

EUROPEAN ECONOMY

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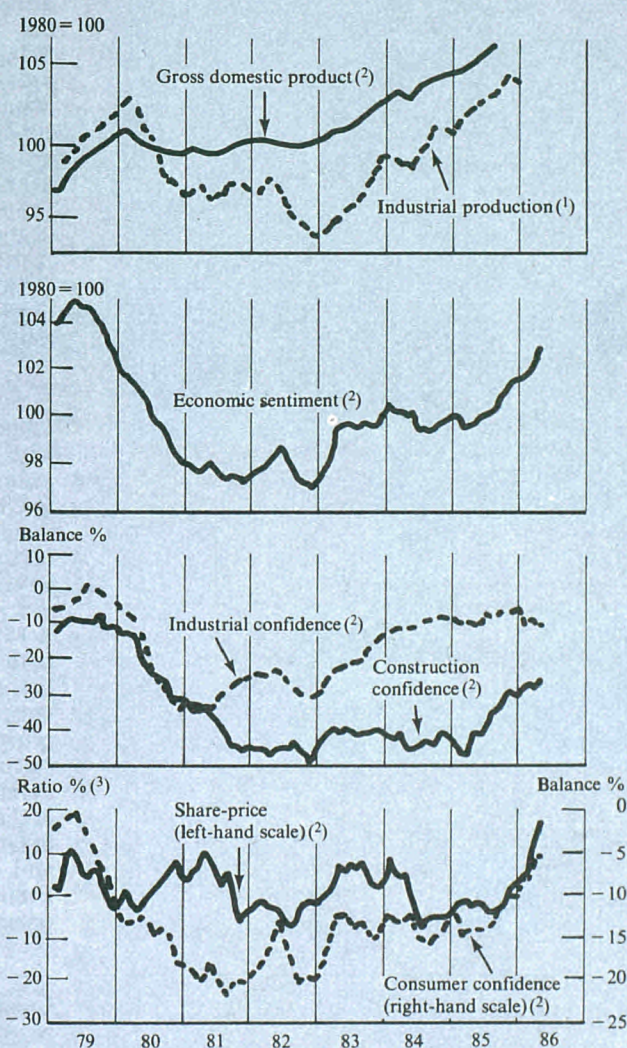
*Capacity utilization
and employment expectations
in industry*

Business and consumer survey results

THE MAIN POINTS IN BRIEF

- Capacity utilization in industry down to 81.8% (compared with 82.3% in January 1986). The fall is concentrated in the basic industries.
- Employment prospects in industry somewhat worse, especially in the United Kingdom.
- The consumer climate in Europe brightened further. There is greater inclination to make purchases, mainly because income expectations are more favourable.
- Despite the temporarily weaker tendencies in industry the European leading indicator has improved further (102.9 compared with 102.6 in March; 1980=100). The decline in the industrial confidence indicator was more than offset by the improvement in the consumer climate, the slight tendency for construction to recover and the further rise in share prices in April.

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

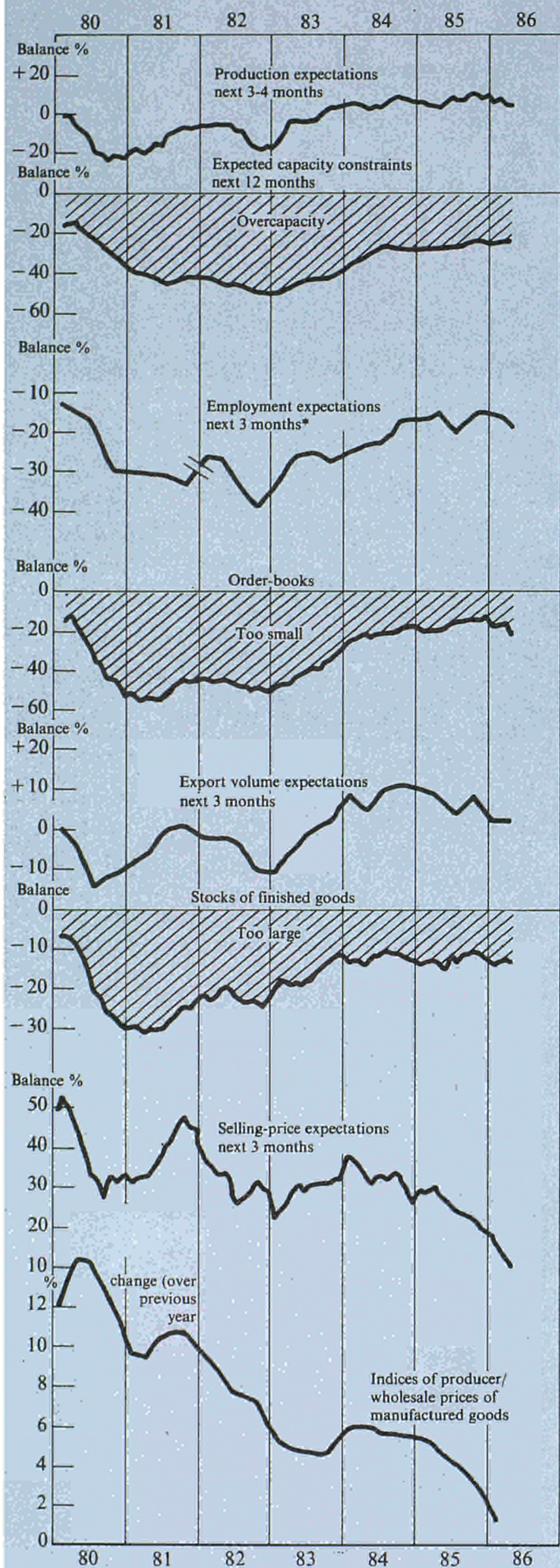


(1) Three-month moving average.

(2) See notes to Table 8.

(3) Deviations from trend in %.

GRAPH 2: Indicators of output, demand and prices in industry — European Community



* Quarterly data since 1982; before twice-yearly

Capacity utilization in industry down. — The effects of the drop in the oil price in stimulating activity have still not reached industry. At the beginning of the second quarter of 1986 the utilization of production capacities was half a percentage point down on the beginning of the year (81.8% compared with 82.3% in January). This widened the gap with the peak reached in 1979 to 2.1 percentage points, and with the 1973 peak to 4.6 percentage points. The decline in capacity utilization was concentrated in the basic industries, in particular iron and steel production and the branches of industry dependent on construction. However, average capacity utilization in the consumer goods industries rose slightly (82.3% compared with 82.2% in January), and stood still in the capital goods industries (82.8%; see Table 2). There is reason to believe that the demand for products of the basic industries has slackened mainly because of reasons connected with the stock cycle. Customers are clearly expecting the prices of these products to weaken further, and are therefore holding back on ordering. This tendency is being reinforced by the fact that most branches of industry have had less expansionary production plans since the beginning of the year. Lastly, the loss of competitiveness determined by currency movements has hit the price-sensitive products of the basic industries harder than most. The present not very expansionary production plans in European industry and the calmness on the prices front give no indication of any tendency for stocks of raw materials and primary materials to be built up, at least in the next few months. For this reason demand for products of the basic industries will at first continue to be sluggish. Only if consumer and investment demand increase sharply as they are expected to do in the second half of 1986 and at the beginning of 1987 is this likely to have a greater effect on the basic industries as well, as a result of the impact on inventories.

Broken down by member countries, the main falls in capacity utilization at the beginning of the second quarter took place in the United Kingdom, the Federal Republic of Germany, Belgium and Luxembourg. However, there was a marked improvement in utilization in Italy and Ireland. This is probably connected with the fact that in both these member countries export demand is having no adverse effects on production growth, or if there are any such adverse effects they are not nearly so serious as in most of the other member countries. In France, capacity utilization rose slightly mainly as a result of livelier domestic demand. But France's export orders were in April again judged to be appreciably down (-29 compared with -16; balance) and export expectations are also gloomier (-6 compared with 0; balance); the more cheerful assessments which followed the devaluation of the franc were therefore shortlived.

Employment projects in industry somewhat worse. — In line with the decline in capacity utilization and the more subdued production prospects, Community industry's employment plans for the next 3 or 4 months were revised downwards. But in most member countries the deterioration in employment prospects is only slight; the United Kingdom is the only country where plans have changed significantly for the worse (-15 compared with -7; balance). Employment plans in the Netherlands (balance +15) and in Luxembourg (balance +5) are still on the upward path. In the Federal Republic of Germany no change is expected in the rising employment trend (balance +1); this would suggest that industrial firms in Germany see the present recession in growth as only temporary. The continuing high level of over-manning in French and Italian industry is responsible for the definite downward direction of employment plans, despite the cyclical pick-up in demand (-44 in France and -38 in Italy; balance). According to a special survey carried out in late 1985 and early 1986 on 'labour market and employment', 38% of French and 58% of Italian industrial companies described their present manning levels as too high ¹.

