

Brussels, 31 January 2008

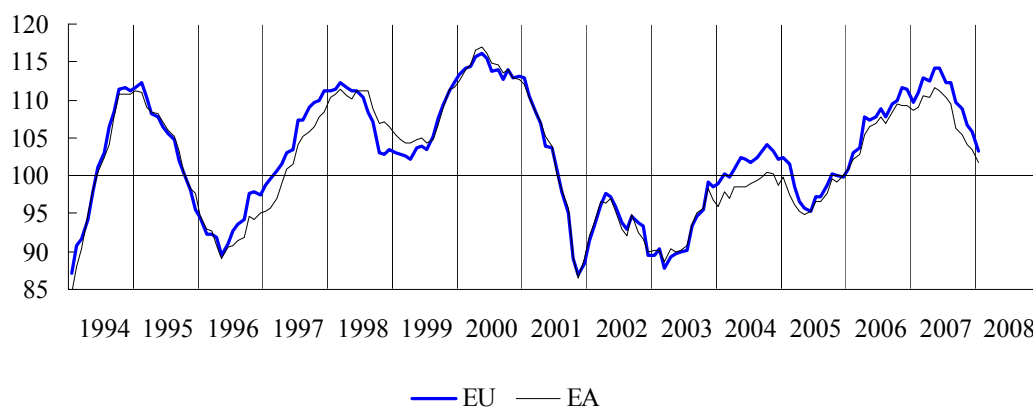
## January 2008: Economic sentiment decreases further in both the EU and the euro area

In January, the Economic Sentiment Indicator (ESI) decreased further in both the EU and the euro area. It fell by 2.6 points in the EU and by 1.7 points in the euro area, to 103.2 and 101.7 respectively. The indicator, which has been on a downward path since mid-2007, nevertheless still remains above its long-term average in both areas.

### Economic sentiment indicator (s.a.)

EU: January 103.2  
Euro area: January 101.7

long-term average =100

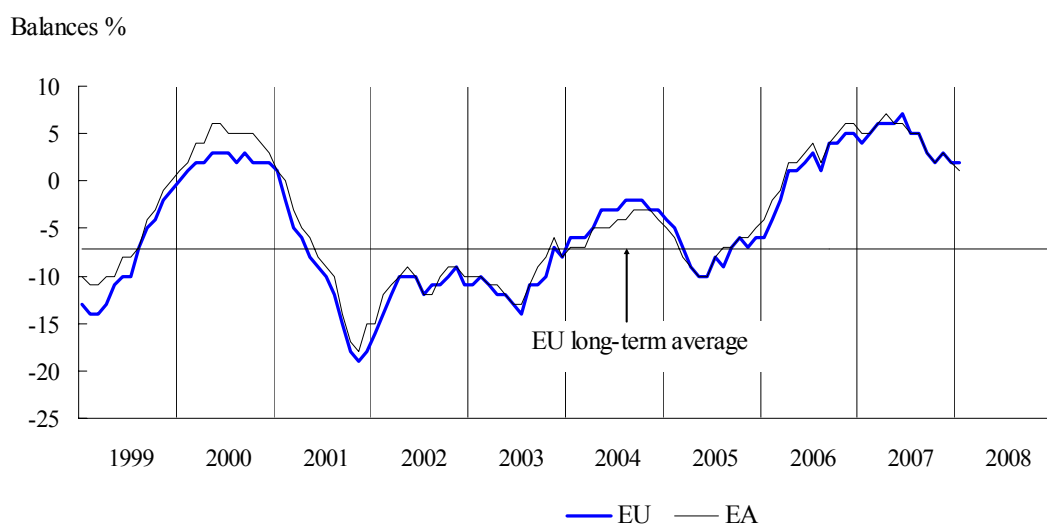


In both regions, the drop in the ESI reflects a decline in all or most of the sectoral indicators. Confidence in the services, retail trade and construction sectors and among consumers worsened in both areas. Sentiment in the manufacturing sector also declined in the euro area but remained unchanged in the EU as a whole.

At the individual country level, the picture is fairly mixed, with an approximately equal number of countries reporting increases and decreases in sentiment. Among the large EU Member States, however, the ESI decreased in a majority of countries. Confidence deteriorated in Germany (-2.0), Spain (-1.5), France (-0.9), Italy (-1.3) and the UK (-2.3), while it improved in Poland (+1.8).

## Industrial confidence indicator (s.a.)

EU: January 2  
Euro area: January 1



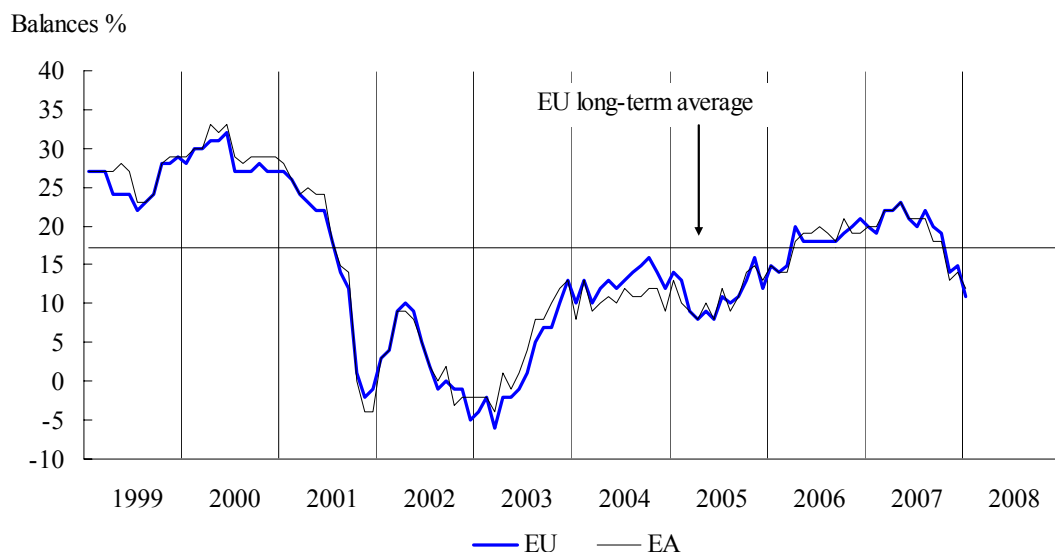
In January, the industrial confidence indicator remained stable in the EU, while it decreased by one point in the euro area. In both areas, the level of the indicator remains well above its long-term average.

The difference between the EU and the euro-area confidence indicators is due to rounding effects. In both regions, managers' assessment of order books deteriorated by one point, while their production expectations improved by one point. Their views on the stocks of finished products remained unchanged in both areas.

Among the large Member States, industrial confidence increased in France (+2) and the UK (+3), while it weakened in Germany (-3) and Spain (-1). It remained unchanged in Italy and in Poland.

## Service confidence indicator (s.a.)

EU: January 11  
Euro area: January 12



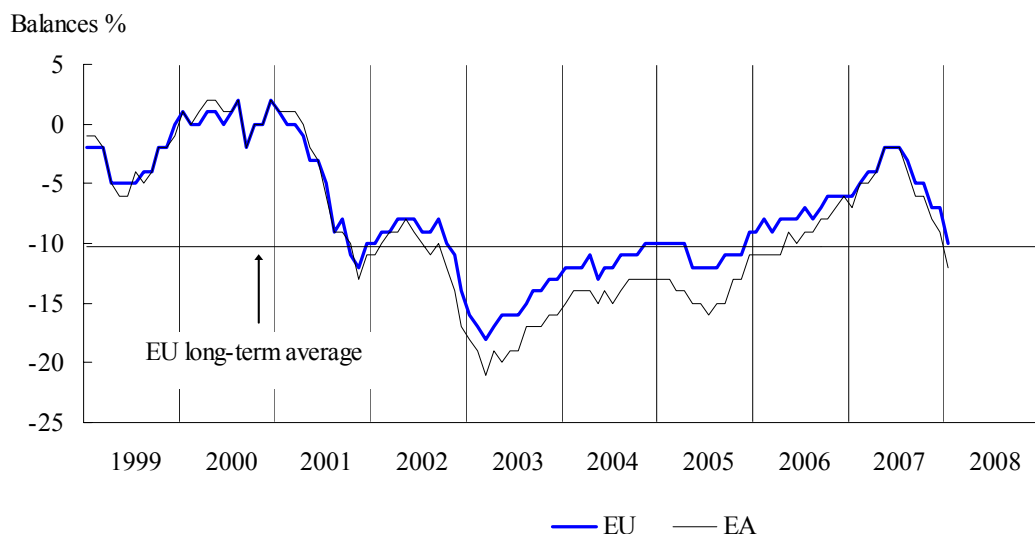
Following a slight improvement in December, the services confidence indicator decreased by 4 points in the EU and by 2 points in the euro area in January. The indicator, which remains below its long-term average in both areas, has been on a downward trend since June 2007.

In the EU, the decrease in the confidence indicator was due to a worsening in all the three underlying components. Managers' appraisal of the current business situation fell by five points, their assessment of the recent evolution of demand decreased by two points, and their demand expectations declined by four points. In the euro area, their assessments both of the current business situation and of past demand worsened, while their demand expectations remained unchanged.

