

ERT ECONOMIC CONFIDENCE SURVEY



Department „Economics of Innovation and Industrial Dynamics“

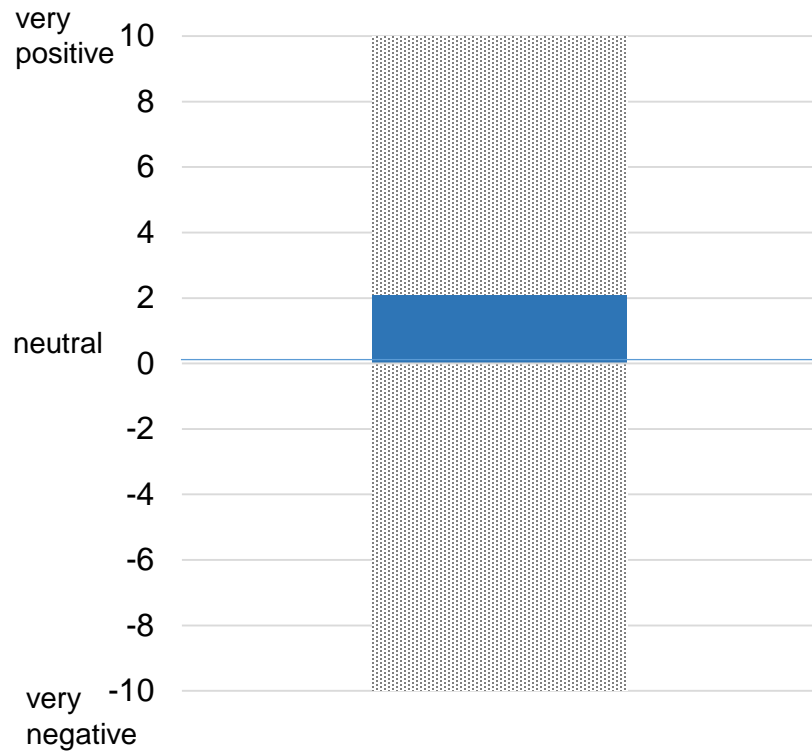
Centre for European Economic Research

November 19, 2018



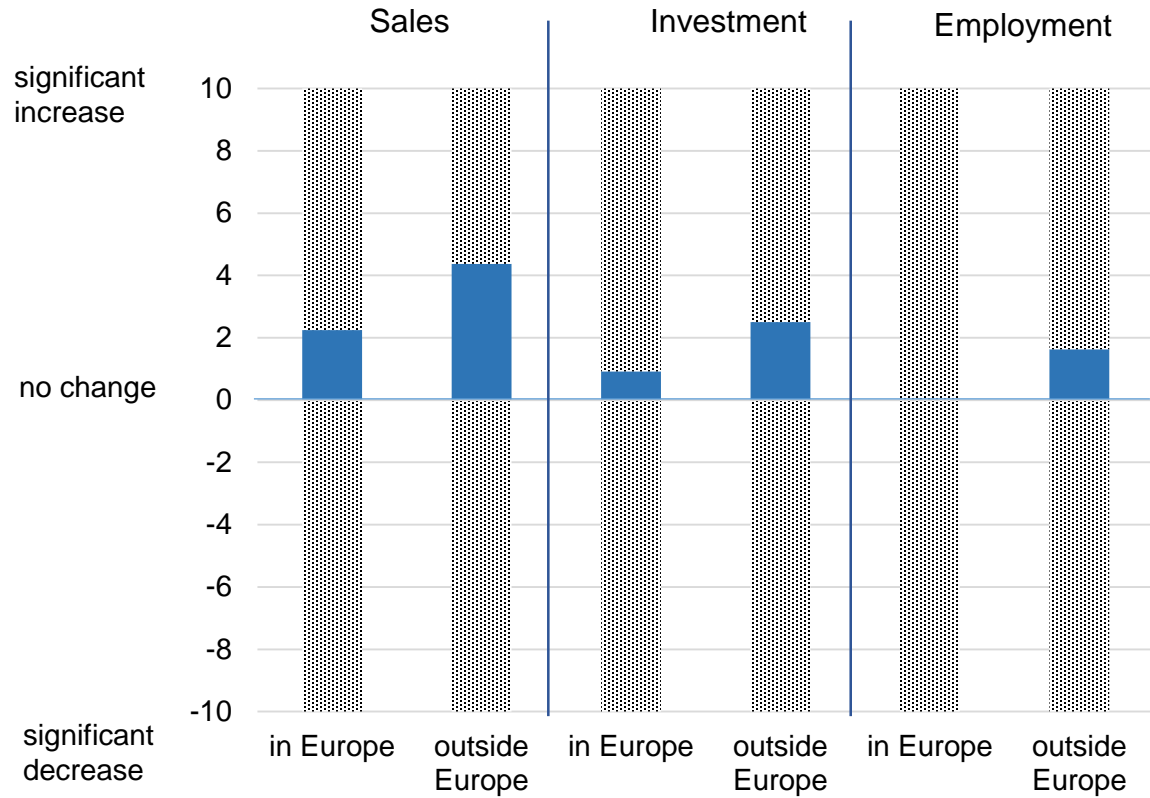
ERT CONFIDENCE SURVEY INDEX

