

Brussels, 30 April 2008

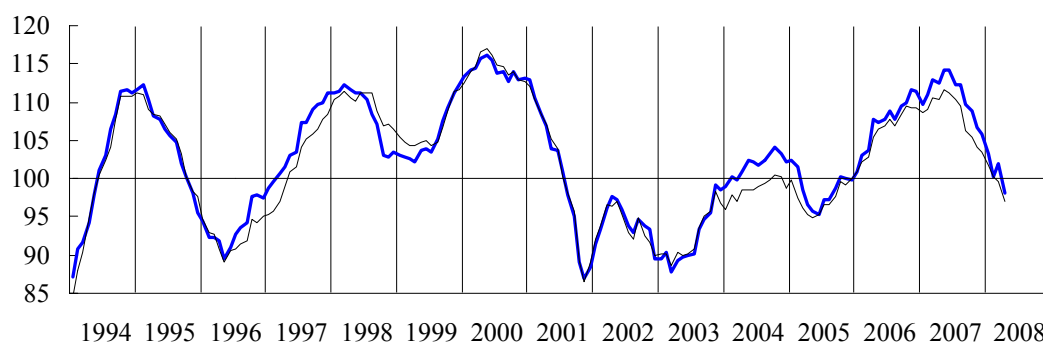
## April 2008: Economic sentiment declines markedly in both the EU and the euro area

*In April, the Economic Sentiment Indicator (ESI) decreased by 3.8 points in the EU and by 2.5 points in the euro area, to 98.1 and 97.1 respectively. The fall in the EU indicator more than offset the rebound registered in March. In both regions, the ESI now stands below its long-term average.*

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

EU: April 98.1  
Euro area: April 97.1

long-term average =100



source: European Commission services

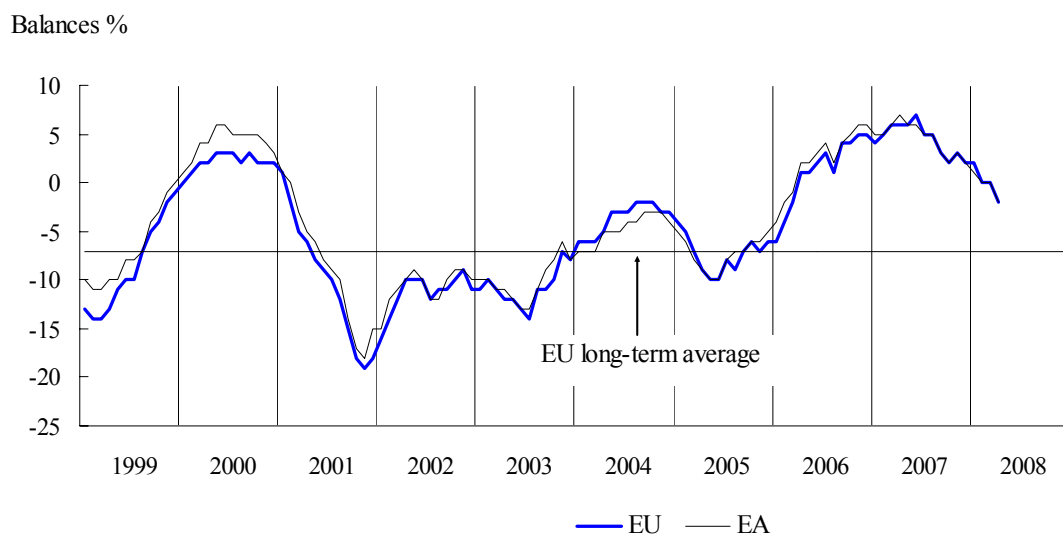
— EU — EA

The decrease in the sentiment indicator for the EU reflects a decline in confidence across all five sectors, with a marked drop in services and retail trade. In the euro area, sectoral developments were broadly similar; with the exception of consumer confidence, which remained unchanged from March.

A large majority of countries reported decreasing sentiment in April. Confidence is worsening in all large Member States, notably so in the UK (-8.9). The declines are more moderate in the Netherlands (-4.5), Spain (-3.2), and France (-2.5), while they are small in Italy (-1.6), Poland (-1.4), and Germany (-1.2).

