

Snap | 21 June 2018

Eurozone consumer confidence drops in June

A disappointing start to the eurozone surveys for this month as consumer confidence drops to -0.5, the lowest reading since October last year. The end to negative surprises for eurozone data has yet to happen



Source: Shutterstock

The highs from early this year are rapidly fading from memory as eurozone consumers are getting increasingly downbeat. While still well above the long-term average, confidence is fading as uncertainty about the economic situation persists. This is happening against a backdrop of significant job growth and declining unemployment, a pickup in wages and continued economic growth. Higher inflation on the back of increased petrol prices is dampening growth in real wages though.

Euro-risk faded as the new Italian government was sworn in, but other factors causing uncertainty have increased. The possible escalation of a trade war is a step closer, with US tariffs on steel and aluminium in place since 1 June and retaliatory measures in place from tomorrow onwards. It seems that the more significant response to the trade war in terms of confidence has been from businesses rather than consumers, meaning that tomorrow's PMIs could show an even more

negative response.

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