

Brussels, 29 June 2007

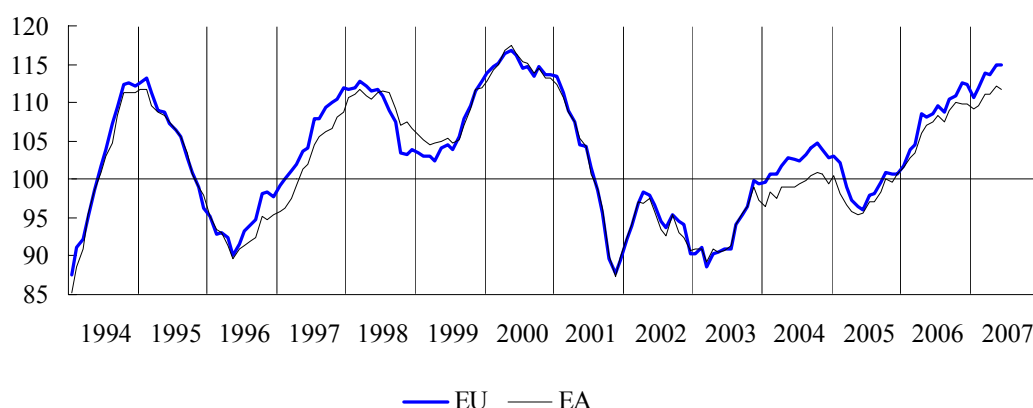
June 2007: Economic sentiment stabilises at a high level in both the EU and the euro area

The Economic Sentiment Indicator (ESI) showed signs of stabilisation in both the EU and the euro area in June, after hitting a fresh six-year high in May. The indicator remained practically unchanged in the EU at 114.9 points after 115 in May, and edged down slightly by 0.4 of a point in the euro area, to 111.7.

Economic sentiment indicator (s.a.)

EU: June 114.9
Euro area: June 111.7

long term average =100

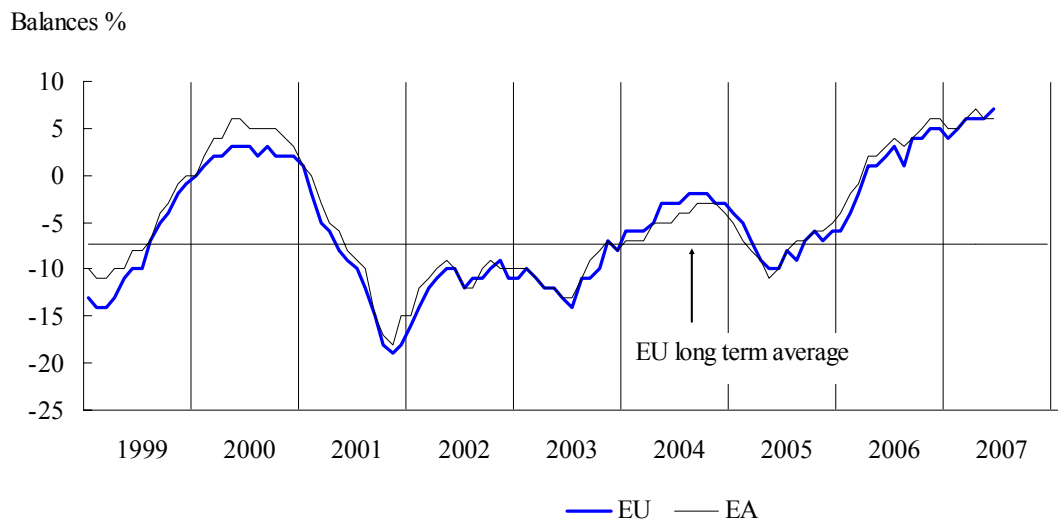


The stabilisation of economic sentiment in the EU was the net effect of an increase in confidence in the industry sector offsetting declines in the services and retail trade sectors and among consumers. Confidence in the construction sector remained unchanged. In the euro area, developments at the level of confidence indicators were broadly similar; contrary to the EU, confidence improved in the construction sector, while it remained stable among industry managers.

At the level of individual countries, the picture is mixed, with an approximately equal number of countries reporting increases or decreases in sentiment. Among the large Member States, confidence improved in Spain (+1.2), Poland (+3.5) and the UK (+1.8), while it decreased in Italy (-1.4) and Germany (-0.4). In France, the ESI remained practically unchanged (-0.1).

Industrial confidence indicator (s.a.)

