

Brussels, 29 January 2009

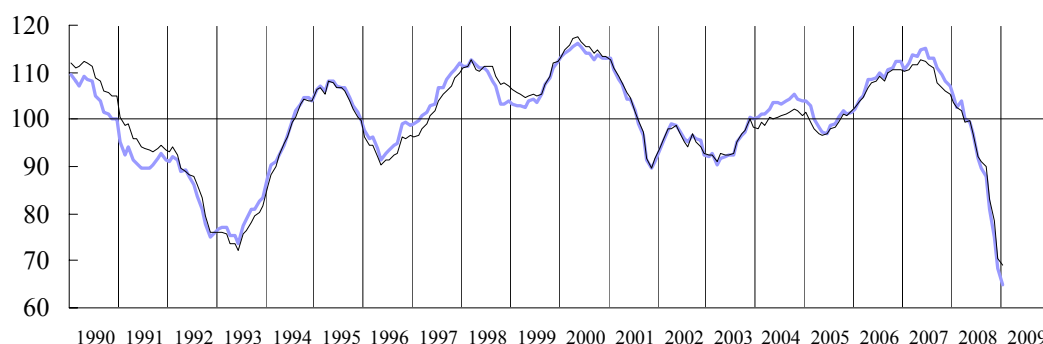
January 2009: Economic sentiment weakens further in both the EU and the euro area

In January, the Economic Sentiment Indicator (ESI) for the EU and the euro area declined again, but less sharply than in the last three months of 2008. It fell by 3.3 points in the EU and by 1.5 points in the euro area, to 64.9 and 68.9, respectively. The indicators for both regions stand at their lowest levels since the current series was launched in January 1985.

Economic sentiment indicator (s.a.)

EU: January 64.9
Euro area: January 68.9

long-term average =100



source: European Commission services

— EU — EA

The fall in the ESI for both the EU and the euro area is attributed to a general decline in confidence in all sectors, except for the *retail trade* sector which remained unchanged. *Services* (-4.9 points in the EU and -4.8 in the euro area) and *construction* (-4.0 and -3.3, respectively) declined the most among all the five sectors. The *industrial* confidence indicator dropped by 1.8 points in the EU and by 0.4 in the euro area, while *consumer* sentiment dropped by 2.3 points in the EU and by 0.8 in the euro area.

Overall, most Member States recorded a fall in confidence. The drop in economic sentiment in the euro area reflects worsening confidence in *Germany* (-3.1 points), and to a lesser extent in *Italy* (-1.0) and *France* (-0.9), while that of *Spain* increased somewhat (+2.5). Outside the euro area, confidence fell significantly in *Poland* (-8.6), the *UK* (-7.4) and several other countries, thus explaining the larger drop in the EU indicator compared with that for the euro area.

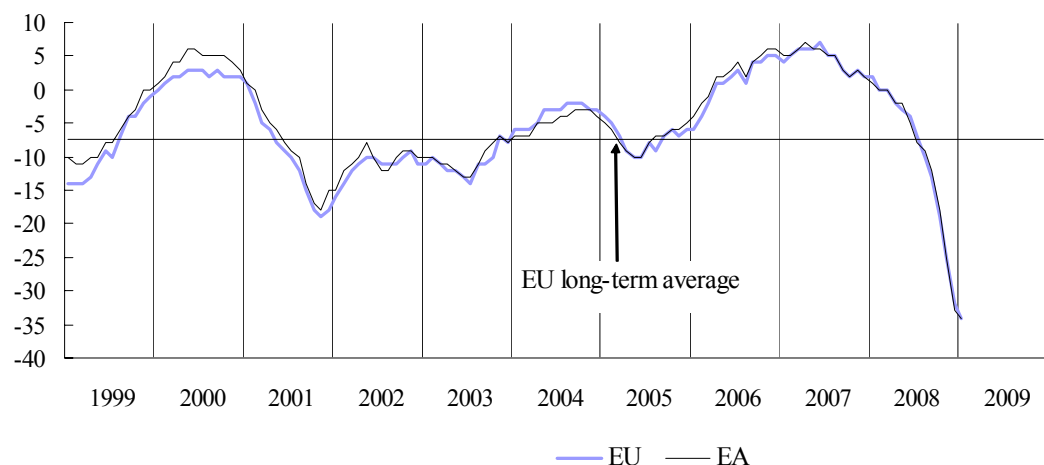
The *financial services* confidence indicator for the euro area - not included in the ESI - fell significantly to -22 (a drop of 13 points), after it had recovered somewhat in December 2008. The EU indicator also dropped by 5 points to -20. Managers' assessment of their business situation worsened further and they also expect the demand for their services to deteriorate substantially in the coming months.

According to the quarterly manufacturing survey carried out in January 2008, the *capacity utilisation* rate has fallen substantially since the last survey in October and now stands at 74.9% in the EU and 75.2 % in the euro area - the lowest since 1990. This is broadly in line with the slump reported for *new orders in the past three months* for both regions. Looking forward, managers expect their *export orders* to decrease considerably in the next three months.