Business Outlook: Overall assessment



■ ERT-Score

Business Outlook: Detailed results

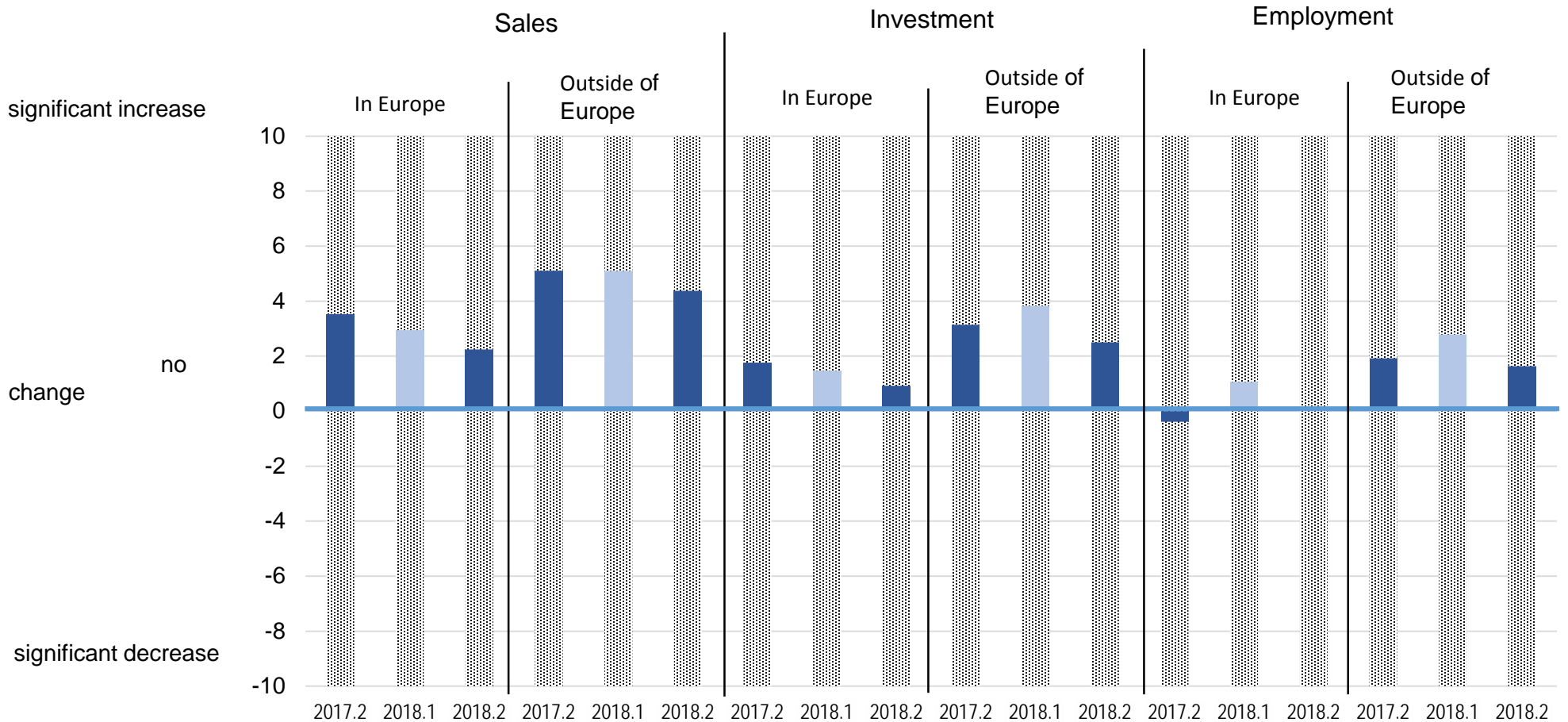


■ ERT-Score

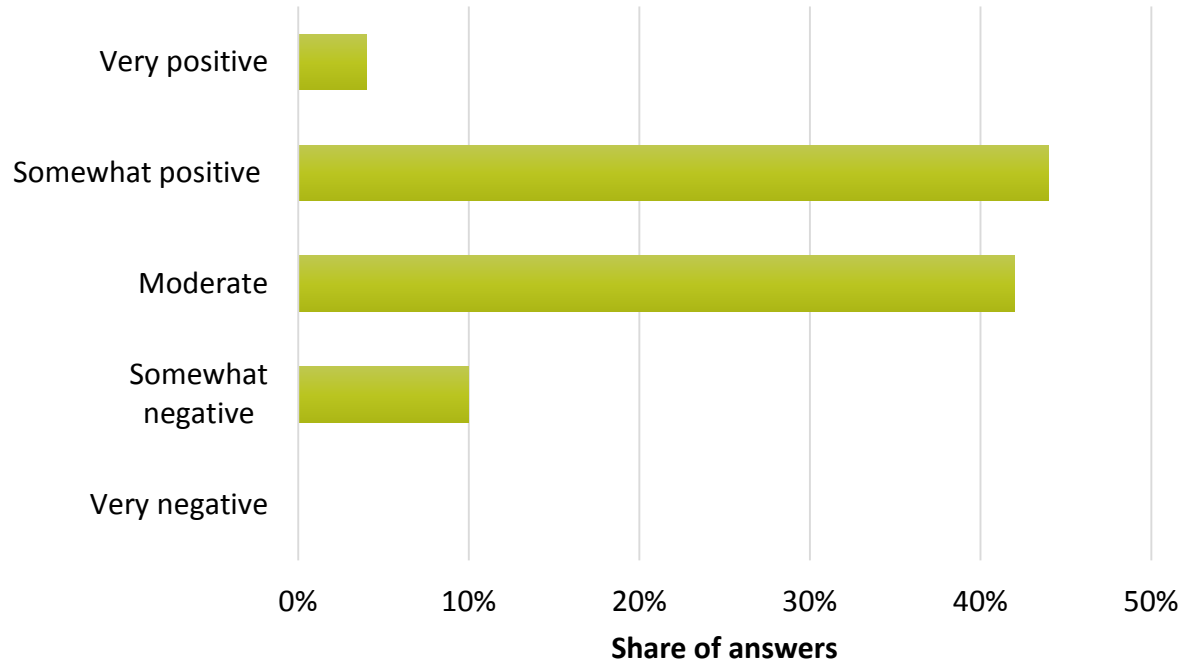
Sources: ERT Confidence Survey 2018/2
ERT Confidence Survey 2018/1
ERT Confidence Survey 2017/2