EU: June 7
Euro area: June 6



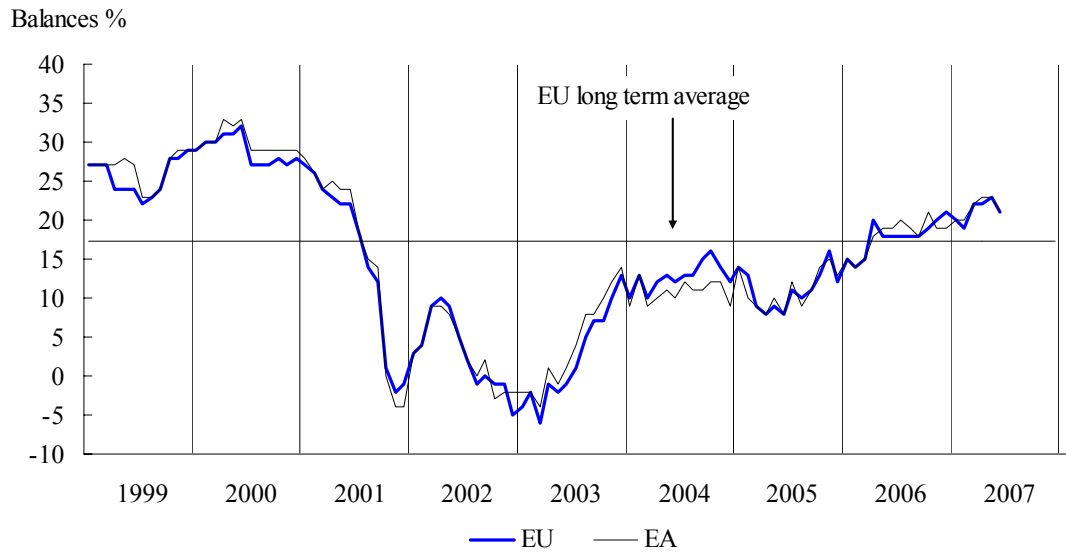
In June, the industrial confidence indicator increased by one point in the EU and remained stable in the euro area. Confidence in the EU now is at its highest level in almost 20 years. In the euro area, the indicator remains just one point below its record level of April of this year.

In both the EU and the euro area, managers' production expectations and assessment of stocks of finished products improved. While their views of order books remained unchanged in the EU, they worsened by one point in the euro area.

Among the large Member States, industrial confidence remained unchanged in Germany, Spain and Poland, while managers became slightly less optimistic in Italy (-1). On the positive side, rather marked improvements in industrial confidence were recorded in France (+2) and particularly in the UK (+6).

Service confidence indicator (s.a.)

EU: June 21
Euro area: June 21



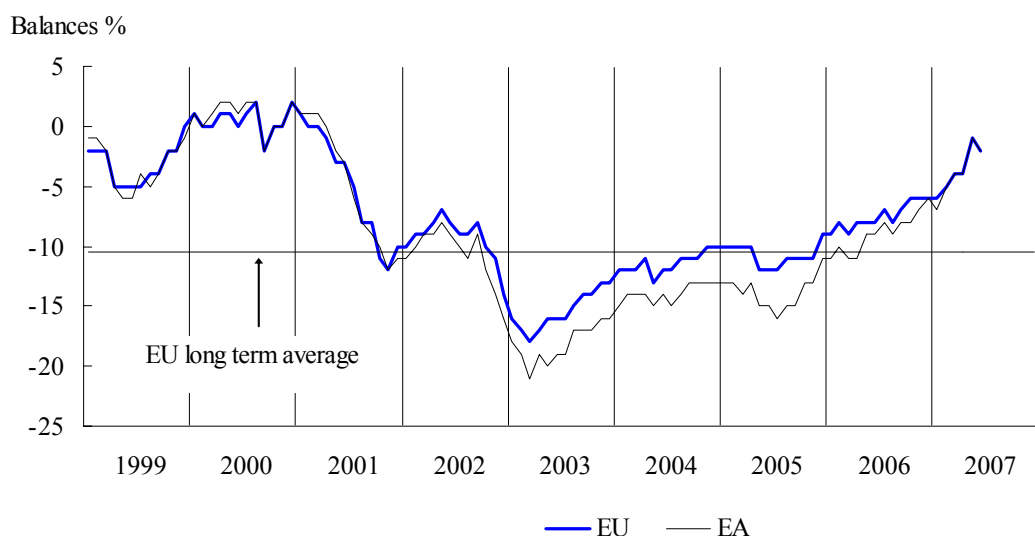
After its unbroken upward trend since January of this year, the services confidence indicator decreased by two points in both the EU and the euro area in June. However, at 21 points, the indicator remains at a relatively high level in the current business cycle.

The components of the confidence indicator showed similar developments in the EU and the euro area. In both areas, managers' assessment of the current business situation and the recent evolution of demand declined by 2 points. However, while managers' views of the expected evolution of demand were stable in the euro area, they deteriorated markedly for the EU, owing to a slump in UK managers' expectations.

