

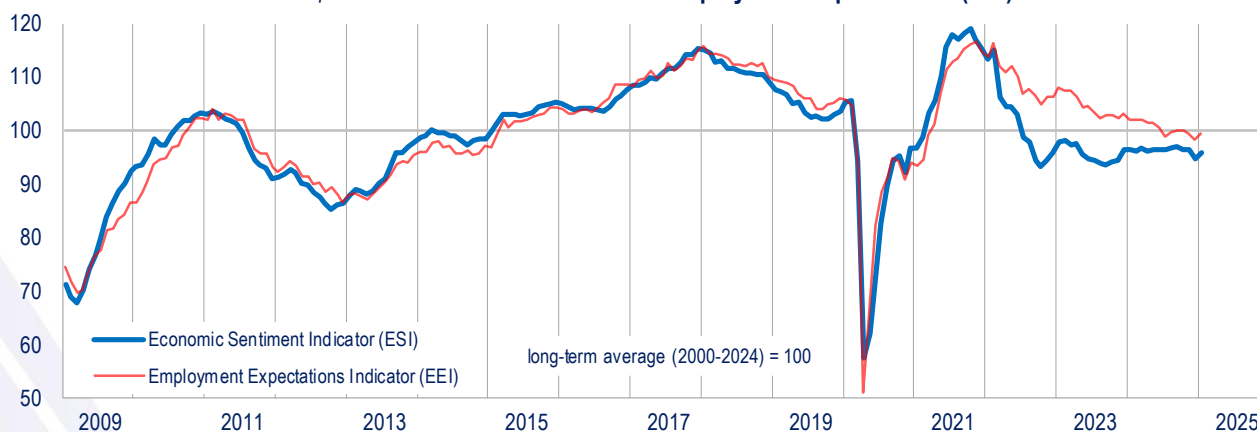
Business and consumer survey results for January 2025

Economic Sentiment and Employment Expectations up in the EU and the euro area

In January 2025, the *Economic Sentiment Indicator* (ESI) picked up by 1.1 points in the EU (to 95.8) and by 1.5 points in the euro area (to 95.2).¹ The *Employment Expectations Indicator* (EEI) rebounded as well (EU: +1.1 points to 99.5, euro area: +1.6 points to 98.8). While the EEI returned close to its long-term average of 100, the ESI continues to score below that reference value.

EU developments

Graph 1: EU Economic sentiment & Employment expectations (s.a.)

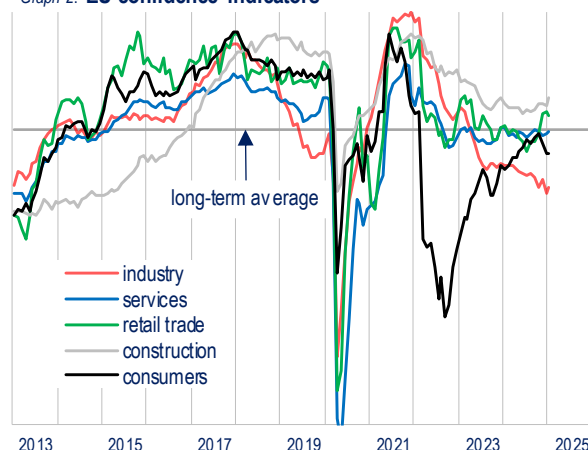


source: European Commission services

The upturn in the ESI for the EU was driven by increased confidence in industry, construction and, to a lesser extent, services, while confidence in retail trade declined. Consumer confidence remained stable. Amongst the largest EU economies, the ESI improved markedly in France (+3.3), Italy (+1.8), Spain (+1.5) and Germany (+1.2), while it decreased strongly in Poland (-2.0) and, less so, in the Netherlands (-0.8).