ERT CONFIDENCE SURVEY INDEX: DEVELOPMENT

Business Outlook: Development



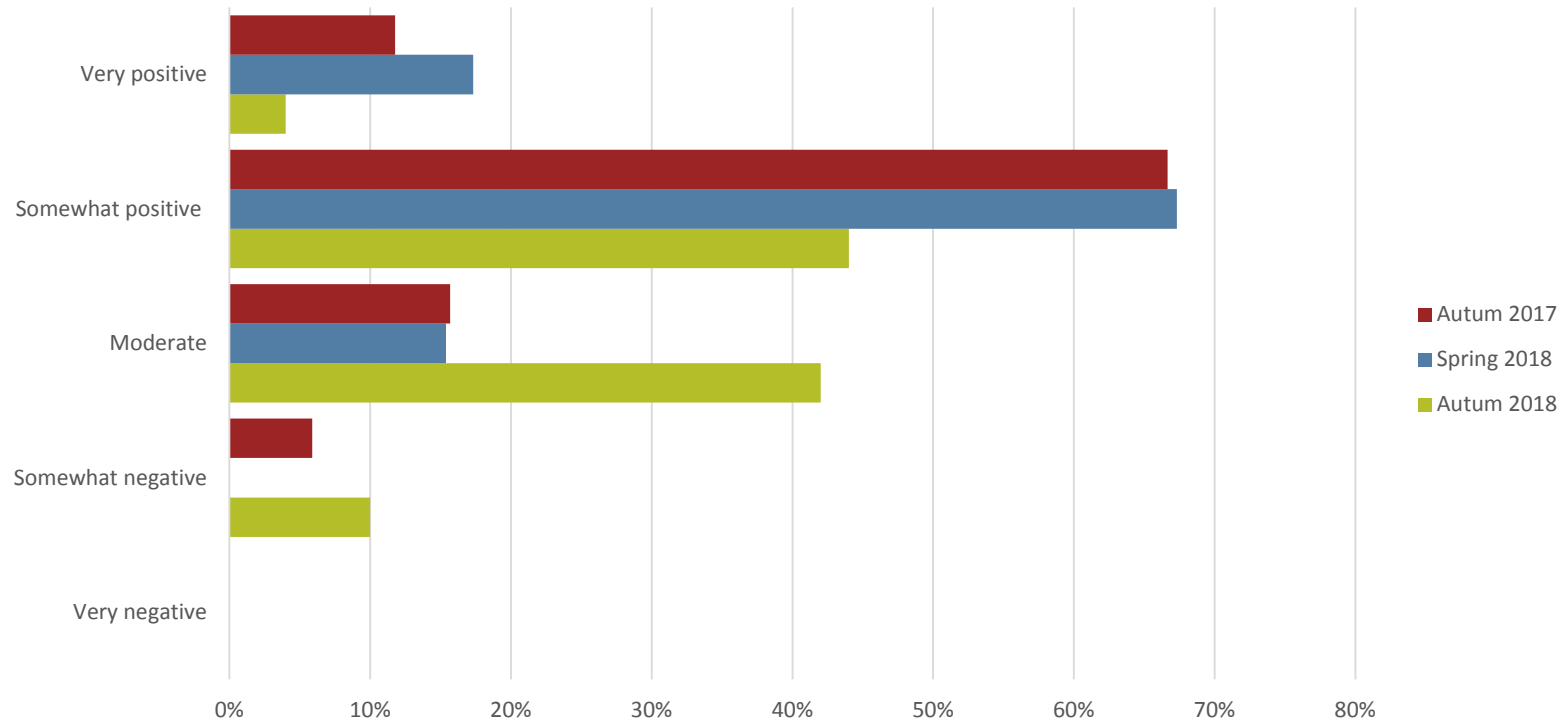
HOW WOULD YOU CHARACTERIZE THE GENERAL BUSINESS OUTLOOK FOR YOUR COMPANY RIGHT NOW?



