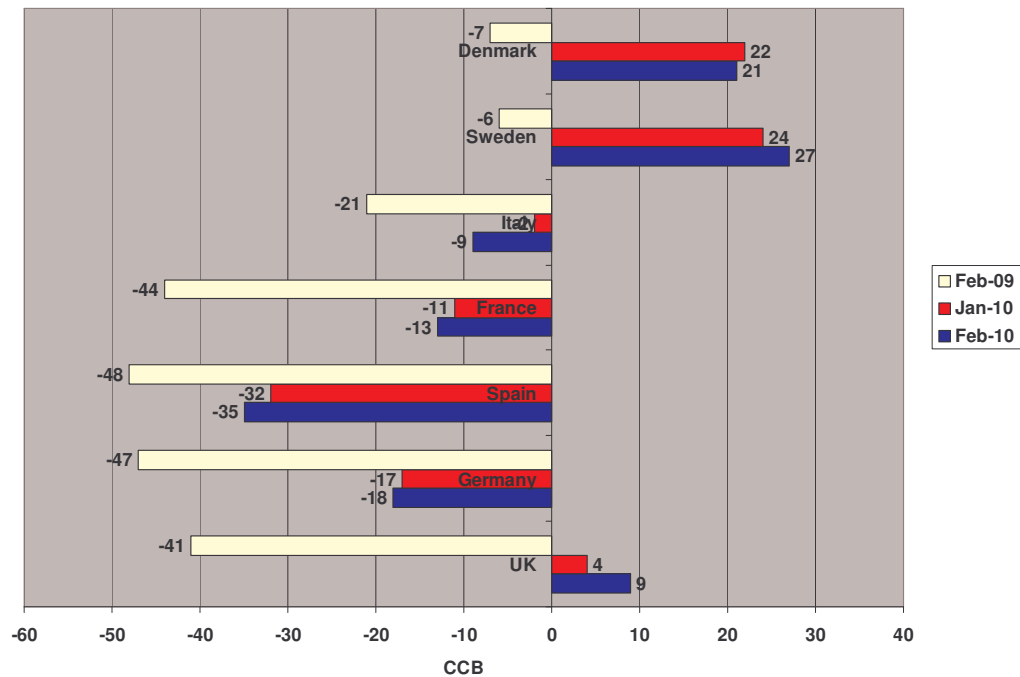


UK consumers among the most optimistic in Europe

Pan-European research undertaken by the European Commission finds that larger countries outside the euro-area appear more optimistic about their economic prospects than countries within the euro-area.

Figure: Economic optimism across larger European countries*



*all consumers are asked 'How do you expect the general economic situation in this country over the next 12 months' and a mean measure derived from responses

Source: European Commission /JGFR

While consumers in all countries are more optimistic than a year ago, there are big differences in outlook. Swedish and Danish consumers are the most optimistic in Europe with both recording substantial gains on a year ago. However UK consumers have shown the greatest turnaround in optimism, up 50 points on a year ago, compared to Germany's 29-point gain and France (31 points). Optimism among Spanish consumers is the lowest in the major European countries.

Quite what is driving the remarkable transformation in UK consumers' optimism is less clear. Being able to control our economy and print our own money may be a key factor relative to countries in the euro-area despite the relative strength of the euro. Such optimism may also reflect the expected success of policies designed to stimulate the economy and keep fewer people out of work while helping mortgagors through low interest rates. Whether this optimism, which has been building up during the year, reflects a political change dimension is an intriguing question and a key factor in the election build up.