Industry confidence picked up in January (+1.1 points), driven by managers' brighter *production expectations* and improved assessments of *stocks of finished products*. By contrast, their assessment of the *current level of overall order books* deteriorated further. Of the questions not entering the confidence indicator, also managers' assessment of *export order books* worsened, while their views on trends in *past production* got less pessimistic. **Services confidence** slightly improved (+0.4), as an increase in managers' assessment of *past demand* was only partially offset by worsened *demand expectations*. Managers' evaluation of the *past business situation* remained largely stable. **Consumer confidence** remained unchanged (± 0.0). Consumers' expectations about the *general economic situation* in their country improved slightly, while their perception of their *households' financial situation*, both backward- and forward-looking, and their *intentions to make major purchases* remained broadly unchanged. **Retail trade confidence** edged down by 0.5 points. Retailers' assessments of the *past business situation* improved, but this was more than offset by more pessimistic expectations about the *future business situation*. Their evaluation of *their volume of stocks* remained broadly stable. **Construction confidence** improved in January (+1.4), driven by an increase in both

Graph 2: EU confidence indicators²

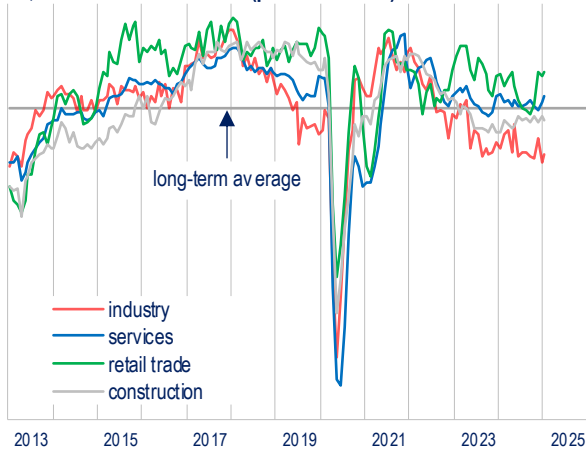


¹ Past survey data were revised due to seasonal adjustment (including due to the annual update of model coefficients) and the annual update of country weights for the EU and euro-area aggregates.

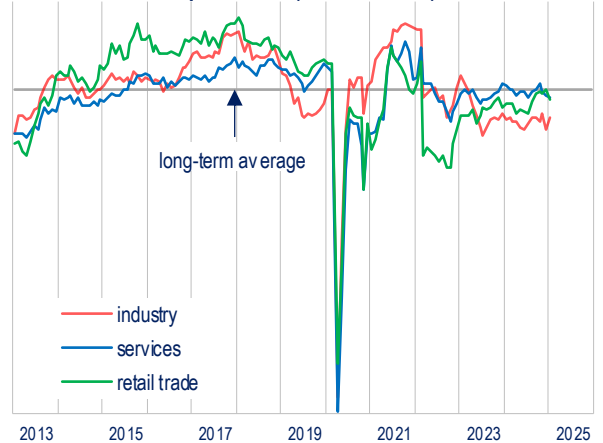
² The graph presents standardised series to correct for differences in means and standard deviations.

components (i.e., builders' *employment expectations* and their assessment of the level of *order books*). Regarding factors limiting construction activity, the percentage of construction managers indicating *insufficient demand* increased by 0.4 points to 32.7%, marking its highest level since September 2016. The percentage of builders indicating *labour shortages* increased as well in January (by 1.1 points to 26.5%), while the percentage of managers indicating *financial constraints* and/or *material/equipment shortages* as limiting factors remained stable at, respectively, 7.8% and 7.1%.

Graph 3: Business situation (past 3 months) in the EU²



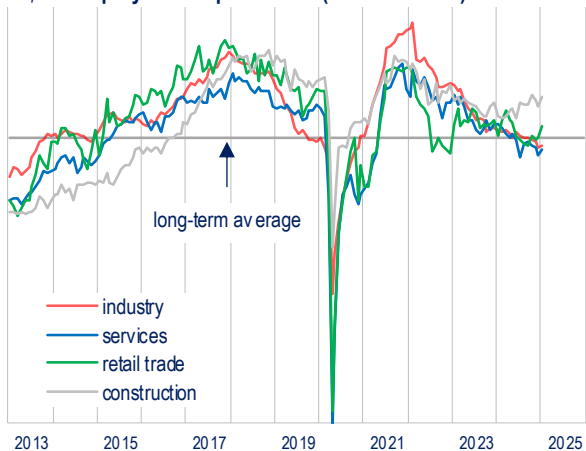
Graph 4: Business expectations (next 3 months) in the EU²



