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Western European Indicators and Insights

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EUROZONE: Confidence recovers.

More less unfriendly survey data!

EU Commission business and consumer survey figures for January provided less subdued messages, albeit with clear contraction still being flagged in all Eurozone countries bar Germany. The 0.6 point M/M rise to 93.4 in the overall economic sentiment index (ESI), which aggregates the sector surveys detailed below and is designed to track GDP growth, was the first increase in 11 months albeit up only from a downwardly-revised December reading that was the lowest since November 2009.

In contrast to previous months, this less downbeat ESI reading reflected improved developments in regard to consumer sentiment and on the services side. Even so, industry sentiment failed to fall for the first time in almost a year. Regardless, the latest overall figure (by remaining so clearly below the 100-mark) still implies that Eurozone economic activity is very probably contracting. Even so, they echo the tone of other alternatively-sourced survey numbers such as the PMIs, suggesting that while recession has almost certainly returned to the Eurozone, no further major erosion has occurred of late (NB the ESI hit a low of less than 70 in the bottom of the 2008-09 slump).