

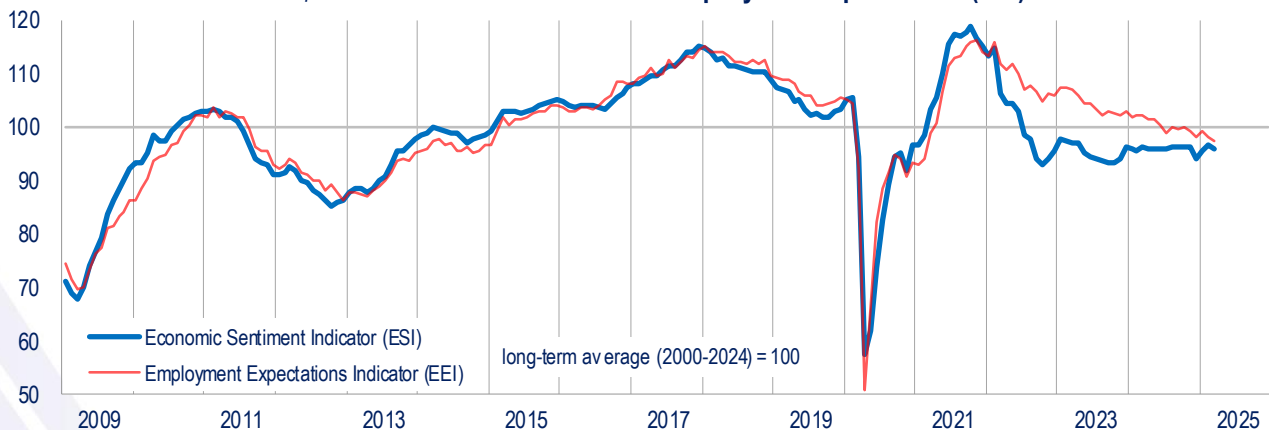
## Business and consumer survey results for March 2025

# Economic Sentiment and Employment Expectations down in the EU and the euro area

In March 2025, the *Economic Sentiment Indicator* (ESI) decreased in both the EU (-0.9 points to 96.0) and the euro area (-1.1 points to 95.2).<sup>1</sup> The *Employment Expectations Indicator* (EEI) also declined in both areas (EU: -0.7 points to 97.7, euro area: -0.7 points to 96.7). Both indicators score below their long-term average of 100.

## EU developments

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

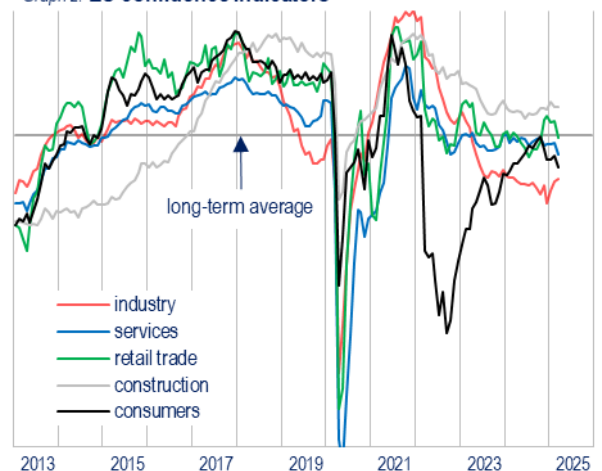


source: European Commission services

The decline in the ESI was driven by lower confidence in services, retail trade and among consumers. Confidence in industry remained broadly stable and construction confidence was unchanged. For the largest EU economies, the ESI declined significantly in France (-2.1) and Italy (-2.0), while it improved in Spain (+1.1). Confidence edged up in Germany (+0.3) and Poland (+0.2) and remained unchanged in the Netherlands.