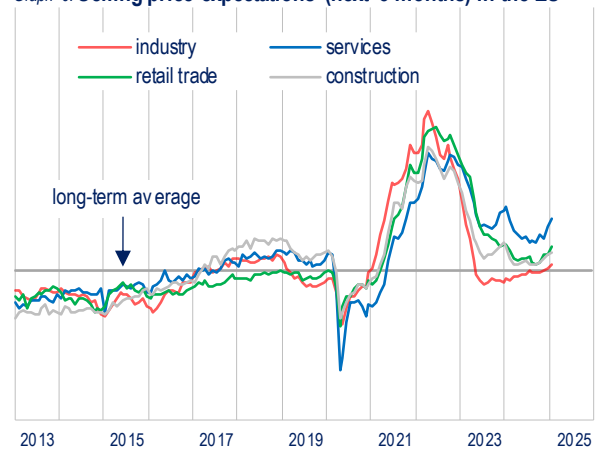
The **Employment Expectations Indicator** rose by 1.1 points, returning to a level just below its long-term average. This improvement was driven by positive developments in all sectors, with notable gains in retail trade and construction, and smaller increases in industry and services. Consumers' unemployment expectations, which are not included in the headline indicator, improved as well. The EU **Labour Hoarding Indicator** edged further up (+0.2 points to 10.2), scoring slightly above its long-term average of 9.6.³

Selling price expectations picked up in industry, services and retail trade, while remaining broadly stable in construction. Selling price expectations score above their long-term averages in all sectors, particularly so in services. Consumers' price expectations for the next twelve months fell slightly in January, after having risen three months in a row. In contrast, their perceptions of past price developments increased marginally further.

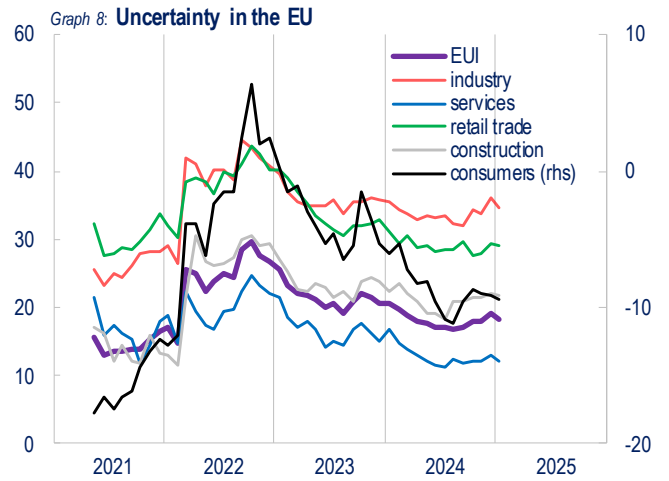
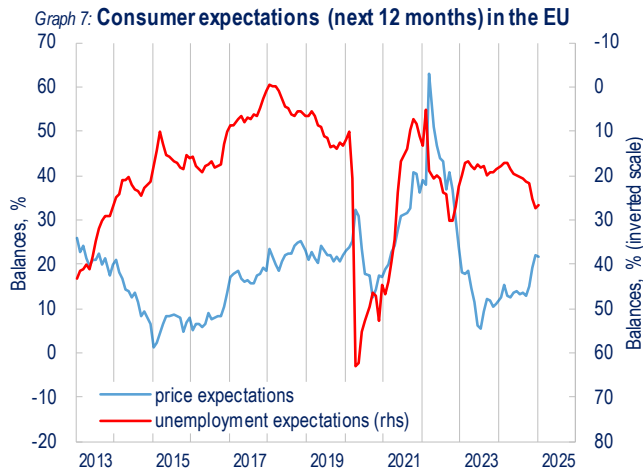
Graph 5: Employment expectations (next 3 months) in the EU²



Graph 6: Selling price expectations (next 3 months) in the EU²



³ The LHI measures the percentage of managers expecting their firm's output to decrease, but employment to remain stable or increase. See the special topic of the [2023-Q2 FBCI](#) for background, and section 3.6.9 of the [BCS User Guide](#) for methodological details. Detailed LHI results per sector and country are available for download in the [time series section](#) of the BCS website.