Total number of answers (N):
50

Source: ERT Confidence Survey 2018/2

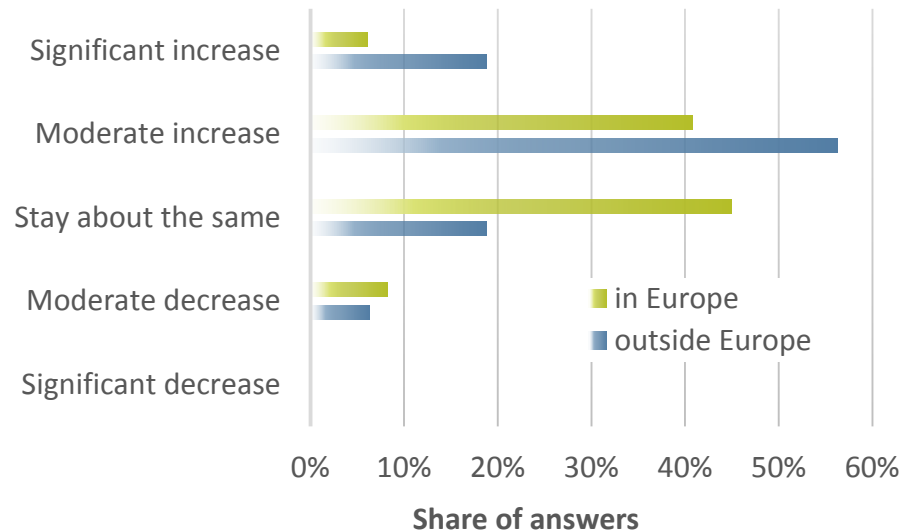
COMPARISON TO THE LAST SURVEYS: GENERAL BUSINESS OUTLOOK



$N_{2018.2}=50$
 $N_{2018.1}=52$
 $N_{2017.2}=51$

Sources: ERT Confidence Survey 2018/2
 ERT Confidence Survey 2018/1
 ERT Confidence Survey 2017/2

OVER THE NEXT SIX MONTH, WHAT DO YOU EXPECT WILL HAPPEN WITH YOUR COMPANY'S SALES?



N_{in Europe} =49
N_{out Europe} =48

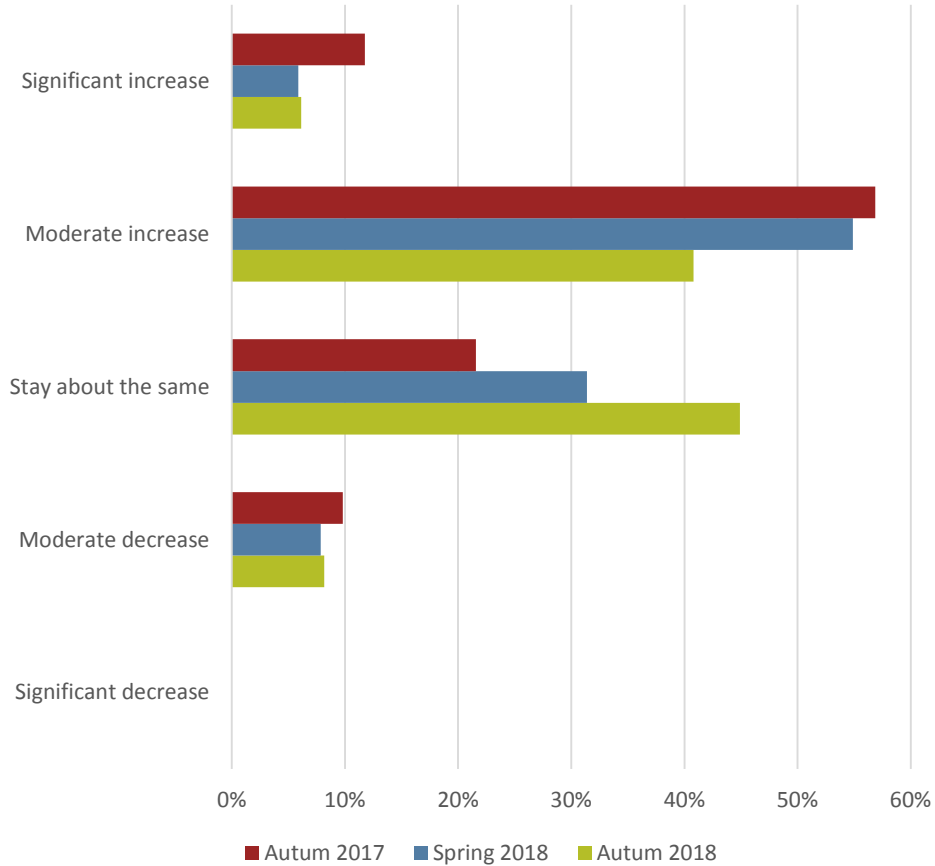
Source: ERT Confidence Survey 2018/2
ECFIN: European Economic Forecast Autumn 2018
1: Global export volume

Reference forecast (2019/2020):

	2019	2020
EU28		
Expected GDP growth	1.9%	1.8%
Expected growth of exports	3.6%	3.2%
Euro Area		
Expected GDP growth	1.9%	1.7%
Expected growth of exports	3.5%	3.3%
World		
Expected GDP growth	3.5%	3.5%
Expected growth of world trade ¹	3.7%	3.3%

