

BAROMETER

OBSERVATOIRE

Cetelem

2023

CRISIS AWARENESS



A European survey
conducted in 15 countries

OBSERVATOIRE
Cetelem

BNP PARIBAS
PERSONAL FINANCE

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METHODOLOGY



Quantitative consumer interviews were conducted by Harris Interactive on 3-16 November 2022 in 15 European countries: Austria (AT), Belgium (BE), Bulgaria (BG), Czech Republic (CZ), France (FR), Germany (DE), Hungary (HU), Italy (IT), Poland (PL), Portugal (PT), Romania (RO), Slovakia (SK), Spain (ES), Sweden (SE) and United Kingdom (UK).

In total, **14,200 individuals** were interviewed online (CAWI method). These individuals aged **18 to 75** were drawn from national samples representative of each country.

The quota method was employed to ensure that the sample was representative (gender, age, region of residence, socio-professional category/income). **3,000** interviews were conducted in France and **800** in each of the other countries.

FOREWORD

While the 2022 Cetelem Consumer Barometer reported scores never before attained both in terms of the general situation in each country and people's personal circumstances, it also hinted that certain adverse currents were at play, not least a slight uptick in inflation that was beginning to cause concern. However, it would have been premature at that stage to talk about a crisis, if not about symptoms of unknown severity.

Today, the sudden return of high inflation – to a degree not seen in nearly 40 years – largely driven by the war in Ukraine, means that Europeans must learn to live with double-digit price rises. Energy prices were soaring long before 24 February 2022, the day the war in Ukraine began. The disruption of gas and electricity supplies has brought the word “shortage” back into the economic conversation, having

long been discarded from the latter. The consequences of climate change, including severe droughts and floods, have put a strain on the production of basic foodstuffs. Global growth fell from 6% in 2021 to 3.2% in 2022 and is expected to drop to 2.7% in 2023. This is the bleakest growth trend recorded since the global financial crisis of 2008-2009 and the peak of the Covid-19 pandemic.

The eurozone is close to recession, with a mere 0.3 percentage points of growth expected in 2023, compared to 3.1% in 2022 and 5.2% in 2021. The UK and possibly Germany are expected to be at the forefront of this coming recession, with both set to post negative growth figures. In a context coloured by multiple crises, it is no surprise to see the Cetelem Barometer reflect the ambient gloom. The results of this survey only confirm this (**Fig. 1**).

Fig. 1 / Context

GDP growth in each country (like-for-like €)

	2018	2019	2020	2021	2022*	2023**	2024**
Germany	1%	1.1%	-3.7%	2.6%	1.4%	-0.6%	1.7%
Austria	2.4%	1.5%	-6.5%	4.6%	4.6%	0.3%	1.1%
Belgium	1.8%	2.2%	-5.4%	6.2%	2.8%	0.2%	1.5%
Bulgaria	2.7%	4%	-4%	7.6%	3.1%	1.1%	2.4%
Spain	2.3%	2%	-11.3%	5.5%	4.3%	0.5%	1.7%
France	1.9%	1.8%	-7.8%	6.8%	2.6%	0.4%	1.5%
Hungary	5.4%	4.9%	-4.5%	7.1%	5.5%	0.1%	2.6%
Italy	0.9%	0.5%	-9%	6.7%	3.4%	0.4%	1.6%
Poland	5.9%	4.4%	-2%	6.8%	4%	0.7%	2.6%
Portugal	2.8%	2.7%	-8.3%	5.5%	6.3%	2.6%	2%
Czech Rep.	3.2%	3%	-5.5%	3.5%	2.5%	0.1%	1.8%
Romania	6%	3.9%	-3.7%	5.1%	5.8%	1.8%	2.2%
United Kingdom	1.7%	1.6%	-11%	7.5%	4.2%	-0.9%	0.9%
Slovakia	4%	2.5%	-3.4%	3%	1.9%	0.9%	1.9%
Sweden	2%	2%	-2.2%	5.1%	2.9%	-0.6%	0.8%
EU 27	2.1%	1.8%	-5.7%	5.4%	3.1%	0.3%	1.5%

Source: Eurostat. * C-Ways estimate. ** C-Ways forecasts based on BNP Paribas and European Commission data

1 A GENERAL DEMORALISATION

Last year, the mood among Europeans was almost euphoric. In fact, they had never viewed their national situations and personal circumstances in such a positive light. The score they assigned to the former climbed back above the 5 out of 10 mark, to an average of 5.4 points, while the latter attained a record average score across the countries of 6.2 points. As is always the case, individuals rated their personal circumstances higher than the overall situation in their country. So what about 2022?

NATIONAL SITUATIONS AND PERSONAL CIRCUMSTANCES DECLINE IN PARALLEL

As might have been expected, both of these scores are down, but without falling off a cliff as they had previously. At 5.8 points and 4.9 points, respectively, the numbers are back to the levels recorded at the start of the Covid-19 crisis. However, the clear and significant decline observed is as pronounced as last year's upswing.

Examining these results in the light of the last 15 years shows that, from one crisis to the next, there is no hard and fast rule governing whether these scores will rise or fall. Thus, following the subprime crisis, which did not chiefly affect Europeans, it was several years before these two scores improved markedly, not least because it was some time before the sovereign debt crisis died down. With Covid-19, it took only a year for a dramatic upturn to occur, despite the fact that the Omicron variant was still among us.

LOCAL FACTORS IMPACT A COUNTRY'S IMAGE

These latest results could have prompted us to primarily blame the war in Ukraine for the darkening mood of Europeans. A close examination of the results dispels this suggestion.

The three countries that post the biggest decline in terms of perceptions of their national situation are the United Kingdom, Italy and Belgium (-1 point, -0.8 points and -0.6 points, respectively), which cannot be described as being even close to bordering Russia. Moreover, Slovakia, Romania and Bulgaria, which are much closer, are the only countries in which this score has improved (by 0.2 points, 0.2 points and 0.1 points, respectively). What this confirms is that local factors take precedence over global issues for this particular metric. The UK endured a particularly tumultuous summer and autumn, the latter having been marked by the sudden and unprecedented fall of the Liz Truss government. On 22 September, the Fratelli d'Italia party won the most votes in

the Italian elections.

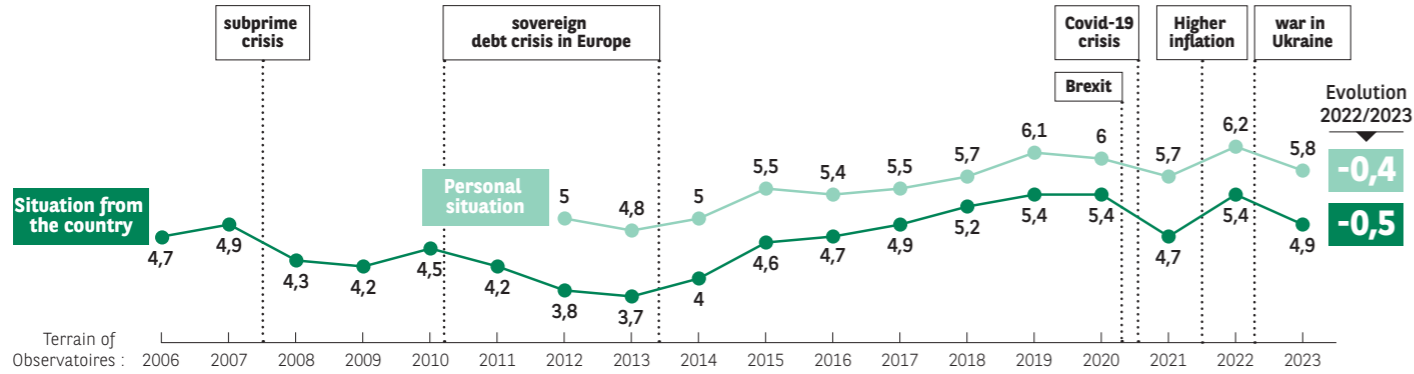
In Belgium, to say that the political situation remains complex is a vast understatement. It is also worth noting that Bulgaria, Slovakia and Hungary post the equal-lowest score (4 points). The stark inequalities at play in the first of these three nations and the very low incomes that characterise the other two both offer tangible explanations for such a low score.