The European Commission's **Economic Uncertainty Indicator (EUI)** decreased (-0.7 points to 17.2). Industry and services managers reported a marked reduction in uncertainty about their future business situation, while retail trade and construction managers saw more limited decreases. Consumers' uncertainty about their future financial situation edged down as well.

Quarterly survey results (conducted in January)

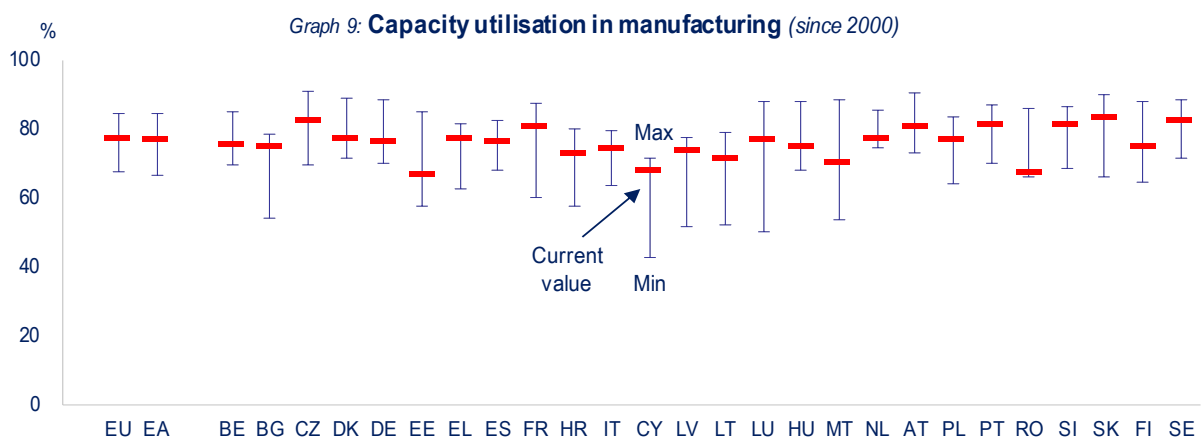
The quarterly questions in the industry and services surveys are asked in January, April, July, and October of each year.

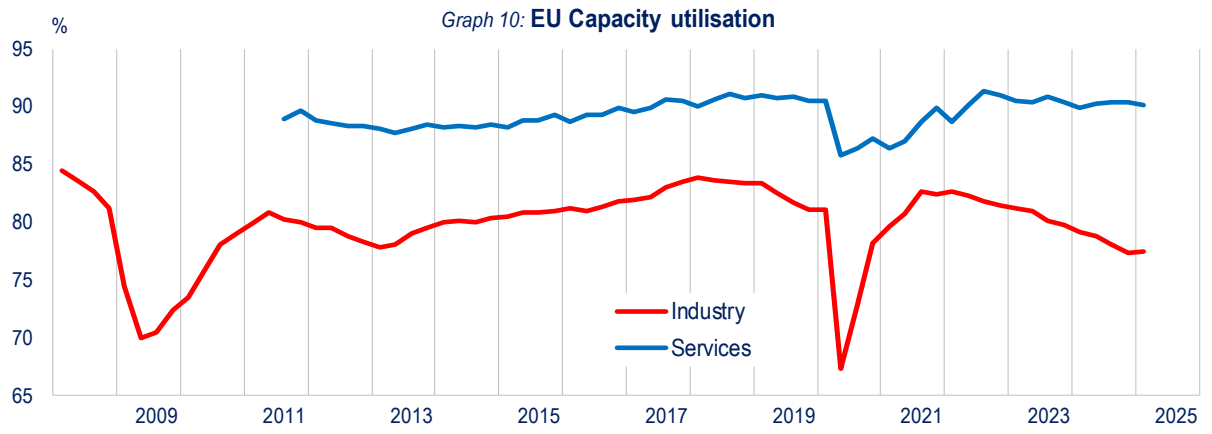
In the EU industry, the estimated rate of capacity utilisation increased, for the first time since April 2022, by 0.1 percentage points to 77.4% in January 2025 compared to October 2024. The rate, which had been on a downward trend since spring 2022, remained well below its long-term average of 80.5%. Consistently, the share of managers assessing their current production capacity as 'more than sufficient' (in view of current order books and demand expectations) decreased (-2.2 points). On the external side, managers' assessments of their competitive position on non-EU markets over the past three months deteriorated slightly (-0.6 points). Meanwhile, their evaluation of order developments over the past three months improved marginally (+0.1).

