

Snap | 20 February 2019

Eurozone consumer confidence rises in February

After the declines in 2018, consumer confidence has perked up in January and February. The February increase of 0.5 points to -7.4 justifies some cautious optimism about the state of the Eurozone economic slump. Expect March to be a nail-biting month as deadlines approach



Source: Shutterstock

The Eurozone economy has started the year with a big question unanswered: is the worst already behind us?

Consumer confidence – like the German ZEW Index yesterday indicated some optimism about the state of the economy in February. With uncertainty abound, the European consumer is gaining some confidence as the fundamentals remain strong.

As petrol prices have settled at a comfortable level for consumers and the labour market continues to be the bright spot for the Eurozone economy, consumer's personal financial situation seems to be improving. Of course, concerns about the general economic situation are a key drag on confidence for the moment, and March could prove to be a nail biter in the sense as a series of

deadlines around Brexit and trade negotiations. Possible US tariffs on European cars could add to the mix.

But if some of the downside risks don't materialise, what would stand in the way of a more confident consumer in 2019? The geopolitical risks that play out over the coming weeks are therefore likely to decide on very divergent confidence scenarios for the Eurozone consumer. With finances in a strong position, consumption is likely to be an important driver of the economy in uncertain times as today's figures indicate.

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