Ireland	-1	74
EUR 12	5	9

Investment activity continues to be subdued in Germany (1987: 3 %; 1988: 3 %); it has weakened slightly in Italy (1987: 12 %; 1988: 7 %); it has declined in the Netherlands (1987: 0 %; 1988: -4 %) and in Luxembourg (1987: 3 %; 1988: -16 %).

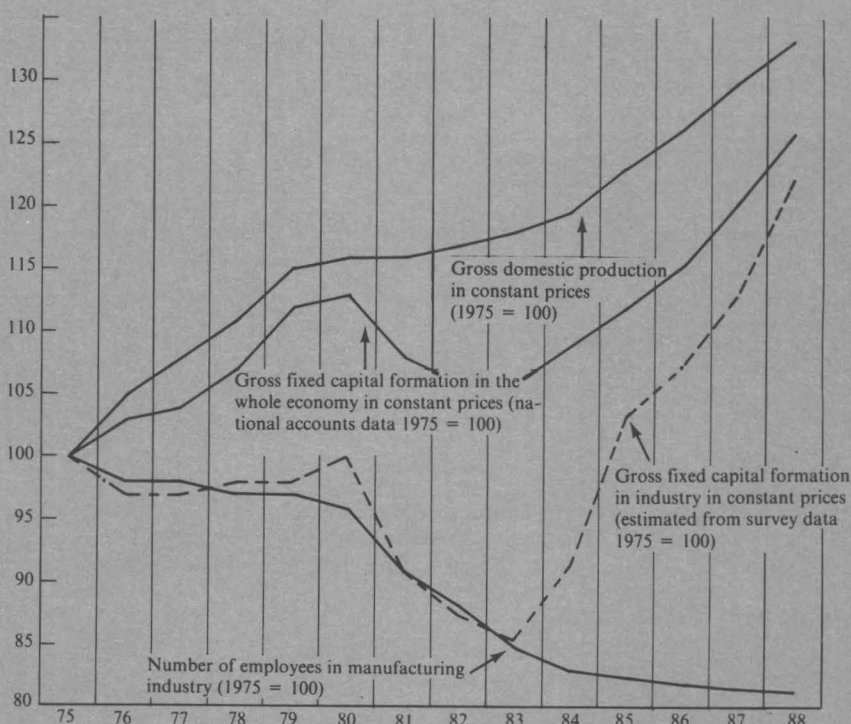
Broken down by industrial branch, 1988 investment plans have shown the sharpest rise in the *basic products and equipment goods industries*. On average in the Community, investment activity in these two branches is expected to rise by 19 % and 15 % respectively. The corresponding rises in 1987 were 10 % and 4 %. A marked increase in investment activity is planned also by industrial firms producing mainly *consumer goods* and those active in the *food industries* (+12 % and +11 % respectively). Compared with the level of investment activity in 1987 (+19 % and +14 % respectively), however, these growth rates represent a clear deceleration of investment plans. In the *metal working industry*, investment would even decline in 1988 (see Table 3).

A further increase in confidence in industry. — The favourable investment climate has been accompanied since the spring by an increasingly optimistic mood in industry. Taking the average for the Community, the *industrial confidence indicator* rose by a further percentage point in June to reach, for the first time, the high point recorded during the 1979/80 cyclical upturn (see Table 7).

This improvement in the indicator is primarily due to more favourable assessments of *order-book levels* generally and of *stocks of finished products*. As there has been no change in the assessments of export order levels from the previous month, the positive view of the order-book situation is likely to be attributable mainly to domestic demand. Given this optimistic assessment, just as many industrial firms (on a Community average) as in the previous month intend to increase their output over the months ahead.

Growing consumer confidence in the economic trend. — According to the latest available consumer survey results, consumer

GRAPH 2: Trend of industrial investment in the Community (business survey indicator) in the context of other macro-economic indicators



1987 and 1988: Estimation and forecasts of the Commission's departments.
Sources: Eurostat, economic forecasts and EC investment survey.

TABLE 1: Industrial investment in manufacturing industry by Member State
% change in relation to preceding year

Year	B(d)	DK(d)	D	GR(d)(g)	E	F	IRL(d)	I	L(d)	NL	P	UK(d)	EUR
1987													
in values terms	+7	+12	+4	-3	+25	+6	+1	+15	+5	0	+28	+10	+8
in volumes terms (a)	+6	+9	+3	-13	+19	+3	-1	+12	+3	0	+16	+5	+5
1988													
in values terms	+16	+27	+4	+23	+41	+11	+77	+10	-14	-3	+36	+18	+12
in volumes terms (a)	+14	+22	+3	+10	+36	+9(e)	+74	+7	-16	-4	+27	+13	+9

TABLE 2: Industrial investment in the EC manufacturing industry

Data of survey	A. % change in value in relation to preceding year							B. % change in value in relation to preceding year (a)						
	Years to which data relate							Years to which data relate						
	1982	1983	1984	1985	1986	1987	1988	1982	1983	1984	1985	1986	1987	1988
Oct./Nov. 1982	1	5						-5	-1					
March/April 1983	2	4						-4	-2					
Oct./Nov. 1983		3	10						-3	5				
March/April 1984		3	13						-2	7				
Oct./Nov. 1984			12	14						7	9			
March/April 1985			12	16						7	11			
Oct./Nov. 1985				15	10						10	7		
March/April 1986				18	14						13	11		
Oct./Nov. 1986					10	9						6	6	
March/April 1987					10	9						6	6	
Oct./Nov. 1987						10	11						7	8
March/April 1988						8	12						5	9

TABLE 3: Industrial investment survey by branch

Results of the Oct./Nov. 1987 investment survey, % change in value, over the preceding year

