

Brussels, 8 January 2009

December 2008: Economic sentiment falls to record-low levels in both the EU and the euro area

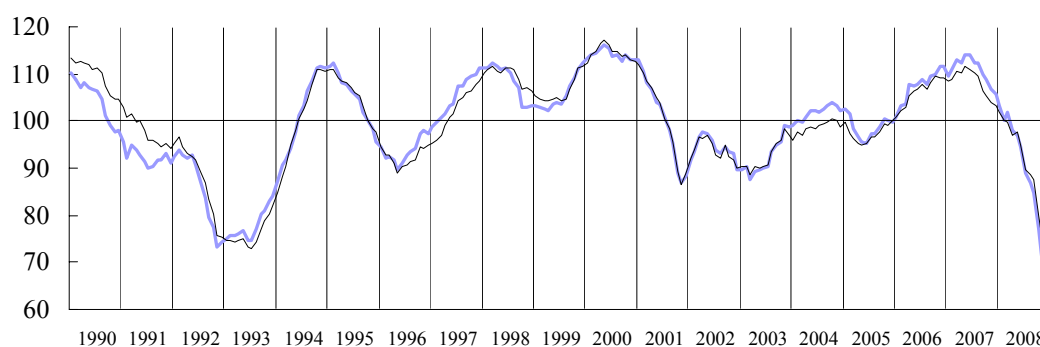
In December, the Economic Sentiment Indicator (ESI) declined considerably in the EU and the euro area, continuing the sharp fall in sentiment already observed in the October and November surveys. It fell by 7.0 points in the EU and by 7.8 points in the euro area, to 63.5 and 67.1 respectively. This puts the ESI for both the EU and the euro area at its lowest since the current series was launched in January 1985.

Economic sentiment indicator (s.a.)

EU: December 63.5

Euro area: December 67.1

long-term average =100



source: European Commission services

— EU — EA

In both the EU and the euro area, the decline in the overall ESI reflects a general decrease in sentiment. The industrial and consumer confidence indicators fell significantly again and reached their lowest level since January 1985 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. Sentiment in the retail sector declined considerably in both the EU and euro area, and is now also at a record-low level in the EU. The construction confidence indicator also dropped markedly, by 3 points in both regions, though it is still above its all-time low reached in October 1993.

Reflecting the widespread deterioration in economic sentiment, all EU countries reported weakening sentiment. Among the large Member States, confidence in the Netherlands fell the most (-13.2 points), followed by Italy (-9.9), France (-8.2), Spain (-6.3), Germany (-5.3) and Poland (-4.5). The confidence indicator fell less significantly in the UK (-0.6); albeit from a very low basis and it now stands at its lowest since 1985.

Employment expectations fell sharply in both industry and services. Consistent with that, consumers' unemployment expectations increased significantly. Managers' selling-price expectations as well as consumers' price expectations decreased markedly, continuing the trend under way since the summer 2008.

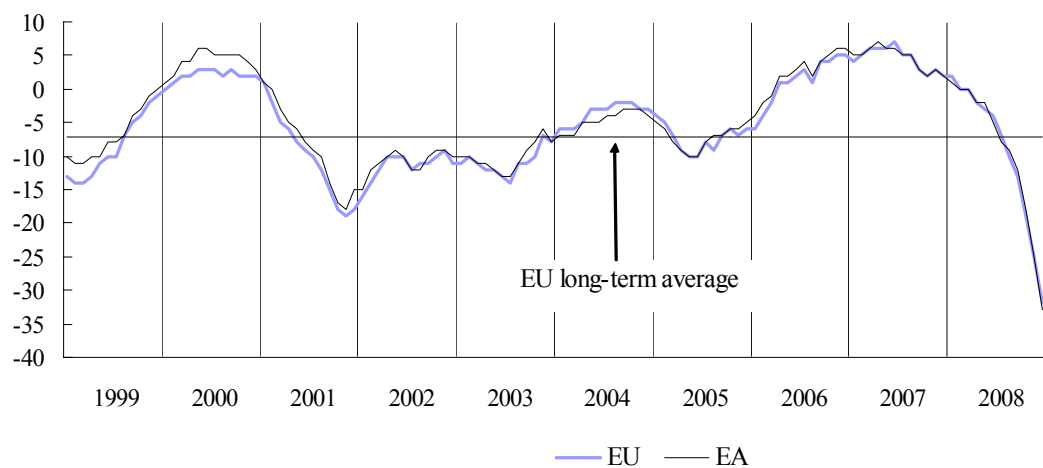
The financial services confidence indicator – not included in the ESI – interrupted the fast decline it started in October: it remained unchanged at a very low level in the EU, while it slightly improved in the euro area. Managers assessed the business situation over the past three months as broadly unchanged while the majority of managers interviewed expected demand for their financial services to improve in the next three months after worsening over the previous three months.

Industrial confidence indicator (s.a.)

