



**BERENBERG**

PARTNERSHIP SINCE 1590

Florian Hense, Senior Economist | [florian.hense@berenberg.com](mailto:florian.hense@berenberg.com) | +44 20 3207 7859

## EUROZONE ECONOMIC SENTIMENT: LOWER, BUT HOLDING UP

### Berenberg Macro View

**Small setback:** Economic sentiment in the Eurozone suffered an expected setback in January in response to higher SARS-CoV-2 infections and tighter restrictions at the turn of the year. The European Commission's gauge for economic sentiment, which comprises business and consumer confidence, fell to 91.5 from an upwards revised 92.4 in December. Mirroring the lower PMI print published on Friday, the 0.9 point mom decrease in the index was in line with expectations. Consensus had expected 89.5 on the basis of an unrevised December value of 90.4.

**Holding up better than during 1<sup>st</sup> wave:** The European economy continues to weather the second lockdowns much better than the first lockdowns in spring last year. The economic sentiment index reached a low of 67.8 in April. Sentiment also seems to be a little more resilient than during November, especially in Spain (93.9 after 91.5 in December and 88.5 in November) and Italy (90.2 up from 89.8 in December and 83.1 in November). At the same time, sentiment in Germany (92.8, down from 95.1 in December and 94.9 in November), which currently faces significantly tighter restrictions than in November, and France (90.4, down from 93.0 in December, but up from 88.5 in November) headed lower, though.

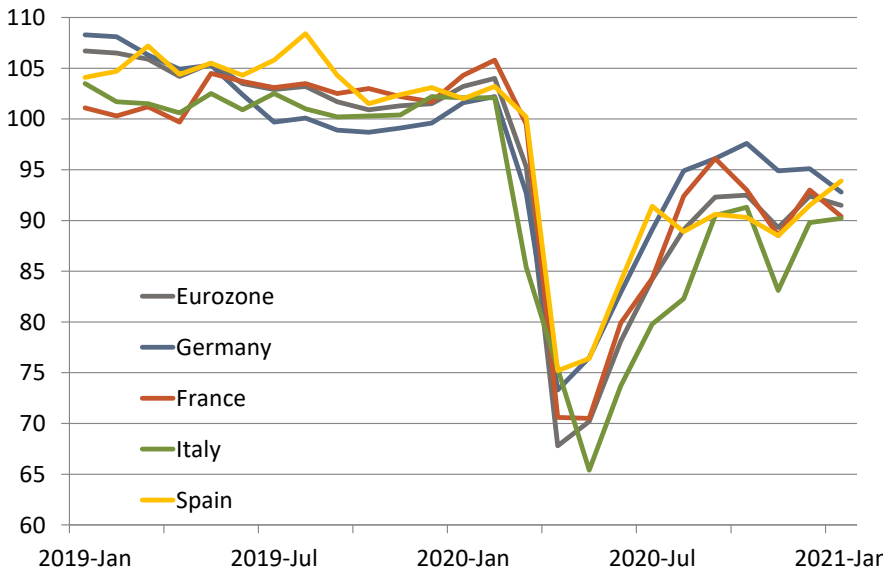
**Dark winter followed by strong rebound:** We expect economic activity in January and Q1 to be below that of November and Q4 in most economies in the Eurozone. Still, that confidence seems to be holding up relatively well amid a slower-than-expected inoculation roll-out and elevated uncertainty about virus mutations is positive. As we move closer to spring – with inoculation progressing and the return of better weather – it is unclear though how much of the current resilience is supported by genuine – rather than calculated – optimism.

**Resilient manufacturing continues to limit damage:** As previously, sentiment in the manufacturing sector (-5.9 after -6.8) – suffering less from containment measures and benefiting from strong export demand – and construction (-7.7 after -8) continued to rise. Manufacturers judged their order books and production expectations a little more positively in January than in December. At the same time, confidence among service providers (-17.8 after -17.1) and consumers (-15.5 after -13.8) slipped further. Despite the slip, there was something good to take away from the services and consumer data: In the case of services sector, the fall was more driven by weaker past business than future demand prospects. Meanwhile, lower consumer confidence stemmed more from a less optimistic assessment of the general economy than a drop in the prospects of consumers' own financial situation.



