

Brussels, 29 February 2008

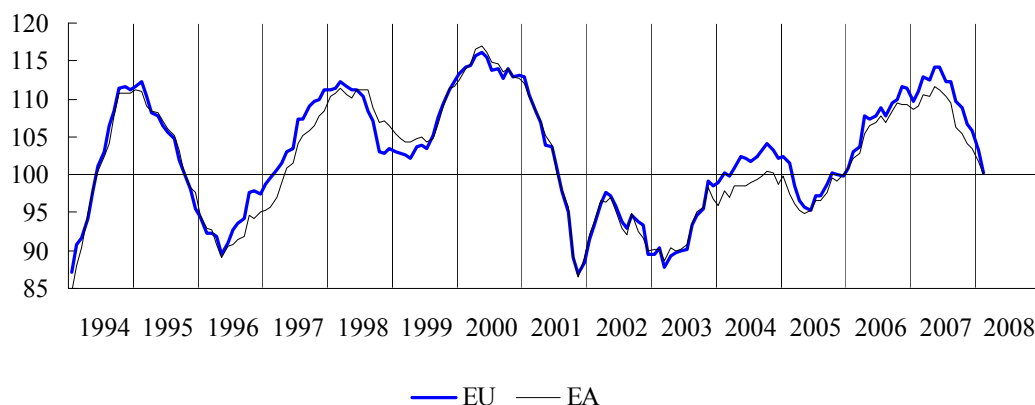
February 2008: Economic sentiment weakens further in both the EU and the euro area

In February, the Economic Sentiment Indicator (ESI) decreased further in both the EU and the euro area. It fell by 3.1 points in the EU and by 1.6 points in the euro area, to 100.2 and 100.1 respectively. The indicator, which has been on a downward path since mid-2007, now stands at its long-term average in both areas.

Economic sentiment indicator (s.a.)

EU: February 100.2
Euro area: February 100.1

long-term average =100



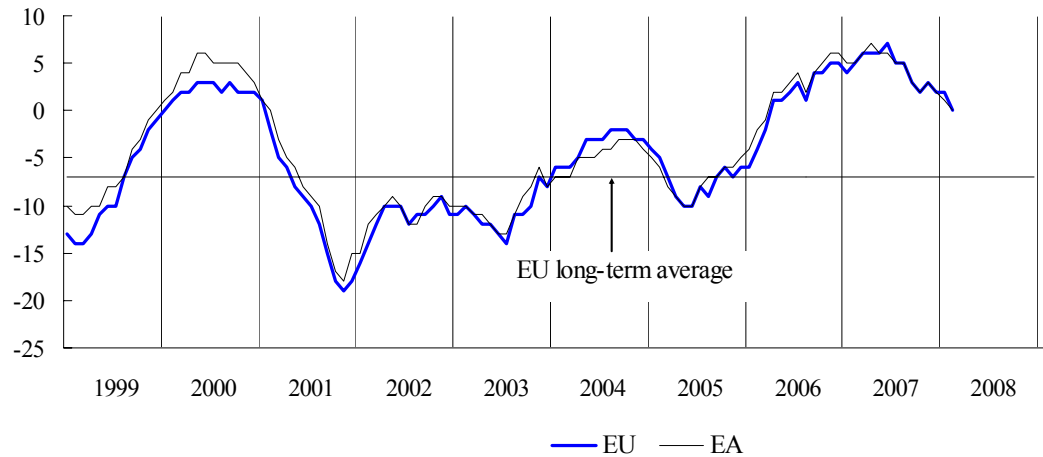
The decrease in the sentiment indicator in both regions is mainly due to a significant drop in confidence in the services sector and, to a lesser extent, lower confidence in the manufacturing and construction sectors. Confidence among consumers decreased slightly in the EU, while it remained stable in the euro area. In both areas, confidence improved in the retail trade sector.

Although the picture is fairly mixed at the country level, a majority of the countries reported decreases in sentiment in February. The ESI decreased in all large EU Member States but Germany. More specifically, confidence deteriorated in the UK (-9.0), Italy (-3.6), Spain (-3.1), France (-1.8) and Poland (-0.7), while it improved in Germany (+0.6).

Industrial confidence indicator (s.a.)