Developments at the EU and euro-area levels mask a rather diverse pattern at the individual country level. Among the large Member States, services confidence improved in Spain (+2) and Poland (+2) and declined in Germany (-3), France (-1) and Italy (-4). A particularly marked decline was registered in the UK (-9).

Consumer confidence indicator (s.a.)

EU: June -2
Euro area: June -2



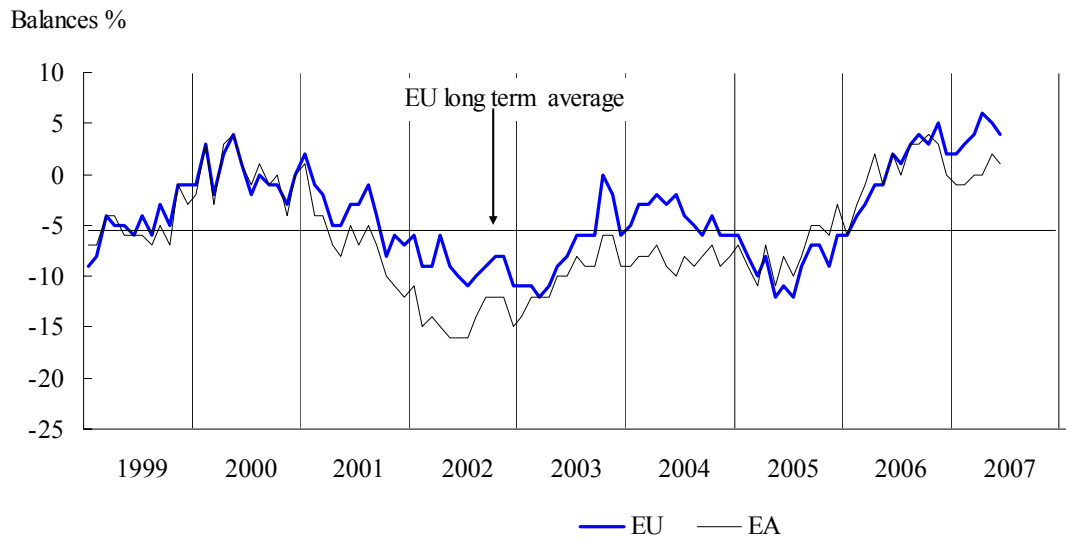
Following soaring consumer confidence in May, the confidence indicator saw a slight downward correction by one point in both the EU and the euro area in June. In the EU, this is the first decline of the indicator in almost one year. In both areas, the indicator has been on a fairly steady and steep upward path since mid-2005.

A look at the components of the confidence indicator shows that it was mainly a small correction in consumers' optimism regarding unemployment expectations that caused the indicator to decline. Consumers' expectations regarding both their own financial situation and the general economic situation over the next 12 months remained unchanged in both areas. Expectations regarding saving opportunities over the next 12 months remained stable in the EU, too, while they worsened by one point in the euro area.

The minor drop in consumer confidence at the aggregate level reflects rather muted developments in the large Member States. Germany and Italy saw consumer confidence edge down by one point, while consumers in Spain and the UK reported unchanged confidence. In Poland, consumer confidence increased by one point, while after last month's nine-point surge, consumer confidence slipped back by two points in France.

Retail trade confidence indicator (s.a.)

EU: June 4
Euro area: June 1



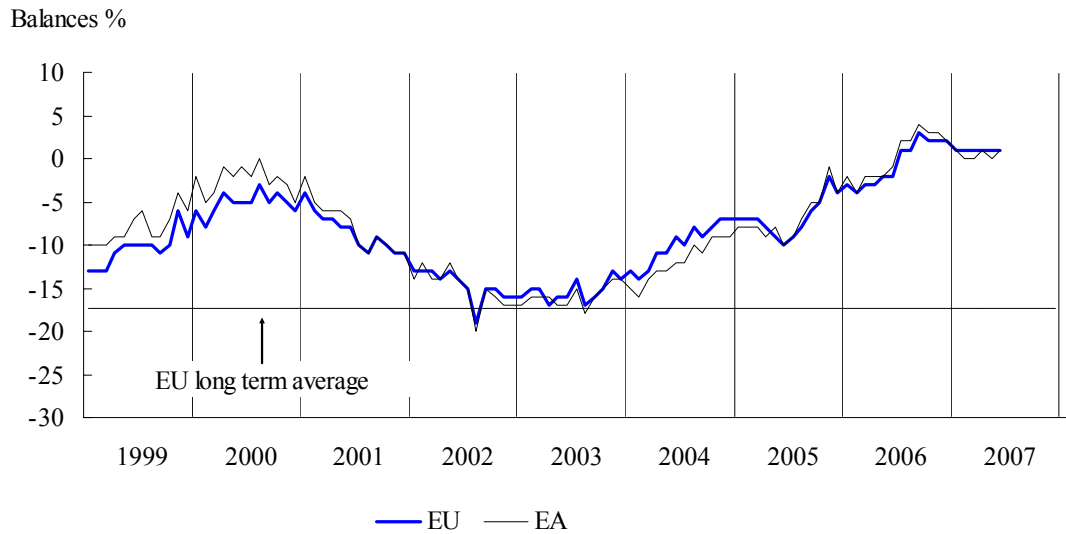
The retail confidence indicator declined by one point in both the EU and the euro area in June. Nonetheless, in both areas the indicator remains at a very high level. In the EU, retail confidence still scores higher than during the 2000 boom.

