

## Eurozone economic confidence surges to 17-year high

The Eurozone is partying like it's 1999 as the Eurozone Economic Sentiment Indicator surged to highest level since January 2001



Source: Shutterstock

The Eurozone Economic Sentiment Indicator (ESI) beats expectations and increased from 113.1 to 114 in October indicating strong economic activity is continuing. This shows political tensions continue to have little effect on economic sentiment this year, with Spanish economic sentiment increasing as well, despite the Catalan situation heating up. The surprisingly healthy economy trumps political risks in terms of sentiment for the moment.

While the PMI dipped in October as service sector activity was not as high as expected, the ESI shows a different story. Both services and industry show an increase in sentiment with improving recent demand and surging new orders. Retail confidence improved as well, with inventories declining and expected business increasing markedly, which is a positive sign for the holiday season. This leads to improving hiring expectations across sectors as well, which means that the outlook for employment remains rosy for the winter months.

After surging price expectations in the third quarter, industrial price growth dipped in October. Services sector price expectations increased, but this is still a sign that while economic activity continues to surprise on the upside, inflation pressures are only mounting slowly.

While core inflation has turned a corner, price pressures remain too mild to cause any significant jump in the months ahead.

## Author

**Bert Colijn**

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).