Industrial confidence indicator (s.a.)

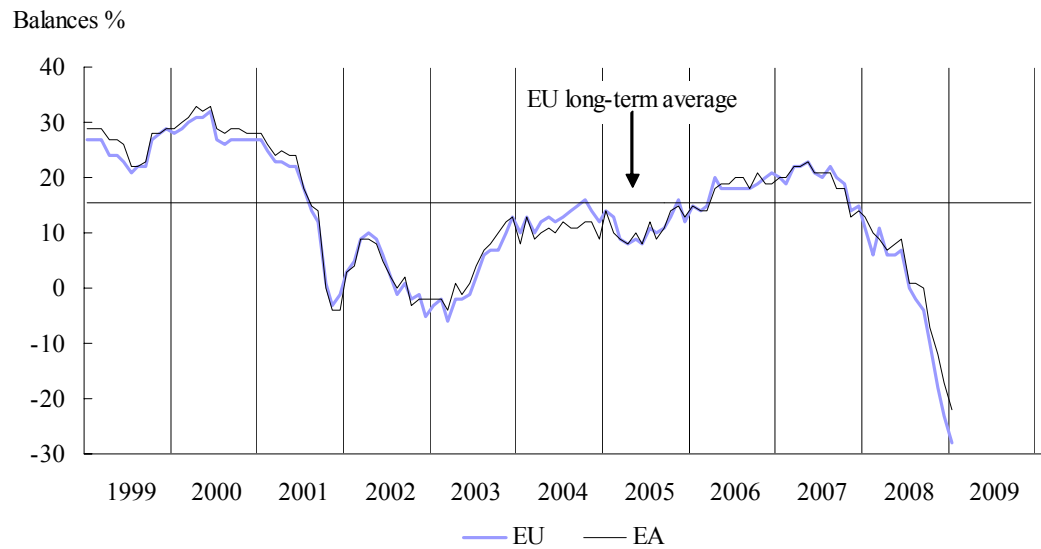
EU: January -34
Euro area: January -34

Balances %



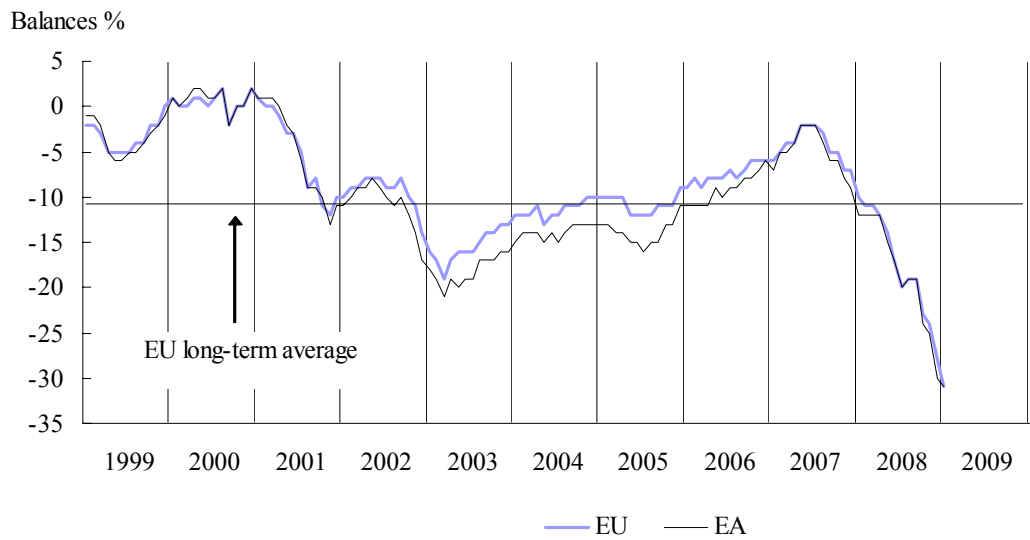
Service confidence indicator (s.a.)

