

Eurozone consumer confidence improves in May

Consumer confidence improved from -22 to -18.8 in May as the gradual easing of lockdown measures marks the start to a cautious recovery of output



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While investor sentiment has been recovering for some time now and can be considered strong at this point, consumer confidence has been coming down sharply during the lockdown. May's confidence numbers show that the gradual reopening of economies has also helped consumer confidence recover a little bit despite rising unemployment, although it remains far below its long-term average.

The recovery of consumer confidence is key because it is an important factor in the demand recovery as the eurozone economy reopens. The May data show that a first cautious start has happened already, but these numbers are nothing to get optimistic about as they are still too weak to expect a swift recovery of demand to pre-corona levels.

While economic data will remain very poor for some time to come, activity will already be higher in May than in April. This indicates that the worst is likely behind us in terms of economic output - bar any further lockdowns or second waves of the virus that is. The pace of the recovery will

depend highly on a few factors, including how long restrictive measures remain in place and how fast demand bounces back.

Today's data shows that the latter might take a while, but as unemployment is rising, the downward risk to confidence numbers remain. In that sense, today's confidence figures can be seen as encouraging.

June will certainly see fewer restrictions judging from government plans, but also more unemployment, another increase next month would be an encouraging sign for the demand recovery in the months ahead.

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