	Basic materials industries (b)		Metal working industries		Equipment goods		Processing industries (c)		Extractive industries		Food industries		Industry as a whole	
	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988	1987	1988
B	+16	+39	+3	-8	-3	+14	+13	+5	:	:	+14	+7	+7	+16
DK	+11	+17	-29	+71	-5	+58	-3	-2	:	:	+53	+9	+12	+27
D	+10	+10	-12	-8	+3	+3	+9	+6	-13	+4	+10	+5	+4	+4
E	+29	+68	+34	-7	-2	+55	+53	+11	-15	+57	+46	+20	+25	+41
GR (g)	-14	-11	+11	+58	-19	+321	+41	+39	:	:	+29	+75	-3	+23
F	+6	+18	+6	-10	+5	+10	+10	+6	-12	+29	+7	+12	+6	+11
IRL	+29	+65	+1	+14	-33	+105	+55	+49	:	:	-15	-16	+1	+77
I	+11	+18	-20	-15	+26	+26	+10	+15	+16	-12	+15	+4	+15	+10
L	-27	+89	+4	-5	-24	+9	+25	-52	:	:	-18	-2	+5	-14
NL	-6	+10	:	:	-2(h)	-6(h)	+30	-21	-22	+8	+2	-5	0	-3
P	+11	+49	+72	-23	+18	+45	+42	+41	+54	+20	+38	+39	+28	+36
UK	+11	+15	+31	+19	-7	+16	+28	+26	:	:	+14	+15	+10	+18
EUR (f)	+10	+19	+2	-6	+4	+15	+19	+12	:	:	+14	+11	+8	+12

TABLE 4: Industrial investment survey—all branches

% change in value in relation to preceding year

Year to which data relate:	1984				1985				1986				1987				1988	
	Oct./Nov. 1983	March/April 1984	Oct./Nov. 1984	March/April 1985	Oct./Nov. 1984	March/April 1985	Oct./Nov. 1985	March/April 1986	Oct./Nov. 1985	March/April 1986	Oct./Nov. 1986	March/April 1987	Oct./Nov. 1986	March/April 1987	Oct./Nov. 1987	March/April 1988	Oct./Nov. 1987	March/April 1988
B (d)	+5	+15	+13	+10	+3	+12	+7	+7	+16	+21	+13	+13	+12	+13	+5	+7	+9	+16
DK (d)	+20	+60	+54	+44	+18	+40	+37	+38	+7	+11	+10	+6	+19	+26	+16	+12	+4	+27
D	+2	+5	+4	+1	+10	+14	+16	+19	+10	+12	+13	+12	+7	+6	+6	+4	+3	+4
E	:	:	:	:	:	:	:	+36	:	+22	+20	+21	+11	+25	+49	+25	+41	+41
GR(d)(g)	+41	+23	-1	-34	+95	+82	+51	+23	+69	+69	+11	-11	+5	+14	-4	-3	+12	+23
F	+15	+20	+18	+19	+6	+13	+16	+13	+3	+8	+8	+5	+8	+6	+7	+6	+9	+11
IRL (d)	+19	+13	-31	+21	+16	+9	-5	+68	+24	+22	0	+10	+14	+21	-26	+1	+94	+77
I	+8	+11	+6	+8	+29	+14	+12	+20	+15	+20	+8	+12	+19	+15	+15	+15	+9	+10
L (d)	-6	-22	+4	+17	-6	+4	+17	+21	+20	+48	+32	+40	-1	-1	-9	+5	-11	-14
NL	+25	+29	+27	+29	+15	+24	+22	+25	+5	+5	+4	+4	-5	-12	-1	0	-1	-3
P	:	:	:	:	:	:	:	:	:	+22	+17	+21	+29	+18	+28	+24	+24	+36
UK (d)	+15	+16	+16	+19	+13	+15	+10	+10	+11	+11	+6	+6	+8	+10	+11	+10	+17	+18
EUR	+10	+13	+12	+12	+14	+16	+15	+18	+10	+14	+10	+10	+9	+9	+10	+8	+11	+12

(a) The changes in volume are calculated by dividing the changes in value by the corresponding deflators for gross capital formation. For 1986 and 1987 forecast deflator is used.

(b) Chemicals, man-made fibres, petroleum refining, rubber processing, etc.

(c) Manufacture of textiles, footwear, wood, paper, printing and processing of plastic industries.

(d) Excluding the extractive industries.

(e) Excluding the extractive industries; including energy and water.

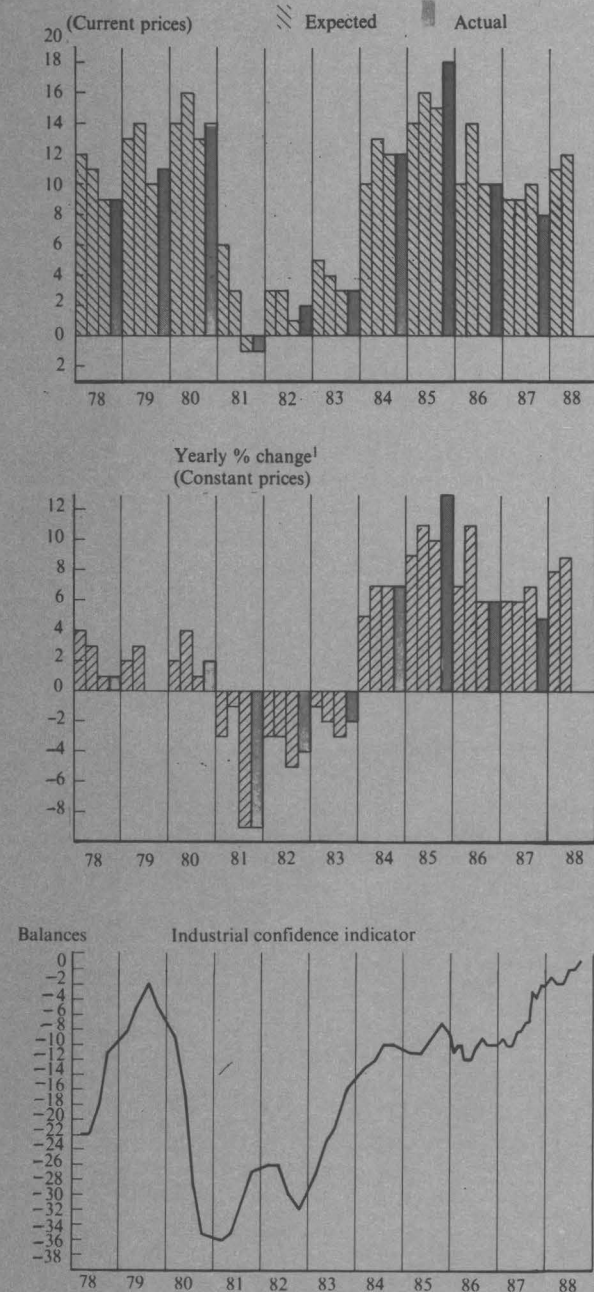
(f) Weighted total of the above (not given when data are substantially incomplete).