COMPARISON TO THE LAST SURVEYS: NEXT SIX MONTHS SALES EXPECTATIONS

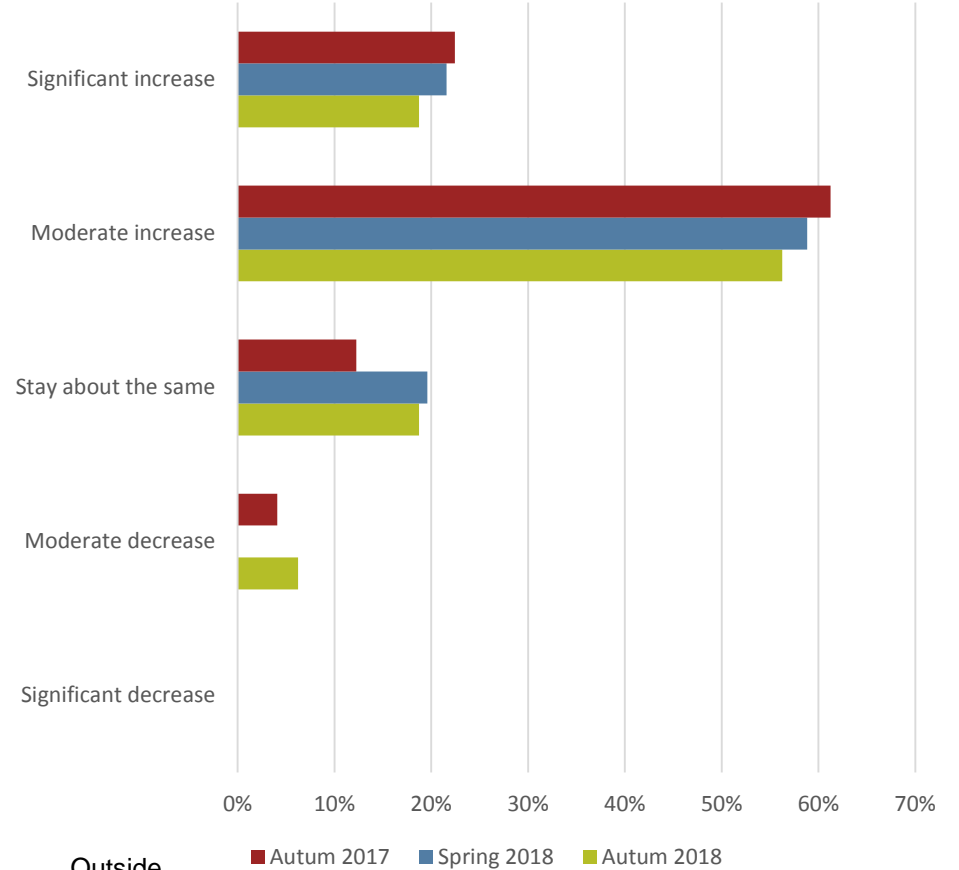
In Europe



Sources: ERT Confidence Survey 2018/2
ERT Confidence Survey 2018/1
ERT Confidence Survey 2017/2

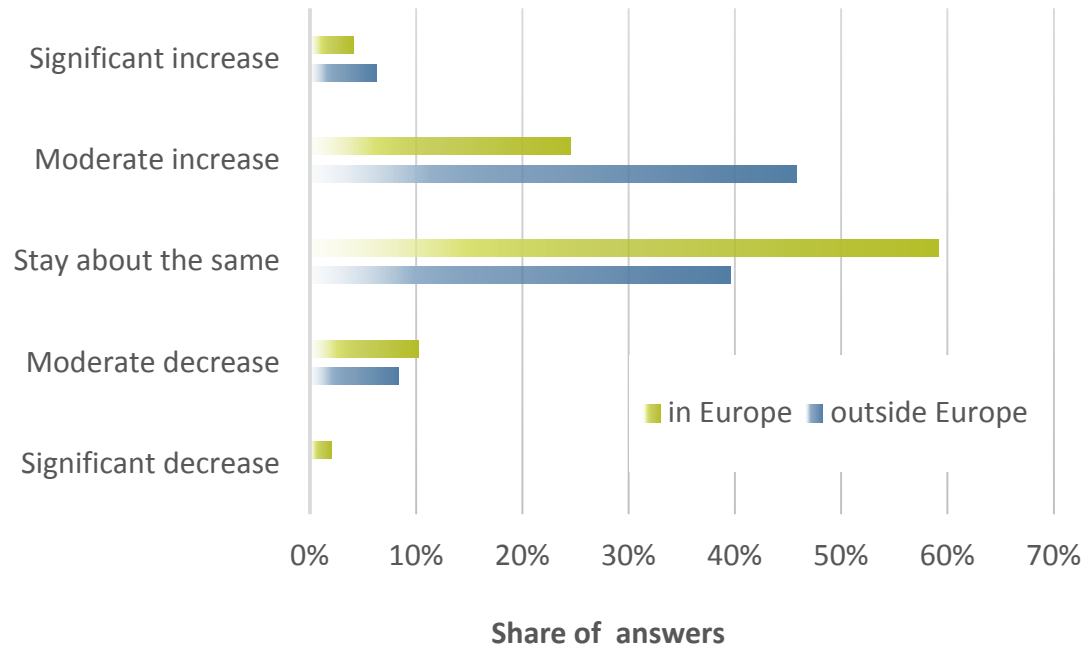
In Europe
N_{2018.2}=49
N_{2018.1}=51
N_{2017.2}=51

Outside Europe



Outside Europe
N_{2018.2}=48
N_{2018.1}=51
N_{2017.2}=49

OVER THE NEXT SIX MONTH, WHAT DO YOU EXPECT WILL HAPPEN WITH YOUR COMPANY'S CAPITAL INVESTMENT?



