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Eurozone consumer confidence drops amid global growth concerns

Consumer confidence falls from -6.5 to -7.2. Even though the household income situation is moving in the right direction, growth concerns seem to be the cause of increased pessimism

Shoppers in Dublin, Ireland

What's not to like for consumers? They saw wage growth improve again in Q1 as labour shortages have finally taken wage growth back to pre-crisis levels. On top of that, unemployment has been coming down more rapidly than expected and is at the lowest level in more than a decade. The bottom line remains quite a positive story for the consumer, but worries about the growth environment are not helping future expectations right now.

The decline in consumer confidence casts some doubt on the dichotomy between industry and services. The service sector delivers more directly to the consumer and therefore fares well in an environment of strong consumer spending. More pessimistic consumers could result in slower spending, which would in turn impact the performance of the service sector. That would spell problems for the Eurozone growth outlook in the rest of the year, which is already moderate at best.

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