(g) Including public enterprises.

(h) Including the metal working industries.

Source: European Community investment surveys.

GRAPH 3: Investment in manufacturing industry (Community as a whole)
Yearly % change



¹ For each year the first column represents the first estimate given in the autumn of the previous year; the second column is based on the spring survey results of the current year (April); the third column is the forecast for the current year according to the investment survey in October/November; the fourth column (actual) gives the reported rate of change according to the spring survey of the next year.

Source: EC investment survey.

confidence in the economic trend has been further reinforced, bolstered mainly by a steadily improving assessment of the general economic situation and of future prospects.

For the first time since the turn of the year (1987/88), consumers' assessments of the financial situation of their own households also showed an improvement.

This more favourable assessment of their own financial situation is also reflected in the current intention of consumers to save or invest more again. They also intend to save more over the next 12 months.

This attitude on the part of consumers is an indication that the situation on the inflation front is currently still calm. For the first time since December 1987, however, a growing number of consumers in June were again anticipating *rising prices*. This applies particularly to consumers in the Federal Republic of Germany and France.

Despite a satisfactory business situation, the retail trade is showing little optimism in the future. — Compared with the corresponding month last year, the results of the May survey among retailers in six member countries indicate an improved situation, and the stock position also seems to have eased. To that extent, those results confirm buoyant consumer demand. On average in the Community, however, retailers are taking a less optimistic view of the future and are continuing to adopt a very cautious attitude to the placing of new orders.

A marked rise in the Community's leading indicator. — In June the Community's economic indicator for the first time since long showed a clear rise over four consecutive months, reaching the high level recorded last year. The 0.3 of a percentage point rise in the indicator is due primarily to the greater confidence in industry, among consumers and on share markets.

The rise in the economic assessment indicator was particularly marked in Italy, France, Germany and Belgium (see Table 6).

In contrast to the clear upward trend shown by the Community's leading indicators, the corresponding indicators for the United States and Japan reflect a rather less buoyant mood. There are no signs, however, of a marked deceleration in growth or of recession.

12 July 1988

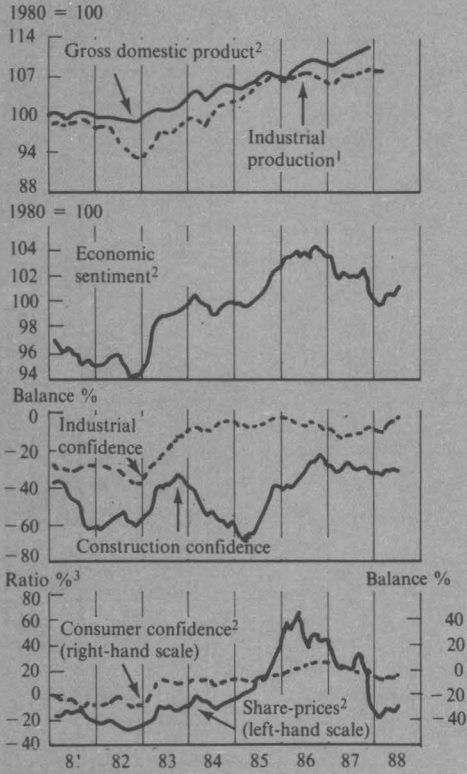
TABLE 5: Volume index of investment in the manufacturing industry (1981 = 100) (a)

	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88
B	115	142	110	81	75	68	76	99	100	111	104	109	112	127	135	153
DK	.	.	.	.	.	.	.	.	100	98	108	150	197	203	221	270
D	101	92	88	90	89	93	99	107	100	98	96	95	112	124	128	132
GR	.	.	.	.	.	.	.	.	100	92	47	22	22	16	14	15
F	113	112	105	102	103	105	105	107	100	97	94	106	113	118	122	132
IRL	.	.	.	131	125	161	169	153	100	116	108	123	195	213	211	367
I	235	201	168	151	132	126	121	110	100	97	88	87	99	106	119	127
L	177	135	113	99	108	127	115	121	100	123	136	151	175	243	250	210
NL	.	.	.	107	117	114	107	115	100	95	99	126	155	160	160	154
UK	126	137	125	124	136	145	141	124	100	95	95	109	113	119	125	141
EUR 10	126	121	109	106	106	108	108	110	100	96	93	99	111	117	122	132

(a) These figures are based on the results of the EC Survey on realized investments after the application of the deflator of gross capital formation.
Source: European Community investment survey.

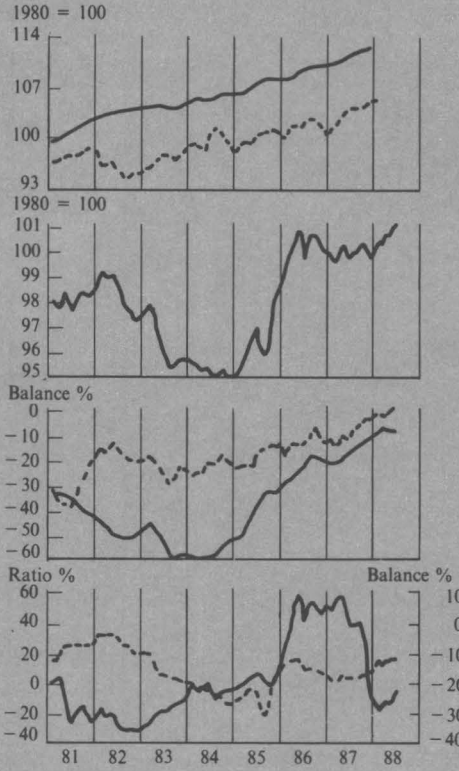
GRAPHS 4-9: Indicators of output and economic sentiment