INDIVIDUAL MORALE HAS TAKEN A BEATING

When it comes to assessing personal circumstances, the differences between the countries are less striking, although again the conflict in Ukraine does not provide a full and tangible explanation. With a fall of 0.6 points, the United Kingdom has seen its population's morale worsen significantly, which seems contrary to its fabled "keep calm and carry on" attitude, even if its score remains relatively high (6.1 points). This decline in morale is matched by the Czech Republic, which, with a mere 4.9 points, posts the second-lowest result in the survey after Hungary, the only other nation whose score is below 5 out of 10. Although Sweden, Germany and Belgium can once again be found at the top of the personal circumstances ranking, Austria's score has dropped sharply to less than 6. Also posting a score of 6 is France, where people's satisfaction with their personal circumstances remains relatively high.

EVERY CRISIS PRODUCES A DIFFERENT RECOVERY

Parallel of the evolution of the countries situation perception / personal situation, 15-country average score on a scale of 1 to 10

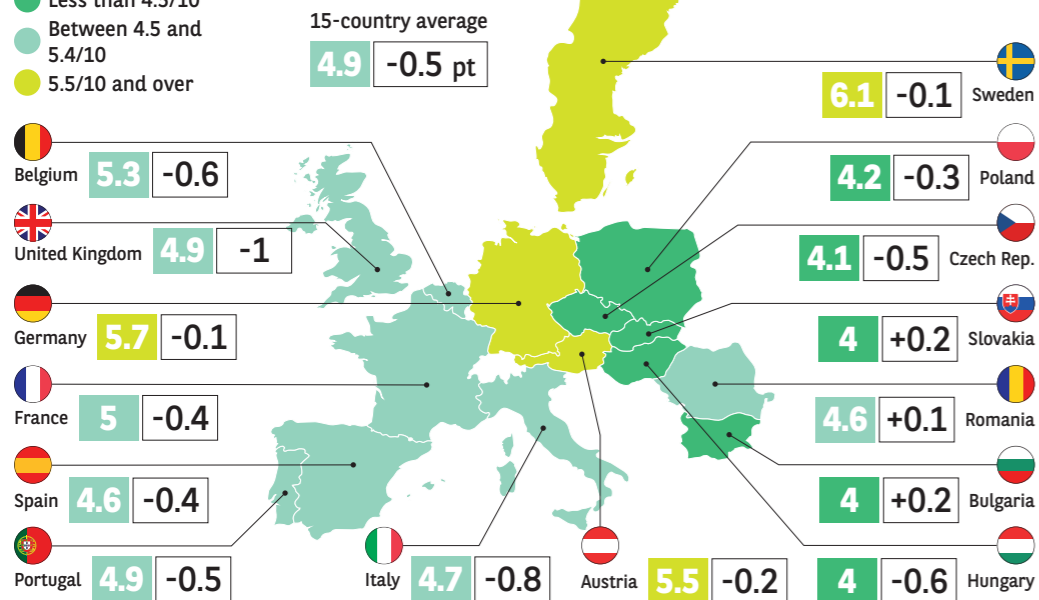


The fresh optimism observed a year after the Covid crisis began is waning, as inflation returns with a vengeance and war still rages in Ukraine.

A GENERAL PESSIMISM REGARDING NATIONAL SITUATIONS

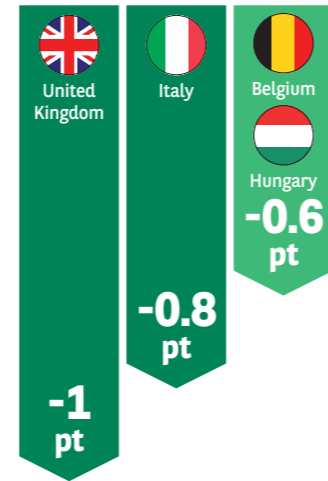
Score assigned by individuals to the general situation in their country on a scale of 1 to 10 2022/2023

- Less than 4.5/10
- Between 4.5 and 5.4/10
- 5.5/10 and over



The results have shifted by varying degrees in the different countries, leading to a gap of 1.2 points emerging between the most optimistic and the most pessimistic nations.

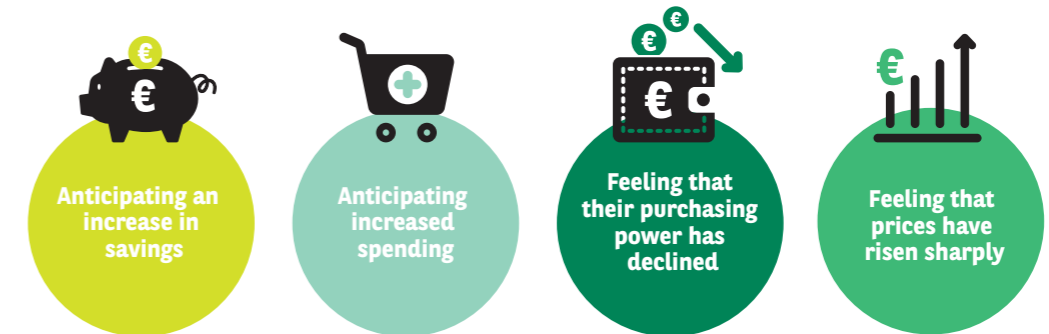
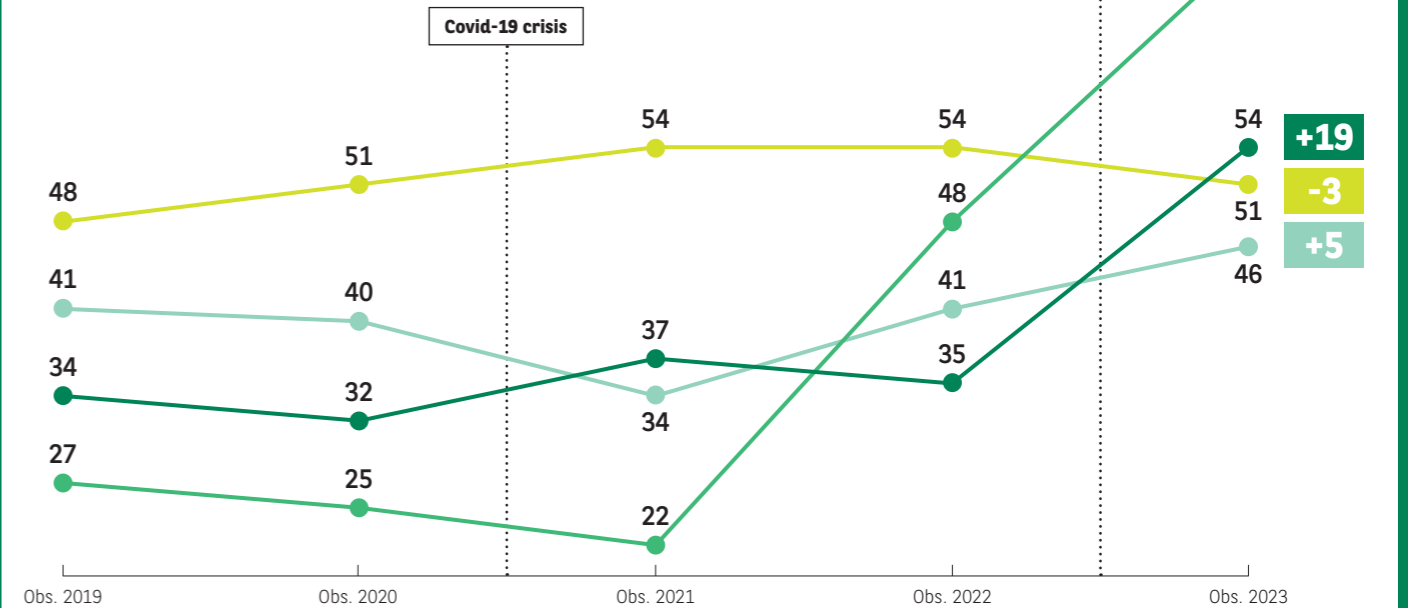
MORALE HAS BEEN DAMAGED BY A TESTING POLITICO-ECONOMIC CONTEXT



Of those countries whose score has dropped the most, the United Kingdom posts the biggest decline, with -1 point.