N_{in Europe} =49
N_{out Europe} =48

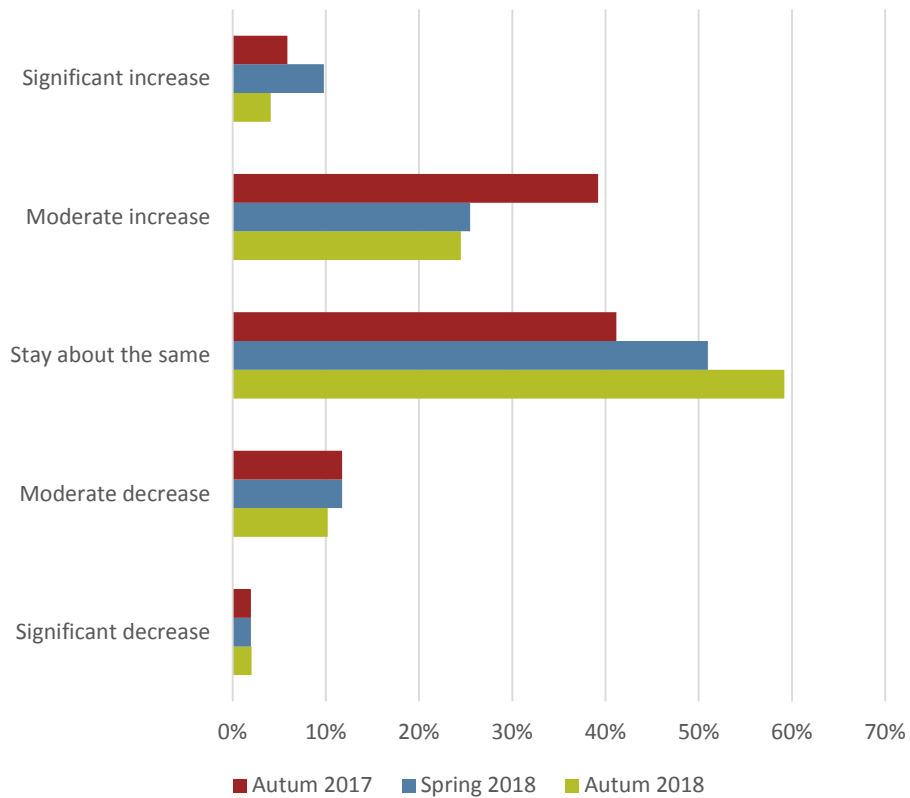
Source: ERT Confidence Survey 2018/2
ECFIN: European Economic Forecast Autumn 2018

Reference forecast (2019/2020):

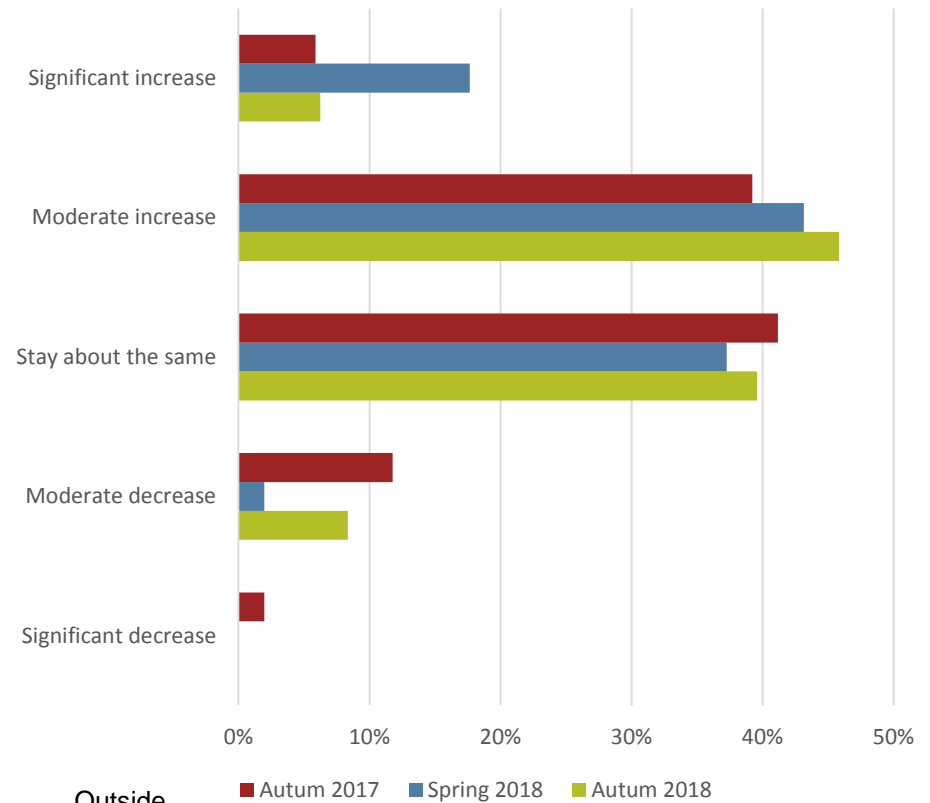
EU28	2019	2020
Gross Fixed Capital Formation	2.9%	2.8%
Private Consumption	1.9%	1.7%
Public Consumption	1.5%	1.3%

