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Eurozone consumer confidence hits highest level since 2001

Eurozone consumers euphoria is another sign that cautious increases in price pressures are likely to continue



Source: istock

Eurozone consumer confidence improved from -1.5 to -1.2 in September, the highest level in about 16 years. The current economic environment in the Eurozone continues to be very favourable to the consumer, as job growth accelerates, wage growth has begun to improve, and inflation remains below the ECB's target. This helps the Eurozone economy as more confident consumers continue to boost household demand.

While the breakdown of individual questions from the September survey has not been released yet, recent data shows expectations of major purchases in the coming year have jumped to levels last seen before the crisis, which is in line with an increasingly positive assessment of personal finances. Expectations of households' future financial situation have been improving too and there are few doubts related to the historically low expectations of unemployment in the coming 12 months.

While expectations of economic growth in the coming years are modest, as the Eurozone is

expected to revert to a weaker growth trend, buoyant consumers are helping GDP growth to remain above trend for a while.

For the ECB, the euphoric consumer is another sign that cautious increases in upward price pressures are likely to continue. But consumer expectations of price trends have been falling since January, indicating that consumers are not expecting the Goldilocks economy to end anytime soon.

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