CHANGES IN THE KEY INDICATORS

15-country average, in %





INFLATION AND PURCHASING POWER: EUROPEANS ARE TAKING A HIT

We concluded the previous Cetelem Barometer with the following sentences. “It goes without saying that the impression that prices are rising is shared in many countries. The fact that these results co-exist with an impression among Europeans that their purchasing power has remained stable indicates that, when it comes to weighing up what has happened in the past and what might occur in the future, the economic sense and rationality of consumers is often more sophisticated than they are given credit for. One would wager that, barring a sudden inversion of price trends next year, which seems unlikely, by then many more Europeans will feel that their purchasing power has deteriorated.”

THE INEVITABILITY OF INFLATION

This year’s Barometer serves to confirm what was foreseen a year ago. When it comes to inflation, Europeans had more or less predicted what would transpire, so it is unfair to pass them off as scaremongers, given how close their perceptions were to the reality. According to 9 out of 10 Europeans, price rises are now a fact of life. More strikingly, 7 out of 10 believe that prices have risen significantly. When the figures are so high, it is pointless to search for national differences that do not exist. All the countries surveyed are aligned on the topic of rising inflation. However, Northern and Western European countries are more likely to report a clear increase in prices than last year.

The score is up 42 percentage points in Sweden, 37 points in Italy and 35 points in Portugal, while the average increase stands at 22 points. With a leap of 25 points, France posts a near-average result.

Conversely, the Romanians and Poles post the smallest rises (7 and 9 points, respectively).

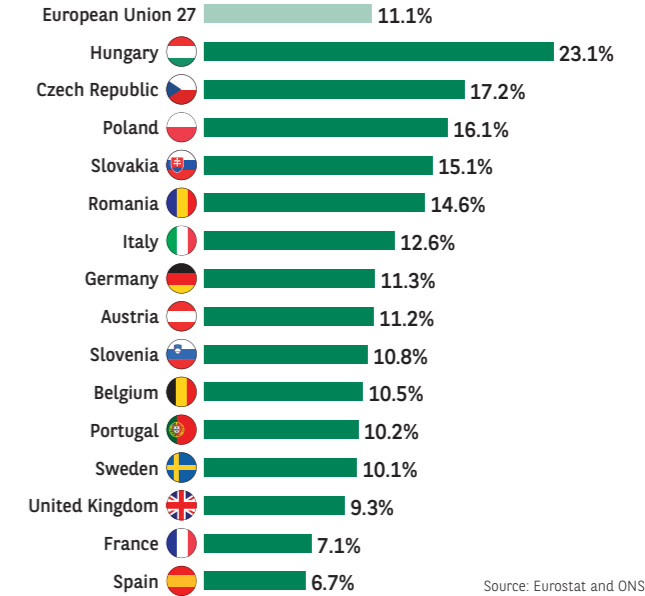
NORTHERN AND WESTERN COUNTRIES FACE UP TO REALITY

If we compare these different scores to actual inflation rates, the Northern and Western nations seem to have suddenly been plunged into a world where inflation had been lying dormant for years and has now been awakened by an evil Prince Charming. Inflation rates in Eastern Europe were already high, therefore the feeling that they have increased is less dramatic.

And while France boasts the lowest percentage of people who believe that prices have increased significantly, this is probably due to the lowest 2022 rate of inflation of all the countries in this survey (Fig. 2).

Fig. 2 / Context

Inflation (HICP) in European countries in November 2022 (year-on-year)



Source: Eurostat and ONS UK

SOCIOECONOMIC FACTORS COUNT

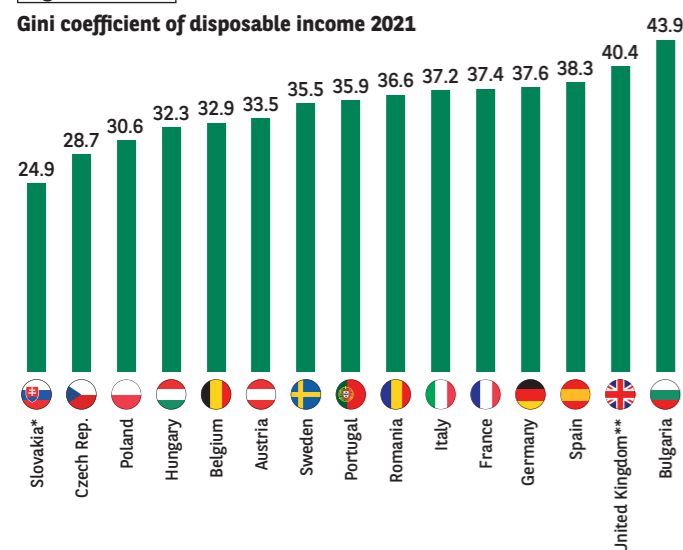
On the question of inflation, it is also useful to mention some of the socioeconomic markers highlighted by the Cetelem Barometer. With regard to gender, more women than men bemoan the significant increase in prices (a difference of 10 points). This is probably because it is still mainly they who shop for day-to-day groceries and pay the household bills, meaning that they see this tangible inflation with their own eyes. In terms of age, over-50s are more concerned about price increases than their juniors (the difference between 50-64 year olds and 18-24 year olds is 20 points). In contrast, differences according to income and place of residence are less pronounced. With regard to the latter, the inhabitants of the least populated areas are more likely to express such views.

A DROP IN PURCHASING POWER THAT MIRRORS THE RISE OF INFLATION

As noted previously, no further evidence of the economic perceptiveness of Europeans is required. Thus, the sense that purchasing power has fallen significantly has increased by a similar proportion to the rise in inflation, with the two metrics forming almost parallel trend curves. More than 1 in 2 Europeans believe that their purchasing power has fallen, a figure that has increased by an average of 19 points compared to last year. And this mirroring effect is a recurring one, since it is once again the countries of Northern and Western Europe that are the most prone to this decline. Italy, Sweden and Portugal remain at the top of this ranking, joined this time by Germany and the UK. At the other end of the scale, Eastern European countries are again less likely to report a decrease than their Western European counterparts, where inequality tends to be greater (Fig. 3). However, it should be noted that, on the whole, the differences observed between the countries in terms of falling purchasing power are much smaller than the differences in inflation rates.

Fig. 3 / Context

Gini coefficient of disposable income 2021



The higher the Gini index, the higher the level of inequality.

Source: Eurostat ILC_DI12C. * 2020 data. ** 2018 data

THE ECONOMIC PERCEPTIVENESS OF EUROPEANS

The actual data on purchasing power trends serves to demonstrate the perceptiveness of Europeans (Fig. 4). Although growth remains positive in all the countries covered by the survey, economies are contracting overall (with the exception of Romania and Portugal), both as a result of the inflation shock and as a reaction to the bounce back that occurred in 2021 when the effects of the public health crisis died down.

The year ahead looks as though it will be even bleaker, with recession rearing its head once again and almost certainly set to impact major countries such as Germany and the UK. It is therefore very probable that the next Cetelem Barometer will reflect this reality. To arrest this spiral, support plans and other protective measures have been introduced in many countries, not least to enable households to withstand the energy crisis (aid plans worth €200 billion in Germany, €66 billion in Italy, €150 billion in the United Kingdom, and a €44 billion tariff shield in France in 2023, in the wake of a €24 billion package in 2022). This does not include the substantial social benefits provided in some countries, including Italy and France, which help to maintain purchasing power (Fig. 5).

