

Eurozone consumer confidence drops surprisingly as new cases rebound

Confidence has come down from euphoric levels as new cases increase again in large eurozone economies. While the outlook for domestic demand still looks strong, this does cast a little doubt over the speed of recovery in the third quarter



Source: Shutterstock

Consumer confidence in the eurozone decreased from -3.3 to -4.4 in July. The June reading was among the highest ever recorded and this surprising drop still leaves confidence well above historic averages. Still, it is a sign that consumers have become slightly more cautious as the Delta variant starts to take hold in most eurozone economies.

The increased cases have caused governments to change course a bit on a fast reopening, with some delays in easing measures and some tightening also announced. This will somewhat dampen the strong growth pace expected for 3Q, but the outlook does remain strong if no further tightening of restrictions is announced in the months ahead. That, of course, is highly dependent on the further spread of the virus, the impact on hospitalisations and the government response.

With consumer confidence still high, domestic demand remains set for a strong rebound. This will

fuel the GDP recovery over the summer months. Still, the spread of the Delta variant will have an impact on the economy and is set to be a key downward risk to the outlook.

Author

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.