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Eurozone consumer confidence hits another 16 year high

Moderate inflation, slightly improving wage growth and employment ticking up make for buoyant Eurozone consumers.



Source: iStockphoto

Consumer confidence increased from -1.2 to -1 in October, which is a sixteen-year high. That indicates the euphoric environment has carried over into the final quarter of 2017. Consumers have little to worry about at the moment. Even though the detailed breakdown of this month's numbers is yet to be released, consumers have indicated over recent months their household financial situation is improving and the number of major purchases that households are making has jumped as well. This comes on the back of moderate inflation and modest improvements in wages. This is a positive sign for household consumption and we expect domestic demand to remain strong in the final quarter of 2017.

It seems that consumer confidence can remain around current elevated levels in the coming months. With employment expectations of businesses around decade-highs, the employment outlook for consumers appears bright. Inflation is expected to decline somewhat over the coming months because of energy base effects, meaning that the economy could remain in the sweet spot for the consumer for a while to come.

Author

Bert Colijn

Chief Economist, Netherlands

bert.colijn@ing.com

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