Fig. 4 / Context

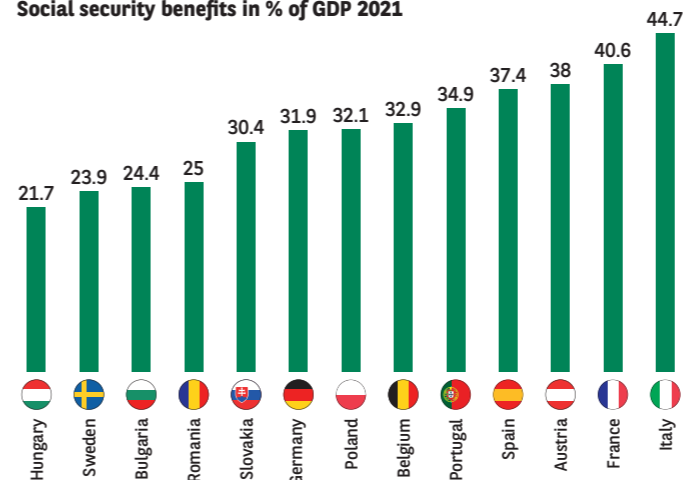
Change in purchasing power in each country

	2018	2019	2020	2021	2022*	2023**	2024**
Germany	2.2%	1.3%	3.7%	0.9%	-1%	-0.8%	0.9%
Austria	1.4%	1.4%	0%	5.2%	-3.8%	0.9%	2.6%
Belgium	1%	2.8%	3.9%	1.1%	-2.6%	1%	0.9%
Bulgaria	2.8%	4.2%	-3.8%	16.1%	3.1%	1.1%	2.4%
Spain	1.3%	3.7%	-6.2%	2.5%	-0.8%	0%	0%
France	1.4%	2.6%	0.5%	3%	-0.1%	-0.5%	0.9%
Hungary	8.1%	4.7%	-3.4%	7.6%	-0.5%	-3.1%	2.1%
Italy	1%	-0.3%	-0.2%	3.6%	-0.2%	-1.3%	1.9%
Poland	3.6%	2.6%	3.6%	3.1%	5.1%	-1.6%	3.5%
Portugal	3.3%	3.6%	-0.4%	3.2%	0.3%	1.8%	2.4%
Czech Rep.	3.4%	4.3%	1.5%	8%	-4.4%	-3%	0%
United Kingdom	1.5%	0.9%	-1.4%	4.7%	0.4%	-3.8%	2%
Slovakia	6.8%	2%	-3%	2.6%	-3.7%	2.2%	1.6%
Sweden	4.1%	2.5%	-0.5%	3.7%	4.4%	-1.1%	0%
EU 27	2%	3.3%	1.8%	2.4%	-0.6%	-0.7%	1.4%

Source: Eurostat. * C-Ways estimate. ** C-Ways forecasts based on BNP Paribas and European Commission data

Fig. 5 / Context

Social security benefits in % of GDP 2021



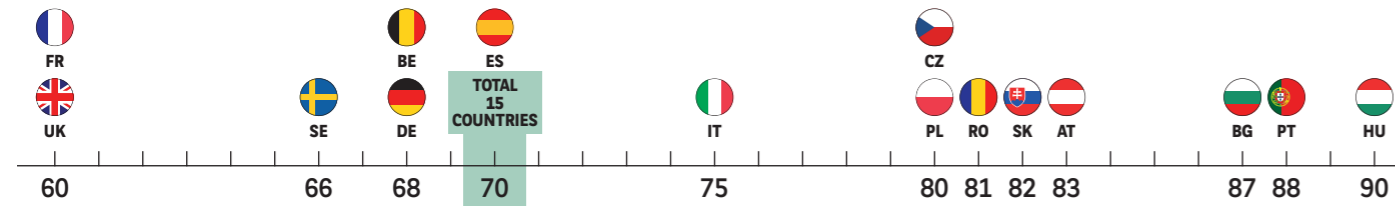
Source: Eurostat TEC00026

THE SAME SOCIOECONOMIC DIFFERENCES

Socio-demographic factors also confirm the mirroring effect observed earlier. Once again, women and the over-50s are the most likely to feel that their purchasing power has fallen, with the gender gap widening further in this respect since last year. Residents of mid-sized cities are also more likely to be of this view. The "income" variable still has no real bearing on the results. Having previously stood at 8 points, the gap between high and low incomes is now just a single point.

7 OUT OF 10 EUROPEANS BELIEVE THAT PRICES HAVE INCREASED SIGNIFICANTLY OVER THE LAST 12 MONTHS.

"Prices have increased significantly", in %

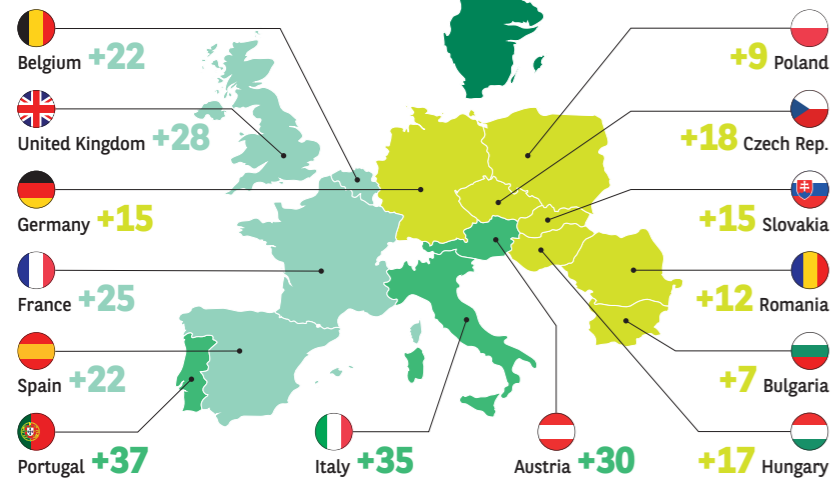


The perception in France and the UK that prices have risen is 10 points below the average across all countries, producing the lowest result in the survey.

A SENSE THAT PRICES HAVE "INCREASED SIGNIFICANTLY" OVER THE LAST 12 MONTHS

"Prices have increased significantly", 2022/2023 percentage point change

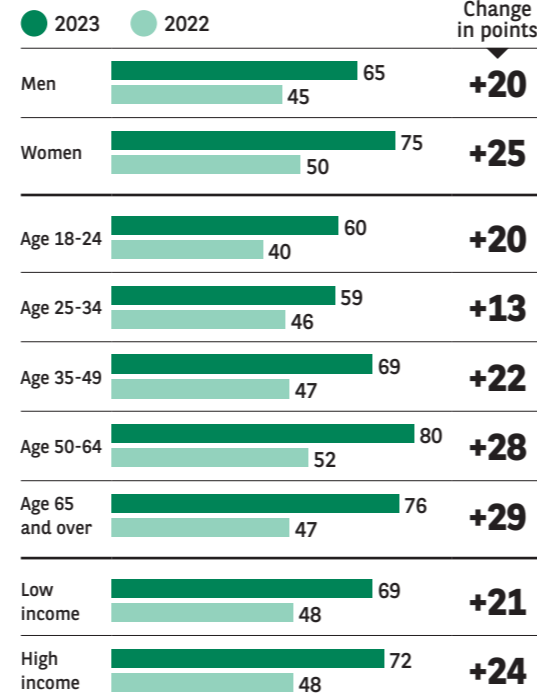
- Less than +20
- Between +20 and +29
- Between +30 and +39
- +40 and over



The average across the countries is 22 points higher than in 2022.

PRICE INCREASES AND SOCIO-DEMOGRAPHIC VARIABLES

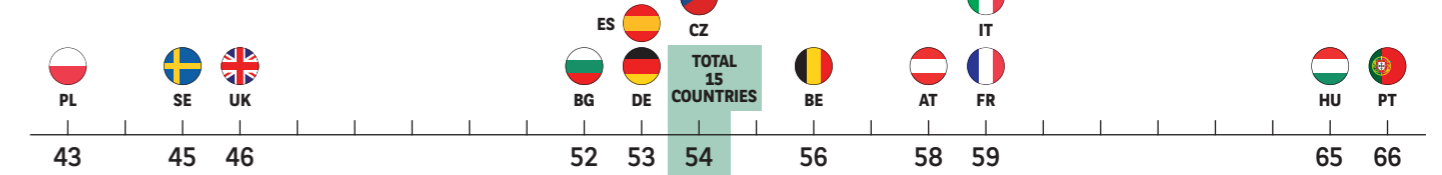
"Prices have increased significantly", in %



The sense that prices have risen is more acute among women than men (10-point difference), among the over-50s and, although the difference is smaller, among individuals with higher incomes than those with lower incomes.

