

Snap | 22 April 2020

## Eurozone consumer confidence: largest drop in history

Eurozone consumer confidence plummeted to -22.7 in April, but the real question is how much confidence matters for a consumer that is significantly limited in his ability to consume anyway. Therefore the April reading functions mostly as a marker for the crucial May release



Source: Shutterstock

The decline in confidence cannot possibly come as a surprise to anyone.

The decline of 11.1 points in the index makes it the third-lowest reading in history, with just two months in 2009 reporting lower confidence. This now fully captures the lockdown impact as no eurozone country has implemented stricter lockdown measures since the survey was conducted.

Last month, consumer confidence dropped faster than it had ever before but the lockdowns had not fully taken place across Europe when the survey was conducted, which means that the historic decline was mainly thanks to plummeting expectations about the economy, consumers' future financial situation and increasing concerns about unemployment.

One element that has changed for the March survey: consumers indicated a radical drop in major

purchases in March.

The underlying answers for the April survey have not been released yet, but the lockdown situation would have been a large driver of the April decline, but next month's reading will be very interesting.

As lockdowns are gradually lifted, will the consumer respond positively? Or will concerns about the virus and the lasting economic impact curb a bounce back? This will be key for expectations about how fast economies can get back up on their feet.

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