Community leading indicator up further. — Despite the slightly weaker tendencies in industry, the composite indicator improved further (102,9 compared with 102,6; 1980 = 100). The decline in

¹ Detailed results will be published in European Economy, No. 27.

the industrial confidence indicator was more than offset by the rise in share prices (an indicator of interest rate and profit expectations), the further improvement in the consumer climate and the slight seasonal upswing in the building industry.

Construction tending to recovery. — The construction confidence indicator has risen in all the member countries except the United Kingdom and Greece (-26 compared with -28; balance). The improvement in the situation was greater than average in Denmark (+28 compared with +15; balance), the Netherlands (+5 compared with -2; balance), Ireland (-10 compared with -24; balance), Luxembourg (-12 compared with -23; balance) and in Italy (-24 compared with -34; balance). Admittedly employment plans in the construction industry are still pointing downwards for the Community as a whole, but far less than on average for last year (-10 compared with -24, see Table 10).

Consumer climate in Europe continuing cheerful. — Hope for stronger domestic demand in Europe is supported by the most recent results of the EC consumer surveys and also by information from the April survey in the retail trade, which admittedly is available only for some member countries (see Tables 11 and 12).

In the *Federal Republic of Germany* the consumer climate indicator rose further in April. In particular assessments and expectations on the financial situation of households have improved, mainly thanks to the stable or declining consumer prices. But

in contrast with the situation in March, the more favourable assessments were confined to the middle and upper income brackets. Lower income earners also showed themselves to be somewhat more reticent than the month before with regard to purchasing intentions for consumer durables. On the whole, purchasing intentions are still distinctly pointing upwards, and are at a level last seen at the beginning of 1981. In comparison with the other member countries, the propensity to purchase of German consumers for consumer durables is higher than the average. This was reflected in April also in a marked increase in retail turnover, particularly in the motor trade (see Table 11).

In the *United Kingdom* the consumer climate indicator also continued to recover in April. But the last two months have still not entirely made up for February's decline. The improvement in the consumer climate in April stemmed mainly from a less pessimistic assessment of the general economic situation. However, in the United Kingdom (unlike in the Federal Republic of Germany) the financial situation of households is assessed more favourably than the general economic situation. But compared with March the assessments on the real income situation have worsened slightly; this is attributable solely to the answers of consumers in the lower half of the income pyramid. By contrast, higher income earners assessed their financial situation to be more favourable and expressed increased purchasing intentions for consumer durables; nevertheless, in this group of households enough room is also still seen for a distinct increase in savings. The consumer survey results as a whole suggest that - after a

(cont. p. 8)

TABLE 1: Capacity utilization in manufacturing industry % (a)(s.a.)

	Range (b)		Range (b)		1984	1985	1984			1985			1986		
	Peak 1973	Trough 1975	Peak 79/80	Trough 83/83			A	J	O	J	A	J	O	J	A
B	85,4	70,4	79,1	74,4	76,0	78,8	75,1	76,4	77,0	78,0	78,4	78,3	80,4	80,9	79,4
D	88,1	74,8	86,0	75,3	80,2	83,7	81,3	76,6	82,3	82,4	82,6	84,9	84,9	85,2	84,2
F	87,8	76,6	85,3	81,1	81,9	82,8	82,0	81,8	82,3	82,5	82,2	83,0	83,3	83,4	83,7
IRL	:	:	68,1	56,8	61,5	67,3	59,9	63,0	63,3	65,9	61,8	72,7	68,8	74,8	76,2
I	78,8	68,0	77,3	69,1	72,0	74,0	71,3	72,2	73,5	73,8	74,3	74,3	73,5	74,3	75,5
L	:	:	83,0	66,5	77,8	80,9	75,7	79,0	81,6	79,0	82,6	82,6	79,5	87,8	83,3
NL	86,0	76,0	83,0	75,8	82,3	83,8	82,0	82,8	83,6	83,5	84,0	84,0	83,6	83,7	83,0
UK (d)	90,6	75,5	87,6	73,0	82,5	85,8	81,7	83,5	84,5	84,9	84,4	87,4	86,6	85,4	84,3
EUR (c)	86,4	75,0	83,9	76,4	79,1	81,6	79,0	78,3	80,6	81,0	80,9	82,4	82,2	82,3	81,8

TABLE 2: Degree of capacity utilization and expected capacity constraints by industrial branches—European Community (s.a.)*

Industries	Degree of capacity utilization in %						Expected capacity constraints: balances excess capacity (+), capacity too small (-)									
	1984		1985		1985		1986		1984		1985		1986			
					A	J	O	J	A			A	J	O	J	A
Industry as a whole	79,1	81,6	80,9	82,4	82,2	82,3	81,8	+31	+26	+26	+27	+24	+25	+24		
Consumer goods	79,3	81,7	81,6	82,1	81,8	82,2	82,3	+33	+31	+28	+32	+29	+28	+29		
Investment goods	77,6	82,2	81,2	83,8	83,6	82,8	82,8	+34	+22	+19	+21	+20	+23	+20		
Intermediate goods	79,5	80,9	80,4	81,1	80,8	82,2	81,2	+31	+27	+27	+29	+25	+24	+28		
Textile industry	81,8	83,3	84,0	82,8	82,8	83,6	82,9	+24	+21	+27	+20	+18	+22	+26		
Footwear and clothing	84,2	87,3	85,5	89,9	87,1	87,2	85,2	+26	+18	+17	+21	+16	+16	+16		
Timber/wooden furniture	78,2	78,3	77,8	78,6	78,7	79,4	79,2	+38	+32	+35	+31	+28	+30	+29		
Manufacture of paper, paper products, printing of which:	84,4	85,9	85,8	85,7	84,9	85,2	84,0	+13	+17	+16	+17	+19	+19	+14		
manufacture of paper**	:	89,5	89,3	89,9	87,8	88,7	89,6	:	+9	+10	+8	+20	+16	+6		
Leather	79,3	82,3	82,5	82,7	82,0	82,9	79,0	+16	+9	+7	+15	0	+12	+23		
Plastics	80,2	80,5	80,4	80,8	79,4	80,2	81,5	+19	+20	+24	+25	+17	+17	+12		
Mineral-oil refining	73,4	75,7	75,3	76,0	76,2	79,4	83,2	+56	+70	+70	+75	+65	+71	+66		
Metals	74,6	78,8	77,7	79,8	79,5	79,8	78,3	+48	+38	+34	+48	+25	+25	+37		
Non-metallic mineral products	76,7	76,8	76,1	76,7	76,7	78,5	76,5	+47	+49	+48	+52	+51	+50	+42		
Chemical industry	:	:	:	:	:	:	:	+11	+8	+7	+8	+7	+5	+9		
Metal articles	75,9	78,6	77,9	79,4	79,3	80,9	81,1	+38	+30	+34	+29	+26	+27	+23		
Mechanical engineering of which:	78,9	82,2	82,1	82,8	83,8	83,6	83,4	+35	+24	+26	+23	+18	+18	+23		
machines tools	78,3	85,9	85,3	86,8	88,0	88,9	88,3	+32	0	-1	0	-9	-8	+9		
Office & data processing machinery**	:	85,3	83,6	82,9	86,8	83,5	82,1	:	0	+7	0	+8	+10	+4		
Electrical engineering	80,5	83,9	84,6	84,3	84,5	83,2	83,0	+27	+25	+23	+19	+27	+23	+18		
Motor vehicles	:	:	:	:	:	:	:	+45	+43	+41	+47	+38	+44	+38		
Shipbuilding	63,3	67,6	67,6	66,0	72,4	74,7	69,0	+59	+57	+28	+66	+71	+62	+65		
Rubber products	79,7	81,1	81,2	82,1	79,8	82,0	81,9	+28	+20	+24	+17	+25	+21	+23		
Instrument engineering	81,9	85,0	84,8	84,1	85,2	83,8	83,2	+24	+10	+12	+11	+9	+11	+9		

* EUR 9 (excluding Greece).

** Not seasonally adjusted as time-series too short.

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

(b) These are the extreme (high and low) values reached in the periods 1973-1975 and 1979-83, respectively.

(c) Weighted total of available country data.

(d) The series for the United Kingdom are estimated using the national (Confederation of British Industry) data on the percentage of firms reporting below-capacity working.

Source: European Community business surveys.

TABLE 3: Expected capacity constraints in manufacturing industry: i.e. balance of respondents expecting capacity to be more than sufficient in relation to production expectations (a)(d)(s.a.)

