

Snap | 23 October 2019

Eurozone consumer confidence drops to lowest level this year ahead of holiday season

Eurozone confidence fell from -6.5 to -7.6, increasing concerns about industrial problems spreading to the service sector



Source: Shutterstock

Consumer confidence has been moving sideways over the course of 2019, as negative news about the economy and strength in personal financial conditions seem to have balanced each other out. The latter continues to perform well with job market strength and sluggish inflation, even though job growth has seen some levelling off in recent months and expectations for hiring are somewhat decreasing.

Still, current income conditions seem favourable for holiday spending, but with confidence weakening the question is whether consumption will indeed meet expectations in the fourth quarter.

Global economic conditions remain a cause for concern as the economy has slowed down substantially over the course of the year. Still, some bright signs about the growth outlook

have emerged with hopes of deals between the US and China and the EU and UK increasing. Monetary stimulus is also underway, providing some cautious optimism about a possible stabilisation of growth.

The consumer has clearly discarded this for now though, which in turn increases concerns about the outlook for the service sector. While still in line with modest consumption growth, the decline in confidence is a warning signal about the service sector performance in the months to come.

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