MORE THAN 1 IN 2 EUROPEANS FEEL THAT THEIR PURCHASING POWER HAS FALLEN OVER THE LAST 12 MONTHS

"My purchasing power has fallen", in %

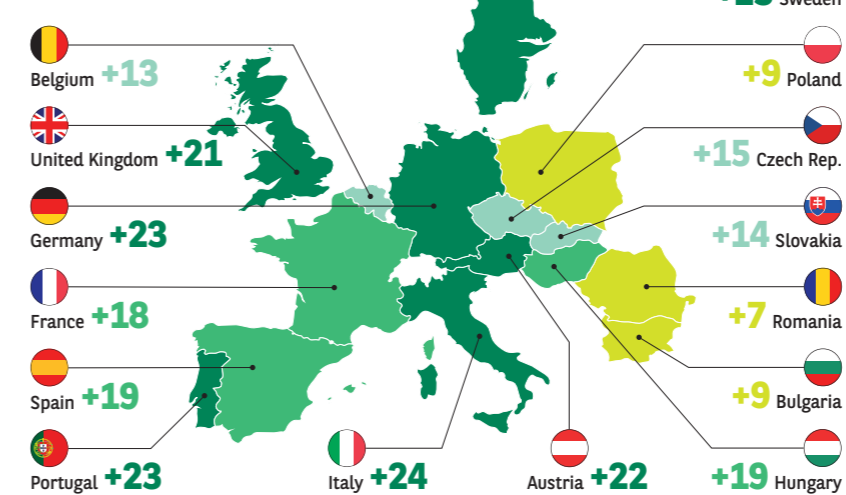


Portugal (66%) and Hungary (65%) are the two countries in which this decline in purchasing power is felt most strongly.

A SENSE THAT PURCHASING POWER HAS FALLEN OVER THE LAST 12 MONTHS

"My purchasing power has fallen", 2022/2023 percentage point change

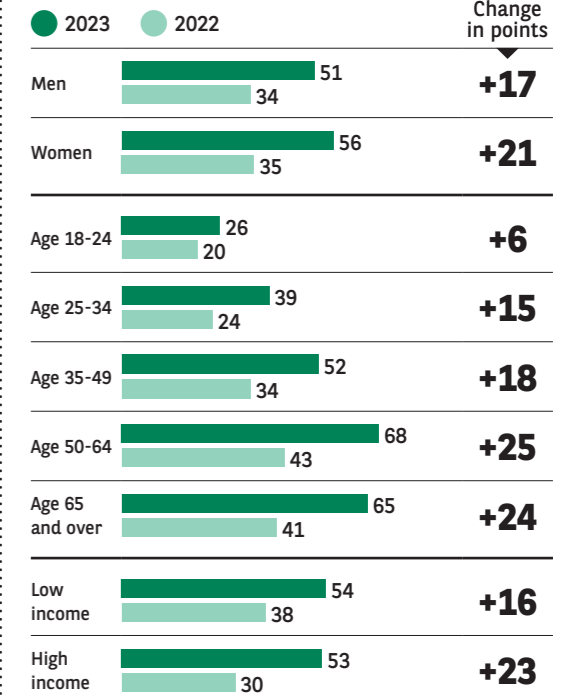
- Less than +10
- Between +10 and +15
- Between +16 and +19
- +20 and over



The average across the countries is 19 points higher than in 2022.

REDUCED PURCHASING POWER AND SOCIO-DEMOGRAPHIC INDICATORS

"My purchasing power has fallen", in %



While the gap between men and women has widened since last year (5-point gap in 2022), it has narrowed between individuals with high and low incomes (8 points in 2022, down to just 1 point this year).

3

SAVING IS DOWN, CONSUMPTION HOLDS UP

At a time of such uncertainty, with inflation reaching a level not seen for decades and purchasing power declining, one might have expected Europeans to alter their strategy when it comes to saving and spending. But that is not borne out in reality. On average, saving intentions have fallen by 3 points, while spending intentions are heading in the opposite direction, having risen by 5 points.

THE DESIRE TO SAVE HAS WANED OVERALL














On the topic of savings, it is worth remembering, first of all, that subsequent to the Covid crisis the savings rate increased spectacularly between 2020 and 2021 in every country surveyed, in some cases doubling or even tripling, as was the case in Spain and Poland. These “glass ceilings” are difficult to break through (Fig. 6).

The intentions of Europeans only confirm this finding. A willingness to save more can only be observed in 5 countries. At 59% (+7 points), Germany posts a score that it had not attained in the last five years. The country’s dependence on Russian gas, which places Germany at the heart of the Ukrainian conflict, not to mention the almost unthinkable prospect of a recession hitting its economy, probably go some way to explaining this result.

Meanwhile, the desire to save is down in 7 countries, dropping by almost 10 points in Spain, Italy, Sweden and the UK. In these countries, the focus is no longer on creating a larger nest egg, but instead on coping with rapidly increasing food prices, like in Spain, or skyrocketing energy bills, like in the UK. This is another issue on which the Eastern European countries are relatively homogeneous, with saving intentions shifting little, if at all, compared with last year.

Fig. 6 / Context

Savings rate in each country

	2018	2019	2020	2021	2022*	2023**	2024**
Germany 	18%	18.6%	18.3%	23.6%	22.9%	19.6%	19.5%
Austria 	13%	13.2%	14%	18.7%	17.6%	12.2%	12.8%
Belgium 	12%	11.5%	12.3%	20.5%	17%	12.7%	13.2%
Spain 	6%	5.6%	8.2%	17.7%	13.8%	8.5%	8.3%
France 	14.1%	14.4%	15.1%	20.9%	18.7%	16.7%	15.8%
Hungary 	13%	15.2%	14.8%	15.6%	17.4%	11.9%	10.1%
Italy 	10%	10.1%	10%	17.4%	14.9%	10.9%	9.5%
Poland 	4%	3.6%	2.9%	8.8%	4.1%	3.9%	2.4%
Portugal 	7%	6.8%	7.2%	11.9%	9.8%	6%	6.5%
Czech Rep. 	12%	12.2%	13.1%	19.2%	19.4%	13.6%	10.9%
United Kingdom 	6%	6.1%	5.3%	15.8%	12.5%	7.2%	5.3%
Slovakia 	8%	10.2%	9.7%	11.6%	10.3%	4.3%	5.9%
Sweden 	15%	16.2%	18.1%	19.6%	18.1%	18.1%	18.1%
EU 27	11.5%	11.6%	12.3%	18.4%	16.7%	13.4%	12.7%

Source: Eurostat. * C-Ways estimate. ** C-Ways forecasts based on BNP Paribas and European Commission data

AN EXPECTATION OF CONSTRAINED CONSUMPTION

The expectation that personal expenses will rise has shifted somewhat. Only in two countries, Poland and Austria, has it fallen slightly (-3 pts and -1 pt). In 11 countries, increases are the order of the day, in some cases to a striking degree, such as in Portugal (+13 pts), but also Sweden and Slovakia (+9 pts and +8 pts). Once again, as has been the case for the last five years, the latter is the nation at the top of this specific ranking, with a spectacular 91% of respondents expecting their expenses to increase. Slovakia probably stands apart from the other Eastern European nations because of its membership of the eurozone, which shields it from erratic currency fluctuations. Yet Slovakia is the country with the lowest income levels (Fig. 7).

Against a backdrop of multiple crises, these results highlight the current pressure on consumption, with spending now directed towards what is necessary and essential for daily life, even though these items are going up in price.