EU: February 0
Euro area: February 0

Balances %



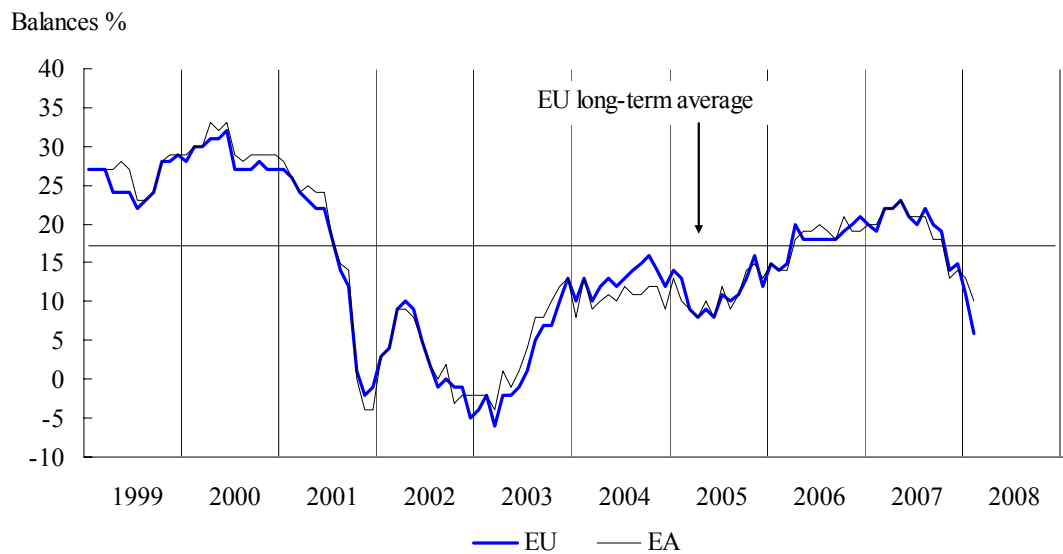
In February, the industrial confidence indicator declined in both the EU and the euro area. These developments extend the gradual downward trend the indicator has been following since mid-2007. In both areas, however, the indicator still stands well above its long-term average.

In both regions, the decline of the indicator was mainly caused by a worsening in managers' production expectations. Industrial managers gave also a slightly more pessimistic assessment of their order books. Their views regarding the stocks of finished products were also less optimistic in the EU, while they remained unchanged in the euro area.

Among the large Member States, industrial confidence decreased in the UK (-7), Spain (-4), France (-3) and Italy (-1), while it improved in Germany (+1). Industrial confidence remained unchanged in Poland.

Service confidence indicator (s.a.)

EU: February 6
Euro area: February 10



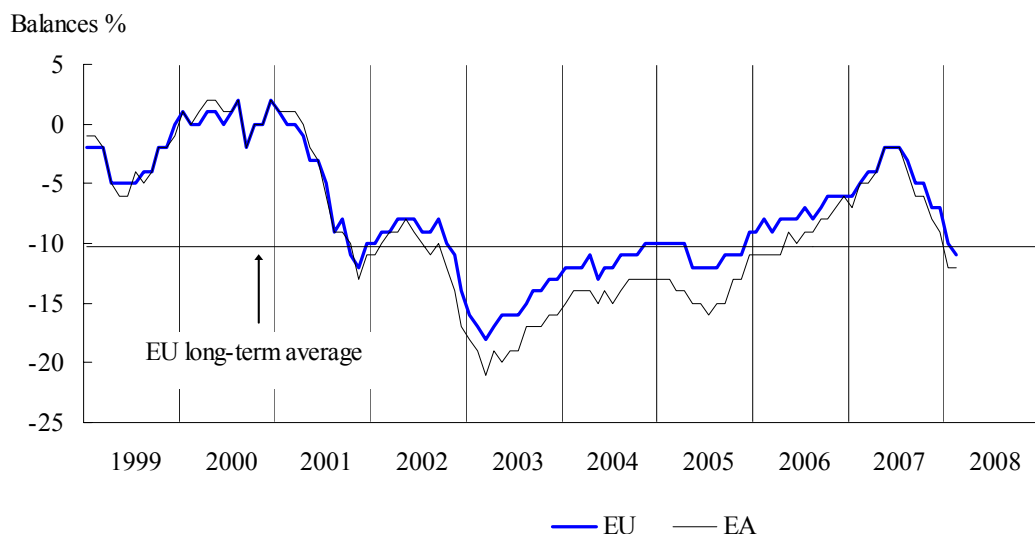
The services confidence indicator decreased markedly in both the EU and the euro area in February. The indicator, which has been on a downward trend since June 2007, thus fell further below its long-term average in both areas.