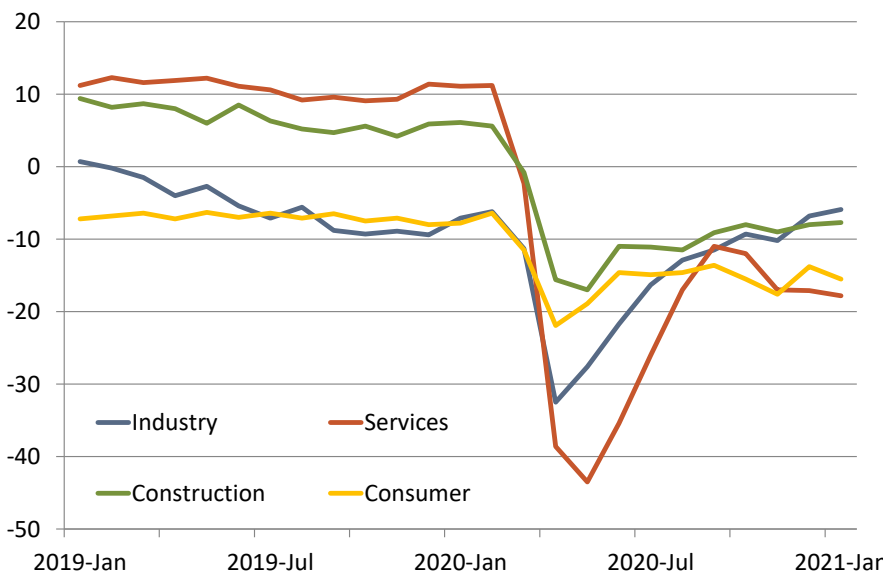
## MACRO NEWS

**Chart 1: Economic sentiment by country**



In %. The per cent balance equals per cent of respondents reporting an increase minus the per cent of respondents reporting a decrease. Source: European Commission, Berenberg

**Chart 2: Eurozone economic sentiment by sector**

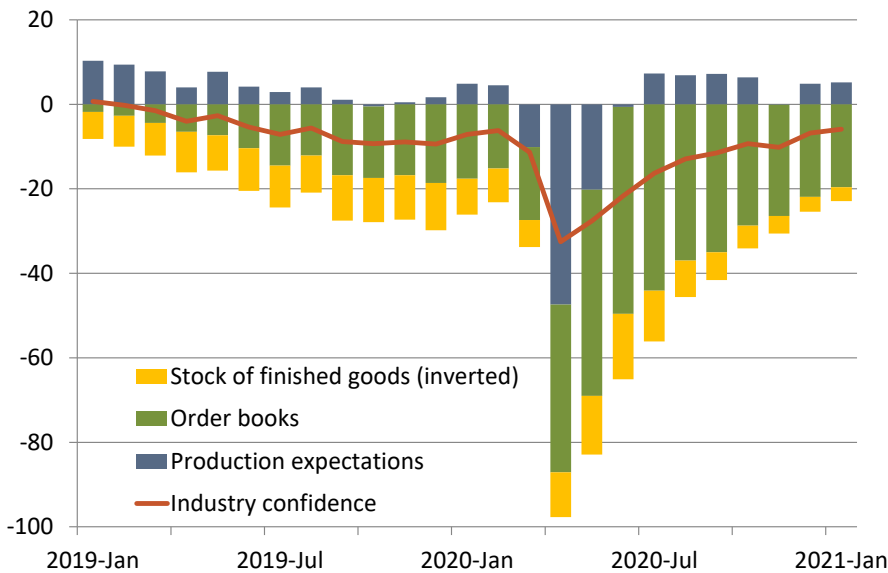


In %. The percent balance equals percent of respondents reporting an increase minus the percent of respondents reporting a decrease. Source: European Commission, Berenberg



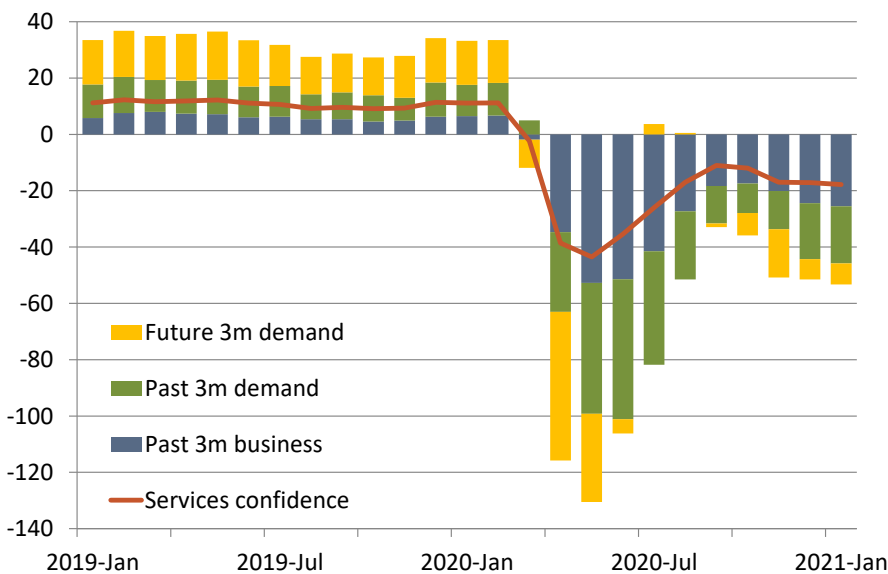
## MACRO NEWS

**Chart 3: Industry confidence by components**



In %. The percent balance equals percent of respondents reporting an increase minus the percent of respondents reporting a decrease. Source: European Commission, Berenberg