GRAPH 4: Federal Republic of Germany



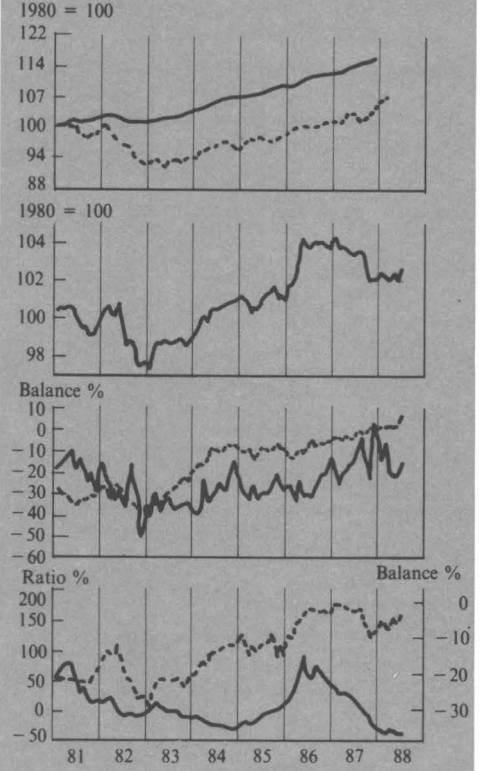
¹ Three-month average.
² See notes to Table 6.
³ Deviations from trend in %.

GRAPH 5: France



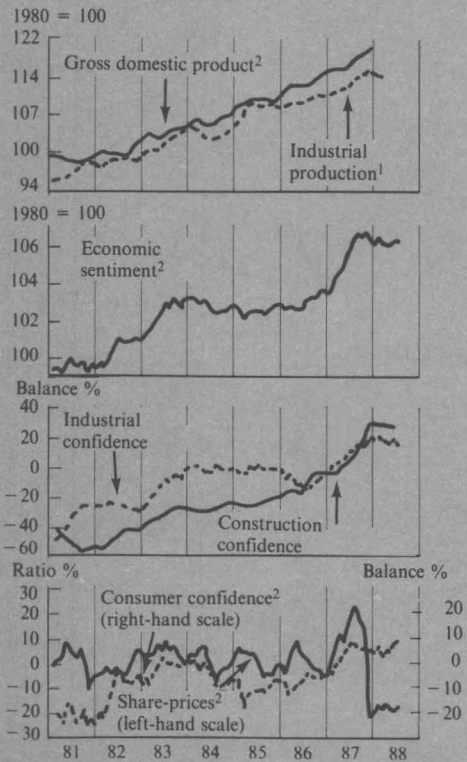
For explanations, see Graph 4.

GRAPH 6: Italy



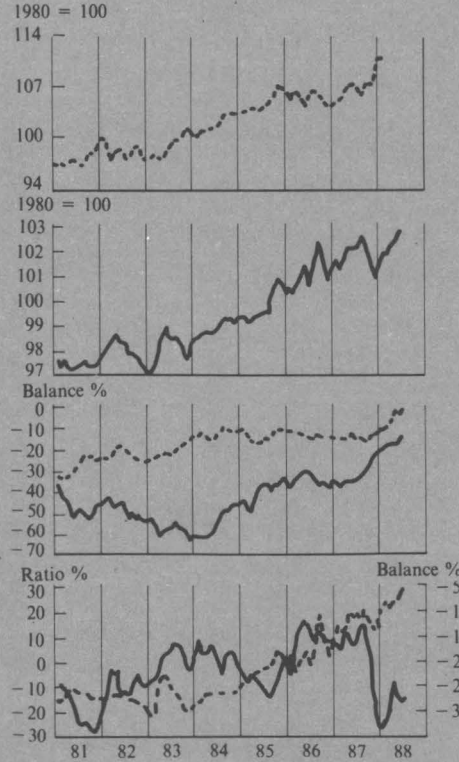
For explanations, see Graph 4.

GRAPH 7: United Kingdom



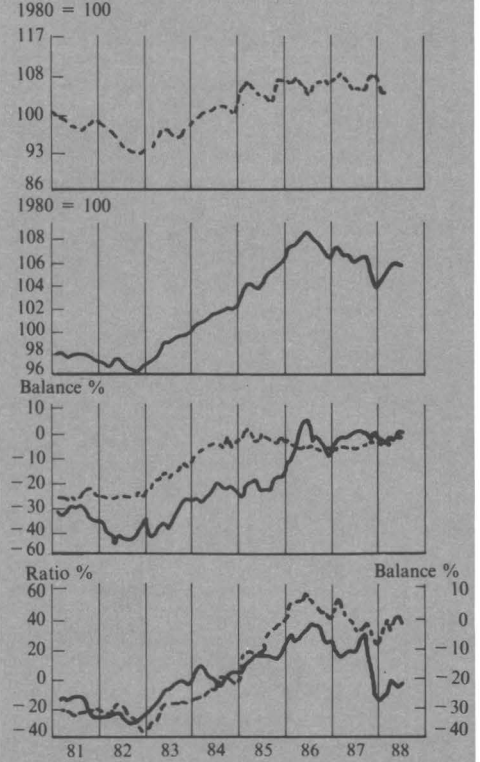
¹ Three-month moving average.
² See notes to Table 6.
³ Deviations from trend in %.

GRAPH 8: Belgium



For explanations, see Graph 7.

GRAPH 9: Netherlands



For explanations, see Graph 7.