In the EU, the decrease in the confidence indicator was due to a further worsening in all underlying components. Managers' appraisal of the current business situation fell by six points, their assessment of the recent evolution of demand by three points, and their demand expectations by five points. In the euro area, managers' demand expectations decreased even more. At the same time, euro-area managers' assessment of the past demand improved slightly, while their appraisal of the current business situation decreased somewhat.

The large majority of countries reported decreases in sentiment in February. Among the large Member States, services confidence decreased considerably in Italy (-12) and the UK (-14). Smaller decreases were recorded in Germany (-1), France (-2) and Poland (-1), while the indicator improved slightly in Spain (+1).

Consumer confidence indicator (s.a.)

EU: February -11
Euro area: February -12



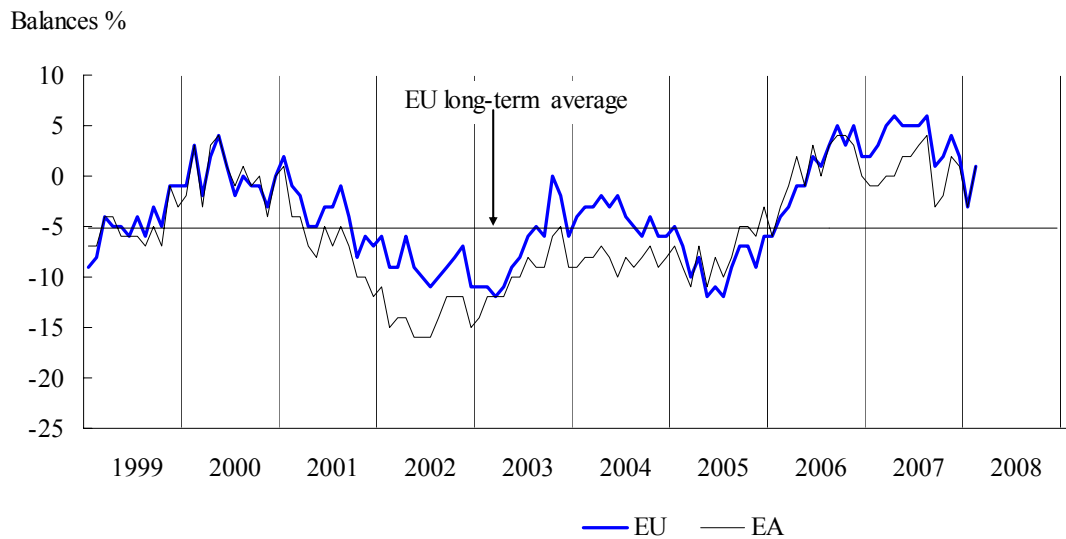
In February, consumer confidence declined further in the EU, while remaining unchanged in the euro area. In both areas, the indicator has declined gradually since its peak in May 2007 and currently stands below its long-term average.

In the EU, the declining consumer confidence was due to less upbeat expectations regarding the general economic situation over the next 12 months. Expectations regarding households' own financial situation, their own savings and the general unemployment situation remained stable. In contrast, consumers in the euro area reported weaker expectations regarding their own savings and the general unemployment situation.

At the individual country level, a majority of countries reported increased confidence, but the changes were fairly muted overall. Among the large Member States, consumer confidence decreased in Germany (-2), Spain (-1), Italy (-1) and the UK (-2), while increasing somewhat in France (+1) and Poland (+1).

Retail trade confidence indicator (s.a.)

