

Snap | 29 November 2017

Eurozone economic sentiment at highest level in 17 years

No signs of slowing for the Eurozone economy as the Economic Sentiment Indicator increases to 114.6 in November.



Source: istock

The Eurozone economy has become a stable factor in advanced economy growth, who would have thought this about a year ago? Growth has become self-sustaining over the past year, with labour market recovery and investment boosting domestic demand. The ESI, the most detailed monthly thermometer for the Eurozone economy, paints a continued rosy picture for growth. In November, manufacturing businesses indicated the strongest readings for production, new orders, exports and employment in at least nine months. Service sector confidence increased slightly in November. Expectations of future demand improved, which is in line with booming consumer confidence.

Even though the outlook for demand remains positive and businesses are indicating they are more constrained by capacity than in recent years, selling price expectations are not yet booming everywhere. In manufacturing, higher input costs and supply constraints are causing higher selling price expectations, as the ESI notes the highest reading of industrial selling price expectations in a while, although the reading is still below its January level. For services, selling price expectations even dropped in November. This indicates that not much is to be expected of inflation in 2018,

even with improving economic conditions.

Author

Bert Colijn

Chief Economist, Netherlands

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.