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Western European Economic Indicators and Insights

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Andrew Wroblewski
Chief Economist, Eurozone and UK

London
+44 20 7959 3244
awroblewski@decisioneconomicsinc.com

Eurozone: More Broad-Based Weakness!

EU Commission business and consumer survey figures for September provided even more sobering messages, *with a clearer contraction being flagged in all Eurozone countries, including a more sobering result for Germany*, as the latter suffered a further and more decisive softening in activity. Indeed, the overall economic sentiment index (ESI), which aggregates the sector surveys detailed below and is designed to track GDP growth, dropped 0.9 point to 86.1, a 37-month low and continuing the slide seen in recent months.

Broad-Based Weakness

Notably, this softer ESI reading reflected broad-based declines in all sectors, with the main hit this month coming from the services side. Notably, a further slide in consumer confidence was corroborated. Meanwhile, the willingness to make major purchases turned more negative, possibly a result of a further pick-up in inflation expectations.

No End in Sight!

Regardless, the latest overall figure (by moving further below the 100-mark) implies that Eurozone economic activity is contracting more clearly and broadly, albeit still far less severely than in the 2009 recession when the ESI fell below the 70-mark. Regardless, *they echo the tone of other alternatively-sourced survey numbers such as the PMIs, suggesting that a contraction in GDP across the whole Eurozone is now likely to stretch into the last quarter of the year and with no end in sight!*

Some Spanish Crumbs of Comfort?

Indeed, the worry will be whether they are pointing to even deeper economic weakness, albeit with some crumbs of comfort being less weak numbers in Spain, both in the latest batch of retail sales numbers for the country and in these EU Commission survey outcomes.