## Industrial confidence indicator (s.a.)

EU: April -2  
Euro area: April -2



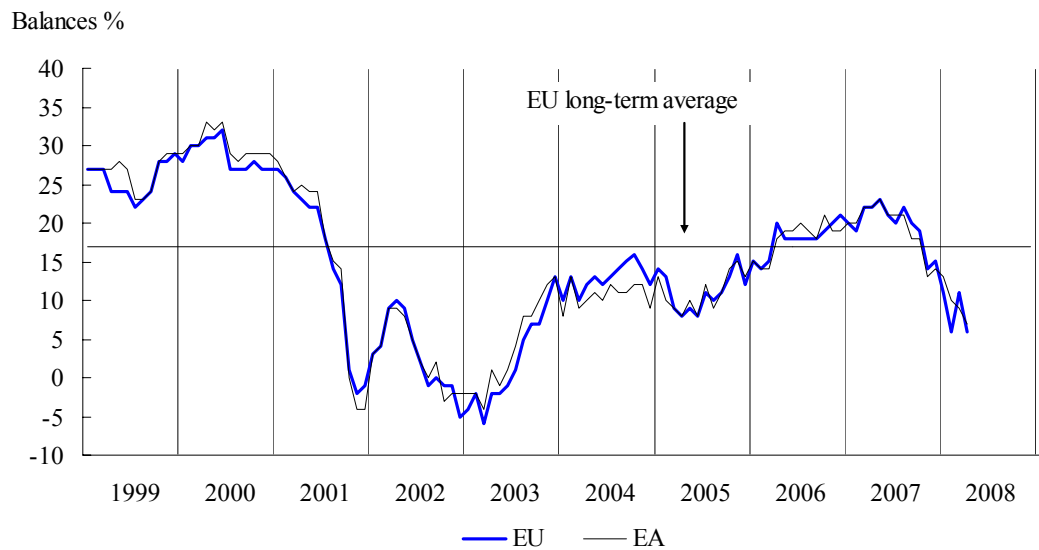
In April, the industrial confidence indicator declined in both the EU and the euro area. The indicator remains above its long-term average in both areas, but the gradual downward trend continues.

In both regions, the decline of the indicator was mainly caused by industrial managers' negative assessment of their order books. Managers' production expectations also contributed to the decline in the EU, while they remained stable in the euro area. Their views regarding the stocks of finished products also worsened in the euro area, while they remained unchanged in the EU.

Industrial confidence decreased in all large Member States. The decline was significant in the UK (-6), while the fall was more moderate in other large Member States: France (-3), Italy (-3), the Netherlands (-2), Poland (-2), Germany (-1), and Spain (-1).

## Service confidence indicator (s.a.)

EU: March 6  
Euro area: April 7



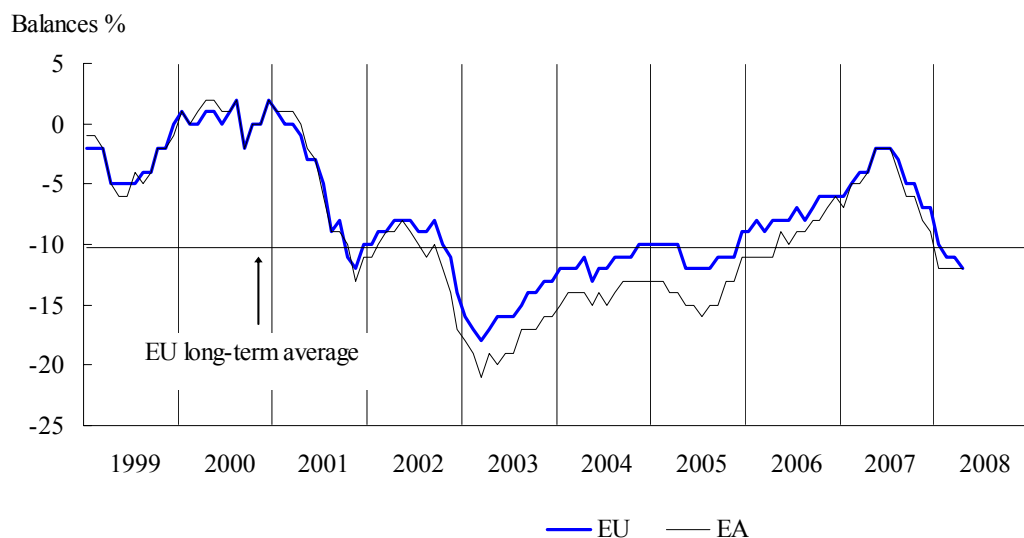
In April, the services confidence indicator decreased in both the EU and the euro area. The indicator stands below its long-term average in both areas, and has been on a downward trend since June 2007.