EU: January -28
Euro area: January -22



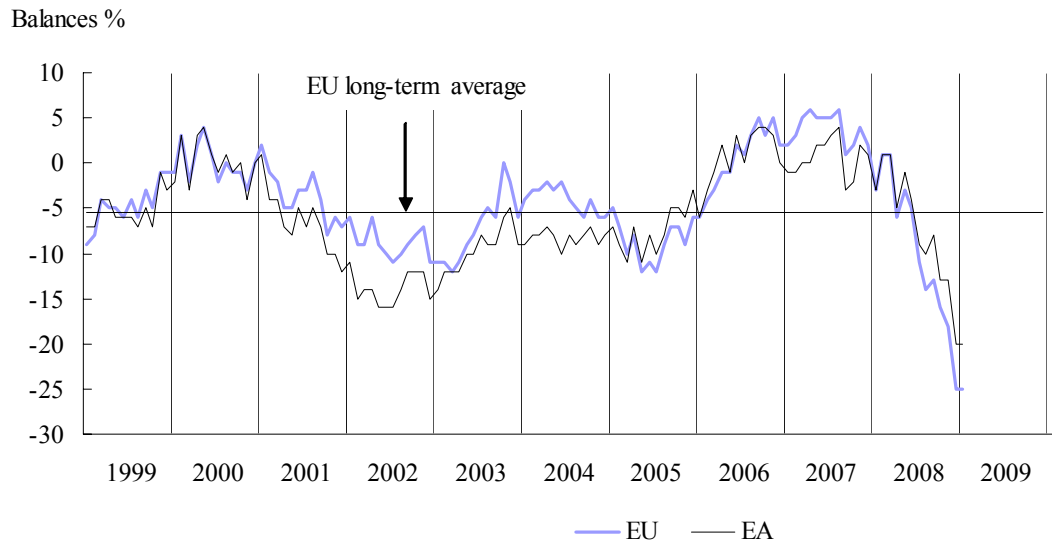
Consumer confidence indicator (s.a.)

EU: January -31
Euro area: January -31



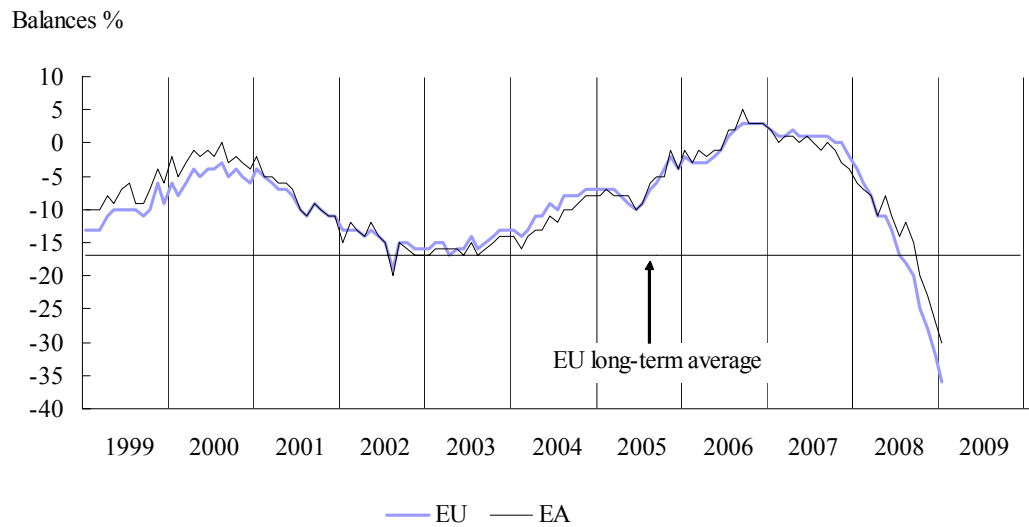
Retail trade confidence indicator (s.a.)

EU: January -25
Euro area: January -20



Construction confidence indicator (s.a.)

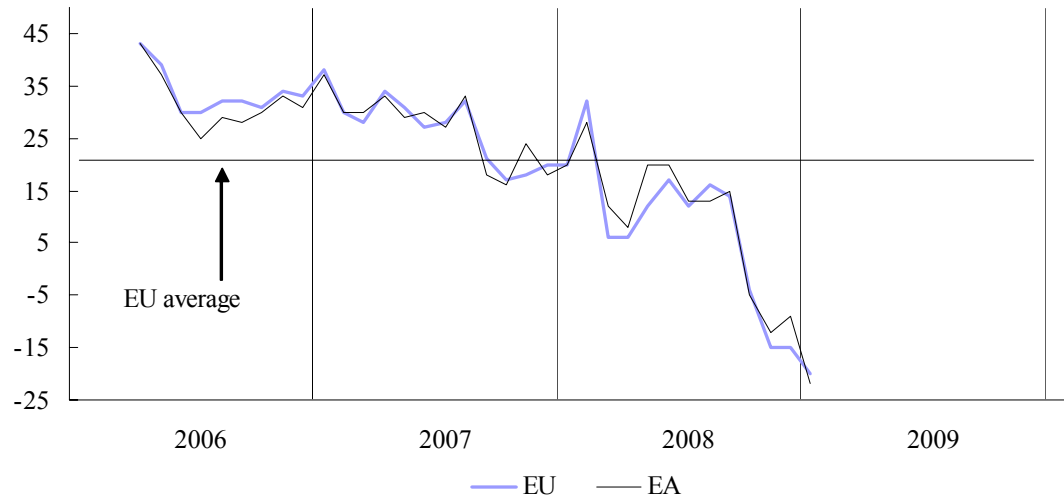
EU: January -36
Euro area: January -30



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

EU: January -20
Euro area: January -22

Balances %



The next Business and Consumer Survey is due to be published on 26 February 2009.

Full tables are available on:

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