

## Eurozone economic sentiment drops in November

The progress on a vaccine has improved the outlook, but that isn't being reflected in the data just yet as concerns about the winter months are mounting. What we're experiencing now is the dark before dawn for eurozone businesses and consumers



Source: Shutterstock

On the back of the Covid-19 second wave and the new restrictive measures, economic sentiment has declined significantly.

The Economic Sentiment Indicator (ESI) dropped from 91.1 to 87.6 - not as bad as the first wave when it declined to 64.9 in April but around the levels seen in August.

The decline was obviously considerably worse in services as the most restrictive measures are impacting the service side of the economy. The decline from -12.1 to -17.3 in services sentiment was mainly driven by expected demand over the coming months, but also the assessment of recent demand deteriorated. The drop in expectations indicates that businesses expect current restrictions to most likely extend, which is something we agree with.

---

*Compared to services, a much better performing manufacturing sector is therefore likely over the winter months*

---

Manufacturing continues to perform better as the industrial confidence indicator decreased marginally from -9.2 to -10.1. This small decline was mainly due to increased pessimism about production in the months ahead but order books continue to improve and inventories have been decreasing slightly. That does make for a decent outlook for the coming months, however, compared to services, a much better performing manufacturing sector is therefore likely over the winter months.

The fourth quarter will be negative again but the first quarter of next year will probably see some modest recovery as measures are gradually lifted and vaccine developments will boost prospects of a bounce back. Judging from this survey, businesses and consumers seem more worried about the short-term for now.

## Author

### Bert Colijn

Senior Economist, Eurozone

[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 <http://www.ing.com>.