As for the components of the retail confidence indicator, both the present business situation and the expected business situation were assessed slightly less positively in both areas. The assessment of the volume of stocks turned slightly more positive in the EU, while it deteriorated by two points in the euro area.

Results for the large Member States were fairly diverse in June. Retail confidence declined in Germany (-2) and France (-1), remained unchanged in Spain and the UK and improved in Italy (+2) and Poland (+1).

Construction confidence indicator (s.a.)

EU: June 1
Euro area: June 1



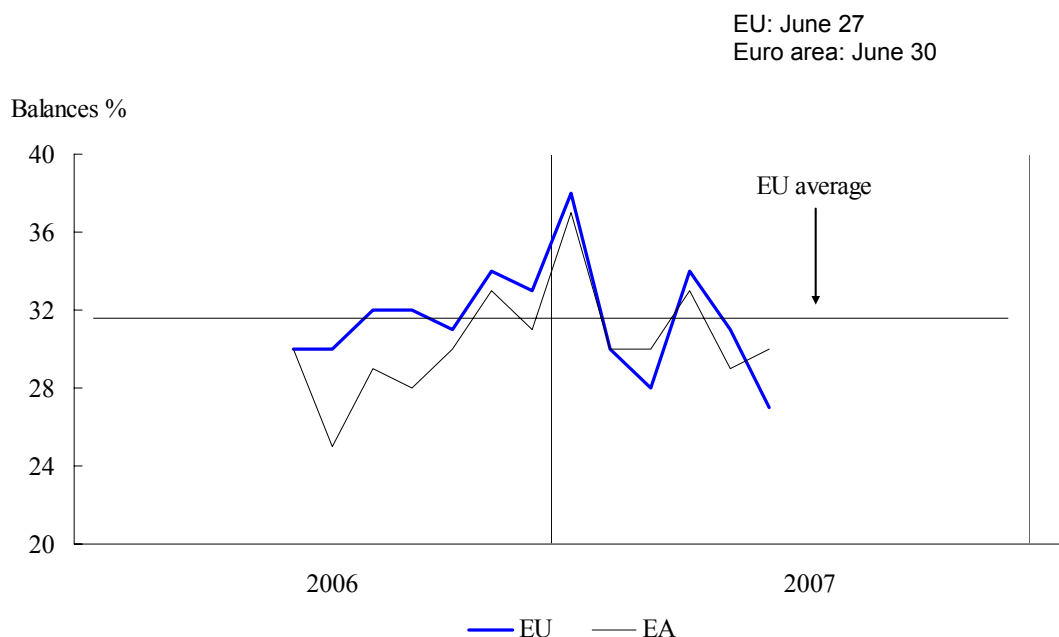
In June, the construction confidence indicator for the EU has remained stable for the sixth consecutive month. Similarly, the indicator for the euro area has recorded only marginal changes in the first half of 2007. In June, the euro-area indicator improved by one point.

The components of the construction confidence indicator reflect the aggregate picture. In the EU, managers' assessment of both order books and employment expectations was stable. While the assessment of order books improved by two points in the euro area, employment expectations worsened slightly.

Among the large Member States, construction managers became more confident in France (+2) and Spain (+1). On the other hand, confidence declined in Germany (-1), Italy (-2) and the UK (-3)¹.

¹ Construction survey data for Poland was not received in time.

Financial services confidence indicator (n.s.a.)



After the positive trend observed in 2006, the financial services confidence indicator was rather erratic around a falling trend during the first six months of 2007. In June, the confidence indicator decreased in the EU, but picked up in the euro area.

Looking at the indicator's components, the strongest contribution to the fall in the EU came from managers' expectations regarding the evolution of demand, which fell by 10 points. For the euro area, the rise in the confidence indicator was mainly due to a markedly improved assessment of the current business situation.

These results are derived from the new EU survey in the financial services sector, recently launched by the European Commission to further increase the sectoral coverage of its survey programme. In line with the schedule of the other business surveys, the survey has been carried out on a monthly basis since April 2006. The objective is to achieve representative results for the EU and the euro area as a whole, rather than for individual Member States.

The next Business and Consumer Survey is due to be published on 31 July 2007.

Full tables are available on:

http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm