

Brussels, 27 November 2008

November 2008: Economic sentiment falls to historically low levels in both the EU and the euro area

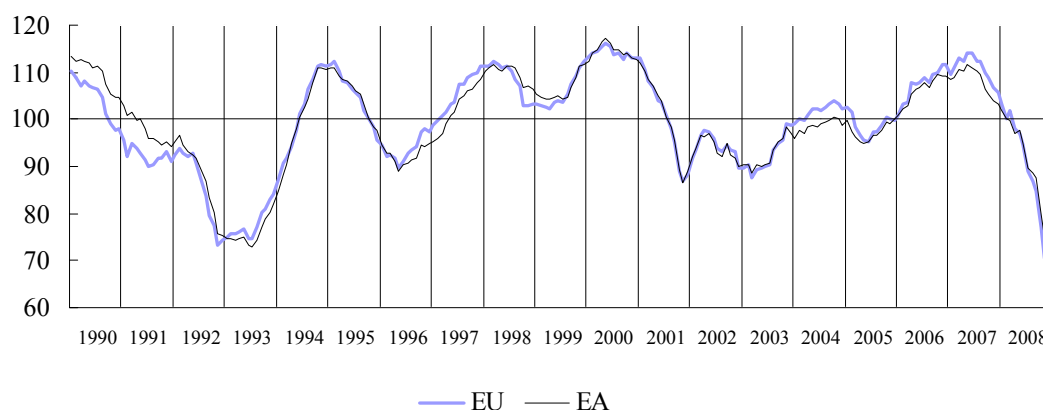
In November, the Economic Sentiment Indicator (ESI) declined considerably in the EU and the euro area. This came after another sharp decline in sentiment observed in the October survey. It fell by 6.7 points in the EU and by 5.1 points in the euro area, to 70.5 and 74.9, respectively. The ESI for the EU stands at its lowest since January 1985, while that for the euro area is at the lowest since August 1993.

Economic sentiment indicator (s.a.)

EU: November 70.5

Euro area: November 74.9

long-term average =100



In both the EU and the euro area, the decline in the overall ESI reflects a general decrease in sentiment. The industrial confidence indicator fell significantly again in both regions. The services confidence indicator marks a new record-low level for both regions since the introduction of the survey twelve years ago. Consumer confidence declined only marginally, but remains at very low levels compared to its average value. Sentiment in the retail sector declined further in the EU, but remained the same in the euro area, while the construction confidence indicator dropped markedly – by 4 points in both regions.

Reflecting the widespread deterioration in economic sentiment, all EU countries reported weakening sentiment. Among the large Member States, confidence in the UK fell the most (-8.8 points), followed by Poland (-7), Germany (-6.3) and the Netherlands (-5.4). The confidence indicator fell less significantly in France (-1.3), Italy (-1.2) and Spain (-2.8); however the latter now stands at its lowest ever.

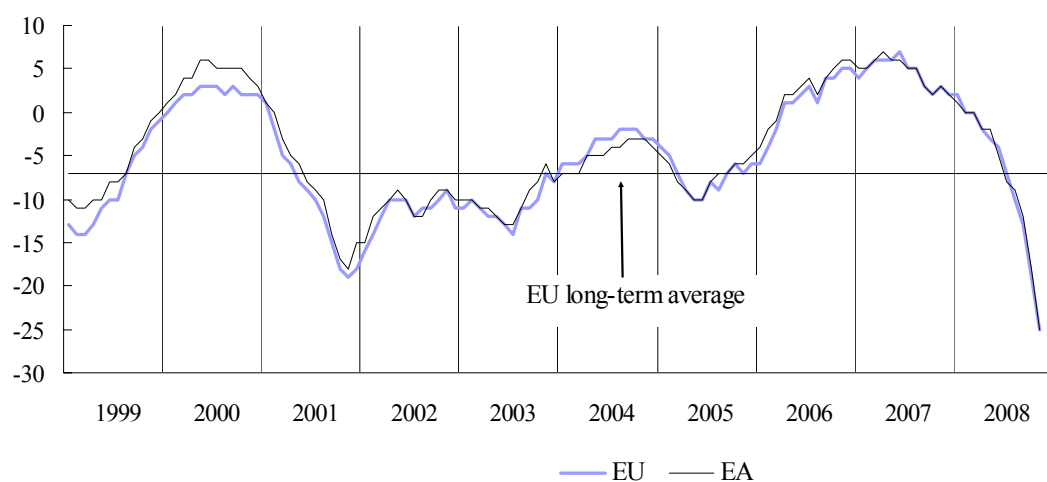
The financial services confidence indicator – not included in the ESI – reported another substantial fall in both regions this month. Last month, it turned negative for the first time since the survey was launched in 2006. The majority of managers interviewed expect demand for their financial services to decline in the next three months after they reported worsening demand over the past three months.

According to the six-monthly industrial investment survey, which was carried out in October and November of this year, managers in most Member States expect to decrease their investment volumes in 2009 compared to 2008. More specifically, in 2009 real investment is expected to drop by 5% in both the EU and the euro area. In the same survey, managers estimated that real investment grew by 3% (EU) and 4% (euro area) in 2008 compared to 2007, lower than foreseen in spring 2008.

Industrial confidence indicator (s.a.)

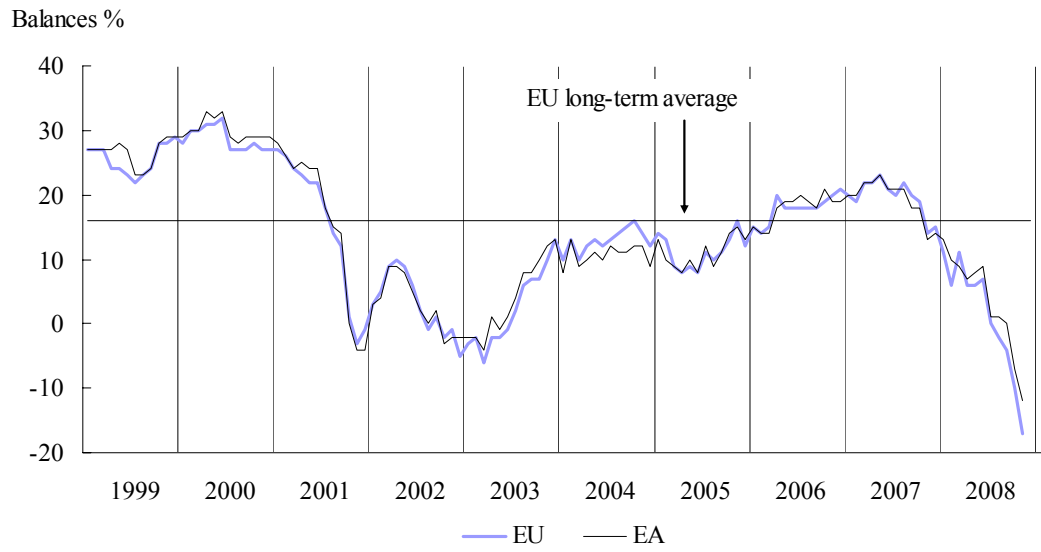
EU: November -25
Euro area: November -25

Balances %



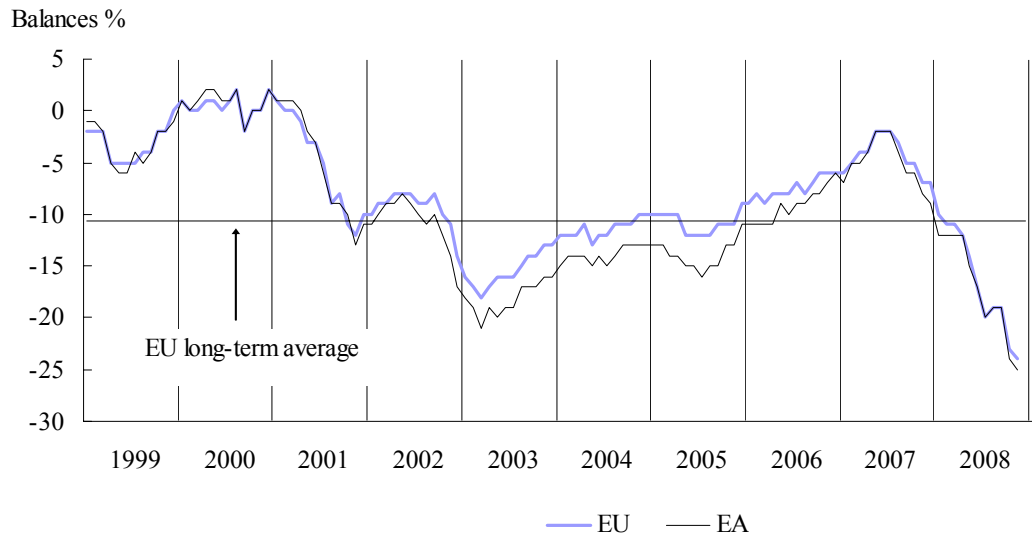
Service confidence indicator (s.a.)

EU: November -17
Euro area: November -12



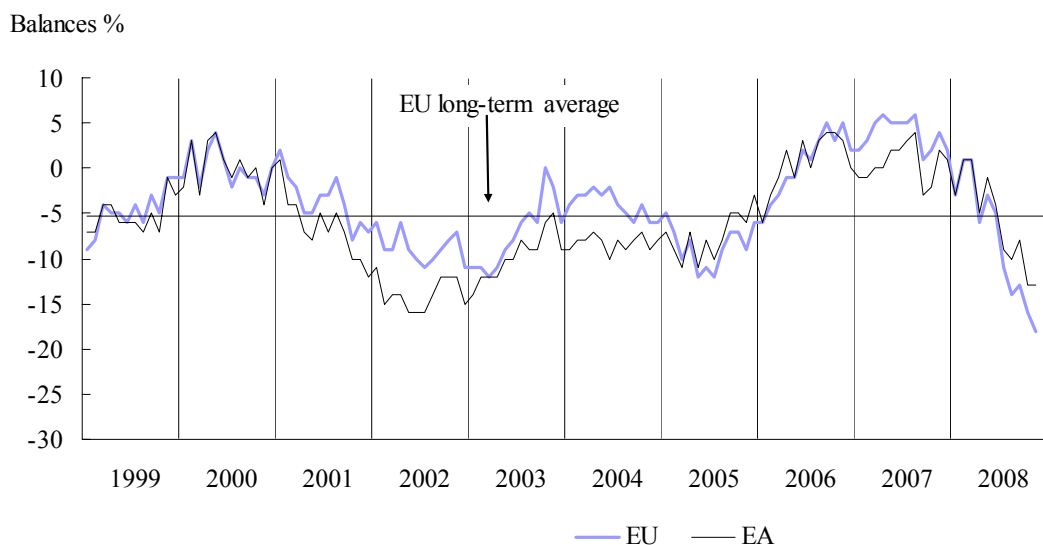
Consumer confidence indicator (s.a.)