**Industry confidence** was broadly stable in March (+0.2), reflecting managers' virtually unchanged assessments of the *current level of order books* and *stocks of finished products*, and an improvement in managers' *production expectations*. Among the questions not entering the confidence indicator, managers' assessments of *past production trends* and *export order books* hardly changed. **Services confidence** fell significantly (-2.0), after a three-month period of relative stability. All three components (i.e. managers' *demand expectations*, and their assessments of *past demand* and the *past business situation*) deteriorated. **Consumer confidence** resumed its downward trend observed since late-2024 (-1.0), as consumers became notably more pessimistic about the *future general economic situation* in their respective country and, to a lesser extent, about their household's *past and expected financial situation*. At the same time, there was a slight improvement in consumers' intentions to make major purchases in the coming 12 months. **Retail trade confidence** also fell significantly (-1.8) on the back of a deterioration in all three components of the indicator (i.e. retailers' assessments of their *business expectations for the next 3 months*, their *past business situation* and the *volume of stocks*). **Construction confidence** remained unchanged in March ( $\pm 0.0$ ), as both builders' *employment expectations* and their

Graph 2: EU confidence indicators<sup>2</sup>

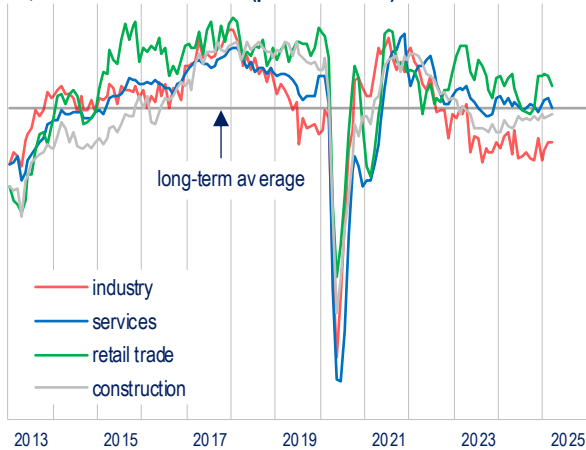


<sup>1</sup> Past survey data were revised due to seasonal adjustment and revisions in French business survey data. Moreover, as from this month, the publication of business and consumer survey results for Ireland is resumed. Consistent time series for 39 monthly balances and 2 quarterly questions have been restored using regression analysis to link new Irish data collected since August 2024 to historical data. See the [methodological note](#) on the BCS website for details. Re-inclusion of Irish data has a small impact also on the EU and EA results.

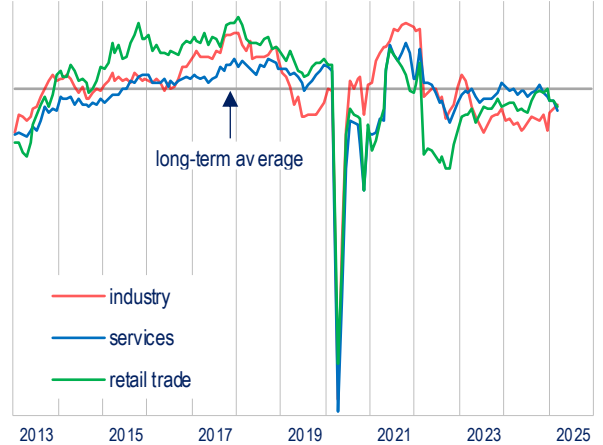
<sup>2</sup> The graph presents standardised series to correct for differences in means and standard deviations.

assessments of the level of order books remained essentially stable. The percentage of construction managers indicating *insufficient demand* (-0.9 points at 31.1%) as a limiting factor for their building activity declined moderately, while *labour shortages* were cited somewhat more often (+0.6 points to 28.7). The percentage of builders indicating *financial constraints* (-0.2 points to 7.3%) or *material/equipment shortages* (-0.2 points to 6.4%) as limiting factors remained broadly stable between February and March.