	Range (b)		Range (b)		1984		1985		1985		1986	
	Peak 1973	Trough 1975	Peak 79/80	Trough 82/83			J	A	J	O	J	A
B	-12	+58	+35	+53	+31	+29	+29	+30	+32	+26	+24	+26
DK	:	:	+10	+38	+10	+3	+4	+7	+4	-2	0	+8
D	-3	+56	+12	+49	+24	+17	+20	+19	+16	+14	+12	+11
F	-24	+45	+11	+48	+39	+37	+41	+31	+42	+32	+33	+34
IRL	:	+34	+2	+40	+31	+25	+26	+37	+21	+17	+20	+18
I	+1	+63	+17	+58	+37	+37	+35	+37	+38	+39	+41	+35
L	-72	+73	+37	+62	+48	+12	+44	+1	+4	0	-4	+3
NL	-3	+60	+14	+51	+12	+4	+5	+5	+2	+4	+2	+4
UK	:	:	:	+63	+33	+23	+28	+24	+22	+19	+28	+27
EUR (c)	-7	+54	+14	+50	+31	+26	+28	+26	+27	+24	+25	+24

TABLE 4: New orders in manufacturing industry (a) (s.a.)

Balances: i.e., differences between the percentages of respondents giving positive and negative replies

	Range (b)		1984		1985		1984		1985		1986	
	Peak 1979	Trough 1981/82			J	O	J	A	J	O	J	A
B	+8	-22	-7	-1	-7	-8	-4	-1	-1	+2	-7	-13
DK	:	-14	+30	+21	+26	+36	+31	+15	+27	+11	+18	+16
D	+17	-26	+8	+1	+10	+7	-9	-4	-1	+10	+1	-11
F	+14	-35	-17	-14	-17	-15	-17	-16	-13	-9	-11	-8
IRL	:	-46	-4	-8	+5	-10	-7	-10	-6	-10	-10	-17
I	+7	-25	+3	+6	+4	+5	+6	-5	+3	+19	+4	+8
L	+45	-67	+3	+12	+10	+6	+5	+31	+6	+6	+3	-22
NL	+9	-6	+7	+4	+3	0	-1	+5	+11	0	-3	-1
UK	:	-21	+17	+14	+16	+18	+13	+14	+12	+18	+1	-13
EUR (c)	+14	-21	+3	+2	+4	+4	-2	-2	+1	+9	+1	-6

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

Balances: i.e., differences between the percentages of respondents giving positive and negative replies

	Range (b)		1984		1985		1984		1985		1986	
	Peak 1979	Trough 1981/82			J	O	J	A	J	O	J	A
D	+6	-15	+10	+8	+13	+16	+9	+12	+4	+7	0	-3
GR	:	-13	+27	+27	+38	+28	+27	+24	+33	+23	+20	+21
F	+13	-23	6	+1	-1	-5	+3	-2	-5	+6	0	-6
IRL	:	-8	+14	+12	+27	+6	+8	+8	+7	+24	+16	+19
I	+16	-14	+11	+9	+10	+9	+11	+6	+6	+12	+1	+11
L	+62	-67	7	+2	+6	+13	+6	-6	+1	+7	+10	-41
NL	+20	-11	+12	+4	+2	+10	+3	+3	+1	+8	+6	0
UK	:	-4	+17	+15	+14	+20	+22	+16	+14	+9	+4	+14
EUR (c)	+11	-11	+9	+8	+9	+11	+10	+9	+4	+8	+2	+2

TABLE 6: Employment expectations in manufacturing industry (a)(s.a.)

Balance of respondents expecting employment up, unchanged or down

	Range (b)		Range (b)		1984		1985		1985		1986	
	Peak 1973	Trough 1975	Peak 1979	Trough 1982/83			I	II	III	IV	I	II
B	+12	-26	-2	-17	-9	-9	-7	-11	-11	-7	-8	-10
DK	:	:	:	-14	+10	+4	+7	+5	+2	+1	-1	-3
D	+13	-34	+2	-38	-11	-4	-8	-5	-5	+1	+1	+1
GR	:	:	:	:	-2	-3	-4	-4	-1	-3	-1	0
F	+17	-35	-23	-48	-44	-43	-42	-41	-44	-45	-40	-44
IRL	+15	-34	+4	-35	-20	-7	-18	-14	-1	+7	-9	-7
I	+13	-26	+3	-39	-34	-33	(-31)	-31	-39	-29	-35	-38
L	+75	-67	-1	-62	-26	+1	+6	+3	-2	-3	+6	+5
NL	+4	-32	-6	-36	-4	+11	+10	+10	+9	+13	+17	+15
UK	:	:	:	-43	-11	-3	-2	+2	-9	-4	-7	-15
EUR	+12	-31	-6	-40	-21	-17	-17	-15	-20	-15	-16	-19

TABLE 7: Estimated number of months' production assured by orders on hand in manufacturing industry (a)(s.a.)

	Range		Range		1984		1985		1985		1986	
	Peak 1973	Trough 1975	Peak 1979	Trough 1982/83			I	II	III	IV	I	II
B	4,5	2,8	3,7	3,0	3,4	3,4	3,4	3,3	3,5	3,4	3,3	3,3
D	3,3	2,8	3,4	2,6	2,8	2,9	2,8	2,8	2,9	2,9	2,9	2,8
GR	:	:	:	5,0	5,3	5,1	5,3	5,1	5,0	4,9	6,0	5,3
F	3,5	2,7	4,2	3,3	3,1	3,1	3,1	3,1	3,2	3,1	2,9	2,7
IRL	2,2	1,8	2,6	1,5	1,9	2,0	2,2	2,1	1,8	1,9	1,9	2,2
I	4,7	3,7	5,3	3,8	4,3	4,4	4,4	4,3	4,3	4,4	4,1	4,1
L	3,5	1,4	2,4	1,7	1,9	1,9	2,0	1,8	2,0	1,9	2,7	2,7
NL	4,7	2,6	4,2	2,5	2,9	3,1	3,1	3,0	3,0	3,3	3,2	3,3
UK	:	:	4,2	1,9	3,0	3,7	2,8	3,9	4,0	4,5	3,6	3,9
EUR (c)	3,7	3,0	3,9	3,0	3,2	3,4	3,2	3,4	3,5	3,6	3,3	3,3

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

(b) These are the extreme (high and low) values of the net balances of the different questions, reached in the periods 1973-1975 and 1979/83 respectively

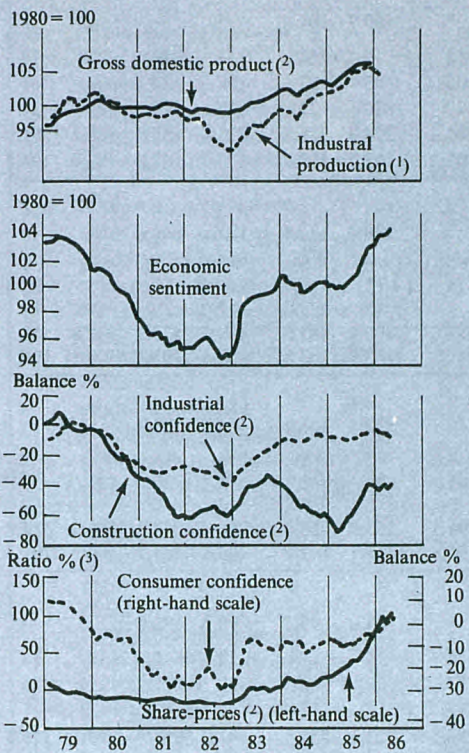
(c) Weighted total of available country data.

(d) Answers to the questions whether, taking into account the level of order-books or production, capacity is more than sufficient (+), sufficient (=) or less than sufficient (-). Thus, negative balances (capacity less than sufficient) indicate high levels of capacity utilization and positive balances (capacity more than sufficient) are associated with low levels of capacity utilization.

Source: European Community business surveys.

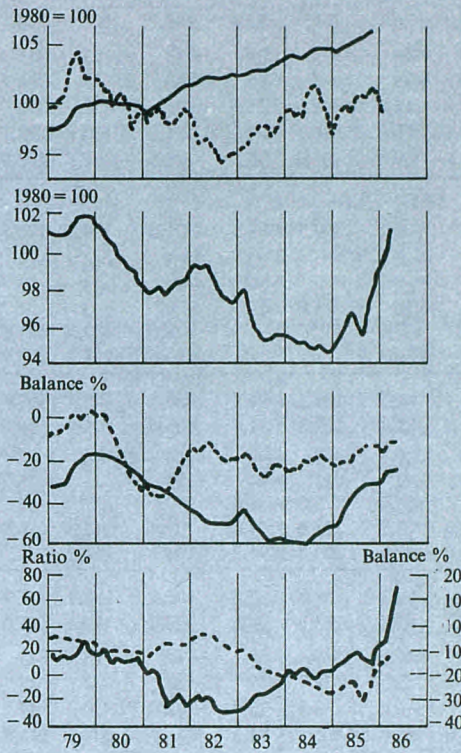
GRAPH 3-8: Indicators of output and economic sentiment

GRAPH 3: Federal Republic of Germany



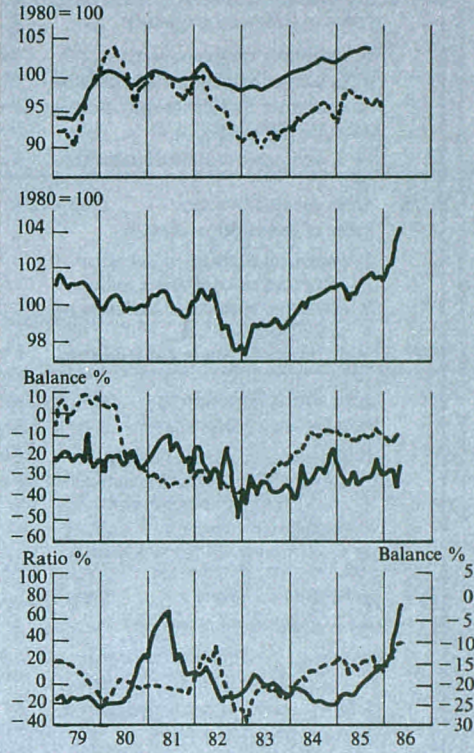
(1) Three-month moving average.
 (2) See notes to Table 8.
 (3) Deviations from trend in %.