EU: November -24
Euro area: November -25



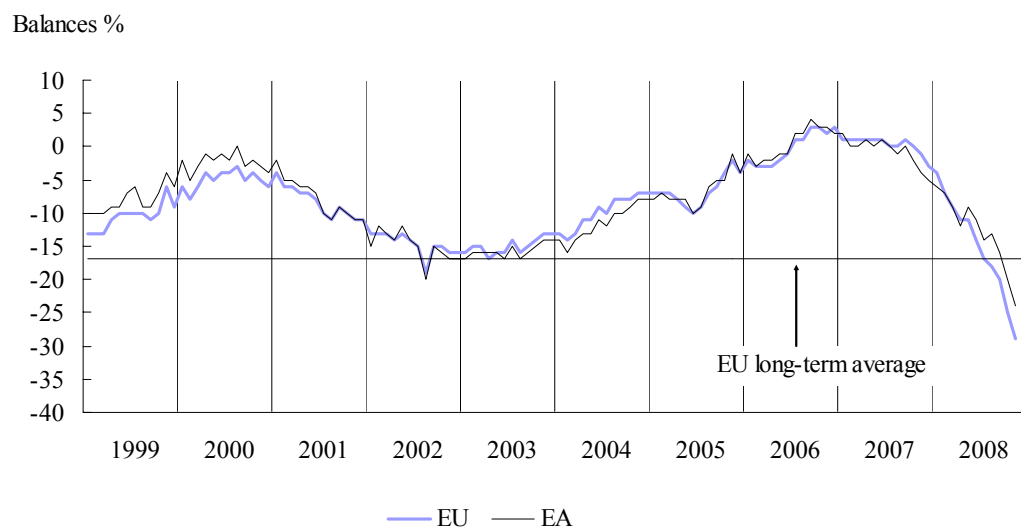
Retail trade confidence indicator (s.a.)

EU: November -18
Euro area: November -13



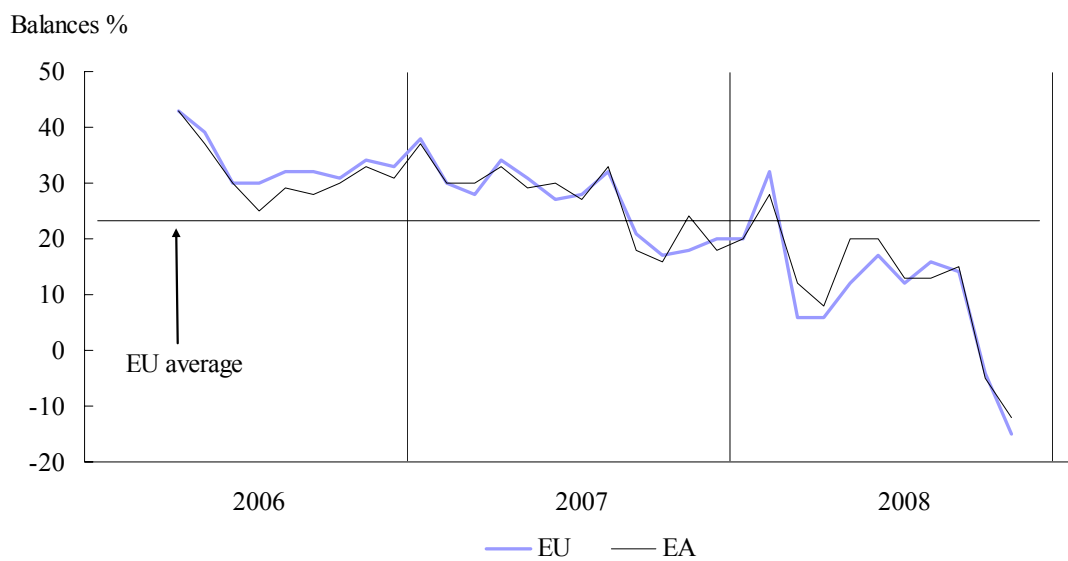
Construction confidence indicator (s.a.)

EU: November -29
Euro area: November -24



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

EU: November -15
Euro area: November -12



The next Business and Consumer Survey is due to be published on 8 January 2009.

Full tables are available on:

http://ec.europa.eu/economy_finance/db_indicators/db_indicators8650_en.htm