The decline of the two indicators was caused by a worsening in all three underlying components. Managers' assessment of the recent evolution of demand deteriorated markedly. Their appraisal of the current business situation and demand expectations worsened as well, albeit to a lesser extent.

The majority of countries reported decreases in sentiment in April. Among the large Member States, services confidence decreased considerably in the UK (-17), and to a smaller extent, in Spain (-6), Germany (-3), the Netherlands (-3), and France (-2). By contrast, confidence improved slightly in Italy (+1), and remained stable in Poland.

## Consumer confidence indicator (s.a.)

EU: April -12  
Euro area: April -12



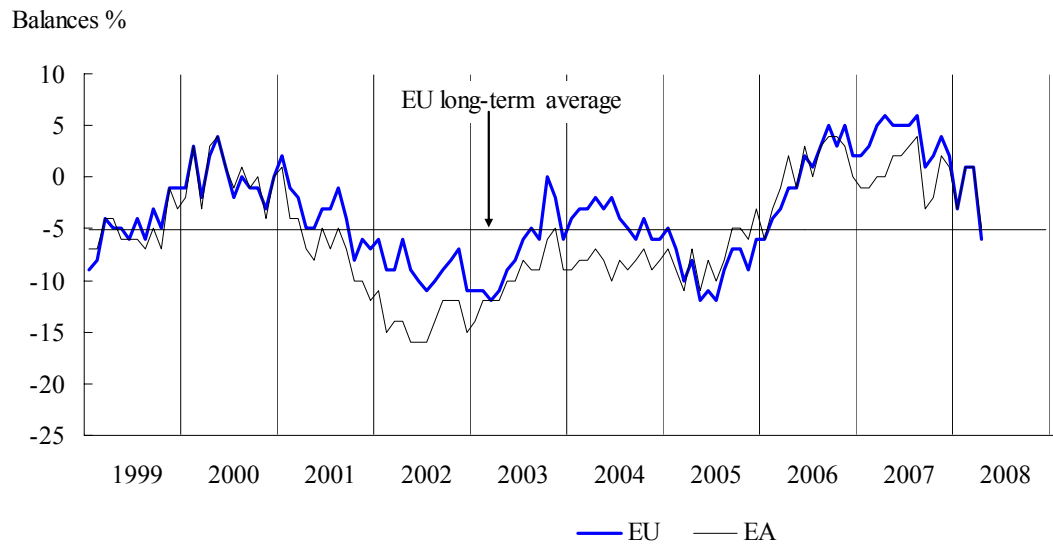
Consumer confidence declined somewhat in the EU, but remained unchanged in the euro area. While the EU indicator continues to slide further down, confidence in the euro area has been stable for four consecutive months. In both areas, the indicator is below its long-term average.

Households' expectations regarding their own financial situation and the general economic situation declined slightly, while their views on their own savings over the next 12 months improved. The only diverging component was expectations regarding unemployment over the next 12 months, which remained stable in the euro area, but fell in the EU.

At the individual country level, the picture is mixed. Among the large Member States, consumer confidence increased in Germany (+2), Italy (+2), and Poland (+2), while it decreased in Spain (-6), the UK (-3), and the Netherlands (-2). Consumer confidence was stable in France.

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

EU: April -6  
Euro area: April -5



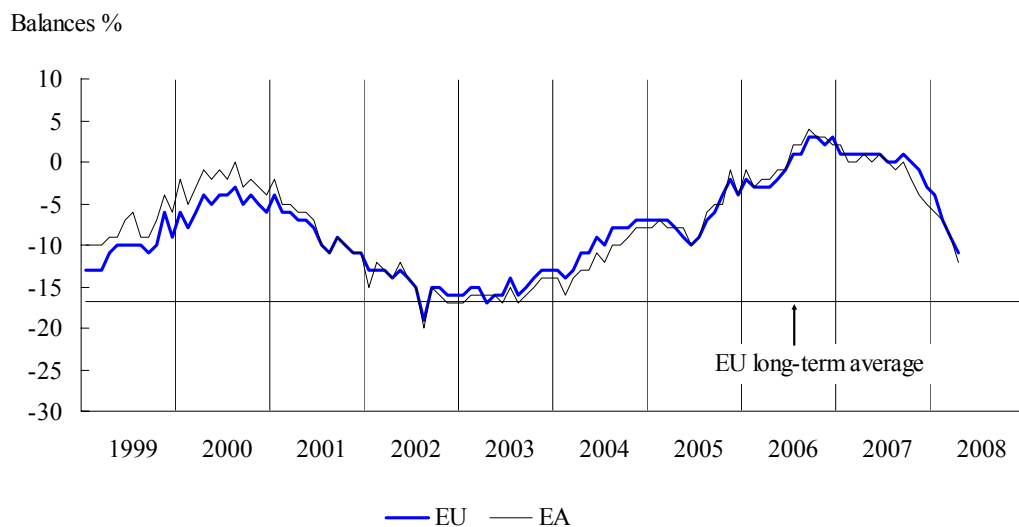
In April, retail confidence fell significantly in both the EU and the euro area. Following a peak in August 2007, confidence has been on a declining trend in both areas. Retail confidence is just above its long-term average in the euro area, but it dropped below its average in the EU