GRAPH 4: France.



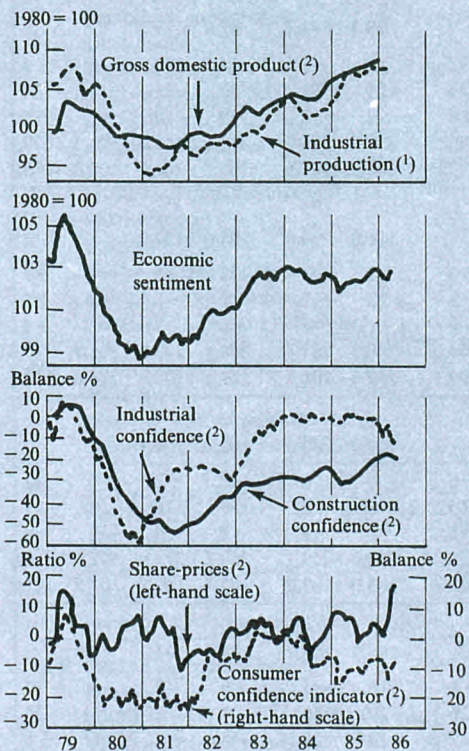
For explanations, see Graph 3.

GRAPH 5: Italy.



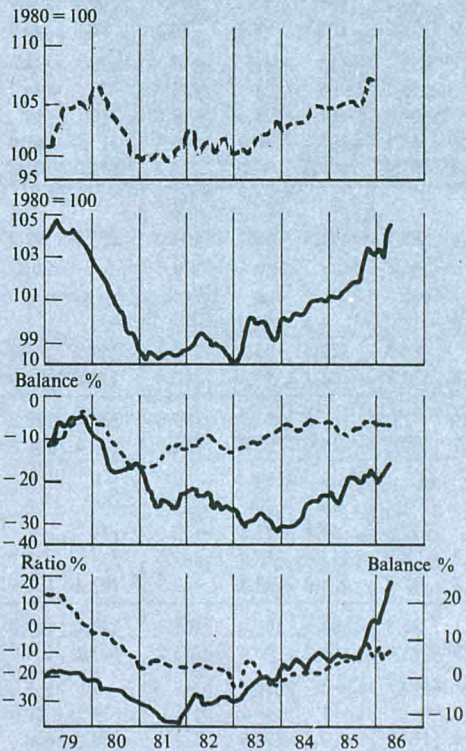
For explanations, see Graph 3.

GRAPH 6: United Kingdom



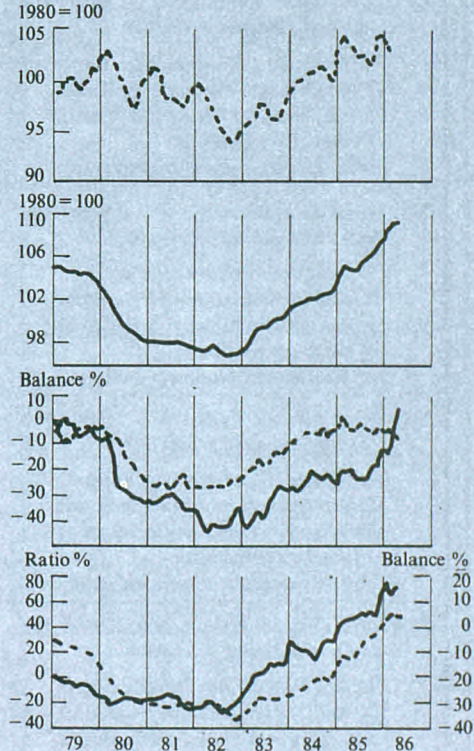
(1) Three-month moving average.
 (2) See notes to Table 8.
 (3) Deviations from trend in %.

GRAPH 7: Belgium



For explanations, see Graph 6.

GRAPH 8: Netherlands



For explanations, see Graph 6.