TABLE 6: Indicators of output and economic sentiment

		Ranges (b)				1987	1987	1988		1988						
		Peak	Trough	Peak	Trough		IV	I	II	Jan.	Feb.	March	April	May	June	
		1972/73	1974/75	1979/80	1981/83											
B	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		102,5	76,5	106,3	92,4	105,8	106,3	:	:	114,0	105,9	:	:	:	:
	1. industrial confidence indicator		19	-56	-4	-35	-14	-12	-10	-3	-11	-9	-9	-3	-5	-2
	2. construction confidence indicator		9	-36	-7	-65	-32	-22	-19	-17	-20	-19	-19	-19	-17	-15
	3. consumer confidence indicator (c)		7	-18	-7	-31	-12	-12	-9	-7	-8	-10	-9	-9	-7	-6
	4. share-price index (c)		155,1	98,0	114,3	75,0	318,2	271,9	294,3	316,8	263,1	303,7	316,0	313,6	312,8	324,0
	= 5. economic sentiment indicator		109,0	98,9	103,9	96,8	101,6	101,2	102,0	102,8	101,9	101,9	102,2	102,5	102,7	103,1
DK	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		:	:	107,7	95,5	121,9	122,3	123,0	:	119,7	123,5	125,8	121,1	:	:
	1. industrial confidence indicator		:	:	:	-22	-7	-7	-3	0	-3	(-3)	(-3)	0	(0)	(0)
	2. construction confidence indicator		:	:	:	-37	1	-1	2	-9	2	(2)	(2)	-9	(-9)	(-9)
	3. consumer confidence indicator (c)		:	-16	5	-22	-10	-13	-16	-12	-13	-16	-18	-12	-13	-12
	4. share-price index (c)		:	:	:	:	351,8	315,4	329,0	379,1	316,6	330,6	339,9	347,1	381,6	408,6
	= 5. economic sentiment indicator		:	:	:	:	102,0	101,7	102,1	:	102,0	102,2	102,2	102,3	102,6	:
D	<i>gross domestic product</i> (b)	1980 = 100	85,1	83,3	101,2	98,9	110,8	112,4	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,0	82,4	103,1	91,4	106,9	108,0	108,7	:	107,6	108,9	109,6	110,0	:	:
	1. industrial confidence indicator		10	-49	2	-40	-12	-9	-10	-5	-11	-10	-8	-6	-5	-4
	2. construction confidence indicator		-4	-72	11	-64	-30	-32	-32	-31	-33	-33	-30	-31	-30	-32
	3. consumer confidence indicator (c)		:	-22	9	-31	-1	-4	-8	-6	-8	-8	-7	-6	-6	-5
	4. share-price index (c)		109,0	75,2	115,6	97,6	257,5	220,4	197,1	208,6	187,5	195,3	208,6	208,3	202,7	214,7
	= 5. economic sentiment indicator		103,8	97,0	103,6	94,7	101,8	100,8	100,0	100,7	99,7	99,8	100,4	100,6	100,5	100,9
F	<i>gross domestic product</i>	1980 = 100	85,4	84,2	99,8	102,4	112,1	113,2	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		96,7	82,2	105,2	94,8	103,7	105,3	106,0	:	106,0	106,0	106,0	105,0	:	:
	1. industrial confidence indicator		29	-49	5	-39	-8	-2	-1	1	0	-1	-2	0	0	2
	2. construction confidence indicator		:	:	-17	-57	-16	-11	-7	-8	-7	(-7)	(-7)	-8	(-8)	(-8)
	3. consumer confidence indicator (c)		:	-9	3	-27	-18	-16	-12	-11	-12	-13	-12	-12	-10	-10
	4. share-price index (c)		86,6	53,6	101,2	82,7	367,1	295,1	269,0	300,3	254,4	275,9	276,7	282,8	294,8	323,3
	= 5. economic sentiment indicator		107,8	97,6	101,8	95,1	99,9	99,9	100,5	101,0	100,5	100,5	100,6	100,6	101,0	101,4
IRL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		80,4	72,3	103,8	99,6	145,3	153,1	157,5	:	162,0	154,8	155,7	:	:	:
	1. industrial confidence indicator		:	-41	20	-40	-2	-6	-6	2	-7	-7	-5	0	0	5
	2. construction confidence indicator		:	:	:	-60	-31	-29	-14	-26	-14	(-14)	(-14)	-26	(-26)	(-26)
	3. consumer confidence indicator (c)		:	-41	12	-44	-29	-29	-22	-15	-21	-24	-20	-12	-16	-17
	4. share-price index (c)		85,8	29,9	112,2	79,4	333,9	326,3	282,0	:	257,1	294,4	294,5	303,9	307,9	:
	= 5. economic sentiment indicator		109,1	96,7	103,6	98,1	100,5	100,3	100,9	101,8	100,8	100,8	101,2	102,2	101,6	101,7
I	<i>gross domestic product</i>	1980 = 100	80,4	77,2	101,2	98,2	115,3	116,4	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		87,9	72,6	104,7	98,1	102,3	104,1	106,5	:	108,8	106,0	104,8	109,3	:	:
	1. industrial confidence indicator		31	-59	13	-41	-2	1	1	3	1	1	2	2	1	6
	2. construction confidence indicator		-8	-56	-5	-51	-15	-10	-13	-20	-14	-6	-20	-22	-22	-16
	3. consumer confidence indicator (c)		:	-39	-12	-30	-4	-9	-6	-5	-5	-6	-7	-4	-6	-4
	4. share-price index (c)		169,6	68,5	185,0	116,9	644,5	536,1	479,6	492,2	475,3	454,9	508,5	511,2	482,4	483,0
	= 5. economic sentiment indicator		103,8	97,4	101,6	97,6	103,3	102,1	102,2	102,3	102,4	102,3	102,0	102,4	102,0	102,6
NL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		94,8	87,1	117,5	90,7	106,9	107,7	105,3	:	106,0	105,0	105,0	104,0	:	:
	1. industrial confidence indicator		12	-44	4	-31	-5	-4	-5	-2	-5	-5	-4	-2	-2	-2
	2. construction confidence indicator		3	-47	3	-46	-2	-2	-4	-2	-4	-6	-2	-4	-1	-1
	3. consumer confidence indicator (c)		6	-15	5	-37	-2	-8	-2	-1	-3	0	-4	0	0	-2
	4. share-price index (c)		:	86,3	122,8	92,8	350,0	296,0	294,7	318,4	275,8	288,5	319,9	318,4	311,5	325,3
	= 5. economic sentiment indicator		107,8	100,7	105,3	97,1	106,1	104,3	104,9	105,6	104,6	105,1	105,1	105,7	105,6	105,4
UK	<i>gross domestic product</i>	1980 = 100	94,6	91,0	102,5	97,7	117,3	119,6	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,7	89,6	110,0	93,8	113,0	115,0	114,1	:	115,0	112,6	114,6	116,3	:	:
	1. industrial confidence indicator		:	:	9	-60	11	19	19	16	21	18	17	16	18	15
	2. construction confidence indicator		:	:	7	-62	12	30	29	27	29	(29)	(29)	27	(27)	(27)
	3. consumer confidence indicator (c)		:	-33	14	-26	5	5	5	7	7	3	5	5	8	9
	4. share-price index (c)		78,5	23,3	111,6	104,4	397,0	353,2	350,3	357,8	347,6	345,6	357,6	354,1	355,0	364,3
	= 5. economic sentiment indicator		103,8	97,7	104,9	98,8	105,7	106,3	106,1	106,0	106,4	106,0	106,0	105,9	106,1	106,1
EUR	<i>gross domestic product</i> (a)(b)	1980 = 100	85,1	85,5	101,1	101,0	113,7	115,2	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,9	83,0	103,2	94,6	107,1	108,7	109,1	:	109,3	108,5	109,4	109,7	:	:
	1. industrial confidence indicator		16	-49	3	-36	-3	0	0	2	1	0	0	2	2	3
	2. construction confidence indicator		:	:	-1	-50	-14	-8	-7	-8	-7	(-7)	(-7)	-9	(-8)	(-8)
	3. consumer confidence indicator (c)		5	-17	1	-22	-6	-7	-6	-4	-6	-7	-6	-5	-4	-3
	4. share-price index (c)		:	47,0	115,4	111,7	364,4	314,4	302,6	318,7	293,7	300,2	313,8	313,6	314,4	328,1
	= 5. economic sentiment indicator		107,5	96,6	104,1	97,4	103,4	103,0	103,0	103,5	103,0	102,8	103,1	103,2	103,5	103,8