In both areas, all three components of the indicator have deteriorated. Their views on the present business situation worsened the most, but also the expected business situation was considered to have declined markedly. Retailers' assessment of the volume of stocks worsened the least.

Retail confidence decreased in all the large Member States: the UK (-16), Germany (-8), Spain (-8), Italy (-6), Poland (-3), and France (-1).

## Construction confidence indicator (s.a.)

EU: April -11  
Euro area: April -12



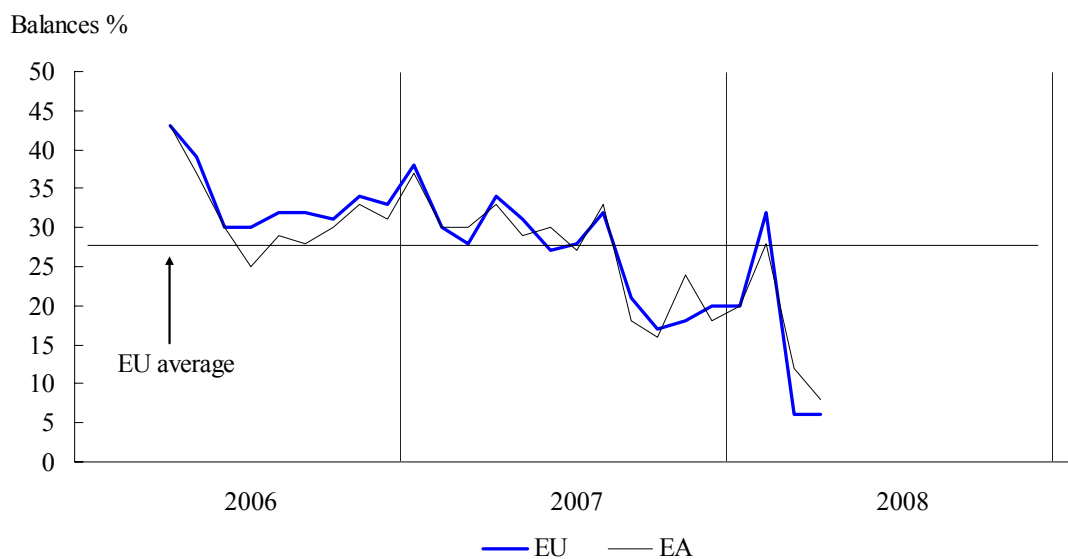
The construction confidence indicator continued to weaken in both the EU and the euro area. The indicator has been on a downward trend since the autumn of 2006, but it still stands above its long-term average.

The underlying components show that construction managers' assessment of order books declined in both regions. Furthermore, managers' employment expectations became more negative compared to the previous month.

Most countries reported decreases in sentiment in April. Among the large Member States, construction confidence weakened in the Netherlands (-5), Germany (-4), France (-4), Italy (-4), Poland (-4), and Spain (-1), while it remained unchanged in the UK.

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

EU: April 6  
Euro area: April 8



In April, the financial services confidence indicator remained stable in the EU at its lowest level since the beginning of this survey, while it decreased further to an all-time low in the euro area.

In both regions, managers' assessments of the past evolution of demand deteriorated, while the expected evolution of demand improved in the euro area and remained stable in the EU. Managers' judgments concerning the business situation over the past three months were also different in the two areas: it improved in the EU and worsened in the euro area.

The next Business and Consumer Survey is due to be published on 29 May 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)