TABLE 8: Indicators of output and economic sentiment

		Range		Range		1985	1985		1986	1985		1986				
		Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April	
B	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		102,5	76,5	106,3	92,4	103,7	103,1	106,1		109,7	104,4				
	1. industrial confidence indicator		+19	-56	-4	-35	-13	-13	-11	-12	-10	-12	-11	-12	-12	-13
	2. construction confidence indicator		+9	-36	-7	-65	-40	-38	-36	-36	-33	-37	-38	-35	-34	-31
	3. consumer confidence indicator (c)		7,0	-18,0	-7,0	-31,0	-21	-21	-19	-20	-20	-21	-18	-22	-20	-19
	4. share-price index (c)		155,1	98,0	114,3	75,0	185,3	176,6	219,7	240,3	224,3	226,7	220,1	234,6	266,1	281,9
	= 5. economic sentiment indicator		107,9	99,4	103,0	97,5	101,6	101,7	103,0	103,2	103,2	102,7	103,2	102,6	103,8	104,4
DK	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		:	:	107,7	95,5	121,0	124,2	126,5		126,2	122,4	127,1			
	1. industrial confidence indicator		:	:		-22	+13	+14	+9	+5	(+9)	(+9)	+5	(+5)	(+5)	+1
	2. construction confidence indicator		:	:		-36	+11	+15	+15	+15	(+15)	(+15)	+15	(+15)	(+15)	+28
	3. consumer confidence indicator (c)			-16	5,0	-22	+4	3	7	7	(7)	(7)	7	(7)	(7)	-1
	4. share-price index (c)		:	:			426,0	447,5	483,6	483,6	480,9	487,8	472,7	475,3	502,0	518,5
	= 5. economic sentiment indicator		:	:			104,6	104,7	103,9		(103,9)	(103,8)	103,5	(103,4)	(103,5)	103,5
D	<i>gross domestic product</i> (b)	1980 = 100	85,1	83,3	101,2	98,9	106,1	107,4	107,4	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,0	82,4	103,1	91,4	105,0	105,9	106,6	:	108,4	102,8	106,1	106,4		
	1. industrial confidence indicator		+10	-49	+2	-40	-6	-6	-2	-4	-2	-1	-3	-4	-6	-7
	2. construction confidence indicator		-4	-72	+11	-64	-54	-49	-38	-41	-38	-41	-42	-39	-41	-39
	3. consumer confidence indicator (c)			-22,2		9,0	-31,0	-7	-4	0	-5	-5	-2	0	1	2
	4. share-price index (c)		109,0	75,2	115,6	97,6	209,4	213,8	256,3	295,3	257,9	268,0	299,9	287,9	298,2	315,8
	= 5. economic sentiment indicator		103,8	97,0	103,6	94,7	102,1	102,8	103,7	104,8	103,7	103,8	104,8	104,7	104,9	105,3
F	<i>gross domestic product</i>	1980 = 100	85,4	84,2	99,8	102,4	105,9	106,5	107,4	:	:	:	:	:	:	:
	<i>index of industrial production</i>		96,7	82,2	105,2	94,8	100,0	101,0	101,0	:	103,0	99,2	98,5	100,0		
	1. industrial confidence indicator		+29	-49	+5	-39	-17	-15	-13	-15	-14	-12	-18	-15	-12	-12
	2. construction confidence indicator		:	:	-17	-57	-38	-32	-32	-27	(-32)	(-32)	-27	(-27)	(-27)	-24
	3. consumer confidence indicator (c)			-9,0	3,0	-27,0	-23	-30	-17	-12	(-17)	(-17)	-12	(-12)	(-12)	-11
	4. share-price index (c)		86,6	53,6	101,2	82,7	201,7	204,2	219,7	259,5	223,1	236,8	243,7	244,9	290,1	336,8
	= 5. economic sentiment indicator		107,8	97,6	101,8	95,1	96,6	96,0	98,1	99,8	98,2	98,9	99,1	99,7	100,5	101,2
IRL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		80,4	72,3	103,8	99,6	126,3	122,8	126,4	:	129,5	125,1				
	1. industrial confidence indicator		:	-41	+20	-40	-7	-2	-6	-6	-7	-7	-6	-4	-9	-8
	2. construction confidence indicator		:	:			-27	-29	-28	-24	(-28)	(-28)	-24	(-24)	(-24)	-10
	3. consumer confidence indicator (c)			-41,0	12,0	-44,0	-29	-27	-27	-28	(-27)	(-27)	-28	(-28)	(-28)	-27
	4. share-price index (c)		85,8	29,9	112,2	79,4	148,9	155,0	169,8	234,8	169,7	183,8	191,3	189,8	223,2	239,3
	= 5. economic sentiment indicator		109,1	96,7	103,6	98,1	100,2	100,5	100,7	100,9	100,6	100,7	100,8	100,7	101,1	101,4
I	<i>gross domestic product</i>	1980 = 100	80,4	77,2	101,2	98,2	104,7	105,1	105,7	:	:	:	:	:	:	:
	<i>index of industrial production</i>		87,9	72,6	104,7	98,1	96,5	96,4	95,9	:	98,3	94,7	96,7	99,2		
	1. industrial confidence indicator		+31	-59	+13	-41	-10	-10	-8	-12	-9	-8	-11	-14	-12	-9
	2. construction confidence indicator		-8	-56	-5	-51	-29	-29	-26	-29	-29	-28	-27	-26	-34	-24
	3. consumer confidence indicator (c)			-39,0	-12,1	-29,6	-12	-10	-14	-8	-12	-16	-9	-10	-5	-5
	4. share-price index (c)		169,6	68,5	185,0	116,9	286,8	315,9	363,0	494,2	359,0	388,0	413,0	468,0	601,5	679,1
	= 5. economic sentiment indicator		103,8	97,4	101,6	97,6	101,7	102,2	101,8	103,2	102,0	101,6	102,7	102,7	104,3	105,1
NL	<i>gross domestic product</i>	1980 = 100	:	:	:	:	:	:	:	:	:	:	:	:	:	:
	<i>index of industrial production</i>		94,8	87,1	117,5	90,7	104,0	101,7	103,7	:	110,0	99,0	104,0	107,0		
	1. industrial confidence indicator		+12	-44	+4	-31	-2	-2	-3	-3	-1	-4	-2	-5	-4	-7
	2. construction confidence indicator		+3	-47	+3	-46	(-19)	(-20)	-15	-8	-18	-11	-12	-9	-2	+5
	3. consumer confidence indicator (c)		6,0	-15,0	5,0	-37,0	-7	-4	-1	+6	(-1)	(-1)	+6	(+6)	(+6)	+5
	4. share-price index (c)			86,3	122,8	92,8	255,1	259,3	275,8	304,0	278,5	287,4	308,1	298,0	305,9	317,4
	= 5. economic sentiment indicator		107,8	100,7	105,3	97,1	106,4	106,8	107,9	109,7	107,9	108,7	109,5	109,6	110,0	110,3
UK	<i>gross domestic product</i>	1980 = 100	94,6	91,0	102,5	97,7	109,0	109,1	110,2	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,7	89,6	110,0	93,8	107,9	108,4	108,6	:	109,9	107,6	108,3	110,1		
	1. industrial confidence indicator		:	:	+9	-60	0	0	0	-6	0	0	-8	-2	-7	-12
	2. construction confidence indicator		:	:	+7	-60	-25	-24	-18	-15	(-18)	(-18)	-15	(-15)	(-15)	-19
	3. consumer confidence indicator (c)			-32,5	14,4	-25,5	-10	-10	-7	-11	-7	-7	-7	-14	-11	-8
	4. share-price index (c)		78,5	23,3	111,6	104,4	242,3	237,5	256,7	280,3	262,3	259,3	260,3	273,0	307,6	315,0
	= 5. economic sentiment indicator		103,8	97,7	104,9	98,8	102,3	102,4	102,9	102,7	103,0	103,0	102,7	102,7	102,8	102,8
EUR	<i>gross domestic product</i> (a)(b)	1980 = 100	85,1	85,5	101,1	101,0	106,4	107,1	107,6	:	:	:	:	:	:	:
	<i>index of industrial production</i>		92,9	83,0	103,2	94,6	103,2	103,2	104,0	:	105,3	102,7	104,1	104,7		
	1. industrial confidence indicator		+16	-49	+3	-36	-7	-7	-5	-8	-6	-5	-9	-8	-8	-10
	2. construction confidence indicator		:	:	-1	-48	-38	-34	-29	-26	(-29)	(-30)	-27	(-26)	(-28)	-26
	3. consumer confidence indicator (c)		4,6	-16,7	0,8	-22,0	-13	-13	-10	-7	-10	-10	-8	-8	-6	-5
	4. share-price index (c)			47,0	115,4	111,7	238,8	240,4	267,2	300,8	270,2	276,2	286,0	291,6	324,8	345,0
	= 5. economic sentiment indicator		107,5	96,6	104,1	97,4	101,1	101,8	101,6	102,2	101,6	101,7	101,9	102,0	102,6	102,9