Graph 3: Business situation (past 3 months) in the EU<sup>2</sup>

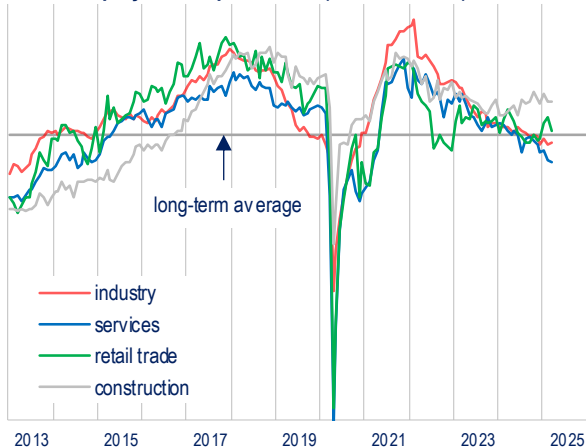


Graph 4: Business expectations (next 3 months) in the EU<sup>2</sup>

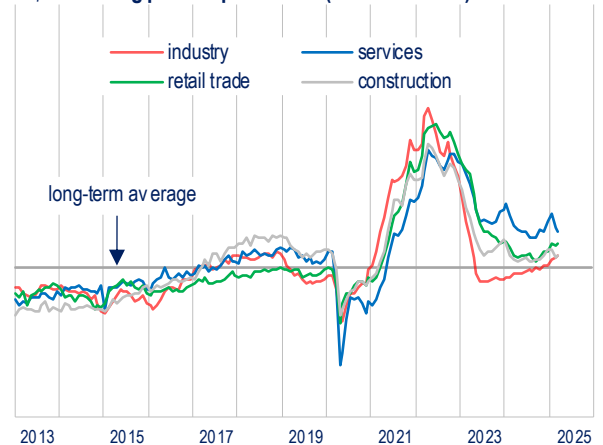


The **Employment Expectations Indicator** (-0.7 points to 97.7) fell further below its long-term average, reflecting a deterioration in employment plans mainly in retail trade. Employment expectations in the other three business sectors, construction, industry and services, remained largely unchanged. Consumers' unemployment expectations, which are not included in the headline indicator, improved. The EU **Labour Hoarding Indicator** was unchanged ( $\pm 0.0$  points at 10.4) between February and March, after rising for four consecutive months, and scoring above its long-term average of 9.7.<sup>3</sup>

Graph 5: Employment expectations (next 3 months) in the EU<sup>2</sup>



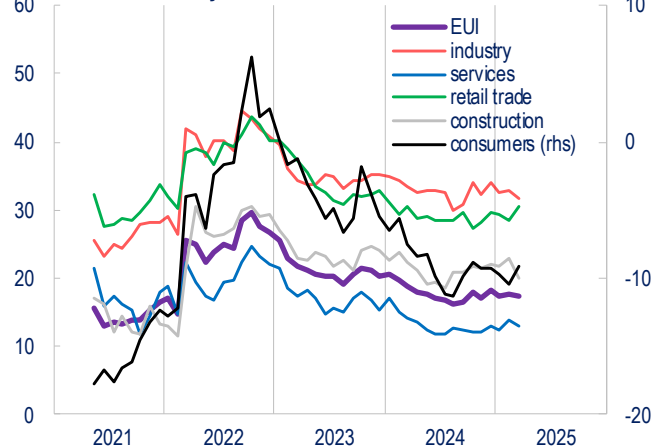
Graph 6: Selling price expectations (next 3 months) in the EU<sup>2</sup>



Graph 7: Consumer expectations (next 12 months) in the EU



Graph 8: Uncertainty in the EU



Managers' **selling price expectations** increased in industry and construction, while they fell in services, and were broadly stable in retail trade. Selling price expectations score above their long-term averages in all sectors.

<sup>3</sup> 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 EBCI](#) 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.

Consumers' price expectations for the next twelve months continued their strong upward trend since September 2024, with only a brief decline in January. In contrast, consumers' perceived price developments over the past twelve months did not change between February and March, but the indicator remains at a high level.

The European Commission's **Economic Uncertainty Indicator** (EUI) edged down (-0.5 points to 17.3). Managers' uncertainty about their future business situation decreased considerably in construction, and more moderately in industry and services. These improvements were partially offset by higher uncertainty among managers in retail trade. Consumers' uncertainty about their future financial situation rose noticeably in March, after four months of decline.

*Data collection period: 1 to 21 March.*

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](mailto:ECFIN-BCS-MAIL@ec.europa.eu)

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