EU: December -32

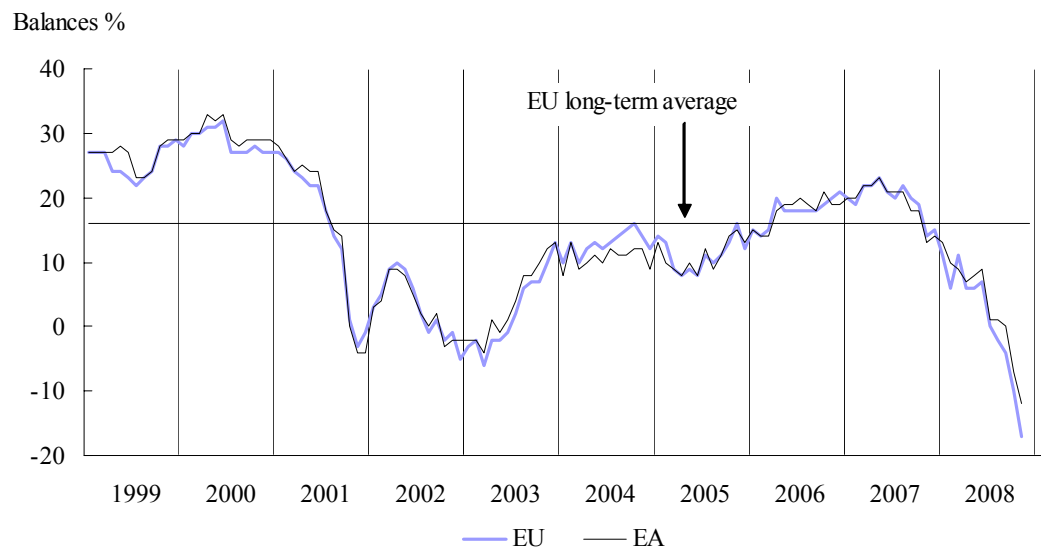
Euro area: December -33

Balances %



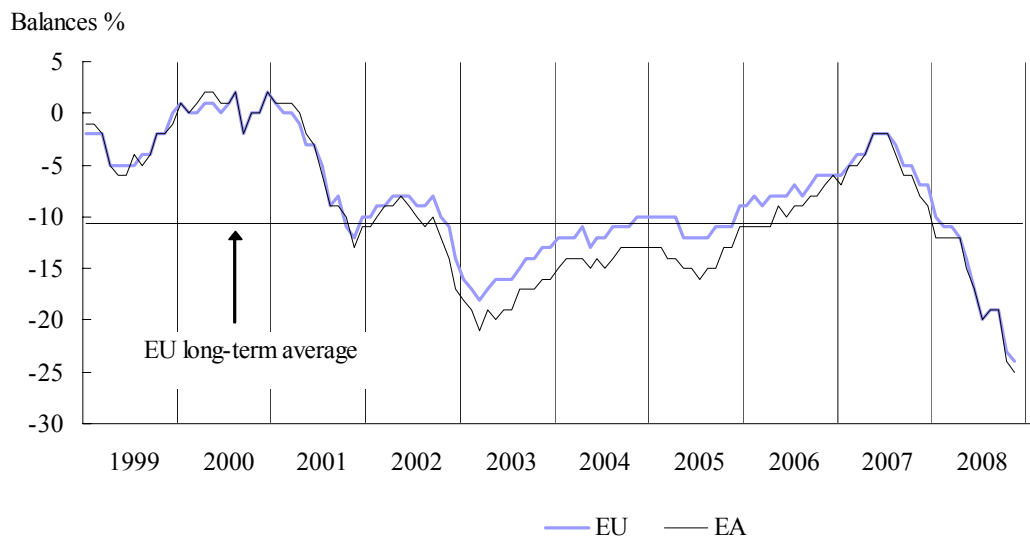
Service confidence indicator (s.a.)

EU: December -23
Euro area: December -17



Consumer confidence indicator (s.a.)

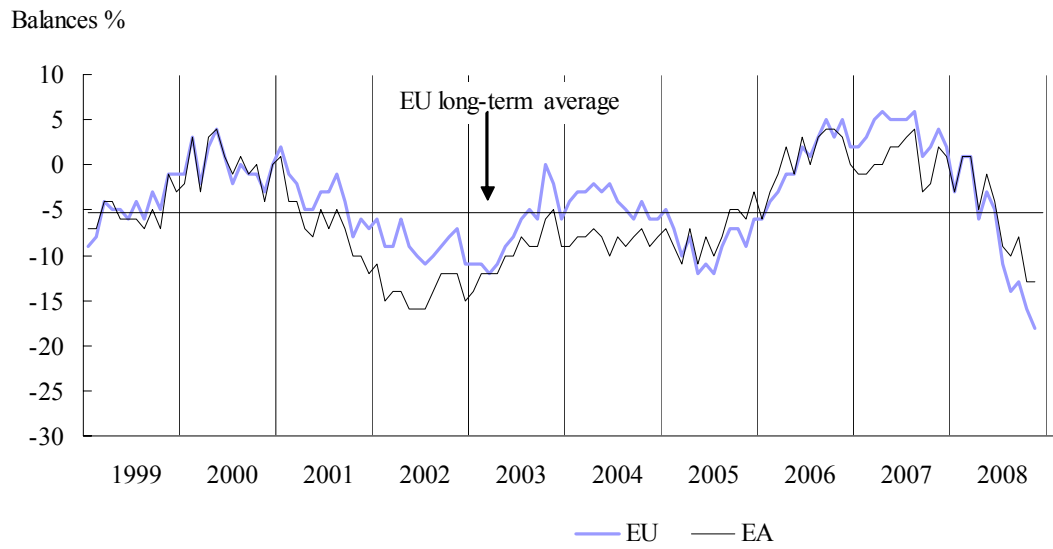
EU: December -28
Euro area: December -30



