

# Europe Flash

## Eurozone: Confidence improves further, but services sector rebound is on hold

- Broad-based improvement in economic sentiment, with the exception of services...**

In February, the European Commission's Economic Sentiment Indicator (ESI) continued the upward move observed in January. The overall index gained +1.0p, reaching 94.4. Confidence edged higher in all sectors but services, cutting short its previous month rebound. Among the large euro area countries, France registered the highest increase in sentiment (+1.6), after a considerable loss (-2.1) in January. The Netherlands and Italy followed, with their indices rising by +1.2p and +1.0p respectively, while in Spain and Germany the situation remained virtually unchanged. For yet another month, Germany remains the only Eurozone country having its ESI index above the long-term average of 100, at 106.7.

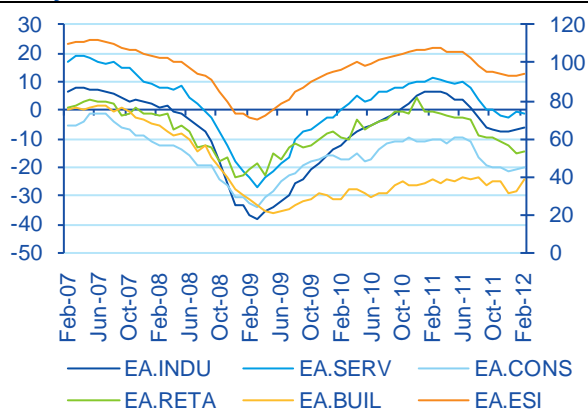
- ..and with construction taking the lead on the positive side**

The construction sub-index recorded a significant rise of +3.6, due to a more positive assessment of order books and employment expectations. After remaining unchanged in the previous month, sentiment in industry improved considerably in February, driven by more optimistic production expectations, order books and inventories, which more than offset the deterioration in the assessment of export order books and past production. As a result, the index gained +1.2p, reaching its long-term average for the first time since last November. Retail trade also bounced back gaining +1.2 points on the month, but the index stands well below its long-term average. Finally, services was the worst performer, as it lost -0.2p on weaker past demand.

- Confidence among consumers continued trending upwards in February**

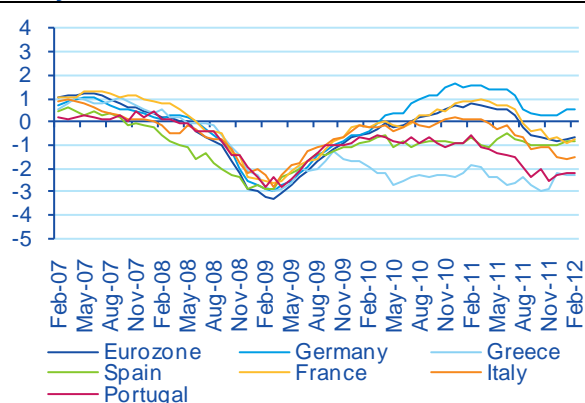
After remaining unchanged in January, consumers' expectations about the general and their own economic situation increased, pushing the respective index +0.4 up, despite rising unemployment fears.

Chart 1  
**ESI by sectors**



Source: Eurostat and BBVA Research

Chart 2  
**ESI by countries**



Note: data is normalized to 0  
Source: Eurostat and BBVA Research,

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