(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 9: **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	1985		1986	1985		1986			
	Peak 1972/73	Trough 1974/75	Peak 1979/80	Trough 1981/83		III	IV	I	Nov.	Dec.	Jan.	Feb.	March	April
B														
Production expectations	+31	-56	-4	-37	-6	-5	-4	-6	-6	-5	-4	-8	-5	-5
order books	+13	-74	-14	-49	-24	-25	-20	-21	-17	-21	-20	-20	-24	-28
export order-books	+15	-82	-19	-55	-27	-27	-28	-27	-26	-28	-26	-27	-28	-34
stocks of finished products	-14	+37	+2	+18	+10	+9	+8	+8	+7	+10	+8	+8	+7	+6
selling-price expectations	+64	-10	+39	+12	+19	+20	+13	+21	+14	+11	+9	+8	+3	+4
industrial confidence indicator	+19	-56	-4	-35	-13	-13	-11	-12	-10	-12	-11	-12	-12	-13
DK														
Production expectations	:	:	:	+8	+18	+17	+16	+11	:	:	+11	:	:	+4
order books	:	:	:	-34	+25	+29	+22	+15	:	:	+15	:	:	+12
export order-books	:	:	:	+14	+24	+30	+16	+2	:	:	+2	:	:	+1
stocks of finished products	:	:	:	+24	+4	+5	+10	+12	:	:	+12	:	:	+14
industrial confidence indicator	:	:	:	-22	+13	+14	+9	+5	:	:	+5	:	:	+1
D														
Production expectations	+17	-32	+10	-30	+3	+2	+6	+4	+7	+7	+7	+5	+1	+2
order books	+5	-73	-6	-59	-14	-12	-9	-11	-10	-7	-10	-10	-12	-17
export order-books	:	:	-14	-50	-9	-8	-7	-13	-6	-8	-8	-15	-17	-16
stocks of finished products	-7	+43	-2	+31	+7	+7	+4	+6	+4	+4	+6	+7	+6	+6
selling-price expectations	+55	+4	+38	+4	+17	+14	+15	+9	+17	+16	+12	+9	+5	+1
industrial confidence indicator	+10	-49	+2	-40	-6	-6	-2	-4	-2	-1	-3	-4	-6	-7
GR														
Production expectations	:	:	:	:	+21	+21	+19	+24	+14	+19	+20	+28	+23	+30
order books	:	:	:	:	-24	-22	-18	-11	-14	-16	-16	-5	-13	-18
export order-books	:	:	:	:	-33	-27	-30	-22	-30	-26	-29	-14	-24	-16
stocks of finished products	:	:	:	:	+10	+8	+10	+10	+13	+9	+6	+7	+16	+17
selling-price expectations	:	:	:	:	+32	+29	+42	+25	+45	+46	+27	+33	+14	+15
industrial confidence indicator	:	:	:	:	-4	-3	-3	+1	-4	-2	-1	+5	-2	-2
F														
Production expectations	+33	-29	+18	-20	-3	0	0	0	-1	+1	-4	+3	0	-2
order books	+26	-69	0	-56	-30	-28	-24	-27	-27	-21	-31	-28	-21	-23
export order-books	+24	-66	+10	-52	-20	-18	-22	-24	-26	-24	-27	-30	-16	-29
stocks of finished products	-14	+50	+3	+42	+19	+16	+16	+18	+14	+16	+19	+19	+16	+12
selling-price expectations	+76	+15	+62	+17	+29	+28	+19	+18	+14	+14	+20	+16	+19	+15
industrial confidence indicator	+29	-49	+5	-39	-17	-15	-13	-15	-14	-12	-18	-15	-12	-12
IRL														
Production expectations	:	-21	+40	-33	+6	+11	+7	+9	+8	+4	+5	+11	+10	+19
order books	:	-68	+18	-55	-20	-14	-17	-16	-13	-14	-15	-13	-21	-31
stocks of finished products	:	+35	-6	+33	+8	+3	+8	+12	+15	+12	+9	+11	+15	+11
selling-price expectations	:	+64	+77	+20	+14	+12	+3	-1	-1	+10	+2	+4	-9	-16
industrial confidence indicator	:	-41	+20	-40	-7	-2	-6	-6	-7	-7	-6	-4	-9	-8
I														
Production expectations	+40	-43	+24	-26	+8	+6	+13	+7	+10	+17	+8	+7	+6	+17
order books	+30	-82	+7	-66	-21	-20	-21	-26	-22	-22	-23	-29	-25	-27
export order-books	+13	-67	-6	-59	-30	-30	-30	-30	-29	-31	-34	-28	-29	-34
stocks of finished products	-24	+53	-8	+32	+16	+15	+15	+18	+15	+19	+19	+20	+16	+17
selling-price expectations	+76	+10	+87	+37	+39	+36	+34	+26	+34	+31	+29	+24	+25	+17
industrial confidence indicator	+31	-59	+13	-41	-10	-10	-8	-12	-9	-8	-11	-14	-12	-9
L														
Production expectations	+84	-80	+40	-66	-1	+3	-5	+1	+6	-24	+12	-12	+3	+9
order books	:	:	+8	-70	+3	+6	+2	-5	+6	-4	-10	-5	-1	-2
export order-books	:	:	+9	-80	-3	+9	-21	-18	-27	-42	-22	-11	-16	-12
stocks of finished products	-14	+74	0	+58	+3	+2	+3	+1	+8	-2	0	-7	+4	+12
selling-price expectations	:	-46	+74	-38	+17	+24	+18	-20	+22	+3	0	-22	-48	-60
industrial confidence indicator	:	:	+16	-65	0	+2	-2	-1	+2	-9	+1	-3	+1	-2
NL														
Production expectations	+26	-26	+20	-13	+4	+2	+3	+3	+7	+2	+5	0	+3	0
order books	+7	-48	-5	-42	-5	-5	-8	-8	-8	-7	-5	-8	-11	-12
stocks of finished products	-3	+57	+3	+39	+4	+3	+4	+5	+3	+6	+5	+6	+5	+8
industrial confidence indicator	+12	-44	+4	-31	-2	-2	-3	-3	-1	-4	-2	-5	-4	-7
UK														
Production expectations	:	:	+29	-52	+20	+19	+20	+11	+17	+21	+9	+17	+8	+7
order books	:	:	-2	-85	-7	-5	-5	-12	-3	-6	-13	-9	-14	-23
export order-books	:	:	-11	-72	-5	-5	-8	-15	-4	-10	-15	-14	-15	-24
stocks of finished products	:	:	-1	+42	+14	+15	+15	+16	+14	+15	+19	+13	+15	+19
selling-price expectations	:	:	+70	+7	+23	+20	+16	+14	+16	+15	+15	+13	+14	+16
industrial confidence indicator	:	:	+9	-60	0	0	0	-6	0	0	-8	-2	-7	-12
EUR														
Production expectations	+24	-30	+15	-24	+7	+7	+9	+6	+8	+10	+5	+8	+4	+4
order books	+15	-70	-7	-56	-17	-16	-14	-17	-14	-12	-18	-17	-17	-21
export order-books	:	:	-12	-50	-15	-15	-16	-19	-15	-17	-19	-20	-19	-25
stocks of finished products	-10	+48	-1	+31	+12	+11	+11	+13	+11	+12	+14	+14	+12	+13
selling-price expectations	+64	+9	+53	+22	+25	+22	+21	+16	+20	+19	+18	+15	+13	+10
industrial confidence indicator	+16	-49	+3	-36	-7	-7	-5	-8	-6	-5	-9	-8	-8	-10

(a) The indicator is an average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

(b) These are the extreme (high and low) values of the balances of the different questions, reached in the course of 1972-1975 and 1979-1983, respectively.

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

TABLE 10: Survey of the construction industry

Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.) (b)

	Range (c)		Range (c)		1985	1985		1986	1985		1986			
	Peak 72/73	Trough 74/75	Peak 79/80	Trough 81/83		III	IV		I	Nov.	Dec.	Jan.	Feb.	March
B order-books	-13	-47	-20	-76	-55	-51	-53	-53	-51	-56	-55	-52	-53	-51
employment expectations	+31	-24	+7	-53	-24	-24	-18	-18	-14	-18	-21	-18	-14	-10
price expectations	+75	+25	+61	-18	+2	+1	+12	+8	+15	+12	+10	+8	+6	+9
construction confidence indicator (a)	+9	-36	-7	-65	-40	-38	-36	-36	-33	-37	-38	-35	-34	-31
DK order-books	:	:	:	-38	+13	+20	+16	+16	(+16)	(+16)	+16	(+16)	(+16)	+39
employment expectations	:	:	:	-35	+9	+10	+13	+13	(+13)	(+13)	+13	(+13)	(+13)	+17
construction confidence indicator (a)	:	:	:	-37	+11	+15	+15	+15	(+15)	(+15)	+15	(+15)	(+15)	+28
D order-books	-17	-84	+2	-75	-70	-69	-60	-63	-57	-63	-64	-63	-61	-60
employment expectations	+10	-60	+20	-53	-38	-29	-18	-18	-19	-19	-19	-15	-21	-18
price expectations	+48	-37	+48	-49	-14	-6	+4	+3	+7	+5	+4	+6	0	0
construction confidence indicator (a)	-4	-72	+11	-64	-54	-49	-39	-41	-38	-41	-42	-39	-41	-39
GR order-books	:	:	:	-78	-48	-47	-50	-48	(-50)	(-50)	-48	(-48)	(-48)	-63
employment expectations	:	:	:	-77	+3	-11	0	-35	(0)	(0)	-35	(-35)	(-35)	-33
price expectations	:	:	:	+9	+8	+4	+9	+24	(+9)	(+9)	+24	(+24)	(+24)	+50
construction confidence indicator (a)	:	:	:	-78	-23	-30	-25	-42	(-25)	(-25)	-42	(-42)	(-42)	-48
F order-books	:	:	-26	-73	-52	-48	-44	-41	(-44)	(-44)	-41	(-41)	(-41)	-36
employment expectations	:	:	-8	-47	-24	-15	-20	-12	(-20)	(-20)	-12	(-12)	(-12)	-12
construction confidence indicator (a)	:	:	-17	-57	-38	-32	-32	-27	(-32)	(-32)	-27	(-27)	(-27)	-24
IRL order-books	:	:	:	-44	-34	-36	-30	-35	(-30)	(-30)	-35	(-35)	(-35)	-19
employment expectations	:	:	:	-39	-19	-22	-20	-13	(-20)	(-20)	-13	(-13)	(-13)	-1
price expectations	:	:	:	:	-16	-18	-16	-10	(-16)	(-16)	-10	(-10)	(-10)	-7
construction confidence indicator (a)	:	:	:	-42	-27	-29	-25	-24	(-25)	(-25)	-24	(-24)	(-24)	-10
I order-books	-25	-68	-8	-62	-36	-34	-38	-38	-39	-39	-33	-39	-42	-42
employment expectations	+10	-44	-2	-39	-21	-23	-13	-19	-18	-16	-20	-12	-26	-5
price expectations	+85	+30	+79	+2	+14	+12	+19	+13	+12	+15	+17	+12	+11	+11
construction confidence indicator (a)	-8	-56	-5	-51	-29	-29	-26	-29	-29	-28	-27	-26	-34	-24
L order-books	+21	-50	+15	-79	-60	-63	-50	-36	-46	-51	-36	-35	-36	-25
employment expectations	+31	-39	+46	-75	-42	-36	-26	-11	-25	-15	-11	-13	-9	+1
price expectations	+82	+11	+81	-49	-10	-2	-2	-4	+3	-6	-1	-6	-6	+12
construction confidence indicator (a)	+26	-45	+31	-77	-51	-50	-38	-24	-36	-33	-24	-24	-23	-12
NL order-books	-8	-81	-10	-61	(-32)	(-34)	-23	-18	-27	-15	-21	-20	-13	-6
employment expectations	+14	-13	+15	-31	(-6)	(-5)	-7	+3	-8	-6	-2	+2	+10	+16
construction confidence indicator (a)	+3	-47	+3	-46	(-19)	(-20)	-15	-8	-18	-11	-12	-9	-2	+5
UK order-books	:	:	-1	-71	-37	-37	-35	-27	(-35)	(-35)	-27	(-27)	(-27)	-30
employment expectations	:	:	+15	-49	-12	-10	-1	-3	(-1)	(-1)	-3	(-3)	(-3)	-7
price expectations	:	:	+74	-22	+11	+9	+12	+23	(+12)	(+12)	+23	(+23)	(+23)	+23
construction confidence indicator (a)	:	:	+7	-60	-25	-24	-18	-15	(-18)	(-18)	-15	(-15)	(-15)	-19
EUR order-books	:	:	-9	-63	-51	-49	-45	-42	(-44)	(-45)	-42	(-41)	(-42)	-41
employment expectations	:	:	+7	-33	-24	-19	-13	-12	(-14)	(-14)	-12	(-10)	(-13)	-10
construction confidence indicator (a)	:	:	-1	-48	-38	-34	-29	-27	(-29)	(-30)	-27	(-26)	(-28)	-26

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

(b) Details of the questions are given p. 12.

(c) These are the extreme (high and low) values of the net balances of the different questions, reached in the course of 1972-1975 and 1979-1983, respectively.

Source: European Community business surveys.

slowing down in April - the growth in turnover in the British retail trade will gather further momentum in the next few months (see Table 11).

In *France* the propensity to proceed to major purchases now improved distinctly (+2 after -5 in January 1986). The indicator of the propensity to save - which was rather strong in January - weakened. In view of the devaluation of the franc and the proposed liberalization of the price-policy, consumers expect a rise of the prices. Their assessments appear to be optimistic on the future labour-market developments.

In *Italy* there was no change in the consumer indicator in April. A more favourable assessment of the present general economic situation compared with somewhat less favourable expectations for the next twelve months. The majority of Italian households assessed their own financial situation to be satisfactory in terms of both the past months' and the future months' trend. Intentions to purchase consumer durables have increased mainly among the middle income groups.

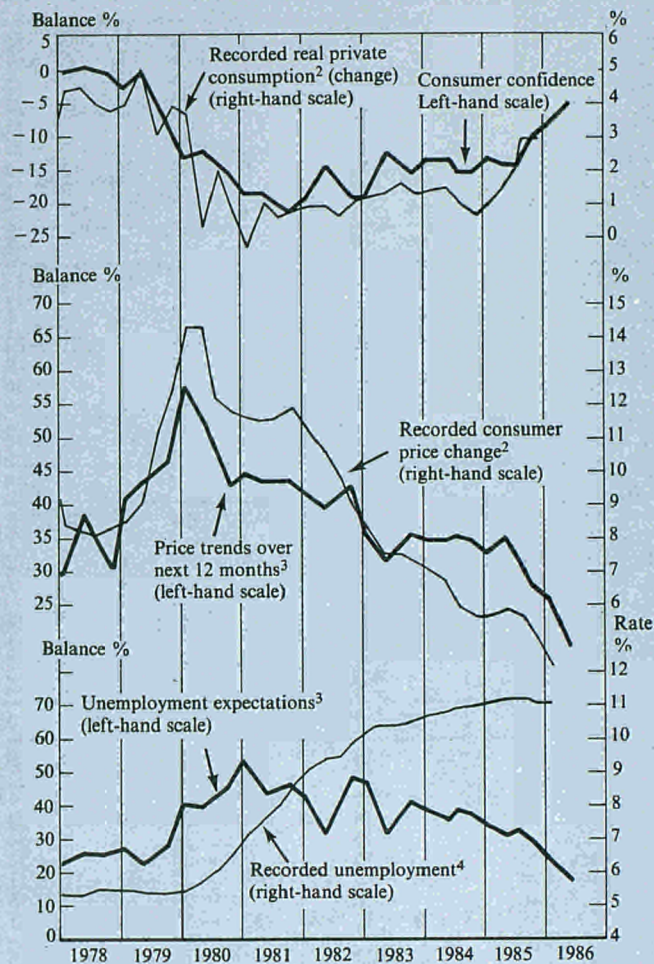
In *Belgium* the weak upward trend in the consumer climate indicator continued in April, mainly thanks to slightly more optimistic expectations concerning the general economy and also to the households' own financial situation. But this did not affect the propensity to purchase or purchasing intentions for

the next few months; the propensity to purchase in Belgium is far lower than in most of the other member countries (see Table 12).

In the *Netherlands* the consumer climate indicator in April stood at the highest level in the Community, although it was slightly down on the start of the year (+5 compared with +6; balance). In calculating the indicator, the less positive assessments on the general economic situation compared with the last survey were offset by the more favourable estimate of households' own financial situation and also above all by the greater propensity to purchase. On the basis of the according to the survey data probably falling savings ratio and the real markedly rising personal incomes thanks to price stability, lively consumer demand and a rising retail sales can continue to be expected (see Table 11). The scepticism expressed in the purchasing intentions of the consumers seems therefore to have little foundation.

Greek consumers assessed the general economic prospects and also the development of their own incomes somewhat more cautiously than in the month before. However, economic policy considerations still leave room for an increase in real consumer demand. Greek consumers themselves clearly realise this; purchasing plans for consumer durables are still markedly pointing down.

GRAPH 9: Survey results and objective economic indicators — European Community total



For notes, Table 12.

Sources: European Community consumer survey and Eurostat.

The slight improvement in the consumer climate in *Ireland* is the result of a somewhat more optimistic assessment of general economic prospects. But consumers assessed their own financial situation somewhat more unfavourably than hitherto and purchasing intentions have declined further.

The measures taken by the *Danish* parliament to dampen private consumption and thus help to reduce the current account deficit, were reflected, as expected, in a marked decline in the consumer climate (-1 compared with +7). The present value is the lowest since January 1983. But the deterioration in assessments and expectations of the general situation was far sharper than those of households' own financial situation. So far, therefore, the high propensity to purchase, has not been greatly affected.

23 May 1986.

TABLE 11: Results of business surveys in the retail trade (a)(b)

	1985												1986			
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
B Present business situation	14	-23	:	13	-10	-15	-18	-7	0	6	5	8	16	7	-8	:
Volume of stocks	10	8	:	18	13	9	12	2	3	0	-3	5	1	0	11	:
Intentions of placing orders	-17	-3	:	-19	-16	-19	1	3	5	2	-7	-5	14	17	-3	:
Expected business situation	-7	18	:	1	-18	-19	13	25	12	5	-2	-15	17	26	9	:
D Present business situation	-21	-38	-31	-25	-19	-40	-22	-22	-33	-21	-8	-11	-8	-22	-19	-10
Volume of stocks	22	28	26	26	26	27	26	23	20	19	22	19	24	29	28	29
Intentions of placing orders	-20	-15	-18	-20	-13	-26	-15	-8	-19	-16	-13	-11	-11	-14	-13	-15
Expected business situation	-13	-14	-10	-5	-10	-13	-7	-6	-11	1	3	-1	1	1	-5	-3
F(c) Present business situation	-32	:	-34	:	-27	:	-30	:	-10	:	-22	:	5	:	-6	:
Volume of stocks	9	:	15	:	22	:	18	:	9	:	18	:	7	:	4	:
Intentions of placing orders	-46	:	-29	:	-32	:	-35	:	-20	:	-18	:	-25	:	-15	:
NL Present business situation	:	:	:	:	:	:	:	:	:	:	:	:	41	34	41	43
Volume of stocks	:	:	:	:	:	:	:	:	:	:	:	:	7	8	10	10
Intentions of placing orders	:	:	:	:	:	:	:	:	:	:	:	:	31	22	24	17
Expected business situation	:	:	:	:	:	:	:	:	:	:	:	:	47	44	43	41
I(i) Present business situation	:	:	:	:	:	:	:	:	:	-4	:	:	-2	:	-8	:
Volume of stocks	:	:	:	:	:	:	:	:	:	21	:	:	28	:	24	:
Intentions of placing orders	:	:	:	:	:	:	:	:	:	-13	:	:	-16	:	-16	:
Expected business situation	:	:	:	:	:	:	:	:	:	4	:	:	2	:	8	:
UK Present business situation (d)	29	25	29	18	9	14	25	49	17	13	18	31	20	31	13	5
Volume of stocks	14	17	16	28	29	25	22	18	18	18	21	18	19	18	27	27
Intentions of placing orders	26	33	26	21	20	21	29	35	27	19	12	23	29	24	17	21
Expected business situation	:	43	:	:	30	:	:	35	:	:	32	:	:	36	:	:

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

Source: EC business survey in retail trade.