**Chart 4: Services confidence by components**

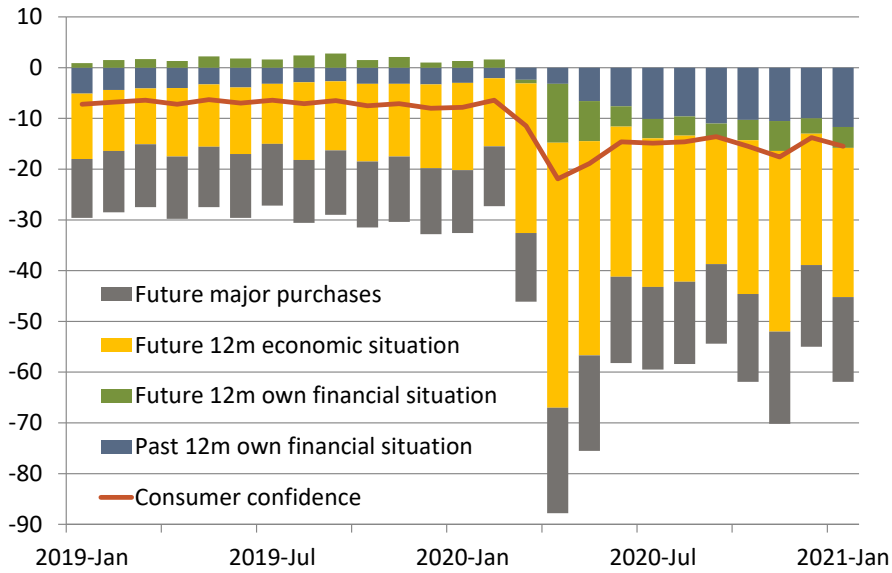


In %. The percent balance equals percent of respondents reporting an increase minus the percent of respondents reporting a decrease. Source: European Commission, Berenberg

**Chart 5: Consumer confidence by component**



## MACRO NEWS



In %. The percent balance equals percent of respondents reporting an increase minus the percent of respondents reporting a decrease. Source: European Commission, Berenberg



**BERENBERG**  
PARTNERSHIP SINCE 1590

## MACRO NEWS

### **Disclaimer**

This document was compiled by the above mentioned authors of the economics department of Joh. Berenberg, Gossler & Co. KG (hereinafter referred to as “the Bank”). The Bank has made any effort to carefully research and process all information. The information has been obtained from sources which we believe to be reliable such as, for example, Thomson Reuters, Bloomberg and the relevant specialised press. However, we do not assume liability for the correctness and completeness of all information given. The provided information has not been checked by a third party, especially an independent auditing firm. We explicitly point to the stated date of preparation. The information given can become incorrect due to passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. The forecasts contained in this document or other statements on rates of return, capital gains or other accession are the personal opinion of the author and we do not assume liability for the realisation of these.

This document is only for information purposes. It does not constitute investment advice or recommendation to buy financial instruments. It does not replace consulting regarding legal, tax or financial matters.

### **Remarks regarding foreign investors**

The preparation of this document is subject to regulation in the United Kingdom. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

### **United Kingdom**

This document is meant exclusively for institutional investors and market professionals, but not for private customers. It is not for distribution to or the use of private investors or private customers.

### **United States of America**

This document has been prepared exclusively by the Bank. Although Berenberg Capital Markets, LLC (“BCM”), an affiliate of the Bank and registered US broker-dealer, distributes this document to certain investors, BCM does not provide input into its contents, nor does this document constitute research of BCM. In addition, this document is meant exclusively for institutional investors and market professionals, but not for retail investors or private customers. It is not for distribution to or the use of retail investors or private customers. BCM accepts responsibility for this research document’s contents and institutional investors receiving this research and wishing to effect any transactions in any security discussed herein should do so through BCM and not the Bank. Please contact Berenberg Capital Markets, LLC (+1 646 949 9000) if you require additional information.

### **Copyright**

The Bank reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without the Bank’s prior written consent.

© 2021 Joh. Berenberg, Gossler & Co. KG