COMPARISON TO THE LAST SURVEYS: NEXT SIX MONTHS INVESTMENT EXPECTATIONS

In Europe



Outside Europe

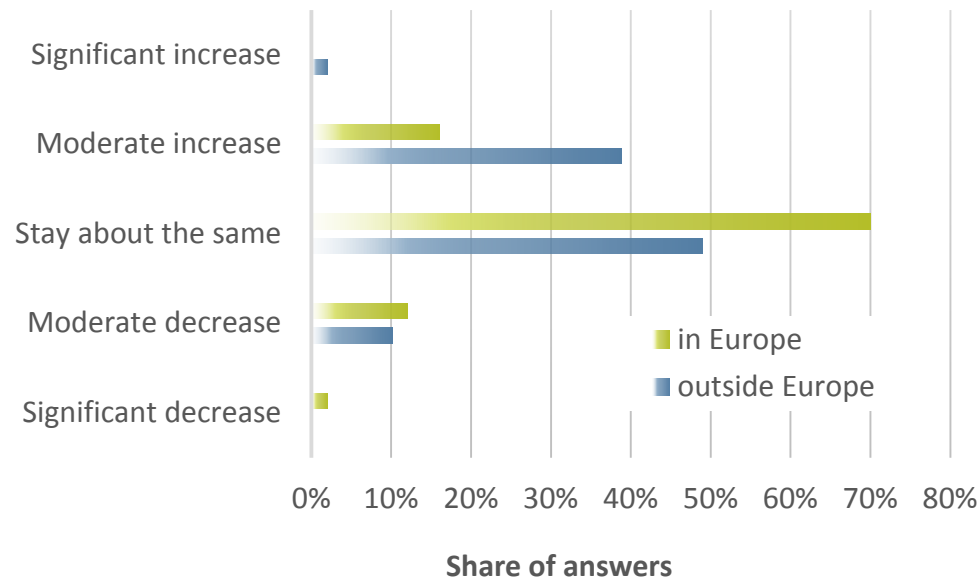


Sources: ERT Confidence Survey 2018/2
ERT Confidence Survey 2018/1
ERT Confidence Survey 2017/2

In Europe
N_{2018.2}=49
N_{2018.1}=51
N_{2017.2}=51

Outside Europe
N_{2018.2}=48
N_{2018.1}=51
N_{2017.2}=51

OVER THE NEXT SIX MONTH, WHAT DO YOU EXPECT WILL HAPPEN WITH YOUR COMPANY'S EMPLOYMENT?



N_{in Europe} =50
N_{out Europe} =49

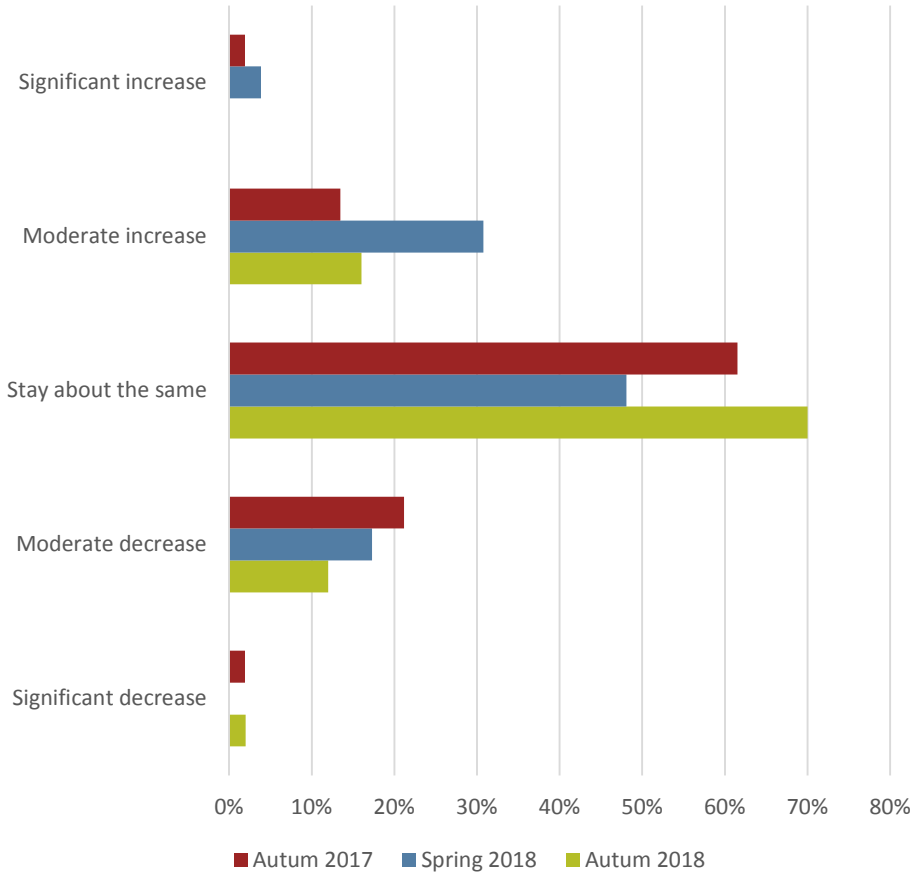
Reference forecast (2019/2020):