After the post-Covid recovery of 2022 (+3.3% in Europe), real consumption levels will stagnate in 2023 as a result of this pressure (Fig. 8).

THE DESIRE TO CONSUME IS STAGNATING

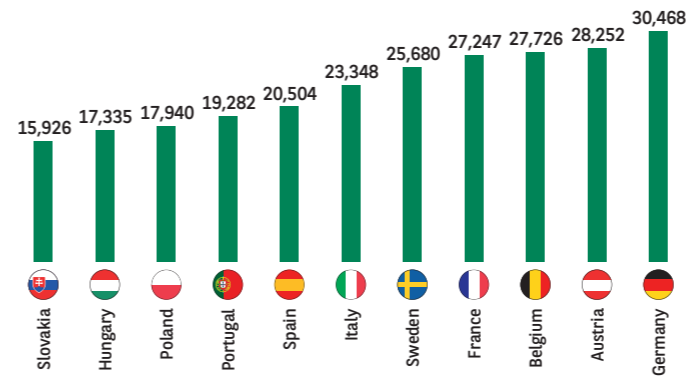
The spending intentions expressed by Europeans in this latest Barometer support this assessment. Indeed, they are 1 point down compared to last year, with 1 in 2 Europeans expressing a desire to consume. What is significant is that 1 in 4 state that they have neither the desire nor the means to spend, a figure that has increased by 3 points.

As a sign of the gloom that is gradually spreading among consumers, 10 countries report a fall in spending intentions, with Germany once again proving the most pessimistic of the Western European nations (-6 points). Another sign that people are not in the mood to indulge comes from Slovakia, which usually leads the pack in terms of spending intentions, but now sits at the bottom of the ranking (38%).

While almost every consumer sector is affected by the European downturn, the household equipment segments are the most exposed. Now is no longer the time for enforced cocooning, as it was when the pandemic fuelled people's urges to redecorate, take up cooking or partake in indoor sports. Household appliances, furniture, TV/Hi-Fi equipment, home improvement/renovation and sports equipment are down almost 5 points.

Fig. 7 / Context

Adjusted gross disposable household income per person in PPS 2021



Adjusted gross disposable household income per person, expressed in PPS, is calculated by dividing the adjusted gross disposable income of households and non-profit institutions serving households (NPIs) by the purchasing power parities (PPPs) of actual individual household consumption and by the total resident population.

Source: Eurostat TEC00113

Fig. 8 / Context

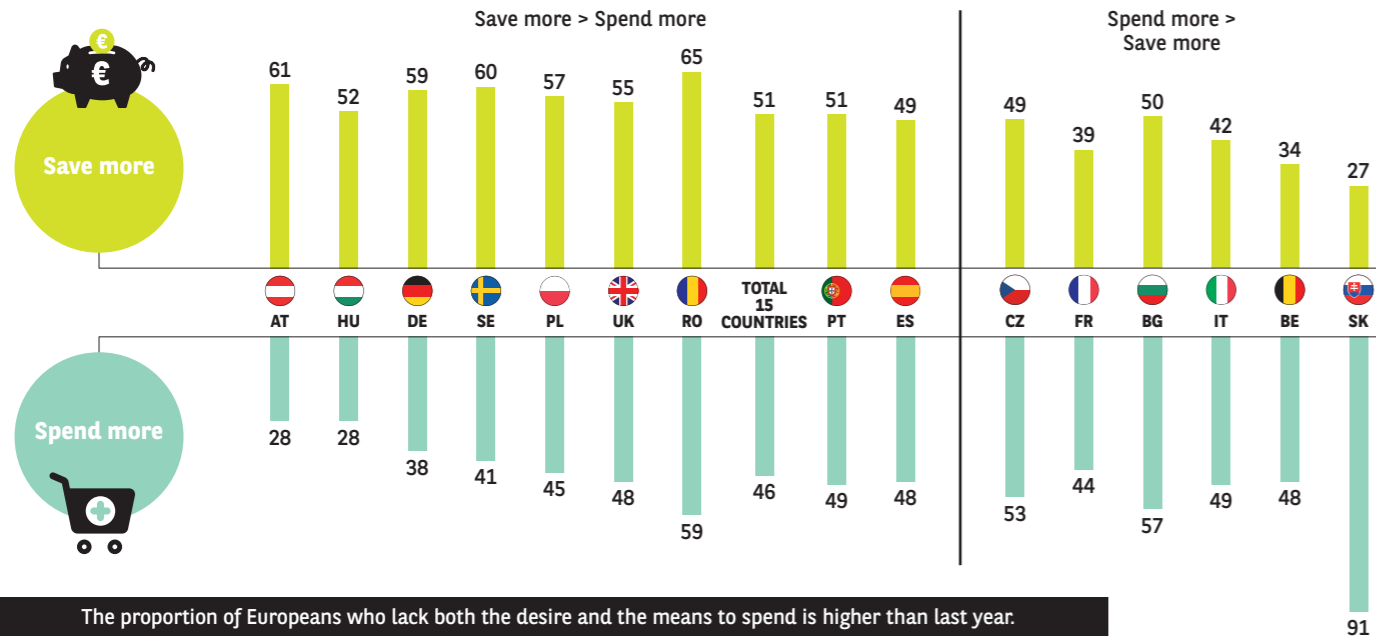
Variation in consumption in each country in euros (like-for-like)

	2018	2019	2020	2021	2022*	2023**	2024**
Germany	1.4%	1.7%	-3%	1.9%	3.2%	-0.7%	1.5%
Austria	1.1%	0.4%	-5.5%	6.6%	2.5%	0.2%	1.2%
Belgium	1.7%	1.9%	-5.8%	5.6%	2.4%	0.4%	1.8%
Bulgaria	3.5%	4.8%	0.1%	7.5%	6%	1.9%	2.5%
Spain	1.5%	0.8%	-15.9%	7.3%	5.3%	0.2%	0.2%
France	1%	1.8%	-6.7%	5.2%	2.8%	0.3%	1.6%
Hungary	4.9%	5.2%	-4.4%	5.4%	6.1%	-1.1%	1.8%
Italy	1%	-0.2%	-8.5%	6.8%	4.1%	0.3%	1%
Poland	4.3%	3.3%	-2.7%	8.4%	5.3%	-0.1%	2.3%
Portugal	3.1%	3.1%	-5.4%	5.7%	4.5%	1.3%	2.1%
Czech Rep.	3%	3.2%	-5.5%	7.7%	2.5%	0%	1.7%
United Kingdom	1%	1.8%	-12.3%	8.8%	6.5%	-1.8%	0.7%
Slovakia	4.2%	2.6%	-5%	4.1%	2.7%	0.5%	1.7%
Romania	9.1%	5.3%	-2.1%	6.2%	6.3%	1.9%	2.5%
Sweden	2.4%	0.2%	-2.3%	5.6%	4.4%	-1.1%	0%
EU 27	1.9%	2.5%	-5.3%	4.5%	3.3%	0.1%	1.5%

Source: Eurostat. * C-Ways estimate. ** C-Ways forecasts based on BNP Paribas and European Commission data

SAVING INTENTIONS FALL SLIGHTLY, CONSUMPTION INTENTIONS RISE SLIGHTLY

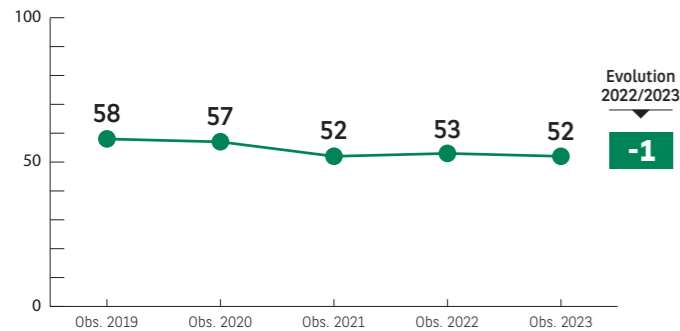
Over the next 12 months, do you expect to...? in % who answered "Yes"



The proportion of Europeans who lack both the desire and the means to spend is higher than last year.