At the country level, the picture is mixed, with a majority of countries reporting a decrease. Among the large Member States, services confidence increased in Germany (+2), France (+1) and Poland (+4). Sentiment decreased by four points in both Italy and Spain and by thirteen points in the UK.

## Consumer confidence indicator (s.a.)

EU: January -10  
Euro area: January -12



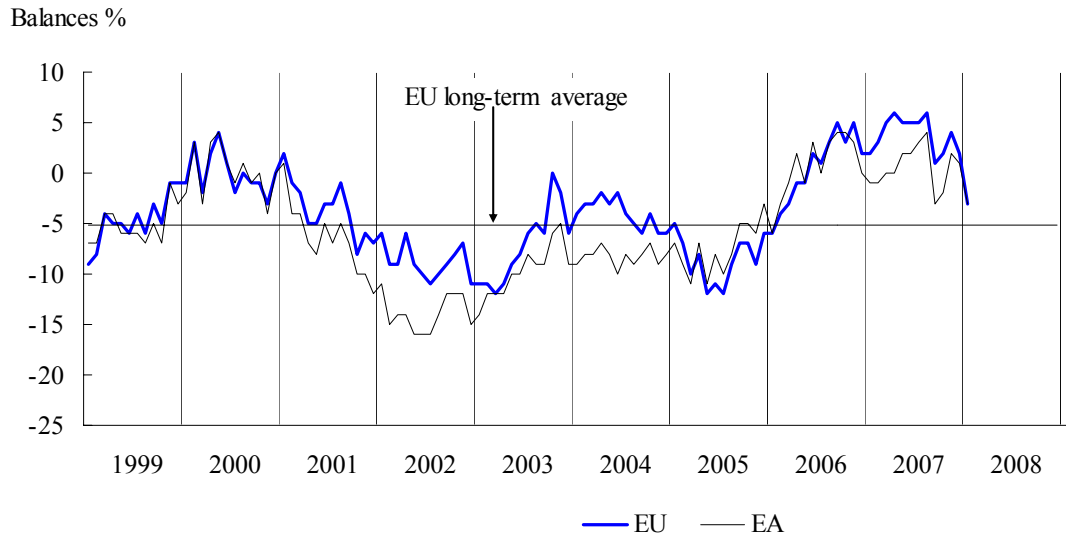
In January, consumer confidence decreased by three points in both in the EU and the euro area. After peaking in May 2007, confidence in both areas has declined fairly steadily. Consumer confidence in the EU stands at its long-term average, while it is now below this average in euro area.

In both areas, all the four components of the confidence indicator worsened. Consumers' expectations regarding the general economic situation decreased by four points in the EU and by five points in the euro area. Consumers' expectations about their financial situation deteriorated by one point in the EU and by two points in the euro area. Consumers' prospects of saving money over the next 12 months decreased by one point in both areas. Finally, consumers' views on unemployment over the next 12 months worsened by four points in the EU and by three points in the euro area.

At the individual country level, a majority of countries reported a decrease in confidence in January. Among the large Member States, consumer confidence decreased in Germany (-3), Spain (-1), France (-5), Poland (-2) and the UK (-2), while in Italy it remained unchanged.

## Retail trade confidence indicator (s.a.)

EU: January -3  
Euro area: January -3



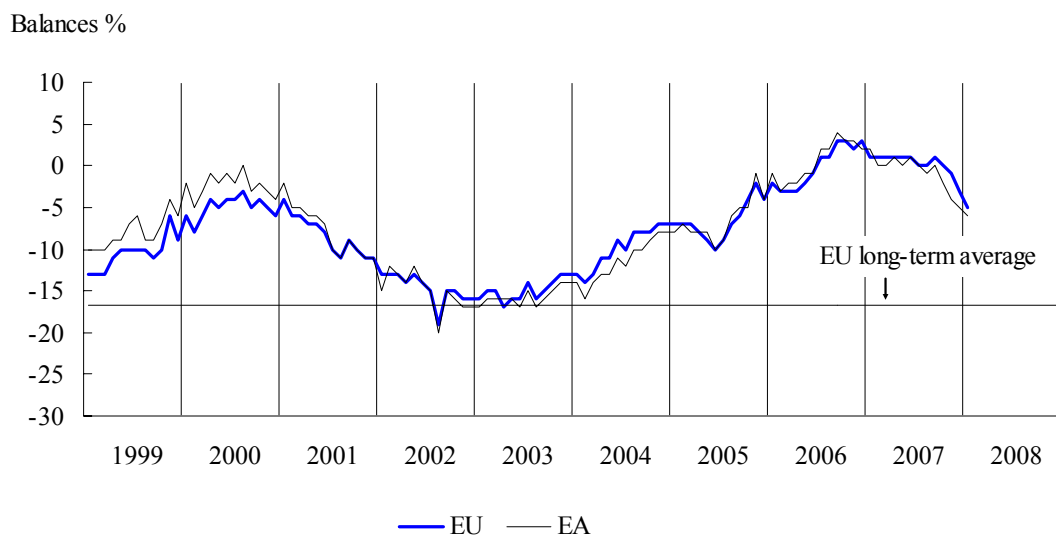
In January, the retail confidence indicator decreased in both the EU and the euro area. The indicator, however, remains above its long-term average in both areas.