The share of industry managers citing *insufficient demand* as a factor limiting their production retreated by 1.1 points from its relative peak reached in last October, to 40.0% in January. Meanwhile, the percentages of managers pointing to *shortages of material and/or equipment* (+0.3 points to 10.7%), *shortage of labour force* (+0.1 point to 18.0%), and/or *financial constraints* (+0.2 points to 5.7%) as limiting factors remained broadly unchanged compared to October.

Turning to services, capacity utilisation in the EU declined marginally compared to October (-0.1 percentage points to 90.2%), remaining above its long-term average of 89.3%.

Euro-area developments largely mirrored those in the EU. The estimated rate of capacity utilisation in industry increased by 0.3 points compared to October (to 77.3%), while decreasing by 0.3 points to 90.1% in services.





Data collection period: 1 to 23 January.

Annex tables displaying results for the ESI, EEI, confidence indicators and individual survey questions for the past 12 months (as well as historical min, max and averages) are available [here](#).

Methods and definitions

The Commission's harmonised Business and Consumer Survey (BCS) programme, managed by the Directorate-General for Economic and Financial Affairs (DG ECFIN), was set up in 1961, and its scope has since expanded considerably in terms of both countries and sectors covered. Five surveys are conducted on a monthly basis in the following areas: manufacturing industry, construction, consumers, retail trade, and services. Some additional questions are asked on a quarterly basis in the January, April, July and October surveys in industry, construction, services, and among consumers. In addition, questions on manufacturing and services companies' investment plans are included twice a year (April and November). The surveys are conducted by national institutes in the Member States and the candidate countries based on harmonized questionnaires and a common timetable.

The data of the surveys is processed by DG ECFIN's Unit Economic situation, forecasts, business and consumer surveys (A3), Sector Business and consumer surveys and short-term forecast.

The **confidence indicators** are produced to reflect overall perceptions and expectations at the individual sector level in a one-dimensional index. For each of the five surveyed sectors, they are calculated as the simple arithmetic average of the (seasonally adjusted) balances of answers to specific questions chosen from the full set of questions in each individual survey.

The **Economic Sentiment Indicator (ESI)** is a composite indicator combining judgements and attitudes of businesses (in industry, construction, retail trade, services) and consumers by means of a weighted aggregation of standardised input series.

The **Employment Expectations Indicator** is constructed as a weighted average of the employment expectations of managers in four surveyed business sectors (i.e. industry, services, retail trade and construction).

More information on methods and definitions can be found in the [methodological guidelines](#) section of the [BCS website](#). All press releases can be found [here](#). Detailed data results of all surveys are freely available for download in the BCS [time series](#) section of the website.

You can also contact DG ECFIN at the following address: ECFIN-BCS-MAIL@ec.europa.eu

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Upcoming releases:	Flash Consumer Confidence Indicator	20 February 2025
	Full Business and Consumer Survey Results (incl. ESI, EEI, sectoral CIs)	27 February 2025