SPENDING INTENTIONS REMAIN STABLE OVERALL

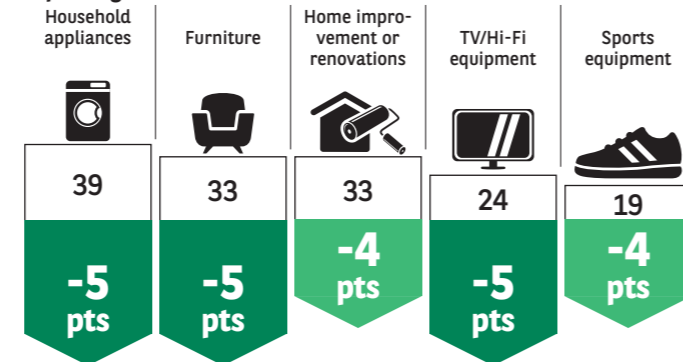
"I want to spend", in %



For the past 3 years, the desire to consume has remained steady.

HOUSEHOLD EQUIPMENT IS THE SECTOR MOST AFFECTED BY THE DROP IN SPENDING INTENTIONS

"Spending intentions", in %



Household appliances, furniture, TV/Hi-Fi equipment, home improvement/renovations and sports equipment are the five sectors in which spending intentions have declined the most.

SHORTAGES: ENERGY IS AT THE HEART OF PEOPLE'S FEARS

4

Along with "inflation", "shortage" is another word that has returned to the media narrative and to our day-to-day lives, conjuring memories of tough economic times past. This reappearance can be traced back to a few months before the publication of this Cetelem Barometer, having been mentioned in relation to the supply-chain problems caused by the Covid crisis, which made it harder to obtain face masks and semi-conductors, for instance. Exacerbated by the war in Ukraine and the climate disruption of 2022, the energy crisis has placed the term back at the forefront of people's minds.

COUNTRIES HAVE ENTERED A DRY SPELL

3 in 4 Europeans expect shortages to affect at least one commodity in their country. 27% go as far as stating it as a certainty. Although there are no marked geographical differences when it comes to this expectation, France and the United Kingdom are where these fears are the greatest (87% and 83%). In both countries, media coverage of recent energy shortages has been intense, driven in no small part by the government. The types of shortage respondents fear the most are those relating to energy. Fuel-oil shortages, power cuts, gas cuts and petrol shortages are cause for concern for at least 1 in 2 Europeans. Once again, France and the United Kingdom are where such concerns are most common.

SPOTLIGHT ON THE PROSPECT OF ENERGY SHORTAGES

When it comes to potential electricity shortages, 58% of Europeans say they are worried. Western Europe is where these concerns are the greatest, particularly Italy, the UK and Spain (71%, 68% and 67%). Having become an importer of electricity following the shutdown of several nuclear reactors, France is now facing a degree of vulnerability that it seemed to have been spared, which translates into a higher than average percentage of people who fear the possibility of power cuts.

A POTENTIAL INABILITY TO PAY BILLS

People's concerns that they will have to contend with shortages are compounded by the fear that they may struggle to pay their energy bills. These issues are on the minds of 7 out of 10 Europeans, with the highest proportions being found in the Mediterranean countries but also in Romania and the Czech Republic. Here again, women, young people, those on a low income and inhabitants of small and mid-sized conurbations express the greatest concern.

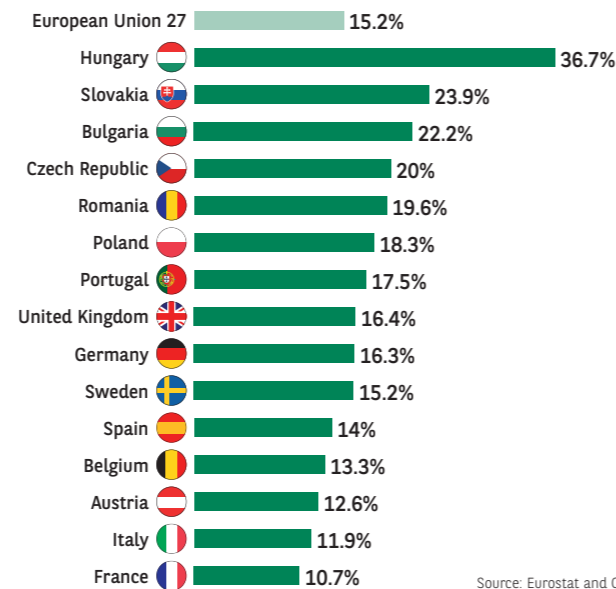
Electricity, gas and petrol are the trio that spark the greatest fears of privation. Overall, 6 out of 10 Europeans are worried about electricity shortages, and the proportion is especially high in the countries mentioned previously. The Italians are particularly pessimistic, posting a score 16 points above the overall average.

FOOD SHORTAGES ARE ALSO CAUSE FOR CONCERN

Energy is not the only sector with which the word "shortage" is associated. The food sector is expected to be similarly impacted. 55% of Europeans believe they will be affected by food shortages over the next few months. The Italians, Spanish, Portuguese and British are by far the most fearful of this possibility (70%, 69%, 67% and 64%). Clear differences can also be observed according to socio-economic factors. Women, people in the youngest age bracket, individuals on a low income and inhabitants of mid-sized cities are the most concerned. It should also be noted that the expectation of food shortages in no way correlates with the inflation affecting this product category. Hungary, which has the highest food inflation in Europe, displays one of the lowest levels of concern, while France, where food inflation is the lowest, sits above the overall average (Fig. 9).

Fig. 9 / Context

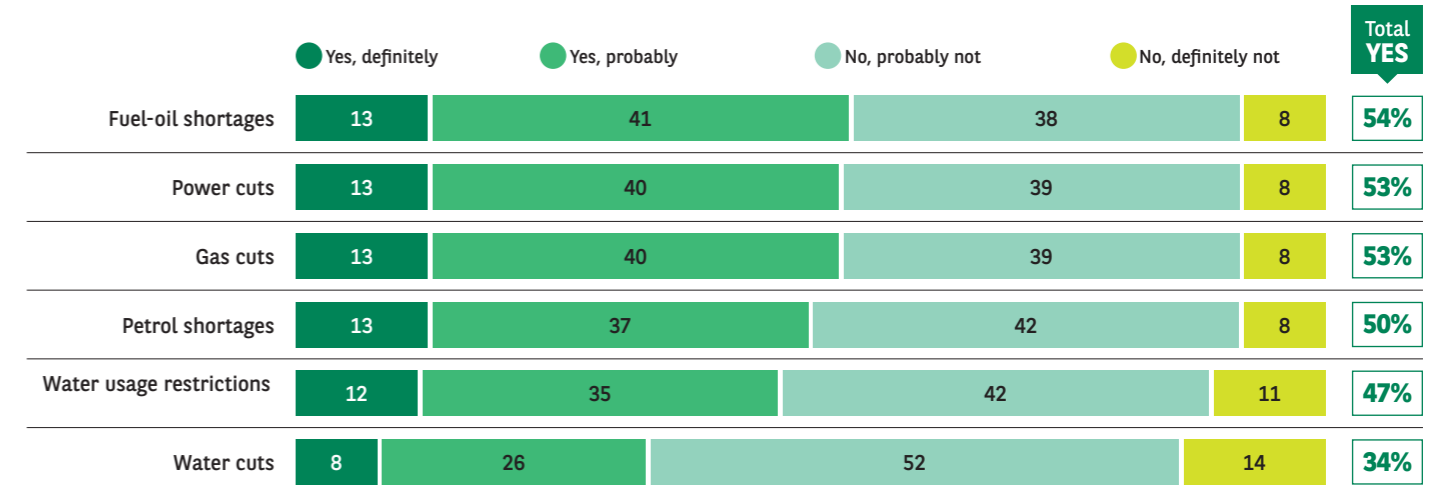
Food inflation (HICP) in European countries in November 2022 (year-on-year)