TABLE 12: Consumer opinion on economic and financial conditions(a)

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

TABLE 12 (continued): Consumer opinion on economic and financial conditions^(a)

		1980	1981	1982	1983	1984	1985	1985					1986				
								July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	Apr.
MAJOR PURCHASES	B	23	15	13	6	6	-18	:	:	:	-37	-40	-38	-34	-35	-33	-34
	DK	21	10	16	7	14	14	:	:	:	18	:	:	17	:	:	15
	D	18	-1	-17	-8	-9	-8	-10	-6	-6	-4	-7	-8	-3	1	5	3
	GR	:	:	-35	-35	-24	-20	:	:	:	-18	:	:	-16	-22	-26	-29
	F	39	28	30	19	6	-4	:	:	:	0	:	:	-5	:	:	2
	IRL	30	24	13	-6	-9	-2	-8	:	:	-9	:	:	-5	:	:	-14
	I	2	4	1	-13	-15	-15	-16	:	-8	-13	-13	-18	-13	-15	-9	-11
	NL	-2	-17	-21	-18	-44	-29	-21	:	:	-23	:	:	-13	:	:	-2
	UK	28	26	25	32	31	24	26	25	24	25	24	17	27	24	23	24
		EUR 9	22	12	6	5	0	-3	:	:	:	-1	:	:	-1	:	:
— at present	B	-26	-28	-28	-30	-28	-30	:	:	:	-32	-30	-32	-27	-32	-33	-34
	DK	-14	-12	-10	-8	-7	-8	:	:	:	-8	:	:	-8	:	:	-9
	D	-19	-25	-28	-29	-28	-26	-26	-25	-24	-27	-26	-24	-24	-20	-20	-21
	GR	:	:	-24	-33	-38	-33	:	:	:	-38	:	:	-39	-35	-38	-43
	F	-18	-13	-9	-10	-10	-9	:	:	:	-7	:	:	-6	:	:	-8
	IRL	-19	-22	-27	-31	-25	-22	-24	:	:	-13	:	:	-15	:	:	-27
	I	-17	-18	-22	-22	-21	-21	-20	:	-24	-20	-23	-18	-24	-19	-23	-20
	NL	-23	-27	-27	-29	-27	-20	-18	:	:	-17	:	:	-12	:	:	-21
	UK	-14	-19	-18	-15	-12	-14	-14	-12	-13	-15	-15	-14	-15	-14	-13	-13
		EUR 9	-17	-20	-20	-21	-19	-18	:	:	:	-18	:	:	-17	:	:
— over next 12 months	B	38	41	40	46	46	46	:	:	:	32	33	42	49	50	45	41
	DK	15	23	26	40	41	50	:	:	:	52	:	:	49	:	:	51
	D	43	32	27	33	38	41	39	44	43	41	40	41	42	41	41	41
	GR	:	:	-25	-29	-20	-18	:	:	:	-23	:	:	-29	-25	-32	-32
	F	-3	-2	-5	0	6	11	:	:	:	15	:	:	24	:	:	17
	IRL	5	-3	-9	-3	-8	-1	-7	:	:	3	:	:	4	:	:	-5
	I	-6	-7	10	21	33	37	36	:	41	34	41	36	44	42	47	46
	NL	19	27	38	35	34	41	40	:	:	42	:	:	50	:	:	40
	UK	6	5	5	10	17	20	24	21	22	22	22	16	26	20	21	30
		EUR 9	15	12	12	19	24	29	:	:	:	29	:	:	35	:	:
SAVINGS	B	-20	-21	-25	-26	-27	-33	:	:	:	-24	-20	-16	-9	-14	-21	-11
	DK	-20	-19	-18	-12	-11	-7	:	:	:	-2	:	:	-1	:	:	-8
	D	44	23	-2	1	3	3	-1	7	5	5	4	4	7	9	6	8
	GR	:	:	-37	-41	-39	-40	:	:	:	-43	:	:	-41	-39	-45	-47
	F	-32	-32	-32	-35	-37	-36	:	:	:	-33	:	:	-28	:	:	27
	IRL	-13	-19	-22	-25	-37	-28	-25	:	:	-29	:	:	-30	:	:	-34
	I	-32	-30	-22	-27	-20	-17	-14	:	-12	-16	-14	-21	-10	-16	-12	-10
	NL	0	-1	-3	-8	-2	6	8	:	:	8	:	:	14	:	:	4
	UK	-16	-20	-17	-13	-12	-14	-13	-16	-12	-9	-15	-11	-11	-13	-11	-14
		EUR 9	-4	-11	-17	-17	-16	-15	:	:	:	-12	:	:	-9	:	:
— over next 12 months	B	9	7	6	5	6	5	:	:	:	7	9	12	14	12	10	12
	DK	4	4	4	8	8	11	:	:	:	13	:	:	10	:	:	10
	D	21	16	12	11	11	12	11	13	13	14	11	12	14	15	16	16
	GR	:	:	0	0	2	3	:	:	:	3	:	:	1	3	1	1
	F	8	8	8	6	4	3	:	:	:	4	:	:	6	:	:	8
	IRL	2	-4	-1	-1	-1	-1	0	:	:	-2	:	:	-1	:	:	-1
	I	8	8	13	9	11	12	13	:	12	12	13	12	16	14	14	15
	NL	19	18	17	15	13	16	16	:	:	16	:	:	17	:	:	17
	UK	8	9	9	12	12	11	11	10	12	15	11	12	9	11	12	10
		EUR 9	12	11	10	9	9	9	:	:	:	11	:	:	11	:	:
FINANCIAL SITUATION OF HOUSEHOLDS	B	9	7	6	5	6	5	:	:	:	7	9	12	14	12	10	12
	DK	4	4	4	8	8	11	:	:	:	13	:	:	10	:	:	10
	D	21	16	12	11	11	12	11	13	13	14	11	12	14	15	16	16
	GR	:	:	0	0	2	3	:	:	:	3	:	:	1	3	1	1
	F	8	8	8	6	4	3	:	:	:	4	:	:	6	:	:	8
	IRL	2	-4	-1	-1	-1	-1	0	:	:	-2	:	:	-1	:	:	-1
	I	8	8	13	9	11	12	13	:	12	12	13	12	16	14	14	15
	NL	19	18	17	15	13	16	16	:	:	16	:	:	17	:	:	17
	UK	8	9	9	12	12	11	11	10	12	15	11	12	9	11	12	10
		EUR 9	12	11	10	9	9	9	:	:	:	11	:	:	11	:	:
— indicator of net acquisition of financial assets	B	9	7	6	5	6	5	:	:	:	7	9	12	14	12	10	12
	DK	4	4	4	8	8	11	:	:	:	13	:	:	10	:	:	10
	D	21	16	12	11	11	12	11	13	13	14	11	12	14	15	16	16
	GR	:	:	0	0	2	3	:	:	:	3	:	:	1	3	1	1
	F	8	8	8	6	4	3	:	:	:	4	:	:	6	:	:	8
	IRL	2	-4	-1	-1	-1	-1	0	:	:	-2	:	:	-1	:	:	-1
	I	8	8	13	9	11	12	13	:	12	12	13	12	16	14	14	15
	NL	19	18	17	15	13	16	16	:	:	16	:	:	17	:	:	17
	UK	8	9	9	12	12	11	11	10	12	15	11	12	9	11	12	10
		EUR 9	12	11	10	9	9	9	:	:	:	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.

Source: European Community consumer survey.

Notes on graph 9

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 (see table 4 for data and notes).² Quarterly data - percentage change on corresponding quarter of preceding year.³ See table 12 for data and notes.⁴ Quarterly data - seasonally adjusted (Community without Greece).

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 DS
Denmark	DS Danmark Statistik	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
France	INSEE Institut National de la Statistique et des Études Économiques	INSEE	INSEE	INSEE	INSEE
Ireland	CI and ESRI Confederation of Irish Industries and Economic and Social Research Institute	CI Construction Industry Federation	CI 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 bouwrijverheid	CBS	NIPO Nederlands Instituut voor de Publieke Opinie en het Marktonderzoek	CBS
United Kingdom	CBI Confederation of British Industry	BEC Building Employers Confederation	BSO Business Statistics Office	CBI	GALLUP Gallup Institute

Questions of European Community business and consumer surveys

Manufacturing industry

Monthly:

- estimate of production trend in recent months: up, unchanged, down?
 - order-books: above normal, normal, below normal?
 - export order-books: above normal, normal, below normal?
 - stocks of finished products: above normal, normal, below normal?
 - production expectations in the months ahead: up, unchanged, down?
 - selling price expectations in the months ahead: up, unchanged, down?
- Quarterly (January, April, July and October):
- employment expectations for the months ahead: up, unchanged, down?
 - limits to production: none, insufficient demand, shortage of labour, lack of equipment, others?
 - production capacity: more than sufficient, sufficient, not sufficient?
 - duration of assured production: in months?
 - new orders in the recent past: up, unchanged, down?
 - export volume expectations for the months ahead: up, unchanged, down?
 - capacity utilization: in %?
 - stocks of raw material: high, normal, low?

All industries

- Half-yearly (undertaken in March/April and October/November):
- investment trends and prospects: yearly percentage change of investment expenditure in current money values.

Building industry

Monthly (except for Denmark, Greece, France, Ireland and the United Kingdom, where the survey is carried out quarterly):

- current production compared with the preceding month: up, unchanged, down?
- factors holding up production: none, lack of demand, bad weather, shortage of manpower, shortage of material and/or equipment, others?
- order-books or production schedules: above normal, normal, below normal?
- employment expectations for 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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