EU: February 1
Euro area: February 1



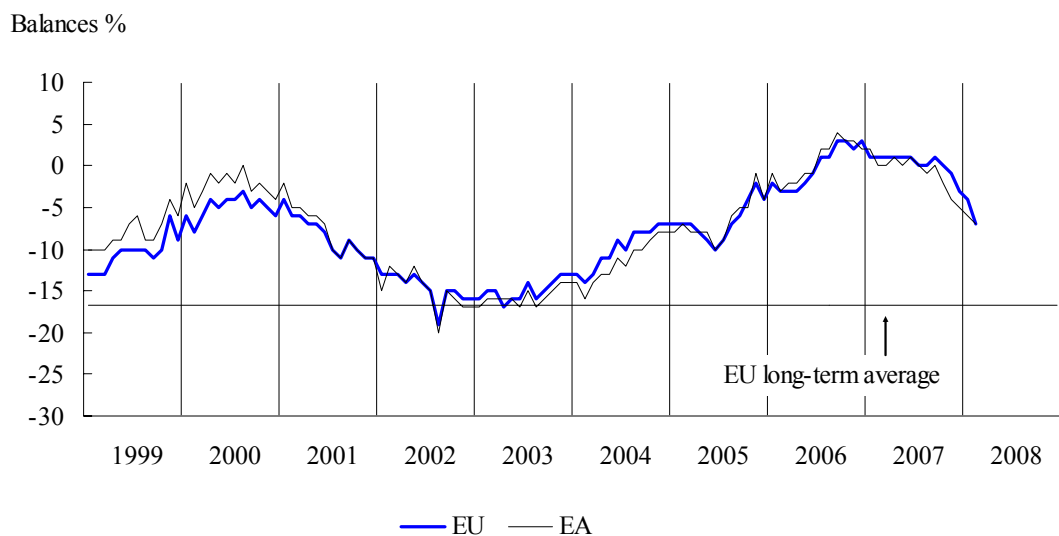
In both the EU and the euro area, following a decline in the previous month, the retail confidence indicator recovered in February. The indicator stands above its long-term average in both areas.

In both areas, the rise in overall confidence was due to a more positive assessment by retailers of both the present and expected business situation. Views concerning the volume of stocks remained unchanged among EU retailers, while improving among euro-area retailers.

At the country level, the results are divergent. Among the large Member States, retail confidence increased substantially in Germany (+11), Italy (+11) and the UK (+8). Meanwhile, it decreased considerably in Spain (-10) and, to a lesser extent, in France (-2) and Poland (-1).

Construction confidence indicator (s.a.)

EU: February -7
Euro area: February -7



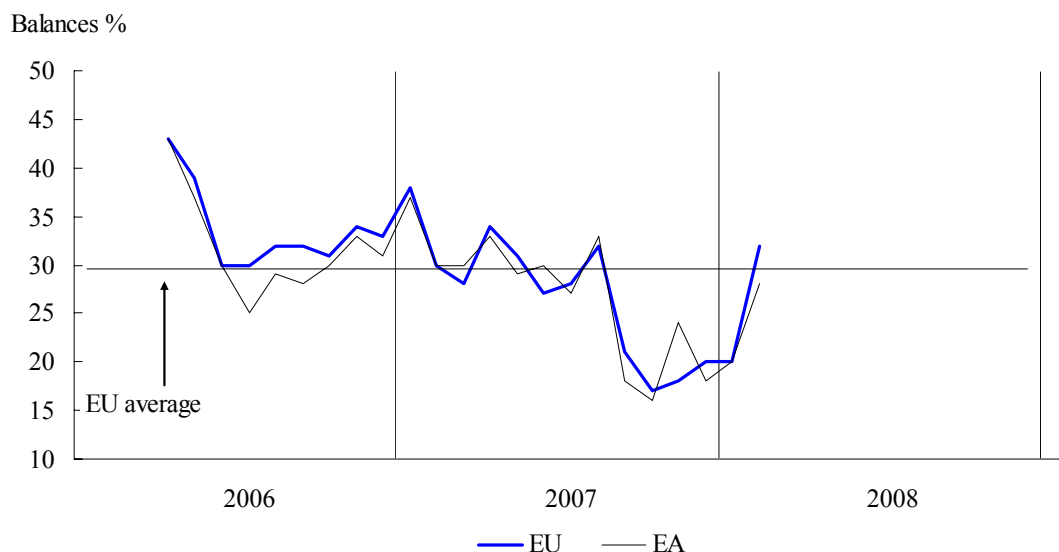
The construction confidence indicator declined further in February in both the EU and the euro area. Nevertheless, the level of the indicator still stands clearly above its long-term average.

Looking at the underlying components, construction managers in both the EU and the euro area held more negative employment expectations compared to January. Managers' assessment of order books decreased slightly in the EU, but remained unchanged in the euro area.

Developments at the individual country level are fairly mixed. Among the large Member States, construction confidence weakened substantially in Spain (-12), the UK (-9) and, to a smaller degree, in Germany (-1). Confidence strengthened in both France (+4) and Poland (+2), while remaining stable in Italy.

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

EU: February 32
Euro area: February 28



In February, the financial services confidence indicator increased significantly in both the EU and the euro area. In the EU, for the first time since August of last year, the level of indicator turned above its long-term average.

In both areas, the three underlying components contributed to the increase of the indicator. In other words, managers' assessments of their business situation over the past three months as well as of the past and 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 31 March 2008.

Full tables are available on:

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