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

TABLE 7: **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.)

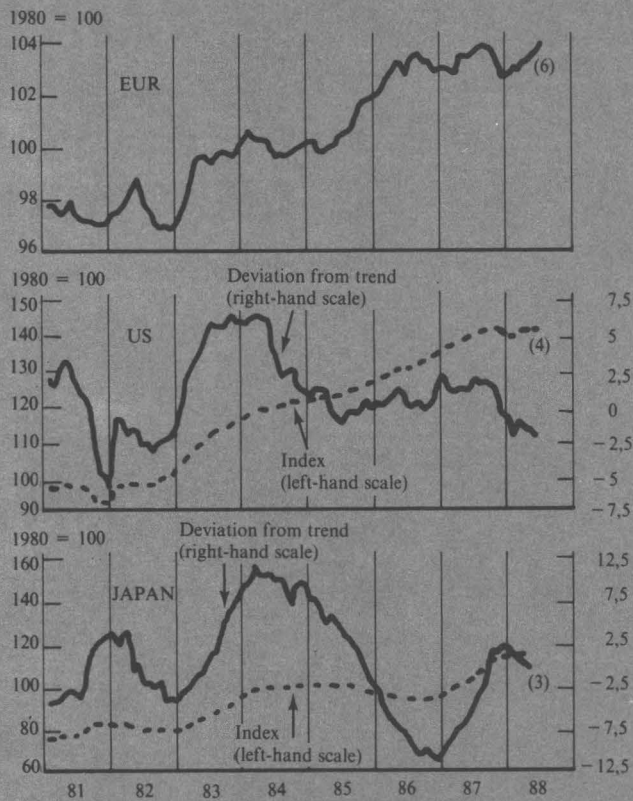
	Ranges (b)				1987	1987	1988			1988					
	Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		IV	I	II	Jan.	Feb.	March	Apr.	May	June	
B															
production expectations	+31	-56	-4	-37	-8	-2	-7	+2	-10	-6	-5	-1	+1	+7	
order-books	+13	-74	-14	-49	-28	-25	-17	-10	-21	-16	-15	-10	-10	-10	
export order-books	+15	-82	-19	-55	-30	-28	-22	-15	-25	-21	-21	-13	-16	-16	
stocks of finished products	-14	+37	+2	+18	+8	+9	+4	+2	+1	+6	+6	-3	+5	+3	
selling-price expectations	+64	-10	+39	+12	+5	+11	+8	+18	+7	+6	+11	+16	+16	+23	
industrial confidence indicator	+19	-56	-4	-35	-14	-12	-10	-3	-11	-9	-9	-3	-5	-2	
DK															
production expectations	:	:	:	+8	+4	0	+1	+3	+1	:	:	+3	:	:	
order-books	:	:	:	-34	-15	-17	-10	-1	-10	:	:	-1	:	:	
export order-books	:	:	:	+14	-12	-7	+1	+5	+1	:	:	+5	:	:	
stocks of finished products	:	:	:	+24	+11	+5	-1	+1	-1	:	:	+1	:	:	
industrial confidence indicator	:	:	:	-22	-7	-7	-3	0	-3	:	:	0	:	:	
D															
production expectations	+17	-32	+10	-30	-1	+3	-1	+5	-5	-1	+3	+3	+5	+6	
order-books	+5	-73	-6	-59	-23	-22	-20	-15	-20	-21	-19	-16	-16	-14	
export order-books	:	:	-14	-50	-31	-28	-25	-21	-26	-24	-24	-23	-20	-20	
stocks of finished products	-7	+43	-2	+31	+10	+8	+7	+4	+7	+8	+7	+4	+5	+4	
selling-price expectations	+55	+4	+38	+4	+13	+19	+12	+18	+9	+12	+16	+17	+17	+19	
industrial confidence indicator	+10	-49	+2	-40	-12	-9	-10	-5	-11	-10	-8	-6	-5	-4	
GR															
production expectations	:	:	:	:	+16	+16	+22	+21	+22	+27	+18	+18	+24	+21	
order-books	:	:	:	:	-23	-23	-20	-19	-22	-18	-21	-20	-26	-12	
export order-books	:	:	:	:	-26	-21	-18	-26	-16	-17	-20	-25	-27	-25	
stocks of finished products	:	:	:	:	+11	+14	+18	+9	+18	+18	+17	+11	+9	+7	
selling-price expectations	:	:	:	:	+23	+21	+25	+24	+24	+21	+30	+31	+22	+18	
industrial confidence indicator	:	:	:	:	-6	-7	-5	-2	-6	-3	-7	-4	-4	+1	
F															
production expectations	+33	-29	+18	-20	+4	+9	+7	+9	+7	+8	+6	+7	+10	+9	
order-books	+26	-69	0	-56	-18	-11	-5	+1	-5	-3	-6	0	-1	+3	
export order-books	+24	-66	+10	-52	-22	-10	-2	+2	-5	-3	+1	+1	+3	+3	
stocks of finished products	-14	+50	+3	+42	+8	+4	+6	+7	+3	+9	+5	+8	+8	+6	
selling-price expectations	+76	+15	+62	+17	+16	+17	+13	+13	+14	+12	+12	+14	+14	+11	
industrial confidence indicator	+29	-49	+5	-39	-8	-2	-1	+1	0	-1	-2	0	0	+2	
IRL															
production expectations	:	-21	+40	-33	+9	-4	-3	+9	-7	0	-1	+8	+9	+10	
order-books	:	-68	+18	-55	-11	-10	-12	-4	-10	-15	-10	-6	-5	0	
stocks of finished products	:	+35	-6	+33	+5	+5	+4	+1	+3	+5	+3	+2	+4	-4	
selling-price expectations	:	+64	+77	+20	+9	+9	+2	+9	+5	0	+2	+6	+11	+11	
industrial confidence indicator	:	-41	+20	-40	-2	-6	-6	+2	-7	-7	-5	0	0	+5	
I															
production expectations	+40	-43	+24	+26	+11	+13	+11	+9	+11	+11	+12	+3	+9	+16	
order-books	+30	-82	+7	-66	-10	-6	-2	-1	-2	-3	-1	0	-4	+1	
export order-books	+13	-67	-6	-59	-25	-24	-20	-13	-22	-19	-19	-11	-13	-14	
stocks of finished products	-24	+53	-8	+32	+7	+4	+5	-1	+5	+4	+6	-2	+1	-2	
selling-price expectations	+76	+10	+87	+37	+18	+27	+18	+21	+18	+17	+19	+17	+22	+24	
industrial confidence indicator	+31	-59	+13	-41	-2	+1	+1	+3	+1	+1	+2	+2	+1	+6	
L															
production expectations	+84	-80	+40	-66	-13	+8	+5	+6	+3	+5	+8	+12	-2	+7	
order-books	:	:	+8	-70	-40	-34	-6	+4	-10	-5	-4	+3	+3	+6	
export order-books	:	:	+9	-80	-52	-32	-16	-6	-17	-16	-15	-11	-8	+1	
stocks of finished products	-14	+74	0	+58	0	+1	-4	-5	-4	-2	-5	-5	-4	-7	
selling-price expectations	:	-46	+74	-38	+18	+60	+55	+50	+46	+51	+67	+53	+48	+48	
industrial confidence indicator	:	:	+16	-65	-18	-9	+1	+5	-1	+1	+3	+7	+2	+7	
NL															
production expectations	+26	-26	+20	-13	+3	+4	0	+3	0	+1	0	+4	+2	+4	
order-books	+7	-48	-5	-42	-14	-13	-11	-8	-11	-11	-10	-8	-7	-8	
stocks of finished products	-3	+57	+3	+39	+4	+3	+4	+2	+4	+4	+3	+2	+1	+2	
industrial confidence indicator	+12	-44	+4	-31	-5	-4	-5	-2	-5	-5	-4	-2	-2	-2	
UK															
production expectations	:	:	+29	-52	+30	+35	+33	+30	+34	+32	+32	+29	+33	+29	
order-books	:	:	-2	-85	+5	+16	+21	+17	+26	+19	+18	+19	+18	+15	
export order-books	:	:	-11	-72	+1	+8	+10	+3	+12	+10	+7	+4	+2	+3	
stocks of finished products	:	:	-1	+42	+2	-5	-2	-1	-4	-3	0	0	-3	-1	
selling-price expectations	:	:	+70	+7	+26	+28	+27	+26	+30	+28	+23	+28	+21	+29	
industrial confidence indicator	:	:	+9	-60	+11	+19	+19	+16	+21	+18	+17	+16	+18	+15	
EUR															
production expectations	+24	-30	+15	-24	+9	+12	+10	+12	+9	+10	+11	+9	+13	+13	
order-books	+15	-70	-7	-56	-13	-8	-5	-2	-4	-5	-5	-2	-3	-1	
export order-books	:	:	-12	-50	-25	-20	-14	-10	-16	-13	-12	-11	-10	-10	
stocks of finished products	-10	+48	-1	+31	+7	+4	+4	+2	+3	+5	+5	+2	+3	+2	
selling-price expectations	+64	+9	+53	+22	+18	+23	+16	+19	+16	+16	+17	+19	+18	+21	
industrial confidence indicator	+16	-49	+3	-36	-3	0	0	+2	+1	0	0	+2	+2	+3	