Source: Eurostat and ONS UK

3 IN 4 EUROPEANS EXPECT TO BE DEPRIVED OF AT LEAST ONE RESOURCE IN THE COMING MONTHS

"In your opinion, will your country face the following situations in the coming months?", in %



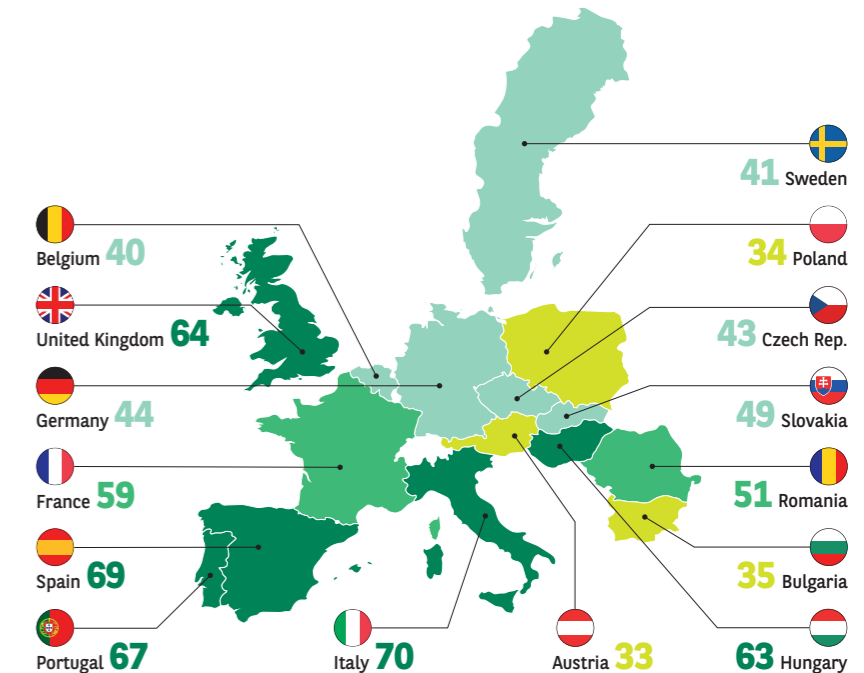
27% of the population surveyed expects that at least one of these situations will "definitely" occur.

55% OF THE POPULATION SURVEYED FEAR THAT THERE WILL BE FOOD SHORTAGES IN THE COMING MONTHS

"Are you worried that it will be difficult to obtain some foods in your country over the next few months?", in % who answered "Yes"

- Less than 40%
- Between 40% and 49%
- Between 50% and 59%
- 60% and over

Fears of food shortages are most likely to be expressed in Western European countries.



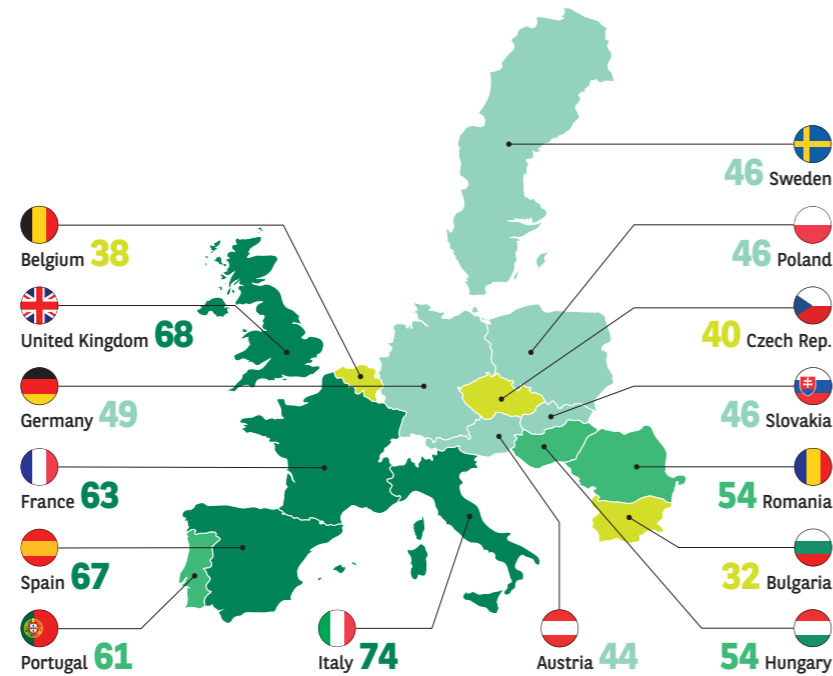
Source: 2023 Observatoire Cetelem Barometer

58% OF EUROPEANS BELIEVE THEY COULD BE PERSONALLY AFFECTED BY POWER CUTS OVER THE COMING MONTHS

"Do you worry that you might be affected by power cuts over the next few months?", in % who answered "Yes"

- Between 32% and 40%
- Between 44% and 49%
- Between 54% and 61%
- Between 63% and 74%

The Italians, British, Spanish and French are the most fearful of power cuts.

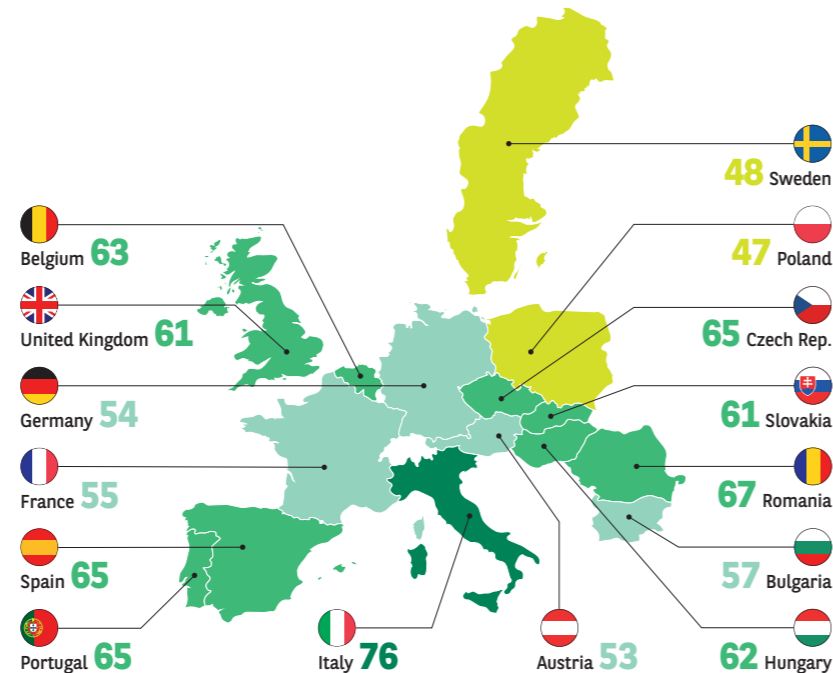


60% OF EUROPEANS FEAR THAT THEY WILL BE UNABLE TO PAY THEIR ELECTRICITY BILL

"Do you fear that you will struggle to pay your electricity bill in the coming months?", in % who answered "Yes"

- Less than 50%
- Between 50% and 60%
- Between 61% and 70%
- More than 70%

The Italians are particularly pessimistic with a score of 76%, 16 points above the average.



CONCLUSION

The 2022 Cetelem Barometer was all about intuition. What is taking place in 2023 is more of a realisation. A realisation that we are now fully experiencing the effects of a series of overlapping crises. Obviously, not every macroeconomic indicator has turned red. National GDPs are not collapsing. Prices are soaring and yet purchasing power is holding up... but for how much longer? Unemployment remains relatively low, at under 6% in 10 of the countries covered by this survey, with only Spain posting a double-digit rate (12.8%). But again, for how long? Oil prices have returned to normal levels. Having abandoned its zero-Covid policy, China is banking on the resurgence of its economy, which had been faltering dangerously, and this could benefit countries in Europe.

So, while there is a strong chance that the next Cetelem Barometer will fail to bring good news, we will see you in a year's time to see whether fresh hope has emerged from the gloom.

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