	2019	2020
<i>EU28</i>		
<i>Employment growth</i>	0.8%	0.7%
<i>Unemployment rate</i>	6.6%	6.3%
<i>Euro Area</i>		
<i>Employment growth</i>	1.0%	0.9%
<i>Unemployment rate</i>	7.9%	7.5%

Source: ERT Confidence Survey 2018/2
ECFIN: European Economic Forecast Autumn 2018

COMPARISON TO THE LAST SURVEYS: NEXT SIX MONTHS EMPLOYMENT EXPECTATIONS

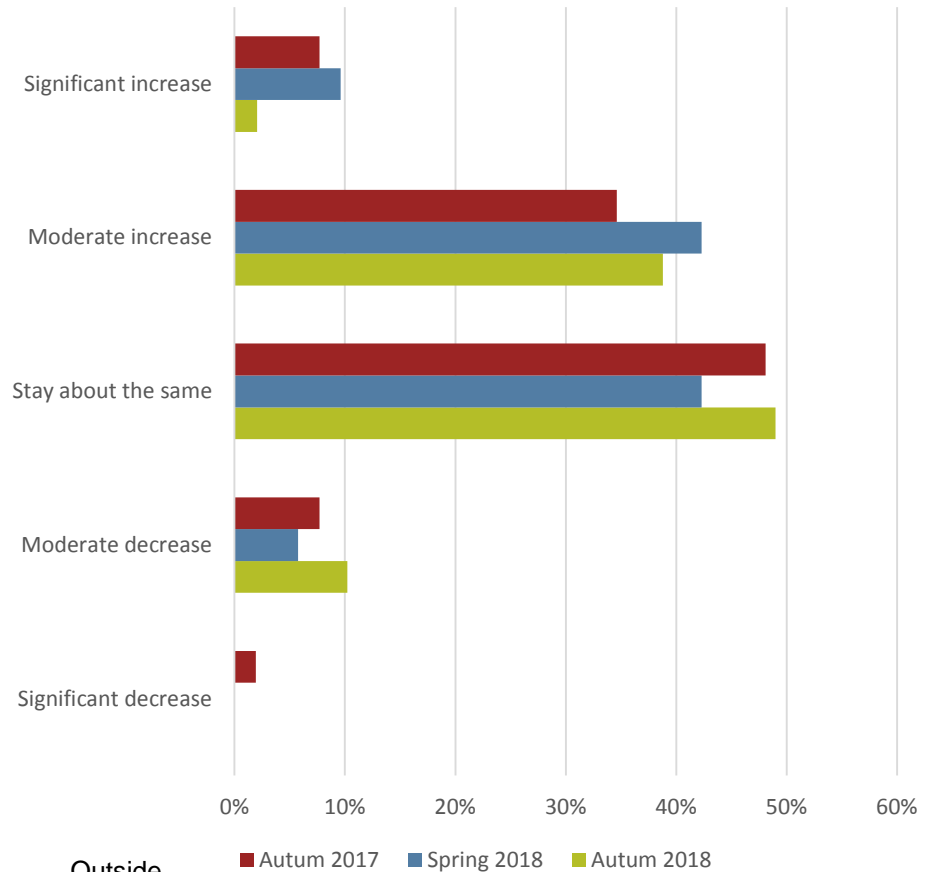
In Europe



Sources: ERT Confidence Survey 2018/2
ERT Confidence Survey 2018/1
ERT Confidence Survey 2017/2

In Europe
N_{2018.2}=50
N_{2018.1}=52
N_{2017.2}=52

Outside Europe



Outside Europe
N_{2018.2}=49
N_{2018.1}=52
N_{2017.2}=52

APPENDIX

Construction of the ERT Index Score:

The ERT Index is a quantitative measure to ease the interpretation of the results of the survey, enable comparison between different survey waves and also between the assessment of the likely development between regions. The index turns the shares of firms expecting a “significant increase”, a “moderate increase”, “no change”, a “moderate decrease” or a “significant decrease” into a single number.

The index is built as follows:

$$Index = \frac{1}{N} (n_1 \times 10 + n_2 \times 5 + n_3 \times 0 + n_4 \times (-5) + n_5 \times (-10))$$

Where n_1 to n_5 represent the number of participants who chose the different answer options with n_1 indicating a significant increase to n_5 indicating a significant decrease. The sum in parentheses is divided by the total number of responses (N) to bind the index between 10 and – 10.

In case all ERT member expect a significant increase (decrease) the index will take the value of 10 (-10). If the responses are equally distribute between the 5 categories the index amount to 0. Positive values of the index correspond to positive expected growth rate of the underlying variable, negative values to a negative growth expectations. The construction also implicitly links larger values of the index to larger growth rates.

APPENDIX

Field Work:

Data collection: October 22 to November 16.

Total response: 50 out of 55 ERT members

One ERT member informed the survey team that he will not take part to avoid double counting; One ERT member did not take part because of time restrictions.

Response rate: 91%

Field work:

- (1) Email by the survey team containing the link to the survey was to ERT associates and/or ERT members personal assistant. ERT secretariat supported the survey by an email to ERT members
- (2) Telephone follow-ups starting October 31.
- (3) Additional emails to ERT assistants and associates to remind them to respond (in cases where no response is recorded by then) between October 31 and November 16.