(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.

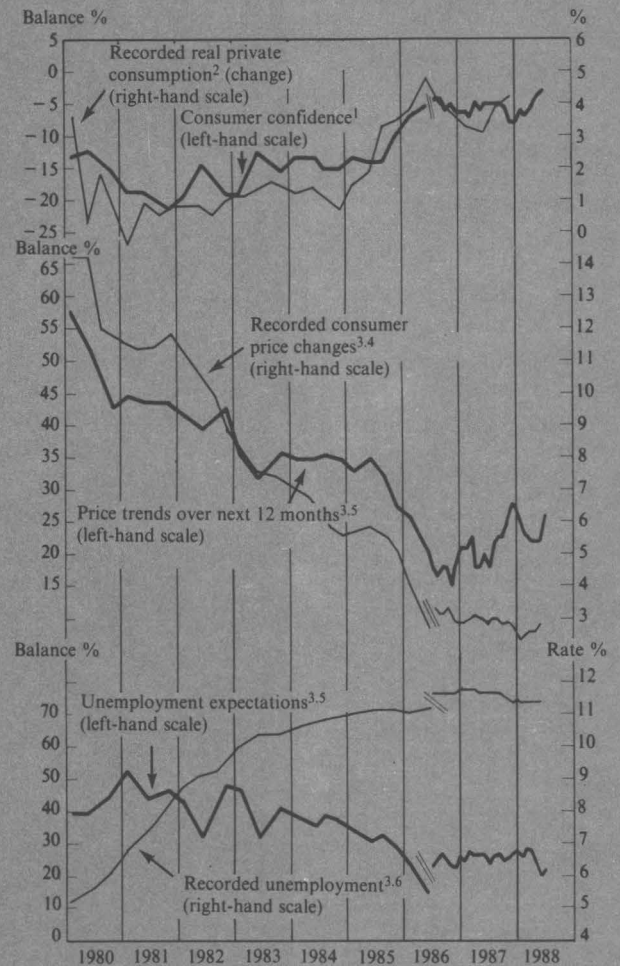
Note: (s.a.) = seasonally adjusted. : = not available. () = estimated. Source: European Community business surveys.

