

## Eurozone consumer confidence halts its decline in July

Eurozone consumer confidence stabilised in July at -0.6, adding to evidence that it is just going through a soft patch and not a downturn



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After a significant drop in confidence from 0.2 to -0.6 in June, consumer confidence was stable in July. The slide seen over the past months halted, despite no respite in trade and other geopolitical tensions. Last month, the assessment of the general economic situation deteriorated, although the personal financial outlook and employment remained positive. The latter part of the story has hardly changed as the employment outlook continues to be very favourable in the current environment of increasing labour shortages in many Eurozone countries.

The heyday for Eurozone consumer optimism seems to be behind us, not just because of trade and political tensions. Thanks to the jump in energy prices, inflation is hovering around 2%, and as wage growth has only moved up slowly, purchasing power hasn't improved much. Add to that the increased uncertainty around the global economic situation that is likely to drag on, and we get a view that confidence is unlikely to bounce back to levels seen at the start of 2018.

Ahead of the ECB meeting on Thursday, the governing council is looking for clues on

whether the Eurozone is going through a soft patch or a downswing. This release ticks the soft patch box as did the industrial production data released last week. Surely not enough to make the July meeting more than a snooze fest, but a hopeful note for the Eurozone economy in the second half of the year.

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