In the EU, retailers' assessments of the present and expected business situation deteriorated, while their views on the volume of stocks remained stable. In the euro area, all the underlying components of the indicator contributed to the fall in confidence.

At the country level, the results are predominantly negative. Among the large Member States, retail confidence decreased substantially in Germany (-4), France (-5), Italy (-9) and the UK (-10). Meanwhile, it increased in Spain (+4) and remained unchanged in Poland.

## Construction confidence indicator (s.a.)

EU: January -5  
Euro area: January -6



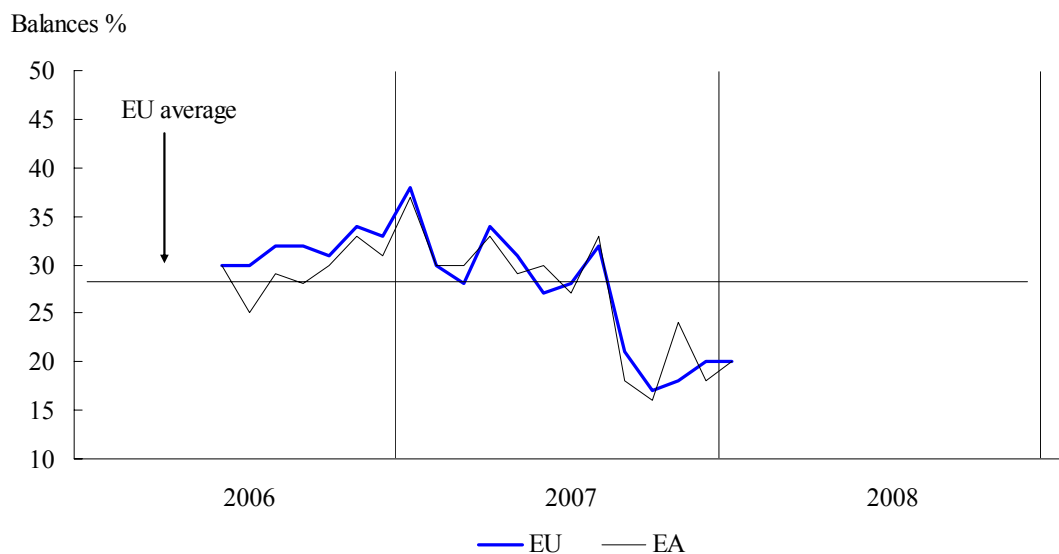
The construction confidence indicator declined further in January in both the EU and the euro area. Nevertheless, the level of the indicator still remains far above its long-term average.

In both areas, the decline in the confidence indicator was the result of a worsening in the two underlying components. Managers' assessment of order books decreased by two points in the EU and by one point in the euro area. Their employment expectations dropped by three points and one point respectively.

Developments at the individual country level are fairly mixed. Among the large Member States, construction confidence weakened in France (-7) and Poland (-1), while it strengthened by one point in both Germany and the UK. In Spain and Italy, construction confidence was stable.

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

EU: January 20  
Euro area: January 20



In January, the financial services confidence indicator remained stable in the EU, while it recovered somewhat in the euro area after a significant drop in December. The indicator remains well below its long-term average in both areas.

In both the EU and the euro area, similar developments in the three underlying components of the indicator were recorded. Managers' assessments of the past business situation and of the past evolution of demand worsened, while their views on the expected evolution of demand improved.

These results are derived from the EU survey in the financial services sector, 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. To this end, only a subset of countries are surveyed, which gives rise to higher volatility than if all countries were included, especially in the case of the indicator for the euro area, which is a smaller aggregate.

The next Business and Consumer Survey is due to be published on 29 February 2008.

Full tables are available on:

[http://ec.europa.eu/economy\\_finance/db\\_indicators/db\\_indicators8650\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/db_indicators8650_en.htm)