GRAPH 10: Leading indicators for the European Community, the USA and Japan



Sources: Commission of the European Communities. US Department. Economic Planning. Agency of the Japanese Government. Arabic number indicates latest month for which data are available ('6' June).

GRAPH 11: Consumer survey results and objective economic indicators — European Community⁷



For notes, Table 10. Sources: European Community consumer survey and Eurostat.

TABLE 8: Results of business surveys in the retail trade (a) (b)

		1986				1987												1988				
		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.	May(f)
PRESENT BUSINESS SITUATION	B	10	11	-13	8	-5	-13	-3	-12	-16	-16	-11	-6	-12	-13	-7	-12	-2	-4	7	-26	-9
	D	-1	-11	-14	7	-10	-3	-6	3	-21	-15	-3	-5	-12	-3	7	10	-7	0	11	-8	-5
	F(c)	-11	:	-11	:	-9	:	-9	:	-10	:	-30	:	-20	:	-11	:	1	:	-8	:	-11
	I(c) (d)	7	:	3	:	6	:	-2	:	2	:	4	:	-2	:	-1	:	0	:	3	:	-2
	NL	55	45	48	56	36	39	38	47	41	39	36	41	33	45	35	35	32	26	30	30	30
	UK(e)	24	17	18	36	20	29	20	20	21	9	32	22	21	22	20	24	38	37	27	10	21
	EUR6	6	2	-1	10	1	5	1	4	-3	-3	0	-2	-4	0	5	6	6	8	9	-1	1
VOLUME OF STOCKS	B	0	0	17	9	6	12	15	16	12	17	14	7	13	17	10	6	12	6	4	14	16
	D	24	28	31	25	23	24	23	27	33	30	29	23	28	25	21	22	23	26	21	32	25
	F(c)	8	:	15	:	19	:	8	:	18	:	27	:	19	:	20	:	19	:	18	:	22
	I(c) (d)	20	:	30	:	18	:	19	:	20	:	26	:	19	:	23	:	19	:	18	:	20
	NL	8	7	12	4	12	9	8	10	24	16	12	11	16	16	18	17	16	15	21	21	20
	UK	4	16	15	18	18	16	20	10	7	4	8	8	5	6	7	13	8	8	9	18	6
	EUR6	14	17	23	21	19	19	17	17	21	19	23	21	19	18	18	19	18	18	17	22	19
INTENTION OF PLACING ORDERS	B	11	-3	-8	-10	6	10	1	-1	-15	-9	-3	8	-4	-9	-14	-20	5	2	2	-2	-4
	D	0	-1	-16	-9	-8	-1	-7	-8	-17	-14	-5	-1	-3	3	-6	-7	-6	-5	-8	-11	-13
	F(c)	-12	:	-9	:	-24	:	-17	:	-18	:	-27	:	-17	:	-19	:	-28	:	-16	:	-20
	I(c) (d)	2	:	-1	:	-6	:	-6	:	-15	:	-8	:	-11	:	-12	:	-12	:	-8	:	-11
	NL	20	18	14	20	24	28	19	17	7	8	19	13	7	4	6	6	1	6	1	-3	-1
	UK	38	27	25	24	24	30	23	26	37	37	37	42	43	30	32	32	35	36	32	37	29
	EUR6	6	3	-2	0	-3	0	-2	-2	-6	-5	-2	0	1	0	-3	-4	-4	-4	-2	-3	-6
EXPECTED BUSINESS SITUATION	B	25	10	13	-4	16	32	19	-1	-6	-4	16	29	-4	8	3	-18	12	19	15	2	0
	D	12	-2	-4	5	3	6	7	-1	-2	-4	8	3	8	7	-1	-1	1	11	4	1	0
	F(c)	-14	:	-20	:	-39	:	-34	:	-30	:	-48	:	-35	:	-44	:	-47	:	-38	:	-35
	I(c) (d)	20	:	13	:	10	:	20	:	8	:	6	:	2	:	2	:	1	:	9	:	-4
	NL	40	39	31	46	44	42	38	31	25	24	38	32	30	22	20	23	18	26	18	18	19
	UK	:	34	:	:	:	39	:	:	41	:	:	:	42	:	:	28	:	35	:	:	40
	EUR6	14	9	5	8	3	5	8	4	2	2	2	1	4	3	-4	-5	-4	1	2	0	-1
EMPLOYMENT OUTLOOK	B	2	1	4	3	1	1	-1	6	1	8	3	-1	-7	-7	-12	-6	4	4	-2	2	1
	D	-1	:	:	-4	:	:	-4	:	:	4	:	:	-2	:	:	-6	:	:	0	:	:
	F(c)	-14	:	-4	:	-18	:	-10	:	-4	:	-2	:	-19	:	-5	:	-16	:	-10	:	-3
	I(c) (d)	-2	:	-9	:	-15	:	-5	:	-3	:	-5	:	-5	:	-1	:	-3	:	-2	:	-3
	NL	10	7	6	9	14	11	9	12	15	6	5	6	7	6	4	5	6	3	8	6	6
	UK	:	:	10	:	:	20	:	:	38	:	:	25	:	:	41	:	:	16	:	:	28
	EUR6	-1	-1	-1	-2	-6	-4	-1	0	5	7	7	4	-2	-2	5	4	1	-3	0	0	4

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

Source: EC Survey in the retail trade.

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 Danmarks Statistik	DS	DS	—	DS
Federal Republic of Germany	IFO Institut für Wirtschafts- forschung	IFO	IFO	IFO	GfK Marktforschung
Greece	IEIR Institute of Economic and Industrial Research	IEIR	IEIR	—	NSS National Statistical Service
Spain	MIE Ministerio de Industria y Energia	—	MIE	—	INTERGALLUP S.A. and INTERCAMPO S.A.
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 Economisch Instituut voor de Bouwnijverheid	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

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):

- 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.

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