

Snap | 20 December 2019

## Eurozone consumer confidence drops in December

Cautious upbeat sentiment about the phase one trade deal has yet to reach the consumer as confidence dropped from -7.2 to -8.1



Source: istock

Eurozone indicators have been a mixed bag in the fourth quarter. Some signs of a bottoming out in business activity have been taken as an encouraging sign for growth, but the downtick in the manufacturing PMI and today's weak consumer confidence reading suggest that weak growth for the winter months is a realistic base case to work with.

As inflation remains moderate and incomes continue to rise at a decent pace, growth of real household incomes should provide some tailwind to spending at this time, but continued economic uncertainty still weighs on consumer confidence for now. This means that consumer spending can be expected to remain modest at best in the months ahead. This fits our view of GDP growth at a snail's pace in 4Q19 and 1Q20.

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