Retail trade confidence indicator (s.a.)

EU: December -24

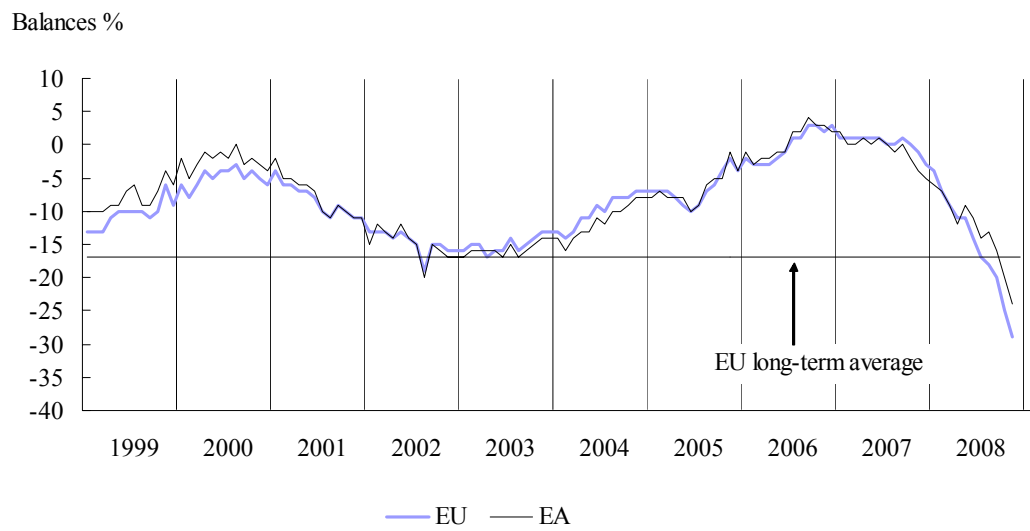
Euro area: December -19



Construction confidence indicator (s.a.)

EU: December -32

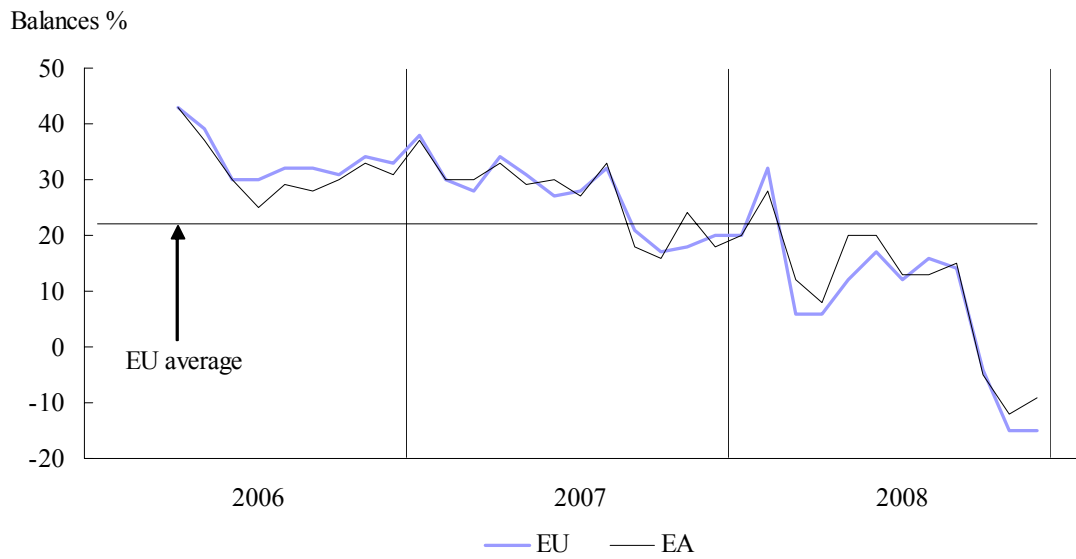
Euro area: December -27



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

EU: December -15

Euro area: December -9



The next Business and Consumer Survey is due to be published on 29 January 2009.

Full tables are available on:

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